

Preliminary results announcement

Quarter 4 and year to 30 September 2003

20 November 2003

Allan Leighton
Chairman

Highlights

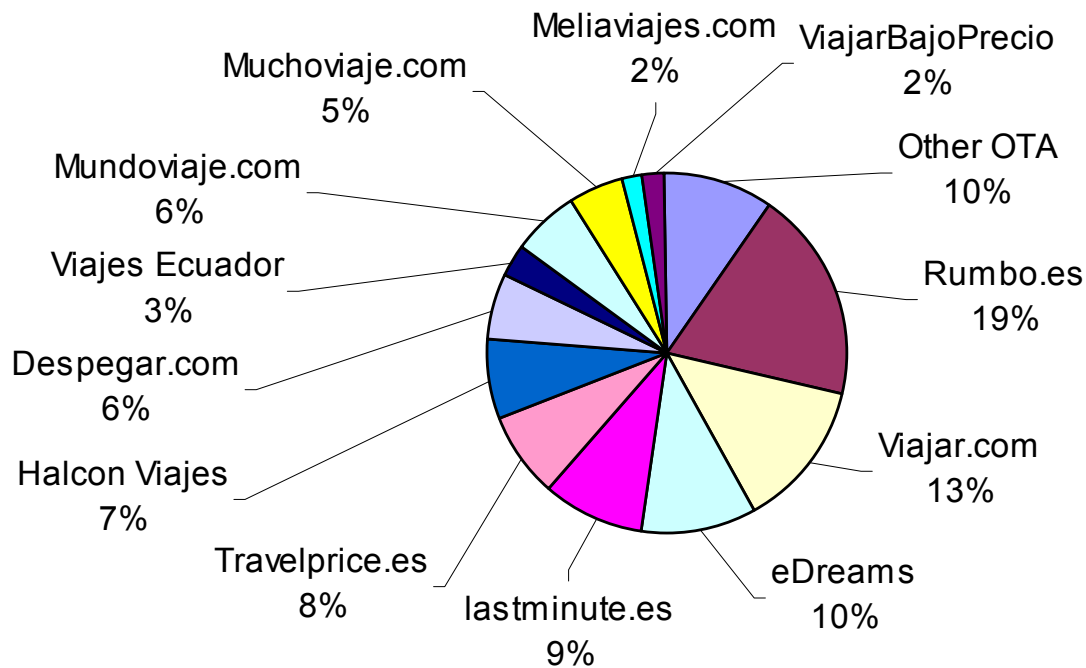
- Quarter 4:
 - Customer conversion rate improves to 35.8%
 - Record TTV of £222.3m in Q4 2003 – up 98% on Q4 2002
 - Gross margin improves to a record 20.3%
 - Positive group EBITDA (before exceptional items) - £14.2m in the Quarter
 - Operating cash inflow - £15.2m
- Full year:
 - Successful acquisition of holiday autos
 - €102.6m convertible bond
 - Pre-tax profit (before goodwill amortisation and exceptional items) for the year of £0.2 million
 - Resilience and robustness of business model proved in difficult year for travel industry

Brent Hoberman
Chief Executive Officer

Continued growth in all year-on-year and quarter-on-quarter metrics

- **Quarter 4:**
 - Subscriber base grows to 7.7m
 - Customers in the Quarter 584k, up 124% on last year
 - Average shopping basket £340 gives gross profit of £68 per basket
- **Full year:**
 - Completion of the integration of all prior year acquisitions
 - 1.5m unique customers using the service
 - Customer acquisition costs £9.67 per unique customer
 - 3.5m items sold to approximately 2.0m total customers
 - 30% repeat metric

Acquisition of lastminute.com Spain (Sept 03)



lastminute.es and Travelprice.es = 17%, leading b to c market share

Spanish online travel agency estimated market share, 2002

Source: PhoCusWright Inc, July 2003

- Acquisition of Sol Meliá stake puts us in a strong position in a fragmented market
- Market growing rapidly – forecast to reach €1.3bn by 2005
- Travelprice acquired 2002 – shown impressive growth
- Strategic relationship with Sol Meliá remains strong:
 - Preferred partner for hotel supply
 - White label for dynamic packaging on solmelia.com

