ASX Announcement

23 August 2023

FY23 Results Presentation

Attached is Corporate Travel Management Limited's 2023 full year results presentation for the year ended 30 June 2023.

Authorised for release by the Board.

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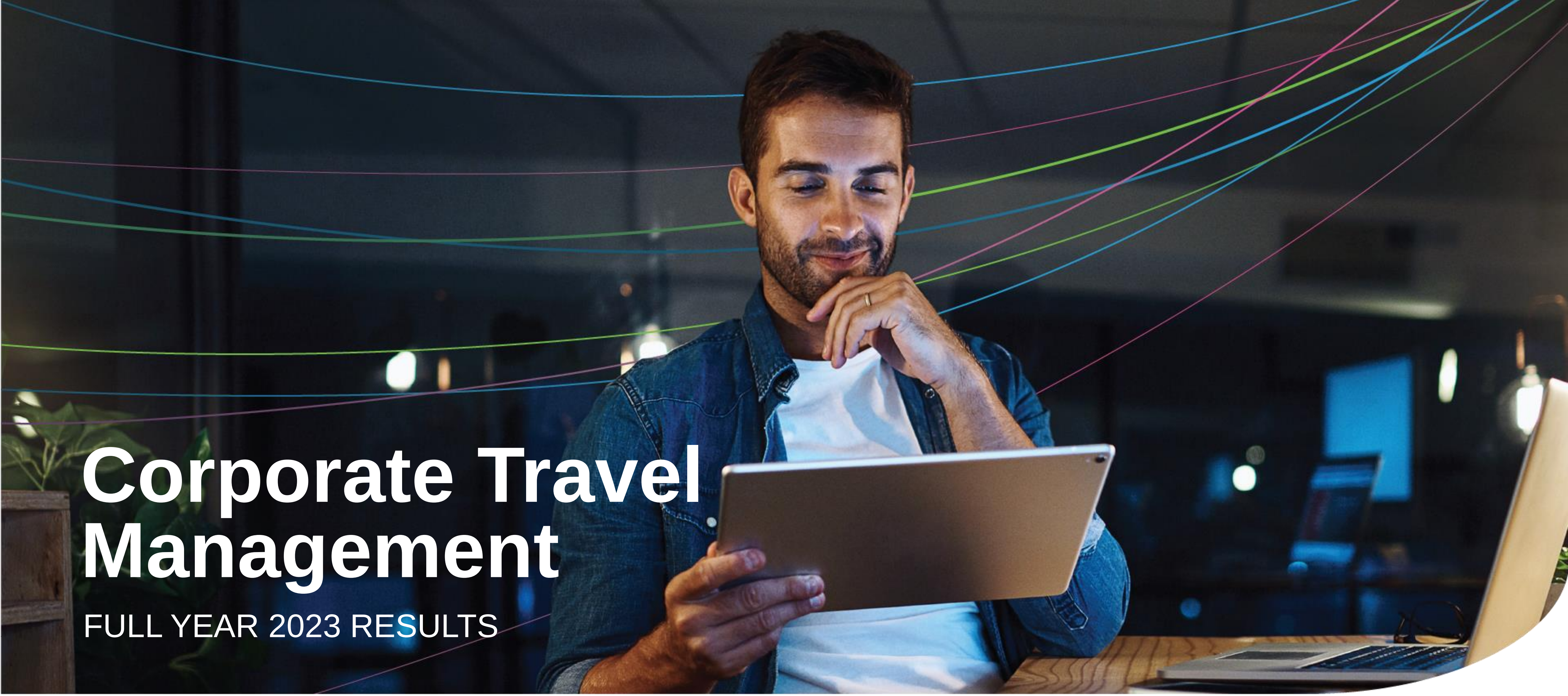

Corporate Travel Management

FULL YEAR 2023 RESULTS

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FY23 Highlights

FY23 Group financial highlights

Momentum; successfully converting revenue to profit:

- FY23 Revenue above CTM's $648m guidance.
- Successfully converting revenue recovery into EBITDA, and importantly PBTa, NPAT.
- Momentum into FY24: Feb-June 2023 EBITDA averaging >$20m/month, PBTa averaging $16.5m/month, 4Q23 revenue >90% of pro-forma FY19

