

Financial results for the 9 months and Quarter 3 ended 30 June 2003

**Delivery of significant positive EBITDA and
overall trading profitability in a Quarter still
affected by Sars, post Iraq conflict and
terrorism concerns**

5 August 2003

Allan Leighton
Chairman

Quarter 3 – results highlights

- Customer conversion rate improves to 32.1%
- Record TTV of £150.9m – up 147.1% on Q3 2002
- Record forward bookings at 30 June 2003 of £61.1m
- Gross margin improves to 19.5%
- Positive group EBITDA (before exceptional items) of £4.1m
- Operating cash inflow (before exceptional items) of £4.8m

Brent Hoberman
Chief Executive Officer

Continued growth in all metrics

- Subscriber base grows by 33.8% on Q3 2002 to 7.5m
- Customers now over 2m since inception
- Record TTV of £150.9m with a record forward order bank of £61.1m

Dynamic packaging update

- Sales £5.4m – 15.3% of lastminute.com UK URL
- Launched in France – July 2003
- Content growing with additional flight and hotel options
- Expanded product offering – Q4 2003 and Q1 2004:
 - Insurance
 - Car hire
 - Airport parking
 - Charter flights
 - Resort hotels etc.

Strategic partnerships - brand

Broadening strategic partner relationships:

- **Tesco.com**
- **Egg**
- **Sky Active**
- **3 UK**

Leveraging our technology to partner with other market leaders

The screenshot shows the top of an Egg newsletter. At the top right, it says "what's in it for me? egg™". Below that, it says "Issue no. 1 August 2003" and "Banking | Investing | Insuring". The main headline is "How to win friends and influence people." with a photo of a woman and a man with a large blue inflatable ring. To the right, there is a text block: "Welcome to our new monthly email magazine - we hope you enjoy it. For our first issue, we're lined up top tips, insider info and trade secrets - because it's not who you know, it's what you know. We're also giving away 5% cashback on any lastminute.com purchase you make with your Egg Card - now that really is worth knowing about..." Below this is a small image of the magazine cover and a "find out more" link with a right-pointing arrow.

eg. Egg newsletter gives access to lastminute.com's

- sophisticated technology

- product breadth

- editorial content

- good customer fit

- due to launch Aug

The screenshot shows an article titled "How to book a table at The Ivy." The text reads: "Shhhh! Keep it to yourself, but it's actually not that hard to get a table at London's uber A-list eaterie. Our man with the little black book advises phoning around 4 in the afternoon - just after they've confirmed the evening's reservations and accounted for the celebrity cancellations." Below the text is a list of links: "Find out more about The Ivy", "Michelin 2* Pied a Terre", "Leeds & Manchester dining", and "more restaurant options".

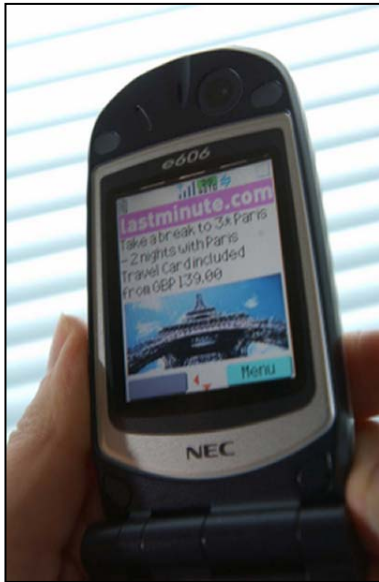
How to blag an upgrade at the airport.

