



# FY Results 2015/16



# Forward-Looking Statements

*This presentation contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.*



# Agenda

- |   |                                      |                            |
|---|--------------------------------------|----------------------------|
| 1 | Opening Remarks                      | Fritz Jousen               |
| 2 | Performance Review & Current Trading | Fritz Jousen               |
| 3 | Financial Performance                | Horst Baier                |
| 4 | Strategy Update & Outlook            | Fritz Jousen & Horst Baier |
| 5 | Summary                              | Fritz Jousen               |
| 6 | Appendix                             |                            |



## Opening Remarks

- **Second year of strong performance post-merger with 12.5% increase in underlying EBITA including Travelopia, or 14.5% for continuing operations<sup>1</sup>**
- **Strong performance driven by our strategy as the world's leading integrated tourism business**
- **We believe our growth strategy creates value for our customers, our people and our shareholders alike**
- **At least 10% underlying EBITA CAGR guidance extended to 2018/19<sup>1</sup>**

<sup>1</sup>At constant currency



# Performance Review

Fritz Jousen



# Strong performance in 2015/16

Turnover: €17.2bn  
**-1.9% / +1.4%**<sup>1</sup>

Including Travelopia  
Underlying EBITA: €1,030m  
**+2.9% / +12.5%**<sup>1</sup>

Excluding Travelopia, now reported as Discontinued  
Underlying EBITA: €1,001m  
**+5.0% / +14.5%**<sup>1</sup>

Normalised Operating Cash flow<sup>2</sup>:  
**€0.9bn**

ROIC<sup>3</sup>:  
**21.9%**

Dividend per Share:  
**63 cents**

- **Improved turnover** at constant currency, despite the impact of geopolitical events on demand in some of our Source Markets
- **Strong earnings** performance driven by our growth strategy
- Normalised operating cash flow of **€0.9bn**
- Continuing to deliver **ROIC significantly in excess of our cost of capital**
- **Dividend per share** of 63 cents reflects underlying growth in earnings

<sup>1</sup> At constant currency rates

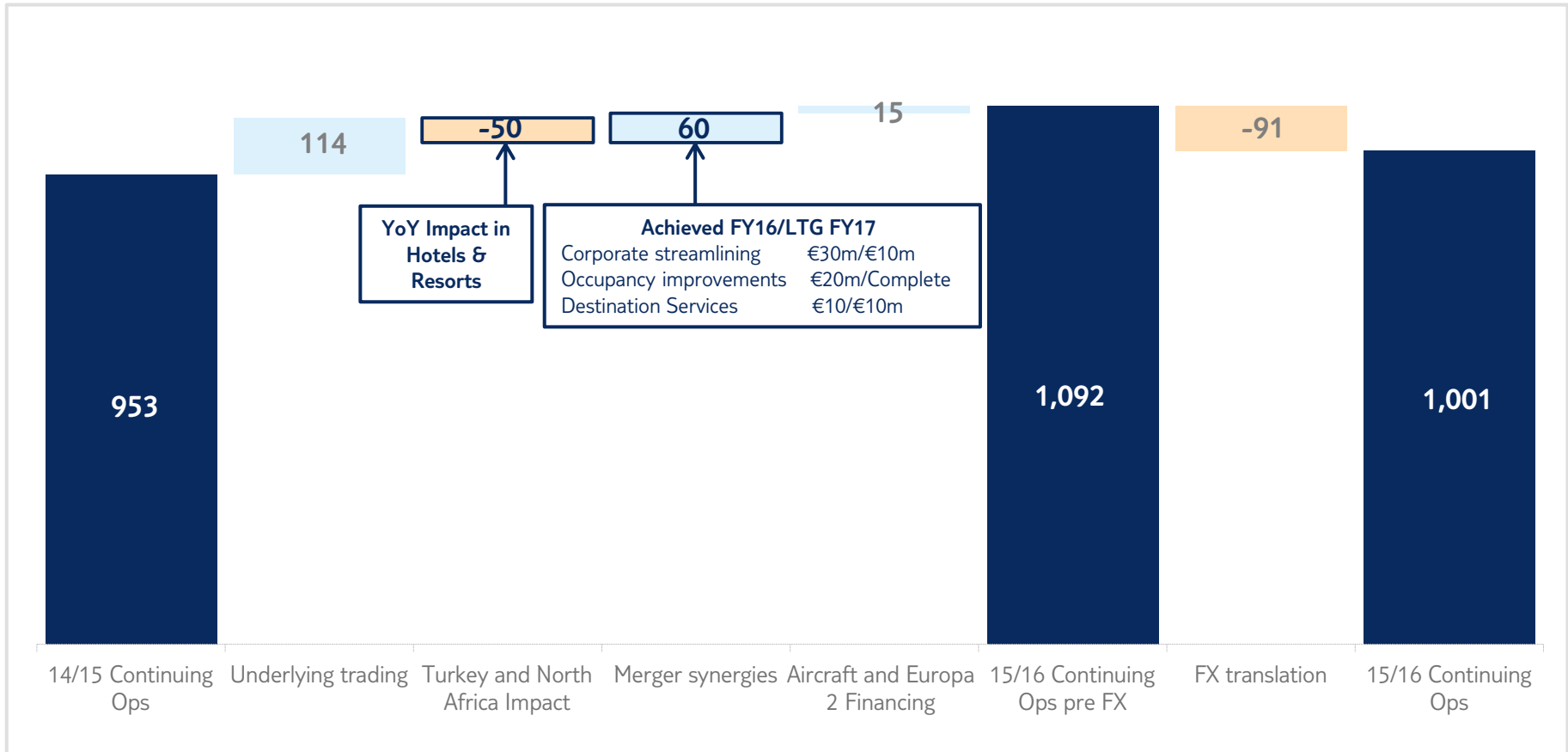
<sup>2</sup> Operating cash flow pre net capex and investments and dividend payments, assuming normalised working capital inflow and excluding additional UK pension top-up of €174m in 2015/16.

<sup>3</sup> ROIC (return on invested capital) is calculated as the ratio of underlying EBITA to the average for invested interest bearing capital for the Group or relevant segment.



# TUI Group

## Underlying EBITA Continuing Operations Bridge 2015/16 in €m



**Second year of strong performance post-merger**

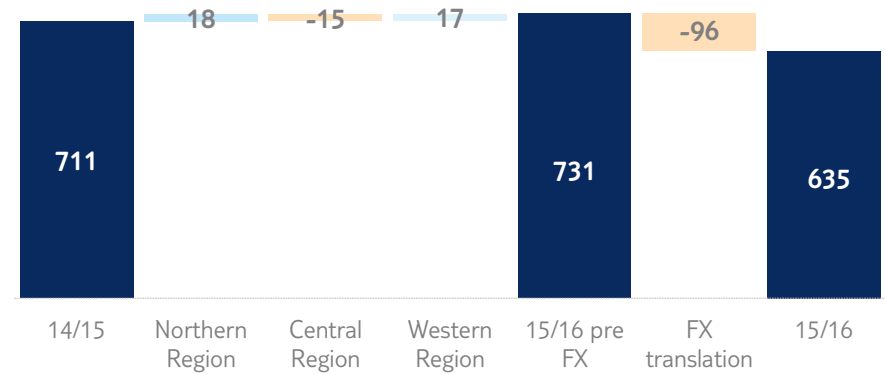


# Source Markets

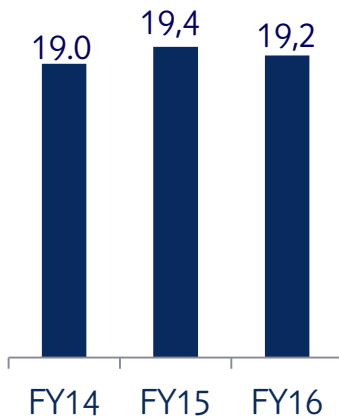
## Turnover and Earnings (€m)

	15/16	14/15	%
Turnover	15,438.0	15,796.3	-2.3
Underlying EBITA	635.5	710.6	-10.6

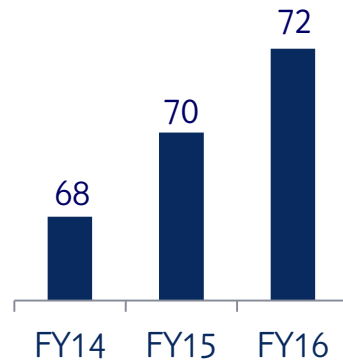
## Bridge Underlying EBITA (€m)



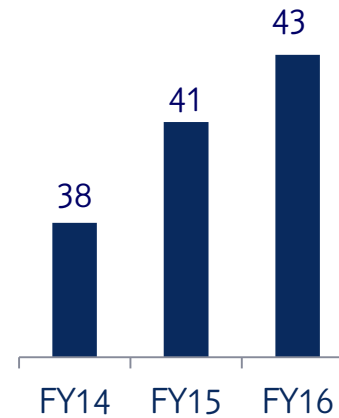
## Customer Volumes m



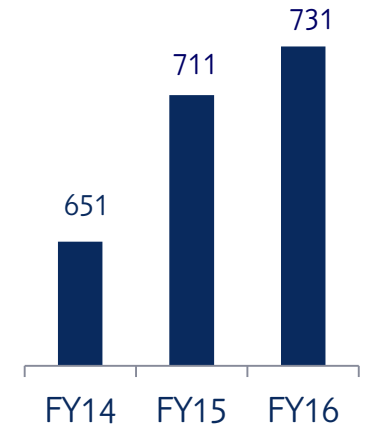
## Direct Distribution %



## Online Distribution %



## Underlying EBITA<sup>1</sup> €m



<sup>1</sup> FY14, FY15 at reported and FY16 at constant currency



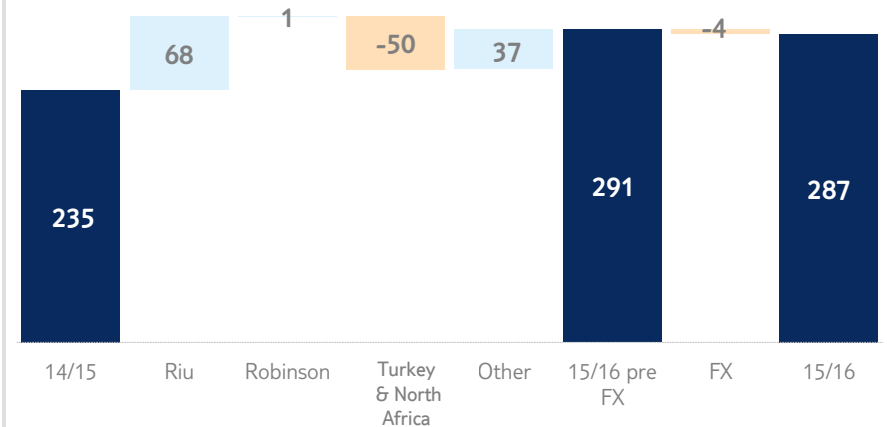


# Hotels & Resorts

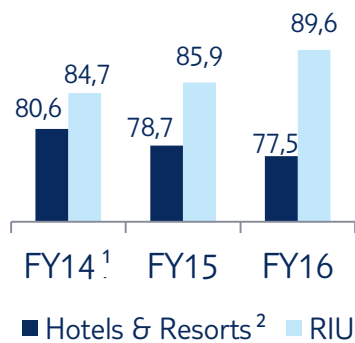
## Turnover and Earnings (€m)

	15/16	14/15	%
Turnover	618.6	574.8	7.6
Underlying EBITA	287.3	234.6	22.5
<i>o/w Equity result</i>	57.7	44.0	31.1

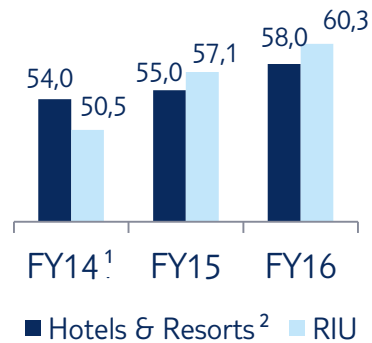
## Bridge Underlying EBITA (€m)



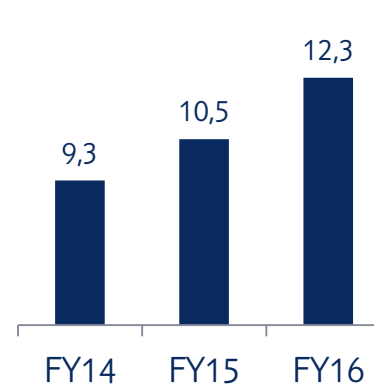
## Occupancy Rates %



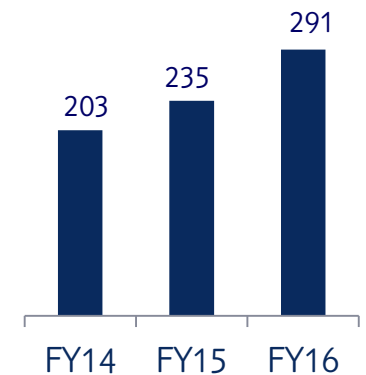
## Revenue Per Bed €



## H&R ROIC %



## Underlying EBITA<sup>3</sup> €m



<sup>1</sup> FY14 excludes TUI Travel Hotels <sup>2</sup> Includes Hotels in Turkey <sup>3</sup> FY14, FY15 at reported and FY16 at constant currency



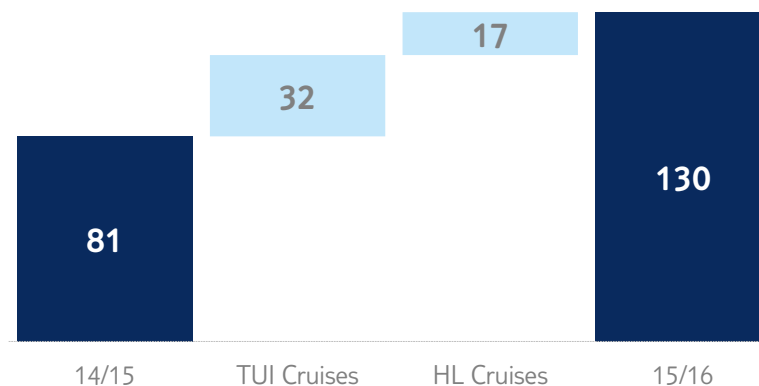
# Cruises

## Turnover and Earnings (€m)

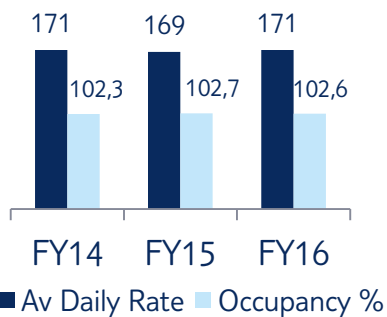
	15/16	14/15	%
Turnover HL Cruises	296.7	273.3	8.6
<i>Memo: TUI Cruises Turnover</i>	807.3	614.1	31.5
Underlying EBITA	129.6	80.5	61.0
<i>o/w EAT TUI Cruises*</i>	100.1	68.1	47.0

\* TUI Cruises joint venture (50%) is consolidated at equity

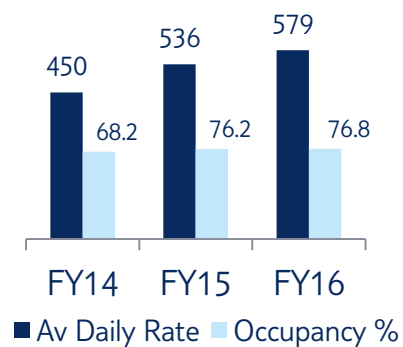
## Bridge Underlying EBITA (€m)



