

TUI Group
Investor Presentation – Roadshow Paris

23 February 2017

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.

Agenda

1 Overview & Business Model

2 Investing in Transformational Growth

3 Financing Growth & Outlook

4 Q1 2016/17 Results

Opening Remarks

- **Good operational performance** in Q1 as we continue to deliver our **growth strategy**
- Further significant strategic progress made with the agreement to **sell Travelopia** for an agreed **enterprise value of £325m/€381m**[1] **or 14.4x 2015/16 underlying EBITA**
- Current trading remains **in line with our expectations**
- Credit metrics strengthened with **upgrade by S&P** to **"BB"**
- Pleased to reiterate balanced guidance of **at least 10% growth in underlying EBITA in 2016/17**[2]

[1] *Based on the GBP/EUR exchange rate of 1.1725 as at 10 February 2017*
[2] *At constant currency and based on current group structure*

Strong performance in 2015/16

Turnover: €17.2bn
-1.9% / +1.4%[1]

Including Travelopia
Underlying EBITA: €1,030m
+2.9% / +12.5%[1]

Excluding Travelopia, now reported as Discontinued
Underlying EBITA: €1,001m
+5.0% / +14.5%[1]

Normalised Operating Cash flow[2]:
€0.9bn

ROIC[3]:
21.9%

Dividend per Share:
63 cents

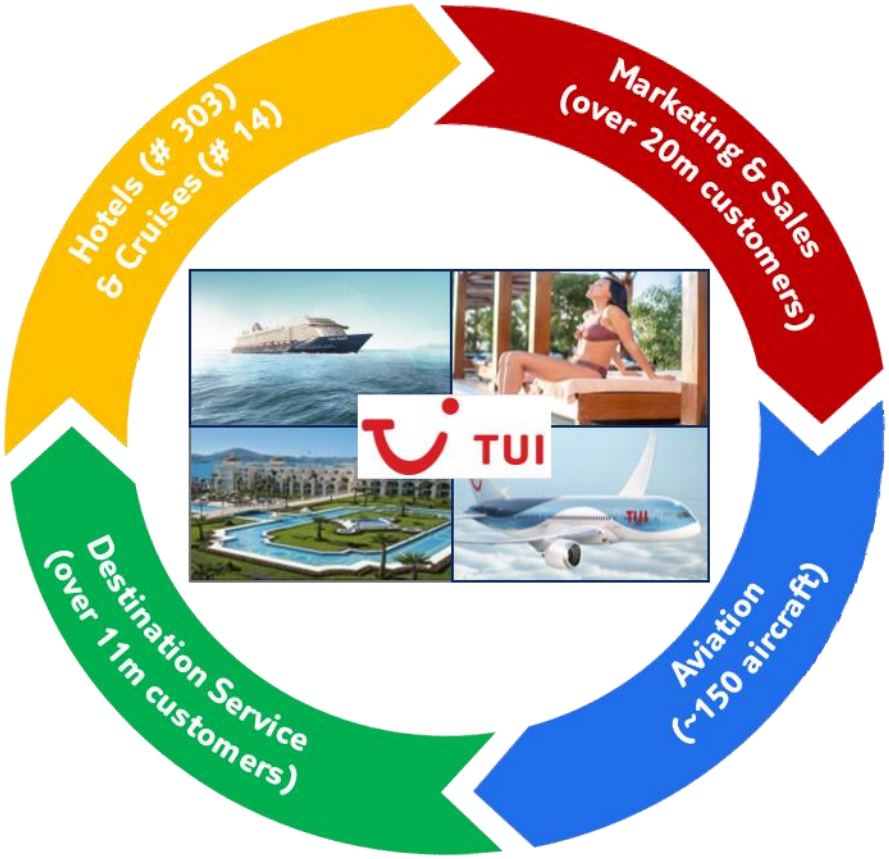
- **Second year of strong performance post-merger with 12.5%** increase in underlying EBITA including Travelopia, or **14.5%** for continuing operations[1]
- Strong performance driven by our strategy as the **world's leading integrated tourism business**
- Normalised operating cash flow of **€0.9bn**
- Continuing to deliver **ROIC significantly in excess of our cost of capital**
- **Dividend per share** of 63 cents reflects underlying growth in earnings
- At least **10% underlying EBITA CAGR** guidance **extended to 2018/19**[1]

We believe our growth strategy creates value for our customers, our people and our shareholders alike

[1] *At constant currency rates*
[2] *Operating cash flow pre net capex and investments and dividend payments, assuming normalised working capital inflow and excluding additional UK pension top-up of €174m in 2015/16*
[3] *ROIC (return on invested capital) is calculated as the ratio of underlying EBITA to the average for invested interest bearing capital for the Group or relevant segment*

The world's leading integrated tourism business based on own hotels and cruise brands

Control over content - hotels and cruises - is key to achieving **differentiation** from the competition and to delivering **growth**



Growth is **de-risked** through our strong **distribution** capability and our **direct customer relationships**

Focussed on delivering transformational growth with ROIC significantly in excess of our cost of capital

TUI Group – A clear structure to deliver growth and value

Tourism

Marketing & Sales in Source Markets	Hotels & Resorts	Cruises
Tour operator • *Travel Agencies* • *Internet Portals* • *Mobile Services* • *Destination Services* • *Airlines*	***Hotelportfolio*** • *303 hotels* • *213,500 beds* • *Well known brands*	***Cruise ship fleet*** • *14 cruise ships across 3 brands* • *TUI Cruises, Hapag-Lloyd Cruises & Thomson Cruises*[1]
Revenue €15.4bn	**Revenue €619m**	**Revenue €297m**
EBITA €635m	**EBITA €287m**	**EBITA €130m**
19.2 million customers[2]	**78% occupancy**	**103% occupancy**[3]

TUI Group – Revenue: €17.2bn, Underlying EBITA: €1,001m

1 Thomson Cruise result included within Source Market (UK) *2 Excludes strategic ventures in Canada and Russia/CIS* *3 TUI Cruises*

TUI Group – Our Transformation

Where we have come from

- Strong heritage as **trading companies**
- Based on **loose federation** of tour operators
- High level of **seasonality**
- Significant airline and hotel capacity **commitment**
- **Varying levels of efficiency** across markets
- **Competition** from online travel agents and low cost carriers

What we are delivering

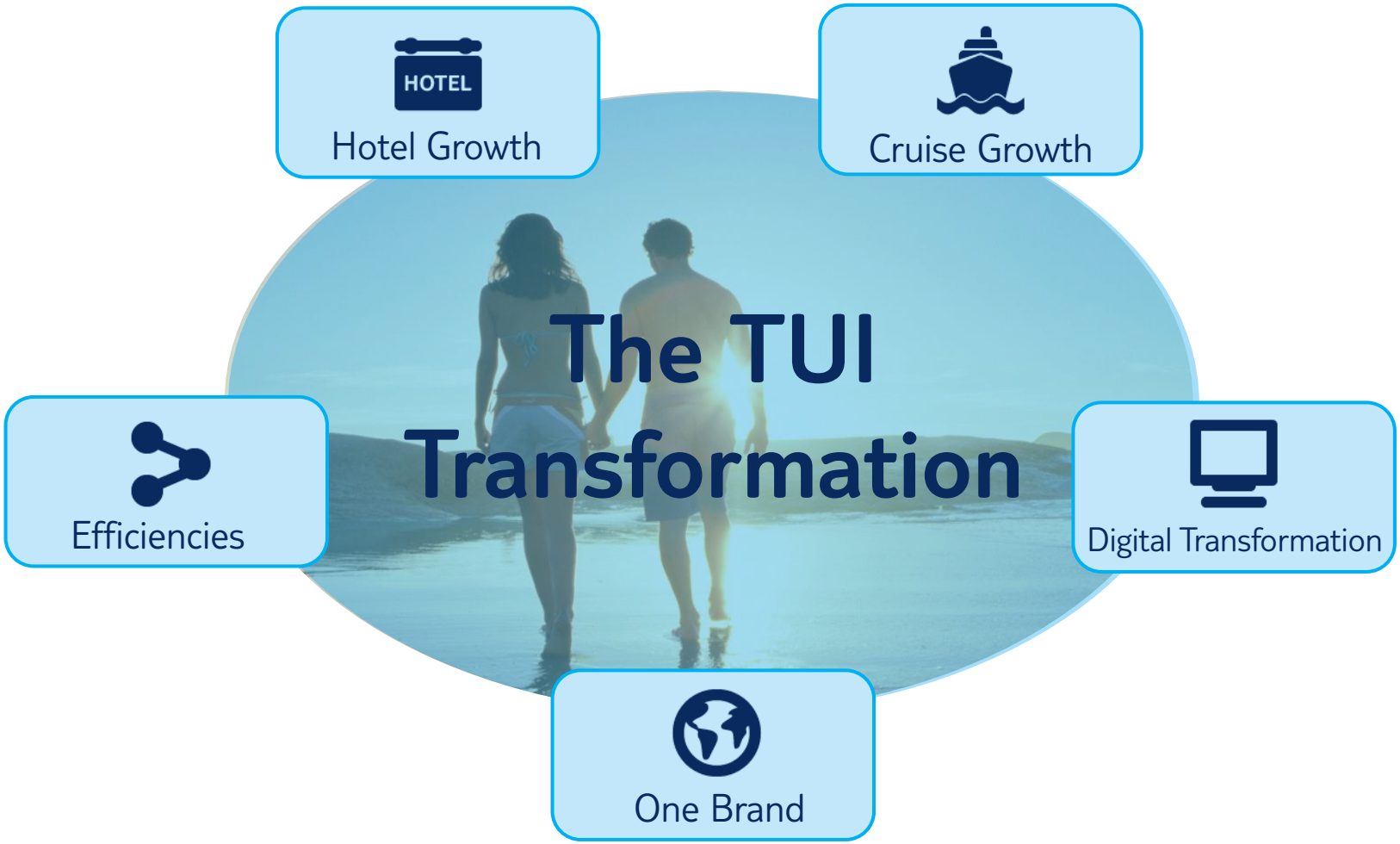
- End to end customer experience **across the value chain**
- **Integrated decision making and global scale** based on six common platforms – Brand, IT, Airline, Hotels, Cruises, Destination Services
- **Disciplined investments** in differentiation, in pockets of growth and where there is scarcity of supply
- **Integrated model** enables us to deliver **around 50%** of **earnings** from **content businesses***

**Hotels and Cruises (TUI Cruises, Thomson Cruises, and Hapag-Lloyd Cruises)*

The world's leading integrated tourism business based on own hotel and cruise brands

Investing in Transformational Growth

What we are delivering



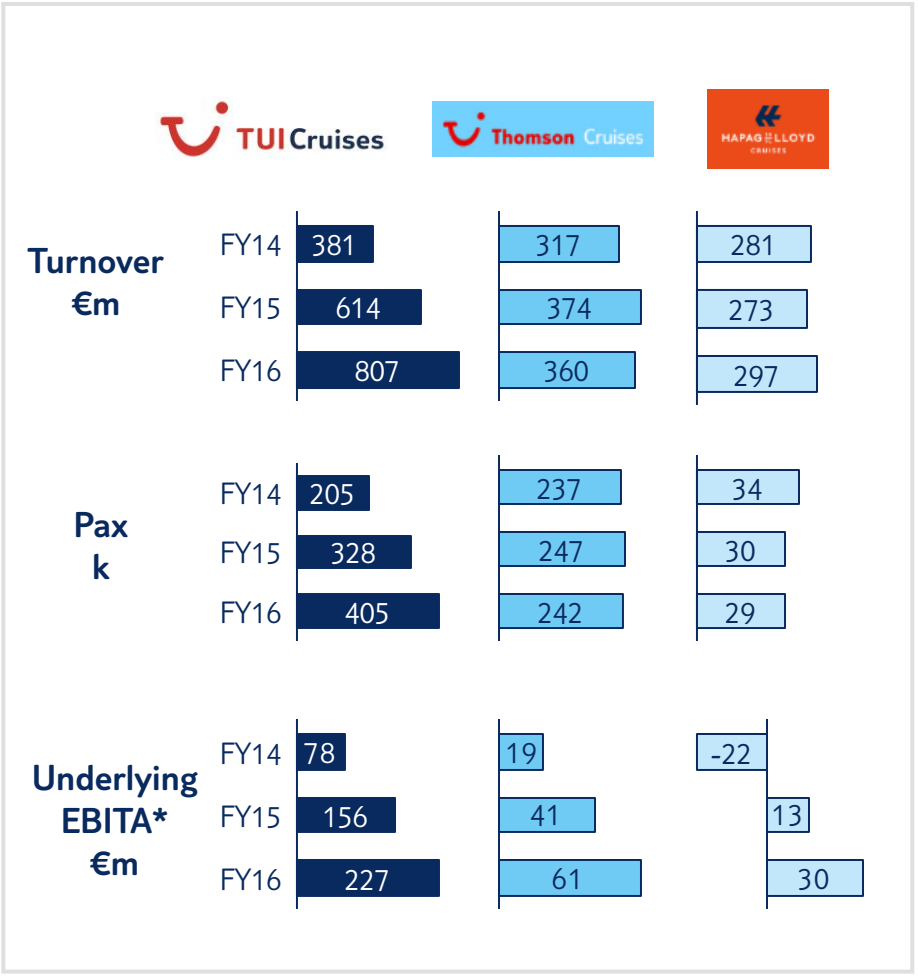
Cruise Growth

Focused on **developing our position** in **Europe** and **in luxury/expedition cruising**

- **TUI Cruises** - three new additions since merger
- Modernisation of **Thomson Cruises** underway
- Turnaround of **Hapag-Lloyd Cruises** now complete







*Based on 100% for TUI Cruises and pro forma figures for Thomson Cruises

Cruise – Growth Roadmap

	TUI Cruises	Thomson Cruises	Hapag-Lloyd Cruises
Growth Roadmap 2017-2019	3 new builds invested within JV	3 further ships ~€200m per ship	2 new builds ~€145m per ship
Contribution to Und. EBITA	~€25m-€30m per new ship*	~€25m per new ship**	~€15m per new expedition ship





*Based on 50% share of EAT for TUI Cruises
**Includes MS1 and MS2 – these ships combined currently generate ~€25m share of EAT within TUI Cruises

Strong ROIC of 21.3%[1], significantly ahead of segmental WACC of 7.5%

[1] Reflects TUI Cruises and Hapag-Lloyd ROIC

Cruise Ships & Aircraft Finance

Cruise Ships

Cruise Fleet By Ownership Structure as at 30/9/2016

Cruise Brand	Owned	Finance Lease	Operating Lease	Total
TUI Cruises (JV)	5	-	-	**5**
Thomson Cruises	-	3	2	**5**
Hapag-Lloyd Cruises	3	-	1	**4**

- New build ships typically **80% debt/20% equity finance**.
- **TUI Cruises** investments ring fenced within joint venture (3 more ships to come).
- **Thomson Cruises - fleet modernisation,** 3 more ships to come, 1 owned, 2 to be determined.

