

FY18 H1 Results

9 MAY 2018



A person is lying on their back on a green beach mat on a sandy beach. They are holding an open book above their head with both hands. They are wearing a white, ruffled, short-sleeved top and black shorts. A large, light-colored straw hat is resting on their lap. In the foreground, there is a rolled-up blue and white striped towel, a black smartphone, and a pair of blue flip-flops. The background shows the ocean and a bright, sunny sky.

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.

FY18 H1 RESULTS

FRITZ JOUSSEN



On track to deliver our growth targets

TURNOVER

€6.8bn

+7.2%

UNDERLYING EBITA

-€158.6m

+26.0%

REPORTED EBITA

-€192.3m

+23.7%

GUIDANCE REITERATED

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

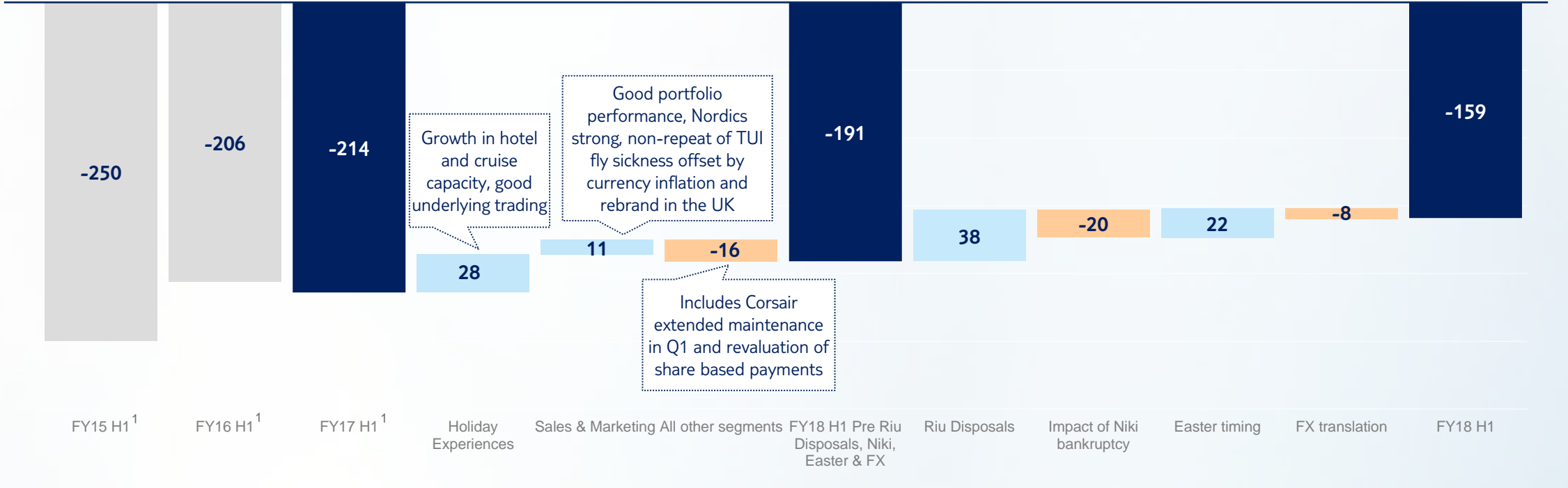
- Good H1 performance
- Strong demand continues for our hotels, cruises and holidays
- Delivering our growth strategy based on investments, market demand and digitalisation
- On track to deliver at least 10% underlying EBITA growth for FY18¹

¹ At constant currency rates



Good H1 performance with a further improvement in the seasonal result

FY18 H1 UNDERLYING EBITA (€m)



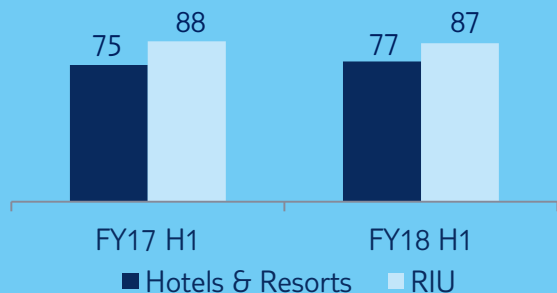
¹ Excludes discontinued operations



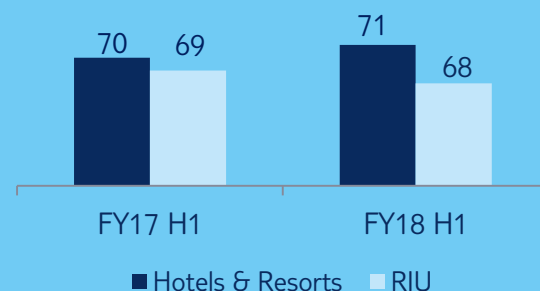
Holiday Experiences: Hotels & Resorts – H1

