



MyTravel Group plc
Interim Results Presentation
15 June 2006



Agenda

- Overview - Peter McHugh
- Financial Review - John Allkins
- Operating Review and Strategy - Peter McHugh
- Questions

Goals

- Target to improve performance of package holiday business by focusing on profitability, not market share
 - Operating profit in all divisions for 2006
 - Achieve margins of 3.5% in the UK in 2007
 - Continue industry-leading performance in Northern Europe and North America
- Leverage and expand our brands in the growing independent (a la carte) travel market

Group income statement

Income Statement	6m to 30/4/06 £m	6m to 30/4/05 £m
Revenue	<u>1,117.5</u>	<u>1,109.9</u>
Loss from operations before exceptional items*	(75.8)	(97.1)
Loss before tax before exceptional items**	(77.8)	(114.3)
Reported loss before tax	<u>(70.3)</u>	<u>(119.5)</u>



* Including share of results of associates & joint ventures.

** As above and including £12.4m of finance charges in the prior year relating to the restructuring.

Group loss from operations* improvement

	£m	£m	£m
Loss from operations* 6 months to April 05			(97.1)
Change in Revenue for ongoing businesses	22.9		
Change in Cost of sales for ongoing businesses	5.4		
Gross margin improvement of ongoing businesses before impact of fuel and FX		28.3	
Mgt calculation of impact of fuel cost increases		(13.6)	
Mgt calculation of impact of changes in FX		(11.8)	
Gross margin improvement for ongoing businesses after impact of fuel and FX			2.9
Reduction in S,G&A costs for ongoing businesses			20.5
Impact of Hurricane Wilma on W05/06 trading			(3.6)
Impact of exited/disposed businesses			1.1
Change in income from associates & JV's			0.4
Loss from operations* 6 months to April 06			(75.8)



* Including share of results of associates & joint ventures and stated before exceptional items.

John Allkins
Group Finance Director



Financial review – income statement

Income statement	6m to 30/4/06 £m	6m to 30/4/05 £m
Revenue	1,117.5	1,109.9
Cost of sales*	(1,016.3)	(1,007.7)
Gross profit*	101.2	102.2
S,G&A costs*	(176.2)	(198.1)
Share of results of associates & JV's**	(0.8)	(1.2)
Loss from operations before exceptional items †	(75.8)	(97.1)
Finance charges (net) ††	(2.0)	(17.2)
Loss before tax before exceptional items	(77.8)	(114.3)
Net exceptional items	7.5	(5.2)
Reported loss before tax	(70.3)	(119.5)

*Stated before exceptional items.

**Stated after charging Interest and Tax.

† Including share of results of associates & joint ventures.

†† PY Finance charges include £12.4m of exceptional costs incurred on the refinancing & restructuring.



Group KPIs

	UK	N Europe	N America	Group
	6m to 30/4/06	6m to 30/4/06	6m to 30/4/06	6m to 30/4/06
% change year on year				
Capacity*	(5)%	5%	(2)%	(1)%
Average selling price*	0.5%	5%	2%	3%***
Brochure sales mix%*†	(2)%	(3)%	(1)%	(2)%
Operating margin %[^]				
HY 05/06	(24.6)%	4.7%	5.4%	(6.7)%
HY 04/05	(26.0)%	3.2%	9.9%	(8.6)%

* Based on charter businesses only and excludes disposed/discontinued businesses. Capacity figures include owned Cruise capacity in UK.

† Calculated as brochure sales divided by total passengers and expressed as a movement in % points.

[^] Based on Group reported figures excluding share of results of associates & joint ventures. Operating margin is stated before finance charges and exceptional items.

*** Translated at constant 30 April 2006 exchange rates.



Financial review – income statement

Segmental review of revenue*

Geographic	6m to 30/4/06 £m	6m to 30/4/05 £m	Variance £m	Variance %
UK	442.7	506.3	(63.6)	(12.6)%
Northern Europe	378.8	358.1	20.7	5.8%
North America	296.0	245.5	50.5	20.6%
Group	<u>1,117.5</u>	<u>1,109.9</u>	<u>7.6</u>	<u>0.7%</u>



* Revenue figures quoted are external sales only.

