

ASX ANNOUNCEMENT

Wotif.com Holdings Limited ABN 41 093 000 456
Monday 25 October 2010

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:

Sean Simmons
Company Secretary
T: 61 7 3512 9965
F: 61 7 3512 9914

WOTIF.COM HOLDINGS LIMITED ABN 41 093 000 456 | 13 Railway Terrace Milton QLD 4064 Australia | Phone: +61 7 3512 9965 Fax: +61 7 3512 9914 Email: investors@wotifgroup.com



lastminute.com.au



travel.com.au

Arnold





WOTIF.COM HOLDINGS LIMITED

CHAIRMAN'S AND MANAGING DIRECTOR'S ADDRESSES

**Fifth Annual General Meeting of Shareholders
to be held on 25 October 2010 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 2010 financial year and its outlook for the current year.

Page nine of the 2010 Annual Report offered a statistical snapshot of the growth achieved by the Wotif Group since it listed on the ASX in 2006. This short period has produced successive years of growth with extremely large increases in the initial years.

This is no place for the Chairman of the company to swamp you with numbers, however a few are noteworthy. Total transaction value increased from \$363M to \$1,094M, revenue from these transactions and other sources rose from \$45M to \$136M, and profit after tax from \$16.5M to \$53M in just four years.

These are impressive outcomes. They have been achieved through a combination of natural growth, market share gains and acquisitions.

It is inevitable that it becomes extremely difficult to endlessly accelerate growth rates. This is particularly relevant when the initial years saw the value of transactions handled growing at a rate in excess of 40% annually. Put simply, the base is now much bigger and it takes much more to build on it.

Slowing growth rates do not spell the end of the Wotif story. The earlier rush of success is a reflection of some significant achievements. The product diversity that came with the travel.com and Asia Web Direct acquisitions and the extended booking window are just three examples of achievements which drove growth during the last two years. Meanwhile, travel patterns reacted negatively to a stronger Australian dollar and the social disturbances in Thailand during the last 12 months. This shift has seen slower growth in Wotif's strongest markets.

The travel market is dynamic. It responds to changing economic conditions and competition. Trends shift the mix between business and leisure travel and whether holiday makers want to head for a particular destination. Wotif's extensive inventory of accommodation provides some insurance against shifting travel patterns.

While online travel booking services are becoming a first choice for domestic leisure travellers, they are not as dominant in the packaged tour or business travel markets. This doesn't mean that this will always be the case. Wotif's ARNOLD corporate booking platform has been redeveloped and is being used by a number of business travel booking firms and lends itself to small and large business use alike. It is just one example of Wotif's ability to improve and extend its range of services.

Nobody should underestimate the significance of Wotif's success. It is by far and away the most recognised online accommodation booking business within its main Australian market. The success it has achieved has not gone unnoticed by overseas operators and the other competitors within Australia who have come and gone. More recently, others in the Australian travel market have suddenly found that they need to start investing in the online space.

We are mindful of the attractiveness of our business model and the impact of its success on others. However, we are a long way ahead of them thanks to the commitment and enthusiasm of the Wotif team. Moreover, this team has built the relationships needed to ensure that the Wotif Group enjoys the best possible inventory of accommodation at the best available prices.

Our Chief Executive Officer, Robbie Cooke, will make some comments in a moment on the progress of the business. Before asking him to the microphone, I would just like pass on my thanks and those of the Board to David Warneke who is attending his last meeting as a director today. As foreshadowed in May, he will step down from the Board at the end of this meeting.

The Board will be appointing an additional director soon. Our search is well advanced and will help us to build the skills around the boardroom table, and introduce the gender and age balance required for Board succession and renewal in a modern company that services a growing group of users.

Thank you for your ongoing support, and now here is the Group's CEO, Robbie Cooke.

Thanks Dick,

FY2010 was a very successful year for the Group, with all our operations contributing strongly. The efforts of the entire team saw after-tax profits lift by \$9.5 million, hitting a record \$53 million. Delivering this 22% increase in profits in itself was a fairly impressive achievement, but to do so off the back of a 26% increase last year underscores just how well our business performed.

This standout result was underwritten by a 10% lift in the value of travel transactions processed in the year, with the Group achieving a record \$1.1 billion in total transaction value. This translated into a record \$136 million in revenues, up 12% on the prior year. It was really pleasing to see our flights business contribution to this result, with about 5% of Group revenues being derived from the sale of domestic and international flights.

