

TUI Group Investor Presentation

April 2019

What is TUI Group?

Hotel & Resorts, Cruises and Destination Experiences holiday experiences "product" provider with own distribution and fulfilment

KEY HIGHLIGHTS

- **27m** customers (1)
- **€19.5bn** revenues
- **€1.15bn** EBITA (2)
- **23.0%** ROIC
- **10.9%** (3) earnings growth

HOLIDAY EXPERIENCES

€426m EBITA	Leading leisure hotel and club brands around the world; investments, operations, ownership
€324m EBITA	Leading German & UK cruise brands
€45m EBITA	Tours, activities and service provider in destination

MARKETS & AIRLINES

€453m EBITA	Market leaders in packaged distribution, fulfilment, strong market and customer knowledge

1 21m Markets & Airlines plus further 2m from Cruise and from our strategic joint ventures in Canada and Russia totals 23m; in addition 4m from customers direct and via 3rd party channels to our Hotels & Resorts and Cruise brands
2 Underlying; 3 According to company guidance earnings growth is at constant currency

Market environment: TUI has moved on and developed into an integrated provider of Holiday Experiences

OTAs

"Depth of offering"

- Agent model, trading margin
- No/ limited risk capacity
- Increasingly dynamic packaging

Airlines

"Ancillary packages"

- Airline as core business
- Packages as add-on and to de-risk flight capacity
- Trading margin on hotels
- Increasingly direct hotel sourcing

Tour operators

"Packaged holidays"

- Packaging of hotel & flight, fulfillment
- Trading margin leveraged by
  - Flight risk capacity
  - Hotel commitments[1]

Potential new entrants

- Global tech companies

"Best and unique product, individualised offering"

- Dynamic packaging
- Own hotels, flights and cruises:
  - Yielding of risk capacities
  - Own distribution & fulfillment
  - Double diversification

1 Prepayments and volume guarantees

Our business model: Product-focused holiday provider with almost 70% Holiday Experience earnings

Markets & Airlines – ~30% EBITA

Rest | Own & Committed

HOLIDAY EXPERIENCES – ~70% EBITA



Digitalisation, efficiency, diversification

23m customers[1]

~150 TUI Aircraft, 3rd party flying

Own, 3rd party committed & non-committed

Customer, knowledge, service & fulfilment

ROIC FY18: 80%[5]

Integrated distribution

Integrated distribution

Integrated distribution

Growth, diversification

4m customers[2]

Owned / managed / JV
ROIC FY18: 14%
380[3] Hotels

Owned / JV
ROIC FY18: 23%
16[4] Ships

Owned / JV
ROIC FY18: 26%
115 Destinations

3rd party distribution

3rd party distribution

3rd party distribution

GROUP PLATFORMS

INTEGRATION BENEFITS

- Own customer end-to-end: personalised offerings
- Yielding our risk capacity: 27m customers to optimise own hotels/ cruises demand
- Unique TUI experiences and fulfillment differentiating TUI from competition, customer satisfaction
- Double diversification across Markets & Airlines and Holiday Experiences mitigates localised external shocks

→ More than 70% of profits from own and committed differentiated risk capacity

1 21m Markets & Airlines customers plus a further 2m for Cruise and from our strategic joint ventures in Canada and Russia totals 23m 2 4m customers direct and via 3rd party channels to our Hotels & Resort and Cruise brands 3 This number includes group hotels and 3rd party concept hotels as at end of FY18 4 As at end of FY18 5 This number relates to Markets & Airlines and All other segments

What does it mean? Integrated model brings strong strategic benefits in the wider market context

INTEGRATION BENEFITS / TUI STRATEGY	WIDER MARKET CONTEXT
Own customer end-to-end	Enables us to personalise our customers' holiday experiences, basis for targeted marketing
Yielding our own risk capacity: 27m customers to optimise own hotels / cruises demand	Reduces reliance on third party distribution and allows yielding of our products
Unique TUI holiday experiences and fulfilment differentiating TUI from competition	Differentiates us from the OTAs, other pure-play distributors and the airlines, drives customer satisfaction and retention
Double diversification across Markets & Airlines and Holiday Experiences	Diversified across source markets and destinations - helps to mitigate the impact of cyclicality in individual markets and geopolitical shocks