Financial review – income statement

Segmental review of loss from operations*

Geographic	6m to 30/4/06 £m	6m to 30/4/05 £m	Variance £m	Variance %
UK	(108.8)	(131.5)	22.7	17.3%
Northern Europe	17.9	11.3	6.6	58.4%
North America	15.9	24.3	(8.4)	(34.6)%
Group	<u>(75.0)</u>	<u>(95.9)</u>	<u>20.9</u>	<u>21.8%</u>
Share of associates & JV's	<u>(0.8)</u>	<u>(1.2)</u>	<u>0.4</u>	<u>33.3%</u>
Group & share of associates & JV's	<u><u>(75.8)</u></u>	<u><u>(97.1)</u></u>	<u><u>21.3</u></u>	<u><u>21.9%</u></u>



* Stated before exceptional items.

UK loss from operations* improvement

	£m	£m	£m
Loss from operations* 6m to April 05			(131.5)
Change in Revenue	(63.6)		
Change in Cost of sales	<u>78.6</u>		
Gross margin improvement before impact of fuel and FX		15.0	
Mgt calculation of impact of fuel cost increases		(6.2)	
Mgt calculation of impact of changes in FX		<u>(6.4)</u>	
Gross margin improvement after impact of fuel and FX			2.4
Reduction in S,G&A costs for ongoing businesses			20.3
Loss from operations* 6m to April 06			<u><u>(108.8)</u></u>



* Stated before exceptional items.

Northern Europe profit from operations* improvement

	£m	£m	£m
Profit from operations* 6m to April 05			11.3
Change in Revenue for ongoing businesses	27.0		
Change in Cost of sales for ongoing businesses	<u>(11.4)</u>		
Gross margin improvement of ongoing businesses before impact of fuel and FX		15.6	
Mgt calculation of impact of fuel cost increases		(5.0)	
Mgt calculation of impact of changes in FX		<u>(6.6)</u>	
Gross margin improvement for ongoing businesses after impact of fuel and FX			4.0
Reduction in S,G&A costs for ongoing businesses			1.5
Impact of Holland (exited)			1.1
Profit from operations* 6m to April 06			<u>17.9</u>



* Stated before exceptional items.

North America profit from operations* analysis

	£m	£m	£m
Profit from operations* 6m to April 05			24.3
Change in Revenue	59.5		
Change in Cost of sales	(61.8)		
Gross margin change before impact of fuel and FX		(2.3)	
Mgt calculation of impact of fuel cost increases		(2.4)	
Mgt calculation of impact of changes in FX		1.2	
Gross margin change after impact of fuel and FX			(3.5)
Change in S,G&A costs [note]			(1.3)
Impact of Hurricane Wilma on W05/06 trading			(3.6)
Profit from operations* 6m to April 06			15.9

* Stated before exceptional items.



Note: S,G&A costs in local currency (US\$ and C\$) show a 7% reduction.

Financial review – fuel

- Fuel costs have been consistently rising:
 - Average prices for fuel (\$ per metric tonne – NWE CIF):
 - Winter 03/04 \$310
 - Summer 04 \$400
 - Winter 04/05 \$480
 - Summer 05 \$576
 - Winter 05/06 \$585
- Management calculates total cost of these increases was £13.6m in the season

Financial review – foreign exchange

- Foreign exchange rates are important to the Group. The major movements in W05/06 were the weakness of SEK against US\$ and € and the movement in £ against US\$:
 - SEK vs US\$ weakening cost additional £4.2m
 - SEK vs € weakening cost additional £1.0m
 - US\$ vs £ weakening cost additional £3.0m
- Management calculates total cost of these and other net movements was £11.8m in the season

Future season hedging

Summer 06

- Hedging programme commenced July/August 2005
- 95% of FX covered at materially higher prices than prior year
- 88% hedged for fuel at materially higher rates than prior year
- Based on prices at 9 June 2006, management calculates total cost of fuel and FX increases for Summer 06 by division will be:

FX	Fuel
UK - £(19.8)m	UK - £(9.4)m
NE - £(1.0)m	NE - £(3.6)m
NA - £0.3m	NA - £(1.0)m

Winter 06/07

- More normal hedging policy in place - regular buying over a 12-18 month period
- 82% of FX covered and 53% hedged for fuel

Summer 07

- 43% of FX covered and 36% hedged for fuel

Financial review – income statement

Segmental review of S,G&A costs*

	6m to 30/4/06 £m	6m to 30/4/05 £m	Change £m
UK	117.3	137.6	20.3
Northern Europe	39.2	40.7	1.5
North America [note]	19.7	18.4	(1.3)
Group	<u>176.2</u>	<u>196.7</u>	<u>20.5</u>

* S,G&A costs are defined as Selling & Marketing, General and Administration costs, and are stated before exceptional items. Excludes disposed/exited businesses.



Note: S,G&A costs in local currency (US\$ and C\$) show a 7% reduction.