Continuing growth strategy across portfolio of destinations

AVERAGE OCCUPANCY %



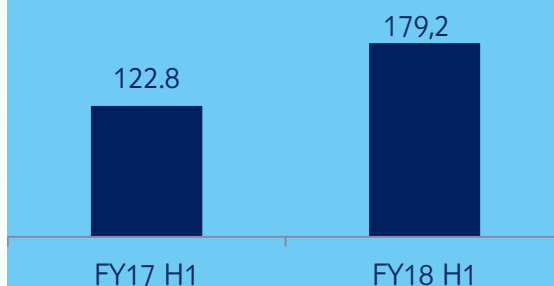
AVERAGE REVENUE PER BED €



38 NEW HOTEL OPENINGS SINCE MERGER

of which ~60% are low capital intensity

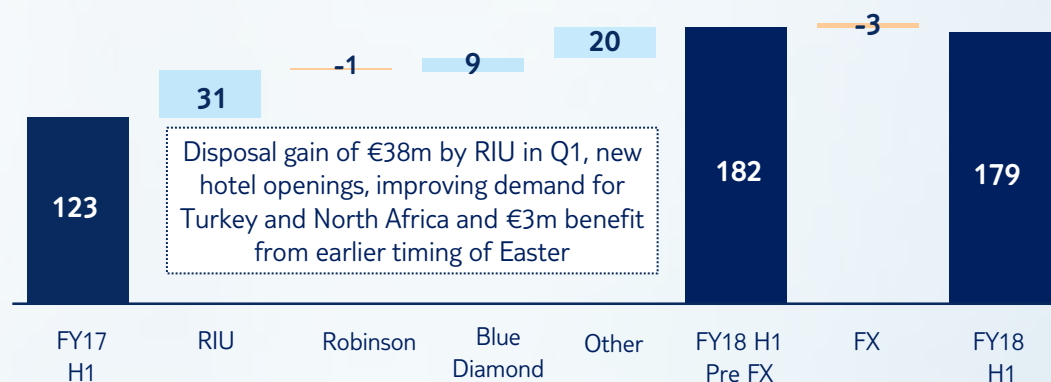
UNDERLYING EBITA €M



TURNOVER AND EARNINGS (€m)

	FY18 H1	FY17 H1	%
Turnover	287.9	300.0	-4.0
Underlying EBITA	179.2	122.8	45.9
<i>o/w Equity result</i>	44.5	42.8	4.0

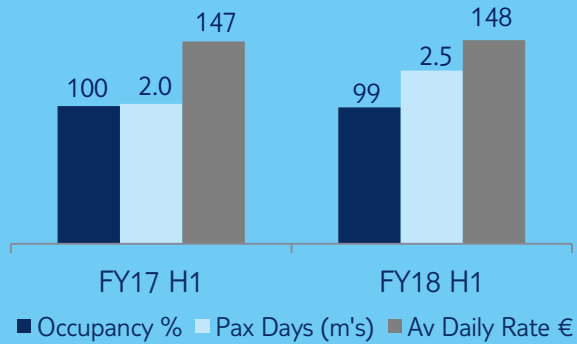
BRIDGE UNDERLYING EBITA (€M)



