



corporate travel  
management

# Annual General Meeting

29<sup>th</sup> October 2014

**JAMIE PHEROUS, MANAGING DIRECTOR**

Celebrating 20 Years ♦ 1994 ➔ 2014

# Disclaimer

---

This document is not a prospectus under Australian law and does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this document nor anything contained in it shall form the basis of any contract or commitment. It has not been lodged with the Australian Securities and Investments Commission (ASIC) and is given to the recipient for information purposes only, pursuant to section 734(9) of the Corporations Act.

This document is not, and should not be construed as a recommendation by Corporate Travel Management Limited or any of their respective directors, employees, officers and advisers. Nothing in this document constitutes legal, tax or other advice. The information in this document does not take into account your investment objectives, financial situation or particular needs. Before making an investment decision, you should consider whether an investment in Corporate Travel Management Limited is appropriate in light of your particular investment needs, objectives and financial circumstances and consider obtaining professional securities advice. In all cases you should conduct your own investigations and analysis of the financial condition, assets and liabilities and business affairs of Corporate Travel Management Limited and its business, and the contents of this document.

No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this document by any person. To the maximum extent permitted by law, Corporate Travel Management Limited, their related bodies corporate (as that term is defined in the Corporations Act) and the officers, directors, employees and agents of those entities do not accept any responsibility and disclaim all liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of this document or its contents or otherwise arising in connection with it.

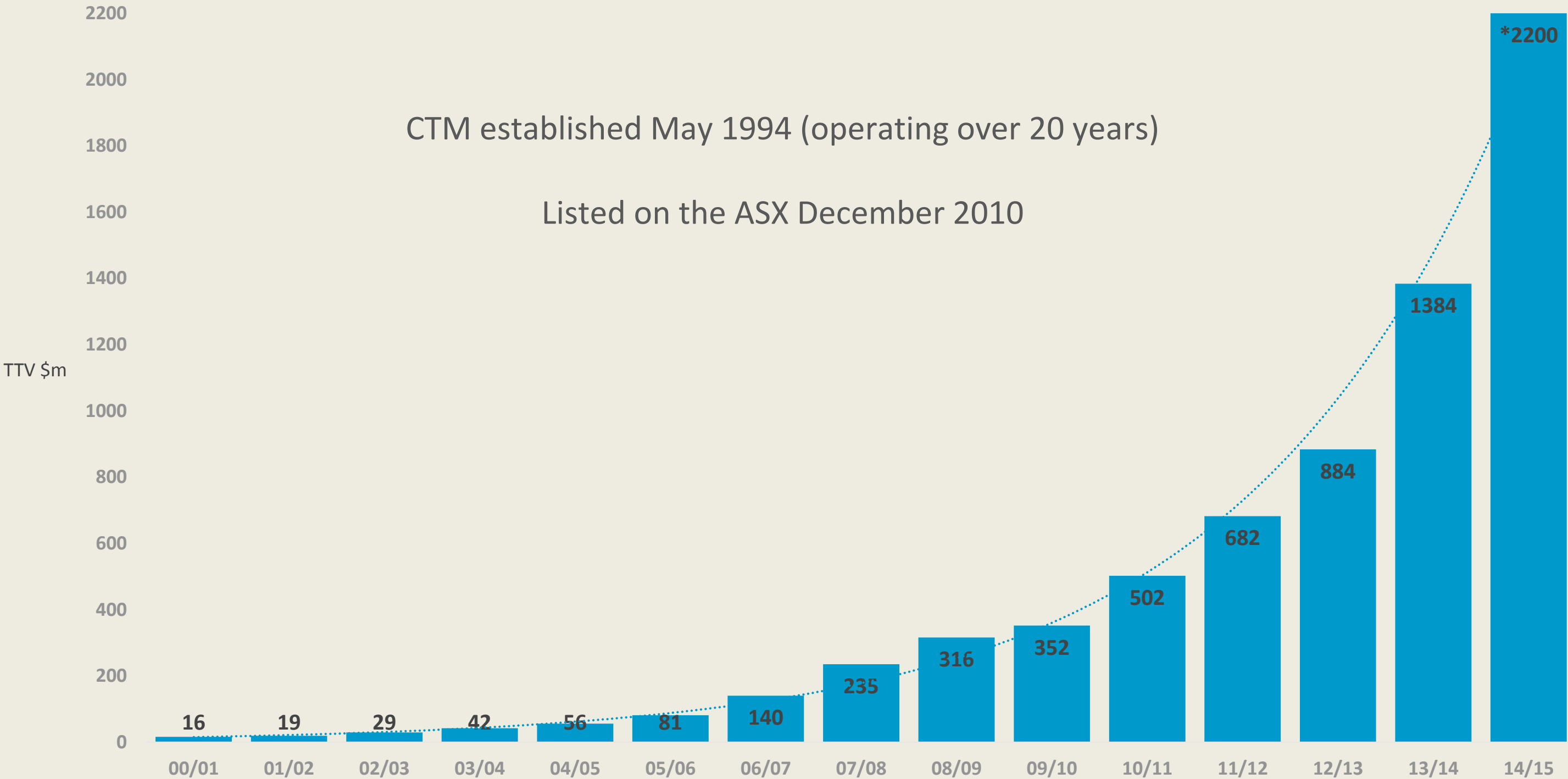
This document is confidential and has been given to you solely for your information and may not be reproduced or distributed to any other person except those within your organisation.

