

TUI Group H1 result: Following record year 2018, results of first six months match expectations – Turnover growth, overcapacities to Spain, late timing of Easter and prior-year one-off effects result in lower EBITA, as previously announced - Trends for Summer business remain intact: Strong bookings to Eastern Mediterranean and Turkey in H2 – Joussem: “Expect a solid year in times of consolidation”

- **Core businesses Hotels & Resorts, Cruises and Destination Experiences (Holiday Experiences segment) operationally strong – Growth strategy is paying off**
- **Market environment for traditional tour operators (Markets & Airlines segment) in Europe challenging – Transformation of this business is pushed further ahead**
- **Group turnover up by 1.7 per cent to 6.68 billion euros**
- **Underlying EBITA including one-off effects -300.6 million euros (previous year -169.7 million euros): Year-on-year earnings performance characterised by overcapacities to Spain, the late timing of Easter and the non-repeat of gains from hotel divestments**
- **Notable growth in demand to Summer destinations Turkey/Eastern Mediterranean in H2**
- **Adjusted earnings guidance for full year 2019 reiterated: reflecting the effect of the 737 MAX grounding**
- **Rebased underlying EBITA expected to be around 17 per cent up to 26 per cent down versus previous year of 1.177 billion¹ euros, based on the period using replacement flight capacities either until mid-July or full extension of the measures until the end of the Summer season**
- **CEO Fritz Joussem: “2019 will be another solid year for TUI. We have a clear compass: We will continue to consistently focus on hotels, ships and the expansion of digital platforms and emerge stronger from consolidation”**

Hanover, 15 May 2019. TUI expects 2019 to be another solid year. At turnover growth of 1.7 per cent to 6.68 billion euros, the performance at the start of the year matched expectations. The underlying EBITA loss typical of the first two quarters including certain one-off effects totalled -300.6 million euros (previous year -169.7 million euros) in the reporting period. This performance was in line with our expectations. The results of the first six months are unilaterally strained by

¹ FY18 comparative rebased in December 2018 to € 1.187 billion to take into account € 40 million impact for revaluation of Euro loan balances within Turkish Lira entities in FY18, and adjusted further to € 1.177 billion for retrospective application of IFRS 15.

significant shifts in travel trends and destinations for the full year 2019: overcapacities to Spain, in particular the Canaries, and consequently lower margins are having an impact in the first half of full year 2019, whilst the positive development of bookings to Turkey and the Eastern Mediterranean will become visible only in the second half as most of the countries in this region are Summer destinations. The H1 2019 result also reflects further special effects: As Easter, which traditionally generates strong booking revenues, was in April this year, it will only be included in Q3 results (Easter timing effect of 22 million euros). Moreover, in H1 2018, TUI had generated and reported one-off gains from the disposal of several RIU hotels (38 million euros). The result also includes the initial impact from the 737 MAX grounding, which commenced in March. In Markets & Airlines, the result was also affected by the knock-on impact of last Summer's heatwave in Northern Europe.

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TUI CEO Fritz Jousen: "TUI is on track, both strategically and operationally, and is well positioned. That is why 2019 will be another solid year. Our core businesses with our own hotels, cruises and destination experiences and activities remain strong and currently deliver around 70 per cent of our earnings. TUI will emerge as a stronger, more efficient and more profitable group from the current consolidation of our sector in Europe. We will be among the winners, not among the losers. Our core businesses are highly profitable and positioned for growth, and we have a strong balance sheet. Our transformation from a traditional tour operator to a hotel and cruise company has been successfully completed. Our transformation as a digital and platform business is progressing massively and will deliver crucial results for our business and future growth. Our new strategic Destination Experiences business offers substantial new potential for TUI." This was already confirmed and delivered in H1 2019. The number of excursions in the Destination Experiences segment doubled versus the prior year. The segment is growing rapidly and will deliver a significant contribution to TUI's earnings growth in future. "TUI is economically sound and has a strong strategic and operational positioning. Moreover, all medium- and long-term growth forecasts for the sector are intact", said Fritz Jousen.

