9 December 2015

On the Beach Group plc

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

PRELIMINARY RESULTS FOR YEAR ENDED 30 SEPTEMBER 2015 ("FY15")

Excellent growth in 2015 and momentum continues into 2016

Financial highlights
Group

- Group revenue is up by 37.9% to £63.1m (FY14: £45.8m)
- Group operating profit before amortisation and exceptional costs up by 39.4% to £17.5m (FY14: £12.5m)
- Group operating profit is up by 113.5% to £8.0m (FY14: £3.8m)
- Group adjusted underlying profit before tax [(1)] up by 46.5% to £14.5m (FY14: £9.9m)
- Adjusted pro forma earnings per share of 8.9p is 43.5% up on last year (FY14: 6.2p)
- Strong cash conversion of 99.5% (FY14: 66.4%)
- Net external cash at year end of £10.9m (FY14: £8.6m debt)

[(1)] Adjusted underlying profit before tax is stated before exceptional costs of £4.9m (FY14: £3.5m), amortisation of acquired intangibles of £4.3m (FY14: £4.3m) and shareholder interest £7.8m (FY14: £7.0m)

UK

- Total transaction value up 26.6% to £453.6m (FY14: £358.3m)
- Revenue up 37.1% to £62.5m (FY14: £45.6m)
- Revenue after marketing costs up 41.4% to £30.4m (FY14: £21.5m)
- EBITDA (after holding company costs) up 44.9% to £20.0m (FY14: £13.8m)

Operational highlights
UK

- Daily unique visitors increased by 14% to 54.4m (FY14: 47.7m)
- Mobile traffic share increased to 61.2% (FY14: 49.0%)
- Branded and free traffic as a percentage of overall increased to 54.8% (FY14: 50.6%)
- Revenue per daily unique visitor increased by 19.9% to £1.15 (FY14: £0.96)
- Full Listing on the London Stock Exchange on 28 September 2015

International

- Increased investment to drive market share growth in Sweden £1.8m (FY14: £0.7m)
- Daily unique visitors increased by 179.2% to 1.48m (FY14: 0.53m)
- Total transaction value up by 250% to £5.6m (FY14: £1.6m)
- Launched first TV advertising campaign in May 2015

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

"2015 has been a highly successful year for On the Beach, delivering substantial growth and culminating in our IPO in September 2015. Our results demonstrate how we are successfully building a leading position as more consumers discover the ease of use and wide choice of beach holidays that our platforms offer.

“Our customers’ reaction to our flexible payment plans and cross device holiday searching experience continues to be very encouraging and we are excited by the product development innovations we delivered during the year. We continue to invest in the brand in both the UK and internationally, where we see long term growth potential. All the while we are constantly improving the customer experience and pricing to ensure we stay competitive in our market.

“The Company reached an important internal milestone in the year by arranging beach holidays for over one million customers in the UK for the first time. This would not have been possible without the commitment and passion of our team and I would like to thank them for their hard work and dedication. We have the talent, resources and resolve to build on our solid foundations and I am delighted with the progress we have made both financially and operationally as a Group.

“We have had a strong start to the new financial year and performance is in line with Board’s expectations. I remain confident for the year ahead as we focus on our strategic objectives while investing to deliver long-term, sustainable returns for our shareholders. We will be providing a further trading update on the 5 February 2016.”

Analyst Meeting

A meeting for analysts will be held today at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD commencing at 9.30am.

For further information:

On the Beach Group plc Simon Cooper, Chief Executive Officer Wendy Parry, Chief Financial Officer	***c/o* FTI Consulting**
FTI Consulting Jonathon Brill Alex Beagley Tom Hufton	**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 17% share of the online short haul beach holiday market. The Company has a large opportunity to generate further growth, 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 Company 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

Chairman's statement

This is our first set of results as a listed company and it has been a year of great progress and one in which several notable milestones were reached; not least our Admission to the London Stock Exchange on 28 September 2015. During the year, the Group arranged beach holidays for more than one million passengers from the UK for the first time; an international platform was launched in Sweden under the "ebeach.se" domain name and the Group recorded the highest level of consumer engagement on mobile devices, with tablets and mobiles accounting for 61% of traffic.

Since being established by Simon Cooper in 2004, On the Beach has grown and developed at a striking pace and its impressive and talented management team have made enormous strides across every facet of the organisation. I joined the Group in October 2013, and have witnessed first-hand the Group accelerate its progress and expansion; notably in the areas of optimising its technology platform across multiple devices, personalising an attractive consumer product, driving branded awareness, directly contracting hotels and overseas expansion.

It gives me great pleasure to introduce the Group's results for the year ended 30 September 2015. UK segment total transaction value increased by 26.6%, revenue by 37.1%, EBITDA by 44.9% and group underlying profit before tax by 46.5%. On every key measure, the business has performed exceptionally. The Group has a very impressive record of revenue and profit growth and it has been able to grow its profitability at a faster rate than revenues, demonstrating its ability to leverage its low fixed cost base. The Group has also invested for the future – in its people, technology and brand. As a result, the business has the infrastructure and foundations in place to enable it to continue to grow and flourish.

The Group's transformation over the last decade has been based around a customer proposition that focuses on simplicity, value and personalisation. The Group's online platform provides ease of navigation, clarity and transparency. Consumers get supreme value with extensive choice, flexibility, competitive pricing, flexible payment plans, relevant products and, importantly, financial protection and high service standards. In the fast moving and changing technological world in which we now live, the Group utilises customer preferences to personalise the customer experience across each device that a customer may use to visit the Group's websites, in order to maximise conversion rates.

