Q3

QUARTERLY STATEMENT 2019

TUI's unique integrated business model and strong strategic position delivers superior returns even in this challenging environment —— Holiday Experiences businesses standing strong —— Market challenges continue to impact Markets & Airlines, Boeing MAX impact weighs on Q3 performance

TUI GROUP

9 MONTHS 2019

TUI Group – financial highlights

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %	Var. % at constant currency
Turnover	**4,745.0**	**4,576.7**	**+3.7**	**11,421.4**	**11,142.6**	**+2.5**	**+2.8**
Underlying EBITA[1]							
Hotels & Resorts	91.5	72.4	+26.4	226.9	244.7	–7.3	–18.6
Cruises	101.5	88.7	+14.4	207.9	182.4	+14.0	+14.0
Destination Experiences	15.3	17.4	–12.1	4.9	4.1	+19.5	+17.1
Holiday Experiences	208.3	178.5	+16.7	439.7	431.2	+2.0	–5.0
Northern Region	–58.6	14.2	n. a.	–263.7	–111.6	–136.3	–134.8
Central Region	8.2	31.5	–74.0	–119.6	–113.2	–5.7	–5.7
Western Region	–53.5	–8.5	–529.4	–217.4	–113.7	–91.2	–91.2
Markets & Airlines	–103.9	37.2	n. a.	–600.7	–338.5	–77.5	–77.0
All other segments	–3.5	–28.9	+87.9	–38.7	–75.6	+48.8	+44.2
TUI Group	**100.9**	**186.8**	**–46.0**	**–199.7**	**17.1**	**n. a.**	**n. a.**
EBITA[2,3]	**84.1**	**176.0**	**–52.2**	**–262.6**	**–27.4**	**–858.4**	
Underlying EBITDA[3,4]	**219.3**	**287.0**	**–23.6**	**141.8**	**312.5**	**–54.6**	
EBITDA[3,4]	**210.4**	**281.2**	**–25.2**	**103.7**	**285.4**	**–63.7**	
EBITDAR[3,4,5]	**396.9**	**459.9**	**–13.7**	**634.6**	**794.7**	**–20.1**	
Net gain/net loss for the period	47.3	104.8	–54.9	–240.4	–105.8	–127.2	
Earnings per share[3] €	0.04	0.17	–76.5	–0.54	–0.31	–74.2	
Net capex and investments	238.8	378.4	–36.9	890.4	585.7	+52.0	
Equity ratio (30 June)[6] %				19.8	21.4	–1.6	
Net debt/Net cash (30 June)				–994.6	589.4	n. a.	
Employees (30 June)				71,847	66,632	+7.8	

Differences may occur due to rounding.
This Quarterly Statement of the TUI Group was prepared for the reporting period 9M 2019 from 1 October 2018 to 30 June 2019.
The TUI Group applied IFRS 15 and IFRS 9 retrospectively from 1 October 2018. In contrast to IFRS 15, IFRS 9 was introduced without restating the previous year's figures.
In Q1 2019, the Italian tour operators were transferred from All other segments to the Central Region. In addition, the Crystal Ski companies, which provide services in the destinations, were reclassified from Northern Region to Destination Experiences. Prior-year figures were adjusted accordingly.

1 In order to explain and evaluate the operating performance by the segments, EBITA adjusted for one-off effects (underlying EBITA) is presented. Underlying EBITA has been adjusted for gains/losses on disposal of investments, restructuring costs according to IAS 37, ancillary acquisition costs and conditional purchase price payments under purchase price allocations and other expenses for and income from one-off items. Please also refer to page 6 for further details.

2 EBITA comprises earnings before interest, income taxes and goodwill impairment. EBITA includes amortisation of other intangible assets. EBITA does not include measurement effects from interest hedges.

3 Continuing operations.

4 EBITDA is defined as earnings before interest, income taxes, goodwill impairment and amortisation and write-ups of other intangible assets, depreciation and write-ups of property, plant and equipment, investments and current assets. The amounts of amortisation and depreciation represent the net balance including write-backs. Underlying EBITDA has been adjusted for gains/losses on disposal of investments, restructuring costs according to IAS 37, ancillary acquisition costs and conditional purchase price payments under purchase price allocations and other expenses for and income from one-off items.

