

# Financial Year 2014/15 Results

10 December 2015



# Forward-Looking Statements

*This presentation contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.*

# Agenda

<b>1</b>	<b>Introduction</b>	<b>Peter Long</b>
2	Review of the Year	Fritz Jousen
3	Financial Performance	Horst Baier
4	Delivering Growth	Fritz Jousen
5	Current Trading & Outlook	Fritz Jousen
6	Summary	Peter Long
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# One Year On from the Merger

**Strategy and growth  
roadmap clearly defined  
at Capital Markets  
Update in May**

**Outperformed our  
earnings guidance for  
2014/15**

**Resilience of business  
model demonstrated  
once again**

**Integration and delivery  
of merger synergies  
progressing very well**

**Strong earnings growth  
reflected in dividend**

**Balance sheet strength  
and flexibility supports  
our growth plans**

**The World's Leading Tourism Business**

# Review of the Year

Fritz Jousen

# Outperformance in 2014/15

**Turnover: €20.0bn  
+8.0% / +3.6%\***

**Underlying EBITA: €1,069m  
+22.9% / 15.4%\***

**Underlying EBT: €885m  
+37.1%**

**Underlying effective  
tax rate reduced to  
25%**

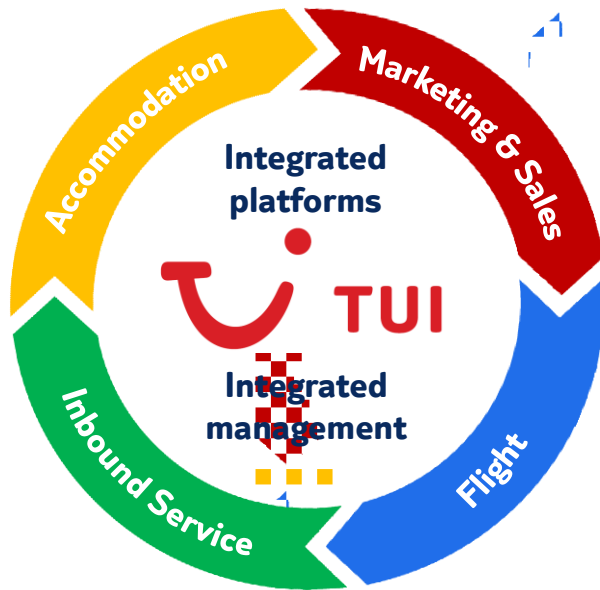
**Dividend per Share:  
56 cents**

- Increase in **turnover** driven by higher customer volumes and improved yields in our Tourism businesses
- **Outperformance** against our **earnings** guidance for the year
- **Strong growth in underlying EBT**, reflecting the simplification of our capital structure
- **Underlying effective tax rate** reduced significantly as a result of merger
- **Dividend per share** of 56 cents reflects underlying growth in earnings plus the additional 10% we outlined at the time of the merger

\* At constant currency rates

# The World's Leading Tourism Business

## Strong positions in all parts of the value chain

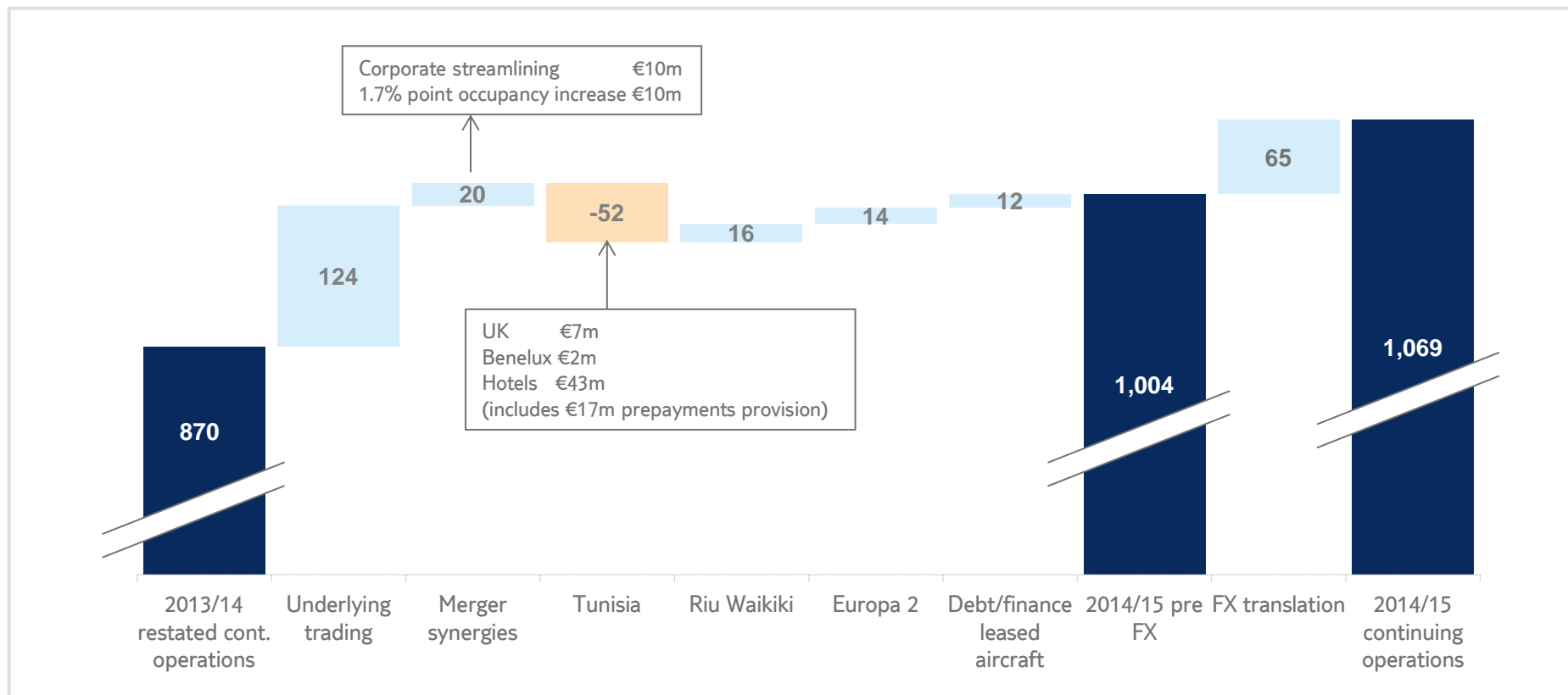


- **Control over content** - especially **accommodation** - is key to achieving **differentiation** from the competition and to delivering **growth**
- Vertical integration offers significant **margin and medium-term cash flow upside**
- Growth is **de-risked** through our strong **distribution** capability
- Having a **broad Tourism footprint** has also helped to deliver this year's outperformance

**Our integrated business model is already delivering strong results**

# TUI Group

## Underlying EBITA Bridge 2014/15 in €m



**15.4% growth in underlying EBITA at constant currency**



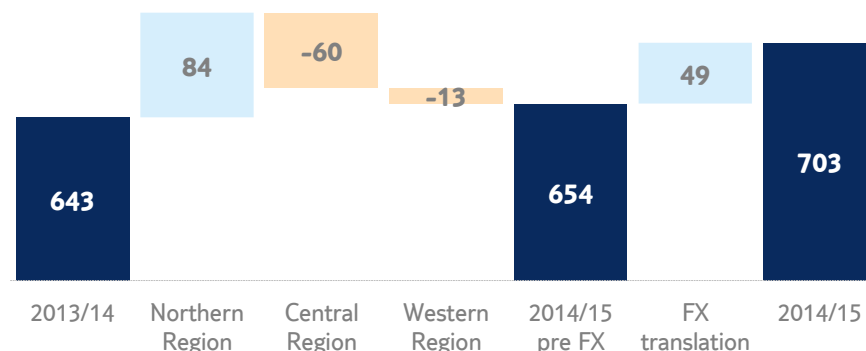
# Source Markets

## Strong growth in Northern Region

### Turnover and Earnings (€m)

	14/15	13/14	%
Turnover	15,520.1	14,597.0	6.3
Underlying EBITA	702.6	643.0	9.3

### Bridge Underlying EBITA (€m)



### Business development 2014/15\*



#### Northern Region +€84m:

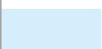



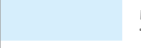
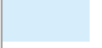

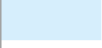

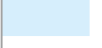





- Strong UK trading performance with customer volumes up 5%, partly offset by the impact of Tunisia in June (€7m).
- Increase in Nordics earnings with improved trading margins and delivery of further operational efficiencies.
- Shareholding in Russia & CIS joint venture reduced from 49% to 25% in October 2015

**Central Region -€60m:** Adverse performance in Germany driven by competitive trading environment (in particular in the Canaries in the Winter), investment in distribution and additional TUIfly pension costs. These have been partly offset by the delivery of ongoing operational efficiencies.

**Western Region -€13m:** Benelux result broadly flat, including impact of Tunisia (€2m), Netherlands rebranding costs and costs associated with aircraft delayed entry into service. Adverse performance by France where further benefits from the ongoing restructuring have been offset by reduced demand for North Africa.

\* At constant currency rates

# Source Markets KPIs 2014/15

	Customers		Direct Distribution		Online		Underly. EBITA	
	y-o-y (%)	('000)	y-o-y (ppts)	(%)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
Northern Region	 2	6,943	0	91	 2	58	 132	530
Central Region	 1	7,168	 5	44	 3	15	-59 	104
Western Region	 2	5,031	 2	68	 3	48	-13 	69
<b>Source Markets</b>	 2	<b>19,142</b>	 2	<b>70</b>	 3	<b>41</b>	 60	<b>703</b>

**Continued increase in direct and online distribution**

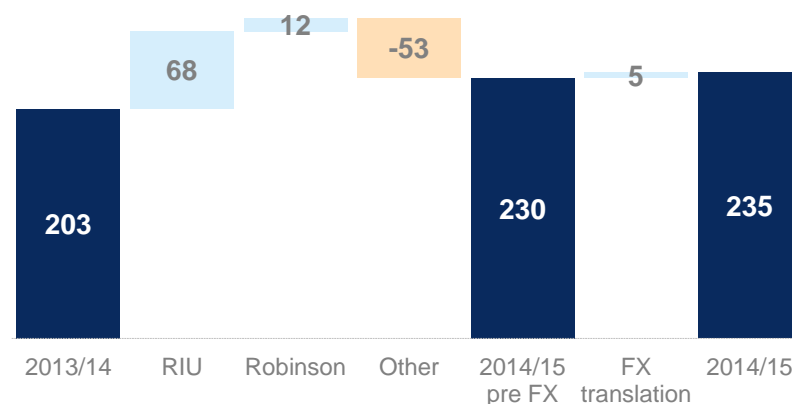
# Hotels & Resorts

## Strong underlying performance

### Turnover and Earnings (€m)

	14/15	13/14	%
Total Turnover	1,252.2	1,164.5	7.5
<i>o/w Turnover 3rd party</i>	574.8	515.9	11.4
Underlying EBITA	234.6	202.8	15.7
<i>o/w Equity result</i>	44.0	40.7	8.1

### Bridge Underlying EBITA (€m)



### Business development 2014/15\*



#### RIU +€68m:

Strong underlying performance, in spite of €2m Tunisia impact (management fees), with an occupancy improvement of one percentage point to 86% and a 5% increase in average rate (excluding FX impact). Four new resorts were opened in Aruba, Mauritius, Bulgaria and Germany. Result includes €16m profit on disposal of RIU Waikiki.