Aircraft

Aircraft Fleet By Ownership Structure as at 30/9/2016

Structure	Owned	Finance Lease	Operating Lease (FV)	Total
# of Aircraft	8	16	125	**149**
Financing	~€0.1bn*	~€1bn	~€2bn	**€3.0bn**

- Order book for 787s and 737-MAXs.
- Net PDPs **~€200m/~€100m/~€100m** in next three years.
- Financing method for new aircraft deliveries **typically by operating** or **finance lease** structures providing **100% financing** and will be reviewed on **a case by case basis.**

**Reflects debt finance for two aircraft only, remaining aircraft wholly owned*

Hotel Growth since Merger

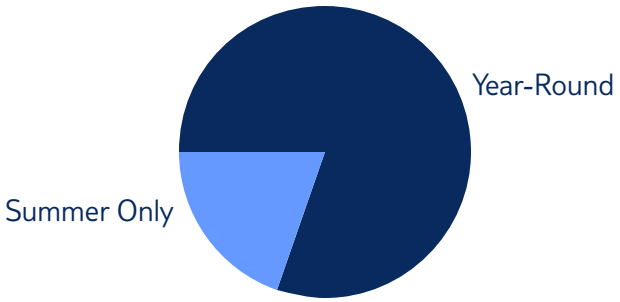


- **18 group hotels additions plus further third party concept openings** since merger
- Focussed on scaling up **proven destinations** and where there are **pockets of growth**
- Growth delivered through our **core hotel, club** and **concept brands**

Hotels – Growth Roadmap

Growth Roadmap 2017-2019

Indicative split of future growth capex by destination

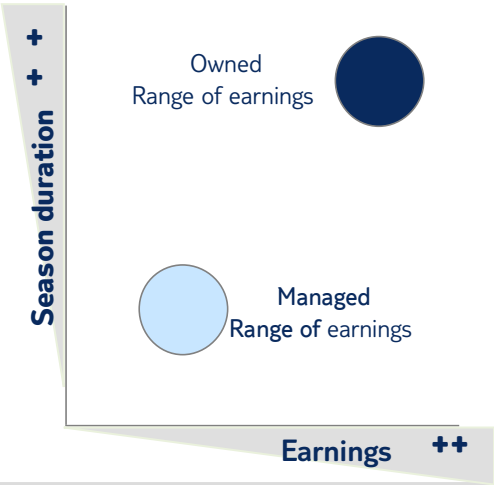


~40-45 additional hotel openings by end of **2018/19**

Structure

- Ownership/JV in **high growth regions**, where there is **scarcity of supply**
- Management elsewhere when possible

Contribution to Und. EBITA



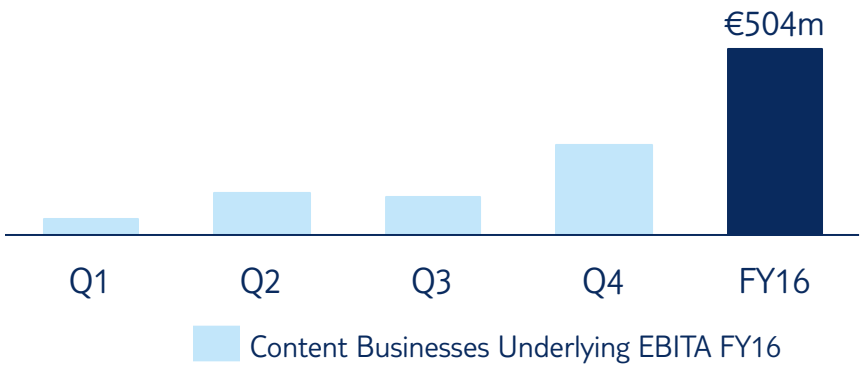
On average ~€2m per new hotel*

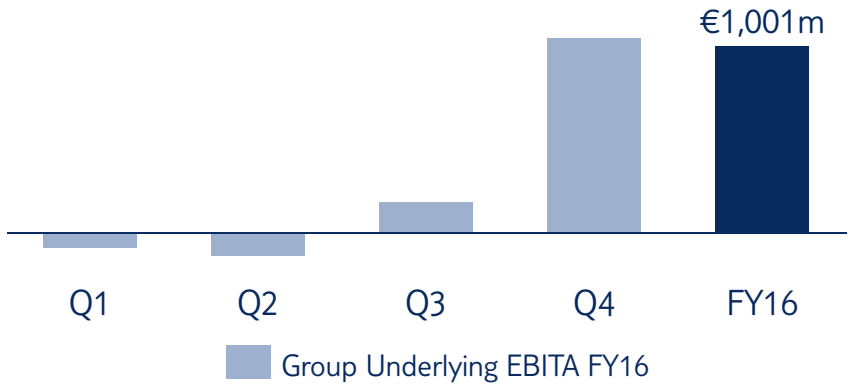
**Based on profitability of Riu and Robinson and current mix of ownership models*

ROIC hurdle of 15% is significantly ahead of segmental WACC of 6.5%

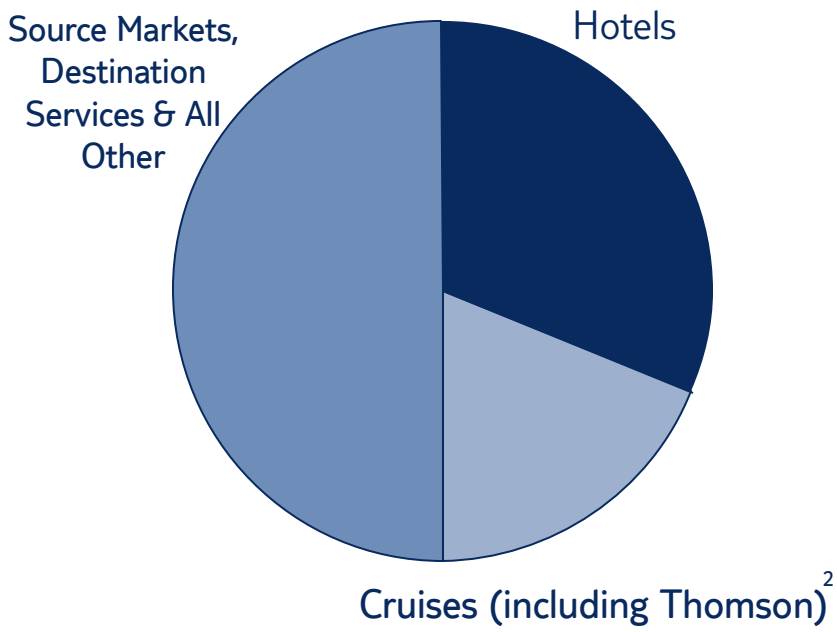
Integrated model enables us to deliver around 50% of earnings from content

Our content businesses are less seasonal





Content businesses[1] mix



[1] *Hotels and Cruises (TUI Cruises, Thomson Cruises, & Hapag-Lloyd Cruises)*
[2] *Pro forma numbers for Thomson Cruises*

Growth in content is de-risked through our direct customer relationships

Investment in IT and Digital Transformation

Key Projects		Features	Roadmap
"Tui App"	 A rich, immersive experience at the **heart** of our **mobile vision**	• Holiday **search & book** • Holiday **information** & **ancillary booking** • Contact your rep	• Common platform **live in all Source Markets** except Germany, which will be rolled out in mid-December
Customer Platform		• **Single view** of the customer • **Customer service app** for Destination Services	• First Version **live in Germany** • **Roll out** to come **FY17/FY18** • (Destination services Q2, UK Q4, Belgium Q4, Nordics Q2 FY18)
Group Marketing Platform	Using customer insight to provide **more personalised** customer service and marketing	• Capture & analyse **customer interactions** across all channels • **Campaign management** system across all channels • Implementation of **marketing programme** across the **customer experience**	• **Netherlands, Belgium, Nordics** live • Germany Feb 2017, UK Sep 2017 (already working with previous version)
Yield Management	**Bespoke** IT solution to automate the **management** and **pricing** of **holidays 24-7**	• Solution rolled out to **Nordics** in **2016**	• Targeting roll out to **further markets** including **Germany** over next **24 months**

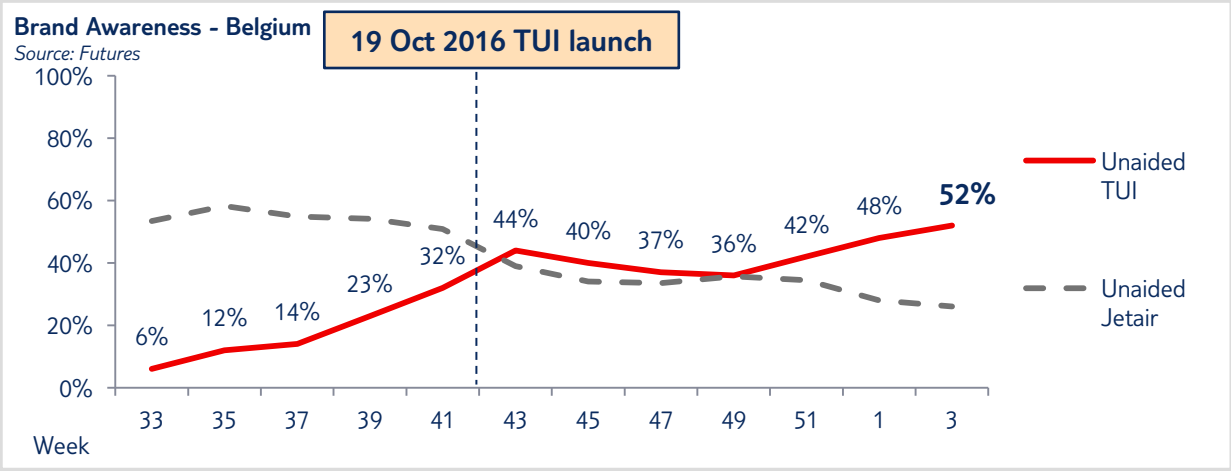
Digital transformation focused on customer experiences and business efficiency

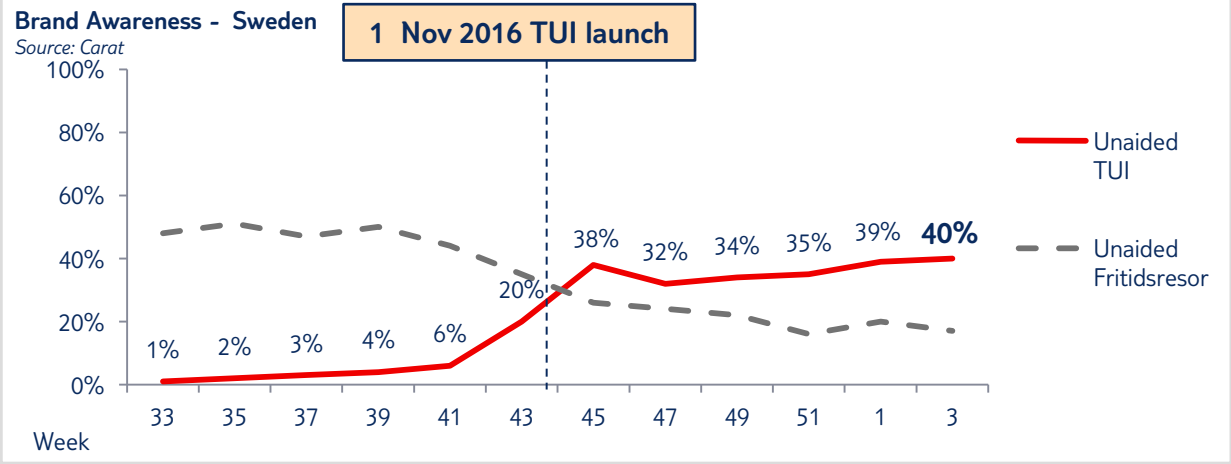
One Brand

Growth Potential	Renaming offers opportunity to **reposition**
360° Experience	End to end **consistent** customer experience including media power
Digital Presence	Opportunity for more impact through **centralised** URL
Operational Efficiency	Operational **efficiency** by optimising content and marketing production
Competitiveness	Competitive **strength** against global platforms
Brand Equity	**One global brand, with local roots**

Brand migration will be funded from ongoing operational efficiency and increased revenues

TUI Rebrand Belgium & Nordics – Update





- Post the TUI rebrand both markets are seeing **higher unaided TUI brand awareness**
- Belgium online mix **increased by +5ppts to 65%** in the quarter
- Nordic online mix similarly **increased by +4ppts to 75%** in the quarter

Higher unaided TUI brand awareness post rebrand

Efficiencies

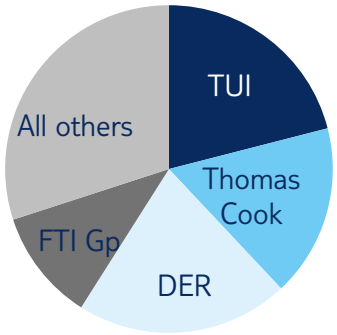
One Aviation	Central platform for local airlines	• One central organisation across five AOCs • Purchasing & Finance - one procurement organisation, leveraging scale on all contracts • Maintenance - One engineering & maintenance function • Interoperability among fleet and crew
Destination Services	Unique Destination Services brings the TUI brand alive	• > 100 destinations and > 11 million customers • Carve out complete – from Hotelbeds to Tourism • Seamless cloud based customer platform, the same as we will use in the Source Markets
Consolidation	Opportunities for consolidation to strengthen our market position	• Completion of Transat acquisition, will deliver ~€25-30m of efficiencies

Operational efficiencies delivered through central control

Delivering growth in Germany

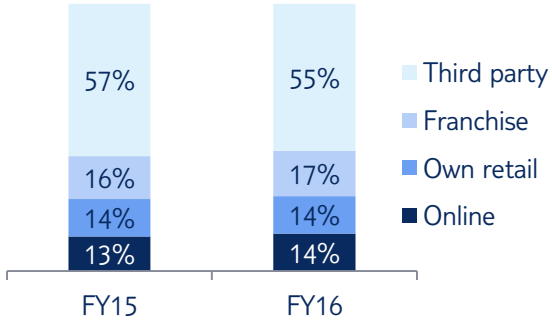
- Germany has the DNA to be a **successful market**; Large population with affluent demographics, TUI voted Germany's most trusted travel brand[1], with high average customer spend
- Significant overcapacity in German aviation market – we intend to address this with our **Joint Venture discussion with Etihad Aviation Group**
- With a new airline group established on a more beneficial commercial structure, we intend to gain from a **broader market access**, effecting change to our current level of **distribution**
- Important step in our **3-5 year journey** of **improvement in Germany**

Market Share*

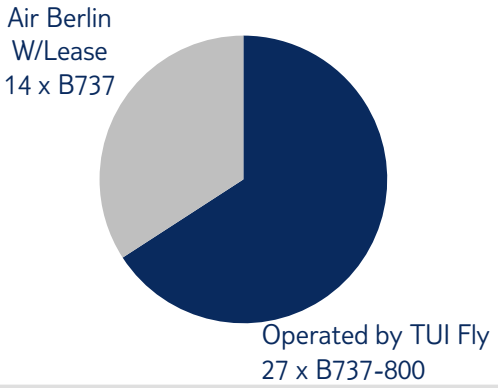


* Company estimates, 2015 data - rebased based on GfK Tour Operator Market Share data

Distribution



TUIfly Fleet



[1] *Source: Reader's Digest Trusted Brand 2016*

Sale of Travelopia

- Agreement to sell to Travelopia to KKR for an agreed **enterprise value of £325m/€381m[1] or 14.4x 2015/16 underlying EBITA**
- **Proceeds will be reinvested** in the transformation of TUI and to **further strengthen the balance sheet**, as outlined in the December 2016 full year presentation
- ~€133m **non-cash** disposal/FX recycling charge to be reflected in discontinued operation
- Completion expected at the start of **H2 2016/17**

