Commerzbank German Investment Seminar 2016

11-12 January 2016



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

1	**TUI Group Overview**
2	Review of the Year 2014/15
3	Delivering Growth
4	Current Trading & Outlook
5	Appendix

TUI Group – The World's Leading Tourism Business

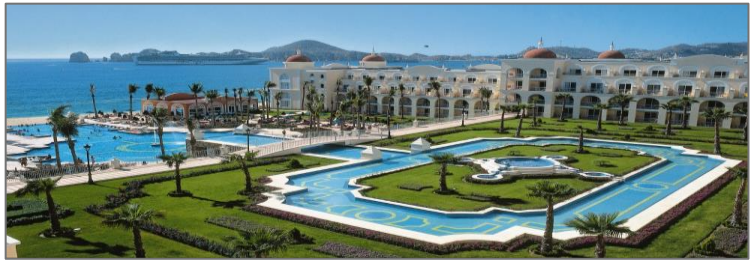
Access to over 20m customers



Modern & efficient leisure airline



Attractive global hotel portfolio

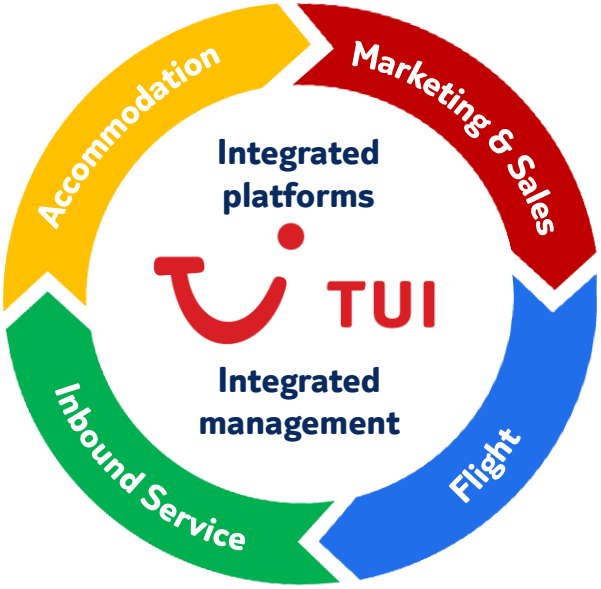


Growing fleet of cruise ships



Key figures 2014/15: Turnover €20.0bn; Underly. EBITA €1,069m; DPS €0.56

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

A clear structure to deliver growth and value

Tourism			Specialist Travel	
Source Markets	**Hotels & Resorts**	**Cruises**	**Hotelbeds Group**	**Specialist Group**
Tour operator • *Travel Agencies* • *Internet Portals* • *Inbound Services (from 2015/16)*	***Hotelportfolio*** • *310 hotels* • *214,000 beds* • *Well known brands*	***Cruise ship fleet*** • *13 cruise ships across 3 brands** • *TUI Cruises, Hapag-Lloyd Kreuzfahrten & Thomson Cruises*	***B2B Online accommodation***** • *#1 global market position* • *Grown organically* • *Scalable business*	***Specialist & activity companies*** • *Marine* • *Education* • *Ski/Lakes & Mountains* • *Tailormade* • *Events etc.*
Revenue €15.5bn	**Revenue €575m**	**Revenue €273m**	**Revenue €1.2bn**	**Revenue €1.8bn**
EBITA €703m	**EBITA €235m**	**EBITA €81m**	**EBITA €117m**	**EBITA €56m**
19.1 million customers	**82% occupancy**	**103% occupancy*****	**Managed for value**	

* Thomson Cruise result included within Source Market (UK)

** Includes Inbound Services result

*** TUI Cruises

Review of the Year

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

Outperformance in 2014/15

Turnover: €20.0bn
+8.0% / +3.6%*

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

Underlying EBT: €885m
+37.1%

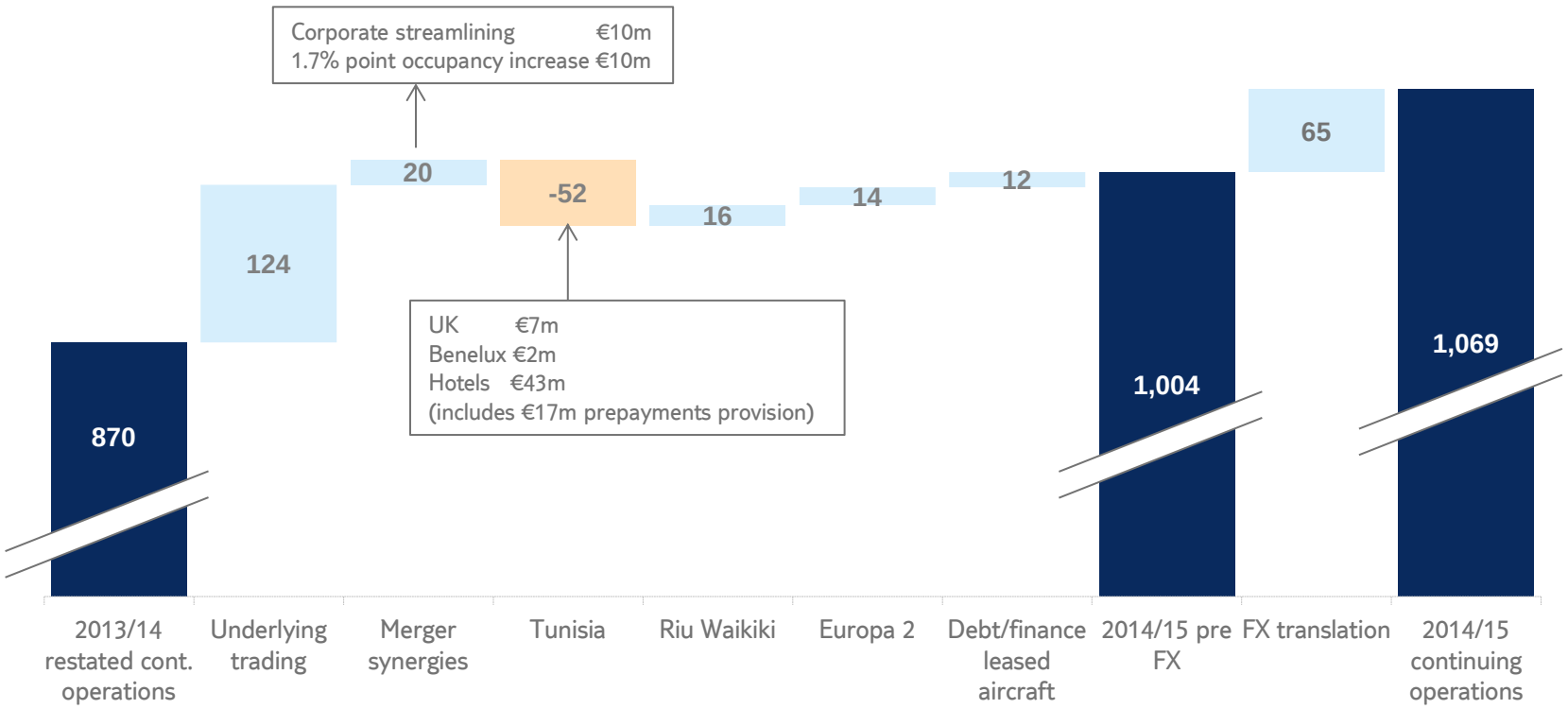
Underlying effective tax rate reduced to
25%

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

TUI Group
Underlying EBITA Bridge 2014/15 in €m



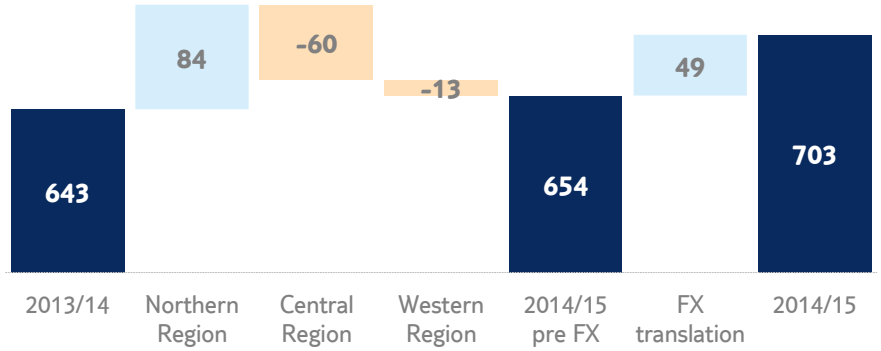
15.4% growth in underlying EBITA at constant currency

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:

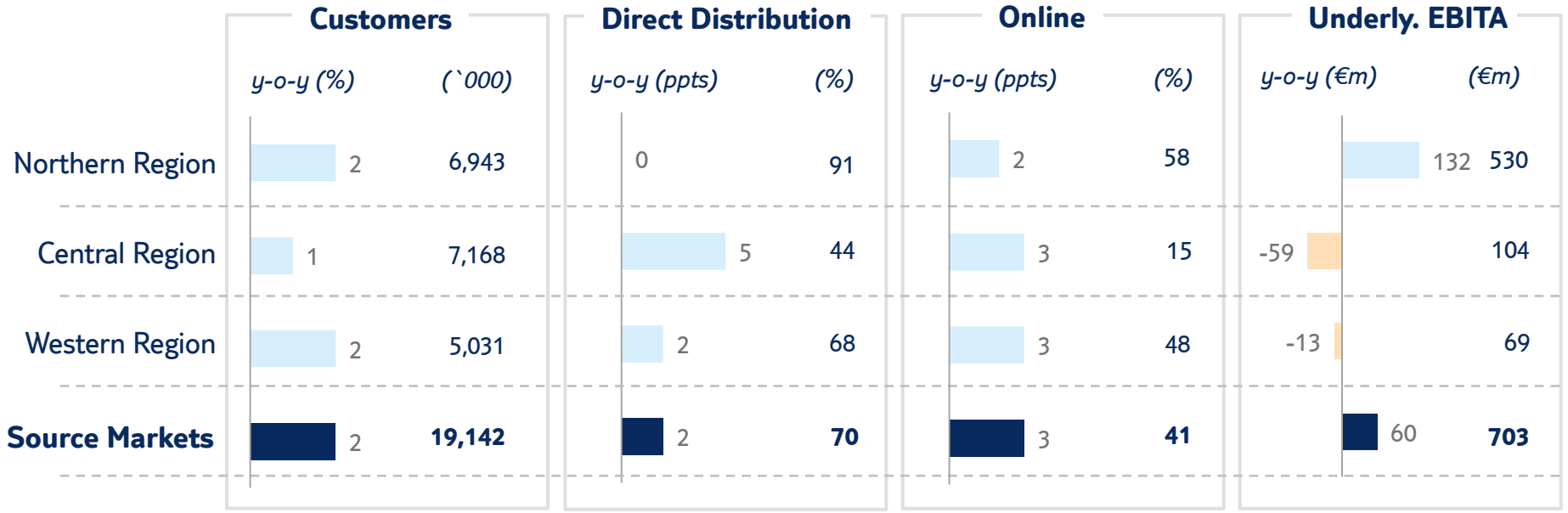
- Strong UK trading performance with customer volumes up 5%, partly offset by the impact of Tunisia in June (€7m).
- Increase in Nordics earnings with improved trading margins and delivery of further operational efficiencies.
- Shareholding in Russia & CIS joint venture reduced from 49% to 25% in October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



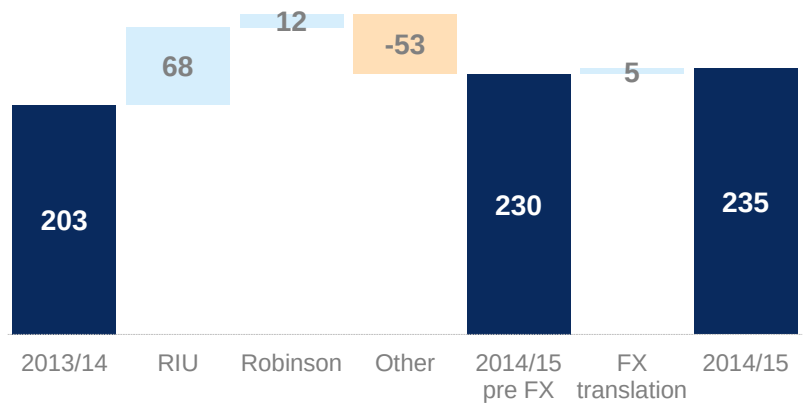
Continued increase in direct and online distribution

Hotels & Resorts
Strong underlying performance

Turnover and Earnings (€m)

	14/15	13/14	%
Total Turnover	1,252.2	1,164.5	7.5
o/w Turnover 3rd party	*574.8*	*515.9*	*11.4*
Underlying EBITA	234.6	202.8	15.7
o/w Equity result	*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:

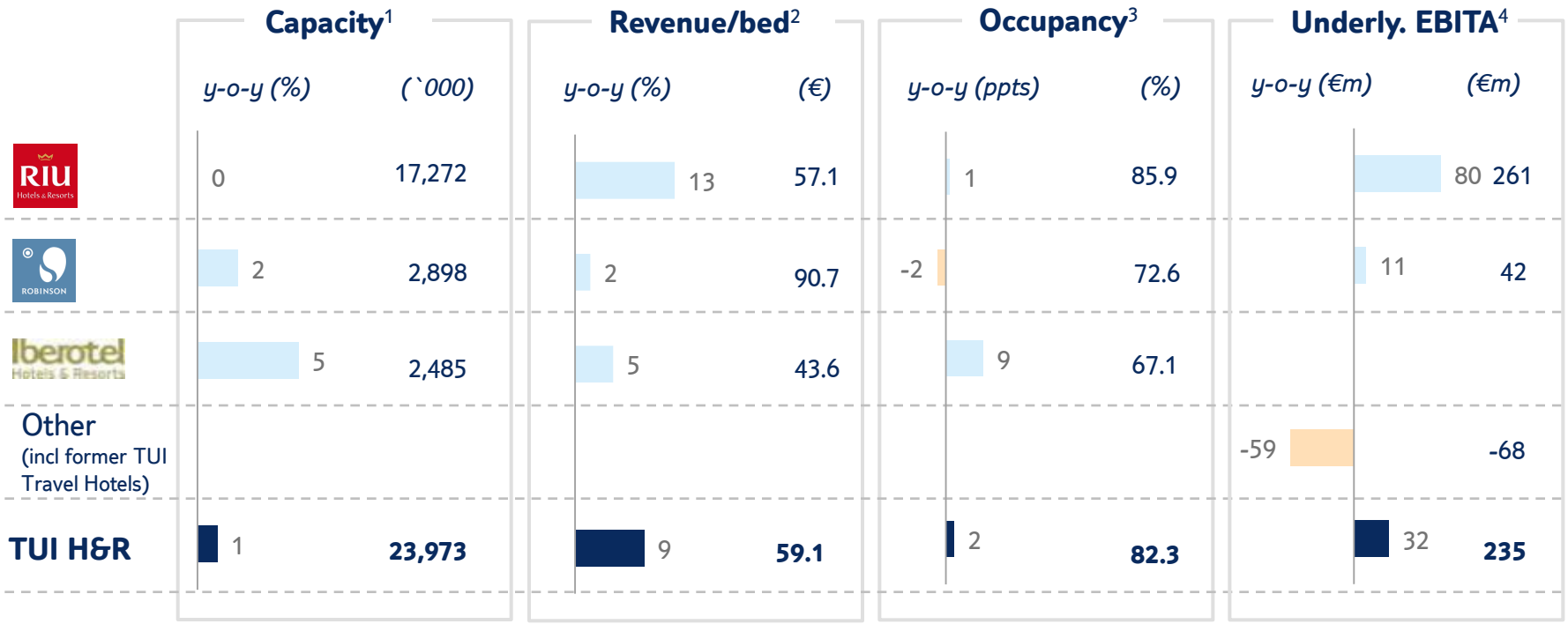
Improved operating performance with 2% increase in rate, partly offset by €1m adverse impact from Tunisia where one new leased hotel was opened this year.

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



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

[1] Group owned or leased hotel beds multiplied by opening days per annum
[2] Arrangement revenue divided by occupied beds
[3] Occupied beds divided by capacity
[4] 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

- RIU Hotels & Resorts: Aruba, Mauritius, Bulgaria, Germany
- ROBINSON: Djerba
- TUI BLUE: Trial in Sarigerme (Turkey)
- TUI MAGIC LIFE: Ibiza and Rhodes

4 new concept resorts in Group hotels

- SENSATORI: Cyprus (Atlantica) Turkey (Barut)
- SENSIMAR: Portugal (Nordotel) Croatia (Karisma)

Disciplined approach

Exited **Grecotel** joint venture

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

Our hotel and concept growth plans are on-track

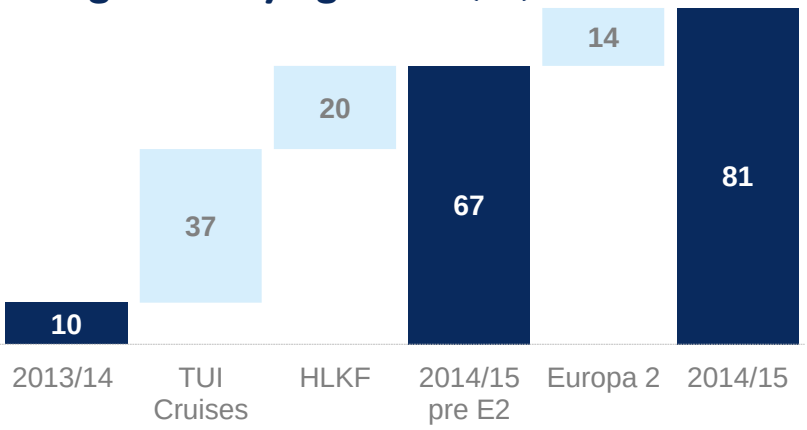
Cruises
Growth in TUI Cruises; Turnaround at Hapag-Lloyd Kreuzfahrten

Turnover and Earnings (€m)

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

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

Bridge Underlying EBITA (€m)



Business development 2014/15



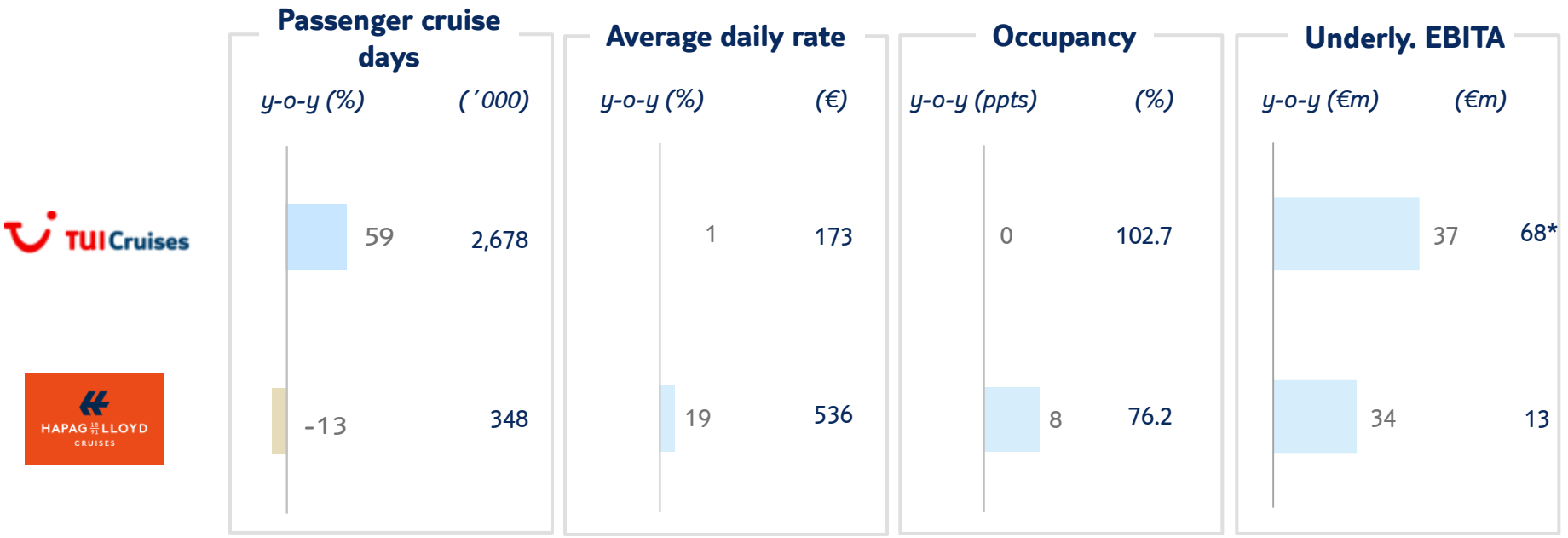
TUI Cruises +€37m:

- 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 Kreuzfarten turnaround complete

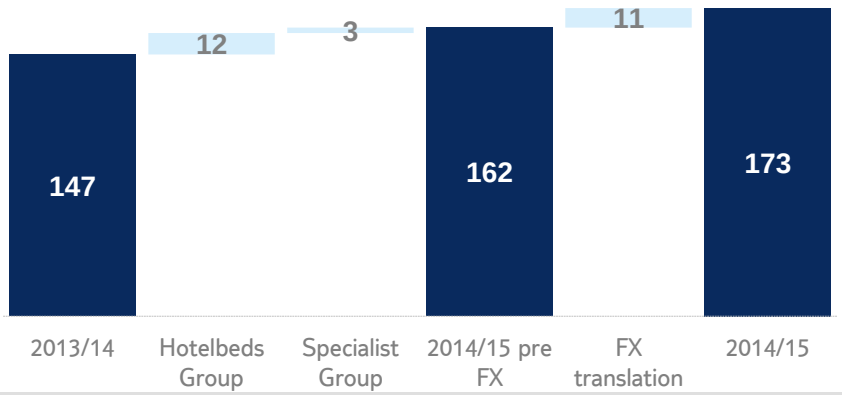
* Equity result

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

Financial Performance

Income Statement

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

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)

Adjustments (Separately Disclosed Items)

€m	2014/15
Restructuring expense	65
Gains on disposals	-5
Other one-off items	68
PPA	76
Total Adjustments	**204**
o/w merger-related	*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
Net interest result	**184**	**224**
o/w cash interest	*73*	*116*

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
H-L AG book value adjustment and equity result	-146	-54	-	-
EBT	**535**	**499**	**904**	**754**
Tax rate	*16.3%*	*42.7%*	*25.0%*	*29.4%*
Tax charge	-87	-213	-226	-222
Minority interest	-41	-188	-90	-72
Hybrid dividend	-11	-23	-11	-23
Net income	**396**	**75**	**578**	**437**
Basic number of shares	513	263	587	587
Basic Earnings per Share (€)	**0.77**	**0.29**	**0.98**	**0.75**

Includes adjustment for convertible bond interest

Underlying effective tax rate calculated based on underlying EBT, adjusted here for convertible bond interest

Proforma minority interest excludes TUI Travel for full year

Proforma NOSH based on issued share capital as at 30.9.15

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

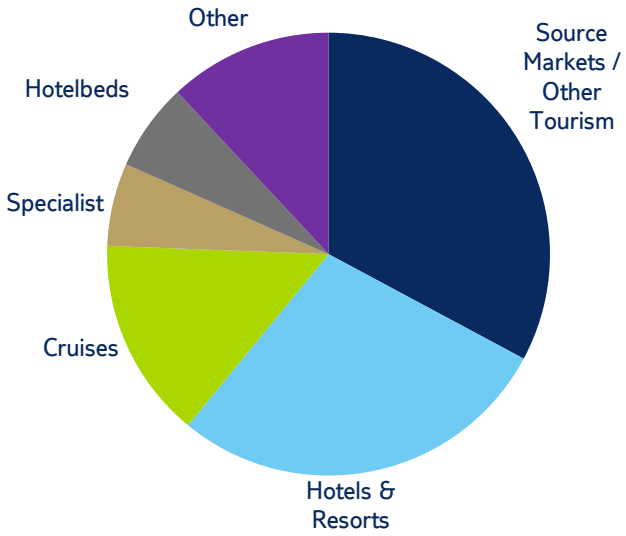
Cash Flow

In €m	2014/15	2013/14 restated
EBITA reported	**865**	**777**
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
Operating Cashflow	**698**	**938**
Net capex	-489	-285
Net investments	-170	-377
Net pre-delivery payments	4	18
Free Cashflow	**43**	**294**
Dividends	-291	-146
Hybrid interest	-15	-23
Movement in Cash Net of Debt	**-263**	**125**

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
Net capex	**-489**	**-285**
Net investments	**-170**	**-377**
Pre-delivery payments (PDPs)	-232	-215
PDP liquidations	236	233
Net pre-delivery payments	**4**	**18**
Net Capex & Investments	**-655**	**-644**

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 s**ystems to drive profitable top-line growth

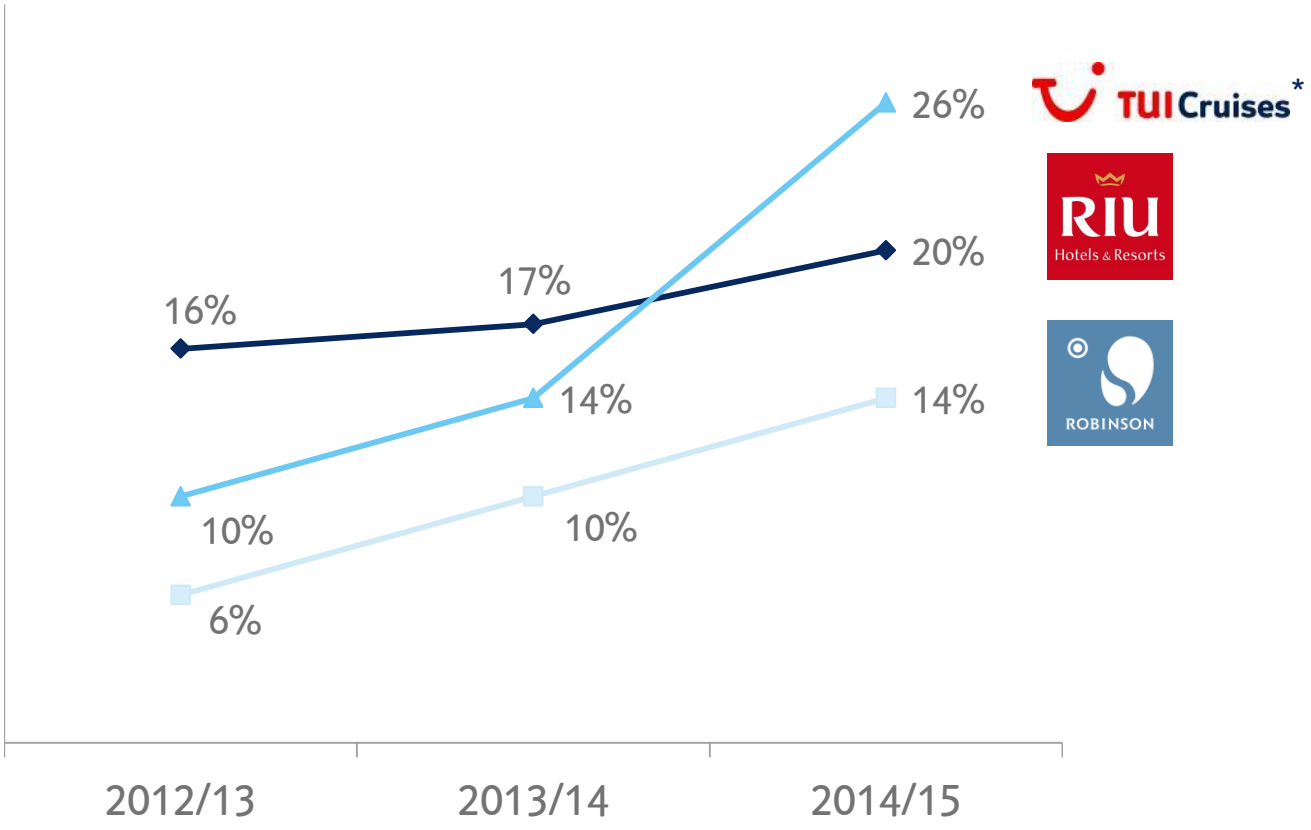
Disciplined approach to capital allocation

- **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
Opening net cash / (debt)	**293**	**-97**
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
Closing net (debt) / cash	**-214**	**293**

