

# ASX ANNOUNCEMENT

Wotif.com Holdings Limited ABN 41 093 000 456

Wednesday 18 December 2013

## Market Update

Wotif.com Holdings Limited (**Wotif Group**) today provides an update to the market in relation to the first half results for fiscal year 2014. As part of this market update, the key half-year on half-year (YoY) financial comments and trends are as follows:

- Net Profit After Tax for the half is expected to be in the range of \$21.9m to \$22.6m, compared to \$27.5m in the prior half-year.
- Total Group TTV<sup>1</sup> is expected to be flat with a decline in ANZ hotel accommodation of around 5%, expected to be substantially offset by strong growth in flights and gains from the launch of dynamic packaging.
- Total Group revenue is expected to be up by around 4.5% with increases in ANZ accommodation arising from previously-announced commission increases, in addition to gains from growth in flights and packaging revenue. The benefit of commission increases is expected to be diluted by the reduction in accommodation TTV.
- Total Group operating costs are expected to be up by \$9.0m, primarily driven by increases in marketing estimated to be around \$4.0m YoY, and salaries and wages estimated to be up \$3.8m YoY. The increase in marketing is attributed to the extremely competitive online advertising marketplace where overall costs have increased. The increased spend and total spend have delivered positive ROI across all lines of business, albeit the ROI has decreased YoY. In relation to the salaries and wages YoY increase, approximately 40% of the increase relates to Information Technology headcount where we have accelerated our investment in systems development.
- Amortisation costs are expected to increase \$1.6m YoY, resulting from the approach to technology capitalization implemented in FY12, as previously announced.
- Interest income is expected to be down by around \$0.9m YoY.

As previously announced, there are a number of significant business and strategic initiatives under way in the Company including:

- the technology strategy work progressing on plan;
- dynamic packaging being successfully released in November with early indicators being extremely positive;
- flights business continuing to grow strongly;
- the second stage of hotel commission increases to 12% being on track for rollout in January 2014; and
- our Asian marketing plan being finalized and marketing commencing in December.

<sup>1</sup> Total Transaction Value (TTV) represents the price at which accommodation, flights, package and other travel-related services have been sold excluding all travel taxes and GST across the Group's operations. TTV does not represent revenue in accordance with Australian Accounting Standards.

The outlook for the second half FY14 remains volatile with retail conditions in our key Australian and New Zealand retail market continuing to be soft. Given this volatility, it is not possible to provide guidance for the full FY14 fiscal year at this time.

The Managing Director and Group CEO of the Wotif Group, Scott Blume, made the following comments:

*"We have made considerable progress in the implementation of the strategic initiatives outlined in June 2013. Many of those initiatives will result in improvement to the business in the medium term and, to some extent, the current fiscal year is a year of transition. That said, we need to continue to work hard to sustain and grow our core ANZ accommodation business as we build out new business initiatives. The increase in our marketing and information technology costs in the first half is to support the strategic initiatives, invest in new market segments and respond to rapidly changing market conditions."*

**For further information please contact:**

**Scott Blume**  
**Managing Director and Group CEO**  
T: 61 7 3512 9965  
F: 61 7 3512 9914  
E: [scott.blume@wotifgroup.com](mailto:scott.blume@wotifgroup.com)