5 For the reconciliation from EBITDA to the indicator EBITDAR, long-term leasing and rental expenses are eliminated.

6 Equity divided by balance sheet total in %, variance is given in percentage points.

Highlights

- Our Holiday Experiences continue to deliver a strong performance, despite the challenges we currently face in our Markets & Airlines business, demonstrating the strength of our integrated business model.
- Our Hotels & Resorts result in Q3 is supported by our asset portfolio of diversified destinations. Whilst Riu saw lower demand in Spain resulting from the continued shift of demand from Western to Eastern Mediterranean, our Turkish hotels saw a significant year on year earnings improvement as a result of this demand shift.
- Our strong Cruises result reflects the capacity expansions across the fleet this Summer, with strong volumes in TUI Cruises, and strong increase in yields for both Marella and Hapag-Lloyd Cruises.
- Destination Experiences continued to grow with our Musement integration well on track, with the basis set for the business to benefit from strong Summer season volumes in Q4.
- Markets & Airlines continued to see a weak demand environment leading to a later booking behaviour by our customers, reflecting the ongoing knock-on impact of the Summer 2018 heatwave and Brexit uncertainty. Number of customers were marginally ahead of prior year however and the segment delivered a stable underlying result outside of the 737 MAX grounding impact.
- As outlined in our ad-hoc announcement in March, Q3 was negatively impacted by the 737 MAX aircraft grounding. Resumption of the 737 MAX remains subject to the clearance decision of the civil aviation authorities and we have secured replacement aircraft leases out to the end of our Summer 2019 programme. We anticipate 737 MAX related costs of approximately up to € 300 m for the current financial year.
- In the last quarter we made significant progress to deliver on our four strategic initiatives:
  - Grow **Hotel & Cruise** business with vertical integration to drive premium returns;
  - Retain and where possible extend strong positions in **Markets & Airlines**;
  - Add scale in **new markets**, with our new GDN-OTA (Global Distribution Network Online Travel Agent) platform; and
  - Add scale in **Destination Experience** markets with our new tours and activities platform.
- **Hotels & Cruises** – we will continue to leverage our distribution scale to increase yields in our content businesses and further invest in portfolio diversification. We will both continue to be selective in our approach and apply a blended ROIC target rate of > 15 %.
- **Markets & Airlines** – we have set up a Markets Transformation Programme to improve our market competitiveness. The programme will focus on CRM and digital upselling, harmonisation of purchasing, airline efficiency, mobile distribution and common IT platforms to retain and where possible, extend our market share.
- **New markets** – we will build reach in complementary markets through our scalable GDN-OTA platform and have seen strong growth momentum already to date. Our target of 1 m additional customers from new markets by 2022 may be achieved earlier.
- **Destination Experiences** – we will drive scale in our new digitalised platform by both expanding our product portfolio and by extending to further 3rd party distribution channels such as Ctrip.
- As part of our ongoing review of our business portfolio, we are pleased to announce we have signed an agreement post balance sheet date relating to the disposal of two non-core German specialist businesses. The disposal of Berge & Meer and Boomerang reflects our drive to focus on clear synergistic businesses. We anticipate the disposal, for an agreed enterprise value of € 96 m to € 106 m (including € 10 m earn-out), to complete in the first quarter of the next financial year.
- As expected, net debt as at 30 June 2019 reflects the full utilisation of disposal proceeds received over the past few years and the increase in financing related to our aircraft re-fleeting programme. TUI is in a robust financial position, with a considerable level of financing and liquidity headroom.
- We therefore reiterate FY19 underlying EBITA guidance stated in our ad hoc announcement of 29 March 2019 of approximately up to – 26 % compared with underlying EBITA rebased in FY18 of € 1,177 m[1].

[1] Based on constant currency: FY18 result rebased in December 2018 to € 1,187 m to take into account € 40 m impact for revaluation of Euro loan balance within Turkish Lira entities, and adjusted further to € 1,177 m for retrospective application of IFRS 15.

At a glance

For further detail, please see Segmental Performance on pages 6 to 11.

Results at a glance

€ million	Q3 2019	9M 2019
Underlying EBITA FY18 (originally reported)	**+193**	**+35**
IFRS 15 impact	–6	–18
Turkish Lira revaluation impact (prior year)	+8	+18
Underlying EBITA FY18 (rebased)	**+195**	**+35**
Holiday Experiences	+28	+21
Markets & Airlines	–31	–174
All other segments	+24	+33
Special items		
Prior year: Riu gains on disposal (Hotels & Resorts)	–8	–43
Prior year: Niki bankruptcy impact (Central Region)	–	+20
Prior year: Airline disruptions (Markets & Airlines)	+13	+13
Q1 FY19: Northern Region hedging gain	–	+29
Q2 / Q3 FY19: 737 MAX grounding (Markets & Airlines)	–144	–149
Q2 / Q3 FY19: Easter timing (Markets & Airlines)	+22	–
Underlying EBITA FY19 at constant currency	**+99**	**–215**
Foreign exchange translation	+2	+15
Underlying EBITA FY19	**+101**	**–200**

Expected development and guidance

HOLIDAY EXPERIENCES

Holiday Experiences continues to deliver a strong performance overall. The strength in our model lies not only in the investment we have made in recent years to expand our differentiated content and our integrated model (driving higher occupancies, rates and yields in our hotels and cruise ships), but also in our expansion of multiple hotel destinations. Our diversified destination strategy is delivering clear benefits from the shift in demand from Western to Eastern Mediterranean and we expect this benefit to continue in Q4.

We have opened 23 own hotels so far in FY19, and expect to open 26 in total. This will bring the total since merger to 70, slightly ahead of our original target of around 60 hotels. Around two thirds of our 70 openings since merger are of lower capital intensity, (operated under either a management or franchised contract or owned with JV partner), reflecting our disciplined approach in ownership.

In Cruises, we have launched three ships this year, new Mein Schiff 2, Marella Explorer 2 and Hanseatic nature. All our brands continue to perform well, driven by robust demand for our attractive itineraries and premium all-inclusive, as well as luxury and expedition product offerings.

Within Destination Experiences, we expect excursions and activities contributions to grow, with Musement integration costs in the year partly offsetting. In the coming months, we will expand the product portfolio and 3rd party distribution channels (such as with Ctrip) of our digitalised platform, driving further future growth.

MARKETS & AIRLINES

As previously communicated, we expect our FY19 full-year results to be impacted by the 737 MAX grounding. We have seen a later booking behaviour to date from the ongoing knock-on impact of last year's extraordinary hot Summer with demand continuing to be impacted by Brexit uncertainty. In addition, overcapacity to Spanish destinations has resulted in increased competition, putting pressure on margins for the division.

For Summer 2019, 87 % of the programme has been sold compared with 88 % at this time last year. Bookings are down 1 %, with average selling price up 1 %[1]. As we approach August, we expect improvement in Summer trading as we lap the height of last year's heatwave. Bookings and margins have improved year-on-year over the most recent weeks, however pricing remains behind cost inflation, therefore we continue to anticipate margins to be lower than prior year.

[1] These statistics are up to 4 August 2019, shown on a constant currency basis, and relate to all customers whether risk or non-risk.

