TUI GROUP CAPITAL INCREASE

Strengthening balance sheet to position TUI for the future

March 2023

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AGENDA

1. **Transaction Overview**
2. TUI transformation & recovery
3. Capital structure development
4. Strategic growth priorities & mid-term ambitions

“Our commitment remains: a speedy repayment of the government support and strengthening our balance sheet – the proceeds of the capital increase will enable us to execute what we have promised. TUI’s focus continues to be on driving profitable growth”.

TUI Group CEO Sebastian Ebel

Summary transaction overview

Offering Details

- Offering size: €1.8bn proceeds
- Subscription price: €5.55
- Number of new shares to be issued: 328.9m (corresponding to the 69% shares attributable to the free-float)

Structure

- Fully underwritten capital increase by banking syndicate with pre-emptive rights for existing shareholders
- Subscription rights entitle to purchase 8 new shares for every 3 existing shares

Process and Timing

German subscription rights trading:	28 March – 12 April 2023
German subscription period:	28 March – 17 April 2023
UK DI rights trading:	30 March – 12 April 2023
UK DI subscription period:	30 March – 17 April 2023
Announcement of take-up and rump placement (if any):	18 April 2023
Closing:	24 April 2023

Use of Proceeds

- The proceeds of the Offering will be used to reduce the reliance on government financing
  - Full repayment of the Silent Participation I and Warrant Bond including accrued interest of ~€750m[1]
  - Full repayment of current drawings under KfW RCF & partial repayment of drawings under Banks RCF
  - Reduction of size of KfW RCF from €2.1bn to €1.1bn

Sanctioned Shareholders

- Sanctions preclude participation in any capital increase
- Cannot receive/exercise, sell or otherwise transfer subscription rights/new shares

Banking Syndicate

- Lead Joint Global Coordinators: Barclays, BofA Securities, Citigroup, Commerzbank, Deutsche Bank, UniCredit
- Co-Joint Global Coordinators: HSBC, Société Générale
- Joint Bookrunners: Crédit Agricole, ING Group, Natixis

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[1] 15-day VWAP before announcement (€16.6257) less discount of 9.30% multiplied with 479m (SP I + Warrant Bond) plus accrued interest

Capital increase timeline

Expected Transaction Timeline and Key Milestones

24 Mar 2023
Publication of prospectus

28 Mar 2023
Shares trade ex-rights for both London and German lines. Start of German subscription period and rights trading

30 Mar 2023
Start of UK DI pre-emptive rights subscription period and trading

12 Apr 2023
German subscription rights cease trading

12 Apr 2023
UK DI pre-emptive rights cease trading

17 Apr 2023
German subscription period ends

17 Apr 2023
UK DI pre-emptive subscription period ends

18 Apr 2023
Announcement of take-up and rump placement (if any)

24 Apr 2023
Closing

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Transformation of TUI and recovery from COVID-19 crisis