What do we offer to our investors – 3 reasons to be invested are intact

STRONG STRATEGIC POSITION

- Global leading tourism group
- Holiday product provider with own distribution
- Own customer end to end: Markets & Airlines, Hotels, Cruises, Destination Experiences
- Individualisation and targeted marketing
- Yielding of own products
- Risk mitigation by double diversification

STRONG EARNINGS GROWTH

- Global leisure travel market growing above GDP
- Strong track record driven by merger synergies: Underlying EBITA CAGR of 13%[1] since merger
- Future growth supported by digitalisation benefits and by reinvesting disposal proceeds

STRONG CASH GENERATION

- 23% group ROIC FY18, significantly above cost of capital
- Strong operating cash conversion, enabling to fund
  - investments
  - high cash returns to shareholders in form of dividends
  - balance sheet stability

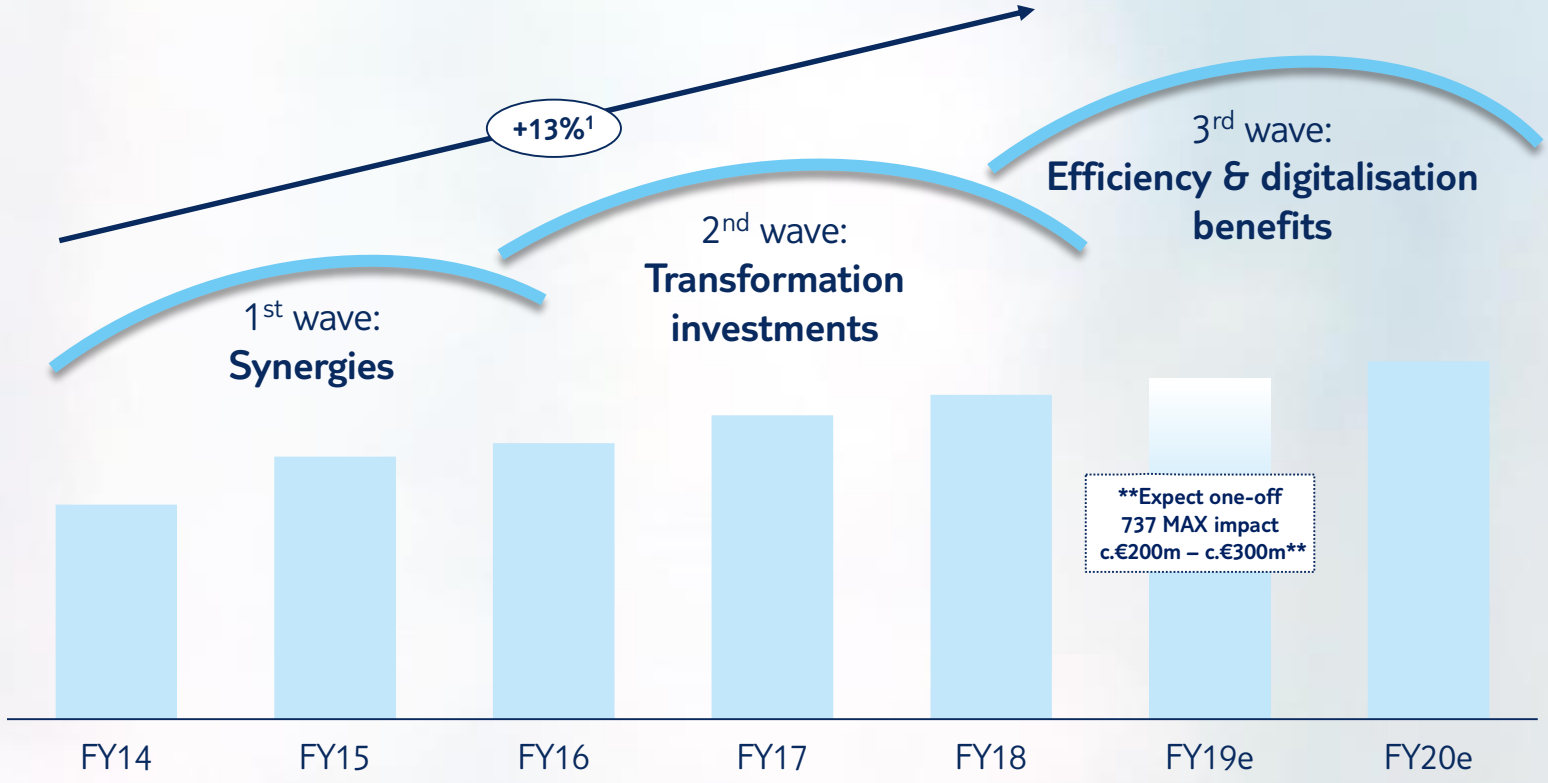
1 Underlying EBITA CAGR of 10% since merger / average CAGR of 13% since merger at constant currency (company earnings guidance is at constant currency)

