11 May 2017

On the Beach Group plc

("On the Beach", the "Company" or the "Group")

INTERIM RESULTS FOR SIX MONTHS ENDED 31 MARCH 2017

33.8% GROWTH IN GROUP PROFIT BEFORE TAX

Financial & Operational Highlights

Group

- Group revenue increased 7.3% to £38.1m (H1 2016: £35.5m) with a later booking pattern for peak departures
- Group profit before tax up 33.8% to £9.9m (H1 2016: £7.4m)
- Adjusted group profit before tax[(1)] up 28.4% to £12.2m (H1 2016: £9.5m)
- Basic and diluted earnings per share increased 22.0% to 6.1p (H1 2016: 5.0p)
- Adjusted earnings per share up 27.1% to 7.5p (H1 2016: 5.9p)
- Net debt at half year reduced to £2.3m (H1 2016: £6.6m debt)
- Interim dividend declared of 0.9p per share (H1 2016: Nil)
- On 9 May, post half year end, we completed the acquisition of Sunshine.co.uk Limited, an online travel agent based in the UK, for a net consideration of £12.0m

(1) Adjusted Group profit before tax is profit before tax before amortisation of acquired intangibles of £2.1m (H1 2016: £2.1m) and share based payments £0.2m (H1 2016: nil)

UK

- UK revenue up 7.1% to £37.5m (H1 2016: £35.0m)
- UK revenue after marketing costs up 16.9% to £19.4m (H1 2016: £16.6m) and up 21.1% to £20.1m (H1 2016: £16.6m) excluding incremental offline expenditure[(2)] incurred at end of H1 of £0.7m
- UK EBITDA up 23.3% to £14.3m (H1 2016: £11.6m)
- Daily unique visitors[(3)] increased by 9.5% to 27.5m (H1 2016: 25.1m)
- Branded and free traffic increased to 56.7% of overall traffic (H1 2016: 54.6%)
- % revenue spent on online marketing decreased to 40.4% (H1 2016: 46.3%)

(2) Incremental offline marketing expenditure incurred at the end of H1, for which management consider that no benefit would have accrued in H1
(3) Daily UVs: Number of individuals, as defined by an IP address, visiting pages from the onthebeach.co.uk website during a 24 hours period

International

- International revenue increased 20% in Sweden to £0.6m (H1 2016: £0.5m) with strengthening growth throughout H1
- International EBITDA loss of £(1.0)m, in line with H1 2016
- Launch of second international market in Norway during H1

Simon Cooper, Chief Executive of On the Beach Group plc, commented:
"On the Beach has delivered a solid performance in H1, with booking growth strengthening towards the end of the period and continuing into H2. In the Group's AGM Trading Update, management outlined the view that H2 performance would be stronger than H1, with more favourable YOY comparators in H2 and because H1 was impacted by the later timing of the low cost carriers' seat release as well as

key hotel partners in the Western Mediterranean holding back capacity to sell in the late market. All of these assumptions played out in the first half and have continued in H2. Given these market dynamics, we took a proactive decision to balance volume and revenue growth. This position remains under constant review to ensure that business performance is optimised.

Strategically, the changing market dynamics are presenting a number of exciting opportunities for On the Beach to leverage its scale and technological capability and we are delighted to have recently completed the acquisition of Sunshine.co.uk to further strengthen our market leading position. Given the resilient and flexible nature of our business model the Board remains confident in delivering a full year result in line with management's expectations."

Analyst Meeting

A meeting for analysts will be held today at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD commencing at 09:30am.

For further information:

On the Beach Group plc Simon Cooper, Chief Executive Officer Paul Meehan, Chief Financial Officer	**via FTI Consulting**
FTI Consulting Jonathon Brill Alex Beagley Fiona Walker	**Tel: +44 (0)20 3727 1000**

About On the Beach

On the Beach is one of the UK's largest online retailers of beach holidays with a c.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.

www.onthebeachgroupplc.com

Chief Executive's Review

Summary of Operating Performance

On the Beach continues to be a dynamic, entrepreneurial and ambitious business delivering value for money beach holidays that are personalised to the customers' individual needs. The Group maintains a daily focus to improve the quality of its customer proposition and the value that it provides to its growing customer base.

