**ASX Announcement**

21 August 2024

# FY24 Results Presentation

Attached is Corporate Travel Management Limited's 2024 full year results presentation for the year ended 30 June 2024.

Authorised for release by the Board.

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# Corporate Travel Management

## Full Year Results 2024

| | | | |
|---|---|---|---|
| 21 AUGUST 2024 | **Jamie Pherous**<br>Managing Director | **James Spence**<br>Global Chief Financial Officer | **Eleanor Noonan**<br>Global Chief Operating Officer |

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# Agenda



# FY24 Highlights

# FY24 Group overview - AUD($m)

## Consolidated CTM[1]

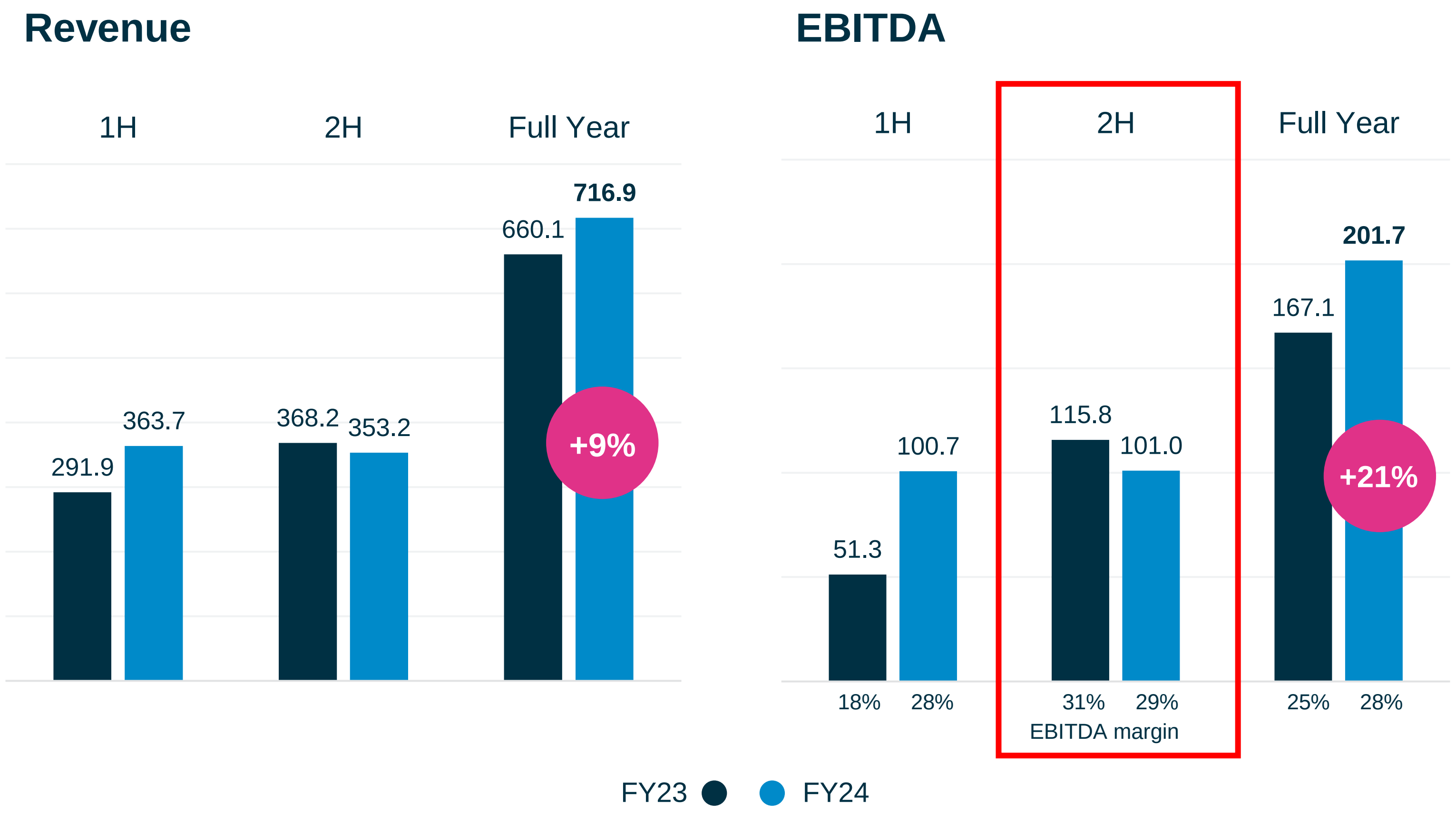
FY24 Revenue up ↑9%

EBITDA up 21% to **$201.7m**

**FY24 underperformance specific to:**

**1H issues previously flagged at 1H results:**
- Macro 2Q impacts to NA (no impact in 2H)
- Europe Bridging accommodation contract materially below forecast due to changes in government policy

