

TUI Group Investor Presentation
January 2018

Robinson Club Noonu, Maldives

FULL YEAR RESULTS 2017 & OUTLOOK

TUI continues its strong performance track record in FY17

TURNOVER
€18.5bn
+11.7%[1]

UNDERLYING EBITA
€1,102m
+12.0%[1]

UNDERLYING EPS €1.14
+33.7%[1]

DIVIDEND PER SHARE
65 cents

ROIC[3]
23.6%

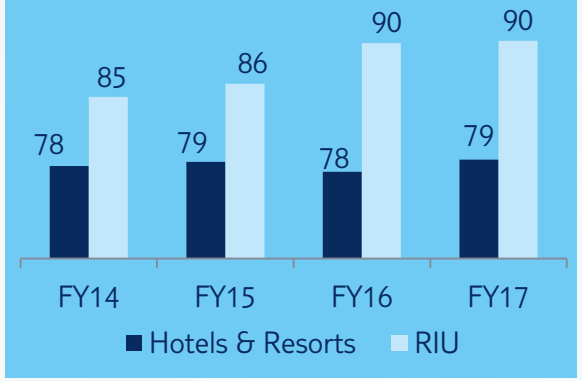
WACC[3]
6.75%

- Third consecutive year of strong top line and earnings growth
- 56%[2] earnings from hotel & cruise content (up from 30%[2] at merger)
- Delivering attractive shareholder returns – dividend per share of €0.65 announced
- Strong ROIC performance continues

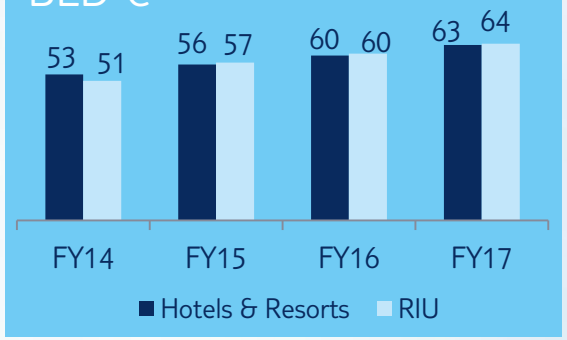
[1] At constant currency rates; [2] Based on FY17 Year End and FY14 Year End reported numbers [3] For both ROIC and WACC methodology please refer to FY17 Annual Report pages 27-29

Hotels & Resorts
Strong performance resulting in four consecutive years of increasing ROIC

AVERAGE OCCUPANCY %



AVERAGE REVENUE PER BED €

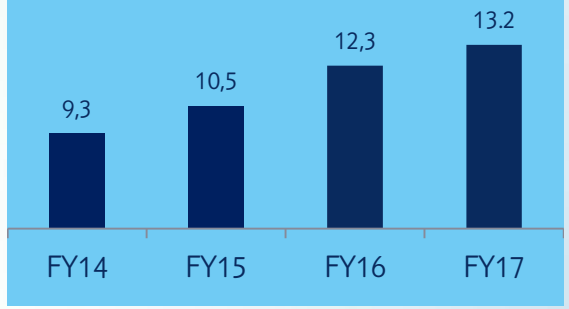


10 core brand openings in FY17

28 since merger

of which more than 60% are low capital intensity[1]

SEGMENTAL ROIC %



1 Low capital intensity is defined as Management, Franchise and 50% of owned hotels due to joint venture structures

TURNOVER AND EARNINGS (€m)

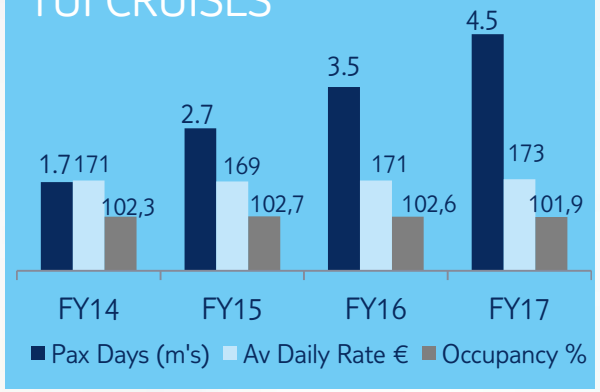
	FY17	FY16	%
Turnover	679.0	618.6	9.8
Underlying EBITA	356.5	303.8	17.3
o/w Equity results	*91.2*	*74.1*	*23.1*

BRIDGE UNDERLYING EBITA (€M)

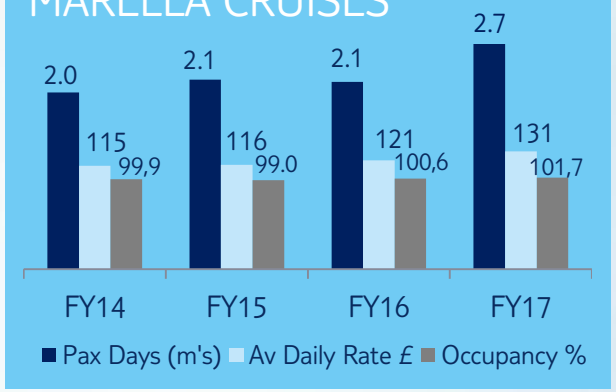


Cruises
Strong market supports capacity growth – increasing ROIC

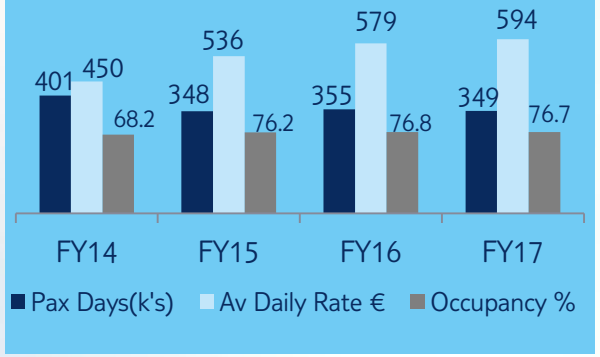
TUI CRUISES



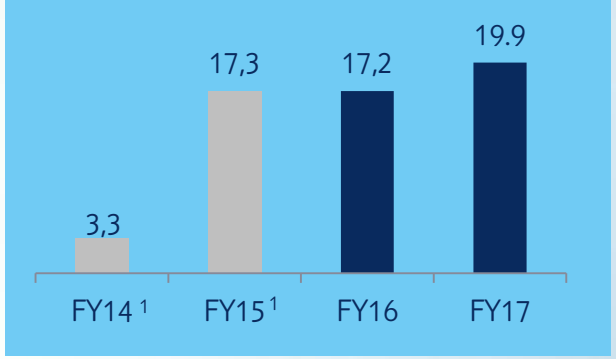
MARELLA CRUISES



HAPAG-LLOYD CRUISES



SEGMENTAL ROIC %



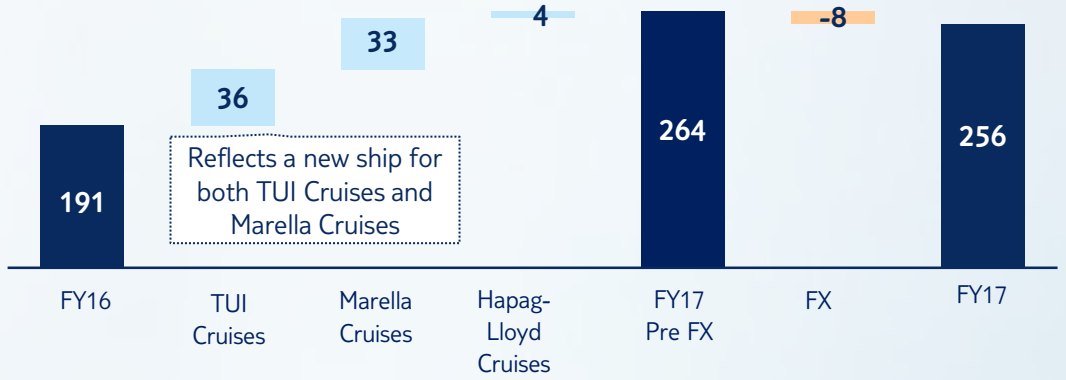
[1] FY14 & FY15 ROIC excludes Marella Cruises