#### Robinson +€12m:

Improved operating performance with 2% increase in rate, partly offset by €1m adverse impact from Tunisia where one new leased hotel was opened this year.




#### Other -€53m:

Increase in Iberotel and Grupotel profit offset by €40m adverse impact of Tunisia (accommodation commitments and €17m provisions against prepayments).

\* At constant currency rates

# Hotels & Resorts

## KPIs 2014/15

	Capacity <sup>1</sup>		Revenue/bed <sup>2</sup>		Occupancy <sup>3</sup>		Underly. EBITA <sup>4</sup>	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
	0	17,272	13	57.1	1	85.9	80	261
	2	2,898	2	90.7	-2	72.6	11	42
	5	2,485	5	43.6	9	67.1		
Other (incl former TUI Travel Hotels)							-59	-68
<b>TUI H&amp;R</b>	1	<b>23,973</b>	9	<b>59.1</b>	2	<b>82.3</b>	32	<b>235</b>

**1.7% point occupancy improvement delivered estimated €10m earnings benefit**

<sup>1</sup> Group owned or leased hotel beds multiplied by opening days per annum

<sup>2</sup> Arrangement revenue divided by occupied beds

<sup>3</sup> Occupied beds divided by capacity

<sup>4</sup> Segment figures

Note: capacity, revenue/bed and occupancy do not include former TUI Travel Hotels and have been restated to exclude Grecotel

# Hotel Growth Delivered in 2014/15

**7 new resorts in our key hotel & club growth brands**



Aruba, Mauritius,  
Bulgaria, Germany



Djerba



Trial in Sarigerme  
(Turkey)



Ibiza and Rhodes

**4 new concept resorts in Group hotels**



Cyprus (Atlantica)  
Turkey (Barut)



Portugal (Nordotel)  
Croatia (Karisma)

**Disciplined approach**

Exited **Greccotel** joint venture

Disposals within other brands e.g. **RIU Waikiki**

**Our hotel and concept growth plans are on-track**

# Cruises

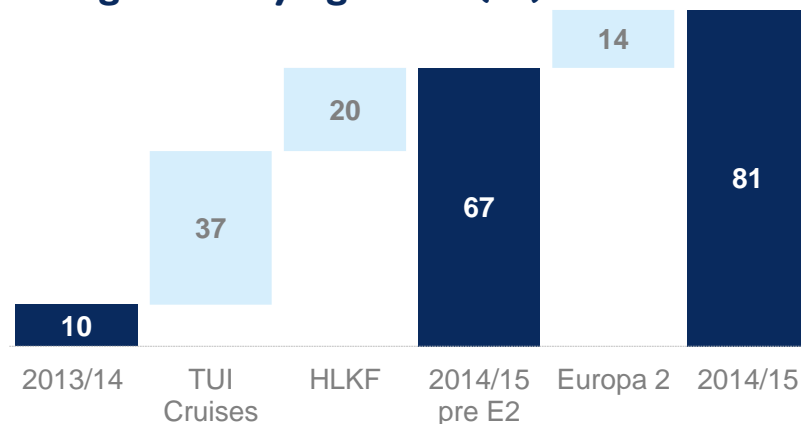
## Growth in TUI Cruises; Turnaround at Hapag-Lloyd Kreuzfahrten

### Turnover and Earnings (€m)

	14/15	13/14	%
Turnover HLKF	273.3	281.0	-2.7
<i>Memo: TUI Cruises Turnover</i>	614.1	381.3	61.1
Underlying EBITA	80.5	9.7	729.9
<i>o/w TUI Cruises*</i>	68.1	31.3	117.6

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

### Bridge Underlying EBITA (€m)



### Business development 2014/15

#### TUI Cruises +€37m:

- Increase in result driven by annualisation of Mein Schiff 3 profits (launched June 2014) and launch of Mein Schiff 4 in June 2015.
- Occupancy rates and yields remain strong across the fleet.
- Strong demand continues for new ships and itineraries.

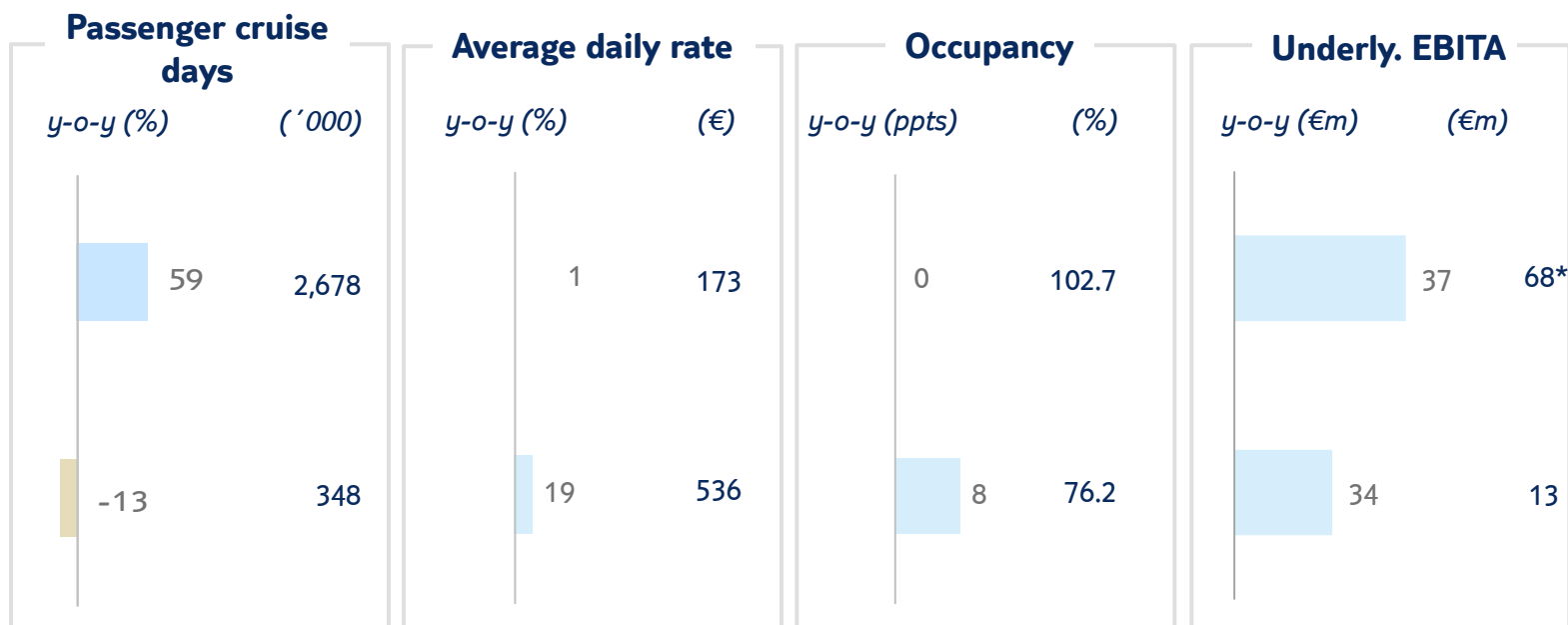
#### Hapag-Lloyd Kreuzfahrten +€34m:

- Turnaround complete, with a significant improvement in occupancy rates and yields.
- Result includes €14m benefit from refinancing of Europa 2.



# Cruises

## KPIs 2014/15



**Growth driven by TUI Cruises; Hapag-Lloyd Kreuzfahrten turnaround complete**

\* Equity result



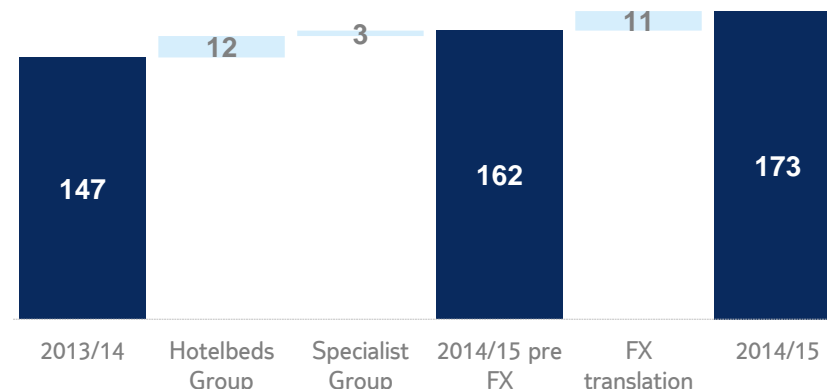
# Specialist Travel

## Hotelbeds continues to grow, Specialist impacted by PEAK exit

### Turnover and Earnings (€m)

	14/15	13/14	%
Turnover	3,062.2	2,625.2	16.6
Underlying EBITA	173.0	147.2	17.5

### Bridge Underlying EBITA (€m)



### Business development 2014/15\*



#### Hotelbeds Group +€12m:

- Result includes Hotelbeds division and Inbound Services – separation of the two commenced Q1 2015/16.
- 18% increase in total Hotelbeds division underlying EBITA, driven by good bedbank performance, with TTV in the latter up 26% and roomnights up 18%.

#### Specialist Group +€3m:

- Underlying performance improved in all divisions.
- End of PEAK strategic venture announced in July 2015, resulting in the non-consolidation of Summer profits from Intrepid into our underlying EBITA result, offset by a reduction in minority interest paid below underlying EBITA.

