TUI Group Capital Markets Update

13 May 2015

Taking TUI to the next level: The World's Leading Tourism Business

Peter Long

TUI Group – The World's Leading Tourism Business

Access to over 20m customers

Modern & efficient leisure airline

Attractive global hotel portfolio

Growing fleet of cruise ships

We are already delivering results

Outperformed our financial targets in 2013/14	**Integration** progressing well	**Further improvement** in Hotels occupancy & yield	**Strong growth** in Cruises
Continued growth in unique holidays & online sales	**Simplified** capital structure & **strong** operating cashflow	**Significant improvement** in H1 underlying EBITA	**Confident of 10-15%* growth in underlying EBITA in 2014/15**

* At constant currency rates

Taking TUI to the next level

- We are focussing on **profitable top-line growth** in our tourism business and maximising **growth and value** from our other businesses

- The **merger** is progressing smoothly, with a **faster pace**

- We are **accelerating organisational change** – implementing a flat structure to **enable fast and agile decision-making**

The World's Leading Tourism Business

A clear structure to deliver growth and value

Tourism Business

- Northern Region
- Hotels & Resorts
- Central Region
- Cruises
- Western Region
- Inbound Services (from 2015/16)

Platforms (aviation & customer/IT)

Other Businesses

- Hotelbeds Group
- Specialist Group

Held for sale

- LateRooms Group
- Hapag-Lloyd AG

A strong management team with experienced commercial leaders

Member of the* Group Executive Committee

Executive Board

Friedrich Joussen

Joint CEO

Peter Long

Joint CEO

Horst Baier

CFO

Sebastian Ebel

- Central Region
- Hotels & Resorts
- Cruises
- Inbound Services
- IT & Central

Will Waggott

- Specialist Group
- Hotelbeds Group
- LateRooms Group

David Burling

- Northern Region
- Hotel concepts
- Aviation

Elie Bruyninckx

Western Region

Thomas Ellerbeck

Group Director Corporate & External Affairs

Erik Friemuth

Group Chief Marketing Officer

Kenton Jarvis

Group Director Controlling and FD Tourism

Dr. Hilka Schneider

Group Director Legal, Compliance & Board Office

*Christian Clemens will be a member of the Group Executive Committee until his resignation as CEO TUI Deutschland at the end of this year

TUI

What we want to achieve – our growth levers

Deliver Tourism Growth

Marketing & Sales	Flight	Inbound Service	Accommodation	Integrated platforms Integrated management

Maximise Growth & Value of our other businesses

Deliver Merger Synergies

Balance sheet strength, flexibility and strong free cash flow generation

Unparalleled customer proposition

Increased shareholder returns

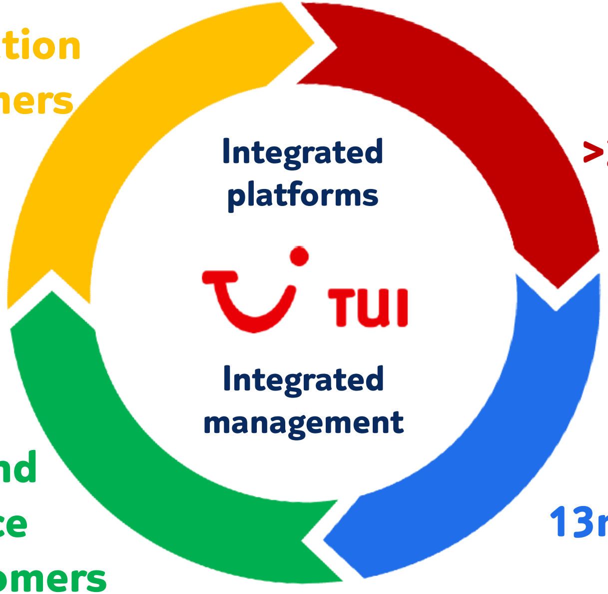
Deliver Tourism Growth

Friedrich Joussen

The World's Leading Tourism Business

Accommodation
>7m customers

Marketing
& Sales
>20m customers



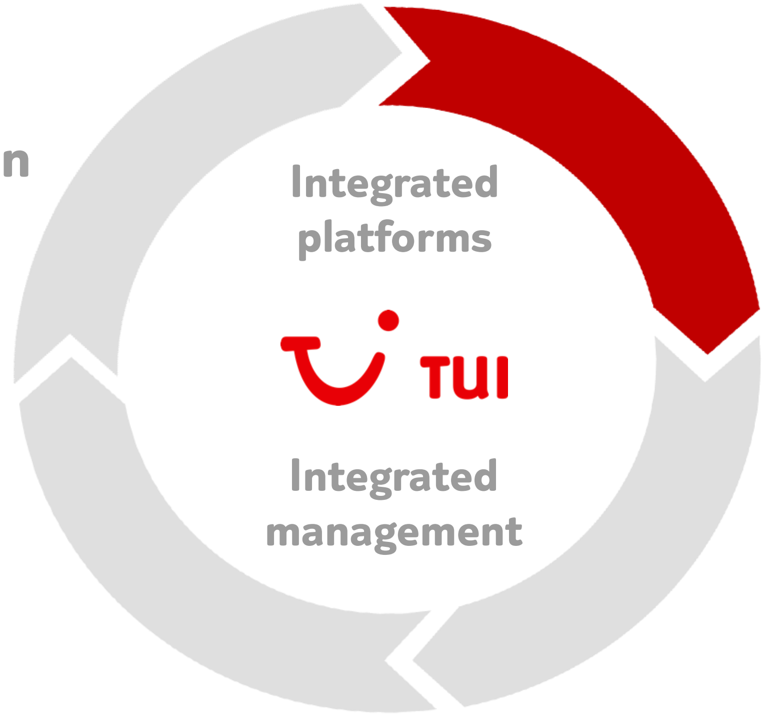
Inbound
Service
11m customers

Flight
13m customers

- **Strong positions** in all parts of the value chain
- Business risk minimised through **integrated decision making**
- **From growing profits to profitable growth**

Customer numbers based on 2013/14, including JVs. Marketing & Sales includes Northern Region, Central Region and Western Region; Flight includes Corsair and TUIfly passengers flown for Air Berlin; Inbound Service relates to in-house customers only; Accommodation includes former TUI AG hotels and cruise customers, former TUI Travel hotels customers and Blue Diamond (Canadian JV) customers

Marketing & Sales



Marketing & Sales

- One brand, local roots
- Strengthen local P&Ls, build on world-class global platforms
- More direct, more online
- Broadening offering in existing source markets
- New source markets

One brand*, local roots

- If we set up our company today we would build it on **one brand**
- If we fast forward into the future one brand would be necessary to compete, particularly **online**
- We will ensure that we don't lose the benefits of our **local brand equity**

* The implementation takes place with respect for all interests of third parties and existing contractual obligations

One brand offers significant opportunities

Growth Potential	Renaming offers opportunity to reposition
360° Experience	End to end consistent customer experience including media power
Digital	Opportunity for more impact through centralised URL
Efficiency	Operational efficiency by optimising content production
Competitiveness	Competitive strength against global platforms
Brand Equity	One global brand, with local roots

Brand migration will be funded from ongoing operational efficiency and additional revenues

Our brand migration process* will make sure that we don't lose local brand equity

Phase 1

NL	Arke	→	TUI
FR	*Introduce TUI*	→	TUI
BE	Jetair	→	TUI

Phased approach allows transfer of best practice and enables us to minimise risk

Phase 2

Nordics	Fritidsresor	→	TUI
UK	Thomson	→	TUI

Supporting Workstreams: Airline rebranding, destination & airport rebranding, external & internal communication, IT migration

* The implementation takes place with respect for all interests of third parties and existing contractual obligations

Strengthen local P&Ls, build on world-class global platforms

Northern Region

€398m EBITA, 6.4% margin

91% direct distribution

56% online distribution

- Highly **integrated** operating model
- High degree of **market concentration**
- Higher proportion of earnings in Winter (Nordics and Canada)
- Optimal levels of **direct and online distribution**
- Difficult trading conditions in **Russia**

Central Region

€163m EBITA, 3.0% margin

39% direct distribution

12% online distribution

- More **flexible** business model with **greater range** of offering
- Lower level of **integration** with airline
- Low degree of **market concentration**
- **Lower than average** levels of direct and online distribution results in lower margins

Western Region

€82m EBITA, 2.8% margin

66% direct distribution

45% online distribution

- Common operating model in **Belgium and Netherlands** (operated under one MD)
- **Airline-focused** model in Benelux
- **Good margin performance in Benelux (>5%)**
- Difficult trading conditions in **France**

Build on global platforms	Brand	Flight	Inbound Service	Accommodation	IT platforms

Figures based on 2013/14

Key levers for profitable top-line growth

	Key Regional Growth Levers
Northern Region	• **Broader, more flexible** customer offering (tailor-made, durations, third-party flying) • **Long-haul** expansion • Modernise UK **cruise** offering • **Nordics** margin improvement • **Russia** turnaround
Central Region	• **More direct, more online** • Continued improvements in **operational efficiency** • **Common operating model** across source markets where appropriate
Western Region	• **More direct, more online** • **Common operating model** across source markets where appropriate • **France** turnaround

