ASX Announcement

18 August 2021

FY21 Results Presentation

Attached is Corporate Travel Management Limited's full year results presentation for the year ended 30 June 2021.

Authorised for release by the Board.

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Corporate Travel Management

Full Year 2021 Results
“Recovery Underway”

www.travelctm.com

North America regional HQ

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FY21 Highlights

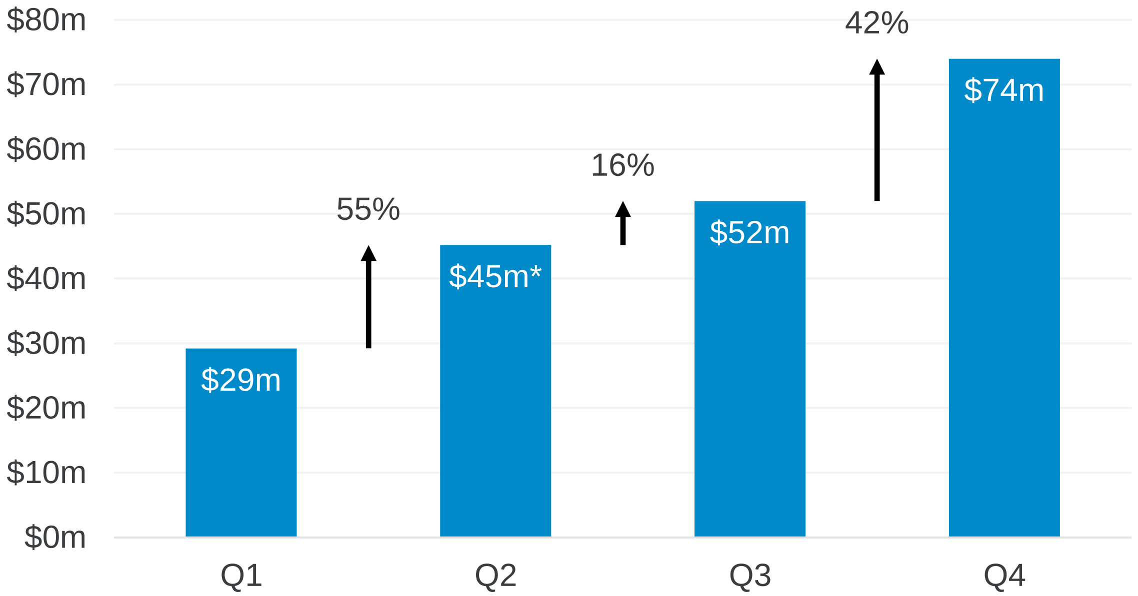
CTM highlights.

1. **Rapid return to positive underlying EBITDA in 2H21**
   - North America (NA), Europe (EU), ANZ regions all profitable in 4Q21, with NA momentum strong, continuing post year-end
   - Targeting return to dividends in CY22
2. **CTM is most exposed to regions with strongest recovery momentum/advanced vaccine roll-out**
   - Proforma 2019 Group revenue was 72% for NA and EU, 4Q21: ~80%
3. **Environment conducive to CTM market share gains**
   - CTM's value proposition of expert service, proprietary technology, ROI is more relevant in complex recovery environment
   - Client wins due to enhanced reputation in this environment, as evidenced in revenue recovery rates
4. **Balance sheet remains strong**
   - Sufficient cash to comfortably manage recovery; zero debt, $99m cash, voluntarily reduced credit facility.
5. **CTM is a much larger business post-COVID**
   - Estimated to be 4th largest global travel manager in the world
   - On a CY19 proforma basis, revenue and underlying EBITDA +57%*
   - Material post-recovery EPS-accretion through acquisitions executed, synergies, and improved efficiency

