2 August 2012

Thomas Cook Group plc

IMPROVED BOOKING TREND DESPITE CHALLENGES

- Strong Summer 12 sales in recent weeks following later booking pattern and poor weather in our markets;
- Careful capacity management has resulted in less Summer holidays left to sell across all the Group's tour operators;
- Successful delivery on action plan to strengthen balance sheet:
  - Completed the disposal of HCV Hotels generating proceeds of £58m and the aircraft sale and leaseback generating proceeds of £189m, increasing liquidity;
  - Disposal of India expected to complete by 22 August 2012, with the net proceeds of £87m to be applied to reduce debt;
- UK turnaround plan remains on track;
- New management team in place to drive business recovery;
  - Harriet Green joined the Group on 30 July 2012 as Group Chief Executive;
  - Michael Healy appointed Group Chief Financial Officer on 1 July 2012.

Harriet Green, Group Chief Executive, said:

"My initial focus is to review our businesses, quickly establish priorities and develop a clear plan to reinvigorate Thomas Cook, which I expect to be able to present to you next Spring. The Group has been through a difficult period, but much has been achieved which has strengthened the balance sheet and improved liquidity. The strength of the Group's brands and the quality of its businesses and people provides a foundation from which to bring the business back to full strength."

Group financial performance

Revenue for the three months ended 30 June 2012 was £2,294.8m, down 6% (flat at constant currency) with the impact of planned capacity reductions offsetting additional revenue from acquisitions.

Underlying operating loss for the quarter was £26.5m (2011: profit of £20.1m). This reflects the challenging trading environments across all markets and increased operating costs as a result of acquisitions and input cost inflation.

Exceptional costs of £33.2m (2011: £35.3m) were recognised in the quarter. These principally comprised reorganisation costs in the UK, North America and West Europe segments and professional fees relating to the Group's financing.

Free cash flow for the quarter was £125.3m better than the prior year at £401.3m. This includes the proceeds of £107.8m from the sale and leaseback of eleven aircraft during the quarter and reflects the later booking pattern and working capital management.

Net debt at 30 June 2012 was £1,099.3m (2011: £902.5m), an increase on prior year due to the higher opening position and increased seasonal losses. At 30 June 2012, the Group's disposal programme has generated proceeds of £164.8m. The completion of the sale and leaseback of eight further aircraft and the disposal of HCV during July have generated an additional £122m of proceeds which have been received and the disposal of our Indian business is expected to deliver a further £87m. This transaction is subject to shareholder approval at a General Meeting on 9 August but is expected to complete by 22 August 2012. The Group remains committed to reducing the net debt of the Group through operational improvement and continues to review other non-core assets for potential disposal.

After adjusting for bonding and taking account of our bank facilities[1], available cash and headroom under the Group's borrowing facilities at 1 August 2012 was £1,010m. This compares with circa £900m at the same point last year.

Current trading

Summer 12

The recent poor weather across many of our markets has boosted recent sales after a relatively subdued market in April and May.

	Year on year variation %		
	Average selling price	**Cumulative bookings**	**Planned capacity**
UK			
- **Total**	-	-1	-
- **Specialist & Independent**	-	+8	-
- **Mainstream**	+7	-7	-12
Central Europe	+1	+1	Flat
West Europe	+4	-9	-12
Northern Europe	+6	-2	-3
Airlines Germany	+7	+6	+7

Note: Figures as at 28/29 July 2012. The basis for the calculation of the UK ASP has changed to show the actual price paid by the consumer rather than an internal price between the tour operator and the retailer; the equivalent ASP at 26/27 May was 6%. In Central Europe 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.

Overall UK bookings remain stable. Mainstream bookings have shown a significant improvement in recent weeks and there is now 33% less left to sell, whilst pricing over the last four weeks is up 8%, demonstrating that yield measures introduced as part of the turnaround plan are starting to take effect. Differentiated product accounts for 35% of mainstream holidays, up 7ppts on last year. The programme is 88% sold and departures in June and July have achieved record load factors. In our Specialist & Independent business, bookings remain strong,

[1] Including £200m of the £850m RCF which is not available for utilisation between July and September and £148m which is currently utilised for Summer seasonal bonding requirements.

up 8% year on year. However, sales of our Olympic and Paralympic packages to corporate customers have been challenging.

In the Central Europe segment, our German business continues to perform well with bookings and pricing +2%, ahead of planned capacity. Trading in the East Europe markets is challenging, largely due to the weak economic environment and overcapacity in the market. Whilst bookings in Russia have improved in recent weeks, the Russian business will be loss making for the year and restructuring is underway. Bookings across the segment in the last four weeks are up 5% with 11% less left to sell and the programme is 79% sold, ahead of last year.

Trading across West Europe continues to be challenging, particularly in France. We are encouraged by signs of greater stability as bookings remain ahead of capacity and there is 25% less left to sell. Pricing continues to track 4% ahead of last year and at the programme is now 83% booked.

In Northern Europe, there has been a good improvement in both bookings and pricing since we last reported and we now expect the Summer season to perform in line with last year. The Summer programme is now 89% sold and there is 14% less left to sell. Sales of differentiated product are up 9ppts, comprising 48% of sales, with over 70% of bookings made online.