Balance sheet strength:

- No debt, cash @ 30 June $151.0m
- Dividend at 51% NPAT payout

FY24 guidance will deliver record EPS:

- Underlying PBTa $193m-$233m (+55-87%)
- Underlying EBITDA $240m-$280m (+44-68%)
- Lower end of guidance will deliver record FY24 EPS

Reported AUD($m)	FY23	FY22	%
Revenue and other income	**660.1**	**388.7**	**+70%**
Underlying EBITDA[1]	**167.1**	**59.8**	**+179%**
PBTa[1,2]	**124.8**	**22.3**	**+460%**
Underlying NPAT attributable to owners of CTM[3]	92.5	19.8	+367%
Statutory NPAT attributable to owners of CTM	77.6	3.1	+2403%
Underlying EPS[3], cents basic	63.3c	15.1c	+319%
Final dividend unfranked	22c	5c	+340%

[1] Excluding pre-tax non-recurring costs relating to M&A integration of $4.1m. (FY22: $11.6m)

[2] Excluding pre-tax client amortisation, a non-cash item of $14.6m (FY22: $9.2m) and building impairment $1.7m

[3] Excluding post-tax non-recurring costs of $2.8m (FY22: 9.9m), client relationship amortisation, a non-cash item of $10.8m (FY22: $6.8m) and building impairment $1.3m

FY23 scorecard – taking strong momentum into FY24

FY23

New Client Wins[1]
$2.95bn

Client Retention
97%

30 June FTE Staff Count
3,206
(+349 v FY22)

2H23 momentum

Feb-Jun 23 EBITDA
>$20m
mthly avg

Feb-Jun PBTa[2]
$16.5m
mthly avg

EBITDA/ revenue margin
31.5%

[1] Based upon client assumptions of annualised spend at time of winning
[2] Underlying profit before tax and client amortisation, a non-cash amount

FY23 Regional Overview

FY23 Group overview AUD($m)

AUD($m)	CTM Consolidated					North America			Europe			Australia & New Zealand			Asia			Global o/head		
	FY23	%	2H23	1H23	FY22	FY23	FY22	%	FY23	FY22	%	FY23	FY22	%	FY23	FY22	%	FY23	FY22	%
Revenue and other income	**660.1**	70%	*368.2*	*291.9*	388.7	**303.7**	217.7	40%	**143.0**	83.9	70%	**160.1**	68.3	134%	**51.6**	17.3	198%	**1.7**	1.4	70%
Underlying EBITDA	**167.1**	179%	*115.8*	*51.3*	59.8	**44.8**	27.2	65%	**84.1**	37.4	125%	**42.4**	11.9	256%	**13.9**	(3.0)	n.m.	**(18.2)**	(13.7)	34%
EBITDA/Revenue Margin	**25.3%**		*31.5%*	*17.6%*	15.4%	**14.8%**	12.5%		**58.8%**	44.6%		**26.5%**	17.4%		**26.9%**	(17.3%)				

Global diversity protects performance

- Regions recovering at different speeds
- Geographic and customer diversification mitigates performance risk at Group level

TTV no longer an accurate measure of performance since COVID

- FY23: $8.96bn vs FY22: $5.07bn (+77%)
- 89% of CTM revenues are derived from transactions, not overall price volume (TTV)
- Humanitarian work has no TTV i.e. TTV equals revenue, materially understating TTV. Expected to increase over time
- TTV is an unaudited amount, revenue is audited
- Revenue is the most accurate measure, and consistent with the business model (converting revenue to profit)

North America

AUD($m)	FY23	FY22	p.c.p. change
Revenue and other income	303.7	217.7	+40%
Underlying EBITDA	44.8	27.2	+65%
EBITDA / Rev Margin	14.8%	12.5%	