The distribution of this document in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. This document (or any copy thereof) may not be transmitted in the United States or distributed, directly or indirectly, in the United States or to any US persons, and does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, and is not available to persons in the United States or to US persons.

# Agenda:

- **CTM Footprint and Strategy**
- **Trading Update**
- **Acquisition Update**

# 20 Years of Consecutive TTV Growth



\* Forecast

## Award Winning

---

**2014 Best National Travel  
Management Company**  
**9 of the last 11 years**



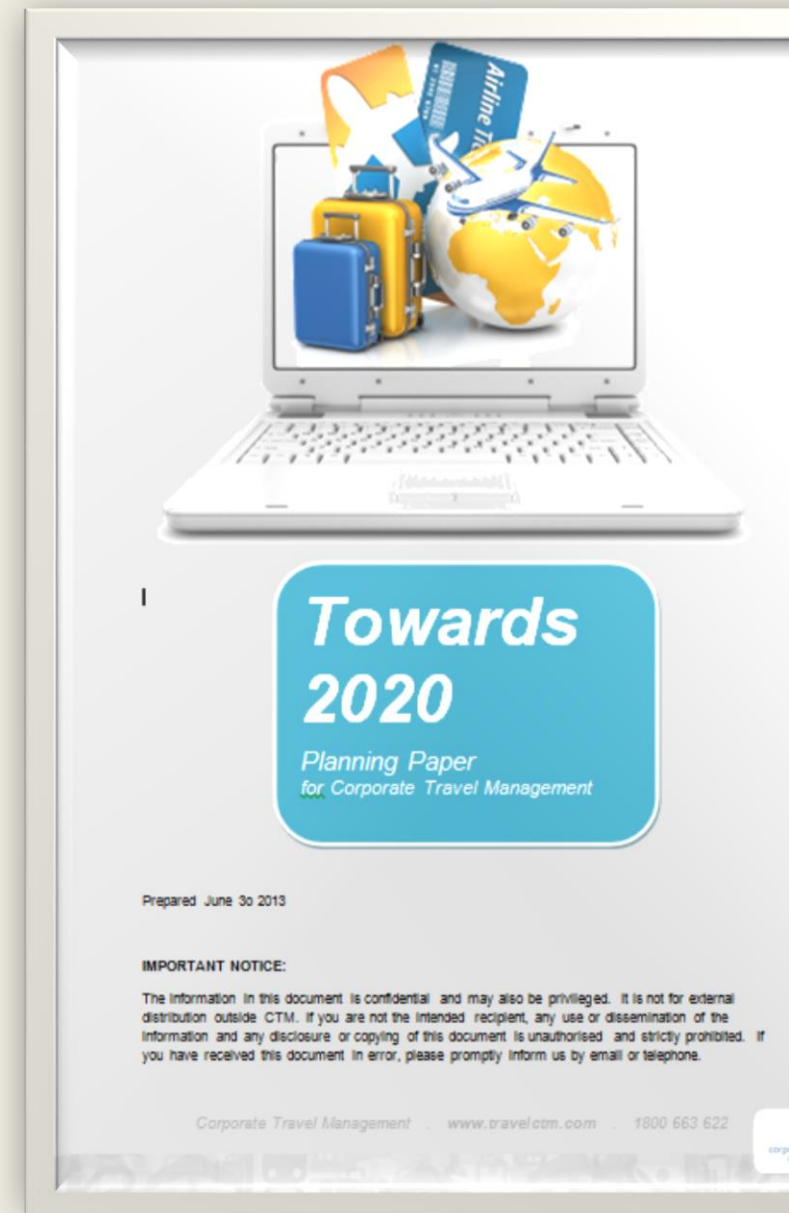
**2014 Best Travel Agency  
Hong Kong Winner**  
**5 of the last 7 years**



