

TUI Travel PLC

Interim Results

10th May 2013



Thomson Couples - Atlantica Kalliston Resort & Spa, Crete

Agenda

H1 Overview – Peter Long

Financial Performance – Will Waggott

Current Trading – Peter Long

Strategic Highlights – Peter Long

Summary & Outlook – Peter Long

Q&A

14% improvement in first half result

- £43m reduction in operating loss to £274m¹
- Revenue growth in the UK and Nordics of 5% and 10% respectively
 - UK underlying operating loss improved by £22m to £103m¹
 - Nordic operating profit improved by £14m to £36m¹
- Business improvement programme on track with £17m delivered in H1
- Free cash outflow improvement of £233m
- Interim dividend increase of 10% to 3.75p

Based on our strong H1 performance and current trading we anticipate full year underlying operating profit growth of at least 10% on a constant currency basis

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.

Financial Performance

Will Waggott

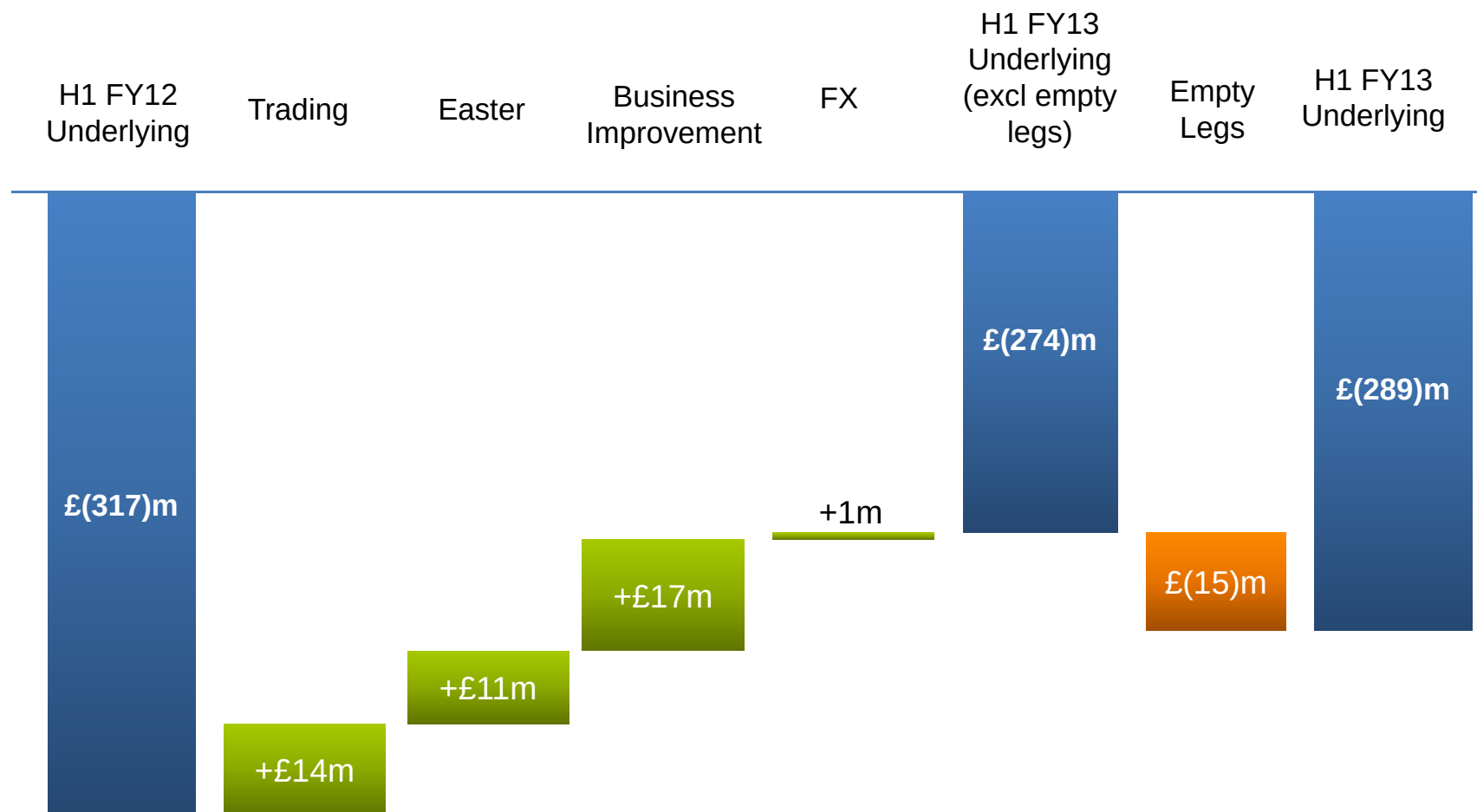


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Financial Highlights

£m	H1 FY13	H1 FY12	Change %
Revenue	5,397	5,447	-1% FX related; Organic growth in UK, Nordics, A&D
Underlying Operating Loss	(289) £(274)m excl empty legs	(317)	+9% +14% excl empty legs
Underlying Loss Before tax	(346)	(367)	+6%
Reported Loss Before tax	(404)	(457)	+12%

Group Operating Loss Bridge



H1 underlying operating loss reduced by £28m to £289m

Group Profit & Loss

£m	H1 FY13	H1 FY12
Underlying Operating Loss	(289)	(317)
Underlying Interest	(57)	(50)
Underlying Operating Loss Before Tax	(346)	(367)
Acquisition Related Expenses	(31)	(35)
Separately Disclosed Items	(8)	(52)
Impairment of Goodwill	(10)	-
Other Items	(9)	(3)
Loss Before Tax	(404)	(457)
Tax	143	167
Loss for the Period	(261)	(290)

