

TUI Group Investor Presentation

February 2020



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.

TUI Group at a glance

TUI GROUP

- **21m** Customers[1]
- **€18.9bn** Turnover
- **€893m** EBITA / excl. MAX **€1,186m** EBITA[2]
- **15.5%** ROIC / excl. MAX **~21%** ROIC[2]
- **~71,500** Employees

HOLIDAY EXPERIENCES (~70% EBITA[2])

HOTEL	**€452m** EBITA	Leading leisure hotel and club brands around the world; investments, operations, ownership
	€366m EBITA	Leading German & UK cruise brands
	€56m EBITA	Tours, activities and service provider in destination

MARKETS & AIRLINES (~30% EBITA[2])

	€132m EBITA	Market leaders in packaged distribution, fulfilment, strong market and customer knowledge

* FY19 Results I 1 defined as our Markets & Airlines customers – excludes 7m customers from our joint ventures in Canada and Russia as well as direct and 3rd party distribution customers from our H&R and Cruise brands which would total 28m customers I 2 Excluding cost impact of Boeing 737 MAX grounding in Markets & Airlines segment

TUI BUSINESS MODEL & STRATEGIC INITIATIVES

TUI – Market leader with 21m ecosystem[1] customers in growing tourism market



+3%[5]	**Tourism market growth:** Above GDP	
Hotels: +4%[5] **Cruises: +4%[5]** **DX: +7%[5]**	**Holiday Experiences:** Supply/demand ratio favourable	
+1%[5,6]	**Markets & Airlines:** Facing some structural and cyclical challenges	

All figures based on FY19 | 1 defined as our Markets & Airlines customers – excludes 7m customers from our joint ventures in Canada and Russia as well as direct and 3rd party distribution customers from our H&R and Cruise brands which would total 28m customers | 2 Includes owned, managed, franchised and 3rd party concept concept hotels | 3 As at December 2019 | 4 "things to do" | 5 2018-2023 CAGR; TUI estimates | 6 refers to tour operating segment in Europe

TUI's integrated business model - the basis of our success

Markets & Airlines

- **21m** customers
- Leading market shares **20-40%**[1]
- Ave. spend **per customer €800** p.a.[2]
- **~30%**[3] of profit pool
- Under some **structural and cyclical pressure**

STRONG CUSTOMER BASE

Holiday Experiences

- **411**[4] **Hotels**
- **18 Cruise ships**[5]
- **ROIC >1/3 higher** than peers[6]
- **70%**[3] of profit pool
- **High profit** resilience
- Investments and **cash returns**

DIFFERENTIATED CONTENT





- Differentiated product offering in Holiday Experiences
- Driving Holiday Experiences premium returns through scale in Markets & Airlines
- Customer ownership: digitalised product upselling
- Double diversification

1 Company estimates – market defined as traditional sun and beach tour operator market | 2 Based on FY19 Group Revenue divided by 21m Markets & Airlines customers | 3 Excluding cost impact of 737 MAX in Markets & Airlines segment | 4 Includes Group hotels and 3rd party concept hotels as at end of FY19 | 5 As at December 2019 | 6 H&R FY18 and FY19 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROIC. Cruise Segment: FY18 and FY19 ROIC pre IFRS 16 basis of 23% versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROIC.

Four strategic initiatives to grow our integrated business model on both sides

1 MARKETS & AIRLINES



Protect and where possible extend leading positions in core markets

2 HOLIDAY EXPERIENCES



Asset-right expansion, driving returns, benefiting from vertical integration

- Grow own products
- Acceleration of digital customer acquisition
- Enlarge ecosystem, digitalised upselling
- Individualised offerings

3 GDN-OTA[1]



Building scale based on competitive pricing to extend TUI's ecosystem

4 DESTINATION EXPERIENCES



Building scale in the "things to do" market and attracting customers to extend TUI's ecosystem

1 Global Distribution Network – Online Travel Agency

1 Markets & Airlines: Protect and where possible extend leading positions

EXISTING MARKETS

Traditional model 21m[1]

- 6m
- 7m
- 5m
- 1m
- 1m

TRANSFORMATION

Driving competitiveness

- Cost improvements
  - Purchasing
  - Airline efficiency
  - Mobile distribution
  - Overheads
- Flexibility
- Speed
- Innovation

411[2] Hotels and €5bn 3rd party committed hotels



- Leading market positions
- Tour operating still largest intermediary segment
- Segment has faced some structural and cyclical challenges, but consolidation happening
- Transformation initiated
- Accommodation only and dynamic packaging opportunity

1 FY19 figures - as per breakdown below, plus a further ~1m in Poland and 0.2m in Switzerland | 2 Includes group hotels and 3rd party concept hotels as at end of FY19

2 Holiday Experiences: Asset-right expansion, driving returns, benefitting from vertical integration

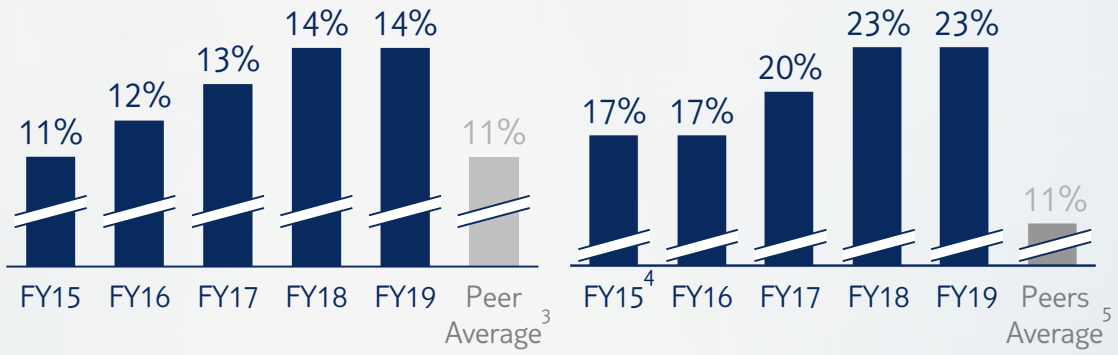


411 Hotels[1]



18 Cruise ships[2]

ROIC



ROBINSON | TUI BLUE | RIU HOTELS & RESORTS | MARELLA CRUISES | TUI CRUISES | HAPAG-LLOYD CRUISES

- Sizable leisure hotel portfolio with premium returns
  - Benefiting from vertical integration
  - Portfolio expansion (own, JVs and asset-light)
  - Investments at reduced capital intensity
  - TUI BLUE as asset-light brand

- Growing Cruise business with premium returns
  - Capacity growth and fleet upgrading
  - Strong demand vs scarcity of supply
  - TUI Cruises as main investment vehicle

1 Includes group hotels and 3rd party concept hotels as at end of FY19 | 2 At end December 2019 | 3 H&R FY18 and FY19 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROCE. | 4 Based on former segmentation - Marella Cruises within Markets & Airlines | 5 Cruise Segment FY18 and FY19 ROIC of 23% pre IFRS 16 basis versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROCE

3 GDN-OTA: Building scale based on competitive pricing to enlarge TUI's ecosystem

NEW MARKETS

GDN-OTA 250k run-rate

6 complementary markets today, more to come



+ Global metasearchers

MODEL

Building scale

- Lean and efficient platform
- New market segments: Accommodation only/dynamic packaging
- 3rd party flying only, no own airlines
- Target: scale without own aircraft assets

411[1] Hotels and €5bn 3rd party committed hotels



- Enlarge ecosystem
  - Initially run as customer acquisition engine
  - Attracting customers with competitive pricing
  - Accept moderate losses to build scale
  - Target of 1m customers by 2022 to be achieved earlier

- TUI ecosystem
  - Target profitability through higher occupancy in own and committed 3rd party hotels
  - Focus on customer retention and upselling

1 Includes group hotels and 3rd party concept hotels as at end of FY19

4 Destination Experiences: Building scale – target 1m "things to do" and attracting customers to extend TUI's ecosystem

EXISTING CUSTOMER BASE

21m customers - existing markets

3RD PARTY CUSTOMER POTENTIAL

3rd Party customers – global reach

Destination Experiences: Open digital platform

- Total turnover €0.9bn[1]
- Underlying EBITA €56m[1]

CONTROLLED PRODUCTS



Controlled products

3RD PARTY PRODUCTS



3rd Party curated products - 28K
3rd Party longtail >100K

- Strong strategic position
  - €150bn market, 7% growth, highly fragmented (~350k suppliers), mostly offline
  - TUI existing customer base
  - TUI in-destination organisation
- Extend ecosystem
  - Run at scale to lead consolidation
  - Acceleration may initially come at expense of margin
- TUI Ecosystem upselling
  - Product depth and differentiation improvement
  - Target 1m "things to do"

1 FY19, external turnover

Summary: TUI ecosystem targeting 30m[1] customers



1. Keep and where possible increase scale in traditional tour operator markets through cost management and innovation

2. Grow selectively in Hotels and Cruises and keep premium returns

3. Extend TUI ecosystem for own and 3rd party hotels
   - GDN-OTA for additional global reach
   - TUI BLUE our new trust brand
   - Mass individualisation of content to improve yield efficiency
   - Customer ownership and global CRM for upselling

4. Extend TUI ecosystem in the experiences and activity market
   - Based on existing scale and customer relationships
   - Based on trusted TUI brand
   - Based on existing in-destination organisation to curate 1m "things to do"

1 Markets and Airlines as well as GDN-OTA | 2 Includes owned, managed, franchised and concept hotels at end FY19 | 3 As at December 2019 | 4 "things to do"

RECENT DEVELOPMENTS

Delivering on our strategy – growing our integrated business model on both sides

Markets & Airlines

- **21m** customers
- Leading market shares **20-40%**[1]
- Ave. spend **per customer ~€800** p.a.[2]
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Holiday Experiences

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STRONG CUSTOMER BASE | **DIFFERENTIATED CONTENT**

1	 MARKETS & AIRLINES	Maintain and where possible extend leading positions in core markets
2	 HOLIDAY EXPERIENCES	Asset-right expansion, driving returns, benefitting from vertical integration
3	 GDN-OTA	Building scale in new markets to enlarge TUI's ecosystem
4	 DESTINATION EXPERIENCES	Building scale in the "things to do" market and attracting customers to enlarge TUI's ecosystem

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Acquisition of Hapag-Lloyd Cruises by TUI Cruises for €1.2bn – executing our Holiday Experiences strategy: transaction facilitates asset-right growth

HAPAG LLOYD CRUISES

Acquisition for €1.2bn
(Including €63m earn-out)

TUI CRUISES
(50/50 JV)

2 Luxury



Europa
Europa 2

3 Expedition



Bremen
Hanseatic nature
Hanseatic inspiration

7 Ships



Mein Schiff Herz
Mein Schiff 1
Mein Schiff 2
Mein Schiff 3
Mein Schiff 4
Mein Schiff 5
Mein Schiff 6

- €1.2bn EV = attractive valuation
  - Hapag-Lloyd Cruises restructured
  - Retaining 50% profit pool
- Largely debt financed transaction
- Closing anticipated for summer 2020

Compelling transaction delivers strategic and financial benefits to TUI Group

STRATEGIC BENEFITS

- ✓ **TUI Cruises growth** gap addressed
- ✓ **Hapag-Lloyd Cruises growth** - asset right
  - Internationalisation
  - Anticipated fleet growth
- ✓ Benefit from **strategic JV partnership**
  - Keep control of brand, product, marketing and sales
  - RCL shipbuilding know-how and global footprint
- ✓ Keep **powder dry for digital expansion**

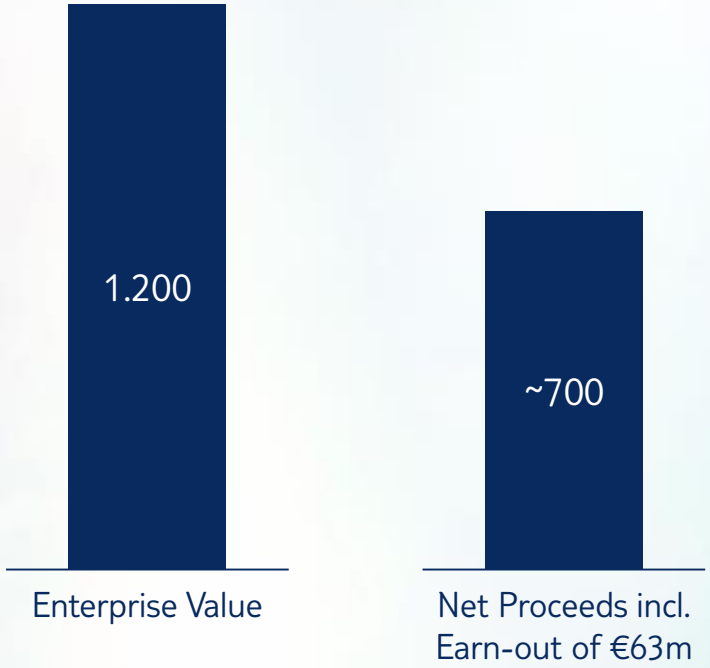


FINANCIAL BENEFITS

- ✓ **Value** of Hapag-Lloyd Cruises **crystallised**
  - Backed by synergies
  - Retaining 50% of profit pool
- ✓ **Leveraging** TUI Cruises **financial strength**
  - Debt capacity (well within covenants)
  - Cash generation
  - No reduction of dividends to TUI
- ✓ **Strengthen TUI Group balance sheet**

Impact on TUI Group financials and use of proceeds

VALUATION AND NET PROCEEDS (€m)



PRO FORMA IMPACT ON FY19 FINANCIALS (€m)