GUIDANCE

We therefore reiterate FY19 underlying EBITA guidance stated in our ad hoc announcement of March 2019 of approximately up to – 26 %, compared with underlying EBITA rebased in FY18 of € 1,177 m[2].

[2] Based on constant currency: FY18 result based in December 2018 to € 1,187 m to take into account € 40 m impact for revaluation of Euro loan balance within Turkish Lira entities, and adjusted further to € 1,177 m for retrospective application of IFRS 15.

Based on current foreign exchange rates, we expect approximately € 15 m positive impact on underlying EBITA compared with rates prevailing in the prior year.

Consolidated earnings

Turnover

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %
Hotels & Resorts	154.5	161.0	– 4.0	425.5	448.9	– 5.2
Cruises	256.3	222.7	+ 15.1	680.9	619.6	+ 9.9
Destination Experiences	259.4	65.8	+ 294.2	562.2	131.4	+ 327.9
Holiday Experiences	670.2	449.5	+ 49.1	1,668.6	1,199.9	+ 39.1
Northern Region	1,599.6	1,616.0	– 1.0	3,722.9	3,842.6	– 3.1
Central Region	1,598.4	1,525.7	+ 4.8	3,823.1	3,761.3	+ 1.6
Western Region	804.3	846.6	– 5.0	1,861.4	1,911.2	– 2.6
Markets & Airlines	4,002.3	3,988.3	+ 0.4	9,407.4	9,515.1	– 1.1
All other segments	72.5	138.9	– 47.8	345.4	427.6	– 19.2
TUI Group	**4,745.0**	**4,576.7**	**+ 3.7**	**11,421.4**	**11,142.6**	**+ 2.5**
TUI Group at constant currency	**4,776.7**	**4,576.7**	**+ 4.4**	**11,454.6**	**11,142.6**	**+ 2.8**

Underlying EBITA

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %
Hotels & Resorts	91.5	72.4	+ 26.4	226.9	244.7	– 7.3
Cruises	101.5	88.7	+ 14.4	207.9	182.4	+ 14.0
Destination Experiences	15.3	17.4	– 12.1	4.9	4.1	+ 19.5
Holiday Experiences	208.3	178.5	+ 16.7	439.7	431.2	+ 2.0
Northern Region	– 58.6	14.2	n. a.	– 263.7	– 111.6	– 136.3
Central Region	8.2	31.5	– 74.0	– 119.6	– 113.2	– 5.7
Western Region	– 53.5	– 8.5	– 529.4	– 217.4	– 113.7	– 91.2
Markets & Airlines	– 103.9	37.2	n. a.	– 600.7	– 338.5	– 77.5
All other segments	– 3.5	– 28.9	+ 87.9	– 38.7	– 75.6	+ 48.8
TUI Group	**100.9**	**186.8**	**– 46.0**	**– 199.7**	**17.1**	**n. a.**
TUI Group at constant currency	**98.9**	**194.6***	**– 49.2**	**– 214.5**	**35.3***	**n. a.**

* Rebased previous year's numbers adjusted for € 8 m and € 18 m in 9 m 2018, arising from the revaluation of Euro loan balances within Turkish hotel entities.

EBITA

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %
Hotels & Resorts	91.5	72.4	+26.4	226.9	244.6	–7.2
Cruises	101.5	88.7	+14.4	207.9	182.4	+14.0
Destination Experiences	11.8	16.9	–30.2	–7.5	3.0	n. a.
Holiday Experiences	204.8	178.0	+15.1	427.3	430.0	–0.6
Northern Region	–63.2	9.4	n. a.	–290.9	–125.0	–132.7
Central Region	5.1	28.4	–82.0	–126.2	–122.6	–2.9
Western Region	–56.6	–11.5	–392.2	–226.6	–129.7	–74.7
Markets & Airlines	–114.7	26.3	n. a.	–643.7	–377.3	–70.6
All other segments	–6.0	–28.3	+78.8	–46.2	–80.1	+42.3
TUI Group	**84.1**	**176.0**	**–52.2**	**–262.6**	**–27.4**	**–858.4**
Discontinued operations	–	41.4	n. a.	–	41.4	n. a.
Total	**84.1**	**217.4**	**–61.3**	**–262.6**	**14.0**	**n. a.**

Segmental performance

HOLIDAY EXPERIENCES

Holiday Experiences

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %
Turnover	670.2	449.5	+49.1	1,668.6	1,199.9	+39.1
Underlying EBITA	208.3	178.5	+16.7	439.7	431.2	+2.0
Underlying EBITA at constant currency	206.8	186.3*	+11.0	426.8	449.4*	–5.0

* Rebased previous year's numbers adjusted for € 8 m in Q3 2018 and € 18 m in 9 m 2018, arising from the revaluation of Euro loan balances within Turkish hotel entities.

Hotels & Resorts

		Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Total turnover	in € million	369.1	334.6	+10.3	960.4	897.9	+7.0
Turnover	in € million	154.5	161.0	–4.0	425.5	448.9	–5.2
Underlying EBITA	in € million	91.5	72.4	+26.4	226.9	244.7	–7.3
Underlying EBITA at constant currency rates	in € million	90.0	80.2[1]	+12.2	214.1	262.9[1]	–18.6
Capacity hotels total[2]	**in '000**	**11,922**	**10,911**	**+9.3**	**28,689**	**27,103**	**+5.9**
Riu		4,665	4,484	+4.0	13,266	12,917	+2.7
Robinson		958	823	+16.3	2,241	2,070	+8.3
Blue Diamond		1,149	944	+21.6	3,169	2,712	+16.9
Occupancy rate hotels total[3]	**in % variance in % points**	**79.8**	**80.2**	**–0.4**	**78.2**	**78.4**	**–0.2**
Riu		88.9	88.4	+0.5	85.7	87.1	–1.4
Robinson		66.9	64.4	+2.5	67.4	63.6	+3.8
Blue Diamond		77.2	83.4	–6.2	77.9	80.4	–2.5
Average revenue per bed hotels total[4,5]	**in €**	**60**	**57**	**+5.4**	**67**	**64**	**+4.0**
Riu		58	58	+0.1	65	65	+0.2
Robinson		86	86	+0.5	92	92	–0.9
Blue Diamond		113	104	+8.0	122	114	+7.1

Turnover measures include fully consolidated companies, all other KPIs incl. companies measured at equity.

