

Q1 2013/14 Results

TUI Analysts' Conference Call

Hanover, 12 February 2014

Club Hotel Riu Karamboa, Cape Verde Islands



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.

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Operating review Q1 2013/14

Friedrich Jousen

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Update oneTUI programme

Friedrich Jousen

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Financial statements Q1 2013/14

Horst Baier

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Outlook FY 2013/14

Horst Baier

Overview Q1 2013/14

Business development Q1 2013/14



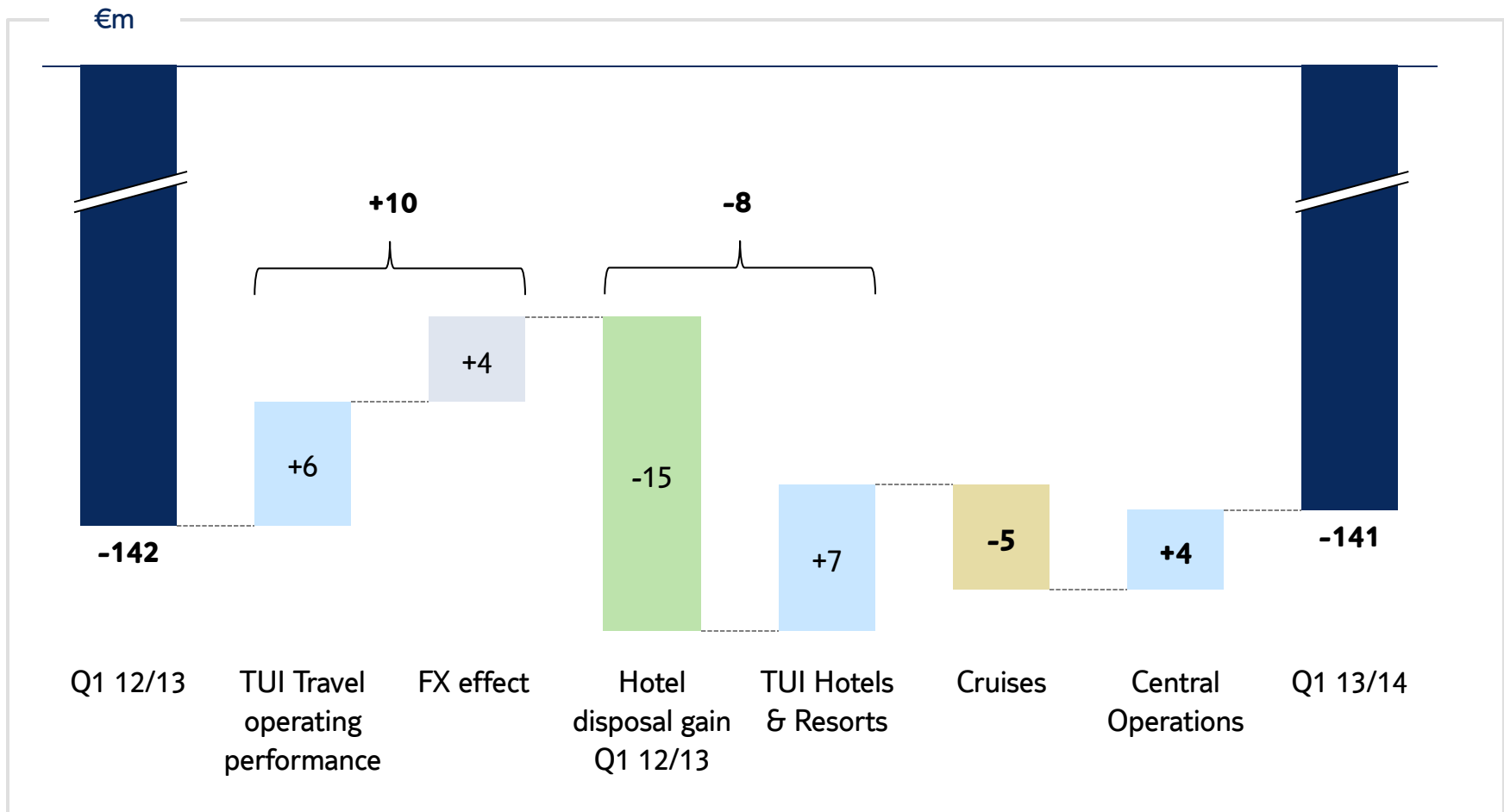
- Group turnover at €3.4bn slightly down due to FX effects
- Underlying EBITA improved by €16m excluding the disposal gain of the prior year
- Reported EBITA improved as one-off costs decreased as expected
- Outlook for financial year 2013/14 confirmed, on track to deliver oneTUI targets

€m

	Q1 13/14	Q1 12/13	%
Turnover	3,394	3,496	-3
Underlying EBITA	-141	-142	+1
Reported EBITA	-160	-176	+9
Net result (before minorities)	-153	-187	+18

TUI Group

Underlying EBITA – Q1 profit bridge



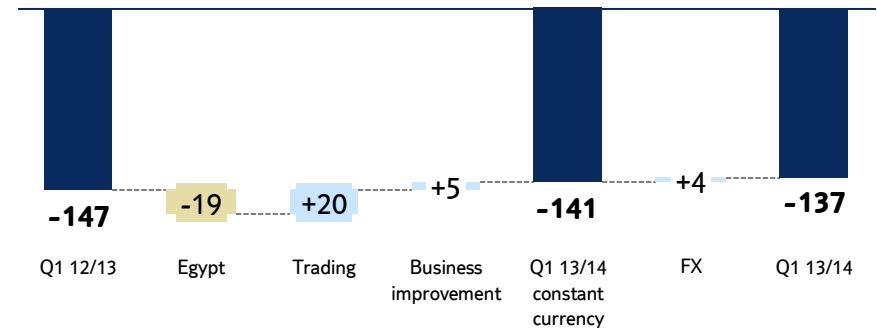
TUI Travel

Operating performance

Turnover and Earnings (€m)