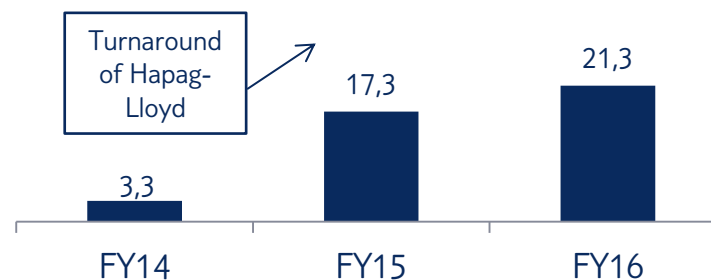
## TUI Cruises



## Hapag-Lloyd Cruises

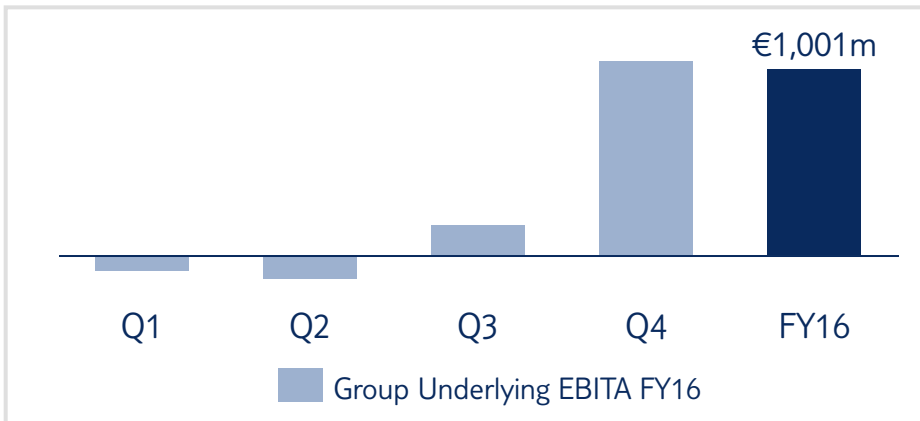
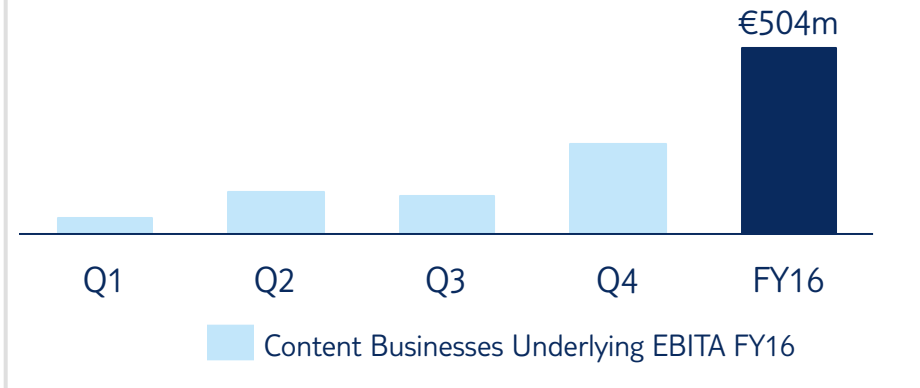


## Cruises ROIC %

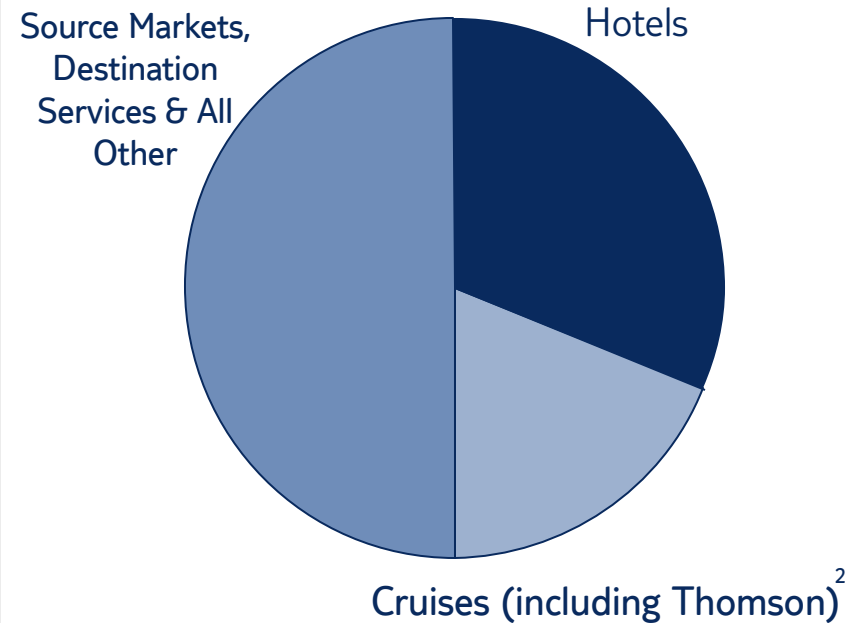


# Integrated model enables us to deliver around 50% of earnings from content

## Our content businesses are less seasonal



## Content businesses<sup>1</sup> mix



<sup>1</sup> Hotels and Cruises (TUI Cruises, Thomson Cruises, & Hapag-Lloyd Cruises)

<sup>2</sup> Pro forma numbers for Thomson Cruises

**Growth in content is de-risked through our direct customer relationships**



# Winter 2016/17 and Summer 2017

- **Winter 2016/17**

- Source Markets programme **60% sold to date** with revenues **up 9%**
- Strong growth in **UK long haul and cruise**
- Nordics and Belgium rebrand launched and progressing well
- New hotel openings in **Jamaica, Tenerife** and further expansion of our tour operator concepts in third party hotels in **Lanzarote, Thailand, Mauritius and Cape Verde**
- First winter of operations for **Mein Schiff 5** and **TUI Discovery**

- **Summer 2017**

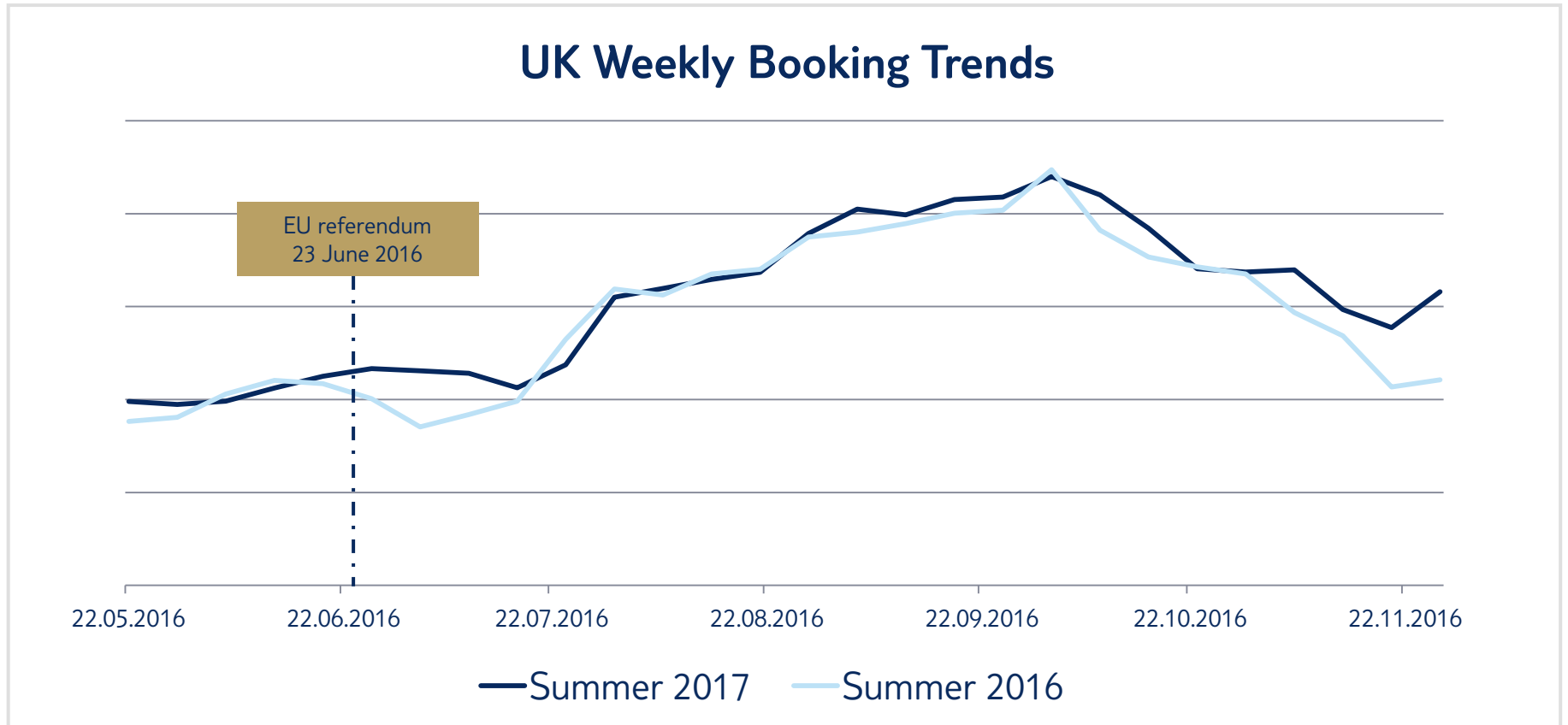
- Trading for the Source Markets is at an early stage
- UK over 20% sold with revenues **up 16%** and bookings **up 9%** demonstrating continued **resilience in demand** for our holidays
- New hotel openings in **Rhodes, Croatia and Italy** and a new Robinson club in **South East Asia** plus further expansions of our tour operator concepts in third party hotels in **Sardinia, Croatia, Spain, Greece and Bulgaria**
- Bookings for **Mein Schiff 6** and **TUI Discovery 2** also going well

**Current trading is in line with our expectations**

*These statistics are up to 27 November 2016 and are shown on a constant currency basis*



# UK Current Trading



**UK bookings pattern has remained resilient post Brexit vote**

*Weekly booking volume data from 22 May 2016 to 27 November 2016*



# Financial Performance

Horst Baier



# Income Statement

In €m	2015/16	2014/15
Turnover	17,184.6	17,515.5
<b>Underlying EBITA</b>	<b>1,000.5</b>	<b>953.3</b>
Adjustments (SDI's and PPA)	-102.4	-158.7
<b>EBITA</b>	<b>898.1</b>	<b>794.6</b>
Net interest expense	-179.5	-182.6
Hapag-Lloyd AG	-100.3	-146.2
<b>EBT</b>	<b>618.3</b>	<b>465.8</b>
Income taxes	-153.4	-58.2
<b>Group result continuing operations</b>	<b>464.9</b>	<b>407.6</b>
Discontinued operations	687.3	-28.0
Minority interest	-114.8	-39.2
<b>Group result after minorities</b>	<b>1,037.4</b>	<b>340.4</b>
Hybrid adjustment	-	-11.0
Basic EPS (€)	1.78	1.64
Basic EPS (€, continuing)	0.61	0.66
<b>Pro forma underlying EPS (€, continuing)</b>	<b>0.86</b>	<b>0.84</b>

## Adjustments of €103m

A reduction of €56m due to lower merger related costs, includes PPA of €42m

## Interest of €180m

Includes €12m in respect of early redemption of high yield bond following successful refinancing.

## Hapag- Lloyd AG

Share price decline during H1 resulted in an impairment of €100m. Share price during H2 has since increased from €16.10 to €18.29 resulting in a fair value adjustment of €32m which has been carried to equity in line with IAS39 requirement.

## Tax charge of €153m

Prior year reflected the €114m tax credit benefit of post-merger tax restructuring.

## Discontinued operations

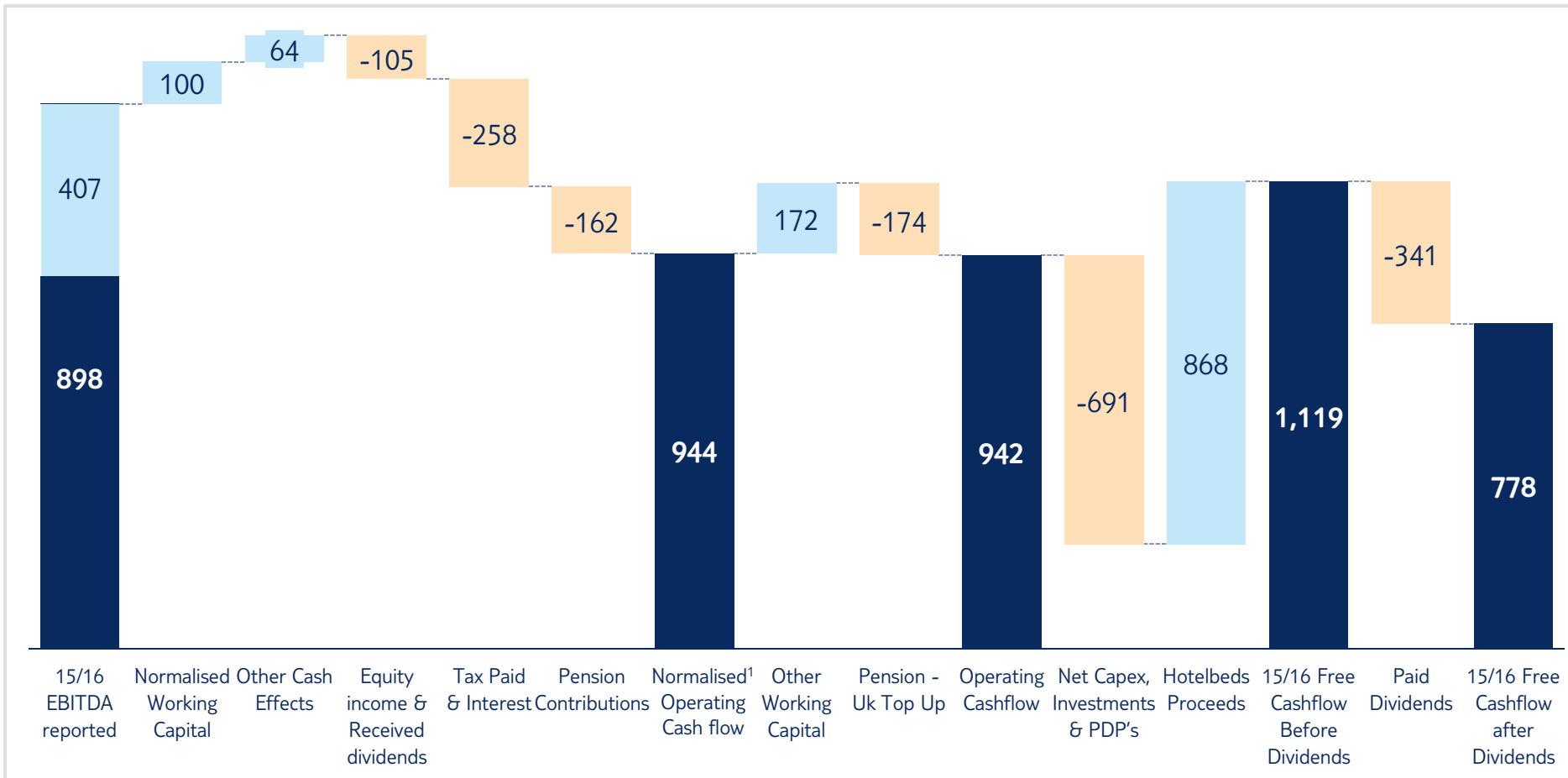
Includes Hotelbeds (including gain on disposal of **€681m**) and Travelopia

## Minority Interest

Prior year included TUI Travel (pre merger) of €51m



# Cash Flow Bridge 2015/16 in €m



<sup>1</sup> Operating cash flow pre net capex and investments and dividend payments, assuming normalised working capital inflow and excluding additional UK pension top-up of €174m in 2015/16.

