

ASX ANNOUNCEMENT

Wotif.com Holdings Limited ABN 41 093 000 456
Monday 26 October 2009

Market Release - AGM Addresses

In accordance with Listing Rule 3.13.3 please find attached for release to the market copies of the Chairman's and Managing Director's addresses to be given at the Company's Annual General Meeting today.

For further information please contact:

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WOTIF.COM HOLDINGS LIMITED

CHAIRMAN'S AND MANAGING DIRECTOR'S ADDRESSES

**Fourth Annual General Meeting of Shareholders
to be held on 26 October 2009 at 2.30 pm**

Before moving to the formal items of business, Robbie Cooke and I would like to briefly discuss the Company's performance over the 2009 financial year and its outlook for the current year.

The results achieved in the 2009 financial year were particularly noteworthy for two reasons. First, the Wotif Group executed and over-delivered on two business expanding acquisitions. Second, it proved that its business model could prosper notwithstanding the noticeable shift in travel patterns that followed the economic uncertainty experienced around the globe over the past year.

The 33% increase in sales and 24% lift in earnings per share were exceptional outcomes in the current economic climate. Dividends were increased by 17% to reflect the improved performance of the Company. In three years since listing on the ASX, the Wotif Group has produced total shareholder returns of 210% based on Friday's closing share price.

The acquisition of travel.com.au Limited and Asia Web Direct (HK) Limited in the 2008 financial year was all about expansion. Travel.com.au produced more than accommodation volumes. It has added air travel and a corporate booking capability to the Company's services. Asia Web Direct is slightly different. The impetus it has provided in the Asian accommodation market underscores the Group's intention to build upon its dominance in the online Australian market.

Wotif's Chief Executive Officer, Robbie Cooke, will talk more about the benefits that are emerging from the post-integration phase of the travel.com.au merger. He will also talk a little about trading since we released our financial results two months ago. My role is to reinforce the strategic position enjoyed by the Wotif Group in its markets.

The Board continues to use the opportunities available from the internet's significance as a highway for delivering services and conducting personal transactions. The Wotif Group's services provide a forum for delivering maximum choice at the lowest possible cost. This includes bringing together suppliers and buyers in the most efficient marketplace imaginable.

The Wotif Group's model works because of a continuing commitment to service development. This commitment combines the creativity of a workforce which relates to the services provided, with a genuine interest in delivering reliable and well engineered systems. It is backed by a Board that has a demonstrated willingness to invest in the Company's service delivery systems.

The decision to invest in the extended booking window, our corporate travel management platform, the Group's flights booking engine and our mobile (iphone) solution provide some insight into the Group's determination to do more than simply rely on organic growth and a few well constructed and well executed acquisitions. Taking full value from these advantages is the next major challenge for the management team.

There can be little doubt about the potential of the value added by the internet to users who are seeking travel services. The extent of the choice offered to our customers creates an efficient marketplace offering unmatched convenience. This doesn't mean that the emergence and success of the internet travel model signals the end of traditional retail travel services. They continue to play a role in a broader travel market by offering an opportunity for travel consultants to share experiences with travellers who have an interest in discovering new destinations.

The Wotif Group's market position and the dynamic nature of the fast-moving internet market are its core strengths. The Board remains convinced that the key to maintaining this position is in the way it motivates and rewards a wide cross-section of the Wotif Group's team with incentives which allow them to participate in the benefits that come from share ownership. These schemes guide these employees toward responses which connect their interest in facilitating travel with new opportunities to sustain and grow shareholder wealth.

Put simply, the Group combines a focussed investment in the future with targeted employee rewards and a healthy dividend. It is a substantial enterprise which has established itself in market conditions which have seen many other companies struggle. Its business model isn't just one for the good times.

Let's discover a little more about the Wotif business by asking the MD and CEO, Robbie Cooke, to address the meeting.

Thanks Dick,

FY2009 was a tumultuous year for many businesses and individuals alike. For the Wotif Group on entering the year, we did so with some trepidation - our business model had proved itself in boom times but had never been tested in a down cycle.

We had a number of theories as to what would happen if the economic headwinds worsened - we believed the model would perform strongly in a down cycle. But theories are one thing, living it is completely different! How consumers were going to react when we as a community were being conditioned for economic Armageddon was by no means certain.

I am able to report that our theories held true and we saw:

- consumers still wanting to and being prepared to travel;
- consumers being drawn to the compelling value available online with a significant focus on deals;
- a change in behaviour with more emphasis on short, spontaneous breaks with more of a focus on domestic travel.

What we did not predict was the level of discounting that was to occur in the flights arena (particularly internationally) and the stimulus this would have for accommodation bookings. Nor did we foresee the effects of events such as Swine Flu and the political instability in some of our key Asian markets.

GROUP PERFORMANCE

The year saw the Group sell a record 6.3 million room nights, up from 4.9 million last year. This underwrote a 33% increase in the value of transactions processed by the Group with TTV reaching a record \$993 million. This included an impressive \$78.9 million in flight sales.