\* At constant currency rates



# Hotelbeds Group – Strategic Review Progressing

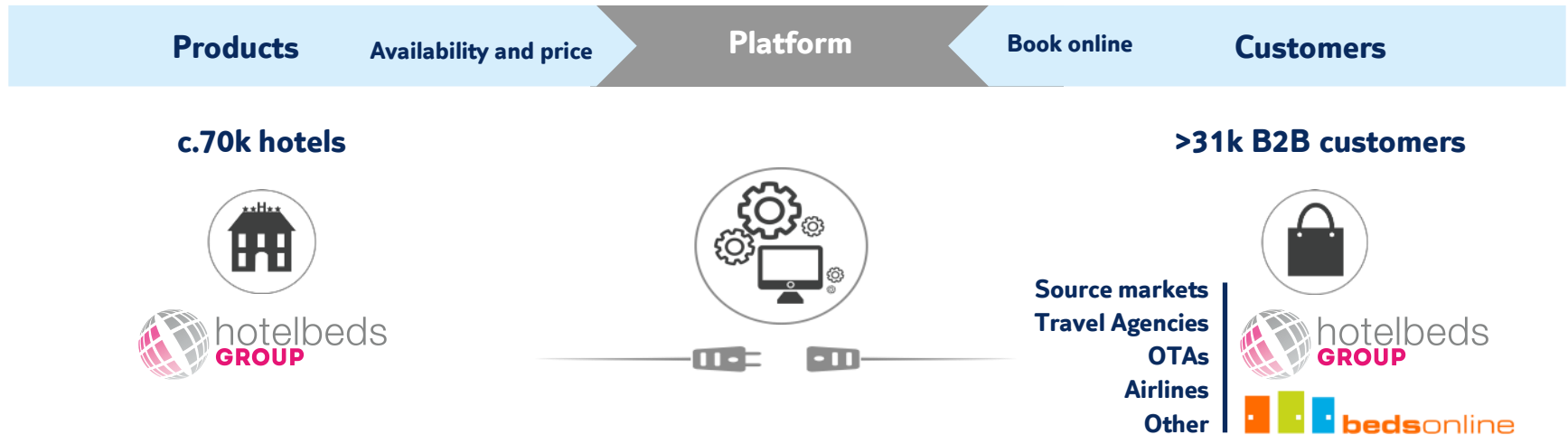
## Developing Hotelbeds separately from our Tourism Business

- Hotelbeds is the **clear market leader** and continues to **outperform** in a distinctive, fast **growing** and evolving tourism market segment
- Continued independent **investment decisions and resource attention** required to fully crystallise Hotelbeds' value potential
- B2B intermediary market offers significant **further consolidation potential**

## Update on Strategic Review Process

- Completion of Hotelbeds **carve-out** is expected by calendar year end 2015 or beginning of calendar year 2016
- Exploring strategic options including a potential disposal of the business - BofA Merrill Lynch and Deutsche Bank appointed to support process

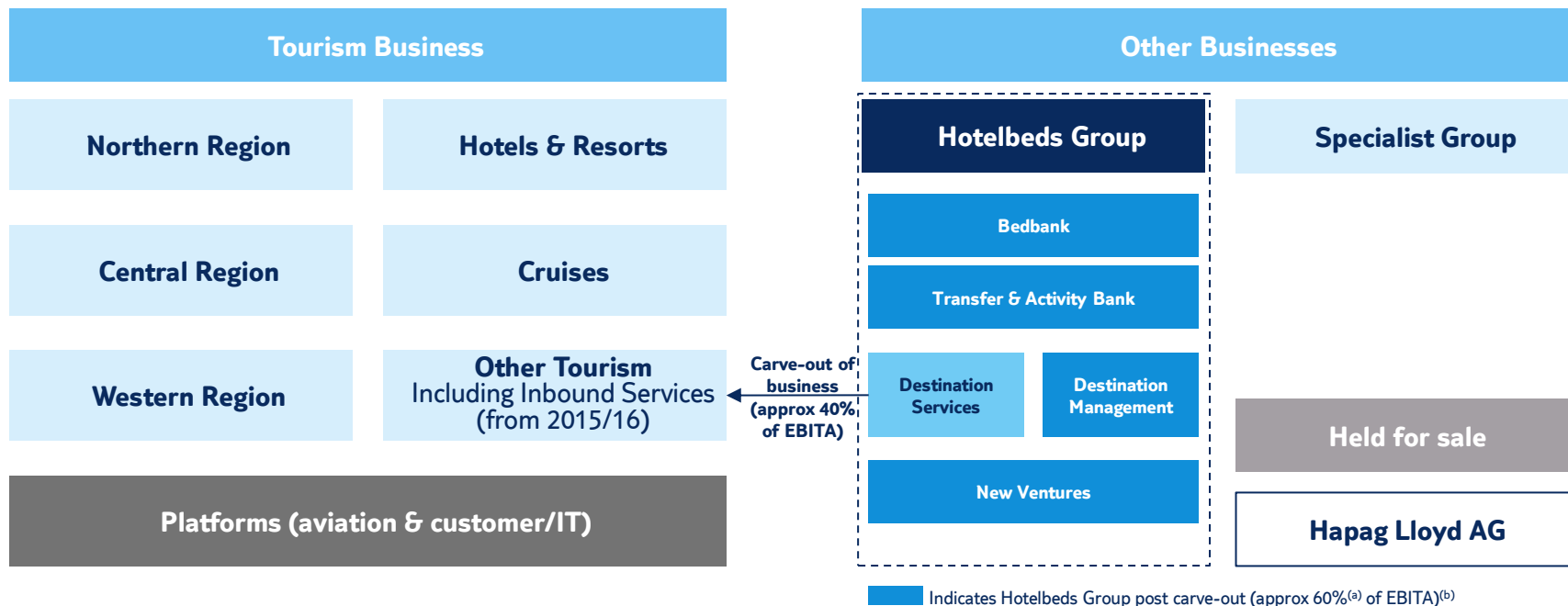
# Hotelbeds Group Business Overview



- **#1** global market position – business grown organically
- Continuing to **outperform** a fast-growing market – delivering **>20% TTV CAGR over last few years**
- Non-committed, **scalable** business model

**Successful market leader which continues to demonstrate strong growth**

# Update on Hotelbeds Group Carve-out



- In 2014/15, the Hotelbeds Group segment contributed **€117m underlying EBITA** to TUI's Group EBITA
- **Approx 60%** of Hotelbeds Group's EBITA is expected to remain with Hotelbeds Group after transfer of Destination Services business to TUI
- Profit indication remains **subject to further carve-out and standalone cost adjustments** as carve-out process is still ongoing

(a) Before carve-out and standalone cost adjustments

(b) Post carve-out, Hotelbeds Group will consist of four business units - Bedbank, Transfer & Activity Bank, Destination Management and New Ventures. Destination Services to be carved-out and integrated into TUI Group's Inbound Services segment

# Financial Performance

Horst Baier

# Income Statement

In €m	2014/15	2013/14 restated
Turnover	20,011.6	18,536.8
<b>Underlying EBITA</b>	<b>1,069.0</b>	<b>869.9</b>
Adjustments	-203.7	-92.7
<b>EBITA</b>	<b>865.3</b>	<b>777.2</b>
Net interest expense	-183.7	-224.3
Hapag-Lloyd	-146.2	-54.2
<b>EBT</b>	<b>535.4</b>	<b>498.7</b>
Income taxes	-87.0	-212.5
<b>Group result continuing operations</b>	<b>448.4</b>	<b>286.2</b>
Discontinued operations	-68.8	-15.4
Minority interest	-39.2	-180.4
<b>Group result after minorities</b>	<b>340.4</b>	<b>90.4</b>
Hybrid dividend	-10.9	-23.2
Basic EPS (€, continuing)	0.77	0.29
<b>Proforma underlying EPS (€, cont.)</b>	<b>0.98</b>	<b>0.75</b>
<b>DPS (€)</b>	<b>0.56</b>	<b>0.33</b>

**Adjustments €204m** comprise PPA (€76m), merger-related costs (€47m), other restructuring costs (€26m), value adjustment for a VAT receivable (€19m) and provision for a pending litigation (€16m)

**Interest** decrease of **€41m** driven by :

- Lower convertible bond interest (€96m)
- Partly offset by new high yield bond interest, higher interest in relation to asset-financing (aircraft and Europa 2)

**Tax charge** includes credit in relation to merger-related reassessment of deferred tax assets on tax loss carry-forwards (€114m)

**EPS calculation** is set out in the following slides

**Dividend per share** reflects underlying earnings growth at constant currency plus additional 10% (base 44.5 cents)

# Deliver Merger Synergies

In €m	Per 2.7 Announcement		Per Capital Markets Update May 2015		Realised to Date	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	45	45	50	35	10	31
Occupancy improvement	30	-	30	-	10	-
Inbound Services	20	76	20	69*	-	23*
<b>TOTAL</b>	<b>95</b>	<b>121</b>	<b>100</b>	<b>104</b>	<b>20</b>	<b>54</b>

**Plus – underlying effective tax rate reduced to 25%**

**On track to deliver synergies in full by end of 2016/17**

\* One-off costs to achieve Inbound Services synergies include SDIs (total €43m), tax (total €11m) and capex (total €15m)

## Adjustments (Separately Disclosed Items)

€m	2014/15
Restructuring expense	65
Gains on disposals	-5
Other one-off items	68
PPA	76
<b>Total Adjustments</b>	<b>204</b>
<i>o/w merger-related</i>	47

**2015/16 adjustments expected to be ~€180m\***

\* At constant currency rates

## Net Interest Result

€m	2014/15	2013/14 restated
Debt related interest	-135	-186
Non-debt related charge	-72	-66
Interest income	23	28
<b>Net interest result</b>	<b>184</b>	<b>224</b>
<i>o/w cash interest</i>	<i>73</i>	<i>116</i>

