



FY19 H1 Strategy Update & Results

15 May 2019



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.



STRATEGY UPDATE

FRITZ JOUSSEN



TUI's unique integrated business model delivers superior returns – 4 strategic initiatives to stay successful

MARKETS & AIRLINES

STRONG CUSTOMER BASE

- **21m** customers
- Leading market shares **20-40%**¹
- Ave. spend **per customer €900** p.a.²
- **1/3** of profit pool
- Under **cyclical pressure**

HOLIDAY EXPERIENCES

DIFFERENTIATED CONTENT

- **380³** Hotels
- **17 Cruise ships**⁴
- **ROIC >1/3 higher** than peers⁵
- **2/3** of profit pool
- **High profit** resilience
- High investments and **cash returns**

4 STRATEGIC INITIATIVES

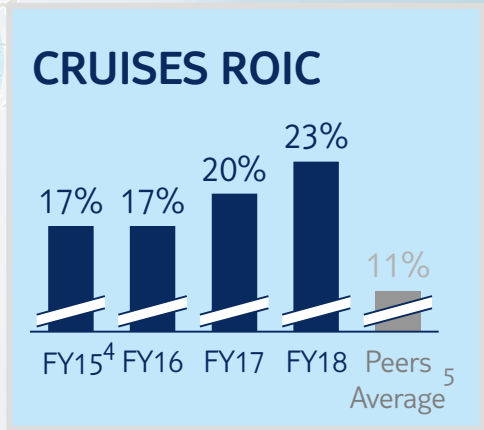
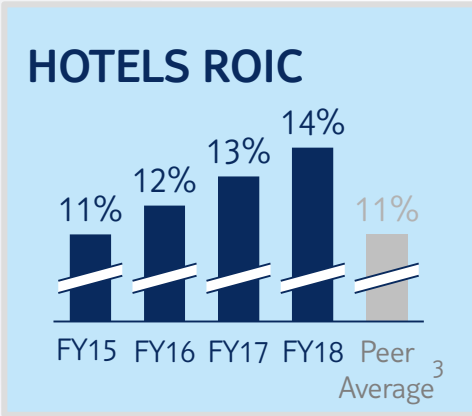
- 1** Grow **Hotel & Cruise** business with vertical integration to drive **premium returns**
- 2** **Protect** and where possible **extend strong positions** in **Markets & Airlines**
- 3** **Add scale** in new markets: **new GDN⁶-OTA platform**
- 4** **Add scale** in destination experience markets: **new tours & activities platform**

MARKETS & AIRLINES SCALE DRIVES HOLIDAY EXPERIENCES RETURNS

¹ Company estimates – market defined as traditional sun and beach tour operator market ² Based on FY18 Group Revenue divided by 21m Markets & Airlines customers ³ Includes group hotels and 3rd party concept hotels as at end of FY18 ⁴ As at May 2019 ⁵ H&R FY18 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROIC. Cruise Segment FY18 ROIC pre IFRS 16 basis of 23% versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROIC. ⁶ Global Distribution Network




1 Grow Hotel & Cruise business with vertical integration to drive premium returns

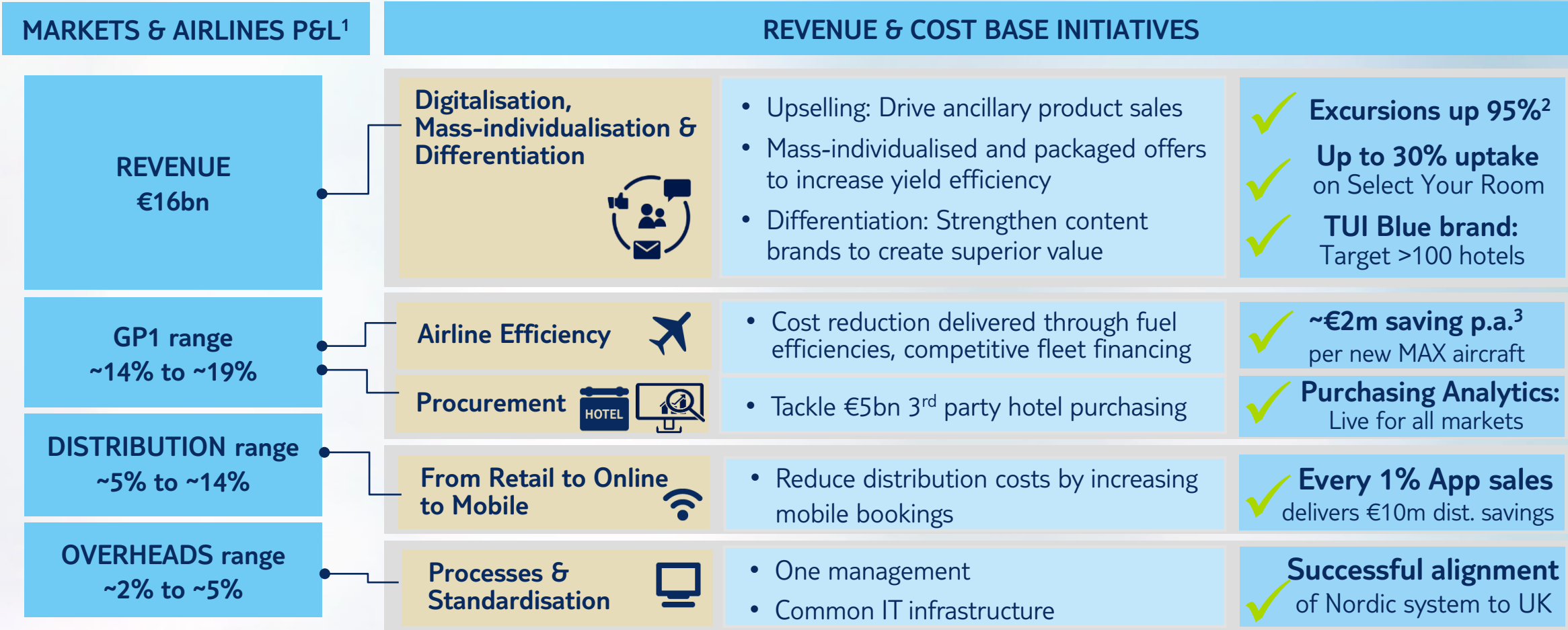


1 Includes group hotels and 3rd party concept hotels as at end of FY18 2 As at May 2019 3 H&R FY18 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROCE. 4 Based on former segmentation - Marella Cruises within Markets & Airlines 5 Cruise Segment FY18 ROCE of 23% pre IFRS 16 basis versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROCE

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2 Protect and where possible extend strong positions in Markets & Airlines



¹ FY18 Result post IFRS 15 ² Excursions & Activities volume booked through Destination Experiences during FY19 H1 ³ ~14% fuel efficiency benefits for MAX vs NG generating ~€1m operational savings and ~€1m benefit from ownership mix



3 Add scale for own holiday experiences and expand into new markets: new GDN-OTA platform

MARKETS & AIRLINES



- Pre-defined packaged product
- Predominantly own airline capacity
- Use of own Holiday Experiences capacity to offer differentiated products

NEW MARKETS



Current pax booking run rate of ~200k p.a.

- Complementary markets to existing business
- Dynamic packaging¹, flexible customer choice
- Flexible input costs – direct contracted 3rd party hotels and flights
- Leverage incremental demand for own Holiday Experiences capacity and activities

100M BEDNIGHTS AND €5BN 3RD PARTY HOTEL PURCHASING

NEW GDN-OTA PLATFORM TO ENTER NEW MARKETS AND RELEASE YIELD PRESSURE IN EXISTING RISK CAPACITIES

¹ Accommodation only enhanced with flights



4 Add scale in destination experience markets: new tours & activities platform



- ### OPPORTUNITY
- €150bn global market
 - 7% p.a. growth
 - Highly fragmented market with ~350k suppliers
 - Predominantly off-line
 - Platform live across all TUI B2C and B2B digital touchpoints
 - 2-sided open platform
 - In country organisations
 - ~150K product offer by TUI
 - Destination Experiences performance¹:
 - Total turnover €600m
 - Underlying EBITA €46m
 - 5.4m excursions & activities sold

¹ FY18 Result post IFRS 15



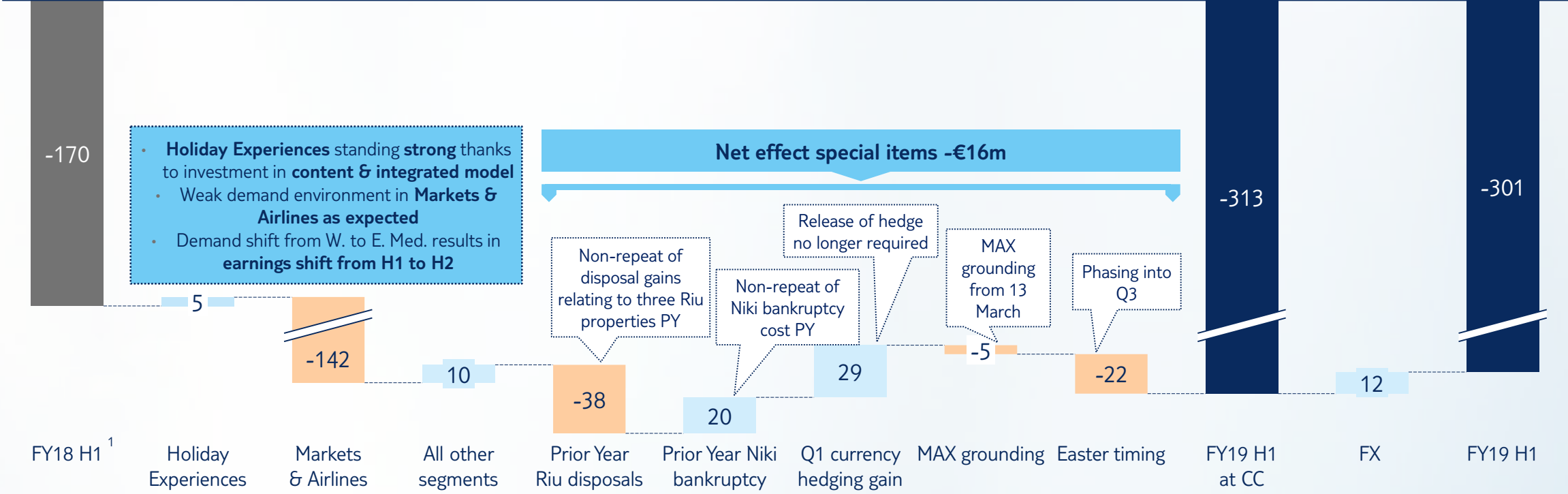
FY19 H1 RESULTS

FRITZ JOUSSEN



H1 result reflects weak demand environment in Markets & Airlines; Holiday Experiences standing strong

FY19 H1 UNDERLYING EBITA IN €M



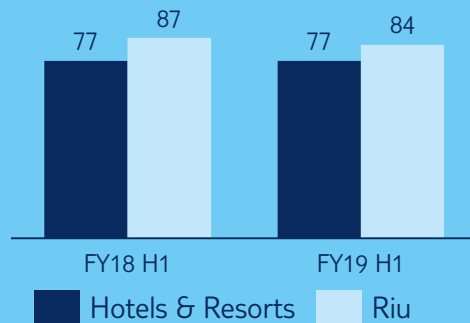
¹ PY reported of €159m adjusted by -€11m for retrospective application of IFRS 15



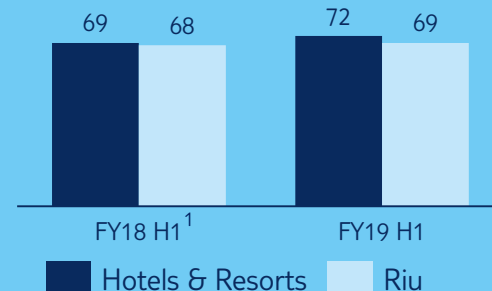
Holiday Experiences: Hotels & Resorts

Resilient H1 performance, benefit from shift of demand to Eastern Med will be H2 weighted