**2H**: One-off war related humanitarian projects tapered off faster in EU than expected late 2H (corporate & govt.)




[1]Group costs of -$18.5m (FY23: -$18.2m) in consolidated EBITDA

# FY24 Europe overview – AUD($m)

## Europe

**One-off project underperformance impacted group results in FY24**

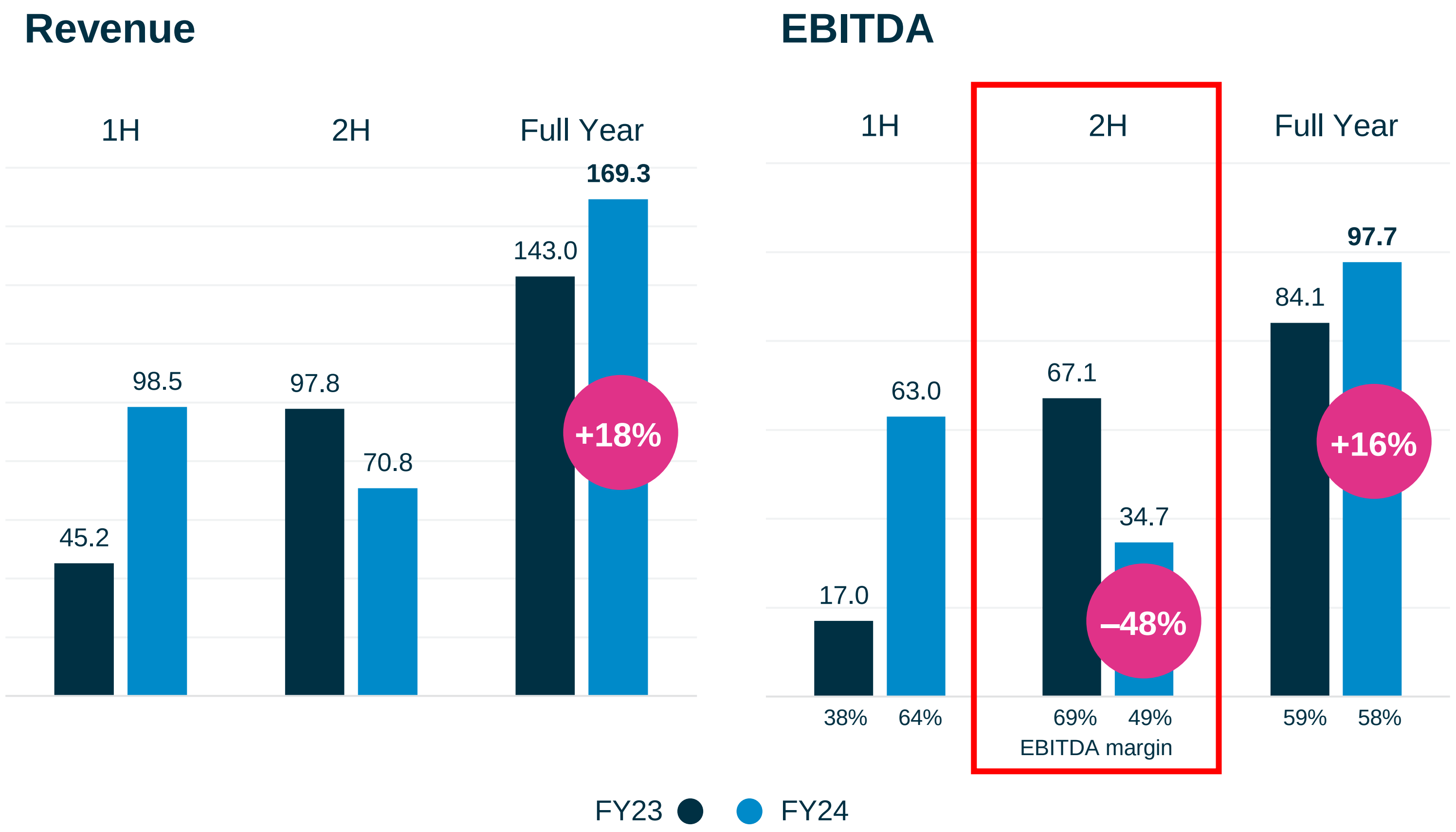
2H EBITDA DOWN ↓ 48%

**Record FY24 financial metrics**

REVENUE UP ↑18%

EBITDA UP ↑16%

- Full year result included one-off projects (war related humanitarian work), both Government and Corporate



# FY24 Rest of World overview - AUD($m)

## Rest of World (NA, ANZ, Asia)

Rest of World (ex. Europe)
**Strong momentum for FY25**

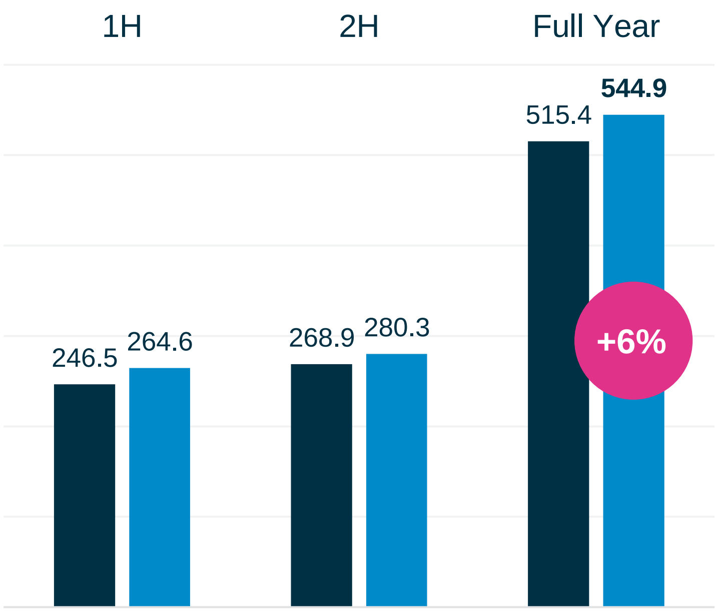
**Turnaround led by NA and ANZ**

- **2H EBITDA** up 29%
- **2H EBITDA margin** 21% to 27% vs p.c.p. (slides 10-11)