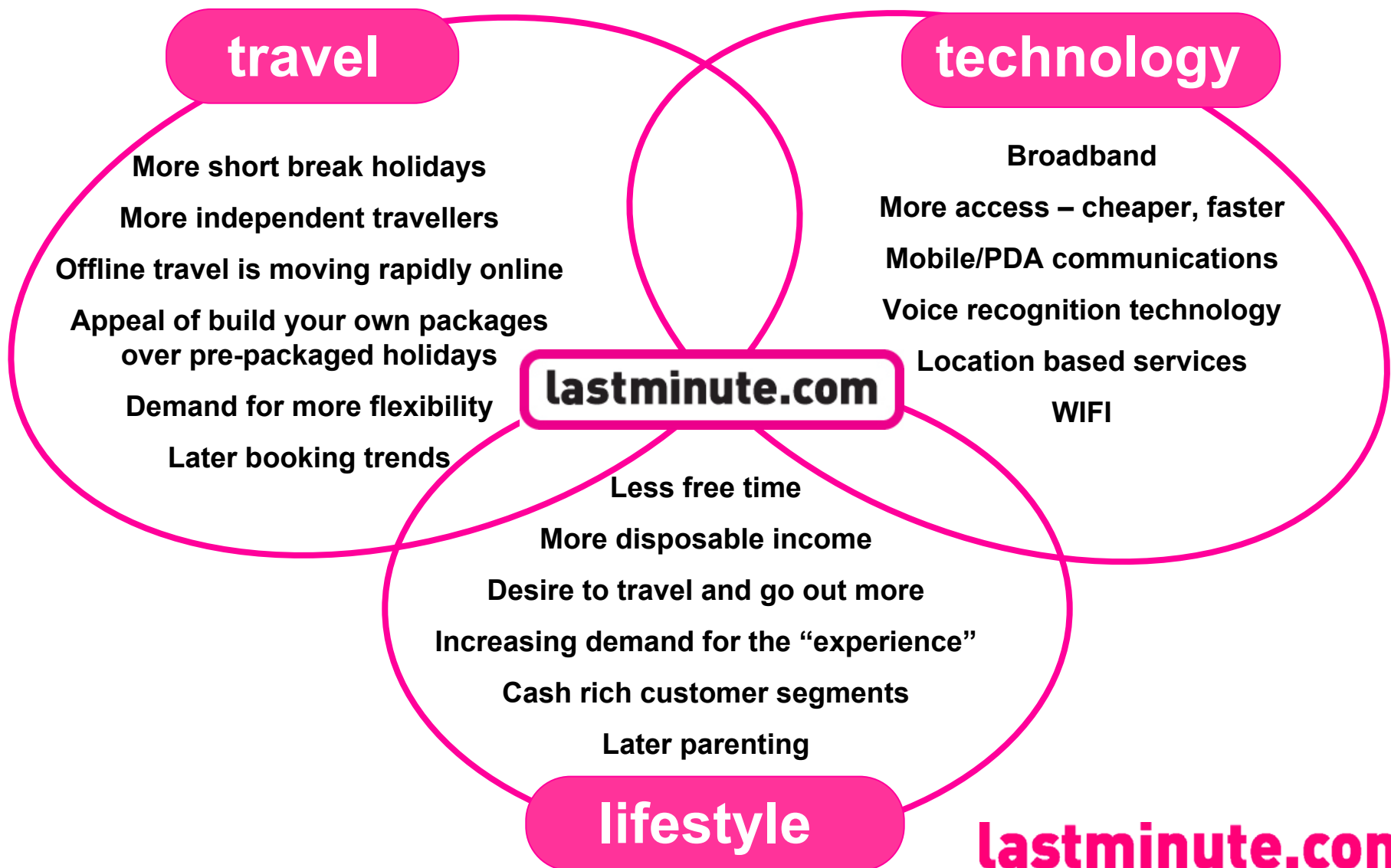
Customer Statistics

	Q4 2002	Year 2002	Q1	Q2	Q3	Q4	Year 2003	Year-on-year % growth
Subscribers (millions)	6.4	6.4	6.8	7.0	7.5	7.7	7.7	20.3%
Customers (‘000s)	261	741	240	303	358	584	1,485	100.4%
Items sold (‘000s)	634	1,720	570	712	994	1,197	3,473	102.0%
- Travel	456	1,158	384	517	845	985	2,731	135.8%
- Non travel	178	562	186	195	149	212	742	32.0%
TTV per item sold (£'s)	177	143	153	130	152	185	159	11.2%
- Travel	239	201	212	167	172	215	192	(4.5)%
- Non travel	20	23	33	30	38	50	39	69.6%

