



ASX Announcement

17 August 2022

Corporate Travel Management – FY22 results

Highlights

- Strong 4Q22 underlying PBT result sets up FY23 momentum
- Revenue recovery 4Q22: 69.5% (74% in June 22) with strong demand for corporate travel despite capacity constraints
- Strong client wins plus 97% retention of current clients
- 4Q22: 14% productivity gains versus pre-COVID due to leveraging scale and automation
- Financial strength - \$127m corporate cash, zero debt
- Final dividend of 5.0 cents per share (unfranked), payable 5 October 2022
- Assuming full recovery in FY24: a 75% larger business targeting revenue \$810m, Underlying EBITDA \$265m

Key Statistics

A\$ millions, unless stated otherwise

| | 4Q22 | FY22 | FY21 | Variance FY22 v FY21 |
|--|-------------|-------------|---------------|-------------------------|
| TTV | 1,813.1 | 5,070.8 | 1,609.4 | 215% |
| Revenue & other income | 140.8 | 388.7 | 200.5 | 94% |
| EBITDA – underlying | 35.7 | 59.8 | (7.2) | |
| PBT – underlying | 25.5 | 22.3 | (43.6) | |
| NPAT – underlying | 20.5 | 17.5 | (32.3) | |
| NPAT – statutory, attributable to owners of CTD | | 3.1 | (55.4) | |
| Corporate Cash | | 126.5 | 92.8 | 36% |
| Dividend (cents per share) | | 5.0 | 0.0 | |

CTM today reported an underlying EBITDA for FY22 of \$59.8 million, increasing from a loss of \$7.2 million in FY21. While CTM has remained profitable at an EBITDA level since early 2021, the key driver of the FY22 result was the fourth quarter. In 4Q22, CTM earned revenue and other income of

\$140.8 million, underlying EBITDA of \$35.7 million, underlying PBT of \$25.5 million and underlying NPAT of \$20.5m. The board has determined a 5.0c dividend (unfranked), payable 5 October 2022.

The Group is recovering faster than the broader corporate travel market through increased market share and 97% client retention, with revenue recovering to 69.5% of average FY19 pro-forma revenue¹ in the fourth quarter, compared to IATA's reported average of 60% across CTM's regions. Momentum continued with revenue recovering to 74% of the pro-forma FY19 average in June 2022.

At 30 June 2022, the Group had no debt and \$127 million corporate cash with strong operating cashflows enabling continued investment in proprietary technology.

Managing Director, Jamie Pherous, said, "Our customers are embracing the opportunity to return to face-to-face connectivity in a post-COVID world. Following the removal of most border and travel restrictions globally, the fourth quarter momentum makes us optimistic for the future, and we are pleased that the business has successfully translated that momentum into earnings.

"CTM is a different business than it was prior to the COVID-19 pandemic. We are larger, more diverse and more relevant to our market globally. This gives us an exciting platform from which to continue our organic growth trajectory in FY23 and beyond. Our results in FY22, and particularly in the fourth quarter, put us on a path to full recovery in the near-term."

Travel industry resourcing challenges

The travel industry continues to face unprecedented resourcing shortfalls with corresponding challenges to service levels, airport and airline capacity.

Addressing this challenge within our operations remains the Group's number one priority as it moves into the new financial year. The Group added 950 new employees during the financial year as part of its commitment to maintaining service levels to support customers' travel needs in this complex and fast-changing environment.

Given the global shortage of travel-industry people, CTM has engaged in several initiatives to manage the shortfall, including innovative employee recruitment, training, on-boarding and retention initiatives to attract and retain the best talent in the industry. The Group continues to deliver enhanced internal efficiencies by implementing advanced automation and new technologies across its operations, giving employees more time to deliver personalised customer service.

Highlights of CTM's internal VIBE employee survey in June 2022:

- All regions recorded staff engagement scores above 85%, CTM's pre-Covid benchmark
- 99% score for staff prepared to 'go the extra mile' for clients and a 98% score for both empowerment and CTM being an inclusive workplace with equal opportunity for all in terms of progress and development.

Increasing scale and technology investments are driving productivity gains with improvements in revenue per FTE, which was 14% higher in 4Q22 than the FY19 average.

Regional operational outcomes

The pace of recovery in travel activity across CTM's regions increased significantly, with the exception of Asia, particularly in the fourth quarter as COVID-19 became endemic and travel restrictions were lifted.

North America

A\$ millions, unless stated otherwise

| | 4Q22 | FY22 | FY21 | Variance |
|------------------------|-------|---------|--------|----------|
| TTV | 711.1 | 2,301.9 | 755.5 | 205% |
| Revenue & other income | 72.5 | 217.7 | 96.0 | 127% |
| EBITDA – underlying | 16.0 | 27.2 | (10.7) | |

4Q22 revenue recovered to 73% of pro-forma FY19² levels.

Corporate travel demand remained strong in North America with the region again leading the Group in new client wins. Despite capacity constraints, forward bookings post summer vacation in September are strong, and the region continues to win significant business into FY23.

The integration of Travel and Transport into CTM North America is largely complete, enabling increased productivity and synergies to build as activity continues to recover in FY23.