Financial review – income statement

Analysis of exceptional items	6m to 30/4/06 £m
Exceptional items included in loss from operations	
Shop closures in North America	(0.7)
Other exceptional items – disposal of items of PPE	
Profit on disposal of Spanish hotel in Northern Europe	7.9
Other	0.3
Total exceptional items	7.5

Financial review - balance sheet

	As at 30/4/06 £m	As at 30/4/05 £m
Intangible assets & investments	163.1	203.5
Property, plant & equipment	310.0	337.8
Other non-current assets	54.4	107.2
Cash & cash equivalents	249.0	221.3
Net current liabilities*	(845.6)	(868.5)
Non-current liabilities	(214.9)	(286.5)
Net liabilities	(284.0)	(285.2)



* Excludes cash & cash equivalents.

Financial review - cash flow

	6m to 30/4/06 £m	6m to 30/4/05 £m
Loss from operations	(75.7)	(97.5)
Non-cash items & movement in provisions	(5.5)	21.7
Movements in working capital	104.8	71.2
Income taxes paid	(16.0)	(14.6)
Purchase of assets & minority interest shares	(17.4)	(20.5)
Disposal of assets	19.7	15.2
Disposal of subsidiaries & joint ventures	-	(7.6)
Interest received	5.0	4.5
Interest paid on borrowings & finance leases	(6.8)	(24.1)
Other financing activities	(6.6)	(41.0)
Net change in cash & cash equivalents	1.5	(92.7)



IFRS update

- Financial information for year ended 31 October 2005 restated for IFRS and published on 1 February 2006
- Since that publication, certain additional changes have come to light:
 - Presentation of equity reserve within retained earnings rather than separate reserve
 - Provisions split between less than one year and greater
 - Accounting for Restructuring and consolidation of SPE's
- Balance sheet reclassification only – no impact on profit/(loss) from operations or net liabilities

Peter McHugh
Chief Executive



Major actions taken since 1 November 2005

- Aircraft fleet reduced from 34 to 31 in Spring 2006
- Reduced proportion of accommodation guaranteed for the UK Winter season from 19% to 16%
- Grown proportion of online sales in all divisions. Group online sales currently running at approximately 25% compared with 16% in October 2005
- Bridge, Cresta and Tradewinds new bookable websites launched. Online sales currently running at 18% compared with 4% in October 2005
- Closed 110 Going Places shops (Nov 2005), 12 in N America and 2 in N Europe
 - Going Places same store sales since 1 November 2005 up 3% year on year
 - Home working arm set up in UK for retail and direct sales
- New destinations, new/improved products
 - New UK propositions launched in Winter 2006/07 and Summer 2007 brochures
 - Airtours became first UK tour operator to offer package holidays to China
 - N Europe signed agreements to extend Sunwing franchise to new destinations
 - N America agreements with hotel groups to increase exclusive accommodation from 65% to 70%
- Enhanced customer relationship management strategy being implemented in all divisions to improve marketing effectiveness, increase sales and conversion, increase ancillary sales and improve customer loyalty

Quality – MyTravel Airways UK on time performance

Winter 05/06 UK Charter Airline on time performance*

Airline	Rank W05/06*	OTP % W05/06*	OTP % W04/05	Average Delay (mins)
MyTravel Airways	1	80.6	63.0	17.6
Thomas Cook Airlines	2	70.7	74.0	20.0
First Choice Airways	3	70.3	72.5	26.7
Thomsonfly	4	65.9	75.9	24.1
Flyjet	5	58.0	33.6	25.4
Excel Airways	6	56.5	53.5	36.6
Astraeus	7	55.4	60.7	31.6
Monarch Airlines	8	53.6	59.8	37.3

* Source www.flightontime.info from CAA AUC data for November 2005 to March 2006. Air Transport Users Council (AUC) measures performance at Birmingham, Edinburgh, Gatwick, Glasgow, Heathrow, London City, Luton, Manchester, Newcastle, Stansted. Data covers On time performance = within 15 minutes.