Growth of 20% on Q4 2002 subscribers



The travel industry, technology applications and lifestyle trends are all moving in lastminute.com's favour



Dynamic packaging update

- October 2003 DP sales £3.4m
- Live in UK, France & Italy
- Germany and Spain by Dec 03

Available in shopping basket now:

- flights
- hotels
- car hire
- insurance
- airport parking

By December 2003:

- tours
- transfers
- attractions
- restaurants
- entertainment

The screenshot displays a web browser window with the title "Things to do in Vienna from £10 pp ...". The page is organized into three main sections: "Tours & Attractions", "Restaurants", and "Theatre".

Tours & Attractions:

- Discover Vienna Tour:** Includes a date/time selector (10/04/03 18.00), quantity dropdowns for Adults (£25pp) and Child (£10pp), and an "Add to package" button with a "Yes" radio button.
- Universal Mediterranea - Seven day Freedom pass:** Includes a date selector (10/03/03), quantity dropdown for Travellers (£25pp), and an "Add to package" button with a "Yes" radio button.

Restaurants:

- Zum Alten Fassl three-course set menu:** Includes a date/time selector (10/04/03 18.00), quantity dropdown for Adults (£25pp), and an "Add to package" button with a "Yes" radio button.

Theatre:

- Wake up - musical extravaganza:** Includes a date selector (10/03/03), quantity dropdown for Adults (£25pp), and an "Add to package" button with a "Yes" radio button.

Each section has a "More" link and a "Add" button that updates the price. The browser's taskbar at the bottom shows "Done" and "My Computer".

Strategic partnerships during 2003

Supply	Distribution
<p>Airlines: Alitalia, Lufthansa, Delta, KLM, AirEurope and Swiss – new global relationships AVRO – access to 2 million charter seats British Airways – dynamic packaging promotion. One of 15 preferred partners.</p> <p>Car hire: Alamo/National Hertz</p> <p>Holidays: TUI</p> <p>Hotels: WorldRes – connectivity Sol Meliá – revised partnership Le Meridien, Radisson SAS – dynamic packaging promotion Thistle, Millennium & Copthorne</p> <p>Other: Mondial – travel insurance BCP – airport parking Theatrenow – access to theatre tickets</p>	<p>Egg Tesco.com “3” Voyages Auchan Vodafone live! Manor Fnac Voyages AOL Mars</p> <p>Media partners: Guardian Time Out Metro Evening Standard Hot Tickets</p>

Content enhancement - giving reasons to visit & inspiring more trips

- 50 unique destination guides
- Incorporating dynamic content from multiple sources
- Rolled out to France, Italy, Germany, Netherlands
- Increasing customer awareness of unusual destinations eg Tallinn, Bratislava, Cordoba

60 second guide to Lisbon

Lisbon
This proud Portuguese capital is buzzing, after reinventing itself as one of Europe's most captivating city-break destinations and a key business hub, with the famous seven hills and the sweeping River Tagus once again [more...](#)

Local knowledge
“ For great shopping - especially shoes, handbags and leather goods - the *Baixa* provides the best choice. Once you've run out of money, a brisk walk up to St George's Castle will refresh you, and the stunning views of the city make the effort well worthwhile. A traditional evening excursion involves a good restaurant in *Alfama* or *Bairro Alto* while listening to *Fado* (mournful Portuguese folk music!!) - followed by a few late drinks in the bars around the old docks - we call the area *Docas*. ”
Eddi Aroeira
Flights Editorial Executive

5-day forecast for Lisbon

MON	TUE	WED	THU	FRI
Intermittent Clouds high: 22°C low: 12°C	Mostly Sunny high: 21°C low: 14°C	Mostly Sunny high: 23°C low: 15°C	Partly Sunny high: 23°C low: 15°C	Showers high: 19°C low: 14°C