AVERAGE OCCUPANCY %



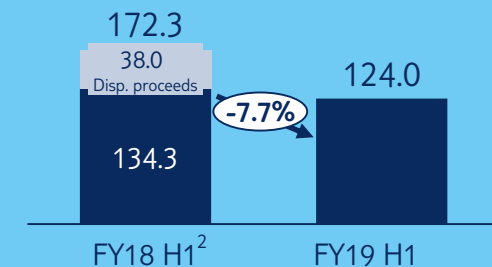
AVERAGE REVENUE PER BED €



58 NEW HOTEL OPENINGS SINCE MERGER

of which ~69% are lower capital intensity

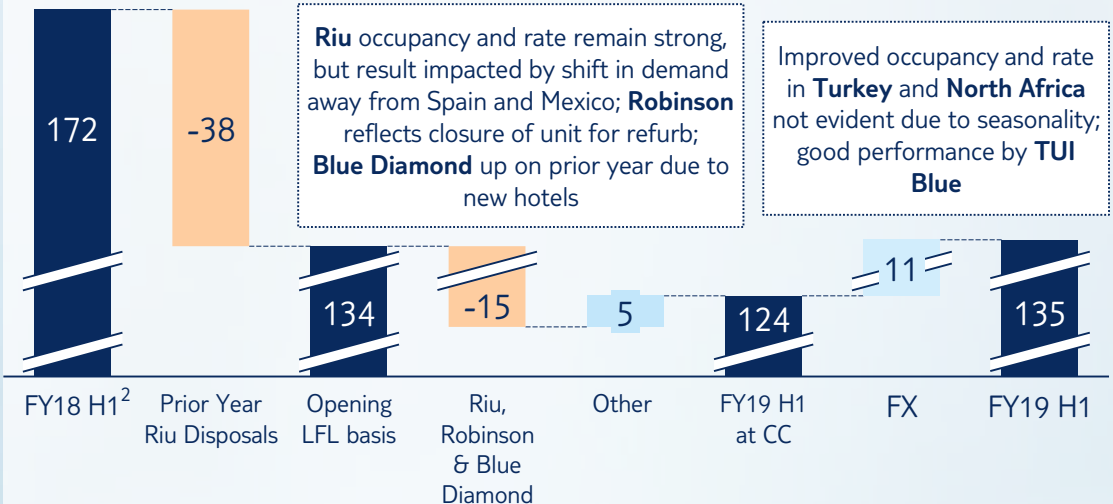
UNDERLYING EBITA €M



UNDERLYING EBITA (€M)

	FY19 H1	FY18 H1 ²	%
Underlying EBITA	135.4	172.3	-21.4
Like-for-like Underlying EBITA at CC	124.0	134.3	-7.7

BRIDGE UNDERLYING EBITA (€M)



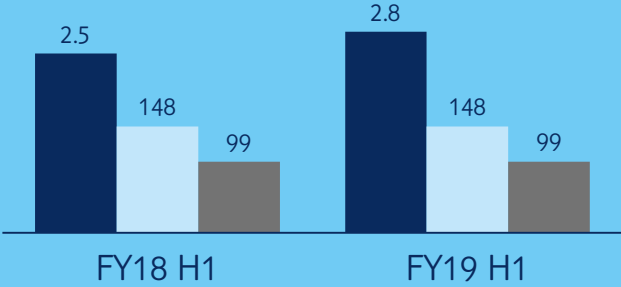
¹ FY18 H1 Total H&R average revenue per bed restated to reflect revised PY rate at Blue Diamond ² PY reported adjusted for retrospective application of IFRS 15



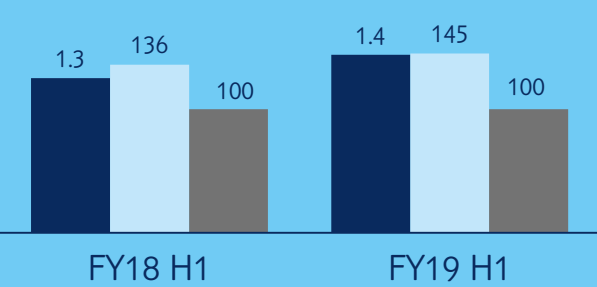
Holiday Experiences: Cruises

Earnings increased with demand strong across all three brands

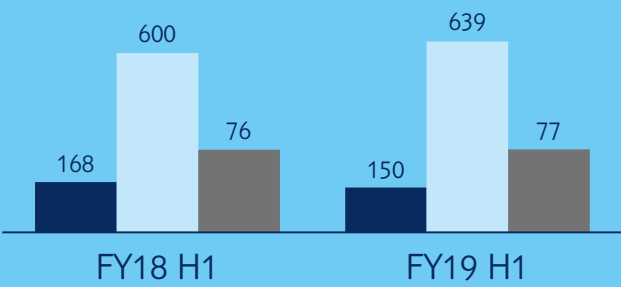
TUI CRUISES



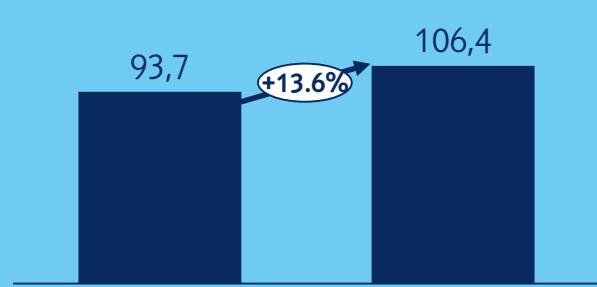
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M



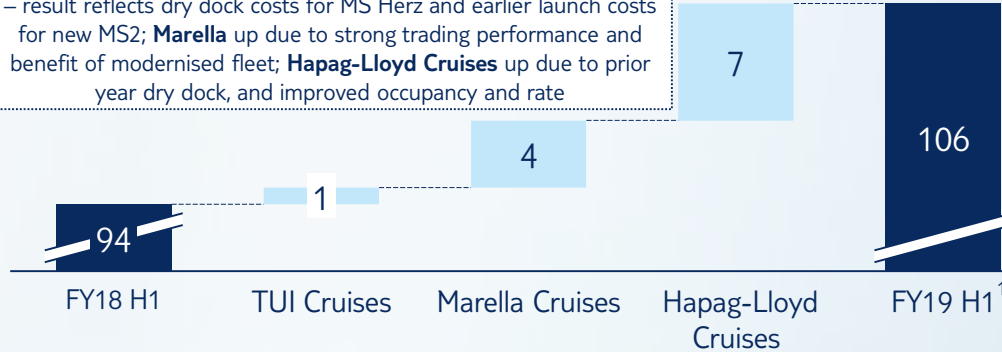
UNDERLYING EBITA (€M)