[1] Rebased previous year's numbers adjusted for € 8 m in Q3 2018 and € 18 m in 9 m 2018, arising from the revaluation of Euro loan balances within Turkish hotel entities.
[2] Group owned or leased hotel beds multiplied by opening days per period.
[3] Occupied beds divided by capacity.
[4] Arrangement revenue divided by occupied beds.
[5] Previous year revenue per bed restated to reflect revised PY rate at Blue Diamond.

- Hotels & Resorts underlying EBITA for Q3 was up € 19 m on prior year at constant currency rates, excluding last year's € 8 m gain on disposals in Riu. Occupancy remained high across the segment at 80 %. Average revenue per bed increased by 5 %, helped by the shift of demand to Eastern Mediterranean, reflecting improving rates in Turkey.
- In Riu, as expected from the shift of demand from Western to Eastern Mediterranean, underlying EBITA decreased year on year as Riu came off record highs. Additionally, last year benefitted from € 8 m disposal proceeds in the same period. In spite of this destination shift, occupancy at Riu increased by 1 ppts to 89 %. Average rate remained at € 58.
- Robinson saw a good operational performance in the quarter with occupancy increasing by 3 ppts to 67 % and average rate of € 86 in line with prior year. This was driven by increased demand for our clubs in Turkey, and the benefit of reopening our flagship club Jandia Playa in Fuerteventura, which was closed for renovation in the prior year. Underlying EBITA increased by € 1 m in the period.
- Blue Diamond earnings declined by € 4 m in the period due to higher interest and depreciation costs of our new properties and lower occupancy rates across the portfolio, particularly in our new openings. Occupancy rate fell by 6 ppts to 77 %, and average rate is up 2 % excluding FX and up 8 % including FX.
- As anticipated, our other hotels result increased by € 19 m versus prior year reflecting the return of demand to Turkey, delivering improving rates and occupancy.
- Since merger, 67 new hotels have been opened, 66 % of which are in lower capital intensity models (managed, franchised or owned via joint venture).

Cruises

		Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Turnover[1]	in € million	256.3	222.7	+15.1	680.9	619.6	+9.9
Underlying EBITA	in € million	101.5	88.7	+14.4	207.9	182.4	+14.0
Underlying EBITA at constant currency	in € million	101.6	88.7	+14.5	207.9	182.4	+14.0
Occupancy	**in %** **variance in % points**						
TUI Cruises		99.5	98.8	+0.6	99.3	99.2	+0.2
Marella Cruises[2]		98.5	100.3	–1.8	99.7	99.9	–0.2
Hapag-Lloyd Cruises		74.7	75.6	–0.9	76.3	76.1	+0.2
Passenger days	**in '000**						
TUI Cruises		1,609	1,239	+29.9	4,427	3,753	+18.0
Marella Cruises[2]		906	799	+13.4	2,348	2,050	+14.6
Hapag-Lloyd Cruises		81	87	–5.9	232	254	–8.8
Average daily rates[3]	**in €**						
TUI Cruises		190	200	–5.1	163	165	–1.4
Marella Cruises[2,4]	**in £**	144	138	+4.8	144	135	+6.9
Hapag-Lloyd Cruises		584	571	+2.3	620	590	+5.1

[1] No turnover is carried for TUI Cruises as the joint venture is consolidated at equity.
[2] Rebranded from Thomson Cruises in October 2017.
[3] Per day and passenger.
[4] Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises.

- Cruises underlying EBITA increased by € 13 m in Q3. All three brands saw growth in the quarter from additional capacity versus prior year.
- TUI Cruises result was up by € 9 m versus prior year. As expected, the increase in capacity of 30 % (new Mein Schiff 1 launched H2 FY18 and new Mein Schiff 2 launched Q2 FY19) helped to deliver a strong contribution in the quarter. Average daily rate was down 5 % to € 190 compared to prior year, which reflects in part our itinerary mix and the significant increase in German ocean cruise capacity this year.
- Marella Cruises underlying EBITA was up by € 3 m reflecting the addition of Marella Explorer 2 launched in May and average daily rate increasing by 5 %. The result was partially offset by the exit of Marella Spirit in Q1 of this financial year.
- Hapag-Lloyd Cruises underlying EBITA increased by € 1 m on prior year, driven by average daily rate up 2 % across the fleet and the new Hanseatic nature joining the fleet in May, partially offset by the exit of Hanseatic at the start of FY19.

Destination Experiences

€ million	Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Total turnover	379.7	143.8	+164.0	797.5	288.2	+176.7
Turnover	259.4	65.8	+294.2	562.2	131.4	+327.9
Underlying EBITA	15.3	17.4	–12.1	4.9	4.1	+19.5
Underlying EBITA at constant currency	15.2	17.4	–12.6	4.8	4.1	+17.1

- Q3 earnings growth, as in H1, was driven by the integration of last year's acquisition of Destination Management, offset partly by start-up losses in Musement.
- The number of excursions and activities sold in Q3 almost doubled versus prior year, reflecting the acquisition of Destination Management and Musement.