THE YEAR IN REVIEW - TWO VERY DIFFERENT HALVES

In a slightly perverse way, the Global Financial Crisis was a significant positive for our business in the year, particularly in the first half. Throughout 2009 the GFC resulted in consumers in our key New Zealand and Australian markets avoiding offshore vacations and substituting in their place more domestic breaks. This behaviour was fuelled by:

- weak consumer sentiment;
- very attractive room rates on offer, reflecting surplus accommodation inventory in the network, due to the virtual collapse in the meetings/ convention market and significant softness in the corporate travel market;
- weakness in the Australian dollar, making offshore travel a less attractive proposition for our significant Australian customer base;
- the benefit of government stimulus moneys flowing from April 2009; and
- a low interest rate environment.

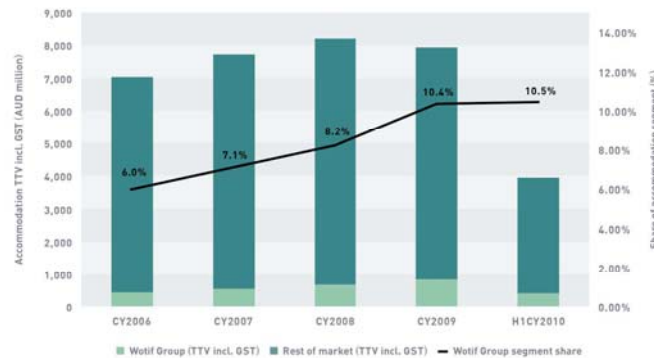
The combined effect of these factors resulted in consumers primarily seeking domestic travel and being more than ever focused on value - Wotif.com was perfectly placed to meet these needs. These attributes featured throughout the first half of the 2010 financial year.

Coupled with this was the significant lift our business received in the financial year (again particularly in the first 6 months) from our initiative to extend Wotif.com's booking window from 28 days to 3 months. This extension was launched in February

2009 and continued to provide an “out-of-trend” lift in sales through to the anniversary of its launch.

Perhaps the best evidence of what these dynamics meant for our business was the out-of-trend gain in our market segment share as shown in the following chart:

Wotif Group - Share of Total Australian Accommodation*



Source: Australian Bureau of Statistics (8635.0 - Tourist Accommodation, Australia)
 (*) Takings from accommodation of establishments with 5 or more rooms.



This chart (based on Australian Bureau of Statistics data) shows our share of the total spend (online and offline) on Australian-located accommodation properties. Typically, our segment share has grown approximately 1% per annum, however in calendar 2009 this increase was more than 2% and it is pleasing to note that this position has been maintained up to June 2010 (being the most current ABS statistics).

In the second half of the 2010 financial year, we saw a major change in market dynamics driven from a very strong Australian dollar, a resurgence in consumer confidence, and the corporate and convention market returning to pre-GFC levels.

The recovery of the corporate market removed much of the surplus Australian stock that had fuelled the discounted product offers available in the prior 12-plus months. Whilst the strong dollar and returning consumer confidence saw consumers who had curtailed their overseas travel in previous years re-engaging in that space, driven by the attractive offshore deals on offer.

In short, in the second half we saw the pendulum swing from domestic leisure travel to disproportionately favour outbound travel. Our view is that this is playing very much in favour of travel package providers.

The second half of the year also brought the challenge of outperforming the sales uplift achieved in the corresponding prior half driven by the extension of the Wotif.com booking window. This challenge will continue until the end of February 2011, at which point we will have completely "washed over" the out-of-trend benefits the booking window extension brought.

NEW INITIATIVES

New initiatives introduced in the 2010 financial year (and subsequently) should provide some additional momentum to the business going forward. Initiatives introduced include:

- **Wotflight** – the Wotflight brand was launched in February 2010 as a "sister site" to Wotif.com. Initially launched with Australian domestic carriers, the range was supplemented in July with trans-Tasman flights. A full international offering will be available soon. Wotflight leverages off the Group's proprietary flights technology that powers our other flight brands. Wotflight provides a unique user interface designed to make booking flights online quicker and simpler. All flights booked with Wotflight receive a \$20 Wotif.com accommodation voucher.
- **Wot Bonus** – is a reward program for featured properties on Wotif.com that lets you decide to take either:
 - an instant reward in the form of a cash discount for the rooms you are booking;
or
 - to receive a Wotif.com gift voucher for use at any property in the next 6 months.