- ✓ **Attractive valuation**
- ✓ Proceeds support planned **growth & digital transformation** and **strengthen TUI Group balance sheet**
- ✓ Rebuild of EBIT through synergies **in the near future**
- ✓ **Deleverage**
  - **Gross leverage** decreases by 0.1x – 0.2x
  - FY19 Pro forma[1] net cash : ~€80m
    (vs FY19A net debt of ~€910m)

1 Unaudited pro-forma figures, rounded

Delivering on our strategy – growing our integrated business model on both sides

Markets & Airlines

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Holiday Experiences

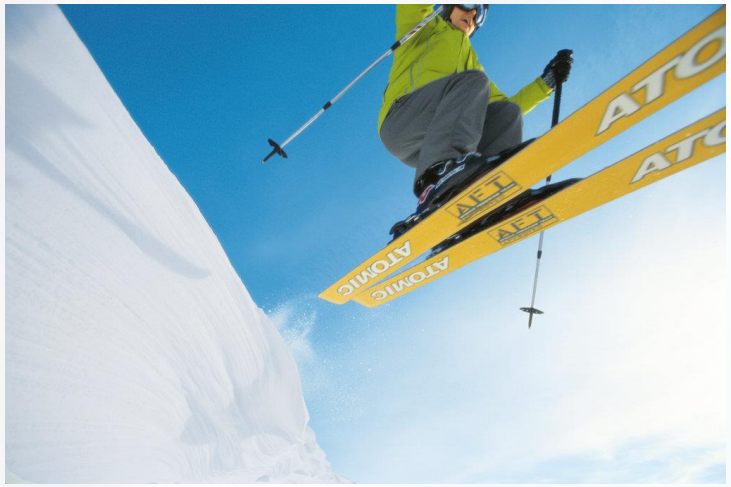
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Growth opportunity – exceptional start to Q1, trending ahead of recent capacity growth





CURRENT[1] W19/20 TRADING

% YoY	Revenue	PAX	ASP	% Sold
Northern Region	+9	+2	+7	82% (+1)
Central Region	+11	+5	+5	79% (-1)
Western Region	+10	+3	+7	88% (Flat)
Total	***+10***	***+3***	***+6***	***83% (Flat)***

CURRENT[1] S20 TRADING

% YoY	Revenue	PAX	ASP	% Sold
Northern Region	+20	+17	+3	40% (+1)
Central Region	+14	+12	+1	37% (+2)
Western Region	+16	+12	+4	28% (+1)
Total	***+17***	***+14***	***+3***	***36% (+2)***

1 These statistics are up to 2 February 2020, shown on a constant currency basis and relate to all customers whether risk or non-risk

Boeing 737 MAX update – TUI remains well prepared for all scenarios

RECENT DEVELOPMENTS

- Boeing estimates ungrounding of MAX to **begin not before mid-2020**
- Boeing recommends simulator training for MAX pilots – **FAA decision** still **outstanding**
- No clear guidance from FAA regarding overall timeline; **EASA** is responsible authority for TUI
- Special official committee found **MAX certification** process to be **effective**

IMPLICATIONS FOR FY20

- Safety and securing our customers' holidays remain top priorities for TUI
- TUI remains **confident to cover** enhanced Summer 2020 programme by securing additional dry and wet leases[1] whilst minimising costs
- FY20 cost impact:
  - expect additional cost range of ~€220m - €245m for full year FY20 (range reduced from ~€220m - €270m) in addition to
  - ~€130m cost impact assuming return to service by end of April[2]
- Certain level of compensation from Boeing expected in FY20

SUMMARY

- ✓ TUI is **strong enough** to deal with this challenging situation
- ✓ Disclosed cost impact is a gross figure **before** any compensation – certain level of compensation expected in FY20
- ✓ **Strategic transformation** not affected
- ✓ **Strong trading** even more visible after MAX returns to service



1 As at 11 February 2020, TUI has 15 MAX aircraft grounded and is awaiting a further 19 to be delivered in FY20; additional ~20 AC sourced to fulfil extended Summer 2020 programme | 2 Requires ban to be lifted by the end of February 2020 in order to allow sufficient time to prepare for return to service by end of April 2020

FY19 RESULTS & OUTLOOK

Successful strategic transformation and resilient business model deliver strong results in a challenging market environment

TURNOVER
€18.9bn

+2.7%[1]

UNDERLYING EBITA

INCL. MAX	*EXCL. MAX*
€893m	€1,186m
-25.6%[2]	**Flat[2]**

UNDERLYING EPS
€0.89[3]

-24.4%[4]

DIVIDEND PER SHARE
54 cents

ROIC[5]

INCL. MAX	*EXCL. MAX*
15.5%	**~21%**

WACC[5]
6.5%

- Resilient business model and performance is a result of our merger in 2014 and successful strategic transformation to date
- Holiday Experiences businesses continue to outperform
- Markets & Airlines highly impacted by MAX grounding, recent market consolidation provides growth opportunity (FY20+)
- Shareholder returns in line with development of underlying EBITA – dividend per share of €0.54 proposed
- Group continues to deliver strong ROIC (~21% excl. MAX impact)
- **Next priority:** ongoing transformation towards becoming a more digital tourism platform business

1 Post IFRS15 Adjustments and based on constant currency growth | 2 Based on constant currency growth, versus FY18 Underlying EBITA baseline of €1,183m including a €40m adjustment for the revaluation of Euro loan balances within Turkish hotel entities | 3 Pro forma basis, for calculation of underlying EPS please refer to page 39 of the FY19 Annual Report | 4 Based on constant currency growth | 5 For ROIC and WACC methodology please refer to pages 35-38 of the FY19 Annual Report

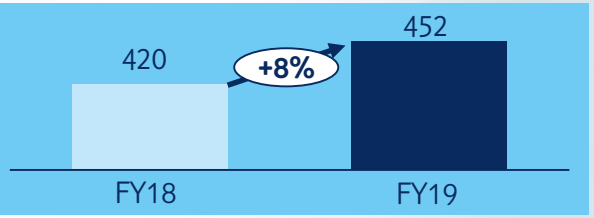
FY19: Holiday Experiences business continues to outperform; Markets & Airlines highly impacted by MAX grounding

SEGMENTS

UNDERLYING EBITA €M

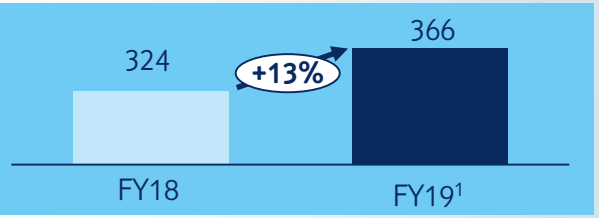
HOTELS & RESORTS





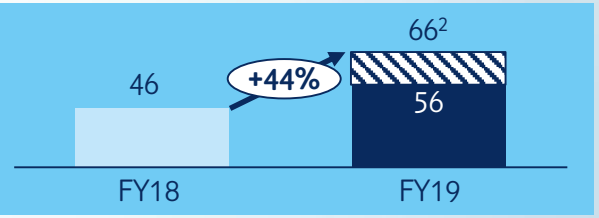
CRUISES





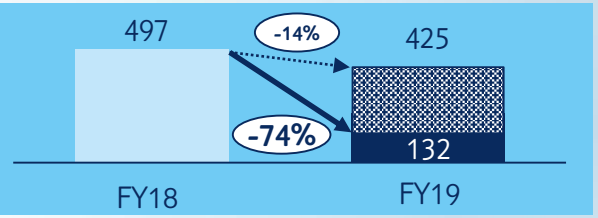
DESTINATION EXPERIENCES





MARKETS & AIRLINES





Musement start-up losses FY19 MAX impact of -€293m

KEY KPIs (YoY)

Capacity (m of bed nights)	Occupancy %	Av. Rev. per Bed €
42 (+6.8%)	**82** (-1 pts)	**66** (+5%)

Brand	Pax Days (k)	Occupancy %	Av . Price
TUI Cruises	**6,138** (+18%)	**101** (flat)	**€174** (-2%)
MARELLA CRUISES	**3,298** (+12%)	**100** (-1 pts)	**£149** (+6%)
HAPAG LLOYD CRUISES	**332** (-6%)	**79** (+1 pts)	**€641** (+4%)

Excursions, Activities and Tickets sold (m)
9.7 (+116%)

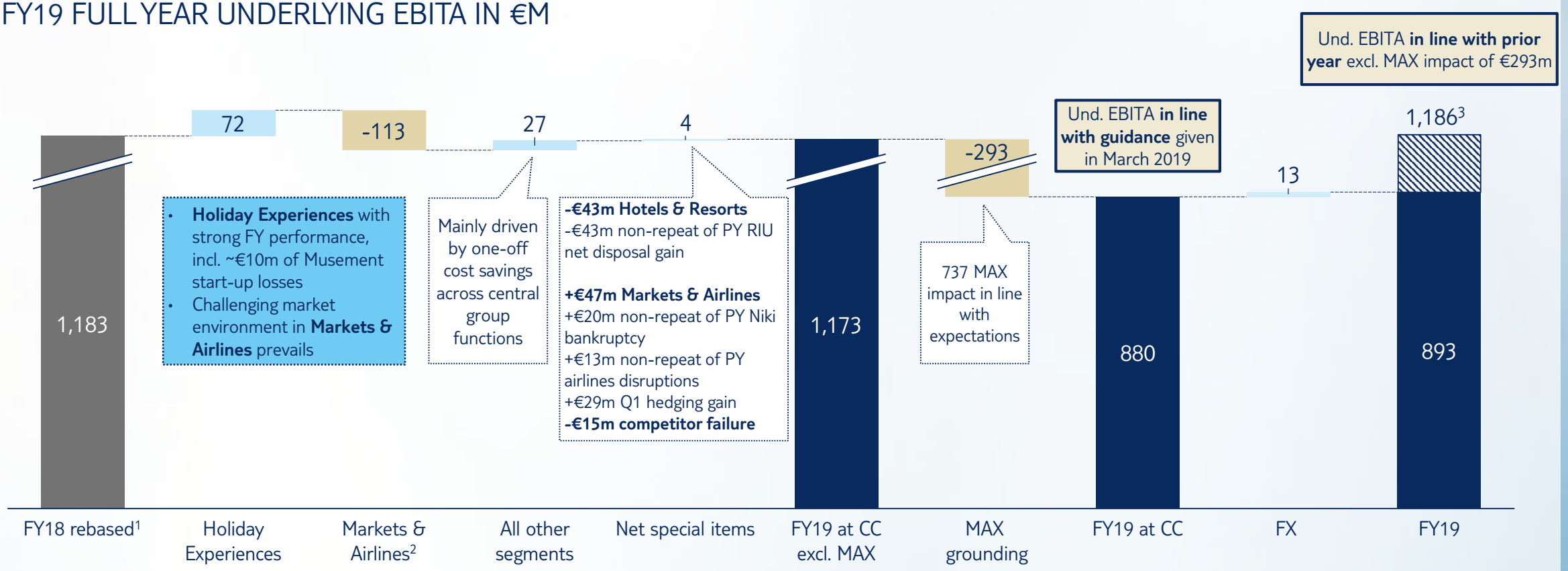
Customers (m)	Online Distribution %	App Distribution %[3]	NPS Score
21 (flat)	**48** (+2%)	**1.5** (+69%)	**53** (+6%)

1 Underlying EBITA excl. Musement start-up losses in FY19
2 Includes FX translation impact of less than €1m and includes IFRS 15 Adjustment of less than €1m I 3 Percentage of Markets & Airlines pax bookings via App

TUI Group performance, excluding MAX impact, delivered in line with prior year

Holiday Experiences' strong performance offset by weaker Markets & Airlines result

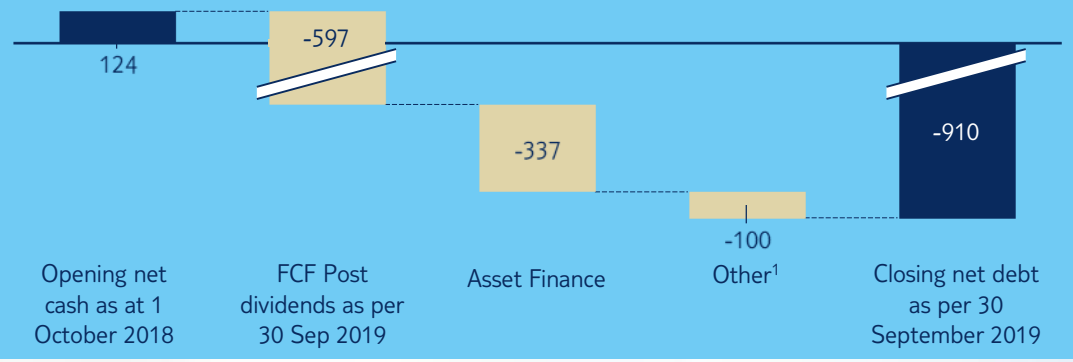
FY19 FULL YEAR UNDERLYING EBITA IN €M



1 PY reported EBITA of €1,143 (incl. ~-€4m IFRS15 adjustment) adjusted by €40m for the negative impact from the revaluation of Euro loan balances in Turkey for FY18 |
2 Including ~€49m and ~€104m of EBITA re-allocation from All other segments to Markets & Airlines in FY18 and FY19 respectively | 3 Underlying EBITA excl. MAX impact at actual rates

Higher net debt position reflects ~€290m Boeing MAX impact, operational development, working capital movement and our planned re-investment and financing strategy

FY19 FY MOVEMENT IN **NET** DEBT (€M)



FY19 **GROSS** LEVERAGE RATIO

(€M)	FY19	FY19 (excl. MAX)[2]	FY18
Gross financial liabilities	2,682	(+~110 liability) 2,792	2,443
Discounted value of op. leases	2,580	(+~20 NPV) 2,599	2,654
Pension obligations	758	758	870
EBITDAR	1,990	(+293) 2,283	2,220
Gross leverage ratio	**3.0x**	**~2.7x**	**2.7x**

