DART GROUP PLC

PRELIMINARY UNAUDITED RESULTS FOR YEAR ENDED 31 MARCH 2020

Dart Group plc, the **Leisure Travel** group ("the Group"), announces its preliminary results for the year ended 31 March 2020. These results are presented under International Financial Reporting Standards ("IFRS"), as adopted by the EU.

* In what was a record year for the Group, **Profit before hedge ineffectiveness, FX revaluation and taxation from continuing operations increased by 50% to £264.2m (2019: £175.6m).** After accounting for a net exceptional charge of £108.4m due to hedge ineffectiveness as a direct result of Covid-19 (2019: £nil) and £8.1m loss on foreign exchange revaluations (2019: £9.1m loss), Profit before taxation from continuing operations decreased by 11% to £147.7m (2019: £166.5m).
* Our performance for the financial year reflects the growing success of our Leisure Travel products - package holidays with our acclaimed package holidays operator, ***Jet2holidays***, and holiday flights with our award-winning scheduled airline, ***Jet2.com*** – which has led to continuing strong customer demand for both.
* Despite the fact that ***Jet2.com*** had to suspend its flying programme in mid-March due to the travel restrictions imposed by governments across Europe as a result of the spread of Covid-19, the Leisure Travel business **still achieved overall single sector flown passenger growth of 14% to 14.62m (2019: 12.82m), which contributed to an increase in revenue of 21% to £3,584.7m (2019: £2,964.4m)**
* Demand for our ***Real Package Holidays™*** continued to grow, as ***Jet2holidays*** took 3.77m (2019: 3.17m) customers on package holidays, an increase of 19%, with our flight-only product enjoyed by 7.06m (2019: 6.49m) single sector passengers, a growth of 9%.
* **Our balance sheet and liquidity position strengthened** to a year end total cash balance of £1,387.5m, (2019: £1,274.3m), an increase of 9% and an 'own cash' position (excluding customer deposits) of £520.4m (2019: £368.4m), an increase of 41%.
* As announced on 24 April 2020 and in consideration of the ongoing impact of Covid-19, the Board does not recommend the payment of a final dividend (2019: 7.4p per share), meaning a total dividend for the year of 3.0p per share (2019: 10.2p), a decrease of 71%.
* Since 31 March 2020, the Group has enhanced its liquidity position to deal with the effects of Covid-19 by: securing eligibility for £300.0m of funding under the Bank of England's Covid Corporate Financing Facility (CCFF); completing a successful share Placing raising gross proceeds of £171.7m; and selling its Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m.
* The Group still faces challenges as a result of the Covid-19 pandemic and therefore maintaining a healthy cash position remains our top priority. We have taken significant actions to improve our available liquidity over the last three months and will continue to do so, to ensure that we are best placed to respond swiftly as UK government travel restrictions are relaxed and customer confidence recovers. We remain confident that once normality returns, our Customers will be determined to enjoy the wonderful experience of a well-deserved Jet2 holiday and that ***Jet2.com*** and ***Jet2holidays*** will continue to have a thriving future, taking millions of UK holidaymakers annually, to the Mediterranean, the Canary Islands and to European Leisure Cities.

OUR CHAIRMAN'S STATEMENT

Although the Leisure Travel industry is facing unprecedented challenges due to the Covid-19 pandemic, I am pleased to report on the record performance for the financial year ended 31 March 2020 of our UK Leisure Travel business – encompassing ***Jet2holidays***, our acclaimed ATOL *(*)* licensed package holidays operator and ***Jet2.com***, our award-winning airline – which provides a strong foundation to underpin the business's success going forward.

Despite the fact that ***Jet2.com*** had to suspend its flying programme in mid-March 2020 due to the travel restrictions imposed by governments across Europe as a result of the spread of Covid-19, the Leisure Travel business still achieved overall single sector flown passenger growth of 14% to 14.62m (2019: 12.82m), which contributed to an increase in revenue of 21% to £3,584.7m (2019: £2,964.4m) and a **Profit before hedge ineffectiveness, FX revaluation and taxation from continuing operations** of £264.2m (2019: £175.6m), an increase of 50%.

Exceptional item – The impact of Covid-19 means that both the flying and holiday programmes expected to be operated in the first half of the financial year ending 31 March 2021, are significantly lower than that on which the hedging programme for jet fuel and foreign currency was originally based. As a consequence, the Group has recorded a net exceptional charge of £108.4m relating to ineffectiveness on a proportion of its hedging instruments in the financial year ended 31 March 2020 results.

After accounting for this net exceptional charge, statutory **Profit before taxation from continuing operations** declined by 11% to £147.7m (2019: £166.5m).

After the exceptional charge, basic earnings per share from continuing operations reduced by 18% to 74.97p (2019: 91.86p). As announced on 24 April 2020 and in consideration of the ongoing impact of Covid-19, the Board does not recommend the payment of a final dividend (2019: 7.4p per share), meaning a total dividend for the year of 3.0p per share (2019: 10.2p), a decrease of 71%.

Strategy

"*We take people on holiday!*"

Jet2holidays is now the UK's largest tour operator to many Mediterranean and Canary Islands leisure destinations and ***Jet2.com*** is the UK's 3rd largest airline by number of passengers flown. Our "Customer First" strategy has remained consistent and is what has driven ***Jet2***'s continuing success. The delivery of great service is at the core of ***Jet2holidays*** and ***Jet2.com*** brand values as we recognise that, whether taking end-to-end ***Real Package Holidays™*** with ***Jet2holidays***, or a holiday flight with ***Jet2.com***, the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings.

The combined power of our proposition, product and people is what will fuel our ongoing success, as we constantly seek to improve our customers' holiday choice, experience and enjoyment, giving us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth!

Our long-term ambition therefore remains – **To be the Leading UK Leisure Travel Business**.

2020 Key Performance Highlights

- The aircraft fleet expanded to 100 for summer 2019 (summer 2018: 90), with 3 new destinations added: Chania in Crete; Izmir in Turkey; and Bourgas in Bulgaria, supplemented by increased frequency of flying to many popular Mediterranean, Canary Island and European Leisure City destinations.
- In October 2019, the business acquired a portfolio of primarily peak summer airport slots at Manchester, Birmingham and London Stansted airports, to further improve our customers' experience through more attractive flight departure timings. Continuing to develop our network, we also acquired additional slots to the Greek Islands, allowing the introduction of new services to Kalamata, Santorini and Mykonos, plus increased flight frequency to some of our most sought-after Greek destinations.
- Our balance sheet and liquidity position strengthened to a year end total cash balance of £1,387.5m, an increase of 9% (2019: £1,274.3m), and an 'own cash' position (excluding customer deposits) of £520.4m, an increase of 41% (2019: £368.4m).

Post Year End Highlights

- On 14 May 2020, the Group was confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and has put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. This facility, which matures 12 months following draw down, will be used to provide standby liquidity, should that be required, and is currently unutilised.
- On 21 May 2020, the Group completed a Placing of 29.78 million new ordinary shares at a price of 576.5 pence per share, representing 20 per cent. of the then existing ordinary share capital of Dart Group plc, raising gross proceeds of £171.7m. The Placing was significantly over subscribed and the shares were placed at no discount to the prevailing market share price.
- The sale of our Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m was also completed on 31 May 2020.

Customers

We know that taking a holiday is one of the most important family experiences of the year and we relish the trust our customers place in us to give them a fantastic holiday experience. Despite the current challenges of Covid-19, going forward we remain committed to doing our very best to ensure that each of our customers ***"has a lovely holiday"*** that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly, offering value for money and giving a truly VIP customer service.

Colleagues

The health and wellbeing of our colleagues is, of course, of paramount importance, and during this difficult period even more so. We are incredibly proud of how quickly and positively they have responded to the new ways of remote working as a result of the lockdown imposed by the UK Government. I would like to take this opportunity to thank all our colleagues for their hard work, dedication and commitment. It was therefore with great regret that we have recently had to propose a number of redundancies amongst colleagues to match our re-sized flying programmes for this summer and winter 20/21 and for flying in the financial year ending 31 March 2022.

