



FY18 Q1 Results

13 FEBRUARY 2018





FORWARD-LOOKING STATEMENTS

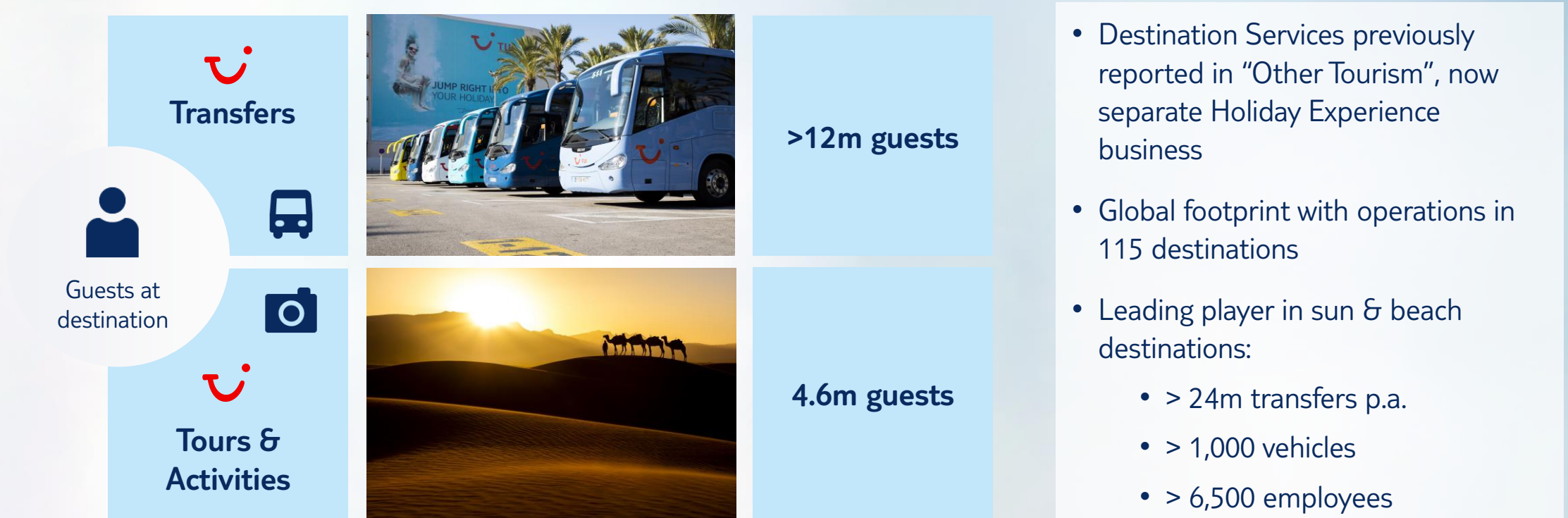
This presentation contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties 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 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.