2014
TUI Travel Integration

2015+
Building Holiday Experiences

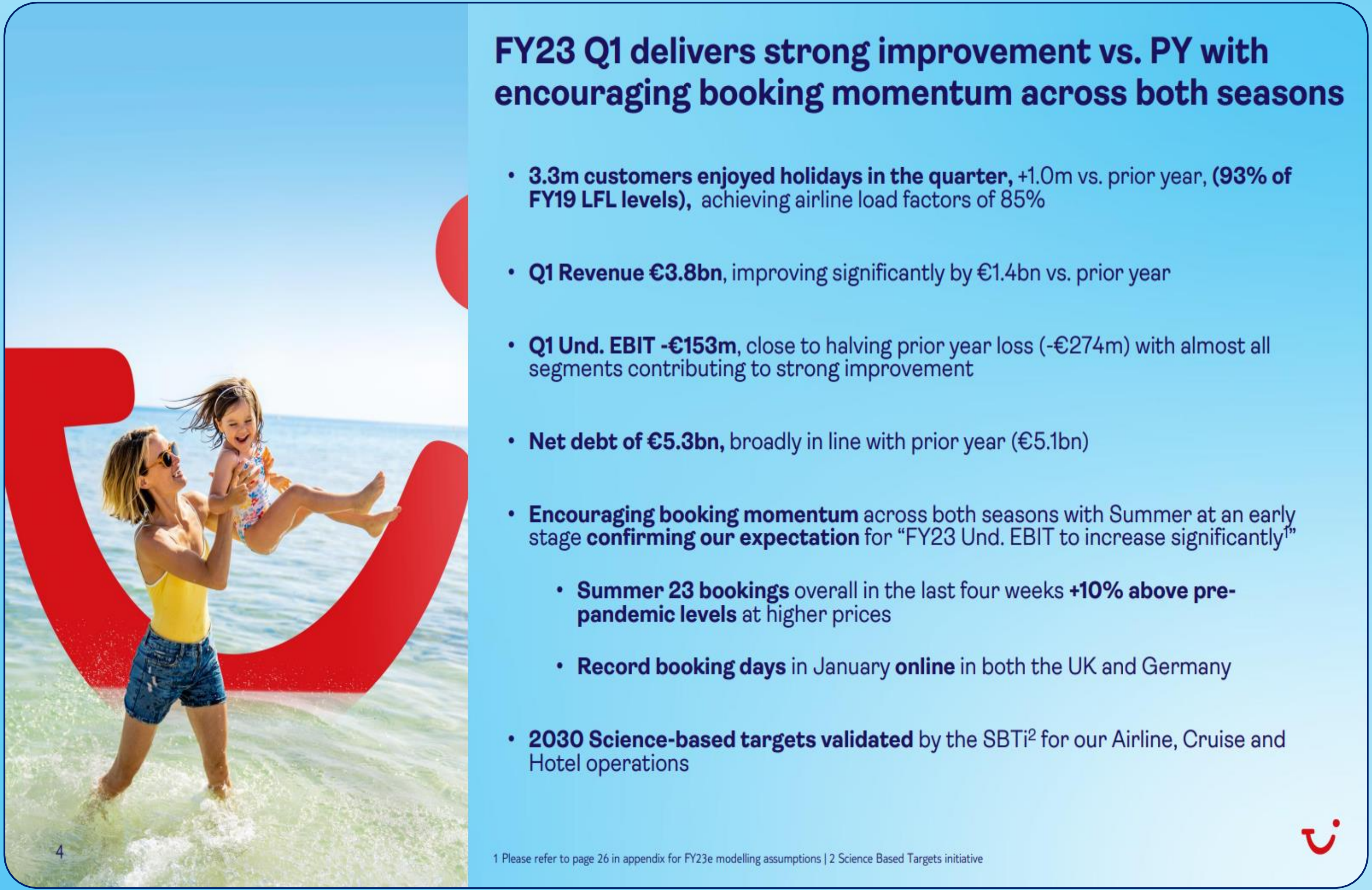
2020-2021
COVID-19 crisis

2022
Recovery

2023+
Return to growth

Focus on execution

TUI's Q1 results recap



FY23 Q1 delivers strong improvement vs. PY with encouraging booking momentum across both seasons

- **3.3m customers enjoyed holidays in the quarter,** +1.0m vs. prior year, **(93% of FY19 LFL levels),** achieving airline load factors of 85%
- **Q1 Revenue €3.8bn**, improving significantly by €1.4bn vs. prior year
- **Q1 Und. EBIT -€153m**, close to halving prior year loss (-€274m) with almost all segments contributing to strong improvement
- **Net debt of €5.3bn,** broadly in line with prior year (€5.1bn)
- **Encouraging booking momentum** across both seasons with Summer at an early stage **confirming our expectation** for "FY23 Und. EBIT to increase significantly[1]"
  - **Summer 23 bookings** overall in the last four weeks **+10% above pre-pandemic levels** at higher prices
  - **Record booking days** in January **online** in both the UK and Germany
- **2030 Science-based targets validated** by the SBTi[2] for our Airline, Cruise and Hotel operations

[1] Please refer to page 26 in appendix for FY23e modelling assumptions | [2] Science Based Targets initiative

- Strong improvement in Und. EBIT yoy with almost all segments contributing
- **Markets & Airlines with** encouraging booking momentum across both seasons with capacity expected to be close to normalised levels
  - Summer 2023 up +20% year-on-year and at 89% of pre-pandemic levels with prices ahead
  - Momentum has continued to build in the four weeks to 5th February with bookings at +10% above pre-pandemic levels and pricing +27%
- Positive momentum continues in **Holiday Experiences** too
  - **Hotels & Resorts** and **Cruises** with higher occupancies and higher rates for hotels and many cruises
  - **TUI Musement** with strong growth of Experiences sold

Markets & Airlines – Encouraging booking momentum per 5 February across both seasons with capacity expected to be close to normalised levels

W22/23 Cumulative Net bookings as % of W18/19

4.0m bookings, +1.3m added since FY22 12M

	Vs 18/19		Vs 21/22
	W22/23	L4W	W22/23
BOOKINGS[1]	-13%	+5%	+44%
ASP	+29%	>cumulative	+8%

