



**ASX Announcement**

27 October 2022

**2022 AGM – Chairman Address**

Attached are the Chairman's address and accompanying slides to be presented at Corporate Travel Management Limited's 2022 Annual General Meeting being held today.

Authorised for release by the Board.

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# 2022 AGM Chairman's Address

## Ewen Crouch AM

### 27 October 2022

We will begin the formal business of today's meeting with a short address from me followed by a presentation from Jamie Pherous, CTM's Managing Director. There will be an opportunity for questions when we formally consider the resolutions for the FY22 AGM.

We did receive some questions from shareholders in advance of today's meeting and answers to those questions have been included in my address.

#### **The Last Two Years**

After two years of significant operating challenges for the Company and the travel industry globally, Corporate Travel Management has benefited from a strong rebound in activity in all of the markets in which government-mandated travel restrictions have begun to ease.

Over the last two years CTM's business model, under decisive leadership, has demonstrated the resilience and flexibility to enable the Group to adapt quickly to the extraordinary disruptions from border closures, quarantine requirements, and other travel restrictions, while maintaining a robust financial position. CTM finished each of the years ending 30 June 2020, 30 June 2021 and 30 June 2022 with no drawn debt and a solid cash surplus.

The CTM value proposition combines personalised customer service and proprietary technology to support our clients' travel needs in a complex and ever-changing environment as a result of the pandemic. CTM's global scale, financial strength, and continued focus on our clients enabled the Company to secure market share gains in all of its operating regions.

Our financial strength and focus on the long term outlook allowed the Group to make targeted acquisitions during the last two financial years, funded by capital raisings well supported by shareholders.

The Group has emerged from the extraordinary challenges of this period a larger, more efficient, and diversified business. Coupled with ongoing investments in technology, the Group's competitive position is significantly stronger than pre-pandemic.

#### **FY22 Financial Performance**

FY22 financial performance of the Group reflects the significant impact from the COVID-19 operating environment. The Group reported a statutory Net Profit After Tax of \$2.6 million compared to the prior year loss of \$55.4 million. Excluding one-off or non-recurring items, underlying Net Profit

Before Tax was \$22.3 million. This was a resilient performance in the face of major volatility in corporate travel activity, enabled by a combination of prudent cost management and the diversified revenue streams generated across our regions.

The Group maintained its strong liquidity position, finishing the year with \$142.1 million in cash, no debt and available facilities of \$100 million at 30 June 2022. The Group's financial position enabled it to refinance its debt facilities, in the process reducing costs and increasing flexibility.

Revenues grew through the year, accelerating in the fourth quarter. Our investments in maintaining staffing levels and in proprietary technology have enabled CTM to provide the best possible service to our clients as corporate travel activity recovered rapidly in all regions except Asia where travel restrictions continue to impact.

### **Dividend**

In view of the Group's performance in the final quarter of the financial year and expectations for FY23, the Directors determined to pay an unfranked dividend of 5 cents per share on 5 October 2022. It remains the Board's policy to provide shareholders with returns through dividends equivalent to 50% of the Group's net profit after tax to be paid out of the Group's cash balances.

### **Corporate Activity**

The acquisition of Helloworld's corporate and entertainment travel business in Australia and New Zealand (ANZ) was announced on 15 December 2021. This acquisition is highly complementary to CTM's existing ANZ operations as well as adding an established presence in several attractive industry verticals for the Group, including entertainment, film, music and the arts. These areas are expected to perform strongly as the market returns to higher levels of corporate travel activity post COVID-19.

The acquisition was completed on 31 March 2022. Since then CTM has focused on resourcing the Helloworld corporate business to create clear cultural alignment with CTM service standards and deliver ongoing value for clients.

The acquisition was settled by a combination of cash (\$100 million) and CTM shares (\$75 million) issued to Helloworld. The cash component was funded by a fully underwritten institutional placement and share purchase plan. We were delighted by the strong support for the capital raising and we thank our shareholders for their participation.

The Group extended its footprint in Asia with the acquisition of Safe2Travel in Singapore in April 2022, and the opening of a Japan office in May 2022. These developments allow CTM to meet increasing customer demand for domestic and international travel in the region, in anticipation of activity rebounding as restrictions progressively lift across Asia.

The integration of the Travel and Transport acquisition, undertaken in October 2020, is largely complete. This acquisition gave CTM a top-class management team and expanded our footprint in North America, the world's largest corporate travel market. CTM North America is capitalising on this improved opportunity as the region continues to lead the Group in new client wins.

