CORPORATE TRAVEL MANAGEMENT

Half year results 2018.

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Date: 20th February, 2018

corporate travel management

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Overview

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 approximately 2,250 FTE staff globally and the CTM network provides localised service solutions to clients in more than 70 countries globally.

Group Result Highlights

- **Underlying EBITDA up 32% to $53.5m**. On a constant currency[a] basis, underlying EBITDA up 35% to $54.6m, (-$1.1m FX effect)
- **Strong TTV growth** despite negative impact from ticket price decline in Asia
- **Excellent translation of revenue to EBITDA** due to benefits of CTM's growing scale, technology and automation, despite move to on-line (lower yielding) transactions and combination of lower yielding Redfern business
- **Strong organic growth underpins EBITDA performance.** Client wins and retentions are at historically high levels
- **114% normalised operating cash flow** conversion
- **Half year fully franked dividend** up 25% to 15c
- On track to achieve **top end of FY18 Guidance**

[a] Constant currency reflects December 2016 as previously reported. December 2017 represents local currency converted at average foreign currency rates for the half year ended 31 December 2016

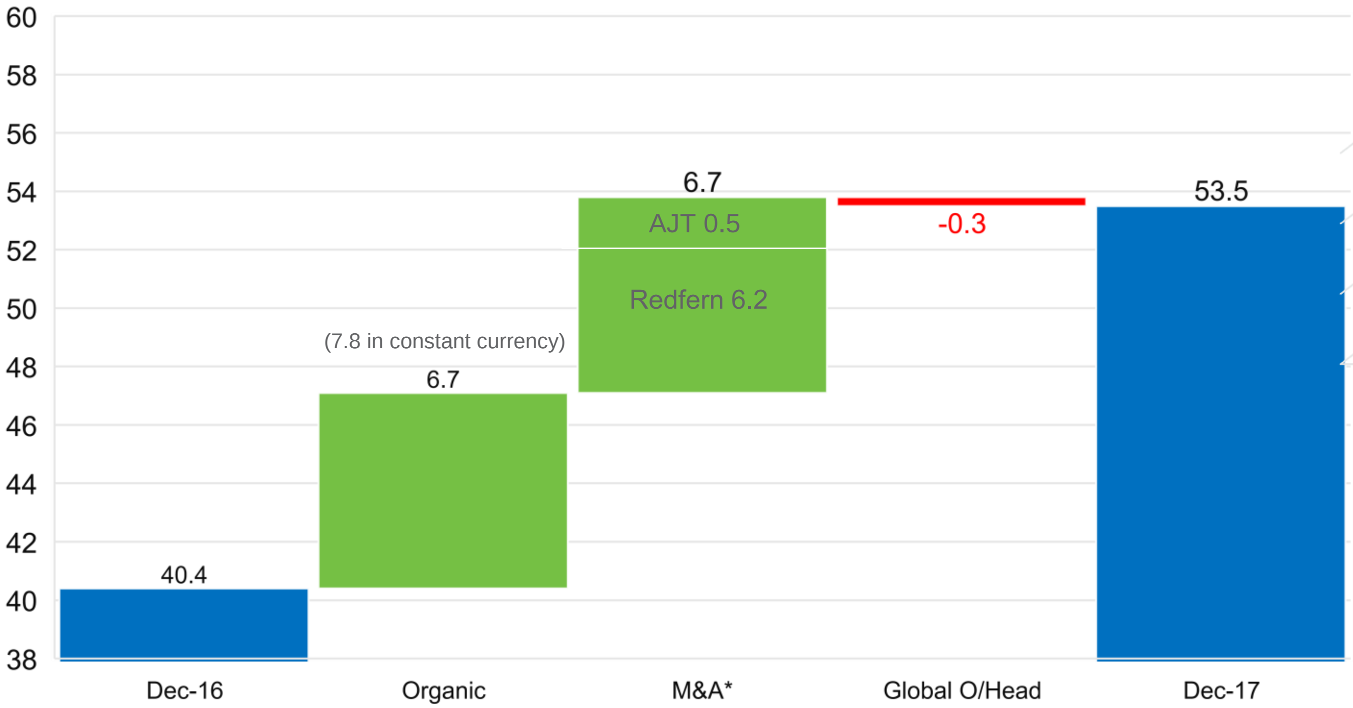
Reported ($AUDm)	1H2018	Change on P.C.P
TTV (unaudited)	2,258.5	+21%
Revenue and other income	**172.8**	**+15%**
Underlying EBITDA#	**53.5**	**+32%**
Statutory NPAT attributable to owners of CTD	30.6	+38%
***Underlying NPAT (excluding acquisition amortisation)**	**36.4**	**+33%**
Statutory EPS, cents basic	28.9	+31%
*Underlying EPS, cents basic (excluding acquisition amortisation)	34.4	+26%
Half Year Dividend, fully franked	15c	+25%