Common Levers

- **More direct, more online**
- One **brand**
- **Broader** customer offering
- **One Aviation**
- Internationalise **exclusive hotel concepts**
- Leverage **IT platforms**

Common goal to grow top-line faster than the market (>3%) and deliver at least 10% underlying EBITA CAGR over the next three years

Broadening our offering in existing source markets can deliver top-line growth

Flexibility	Third-party flying	Long-haul
A **more flexible** customer offering enabled by IT	**Wider choice** of flight times and departure points enabled by IT, resulting in a **broader offering** and higher accommodation **occupancy**	Leveraging our **integrated model** to **expand** our long-haul offering

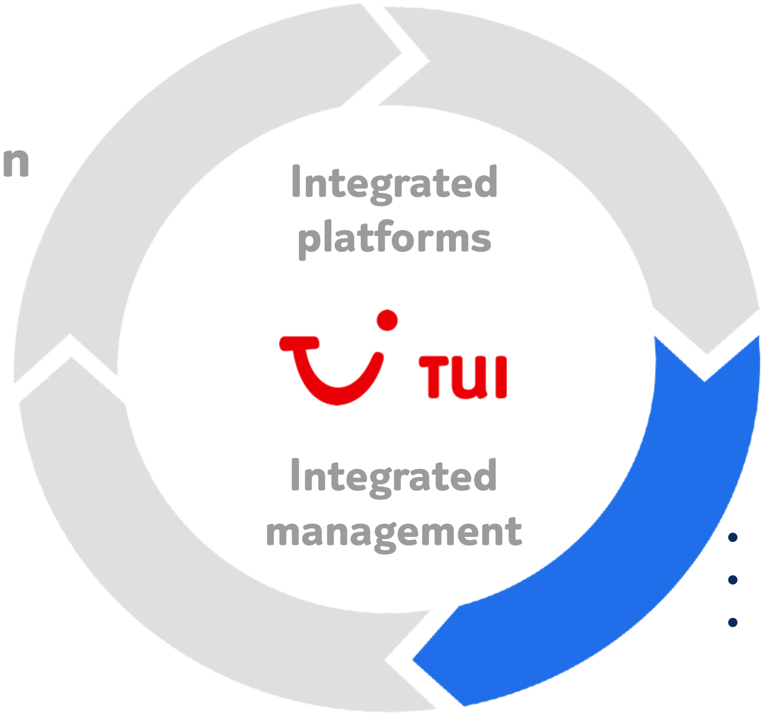
Broadening our offering
further enables us to grow top-line ahead of the market

New source markets will deliver additional growth

- **Scalable** technology platform, already launched in Spain
- Low cost / low risk
- **Straightforward** route to market entry
- Enhances occupancy management for Group hotels - **<u>not</u> competing as an OTA**

Opportunity to increase occupancy in Group hotels

Flight - Building a Competitive Aviation Platform



Flight

- High rates of asset utilisation
- Central platform with local airlines
- 787 expansion

Europe's 7th largest airline fleet: Industry-leading rates of asset utilisation

Aircraft numbers as at 31 September 2014; TUIfly excludes aircraft leased out to Air Berlin; Corsair excluded from above figures

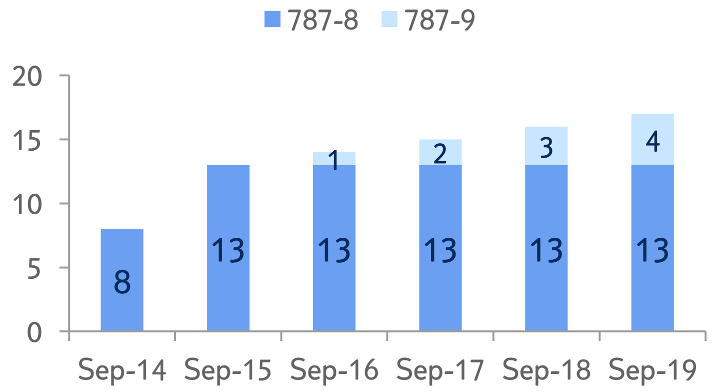
Central platform with local airlines

Central Platform		
	Organisational structure	• One **central organisation** across 5 AOC's • One **engineering & maintenance** function
	Business model / ways of working	• Full **interoperability** among fleet & crew • One **IT** landscape serving all AOCs • Fully **joint long-haul planning** to optimised utilisation • **Common** fleet deployment & capacity planning process
	Scale	• One **procurement** organisation leveraging scale on all contracts • Common **supply chain** & process
Local airlines		• Crew **rostering** • Flight **planning**

Targeting €50m operational efficiency improvement by 2018/19

787 Expansion

Growing 787 fleet



Additional delivery in 2019 is at our option

Significant commercial benefits

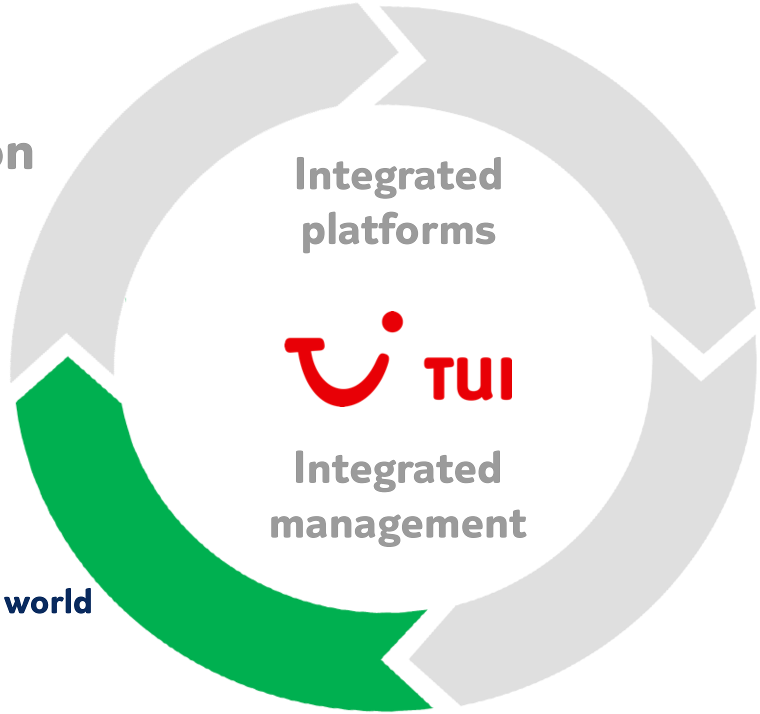
- Opens up new destinations
- Enhanced customer experience
- Lower fuel consumption than similarly sized aircraft
- Switch from -8 to -9 increases our long-haul capacity from Summer 2016

The only leisure airline with the 787 – key differentiator on long-haul

Our unique Inbound Service will bring our brand alive

Accommodation

Marketing & Sales



Flight

Inbound Service

- One service team
- Seamless approach based on world class customer platform

One service team

One organisation

Over 6,500 employees

11m customers

109 destinations

Service

Transport

Excursions

Transfers

Handling

Being fully integrated within Tourism

Delivering our differentiation strategy in all destinations

Customer experience ↑ Increase NPS and CSQ	**Sales** ↑ Increase sales & margin
Cost ↓ Reduce cost of sales & overheads	**People engagement** ↑ Increase engagement scores

Bringing World of TUI to life

Figures shown relate to Inbound Services business which is being moved from Hotelbeds Group to Tourism

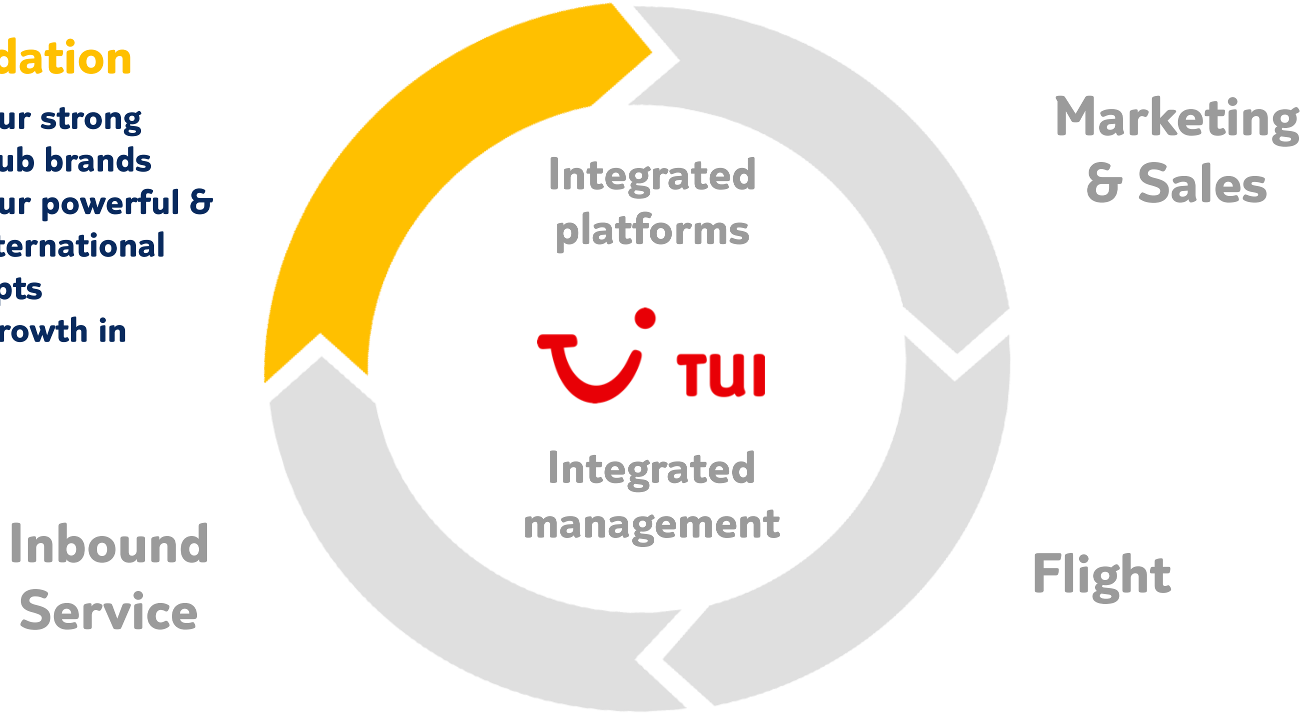
Seamless approach based on world class customer platform