Segmental Analysis

Group Underlying Operating Loss Bridge

£m	H1 13 ¹	H1 12	Change ex empty leg	Empty leg	Change
<i>UK</i>	(103)	(125)	+22	(10)	+12
<i>Nordics</i>	36	22	+14	2	+16
<i>Germany</i>	(61)	(61)	Flat	(2)	-2
<i>France</i>	(50)	(61)	+11	(1)	+10
<i>Other</i>	(57)	(55)	-2	(4)	-6
Mainstream	(235)	(280)	+45	(15)	+30
Emerging Markets	(7)	(13)	+6	-	+6
Specialist & Activity	(12)	(16)	+4	-	+4
<i>Online Accommodation</i>	1	7	-6	-	-6
<i>Inbound Services</i>	(2)	1	-3	-	-3
Accommodation & Destinations	(1)	8	-9	-	-9
Corporate	(19)	(16)	-3	-	-3
Underlying Operating Profit	(274)	(317)	+43	(15)	+28

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 2013 target

	To go at Sept 2012	Delivery H1 2013	Balance
UK	£14m	£1m	£13m
Specialist & Activity	£9m	£1m	£8m
Corsair	£13m	£6m	£7m
France Tour Operators	£15m	£4m	£11m
Germany	£9m	£3m	£6m
Poland	£3m	-	£3m
Jet4You	£2m	£2m	-
Total	£65m	£17m	£48m

Business improvement programme remains on track

Group Cashflow

£m	H1 13	H1 12	Change
Underlying EBITDA	(197)	(240)	+43
Working Capital Movement	(307)	(541)	+234
Pension Funding	(28)	(31)	+3
Underlying Net Operating Cash Flow	(532)	(812)	+280
Capital Expenditure (Net)	(99)	(101)	+2
Tax	(71)	(38)	-33
Interest	(38)	(33)	-5
Exceptional Cash Costs	(34)	(23)	-11
Free Cash Flow	(774)	(1,007)	+233
Dividends	(38)	(37)	-1
Net acquisitions / disposals	(21)	(27)	+6
Movement in cash net of debt	(833)	(1,071)	+238

Free cashflow up £233m driven by higher customer deposits

Net Debt Movement

£m	H1 13	H1 12	FY12
Opening net debt	(108)	4	4
Movement in cash net of debt – pre FX	(833)	(1,071)	65
Foreign exchange movement	39	(31)	(70)
Non cash movement in debt – Aircraft finance	(135)	(84)	(83)
Non cash movement in debt – Other	(12)	(2)	(24)
Closing net debt	(1,049)	(1,184)	(108)