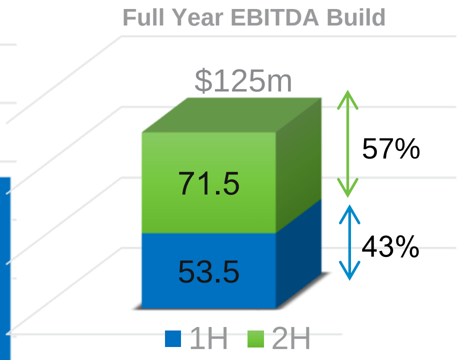
*Net of non-cash amortisation relating to acquisition accounting $5.4m (1HFY17 $4.9m) and post-tax acquisition costs of $0.4m (1HFY17 $0.3m)

Net of pre-tax one-off acquisition and non recurring costs of $0.6m (1HFY17 $0.4m)

Growth profile.

Underlying 1H18 EBITDA Growth Summary (AUD$m)

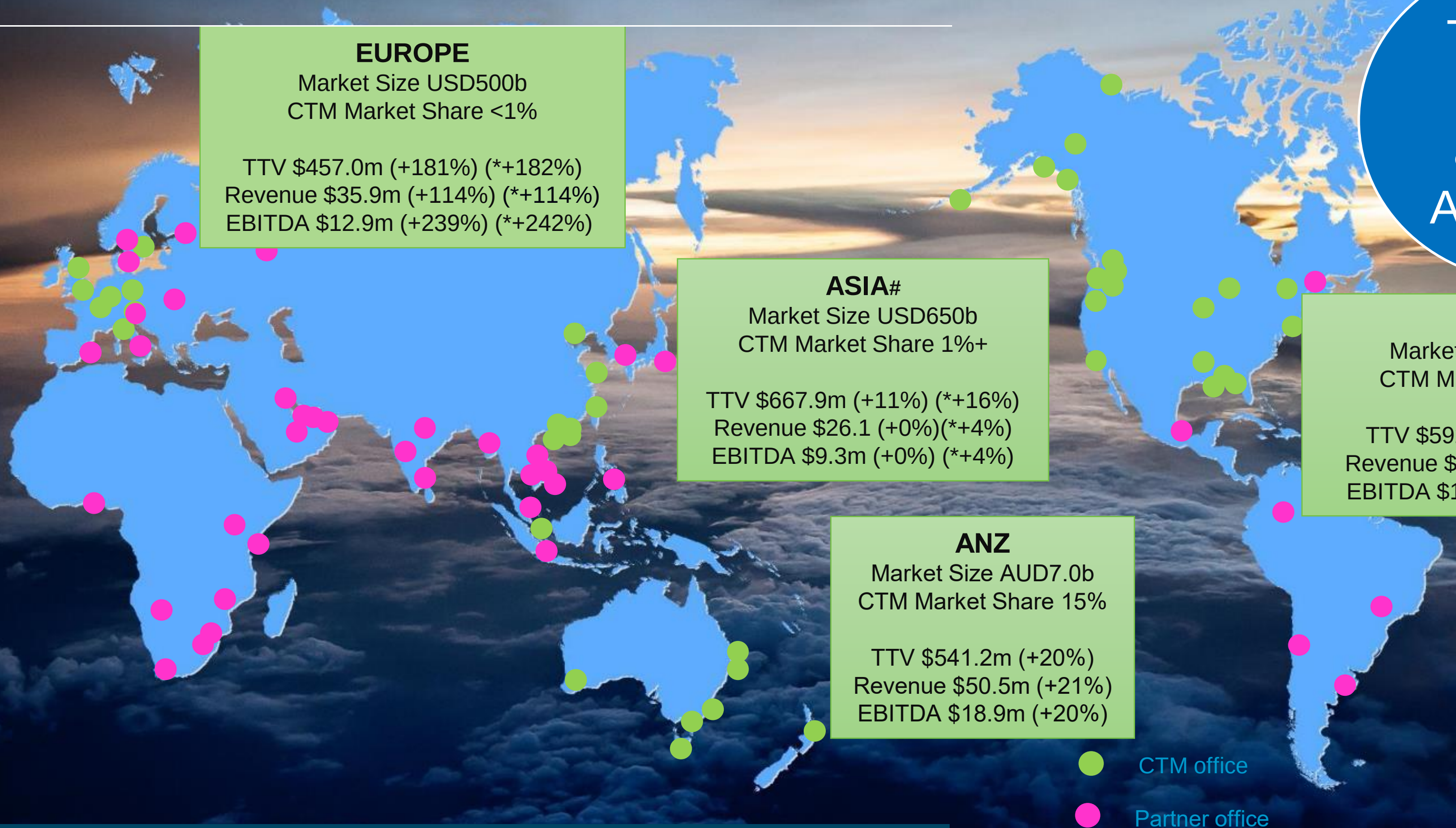




*M&A EBITDA values represent EBITDA at time of acquisition announcement for p.c.p.

- Organic growth the catalyst for performance, **representing +16.6% organic profit growth on FY17 baseline (19.3% growth in constant currency)**
- The performance achieved despite **FX having a negative $1.1m effect** on EBITDA in 1HFY18
- Proven M&A methodology translating into successful integration and contributions
- 1HFY18 EBITDA represents 43% contribution to full year EBITDA. Historic 1H range represents 40-42% of full year EBITDA due to seasonal 2H skew

CTM Global Footprint and 1H Performance Overview (AUD$m)