A key strength within On the Beach is its singular focus on online, dynamically packaged beach holidays. The Group recognises the importance families and individuals place on selecting all the ingredients that together make the picture-perfect beach holiday. A flat, entrepreneurial, customer focused culture is engrained across the business. This delivers high levels of customer satisfaction, drives innovation of ideas and enables the Group to continually evolve by improving those elements of its business which will have the biggest effect on the customer experience, and therefore on revenue generation.

People are at the heart of the organisation. From the outset, there has been a determination to recruit and retain the very best employees. Finding individuals with the strongest skills and attitude has been central to On the Beach's success. This philosophy has been extended to the formation of the Board of Directors and I'm delighted to have recently welcomed to the Board Lee Ginsberg and David Kelly; two non-executive directors who have brought with them a wealth of experience and expertise.

The Board regularly monitors risk and control processes to ensure they support the Group's strategy and objectives.

The financial results for the year ended 30 September 2015 were very encouraging and provide the Group with a strong platform on which to build in the new financial year. The Group's scale, market position, technology, brand strength and committed team combine to provide a strong foundation from which we can grow and extend. The first quarter of the financial year, which is a quieter period from a financial performance point of view, has started strongly and is in line with the Board's expectations. This impressive performance, given the tragic recent events in Sharm el Sheikh and Paris, underscores the resilience and agility of the Group's operating model. The Board remains confident about the Group's prospects.

Listing a company is an immensely time consuming process, especially for senior management and the finance team. Delivering outstanding financial results at the same time as undertaking this process is a tribute to everyone in the business and to the quality of the business itself. I would like to conclude by expressing my thanks to all the Group's employees for what has been an extremely busy and successful year.

Richard Segal
Chairman

Chief Executive's Report

Summary of Operating Performance

On the Beach is a dynamic, entrepreneurial and ambitious business and our recent listing represents the beginning of the next phase of the Group's development. We deliver beach holidays to our customers that are tailored to their individual needs. We are driven to constantly improve the quality and value we provide to our customers.

I am grateful to be surrounded by talented, enthusiastic and motivated colleagues who are supportive, professional and commercially driven. It gives me great pleasure to report that we had an extremely strong year to 30 September 2015, achieving growth in UK revenue and group underlying profit before tax of 37.1% and 46.5% respectively.

Our continued growth has been delivered by executing a simple strategy to optimise our customer proposition to increase conversion and improve margin while driving an efficient increase in our market traffic share.

Excellent Growth

Growth has come as a result of:

- Driving an efficient increase in our share of a growing market, while investment into our brand has also increased awareness (daily unique visitors +14% year on year ("YOY") to 54.4m)
- Optimisation of our market-leading customer proposition to drive increased engagement and online conversion (online conversion +8% YOY)
- Incremental value per website visitor has been gained through personalisation technology providing customers with the right product at the right time
- Increasing the directness of our relationships with end suppliers to drive increased revenue (revenue per unique visitor +20% YOY to £1.15)
- Leveraging our lean cost base versus asset-heavy tour operator competitors
- 93% of bookings are made via our online platform delivering cost efficiencies and incremental margin
- Expanding our model into new source markets, beginning with Sweden and with plans to extend this further under our eBeach brand into further source markets

Demand for beach holidays has continued to increase and online penetration continues to grow. For the first time more than half of all beach holidays are now booked online and as a pure play online retailer, On the Beach is well-placed to benefit from this ongoing structural shift in consumer behaviour. In FY15, the Group has cemented its position as the leading online retailer of beach holidays with more than 54 million unique visitors to site and more than 1 million passengers booking their short haul beach holidays via our website.

Investment in Brand

We have continued to invest in the sophistication of our in-house bid modelling (that optimises the value gained from our multi-channel marketing spend) and this in turn has allowed us to take an increasing share of market traffic, cost effectively. Our brand continues to strengthen, supported by our investment into offline marketing activity and in FY15, 55% of traffic to site was from branded and free sources (FY14: 51%). Planning for an extended offline campaign in FY16 is complete and our new advert will air nationally on Boxing Day. In FY15 we also launched iPhone, iPad and Android apps, achieving circa 400,000 downloads to date.

Investment in People and Product

We continue to add talent to our technology team to ensure that we can remain at the forefront of innovation in our sector. Leveraging our bespoke personalisation technology allows us to show more relevant product to an increasing proportion of site visitors and in turn this allows us to create deeper customer engagement and drive both conversion and margin. Our bespoke testing framework, which allows us to test variations of the user experience against a control, has also allowed us to drive further improvements to device level conversion and our traffic is now over 60% from mobile devices. We have maintained investment into our service function in order to provide the highest level of customer support for all of our valued customers and are delighted that our Net Promoter Scores and repeat purchase rates have increased significantly through FY15.

We have been able to drive growth in our direct contracting function, building on the strong foundations which were put in place in the prior financial year. In FY15 we have beaten our internal targets by delivering 43% of total hotel buying through in house capability, with incremental margin contribution, and this together with multiple other initiatives has driven an increase in revenue per booking of 16% year on year.

Our scalable business model allows us to leverage our lightweight cost base reducing fixed and variable costs as a percentage of revenue despite a significant investment into technology, service and supply functions.

International

Following the launch of our first international market, Sweden, at the start of calendar 2015, we have made progress in growing unique visitors and generating bookings and revenues. Daily unique visitors to site in FY15 were up 179%. We have also made improvements to customer proposition which have led to an increase in total transaction value of 250%. We will further develop the strong growth of the brand that we have generated in Sweden with a TV campaign in January 2016 and are looking to launch our second new market in the short term.

