

Carlson Wagonlit Travel Reports Significant Growth in 2005 and Strong Progress on Strategic Fronts

PARIS, March 20, 2006 – Carlson Wagonlit Travel (CWT), the world's second-largest travel management company, announced today strong growth in 2005 and significant progress in the implementation of its *CWT 007* development strategy.

Total sales generated under the CWT brand increased 12 percent to \$22 billion¹ in 2005. Consolidated traffic – sales booked through CWT's wholly owned operations – grew 22 percent to \$13.7 billion. Net revenue for the full year rose 15 percent to \$1.19 billion, compared to \$1.04 billion in 2004. Operating income reached \$81 million, versus \$58 million year over year. Net income totaled \$56 million in 2005 versus \$39 million a year earlier.²

Hubert Joly, president and chief executive officer, attributed CWT's gains to the overall growth of the business travel market, as well as strong client retention and robust new sales of more than \$1.3 billion, excluding renewals, in 2005. He said, "Our growth highlights the relevance and value of the services we provide to clients worldwide, as well as the effectiveness of our global, integrated organization. It also shows that we are making tremendous progress in becoming a high-tech, professional services provider, delivering savings, service, and security to our clients around the world." Mr. Joly added that in the first two months of 2006, CWT had already achieved \$600 million in new sales, excluding renewals.

He also indicated that the difference between traffic growth and revenue growth in 2005 illustrated CWT's leadership in driving online adoption for clients around the world. In addition, he observed that slower growth of revenue in the second half of the year was primarily related to a higher base in the second half of 2004, resulting most notably from the Maritz and Protravel acquisitions, which closed in May of that year.

¹ Includes wholly owned operations, joint ventures, partners, franchisees, referrals

² These results include some positive, non-recurring items. Also, the reported earnings in the second half of the year were not as strong as in the first half due to timing of revenue recognition.

At the end of 2004, based on an in-depth review of the business travel market, CWT launched a three-year development strategy, *CWT 007*. This led to the articulation of CWT's mission to be:

- The leanest travel transaction processor, in terms of cost, quality and service
- The most effective travel management consultant, systems integrator and business process outsourcer
- The preferred provider of high-touch assistance and security-related services to business travelers

As illustrated by the company's significant momentum in 2005, CWT made substantial progress in the pursuit of this mission and in the implementation of its seven strategic priorities:

- **Integration of Acquisitions:** Over the last two years, CWT concluded seven acquisitions (Maritz Corporate Travel, Protravel and OnBoard in 2004; CWT Brazil, CWT Mexico, Frantour and Raiffeisen Reisen in 2005). The integration of these acquisitions has progressed smoothly, with significant benefits in terms of cost efficiencies.
- **Online Booking:** CWT is committed to helping its clients drive online adoption around the world. Last year saw great progress, as CWT's online bookings increased 48 percent. In the United States, more than 50 percent of the company's transactions in the commercial market are now performed online. In Europe, where online booking started later than in the United States, CWT created the CWT Online Implementation Group in 2005 to assist clients in the definition and development of their online strategy all the way to implementation and adoption. CWT's online bookings in Europe saw an increase of 51 percent in 2005 over the year-earlier period. In Australia, the growth of CWT's online bookings catapulted 158 percent from 2004 to 2005 and represented 15 percent of the company's bookings in that country.

- **Program Optimization:** A key aspect of CWT's mission is to help clients optimize their travel program. CWT now has more than 700 professionals around the world who specialize in doing just that. This is up from 470 in 2004. They include consultants from CWT Solutions Group, account managers, program managers, project managers and information services specialists. In 2005, CWT expanded its Solutions Group into the Asia-Pacific region, further upgraded its data reporting and diagnosis capabilities, and invested to codify and disseminate best practices for program optimization. CWT also established the Carlson Wagonlit Travel Management Institute to conduct fact-based research on the various aspects of effective travel management. As a result, CWT's program optimization revenues grew 17 percent on a pro-forma basis in 2005 versus 2004. Also noteworthy is the fact that 20 percent of the clients who engaged CWT's consulting services were non-travel clients of the company.
- **Hotel Bookings:** CWT recognizes that companies often spend as much on hotels as they do air transportation, and that there are significant savings opportunities if they consolidate that spend. Yet, large proportions of hotel spend often escape a company's managed travel program. CWT is, therefore, working with its clients to capture a larger proportion of this spend category to help them optimize their total travel budget. In 2005, CWT's hotel bookings increased by 25 percent year over year on a pro-forma basis.
- **Sales to Global Accounts and the Mid-Market:** Findings from the *CWT Business Travel Indicator*, a survey conducted last fall in the 12 largest business travel markets worldwide, revealed that a consolidated global travel program is a priority for many companies. Today, CWT operates in 150 countries and is deploying its suite of global products and services (e.g., *CWT Portrait*[®], *CWT Discovery*[®], *CWT Guardian*[®], *CWT Harp*[®]) around the world. In 2005, CWT established its Global Accounts and Solutions division to help clients with managed travel programs in two or more regions capture the full benefits of consolidation.

In parallel, CWT is increasingly focused on further extending its reach in the mid-market in its key geographic regions. Recognizing that the specificities of the mid-market require a targeted offering, last year CWT developed *CWT Connect Express* and *CWT Connect Business*, an online packaged solution designed for small and medium-size companies respectively. CWT's newest offering is being launched in Europe during the first half of 2006 and subsequently in other parts of the world.

Altogether, these efforts have resulted in great client retention and robust new sales totaling more than \$1.3 billion in 2005

- **Geographic Expansion:** CWT is also focused on increasing its presence in key regions around the world. In 2005, sales for CWT wholly owned companies and joint ventures grew 20 percent in North America, 18 percent in EMEA (Europe, Middle East, Africa) and 60 percent in the rest of the world. The countries that showed the highest growth were Australia, China, Germany, India and Italy.

About Carlson Wagonlit Travel

Carlson Wagonlit Travel is a world leader in business travel management, partnering with large corporations, small and medium-sized companies, and government institutions. CWT designs and implements superior travel management programs for clients based upon its recognized consulting expertise, strong purchasing power, technological strength, and consistent delivery of high-quality service. CWT has operations in more than 150 countries and services 60 of the world's 100 largest companies. Annual sales of \$22 billion are generated under the Carlson Wagonlit Travel brand. For more information, visit www.carlsonwagonlit.com.

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