



Not for release to U.S. wire services or distribution in the United States

## ASX Announcement

15 December 2021

# Corporate Travel Management announces acquisition of Helloworld Corporate and fully underwritten equity raising

## Highlights

- Corporate Travel Management Limited ("CTM"; ASX:CTD) has entered into a binding agreement to acquire 100% of Helloworld Travel Limited's ("Helloworld"; ASX:HLO) corporate and entertainment travel business in Australia and New Zealand ("Helloworld Corporate") (the "Acquisition")
- Enterprise value of \$175 million on a cash-free, debt-free basis. This represents attractive enterprise value / FY19 pro-forma EBITDA<sup>1,2</sup> multiples of:
  - 8.0x excluding synergies
  - 5.8x including estimated full run-rate synergies of \$8 million<sup>3</sup>
- The Acquisition is highly complementary to CTM's existing Australian and New Zealand ("ANZ") corporate travel management operations, and adds industry verticals which are expected to perform strongly as the recovery from COVID-19 continues
- Expected to be earnings per share ("EPS") accretive on a pro-forma FY19 basis
  - Approximately 3% excluding synergies and approximately 7% including full run-rate synergies<sup>4</sup>
- The acquisition will be funded by a combination of cash (\$100 million) and CTM shares to be issued to Helloworld (\$75 million)
  - The cash component will be funded via a fully underwritten \$100 million placement and share purchase plan
- Completion of the Acquisition is expected to occur in Q1 2022 and is subject to a number of conditions precedent including regulatory approval (amongst others)

<sup>1</sup> FY19 financial information is considered to best represent the performance of both CTM and Helloworld Corporate prior to the impacts associated with COVID-19

<sup>2</sup> Pro-forma EBITDA includes normalisations and excludes costs which are one-off in nature. Assumes FY19 average FX of 1 AUD = 1.04 NZD

<sup>3</sup> Excludes integration costs. Full run-rate synergies assume recovery to FY19 revenues

<sup>4</sup> Based on pro-forma NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangible assets. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges

**AUSTRALIA | NEW ZEALAND | NORTH AMERICA | ASIA | EUROPE**

Corporate Travel Management Limited ABN: 17 131 207 611

Level 24/307 Queen Street, Brisbane, Queensland 4000 GPO Box 2584, Brisbane, Queensland 4001

Telephone: +61 7 3329 7400 Free call: 1800 663 622 [www.travelctm.com](http://www.travelctm.com)

## Transaction Overview

CTM has entered into a binding agreement to acquire 100% of Helloworld's corporate and entertainment travel business in Australia and New Zealand for an enterprise value of \$175 million on a cash free, debt free basis (subject to certain standard completion purchase price adjustments).

The Acquisition is expected to be approximately 3% EPS accretive on a pro-forma FY19 basis (excluding synergies) based on Helloworld Corporate's most recent full year financials for the period prior to the impact of COVID-19 (being the 12 months to 30 June 2019).<sup>5</sup> EPS accretion is expected to be 7% when including estimated full run-rate synergies of \$8m upon full recovery to FY19 revenues.<sup>6</sup>

Completion of the Acquisition is expected to occur in Q1 2022 and is subject to a number of conditions precedent including Australian Competition and Consumer Commission clearance, amongst others (refer to slide 31 of the Investor Presentation also provided to the ASX today for a summary of the Share Sale Agreement).

## Overview of Helloworld Corporate

Helloworld Corporate is a part of ASX listed Helloworld, a leading Australian & New Zealand travel distribution company, comprising retail travel networks, corporate travel management services, destination management services (inbound), air ticket consolidation, wholesale travel services, and online operations.

Helloworld Corporate operates via the key brands QBT, AOT Hotels, TravelEdge and Show Group in Australia and APX and Atlas Travel in New Zealand. Its major customers include large high-quality blue-chip clients, including state and federal governments and agencies across ANZ.

The business generated pro-forma EBITDA of approximately \$22 million in FY19 and approximately \$1.6 million during the first quarter of FY22.<sup>7</sup>

