TUI Group Investor Presentation
August / September / October 2018

What is TUI Group?

Hotel & Resorts, Cruises and Destination Experiences holiday experiences "product" provider with own distribution and fulfilment

KEY HIGHLIGHTS

- **20m** customers
- **€18.5bn** revenues
- **€1.1bn** EBITA (1)
- **23.6%** ROIC
- **10%** earnings growth

HOLIDAY EXPERIENCES

HOTEL	**€357m** EBITA	Leading leisure hotel and club brands around the world; investments, operations, ownership
	€256m EBITA	Leading German & UK cruise brands
	€35m EBITA	Tours, activities and service provider in destination

SALES & MARKETING

	€527m EBITA	Market leaders in packaged distribution, fulfilment, strong market and customer knowledge

(1) Underlying; Note: According to company guidance earnings growth is at constant currency

Our business model: Product-focused holiday provider with 59% Holiday Experience earnings

SALES & MARKETING– 41% EBITA
Digitalisation, diversification

Northern, Central, Western

- ~150 TUI Aircraft, 3rd party flying
- Own, 3rd party committed & non-committed
- Customer, knowledge, service & fulfilment

ROIC FY17: 85%[3]

HOLIDAY EXPERIENCES – 59% EBITA
Growth, diversification

20m customers | Portfolio approach

Integrated distribution	Owned / managed / JV ROIC FY17: 13%	379[1] Hotels	3rd party distribution
Integrated distribution	Owned / JV ROIC FY17: 20%	16[2] Ships	3rd party distribution
Integrated distribution	Owned / JV ROIC FY17: 24%	115 Destinations	3rd party distribution

GROUP PLATFORMS

INTEGRATION BENEFITS / STRATEGY

1. Own customer end-to-end
2. Yielding our risk capacity: 20m customers to optimise own hotels/ cruises demand
3. Unique TUI holiday experiences and fulfillment differentiating TUI from competition
4. Double diversification across Markets and Holiday Experiences

[1] This number includes group hotels and 3rd party concept hotels as at end of Q3 FY18 [2] As at end of July 2018 [3] This number relates to Sales & Marketing/ all other

What does it mean? Integrated model brings strong strategic benefits in the wider market context

INTEGRATION BENEFITS / TUI STRATEGY		WIDER MARKET CONTEXT
1 Own customer end-to-end	→	Enables us to personalise our customers' holiday experiences, basis for targeted marketing
2 Yielding our own risk capacity: 20m customers to optimise own hotels / cruises demand	→	Reduces reliance on third party distribution and allows yielding of our products
3 Unique TUI holiday experiences and fulfilment differentiating TUI from competition	→	Differentiates us from the OTAs, other pure-play distributors and the airlines, drives customer satisfaction and retention
4 Double diversification across Sales & Marketing and Holiday Experiences	→	Diversified across source markets and destinations - helps to mitigate the impact of cyclicality in individual markets and geopolitical shocks

TUI has moved on and developed into an integrated provider of holiday experiences

OTAs

"Depth of offering"

- Agent model, trading margin
- No/ limited risk capacity
- Increasingly dynamic packaging

Airlines

"Ancillary packages"

- Airline as core business
- Packages as add-on and to de-risk flight capacity
- Trading margin on hotels
- Increasingly direct hotel sourcing

Tour operators

"Packaged holidays"

- Packaging of hotel & flight, fulfillment
- Trading margin leveraged by
  - Flight risk capacity
  - Hotel commitments[1]

Potential new entrants

- Global tech companies

"Best and unique product, individualized offering"

- Dynamic packaging
- Own hotels, flights and cruises:
  - Yielding of risk capacities
  - Own distribution & fulfillment
  - Double diversification

What do we offer to our investors – 3 reasons to be invested / to invest

STRONG STRATEGIC POSITION

- Global leading tourism group
- Holiday product provider with own distribution
- Own customer end to end: Sales & Marketing, Hotels, Cruises, Destination Experiences
- Individualization and targeted marketing
- Yielding of own products
- Risk mitigation by double diversification

STRONG EARNINGS GROWTH

At least +10%

- Global leisure travel market growing above GDP
- Strong track record driven by merger synergies:
  - Underlying EBITA CAGR of 12%[1] since merger
  - Underlying EPS CAGR of 21% since merger driven by lower interest and tax rate
- Future growth supported by digitalisation benefits and by reinvesting disposal proceeds
- EBITA growth target extended until 2020

STRONG CASH GENERATION

- 23.6% group ROIC FY17, significantly above cost of capital
- Strong operating cash conversion, enabling to fund
  - investments
  - high cash returns to shareholders in form of dividends
  - balance sheet stability

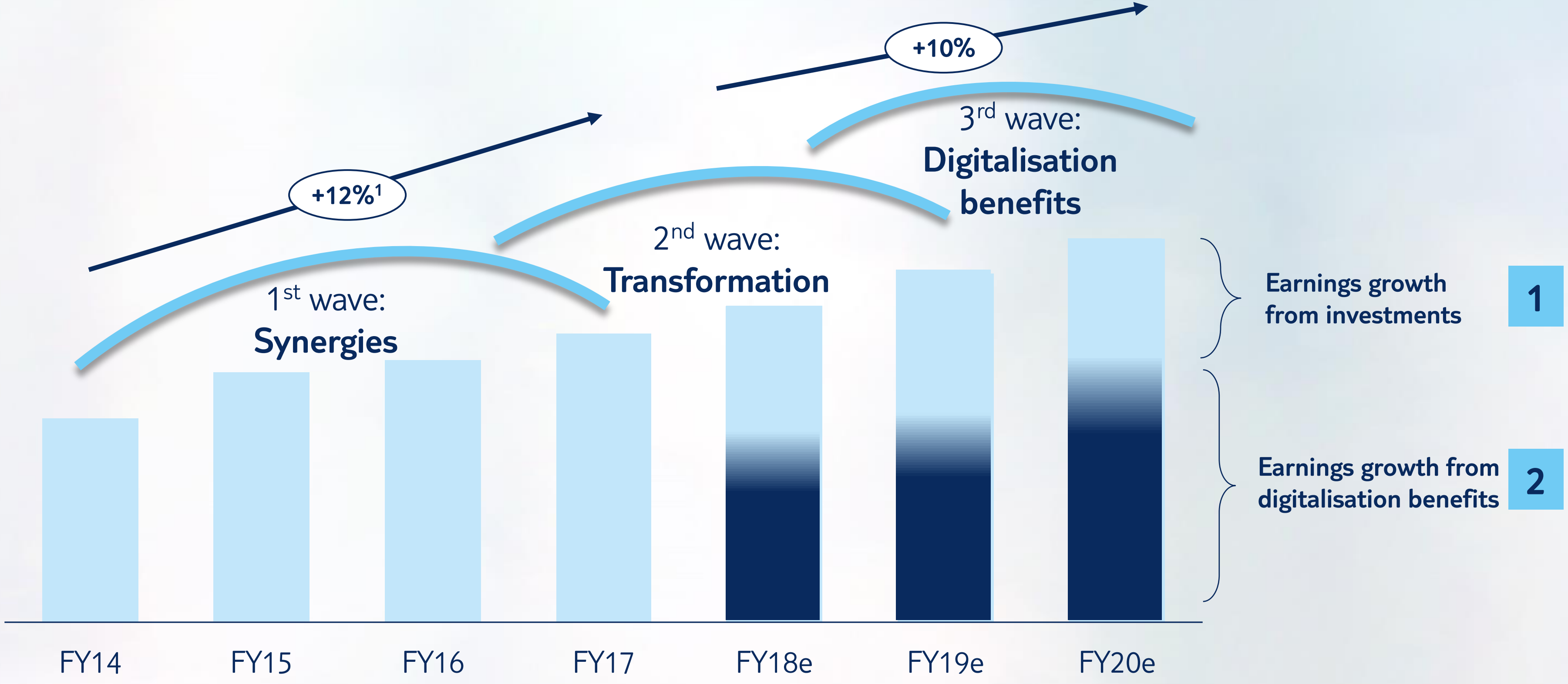
[1] Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency

GROWTH & DIGITALISATION INITIATIVES

Upside potential: Three waves driving earnings, two yet to materialize: Future earnings growth driven by growth investments and digitalisation benefits

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES

FUTURE GROWTH: DIGITALISATION, INVESTMENTS



FUTURE GROWTH

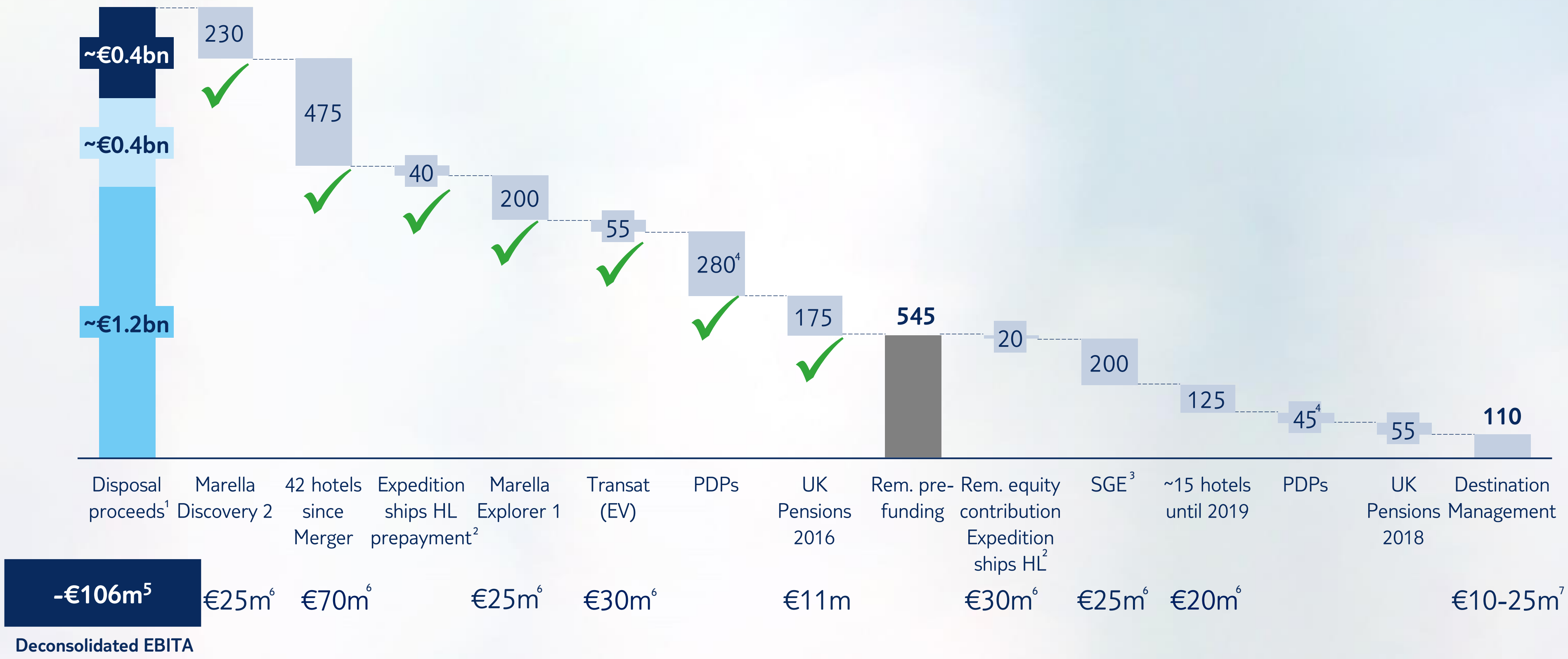
- Target extended to 2020: at least 10% underlying EBITA CAGR
- Mix of earnings growth changes
  - Growth from investments
  - Market demand & digitalisation benefits
- Less seasonal earnings