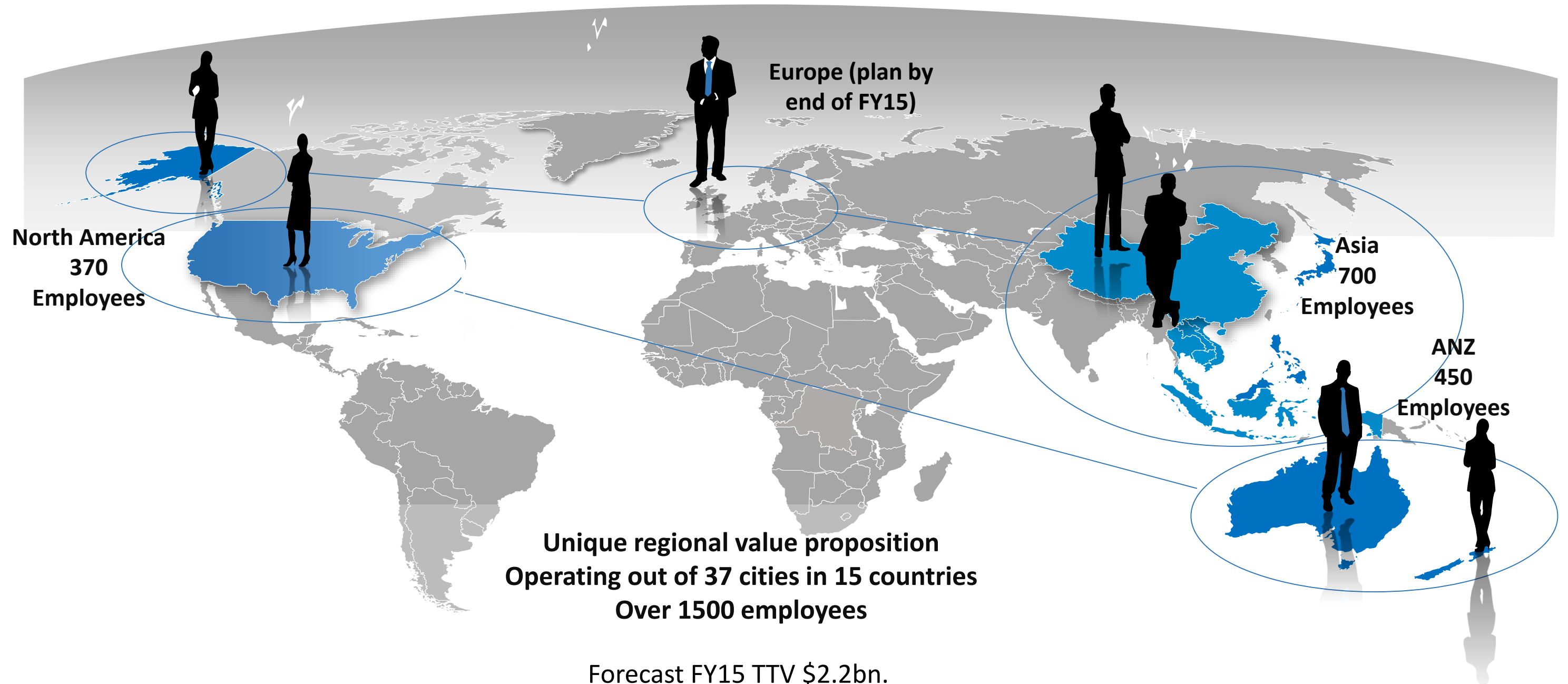
# Strategy

## Aspirations:

- ✓ To be in every major region (**ANZ, North America, Asia, Europe**) with potential for emerging markets where suitable
- ✓ ANZ, continues to be a “fortress” of continued double digit profit growth that underpins global expansion strategy
- ✓ Win market share via local organic growth in all operations and regions
- ✓ By working with our clients, continuing to develop new technology, client facing solutions and business models that evolve with their changing needs