DESTINATION SERVICES

FRITZ JOUSSEN



Destination Services – a hidden champion: Fast growing experience business



FY17 REVENUE
€203m¹

FY17 EBITA
€35m

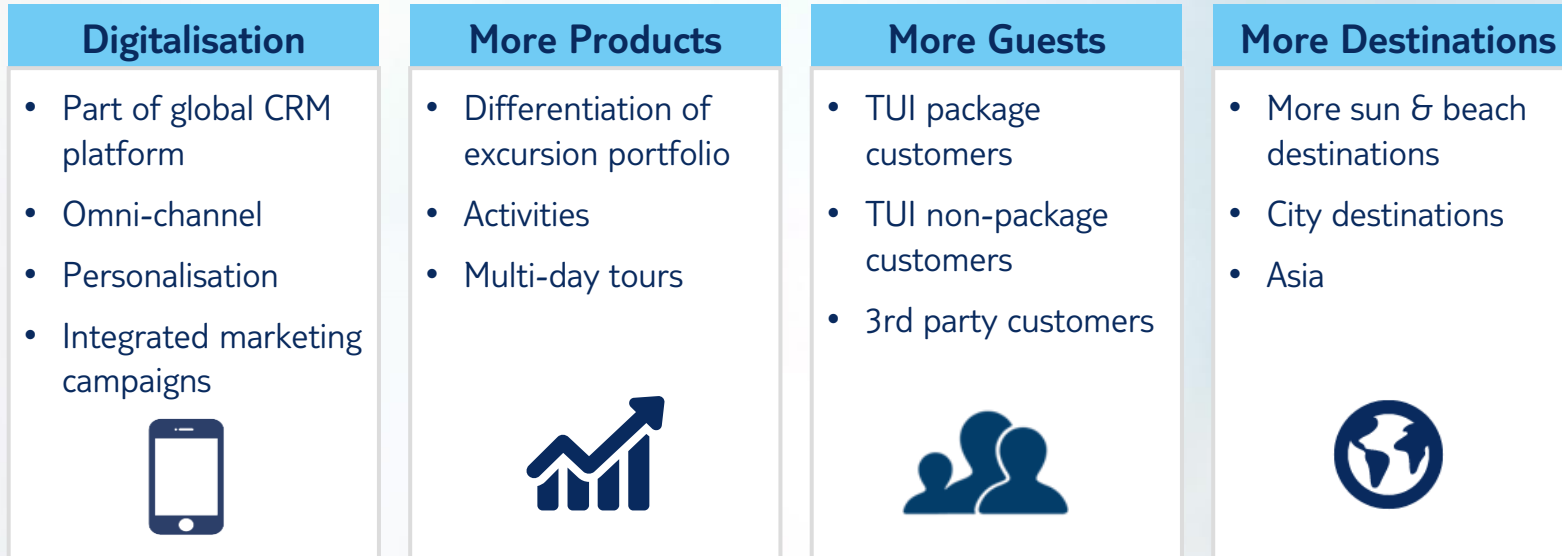
FY17 EBITA MARGIN
17%²

FY17 ROIC
24%

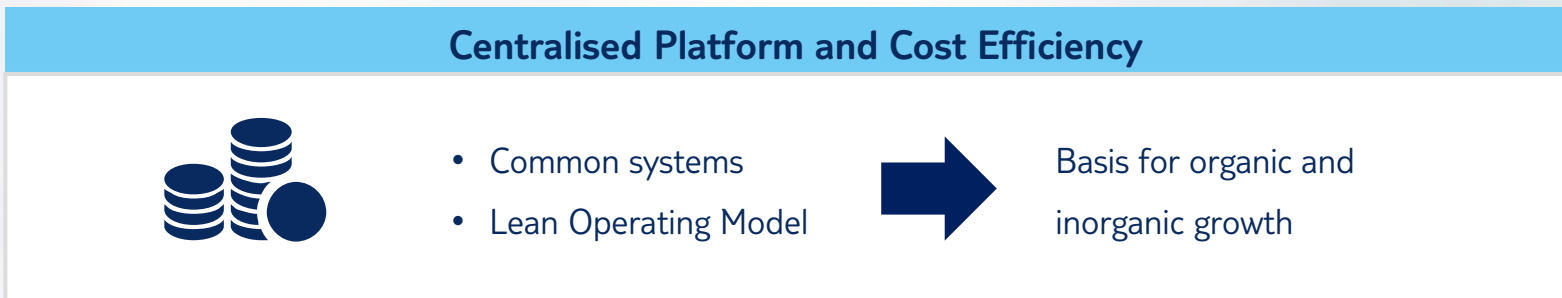
¹ External revenues FY17 ²Based on external revenues, 8% margin based on external and internal revenues



Destination Services – well positioned for strong future growth



- Centralised platform established allowing for cost-efficient and synergistic growth in four focus areas:
 - Digitalisation
 - More Products
 - More Guests
 - More Destinations



Destination Services – Reporting simplification

Previous reporting		Future reporting	
Underlying EBITA in €m	FY17	Underlying EBITA in €m	FY17
Hotels & Resorts	356.5	Hotels & Resorts	356.5
Cruises	255.6	Cruises	255.6
Sales & Marketing	526.5	Destination Services	35.1
Other Tourism	13.4	Holiday Experiences	647.2
Tourism	1,152.0	Sales & Marketing	526.5
All Other Segments	-49.9	All Other Segments	-71.6
TUI Group continuing operations	1,102.1	TUI Group continuing operations	1,102.1



DESTINATION SERVICES IS A STRATEGIC CONTENT BUSINESS FOR TUI

DESTINATION SERVICES BECOMING PART OF HOLIDAY EXPERIENCES

COMBINATION OF OTHER TOURISM AND ALL OTHER SEGMENTS

NO CHANGE IN TOTAL NUMBERS



FY18 Q1 RESULTS

FRITZ JOUSSEN



Strong Q1 performance, market trends intact

TURNOVER
€3.5bn
+9.1%¹

UNDERLYING EBITA
-€24.9m
+57.9%¹

REPORTED EBITA
-€45.1m
+35.1%¹

GUIDANCE REITERATED
**AT LEAST 10%
UNDERLYING EBITA
GROWTH FOR FY18¹**

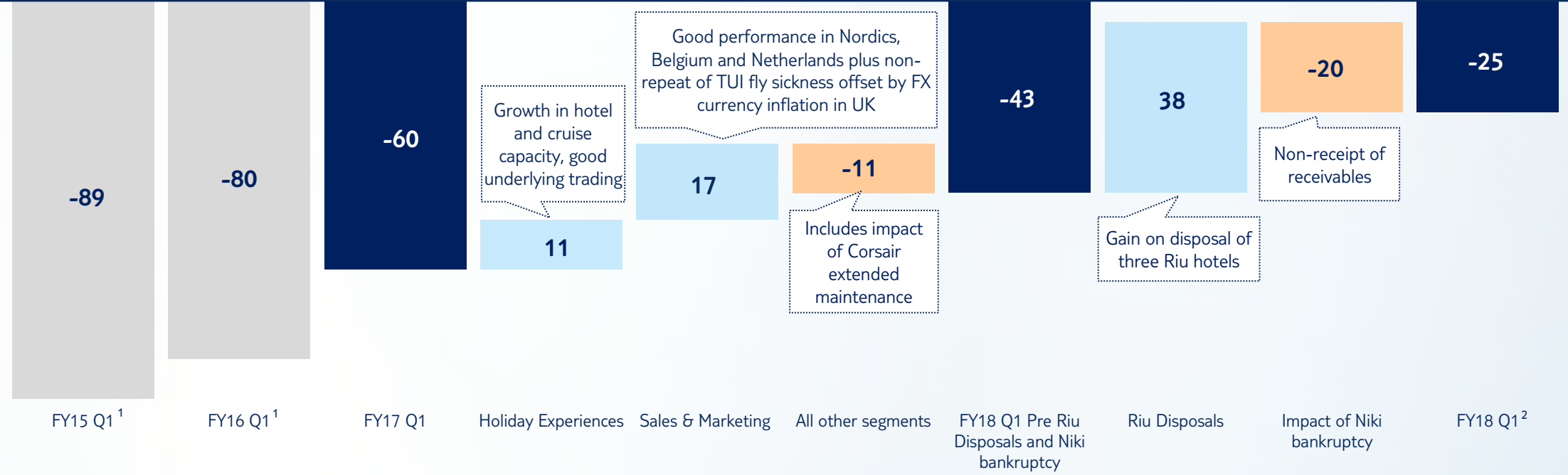
- Q1 performance affected by a combination of operational and external events
- Market trends intact
- Good trading for current and future seasons
- Well positioned to deliver at least 10% underlying EBITA growth for FY18¹

¹ At constant currency rates



Business model transition continues to be reflected in our financial performance

FY18 Q1 UNDERLYING EBITA (€m)



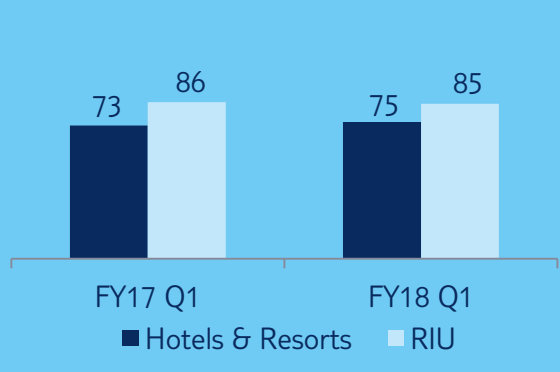
¹ Excludes discontinued operations
² FX translation impact is less than €0.5m



