

Thomas Cook Group Full Year Results 2017

Notes:

(i) This table includes non-statutory alternative performance measures – see page 23 for explanation, associated definitions and reconciliations to statutory numbers

(ii) As part of the preparation of the FY17 Group financial statements, management identified several non-cash adjustments which have been applied to the Group's financial statements for FY16. Further details of the restatement can be found on page 36

(iii) 'Like-for-like' change adjusts for the impact of foreign exchange translation, fuel and other. The detailed like-for-like adjustments are shown on page 12

(iv) 'Underlying' refers to trading results that are adjusted for separately disclosed items that are significant in understanding the on going results of the Group. Separately disclosed items are detailed on pages 17 and 32

(v) See page 24 for definition and breakdown of net debt. 'Like-for-like' net debt adjusts the prior year comparative for foreign exchange translation and the impact of the Group's bond refinancing – see page 20 for reconciliation

The comments below are based on underlying like-for-like comparisons unless otherwise stated, as Management believes this provides a clearer view of the Group's year-on-year progression

Good financial progress

- Group revenue of £9,007 million, up 9% on a like-for-like basis (adjusted for foreign exchange)
- Underlying EBIT up £24 million to £330 million
- Strong recovery at Condor; increased profits in Continental Europe and Northern Europe
- UK margins lower after four consecutive years of profit growth
- Profit after tax of £12 million; recommended dividend of 0.6 pence per share
- Net debt reduced by £122 million to £40 million, reflecting higher free cash flow generation
- New financing arrangements to 2022, providing greater liquidity and flexibility to invest in growth

Customer focus leading to more satisfied customers and higher loyalty

- Net Promoter Score up 4 points year-on-year, and 9 points since customer initiative launched in 2015
- Growth in repeat bookings since 2015 of 51% to own-brand hotels and 15% to differentiated hotels

Creating further opportunities for profitable growth

- Accelerating growth of own-brand hotel portfolio through LMEY partnership
- Cutting complexity and expanding customer choice through strategic alliance with Expedia
- Reinvigorating financial services offer with launch of Thomas Cook Money
- Growing Thomas Cook China – tenfold growth in customers targeted in 2018
- Improving digital customer proposition with web bookings up 18%
- New Operating Model delivering financial benefits as planned; target increased by £30 million to FY20

Peter Fankhauser, Chief Executive of Thomas Cook said:

“2017 was a milestone year in the strategic development of Thomas Cook. By delivering what we promised on strategy, we’ve inspired more customers to choose our holidays for their hard-earned weeks in the sun, while at the same time transforming the scale of the opportunity ahead for the Group.

“We now see that the deliberate decision we made to put the customer back at the heart of our business is bearing fruit. Customers’ satisfaction with our holidays has increased strongly for a second consecutive year, growing in all of our main markets. I’m particularly pleased by the number of new customers we’ve won this year, showing us that we’re getting more people to look again at what we offer – and that more of our existing customers are recommending our holidays to family and friends.

“Increased customer demand delivered a 9 per cent growth in revenues in the year. Combined with the successful turnaround of our German airline division, Condor, this led to an underlying operating profit of £330 million, an 8 per cent increase year on year. The strong performance of our Group Airline in what has been a difficult year for European aviation is a particularly encouraging sign of our progress. In our tour operating business, Continental Europe grew strongly while our Nordic division enjoyed another excellent year. After four consecutive years of profit growth, margins in our UK business declined due to a more competitive market environment, especially for holidays to Spain.

“The actions we have taken in the last 12 months take us significantly further forward in our strategy for profitable growth. The strategic alliance we signed with Expedia will transform the way we work, enabling us to offer a much greater choice of hotels to Thomas Cook customers at lower cost and complexity to us. Meanwhile, the partnership with LMEY strengthens our own-brand hotel portfolio and reinforces our focus on a more streamlined portfolio of hotels where we can give customers the very best experience.