FY NET DEBT

- Net debt increased due to Free Cash Flow development (Boeing MAX and investments) and planned asset financing relating to committed aircraft fleet renewal (~€220m) and cruise (~€120m)
- "Other" mainly includes FX effects and financial debt from asset acquisitions

FY GROSS LEVERAGE RATIO

- Excluding MAX impact, gross leverage ratio of ~2.7x broadly in line with prior year

1 Incl. -€6m from German specialists disposal | 2 Indicative pro forma calculation of gross leverage excluding MAX impact

New capital allocation framework

Organic growth



Investment into own assets, JV & asset-light growth as well as digital platforms to achieve superior returns

Core dividend



Reliable core dividend: 30-40% of EAT[1] with a dividend floor of €0.35

Acquisitions



Accretive M&A & portfolio optimisation

Excess cash



Return to shareholders

Solid balance sheet / Target leverage ratio of comfortably within target range of 2.25x – 3.0x

1 Underlying EAT post minorities at constant currency is calculated as Underlying EBIT minus interest expenses adjusted by one-off items minus tax based on underlying tax rate of currently 18% minus minorities adjusted for one-off items

Outlook – Exceptional start to Summer 2020 versus continued MAX uncertainty

HOLIDAY EXPERIENCES

HOTELS & RESORTS – STRONG FUNDAMENTALS

- 12 hotels opened in Q1, further five openings planned for FY20
- Incremental returns expected from hotel openings in FY17-FY19
- TUI BLUE growth to ~100 properties by end of FY20, mostly through repositionings

CRUISES – +25% Q1 TURNOVER GROWTH

- Hanseatic inspiration successfully launched in the quarter
- Annualisation of Mein Schiff 2, Explorer 2 and Hanseatic nature, partly offset by cost base increase from IMO2020 and adverse FX

DESTINATION EXPERIENCES – +35% Q1 TURNOVER

- Strong trajectory of growth in Q1
- FY20 focus on scale and revenue growth
- Investments in DX platform to become leading player in T&A[1] market

MARKETS & AIRLINES

- Strong trading[2] reflective of recent capacity growth
  - 36% of Summer 2020 booked to date (+2ppt YoY)
  - Bookings up 14% YoY
  - ASP up 3% YoY
- 737 MAX challenges persist; however, preparations are in place to protect customer bookings at a lower cost per aircraft than FY19
- Following the Boeing announcement on 21 January 2020, guidance now reflects that the ungrounding of the MAX will not begin before mid-2020; additional cost impact of ~€220m - €245m expected (previous range of ~€220m - €270m)
- Expect to deliver ~€850m - ~€1,050m underlying EBIT in FY20, with our current strong trading, other mitigating factors such as cost measures as well as a certain level of compensation from Boeing, partly offsetting the additional Boeing MAX grounding costs

1 T&A – Acronym for Tours & Activities | 2 These statistics are up to 2 February 2020, shown on a constant currency basis and relate to all customers whether risk or non-risk

FY20 guidance updated to reflect Boeing MAX prolongation, partly offset by strong trading and mitigating factors

	FY 20e (Q1 20 report)[1]	FY 20e (FY 19 report)[1]	FY19
Turnover	**High single digit % growth**	**Mid to high single digit % growth**	**€18,928m**
Underlying EBIT[2]	**Strong trading expected to deliver upper end of our original FY20 guidance, however:** Recent Boeing MAX grounding announcements lead to: ■ **Additional cost** impact from MAX grounding prolongation (narrowed to ~€220m - €245m)[3] ■ **Mitigating factors** such as cost measures as well as a certain level of compensation from Boeing Resulting in our updated guidance range: **~€850m - €1,050m[4]**	**~€950m - €1,050m[4]** ■ **Excluding** FY20 additional cost impact of ~€220m - €270m from MAX grounding[3] ■ **Excluding** compensation from Boeing	**€893m**
Adjustments[5]	~€70m - €90m	~€70m - €90m	€125m
Underlying EAT (after minorities)	**~€460m - €630m**	**~€540m - €630m**	**€525m**
Net investments[6]	~€750m - €900m	~€750m - €900m	€1,118m
Asset & debt financing	**~€350m - €450m**	**~€750m - €850m**	**€447m**
Net debt	**~€1.4bn - €1.7bn**	**~€1.8bn - €2.1bn**	**€910m**
Dividend per share	Core of 30% - 40% underlying EAT[7] Dividend floor of €0.35	Core of 30% - 40% of underlying EAT[7] Dividend floor of €0.35	€ 0.54

Our guidance is based on
- **pro forma IAS 17 application** and
- **pre TUI Cruises' acquisition of Hapag-Lloyd Cruises**

1 Based on constant currency, pro-forma IAS 17 application and pre TUI Cruises' acquisition of Hapag-Lloyd Cruises
2 As from FY20, we will use underlying EBIT which is more common in the international sphere. Our previous KPI Underlying EBITA includes amortisation of goodwill, any future goodwill impairments will be adjusted for in the reconciliation to underlying EBIT
3 In addition to ~€130m cost impact assuming return to service by end of April 2020
4 Including mid to high double-digit millions investment in digital platform growth
5 Adjustments now includes goodwill impairments; FY20 guidance includes ~€100m disposal gains of our German specialist businesses Berge & Meer and Boomerang
6 Including PDPs
7 Underlying EAT post minorities at constant currency is calculated as underlying EBIT minus interest expenses adjusted by one-off items minus tax based on underlying tax rate of currently 18% minus minorities adjusted for one-off items

Attractive TUI investment case – three reasons to invest

1 STRONG STRATEGIC POSITION



- Market leader in growing tourism market
- Own customer end to end: Markets & Airlines, Hotels, Cruises, Destination Experiences
- Differentiated product offering and strong customer base
- Driving Holiday Experiences premium returns through scale in Markets & Airlines
- Customer ownership: digitalised product upselling
- Risk capacity mitigation by double diversification

2 SUSTAINABLE EARNINGS GROWTH



- Tourism sector growing above GDP
- Focus and deliver on four strategic initiatives to expand TUI's ecosystem:
  1. Protect and where possible extend leading positions in Markets & Airlines
  2. Grow Hotel & Cruise businesses through asset-light expansion
  3. Build scale in new markets through our new GDN-OTA[1] digital platform
  4. Build scale in Destination Experiences markets and target "One million things to do"

3 DISCIPLINED CAPITAL ALLOCATION FRAMEWORK



- Holiday Experiences ROIC 1/3 higher than peers[2]
- Organic growth opportunities: Investments into own assets, JV & asset light growth as well as digital platforms to achieve superior returns
- Reliable core dividend: 30-40% of EAT[3] with a dividend floor of €0.35
- Accretive mergers and acquisitions and portfolio optimisation
- Excess cash to be returned to shareholders
- Solid balance sheet – target gross leverage ratio comfortably within range of 2.25x-3.00x[4]

1 Global Distribution Network – Online Travel Agency | 2 H&R FY18 and FY19 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROIC. Cruise Segment: FY18 and FY19 ROIC pre IFRS 16 basis of 23% versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROIC | 3 Underlying post minorities at constant currency | 4 Range of 2.25x – 3.00x based on current planning scenario whereby MAX returns to service by end of April 2020 and pre IFRS 16 basis

APPENDIX - SUSTAINABILITY

Pioneering Sustainability – Ambition and achievement



TUI Airways and TUI fly Germany ranked **#1 & #4** most carbon-efficient airlines globally[1]



TUI's airlines are **18%** more carbon-efficient than the average of the 6 largest EU airlines[2]. Relative CO_2 improved by **14%** in last 11 years



~14% reduction in relative cruise carbon emissions since 2015 (**23%** reduction water YoY)



83% of TUI Hotels & Resorts hold sustainability certifications (up from 69% in 2015)



Women in **~36%** of managerial positions



10.3m 'greener and fairer' TUI holidays delivered in hotels with sustainability certification (up from 5.6m in 2015)



1.2m TUI Collection excursions delivered with sustainability at their heart



Removal of over **250m** pieces of single-use plastics across airlines, cruise, hotels, destinations and offices[3]



€8m invested in good causes and initiatives to enhance the positive impacts of tourism



Colleague engagement score of **76** in 2019

ESG Indices: TUI Group is represented in the sustainability indices **FTSE4Good** and **Ethibel Sustainability Index (ESI) Excellence Europe**. TUI was included in the **RobecoSam Sustainability Yearbook with a 'Bronze Class' distinction**, and participated again in the **CDP Climate Change** assessment, receiving an **'A' score** for climate change reporting based on our 2019 CDP disclosure.[4]

1 atmosfair Airline index 2018 | 2 Calculation based on the latest CO2 performance data published by each airline as of January 2020 and weighted by the total passengers flown in 2019 |
3 In September 2019, TUI signed the International Tourism Plastic Pledge to reduce plastic pollution | 4 An 'A' list score means we are in the top 2% of 8,400 responding companies – TUI Group improved from 'A-' last year to 'A' this year

Pioneering Sustainability – New strategy 2030 currently being developed

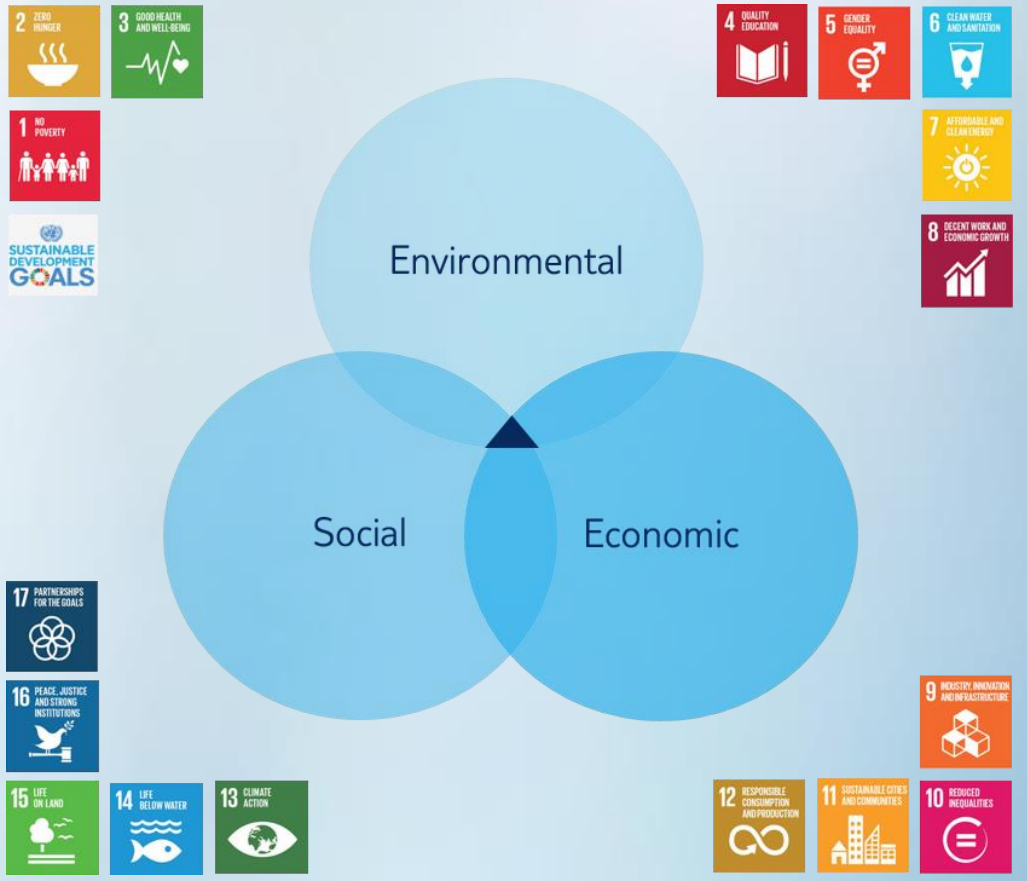
Components of our new sustainability strategy 2030

Extension of our leadership position in sustainability

Tourism as "Force for Good"

Continue to ensure the alignment with the UN Sustainable Development Goals

Ambition: Additional focus on global applicability and innovation



APPENDIX – FY20 Q1 RESULTS

Q1 performance with good underlying trading impacted by continued Boeing MAX grounding. Expect full-year additional Boeing MAX costs to be partly offset

TURNOVER
€3.9bn

+6.8%[1]

UNDERLYING EBIT

LFL INCL. MAX	*LFL EXCL. MAX*
-€148m	-€103m
-32.6%[1,2]	**+7.5%[1,2]**

REPORTED EBIT
-€79m

+24.9%[1]

GUIDANCE
(Incl. full year MAX cost impact)

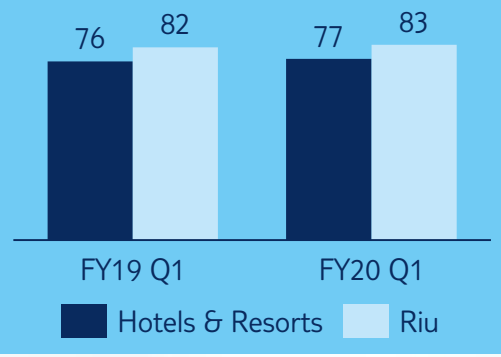
~€850m - €1,050m underlying EBIT[3]

- Q1 performance operationally strong but affected by continued MAX grounding and PY one-off effects
- Exceptional start to Summer 2020 trading in Markets & Airlines, TUI well on track to capture growth opportunity
- Execution of strategic initiatives in progress
- Our updated FY20 guidance will now reflect
  - ~€130m Boeing MAX cost impact assuming return to service by end of April 2020 and an additional FY20 impact with a narrowed range of ~€220m - ~€245m
  - We now expect to partly offset the additional Boeing MAX grounding costs by our current strong trading, other mitigating factors such as cost measures as well as a certain level of compensation from Boeing
  - Updated guidance range including all of the above now estimated between ~€850m - ~€1,050m