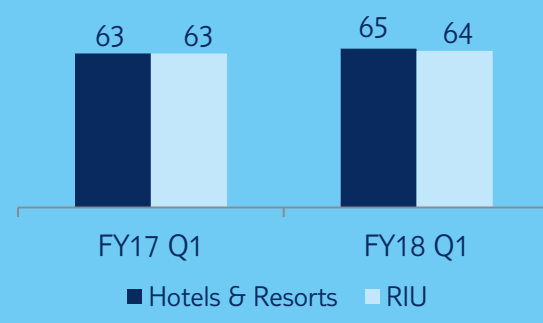
Holiday Experiences: Hotels & Resorts – Q1

Solid operational performance

AVERAGE OCCUPANCY %



AVERAGE REVENUE PER BED €

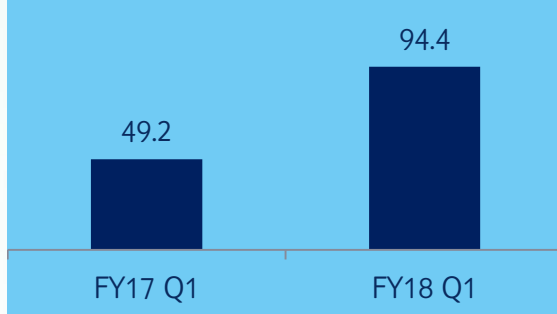


SEVEN OPENINGS IN Q1

35 since merger

of which ~60% are low capital intensity

UNDERLYING EBITA €M



TURNOVER AND EARNINGS (€m)

	FY18 Q1	FY17 Q1	%
Turnover	144.8	141.2	2.5
Underlying EBITA	94.4	49.2	91.9
<i>o/w Equity result</i>	14.3	14.9	-4.0

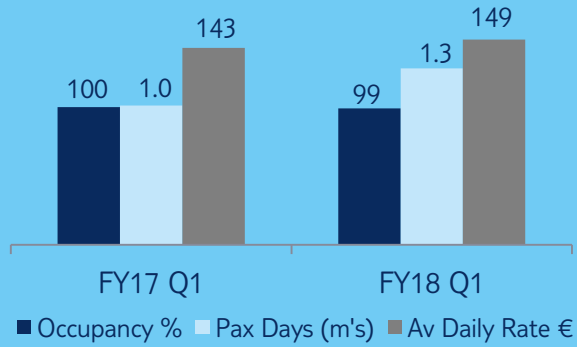
BRIDGE UNDERLYING EBITA (€M)



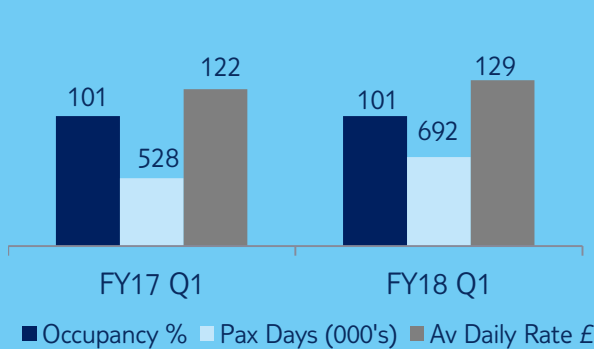
Holiday Experiences: Cruises – Q1

Strong market continues to drive earnings

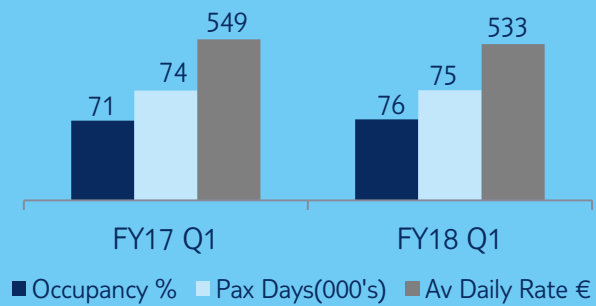
TUI CRUISES



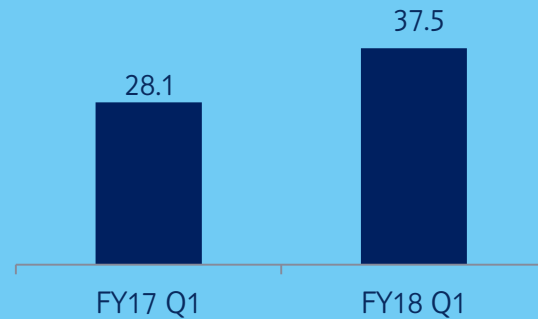
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M

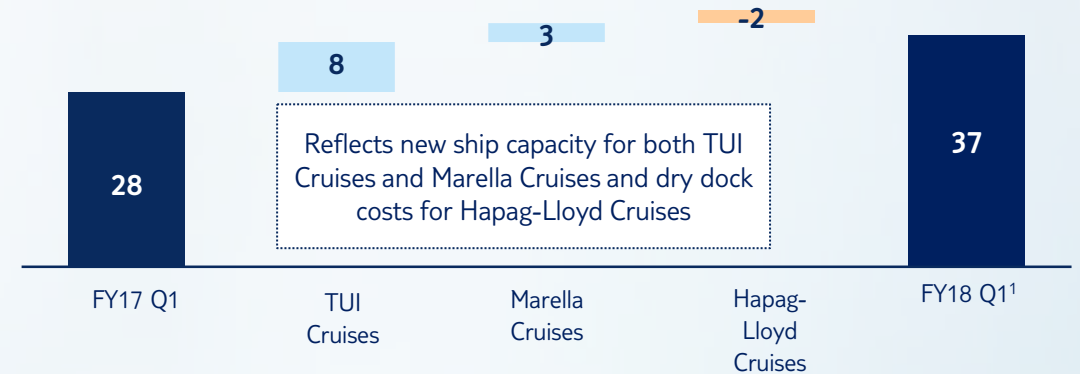


TURNOVER AND EARNINGS (€M)

	FY18 Q1	FY17 Q1	%
Turnover	192.3	151.9	26.6
<i>Memo: TUI Cruises Turnover</i>	280.6	217.7	28.9
Underlying EBITA	37.5	28.1	33.5
<i>o/w EAT TUI Cruises*</i>	25.2	16.9	49.1

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

BRIDGE UNDERLYING EBITA (€M)



¹ FX translation impact is less than €0.5m



Holiday Experiences: Destination Services – Q1

Global sun & beach leader well-positioned for strong future growth

TURNOVER AND EARNINGS (€M)