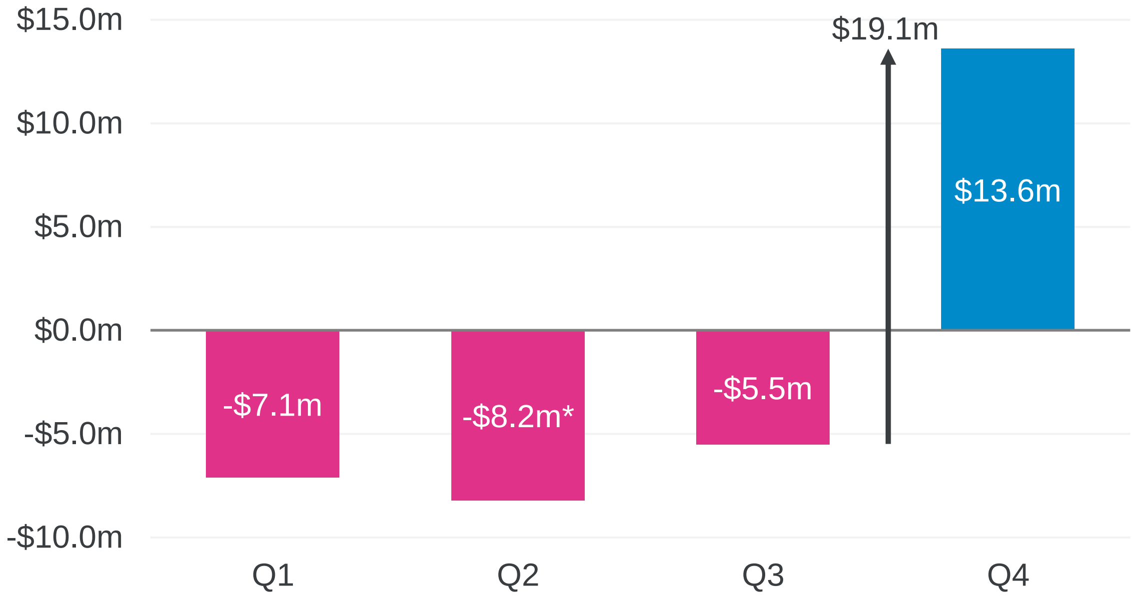
* FX AUD1.00= USD0.75, GBP0.55. HKD6.00

Rapid return to underlying profitability in 4Q21

FY21 Revenue and other income
(A$m)



FY21 Underlying EBITDA
(A$m)