**2015/16 interest expected to be ~€170m (o/w ~50% is cash)\***

\* At constant currency rates



# Earnings Per Share (continuing operations)

In €m	Reported		Proforma*		
	2014/15	2013/14	2014/15	2013/14	
EBITA	865	777	1,069	870	
Net interest expense	-184	-224	-165	-116	Includes adjustment for convertible bond interest
H-L AG book value adjustment and equity result	-146	-54	-	-	
<b>EBT</b>	<b>535</b>	<b>499</b>	<b>904</b>	<b>754</b>	Underlying effective tax rate calculated based on underlying EBT, adjusted here for convertible bond interest
<i>Tax rate</i>	16.3%	42.7%	25.0%	29.4%	
Tax charge	-87	-213	-226	-222	
Minority interest	-41	-188	-90	-72	Proforma minority interest excludes TUI Travel for full year
Hybrid dividend	-11	-23	-11	-23	
<b>Net income</b>	<b>396</b>	<b>75</b>	<b>578</b>	<b>437</b>	
Basic number of shares	513	263	587	587	Proforma NOSH based on issued share capital as at 30.9.15
<b>Basic Earnings per Share (€)</b>	<b>0.77</b>	<b>0.29</b>	<b>0.98</b>	<b>0.75</b>	

**Over 30% growth in proforma earnings per share**

\* Proforma number of shares excludes 6.5m shares relating to employee stock options and Employee Benefits Trust; figures are rounded  
Table includes rounding effects

# Cash Flow

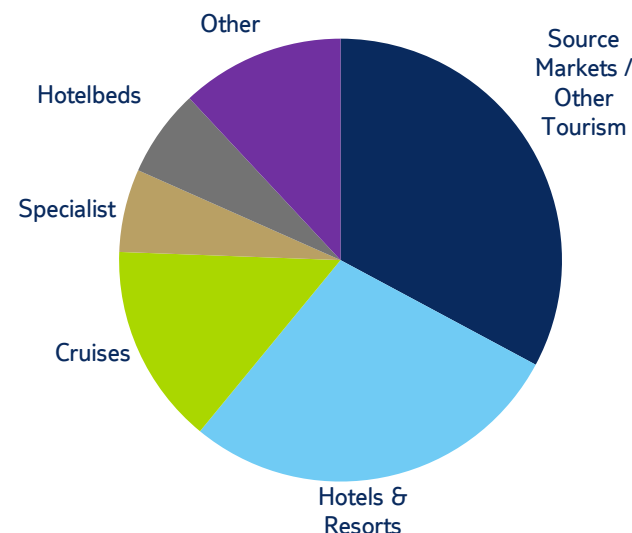
In €m	2014/15	2013/14 restated
<b>EBITA reported</b>	<b>865</b>	<b>777</b>
Depreciation	553	396
Working capital	-83	443
At equity income	-144	-81
Dividends received from JVs and associates	81	38
Other cash effects	-230	-249
Tax paid	-148	-189
Interest (cash)	-73	-116
UK pension contribution	-123	-81
<b>Operating Cashflow</b>	<b>698</b>	<b>938</b>
Net capex	-489	-285
Net investments	-170	-377
Net pre-delivery payments	4	18
<b>Free Cashflow</b>	<b>43</b>	<b>294</b>
Dividends	-291	-146
Hybrid interest	-15	-23
<b>Movement in Cash Net of Debt</b>	<b>-263</b>	<b>125</b>

# Cash Flow

## Net Capex & Investments Analysis

In €m	14/15	13/14 restated
Gross capex (incl. debt financed aircraft)	-594	-386
Capex divestments	105	101
<b>Net capex</b>	<b>-489</b>	<b>-285</b>
<b>Net investments</b>	<b>-170</b>	<b>-377</b>
Pre-delivery payments (PDPs)	-232	-215
PDP liquidations	236	233
<b>Net pre-delivery payments</b>	<b>4</b>	<b>18</b>
<b>Net Capex &amp; Investments</b>	<b>-655</b>	<b>-644</b>

**Gross capex by Sector**



**2015/16 net capex & investments expected to be ~€750m\***

\* At constant currency rates

# Disciplined Approach to Capital Allocation

## Investing in growth

- **Investment in accommodation** - the key differentiator in customer experience and a significant opportunity for growth
- Investment in **online distribution, inventory** management and **customer/CRM** systems to drive profitable top-line growth

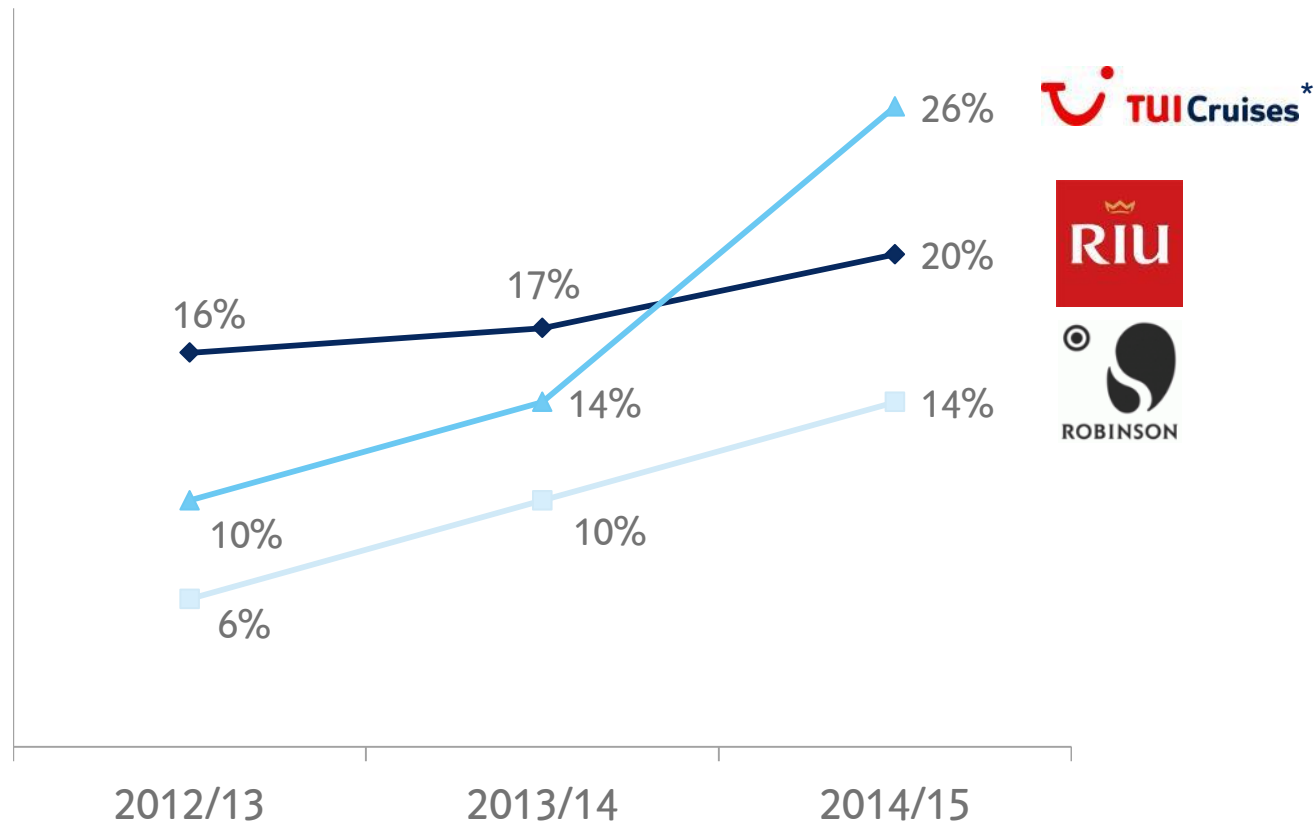
## Disciplined approach to capital allocation

- **Strong balance sheet** – new financial targets announced
- **Balanced ownership model** – mix of owned/managed/leased assets with some held in JV structures
- **15% ROIC/ROE target** for all new hotels and ships
- **Asset disposal proceeds** part-finance annual capex spend

## Growth is de-risked

- **Integrated business model** – tour operators can prioritise occupancy management of controlled hotels in the event of a decline in demand
- Opportunity to **remix cruise fleet from Germany to UK** to upgrade the latter fleet

## Strong ROIC track record by RIU, Robinson & TUI Cruises



**We remain committed to at least 15% ROIC on new investments**

\* ROE

## Movement in Net Debt

€m	30 Sept 2015	30 Sep 2014 restated
<b>Opening net cash / (debt)</b>	<b>293</b>	<b>-97</b>
Movement in cash net of debt	-263	125
Foreign exchange movement	-127	-136
Non cash movement in debt - Asset backed finance*	-693	-167
Non cash movement in debt - Other	576	568
<b>Closing net (debt) / cash</b>	<b>-214</b>	<b>293</b>

\* incl. financing Europa 2 and six new aircraft which are finance leased

Comment: As at 30 September 2015, cash and cash equivalents worth €198m were subject to disposal restrictions

# Net Financial Position

€m	30 Sept 2015	30 Sep 2014 restated
<b>Financial liabilities</b>	<b>1,887</b>	<b>1,965</b>
o/w non-current	1,654	1,748
o/w current	233	217
<b>Cash</b>	<b>1,673</b>	<b>2,258</b>
<b>Net (debt) / cash</b>	<b>-214</b>	<b>293</b>

**Net debt balance expected to be ~€0.5 billion at 30.9.2016\***

\* At constant currency rates, based on current group structure

## New Financial Targets 2015/16

- Current corporate credit ratings “BB-” (S&P) and “Ba3” (Moody’s)
- We are committed to **improving our credit metrics**, therefore we are setting new financial targets for 2015/16 as follows:

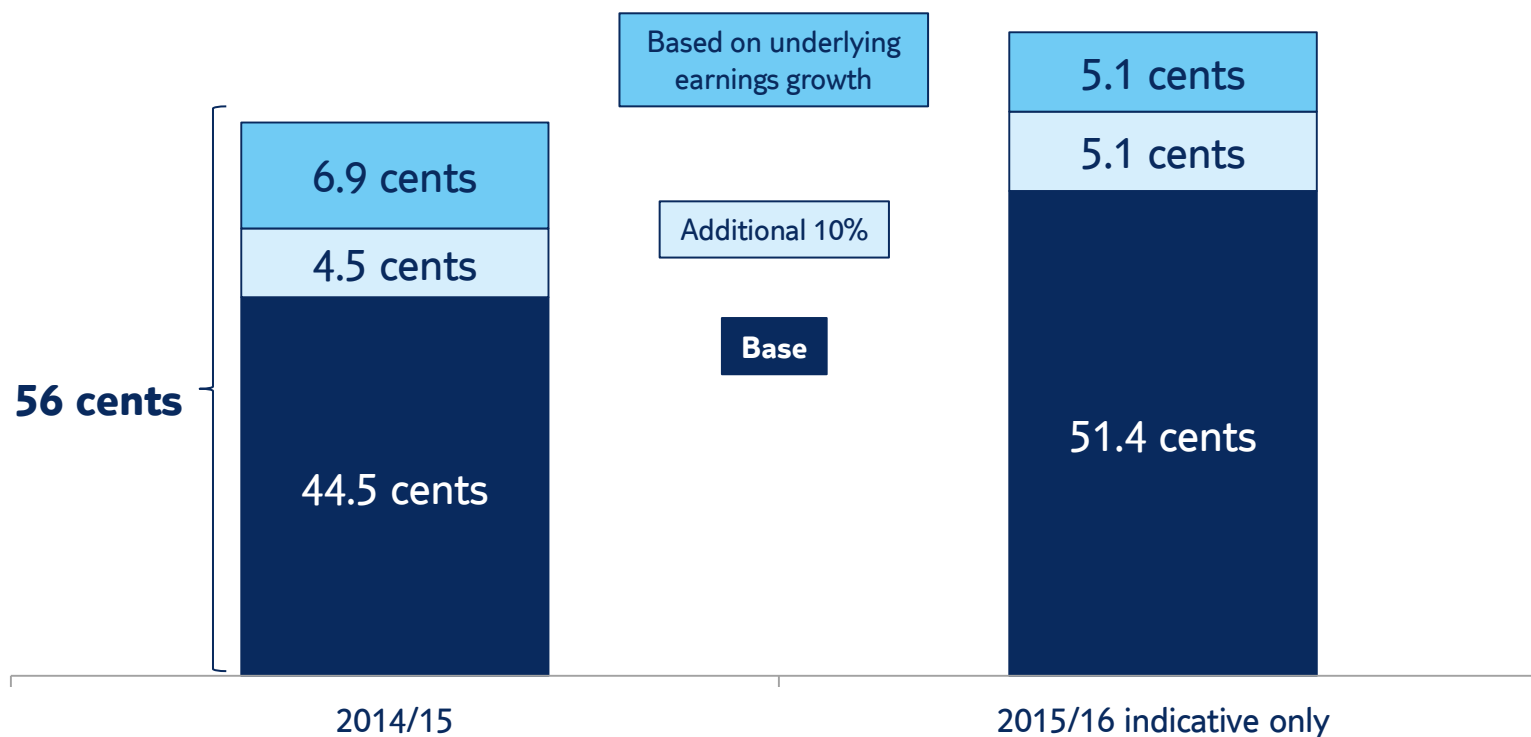
Ratio	Target 2015/16	Actual 2014/15
Leverage ratio	3.5 to 2.75 times	3.0 times
Interest cover	4.5 to 5.5 times	4.7 times

- We envisage further adjustments to these target ranges in future years **in order to enhance our credit rating**

**Focus on rating to obtain optimal financing conditions**



# Dividend Policy



**Progressive dividend policy which reflects underlying growth in earnings**

# Hapag-Lloyd AG

## IPO Complete

- Trading in Hapag-Lloyd AG shares commenced on 6<sup>th</sup> November 2015
- Final offer price €20 per share
- Current price €21.56 per share\*
- TUI Group currently holds **12.3%** of the post-IPO share capital (**14.5** million shares)

## Valuation of Stake in Hapag-Lloyd AG

- Prior to IPO : fair value based on DCF technique, fair value at initial recognition of ~€33 per share (i.e. cost)
- Listing of Hapag-Lloyd AG has no impact on fair value measurement at 30.9.15
- Fair value of stake at 30.9.15 of **€335m** is significantly below cost
- €147m impairment therefore recognised in 2014/15 results, **no impact on EBITA/cash**
- Following IPO, stake to be measured at quoted share price

**Completion of Hapag-Lloyd IPO offers route to exit remaining shares**

\* Closing price on 8 December 2015

# Delivering Growth

Fritz Jousen

# TUI Brand



## Exclusive international hotel concepts



## Hotel & club brands

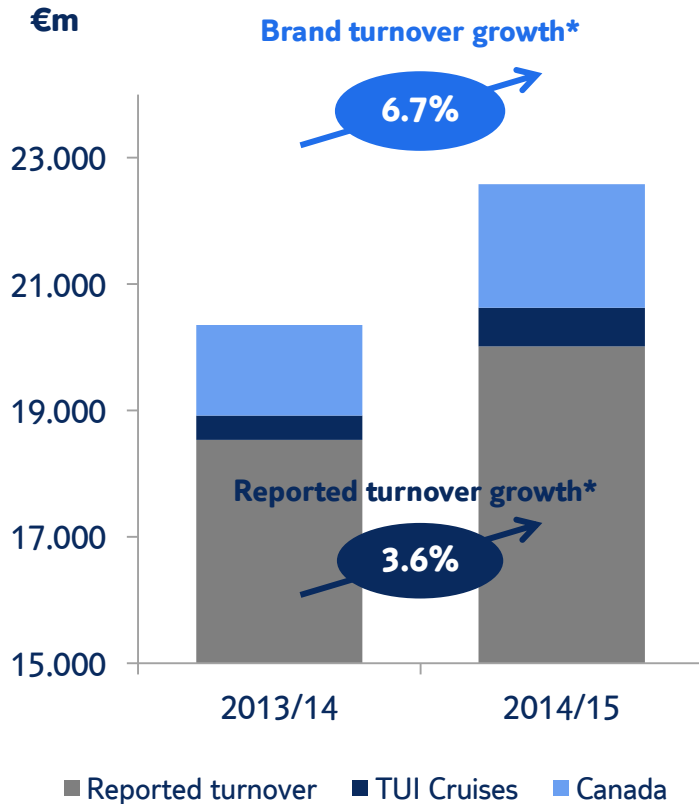


## Cruise Lines



**Clear brand strategy supports our growth plans**

# Delivering Brand Growth



- With our TUI brand, we will deliver **profitable top-line growth which outperforms the market**
- In 2014/15, turnover from TUI subsidiaries grew by **3.6%** - however, a significant level of additional growth is generated by our **joint and strategic ventures**
- We will therefore also report on growth in **brand turnover**, including revenue from TUI Cruises and Canada

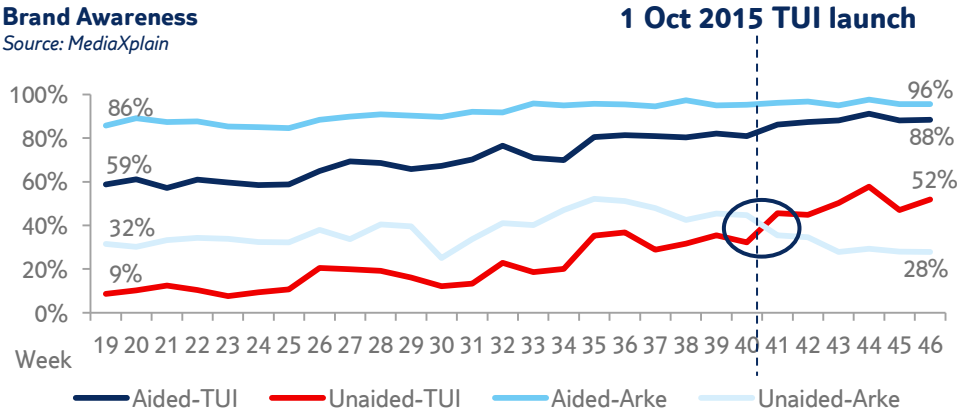
**Targeting growth in brand turnover of at least 5% in 2015/16**

\* At constant currency rates

# Netherlands Rebrand Complete

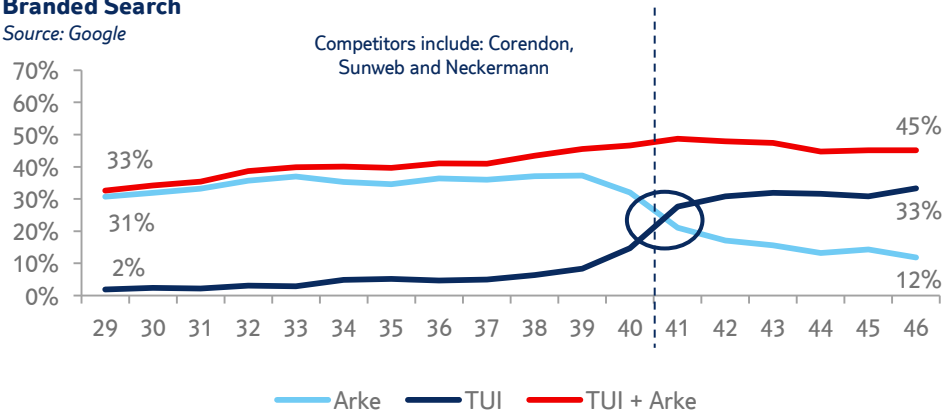
## Brand Awareness

Source: MediaXplain



## Branded Search

Source: Google



- Netherlands rebrand successful
- **TUI unaided brand awareness** higher than Arke within 15 days of rebranding
- TUI has very quickly overtaken Arke in terms of **Google** share
- **Strong current trading performance** for W15/16 driven by marketing campaign – **bookings +7%**

**Confident in our plans for Belgium, Nordics and UK to follow over the next few years**

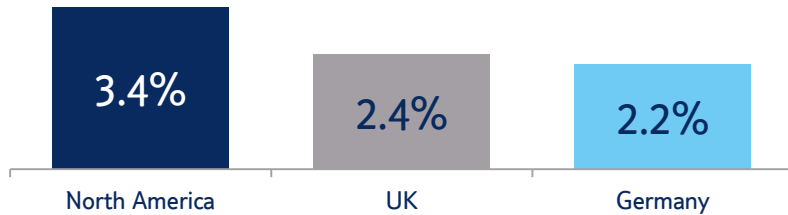
# Growth in Hotels & Resorts

	Hotels	Clubs
	 	 
<b>Capital Markets Update</b>	Continue to grow the <b>highly profitable</b> brand	<b>Expand and internationalise</b> the club concept
<b>Opened 2014/15</b>	<b>4 new resorts</b> Mauritius, Aruba, Bulgaria, Germany	<b>1 new club</b> Djerba
<b>Openings next 2 years</b>	<b>4 openings</b> Jamaica, Dom Rep, Sri Lanka, Mexico	<b>2 new clubs</b> Ibiza, Rhodes
	<b>1 opening</b> - Tuscany <b>2 repositioned</b> <b>Plus 12</b> under negotiation	<b>4 openings</b> Turkey, Greece, Maldives <b>Plus 7</b> under negotiation
		Growth through internationalisation of concept through <b>source markets</b> and increased <b>direct distribution</b> globally

