

Focus remains on integration and profitable growth

Quarter 1 results for the period ending 31 December 2004

10 February 2005

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Brian Collie
Chairman

Q1 highlights

- Focus remains on integration and profitable growth
- Strong TTV growth – organic growth of 30.4%
- Gross margins and operating costs in line with expectations

David Howell
Chief Financial Officer

Profit and loss statement

| <i>£ millions</i> | Q1 2005 | Q1 2004 |
|--|----------------|----------------|
| TTV - Departure Date | 264.4 | 146.6 |
| Gross Profit | 43.7 | 25.0 |
| Gross Profit % | 16.6 | 17.1 |
| <i>Operating costs</i> | | |
| Product development | 2.2 | 1.2 |
| Sales and marketing - travel agents commission | 8.4 | 4.7 |
| Sales and marketing - other | 21.3 | 14.8 |
| General and administration | 13.6 | 5.4 |
| Total operating costs | 45.5 | 26.1 |
| EBITDA pre exceptional items | (1.8) | (1.1) |
| Depreciation | (4.7) | (3.5) |
| Interest | (3.0) | (1.4) |
| Profit before tax and goodwill amortisation | (9.5) | (6.0) |
| JV and associate operating (loss)/profit and goodwill | (0.2) | 0.6 |
| Goodwill amortisation | (16.8) | (12.9) |
| Net loss before taxation | (26.5) | (18.3) |
| EPS (pre exceptional items and goodwill amortisation) | (2.84)p | (1.78)p |

Departure based TTV – strong performance across all countries

| <i>£ millions</i> | 2004 | | | | | 2005 | Q1-on-Q1 % growth |
|---------------------|-------|-------|-------|-------|-----------|-------|----------------------|
| | Q1 | Q2 | Q3 | Q4 | Full year | Q1 | |
| UK | 90.3 | 122.1 | 184.8 | 252.5 | 649.7 | 182.2 | 101.8% |
| France | 23.9 | 24.9 | 37.8 | 65.3 | 151.9 | 32.4 | 35.6% |
| Germany | 14.1 | 12.3 | 24.1 | 44.5 | 94.9 | 22.4 | 58.9% |
| Italy | 6.3 | 5.3 | 10.0 | 10.5 | 32.1 | 10.2 | 61.9% |
| Spain | 2.5 | 4.1 | 3.3 | 8.6 | 18.6 | 6.9 | 176.0% |
| Satellite countries | 8.8 | 9.3 | 8.6 | 15.5 | 42.2 | 9.3 | 5.7% |
| Joint ventures | 0.7 | 0.8 | 0.3 | 1.1 | 2.9 | 1.0 | 42.9% |
| Total Group | 146.6 | 178.8 | 268.9 | 398.0 | 992.3 | 264.4 | 80.4% |

FORWARD ORDER BANK @ 31 Dec 04 = £73.1m

Pro-forma like-for-like organic country growth – encouraging trends particularly in UK and France

| <i>TTV % growth</i> | Q1 2004 on Q1 2003 | Q2 2004 on Q2 2003 | Q3 2004 on Q3 2003 | Q4 2004 on Q4 2003 | Year end 2004 | Q1 2005 on Q1 2004 |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------|-----------------------|
| UK | 24.1 | 47.2 | 25.1 | 32.0 | 27.5 | 30.5 |
| France | 13.8 | 7.5 | 42.0 | 22.9 | 26.9 | 35.6 |
| Germany | 16.5 | 13.9 | 7.4 | 13.0 | 12.1 | 6.9 |
| Italy | 90.9 | 32.5 | 99.7 | 59.1 | 49.9 | 61.9 |
| Spain | 31.6 | 70.8 | - | 103.5 | 43.9 | 176.0 |
| Satellite countries | 20.5 | 74.5 | (32.1) | 11.4 | 5.9 | 5.7 |
| Joint ventures | - | - | - | (32.1) | (33.4) | 42.9 |
| Total TTV | 23.2 | 36.2 | 22.3 | 27.9 | 24.9 | 30.4 |

TTV product analysis – stronger than expected performance in Flights

| | 2004 | | | | | 2005 | Q1 on-Q1 % growth | Q1 2005 % mix |
|---------------------|-------|-------|-------|-------|-----------|-------|----------------------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Full year | Q1 | | |
| <i>£ millions</i> | | | | | | | | |
| Travel | | | | | | | | |
| * Holidays | 54.6 | 52.2 | 86.7 | 127.0 | 320.5 | 81.6 | 49.5% | 30.9% |
| Flights | 36.2 | 43.0 | 78.5 | 82.5 | 240.0 | 86.3 | 138.7% | 32.6% |
| Hotels | 12.7 | 42.8 | 44.0 | 86.5 | 185.8 | 47.0 | 271.5% | 17.8% |
| Car hire | 35.8 | 29.7 | 52.4 | 82.5 | 200.4 | 37.6 | 5.0% | 14.2% |
| Total travel | 139.2 | 167.6 | 261.5 | 378.4 | 946.7 | 252.5 | 81.4% | 95.5% |
| Non Travel | 7.4 | 11.2 | 7.4 | 19.6 | 45.6 | 11.9 | 60.8% | 4.5% |
| Total Group | 146.6 | 178.8 | 268.9 | 398.0 | 992.3 | 264.4 | 80.4% | 100.0% |

* Includes Dynamic Packaging. Previously DP, split into Flights and Hotels categories.