Blagging yourself an airline upgrade is all about getting on the right side of the **check-in staff** - assuming they haven't all walked out in a wildcat strike, of course. Travelling **alone**, looking **smart**, carrying a **laptop** and turning up three hours **early** have all worked for our well-travelled staff - as has the high-risk strategy of turning up 15 seconds before the flight leaves. **Honeymoons**, anniversaries and **birthdays** might do the trick - but don't forget you have to show your passport before playing the birthday card. Most importantly of all, **smile and be nice** - remember what your mum said about good manners costing nothing.

pack your bags ▶



The right product at the right time on the right device



**Recent launch on “3”
- already available on
Vodafone Live! on 2M
handsets**



**Service live on
Sky Active
– available in
6.7M UK homes**



**Airport Kiosks
London Heathrow
Marseilles**

Strategic partnerships - airlines

New relationships announced with:

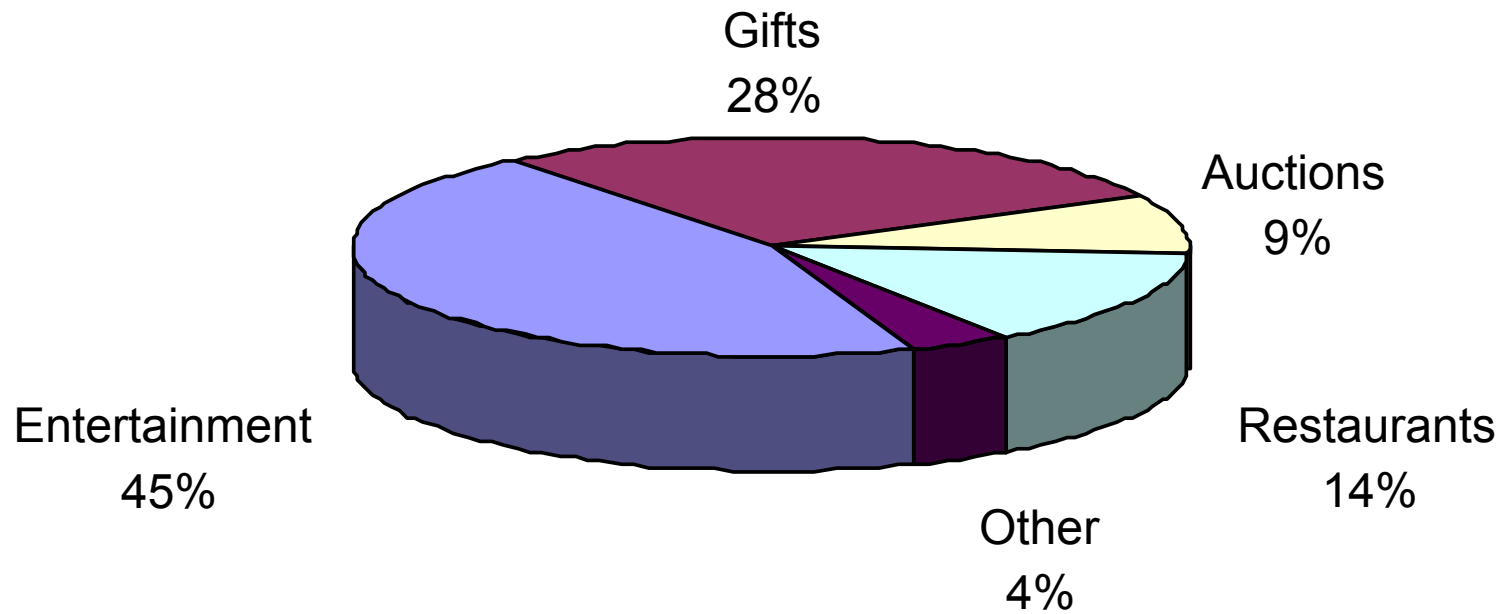
- **KLM**
- **Avro : access to 2m charter seats**

Lifestyle developments – lowers customer acquisition costs materially

Q3 2003 key sales statistics:

- 60,000 theatre tickets
- 10,500 tickets to Paul McCartney
- 8,500 tickets to Chessington World of Adventures
- 4,000 tickets to Stomp
- 5,000 tickets to Les Miserables + dinner at Planet Hollywood
- 700 diners to Mezzo
- 600 diners to Bankside

Lifestyle bookings Q3 2003



Technology developments

- Hotel centralisation live
- Car parking and insurance integrated into the shopping basket
- Data warehousing live with Informatica
- Industry leading site performance achieved with Blade hardware and technology caching
- Further outsourcing to our BPO partners
- Continued focus on efficiency gains in the back-end

http://ww2.lastminute.com/browse/search.go?N=2147450022&N=62&dep_date=20030725&give...