TURNOVER AND EARNINGS (€M)

	FY17	FY16	%
Turnover	815.0	703.1	15.9
Memo: TUI Cruises Turnover	*1,052.5*	*807.3*	*30.4*
Underlying EBITA	255.6	190.9	33.9
*o/w EAT TUI Cruises**	*135.9*	*100.1*	*35.8*

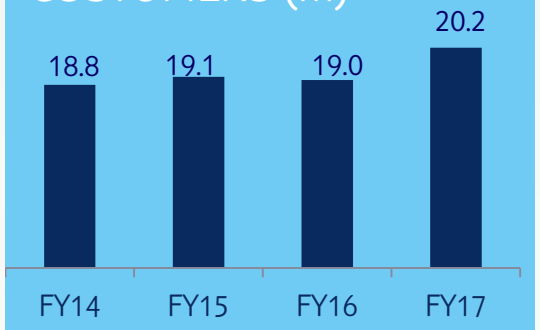
* TUI Cruises joint venture (50%) is consolidated at equity

BRIDGE UNDERLYING EBITA (€M)

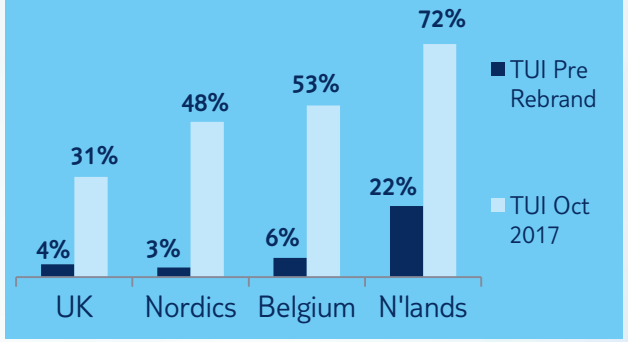


Sales & Marketing
Diversification of source markets delivers strong portfolio performance

CUSTOMERS (m)



UNAIDED AWARENESS %

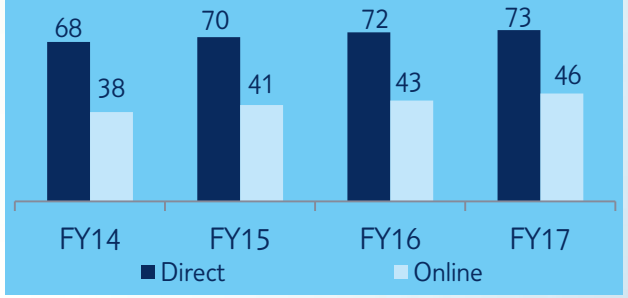


SOURCE MARKET

NET PROMOTER SCORE[2]
50 (+1 YOY)

YOY GROWTH ACROSS MOST MARKETS

DIRECT & ONLINE DISTRIBUTION %

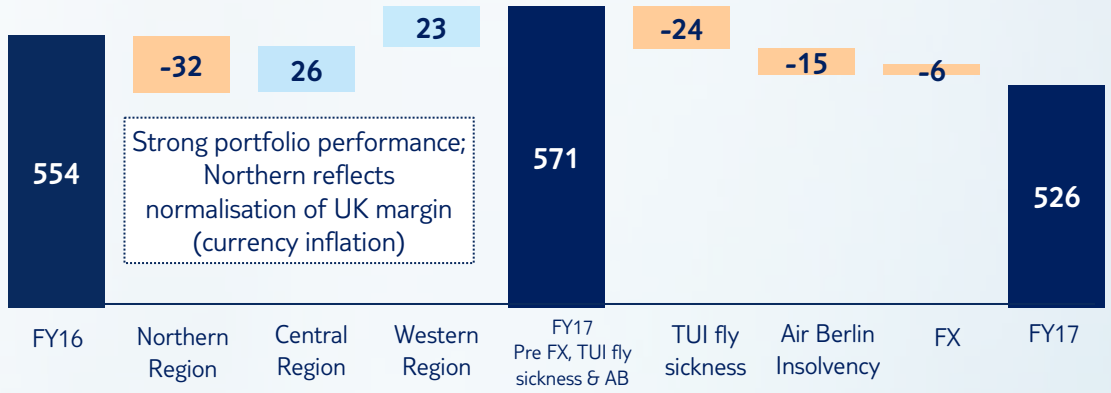


TURNOVER AND EARNINGS (€M)

	FY17	FY16	%
Turnover	16,143.2	14,997.2	7.6
Underlying EBITA	526.5[1]	554.3	-5.0[1]

[1] Includes one-off TUI fly sickness of €24m and Air Berlin insolvency of €15m impact in the year

BRIDGE UNDERLYING EBITA (€M)



[2] NPS is measured in customer satisfaction questionnaires completed post-holiday. It is based on the question "On a scale of 0 to 10 where 10 is extremely likely and 0 is not at all likely, how likely is it that you would recommend TUI to a friend, colleague or relative?" and is calculated by taking the percentage of promoters (9s and 10s) less the percentage of detractors (0s through 6s)

FY18 Guidance[1]

	FY18e	FY17
Turnover[2]	Around 3% growth	€18,535m
Underlying EBITA	At least 10% growth	€1,102m
Adjustments	~€80m	€76m
Net interest expense	~€120m	€119m
Underlying effective tax rate	~20%	20%
Net capex & investments incl. PDPs[3]	~€1.2bn	€1.1bn
Net (debt)/cash	Slightly negative	€0.6bn
Leverage ratio	3.0x to 2.25x	2.5x
Interest cover	5.75x to 6.75x	6.1x
Dividend per share	Growth in line with underlying EBITA	€0.65

1 Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current Group structure
2 Excluding cost inflation relating to currency movements
3 Assuming acquisition of Mein Schiff 1 for Marella Cruises

STRONG STRATEGIC POSITION, GROWTH & DIGITALISATION INITIATIVES

3 years after the merger: TUI – one brand, superior strategic positioning, diversified

SALES & MARKETING
44% EBITA

20m customers

Northern

Central

Western

~150 TUI Aircraft, 3rd party flying

Own, 3rd party committed & non-committed

Destination Services

ROIC FY17: 72%[2]

HOLIDAY EXPERIENCES
56% EBITA

Portfolio approach

HOTEL 380[1]

Owned / managed / JV
ROIC FY17: 13%

3rd party distribution

16

Owned / JV
ROIC FY17: 20%

3rd party distribution

GROUP PLATFORMS

Strategy: Market demand, digitalisation, diversification

Strategy: growth, diversification

INTEGRATION BENEFITS/ STRATEGY

- Own customer end-to-end
- 20m customers to optimise own hotels/ cruises demand
- Unique TUI holiday experiences differentiating TUI from competition in Sales & Marketing and driving high NPS
- Diversified across Sales & Marketing as well as Holiday Experiences

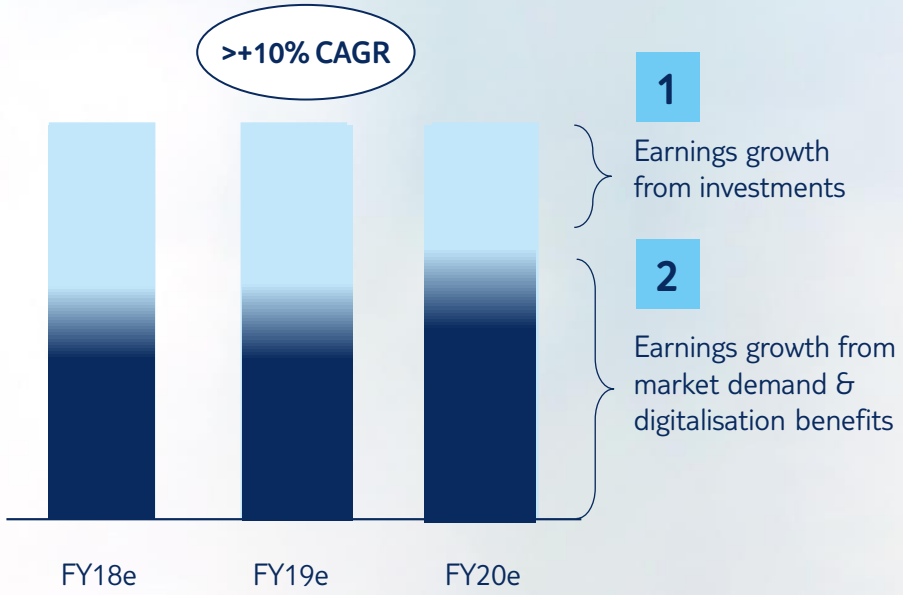
1 This number includes concept hotels and 3rd party concept hotels
2 This number relates to Sales & Marketing/ all other

