

Wotif leaves room to improve

Emma Connors

Online accommodation service Wotif.com has shareholders wondering just how good is great when the company opted not to upgrade its prospectus forecasts after posting a strong first-half result.

The company beat estimates by 5 per cent to post a net profit of \$11.9 million in the six months to December 31, up 58 per cent from the same period the year before.

Revenue climbed 49 per cent to \$31 million and the company will pay a 5¢ dividend.

Wotif.com founder and managing director Graeme Wood said the company was likely to exceed its prospectus forecast of \$19.1 million net profit for the year but would not specify a new target.

"With this sort of growth profile it is hard to stick a target on the wall," said Mr Wood, who owns 25 per cent of Wotif.

WOTIF.COM HOLDINGS

Half year	2007	2006
Sales (\$m)	31.04	20.89
Pretax (\$m)	17.05	10.74
Net (\$m)	11.89	7.52
EPS	5.86¢	3.7¢
Interim div*	5¢	Nil
Shares (last)	\$4.42	(-12¢)
*Payable	Mar 30	

"But last year we did 45 per cent in first half and 55 per cent in second, so if that same ratio applies we will exceed the profit forecast."

Shares in Wotif.com, issued at \$2 when it listed in June, fell 12¢ to close at \$4.42 yesterday. The shares are trading at 32 times normalised earnings, according to Ord Minnett.

The result commentary suggested the monthly increase in the number of rooms booked, a key measure of the Wotif.com business, had begun to plateau. Wotif.com sold 1.82 mil-

lion room nights in the first half, up 47 per cent on the corresponding period the previous year. But room bookings in January were up only 34 per cent on January 2006.

Wotif.com extended its sales period last year, changing its booking period from two weeks to 28 days and this is thought to have contributed to the sales increase reflected in the interim result.

Mr Wood said there were no one-off factors affecting the January result and he did not know if the growth rate had stalled.

"We are launching in new countries all the time and the supply side is accelerating as well - we now have 9000 properties online. As those factors come to play it's hard to rub the crystal ball long enough to work out where it's headed."

Shareholders agreed. "The outlook is anyone's guess," said Bill Ryan, a fund manager at Smallco Investment Manager.

"My gut feeling is that it will continue to grow forward but on a month-to-month basis it's hard to pick volumes.

"If the business keeps growing at 40 per cent for the next two years, the stock's not expensive. If growth drops to 20 per cent, then it is."

Some analysts believe Wotif.com's hold on the online accommodation market will be challenged as hotels start to compete by selling rooms directly.

Last year Accor Hotels started to market room sales online.

But while the barriers to entry were low, a crowded market played to Wotif.com's advantage, said Ord Minnett senior research analyst Martyn Jacobs, who rates Wotif.com "accumulate" with a \$4.50 target price.

"There are so many players that the market is quite fragmented. It would take a lot of consolidation to produce a serious rival," he said.

AUSDRILL

Half year	2007	2006
Sales (\$m)	185.6	152.31
Pretax (\$m)	18.4	13.9
Net (\$m)	13.6	9.1
EPS	9.87¢	8.43¢
Interim div*	4.0¢ ff	3.0¢ ff
Shares (last)	\$2.10	(-3¢)
*Payable	Apr 5	

The mining services company says its record half-year profit includes a one-off gain of \$734,000 on the sale of a property in Chile. It says the half featured strong performances domestically and internationally. The outlook is for a similar strong second half.

Staff reporter

AUSTAL

Half year	2007	2006
Sales (\$m)	250.0	167.0
Pretax (\$m)	25.8	19.6
Net (\$m)	19.4	18.6
EPS	10.48¢	11.41¢
Interim div	0.0¢	0.0¢
Shares (last)	\$3.93	(+6¢)

The shipbuilder says the company is experiencing huge growth in the US, with the American workforce almost doubling.