



## **CORPORATE TRAVEL MANAGEMENT**

Date: 31<sup>st</sup> October, 2018

# **Annual General Meeting**



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# Chairman's Address Anthony Bellas.

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# Managing Director Jamie Pherous.



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# Group Result Highlights

- **Underlying EBITDA up 27% to \$125.4m.** On a constant currency basis, underlying EBITDA up 28% to **\$126.4m<sup>a</sup>**
- **Strong organic growth underpins EBITDA performance.** Client wins and retentions are at historically high levels
- **Excellent translation of revenue to EBITDA** due to benefits of CTM's growing scale, technology and automation
- **Continued strong operating cash flow** conversion
- **Full year dividend** up 20% to 36c, with a final dividend of 21c (50% franked), payable 4 October 2018
- **FY19 Underlying EBITDA guidance range of \$144-\$150m (approximately +15 to 20% on p.c.p.)**

<sup>a</sup>Constant currency reflects June 2017 as previously reported. June 2018 represents local currency converted at average foreign currency rates for the year ended 30 June 2017.

Reported (\$AUDm)	FY2018	Change on P.C.P
TTV (unaudited)	4,958.3	19%
Revenue and other income	372.2	14%
<b>Underlying EBITDA#</b>	<b>125.4</b>	<b>27%</b>
<b>Statutory NPAT attributable to owners of CTD</b>	<b>76.7</b>	<b>41%</b>
<b>*Underlying NPAT (excluding acquisition amortisation)</b>	<b>86.0</b>	<b>34%</b>
Statutory EPS, cents basic	72.4	35%
<b>*Underlying EPS, cents basic (excluding acquisition amortisation)</b>	<b>81.1</b>	<b>29%</b>
Full Year Dividend	36 cents	20%

\*Net of non-cash amortisation (tax effect) relating to acquisition accounting \$8.6m (FY17 \$8.3m) and post-tax acquisition costs of \$0.7m (FY17 \$1.4m)