- ✓ To be renowned as the best travel company in every region in which CTM operates by retaining CTM’s highly differentiated service model and high staff engagement, underpinned by technology solutions that add client value
- ✓ Target the regional and global client segment via our client friendly multi-regional solution
- ✓ To ultimately be a truly global company, where substantial profit is derived offshore



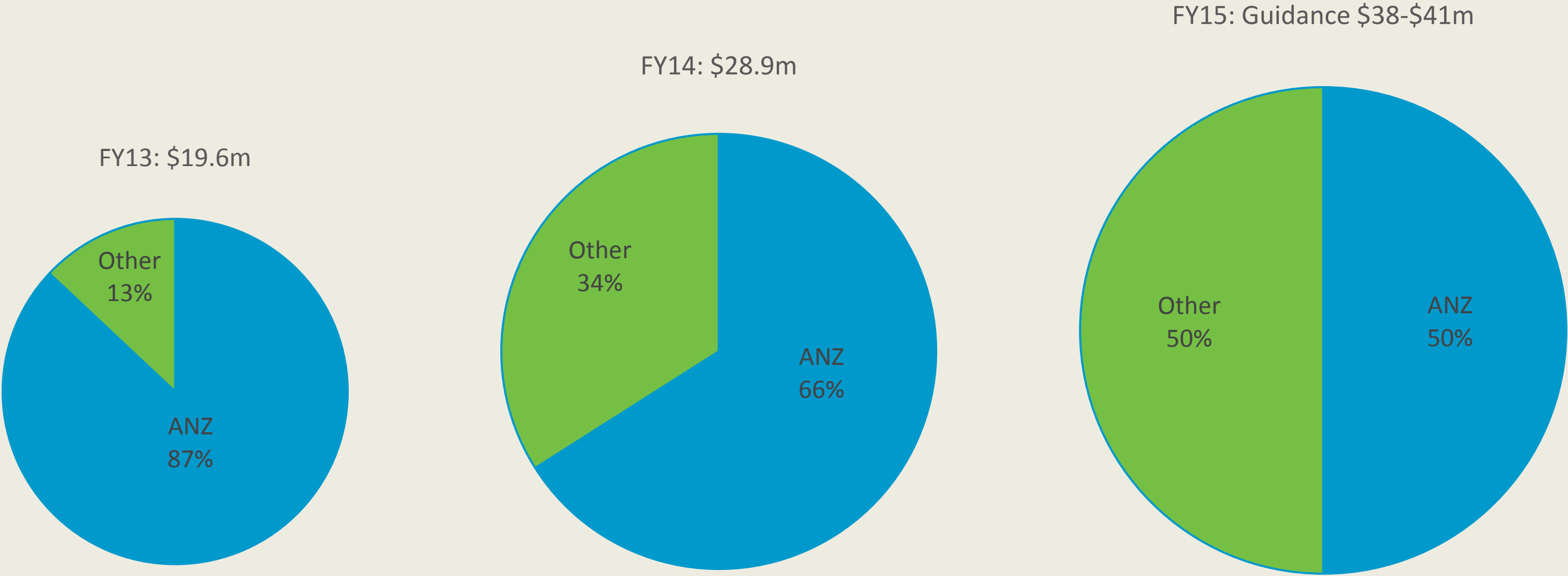
# CTM Footprint



## Powerhouse in Asia Pac region underpinned by uniform values:

- Highly personalised service to match local culture
- Best in market/region technology that enhances client experience and adds value
- Demonstrating Return on Investment (ROI)