Key Initiatives		Benefits
Joint operations	**Joint** transfers, management and transport	Cost
TUI Collection	**Differentiated**, local experience excursions	Customer experience & sales
TUI Connect	Enabling customers to use **mobile communications** more effectively while on holiday	Customer experience & sales
Design your day	Enabling customers to design **personalised holiday experiences** (trialled Summer 2014)	Customer experience & sales
Digital welcome	**Digitally enabled** direct contact between customers and resort staff (trialled Summer 2014)	Customer experience, sales, people engagement
Customer platform	Single strategic **customer platform**	Customer experience, sales, cost, people engagement

Growth in Accommodation will be key in driving Tourism revenue and margin growth

Accommodation

- **Growth in our strong hotel and club brands**
- **Growth in our powerful & exclusive international hotel concepts**
- **Profitable growth in cruises**



Growth in Our Strong Hotel and Club Brands

Hotels

RIU Hotels & Resorts

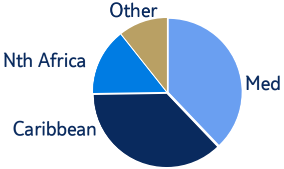
TUI BLUE

Brand Strategy

Continue to grow the **highly profitable** brand

Our new brand : New hotels plus repositioning of some existing brands

Footprint (30/9/14)



Distribution

~50% through TUI

Clubs

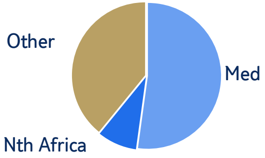
ROBINSON

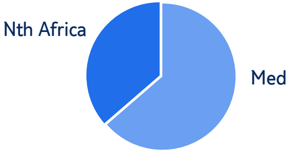
TUI MAGIC LIFE

Brand Strategy

Expand & **internationalise** the club product

Footprint (30/9/14)





Distribution

>75% through TUI

95% through TUI

Targeting ~60 new hotels by 2018/19

Growth Roadmap – Hotel & Club Brands

	Hotels: RIU Hotels & Resorts	Hotels: TUI BLUE	Clubs: ROBINSON	Clubs: TUI MAGIC LIFE
2014/15	**4 new hotels** (Aruba, Mauritius, Europe)	Operational trial Summer 2015 (Iberotel Sarigerme)	**1 new club** (Tunisia)	Growth through internationalisation of concept through source markets and increased direct distribution globally
2015/16	**3 new hotels** (US & Mexico)	**1 new hotel** (Italy, Oct 16) **12** under negotiation	**2 new clubs** (Maldives, Greece) **10** under negotiation	
Growth levers	• Expansion to new destinations, particularly **long-haul** • Portfolio **optimisation** and facility **refurbishment**	• **New** hotels focussed on differentiation and quality • **Repositioning** of a further c.15 existing hotels (in addition to new hotels)	• **International** expansion • Increased source market **distribution** • Increased direct distribution **globally**	

Targeting ~60 new hotels by 2018/19

Growth in Hotels - Riu & TUI Blue

RIU Hotels & Resorts

103
hotels

85%
occupancy

17% ROIC
(excl. goodwill)

- **Joint venture** between TUI Group and Riu family
- TUI Group's **largest** hotel brand
- Characterised by **excellent service, location and quality**
- ~60% all-inclusive
- **4 new hotel** openings in 2014/15
- **Growth levers** – expansion to new destinations, portfolio optimisation and facility refurbishment

TUI BLUE

New hotels focussed on **differentiation and quality** – premium all-inclusive

Operational trial: Summer 15

+

Repositioning of some existing **underperforming** hotel brands to deliver turnaround

Figures shown are based on 2013/14; ROIC is for hotels only i.e. excludes source markets' margin

Growth in Clubs - Robinson & Magic Life

ROBINSON

23
clubs

74%
occupancy

>10% ROIC

- Professional offering of **sport**, **entertainment** and programmed **events**
- Portfolio has **already undergone restructuring**, resulting in significant improvement in ROIC in 2013/14
- **New club** opened in 2014/15
- **Growth levers –** increased source market distribution, increased direct distribution globally, international expansion

TUI MAGIC LIFE

11
clubs

85%
occupancy

- **Family friendly** holiday villages, varied **sport** and **international** entertainment programmes
- Integration with source markets has led to **significant increase in occupancy**
- **Growth levers –** internationalisation of concept through source markets, increased direct distribution globally

Figures shown are based on 2013/14; ROIC is for hotels only i.e. excludes source markets' margin

Growth in our Powerful & Exclusive International Hotel Concepts

SENSATORI	SENSIMAR	FAMILY LIFE
Luxurious (5* only) **family-friendly** hotels, exceptional wellness facilities and world-class entertainment	**Adult-only** 4&5* seafront hotels ; contemporary styling and spa facilities	Upscale **modern family** resorts (4* and above) first class **wellness** experience; activities for different **generations**
11 hotels	**56 hotels**	**40 hotels**
NPS >70	NPS ~60	NPS >50

- Differentiates our local market offering
- Earlier bookings
- Superior margins
- Superior NPS

International hotel concepts designed for specific customer segments - enhanced occupancy management and reduced risk

hotels currently planned for Summer 2016; NPS scores are for Summer 2014

Profitable Growth in Cruise

Brand	Fleet	Structure	Customer Proposition
TUI Cruises	**4** (+4 on order)	JV with Royal Caribbean	Premium all-inclusive, German-speaking
Thomson Cruises	**5**	Part of Northern Region	Wide range of great value cruises
Hapag-Lloyd Kreuzfahrten	**4**	Subsidiary	Luxury & expedition cruising

Cruise company management to become more integrated over time

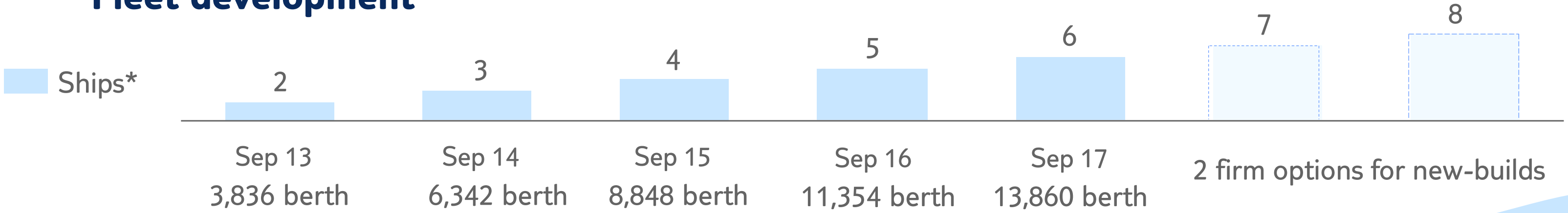
Fleet includes Mein Schiff 4 (delivers June 2015)

TUI Cruises – Fleet expansion

100% View	13/14	12/13	%
Turnover	382	315	+21
Underlying EBITA	77	49	+57
EBITA-Margin	*20%*	*16%*	
EAT	63	35	+80
o/w TUI EAT (50%)	31	17	
ROIC	10%	8%	
ROE	14%	10%	