Internet

Improving customer feedback initiatives to enhance the service

- Automated post-sales email to every customer
- Tracks improvement in customer satisfaction
- Gathers customer feedback and reviews to enhance community and product content
- “youtellus” functionality enables us to identify and action items which are most important to customers
- High response rate
- Repeat customer metric in UK of over 30%

Key to summer 2004

Deliverables

Hotels

- Range increase from 10,000 to 50,000 properties
- Improved user interface and hotel content
- Buying power through incremental trade sales

Holidays

- Connectivity improvements to more tour operators
- Charters and increased resort hotel connect feeding dynamic packaging
- Eurostar and other train companies included in dynamic packaging
- Holiday search resort content
- Dynamic packaging offers fed into holiday search across five markets

Flights

- Increased automation
- Increased number of suppliers
- Technology upgrades

Car rentals

- Cross sold more from dynamic packaging, flights and hotels paths
- More travel trade wins
- Increased web penetration

Lifestyle

- Much wider content bolstered by acquisitions
- Lifestyle dynamic packaging ie restaurant + theatre
- Regional roll out of restaurants and listings to be included

Technology developments

- French technologies fully integrated
- Search speeds twice as fast compared with 2002
- New booking process in all categories
- Increased connectivity to tour operators, hotels and holidays suppliers
- 80% auto ticketing
- Oracle financials rolled out to UK, France, Germany and Italy
- >100 white labels live

Leveraging our technology to partner with other market leaders

TESCO YOUR ORDERS | YOUR ACCOUNT | LOGIN | REGISTER | HELP | BASKET | CHECKOUT

Home | Groceries | Finance | Internet Access | Wine | Electricals | DVD, Video CDs, Games | Flowers | Books | **Travel** | More stores

Travel deals powered by **lastminute.com**

Earn **Tesco Clubcard points** when you book travel products on Tesco.com.

Instant Search

Holidays Flights Hotels flight + hotel

I want to leave on: [I don't mind] Give or take: [0] (days) I want to stay for: [I don't mind]

I want to go to: [I don't mind] I want to leave from: [I don't mind]

Temperature: [I don't mind] Star rating: [Any] Accommodation: [Any] Price: [Show all]

Search

*Earn Tesco Clubcard Points when you book travel products on Tesco.com. Earn 1 point per £1 spent

City breaks

- Prague & E Europe
- Paris
- New York & USA
- Barcelona & Spain

Summer sun

- Balearics & Canaries
- Portugal & Madeira
- Greece & Turkey
- Sharm el Sheikh

Experiences

- Pampering & spa
- Inspiration
- Hot deals
- Driving and flying

Today's bestsellers

from **HOLIDAYS**

- ▶ Amazing offer to Dassia, Corfu - 3* Amelia Hotel - half board for 7 nights (£169.00)
- ▶ J'adore Paris in 3* hotels (£174.00)
- ▶ All inclusive holiday to 5* Hurghada for 7 nights (£499.00)
- ▶ 3* Lanzarote - 7 nights from Manchester, Gatwick or Belfast (£169.00)
- ▶ All inclusive 4* holiday to Maldives for 14 nights - with PADI dive centre and various sports (£1299.00)

from **HOTELS**

- ▶ Thistle Euston (£80.00)
- ▶ Britannia International - 4* in London Docklands (£49.00)
- ▶ Hotel Royal Romana Playa - 4* in Marbella (EUR 76.00 £52.84)

Continued strengthening of the Management team

- Chip Steinmetz, CTO
- Andrew Windsor, Group Commercial Director
- Ian McCaig, COO and Board
- Liane Hornsey, Director Group HR
- Pierre Paperon, MD France

David Howell
Chief Financial Officer

2003 and Quarter 4 financial highlights

- **Quarter 4:**
 - Record TTV £222.3m – up 98% on prior year
 - Forward booking at 30 September 2003 - £43.6m
 - Record gross margin 20.3% - up 7.1 percentage points
 - Record EBITDA (pre exceptional items) £14.2m (Q4 2002: £2.8m)
 - Record cash inflow £15.2m (Q4 2002: £811k)
- **Full year:**
 - TTV grows by 125% year-on-year
 - Organic growth 46%, 82% in lastminute.com UK url
 - Gross profit > £100m for the year
 - Gross margin 16.5% retail supplemented by 1.8% commercial, gives 18.3% for the year, 4.8 percentage points up on 2002
 - Record EBITDA £15.0m (pre exceptional items) (2002: loss £7.3m)
 - Cash at bank £112.7m (2002: £49.6m)
 - Record cash inflow £13.5m (2002: outflow £8.0m)