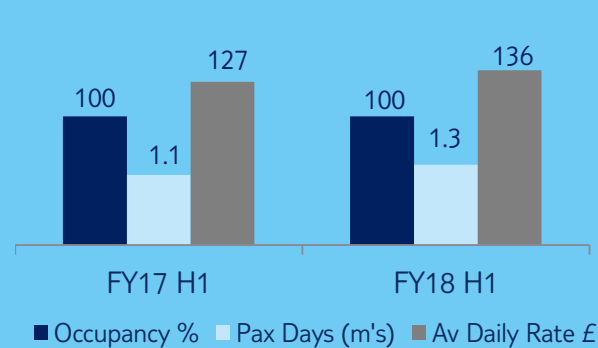
Holiday Experiences: Cruises – H1

Strong demand and capacity growth continue to drive earnings

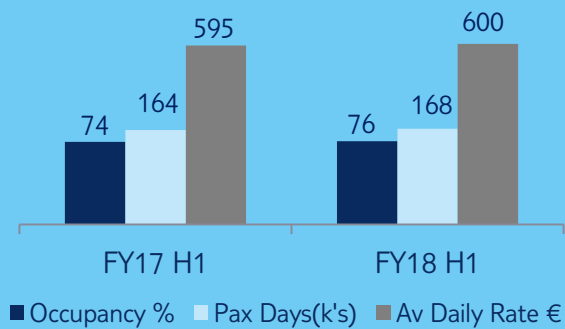
TUI CRUISES



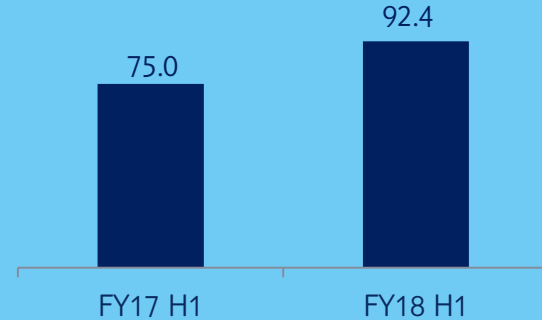
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M

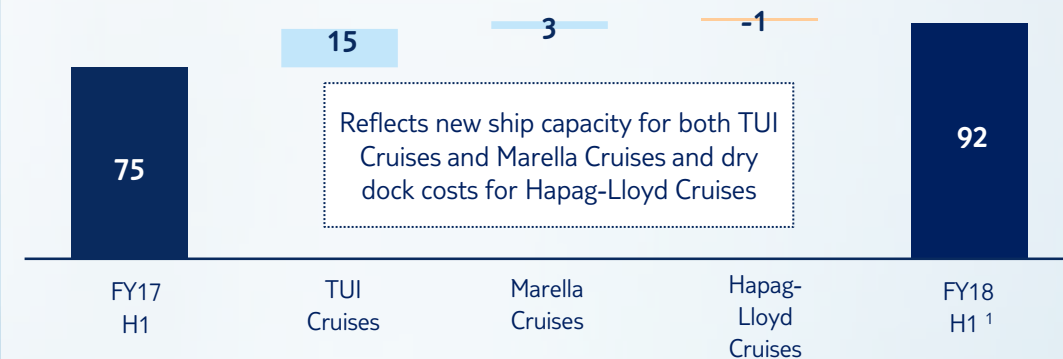


TURNOVER AND EARNINGS (€M)

	FY18 H1	FY17 H1	%
Turnover	395.6	345.9	14.4
<i>Memo: TUI Cruises Turnover</i>	569.5	458.8	24.1
Underlying EBITA	92.4	75.0	23.2
<i>o/w EAT TUI Cruises*</i>	53.3	38.3	39.2

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

BRIDGE UNDERLYING EBITA (€M)



¹ FX translation impact is less than €1m



Holiday Experiences: Destination Experiences (formerly Destination Services) – H1

Global tours & activities leader well-positioned for strong future growth

TURNOVER AND EARNINGS (€M)

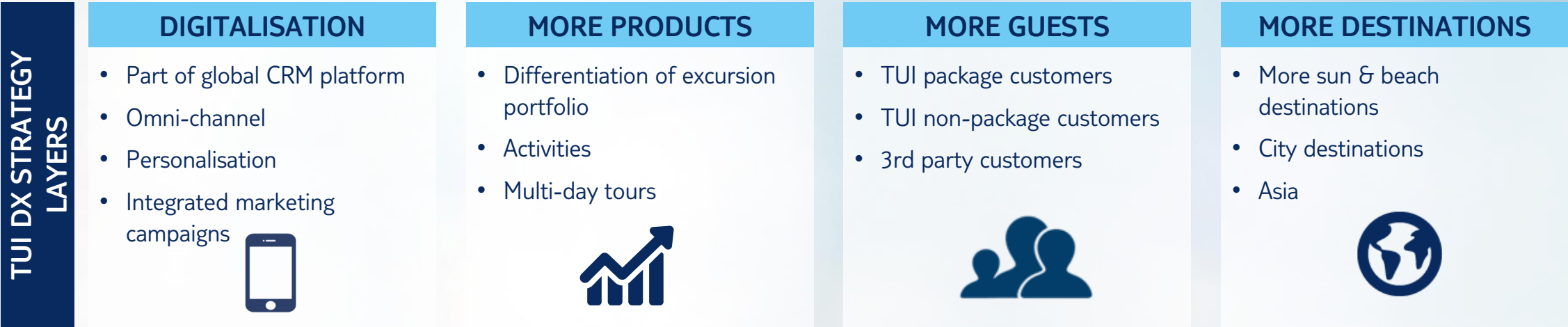
	FY18 H1	FY17 H1	%
Turnover	59.8	54.6	9.5
Underlying EBITA	-9.3	0.3	