File Edit View Favorites Tools Help

Address http://ww2.lastminute.com/browse/search.go?N=2147450022&N=62&dep_date=2003072

Holidays

61 Holidays available
from the following choices:

Date range
Sat 23 Aug - Wed 27 Aug

Country
EGYPT

UK departure area
Any London airport / station

To remove your choice click

Refine by

Date & Duration
[By Month](#)
[Departure Date](#)
[Day of Week](#)
[Length of Stay](#)
[Number of Nights](#)

Airport
[UK departure airport](#)


Destination
[City/Resort](#)


Hotel
[Board Type](#)
[Star Rating](#)
[Facilities](#)


Other Information


Top 10 Results Sort by


Page: [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) Showing holidays **1** to **10** of **61**


 4* b&b to the Red Sea's newest destination Marsa Alam
7 nights
£419
guaranteed availability [more info](#)

 3* Red Sea Offer - 7nt B&B from only £329
7 nights
£339
guaranteed availability [more info](#)

 The sultry charm of Sharm - 7 nights in Sharm el Sheikh
7 nights
£409
guaranteed availability [more info](#)

 5* break to Luxor for 7 nights
7 nights
£449
guaranteed availability [more info](#)

 7 nights in 5* Luxor - bed and breakfast
7 nights
£449
guaranteed availability [more info](#)

 Beautiful Red Sea - 7 nights - 5* Marriott Taba Heights, Egypt
7 nights
£467

Internet

Enhancement of customer experience through improvements to Flights, Hotels and Holidays user interfaces

eg Holidays

- Comprehensive holiday offering
- Sophisticated search criteria
- Guaranteed availability product

lastminute.com people

Continued strengthening of the Management team

- Main Board enhanced with the addition of Sven Boinet and Agnès Touraine
- New COO from August – Ian McCaig
- New Group Director of HR from September – Liane Hornsey

holiday autos acquisition

- Good strategic fit with the lastminute.com Group
- Significant contribution to Q3 TTV and EBITDA
- Record daily sales in UK, Germany, Nordic and Austria
- Integration on track - full integration anticipated by end Q1 2004

Martha Lane Fox

Group Managing Director

50% off – Rude not to... - campaign results

**i'm not a celebrity
get me in there**

with 50% off restaurants, hotels,
holidays, gifts & entertainment deals,
you can afford to upgrade your life.

lastminute.com



impress the pants off her

with 50% off restaurants, hotels, entertainment & gifts, you can afford to upgrade your life.

lastminute.com

- 3 week campaign

- online and offline

Generated:

- 220K unique users

- 50K bookings

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We're giving away free flights, nights, upgrades, surprises & secrets best kept to yourselves.

THE GREAT GIVEAWAY

Subject to availability and other terms and conditions.

lastminute.com

Summer promotions supported by tactical offline marketing – UK, Italy, France

scegli fino a
-50%
sul prodotto
dei principali
operatori

le migliori offerte per l'estate...
sono nel tuo pc.

lastminute.com
SOLUZIONI & INSPIRAZIONE PER VIAGGI & TEMPI LIBERI

prenota con la massima sicurezza: vacanze, voli, hotel, auto, partenze immediate o fino a fine settembre. Info e prenotazioni: www.lastminute.com - www.lastminute.it oppure chiama il servizio clienti al numero indicato sul sito

je n'en paie qu'une des deux



achetez 1 semaine de vacances / on vous offre la seconde*

0892 70 5000

lastminute.com

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Sales metrics

- Sustained growth of 33.8% in subscribers on Q3 2002, to 7.5m
- 81.8% growth in customers on Q3 2002
- 131.9% growth in items sold on Q3 2002
- 7.0% growth in TTV per item sold on Q3 2002
- 147.1% growth in TTV on Q3 2002