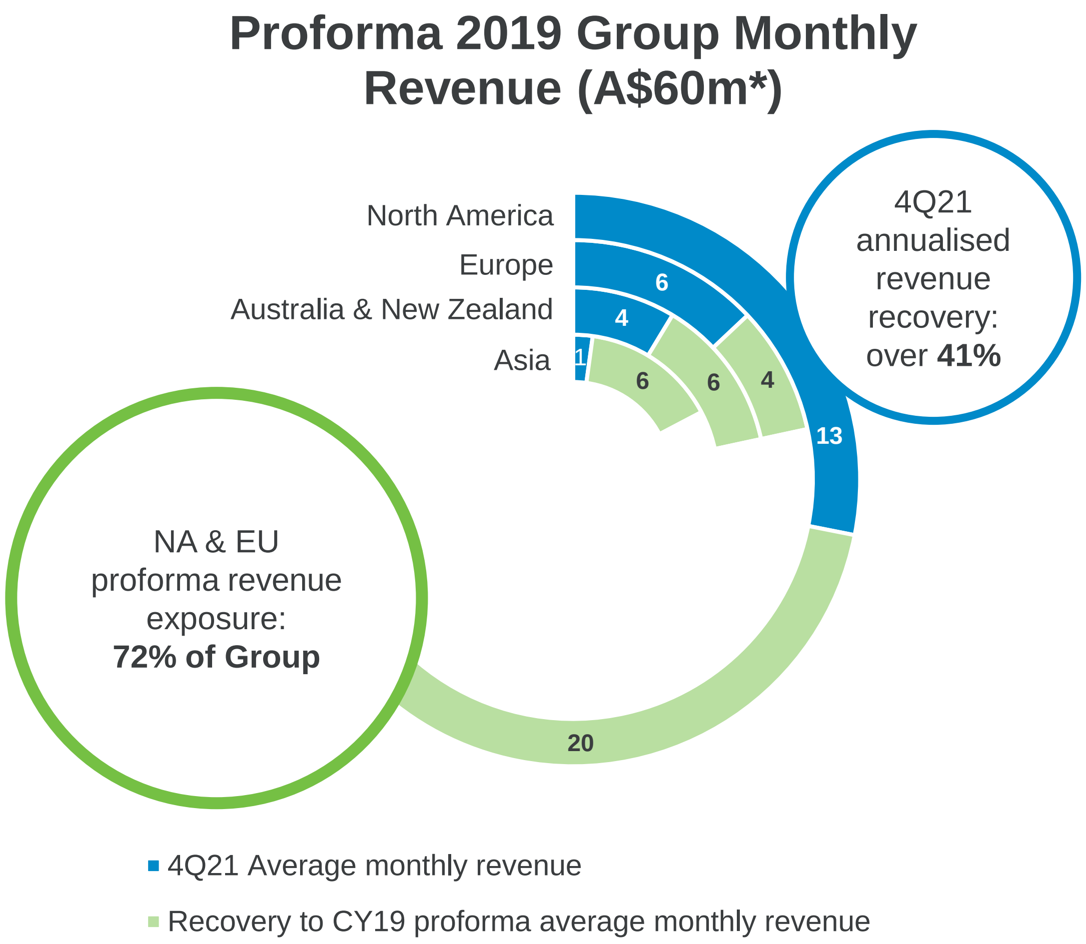


- 4Q21 annualised revenue recovered to over 41% of proforma CY2019 (3Q21: 29%)
- Majority exposure to regions with most recovery momentum NA and EU

- EBITDA recovered strongly in 4Q21, driven by NA & EU
- NA strong in 4Q21; activity, synergies and model delivering

* Acquired Travel and Transport 30 Oct 2020 and inherited A$6m loss per quarter through its combination

FY22: Exposed to regions with most recovery momentum



Overweight exposure to NA and EU:

- 72% of proforma 2019 revenue derived from NA and EU regions, 4Q21: ~80%
- CTM's largest regions also recovering the fastest

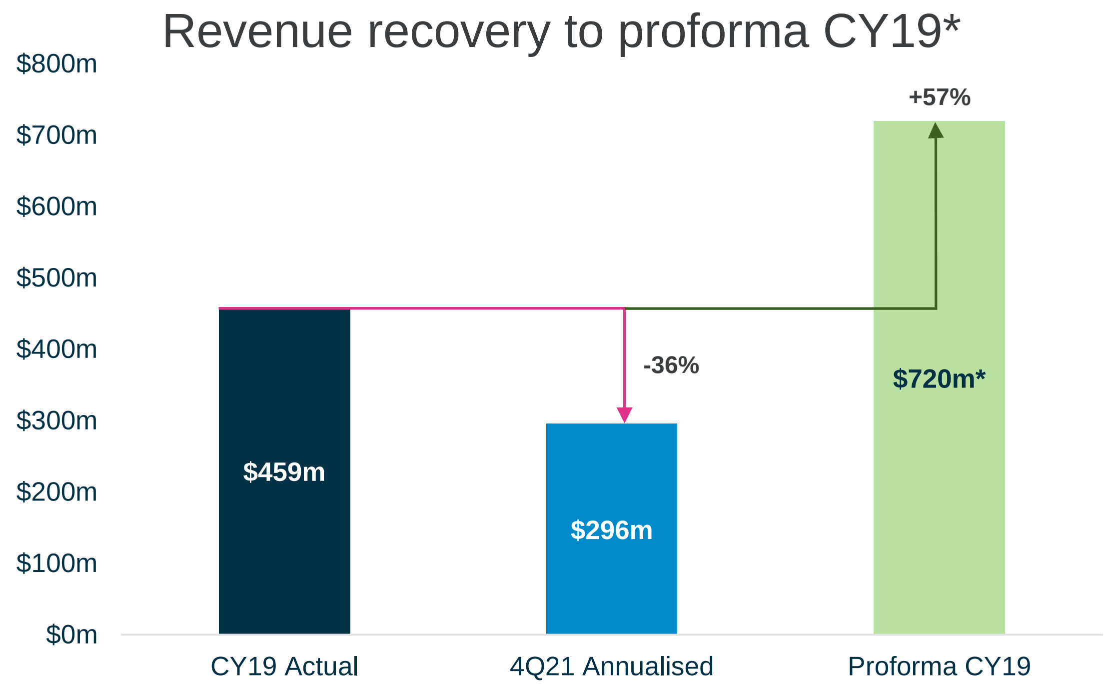
Top 5 catalysts for FY22 incremental revenue:

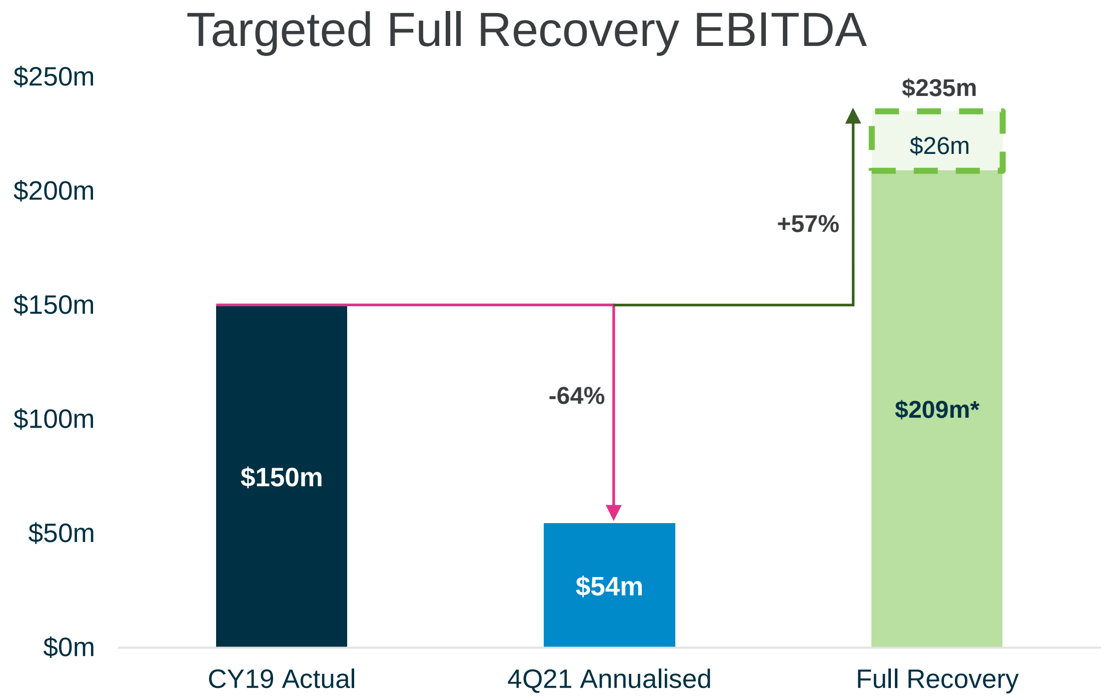
1. US domestic
2. UK domestic
3. Transatlantic travel
4. Intra-Europe travel
5. AU domestic (return to pre-lockdown activity)

The top 4 are all expected to be underway in 1H22, and the top 5 represent approximately 80% of proforma CY19 revenue

* CTM acquired Travel & Transport 30 Oct 2020. Revenue is proforma combination using FX AUD1.00=USD0.75, HKD6.00, GBP0.55

The trajectory - a significantly larger business post-COVID.





Full revenue recovery expectations on EBITDA:

- A much bigger business because of transformational acquisition execution
- **CTM expects to return to FY19 EBITDA/revenue margins**, despite Travel & Transport combination margin dilution, due to a combination of cost-out, automation, and synergy realisation
- **CTM organic growth** offsetting any realistic COVID-19 structural impact in unrestricted markets. China +113%, NZ +163% of pre-COVID total TTV in July 21

* CTM acquired Travel & Transport 30 Oct 2020. Revenue & EBITDA are proforma combination including synergies using FX AUD1.00=USD0.75, HKD6.00, GBP0.55

Regional Performance

Group overview.

(AUD$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	4,561.8	**403.8**	384.1	821.5	**1,205.6**	1,609.4	(65%)
Revenue and other income	349.9	**74.2**	52.2	74.1	**126.3**	200.5	(43%)
Underlying EBITDA	74.4[1]	**(15.3)**[2]	(5.5)	13.6	**8.1**	(7.2)	(110%)
EBITDA / Rev & Oth Inc Margin	21.3%	**(20.6%)**	(10.5%)	18.4%	**6.4%**	(3.6%)	

FY21

- **4Q21 rapid recovery** led by NA and EU
- **Strong liquidity** - no debt, $99m cash on hand at 30 June 21
- **Voluntarily reduced unused credit facility**, from £100m to £60m (A$110.6m) – sufficient cash to comfortably manage recovery
- Global head office costs were $9.0m in FY21

July update

- Momentum continuing post year-end
- **July** delivered a record revenue result post-COVID**,** despite seasonal vacation period in NA and EU

1 Includes AASB 16 *Leases*
2 Adjusted by $0.4m for entities divested in 2H21

North America.