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The growing middle classes in many regions in the world, in particular, are only beginning to travel. With its uniform, global distribution platform, the Group is participating in these new markets, including China, Brazil and India. TUI is winning new customers in these countries, additionally boosting occupancy and profitability of its own hotel portfolio. In China, for instance, TUI has additionally strengthened its position through a cooperation agreement with Ctrip which was signed in H1 2019. The 200 million users visiting Ctrip's websites every week can book excursions and tours through the Musement platform recently acquired by TUI.

The consistent transformation of the Group's traditional tour operators is also progressing, as this segment is more volatile, generates lower margins and is more susceptible to external impacts. We are promoting standardisation and harmonisation of our tour operators and airlines. The national organisations are managed under one single leadership and will move even closer together. TUI's

uniform IT and own digital platforms will continue to change these traditional businesses and enhance their efficiency and profitability.

Overview H1 2019

In the period under review (1 October 2018 to 31 March 2019), TUI Group increased its turnover by 1.7 per cent to 6.68 billion euros (previous year 6.57 billion euros). At -300.6 million euros underlying EBITA, the seasonal loss rose year-on-year (previous year -169.7 million euros).

The **Holiday Experiences segment with Hotels & Resorts, Cruises and Destination Experiences** continued to deliver a strong operating performance in the period under review. At 220.0 million euros at constant currency, underlying EBITA in Holiday Experiences was down year-on-year (previous year 252.7 million euros). However, the prior year result had included one-off gains from hotel disposals of 38 million euros. Including foreign exchange effects, underlying EBITA in Holiday Experiences totalled 231.4 million euros.

At -496.8 million euros, **Markets & Airlines** saw an increase in the seasonal H1 loss year-on-year, typical of the tour operation business, versus the prior year (-375.5 million euros).

Overview of the segments – Holiday Experiences

Hotels & Resorts deliver solid performance, positive effects driven by shift of demand to Eastern Mediterranean expected for H2

In H1, underlying EBITA in the Hotels & Resorts segment was down 7.7 per cent year-on-year on a like-for-like basis and at constant currency. Including the gain on three RIU hotel disposals of 38 million euros in the prior year reference period, underlying EBITA in Hotels & Resorts was down by 21.4 per cent year-on-year. The shift in demand from the Western Mediterranean to the Eastern Mediterranean is resulting in lower margins in Spain. At the same time, the positive effects in the Eastern Mediterranean, for instance in Turkey, will only be visible in the second half of the financial year, as most of the countries in this region are Summer destinations. However, Hotels & Resorts achieved an improvement in average rates and maintained average occupancy of the hotels at consistent high level in the period under review. Since the merger between TUI AG and TUI Travel at the end of 2014, a total of 58 new hotels have been opened.

- Underlying EBITA (on a like-for-like basis and at constant currency): -7.7 per cent to 124.0 million euros (previous year 134.3 million euros)
- Underlying EBITA (including prior year one-off gains): -21.4 per cent to 135.4 million euros (previous year 172.3 million euros)

- Average revenue per bed: 72 euros (previous year 69 euros)
- Average occupancy: 77 per cent (previous year 77 per cent)

Cruises: Strong performance, high demand – Growth roadmap successfully continued

The Cruises segment continued to deliver its growth roadmap. In the period under review, it generated considerable growth in underlying EBITA and an increase in average rates at constant occupancy (Marella Cruises, Hapag-Lloyd Cruises) or constant average rates at a high level (TUI Cruises):

- Underlying EBITA: +13.6 per cent to 106.4 million euros (previous year 93.7 million euros)
- Average rate per passenger per day:
 - TUI Cruises 148 euros (previous year 148 euros)
 - Marella Cruises 145 GBP (previous year 136 GBP)
 - Hapag-Lloyd Cruises 639 euros (previous year 600 euros)
- Average occupancy:
 - TUI Cruises 99 per cent (previous year 99 per cent)
 - Marella Cruises 100 per cent (previous year 100 per cent)
 - Hapag-Lloyd Cruises 77 per cent (previous year 76 per cent)