Europe

A\$ millions, unless stated otherwise

| | 4Q22 | FY22 | FY21 | Variance |
|------------------------|-------|---------|-------|----------|
| TTV | 324.8 | 1,444.7 | 387.3 | 273% |
| Revenue & other income | 25.7 | 83.9 | 42.0 | 100% |
| EBITDA – underlying | 12.3 | 37.4 | 10.1 | 270% |

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4Q22 revenue recovered to 86% of pro-forma FY19² levels. 4Q22 TTV was well above pre-COVID levels with 4Q22 EBITDA being a record result for this region.

In Europe, a combination of new client wins and a broad recovery in travel have enabled a strong financial result. Demand is expected to strengthen after the summer vacation period as key clients go back to offices. This region is also winning significant new clients into FY23.

Australia & New Zealand (ANZ)

A\$ millions, unless stated otherwise

| | 4Q22 | FY22 | FY21 | Variance |
|-----------------------------------|-------|---------|-------|----------|
| TTV | 607.8 | 1,011.9 | 442.8 | 129% |
| Revenue & other income | 33.8 | 68.3 | 42.0 | 63% |
| EBITDA – underlying | 9.3 | 11.9 | 7.7 | 55% |

4Q22 revenue recovered to 64% of pro-forma FY19³ levels.

After COVID-19 materially impacted the first three quarters, travel activity in ANZ recovered rapidly during the fourth quarter. 4Q22 TTV was above pro-forma FY19³ monthly average levels.

International supply remained subdued during the year, which has affected the revenue yield in ANZ but revenue is climbing as international travel increases, with revenue recovery at 74% by June 2022.

The acquisition of the Helloworld Travel Limited's corporate and entertainment businesses in Australia and New Zealand was completed on 31 March 2022 and integration is well underway. Management in ANZ are focused on realising service and productivity gains through CTM's technology. Travel demand remains strong, with TTV post year-end at pro-forma FY19³ levels.

Asia

A\$ millions, unless stated otherwise

| | 4Q22 | FY22 | FY21 | Variance |
|-----------------------------------|-------|-------|-------|----------|
| TTV | 169.4 | 312.3 | 23.9 | 1,207% |
| Revenue & other income | 7.4 | 17.3 | 18.9 | (8%) |
| EBITDA – underlying | 0.5 | (3.0) | (5.4) | |

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CTM Asia continues to win new clients at record rates. Additionally, competitors continue to exit the industry.

China's approach to COVID-19 containment has continued to severely impact travel in the region, although the post year-end reduction in quarantine restrictions in Hong Kong is creating a significant step up in demand.

The Group expanded its Singapore operations with the acquisition of Safe2Travel on 29 April 2022 to service a growing client base. Singapore has experienced rapid growth in activity following the lifting of travel restrictions in 2H22.

CTM established an office in Japan on 1 July 2022 to address demand from regional and global clients.

Trading Update and Outlook

Revenue in June 2022 equated to 74% of monthly average pro-forma revenue for FY19¹. Whilst the North American and European summer vacation period is typically quieter for corporate travel, forward bookings for September are strong. ANZ has shown continued resilience with no slow-down in travel activity, with TTV at pre-COVID levels. In Asia, a reduction in Hong Kong's quarantine period from seven to three days from 12 August 2022 has created an immediate step-up in travel activity.

The Group's global customer survey, conducted in May 2022, found that 80% of respondents expect to travel as much or more in the coming 12 months as they did pre-pandemic.

CTM assumes a full recovery in FY24, referencing IATA's projections for travel activity. Based on pro-forma numbers, known synergies and productivity improvements, this represents revenue of \$810m and underlying EBITDA of \$265m.

The path to full recovery from an annualised 4Q22 underlying EBITDA of \$143m to FY24's \$265m is not expected to be linear through FY23, due to capacity constraints and Greater China's current travel restrictions.

However, CTM is confident of improving corporate travel demand in FY23 and expects both capacity constraints and China's opening to be progressively resolved during FY23.

¹ Includes the combination of Travel & Transport, acquired November 2020 and HLO Corporate, acquired 31st March 2022

² Includes the combination of Travel & Transport, acquired November 2020

³ Includes the combination of HLO corporate, acquired 31 March 2022

Annual General Meeting

CTM will hold its 2022 Annual General Meeting in person on Thursday, 27 October 2022 commencing at 11:00am (Brisbane time) at the Hilton Hotel in Brisbane.

Further details regarding the 2022 AGM will be provided with the Notice of Meeting which will be available in late September. We encourage shareholders to monitor the ASX and CTM's website for any updates prior to the meeting.

The closing date for receipt of nominations from persons wishing to be considered for election as a Director is Thursday, 8 September 2022.

Authorised for release by the Board.

-ENDS-

For further information

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Glossary.

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|--------------|---|
| Client SLA's | Client Service Level Agreements |
| CTM regions | ANZ- Australia and New Zealand, NA - North America, EU- UK and Europe, Asia - Asia |
| EBITDA | Earnings before Interest, tax, depreciation, amortisation |
| EPS | Earnings per share |
| FTE | Full time equivalent employee |
| IATA | International Air Transport Association |
| NPAT | Net Profit after tax |
| PBT | Profit before tax |
| p.c.p. | Previous corresponding period |
| ROI | Return on Investment |
| RPA | Robotic Process Automation |
| SME | Small Medium enterprises |
| SSME | Smaller end of the SME |
| TTV | Total transaction value, an unaudited amount |
| Underlying | Excludes one-off acquisition, integration costs, other non-recurring items, and client amortization, a non-cash expense |
| Y.T.D. | Year to Date |