- Acquisition of Destination Management business from Hotelbeds Group, expected to complete in H2 FY18
- H1 result reflects operating model change since prior year leading to phasing of earnings into H2
- Good operational performance
- Arrival guests grew by 5%
- Expect to deliver ~15% growth in underlying EBITA pre-acquisition of Destination Management business for FY18¹

¹ At constant currency rates



Strategic expansion of our Destination Experiences business – HBG Destination Management business acquisition ticks 3 relevant boxes



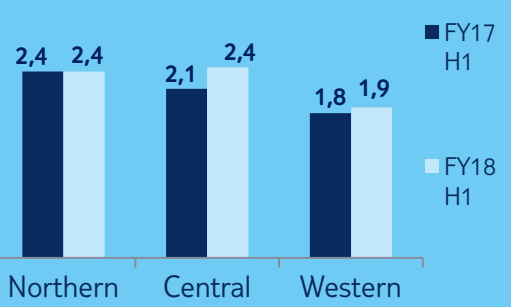
TUI's One CRM initiative as accelerator for our Destination Experiences business – now in even more destinations



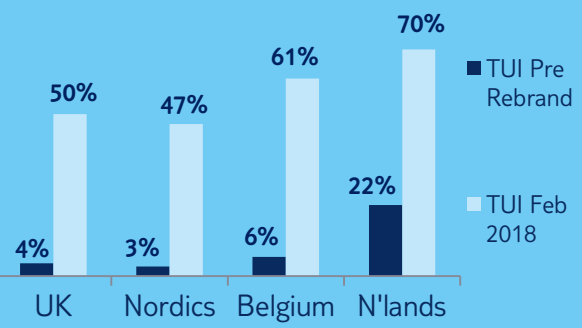
Sales & Marketing – H1

Portfolio of source markets continues to deliver good overall result

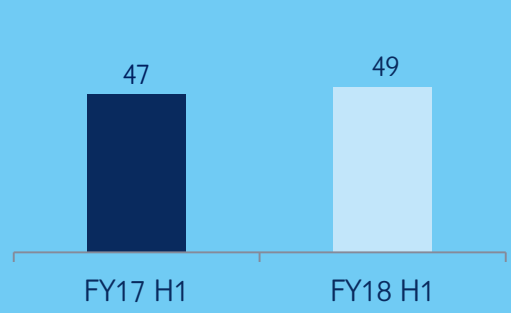
CUSTOMERS (M's)



