

9-MONTH RESULTS 2012/13

TUI Analysts' Conference Call

Hanover, 8 August 2013



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.

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Operating review 9M 2012/13

Friedrich Jousen

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Update oneTUI

Friedrich Jousen

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Financial statements 9M 2012/13

Horst Baier

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Outlook

Horst Baier

Overview 9M 2012/13

Business development 9 months 2012/13



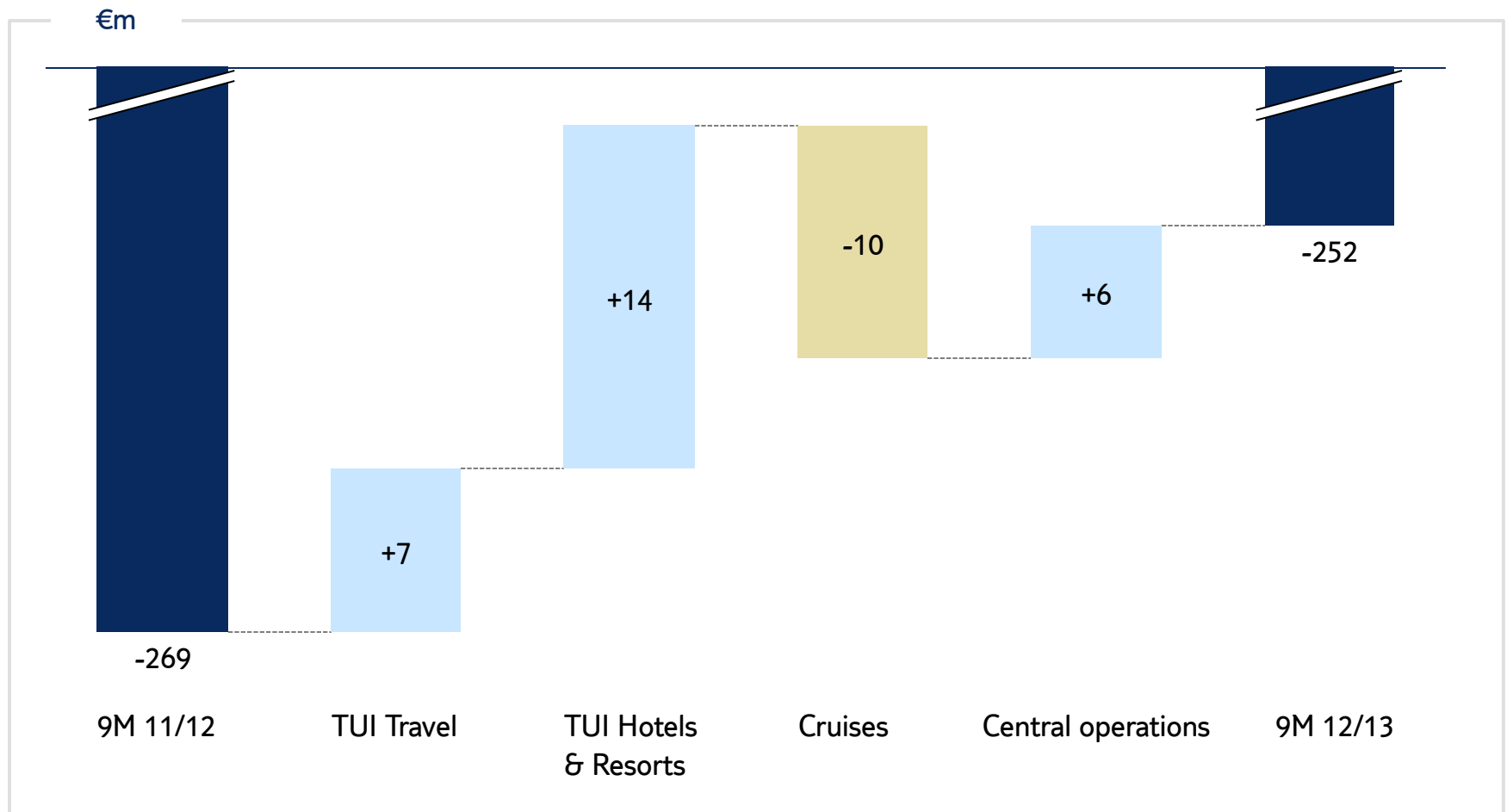
- Group turnover with €11.5bn on last year's level
- Improved underlying EBITA based on strong trading at TUI Travel and a good operating development of TUI Hotels & Resorts
- Reported EBITA also increased despite one-off costs for TUI Travel business improvement programme and oneTUI
- Net debt reduced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