Net Debt Analysis

£m		H1 13	H1 12
Convertible bonds		(686)	(666)
Debt due to related parties		(10)	(36)
Other loans and liabilities		(482)	(703)
Cash balances		442	460
Net cash available to operations – pre-FX movements		(736)	(945)
FX movements on cash available for operations		56	(34)
Net cash available to operations		(680)	(979)
Asset backed financing		(352)	(208)
FX movements on asset financing		(17)	3
Net debt		(1,049)	(1,184)

Current Trading

Peter Long



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Current Trading – Summer 2013

↑
Mainstream
↓

UK

- Continued outperformance - UK bookings up by 7% ahead of a 3% increase in capacity
- Average selling prices up by 5%

Nordics

- Strong trading with bookings up by 9%
- Average selling prices up by 5%

Germany

- Package bookings up year-on-year; overall bookings down by 3%
- Average selling prices up by 7%

France

- Bookings down 15% as anticipated, ahead of capacity cuts of 19%

Accommodation Wholesaler

- TTV up by 14%, driven by Latam and Asia

Specialist & Activity

- Sales down 3% versus prior year due to non-recurring major sporting events

Strategic Highlights

Peter Long



Thomson Couples - Atlantica Kalliston, Crete

Strategic Highlights

Mainstream

Online Accommodation

Specialist & Activity

Strategic Highlights

Mainstream

Online Accommodation

Specialist & Activity

Mainstream

- Mainstream Sector simplified
- Mainstream Board responsible for delivery of Sector's growth
- Clearly defined goals and accountability across all source markets and functions
- Working to maximise identified opportunities

This is delivering and has a clear link to our continued outperformance

Mainstream

Delivering the Strategy

Unique Holidays

- Expansion of unique holidays to drive growth
- Improve customer satisfaction and retention
- Leverage scale to obtain better product at better rates

Direct Distribution

- Accelerate shift towards online channels
- Deliver the right digital infrastructure and processes
- Enhanced customer experience