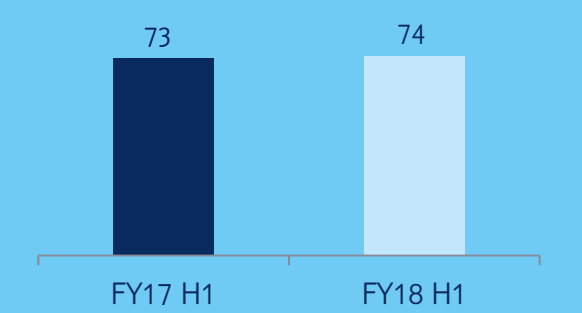
UNAIDED AWARENESS %



ONLINE DISTRIBUTION %



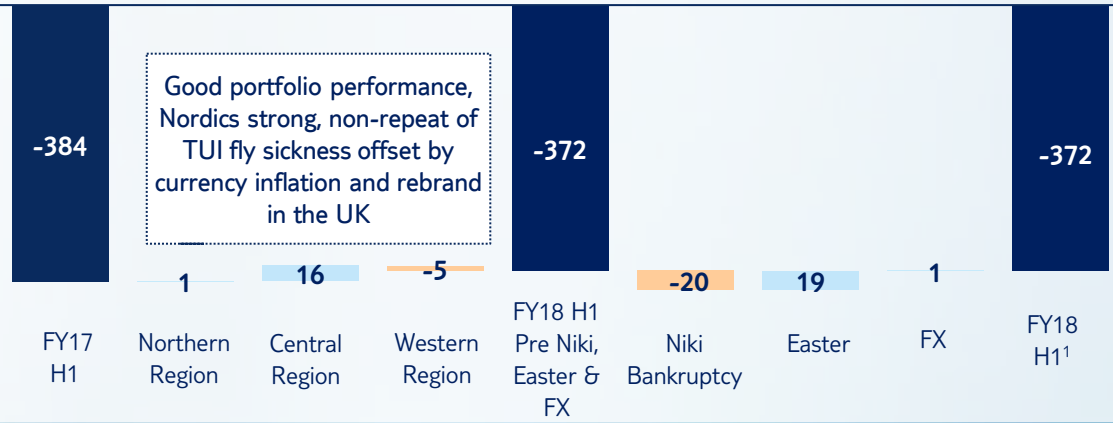
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18 H1	FY17 H1	%
Turnover	5,762.3	5,346.3	7.8
Underlying EBITA	-371.9	-383.9	3.1

BRIDGE UNDERLYING EBITA (€M)



Current trading progressing well

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- Spain remains strong with demand rebalancing to Turkey and North Africa
- Strong demand for Greece
- Five openings scheduled for Summer 2018



CRUISES

- Demand remains strong with higher yields in all three brands
- New ship launches scheduled for TUI Cruises, Marella Cruises and Hapag-Lloyd Cruises
- From S19, entire Marella fleet will be fully All-Inclusive



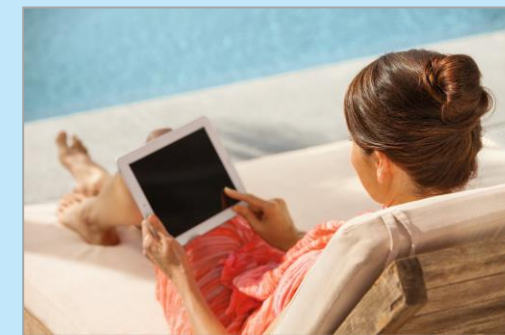
DESTINATION EXPERIENCES

- Volumes develop in line with Sales & Marketing
- Acquisition of the destination management business from Hotelbeds Group is expected to complete in H2 FY18



SALES & MARKETING

- S18¹ revenue +7%, bookings +5%
- Strong growth in bookings for Turkey, North Africa, Greece, Bulgaria, Cyprus and Croatia
- W17/18 closed out well with growth driven by North Africa, Cape Verde, Thailand and Turkey



¹These statistics are up to 29 April 2018 and shown on a constant currency basis and relate to all customers whether risk or non-risk



FY18 H1 RESULTS

HORST BAIER



Income Statement

Group strategy improves earnings seasonality

In €m	FY18 H1	FY17 H1
Turnover	6,813.5	6,353.8
Underlying EBITA	-158.6	-214.3
Adjustments (SDI's and PPA)	-33.7	-37.6
EBITA	-192.3	-251.9
Net interest expense	-54.9	-61.2
Hapag-Lloyd AG	-	2.3
EBT	-247.2	-310.8
Income taxes	47.0	65.3
Group result continuing operations	-200.2	-245.5
Discontinued operations	-	-63.1
Minority interest	-70.3	-54.3
Group result after minorities	-270.5	-362.9
Basic EPS (€, continuing)	-0.46	-0.51

ADJUSTMENTS

Includes PPA €15m and planned restructuring costs in Sales & Marketing. Current full year guidance of ~€80m excludes potential impact from Destination Management acquisition expected to complete in H2

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 as a result of disposal proceeds