In a market with changing dynamics and booking profile, we have continued to grow market share in H1, with daily unique visitors to site in the UK increasing 9.5% to 27.5m (H1 2016: 25.1m). We have focused on driving this growth efficiently with improvements to our bespoke bid management capability driving online marketing expenditure as a percentage of revenue down to 40.4% (H1 2016: 46.3%) and our revenue after marketing costs increased 16.9% to £19.4m (H1 2016: £16.6m). Our continued growth has been delivered by executing a focused strategy to optimise our customer proposition to increase conversion and improve margin while driving an efficient increase in our market traffic share, providing further evidence of our ability to gain market share from traditional tour operators.

Strategy and growth

The Group has a mission to make it simple for customers to plan, find and book their perfect beach holiday and a vision to be Europe's leading online retailer of beach holidays.

On the Beach has delivered significant growth within a growing market over the last three years by evolving a strategy based around the following drivers:

1. Out-innovating through agility and investment in talent and technology
    - Improvements to agile working methodologies continue to increase throughput of benefits-delivering features and functionality
    - Continued evolution of core platform to support future innovations
2. Driving an efficient increase in market traffic share
    - Daily unique visitor growth of 9.5% in H1 and significant market share growth
    - Branded and free traffic increased to 56.7% of overall traffic to site (H1 2016: 54.6%)
    - Reduction in percentage of revenue spent on online marketing (H1 2017: 40.5% vs H1 2016: 46.3%)
    - Second year of full national TV advertising campaign
3. Optimising and personalising our multi device customer proposition
    - 5.0m logged sessions in H1 2017, a 40% YOY increase (H1 2016: 3.6m)
    - Responsive site now serves 52.7% of UK traffic on smartphone (H1 2016: 42.4%)
    - Repeat purchase rate has increased to 40.3% (H1 2016: 37.4%)
4. Leveraging increased revenue through direct and differentiated supply
    - Direct contracting has averaged 66% of all hotel buying (H1 2016: 57%)
    - Further progress made to increase percentage of exclusive flight and hotel supply throughout FY17 and beyond whilst maintaining risk-free model
5. Expanding our model into new source markets and products and driving operational leverage
    - Fixed and variable cost as a percentage of revenue reduced to 13.6% (H1 2016: 14.3%)

- Branded share of traffic on ebeach.se increased to 30.4% (H1 2016: 19.4%) and repeat purchase rate continues to improve
- Launched Norway website (ebeach.no) at the end of 2016

We have continued to invest in our people and our platform which allows us to innovate at an increasing pace and, in doing so, stay ahead of the competition.

Recent market trends

The Group has witnessed continued reduction in capacity to the Eastern Mediterranean and a corresponding increase in seat capacity to the Western Mediterranean. This shift in market dynamics has led to a number of noteworthy trends, including:

- Oversupply of seats to key Western Mediterranean destinations has continued to drive down flight prices YOY
- Weakness of Sterling versus Euro combined with hotel inflation in the Western Mediterranean has increased hotel prices YOY
- The above offsetting impacts have led to holiday prices being flat YOY with the exception of peak season pricing;
    - historically, widely available early booking discounts have encouraged an early booking pattern for peak season with many hotels selling out well in advance of peak;
    - this year most early discounts have been removed, leading to a different booking profile for peak season. This means that there is significantly more availability YOY and this is supporting a stronger booking pattern for H2 2017
- Tour operators' share of sales in the early market were supported by FX hedging and hotel rates for early sales contracted prior to summer 2016, to coincide with the release of summer 17 brochures in spring 2016. These advantages are unwinding as c.40% of currency was hedged pre EU referendum and hoteliers are restricting access to lower rates for peak season.

As a result, some of the Group's larger competitors held a significant transient advantage and many of our key hotelier partners have changed their pricing policies. The Group has continued to drive share of market traffic in a cost effective manner, while extending its offline investment to help to build momentum into the second half of the financial year.

Current Trading & Outlook

The hotel pricing policies that supported strong growth in H1 2016 but suppressed growth in H2 2016, combined with the disruptive activity of Low Cost Travel Group prior to their failure, look set to have an equal and opposite effect on H1 / H2 2017, with significantly softer comparators in H2 2017, and recent trading gives us confidence that the trends seen in H1 are reversing. The business has enjoyed a strong start to H2 supported by greater availability of competitively priced peak season hotel product and strong branded traffic share.

Although the start of 2017 was slow in Sweden, the level of bookings growth towards the end of H1 has continued into H2 giving us confidence that we can achieve strong full year revenue growth in the region. We also launched ebeach.no in Norway at the end of 2016 and progress in this market is in line with management's expectations.