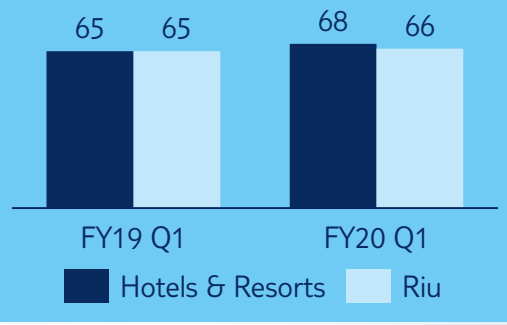
Figures based on a pro-forma calculation according to IAS 17 | 1 Based on constant currency growth | 2 PY on a like-for-like basis excluding €29m hedging gain in FY19 Q1 |
3 Based on constant currency, pro-forma IAS 17 basis and pre TUI Cruises acquisition of Hapag-Lloyd Cruises

Holiday Experiences: Hotels & Resorts
Strong fundamentals offset by higher cost base, adverse FX, against strong comparables

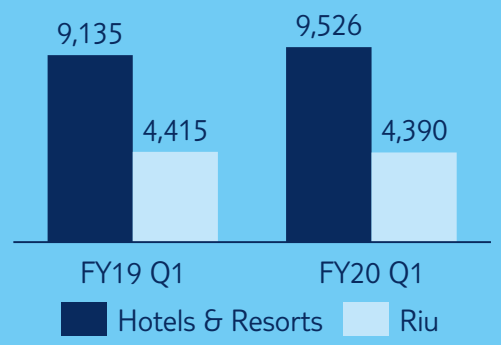
AVERAGE OCCUPANCY %



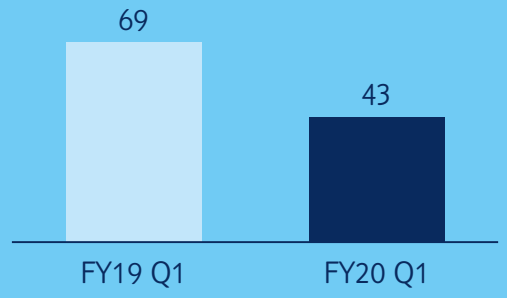
AVERAGE REVENUE PER BED €



AVAILABLE BEDS (K's)



UNDERLYING EBIT (€M)

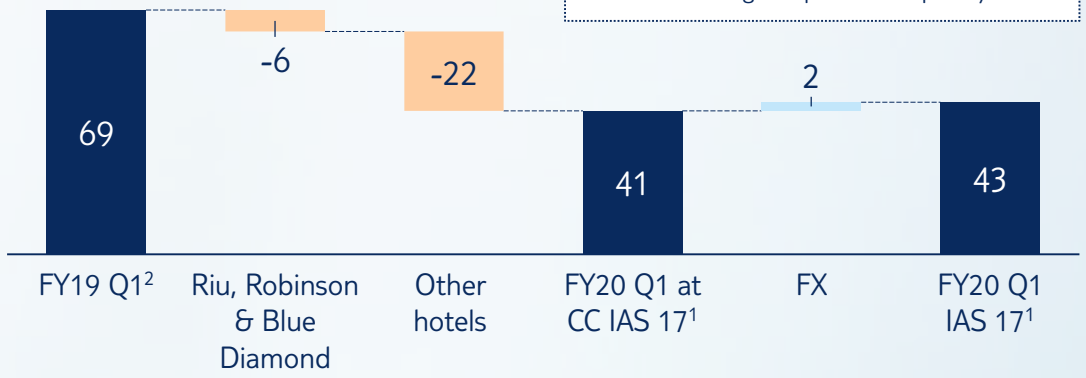


UNDERLYING EBIT (€M)

	FY20 Q1 IFRS 16	FY20 Q1 IAS 17[1]	FY19 Q1	% Δ IAS 17
Underlying EBIT	35.1	43.1	69.2	-38
Underlying EBIT at CC	32.4	40.6	69.2	-41

BRIDGE UNDERLYING EBIT (€M)

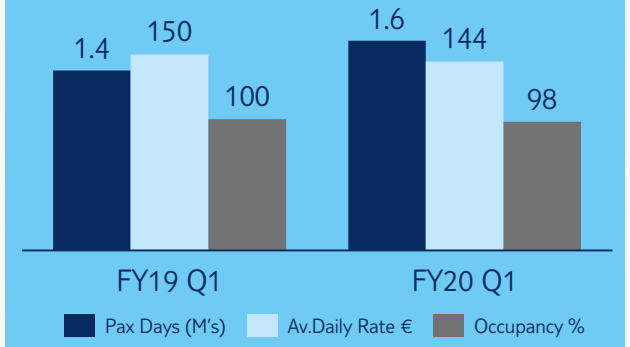
RIU saw lower contribution from reduced winter capacity, **Robinson** with strong performance in Turkey, offset by weaker result for **Blue Diamond. Other hotels** impacted by adverse FX versus strong comparables in prior year.



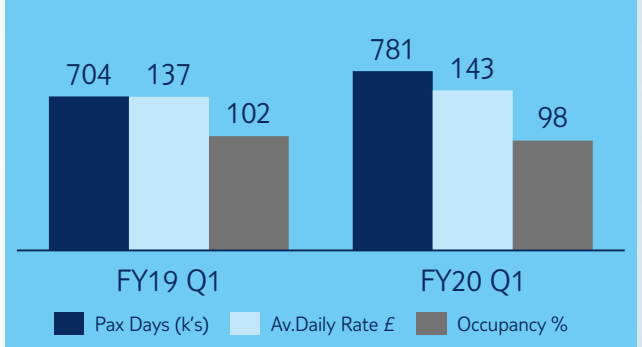
1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17 | 2 FY19 Q1 rebased by <€1m for IFRS15 retrospective adjustment

Holiday Experiences: Cruises
Growth from capacity increases, partially offset by higher cost base

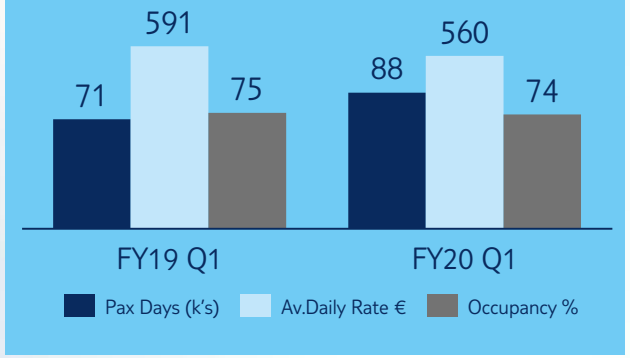
TUI CRUISES



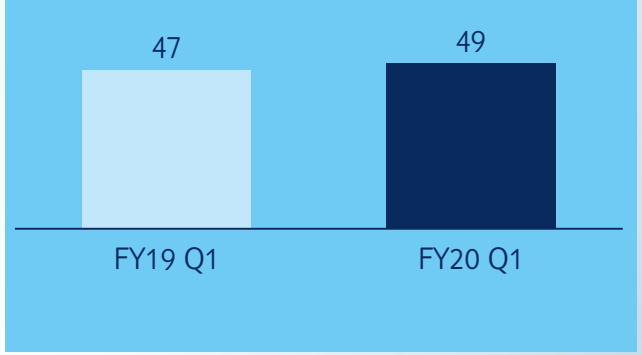
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBIT[1] (€M)



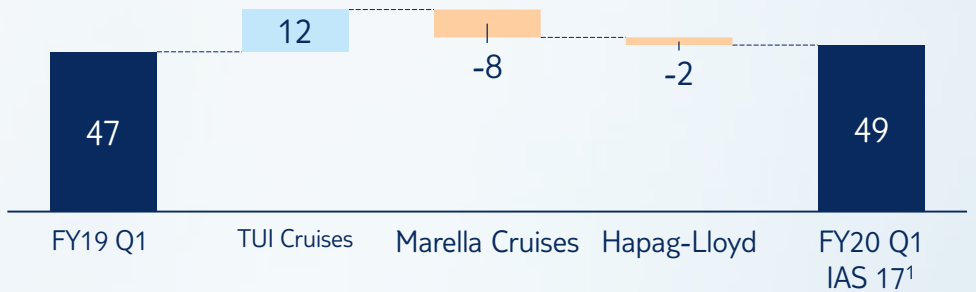
UNDERLYING EBIT (€M)

	FY20 Q1 IFRS 16	FY20 Q1 IAS 17[1]	FY19 Q1	% Δ IAS 17
Underlying EBIT	48.8	48.9	47.0	+4
o/w fully consolidated	10.2	10.3	20.8	-51
o/w equity result*	38.6	38.6	26.2	+47

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

BRIDGE UNDERLYING EBIT (€M)

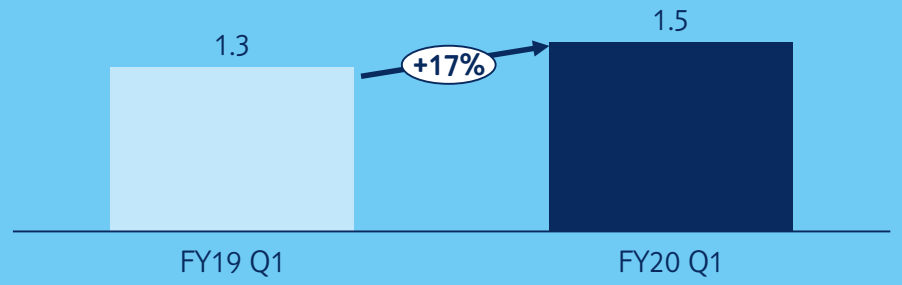
Continued growth in **TUI Cruises** mainly driven by MS2. **Marella** saw higher cost base, principally from IMO2020 and adverse FX. **Hapag-Lloyd** earnings muted due to dry dock stay for Europa and launch costs for new Hanseatic inspiration.



1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17, including FX impact of <€1m.

Holiday Experiences: Destination Experiences
Volume growth and accelerated investment in Musement platform as expected

EXCURSIONS & ACTIVITIES SOLD (M's)





TURNOVER AND EARNINGS (€M)

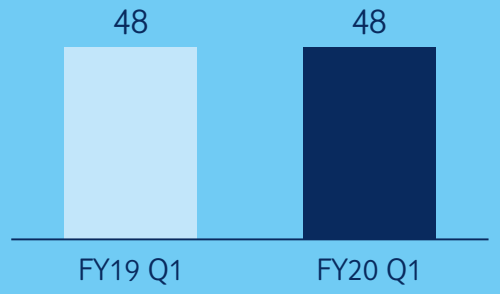
	FY20 Q1 IFRS 16	FY20 Q1 IAS 17[1]	FY19 Q1	% Δ IAS 17
Total Turnover	305.5	305.5	226.3	+35
o/w Turnover 3rd Party	216.7	216.7	158.3	+37
Underlying EBIT[2]	-8.9	-9.1	-4.8	-91
Underlying EBIT[2] excl. Musement start-up losses	-3.5	-3.7	-1.7	-113

- Number of excursion & activities sold up 17% YoY
- Turnover up 35%
- Musement growth continues, ~€5m investment in Q1

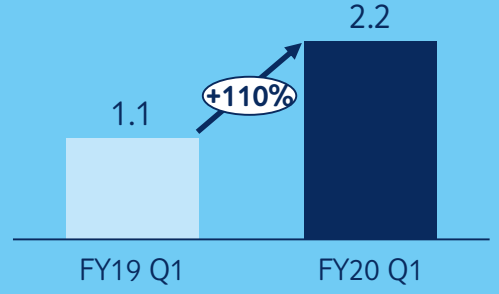
1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17 | 2 Includes FX translation impact of <€1m.