MARKETS & AIRLINES

Markets & Airlines

		Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Turnover	in € million	4,002.3	3,988.3	+0.4	9,407.4	9,515.1	–1.1
Underlying EBITA	in € million	–103.9	37.2	n.a.	–600.7	–338.5	–77.5
Underlying EBITA at constant currency	in € million	–103.2	37.2	n.a.	–599.1	–338.5	–77.0
Direct distribution mix[1]	in % variance in % points	74	74	–	74	74	–
Online mix[2]	in % variance in % points	48	47	+1	49	48	+1
Customers[3]	in '000	6,028	6,024	+0.1	12,574	12,732	–1.2

[1] Share of sales via own channels (retail and online).
[2] Share of online sales.
[3] In Q1 2019, the Italian tour operators were transferred from All other segments to the Central Region. In addition, the Crystal Ski companies, which provide services in the destinations, were reclassified from Northern Region to Destination Experiences.

- As expected, the Markets & Airlines Q3 result reflects tougher prior year comparables (pre-heatwave), the flagged grounding costs for the Boeing 737 MAX, the continued weaker consumer confidence due to continued Brexit uncertainty, the knock-on impact of the Summer 2018 heatwave resulting in delayed customer bookings, compounded by reduced pricing and margin pressure from overcapacities to Spain.

Northern Region

		Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Turnover	in € million	1,599.6	1,616.0	–1.0	3,722.9	3,842.6	–3.1
Underlying EBITA	in € million	–58.6	14.2	n.a.	–263.7	–111.6	–136.3
Underlying EBITA at constant currency	in € million	–57.8	14.2	n.a.	–262.0	–111.6	–134.8
Direct distribution mix[1]	in % variance in % points	94	94	–	93	93	–
Online mix[2]	in % variance in % points	66	65	+1	67	65	+2
Customers	in '000	2,159	2,211	–2.4	4,405	4,574	–3.7

[1] Share of sales via own channels (retail and online).
[2] Share of online sales.

- In the UK, Q3 demand continued in the same theme as we saw during the first half, impacted by the same factors as outlined above, with no external change to this environment. Customer volumes declined 1 % on prior year, improving from the 5 % decline in H1, however margins remain significantly lower versus prior year.
- For the Nordics, customer numbers saw a slight improvement, down 6 % for the third quarter, up from 8 % down in the first half. As previously communicated, the Nordics saw an acute knock-on impact from last Summer's heatwave, with the region additionally influenced by the environmental discussions which has continued to weigh on customer decisions to travel.
- Share of earnings for Canada decreased by € 8 m in the quarter, reflecting 737 MAX grounding costs.
- Northern Region benefitted from the later Easter timing of € 14 m in the quarter, however this was fully offset by the grounding of the 737 MAX, costing the region € 84 m, with overall underlying EBITA declining by € 73 m.

Central Region

		Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Turnover	in € million	1,598.4	1,525.7	+4.8	3,823.1	3,761.3	+1.6
Underlying EBITA	in € million	8.2	31.5	–74.0	–119.6	–113.2	–5.7
Underlying EBITA at constant currency	in € million	8.1	31.5	–74.3	–119.7	–113.2	–5.7
Direct distribution mix[1]	in % variance in % points	50	49	+1	50	50	–
Online mix[2]	in % variance in % points	22	21	+1	21	21	–
Customers[3]	in '000	2,249	2,170	+3.6	4,629	4,605	+0.5

1 Share of sales via own channels (retail and online).
2 Share of online sales.
3 In Q1 2019, the Italian tour operators were transferred from All other segments to the Central Region. Prior-year figures were adjusted accordingly.

- The Q3 result, driven primarily by Germany, saw a decline in underlying EBITA versus prior year, with the benefit of later Easter timing of € 7 m and positive trading in the region fully offset by replacement 737 MAX aircraft costs of € 17 m.
- Customer volumes for Central Region increased by 4 % in Q3, reflecting the solid recovery in German customer bookings and the continued strong volume increase in Poland as we continue to drive growth in this market.
- Distribution continues to be key to improving this low margin region. Both direct and online distribution for the Central Region grew by 1 ppt to 50 % and 22 % respectively.

Western Region

		Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Turnover	in € million	804.3	846.6	–5.0	1,861.4	1,911.2	–2.6
Underlying EBITA	in € million	–53.5	–8.5	–529.4	–217.4	–113.7	–91.2
Underlying EBITA at constant currency	in € million	–53.5	–8.5	–529.4	–217.4	–113.7	–91.2
Direct distribution mix[1]	in % variance in % points	75	73	+2	75	74	+1
Online mix[2]	in % variance in % points	56	53	+3	58	56	+2
Customers	in '000	1,620	1,642	–1.3	3,539	3,553	–0.4

1 Share of sales via own channels (retail and online).
2 Share of online sales.

- Western Region underlying EBITA was down € 45 m versus prior year, with little recovery in trading and margin remaining weak.
- In Belgium, customer numbers improved by 3 % in the quarter driven largely by seat-only customers, with tour operator customers and underlying EBITA contribution down.
- In the Netherlands, customer volumes were down 4 % year on year, with pricing and margin remaining weak throughout the period.
- France, despite our best efforts to turn this region around, has experienced a contracting market, reducing the impact of our rebranding campaign last year. The knock-on impact of the extraordinary hot Summer last year continues to be a factor, with recent good weather in the region negatively impacting trading further.
- Timing of Easter added € 1 m contribution to the quarter with the 737 MAX grounding costing the region € 43 m.

All other segments

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %
Turnover	72.5	138.9	– 47.8	345.4	427.6	–19.2
Underlying EBITA	– 3.5	– 28.9	+ 87.9	– 38.7	–75.6	+ 48.8
Underlying EBITA at constant currency	– 4.7	– 28.9	+ 83.7	– 42.2	–75.6	+ 44.2

- The result for All other segments improved due to the phasing of Head Office costs year on year, which will be weighted towards the final quarter this year.
- On 18 March 2019 TUI announced the disposal of a majority stake in Corsair. The non-repeat of Corsair Q3 losses helped to deliver a benefit in the All other segments result. On a FY basis, Corsair will show a negative impact versus prior year as positive Q4 earnings contribution will not be consolidated in this financial year's results.

