



ASX Announcement

21 February 2024

Half Year Results Presentation

Attached is a copy of Corporate Travel Management's Limited Half Year Results Presentation for the half year ended 31 December 2023.

Authorised for release by the Board.

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Corporate Travel Management

Half Year 2024 Results



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1H24 Highlights

1H24 Group financial highlights

- **Record 1H result;** client wins delivering above industry growth, successfully converting revenue to strong profit growth
- Exceeded internal expectations of a 1/3 EBITDA skew to 1H or \$87m⁴
- **Capital strategy** - share buy-back program commenced November 2023, maximum 6m shares in 12 months
- **Strong balance sheet** - No debt, cash \$131.3m. Cash conversion back to historic long-term trends
- **Interim dividend declared of 17c** per share unfranked. Confidence in outlook and financial strength
- **Five-year strategy to double FY24 profits (CAGR 15%) by FY29 with acquisition additional**

Reported (\$AUDm)	1H24	1H23	%
Revenue and other income	363.7	291.9	+25%
Underlying EBITDA¹	100.7	51.3	+96%
PBTA^{1,2}	79.1	30.4	+160%
Underlying NPAT attributable to owners of CTM³	57.9	22.1	+162%
Underlying EPS ³ , cents basic	39.6c	15.2c	+160%
Interim Dividend, unfranked	17c	6.0c	+183%

¹ Excluding pre-tax non-recurring costs of \$4.1m (1H23: \$1.1m)

² Excluding pre-tax client amortisation, a non-cash item of \$7.5m (1H23: \$7.3m)

³ Excluding post-tax non-recurring costs of \$3.0m and client relationship amortisation, a non-cash item of \$5.5m

⁴ Compared to mid-point of previous guidance range of EBITDA \$260m

1H24 scorecard – executing to plan



¹ Based upon client assumptions of annualised FY23 spend at time of winning, includes verbal confirmations

² 1H24 revenue divided by FTE staff numbers compared to 1H23

Global recognition

ATIA National Travel Industry Awards 2023

- Most Outstanding Global TMC
- Sustainability Award – Business
- Most Outstanding Business Events Travel Agency

TTG Travel Awards 2023

- Best Corporate Travel Agency, Asia

Business Travel Sustainability Awards Europe 2023

- Achievement in Sustainability - Corporate Booking Platform (Lightning)





1H24 Regional Overview

Group overview

(AUD\$m)	1H24	1H23	p.c.p. change
Revenue and other income	363.7	291.9	+25%
Underlying EBITDA	100.7	51.3	+96%
EBITDA / Rev & Oth Inc Margin	27.7%	17.6%	

1H24:

- **Record 1H revenue and EBITDA** due to new client wins, conversion of revenue to strong EBITDA growth
- 2Q24 impacted by negative travel sentiment relating to conflict in the Middle East, USA client travel budgets fully utilised by 1Q24, slower China outbound recovery
- Result included Group overhead of \$10.6m (1H23: \$9.2m) to support 5-year strategy execution

Outlook:

- Strong activity rebound in January, particularly NA
- Ticket prices double digit decline, positive for customer travel budgets in CY24
- Significant project investments to underpin market share growth and cost control into FY25 and beyond

North America

(AUD\$m)	1H24	1H23	p.c.p. change
Revenue and other income	150.7	145.8	+3%
Underlying EBITDA	20.5	16.6	+23%
EBITDA / Rev & Oth Inc Margin	13.6%	11.4%	

