TUI GROUP – INVESTOR PRESENTATION

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UniCredit / KeplerCheuvreux – German Investment Conference

Munich, 25 - 26 September 2013



Future-related 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	100-day review – oneTUI
2	oneTUI programme
3	9-Month Results & Outlook FY 2012/13
4	Summary

TUI – at a glance

- Europe's leading Travel Group
- Three strong sectors: Tour operator, Leisure Hotels and Cruise Shipping
- Turnover of €18.5bn and underlying EBITA of €746m (2011/12)
- Financial Investment of 22% in Hapag-Lloyd container line (held for divestment)

Tour operator

TUI Travel



TUI Travel

Content

Hotels



TUI Hotels & Resorts

Cruises



TUI Cruises

Hapag-Lloyd Kreuzfahrten

TUI status quo “100-day review”

TUI is a top consumer brand with many strengths…

- ☑ Tourism is a growth market
- ☑ Market leader in tour operating and retail
- ☑ No 1 leisure hotelier in Europe
- ☑ Leading tourism brand worldwide

… with substantial scope for value creation through:

- ☐ Implementing strategic leadership through better vertical integration
- ☐ Driving capital efficiency and restructuring underperforming hotel & cruise assets
- ☐ Establishing a lean holding structure and cutting interest costs
- ☐ Increasing cash flows to TUI AG, establishing strict financial discipline and performance management within the Group

Value creation through enhanced profitability and an attractive dividend policy

Agenda

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2	oneTUI programme
3	9-Month Results & Outlook FY 2012/13
4	Summary

oneTUI – Stronger together

Business excellence & cash flow orientation

- Group-wide business excellence programme
- Cash flow orientation
- Financial discipline
- Further deleveraging



Transformation & optimise vertical integration

- Focus on brand
- Focus on content
- Focus on customers
- Focus on tour operator & retail
- Focus on integrated value chain

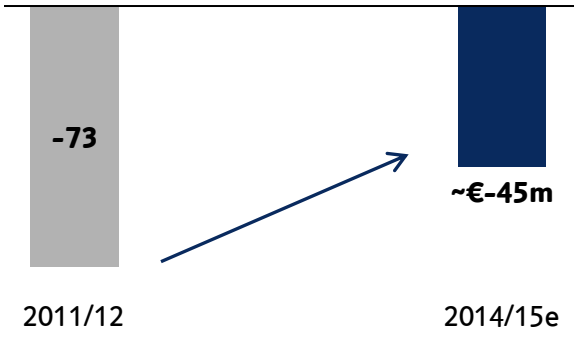
Establish dividend policy

Complement tour operator with content business

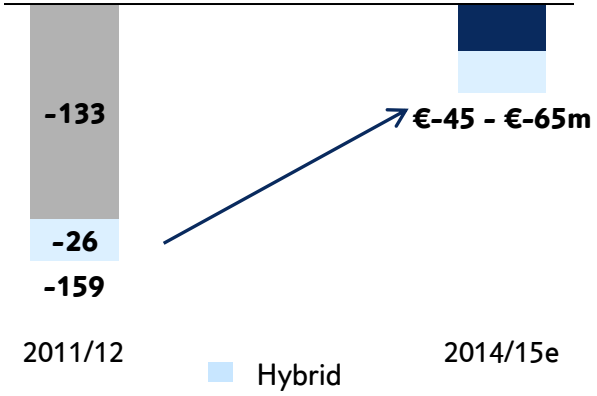
Central Operations – key targets and measures

Key targets

Underlying EBITA (€m)



Interest result (Central Operations incl. hybrid) (€m)

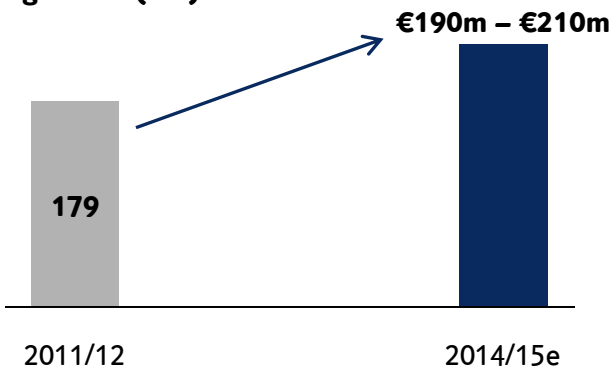


1. Project Lean Holding
   - Sponsorship contracts terminated, company jet sold ✓
   - Social plan concluded, headcount reduction effective summer 2014 at the latest ✓
2. Financial debt maturities 2012/13 redeemed; all maturities cash covered through 2015 ✓
3. Continuing exit strategy Hapag-Lloyd
   - IPO or 3rd party sale

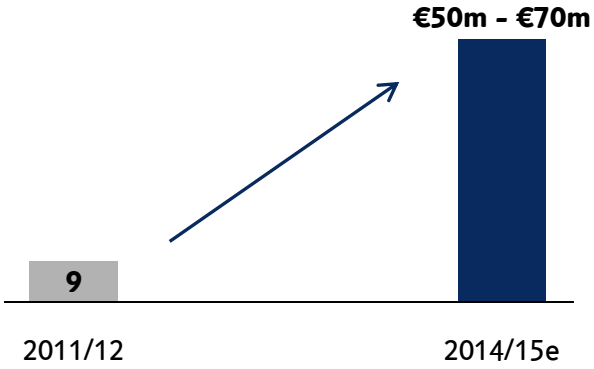
Content
TUI Hotels & Resorts – key targets and measures

