FY18 Q3 Results

9 AUGUST 2018

TUI

Robinson Club Noonu, Maldives

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.

INTRODUCTION
FRITZ JOUSSEN

FY18 9M PERFORMANCE & OUTLOOK

FRITZ JOUSSEN

Group strategy delivers further growth in positive 9M result

TURNOVER
€11.8bn
+6.3% YoY

UNDERLYING EBITA
€34.8m
Up +€58m[1]/€28m YoY

REPORTED EBITA
-€9.7m
Up +€42m YoY

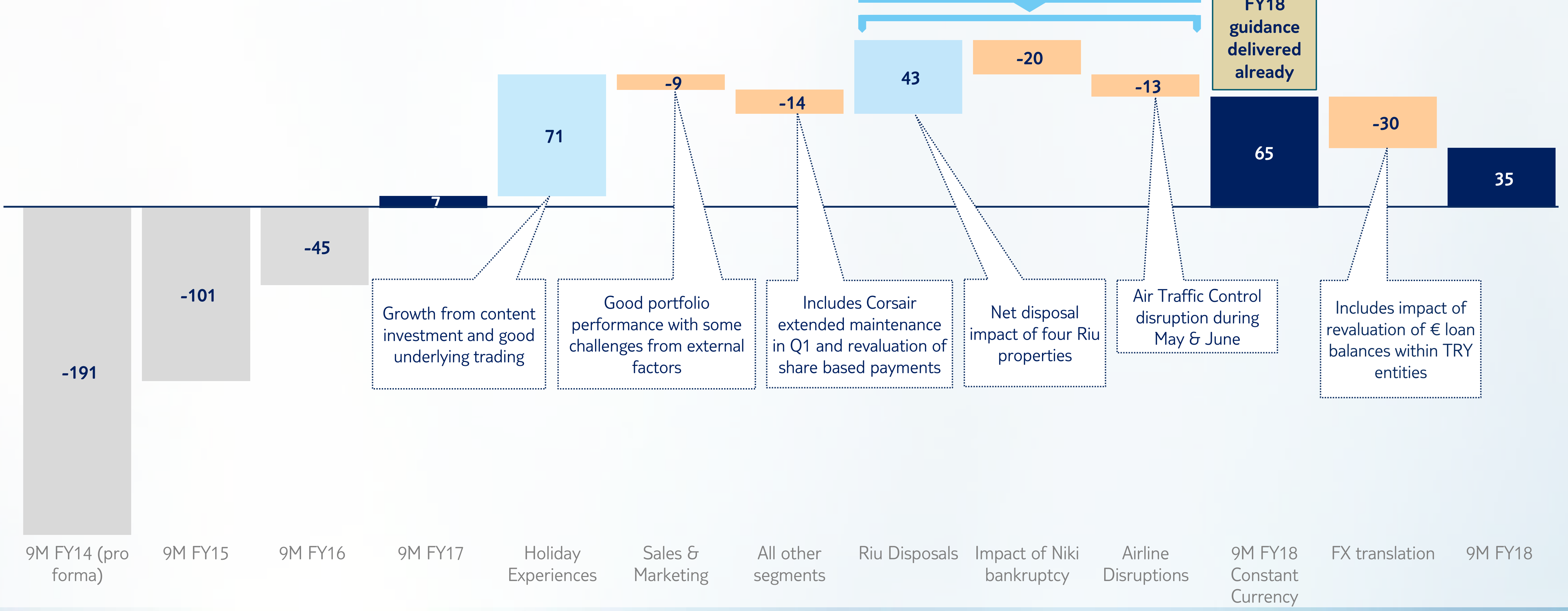
GUIDANCE REITERATED
AT LEAST 10% UNDERLYING EBITA GROWTH FOR FY18[1]

- Second year of profitable 9M result demonstrates successful strategic positioning of TUI and further reduced seasonality
- Strategy enables continued growth with some external challenges
  - Airline disruption ~€13m in Q3, action taken to address operational resilience
  - High level of early bookings helps to limit impact of prolonged good weather in key markets; however outperformance less likely
  - Expect to deliver at least 10% underlying EBITA growth for FY18[1]

[1] At constant currency rates

9M earnings improvement delivered for the fourth consecutive year - building basis for FY18 growth in line with guidance