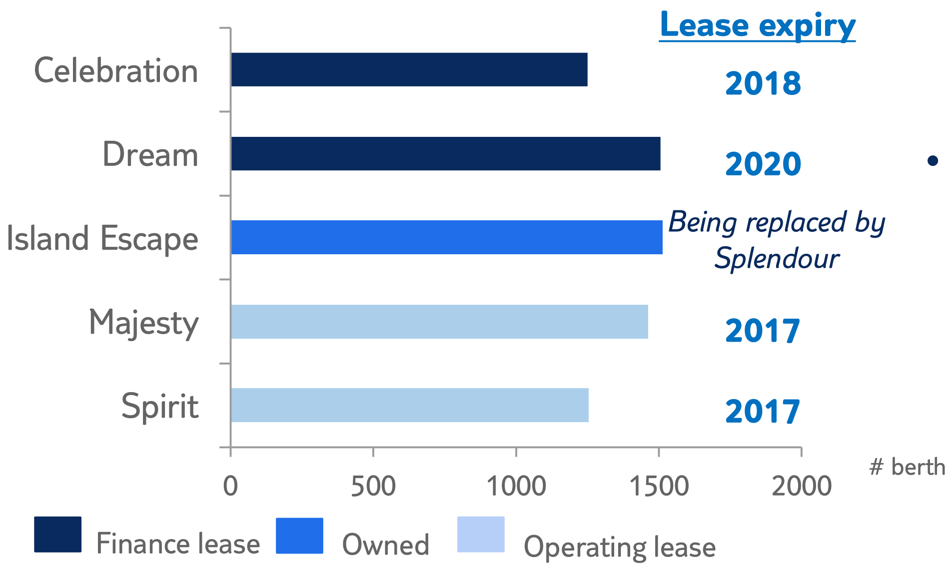
- German-speaking cruise market has been growing by **over 10% per annum**
- Strong competitive advantage in having **secured additional capacity**
- New ships financed **80% debt / 20% equity**
- **Favourable financing rates** available from local governments and shipyards
- Growth is de-risked through **opportunities to redeploy MS1 and 2 to Thomson**
- Each new ship delivers **c€50m EAT (100%)**

Fleet development



Thomson Cruises – Fleet modernisation

Fleet development

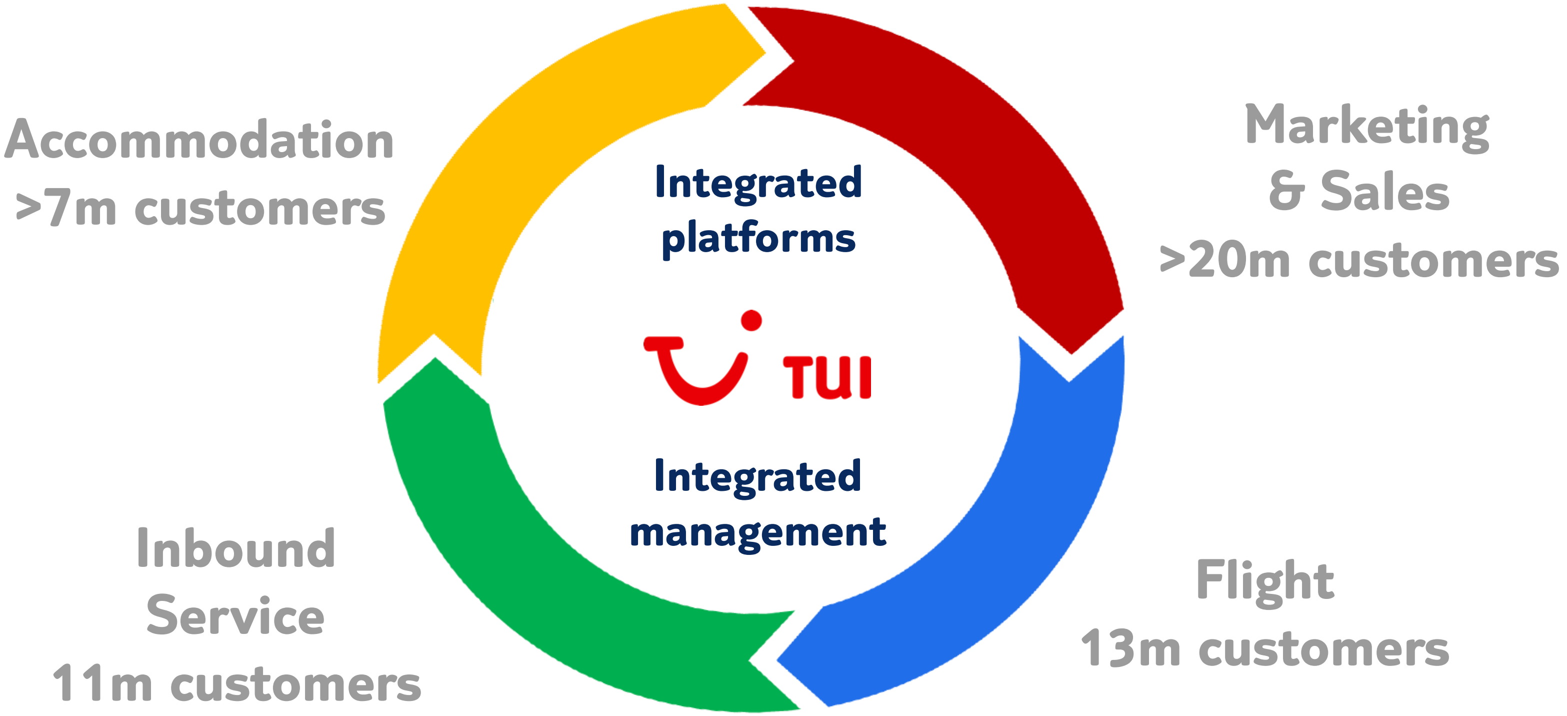


- **Small, but significant market share** in the UK with access to Thomson's distribution network
- **Fleet modernisation** is required to maintain market share:
  - Acquisition of **Splendour** announced for Q2 calendar 2016
  - Opportunity to re-fleet two further ships with **MS1 and 2**
  - Intend to move closer to the TUI Cruises model

Hapag-Lloyd Kreuzfahrten – Repositioning & turnaround

- **Successful repositioning** of the brand completed
- **Top ratings** for customer satisfaction and recommendations for all ships
- Europa and Europa 2 have **5* plus** ratings in Berlitz Cruise Guide
- Hanseatic is the **only 5* expedition** cruise ship on the market
- Journey to turnaround on track – underlying business to break-even this year
- Acquisition of Europa 2 adds c. **€20m** to underlying EBITA on an annualised basis (c. **€14m** in 2014/15)

The World's Leading Tourism Business



Integrated Platforms - Focus on Customer Experience

Central Mobility Platform

Evolve

- Increasingly mobile first
- Key driver of customer engagement at every stage of the journey
- Over 1 million downloads to date

Central Customer Platform

New

- **SAP solution**:
  - Single view of the customer
  - Contact management
  - Customer service support
- Top-line and margin improvement

Central Online Platform

Evolve

- Enhancing the online customer experience
- Driving higher conversion rates in source markets
- Include hotel platforms in scope

Central eCRM

New

- **IBM strategic marketing platform**:
  - Multi-channel, personalised marketing
  - In depth view of marketing effectiveness
  - Data warehouse / analytics

A strong management team with experienced commercial leaders

Executive Board

Friedrich Joussen

Joint CEO

Peter Long

Joint CEO

Horst Baier

CFO

Sebastian Ebel

- Central Region
- Hotels & Resorts
- Cruise
- Inbound Services
- IT & Central

Will Waggott

- Specialist Group
- Hotelbeds Group
- LateRooms Group

David Burling

- Northern Region
- Hotel concepts
- Aviation

Elie Bruyninckx

Western Region

Thomas Ellerbeck

Group Director Corporate & External Affairs

Erik Friemuth

Group Chief Marketing Officer

Kenton Jarvis

Group Director Controlling and FD Tourism

Dr. Hilka Schneider

Group Director Legal, Compliance & Board Office

A shared commitment to achieve top-line growth >3% and at least 10% underlying EBITA CAGR over the next three years*

* Growth over three years from 2014/15, at constant currency rates

Structure effective 1 June 2015

Deliver Tourism Growth: Conquering Destinations - Long-haul case study

Peter Long

Conquering Destinations

Our business model enables us to conquer destinations

Growing our presence in relevant destinations

Customers

Flights

New hotels & ships

Inbound service

Conquering Destinations - Our long-haul presence

Over 1m customers
(source markets, accommodated)

Over 40 group hotels

Range of cruise routes

13 x 787s (S15)

Significant and growing long-haul presence

Figures correct for 2013/14 unless otherwise noted

Why long-haul growth?