Key targets

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



* after CAPEX

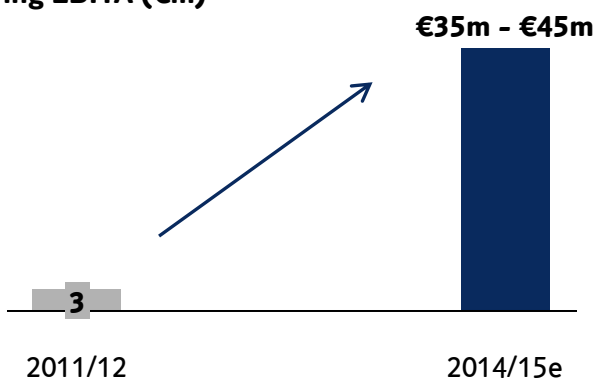
TUI Hotels & Resorts

1. Focus & capital efficiency
   - Lean leadership & focus on core assets implemented ✓
   - Asset management: two assets divested, 8 hotels under review, two new projects decided ✓
   - Agreement with tour operator well on track ✓
2. Increase cash flow to TUI AG
   - Cash flow and dividend targets confirmed ✓

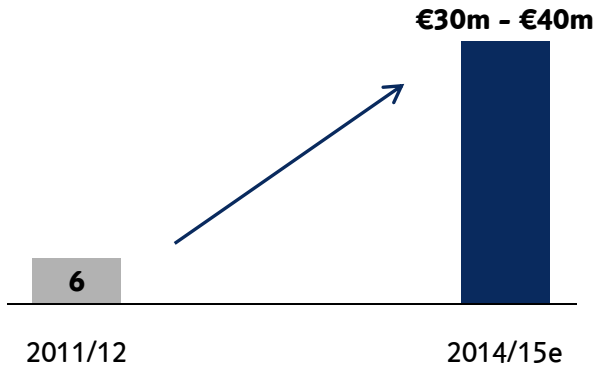
Content
Cruises – key targets and measures

Key targets

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



* after CAPEX

TUI Cruises

1. Focus on growth & dividends
   - New bookings for 3rd ship encouraging ✓
   - Establish 4-ship operations
   - Optimize capital efficiency & increase dividends to TUI AG

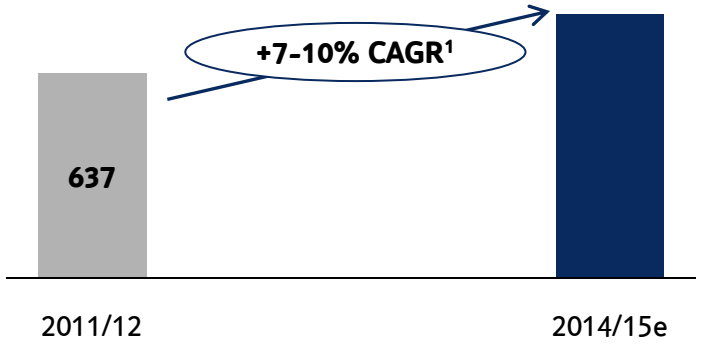
Hapag-Lloyd Kreuzfahrten

2. Focus on turnaround
   - New CEO appointed ✓
   - Turnaround programme being implemented ✓
   - Return to profitability in 2014/15

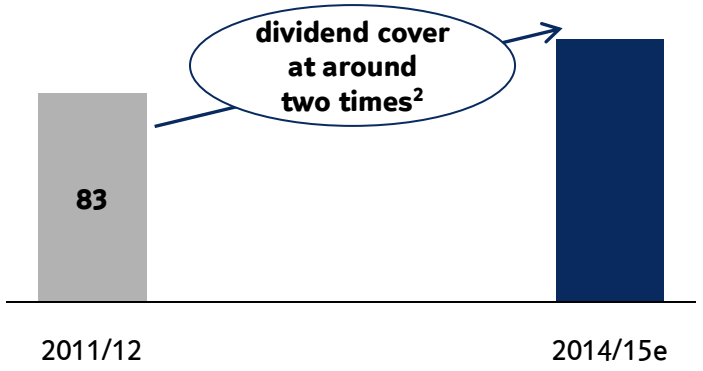
Tour operator
TUI Travel – key targets and measures

Key targets

Underlying EBITA (€m)[1]



Cash flow to TUI AG (HoldCo) (€m)[2]



1 Based on TUI Travel GBP guidance: 7-10% EBITA CAGR over next 5 years; € forecast on a constant currency basis

2 Based on unaltered dividend policy for TUI Travel "underlying dividend cover at around two times"

TUI Travel

1. Strategic initiatives for underperforming Mainstream markets ✓
   - Germany
   - France
2. Strategic review of Specialist & Activity, Accommodation & Destinations under way ✓
3. Focus on cash flow generation and deleveraging on track ✓

oneTUI – Focus on cash flow well on track

Business excellence

Central Operations

- Lean Holding project
- Reduce cash-out
- Reduce interest costs

Content

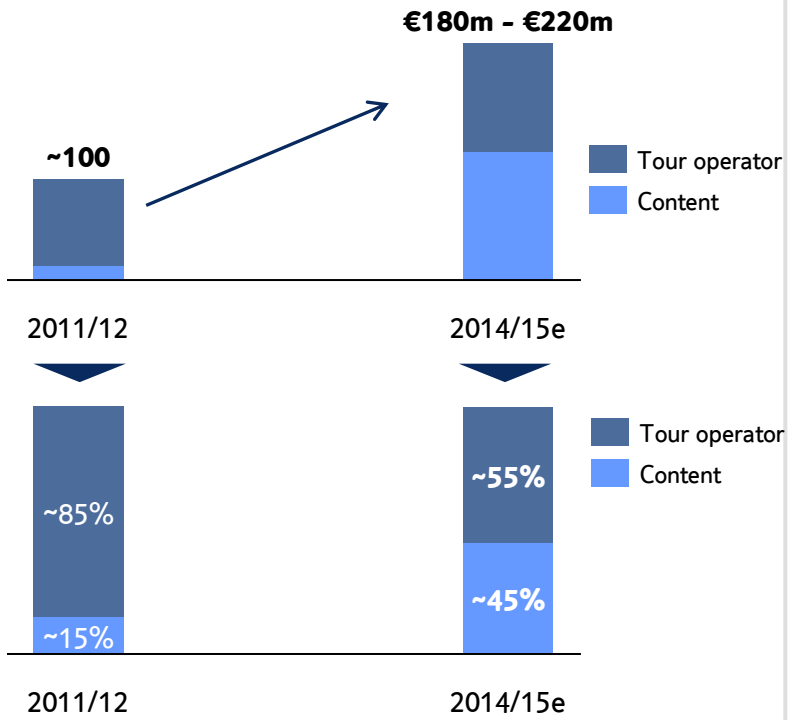
- Increase cash contribution
- Improve value creation of content business