S23 Cumulative Net bookings as % of S22

4.7m bookings, +1.7m added L4Ws

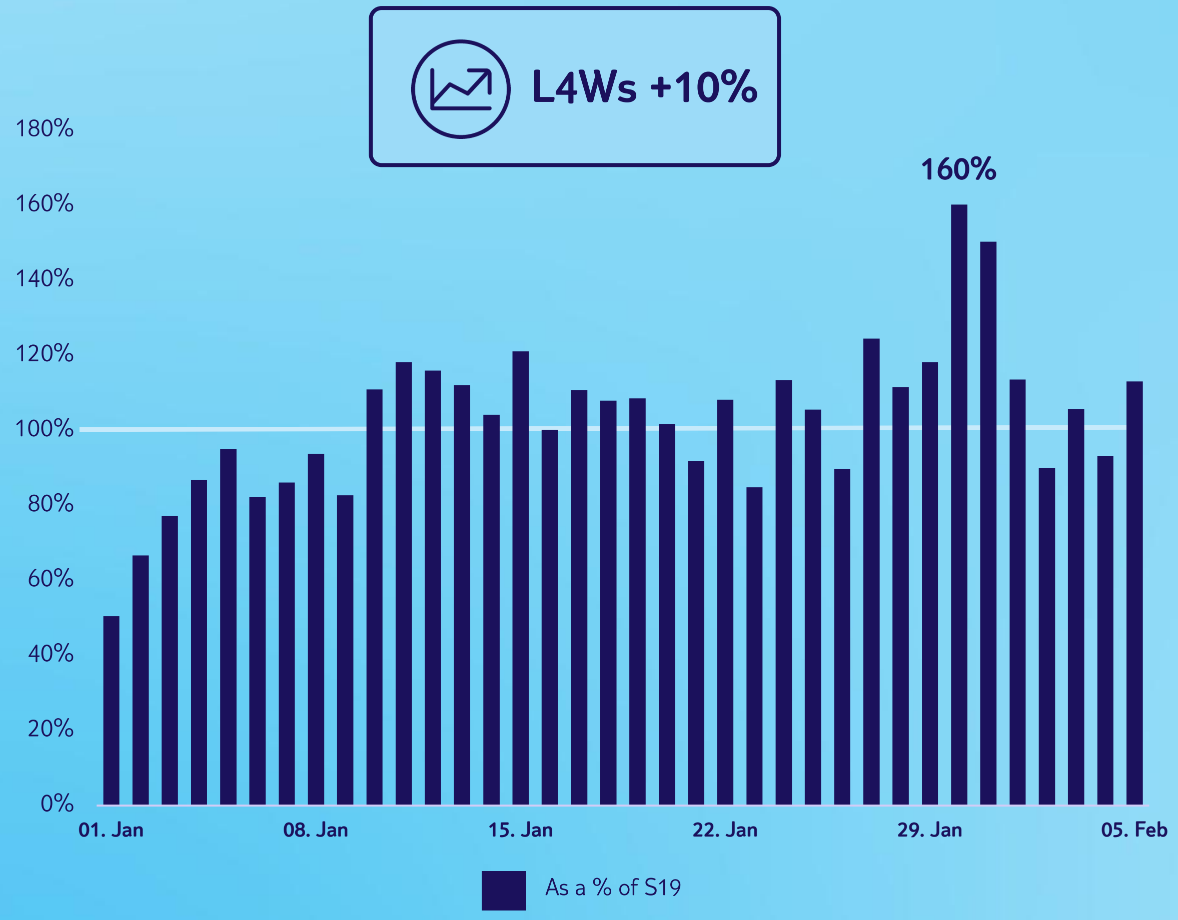
	Vs S22		Vs S19
	S23	L4W	S23
BOOKINGS[1]	+20%	+50%	-11%
ASP	+2% +6% LFL*	+12%	+24%

- **Summer 23 bookings** in the four weeks up to 5 February **+10%** above pre-pandemic levels at **higher prices**

[1] Bookings up to 5 Feb 2023 relate to all customers whether risk or non-risk and include amendments and voucher re-bookings | 2 Excludes UK S22 re-bookings rolled over from previous seasons, some of which included a rebooking incentive

Markets & Airlines – Bookings in the 4 weeks to 5 February +10% above pre-pandemic levels & record booking days online achieved

Net daily Summer 23 bookings vs. Jan 19


L4Ws +10%

Bookings overall in the last four weeks +10% above pre-pandemic levels at higher prices

Record booking days in January online in both the UK and Germany

TUI UK & Germany were the most visited package holiday web sites[1] in January with a +46%[2] and +28%[2] increase in unique visits YOY respectively

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1 Similarweb: share of visits to beach package sites | 2 Google Analytics