## Strategic Rationale

- **Builds on CTM's Core:** The Acquisition builds on CTM's existing core as a global specialist corporate travel management firm, with TTV of approximately A\$12 billion and revenue of approximately A\$810 million on a pro-forma FY19 basis<sup>8</sup>
- **Addition of Attractive Verticals:** Helloworld Corporate brings new capability to CTM, expanding CTM's reach into new verticals (such as travel management for entertainment, film, music and arts industries; conference and events in New Zealand). These new verticals are expected to benefit from the removal of COVID-19 related restrictions, with pent-up demand for entertainment and conference-related travel
- **Complementary New Clients:** Adds further diversification to CTM's existing high-quality client base in ANZ, with Helloworld Corporate's state and federal Government and agency clients building further client depth in CTM's Government sector
- **Scope for Material Synergies:** There is scope for material benefits from the integration of Helloworld Corporate with CTM, with estimated full run-rate synergies of \$8m upon full recovery to FY19 revenues<sup>6</sup>
- **Strong Cultural Fit:** Cultural alignment between CTM and Helloworld Corporate, with a focus on maximising the value proposition to customers through leveraging technology

<sup>5</sup> Based on pro-forma NPAT excluding transaction costs, one-off integration costs and amortisation of acquired identifiable intangible assets. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges

<sup>6</sup> Excluding integration costs. Full run-rate synergies assume recovery to FY19 revenues

<sup>7</sup> FY19 financial information is considered to best represent the performance of both CTM and Helloworld Corporate prior to the impacts associated with COVID-19. Pro-forma EBITDA includes normalisations and excludes costs which are one-off in nature. Assumes FY19 average FX of 1 AUD = 1.04 NZD

<sup>8</sup> Pro-forma for the acquisition of Travel & Transport, Inc. and Helloworld Corporate. Revenue & EBITDA are pro-forma combination including synergies using FX AUD1.00=USD0.75, HKD6.00, GBP0.55. Does not include organic growth since 2019

Integration planning has been undertaken alongside due diligence, with integration expected to be completed within 12 months of completion. One-off integration costs of \$5m are expected to be incurred within 12 months post completion. Helloworld will provide transitional services to CTM for up to 12 months post completion.

Jamie Pherous, CTM's founder and Managing Director, said "We are privileged to be able to acquire these businesses and are excited to be the custodian of such a high-quality portfolio of clients. We feel strongly that we will be able to continue to deliver strong product and service outcomes to their customers with our dedicated focus."

Andrew Burnes, Helloworld's CEO and Managing Director, said "We believe that CTM is the right home for our Corporate and Entertainment travel clients in the future. We regard CTM as an excellent operation and know they have particularly high standards of service and proprietary customer technology in the Australian and New Zealand markets and around the globe."

### **Trading Update and Pro-Forma Group Position**

The addition of Helloworld Corporate in combination with the acquisition of Travel & Transport, Inc. will result in a materially larger business upon full activity recovery, with pro-forma combined revenue of \$810 million and EBITDA of \$265 million.<sup>9</sup>

On a pro-forma FY19 basis, ANZ's contribution to CTM group revenue would increase from approximately 17% to 27%.

As at 30 November 2021, CTM has maintained positive monthly underlying EBITDA during the second quarter of FY22, noting momentum was impacted short term by the onset of the Omicron COVID-19 variant. The group has maintained a strong balance sheet, with operational cash of \$102 million and no debt drawn as at 30 November 2021.

### **Funding and Equity Raising**

The cash component of the purchase price for the Acquisition will be funded by the proceeds from a fully underwritten equity raising of approximately \$100 million, comprised of:

- an institutional Placement of 3.6 million fully paid ordinary shares at a fixed offer price of \$21.00 to raise \$75 million; and
- a share purchase plan to eligible shareholders in Australia and New Zealand, to raise a maximum of \$25 million ("**SPP**").

The Placement offer price of \$21.00 represents a discount per share of:

- 5.8% to the last traded price of CTM on 14 December 2021 of \$22.29;
- 8.3% to the 5 day Volume Weighted Average Price of \$22.91; and
- 6.4% to the 10 day Volume Weighted Average Price of \$22.45.

The SPP offer price will be the lower of:

1. the Placement offer price of \$21.00; and
2. the 5 day Volume Weighted Average Price of CTM's shares sold on ASX during the five trading days up to, and including, the closing date of the SPP (expected to be 20 January 2022).

---

<sup>9</sup> Pro-forma for the acquisition of Travel & Transport, Inc. and Helloworld Corporate. Revenue & EBITDA are pro-forma combination including synergies using FX AUD1.00=USD0.75, HKD6.00, GBP0.55. Does not include organic growth since 2019

Under the SPP, eligible CTM shareholders with a registered address in Australia or New Zealand who held shares in CTM at the record date of 7:00pm AEDT on 14 December 2021 will be entitled to acquire up to \$15,000 worth of new shares in CTM at the SPP offer price without brokerage or transaction costs.

The SPP is capped at A\$25 million, is fully underwritten and CTM may scale back applications in the event that applications in excess of \$25 million are received.