Growth of 33.8% on Q3 2002 subscribers



Customer Statistics

	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	Q3-on-Q3 % growth
Subscribers (millions)	5.6	6.4	6.8	7.0	7.5	33.8%
Customers (‘000s)	197	261	240	303	358	81.8%
Items sold (‘000s)	429	634	570	712	994	131.9%
- Travel	287	456	384	517	845	194.4%
- Non travel	142	178	186	195	149	4.9%
TTV per item sold (£s)	142	177	153	130	152	7.0%
- Travel	203	239	212	167	172	(15.3)%
- Non travel	20	20	33	30	38	90.0%

TTV analysis – travel/non travel

£ millions	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	Q3-on-Q3 Growth	2003 Q3 % mix
Holidays	28.4	62.6	36.4	38.1	44.3	56.0%	29.4%
Flights	22.5	36.5	34.9	28.6	41.2	83.1%	27.3%
Hotels	7.3	9.8	8.9	10.3	10.7	46.6%	7.1%
Car hire	-	-	-	9.5	49.0	-	32.5%
Total Travel	58.2	108.9	80.2	86.5	145.2	149.5%	96.3%
Non Travel	2.8	3.5	6.9	5.7	5.7	103.6%	3.7%
Total Group	61.0	112.4	87.1	92.2	150.9	147.1%	100.0%

We are rapidly moving towards an a balanced portfolio of travel products

Ideal travel balance	Why?	
	<u>TTV %</u>	<u>GP %</u>
Holidays	30	12 – 15
Car hire	30	30+
Hotels	10	15 – 20
Flights	25	4 – 7

David Howell
Chief Financial Officer

Q3 2003 Financial Highlights

- Record TTV £150.9m – 147.1% growth on Q3 2002
- Record gross margin of 19.5%
- Group EBITDA (pre exceptional items) of £4.1m (Q3 2002 EBITDA loss £1.9m)
- Overall PBT (pre goodwill amortisation and exceptional items) of £1.6m (Q3 2002 loss £4.0m)
- Operational cash inflow (pre exceptional items) of £4.8m (Q3 2002 outflow £3.2m)

Departure based TTV

£ millions	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	Q3-on-Q3 Growth
UK	38.6	61.8	57.4	54.7	85.3	120.6%
France	16.1	40.1	20.0	22.6	26.6	65.8%
Germany	3.3	3.8	2.7	6.6	18.8	464.2%
Italy	1.5	2.0	3.3	4.0	5.0	221.3%
Satellite countries	1.1	4.1	3.0	3.5	14.0	121.5%
Joint ventures	0.4	0.6	0.7	0.8	1.2	203.5%
Total Group	61.0	112.4	87.1	92.2	150.9	147.1%

Q3 2003 forward bookings - £61.1m

Organic TTV percentage growth

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

	Q1-on-Q1 % growth	Q2-on-Q2 % growth	Q3-on-Q3 % growth
UK	61.0	79.8	62.4
France	36.8	28.4	20.0
Germany	36.3	21.4	6.4
Italy	139.7	188.9	110.8
Satellite countries	156.0	133.3	54.1
JVs	69.8	100.0	203.5
Total organic growth	55.0	60.0	50.2
Total quarterly growth	174.4	126.4	147.1

Gross profit development

£ millions	2002	2002	2003	2003	2003	Q3-on-Q3
	Q3	Q4	Q1	Q2	Q3	Growth
UK	4.5	8.6	7.6	9.2	16.1	257.8%
France	2.7	5.1	2.7	3.0	3.8	40.7%
Germany	0.4	0.5	0.3	1.6	5.7	1,325.0%
Italy	0.2	0.1	0.4	0.4	0.6	200.0%
Satellite countries	0.1	0.5	0.3	0.8	3.3	3,200.0%
Total GP	7.9	14.8	11.3	15.0	29.5	273.4%
Commercial revenues included in GP	1.4	2.2	1.6	1.8	3.4	142.9%
% GP margin	12.9	13.2	13.0	16.2	19.5	6.6% points