Operational Efficiency

- Deliver on business improvement initiatives

Driving profitable growth in Mainstream

Mainstream

Delivering the Strategy

Unique Holidays

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Operational Efficiency

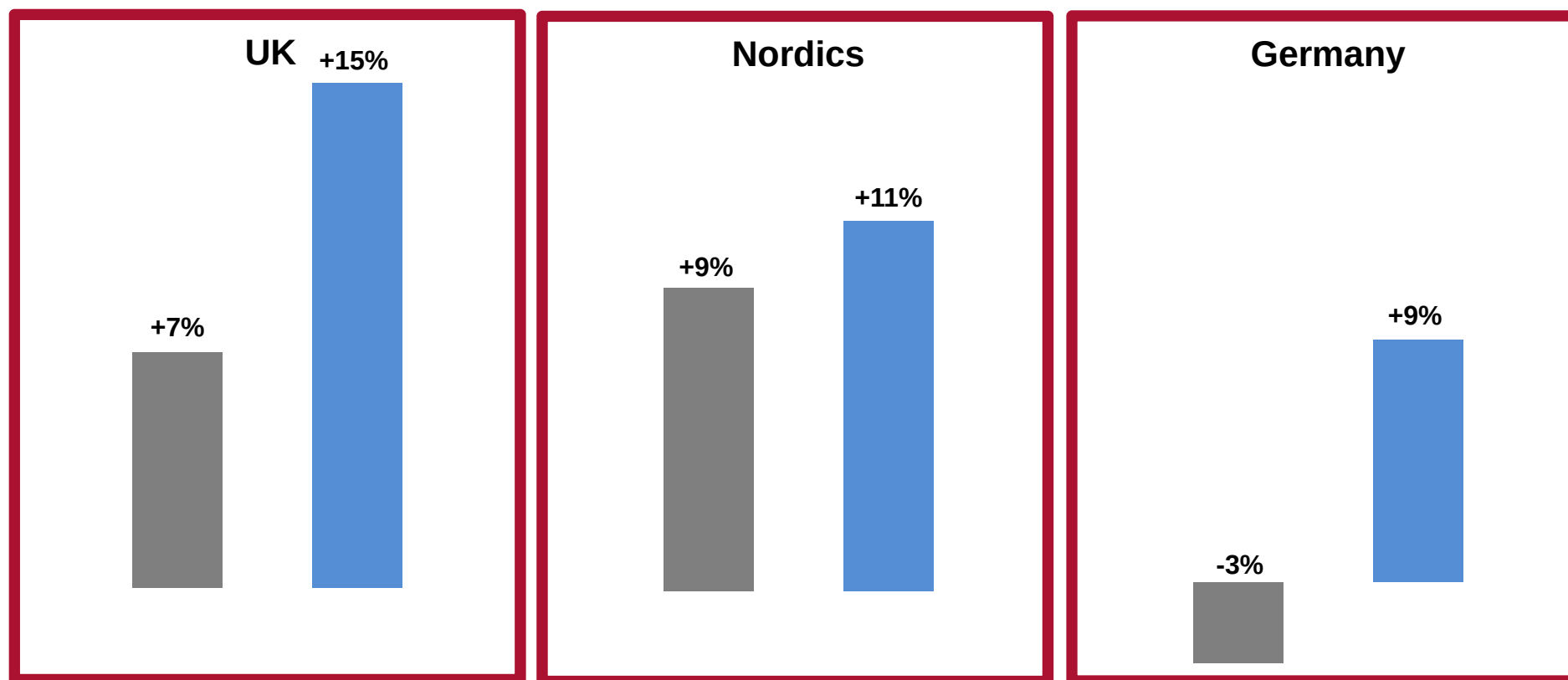
- Deliver on business improvement initiatives

Driving profitable growth in Mainstream

Mainstream

Expansion of Unique Holidays

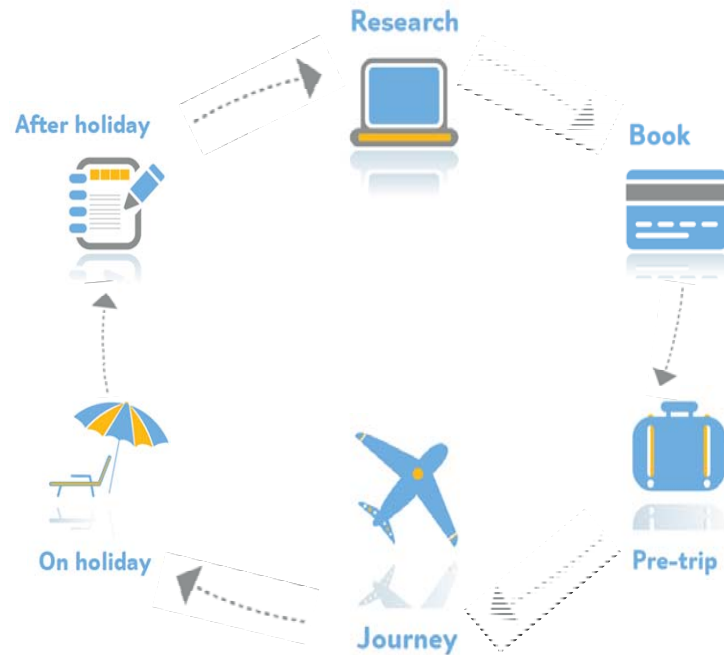
Year on Year Booking Volumes Summer 2013