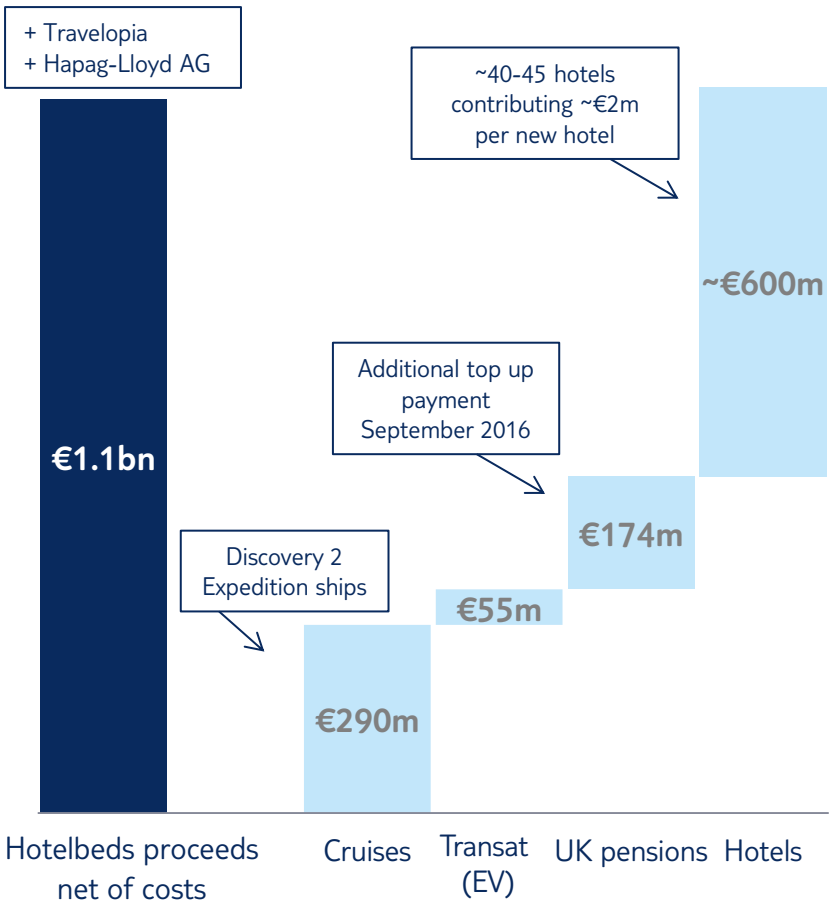
[1] *Based on the GBP/EUR exchange rate of 1.1725 as at 10 February 2017*

Further significant strategic progress made

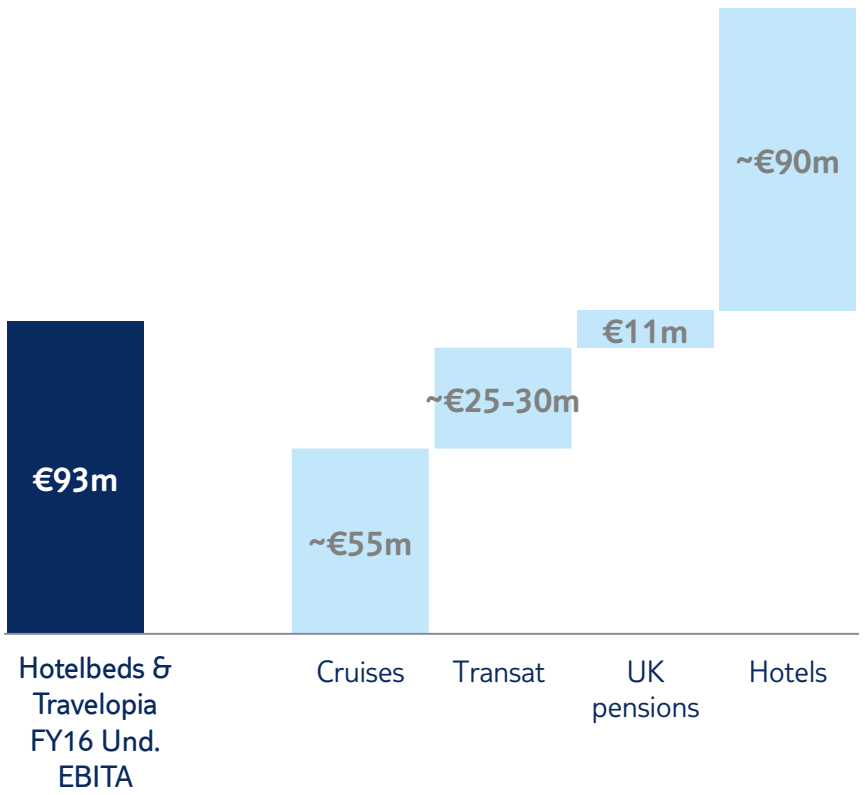
Financing Growth & Outlook

Financing Growth & Mechanics of Transformation

Disposal Proceeds & Reinvestment

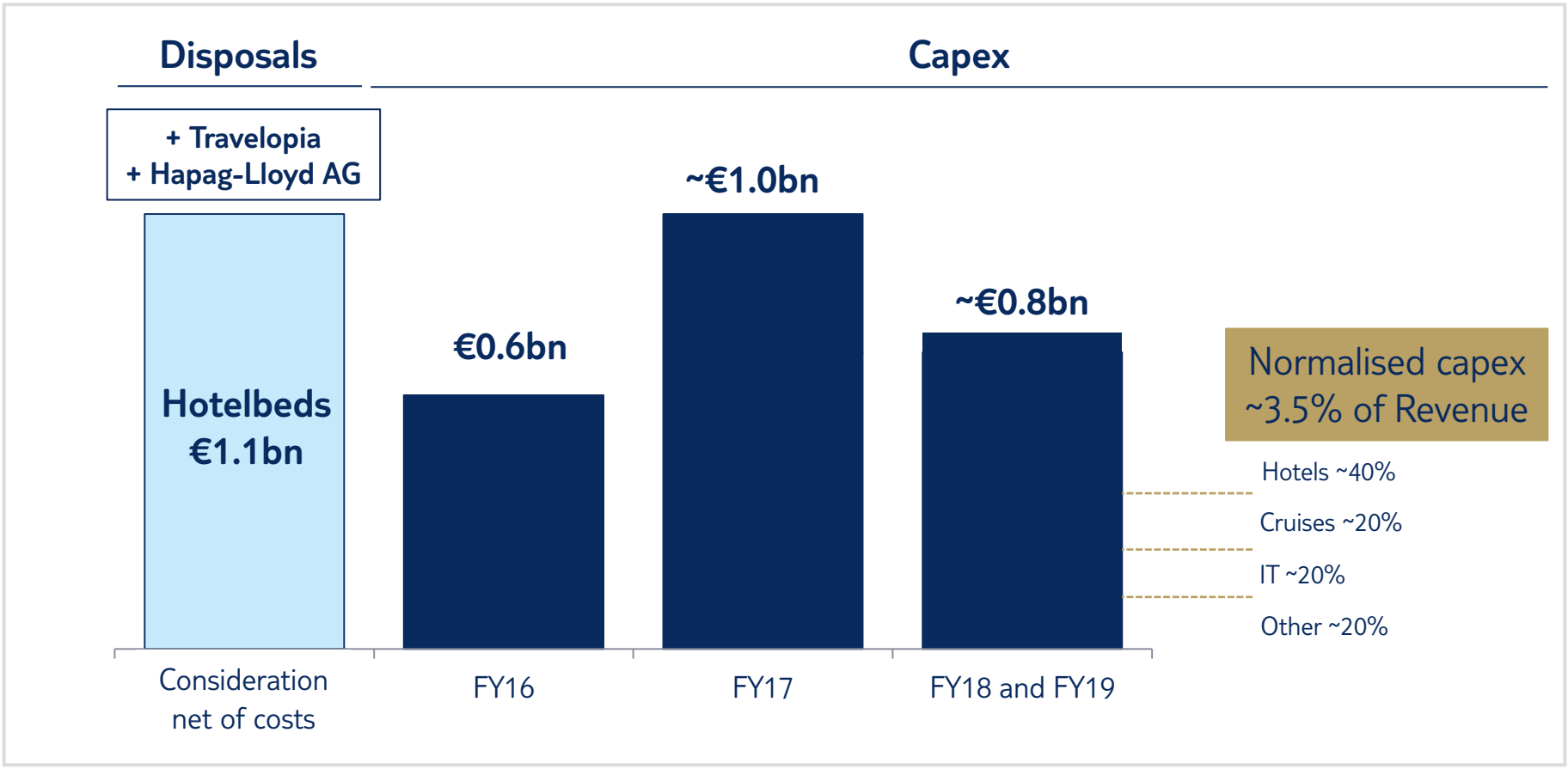


Earnings Transformation FY16 to FY20*



** Based on underlying EBITA run rate; UK pensions based on notional interest impact*

Investing in Transformational Growth



** Guidance **excludes** aircraft order book finance (pre delivery payments and liquidations, owned and finance leased aircraft); Net PDPs ~€200m/~€100m/~€100m in next three years*

Financial Targets

- Current corporate credit ratings "BB" from S&P and "Ba2" from Moody's (Upgraded by S&P from "BB-" on 14 February 2017 and upgraded by Moody's from "Ba3" in April 2016)
- We are committed to **improving our credit metrics**, therefore we are setting new financial targets for 2016/17 as follows:

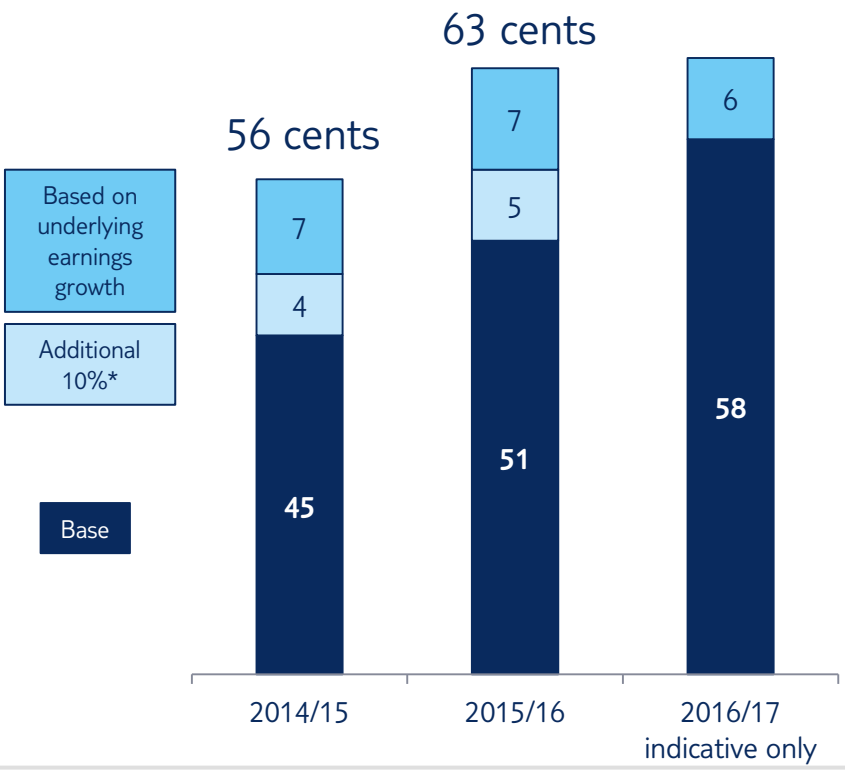
Ratio*	Target 2015/16	Actual 2015/16	Target 2016/17
Leverage ratio	**3.5 to 2.75 times**	3.3 times	**3.25 to 2.5 times**
Interest cover	**4.5 to 5.5 times**	4.8 times	**4.75 to 5.75 times**

- Ratios are based on **gross debt including pensions and leases**
- Focus on rating to obtain **advantageous financing conditions** and ensure access to debt capital markets

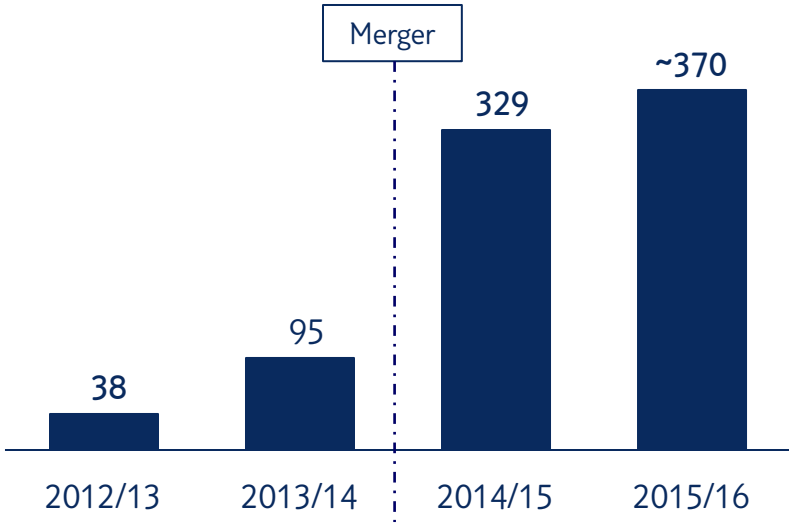
** See appendix for detailed calculation*

Committed to an Attractive Dividend Payout

Dividend per share (in €c)



Dividend payouts (in €m)*



We are committed to delivering a growth strategy which will enable superior returns for our shareholders

**TUI AG dividend relating to financial years, paid out in the following calendar year*

** for FY 2014/15 and 2015/16 as announced at the time of the merger*

Growth Roadmap - Summary

Drivers		What Impact?*	By When?	
Growth in Our Hotel & Cruise Brands	• ~40-45 further openings in Group hotels	• ~€2m und. EBITA per hotel**	• End of 2018/19	**At least 10%* underlying EBITA CAGR to 2018/19**
	• TUI Cruises - 3 new ships • *MS1 & MS2 move to UK Fleet*	• ~€25-30m share EAT per ship • *Currently generate ~€25m share of EAT in TUI Cruises*	• S17, S18, S19 • *S18, S19*	**Earnings dilution from disposals offset by investment in transformational growth**
	• Thomson Cruises – 3 new ships • HL Cruises – 2 new expedition ships	• ~€25m und. EBITA per ship • ~€15m und. EBITA per ship	• S17, S18, S19 • Spr & Aut 2019	
Brand, IT and efficiencies	• Profitable top line growth which outperforms the market	• ~3% per annum	• Ongoing	**Integrated model delivers sustainable growth**
	• France – break even & deliver benefits of Transat acquisition	• ~2.5% und. EBITA margin	• End of 2018/19	
	• Deliver remaining synergies	• ~€20m und. EBITA benefit	• End of 2017/18	
Balance Sheet Strength & Flexibility	• Investment in transformational growth in medium term, financed by strong operating cash flow and disposal proceeds • Attractive dividend policy			**Balanced guidance approach**

** At constant currency rates* ***Based on profitability of RIU and Robinson and current mix of ownership models*

Outlook 2016/17* – Continuing operations basis

Metric	2015/16	2016/17e
Turnover	€17,185m	**~3% growth**
Underlying EBITA	€1,001m	**At least 10% growth**
Adjustments	€102m	**~€80m**
Net Interest	€180m	**~€160m**
Net Capex & Investments**	€642m	**~€1.0bn**
Net Cash/Debt	€32m net cash	**~€0.8bn net debt** (see footnote)
Underlying Effective Tax Rate	25%	**20%**

Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current group structure;* ***guidance relates to continuing operations and excludes the impact of the JV negotiations for TUI fly and any disposal proceeds for Travelopia and Hapag-Lloyd AG*

*** 2015/16 excludes Hotelbeds Group proceeds*

Winter 2016/17 and Summer 2017

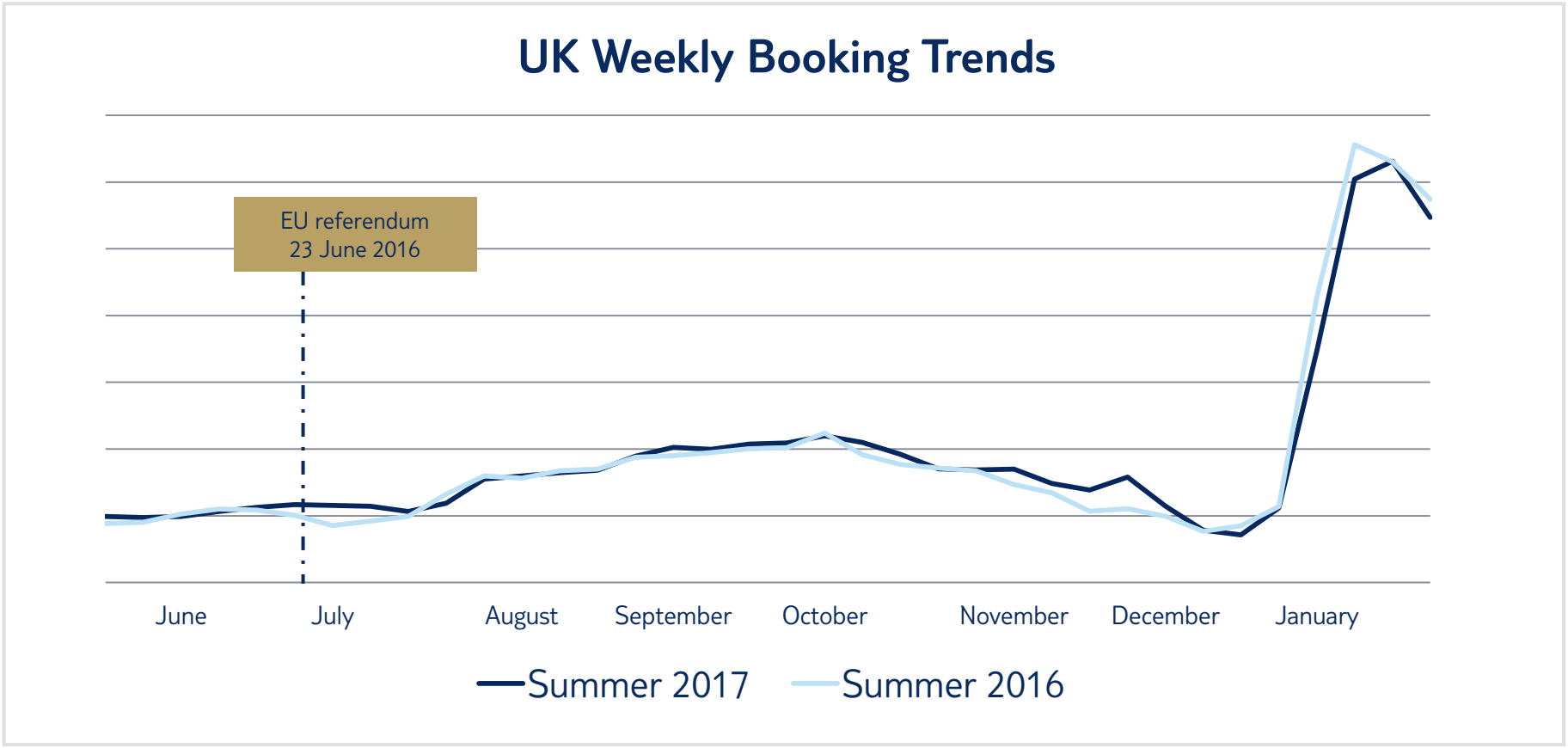
- **Winter 2016/17**
  - Source Markets programme **87% sold to date** with revenues **up 8%** and bookings **up 4%**
  - Strong growth in **UK** long haul and cruise
  - Pleased with **Germany** booking performance since last update
  - **Nordics** and **Belgium** rebrand awareness continues to grow
  - Further hotel openings, plus first winter of operations for **Mein Schiff 5** and **TUI Discovery**

- **Summer 2017**
  - Source Markets programme **35% sold to date** with revenues **up 9%** and bookings **up 4%**
  - UK is **43% sold** with revenues **up 12%** and bookings **up 3%**
  - Strong growth in Canaries, Greece, Cyprus with good growth in long haul
  - Strong bookings for **Mein Schiff 6 and TUI Discovery 2**

Current trading is in line with our expectations

These statistics are up to 5 February 2017 and are shown on a constant currency basis

UK Current Trading



UK bookings pattern has remained resilient post Brexit vote

Weekly booking volume data from 22 May 2016 to 5 February 2017

Summary

- **Good start** to the year and current trading remains **in line with our expectations**
- Significant strategic progress made with agreement to sell **Travelopia**
- Progressing our negotiations with **Etihad** regarding the **German airline JV**
- Our scale and vertically integrated business model mean that we remain **well placed to deliver our growth strategy** against the uncertain geopolitical and macro-economic backdrop
- Based on our Q1 performance and current trading, we reiterate our **balanced guidance** of **at least 10% growth in underlying EBITA in 2016/17**[1]

[1] *At constant currency and based on current group structure*

Q1 2016/17 Results

Good performance in Q1 2016/17

Turnover: €3.3bn
+2.3% / +8.5%[1]

Underlying EBITA: -€60.3m
+25.0% / +17.0%[1]

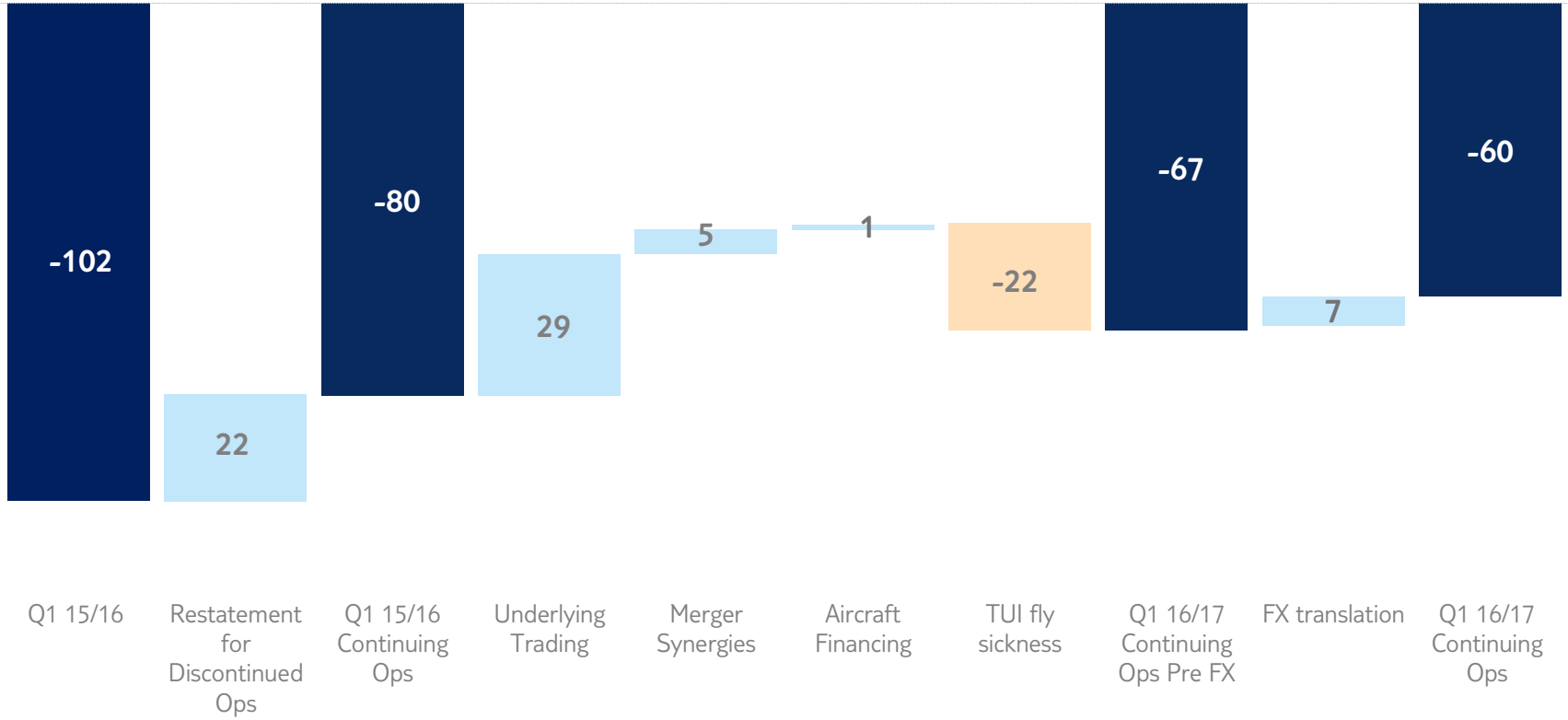
Reported EBITA: €-69.5m
+32.4%

Operating cashflow improvement:
+€0.3bn

- **Good operational performance** with continued growth in our hotel, cruise and concept brands
- **Reduction in seasonal underlying EBITA loss**
- Further **merger synergies of €5m** achieved in the quarter
- Partly offset by the impact of **higher than normal levels of sickness** in our German airline TUI fly in October
- **Improved working capital seasonality** following disposal of Hotelbeds Group

[1] *At constant currency rates*

TUI Group
Underlying EBITA Bridge Q1 2016/17 in €m



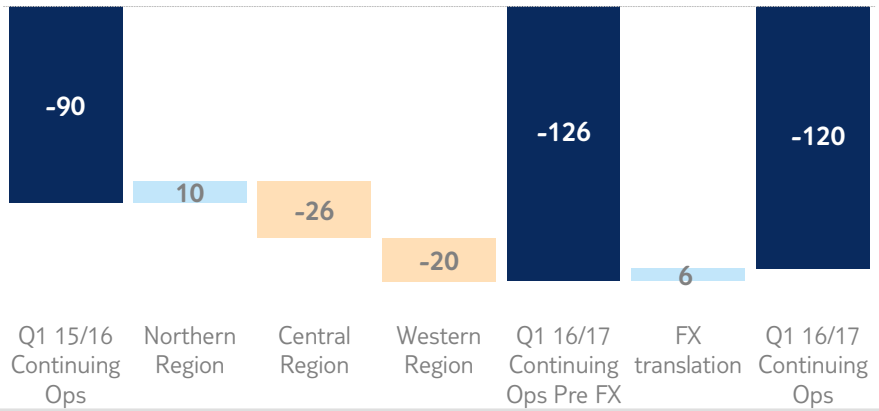
Reduction in the seasonal underlying EBITA loss

Source Markets

Turnover and Earnings (€m)

	Q1 16/17	Q1 15/16	%
Turnover	2,892.0	2,845.6	1.6
Underlying EBITA	-120.3	-90.3	-33.2

Bridge Underlying EBITA (€m)



Business development Q1 2016/17*



Northern Region +€10m

- Good UK performance with **volumes up +10%** driven by **long haul, cruise** (TUI Discovery launch) and continued growth in sales of **own hotels and concepts**
- Nordic continue to see a **challenging** environment impacted by **lower demand for Turkey and Egypt**. In addition the result includes the phasing impact of rebrand marketing costs
- Continued **high levels** of direct and online distribution – **91%** (up 2ppts) and **62%** (up 3ppts) respectively

Central Region -€26m

- Germany continues to build on its **market share gains** and delivered an **improved trading** performance
- However, as expected, the result was negatively impacted by high levels of sickness at TUI fly costing ~€22m
- Further **improvement** in direct and online distribution - **46%** (up 2ppts) and **16%** (up 2ppts) respectively

Western Region -€20m

- Result reflects the first time inclusion of **Transat's** seasonal EBITA loss and phased rebrand costs in Belgium
- Netherlands impacted by night slot restrictions in the quarter and increased claims for DBC
- Further **growth** in both direct and online distribution - **72%** (up 2ppts) and **55%** (up 3ppts) respectively, aided by the TUI rebrand in Belgium

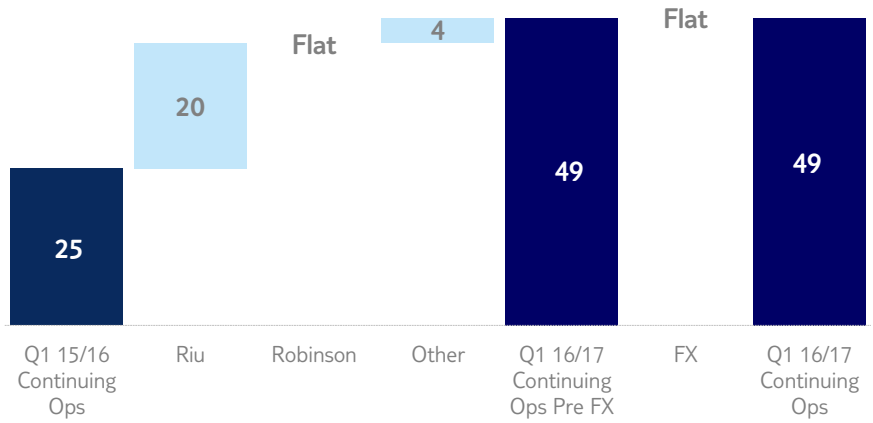
* At constant currency rates.

Hotels & Resorts

Turnover and Earnings (€m)

	Q1 16/17	Q1 15/16	%
Turnover	141.2	132.4	6.6
Underlying EBITA	49.0	25.2	94.4
o/w Equity result	*14.8*	*8.1*	*82.7*

Bridge Underlying EBITA (€m)



Business development Q1 2016/17*



- **Riu** delivered a **strong** performance, particularly in **Spain and Mexico** with **6% growth** in average revenue per bed overall
- **Robinson** also delivered a **good** performance with **3% growth** in average revenue per bed
- These performances were offset partly by lower demand for **Turkey and North Africa**
- Continuing to deliver **sector leading occupancy rates** - Riu 86%, overall Hotels & Resorts 72% - as a result of our presence in **year round destinations**, **strength in distribution** in our Source Markets and access to other **growth markets** such as the US

* At constant currency rates.