Departure based TTV

£ millions	Q4 2002	Year 2002	Q1	Q2	Q3	Q4	Year 2003	Year-on-year % growth
UK	61.8	138.4	57.4	54.7	85.3	119.1	316.5	128.7%
France	40.1	82.3	20.0	22.6	26.6	53.2	122.4	48.7%
Germany	3.8	11.9	2.7	6.6	18.8	25.3	53.4	348.7%
Italy	1.9	5.1	3.3	4.0	5.0	6.6	18.9	270.6%
Spain	1.0	1.0	0.9	0.7	1.5	2.4	5.5	450.0%
Satellite countries	3.2	5.5	2.1	2.8	12.5	13.9	31.3	469.1%
Joint ventures	0.6	1.8	0.7	0.8	1.2	1.8	4.5	150.0%
Total Group	112.4	246.0	87.1	92.2	150.9	222.3	552.4	124.6%

Forward order bank at 30 September 2003 - £43.6m

TTV analysis – travel/non travel

£ millions	Q4 2002	Year 2002	Q1	Q2	Q3	Q4	Year 2003	Year-on- year % growth	2003 % mix
Holidays	62.6	126.3	36.4	38.1	44.3	69.7	188.5	49.2%	34.1%
Flights	36.5	74.7	34.9	28.6	41.2	51.2	155.9	108.7%	28.2%
Hotels	9.8	32.0	8.9	10.3	10.7	16.0	45.9	43.4%	8.3%
Car hire	-	-	-	9.5	49.0	74.8	133.3	-	24.1%
Total travel	108.9	233.0	80.2	86.5	145.2	211.7	523.6	124.7%	94.8%
Non travel	3.5	13.0	6.9	5.7	5.7	10.6	28.9	122.3%	5.2%
Total Group	112.4	246.0	87.1	92.2	150.9	222.3	552.4	124.6%	100.0%

Organic TTV percentage growth

(Year-on-year growth. Excludes acquisitions post 30 September 2002)

	Q1-on-Q1 % growth	Q2-on-Q2 % growth	Q3-on-Q3 % growth	Q4-on-Q4 % growth	Year-on-year % growth
UK	61.0	79.8	62.4	45.0	59.8
France	36.8	28.4	20.0	13.3	20.5
Germany	36.3	21.4	6.4	0.4	12.7
Italy	139.7	188.9	110.8	308.2	198.9
Spain	-	-	-	45.8	45.8
Satellite countries	156.0	133.3	54.1	29.5	64.4
JVs	69.8	100.0	203.5	170.0	140.2
Total organic growth	55.0	60.0	50.2	36.2	46.1
Total quarterly growth	174.4	126.4	147.1	97.7	124.6
lastminute.com UK year-on-year growth	61.0	79.4	103.9	78.5	81.5

Gross profit development

£ millions	Q4 2002	2002	Q1	Q2	Q3	Q4	2003	Year-on-year growth
UK	8.6	18.4	7.6	9.2	16.1	24.7	57.6	213.0%
France	5.1	12.2	2.7	3.0	3.8	6.6	16.0	31.1%
Germany	0.5	1.4	0.3	1.6	5.7	8.1	15.7	1,028.6%
Italy	0.1	0.6	0.4	0.4	0.6	0.7	2.1	250.0%
Spain	0.1	0.1	0.2	0.1	0.1	0.1	0.5	300.0%
Satellite countries	0.4	0.6	0.1	0.7	3.2	5.0	9.0	1,400.0%
Total GP	14.8	33.3	11.3	15.0	29.5	45.2	100.9	203.0%
Commercial revenues included in GP	2.2	5.8	1.6	1.8	3.4	3.4	10.2	75.9%