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Following the launch of Mein Schiff 2 by TUI Cruises at the beginning of February 2019, Marella Explorer 2 joined Marella Cruises' fleet at the end of March. At the beginning of May, HANSEATIC nature, the first of three new luxury expedition ships for Hapag-Lloyd Cruises, embarked on her maiden voyage. HANSEATIC inspiration will follow in the autumn of 2019. In 2021, expedition ship BREMEN will leave the fleet of the Hamburg-based cruise subsidiary, and the new HANSEATIC spirit will join the fleet.

Destination Experiences – Activities and services in the destinations

The TUI Destination Experiences segment (activities and services in the destinations) is a growth area and has been strategically expanded since 2018 through a range of measures including the acquisition of Musement. In the period under review, the segment grew substantially following the acquisitions. The number of activities and excursions sold nearly doubled to 2.4 million in the period under review (+95 per cent).

- Underlying EBITA: +21.8 per cent to -10.4 million euros (previous year -13.3 million euros)

Markets & Airlines: Market environment remains challenging for traditional tour operators

In the period under review, the Group's Markets (tour operators) & Airlines business continued to be characterised by a very challenging market environment. In H1 2019, customer volumes declined by 2.4 per cent, and turnover decreased by 2.2 per cent to 5.41 billion euros (previous year 5.53 billion euros).

- Underlying EBITA: -32.3 per cent to -496.8 million euros (previous year: -375.5 million euros)

Outlook: Year-on-year decrease in bookings. Average prices +1 per cent, adjusted earnings guidance for full year 2019 reiterated

Bookings for the current Summer 2019 (as at 5 May 2019) are down 3 per cent year-on-year against strong comparatives, while average prices are slightly up by one per cent. By contrast, margins remain considerably lower than prior year. For H2, the Group expects to deliver significant growth in the Holiday Experiences business benefitting from our integrated model and investments into differentiated content. The adjusted earnings guidance for the full year 2019 is reiterated: TUI expects rebased underlying EBITA of

- approximately -17 per cent compared with prior-year underlying EBITA of 1.177 billion euros¹ assuming 737 MAX will resume flying by mid-July 2019 (one-off effect 200 million euros)

If it does not become sufficiently certain in the course of May that flying the 737 MAX will resume by mid-July, TUI will then need to fully extend the measures until the end of the summer season. For this scenario, TUI expects an underlying EBITA rebased for FY19 to up to minus 26 per cent (one-off effect of up to 300 million euros) compared with FY18 of 1.177 billion euros¹.

About TUI Group

TUI Group is the world's number one integrated tourism group operating in around 180 destinations worldwide. The company is domiciled in Germany. The TUI Group's share is listed in the FTSE 100 index, the leading index of the London Stock Exchange, and in the German open market. In financial year 2018, TUI Group recorded turnover of €19.2bn and an operating result of €1.177bn. The Group employs around 70,000 people in more than 100 countries. TUI offers its around 27 million customers, including 21 million customers in European national companies, comprehensive services from a single source. It covers the entire tourism value chain under one roof. This comprises around 330 Group-owned hotels and resorts with premium brands such as RIU and Robinson as well as 17 cruise ships ranging from the MS Europa and MS Europa 2 luxury class vessels to the "Mein Schiff" fleet of TUI Cruises and the vessels of Marella Cruises in the UK. The Group also includes leading international tour operator brands, 1,600 travel agencies in Europe and five airlines with around 150 modern medium- and long-haul aircraft.

Global responsibility for sustainable economic, ecological and social activity is a key feature of our corporate culture. TUI Care Foundation, established in 2015, promotes the positive effects of tourism, education and training as well as environmental and social standards. This

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way, it contributes to the development of the holiday destinations. TUI Care Foundation now operates in more than 20 countries around the world and initiatives projects creating new opportunities for the next generation.

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