**Strong operating cash flow generation**



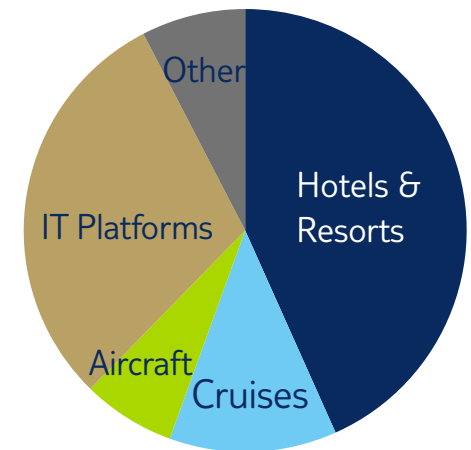


# Cash Flow

## Net Capex & Financial Investments Analysis

In €m	15/16	14/15
Gross capex	-605	-602
Capex divestments	72	105
<b>Net capex</b>	<b>-533</b>	<b>-497</b>
Net investments	-109	-174
Net pre-delivery payments	-49	12
<b>Net Capex, Investments &amp; PDP's (excluding Hotelbeds disposal proceeds)</b>	<b>-691</b>	<b>-659</b>

Gross capex by Type



**Net capex & investments reflects investment in transformational growth**

\* At constant currency rates



# Movement in Net Debt

€m	30 Sep 2016	30 Sep 2015
<b>Opening net (debt)/ cash as at 30 September</b>	<b>-214</b>	<b>293</b>
Movement in cash net of debt	778	-255
Foreign exchange movement	134	-135
Non cash movement in debt - Asset backed finance	-350	-693
Non cash movement in debt - Other	2	576
<b>Closing net cash/(debt) including discontinued operations</b>	<b>350</b>	<b>-214</b>
Discontinued operations - Travelopia	-318	
<b>Closing net cash as per Balance Sheet</b>	<b>32</b>	

*Comment: As at 30 Sep 2016, cash and cash equivalents worth €129m were subject to disposal restrictions*



# Net Financial Position, Pensions and Operating Leases

€m	30 Sep 2016*	30 Sep 2015
<b>Financial liabilities</b>	<b>-2,041</b>	<b>-1,887</b>
- Finance Leases	-1,232	-982
- Other Asset Finance	-392	-457
- High Yield Bond	-306	-300
- Other liabilities	-111	-147
<b>Cash</b>	<b>2,073</b>	<b>1,673</b>
<b>Net cash/(debt)</b>	<b>32</b>	<b>-214</b>
- Net Pension Obligation	1,451	1,147
- FV of Operating Leases	3,144	3,541

\* Based on continuing operations



# Strategy Update

Fritz Jousen



# TUI Group – Our Transformation

## Where we have come from

- Strong heritage as **trading companies**
- Based on **loose federation** of tour operators
- High level of **seasonality**
- Significant airline and hotel capacity **commitment**
- **Varying levels of efficiency** across markets
- **Competition** from online travel agents and low cost carriers

## What we are delivering

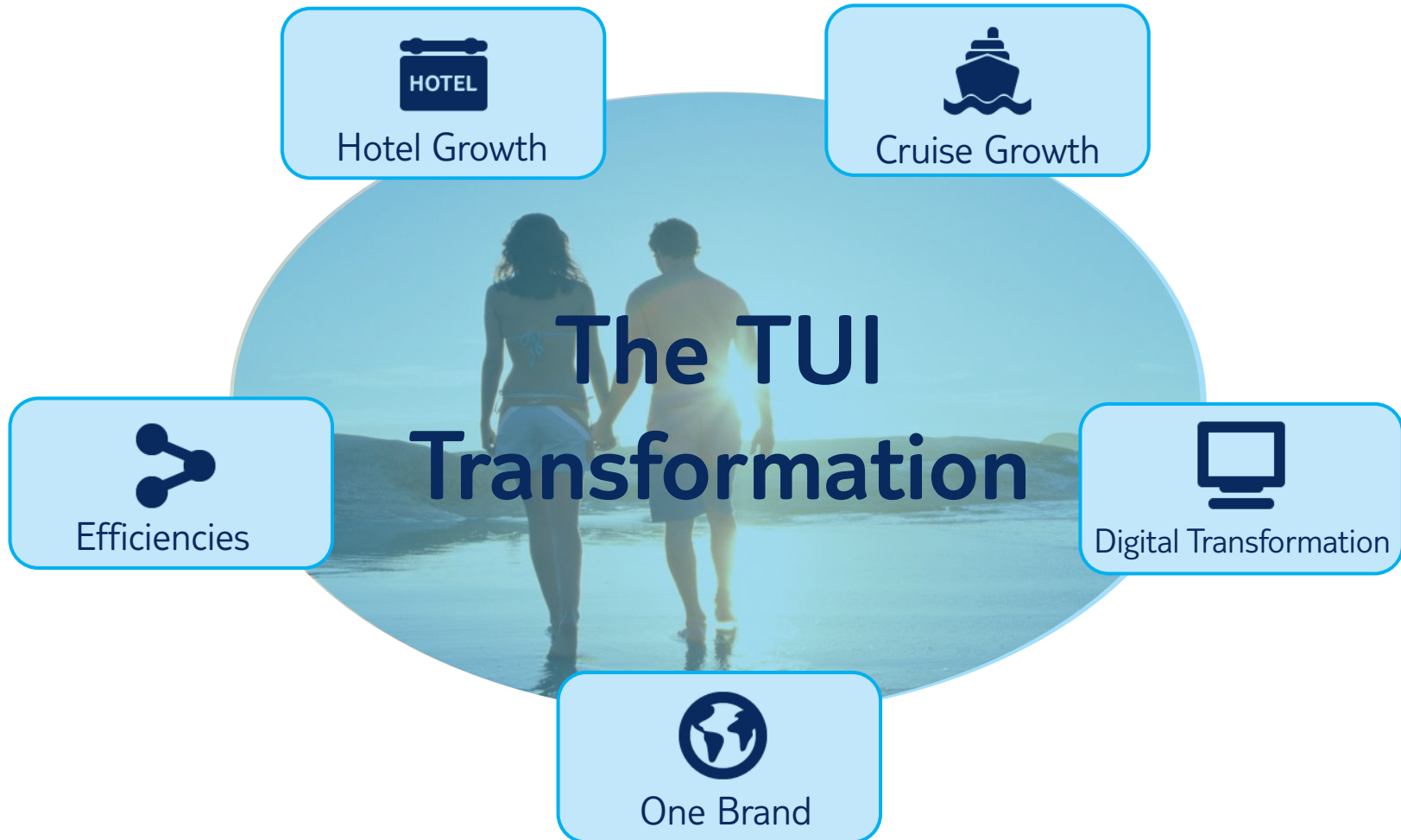
- End to end customer experience **across the value chain**
- **Integrated decision making and global scale** based on six common platforms – Brand, IT, Airline, Hotels, Cruises, Destination Services
- **Disciplined investments** in differentiation, in pockets of growth and where there is scarcity of supply
- **Integrated model** enables us to deliver **around 50% of earnings** from **content businesses\***

*\*Hotels and Cruises (TUI Cruises, Thomson Cruises, and Hapag-Lloyd Cruises)*

**The world's leading integrated tourism business based on own hotel and cruise brands**



## What we are delivering



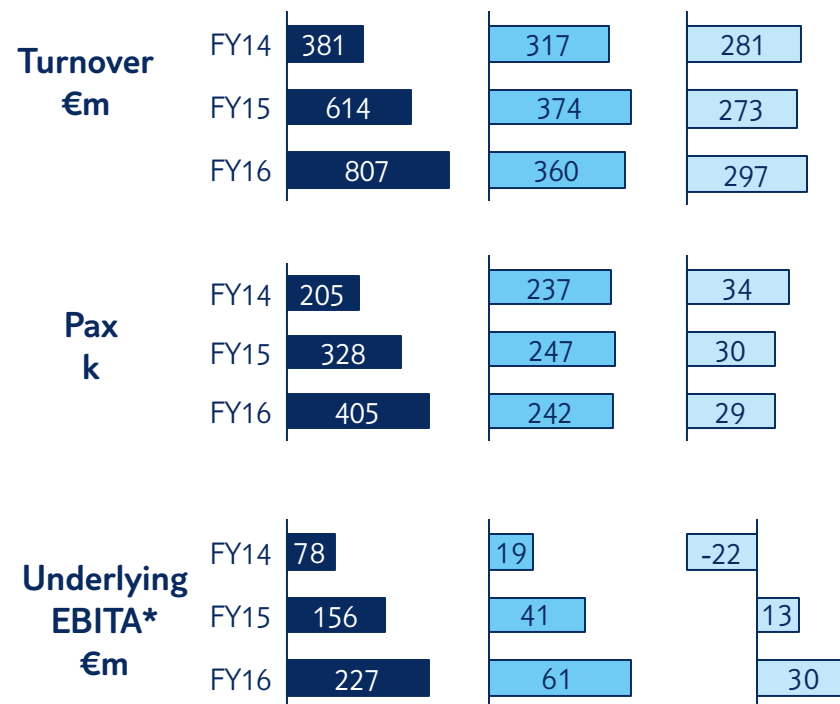
**The world's leading integrated tourism business based on own hotel and cruise brands**



# Cruise Growth

Focused on **developing our position in Europe** and in **luxury/expedition cruising**

- **TUI Cruises** - three new additions since merger
- Modernisation of **Thomson Cruises** underway
- Turnaround of **Hapag-Lloyd Cruises** now complete



\*Based on 100% for TUI Cruises and pro forma figures for Thomson Cruises



# Cruise – Growth Roadmap

<h2>Growth Roadmap 2017-2019</h2>			
	<p>3 new builds invested within JV</p>	<p>3 further ships ~€200m per ship</p>	<p>2 new builds ~€145m per ship</p>
<h2>Contribution to Und. EBITA</h2>	<p>~€25m-€30m per new ship*</p>	<p>~€25m per new ship**</p>	<p>~€15m per new expedition ship</p>



\*Based on 50% share of EAT for TUI Cruises

\*\*Includes MS1 and MS2 – these ships combined currently generate ~€25m share of EAT within TUI Cruises.

**Strong ROIC of 21.3%<sup>1</sup>, significantly ahead of segmental WACC of 7.5%**

<sup>1</sup> Reflects TUI Cruises and Hapag-Lloyd ROIC





# Hotel Growth

- 📍 Non-risk (Managed)
- 📍 Risk (Owned/ Joint Venture/ Leased)



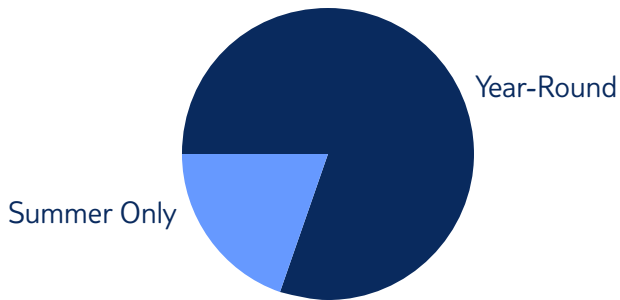
- **18 group hotels additions plus further third party concept openings** since merger
- Focussed on scaling up **proven destinations** and where there are **pockets of growth**
  - Growth delivered through our **core hotel, club** and **concept brands**



# Hotels – Growth Roadmap

## Growth Roadmap 2017-2019

Indicative split of future growth capex by destination

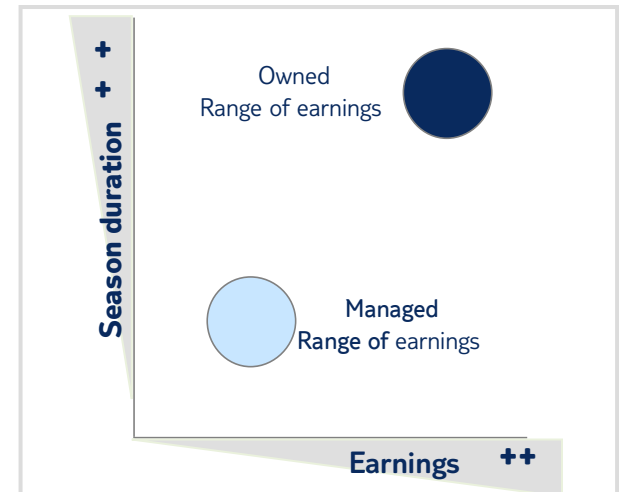


~**40-45** additional  
hotel openings by  
end of **2018/19**

## Structure

- Ownership/JV in **high growth regions**, where there is **scarcity of supply**
- Management elsewhere when possible

## Contribution to Und. EBITA





On average ~€2m per new  
hotel\*

*\*Based on profitability of Riu and Robinson and current mix of ownership models.*

**ROIC hurdle of 15% is significantly ahead of segmental WACC of 6.5%**



# Investment in IT and Digital Transformation

Key Projects	Features	Roadmap
<p><b>"Tui App"</b></p>  <p>A rich, immersive experience at the heart of our <b>mobile vision</b>.</p>	<ul style="list-style-type: none"> <li>• Holiday <b>search &amp; book</b></li> <li>• Holiday <b>information &amp; ancillary booking</b></li> <li>• Contact your rep</li> </ul>	<ul style="list-style-type: none"> <li>• Common platform <b>live in all Source Markets</b> except Germany, which will be rolled out in mid-December.</li> </ul>
<p><b>Customer Platform</b></p> 	<ul style="list-style-type: none"> <li>• <b>Single view</b> of the customer</li> <li>• <b>Customer service app</b> for Destination Services</li> </ul>	<ul style="list-style-type: none"> <li>• First Version <b>live in Germany</b></li> <li>• <b>Roll out</b> to come <b>FY17/FY18</b></li> <li>• (Destination services Q2, UK Q4, Belgium Q4, Nordics Q2 FY18)</li> </ul>
<p><b>Group Marketing Platform</b></p> <p>Using customer insight to provide <b>more personalised</b> customer service and marketing.</p>	<ul style="list-style-type: none"> <li>• Capture &amp; analyse <b>customer interactions</b> across all channels</li> <li>• <b>Campaign management</b> system across all channels</li> <li>• Implementation of <b>marketing programme</b> across the <b>customer experience</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Netherlands, Belgium, Nordics</b> live</li> <li>• Germany Feb 2017, UK Sep 2017 (already working with previous version)</li> </ul>
<p><b>Yield Management</b></p> <p><b>Bespoke</b> IT solution to automate the <b>management</b> and <b>pricing</b> of holidays 24-7.</p>	<ul style="list-style-type: none"> <li>• Solution rolled out to <b>Nordics</b> in <b>2016</b></li> </ul>	<ul style="list-style-type: none"> <li>• Targeting roll out to <b>further markets</b> including <b>Germany</b> over next <b>24 months</b>.</li> </ul>

**Digital transformation focused on customer experiences and business efficiency**



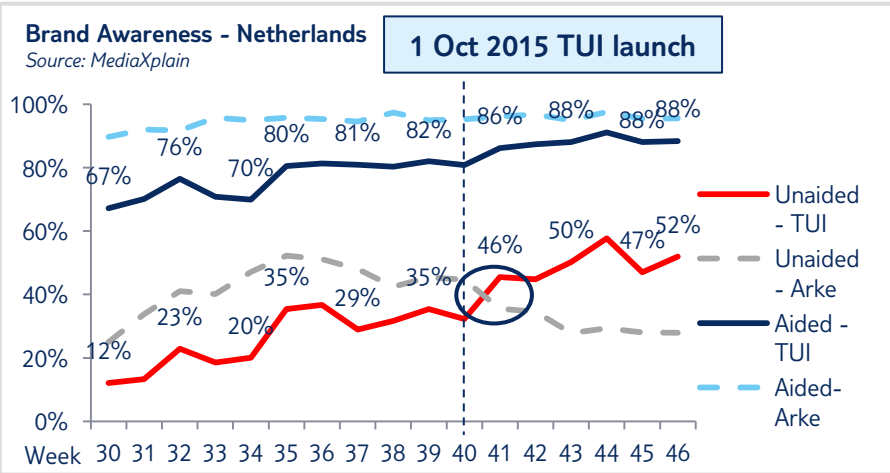
# One Brand

Growth Potential	Renaming offers opportunity to <b>reposition</b>
360° Experience	End to end <b>consistent</b> customer experience including media power
Digital Presence	Opportunity for more impact through <b>centralised</b> URL
Operational Efficiency	Operational <b>efficiency</b> by optimising content and marketing production
Competitiveness	Competitive <b>strength</b> against global platforms
Brand Equity	<b>One global brand, with local roots</b>