Good growth in unique product across all major source markets

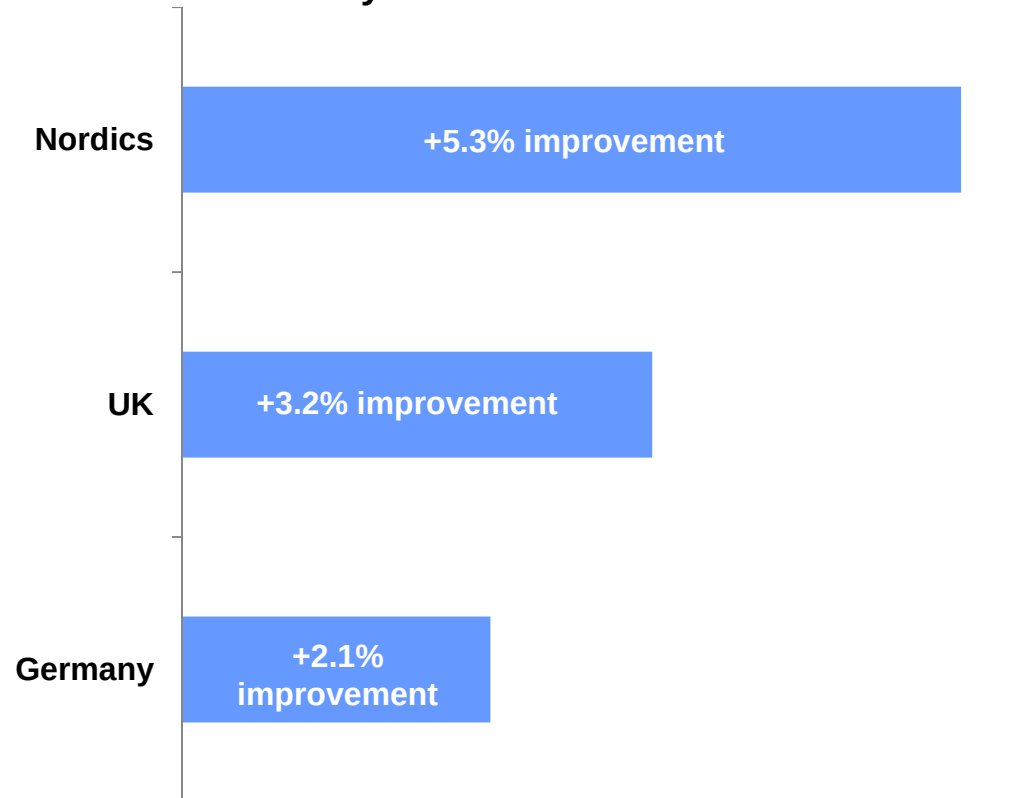
Mainstream

Improving Customer Satisfaction



Improving customer satisfaction
across the whole holiday
experience

Holiday Overall – Winter 2012/13



Record levels of customer satisfaction achieved this Winter

Mainstream

UK - Social Media Customer Service

- Since January, the UK Social Media Customer Service Team has been operating 24/7
- March rankings for 'socially devoted' Facebook brands¹:
 - Thomson Holidays ranked **fourth** in the UK
 - Ranked **number one** for customer service response rate