Commercial Advantages

- Broadens our **customer offering**
- Broadens our **customer base** outside Europe
- **Longer seasons** = enhanced occupancy

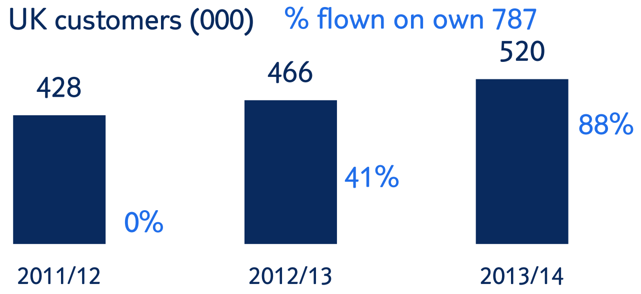
Leveraging our Scale & Platforms

- **Strong, international brands** mean we can grow in underpenetrated/new destinations
- **Growing 787 fleet** gives improved customer experience & greater operational efficiency
- **Group hotel and cruise strength** mean we can build a leadership position

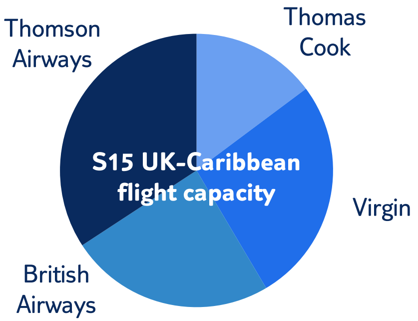
Our content and 787 fleet enable us to build a leadership position

Conquering Destinations - UK : Caribbean case study

UK has grown customer volumes significantly in recent years



Strong competitive position in the Caribbean thanks to our **hotel content** & further strengthened by our recent **787-9 order**



Growth is driven by Group hotels, JV partners & expansion of hotel concepts

RIU Hotels & Resorts

- **Strong presence** throughout the Caribbean
- Access to exclusive product

BlueDiamond Hotels & Resorts

- **Sunwing** (Canada JV) partner
- Strong presence throughout the Caribbean with plans to expand (new Jamaica opening W16)

SENSATORI

- Currently in **Jamaica and Mexico**
- Opening planned in **Dominican Republic** (S16, Karisma JV)

SENSIMAR

- **Strong presence** throughout the Caribbean
- Opening planned for **Dominican Republic** (S16, Riu)

Conquering Destinations - Long-haul growth opportunities

>50% growth in source market customers over the next 5 years
New concept openings

More flights –
from 13 x 787s to 17*

New hotels
Cruise growth

Expanding our inbound services

Caribbean

Indian Ocean

Thailand

Our integrated business model is enabling further long-haul growth

* Includes 1 option on 787-9

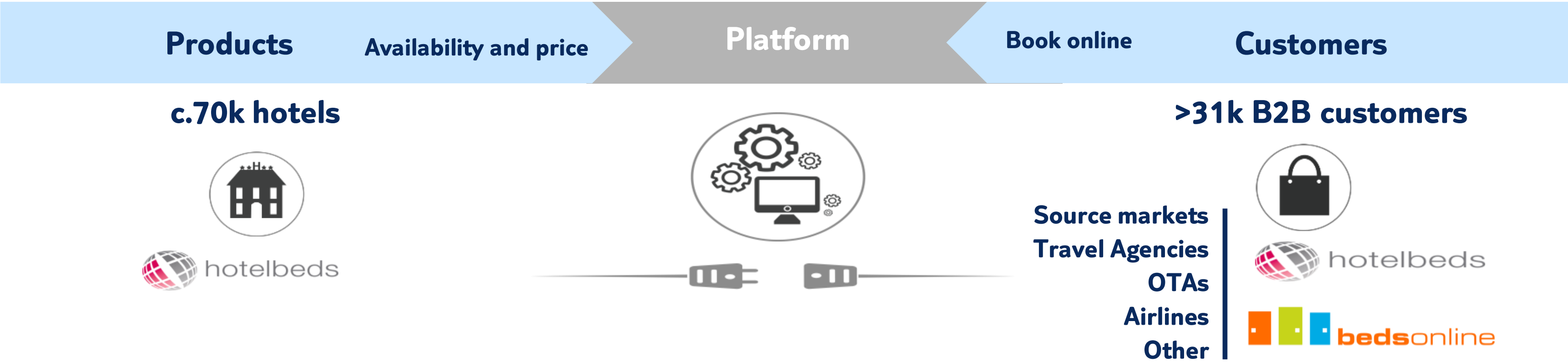
Maximise Growth and Value of our other businesses

Peter Long

Maximise Growth and Value of our other businesses

Hotelbeds Group	• **Optimise strategic future** through **standalone** operation • Run as **independent** business • Inbound Services being integrated into Tourism • Evaluating our options
Specialist Group	• **Portfolio** of businesses • Run **independently** and managed for **value**
LateRooms Group	• **Held for sale**
Hapag Lloyd AG	• **Held for sale** • CSAV merger complete, expect to deliver significant synergies and business expected to return to profitability in 2015 • Our shareholding is now <15% and we continue to hold the business for sale • Agreed upon **IPO** with other shareholders

Hotelbeds Group - Market Leader

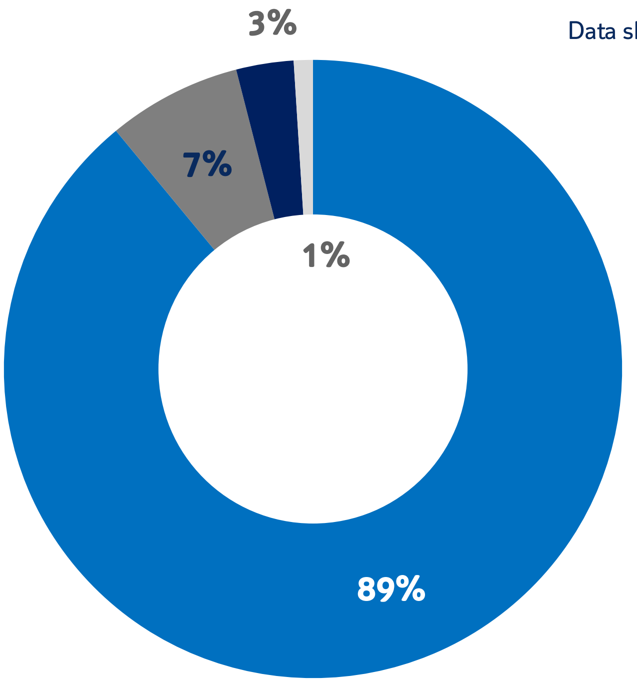


- **#1** global market position – business grown organically
- Continuing to **outperform** the market – delivering >**20% TTV/CAGR growth**
- **2013/14**: Over €2 billion TTV, 22.5 million roomnights
- Non-committed, **scalable** business model

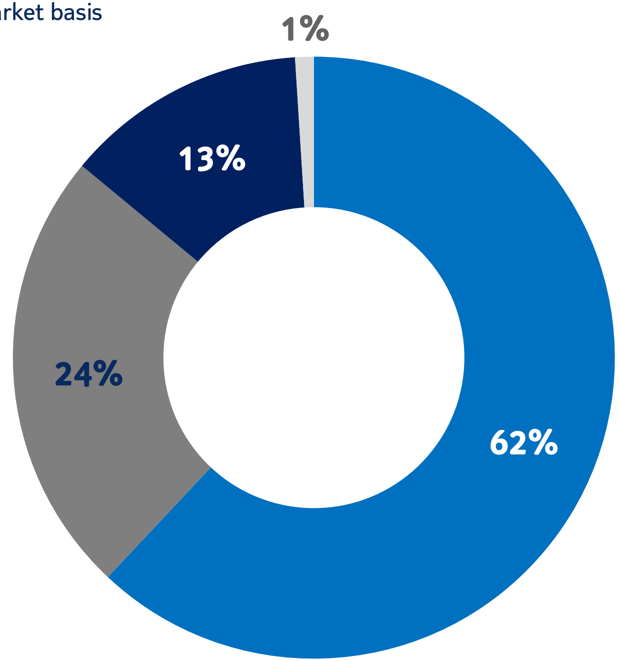
Growth continues to be driven by geographic expansion

Asia Pacific | Americas | Europe | Africa

Data shown on source market basis



2008 TTV split



2014 TTV split

Hotelbeds Group - Growth Strategy

Deepen our global footprint	• Continue expansion in Asia and Africa • Bedsonline expansion plan (focussing on travel agents)
Invest in innovative & scalable technology	• Enhance existing technology to deliver business growth • Implement cutting-edge innovative technology
Lean business model	• Scalability & efficiency programme focusing on shared service centres • Scalable & lean processes through “end-to-end” reengineering & demand management
Transfer & Activity growth	• Increase sales in origin (e.g. through bedbank) and destination • Expand product offering
New ventures	• E.g. Roiback, Easyjet Holidays

Targeting 15-20% CAGR in underlying EBITA

Deliver Merger Synergies

Horst Baier

Merger Synergies

Significant synergy potential

1. Corporate streamlining

Uplifted by €5m to €50m*

2. Cash tax benefits

7% point reduction in ETR**

3. Increased occupancy from vertical integration

Each 1% point increase equivalent to €6m EBITA*

4. Inbound Services cost savings

At least €20m*

* Synergy amounts relate to underlying EBITA
** Underlying effective tax rate

1) Corporate Streamlining

- New organisational structure established (Group Exco plus direct reports)
- Synergy targets agreed with new Group functional heads
- Focus on removal of duplication (FTEs) and reduction in professional & consultancy fees
- Minimal risk to achievement
- **Cost savings increased by €5m**
- **One-off costs reduced by €10m**

In €m	Incremental underlying EBITA impact	One-off P&L cost
2014/15	-	c.20
2015/16	c.20	c.15
2016/17	c.30	-
Total	**50**	**35**
2.7	45	45
Uplift	**+5**	**+10**

2) Cash Tax Benefits

- Profit & loss transfer agreement between TUI AG and Leibniz-Service GmbH approved by TUI AG shareholders in February 2015
- This enabled immediate corporate restructuring for tax purposes
- No restructuring or one-off costs in relation to achieving this synergy
- **Underlying effective tax rate expected to reduce by around 7% points**
- **Pro forma cash tax impact €35m (based on 2013/14 earnings)**