Merger synergies delivered, strong earnings growth story continues

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES



FUTURE GROWTH: MARKET DEMAND, DIGITALISATION, INVESTMENTS



MERGER SETS BASIS FOR FUTURE GROWTH

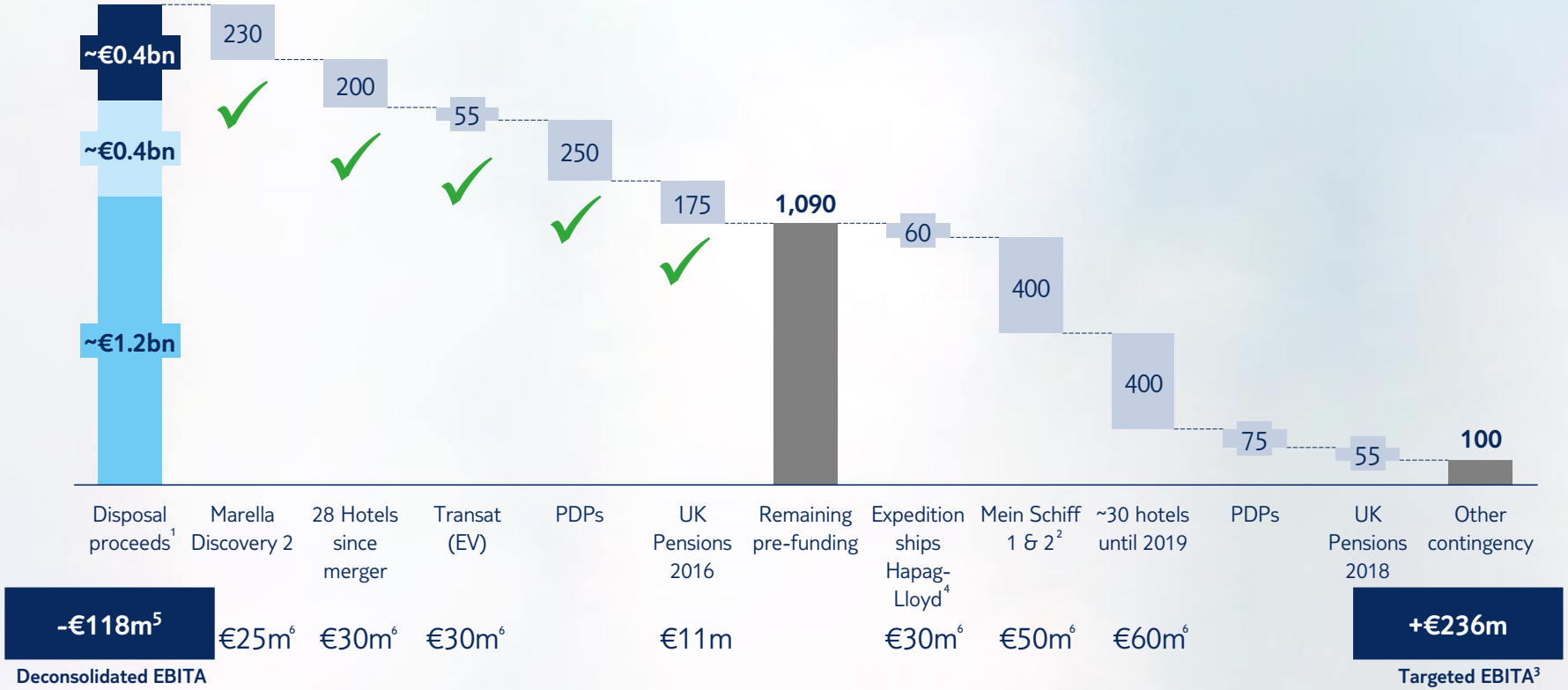
- Target extended to 2020: at least 10% underlying EBITA CAGR
- Mix of earnings growth changes
  - Market demand & digitalisation benefits
  - Growth from investments
- Less seasonality in earnings

1 Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency

1 Update on re-investment programme FY16-FY19 – doubling EBITA under way

GROWTH INVESTMENTS FY16 & FY17

GROWTH INVESTMENTS FY18 & FY19



REINVESTMENTS

- Reinvestment of disposal proceeds by FY19
  - Own content growth
  - Basis for end-to-end profitability
  - Investments on track
  - Doubling returns
- Capital discipline continues after FY19
  - ROIC as KPI
  - Normalized capex levels
  - Investments if attractive

1 Including working capital/cash effect; 2 Assumes MS1+ 2 purchase as cash transaction/final decision on transaction structure/financing not yet taken; 3 Based on targeted EBITA run-rate; 4 Equity-contribution, delivery in spring & autumn 2019;
5 Number includes €93m EBITA of HBG & Travelopia as well as EAT of MS1+2 within TUI Cruises of €25m due transferring the ships to UK market, delivery in summer 2018 & 2019; 6 run-rate

1 Hotels & Resorts investments: 28 new core hotels since merger, low capital intensity

PORTFOLIO DIVERSIFICATION



DE-RISKED GROWTH

- Pre-dominantly low capital intensity
- Ownership in 365 days destinations/ where scarcity of assets
- De-risking through JV off-balance financings
- 15% ROIC hurdle

> 60% OF INVESTMENTS WITH LOW CAPITAL INTENSITY[1]

ROIC 28 HOTELS FY17: 10% (PARTIALLY STILL RAMP UP)

ROIC 28 HOTELS FY18: >15% (TARGET)

CAPITAL DISCIPLINE

1 Low capital intensity is defined as Management, Franchise and 50% of owned hotels due to joint venture structures

1 Cruise investments: Capacity growth strategy, partially off-balance financing

BRAND / OWNERSHIP	FLEET DEVELOPMENT	STRATEGY

Off-balance: JV
TUI Cruises
	Current fleet: Join UK fleet in FY18 & FY 19
	Deliveries: FY18, FY19
		• Yield product, distinct market segment
		• Strong markets
		  • High occupancy
		  • Stable prices
		• Further capacity growth
		  • 2 new builds financed through TUI Cruises JV (off-balance sheet financing)
		  • Marella Cruises acquires 2 ships

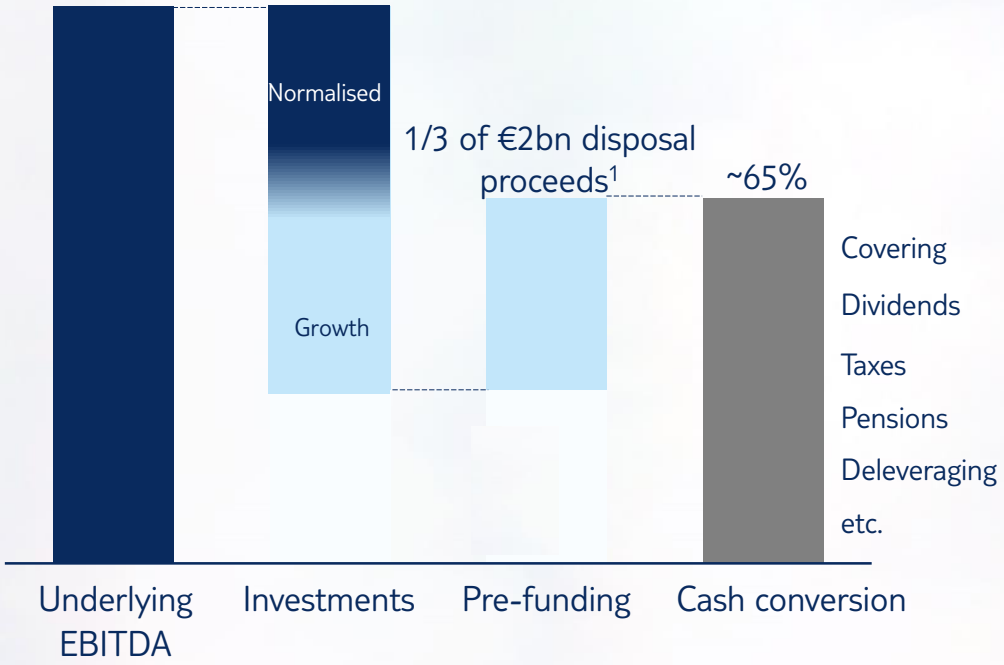
On balance MARELLA CRUISES	**Current fleet[1]:** Exit Oct 2018 **Deliveries:** FY18 (MS 1) FY19 (MS 2)	
On balance HAPAG-LLOYD CRUISES	**Current fleet:** Exit FY18 **Deliveries:** FY19, FY20	• Luxury expedition product • Internationalize product • 2 new expedition cruise ships

