ASX Announcement

19 February 2020

2020 HALF YEAR RESULTS PRESENTATION

Attached is a copy of Corporate Travel Management Limited's 2020 Half Year Results Presentation.

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2020 Half Year Results

Date: 19/02/2020

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Group Financial Highlights

Group financial highlights.

- **1H20 Underlying EBITDA flat at $64.5m underscoring the strength and resilience of CTM's business model** in difficult macro conditions (**excludes impact of AASB 16 *Leases***)
- **Including AASB 16 Underlying EBITDA of $68.5m**
- **All regions grew in TTV.** Macro events impacting 1H20 (Brexit, HKG demonstrations, trade war) now largely resolved
- Highlights were Europe and Asia segments where results defied macro impacts. ANZ continued its strong run of outperformance to market
- North America declined more than expected due to new client wins on-boarding slower than expected
- **Underlying NPAT decline of 8%** primarily due to software amortisation (non-cash item) and higher effective tax rate from geographical profit mix
- **Half year dividend flat at 18c**, 50% franked

Excluding the impact of AASB 16:

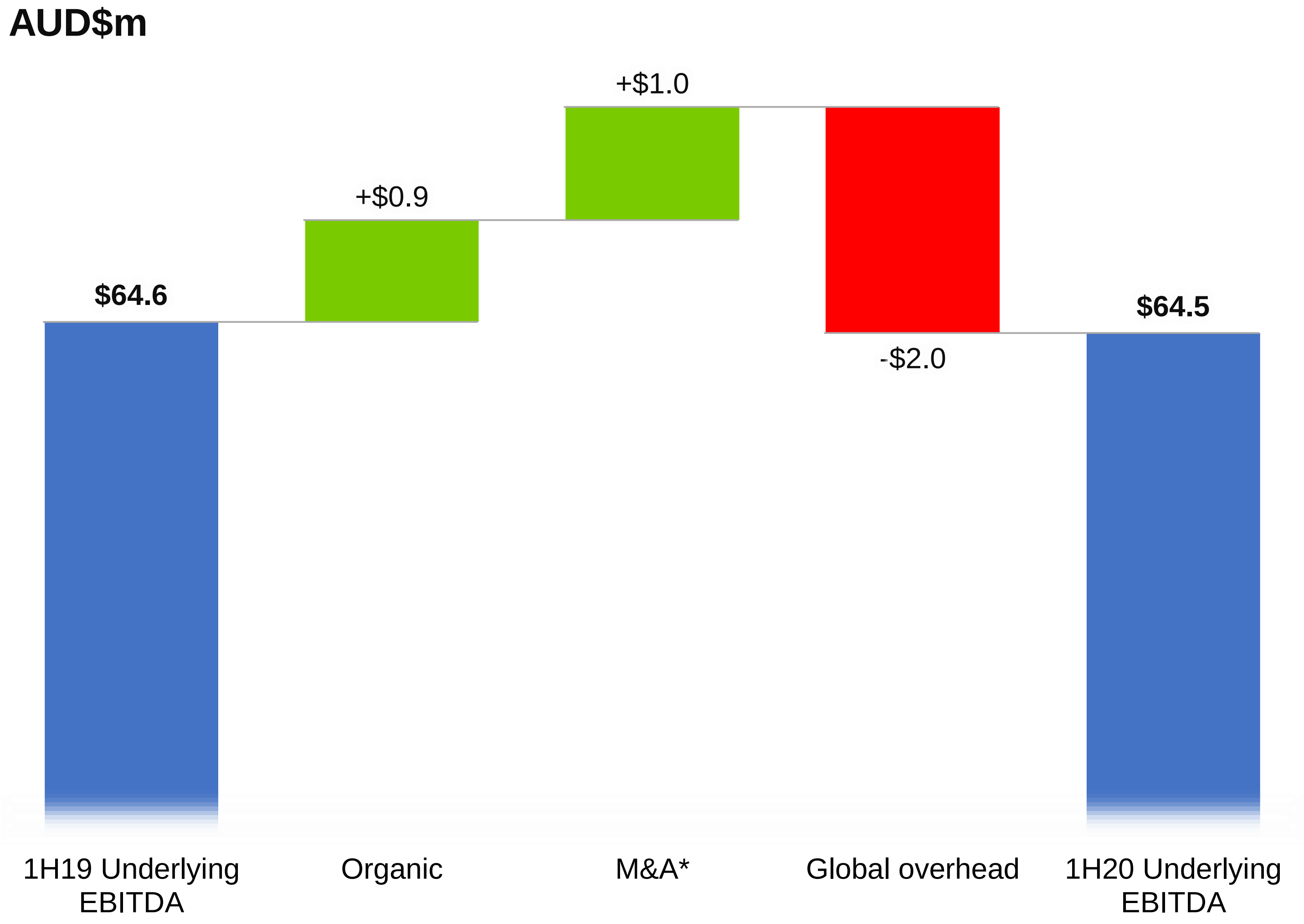
Reported ($AUDm)	1H20	Change on P.C.P
TTV (unaudited)	3,310.2	+12%
Revenue	222.2	+6%
Underlying EBITDA#	**64.5**	**0%**
NPAT attributable to owners of CTM	33.7	(13%)
Underlying NPAT attributable to owners of CTM*	**39.0**	**(8%)**
EPS, cents basic	31.0c	(14%)
Underlying EPS*, cents basic (excluding acquisition amortisation)	35.7c	(9%)
Interim Dividend, 50% franked	18c	0%

