



Speech

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CEO TUI AG

at the Extraordinary General Meeting

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– Check against delivery –

Dear shareholders,

I would like to welcome you to this Extraordinary General Meeting of TUI AG.

At the beginning of the new year, I would like to wish you a happy and healthy new year, also on behalf of all my colleagues at TUI. May 2021 be a year that is better to us than 2020.

2020 was dominated by the pandemic and brought massive changes in all areas of life. What used to be taken for granted, we now must constantly question and adapt to the ever-changing situation. That is also the reason why we are meeting virtually today. A face-to-face event would not have been an option given the current infection rates and the restrictions that continue to exist. All the more reason for me to welcome you virtually today, this time directly from TUI's headquarters in Hanover.

Hardly any other area in our lives was as shaken up in the Corona year as travel. To this day, no other economic sector has struggled with the pandemic as much as tourism. This is also true for TUI.

In recent years, we have grown very successfully and, with unique products, have been able to welcome more and more people every year in our hotels, on our ships and on board our aircraft. Most of you have closely followed the development of the company in recent years. You know that – apart from the consequences of the Boeing 737MAX grounding – we have been able to increase our earnings significantly from year to year. This has put us in a position to invest massively in our business, reduce debts from the past – and allow our shareholders to participate in the success of the company with an attractive dividend. The development of recent years shows quite impressively that TUI was a very healthy company before the pandemic. We have invested in the future every year – in modern cruise ships, in new hotels, in digitisation and digital platforms. These investments and the reduction of old debt have strengthened the company in the long term. We also allowed our employees and, of course, our shareholders to take part in the good business performance. This was solid, sustainable and healthy.

We also started our 2020 financial year with a new record in bookings. It was the best start to a year in the company's history. And then came the pandemic with global travel restrictions, with closed borders in the EU and Europe. The pandemic slowed global tourism and TUI from full speed. Government measures to combat the pandemic forced the immediate suspension of most of our business operations. Overnight, the de facto travel bans turned us into a company without a product. The government travel restrictions made it impossible for us to do what we do best at TUI: creating unforgettable holiday moments for our guests.

In the days and weeks following the March lockdown, our full attention was on repatriating our guests. Very quickly, we flew hundreds of thousands of guests from all corners of the world safely back home. And we put a focus on securing our liquidity. In the wake of the global travel warnings, there was a sharp increase in trip cancellations and refunds to customers. There were only pay-outs, and no revenues. We therefore agreed an initial stabilization package with the German Kreditanstalt für Wiederaufbau (KfW) at an early stage, which got us through the first phase of the crisis. KfW secured our liquidity with a loan – and we will have to repay this loan

with interest. The state lends money, but it doesn't come as a gift and it doesn't come for free. And we're not talking about symbolic interest rates either. We were able to finance ourselves much more cheaply on the capital market before Corona.

Ladies and gentlemen, a successful but unfortunately far too short restart of tourism followed in early summer. Since the beginning of the pandemic, we have put a lot of energy into developing comprehensive hygiene and safety standards. And in early summer, we developed pilot projects with the governments of the Balearic Islands and Greece. We have made very good experiences with these. Just 36 hours after going on sale, the first two flights to Majorca on June 15 were fully booked. The feedback from guests was extremely positive and showed that safe and responsible travel is possible in times of the pandemic. Thanks to our integrated business model, we were able to offer holiday trips again right when the borders opened. In July and August, of course, we did not achieve the figures of previous years – but customer demand was there, and the product was good. In short, with the opening of the borders and the withdrawal of travel restrictions, our business model was as intact as before the crisis.

From the end of August, there were again signs of a contrary development: Freedom of travel was restricted again. There were quarantine requirements mainly upon return. These conditions made travel almost impossible for many guests and families. Which employee, craftsman, self-employed person can stay at home for five or ten days after coming back from a vacation? Affected by the renewed travel restrictions in the middle of the summer season were the Balearic Islands, one of the main destinations for European vacationers. As a result, we were only able to offer very limited travel from late summer onwards.

In August, we had agreed a second stabilization package with KfW and the Economic Stabilization Fund (WSF) to further secure our liquidity. This consisted of an increase in our credit line with KfW and the subscription of an option bond by the WSF. I'll go into the details of the second package in a moment. At the time we applied for the second package, winter business in the Canary Islands was expected to be intact, and the cruise business had recovered somewhat. After all, we welcomed around 40,000 guests on our ships during the crisis – without a single Corona case. We had and have implemented extremely comprehensive hygiene concepts and all guests on board the ships have been tested.

But then, in November, there was a second and very far-reaching lockdown in various European source markets and as well in the destinations. The public health requirements have made it largely impossible to carry out business operations in most areas of international tourism, hotels and cruises since November. We became a company without significant revenues again. You know this from other industries as well. Restaurants and hotels, for example, were closed. In many cases, the state reimburses these industries directly with compensation payments, the so-called "November aid". As a result, together with banks, investors and politicians, we worked out a third package in December. This third package is also the reason why we have convened this Extraordinary General Meeting.