20% TUI SHAREHOLDER ROIC | **STRONG MARKET** | **CAPACITY GROWTH** | **ROIC AS KPI** | **CAPITAL DISCIPLINE**

[1] Majesty exited Marella fleet November 2017

1 Strong cash generation allowing to invest, pay dividends and strengthen balance sheet

ILLUSTRATIVE CASH FLOW PROFILE FY17 - FY19



CAPITAL ALLOCATION FRAMEWORK

Strong cash generation allows all boxes to be ticked

Attractive dividend

- In line with earnings growth
- FY17: €0.65 per share

Growth investments

- Re-investing disposal proceeds
  - 15% ROIC hurdle rate
  - Opportunistic M&A, if synergistic

Balance sheet stability

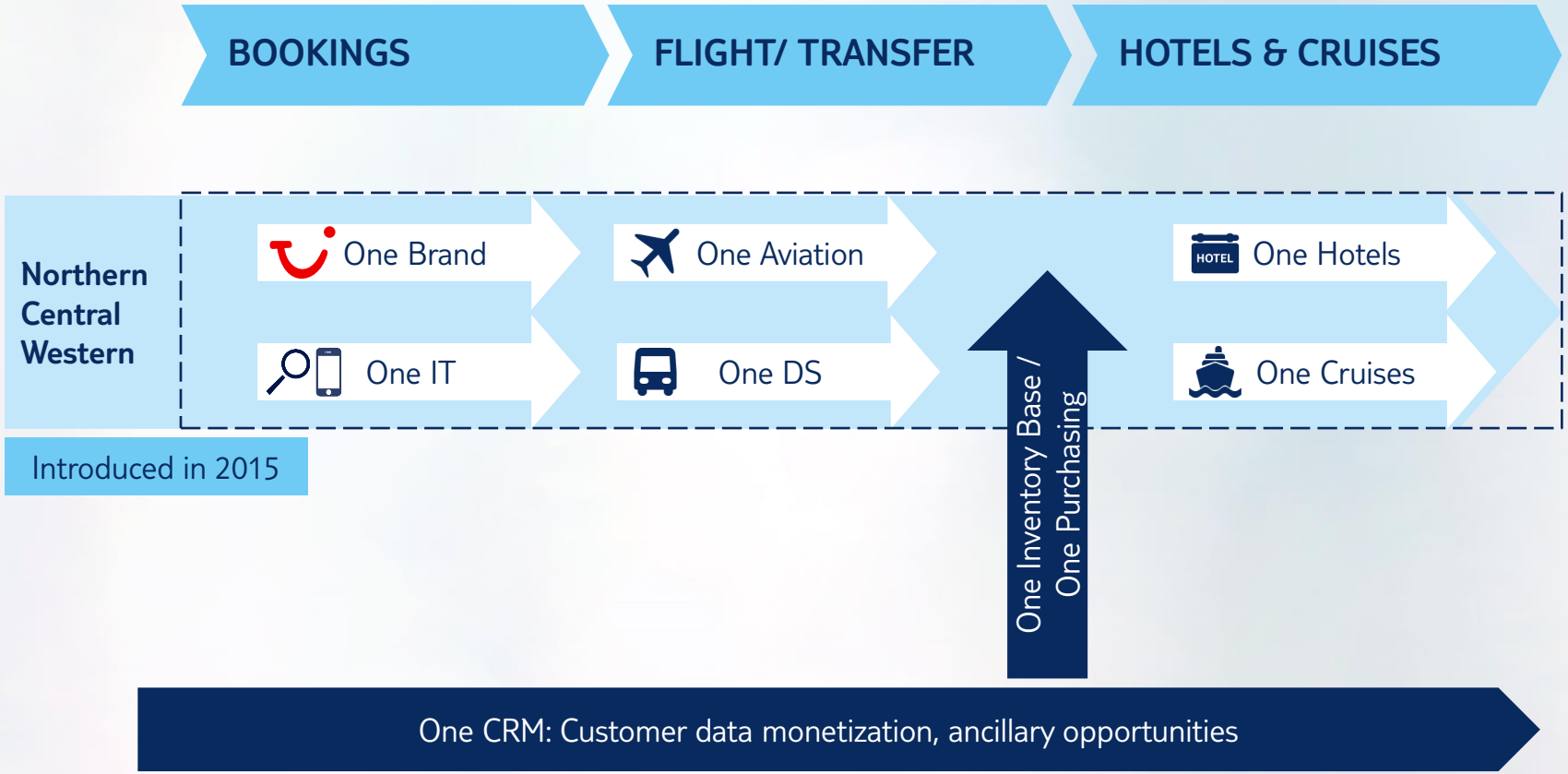
- Target leverage ratio further reduced to 3.0x-2.25x

JV growth

- ~ 50% JV cash flow pay-out to TUI
- ~ 50% retained to finance JV growth

1 Disposal proceeds reinvested from FY16-FY19

2 Group initiatives and digitalisation driving efficiency



- 6 One platforms introduced in 2015
- 2 new initiatives 2017
  - One CRM (Cloud based)
  - One Inventory (Blockchain), One Purchasing
- Initiatives quantified and tracked, contributing to at least 50% of our EBITA growth target

2 Data driven CRM process: One CRM platform rolled out to all source markets

DATA COLLECTION LAYER

Online

Destinations

App

Hotels

- Multiple customer touchpoints
- Consistent data collection

LIMITED CAPEX SPENT (LOW DOUBLE DIGIT INVESTMENT)