We are efficiently executing our strategy of investing in our brand, supply and technology and we continue to realise the benefits of operational leverage from our low fixed cost base. The current market dynamics are presenting the Group with multiple opportunities to leverage its scale and technological capability to strengthen its market leading position, such as the recently completed acquisition of

Sunshine.co.uk, and the Board continues to evaluate opportunities to enhance the Group's market share position.

Financial Review

The Group organises its operations into two principal financial reporting segments, being UK (the "UK Segment"), the Group's established market and International (the "International Segment"), the Group's developing market. In each of the UK Segment and the International Segment, the Group realises 93% of revenue from dynamically packaged holidays with the remainder single element products such as flights or hotels.

UK Segment performance

£m	H1 2017	H1 2016	Change %
Revenue	37.5	35.0	7.1%
Revenue after marketing costs	19.4	16.6	16.9%
Variable costs	(2.0)	(1.9)	
Overhead costs	(3.1)	(3.1)	
EBITDA	14.3	11.6	23.3%
EBITDA % revenue	38.1%	33.1%	

Revenue and marketing costs

Revenue increased by 7.1% to £37.5m (H1 2016: £35.0m) with On the Beach's agile business model allowing the Group to react to rapid changes in consumer demand. The acts of terrorism in recent years, have continued to impact Egypt and the Eastern Mediterranean resulting in continuing stronger demand for holidays in the Western Mediterranean and a shortening of lead times.

Marketing expenses (excluding offline) for the first half as a percentage of revenue decreased to 40.5% (H1 2016: 46.3%) with total expenditure of £15.2m (H1 2016: £16.2m) driving an efficient increase in our share through the sophistication of our in house bid modelling and attribution tools. We have increased expenditure in H1 on the Group's offline TV advertising to £2.9m (H1 2016: £2.2m) with a fully national campaign and a TV sponsorship.

UK segment EBITDA

Operational leverage continues to improve and as a result there has been a fall in costs as a percentage of revenue overall:

	H1 2017	H1 2016
Variable costs % revenue	5.3%	5.4%
Overhead costs % revenue	8.3%	8.9%
Total	13.6%	14.3%

Variable costs, which comprise mainly contact centre wages and credit card fees, are closely linked to booking volumes and we continue to gain from the benefits of scale. Continued operational leverage and the revenue benefit of direct relationships reduced overhead costs as a percentage of revenue to 8.3% (H1 2016: 8.9%).

EBITDA increased 23.3% to £14.3m (H1 2016: £11.6m). EBITDA as a percentage of revenue increased from 33.1% to 38.1%.

International Segment performance

£m	H1 2017	H1 2016	Change %
Revenue	0.6	0.5	20.0%
Revenue after marketing costs	(0.9)	(0.8)	
Variable costs	(0.1)	(0.1)	
Overhead costs	-	(0.1)	
EBITDA	(1.0)	(1.0)	0.0%

The Group has focused on growing share both online and offline supported by a TV campaign in December. We also launched a site in Norway mid-way through H1.

Losses in the first half were £1.0m (H1 2016: £1.0m) and are derived almost entirely from the marketing investment required to drive branded awareness and share of traffic which will in turn improve efficiency.

Group adjusted profit before tax and retained earnings

The Group reports adjusted profit before tax, amortisation of acquired intangibles and deal costs to allow better interpretation of the underlying trend in profit before tax.

£m	H1 2017	H1 2016	Change %
Adjusted Group operating profit before amortisation(1)	12.3	9.6	28.1%
Finance costs	(0.1)	(0.2)	
Finance income	-	0.1	
Adjusted Group Profit before tax	**12.2**	**9.5**	**28.4%**
Share based payments	(0.2)	-	
Amortisation of acquired intangibles	(2.1)	(2.1)	
Profit before taxation	9.9	7.4	33.8%
Taxation	(2.0)	(0.9)	
Profit for the half year	7.9	6.5	21.5%

(1) Includes amortisation of development costs of £1m but excludes amortisation of acquired brand and website technology intangible assets of £2.1m (H1 2016: £2.1m) and share based payments of £0.2m

Finance costs

The Group has in place a revolving credit facility of up to £35.0m with Lloyds. The drawdown on 31 March 2017 was £9.0m (H1 2016: £11.5m) and the peak drawdown for the period was £11.0m. Borrowing limits vary under the RCF to reflect the seasonal requirements of the Group and as a result of the flexible payment options given to customers.