Cash flow / Net capex and investments / Net financial position

The cash inflow from operating activities decreased by € 578.7 m to € 700.8 m. As well as the lower earnings in 9M 2019. This was mainly driven by lower customer deposits from a later booking behaviour and higher prepayments.

Net debt is defined as financial debt less cash and cash equivalents and future short-term interest-bearing investments. As expected, net debt as at 30 June 2019 reflects the full utilisation of proceeds of disposals received over the past few years and the increase in financing related to our cruise and aircraft re-fleeting programme.

Net financial position

	30 Jun 2019	30 Jun 2018	Var. %
Financial debt	– 2,637.0	– 2,030.5	– 29.9
Cash and cash equivalents	1,564.9	2,598.0	– 39.8
Short-term interest-bearing investments	77.5	21.9	+ 253.9
Net debt / net cash	**– 994.6**	**589.4**	**n. a.**

Net capex and investments

€ million	**Q3 2019**	Q3 2018 adjusted	Var. %	**9M 2019**	9M 2018 adjusted	Var. %
Cash gross capex						
Hotels & Resorts	73.7	78.8	– 6.5	260.3	193.9	+ 34.2
Cruises	25.4	185.5	– 86.3	225.4	223.6	+ 0.8
Destination Experiences	3.2	3.3	– 3.0	12.8	6.2	+106.5
Holiday Experiences	102.3	267.6	– 61.8	498.5	423.7	+17.7
Northern Region	10.5	19.6	– 46.4	41.0	43.0	– 4.7
Central Region	8.8	5.3	+ 66.0	23.4	15.5	+ 51.0
Western Region	3.9	12.1	– 67.8	24.9	25.1	– 0.8
Markets & Airlines	23.2	37.0	– 37.3	89.3	83.6	+ 6.8
All other segments	17.4	23.7	– 26.6	98.6	116.5	–15.4
TUI Group	**142.9**	**328.3**	**– 56.5**	**686.4**	**623.8**	**+10.0**
Net pre delivery payments on aircraft	56.2	37.9	+ 48.3	1.9	17.7	– 89.3
Financial investments	64.1	55.8	+14.9	210.8	80.0	+163.5
Divestments	– 24.3	– 43.6	+ 44.3	– 8.7	–135.8	+ 93.6
Net capex and investments	**238.9**	**378.4**	**– 36.9**	**890.4**	**585.7**	**+ 52.0**

The increase in net capex and investments in 9M 2019 was mainly driven by the acquisition of Marella Explorer 2, openings in Hotels & Resorts related to our core hotel brands Riu, Robinson and TUI Blue as well as the openings of the online platform Musement and further companies from Hotelbeds. The development of divestments was related to the sale of the majority stake in Corsair, while the prior-year figure included the sale of three Riu entities.

Foreign exchange / Fuel

Our strategy of hedging the majority of our jet fuel and currency requirements for future seasons, as detailed below, remains unchanged. This gives us certainty of costs when planning capacity and pricing. The following table shows the percentage of our forecast requirement that is currently hedged for Euros, US Dollars and jet fuel for our Markets & Airlines division, which account for over 90 % of our Group currency and fuel exposure.

Foreign Exchange / Fuel

%	Summer 2019	Winter 2019 / 20	Summer 2020
Euro	103	77	38
US Dollar	94	83	56
Jet fuel	95	92	72

As at 8 August 2019.

Interim financial statements

Financial position of the TUI Group as at 30 Jun 2019

€ million	30 Jun 2019	30 Sep 2018 adjusted*	1 Oct 2017 adjusted*
Assets			
Goodwill	2,974.7	2,913.1	2,889.5
Other intangible assets	673.5	643.2	548.1
Property, plant and equipment	5,651.9	4,876.3	4,253.7
Investments in joint ventures and associates	1,476.4	1,402.3	1,284.1
Trade and other receivables	62.5	103.3	138.7
Derivative financial instruments	44.6	83.2	79.9
Other financial assets	44.8	54.3	69.5
Touristic payments on account	192.0	157.3	185.2
Other non-financial assets	261.2	184.4	73.1
Income tax assets	9.6	9.6	–
Deferred tax assets	331.2	228.0	326.0
Non-current assets	**11,722.4**	**10,655.0**	**9,847.8**
Inventories	124.0	118.5	110.2
Trade and other receivables	810.3	821.9	700.9
Derivative financial instruments	280.3	441.8	215.4
Other financial assets	77.5	18.7	11.9
Touristic payments on account	1,596.2	731.3	583.9
Other non-financial assets	129.4	140.2	81.7
Income tax assets	139.3	114.1	98.7
Cash and cash equivalents	1,564.9	2,548.0	2,516.1
Assets held for sale	–	5.5	9.6
Current assets	**4,721.9**	**4,940.0**	**4,328.4**
Total assets	**16,444.3**	**15,595.0**	**14,176.2**

* Prior-year figures adjusted due to retrospective application of IFRS 15 and PPA adjustments.