DATA MARKET LAYER

Cloud

- Centralised data lake across all business units

CONSISTENT DATA COLLECTION

DATA ANALYSIS LAYER



- Artificial intelligence supported
- Campaign generation and selection

ROLL OUT ACROSS ALL SOURCE MARKETS

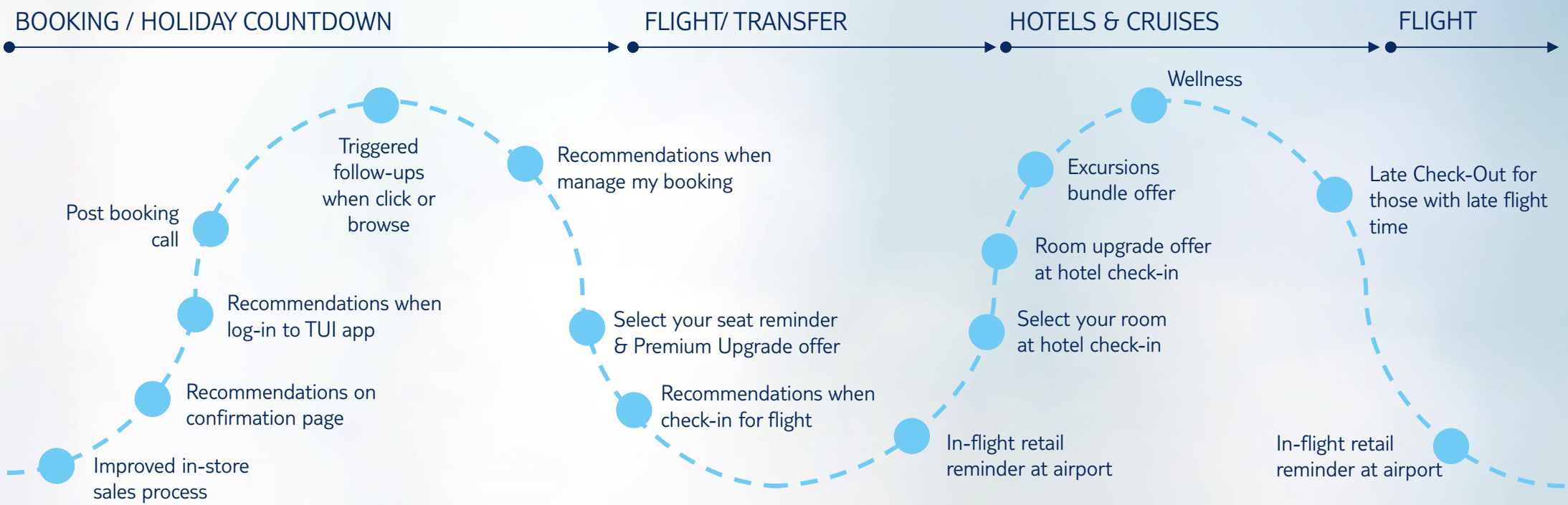
CAMPAIGN LAYER



- Campaign execution
- Direct booking

INTEGRATED ANALYSIS & CUSTOMIZED CAMPAIGNS

2 Personalized experiences during journey increase customer satisfaction and revenues



REVENUE PER CUSTOMER ENHANCEMENT | **DATA DRIVEN: APP, CLOUD** | **INCREASE CUSTOMER SATISFACTION** | **REPEAT BOOKINGS**

2 Customer profile builds over time enabling personalized recommendations – example

	COOKIE	PROSPECT	NEW CUSTOMER	REPEAT CUSTOMER
Name	**2801928128**	**Mrs Sophia Meyer**	**Mrs Sophia Meyer**	**Mrs Sophia Meyer**
Status & Value		Status: New Prospect	Status: New Customer C: Low Value	Status: Repeat Customer B: Medium Value
Marketing preferences		Email (Yes)/ Mobile (No)	Email (Yes)/ Mobile (Yes)/ App (Yes)	**Email (Yes)/ Mobile (Yes)/ App (Yes)**
Life-stage		Family	Family	Family
Holiday preferences	Ibiza	Majorca/ Ibiza	Majorca/ 4 Star	Ibiza/ 4 Star/ Close to beach/ Family room/ Extra Legroom Seat
Product preferences				Family Life/ Sensimar
Booking status	Inspiration	Shortlist:Majorca/Villa/5.5.17 Shortlist:Majorca/Hotel only/ 23.5.17	Live: Majorca/ Hotel only/ 23.05.2017	Live:Majorca/Family Life/1.5.18 Shortlist:Ibiza/Sensimar/1.8.18
Next Best Action			Offer Late check-out	Offer concierge service for next booking

- Nota bene: Sophia is a fictional character
- Digital platforms comply with relevant data protection & privacy laws (incl. EU General Data Protection Regulation)

2 Launched 2017: Destimo purchasing and Blockchain Inventory – Opportunity to commercialise our risk inventory of 100m bed nights and our €5bn purchasing volume from 3rd party hoteliers

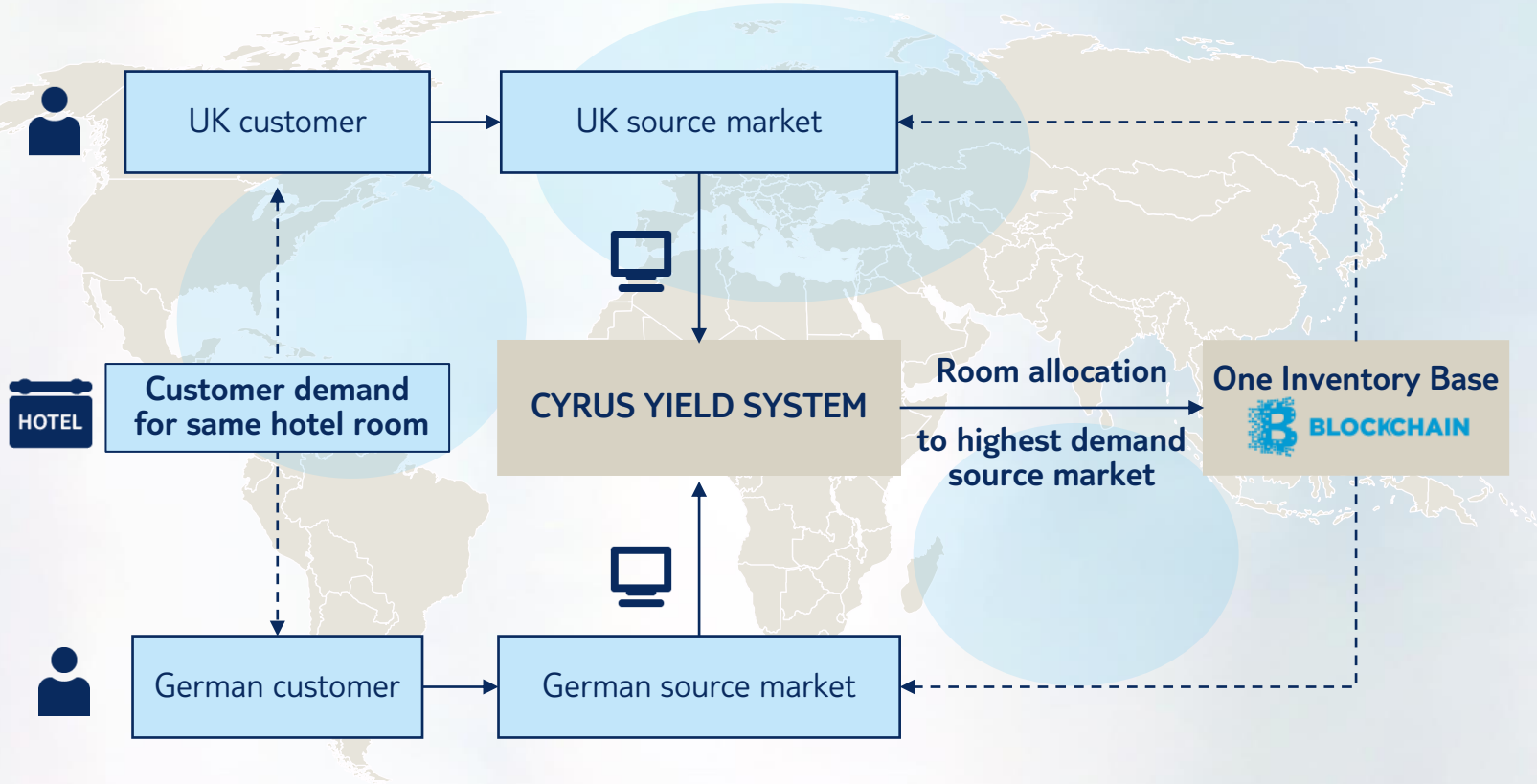


Our vision:

- Centralised inventory management based on Blockchain technology
- Cyrus: Digital system driving yields, supporting marketing of 100m bed nights to 20m customers
- Destimo: Proprietary purchasing system

CENTRALISED INVENTORY DATA BASE | **BLOCKCHAIN TECHNOLOGY** | **COST EFFICIENT** | **ENABLING ARTIFICAL INTELLIGENCE**

2 Blockchain Inventory: first feature launched in July 2017 – bed swap



- Bundling of inventory across source markets
- Artificial intelligence based demand analysis
- Bed swapping mechanism optimizes yield across source markets

INTRODUCTION IN JULY 2017 | **GERMANY, UK & NORDICS** | **PROPRIETARY TUI SYSTEMS** | **ARTIFICAL INTELLIGENGE BASED**

2 Blockchain Inventory: Bed swap screenshot

TUI

BED MANAGEMENT TOOL

PROPOSAL 291

Proposal ID	Created	Swap Start	Swap End	Swap Dur.	Accom. Codes	Accom. Names	Dest. G/Ws	Room Value	Giving Market	Recv. Market
291	22/09/2017	01/11/2017	30/04/2018	180d	ESFU0011 FUE14006	Club Jandia Princess Hotel Club Jandia Princess	Fuerteventura Fuerteventura	198450 €	TUK	TDE

2 Blockchain Inventory: Strategic optionality – Low risk entry into new markets and reduction of yield pressure at the same time



- Source markets expansion into new markets by applying TUI LTE technology
- Leverage new markets demand for risk capacity clusters