Gross margin – stable at product category level

- Group gross margin including advertising revenues 16.6%* (vs. 17.1% Q1 2004)
- Retail gross margin excluding advertising revenues flat year-on-year – 15.2%
- Margin impacted by reduced proportion of commercial and advertising revenue
 - 1.4% contribution in Q1 2005 (vs. 1.9% contribution Q1 2004)
- At product level, gross margins stable or improving year-on-year, except for Flights
- Flights performance adversely affected overall mix

- Includes £2m recovery for prior year indirect taxes not recognised in 2004

Quarterly EBITDA development

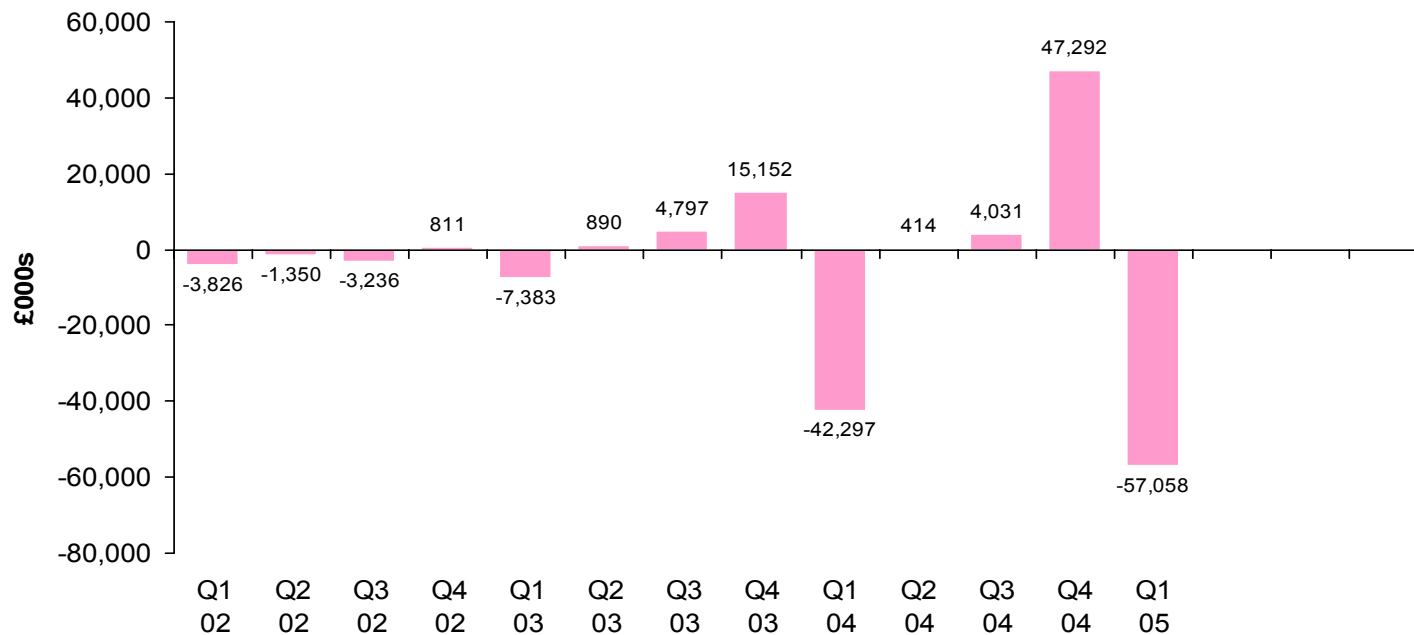
| | 2004 | | | | | 2005 |
|--|-------|-------|------|------|-----------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Full year | Q1 |
| <i>£ millions</i> | | | | | | |
| Gross profit | 25.0 | 30.9 | 46.3 | 72.4 | 174.6 | 43.7 |
| Operating costs | | | | | | |
| Product development | 1.2 | 1.8 | 1.6 | 2.9 | 7.4 | 2.2 |
| Sales and marketing – agents' commission | 4.7 | 5.8 | 9.8 | 15.4 | 35.7 | 8.4 |
| Sales and marketing – other | 14.8 | 14.5 | 19.0 | 21.2 | 69.5 | 21.3 |
| General and administration | 5.4 | 10.3 | 11.6 | 10.5 | 37.9 | 13.6 |
| Total operating costs | 26.1 | 32.4 | 42.0 | 50.0 | 150.5 | 45.5 |
| EBITDA (pre exceptional items) | (1.1) | (1.5) | 4.3 | 22.4 | 24.1 | (1.8) |