	FY18 Q1	FY17 Q1	%
Turnover	38.4	31.2	23.1
Underlying EBITA at constant currency	1.1	2.8	

- Strong increase in turnover
- Seasonal business profile
- Operating model changed in FY17 leading to a shift in earnings to Q3 and Q4
- Expect to deliver ~15% growth in underlying EBITA for FY18¹



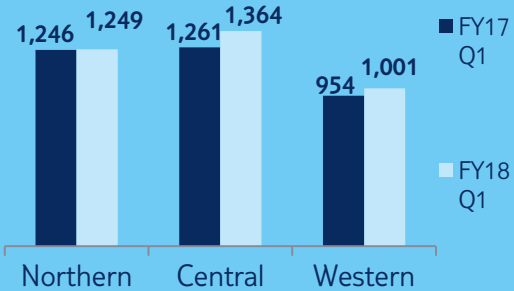
¹ At constant currency rates



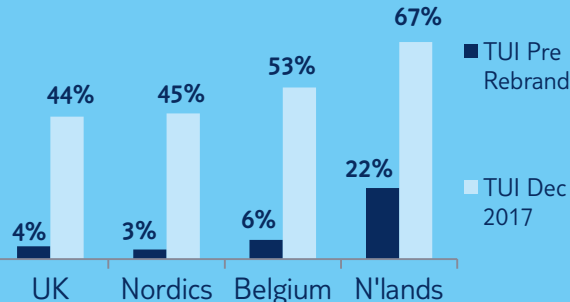
Sales & Marketing – Q1

Portfolio of source markets continues to deliver good underlying result

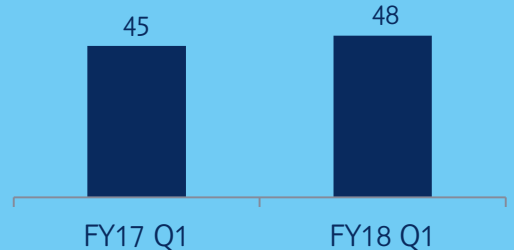
CUSTOMERS (000's)



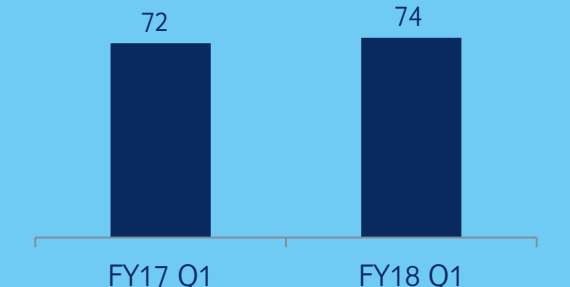
UNAIDED AWARENESS %



ONLINE DISTRIBUTION %



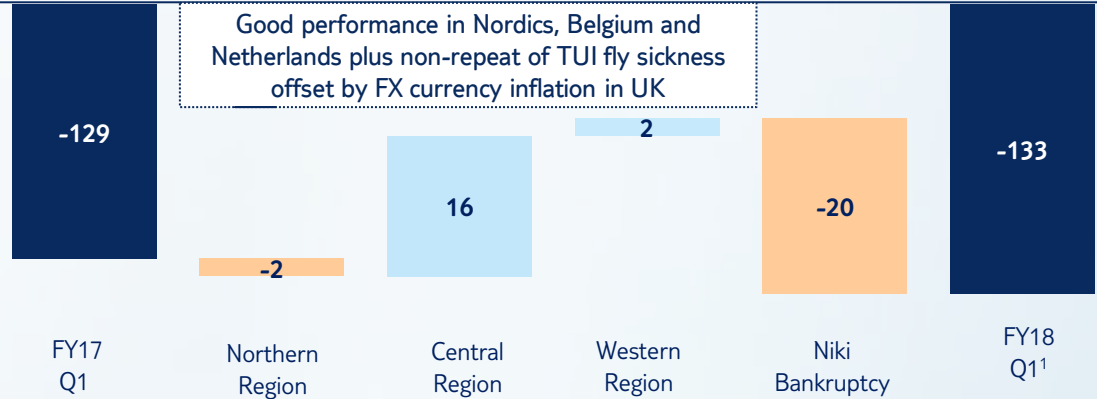
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18 Q1	FY17 Q1	%
Turnover	3,028.5	2,798.3	8.2
Underlying EBITA	-133.4	-129.4	-3.1

BRIDGE UNDERLYING EBITA (€M)



¹ FX translation impact is less than €0.5m



Current Trading remains in line with our expectations

HOLIDAY EXPERIENCES

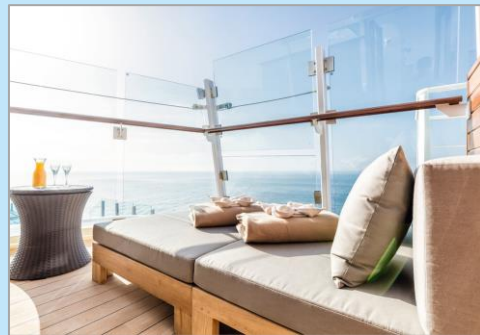
HOTELS & RESORTS

- Seven further openings scheduled for Summer 2018
- Demand for Western Med and Caribbean remains strong
- Turkey and North Africa continues to improve



CRUISES

- Demand remains strong with an increase in yield for all three brands
- New ship launches for TUI Cruises, Marella Cruises and Hapag-Lloyd Cruises
- New build announced for TUI Cruises for Spring 2023



DESTINATION SERVICES

- Volumes develop in line with Sales & Marketing
- Opening new DMC in Jamaica this April



SALES & MARKETING

- W17/18¹ revenue +6%, bookings +3%
- Strong growth in bookings for North Africa, Thailand, Cape Verde and Cyprus
- Long haul continues to grow
- Good start to S18 - revenue +8%, bookings +6%



¹These statistics are up to 4 February 2018 and shown on a constant currency basis and relate to all customers whether risk or non-risk