Taxation

The Group tax charge of £2.0m represents an effective rate(1) of 19.6% (H1 2016: 19.7%) which was lower than the average standard UK rate of 20% (H1 2016: 20%). The current tax charge is affected by a deferred tax credit of £0.4m (2016 H1: £1.0m) which is released in line with the amortisation of £2.1m on the valuation of acquired intangibles on the investment by Inflexion in October 2013.

(1) Effective tax rate is calculated as taxation charge excluding deferred tax credits, divided by adjusted group profit before tax

Cash flow and net debt

£m	H1 2017	H1 2016	FY16
EBITDA	13.3	10.6	23.3
Share based payment charges	0.2	-	0.1
Capitalised development expenditure	(1.3)	(1.2)	(2.4)
Movement in working capital	(34.8)	(22.5)	0.6
Capital expenditure	(0.4)	(0.6)	(0.6)
Adjusted operating cash flow (1)	(23.0)	(13.7)	21.0

(1) Adjusted operating cash flow is stated as net cash (outflow)/inflow from operating activities before tax paid, before deal costs paid and after deducting capital expenditure on PPE and intangible assets,

On an annual basis the Group operates a highly cash generative business model and makes no stock commitment. The cash flow profile of the Group is seasonal with approximately 50% of customers travelling in the period June to August and hence the cash flows (excluding any cash held in the trust) experience a trough prior to June through to August and a peak following this. The movement in the trust account balance for the half year is £23.0m (H1 2016: £15.0m).

Dividend

The Board has declared an interim dividend of 0.9 pence per share. The interim dividend will be paid on 30 June 2017 to members on the register at the close of business on 2 June 2017.

Simon Cooper
CEO
11 May 2017

Paul Meehan
CFO
11 May 2017

On the Beach Group Plc
INTERIM RESULTS FOR THE 6 MONTHS ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 31 March 2017

	Note	6 months ended 31 March 2017 £'000 unaudited	6 months ended 31 March 2016 £'000 unaudited	Year ended 30 September 2016 £'000 audited
Revenue	2	38,066	35,504	71,321
Administrative expenses before amortisation	3	(25,026)	(25,181)	(48,528)
Group operating profit before amortisation		**13,040**	**10,323**	**22,793**
Amortisation of intangible assets		(3,124)	(2,924)	(5,971)
Group operating profit		**9,916**	**7,399**	**16,822**
Finance costs		(78)	(125)	(100)
Finance income		31	65	230
Net finance (costs)/income		(47)	(60)	130
Profit before taxation		**9,869**	**7,339**	**16,952**
Taxation	4	(1,986)	(840)	(2,645)
Profit for the period/year		**7,883**	**6,499**	**14,307**
Other comprehensive income		-	-	-
Total comprehensive income for the period/year		**7,883**	**6,499**	**14,307**
Attributable to:				
Equity holders of the parent		**7,883**	**6,499**	**14,307**
Basic and diluted earnings per share attributable to the equity Shareholders of the Company:				
From profit for the year	5	6.1p	5.0p	11.0p
Adjusted earnings per share	5	7.5p	5.9p	13.0p
Adjusted profit measure				
Adjusted PBT (before amortisation of acquired intangibles)	3	12,150	9,462	21,315

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Note	At 31 March 2017	At 31 March 2016	At 30 September 2016
		unaudited	unaudited	audited
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Intangible assets	7	62,828	66,493	64,662
Property, plant and equipment		884	895	747
Total non-current assets		**63,712**	**67,388**	**65,409**
Current assets				
Trade and other receivables		111,752	92,581	29,933
Cash and cash equivalents	8	55,260	43,700	51,632
Derivative financial instruments		-	3,128	1,683
Total current assets		167,012	139,409	83,248
Total assets		**230,724**	**206,797**	**148,657**
Equity				
Share capital	10	1,304	1,304	1,304
Retained earnings		217,598	204,514	212,427
Capital contribution reserve		500	500	500
Merger reserve		(132,093)	(132,093)	(132,093)
Total equity		**87,309**	**74,225**	**82,138**
Non-current liabilities				
Deferred tax		6,607	7,657	7,007
Total non-current liabilities		**6,607**	**7,657**	**7,007**
Current liabilities				
Corporation tax payable		3,609	3,290	3,647
Loans and overdrafts	9	9,000	11,493	-
Trade and other payables		123,201	110,132	55,865
Derivative financial instruments		998	-	-
Total current liabilities		**136,808**	**124,915**	**59,512**
Total liabilities		143,415	132,572	66,519
Total equity and liabilities		**230,724**	**206,797**	**148,657**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<u>For the year ended 30 September 2016</u>	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2015	195,652	13,856	(132,093)	550	(10,239)	67,726
Capital reduction	(194,348)	(13,856)	-	(50)	208,254	-
Share based payment charges	-	-	-	-	105	105
Total comprehensive profit for the year	-	-	-	-	14,307	14,307
Balance at 30 September 2016	**1,304**	**-**	**(132,093)**	**500**	**212,427**	**82,138**