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 principles:

1. Driving an efficient increase in market traffic share
2. Optimisation and personalisation of the customer proposition across multiple devices
3. Leveraging revenue through payment options and direct product sourcing
4. Expanding our model into new source markets in Northern and Central Europe

To deliver the above we recognise the importance of a continued investment into our people and our platform which allows us to innovate at an increasing pace and in doing so, stay ahead of the competition. Our key strategic pillars for 2016 are:

1. Driving an efficient increase in market traffic share

i. Investing in an efficient multi-channel approach supported by increasingly sophisticated bid modelling and attribution
ii. Strengthening brand awareness through offline advertising
iii. Increasing direct to site traffic by further developing apps complementary to the onsite experience

2. Optimisation and personalisation of the customer proposition and customer experience

i. Driving an increasingly simplified customer experience across multiple devices by continually testing changes to the website versus a control to drive increased conversion
ii. Increasing the level of onsite and offsite personalisation at an individual user level
iii. Expand product offering to address a wider customer demographic
iv. Recruitment and development of specialist staff to: (a) develop online tools; (b) deliver enhanced customer communication; and (c) enhance the 24/7 in resort support service to increase customer satisfaction

3. Leveraging revenue through payment options and direct product sourcing

i. Increasing the proportion of direct product sourcing and targeting core market rate exclusivity
ii. Optimising the point of sale margin through margin split testing, competitor analysis and in-resort contributions
iii. Monetising a suite of innovative and attractive customer and supplier payment options

4. Expanding our model into new source markets in Northern and Central Europe

i. Delivering improvements to key drivers of conversion, cost per unique visitor and branded share of traffic
ii. Driving positive returns with a significant market share in Sweden
iii. Rolling out fully formed proposition into further source markets

Current trading and Outlook

Since the beginning of the new financial year, On the Beach has continued to perform strongly and I remain optimistic about the future. I believe the foundations we have put in place for direct contracting, personalisation and internationalisation, combined with our strengthening brand awareness, continue to offer significant growth opportunities.

Our continuing investment into talent means we are well placed to increase the pace at which we innovate and thereby further differentiate our market-leading customer proposition and our growing scale means that we continue to leverage operational efficiencies, increasing our profits as a percentage of revenue.

The start of FY16 has been marred by the terrible events in Egypt and in Paris and our thoughts are with all of those affected. We have worked hard to ensure that all On the Beach customers in Sharm el Sheikh were repatriated in an orderly fashion and those that were due to travel to the Red Sea prior to Christmas have been offered alternative holidays. As an OTA we have no commitments to flight or hotel capacity and are well positioned to react quickly to changes in consumer demand. We have enjoyed a strong start to the new financial year and performance is in line with the Board's expectations. I remain confident for the year ahead as we focus on our strategic objectives while investing to deliver long-term, sustainable returns for our shareholders. We will be providing a further trading update on the 5 February 2016.

Simon Cooper
Chief Executive

Financial Review
Chief Financial Officer's report

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 new market). In each of the UK Segment and the International Segment, the Group realises 94 percent of revenue from dynamically packaged holidays with the remainder single element products such as flights or hotels.

UK Segment performance

	FY15 £m	FY14 £m	Change %
TTV	453.6	358.3	26.6%
Revenue	62.5	45.6	37.1%
Revenue after marketing costs	30.4	21.5	41.4%
Variable costs	(4.9)	(3.5)	
Overhead costs	(5.1)	(3.9)	
Holding Company costs	(0.4)	(0.3)	
Depreciation and amortisation (1)	(1.7)	(1.3)	
EBIT	18.3	12.5	46.4%
EBITDA	20.0	13.8	44.9%
EBITDA % revenue	32.0%	30.3%	

(1) Excludes amortisation of acquired brand and website technology intangible assets of £4.3m (2014: £4.3m)

Total transaction value

For the year ended 30 September 2015, total transaction value ("TTV") increased by 26.6% to £453.6m (FY14: £358.3m). Growth during the year was driven by a 14% increase in traffic to onthebeach.co.uk which continues to increase its share of a growing market. The continual optimisation of our customer proposition led to increased conversion of bookings to daily unique visitors at 0.71% (FY14: 0.68%) and higher average booking value ("ABV") of £1,181, a 7.5% increase on last year (FY14: £1,099). Our personalised customer experience, flexible payment options and high level of customer service continue to increase customer engagement and growth.

Revenue and marketing costs

Revenue increased by 37.1% to £62.5m (FY14: £45.6m) with increases in volume, average booking values and margin per booking. Revenue per daily unique visitor grew 19.9% in the year to £1.15 (FY14 £0.96) and revenue per booking was 16.4% higher at £162.8 (FY14: £139.9), largely due to increasing the directness of relationships with our suppliers through the volume of in-house accommodation bookings to 40.7% (FY14: 20.6%), the launch of a new insurance product and increased attachment rates of in-house transfers to bookings.

Marketing expenses (excluding offline) for the year as a percentage of revenue decreased to 48.6% (FY14: 50.7%) with total spend of £30.4m (FY14: £23.1m) driving an efficient increase in our share as we continue to invest in the sophistication of our in house bid tools. We have increased spend in the year on the Group's offline TV advertising campaign to £1.7m (FY14: £1.0m) as it was extended across wider regional coverage of the UK and we have seen a significant increase in brand awareness and the share of branded traffic to 55% (FY14: 50.6%).