Winter 2016/17 Group Hotel additions and repositionings

Hotels



- Riu Reggae Jamaica
- 454 rooms
- Owned



- TUI Blue Schladming Austria
- 107 rooms
- Owned



- TUI Blue Fleesensee Germany
- 156 rooms
- Management Contract



- TUI Blue Jardin Tropical Tenerife
- 390 rooms
- Franchise

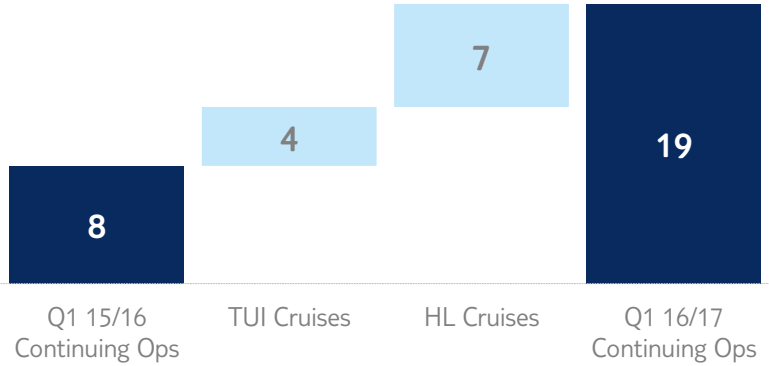
Cruises

Turnover and Earnings (€m)

	Q1 16/17	Q1 15/16	%
Turnover HL Cruises	62.2	53.9	15.4
Memo: TUI CruisesTurnover	*217.7*	*175.8*	*23.8*
Underlying EBITA	19.1	8.2	132.9
*o/w EAT TUI Cruises**	*16.9*	*13.2*	*28.0*

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

Bridge Underlying EBITA (€m)



Business development Q1 2016/17



- **TUI Cruises** continues to deliver significant growth whilst maintaining a **strong occupancy** and **rate** performance, with an additional ship (Mein Schiff 5) this Winter. The result was partly impacted by a dry dock period for Mein Schiff 2
- **Hapag-Lloyd Cruises** has delivered **further increases** in **occupancy, rate** and **earnings** this quarter, benefitting from changes to itineraries for Europa, Europa 2 and Hanseatic

Income Statement

In €m	Q1 2016/17	Q1 2015/16
Turnover	3,285.9	3,212.3
Underlying EBITA	**-60.3**	**-80.4**
Adjustments (SDI's and PPA)	-9.2	-22.4
EBITA	**-69.5**	**-102.8**
Net interest expense	-33.8	-40.7
Hapag-Lloyd AG	-	-41.6
EBT	**-103.3**	**-185.1**
Income taxes	21.7	47.0
Group result continuing operations	**-81.6**	**-138.1**
Discontinued operations	-8.5	-25.8
Minority interest	-27.4	-20.1
Group result after minorities	**-117.5**	**-184.0**
Basic EPS (€, continuing)	**-0.19**	**-0.27**

Adjustments €9m
Mainly relates to PPA of €8m

Hapag-Lloyd AG
Share price decline in prior year reflected here, subsequent increase to €22 per share at 31.12.16 has been carried to equity in accordance with IAS39

Interest €34m
Reduced by €7m due to lower RCF interest and lower interest on provisions offset partly by increase in finance lease interest for aircraft and cruise ships

Tax credit €22m
Underlying effective tax rate reduced to **20%** (previously 25%) as a result of the increase in JV earnings, lower losses in France, lower tax rates in the UK and Spain and tax group reorganisation

Discontinued operations
Includes Travelopia held for sale this year and Hotelbeds in the prior year

Cash Flow

In €m	Q1 2016/17	Q1 2015/16*
EBITA reported**	**-69.5**	**-102.8**
Depreciation**	99.3	95.3
Working capital	-1,097.8	-1,314.8
Other cash effects	52.9	16.7
At equity income**	-35.3	-22.6
Dividends received from JVs and associates	1.4	3.4
Tax paid	-58.4	-56.1
Interest (cash)	-19.4	-21.0
Pension contribution	-36.9	-35.1
Operating Cashflow	**-1,163.7**	**-1,437.0**
Net capex	-127.2	-135.9
Net investments	-118.3	6.6
Net pre-delivery payments	-83.7	-0.7
Free Cashflow	**-1,492.9**	**-1,567.0**
Dividends	-1.3	-2.2
Movement in Cash Net of Debt	**-1,494.2**	**-1,569.2**

**Prior year restated due to exclusion of Hotelbeds & Travelopia in reported EBITA*
***Continuing ops basis – non-continuing adjustment in Other cash effects*

Movement in Net Debt

€m	31 Dec 2016	31 Dec 2015
Opening net (debt)/ cash as at 30 September	**350**	**-214**
Movement in cash net of debt	-1,494	-1,569
Other cash movement - employee benefit trust	-20	-49
Foreign exchange movement	-57	-23
Non cash movement in debt - Asset backed finance	-1	-5
Non cash movement in debt - Other	-5	-16
Closing net debt including discontinued operations	**-1,227**	**-1,876**
Discontinued operations - Travelopia	-291	
Closing net debt as per Balance Sheet	**-1,518**	

Net Financial Position, Pensions and Operating Leases

€m	31 Dec 2016*	31 Dec 2015
Financial liabilities	**-2,177**	**-2,918**
- Finance Leases	-1,266	-996
- High Yield Bond	-	-294
- Senior Notes	-295	-
- Other liabilities (incl RCF)	-616	-1,628
Cash	**659**	**1,042**
Net debt	**-1,518**	**-1,876**
- Net Pension Obligation	-1,375	-1,139
- FV of Operating Leases	-3,329	-3,455

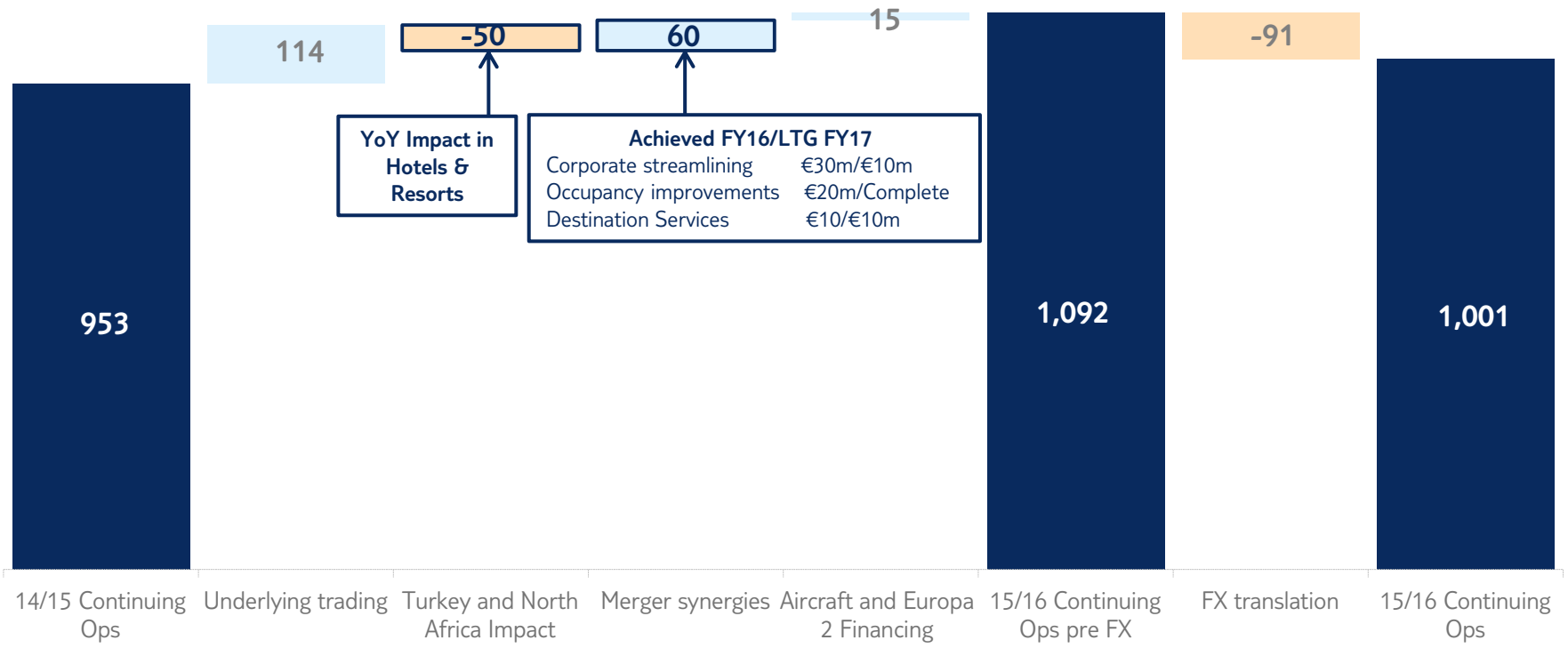
Appendix

Income Statement – Key Figures 2014/15 to 2015/16

€m	2015/16	2014/15
Turnover	**17,184.6**	**17,515.5**
Underlying EBITDA	1,379.6	1,344.1
Underlying EBITA	**1,000.5**	**953.3**
Adjustments	-102.4	-158.7
EBITA	**898.1**	**794.6**
EBIT	**898.1**	**794.6**
Interest result	-179.5	-182.6
Impairment Hapag-Lloyd	-100.3	-147.1
Equity result Hapag-Lloyd	-	0.9
EBT	**618.3**	**465.8**
Income taxes	-153.4	-58.2
Group result continuing operations	**464.9**	**407.6**
Discontinued operations	687.3	-28.0
Minority Interest	-114.8	-39.2
Group result after minorities	**1,037.4**	**340.4**

Variances due to rounding effects

TUI Group
Underlying EBITA Continuing Operations Bridge 2015/16 in €m



Second year of strong performance post-merger

2015/16 Turnover by Segment (excludes intra-group turnover)*

In €m	2015/16	2014/15	Change	FX	Change ex FX
Northern Region	7,001.5	7,348.4	-346.9	-539.1	192.2
Central Region	5,566.6	5,600.9	-34.3	-8.8	-25.5
Western Region	2,869.9	2,847.0	22.9	-	22.9
Source Markets	**15,438.0**	**15,796.3**	**-358.3**	**-547.9**	**189.6**
Riu	461.5	423.2	38.3	-19.7	58.0
Robinson	72.2	71.8	0.4	-0.1	0.5
Other (incl former TUI Travel hotels)	84.9	79.8	5.1	-4.2	9.3
Hotels & Resorts	**618.6**	**574.8**	**43.8**	**-24.0**	**67.8**
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Cruises	296.7	273.3	23.4	-	23.4
Cruises	**296.7**	**273.3**	**23.4**	**-**	**23.4**
Other Tourism	665.5	704.8	-39.3	-2.4	-36.9
Tourism	**17,018.8**	**17,349.2**	**-330.4**	**-574.3**	**243.9**
All Other Segments	165.8	166.3	-0.5	-1.1	0.6
TUI Group continuing operations	**17,184.6**	**17,515.5**	**-330.9**	**-575.4**	**244.5**

*Table contains unaudited figures and rounding effects

2015/16 Underlying EBITA by Segment*

In €m	2015/16	2014/15	Change	FX	Change ex FX
Northern Region	460.9	538.4	-77.5	-95.0	17.5
Central Region	88.5	103.5	-15.0	-0.5	-14.5
Western Region	86.1	68.7	17.4	-	17.4
Source Markets	**635.5**	**710.6**	**-75.1**	**-95.5**	**20.4**
Riu	318.3	261.0	57.3	-11.3	68.6
Robinson	38.6	41.6	-3.0	0.5	-3.5
Other (incl former TUI Travel hotels)	-69.6	-68.0	-1.6	6.4	-8.0
Hotels & Resorts	**287.3**	**234.6**	**52.7**	**-4.4**	**57.1**
TUI Cruises	100.1	68.1	32.0	-	32.0
Hapag-Lloyd Cruises	29.5	12.4	17.1	-	17.1
Cruises	**129.6**	**80.5**	**49.1**	**-**	**49.1**
Other Tourism	4.6	8.4	-3.8	3.3	-7.1
Tourism	**1,057.0**	**1,034.1**	**22.9**	**-96.6**	**119.5**
All Other Segments	-56.5	-80.8	24.3	5.9	18.4
TUI Group continuing operations	**1,000.5**	**953.3**	**47.2**	**-90.7**	**137.9**

*Table contains unaudited figures and rounding effects

Deliver Merger Synergies

In €m	Per Capital Markets Update May 2015		Realised to FY15		Realised to FY16	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	50	35	10	31	40	35
Occupancy improvement	30	-	10	-	30	-
Destination Services*	20	42	-	17	10	31
TOTAL	**100**	**77**	**20**	**48**	**80**	**66**

Underlying effective tax rate for 2015/16 at 25%

On track to deliver synergies in full by end of 2016/17

** Excludes Hotelbeds Group. One-off costs include SDI's and Capex*

Earnings Per Share (continuing operations)

In €m	Reported		Pro forma*	
	2015/16	2014/15	2015/16	2014/15
EBITA	898	795	1,001	953
Net interest expense	-180	-183	-180	-163
H-L AG book value adjustment and equity result	-100	-146	-	-
EBT	**618**	**466**	**821**	**790**
Tax rate	*25%*	*12%*	*25%*	*25%*
Tax charge	-153	-58	-205	-197
Minority interest	-111	-56	-111	-90
Hybrid dividend	-	-11	-	-11
Net income	**354**	**341**	**504**	**492**
Basic number of shares	584	513	587	587
Basic Earnings per Share (€)	**0.61**	**0.66**	**0.86**	**0.84**

Excludes convertible bond interest

Underlying effective tax rate calculated based on underlying EBT, adjusted for convertible bond interest

Pro forma minority interest excludes TUI Travel for full year

Pro forma NOSH based on issued share capital as at 30.9.16

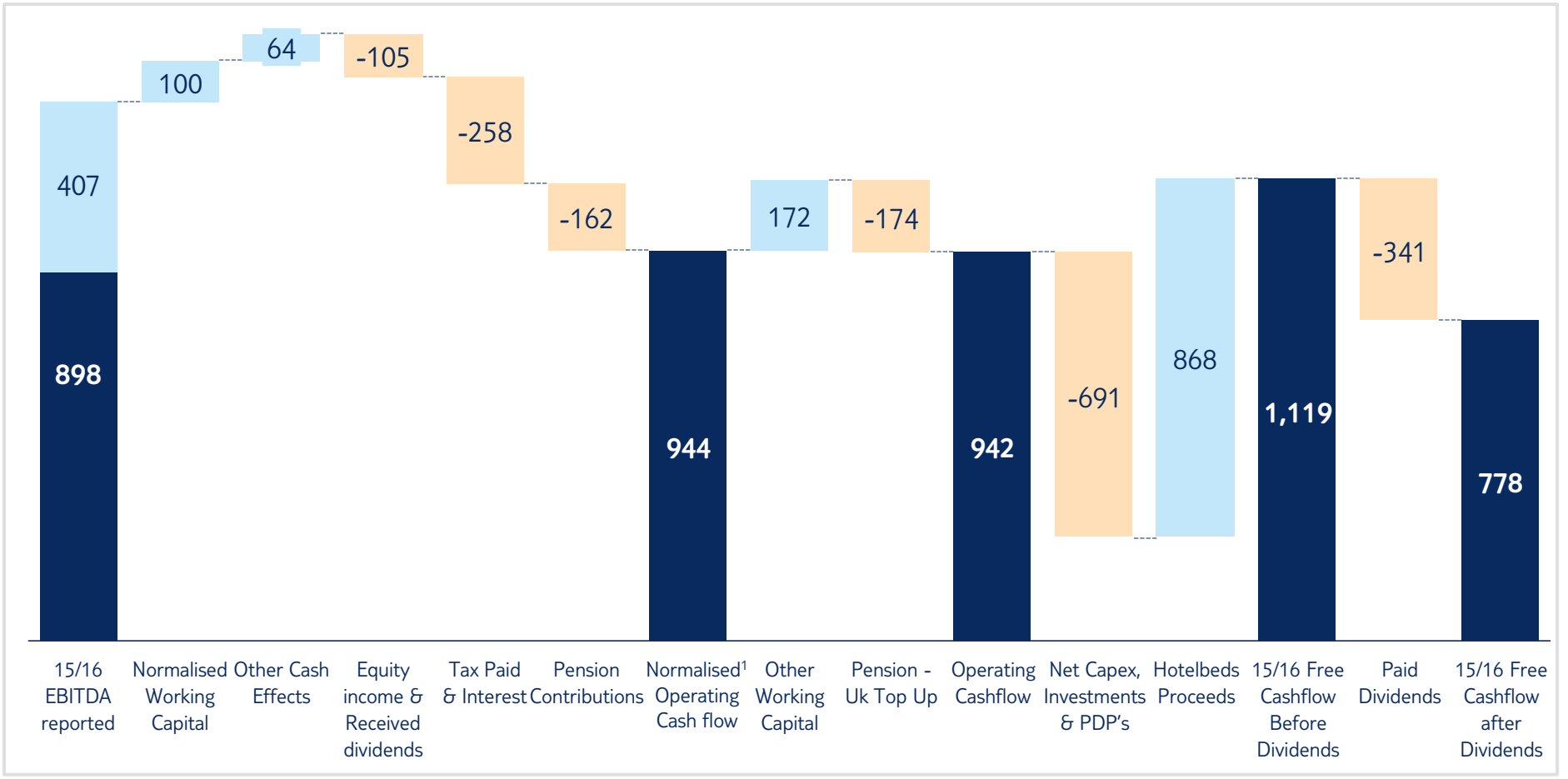
** Pro forma number of shares excludes 6.5m shares relating to employee stock options and Employee Benefits Trust; figures are rounded*