Percentage gross margin

%	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	Q3-on-Q3 Growth
Retail gross margins						
UK	10.0	11.1	11.5	14.6	16.2	6.2% points
France	12.8	12.0	11.3	11.1	10.5	(2.3)% points
Germany	8.5	13.9	11.9	24.2	30.3	21.8% points
Italy	13.3	5.0	12.1	10.0	10.0	(3.3)% points
Satellite countries	9.1	12.2	10.0	22.9	23.6	14.5% points
Average retail margin	10.6	11.2	11.2	14.3	17.2	6.6% points
Commercial revenues	2.3	2.0	1.8	1.9	2.3	-
Total Group gross profit	12.9	13.2	13.0	16.2	19.5	6.6% points

Quarterly EBITDA development

£ millions	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	Q3-on-Q3 % change
Gross profit	7.9	14.8	11.3	15.0	29.5	273.4%
Operating costs						
Product development	1.6	1.5	1.7	1.9	0.8	50.0%
Sales and marketing	5.3	6.5	7.1	10.7	20.6	(288.7)%
General and administration	2.9	4.0	4.1	4.1	4.0	(37.9)%
Total operating costs	9.8	12.0	12.9	16.7	25.4	(159.2)%
EBITDA (pre exceptional items)	(1.9)	2.8	(1.6)	(1.7)	4.1	316.7%
Exceptional items	-	-	-	(1.3)	(1.3)	-
EBITDA	(1.9)	2.8	(1.6)	(3.0)	2.8	247.9%