Tour operator

- Increase free cash flow and deleverage
- Unaltered dividend policy

Development content versus tour operator

Cash contributions to TUI AG* (€m)



Almost equal cash contributions to TUI AG from content and tour operator business targeted

* Before cash-out from central operations

oneTUI – Stronger together

Business excellence & cash flow orientation

- Group wide business excellence programme
- Cash flow orientation
- Financial discipline
- Further deleveraging



Transformation & optimise vertical integration

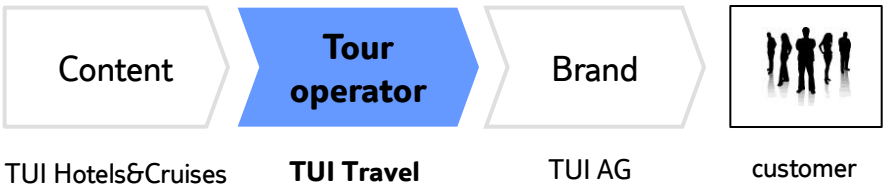
- Focus on brand
- Focus on content
- Focus on customers
- Focus on tour operator & retail
- Focus on integrated value chain

Establish dividend policy

Complement tour operator with content business

Transformation & optimise vertical integration

TUI today



Tour operator and distribution dominated model

Target business model



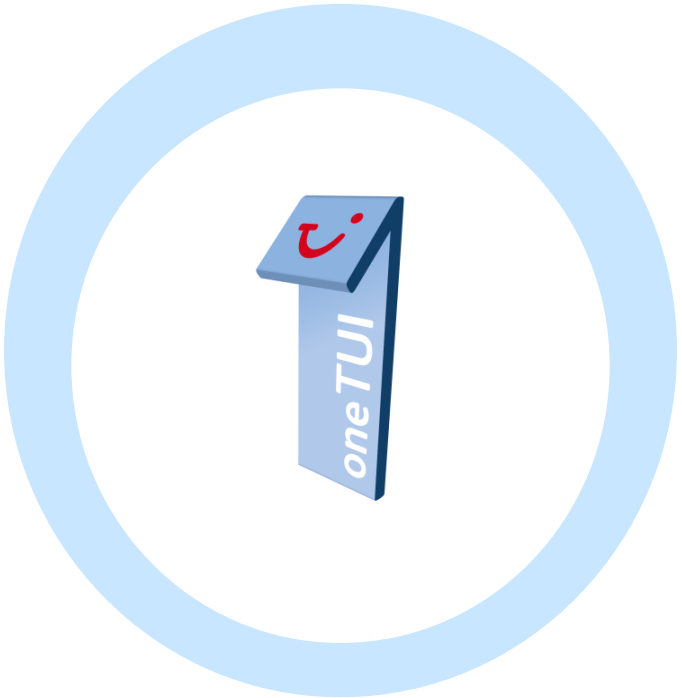
Content & brand as basis for differentiation & value creation

Rationale

- At over 60%, **content** is the main **driver of** customers' **net promoter score**
- Content business as **essential part of value creation**
- **Integration** of content & tour operator/retail: **Essential for scalability of content**
  (Tour operator: Occupancy; Content & Brand: Attractiveness of tour operator products)

Transformation & optimise vertical integration

Key areas for joint projects	
1 Brand management	- in progress -
2 Integrated world of hotel brands	- in progress -
3 Aligned Online / CRM strategy	- in progress -
4 Common management systems & processes	✓
5 Joint personnel development "one team"	✓