Holiday Experiences – Positive trading momentum per 5 February continues

HOLIDAY EXPERIENCES

Versus 2022		23 H1[1]	23 H2[1]	Trading Environment
HOTELS & RESORTS	Avail. Bed Nights[2]	+1%	+4%	• Occ. % in H1 well ahead of PY at 71% (PY 56%) with encouraging indications for H2 at 33% (PY 26%), driven by RIU & Robinson • Ave. Daily Rate in H1 well ahead of PY and encouraging indications for H2, with RIU continuing to drive strong performance • Caribbean, Canaries, Cape Verde and Egypt key destinations in H1 and Canaries Balearics, Greece & Turkey key destinations in H2
	Occupancy %[2]	+15%pts	+7%pts	
CRUISES	Avail. Passenger Cruise Days	+37%	-1%	• Avail. passenger cruise days significantly ahead of PY for H1, supported by restriction free travel environment. H2 slightly behind due to refurbishment of MS Herz as part of delivery to Marella • Occ. % for many cruises developing close to peaks last seen in 2019 • 2023 booked ticket rates for many cruises above pre-pandemic levels
	Occupancy %	+40%pts	+14%pts	
TUI MUSEMENT	Experiences Sold	+70%	+Mid-double digit%	• Experiences growth driven by restriction free travel environment, enlarged product offering & our diversified distribution (TUI, B2C and B2B). • Transfers develop in line with capacity assumptions of Markets & Airlines in 2023

1 2023 trading data compared to 2022 trading data as of 5 Feb 2022 | 2 Excludes Blue Diamond

TUI exits the pandemic well positioned for FY23 and beyond – Growth initiatives combined with higher flexibility, lower risks & cost base

MULTI-YEAR GROWTH INDUSTRY
Tourism sector growing above GDP

TRUSTED BRAND
Valued by customers

TUI CUSTOMER OFFER
More quality, more flexibility, more differentiation

BUSINESS MODEL
Covering full tourism value chain

STRATEGIC GROWTH PRIORITIES
Grow market share, new products, new customers by scaling digital infrastructure

EXECUTION OF GRP
€400m cost savings realised by FY23[1] to soften inflationary environment

RIGHT SIZED AIRLINE
Own-flight capacity reduced by 17 aircraft to a fleet of 133 aircraft[2]

REDUCED HOTEL COMMITMENTS/PREPAYMENTS

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[1] We announced our Global Realignment Programme ("GRP") in May 2020 | [2] As of 30 Sep 2022 compared to 30 Sep 2019

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Execution of WSF agreement to emerge stronger in an attractive, long-term growth sector

Capital increase of ~€1.8bn
to repay state aid & to strengthen the balance sheet

1

WSF SP I & Warrant bond repayment

- Repay nominal €479m Silent Participation I & Warrant Bond
- Repayment at market value incl. accrued interest of ~€750m[1]

2

KfW RCF reduction

- Full repayment of current drawings under KfW RCF & partial repayment of drawings under Banks RCF
- Reduction of size of KfW RCF from €2.1bn to €1.1bn

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[1] 15-day VWAP before announcement (€16.6257) less discount of 9.30% multiplied with 479m (SP I + Warrant Bond)

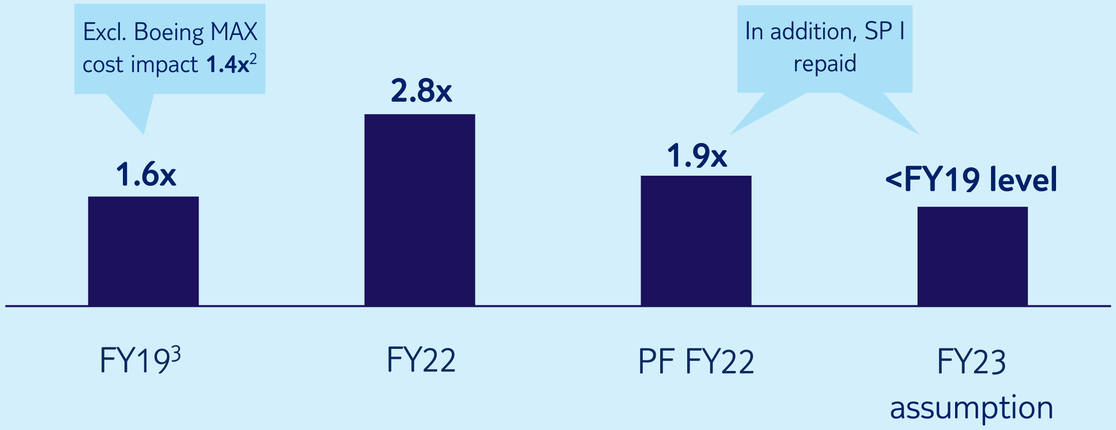
Capital increase impact on balance sheet

Overall structure & implications

in €bn

Sources & Uses		Net Debt	
Proceeds	**+1.8**	**Net Debt FY22 Q4**	**3.4**
Warrant Bond repayment	-0.1		-0.1
RCF reduction (drawing per 31/12)[1]	-1.0		-1.0
WSF SP I repayment	-0.7	**PF Net Debt FY22 Q4**	**2.4**