Percentage gross margin

	Q4 2002	2002	Q1	Q2	Q3	Q4	2003	Year-on-year growth
%								
Retail gross margins:								
UK	11.1	10.5	11.5	14.6	16.2	18.6	15.9	5.4% points
France	12.0	12.8	11.3	11.1	10.5	10.9	10.9	(1.9)% points
Germany	13.9	10.9	11.9	24.2	30.3	32.5	29.6	18.7% points
Italy	5.0	11.8	12.1	10.0	10.0	9.1	10.0	(1.8)% points
Spain	10.0	10.0	9.5	7.1	6.7	4.2	7.3	(2.7)% points
Satellite countries	12.5	9.1	14.3	28.6	25.6	36.0	28.8	19.7% points
Average retail margin	11.2	11.2	11.2	14.3	17.2	18.8	16.5	5.3% points
Commercial revenues	2.0	2.4	1.8	1.9	2.3	1.5	1.8	(0.6)% points
Total Group gross margin	13.2	13.5	13.0	16.2	19.5	20.3	18.3	4.8% points

Quarterly EBITDA development

£ millions	Q2 2002	2002	Q1	Q2	Q3	Q4	2003	Year-on-year % change
Gross profit	14.8	33.3	11.3	15.0	29.4	45.2	100.9	203.0%
Operating costs								
Product development	1.5	6.1	1.7	1.9	0.8	0.2	4.6	(24.6)%
Sales and marketing	6.5	21.9	7.1	10.7	20.6	23.6	61.9	182.6%
General and administration	4.0	12.6	4.1	4.1	4.0	7.2	19.4	54.0%
Total operating costs	12.0	40.6	12.9	16.7	25.4	31.0	85.9	111.6%
EBITDA (pre exceptional items)	2.8	(7.3)	(1.6)	(1.7)	4.1	14.2	15.0	305.5%
Exceptional items	-	-	-	(1.3)	(1.3)	(2.4)	(5.0)	-
EBITDA	2.8	(7.3)	(1.6)	(3.0)	2.8	11.8	10.0	237.0%