GROWTH & DIGITALISATION INITIATIVES

Future earnings growth driven by reinvestment of disposal proceeds, digitalisation and efficiency benefits

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES

FUTURE GROWTH: INVESTMENTS, DIGITALISATION & EFFICIENCY



HIGHLIGHTS

- 3 earnings waves, heading towards third wave
- Mix of earnings growth changes gradually over time

1 Growth from investments

2 Efficiency

3 Digitalisation benefits

1 Underlying EBITA CAGR of 10% since merger / average CAGR of 13% since merger at constant currency

1 Hotels & Resorts investments: 57 new hotels since merger, lower capital intensity

PORTFOLIO DIVERSIFICATION



DERISKED GROWTH

- Predominantly lower capital intensity
- Ownership in 365 days destinations/ where scarcity of assets
- De-risking through JV off-balance sheet financings
- 15% Blended ROIC hurdle

~65% OF INVESTMENTS WITH LOWER CAPITAL INTENSITY[1]

57 NEW HOTELS OPENED SINCE MERGER

ROIC 57 HOTELS FY19e: BLENDED 15% (HURDLE)

CAPITAL DISCIPLINE

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

1 TUI's cruise capacity growth financed through disposal proceeds re-investment programme and off-balance sheet (JV)

BRAND / OWNERSHIP	FLEET DEVELOPMENT	OFF-BALANCE SHEET FINANCING AS PREFERRED OPTION
Off-balance sheet: JV TUI Cruises	**Current fleet:** Exit FY22 **Deliveries:** FY23, FY24, FY26	• Funded by JV • No CAPEX requirements for TUI
On balance sheet MARELLA CRUISES	**Current fleet:**	• Part of TUI's growth investment strategy • Funded by reinvesting disposal proceeds
On balance sheet HAPAG-LLOYD CRUISES	**Current fleet:** **Deliveries:** FY19, FY20, FY21	• Part of TUI's growth investment strategy • Funded by reinvesting disposal proceeds

Fleet and pipeline as at February 2019

1 Strategic expansion of our Destination Experiences business – Ticking all boxes: Musement acquisition complementary to recent HBG Destination Management acquisition

TUI DX STRATEGY LAYERS

DIGITALISATION

- End-to-end digital process: from supplier to customer
- Part of global CRM platform
- Omni-channel
- Personalisation
- Integrated marketing campaigns