	Q1 13/14	Q1 12/13	%
Turnover	3,240.0	3,356.6	-3.5
Underlying EBITDA	-79.6	-97.0	+17.9
Underlying EBITA	-136.9	-146.9	+6.8

Bridge Underlying EBITA (€m)



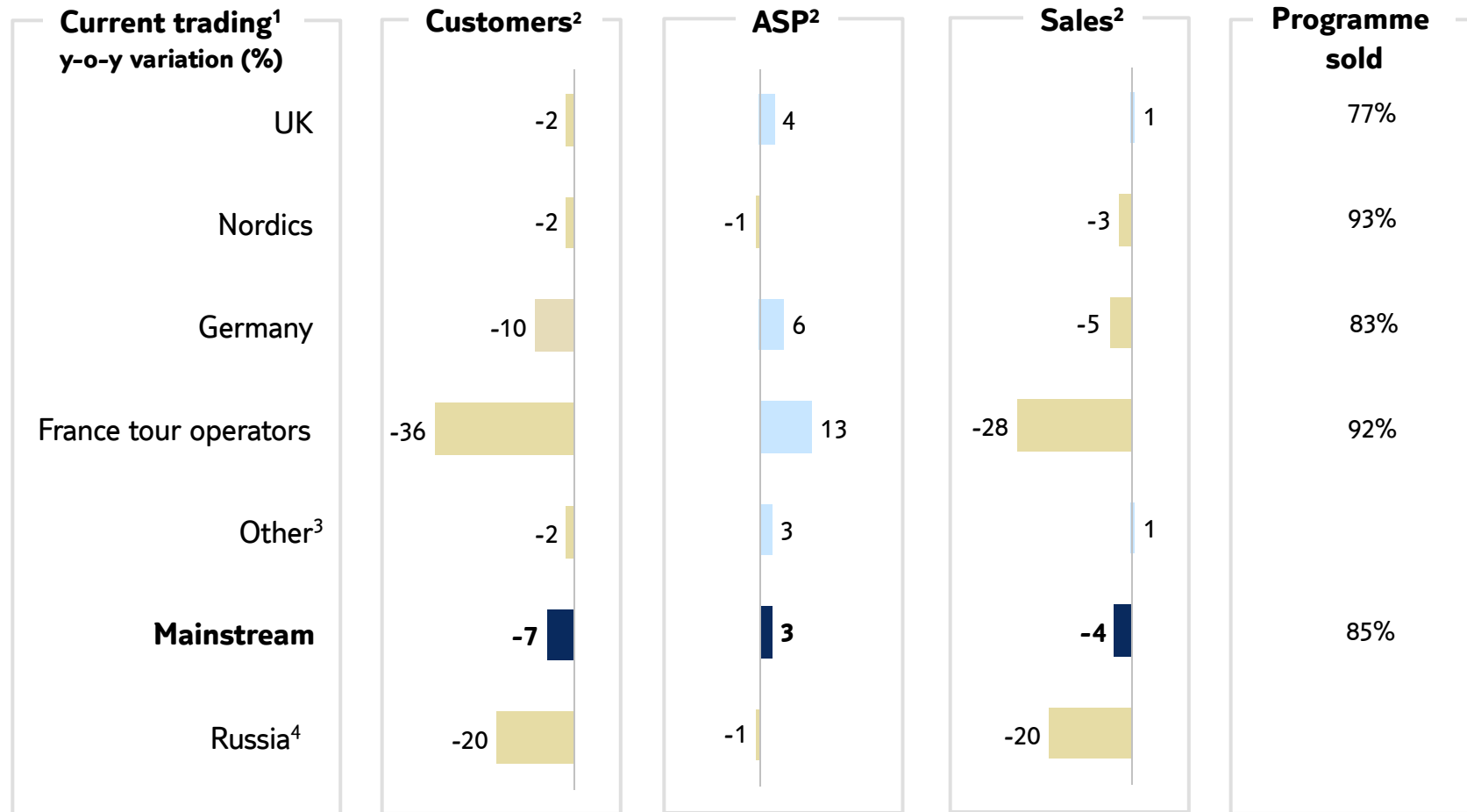
Business development Q1 2013/14



- Underlying operating loss reduced by €10m to €-137m including positive FX effect of €4m
- Development of Mainstream markets:
 - UK performance in line with expectations, Nordics slightly down
 - Germany improved driven by robust trading margin
 - France restructuring and capacity management helping to drive a reduction in operating loss
- Good performance supported by continued growth in demand for unique holidays and strong online bookings
- Specialist & Activity delivered an improved performance
- Continued strong trading in Accommodation Wholesaler

TUI Travel

Trading Update Winter 2013/14



- 1) These statistics are up to 2 February 2014 and are shown on a constant currency basis
- 2) These statistics relate to all customers whether risk or non-risk
- 3) Other includes Austria, Belgium, Netherlands, Poland and Switzerland
- 4) Joint Venture with S-Group