Capital increase assumed to deliver a pro-forma Net Leverage Ratio below FY19 level



Calculation:
FY22: Net debt: €3.4bn / Und. EBITDA: €1.2bn
PF FY22: Net debt FY22 pro-forma / Und. EBITDA: €1.2bn
FY23 assumption: Net debt FY22 pro-forma / Und. EBITDA

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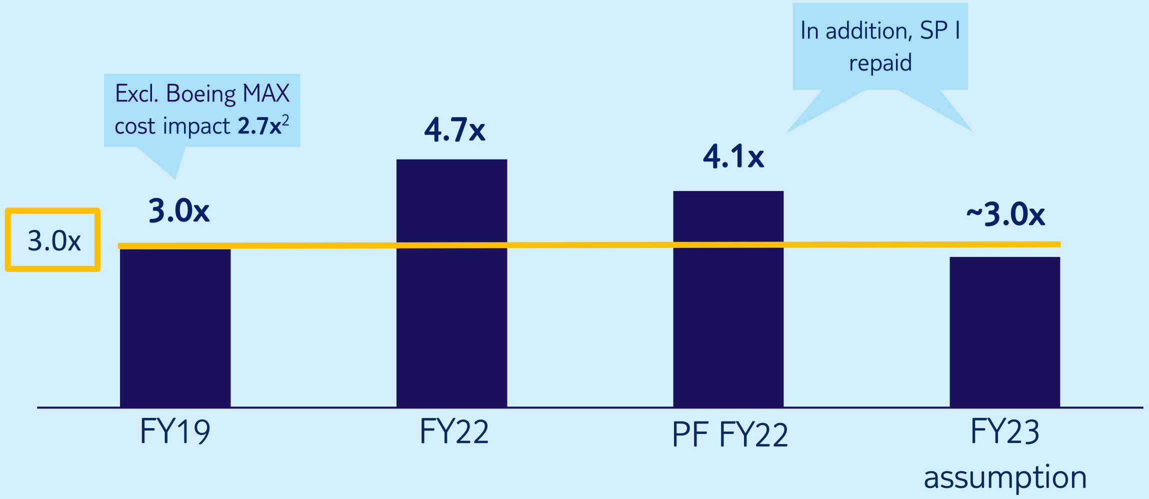
[1] Intention to repay current drawings as of 23 March 2023 under the KfW RCF by €440m and under the Banks RCF by €568m | [2] Indicative pro-forma calculation of net leverage excluding MAX impact | [3] Based on IFRS16 adjusted Und. EBITDAR

Capital increase to support sustainable leverage ratio

Capital increase to accelerate Gross Leverage Ratio[1] down to ~3.0x



Calculation:
FY22: Gross debt: €5.7bn / Reported EBITDA: €1.2bn
PF FY22: Gross debt FY22 pro-forma / Reported EBITDA: €1.2bn
FY23 assumption: Gross debt FY22 pro-forma / Reported EBITDA

- Capital increase allows to restore balance sheet strength
  - Pro-forma gross leverage ratio for FY23 ~3x
  - Reduce net debt and interest costs
- Clear pathway to full redemption
- Commitment to maintain strong balance sheet through the cycle
  - Leverage ratio of well below 3x in line with 2025/26 mid-term ambitions
  - Return to credit rating in line with pre-pandemic rating of BB / Ba territory

1 Defined as gross debt (financial liabilities including lease liabilities & net pension obligation) divided by Reported EBITDA | 2 Indicative pro-forma calculation of gross leverage excluding MAX impact

A strong balance sheet enables TUI to focus on growth & further market recovery

Capital increase is expected to

✓ **Strengthen balance sheet**

- Reduce gross leverage to well below 3x in the mid-term
- Reduce pro-forma 12 months net interest/including SP I dividend by c. €80-90m
- Lower cost of capital
- Accelerate path to an improved credit rating

✓ **Allow the business to drive growth** at attractive return levels and grow market share

✓ **Lay the foundation to return to a more balanced capital allocation policy**

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Tourism sector fundamentals remain attractive – our strategic priorities position us well for growth

TRAVEL IS A MEGA TREND

Tourism growth above GDP – a multi-year growth industry

Favourable demographic supported by high disposable income and longevity

Experiences
The new lifestyle & global trend in travel

STRATEGIC PRIORITIES

Grow market share

New products

New customers

Strong focus on quality

Sustainability as **opportunity**

Winning team

Growth across the Group embedded in one central customer ecosystem

Markets & Airlines

Our opportunities

- **Grow market share in our traditional Wholesale package market** – be more agile & more competitive
- **Leverage the TUI brand to grow in additional markets of the Leisure industry**
  - Dynamic Packaging
  - Accommodation- & Flight-Only
  - Cars
  - Tours & Experiences
  - Develop new markets & destinations