1 Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency; Note: According to company guidance earnings growth is at constant currency

1 TUI's re-investment programme FY16-FY19 – doubling EBITA under way

GROWTH INVESTMENTS FY16 to FY18 9M

GROWTH INVESTMENTS FY18 & FY19



REINVESTMENTS

- Reinvestment of disposal proceeds by FY19
  - Own content growth
  - Basis for end-to-end profitability
  - Investments on track
  - More than doubling returns
- Capital discipline continues after FY19
  - ROIC as KPI
  - Normalised capex levels
  - Investments if attractive

1 Including working capital/cash effect; 2 Equity-contribution, delivery in Spring & Autumn 2019; 3 Assumes SkySea Golden Era (SGE) purchase as cash transaction; 4 €10m quarterly adjustment until 2019 - pro rata approach; 5 Number includes €93m EBITA of HBG & Travelopia as well as EAT of MS1 within TUI Cruises of €12.5m due transferring the ship to UK market; 6 Based on targeted EBITA run-rate 7 Profitability growth expected in line with 3 year ramp-up phase of synergies; expected to complete in H2 FY18

1 Hotels & Resorts investments: 42 new hotels since merger, low capital intensity

PORTFOLIO DIVERSIFICATION

DE-RISKED GROWTH

- Pre-dominantly low capital intensity
- Ownership in 365 days destinations/ where scarcity of assets
- De-risking through JV off-balance financings
- 15% ROIC hurdle

> 65% OF INVESTMENTS WITH LOW CAPITAL INTENSITY[1]

42 NEW HOTELS OPENED SINCE MERGER

ROIC 42 HOTELS FY18: >15% (TARGET)

CAPITAL DISCIPLINE

1 Low capital intensity is defined as Management, Franchise and 50% of owned hotels due to joint venture structures

1 TUI's cruise capacity growth financed through disposal proceeds re-investment programme and off-balance sheet (JV)

BRAND / OWNERSHIP	FLEET DEVELOPMENT	OFF-BALANCE FINANCING AS PREFERRED OPTION
Off-balance: JV TUI Cruises	**Current fleet:** 6 ships (Exit FY22) **Deliveries:** FY19, FY23, FY24, FY26 **Update on fleet development**	• Funded by JV • No CAPEX requirements for TUI
On balance MARELLA CRUISES	**Current fleet:** 6 ships (Exit FY19) **Deliveries:** FY19 (SGE[1])	• Part of TUI's growth investment plan • Funded by re-investing disposal proceeds
On balance HAPAG LLOYD CRUISES	**Current fleet:** 4 ships (Exit FY18) **Deliveries:** FY19, FY20, FY21	• Part of TUI's growth investment strategy • Funded by re-investing disposal proceeds

[1] Marella Cruises acquires SkySea Golden Era (SGE) to replace Mein Schiff 2, which will remain within TUI Cruises fleet due to high demand in the German cruise market.

1 TUI Cruises orders two New Builds – participate in strong German market growth

KEY FACTS

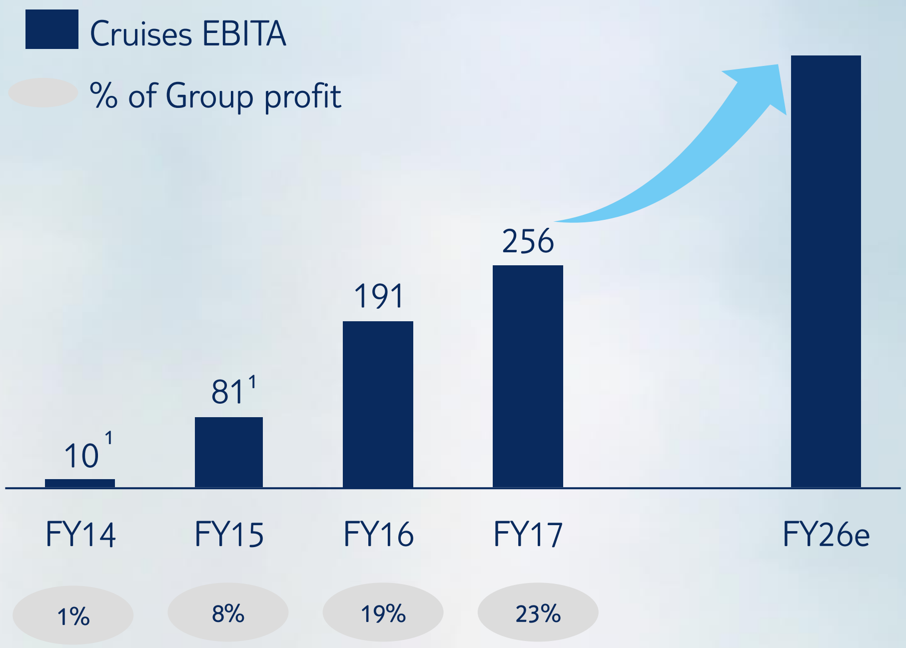
- TUI Cruises orders two more New Builds for the German market for delivery in 2024 and 2026
- New ships financed through JV – no capex for TUI shareholder
- Building will take place at the Italian Fincantieri shipyard in Monfalcone
- Participate in strong market growth in the German cruise market
- 161,000 gross registered tons (GRT) per ship, with generous passenger / space ratio
- The two ships will be the first of the TUI Cruises fleet to be operated with low-emission LNG propulsion
- Combined exhaust after-treatment system consisting of a scrubber and catalytic converters to comply with Sulphur Regulations
- Orders still subject to final financing negotiations

Green light for two new build cruise ships; TUI Cruises fleet to expand to nine ships until 2026

1 TUI's cruise business – Strong basis for future growth

BRAND / OWNERSHIP	GROWTH LEVERS
Off-balance: JV TUI Cruises	• Leverage distinct product offering • Keep market share
On balance MARELLA CRUISES	• Upgrade and modernise fleet • Establish all-inclusive offering
On balance HAPAG LLOYD CRUISES	• Grow expedition business • Internationalisation

STRONG AND PROFITABLE GROWTH WILL CONTINUE



Note: Chart shows underlying EBITA in €m and % of TUI Group EBITA contribution; 1 Marella Cruises not included

1 Strategic expansion of our Destination Experiences business – Ticking all boxes: Musement acquisition complementary to recent HBG Destination Management acquisition

TUI DX STRATEGY LAYERS

DIGITALISATION	MORE PRODUCTS	MORE GUESTS	MORE DESTINATIONS
• End-to-end digital process: from supplier to customer • Part of global CRM platform • Omni-channel • Personalisation • Integrated marketing campaigns	• Differentiation of excursion portfolio • Activities • Multi-day tours	• TUI package customers • TUI non-package customers • 3rd party customers	• More sun & beach destinations • City destinations • Asia

ACQUISITIONS

musement ✓ + destination services / INTERCRUISES SHORESIDE & PORT SERVICES ✓ + destination services / INTERCRUISES SHORESIDE & PORT SERVICES ✓ + destination services / INTERCRUISES SHORESIDE & PORT SERVICES ✓

1 TUI's acquisition of Musement - strategic rationale and details

DESTINATION EXPERIENCES VALUE CHAIN

- DISTRIBUTION ✓
- PRODUCTION ✓
- SOURCING ✓
- DELIVERY ✓

STRATEGIC RATIONALE

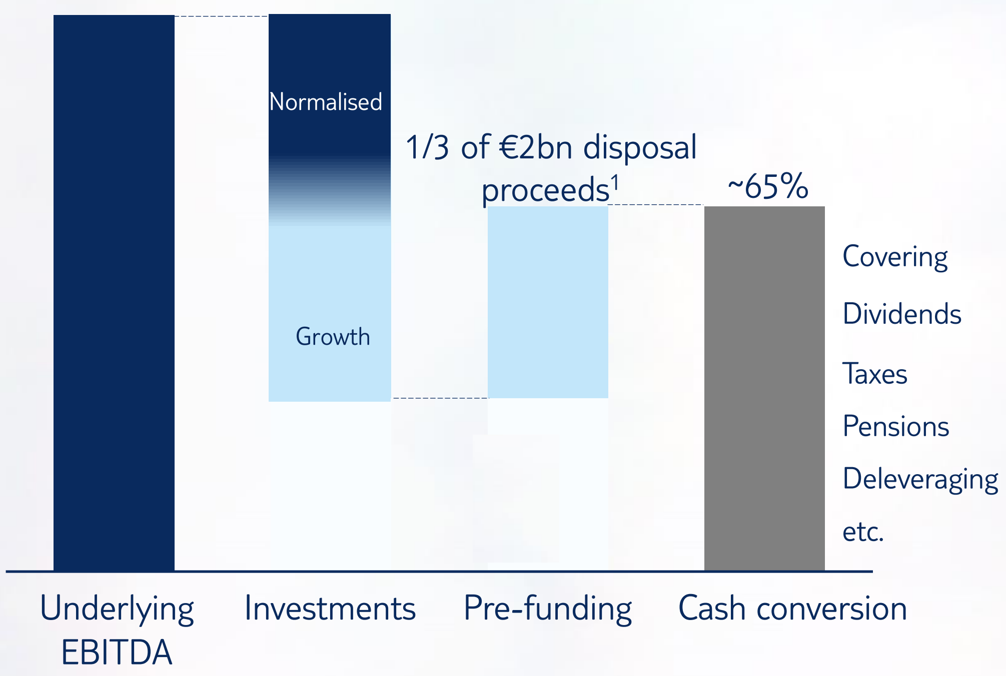
- Musement technology as basis for fully digitalised end-to-end process: from product supplier in the destination to TUI customer
- TUI as early mover: Destination Experiences market still largely an offline market
- Creates Destination Experiences powerhouse: TUI as fully digitalised provider with destination product offerings in more than 49 countries
- Linked to One CRM digitalised group marketing initiative