The SPP is expected to open at 10:00am AEDT on 23 December 2021 and will close at 5:00pm AEDT on 20 January 2022. Shareholder approval is not required for the issue of shares under the Placement or SPP.

The shares issued under the Placement and SPP represent approximately 2.6% and 0.9% of CTM's pre-offer issued share capital, respectively and will rank equally with CTM's existing fully paid ordinary shares.

The balance of Acquisition consideration, being \$75 million, will be funded through the issuance of new CTM shares to Helloworld. These shares will be issued at the Placement offer price of \$21.00, and will result in Helloworld ownership of CTM of approximately 2.5% following completion of the equity raising.

The issue of CTM shares to Helloworld as part consideration for the Acquisition ensures a mutual alignment of interests in the successful transition of the business and its blue-chip client base. CTM shares issued to Helloworld will be subject to an escrow period of 12 months from completion of the Acquisition.

#### Equity Raising - Key Dates

Activity	Date
<b>Record date for determining participation in the SPP</b>	<b>7:00pm on 14 December 2021</b>
<b>Trading halt and announcement of Placement and SPP</b>	<b>15 December 2021</b>
<b>Trading halt lifted and CTM shares recommence trading on ASX</b>	<b>17 December 2021</b>
<b>Settlement of new shares issued under the Placement</b>	<b>22 December 2021</b>
<b>Allotment and quotation of new shares issued under the Placement</b>	<b>23 December 2021</b>
<b>SPP offer booklet dispatched to eligible shareholders</b>	<b>23 December 2021</b>
<b>SPP opens</b>	<b>10:00am on 23 December 2021</b>
<b>SPP closes</b>	<b>5:00pm on 20 January 2022</b>
<b>Allotment of new shares issued under the SPP</b>	<b>28 January 2022</b>
<b>Expected quotation of new shares issued under the SPP</b>	<b>28 January 2022</b>
<b>Holding statement dispatch date for SPP shares</b>	<b>31 January 2022</b>

The above timetable (and each reference in this announcement to a date specified in the timetable) is indicative only and subject to change. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws, CTM, in consultation with Morgans Corporate Limited, reserves the right to vary these dates or withdraw the offer at any time.

All times referred to in this announcement are AEDT.

The quotation of new shares issued under the equity raising is subject to confirmation from the ASX.

## Further Information

Further details of the Acquisition and both aspects of the equity raising are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the equity raising and a summary of the Acquisition agreement. Full details of the SPP, including how to apply, will be set out in the SPP offer booklet, which is expected to be released to ASX and dispatched to eligible shareholders on or around 23 December 2021. Shareholders should consider the SPP offer booklet in full, including the plan terms and conditions, before deciding whether to participate in the SPP.

Greenhill & Co. is acting as financial adviser to CTM. The equity raising is fully underwritten by Morgans Corporate Limited. Allens and HWL Ebsworth are acting as legal advisers to CTM.

All dollar amounts are in Australian dollars unless otherwise indicated.

**CTM Managing Director, Jamie Pherous, will be conducting a conference call at 10:30am AEDT today, Wednesday 15 December 2021 in regards to this announcement.** Participants will need to pre-register for the call by following this link <https://s1.c-conf.com/diamondpass/10018543-4lamfh3.html>. Instructions to access the call will be provided after registration.

-ENDS-

Authorised for release by the Board.

## IMPORTANT DISCLAIMERS

This announcement contains certain "forward-looking statements" that are based on management's belief, assumptions and expectations and on information currently available to management. These statements can generally be identified by the use of forward-looking words, such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", or "target". Such statements may be based on underlying assumptions (which could prove incorrect or may be subject to change) and are subject to the risks disclosed in the Investor Presentation lodged with ASX around the date of this announcement. You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant uncertainty and disruption caused by the COVID-19 pandemic. This announcement does not take into account the financial position, needs or circumstances of investors. You are encouraged to seek independent advice.

This announcement may not be distributed or released to U.S. wire services or distributed in the United States. This announcement does not constitute a recommendation, offer to sell, or a solicitation of any offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which such an offer would be illegal. None of the new shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the new shares may not be offered or sold, directly or indirectly, to any person in the United States or any person that is acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

All dollar values contained in this Presentation are expressed in Australian dollars unless otherwise stated.

For further information

### Contact details

Media enquiries: Alasdair Jeffrey - Rowland: [Alasdair.Jeffrey@rowland.com.au](mailto:Alasdair.Jeffrey@rowland.com.au) / +61 404 926 768

Investor enquiries: Allison Dodd - [allison.dodd@travelctm.com](mailto:allison.dodd@travelctm.com) / +61 7 3210 3354