UK segment EBITDA

We continue to leverage our lean cost base and as a result there has been a fall in costs as a percentage of revenue overall (even despite additional investment of £0.6m in infrastructure to support direct contracting):

	FY15	FY14
Variable costs % revenue	7.8%	7.7%
Overhead costs % revenue	8.2%	8.6%
Holding Company costs % revenue	0.6%	0.7%
Total	16.6%	16.9%

Variable costs, which comprise mainly contact centre wages and credit card fees, are closely linked to booking volumes and remain broadly in line with last year at 7.8% of revenue. Continued operational leverage and the revenue benefit of direct relationships reduced overhead costs as a percentage of revenue to 8.2% (FY14: 8.6%).

Holding company costs have increased in the year by £0.1m to £0.4m (FY14: £0.3m) due to additional expenditure required to fulfil the requirements of being a listed company.

EBITDA increased by 45% to £20.0m (FY14: £13.8m). EBITDA as a percentage of revenue increased from 30.3% to 32.0%.

International Segment performance

	FY15 £m	FY14 £m
TTV	5.6	1.6
Revenue	0.7	0.1
Revenue after marketing costs	(1.5)	(0.6)
Variable costs	(0.1)	-
Overhead costs	(0.2)	(0.1)
EBITDA	(1.8)	(0.7)

In early 2015, the Group launched an international platform in Sweden under the 'ebeach.se' domain. The Group has focused on growing market share both online and offline and launched a national TV campaign in Sweden in May 2015 (at a cost of £0.2m). This drove an increase in branded visitors to the Group's website with branded share rising to 23% in that same month.

In the 12 months to 30 September 2015, the Swedish business generated TTV of £5.6m (FY14: £1.6m), revenue of £0.7m (FY14: £0.1m) and an EBITDA loss of £1.8m (FY14: £0.7m loss). Losses are derived almost entirely from the marketing investment required to drive branded awareness and share of traffic which will in turn improve efficiency.

Group underlying profit before tax and retained earnings

The Group reports underlying profit before tax before shareholder interest (2), amortisation of acquired intangibles and deal costs to allow better interpretation of the underlying trend in profit before tax.

	FY15 £m	FY14 £m	Change %
Group operating profit before amortisation (1) and exceptional costs	16.4	11.8	39.0%
Non Underlying costs	(0.3)	(0.3)	
Finance costs	(1.8)	(1.7)	
Finance income	0.2	0.1	
Underlying Profit before tax	**14.5**	**9.9**	**46.5%**
Exceptional costs	(4.9)	(3.4)	
Amortisation of acquired intangibles	(4.3)	(4.3)	
Shareholder loan interest	(7.8)	(7.0)	
(Loss) before taxation	(2.5)	(4.8)	47.9%
Taxation	(2.0)	(1.0)	
(Loss) for the year	(4.5)	(5.8)	

(1) Includes amortisation of development costs but excludes amortisation of acquired brand and website technology intangible assets of £4.3m (2014: £4.3m)

(2) Interest on shareholder loans will no longer be incurred following the IPO as shareholder loan notes were repaid in full by way of the issue of shares to loan note holders

Finance costs

The finance cost for the year was £1.8m (FY14: £1.7m) and included amortisation costs of fees of £0.3m (FY14: £0.3m) in respect of the term loan of £22.0 million raised on 4 October 2013 as part of the financing for the investment by Inflexion which was repaid in full out of the Group's existing cash balances following admission. The Group has entered into a new revolving credit facility of up to £35m and there is more detail in the IPO refinancing section below.

Exceptional items

Exceptional items for the year were £4.9m (FY14: £3.4m). Total fees incurred in relation to the IPO were £5.2m, of which £4.9m has been expensed through the Income Statement as an exceptional item with the balance of £0.3m being charged to the share premium account. In FY14, £3.4m of deal costs were charged to the income statement in connection with the investment by Inflexion on 4 October 2013.

Taxation

The Group tax charge of £2.0m represents an effective rate (1) of 30.5% (FY14: 32.7%) which was higher than the average standard UK rate of 20.5% (FY14: 22%). This was affected in both periods by disallowed shareholder interest under the Advance Thin Capitalisation Agreement and a deferred tax credit of £0.9m (FY14: £0.7m) which is released in line with the amortisation of £4.3m on the valuation of acquired intangibles on the investment by Inflexion in October 2013. Following the repayment of shareholder debt on 28 September the effective rate will decrease in 30 September 2016.

(1) Effective tax rate is calculated as taxation charge divided by underlying profit before tax plus shareholder interest

Earnings per share

Basic earnings per share, calculated for the current and comparative period, is based on the number of shares in issue immediately following the IPO on 28 September 2015 and has reduced from a loss per share for the previous year of 7.9 pence to a loss per share in the current year of 5.8 pence.

The adjusted proforma basic earnings per share based on adjusted underlying earnings increased 43.5% to 8.9 pence (FY14: 6.2 pence). The table below shows the adjustment from actual earnings to adjusted earnings:

	FY15 £m	FY14 £m
(Loss) for the year	(4.5)	(5.8)
Add back:		
Exceptional Costs	4.9	3.4
Amortisation of acquired intangibles	4.3	4.3
Shareholder Interest	7.8	7.0
Deferred tax on acquired intangibles	(0.9)	(0.8)
Underlying Profit for the year	11.6	8.1
Number of ordinary shares in issue at 2015 year end; assumed to be outstanding for the full year and comparative period (millions)	130	130
Adjusted proforma earnings per share (pence)	8.9	6.2

Cash flow and net debt

	FY15 £m	FY14 £m
EBITDA	18.2	13.1
Capitalised development spend	(2.0)	(1.5)
Movement in working capital (1)	2.2	(2.5)
Capital expenditure	(0.3)	(0.4)
Operating cash flow	18.1	8.7
Operating cash conversion	99.5%	66.4%

(1) Movement in working capital has been adjusted to exclude £3.1m inflow from IPO cost accruals at 30 September 2015

The statutory FY14 cashflows have been amended in the table above to aid comparability between periods.