ACQUISITION DETAILS

- All cash transaction
- Acquisition earnings accretive from year two
- ROIC hurdle rate of 15% achieved in year two
- Mid-term ROIC target of >50%
- Closing expected for October 2018

1 Strong cash generation allowing to invest, pay dividends and strengthen balance sheet

ILLUSTRATIVE CASH FLOW PROFILE FY17 - FY19



CAPITAL ALLOCATION FRAMEWORK

Strong cash generation allows all boxes to be ticked

Attractive dividend

- In line with earnings growth
- FY17: €0.65 per share

Growth investments

- Re-investing disposal proceeds
  - 15% ROIC hurdle rate
  - Opportunistic M&A, if synergistic

Balance sheet stability

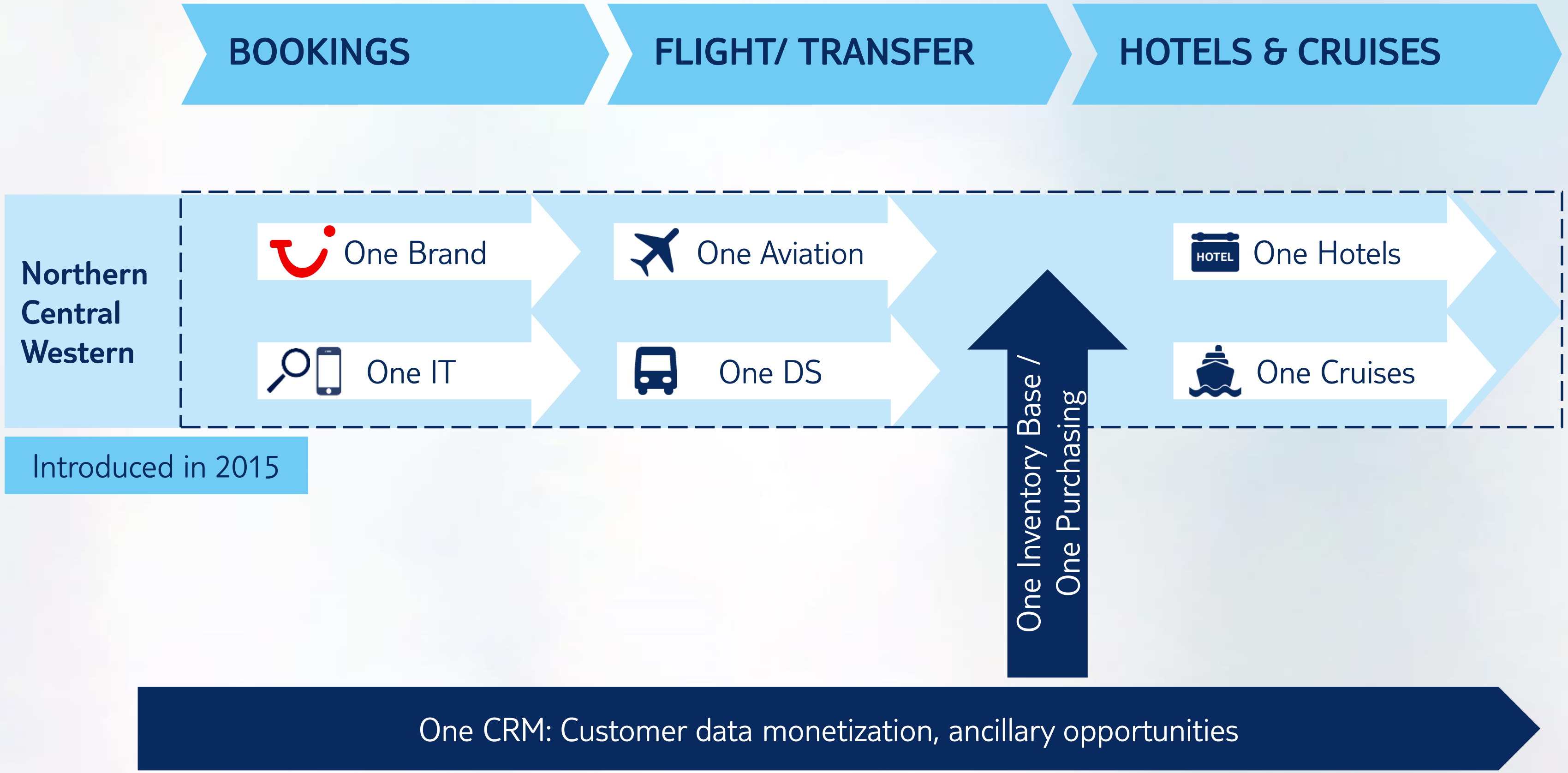
- Target leverage ratio further reduced to 3.0x-2.25x

JV growth

- ~ 50% JV cash flow pay-out to TUI
- ~ 50% retained to finance JV growth

1 Disposal proceeds reinvested from FY16-FY19

2 Group initiatives and digitalisation driving efficiency

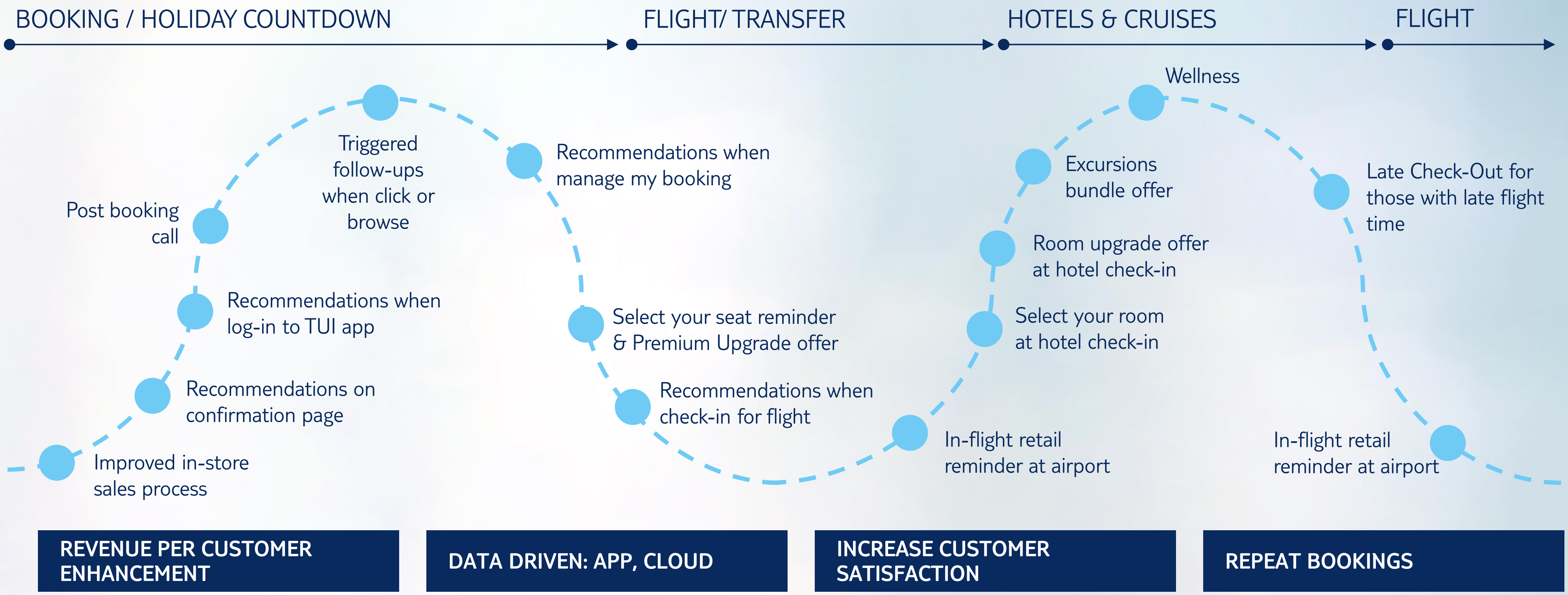


- 6 One platforms introduced in 2015
- 2 new initiatives 2017
  - One CRM (Cloud based)
  - One Inventory (Blockchain), One Purchasing
- Initiatives quantified and tracked, contributing to at least 50% of our EBITA growth target

2 Data driven CRM process: One CRM platform rolled out to all source markets

DATA COLLECTION LAYER	DATA MARKET LAYER	DATA ANALYSIS LAYER	CAMPAIGN LAYER
Online, Destinations, App, Hotels	Cloud		
• Multiple customer touchpoints • Consistent data collection	• Centralised data lake across all business units	• Artificial intelligence supported • Campaign generation and selection	• Campaign execution • Direct booking
LIMITED CAPEX SPENT (LOW DOUBLE DIGIT INVESTMENT)	CONSISTENT DATA COLLECTION	ROLL OUT ACROSS ALL SOURCE MARKETS	INTEGRATED ANALYSIS & CUSTOMIZED CAMPAIGNS