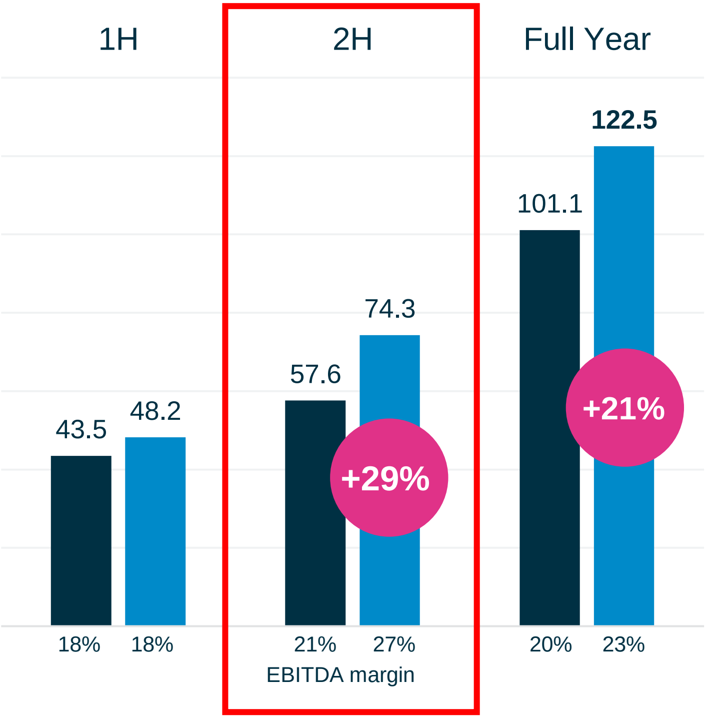
Full Year EBITDA up 21%

EBITDA margin from 20% to 23%

### Revenue

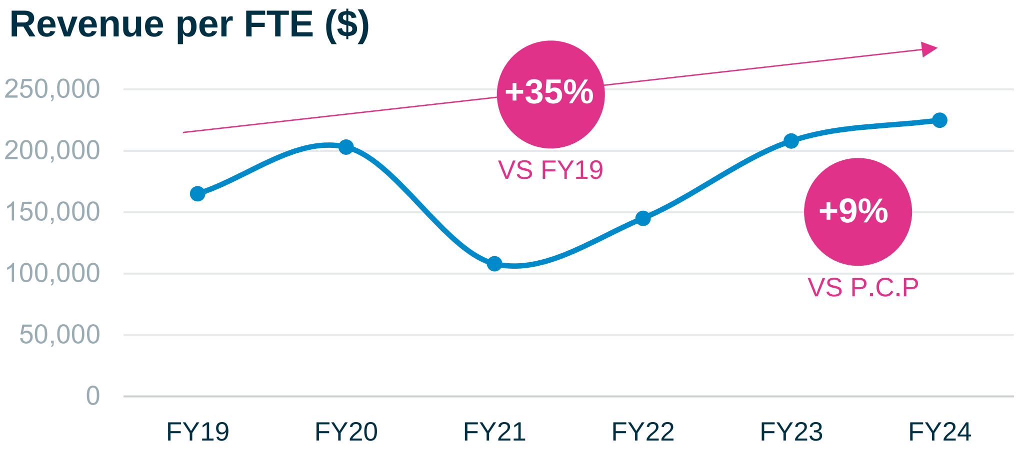


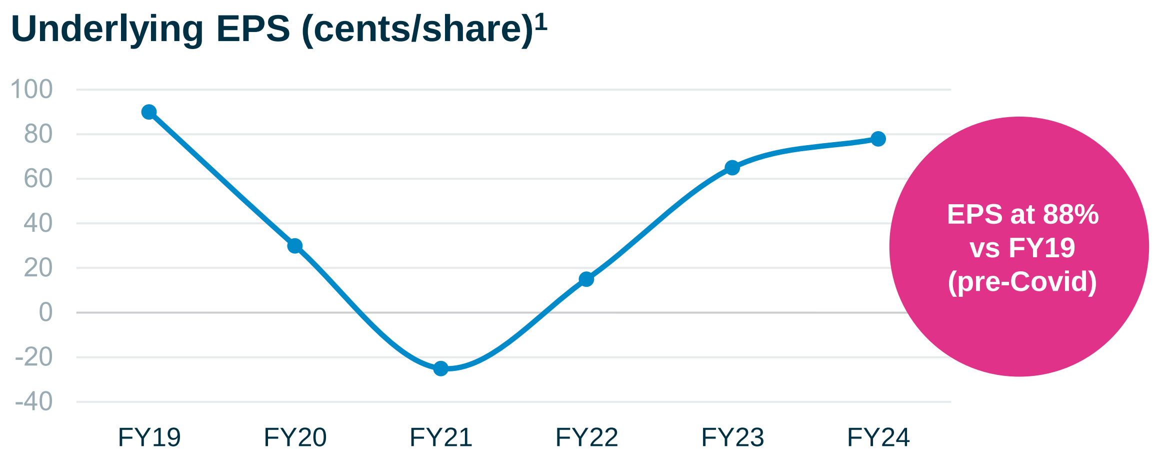

### EBITDA




FY23 FY24

# FY24 Scorecard – the metrics




| CASH CONVERSION | INCREMENTAL REVENUE CONVERSION TO EBITDA | CLIENT RETENTION | CLIENT WINS[2] |
|---|---|---|---|
| 89% | 61% | 97% | $970m |
| **Delivering cash profits** | **Operating leverage** | **Stable customer base** | **Growth momentum** |

[1] Based on number of shares outstanding at 30 June 2024
[2] Based upon client assumptions of annualised spend at the time of winning

# FY24 Regional Overview

# ANZ – AUD($m)

## Highlights

**Significant 2H turnaround v 1H as expected**

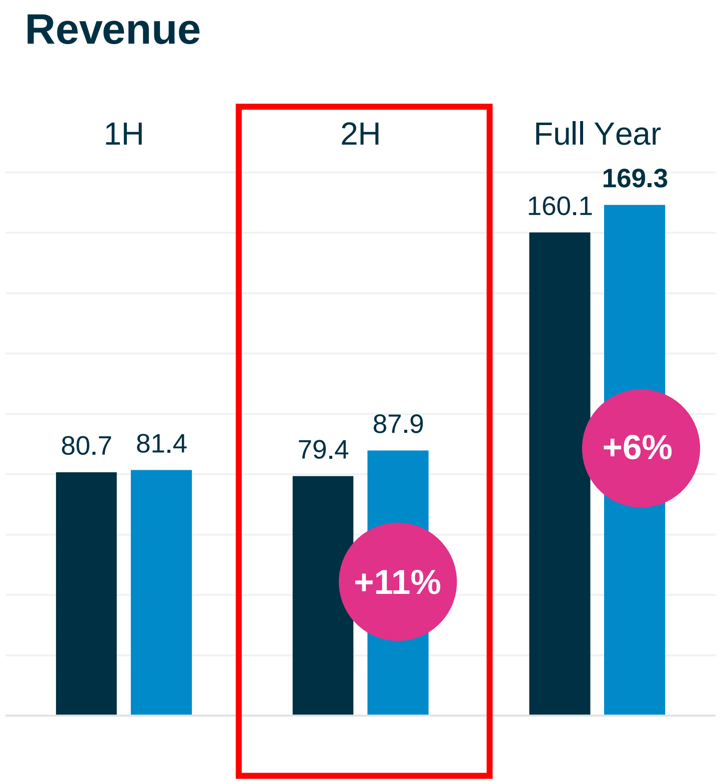
↑11% **2H revenue growth vs p.c.p.**

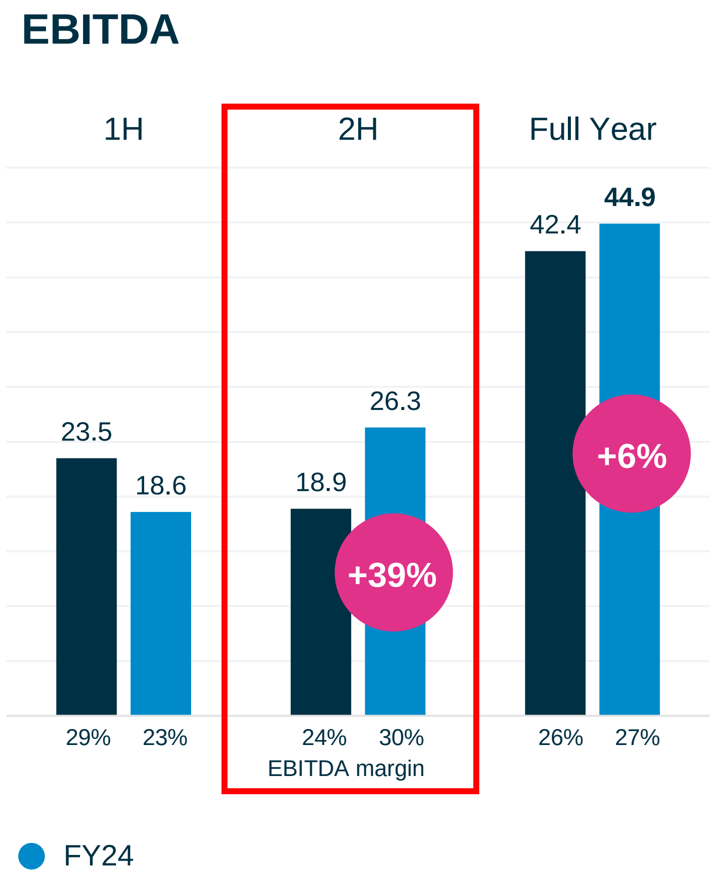
- Sleep Space benefits
- Client wins, customers returning to CTM

2H EBITDA ↑39%

Margin uplift vs p.c.p. 24% → 30%

- Synergy benefits realised from HLO corporate acquisition
- Strong automation gains



# North America – AUD($m)

## Highlights

### Significant 2H turnaround

- Customer activity rebound after 2Q
- Organisational restructure to optimise performance
- Faster on-boarding of new customers
- Focus on profitable accounts and automation execution
- **2H transactions +17%, EBITDA +39%, margin uplift vs p.c.p. 18% → 24%**