Board Changes

The Board recognises that it is responsible for the long-term success of the Group and is accountable to shareholders for its proper management. The Board's composition is regularly reviewed to ensure that it maintains the appropriate balance of skill set, background and experience, to enable it to oversee the execution of the Group's strategy by management.

As a result, and following a rigorous search process, we were delighted to welcome Robin Terrell to the Board on 14 April 2020 as an independent non-executive director. Robin brings extensive experience in leading online and retail businesses and has very relevant financial knowledge given his qualification as a chartered accountant and his position as Chairman of the Audit Committee of William Hill plc.

Culture and Stakeholders

The Board and senior management team remain focused on generating shareholder value by making decisions that ensure the foundations of the business remain strong in an ever-changing marketplace and continue to drive sustainable long-term profitable growth. We recognise the importance of strong relationships with our many stakeholders in helping to realise our growth plans. Additionally, we continue to place particular emphasis on our corporate culture to help achieve our goals, as epitomised by our brand values, known internally as ***'Take Me There'*** to: ***Be Present; Create Memories; Take Responsibility;*** and ***Work As One Team***. The active fulfilment of these values has been essential to our accomplishments to date and will remain integral to our future success.

Looking Ahead

We still face challenges as a result of the Covid-19 pandemic and therefore maintaining a healthy cash position remains our top priority. We have taken significant actions to improve our available liquidity in the last three months and will continue to do so, to ensure that we are best placed to respond swiftly as UK Government travel restrictions are relaxed and customer confidence recovers. We remain confident that once normality returns, our Customers will be determined to enjoy the wonderful experience of a well-deserved **Jet2** holiday and that ***Jet2.com*** and ***Jet2holidays*** will continue to have a thriving future, taking millions of UK holidaymakers annually, to the Mediterranean, the Canary Islands and to European Leisure Cities.

OPERATIONAL PERFORMANCE

Our performance for the financial year reflects the growing success of our Leisure Travel products - package holidays with our tour operator, ***Jet2holidays***, and holiday flights with our scheduled airline, ***Jet2.com*** – which has led to continuing strong customer demand for both.

During the year, ***Jet2.com*** flew a total of 14.62m (2019: 12.82m) flight-only and package holiday single sector passengers, a growth of 14%. Demand for our ***Real Package Holidays™*** continued to grow, as ***Jet2holidays*** took 3.77m (2019: 3.17m) customers on package holidays, an increase of 19%, with our flight-only product enjoyed by 7.06m (2019: 6.49m) single sector passengers, a growth of 9%.

Taking a holiday is one of the most important and rewarding family events of the year and the end-to-end ***Real Package Holidays™*** experience allows us to add greater value at each point in our customers' journey. We believe that sustained investment in our "Customer First" proposition will ensure we continue to deliver consistently attractive holiday experiences, giving us a wonderful opportunity to delight our customers from start to finish, time and time again.

We have also learnt, that even when times are tough and disposable incomes tight, one of the very last discretionary items to be sacrificed is the family holiday. Therefore, we have an operating model, product portfolio and hotel supply chain that are able to provide a variety of holiday experiences, plus a wide choice of holiday durations, accommodation and board basis, all vital ingredients to cater for our customers' differing budget requirements.

As a vertically integrated leisure travel provider, we are fully in control of our airline seat supply. Together with our overall customer volumes, this allows us to optimise load factors which are consistently above 90% whilst serving many destinations daily, and others several times a week, offering a great choice of truly variable duration holidays at affordable prices, delivering the flexibility that today's holidaymakers require.

A differentiated product offering and continued innovation helps to make sure we are truly reflecting diversity in our product range, allowing us to meet our customers' evolving expectations:

- Our core **Beach product** offering is continually reviewed and refreshed, always ensuring that we satisfy our customers' desire for choice and quality, whilst carefully expanding our resorts presence. Encompassing a wide range of great value 2 to 5-star accommodation, catering for the young, not so young and families alike, many have adjacent waterparks and other great attractions included in the package, adding enjoyment and interest to the overall holiday experience.
- ***Jet2Villas™*** our ATOL protected ***Jet2.com*** **flight + 22kg baggage + car + villa package** launched in June 2017, enjoys all the package perks of ***Jet2holidays***, but with the freedom of a villa holiday. With a choice of over 2,400 properties ranging from individual self-catering villas with private pool, to hotel resort villas that make the best of both worlds, this product has proven more popular as each season passes.
- Our **Indulgent Escapes™** brand encompasses an exclusive collection of five-star hotels for those who want additional luxury and refinement, each property having been hand-picked for its unique appeal to different tastes and interests. This luxury holiday product, which is richly distinctive, has unsurpassed standards of service, décor and attention to detail, and continues to resonate with customers, both existing and new.
- ***Jet2CityBreaks®***, which offers an ATOL protected ***Jet2.com*** **flight + hotel package** to over 35 stunning European Leisure Cities, continues to grow profitably at an encouraging rate.
- In November 2019, we launched a brand-new product, **Vibe by *Jet2holidays®***, specifically crafted for the growing millennial market, an audience which is often more about mindset than age or demographic. Whilst the new proposition focuses on younger customers and millennials, it has been tailored to meet the demands of a broad audience, including first-time holidaymakers, 'bucket listers', and the over-25s experience-driven market. To meet demand, **Vibe by *Jet2holidays®*** has grouped an extensive collection of hotels across almost 50 resorts into four groups or 'Vibes':
  - **Iconic Vibe**: A collection of standout, cutting-edge, stylish and internationally-renowned hotels, with some of the hottest A-list DJs playing each year;
  - **Party Vibe**: Great value hotels in the heart of the best party resorts, perfect for those looking for less of the frills but more of the thrills;
  - **Pure Vibe**: Staying in is the new going out with Pure Vibe, as this selection of hotels allows customers to enjoy pool parties, live performances and daytime DJs at their hotel; and
  - **Chilled Vibe**: For luxury lovers, these hotels offer sophistication and exclusive extras and are perfect for poolside lounging, ideal for capturing and posting on Instagram.

We have great hopes for this new product and believe that many of its customers today will become the ***Jet2holidays*** families of the future!

Our hotel portfolio for summer 2019 extended to over 4,000 (summer 2018: over 3,400 hotels) with 40% of our package holidays sold on an all-inclusive basis. This is a particularly resilient, great value offering for families managing to a tight budget, offering a 'Defined Price' for the whole holiday experience, including flights, transfers, meals, drinks for the adults and ice lollies for the kids - especially attractive in these times of economic uncertainty.

End-to-end ***Real Package Holidays™*** are not easily replicated by non-specialists and take considerable organisation and attention to detail. In summer 2019, we employed nearly 700 in-resort customer helpers, backed up by 24-hour UK customer helplines, to give practical assistance in all eventualities. Together with convenient airport-to-hotel transfer services, everything is organised to make our customers' holidays easy and carefree. Additionally, behind the scenes, ***Jet2holidays*** employs over 1,200 colleagues developing product, marketing our brand, contracting & administering hotels, managing the finances, IT infrastructure and websites, and providing operational support - each and every one contributing an invaluable part to the process of ensuring that our customers have a fantastic holiday experience.

In July 2019, ***Jet2holidays*** was recognised as a *Which? Recommended Provider* for *"taking the bar for package holidays and raising it through the roof"*. Completed by thousands of *Which?* members, the survey is compiled based on several qualitative factors including, accommodation; customer service; description versus reality; the holiday representative; the organisation of the holiday; and value for money. In addition, ***Jet2.com*** was also recognised as a *Which? Recommended Provider* for the fourth consecutive year. We are very proud that our efforts to provide wonderful holiday experiences have been acknowledged in this way!

Of course, direct feedback from our loyal customers remains the most effective means of ensuring we continue to challenge ourselves to improve our overall holiday offering - there is always more we can do as we learn, evolve and grow. Pleasingly, our Net Promoter Scores for the rolling 12 month period to 31 March 2020 were consistently above +70 for both ***Jet2holidays*** and ***Jet2.com*** and our rebooking rates above 50% for the same period, a clear endorsement of the VIP experience we offer!