FY18 Q1 RESULTS

HORST BAIER



Income Statement

Group strategy leads to reduced earnings seasonality

In €m	FY18 Q1	FY17 Q1
Turnover	3,549.4	3,282.0
Underlying EBITA	-24.9	-60.3
Adjustments (SDI's and PPA)	-20.2	-9.2
EBITA	-45.1	-69.5
Net interest expense	-27.4	-33.8
EBT	-72.5	-103.3
Income taxes	13.8	21.7
Group result continuing operations	-58.7	-81.6
Discontinued operations	-	-8.5
Minority interest	-40.9	-27.4
Group result after minorities	-99.6	-117.5
Basic EPS (€, continuing)	-0.17	-0.19

- **ADJUSTMENTS**

Includes PPA €8m and planned restructuring costs in Sales & Marketing – no change to full year guidance (~€80m)

- **INTEREST**

€6m decrease driven principally by improvement in net debt position and higher interest income

- **TAX**

Underlying effective tax rate remains at 20%



Cash Flow & Movement in Net Debt

Improved net debt position driven by disposal proceeds

In €m	FY18 Q1	FY17 Q1
EBITDA reported¹	55.4	29.8
Working capital	-1,182.7	-1,097.8
Other cash effects	-55.7	52.9
At equity income ¹	-45.1	-35.3
Dividends received from JVs and associates	1.6	1.4
Tax paid	-68.7	-58.4
Interest (cash)	-23.3	-19.4
Pension contribution	-31.4	-36.9
Operating Cashflow	-1,349.9	-1,163.7
Net capex	-143.2	-127.2
Net investments	43.0	-118.3
Net pre-delivery payments	-40.5	-83.7
Free Cashflow	-1,490.6	-1,492.9
Dividends	-	-1.3
Movement in Cash Net of Debt	-1,490.6	-1,494.2

¹ Continuing ops basis, non-continuing adjustment in Other cash effects


























NET DEBT IMPROVEMENT

- Enhancement in net debt as a result of disposal proceeds received in FY17 not yet fully reinvested

In €m	31 Dec 2017	31 Dec 2016
Opening cash (debt) as at 1 October	583	350
Movement in cash net of debt	-1,491	-1,494
Asset Finance	-4	-1
Other	38	-82
Closing net debt incl. Discontinued Ops	-874	-1,227
Travelopia	-	-291
Closing net debt as per Balance Sheet	-874	-1,518



Update on our Cruise fleet investment programme – TUI CAPEX not enhanced

BRAND / OWNERSHIP	FLEET DEVELOPMENT	UPDATE
<p>Off-balance: JV</p> 	<p>Current fleet:      </p> <p>Join UK fleet in FY18 Join UK fleet in FY19</p> <p>Deliveries:  FY18  FY19  FY23</p> <p>Update on fleet development</p>	<ul style="list-style-type: none"> • Strong market demand remains intact • New ship order with delivery in 2023 through TUI Cruise JV • Investment entirely funded by JV • No additional capex requirement from TUI Group
<p>On balance</p> 	<p>Current fleet:     </p> <p>Exit FY18 Exit FY19</p> <p>Deliveries:  FY18 (MS 1)  FY19 (MS2)</p>	
<p>On balance</p> 	<p>Current fleet:    </p> <p>Exit FY18</p> <p>Deliveries:  FY19  FY20</p>	

20% TUI SHAREHOLDER ROIC

STRONG MARKET

CAPACITY GROWTH

ROIC AS KPI

CAPITAL DISCIPLINE

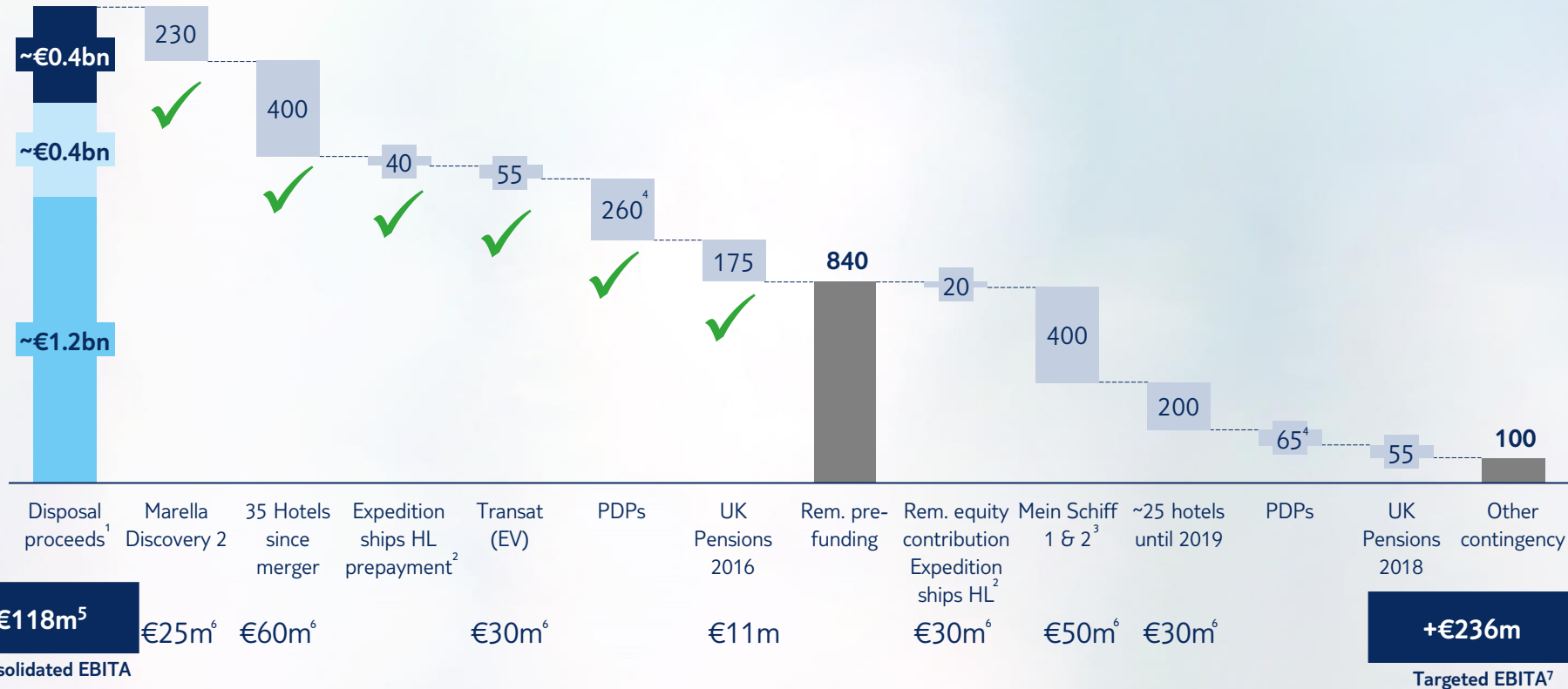


Update on re-investment programme FY16-FY19 – doubling EBITA under way

GROWTH INVESTMENTS FY16 to FY18 Q1

GROWTH INVESTMENTS FY18 & FY19

REINVESTMENTS



- Reinvestment of disposal proceeds by FY19
- Own content growth
- Basis for end-to-end profitability
- Investments on track
- Doubling returns
- Capital discipline continues after FY19
- ROIC as KPI
- Normalized capex levels
- Investments if attractive