<u>For the 6 months ended 31 March 2016</u>	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2015	195,652	13,856	(132,093)	550	(10,239)	67,726
Capital reduction (see note 10)	(194,348)	(13,856)	-	(50)	208,254	-
Total comprehensive income for the period	-	-	-	-	6,499	6,499
Balance at 31 March 2016 (unaudited)	**1,304**	**-**	**(132,093)**	**500**	**204,514**	**74,225**

<u>For the 6 months ended 31 March 2017</u>	Share capital	Share premium	Merger reserve	Capital contribution reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2016	1,304	-	(132,093)	500	212,427	82,138
Share based payment charges					158	158
Dividends paid during the period					(2,870)	(2,870)
Total comprehensive income for the period	-	-	-	-	7,883	7,883
Balance at 31 March 2017 (unaudited)	**1,304**	**-**	**(132,093)**	**500**	**217,598**	**87,309**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 31 March 2017

	6 months ended 31 March 2017	**6 months ended 31 March 2016**	**Year ended 30 September 2016**
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Profit before taxation	9,869	7,339	16,952
Adjustments for:			
Depreciation	220	205	397
Amortisation of intangible assets	3,124	2,924	5,971
Finance costs	78	125	100
Finance income	(31)	(65)	(230)
Share based payments	158	-	105
	13,418	10,528	23,295
Changes in working capital:			
Increase/decrease in trade and other receivables	(81,819)	(62,850)	247
Increase in trade and other payables	69,988	55,271	1,999
Increase in trust account	(22,996)	(14,939)	(1,661)
	(34,827)	(22,518)	585
Cash outflow before deal costs from operating activities	(21,409)	(11,990)	23,880
Deal costs paid	-	(3,010)	(3,010)
Cash outflow from operating activities before tax	(21,409)	(15,000)	20,870
Tax paid	(2,424)	(685)	(2,780)
Net cash (outflow)/inflow from operating activities	**(23,833)**	**(15,685)**	**18,090**
Cash flows from investing activities			
Purchase of property, plant and equipment	(357)	(552)	(617)
Purchase of intangible assets	(1,290)	(1,210)	(2,407)
Interest received	31	65	230
Net cash outflow from investing activities	**(1,616)**	**(1,697)**	**(2,794)**
Cash flows from financing activities			
Proceeds from borrowings	9,000	11,500	-
Interest paid	(49)	(133)	(100)
Dividends paid to shareholders	(2,870)	-	-
Net cash inflow/(outflow) from financing activities	**6,081**	**11,367**	**(100)**
Net increase/(decrease) in cash and cash equivalents	(19,368)	(6,015)	15,196
Cash at beginning of year	26,052	10,856	10,856
Cash at end of year	**6,684**	**4,841**	**26,052**

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 30 September 2016.

The Group's last annual consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The comparative figures for the year ended 30 September 2016 are an abridged version of the Group's last annual financial statements and, together with other financial information contained in these interim results, do not constitute statutory financial statements of the Group as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 30 September 2016 has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

These interim financial statements were authorised for issue by the Group's Board of Directors on 10 May 2017

The financial information for the six months ended 31 March 2017 has been reviewed by KPMG, the Company's external auditor. Their report is included within this announcement.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accounting estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2016.

2. Segmental analysis

The management team consider the reportable segments to be "UK" and "International". All segment revenue, operating profit, assets and liabilities are attributable to the group from its principal activities as on online travel agent.