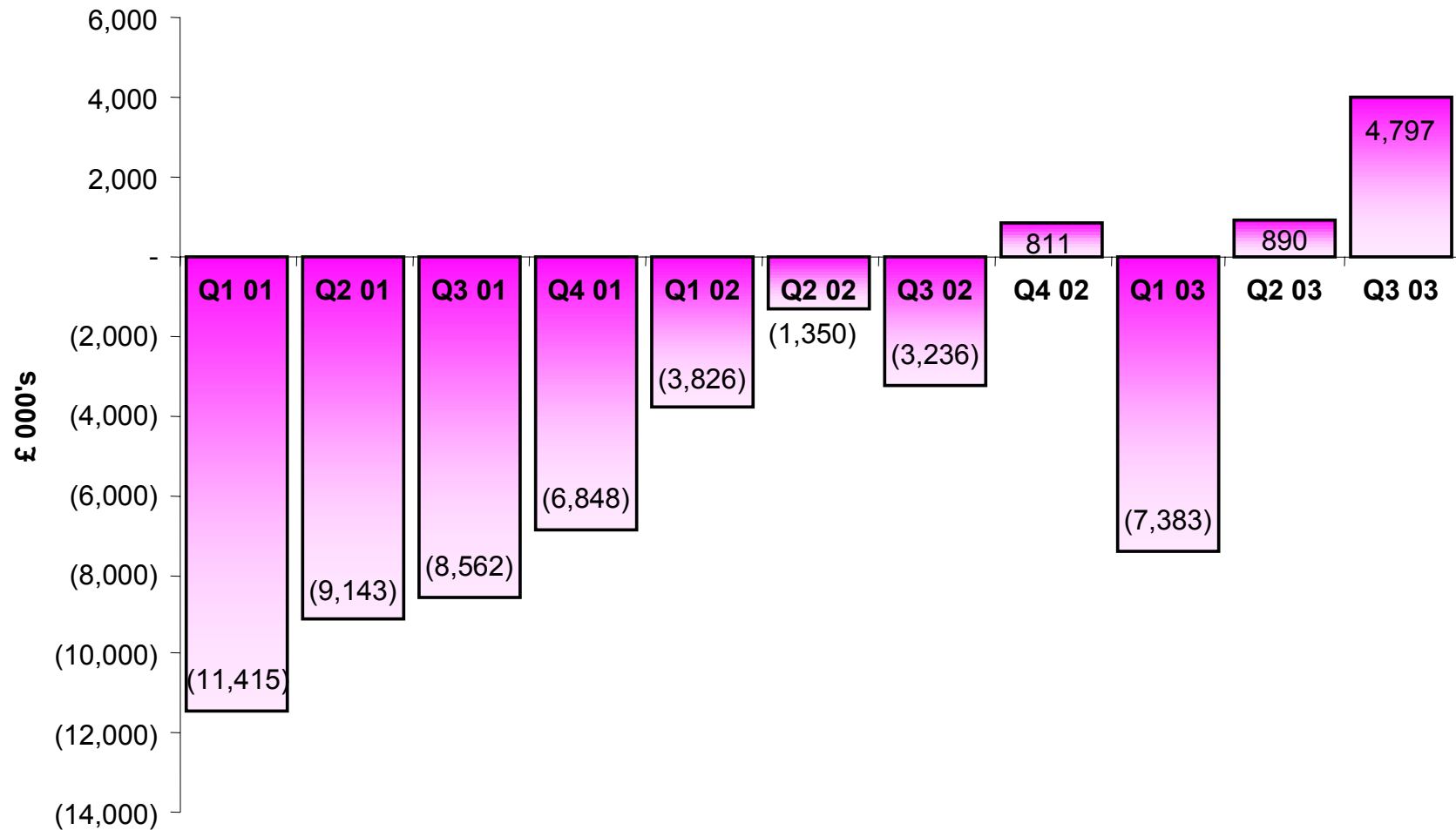
EBITDA

£ millions	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	Q3-on-Q3 growth
UK	1.2	3.4	2.5	3.8	4.8	300.0%
France	0.3	1.7	(0.9)	0.3	0.1	(66.7)%
Germany	(0.4)	(0.2)	(0.5)	(0.2)	0.2	150.0%
Italy	-	0.1	-	(0.1)	0.2	-
Satellite Countries	(0.2)	(0.2)	0.3	(1.7)	0.4	300.0%
Country EBITDA	0.9	4.8	1.4	2.1	5.7	533.3%
Central costs:						
Product development and HQ	(2.8)	(2.0)	(3.0)	(3.8)	(1.6)	42.9%
Group EBITDA (pre exceptionals)	(1.9)	2.8	(1.6)	(1.7)	4.1	316.7%
Depreciation	(2.3)	(2.9)	(2.4)	(2.5)	(2.9)	(26.1)%
Amortisation	(4.7)	(6.6)	(7.3)	(9.3)	(12.3)	(161.7)%
Exceptional costs	-	-	-	(1.3)	(1.3)	-
Operating loss	(8.9)	(6.7)	(11.3)	(14.8)	(12.4)	(39.3)%

Balance sheet highlights

£ millions	30 June 03	31 March 03	30 June 02
Fixed assets	152.3	163.1	72.2
Current assets:			
Stock	0.2	0.5	0.1
Debtors	38.3	32.6	12.2
Cash at bank	28.6	52.3	41.5
	67.1	85.4	53.8
Current liabilities	(112.0)	(126.7)	(44.3)
Net current (liabilities)/assets	(44.9)	(41.3)	9.5
Provisions and long term liabilities	(1.3)	(1.3)	(0.9)
Shareholders' funds	106.1	120.5	80.8

Operating cashflow



Cashflows are pre exceptional items and acquisition related liabilities

Allan Leighton
Chairman

Summary

“I am pleased to report that lastminute.com delivered significant positive EBITDA and overall trading profitability in Q3 despite a difficult trading environment still affected by Sars, war and terrorism concerns post the Iraqi conflict. Summer bookings have started strongly for the key Quarter 4 and we remain confident of a positive outcome for the full year.”