In €m	FY18 H1	FY17 H1
EBITDA reported¹	15.3	-52.3
Working capital	-198.6	-73.3
Other cash effects	-39.1	48.5
At equity income ¹	-121.5	-105.6
Dividends received from JVs and associates	48.8	49.6
Tax paid	-93.9	-84.6
Interest (cash)	-34.8	-30.0
Pension contribution	-64.9	-69.2
Operating Cashflow	-488.7	-316.9
Net capex	-256.8	-466.4
Net financial investments	29.3	-111.2
Net pre-delivery payments	20.2	-117.5
Free Cashflow	-696.0	-1,012.0
Dividends	-381.8	-370.0
Movement in Cash Net of Debt	-1,077.8	-1,382.0

OPERATING CASHFLOW

- Reduction due to higher hotel prepayments in the period and deconsolidation of Travelopia versus FY17 H1

NET DEBT IMPROVEMENT

- Enhancement in net debt versus FY17 H1 due to disposal proceeds received in H2 FY17 not yet fully reinvested

In €m	31 Mar 2018	31 Mar 2017
Opening cash (debt) as at 1 October	583	350
Movement in cash net of debt	-1,078	-1,382
Asset Finance	-155	-6
Other	74	-60
Closing net debt incl. Discontinued Ops	-576	-1,098
Travelopia	-	-306
Closing net debt as per Balance Sheet	-576	-1,404