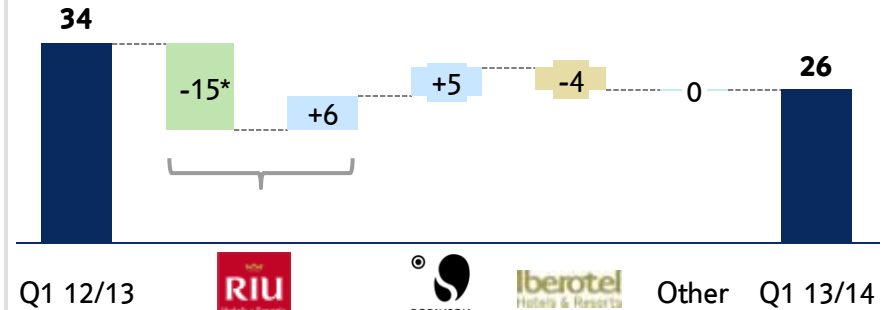
TUI Hotels & Resorts

Operating performance

Turnover and Earnings (€m)

	Q1 13/14	Q1 12/13	%
Total Turnover	190.4	179.4	+6.1
o/w Turnover 3rd party	95.3	84.7	+12.5
Underlying EBITDA	42.5	51.0	-16.7
Underlying EBITA	26.1	34.3	-23.9
<i>Underl. EBITA (excl. disposal gains)</i>	<i>26.1</i>	<i>19.6</i>	<i>+33.2</i>

Bridge Underlying EBITA (€m)



* previous year includes disposal gain of €15m

Business development Q1 2013/14



- Total turnover up by 6% mainly due to an increase in average revenue per bed
- Excluding disposal gain of €15m in the prior year, underlying EBITA improved by €7m y-o-y
- Riu continued its strong development, especially on the Canaries and Balearics
- Robinson delivered better operating performance based on cost reductions, better trading and improved cooperation with the German Tour Operator
- Iberotel suffered from weaker demand due to the political situation in Egypt

TUI Hotels & Resorts

KPIs for owned and leased hotels Q1 2013/14



	Capacity		Revenue/bed		Occupancy		Underly. EBITA /EAT	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
	-4	4,122	7	50.43	2	80	6 ¹	30
	-5	613	5	86.54	5	70	5	2
	-3	584	0	43.90	-25	43		
	-2	98	-1	37.12	-1	75		
	48	95	22	53.13	13	50		
TUI H&R	-3	5,545	7	53.62	-1	74	7 ¹	26

1 adjusted for disposal gain in prior year

Cruises

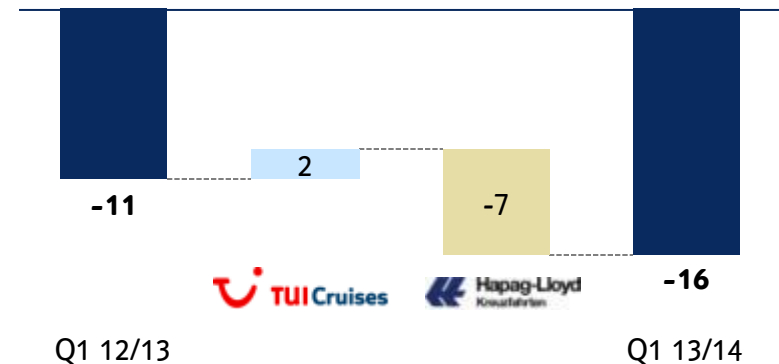
Operating performance

Turnover and Earnings (€m)

	Q1 13/14	Q1 12/13	%
Turnover	55.1	51.5	+7.0
Underlying EBITDA	-12.5	-8.8	-42.0
Underlying EBITA	-15.9	-11.2	-42.0

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

Bridge Underlying EBITA (€m)