* 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

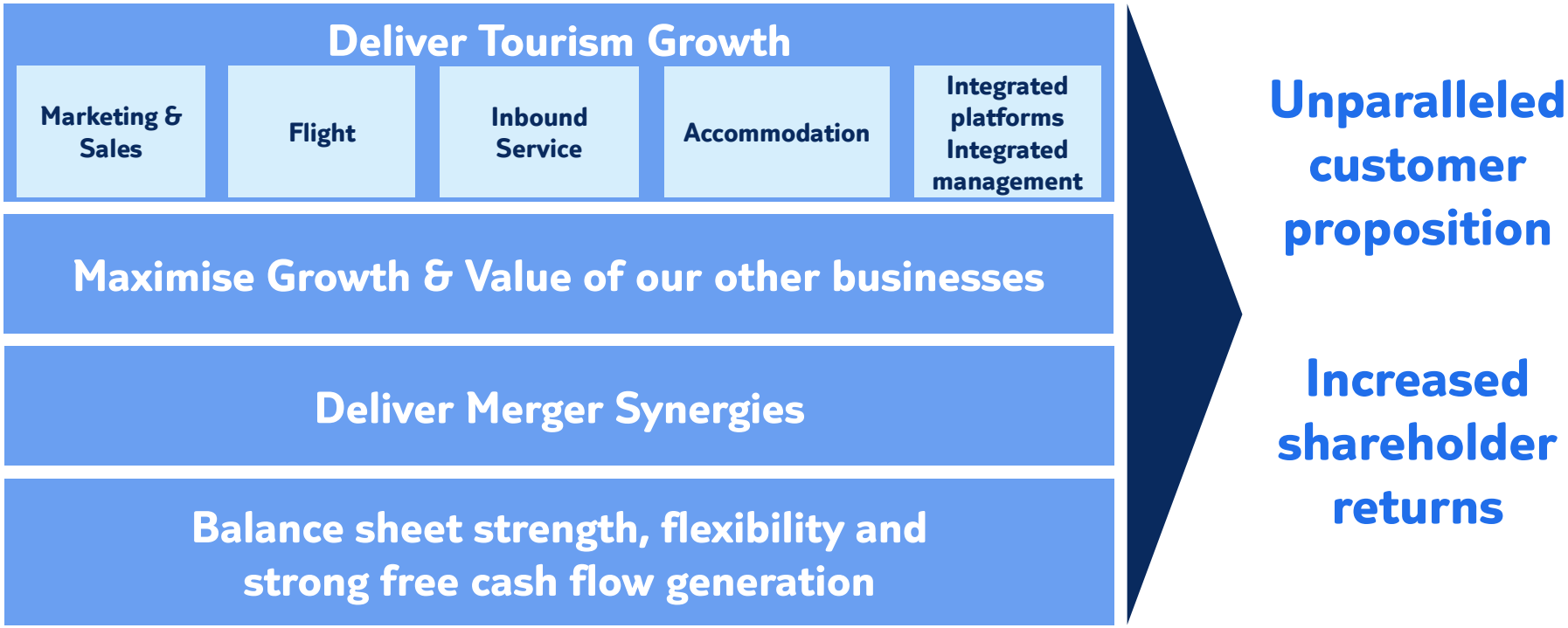
€m	30 Sept 2015	30 Sep 2014 restated
Financial liabilities	**1,887**	**1,965**
o/w non-current	1,654	1,748
o/w current	233	217
Cash	**1,673**	**2,258**
Net (debt) / cash	**-214**	**293**

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

* At constant currency rates, based on current group structure

Delivering Growth

What we want to achieve – our growth levers



TUI Brand



Exclusive international hotel concepts

SENSATORI by TUI

SENSIMAR

FAMILY LIFE by TUI

Hotel & club brands

RIU Hotels & Resorts

TUI BLUE

ROBINSON

TUI MAGIC LIFE

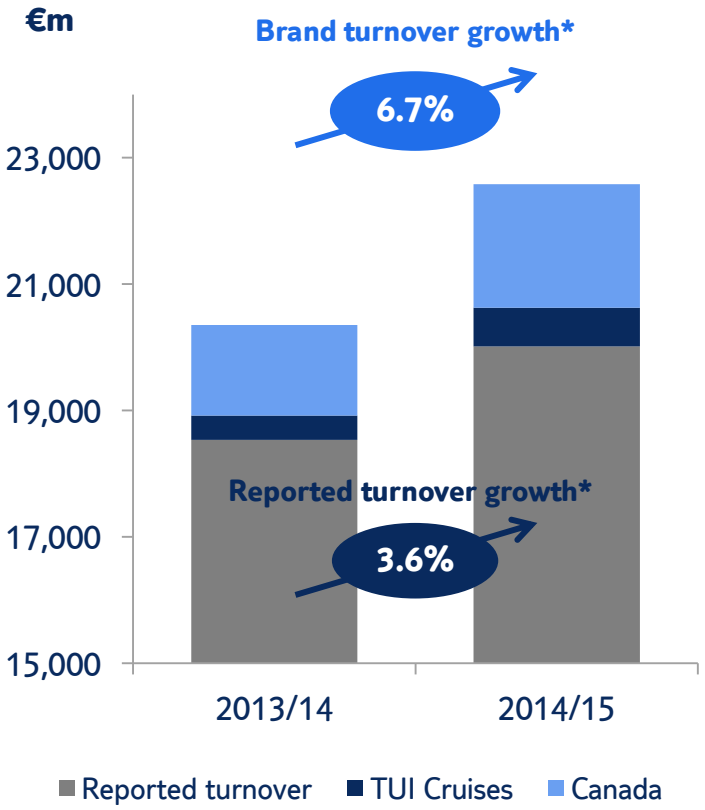
Cruise Lines

TUI Cruises

HAPAG LLOYD CRUISES

Clear brand strategy supports our growth plans

Delivering Brand Growth

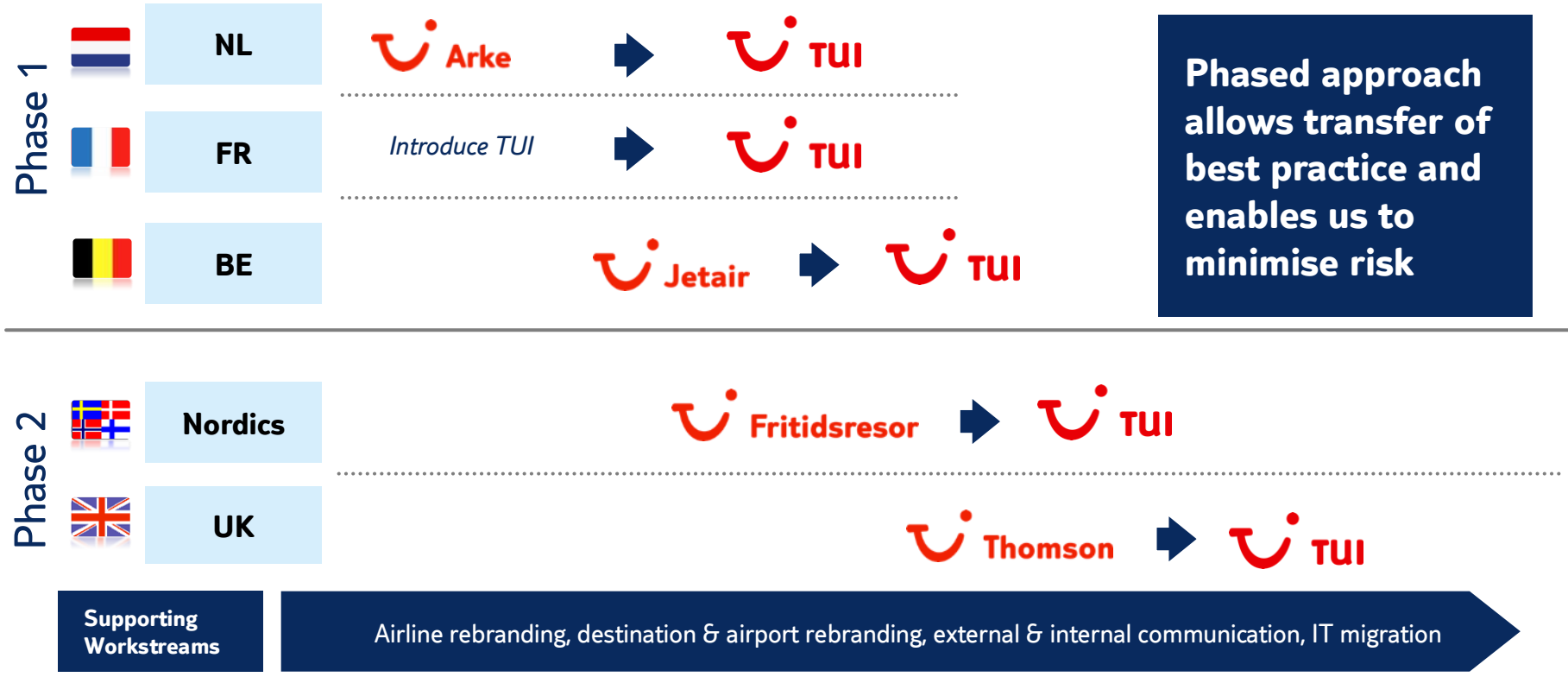


- With our TUI brand, we will deliver **profitable top-line growth which outperforms the market**
- In 2014/15, turnover from TUI subsidiaries grew by **3.6%** - however, a significant level of additional growth is generated by our **joint and strategic ventures**
- We will therefore also report on growth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

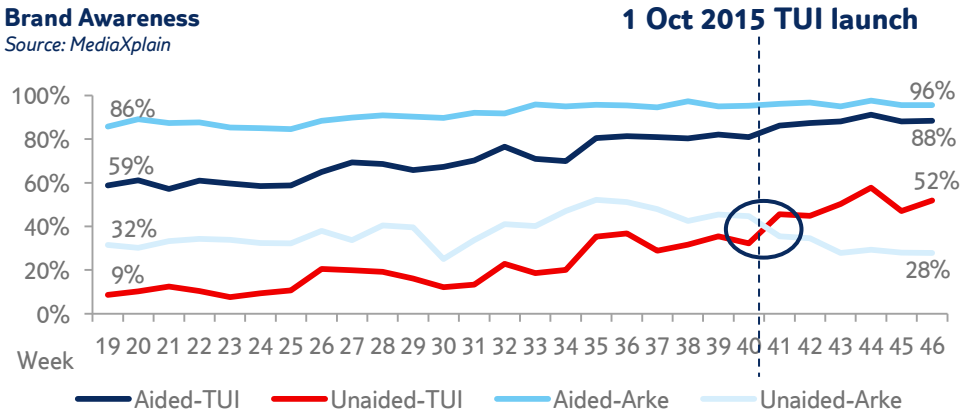
Our brand migration process* will make sure that we don't lose local brand equity