# Net of pre-tax one-off acquisition and non recurring costs of \$0.9m (FY17 \$2.5m)

# The CTM Story from the beginning – a compelling value proposition

2 Staff in Brisbane,  
Australia

...**1994**

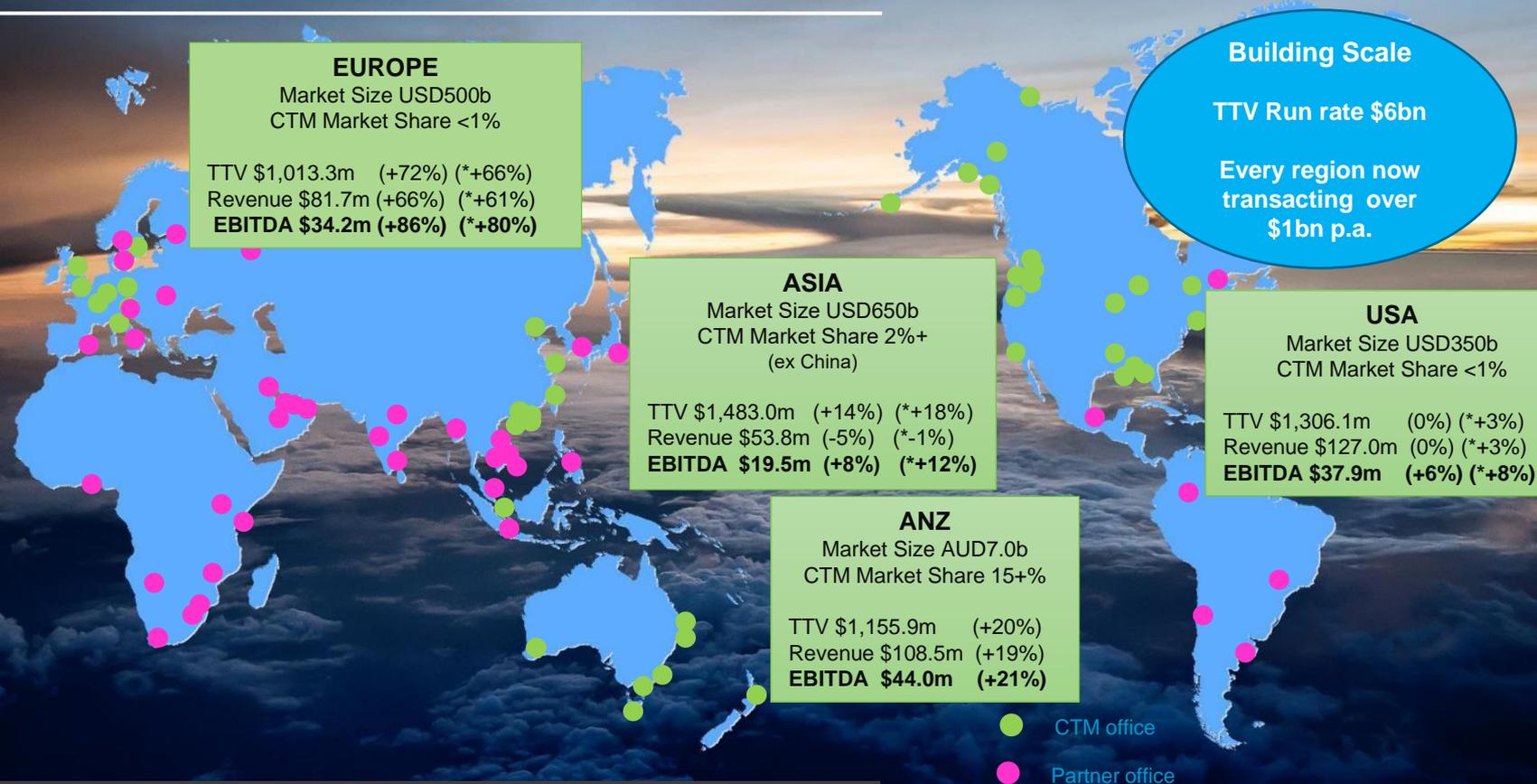
## Value Proposition

- Highly personalised service