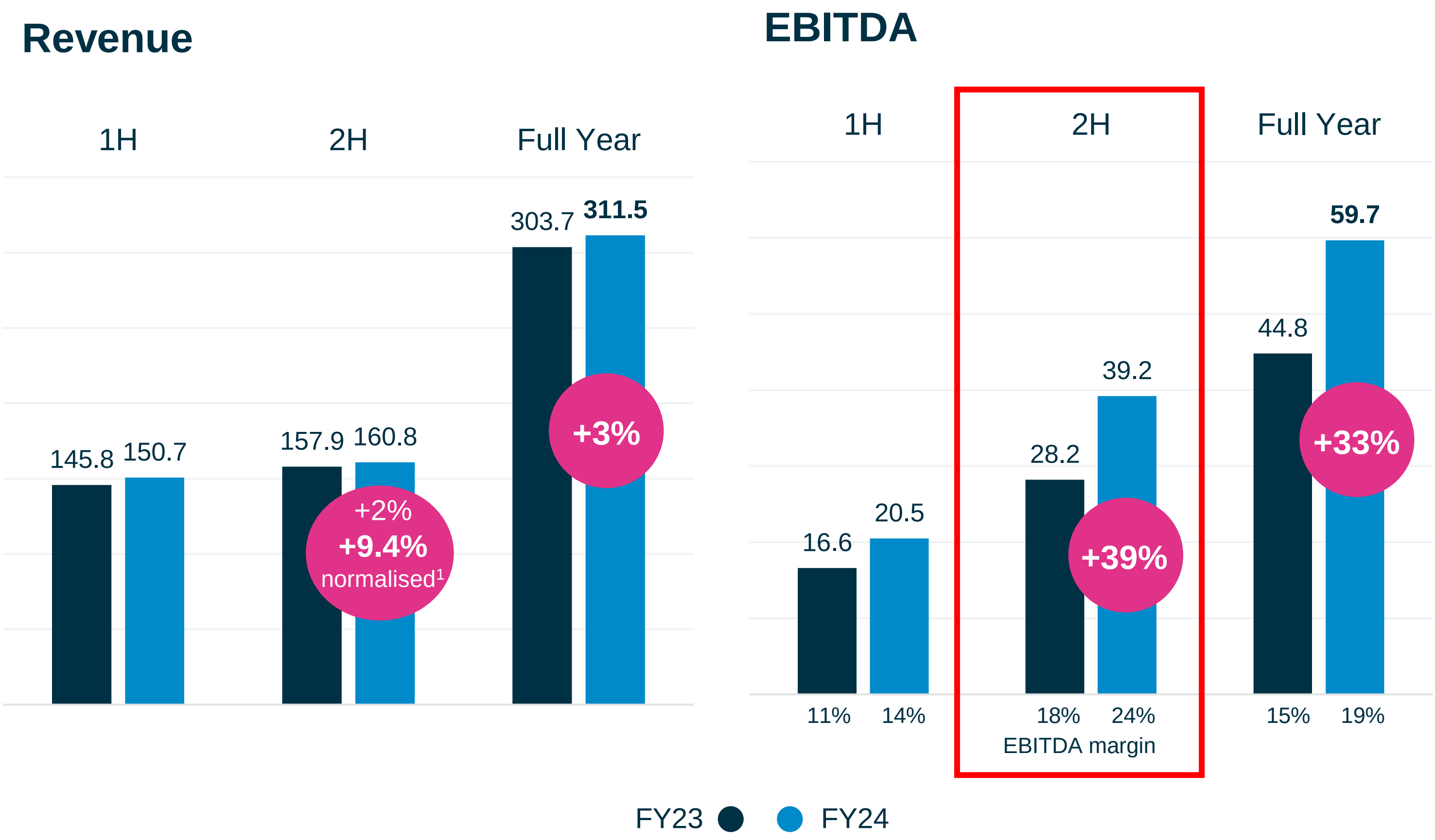
### Turnaround accelerated into 4Q24

**$210m** annualised new customer starts

4Q transactions up **21%**, 4Q EBITDA **$21m**, up **46%** vs the p.c.p.

### 2H revenue lagging activity:

- One off industry-wide distribution cuts[1], primarily American Airlines (AA) c$12m revenue impact. AA has since changed strategy back to support Corporate agency distribution in FY25
- Hotels accounted for on a cash basis, receipts lag activity growth




[1]Normalised for one off industry-wide distribution cuts, primarily American Airlines supplier revenue