Quality – MyTravel Airways UK

Customer Service Questionnaire results*

In-flight Customer Service Questionnaire* scores	Winter 05/06	Winter 04/05	Change
Flight overall	70	64	+6
Airport check-in & service	73	70	+3
Cabin environment	62	58	+4
Crew service	78	73	+5
Meals	59	56	+3
In-flight entertainment	54	52	+2

Comparing MyTravel Airways with other airlines, 28% say it is better, 64% the same and 8% worse

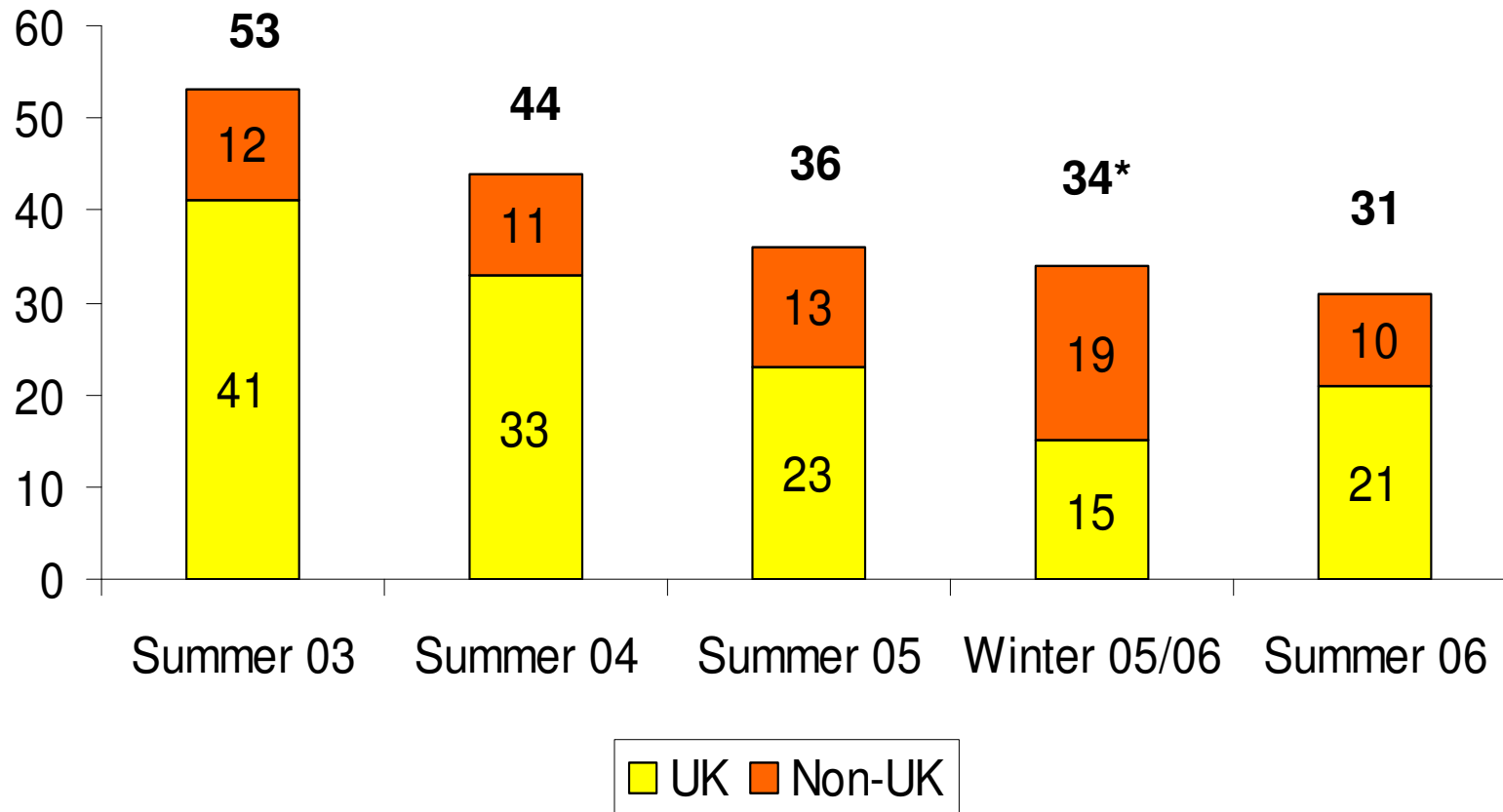
* Customer Service Questionnaires ask customers to rate different aspects of service as Excellent, Good, Satisfactory or Poor. The scores are weighted averages, with Excellent 100, Good 66 and Satisfactory 33.



Quality – Resorts and Accommodation

- UK
 - Product Quality Focus showing results:
 - 92% of our customers would recommend us to a friend (W04/05: 88%)
 - 84% of our customers rated overall satisfaction good or excellent (W04/05: 81%)
 - 94% of our customers would travel with us again (W04/05: 92%)
 - Increased focus on customer satisfaction in resort:
 - 92% of our customers rated our in-resort service good or excellent (W04/05: 80%)
- Northern Europe
 - Very high levels of customer satisfaction maintained – for W05/06, 96% answered “Yes” to the question: “Did the holiday live up to your expectations?”
- North America
 - 92% of customers say they will travel with us again, up 2 points (W04/05: 90%)

Supply and demand - fleet reduction



UK 3rd party flying	W04/05	W05/06	S05	S06**
	32%	29%	42%	46%



* Fleet for Winter 05/06 following return to lessors of 2 B757s.
 ** Expected Summer 06 UK 3rd party flying %.