DIGITALISED GROWTH | **DIVERSIFICATION** | **LOW CAPITAL INTENSITY** | **YIELD IMPROVEMENTS**

OUR AMBITION

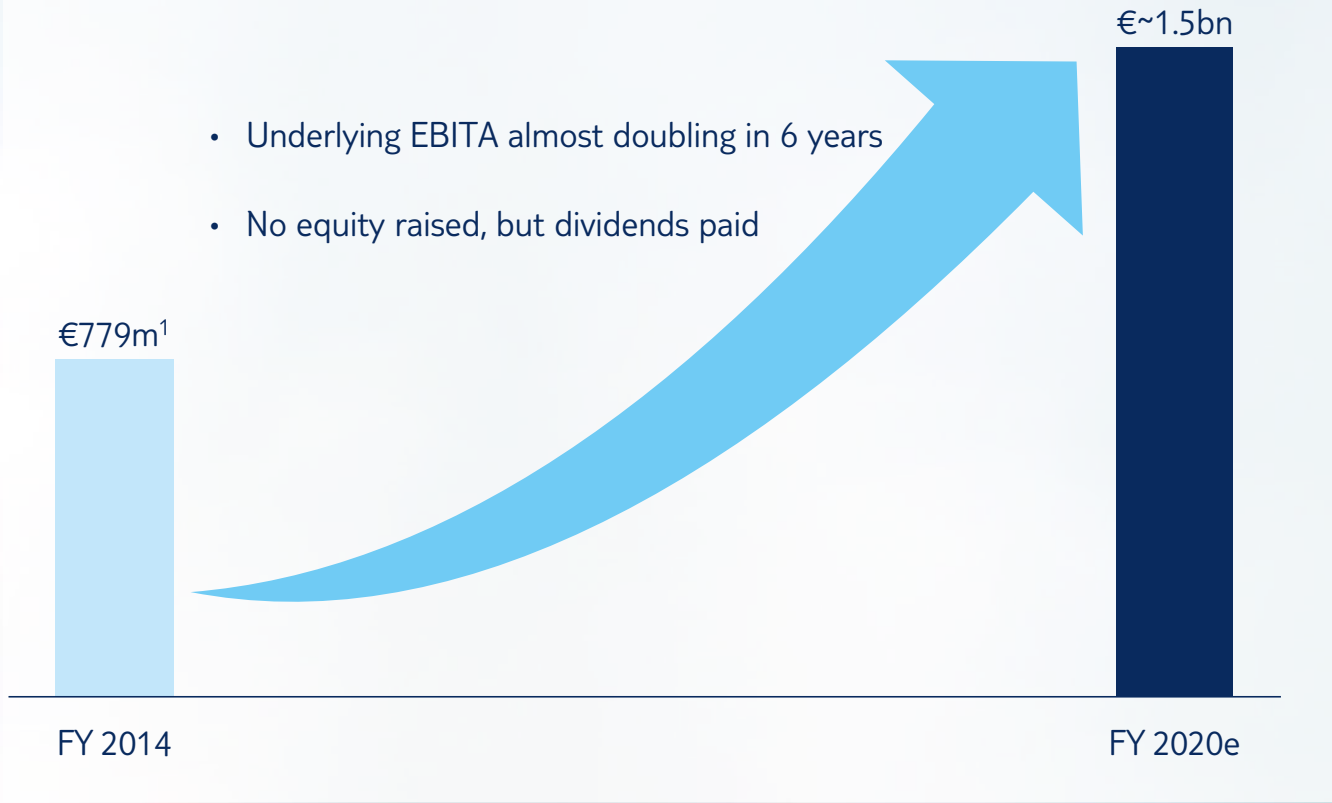
Our ambition: Strong strategic positioning, strong earnings growth and strong cash generation. Doubling of EBITA in 6 years

STRONG STRATEGIC POSITION

STRONG EARNINGS GROWTH

At least +10%

STRONG CASH GENERATION



1 Pro Forma EBITA

APPENDIX

Strong TUI investment case – 3 reasons to be invested / to invest

1 STRONG STRATEGIC POSITION

- Global leading tourism group
- Covering entire customer journey: Sales & Marketing, Hotels, Cruises, Destination Services
- Integration and control of attractive hotel & cruise experiences
  - drives customer satisfaction & retention
  - drives end-to-end customer profitability
  - provides strategic entry barriers

2 STRONG EARNINGS GROWTH



At least +10%

- Global leisure travel market growing above GDP
- Strong track record driven by merger synergies:
  - Underlying EBITA CAGR of 12%[1] since merger
  - Underlying EPS CAGR of 21% since merger driven by lower interest and tax rate
- Future growth supported by digitalisation benefits and by reinvesting disposal proceeds
- EBITA growth target extended until 2020

3 STRONG CASH GENERATION

- 23.6% group ROIC FY17, significantly above cost of capital
- Strong operating cash conversion, enabling to fund
  - maintenance investments
  - high cash returns to shareholders in form of dividends
  - balance sheet stability

[1] Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency

FY17 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	**679.0**	**618.6**	**60.4**	**-24.9**	**85.3**
- Riu	493.1	461.6	31.5	-10.2	41.7
- Robinson	82.6	72.2	10.4	-0.8	11.2
- Blue Diamond	-	-	-	-	-
- Other	103.3	84.8	18.5	-13.9	32.4
Cruises	**815.0**	**703.1**	**111.9**	**-53.1**	**165.0**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	502.4	406.4	96.0	-53.1	149.1
- Hapag-Lloyd Cruises	312.6	296.7	15.9	-	15.9
Source Markets	**16,143.2**	**14,997.2**	**1,146.0**	**-539.7**	**1,685.7**
- Northern Region	6,601.5	6,564.4	37.1	-543.7	580.8
- Central Region	6,039.5	5.562.9	476.6	4.2	472.4
- Western Region	3,502.2	2,869.9	632.3	-0.2	632.5
Other Tourism	**677.0**	**669.3**	**7.7**	**-3.5**	**11.2**
Tourism	**18,314.2**	**16,988.2**	**1,326.0**	**-621.2**	**1,947.2**
All Other Segments	220.8	165.7	55.1	-0.4	55.5
TUI Group continuing operations	**18,535.0**	**17,153.9**	**1,381.1**	**-621.6**	**2,002.7**

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism, and Marella Cruises from Northern Region to Cruise segment