3) Occupancy Improvement

- Joint management of occupancy by source markets and Group hotels
- Source market targets set
- **Occupancy expected to improve by 5% points by 2016/17** as a result of integration
- No restructuring or one-off costs to achieve this synergy
- Minimal risk to achievement (cf Magic Life acquisition by TUI Travel)

In €m	**Incremental underlying EBITA impact**
2014/15	c.6
2015/16	c.12
2016/17	c.12
Total	**30**
Implied occupancy improvement	**+5% points**

4) Inbound Services

- Detailed organisation work undertaken and plans agreed for key areas affected
  - *IT; Finance, Tax & Legal; People & organisation; Commercial & Operations*
- Legal entity/IT separation from Hotelbeds Group to commence start of financial year 2015/16
- Minimal risk to achievement – cost savings target already de-risked
- **Cost savings of €20m confirmed**
- **One-off costs to achieve cost savings reduced by €7m**

In €m	Incremental underlying EBITA impact	One-off cost (SDI, tax, capex)
2014/15	-	c.35
2015/16	c.5	c.30
2016/17	c.15	c.4
Total	**20**	**69**
2.7	20	76
Uplift	**-**	**+7**

Merger synergies – Targets

Synergy	Segment Affected	Incremental underlying EBITA benefit Approximate phasing in €m				One-off costs to achieve in €m			
		14/15	15/16	16/17	Total	Restr.	Tax	Capex	Total
Corporate streamlining	Central	-	20	30	**50**	35	-	-	**35**
Occupancy improvement	Hotels	6	12	12	**30**	-	-	-	**-**
Inbound Services	Tourism / Hotelbeds	-	5	15	**20**	43	11	15	**69**
TOTAL		6	37	57	**100**	78	11	15	**104**

Plus – underlying effective tax rate to reduce to 24%

Growth Roadmap

Horst Baier

2013/14 - A strong set of results (Underlying EBITA)

Pro forma figures €m	FY2012/13	FY 2013/14
Northern Region	402.7	398.3
Central Region	152.7	163.0
Western Region	23.2	81.7
Hotels & Resorts	198.1	202.8
Cruises	-14.0	9.7
Other Tourism	-8.8	-22.3
Tourism	**753.9**	**833.2**
Hotelbeds Group	94.8	101.8
Specialist & Activity	44.3	45.5
All Other Segments	-128.6	-110.5
TUI Group continuing	**764.4**	**870.0**

The LateRooms Group is classed as discontinued operations

Main drivers

- Growth from online and direct distribution
- Growth of unique & differentiated products
- Continued improvement in operational efficiency

- oneTUI programme - business excellence and growth strategy / focus on core brands
- Optimising occupancy and tour operator alignment

- Growth of TUI Cruises to three ships
- Turnaround of Hapag-Lloyd Kreuzfahrten initiated

- Scale business model

+14% – We outperformed against our profit guidance

Growth Roadmap - Growth Levers

What we want to achieve

- Profitable top-line growth & further efficiency enhancements in source markets
- Continue strategy of capacity growth in hotels & cruises
- Maximise growth & value of other businesses
- Deliver merger synergies
- Focus on balance sheet simplicity, flexibility and strong free cash flow generation

We expect to deliver at least 10% underlying EBITA CAGR over the next three years*

* Growth over three years from 2014/15, at constant currency rates

Growth Roadmap - Growth Levers

What we want to achieve	Growth Roadmap	
Profitable top-line growth & further efficiency enhancements in source markets	Source Markets	Profitable top-line growth which outperforms the market (>3%) One Aviation (€50m)
Continue strategy of capacity growth in hotels & cruises	Hotels & Cruises	>60 new hotels @ €1.4m EBITA* 4 new ships @ €25m EAT per ship (50% share)
Maximise growth & value of other businesses	Hotelbeds Group	15%-20% EBITA CAGR
	Specialist Group	EBITA CAGR in line with Tourism
Deliver merger synergies	Corporate streamlining Occupancy improvement Inbound Services	€100m by 2016/17
Focus on balance sheet simplicity, flexibility and strong free cash flow generation	P&L, Balance Sheet, Cash flow	Rigorous focus on SDIs , interest and capex management

* Hotel margin only

Growth Roadmap - KPIs

Source Markets

	Customers		Direct Distribution		Online		Underly. EBITA	
	y-o-y (%)	('000)	y-o-y (%)	(%)	y-o-y (%)	(%)	y-o-y (€m)	(€m)
Northern Region	1	2,102	1	90	2	58	15	-109
Central Region	4	2,260	3	51	3	18	-17	-94
Western Region	2	1,658	4	69	5	51	8	-62
Source Markets	**2**	**6,020**	**2**	**70**	**3**	**41**	**6**	**-265**

Hotels

	Capacity		Revenue/bed		Occupancy		Underly. EBITA /EAT [1]	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
RIU	Flat	8,225	12	59.87	2	84	29[2]	114[2]
	-5	1,102	Flat	90.51	-1	66	7	10
Iberotel	3	1,132	1	43.73	13	59		
TT Hotels							-12	-55
TUI H&R	**Flat**	**10,836**	**8**	**60.66**	**3**	**79**	**23**[3]	**56**[2]

Seasonal winter losses reflect Mediterranean exposure; for FY positive result expected

Cruises

	Passenger days		Average rate		Occupancy		Underly. EBITA/EAT	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
TUI Cruises	67	1,164	3	148	-1	101	15	17[1]
Hapag-Lloyd Kreuzfahrten	-25	168	25	524	7	74	19[2]	1

Details for operational KPIs will be provided per major market and brand including a 100% view on the major Joint Ventures

Pro forma underlying EPS 2013/14

In €m		Pro forma
Underlying EBITA		870
Net interest expense	*-225*	
Convertible bond expense	*108*	
Adjusted interest expense		*-117*
Underlying PBT		**753**
Underlying ETR		*29.4%*
Tax charge		-221
Minority interest		-72
Hybrid dividend		-24
Net income		**436**
Number of shares		587
Pro forma EPS		**0.74**

Restated; LateRooms treated as discontinued

Pre-merger effective tax rate

Minority interest excluding TUI Travel

Number of shares following bond conversions

Pro forma calculation only – calculation for Annual Report will reflect actual figures

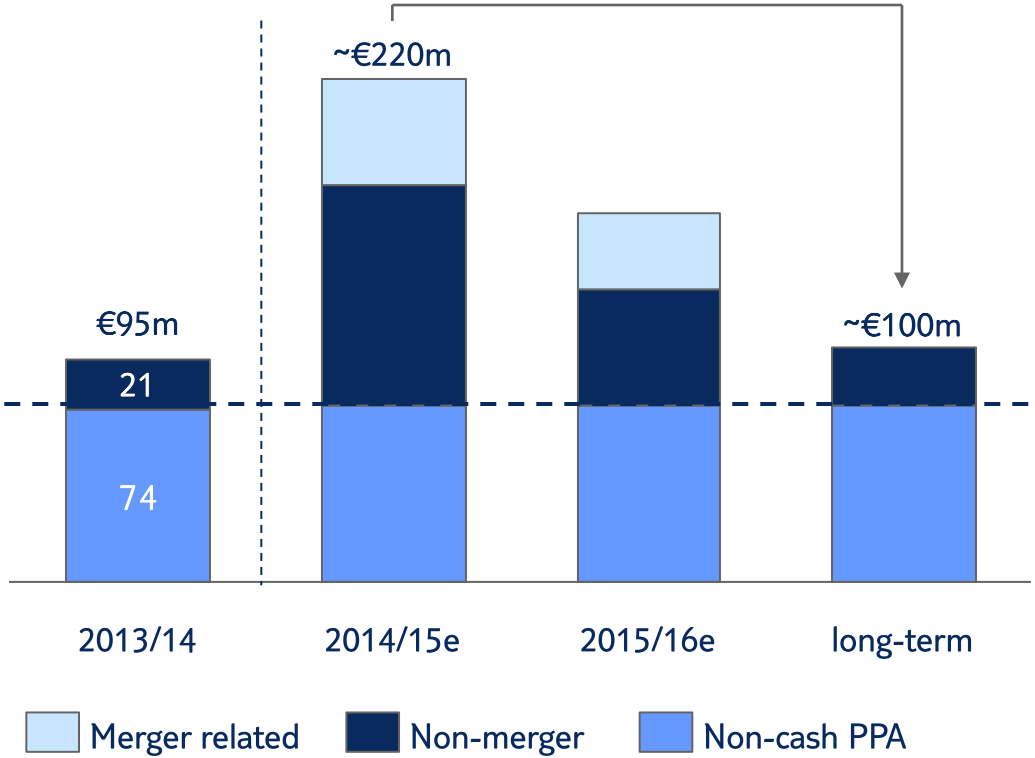
TUI

Focus on balance sheet strength and free cash flow generation

- Strict focus on SDI management
- Optimised financing structure leads to lower interest level on a like-for-like basis
- Asset-right strategy gives a balance of risk and returns
- Capex reflects our growth plans
- Focus on strong balance sheet and rating improvement
- Continue our progressive dividend policy