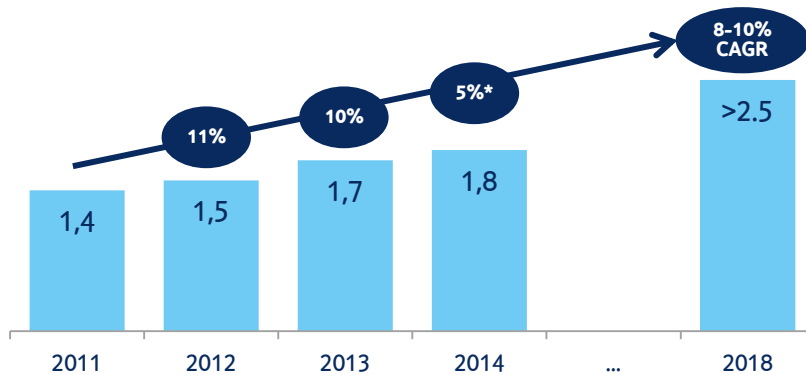
**On-track to open ~60 new hotels by 2018/19 which deliver at least 15% ROIC**

# Strong growth continues in German cruise market

Cruise Penetration Rates 2014



Market Size (pax millions)




\* Low capacity growth in 2014

- German market scores well on **drivers of cruise demand** (age, personal wealth, available time)
- Cruise penetration rate in Germany remains **lower than the UK**
- Cruise capacity growth **restricted by supply** - not demand - for next 5 years


**Strong growth prospects continue in underpenetrated German-speaking market**




## Cruise growth plans take into account UK fleet requirements

	Mein Schiff 1	Mein Schiff 2	Mein Schiff 3	Mein Schiff 4	Mein Schiff 5	Mein Schiff 6	Mein Schiff 7	Mein Schiff 8
Berths	1,924	1,924	2,500	2,500	2,500	2,500	2,860	2,860
Year of construction	1996	1997	2014	2015	2016	2017	2018	2019

MS1 and MS2 to replace 2 ships in UK fleet following delivery of MS7 and MS8



	Majesty	Spirit	Celebration	Dream	Discovery (Formerly Splendour)
Berths	1,462	1,254	1,250	1,506	1,804

**2017 currently the final year of TUI Cruises capacity increase in Germany**

# Current Trading & Outlook

Fritz Jousen

# Destination Update – Tunisia & Egypt

## Tunisia

- Adverse travel advice to tourist resorts from **UK, Netherlands and Belgium**
- Tour operator capacity therefore **reduced** for Winter 2015/16 and Summer 2016
- Hotels remain open but operating at **low occupancy levels** – provision made against prepayments in respect of 2015/16
- All management contracts **exited** (force majeure) during Q1 2015/16; **14 leased hotels** remain in TUI Group

## Egypt

- Adverse travel advice to **Sharm el Sheikh airport** from **all major Source Markets**
- **Tour operator programme** (2014/15)
  - ~**6%** of Winter programme
  - ~**2%** of Summer programme
  - Around **50%** of these volumes travelled to SSH
- **45 hotels in Egypt at end September 2015**
  - 30 managed
  - 12 owned
  - 1 leased
  - 2 franchised
  - 13 of these were in SSH

# Winter 2015/16 and Summer 2016

- **Winter 2015/16**

- Source Market bookings flat, average selling prices up 4%
- Good growth in **UK** bookings, up 4%, driven by long-haul
- **Netherlands** bookings up 7% following TUI brand launch
- **German** market environment remains challenging
- Pleased with **cruise** booking and yield performance

- **Summer 2016**

- Good start for **UK** – bookings up **11%**
- Other Source Markets launched more recently, less than 20% sold
- **Mein Schiff 5** expected to launch July 2016

**Current trading is in line with our expectations**

## Outlook 2015/16\*

€m	2014/15	2015/16 e
<b>Brand Turnover</b>	€22,584m	<b>At least 5% growth</b>
<b>Turnover</b>	€20,012m	<b>At least 3% growth</b>
<b>Underlying EBITA</b>	€1,069m	<b>At least 10% growth</b>
<b>SDIs (including PPA)</b>	€204m	<b>~€180m</b>
<b>Net capex &amp; investments</b>	€655m	<b>~€750m</b>
<b>Net debt</b>	€214m	<b>~€0.5bn</b>

\* At constant currency rates and based on current Group structure

# Summary

Peter Long

# The World's Leading Tourism Business

**Resilient, integrated business model**

**Delivering an unparalleled customer proposition and strong financial performance**

**Well-positioned to deliver on our growth plans**

# Q&A



# Appendix

## Turnover by Segment (excludes intra-group turnover)\*

In €m	2014/15	2013/14 Restated	Change	FX	Change ex FX
Northern Region	7,014.9	6,200.8	814.1	517.5	296.6
Central Region	5,601.8	5,426.0	175.8	25.7	150.1
Western Region	2,903.4	2,970.2	-66.8	2.0	-68.8
<b>Source Markets</b>	<b>15,520.1</b>	<b>14,597.0</b>	<b>923.1</b>	<b>545.2</b>	<b>377.9</b>
RIU	423.3	369.8	53.5	19.2	34.3
Robinson	71.8	71.8	-	1.1	-1.1
Other (incl former TUI Travel hotels)	79.7	74.3	5.4	-1.6	7.0
<b>Hotels &amp; Resorts</b>	<b>574.8</b>	<b>515.9</b>	<b>58.9</b>	<b>18.7</b>	<b>40.2</b>
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Kreuzfahrten	273.3	281.0	-7.7	-	-7.7
<b>Cruises</b>	<b>273.3</b>	<b>281.0</b>	<b>-7.7</b>	<b>-</b>	<b>-7.7</b>
Other Tourism	496.1	478.4	17.7	2.7	15.0
<b>Tourism</b>	<b>16,864.3</b>	<b>15,872.3</b>	<b>992.0</b>	<b>566.6</b>	<b>425.4</b>
Specialist Group	1,835.1	1,625.5	209.6	186.6	23.0
Hotelbeds Group	1,227.1	999.7	227.4	56.3	171.1
All Other Segments	85.1	39.3	45.8	0.1	45.7
<b>TUI Group continuing operations</b>	<b>20,011.6</b>	<b>18,536.8</b>	<b>1,474.8</b>	<b>809.6</b>	<b>665.2</b>

\* Table contains unaudited figures

## Underlying EBITA by Segment\*

In €m	2014/15	2013/14 Restated	Change	FX	Change ex FX
Northern Region	530.3	398.3	132.0	48.1	83.9
Central Region	103.5	163.0	-59.5	1.0	-60.5
Western Region	68.8	81.7	-12.9	0.1	-13.0
<b>Source Markets</b>	<b>702.6</b>	<b>643.0</b>	<b>59.6</b>	<b>49.2</b>	<b>10.4</b>
RIU	261.1	181.3	79.8	11.7	68.1
Robinson	41.7	31.1	10.6	-1.0	11.6
Other (incl former TUI Travel hotels)	-68.2	-9.6	-58.6	-5.7	-52.9
<b>Hotels &amp; Resorts</b>	<b>234.6</b>	<b>202.8</b>	<b>31.8</b>	<b>5.0</b>	<b>26.8</b>
TUI Cruises	68.1	31.3	36.8	-	36.8
Hapag-Lloyd Kreuzfahrten	12.4	-21.6	34.0	-	34.0
<b>Cruises</b>	<b>80.5</b>	<b>9.7</b>	<b>70.8</b>	<b>-</b>	<b>70.8</b>
Other Tourism	-21.1	-22.3	1.2	-2.6	3.8
<b>Tourism</b>	<b>996.6</b>	<b>833.2</b>	<b>163.4</b>	<b>51.6</b>	<b>111.8</b>
Specialist Group	56.2	45.5	10.7	7.8	2.9
Hotelbeds Group	116.8	101.7	15.1	3.5	11.6
All Other Segments	-100.6	-110.5	9.9	2.2	7.7
<b>TUI Group continuing operations</b>	<b>1,069.0</b>	<b>869.9</b>	<b>199.1</b>	<b>65.1</b>	<b>134.0</b>

\* Table contains unaudited figures

## Source Market KPIs\*

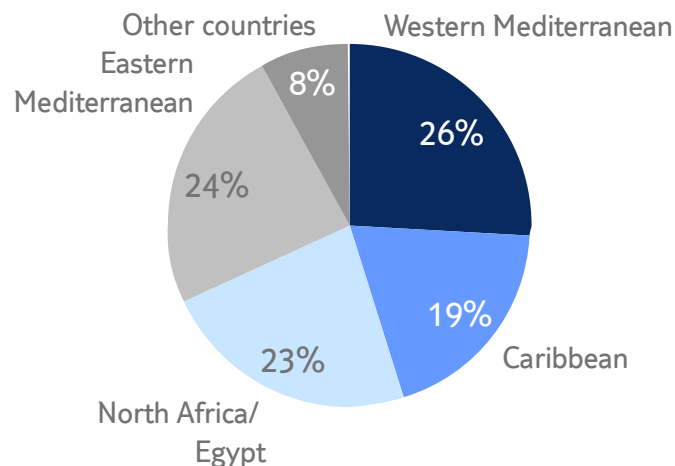
	Direct Distribution		Online Distribution		Customers (000)	
	14/15	13/14	14/15	13/14	14/15	13/14
UK	92%	91%	54%	51%	5,476	5,223
Nordics	90%	90%	72%	70%	1,468	1,557
Germany	43%	37%	13%	11%	6,258	6,192
Benelux	70%	68%	52%	49%	4,245	4,027
<b>Total Source Markets</b>	<b>70%</b>	<b>68%</b>	<b>41%</b>	<b>38%</b>	<b>19,142</b>	<b>18,844</b>