MORE PRODUCTS

- Differentiation of excursion portfolio
- Activities
- Multi-day tours

MORE GUESTS

- TUI package customers
- TUI non-package customers
- 3rd party customers

MORE DESTINATIONS

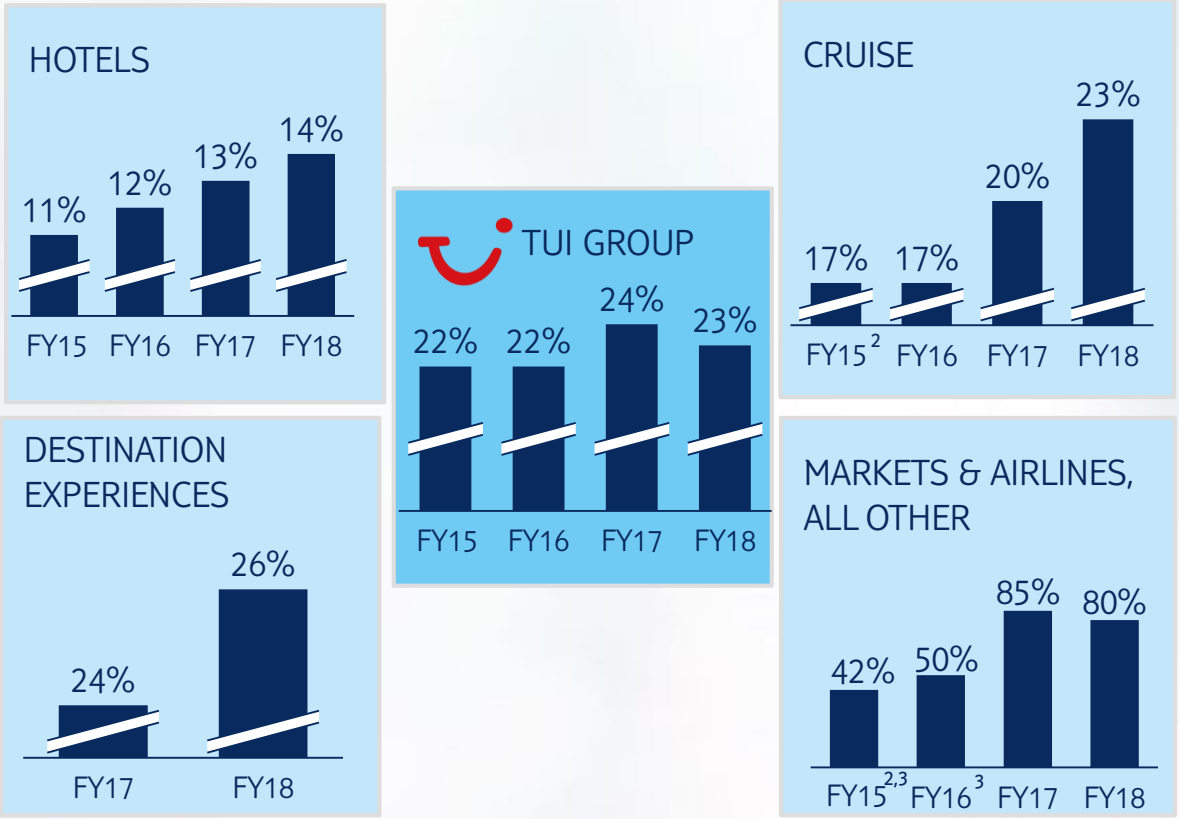
- More sun & beach destinations
- City destinations
- Asia

ACQUISITIONS

musement ✓ + destination services INTERCRUISES SHORESIDE & PORT SERVICES ✓ + destination services INTERCRUISES SHORESIDE & PORT SERVICES ✓ + destination services INTERCRUISES SHORESIDE & PORT SERVICES ✓

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

BUSINESS MODEL STRENGTH CONTINUES TO DELIVER ROIC[1]



CAPITAL ALLOCATION FRAMEWORK

Growth investments

- Reinvesting disposal proceeds
- 15% blended ROIC
- Opportunistic M&A, if synergistic

JV growth

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

Strong cash generation allows all boxes to be ticked

Balance sheet stability

- Target leverage ratio maintained at 3.0x-2.25x

Attractive dividend

- In line with underlying EBITA growth at constant currency
- FY18: €0.72 per share