(AUD$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	1,146.3	**181.5**	190.3	383.7	**574.0**	755.5	(34%)
Revenue and other income	134.3	**29.4**	26.9	39.7	**66.6**	96.0	(29%)
Underlying EBITDA	14.7[1]	**(8.8)**[2]	(7.0)	5.1	**(1.9)**	(10.7)	(173%)
EBITDA / Rev & Oth Inc Margin	10.9%	**(29.9%)**	(26.0%)	12.8%	**(2.9%)**	(11.1%)	

FY21

- **Rapid return to positive underlying EBITDA in 4Q21**
- Travel & Transport acquisition provides CTM with high exposure to rapid NA travel recovery
- Return to profitability accelerated by quick turnaround and synergy realisation of T&T post acquisition

Outlook

- **Momentum continuing,** revenue stronger in July defying typical seasonal vacation slowdown
- July **domestic** revenue >60% proforma domestic CY19
- **NA is leading client wins across CTM**. A strong sign
- Expect a greater than normal 2H seasonal skew as companies return to offices post summer vacation
- Transatlantic - expect this lucrative segment to open in 1H22 and then contribute meaningfully in 2H22

1 Includes AASB16 *Leases*
2 Adjusted by $0.3m for entities divested in 2H21

Europe.

(AUD$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	933.2	**77.8**	60.5	249.0	**309.5**	387.3	(58%)
Revenue and other income	77.8	**13.3**	10.1	18.6	**28.7**	42.0	(46%)
Underlying EBITDA	26.7[1]	**(2.2)**	2.6	9.7	**12.3**	10.1	(62%)
EBITDA / Rev & Oth Inc Margin	34.3%	**(16.5%)**	25.7%	52.2%	**42.9%**	24.0%	

FY21

- **4Q21 revenue recovered to 62% of pre-COVID**
- Large success winning a mix of project, ongoing essential travel, and logistics clients. Projects are high volume, low margin using CTM tech
- Client wins only possible with both CTM proprietary tech and global expertise in cross border travel and logistics
- UK domestic travel not material in FY21 given 2H21 UK lockdown

Outlook

- **Momentum continuing. UK domestic travel recovering quickly**, a large incremental contributor
- Expect domestic recovery to accelerate as companies return to offices post summer vacation in September, offsetting expected decline in project work as economy opens
- Transatlantic and intra-Europe – expecting these lucrative segments to open in 1H22, then contribute meaningfully in 2H22

1 Includes AASB16 *Leases*

ANZ.

(AUD$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	958.8	**155.3**	127.2	160.3	**287.5**	442.8	(54%)
Revenue and other income	81.3	**18.1**	11.7	12.2	**23.9**	42.0	(48%)
Underlying EBITDA	32.8[1]	**3.0**	2.8	1.9	**4.7**	7.7	(77%)
EBITDA / Rev & Oth Inc Margin	40.3%	**16.6%**	23.9%	15.6%	**19.7%**	18.3%	

FY21

- **Profitable throughout FY21 despite rolling border closures**
- 4Q21 impacted by State border closures, no government assistance, re-employment for recovery underway that has been interrupted
- Business activity resilient - 4Q21 revenue recovery 40% pre-COVID

Outlook

- Constant lock-downs limiting recovery. Expect a challenging 1H22 with limited east coast interstate travel
- Regional resilience – June & July small positive EBITDA
- Structural recovery and growth fundamentals remain strong e.g. NZ activity remained above 150% versus pre-COVID throughout 2H21
- Significant domestic recovery delayed until Sydney travel corridor opens to the rest of the country.

1 Includes AASB16 *Leases*

Asia.