\* Table contains unaudited figures

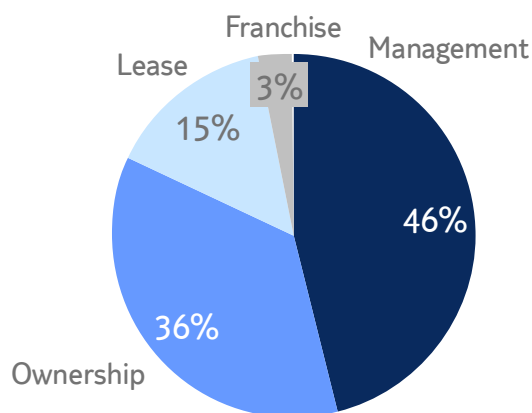
# Hotels & Resorts

## Summary 2014/15

**Hotel beds by region**



**Hotels financing structure**



### Key facts

Total Turnover (€m)	1,252
o/w Turnover 3 <sup>rd</sup> party (€m)	575
Underlying EBITDA (€m)	343
Underlying EBITA (€m)	235
o/w Equity result (€m)	44
Number of hotels	310
Number of beds	214,066
Capacity ('000) <sup>1</sup>	23,973
Revenue/bed (€) <sup>2</sup>	59.10
Occupancy (%) <sup>3</sup>	82.3

<sup>1</sup> Group owned or leased hotel beds multiplied by opening days per annum

<sup>2</sup> Arrangement revenue divided by occupied beds

<sup>3</sup> Occupied beds divided by capacity

Note: capacity, revenue/bed and occupancy do not include former TUI Travel Hotels and have been restated to exclude Grecotel

# Hotels & Resorts

## Profit analysis 2014/15

Owned & leased hotels*	Capacity	Occupancy	Rate	Bed revenue
160	<b>36,491</b>	<b>78.5%</b>	<b>54.90€</b>	<b>€1,572m</b>

€m	Bed revenue	F & B	Other	Total	o/w fully consolidated	o/w associated
Turnover owned & leased	<b>1,572</b>	70	233	1,875	<b>1,252</b>	623
o/w turnover internal					<b>677</b>	
o/w turnover 3 <sup>rd</sup> party					<b>575</b>	
Underlying EBITDA (incl. associated EAT)				<b>343</b>	299	44
Underlying EBITA (incl. associated EAT)				<b>235</b>	191	44

Tables contain unaudited figures and includes former TUI Travel Hotels

\* As at 30/9/2015 - financing structure : Management 46%, Ownership 36%, Lease 15%, Franchise 3%

# Hotels & Resorts

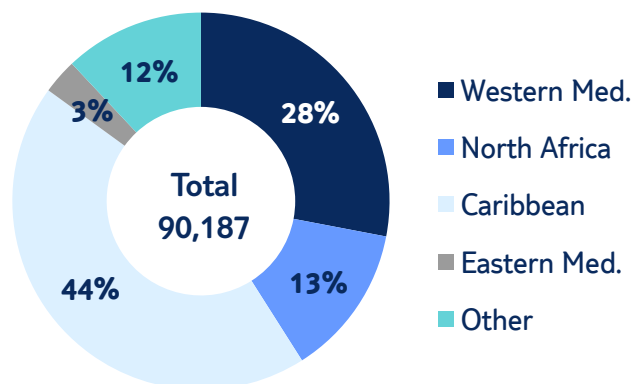
## RIU – Key figures 2014/15



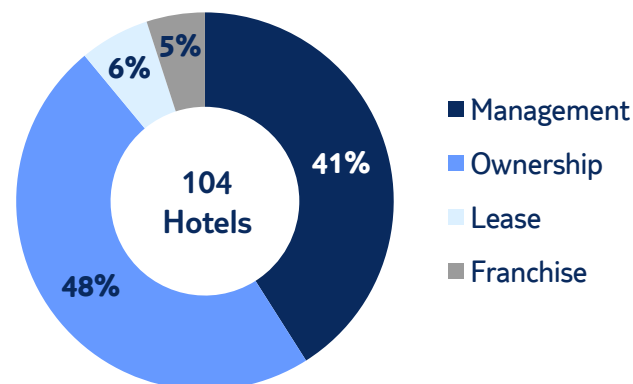
In €m

Riu 100%-view*	Total	o/w RIUSA II (fully consolidated)	o/w Riu Hotels (consolidated at equity)	Riu in TUI accounts
Turnover	993	716	277	716
Underlying EBITA	327	227	100	261
EBITA-Margin	33%			
EAT	249	178	71	
o/w EAT to TUI (50%)	122	88	34	122
ROIC (incl. Goodwill)	16%			
ROIC (excl. Goodwill)	20%			

Hotel beds by region (%)

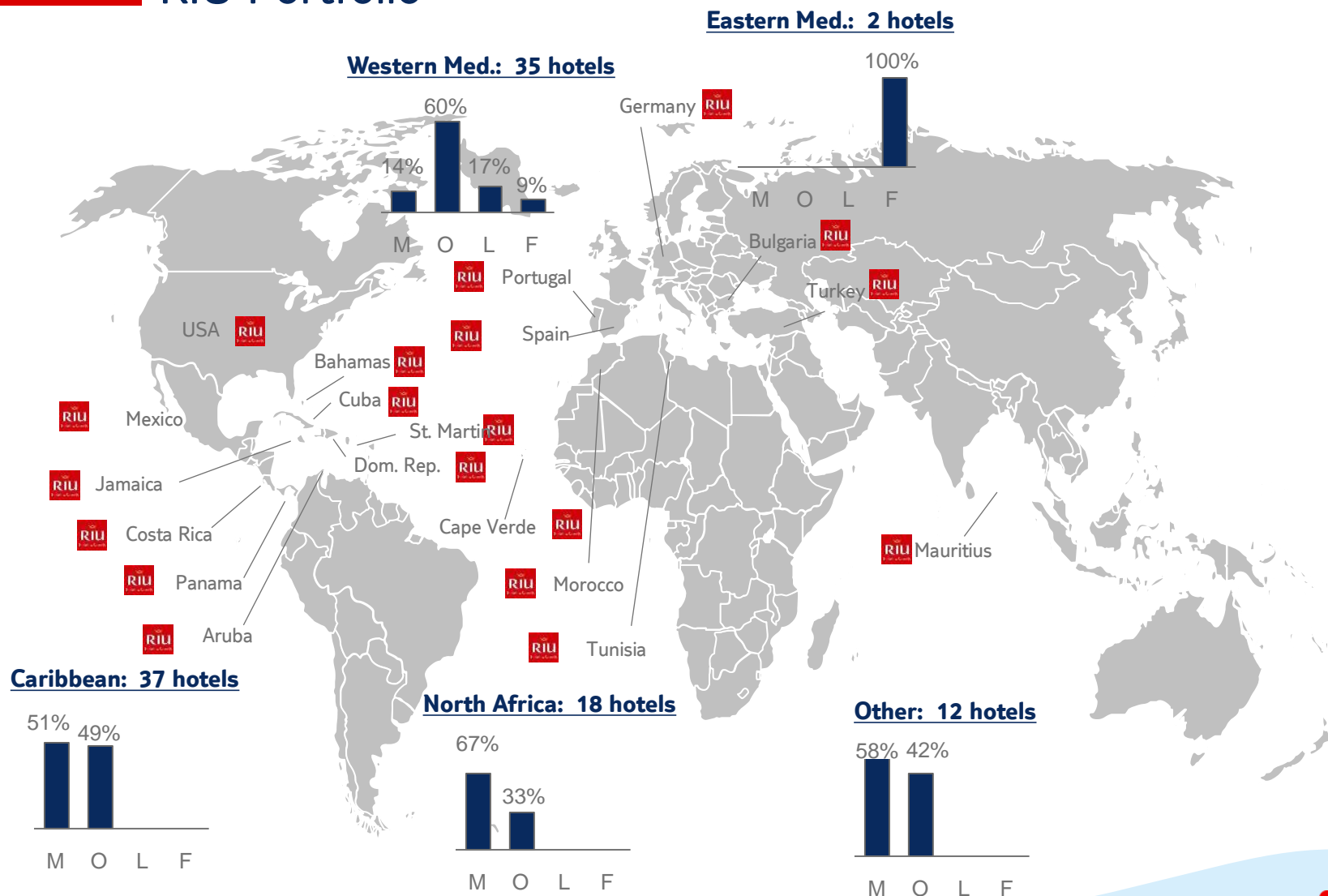


Financing structure (%)



\* unaudited figures

# RIU Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2015



# Hotels & Resorts Robinson

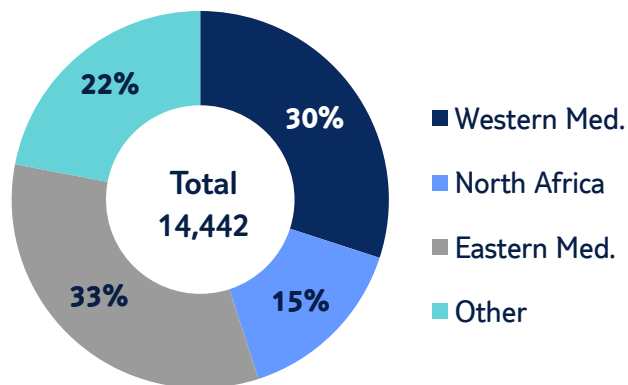
€m

Robinson in TUI accounts*	14/15	13/14
Turnover	192	192
Underlying EBITA	42	31
EBITA-Margin	22%	16%
EAT (100% TUI)	12	15
ROIC	14%	10%