	6 months ended March 2017 (unaudited)		
	UK	**International**	**Total**
	£'000	**£'000**	**£'000**
Income			
Revenue	37,450	616	38,066
Marketing expenditure excluding offline	(15,113)	(1,140)	(16,253)
Incremental offline expenditure	(678)	-	(678)
Other offline expenditure	(2,242)	(365)	(2,607)
Revenue after marketing costs	**19,417**	**(889)**	**18,528**
EBITDA	**14,306**	**(1,046)**	**13,260**
Depreciation and amortisation	(3,268)	(76)	(3,344)
Segment operating profit/(loss)	11,038	(1,122)	
Group operating profit			**9,916**
Finance costs			(78)
Finance income			31
Profit before taxation			**9,869**
Non-current assets			
Goodwill	21,544	-	21,544
Other intangible assets	41,015	269	41,284
Property, plant and equipment	884	-	884
Total	**63,443**	**269**	**63,712**

	6 months ended March 2016 (unaudited)		
	UK	**International**	**Total**
	£'000	**£'000**	**£'000**
Income			
Revenue	34,991	513	35,504
Marketing expenditure excluding offline	(16,201)	(1,081)	(17,282)
Incremental offline expenditure	-	-	-
Other offline expenditure	(2,242)	(265)	(2,507)
Revenue after marketing costs	**16,548**	**(833)**	**15,715**
EBITDA	**11,573**	**(1,046)**	**10,527**
Depreciation and amortisation	(3,054)	(74)	(3,128)
Segment operating profit/(loss)	8,519	(1,120)	
Group operating profit			**7,399**
Finance costs			(125)
Finance income			65
Profit before taxation			**7,339**

Non-current assets			
Goodwill	21,547	-	21,547
Other intangible assets	44,724	222	44,946
Property, plant and equipment	895	-	895
Total	**67,166**	**222**	**67,388**

	Year ended 30 September 2016		
	UK	**International**	**Total**
	£'000	**£'000**	**£'000**
Income			
Revenue	70,177	1,144	71,321
Marketing expenditure excluding offline	(31,304)	(2,238)	(33,542)
Incremental offline expenditure	-	-	-
Other offline expenditure	(2,842)	(268)	(3,110)
Revenue after marketing costs	**36,031**	**(1,362)**	**34,669**
EBITDA	**24,992**	**(1,802)**	**23,190**
Depreciation and amortisation	(6,257)	(111)	(6,368)
Segment operating profit/(loss)	18,735	(1,913)	
Group operating profit			**16,822**
Finance costs			(100)
Finance income			230
Profit before taxation			**16,952**

Non-current assets			
Goodwill	21,544	-	21,544
Other intangible assets	42,853	265	43,118
Property, plant and equipment	747	-	747
Total	**65,144**	**265**	**65,409**

3. Profit for the period

a. Operating expenses

Expenses by nature including impairment charges:

	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Marketing	19,538	19,789	36,652
Depreciation	220	205	397
Staff costs	3,066	2,859	6,708
IT hosting, licences & support	476	420	878
Credit / Debit Card Charges	864	775	1,519
Other	862	1,133	2,374
Total Administrative expenses	**25,026**	**25,181**	**48,528**
Amortisation of intangible assets	3,124	2,924	5,971
Total expenses	**28,150**	**28,105**	**54,499**

b. Adjusted PBT

Management measures the overall performance of the Group by reference to Adjusted PBT, a non-GAAP measure:

	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Profit before taxation	9,869	7,339	16,952
Amortisation of acquired intangibles	2,123	2,123	4,258
Share based payments charge	158	-	105
Adjusted PBT*	**12,150**	**9,462**	**21,315**

*this is a non GAAP measure

This adjusted profit measure is applied by management to understand the earnings trend of the group and is the measure by which management assess the operating performance of the group.

4. Taxation

	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Analysis of charge in year			
Current tax on profit for the year/period	2,387	1,870	4,318
Adjustments in respect of prior years	-	-	-
Total current tax	2,387	1,870	4,318
Deferred tax on profits for the year			
Origination and reversal of temporary differences	(401)	(404)	(776)
Impact of change in tax rate	-	(626)	(897)
Total deferred tax	(401)	(1,030)	(1,673)
Total tax charge	**1,986**	**840**	**2,645**

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are as follows. The Group earns its profits primarily in the UK therefore the rate used for taxation is the standard rate for UK corporation tax.

