

2 December 2014

ASX Release

Corporate Travel Management to acquire Chambers Travel (Europe) and Diplomat Travel (USA), to be funded by a \$45.5 million fully underwritten Entitlement Offer.

Highlights:

Corporate Travel Management Limited (CTM, ASX code: CTD), today announced the acquisition of two companies:

- Chambers Travel (CT), an award winning travel management company headquartered in London, with operations in England, Scotland, France, Germany, The Netherlands, Switzerland, Sweden and Czech Republic;
- Diplomat Travel (DT), a travel management company headquartered in Washington DC, USA.

The acquisitions are EPS accretive, and are in line with CTM's strategic plan to establish a strong base in UK/European markets, and continue to expand in the North American market.

The purchase price will be funded by a fully underwritten 2 for 35 renounceable entitlement offer of fully paid ordinary shares to eligible shareholders at AUD8.80 per share to raise AUD45.5 million.

The acquisitions are targeted to take effect from 2 January 2015 and will contribute approximately AUD4.0m EBITDA over six months trading to CTM's FY15 results.

CTM's strategic rationale behind these acquisitions:

Chambers Travel (CT):

- Establishes an immediate and mature scalable presence in eight countries in Europe, the last key region in CTM's global strategy;
- Makes CTM even more competitive in the global/regional client segment, estimated at USD200bn;
- CT services clients in ten European languages, giving CTM an additional competitive advantage;
- CT and CTM have successfully worked together on winning and servicing clients for over a decade and 60% of CT's clients are global clients;
- CT is an award winning business, winning Best Agency in the UK in 2013 and 2014, and is a finalist in 2015.

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Diplomat Travel (DT):

- Expands CTM's USA coverage to the East Coast. CTM will now cover all time zones in the USA and operate out of 18 cities across eight states;
- Scale – CTM North America will further leverage buying power, support service expertise and client facing solutions in North America.

Managing Director, Jamie Pherous said, "as a result of these acquisitions, CTM will now operate in 46 cities, across 23 countries, on four continents; employing over 1,800 staff worldwide. Both acquisitions meet our strict acquisition criteria; they possess capable and passionate management teams, are leaders in corporate travel in their respective regions, enjoy high client and staff retention, and will have significant ownership in CTM via CTD stock."

In commenting on Chambers Travel, he said "we are delighted to have Chambers Travel become our anchor point in the UK and Europe to lead future growth in this region. This partnership culminates a decade of successfully working together allowing a seamless transition for our respective management teams. Chambers is a multi-award winning company with an excellent track record of winning and servicing regional and global clients. Together with our well established businesses in the Asia Pacific and North America, we have significantly improved our offering for regional and global clients, particularly for travel across the Atlantic".

CEO of Chambers Travel, Chris Thelen said "we have watched CTM build a wonderful business over the years based on highly personalised service delivery with best-in-class technology solutions to deliver meaningful ROI to clients. We share this same philosophy. As the new European regional headquarters for CTM, we are significantly enhancing our service offering to clients, while providing exciting new career opportunities for our employees".

In commenting on Diplomat Travel, Jamie Pherous said "Diplomat Travel has a highly capable team with some of the finest expertise in the industry that we have ever seen. The Diplomat Travel team will provide an excellent East Coast base to deliver future growth".

Managing Director of Diplomat Travel, Denise Guida said "CTM has developed a unique culture of support and empowerment, and has a well-established sales team in North America. This has a significant benefit in allowing us to be more creative and responsive in our effort to provide our highly customized travel services to a greater client base into the future".



Financial considerations:

Chambers Travel:

- Base consideration is GBP23.6m (AUD43.7m¹), being a mixture of cash and CTD shares, with a maximum consideration over a three year period of GBP39.0m (AUD72.2m). This acquisition price (including the three year earn out) represents approximately 7 times EBITDA (UK corporate tax is approximately 20%).

Diplomat Travel:

- Base consideration is USD7.58m (AUD8.9m²), being a mixture of cash and CTD shares, with a maximum consideration of USD9.5m (AUD11.2m). The maximum acquisition price (including the 12 month earn out) reflects approximately 4.25 times EBITDA.

FY15 Guidance update:

As a result of these acquisitions, the Board expects underlying EBITDA guidance to be above AUD45.0m. This assumes a six month contribution from these acquisitions of approximately AUD4.0m to this financial year.