# EBITDA Profit Contribution by Region

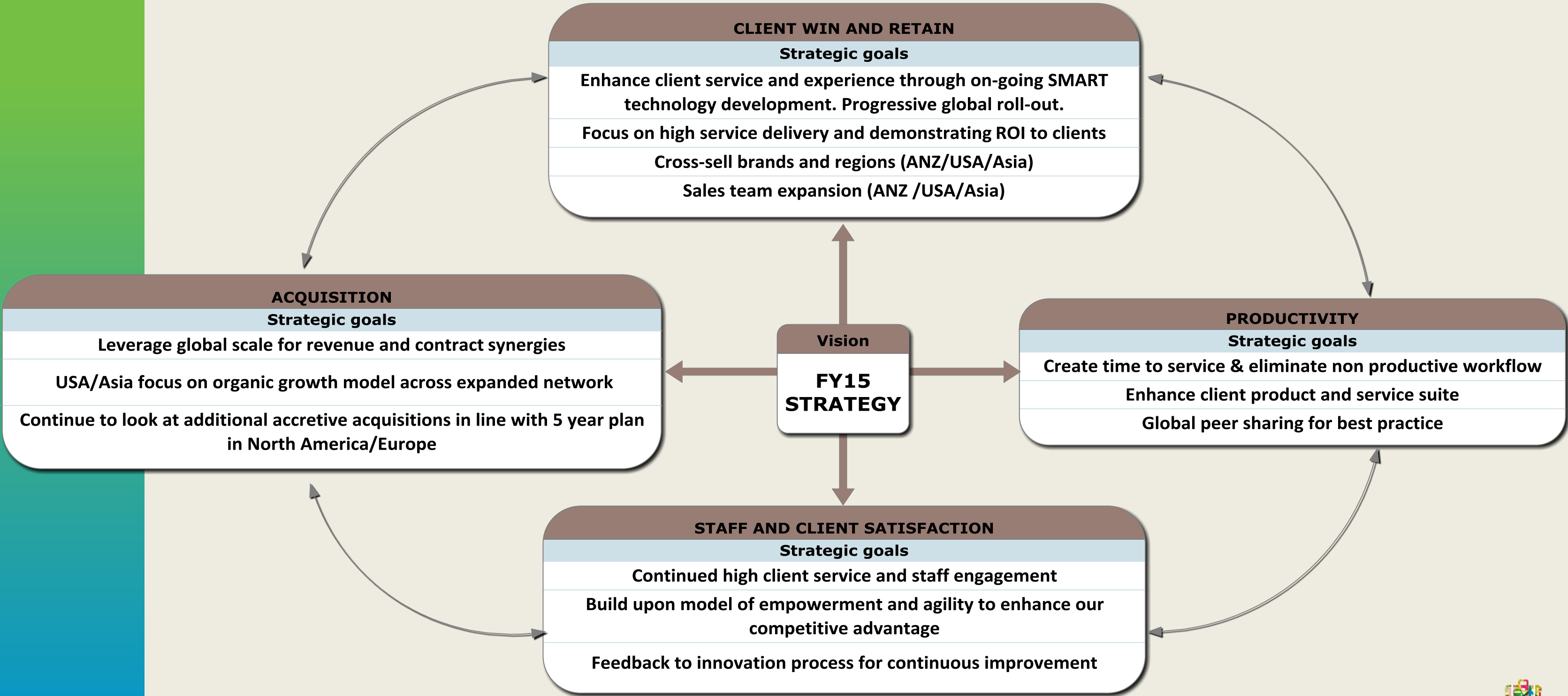


## Building diversity through offshore Expansion

FY15 off-shore profit contribution expected to be circa 50% before any future acquisitions