1 Pre IFRS 16 2 Based on former segmentation - Marella Cruises within Markets & Airlines 3 Based on former segmentation - Destination Experiences within Markets & Airlines

2 Efficiency - specific measures for our Markets & Airlines business and entry into New Markets

MARKETS & AIRLINES

Business harmonisation

Markets & Airlines CEO

Northern | Central | Western

- Standardised processes to drive cost savings and innovation
- One single leadership

Reduce distribution costs



- Distribution shift to more direct (FY18: 74%), more online (FY18: 48%), more mobile to reduce distribution costs

Activities & excursions upselling



- €150bn market opportunity
- Fragmented market
- TUI with digitalised end-to-end solution
- 21m customer base, 150K products
- Cooperation musement Ctrip

NEW MARKETS

TUI 2022

+1m Customers

+€1bn Sales

- TUI 2022:
  - 1m Customers
  - €1bn Sales
  - Drive demand for own risk capacity

3 Our vision: Digitalisation and platforming of our business model

OUR DIGITAL PRIORITIES

1. From Retail to Online to Mobile



2. Mass-individualisation



3. Inventory/Purchasing

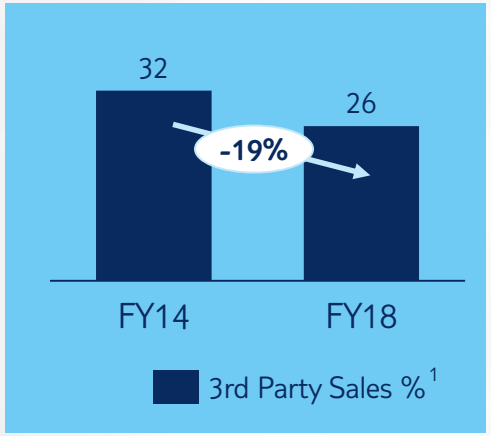


4. Global market presence



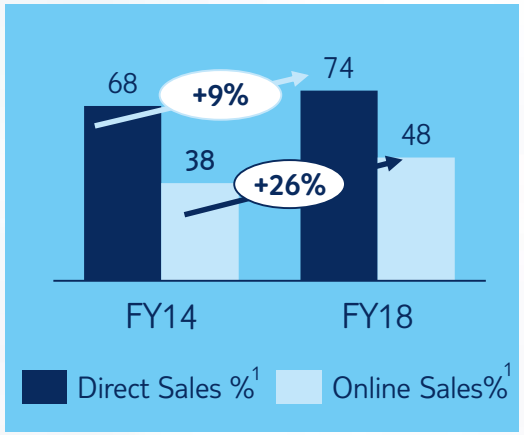
3.1 From Retail to Online to Mobile

RETAIL



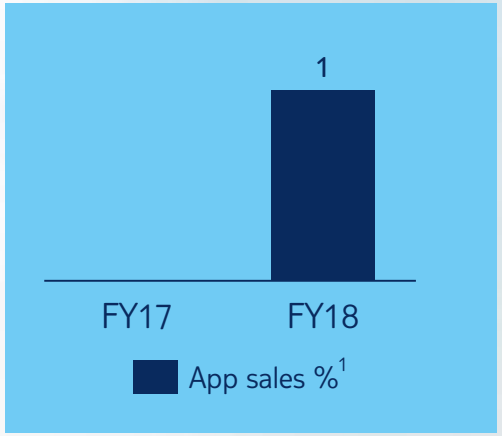
- >10% distribution costs

ONLINE/DIRECT



- ~10% distribution costs

MOBILE



- Lower distribution costs
- Nordic already at ~2.5%[2]

