

12 June 2014

ASX Release
CTM announces further USA Expansion

Corporate Travel Management Limited (CTM, ASX code: CTD), today announced the acquisition of USTravel (UST), a travel company based in Alaska and the Pacific Northwest in the USA, effective 1 July 2014.

CTM's strategic rationale behind the acquisition:

- **Geographic Strategy** – UST becomes our regional headquarters for the Pacific Northwest (PNW). The PNW, including Alaska, Washington State and Oregon are regions that value local service solutions.
 - This acquisition positions CTM as one of the largest TMCs in the Alaska and Pacific Northwest region of the USA and expands our North American network to over 17 cities across 7 states.
 - The Seattle region is quickly becoming a technology centre.
 - The Alaskan oil and gas industries are complementary to both CTM's client base and centres of excellence in Houston, Perth and Singapore.
 - UST's extensive knowledge and expertise in the management of US Government travel further compliments CTM's government sector strategy throughout our network.
- **Strategic Alignment** - UST meets CTM's strict acquisition criteria. They are a leader in corporate travel in their region, enjoy high staff and client retention, and have a capable and passionate management team.
- **Scale** – CTM North America will further leverage our buying power, support service expertise and client facing solutions in North America. CTM's combined North American TTV for FY15 will be in excess of USD500m, allowing us to become a more significant player in the North American market.

Managing Director, Jamie Pherous said, "We are delighted to have UST become our regional base for the Pacific Northwest. It possesses all the qualities that we look for, having a great service reputation, a dedicated team and great management. The combination with our successful and well established offices in the central and southern USA will allow us to better leverage our combined buying power, client facing solutions, and support expertise moving forward. We have been working closely with senior UST management since January to ensure that UST will be the base of our Pacific Northwest operations into the future."

The President of UST, Linda Eliason said, "The opportunity to become a part of the wonderful team that CTM has built will allow UST to enhance our product and service offering to our many clients. By expanding our global reach as part of CTM, UST will add new opportunities to network both US and international clients and work with the other CTM offices to support their US based clients as well. UST employees will see new and exciting career opportunities evolve as a result of our future growth initiatives."

"CTM has developed a unique culture of employee training, support and empowerment, which has a significant benefit in allowing us to be creative and responsive in our effort to provide our clients with customized travel solutions."

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Both Linda Eliason and UST CEO Julie Crotts have elected to take ownership in CTM.

Financial considerations:

- Base consideration is USD\$5.25m, being a mixture of cash and CTD shares, which represents approximately 5 times 31 December 2013 Profit before tax (PBT) of USD\$1.05m.
- An additional cash earn-out component applies for outperformance in profit growth.
- The cash component of the acquisition will be funded entirely from current CTM cash reserves.
- The acquisition is EPS accretive, and is a strong fit for CTM's longer term strategy to continue to expand in the North American market.

About UST:

- Operating for over 17 years with multiple operations in Alaska, Washington State, Oregon and Iowa and employs over 135 staff
- Client mix approximately 80% Corporate, 20% MICE and leisure.
- UST has annual sales volume of approximately USD\$185m at 31 December 2013.

FY14 Guidance update:

- The board reiterates our FY14 guidance of underlying EBITDA in the range of \$27m-\$28m. The FY14 result will be released on 27 August 2014

About CTM

CTM is an award-winning provider of innovative and cost effective travel management solutions to the corporate market. Its proven business strategy combines personalised service excellence with client facing technology solutions to deliver a return on Investment to clients.

Headquartered in Australia, the company employs over 1,450 FTE staff globally and operates out of 37 cities in 15 countries across Australia, Asia, North America and New Zealand.

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