On a Group basis, room rates increased 1% over last year, whilst Wotif.com rates stayed in line with the prior year.

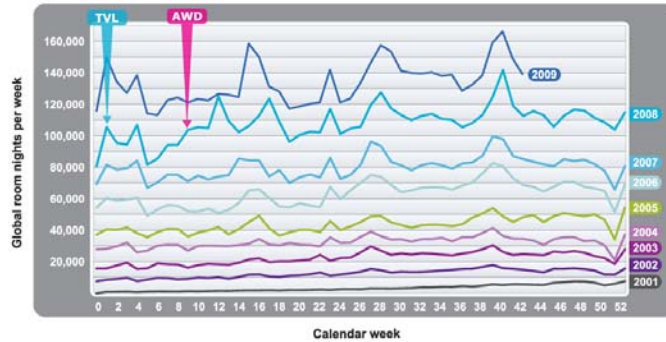
This resulted in Group revenues growing by 29%, hitting an all-time high of \$121 million and the delivery of \$43.5 million in Net Profit After Tax (up from \$34.5 million last year).

Notwithstanding the inclusion of the two acquired lower margin businesses, travel.com.au Limited and Asia Web Direct (HK) Limited, Group profit margins were sustained at 52% (slightly down from last year's 53% NPBT margin). Pleasingly, the core Wotif.com business grew its margin from 58% to 60%. Travel.com.au Limited saw strong margin growth, from 15% to 29%, whilst Asia Web Direct declined slightly, from 32% to 29%, reflecting additional investment in its operations.

This strong performance underwrote the payment of dividends totaling 17.5 cents, up from 15 cents last year.

The strength of our room night sales is shown in the following chart:

Group Global Growth in Room Nights



We saw very strong increases in room night sales in each of our key geographies.

FY2009 Group Segment Performance

	FY2009 Room Nights (m)	FY2008 Room Nights (m)	% Increase
Australia/New Zealand	5.20	4.28	↑ 22%
Asia	0.99	0.50	↑ 100%
Rest of World	0.14	0.13	↑ 8%
Total	6.33	4.91	↑ 29%



KEY ACHIEVEMENTS

On a Group level, the key areas of focus for the team in FY2009 were:

- Integration and Synergy Extraction:** Completing the integration of our two acquired businesses was a core activity in the year. We managed to complete this work in FY2009 and extracted more than our forecast cost savings for the travel.com.au Limited business. More than \$2 million in ongoing cost efficiencies have been achieved. Integration efforts

assisted in driving an 87% increase in lastminute.com.au's accommodation room night sales in FY2009. In the case of Asia Web Direct, we integrated our Group inventory suite in the year and, as intended, have and continue to increase our investment in Asia Web Direct's business.

- **Property Representation:** Increasing the number and geographic spread of the hotel and other accommodation supply partners working with us has been the focus for our Product teams. This effort is demonstrated in the standout (35%) increase in the number of properties partnering with us. We now have more than 16,000 accommodation partners providing inventory directly to us, up from approximately 12,000 last year.
- **Customer is No.1:** Ensuring that we continue our single-minded focus on providing our customers with the best service, value and online experience when servicing their travel needs is a Group core value. The whole team is driven by this goal, but particular recognition goes to our Customer Service Team who provide 24 hour, 7 days a week personal support for our customers. This human "face" is strongly regarded by our customers.
- **Asia:** We remain excited by the potential of the various markets we have targeted in Asia. FY2009 saw us increase the number of room nights we sold in Asia by 100%, hitting an impressive 990,000 room nights. Whilst some of our Asian markets have experienced some challenges, we believe that our continued investment in our key Asian markets will underwrite strong growth in our business over the next decade.
- **Booking Window Extension:** At last year's AGM, we flagged our intention to take the Wotif.com booking window from 28 days to 365 days. In October 2008 we determined that extending the booking window to 3 months was preferable - given the then-impending economic headwinds and our ability to implement the 3 month extension more rapidly. This proved to be a very strategic move.
- **Flight Booking Engine Relaunch:** During the year the investment of our IT resource into enhancing the Group's flights booking engine continued. The first fruits of this work were seen in July 2009 when the improved customer interface for domestic flights was launched on lastminute.com.au. This work saw a diverse team with members from our User Experience & Innovation, Flights, IT, Brand and Finance teams all actively involved. There are exciting developments that will flow from this initial investment in the current year.

- **Mobile Phone Solution:** We believe mobile devices will become key platforms for accommodation and other travel bookings in Australia and, more significantly, in our Asian markets. This potential is evident from the uptake of mobile devices in some Asian markets outstripping PCs by 15 to 1.
- **Brand Building:** Wotif.com's brand awareness remained above 50% in the year and investment has been made in continuing this recognition through strong online marketing spend and through other channels.