Excluding AASB 16 impact of $4.0m and pre-tax one-off acquisition and non-recurring costs of $3.7m (1H19: $1.4m)

* Net of non-cash acquisition amortisation of $2.5m (1H19 $2.8m), one-off acquisition and non-recurring costs of $2.8m (1H19: $0.9m) and excludes AASB 16 impact of $0.8m

Regional Performance

1H20 Underlying EBITDA bridge summary.



- Organic growth +$0.9m, being North America -$3.5m, other regions +$4.4m in aggregate
- Organic growth achieved through market share gains negated by macro-economic client activity declines
- As flagged, global overheads increase primarily reflects change to Board, finance, insurance costs and legal counsel
- Includes $2.1m FX benefit vs p.c.p due to lower AUD from macro environment in 1H20

*M&A represents 3 months (July to September 2019) of Lotus EBITDA

1H20 regional overview.

	CTM Consolidated			Australia & New Zealand			North America			Asia			Europe			Group		
Period ending	Dec-19	Dec-18	Δ%	Dec-19	Dec-18	Δ%	Dec-19	Dec-18	Δ%	Dec-19	Dec-18	Δ%	Dec-19	Dec-18	Δ%	Dec-19	Dec-18	Δ%
REPORTED (AUD)	$m	$m		$m	$m		$m	$m		$m	$m		$m	$m		$m	$m	
TTV	**3,310.2**	**2,951.5**	**12%**	686.5	649.6	6%	758.5	689.9	10%	1,299.8	1,070.5	21%	565.4	541.5	4%	--	--	
Revenue	**222.2**	**210.2**	**6%**	61.7	58.3	6%	69.8	70.2	(1%)	43.0	38.3	12%	47.7	43.3	10%	0.0	0.1	0%
Adj. EBITDA	**64.5**	**64.6**	**0%**	24.4	22.3	9%	14.4	17.9	(20%)	13.2	12.5	6%	19.4	16.8	15%	(6.9)	(4.9)	41%
EBITDA/revenue margin	**29.0%**	**30.7%**																
CONSTANT CURRENCY*																		
TTV	**3,179.7**	**2,951.5**	**8%**	685.8	649.6	6%	716.2	689.9	4%	1,226.8	1,070.5	15%	550.9	541.5	2%	--	--	
Revenue	**214.9**	**210.2**	**2%**	61.6	58.3	6%	66.0	70.2	(6%)	41.0	38.3	7%	46.3	43.3	7%	0.0	0.1	0%
Adj. EBITDA	**62.4**	**64.6**	**(3%)**	24.4	22.3	9%	13.6	17.9	(24%)	12.5	12.5	0%	18.8	16.8	12%	(6.9)	(4.9)	41%

*Constant currency reflects December 2018 as previously reported. December 2019 represents local currency converted at average foreign currency rates for the half year ended 31 December 2018

ANZ.

	1H20	1H19	Δ%
Reported (AUD)	$m	$m	
TTV	686.5	649.6	6%
Revenue	61.7	58.3	6%
Underlying EBITDA	24.4	22.3	9%
EBITDA / Revenue Margin	39.5%	38.3%	
Constant Currency			
TTV	685.8	649.6	6%
Revenue	61.6	58.3	6%
Underlying EBITDA	24.4	22.3	9%

Underlying EBITDA up 9% on the p.c.p.:

- Region continues to outperform through superior client proposition
- Improved margin a result of client migration to CTM technology suite
- Excellent growth given client activity decline experienced in the half
- Expecting continued market share growth enabled by superior service proposition and technology platform

Asia.

	1H20	1H19	Δ%
Reported (AUD)	$m	$m	
TTV	1,299.8	1,070.5	21%
Revenue	43.0	38.3	12%
Underlying EBITDA	13.2	12.5	6%
EBITDA / Revenue Margin	30.7%	32.6%	
Constant Currency			
TTV	1,226.8	1,070.5	15%
Revenue	41.0	38.3	7%
Underlying EBITDA	12.5	12.5	0%

Underlying EBITDA up 6% on the p.c.p.:

- An exceptional result in difficult 1H20 conditions (HKG demonstrations, US/China trade war)
- TTV and revenue growth include Lotus 1QFY19 contribution versus the p.c.p.
- Successful execution of supplier revenue strategy provided support against negative macro-economic shocks
- Underlying business performing well, despite a challenging macro economic environment in the half. The EBITDA margin decline a direct result of the macro activity
- CTM technology gaining good traction across local and regional/global clients, resulting in client wins and improved sales pipelines
- HKG demonstrations and trade-war impact abated significantly late in 1H20

North America.