UK demand – sales mix

- Although proportion of holidays sold at full brochure prices reduced, the average selling prices achieved in the lates market were higher year on year, resulting in higher average selling prices achieved overall

Development of sales mix between Winter 04/05 and Winter 05/06	% point change
Brochure sales %	(2)%
Discount sales %	(1)%
Seat only %	3%

MyTravel response to changing market dynamics in the UK – destinations – Winter

- Customer migration from short haul destinations to medium haul and long haul is more marked in the Winter

Destinations from UK (% of passengers)	Winter 03/04	Winter 04/05	Winter 05/06	Winter 06/07*	Change 03/04 to 06/07
Short	35%	29%	25%	21%	(40%)
Medium	52%	55%	58%	60%	15%
Long	13%	16%	17%	19%	46%

Short haul - 6	Medium haul – 14	Long haul - 12
Andorra, Austria, France, Italy, Portugal, Spain	Bulgaria, Canary Islands, Croatia, Cyprus, Egypt, Gambia, Greece, Israel, Madeira, Malta, Morocco, Romania, Tunisia, Turkey	Barbados, Brazil, Canada, Cuba, Dominican Republic, India, Jamaica, Kenya, Maldives, Mexico, Sri Lanka, USA



* Winter 06/07 projected mix.

Product Development for UK Summer 2006 and 2007

- New propositions introduced for Summer 2007
 - Family First
 - Suncentre
 - Beach Resorts
 - Relaunch of Local Flavours (61 new properties added and 27 new resorts used)
- New destinations added:
 - For Summer 2006: Brazil, Costa de la Luz, Croatia, Djerba and Marrakech
 - For Summer 2007: China, Lake Garda and Sardinia
- In addition to new destinations, 256 new properties have been added for Summer 2006 and 105 for Summer 2007, in line with strategy:
 - Improving board basis mix in favour of all-inclusive, away from self-catering
 - Enhancing star rating mix
- 325 properties have been removed for Summer 2006 and a further 312 for Summer 2007, as the quality of product offering is reviewed in line with customer demand and results of customer satisfaction questionnaires

Product Development for Northern Europe & North America

MyTravel Northern Europe

- Develop Sunwing Resort concept, which is a significant point of differentiation for MyTravel
 - Sunwing is premium product since 1967 with highest brand awareness
 - Plan to open new Sunwing resorts in Phuket, Thailand (opening 2006), Antalya, Turkey (opening 2007), Hurghada, Egypt (opening 2007), Varna, Bulgaria (opening 2007)
- Grow independent travel by linking product to our well-known brands, e.g. VingFlex and MyTravelTango

MyTravel North America

- Strategy is to differentiate within limited range of destinations through use of exclusive hotels, growing to represent 70% in 2007 compared with 65% in 2006
- Diverse product line will be strengthened by adding emerging markets such as Asia, Eastern Europe and South America for independent travel



Canadian Awards & Recognition

Consumers' Choice Award

- Sunquest: **Best Travel Wholesaler 2006** – Winner 5th consecutive year
- BelAirTravel.com: **Best Travel Agency 2006** – Winner 9th consecutive year



Les Mentions D'Honneur

- Vacances Sunquest: **2006 Supplier of the Year** from Quebec Agencies



Agents' Choice Awards

- Sunquest: **2006 Best Tour Operator**: National Winner, Canadian Travel Press



Improving the effectiveness of distribution in the UK

% of revenue*	Winter 05/06	Winter 04/05
Own retail – Going Places	31%	31%
Call centre	14%	16%
Internet	16%	9%
Total controlled distribution	61%	56%
3 rd party travel agents	39%	44%



* % of revenue from bookings in the period for MyTravel UK tour operators.