Putting the customer at the centre of everything we do

¹ Brands that incorporate online social networks into their marketing strategies

Mainstream

Delivering the Strategy

Unique Holidays

Expansion of unique holidays to drive growth

Improve customer satisfaction and retention

Leverage scale to obtain better product at better rates

Direct Distribution

Accelerate shift towards online channels

Deliver the right digital infrastructure and processes

Enhanced customer experience

Operational Efficiency

Deliver on business improvement initiatives

Driving profitable growth in Mainstream

Mainstream

Distribution - Multiple Customer Touchpoints

1

Inspirational marketing content

2

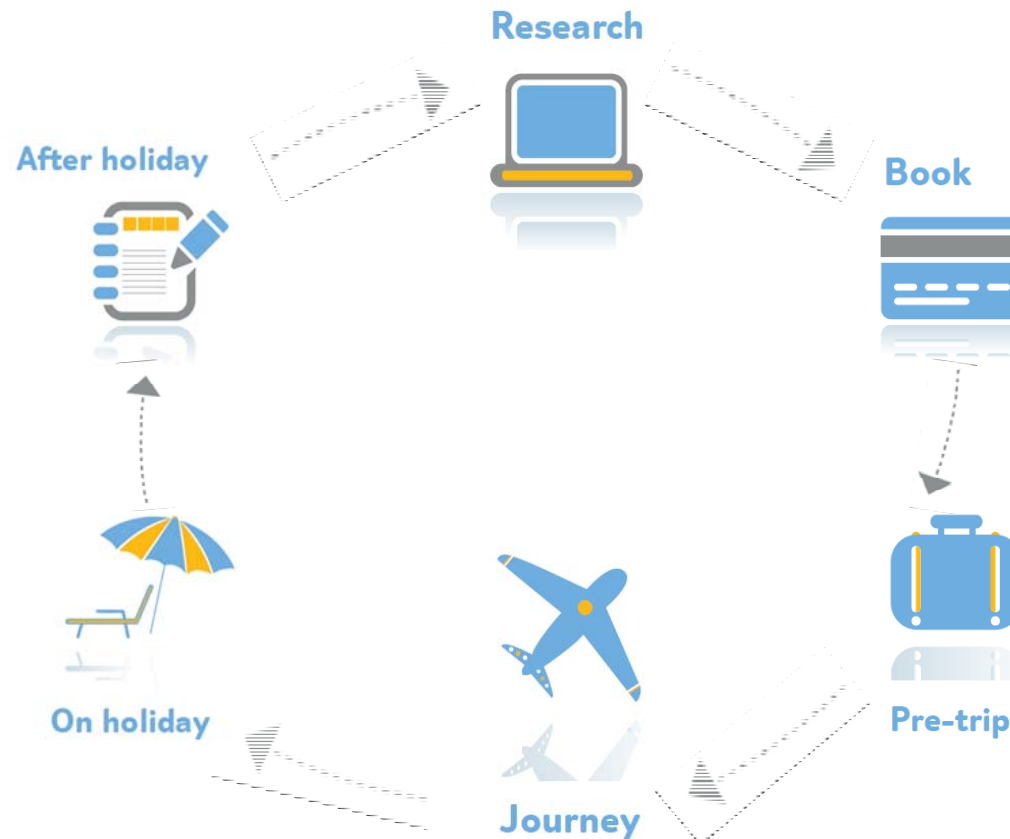
Seamless dialogue with customer pre-departure

4

Maintain dialogue with customer based on learned interests & preferences

3

Smartphones push in context information to customer



We are broadening how we interact with our customer

Mainstream

Multi Channel Approach

Online

Focus on driving online sales across all businesses

Increasing customer demand

Lower distribution cost

Interaction and customer insight – digitally connected to our people

Offline - Retail

Profitable but shrinking business stream

Provides brand visibility on the high street

Essential distribution channel while markets switch to online

Supports the 'Research Online Purchase Offline' trend in certain markets – advice & support for a high ticket purchase

Online is the growth channel

Mainstream

Mobile – Anytime, Anywhere, Anyway

1

Inspirational marketing content

2

Seamless dialogue with customer pre-departure

4

Maintain dialogue with customer based on learned interests & preferences

3

Smartphones push in context information to customer



Developments in mobile technology allow us to keep in touch with the customer throughout the whole holiday experience