# Europe – AUD($m)

## Highlights

One-off project revenue
**rapid taper late 2H**

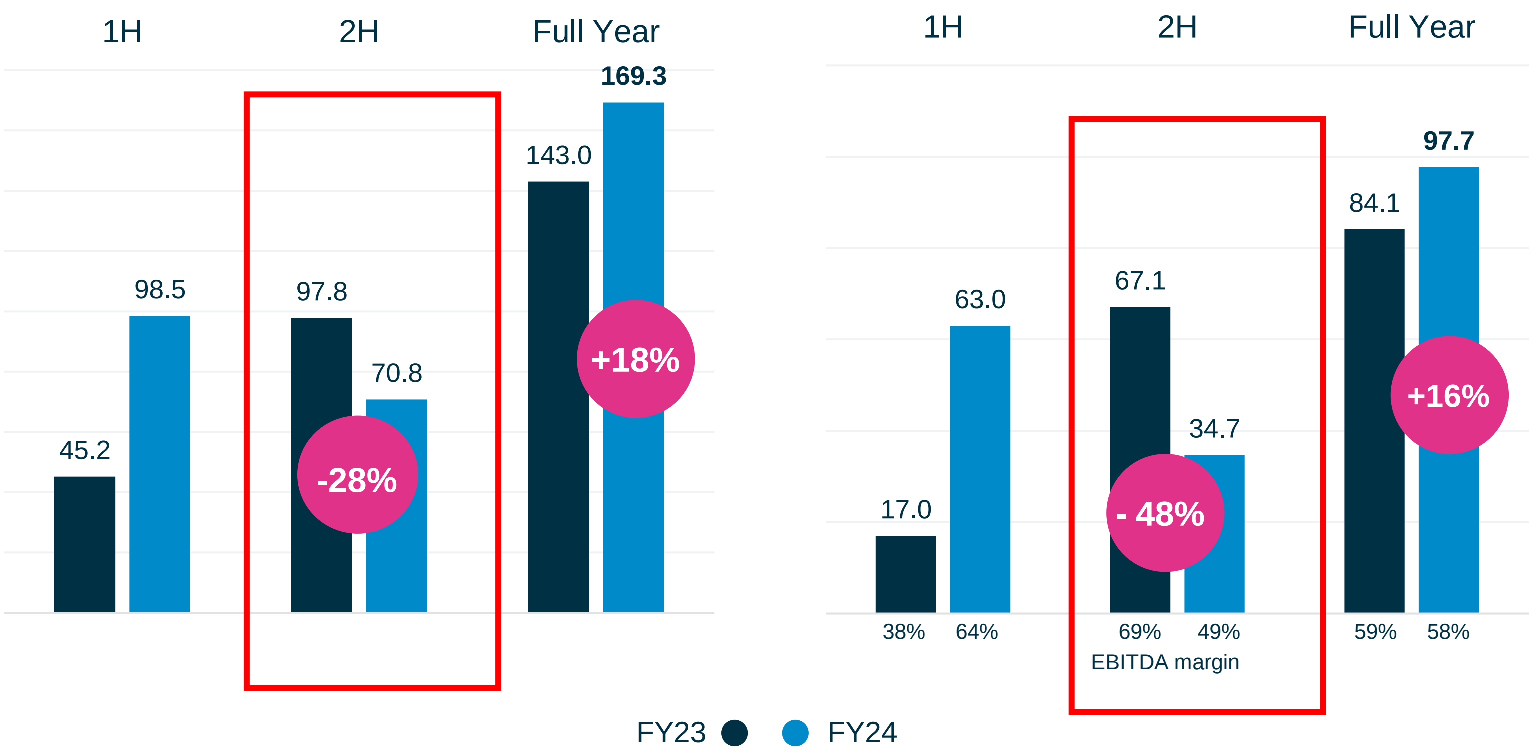
Full Year Revenue up ↑**18%**

EBITDA up **16%** to **$97.7m**

**2H EBITDA down**
↓**48%**
as one-off projects tapered off

**Underlying BAU business performing well**
See slide 13

**Revenue** **EBITDA**



# Europe underlying business performing well

## Summary

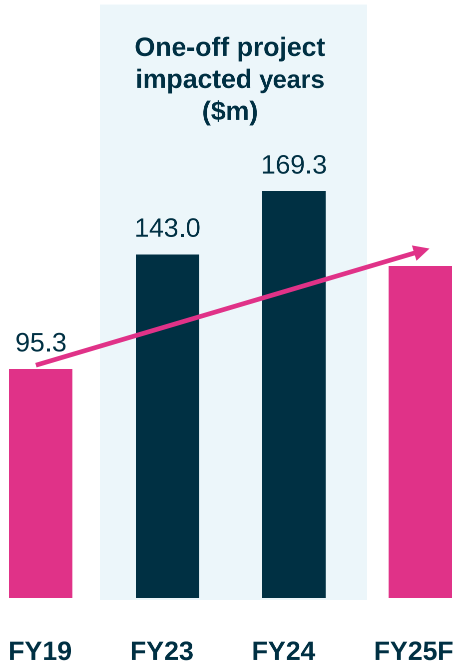
**FY23 and FY24 significantly impacted by one-off project work (corp. & govt)**

**FY25F** assumes no Bridging vessel extension, no war-related humanitarian project work (**BAU year similar to FY19**)

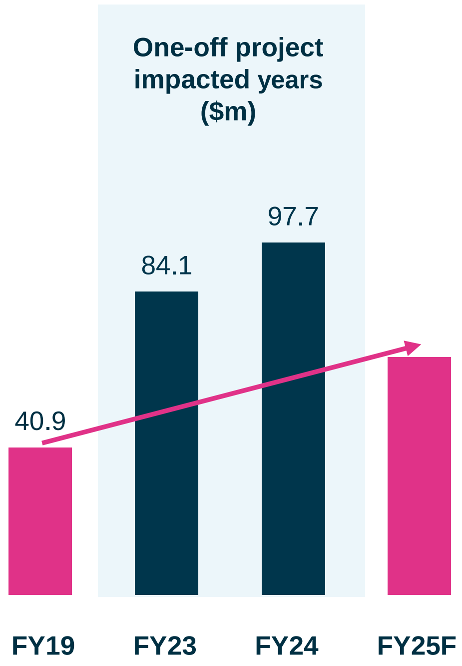
**FY25F substantially above FY19 in both revenue and EBITDA**

- New BAU customer wins driving revenue growth
- High online penetration of CTM technology driving margin
- **EBITDA 150%+ of FY19** when stripping out COVID and humanitarian project work, against backdrop of c80% market recovery

### Revenue




### EBITDA



# Asia – AUD($m)

## Highlights

**Revenue +24% EBITDA +29%**
led by continued strong growth in Corporate

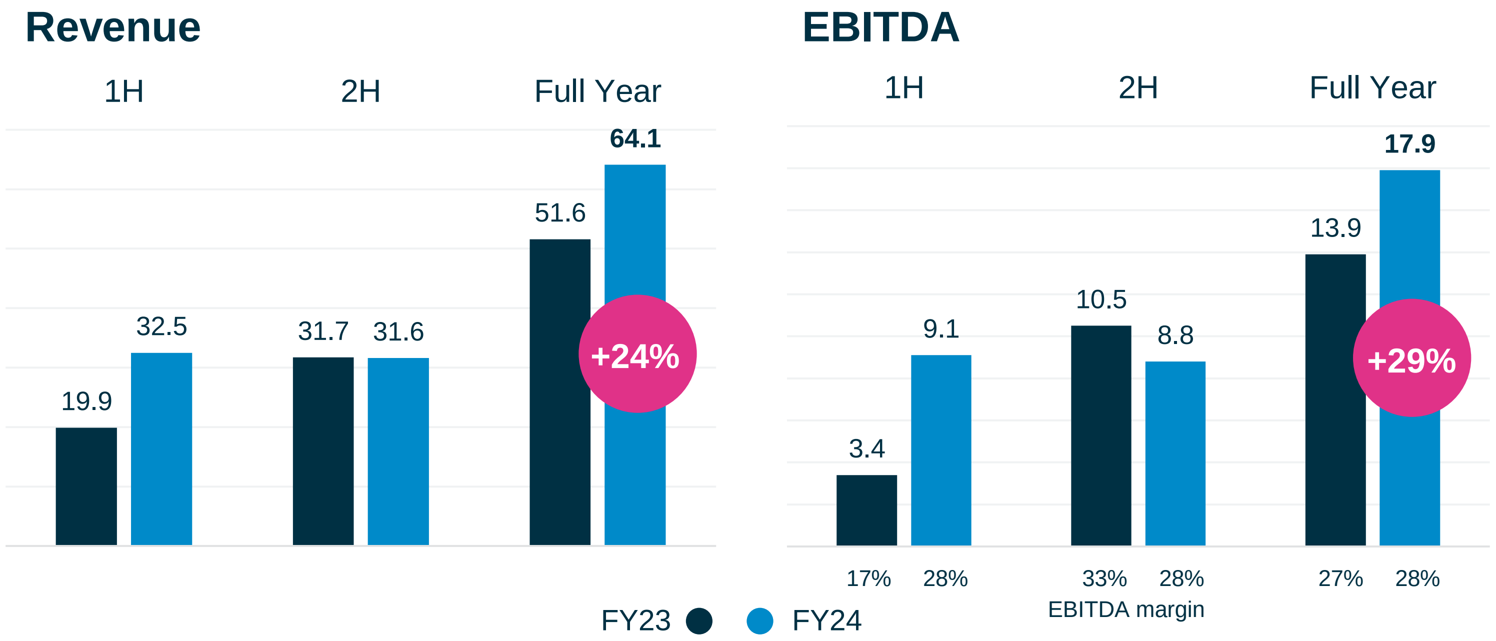
**2H- Greater China slower recovery post COVID**