Improvement in competitive ranking for MyTravel within UK Travel Agency ranking

- MyTravel online market share up 64% May 2006 versus May 2005

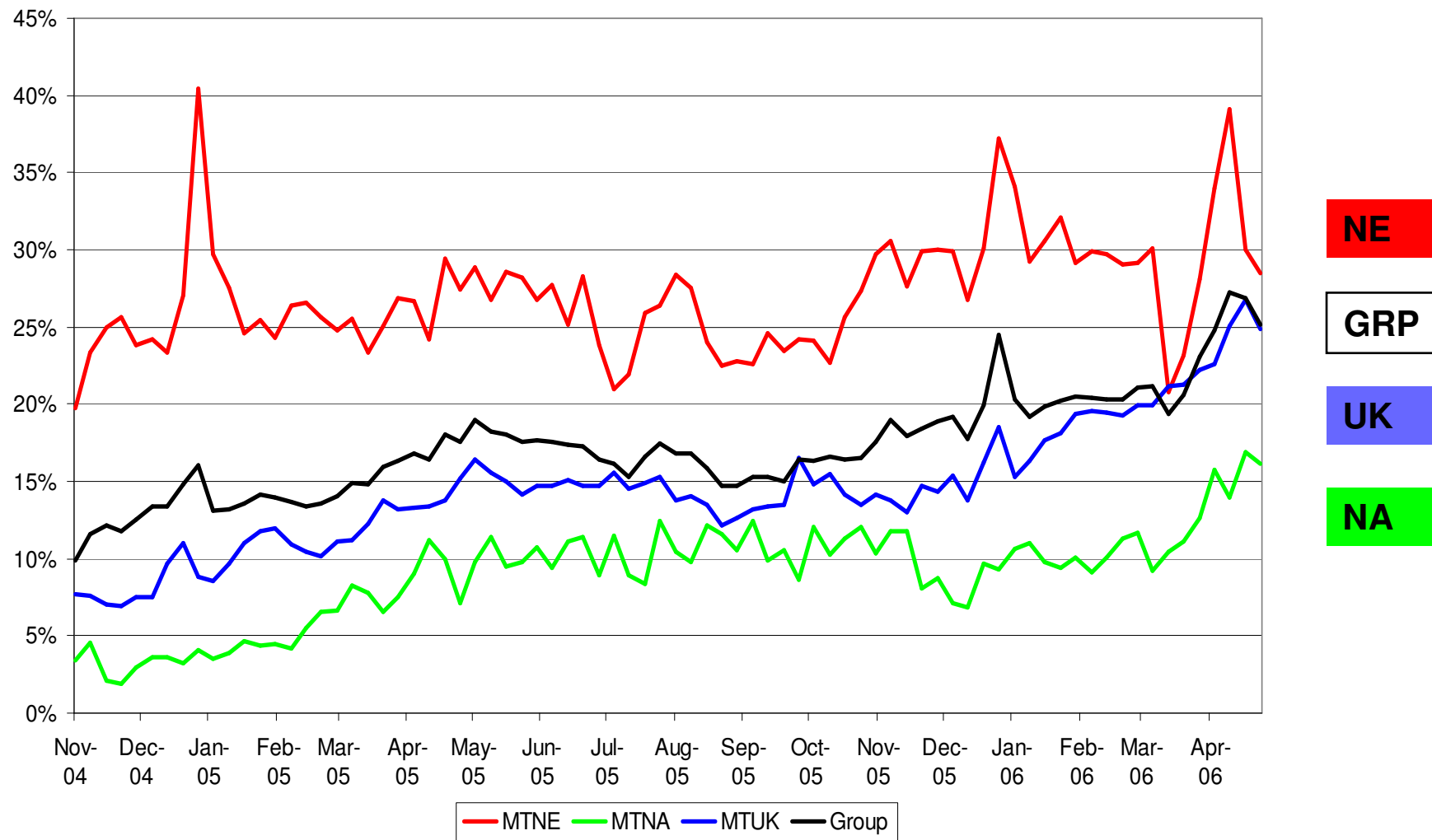
	MAY 2006	
Rank	Website	Market share of visits (%)
1	Expedia.co.uk	9.40
2	Thomson Holidays	6.87
3	lastminute.com	6.32
4	MyTravel UK	5.10
5	Thomas Cook	5.00
6	First Choice	3.71
7	cheapflights.co.uk	3.11
8	Airline Network	2.95
9	Teletext Holidays	2.77
10	ebookers.com	2.61
	Top 10	47.83%

	MAY 2005	
Rank	Website	Market share of visits (%)
1	Expedia.co.uk	10.58
2	lastminute.com	6.93
3	Teletext Holidays	6.13
4	Thomson Holidays	5.32
5	First Choice	3.24
6	MyTravel UK	3.11
7	Thomas Cook	3.10
8	cheapflights.co.uk	2.73
9	ebookers.com	2.31
10	Airline Network	2.16
	Top 10	45.61%