Cash Flow

In €m	2015/16	2014/15*
EBITA reported**	**898.1**	**794.6**
Depreciation**	407.0	420.2
Working capital	271.8	-82.8
Other cash effects	63.7	17.5
At equity income**	-187.2	-114.0
Dividends received from JVs and associates	82.2	81.3
Tax paid	-186.4	-148.4
Interest (cash)	-71.2	-73.3
Pension contribution	-335.6	-184.3
Operating Cashflow	**942.4**	**710.8**
Net capex	-533.4	-496.8
Net investments	758.9	-174.1
Net pre-delivery payments	-48.7	11.9
Free Cashflow	**1,119.2**	**51.8**
Dividends & Hybrid Interest	-341.1	-306.3
Movement in Cash Net of Debt	**778.1**	**-254.5**

**Prior year restated due to exclusion of Hotelbeds & Travelopia in reported EBITDA*
***Continuing ops basis – non-continuing adjustment in Other cash effects*

Cash Flow Bridge 2015/16 in €m



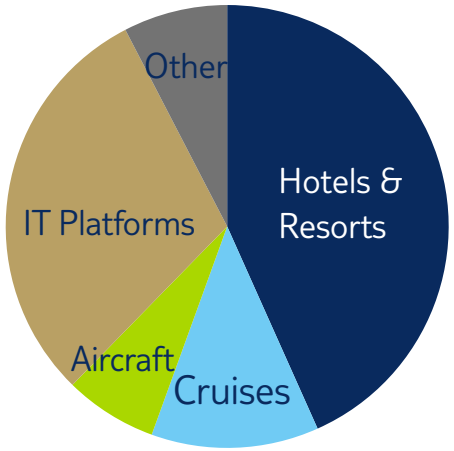
[1] Operating cash flow pre net capex and investments and dividend payments, assuming normalised working capital inflow and excluding additional UK pension top-up of €174m in 2015/16

Strong operating cash flow generation

Cash Flow
Net Capex & Financial Investments Analysis

In €m	15/16	14/15
Gross capex	-605	-602
Capex divestments	72	105
Net capex	**-533**	**-497**
Net investments	-109	-174
Net pre-delivery payments	-49	12
Net Capex, Investments & PDP's (excluding Hotelbeds disposal proceeds)	**-691**	**-659**

Gross capex by Type



Net capex & investments reflects investment in transformational growth

** At constant currency rates*

Movement in Net Debt

€m	30 Sep 2016	30 Sep 2015
Opening net (debt)/ cash as at 30 September	**-214**	**293**
Movement in cash net of debt	778	-255
Foreign exchange movement	134	-135
Non cash movement in debt - Asset backed finance	-350	-693
Non cash movement in debt - Other	2	576
Closing net cash/(debt) including discontinued operations	**350**	**-214**
Discontinued operations - Travelopia	-318	
Closing net cash as per Balance Sheet	**32**	

Comment: As at 30 Sep 2016, cash and cash equivalents worth €129m were subject to disposal restrictions

Net Financial Position, Pensions and Operating Leases

€m	30 Sep 2016*	30 Sep 2015
Financial liabilities	**-2,041**	**-1,887**
- Finance Leases	-1,232	-982
- Other Asset Finance	-392	-457
- High Yield Bond	-306	-300
- Other liabilities	-111	-147
Cash	**2,073**	**1,673**
Net cash/(debt)	**32**	**-214**
- Net Pension Obligation	1,451	1,147
- FV of Operating Leases	3,144	3,541

** Based on continuing operations*

Financial Target Ratios 2015/16

In €m	15/16
Gross debt	*2,041*
Pensions	*1,451*
NPV operating leases	*3,320*
Debt	6,812
Reported EBITDAR	2,050
Leverage Ratio	**3.3x**

Reported EBITDAR	2,050
*Rentals - interest component**	*248*
Net interest expense	*180*
Interest charges	428
Coverage Ratio	**4.8x**

** Simplified approach - one third of long-term rental expense*

Pension – update on defined benefit obligation

Net unfunded obligation €0.9bn

- Generally adopted in Continental Europe
- **Full obligation** sits within the balance sheet

Net externally funded obligation €0.5bn

- Generally adopted in the UK
- Provision covers **shortfall** between plan assets and PV of benefit obligations only (IFRS methodology)
- Must comply with UK Pension Regulator requirements
- Continuous dialogue with Pension Trustees - defined contribution plan in place
- **€0.2bn additional top-up** payment made to UK pension post receipt of Hotelbeds disposal proceeds
- **Triennial Valuation underway** – based on 30 September 2016

Note: Balance sheet net obligation as at 30 September 2016

Key Sources of Funding 30 September 2016

Instrument	Issue	Maturity	Amount €m	Interest % p.a.*
Revolving Credit Facility	Sep 14	Dec 20	1,750**	E/L +1.55
High Yield Bond	Sep 14	Oct 19	300	4.5
Finance leases	Various	Various	1,232	Various

**Upgrade of our rating by Moody's has reduced our RCF interest margin from 1.7% to 1.55% p.a as of 27/04/2016*
***Including a tranche of €215.0m for the issue of bank guarantees*
Note: €300m Senior Notes with a coupon of 2.125% p.a was issued post Balance Sheet date on 26 October 2016. The notes will mature on 26 October 2021
The High Yield Bond was repaid in full post Balance Sheet date on 18 November 2016

Aircraft Commitments by Financing Type

	Operating Lease*	Finance Lease	Owned	Total
As at 30 September 2015	124	15	8	147
Order book financing	-	1	-	1
External Lessor deliveries	7	-	-	7
External Lessor Returns	(6)	-	-	(6)
As at 30 September 2016	**125**	**16**	**8**	**149**

** Includes aircraft leased from and operated on behalf of 3rd party airlines*

Aircraft order book deliveries – FY 2017 to FY 2021

	16/17	17/18	18/19	19/20	20/21
B737 NG	-	-	-	-	-
B737-MAX	-	5	18	18	12
B787-8	-	-	-	-	-
B787-9	1	2	-	-	-
Firm order book deliveries 2017-2021	**1**	**7**	**18**	**18**	**12**

Financial Years (FY) ending 30 September; figures correct as at 30 September 2016
TUI has flexibility to defer the delivery dates of B737MAX aircraft subject to appropriate notice and certain other conditions

In addition to the above firm orders, TUI Group has further aircraft options :

	16/17	17/18	18/19	19/20	20/21
B737-MAX	-	-	-	2	9
B787-9	-	-	1	-	-
Option order book deliveries 2017-2021	**-**	**-**	**1**	**2**	**9**

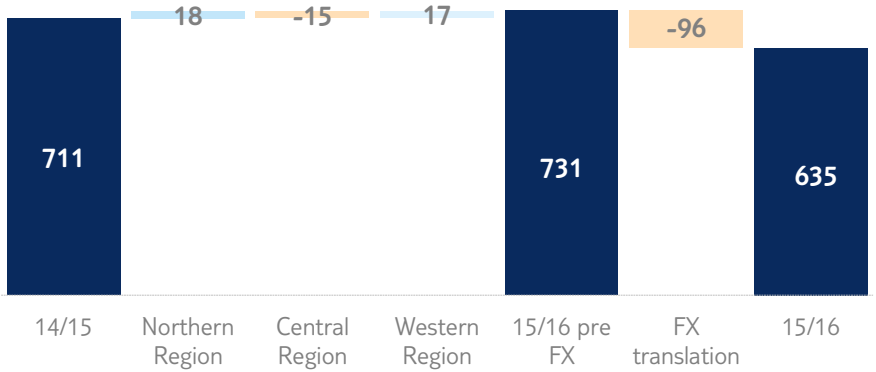
Financial Years (FY) ending 30 September; figures correct as at 30 September 2016

Source Markets

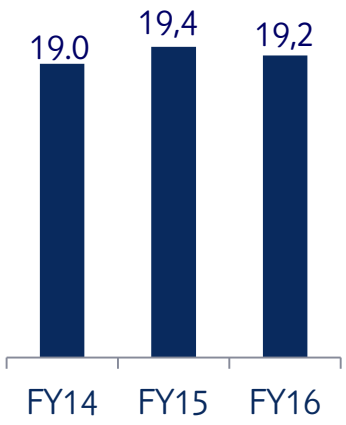
Turnover and Earnings (€m)

	15/16	14/15	%
Turnover	15,438.0	15,796.3	-2.3
Underlying EBITA	635.5	710.6	-10.6

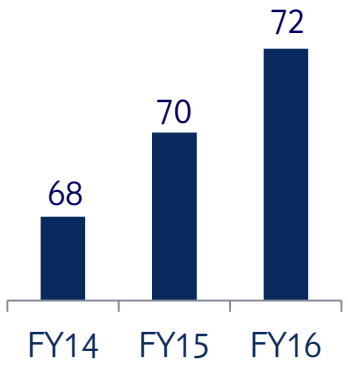
Bridge Underlying EBITA (€m)



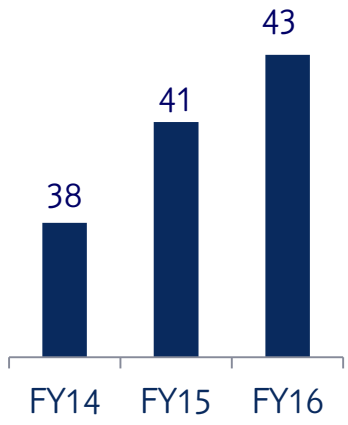
Customer Volumes m



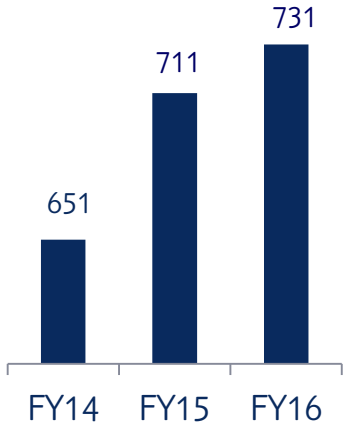
Direct Distribution %



Online Distribution %



Underlying EBITA[1] €m



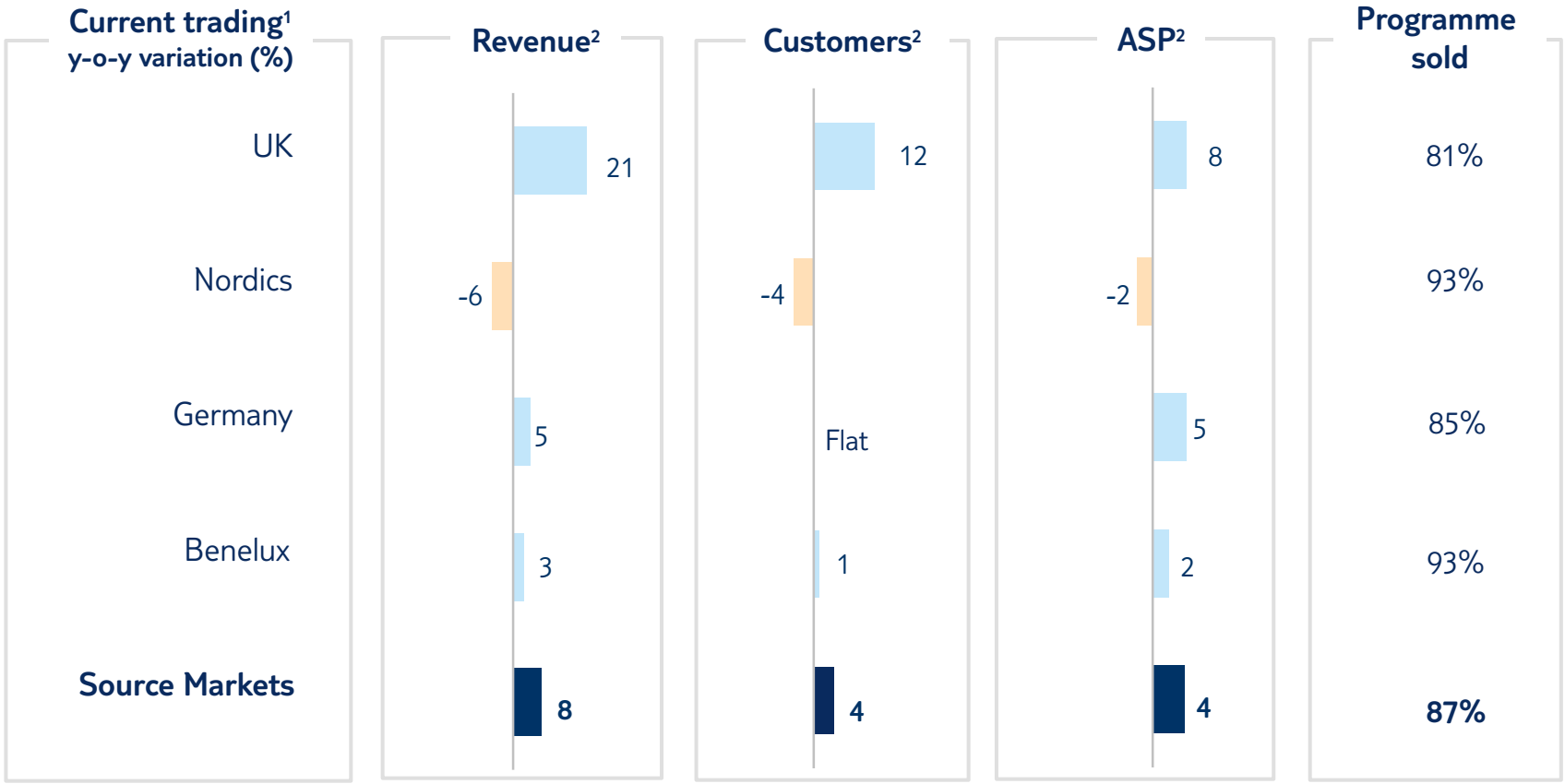
[1] *FY14, FY15 at reported and FY16 at constant currency*