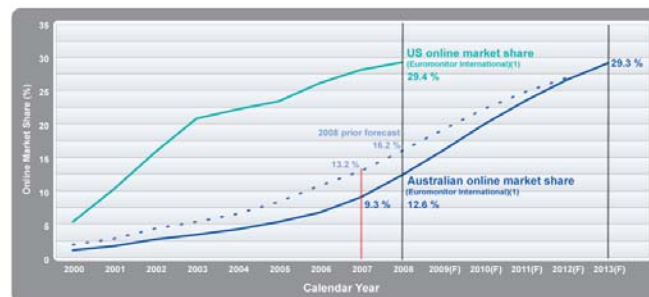
INDUSTRY OVERVIEW

As highlighted in previous years, the growing shift from offline to online sales is expected to be a significant driver of future growth for the business over the next 5 plus years. The Group's focus is to ensure that it continues to be a major beneficiary of this continuing transformation, particularly in the Australian, New Zealand and Asian markets.

Euromonitor International estimates released this year indicate that total online accommodation sales in Australia during calendar year 2008 were \$1,330 million (2007: \$953 million) from a total accommodation market valued at \$10,579 million (2007: \$10,210 million).

This indicates that online accommodation sales continue to grow at a greater rate than overall accommodation sales, with Euromonitor's latest report indicating that online sales represented 13% of total accommodation sales in 2008 (2007: 9%). These industry estimates support our belief that over the next 5 years the online accommodation sector will continue to attract customers away from traditional sales channels. Euromonitor International forecasts online sales to reach approximately 29% in Australia by 2013, as shown below.

US vs Australian Online Accommodation Sales



Source: Euromonitor International
 (1) 2009-2008 Euromonitor International from official sources, 2009-2013 Euromonitor International estimates. Includes composites, chalets, guesthouses, hostels, hotels, motels, private accommodation, self-catering apartments and other travel accommodation. Excludes corporate managed accommodation booked online.

ACQUISITIONS - WHAT HAVE THEY DELIVERED?

We spoke last year about the benefits we believed both the travel.com.au Limited and Asia Web Direct (HK) Limited acquisitions would bring to the Group. It is worth taking a moment to look back at those acquisitions and what they have delivered.

TVL's results prior to acquisition showed a business that was not profitable. In FY2007 it reported a loss of \$129,000. The team at travel.com.au have turned the business around. Lastminute.com.au's "look to book" ratio lifted from 2.5% at time of acquisition to above 4% in June 2009. Room nights sold on the site increased 87% year-on-year. Site visits have increased approximately 22% (from 780,000 visits per month to 948,000). This assisted in producing Net Profit Before Depreciation, Amortisation and Taxation (EBITDA equivalent) of \$7.8 million and profit after tax of \$3.9 million in FY2009.

Major improvements to the site's speed, performance and customer interface for flights in July this year and customer reaction to these improvements provide considerable comfort as to the potential for flights sales contributions in the coming years.

Asia Web Direct similarly performed strongly in the year with net profit before depreciation, amortisation and taxation lifting from \$2.2 million (immediately prior to acquisition) to \$3.3 million in FY2009. This result was delivered notwithstanding some challenges in some of Asia Web Direct's key markets during the year.

OUTLOOK

Our business continues to perform strongly and the trends we are currently seeing mirror what we saw in the second half of FY2009. The apparent robustness of the Australian economy and the strength of our currency augers well for the Group. We are very well positioned to drive demand not only for our Australian and New Zealand suppliers but also for our international suppliers in the 47-plus destinations we offer overseas.

On a Group basis, the number of room nights sold to 22 October 2009 is up 24% on the same period last year. This is impressive given that we have cycled over the benefits delivered last year from the acquired businesses. The core Wotif.com business has seen a consistent impressive profile with room night volume growth of 20% over the same period last year.

This growth has in part been fuelled by the very attractive deals on offer across the Group's websites and across the 49 countries in which we have accommodation offerings. This is reflected in average room rates in the first 3 months of the year being down 2.75% when

compared against the corresponding period last year. Rates on the core Wotif.com site also reflected this trend with rates down 1.76%.

At this stage we see no reason why the performance outlined above should not continue throughout the balance of this calendar year.

In view of this very strong performance, we expect our Net Profit After Tax to be in the vicinity of \$26 million for the first half of FY2010 (H1FY2009: \$20.6 million). This expectation is based upon current trading performance and is based on unaudited management accounts. If this expectation should change by more than 15% (up or down), Wotif.com will communicate this to the market.

FY2010 Outlook

- ➔ **Room night sales to 22 October up 24% (core Wotif.com up 20%)**
- ➔ **Room rates to 30 September down 1.76% (from \$144.32 to \$141.78) on Wotif.com site, and down 2.75% (from \$141.37 to \$137.49) on a Group basis**
- ➔ **Net Profit After Tax for H1FY2010 expected to be in the vicinity of \$26 million (H1FY2009: \$20.6 million)**



I will now hand back to Dick.