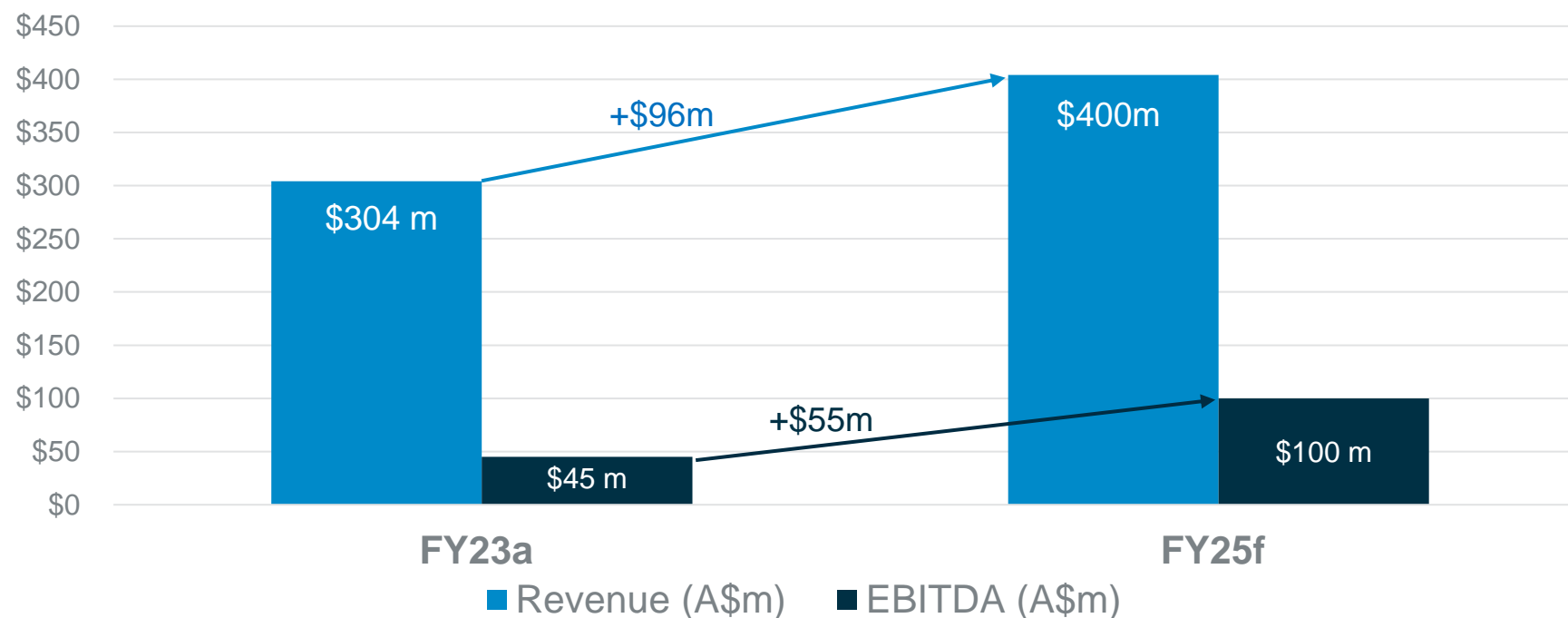
1H24:

- **Revenue growth of 3% conversion to EBITDA growth of 23%**
- NA leads group with new client wins; \$0.4bn y.t.d.
- Region most negatively impacted by 2Q macro:
 - travel sentiment relating to conflict in Middle East
 - most client annual travel budgets fully utilised by 1Q24, due to unsustainably high-ticket prices
- CTM 2Q macro impact consistent with December quarter US airline operating profit vs p.c.p.; Delta -10%, United -27.5%, American -52.5% **vs CTM +10%**

Outlook:

- **Strong January; EBITDA +60% on Jan23**, as 2Q macro impact dissipated, new clients transacting
- Ticket price double digit declines vs p.c.p. positive for corporate customer CY24 budgets and activity levels
- Expect above sector growth rates to accelerate into CY24 as we continue to on-board clients
- Over 70% of new clients choosing CTM's Lightning OBT
- Expect 2/3 2H profit skew
- Remain confident of EBITDA>\$100m in FY25 (see next slide)

North America remains on track for FY25



Requirements to achieve FY25 profit target:

- 1. c14% CAGR revenue growth** from FY23-FY25 from new client wins - **on track despite 2Q macro impact**
- 2. Revenue conversion to EBITDA growth >55%** consistent with post-integration expectations
 - January 2024 activity and profit augurs well for the achievement of FY25 outcomes
 - Costs expected to stay relatively flat in 2H24 despite revenue growth due to integration and automation benefits