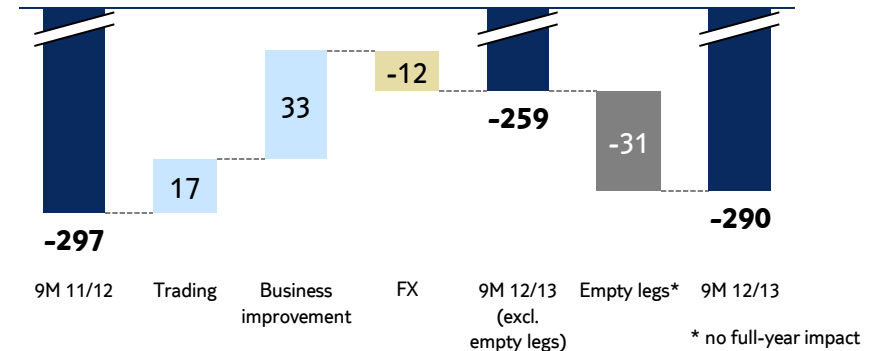
TUI Travel

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
<i>For information purposes only:</i>			
<i>Underl. EBITA (excl. empty leg)</i>	-259.5	-297.2	+12.7

Bridge Underlying EBITA (€m)



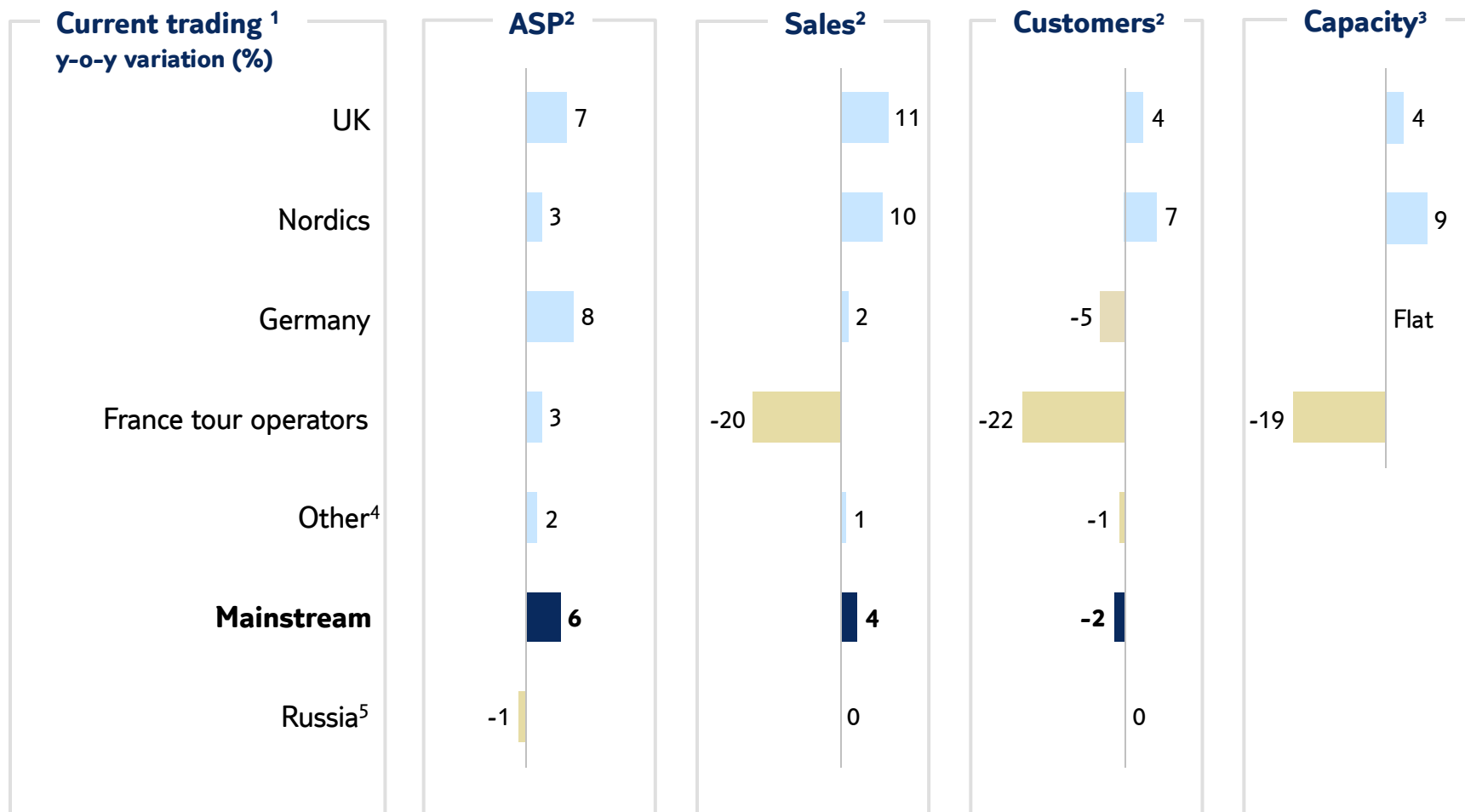
Business development 9 months 2012/13



- 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

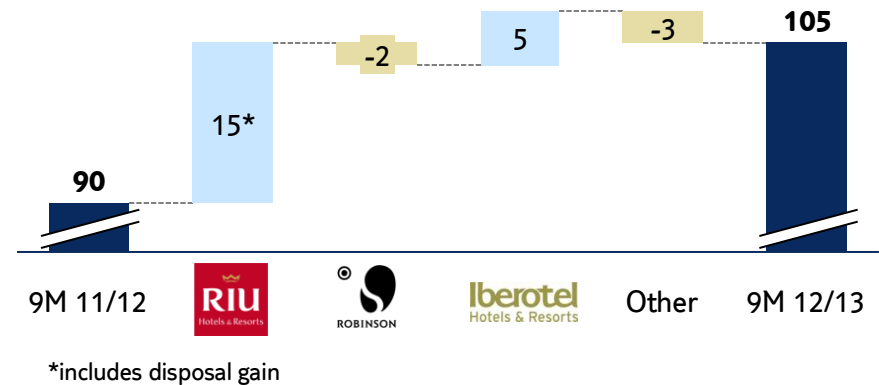
TUI Hotels & Resorts

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
<i>For information purposes only:</i>			
<i>Underl. EBITA (excl. disposal gains)</i>	90.3	87.5	+3.2

Bridge Underlying EBITA (€m)



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

	Bednights		Revenue/bed		Occupancy		Underly. EBITA	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (%)	(€m)
	0	10,096	3	49.28	1	81	Further details to be provided with FY results	
	1	1,326	2	87.17	0	66		
	-1	1,157	11	43.45	1	65		
	2	352	3	39.83	4	73		
	9	177	13	64.64	4	64		
TUI H&R	0	13,163	3	52.58	1	77	3	90*

