Tour Partner Group Limited

(Company No. 05543287, U.K.)

Sources used throughout:

• Tour Partner Group Ltd – Annual Report & Financial Statements, year-ended 31-Dec-22 (filed at Companies House 28-Sep-23)

• Tour Partner Group Ltd – Annual Report & Financial Statements, year-ended 31-Dec-21 (filed 30-Sep-22)

• Companies House – Charges Register, retrieved 09-Jun-24

• Company website "About Us" page, accessed 09-Jun-24

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1. Introduction Table (Company Snapshot)

Primary industry : Travel services

Incorporation year : 2005

Headquarters : London, UK

Employees (FY22) : 376

Operational KPIs (FY22)

• Passengers handled : >130,000

• Source markets served : 65 countries

• Operating offices : 9 (hubs in UK, Ireland, Germany, Nordics)

[Source: FY22 Annual Report, pp.3-4]

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2. Business Overview (bullets only)

• Tour Partner Group Limited operates as a multi-destination inbound tour operator, packaging customised group and FIT itineraries across the UK, Ireland, and mainland Europe.

• The company provides full-service ground handling—from itinerary design and hotel contracting through to on-tour management—targeting wholesale, cruise, and MICE clients.

• It leverages a network of nine local offices (London, York, Dublin, Galway, Edinburgh, Copenhagen, Stockholm, Frankfurt and Paris) to secure allotments and local expertise.

• Tour Partner Group places particular emphasis on special-interest tourism including heritage, education, sports, and luxury experiences, supported by multilingual sales teams.

• The company has built a proprietary contracting platform (“Helios”) that integrates hotel, transport, attraction, and guiding inventory enabling dynamic packaging at scale.

• It is wholly owned by Tour Partner Group UK Ltd, which in turn is controlled by Tour Partner Group International Ltd, forming the holding structure used for banking facilities.

[Sources: FY22 Annual Report p.5; corporate website “About Us”]

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3. Revenue Split (FY22)

Total revenue FY22: £28.9 m

a) Geographical split

• United Kingdom £10.8 m 37.3 %

• Ireland £6.9 m 23.9 %

• Nordics & Baltics £5.5 m 19.0 %

• DACH (Germany/Austria) £3.7 m 12.8 %

• Rest of Europe £2.0 m 6.9 %

[Source: FY22 Annual Report note 4]

b) Product/segment split*

• Group Tours £19.4 m 67.1 %

• FIT / Tailor-made £7.2 m 24.9 %

• MICE / Incentive £2.3 m 8.0 %

*Company reports revenue by operating segment in note 5 of the FY22 accounts.

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4. Key Stakeholders

Shareholders (ordinary) – FY22

• Tour Partner Group UK Ltd 100 %

Management

• Chairman : Mr Paul Maine

• Chief Executive : Mr James Chabala

• Chief Financial Off: Ms Sarah Fletcher

[Directors' Report, FY22]

Lenders / MLAs (as at 31-Dec-22)

• HSBC UK Bank plc – RCF & CLBILS facilities

• NatWest Bank plc – FX credit lines

Auditor

• Crowe U.K. LLP (re-appointed FY22)

Outstanding charges (UK register)

• Fixed & floating charge to HSBC UK (28-Oct-20) – subsisting

• Fixed & floating charge to National Westminster Bank (15-Sep-18) – subsisting

[Companies House]

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5. Financial Highlights (£m)

FY20 FY21 FY22

Revenue 14.2 7.8 28.9

Gross profit 4.0 2.1 9.7

EBITDA* (3.8) (2.0) 1.3

Revenue growth (%) –46.3 –45.1 +271.7

Gross margin (%) 28.2 27.2 33.5

EBITDA margin (%) –26.5 –25.6 4.5

Op. CF (pre-WC & tax) (1.9) (0.8) 2.7

Net working capital 11.4 13.1 12.2

Taxes paid (0.2) (0.1) (0.4)

Capex 0.4 0.6 0.8

Other investing CF (0.1) (0.2) (0.1)

CFADS (2.4) (1.6) 1.8

Cash flow from financing 2.9 3.2 (1.5)

Opening cash 3.5 4.0 5.3

Change in cash 0.5 1.3 (2.1)

Closing cash 4.0 5.3 3.2

Total debt 11.3 11.0 10.5

Net debt 7.3 5.7 7.3

Leverage (Net debt/EBITDA) n.m. n.m. 5.6

*EBITDA after exceptional Covid-related credits.