2 Personalized experiences during journey increase customer satisfaction and revenues



2 Customer profile builds over time enabling personalized recommendations – example

	COOKIE	PROSPECT	NEW CUSTOMER	REPEAT CUSTOMER
Name	**2801928128**	**Mrs Sophia Meyer**	**Mrs Sophia Meyer**	**Mrs Sophia Meyer**
Status & Value		Status: New Prospect	Status: New Customer C: Low Value	Status: Repeat Customer B: Medium Value
Marketing preferences		Email (Yes)/ Mobile (No)	Email (Yes)/ Mobile (Yes)/ App (Yes)	**Email (Yes)/ Mobile (Yes)/ App (Yes)**
Life-stage		Family	Family	Family
Holiday preferences	Ibiza	Majorca/ Ibiza	Majorca/ 4 Star	Ibiza/ 4 Star/ Close to beach/ Family room/ Extra Legroom Seat
Product preferences				Family Life/ Sensimar
Booking status	Inspiration	Shortlist:Majorca/Villa/5.5.17 Shortlist:Majorca/Hotel only/ 23.5.17	Live: Majorca/ Hotel only/ 23.05.2017	Live:Majorca/Family Life/1.5.18 Shortlist:Ibiza/Sensimar/1.8.18
Next Best Action			Offer Late check-out	Offer concierge service for next booking

- Nota bene: Sophia is a fictional character
- Digital platforms comply with relevant data protection & privacy laws (incl. EU General Data Protection Regulation)

2 Launched 2017: Destimo purchasing and Blockchain Inventory – Opportunity to commercialise our risk inventory of 100m bed nights and our €5bn purchasing volume from 3rd party hoteliers

20m customers - Cyrus Yield Management

BLOCKCHAIN / Inventory + Destimo purchasing

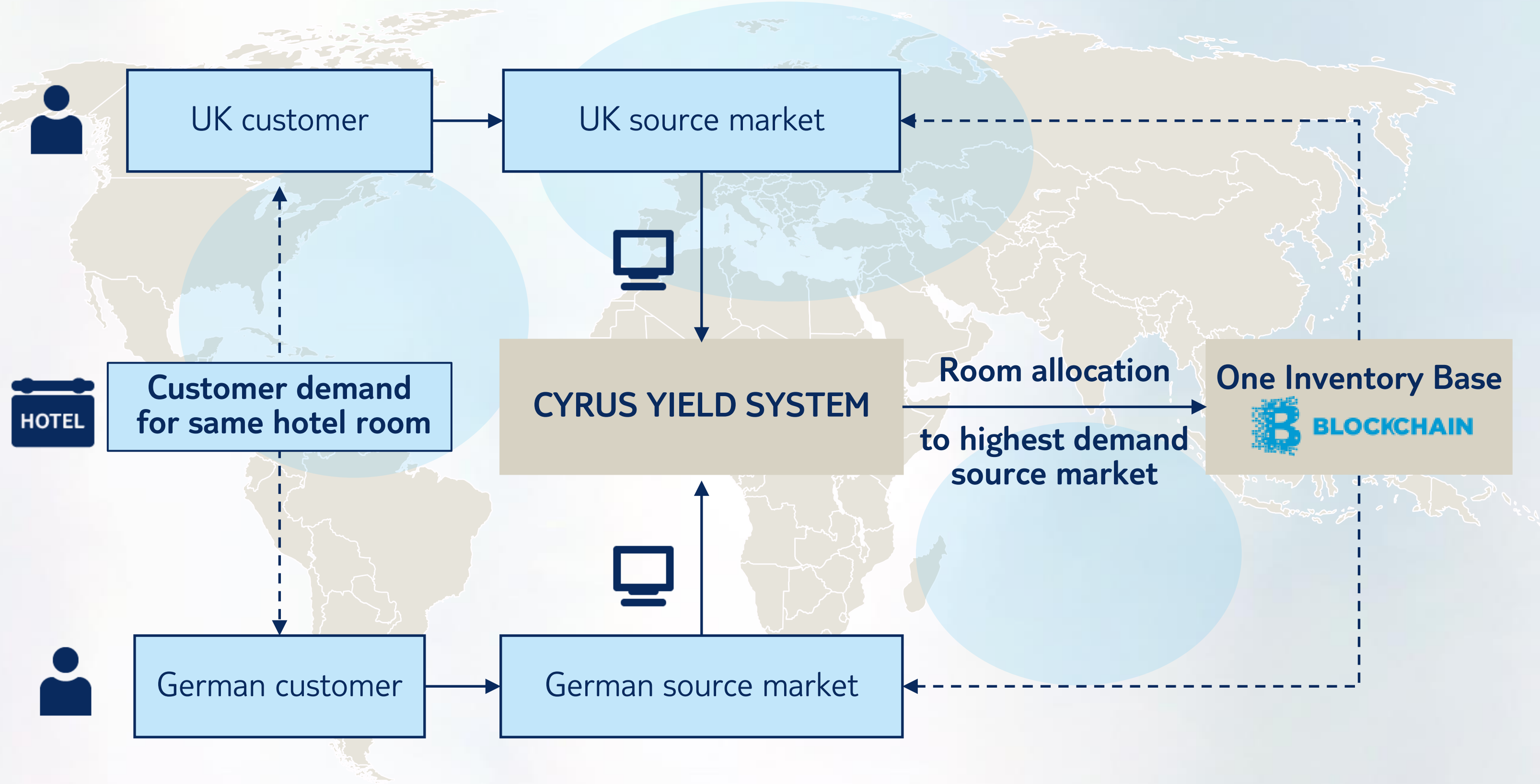
Hotels: Own and third party risk, Tours

Our vision:

- Centralised inventory management based on Blockchain technology
- Cyrus: Digital system driving yields, supporting marketing of 100m bed nights to 20m customers
- Destimo: Proprietary purchasing system

CENTRALISED INVENTORY DATA BASE | **BLOCKCHAIN TECHNOLOGY** | **COST EFFICIENT** | **ENABLING ARTIFICAL INTELLIGENCE**

2 Blockchain Inventory: first feature launched in July 2017 – bed swap



- Bundling of inventory across source markets
- Artificial intelligence based demand analysis
- Bed swapping mechanism optimizes yield across source markets

INTRODUCTION IN JULY 2017

GERMANY, UK & NORDICS

PROPRIETARY TUI SYSTEMS

ARTIFICAL INTELLIGENGE BASED

2 Blockchain Inventory: Bed swap screenshot

TUI BED MANAGEMENT TOOL

PROPOSAL 291

Proposal ID	Created	Swap Start	Swap End	Swap Dur.	Accom. Codes	Accom. Names	Dest. G/Ws	Room Value	Giving Market	Recv. Market
291	22/09/2017	01/11/2017	30/04/2018	180d	ESFU0011 FUE14006	Club Jandia Princess Hotel Club Jandia Princess	Fuerteventura Fuerteventura	198450 €	TUK	TDE

2 Blockchain Inventory: Strategic optionality – Low risk entry into new markets and reduction of yield pressure at the same time

- Source markets expansion into new markets by applying TUI LTE technology
- Leverage new markets demand for risk capacity clusters

DIGITALISED GROWTH | **DIVERSIFICATION** | **LOW CAPITAL INTENSITY** | **YIELD IMPROVEMENTS**

OUR AMBITION

Our ambition: Strong strategic positioning, strong earnings growth and strong cash generation with underlying EBITA almost doubling in 6 years

STRONG STRATEGIC POSITION

STRONG EARNINGS GROWTH

At least +10%

STRONG CASH GENERATION

- Underlying EBITA almost doubling in 6 years
- No equity raised, but dividends paid

[1] Pro Forma EBITA; Note: According to company guidance earnings growth is at constant currency

APPENDIX

FY18 Q3 RESULTS

Group strategy delivers further growth in positive 9M result

TURNOVER
€11.8bn
+6.3% YoY

UNDERLYING EBITA
€34.8m
Up +€58m[1]/€28m YoY

REPORTED EBITA
-€9.7m
Up +€42m YoY

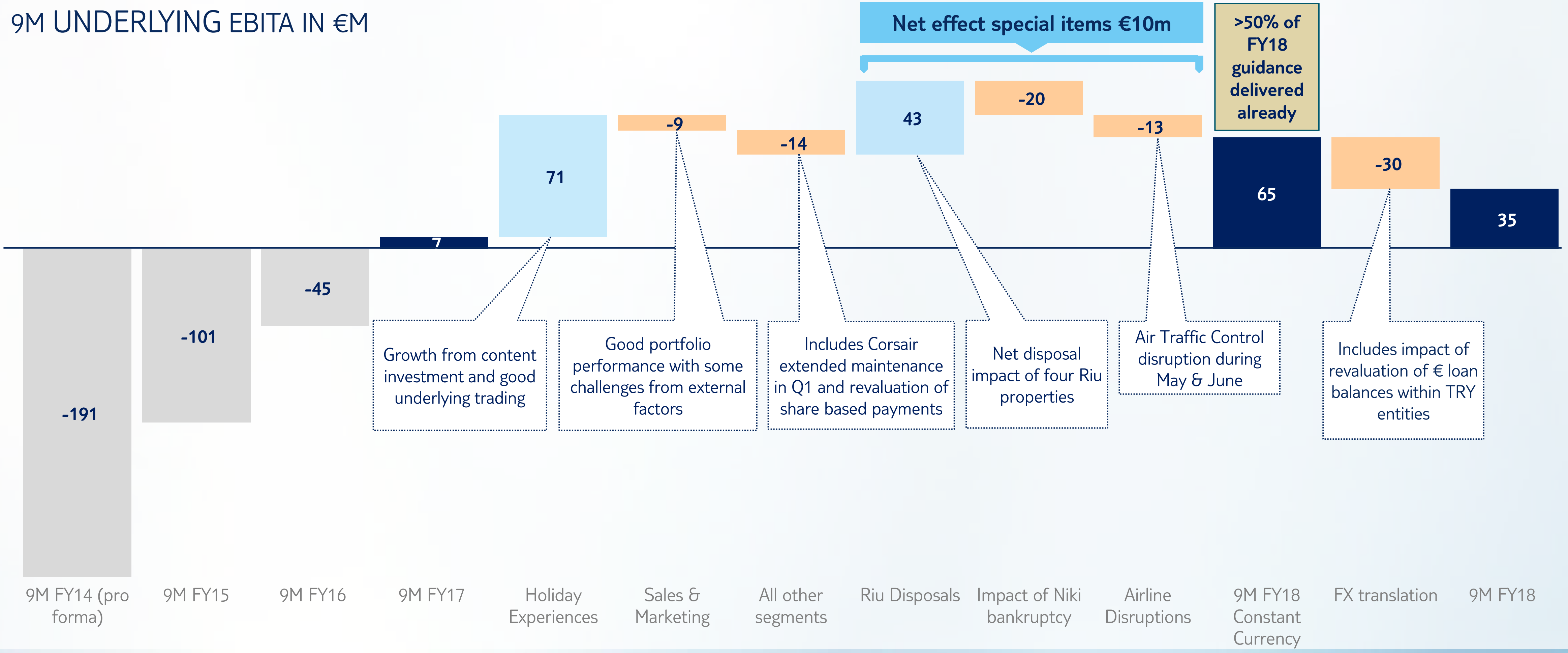
GUIDANCE REITERATED
AT LEAST 10% UNDERLYING EBITA GROWTH FOR FY18[1]