The Group continues to see strong cash generation with operating cash flows 108% higher at £18.1m (FY14: £8.7m), resulting in strong cash conversion of 99.5% (FY14: 66.4%).

Accounting for the IPO and refinancing

In preparation for the IPO, the Group undertook a capital reorganisation and refinancing, and executed a complex steps plan which included the creation of a new holding company, share exchanges and repayment arrangements for previous shareholders and bank debt. By applying the principles of reverse acquisition accounting in accordance with IFRS 3 “business combinations”, the results of the Group are presented as if On the Beach Group plc had always owned On the Beach Topco Limited. Further details about the accounting for the IPO are included in note 2.

On 18 September 2015, in connection with the IPO, the Group entered into a new revolving credit facility ("RCF") of £35.0m with Lloyds. There was no drawdown on the RCF outstanding at 30 September 2015. Borrowing limits vary throughout the period of the RCF to reflect the seasonal borrowing requirements of the Group as a result of the flexible payment options given to customers throughout the year.

Primary proceeds of £10.0m from the IPO have been used to repay management loan interest of £2.8m and deal fees to date of £1.0m with a further £3.3m yet to be paid related to the IPO and the balance of £3.0m is available for investment in the future growth of the business

Net debt has reduced in the year with cash at bank and in hand position at the year end of £10.9m (FY14 net debt £8.6m).

Incorporation and capital reduction

On 17 August 2015, On the Beach Group PLC was incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company.

The Company has reduced its share capital by means of a court-sanctioned reduction in capital in order to provide it with the distributable reserves required to support the intended dividend policy. The capital reduction received court approval on 18 November 2015 and is detailed in the post balance sheet events note.

Dividend

Whilst the Group operates a highly cash generative business model, the Board intends for the significant majority of profits to be reinvested to support further growth. The current intention of the Board is to pay a dividend in relation to the financial year ending 30 September 2016. Thereafter, the Group will adopt a progressive dividend policy.

Wendy Parry
Chief Financial Officer

Consolidated Income Statement and Statement of Comprehensive Income
For the year ended 30 September 2015

	Note	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Total transaction value*		459,149	359,831
Revenue	4	63,124	45,768
Administrative expenses before amortisation and exceptional costs	5	(45,657)	(33,238)
Group operating profit before amortisation and exceptional items		**17,467**	**12,530**
Exceptional costs	5	(3,831)	(3,466)
Amortisation of intangible assets		(5,622)	(5,311)
Group operating profit		**8,014**	**3,753**
Finance costs	8	(1,796)	(1,735)
Shareholder interest	8	(7,845)	(6,961)
Exceptional finance costs	8	(1,037)	-
Finance income	8	206	154
Net finance costs		**(10,472)**	**(8,542)**
Loss before taxation		**(2,458)**	**(4,789)**
Taxation	9	(2,030)	(962)
Loss for the year/period		**(4,488)**	**(5,751)**
Other comprehensive income		-	-
Total comprehensive loss for the year/period		**(4,488)**	**(5,751)**
Attributable to:			
Owners of the parent		(4,488)	(5,751)
Basic and diluted earnings per share attributable to the equity Shareholders of the Company:			
From loss for the year	7	(5.8p)	(7.9p)
Adjusted proforma earnings per share*	7	8.9p	6.2p
Adjusted profit measure*			
Adjusted underlying PBT (before shareholder interest, amortisation of acquired intangibles and exceptional costs)	5	14,513	9,896

*This is a non GAAP measure

Consolidated Balance Sheet
At 30 September 2015

	Note	2015	2014
Assets		**£000**	**£000**
Non-current assets			
Intangible assets	11	68,226	71,853
Property, plant and equipment		529	657
Total non-current assets		**68,755**	**72,510**
Current assets			
Trade and other receivables		29,998	24,734
Cash and cash equivalents		34,775	31,003
Other financial assets		-	65
Derivative financial instruments		677	-
Total current assets		**65,450**	**55,802**
Total assets		**134,205**	**128,312**
Equity			
Share capital		195,652	111,437
Share premium		13,856	-
Retained earnings		(10,239)	(5,751)
Capital contribution reserve		550	-
Merger reserve		(132,093)	(111,042)
Total equity/ (deficit)		**67,726**	**(5,356)**
Non-current liabilities			
Loans and borrowings	10	-	79,065
Deferred tax		8,680	9,668
Total non-current liabilities		**8,680**	**88,733**
Current liabilities			
Corporation tax payable		2,110	832
Derivative financial instruments		-	689
Loans and borrowings	10	-	3,140
Trade and other payables		55,689	40,274
Total current liabilities		**57,799**	**44,935**
Total liabilities		**66,479**	**133,668**
Total equity and liabilities		**134,205**	**128,312**

Consolidated Statement of Changes in Equity
For the year ended 30 September 2015

	Share capital £000	Share premium £'000	Merger reserve £000	Capital contribution reserve £000	Retained Earnings £000	Total £000
Balance on incorporation	89,996	-	(89,677)	-	-	319
Issue of shares	21,441	-	(21,365)	-	-	76
Total comprehensive loss for the period	-	-	-	-	(5,751)	(5,751)
Balance at 30 September 2014	111,437	-	(111,042)	-	(5,751)	(5,356)
Issue of shares	21,176	-	(21,051)	-	-	125
Debt for equity	54,887	12,391	-	-	-	67,278
New shares issued (primary offerings)	8,152	1,848	-	-	-	10,000
Capital contribution	-	-	-	500	-	500
Transaction costs offset against equity	-	(333)	-	-	-	(333)
Redemption of preference share	-	(50)	-	50	-	-
Total comprehensive loss for the period	-	-	-	-	(4,488)	(4,488)
Balance at 30 September 2015	**195,652**	**13,856**	**(132,093)**	**550**	**(10,239)**	**67,726**