Highlights

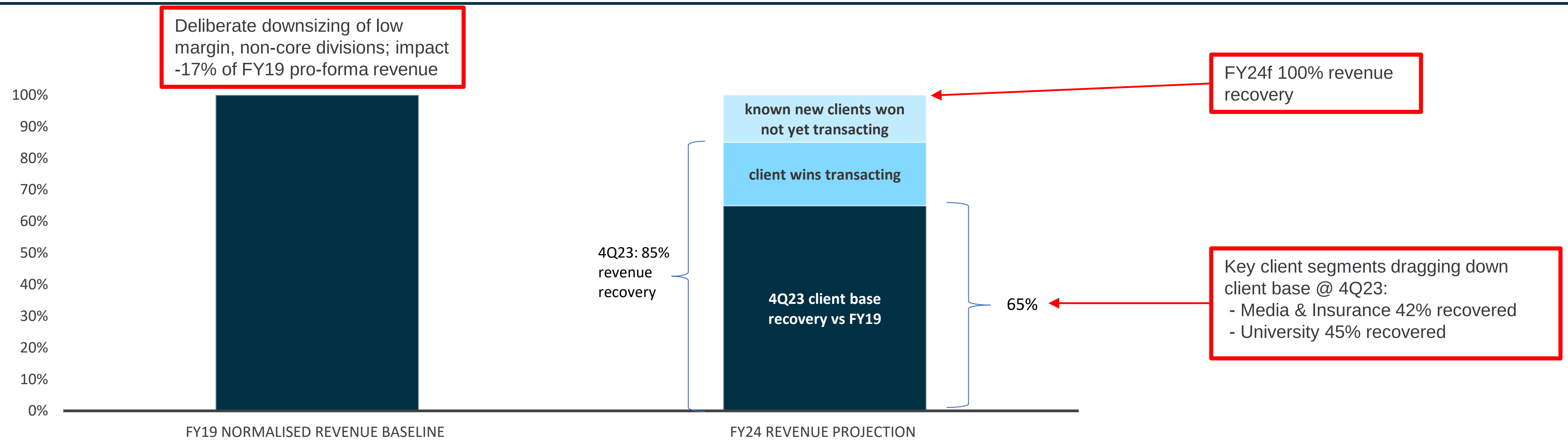
- Integration completed
- Focussed on market share growth, technology and automation gains
- Extracting synergies as planned and expect a building EBITDA/revenue margin as revenue recovers in FY24 (2H23 margin 24.5%)
- Averaging $6m/month EBITDA since March '23 due to new clients transacting won AU$0.8bn new clients.

Outlook

- Incremental growth via new client wins.
- Two thirds of all new clients choosing Lightning OBT
- EBITDA > $100m not expected until FY25 given client base recovered to 65% but expect the region to deliver significant y.o.y. EBITDA growth in FY24

FY23 RESULTS

North America revenue recovery – trajectory to FY24



FY19 pro-forma FY19 revenue including T&T, synergies @ 100% recovery:
- Revenue $426m, EBITDA $104m through combination

FY19 normalised revenue baseline is lower due to deliberate downsizing of non-core divisions during COVID:
- Loyalty and Leisure – non-core, high cost, not a material contributor to profitability
- **Build-back strategy** – Focus on core business only:
  - **Corporate** - superior benefits of scale and profit leverage. Seeing results since March 23
  - **SSME** - targeting the lucrative small SME and high end/VIP clients by expanding the 1000 Mile Travel Group brand (100% CTM owned) to North America in FY23, an independent consultant (IC) model with great early success

Outcomes:
- We can grow our way to higher EBITDA on lower revenue than pro-forma FY19

Europe

AUD($m)	FY23	FY22	p.c.p. change
Revenue and other income	143.0	83.9	+70%
Underlying EBITDA	84.1	37.4	+125%
EBITDA / Rev Margin	58.8%	44.6%	

Highlights:

- Record financial metrics – approximately doubled EBITDA versus pro-forma FY19
- Major new client and contract wins, with high adoption of automation by all clients have contributed to the Region's high margins
- New UK Bridging and Accommodation services contract had minimal contribution to FY23. Delayed starting date of 1 June 2023 (expected 1 March 2023)

Outlook

- FY23 full year result a recurring baseline for future growth
- Expect another strong growth year as new accounts transact
- As a result, expect Europe to deliver EBITDA > $100m in FY24 (FY19 EBITDA: $41m), noting 2H23 margin is not sustainable in the future