	FY19 H1	FY18 H1	%
Underlying EBITA	106.4	93.7	13.6
o/w fully consolidated	52.4	40.4	29.7
o/w equity result	54.0	53.3	1.3

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

BRIDGE UNDERLYING EBITA (€M)

TUI Cruises rate in line with prior year with 12% additional capacity – result reflects dry dock costs for MS Herz and earlier launch costs for new MS2; **Marella** up due to strong trading performance and benefit of modernised fleet; **Hapag-Lloyd Cruises** up due to prior year dry dock, and improved occupancy and rate



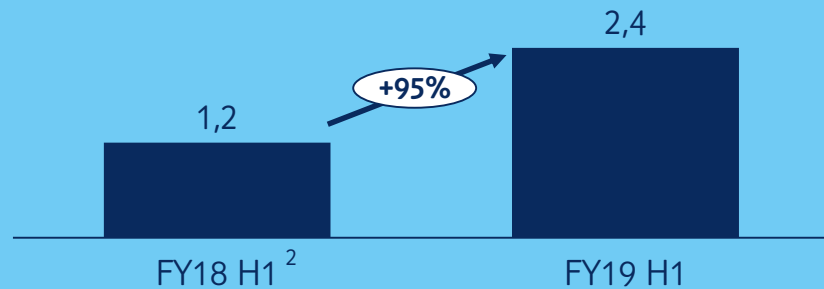
¹ Includes FX translation impact of less than €1m



Holiday Experiences: Destination Experiences

Continued growth driven by strategic acquisitions

EXCURSIONS & ACTIVITIES SOLD (M's)



TURNOVER AND EARNINGS (€M)

	FY19 H1	FY18 H1 ¹	%
Total Turnover	417.8	144.4	189.3
o/w Turnover 3rd Party	302.8	65.6	361.6
Underlying EBITA	-10.4	-13.3	21.8



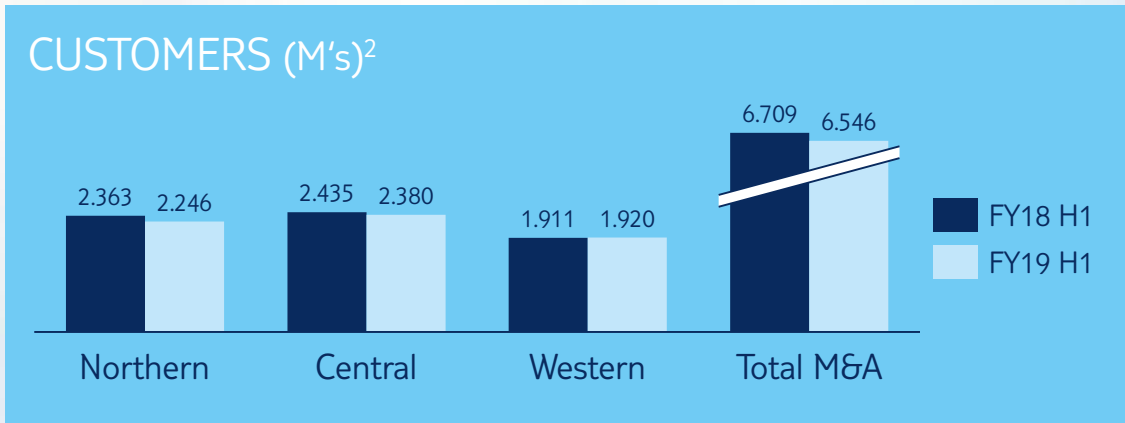
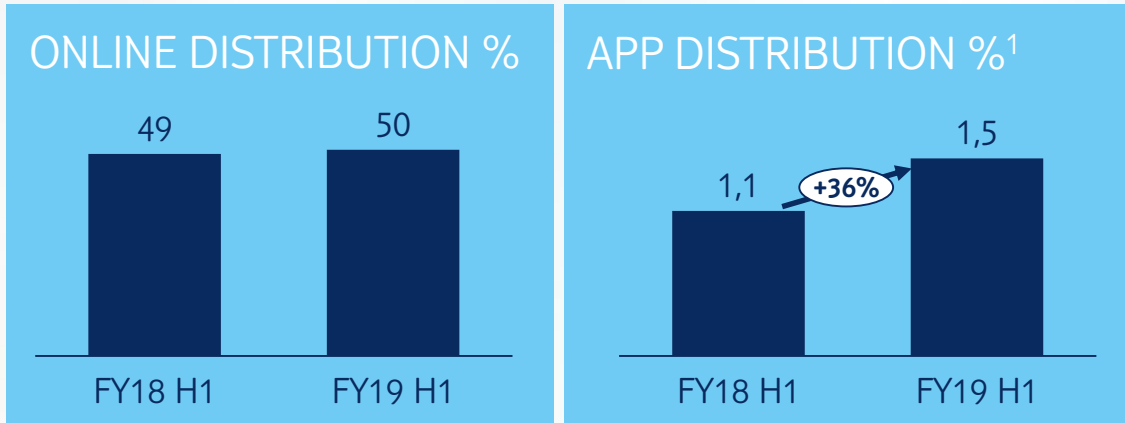
- Growth driven by acquisition of Destination Management (new destinations), offset by start-up losses in Musement
- Growth expectations intact, driven by integration of acquisitions and development of fully digitalised, open platform for sales of excursions & activities

¹ PY restated for reclassification of TUI DX Crystal previously reported in Markets & Airlines Northern Region ² FY18 excludes Destination Management (acquired August 2018) and Musement (completed October 2018)