In summer 2019, ***Jet2.com*** flew 100 aircraft (summer 2018: 90 aircraft) from our nine UK bases. ***Jet2.com*** continues to lead the way in On-Time Performance ("OTP"), with monthly data published by OAG (the world's leading travel intelligence company) showing that we were the most punctual UK airline in 2019, as well as being placed in the Top 20 airlines in the world for OTP. In addition, we were very proud to be recognised in the Top 10 Airlines of the World and as both Best Airline – UK and Best Airline – Europe, at the TripAdvisor Travellers' Choice Awards 2019.

(*) ATOL, which is managed by the UK Civil Aviation Authority ('CAA'), is a statutory licensing scheme which also provides financial protection to consumers of licensable air travel. As a licensing scheme it ensures that only businesses regarded as financially robust and fit can sell licensable travel, and as a financial protection scheme, it ensures that if an ATOL holder fails, affected consumers are able to complete their holiday and be repatriated or, if they cannot get away, receive a full refund.

Outlook

The beginning of the new financial year has brought significant challenges for the entire Leisure Travel industry. The decisions and actions we have taken since have been guided by our commitment to maintain our responsible balance sheet management and carefully protect our cash balance, to enable the business to exit the Covid-19 period in a stable commercial position and to be able to capitalise on the upturn opportunity when it arrives.

Group performance for the financial year ending 31 March 2021 is largely dependent on the level of flying permitted for the remainder of the summer 2020 period, as well as performance in the second half of the 2021 financial year, periods for which we currently still have limited visibility.

Despite the uncertainty, our current monthly load factors for winter 20/21 are satisfactory and summer 2021 bookings, which are showing a materially increased package holiday mix, are encouraging.

Despite today's uncertainties our business model remains unchanged - we will continue to dedicate significant resources to provide ***Real Package Holidays™*** and deliver wonderful holiday experiences with priceless memories, ensuring that the customer remains at the centre of everything we do. We believe that we have the right customer-focused strategy to grow both our package holiday and flight-only products. Whilst flight-only remains very important, our higher margin package holiday business has tremendous further potential as our reputation for providing ***'package holidays you can trust'™*** strengthens. This gives us every confidence that with our focused approach, our Customers will continue to be keen to travel with us from our Rainy Island to the sun spots of the Mediterranean, the Canary Islands and to European Leisure Cities and ***Jet2*** will emerge from this crisis an even stronger company.

Philip Meeson
Executive Chairman

9 July 2020

BUSINESS & FINANCIAL REVIEW

The Group's financial performance for the year ended 31 March 2020 is reported in line with International Financial Reporting Standards ("IFRS"), as adopted by the EU.

Summary Income Statement	**2020** **£m** **Unaudited**	2019 £m Restated**	*Change*
Revenue	**3,584.7**	2,964.4	*21%*
Net operating expenses	**(3,291.7)**	(2,759.9)	*(19%)*
Operating profit (excluding hedge ineffectiveness)	**293.0**	204.5	*43%*
Net financing expense (excluding net FX revaluation losses)	**(29.5)**	(31.2)	*5%*
Profit on disposal of property, plant and equipment	**0.7**	2.3	*(70%)*
Profit before hedge ineffectiveness, FX revaluation and taxation	**264.2**	175.6	*50%*
Hedge ineffectiveness	**(108.4)**	-	*(100%)*
Net FX revaluation losses	**(8.1)**	(9.1)	*11%*
Profit before taxation from continuing operations	**147.7**	166.5	*(11%)*
Profit before taxation from discontinued operations	**5.5**	4.1	*34%*
Profit before taxation	**153.2**	170.6	*(10%)*
Net financing expense (including net FX revaluation losses)	**37.6**	40.3	*7%*
Depreciation	**204.5**	160.2	*(28%)*
Hedge ineffectiveness	**108.4**	-	*(100%)*
EBITDA from continuing operations*	**498.2**	367.0	*36%*

Operating profit margin (excluding hedge ineffectiveness)	**8.2%**	**6.9%**	*1.3 ppts*
Profit before hedge ineffectiveness, FX revaluation and taxation margin	**7.4%**	**5.9%**	*1.5 ppts*
Profit before taxation margin from continuing operations	**4.1%**	**5.6%**	*(1.5 ppts)*
EBITDA margin from continuing operations	**13.9%**	**12.4%**	*1.5 ppts*

** EBITDA is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group and growth in profitability of the operations.* Further information can be found in Note 10.

*** Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 9.*

Customer Demand & Revenue

Despite Leisure Travel customer booking trends for the summer 2019 season being later than in previous years, the growing awareness and appreciation of our leisure travel products meant that overall demand for both our higher margin package holiday product from ***Jet2holidays*** and our flight-only offering from ***Jet2.com*** remained resilient.

Jet2.com flew a total of 14.62m (2019: 12.82m) single sector passengers to and from sun, city and ski destinations, an increase of 14% and only slightly behind the seat capacity increase of 15%. As a result, average load factors were a healthy 92.2% as compared to the prior year of 92.8%. Customers choosing our end-to-end package holiday product increased by 19% to 3.77m (2019: 3.17m), while single sector passengers choosing our important flight-only product increased by 9% to 7.06m (2019: 6.49m). Encouragingly, package holiday customers represented 52% of overall flown passengers (2019: 49%).

Early summer 2019 experienced increased levels of promotional pricing to drive customer demand, succeeded by progressively stronger bookings in later summer and into the second half of the year, in part aided by a reduction in overall market seat capacity on short and medium haul beach routes.

Seizing this opportunity, ***Jet2.com*** expanded its route network by carefully replacing part of the market capacity reduction with incremental profitable flying, with customer demand remaining buoyant and associated ticket pricing strengthening. Consequently, average flight-only ticket yield per passenger sector at £85.59 (2019: £81.79) was 5% higher than the prior year.

The mix of customers taking shorter duration package holidays increased by 1ppt versus the prior year, with those choosing all-inclusive holidays increasing by 3ppts, as families opted for our great value 'Defined Price' offering. In addition, the mix of higher value 4 & 5-star packages improved by 2ppts. Together with increased airline ticket pricing and inflationary hotel room rate increases, the overall average price of a ***Jet2holidays*** package holiday increased to £687 (2019: £669).

Non-ticket retail revenue per passenger sector increased by 3% to £24.91 (2019: £24.07) primarily due to a strong in-flight retail sales performance for both existing and new products. This revenue stream, which is primarily discretionary in nature, continues to be optimised through our customer contact programme as we focus on continually developing our customer services.

As a result, overall **Group revenue grew by 21% to £3,584.7m (2019: £2,964.4m), ahead of the growth in passenger numbers.**

Net Operating Expenses

The Travel Industry in general faces many cost pressures in relation to fuel, carbon and other operating charges, together with the necessary continued investment in our own products and operations, including that required to attract and retain colleagues. As a result, total operating expenses (excluding the hedge ineffectiveness exceptional expense) increased by 19% to £3,291.7m (2019: £2,759.9m), ahead of both the passenger and activity increase.

The principal areas of cost increase ahead of activity were:

- Fuel and Carbon – a result of increased jet fuel and carbon costs per tonne;
- Agent commission – strategic investment with our travel agent partners resulted in the mix of trade bookings as a proportion of total bookings growing by 4ppts to over 28%, with an increase in associated commission levels paid;
- Colleague costs – we are keen to create the right environment for all our colleagues to thrive and are committed to delivering a balanced lifestyle. To achieve this, for our aircraft crews we launched our "Lifestyle 2020" programme, which was implemented in 2019 and continued into 2020. The substantial financial investment that this programme requires underlines our commitment to be a career airline of choice for all; and
- Depreciation – a result of incremental depreciation on right-of-use assets plus ongoing investment and renewal of the aircraft fleet.

Operating Profit

The increasing mix of higher margin package holiday customers is pleasing, as we continued to focus on improving cross-selling conversion from flight-only to package holidays on our website and through our broader marketing messaging. Additionally, the ***Real Package Holidays™*** proposition lends itself to brand loyalty and retention, resulting in a better quality of recurring revenue and profitability in comparison to the more impulsive, price-sensitive, flight-only product.

Though operating profit in the first half of the financial year grew modestly by 3%, strong customer demand and pricing, plus incremental profitable flying and carefully controlled cost investment in readiness for the proposed expansion of the summer 2020 flying programme, meant operating losses (excluding hedge ineffectiveness) for the second half of the year decreased by 53% to £68.5m (2019: £146.9m).