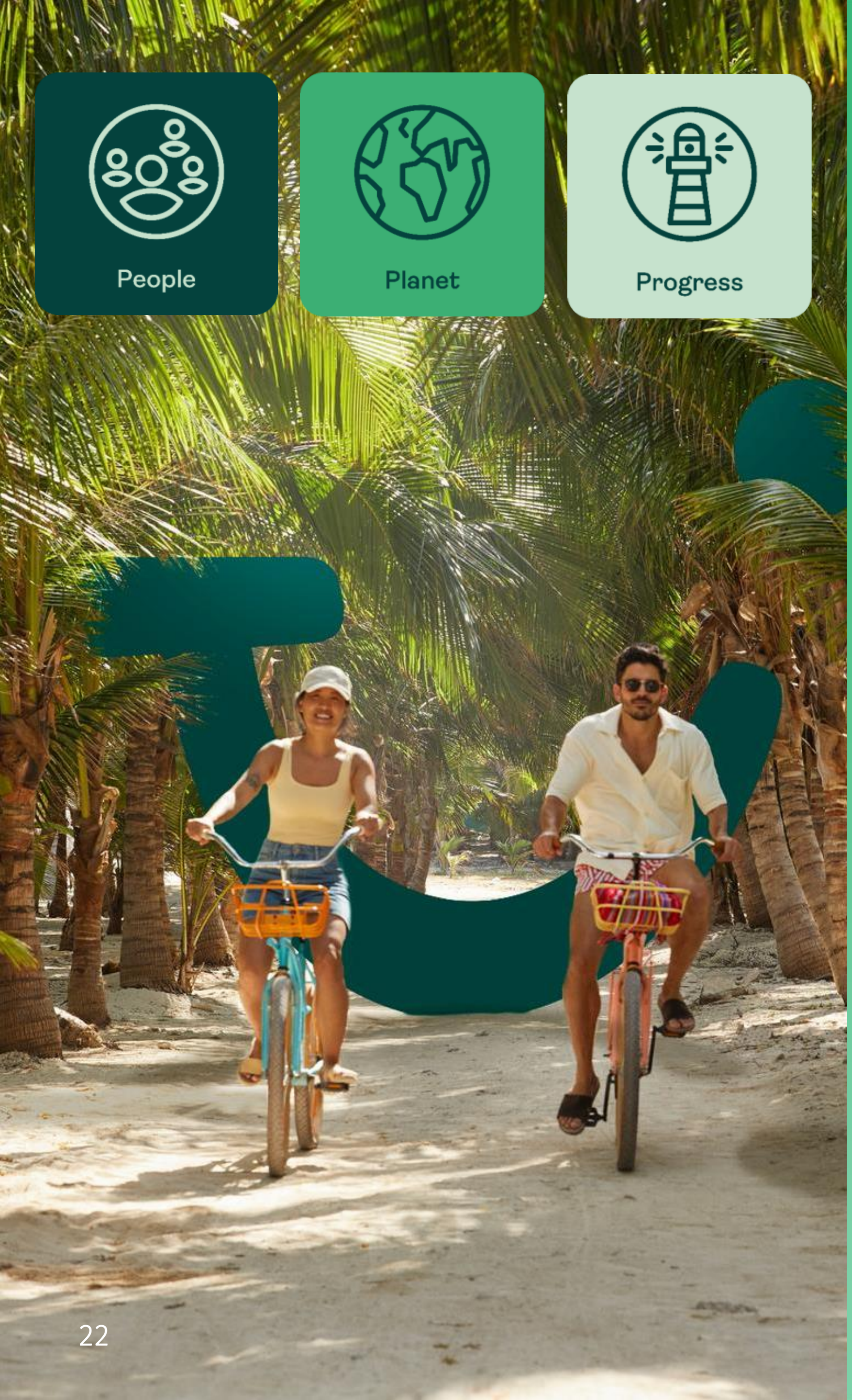
Target product led growth in existing & untapped customer segments

Holiday Experiences

Our opportunities

- Developing our strong hotels & cruise brands
- Grow through new differentiated products
- Develop new destinations
- Enhancing the customer experience
- Increase direct distribution
- Grow in the "things to do" market with our scalable digital platform of TUI Musement

Broadening the funnel by driving asset-right & JV growth to tap existing & new customer segments



Sustainability as opportunity

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

New Sustainability Agenda

- Commitment to achieve **net-zero emissions well before 2050**
- **2030 Science-based targets validated** by the SBTi for our Airline, Cruise and Hotel & Resorts