In July 2022, the Group acquired 1000 Mile Travel Group, a network of independent experts specialising in personalised SME business travel services across Australia and the UK. 1000 Mile Travel Group extends CTM's services amid heightened demand for travel expertise to support a rapidly rebounding market.

Jamie Pherous will provide an update on our trading performance over the first quarter of FY23 during his presentation.

## **Sustainability**

CTM appointed our first Global Head of ESG and Sustainability during the year. This role will assist in driving thought leadership on ESG principles, data collection, target setting and focus on material risks within CTM's sustainability agenda over the medium- to long-term. Engagement with our clients has identified an increased appetite to implement industry-leading sustainability practices. We are continuing to identify opportunities that we believe will underpin CTM's environmental and social sustainability assistance to its clients through technology enhancements, data collection, and analysis of emissions impacts from travel.

We recognise the need to continue to enhance our sustainability reporting. We continue to engage with our stakeholders on sustainability matters to understand their views and insights as ESG expectations and reporting standards evolve. In the year ahead, we are also taking concrete steps to improve key focus areas relating to data maturity and enhanced reporting on material issues.

## **People**

The rebound in travel activity necessitated a material increase in staff numbers. It has been particularly pleasing to welcome many former employees back to the Group. Nevertheless, recruitment remains a challenge across the travel industry and is impacting the travel experience globally.

CTM is implementing a range of innovative programs across all regions to broaden the focus of recruitment and attract a new generation of professionals to the industry. The Group has also continued to invest in improving automation and streamlining processes, to create greater efficiencies and allow more time for our people to offer personalised service to address complex customer service requirements.

## **Remuneration**

As explained in more detail in the Remuneration Report, this year for the first time, the non-executive directors exercised discretion to vest a tranche of the Company's long-term incentive plan. We did this to reflect the comparative strength of management's performance across the sector during the particularly difficult operating conditions of the last two years, as well as to conform the treatment of, and outcomes for, executives and participating employees among our regional businesses.

The last quarter of 2020 was a grim period for the travel sector with an unknown outlook as to when, where and under what circumstances Governments might allow travel to occur. The two-year share appreciation rights opportunity that was offered then was designed to retain and incentivize a group of approximately 50 leaders that the board considered were most important to the future success of the Group. Bear in mind also that the Managing Director voluntarily opts out of participating in this program, and he is precluded from voting on the Remuneration Report.

It is important to remember that at the time of the offer of share appreciation rights, the travel sector faced an enormous amount of uncertainty. Salaries for CTM leaders were temporarily reduced and short-term incentives were not paid. Talented managers with transferable skills were receiving approaches from companies in other industries. The decision of the non-executive

directors was based on the important contribution made by these CTM leaders to retain clients, control costs and manage cash, and successfully integrate our acquisitions. Retaining these leaders in the business, and their actions to steer through the pandemic, have directly contributed to the improved performance and market position of CTM as the travel sector emerges from the pandemic.

Including expansions of the share capital to fund acquisitions over the last two years, EPS grew from -7.5cps in FY20 to +2.2cps in FY22 despite falling to -43cps in FY21 – giving a CAGR of 51.4% .

The decision by the non-executive directors to exercise their discretion to vest the two-year LTI tranche for the reasons I have mentioned, has split recommendations from between proxy advisors and attracted a vote against the Remuneration Report from some shareholders. This is disappointing as it reflects a view that a board cannot exercise “upwards” discretion despite the non-executive directors determining it was in the best interests of the company to do so.

### **Year ahead**

CTM is primed to benefit as corporate travel activity returns to pre-pandemic levels across all our major markets.

Despite some challenges in airports and airlines re-establishing their operating rhythms, we also expect that CTM will recover more quickly than the corporate travel sector in general. Emerging travel patterns and customer feedback demonstrate that our clients place a high value on face-to-face connection, especially after two years of travel restrictions. Our value proposition of personalised service, proprietary technology, and measurable value for clients, is well-suited to meet this demand.

Through the acquisitions that have been made over the last two years with the strong support of our shareholders, and our continued investment in our technology, people, and processes, CTM is now a larger, more efficient, and more diversified business.

CTM is confident our business model and strategy will continue to enable the Group’s return to sustainable growth in shareholder value. Prudent planning and focussed risk management will ensure our future is bright.

On behalf of the Directors, I would like to thank all CTM team members for their continued efforts to deliver personalised travel experiences for our clients. I would also like to thank our clients and shareholders for your continued support. As a travel management company, we are particularly pleased to be able to hold a physical meeting here in Brisbane today and we thank all those who have travelled to be here.