As a result, overall **Group operating profit (excluding hedge ineffectiveness) for the year increased by 43% to £293.0m (2019: £204.5m).**

Net Financing Expense

Net financing expense of £37.6m (2019: £40.3m) is stated after finance income of £14.5m (2019: £10.7m), the year-on-year increase due to higher average cash balances and favourable interest rates, and interest payable of £44.0m (2019: £41.9m), related to structured aircraft finance and IFRS16 lease interest expense. In addition, net FX revaluation losses of £8.1m (2019: £9.1m loss) were incurred, arising from the year end revaluation of foreign currency denominated monetary balances.

Discontinued Operations

At the year end date, the business was in active discussions to sell its Distribution & Logistics business, **Fowler Welch,** and having satisfied the conditions under IFRS5 - *Non-current Assets Held for Sale and Discontinued Operations*, this business which achieved a profit before taxation of £5.5m (2019: £4.1m), is classed as a discontinued operation.

Pre-Exceptional Statutory Profit for the Year

As a result, the Group achieved a **statutory pre-exceptional profit before taxation from continuing operations of £256.1m (2019: £166.5m), an increase of 54%.**

Exceptional Item

The Group operates under a clear set of treasury policies approved by the Board. The aim of our well-established hedging policy has been to reduce short-term volatility in earnings by hedging up to a maximum of 90 per cent. of projected jet fuel, euro and US dollar requirements for the next twelve months. The impact and timing of Covid-19 means that both the flying and holiday programmes expected to be operated in the first half of the financial year ending 31 March 2021 are significantly lower than that on which the hedging programme for jet fuel and foreign currency was originally based and therefore the Group has recorded a net exceptional charge of £108.4m relating to hedge ineffectiveness.

Taxation

The Group recorded a tax expense of £36.1m compared to £29.9m in 2019. The Group's effective tax rate of 24% (2019: 18%) was higher than the 19% headline rate of corporation tax, as legislation substantively enacted on 17 March 2020 means the UK tax rate, which was previously advised as 17%, will remain at 19% from 1 April 2020 onwards. As a result, Deferred tax has been provided at 19% (2019: 17%).

Statutory Net Profit for the year and Earnings Per Share

Having accounted for the exceptional item, the Group achieved a statutory profit after taxation from continuing operations of £111.6m (2019: £136.6m). Basic earnings per share decreased by 18% to 74.97p (2019: 91.86p).

Other Comprehensive Income and Expense

The Group had Other comprehensive expense of £44.9m (2019: £51.4m), the change compared to the prior year driven primarily by movements in the fair value of open hedge instruments, as reflected in the balance of the cash flow hedging reserve in equity. The hedging reserve excludes those open jet fuel and foreign currency hedges that were classified as ineffective at 31 March 2020 and were therefore recognised as an exceptional item in the Consolidated Income Statement.

Cash Flows and Financial Position

The following table sets out condensed cash flow data and the Group's cash and cash equivalents for 2020 and 2019:

Summary of Cash Flows	**2020** **£m** **Unaudited**	2019 £m Restated	*Change*
EBITDA from continuing operations	**498.2**	367.0	*36%*
EBITDA from discontinued operations	**20.9**	18.3	*14%*
Other Income Statement adjustments	**(0.4)**	(1.9)	*79%*
Movements in working capital	**(21.5)**	136.3	*(116%)*
Interest and taxes	**(54.1)**	(36.7)	*(47%)*
Net cash generated from operating activities	**443.1**	483.0	*(8%)*
Purchase of intangibles	**(26.8)**	-	*(100%)*
Purchase of property, plant and equipment	**(211.3)**	(302.3)	*30%*
Movement on borrowings	**27.0**	94.1	*(71%)*
Movement on lease liabilities	**(99.7)**	(4.6)	*(2067%)*
Other items	**(6.4)**	(4.5)	*(42%)*
Net increase in cash and money market deposits [(a)]	**125.9**	265.7	*(53%)*

(a) Cash flows are reported including the movement on money market deposits (cash deposits with maturity of more than three months from point of placement) to give readers an understanding of total cash generation. The Consolidated Cash Flow Statement reports net cash flow excluding these movements.

Cash Flow Generated From Operating Activities

The Group generated net cash from operating activities of £443.1m (2019: £483.0m), driven by the pre-exceptional trading performance of the Leisure Travel business which resulted in EBITDA improving by 36% to £498.2m. In contrast with 2019, when growing forward bookings increased cash flows by £132.6m, in 2020 this was a cash outflow of £194.7m as bookings declined sharply due to the Covid-19 pandemic, with flying operations suspended from mid-March 2020 and all flights and holidays departing prior to 1 May 2020 cancelled. This outflow was partially offset by an increase in payables of £152.7m for flights and holidays cancelled shortly before the year end which had either not yet been refunded, or credit notes not yet redeemed until post 31 March 2020. As a result, the previously positive contribution to operating cashflow from movements in working capital in 2019 of £136.3m, reversed to an outflow of £21.5m, a year-on-year reduction of £157.8m.

Net Cash Used In Investing Activities

The business invested £26.8m in the acquisition of a portfolio of primarily peak summer airport slots, at Manchester, Birmingham and London Stansted airports, plus certain Greek Island slots to further improve our customers' experience through more attractive flight departure timings and continue to develop the network. In addition, total capital expenditure of £211.3m (2019: £302.3m) included additional aircraft, continued investment in the long-term maintenance of our existing aircraft fleet, replacement of ground operations equipment at our UK and overseas bases, plus technology and infrastructure projects across the Group.

Net Cash From Financing Activities
In late March 2020, due to the Covid-19 pandemic, the Group prudently drew down £65.0m (2019: £nil) of its revolving credit facility. The Group also made capital repayments of £38.0m (2019: £65.1m) on aircraft loans and repaid £99.7m (2019: £73.7m) of its aircraft, vehicles and property leases.

Overall, this resulted in a net cash inflow from total operations of £125.9m (2019: £265.7m) and an improved year-end gross cash position, including money market deposits, of £1,387.5m (2019: £1,274.3m). Net cash, stated after borrowings and lease liabilities increased by 259% to £229.1m (2019: £63.9m).

At the reporting date, the Group had received payments in advance of travel from its Leisure Travel customers amounting to £867.1m (2019: £905.9m), and had increased its 'own cash' balance excluding customer deposits by 41% to £520.4m (2019: £368.4m). There were no cash restrictions from merchant acquirers and £39.8m (2019: £nil) was placed with counterparties in the form of margin calls to cover out-of-the-money hedge instruments. In addition, the Group continued to comfortably exceed the UK Civil Aviation Authority's 'liquidity threshold test'.

Summary Statement of Financial Position	**2020 £m Unaudited**	2019 £m Restated	*Change*
Non-current assets [(a)]	**1,492.7**	1,506.7	*(1%)*
Net current (liabilities) / assets [(b)]	**(138.7)**	50.2	*(376%)*
Cash and money market deposits	**1,387.5**	1,274.3	*9%*
Deferred revenue	**(745.2)**	(939.9)	*21%*
Borrowings	**(485.7)**	(452.0)	*(7%)*
Lease liabilities	**(672.7)**	(758.4)	*11%*
Deferred taxation	**(78.7)**	(80.6)	*2%*
Derivative financial instruments	**(191.5)**	(22.4)	*(755%)*
Net assets held for sale	**66.4**	-	*100%*
Total shareholders' equity	**634.1**	577.9	*10%*

(a) Stated excluding derivative financial instruments.

(b) Stated excluding cash and cash equivalents, money market deposits, deferred revenue, borrowings, lease liabilities and derivative financial instruments.

Total shareholders' equity increased by £56.2m (2019: £75.9m) primarily comprising profit after taxation of £116.0m (2019: £139.9m), dividends paid of £15.5m (2019: £13.1m) and an adverse movement of £48.8m (2019: adverse £50.1m) in the cash flow hedging and cost of hedging reserves, largely a result of out-of-the-money jet fuel forward contracts held at the end of the financial year.