Markets & Airlines
Good underlying performance excluding MAX and prior year hedging gain

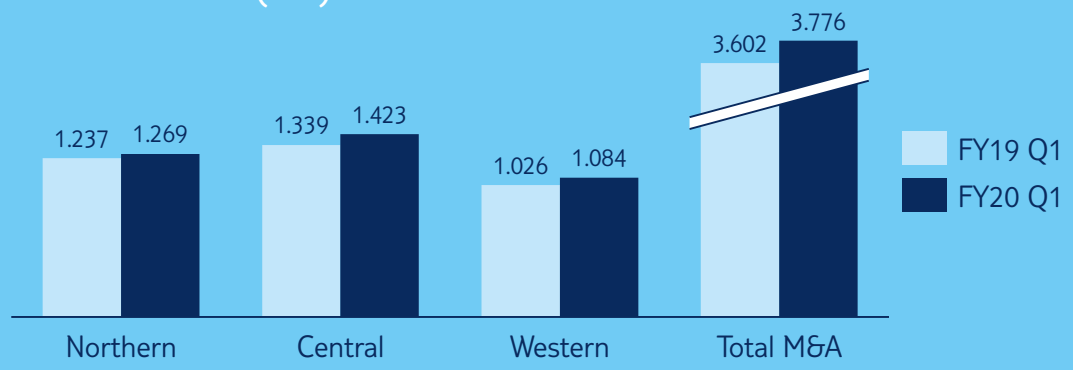
ONLINE DISTRIBUTION %[1]



APP DISTRIBUTION %[2]



CUSTOMERS (M's)[1,3]

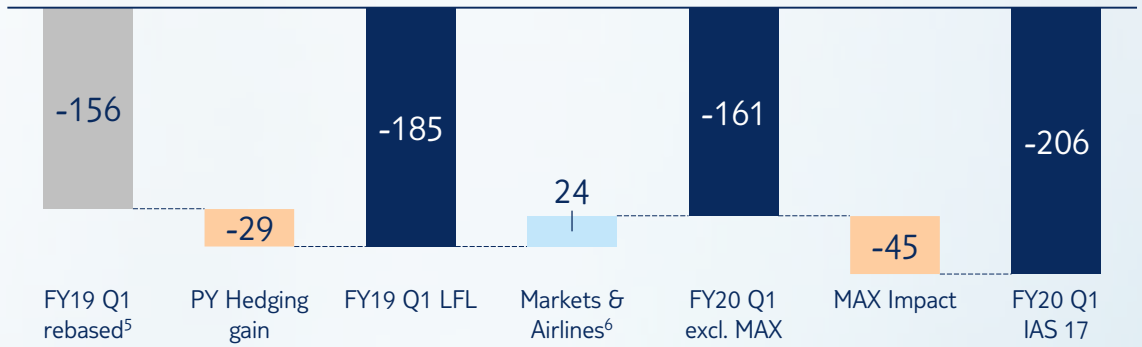


TURNOVER AND EARNINGS (€M)

	FY20 Q1 IFRS 16	FY20 Q1 IAS 17[4]	FY19 Q1	% Δ IAS 17
Turnover	3,169.8	3,169.8	2,933.8	+8
Underlying EBIT	-197.9	-206.3	-156.0	-32
Underlying EBIT at CC	-195.5	-203.8	-156.0	-31
Und. EBIT like-for-like at CC	-150.6	-158.9	-185.0	+14

BRIDGE UNDERLYING EBIT (€M)

Underlying EBIT on like-for-like basis is up +14%



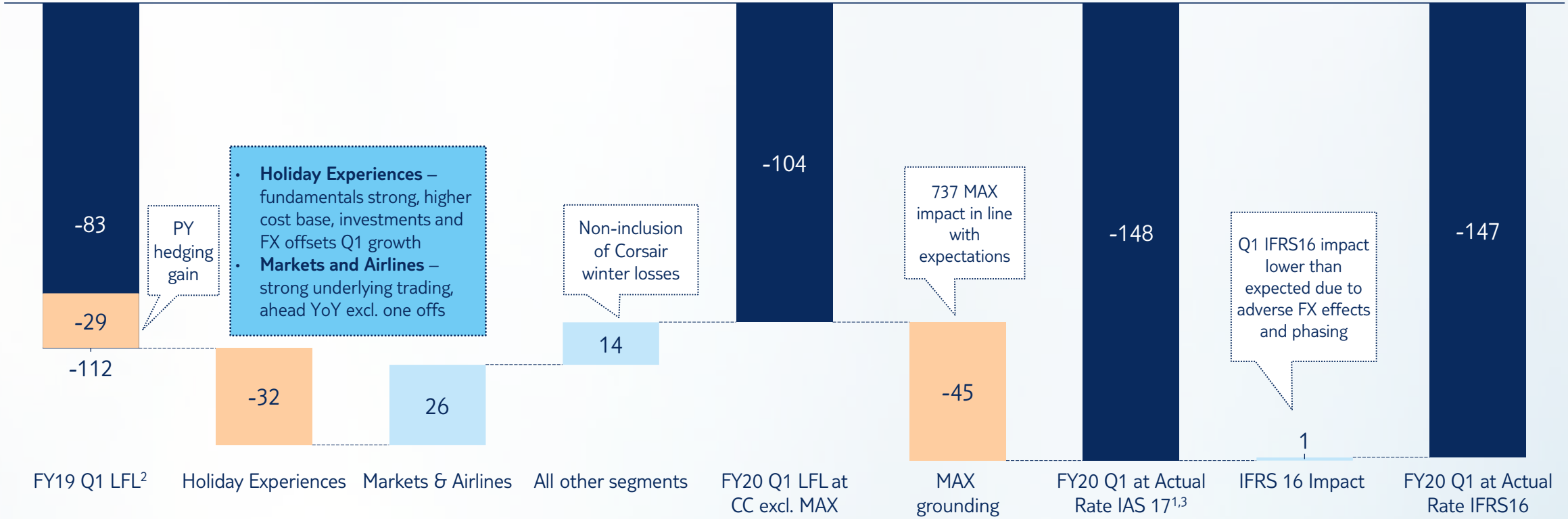
1 Berge & Meer and Boomerang excluded from Q1 FY19 | 2 Percentage of Markets & Airlines pax bookings via App | 3 Total Markets & Airlines customers excludes Cruise and strategic joint ventures in Canada and Russia | 4 FY20 Q1 financials based on a pro-forma calculation according to IAS 17 | 5 FY19 Q1 rebased for AAE resegmentation, resulting in +€22.1m transferred from AOS to Markets & Airlines | 6 Includes FX impact of c. €2.5m

Good trading in Markets & Airlines offset by MAX grounding and PY one-off

Holiday Experiences sees minor headwinds in Q1 whilst fundamentals remain strong

FY20 Q1 UNDERLYING EBIT IN €M[1]

Q1 like-for-like Und. EBIT
+€8m / +8% excl. €45m MAX impact



1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17 | 2 FY19 Q1 rebased by <€1m for IFRS15 retrospective adjustment | 3 Includes FX impact of +€1m

Income Statement – Underlying EBIT mainly impacted by MAX grounding

In €m	FY20 Q1 IFRS16	FY20 Q1 IAS17[1]	FY19 Q1	*IAS17 Δ YOY*	*IAS17 % YOY*
Turnover	3,850.8	3,850.8	3,574.8	275.9	+8%
Underlying EBITDA	**111.5**	**-20.0**	**27.2**	**-47.1**	**-173%**
Depreciation & Amortisation	-258.6	-128.0	-110.3	-17.7	
Underlying EBIT	**-146.9**	**-148.0**	**-83.1**	**-64.8**	**-78%**
Adjustments (SDI's and PPA)	68.9	68.9	-22.9	91.8	
EBIT	**-78.0**	**-79.1**	**-106.0**	**26.9**	**+25%**
Net interest expense	-52.2	-27.8	-29.4	1.6	
EBT	**-130.3**	**-106.8**	**-135.4**	**28.5**	**+21%**
Income taxes	24.8	19.2	23.3	-4.1	
Group result continuing operations	**-105.5**	**-87.6**	**-112.1**	**24.5**	**+22%**
Minority interest	-23.2	-23.2	-27.2	-4.0	
Group result after minorities	**-128.7**	**-110.8**	**-139.3**	**28.4**	
Basic EPS (€)	**-0.22**	**-0.19**	**-0.24**	**0.05**	**+20%**

FY20 Q1 includes -€45m Boeing MAX impact

FY19 Q1 includes +€29m hedging gain

TURNOVER

- +8% YoY turnover growth (7% at CC) mainly driven by customer growth and good trading in Markets & Airlines

UNDERLYING EBIT

- YoY decrease driven by MAX grounding and PY hedging gain – underlying EBIT +8% excluding these factors

ADJUSTMENTS

- YoY improvement due to ~€91m gain on disposal of German specialist businesses Berge & Meer and Boomerang

TAX

- Full-year guidance for underlying ETR remains at ~18%

1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17

Cash flow – Improved free cash flow driven by lower net investments

In €m	FY20 Q1 IFRS16	FY20 Q1 IAS17[1]	FY19 Q1
EBITDA underlying	**111.5**	**-20.0**	**27.2**
Adjustments	78.7	78.6	-14.6
EBITDA reported	**190.2**	**58.6**	**12.5**
Working capital	-1,398.5	-1,421.9	-1,398.0
Other cash items[2]	-209.4	-194.8	-200.9
At equity income	-38.7	-38.7	-34.8
Dividends received from JVs and associates	5.7	5.7	8.6
Operating Cash flow	**-1,450.7**	**-1,591.1**	**-1,612.5**
Net Investments	-60.7	-60.7	-294.8
Free Cash flow	**-1,511.4**	**-1,651.8**	**-1,907.3**
Dividends	-	-	-
Free Cash flow after Dividends	**-1,511.4**	**-1,651.8**	**-1,907.3**
Cash flow from financing	580.8	721.1	274.6
o/w Payments received from the issue of bonds, commercial paper and drawings from other financial facilities	*764.6*	*764.6*	*373.0*
o/w Payments made for redemption of loans, commercial paper and other financial liabilities	*-199.9*	*-59.6*	*-108.6*
Total Cash Flow	**-930.7**	**-930.7**	**-1,632.7**

UNDERLYING EBITDA

- Excluding the MAX impact, underlying EBITDA (+€25m) is broadly flat YoY
- Underlying EBITDA under IFRS 16 is higher driven by reduced expenses

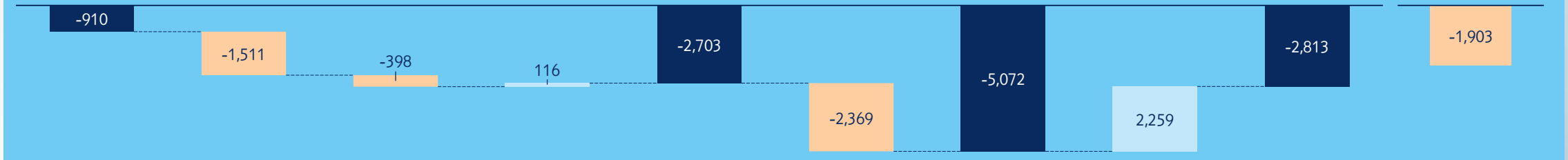
CASH FLOW

- Operating cash flow broadly in line with PY
- Free cash flow more than €250m higher than PY driven by lower investments and disposal proceeds from German specialist business
- Cash flow from financing includes ~€530m RCF drawing and ~€200m from commercial paper and bilateral financing arrangements

1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17 | 2 Other cash items include other cash effects (-€19m YoY), tax paid (+€22m YoY), cash interest (-€12m YoY) as well as pension contribution & payments (+€15m YoY)

Seasonal net debt swing slightly improved on a pro-forma like-for-like basis

FY20 Q1 MOVEMENT IN **NET DEBT** (€M)



	Opening net debt as at 1 Oct 2019	FCF after dividends IFRS 16	Asset Finance	Other	Σ before lease liabilities first time adoption IFRS 16	Lease liabilities first time adoption IFRS16	Closing net debt as at 31 Dec 2019 IFRS 16	Δ Net debt IFRS 16 vs IAS 17 pro-forma	Closing net debt as at 31 Dec 2019 IAS 17 pro-forma[1]	Q1 net debt swing IAS 17 pro-forma
FY19 Q1:	+124	-1,907	-45	-4	-	-	-	-	-1,832	-1,956

NET DEBT

- Increase in net debt in line with usual seasonal swing
- Based on pro-forma IAS 17 closing net debt, YoY improvement of the seasonal swing (~€50m) as a result of higher FCF after dividends than prior year
- Closing net debt based on reported figures is higher due to the first time adoption of IFRS 16

1 Based on a pro-forma calculation according to IAS17

Cash flow

In €m	FY20 Q1 IFRS16	FY20 Q1 IAS17[1]	FY19 Q1
EBITDA underlying	**111.5**	**-20.0**	**27.2**
Adjustments	78.7	78.6	-14.6
EBITDA reported	**190.2**	**58.6**	**12.5**
Working capital	-1,398.5	-1,421.9	-1,398.0
Other cash effects	-88.4	-98.3	-79.2
At equity income	-38.7	-38.7	-34.8
Dividends received from JVs and associates	5.7	5.7	8.6
Tax paid	-36.3	-36.3	-58.4
Interest (cash)	-58.4	-34.0	-22.5
Pension contribution & payments	-26.282	-26.282	-40.8
Operating Cash flow	**-1,450.7**	**-1,591.1**	**-1,612.5**
Net capex	-163.7	-163.7	-268.9
Net financial investments	43.0	43.0	-57.9
Net pre-delivery payments	60.0	60.0	32.0
Free Cash flow	**-1,511.4**	**-1,651.8**	**-1,907.3**
Dividends	-	-	-
Free Cash flow after Dividends	**-1,511.4**	**-1,651.8**	**-1,907.3**
Cash flow from financing	580.8	721.1	274.6
o/w Payments received from the issue of bonds, commercial paper and drawings from other financial facilities	*764.6*	*764.6*	*373.0*
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Total Cash Flow	**-930.7**	**-930.7**	**-1,632.7**

UNDERLYING EBITDA

- Excluding the MAX impact, underlying EBITDA (+€25m) is broadly flat YoY
- Underlying EBITDA under IFRS 16 is higher driven by reduced expenses

CASH FLOW

- Operating cash flow broadly in line with PY
- Free cash flow more than €250m higher than PY driven by lower investments and disposal proceeds from German specialist business
- Cash flow from financing includes ~€530m RCF drawing and ~€200m from commercial paper and bilateral financing arrangements

1 FY20 Q1 financials based on a pro-forma calculation according to IAS 17

Net Financial Position, Pensions and Operating Leases

In €m	31-Dec-19	31-Dec-18
Financial liabilities	**-5,953**	**-2,762**
- Finance leases	-	-1,366
- Lease liabilities under IFRS16[1]	-3,917	-
- Senior Notes	-298	-297
- Liabilities to banks	-1,721	-1,078
- Other liabilities	-17	-21
Cash & Bank Deposits	**881**	**930**
Net debt	**-5,072**	**-1,832**
- Net Pension Obligation	-749	-816
- Discounted value of operating leases[2]	-35	-2,730

FINANCIAL LIABILITIES

- ~€2.4bn higher versus prior year as a result of new finance lease accounting standard IFR16 adoption
- ~€725m higher versus prior year from utilisation of RCF and bilateral credit facilities, as well as issuance of Commercial Paper

1 Including existing finance leases under IAS17 (~€1,659m) | 2 At simplified discount rate of 0.9% at 31.12.2019 and 1.7% at 31.12.2018