**Brand migration will be funded from ongoing operational efficiency and increased revenues**

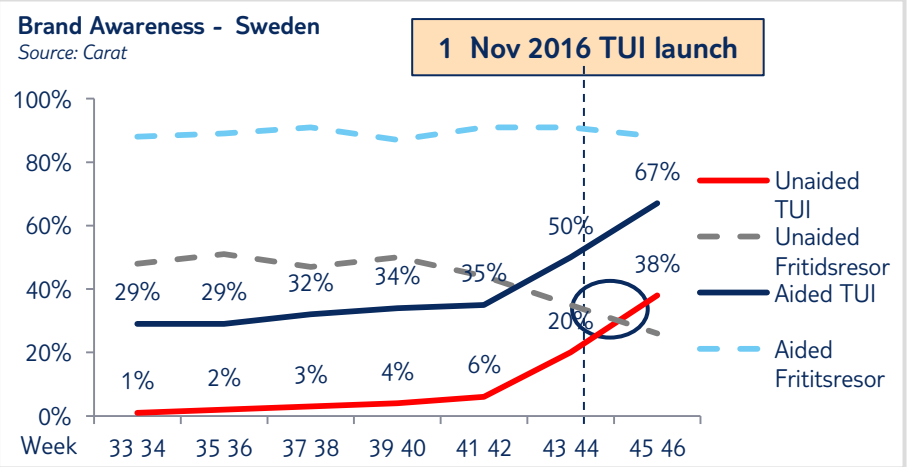
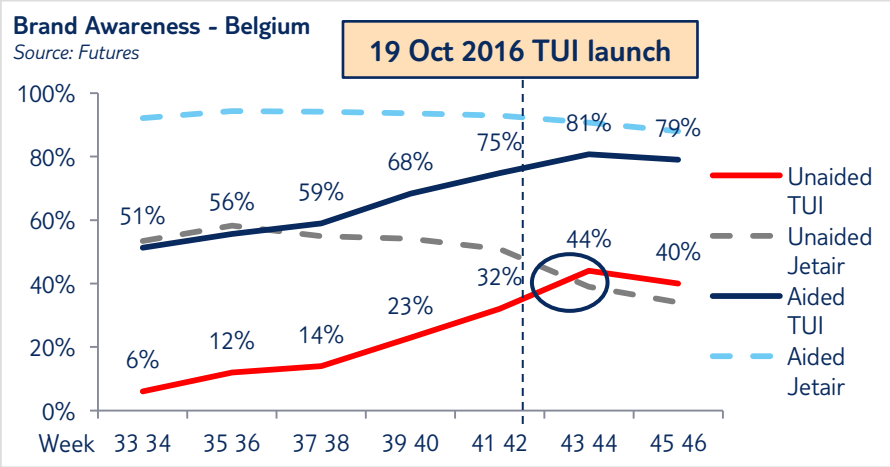


# TUI Rebrand Belgium & Nordics Underway



## Experience of Netherlands rebranding

- Rebrand in Netherlands **paid back within the year**
- **Market share gain** post rebrand
- FY16 saw **+3ppts increase** of online mix to **50%**
- We are seeing a similar pattern of **higher unaided TUI brand awareness** shortly after rebranding in both **Belgium** and the **Nordics**
- **Confident** in planned **UK migration**



**Brand migration is progressing well in both Belgium and Nordics**



# Efficiencies

<b>One Aviation</b>	Central platform for local airlines	<ul style="list-style-type: none"><li>• One central organisation across five AOCs</li><li>• Purchasing &amp; Finance - one procurement organisation, leveraging scale on all contracts</li><li>• Maintenance - One engineering &amp; maintenance function</li><li>• Interoperability among fleet and crew</li></ul>
<b>Destination Services</b>	Unique Destination Services brings the TUI brand alive	<ul style="list-style-type: none"><li>• &gt; 100 destinations and &gt; 11 million customers</li><li>• Carve out complete – from Hotelbeds to Tourism</li><li>• Seamless cloud based customer platform, the same as we will use in the Source Markets</li></ul>
<b>Consolidation</b>	Opportunities for consolidation to strengthen our market position	<ul style="list-style-type: none"><li>• Completion of Transat acquisition, will deliver ~€25-30m of efficiencies</li></ul>

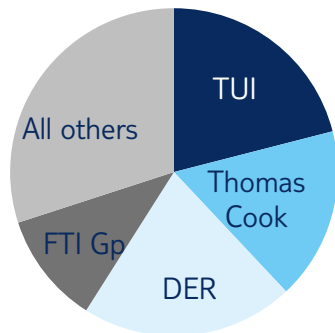
**Operational efficiencies delivered through central control**



# Delivering growth in Germany

- Germany has the DNA to be a **successful market**; Large population with affluent demographics, TUI voted Germany's most trusted travel brand<sup>1</sup>, with high average customer spend.
- Significant overcapacity in German aviation market – we intend to address this with our **Joint Venture discussion with Etihad Aviation Group**.
- With a new airline group established on a more beneficial commercial structure, we intend to gain from a **broader market access**, effecting change to our current level of **distribution**.
- Important step in our **3-5 year journey of improvement in Germany**.

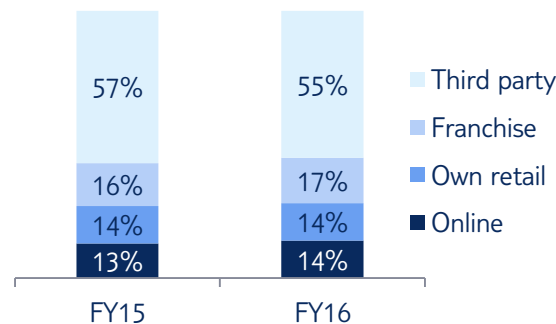
**Market Share\***



\* Company estimates, 2015 data - rebased based on GfK Tour Operator Market Share data

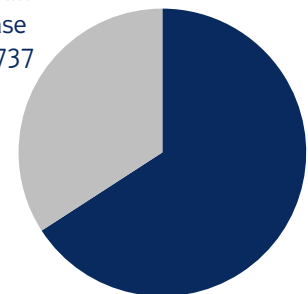
<sup>1</sup> Source: Reader's Digest Trusted Brand 2016

**Distribution**



**TUIfly Fleet**

Air Berlin  
W/Lease  
14 x B737



Operated by TUI Fly  
27 x B737-800



# Strategy Update

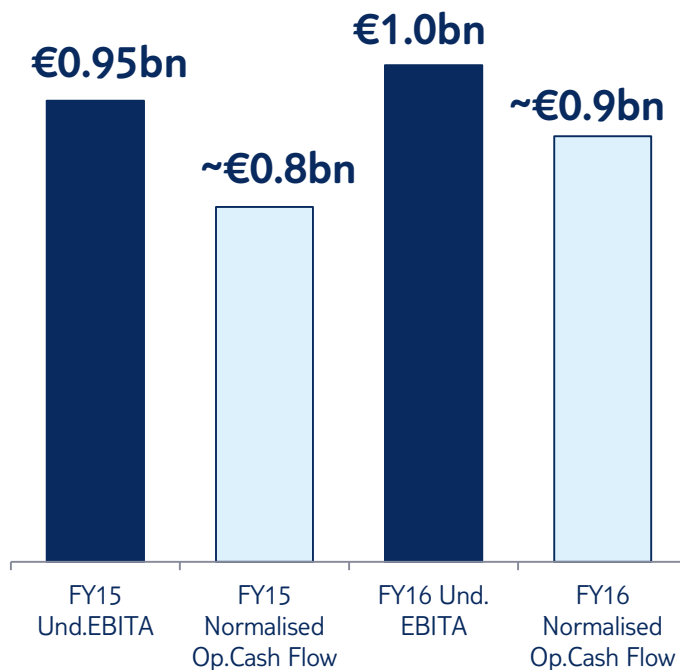
Horst Baier





# Strong Operating Cash Flow

## Normalised Operating Cashflow\*



- Normalised operating cash flow generation of **over €0.9bn** in 2015/16
- **Further reduction** in SDIs
- High level of **operating cash flow** and **proceeds from disposals** help to finance **transformational growth**

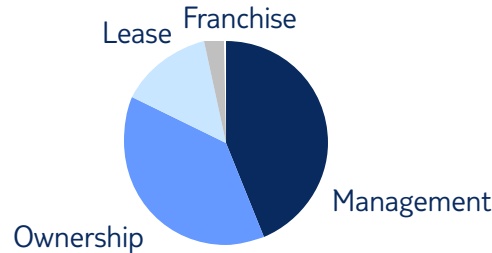
\*Operating cash flow adjusted for ~€100m of normalised working capital



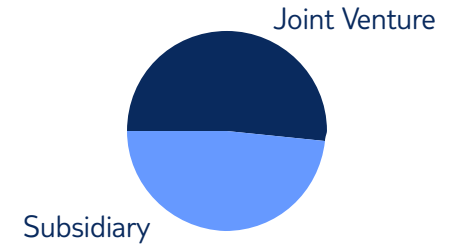
# Balanced Ownership Model with Clear Investment Hurdle Rates

## Balanced Ownership Model

**Group Hotels**  
Ownership structure as at 30/9/2016



**Owned Hotels**  
Ownership structure as at 30/9/2016

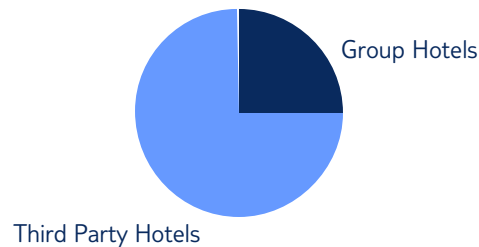


## Strong Joint Venture Relationships

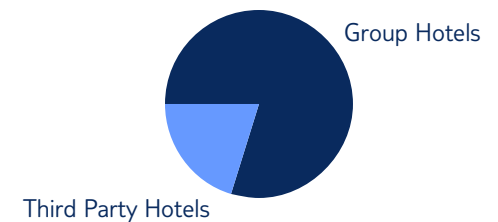
- Bring significant **operational benefits** for hotels and cruises
- **Reduces level of invested capital** on a consolidated basis

## Third Party Content

**Source Market Accommodated Customers**



**Core Branded Content Hotels**



**Target ROIC : at least 15% on average for new investments**



# Cruise Ships & Aircraft Finance

## Cruise Ships

Cruise Fleet By Ownership Structure as at 30/9/2016

Cruise Brand	Owned	Finance Lease	Operating Lease	Total
TUI Cruises (JV)	5	-	-	5
Thomson Cruises	-	3	2	5
Hapag-Lloyd Cruises	3	-	1	4

- New build ships typically **80% debt/20% equity finance**.
- **TUI Cruises** investments ring fenced within joint venture (3 more ships to come).
- **Thomson Cruises - fleet modernisation**, 3 more ships to come, 1 owned, 2 to be determined.

## Aircraft

Aircraft Fleet By Ownership Structure as at 30/9/2016

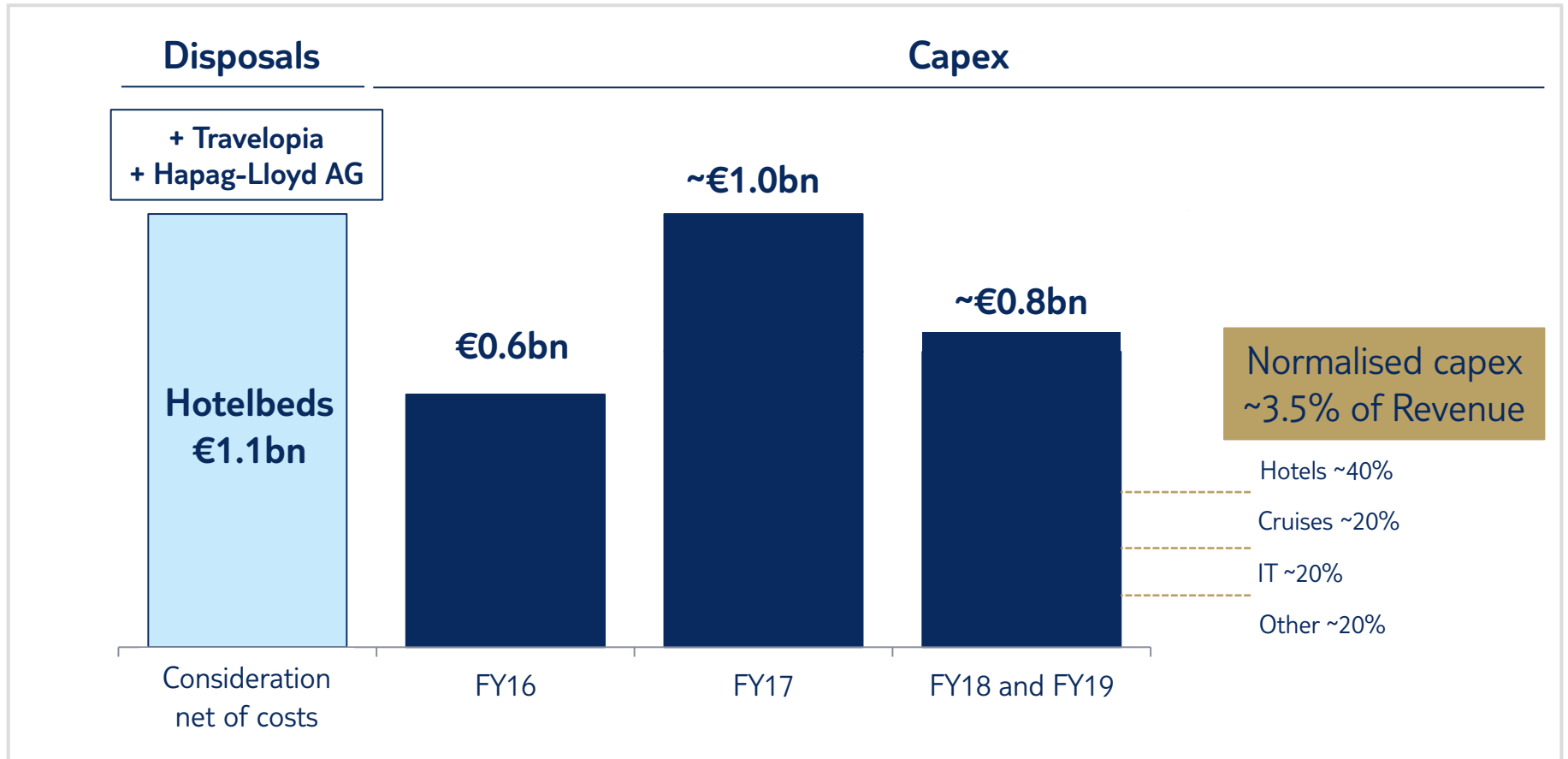
Structure	Owned	Finance Lease	Operating Lease (FV)	Total
# of Aircraft	8	16	125	149
Financing	~€0.1bn*	~€1bn	~€2bn	€3.0bn

- Order book for 787s and 737-MAXs.
- Net PDPs ~€200m/~€100m/~€100m in next three years.
- Financing method for new aircraft deliveries **typically by operating or finance lease** structures providing **100% financing** and will be reviewed on a **case by case basis**.