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

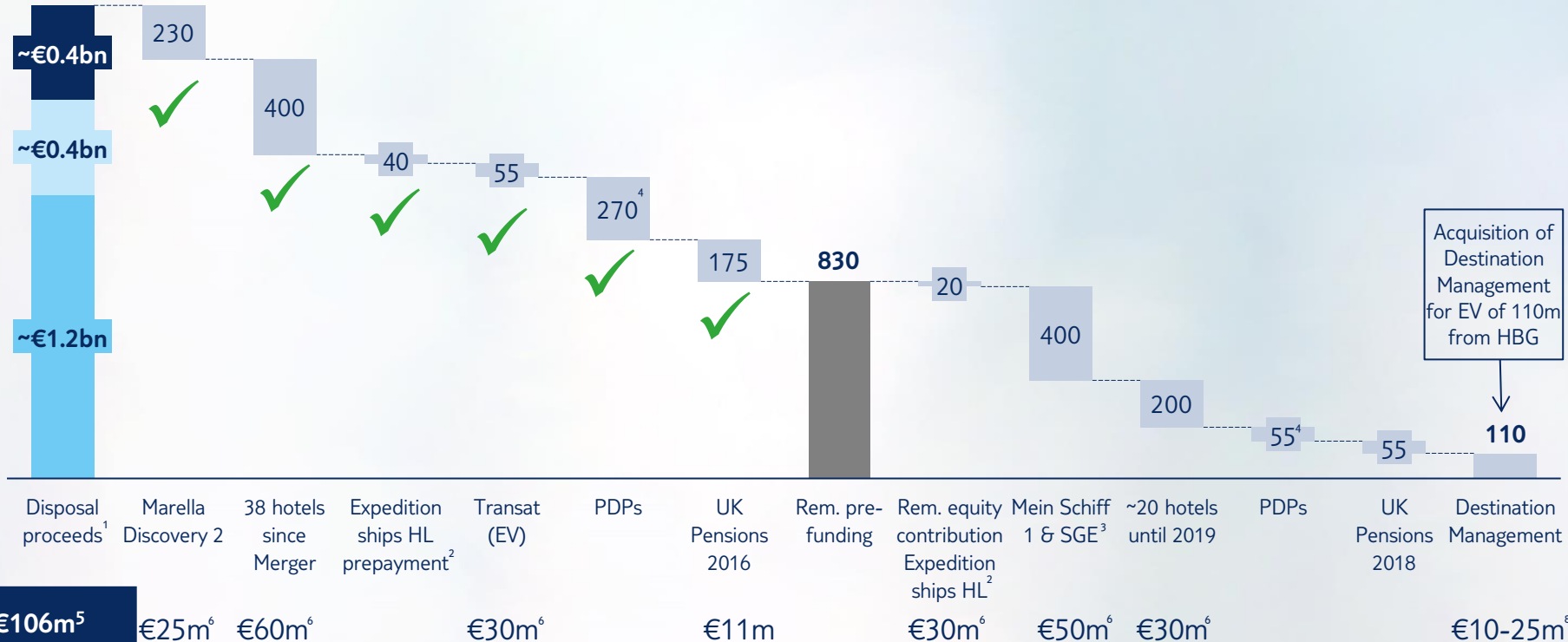


TUI's re-investment programme FY16-FY19 – doubling EBITA under way

GROWTH INVESTMENTS FY16 to FY18 H1

GROWTH INVESTMENTS FY18 & FY19

REINVESTMENTS



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

-€106m⁵

€25m⁶

€60m⁶

€30m⁶

€11m

€30m⁶

€50m⁶

€30m⁶

€10-25m⁸

+€261m

Targeted EBITA⁷

Deconsolidated EBITA

¹ Including working capital/cash effect; ² Equity-contribution, delivery in Spring & Autumn 2019; ³ Assumes MS1+ SkySea Golden Era (SGE) purchase as cash transaction; ⁴ €10m quarterly adjustment until 2019 - pro rata approach; ⁵ Number includes €93m EBITA of HBG & Travelopia as well as EAT of MS1 within TUI Cruises of €12.5m due transferring the ship to UK market, delivery in Summer 2018; ⁶ run-rate; ⁷ Based on targeted EBITA run-rate; ⁸ Profitability growth expected in line with 3 year ramp-up phase of synergies; expected to complete in H2 FY18



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	~€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 and pre-acquisition of Destination Management business from Hotelbeds Group