9M UNDERLYING EBITA IN €M

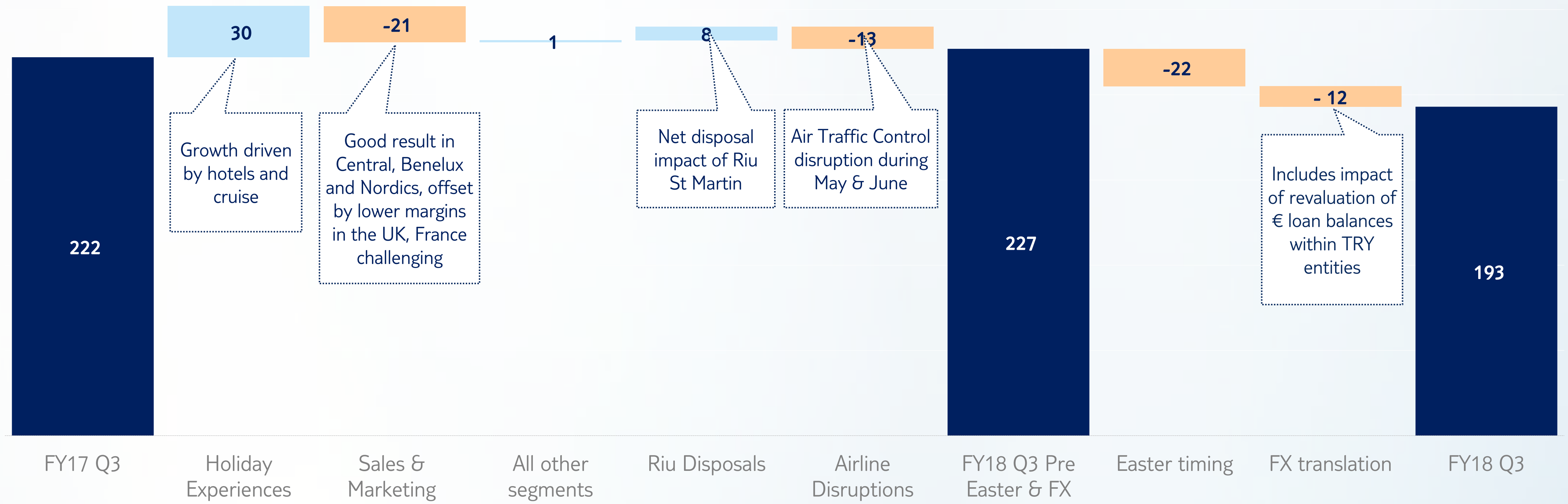


FY18 Q3 RESULTS

FRITZ JOUSSEN

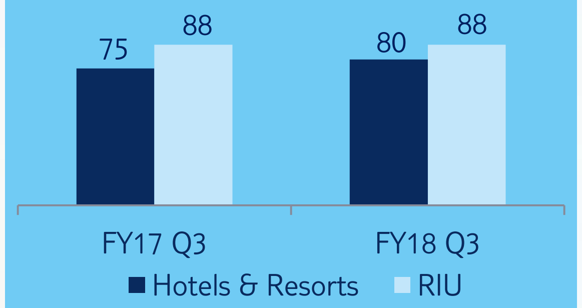
Good overall performance in an environment with more external challenges leading to flat Q3 results year-on-year

FY18 Q3 UNDERLYING EBITA (€m)