- Compelling technology that adds value
- Return on investment methodology

...**2018**

2,750 Staff (incl. Lotus)  
70+ Countries  
TTV Over \$6bn run rate

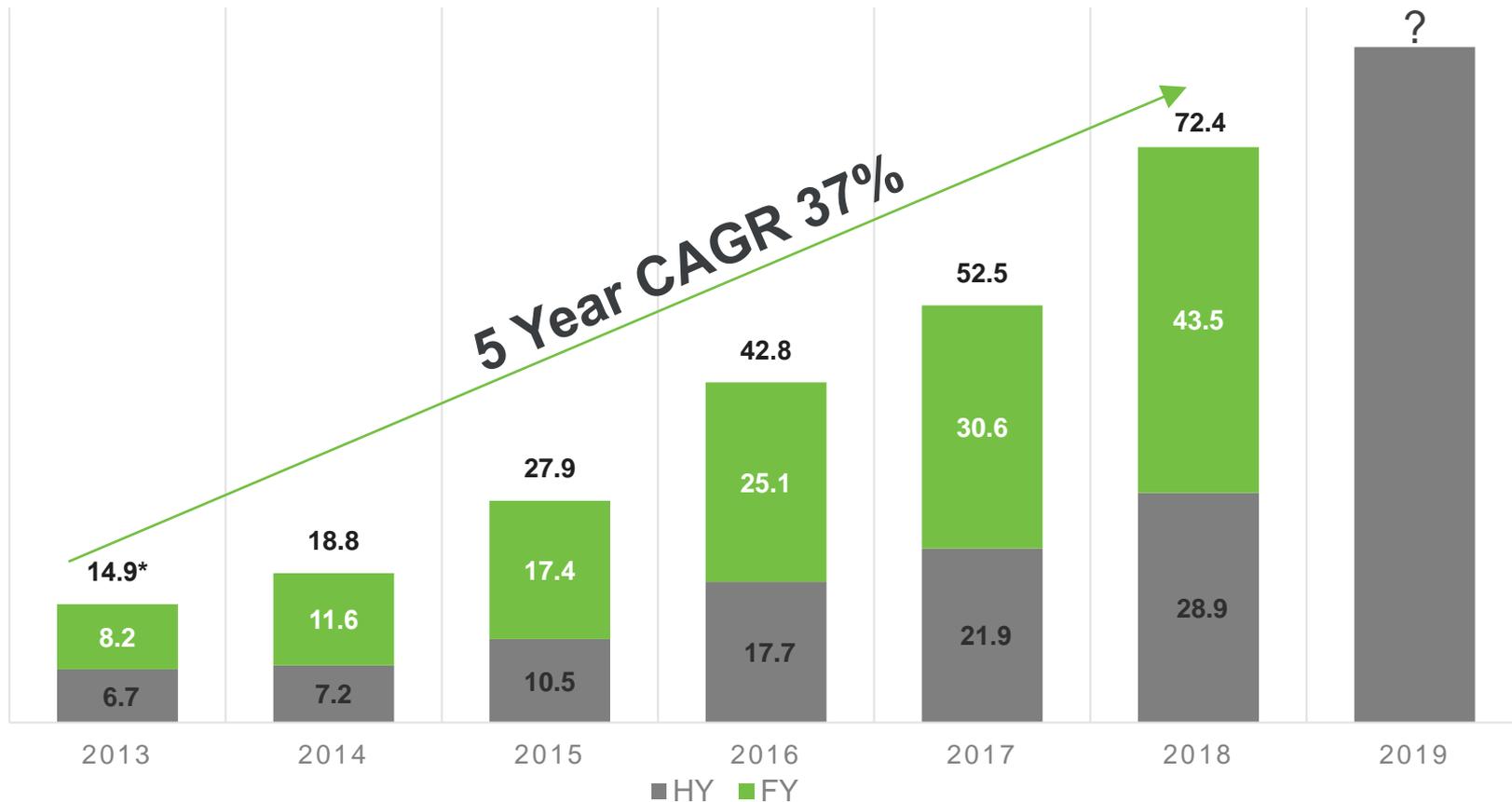
# CTM Global Footprint and FY18 Performance Overview (AUD\$m)