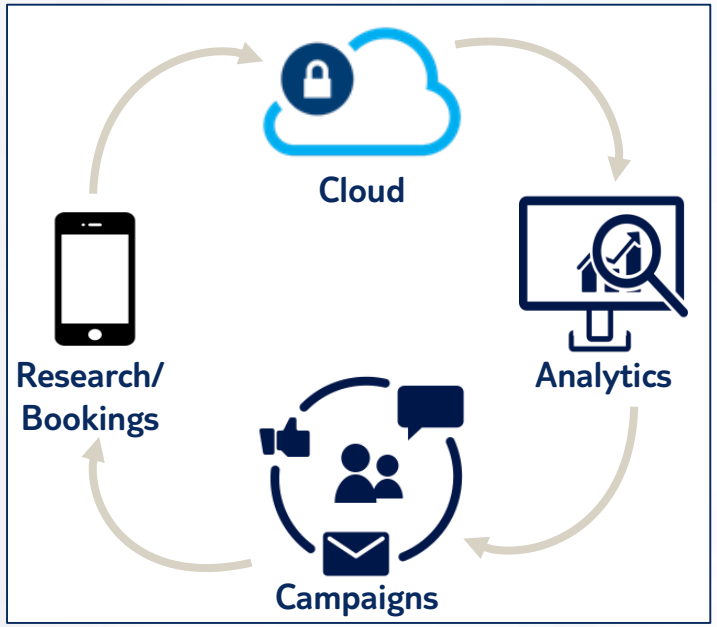
HIGHLIGHTS

- Mobile booking technology developed
- Linked to CRM engine
- 5.5m active TUI app users as addressable base
- ~200k app customers in FY18
- Every 1% app sale yields around 5% distribution cost savings[3] i.e. €10m

1 Percentages of Markets & Airlines sales by booking channel 2 Percentage of Nordic Sales 3 Indicative calculation based on Group sales (€20bn sales x 10% distribution cost = €2bn distribution costs currently. 1% app sales incurs ~5% distribution cost which equates to ~€10m distribution costs. 10% App sales at ~5% distribution costs would therefore deliver ~€100m potential cost savings

3 2 Digital mass-individualisation: Use customer data to create individualised holidays for 21m[1] Markets & Airlines customers

MOBILE AS AN ENABLER FOR INDIVIDUALISATION



- Customer knowledge/ segmentation

DRIVE BOOKINGS & ANCILLARIES

Individualised marketing:
i.e. double-digit conversion from best performing campaigns