Net Assets Held For Sale
At the year end date, having satisfied the conditions under IFRS5 - *Non-current Assets Held for Sale and Discontinued Operations*, the net assets of the Distribution & Logistics operation were classed as Assets and Liabilities held for sale on the Statement of Financial Position and totalled £66.4m.

Adoption of IFRS 16 - *Leases*
The Group adopted IFRS 16 from 1 April 2019 applying the full retrospective method of transition and has restated the 2019 financial statements. The full detail and impacts of this change are explained in Notes 2 and 9 to this preliminary announcement.

Events Subsequent to 31 March 2020

At 31 March 2020, the Group had a strong and responsibly managed balance sheet with a total cash balance of £1,387.5m and an 'own cash' balance excluding customer deposits of £520.4m. However, as a result of the Covid-19 pandemic and its unprecedented impact, our cash balance and the careful preservation of it, has now become our top priority.

A considered but swift response saw cost mitigation measures put in place including: approximately 80% of our UK colleagues being put on temporary leave of absence ('furloughed') in order to make full use of the grants available under the UK Government's Coronavirus Job Retention Scheme ("JRS") with similar schemes also in place for many of our overseas colleagues; the cancellation of all twelve summer-only third-party leased aircraft; deferral of non-critical capital expenditure; the freezing of recruitment and discretionary spending and the termination of arrangements with contractors. In addition, we have also had positive discussions with many of our suppliers to reduce our monthly outgoings.

Despite the JRS, our monthly salary bill remains a substantial proportion of our overall costs and therefore, with huge reluctance and after much thought, we asked all colleagues (including Directors) to take a pay cut for the nine-month period from 1 April 2020 until 31 December 2020. Additionally, performance related bonuses earned for the financial year ended 31 March 2020 plus the Discretionary Colleague Profit Share Scheme, will not be paid.

We further strengthened our cash position in May 2020, by completing an over-subscribed share Placing of 20% of the then issued share capital of the Company for gross proceeds of £171.7m and also completing the sale of our Distribution & Logistics business, **Fowler Welch**, for a gross cash consideration of £98.0m. In addition, we secured eligibility for up to £300.0m of funding from the Bank of England under the UK Government's Covid Corporate Financing Facility (CCFF). This facility, which matures 12 months following draw down, will be used to provide standby liquidity, should that be required, and is currently unutilised.

More recently, we have had to reassess and reduce our flying programmes for the remainder of 2020 and for 2021, the overall effect being the need to sadly propose a number of colleague redundancies across our business.

Despite these difficult decisions, we will continue to take every step necessary to preserve cash and enhance liquidity to ensure both ***Jet2.com*** and ***Jet2holidays*** are equipped to deal with this most challenging of trading environments and also best positioned for a return to operations in a stable financial position, to the benefit of all stakeholders.

Gary Brown
Group Chief Financial Officer

9 July 2020

Leisure Travel Key Performance Indicators	2020	2019	Change
Number of routes operated during the year	**355**	329	*8%*
Leisure Travel sector seats available (capacity)	**15.85m**	13.81m	*15%*
Leisure Travel passenger sectors flown	**14.62m**	12.82m	*14%*
Leisure Travel load factor	**92.2%**	92.8%	*(0.6 ppts)*
Flight-only passenger sectors flown	**7.06m**	6.49m	*9%*
Package holiday customers	**3.77m**	3.17m	*19%*
Flight-only ticket yield per passenger sector (excl. taxes)	**£85.59**	£81.79	*5%*
Average package holiday price	**£687**	£669	*3%*
Non-ticket revenue per passenger sector	**£24.91**	£24.07	*3%*
Average hedged price of fuel (per tonne)	**$629**	$604	*4%*
Advance sales made as at 31 March	**£1,679.2m**	£1,734.5m	*(3%)*

For further information please contact:

Dart Group plc **0113 239 7817**
Philip Meeson, Executive Chairman
Gary Brown, Group Chief Financial Officer

Cenkos Securities plc **020 7397 8900**
Nominated Adviser
Katy Birkin/Russell Cook/Harry Hargreaves

Canaccord Genuity **020 7523 8000**
Joint Broker
Adam James

Arden Partners **020 7614 5900**
Joint Broker
Paul Shackleton/Daniel Gee-Summons

Buchanan **020 7466 5000**
Financial PR
Richard Oldworth

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the year ended 31 March 2020

	Results for the year ended 31 March 2020 Pre - exceptional £m	Exceptional item - Hedge ineffectiveness £m	**Results for the year ended 31 March 2020 £m**	Results for the year ended 31 March 2019 £m Restated**
Revenue	3,584.7	-	**3,584.7**	2,964.4
Net operating expenses	(3,291.7)	(108.4)	**(3,400.1)**	(2,759.9)
Operating profit	293.0	(108.4)	**184.6**	204.5
Finance income	14.5	-	**14.5**	10.7
Finance expense	(44.0)	-	**(44.0)**	(41.9)
Net FX revaluation losses	(8.1)	-	**(8.1)**	(9.1)
Net financing expense	(37.6)	-	**(37.6)**	(40.3)
Profit on disposal of property, plant and equipment	0.7	-	**0.7**	2.3
Profit before taxation	256.1	(108.4)	**147.7**	166.5
Taxation	(56.7)	20.6	**(36.1)**	(29.9)
Profit for the year – from continuing operations	199.4	(87.8)	**111.6**	136.6
Profit for the year – from discontinued operations*	4.4	-	**4.4**	3.3
Profit for the year	203.8	(87.8)	**116.0**	139.9
all attributable to equity shareholders of the parent				

Earnings per share from continuing operations		
- basic	**74.97p**	91.86p
- diluted	**74.84p**	91.58p

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

*** Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 9.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 March 2020

	Year ended 31 March 2020 £m	Year ended 31 March 2019 £m Restated**
Profit for the year	**116.0**	139.9
Other comprehensive (expense) / income		
Items that are or may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Fair value losses	**(68.6)**	(37.9)
Add back losses / (gains) transferred to income statement	**5.0**	(23.6)
Cost of hedging reserve – changes in fair value	**2.9**	-
Related taxation credit	**11.9**	11.4
Revaluation of foreign operations	**3.9**	(1.3)
	(44.9)	(51.4)
Total comprehensive income for the year	**71.1**	88.5
all attributable to equity shareholders of the parent		

Total comprehensive income for the year arises from:		
Continuing operations	**66.7**	85.2
Discontinued operations*	**4.4**	3.3
Total comprehensive income	**71.1**	88.5

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

*** Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 9.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 31 March 2020

	2020 **£m**	2019 £m Restated**	2018 £m Restated**
Non-current assets			
Intangible assets	**26.8**	-	-
Goodwill	**-**	6.8	6.8
Property, plant and equipment	**1,465.9**	1,499.9	1,242.8
Derivative financial instruments	**25.1**	4.1	23.7
	1,517.8	1,510.8	1,273.3
Current assets			
Inventories	**1.3**	1.6	1.8
Trade and other receivables	**294.1**	319.8	258.2
Derivative financial instruments	**53.9**	50.0	64.3
Money market deposits	**-**	50.0	220.2
Cash and cash equivalents	**1,387.5**	1,224.3	788.4
Assets held for sale	**128.2**	-	-
	1,865.0	1,645.7	1,332.9
Total assets	**3,382.8**	3,156.5	2,606.2
Current liabilities			
Trade and other payables	**366.4**	217.0	159.9
Deferred revenue	**736.0**	937.1	806.0
Borrowings	**104.4**	37.7	59.7
Lease liabilities	**76.2**	114.5	81.0
Provisions and liabilities	**67.7**	54.2	45.9
Derivative financial instruments	**216.5**	55.0	40.7
Liabilities held for sale	**61.8**	-	-
	1,629.0	1,415.5	1,193.2
Non-current liabilities			
Deferred revenue	**9.2**	2.8	1.3
Borrowings	**381.3**	414.3	287.6
Lease liabilities	**596.5**	643.9	548.0
Derivative financial instruments	**54.0**	21.5	8.2
Deferred taxation	**78.7**	80.6	65.9
	1,119.7	1,163.1	911.0
Total liabilities	**2,748.7**	2,578.6	2,104.2
Net assets	**634.1**	577.9	502.0
Shareholders' equity			
Share capital	**1.9**	1.9	1.9
Share premium	**12.9**	12.8	12.7
Cash flow hedging reserve	**(69.6)**	(18.5)	31.6
Cost of hedging reserve	**2.3**	-	-
Other reserves	**3.3**	(0.6)	0.7
Retained earnings	**683.3**	582.3	455.1
Total shareholders' equity	**634.1**	577.9	502.0