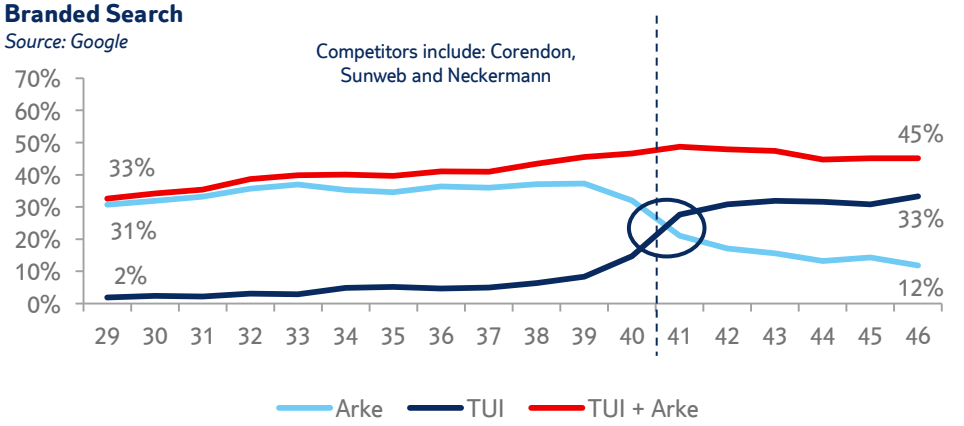
* The implementation takes place with respect for all interests of third parties and existing contractual obligations

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

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

Northern Region

€530m EBITA, 7.6% margin

91% direct distribution

58% online distribution

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

Central Region

€104m EBITA, 1.8% margin

44% direct distribution

15% online distribution

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

Western Region

€69m EBITA, 2.4% margin

68% direct distribution

48% online distribution

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

Build on global platforms

Brand | Flight | Inbound Service | Accommodation | IT platforms

Figures based on 2014/15

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

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

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

Europe's 7th largest airline fleet

Industry-leading rates of asset utilisation



The only leisure airline with 787

Central platform with local airlines

Central Platform

- One organisational structure
- Business model / ways of working
- Scale: one procurement organisation / common supply chain & process

Local airlines: crew rostering / flight planning

Targeting €50m operational efficiency improvement by 2018/19

Aircraft numbers as at 31 September 2015; TUIfly (Germany) excludes aircraft leased out to Air Berlin; Corsair excluded from above figures

Our Inbound service team

One organisation

Over 6,500 employees

11m customers

109 destinations

Service

Transport

Excursions

Transfers

Handling

Being fully integrated within Tourism

Delivering our differentiation strategy in all destinations

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

Bringing World of TUI to life

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

Growth in Our Strong Hotel and Club Brands

	Hotels		Clubs	
	RIU Hotels & Resorts	TUI BLUE	ROBINSON	TUI MAGIC LIFE
Capital Markets Update	Continue to grow the **highly profitable** brand	Launch new **TUI branded hotels** & **resposition** existing	**Expand and internationalise** the club concept	
Opened 2014/15	**4 new resorts** Mauritius, Aruba, Bulgaria, Germany	**Operational trial** complete (Sarigerme)	**1 new club** Djerba	**2 new clubs** Ibiza, Rhodes
Openings next 2 years	**4 openings** Jamaica, Dom Rep, Sri Lanka, Mexico	**1 opening** -Tuscany **2** repositioned **Plus 12** under negotiation	**4 openings** Turkey, Greece, Maldives **Plus 7** under negotiation	Growth through internationalisation of concept through **source markets** and increased **direct distribution** globally

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

Growth in our Powerful & Exclusive International Hotel Concepts



Luxurious (5* only) **family-friendly** hotels, exceptional wellness facilities and world-class entertainment

11 hotels
NPS >70



Adult-only 4&5* seafront hotels ; contemporary styling and spa facilities

56 hotels
NPS ~60



Upscale **modern family** resorts (4* and above) first class **wellness** experience; activities for different **generations**

40 hotels
NPS >50

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

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

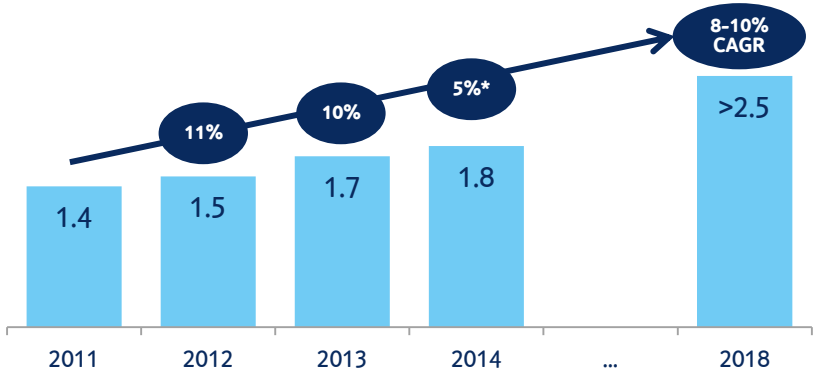
hotels currently planned for Summer 2016; NPS scores are for Summer 2014

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

Source: CLIA

Cruise growth plans take into account UK fleet requirements

TUI Cruises	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

Thomson Cruises	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

Conquering Destinations - Our long-haul presence

Over 1m customers
(source markets, accommodated)

Over 40 group hotels

Range of cruise routes

13 x 787s (S15)



Significant and growing long-haul presence

Figures correct for 2013/14 unless otherwise noted

Conquering Destinations - Our long-haul presence



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

More flights –
from 13 x 787s to 17**

New hotels
Cruise growth

Expanding our
inbound services

Caribbean

Indian Ocean

Thailand

Our integrated business model is enabling further long-haul growth

* based on > 1m customers (source markets, accommodated)
** Includes 1 option on 787-9

Integrated Platforms - Focus on Customer Experience

Central Mobility Platform

Evolve

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

Central Customer Platform

New

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

Central Online Platform

Evolve

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

Central eCRM

New

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

Maximise Growth and Value of our other businesses
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

Maximise Growth and Value of our other businesses
Hotelbeds Group Business Overview

Products | **Availability and price** | **Platform** | **Book online** | **Customers**

c.70k hotels

hotelbeds GROUP



>31k B2B customers

Source markets
Travel Agencies
OTAs
Airlines
Other

hotelbeds GROUP

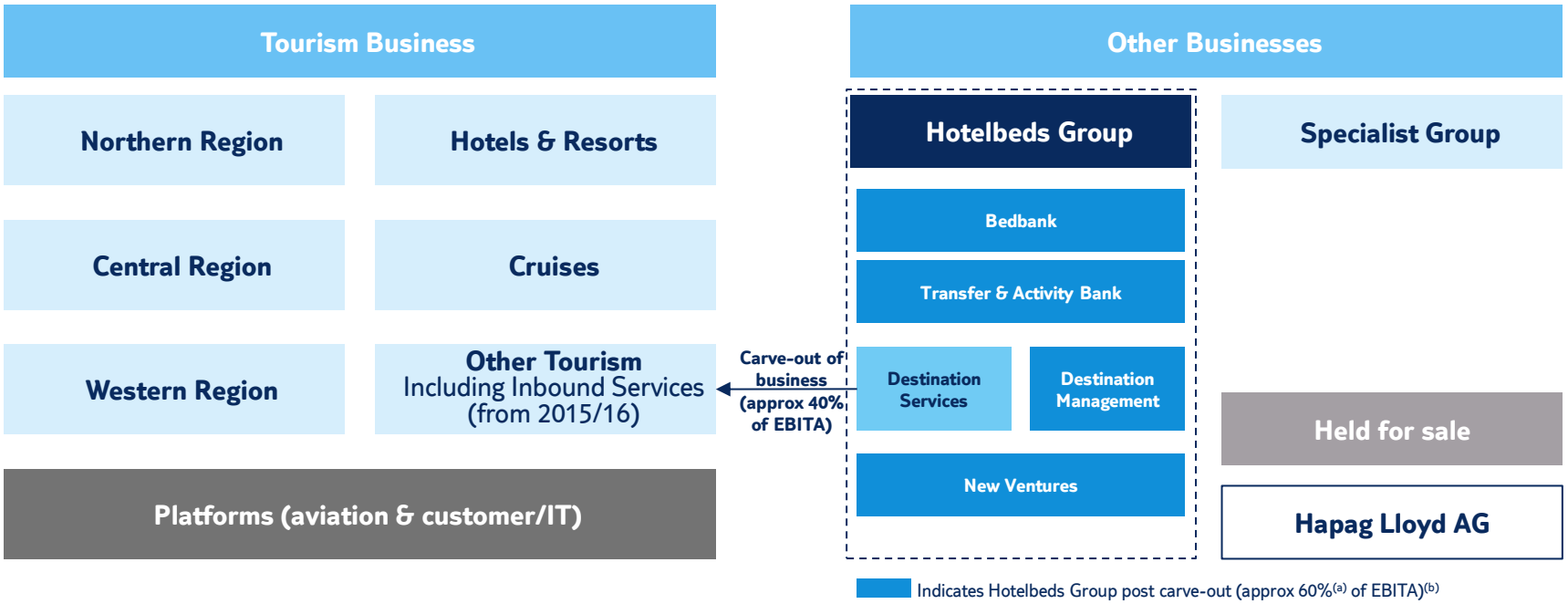
bedsonline

- **#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

TUI

Maximise Growth and Value of our other businesses
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

Maximise Growth and Value of our other businesses
Hapag-Lloyd AG

IPO Complete

- Trading in Hapag-Lloyd AG shares commenced on 6th 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)

