



17 February 2021

Corporate Travel Management 1H21 results

Positioned for recovery with robust revenue, strategic acquisitions creating a much larger business upon recovery

Senior leadership changes

Corporate Travel Management (CTM, ASX: CTD) reported an underlying EBITDA loss of \$15.7m for the first half of FY21 and is positioned to benefit from a recovery in corporate travel activity, with Group revenue growing through the half and expected to accelerate in the second half of the financial year.

The first half loss was lower than expected after a resilient revenue performance, despite the worsening COVID-19 impact in the second quarter.

CTM maintained its strong liquidity position with no debt, \$119m cash and an undrawn, committed \$178m finance facility, giving the Group capacity to pursue value-creating acquisition opportunities.

Highlights

Improving earnings performance over reporting period

- Underlying EBITDA¹ loss \$15.7m including two months loss contribution from the Travel and Transport (T&T) acquisition
- Underlying NPAT attributable to owners of CTM²: \$(26.0m)
- Statutory NPAT attributable to owners of CTM: \$(36.4m)

New client wins across all territories, accelerating revenue into H2

- H1 revenue ahead of expectations despite worsening COVID-19 situation Q2
- December 2020 the highest revenue of the half despite being seasonally the quietest month for corporate travel in 1H
- ANZ profitable in 1H21 due to new client contracts, on 29% of pcpc revenue. Expecting profitability to grow in 2H
- Europe expected to be profitable from February due to new client contracts
- Technology, scale and financial strength post-acquisition driving North America client wins

Positioned for recovery in corporate travel activity

- CTM leveraged to North America and Europe, the largest travel markets with the most advanced vaccination programs: northern hemisphere = 80% of Group revenue
- CTM can return to profit on domestic travel: 60% of Group revenue

Maintained strong liquidity position

- No debt
- \$119m net cash with \$115m as at 15 February 2021
- \$178m (GBP100m) undrawn committed finance facility
- No interim dividend

¹ Before tax, one-off acquisition, integration, and non-recurring costs of \$11.7m (1H20: \$3.7m)

² Net of post-tax non-cash amortisation relating to acquisition accounting \$1.6m (1H20 \$2.5m), acquisition, integration and non-recurring costs of \$8.8m (1H20: \$2.8m)

AUSTRALIA | NEW ZEALAND | NORTH AMERICA | ASIA | EUROPE

Corporate Travel Management Limited ABN: 17 131 207 611

Level 24, 307 Queen Street, Brisbane, QLD 4000 GPO Box 2584, Brisbane, QLD 4001

Telephone: +61 7 3211 2400 Fax: +61 7 3236 1930 Free call: 1800 663 622

info@travelctm.com www.travelctm.com

Managing Director, Jamie Pherous said, “We are in a good position to capitalise on a recovery in corporate travel activity because we have a strong balance sheet with excess cash for further opportunities. We are now very close to a break-even position with new client revenue momentum and remain most leveraged to the largest travel markets that are also the most advanced in rolling out vaccinations.

“We are positioned to be a significantly larger business post-COVID due to the strategic acquisition of T&T, the organic growth dynamics we are experiencing and a lower permanent cost base.

“Significant new client wins across all of our regions supported a better than expected first-half earnings result and have given us revenue momentum into the second half.

“We have maintained service levels throughout the pandemic and continued to invest in our proprietary technology to deploy tailored solutions to quickly address changing client needs. In fact, technology spend is returning to pre-COVID levels. Our scale and financial strength, combined with CTM’s personalised service and tailored technology solutions, have translated into new client wins and growing market share globally.”

Improving performance over the first half

The Group reported revenue of \$74.2m for the first half of the financial year. December, which is typically the lowest activity month in the first half, was the highest monthly revenue at \$17.3m including the T&T contribution.

At the time of the September market update, the Group expected to see some earnings improvement over the remainder of the first half. This improvement was delivered, with the Group reporting a first half EBITDA loss of \$15.7m, driven by stronger than expected revenue and continued cost management discipline.

Revenue momentum across all regions

North America was the largest region in Group revenue and new client wins. CTM’s increased scale in North America through the T&T acquisition, and the proprietary technology offering, combined with the Group’s financial strength, have driven an acceleration in new client wins.