- Second year of profitable 9M result demonstrates successful strategic positioning of TUI and further reduced seasonality
- Strategy enables continued growth with some external challenges
  - Airline disruption ~€13m in Q3, action taken to address operational resilience
  - High level of early bookings helps to limit impact of prolonged good weather in key markets; however outperformance less likely
  - Expect to deliver at least 10% underlying EBITA growth for FY18[1]

[1] At constant currency rates

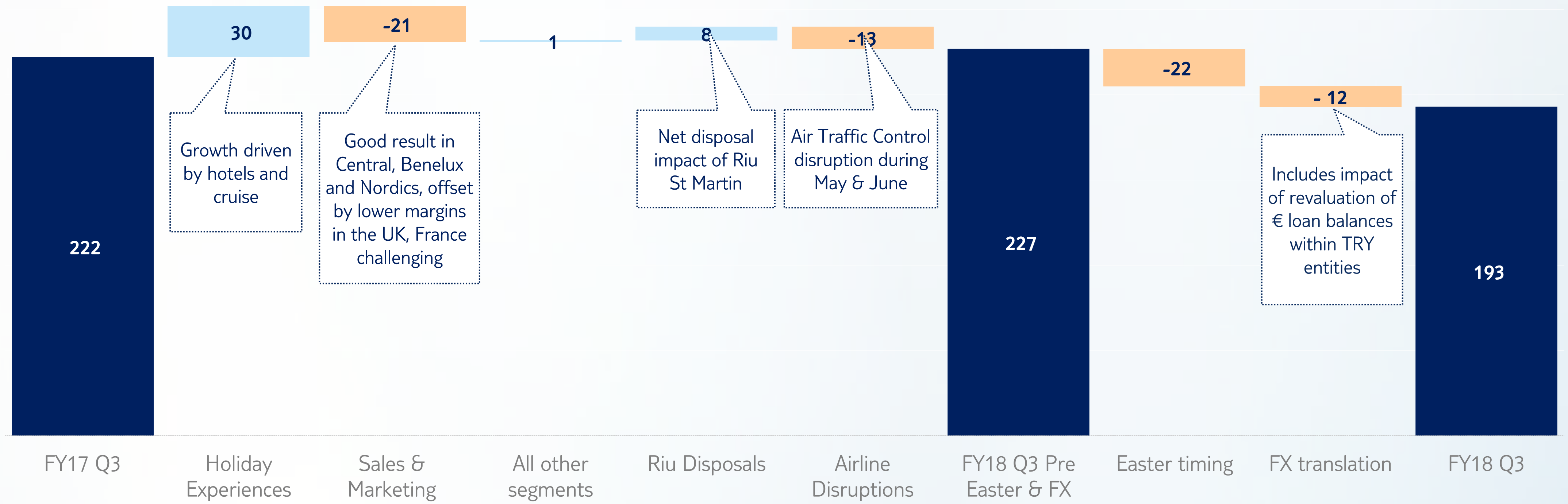
9M earnings improvement delivered for the fourth consecutive year - building basis for FY18 growth in line with guidance

9M UNDERLYING EBITA IN €M



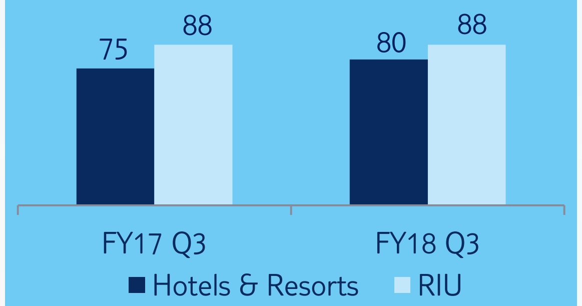
Good overall performance in an environment with more external challenges leading to flat Q3 results year-on-year

FY18 Q3 UNDERLYING EBITA (€m)

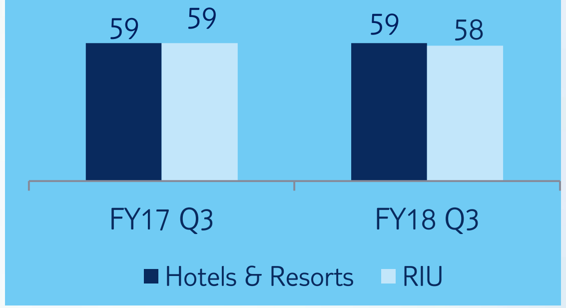


Holiday Experiences: Hotels & Resorts – Q3
Strong overall performance

AVERAGE OCCUPANCY %



AVERAGE REVENUE PER BED €



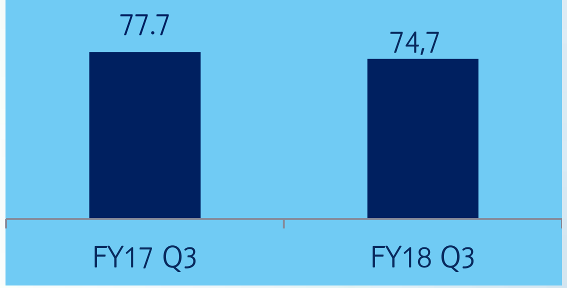
TURNOVER AND EARNINGS (€m)

	FY18 Q3	FY17 Q3	%
Turnover	161.0	151.3	6.4
Underlying EBITA	74.7	77.7	-3.9
o/w Equity result	*21.7*	*17.0*	*27.6*

42 NEW HOTEL OPENINGS SINCE MERGER

of which ~65% are low capital intensity

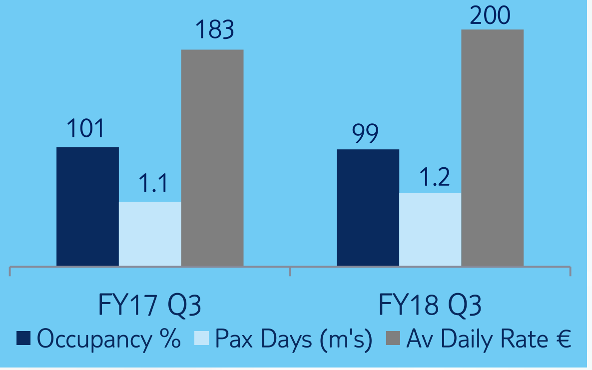
UNDERLYING EBITA €M



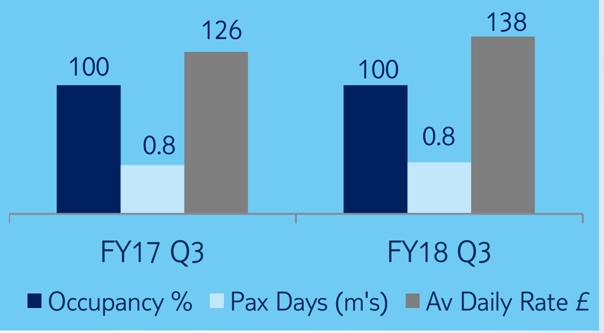
BRIDGE UNDERLYING EBITA (€M)

Holiday Experiences: Cruises – Q3
Strong demand and capacity growth continue to drive earnings performance

TUI CRUISES



MARELLA CRUISES

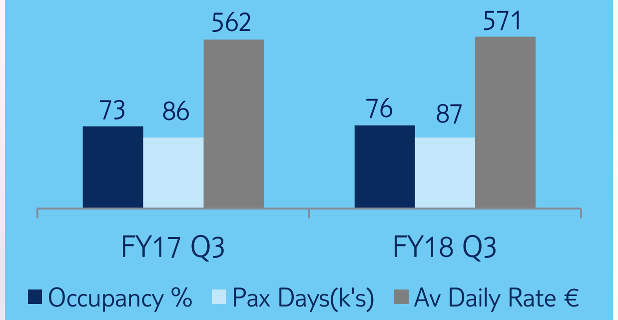


TURNOVER AND EARNINGS (€M)

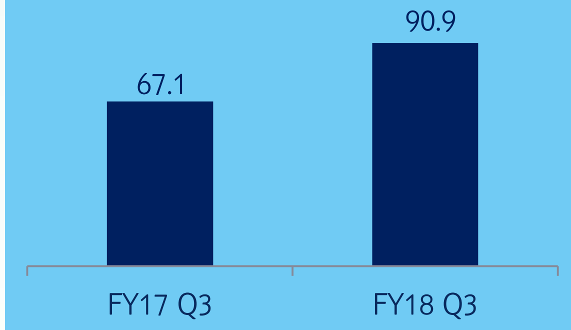
	FY18 Q3	FY17 Q3	%
Turnover	227.3	214.3	6.1
Memo: TUI Cruises Turnover	*312.6*	*260.7*	*19.9*
Underlying EBITA	90.9	67.1	35.5
*o/w EAT TUI Cruises**	*56.6*	*39.6*	*42.9*