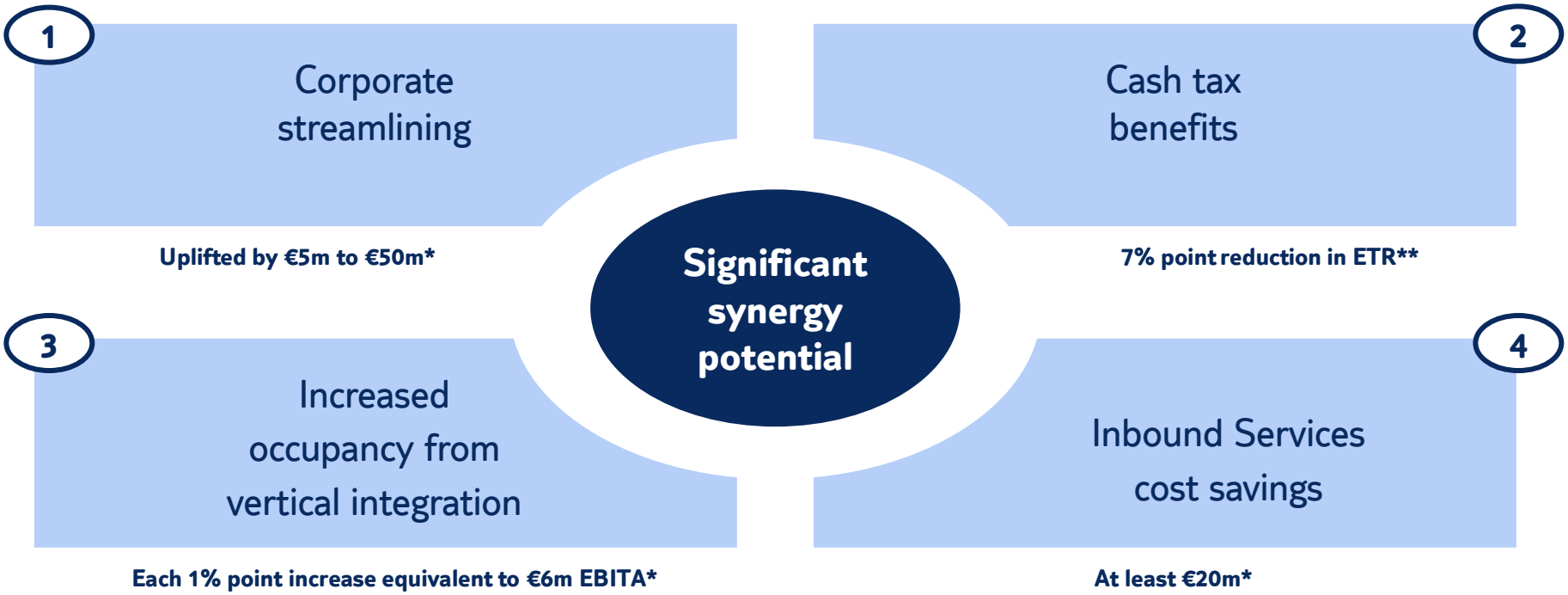
Valuation of Stake in Hapag-Lloyd AG

- 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

Deliver Merger Synergies



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

Comment: One-off costs of €104m expected to achieve full synergy target

Delivery of Merger Synergies well on track

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*
TOTAL	**95**	**121**	**100**	**104**	**20**	**54**

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)

New Financial Targets 2015/16

- Current corporate credit ratings “BB-” (S&P) and “Ba3” (Moody’s)

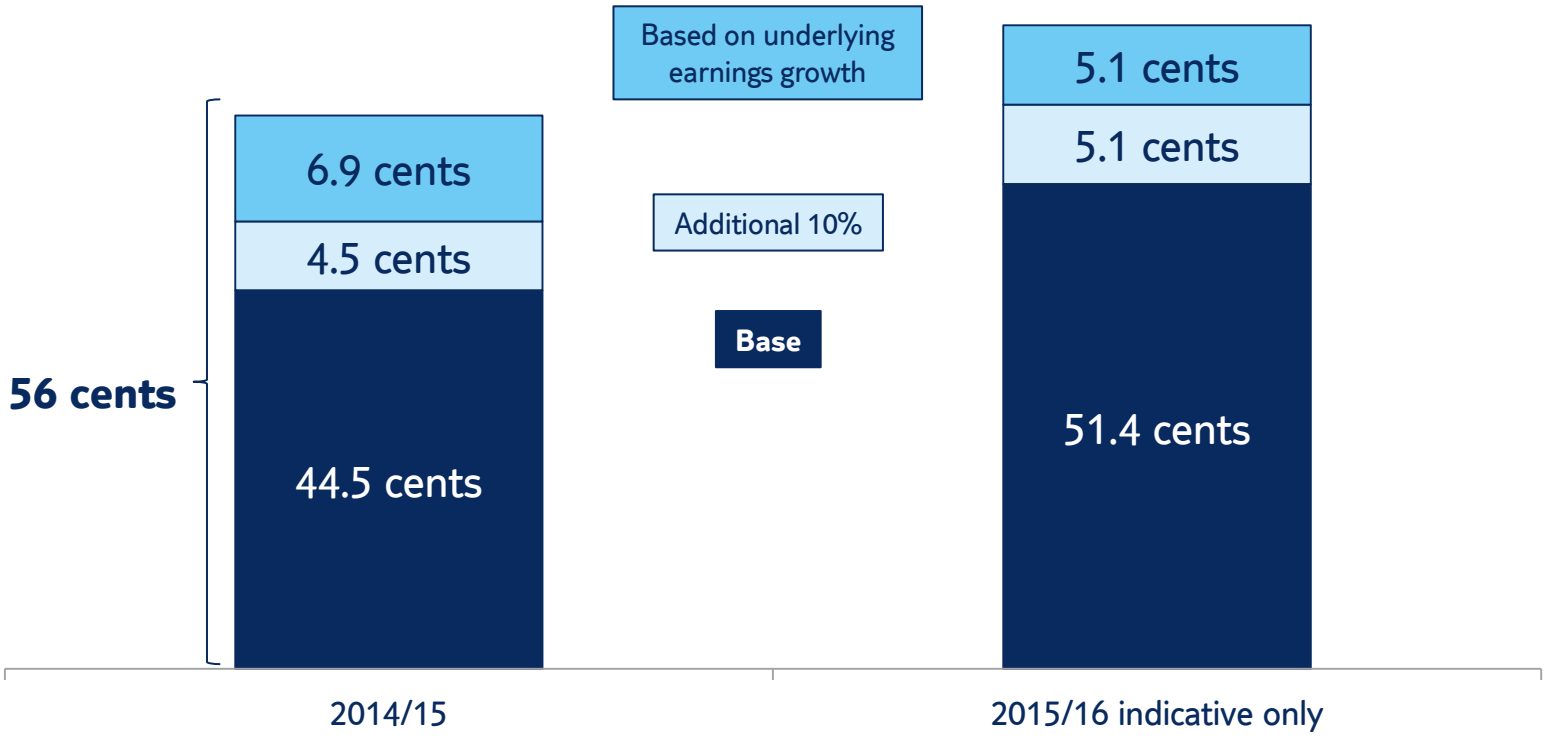
- We are committed to **improving our credit metrics**, therefore we are setting new financial targets for 2015/16 as follows:

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

Progressive dividend policy



Progressive dividend policy which reflects underlying growth in earnings

Current Trading & Outlook

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
Brand Turnover	€22,584m	**At least 5% growth**
Turnover	€20,012m	**At least 3% growth**
Underlying EBITA	€1,069m	**At least 10% growth**
SDIs (including PPA)	€204m	**~€180m**
Net capex & investments	€655m	**~€750m**
Net debt	€214m	**~€0.5bn**

* At constant currency rates and based on current Group structure

The World's Leading Tourism Business

- Resilient, integrated business model
- Merger integration ahead of our original plan – we are working well together
- Delivering strong financial performance with exciting growth prospects
  - Profitable top-line growth >3%
  - FY 16 underlying EBITA guidance of at least 10%
  - Reiterate previous guidance of at least 10% underlying EBITA CAGR over the three years to 2017/18
- Committed to progressive dividend growth

Well-positioned to deliver our growth plans

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
Source Markets	**15,520.1**	**14,597.0**	**923.1**	**545.2**	**377.9**
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
Hotels & Resorts	**574.8**	**515.9**	**58.9**	**18.7**	**40.2**
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Kreuzfahrten	273.3	281.0	-7.7	-	-7.7
Cruises	**273.3**	**281.0**	**-7.7**	**-**	**-7.7**
Other Tourism	496.1	478.4	17.7	2.7	15.0
Tourism	**16,864.3**	**15,872.3**	**992.0**	**566.6**	**425.4**
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
TUI Group continuing operations	**20,011.6**	**18,536.8**	**1,474.8**	**809.6**	**665.2**

* 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
Source Markets	**702.6**	**643.0**	**59.6**	**49.2**	**10.4**
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
Hotels & Resorts	**234.6**	**202.8**	**31.8**	**5.0**	**26.8**
TUI Cruises	68.1	31.3	36.8	-	36.8
Hapag-Lloyd Kreuzfahrten	12.4	-21.6	34.0	-	34.0
Cruises	**80.5**	**9.7**	**70.8**	**-**	**70.8**
Other Tourism	-21.1	-22.3	1.2	-2.6	3.8
Tourism	**996.6**	**833.2**	**163.4**	**51.6**	**111.8**
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
TUI Group continuing operations	**1,069.0**	**869.9**	**199.1**	**65.1**	**134.0**