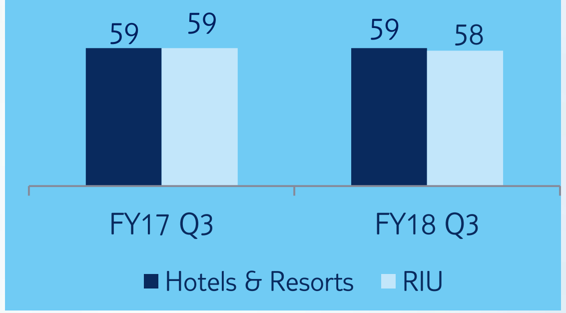


Holiday Experiences: Hotels & Resorts – Q3
Strong overall performance

AVERAGE OCCUPANCY %



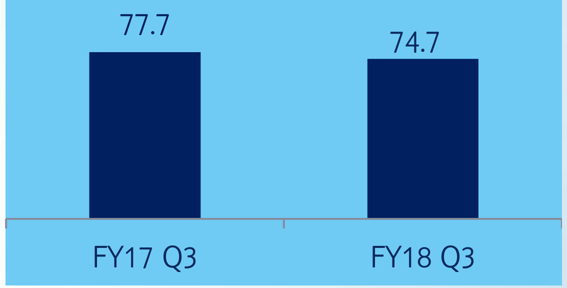
AVERAGE REVENUE PER BED €



42 NEW HOTEL OPENINGS SINCE MERGER

of which ~65% are low capital intensity

UNDERLYING EBITA €M



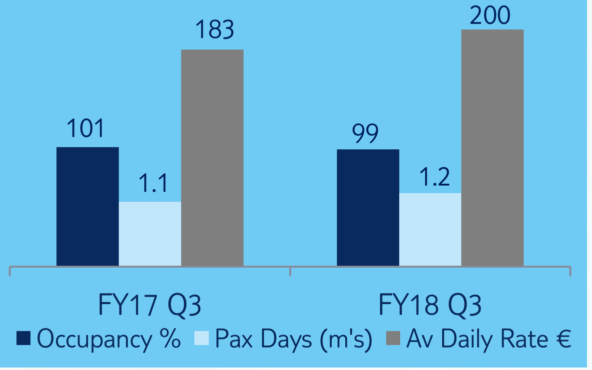
TURNOVER AND EARNINGS (€m)

	FY18 Q3	FY17 Q3	%
Turnover	161.0	151.3	6.4
Underlying EBITA	74.7	77.7	-3.9
o/w Equity result	*21.7*	*17.0*	*27.6*

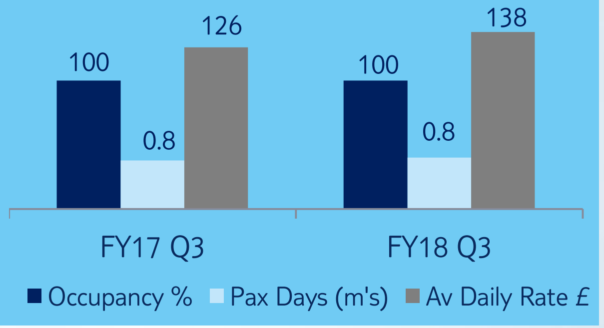
BRIDGE UNDERLYING EBITA (€M)

Holiday Experiences: Cruises – Q3
Strong demand and capacity growth continue to drive earnings performance

TUI CRUISES



MARELLA CRUISES

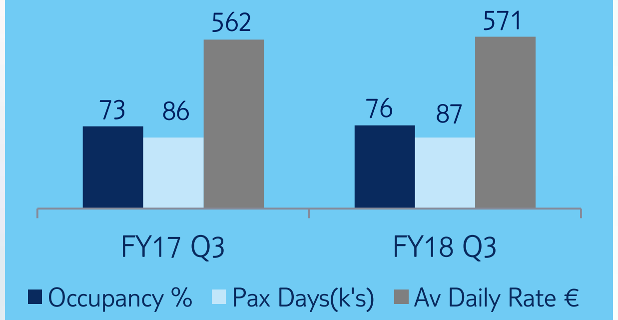


TURNOVER AND EARNINGS (€M)

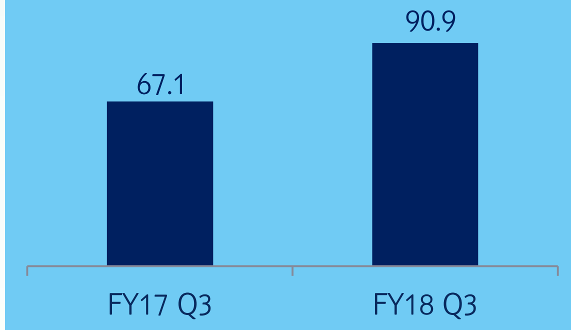
	FY18 Q3	FY17 Q3	%
Turnover	227.3	214.3	6.1
Memo: TUI Cruises Turnover	*312.6*	*260.7*	*19.9*
Underlying EBITA	90.9	67.1	35.5
*o/w EAT TUI Cruises**	*56.6*	*39.6*	*42.9*

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

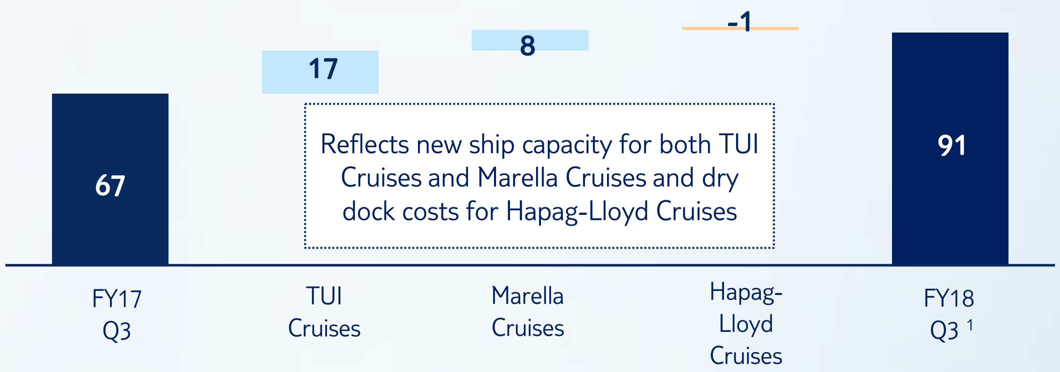
HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M