	1H20	1H19	Δ%
Reported (AUD)	$m	$m	
TTV	758.5	689.9	10%
Revenue	69.8	70.2	(1%)
Underlying EBITDA	14.4	17.9	(20%)
EBITDA/Revenue Margin	20.6%	25.5%	
Constant Currency			
TTV	716.2	689.9	4%
Revenue	66.0	70.2	(6%)
Underlying EBITDA	13.6	17.9	(24%)

Underlying EBITDA down 20% on the p.c.p.:

- TTV growth of 10% a result of new business wins with technology offering now the key driver for clients choosing CTM, however onboarding of clients was slower than expected
- Revenue decline reflects clients moving from full-service to online (lower fees)
- As flagged, EBITDA decline relating to **temporary expenses**:
  - dedicated team to move clients to CTM on-line technology
  - duplicated teams to support legacy software/tools. These costs are progressively being removed, began in December
  - USD2m of costs to be removed 2H20 vs 1H20 (ex-CTP)
- New leadership additions **are** making a difference to execution
- Over USD100m (AUD147m) of new client wins to commence trade 2H20. Also similar volume in final decision making where CTM is 1 of 2 remaining providers in the process
- USA expected to be **largest contributor to client wins in CY20**
- Integration of Corporate Travel Planners (CTP acquisition) on track, noting no contribution in 1H20

Europe.

	1H20	1H19	Δ%
Reported (AUD)	$m	$m	
TTV	565.4	541.5	4%
Revenue	47.7	43.3	10%
Underlying EBITDA	19.4	16.8	15%
EBITDA/Revenue Margin	40.7%	38.8%	
Constant Currency			
TTV	550.9	541.5	2%
Revenue	46.3	43.3	7%
Underlying EBITDA	18.8	16.8	12%

Underlying EBITDA up 15% on the p.c.p.:

- An exceptional result in difficult macro-economic conditions with significant political uncertainty surrounding Brexit
- Consistently gaining market share
- High client adoption of CTM technology suite driving improved margins
- Post UK election, experiencing improved client activity

Group Financial Summary

Comparative underlying profit and loss.

$AUD (m)	1H20	1H19	Δ%
TTV	**3,310.20**	**2,951.50**	**12%**
Revenue	**222.2**	**210.2**	**6%**
Underlying EBITDA#	**64.5**	**64.6**	**0%**
Net profit after tax (NPAT)	**35.1**	**40.6**	**(14%)**
NPAT - Attributable to owners of CTD	**32.9**	**38.9**	**(14%)**
Add back one-off non-recurring / acquisition costs (tax effect)	2.8	0.9	
Add back amortisation of client intangibles (tax effected)	2.5	2.8	
AASB 16 *Leases* NPAT impact	0.8	-	
Underlying NPAT - Attributable to owners	**39.0**	**42.6**	**(8%)**

- Underlying EBITDA flat on the p.c.p.
- Underlying NPAT decline of 8% primarily due to:
  - software amortisation up $1.7m on p.c.p.
  - 1H20 effective tax rate of 24.3% (1H19 $22.6%)
- Expecting ongoing effective tax rate to be circa 25%
- 2H20 amortisation of computer software expected to be in line with 1H20, circa $6.5m - $7.0m

Excluding AASB 16 impact of $4.0m and pre-tax one-off acquisition and non-recurring costs of $3.7m (1H19: $1.4m)

Underlying EBITDA reconciliation.

$AUD(m)	1H20
EBITDA	**60.8**
US legal settlement provision	3.1
Acquisition and other costs	0.6
Underlying EBITDA (excl AASB 16)	**64.5**
AASB 16 impact	4.0
Underlying EBITDA (incl AASB 16)	**68.5**

Non-recurring items:

US Legal Settlement Provision – hourly paid employees

- Under California law, employers must be able to prove employee meal and rest breaks were actually taken
- To avoid lengthy litigation CTM has agreed, without any admission of liability, to a settlement^ for a five and a half year period from 2014 – 2020. A provision of USD2.1m (AUD3.1m)*, including legal fees, has been included in the 1HFY20 accounts
- CTM has implemented revamped processes and systems to record and monitor meal and rest breaks for hourly paid employees in California

Other:

- Impact of AASB 16 on EBITDA is favourable by $4.0m

*FX: AUD1.00=USD0.685
^ subject to court approval

Comparative statutory balance sheet.