Cruises

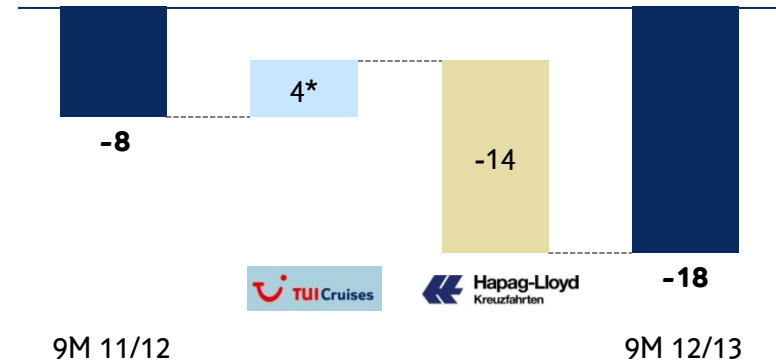
Operating performance

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

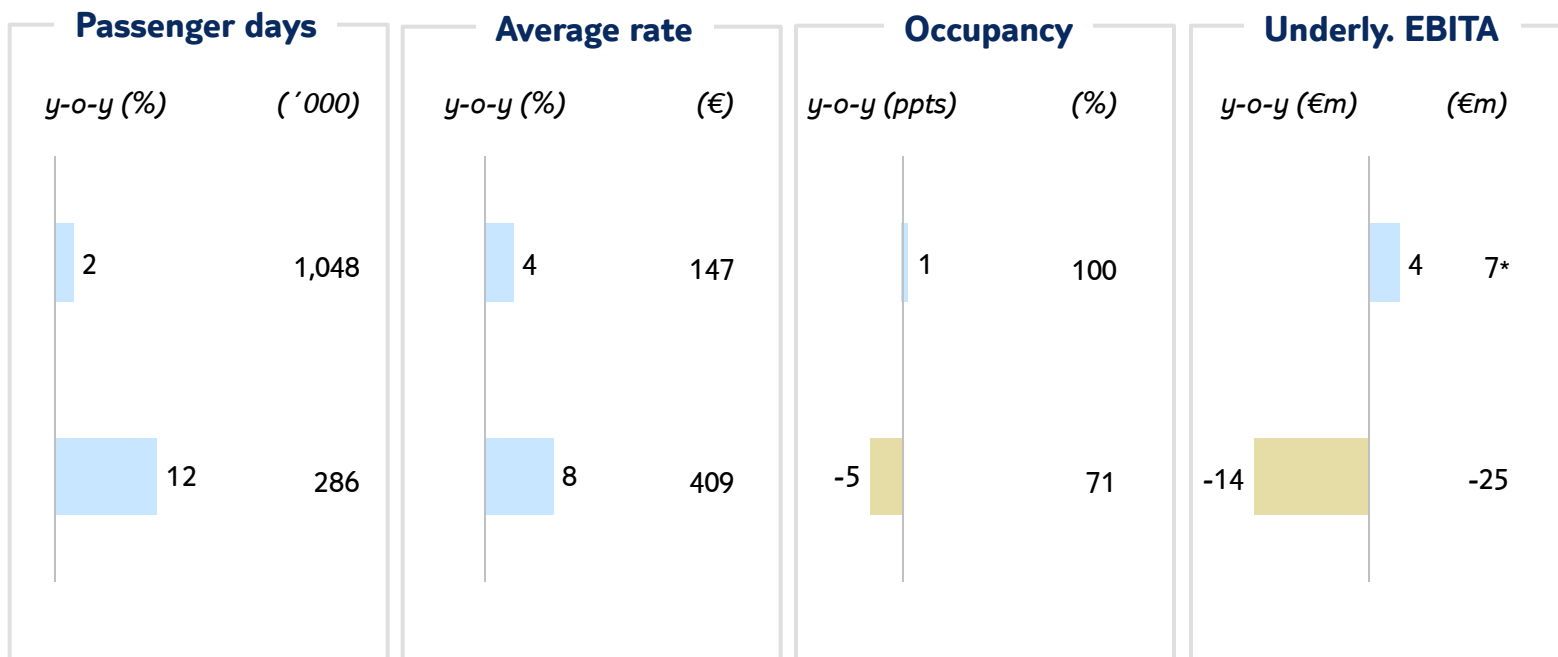
Business development 9 months 2012/13

- 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

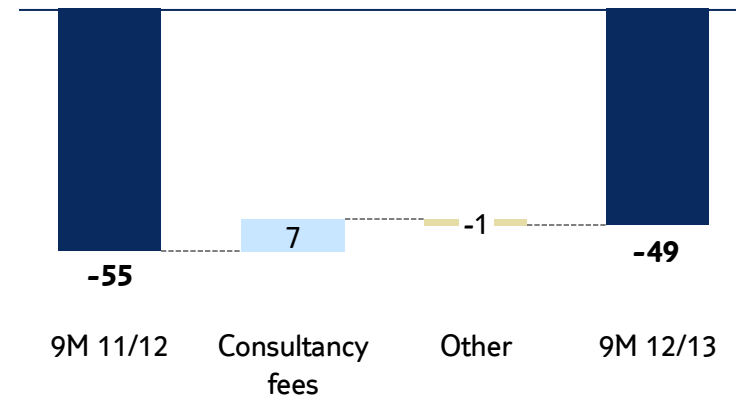
Central operations

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

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oneTUI – Business excellence & CF orientation

All measures well on track



Segment	Financial targets 2014/15e	Execution update
Central Operations	Underlying EBITA ~ €-45m Interest result ¹ ~ €-45m - €-65m	✓ Sponsorship contracts terminated, company jet sold ✓ Social plan concluded, headcount reduction effective summer 2014 at the latest ✓ Financial debt maturities 2012/13 redeemed; all maturities cash covered through 2015
TUI Hotels & Resorts	Underlying EBITA ~ €190m - €210m Cash flow to TUI AG ~ €50m - €70m	✓ Lean leadership & focus on core assets implemented ✓ Agreement with tour operator well on track ✓ Asset management: two assets divested, 8 hotels under review, two new projects decided ✓ Cash flow and dividend targets confirmed