After a difficult start to the summer season, Airlines Germany has recently seen a significant improvement in bookings. Prices have improved further and are now up 7%, partly driven by a higher share of intercontinental bookings, but margins are impacted by higher fuel costs and a competitive market environment. The load factor is broadly in line with prior year.

Outlook

The outlook for this year remains challenging. However, recent booking trends are encouraging and the UK turnaround plan is delivering against its objectives. The Group's quarterly financial trend is showing signs of improvement and we expect that in the fourth quarter the variance will narrow delivering a full year result broadly in line with expectations.

Enquiries

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Conference call

Separate conference calls for debt and equity investors will be held this morning.

A conference call for **equity** investors and analysts will take place today at 7.45am (BST).

Dial-in number	+44 (0) 20 3003 2666
Password	Thomas Cook
Replay number	+44 (0) 20 8196 1998
Access number	8088611

An additional conference call for **debt** investors and analysts will take place today at 8.45am (BST).

Dial-in number	+44 (0) 20 3003 2666
Password	Thomas Cook Q3 Results
Replay number	+44 (0) 20 8196 1998
Access number	4962536

Group Income Statement

	Unaudited 3 months to 30/6/12 £m	Unaudited 3 months to 30/6/11 £m	Unaudited 9 months to 30/6/12 £m	Unaudited 9 months to 30/6/11 £m
Revenue	2,294.8	2,445.9	5,811.5	5,877.1
Cost of providing tourism services	(1,833.0)	(1,948.8)	(4,640.8)	(4,663.0)
Gross profit	461.8	497.1	1,170.7	1,214.1
Operating expenses	(488.3)	(477.0)	(1,459.9)	(1,359.8)
Underlying (loss)/profit from operations before separately disclosed items	**(26.5)**	**20.1**	**(289.2)**	**(145.7)**
Exceptional operating items	(33.2)	(35.3)	(100.5)	(48.7)
IAS 39 fair value re-measurement	2.1	0.8	3.5	(1.4)
Impairment of goodwill and amortisation of business combination intangibles	(6.0)	(8.5)	(320.5)	(25.0)
Loss from operations	**(63.6)**	**(22.9)**	**(706.7)**	**(220.8)**
Share of results of associates and joint ventures	0.3	0.2	1.3	(1.2)
Net investment income	-	-	0.3	(1.2)
Net finance costs	(35.5)	(29.5)	(102.4)	(94.0)
Exceptional finance costs	-	-	(1.0)	-
IAS 39 fair value re-measurement	2.8	(4.5)	(0.4)	(8.9)
Loss before tax	**(96.0)**	**(56.7)**	**(808.9)**	**(326.1)**

Notes to financial information

1. Basis of preparation

The information included in this report has been prepared using accounting policies consistent with those set out in the Group's Annual Report 2011 except for new or amended standards and interpretations adopted in the current period and other changes set out in the notes to the unaudited results for the six months ended 31 March 2012.

The financial information contained in this report does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2011 were approved by the Board of Directors on 13 December 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain and emphasis of matter paragraph and did not contain and statement under Section 498 of the Companies Act 2006.

2. Impact of exchange

The following exchange rates against Sterling for our major functional currencies are the average of those used to translate the results of the current and prior periods.

Income Statement	9 months to 30/6/12	9 months to 30/6/11
Euro	1.20	1.15
Swedish Krona	10.7	10.4
Canadian Dollar	1.59	1.58
Indian Rupee	81.6	72.2

The following exchange rates against Sterling for our major functional currencies have been used to translate the balance sheet at the current and prior period end.

Balance Sheet	As at 30/6/12	As at 30/6/11
Euro	1.24	1.11
Swedish Krona	10.8	10.1
Canadian Dollar	1.60	1.55
Indian Rupee	87.1	71.6

3. Separately disclosed items

	Unaudited 3 months to 30/6/12 £m	Unaudited 9 months to 30/6/12 £m	Unaudited 9 months to 30/6/11 £m
Exceptional operating items			
Property costs, redundancy and other costs incurred in business integrations and reorganisations	(21.9)	(52.9)	(40.8)
Costs associated with refinancing	(11.2)	(25.2)	-
Provision for HMRC settlement	-	(11.8)	-
UK balance sheet review	-	-	(21.2)
Aircraft-related separately disclosed items	(0.1)	(3.0)	(6.2)
(Loss)/profit on disposal and impairment of assets	1.1	(3.7)	0.8
Other separately disclosed operating items	(1.1)	(3.9)	(5.8)
Net gain on pension plan curtailment	-	-	24.5
Total exceptional operating items	(33.2)	(100.5)	(48.7)
Exceptional finance costs			
Interest on provision for HMRC settlement	-	(1.0)	-
	-	(1.0)	-
Total exceptional items	(33.2)	(101.5)	(48.7)
IAS 39 fair value re-measurement			
Time value component of option contracts	2.1	3.5	(1.4)
Included within cost of providing tourism services	2.1	3.5	(1.4)
Forward points on foreign exchange cash flow hedging contracts	2.8	(0.4)	(8.9)
Included within finance income and costs	2.8	(0.4)	(8.9)
Amortisation of business combination intangibles	(6.0)	(20.9)	(25.0)
Impairment of goodwill	-	(299.6)	-
Impairment of goodwill and amortisation of business combination intangibles	(6.0)	(320.5)	(25.0)
Total separately disclosed items	(34.3)	(418.9)	(84.0)