TTV run rate approx. AUD$5bn

EUROPE
Market Size USD500b
CTM Market Share <1%

TTV $457.0m (+181%) (*+182%)
Revenue $35.9m (+114%) (*+114%)
EBITDA $12.9m (+239%) (*+242%)

ASIA#
Market Size USD650b
CTM Market Share 1%+

TTV $667.9m (+11%) (*+16%)
Revenue $26.1 (+0%)(*+4%)
EBITDA $9.3m (+0%) (*+4%)

USA
Market Size USD350b
CTM Market Share <1%

TTV $592.4m (-4%) (*-1%)
Revenue $59.4m (-2%) (*+1%)
EBITDA $17.3m (+6%) (*+9%)

ANZ
Market Size AUD7.0b
CTM Market Share 15%

TTV $541.2m (+20%)
Revenue $50.5m (+21%)
EBITDA $18.9m (+20%)

Market size estimated at USD1.4 trillion, growing at USD40bn p.a.
The CTM network provides local service solutions in more than 70 countries globally
Approximately 70% of CTM profits derived off-shore.

* Represents constant currency comparisons
# Normalised for disposal and closing of non-core business included in FY17 financials, for comparison purposes

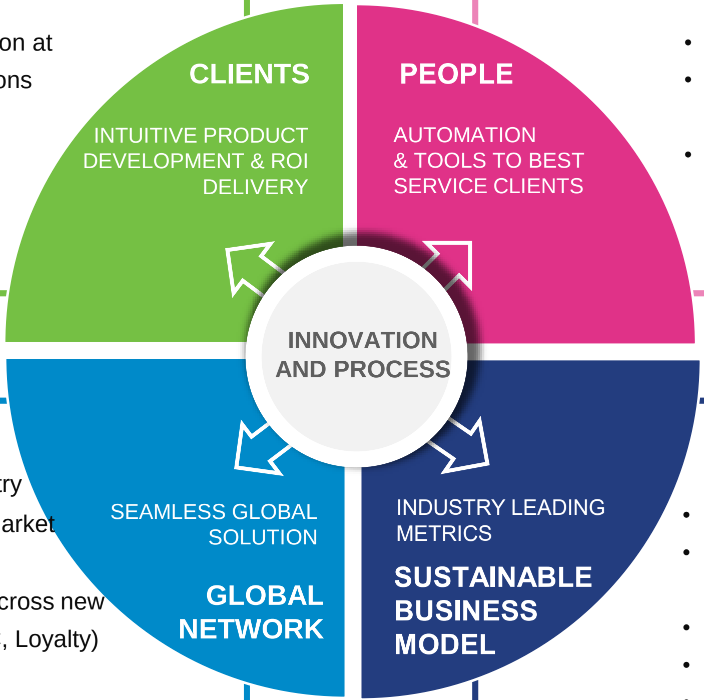
Recap: How and why we grow – Executing to Plan.