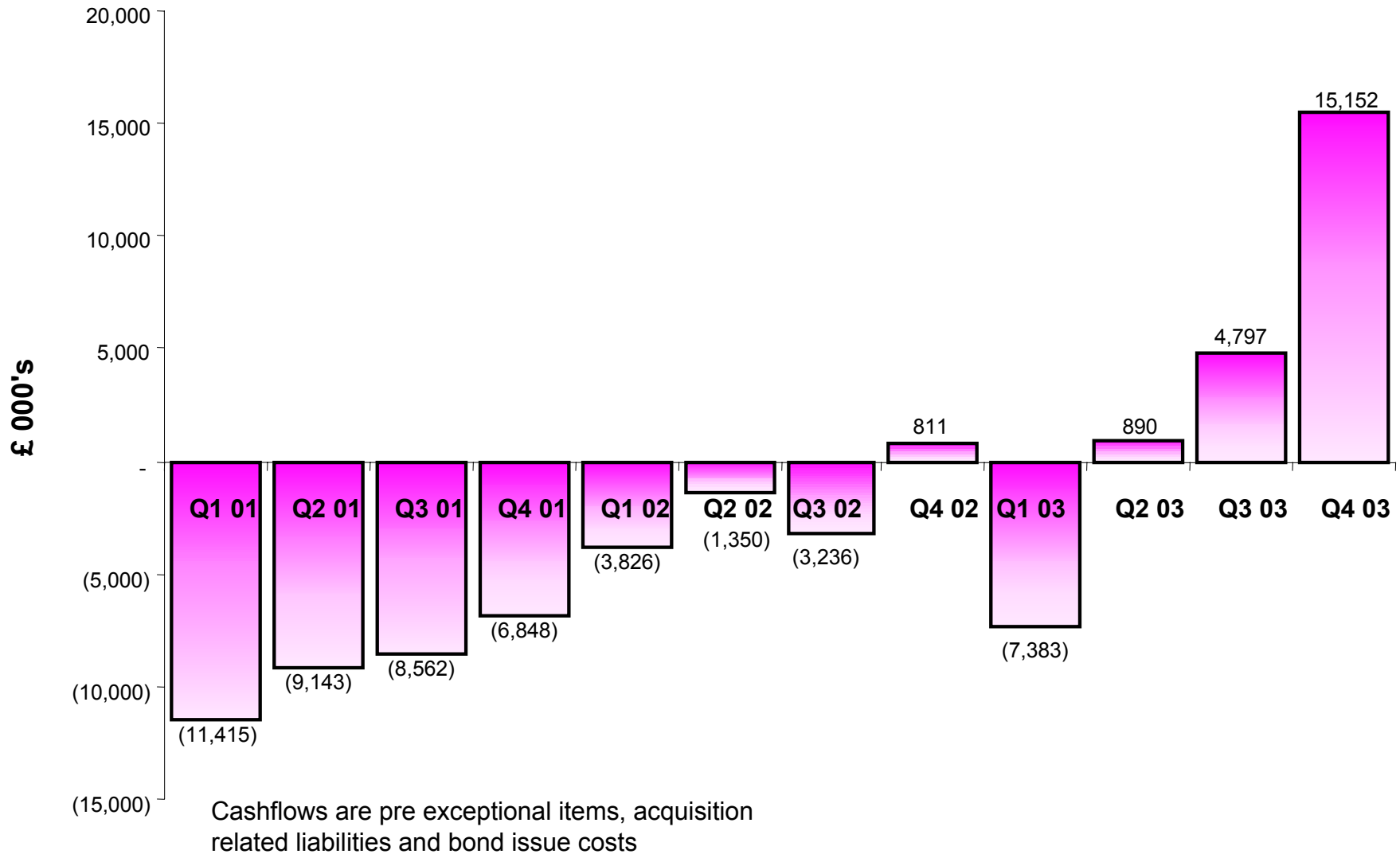
Country EBITDA development

£ millions	Q4 2002	2002	Q1	Q2	Q3	Q4	2003	Year-on-year growth
UK	3.4	3.2	2.5	3.8	4.8	13.9	25.0	681.3%
France	1.7	1.8	(0.9)	0.3	0.1	2.5	2.0	11.1%
Germany	(0.2)	(1.7)	(0.5)	(0.2)	0.2	2.0	1.5	188.2%
Italy	0.1	(0.3)	-	(0.1)	0.2	0.2	0.3	200.0%
Spain	(0.1)	(0.3)	(0.1)	(0.3)	0.5	(0.5)	(0.4)	(33.3)%
Satellite Countries	(0.1)	(1.2)	0.4	(1.4)	(0.1)	1.8	0.7	158.3%
Country EBITDA	4.8	1.8	1.4	2.1	5.7	19.9	29.1	1,516.7%
Central costs:								
Product development and HQ	(2.0)	(9.1)	(3.0)	(3.8)	(1.6)	(5.7)	(14.1)	54.9%
Group EBITDA (pre exceptionals)	2.8	(7.3)	(1.6)	(1.7)	4.1	14.2	15.0	305.5%
Depreciation	(2.9)	(9.8)	(2.4)	(2.5)	(2.9)	(7.0)	(14.8)	(51.0)%
Exceptional costs	-	-	-	(1.3)	(1.3)	(2.4)	(5.0)	-
Operating (loss)/ profit (pre goodwill amortisation)	(0.1)	(17.1)	(4.0)	(5.5)	(0.1)	4.8	(4.8)	71.9%
Goodwill amortisation	(6.6)	(18.7)	(7.3)	(9.3)	(12.3)	(13.4)	(42.3)	(126.2)%
Operating loss	(6.7)	(35.8)	(11.3)	(14.8)	(12.4)	(8.6)	(47.1)	(31.6)%

Balance sheet highlights

£ millions	30 Sept 03	30 June 03	30 Sept 02
Fixed assets	151.4	152.3	96.6
Current assets:			
Stock	0.3	0.2	0.1
Debtors	38.9	38.3	16.1
Cash at bank	112.7	28.6	49.6
	151.9	67.1	65.8
Current liabilities	(131.7)	(112.0)	(53.7)
Net current assets/ (liabilities)	20.2	(44.9)	12.1
Provisions and long term liabilities	(74.5)	(1.3)	(4.1)
Shareholders' funds	97.1	106.1	104.6

Operating cashflow



Allan Leighton
Chairman

Summary

"Another set of results that clearly demonstrate the progress we have made both in the Quarter and the year as a whole. We have strengthened our position as the clear European leader in the online travel and leisure market and are well placed to take advantage of the continued growth in the sector. We remain confident of further developments during 2004 in all key metrics."