

ASX ANNOUNCEMENT

Wotif.com Holdings Limited ABN 41 093 000 456
Monday 24 October 2011

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.

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WOTIF.COM HOLDINGS LIMITED

CHAIRMAN'S AND MANAGING DIRECTOR'S ADDRESSES

**Sixth Annual General Meeting of Shareholders
to be held on 24 October 2011 at 2.30 pm**

CHAIRMAN'S ADDRESS

Before moving to the formal items of business, Robbie Cooke and I would like to briefly discuss the Company's performance over the 2011 financial year and its outlook for the current year.

Wotif's strengths were tested in the 18 months to June 2011 as revenue growth slowed. This had followed annual growth of in excess of 30% in the previous 4 years following the Company's 2006 ASX listing.

Profit after tax declined by \$2M to \$51M.

The Company increased spending during the year in an attempt to reignite growth and maintain brand awareness. This was seen as necessary at a time when foreign online travel agents ran a concerted campaign to take market share from Wotif.

The slower growth in FY2011 had much to do with broader economic and political conditions in two of the Company's biggest markets. In particular, the unprecedented surge in overseas travel triggered by a stronger Australian currency and a highly competitive international air travel market dampened demand for domestic accommodation. This and the political instability in Thailand are not seen as permanent structural changes and Wotif's success in stimulating interest in domestic travel through its "Wot Deal of the Day" promotions showed what can be done. It also demonstrates how Wotif can assist accommodation suppliers which support the Company with the best and most extensive inventory of online accommodation.

The Company's chief executive, Robbie Cooke, will put some numbers around this successful business initiative in a moment. He will also update shareholders on our progress into FY2012 and some of the steps being taken to protect and enliven the Wotif business in FY2012.



Meanwhile, I would like to make a few observations about the temptation to take one year in isolation and then conclude that the Wotif model is broken. This reaction invariably leads to an impatient rush to a judgement based on speculation about the future rather than a considered analysis of past performance and the opportunities for a company with a powerful market position to adjust, and even reinvent, itself.

Let me emphasise this point by reference to the performance of the main players in the accommodation segment of the travel market over the last 3 years. First, Wotif's FY2011's result followed 3 years when many enterprises, including land based travel agents, went backwards and are only now getting back to where they were. During this period, Wotif's revenue and profits have grown by almost 50%. While Wotif prospered, the land-based travel agents were written off and their share prices trashed until they recovered recently.

Nobody in Wotif is sitting on their hands waiting for good times to return. The Company's workforce remains confident and continues to explore ways to improve its performance and build on its position within the travel market.

Meanwhile, I feel that it is necessary to remind shareholders that the Company's employee remuneration program failed to produce short term incentive payments for FY2011. This is not because people didn't "put in" during the year. In fact, the pressure on them to perform is even greater when events conspire against their best efforts. The Board acknowledges and appreciates the effort they made in FY2011 under the leadership of Robbie Cooke.

The Board recognises that the Company's short term incentive scheme is heavily biased toward profit growth targets. It will keep a close watch on the measures of success and will adjust the scheme if it senses that it isn't producing sufficient focus on sales growth, opportunities to improve the business which may take time to produce returns to shareholders, and responses to competitors.

Meanwhile, the current focus of the employees and the Board is firmly on improving returns from the Company's existing business portfolio while offering a reliable dividend to shareholders. I should remind shareholders that the dividend was increased to 22 cents for FY2011. The payout ratio moved from 85% last year to 91%.

Now let me hand the meeting over to your CEO, Robbie Cooke.



MANAGING DIRECTOR'S UPDATE

Thanks Dick,

There are no two ways about it, FY11 was a tough year for Wotif, but it was also one in which our business proved its robustness by delivering a strong result considering the operating environment faced.

It was a year in which the economic cycle did not play to our strengths. It was a year punctuated by a spiking dollar and rebounding consumer optimism (post the GFC), which in combination fuelled a voracious appetite by Aussies and Kiwis to depart our shores for the allure of "the overseas holiday". Who doesn't know someone who travelled offshore this year – perhaps once, twice or even three times – and if further proof of this exodus is required, you need look no further than Australian Bureau of Statistics whose data shows short-term overseas trips were up 27% over the last 2 years.