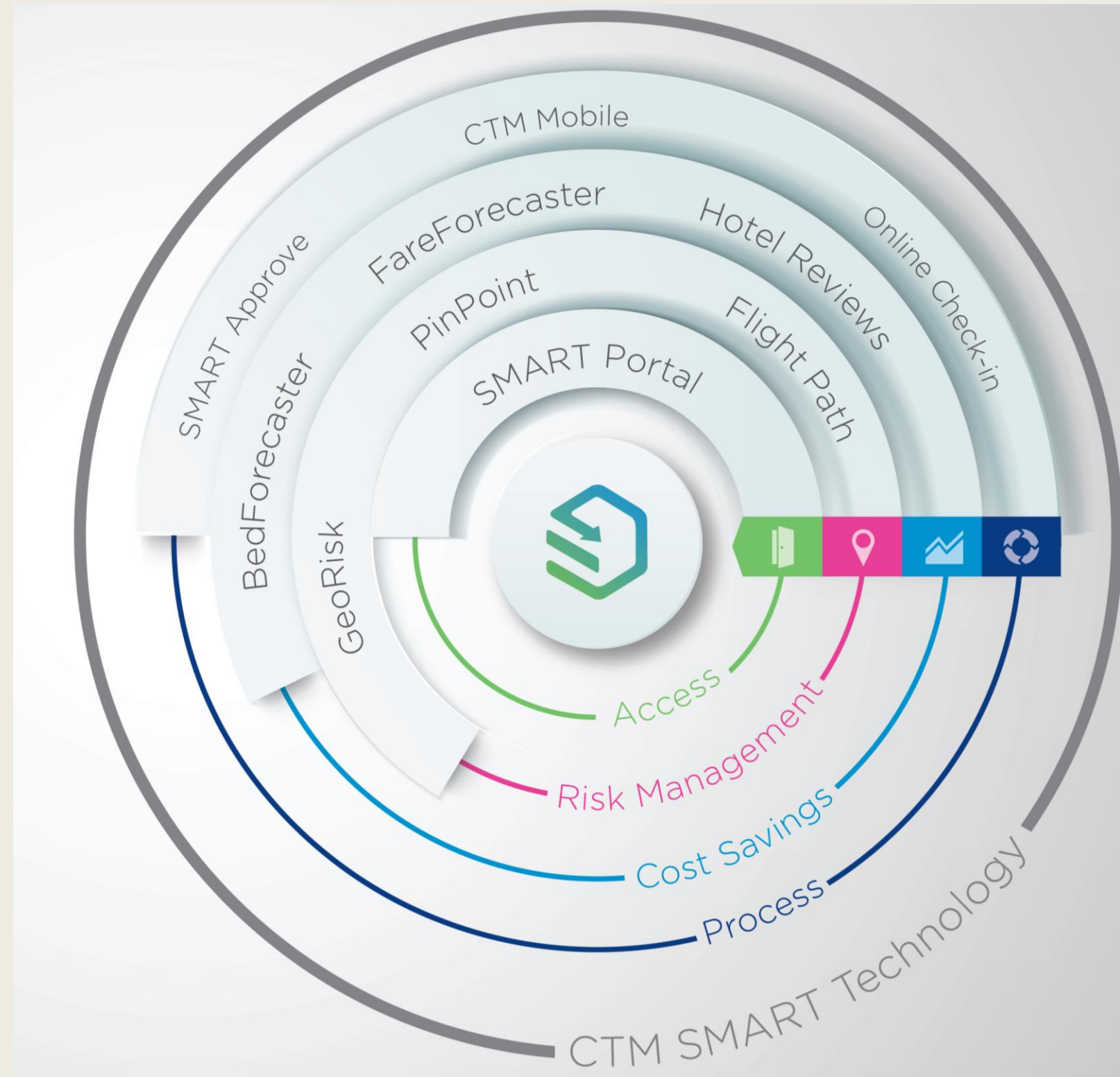


# FY15 Initiatives



# Technology

- CTM's industry-leading SMART technology is customer focused to:
  - Reduce client operating costs
  - Manage the safety of their travellers
  - Maximise user experience
  - Maximise the effectiveness of their travel programs
- SMART technology progressively being rolled out across the entire CTM client network. As at 30 June 2014:
  - Over 200 clients using SMART technology
  - More developments being released throughout FY15
  - Agile development framework allows continuous development and releases, localised customisation