BRIDGE UNDERLYING EBITA (€M)



[1] FX translation impact is less than €1m

TUI Cruises orders two New Builds – participate in strong German market growth

KEY FACTS

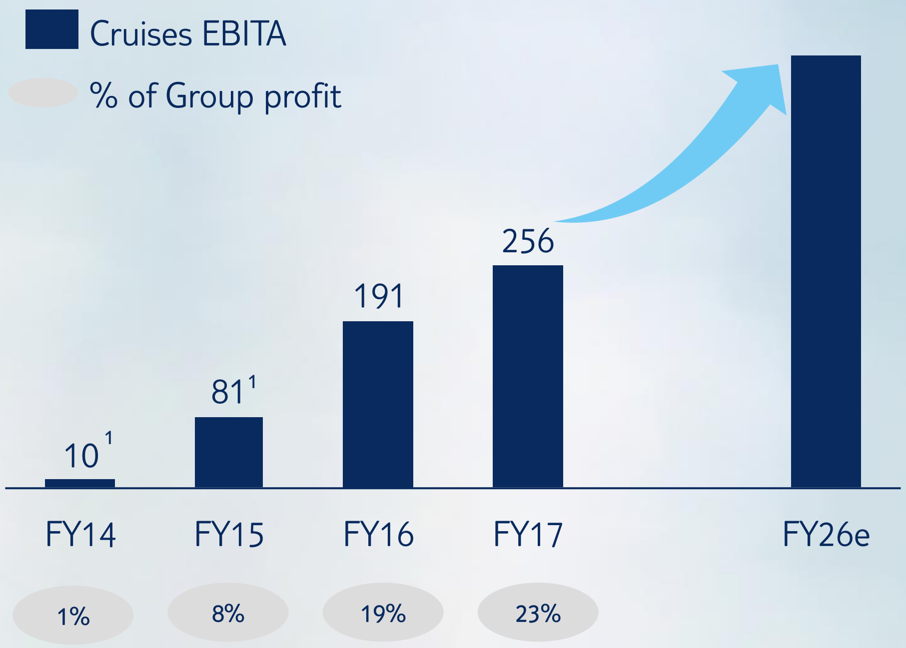
- TUI Cruises orders two more New Builds for the German market for delivery in 2024 and 2026
- New ships financed through JV – no capex for TUI shareholder
- Building will take place at the Italian Fincantieri shipyard in Monfalcone
- Participate in strong market growth in the German cruise market
- 161,000 gross registered tons (GRT) per ship, with generous passenger / space ratio
- The two ships will be the first of the TUI Cruises fleet to be operated with low-emission LNG propulsion
- Combined exhaust after-treatment system consisting of a scrubber and catalytic converters to comply with Sulphur Regulations
- Orders still subject to final financing negotiations

Green light for two new build cruise ships; TUI Cruises fleet to expand to nine ships until 2026

TUI's cruise business – Strong basis for future growth

BRAND / OWNERSHIP	GROWTH LEVERS
Off-balance: JV TUI Cruises	• Leverage distinct product offering • Keep market share
On balance MARELLA CRUISES	• Upgrade and modernise fleet • Establish all-inclusive offering
On balance HAPAG LLOYD CRUISES	• Grow expedition business • Internationalisation

STRONG AND PROFITABLE GROWTH WILL CONTINUE



Note: Chart shows underlying EBITA in €m and % of TUI Group EBITA contribution; 1 Marella Cruises not included

Holiday Experiences: Destination Experiences – Q3
Global tours & activities leader well-positioned for strong future growth

TURNOVER AND EARNINGS (€M)

	FY18 Q3	FY17 Q3	%
Turnover	65.6	55.3	18.6
Underlying EBITA	15.3	13.4	14.2

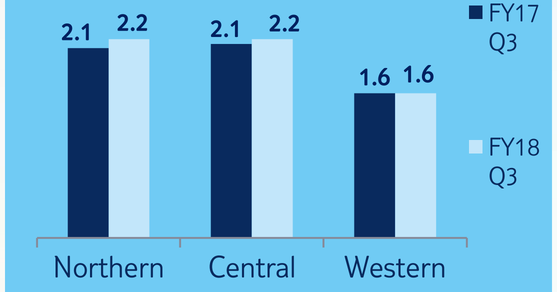


- Good operational performance in Q3
- Arrival guests grew by 8%
- Expect to deliver ~15% growth in underlying EBITA pre-acquisition of Hotelbeds Destination Management business for FY18[1]
- Acquisition of Destination Management business from Hotelbeds Group partly completed end of July; full completion expected by end of financial year; small single-digit underlying EBITA to be consolidated for remainder of FY18