APPENDIX – FY19 RESULTS

FY19 Full Year Turnover by Segment – restated for IFRS15 (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY19	FY18[1]	Change	FX	Change ex FX
Hotels & Resorts	**660.0**	**606.8**	**53.2**	**2.8**	**50.4**
- Riu	415.1	407.0	8.1	9.5	-1.4
- Robinson	103.1	89.3	13.8	-0.6	14.4
- Blue Diamond	-	-	-	-	-
- Other	141.8	110.5	31.3	-6.1	37.4
Cruises	**965.8**	**900.3**	**65.5**	**-0.3**	**65.8**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	660.6	579.3	81.3	-0.3	81.5
- Hapag-Lloyd Cruises	305.2	321.0	-15.8	0.0	-15.8
Destination Experiences[2]	**856.2**	**309.7**	**546.5**	**6.5**	**540.0**
Holiday Experiences	**2,482.0**	**1,816.8**	**665.2**	**9.0**	**656.2**
- Northern Region	6,345.2	6,457.7	-112.5	-46.6	-65.9
- Central Region	6,413.0	6,222.4	190.6	5.2	185.4
- Western Region	3,231.9	3,328.5	-96.6	0.0	-96.6
Markets & Airlines	**15,990.1**	**16,008.6**	**-18.5**	**-41.4**	**22.9**
All other segments	456.0	643.3	-187.3	1.0	-188.3
TUI Group	**18,928.1**	**18,468.7**	**459.4**	**-31.4**	**490.8**

*Table contains rounding effects | 1 PY reported adjusted for retrospective application of IFRS 15 |
2 PY restated for reclassification of TUI DX Crystal to Destination Experiences from Markets & Airlines Northern Region and TUI Italy to Markets & Airlines Central Region from All other segments

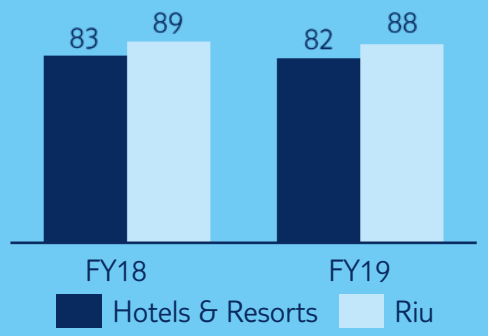
FY19 Full Year Underlying EBITA by Segment*

In €m	FY19	FY18[1]	Change	FX	Change ex FX
Hotels & Resorts	**451.5**	**420.0**	**31.5**	**14.0**	**17.5**
- Riu	326.2	390.3	-64.1	4.3	-68.4
- Robinson	54.7	41.8	12.8	1.9	10.9
- Blue Diamond**	9.9	18.4	-8.4	1.1	-9.5
- Other	60.7	-30.4	91.1	6.7	84.4
Cruises	**366.0**	**323.9**	**42.1**	**-0.7**	**42.8**
- TUI Cruises**	202.6	181.3	21.3	0.0	21.3
- Marella Cruises	120.4	106.4	14.0	-0.7	14.7
- Hapag-Lloyd Cruises	43.0	36.2	6.8	0.0	6.8
Destination Experiences[2]	**55.7**	**45.6**	**10.1**	**0.8**	**9.3**
Holiday Experiences	**873.2**	**789.5**	**83.7**	**14.2**	**69.5**
- Northern Region	56.8	278.2	-221.4	-6.9	-214.5
- Central Region	102.0	94.9	7.1	0.5	6.6
- Western Region	-27.0	124.2	-151.2	0.0	-151.2
Markets & Airlines	**131.8**	**497.3**	**-365.5**	**-6.4**	**-359.1**
All other segments	-111.7	-144.0	32.3	5.6	26.7
TUI Group	**893.3**	**1,142.8**	**-249.5**	**13.4**	**-262.9**

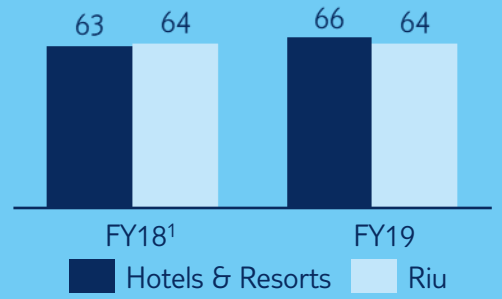
*Table contains rounding effects | **Equity result | 1 PY reported adjusted for retrospective application of IFRS 15 |
2 PY restated for reclassification of TUI DX Crystal to Destination Experiences from Markets & Airlines Northern Region and TUI Italy to Markets & Airlines Central Region from All other segments

Holiday Experiences: Hotels & Resorts – FY19
Strong performance as a result of our successful hotel portfolio diversification

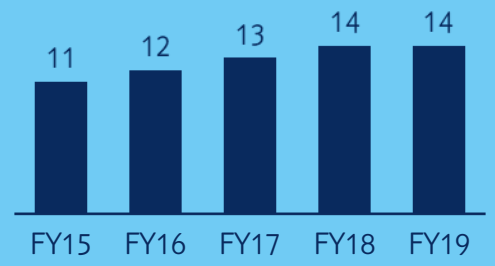
AVERAGE OCCUPANCY %



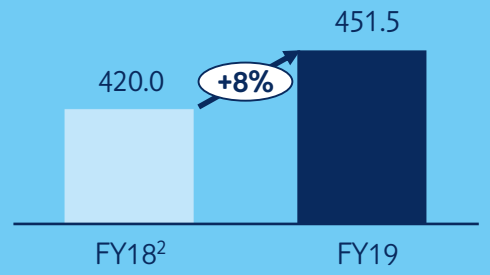
AVERAGE REVENUE PER BED €



SEGMENTAL ROIC %



UNDERLYING EBITA €M

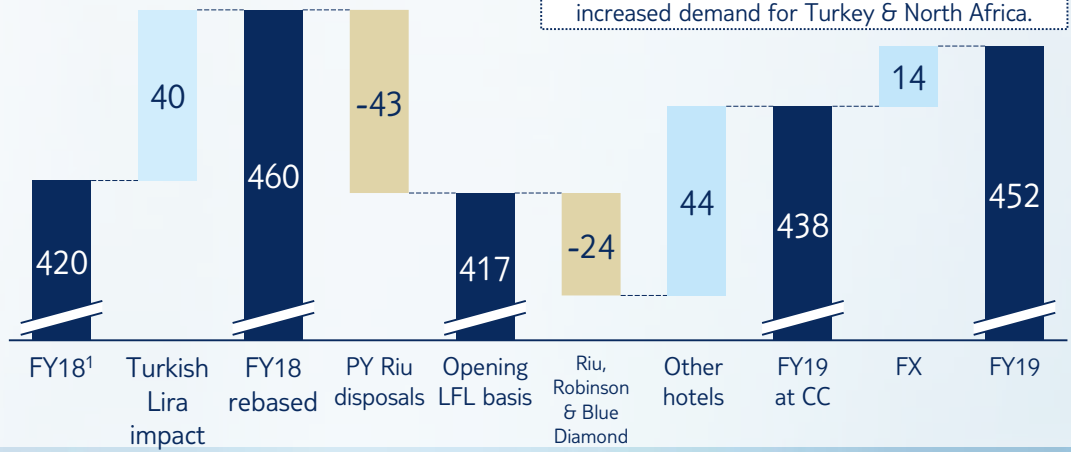


UNDERLYING EBITA (€M)

	FY19	FY18[2]	%
Underlying EBITA	451.5	420.0	+7.5
Underlying EBITA at CC[2]	437.5	460.0	-4.9
Underlying EBITA LFL	451.5	417.0	+8.2

BRIDGE UNDERLYING EBITA (€M)

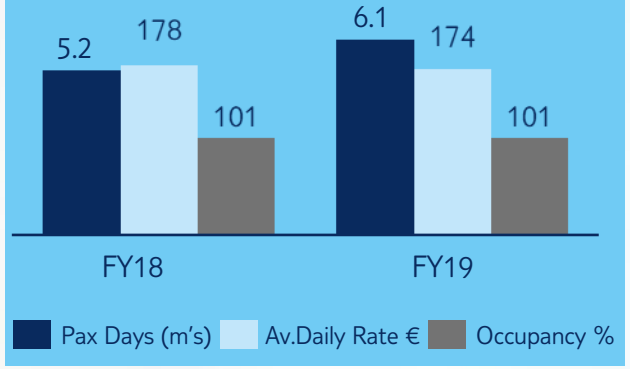
RIU with normalised demand for Spain, **Robinson** with strong performance and increased occupancy. Offset by lower occupancy and rates for **Blue Diamond. Other hotels** benefit from increased demand for Turkey & North Africa.



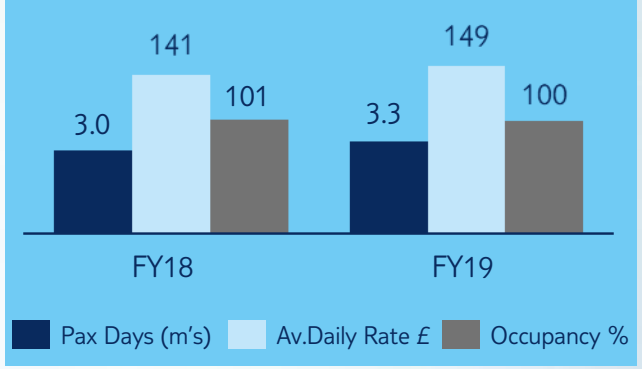
1 PY reported adjusted for retrospective application of IFRS 15 (impact of ~-€6m) | 2 Previous year's number adjusted for €40 in FY18, arising from the revaluation of Euro loan balances within Turkish hotel entities

Holiday Experiences: Cruises – FY19
Growth driven by successful deployment of additional capacity

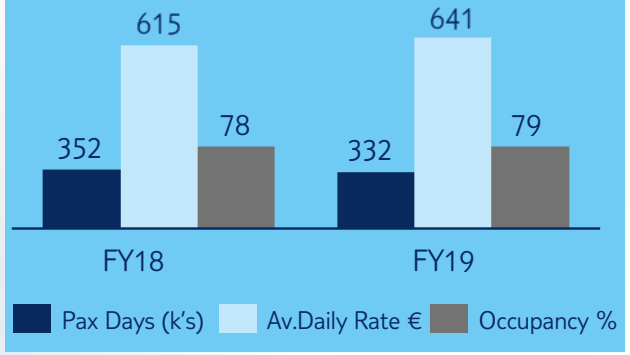
TUI CRUISES



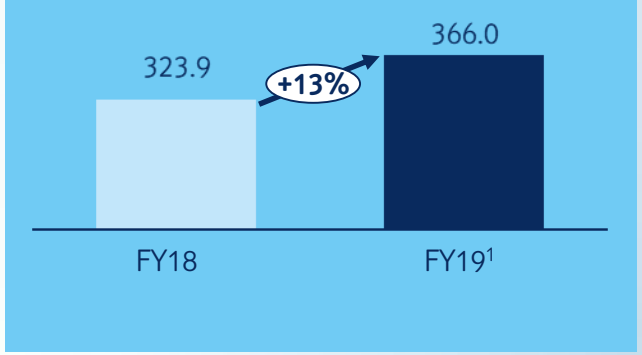
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M



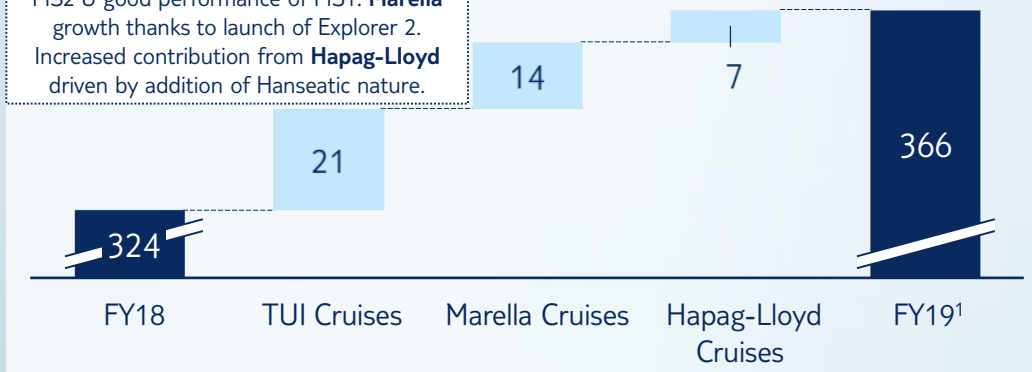
UNDERLYING EBITA (€M)

	FY19	FY18	%
Underlying EBITA	366.0	323.9	+13.0
o/w fully consolidated	163.4	142.7	+14.5
o/w equity result*	202.6	181.3	+11.8

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

BRIDGE UNDERLYING EBITA (€M)

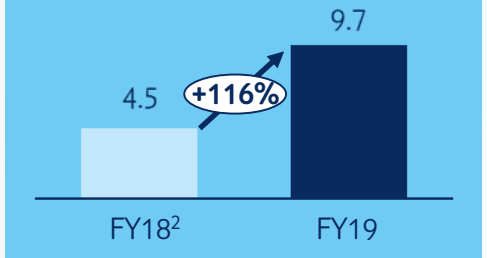
Strong growth in **TUI Cruises** driven by new MS2 & good performance of MS1. **Marella** growth thanks to launch of Explorer 2. Increased contribution from **Hapag-Lloyd** driven by addition of Hanseatic nature.