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

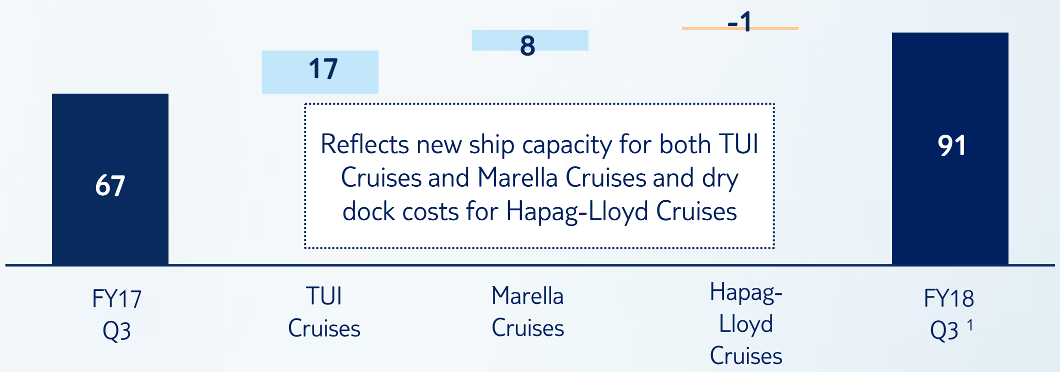
HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M



BRIDGE UNDERLYING EBITA (€M)



[1] FX translation impact is less than €1m

Holiday Experiences: Destination Experiences – Q3
Global tours & activities leader well-positioned for strong future growth

TURNOVER AND EARNINGS (€M)

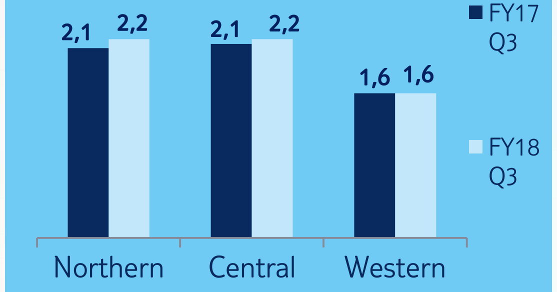
	FY18 Q3	FY17 Q3	%
Turnover	65.6	55.3	18.6
Underlying EBITA	15.3	13.4	14.2

- Good operational performance in Q3
- Arrival guests grew by 8%
- Expect to deliver ~15% growth in underlying EBITA pre-acquisition of Hotelbeds Destination Management business for FY18[1]
- Acquisition of Destination Management business from Hotelbeds Group partly completed end of July; full completion expected by end of financial year; small single-digit underlying EBITA to be consolidated for remainder of FY18

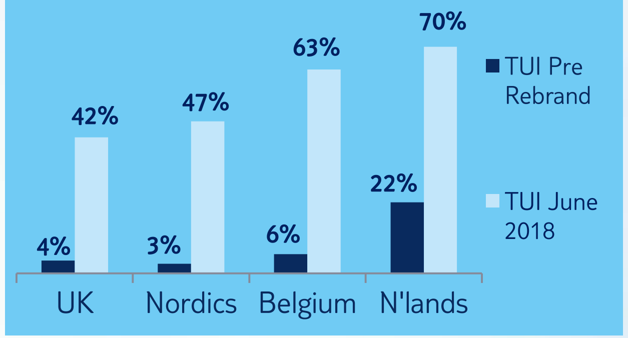
[1] At constant currency rates

Sales & Marketing – Q3
Good portfolio performance with some external challenges in recent months

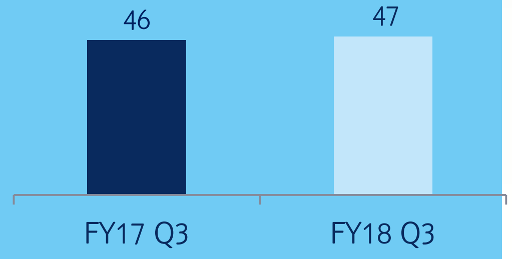
CUSTOMERS (M's)



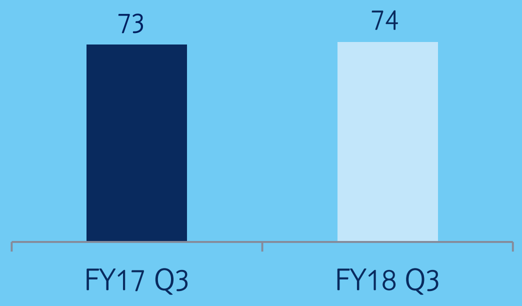
UNAIDED AWARENESS %



ONLINE DISTRIBUTION %



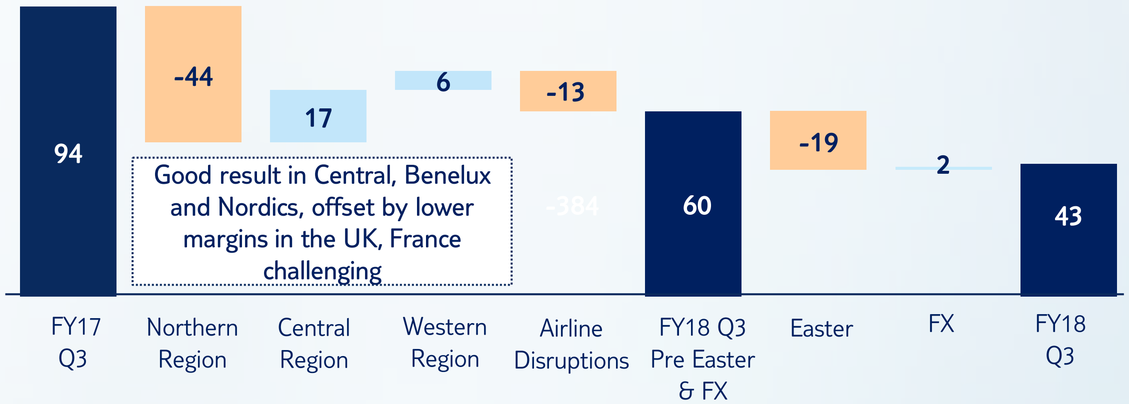
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18 Q3	FY17 Q3	%
Turnover	4,408.7	4,211.6	4.7
Underlying EBITA	42.5	93.5	-54.5

BRIDGE UNDERLYING EBITA (€M)



Current trading – Summer 2018

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- Four new hotel openings for Summer 2018
- Continued shift in demand back to Turkey and North Africa
- Spain performing well against strong comparatives

CRUISES

- New ship launches continue to perform very well
- Strong yield performances continue

DESTINATION EXPERIENCES

- Strong volumes for Q4 expected
- Destination Management acquisition from Hotelbeds to be fully completed by end of financial year

SALES & MARKETING

- 4% growth in S18[1] bookings with 86% of programme sold and load factor broadly in line with prior year
- Significant growth in demand for Greece and Turkey, offsetting more normalised level of bookings for Spain
- High level of early bookings helps to limit impact of prolonged good weather in key source markets, however outperformance less likely
- France increasingly challenging - detailed performance review underway

[1]These statistics are up to 29 July 2018 and shown on a constant currency basis and relate to all customers whether risk or non-risk

Income Statement reflects further improvement in 9M result

In €m	FY18 9M	FY17 9M
Turnover	11,829.9	11,129.2
Underlying EBITA	**34.8**	**7.3**
Adjustments (SDI's and PPA)	-44.5	-59.0
EBITA	**-9.7**	**-51.7**
Net interest expense	-90.0	-91.0
Hapag-Lloyd AG	-	35.2
EBT	**-99.7**	**-107.5**
Income taxes	10.0	22.6
Group result continuing operations	**-89.7**	**-84.9**
Discontinued operations	41.4	-151.8
Minority interest	-75.9	-78.5
Group result after minorities	**-124.2**	**-315.2**
Basic EPS (€, continuing)	-0.28	-0.28

ADJUSTMENTS

Includes PPA €22m and planned restructuring costs in Sales & Marketing. FY18 guidance remains at -€80m

INTEREST

In line with prior year, FY18 guidance remains at ~€120m

TAX

Underlying effective tax rate remains at 20%

DISCONTINUED OPERATIONS

Expiry of €41m volume provision relating to Hotelbeds transaction

Cash Flow & Movement in Net Cash
Strong free cashflow after dividends

In €m	FY18 9M	FY17 9M
EBITDA reported[1]	**303.1**	**249.6**
Working capital	1,243.7	1,415.8
Other cash effects	15.2	4.4
At equity income	-199.4	-159.9
Dividends received from JVs and associates	149.1	76.8
Tax paid	-134.9	-107.4
Interest (cash)	-62.3	-45.7
Pension contribution	-115.9	-110.8
Operating Cashflow	**1,198.6**	**1,322.8**
Net capex	-581.8	-622.0
Net financial investments	13.8	-90.5
Net pre-delivery payments	-17.7	-195.9
Disposal proceeds	-	67.6
Free Cashflow	**612.9**	**482.0**
Dividends	-406.9	-456.6
Free Cashflow after Dividends	**206.0**	**25.4**

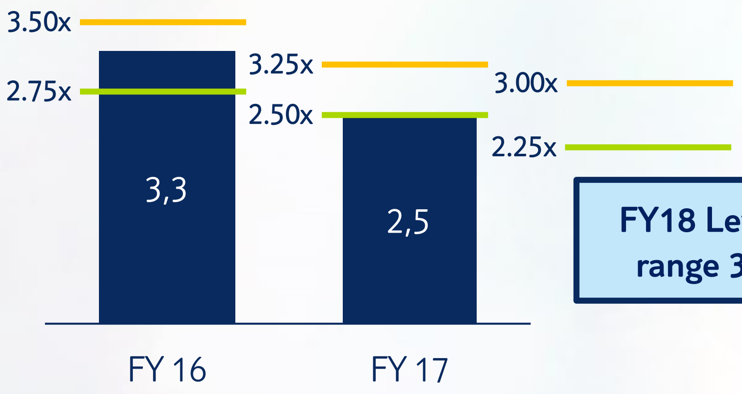
OPERATING CASHFLOW

- Reduction due to higher hotel prepayments in the period and deconsolidation of Travelopia versus FY17

In €m	30 Jun 2018	30 Jun 2017
Opening net cash as at 1 October	**583**	**32**
Movement in cash net of debt	206	25
Asset Finance	-199	-145
Other	-1	322
Closing net cash as per Balance Sheet	**589**	**234**

Financial profile substantially improved, successful execution of TUI Schuldschein