Bridging and Accommodation services contract - high level overview

Contract is an extension of CTM's core competencies built over the last 4 years

- Humanitarian and crisis management projects CTM was proud to be part of include Ukraine, Afghanistan, Sudan extractions, Thomas Cook collapse (returning stranded passengers home) and UK citizen repatriation
- Humanitarian and crisis travel logistics management has become a constant global requirement, justifying CTM's investment in this specialised travel management service. Opportunities exist to further expand the offering globally

Client challenge:

- Avoiding a potential humanitarian crisis as large volumes of asylum seekers make their way through EU countries to the UK
- Accommodation and ground transport services previously managed by a large number of hotel and service providers but could not keep up with the volume and complexity

CTM commenced contract 1 June 2023

- Immediate improvement in service consistency and hotel accommodation utilisation
- Significant savings due to systems and procurement experience in crisis and humanitarian management

CTM responsibility

- Limited to travel related functions in the UK only: managing accommodation allocations, transport logistics, meals
- Not part of remit: duty of care, security, infrastructure, vessel designs, other accommodation structures and management (tents, barracks, camps), accommodation services outside of the UK

Humanitarian standards form part of the remit

- Cohort allowed freedom of movement outside of all CTM managed accommodation, including vessels
- Strong governance - rooms and service delivery must meet minimum humanitarian standards and value for money
- Internal audits of all accommodation and transport suppliers with Government oversight

ANZ

AUD($m)	FY23	FY22	p.c.p. change
Revenue and other income	160.1	68.3	+134%
Underlying EBITDA	42.4	11.9	+256%
EBITDA / Rev Margin	26.5%	17.4%	

Highlights:

- HLO Corporate integration completed - retained WoAG and State govt accounts, validating acquisition
- Additional costs added to support legacy WoAG framework and duplicated systems throughout FY23, adversely impacted profitability.
- TTV back to pro-forma FY19 levels ($2.6bn) but activity lagging TTV growth due to high ticket prices from lack of competition. Prices started to moderate in 4Q23

Outlook:

- 3 objectives to convert recovery into revenue and profit:
    - Significant efficiency gains moving retained Govt clients to CTM technology from Jan 2024
    - Supplier revenues with continued international recovery
    - Productivity gains through technology - encouraged by early AI gains across AU client base (see slide 16)
- Expect upsides to materialise from Jan 2024
- EBITDA >$70m not expected until FY25

Asia

AUD($m)	FY23	FY22	p.c.p. change
Revenue and other income	51.6	17.3	+198%
Underlying EBITDA	13.9	(3.0)	n.m.
EBITDA / Rev Margin	26.9%	n.m.	

Highlights:

- Region has undergone a stunning turnaround since China opening in early 2H23
- CTM corporate market share doubled v FY19
- Delivering record profits since March 2023 on 70% revenue recovery

Outlook

- Highly leveraged to The Greater Bay Area of China (GBA) outbound recovery, noting 4Q23 GBA international air recovered to 33%
- Leveraging scale- targeting EBITDA margins > 30%
- Expect to have a record profit year in FY24 (FY19: $25m)

AI / Automation

Artificial intelligence (AI) and Robotic Process Automation (RPA)

Why AI will be a winner for CTM	• Developing in-house for over 2 years, we own our technology to quickly modify, learn, improve • Building AI that works from our existing product suite and data warehouse
CTM AI focus	**Clients:** • Enabling seamless interactive experience for customers (chat, voice, email) • Providing superior self-service capability at any time of the day **Agents:** • Designed to specifically assist CTM agents to increase efficiency • Freeing up staff for highly complex, high-value transactions and urgent client issues
Encouraging results	• Supporting domestic bookings, multi-carrier with accommodation, cancellations and changes • All compliant within a customer's travel policy • Supporting 1100 clients in ANZ, 99% accuracy, already saving >1000 FTE hours/month • Continually enhanced, rolling out globally throughout FY24

Financial Overview

Profit and loss

AUD($m)	FY23	FY22	%
Revenue and other income	660.1	388.7	70%
Underlying EBITDA[1]	**167.1**	**59.8**	179%
Underlying PBTa[2]	**124.8**	**22.3**	460%
Underlying NPAT	**92.5**	**19.8**	367%
Less: Client relationship amortisation[3]	(10.8)	(6.8)	n.m.
Less: Non-recurring items[3]	(2.8)	(9.9)	n.m.
Less: Building Impairment[3]	(1.3)	-	n.m.
Statutory NPAT, attributable to owners of CTD	77.6	3.1	2403%