Mainstream

Next Generation Thomson Store



CGI

Emphasis on customer service in a modern environment

Strategic Highlights

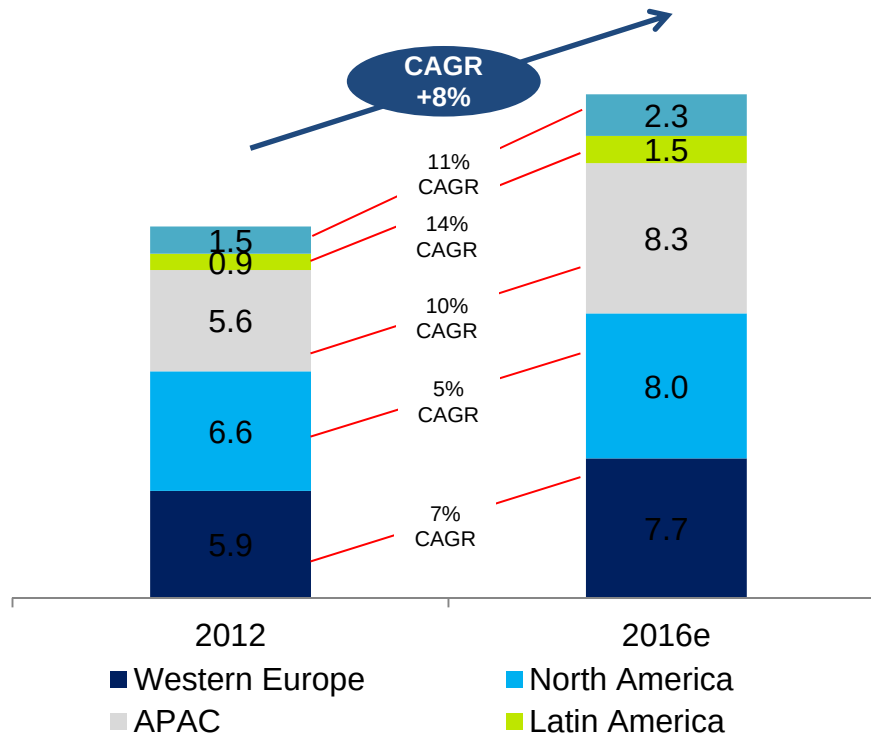
Mainstream

Online Accommodation

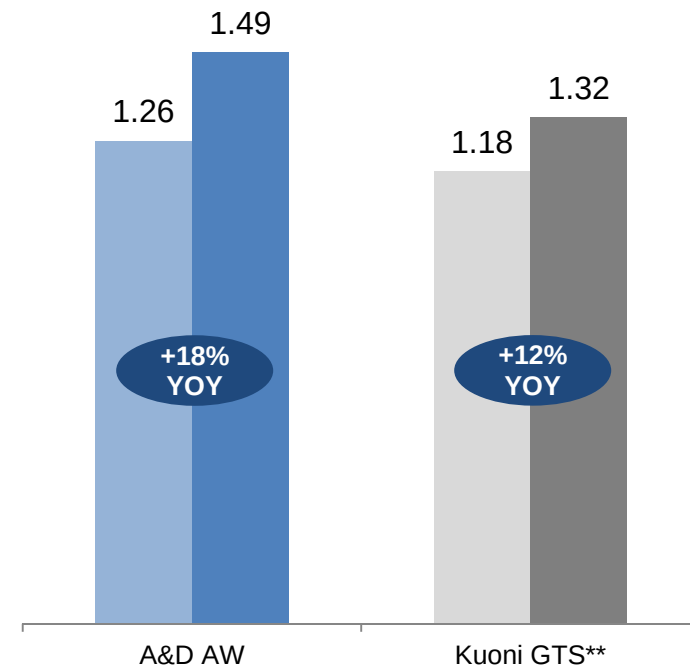
Specialist & Activity

Online Accommodation Accommodation Wholesaler

Market size €bn and growth*



2012 vs 2011 TTV €bn



On track to deliver Accommodation Wholesaler growth of 15-20% CAGR over 5 years

Strategic Highlights

Mainstream

Online Accommodation

Specialist & Activity

Specialist & Activity

- Sector restructured and simplified
- Clear management accountability
- Strategic review undertaken
- Detailed plans being developed to improve profitability

Further update to be provided in Preliminary results announcement

Summary & Outlook

Peter Long



Thomson Couples - Atlantica Kalliston Resort & Spa, Crete

Summary & Outlook

- Modern Mainstream driving growth
- Strong performance, cash position and scale enabling us to accelerate growth plans
- Business improvement programme progressing to plan
- Strong trading momentum continuing – particularly in the UK, Nordics, Belgium and Canada
- Full year underlying profit growth anticipated to be at least 10% on a constant currency basis

Sustainable leadership position

Q & A

Appendix



Thomson Couples - Atlantica Kalliston Resort & Spa, Crete

Interest

£m	H1 13	H1 12	Change
Debt interest expense	(42)	(37)	-5
Cash interest income	6	4	+2
Convertible bond equity accretion	(11)	(12)	+1
Debt related interest	(47)	(45)	-2
Non-debt related charge	(10)	(5)	-5
Underlying interest	(57)	(50)	-7