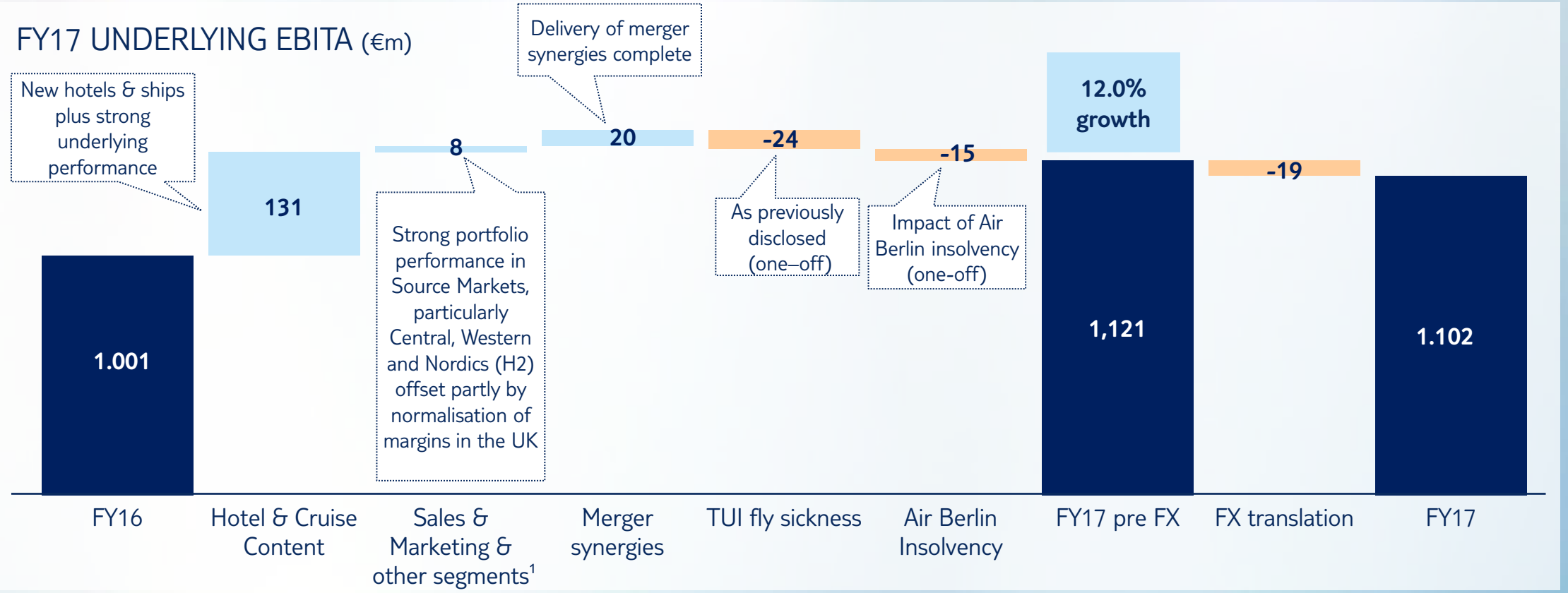
FY17 Underlying EBITA by Segment*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	**356.5**	**303.8**	**52.7**	**-5.5**	**58.2**
- Riu	355.9	318.3	37.6	-5.5	43.1
- Robinson	38.5	38.7	-0.2	1.6	-1.8
- Blue Diamond**	20.1	16.5	3.6	0.6	3.0
- Other	-58.0	-69.7	11.7	-2.2	13.9
Cruises	**255.6**	**190.9**	**64.7**	**-7.8**	**72.5**
- TUI Cruises**	135.9	100.1	35.8	-	35.8
- Marella Cruises	86.5	61.3	25.2	-7.8	33.0
- Hapag-Lloyd Cruises	33.2	29.5	3.7	-	3.7
Source Markets	**526.5**	**554.3**	**-27.8**	**-5.6**	**-22.2**
- Northern Region	345.8	383.1	-37.3	-5.3	-32.0
- Central Region	71.5	85.1	-13.6	-0.2	-13.4
- Western Region	109.2	86.1	23.1	-0.1	23.2
Other Tourism	**13.4**	**7.9**	**5.5**	**-4.4**	**9.9**
Tourism	**1,152.0**	**1,056.9**	**95.1**	**-23.3**	**118.4**
All Other Segments	-49.9	-56.4	6.5	4.6	1.9
TUI Group continuing operations	**1,102.1**	**1,000.5**	**101.6**	**-18.7**	**120.3**

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism, Blue Diamond to Hotels & Resorts and Marella Cruises to Cruise segment both from Northern Region

**Equity result

Strong performance driven by growth in own hotel/cruise content and underlying trading



[1]Includes €3m notional EBITA benefit from aircraft finance leases

Trading for future seasons is progressing well overall

HOTELS & RESORTS

- Continued growth in own hotel brands with seven openings scheduled to date for FY18
- Strong demand for Western Med and Carribean
- Expect to see some improvement in demand for Turkey & North Africa mainly from our Source Markets



CRUISES

- Strong cruise yields and load factors across all three brands
- Ship launches scheduled for 2018 and 2019



SALES & MARKETING IN SOURCE MARKETS

- Winter 2017/18[1] volumes up +3%
- Summer 2018 performing in line with expectations albeit at very early stage
- Strong performances in Nordics and Germany; UK resilient, rebrand progressing well



[1]These statistics are up to 3 December 2017 and shown on a constant currency basis and relate to all customers whether risk or non-risk

Income Statement

In €m	FY17	FY16
Turnover	18,535.0	17,153.9
Underlying EBITA	**1,102.1**	**1,000.5**
Adjustments (SDI's and PPA)	-75.6	-102.4
EBITA	**1,026.5**	**898.1**
Net interest expense	-119.2	-179.5
Hapag-Lloyd AG	172.4	-100.3
EBT	**1,079.7**	**618.3**
Income taxes	-168.8	-153.4
Group result continuing operations	**910.9**	**464.9**
Discontinued operations	-149.5	687.3
Minority interest	-116.6	-114.8
Group result after minorities	**644.8**	**1,037.4**
Basic EPS (€)	1.10	1.78
Basic EPS (€, continuing)	1.36	0.61
Pro forma Underlying EPS (€, continuing)	**1.14**	**0.86**

ADJUSTMENTS
Reduced by €27m due to completion of post-merger integration

INTEREST
Improvement of €60m, due to lower RCF utilisation, lower interest on provisions and refinancing of High Yield Bond to Senior Notes with lower coupon rate, partially offset by additional finance lease interest for new aircraft and cruise ships

HAPAG-LLOYD AG
Book profit of €172m realised on disposal of HLAG interest. Prior year reflects share value impairment during H1 FY16

TAX
Underlying effective tax rate remains at 20%

DISCONTINUED OPERATIONS
Completion of Travelopia disposal; charge of €131m relating to disposal of net assets and recycling of FX losses. Prior year reflects Hotelbeds transaction

EPS
Significant underlying increase driven by operational performance, financial and tax efficiency

Deliver Merger Synergies

In €m	Per Capital Markets Update May 2015		Realised to FY16		Realised to FY17	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	50	35	40	35	53	35
Occupancy improvement	30	-	30	-	30	-
Destination Services	20	42	10	31	17	34
TOTAL	**100**	**77**	**80**	**66**	**100**	**69**

Underlying effective tax rate for FY17 at 20%

MERGER SYNERGIES FULLY DELIVERED

Adjustments & Net Interest Result

In €m	FY17	FY16
Gain/(Loss) on disposals	2.2	-0.8
Restructuring expense	-23.1	-12.0
Purchase Price Allocation	-29.2	-41.9
Other one-off items	-25.5	-47.7
Total Adjustments	**-75.6**	**-102.4**

In €m	FY17	FY16
Debt related interest	-102	-126
Non-debt related charge	-38	-75
Interest income	21	21
Net interest result	**-119**	**-180**
o/w cash interest	*-57*	*-71*

Earnings per share (continuing operations)

In €m	Reported FY17	Reported FY16	Pro forma FY17	Pro forma* FY16
EBITA	1,027	898	1,102	1,001
Net interest expense	-119	-180	-119	-180
HL AG book value adjustment and equity result	172	-100	-	-
EBT	**1,080**	**618**	**983**	**821**
Tax rate	*16%*	*25%*	*20%*	*25%*
Tax Charge	-169	-153	-197	-205
Minority Interest	-117	-111	-117	-111
Net Income	**794**	**354**	**670**	**504**
Basic number of shares (m)	584	584	587	587
Basic Earnings Per Share (€)	1.36	0.61	1.14	0.86

Underlying effective tax rate calculated based on underlying EBT

Pro forma NOSH based on issued share capital as at 30.9.17

* Pro forma number of shares excludes 6.5m shares relating to employee stock options and Employee Benefit Trust; figures are rounded

Cash Flow & Movement in Net Debt

In €m	FY17	FY16
EBITDA reported[1]	**1,490.9**	**1,305.1**
Working capital	406.2	271.8
Other cash effects	89.9	63.7
At equity income[1]	-252.3	-187.2
Dividends received from JVs and associates	118.2	82.2
Tax paid	-146.1	-186.4
Interest (cash)	-57.1	-71.2
Pension contribution	-141.3	-335.6
Operating Cashflow	**1,508.4**	**942.4**
Net capex & investments incl PDPs[2]	-1,071.9	-634.8
Disposal proceeds	388.0	811.6
Free Cashflow	**824.5**	**1,119.2**
Dividends	-456.8	-341.1
Movement in Cash Net of Debt	**367.7**	**778.1**

[1] Continuing ops basis, non-continuing adjustment in Other cash effects
[2] Net capex of €766.9m, net investments of €102.5m and net PDPs of €202.5m