*\*Reflects debt finance for two aircraft only, remaining aircraft wholly owned*



# Investing in Transformational Growth

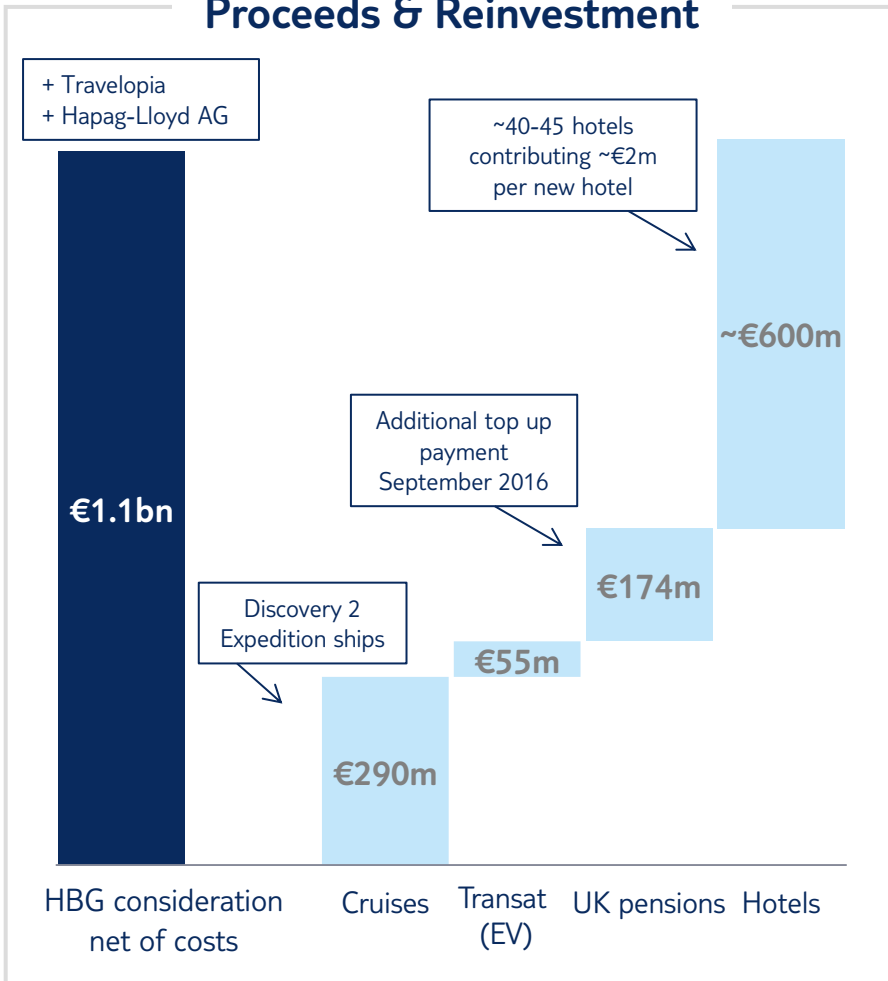


\* Guidance **excludes** aircraft order book finance (pre delivery payments and liquidations, owned and finance leased aircraft)

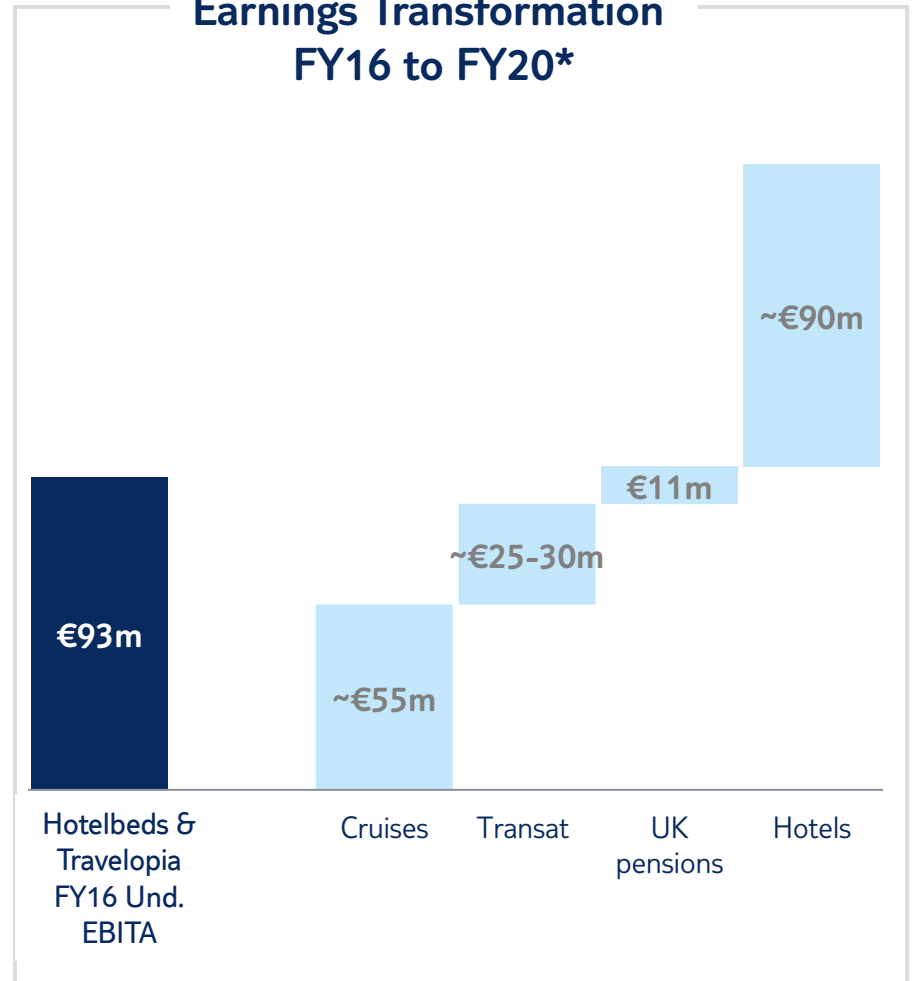


# Mechanics of Transformation

## Proceeds & Reinvestment



## Earnings Transformation FY16 to FY20\*



\* Based on underlying EBITA run rate; UK pensions based on notional interest impact



# Financial Targets

- Current corporate credit ratings “BB-” (S&P) and “Ba2” (Moody’s, upgraded from Ba3 in April 2016)
- We are committed to **improving our credit metrics**, therefore we are setting new financial targets for 2016/17 as follows:

Ratio*	Target 2015/16	Actual 2015/16	Target 2016/17
<b>Leverage ratio</b>	<b>3.5 to 2.75 times</b>	3.3 times	<b>3.25 to 2.5 times</b>
<b>Interest cover</b>	<b>4.5 to 5.5 times</b>	4.8 times	<b>4.75 to 5.75 times</b>

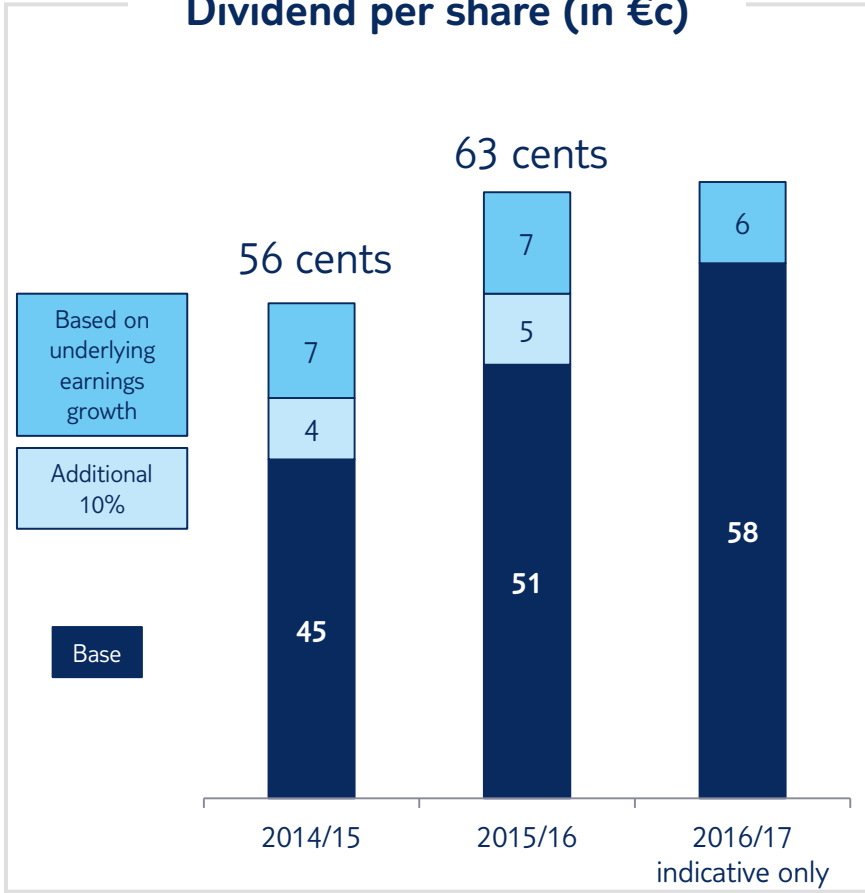
- Ratios are based on **gross debt including pensions and leases**
- Focus on rating to obtain **advantageous financing conditions** and ensure access to debt capital markets.

\* See appendix for detailed calculation

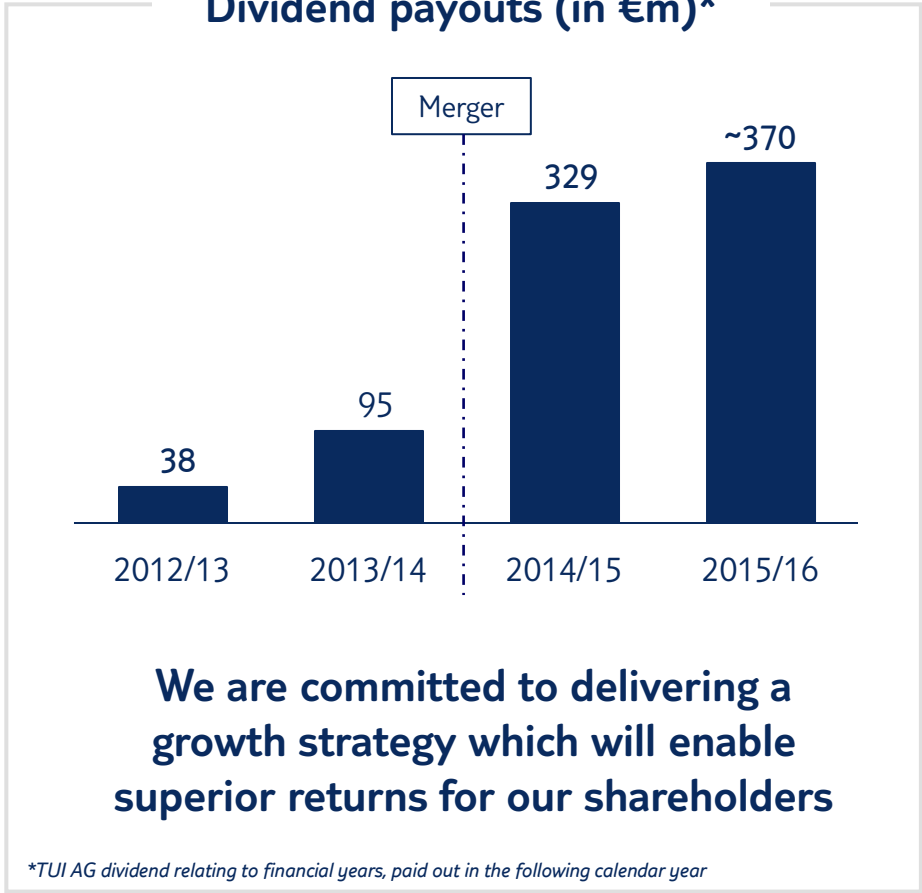


# Committed to an Attractive Dividend Payout

## Dividend per share (in €c)



## Dividend payouts (in €m)\*



# Growth Roadmap - Summary

Drivers	What Impact?*	By When?	At least 10%* underlying EBITA CAGR to 2018/19	
<b>Growth in Our Hotel &amp; Cruise Brands</b>	<ul style="list-style-type: none"> <li>~40-45 further openings in Group hotels</li> <li>TUI Cruises - 3 new ships</li> <li><i>MS1 &amp; MS2 move to UK Fleet</i></li> <li>Thomson Cruises – 3 new ships</li> <li>HL Cruises – 2 new expedition ships</li> </ul>	<ul style="list-style-type: none"> <li>~€2m und. EBITA per hotel**</li> <li>~€25-30m share EAT per ship</li> <li><i>Currently generate ~€25m share of EAT in TUI Cruises</i></li> <li>~€25m und. EBITA per ship</li> <li>~€15m und. EBITA per ship</li> </ul>	<ul style="list-style-type: none"> <li>End of 2018/19</li> <li>S17, S18, S19</li> <li>S18, S19</li> <li>S17, S18, S19</li> <li>Spr &amp; Aut 2019</li> </ul>	<b>Earnings dilution from disposals offset by investment in transformational growth</b>
<b>Brand, IT and efficiencies</b>	<ul style="list-style-type: none"> <li>Profitable top line growth which outperforms the market</li> <li>France – break even &amp; deliver benefits of Transat acquisition</li> <li>Deliver remaining synergies</li> </ul>	<ul style="list-style-type: none"> <li>~3% per annum</li> <li>~2.5% und. EBITA margin</li> <li>~€20m und. EBITA benefit</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>End of 2018/19</li> <li>End of 2017/18</li> </ul>	<b>Integrated model delivers sustainable growth</b>
<b>Balance Sheet Strength &amp; Flexibility</b>	<ul style="list-style-type: none"> <li>Investment in transformational growth in medium term, financed by strong operating cash flow and disposal proceeds</li> <li>Attractive dividend policy</li> </ul>		<b>Balanced guidance approach</b>	

\* At constant currency rates

\*\*Based on profitability of RIU and Robinson and current mix of ownership models.