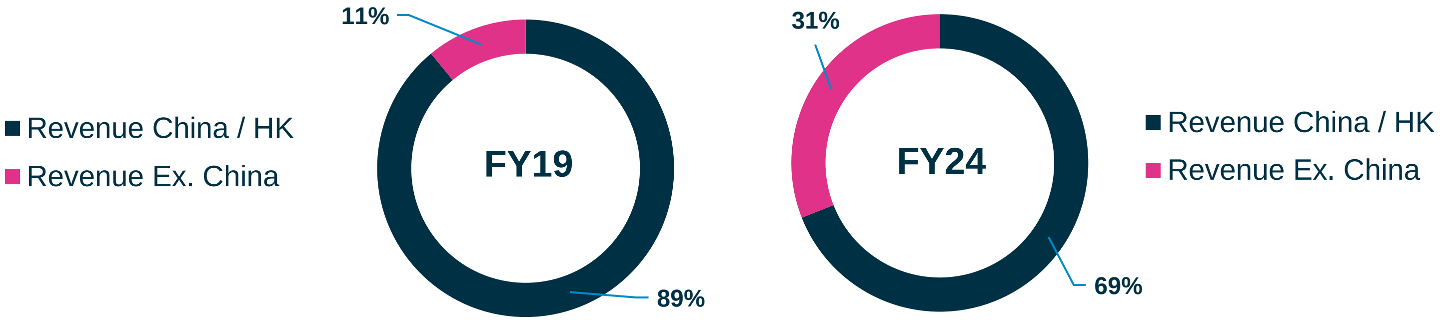
- Slower China 2H outbound airline capacity recovery than expected impacting wholesale segment
- 21% ticket deflation impacted 2H overrides and revenue
- Partially offset by 11% 2H transaction growth in corporate

**Building geographic diversity of revenue streams**

- Strong growth **ex greater China** now **31% of regional revenue** vs **11% pre-Covid**

**Asia is the only region with a seasonal 1H skew.**
Asia represents <10% of Group EBITDA



# Financial Overview

James Spence, Global CFO

# FY24 Group financial highlights

| Reported AUD($m) | FY24 | FY23 | % |
|---|---|---|---|
| Revenue and other income | 716.9 | 660.1 | ↑ 9% |
| Underlying EBITDA[1] | 201.7 | 167.1 | ↑ 21% |
| Underlying PBT[1,2] | 156.7 | 124.8 | ↑ 26% |
| Effective tax rate | 26.4% | 24.6% | ↑ 1.8ppt |
| Underlying NPAT attributable to owners of CTM[3] | 113.3 | 92.5 | ↑ 22% |
| Statutory NPAT attributable to owners of CTM | 84.5 | 77.6 | ↑ 9% |
| Underlying EPS[3], cents basic | 77.7c | 63.3c | ↑ 23% |
| Statutory EPS, cents basic | 57.9c | 53.1c | ↑ 9% |
| Dividend unfranked (interim + final) | 29c | 28c | ↑ 4% |

[1] Excluding pre-tax non-recurring costs of $22.8m. (FY23: $4.1m)

[2] Excluding pre-tax client amortisation, a non-cash item of $15.1m (FY23: $14.6m) and building impairment $1.5m

[3] Excluding post-tax non-recurring costs of $16.6m (FY23: 2.8m), client relationship amortisation, a non-cash item of $11.1m (FY23: $10.8m) and building impairment $1.1m

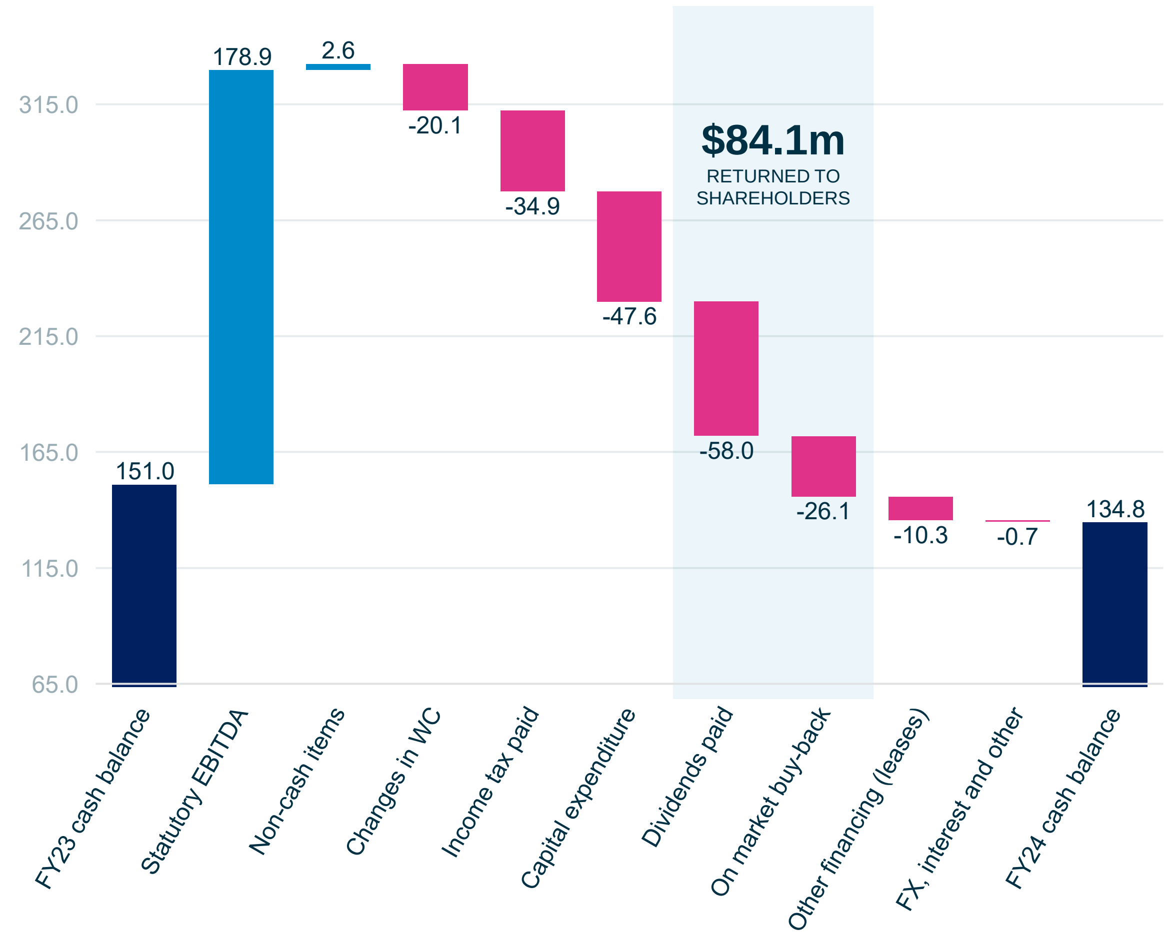
[4] These balances originated during COVID-19 closures and subsequent rapid mobilisation of large-scale projects. We experienced exceptional COVID challenges including closed offices, staff scaling and continuity issues (client and CTM), which are not expected to recur. The provision relates to balances which arose prior to 30th June 2023.

| Non-Recurring cost (AUD$m) pre-tax | FY24 |
|---|---|
| Project Atlas | 10.5 |
| Integration / System consolidation | 5.4 |
| Bad & doubtful debts (Legacy debt provision)[4] | 6.9 |
| **Total non-recurring costs FY24, pre-tax** | **22.8** |
| Project Atlas non-recurring costs in FY25 | ~7.0 |

| Reconciliation - underlying NPAT to Statutory NPAT (AUD$m) | FY24 | FY23 | % |
|---|---|---|---|
| **Underlying NPAT** | **113.3** | **92.5** | **↑ 22.5%** |
| Less: Client relationship amortisation[3] | (11.1) | (10.8) | n.m. |
| Less: Non-recurring items[3] | (16.6) | (2.8) | n.m. |
| Less: Building Impairment[3] | (1.1) | (1.3) | n.m. |
| **Statutory NPAT, attributable to owners of CTD** | **84.5** | **77.6** | **↑ 8.9%** |

