

TUI Travel

Q3 Results

7th August 2013



Thomson Sensatori Turkey

Agenda

Q3 Overview – Peter Long

Financial Performance – Will Waggott

Current Trading – Peter Long

Digital Strategy – Peter Long

Summary & Outlook – Peter Long

Q&A

18% increase in Q3 profitability¹

- £13m increase in underlying operating profit¹ to £87m
- Continued market outperformance in the UK
- Strong trading in Nordic and Accommodation Wholesaler
- Business improvement programme delivered £11m cost savings in the quarter as planned
- Operational cashflow improvement of £198m in the quarter compared with last year

Very confident of achieving full year underlying operating profit growth of at least 10%²

¹ Excluding the impact of empty leg accounting which has no full-year cost impact.

² Constant currency basis

Financial Performance

Will Waggott



Thomson Sensatori Turkey

Financial Highlights

£m

	Q3 FY13	Q3 FY12	Change %
Revenue	3,860	3,690	+5% +3% fx +2% organic
Underlying Operating Profit	76 £87m excl empty legs	74	+3% +18% excl empty legs
Underlying Profit Before Tax	44	45	-2%
Reported Profit Before tax	35	3	n/a

Group Operating Profit Bridge

	Q3	9M
Q3 12 underlying operating profit/(loss)	74	(243)
Trading	+13	+27
Easter	-11	-
Business improvement	+11	+28
FX translation	-	+1
Q3 13 underlying operating profit/(loss) excl empty legs	87	(187)
Empty leg accounting	-11	-26
Q3 13 underlying operating profit/(loss)	76	(213)

Q3 underlying operating profit excluding empty legs improved by £13m

Group Profit & Loss

£m	Q3 FY13	Q3 FY12	9M FY13	9M FY12
Underlying Operating Profit/(Loss)	76	74	(213)	(243)
Underlying Interest	(32)	(29)	(89)	(79)
Underlying Operating Profit/(Loss) Before Tax	44	45	(302)	(322)
Acquisition Related Expenses	(16)	(11)	(47)	(46)
Separately Disclosed Items	11	(23)	3	(75)
Impairment of Goodwill	-	-	(10)	-
Other Items	(4)	(8)	(13)	(11)
Profit/(Loss) Before Tax	35	3	(369)	(454)
Tax	(10)	-	133	167
Profit/(loss) for the Period	25	3	(236)	(287)

Segmental Analysis

Group Underlying Operating Profit Bridge

£m	Q3 13 ¹	Q3 12	Change ex empty leg	Empty leg	Change
Mainstream	73	56	+17	(11)	+6
Emerging Markets	(3)	(4)	+1	-	+1
Accommodation & Destinations	18	16	+2	-	+2
Specialist & Activity	6	13	-7	-	-7
Central	(7)	(7)	-	-	-
Underlying Operating Profit	87	74	+13	(11)	+2

¹ Excluding the impact of empty leg accounting. Empty legs relate to the cost incurred by aircraft returning from the beginning and end of each season without customers (an empty leg of a round trip). As a result of the change in estimate in empty leg accounting referred to in the year-end accounts, the phasing of the empty leg costs will change in each quarter but there will be no full-year cost impact.

Business Improvement Programme

Bridge from September 2012 target

	To go at Sept 2012	Delivery 9M 2013	Balance
UK	£14m	£2m	£12m
Specialist & Activity	£9m	£2m	£7m
Corsair	£13m	£9m	£4m
France Tour Operators	£15m	£9m	£6m
Germany	£9m	£4m	£5m
Poland	£3m	-	£3m
Jet4You	£2m	£2m	-
Total	£65m	£28m	£37m

**Business improvement programme
continues to deliver in line with our expectations**

Group Cashflow

£m	Q3 13	Q3 12	9M 13	9M 12
Underlying EBITDA	136	111	(61)	(129)
Working Capital Movement	945	791	638	250
Pension Funding	(6)	(5)	(34)	(36)
Underlying Net Operating Cash Flow	1,075	897	543	85
Capital Expenditure (Net)	(61)	(74)	(160)	(175)
Tax	(11)	(25)	(82)	(63)
Interest	(27)	(36)	(65)	(69)
Exceptional Cash Costs	(17)	(6)	(51)	(29)
Free Cash Flow	959	756	185	(251)
Dividends	(92)	(90)	(130)	(127)
Net acquisitions / disposals	(3)	-	(24)	(27)
Movement in cash net of debt	864	666	31	(405)

Strong improvement in operational cash flow

Net Debt Movement

£m	9M 13	9M 12	FY12
Opening (net debt)/cash	(108)	4	4
Movement in cash net of debt – pre FX	31	(405)	65
Foreign exchange movement	56	(55)	(70)
Non cash movement in debt – Aircraft finance	(145)	(82)	(83)
Non cash movement in debt – Other	(17)	(18)	(24)
Closing net debt	(183)	(556)	(108)

Current Trading

Peter Long



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Current Trading – Summer 2013

↑ Mainstream ↓

UK

- Continued outperformance - Bookings up by 4% in line with a 4% increase in capacity
- Average selling prices up by 7%
- 86% of programme sold to date

Nordics

- Bookings up 7%, average selling prices up 3%
- 90% of programme sold to date

Germany

- Core package bookings up year-on-year; overall bookings down by 5%
- Average selling prices up by 8%
- 83% of programme sold to date

France

- Bookings down 22%, in line with capacity reductions
- 83% of programme sold to date

Accommodation Wholesaler

- TTV up 19%, driven by Latin American and Asian markets

Specialist & Activity

- Sales down 4% versus prior year due to challenging trading conditions in a number of segments

Current Trading – Winter 2013/14

UK

- Bookings up 1%
- Average selling prices up 8%, revenues up 9%
- 21% of programme sold to date

Nordics

- Bookings up 1%
- Average selling prices up 2%, revenues up 4%
- 26% of programme sold to date

Encouraging start to Winter bookings

Digital Strategy

Peter Long



Thomson Sensatori Turkey

Digital Strategy

Our Goal

Maintain a personalised and seamless dialogue with our customers throughout and after the holiday experience, using our unique position to link the physical and digital worlds

Digitally enhance our **unique holidays** offering

“Anytime, Anywhere, Any way”

Examples

Digital Assistant



Digital customer relationship management

Leveraging social and other interactions



Digitally enabled travel advisors

Enhanced and personalised customer experience

Improved customer retention and increased revenues

Step-changing our digital capability

Digital Strategy - Our Delivery

- Dynamic market place
- Developing key partnerships to accelerate growth:
 - Cloud utilisation and big data techniques

Case Study – Digital Assistant



- Created from scratch within four months
- MyThomson app - official launch on iOS June 2013, over 120,000 downloads to date
- Ranked **#1** free travel app in Apple App Store for two weeks
- Driver of ancillary revenues (excursions and flight extras)
- Constantly updated with new features to stay relevant
- Develop once and roll out across all markets

Speed of execution key

Delivering the Digital Strategy

- Accelerating our digital journey
- Initiatives designed to:
 - Enhance our customers' experiences
 - Enable improved business process efficiencies
- Improve customer retention and increase revenues

A key growth driver

Summary & Outlook

Peter Long



Thomson Sensatori Turkey

Summary & Outlook

- Continued strong growth with 18% increase in earnings in the quarter
- Strong demand across key markets
- Demand for unique holidays continues to grow
- Significant growth opportunity in Accommodation Wholesaler
- Very confident of achieving full year underlying operating profit growth of at least 10%
- Well positioned to continue to deliver our five year growth roadmap

Our strategy is driving growth

Q & A