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Overview 9M 2012/13

Business development 9 months 2012/13

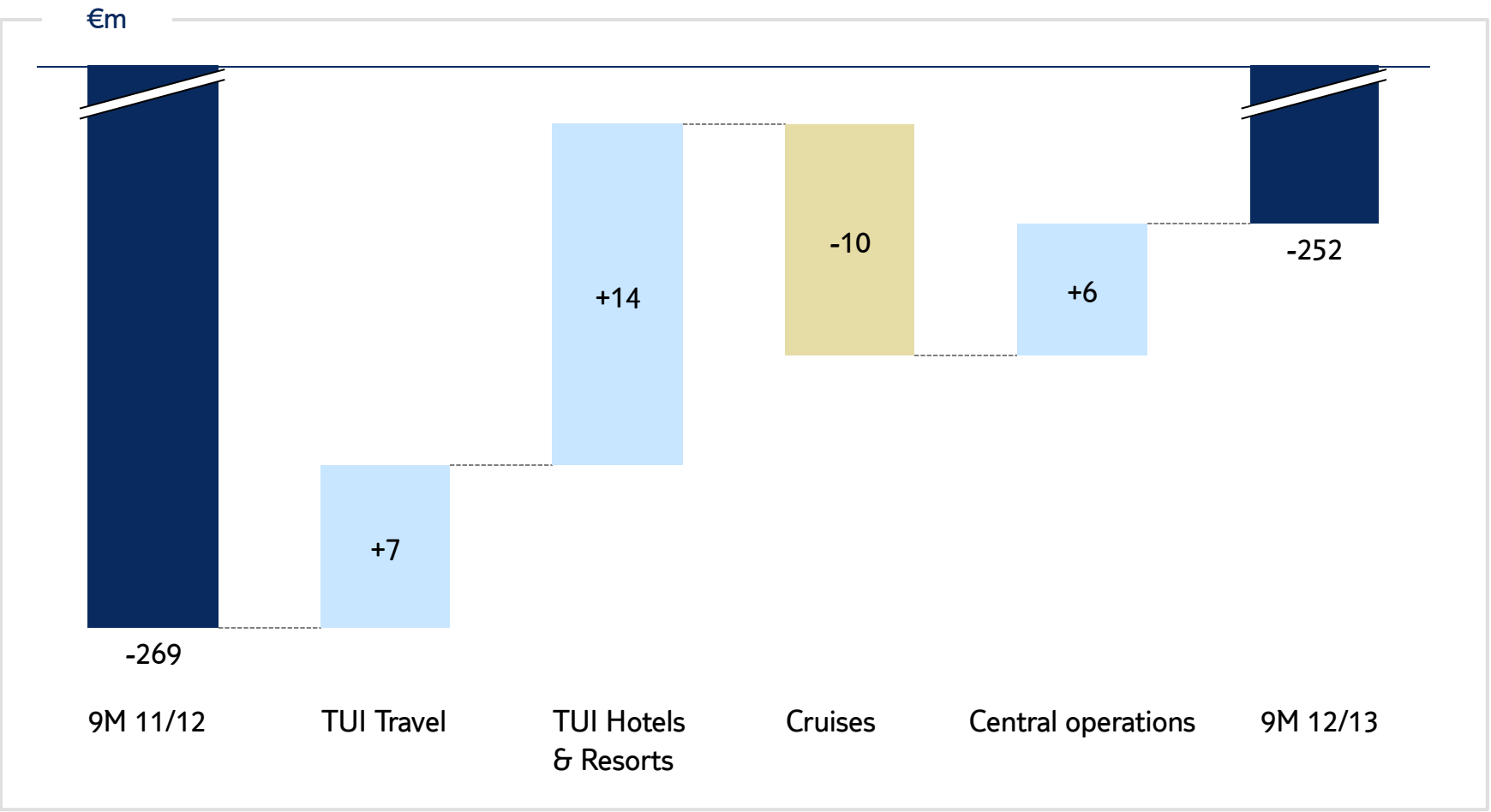


- Group turnover with €11.5bn on last year's level
- Improved underlying EBITA based on strong trading at TUI Travel and a good operating development of TUI Hotels & Resorts
- Reported EBITA also increased despite one-off costs for TUI Travel business improvement programme and oneTUI
- Net debt reduced to €475m through improved working capital of TUI Travel

€m

	9M 12/13	9M 11/12	%
Turnover	11,518	11,455	+0.6
Underlying EBITA	-252	-269	+6.3
Reported EBITA	-392	-417	+6.1
Net debt	475	759	

TUI Group
Underlying EBITA – 9M profit bridge



Balance sheet 30 June 2013
Group net financial debt

€m

	30 June 2013	30 Sep 2012	30 June 2012
Financial liabilities	**2,181.9**	**2,456.6**	**2,627.3**
thereof non-current	1,929.1	1,810.5	1,924.3
thereof current	252.8	646.1	703.0
Cash	**1,706.6**	**2,278.4**	**1,868.7**
Net debt	**475.3**	**178.2**	**758.6**

- Y-o-y net debt reduced to €475m through improved working capital of TUI Travel
- Compared with September 2012, the net financial debt position is higher due to the typical seasonal cash flow pattern
- Group net debt position expected to be flat y-o-y

Outlook FY 2012/13
Guidance for underlying EBITA confirmed

TUI Travel	▪ Positive effects of business improvement programme ▪ Improved margins through higher sales of unique products ▪ TUI Travel anticipates full-year underlying operating profit growth in sterling of at least 10% on a constant currency basis ▪ Negative FX effects from translation of GBP into € expected ▪ In total, we expect an increase in underlying EBITA on € basis	
TUI Hotels & Resorts	▪ Slight reduction in capacity and bednights due to renovation ▪ Due to good operating performance and the gain realised in connection with the sale of a hotel in Q1, earnings are expected to grow slightly y-o-y	
Cruises	▪ Continued positive performance of TUI Cruises ▪ Hapag-Lloyd Kreuzfahrten will be impacted by start-up costs for fleet expansion, reorganisation of fleet and weaker trading ▪ Overall earnings are expected to fall below prior year	
TUI Group	▪ Group underlying EBITA expected to improve y-o-y ▪ Group reported EBITA expected to grow slightly y-o-y despite still high one-off expenses	

Outlook 2012/13 – Key figures

Key figures (in €m)	9M 11/12	9M 12/13	Outlook FY 11/12	Outlook FY 12/13e
Turnover	11,455.2	11,518.4	18,330.3	
Underlying EBITA	-269.2	-252.2	745.7	
Reported EBITA	-417.1	-391.8	538.8	

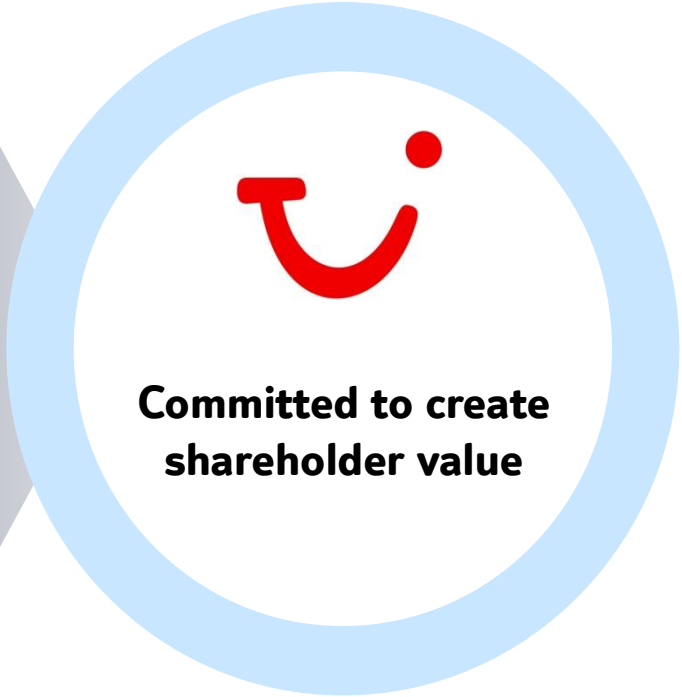
Full-year Group result impacted by one-off costs and still high interest expenses

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Conclusion – oneTUI stronger together