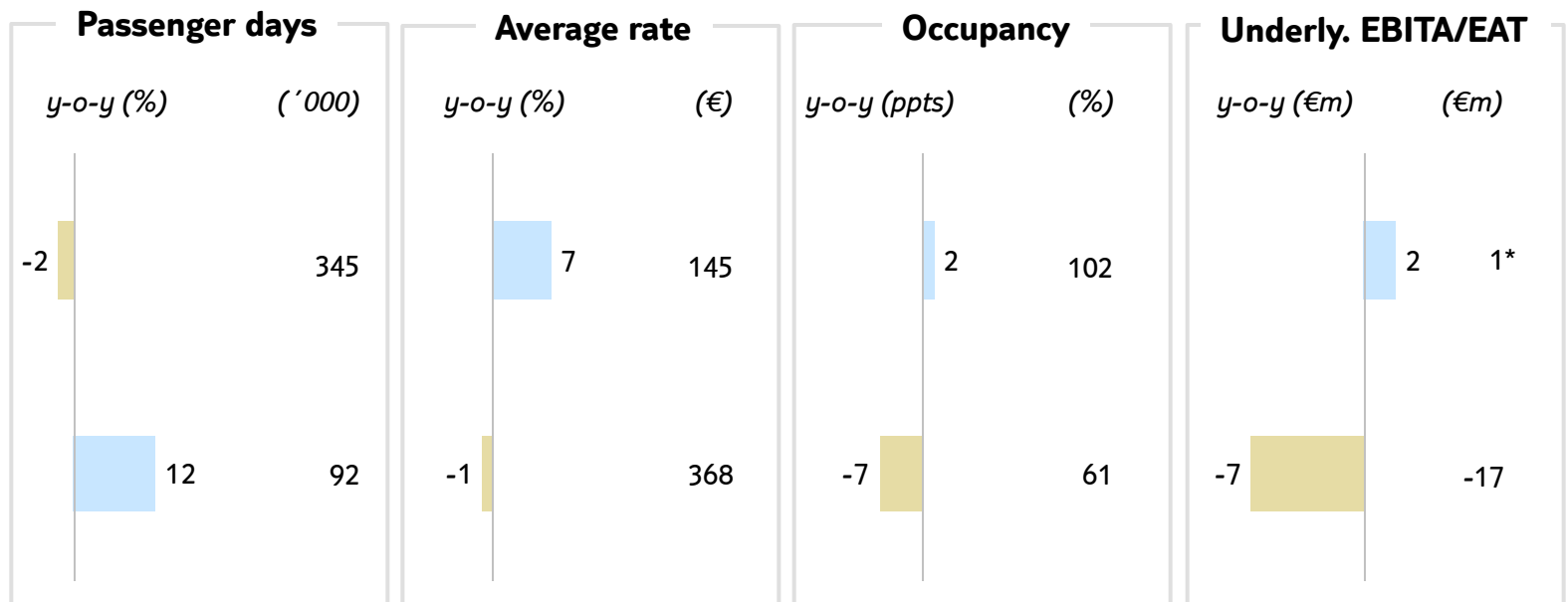
Business development Q1 2013/14



- Turnover grew by 7% to €55m due to capacity expansion in Hapag-Lloyd's fleet
- Underlying EBITA decreased to €-16m y-o-y in line with expectations
 - TUI Cruises continued its strong performance with further improved KPIs
 - Pleasing bookings for Mein Schiff 3 with first cruise in June 2014
 - Hapag-Lloyd Kreuzfahrten reported decline in earnings in connection with fleet expansion (Europa 2) and dry dock expenses (Europa 1)
 - Restructuring and marketing initiatives by new management are well on track
- Turnaround target confirmed

Cruises

KPIs Q1 2013/14



* At equity result

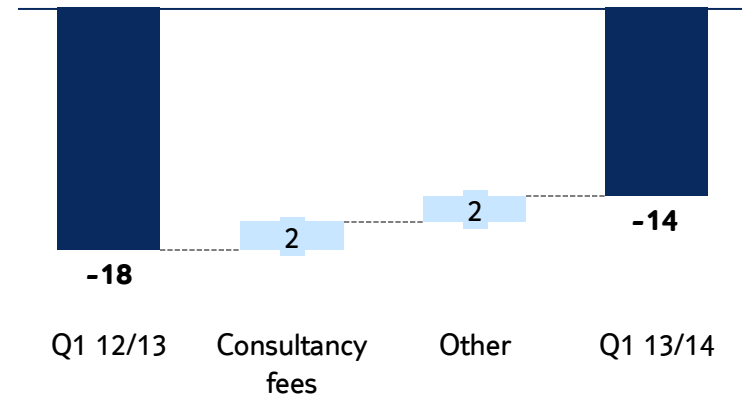
Central Operations

Operating performance

Turnover and Earnings (€m)

	Q1 13/14	Q1 12/13	%
Turnover	3.4	2.9	+17.2
Underlying EBITA	-13.9	-17.7	+21.5

Bridge Underlying EBITA (€m)



Business development Q1 2013/14



- Central Operations comprise corporate center functions of TUI AG as well as the remaining real estate companies of the Group
- oneTUI programme leads to an improvement in underlying EBITA of €4m, mainly due to lower consultancy fees and lower travel expenses

Agenda

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Outlook FY 2013/14

Horst Baier

oneTUI – Business excellence & CF orientation

All targets confirmed



Segment	Financial targets 2014/15e	Execution update
Central Operations	Underlying EBITA ~ €-45m Interest result ¹ ~ €-45m - €-65m	✓ Sponsorship and consulting contracts terminated ✓ Social plan concluded, headcount reduction effective summer 2014 at the latest ✓ Disposal of legacy real estate properties
TUI Hotels & Resorts	Underlying EBITA ~ €190m - €210m Cash flow to TUI AG ~ €50m - €70m	✓ Lean leadership & focus on core assets implemented ✓ Agreement with tour operator well on track ✓ Asset management: 2 assets divested, 3 in final negotiations, 7 under review, 3 new projects decided ✓ Cash flow and dividend targets confirmed
Cruises	Underlying EBITA ~ €35m - €45m Cash flow to TUI AG ~ €30m - €40m	✓ TUI Cruises: profitable growth, new bookings for 3rd ship encouraging ✓ HLKF: new CEO appointed, turnaround programme being implemented - return to profitability in 2014/15
TUI Travel	Underlying EBITA 7-10% CAGR ² Cash flow to TUI AG Progressive dividend policy	✓ Strategic initiatives for underperforming Mainstream markets (France, Germany) ✓ Strategic review of S&A completed ✓ Focus on cash flow generation on track

- (1) Net interest result of Central Operations including hybrid
 (2) € forecast on a constant currency basis

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P&L

Key figures Q1 2013/14

in €m	Q1 13/14	Q1 12/13*
Turnover	3,393.8	3,495.7
Underlying EBITA	-140.6	-141.5
Adjustments	-19.2	-34.1
EBITA	-159.8	-175.6
Impairment of goodwill	-	-
EBIT	-159.8	-175.6
Interest result	-58.1	-70.5
Equity result Hapag-Lloyd	-9.7	-8.1
EBT	-227.6	-254.2
Income taxes	-74.2	-67.6
Group result	-153.4	-186.6
Minority interests	-44.7	-48.0
Group result after minorities	-108.7	-138.6
Hybrid dividend	5.7	6.5
EPS (€)	-0.45	-0.57