Europe

(AUD\$m)	1H24	1H23	p.c.p. change
Revenue and other income	98.5	45.2	+118%
Underlying EBITDA	63.0	17.0	+271%
EBITDA / Rev & Oth Inc Margin	64.0%	37.6%	

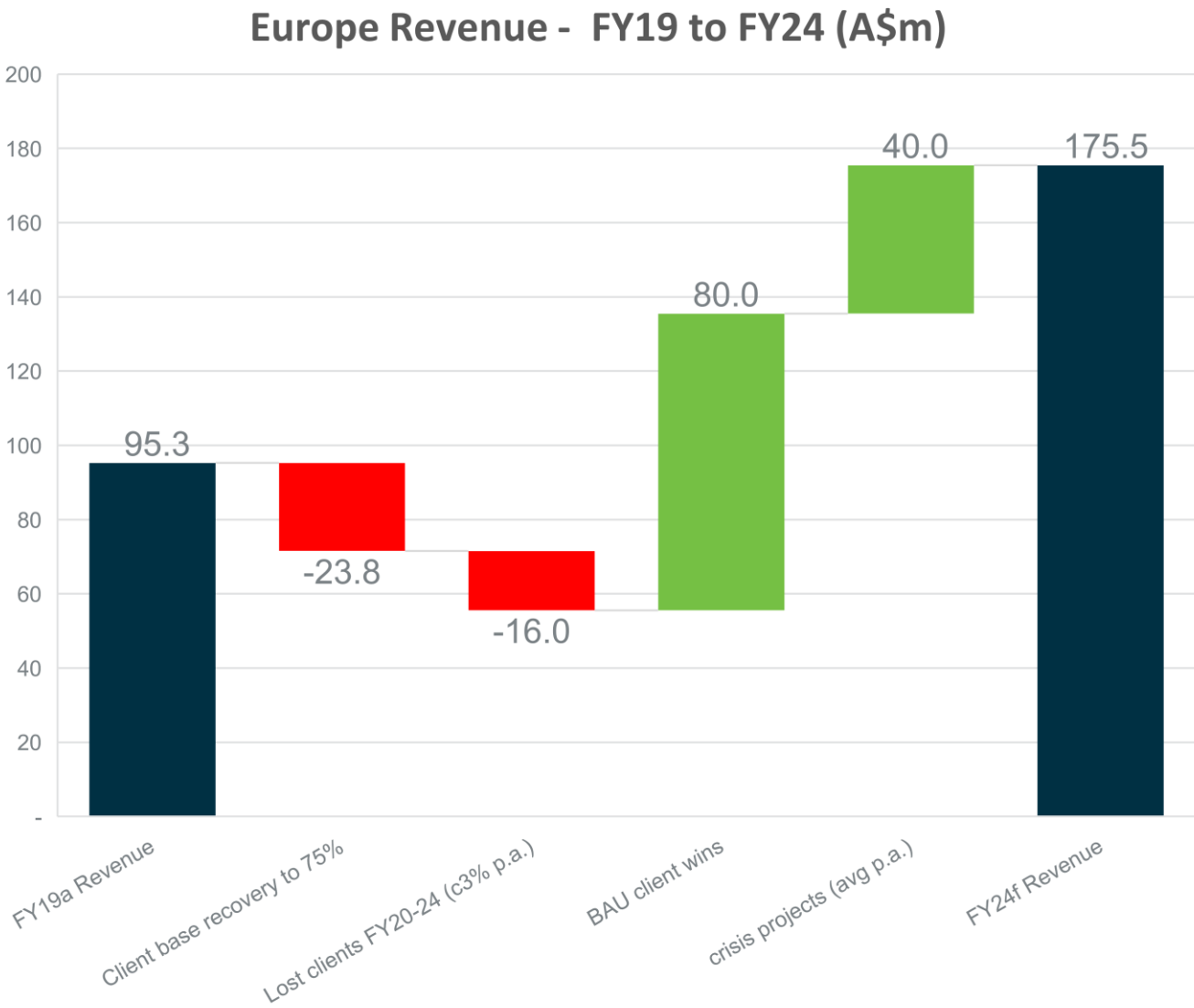
1H24:

- **Record revenue and EBITDA for the region**
- **Revenue conversion to EBITDA growth at high rates c75%**, with new business being 90%+ on-line on CTM proprietary technology, improved supplier contracts with doubling of scale
- UK bridging contract significantly lower in 1H versus initial customer expectations
- More than off-set by significant client wins and a strong 1H from other crisis and humanitarian work not limited to, but includes Israel, Ukraine, Afghanistan, Sudan

Outlook:

- Expect no growth from Bridging Contract in 2H, well below expectations
- Underlying business expected to achieve EBITDA \$100m+ (c20% uplift off a very strong FY23)
- Continued investment in larger sales team to support 5-year growth strategy

Europe - Growth since FY19



Key take-aways:

- **Client wins underpinning revenue growth**
- **Most crisis and humanitarian projects form part of a UK Government contract we manage:**
 - 23 projects completed in 3.5 years
 - Good counter-cyclical play
 - Expertise has expanded outside of UK Govt
- **Bridging project is an additional contract award** and now expected to be only a minor component of crisis and humanitarian project revenue

(AUD\$m)	1H24	1H23	p.c.p. change
Revenue and other income	81.4	80.7	+1%
Underlying EBITDA	18.6	23.5	(21%)
EBITDA / Rev & Oth Inc Margin	22.8%	29.1%	

1H24:

- As previously flagged, 1H24 EBITDA similar to 2H23. Carrying costs to support both new and legacy WoAG systems until new Government framework commenced early Feb 2024
- Sleep Space, a proprietary hotel content engine, was released with the new WoAG framework. Early indications beyond expectations. Progressively rolled out across the business in CY24
- Experienced 2Q sentiment impact, consistent with other regions

Outlook:

- Strong January rebound. January revenue up 11% vs January 2023
- Expect revenue and cost benefits from new Government framework to build over 2H24
- Region had best half of client wins since pre-COVID
- Expect profit skew weighted to 2H
- Confident of EBITDA c\$70m in FY25 from improved revenue, fine tuning of costs, new client wins transacting

Asia

(AUD\$m)	1H24	1H23	p.c.p. change
Revenue and other income	32.5	19.9	+63%
Underlying EBITDA	9.1	3.4	+168%.
EBITDA / Rev & Oth Inc Margin	28.0%	17.1%	

1H24:

- **Record 1H EBITDA result** despite Greater Bay Area of China (GBA) recovering to only 50%, slower than forecast
- Experienced 2Q international travel sentiment impact, consistent with other regions
- Continue to win new business in the region

Outlook:

- **January rebound:** profit up 196% versus p.c.p.
- GBA airline on-going capacity recovery announcements support stronger 2H
- Continue to win new corporate business at record rates
- Expect a record 2H result

A photograph of three business professionals walking through a modern airport terminal. A woman in a dark suit is walking first, followed by a man in a blue suit, and then an older man in a light grey suit. They are all pulling rolling suitcases and looking at their mobile devices. The terminal has a high, dark ceiling with recessed lighting and large concrete pillars. The scene is brightly lit, suggesting natural light from large windows.

Five-year Strategy

Five-year strategy – double FY24 profit in 5 years (acquisition is additional)

Growth Drivers	What is needed	Outcome
Sustain greater than industry revenue growth rates by winning new clients	<ul style="list-style-type: none"> Requires FY25 new sales wins of \$1.0bn Progressively rising each year to \$1.6bn by FY29 Exceeded these levels in FY23, FY24f 	<ul style="list-style-type: none"> Compound average revenue growth of 10%+ p.a. over 5 years
Customer retention and growth in client activity offset	<ul style="list-style-type: none"> Assumes post-COVID recovery ended @ 75%¹ FY25-29: Client activity grows at 3%+ p.a. in line with industry sector growth expectations Retain 97% of clients each year Delivered 97% retention since IPO 2010 	<ul style="list-style-type: none"> client activity off-sets client losses
Benefits from productivity growth and innovation	<ul style="list-style-type: none"> Successful delivery of productivity and innovation projects (see next slide) 	<ul style="list-style-type: none"> Annual cost growth at or < 5% Revenue per FTE gains
EBITDA growth > revenue growth	<ul style="list-style-type: none"> Every new \$ of revenue falls to EBITDA at 50% Exceeding target in FY24f 	<ul style="list-style-type: none"> Company average EBITDA/NPAT growth of 15%p.a. over 5 years
Acquisition - additional contribution to the 5-year plan of CAGR 15% p.a.	<ul style="list-style-type: none"> Ongoing infill acquisitions Opportunities emerging with corporate travel recovery at only 75% and industry highly geared Large scale industry consolidation likely Track record of M&A, synergy extraction 	<ul style="list-style-type: none"> Additional growth and shareholder value Further economies of scale