1	**Tourism is a growth market**
2	**#1 tourism brand in tour operating and leading European leisure hotelier**
3	**Vertical integration as a strong value driver**
4	**Value generation through cost efficiency and turnaround of underperformers**
5	**EBITA of ~€1bn for 2014/15 targeted**
6	**Strict financial discipline with focus on cash generation & deleveraging**
7	**Attractive dividend policy: around 50% of TUI AG* net cash flow**



* Holding company

Appendix



Group P&L
Q3 and 9M 2012/13

in €m	Q3 12/13	Q3 11/12	9M 12/13	9M 11/12
Turnover	4,679.0	4,724.7	11,518.4	11,455.2
Underlying EBITA	**86.5**	**102.3**	**-252.2**	**-269.2**
Adjustments	0.7	-58.5	-139.6	-147.9
EBITA	**87.2**	**43.8**	**-391.8**	**-417.1**
Impairment of goodwill	-	-	8.3	-
EBIT	**87.2**	**43.8**	**-400.1**	**-417.1**
Interest result	-53.3	-64.5	-192.9	-175.3
Gains on investment in HL	-	46.6	-	63.7
Equity result Hapag-Lloyd	3.9	-3.0	-25.4	-61.7
EBT	**37.8**	**22.9**	**-618.4**	**-590.4**
Income taxes	12.4	13.6	-151.9	-197.2
Group result	**25.4**	**9.3**	**-466.5**	**-393.2**
Minority interests	10.1	12.6	-96.4	-117.1
Hybrid dividend	5.3	6.4	17.9	19.0
Group result after min./hybrid	10.0	-9.7	-388.0	-295.1
EPS (€)	**0.04**	**-0.04**	**-1.54**	**-1.17**

Underlying and reported EBITA Q3 & 9M 2012/13

Underlying EBITA (€m)	Q3 12/13	Q3 11/12	%	9M 12/13	9M 11/12	%
TUI Travel	78.3	89.2	-1	**-290.4**	**-297.2**	+2.3
TUI Hotels & Resorts	30.4	35.4	-14.	**104.9**	**90.5**	+15.9
Cruises	-6.7	-2.2	-204.	**-17.7**	**-7.9**	-124.1
Central Operations	-15.5	-20.1	+22.9	**-49.0**	**-54.6**	+10.3
Group	86.5	102.3	-15.4	**-252.2**	**-269.2**	+6.3

€-259m excl. empty legs

€90m excl. disposal gain

Reported EBITA (€m)	Q3 12/13	Q3 11/12	%	9M 12/13	9M 11/12	%
TUI Travel	72.1	33.0	+118.5	**-346.6**	**-456.1**	+24.0
TUI Hotels & Resorts	30.4	35.0	-13.1	**79.0**	**90.1**	-12.3
Cruises	0.8	-2.2	n.m.	**-59.2**	**-7.9**	-649.4
Central Operations	-16.1	-22.0	+26.8	**-65.0**	**-43.2**	-50.5
Group	87.2	43.8	+99.1	**-391.8**	**-417.1**	+6.1

Underlying vs. reported EBITA – Adjustments

Development 9M 2012/13

€m	H1 12/13	Q3 12/13	9M 12/13
Underlying EBITA	**-338.7**	**86.5**	**-252.2**
TUI Travel	-50.0	-6.2	-56.2
TUI Hotels & Resorts	-25.9	-	-25.9
Cruises (€90m*)	-49.0	7.5	-41.5
Central operations	-15.4	-0.6	-16.0
Total adjustments	-140.3	0.7	-139.6
Reported EBITA	**-479.0**	**87.2**	**-391.8**

*measures taken in connection with oneTUI (further details please see H1 presentation, page 18)

Outlook 2012/13

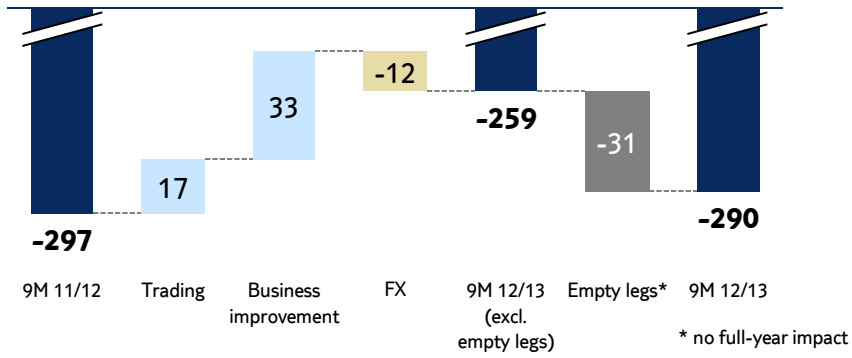
FY 2012/13e
Total adjustments < €200m expected

TUI Travel
Operating performance

Turnover and Earnings (€m)

	9M 12/13	9M 11/12	%
Turnover	11,030.2	10,996.4	+0.3
Underlying EBITA	-290.4	-297.2	+2.3
Reported EBITA	-346.6	-456.1	+24.0
For information purposes only:			
Underl. EBITA (excl. empty leg)	*-259.5*	*-297.2*	*+12.7*

Bridge Underlying EBITA (€m)

