

26 September 2017

Pre-close trading update

Highlights

- Summer 2017 closing out as expected; full year underlying EBIT outlook unchanged
- Higher customer satisfaction with NPS up 5 points for the year to date
- Winter 2017/18 booked revenue up 6%, with growing demand for Turkey and North Africa
- Significant progress on strategy through new alliances with Expedia and LMEY (announced separately this morning)

Peter Fankhauser, Chief Executive of Thomas Cook commented:

"Thomas Cook has enjoyed a good summer. Customers from across our markets have shown a strong appetite for our holidays, picking a wide range of destinations in their search for the sun, with Greece, Bulgaria and Cyprus proving particularly popular. Demand for Turkey and Egypt has also picked up as customers look for quality and value. Meanwhile, bookings to Spain, our biggest destination overall, remain level with last year as we continue to manage through what has proven to be a very competitive trading environment, particularly for the UK.

"The last month has been operationally challenging as our teams took care of the thousands of customers in the Caribbean and Florida impacted by Hurricane Irma. I am proud of how fast we acted in the wake of Irma to support our customers, and offer them alternative destinations for their winter sun.

"I'm also delighted about the progress we've made strategically. The alliance with Expedia announced earlier this month will allow us to cut the complexity in our business and focus on our core holiday offering. In addition, our new partnership with hotel property investor LMEY, announced this morning, gives us a stake in the popular German premium club brand Aldiana, and a platform from which to accelerate the growth of our own-brand hotels business."

Current trading

Summer 2017

Overall Group bookings remain in line with our expectations, up 11% compared to this time last year, with average selling prices up 1%. This position is unchanged since our last update at our third quarter results in July. Our Summer 2017 programme is now 91% sold for the Group, 2% more than at this time last year.

Sales have been driven by strong customer demand for our improved holiday and flight offering to a wide range of destinations including Greece, Bulgaria and Cyprus, together with long-haul destinations such as the USA. In addition, demand for Turkey and Egypt has continued to increase as customers are attracted to the quality and value of our holidays to these destinations. By contrast, bookings to Spain remain broadly in line with last year, reflecting a very competitive market and a strong comparative period.

Summer 2017	Year-on-Year Variation %		
	Bookings ⁽ⁱ⁾	ASP ⁽ⁱ⁾	% Sold ⁽ⁱⁱ⁾
UK	+8%	Same ⁽ⁱⁱⁱ⁾	89%
Continental Europe	+13%	+3%	91%
Northern Europe	+5%	+4%	99%
Airlines Germany (Condor)	+12%	Same	90%
Total	+11%	+1%	91%

Based on cumulative bookings to 16 September 2017

Notes: (i) Risk and non-risk customers

(ii) Risk customers only

(iii) UK average selling price is up 7% for charter risk and down 3% for seat only, resulting in overall ASP being the same as last year on a blended basis

Northern Europe has delivered a very good performance, with bookings now 5% higher than the same period last year, in line with capacity growth, and average selling prices up 4%. Sales have been supported by strong demand for our own-brand hotels and differentiated holiday offering, particularly in Greece, Cyprus and Spain.

In Continental Europe, overall volumes are up 13%, with good growth across most markets, particularly Germany, Russia and Eastern Europe. Average selling prices are up 3%.

Condor's bookings are up 12%, with average selling prices in line with last year, as it continues to attract customers looking for a high-quality and reliable service in a disrupted German airline market. Sales growth has been supported in particular by strong demand for Greece, Egypt and the USA. Condor's recovery remains on track, with a return to profitability expected for the full year, in line with previous guidance.

In the UK, overall bookings are 8% higher with pricing in line with last year, reflecting good seat-only sales in the airline. In our UK tour operator, charter risk package holiday bookings are up by 2%, while pricing is up by 7%. As highlighted previously, a combination of higher hotel cost inflation and increased air capacity has intensified competition to Spain, leading us to limit volume growth in order to help mitigate the significant margin pressures. At the same time, our strategy to grow sales of differentiated holidays, especially holidays to our own-brand hotels, is helping to strengthen our competitive position over the medium term.

Winter 2017/18

Our Winter 2017/18 programme is 37% sold, consistent with the same period last year. Overall Group bookings are up 3%, supported mainly by a recovery in demand for our holidays to Turkey and North Africa, with average selling prices up 2%.

In the UK, bookings are up 5%, against a strong comparative period, with pricing up 3%. Northern Europe has maintained its strong start to the season, with bookings and pricing up 6%, driven by strong customer interest in our differentiated holiday offering. In Continental Europe, bookings are 4% ahead and pricing is in line with last year.

Summer 2018

For Summer 2018, we are pleased with the very early start to the programme. Overall bookings and pricing are ahead of last year, reflecting a good performance from the UK and Northern Europe in particular.

Outlook

Our overall trading position remains unchanged since our last update. We have seen strong demand for our holidays over the summer, supported by our focus on the customer and improvements in our holiday offering, including the launch of 11 new own-brand hotels. This progress is helping to mitigate the margin pressure we have experienced as a result of a more competitive market to Spain, as previously highlighted. As a result, we continue to expect our full year underlying operating profit to be in line with current market expectations.

Succession plan for Group Chief Financial Officer

Michael Healy, Group Chief Financial Officer, has decided to retire. The Board is pleased to appoint Bill Scott, currently Director of Financial Reporting, as his successor, effective 1 January 2018. Further details of this transition can be found in a separate announcement made this morning.

Forthcoming announcement date

The Group will announce its full year results to 30 September 2017 on 22 November 2017.

Enquiries

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