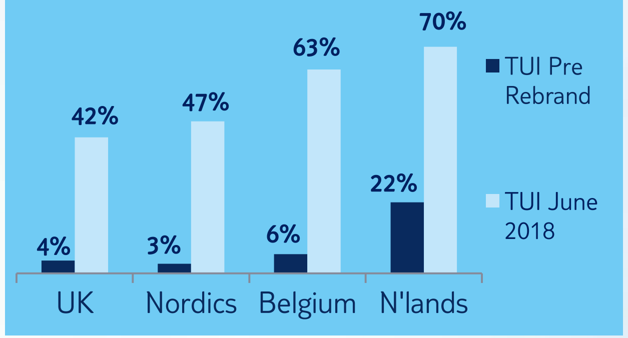
[1] At constant currency rates

Sales & Marketing – Q3
Good portfolio performance with some external challenges in recent months

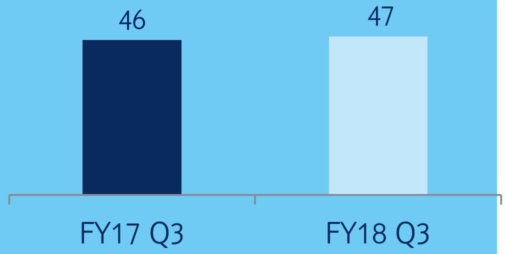
CUSTOMERS (M's)



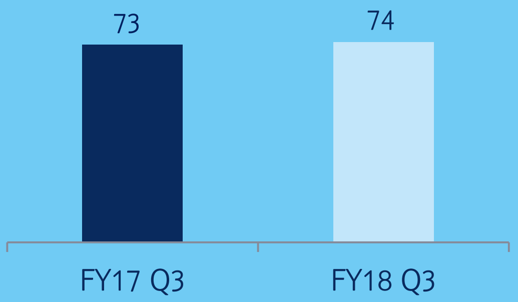
UNAIDED AWARENESS %



ONLINE DISTRIBUTION %



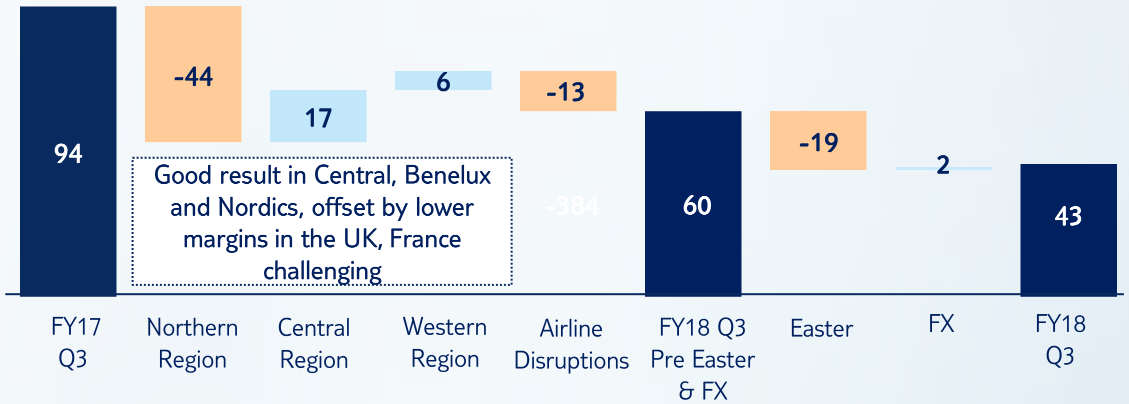
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18 Q3	FY17 Q3	%
Turnover	4,408.7	4,211.6	4.7
Underlying EBITA	42.5	93.5	-54.5

BRIDGE UNDERLYING EBITA (€M)



Current trading – Summer 2018

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- Four new hotel openings for Summer 2018
- Continued shift in demand back to Turkey and North Africa
- Spain performing well against strong comparatives

CRUISES

- New ship launches continue to perform very well
- Strong yield performances continue

DESTINATION EXPERIENCES

- Strong volumes for Q4 expected
- Destination Management acquisition from Hotelbeds to be fully completed by end of financial year

SALES & MARKETING

- 4% growth in S18[1] bookings with 86% of programme sold and load factor broadly in line with prior year
- Significant growth in demand for Greece and Turkey, offsetting more normalised level of bookings for Spain
- High level of early bookings helps to limit impact of prolonged good weather in key source markets, however outperformance less likely
- France increasingly challenging - detailed performance review underway