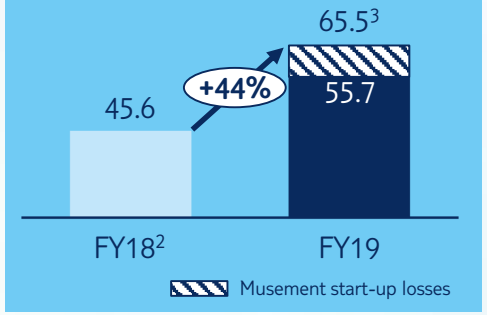
1 Includes FX translation impact of less than €1m and includes IFRS 15 Adjustment of less than €1m

Holiday Experiences: Destination Experiences – FY19
Double-digit earnings growth driven by volume growth & successful integration

EXCURSIONS & ACTIVITES SOLD (M's)



UNDERLYING EBITA €M



TURNOVER AND EARNINGS (€M)

	FY19	FY18[1,2]	%
Total Turnover	1,231.4	600.3	+105.2
o/w Turnover 3rd Party	856.2	309.7	+176.5
Underlying EBITA[4]	55.7	45.6	+22.2
Underlying EBITA[4] excl. Musement start-up losses	65.5	45.6	+43.7

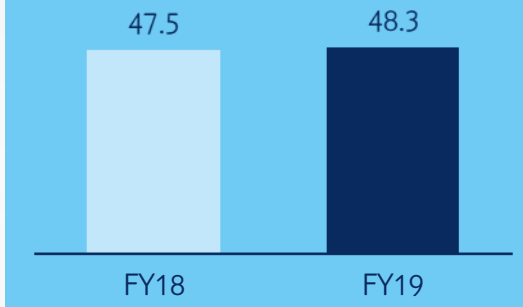


- Number of excursion & activities sold up 116% YoY
- Turnover up 105% with strong underlying EBITA growth of 22%
- Musement platform up and running; FY19 EBITA investment of ~€10m
- Acceleration of DX platform:
  - Enlarge ecosystem by new customer acquisition & additional 3rd party distribution (e.g. Ctrip etc.)
  - Expand product portfolio

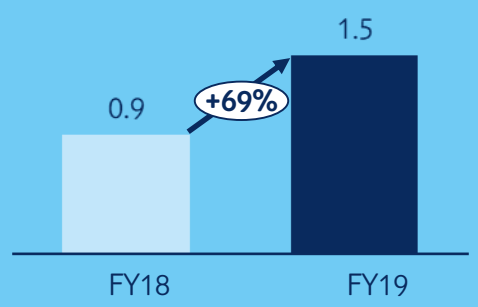
1 PY restated for reclassification of TUI DX Crystal previously reported in Markets & Airlines Northern Region | 2 FY18 excludes Musement (completed October 2018) and only partially includes Destination Management (acquired August 2018) | 3 Underlying EBITA excl. Musement start-up losses in FY19 | 4 Includes FX translation impact of less than €1m.

Markets & Airlines – FY19
Underlying performance impacted by MAX and challenging market environment

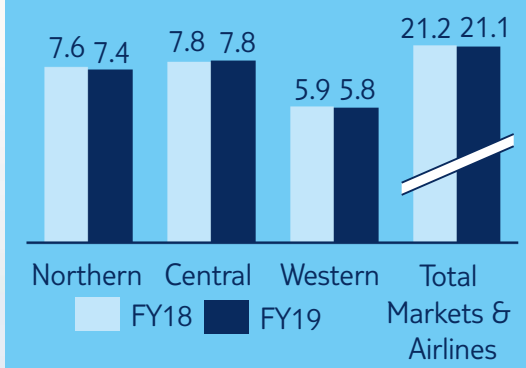
ONLINE DISTRIBUTION %



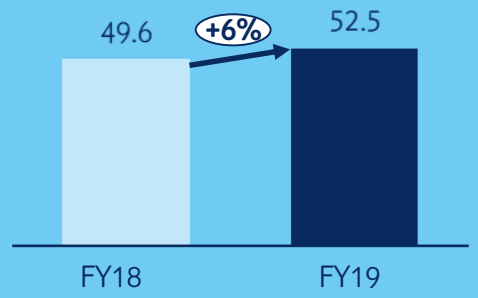
APP DISTRIBUTION %[1]



CUSTOMERS (M)[2]



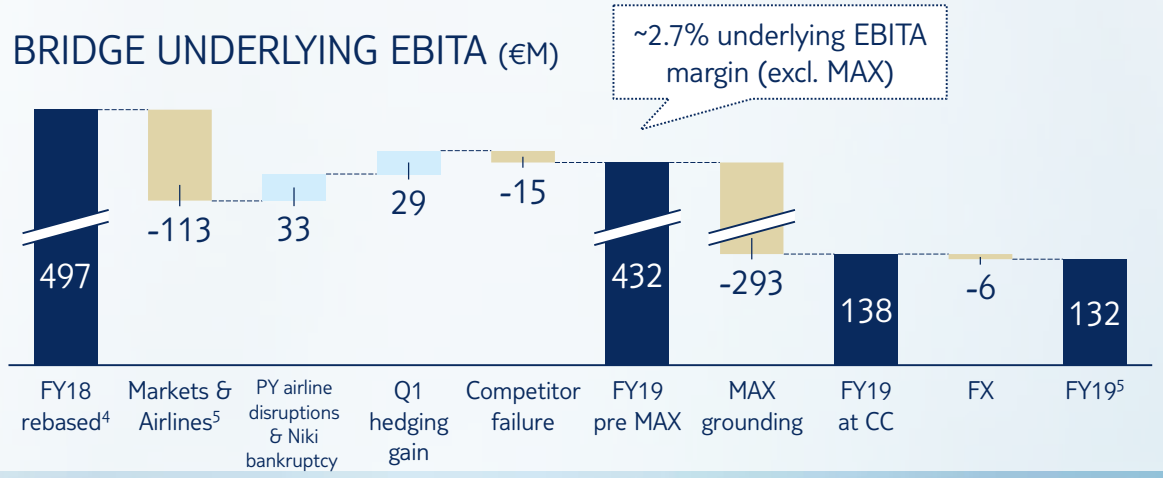
NET PROMOTER SCORE



TURNOVER AND EARNINGS (€M)

	FY19	FY18[3]	%
Turnover	15,990.1	16,008.6	-0.1
Underlying EBITA	131.8	497.3	-73.5
Underlying EBITA at CC	138.1	497.3	-72.2

BRIDGE UNDERLYING EBITA (€M)



1 Percentage of Markets & Airlines pax bookings via App | 2 Central now includes Italy. Total Markets & Airlines customers excludes Cruise and strategic joint ventures in Canada and Russia | 3 PY reported adjusted for retrospective application of IFRS 15 | 4 Includes reallocation of ~€49m EBITA from All Other Segments | 5 Includes reallocation of ~€104m EBITA from All Other Segments

Income Statement – Full Year Group result after minorities mainly impacted by MAX grounding, underlying EPS benefit from lower underlying tax rate

In €m	FY19	FY18[1]	Δ YOY	% YOY
Turnover	18,928.1	18,468.7	*459.5*	*+3%*
Underlying EBITDA	**1,359.5**	**1,554.8**	***-195.3***	***-13%***
Depreciation	-466.2	-412.0	*-54.2*	
Underlying EBITA[2]	**893.3**	**1,142.8**	***-249.5***	***-22%***
Adjustments (SDI's and PPA)	-124.9	-88.3	*-36.6*	
EBITA	**768.4**	**1,054.5**	***-286.1***	***-27%***
Net interest expense	-77.0	-88.7	*11.7*	
EBT	**691.4**	**965.8**	***-274.4***	***-28%***
Income taxes	-159.5	-190.9	*31.4*	
Group result continuing operations	**531.9**	**774.9**	***-243.0***	***-31%***
Discontinued operations	-	38.7	*-38.7*	
Minority interest	-115.7	-86.4	*-29.3*	
Group result after minorities	**416.2**	**727.2**	***-311.0***	
Basic EPS (€, continuing)	**0.71**	**1.17**	***-0.46***	***-40%***
Underlying EPS (€, continuing)	**0.89**	**1.16**	***-0.27***	***-23%***

€1,186m pre Boeing MAX impact

TURNOVER

- Broadly stable excluding the effect of smaller M&A

DEPRECIATION

- Increase in depreciation driven by progressive investment strategy

UNDERLYING EBITA

- YoY decrease driven by MAX grounding – underlying EBITA in line with previous year excluding the MAX impact

ADJUSTMENTS

- In line with full year guidance of ~€125m

INTEREST

- Improvement of ~€53m vs. guidance of €130m mainly due to tax-related release of interest provisions, adjusted in underlying EPS

TAX

- Mainly driven by one-off depreciation on tax loss carryforwards

MINORITY INTEREST

- YoY increase driven by non-repeat of one off tax items in FY18

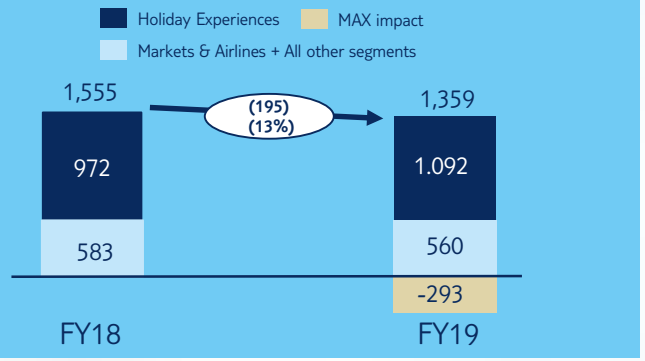
UNDERLYING EPS

- Decrease driven by MAX grounding, however lower underlying effective tax rate of 18% and lower adjusted minority interest in FY19

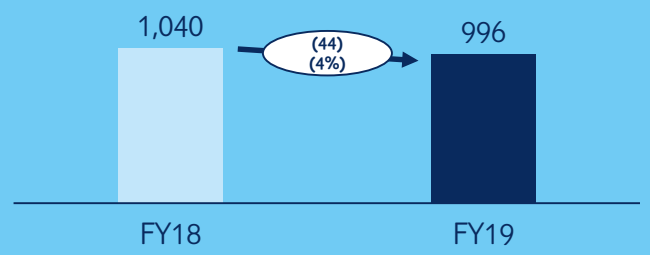
1 PY reported adjusted for retrospective application of IFRS 15 | 2 Underlying EBITA excluding the €40m adjustment for the negative impact from the revaluation of Euro loan balances in Turkey for FY18; including this €40m adjustment, underlying EBITA in FY19 is -24.5% YoY at actual rates and -25.6% at constant currency

Cash flow – Despite Boeing MAX impact, operating cash flow proves broadly stable due to working capital improvement in Q4 and other cash items

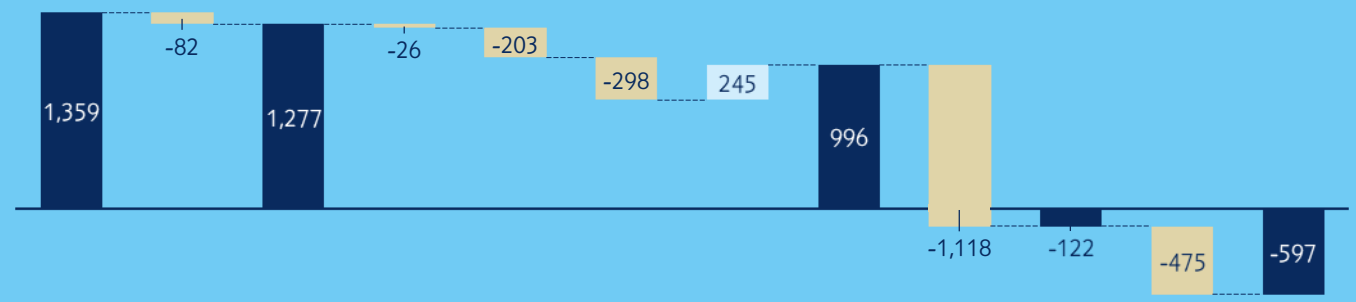
UNDERLYING EBITDA (€M)



OPERATING CASH FLOW (€M)



CASH FLOW STATEMENT (€M)



	FY 19 EBITDA underlying	Adjustments	FY19 EBITDA reported	Working Capital	Other Cash items[1]	At equity income	JV Dividends	Operating Cash Flow	Net investments	Free Cash Flow	Dividends	FCF Post Dividends
FY18	€1,555m	-€60m	€1,494m	€65m	-€449m	-€292m	€223m	€1,040m	-€827m	€213m	-€435m	-€222m

UNDERLYING EBITDA

- Strong FY earnings contribution from Holiday Experiences; Markets & Airlines impacted by challenging market environment and by Boeing MAX grounding
- Excluding the MAX impact, underlying EBITDA is €1,652m (+6% YoY)

OPERATING CASH FLOW

- Strong operating cash flow in spite of Boeing MAX impact mainly due to:

1. Significant working capital improvement in Q4
   - Successful implementation of initial sustainable working capital initiatives (ongoing)
   - Phasing benefit from later booking profile and competitor
2. Overall improvement in cash taxes paid and pension contribution due to one-offs in prior year

1 Other cash items include other cash effects (+€63m YoY), tax paid (+€118m YoY), cash interest (+€1m YoY) as well as pension contribution & payments (+€64m YoY)

Cash Flow & Movement in Net Debt – Full Year

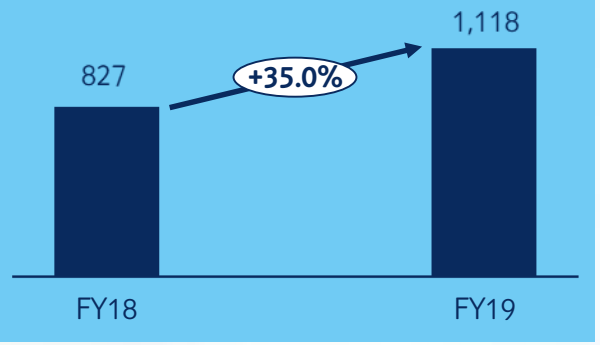
In €m	FY19	FY18
EBITDA underlying	**1,359.5**	**1,554.8**
Adjustments	-82.1	-60.4
EBITDA reported	**1,277.4**	**1,494.4**
Working capital	-25.6	64.5
Other cash effects	138.4	75.0
At equity income	-297.5	-292.1
Dividends received from JVs and associates	244.6	222.7
Tax paid	-117.5	-236.0
Interest (cash)	-80.2	-80.8
Pension contribution & payments	-143.1	-207.5
Operating Cash flow	**996.6**	**1,040.2**
Net capex	-805.8	-746.2
Net financial investments	-313.2	-63.1
Net pre-delivery payments	0.8	-17.7
Free Cash flow	**-121.5**	**213.2**
Dividends	-475.4	-435.3
Free Cash flow after Dividends	**-596.9**	**-222.1**