Source Market KPIs[1]

	Direct Distribution		Online Distribution		Customers (000)	
	15/16	14/15	15/16	14/15	15/16	14/15
UK	92%	92%	58%	54%	6,004	5,773
Nordics	90%	90%	75%	72%	1,384	1,468
Germany[2]	45%	43%	14%	13%	6,289	6,628
Benelux	73%	70%	56%	52%	4,312	4,245
Total Source Markets[3]	**72%**	**70%**	**43%**	**41%**	**19,231**	**19,361**

[1] able contains unaudited figures
[2] Germany includes Austria
[3]Source Markets restated as Western now excludes Italy (reported in All Other Segments) and Northern now includes Crystal Ski, Thomson Lakes & Mountains (prev .in Specialist Group)

Source Markets
Current Trading – Winter 2016/17



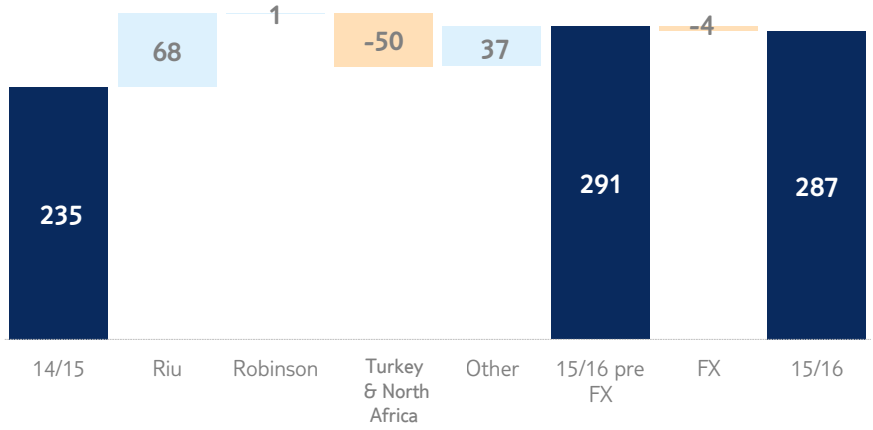
[1]These statistics are up to 5 February 2017 and are shown on a constant currency basis
[2]These statistics relate to all customers whether risk or non-risk

Hotels & Resorts

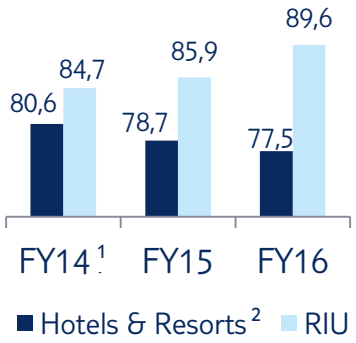
Turnover and Earnings (€m)

	15/16	14/15	%
Turnover	618.6	574.8	7.6
Underlying EBITA	287.3	234.6	22.5
o/w Equity result	*57.7*	*44.0*	*31.1*

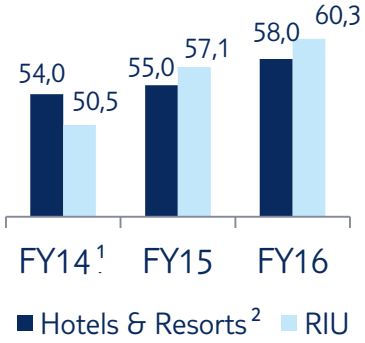
Bridge Underlying EBITA (€m)



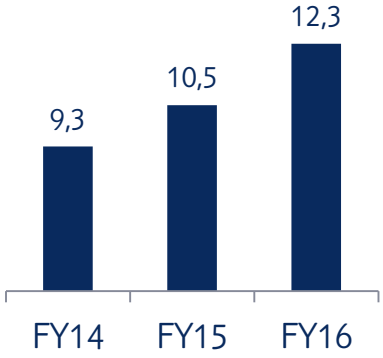
Occupancy Rates %



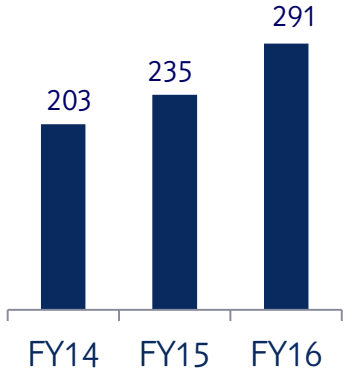
Revenue Per Bed €



H&R ROIC %

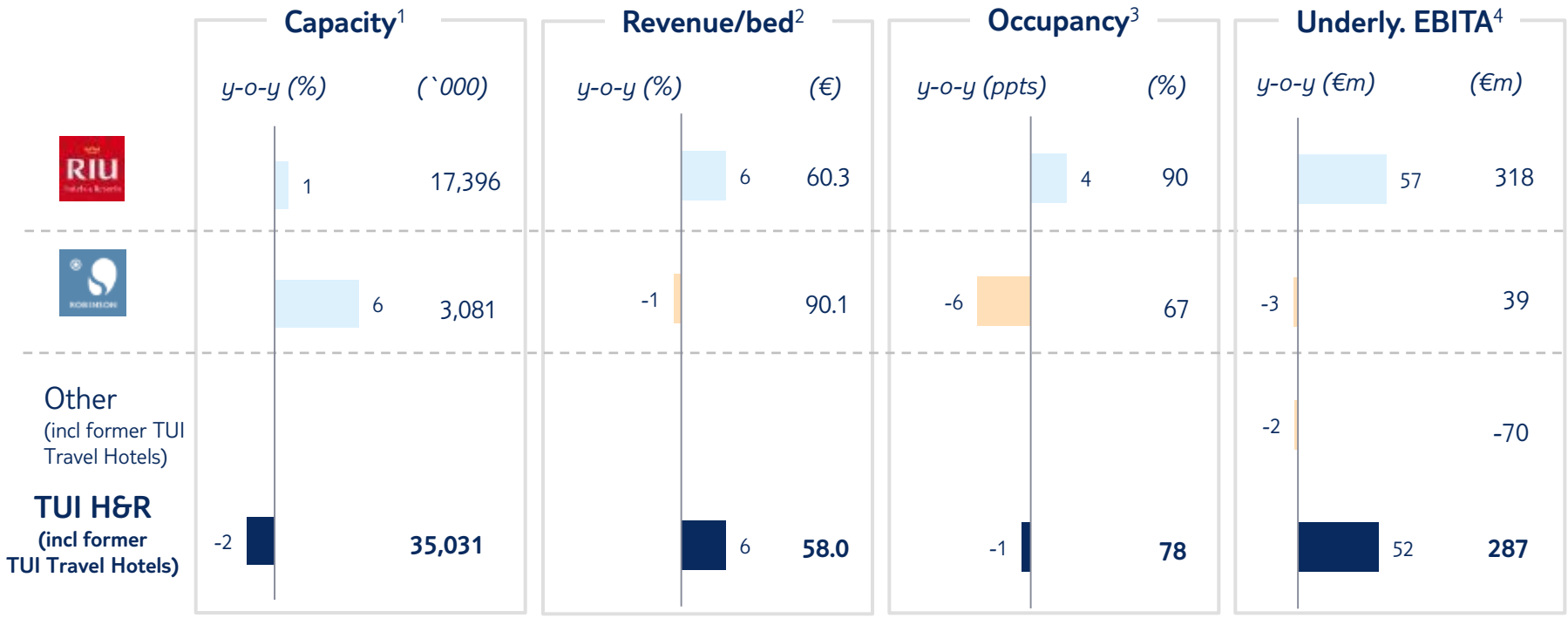


Underlying EBITA[3] €m



[1] *FY14 excludes TUI Travel Hotels* [2] *Includes Hotels in Turkey* [3] *FY14, FY15 at reported and FY16 at constant currency*

Hotels & Resorts
KPIs 2015/16



[1] *Group owned or leased hotel beds multiplied by opening days per quarter*
[2] *Arrangement revenue divided by occupied beds*
[3] *Occupied beds divided by capacity*
[4] *Segment figures*
Note: capacity, revenue/bed and occupancy have been restated to exclude Grecotel which was disposed during 2014/15

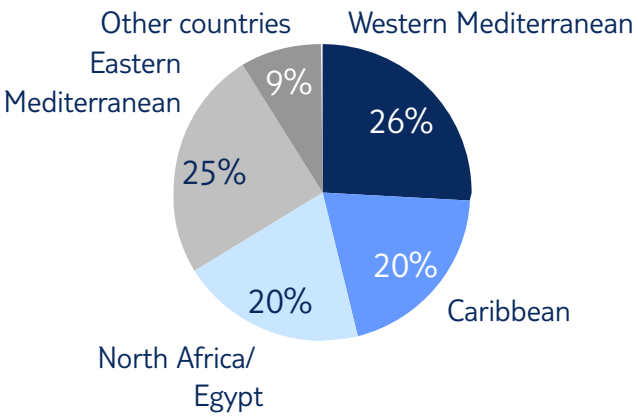
2015/16 Hotel Summary

Hotel brand	FY15 Group Hotels	FY16 Openings	FY16 Closures	FY16 Repositionings	FY16 Group Hotels	3rd Party Concept Hotels	FY16 Group & All Concepts
RIU Hotels & Resorts	104	4	(14)	-	94	-	94
TUI BLUE	-	-	-	2	2	-	2
ROBINSON	24	2	(2)	-	24	-	24
TUI MAGIC LIFE	13	-	-	-	13	-	13
TUI SENSATORI	4	1	-	-	5	5	10
TUI SENSIMAR	9	-	-	11	20	28	48
TUI FAMILY LIFE	-	-	-	17	17	12	29
Other	156	2	-	(30)	128	-	128
Total	**310**	**9**	**(16)**	**-**	**303**	**45**	**348**

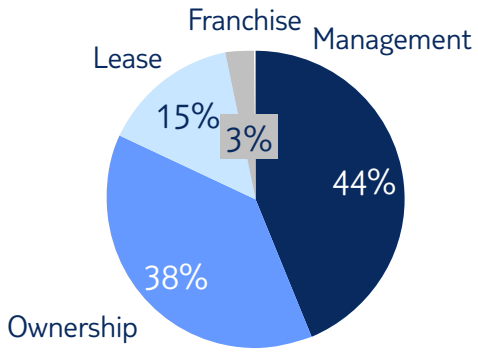
Note RIU Calypso in Fuerteventura operates as a Sensimar hotel but is counted within RIU in the table above

Hotels & Resorts
Summary 2015/16

Hotel beds by region



Hotels financing structure



Key facts	
Total Turnover (€m)	1,278
o/w Turnover 3rd party (€m)	619
Underlying EBITDA (€m)	378
Underlying EBITA (€m)	287
o/w Equity result (€m)	58
Number of hotels	303
Number of beds	213,503
Capacity ('000) [1]	35,031
Revenue/bed (€) [2]	58.0
Occupancy (%) [3]	77.5

[1] Group owned or leased hotel beds multiplied by opening days per annum; [2] Arrangement revenue divided by occupied beds;
[3] Occupied beds divided by capacity; Note: capacity, revenue/bed and occupancy include former TUI Travel Hotels

Hotels & Resorts
Profit analysis 2015/16

Owned & leased hotels*		Capacity		Occupancy		Rate		Bed revenue
160		**35,031**	X	**77.5%**	X	**58.00€**	=	€1,574m

€m	Bed revenue	Other	**Total**	o/w fully consolidated	o/w associated
Turnover owned & leased	1,574	324	1,898	**1,278**	620
o/w turnover internal				**659**	
o/w turnover 3rd party				**619**	
Underlying EBITDA (incl. associated EAT)			**378**	320	58
Underlying EBITA (incl. associated EAT)			**287**	229	58

Tables contain unaudited figures and includes former TUI Travel Hotels

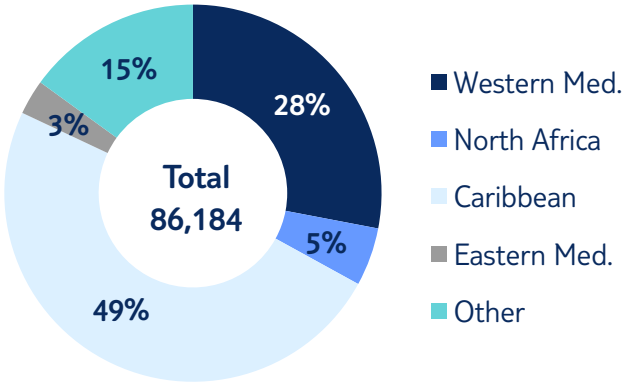
** As at 30/9/2016 - financing structure : Management 44%, Ownership 38%, Lease 15%, Franchise 3%*

Hotels & Resorts
RIU – Key figures 2015/16

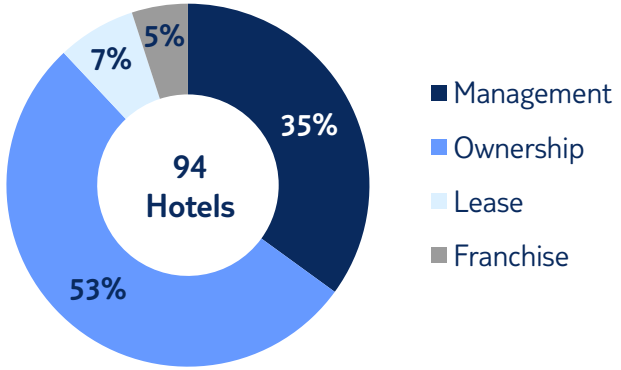
In €m

Riu 100%-view*	Total	o/w RIUSA II (fully consolidated)	o/w Riu Hotels (consolidated at equity)	Riu in TUI accounts
Turnover	1,112	796	316	796
Underlying EBITA	405	273.5	131	318.3
EBITA-Margin	*36%*			
EAT	314	221	93	
o/w EAT to TUI (50%)	156	111	44.8	156
ROIC (incl. Goodwill)	20%			
ROIC (excl. Goodwill)	26%			

Hotel beds by region (%)