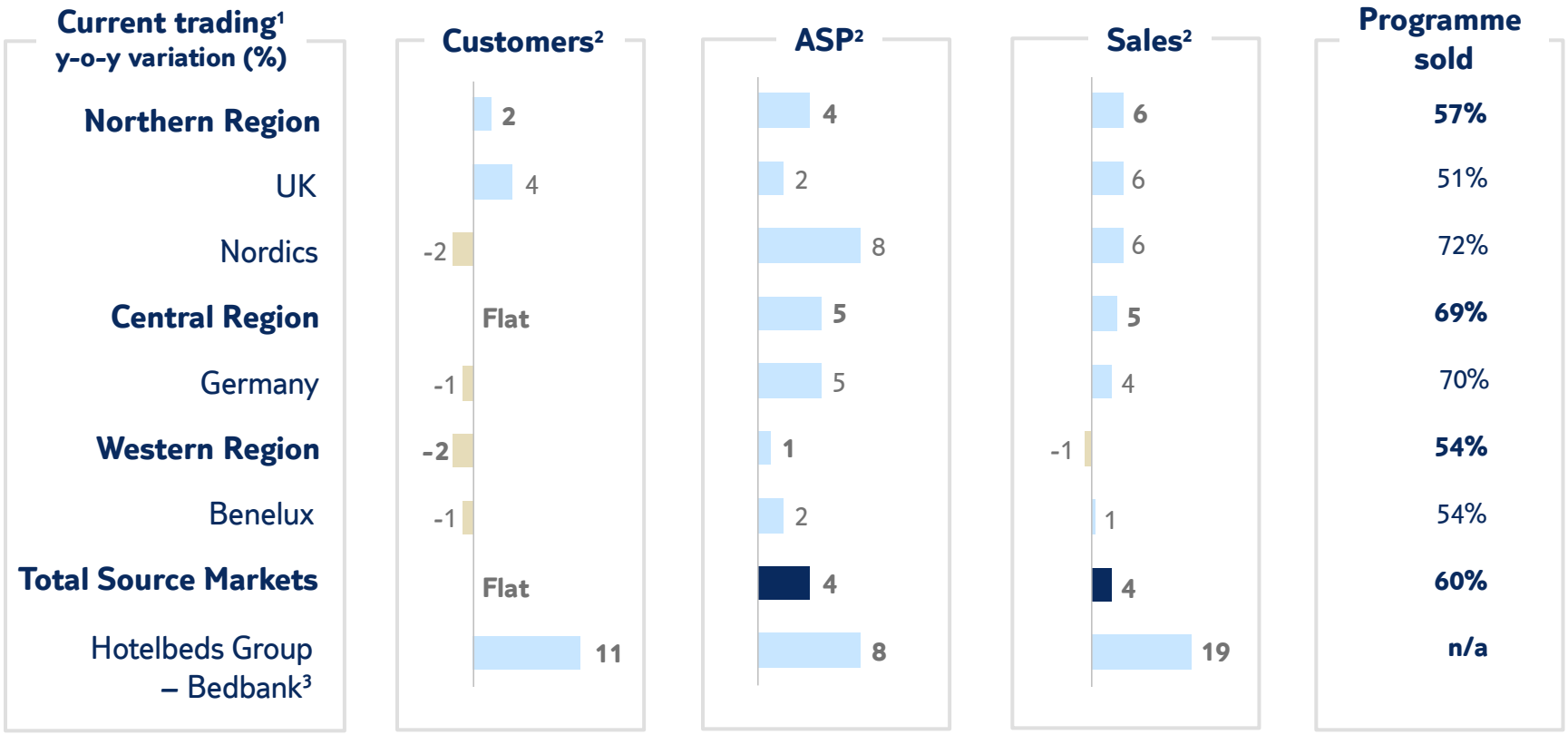
* Table contains unaudited figures

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
Total Source Markets	**70%**	**68%**	**41%**	**38%**	**19,142**	**18,844**

* Table contains unaudited figures

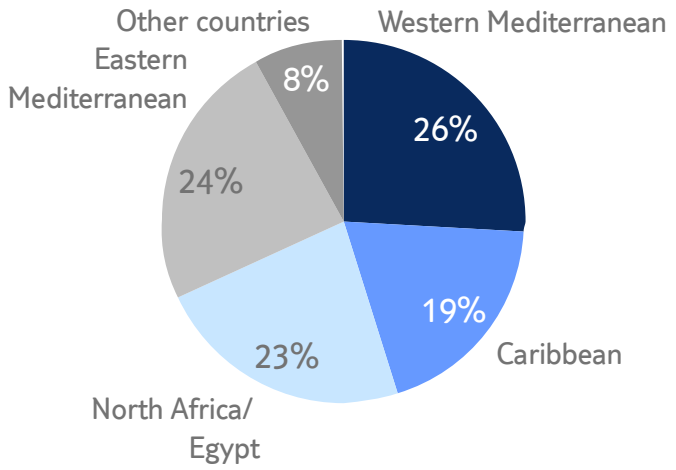
Trading Update
Winter 2015/16



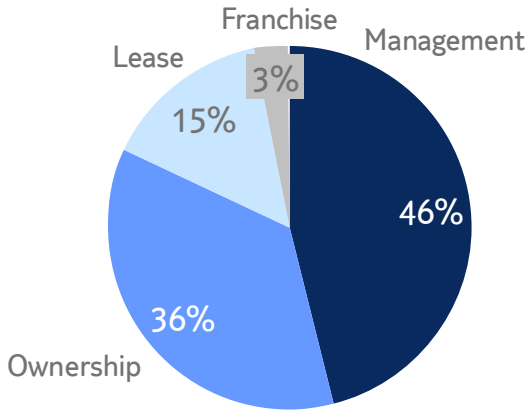
1. These statistics are up to 29 November 2015 and are shown on a constant currency basis
2. These statistics relate to all customers whether risk or non-risk
3. Sales refer to total transaction value (TTV) and customers refers to room nights

Hotels & Resorts
Summary 2014/15

Hotel beds by region



Hotels financing structure



Key facts	
Total Turnover (€m)	1,252
o/w Turnover 3rd 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)[1]	23,973
Revenue/bed (€)[2]	59.10
Occupancy (%)[3]	82.3

[1] Group owned or leased hotel beds multiplied by opening days per annum
[2] Arrangement revenue divided by occupied beds
[3] 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		**36,491**	X	**78.5%**	X	**54.90€**	=	€1,572m

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

Tables contain unaudited figures and includes former TUI Travel Hotels

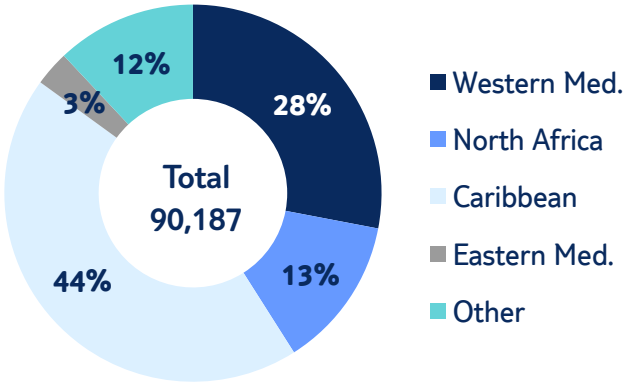
* As at 30/9/2015 - financing structure : Management 46%, Ownership 36%, Lease 15%, Franchise 3%

Hotels & Resorts
RIU – Key figures 2014/15

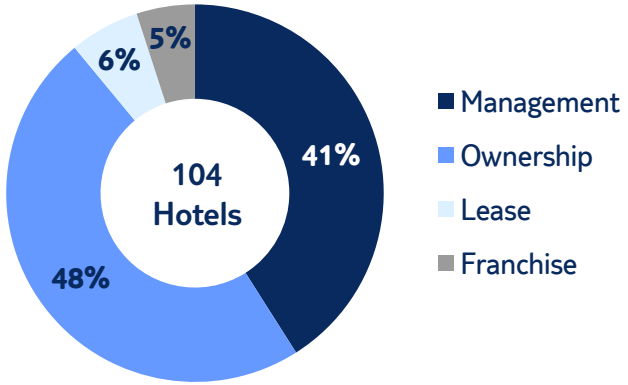
In €m

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 (%)

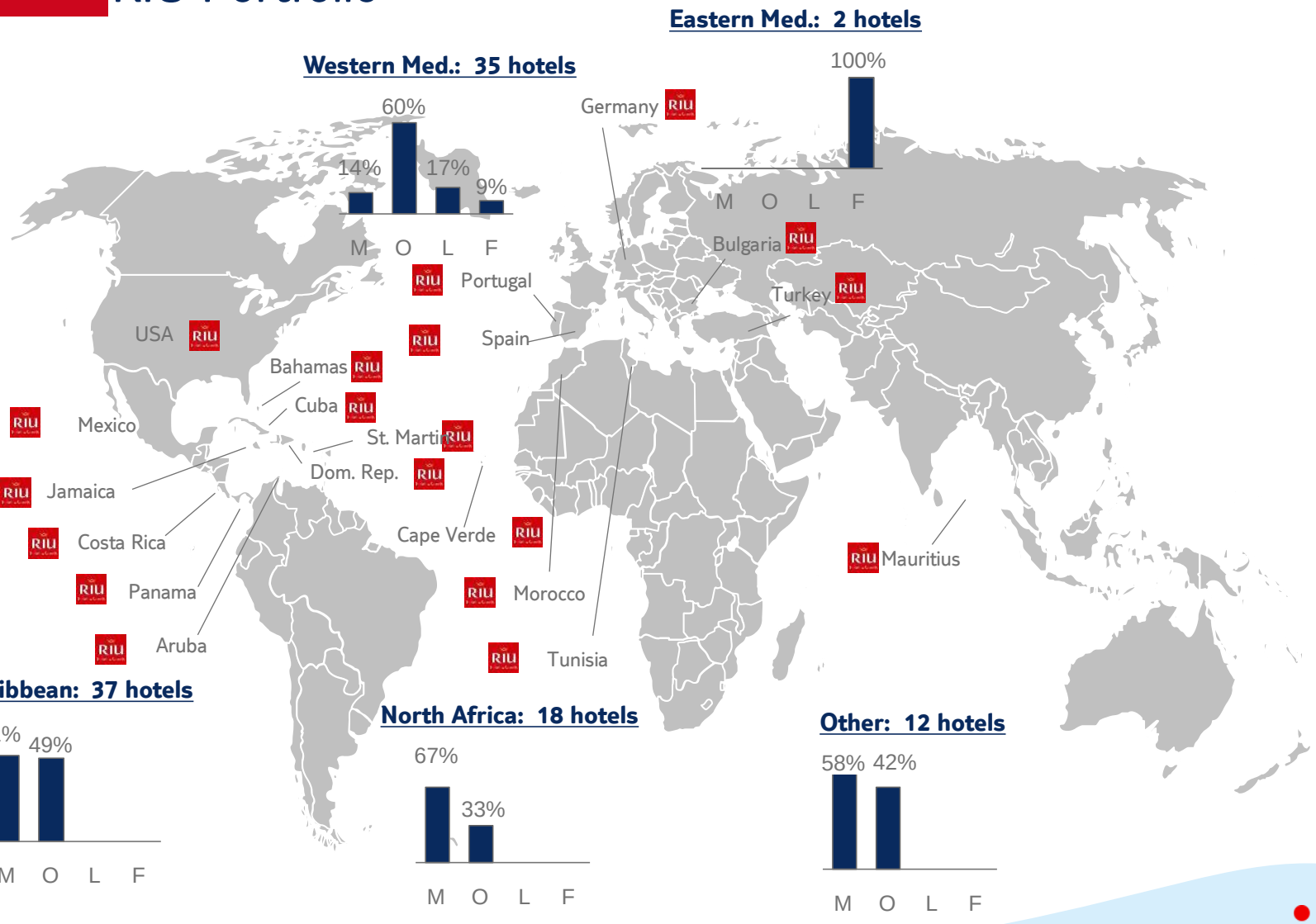


Financing structure (%)