## Outlook 2016/17\* – Continuing operations basis

Metric	2015/16	2016/17e
Turnover	€17,185m	~3% growth
Underlying EBITA	€1,001m	At least 10% growth
Adjustments	€102m	~€80m
Net Interest	€180m	~€160m
Net Capex & Investments**	€642m	~€1.0bn
Net Cash/Debt	€32m net cash	~€0.8bn net debt
Underlying Effective Tax Rate	25%	25%

\* Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current group structure; guidance relates to continuing operations and excludes any disposal proceeds for Travelopia and Hapag-Lloyd AG

\*\* Excludes Hotelbeds Group proceeds



# Summary

Fritz Jousen



# Summary

- **Disposal** of Hotelbeds Group **complete** and disposal process for Travelopia **underway**
- **Focussed on delivering** transformational growth in our own hotel and cruise brands, supported by a **strong and flexible balance sheet**
- Medium term cash flow will **reflect reinvestment of proceeds** from Hotelbeds Group disposal
- **We expect to deliver** at least 10% growth in underlying EBITA in 2016/17<sup>1</sup>, and **reiterate** our previous guidance of at least 10% underlying EBITA CAGR **to 2018/19<sup>1</sup>**

<sup>1</sup>At constant currency



# Appendix



## 2015/16 Turnover by Segment (excludes intra-group turnover)\*

In €m	2015/16	2014/15	Change	FX	Change ex FX
Northern Region	7,001.5	7,348.4	-346.9	-539.1	192.2
Central Region	5,566.6	5,600.9	-34.3	-8.8	-25.5
Western Region	2,869.9	2,847.0	22.9	-	22.9
<b>Source Markets</b>	<b>15,438.0</b>	<b>15,796.3</b>	<b>-358.3</b>	<b>-547.9</b>	<b>189.6</b>
Riu	461.5	423.2	38.3	-19.7	58.0
Robinson	72.2	71.8	0.4	-0.1	0.5
Other (incl former TUI Travel hotels)	84.9	79.8	5.1	-4.2	9.3
<b>Hotels &amp; Resorts</b>	<b>618.6</b>	<b>574.8</b>	<b>43.8</b>	<b>-24.0</b>	<b>67.8</b>
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Cruises	296.7	273.3	23.4	-	23.4
<b>Cruises</b>	<b>296.7</b>	<b>273.3</b>	<b>23.4</b>	<b>-</b>	<b>23.4</b>
Other Tourism	665.5	704.8	-39.3	-2.4	-36.9
<b>Tourism</b>	<b>17,018.8</b>	<b>17,349.2</b>	<b>-330.4</b>	<b>-574.3</b>	<b>243.9</b>
All Other Segments	165.8	166.3	-0.5	-1.1	0.6
<b>TUI Group continuing operations</b>	<b>17,184.6</b>	<b>17,515.5</b>	<b>-330.9</b>	<b>-575.4</b>	<b>244.5</b>

\*Table contains unaudited figures and rounding effects



## 2015/16 Underlying EBITA by Segment\*

In €m	2015/16	2014/15	Change	FX	Change ex FX
Northern Region	460.9	538.4	-77.5	-95.0	17.5
Central Region	88.5	103.5	-15.0	-0.5	-14.5
Western Region	86.1	68.7	17.4	-	17.4
<b>Source Markets</b>	<b>635.5</b>	<b>710.6</b>	<b>-75.1</b>	<b>-95.5</b>	<b>20.4</b>
Riu	318.3	261.0	57.3	-11.3	68.6
Robinson	38.6	41.6	-3.0	0.5	-3.5
Other (incl former TUI Travel hotels)	-69.6	-68.0	-1.6	6.4	-8.0
<b>Hotels &amp; Resorts</b>	<b>287.3</b>	<b>234.6</b>	<b>52.7</b>	<b>-4.4</b>	<b>57.1</b>
TUI Cruises	100.1	68.1	32.0	-	32.0
Hapag-Lloyd Cruises	29.5	12.4	17.1	-	17.1
<b>Cruises</b>	<b>129.6</b>	<b>80.5</b>	<b>49.1</b>	<b>-</b>	<b>49.1</b>
Other Tourism	4.6	8.4	-3.8	3.3	-7.1
<b>Tourism</b>	<b>1,057.0</b>	<b>1,034.1</b>	<b>22.9</b>	<b>-96.6</b>	<b>119.5</b>
All Other Segments	-56.5	-80.8	24.3	5.9	18.4
<b>TUI Group continuing operations</b>	<b>1,000.5</b>	<b>953.3</b>	<b>47.2</b>	<b>-90.7</b>	<b>137.9</b>

\*Table contains unaudited figures and rounding effects



# Deliver Merger Synergies

In €m	Per Capital Markets Update May 2015		Realised to FY15		Realised to FY16	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	50	35	10	31	40	35
Occupancy improvement	30	-	10	-	30	-
Destination Services*	20	42	-	17	10	31
<b>TOTAL</b>	<b>100</b>	<b>77</b>	<b>20</b>	<b>48</b>	<b>80</b>	<b>66</b>

Underlying effective tax rate for 2015/16 at 25%

**On track to deliver synergies in full by end of 2016/17**

\* Excludes Hotelbeds Group. One-off costs include SDI's and Capex.



# Earnings Per Share (continuing operations)

In €m	Reported		Pro forma*		
	2015/16	2014/15	2015/16	2014/15	
EBITA	898	795	1,001	953	
Net interest expense	-180	-183	-180	-163	↗ Excludes convertible bond interest
H-LAG book value adjustment and equity result	-100	-146	-	-	
<b>EBT</b>	<b>618</b>	<b>466</b>	<b>821</b>	<b>790</b>	↗ Underlying effective tax rate calculated based on underlying EBT, adjusted for convertible bond interest
<i>Tax rate</i>	25%	12%	25%	25%	
Tax charge	-153	-58	-205	-197	
Minority interest	-111	-56	-111	-90	→ Pro forma minority interest excludes TUI Travel for full year
Hybrid dividend	-	-11	-	-11	
<b>Net income</b>	<b>354</b>	<b>341</b>	<b>504</b>	<b>492</b>	
Basic number of shares	584	513	587	587	→ Pro forma NOSH based on issued share capital as at 30.9.16
<b>Basic Earnings per Share (€)</b>	<b>0.61</b>	<b>0.66</b>	<b>0.86</b>	<b>0.84</b>	

\* Pro forma number of shares excludes 6.5m shares relating to employee stock options and Employee Benefits Trust; figures are rounded





# Cash Flow

In €m	2015/16	2014/15*
<b>EBITA reported**</b>	<b>898.1</b>	<b>794.6</b>
Depreciation**	407.0	420.2
Working capital	271.8	-82.8
Other cash effects	63.7	17.5
At equity income**	-187.2	-114.0
Dividends received from JVs and associates	82.2	81.3
Tax paid	-186.4	-148.4
Interest (cash)	-71.2	-73.3
Pension contribution	-335.6	-184.3
<b>Operating Cashflow</b>	<b>942.4</b>	<b>710.8</b>
Net capex	-533.4	-496.8
Net investments	758.9	-174.1
Net pre-delivery payments	-48.7	11.9
<b>Free Cashflow</b>	<b>1,119.2</b>	<b>51.8</b>
Dividends & Hybrid Interest	-341.1	-306.3
<b>Movement in Cash Net of Debt</b>	<b>778.1</b>	<b>-254.5</b>

\*Prior year restated due to exclusion of Hotelbeds & Travelopia in reported EBITDA

\*\*Continuing ops basis – non-continuing adjustment in Other cash effects



# Adjustments

€m	2015/16	2014/15
Restructuring expense	-12	-59
Losses/gains on disposals	-1	3
Other one-off items	-47	-61
PPA	-42	-42
<b>Total Adjustments</b>	<b>-102</b>	<b>-159</b>
<i>o/w merger-related</i>	<i>-11</i>	<i>-39</i>



# Net Interest Result

€m	2015/16	2014/15
Debt related interest	-126	-127
Non-debt related charge	-75	-76
Interest income	21	20
<b>Net interest result</b>	<b>-180</b>	<b>-183</b>
<i>o/w cash interest</i>	<i>-71</i>	<i>-73</i>



# Aircraft Commitments by Financing Type

	Operating Lease*	Finance Lease	Owned	Total
<b>As at 30 September 2015</b>	124	15	8	147
Order book financing	-	1	-	1
External Lessor deliveries	7	-	-	7
External Lessor Returns	(6)	-	-	(6)
<b>As at 30 September 2016</b>	<b>125</b>	<b>16</b>	<b>8</b>	<b>149</b>

\* Includes aircraft leased from and operated on behalf of 3<sup>rd</sup> party airlines



# Aircraft order book deliveries – FY 2017 to FY 2021

	16/17	17/18	18/19	19/20	20/21
B737 NG	-	-	-	-	-
B737-MAX	-	5	18	18	12
B787-8	-	-	-	-	-
B787-9	1	2	-	-	-
<b>Firm order book deliveries 2017-2021</b>	<b>1</b>	<b>7</b>	<b>18</b>	<b>18</b>	<b>12</b>

Financial Years (FY) ending 30 September; figures correct as at 30 September 2016

TUI has flexibility to defer the delivery dates of B737MAX aircraft subject to appropriate notice and certain other conditions

In addition to the above firm orders, TUI Group has further aircraft options :

	16/17	17/18	18/19	19/20	20/21
B737-MAX	-	-	-	2	9
B787-9	-	-	1	-	-
<b>Option order book deliveries 2017-2021</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>9</b>

Financial Years (FY) ending 30 September; figures correct as at 30 September 2016



## Financial Target Ratios 2015/16

In €m	15/16
<i>Gross debt</i>	2,041
<i>Pensions</i>	1,451
<i>NPV operating leases</i>	3,320
Debt	6,812
Reported EBITDAR	2,050
<b>Leverage Ratio</b>	<b>3.3x</b>
Reported EBITDAR	2,050
<i>Rentals - interest component*</i>	248
<i>Net interest expense</i>	180
Interest charges	428
<b>Coverage Ratio</b>	<b>4.8x</b>

\* Simplified approach - one third of long-term rental expense



# Pension – update on defined benefit obligation

**Net unfunded obligation  
€0.9bn**

- Generally adopted in Continental Europe.
- **Full obligation** sits within the balance sheet.

**Net externally funded obligation  
€0.5bn**

- Generally adopted in the UK.
- Provision covers **shortfall** between plan assets and PV of benefit obligations only (IFRS methodology).
- Must comply with UK Pension Regulator requirements.
- Continuous dialogue with Pension Trustees - defined contribution plan in place.
- **€0.2bn additional top-up** payment made to UK pension post receipt of Hotelbeds disposal proceeds.
- **Triennial Valuation underway** – based on 30 September 2016.

*Note: Balance sheet net obligation as at 30 September 2016*



# Key Sources of Funding 30 September 2016

Instrument	Issue	Maturity	Amount €m	Interest % p.a.*
Revolving Credit Facility	Sep 14	Dec 20	1,750**	E/L +1.55
High Yield Bond	Sep 14	Oct 19	300	4.5
Finance leases	Various	Various	1,232	Various

\*Upgrade of our rating by Moody's has reduced our RCF interest margin from 1.7% to 1.55% p.a as of 27/04/2016.

\*\*Including a tranche of €215.0m for the issue of bank guarantees

Note: €300m Senior Notes with a coupon of 2.125% p.a was issued post Balance Sheet date on 26 October 2016. The notes will mature on 26 October 2021. The High Yield Bond was repaid in full post Balance Sheet date on 18 November 2016.



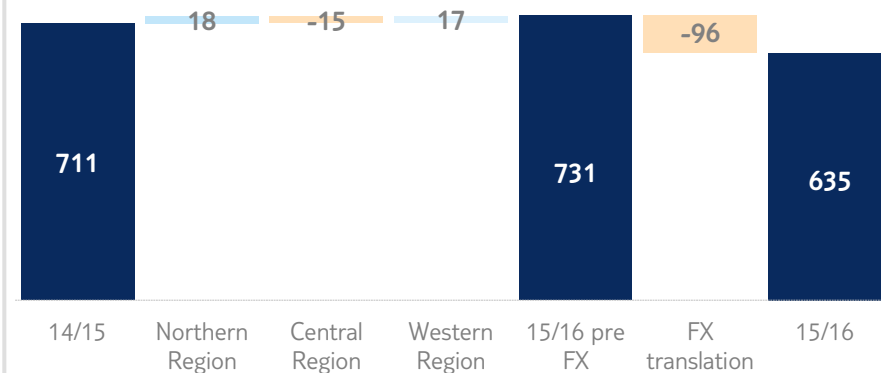


# Source Markets

## Turnover and Earnings (€m)

	15/16	14/15	%
Turnover	15,438.0	15,796.3	-2.3
Underlying EBITA	635.5	710.6	-10.6

## Bridge Underlying EBITA (€m)



### Northern Region

- Strong performance overall despite some challenges in Nordics and Canada.
- Significant growth in UK across short, medium and long haul and driven by the modernisation of our cruise offering with the launch of TUI Discovery.
- Continued high levels of direct and online distribution – 92% and 62% respectively.

### Central Region

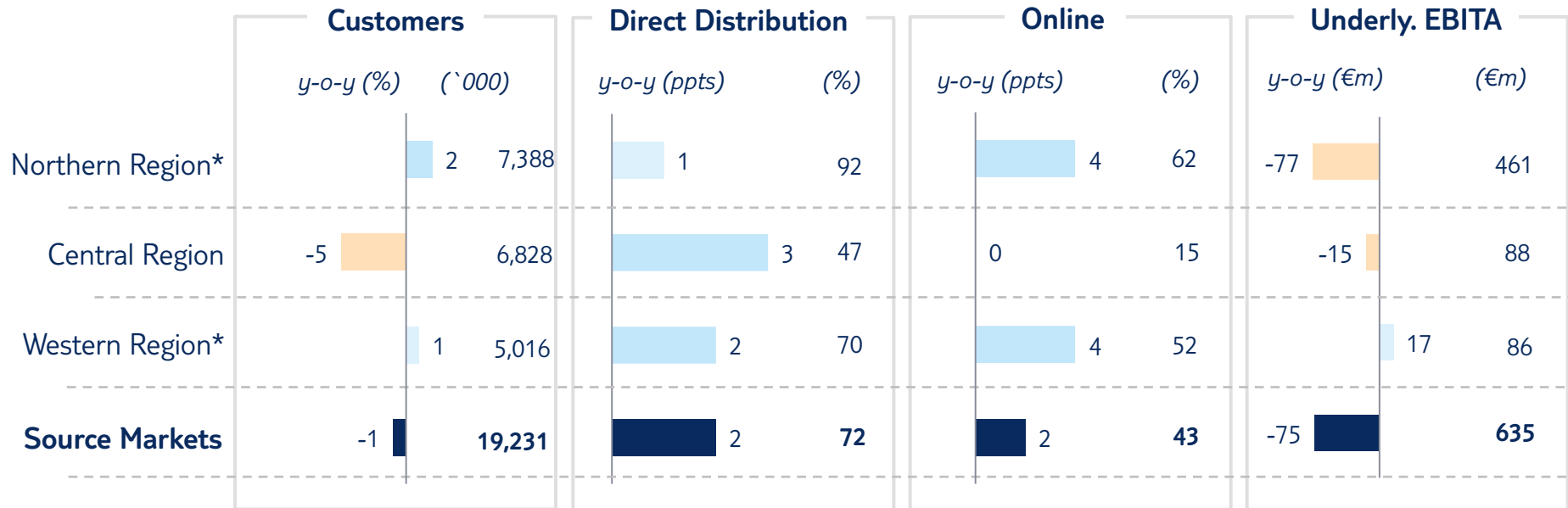
- Despite challenging market conditions, we continued to grow market share.
- Further improvement in direct distribution for the region to 47%. Online distribution at 15%.
- The result includes the impact of a court ruling in November regarding airport services and marketing agreements with an Austrian airport, and the partial impact on holidays commenced in September of unexpectedly high levels of sickness among TUIfly flight crew.

### Western Region

- Good performance overall despite Brussels airport attack, with significant improvement in French result and successful rebrand in Netherlands.
- Further growth in direct and online distribution to 70% and 52% respectively.



# Source Markets KPIs 2015/16



\* Western now excludes Italy (reported in All Other Segments) and Northern now includes Crystal Ski, Thomson Lakes & Mountains (prev. in Specialist Group)



## Source Market KPIs<sup>1</sup>

	Direct Distribution		Online Distribution		Customers (000)	
	15/16	14/15	15/16	14/15	15/16	14/15
UK	92%	92%	58%	54%	6,004	5,773
Nordics	90%	90%	75%	72%	1,384	1,468
Germany <sup>2</sup>	45%	43%	14%	13%	6,289	6,628
Benelux	73%	70%	56%	52%	4,312	4,245
<b>Total Source Markets<sup>3</sup></b>	<b>72%</b>	<b>70%</b>	<b>43%</b>	<b>41%</b>	<b>19,231</b>	<b>19,361</b>

<sup>1</sup> able contains unaudited figures

<sup>2</sup> Germany includes Austria

<sup>3</sup>Source Markets restated as Western now excludes Italy (reported in All Other Segments) and Northern now includes Crystal Ski, Thomson Lakes & Mountains (prev.in Specialist Group).