I would now like to invite Managing Director Jamie Pherous to address the Meeting.





# Corporate Travel Management

Annual General Meeting 27<sup>th</sup> October 2022



# Disclaimer

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The information in this presentation contains summary information about the current activities of Corporate Travel Management Limited ACN 131 207 611 (Company) and its subsidiaries. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

The information in this presentation does not constitute personal investment advice. The presentation is not intended to be comprehensive or provide all information required by investors to make an informed decision on any investment in the Company. In preparing this presentation, the Company did not take into account the investment objectives, financial situation and particular needs of any particular investor. This presentation is not a recommendation to acquire the Company's shares.

Further advice should be obtained from a professional investment adviser before taking any action on any information dealt with in the presentation. Those acting upon any information without advice do so entirely at their own risk.

This presentation contains certain forward-looking statements, which can be identified by the use of terminology such as 'may', 'will', 'should', 'expect', 'intend', 'anticipate', 'estimate', 'continue', 'assume' or 'forecast' or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results and performance to be materially different from any future results or performances implied by such forward-looking statements.

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Any opinions expressed reflect the Company's position at the date of this presentation and are subject to change. Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to update any forward-looking statements in this presentation.



# CTM Board

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**Ewen Crouch AM**

Chairman  
Independent  
Non-Executive Director



**Jon Brett**

Independent  
Non-Executive Director



**Sophie Mitchell**

Independent  
Non-Executive Director



**Marissa Peterson**

Independent  
Non-Executive Director



**Jamie Pherous**

Executive Director  
Managing Director



**Laura Ruffles**

Executive Director  
Global COO







# Ewen Crouch AM

Chairman  
Independent Non-Executive Director





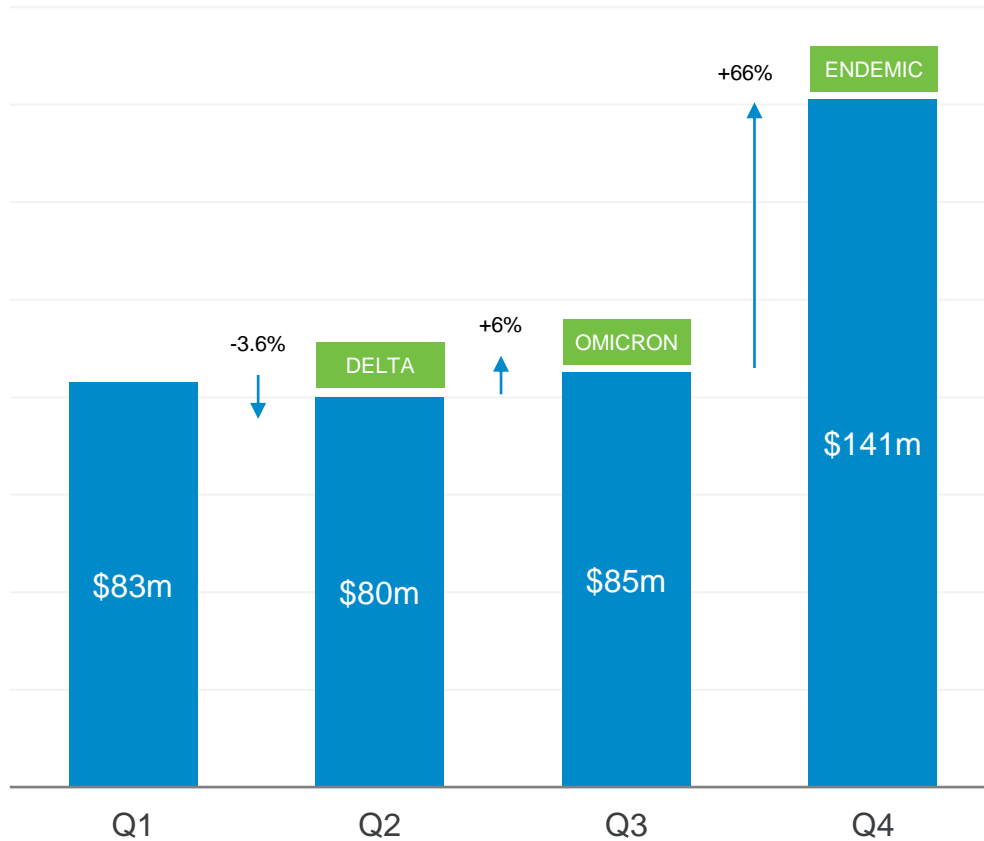
**Trading through the past two years.**



# FY22 Financial performance

Strong 4Q22 enabled a dividend of 5 cents per share for FY22

## FY22 Revenue and other income



- Statutory net profit after tax \$2.597m (pcp: loss of \$55.531m)
- Underlying net profit before tax \$22.334m<sup>1</sup>
- Strong liquidity position
  - \$126.5 million operating cash
  - Undrawn \$100 million 3-year debt facility
- Final dividend of 5 cents per share paid on 5 October 2022