Cruises	Underlying EBITA ~ €35m - €45m Cash flow to TUI AG ~ €30m - €40m	✓ TUI Cruises: profitable growth, new bookings for 3rd ship encouraging ✓ HLKF: new CEO appointed, turnaround programme being implemented - return to profitability in 2014/15
TUI Travel	Underlying EBITA 7-10% CAGR ² Cash flow to TUI AG Dividend cover at around two times	✓ Strategic initiatives for underperforming Mainstream markets (France, Germany) ✓ Strategic review of S&A, A&D under way ✓ Focus on cash flow generation on track

- (1) Net interest result of Central operations including hybrid
 (2) € forecast on a constant currency basis

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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 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	-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

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

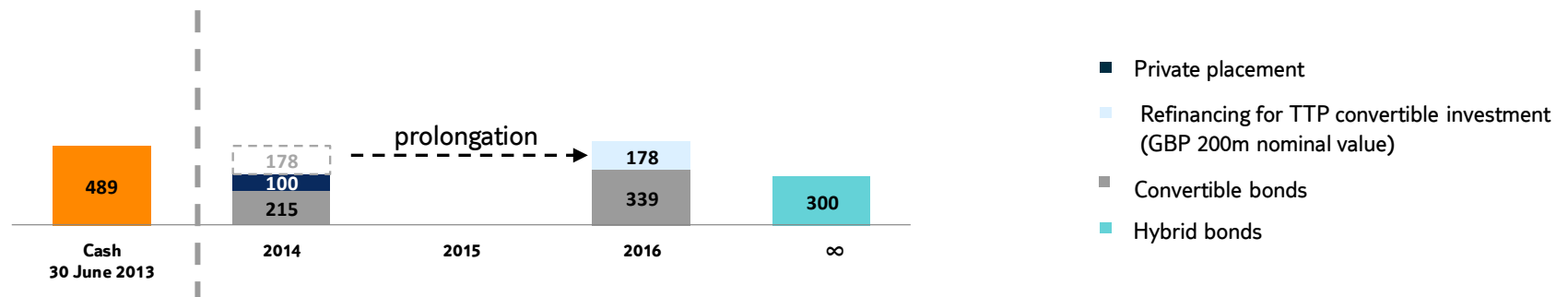
TUI AG (HoldCo Accounts - German GAAP)