² Excluding cost inflation relating to currency movements

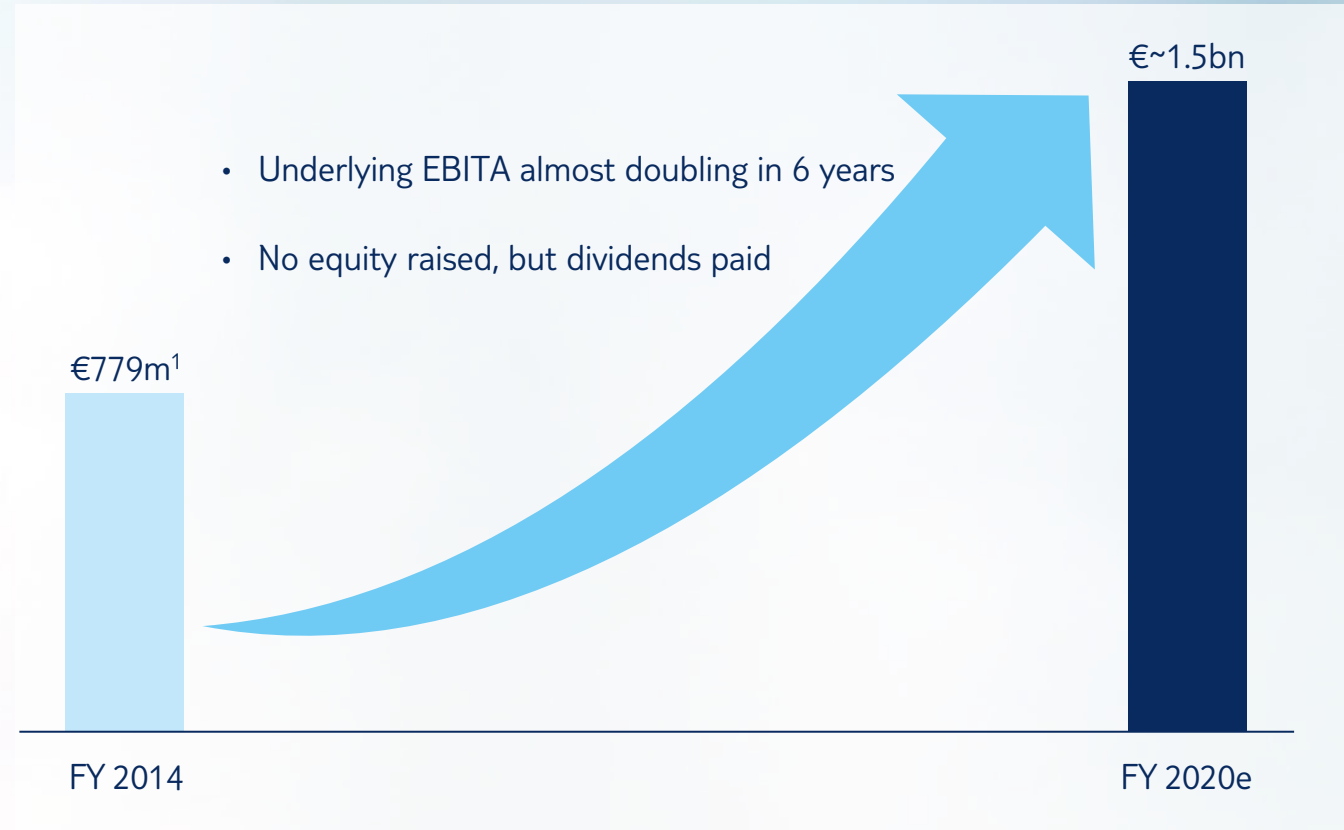


OUR AMBITION

FRITZ JOUSSEN



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



¹ Pro Forma EBITA



Q&A



APPENDIX



FY18 H1 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY18 H1	FY17 H1	Change	FX	Change ex FX
Hotels & Resorts	287.9	300.0	-12.1	-14.6	2.5
- Riu	234.4	244.2	-9.8	-11.7	1.9
- Robinson	33.9	32.4	1.5	-1.1	2.6
- Blue Diamond	-	-	-	-	-
- Other	19.6	23.4	-3.8	-1.8	-2.0
Cruises	395.6	345.9	49.7	-5.6	55.3
- TUI Cruises	-	-	-	-	-
- Marella Cruises	235.2	195.5	39.7	-5.6	45.3
- Hapag-Lloyd Cruises	160.4	150.4	10.0	-	10.0
Destination Experiences	59.8	54.6	5.2	-1.6	6.8
<i>Holiday Experiences</i>	743.3	700.5	42.8	-21.9	64.7
- Northern Region	2,324.1	2,204.3	119.8	-52.8	172.6
- Central Region	2,305.9	2,028.0	277.9	-4.3	282.2
- Western Region	1,132.3	1,114.0	18.3	-	18.3
<i>Sales & Marketing</i>	5,762.3	5,346.3	416.0	-57.1	473.1
All other segments	307.9	307.0	0.9	-1.5	2.4
TUI Group continuing operations	6,813.5	6,353.8	459.7	-80.5	540.2

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Experiences (previously Destination Services) from Other Tourism and remaining business segments within Other Tourism into All other segments.



FY18 H1 Underlying EBITA by Segment*

In €m	FY18 H1	FY17 H1	Change	FX	Change ex FX
Hotels & Resorts	179.2	122.8	56.4	-2.8	59.2
- Riu	200.4	175.2	25.2	-5.6	30.8
- Robinson	1.0	1.3	-0.3	0.7	-1.0
- Blue Diamond**	21.2	15.1	6.1	-3.2	9.3
- Other	-43.4	-68.8	25.4	5.3	20.1
Cruises	92.4	75.0	17.4	-0.6	18.0
- TUI Cruises**	53.3	38.3	15.0	-	15.0
- Marella Cruises	24.3	21.5	2.8	-0.6	3.4
- Hapag-Lloyd Cruises	14.8	15.2	-0.4	-	-0.4
Destination Experiences	-9.3	0.3	-9.6	-1.7	-7.9
Holiday Experiences	262.3	198.1	64.2	-5.1	69.3
- Northern Region	-120.5	-138.0	17.5	1.2	16.3
- Central Region	-145.8	-143.7	-2.1	0.2	-2.3
- Western Region	-105.6	-102.2	-3.4	-	-3.4
Sales & Marketing	-371.9	-383.9	12.0	1.4	10.6
All other segments	-49.0	-28.5	-20.5	-4.4	-16.1
TUI Group continuing operations	-158.6	-214.3	55.7	-8.1	63.8

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Experiences (previously Destination Services) from Other Tourism and remaining business segments within Other Tourism into All other segments.

**Equity result



Net Financial Position, Pensions and Operating Leases

In €m	31 Mar 2018	31 Mar 2017
Financial liabilities	-1,978	-2,027
- Finance leases	-1,294	-1,230
- Senior Notes	-296	-295
- Liabilities to banks	-359	-384
- Other liabilities	-29	-118
Cash & Bank Deposits	1,402	623
Net debt	-576	-1,404
- Net Pension Obligation	-1,022	-1,209
- Discounted value of operating leases ¹	-2,672	-3,233

¹ At simplified discounted rate of 1.75% with both years on continuing ops basis



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