$AUD(m)	DEC 19	JUN 19
Cash	86.3	138.8
Receivables and other	278.5	339.3
Total current assets	**364.8**	**478.1**
Plant and equipment	13.2	13.3
Right-of-use asset	50.9	-
Intangible assets	514.1	506.7
Deferred tax assets	4.0	5.7
Total assets	**947.0**	**1,003.8**
Trade and other payables	213.3	316.8
Borrowings	0.0	19.2
Lease liabilities	8.6	-
Other current liabilities	27.5	31.8
Total current liabilities	**249.4**	**367.8**
Borrowings	21.6	20.1
Lease liability	48.3	-
Other non-current liabilities	19.8	23.4
Total liabilities	**339.1**	**411.4**
Net assets	**607.9**	**592.5**

- Lower current assets and liabilities to December due to timing and seasonal variation
- Total drawn debt reduced by $14.0m to $25.3m during 1H20 (2H19 $39.3m)
- Group finance facility renewed during the half – borrowings non-current, maturing August 2022
- New leasing standard disclosures:
  - Right of use asset ($50.9m)
  - Current lease liability ($8.6m)
  - Non-current lease liability ($48.3m)
- Subsequent to 31 December 2019, CTM acquired CTP for AUD25.7m (USD18.0m) in cash and CTD shares

Cash flow summary.

$AUD (m)	1H20	1H19
EBITDA	64.9	63.2
Non cash items	2.1	1.5
Change in working capital	(46.9)	(36.5)
Income tax paid	(12.4)	(13.1)
Interest	(1.6)	(1.0)
Cash flows from operating activities	**6.1**	**14.1**
Capital expenditure	(12.7)	(10.0)
Other investing cash flows	(0.7)	(46.5)
Cash flow from investing activities	**(13.4)**	**(56.5)**
Dividends paid	(26.5)	(25.7)
Proceeds from issue of shares Net	0	39.2
Release of secured deposits	0.9	2.2
Lease Payments	(3.3)	0
Net (repayment)/drawing of borrowings	(17.7)	13.3
Cash flow from financing activities	**(46.6)**	**29.0**
FX Movements on cash balances	1.4	(3.3)
Increase/(decrease) in cash	**(52.5)**	**(10.1)**

- Operating cash conversion of 27% for 1H20, primarily due to the timing cycle of fixed supplier payments at 31 December 19 versus p.c.p.
- Expect 2H20 reported operating cash flow to be over 100% due to the fixed supplier payment cycle timing. Over longer-term, expect cash flow conversion to remain close to 100%
- FY20 Capex expected to be approximately $25.0m, being $22.5m technology development, $2.5m other. Technology capex in line with guidance
- Improved cash management operations enabled debt repayment

Cash flow - break down between P&L and balance sheet movements.

$AUD (m)	1H18 $'000	2H18 $'000	FY18 $'000	1H19 $'000	2H19 $'000	FY19 $'000	1H20 $'000
Cash flows from operating activities							
Receipts from customers							
Receipts from customers - Profit & Loss	178.3	206.5	***384.8***	217.3	242.9	***460.2***	*233.6*
Receipts from customers - Balance Sheet mvmt	17.4	(64.8)	*(47.4)*	69.9	(75.0)	*(5.1)*	*57.5*
Total	**195.7**	**141.7**	337.4	**287.2**	**167.9**	455.1	**291.1**
Payments to suppliers and employees							
Payments to suppliers and employees - Profit & Loss	(124.8)	(133.9)	***(258.7)***	(152.2)	(160.8)	***(313.0)***	*(170.6)*
Payments to suppliers and employees - Balance Sheet mvmt	(30.9)	72.0	*41.1*	(106.4)	127.1	*20.7*	*(100.3)*
Total	**(155.7)**	**(61.9)**	(217.6)	**(258.6)**	**(33.7)**	(292.3)	***(270.9)***
Transaction costs relating to acquisition	0	(0.2)	(0.2)	(0.4)	(0.2)	(0.6)	*(0.1)*
Interest and tax paid	(14.3)	(10.9)	(25.2)	(14.1)	(14.6)	(28.7)	*(14.0)*
Net cash flows from operating activities	**25.7**	**68.7**	**94.4**	**14.1**	**119.4**	**133.5**	**6.1**
Reported operating cash conversion	**75%**	**111%**	**95%**	**45%**	**166%**	**113%**	**27%**

This table demonstrates:

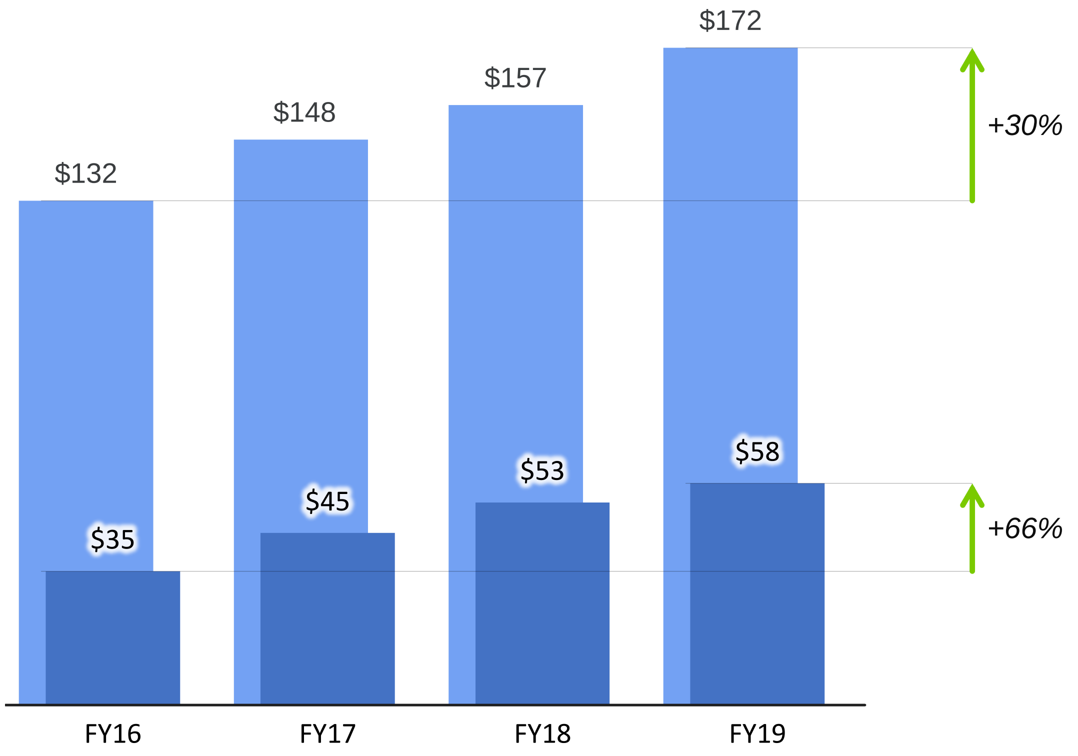
- Breakdown of receipts and payments into P&L and balance sheet movements
- P&L receipts less payments tracks with reported EBITDA (small difference in cash v accruals)
- Balance sheet movements **drive the variance in reported cash flow.**
- Changes in operating cash conversions occur when **industry-wide** fixed air and rail supplier payment dates **fall at a different time in the payment cycle** versus the previous reporting period
- CTM will continue to achieve near 100% operating cash conversion. Fluctuations at reporting period will continue, driven by timing differences between fixed payment cycles and reporting period ends (see slide 29)

Technology Competitive Advantage

Focus on value-add technology.

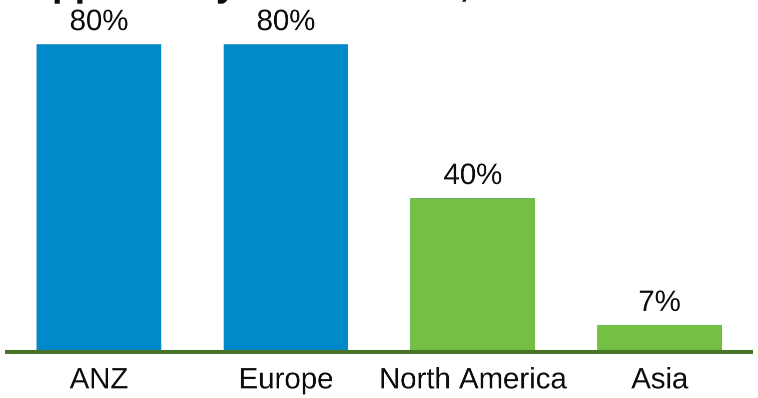
Technology strategy enables productivity gains

Increasing Revenue and EBITDA per FTE (AUD$'000)



Technology Hubs Located in all Regions

On-line adoption (1H20)
Opportunity exists in NA, Asia



- Customers embracing CTM technology
- Built in-markets, for-markets – knowledge is powerful
- Feedback loops enhance product and productivity
- Majority of online customers choosing CTM solutions
- Short release cycles allow speed to market
- Technology + good service = great blend for managed travel programs

Benefits of technology investment

- Strong market share gains
- Improved productivity driving EBITDA growth
- Barrier to entry

Powerful CTM content factory.