<sup>1</sup>Excluding one off or/non reoccurring items

# Corporate activity

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## **HLO Corporate and Entertainment, ANZ – March 22**

- Highly complimentary to CTM's existing operations
- Attractive industry verticals including entertainment, film and music



## **Safe2Travel, Singapore - May 22**

- Part of the strategy to build greater presence in Singapore to service growing client base
- Integration well underway, already merged into one office



## **Opened CTM Tokyo, Japan - July 22**

- Supports growing stable of blue chip regional and global clients
- Key plank in geographic strategy to support the strong organic growth expected in the region

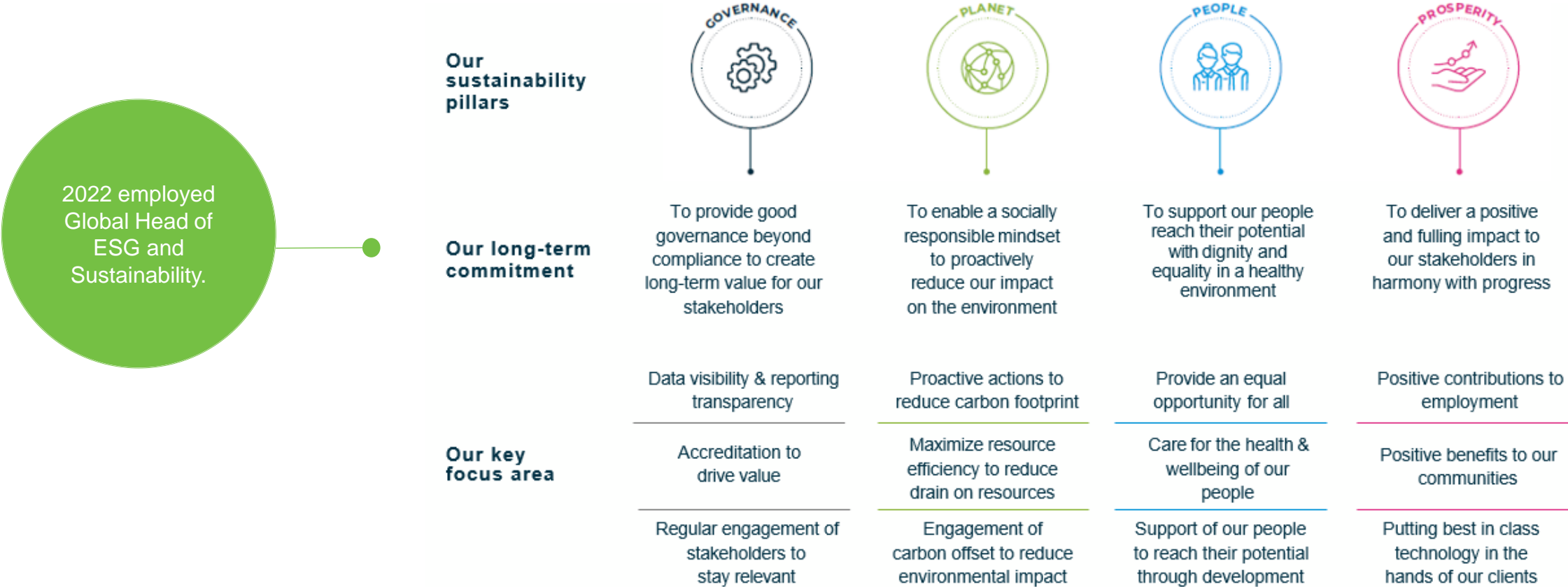
## **1000 Mile Travel Group - July 22**

- A successful Independent Consultant (IC) model, demonstrating high growth coming out of pandemic
- High-touch/high-service allowing CTM to build market share in the SME and SSME high value segment





# Sustainability



**Our Purpose:** To drive environmental, social and governance sustainability principles which provide long term support to our business stakeholders and the communities in which we operate.



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