HOTEL

Offer fragmentation:
i.e. Select Your Room
Up to 30% uptake

Excursions & activities

Breadth of offer:
Musement with 150k products

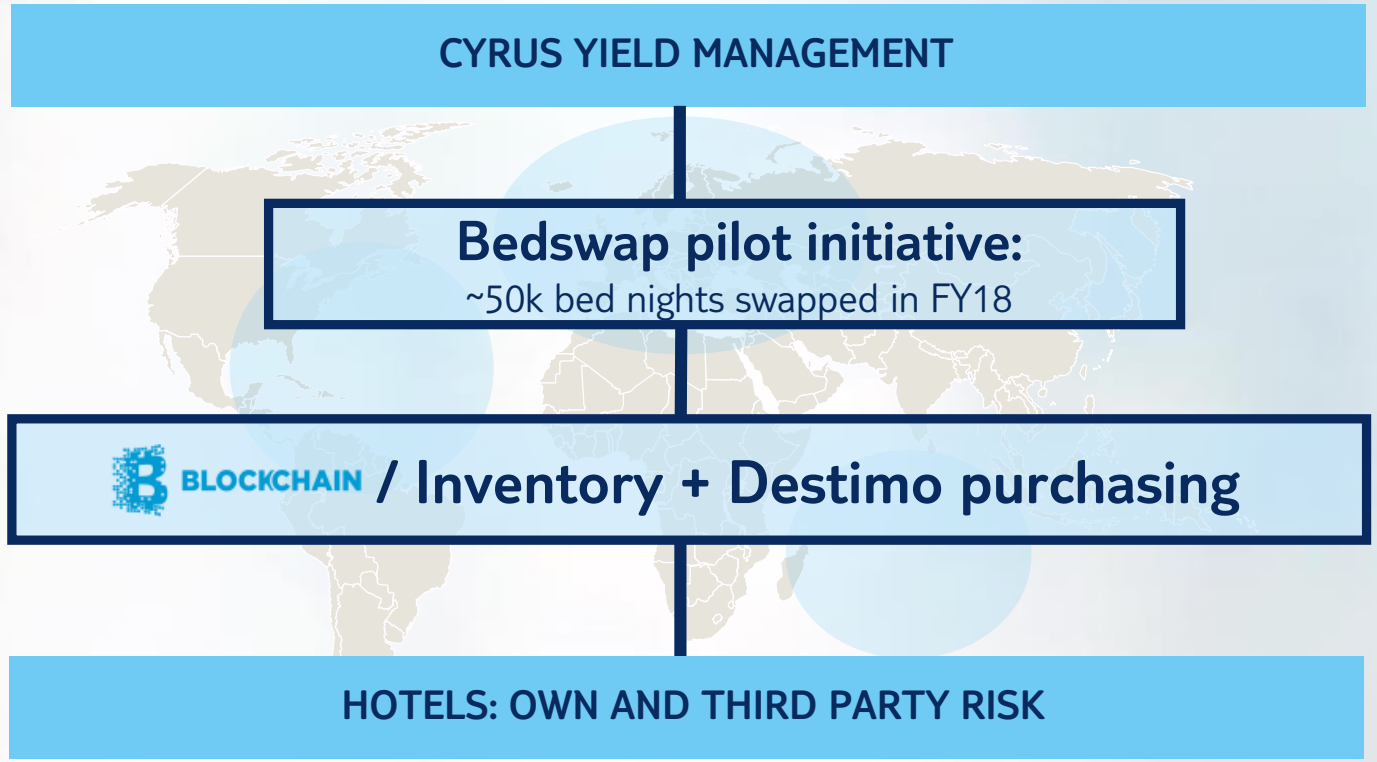
- Upselling: Next best activity, individualised

HIGHLIGHTS

- TUI's competitive advantage - own customer end to end
- Integrated model & digitalisation make it easier to sell and service the customer at multiple touchpoints

1 Markets & Airlines customers, excludes Cruise and strategic joint ventures in Canada and Russia, which would total 23m

3 Inventory/Purchasing digitalisation: Opportunity to commercialise the purchasing of our risk inventory of 100m bed nights and €5bn purchasing volume from 3rd party hoteliers



OUR VISION

- Centralised & automated inventory management – applying same principles we already did with yield management
- Cyrus: Digital system driving yields, supporting marketing of 100m bed nights to our customers
- Destimo: Proprietary German purchasing system in global rollout
- First results promising, benefits expected to ramp up over time

3 4 Digital global market presence: Low risk and opportunistic entry into new markets and reduction of yield pressure at the same time

DIGITALISED GROWTH



BRAND FRANCHISING

- Baltics

THIRD PARTY REACH

musement
- Strong third party demand

HIGHLIGHTS

- New Markets[1]:
  - ~100k customers out of 1m target achieved with good momentum
  - Dynamic packaging technology
  - Leverage new markets demand for risk capacity clusters, driving yields and diversification
- Brand franchising introduced

1 New Markets active: Brazil, Portugal, Spain, India, China. Malaysia planned for launch in FY19

OUTLOOK & UPDATED FY19 GUIDANCE POST 737 MAX GROUNDING

Outlook – Headwinds in Markets & Airlines

HOLIDAY EXPERIENCES

HOTELS & RESORTS - +27% LFL Q1 EARNINGS GROWTH

- 28 new hotel openings in FY19 mostly in year-round destinations
- Turkey and North Africa continue to grow in popularity
- Demand for Spain normalising

CRUISES - +25% Q1 EARNINGS GROWTH

- Mein Schiff 2 launched in Feb 2019, 2 further ships scheduled for FY19
- Strong demand continues across all three brands
- Load factor and yield performance in line with our expectations and reflects new capacity

