



16 February 2022

Corporate Travel Management - 1H22 Results

Ongoing earnings recovery and M&A execution

Highlights

- 1. Underlying EBITDA \$18.2m (1H21: -\$15.2m) despite impacts of Delta and Omicron COVID variants**
 - Positive underlying EBITDA in 1H22 for North America, Europe, ANZ regions:
 - North America revenue now higher than 1H20 (pre-COVID)
 - Europe EBITDA higher than 1H20 (pre-COVID)
 - Underlying Net Loss after Tax of \$0.4m (1H21: -\$26.6m)
- 2. Environment conducive to CTM market share gains**
 - CTM's expert service and proprietary technology value proposition is more relevant in complex recovery environment
 - Record client wins due to enhanced reputation, as evidenced in revenue recovery rates
- 3. Balance sheet remains strong**, with no debt and sufficient cash to manage through to full recovery
- 4. CTM is a much larger business post-COVID**
 - Estimated to be world's fourth largest global corporate travel manager
 - Revenue of \$810m (+76%) and underlying EBITDA of \$265m (+77%) estimated on a full recovery
 - Material post-recovery EPS-accretion through acquisitions executed, synergies and improved efficiency

Comments by Managing Director, Jamie Pherous

Managing Director, Jamie Pherous said, "The strategic acquisitions we made during the pandemic have transformed CTM into a much larger business with greater exposure to the North America market which along with the UK market, is rebounding sharply.

"CTM has a unique combination of personalised service and proprietary technology which is helping our clients adjust with confidence to the increased complexity of corporate travel.

"Revenue in North America is now above pre-CTM COVID levels shows, pointing to the potential of the business when the travel market fully recovers. Strategic M&A has made North America our largest region and integration execution is well advanced.

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“Because of our expanded global footprint and strong financial position, we are targeting EBITDA of \$265m in full recovery compared with \$150m pre-pandemic.”

Group revenue and earnings momentum

Group revenue increased by 120% to \$163.0m for the first half of FY22, compared to the prior corresponding period and only 27% below pre-COVID revenue.

While the Omicron COVID-19 variant reduced travel activity from November 2021 to January 2022, CTM currently expects a significant ramp up in activity in regions where travel restrictions are relaxed or removed. Pleasingly, the United Kingdom and North America are experiencing a rapid rebound in February 2022 as restrictions have been lifted.

CTM invested in re-building and maintaining staffing levels during the first half in anticipation of a recovery in travel activity to ensure service levels remain at high levels.

North America expecting early return to pre-COVID profitability

North America's recovery was resilient with revenue and other income increasing by 213% to \$92.0m for the first half of FY22, demonstrating the early impacts of the strategic M&A executed during the COVID period. TTV and revenue for North America are now higher than the levels achieved before the pandemic.

Client wins are running at the highest levels in CTM's history in North America, and CTM expects an early return to pre-pandemic profitability as a result of three drivers.

- **Increased penetration of Lightning Online Booking** – Lightning creates efficiency gains, freeing up advisors to service complex travel itineraries. The software has achieved solid client acceptance with a number of new blue-chip US and global clients implementing Lightning.
- **Integration benefits** – CTM's integration of a single client system will be completed in June 2022 and is expected to create efficiency benefits on a full recovery of travel activity that are significant and beyond initial expectations. Full integration will improve productivity and allow advisors to focus on providing greater value for clients, as well as unlocking further automation in proprietary agent tools.
- **Market share gains driven by superior technology, service and sales investment** –The Group's financial strength allows the business to continue investments in enhancing client and agent solutions. CTM has also established a dedicated team focusing on global clients, with three new clients totalling more than US\$80m in annual TTV won in 2Q22.

Record 1H profit for Europe

Revenue from Europe increased by 229% to \$43.8m for the reporting period, compared to \$13.3m in the first half of FY21. Despite disruption from the Delta and Omicron COVID-19 variants, the Group reported record underlying EBITDA for Europe of \$20.9m.

United Kingdom domestic travel was not material in the first half of the financial year due to lockdowns. However, the United Kingdom is leading the way in removing all restrictions, the strongest forward indicator of a recovery in travel activity, and domestic travel is recovering quickly.

ANZ and Asia constrained by travel restrictions

Australia and New Zealand region's performance was affected by restrictions introduced with the emergence of the Delta followed by Omicron variants during the half. Despite this, it achieved a positive underlying EBITDA of \$0.9m in 1H22. The region is experiencing a significant bounce back in domestic travel through February.

Losses in Asia have been well contained with travel restrictions remaining in place for much of the region in 1H22.

Helloworld Corporate acquisition expected to close in 3Q22

The Helloworld Corporate acquisition gives CTM entry into a range of attractive new vertical markets in entertainment and conferences and events, and a complementary client base in addition to building on CTM's global strength servicing government clients. The transaction is anticipated to close in 3Q22 subject to regulatory and contractual requirements. Business integration planning is proceeding as expected, with \$8m in synergies expected when the travel market reaches full recovery.

Outlook

CTM has not offered FY22 profit guidance because of the uncertain short-term trading environment.

The Group expects a number of key drivers of client activity and performance during 2H22:

- COVID-19 will become endemic in most developed countries due to high vaccination rates and the removal of travel restrictions.
- Underlying EBITDA will continue to build during February and March 2022 as organisations in North America, UK/Europe and ANZ return to working in offices after the Omicron variant subsides and restrictions are removed.
- Client activity will materially increase in 4Q22 as travel restrictions are relaxed.
- A stronger than normal seasonal skew of profit towards the second half of the financial year is expected in 2H22 (historical 2H skew 67%).

The Group remains focused on managing the medium-term challenges expected to impact the entire industry, including inflation driven by constrained resource availability and managing staff numbers to dynamic activity levels.

The Group will continue to assess acquisition opportunities that support the global strategy to create more levers for long-term organic growth.

Authorised for release by the Board.

-ENDS-

For further information

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