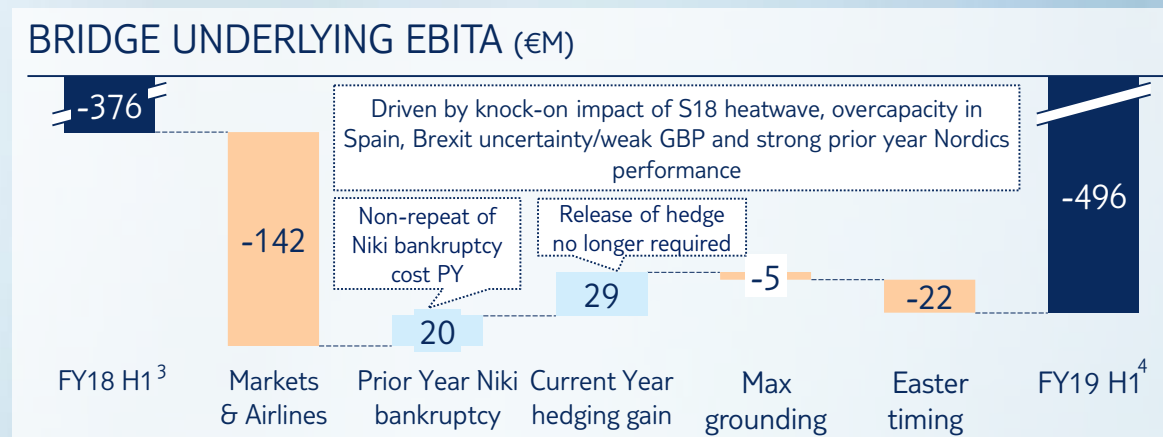
Markets & Airlines

As expected, significant impact on margin from weak Winter demand, plus initial costs of 737 MAX grounding and Easter phasing into Q3



TURNOVER AND EARNINGS (€M)

	FY19 H1	FY18 H1 ³	%
Turnover	5,405.1	5,526.8	-2.2
Underlying EBITA	-496.8	-375.5	-32.3



1 Percentage of Markets & Airlines pax bookings via App 2 Central now includes Italy. Total Markets & Airlines customers excludes Cruise and strategic joint ventures in Canada and Russia 3 PY reported adjusted for retrospective application of IFRS 15 4 Includes FX translation impact of ~€1m



FY19 Outlook – Strong H2 building blocks but continued weak environment in Markets & Airlines

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- On track to deliver growth from our hotel pipeline
- Increased focus on direct distribution
- TUI Blue brand consolidation: target >100 hotels
- Benefit of shift to Eastern Med. will be more visible in H2

CRUISES

- Continued strong demand in German and UK Cruise markets
- Yields broadly flat despite increase in market capacity in Germany
- Yields increased in UK from fleet modernisation
- Mein Schiff 2, Marella Explorer 2 & Hanseatic nature successfully launched

DESTINATION EXPERIENCES

- Strong increase in excursions & activities in H1
- Integration of Musement digital platform concluded, business will benefit from H2 volumes

MARKETS & AIRLINES

- FY19 results impacted by 737 MAX grounding
 - ~€200m additional one-off costs (flight resumption mid-July)
 - ~3/4 additional costs including leases, ~1/4 commercial
- If MAX flight resumption mid-July not sufficiently certain by end May, we will need to extend measures to end of Summer, with an additional impact up to €100m
- Overcapacity in Western Med. expected to continue in Summer 2019
- Bookings for S19¹ currently down 3% against strong comparatives with ASP up +1%. 59% of programme sold vs. 62% in Summer 2018
- Approaching weaker comparables in July
- Consolidation expected – TUI maintains strong position and market share

¹These statistics are up to 5 May 2019 and shown on a constant currency basis and relate to all customers whether risk or non-risk



FY19 H1 RESULTS

BIRGIT CONIX



Income Statement

H1 winter losses in line with expectations

In €m	FY19 H1	FY18 H1 ¹
Turnover	6,676.4	6,565.9
Underlying EBITA	-300.6	-169.7
Adjustments (SDI's and PPA)	-45.3	-33.7
EBITA	-345.9	-203.4
Net interest expense	-35.1	-54.9
EBT	-381.0	-258.3
Income taxes	93.8	47.7
Group result continuing operations	-287.2	-210.6
Minority interest	-54.1	-70.3
Group result after minorities	-341.3	-280.9
Basic EPS (€)	-0.58	-0.48

ADJUSTMENTS

Includes PPA of €18m, one-off payment relating to the conversion of a UK pension plan and €11m loss on disposal relating to Corsair. Full-year guidance of ~€125m remains unchanged

INTEREST

Improvement of €23m from a revaluation of tax liabilities and resulting related interest - underlying FY19 full-year guidance remains at ~€130m

TAX

Reassessment of tax risks resulted in benefit of ~€40m vs. prior year. Expect FY19 underlying ETR to be ~18%

MINORITY INTEREST

Lower due to non-repeat of disposal gains in Riu prior year

¹ PY reported adjusted for retrospective application of IFRS 15



Cash Flow & Movement in Net Debt

In €m	FY19 H1	FY18 H1
EBITDA reported	-106.7	4.1
Working capital	-349.0	-194.7
Other cash effects	-89.8	-39.1
At equity income	-107.3	-114.2
Dividends received from JVs and associates	61.9	48.8
Tax paid	-78.3	-93.9
Interest (cash)	-38.6	-34.8
Pension contribution	-64.1	-64.9
Operating Cash flow	-771.9	-488.7
Net capex	-511.2	-256.8
Net financial investments	-194.7	29.3
Net pre-delivery payments	54.4	20.2
Free Cash flow	-1,423.4	-696.0
Dividends	-423.3	-381.8
Free Cash flow after Dividends	-1,846.7	-1,077.8

WORKING CAPITAL OUTFLOW DRIVEN BY S18 VOLUME INCREASES

- Higher outflow in Q1 driven by growth in capacity in S18, particularly in Central Region, from additional returned aircraft from Air Berlin and Niki and growth of Poland