(AUD$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	1,523.5	**(10.8)**	6.1	28.5	**34.7**	23.9	(98%)
Revenue and other income	53.2	**12.1**	3.3	3.5	**6.8**	18.9	(64%)
Underlying EBITDA	6.9[1]	**(3.6)**	(1.4)	(0.4)	**(1.8)**	(5.4)	(178%)
EBITDA / Rev & Oth Inc Margin	13.0%	**(29.8%)**	(42.4%)	(11.4%)	**(26.5%)**	(28.6%)	

FY21

- Trading environment remained challenging due to reliance on international travel. 4Q21 revenue 17% of pre-COVID
- Government support removed at end of 3Q21, further cost-out undertaken in March and April
- Consistent increases in activity, off very low base

Outlook

- Region expected to remain marginally loss-making until travel bubbles open
- Winning business from competitors; competitor closures accelerating

1 Includes AASB16 *Leases*

Acquisition Update

Travel & Transport high level integration

Planning	Alignment	Year 1 Execution Nov20-Jun21	Finalise Execution	Operate Fully Integrated Business
Completed	Completed	Completed	To 30 June 2022	From 1 July 2022
✓ Acquisition rationale ✓ Estimate synergies ✓ Outline combined organisational structure ✓ Outline integration principles ✓ Establish robust risk management framework	✓ Finalise detailed integration plan and roadmap ✓ Define long-term objectives ✓ Plan for onboarding of Travel & Transport management and employees ✓ Full integration team in place	✓ Foster unified culture and joint strategic vision under CTM Brand ✓ Commence integration of IT systems and back office systems ✓ Commence rollout of Lightning booking tool and one customer technology suite ✓ Execute office footprint rationalisation ✓ Simplify operational support and capture synergies by reducing duplicated spend and corporate overhead	✓ **Consolidation of back office systems (non-client impacting)** ✓ **Transition legacy clients to improved combined CTM technology suite (well underway)** ✓ **Continue realising synergies**	✓ **Continue to grow market share at above market rates**

Group Financial Summary

Profit and loss.

$AUD(m)	FY21	FY20	%Δ
TTV	1,609.4	4,561.8	(65%)
Revenue and other income	200.5	349.9	(43%)
Underlying EBITDA[1]	**(7.2)**	**74.4**	(110%)
Underlying PBT[2]	(43.6)	39.2	(211%)
Underlying NPAT[2]	**(32.3)**	**28.4**	(213%)
Less: Non-recurring items[3]	(18.3)	(33.8)	(46%)
Less: Client relationship amortisation[3]	(6.1)	(5.2)	(17%)
Less: Discontinued Operations[3]	(1.2)	-	
Statutory NPAT	(57.8)	(10.6)	(445%)

- FY21 was a year of two distinct halves due to improved earnings performance, and following the T&T acquisition

	1H21	2H21	%Δ
Revenue	$74.2m	$126.3m	70%
Underlying EBITDA[1]	($15.3m)	$8.1m	153%

- FY21 Depreciation & Amortisation: $40.9m
  - Depreciation: $14.1m
  - Software amortisation: $17.6m
  - Client relationships & other: $9.1m
- FY22 D&A expectations: $41.5m
  - Depreciation: $13.8m
  - Software amortisation: $20.1m
  - Client relationships & other: $7.6m
- Government grants $18.4m in FY21 – mirrored in staff costs. Materially finalised in March 2021
- Effective tax rate 24.80% (FY20: 9.61%)

[1] Excluding pre-tax non-recurring costs of $23.1m (FY20: $10.6m). Includes AAAB 16 *Leases*
[2] Excluding pre-tax non-recurring costs of $24.0m (FY20: $44.7m) and client relationships amortisation of $8.0m (FY20: $6.3m)
[3] Post-tax

Non-recurring items.

$AUD(m)	1H21	2H21	FY21
Items in Underlying EBITDA			
Acquisition costs	(6.6)	(0.6)	**(7.2)**
Integration costs	(4.5)	(7.0)	**(11.5)**
COVID-19 impact	-	(2.5)	**(2.5)**
Other	(0.6)	(1.3)	**(1.9)**
Items in Underlying PBT			
ROU Impairment (Integration)	-	(0.9)	**(0.9)**
Total non-recurring items	**(11.7)**	**(12.3)**	**(24.0)**
Tax	2.9	2.8	5.7
Post tax non-recurring items	**(8.8)**	**(9.5)**	**(18.3)**

- Acquisition-related costs represent 82% of non-recurring items
- $19.6m **Acquisition** and **Integration** costs relate to Travel & Transport acquisition
  - Expect additional $6m integration costs to complete integration in FY22.
  - CTM expects additional integration work to create greater synergies beyond initial expectations
  - Slower progress on complex back-office (non-client facing) consolidation requiring collaboration due to work from home government mandates
- **COVID-19 impact** primarily redundancy costs in Asia. Government support removed without travel recovery

Comparative statutory balance sheet.