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)



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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)			Outlook	
	9M 11/12	9M 12/13	FY 11/12	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				

Appendix



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	-11.2	€-259m excl. empty legs	-290.4	-297.2	+2.3
TUI Hotels & Resorts	30.4	35.4	-14.1		104.9	90.5	+15.9
Cruises	-6.7	-2.2	-204.5	€90m excl. disposal gain	-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

Reported EBITA (€m)	Q3 12/13	Q3 11/12	%
TUI Travel	72.1	33.0	+118.5
TUI Hotels & Resorts	30.4	35.0	-13.1
Cruises	0.8	-2.2	n.m.
Central Operations	-16.1	-22.0	+26.8
Group	87.2	43.8	+99.1

	9M 12/13	9M 11/12	%
	-346.6	-456.1	+24.0
	79.0	90.1	-12.3
	-59.2	-7.9	-649.4
	-65.0	-43.2	-50.5
	-391.8	-417.1	+6.1

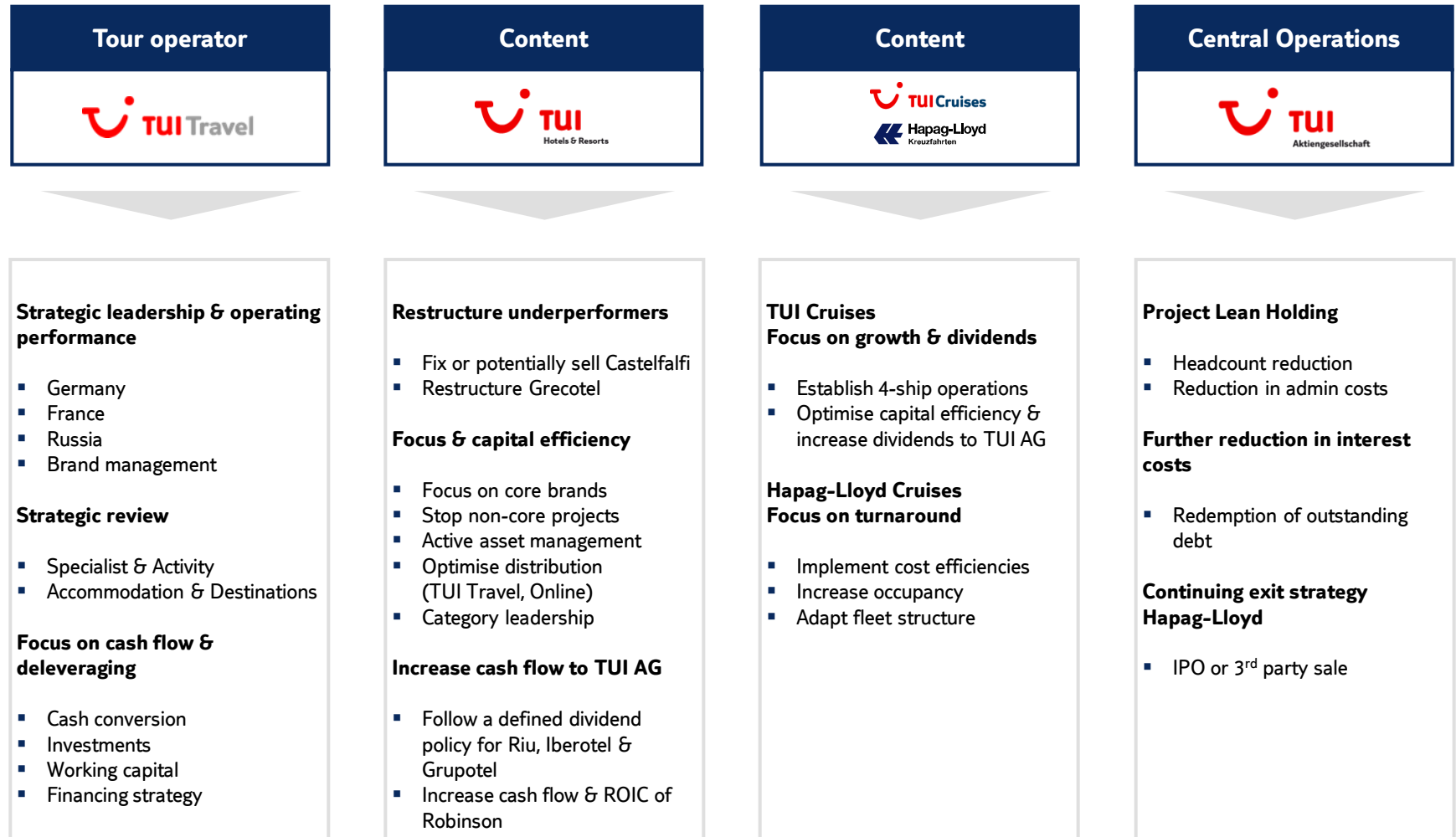
Turnover and earnings Q3 & 9M 2012/13



Q3 2012/13	TUI Travel			TUI Hotels & Resorts			Cruises			Central operations			Group		
	Q3 12/13	Q3 11/12	%	Q3 12/13	Q3 11/12	%	Q3 12/13	Q3 11/12	%	Q3 12/13	Q3 11/12	%	Q3 12/13	Q3 11/12	%
Turnover	4,536.3	4,563.5	-0.6	70.3	90.6	-22.4	67.4	59.3	+13.7	5.0	11.3	-55.8	4,679.0	4,724.7	-1.0
EBITDA underlying	141.6	141.1	+0.4	47.2	62.1	-24.0	-3.8	1.0	n/m	-14.4	-19.1	+24.6	170.6	185.1	-7.8
EBITA underlying	78.3	89.2	-12.2	30.4	35.4	-14.1	-6.7	-2.2	-204.5	-15.5	-20.1	+22.9	86.5	102.3	-15.4