HIGHER H1 CAPEX: PROFITABLE GROWTH INVESTMENTS

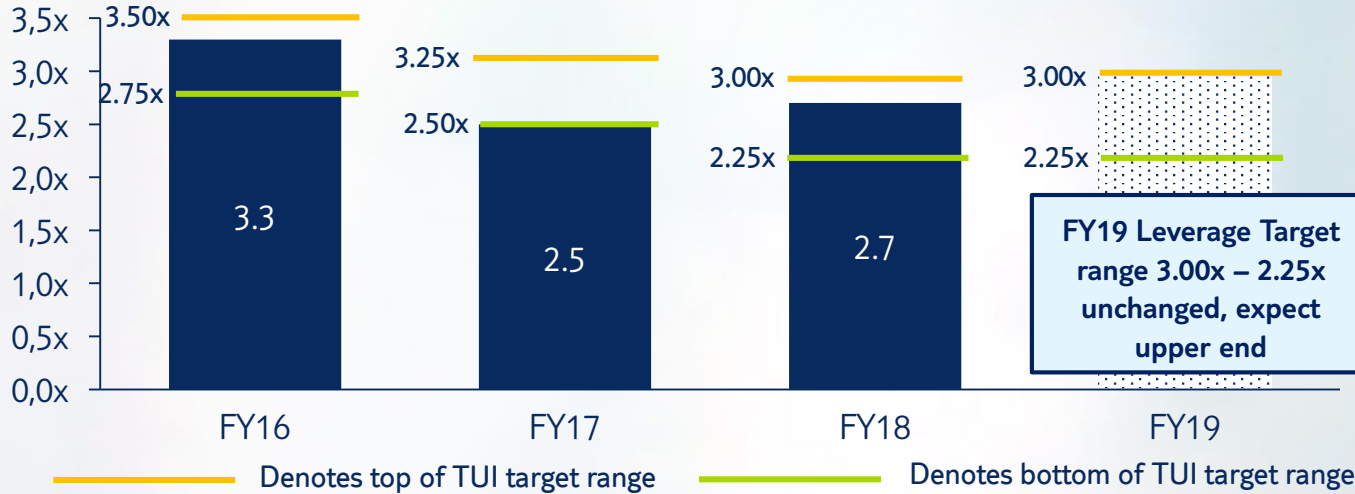
- Marella Explorer 2 of €162m, ~15% run-rate ROIC
- Musement acquisition of ~€40m, >50% mid-term ROIC
- Hotel capex & investments includes phasing from FY18. Blended ROIC target of at least 15% across our portfolio of hotels
- FY19 capex and investments guidance unchanged

In €m	31 Mar 2019	31 Mar 2018
Opening net cash as at 1 October	124	583
FCF after Dividends	-1,847	-1,078
Asset Finance	-206	-155
Other	-35	74
Closing net debt as per Balance Sheet	-1,964	-576



Reiterating TUI's robust financial position

GROSS LEVERAGE RATIO DEVELOPMENT AND OUTLOOK



CREDIT RATING DEVELOPMENT AND OUTLOOK

Rating agency	FY16	FY17	FY18	Current view
S&P	BB-/positive	BB/stable	BB/stable	BB/negative
Moody's	Ba2/stable	Ba2/stable	Ba2/positive	Ba2/negative

SUMMARY

- Leverage ratios driven by investment in profitable growth
- Combination of weaker trading & grounding of 737 MAX lead to FY19 expectation at upper end of range¹, in part driven by one-off effect
- March 2019 LTM net debt/EBITDA of 1.4x², with €2.4bn³ of liquidity headroom
- Significant headroom to 3x net debt/EBITDA RCF covenant⁴
- Broadly stable rating in BB/Ba2 range over the last three financial years
- Access to financing at attractive rates

¹ Leverage target according to TUI financial policy (gross debt/rep. EBITDAR) ² Based on the ratio of 31.3.19 net debt of €1,964m to the last twelve months reported EBITDA of €1,378m ³ Based on unrestricted cash of €1.0bn plus undrawn committed RCF facility of €1.4bn as at 31.3.2019 ⁴ Compliance with a net debt/EBITDA ratio



FY19 guidance unchanged

FY19 Guidance

	FY19e ¹	FY18
Turnover ²	Around 3% growth	€18,504m ⁵
Underlying EBITA rebased ^{3,5,6}	Resumption of 737 MAX by mid July: approx. minus 17% (one-off impact of approx. €200m) Full summer season flight capacity replacement required: approx. up to minus 26% (total one-off impact of up to approx. €300m)	€1,177m ^{3,5,6}
Adjustments	~€125m	€87m
Net capex & investments ⁴	~€1.0bn-€1.2bn	€0.8bn
Leverage ratio	3.0x to 2.25x (upper end expected)	2.7x
Dividend per share	Growth in line with underlying EBITA rebased ^{3,5}	€0.72

1 Based on constant currency

2 Excluding cost inflation relating to currency movements

3 Rebased to take into account €40m impact of revaluation of Euro loan balances within Turkish Lira entities in FY18

4 Including PDPs, excluding aircraft assets financed by debt or finance leases, "cash CAPEX"

5 Prior year reported adjusted for retrospective application of IFRS 15 and PPA adjustment for Destination Management

6 If it does not become sufficiently certain in the course of May that flying the 737 MAX will resume by mid-July, TUI will need to fully extend measures until the end of the summer season