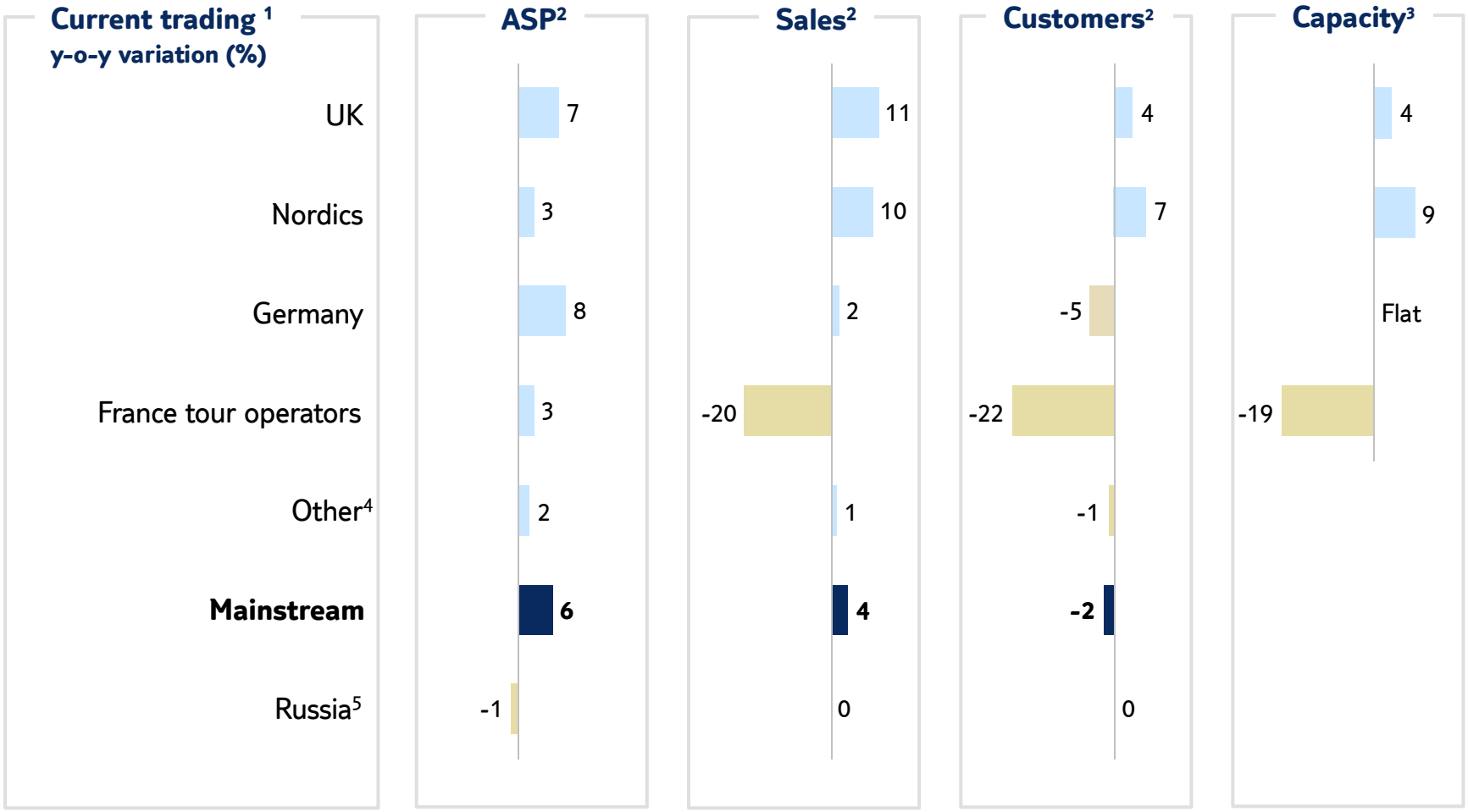


Business development 9 months 2012/13



- Turnover grew by 0.3% to €11.0bn mainly driven by the higher ASP of unique product offering
- Underlying EBITA improved by €38m y-o-y excluding impact from empty leg accounting of €31m and despite negative FX effect
- UK continued to outperform the market with strong margins and load factors; Nordic region up driven by improved trading in the tour operator
- Germany profited from good sales of core package holiday offering and delivered on business improvement programme
- France benefited from efficiency savings; tour operator continues to be impacted by low demand for North Africa
- A&D sector reported improved volumes of the Accommodation Wholesaler

TUI Travel
Current trading Summer 2013



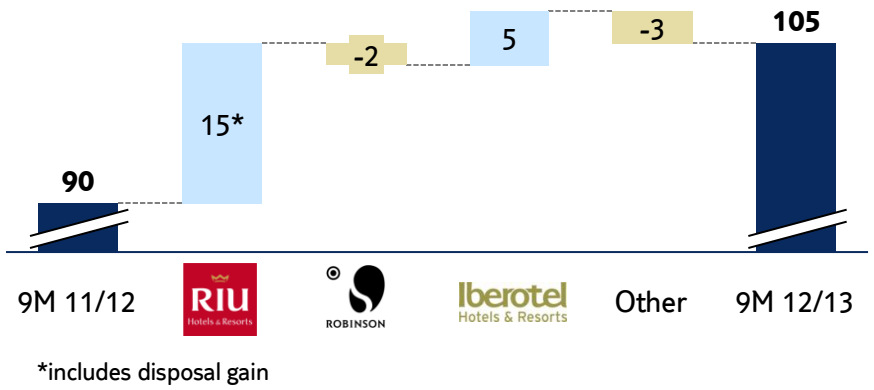
1) These statistics are up to 28 July 2013 and are shown on a constant currency basis
2) These statistics relate to all customers whether risk or non-risk
3) These statistics include all risk capacity programmes
4) Other includes Austria, Belgium, Netherlands, Poland and Switzerland
5) Joint Venture with S-Group

TUI Hotels & Resorts
Operating performance

Turnover and Earnings (€m)

	9M 12/13	9M 11/12	%
Total Turnover	555.9	565.5	-1.7
Turnover 3rd party	288.8	262.6	+10.0
Underlying EBITA	104.9	90.5	+15.9
For information purposes only:			
Underl. EBITA (excl. disposal gains)	*90.3*	*87.5*	*+3.2*

Bridge Underlying EBITA (€m)