¹ GBTA Business Travel Industry Outlook Poll, October 30, 2023, Sabre 4Q23 earnings 15 Feb 2024

Key projects supporting doubling profit in five years

Project	Description	Contribution to strategy
Sleep Space	<ul style="list-style-type: none"> Proprietary hotel content engine, initially rolled out in ANZ then globally through CY24/FY25 	<ul style="list-style-type: none"> Increased hotel choice, uptake & user experience for customers Initial capex c\$10m Increased ANZ revenue and similarly high returns expected in other regions
AI and machine learning	<ul style="list-style-type: none"> Better serve customers with simple tasks 	<ul style="list-style-type: none"> Targeting 50% of all non-revenue transactions to be managed by AI/ML, creating more client facing time Accountable via improved year on year revenue/FTE data Supports win/retention targets
NDC and supplier content	<ul style="list-style-type: none"> Ensure that CTM customers have access to all relevant content via CTM technology 	<ul style="list-style-type: none"> Cost and revenue neutral but will support client win and retention targets over the strategy lifecycle Proprietary tools a key advantage to content management
Project Atlas	<ul style="list-style-type: none"> Globalising support services now that scale footprint is complete (non-client facing) 	<ul style="list-style-type: none"> One-off \$10m cost (largely retrenchment costs) in FY24, additional one-off \$5.5m costs in FY25 Expect \$10m cost savings in FY25 building annually to \$20m by FY29 (ROC >50% year 1)
Identifying future projects	<ul style="list-style-type: none"> Investing in client and internal feedback loops to identify projects that enhance value proposition 	<ul style="list-style-type: none"> Enhance user experience and support productivity measures Supports sustainable market share growth and retention Successfully delivered large scale project execution

Capital allocation strategy – FY24-29

Maximising shareholder returns through four initiatives

1. Dividend	<ul style="list-style-type: none">• Continue 50% NPAT policy but largely unfranked due to profits generated ex AU
2. Challenging the business for projects that can deliver ROC of minimum 25% in year 1	<ul style="list-style-type: none">• Major projects in FY24/25 include CTM Sleep Space, AI and Machine learning, NDC, Atlas• More projects to come via customer and internal innovation feedback loops• Focus on improving customer experience, leveraging technology for productivity
3. Acquisitions	<ul style="list-style-type: none">• All targets currently highly leveraged to debt as a result of COVID survival and c75% global corporate recovery• Remains a significant opportunity, additional to the CTM five-year strategy• Funding strategy (debt/cash/capital raise) on a case-by-case basis subject to target and market nuances at the time, noting CTM's strong track record of execution and accretion
4. Share buy-back	<ul style="list-style-type: none">• \$100m on-market buy-back commenced late Nov 2023, continues to Nov 2024• Utilise throughout the strategy cycle when there is excess cash beyond usage for items 1-3



Group Financial Summary

Profit and loss – reconciliation to Statutory NPAT

\$AUD(m)	1H24	1H23	%Δ
Revenue and other income	363.7	291.9	25%
Underlying EBITDA¹	100.7	51.3	96%
Underlying PBTA²	79.1	30.4	160%
Underlying NPAT³	57.9	22.1	162%
<i>Less: Non-recurring items⁴</i>	(3.0)	(0.8)	
<i>Less: Client relationship amortisation³</i>	(5.5)	(5.4)	
Statutory NPAT	50.4	15.7	222%

- 1H24 a strong result, particularly the high conversion of revenue to profit growth
- 1H24 Depreciation & Amortisation: \$29.2m (**\$21.6m** excluding client relationship amortization, a non-cash amount)
- FY24 full year D&A expectations 1H23: roughly double ~\$58m (**~\$43m** excluding client relationship amortisation, non-cash)
- Effective tax rate 25.3%

¹ Excluding pre-tax non-recurring costs of \$4.1m (1H23: \$1.1m).