Adjustments comprise PPA and one-off items due to the restructuring costs in TUI Travel

Interest result improved driven by lower net debt position

Net result for **equity stake** in **Hapag-Lloyd**

Minority interests relate to operating results of TUI Travel and Hotels

Investment in Hapag-Lloyd container line

- Remaining equity investment of 22%
- Long-term financing strengthened through successful placement of senior notes
- Business combination evaluated: Memorandum of Understanding signed with CSAV
- New CEO appointed by July 2014
- TUI has the right to trigger an IPO (until end of 2014)

Group balance sheet 31 December 2013

Net financial debt



€m

	31 Dec 2013*	30 Sep 2013	31 Dec 2012
Financial liabilities	3,577	2,770	3,318
thereof non-current	2,017	1,834	2,888
thereof current	1,560	936	430
Cash	1,825	2,702	1,379
Net debt	1,752	68	1,939

- Y-o-y net debt reduced through improved working capital of TUI Travel
- Increase in financial debt position as against September 2013 due to typical seasonal cash flow pattern
- Group net debt position for financial year-end expected to be flat

* excluding assets held for sale

TUI AG (HoldCo Accounts - German GAAP)

Development of net financial debt position



€m	31 Dec 2013	30 Sep 2013
Cash	510	506
Private placements (08/2014)	100	100
Convertible bonds (11/2014)	215	215
Convertible bonds (03/2016)	339	339
Liabilities to banks (07/2016)	182*	182
Hybrid (Perpetual)	300	300
Financial liabilities	1,136	1,136
Net debt	626	630

Conversion price of €5.63
(add. 38.2m shares)

Conversion price of €11.85
(add. 28.6m shares)

* Financing for investment in TTP convertible
(£200m nominal value)

Unchanged net debt position; all maturities cash covered through 2015

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Outlook for FY 2013/14 confirmed

Underlying EBITA guidance for the segments

FY 12/13

FY 13/14e



€641m

7% - 10%

- Growth of Mainstream customers expected
- Improved margins through higher sales of unique products and lower distribution costs driven by growth in online bookings
- Positive effects of business improvement programme

Based on TTP guidance: deliver 7% - 10% underlying operating profit growth at constant currency over the 5-year growth roadmap



€182m *

2% - 7%

- TUI Hotels & Resorts will build on the strong performance of its core brands
- Capacity and revenue per bed are expected to rise slightly
- Occupancy expected to be flat y-o-y



€-14m

Turn-around

- TUI Cruises to continue its positive performance
- Introduction of Mein Schiff 3 is expected to lead to an increase in passenger cruise days and the average rate
- Hapag-Lloyd Cruises to benefit from reorganisation of fleet and improved KPIs
- Cost and marketing measures by new management well on track

* excluding disposal gain

Outlook for FY 2013/14 confirmed Group



Key figures (in €m)

Outlook*

FY 12/13

FY 13/14e

Turnover

18,478

2 - 4%

Underlying EBITA

762

6 - 12%

Reported EBITA

595

16 - 23%

Cash CAPEX

598

stable

Net debt

68

stable

* constant currency

Appendix



Underlying and reported EBITA

Q1 2013/14



Underlying EBITA (€m)	Q1 13/14	Q1 12/13	%
TUI Travel	-136.9	-146.9	+6.8
TUI Hotels & Resorts	26.1	34.3	-23.9
Cruises	-15.9	-11.2	-42.0
Central Operations	-13.9	-17.7	+21.5
Group	-140.6	-141.5	+0.6

Reported EBITA (€m)	Q1 13/14	Q1 12/13	%
TUI Travel	-162.9	-181.0	+10.0
TUI Hotels & Resorts	25.5	34.3	-25.7
Cruises	-8.5	-11.2	+24.1
Central Operations	-13.9	-17.7	+21.5
Group	-159.8	-175.6	+9.0

Underlying vs. reported EBITA – Adjustments

Development Q1 2013/14

€m	Q1 13/14	Q1 12/13
Underlying EBITA	-140.6	-141.5
TUI Travel	-26.0	-34.1
TUI Hotels & Resorts	-0.6	-
Cruises	+7.4	-
Central operations	-	-
Total adjustments	-19.2	-34.1
Reported EBITA	-159.8	-175.6

Outlook 2013/14

FY 2013/14e
Further reduction of net adjustments (FY12/13: €167m)

TUI Travel

Mainstream customer numbers by country



in '000	Q1 13/14	Q1 12/13	%
Germany	844	923	-8.6
UK & Ireland	859	882	-2.6
Nordic region	313	303	+3.2
France (Tour operator)	119	198	-39.9
Other countries	1,235	1,267	-2.5
TOTAL MAINSTREAM	3,370	3,573	-5.7