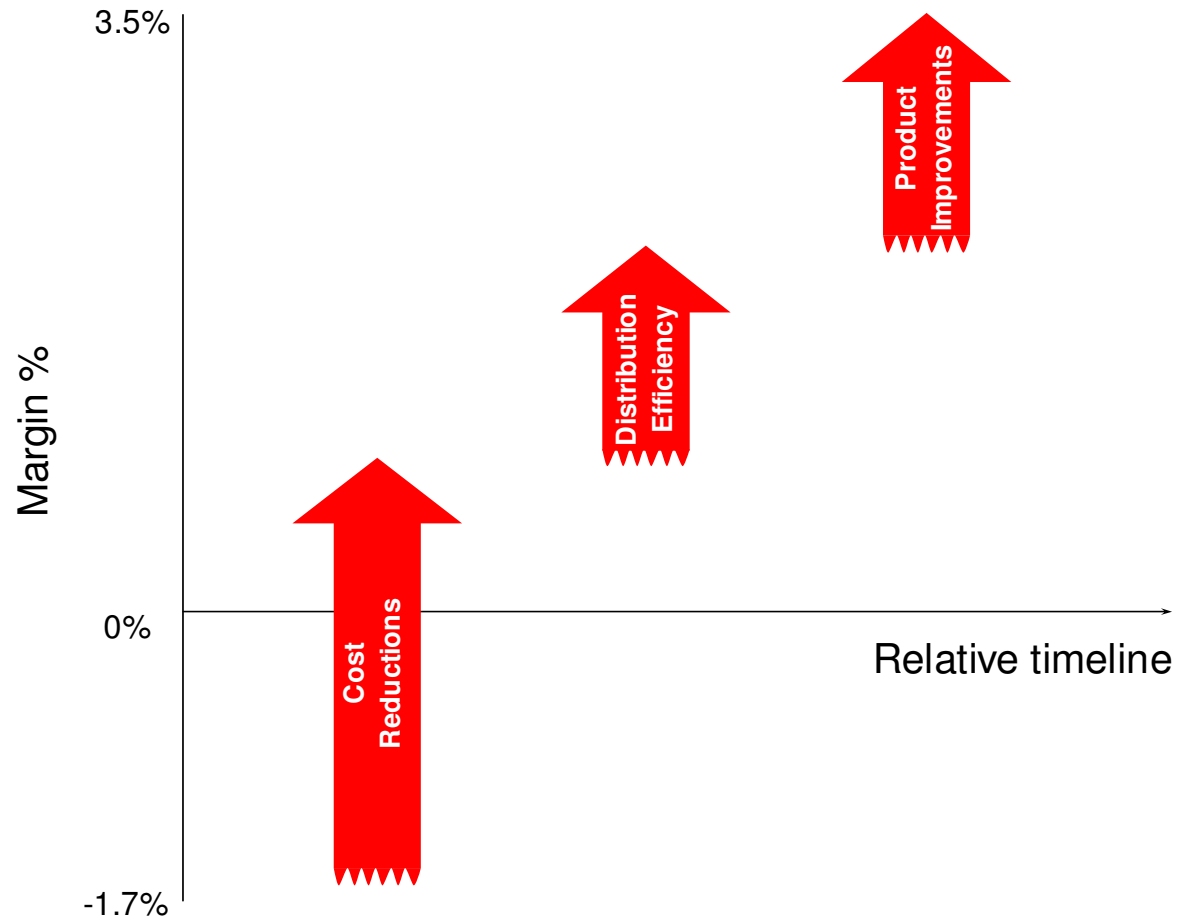


Source: Hitwise (excludes airlines) – market share of visits.

Percentage of sales made online - by division



Achievement of 3.5% UK margin target in 2007



Current trading – Summer 06

- Group Summer season 06 bookings, whilst improving, continue to be behind last year
- Reflects general trend to later booking, compounded in UK & Northern Europe by World Cup, and softness in North America for late Summer Caribbean season
- Capacity reduced in all divisions – focus on margins not volume
- Average selling prices ahead in all divisions

Outlook

- Our expectations for the full year 2006 remain unchanged. In particular, we remain confident that the UK will achieve profitability this year. This is despite fuel and foreign currency cost increases for the Group which will impact our performance for Summer 06, particularly in the UK
- The Group continues to make progress towards its strategic goals and we continue to target an operating profit in all divisions for 2006 and a margin of 3.5% in the UK in 2007