The more Wot bonus nights you book, the bigger the savings!

- **Lastminute.com.au and Travel.com.au** – both sites received major upgrades to their flights booking engines, significantly improving the performance of the sites and the overall user experience.
- **GoDo.com.au** – we purchased the GoDo business in January 2010 – it is an online booking service focused on "things to do". It has more than 1,000 suppliers working with it in Australia and sells more than 2,000 bookable activities - ranging

from theme park tickets, hot air ballooning, sky diving and day spas to name but a few. This inventory is sold through GoDo.com.au direct, and via a network of affiliate partners. This year we integrated GoDo's inventory into some of our Group websites to provide travellers with activity offerings targeted to their needs.

- **Wotconnect** – this technology initiative enables the Group to more efficiently work with larger supplier partners when accessing content and inventory. Wotconnect has been successfully implemented with one major supplier group to date, and will be rolled out with further partners in the coming year.
- **Wotif.com on iPhone** – we released a version of the Wotif.com web site that is fully optimised for the iPhone in the year.
- **ARNOLD** – the ARNOLD corporate booking tool that we licence to Carlson Wagonlit (one of the world's largest travel management companies) and Tramada (a leading provider of travel management systems) is now able to access and sell the Wotif Group's accommodation inventory.
- **Marketing** – we utilise a variety of market channels to drive sales outcomes for our businesses. Our approach is very much focused on spending our marketing dollars in channels where we can be sure that we are generating sales outcomes. Our approach is very results driven and we are open to testing different channels and formats. This approach has seen us launch a series of television commercials in September.
- **Booking Window to 6 months** – we are currently working on extending our booking window on Wotif.com from 3 to 6 months. This enhancement is scheduled for the second half of the current financial year.

LOOKING FORWARD

Euromonitor International estimates released this year indicate that total online accommodation sales in Australia during calendar year 2009 were \$1,653 million (CY2008: \$1,322 million) from a total accommodation market valued at \$10,349 million (CY2008: \$10,772 million). This data indicates that online sales represented 16% of total accommodation sales in Australia in CY2009 (CY2008: 12%).

Euromonitor's research suggests, and supports our belief, that over the next 5 years the online accommodation sector will continue to attract customers away from other sales channels. Euromonitor International forecasts that online sales will represent 26% of total accommodation sales in Australia by CY2014, as shown below:

US vs Australian Online Accommodation Sales



Source: Euromonitor International
 (1) 2000-2009 Euromonitor International from official sources, 2010-2014 Euromonitor International estimates. Includes campsites, chalets, guesthouses, hostels, hotels, motels, private accommodation, self-catering apartments and other travel accommodation. Excludes corporate managed accommodation booked online.

13

To deliver on these forecasts, total transaction value of the Australian online accommodation segment will need to grow by 13% per annum for the next 5 years.

OUTLOOK

As we noted in our Annual Report released in August this year, the challenge for the business in the short term will be outperforming the first half result achieved in FY2010. That was a period in which we benefited from the booking window extension and the out-of-trend spike in domestic sales experienced throughout calendar year 2009.

In view of this, and based on trading performance to date, we consider it more likely that our first half performance in FY2011 will be in the vicinity of the result we produced in the second half of FY2010 (\$25 million). As can be seen from the chart below, our room night sales profile in the current half is producing the same trend that we saw in the second half of FY2010.

Group Accommodation – Weekly Room Nights



15

We are of the view that, once we cycle over the out-of-trend benefits discussed above, we should return to the longer-term growth profile suggested by Euromonitor's forecasts.

We have not deviated from our strategy of targeting the significant organic growth opportunity that exists in our core Australian accommodation segment, and in New Zealand where similar market dynamics exist. We also remain convinced of the opportunity to establish a significant business in those Asian markets in which the Group is operating. As has been the case since listing in 2006, we will continue to seek opportunities to grow our share of these and other international markets through online marketing, partnerships and acquisition opportunities where they arise.

We also expect our flights business to grow as we complete our offering in the current year and build upon our marketing efforts.

I will now hand back to Dick.