Leverage Ratio improvement



FY18 Leverage Target range 3.00x – 2.25x

Credit Rating improvement

Credit Agency	FY16	FY17	FY18 latest view
Moody's	Ba2/stable	Ba2/stable	Ba2/positive
S&P	BB-/positive	BB/stable	BB/stable

Financial discipline delivers increased flexibility to balance sheet

- Our strong financial discipline post-merger has helped us to achieve both an improvement in our leverage ratio and global credit profiles
- These improvements have enabled us to:
  - Access finance at more attractive rates
  - Take advantage of favourable market conditions
  - Achieve higher credit rating on our issued securities than our Group corporate rating
  - Diversify our refinancing instruments and therefore increasing our balance sheet flexibility
- TUI Schuldschein of €425m successfully issued in June 2018, further building on our capital markets orientated financing strategy
- Proceeds will partly fund latest aircraft re-fleeting; helping to drive cost efficiencies as a result of lower fuel consumption and reduced CO_2 emissions and increased flying range

FY18 Q3 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY18 Q3	FY17 Q3	Change	FX	Change ex FX
Hotels & Resorts	**161.0**	**151.3**	**9.7**	**-14.0**	**23.7**
- Riu	108.7	107.2	1.5	-7.1	8.6
- Robinson	19.4	19.5	-0.1	-0.7	0.6
- Blue Diamond	-	-	-	-	-
- Other	32.9	24.6	8.3	-6.2	14.5
Cruises	**227.3**	**214.3**	**13.0**	**-2.6**	**15.6**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	153.3	135.6	17.7	-2.6	20.3
- Hapag-Lloyd Cruises	74.0	78.7	-4.7	-	-4.7
Destination Experiences	**65.6**	**55.3**	**10.3**	**-1.9**	**12.2**
Holiday Experiences	***453.9***	***420.9***	***33.0***	***-18.5***	***51.5***
- Northern Region	1,808.9	1,727.8	81.1	-33.7	114.8
- Central Region	1,657.7	1,557.5	100.2	-7.4	107.6
- Western Region	942.1	926.3	15.8	-	15.8
Sales & Marketing	***4,408.7***	***4,211.6***	***197.1***	***-41.1***	***238.2***
All other segments	153.8	142.9	11.1	-0.3	11.4
TUI Group continuing operations	**5,016.4**	**4,775.4**	**241.2**	**-59.8**	**301.0**

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Experiences (previously Destination Services) from Other Tourism and remaining business segments within Other Tourism into All other segments.

FY18 Q3 Underlying EBITA by Segment*

In €m	FY18 Q3	FY17 Q3	Change	FX	Change ex FX
Hotels & Resorts	**74.7**	**77.7**	**-3.0**	**-11.3**	**8.3**
- Riu	78.3	74.8	3.5	-3.6	7.1
- Robinson	5.2	10.6	-5.4	-2.4	-3.0
- Blue Diamond**	4.3	3.4	0.9	-0.5	1.4
- Other	-13.1	-11.1	-2.0	-4.8	2.8
Cruises	**90.9**	**67.1**	**23.8**	**-0.4**	**24.2**
- TUI Cruises**	56.5	39.5	17.0	-	17.0
- Marella Cruises	30.2	22.0	8.2	-0.4	8.6
- Hapag-Lloyd Cruises	4.2	5.6	-1.4	-	-1.4
Destination Experiences	**15.3**	**13.4**	**1.9**	**-0.3**	**2.2**
Holiday Experiences	***180.9***	***158.2***	***22.7***	***-12.0***	***34.7***
- Northern Region	16.0	81.0	-65.0	1.7	-66.7
- Central Region	35.4	24.5	10.9	-	10.9
- Western Region	-8.9	-12.0	3.1	-	3.1
Sales & Marketing	***42.5***	***93.5***	***-51.0***	***1.7***	***-52.7***
All other segments	-30.0	-30.1	0.1	-1.4	1.5
TUI Group continuing operations	**193.4**	**221.6**	**-28.2**	**-11.7**	**-16.5**

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Experiences (previously Destination Services) from Other Tourism and remaining business segments within Other Tourism into All other segments.
**Equity result

FY18 Guidance[1]

	FY18e	FY17
Turnover[2]	Around 3% growth	€18,535m
Underlying EBITA	At least 10% growth FX translation ~€70m negative	€1,102m
Adjustments	~€80m	€76m
Net interest expense	~€120m	€119m
Underlying effective tax rate	~20%	20%
Net capex & investments incl. PDPs	~€1.2bn	€1.1bn
Net (debt)/cash	Slightly negative	€0.6bn
Leverage ratio	3.0x to 2.25x	2.5x
Interest cover	5.75x to 6.75x	6.1x
Dividend per share	Growth in line with underlying EBITA	€0.65

1 Assuming constant foreign exchange rates are applied to the result in the current and prior period
2 Excluding cost inflation relating to currency movements

FY17 RESULTS

FY17 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	**679.0**	**618.6**	**60.4**	**-24.9**	**85.3**
- Riu	493.1	461.6	31.5	-10.2	41.7
- Robinson	82.6	72.2	10.4	-0.8	11.2
- Blue Diamond	-	-	-	-	-
- Other	103.3	84.8	18.5	-13.9	32.4
Cruises	**814.9**	**703.1**	**111.8**	**-53.1**	**164.9**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	502.3	406.4	95.9	-53.1	149.0
- Hapag-Lloyd Cruises	312.6	296.7	15.9	-	15.9
Destination Services	**202.6**	**191.4**	**11.2**	**-3.4**	**14.6**
Holiday Experiences	***1,696.5***	***1,513.1***	***183.4***	***-81.4***	***264.8***
- Northern Region	6,601.5	6,564.4	37.1	-543.7	580.8
- Central Region	6,039.5	5.562.9	476.6	4.2	472.4
- Western Region	3,502.2	2,869.9	632.3	-0.2	632.5
Sales & Marketing	***16,143.2***	***14,997.2***	***1,146.0***	***-539.7***	***1,685.7***
All other segments	695.3	643.6	51.7	-0.4	52.1
TUI Group continuing operations	**18,535.0**	**17,153.9**	**1,381.1**	**-621.5**	**2,002.6**

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, and simplified to disclose Destination Services from Other Tourism and Marella Cruises from Northern Region to Cruise segment and remaining business segments within Other Tourism into All other segments.

FY17 Underlying EBITA by Segment*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	**356.5**	**303.8**	**52.7**	**-5.5**	**58.2**
- Riu	355.9	318.3	37.6	-5.5	43.1
- Robinson	38.5	38.7	-0.2	1.6	-1.8
- Blue Diamond**	20.1	16.5	3.6	0.6	3.0
- Other	-58.0	-69.7	11.7	-2.2	13.9
Cruises	**255.6**	**190.9**	**64.7**	**-7.8**	**72.5**
- TUI Cruises**	135.9	100.1	35.8	-	35.8
- Marella Cruises	86.5	61.3	25.2	-7.8	33.0
- Hapag-Lloyd Cruises	33.2	29.5	3.7	-	3.7
Destination Services	**35.1**	**36.7**	**-1.6**	**-7.0**	**5.4**
Holiday Experiences	***647.2***	***531.4***	***115.8***	***-20.3***	***136.1***
- Northern Region	345.8	383.1	-37.3	-5.3	-32.0
- Central Region	71.5	85.1	-13.6	-0.2	-13.4
- Western Region	109.2	86.0	23.2	-0.1	23.3
Sales & Marketing	***526.5***	***554.2***	***-27.7***	***-5.6***	***-22.1***
All other segments	-71.6	-85.1	13.5	7.2	6.3
TUI Group continuing operations	**1,102.1**	**1,000.5**	**101.6**	**-18.7**	**120.3**

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, and simplified o disclose Destination Services from Other Tourism, Blue Diamond to Hotels & Resorts and Marella Cruises to Cruise segment both from Northern Region and remaining business segments within Other Tourism into All other segments.
**Equity result

Income Statement

In €m	FY17	FY16
Turnover	18,535.0	17,153.9
Underlying EBITA	**1,102.1**	**1,000.5**
Adjustments (SDI's and PPA)	-75.6	-102.4
EBITA	**1,026.5**	**898.1**
Net interest expense	-119.2	-179.5
Hapag-Lloyd AG	172.4	-100.3
EBT	**1,079.7**	**618.3**
Income taxes	-168.8	-153.4
Group result continuing operations	**910.9**	**464.9**
Discontinued operations	-149.5	687.3
Minority interest	-116.6	-114.8
Group result after minorities	**644.8**	**1,037.4**
Basic EPS (€)	1.10	1.78
Basic EPS (€, continuing)	1.36	0.61
Pro forma Underlying EPS (€, continuing)	**1.14**	**0.86**

ADJUSTMENTS
Reduced by €27m due to completion of post-merger integration

INTEREST
Improvement of €60m, due to lower RCF utilisation, lower interest on provisions and refinancing of High Yield Bond to Senior Notes with lower coupon rate, partially offset by additional finance lease interest for new aircraft and cruise ships

HAPAG-LLOYD AG
Book profit of €172m realised on disposal of HLAG interest. Prior year reflects share value impairment during H1 FY16

TAX
Underlying effective tax rate remains at 20%

DISCONTINUED OPERATIONS
Completion of Travelopia disposal; charge of €131m relating to disposal of net assets and recycling of FX losses. Prior year reflects Hotelbeds transaction

EPS
Significant underlying increase driven by operational performance, financial and tax efficiency

Deliver Merger Synergies

In €m	Per Capital Markets Update May 2015		Realised to FY16		Realised to FY17	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	50	35	40	35	53	35
Occupancy improvement	30	-	30	-	30	-
Destination Services	20	42	10	31	17	34
TOTAL	**100**	**77**	**80**	**66**	**100**	**69**

Underlying effective tax rate for FY17 at 20%

MERGER SYNERGIES FULLY DELIVERED

Adjustments & Net Interest Result

In €m	FY17	FY16
Gain/(Loss) on disposals	2.2	-0.8
Restructuring expense	-23.1	-12.0
Purchase Price Allocation	-29.2	-41.9
Other one-off items	-25.5	-47.7
Total Adjustments	**-75.6**	**-102.4**