² Excluding pre-tax non-recurring costs of \$4.1m (1H23: \$1.1m) and pre-tax client relationship amortisation of \$7.5m (1H23: \$7.3m)

³ Excluding post-tax non-recurring costs of \$3.0m (1H23: \$0.8m) and client relationships amortisation, of \$5.5m (1H23: \$5.4m)

⁴ Post-tax

Comparative statutory balance sheet

\$AUD(m)	Dec 23	Jun 23
Cash	131.3	151.0
Receivables	387.6	464.5
Other current assets	16.8	11.6
Total current assets	535.7	627.1
Right-of-use assets	37.9	34.5
Intangible assets	992.9	1,009.6
Other non-current assets	48.9	51.6
Total assets	1,615.4	1,722.8
Payables	339.9	443.4
Other current liabilities	49.7	56.9
Total current liabilities	389.6	500.3
Borrowings	-	-
Other non-current liabilities	37.6	34.9
Total liabilities	427.2	535.2
Net assets	1,188.2	1,187.6

- **Strong financial position** is enabling the Group to comfortably manage activity growth
 - **Expect Strong cash generation** as working capital balances are now near full recovery levels
 - **Zero debt**
- Receivables and payables decline driven by seasonally slow Christmas-NYE period vs June 30

Cash flow summary

\$AUD(m)	1H24	1H23
EBITDA statutory	96.6	50.1
Non-cash items	3.3	3.7
Change in working capital	(32.6)	(54.9)
Income tax (paid)/received	(23.4)	2.3
Net interest	0.2	(0.8)
Cash flows from operating activities	44.1	0.4
Capital expenditure	(21.9)	(16.3)
Acquisition/divestment cash flows	(0.7)	(2.1)
Cash flows from investing activities	(22.6)	(18.4)
Net (repayment)/drawing of borrowings	-	-
Dividends paid	(32.2)	(7.3)
Proceeds from issue of shares (net of transactional costs)	-	-
On market buy-back	(3.0)	-
Other financing cash flows	(6.2)	(6.2)
Cash flows from financing activities	(41.4)	(13.5)
FX movements on cash balances	(0.3)	(0.3)
Increase/(decrease) in cash	(19.6)	(31.5)

- **Operating cash conversion 70%**, noting unfavourable timing of rail fixed payment cycle of \$20.9m at reporting period versus the p.c.p. Timing will reverse at FY24
- **Expect historic operational cash conversion** as working capital balances are now near full recovery levels
- FY23 final dividend of \$32.2m paid during the period
- On market share buy-back of \$3.0m
- Software Capex \$18.8m uplift primarily in Sleep Space, AI and machine learning. Capex in 2H expected at similar levels, primarily software

A man and a woman in business attire are standing in a modern office. The man, wearing glasses and a grey blazer, is holding a laptop and pointing at the screen. The woman, wearing a light blue shirt, is holding a tablet and looking at it. They are both smiling. The background features a wall with a geometric pattern of white lines and a large potted plant on the left.