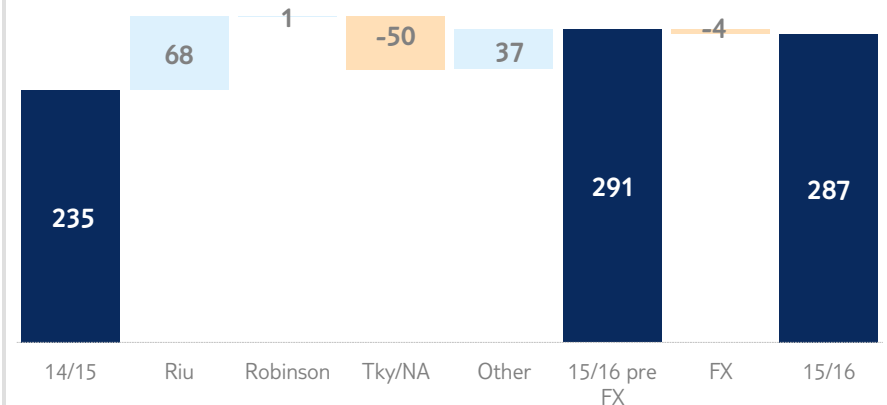


# Hotels & Resorts

## Turnover and Earnings (€m)

	15/16	14/15	%
Turnover	618.6	574.8	7.6
Underlying EBITA	287.3	234.6	22.5
<i>o/w Equity result</i>	57.7	44.0	31.1

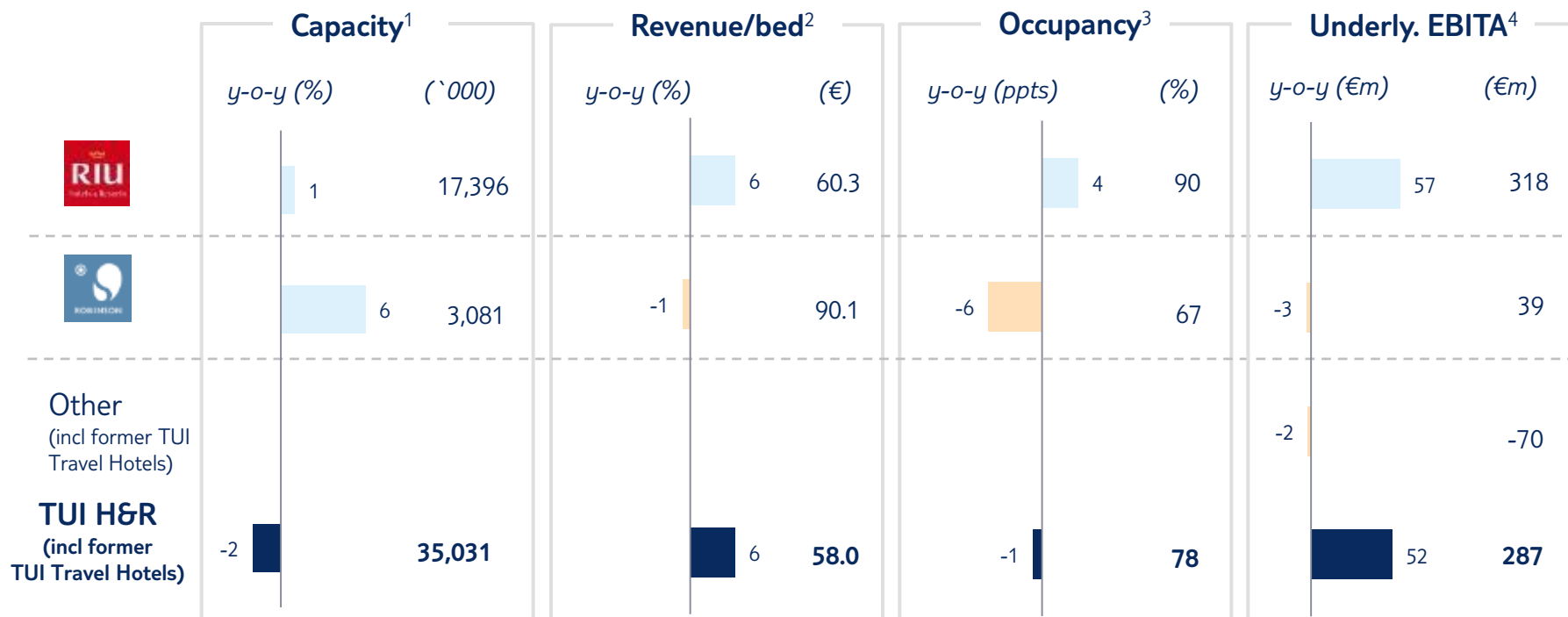
## Bridge Underlying EBITA (€m)



- Growth in earnings despite impact of Turkey and North Africa.
- Seven additional hotels opened in our core brands in the year, with 18 opened in total since the end of 2013/14.
- Riu delivered a strong performance, with further increase in capacity, occupancy and rate. Spain, Cape Verde and Caribbean performed particularly well.
- Targeted occupancy improvement delivered in full, realising the benefits of the integrated model.
- ROIC increased from 10.5% to 12.3% in the year, compared with segmental WACC of 6.5%.



# Hotels & Resorts KPIs 2015/16



<sup>1</sup> Group owned or leased hotel beds multiplied by opening days per quarter

<sup>2</sup> Arrangement revenue divided by occupied beds








<sup>3</sup> Occupied beds divided by capacity

<sup>4</sup> Segment figures

Note: capacity, revenue/bed and occupancy have been restated to exclude Greotel which was disposed during 2014/15



## 2016 Hotel Summary by concept

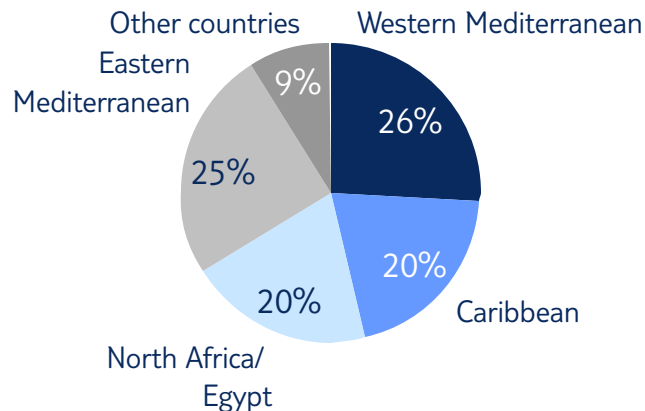
Hotel brand	FY15 Group Hotels	FY16 Openings	FY16 Closures	FY16 Repositionings	FY16 Group Hotels	3 <sup>rd</sup> Party Concept Hotels	FY16 Group & All Concepts
 RIU	104	4	(14)	-	94	-	94
 TUI BLUE	-	-	-	2	2	-	2
 ROBINSON	24	2	(2)	-	24	-	24
 TUI MAGIC LIFE	13	-	-	-	13	-	13
 TUI SENSORI	4	1	-	-	5	5	10
 TUI SENSIMAR	9	-	-	11	20	28	48
 TUI FAMILY LIFE	-	-	-	17	17	12	29
Other	156	2	-	(30)	128	-	128
<b>Total</b>	<b>310</b>	<b>9</b>	<b>(16)</b>	<b>-</b>	<b>303</b>	<b>45</b>	<b>348</b>

Note RIU Calypso in Fuerteventura operates as a Sensimar hotel but is counted within RIU in the table above

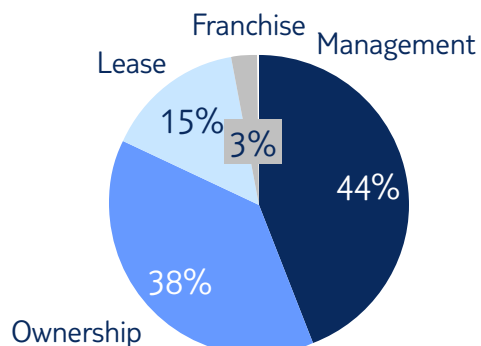


# Hotels & Resorts Summary 2015/16

### Hotel beds by region



### Hotels financing structure



## Key facts

Total Turnover (€m)	1,278
o/w Turnover 3 <sup>rd</sup> party (€m)	619
Underlying EBITDA (€m)	378
Underlying EBITA (€m)	287
o/w Equity result (€m)	58
Number of hotels	303
Number of beds	213,503
Capacity ('000) <sup>1</sup>	35,031
Revenue/bed (€) <sup>2</sup>	58.0
Occupancy (%) <sup>3</sup>	77.5

<sup>1</sup> Group owned or leased hotel beds multiplied by opening days per annum; <sup>2</sup> Arrangement revenue divided by occupied beds;

<sup>3</sup> Occupied beds divided by capacity; Note: capacity, revenue/bed and occupancy include former TUI Travel Hotels



# Hotels & Resorts

## Profit analysis 2015/16

Owned & leased hotels*	Capacity	Occupancy	Rate	Bed revenue
160	35,031	77.5%	58.00€	€1,574m

X X =

€m	Bed revenue	Other	Total	o/w fully consolidated	o/w associated
Turnover owned & leased	1,574	324	1,898	1,278	620
o/w turnover internal				659	
o/w turnover 3 <sup>rd</sup> party				619	
Underlying EBITDA (incl. associated EAT)			378	320	58
Underlying EBITA (incl. associated EAT)			287	229	58

Tables contain unaudited figures and includes former TUI Travel Hotels

\* As at 30/9/2016 - financing structure : Management 44%, Ownership 38%, Lease 15%, Franchise 3%





# Hotels & Resorts

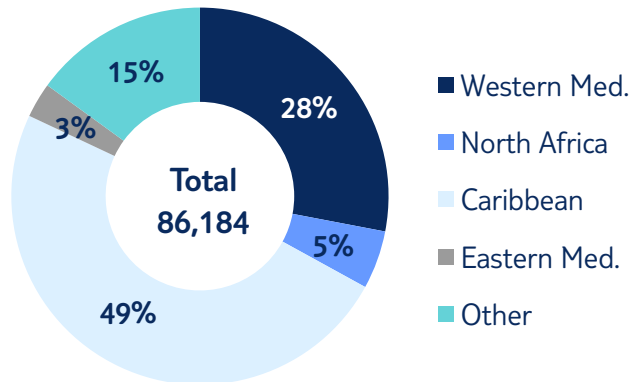
## RIU – Key figures 2015/16



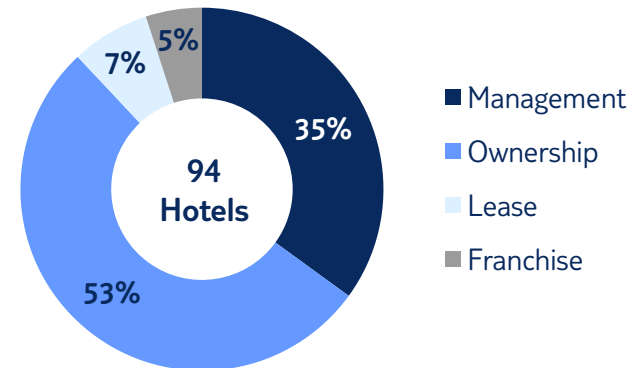
In €m

Riu 100%-view*	Total	o/w RIUSA II (fully consolidated)	o/w Riu Hotels (consolidated at equity)	Riu in TUI accounts
Turnover	1,112	796	316	796
Underlying EBITA	405	273.5	131	318.3
EBITA-Margin	36%			
EAT	314	221	93	
o/w EAT to TUI (50%)	156	111	44.8	156
ROIC (incl. Goodwill)	20%			
ROIC (excl. Goodwill)	26%			

### Hotel beds by region (%)



### Financing structure (%)

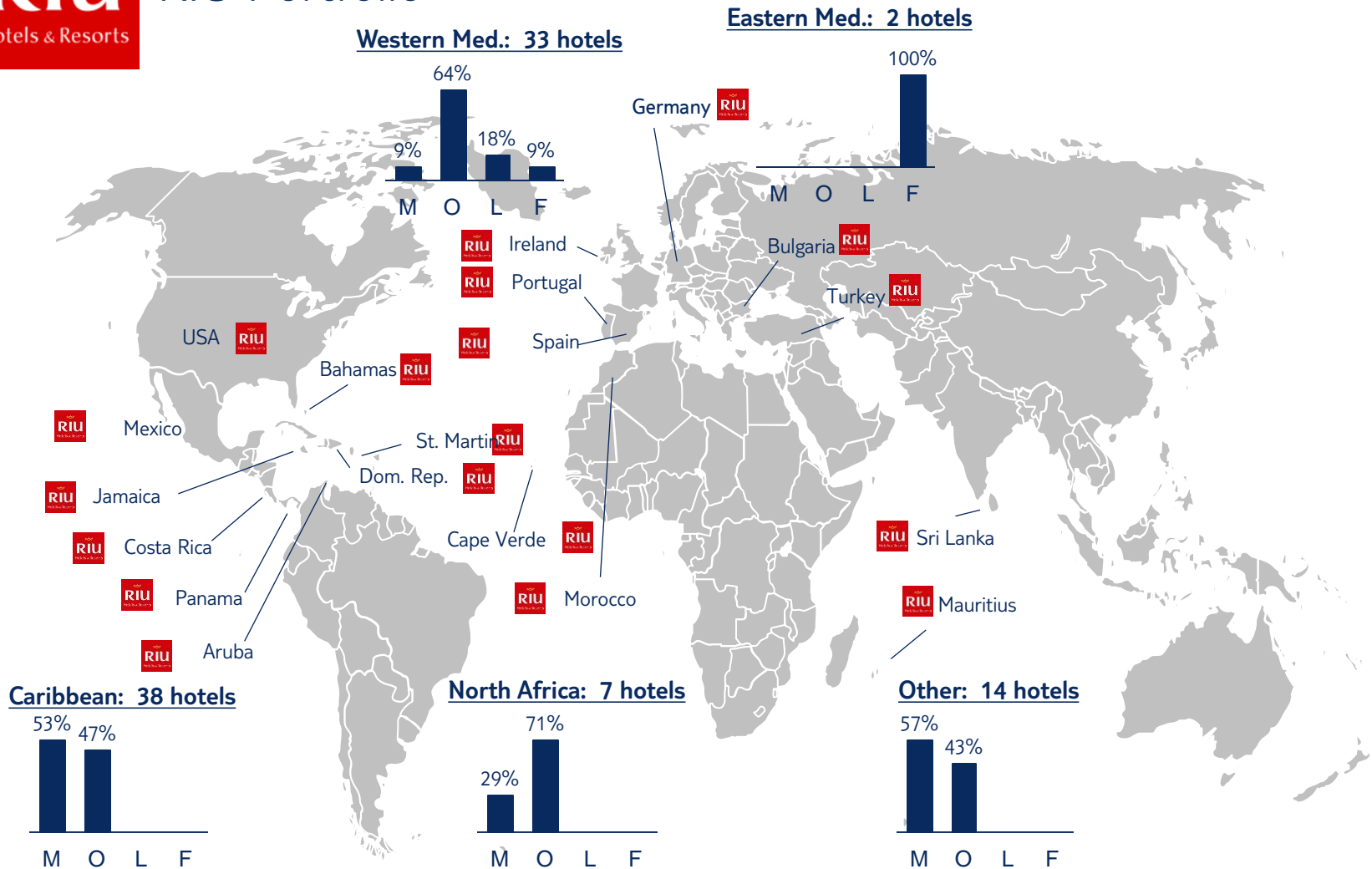


\* unaudited figures





# RIU Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2016



# Hotels & Resorts

## Robinson – Key figures 2015/16



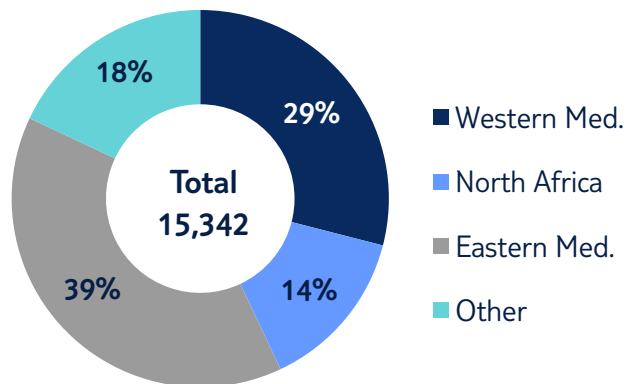
€m

Robinson in TUI accounts*	15/16	14/15
Turnover	194	192
Underlying EBITA	39	42
<i>EBITA-Margin</i>	20%	22%
EAT (100% TUI)	15	12
ROIC	13%	14%