Balance sheet – cash position remains robust

| | 2005 | | 2004 | |
|--------------------------------------|-------------|--------------|---------|--|
| | 31 December | 30 September | 30 June | |
| <i>£ millions</i> | | | | |
| Fixed assets | 194.7 | 212.2 | 202.6 | |
| Current assets | | | | |
| Stock | 1.3 | 0.6 | 0.8 | |
| Debtors | 109.0 | 106.8 | 68.1 | |
| Cash at bank | 30.0 | 85.9 | 65.4 | |
| | 140.3 | 193.3 | 134.3 | |
| Current liabilities | (190.3) | (237.6) | (157.7) | |
| Net current liabilities | (50.0) | (44.3) | (23.4) | |
| Provisions and long term liabilities | (74.4) | (72.7) | (74.0) | |
| Shareholders' funds | 70.3 | 95.2 | 105.2 | |

Cashflow – expect 2005 profile to match 2004

- Q1 cash outflow higher than anticipated:
 - Mix of trade business
 - Strong performance in flights sales
- Q2 2005 operating cashflow anticipated to be broadly neutral
- Expect similar cash flow profile to 2004 for FY 2005



Ian McCaig
Chief Operating Officer

Achievement Highlights

- Farringdon office and operations closed (70 staff redundancies)
- Bracknell offices closed (110 roles moved to variable cost base)
- Additional UK and 3 international offices closed
- UK Marketing teams integrated (reduction of 20 roles)
- Global Tech teams integrated and centralised
- 10 Senior Managers departed since start of cost reduction programme
- Single tour operating system launched for all brands (4 systems previously)
- Fully integrated XML connectivity for Flights and Hotels across all brands

Summary – achievements to date

| Area | Headcount Impact | Location Impact | Execution cost £m | 05 Saving £m | Savings Achieved * £m |
|---|------------------|-----------------|----------------------|-----------------|--------------------------|
| UK Management & Functional Integration | 75 | 0 | 2m | 4.5m | 2.4m |
| UK Call Centre Efficiency, Integration & Tech | 135 | 4 | 1m | 3.5m | 0.9m |
| Procurement & Supply Management | 0 | 0 | nil | 1m | 0.5m |
| European | 85 | 4 | 0.5m | 3m | 1.6m |
| Other International | 60 | 4/5 | 0.5m | 1m | 0.4m |
| Total | 355 | 12+ | 4m | 13m | 5.8m |

| Phasing - 2005 | Q1 | Q2 | Q3 | Q4 |
|----------------|-----|------|------|------|
| £m | nil | 2.2m | 4.3m | 6.5m |

* Annual saving to be delivered in 2005 from actions taken since 1 October 2004

Next 3 Months

- OTC integration (scheduled to complete June '05)
- Further roles in UK moving to variable cost base
- Twickenham office to close June '05
- France moving to a new fare-loading system
- Consolidated hotels database (April '05)
- UK finance integration project

Brent Hoberman
Chief Executive Officer

lastminute.com group structure

Retail

£650m

lastminute.com
Travelselect
Travelprice.com
eXhilaration
Degriftour
Gemstone
lastminute.de
Onlinetravel.com

Trade/ White label

£350m

lastminute.com
holidayautos
Med Hotels
Globepost
OTC

Corporate

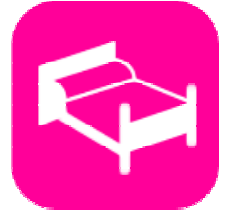
£100m

First Option
Travelstore

* TTV based on 2004 Pro forma numbers

Highlights

- Lowest ever customer acquisition cost
- Very strong growth in Hotels
- UK Lifestyle strong organic growth c.50%
- Highest TTV per travel item for 9 quarters
- Co-op Travelcare – technology live in 360 shops
- Launch of holidayandmore.com
- New deal with Best Western



Marketing – leveraging the power of 9.8m registered subscribers

- First ever one-day sale
- Highest TTV from newsletter
- Highest click-through rates
- Generated huge growth in traffic to site
- Driving customer loyalty through advanced notice
- Creating buzz and excitement

lastminute.com HOT TIP



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Category highlights – increased breadth and depth driving volume

- Holidays
 - Improved connectivity with Cosmos, Libra and Thomas Cook
 - Seeing some customer migration to dynamic packaging
- Dynamic Packaging
 - Very positive trends across the group, particularly in European markets
- Flights
 - Stronger than expected performance driven by depth of product offer and great deals
 - Improving mix between long and short haul business
- Hotels
 - New connectivity deals with 3 consolidators and Hilton enhancing volume
 - Recently signed deals with Best Western, more chains to follow
- Car
 - Typically quieter quarter for Car
- Lifestyle
 - Strong performance across the categories

Technology – 2005 top programmes

1. Integrations
2. Hotels Booking Engine
3. Group Oracle Financials
4. Connectivity to 3rd Party Inventory
5. User interface

Brian Collie
Chairman

Outlook – on track

The solid start to the financial year has continued into quarter 2 with TTV continuing in line with our expectations. We expect operating cashflow to be broadly neutral in quarter 2, following a similar operating cashflow profile to that achieved in 2004.