$AUD(m)	Jun 21	Jun 20
Cash	99.0	92.8
Receivables	175.4	64.5
Other current assets	16.3	16.5
Total current assets	**290.7**	**173.8**
Right-of-use assets	40.5	46.8
Intangible assets	756.9	524.5
Other non-current assets	47.6	18.4
Total assets	**1,135.7**	**763.5**
Payables	204.7	100.5
Other current liabilities	27.4	42.5
Total current liabilities	**232.1**	**143.0**
Borrowings	-	-
Other non-current liabilities	52.2	62.4
Total liabilities	**284.3**	**205.4**
Net assets	**851.5**	**558.1**

- **Cash has increased** by $6.2m from the p.c.p to $99.0m
- Increased receivables and payables a function of increased client activity into 30 June 2021
- Increase in intangibles driven primarily by Travel & Transport acquisition
- **Zero debt**
  - Unused committed facility reduced from GBP100m to GBP60m (A$110.6m)
  - Sufficient cash to comfortably manage recovery
  - Delivers immediate financial savings
- **Bank guarantees** have fallen from $54.3m to $19.6m in FY21
  - Activities undertaken late in FY21 will ensure bank guarantees unlikely to return to historic levels

Cash flow summary.

$AUD(m)	FY21	FY20
EBITDA statutory	(31.1)	63.8
Non-cash items	1.1	(24.4)
Change in working capital	**(33.3)**	**65.6**
Income tax paid	6.0	(21.2)
Net interest	(3.2)	(4.6)
Cash flows from operating activities	**(60.4)**	**79.2**
Capital expenditure	(15.2)	(22.2)
Acquisition/divestment cash flows	(273.3)	(23.5)
Other investing cash flows	(0.9)	-
Cash flows from investing activities	**(289.4)**	**(45.7)**
Net (repayment)/drawing of borrowings	-	(46.4)
Dividends paid	-	(26.5)
Proceeds from issue of shares (net of transactional costs)	368.7	-
Other financing cash flows	(9.6)	(1.7)
Cash flows from financing activities	**359.1**	**(74.6)**
FX movements on cash balances	(3.1)	(4.9)
Increase/(decrease) in cash	**6.2**	**(46.0)**

- Operating cash flow conversion primarily impacted by a combination of:
    - Timing of supplier payments around balance sheet date
    - Rapid travel recovery primarily led by high-quality invoice term clients, creating a short-term re-wind
- Expect the re-wind will flatten over time to return to long-term cash conversion experience
- Investing cash flows primarily Travel & Transport acquisition in 1H21
- **No debt** utilised during the year
- Capex investment approximately $20m in FY22 to maintain software leadership

FY22 Outlook

FY22 Outlook.

Guidance and activity update:

- Given uncertainty of government decisions on border restrictions and travel supply, CTM is not in a position to offer FY22 profit guidance
- Targeting return to dividend payments in CY22

FY22 Key Expectations:

1. **1Q22 expect continuing positive underlying EBITDA**, noting 1Q is typically softest quarter (northern hemisphere summer vacation)
    - **July revenue a record post-COVID,** a positive sign despite seasonal vacation period in NA and EU
2. **2Q22 expect building underlying EBITDA** as NA and UK/Europe return to offices after summer vacation in September
3. **2H22 expect a stronger than normal seasonal profit skew** (historical 2H skew 67%)

Rationale for higher 2H skew:

- NA and UK **domestic** to recover rapidly post summer vacation as clients return to offices in September, meaningful 2H22 contribution
- Lucrative Transatlantic, and intra-Europe travel expected to open in 1H22, meaningful contribution in 2H22
- Vaccinations to allow for a more predictable and sustainably strong AU domestic environment in 2H22

Acquisition opportunities

- We are continuing to assess opportunities that support global strategy ctm

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