Consolidated Statement of Cash Flows
For the year ended 30 September 2015

	Note	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Profit/(loss) before taxation		**(2,458)**	**(4,789)**
Adjustments for:			
Depreciation		477	306
Amortisation of intangible assets		5,622	5,312
Finance costs		10,678	8,696
Finance income		(206)	(154)
Acquisition costs		-	3,466
IPO costs		3,831	-
		17,944	12,837
Changes in working capital:			
Increase in trade and other receivables		(4,877)	(9,769)
Increase in trade and other payables		10,559	10,135
(Increase)/decrease in cash held in trust		(3,466)	1,758
		2,216	2,124
Cash generated from underlying operating activities		20,160	14,961
Deal costs paid		(729)	-

Cash generated from operating activities	**19,431**	**14,961**
Tax paid	(1,736)	(1,508)
Net cash inflow from operating activities	**17,695**	**13,453**
Cash flows from investing activities		
Acquisition of shares in Group	-	2,453
Purchase of property, plant and equipment	(352)	(369)
Purchase of intangible assets	(1,995)	(1,507)
Interest received	206	154
Net cash outflow from investing activities	**(2,141)**	**731**
Cash flows from financing activities		
Proceeds from issue of share capital following Group restructure	10,000	-
Proceeds from issue of share capital	75	395
Repayment of borrowings	(20,500)	(2,637)
Capital contribution	500	-
Interest paid	(1,422)	(1,392)
Payment of shareholder interest	(3,568)	-
Share issue costs	(333)	-
Net cash (outflow) from financing activities	**(15,248)**	**(3,634)**
Net increase/(decrease) in cash and cash equivalents	306	10,550
Cash at beginning of year	10,550	-
Cash at end of year	**10,856**	**10,550**

Capital reduction note

Reduction of capital, cancellation of share premium account and cancellation of capital redemption reserve.

As contemplated in the prospectus dated 23 September 2015 for the Company's Initial Public Offering 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.

1. Basis of Preparation

On the Beach Group Plc (the Company) is a company incorporated in the United Kingdom and its registered office is Park Square, Bird Hall Lane, Stockport, Cheshire, SK3 0AA.

The company is listed on the London Stock Exchange.

The consolidated financial statements for the 52 week period ended 30 September 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRS) and were approved by the Directors of the Company on 9 December 2015 along with this preliminary announcement.

The consolidated financial statements are prepared on the historical costs basis except for derivative financial instruments and certain investments measured at their fair value.

The financial information included in this preliminary statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 (the "Act"). The financial information for the 52 week period ended 30 September 2015 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the 52 week period ended 30 September 2015 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditors have consented to the publication of the Preliminary Announcement as required by Listing Rule 9.7a having completed their procedures under APB bulletin 2008/2.

The directors of On the Beach Group Plc, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for at least one year from the date the financial statements are signed and that, therefore, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the 52 week period ended 30 September 2015.

2. Summary of impact of Group restructuring and Initial Public Offering

On 28 September 2015, the entire issued share capital of the Company was admitted to the premium listing segment of the Official List maintained by the United Kingdom Financial Conduct Authority and to trading on the London Stock Exchange plc's main market for listed securities ("Listing" or "IPO"). In preparation for the Company's IPO the Group was restructured.

The Company obtained control of the entire share capital of On the Beach Topco Limited via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of the transaction. Although the share for share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. In substance these financial statements reflect the continuation of the pre-existing Group, headed by On the Beach Topco Limited and the financial statements have been prepared applying the principals of predecessor accounting ownership, this was a common control transaction and therefore outside the scope of IFRS 3.

These are the first set of consolidated financial statements of On the Beach Group Plc, which is the new ultimate holding company of the On the Beach Topco Group following the reorganisation of the Group to facilitate the Initial Public Offering.

On the Beach Topco Limited was incorporated on 24 September 2013. On the 4th October 2013, the Company acquired the entire share capital of On the Beach Travel Limited. On the Beach Travel Limited was the parent company within the group. The comparative presented in these financial statements are the consolidated 53 week results of On the Beach Topco Limited.

The prior year balance sheet reflects the share capital structure of On the Beach Topco Limited. The current period balance sheet presents the legal change in ownership of the Group, including the share capital of On the Beach Group plc and the capital reorganisation reserve arising as a result of the share-for-share exchange transaction. The consolidated statement of changes in equity and the additional disclosures in the financial statements for the 52 week period ended 30 September 2015 explain the impact of the share for share exchange in more detail.

3. Total Transaction value

Total transaction value ("TTV") is a non-GAAP measure and does not represent the Group's statutory revenue as the Group acts as an agent. TTV represents the price at which goods and services have been sold to the consumer by the principal net of VAT, cancellations and discounts.

4. Segmental reporting

The management team considers the reportable segments to be ''Core'' and ''International''. All segment revenue, operating profit, assets and liabilities are attributable to the group from its principal activities as an online travel agent.