* unaudited figures

RIU Portfolio



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

Hotels & Resorts
Robinson

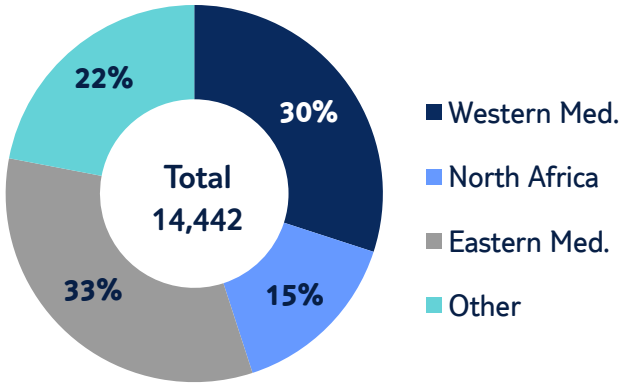
€m

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%

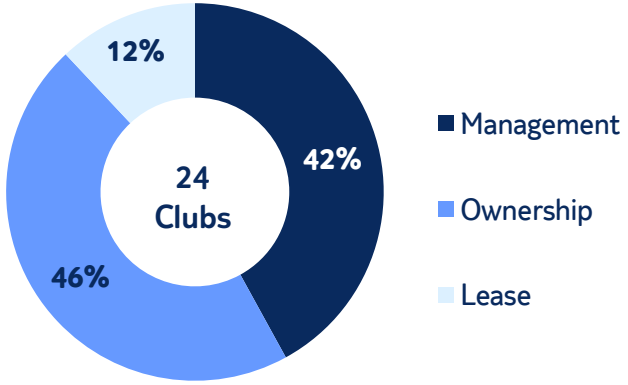


Robinson Club Maldives

Hotel beds by region (%)

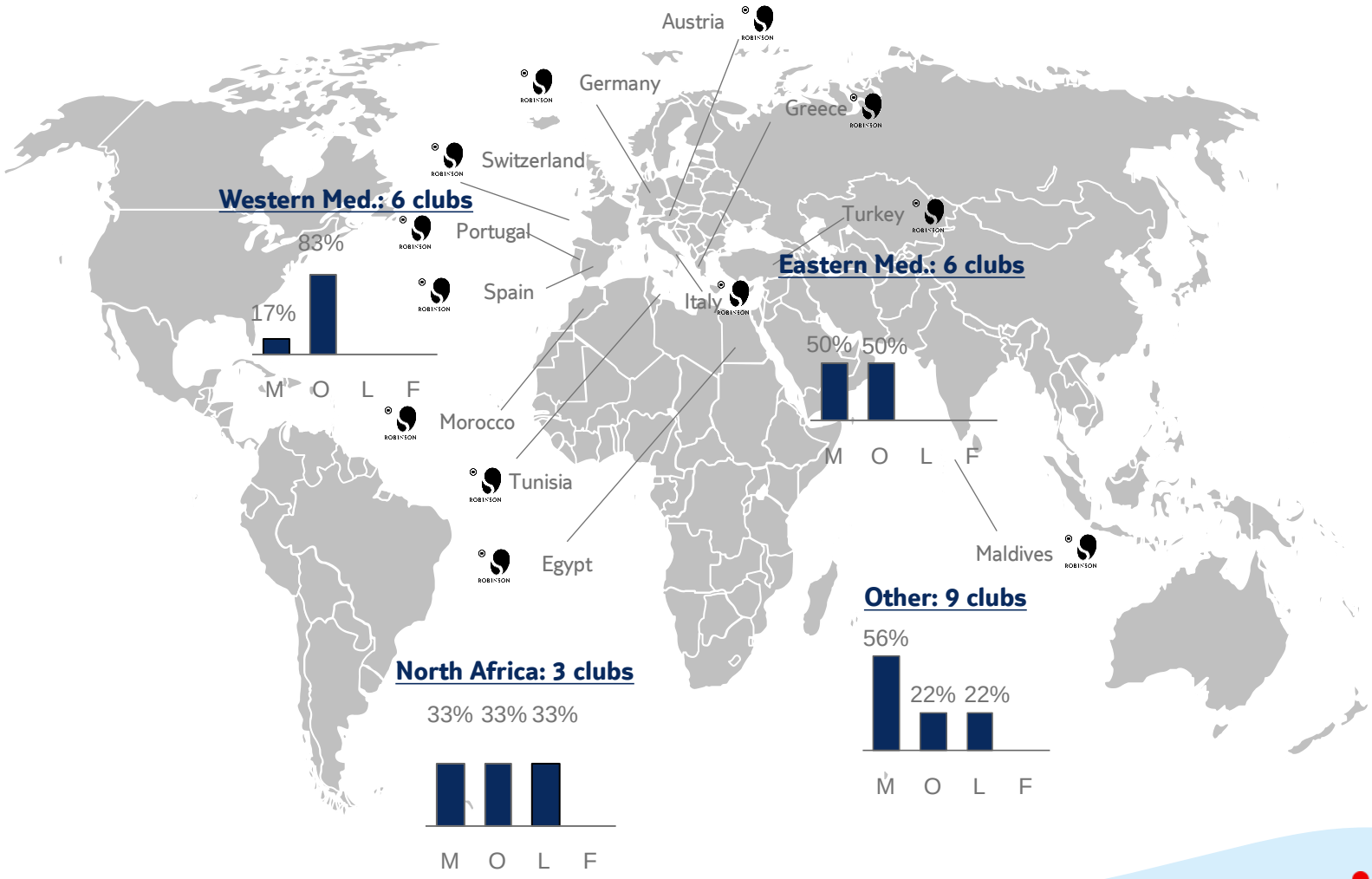


Financing structure (%)



* unaudited figures

Robinson Portfolio



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

TUI Cruises
Key Figures - 100% View

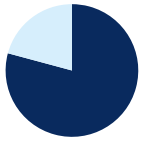
TUI Cruises 100%*	14/15 *	13/14	%
Turnover	614	381	61%
Underlying EBITA	156	78	102%
EBITA-Margin	25%	20%	
EAT	136	63	116%
o/w TUI EAT (50%)	*68*	*31*	*119%*
ROIC	10%	10%	
ROE	26%	14%	

* unaudited figures

Egypt & Tunisia

Tunisia

Tunisia Passenger Mix



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

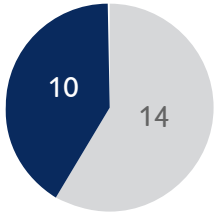
Summer 14
Winter 13/14

Tunisia Hotel Portfolio

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



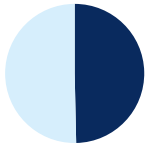
24 hotels
c8k rooms
c16k beds



RIU
Magic Life
TTH Tunisia
Robinson
Club Marmara
Lease
Management

Egypt

Egypt Passenger Mix

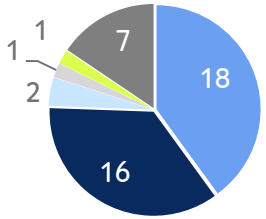


- Egypt was ~3% of tour operator programme in FY15

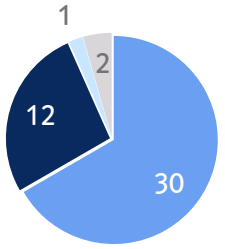
Summer 15
Winter 14/15

Egypt Hotel Portfolio

(number of hotels, September 2015)



45 hotels
c11k rooms
c27k beds



Iberotel
Magic Life
Sensimar
Jaz
Robinson
Sol Y Mar
Managed
Leased
Owned
Franchised

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

Financial Target Ratios 2014/15

In €m	14/15
Gross debt	*1,886*
Pensions	*1,147*
NPV operating leases	*3,540*
Debt	6,574
Reported EBITDAR	2,219
Leverage Ratio	**3.0**

Reported EBITDAR	2,219
*Rentals - interest component**	*291*
Net financial expense	*184*
Interest charges	473
Coverage Ratio	**4.7**

* 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	-	-
Firm order book deliveries 2015-2020	**10**	**1**	**1**	**6**	**14**	**14**

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	-
Option order book deliveries 2015-2020	**-**	**-**	**-**	**-**	**5**	**6**

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

Aircraft Commitments by Financing Type

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

3 x B737-800

2 x B737-800
4 x B787-8

1 x B787-8 (debt financed)

* 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

betterholidays betterworld

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 3rd 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

TUI

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

Contact



Germany: +49 (0) 511 566-1425
UK: +44 (0) 1293-645831

E-Mail: investor.relations@tui.com
Web: http://www.tuigroup.com