Separately Disclosed Items

£m	H1 13	H1 12	Explanation (H1 13)
Restructuring	17	59	Includes restructuring in Specialist & Activity and France
Pension	(14)	-	Existing defined benefit scheme replaced by defined contribution scheme
Other	5	(7)	Change in value of unhedged foreign currency derivatives and litigation provisions
Total SDIs	8	52	

Balance Sheet

£m	31 March 2013	31 March 2012	Movement
Intangible assets	4,619	4,569	+50
Property, plant & equipment	1,269	1,075	+194
Investments	344	325	+19
Net debt	(1,049)	(1,184)	+135
Net employee benefits	(682)	(513)	-169
Prepayments	1,056	1,140	-84
Customer deposits	(2,586)	(2,385)	-201
Other net liabilities	(1,558)	(1,595)	+37
Net assets	1,413	1,432	-19

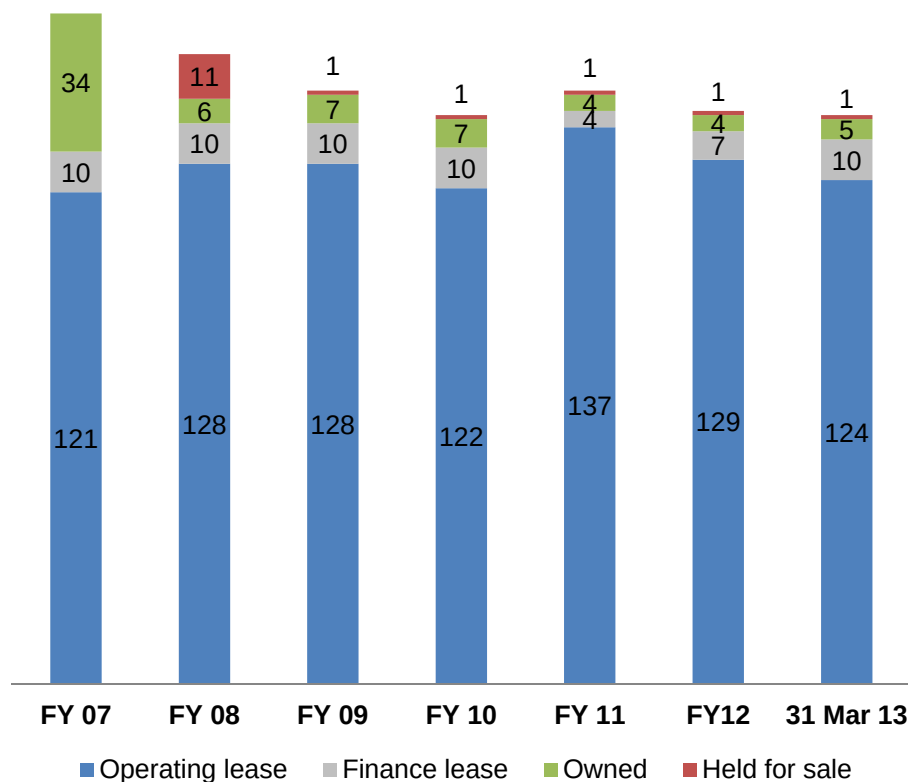
Aircraft — Committed aircraft entries & possible aircraft exits

Aircraft order book & run off as at 31 March 2013	FY13	FY14	FY15	Total
B737 NG	2	5	5	12
B787-8	4	4	5	13
Planned order book deliveries	6	9	10	25
New leases arranged	2	-	-	2
Aircraft lease expiry	-11	-23	-25	-59
Net	-3	-14	-15	-32

The above table does not include any potential lease extensions

Aircraft — Fleet Profile and Movements

Fleet profile at 31 March 2013



Operating leases	
Returned to lessor	-10
External lessor deliveries	+5
Movement	-5

Empty Leg Accounting*

£m	Empty legs – YoY Forecast
Q1	-23
Q2	+8
Q3	-10
Q4	+25
FY13	Nil

No full year impact

* Empty legs relates to the cost incurred due to only carrying passengers one-way at the very start and end of a season. We have changed the way we account for empty legs from FY13 onwards.