We are committed to delivering material value to our shareholders

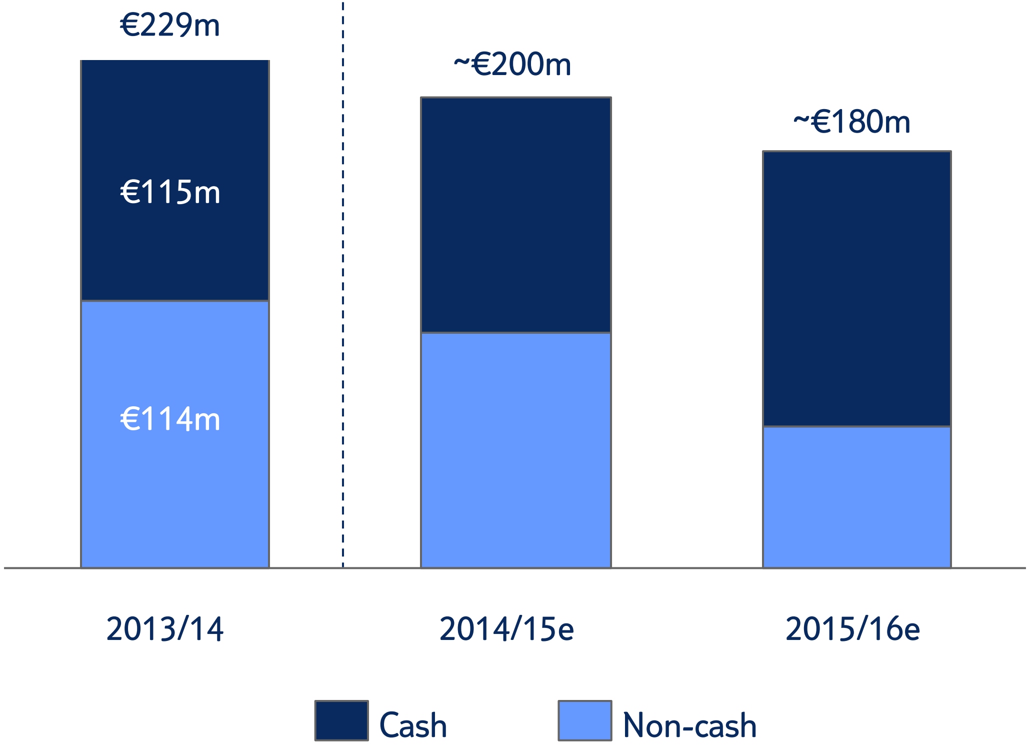
Separately Disclosed Items Guidance



Constant currency basis

- **Strict focus on SDI management**
- Purchase price allocation stable at ~€75m per annum
- SDI guidance does not include M&A transactions or significant new restructuring projects

Interest Guidance



- **Lower 2015/16e P&L interest** driven by removal of four convertible bonds, partially offset by expected increase in asset financing costs (aircraft, hotels, cruise ships)
- **Hybrid finance charge** reduced to nil from 2015/16 (not included in interest)
- Long-term financing charge likely to reflect financing requirements for **aircraft and growth in hotels**

Constant currency basis

Strong balance sheet for future growth

Balance sheet needs to cover cash flow seasonality of the Tourism Business

Asset financing consists of on/off balance sheet liabilities (aircraft, hotels, cruise ships)

Focus on rating to obtain optimal financing conditions

TUI Group has the right balance sheet structure for growth

Balance sheet reflects seasonality requirements of Tourism business

€m	June 14 Restated	Sep 14 Restated	Dec 14	Mar 15
Cash and cash equivalents	1,915	2,258	1,094	1,045
Other current assets	2,908	2,757	3,110	3,713
Non-current assets	8,922	8,992	8,921	10,187
Total assets	**13,745**	**14,007**	**13,125**	**14,945**
Equity	1,396	2,530	1,838	1,836
Financial liabilities	2,240	1,966	2,726	2,739
Pension provisions	1,274	1,275	1,338	1,430
Other liabilities	8,835	8,236	7,223	8,940
Total equity & liabilities	**13,745**	**14,007**	**13,125**	**14,945**
Net financial position	**(325)**	**293**	**(1,632)**	**(1,694)**

- Net financial position at end of September does not reflect our seasonal Winter financing requirement of **~€1.5bn-€2bn** (i.e. the swing from September to December net financial position)
- Seasonal swing mainly reflects requirements of the **Tourism business**:
  - Large volume of **cash in from customers** during Summer months
  - Significant **cash outflow to hotel suppliers** post September
- September 2014 financial position included **€180m restricted cash**

Asset financing consists of on and off balance sheet liabilities

€m	June 14 Restated	Sep 14 Restated	Dec 14	Mar 15
Cash and cash equivalents	1,915	2,258	1,094	1,045
Convertible bonds	1,270	822	789	12
High yield bond	-	292	293	293
Bank liabilities	387	261	953	1,139
Finance leases	476	501	598	898
Other financial liabilities	107	89	93	397
Net financial position	**(325)**	**293**	**(1,632)**	**(1,694)**
NPV operating leases	**3,627**	**3,821**	**3,920**	**4,041**

- All **convertible bonds** have almost fully converted to equity
- **High yield bond** introduced as part of the merger
- Repayment of **hybrid bond** (treated as debt at Mar 15, equity prior to that in accordance with IFRS) in April 2015 will result in **~€300m cash out** (H2)
- Increase in **finance leases** mainly aircraft related
- Increase in **operating lease commitments** mainly due to commissioning of aircraft and extension of contracts for hotels and cruise ships
- **We will continue to finance our aircraft, hotels and cruise ships through a mixture of on and off balance sheet instruments**

Focus on rating to obtain optimal financing conditions

- **TUI's rating has increased**, especially during the course of the merger in Autumn 2014:

	2009/10	2010/11	2011/12	2012/13	2013/14	Mar 2015	Outlook
Standard & Poor's	B-	B-	B-	B	B+	BB-	stable
Moody's	Caa1	Caa1	B3	B3	B2	Ba3	stable

- Although the outlook is stable, there is **upside potential**:

MOODY'S INVESTORS SERVICE

22 Dec 2014

What Could Change the Rating - Up

We would consider further upward pressure on TUI's rating if the company generates synergies as forecasted and continues to improve its operating performance. Quantitatively, positive pressure could arise if the group's gross adjusted leverage were to fall towards 4.5x and the RCF/net debt metric to increase above 15%, with the group retaining a solid liquidity profile to address high seasonal cash swings.

	9/30/2014
Debt / EBITDA	5.7x
RCF / Net Debt	12.9%

STANDARD & POOR'S RATINGS SERVICES

McGRAW HILL FINANCIAL

MARCH 27, 2015

Upside scenario

We could raise our ratings if TUI posts stronger-than-expected growth in revenues, profits, and cash flows, particularly following the closing of the Tui Travel acquisition at the end of 2014. We could also consider an upgrade if we saw further evidence of the business model's resistance to severe economic downturns or the emergence of low-probability or high-impact events, such as terrorist attacks or natural disasters.

Another factor that might lead us to raise our ratings is if FFO to debt exceeded 30% and debt to EBITDA remained less than 3x on a sustainable basis, provided that the financial policy supports this.

fiscal years 2015 to 2017
FFO to debt of 28%-29%.
Debt to EBITDA of 2.5x-2.7x.
EBITDA to interest coverage of 5x-6x.

Financial policy

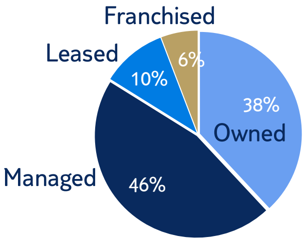
TUI is committed to **improve its credit metrics** following the delivery of merger synergies and the implementation of its growth roadmap

We will **set financial targets** in the region of an **Intermediate Financial Risk Profile**

Financial policy of the combined Group

We operate an asset-right strategy

310 hotels



Large proportion of hotels are managed, which is lower risk

- We manage a portfolio of 100% owned and JV companies
- JVs enable us to develop with the right partner and share investment