STRONG OPERATING CASHFLOW
Full-year improvement of ~€560m

IMPROVEMENT IN WORKING CAPITAL
Driven by growth in Source Markets turnover

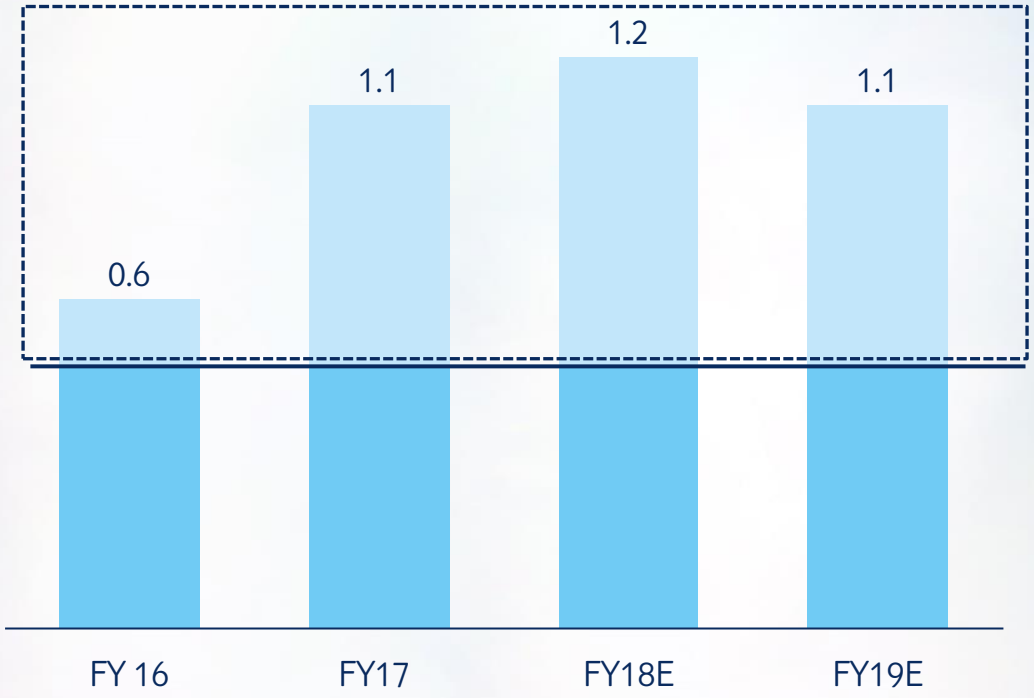
TRAVELOPIA - DISPOSAL PROCEEDS OF ~€400M
Completed sale to KKR on 15 June 2017, at agreed enterprise value of £325m

HAPAG-LLOYD AG SHARES – DISPOSAL PROCEEDS OF ~€400M
Interest in Hapag-Lloyd AG now fully disposed

In €m	FY17	FY16
Opening cash (debt)	**350**	**-214**
Movement in cash net of debt	368	778
Employees Benefit Trust	-22	-
Asset Finance	-149	-350
Other	36	136
Closing net cash including Discontinued Ops	**583**	**350**
Travelopia	-	-318
Closing net cash as per Balance Sheet	**583**	**32**

Transformational Growth Investments funded by Disposal Proceeds

NORMALISED NET INVESTMENTS (€BN)



Additional net investments for transformation FY16-19 = €1.9bn[1]

Normalised net investments ~3.5% of Revenue

Hotels ~30%
Cruises ~20%
Source Markets ~15%
IT ~10%
Other 25%

DISPOSALS (€BN)

~€2.0bn

- 0.4 Hapag-Lloyd
- 0.4[2] Travelopia
- 1.2[2] Hotelbeds

Additional net investments (Transformation) including PDPs

Normalised net investments

1 Assumed MS1 and MS2 purchase as cash transaction / final decision on transaction structure/financing not yet taken
2 Net of costs & including WC/cash effect

Net Financial Position, Pensions and Operating Leases

In €m	30 Sep 2017	30 Sep 2016
Financial liabilities	**-1,933**	**-2,041**
- Finance leases	-1,227	-1,232
- High Yield Bond	-	-306
- Senior Notes	-296	-
- Liabilities to banks	-381	-411
- Other liabilities	-29	-92
Cash	**2,516**	**2,073**
Net cash (debt)	**583**	**32**
- Net Pension Obligation	-1,127	-1,451
- Discounted value of operating leases[1]	-2,619	-3,144

[1] *At simplified discounted rate of 1.75% with both years on continuing ops basis*

Leverage ratio – medium-term we feel well placed within new target range (3.0x-2.25x)

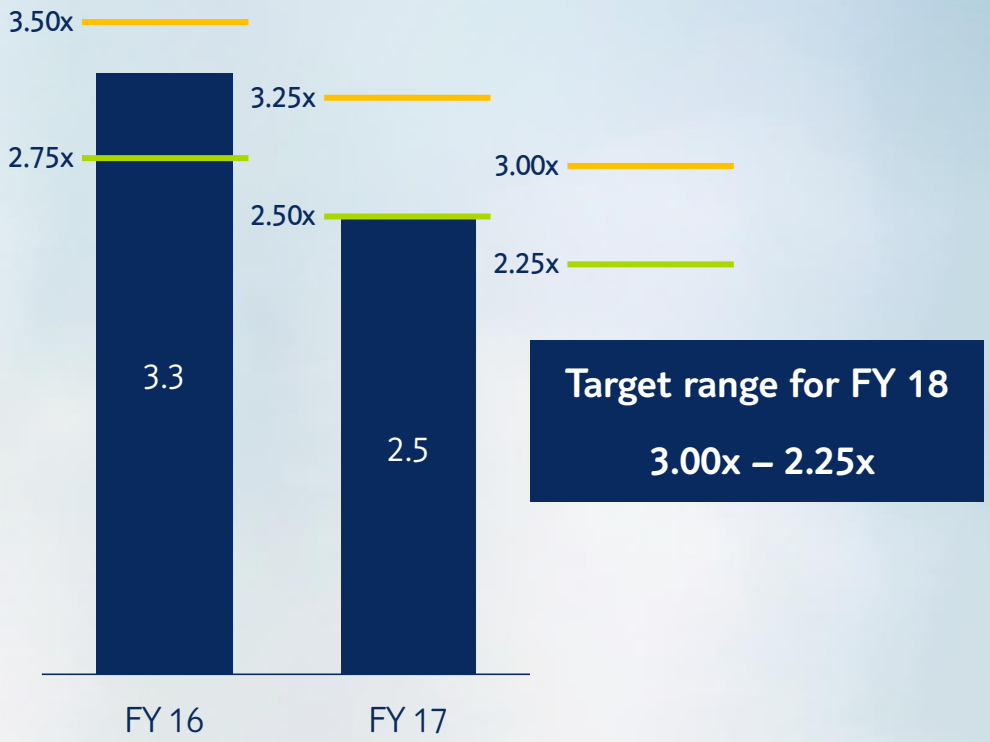
LEVERAGE RATIO FY17

€m	FY17	Guidance
Gross debt	1,933	
to Bonds	296	
to Liabilities to banks	381	
to Finance leases	1,227	↗
to Other financial liabilities	29	
Pensions	1,127	↘
Discounted value of operating leases[1]	2,619	→
Debt	5,680	
Reported EBITDAR	2,241	
Leverage Ratio	**2.5x**	

SPLIT
80% Aircraft
20% Cruises & Other

[1] At simplified discounted rate of 1.75%

DEVELOPMENT AND OUTLOOK



Target range for FY 18

3.00x – 2.25x

- Current aircraft order book including options for fleet rollover consists of 88 aircraft until FY 22
- Case by case decision regarding future financing, current assumption is a mix of operating and finance leases

Key Sources of Funding 30 September 2017

Instrument	Issue	Maturity	Amount €m	Interest % p.a.
Revolving Credit Facility	Sep 14	Jul 22[1]	1,750[2]	E/L +1.40[3]
Senior Notes	Oct 16	Oct 21	300	2.125
Finance leases	Various	Various	1,227	Various

[1] Extended from December 2020 to July 2022
[2] Including a tranche of €215m for the issue of bank guarantees
[3] Upgrade of our rating by S&P has reduced our RCF interest margin from 1.55% to 1.40% p.a as of 14/02/2017

Financial Calendar 2018



13 DECEMBER 2017

ANNUAL REPORT FOR FINANCIAL YEAR 2017

13 FEBRUARY 2018

Q1 FY18 REPORT & ANNUAL GENERAL MEETING

9 MAY 2018

Q2 FY18 REPORT



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