	2015			For the 53 weeks ended 30 September 2014		
	Core	**International**	**Total**	**Core**	**International**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	62,451	673	63,124	45,621	147	45,768
EBITDA	20,438	(1,782)	18,656	14,081	(661)	13,420
Holding company costs	(456)	-	(456)	(339)	-	(339)
EBITDA after holding company costs	**19,982**	**(1,782)**	**18,200**	**13,742**	**(661)**	**13,081**
Depreciation and amortisation	(6,023)	(74)	(6,097)	(5,558)	(46)	(5,604)
Exceptional acquisition costs	(3,831)	-	(3,831)	(3,466)	-	(3,466)
Segment operating profit/(loss)	10,128	(1,856)	**8,272**	4,718	(707)	**4,011**
Non underlying costs			(258)			(258)
Group operating profit			**8,014**			**3,753**
Finance costs			(1,796)			(1,735)
Shareholder interest			(7,845)			(6,961)
Exceptional finance costs			(1,037)			-
Finance income			206			154
Profit / (loss) before taxation			**(2,458)**			**(4,789)**
Non-current assets						
Goodwill	21,544	-	**21,544**	21,544	-	**21,544**
Other intangible assets	46,505	177	**46,682**	50,213	96	**50,309**
Property, plant and equipment	529	-	**529**	657	-	**657**

5. Operating profit

a. Operating expenses

Expenses by nature including exceptional items and amortisation charges:

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Marketing	33,359	24,297
Depreciation	477	306
Staff costs	6,189	4,703
IT hosting, licences & support	969	766
Credit / Debit Card Charges	2,445	1,667
Other	2,218	1,499
Total Administrative expenses	**45,657**	**33,238**
Exceptional costs	3,831	3,466
Amortisation of intangible assets	5,622	5,311
Total exceptional and cost amortisation	**9,453**	**8,778**
Total expenses	**55,110**	**42,015**

b. Exceptional items

Exceptional IPO costs relate to costs associated with the Initial Public offering of On the Beach Group plc shares on the London Stock Exchange on 28 September 2015.

A total of £5,201,000 costs were incurred as a result of the IPO. A total of £333,000 of these costs have been recognised directly in equity as they are costs that relate to the issue of new shares, £3,831,000 have been recognised within exceptional. Other exceptional costs totalling £1,037,000 have been recognised in the year. These relate loan arrangement fees written off and have been recognised as exceptional interest costs.

Prior year exceptional costs relate to acquisition related expenses.

c. Adjusted PBT

Management measures the overall performance of the Group by reference to the following non-GAAP measure:

Adjusted underlying PBT, which is underlying operating profit (operating profit before amortisation of acquired intangibles, depreciation and exceptional items.

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Profit / (loss) before taxation	**(2,458)**	**(4,789)**
Exceptional costs	3,831	3,466
Amortisation of acquired intangibles	4,258	4,258

Shareholder interest	7,845	6,961
Exceptional finance costs	1,037	-
Adjusted underlying PBT	**14,513**	**9,896**

6. Employees

a. Payroll costs

The aggregate payroll costs of these persons were as follows:

	2015 £'000	2014 £'000
Wages and salaries	7,735	5,972
Defined contribution pension cost	41	17
Social security costs	729	565
Total Wage costs	**8,505**	**6,554**

Staff costs above include employee costs capitalised as part of software development.

b. Employee numbers

Average monthly number of people (including Executive Directors) employed:

	2015	2014
By reportable segment:		
UK	309	241
International	10	8
Total Employees	**319**	**249**

7. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of On the Beach Group plc by the weighted average number of ordinary shares issued during the year/period.

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Loss for the year/period	(4,488)	(5,751)
Basic weighted average number of Ordinary Shares (m)	78	73
Basic earnings per share (in pence per share)	**(5.8p)**	**(7.9p)**

Adjusted proforma earnings per share

Adjusted proforma earnings per share figures are calculated by dividing adjusted profit after tax for the year by the number of shares in issue following IPO.

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Adjusted underlying earnings (before shareholder interest, amortised acquired intangibles and deal costs)	11,630	8,075
Number of Ordinary Shares (m)	130	130
Proforma earnings per share (in pence per share)	**8.9p**	**6.2p**

Adjusted earnings per share

Adjusted earnings per share are calculated by dividing adjusted underlying earnings after tax of On the Beach Group plc by the weighted average number of ordinary shares issued during the year/period.

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Adjusted underlying earnings (before shareholder interest, amortised acquired intangibles and deal costs)	11,630	8,075
Weighted average number of Ordinary Shares (m)	78	73
Adjusted earnings per share (in pence per share)	**14.9p**	**11.1p**

Adjusted underlying earnings after tax is calculated as follows:

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Profit / (loss) before taxation	(2,458)	(4,789)
Exceptional costs	3,831	3,466
Amortisation of acquired intangibles	4,258	4,258
Shareholder interest	7,845	6,961
Exceptional finance costs	1,037	-
Adjusted underlying PBT	14,513	9,896
Less taxation		
Current	(3,019)	(2,001)
Deferred tax (excluding deferred tax movements relating to amortisation of acquired intangibles)	136	180
	(2,883)	(1,821)
Adjusted underlying earnings after tax	**11,630**	**8,075**

8. Finance income and costs

a. Finance costs

	2015 £'000	For the 53 weeks ended 30 September 2014 £'000
Bank loan interest	1,488	1,399
Amortisation of bank loan arrangement fees	308	336
Finance costs	**1,796**	**1,735**
		-
Share holder interest	7,845	6,961
Exceptional finance costs - bank loan arrangement fees	1,037	-

Total finance costs	**10,678**	**8,696**

The group opted to settle its interest rate swap agreement as part of its Group restructure on 28th September 2015. The Group incurred a charge as a result of the transaction which was expensed fully in the year ended 30 September 2015 and classified as exceptional.

b. Finance income

	2015	**For the 53 weeks ended 30 September 2014**
	£'000	**£'000**
Bank interest receivable	**206**	**154**

9. Taxation

	2015	**For the 53 weeks ended 30 September 2014**
	£'000	**£'000**
Current tax on losses for the year/period	2,973	2,001
Adjustments in respect of prior years	45	-
Total current tax	3,018	2,001
Deferred tax on profits for the year		
Origination and reversal of temporary differences	(988)	(1,039)
Total deferred tax	(988)	(1,039)
Total tax charge	**2,030**	**962**

The differences between the total taxation shown above the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operating 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.