- Content Factory is the core component of the CTM distribution architecture
- Managing preferencing, decision logic and connectivity
- Ensures our customer and suppliers have maximum relevant customised inventory and preferred pricing options

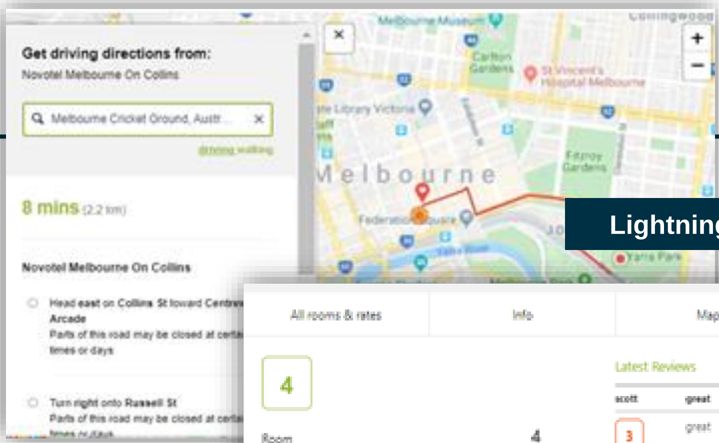
Usable and useful technology.

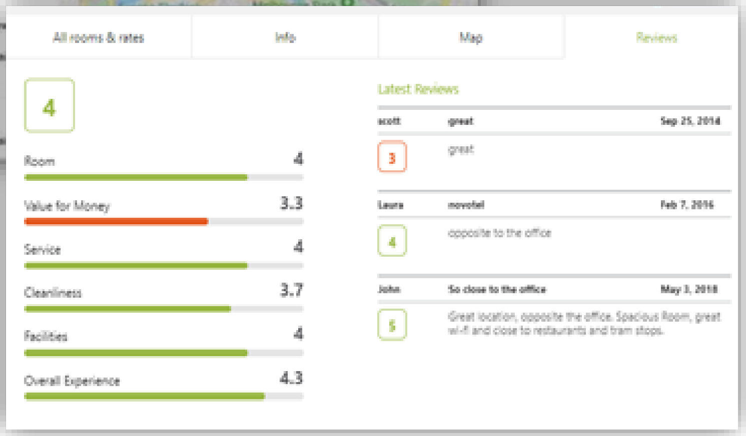
CTM SMART Portal

ANZ version shown

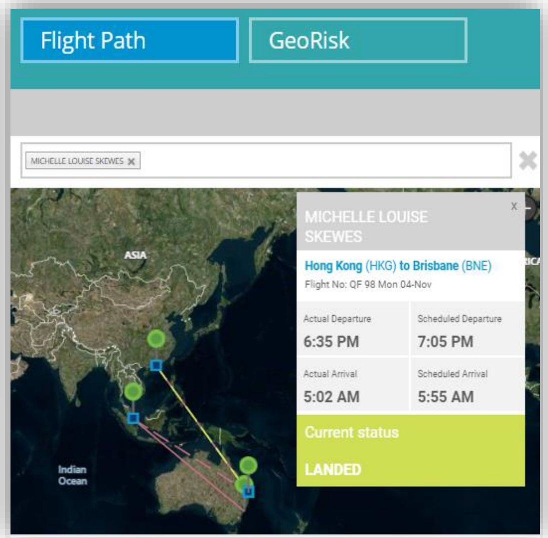
CTM Ride Share

Lightning Hotel Features

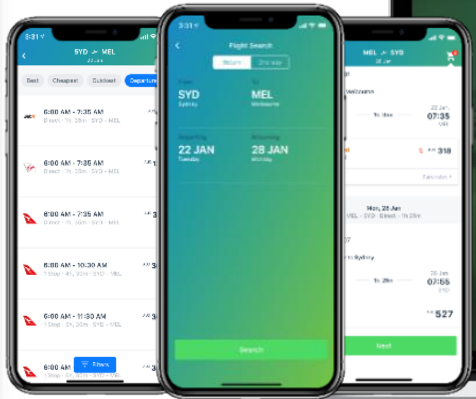




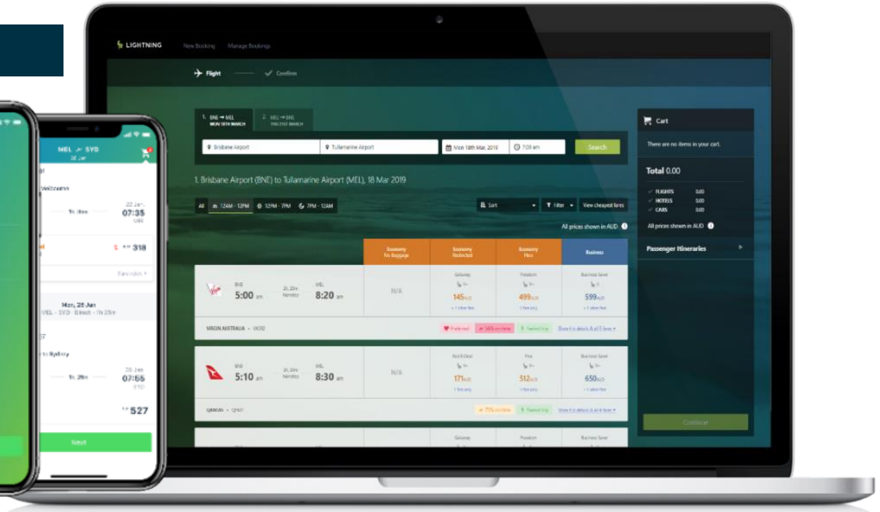
Traveller Tracker



CTM Mobile



Lightning Online Booking Tool



FY20 Guidance

FY20 Guidance update - coronavirus impact.