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

FY18 9M RESULTS

HORST BAIER

Income Statement reflects further improvement in 9M result

In €m	FY18 9M	FY17 9M
Turnover	11,829.9	11,129.2
Underlying EBITA	**34.8**	**7.3**
Adjustments (SDI's and PPA)	-44.5	-59.0
EBITA	**-9.7**	**-51.7**
Net interest expense	-90.0	-91.0
Hapag-Lloyd AG	-	35.2
EBT	**-99.7**	**-107.5**
Income taxes	10.0	22.6
Group result continuing operations	**-89.7**	**-84.9**
Discontinued operations	41.4	-151.8
Minority interest	-75.9	-78.5
Group result after minorities	**-124.2**	**-315.2**
Basic EPS (€, continuing)	-0.28	-0.28

ADJUSTMENTS
Includes PPA €22m and planned restructuring costs in Sales & Marketing. FY18 guidance remains at -€80m

INTEREST
In line with prior year, FY18 guidance remains at ~€120m

TAX
Underlying effective tax rate remains at 20%

DISCONTINUED OPERATIONS
Expiry of €41m volume provision relating to Hotelbeds transaction

Cash Flow & Movement in Net Cash
Strong free cashflow after dividends

In €m	FY18 9M	FY17 9M
EBITDA reported[1]	**303.1**	**249.6**
Working capital	1,243.7	1,415.8
Other cash effects	15.2	4.4
At equity income	-199.4	-159.9
Dividends received from JVs and associates	149.1	76.8
Tax paid	-134.9	-107.4
Interest (cash)	-62.3	-45.7
Pension contribution	-115.9	-110.8
Operating Cashflow	**1,198.6**	**1,322.8**
Net capex	-581.8	-622.0
Net financial investments	13.8	-90.5
Net pre-delivery payments	-17.7	-195.9
Disposal proceeds	-	67.6
Free Cashflow	**612.9**	**482.0**
Dividends	-406.9	-456.6
Free Cashflow after Dividends	**206.0**	**25.4**

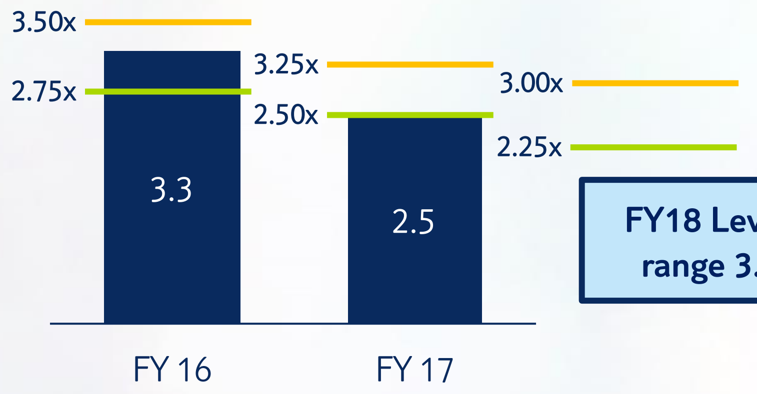
OPERATING CASHFLOW

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

In €m	30 Jun 2018	30 Jun 2017
Opening net cash as at 1 October	**583**	**32**
Movement in cash net of debt	206	25
Asset Finance	-199	-145
Other	-1	322
Closing net cash as per Balance Sheet	**589**	**234**

Financial profile substantially improved, successful execution of TUI Schuldschein

Leverage Ratio improvement



FY18 Leverage Target range 3.00x – 2.25x

Credit Rating improvement

Credit Agency	FY16	FY17	FY18 latest view
Moody's	Ba2/stable	Ba2/stable	Ba2/positive
S&P	BB-/positive	BB/stable	BB/stable