Financial position of the TUI Group as at 30 Jun 2019

€ million	30 Jun 2019	30 Sep 2018 adjusted*	1 Oct 2017 adjusted*
Equity and liabilities			
Subscribed capital	1,502.9	1,502.9	1,501.6
Capital reserves	4,200.5	4,200.5	4,195.0
Revenue reserves	−3,143.4	−2,058.4	−2,798.3
Equity before non-controlling interest	**2,560.0**	**3,645.0**	**2,898.3**
Non-controlling interest	698.2	634.8	594.0
Equity	**3,258.2**	**4,279.8**	**3,492.3**
Pension provisions and similar obligations	1,049.0	962.2	1,094.7
Other provisions	693.5	768.1	801.4
Non-current provisions	**1,742.5**	**1,730.3**	**1,896.1**
Financial liabilities	2,435.0	2,250.7	1,761.2
Derivative financial instruments	53.2	12.8	50.4
Other financial liabilities	20.9	14.4	43.9
Other non-financial liabilities	90.0	89.0	106.3
Touristic advance payments received	0.1	–	–
Income tax liabilities	69.3	108.8	150.2
Deferred tax liabilities	116.3	187.9	106.4
Non-current liabilities	**2,784.8**	**2,663.6**	**2,218.4**
Non-current provisions and liabilities	**4,527.3**	**4,393.9**	**4,114.5**
Pension provisions and similar obligations	29.8	32.6	32.7
Other provisions	333.0	348.3	349.9
Current provisions	**362.8**	**380.9**	**382.6**
Financial liabilities	202.0	192.2	171.9
Trade payables	2,331.0	2,692.5	2,433.1
Derivative financial instruments	110.6	65.7	217.2
Other financial liabilities	101.8	93.3	103.8
Touristic advance payments received	4,985.4	2,824.8	2,700.4
Other non-financial liabilities	497.2	585.7	495.1
Income tax liabilities	68.0	86.2	65.3
Current liabilities	**8,296.0**	**6,540.4**	**6,186.8**
Current provisions and liabilities	**8,658.8**	**6,921.3**	**6,569.4**
Total provisions and liabilities	**16,444.3**	**15,595.0**	**14,176.2**

* Prior-year figures adjusted due to retrospective application of IFRS 15 and PPA adjustments.

Income statement of the TUI Group for the period from 1 Oct 2018 to 30 Jun 2019

€ million	**Q3 2019**	Q3 2018 adjusted*	Var. %	**9M 2019**	9M 2018 adjusted*	Var. %
Turnover	4,745.0	4,576.7	3.7	11,421.4	11,142.6	2.5
Cost of sales	4,459.2	4,188.3	6.5	10,979.1	10,476.9	4.8
Gross profit	**285.8**	**388.4**	**–26.4**	**442.3**	**665.7**	**–33.6**
Administrative expenses	282.0	300.9	–6.3	920.2	921.6	–0.2
Other income	1.6	13.4	–88.1	14.5	62.0	–76.6
Other expenses	2.1	1.6	31.3	16.0	1.9	742.1
Impairment of financial assets	–7.0	1.2	n. a.	–9.8	28.2	n. a.
Financial income	11.7	23.6	–50.4	81.6	41.3	97.6
Financial expenses	39.8	56.5	–29.6	118.9	124.6	–4.6
Share of result of joint ventures and associates	76.7	75.7	1.3	184.0	189.9	–3.1
Earnings before income taxes	**58.9**	**140.9**	**–58.2**	**–322.9**	**–117.4**	**–175.0**
Income taxes	11.6	36.1	–67.9	–82.5	–11.6	–611.2
Result from continuing operations	**47.3**	**104.8**	**–54.9**	**–240.4**	**–105.8**	**–127.2**
Result from discontinued operations	–	41.4	n. a.	–	41.4	n. a.
Group profit/loss for the year	**47.3**	**146.2**	**–67.6**	**–240.4**	**–64.4**	**–273.3**
Group profit/loss for the year attributable to shareholders of TUI AG	21.7	140.6	–84.6	–320.1	–140.3	–128.2
Group profit/loss for the year attributable to non-controlling interest	25.6	5.6	357.1	79.7	75.9	5.0

* Prior-year figures adjusted due to retrospective application of IFRS 15 and previous year's structure was adjusted due to the first time application of IFRS 9.

Condensed cash flow statement of the TUI Group

€ million	**9M 2019**	9M 2018
Cash inflow from operating activities	700.8	1,279.5
Cash outflow from investing activities	–948.8	–584.8
Cash outflow from financing activities	–718.2	–573.6
Net change in cash and cash equivalents	**–966.2**	**121.1**
Change in cash and cash equivalents due to exchange rate fluctuation	–17.7	–39.2
Change in cash and cash equivalents due to changes in the group of consolidated companies	+0.8	–
Cash and cash equivalents at beginning of period	**2,548.0**	**2,516.1**
Cash and cash equivalents at end of period	**1,564.9**	**2,598.0**

Alternative performance measures

Key indicators used to manage the TUI Group are underlying EBITA and EBITA.

EBITA comprises earnings before interest, taxes and goodwill impairments. EBITA includes amortisation of other intangible assets. It does not include the result from the measurement of interest hedges.

Underlying EBITA has been adjusted for gains on disposal of financial investments, restructuring expenses according to IAS 37, all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments and other expenses for and income from one-off items.

The table below shows a reconciliation of earnings before taxes from continuing operations to underlying earnings.

Reconciliation to underlying EBITA (continuing operations)

€ million	**Q3 2019**	Q3 2018 adjusted*	Var. %	**9M 2019**	9M 2018 adjusted*	Var. %
Earnings before income taxes*	58.9	140.9	–58.2	–322.9	–117.4	–175.0
plus: Net interest expense	26.0	36.7	–29.2	58.7	88.5	–33.7
less: Income / plus: Expense from the measurement of interest hedges	–0.8	–1.6	50.0	1.6	1.5	6.7
EBITA*	84.1	176.0	–52.2	–262.6	–27.4	–858.4
Adjustments:						
plus: Losses / less: Profit on disposals	0.6	–0.6		11.7	–0.6	
plus: Restructuring expense	0.8	0.9		2.4	14.3	
plus: Expense from purchase price allocation	8.9	6.7		27.7	21.7	
plus: Expense from other one-off items	6.5	3.8		21.1	9.1	
Underlying EBITA*	**100.9**	**186.8**	**–46.0**	**–199.7**	**17.1**	**n.a.**

* Prior-year figures adjusted due to retrospective application of IFRS 15.