Coronavirus (Covid-19) impact assumptions:

The impact will be a function of ***duration*** and ***severity*** (reluctance/inability to travel)

Duration:

- CTM's experience in previous pandemics* has been used to estimate the potential impact of Covid-19 to earnings:
  - History suggests the average impact duration is 4-6 months. We have assumed impact is all of 2H20
  - History suggests a peak impact period lasts 1-2 months. We have assumed peak impact for 2 months in February/March 2020
  - Once peak impact subsides, corporate activity historically rebounds quickly, and we have assumed activity gradually returns to normal levels by July 2020
  - **What is different this time? The first time Governments have effectively closed borders by suspending travel to and from China. This new factor makes it difficult to determine the severity impact**

Severity:

- **Asia**
  - Approximately 1/3 of transactions relate to flights to or from China
  - February to date - activity down 50% post Chinese New Year with closing of Chinese borders
  - Significant cost management measures underway to mitigate lower client activity

- **ROW** (Rest of World)
  - <2% of ROW transactions relate to flights to or from China, <4% to or from all of Asia
  - Regions have very high domestic and in-region activity (ANZ and Europe approx. 90%, USA approx. 70%)
  - EUR/USA – Minimal impact, to date
  - ANZ – February to date, experiencing activity decline, which we expect is related primarily to Covid-19
  - Costs being closely monitored and we will move quickly should there be signs of activity deterioration

* Pandemics from 2003: SARS (2003), MERS (2012), H5N1 Avian Bird flu (2013), Ebola (2014), Zika (2015), H1N1 Swine flu (2015)

FY20 Guidance update continued.

Impact of Covid-19 on 2H20 guidance:

- Until the very recent Covid-19 virus travel restrictions, CTM tracking towards the lower end of underlying EBITDA guidance, consistent with our assumptions shared with the market at the beginning of the reporting period.
- Experienced reduced impacts from Brexit, HKG demonstrations and the US/China trade war

- This **implied 2H20 of approximately $100m** (+17% on 2H19)

- We have assumed an Underlying EBITDA impact of $15.0 - $40.0m, with FY20 underlying EBITDA guidance reduced to $125.0m – $150.0m, or flat to 16.5% down on the p.c.p. (excluding AASB 16).

- Assumptions to the guidance range:
  - Higher end of guidance – assumes peak duration and recovery timeframe is less than assumptions on previous slide
  - Lower end of guidance – assumes current client activity being experienced does not recover throughout the entire half, and there is a more significant impact to ROW than currently experienced

Beyond FY20.

CTM is facing the most extraordinary combination of macro challenges in FY20 it has seen in any one financial year in its 25 year history

CTM expects to cycle off very weak FY20 financial performance into better conditions into FY21.