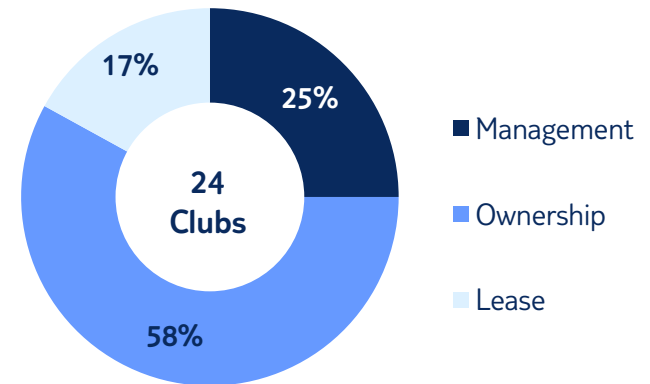


Robinson Club Maldives

### Hotel beds by region (%)



### Financing structure (%)

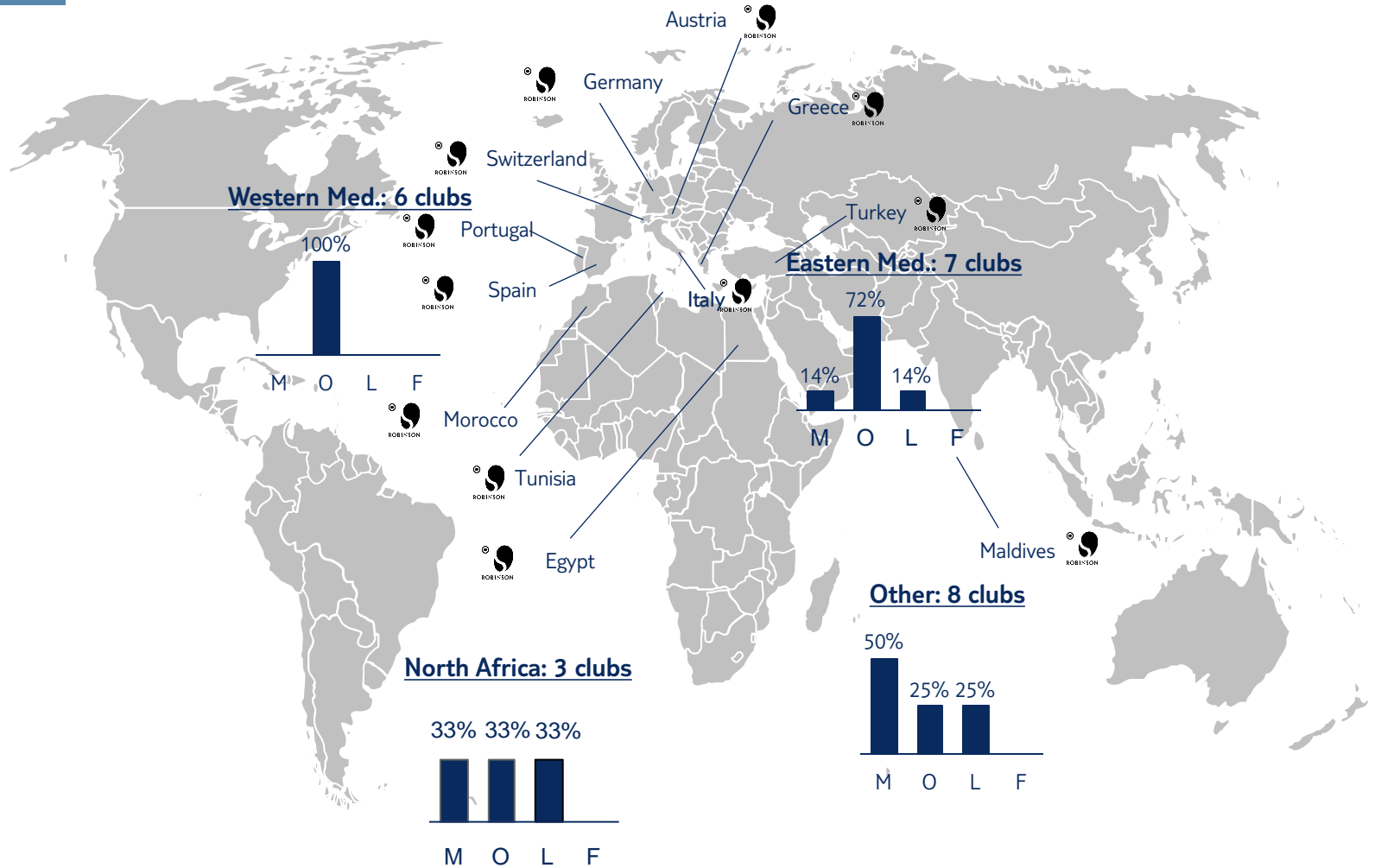


\* unaudited figures





# Robinson Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2016



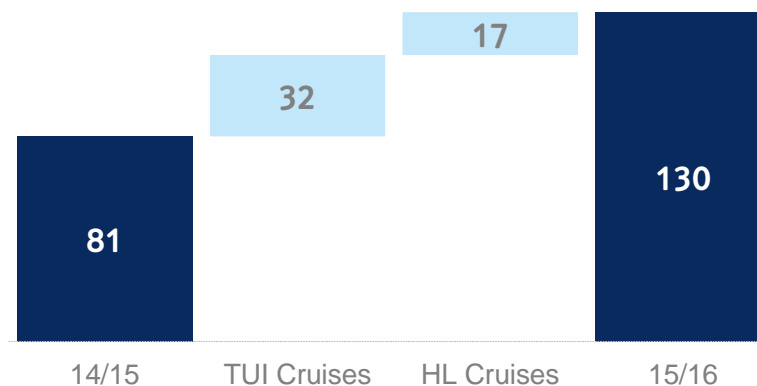
# Cruises

## Turnover and Earnings (€m)

	15/16	14/15	%
Turnover HL Cruises	296.7	273.3	8.6
<i>Memo: TUI Cruises Turnover</i>	<i>807.3</i>	<i>614.1</i>	<i>31.5</i>
Underlying EBITA	129.6	80.5	61.0
<i>o/w EAT TUI Cruises*</i>	<i>100.1</i>	<i>68.1</i>	<i>47.0</i>

\* TUI Cruises joint venture (50%) is consolidated at equity

## Bridge Underlying EBITA (€m)

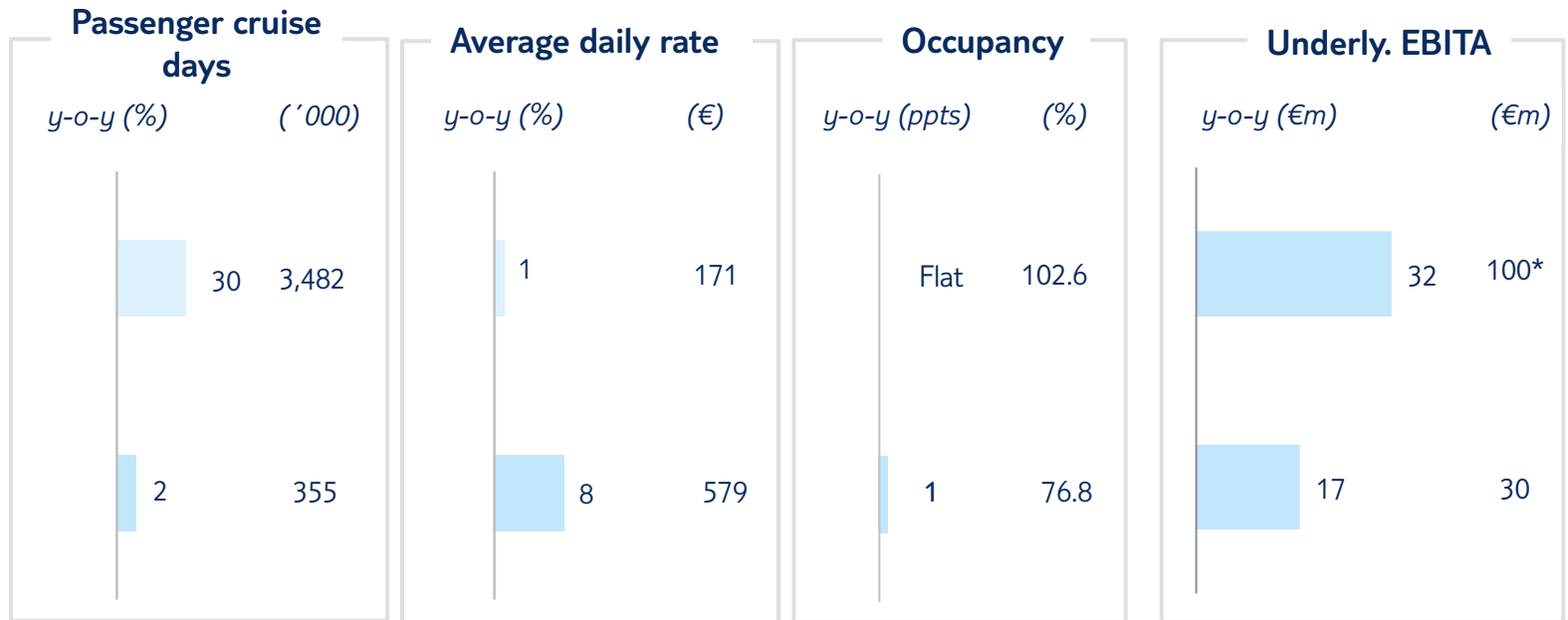


- Strong growth in earnings from TUI Cruises with the full year impact of Mein Schiff 4 and the launch of Mein Schiff 5 in July 2016.
- Average daily rate and occupancy across the fleet remain strong.
- Significant growth in Hapag-Lloyd Cruises, following completion of their turnaround last year.
- ROIC increased from 17.2% to 21.3% in the year, compared with a segmental WACC of 7.5%.



# Cruises

## KPIs 2015/16



\* Equity result



# TUI Cruises

## Key Figures - 100% View

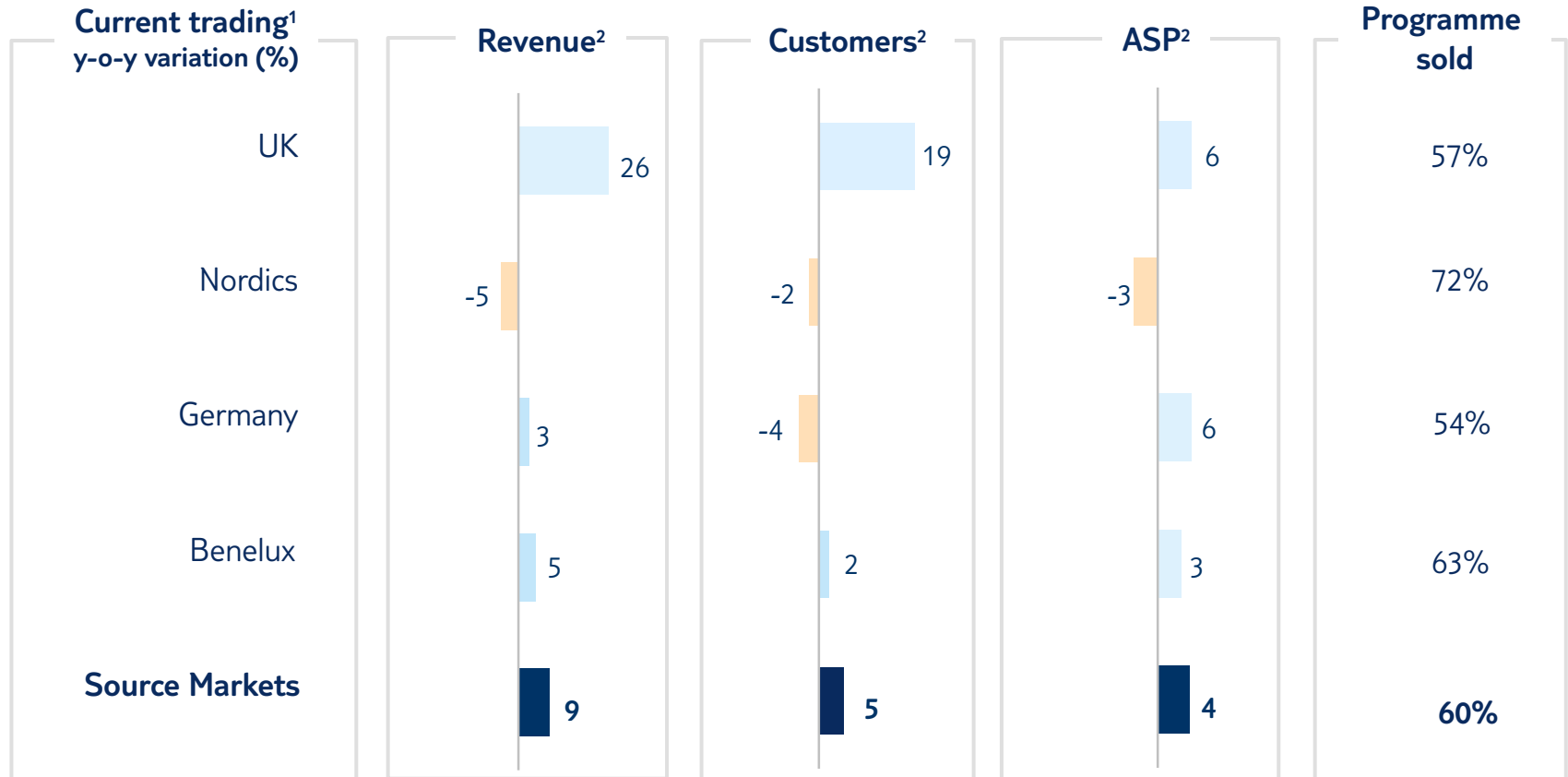
TUI Cruises 100%*	15/16	14/15	%
Turnover	807	614	31%
Underlying EBITA	227	156	46%
<i>EBITA-Margin</i>	28%	25%	
EAT	200	136	47%
<i>o/w TUI EAT (50%)</i>	100	68	47%
ROIC	9%	10%	
ROE	36%	26%	

\* unaudited figures



# Source Markets

## Current Trading – Winter 2016/17



<sup>1</sup>These statistics are up to 27 November 2016 and are shown on a constant currency basis

<sup>2</sup>These statistics relate to all customers whether risk or non-risk





# Destination Update

## Tunisia

- Adverse travel advice in UK, Belgium and Netherlands still in place
- TUI has **11 leased hotels** – most have been temporarily closed
- Not included in Summer 2017 programme

## Egypt

- Adverse travel advice to Sharm el Sheikh airport in UK, Nordics and Russia
- Several hotels temporarily closed
- **44 hotels operating** end September 2016 – 12 owned, 1 leased, 29 managed, 2 franchised

## Turkey

- Programmes operating from source markets but with subdued demand
- Programme remixed to Western Mediterranean and other alternative destinations
- **26 hotels operating** end September 2016 – 9 owned, 13 leased, 2 managed, 2 franchised



# Financial Calendar 2017

14 February 2017

Q1 2016/17 Report and Annual General Meeting

29 March 2017

Pre-close trading update

15 May 2017

Q2 2016/17 Report

10 August 2017

9M 2016/17 Report

28 September 2017

Pre-close trading update

13 December 2017

Annual Report for financial year 2016/17



# Contact

## **ANALYST & INVESTOR ENQUIRIES**

Andy Long, Director of Investor Relations

Tel: +44 1293 645831

### **Contacts for Analysts and Investors in UK, Ireland and Americas**

Sarah Coomes, Head of Investor Relations

Tel: +44 1293 645827

Hazel Newell, Investor Relations Manager

Tel: +44 1293 645823

Jacqui Smith, PA to Andy Long

Tel: +44 1293 645831

### **Contacts for Analysts and Investors in Continental Europe, Middle East and Asia**

Nicola Gehrt, Head of Investor Relations

Tel: +49 511 566 1435

Ina Klose, Investor Relations Manager

Tel: +49 511 566 1318

Jessica Blinne, Team Assistant

Tel: +49 511 566 1425