In €m	FY17	FY16
Debt related interest	-102	-126
Non-debt related charge	-38	-75
Interest income	21	21
Net interest result	**-119**	**-180**
o/w cash interest	*-57*	*-71*

Earnings per share (continuing operations)

In €m	Reported FY17	Reported FY16	Pro forma FY17	Pro forma* FY16
EBITA	1,027	898	1,102	1,001
Net interest expense	-119	-180	-119	-180
HL AG book value adjustment and equity result	172	-100	-	-
EBT	**1,080**	**618**	**983**	**821**
Tax rate	*16%*	*25%*	*20%*	*25%*
Tax Charge	-169	-153	-197	-205
Minority Interest	-117	-111	-117	-111
Net Income	**794**	**354**	**670**	**504**
Basic number of shares (m)	584	584	587	587
Basic Earnings Per Share (€)	1.36	0.61	1.14	0.86

Underlying effective tax rate calculated based on underlying EBT

Pro forma NOSH based on issued share capital as at 30.9.17

* Pro forma number of shares excludes 6.5m shares relating to employee stock options and Employee Benefit Trust; figures are rounded

Cash Flow & Movement in Net Debt

In €m	FY17	FY16
EBITDA reported[1]	**1,490.9**	**1,305.1**
Working capital	406.2	271.8
Other cash effects	89.9	63.7
At equity income[1]	-252.3	-187.2
Dividends received from JVs and associates	118.2	82.2
Tax paid	-146.1	-186.4
Interest (cash)	-57.1	-71.2
Pension contribution	-141.3	-335.6
Operating Cashflow	**1,508.4**	**942.4**
Net capex & investments incl PDPs[2]	-1,071.9	-634.8
Disposal proceeds	388.0	811.6
Free Cashflow	**824.5**	**1,119.2**
Dividends	-456.8	-341.1
Movement in Cash Net of Debt	**367.7**	**778.1**

[1] Continuing ops basis, non-continuing adjustment in Other cash effects
[2] Net capex of €766.9m, net investments of €102.5m and net PDPs of €202.5m

STRONG OPERATING CASHFLOW
Full-year improvement of ~€560m

IMPROVEMENT IN WORKING CAPITAL
Driven by growth in Source Markets turnover

TRAVELOPIA - DISPOSAL PROCEEDS OF ~€400M
Completed sale to KKR on 15 June 2017, at agreed enterprise value of £325m

HAPAG-LLOYD AG SHARES – DISPOSAL PROCEEDS OF ~€400M
Interest in Hapag-Lloyd AG now fully disposed

In €m	FY17	FY16
Opening cash (debt)	**350**	**-214**
Movement in cash net of debt	368	778
Employees Benefit Trust	-22	-
Asset Finance	-149	-350
Other	36	136
Closing net cash including Discontinued Ops	**583**	**350**
Travelopia	-	-318
Closing net cash as per Balance Sheet	**583**	**32**

Net Financial Position, Pensions and Operating Leases

In €m	30 Sep 2017	30 Sep 2016
Financial liabilities	**-1,933**	**-2,041**
- Finance leases	-1,227	-1,232
- High Yield Bond	-	-306
- Senior Notes	-296	-
- Liabilities to banks	-381	-411
- Other liabilities	-29	-92
Cash	**2,516**	**2,073**
Net cash (debt)	**583**	**32**
- Net Pension Obligation	-1,127	-1,451
- Discounted value of operating leases[1]	-2,619	-3,144

[1] At simplified discounted rate of 1.75% with both years on continuing ops basis

Leverage ratio – medium-term we feel well placed within new target range (3.0x-2.25x)

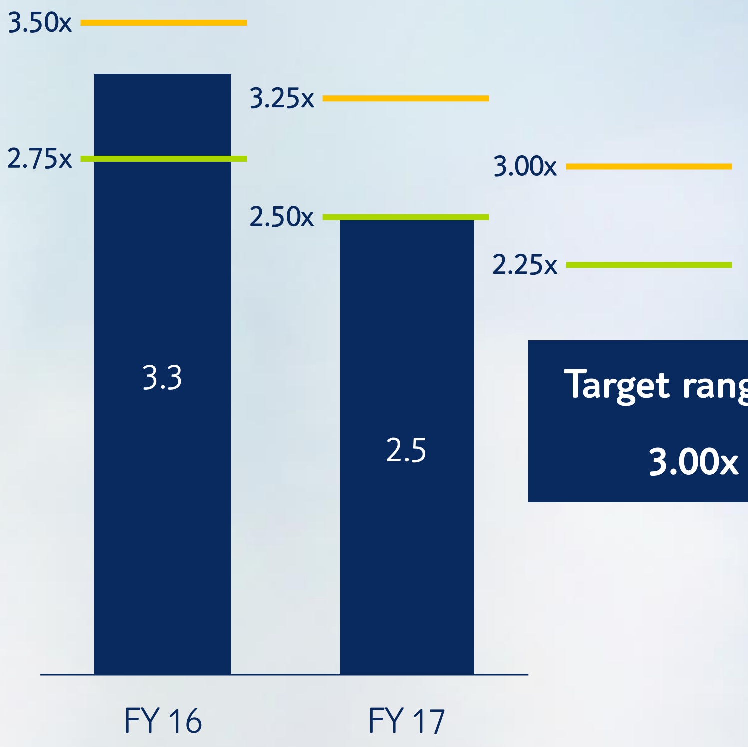
LEVERAGE RATIO FY17

€m	FY17	Guidance
Gross debt	1,933	
to Bonds	296	
to Liabilities to banks	381	
to Finance leases	1,227	↗
to Other financial liabilities	29	
Pensions	1,127	↘
Discounted value of operating leases[1]	2,619	→
Debt	5,680	
Reported EBITDAR	2,241	
Leverage Ratio	**2.5x**	

SPLIT (Finance leases)
80% Aircraft
20% Cruises & Other

[1] At simplified discounted rate of 1.75%

DEVELOPMENT AND OUTLOOK

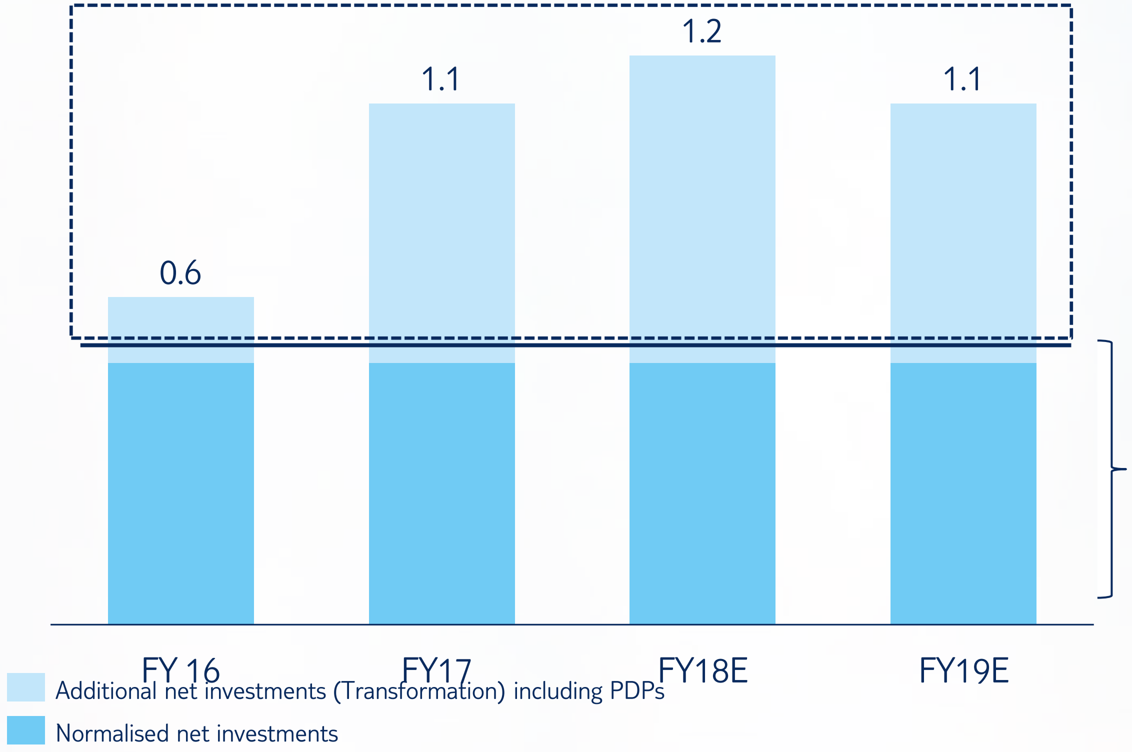


Target range for FY 18

3.00x – 2.25x

Transformational Growth Investments funded by Disposal Proceeds

NORMALISED NET INVESTMENTS (€BN)



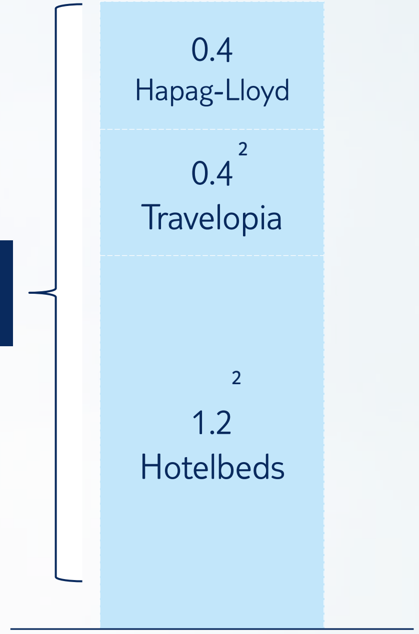
Additional net investments for transformation FY16-19 = €1.9bn[1]

Normalised net investments ~3.5% of Revenue

Hotels ~30%
Cruises ~20%
Source Markets ~15%
IT ~10%
Other 25%

DISPOSALS (€BN)

~€2.0bn



[1] Assumed MS1 and MS2 purchase as cash transaction / final decision on transaction structure/financing not yet taken

[2] Net of costs & including WC/cash effect

Financial Calendar 2018 & 2019

13 DECEMBER 2018

ANNUAL REPORT FY18

12 FEBRUARY 2019

ANNUAL GENERAL MEETING

12 FEBRUARY 2019

Q1 RESULTS

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