	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Profit/(loss) on ordinary activities before tax	9,869	7,339	16,952
Profit/(loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 20% (31 March 2016: 20%, 30 September 2016: 20%)	1,974	1,468	3,390
Effects of:			
Other expenses not deductible	-	(2)	152
Impact of change in tax rate	12	(626)	(897)
Adjustments in respect of prior years/periods	-	-	-
Total taxation charge	**1,986**	**840**	**2,645**

5. Earnings per share

	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
	unaudited	unaudited	audited
	£'000	**£'000**	**£'000**
Profit after tax for the year/period	7,883	6,499	14,307
Basic weighted average number of Ordinary Shares (m)	130	130	130
Basic earnings per share (in pence per share)	6.1p	5.0p	11.0p

Adjusted basic earnings per share

Adjusted basic earnings per share are calculated by dividing adjusted earnings after tax of On the Beach Group plc by the weighted average number of shares:

	6 months to 31 March 2017 unaudited £'000	6 months to 31 March 2016 unaudited £'000	Year ended 30 September 2016 audited £'000
Adjusted earnings (before deferred tax movements relating to the amortisation of acquired intangibles and share based payments)	9,749	7,621	16,922
Number of ordinary shares	130	130	130
Adjusted earnings per share (in pence per share)	7.5p	5.9p	13.0p

Adjusted earnings is calculated as follows:

	6 months ended 31 March 2017 unaudited £'000	6 months ended 31 March 2016 unaudited £'000	Year ended 30 September 2016 audited £'000
Profit after tax	7,883	6,499	14,307
Deferred tax movements relating to amortisation of acquired intangibles	(415)	(1,001)	(1,748)
Amortisation of acquired intangibles	2,123	2,123	4,258
Share based payment charges	158	-	105
Adjusted earnings	**9,749**	**7,621**	**16,922**

6. Dividends

An interim dividend has been declared for the 6 months ended 31 March 2017 of 0.9p per share (H1 2016: Nil per share).

7. Intangible assets

	Brand	Goodwill	Website & development costs	Website technology	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2016	30,079	21,544	3,802	22,513	77,938
Additions	-	-	1,290	-	1,290
At 31 March 2017	30,079	21,544	5,092	22,513	79,228
Accumulated amortisation					
At 1 October 2016	6,015	-	504	6,757	13,276
Charge for the year	1,003	-	994	1,127	3,124
At 31 March 2017	**7,018**	**-**	**1,498**	**7,884**	**16,400**
Net book amount					
At 31 March 2017	**23,061**	**21,544**	**3,594**	**14,629**	**62,828**

	Brand	Goodwill	Website & development costs	Website technology	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2015	30,079	21,544	5,023	22,513	79,159
Additions	-	-	1,191	-	1,191
At 31 March 2016	30,079	21,544	6,214	22,513	80,350
Accumulated amortisation					
At 1 October 2015	4,010	-	2,419	4,504	10,933
Charge for the year	1,003	-	794	1,127	2,924
At 31 March 2016	5,013	-	3,213	5,631	13,857
Net book amount					
At 31 March 2016	**25,066**	**21,544**	**3,001**	**16,882**	**66,493**

	Brand	Goodwill	Website & development Costs	Website Technology	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2015	30,079	21,544	5,023	22,513	79,159
Additions	-	-	2,407	-	2,407
Disposals	-	-	(3,628)	-	(3,628)
At 30 September 2016	**30,079**	**21,544**	**3,802**	**22,513**	**77,938**
Accumulated amortisation					
At 1 October 2015	4,010	-	2,419	4,504	10,933
Charge for the year	2,005	-	1,713	2,253	5,971
Disposals	-	-	(3,628)	-	(3,628)
At 30 September 2016	**6,015**	**-**	**504**	**6,757**	**13,276**
Net book amount					
At 30 September 2016	**24,064**	**21,544**	**3,298**	**15,756**	**64,662**

Upon acquisition of the Group by OTB Topco, the On the Beach brand was identified as a separately identifiable asset and the website technology, resulting in a £2.1m amortisation charge for the 6 month period ended 31 March 2017

8. Cash and cash equivalents

	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
	unaudited	unaudited	audited
	£'000	£'000	£'000
Cash & Cash Equivalents			
Cash	6,684	4,841	26,052
Trust account	48,576	38,859	25,580
	55,260	**43,700**	**51,632**

Trust accounts are restricted cash held separately and only accessible at the point the customer has travelled.

9. Financial instruments

The following table provides the fair values of the Group's financial assets and liabilities:

	FV Level	6 months ended 31 March 2017	6 months ended 31 March 2016	Year ended 30 September 2016
		unaudited	unaudited	audited
		£'000	**£'000**	**£'000**
Financial Assets				
Derivative financial instruments	2	-	3,128	1,683
		-	**3,128**	**1,683**
Financial Liabilities				
Rolling credit facility	2	(9,000)	(11,493)	-
Derivative financial instruments	2	(998)	-	
		(9,998)	(11,493)	-

Derivative financial instruments

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on purchases denominated in Euros and US Dollars. The Group's policy is to mitigate foreign currency transaction exposures where possible and the Group uses financial instruments in the form of forward foreign exchange contracts to hedge future highly probable foreign currency cash flows.