CTM's earnings guidance range will be refined at the release of the 1st half financial results in late February 2015.

About Chambers Travel:

- CT is an award winning, 26 year old Travel Management Company headquartered in London with approximately 220 employees.
- CT has offices in eight European countries including England, Scotland, France, Germany, Switzerland, The Netherlands, Sweden and Czech Republic.
- Client mix approximately 95% Corporate, 5% MICE and leisure.
- CT has expected sales volume for the year ended 31 March 2015 of approximately GBP135m.

About Diplomat Travel

- DT is a 52 year old leading Travel Management Company located in the Washington DC/Virginia area servicing corporate clients in the North East USA.
- Client mix is over 90% corporate and DT has expected sales volume of approximately USD45m for the year.

Entitlement Offer:

CTM intends to conduct a 2 for 35 renounceable entitlement offer of fully paid ordinary shares in CTM (**New Shares**) to raise approximately AUD45.5 million (**Entitlement Offer**).

The acquisitions will be funded by the proceeds of the Entitlement Offer, with future earn-outs expected to be funded from a mixture of CTM cash reserves and CTD stock.

¹ Based on an exchange rate of GBP0.54 to AUD1.00.

² Based on an exchange rate of USD0.85 to AUD1.00.



The offer price for the Entitlement Offer will be AUD8.80 per share (**Offer Price**). The Offer Price represents:

- a 10.1% discount to the theoretical ex-rights price (**TERP**);³ and
- a 10.6% discount to the last traded price of CTM shares.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 2 New Shares for every 35 existing CTM shares held at 7.00pm (AEDT) on Tuesday, 9 December 2014 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer is fully underwritten by Morgans Corporate Limited (**Underwriter**).

CTM Managing Director, Jamie Pherous will be a significant participant in the Entitlement Offer but is not in a position to take up his full entitlement. All non-executive directors of CTM eligible to participate in the Entitlement Offer intend to take up their entitlements in full.

The Entitlements are renounceable which means that the rights may be traded on ASX or otherwise transferred if eligible shareholders do not wish to take up some or all of their Entitlements.

Approximately 5,172,435 New Shares will be issued as part of the Entitlement Offer. In addition to the entitlement offer, there will be 1,255,397⁵ shares issued to the acquisition executives as part of the consideration. New Shares issued under the Entitlement Offer will rank equally with existing shares.

CTM will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer.

Key dates⁴

Event	Date
Announcement of the Entitlement Offer	3 December 2014
Mailing of the Entitlement Offer details	4 December 2014
Ex-date and Rights trading commences	5 December 2014
Record Date for Entitlement Offer (7.00pm AEDT)	9 December 2014
Information Booklet and Entitlement & Acceptance Form despatched	11 December 2014
Entitlement Offer opens	11 December 2014
Rights trading ends (4.00pm AEDT)	15 December 2014
Closing date for acceptances under Entitlement Offer (5.00pm AEDT)	22 December 2014
Company notifies ASX of under subscriptions	29 December 2014

³ The theoretical ex-rights price of AUD\$9.78 is calculated using CTM's closing price on 1 December assuming proceeds from the Entitlement Offer of AUD45.5m. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP

⁴ All dates are indicative only and subject to change. CTM and the Underwriter reserve the right to withdraw or vary the timetable without notice

⁵ Shares under a 1 year escrow arrangement



Event	Date
Allotment of New Shares under the Entitlement Offer	31 December 2014
Despatch of holding statements for New Shares issued under the Entitlement Offer	2 January 2015
Normal ASX trading for New Shares issued under the Entitlement Offer commences	2 January 2015

For further information:

If you have any queries, please call 1300 180 103 (within Australia) or + 61 1300 180 103 (outside Australia) between 8.30am and 5.30pm (AEDT) Monday to Friday during the offer period or, alternatively, consult your professional adviser.

For Media enquiries please contact marketing@travelctm.com

For Investor Relations please contact allison_dodd@travelctm.com or +61 7 3210 3354

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 1,500 FTE staff globally and operates out of 37 cities in 15 countries across Australia, Asia, North America, and New Zealand.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. CTM does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

CTM will be conducting a Webinar/Conference Call at 4:30pm SYD TIME today, Tuesday 2nd December. To participate please follow this link:

<http://www.travelctm.com/announcement/investor-conference-call/>