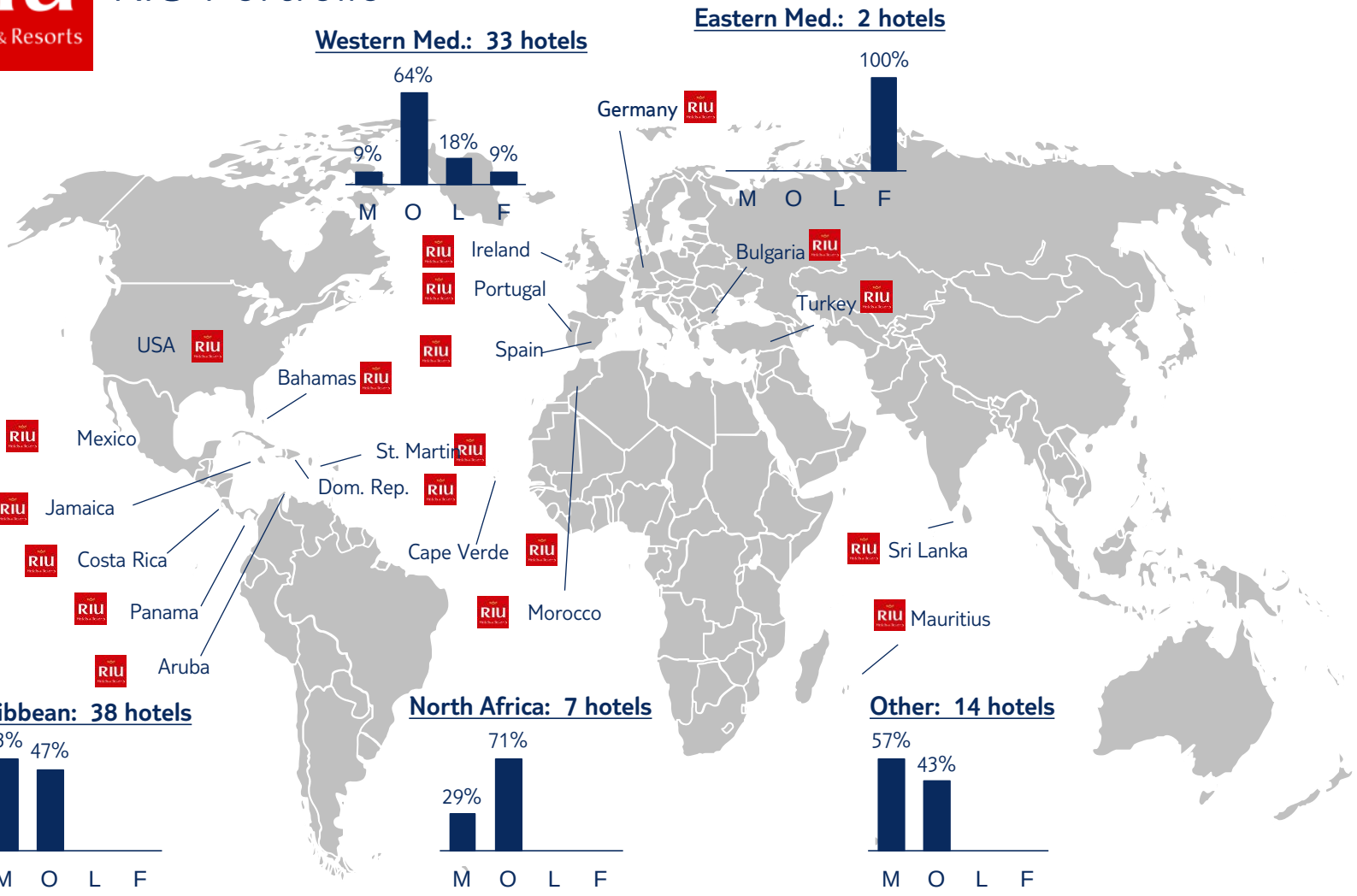


Financing structure (%)



** unaudited figures*

RIU Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2016

Hotels & Resorts
Robinson – Key figures 2015/16

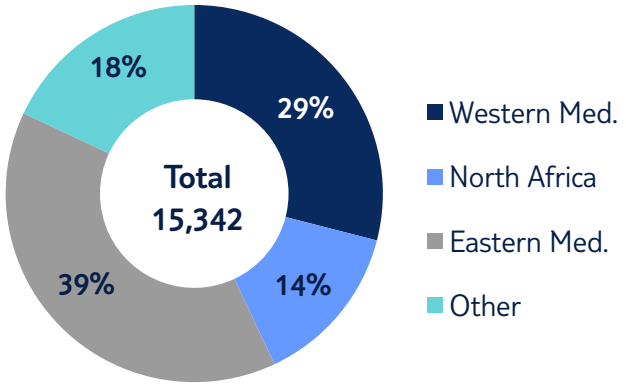
€m

Robinson in TUI accounts*	15/16	14/15
Turnover	194	192
Underlying EBITA	39	42
EBITA-Margin	*20%*	*22%*
EAT (100% TUI)	15	12
ROIC	13%	14%

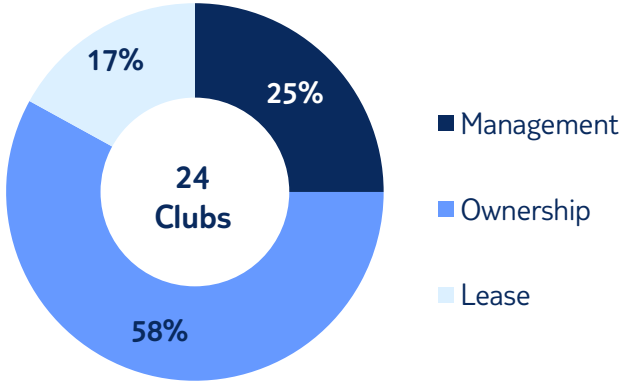


Robinson Club Maldives

Hotel beds by region (%)

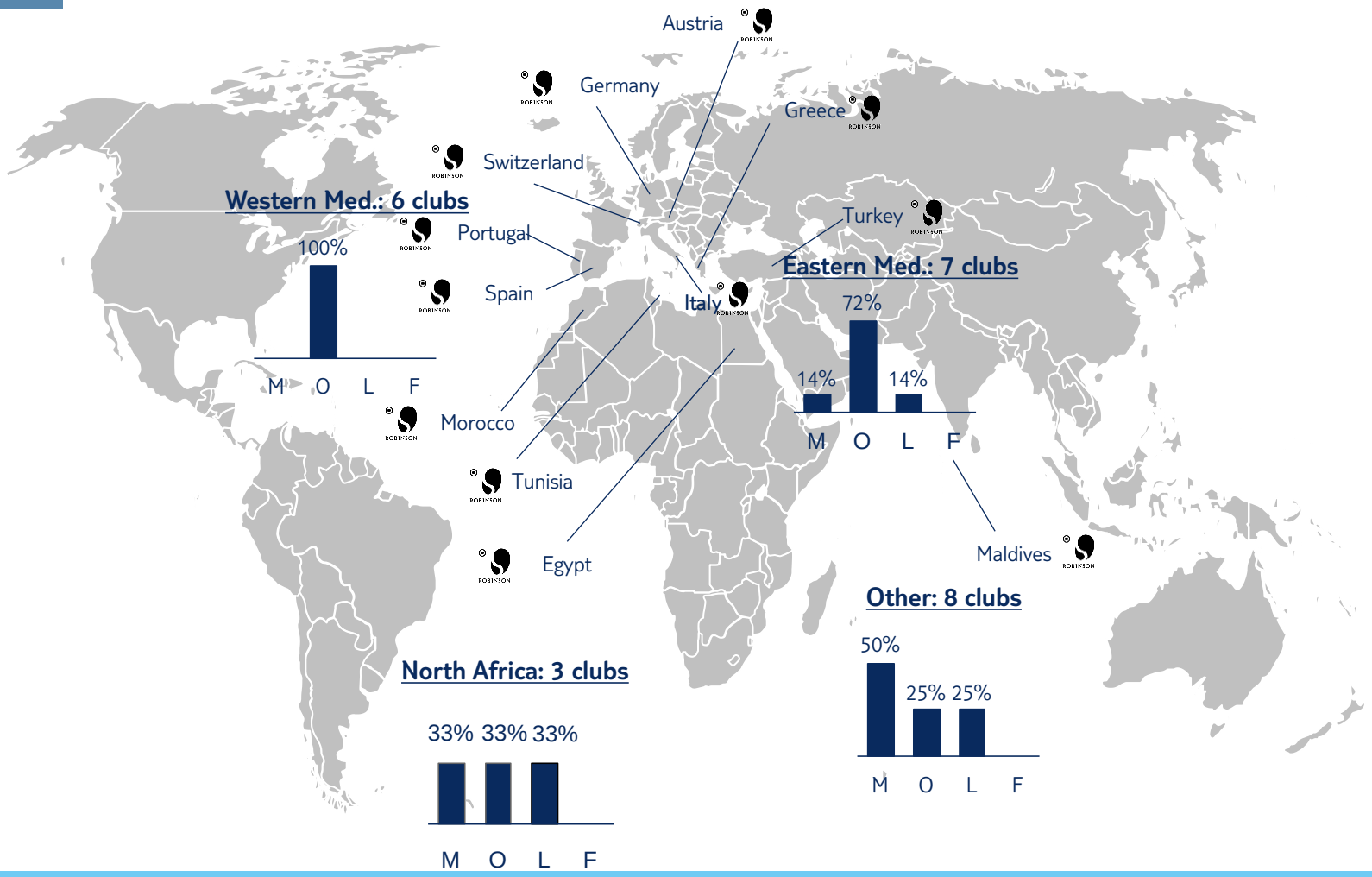


Financing structure (%)



** unaudited figures*

Robinson Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2016

Cruises
Summary 2015/16

€m

Turnover and Earnings (€m)	
Turnover	297
Memo: TUI Cruises Turnover	*807*
Underlying EBITA	130
o/w Equity result	*100*
Memo Thomson Cruises :	
Turnover	*360*
Underlying EBITA	*61*

TUI Cruises

Passenger days ('000)	3,482
Occupancy (%)	102.6
Average rate (€)	171

HAPAG LLOYD CRUISES

Passenger days ('000)	355
Occupancy (%)	76.8
Average rate (€)	579

Pro forma figures for Thomson Cruises; Result included within Source Market (UK)

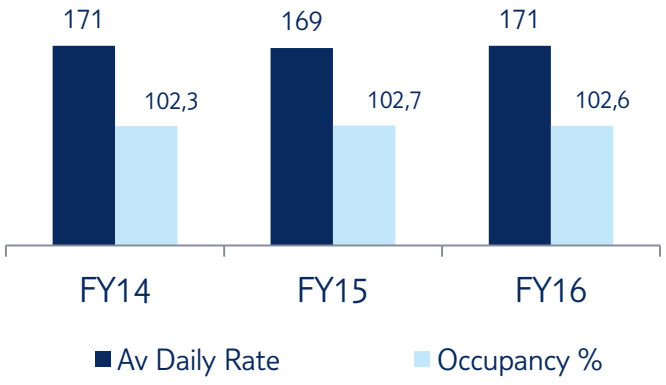
TUI Cruises
Key Figures – 100% View

TUI Cruises 100%*	15/16	14/15	%
Turnover	807	614	31%
Underlying EBITA	227	156	46%
EBITA-Margin	28%	25%	
EAT	200	136	47%
o/w TUI EAT (50%)	*100*	*68*	*47%*
ROIC	9%	10%	
ROE	36%	26%	

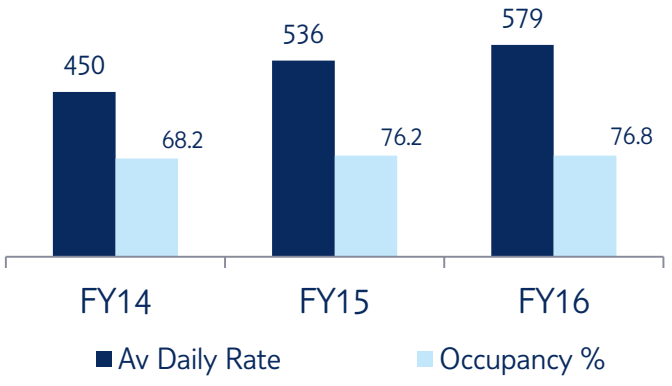
** unaudited figures*

Cruises
Long-term performance

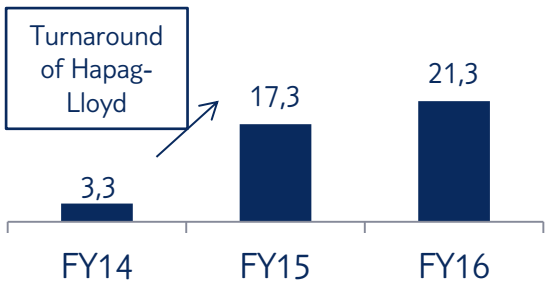
TUI Cruises



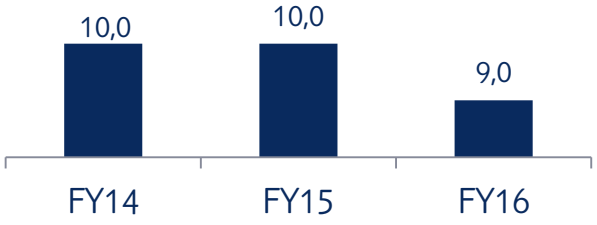
Hapag-Lloyd Cruises



Cruises ROIC %



TUI Cruises ROIC % at 100% View



Continued earnings driving underlying ROIC progression, overall ROIC reflects fleet investment in FY16

ROIC increased from 17.2% to 21.3% in FY 16, compared with a segmental WACC of 7.5%

Cruises
TUI Cruises fleet

	Mein Schiff 1*	Mein Schiff 2 *	Mein Schiff 3	Mein Schiff 4	Mein Schiff 5	Mein Schiff 6	New Mein Schiff 1	New Mein Schiff 2
								
Year of construction	1996	1997	2014	2015 (June)	2016 (July)	2017 (new build)	2018 (new build)	2019 (new build)
Berths	1,924	1,912	2,506	2,506	2,534	2,534	2,860	2,860
Operating model	Wholly owned	Wholly owned	Wholly owned	Wholly owned	Wholly owned	Wholly owned	Wholly owned	Wholly owned

* ***MS1 and MS2 to replace 2 ships in UK fleet*** *following delivery of new MS1 and new MS2*

Cruises
Hapag-Lloyd Cruises fleet

	Europa	Europa 2	Bremen	Hanseatic	Expedition New build	Expedition New build
						
Year of construction	1999	2013	1990	1993	2019	2019
Berths	408[1]	516[1]	155	175	210	240
Operating model	Wholly owned	Wholly owned	Wholly owned	Bareboatcharter Exp. 2018	Wholly owned	Wholly owned

1) Additional sofa-bed in most of the suites (usable for persons up to the age of 6, 10, 12 or 15 years)

Cruises
Thomson Cruises fleet

	Thomson Celebration	Thomson Dream	Thomson Majesty	Thomson Spirit	TUI Discovery	TUI Discovery 2 - 2017
						
Year of construction	1984	1986	1992	1983	1995	1994
Berths	1,262	1,533	1,462	1,254	1,830	1,836
Operating model	Finance Lease Exp. 2018	Finance Lease Exp. 2020	Operating Lease Exp. 2017	Operating Lease Exp. 2017	Finance Lease Exp. 2026	Wholly owned Built 1994

Thomson Cruises is reported within Source Markets (UK) and not in the Cruise segment

Destination Update

Tunisia

- Adverse travel advice in UK, Belgium and Netherlands still in place
- TUI has **11 leased hotels** – most have been temporarily closed
- Not included in Summer 2017 programme

Egypt

- Adverse travel advice to Sharm el Sheikh airport in UK and Nordics and all travel to Egypt for Russia
- Several hotels temporarily closed
- **44 hotels operating** end December 2016 – 12 owned, 1 leased, 29 managed, 2 franchised

Turkey

- Programmes operating from source markets but with subdued demand
- Programme remixed to Western Mediterranean and other alternative destinations
- **26 hotels operating** end December 2016 – 9 owned, 13 leased, 2 managed, 2 franchised

Financial Calendar 2017

29 March 2017	Pre-close trading update
15 May 2017	Q2 2016/17 Report
10 August 2017	9M 2016/17 Report
28 September 2017	Pre-close trading update
13 December 2017	Annual Report for financial year 2016/17

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TUI