In €m	30. Sep 19	30. Sep 18
Opening net debt as at 1 October	**124**	**583**
FCF after Dividends	-597	-222
Asset Finance	-337	-204
Other[1]	-100	-33
Closing net debt as per Balance Sheet	**-910**	**124**

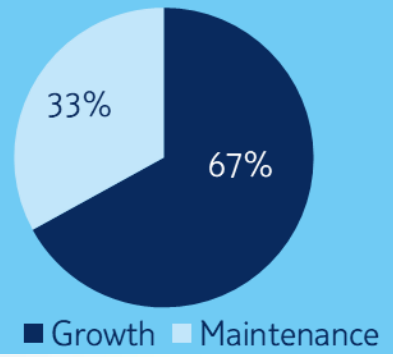
1 Incl. -€6m from discontinued operations from German specialists disposal

Full Year Net Investments in line with guidance – Investments into Holiday Experiences further enhance integrated model & provide basis for growth

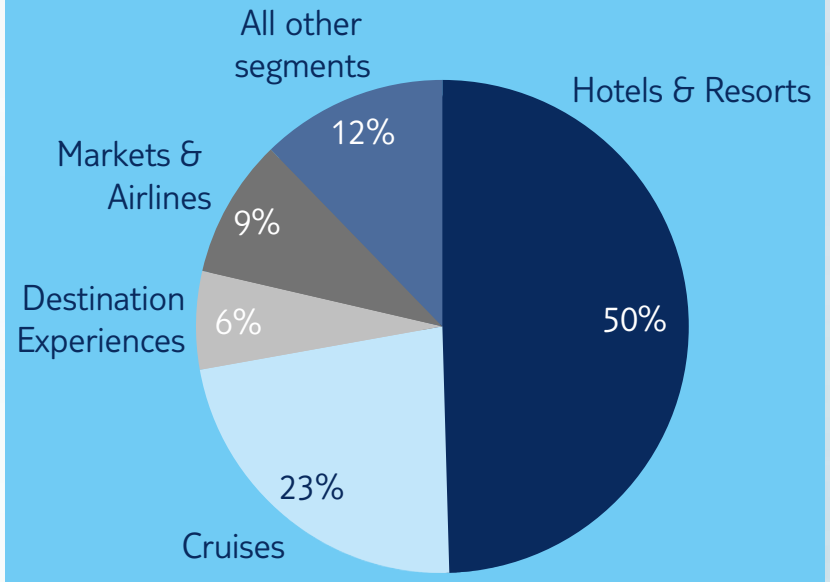
NET INVESTMENTS (€M)



NET INVESTMENTS SPLIT



FY19 NET INVESTMENTS BY SEGMENT (€M)



NET INVESTMENTS

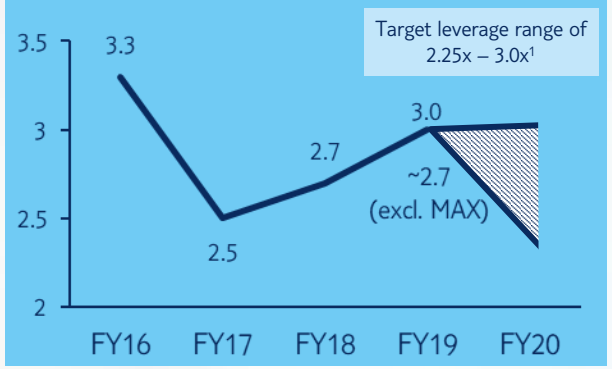
- Net investments in line with guidance
- Hotels: Investments mainly into RIU, Robinson and TUI BLUE, as well as selected other hotels; blended ROIC target of ≥ 15% across portfolio
- Cruises: Marella Explorer 2 & Hanseatic spirit ~€185m, ~15% blended run-rate ROIC
- Destination Experiences: Musement and remaining DM acquisition of ~€54m
- Significant investments into IT to further drive efficiency and harmonisation

GUIDANCE

- Net investments to normalise going forward, expect ~€750m - €900m in FY20

Reiterating TUI's robust financial position

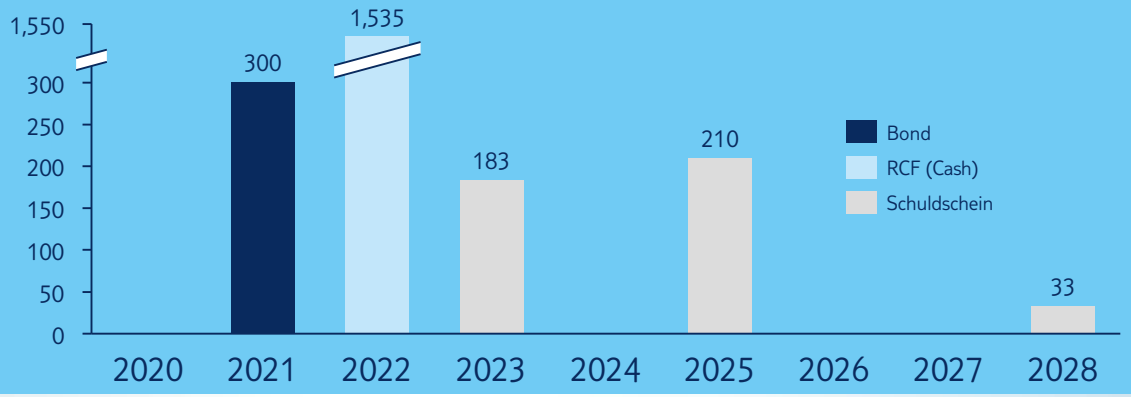
GROSS LEVERAGE RATIO



CREDIT RATING

Rating agency	FY17	FY18	FY19	Current view
S&P	BB Stable	BB stable	BB negative	BB negative
Moody's	Ba2 stable	Ba2 positive	Ba2 negative	Ba3 negative

MATURITY PROFILE (€M)[3]



GROSS LEVERAGE RATIO

- Gross leverage ratio FY19 in line with guidance, driven by asset investments and grounding of Boeing MAX[2]
- Target gross leverage ratio unchanged in the range of 2.25x – 3.0x[1]

CREDIT RATING

- Credit Rating of BB (S&P) and Ba3 (Moody's), both with negative outlook

MATURITY PROFILE

- 3.0 years weighted average remaining maturity[4]
- 1.6% weighted average cost of debt
- Interest on Bond and Schuldschein 100% fixed[5]

COVENANT HEADROOM

- Significant headroom on both RCF covenants based on a simplified headroom calculation as follows:
  - Net debt/LTM EBITDA of 0.7x, with headroom of ~€2.9bn to 3.0x net debt/EBITDA covenant[6]
  - Interest cover at 2.6x with headroom to 1.5x underlying EBITDAR/net interest expense[7] RCF covenant

1 Range of 2.25x – 3.0x based on current planning regarding MAX return to service end of April 2020 and pre IFRS 16 | 2 Leverage target according to TUI financial policy (Adjusted debt/rep. EBITDAR) | 3 Calendar year | 4 As of 11 December 2019 | 5 Floating tranches of Schuldschein swapped into fixed rate | 6 Compliance with a net debt/EBITDA ratio | 7 Interest result and rental expenses

Net Financial Position, Pensions and Operating Leases

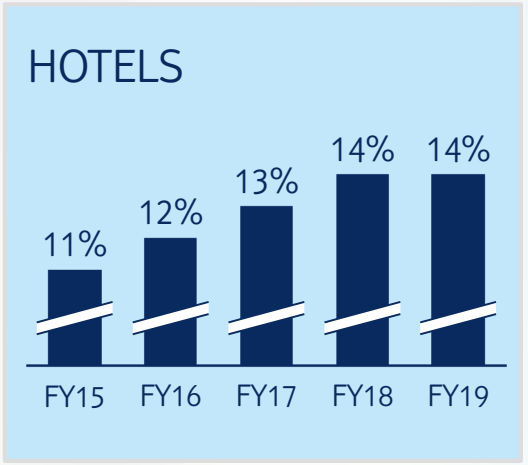
In €m	30-Sep-19	30-Sep-18
Financial liabilities	**-2,682**	**-2,443**
- Finance leases	-1,495	-1,343
- Senior Notes	-298	-297
- Liabilities to banks	-870	-780
- Other liabilities	-20	-23
Cash & Bank Deposits	**1,772**	**2,567**
Net debt	**-910**	**124**
Net Pension Obligation	-758	-870
Discounted value of operating leases[1]	-2,580	-2,654

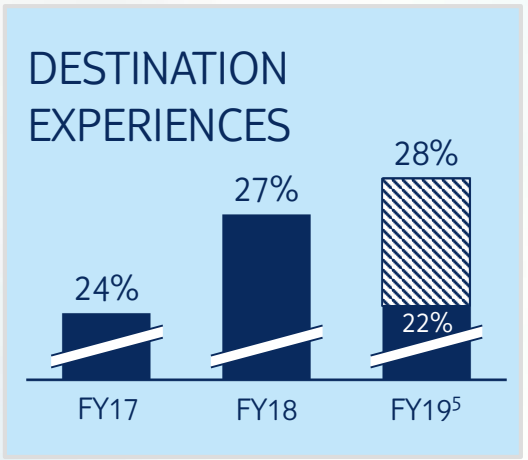
FINANCIAL LIABILITIES

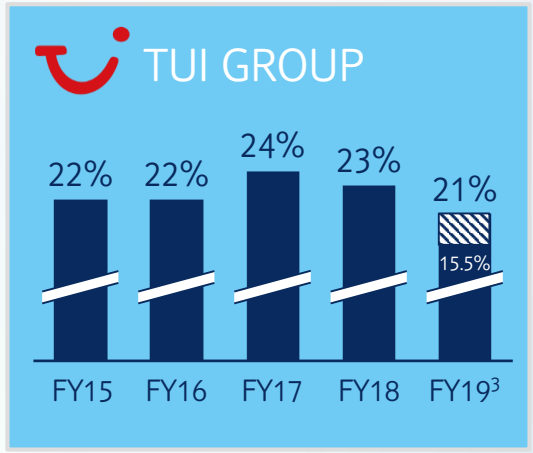
- Higher versus prior year as a result of new finance leases relating to historically committed aircraft re-fleeting as well as cruise ship financing

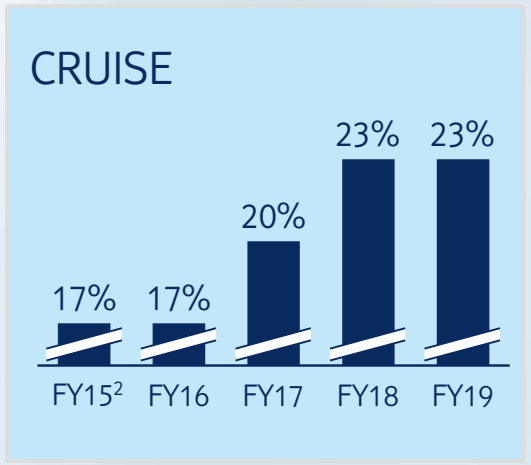
1 At simplified discount rate of 0.9% at 30.09.2019 and 1.7% at 30.09.2018

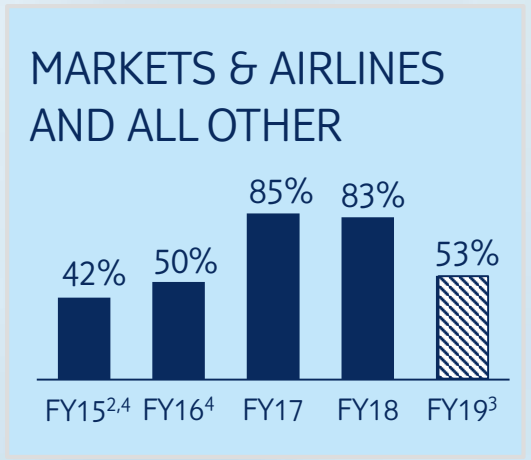
Business model protects strong ROIC even in a challenging market environment[1]











- Continue to deliver strong ROIC of ~21% (excl. MAX impact) for TUI shareholders despite challenging market in FY19
  - Hotels: predominantly lower capital intensity, JVs
  - Cruises: partially off balance sheet financing
  - Markets & Airlines: ROIC impacted by MAX grounding
  - Stable earnings performance excluding MAX impact

1 Pre IFRS 16; FY18 restated for IFRS15 | 2 Based on former segmentation - Marella Cruises within Markets & Airlines | 3 ROIC excl. MAX impact | 4 Based on former segmentation - Destination Experiences within Markets & Airlines | 5 ROIC excl. Musement

TUI's updated dividend policy as part of the new capital allocation framework

Dividend policy as of FY20+
(first payment under the new policy in Feb 2021)

- Core dividend payout of 30-40% of underlying EAT[1]
- Introduction of a dividend floor of €0.35 per share

- Capital allocation model facilitates investments in strategic initiatives & financing future growth as well as a solid & robust financial structure with shareholder returns
- Linked to development of earnings, new dividend policy remains an attractive, balanced and sustainable element of shareholder returns
- Dividend floor guarantees a minimum payout and thereby reliable yield – irrespective of any cyclical market environment

1 Underlying EAT post minorities at constant currency is calculated as underlying EBIT minus interest expenses adjusted by one-off items minus tax based on underlying tax rate of currently 18% minus minorities adjusted for one-off items



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