TUI Hotels & Resorts

Operating data



Hotel	Capacity ('000) ¹			Occupancy (%) ²			Average revenue per bed (€) ³		
	Q1 13/14	Q1 12/13	%	Q1 13/14	Q1 12/13	% p.	Q1 13/14	Q1 12/13	%
Riu	4,122	4,277	-3.6	79.7	77.6	+2.1	50.43	47.15	+7.0
Robinson	613	647	-5.3	70.2	65.7	+4.5	86.54	82.35	+5.1
Iberotel	584	600	-2.6	43.1	67.7	-24.6	43.90	43.83	+0.2
Grupotel	98	99	-1.5	75.1	76.2	-1.1	37.12	37.39	-0.7
Greotel	95	64	+47.5	49.6	36.8	+12.8	53.13	43.67	+21.7
Other	33	34	-1.2	55.8	46.8	+9.0	54.11	50.63	+6.9
Total	5,545	5,720	-3.1	74.0	74.6	-0.6	53.62	50.16	+6.9

1) Group owned or leased hotel beds multiplied by number of days open per quarter

2) Occupied beds divided by capacity

3) Arrangement turnover divided by occupied beds

Cruises

Operating data



	Q1 13/14	Q1 12/13	%
Passenger days ('000)	344.9	353.3	-2.4
Occupancy (%-points)	102.2	100.2	+2.0
Average rate (€)*	145	135	+7.4

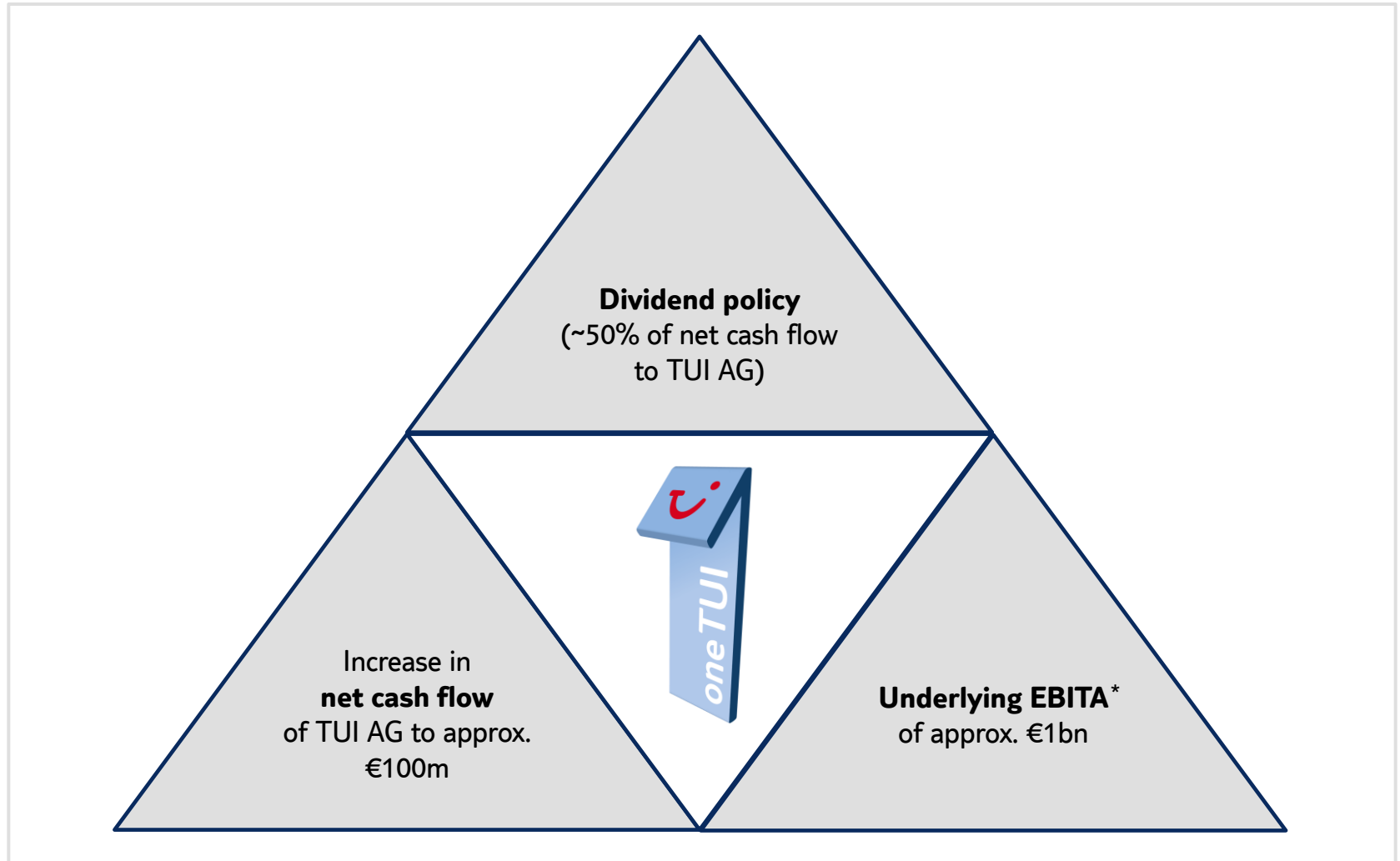


	Q1 13/14	Q1 12/13	%
Passenger days ('000)	92.2	82.2	12.2
Occupancy (%-points)	60.8	68.1	-7.3
Average rate (€)*	368	373	-1.3