EBITA reported	72.1	33.0	+118.5	30.4	35.0	-13.1	0.8	-2.2	n/m	-16.1	-22.0	+26.8	87.2	43.8	+99.1

9M 2012/13	TUI Travel			TUI Hotels & Resorts			Cruises			Central operations			Group		
	9M 12/13	9M 11/12	%	9M 12/13	9M 11/12	%	9M 12/13	9M 11/12	%	9M 12/13	9M 11/12	%	9M 12/13	9M 11/12	%
Turnover	11,030.2	10,996.4	+0.3	288.8	262.6	+10.0	188.0	161.6	+16.3	11.4	34.6	-67.1	11,518.4	11,455.2	+0.6
EBITDA underlying	-116.0	-155.4	+25.4	154.6	150.7	+2.6	-10.0	0.0	n/m	-45.6	-51.1	+10.8	-17.0	-55.8	+69.5
EBITA underlying	-290.4	-297.2	+2.3	104.9	90.5	+15.9	-17.7	-7.9	-124.1	-49.0	-54.6	+10.3	-252.2	-269.2	+6.3
EBITA reported	-346.6	-456.1	+24.0	79.0	90.1	-12.3	-59.2	-7.9	-649.4	-65.0	-43.2	-50.5	-391.8	-417.1	+6.1

oneTUI – Business excellence & CF orientation – Execution roadmap



Central Operations – key targets and measures

1. Project Lean Holding

- Headcount reduction
- Reduction in admin costs
(e.g. sponsorship, consultancy fees)

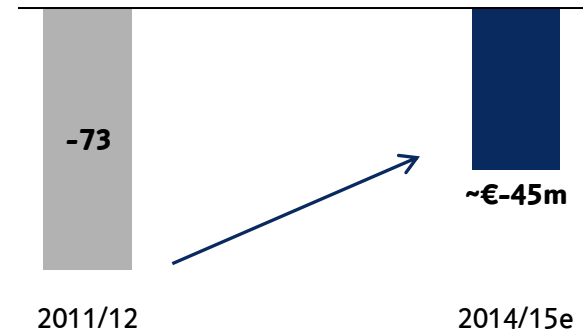
2. Further reduction in interest costs through redemption of outstanding debt

3. Continuing exit strategy Hapag-Lloyd

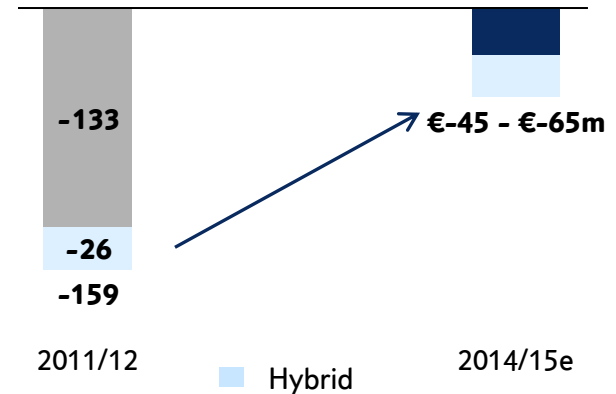
- IPO or 3rd party sale

Key targets

Underlying EBITA (€m)



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



Content

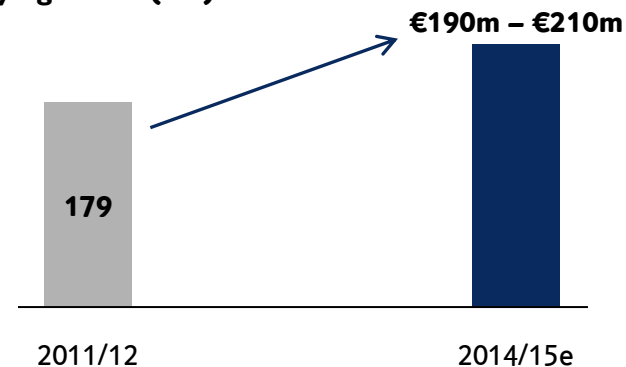
TUI Hotels & Resorts – key targets and measures