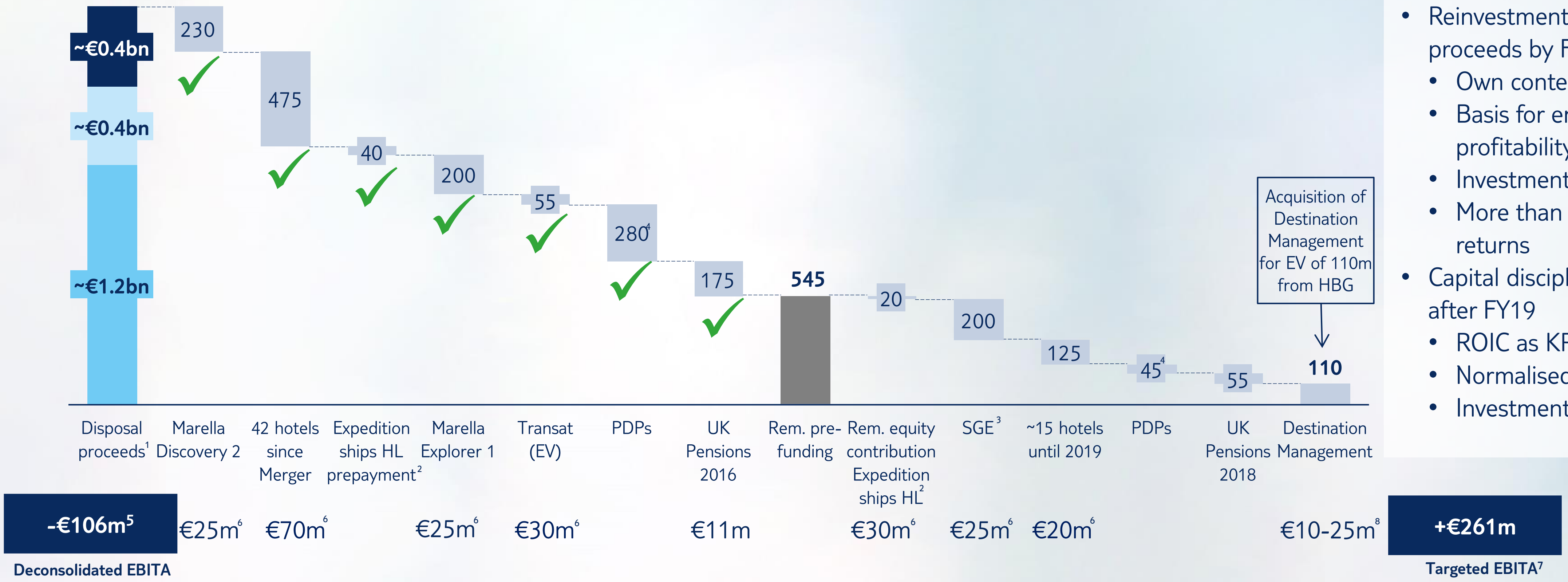
Financial discipline delivers increased flexibility to balance sheet

- Our strong financial discipline post-merger has helped us to achieve both an improvement in our leverage ratio and global credit profiles
- These improvements have enabled us to:
  - Access finance at more attractive rates
  - Take advantage of favourable market conditions
  - Achieve higher credit rating on our issued securities than our Group corporate rating
  - Diversify our refinancing instruments and therefore increasing our balance sheet flexibility
- TUI Schuldschein of €425m successfully issued in June 2018, further building on our capital markets orientated financing strategy
- Proceeds will partly fund latest aircraft re-fleeting; helping to drive cost efficiencies as a result of lower fuel consumption and reduced CO_2 emissions and increased flying range

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

GROWTH INVESTMENTS FY16 to FY18 9M

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

1 Including working capital/cash effect; 2 Equity-contribution, delivery in Spring & Autumn 2019; 3 Assumes 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; 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 Guidance[1]

	FY18e	FY17
Turnover[2]	Around 3% growth	€18,535m
Underlying EBITA	At least 10% growth FX translation ~€35m negative	€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
2 Excluding cost inflation relating to currency movements

OUR AMBITION

FRITZ JOUSSEN

Our business model and strategic positioning: Product-focused holiday experience provider with 59% holiday experience earnings

SALES & MARKETING – 41% EBITA
Digitalisation, diversification

Northern, Central, Western

- ~150 TUI Aircraft, 3rd party flying
- Own, 3rd party committed & non-committed
- Customer, knowledge, service & fulfilment

ROIC FY17: 85%[3]

HOLIDAY EXPERIENCES – 59% EBITA
Growth, diversification

20m customers | Portfolio approach

Integrated distribution	Owned / managed / JV ROIC FY17: 13%	379[1] Hotels	3rd party distribution
Integrated distribution	Owned / JV ROIC FY17: 20%	16[2] Ships	3rd party distribution
Integrated distribution	Owned / JV ROIC FY17: 24%	115 Destinations	3rd party distribution

GROUP PLATFORMS

INTEGRATION BENEFITS / STRATEGY

1. Own customer end-to-end
2. Yielding our risk capacity: 20m customers to optimise own hotels/ cruises demand
3. Unique TUI holiday experiences and fulfillment differentiating TUI from competition
4. Double diversification across Sales & Marketing and Holiday Experiences