OUTCOMES

- 1H18 - **record value of new clients** won at record conversion rates across all regions
- **97% + Client retention**

OUTCOMES

- **High staff engagement** across the world
- **Staff empowerment** drives agile decision making
- **Automation** driving productivity gains and quality client service outcomes



GLOBAL OUTCOMES

- **Created global network**, barrier of entry
- **Enormous market share potential**. Market estimated at US1.4trillion.
- Allowing **additional organic growth** across new segments (Global corporate, B2B, B2C, Loyalty)
- **Leveraging scale and buying power**

BUSINESS OUTCOMES

- **High quality** growth model
- **Long term sustainability** & earnings certainty
- **Disruptor,** not a follower
- Improved EBITDA margins
- High compound EPS growth

Regional Performance.

1H18 Regional overview

	CTM Consolidated			Australia & New Zealand			North America			Asia#			Europe			Group		
	Dec-17	Dec-16		Dec-17	Dec-16		Dec-17	Dec-16		Dec-17	Dec-16		Dec-17	Dec-16		Dec-17	Dec-16	
REPORTED AUD	$m	$m		$m	$m		$m	$m		$m	$m		$m	$m		$m	$m	
TTV	**2,258.5**	**1,870.2**	**21%**	541.2	449.6	20%	592.4	619.1	(4%)	667.9	638.6	5%	457.0	162.9	181%	0.0	0.0	
Revenue	**171.9**	**149.1**	**15%**	50.5	41.7	21%	59.4	60.4	(2%)	26.1	29.7	(12%)	35.9	16.8	114%	0.0	0.5	
Adj. EBITDA	**53.5**	**40.4**	**32%**	18.9	15.7	20%	17.3	16.3	6%	9.3	9.3	0%	12.9	3.8	239%	(4.9)	(4.7)	4%
EBITDA/revenue margin	**31.1%**	**27.1%**																
CONSTANT CURRENCY*																		
TTV	**2,307.5**	**1,870.2**	**23%**	541.9	449.6	21%	612.2	619.1	(1%)	694.6	638.6	9%	458.8	162.9	182%	0.0	0.0	
Revenue	**175.2**	**149.1**	**18%**	50.8	41.7	22%	61.3	60.4	1%	27.1	29.7	(9%)	36.0	16.8	114%	0.0	0.5	
Adj. EBITDA	**54.6**	**40.4**	**35%**	19.1	15.7	22%	17.8	16.3	9%	9.7	9.3	4%	13.0	3.8	242%	(4.9)	(4.7)	4%

*Constant currency reflects December 2016 as previously reported. December 2017 represents local currency converted at average foreign currency rates for the half year ended 31 December 2016

Asia as reported in FY17. No adjustment made for disposal and closing of non-core business included in FY17 financials.