*per day and passenger

oneTUI programme

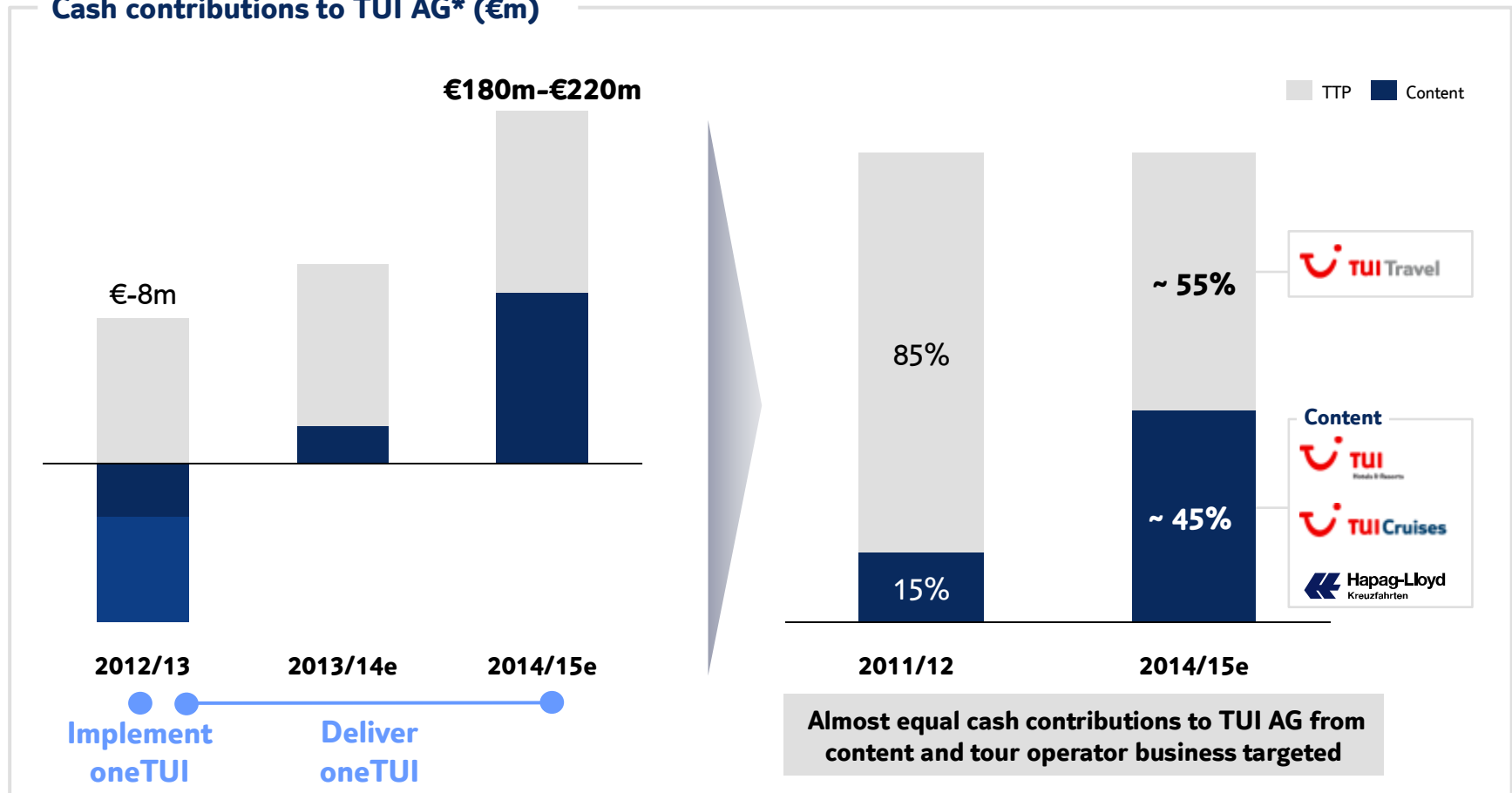
Key targets by 2015



oneTUI: Focus on cash flow – Significant increase of cash contribution from content

Development of cash contribution: Tour operator vs. content

Cash contributions to TUI AG* (€m)



oneTUI: Central Operations

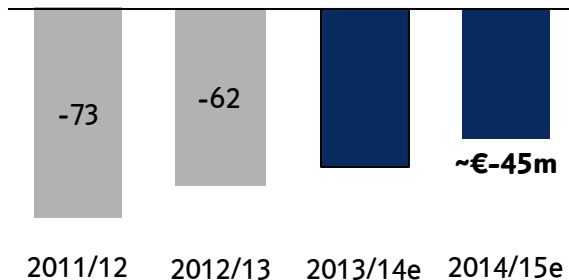
Lean Holding already largely implemented

Targets oneTUI

Execution update

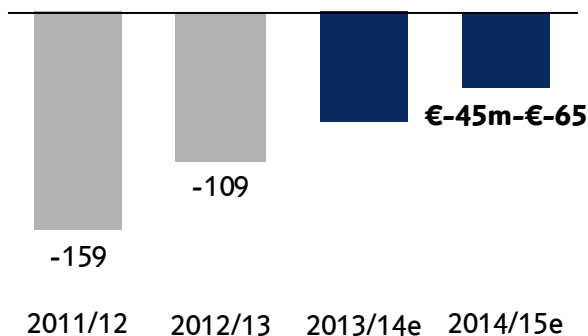
Lean Holding

Underlying EBITA (€m)



Interest result

Interest result (Central Operations incl. hybrid) (€m)