SUMMARY

FRITZ JOUSSEN

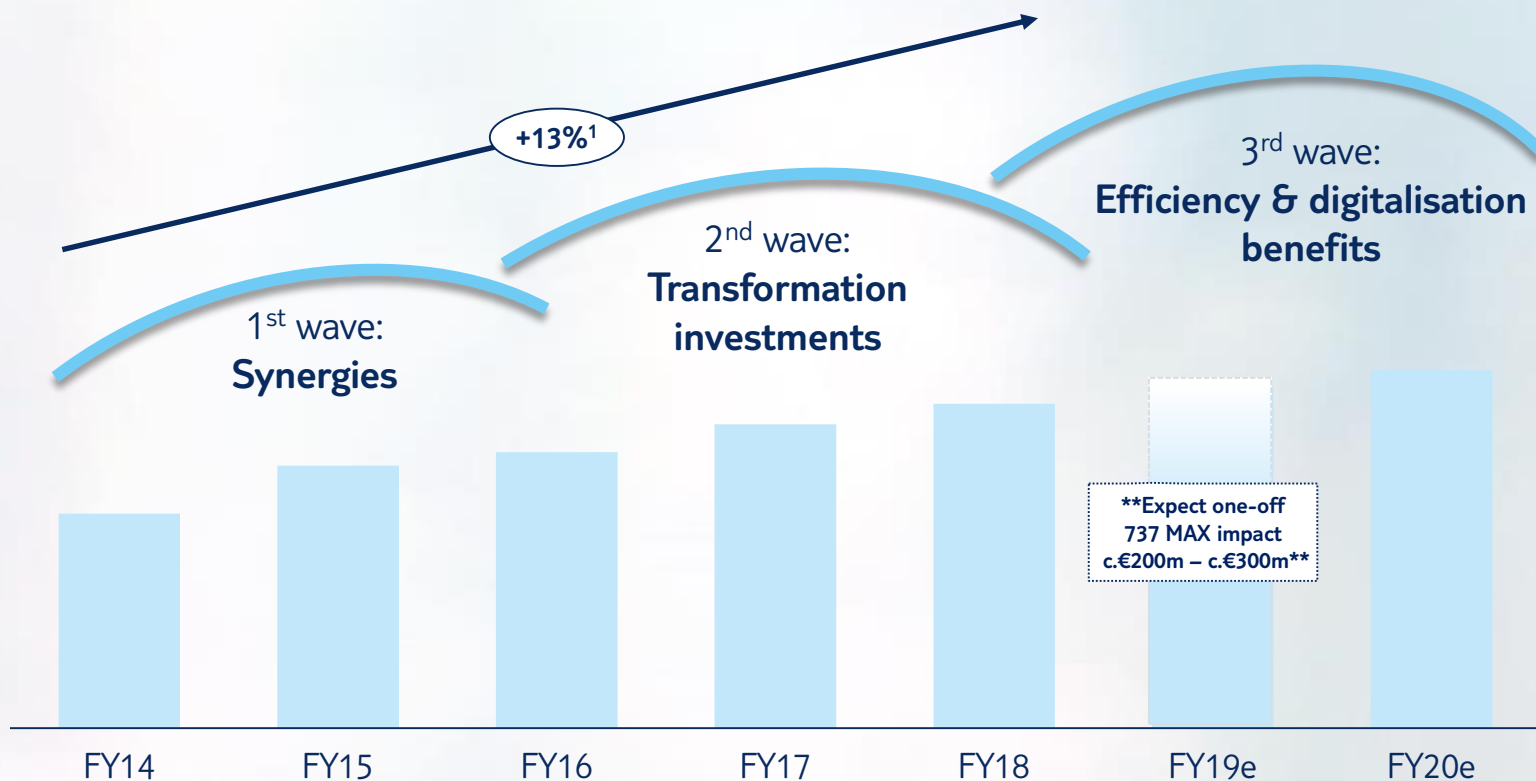


TUI Group outlook: Building blocks for future growth – 3rd wave of growth

**STRONG GROWTH TRACK RECORD:
MERGER SYNERGIES**

**FUTURE GROWTH:
INVESTMENTS, EFFICIENCY & DIGITALISATION**

BUILDING BLOCKS 3RD WAVE



Markets & Airlines

- Strong customer base
- Revenue opportunities
- Cost improvement
- Markets recovery

Content growth investments

- Capex of ~3.5% of turnover p.a. consisting of maintenance and growth capex
- 15% ROIC hurdle rate for new investments
- JV investments

Platform initiatives

- New Markets
- Destination Experiences

¹ Underlying EBITA CAGR of 10% since merger / average CAGR of 13% since merger at constant currency



APPENDIX



IFRS 15 and IFRS 9 application

IFRS 15 – Revenue from contracts with customers

- Application from 1 October 2018 using retrospective method (FY18 now fully aligned to IFRS 15)
- Main change relates to package holidays, recognition from start-date accounting to over-time accounting
 - Impacts revenue and cost of sales
 - Results in changes to quarterly and full-year FY18 revenue and underlying EBITA
- In addition, there are changes in gross and net presentation of revenue, mainly in relation to denied boarding compensation, passenger related taxes and car rentals
 - This impacts revenue and cost of sales (no impact on underlying EBITA, across the quarters and for the full-year FY18)

IFRS 9 – Financial instruments

- Application from 1 October 2018 (FY18 related line items in B/S and I/S adjusted, measurement unchanged)
- The new standard replaces IAS 39 guidance on:
 - Classification & Measurement – a new line item ‘other financial instruments’ was introduced for previous ‘available for sale financial assets’ and existing financial assets and financial liabilities was reclassified in accordance with IFRS 9 guidance
 - Impairment – introduction of a new model based on expected credit losses. Impacts opening balances, no prior year adjustments. New line item introduced to I/S
 - Hedge Accounting – we have elected to continue applying IAS 39 hedge accounting requirements, in accordance to option permitted by IFRS 9



FY19 H1 Turnover by Segment – restated for IFRS15 (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY19 H1	FY18 H1 ¹	Change	FX	Change ex FX
Hotels & Resorts	271.0	287.9	-16.9	1.8	-18.7
- Riu	200.7	234.4	-33.7	4.2	-37.9
- Robinson	42.6	33.9	8.7	-0.1	8.8
- Blue Diamond	-	-	-	-	-
- Other	27.7	19.6	8.1	-2.3	10.4
Cruises	424.6	396.9	27.7	1.9	25.8
- TUI Cruises	-	-	-	-	-
- Marella Cruises	274.7	237.5	37.2	1.9	35.3
- Hapag-Lloyd Cruises	149.9	159.4	-9.5	-	-9.5
Destination Experiences²	302.8	65.6	237.2	1.7	235.5
Holiday Experiences	998.4	750.4	248.0	5.4	242.6
- Northern Region	2,123.3	2,226.6	-103.3	-5.9	-97.4
- Central Region ²	2,224.7	2,235.6	-10.9	-0.9	-10.0
- Western Region	1,057.1	1,064.6	-7.5	-	-7.5
Markets & Airlines	5,405.1	5,526.8	-121.7	-6.8	-114.9
All other segments	272.9	288.7	-15.8	-0.1	-15.7
TUI Group	6,676.4	6,565.9	110.5	-1.5	112.0

* Table contains rounding effects 1 PY reported adjusted for retrospective application of IFRS 15 2 PY restated for reclassification of TUI DX Crystal to Destination Experiences from Markets & Airlines Northern Region and TUI Italy to Markets & Airlines Central Region from All other segments