# Cash flow summary

## CTM YTD June 24 Cash movement (AUD$m)




**89%**

operating cash conversion[1]

**~$84m**

returned to shareholders in the form of dividends and share buybacks

Capex

**~$48m**

invested in future growth ($43m technology, $5m PP&E)

~$9m uplift

vs FY23 primarily enhancements to proprietary technology; **Lightning**, **Sleep Space** and **Scout/Automation**. Already achieving strong ROI

### Continued investment in core CTM products;

- FY25 capex expected to be inline with FY24
- Undertaking review of capex plans to ensure optimising ROI over the long term

[1](Statutory EBITDA + Non-cash items + Changes in WC) / (Statutory EBITDA + Non-cash items)
[2] This is the cash payments made in FY24 i.e. the FY23 final dividend + the FY24 interim dividend + buyback

# Capital Management and Balance Sheet

## $68.3m of distributions to shareholders relating to FY24

### Dividends

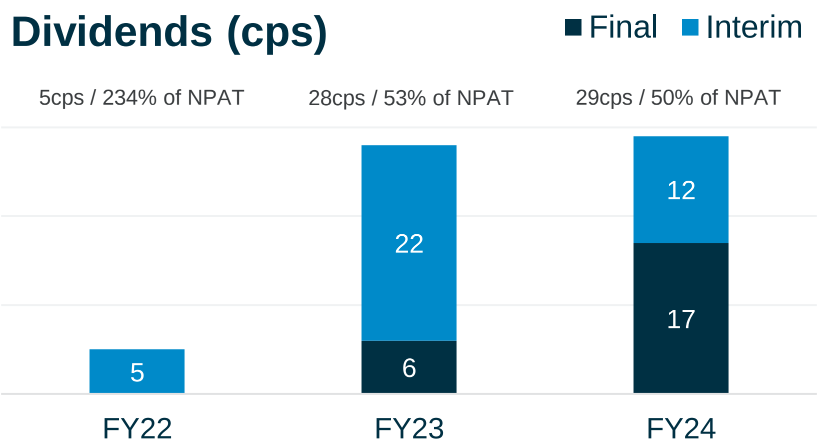
- A total of $42.2 million returned to shareholders ($24.8m interim / $17.4m final)
- FY24 payout ratio of 50% of NPAT paid in line with policy

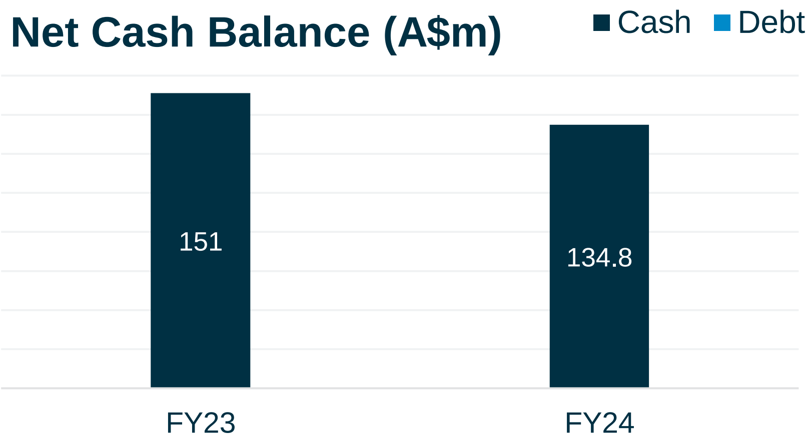
### Retaining funding flexibility / optionality

- Cash balance **$134.8m**
- **No debt**
- $100m unused debt facility (matures in July 2025)

### Share buyback

- Buyback program **reset to up to $100m** and extended through to June 2025
- This is in addition to the $26.1m already purchased (1.7m shares ~1.2% of shares outstanding at avg. $15.55/share)
- Subject to Board discretion and market conditions
- Reflects strong cash generation and confidence in medium-term outlook versus current share price weakness



# Growth Drivers

Eleanor Noonan, Global COO

# Strategic and Operational Planning

## 5-Year Strategy

**Focus**
Double FY24 net profit in 5 years (CTM 2024 global market share c1%)

**Benefits**
Guides substantial investments in revenue-driving and EBITDA margin improvement projects in short and medium term.

## FY25 Operating Plan

**Focus**
Proven execution positioning CTM for FY25.

**Benefits**
Realised in FY25, enhancing long-term value and ROI.

## Confidence in Project Delivery

- Successful 'go to market' releases with strong customer uptake
- Clear ownership and measurable outcomes
- Increased investment in leadership development
- Regular leadership meetings for monitoring and addressing roadblocks
- Aligned performance targets with updated incentive programs

# Revenue Drivers: Customer-Facing Tech Investment

ctm sleep space

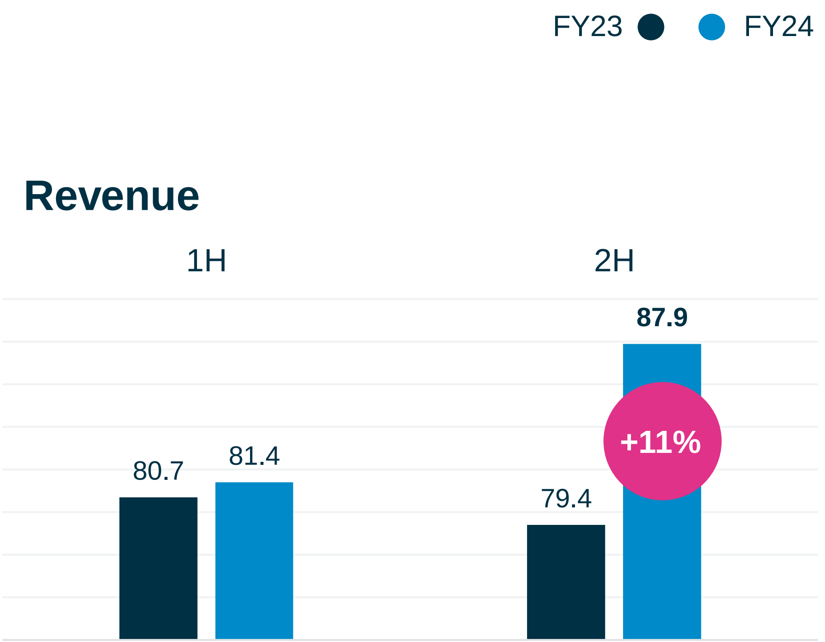
## Strength in Project Execution

| | |
|---|---|
| NEW PRODUCT | • Sleep Space, CTM's proprietary hotel content engine |
| LAUNCH | • Successfully launched in ANZ February 2024 |
| IMPACT | • Contributor to sequential 2H revenue growth (+11%) |
| SCALING | • Development underway in all markets<br>• Tailored plans for each region through FY25 |

## Confidence and Potential

| | |
|---|---|
| ANZ | • Positive impact and strong proven performance |
| GLOBAL REGIONS | • Preliminary research indicates strong potential |
| REVENUE GROWTH EXPECTATIONS | • Key contributor to revenue growth in CY25+ |