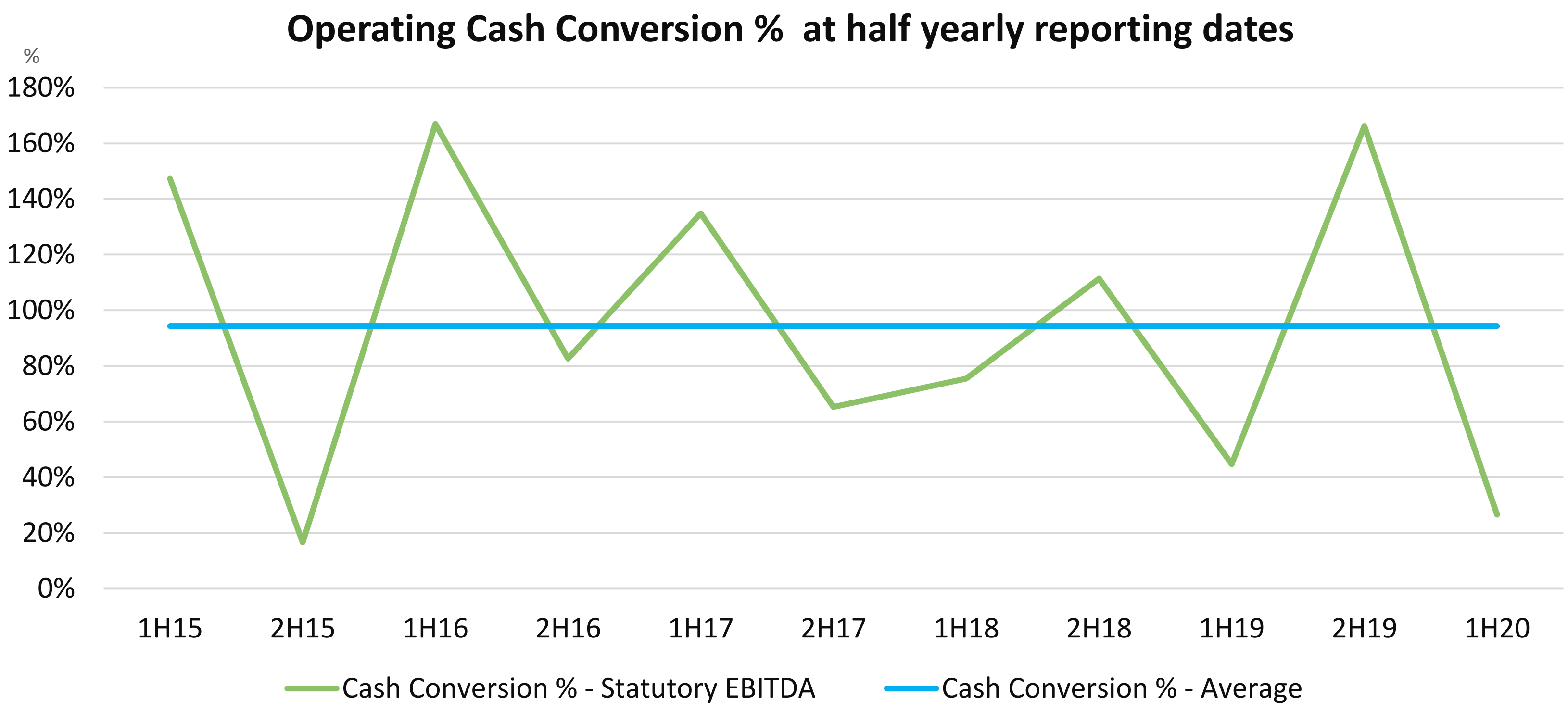
- The underlying business continues to perform well, with continuation of market share gains and growth underpinned by ongoing client take-up of CTM technology, which is now successfully rolled out in all CTM regions
- CTM expects to cycle off the current challenges into better conditions in FY21. Client activity should rebuild as we experience reduced pressures from external events such as Brexit, Hong Kong demonstrations, US/China trade war and Covid-19
- Operating cash flow and balance sheet remain strong, providing capacity for on-going M&A

Summary- focus remains on long-term strategy and execution.

A track record of strong performance and execution	• CTM has been successfully operating for 25 years • Since inception in 1994 CTM has delivered TTV, EBITDA and dividend growth in 24 of 25 years, in all economic conditions
Huge untapped growth opportunity	• Corporate travel is a huge and fragmented sector estimated at USD1.5trillion • CTM transacted over $6.5bn in TTV in FY19 yet this represents under 1% of the global market
CTM’s value proposition is compelling to the corporate market	• To be successful in corporate, you must be able to combine highly personalised service with technology and deliver return on investment • CTM has been able to demonstrate this in every region it operates
Unique technology competitive advantage	• Building our own client facing technology, in house, in region, in conjunction with our clients • Large investment that has delivered strong returns and margins in ANZ and EUR, with further opportunity in USA and Asia
CTM aspires to be a company that is recognised as the best in every market that it operates	• A company that achieves high compound organic growth, generating free cash flow and does not require debt to generate growth

Appendix

Long-term average operating cash conversion near 100%.



- The operating cash conversion is calculated as net operating cash flows excluding interest, finance costs and income tax paid, divided by EBITDA (pre-AASB 16 impact)
- Operating cash conversion is expected to trend at long term averages, and reverse in 2H20 due to more favourable timing differences

Profit and loss impact AASB16 - *Leases*.

	Pre AASB 16 AUD$'000	Adoption of AASB 16 AUD$'000	Dec 2019 AUD$'000	Dec 2018 AUD$'000
Total Revenue	222,174		222,174	210,193
Total revenue and other income	**222,290**	**0**	**222,290**	**212,200**
Interest income	(205)	0	(205)	(111)
Employee benefits	(119,179)	0	(119,179)	(110,166)
Other operating expenses	(34,968)	0	(34,968)	(31,230)
Occupancy	(7,099)	4,066	(3,033)	(7,473)
EBITDA	**60,839**	**4,066**	**64,905**	**63,220**
Interest income	205	0	205	111
Finance costs	(2,126)	(902)	(3,028)	(1,269)
Depreciation and amortisation	(11,287)	(4,439)	(15,726)	(9,566)
Profit before income tax	**47,631**	**(1,275)**	**46,356**	**52,496**
Income tax expense	(11,546)	260	(11,286)	(11,857)
Profit for the year	**36,085**	**(1,015)**	**35,070**	**40,639**

	Pre AASB 16	Adoption of AASB 16	Dec 2019	Dec 2018
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company				
- Basic (cents per share)	31.0	(0.7)	30.3	36.0
- Diluted (cents per share)	31.0	(0.7)	30.3	35.8

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