ANZ

Reported (AUD)	1H18	1H17	% Change
	$m	$m	
TTV	541.2	449.6	20%
Revenue	50.5	41.7	21%
Underlying EBITDA	18.9	15.7	20%
EBITDA / Revenue Margin	37.4%	37.6%	
CONSTANT CURRENCY			
TTV	541.9	449.6	21%
Revenue	50.8	41.7	22%
Underlying EBITDA	19.1	15.7	21%

Underlying EBITDA up 20% on the p.c.p.:

- Region continues to outperform market
- Winning market share through record new client wins and retention
- 80% of all client transactions are on-line

2H18 Outlook:

- Experiencing continuation of broad based client activity increase
- Momentum from record client wins in 1HFY18 continuing
- ANZ will again be a significant contributor to Group profit

North America

Reported (AUD)	1H18	1H17	% Change
	$m	$m	
TTV	592.4	619.1	(4%)
Revenue	59.4	60.4	(2%)
Underlying EBITDA	17.3	16.3	6%
EBITDA/Revenue Margin	29.1%	27.0%	
CONSTANT CURRENCY			
TTV	612.2	619.1	(1%)
Revenue	61.3	60.4	1%
Underlying EBITDA	17.8	16.3	9%

Underlying EBITDA up 6% on the p.c.p. (9% on constant currency):

- As previously flagged challenging 1st half characterised by:
  - Weather, floods and fire – USD2m effect to profit
  - Additionally client activity off 5% in 1H due to tax reform uncertainty
- EBITDA margin increase despite move to on-line (lower yielding) transactions, 35% of transactions on-line (FY17-25%)

2H18 Outlook:

- Encouraging signs of client activity recovering in Jan '18 since tax reform
- Additionally, recent tax reform has a positive impact upon group NPAT
- Expecting improved 2H, noting USA has 2H seasonal skew
- Continue to investigate M&A opportunities

Positive impact of USA tax changes on NPAT

	FY17	FY18#	FY19
Effective tax amount	38%	31%	24%
NPAT upside in USD		**2.1m**	**3.3m**
NPAT upside in AUD*	**0**	**2.8m**	**4.3m**

Further upside to the NPAT of the Group

- Additional cash benefit from 100% tax deduction on capital expenditure and R&D (FY19 estimate USD1.5-2.0m)
- Based on current analysis we do not expect a significant impact from other changes to the USA tax reform

#Adjusted for impact of one-off credit to deferred tax balances
*Assumes AUD1.00 = USD0.76

Asia

Reported (AUD)	1H18	1H17 Adjusted*	% Change	1H17 reported	% Change
	$m	$m		$m	
TTV	667.9	600.4	11%	638.6	5%
Revenue	26.1	26.1	0%	29.7	(12%)
Underlying EBITDA	9.3	9.3	0%	9.3	0%
EBITDA/Revenue Margin	35.6%	31.3%		31.3%	
CONSTANT CURRENCY					
TTV	694.6	600.4	16%	638.6	9%
Revenue	27.1	26.1	4%	29.7	(9%)
Underlying EBITDA	9.7	9.3	4%	9.3	4%

* Normalised for disposal and closing of non-core business included in FY17 financials, for comparison purposes

Underlying EBITDA 0% on the p.c.p. (+4% on constant currency):

- Unexpected further ticket decline negatively impacting supplier revenues 1H
- Underlying business performing well (+16% TTV in constant currency) when taking into account business disposal in FY17 not contributing in 1H18
- Technology roll-out on track, resulting in client wins

2H18 Outlook:

- Encouraging macroeconomic signs in Jan '18:
  - Easing of government controls on Chinese airlines to raise fares a positive for B2B business and supplier revenue
- Expect solid double-digit EBITDA growth in 2H on p.c.p.

Europe

	1H18	1H17	% Change
Reported (AUD)	$m	$m	
TTV	457.0	162.9	181%
Revenue	35.9	16.8	114%
Underlying EBITDA	12.9	3.8	239%
EBITDA/Revenue Margin	35.9%	22.6%	
CONSTANT CURRENCY			
TTV	458.8	162.9	182%
Revenue	36.0	16.8	114%
Underlying EBITDA	13.0	3.8	242%

Organic Growth Reconciliation:	**EBITDA**
1H17 Baseline	**3.8**
Add: Redfern (6 months)	**6.2**
Revised Baseline	**10.0**
Organic growth, AUD	**2.9**
Organic Growth, constant currency	**12.9**

Underlying EBITDA up 239% on the p.c.p.:

- Strong execution and outperformance
- Improved EBITDA margin a combination of move to online and Redfern contribution, scale
- On-line now 73% of all transactions (1H17-38%)

2H18 Outlook:

- Seasonal 2H skew
- Expect another strong year
- Continue to investigate M&A opportunities

Group Financial Performance.