- Transactional revenues contributed 89% of total revenue (FY22: 87%), validating CTM's low reliance on supplier overrides
- Strong conversion to PBTa and NPAT supporting ability to turn recovery into profitability
- Immaterial one-off items, acquisition integrations complete
- Effective tax rate in FY23 24.6%. Expecting effective tax rate ~27% in FY24

[1] Excluding pre-tax non-recurring costs of $4.1m (FY22: $11.6m).
[2] Excluding pre-tax non-recurring costs of $4.1m (FY22: $11.6m) and client relationship amortisation of $14.6m (FY22: $9.2m)
[3] Post-tax

Comparative statutory balance sheet

AUD($m)	Jun 23	Jun 22
Cash	151.0	142.1
Receivables	464.5	276.3
Other current assets	11.6	15.1
Total current assets	**627.1**	**433.5**
Right-of-use assets	34.5	42.4
Intangible assets	1,009.6	975.2
Other non-current assets	51.6	57.9
Total assets	**1,722.8**	**1,509.0**
Payables	443.4	343.3
Other current liabilities	56.9	37.9
Total current liabilities	**500.3**	**381.2**
Borrowings	-	-
Other non-current liabilities	34.9	46.4
Total liabilities	**535.2**	**427.6**
Net assets	**1,187.6**	**1,081.4**

- **Cash** balance at 30 June 2023: $151.0m
- Increased receivables and payables a function of the growth activity in new client and contract wins transacting in 2H23, predominantly new government business on invoice terms (low risk)
- **Zero debt**
- **Bank guarantees** issued total $18.7m, with little change expected going forward

Cash flow summary

AUD($m)	FY23	FY22
EBITDA statutory	163.0	48.2
Non-cash items	4.2	4.4
Change in working capital	**(82.2)**	**26.4**
Income tax paid	(3.5)	(2.3)
Net interest	(1.2)	(2.8)
Cash flows from operating activities	**80.3**	**73.9**
Capital expenditure	(36.8)	(26.0)
Acquisition/divestment cash flows	(8.9)	(88.7)
Other investing cash flows	-	-
Cash flows from investing activities	**(45.7)**	**(114.7)**
Net (repayment)/drawing of borrowings	-	-
Dividends paid	(16.1)	-
Proceeds from issue of shares (net of transactional costs)	-	97.9
Other financing cash flows	(11.6)	(9.0)
Cash flows from financing activities	**(27.7)**	**88.9**
FX movements on cash balances	2.1	(5.1)
Increase/(decrease) in cash	**9.0**	**43.0**

- $80m operating cash was generated solely in 2H
- 2H operating cash was negatively impacted by the rapid increase in UK government activity on invoice terms c$47m
- Invoice book increase from returning client activity is **now largely complete**. As a result, we expect operating cash conversion to return to historic long-term averages moving forward.
- Technology-related capital expenditure increase ($32.5m in FY23 vs FY22: $21.7m) is a result of FX in addition to:
  - two significant client projects that will deliver immediate incremental benefits and ROI returns: WoAG hotel program and UK Bridging and Accommodation Services contract. Both projects were unknown at 1H23 results
  - AI/RPA material ramp-up due to encouraging results
- Expect technology related capital expenditure to reduce to $29 million in FY24.

FY24 Guidance

FY24 Guidance - converting incremental revenue to profit

AUD ($m)	FY23 actual	% growth	**FY24 Guidance**
Revenue	$660.1m	17% - 29%	$770m - $850m
EBITDA	$167.1m	44% - 68%	$240m - $280m
PBTa	$124.8m	55% - 87%	$193m - $233m

Top of range	• **$850m revenue** (out-performance)
Mid-point	• **$810m revenue**
Bottom of range	• **$770m revenue** (base case- no further market recovery). • 50% of client base is essential travel clients/government, more resistant to economic impacts. Yet to experience any economic impact
EPS impacts of guidance range	• **We will deliver record EPS in FY24 at bottom of range.** (FY19: 79.6c/share statutory, 89.5c/share underlying) • Validates successful strategy through COVID
2H profit skew	• Expect to be broadly in line with historic seasonality (1H:1/3, 2H:2/3)
EBITDA bridge to PBTa	• Interest expense, depreciation, non-client amortisation expected to be c$47m in FY24 (FY23: $42.3m)

