



corporate travel
management

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ASX Release

Corporate Travel Management to acquire Travizon Travel (Boston, USA)

Corporate Travel Management Limited (CTM, ASX code: CTD), today announced the acquisition of Travizon Travel (Travizon), situated in Boston, USA. Travizon is a highly regarded East Coast corporate travel company that has been operating for more than 40 years.

CTM's strategic rationale behind this acquisition:

The acquisition is EPS accretive and is in line with CTM's strategic rationale to:

- Further bolster CTM's presence on the east coast of the USA and CTM will now operate out of over 20 cities within the USA.
- Expand its US footprint and build and leverage scale. The addition of Travizon is projected to take CTM's North America Total Transaction Value, on an annual basis, to well above USD1.0bn (AUD1.3bn) in FY17, ranking CTM in the top 10 travel management companies in the USA market in just over 4 years. From past experience in other regions, this market size will further enhance CTM's North American operations to capitalise on its client technology, robust national sales team, and optimally leverage CTM's support services and buying power, all of which will benefit CTM's clients in this region. The opportunity becomes more significant now that CTM North America has a fully integrated business operation leading into FY17.
- Build upon CTM's global and regional client management expertise in North America. CTM has worked with Travizon across the Atlantic for many years, with a track record of winning and servicing high profile global and regional clients. Travizon uses the same reservation system as CTM, allowing CTM to quickly leverage networking opportunities.

CTM Managing Director Jamie Pherous said "Travizon is a long standing and well regarded corporate travel company. They meet our strict acquisition criteria, they possess a capable and passionate management team, are leaders in travel in their region, enjoy high client and staff retention and part of the consideration will include taking ownership in CTM stock. This transaction is the result of working closely together for many years on client programs on both sides of the Atlantic. Our senior sales and account management teams are very familiar with each other."

In commenting on the opportunities, Mr Pherous said: "We are delighted to have Travizon become a key part of our North American business. Travizon has an excellent reputation and track record of looking after multi-regional clients, which can only enhance our expertise and offering in this market".

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COO of Travizon, Matt Cummings said: “We have watched CTM build a wonderful business based on highly personalised service delivery with best-in-class technology solutions. We share this same philosophy. We have worked closely together on clients, on both sides of the Atlantic, and have built great rapport and trust with CTM’s senior management. We consider that CTM is an excellent fit to enhance our service offering to both current and future clients, while providing exciting new career opportunities for our employees.”

Financial considerations and funding:

- Base consideration is USD21.0m (AUD28.0m), representing approximately 5.5x CY15 EBITDA of USD3.8m (AUD5.0m), with additional consideration payable through a one year earn-out provision for out-performance based on a range of performance criteria.
- The acquisition will be funded through a 50/50 combination of stock and cash, representing stock valued at USD10.5m (approximately AUD14.0m) to founders with the balance USD10.5m (approximately AUD14.0m) provided through a mixture of funding out of USA operating cash flow and borrowing USD denominated short term debt.
- The strong cash flow generated from the USA operations gives CTM considerable flexibility to fund future acquisitions. CTM will also benefit from funding in the local currency given CTM’s growing USD denominated income.
- The acquisition is targeted to take effect from 1 July 2016 and will, therefore, make no earnings contribution in FY16.

USA integration update and performance:

Mr Pherous also stated that, “CTM’s USA integration is on track to be completed as planned by 30 June 2016. This outcome has led to success in new client wins across both our North American corporate operations and Montrose Travel’s Loyalty division. We expect this combination to translate into a strong 2HFY16 result for North America. This momentum, combined with the scale CTM can leverage by combining with Travizon in July 2016, sets up an excellent platform for FY17 and beyond.”

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 more than 2,000 FTE staff globally and services clients in 53 countries.

About Travizon Travel

Travizon Travel is an award-winning, 40-year-old travel management company headquartered in Boston.

Travizon's goal is to leverage its collaborative approach, expertise and tools to provide clients with the greatest value in its areas of specialty: Travel Management Services, Technology, and Meetings & Incentives.

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