Comparative Statutory Profit and Loss

$AUD (m)	1H18	1H17	% Change
TTV	2,258.5	1,870.2	+21%
Revenue and other income	172.8	150.5	+15%
EBITDA adjusted for one-off non-recurring / acquisition costs (adjusted EBITDA)	**53.5**	**40.1**	**+32%**
Net profit after tax (NPAT):	32.3	23.8	+36%
NPAT - Attributable to owners of CTD	**30.6**	**22.1**	**+38%**
Add back one-off non-recurring / acquisition costs (tax effect)	0.4	0.3	
Add back amortisation of client intangibles	5.4	4.9	
Underlying NPAT - Attributable to owners (excluding acquisition amortisation)	**36.4**	**27.3**	**+33%**

- Increased EBITDA margin resulting from automation, scale and integration execution
- Yield negatively impacted from ticket price decline in Asia, and combination of lower yielding Redfern business
- $5.4m of amortisation relates to client intangibles as part of acquisition accounting, which is a non-cash amount
- Amortisation of client intangibles for full year estimated at $10.5m (Fy17-$11.1m) assuming no additional M&A
- 1H effective tax rate of 23.3%. Expecting circa 24-25% in FY18, but FY19 likely to be 20-22% due to US tax reform.
- -1.1m FX impact on 1H18 EBITDA

Group Balance Sheet

$AUD (m)	Dec 2017	June 2017
Cash	72.4	79.2
Receivables and other	188.8	205.7
Total current assets	**261.2**	**284.9**
PP&E	5.7	5.3
Intangibles	436.3	441.0
Other	5.6	9.0
Total assets	**708.8**	**740.2**
Payables	160.9	188.1
Acquisition related payables	21.8	44.9
Other current liabilities	35.1	40.9
Total current liabilities	**217.8**	**273.9**
Non current acquisition related payables	-	20.7
Other non current liabilities	71.5	44.2
Total liabilities	**289.3**	**338.8**
Net assets	**419.5**	**401.4**

- Fall in receivables and payables from June 2017 due to seasonality
- Future acquisition earn-out payables approximately $21.8m
- Borrowings at December 2017 are $77.1m (June 17 $45.4m) This is largely due to M&A payments during the half year and is **expected to be the peak level of debt**

Normalised Operating Cash Conversion

$AUD (m)	6mth ended Dec 17	6mth ended Dec 16
Cash flows from operating activities	25.7	42.4
Add back: tax and interest	14.4	11.6
Total operating cash conversion	**40.1**	**54.0**
Underlying EBITDA	53.5	40.4
Reported operating cash conversion %	75%	134%
Normalised Operating Cash Conversion:		
Add back BSP/RSP timing	21	(12.1)
Normalised operating cash conversion	61.1	41.9
Normalised operating cash conversion %	**114%**	**104%**

- Timing of BSP payments have largest impact on operating cash flow. These timing differences are short term (1-7 days)
- New component, Rail Settlement Plan (RSP) in Europe, payable every 4 weeks. Negative timing difference of $17m on Rail Settlement Plan due two payments in December. **This will reverse in 2HFY18**
- It is our ongoing expectation that CTM will achieve **100% operating cash conversion** over the long term

Cash Flow Summary

$AUD (m)	6mth FY18	6mth FY17
Statutory EBITDA	53.1	40.1
Non cash items	0.5	(0.2)
Change in working capital	**(13.4)**	**14.1**
Income tax paid	(13.2)	(11.0)
Interest	(1.2)	(0.6)
Cash flows from operating activities	**25.7**	**42.4**
Capital expenditure	(5.0)	(4.8)
Other investing cash flows	(37.2)	(12.1)
Cash flow from investing activities	**(42.2)**	**(16.9)**
Dividends paid	(21.6)	(17.8)
Net (repayment)/drawing of borrowings	31.9	7.4
Cash flow from financing activities	**10.3**	**(10.4)**
FX Movements on cash balances	(0.6)	0.4
Net increase/(decrease) in cash	(6.8)	15.5

- Investing cash flows primarily relate to Travizon and Redfern earn-out consideration
- FY18 Capex expected to be approximately $11m, being $10m technology development, $1m other
- M&A Payments funded partially by short term debt and working capital
- October 2018 full year dividend and future dividends are likely to be partially franked, due to the majority of profits being derived offshore

Acquisition Discipline.