July trading activity and Summary

Revenue	• **On track** for $810m in FY24 being 100% pro-forma FY19 recovery
Turning incremental revenue to profit	• **On track.** Staff numbers to grow by only 6.5% in FY24 versus revenue @17%-29% • Two-year investment in AI and RPA starting to deliver returns
July trading metrics	• Transactions +42%, revenue +34% versus July 2022 • 15% of annual sales target signed in month of July 2023 with healthy sales pipeline
Encouraging signs pointing to further recovery	• May 23 CTM client survey “will you spend same or more on travel in the next 12 months”; client meetings 94%, internal meetings 91%, international travel 85%, same day business trips 84%
Market recovery a CAGR upside in future years	• Further market recovery likely to continue gradually (GBTA estimates at avg 7.9% p.a. CY23-26[1]) versus long term average of 3% • Likely adds to CTM’s EPS CAGR through market share gains
Financial metrics	• No debt, expect operating cash conversion to return to long term averages • Reinstated dividend payout to 50-60% NPAT • Expecting record EPS in FY24
Mergers and acquisition	• Well placed to consider M&A in FY24 - slower market recovery creating opportunities

[1] latest Global Business Travel Association (GBTA) forecasts 15 Aug 23

Appendix: original assumptions to FY24 full recovery

Recap - path to FY24 $265m EBITDA- how it was built in FY21-22

	FY19	T&T[2] FY19 @100% market revenue recovery	HLO[2] FY19 @100% market revenue recovery	Subtotal Pro-forma FY19 @ 100% market revenue recovery	Synergies @100% market revenue recovery (T&T, HLO) [2]	Subtotal with synergies	Additional, growth related	FY24 assuming 100% market revenue recovery
EBITDA	**150**	41	22	**213**	33 (25+8)	**246**	19	**265**

Required 100% corporate market recovery to materialise

Original forecast assumed 100% corporate market recovery in FY24 equating to $810m pro-forma FY19 revenue	• 4Q23[1] global corporate market only recovered to 70-80% depending on regional mix • Unrealistic to obtain full potential synergies from acquisitions until we are near 100% revenue recovery

Despite slower recovery, **FY24 full recovery on-track** via profitable market share growth and execution	• **Profitable** market share gains, with additional $2.95bn wins in FY23, majority not yet trading
	• **Proven ability to turn revenue growth into EBITDA and PBTa** through the recovery cycle, despite slower market recovery
	• **Proof in exit momentum into FY24**:
	  • CTM 4Q23 revenue run-rate: >90% pro-forma FY19 recovery
	  • EBITDA monthly run rate Feb-June 23 > $20m/month

[1] Source: Macquarie Analysts Global Travel trends report - June 2023
[2] T&T-Travel and Transport Acquisition Nov20, HLO- Helloworld Corporate acquisition Mar22

Glossary

AI	Artificial intelligence
Client SLA’s	Client Service Level Agreements
CTM regions	ANZ- Australia and New Zealand, NA - North America, EU- UK and Europe, Asia - Asia
EBITDA	Earning before Interest, Tax , Depreciation, Amortisation
EPS	Earnings per share
FTE	Full time equivalent employee
GBTA	Global Business Travel Association
NPAT	Net Profit after tax
PBTa	Profit before tax and client acquisition amortisation (a non-cash amount)
p.c.p.	Previous corresponding period
Pro-forma FY19	Includes Travel & Transport (Nov20) and Helloworld Corporate (Apr22) acquisitions in the FY19 baseline
ROI	Return on Investment
RPA	Robotic Process Automation
SME	Small to Medium enterprises
SSME	Super Small Enterprises
TTV	Total transaction value, an unaudited amount
Underlying	Excludes one-off acquisition, integration costs, other non-recurring items, and client amortisation, a non-cash expense
WoAG	Whole of Australian Government account
Y.T.D.	Year to Date

ctm

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