Market size estimated at USD1.4 trillion, growing at USD40bn p.a.  
The CTM network provides local service solutions in more than 70 countries globally  
Approximately 70% of CTM profits derived off-shore.

\* Represents constant currency comparisons

# Statutory EPS growth



\* Restated downwards for voluntary change in accounting policy on recognition of pay direct commissions

# Lotus Travel recap – Completed 2 October 2018

- Acquisition completed 2 October 2018, and expected to contribute 9 months to FY19 group EBITDA, projected to be HKD24.0m (AUD4.0m) for FY19.
- Lotus CY17 TTV HKD6.0bn (AUD1.0bn), and EBITDA HKD30.0m (AUD5.0m)

## Highlights:

- Executed combined organisational structure, reporting lines and business plan
- Combining offices into one new Hong Kong location Q4FY19
- Lotus has an excellent reputation and highly motivated staff- opportunity to bring CTM automation and rigour to leverage greater staff effectiveness and enhanced client solutions

- Exchange rates AUD1.00= HKD6.00





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**Innovation.**

# Technology regional hubs now located in all global regions

Region	Tech hub location
ANZ	Sydney, Australia
EMEA	Hale, United Kingdom
NA	Los Angeles, USA
ASIA	Hong Kong



Over 100 FTE across regional tech hubs all located in CTM Offices



**Goal : To accelerate speed to market and tailor client development, in-region**

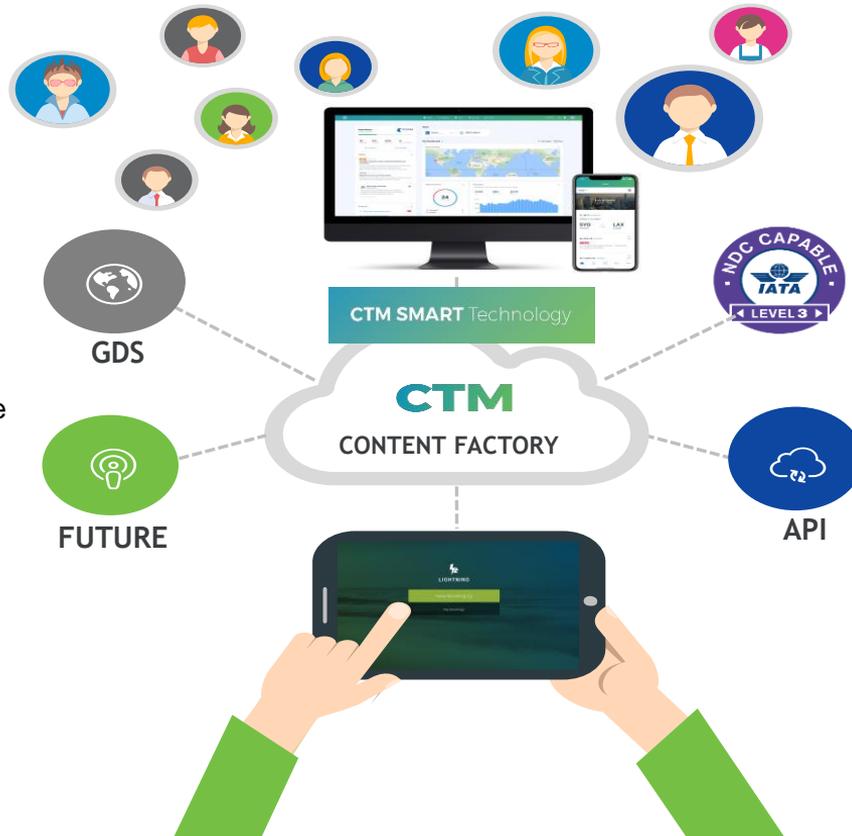
# Future proofing technology - controlling our destiny

## What is CTM SMART technology?

- CTM developed, integrated end-to-end solution for clients, including:
- **SMART** portal, 20+ diagnostic widgets, BI analytic reporting and intuitive diagnostic tools
- **Lightning** OBT, user-centric, operating globally (USA Dec18)
- CTM mobile apps, SME OBT's
- SMART is OBT agnostic so it can be used by any customer

## Enhanced productivity & Service:

- End-to-end seamless solution, easy to use, locally and globally
- Allows CTM to excel on the high value, complex travel demands critical to retaining clients



## Competitive Advantage

- Speed to market -180 releases p.a.
- Developed with and for our clients, via innovation feedback loops
- Developed in-region, addressing local market nuances
- Agile methodology, global framework and discipline
- **Over 6m bookings p.a.** via CTM developed OBT's globally

## CTM Content Factory

- Content aggregator
- Both our clients and CTM team have easy access to content in one place, irrespective of source

## GLOSSARY OF TERMS

OBT: Online Booking Tool

SME: Small and Medium Enterprises

NDC: New Distribution Capability

IATA: International Air Transport Association

GDS: Global Distribution System

API: Application Programming Interface



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# FY19 Strategy and Guidance.

# Key Strategic Initiatives FY19-21

## Continued Organic Growth & Acquisition

1. Enhance our value proposition to client needs, across CTM global network
2. Outperform in local, regional and global segments
3. Leverage clients across all lines of business (CTM, ETM, B2B, B2C)
4. Execute upon M&A opportunities that add scale, niche, geography

## Client Facing Innovation

1. Continuous development of SMART technology suite globally & develop new tools with our clients
2. Through regional technology hubs, build tools that address local or regional market nuances

## Productivity & Internal Innovation

1. Internal innovation feedback loops to improve and automate existing client and non-client facing process
2. Staff empowerment in decisions to drive high staff engagement and client satisfaction outcomes

## Leverage Our Scale & Geography

1. Demonstrating CTM is of high value in the supply chain
2. Optimise supplier performance and resulting client outcomes

## Our People

1. Empower our teams to support our client needs
2. Continued investment to attract, retain and develop the brightest talent
3. Embracing culture that represents our values and business drivers

# FY19 Trading Activity update

## Trading update - strong start to FY19:

- YTD client wins at record levels across the group
- Key objectives on track
  - Lotus integration
  - USA technology rollout by 31 December 2018

**Cash flow:** As previously flagged, reported operating cash flow will be low in 1H but will reverse in 2H, **solely due to timing of BSP payments** compared to reporting date. Normalised cash flow for the full year expected to be circa 100%

**Dividend:** Future dividends will be partially franked, due to majority of profits derived off-shore

**USA:** As previously flagged, 1H EBITDA will be flat, due to extra \$2-3m of technology costs expensed compared to the p.c.p..