- ✓ Sponsorship contracts terminated
- ✓ Social plan concluded, headcount reduction effective summer 2014 at the latest
- ✓ Stop consultancy
- ✓ Disposal of two legacy real estate properties, cash-in of approx. €55m expected by Q3 2013/14
- ✓ Financial debt maturities 2012/13 redeemed; all maturities cash covered through 2015

oneTUI: Content – Implementation of initiatives yields first positive results

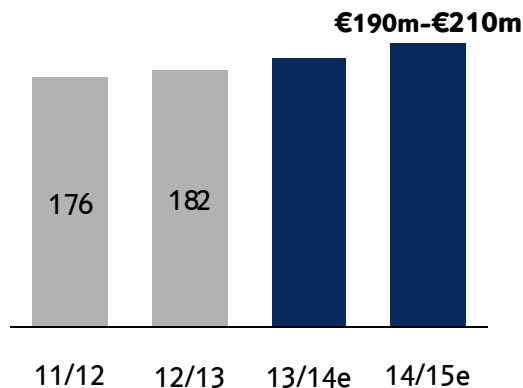


Targets oneTUI

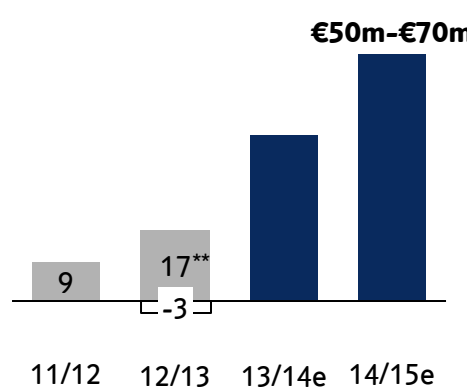
Execution update

TUI Hotels & Resorts

Underlying EBITA (€m)



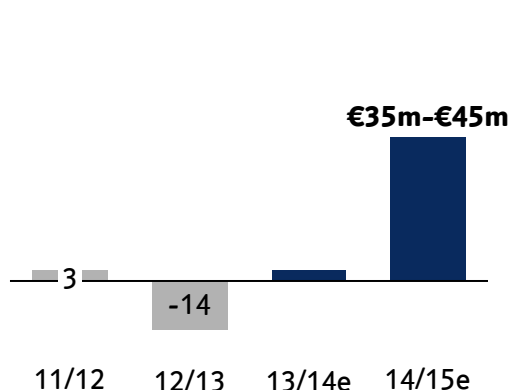
Cash flow to TUI AG (HoldCo) (€m)*



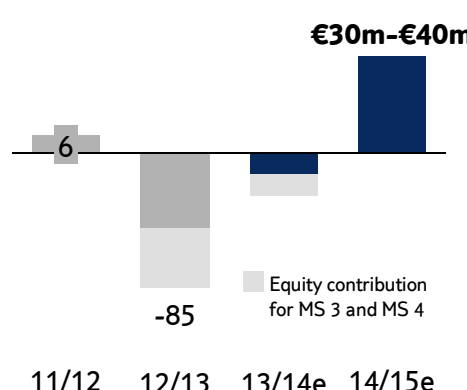
- ✓ Lean leadership & focus on core assets implemented
- ✓ Agreement with tour operator well on track
- ✓ Adaptation of business plan Castelfalfi
- ✓ Asset management: two assets divested and three in final negotiations, seven hotels under review, three new projects decided
- ✓ Cash flow and dividend targets confirmed

Cruises

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



- ✓ TUI Cruises: profitable growth, new bookings for 3rd ship encouraging
- ✓ HLKF: new CEO appointed, turnaround programme being implemented - return to profitability in 2014/15 targeted

oneTUI: TUI Travel – Turnaround underperformers / improve FCF & deleverage

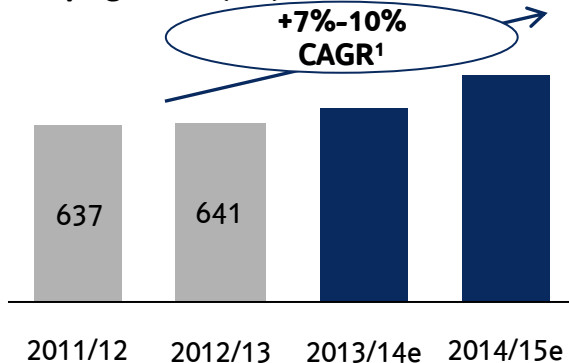


Targets oneTUI

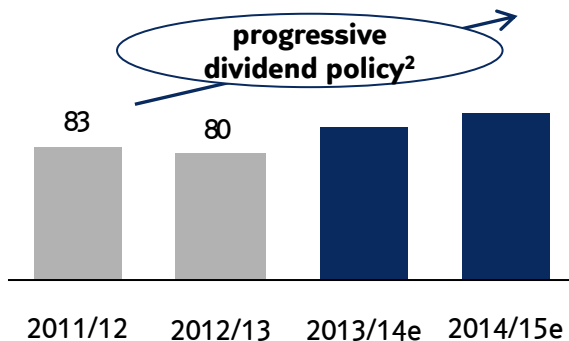
Execution update

TUI Travel

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)²



✓ Strategic initiatives for underperforming source markets in place

- Germany
- France
- Russia

✓ Strategic review of S&A completed

✓ Focus on cash flow generation on track

¹ Based on TTP guidance: deliver 7% - 10% underlying operating profit growth at constant currency over the 5-year growth roadmap; € forecast on a constant currency basis
² Growth in dividends to move in line with underlying profits

Financial calendar



12 February 2014 Annual General Meeting

12 February 2014 First Quarter 2013/14

May 2014 Half Year 2013/14

August 2014 Nine Month 2013/14

December 2014 Financial Year 2013/14

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