One-off items carried here include adjustments for income and expense items that reflect amounts and frequencies of occurrence rendering an evaluation of the operating profitability of the segments and the Group more difficult or causing distortions. These items include in particular major restructuring and integration expenses not meeting the criteria of IAS 37, material expenses for litigation, gains and losses from the sale of aircraft and other material business transactions with a one-off character.

In the first nine months, adjustments (including individual items and purchase price allocations) totalling €62.9 m (previous year: €44.5 m) were made. The individual items adjusted in the period under review mainly relate to one-off expenses in connection with the conversion of the pension plan in the United Kingdom to a defined contribution plan and the loss on the Corsair disposal. In the prior-year period, in addition to expenses from purchase price allocations, restructuring costs for the integration of Transat in France and the restructuring of our German airline in particular had to be adjusted.

The TUI Group's underlying EBITA declined by €216.8 m to a loss of €–199.7 m.

Key figures of income statement (continuing operations)

€ million	Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**396.9**	**459.9**	**–13.7**	**634.6**	**794.7**	**–20.1**
Operating rental expenses	186.5	178.7	+4.4	530.9	509.3	+4.2
Earnings before interest, income taxes, depreciation and impairment (EBITDA)	**210.4**	**281.2**	**–25.2**	**103.7**	**285.4**	**–63.7**
Depreciation/amortisation less reversals of depreciation*	126.3	105.2	+20.1	366.3	312.8	+17.1
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**84.1**	**176.0**	**–52.2**	**–262.6**	**–27.4**	**–858.4**
Earnings before interest and income taxes (EBIT)	**84.1**	**176.0**	**–52.2**	**–262.6**	**–27.4**	**–858.4**
Expense from the measurement of interest hedges	0.8	1.6	–50.0	–1.6	–1.5	–6.7
Net interest expense	–26.0	–36.7	+29.2	–58.7	–88.5	+33.7
Earnings before income taxes (EBT)	**58.9**	**140.9**	**–58.2**	**–322.9**	**–117.4**	**–175.0**

* On property, plant and equipment, intangible assets, financial and other assets.

Other segment indicators

Underlying EBITDA

€ million	Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Hotels & Resorts	118.9	96.9	+ 22.7	305.0	318.5	– 4.2
Cruises	127.0	107.4	+ 18.2	273.6	234.5	+ 16.7
Destination Experiences	19.0	19.7	– 3.6	16.4	10.6	+ 54.7
Holiday Experiences	264.9	224.0	+ 18.3	595.0	563.6	+ 5.6
Northern Region	– 43.1	26.0	n. a.	– 222.3	– 76.7	– 189.8
Central Region	13.4	36.6	– 63.4	– 103.1	– 98.1	– 5.1
Western Region	– 48.4	– 5.3	– 813.2	– 202.4	– 102.3	– 97.8
Markets & Airlines	– 78.1	57.3	n. a.	– 527.8	– 277.1	– 90.5
All other segments	32.5	5.7	+ 470.2	74.6	26.0	+ 186.9
TUI Group	**219.3**	**287.0**	**– 23.6**	**141.8**	**312.5**	**– 54.6**

EBITDA

€ million	Q3 2019	Q3 2018 adjusted	Var. %	9M 2019	9M 2018 adjusted	Var. %
Hotels & Resorts	118.9	96.9	+ 22.7	304.9	318.4	– 4.2
Cruises	127.0	107.4	+ 18.2	273.6	234.5	+ 16.7
Destination Experiences	17.9	19.1	– 6.3	11.5	9.5	+ 21.1
Holiday Experiences	263.8	223.4	+ 18.1	590.0	562.4	+ 4.9
Northern Region	– 44.7	24.1	n. a.	– 240.6	– 81.3	– 195.9
Central Region	11.2	34.3	– 67.3	– 107.4	– 105.1	– 2.2
Western Region	– 50.4	– 7.1	– 609.9	– 208.3	– 115.0	– 81.1
Markets & Airlines	– 83.9	51.3	n. a.	– 556.3	– 301.4	– 84.6
All other segments	30.5	6.5	+ 369.2	70.0	24.4	+ 186.9
TUI Group	**210.4**	**281.2**	**– 25.2**	**103.7**	**285.4**	**– 63.7**
Discontinued operations	–	41.4	n. a.	–	41.4	n. a.
Total	**210.4**	**322.6**	**– 34.8**	**103.7**	**326.8**	**– 68.3**

Employees

	30 Jun 2019	30 Jun 2018 adjusted	Var. %
Hotels & Resorts	29,363	27,173	+ 8.1
Cruises*	349	304	+ 14.8
Destination Experiences	9,863	6,223	+ 58.5
Holiday Experiences	39,575	33,700	+ 17.4
Northern Region	12,652	12,537	+ 0.9
Central Region	10,653	10,485	+ 1.6
Western Region	6,620	6,614	+ 0.1
Markets & Airlines	29,925	29,636	+ 1.0
All other segments	2,347	3,296	– 28.8
TUI Group	**71,847**	**66,632**	**+ 7.8**

* Excludes TUI Cruises (JV) employees. Cruises employees are primarily hired by external crew management agencies.

Cautionary statement regarding forward-looking statements

The present Quarterly Statement contains various statements relating to TUI's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, they are not guarantees of future performance since our assumptions involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update any forward-looking statements in order to reflect events or developments after the date of this Statement.

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FINANCIAL CALENDAR

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