¹ Including working capital/cash effect; ² Equity-contribution, delivery in Spring & Autumn 2019; ³ Assumes MS1+ 2 purchase as cash transaction/final decision on transaction structure/financing not yet taken; ⁴ €10m quarterly adjustment until 2019 - pro rata approach; ⁵ Number includes €93m EBITA of HBG & Travelopia as well as EAT of MS1+2 within TUI Cruises of €25m due transferring the ships to UK market, delivery in Summer 2018 & 2019; ⁶ run-rate; ⁷ Based on targeted EBITA run-rate



Update on TUI Airlines – modernisation of fleet, no impact to TUI financial policy

LEVERAGE RATIO FY17

€m	FY17
<i>Gross debt</i>	1,933
<i>to Bonds</i>	296
<i>to Liabilities to banks</i>	381
<i>to Finance lease</i>	1,227
<i>to Other financial liabilities</i>	29
<i>Pension</i>	1,127
<i>Discounted value of operating leases¹</i>	2,619
DEBT	5,680
Reported EBITDAR	2,241
Leverage Ratio	2.5x

¹ At simplified discounted rate of 1.75%

FY18 Leverage Target range 3.00x – 2.25x

UPDATE

- **Re-fleeting in line with current investment guidance; no additional CAPEX spend**
- Modernisation commenced in January 2018 with the delivery of the first B737 MAX
- In total 70 MAX aircraft will be delivered by 2023 replacing all former aircraft type B757 and some B737 NGs
- Programme drives cost efficiency due to lower fuel consumption and reduced CO₂ emissions and increases flying range
- Type of aircraft financing (operating/finance lease or ownership) will be on a case by case decision



FY18 Guidance¹

	FY18e	FY17
Turnover ²	Around 3% growth	€18,535m
Underlying EBITA	At least 10% growth	€1,102m
Adjustments	~€80m	€76m
Net interest expense	~€120m	€119m
Underlying effective tax rate	~20%	20%
Net capex & investments incl. PDPs ³	~€1.2bn	€1.1bn
Net (debt)/cash	Slightly negative	€0.6bn
Leverage ratio	3.0x to 2.25x	2.5x
Interest cover	5.75x to 6.75x	6.1x
Dividend per share	Growth in line with underlying EBITA	€0.65