Let me now briefly outline some details of the second and third stabilization packages.

Part of the implementation of the second stabilization package (August 2020) totalling 1.2 billion euros was the issuance of the 2020 warrant bond with warrants to the WSF. This was a condition for increasing the credit facility originally agreed with KfW in March/April 2020 by EUR 1.05 billion to EUR 2.85 billion and part of the risk compensation paid by the federal government for providing liquidity through the loans.

The issuance of the 2020 warrant bond with warrants to WSF was resolved by the Executive Board on September 29, 2020 with the approval of the Supervisory Board based on the corresponding 2016 Annual General Meeting authorization excluding shareholders' subscription rights. We concluded that the issue to WSF excluding shareholders' subscription rights was permissible and in the interests of the company. In the market environment at the time and within the tight timeframe for resolving the liquidity bottleneck and avoiding insolvency, it was the only feasible financing option for the company.

In particular, the issue price of the bonds was not significantly lower than the market value, as required by the authorization granted by the Annual General Meeting. In the context of the valuation, we took into account to a significant extent the situation in which the company would find itself without government support. As there were no sufficiently promising financing alternatives on the market, the negotiated result for the recapitalization achieved with the Federal Republic or WSF corresponded to the market conditions relevant for the company. It was therefore in the interests of the company and its shareholders.

For further details and the reasons for the exclusion of subscription rights, please refer to the detailed written report published online on the TUI Group website under the heading Annual General Meetings.

The first and second packages focused on loans from the government. These are loans which, as mentioned at the beginning, we must and will repay with interest. The third package is more broadly based. It is made up of silent capital contributions from the WSF totalling initially 1.091 billion euros, a further credit line provided by KfW and others in the amount of 200 million euros - and a capital increase with subscription rights with a total volume of around 509 million euros. This capital increase will be proposed for resolution at today's Extraordinary General Meeting.

It is a good sign that our long-term investor the Mordashov family, which is TUI's largest single shareholder with its company Unifirm Ltd., has already agreed to participate in the capital increase. The third financing package, which consists of a combination of measures, is an important and right step for TUI.

Therefore, in the interest of the TUI Group, I would like to ask you, dear shareholders, to approve the proposed measures today.

Dear shareholders, I have no doubt that the measures now proposed will enable TUI to return to the successful path of the past after the pandemic.

Let me venture a brief look ahead and look at the tourism sector as a whole, at our business model and our post-pandemic positioning.

1. In the long term, the tourism sector remains a growth sector. The industry has consistently grown much faster than the overall economy in recent years. And there is no reason to believe that travel will become less important to people after the pandemic. If you ask people what they missed in the pandemic year, one thing tops the list through all age groups: travel. People want to travel. The pandemic doesn't change that. On the contrary. 2021 will be a transition year. That's when tourism will return to the successes of the past.
As painful as the government travel restrictions were for tourism, they were important, especially at the beginning of the pandemic, to bring the incidence of infection under control. There are now reliable tests that can create safe travel corridors. And there are effective vaccines that are now being used around the world. Both will help put tourism back on the road to success. Tourism can make even better use of testing opportunities in particular - there is great potential here, even in the transition period. That is why I am also appealing to the EU and the governments of the member states. Let's take advantage of the opportunities offered by rapid tests. We can then test more, immediately before departure, and get immediate results. Above all, my appeal is: test, test, test instead of imposing quarantines.
2. Is TUI's business model outdated? A clear no! We had 27 million customers before the pandemic. We have grown steadily. And we have achieved a remarkable transformation in recent years. TUI's integrated business model is fundamentally intact and in the best position to return to profitable operations in the short term when travel restrictions are eased. This was proven by the quick and successful resumption in the Corona summer. With strong brands that consumers trust, unique differentiated products and an unmatched presence in markets and destinations, we are well positioned to succeed post-pandemic.
3. We have used the last few months to strengthen our positioning. The pandemic has once again accelerated transformation in many areas of the company. In early summer, we announced a programme for the future, which aims to improve the Group's long-term positioning despite higher debt. Globally, the programme provides for greater international integration. The aim is to achieve a permanent reduction in overhead costs of 30 percent. An extensive programme is already being implemented and is already achieving savings. We have raised our cost reduction target from 300 million euros previously to 400 million euros per year now. This will strengthen us in the long term. In addition, business units that were already facing structural challenges before the pandemic are being restructured at full speed. And last but not least, the digitisation of products will continue to be driven forward in all areas of the Group, even during the crisis - in line with our development into a digital platform company.

As you can see, there are good reasons to be optimistic about the future. TUI has a very good perspective. Vaccination campaigns are kicking off everywhere these days. Even though we are in the middle of a global second Corona wave, we see light at the end of the tunnel. 2021 will be a transition year, but we will be able to travel again - safely and responsibly.

I would like to thank you for your loyalty to TUI in these challenging times - and, in the spirit of a strong TUI of the future, I ask you to approve the proposed measures today.

Thank you very much!