The impact this has had on all participants in the local travel sector is self-evident – hotels, serviced apartment operators, holiday home owners, restaurants, theme park operators and domestic airlines – all, to varying extents, felt the impact of the "vanishing" Australian and New Zealand "vacationer". It has not been an easy time for any whose businesses rely on this domestic traveller and Wotif is no exception with the domestic break traditionally being one of our key booking sources.

The beneficiaries of this cycle were, in our view, the operators of the more traditional retail travel channels who harvested the opportunity to sell offshore package holidays - this fact presents a challenge and an opportunity for us that is being actively addressed with initiatives in our product pipeline. It also goes without saying that the current seemingly unbridled enthusiasm for the offshore holiday remains vulnerable not only to the strength of the dollar, but also to general consumer confidence - and, as we have seen in the past, when this confidence wanes there is a rapid swing back to domestic travel activity and such times have historically benefited Wotif.com.

Through the year we worked as closely as ever with our accommodation partners to drive business their way. Our significant, multi-million dollar, marketing investment (both online and offline) has continued to generate strong sales for our domestic properties notwithstanding the climes. Our focus on new initiatives such as the "Wot



Deal of the Day" created new demand for our accommodation partners from our sizable Wotif.com ANZ database (approximately 1.6 million subscribers). We have seen our most successful "Wot Deal" newsletters generate outstanding sales results with more than 2,500 room nights being sold in 6 hours for the best of these offers.

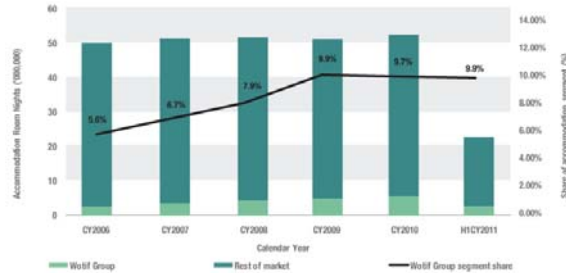
Initiatives such as these, when coupled with our leading brand position (awareness above 75% in the 25-54 year old demographic), enabled us to deliver a highly creditable result despite the challenging operating environment faced demonstrating the resilience of our business to dramatic shifts in consumer travel behaviour. In particular, and not wishing to swamp you with numbers, we delivered:

- sales of close to 7 million room nights;
- our Asian inventory accounting for 14% of our room nights sold;
- a 35% increase in flight transactions from our fledgling flights business;
- a 33% increase in the transactions processed by our ARNOLD corporate booking platform;
- direct partnerships with more than 19,600 hotel and accommodation partners;
- increased revenues – reaching a record \$138.3 million, up approximately 2% from the prior year;
- profits after tax of \$51 million, down \$2 million from the prior year.

When compared to the performance of the business just 5 years ago (FY06), the growth in our profit from just \$16.5 million is something of which we are very proud.

Whilst these figures in themselves demonstrate the strength of the Wotif business model, further comfort can be taken from our continued leading accommodation segment share. In a period during which the competitive environment remained as sharp as ever, the Company continued to hold and grow its segment share in terms of room nights sold as shown in the chart below (which show Wotif Group performance against sales by all channels whether online or offline, again as measured by the Australian Bureau of Statistics).

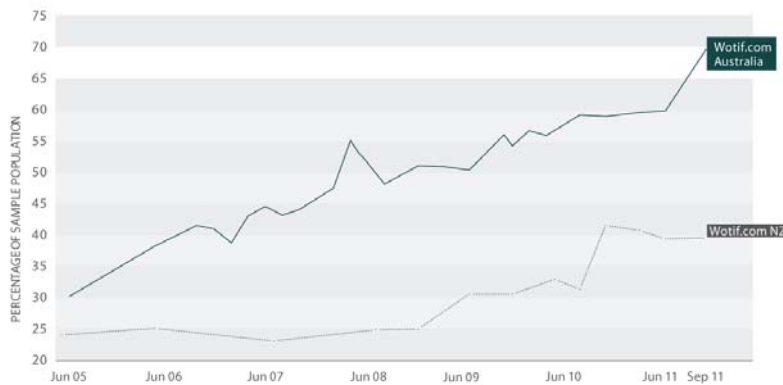
Wotif Group - Share of Total Australian Accommodation by Room Nights



Source: Australian Bureau of Statistics (8635.0 - Tourist Accommodation, Australia)
 (*) Takings from accommodation of establishments with 15 or more rooms.