¹ Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current Group structure

² Excluding cost inflation relating to currency movements

³ Assuming acquisition of Mein Schiff 1 for Marella Cruises

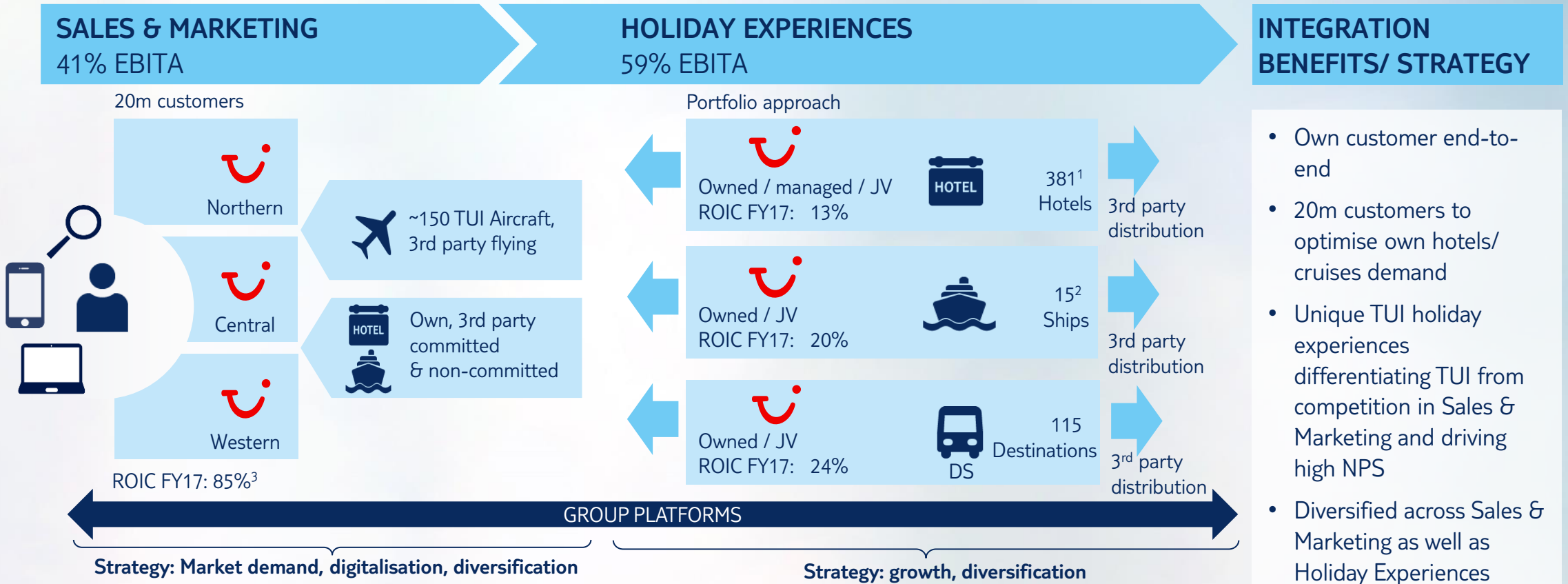


OUTLOOK AND OUR AMBITION

FRITZ JOUSSEN



TUI – Product-focused tourism group with 59% holiday experience earnings

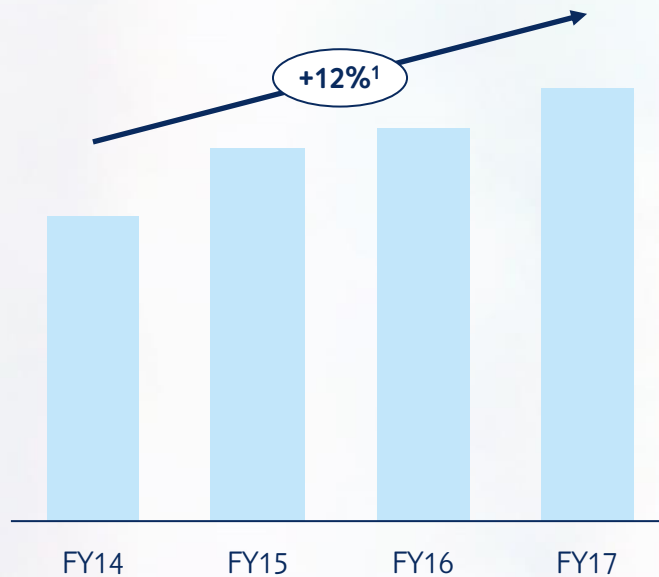


¹ This number includes group hotels and 3rd party concept hotels as at end of Q1 FY18 ² As at end of Q1 FY18 ³ This number relates to Sales & Marketing/ all other

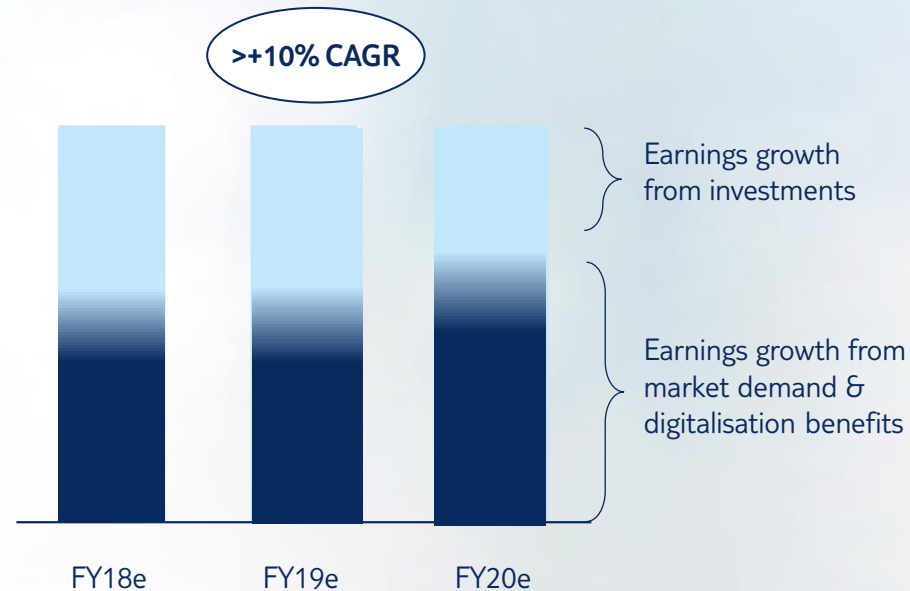


Outlook: Merger synergies delivered, strong earnings growth story continues

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES



FUTURE GROWTH: MARKET DEMAND, DIGITALISATION, INVESTMENTS



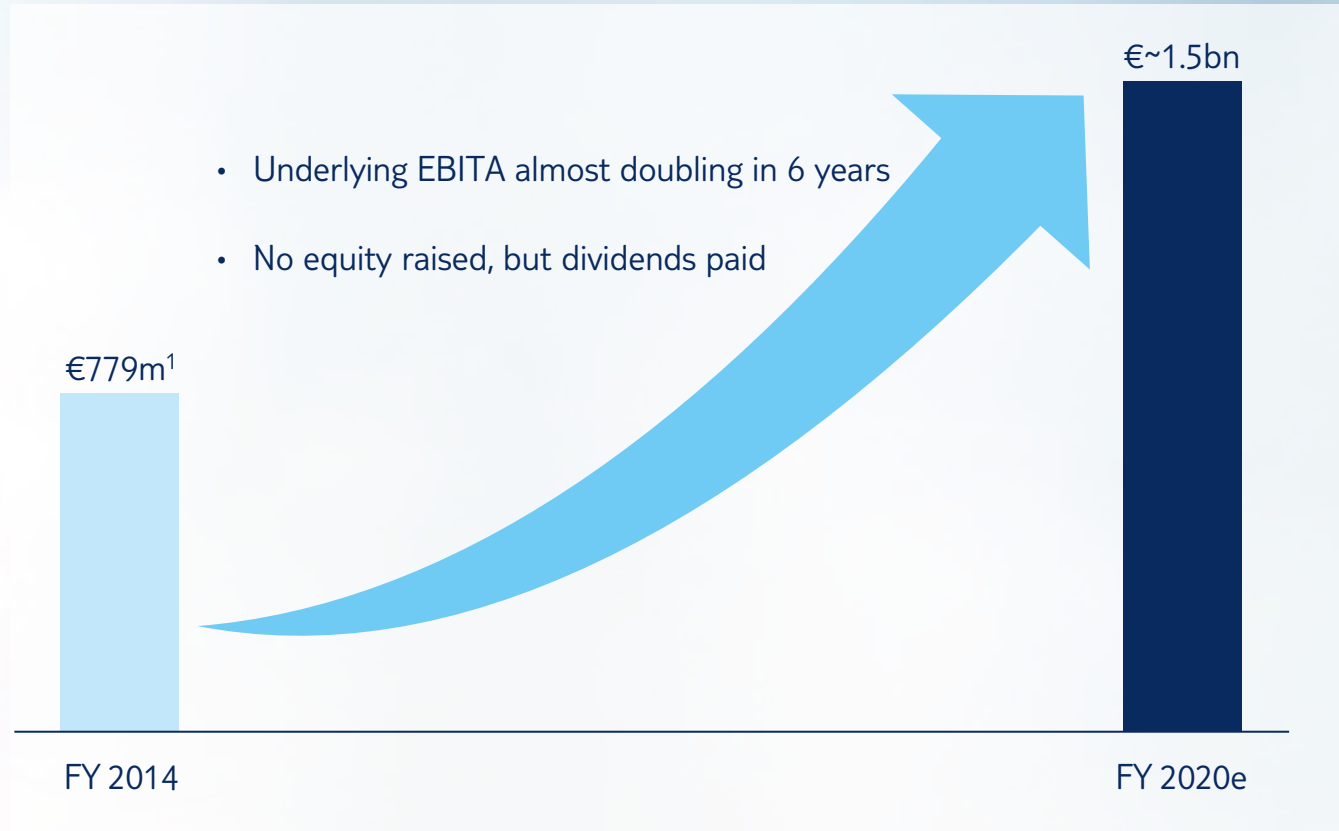
MERGER SETS BASIS FOR FUTURE GROWTH

- Target extended to 2020: at least 10% underlying EBITA CAGR
- Mix of earnings growth changes
 - Market demand & digitalisation benefits
 - Growth from investments
- Less seasonality in earnings

