12 July 2011

Thomas Cook Group plc

Trading Update

Whilst we have yet to finalise our third quarter results it has become clear that they will be behind expectations, with our underlying operating profit for the three months to 30 June 2011 likely to be around £20m, which is £5m lower than the comparable prior year period. This would leave us circa £40m behind our cumulative prior year result as we enter the last quarter of our financial year and below the guidance given at the time of the interim results in May. The main reasons for this shortfall are the higher than previously forecast impact of the ongoing political unrest in the Middle East and North Africa (MENA), particularly on our French operations, and the performance of our UK business in the face of difficult trading conditions.

The MENA impact will be substantially higher than previously estimated, with our French business in particular seeing further reduced demand and lower margins during peak season for its key destinations of Egypt, Tunisia and Morocco.

The profitability of our UK business continues to be impacted by the difficult trading conditions, mainly as a result of the continued squeeze on UK consumers' disposable income. As a result, it is now appropriate that we revisit the effectiveness of our UK business model. The UK's new management team, which we announced at the time of the interim results, has begun a fundamental strategic and operational review of the business.

Our Central Europe, Northern Europe and Airlines Germany businesses continue to perform well and, despite the impact of MENA, are in aggregate delivering operating results ahead of the prior year.

We continue to perform well on cash flow, with circa £900m of available cash and committed facilities at 11 July 2011, and our focus remains on reducing our debt and strengthening our balance sheet. There are a number of initiatives already underway to deliver progress on this including the disposal of certain hotel and surplus assets.

As a consequence of the trading issues outlined above, we now expect our full year underlying operating profit to be around £320m (2010: £362.2m).

Summer 11

Our summer programmes are well sold with average selling prices ahead and fewer holidays left to sell in most markets. In the UK, we continue to keep prices competitive and generate improved load factors although margin is being adversely affected.

	Year on year variation %			
	Average selling price	Cumulative bookings	Planned capacity	Left to sell
UK	+4	+1	-1	-5
Central Europe	+3	+2	-7	-11
West & East Europe	+2	Flat	Flat	-14
Northern Europe	-1	+14	+11	+7
Airlines Germany	+3	+7	+6	+6

Note: figures as at 2/3 July. In Central and West & East Europe, bookings represent all bookings including cars/overland, however capacity represents airline seat capacity only. Northern Europe summer season is April-September. Central Europe bookings and ASP include Öger Tours (comparator restated).

We will further update the market on trading when we issue our interim management statement on 11 Aug 2011.

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