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

*** Figures shown for the year ended 31 March 2019 and 31 March 2018 have been restated as detailed in Note 9.*

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the year ended 31 March 2020

	2020 £m	2019 £m Restated**
Profit on ordinary activities before taxation from continuing operations	**147.7**	166.5
Profit on ordinary activities before taxation from discontinued operations*	**5.5**	4.1
Finance income	**(14.5)**	(10.7)
Finance expense	**45.2**	43.5
Net FX revaluation losses	**8.1**	9.1
Hedge ineffectiveness	**108.4**	-
Depreciation	**218.7**	172.8
Profit on disposal of property, plant and equipment	**(0.9)**	(2.3)
Equity settled share based payments	**0.5**	0.4
Operating cash flows before movement in working capital	**518.7**	383.4
(Increase) / decrease in inventories	**(0.3)**	0.2
Increase in trade and other receivables	**(7.9)**	(61.6)
Increase in trade and other payables	**172.8**	60.3
(Decrease) / increase in deferred revenue	**(194.7)**	132.6
Increase in provisions and liabilities	**8.6**	4.8
Cash generated from operations	**497.2**	519.7
Interest received	**14.5**	10.7
Interest paid - of which £23.5m (2019: £23.9m) relates to leases	**(40.5)**	(39.6)
Income taxes paid	**(28.1)**	(7.8)
Net cash generated from operating activities	**443.1**	483.0
Cash flows used in investing activities		
Purchase of intangibles	**(26.8)**	-
Purchase of property, plant and equipment	**(211.3)**	(302.3)
Proceeds from sale of property, plant and equipment	**2.5**	3.5
Net decrease in money market deposits	**50.0**	170.2
Net cash used in investing activities	**(185.6)**	(128.6)
Cash from financing activities		
Repayment of borrowings	**(38.0)**	(65.1)
Payment of lease liabilities	**(99.7)**	(73.7)
New loans advanced	**65.0**	159.2
New lease liabilities	**-**	69.1
Proceeds on issue of shares	**0.1**	0.1
Equity dividends paid	**(15.5)**	(13.1)
Net cash from financing activities	**(88.1)**	76.5
Net increase in cash in the year	**169.4**	430.9
Cash and cash equivalents at beginning of year	**1,224.3**	788.4
Effect of foreign exchange rate changes	**6.5**	5.0
Cash and cash equivalents at end of year	**1,400.2**	1,224.3
Cash and cash equivalents at end of year - from continuing operations	**1,387.5**	1,216.9
Cash and cash equivalents at end of year - from discontinued operations	**12.7**	7.4

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

*** Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 9.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 31 March 2020

	Share capital	Share premium	Cash flow hedging reserve	Cost of hedging reserve	Other reserves	Retained earnings	**Total shareholders' equity**
	£m	£m	£m	£m	£m	£m	**£m**
Balance at 31 March 2018 – as originally reported	**1.9**	**12.7**	**31.6**	**-**	**0.7**	**482.0**	**528.9**
Effect of transition to IFRS 15	-	-	-	-	-	(15.1)	**(15.1)**
Effect of transition to IFRS 16	-	-	-	-	-	(11.8)	**(11.8)**
Balance at 31 March 2018 – as restated**	**1.9**	**12.7**	**31.6**	**-**	**0.7**	**455.1**	**502.0**
Total comprehensive income	-	-	(50.1)	-	(1.3)	139.9	**88.5**
Issue of share capital	-	0.1	-	-	-	-	**0.1**
Dividends paid in the year	-	-	-	-	-	(13.1)	**(13.1)**
Share based payments	-	-	-	-	-	0.4	**0.4**
Balance at 31 March 2019 – as restated	**1.9**	**12.8**	**(18.5)**	**-**	**(0.6)**	**582.3**	**577.9**
Total comprehensive income	-	-	(51.1)	2.3	3.9	116.0	**71.1**
Issue of share capital	-	0.1	-	-	-	-	**0.1**
Dividends paid in the year	-	-	-	-	-	(15.5)	**(15.5)**
Share based payments	-	-	-	-	-	0.5	**0.5**
Balance at 31 March 2020	**1.9**	**12.9**	**(69.6)**	**2.3**	**3.3**	**683.3**	**634.1**

*** Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 9.*

NOTES TO THE UNAUDITED PRELIMINARY ANNOUNCEMENT

for the year ended 31 March 2020

1. Accounting policies and general information

Basis of preparation

The financial information in this preliminary announcement has been prepared and approved by the Board of Directors in accordance with International Financial Reporting Standards, as adopted by the European Union ("Adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Whilst the information included in this preliminary announcement has been prepared in accordance with Adopted IFRS, the financial information contained within this preliminary announcement for the years ended 31 March 2020, 31 March 2019 and 31 March 2018 does not itself contain sufficient information to comply with Adopted IFRS and nor does it comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006.

The financial information for 2019 is derived from the statutory accounts for the year ended 31 March 2019, which have been delivered to the Registrar of Companies. The Auditor has reported on the year ended 31 March 2019 accounts; their report:

i. was unqualified;

ii. did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report; and

iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

In this report, the comparative figures for the year ended 31 March 2019 have been restated for the impact of IFRS 16 – see Note 9 for further details.

The statutory accounts for the year ended 31 March 2020 will be finalised on the basis of the financial information presented by the Board of Directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course.

The 2020 Annual Report and Accounts (including the Auditor's Report) will be made available to shareholders during the week commencing 10 August 2020. The Dart Group plc Annual General Meeting will be held on 3 September 2020.

The financial information has been prepared under the historical cost convention except for all derivative financial instruments, which have been measured at fair value.

The Group's financial information is presented in pounds sterling and all values are rounded to the nearest £100,000 except where indicated otherwise.

Going concern

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, multiple financial forecast scenarios of increasing severity have been prepared. Three "no fly" scenarios were produced being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels.

1. Accounting policies and general information (continued)

Going concern (continued)

The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty, paying particular attention to the impact of Covid-19.

The forecasts also incorporate the following actions taken since 31 March 2020 which have improved overall liquidity:

- Full use of the grants available under the UK Government's Coronavirus Job Retention Scheme;
- On 14 May 2020, the Group were confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. The forecast scenarios assume that the CCFF will be drawn down in the final quarter of 2020;
- On 21 May 2020, the Group completed a Placing of 29.78 million new ordinary shares at a price of 576.5 pence per share, raising gross proceeds of £171.7m; and
- On 31 May 2020, the Group completed the sale of its Distribution & Logistics business, **Fowler Welch** for a gross cash consideration of £98.0m.

Due to the level of uncertainty of how the operations of the business may emerge from the Covid-19 pandemic, the Directors also modelled a further "no fly" scenario through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report. In addition to forecasting the fixed cost base of the Group, the scenario also considered the impact of movements in euro and US dollar exchange rates and the price of jet fuel. The Directors concluded that given the combination of a closing cash balance of £1,387.5m at 31 March 2020, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Group would have sufficient liquidity throughout this period.

As a result, the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

2. New IFRS effective in the current year

The following amendments to IFRS became mandatorily effective in the current year.

International Financial Reporting Standards	Applying to accounting periods beginning after
IFRS 16 - *Leases*	**January 2019**

The Group has adopted IFRS 16 for the year ended 31 March 2020. IFRS 16 replaces IAS 17 - *Leases* and removes the requirement for lessees to report on finance and operating leases separately. The Group has applied the fully retrospective transition method available under IFRS16, with the comparative year and opening net assets (as at 1 April 2018) restated.

Under IFRS 16, the Group distinguishes between leases and service contracts based on whether there is an identified asset controlled by the Group. Control exists if the lessee has the right to obtain substantially all of the economic benefit from the use of the asset (the cash flows generated by that asset) and the right to direct the use of that asset as if it were their own. Where control exists, the Group is required to recognise a right-of-use asset and an opposing discounted lease liability, rather than accounting for operating lease payments through the Income Statement.