Outlook and Trading update

FY24 Guidance – how it was built and what has changed

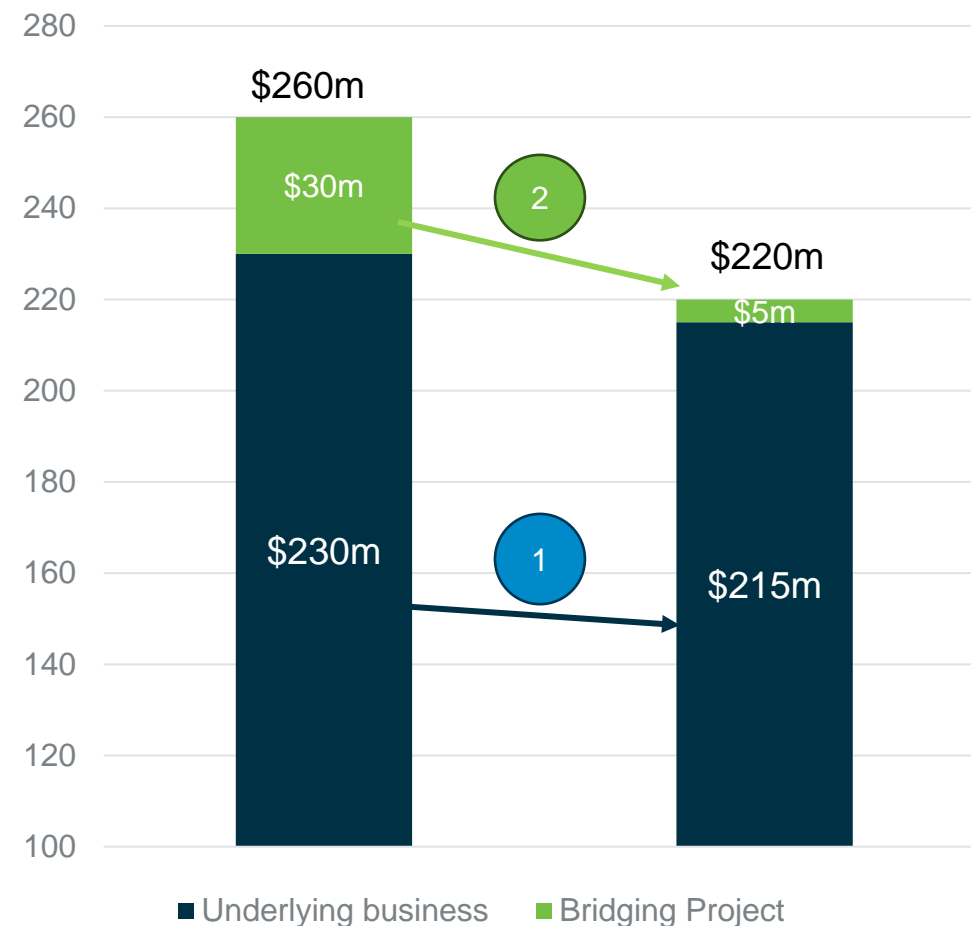
1 Underlying business is performing well despite 2Q macro:

- 2Q macro events had an estimated \$15m impact to EBITDA
- Strong January rebound suggests 2Q macro impact has dissipated and unlikely to have a 2H24 impact

2 Bridging project underperforming, outside our control

- UK immigration challenges and timing delays- project is trading significantly below customer's initial expectations.
- CTM taking a conservative guidance approach – **assumes no growth from current levels, \$25m estimated impact to EBITDA**
- Any future activity **is upside to guidance**

EBITDA original mid-point guidance vs revised mid-point



As a result, guidance revised to underlying; revenue \$730-760m, EBITDA \$210-\$230m, PBTA \$167-187m, NPAT \$125-\$140m

Summary and activity update - underling business performing well

- 1. 2Q24 macro impacts appear to have dissipated and are unlikely to impact the 2H**
Experienced strong January rebounds across the globe versus January 2023:
 - North America underlying EBITDA up +60%
 - ANZ revenue up +11%
 - Asia underlying EBITDA up +196%
- 2. The underlying business is executing to plan.** Growth at the mid-point of underlying EBITDA guidance of \$220m represents a 31.7% increase on FY23 despite the global corporate market remaining relatively steady at a 75% recovery post-COVID.
- 3. Metrics for success are being met or exceeded.** New client wins year to date have now surpassed \$0.7bn. We expect 2H24 conversion of incremental revenue to profit to remain above the 50% target range, particularly in North America and ANZ regions, as they both benefit from synergies as revenue builds.
- 4. Five-year plan to double FY24 profits by FY29 (CAGR 15%).** Key metrics required to execute this plan are already being met or exceeded.
- 5. Acquisitions are additional to the five-year plan.** CTM remains well positioned for likely industry consolidation and has a strong track record of acquisition execution and synergy extraction.



