

25 October 2016

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

2016 Full Year Trading Update

Underlying PBT growth ahead of market expectations

On the Beach Group plc (LSE: OTB.L), the UK's leading online retailer for beach holidays, provides the following update on trading for the 52 week period to 30 September 2016.

The Group has traded well in a difficult market and the Board expects underlying PBT performance for the period to be marginally ahead of the top end of market expectations.

Against the challenging market backdrop our focus has been on delivering profitable growth with slower than expected revenue growth in the UK, up 12% to £70m (FY15: £62.5m). We have leveraged our bespoke bid management capability to drive efficiency resulting in revenue, after marketing costs, increasing by 18% to £36m (FY15: £30.4m). The Group has also continued to grow market share, with daily unique visitors to site increasing 13% to 61m (FY15: 54.4m).

Since our trading update in July 2016, demand for beach holidays has remained resilient despite the impact of terrorist attacks, the failure of Low Cost Travel Group and the weakening of sterling. Management believes that overall demand for short haul beach holidays was suppressed versus the previous year but that, as one of the most visible online beach holiday brands, On the Beach remains well-placed to benefit from this ongoing structural shift in consumer behaviour.

On the Beach's first international market, Sweden, launched in January 2015 and we have continued to make progress in growing unique visitors and generating bookings and revenues. Daily unique visitors to the eBeach site in FY16 were up 52% to 2.3m (FY15: 1.5m) while cost per unique visitor reduced by 18%. Importantly, branded visits increased by 113% to 445k visits or 20% of total traffic (FY15: 209k visits). As a result, we will be launching our second international site in Norway this calendar year.

The Group will announce its audited Preliminary Results on 6 December 2016.

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

"FY16 has been an extraordinary and unprecedented year for the travel industry. Amidst these difficult conditions, the Group's solid revenue and profit performance is testament to the strength and flexibility of our agile business model and this has enabled us to deliver a year of highly profitable growth. In spite of the challenges faced, the Group has continued to grow market share and this has been delivered by executing a simple strategy of optimising our customer proposition to increase conversion and improve margin. The successful execution of this strategy provides further evidence of our ability to steal market share from traditional tour operators."

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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 a large opportunity 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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