- 24%

Reduce airline CO_2e per revenue passenger km by 24% by 2030[1]

(Baseline 2019)

-27.5%

Reduce absolute CO_2e from our own cruise operations by 27.5% by 2030 [1]

(Baseline 2019)

- 46.2%

Reduce absolute CO_2e from TUI Hotels & Resorts[2] own operations by 46.2% by 2030[3]

(Baseline 2019)

- **The world's first ocean cruise companies with science-based targets**
- **TUI Airline - one of the world's first airlines with science-based targets**
- **Among the first leisure hotel companies with science-based targets**

(All information based on company research)

[1] Level of ambition well-below 2°C | [2] All TUI Hotel & Resorts (inc. JV partners) that are owned, managed or leased. Concept partner hotels that are not part of the TUI Hotels & Resorts portfolio are excluded | [3] Level of ambition 1.5°C

Clear mid-term strategy to capture future market growth potential - Grow market share, New products & New customers

Accelerate profitable growth
With new customer segments & more product sales

Improve profitability and margin

Focus on Cash Flow

Strengthen Balance Sheet

OUR FY23 ASSUMPTIONS

- Revenue[1] expected to further increase strongly
- Und. EBIT[1] expected to increase significantly
- With proceeds of capital increase pro-forma gross leverage ratio assumed ~3.0x[3]

OUR 2025/26 MID-TERM AMBITIONS

- Und. EBIT to significantly build on €1.2bn[2]
- Return to a gross leverage ratio of well below 3.0x[3]
- Return to credit rating in line with pre-pandemic rating of BB / Ba territory

CREATING SHAREHOLDER VALUE

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[1] Based on constant currency; In view of the effects from the war in Ukraine, the assumptions for Revenue and Underlying EBIT are subject to considerable uncertainty. Amongst others, the greatest area of uncertainty will be the impact on consumer confidence, should there be further cost inflation volatility and/or an escalation of the war in Ukraine | 2 FY19A Underlying EBIT of €893m including €293m Boeing MAX cost impact | 3 Defined as gross debt (Financial liabilities incl. lease liabilities & net pension obligation) divided by Reported EBITDA

APPENDIX

Deriving the Theoretical Ex-Rights Price (TERP) for the TUI rights issue

On 28 March 2023 various data providers initially applied an incorrect adjustment factor of 0.5295 to TUI's historical share/DI prices, as they did not consider the exclusion of the sanctioned shareholder in the ongoing rights issue. As a result, amongst others, an adjusted TUI share price (TERP) of €8.324 was featured for 27-Mar-2023, XETRA close. In the table below we are showing the correct rights issue calculations with an adjustment factor of 0.5807, resulting in an adjusted TUI share price (TERP) of €9.128 for 27-Mar-2023, XETRA close.

Rights Issue calculations	Incorrect adjustment mechanism	Correct adjustment mechanism
TUI Share Price as of 27-Mar-2023, XETRA close (€) (unadjusted)	15.720	15.720
Shares Outstanding pre-Rights Issue (m)	178.5	178.5
Free Float Shares Outstanding pre-Rights Issue (m) (excluding shares beneficially owned by the sanctioned shareholder)	123.3	123.3
Market Cap (€m) (as of 27-Mar-2023, XETRA close)	**2,806**	**2,806**
Free Float Market Cap (€m) (as of 27-Mar-2023, XETRA close)	**1,939**	**1,939**
Rights Issue Ratio (New Shares for Old Shares)	**8 for 3**	**8 for 3**
New Shares Issued in the Rights Issue (m)	476.1	328.9
Pro-Forma Shares Outstanding post Rights Issue (m)	654.6	507.4
Subscription Price for each New Share (€)	**5.550**	**5.550**
Theoretical Ex-rights Price ("TERP") as of 27-Mar-2023, XETRA close (€) *Calculated as* *"TERP = ((TUI Shares Outstanding Pre-Rights Issue * TUI Share Price as of 27-Mar-2023, XETRA close) + (New Shares Issued * Subscription Price)) / (TUI Shares Outstanding Pre-Rights Issues + New Shares Issued)"*	**8.324**	**9.128**
Resulting Adjustment Factor	0.5295	0.5807

Resulting number of new shares if ratio of "8 for 3" is applied to the entire number of shares outstanding pre-deal (incl. sanctioned shareholder)

Resulting number of new shares if ratio of "8 for 3" is applied only to the free float shares outstanding pre-deal (in line with public communication and offer documents)

Capital increase glossary and terms

Capital Increase Terms

Targeted proceeds	**€1.8bn**
Subscription price	**€5.55**
Subscription ratio	**8 for 3**
Closing share price on 23 March 2023	€16.00
178.5m current shares at €16.00	€2,856m
328.9m new shares at €5.55	€1,825m
507.4m total shares	€4,682m
Theoretical ex-rights price (TERP)	**€9.23**
Discount to TERP	**39.85%**
Discount to closing price on 23 March 2023	65.31%