Rolling credit facility

The Group entered into a Lloyds Facility on 18 September 2015 with Lloyds and was renewed in November 2016 to expire in September 2018. A revolving credit facility is available under the terms of the Second Lloyds Facility in an aggregate amount of up to £30,000,000. As a result of the acquisition of Sunshine.co.uk Limited, on 9 May, the facility was increased to £35,000,000 and extended to December 2018.

The borrowing limits under the facility will vary monthly throughout the period of the Second Lloyds Facility to reflect the seasonal borrowing requirements of the Group, ranging from £2,000,000 in one month to the full £35,000,000 in another month.

It is to be repaid in monthly instalments which vary in accordance with the Group's seasonal requirements. No early repayment fees are payable.

The margin contained in the Facility is dependent on gross leverage ratio and the rate per annum ranges from 1.10%. to 1.90% for the utilised facility and 0.39% to 0.67% for the non-utilised facility.
The terms of the facility include the following financial covenants:
(i) that the ratio of total debt to EBITDA in respect of any relevant period shall not exceed 2:1 (with a one-off increase to a ratio of 2.5:1); and
(ii) that the ratio of EBITDA to finance charges in respect of any relevant period shall not be less than 5:1.
There have been no changes to the fair value methodology and categorisation for financial assets and liabilities since the year-end.

Fair value estimation

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair values noted above are approximates of the carrying amounts of the instruments
There is no difference between the carrying value and fair value of cash and cash equivalents, trade and other receivables and trade and other payables.

10. Share capital

Capital reduction

In the prior year, as contemplated in the prospectus dated 23 September 2015 for Company's IPO and pursuant to a resolution of the shareholders of the Company passed on 21 September 2015, the Company has completed a reduction of capital, cancellation of share premium account and cancellation of capital redemption reserve (the "Reduction & Cancellation").

The Reduction & Cancellation was formally approved by the High Court of Justice, Chancery Division, on 18 November 2015. Following registration of the order of the High Court with Companies House, the Reduction & Cancellation became effective on 18 November 2015.

Following the Reduction & Cancellation, the issued share capital of the Company consists of 130,434,763 ordinary shares of £0.01 each, as at 18 November 2015.

The effect of the Reduction & Cancellation is to create distributable reserves to support the Board's future dividend policy.

11. Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 30 September 2016. These risks and how the Company seeks to mitigate these risks are set out on pages 14 to 20 of the 2016 Annual Report and Accounts which can be found at www.onthebeachgroupplc.com.

The Group is one of several online travel agents involved in litigation with Ryanair in connection with Ryanair's efforts to prevent OTAs from booking and selling its flights. The legal process is ongoing but remains at an early stage. The position remains as disclosed in our Prospectus, save that (with regard to paragraph 13.6 on page 185), OTB has issued a motion to compel delivery of full and proper particulars. This has resulted in a further delay to the anticipated timescales set out in the Prospectus. Litigation is unpredictable and if Ryanair were to prevail, this could have a material impact on the Group's business.

12. Subsequent Events

On 9 May 2017, On the Beach Group's subsidiary On the Beach Travel Ltd acquired the entire issued share capital of Sunshine.co.uk Limited, an online travel agent based in the UK ("Sunshine"), for a net consideration of £12.0m.

The consideration will be funded from the Group's existing cash resources and bank facilities in the form of an extension to the Group's existing working capital revolving credit facility with Lloyds Bank plc. The consideration will be split with 75% paid on completion and the remaining 25% in December.

Sunshine reported gross assets of £18.6m and EBITDA of £1.6m in its latest statutory audited accounts for the thirteen month period to 30 September 2016.

Management have not yet determined the fair value of the assets acquired.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU; and
- The interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first 6 months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The interim management report includes a fair review of the information required by DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

This responsibility statement was approved by the Board on 10 May 2017 and is signed on its behalf by:

Paul Meehan
CFO
11 May 2017

INDEPENDENT REVIEW REPORT TO ON THE BEACH GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 which comprises the condensed consolidated income statement and statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure guidance and transparency rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Will Baker
for and on behalf of KPMG LLP
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH
11 May 2017