Appendices

Appendix 1: Recap - path to FY24 \$265m EBITDA- how it was built in FY21-22

	FY19	T&T ² FY19 @100% market revenue recovery	HLO ² FY19 @100% market revenue recovery	Subtotal Pro-forma FY19 @ 100% market revenue recovery	Synergies @100% market revenue recovery (T&T, HLO) ²	Subtotal with synergies	Additional, growth related	FY24 assuming 100% market revenue recovery
EBITDA	150	41	22	213	33 (25+8)	246	19	265

Required 100% corporate
market recovery to materialise

Original forecast assumed 100% corporate market recovery in FY24 equating to \$810m pro-forma FY19 revenue

- Key assumption was corporate market would be fully recovered by FY24
- **Global corporate market has only recovered to 75%¹**
- Unrealistic to obtain full potential synergies from acquisitions until we are at 100% revenue recovery

CTM is well ahead of market through strategy execution

- If CTM was operating at market (75% recovery), FY24 revenue would be \$607.5m³, EBITDA \$143.5m³
- CTM FY24 forecast revenue and EBITDA tracking materially ahead due to execution: winning market share, successfully converting revenue to profit growth ahead of 50% target

¹ GBTA Business Travel Industry Outlook Poll, October 30, 2023, Sabre 4Q23 earnings 15 Feb 2024

² T&T - Travel and Transport Acquisition Nov20, HLO - Helloworld Corporate acquisition Mar22

³ Reducing target revenue by 25%, revenue conversion to EBITDA growth at 60%

Appendix 2 :CTM – High quality compound ROE model

Globally diversified growth company	<ul style="list-style-type: none"> • 30th year of operation - well diversified by geography, industry, client size • Every CTM region expected to surpass \$2 billion in annual TTV in FY24 • Client base of ~5700 clients¹, expected to make over 17 million transactions in FY24 • ~40% of the client base represented by government and essential travel clients • CTM now the 4th or 5th largest Travel Management company in the world
Successfully taken business model off-shore at scale	<ul style="list-style-type: none"> • Australian headquartered company that now generates ~80% of revenues off-shore and develops client facing technology in every region we operate • Multi award winning in all regions of operation • Off-shore market size and scale: #1 in Asia (ex. China), #2 in UK, #4 in USA , #2 in ANZ
Corporate travel is a superior growth thematic	<ul style="list-style-type: none"> • Global corporate travel market estimated to grow above 3%p.a. FY25-FY29²
Investment grade metrics	<ul style="list-style-type: none"> • Growth since IPO in 2010³: revenue 24x, EBITDA 41x • Generating strong free operating cash flow, ROIC, paying dividends ~50% NPAT • Strong balance sheet with zero debt, net cash balance • FY29 strategy to double FY24 profits implies 15% CAGR growth (~2x ASX200 average), with acquisition additional
Capital Management	<ul style="list-style-type: none"> • Maximising shareholder returns through four initiatives; Dividends, projects with ROC>25%, future acquisitions, share buy-backs

¹ Travel spend above \$100k p.a., ² Global Business Travel Association (GBTA) forecast 15Aug23, Sabre 4Q23 earnings 15 feb2024, ³ growth multiples compare FY2010 to FY24 revised mid-point guidance

Glossary

BAU	Business as Usual
CTM regions	ANZ- Australia and New Zealand, NA - North America, EU- UK and Europe, Asia - Asia
EBITDA	Earning before Interest, Tax , Depreciation, Amortisation
EPS	Earnings per share
FTE	Full time equivalent employee
NDC	New Distribution Capability
NPAT	Net Profit after tax
OBT	On-line booking tool
PBT	Profit before tax
PBTA	Profit before tax and Client amortisation, a non-cash amount
p.c.p.	Previous corresponding period
ROC	Return on Capital
TTV	Total transaction value, an unaudited amount
Underlying	Excludes one-off acquisition, integration costs, other non-recurring items, and client amortisation, a non-cash amount
WoAG	Whole of Australia Government
Y.T.D.	Year to Date



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