¹ Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency



Our ambition: Strong strategic positioning, strong earnings growth and strong cash generation with underlying EBITA doubling in 6 years



¹ Pro Forma EBITA



Upcoming Events: Capital Markets Day / H1 Results / IFRS16

CAPITAL MARKETS DAY

**SAVE THE DATE:
WEDNESDAY 9 MAY 2018 IN HAMBURG**



- ON BOARD NEWLY LAUNCHED MEIN SCHIFF 1
- PRESENTATION OF OUR CRUISE BUSINESS
- CRUISE SHIP TOUR
- PRESENTATION OF FY18 H1 RESULTS
- AGENDA AND INVITES TO FOLLOW IN DUE COURSE

UPDATE ON IFRS16

**FY18 RESULTS & FY18 ANNUAL REPORT:
THURSDAY 13 DECEMBER 2018 IN LONDON**

- IMPACT OF NEW LEASE ACCOUNTING RULES ON TUI (IFRS16)
- TO BE DISCUSSED AS PART OF OUR FY18 RESULTS PRESENTATION



Q&A



APPENDIX



FY18 Q1 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY18 Q1	FY17 Q1	Change	FX	Change ex FX
Hotels & Resorts	144.8	141.2	3.6	-6.0	9.6
- Riu	114.8	115.5	-0.7	-3.9	3.2
- Robinson	18.6	16.4	2.2	-0.6	2.8
- Blue Diamond	-	-	-	-	-
- Other	11.4	9.3	2.1	-1.5	3.6
Cruises	192.3	151.9	40.4	-2.6	43.0
- TUI Cruises	-	-	-	-	-
- Marella Cruises	121.9	89.7	32.2	-2.6	34.8
- Hapag-Lloyd Cruises	70.4	62.2	8.2	-	8.2
Destination Services	38.4	31.2	7.2	-0.6	7.8
<i>Holiday Experiences</i>	<i>375.5</i>	<i>324.3</i>	<i>51.2</i>	<i>-9.2</i>	<i>60.4</i>
- Northern Region	1,178.9	1,108.0	70.9	-19.6	90.5
- Central Region	1,265.9	1,140.9	125.0	-2.5	127.5
- Western Region	583.7	549.4	34.3	-	34.3
<i>Sales & Marketing</i>	<i>3,028.5</i>	<i>2,798.3</i>	<i>230.2</i>	<i>-22.1</i>	<i>252.3</i>
All other segments	145.4	159.4	-14.0	-0.7	-13.3
TUI Group continuing operations	3,549.4	3,282.0	267.4	-32.0	299.4

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Services from Other Tourism, Marella Cruises from Northern Region to Cruise segment and remaining business segments within Other Tourism into All other segments.



FY18 Q1 Underlying EBITA by Segment*

In €m	FY18 Q1	FY17 Q1	Change	FX	Change ex FX
Hotels & Resorts	94.4	49.2	45.2	4.1	41.1
- Riu	115.3	76.3	39.0	-0.2	39.2
- Robinson	1.5	1.7	-0.2	0.4	-0.6
- Blue Diamond**	3.3	0.2	3.1	-0.5	3.6
- Other	-25.7	-29.0	3.3	4.4	-1.1
Cruises	37.5	28.1	9.4	-0.3	9.7
- TUI Cruises**	25.2	16.9	8.3	-	8.3
- Marella Cruises	11.7	9.0	2.7	-0.3	3.0
- Hapag-Lloyd Cruises	0.6	2.2	-1.6	-	-1.6
Destination Services	-0.2	2.8	-3.0	-1.3	-1.7
Holiday Experiences	131.7	80.1	51.6	2.6	49.0
- Northern Region	-31.1	-29.3	-1.8	-0.2	-1.6
- Central Region	-56.4	-52.4	-4.0	-0.1	-3.9
- Western Region	-45.9	-47.7	1.8	-	1.8
Sales & Marketing	-133.4	-129.4	-4.0	-0.3	-3.7
All other segments	-23.2	-11.0	-12.2	-1.7	-10.5
TUI Group continuing operations	-24.9	-60.3	35.4	0.5	34.9

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Services from Other Tourism, Blue Diamond to Hotels & Resorts and Marella Cruises to Cruise segment both from Northern Region and remaining business segments within Other Tourism into All other segments.

**Equity result



Adjustments & Net Interest Result

In €m	FY18 Q1	FY17 Q1
Gain/(Loss) on disposals	-	-0.7
Restructuring expense	-9.1	-0.2
Purchase Price Allocation	-7.6	-7.7
Other one-off items	-3.5	-0.6
Total Adjustments	-20.2	-9.2

In €m	FY18 Q1	FY17 Q1
Debt related interest	-27	-28
Non-debt related charge	-8	-11
Interest income	8	5
Net interest result	-27	-34
<i>o/w cash interest</i>	<i>-23</i>	<i>-19</i>



Net Financial Position, Pensions and Operating Leases

In €m	31 Dec 2017	31 Dec 2016
Financial liabilities	-1,871	-2,177
- Finance leases	-1,186	-1,266
- Senior Notes	-296	-295
- Liabilities to banks	-362	-565
- Other liabilities	-27	-51
Cash	997	659
Net debt	-874	-1,518
- Net Pension Obligation	-1,126	-1,375
- Discounted value of operating leases ¹	-2,674	-3,329

¹ At simplified discounted rate of 1.5% with both years on continuing ops basis



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