

Does size matter ?

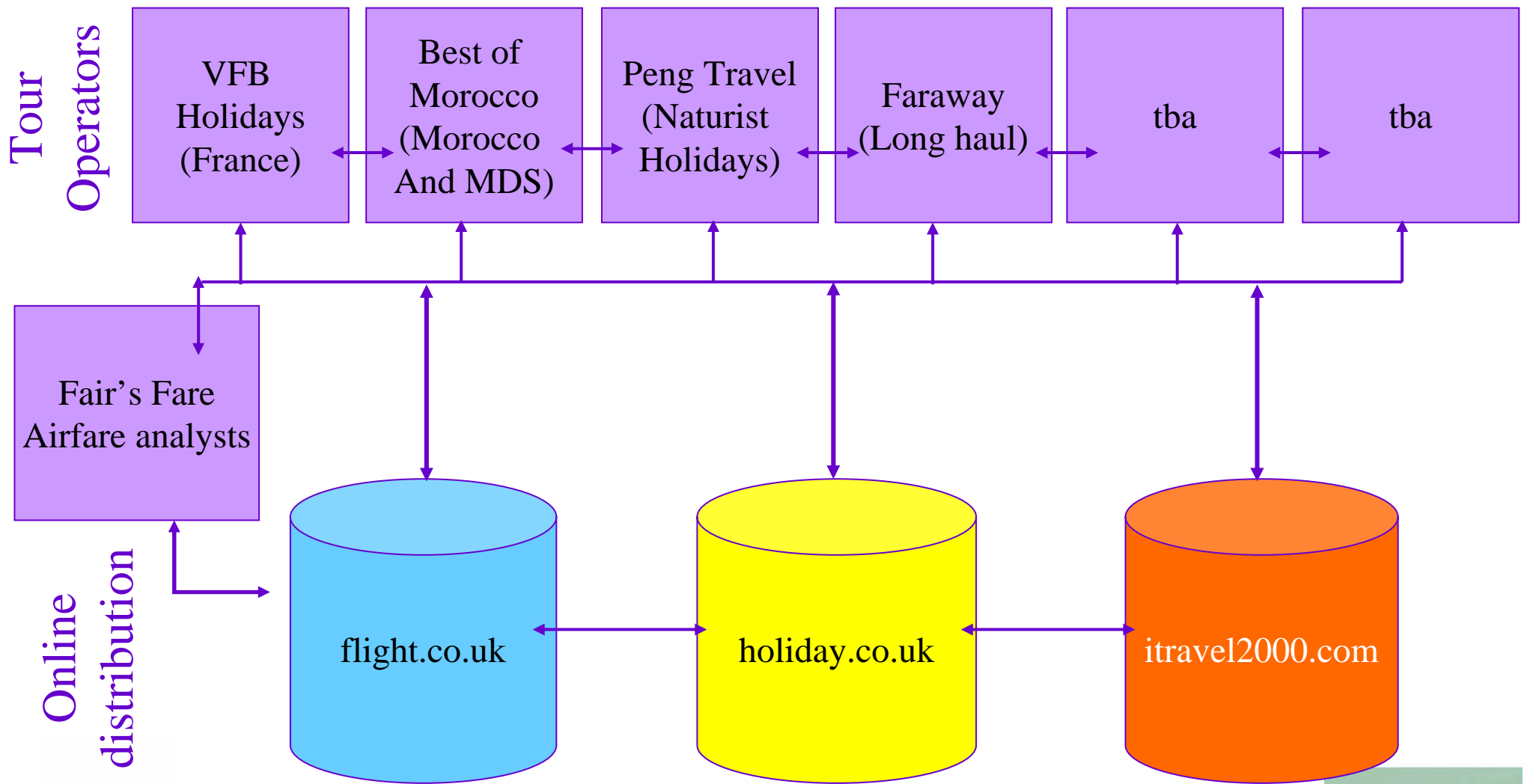
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Travelzest Overview



- Travelzest is an online travel group focused on high quality brands offering specialist holiday products and online distribution services
- Listed on AIM in October 2005 under the name Travelzest plc (TVZ)
- Ambitious acquisition strategy to consolidate the fragmented specialist holiday industry.
- The Company currently owns
 - VFB Holidays – France specialist
 - Holiday Express – Online travel business (holiday.co.uk + flight.co,.uk)
 - Best of Morocco – Morocco specialist
 - Peng Travel - Naturist holidays
 - Fair's Fare – air fare analysts (business and first class fares)
 - Faraway Holidays – long haul specialists
 - itravel2000.com – Canadian online travel business



Past and present

- The market has undergone significant structural changes over the past five years, due to:
 - Internet booking
 - Low cost air travel
 - Terrorism
 - War in Iraq
 - Natural disasters
 - Volatility in fuel costs
- This has resulted in a market:
 - Dominated by a small number of large players
 - Large number of smaller, fragmented niche operators



Future

- The market is set to continue evolving, with consumers demanding:
 - Greater choice of destination / holiday components
 - Price transparency
 - Later bookings
- This is likely to result in:
 - continuing disruption to the traditional operator model
 - minimal customer loyalty in the high volume market
- Those companies which are successful in this market must have:
 - Destination expertise or high service and product content
 - Ready, profitable access to package elements
 - Integrated and sophisticated on-line capabilities
 - A flexible operating model

Manage inherent risks of the travel business to deliver steady and reliable earnings streams

Typical Travel Business Risks

- Seasonal highs and lows

- Asset intensive

- Health/terror/disaster scares

- Vulnerable to demands of channels

- Unsold inventory

- Acquisition integration risk

Travelzest Model

- Diversify seasonal peaks and troughs with summer and winter businesses

- Asset light

- Diversify mix of destinations

- Web-based tour operators *and* low cost distributor

- Businesses with low fixed commitments

- Do not integrate



Success of small specialist tour operators

- Niche travel companies have clear propositions be it:
 - Destination/product expertise
 - Or specific customer expertise
 - Or clear potential to build unique proposition
- Consumer and service focussed
- Understand their market and customer
- Not selling a commodity
- Low fixed assets/commitments
- Staff are a valuable commodity in the business
- Have a passion for their product



Combine small with large

- As a group we are not dependent upon any one particular destination or type of holiday
- Connect these tour operators to Travelzest's online portals – holiday.co.uk and itravel2000.com
- Cross-market stable brands through online direct and possible agency distribution creating opportunities for growth
- Retain control and independence but benefit from expertise of professionals within the group
- Improve purchasing power and bring costs down

Summary



- Travelzest plc is building a diversified collection of specialist holiday brands focused on the most profitable and growing segments of the market:
 - Specialist tour operators or specialist travel companies
 - Online travel businesses
- Small specialist businesses focussed on a particular niche – are by their very nature unlikely to be large
- Size is of less importance than the successful structure of a business