Appendix

Business segments – revenue

Revenue		6 months to April 06				Vs Prior Year
		UK	NE	NA	Total	
		£m	£m	£m	£m	£m
Risk	Mass Market	276.4	358.2	-	634.6	(32.5)
	Focused	89.7	-	208.0	297.7	33.3
Total Risk		<u>366.1</u>	<u>358.2</u>	<u>208.0</u>	<u>932.3</u>	<u>0.8</u>
Non-Risk		76.6	20.6	88.0	185.2	6.8
Group		<u><u>442.7</u></u>	<u><u>378.8</u></u>	<u><u>296.0</u></u>	<u><u>1,117.5</u></u>	<u><u>7.6</u></u>

Business segments – loss from operations*

(Loss)/profit from operations*		6 months to April 06				Vs Prior Year
		UK	NE	NA	Total	
		£m	£m	£m	£m	£m
Risk	Mass Market	(86.2)	15.9	-	(70.3)	30.7
	Focused	(14.5)	-	13.0	(1.5)	(9.5)
Total Risk		<u>(100.7)</u>	<u>15.9</u>	<u>13.0</u>	<u>(71.8)</u>	<u>21.2</u>
Non-Risk		(2.2)	2.0	2.9	2.7	(0.8)
Central costs		<u>(5.9)</u>			<u>(5.9)</u>	<u>0.5</u>
Group		<u><u>(108.8)</u></u>	<u><u>17.9</u></u>	<u><u>15.9</u></u>	<u><u>(75.0)</u></u>	<u><u>20.9</u></u>
Share of associates & JV's					<u>(0.8)</u>	<u>0.4</u>
Group & share of associates & JV's					<u><u>(75.8)</u></u>	<u><u>21.3</u></u>

* Stated before exceptional items.



Group strategies

- People - Focus on improving the quality and performance of management and employees
- Productivity - Maintain a culture focused on controlling and reducing costs
- Demand – Strike the right balance between supply and demand, focusing on profitability, rather than market share in the package holiday market
- Product quality - Ensure the quality of the products we offer
- Customer focus - Continue to develop the ability to respond quickly to evolving consumer attitudes and ensure the relevance of the product
- Distribution - Improve the effectiveness and balance of distribution
- Grow profitably in the independent travel market

Strategy addresses expected changes in holiday market

- Low cost airlines
 - Impact limited to short haul flying, taking market share but increasing market size
 - Tour operator share decreased, but volume impact limited
 - Barriers to entry exist for low cost airlines in medium/long haul destinations that are becoming increasingly popular
- Internet
 - Product complexity of package holiday increases propensity to use internet, but more as a research tool than as a booking channel
 - Strategy reflects growing importance of web and current opportunities to influence decision-making
 - Thus far impact of internet sales on retail has been managed
- Independent travel
 - Choice between independent travel and package holiday made pragmatically
 - Marketing focused on segments and destinations attractive to package holidaymakers

UK package holiday market



Package share (%)

54% 54% 55% 53% 52% 47% 46% 43%

Independent travel accounted for majority of growth and is increasing share, but package holiday market remains significant



Source: International Passenger Survey (All Modes).

MyTravel response to changing market dynamics in the UK – accommodation board basis

- The shift from self-catering to hotels and growth of “all-inclusive” within the hotels category is more marked in the winter

Board Basis (pax)	Winter 05/06	Winter 04/05
All-inclusive ¹	21%	18%
Hotel ²	43%	41%
Self-catering ³	36%	41%

- (1) All-inclusive – all meals and drinks provided in hotel as part of package
- (2) Hotel – bed & breakfast and half-board in hotel as part of package
- (3) Self-catering – no meals or drinks provided in hotel as part of package



Current trading – Summer 06

- UK charter bookings down 2.6% year on year – capacity down 1.3%
- Average selling prices 2% ahead
- Going Places same store sales up 3% since 1 November 2005

- Northern Europe charter bookings down 8% year on year – capacity down 2%
- Average selling prices 5% ahead

- North America charter bookings down 12% year on year – capacity down 9%
- Softness in late Summer Caribbean market
- Average selling prices 7% ahead

Sales by distribution channel – Northern Europe & North America

Northern Europe - % of revenue*	Winter 05/06	Winter 04/05
Own retail	42%	45%
Call centre	4%	4%
Internet	29%	27%
Total controlled distribution	75%	76%
3 rd party travel agents	25%	24%

North America - % of revenue*	Winter 05/06	Winter 04/05
Own retail	10%	10%
Call centre	2%	2%
Internet	6%	4%
Total controlled distribution	18%	16%
3 rd party travel agents	82%	84%



* % of revenue from bookings in the period for MyTravel Northern Europe and MyTravel North America tour operators.