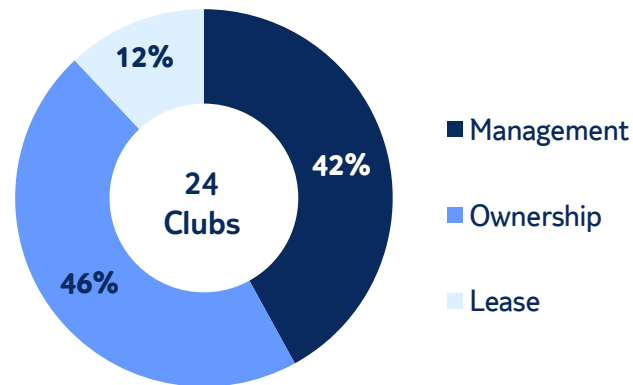


Robinson Club Maldives

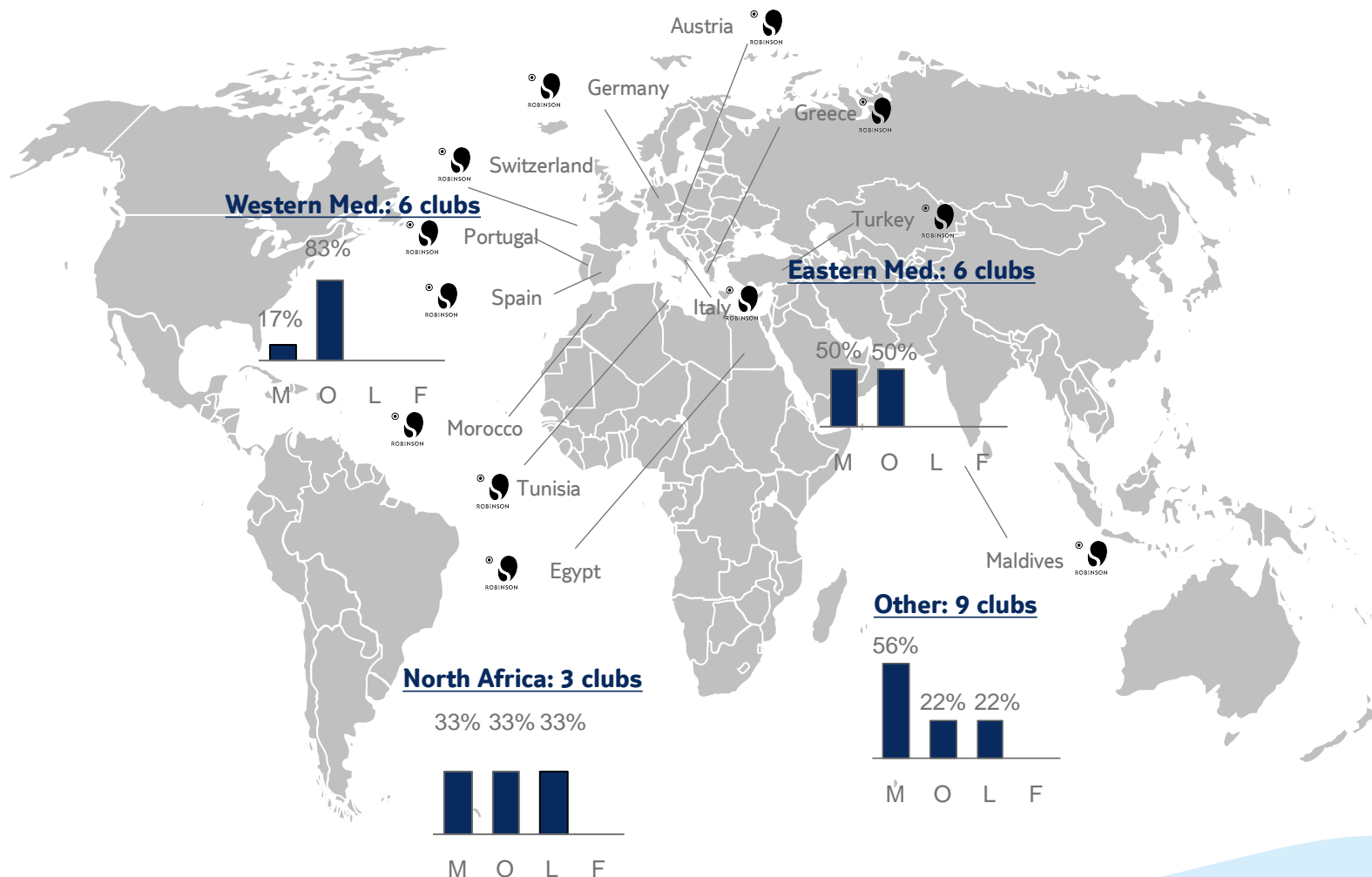
## Hotel beds by region (%)



## Financing structure (%)



\* unaudited figures



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2015

# TUI Cruises

## Key Figures - 100% View

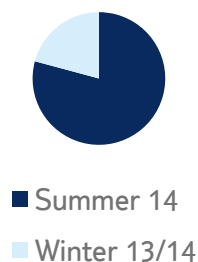
TUI Cruises 100%*	14/15 <sup>*</sup>	13/14	%
Turnover	614	381	61%
Underlying EBITA	156	78	102%
<i>EBITA-Margin</i>	25%	20%	
EAT	136	63	116%
<i>o/w TUI EAT (50%)</i>	68	31	119%
ROIC	10%	10%	
ROE	26%	14%	

\* unaudited figures

# Egypt & Tunisia

## Tunisia

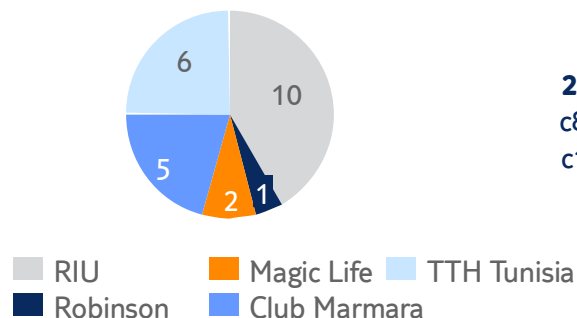
### Tunisia Passenger Mix



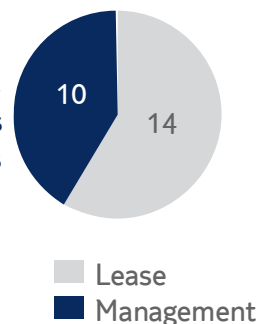
- Tunisia was ~3% of tour operator programme in FY14 (pre-incident year)

### Tunisia Hotel Portfolio

(number of hotels, September 2015 – note that management contracts have since been exited)

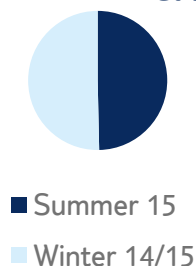


**24 hotels**  
c8k rooms  
c16k beds



## Egypt

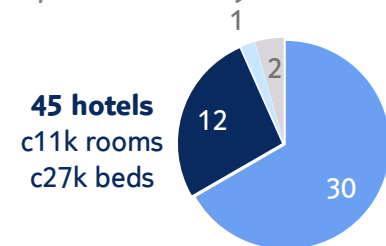
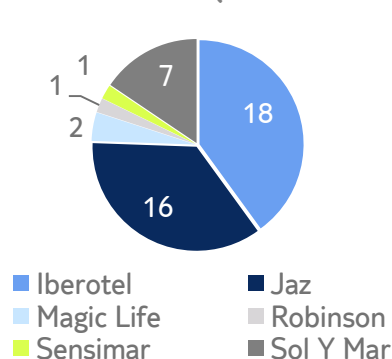
### Egypt Passenger Mix



- Egypt was ~3% of tour operator programme in FY15

### Egypt Hotel Portfolio

(number of hotels, September 2015)



**45 hotels**  
c11k rooms  
c27k beds

## Financial Target Ratios 2014/15

In €m	14/15
<i>Gross debt</i>	1,886
<i>Pensions</i>	1,147
<i>NPV operating leases</i>	3,540
Debt	6,574
Reported EBITDAR	2,219
<b>Leverage Ratio</b>	<b>3.0</b>
Reported EBITDAR	2,219
<i>Rentals - interest component*</i>	291
<i>Net financial expense</i>	184
Interest charges	473
<b>Coverage Ratio</b>	<b>4.7</b>

\* Simplified estimate - one third of total rental expense

## Key Sources of Finance 30 September 2015

Instrument	Issue	Maturity	Amount €m	Interest % p.a.
Revolving Credit Facility	Sep 14	June 18	1,750	c2% margin above LIBOR
High Yield Bond	Sep 14	Oct 19	300	4.5
Finance leases	Various	Various	982	Various

# Aircraft Order Book Deliveries

	14/15	15/16	16/17	17/18	18/19	19/20
B737 NG	5	-	-	-	-	-
B737-MAX	-	-	-	5	14	14
B787-8	5	-	-	-	-	-
B787-9	-	1	1	1	-	-
<b>Firm order book deliveries 2015-2020</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>14</b>	<b>14</b>




Financial Years (FY) ending 30 September; figures correct as at 30 September 2015

In addition to the above firm orders, TUI Group has further aircraft options :

	14/15	15/16	16/17	17/18	18/19	19/20
B737-MAX	-	-	-	-	4	6
B787-9	-	-	-	-	1	-
<b>Option order book deliveries 2015-2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>6</b>

Financial Years (FY) ending 30 September; figures correct as at 30 September 2015

# Aircraft Commitments by Financing Type

	Operating Lease*	Finance Lease	Owned	Total
<b>As at 30 September 2014</b>	128	11	6	145
Order book financing	3 	6 	1 	10
Reclassification	-	(2)	2	-
Disposal	-	-	(1)	(1)
Other net movements	(7)	-	-	(7)
<b>As at 30 September 2015</b>	<b>124</b>	<b>15</b>	<b>8</b>	<b>147</b>

\* Includes aircraft leased to TUIFly GmbH by Air Berlin for operation under wet lease on behalf of Air Berlin

\* Includes aircraft leased to Jetairfly by EC Air/Canjet



# Pioneering Sustainability

## New 2020 Sustainability Strategy

- TUI will influence, innovate and invest in more sustainable tourism:
  - **Step lightly:** We will operate Europe's most carbon-efficient airlines, and reduce the carbon intensity of our operations by 10% by 2020
  - **Make a difference:** We will deliver 10 million greener and fairer holidays a year by 2020, enabling more local people to share in the benefits of tourism
  - **Lead the way:** We will invest €10m per year by 2020, to enhance the positive impacts of tourism, creating the TUI Care Foundation to support this work
- Ground-breaking project with PwC to measure the **impact of TUI's operations in Cyprus** – overwhelming positive economic and tax benefits to Cyprus of **€84 per guest per night**

## TUI Credentials

- TUI airlines are leading the way with **carbon-efficiency** - 66g of CO2 per revenue passenger kilometre across TUI airlines in FY2015
- **TUIfly** ranked 'most climate-efficient airline in the world with **1 million pax**' for 3<sup>rd</sup> year in a row
- TUI Group achieved a **perfect score of 100 from CDP for carbon reporting** in 2015
- Awarded a position on the UK's **FTSE 350** and **DACH's Climate Disclosure Leadership Indices**
- The **only tourism company** to be listed on the **Dow Jones Sustainability Index Europe**
- **Listed on FTSE4Good** in recognition of meeting strict sustainability standards

# Financial Calendar 2016

9 February 2016

Q1 Report and Annual General Meeting

31 March 2016

Pre-close trading update

11 May 2016

Q2 Report 2015/16

11 August 2016

9M Report 2015/16

28 September 2016

Pre-close trading update

8 December 2016

Annual Report for financial year 2015/16