The Group has capitalised all aircraft and properties previously accounted for as operating leases under IAS 17. Operating lease expenses are replaced by depreciation charges on the right-of-use assets recognised, and interest expenses as the discount on the lease liability unwinds. As permitted, the Group has elected not to apply the requirements of IFRS 16 for either short-term leases (contracts with a duration of 12 months or less) or leases of low-value assets (defined by the Group as below £5,000). Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Under IFRS 16, the Group has recognised all contractual maintenance obligations which are not dependent on the use of the asset in the value of the right-of-use asset at inception, and these costs are depreciated over the lease term. Contractual obligations associated with the maintenance condition on redelivery of aircraft are recognised as right-of-use assets with the associated liability held in provisions.

The lease term corresponds to the duration of the contracts signed, except in cases where the Group is reasonably certain that it will exercise contractual extension options.

The Group incurred foreign exchange gains / losses on its US dollar and euro denominated leases as a result of the implementation of IFRS 16 as lease liabilities and provisions have been treated as monetary items and retranslated at the period end exchange rate, whereas right-of-use assets are treated as non-monetary items and therefore remain at their translated values on inception.

The impact on the Group financial statements for the year ended 31 March 2019 and for the year ended 31 March 2018 is shown in detail in Note 9.

3. Segmental reporting

IFRS 8 *Operating Segments* requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker. For management purposes, the Group is organised into two operating segments: Leisure Travel and Distribution & Logistics. These operating segments are consistent with how information is presented to the Board of Directors (the Chief Operating Decision Maker) for the purpose of resource allocation and assessment of their performance and as such, they are also deemed to be the reporting segments.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

Unaudited Year ended 31 March 2020	**Leisure Travel £m**	**Distribution & Logistics* £m**	**Group eliminations £m**	**Total £m**
Revenue	3,584.7	166.8	-	**3,751.5**
Operating profit (excluding hedge ineffectiveness)	293.0	6.5	-	**299.5**
Hedge ineffectiveness	(108.4)	-	-	**(108.4)**
Operating profit	184.6	6.5	-	**191.1**
Finance income	14.5	-	-	**14.5**
Finance expense	(44.0)	(1.2)	-	**(45.2)**
Net FX revaluation losses	(8.1)	-	-	**(8.1)**
Net financing expense	(37.6)	(1.2)	-	**(38.8)**
Profit on disposal of property, plant and equipment	0.7	0.2	-	**0.9**
Profit before taxation	147.7	5.5	-	**153.2**
Taxation	(36.1)	(1.1)	-	**(37.2)**
Profit after taxation	111.6	4.4	-	**116.0**
Assets and liabilities				
Segment assets	3,254.6	128.2	-	**3,382.8**
Segment liabilities	(2,686.9)	(61.8)	-	**(2,748.7)**
Net assets	567.7	66.4	-	**634.1**
Other segment information				
Intangible additions	26.8	-	-	**26.8**
Property, plant and equipment additions	263.8	27.4	-	**291.2**
Of which right-of-use additions	55.9	25.0	-	**80.9**
Depreciation, amortisation and impairment	(204.5)	(14.2)	-	**(218.7)**
Share based payments	(0.5)	-	-	**(0.5)**

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

3. Segmental reporting (continued)

Year ended 31 March 2019	Leisure Travel £m Restated	Distribution & Logistics £m Restated	Group eliminations £m	Total £m Restated
Revenue	2,964.4	178.7	-	**3,143.1**
Operating profit	204.5	5.7	-	**210.2**
Finance income	10.7	-	-	**10.7**
Finance expense	(41.9)	(1.6)	-	**(43.5)**
Net FX revaluation losses	(9.1)	-	-	**(9.1)**
Net financing expense	(40.3)	(1.6)	-	**(41.9)**
Profit on disposal of property, plant and equipment	2.3	-	-	**2.3**
Profit before taxation	166.5	4.1	-	**170.6**
Taxation	(29.9)	(0.8)	-	**(30.7)**
Profit after taxation	136.6	3.3	-	**139.9**
Assets and liabilities				
Segment assets	3,035.8	120.7	-	**3,156.5**
Segment liabilities	(2,518.2)	(60.4)	-	**(2,578.6)**
Net assets	517.6	60.3	-	**577.9**
Other segment information				
Property, plant and equipment additions	389.1	9.2	-	**398.3**
Of which right-of-use of asset additions	140.6	6.3	-	**146.9**
Depreciation, amortisation and impairment	(160.2)	(12.6)	-	**(172.8)**
Share based payments	(0.3)	(0.1)	-	**(0.4)**

4. Net operating expenses

	2020 £m Unaudited	2019 £m Restated
Direct operating costs:		
Accommodation costs	**1,340.0**	1,102.9
Fuel	**359.1**	279.0
Landing, navigation and third-party handling	**329.5**	279.4
Maintenance costs	**100.2**	105.0
Aircraft and vehicle rentals	**31.8**	31.0
Agent commission	**81.4**	59.8
In-flight cost of sales	**57.4**	46.5
Other direct operating costs	**132.8**	110.3
Staff costs including agency staff	**444.7**	370.3
Depreciation of property, plant and equipment	**204.5**	160.2
Other operating charges	**210.3**	215.5
Total net operating expenses (excluding hedge ineffectiveness)	**3,291.7**	2,759.9
Hedge ineffectiveness	**108.4**	-
Total net operating expenses	**3,400.1**	2,759.9

5. Net financing expense

	2020 £m Unaudited	2019 £m Restated
Finance income	**14.5**	10.7
Interest payable on aircraft and other loans	**(17.6)**	(16.3)
Interest payable on lease liabilities	**(26.4)**	(25.6)
Net foreign exchange revaluation losses	**(8.1)**	(9.1)
Net financing expense	**(37.6)**	(40.3)

6. Earnings per share from continuing operations

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to the equity owners of the parent company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit from continuing operations attributable to the equity owners of the parent company by the weighted average number of ordinary shares in issue during the year, adjusted for the effects of potentially dilutive instruments.

	Earnings £m	**2020 Weighted average number of shares**	**EPS pence**	Earnings £m	2019 Weighted average number of shares	EPS pence	EPS pence
				Restated		Restated	As originally reported
Basic EPS							
Profit attributable to ordinary shareholders	**111.6**	**148,859,836**	**74.97**	136.6	148,698,533	91.86	95.63
Effect of dilutive instruments							
Share options and deferred awards	**-**	**267,887**	**(0.13)**	-	455,530	(0.28)	(0.30)
Diluted EPS	**111.6**	**149,127,723**	**74.84**	136.6	149,154,063	91.58	95.33

7. Discontinued Operations

At the year-end date, the business was actively progressing the sale of its Distribution & Logistics business, **Fowler Welch**, and having satisfied the conditions under IFRS5 - *Non-current Assets Held for Sale and Discontinued Operations*, this business segment is classed as a discontinued operation.

The Distribution & Logistics segment was not previously classified as held-for-sale or as a discontinued operation.

Results from discontinued operations

The profit after taxation for the period from the discontinued operation was £4.4m (2019: £3.3m). The operating performance of the Distribution & Logistics segment is detailed within Note 3.

Cash flows from / (used in) discontinued operations

	2020 £m	2019 £m
Net cash generated from operating activities	**18.4**	18.2
Net cash used in investing activities	**(1.4)**	(1.6)
Net cash used in financing activities	**(11.7)**	(14.3)
Net increase in cash in the period	**5.3**	2.3
Cash and cash equivalents at beginning of period	**7.4**	5.1
Cash and cash equivalents at end of period	**12.7**	7.4

8. Assets and liabilities held for sale

On 31 May 2020, the Group sold its entire Distribution & Logistics operating segment.

At 31 March 2020, the disposal assets (and directly associated liabilities) for the Distribution & Logistics segment, stated at book value, were as follows:

	2020 **£m**
Goodwill	6.8
Property, plant and equipment	74.4
Inventories	0.6
Trade and other receivables	33.7
Cash and cash equivalents	12.7
Transfer to Assets held for sale	**128.2**
Trade and other payables	21.9
Lease liabilities	38.2
Provisions and liabilities	0.6
Deferred taxation liabilities	1.1
Transfer to Liabilities directly held for sale	**61.8**

9. Restatement of prior year information

The following tables summarise the restatement of previously reported financial information.