Capital Increase Glossary

Subscription Price	• The price at which new shares in the capital increase are offered
Subscription Rights	• Tradable securities issued to all existing (non-sanctioned) holders pro-rata to their shareholdings at launch, which allows holders to subscribe to new shares at the pre-determined subscription price • Germany: Shareholders are issued 1 right for each share they hold prior to launch, i.e. 3 rights allow to subscribe for 8 new shares • UK: Allocation of rights are done initially per the subscription ratio, i.e. 8 rights for every 3 shares held. One right allows to subscribe for 1 new share
Sanctioned Shareholder	• Cannot receive/exercise, sell or otherwise transfer subscription rights/shares • Sanctions preclude participation in any capital increase
Subscription Period	• The period in which holders of the subscription rights can exercise their subscription to new shares
Subscription Ratio	• Ratio of new shares issued to existing shares held (i.e. 8 for 3, implies 8 New Shares for every 3 existing ordinary shares held in TUI)
Theoretical Ex-Rights Price ("TERP")	• Theoretical price at which the shares should trade, once the rights are detached • TERP = (Current Shares Outstanding * Current Share Price) + (Newly Issued Shares * Subscription Price) / (Current Shares Outstanding + Newly Issued Shares)
Discount To TERP	• The discount to TERP represents the difference in % between the subscription price and the TERP
Rump Placement	• Remaining unsubscribed shares will be sold to the market in a "Rump Placement" after the Subscription Period

Capital increase impact on balance sheet (details)

Resulting net debt overview

in €bn

Balance sheet items	**FY22 Q4**	**PF FY22 Q4**
Lease Liabilities under IFRS16[1]	3.2	3.2
WSF bond *(Nominal Value: €59m)*	0.1	-
Convertible Bond *(Nominal Value: €590m)*	0.5	0.5
Liabilities to banks	1.4	0.8
SSD (Nominal Value: €425m)	*0.4*	*0.4*
Cash RCF drawn (Capacity: €1,454m)	*0.6*	-
KfW RCF drawn (Capacity: €2,100m/€1,100m post capital increase)	-	-
Asset Financing	*0.4*	*0.4*
Other Liabilities	0.1	0.1
Cash & Bank Deposits	-1.8	-2.3
Net Debt	**3.4**	**2.4**
Silent participation I	**-0.4**	**-**

Drawn c. €1bn per 31 Dec 2022

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[1] Lease liabilities: Aircraft, Hotels, Ships, Other

Actions taken to restore TUI’s strength and position for our further growth objectives in a period of macro uncertainty

COVID-19

Ukraine / Energy Crisis / Inflation & Interest Rates

2020

- ✓ Agreement on 1st stabilization package of €1.8bn
- ✓ Application of a de facto dividend holiday, which will remain in force over the term of the loans provided by both KfW and WSF
- ✓ Agreement on 2nd stabilisation package of €1.2bn
- ✓ Global Realignment Programme launched

2021

- ✓ Initial capital increase of c.€550m successfully completed
- ✓ Agreement on 3rd stabilization package of €1.3bn
- ✓ Successful issue of convertible bonds of €400m as well as c. €190m tap issuance
- ✓ Extension of €4.7bn credit lines with banks until summer 2024
- ✓ Successful capital increase of €1.1bn to strengthen the balance sheet

2022

- ✓ First return of credit lines to the German state and private banks of around €700m
- ✓ Accelerated capital increase with proceeds of c. €425m to further reduce government financing
- ✓ **Agreement with WSF for repayment of SP I (€420m) and the remaining Warrant Bond (€59m)**
- ✓ 80% benefit from Global Realignment Programme delivered by FY22

2023

- ✓ **AGM approval for share consolidation received**
- ✓ Launch of **capital increase with subscription rights of c.€1.8bn** for **repayment of WSF** (SP I and the remaining Warrant Bond) and **substantial reduction of KfW RCF**

Treatment of sanctioned stake

Based on Prospectus

Alexey Mordashov controls **Unifirm and Severgroup**, who together **currently hold 30.91%** of the issued share capital in TUI AG

Unifirm and Severgroup are **prohibited from exercising any rights from the shares they hold in TUI** due to incorrect voting rights notifications and as they are subject to the **asset freeze** under the applicable EU and UK sanctions

As a result, **no subscription rights will be granted** to Unifirm or Severgroup in the capital increase

As such, the **cumulative shareholding** and the corresponding holding in voting rights of Unifirm & Severgroup **will be diluted to 10.9%,** following completion of the offering

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