[1] This number includes group hotels and 3rd party concept hotels as at end of Q3 FY18 [2] As at end of July 2018 [3] This number relates to Sales & Marketing/ all other

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

STRONG STRATEGIC POSITION

STRONG EARNINGS GROWTH

At least +10%

STRONG CASH GENERATION

[1] Pro Forma EBITA

Q&A

APPENDIX

FY18 Q3 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY18 Q3	FY17 Q3	Change	FX	Change ex FX
Hotels & Resorts	**161.0**	**151.3**	**9.7**	**-14.0**	**23.7**
- Riu	108.7	107.2	1.5	-7.1	8.6
- Robinson	19.4	19.5	-0.1	-0.7	0.6
- Blue Diamond	-	-	-	-	-
- Other	32.9	24.6	8.3	-6.2	14.5
Cruises	**227.3**	**214.3**	**13.0**	**-2.6**	**15.6**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	153.3	135.6	17.7	-2.6	20.3
- Hapag-Lloyd Cruises	74.0	78.7	-4.7	-	-4.7
Destination Experiences	**65.6**	**55.3**	**10.3**	**-1.9**	**12.2**
Holiday Experiences	***453.9***	***420.9***	***33.0***	***-18.5***	***51.5***
- Northern Region	1,808.9	1,727.8	81.1	-33.7	114.8
- Central Region	1,657.7	1,557.5	100.2	-7.4	107.6
- Western Region	942.1	926.3	15.8	-	15.8
Sales & Marketing	***4,408.7***	***4,211.6***	***197.1***	***-41.1***	***238.2***
All other segments	153.8	142.9	11.1	-0.3	11.4
TUI Group continuing operations	**5,016.4**	**4,775.4**	**241.2**	**-59.8**	**301.0**

*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 Q3 Underlying EBITA by Segment*

In €m	FY18 Q3	FY17 Q3	Change	FX	Change ex FX
Hotels & Resorts	**74.7**	**77.7**	**-3.0**	**-11.3**	**8.3**
- Riu	78.3	74.8	3.5	-3.6	7.1
- Robinson	5.2	10.6	-5.4	-2.4	-3.0
- Blue Diamond**	4.3	3.4	0.9	-0.5	1.4
- Other	-13.1	-11.1	-2.0	-4.8	2.8
Cruises	**90.9**	**67.1**	**23.8**	**-0.4**	**24.2**
- TUI Cruises**	56.5	39.5	17.0	-	17.0
- Marella Cruises	30.2	22.0	8.2	-0.4	8.6
- Hapag-Lloyd Cruises	4.2	5.6	-1.4	-	-1.4
Destination Experiences	**15.3**	**13.4**	**1.9**	**-0.3**	**2.2**
Holiday Experiences	***180.9***	***158.2***	***22.7***	***-12.0***	***34.7***
- Northern Region	16.0	81.0	-65.0	1.7	-66.7
- Central Region	35.4	24.5	10.9	-	10.9
- Western Region	-8.9	-12.0	3.1	-	3.1
Sales & Marketing	***42.5***	***93.5***	***-51.0***	***1.7***	***-52.7***
All other segments	-30.0	-30.1	0.1	-1.4	1.5
TUI Group continuing operations	**193.4**	**221.6**	**-28.2**	**-11.7**	**-16.5**

*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	30 Jun 2018	30 Jun 2017
Financial liabilities	**-2,031**	**-1,992**
- Finance leases	-1,360	-1,277
- Senior Notes	-296	-296
- Liabilities to banks[1]	-349	-365
- Other liabilities	-26	-54
Cash & Bank Deposits	**2,620**	**2,226**
Net debt	**589**	**234**
- Net Pension Obligation	-1,029	-1,337
- Discounted value of operating leases[2]	-2,829	-2,810

1 Closing of Schuldschein occurred in July and therefore not included in the above position 2 At simplified discounted rate of 1.5% with both years on continuing ops basis

Contact

ANALYST AND INVESTOR ENQUIRIES

Peter Krueger, Member of the Group Executive Committee,
Group Director Strategy, M&A and Investor Relations — Tel: +49 (0)511 566 1440

Contacts for Analysts and Investors in UK, Ireland and Americas

Sarah Coomes, Head of Investor Relations	Tel: +44 (0)1293 645 827
Hazel Chung, Senior Investor Relations Manager	Tel: +44 (0)1293 645 823

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

Nicola Gehrt, Head of Investor Relations	Tel: +49 (0)511 566 1435
Ina Klose, Senior Investor Relations Manager	Tel: +49 (0)511 566 1318
Jessica Blinne, Junior Investor Relations Manager	Tel: +49 (0)511 566 1425

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