# Agenda:

- **CTM Footprint and Strategy**
- **Trading Update**
- **Acquisition Update**

## Trading Update and Guidance

---

### Upgraded guidance:

- FY15 underlying EBITDA guidance **expected to be above \$41m** (previously \$38-\$41m)
- Guidance reflects 100% contribution from Asia (CTM owns 75.1%)
- Guidance assumes no economic shocks, continuation of USA acquisition integration success
- Any future acquisitions will be in addition to this guidance
- Guidance range will be refined after release of 1H FY15 results

## ANZ Trading Update

---

### New Clients

- Strong momentum from FY14 wins
- Continue to win new business creating a solid FY15
- Building market share

### Client Activity

- 1QFY15 client activity trading up for first time since Q2FY11
- The majority of Top 20 clients trading higher than p.c.p.

### Domestic Ticket Prices

- Average ticket prices July-October higher than FY14
- Expect supplier revenues to be positively impacted versus p.c.p.

## North America Trading Update

### Clients

- Strong start in new client wins including global client segment
- Sales and marketing investment expected to accelerate under one brand across 17 cities, 7 states into CY15

### People and Process

- Building upon local accountability and empowerment across the region via similar organisational structure to ANZ
- Sharing of best practice both within CTM USA and the group

### Acquisition Integration

- Leveraging scale through enhanced buying power and cost synergies
- Early success in the UST acquisition integration and associated revenue synergies
- Avia (Houston) contributed to profit from September 2014

### Client Activity

- Experiencing client activity growth consistent with long term USA trends

### Clients

- Key focus upon scalable corporate organic growth
- Already won and working on a number of regional tenders
- Client retention strong through integration phase

### People

- Strong Management team in place with skin in the game
- Westminster recently awarded Best Agency in Hong Kong 2014, winning five of the last seven years

### Profit

- Tracking to internal expectations, noting Asia will have a full 12 month contribution to profit in FY15 (5 months FY14)
- Ticket price increases at long term trends
- Experiencing small decline in activity in HKG due to the protests but not material at this point.

# Agenda:

- **CTM Footprint and Strategy**
- **Trading Update**
- **Acquisition Update**



# Merger and Acquisition Discipline

CTM's acquisition strategy has remained consistent across all acquisitions:

- Strong discipline in selection criteria – looking for the “1 in 100”
- Alignment - “Skin in the game” for leaders and/or senior management
- Focus on financial and people due diligence for cultural match
- Robust transition process concentrating on enhancing people, systems and revenue growth
- Focus on EPS accretive acquisitions



➔ Creates better business acumen and discipline in team for better results

# North America Acquisition Update

---

## USTRavel:

- Acquisition completed 1 July 2014 @ 5x Dec13 NPBT USD\$1.05m
- Extends North American footprint to the Pacific North West region

## Update:

- Tracking above our expectations for 1QFY2015
- Being part of CTM has contributed to winning and retaining business
- Synergy extraction - Contributing to buying power upside for all of North America, including UST
- Identifying great people that will form part of our North American Leadership team

# North America Acquisition Update

---

## Avia International:

- Acquisition completed 1 September 2014 @5.5x Dec13 NPBT USD\$750k
- Bolsters presence in one of the largest travel markets in the USA (Houston), the centre of the US energy industry

## Update:

- Becomes our Centre of Excellence for Energy, Off-shore, Oil & Gas, Marine in North America
- Compliments our other Energy and Marine centers in CTM (Australia (WA/QLD), Singapore, Alaska)
- One month's contribution so too early to call but tracking to expectations
- Identifying excellent people within the Avia business that will add value to North America

# Future Acquisitions

---

## UK/Europe:

- Currently investigating a number of options, plan to have a solution by end of FY15
- Key plank of our global strategy to have comprehensive coverage in the key global corporate markets
- Enables CTM to genuinely compete in the global/regional client segment
- Regional/global client segment estimated to be USD\$200bn

## North America:

- Continue to look at further EPS accretive acquisitions that fit our strategy and discipline
- North American corporate market estimated at USD\$250bn, our current market share under 1%
- Acquisitions can occur simultaneously (North America/Europe)

# Thank you

[www.travelctm.com](http://www.travelctm.com)