

2 February 2017

On the Beach Group plc
("On the Beach" or the "Group")

AGM Trading Update

On the Beach Group plc (LSE: OTB.L), the UK's leading online retailer for beach holidays, today issues the following trading update for the four months to 31 January 2017, in advance of its Annual General Meeting to be held today.

The Group has performed well in the first four months of the financial year. The first quarter of our financial year (calendar Q4) is historically the quietest trading period for the Group and booking volumes were impacted by the timing of the low cost carriers' seat release for spring/summer capacity which resulted in a noticeable shortening of lead times. Since the start of the new calendar year booking volumes and revenue growth have strengthened and there has been a continuation of lower cost paid search marketing. This has resulted in revenue growth, after all marketing costs, for the 4 months to the end of January 2017 of +20% YOY.

Our growth in the period is also particularly pleasing given that many of the Group's key hotel partners in the Western Mediterranean are holding back capacity to sell in the late market. This has led to an inevitable slowing of peak season sales to key destinations such as Majorca, mainland Spain and the Algarve. This trend should however lead to greater availability in these destinations in the late market with an offsetting increase in sales volumes. Trading in the period February to mid July 2016 was also disrupted by the aggressive bidding and discounting of the Low Cost Travel Group, prior to their failure, and as such, the Group's YOY comparators will be significantly softer in the next 6 months.

The Group has continued to optimise its platform and search technology, build its exclusive supply position and grow brand awareness through a nationwide offline campaign and the full benefits of these investments are expected to flow through in the remainder of this financial year.

Following a successful trial and testing period, the Group has now fully launched its international proposition, www.ebeach, into its second market, Norway.

On the Beach continues to efficiently execute its strategy. The Board believes that the Group is well positioned to generate strong growth in the current financial year. The oversupply of seats into the Western Mediterranean is presenting the Group with multiple opportunities to leverage its scale and technological capability to consolidate its market leading position over the coming months.

The Group will report Interim Results for the six months to 31 March 2017 on 11 May 2017.

Simon Cooper, Chief Executive of On the Beach Group plc, commented:

"The first four months of the new financial year has delivered a further solid period of growth for On the Beach. Our strategy of investing in our brand, hotel supply and technology to drive growth has delivered performance in line with the Board's expectations; with consumers attracted to our wide range of value for money beach holidays. Our second nationwide television advertising campaign started on Christmas Day and has helped drive this strong performance as our brand awareness continues to grow. The Board remains confident in the Group's outlook and will continue to evaluate opportunities to enhance its market share position."

For further information:

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About On the Beach

On the Beach is one of the UK's largest online retailers of beach holidays with a 20% share of the online short haul beach holiday market. The Group has multiple opportunities to generate further growth and has a vision to become Europe's leading online retailer of beach holidays. On the Beach provides a significant structural challenge to legacy tour operators and travel agents as the Group continues its journey to disrupt the online retail of beach holidays with its scalable, flexible, innovative technology, combined with a strong customer value proposition and a low cost base. The business model is customer-centric, asset light, profitable and cash generative.

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