New client wins and pipelines strong. Currently trading at double digit revenue growth on a constant currency basis.

# FY19 Guidance update

**FY19 underlying EBITDA range of AUD\$144-150m (approximately +15%-20% growth on the p.c.p.) was provided with the release of the FY18 results.**

**CTM is tracking at the top end of FY19 Guidance (AUD\$150m).**

## **Guidance Assumptions:**

1. Foreign Currency cross-rates average USD0.76c/HKD6.00/ GBP0.56p during the year.

FX sensitivity upon EBITDA in FY19:

- For every +/- USD1c movement = approximately +/- AUD\$1.1m FY19 EBITDA
- For every +/- GBP1p movement= approximately +/- AUD\$0.7m FY19 EBITDA

2. Client activity remaining favourable

3. Includes a 9 month contribution from Lotus Travel in FY19, effective 2 October 2018

4. Excludes any future potential acquisitions



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**Questions?**



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# **Corporate Travel Management Resolutions.**

## Resolution 1:

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### Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:  
'That the Remuneration Report for the year ended 30 June 2018 be adopted.'

Proxies Received	For	Against	Abstain	Discretion
# of Votes cast	43,160,543	152,668	18,965	248,540
Votes able to be cast	43,580,716 99.0%	43,580,716 0.4%	43,580,716 0.0%	43,580,716 0.6%

## Resolution 2:

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### Resolution 2: Election of Director – Admiral Robert J. Natter

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, Admiral Robert J. Natter, who retires by rotation in accordance with the Company's constitution and the ASX Listing Rules and being eligible offers himself for election as a Director of the Company, be elected as a Director of the Company.'

Proxies Received	For	Against	Abstain	Discretion
# of Votes cast	43,240,711	61,659	20,271	258,075
Votes able to be cast	43,580,716 99.3%	43,580,716 0.1%	43,580,716 0.1%	43,580,716 0.6%

## Resolution 3:

Resolution 3: Ratification and approval of previous issue of shares to SCT Travel Group Pty Ltd vendors  
To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 85,627 shares at an issue price of \$23.36 per share as detailed in the Explanatory Memorandum, be approved.'

Proxies Received	For	Against	Abstain	Discretion
# of Votes cast	43,263,917	40,836	20,349	255,614
Votes able to be cast	43,580,716 99.3%	43,580,716 0.1%	43,580,716 -	43,580,716 0.6%

## Resolution 4:

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Resolution 4: Ratification and approval of previous issue of shares to fund acquisition of Lotus Travel Group  
To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 1,554,000 ordinary shares at an issue price of \$25.75 per share as detailed in the Explanatory Memorandum, be approved.'

Proxies Received	For	Against	Abstain	Discretion
# of Votes cast	3,265,384	23,397	19,322	258,222
Votes able to be cast	3,566,325 91.6%	3,566,325 0.7%	3,566,325 0.5%	3,566,325 7.2%

## Resolution 5:

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### Resolution 5: Issue of share appreciation rights to Ms Laura Ruffles

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, for the purposes of the ASX Listing Rule 10.14, section 208(1)(a) of the Corporations Act, and for all other purposes, the issue by the Company of 150,000 share appreciation rights to Executive Director, Ms Laura Ruffles, under the Company's Share Appreciation Rights Plan on the terms set out in the Explanatory Statement, be approved.'

Proxies Received	For	Against	Abstain	Discretion
# of Votes cast	43,076,906	227,301	21,707	254,802
Votes able to be cast	43,580,716 99.8%	43,580,716 0.5%	43,580,716 0.1%	43,580,716 0.6%

## Resolution 6:

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Resolution 6: Approval of employee incentive scheme

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That the issue of securities in the Company under the CTM exempt employee share plan (EESP) be approved for the purposes of ASX Listing Rule 7.2, exception 9.'

Proxies Received	For	Against	Abstain	Discretion
# of Votes cast	43,255,475	63,614	14,205	247,422
Votes able to be cast	43,580,716 99.3%	43,580,716 0.1%	43,580,716 -	43,580,716 0.6%

**Thank you.**



corporate travel  
management