Recap: M & A Discipline

In keeping with CTM's strong M&A discipline, all 17 acquisitions followed this strict criteria

Targets must possess:

- Strong Market Reputation/Market Leader
- Excellent Management Team
- High Historical Client and Staff Retention

Proven Selection and Integration execution

Organic growth post-acquisition

Consistent business approach

Targets must fit strategic rationale:

- Builds Scale, Geographic Footprint, Builds upon Niche
- Highly EPS Accretive

CTM continues to explore numerous M&A opportunities

CTM SMART Technology.

CTM approach

Best practice, delivering best results.

User experience: Focusing on delivering technology that is easy to use and adopt

Quality Assurance: Ensuring our technology meets the high standard we set, CTM has been accredited ISO 27001:2013 & ISO9001:2015

Development: World Class development team experienced in the travel industry

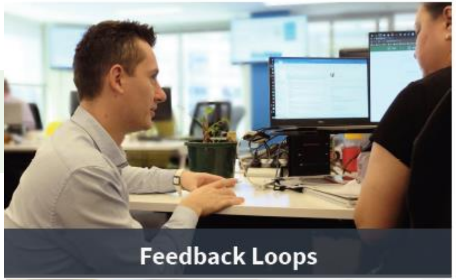
Agile & Continuous Delivery: Scalability, speed from idea generation to deployment. 100+ releases across all CTM technology over the past 12 months

Product owners: Assessing and driving idea generation into technology

Results: Delivering Innovative travel solutions

Technology regional centres now located in all global regions

Region	Tech hub location
ANZ	Sydney, Australia
EMEA	Hale, United Kingdom
NA	Los Angeles, California
ASIA	Hong Kong



Goal : Accelerate speed to market and tailor client development, in-region

FY18 Guidance Update and Strategy.

FY18 Guidance update

Original FY18 underlying EBITDA range of AUD$120-125m (22.0%-27.5% growth on the p.c.p.)

CTM is tracking at the top end of FY18 Guidance, despite unfavourable FX. This implies 2H EBITDA organic growth on the p.c.p. of nearly 23%, supporting the underlying success of the business on a global scale

Guidance Assumptions:

1. Foreign Currency cross-rates average USD76c/GBP60p during the year. Assumes HKD and USD pegged

FX sensitivity upon EBITDA in 2H:

- for every +/- USD1c movement = approximately +/- AUD$0.5m FY18 EBITDA
- for every +/- GBP1p movement= approximately +/- AUD$0.3m FY18 EBITDA

2. Assume flat client activity globally

3. Excludes any future potential acquisitions

Upsides to Guidance:

- 2H weakening AUD v cross currencies
- Positive impact of US tax changes in 2H and FY19 (increased NPAT effect, no EBITDA guidance effect)

Key Strategic FY18 Initiatives

Continued Organic Growth & Acquisition

1. Enhance our value proposition to client needs, across CTM global network
2. Outperform in local, regional and global segments
3. Leverage clients across all lines of business (CTM, ETM, B2B, B2C)
4. Execute upon M&A opportunities that add scale, niche, geography

Client Facing Innovation

1. Implementation of SMART technology globally & develop new tools with our clients
2. Through regional technology hubs, build tools that address local or regional market nuances

Productivity & Internal Innovation

1. Internal innovation feedback loops to improve and automate existing client and non-client facing process
2. Staff empowerment in decisions to drive high staff engagement and client satisfaction outcomes

Leverage Our Scale & Geography

1. Demonstrating CTM is of high value in the supply chain
2. Optimise supplier performance and client outcomes

Our People

1. Empower our teams to support our client needs
2. Continued investment to attract, retain and develop the brightest talent
3. Embracing culture that represents our values and business drivers

Questions?

Thank you.

corporate travel management