13 cruise ships

Advantageous financing available for new build ships

- TUI Cruises JV provides ring-fence for financing arrangements

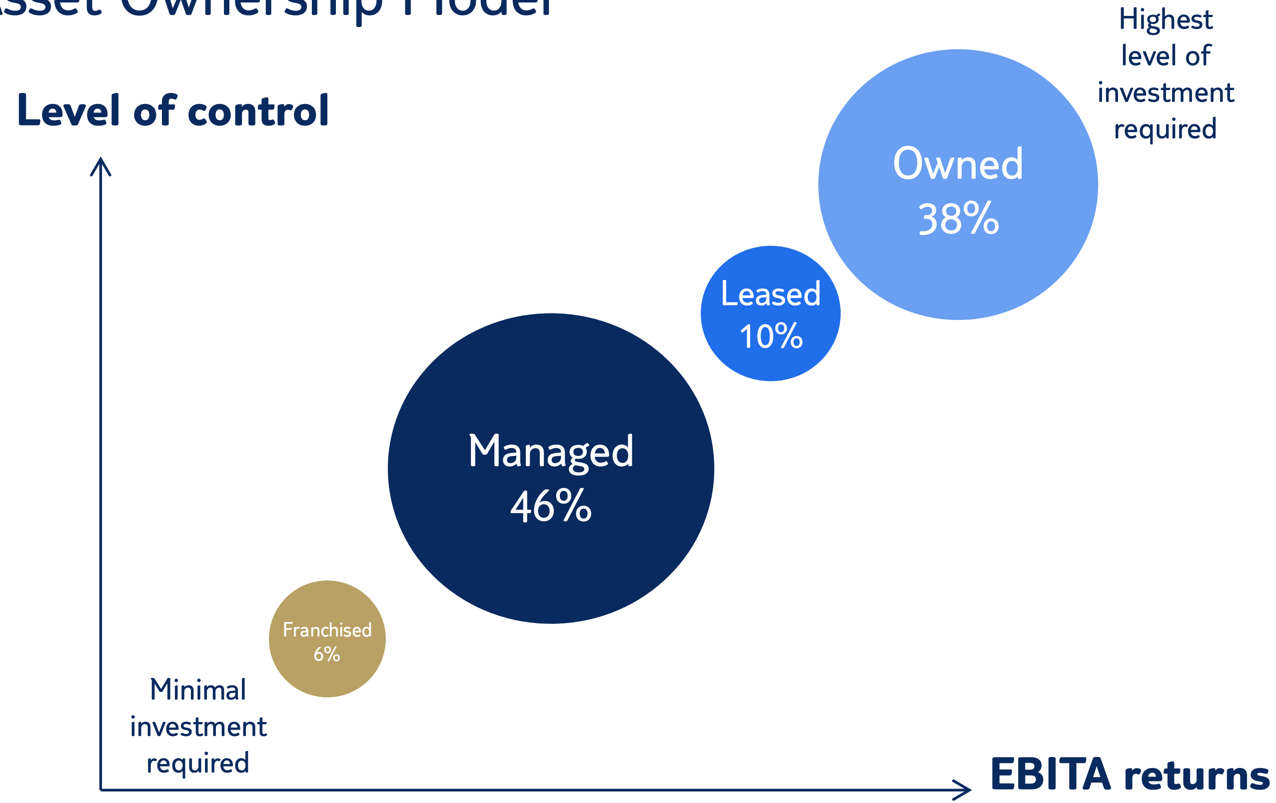
136 aircraft

- Having our own fleet gives us guaranteed capacity and flexibility in where we fly to
- Leasing aircraft allows flexibility in fleet planning

Growth in properties expected to follow similar ownership model to existing portfolio

Figures correct as at 30 September 2014, plus MS4 (launched June 2015)

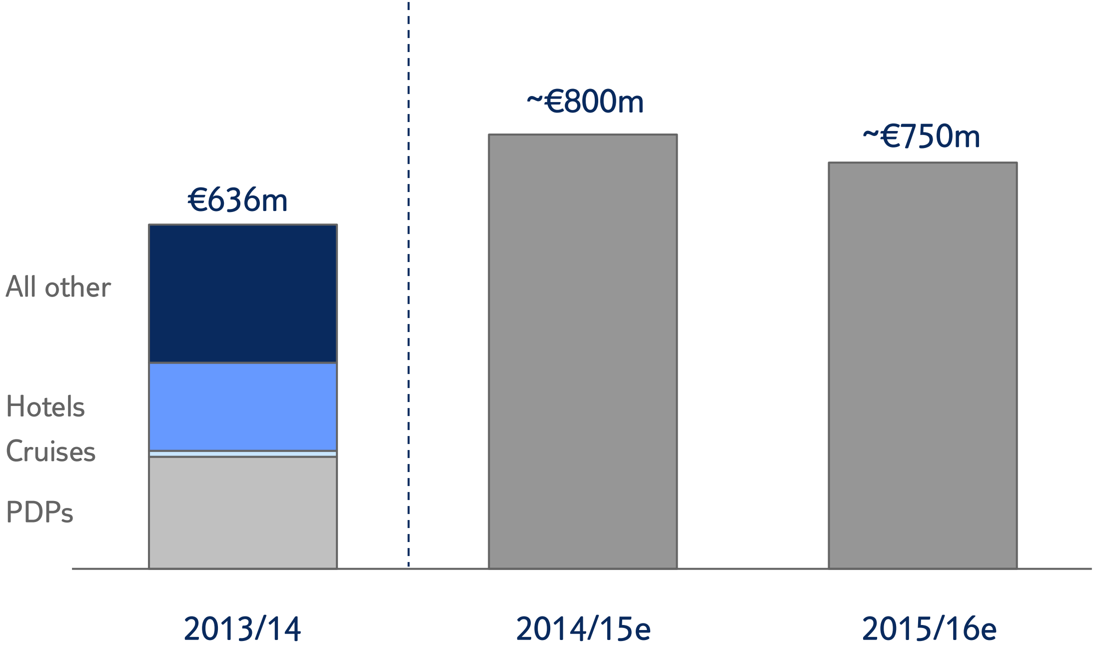
Flexible Asset Ownership Model



EBITA returns illustrative only

Hotels figures correct as at 30 September 2014,

Capex strategy reflects growth plans



- Higher 2014/15e capex driven by **growth capex for hotels** and **Europa 2**
- Capex strategy reflects growth plans:
  - **Source Markets**
    Customer platform (SAP solution), strategic marketing platform / eCRM (IBM)
  - **Hotels**
    Growth of core brands (asset right model, assumes current mix of ~50% managed, targeting 15% ROIC for new hotels)
  - **Pre delivery payments for new aircraft** with corresponding disposal proceeds when financed

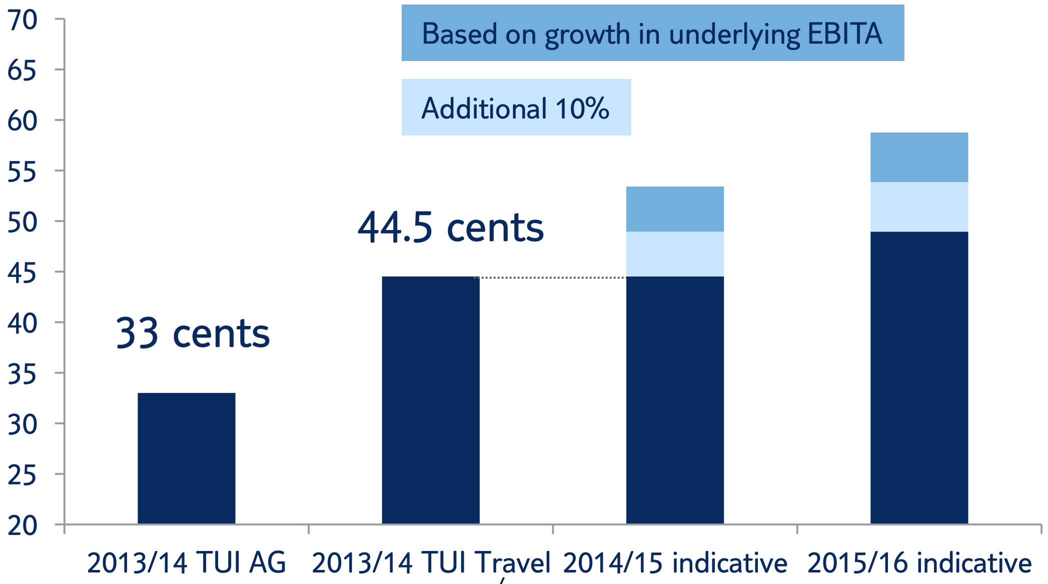
Long term gross capex guidance equivalent to ~3% of turnover (excluding aircraft pre delivery payments)

Constant currency basis

Progressive dividend policy

- 2014/15 dividend will be based off **44.5 cents**
- Dividend in respect of 2014/15 and 2015/16 will grow **in line with growth in underlying EBITA** at constant currency
- **Additional 10%** in 2014/15 and 2015/16

Indicative Dividend Growth



TUI Travel dividend 2013/14 (excl additional 10p)	14.55p
Converted at €0.82	17.76c
At exchange ratio 0.399	44.5c

Closing Remarks

Peter Long

TUI Group – A Compelling Investment Case

Deliver Tourism Growth

Marketing & Sales	Flight	Inbound Service	Accommodation	Integrated platforms Integrated management

Maximise Growth & Value of our other businesses

Deliver Merger Synergies

Balance sheet strength, flexibility and strong free cash flow generation

Unparalleled customer proposition

Increased shareholder returns

Taking TUI to the Next Level – the World's Leading Tourism Business

- **Merger integration** ahead of our original plan - we are working well together
- **New organisation structure** in place - a flatter, more agile structure
- **Strong and sustainable business model with exciting growth prospects**
    - Profitable top-line growth **>3%**
    - **10-15%** EBITA growth this year
    - At least **10%** CAGR over the next three years
- Committed to **progressive dividend growth**

Well positioned to deliver underlying EBITA CAGR of at least 10% over the next three years

Q&A