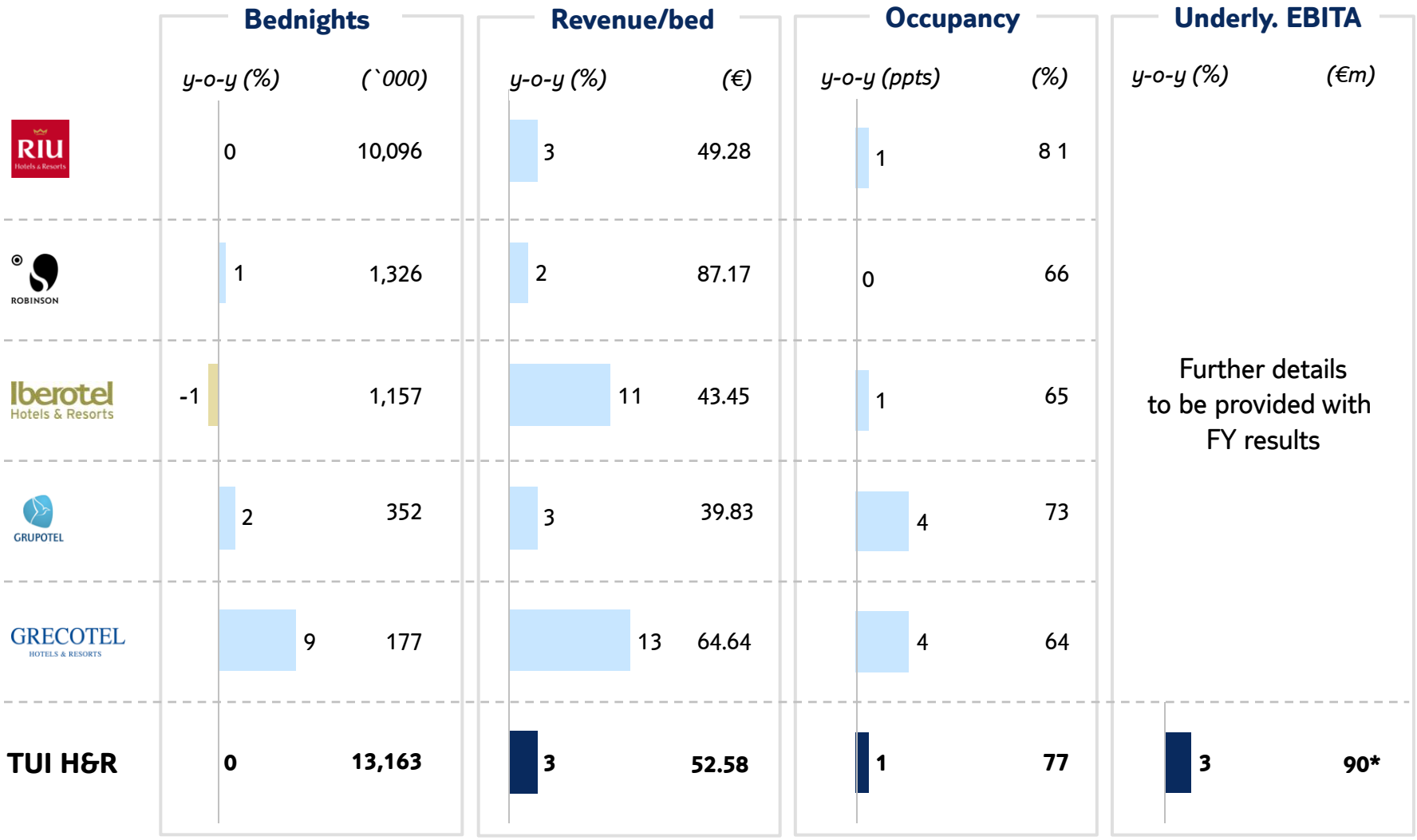
*includes disposal gain

Business development 9 months 2012/13



- Total turnover at €556m on slightly reduced capacity
- Underlying EBITA improved by 16% to €105m (including the sale of a Riu hotel)
- Riu continued its strong development, especially in Spain and the Caribbean
- Robinson delivered a stable operating performance (9M 11/12 include disposal gain of €3m)
- Iberotel with satisfactory results in an ongoing challenging market environment

TUI Hotels & Resorts
KPIs for owned and leased hotels 9M 2012/13



*excluding disposal gain

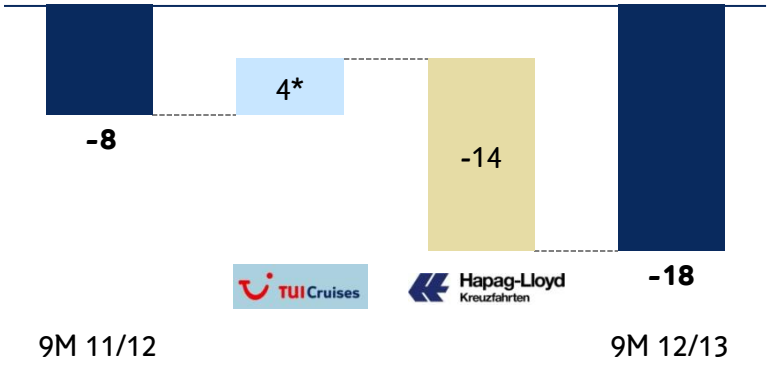
Cruises
Operating performance

Turnover and Earnings (€m)

	9M 12/13	9M 11/12	%
Turnover	188.0	161.6	+16.3
Underlying EBITA	-17.7	-7.9	-124.1
Reported EBITA	-59.2	-7.9	

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

Bridge Underlying EBITA (€m)