The ANZ region reported underlying EBITDA profit of \$3.0m for the first half, including \$1.9m in December 2020 when domestic Australian borders re-opened. This result was achieved on revenue representing only 29% of 1H20, highlighting the capacity of the business to operate profitably on domestic travel.

The Europe region delivered a resilient revenue performance, despite ongoing pandemic restrictions. After new client wins, the region reached break-even in January and is expected to become profitable from February 2021.

CTM grew market share in Asia and has been able to acquire client books with no capital outlay, as competitors exited the travel industry.

Integration of strategic acquisitions on track

The acquisition of T&T was completed on 30 October 2020. Supported by its strong balance sheet, CTM is expected to emerge from the COVID-19 pandemic in a position of strength with enhanced opportunities for organic growth in North America.

The integration of T&T is on track, with \$25m (USD18m) of duplicated costs eliminated based on a return to a full run-rate basis, and further cost synergies expected from IT and Finance as the integration is completed.

CTM also completed the acquisition of Sydney-based travel technology company, Tramada Holdings on 29 October 2020.

Continue to invest in technology

CTM's ability to leverage its proprietary technology to rapidly respond to changing client needs during the pandemic has been an important factor in growing market share in the reporting period. The Group has continued to invest in its technology platform with capex nearing pre-pandemic levels, focused on traveller wellbeing, risk management, safety and hygiene information and budget optimisation tools.

Outlook

CTM is positioned to be a significantly larger business with higher earnings per share after the COVID-19 pandemic, as a result of strategic acquisitions, organic growth and permanent cost reductions.

Given continuing uncertainty about government travel restrictions and the efficacy of national vaccination programs, CTM is not in a position to provide earnings guidance for the second half of the financial year.

The Group's ANZ and Europe regions are expected to be profitable in the second half. The drivers for the Group returning to profitability include:

- ANZ domestic borders largely remaining open,
- travel restrictions being relaxed as high-risk segments of the population are fully vaccinated, particularly in the USA and UK, and
- a lower Group permanent cost base on return to a full run-rate basis.

Mr Pherous said, "Whilst Australia and New Zealand have not commenced their vaccination programmes, USA and UK are well advanced. The UK (population 67m) has surpassed 15m vaccinations and the USA (population 329m) has surpassed 50m vaccinations. Both countries expect to have the high-risk segment of the population vaccinated in this quarter, potentially allowing a relaxation in travel restrictions, much earlier than ANZ. Given 70% of our pre-COVID revenue is derived from the UK and USA, we are well positioned for the incremental revenue gains from travel relaxations in these markets."

Senior Leadership changes

Global CFO, Neale O'Connell will be retiring and stepping down from his role as CFO, replaced by Deputy Global CFO Cale Bennett. Mr Bennett joined the Group in August 2019 as part of Mr O'Connell's succession plan.

CTM Managing Director, Jamie Pherous said, "When he joined CTM, Neale's key objectives included strengthening the capabilities of the Group Finance function. He has been instrumental in managing the financial impacts on the Company through COVID-19, helping to execute the acquisitions in the current period and ensuring CTM is in a strong financial position ready for the recovery. Neale has executed on these key objectives and, having transformed our Group Finance function, will depart knowing that the business is well-positioned for recovery post-COVID-19. I want to thank Neale for his valuable contribution and for all he has achieved at CTM."

CTM's Deputy Global CFO, Cale Bennett has been appointed Global CFO effective 1 March 2021. His previous experience includes senior leadership roles at Bank of Queensland, Tatts Group and Aurizon.

Mr Pherous welcomed Cale Bennett's appointment.

"I am delighted to have such a talented and highly capable internal successor in Cale Bennett. Cale has been a key member of CTM's senior management team since his appointment and, together with Neale, has contributed to the development of the Group Finance function and assisted in putting the Company in a strong financial position ready for the recovery."

Mr O'Connell will remain with CTM until 30 June 2021 to ensure a smooth transition.

People

We acknowledge the challenges faced by our staff globally and we are grateful for the resilience, adaptability, and professionalism they have continued to demonstrate during the pandemic.

Authorised for release by the Board.

-ENDS-

For further information

Media enquiries: Alasdair Jeffrey, Rowland – alasdair.jeffrey@rowland.com.au / +61 404 926 768

Investor enquiries: Allison Dodd – allison.dodd@travelctm.com / +61 7 3210 3354