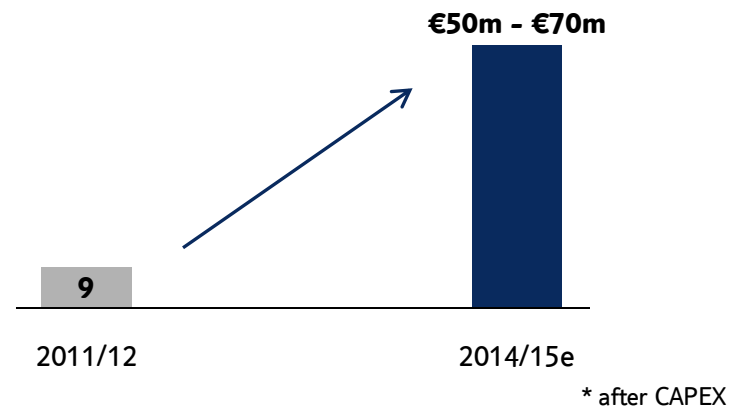
1. Restructure underperformers
 - Fix or potentially sell Castelfalfi
 - Restructure Grecotel
2. Focus & capital efficiency
 - Focus on core brands
 - Stop non-core projects
 - Active asset management
 - Optimise distribution (TUI Travel, online)
 - Category leadership
3. Increase cash flow to TUI AG
 - Follow a defined dividend policy for Riu, Iberotel & Grupotel
 - Increase cash flow & ROIC of Robinson

Key targets

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



Content

Cruises – key targets and measures



1. Focus on growth & dividends

- Establish 4-ship operations
- Optimise capital efficiency & increase dividends to TUI AG

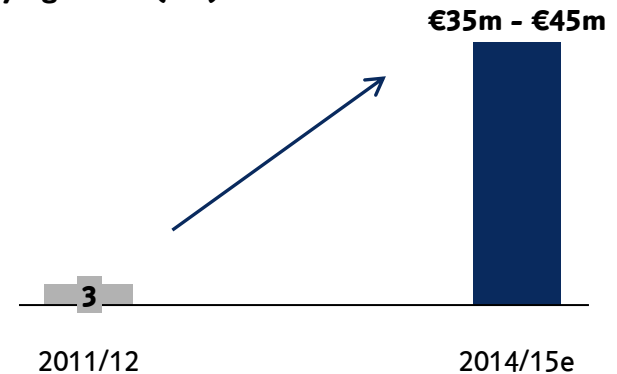


2. Focus on turnaround

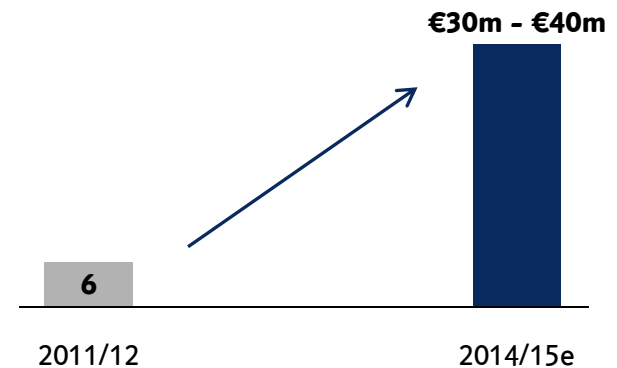
- Implement cost efficiencies
- Increase occupancy
- Adapt fleet structure