Consolidated Income Statement for the year ended 31 March 2019	**Year ended 31 March 2019 As restated £m**	Year ended 31 March 2019 Discontinued activities £m	Year ended 31 March 2019 IFRS 16 Adjustments £m	Year ended 31 March 2019 As originally reported £m
Revenue	**2,964.4**	(178.7)	-	3,143.1
Net operating expenses	**(2,759.9)**	173.0	6.8	(2,939.7)
Operating profit	**204.5**	(5.7)	6.8	203.4
Finance income	**10.7**	-	-	10.7
Finance expense	**(41.9)**	1.6	(7.2)	(36.3)
Net FX revaluation losses	**(9.1)**	-	(6.5)	(2.6)
Net financing expense	**(40.3)**	1.6	(13.7)	(28.2)
Profit on disposal of property, plant and equipment	**2.3**	-	-	2.3
Profit before taxation	**166.5**	(4.1)	(6.9)	177.5
Taxation	**(29.9)**	0.8	1.2	(31.9)
Profit for the year – from continuing operations	**136.6**	(3.3)	(5.7)	145.6
Profit for the year – from discontinued operations	**3.3**	3.3	-	-
Profit for the year	**139.9**	-	(5.7)	145.6
all attributable to equity shareholders of the parent				
Total comprehensive income for the year	**88.5**	**-**	**(5.7)**	**94.2**
Depreciation included in net operating expenses	(160.2)	12.6	(41.3)	(131.5)

9. Restatement of prior year information (continued)

The impact of IFRS16 is:

- to capitalise right-of-use assets in respect of aircraft and properties previously accounted for as operating leases under IAS 17;
- to replace operating lease expenses, within net operating expenses, with depreciation charges on the right-of-use assets recognised, and interest expenses, within finance expense, as the discount on the lease liability unwinds; and
- to reclassify pre-existing IAS17 finance leases of £531.1m from Borrowings into Lease liabilities in the Statement of Financial Position

The impact of IFRS 15 on the year ended 31 March 2018 is:

- to defer the recognition of certain non-ticket revenue streams to the date of departure rather than the date of booking, resulting in a reduction in revenue and an increase in deferred revenue;
- to apportion the revenue associated with package holidays over the duration of the holiday, where it was previously recognised on departure, resulting in a reduction in revenue and an increase in deferred revenue. The costs of a package holiday are also apportioned over the duration of the holiday, resulting in a reduction in net operating expenses and a decrease in accruals; and
- to offset a proportion of flight delay compensation payments made to customers, previously recorded wholly within net operating expenses, against revenue up to the full value of the ticket price, resulting in a reduction in revenue and a reduction in net operating expenses.

9. Restatement of prior year information (continued)

Consolidated Statement of Financial Position
at 31 March 2019

	Year ended 31 March 2019 As restated	Year ended 31 March 2019 IFRS 16 Adjustments	Year ended 31 March 2019 As originally reported
	£m	£m	£m
Non-current assets			
Goodwill	**6.8**	-	6.8
Property, plant and equipment	**1,499.9**	214.2	1,285.7
Derivative financial instruments	**4.1**	-	4.1
	1,510.8	214.2	1,296.6
Current assets			
Inventories	**1.6**	-	1.6
Trade and other receivables	**319.8**	-	319.8
Derivative financial instruments	**50.0**	-	50.0
Money market deposits	**50.0**	-	50.0
Cash and cash equivalents	**1,224.3**	-	1,224.3
	1,645.7	-	1,645.7
Total assets	**3,156.5**	214.2	2,942.3
Current liabilities			
Trade and other payables	**217.0**	-	217.0
Deferred revenue	**937.1**	-	937.1
Borrowings	**37.7**	(36.7)	74.4
Lease liabilities	**114.5**	114.5	-
Provisions and liabilities	**54.2**	7.9	46.3
Derivative financial instruments	**55.0**	-	55.0
	1,415.5	85.7	1,329.8
Non-current liabilities			
Deferred revenue	**2.8**	-	2.8
Borrowings	**414.3**	(494.4)	908.7
Lease liabilities	**643.9**	643.9	-
Derivative financial instruments	**21.5**	-	21.5
Deferred taxation	**80.6**	(3.5)	84.1
	1,163.1	146.0	1,017.1
Total liabilities	**2,578.6**	231.7	2,346.9
Net assets	**577.9**	(17.5)	595.4
Shareholders' equity			
Share capital	**1.9**	-	1.9
Share premium	**12.8**	-	12.8
Cash flow hedging reserve	**(18.5)**	-	(18.5)
Other reserves	**(0.6)**	-	(0.6)
Retained earnings	**582.3**	(17.5)	599.8
Total shareholders' equity	**577.9**	(17.5)	595.4

9. Restatement of prior year information (continued)

Consolidated Statement of Financial Position
at 31 March 2018

	Year ended 31 March 2018 As restated £m	Year ended 31 March 2018 IFRS 16 Adjustments £m	Year ended 31 March 2018 IFRS 15 Adjustments £m	Year ended 31 March 2018 Accrued Revenue Restatement [1] £m	Year ended 31 March 2018 As originally reported £m
Non-current assets					
Goodwill	**6.8**	-	-	-	6.8
Property, plant and equipment	**1,242.8**	159.8	-	-	1,083.0
Derivative financial instruments	**23.7**	-	-	-	23.7
	1,273.3	159.8	-	-	1,113.5
Current assets					
Inventories	**1.8**	-	-	-	1.8
Trade and other receivables	**258.2**	-	-	(679.2)	937.4
Derivative financial instruments	**64.3**	-	-	-	64.3
Money market deposits	**220.2**	-	-	-	220.2
Cash and cash equivalents	**788.4**	-	-	-	788.4
	1,332.9	-	-	(679.2)	2,012.1
Total assets	**2,606.2**	159.8	-	(679.2)	3,125.6
Current liabilities					
Trade and other payables	**159.9**	-	(12.4)	-	172.3
Deferred revenue	**806.0**	-	30.8	(675.4)	1,450.6
Borrowings	**59.7**	(28.9)	-	-	88.6
Lease liabilities	**81.0**	81.0	-	-	-
Provisions and liabilities	**45.9**	4.2	-	-	41.7
Derivative financial instruments	**40.7**	-	-	-	40.7
	1,193.2	56.3	18.4	(675.4)	1,793.9
Non-current liabilities					
Deferred revenue	**1.3**	-	-	(3.8)	5.1
Borrowings	**287.6**	(430.4)	-	-	718.0
Lease liabilities	**548.0**	548.0	-	-	-
Derivative financial instruments	**8.2**	-	-	-	8.2
Deferred taxation	**65.9**	(2.3)	(3.3)	-	71.5
	911.0	115.3	(3.3)	(3.8)	802.8
Total liabilities	**2,104.2**	171.6	15.1	(679.2)	2,596.7
Net assets	**502.0**	(11.8)	(15.1)	-	528.9
Shareholders' equity					
Share capital	**1.9**	-	-	-	1.9
Share premium	**12.7**	-	-	-	12.7
Cash flow hedging reserve	**31.6**	-	-	-	31.6
Other reserves	**0.7**	-	-	-	0.7
Retained earnings	**455.1**	(11.8)	(15.1)	-	482.0
Total shareholders' equity	**502.0**	(11.8)	(15.1)	-	528.9

[1] In previous years, balance payments not yet due or invoiced for package holidays were recognised on booking within trade receivables, with a corresponding balance in deferred revenue. As these payments are not yet due, an adjustment has been made to remove the receivable for balance payments not yet due or invoiced and the associated entry in deferred revenue. This amended presentation is in line with standard industry practices.

10. Alternative performance measures

The Group's alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

Profit before hedge ineffectiveness, FX revaluation and taxation

Profit before hedge ineffectiveness, FX revaluation and taxation is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group excluding the impact of foreign exchange volatility and the hedge ineffectiveness.

EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group and growth in profitability of the operations.

Both measures are reconciled to the IFRS measure of profit before taxation as part of the Summary Income Statement within the Business and Finance Review.

11. Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.