## Revenue




Sleep Space launched 2H24

**CTM Sleep Space** was a positive contributor to strong revenue acceleration in ANZ in 2H

# Cost Management Drivers

**Strength in Project Execution**
Focus: Projects that enhance EBITDA margins

**9% FY24 revenue growth**
without workforce growth

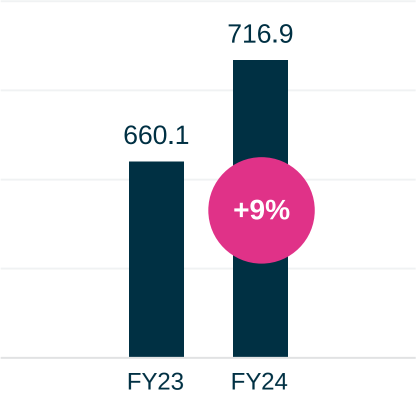
## Project Scout

| | |
|---|---|
| OBJECTIVE | • Uses automation, machine learning and AI to improve service delivery |
| PERFORMANCE | • Continues to perform well, measured by high adoption rates |
| MARKET LAUNCH | • Initially launched in ANZ, launched other markets 4Q24, key investment in FY25 |
| OUTCOMES | • 9% revenue growth vs p.c.p., with 0.4% decline in global workforce.<br>• In launch market of ANZ, improved client NPS scores by 45 points, despite workforce decline of 3.3% |
| CURRENT STATUS | • Meeting expectations for customer usage globally |

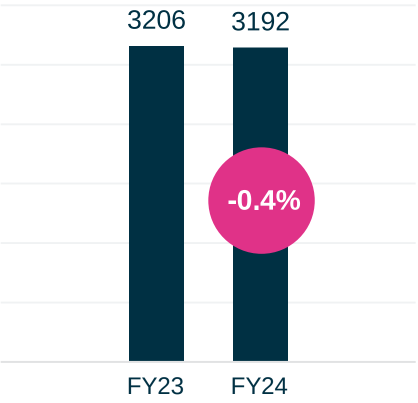
## Project Atlas

| | |
|---|---|
| OBJECTIVE | • Enhance back-end processes through standardisation and automation |
| IMPACT | • FY25 savings $10m p.a., growing to $20m p.a. by FY29 |
| SET UP COSTS | • Non-recurring costs FY24- $10.5m, FY25 $7m |
| COMPLETION | • On-track for project completion by September 2024 |

## Revenue




## Total FTE



# FY25 Target Metrics

# FY25 Target metrics

| AUD($m) | FY24 | FY25 Target[1] |
|---|---|---|
| **Rest of world (ANZ, NA, Asia)** | | |
| Revenue | 544.9 | ~+10% |
| EBITDA Margin | 23% | ~27.5% |
| **Europe** | | |
| Revenue | 169.3 | ~(-18%) |
| EBITDA Margin | 58% | ~49% |
| **Less: Group Costs** | (18.6) | ~(23.0) |
| **Consolidated** | | |
| Revenue & Other Income[2] | 716.9[2] | |
| EBITDA Margin | 28% | |

## Key assumptions supporting target metrics

### Rest of World (Ex Europe) - 2H24 momentum into FY25:

- Accelerating revenue growth and EBITDA margins throughout FY25 - execution of key initiatives (customer wins, Sleep Space, automation)
- Led by North America

### Europe

- Cycling off very strong comps from one-off project work in FY24
- FY25 assumes no Bridging vessel extension, no war-related humanitarian work
- EBITDA margins return to long term BAU levels, high online uptake resulting in Group's highest margins

### Group costs

- Increase in costs assumes bonus accruals at normal performance levels

### 1H/2H profit skew

- Expecting seasonal 65% 2H EBITDA skew due to progressive roll-out of revenue and automation projects into 2H25
- Group 1H25 EBITDA expected to be lower than the p.c.p. because of the non-recurring project work in Europe
- 1H revenue growth and margin metrics to be below / 2H metrics above FY25 full target[1] metrics in line with normal seasonality expectations

[1] FX Rates – AUDUSD: 0.66; AUDGBP: 0.52; AUDHKD: 5.20
[2] Includes Group revenue of $2.7m

# Summary

## Missed guidance in FY24

- One-off project underperformance and softer 2Q macro in NA, led to the miss

## The underlying business is performing well and executing to plan, with 2H turnaround in largest markets of NA and ANZ

- 2H24 turnarounds NA and ANZ, both recording **+39**% increase in 2H EBITDA, **600bps** margin expansion vs the p.c.p.. Momentum continuing in July
- EU underlying business EBITDA forecast to be **150**%> of pre-Covid FY19 EBITDA, when stripping out project work
- Achieving key metrics: wins, retention, revenue/FTE up **35%** vs FY19, conversion of incremental revenue to EBITDA at **61%**
- Proprietary technology the key driver to delivering strong EBITDA margin growth

## Buy-back extended, reflecting strong balance sheet and confidence in medium term outlook

- Focus on providing shareholder returns through capital management
- Strong cash generation, no debt, providing cash management optionality (dividends, share buy-backs, potential M&A)

## FY25 is a reset year as we cycle off project work

- Rest of World expectations represent significant growth over FY24 (revenue **~+10%**, EBITDA margin expansion from **23%** to **~27.5%**)
- Cycling off a very strong 1H24 in EU now one-off project work has been completed, masking underlying business performance for EU and the Group
- Management team focused upon key initiatives that will drive sustainable revenue growth and margin expansion into FY25 and beyond
- Management expects to give an activity update at the CTM AGM 31 October 2024

# Glossary

| | |
|---|---|
| AI | Artificial intelligence |
| BAU | Business As Usual |
| bps | Basis points (1% = 100bps) |
| Client SLAs | Client Service Level Agreements |
| CTM regions | ANZ - Australia and New Zealand, NA - North America, EU - UK and Europe, Asia - Asia |
| EBITDA | Earnings before Interest, Tax , Depreciation, Amortisation |
| EPS | Earnings per share |
| FTE | Full time equivalent employee |
| NPAT | Net Profit after tax |
| PBT | Profit before tax and client acquisition amortisation |
| p.c.p. | Previous corresponding period |
| RoW | Rest of World regions; ANZ, NA, Asia excluding Europe |
| ROI | Return on Investment |
| TTV | Total transaction value, an unaudited amount |
| Underlying | Excludes one-off acquisition, integration costs, other non-recurring items, and client amortisation |
| Y.T.D. | Year to Date |

# Appendix

# Comparative statutory balance sheet

| AUD($m) | JUN 24 | JUN 23 |
|---|---|---|
| Cash | 134.8 | 151.0 |
| Receivables | 412.4 | 464.5 |
| Other current assets | 11.8 | 11.6 |
| **Total current assets** | **559.0** | **627.1** |
| Right-of-use assets | 35.8 | 34.5 |
| Intangible assets | 1,007.8 | 1,009.6 |
| Other non-current assets | 40.5 | 51.6 |
| **Total assets** | **1,643.1** | **1,722.8** |
| Payables | 373.2 | 443.4 |
| Other current liabilities | 43.7 | 56.9 |
| **Total current liabilities** | **416.9** | **500.3** |
| Borrowings | – | – |
| Other non-current liabilities | 35.5 | 34.9 |
| **Total liabilities** | **452.4** | **535.2** |
| **Net assets** | **1,190.7** | **1,187.6** |

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