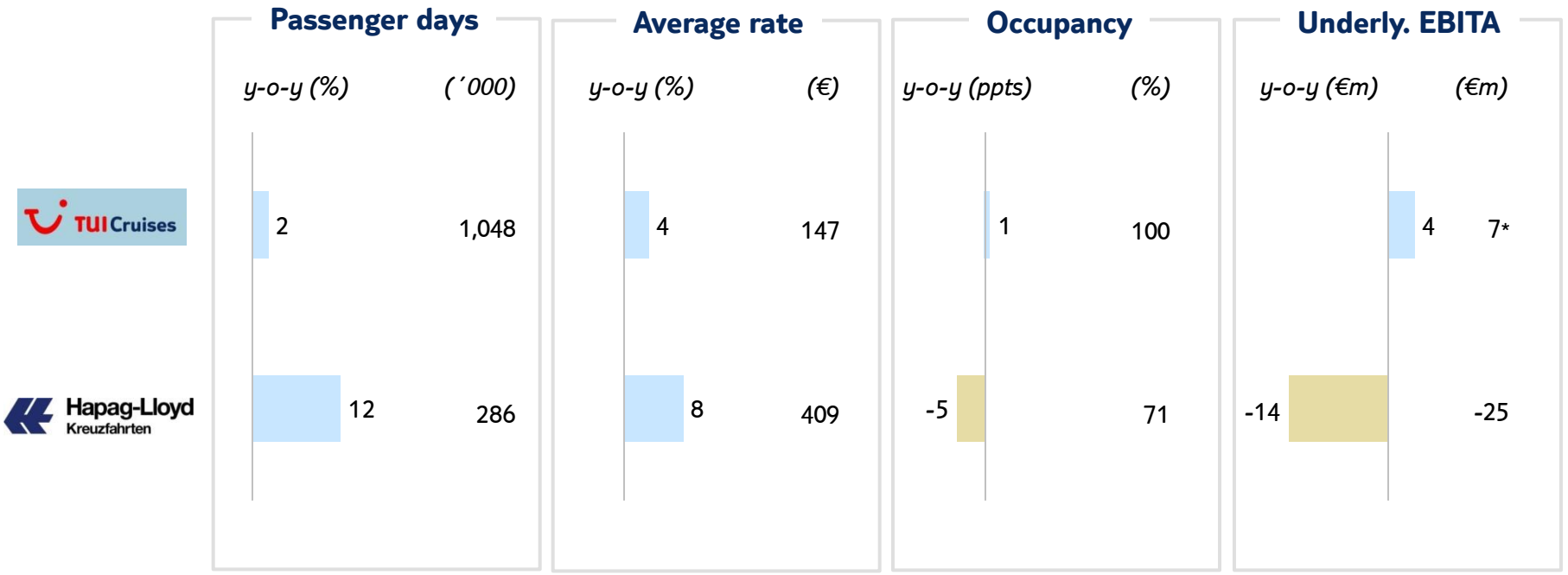
*At equity result

Business development 9 months 2012/13



- Turnover grew by 16% to €188m due to capacity expansion in Hapag-Lloyd's fleet
- Underlying EBITA decreased to €-18m (€-8m) y-o-y
  - TUI Cruises continued its strong performance with further improved KPIs
  - Hapag-Lloyd Kreuzfahrten reported decline in earnings due to start-up costs in connection with fleet expansion (Europa 2) and weaker than expected booking development

Cruises
Operating data 9M 2012/13



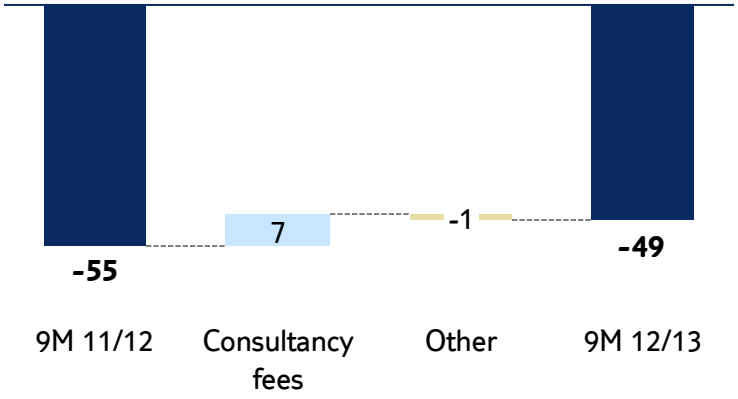
*At equity result

Central operations
Operating performance

Turnover and Earnings (€m)

	9M 12/13	9M 11/12	%
Turnover	11.4	34.6	-67.1
Underlying EBITA	-49.0	-54.6	+10.3
Reported EBITA	-65.0	-43.2	

Bridge Underlying EBITA (€m)



Business development 9 months 2012/13



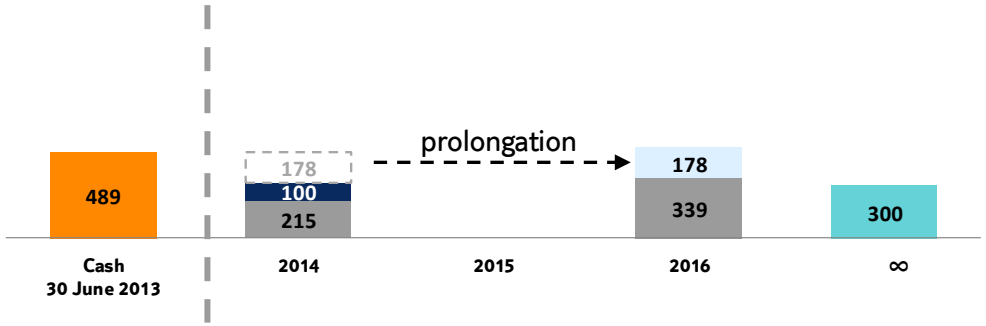
- Central operations comprise the real estate companies of the Group as well as corporate centre functions of TUI AG
- oneTUI programme already leads to a first improvement in underlying EBITA of €6m due to lower consultancy fees

TUI AG (HoldCo Accounts - German GAAP)
Development of net financial debt position

€m	30 June 2013	30 Sep 2012
Financial liabilities	**1,132**	**1,590**
Senior fixed rate notes (12/2012)	-	233
Exchangeable bonds (04/2013)	-	206
Private placements (08/2014)	100	100
Convertible bonds (11/2014)	215	215
Convertible bonds (03/2016)	339	339
Liabilities to banks	178	197
Hybrid (treated as equity in Group balance sheet (IFRS))	300	300
Cash	**489**	**1,129**
Net debt	**643**	**461**

- HoldCo net debt position expected to increase to approx. €700m - €720m at FY-end due to one-off cash-outs (Cruise capex, taxes, Babcock and other)
- All maturities cash covered through 2015

TUI AG maturities covered through 2015 (HoldCo, German GAAP, €m)



- Private placement
- Refinancing for TTP convertible investment (GBP 200m nominal value)
- Convertible bonds
- Hybrid bonds

Financial calendar

08 August 2013	*Nine Month Report 2012/13*
18 December 2013	Financial Year 2012/13
12 February 2014	Annual General Meeting

Contact

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