We continued in the year to focus on those marketing avenues that we knew worked for our business, but also were (and remain) quite prepared to test, experiment and, where necessary, adapt our approach. This included undertaking some different marketing initiatives in the first half of the year compared to the second half, to position the Group for the differing market dynamics at play during those times. Pleasingly, our responses in our key markets saw our key Wotif.com brand remain the most powerful in the online accommodation class both in Australia and New Zealand, and it continues to gain traction. Our brand awareness (across the general population) is now above 65% in Australia, while it jumped to 39% in New Zealand as can be seen in the following chart.



Despite the testing nature of the year and the challenges faced, we remained very focused on looking for avenues to grow our business, and continued laying down the foundations that should position us well for growth in future years. There is an enormous level of enthusiasm and commitment in the Group, and we have a strong pool of talented people to draw from for the future. We are fortunate to have such a team in place, who have delivered a number of major initiatives in the year including:

- **Wot Deal of the Day:** As mentioned, this marketing initiative leverages Wotif.com's extensive subscriber database and provides our hotel partners with all the advantages of "deal of the day" type distribution channels, but provides a more qualified audience at a much lower cost. This offering is extremely popular with our customers and reinforces the value and range we have on offer.
- **iVIVU.com:** We completed work required to enable our platform to power our first Asian Joint Venture in the year, paving the way for the launch of iVIVU.com in August 2011. iVIVU.com is an accommodation booking site purpose-built for the Vietnamese consumer and has been established in partnership with a highly credentialled Vietnamese travel group.
- **Data Centre Migration:** One of our IT team's major initiatives in the year was to take over management of the Group's core data centre and operating environments. This function had previously been contracted out to third parties, and, by in-sourcing this activity, we have gained considerable operating advantages and flexibility.
- **Multi-lingual in Asia:** Multi-lingual capability was added to LateStays.com in the year, delivering Thai, Japanese, Chinese and Bahasa Indonesia to the site. In August 2011, Korean, Russian and Bahasa Malaysia were also included.
- **Six Month Booking Window:** The Wotif.com booking window was extended from 3 months to include 6 months of deals. More than 80% of our accommodation partners have deals in the extended window, demonstrating the attractiveness of this feature. Pleasingly, bookings made beyond the 3 month window are, on average, for longer stays (average length of stay beyond three months is three nights).
- **User Reviews:** The development of a user reviews module for Wotif.com has been a project invested in during the year. The first customer-facing component generated from this project was placed into production on 8 August 2011. There will be



a series of additional releases to our user reviews module in the course of the current year that will add to this important customer initiative.

- **Mobile:** We ramped up our mobile investment by creating a dedicated specialist team in this important space. The first round of work by this team was released on 10 August 2011, delivering an enhanced mobile offering for Wotif.com. New features, better images, improved navigation and a “Wot’s near me” search function are all now operational.
- **GoDo:** Our “things to do” site, godo.com.au, was redesigned and relaunched in the year, providing better functionality and enhanced features.
- **Wotflight Offer Expanded:** We added trans-Tasman and Pacific carriers alongside Wotflight’s extensive range of Australian domestic airlines in the year. Additionally, much of the development work required to launch our comprehensive range of international carriers was completed in the year, with this product range coming online on 22 August 2011.
- **Property Management System:** We launched our hotel management system designed specifically for smaller hotels with “built for market” functionality and multi-lingual capability.

The underlying performance of our business improved through the course of FY11. As we reported back in February 2011, our first half profit result was down 8% on the corresponding half reflecting, in part, a more than 4% decrease in room nights “stayed” in the period. In the second half of FY11, room nights “stayed” were flat when compared against the same half in the prior year. Room nights “stayed” in the first quarter of FY12 are up 2% on the same period last year – with Wotif.com room night “stayed” up 4%. Our performance for the balance of this year will be influenced by the exchange rate/consumer confidence dynamic discussed above. Our flights business, whilst operating off a relatively low base, has seen a 13% increase in the value of bookings processed (TTV) in the first quarter of FY12.

The bulk of the analyst pack producing research on the Company has forecast a full year after tax profit result for the Company ranging between \$54 million and \$58 million, implying a half year result between \$27 million and \$29 million. Based on performance



in the first quarter and upon unaudited management accounts, the Company considers it likely that it will deliver an operating result for the first half in excess of \$27 million*.

I will now hand back to Dick.

* *In accordance with ASX Listing Rules, if this expectation should change by more than 10-15% (up or down), this will be communicated to the market.*