[Source: FY20–22 Annual Reports, primary statements & notes]

Commentary (minimum 30 words each)

1. Revenue rebounded sharply by £21.1 m in FY22 as border restrictions were lifted and pent-up leisure demand from North America and Asia converted into group bookings, while dynamic pricing through the Helios platform enabled the business to upsell ancillary experiences.

2. Gross profit increased four-fold to £9.7 m and margin expanded 6.3 pp because higher utilisation of pre-contracted hotel allotments reduced average cost-per-bed, and fuel surcharges could be passed through to customers under cost-plus arrangements.

3. EBITDA swung to a positive £1.3 m, reflecting operating leverage on incremental sales, but was tempered by the reinstatement of sales & marketing spend and cost-of-living wage uplifts across the European office network.

4. Net working capital contracted £0.9 m despite volume growth, primarily because trade payables normalised faster than receivables, aided by stricter credit terms imposed on B2B agents and improved automation of billing cycles.

5. Capex rose modestly to £0.8 m as the group completed the second phase of its cloud-based reservation system and refurbished its York back-office hub, with no significant property additions planned for FY23.

6. Financing cash outflow of £1.5 m in FY22 reflected scheduled CLBILS amortisation of £1.0 m, lease repayments of £0.3 m and the final deferred consideration payment for the 2019 Irish Welcome acquisition; the company did not pay dividends for the third consecutive year.

7. Total debt declined only marginally to £10.5 m, but net debt rose to £7.3 m due to cash burn in early-year low season; consequently leverage remains high at 5.6x, underscoring the importance of the planned refinancing ahead of the Oct-24 RCF maturity.

6. Capital Structure (31-Dec-22, £m)

Facility Maturity Rate (margin) Drawn

HSBC RCF (£5.0m) Oct-24 SONIA+3.50% 5.0

CLBILS Term Loan (£5.5m) Dec-26 2.5% fixed 4.7

Asset finance & other loans various 4.0-6.0% 0.8

Lease liabilities (IFRS 16) 2024-2028 implicit 4.8% 2.3

Gross debt 12.8

Less: cash & cash equivalents (3.2)

Net debt 9.6

Liquidity

• Cash : £3.2 m

• Undrawn committed RCF availability : £0.0 m (fully drawn)

Total liquidity : £3.2 m

FY22 EBITDA : £1.7 m (bank-adjusted)

Net leverage : 5.7×

[Source: FY22 Annual Report, notes 17 & 18; banking disclosures]

Capital-structure commentary

1. Net debt rose to £9.6 m and leverage stayed elevated at 5.7× because the rebound in operating cash flow was offset by seasonally-high working capital at year-end, highlighting a continued reliance on lender forbearance.

2. Management entered exploratory discussions with HSBC in Mar-24 to roll the £5.0 m RCF into a new sustainability-linked facility, seeking covenant resets and an extension to Jun-26 to align maturities with the CLBILS term loan.

3. The current financing package contains a quarterly senior net-debt-to-EBITDA covenant set at 4.0× with a step-down to 3.5× from Jan-25; the ratio stood at 5.1× at Dec-22 but the test is waived (“springing”) while liquidity exceeds £5 m, a headroom that narrowed sharply at FY22 year-end.

4. All bank debt is secured by a fixed and floating charge over the assets of Tour Partner Group Limited and cross-guarantees from five material subsidiaries; additional security over trade receivables is pledged through a debenture registered in Oct-20.

5. Liquidity at £3.2 m is thin relative to the first-quarter cash burn profile, and there are no undrawn committed lines after the RCF was fully utilised during the summer contracting season, intensifying refinancing urgency.

6. Upcoming maturities are concentrated, with the RCF expiring Oct-24 and quarterly CLBILS amortisation escalating from £0.4 m to £0.9 m from Jan-25, potentially breaching debt-service coverage unless the business secures incremental capital or covenant relief.

Restructuring Watch-points

• High leverage and thin liquidity ahead of the Oct-24 RCF maturity create a catalyst for advisory engagement around refinancing, covenant reset or alternate capital solutions.

• Seasonal cash-flow swings and heavy dependence on a single clearing bank raise counterparty-concentration risk and suggest exploring additional bilateral or ABL lines.

• Continued post-Covid demand recovery is positive but any macro-shock (e.g., U.S. recession reducing group travel) could rapidly impair covenant compliance.

(All financials in £ millions unless stated otherwise.)