Key targets

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



* after CAPEX

Tour operator

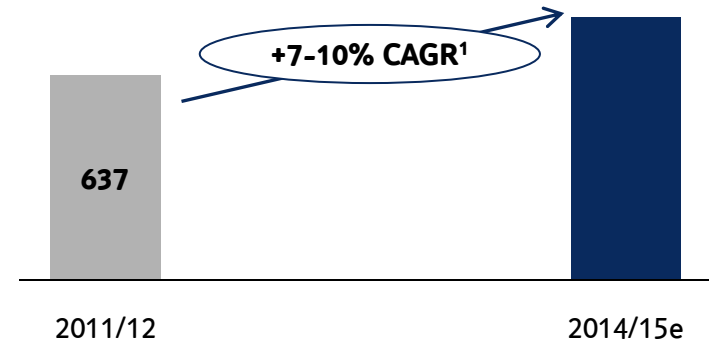
TUI Travel – key targets and measures



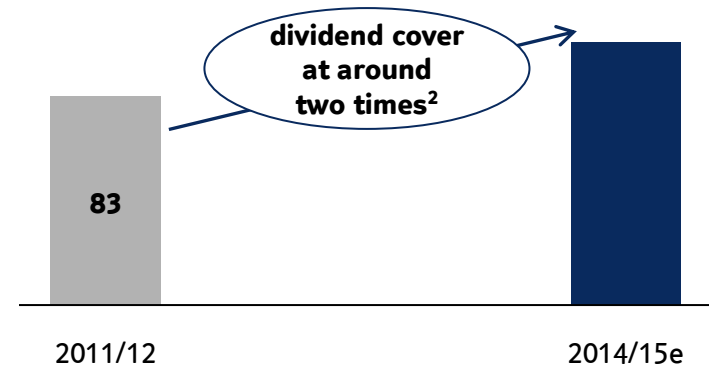
1. Strategic leadership & operating performance management
 - Germany
 - France
 - Russia
 - Brand management
2. Strategic review
 - Specialist & Activity
 - Accommodation & Destinations
3. Focus on cash flow & deleveraging
 - Cash conversion
 - Investments
 - Working capital
 - Financing strategy

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"

oneTUI – Focus on cash flow

Business excellence

Central Operations



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

Content



- Increase cash contribution



- Improve value creation of content business



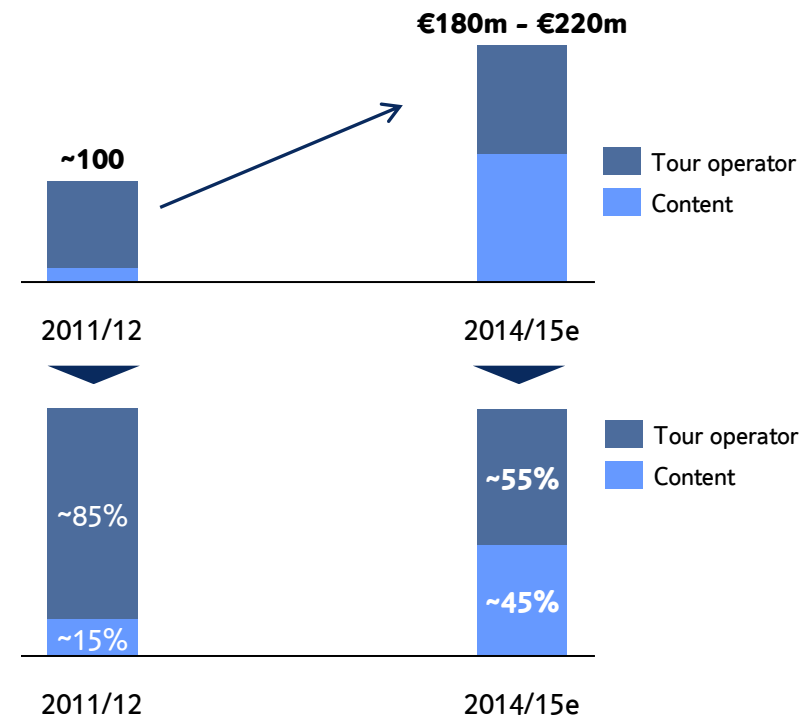
Tour operator



- Increase free cash flow and leverage
- 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 – targets & commitments

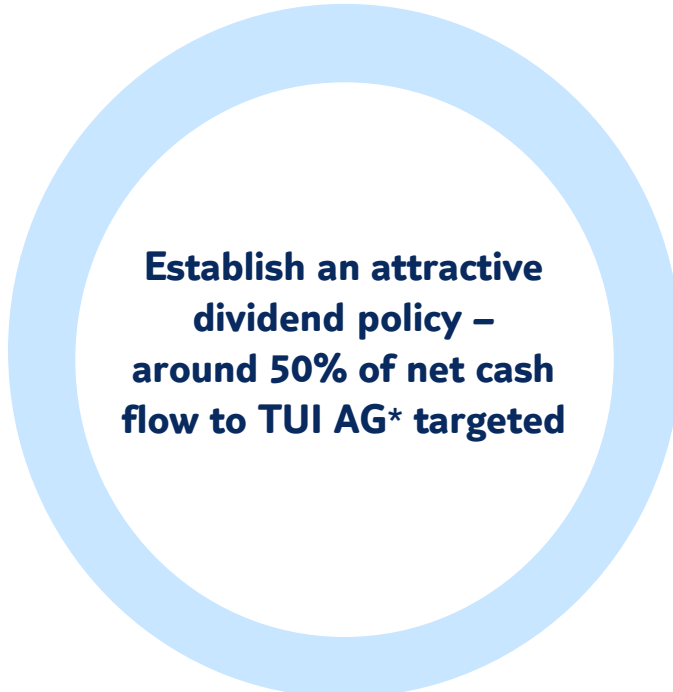
Strengthen the good performance of our core brands

Our content and the TUI brand will be the drivers for differentiation and value creation

Focus on improving EBITA and increasing cash flows to TUI AG

Focus on profitable investment decisions and capital efficiency

Further deleverage the Group and reduce interest costs



**Establish an attractive
dividend policy –
around 50% of net cash
flow to TUI AG* targeted**

* Holding company

08 August 2013 Nine Month Report 2012/13

18 December 2013 Financial Year 2012/13

12 February 2014 Annual General Meeting

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