FY19 H1 Underlying EBITA by Segment*

In €m	FY19 H1	FY18 H1 ¹	Change	FX	Change ex FX
Hotels & Resorts	135.4	172.3	-36.9	11.4	-48.3
- Riu	149.6	200.4	-50.8	1.7	-52.5
- Robinson	-0.3	1.0	-1.3	2.2	-3.5
- Blue Diamond**	18.8	14.3	4.5	1.5	2.9
- Other	-32.7	-43.4	10.7	5.9	4.8
Cruises	106.4	93.7	12.7	0.1	12.6
- TUI Cruises**	54.0	53.3	0.7	-	0.7
- Marella Cruises	30.2	25.6	4.6	0.1	4.5
- Hapag-Lloyd Cruises	22.2	14.8	7.4	-	7.4
Destination Experiences²	-10.4	-13.3	2.9	-0.1	3.0
Holiday Experiences	231.4	252.7	-21.3	11.4	-32.7
- Northern Region	-205.1	-125.7	-79.4	-0.9	-78.5
- Central Region ²	-127.8	-144.7	16.9	-	16.9
- Western Region	-163.9	-105.1	-58.8	-	-58.8
Markets & Airlines	-496.8	-375.5	-121.3	-0.9	-120.4
All other segments	-35.2	-46.9	11.7	2.3	9.4
TUI Group	-300.6	-169.7	-130.9	12.8	-143.7

*Table contains rounding effects **Equity result 1 PY reported adjusted for retrospective application of IFRS 15 2 PY restated for reclassification of TUI DX Crystal to Destination Experiences from Markets & Airlines Northern Region and TUI Italy to Markets & Airlines Central Region from All other segments



Net Financial Position, Pensions and Operating Leases

In €m	31 Mar 2019	31 Mar 2018
Financial liabilities	-3,101	-1,978
- Finance leases	-1,527	-1,294
- Senior Notes	-297	-296
- Liabilities to banks	-1,256	-359
- Other liabilities	-21	-29
Cash & Bank Deposits	1,137	1,402
Net debt	-1,964	-576
- Net Pension Obligation	-863	-966
- Discounted value of operating leases ¹	-2,893	-2,672

FINANCIAL LIABILITIES

- Higher versus prior year as a result of Schuldschein & Commercial Paper issuance, utilisation of short-term credit lines and RCF to support seasonal requirement, and new finance leases relating to aircraft re-fleeting

¹ At simplified discount rate of 1.2% at 31.3.2019 and 1.75% at 31.3.2018



Financial Ratios FY18 and Targets for FY19 – TUI Definitions

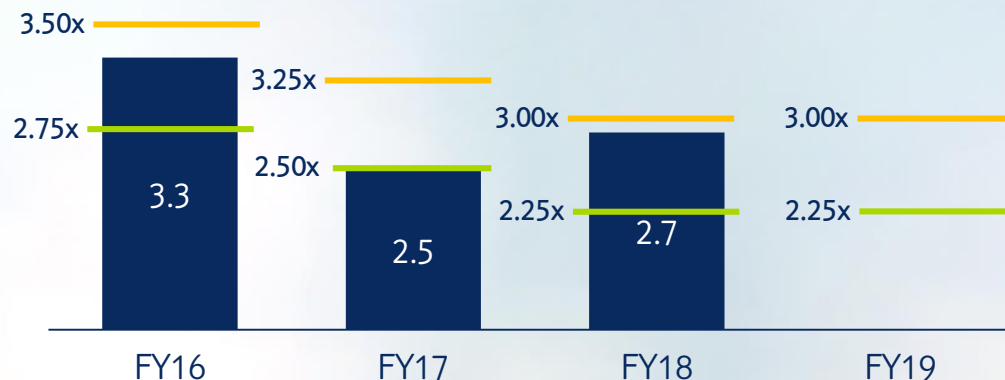
LEVERAGE RATIO FY18

€m	FY18
Gross debt	2,443
to Bonds	297
to Liabilities to banks	780
to Finance lease	1,343
to Other financial liabilities	23
Pensions	870
Discounted value of operating leases ¹	2,654
Debt	5,967
Reported EBITDAR	2,220
Leverage Ratio	2.7x

SPLIT

80% Aircraft
20% Cruises & Other

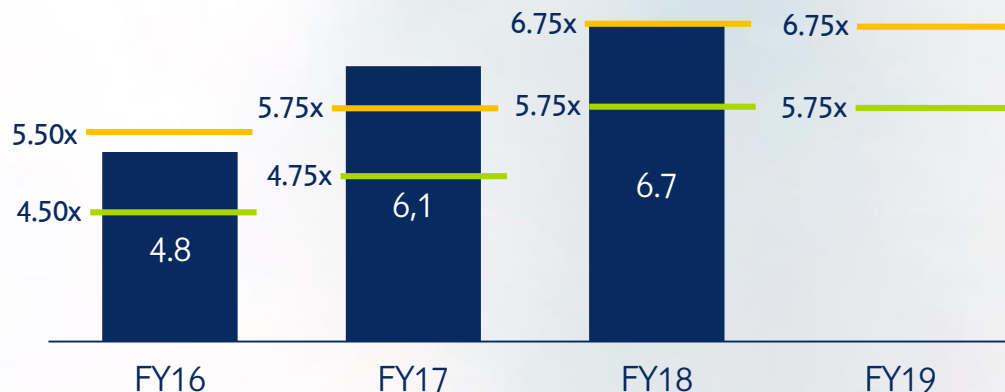
DEVELOPMENT AND OUTLOOK



FY19 Leverage Target
range 3.00x – 2.25x
unchanged, expect
upper end

COVERAGE RATIO FY18

€m	FY18
Reported EBITDAR	2,220
Rentals – interest component ²	240
Net interest expense	89
Interest Charges	329
Coverage Ratio	6.7x



FY19 Coverage Target
range 5.75x – 6.75x
unchanged

————— Denotes top of TUI target range ————— Denotes bottom of TUI target range

¹ At simplified discount rate of 1.75% ² Simplified approach - one third of long-term rental expense



Contact

ANALYST AND INVESTOR ENQUIRIES

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