	2015	**For the 53 weeks ended 30 September 2014**
	£'000	**£'000**
Profit/(loss) on ordinary activities before tax	(2,458)	(4,789)
Profit/(loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 20.5% (30 September 2014: 22%)	(504)	(1,054)
Effects of:		
Other expenses not deductible	2,489	2,003
Income not taxable	-	(5)

Adjustments in respect of prior years/periods	45	18
Total taxation charge	**2,030**	**962**

10. Other interest-bearing loans and borrowings

	2015 £'000	2014 £'000
Unsecured borrowing at amortised cost		
Shareholder loan notes:		
Amounts owed to group undertakings - Inflexion	-	47,855
Amounts owed to group undertakings - Directors & Management	-	15,195
	-	**63,050**
Secured borrowing at amortised cost		
Bank loans	-	19,155
	-	**19,155**
	-	**-**
Total Borrowings	**-**	**82,205**

Amounts due for settlement within 12 months	-	3,140
Amounts due for settlement after 12 months	-	79,065
Total Borrowings	**-**	**82,205**

	2015	2014
Interest rates on outstanding loans:		
Bank loan A	LIBOR + 4.5%	LIBOR + 4.5%
Bank loan B	LIBOR + 5.0%	LIBOR + 5.0%
Investor A loan notes (Inflexion)	12%	12%
B & C loan notes (Directors & Management)	12%	12%

a. Bank loans

On 28th September 2015, the Group repaid the outstanding facilities as part of the Group restructure.

The Company entered into the Second Lloyds Facility on 18 September 2015 with Lloyds. A revolving credit facility is being made available under the terms of the Second Lloyds Facility in an aggregate amount of up to £35,000,000.

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. The Second Lloyds Facility will be available up to the second anniversary of the closing date (or for a shorter period of time at the Company's discretion). It is to be repaid in monthly instalments which vary in accordance with the Group's seasonal requirements. No early prepayment fees are payable.

The margin contained in the Second Lloyds 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.

b. Shareholder loan notes

On the 28th September 2015, the outstanding loan notes were exchanged for shares in On the Beach Group plc.

11. Intangible assets

	Brand	Goodwill	Website & development Costs	Website Technology	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Arising on acquisition	30,079	21,544	1,523	22,513	75,659
Additions	-	-	1,505	-	1,505
At 1 October 2014	30,079	21,544	3,028	22,513	77,164
Additions	-	-	1,995	-	1,995
At 30 September 2015	**30,079**	**21,544**	**5,023**	**22,513**	**79,159**
Accumulated amortisation					
Arising on acquisition	-	-	-	-	-
Charge for year	2,005	-	1,055	2,251	5,311
At 1 October 2014	2,005	-	1,055	2,251	5,311
Charge for the year	2,005	-	1,364	2,253	5,622
At 30 September 2015	**4,010**	**-**	**2,419**	**4,504**	**10,933**
Net book amount					
At 30 September 2015	**26,069**	**21,544**	**2,604**	**18,009**	**68,226**
At 30 September 2014	28,074	21,544	1,973	20,262	71,853

12. Dividend

No dividend has been declared for the year ended 30 September 2015.

13. Principal risks and uncertainties

The following risk factors may affect the Company's operating results and its financial position. The risk factors described below are those which the Directors believe are potentially significant but should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

The Company faces competition from both a growing number of internet based travel agents and accommodation and flight providers who are increasing the volume of sales they make directly to the general public. The Company seeks to constantly invest in its brand to increase public awareness as well as offer a wide selection of products from a wide range of suppliers at competitive prices to maintain its market position.

The Company also faces the risks associated with debt financing. The Company is financed partly by bank borrowings. The expectation, based on the detailed budgeting process undertaken by the Company, is that the Company will have sufficient cash resources to meet the financing liabilities that fall due on the base case and on sensitised forecasts.

The Company faces transactional exposure primarily relating to the cost of acquiring accommodation. The Company's main exposure to exchange rate fluctuations is in relation to the Euro/Sterling exchange rate. This risk is managed by forward buying foreign exchange to match requirements as they are generated by customer bookings.

The Company operates a trust for consumer financial protection and closely monitors changes to the legal and regulatory environment and prioritises actions necessary to meet changing requirements.

As an internet based business the Company is dependent on the uninterrupted operation of its IT systems and website. These systems are vulnerable to power loss, fire, computer viruses and other events. Loss of these systems would impair the ability of the Company to carry on its business effectively. IT risks are managed through the operation of two independent data centres, each of which is capable of supporting the primary needs of the business.

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. Litigation is unpredictable and if Ryanair were to prevail, this could have a material impact on the Group's business.

The commercial risks which may affect the trading performance of the Company include:

- acts of terrorism, particularly in key tourist destinations
- epidemics in key tourist destinations which threaten the health of tourists
- wars or other international uncertainty which affects air travel
- natural disasters in key tourist destinations
- weather conditions, both in the UK and key tourist destinations
- changes in customer behaviour and preferences
- increases in government taxes

These factors may affect the Company by causing potential customers to cancel or postpone travel plans, reducing the earnings potential of the Company. The Company seeks to minimise such risks by offering products in a wide range of destinations.

Wendy Parry
Chief Financial Officer
9 December 2015