DESTINATION EXPERIENCES - +86% Q1 EXCURSIONS & ACTIVITES GROWTH

- Acquisitons enhance geographic coverage and excursions products

MARKETS & AIRLINES

- 34%[1] of Summer 2019 programme booked (FY19 Q1)
- Bookings are broadly in line with prior year, however margins are not
- Continuation of the sector headwinds previously highlighted:
  - negative impact from the extraordinary hot Summer 2018, resulting in later bookings and weaker margins
  - shift in demand from Western to Eastern Mediterranean, creating overcapacities in Spain, particularly Canaries, negatively impacting margins
  - continued weakness of GBP; pressure on UK margins
- **** Update on 737 MAX Grounding ****
  - currently 15 MAX aircraft grounded
  - further eight scheduled for delivery in May
  - c.€200m impact to mid-July and c.€300m to end of Sept[2]

1 These statistics are up to 3 February 2019 and shown on a constant currency basis and relate to all customers whether risk or non-risk 2 Expected impact to FY19 Underlying EBITA, subject to grounding period

Update on 737 MAX grounding FY19

Securing ongoing operations and customers' holidays

- Following the grounding of the 737 MAX TUI has made arrangements to secure customers' holidays
- Considerable uncertainty around when the 737 MAX will return to service
- TUI has taken precautions until mid July to cover the key Easter, Whitsun and start of summer holiday season

Financial impact

- Assuming flight resumption by mid July expect **one-off impact** on underlying EBITA of **c.€200m**
- **FY19 underlying EBITA guidance therefore updated; expect -17% (previously "broadly flat") compared with FY18 of €1,177m[1]**
- Should it not become clear within the coming weeks that flying will resume by mid July, TUI will need to extend these measures until the end of the Summer season. Current assumption is for additional cost of up to **c.€100m – in this scenario FY19 underlying EBITA guidance is -26% compared with FY18 of €1,177m[1]**

1 Rebased in December 2018 to EUR 1,187 to take into account EUR 40m impact for revaluation of Euro loans balances within Turkish Lira entities in FY18 and further rebased to EUR 1,177m for retrospective application of IFRS 15.

TUI has taken precautions until mid July to cover the 737 MAX fleet of 23 aircraft

TUI 737 MAX fleet	A/C
Fleet in operation at time of grounding	**15**
Open deliveries at time of grounding	
UK	3
Germany	4
Netherlands	1
Total Fleet Summer 19	**23**

Mitigation by

- utilising spare aircraft
- extending expiring leases
- leasing in additional aircraft

Assuming flight resumption by mid July expect one-off impact on underlying EBITA of c.€200m

AIRCRAFT LEASES & CREWING	**~€110m** for wet/other leases, and related crew allowances
DIRECT OPERATING COSTS	**~€30m**, including fuel inefficiencies versus 737 MAX and other additional direct operating costs
OTHER DISRUPTION COSTS	**~€20m**, including repatriation and other disruption costs e.g. DBC
ANTICIPATED IMPACT ON TRADING	**~€40m** from potential load factor (~1%) impact
COSTS RECOGNISED AS A ONE-OFF IMPACT WITHIN UNDERLYING EBITA	• Impact classified as **one-off operational costs** • **Not all costs separable** e.g. impact on trading
GROSS COST IMPACT IS ASSUMED	No potential compensation included in c.€200m impact

Expected impact on key group metrics FY19

UNDERLYING EBITA	**One-off impact** of **c.€200m** (flight resumption mid July) **up to c.€300m** (flight resumption after end of Summer 2019) as outlined above
NET DEBT	**Cost impact = cash impact**; estimate increase of simple average net debt[1] to ~€1.5bn for FY19 (~1x net debt/EBITDA)
LEVERAGE RATIO	**Guidance unchanged** – however, expect to be at upper end
DIVIDEND PER SHARE	**Guidance unchanged** - dividend per share will grow in line with underlying EBITA at constant currency (positive or negative growth)

1 Estimate based on simple average of net debt at 31.12.18 and 30.09.19

Update to FY19 guidance post 737 MAX grounding

FY19 Guidance

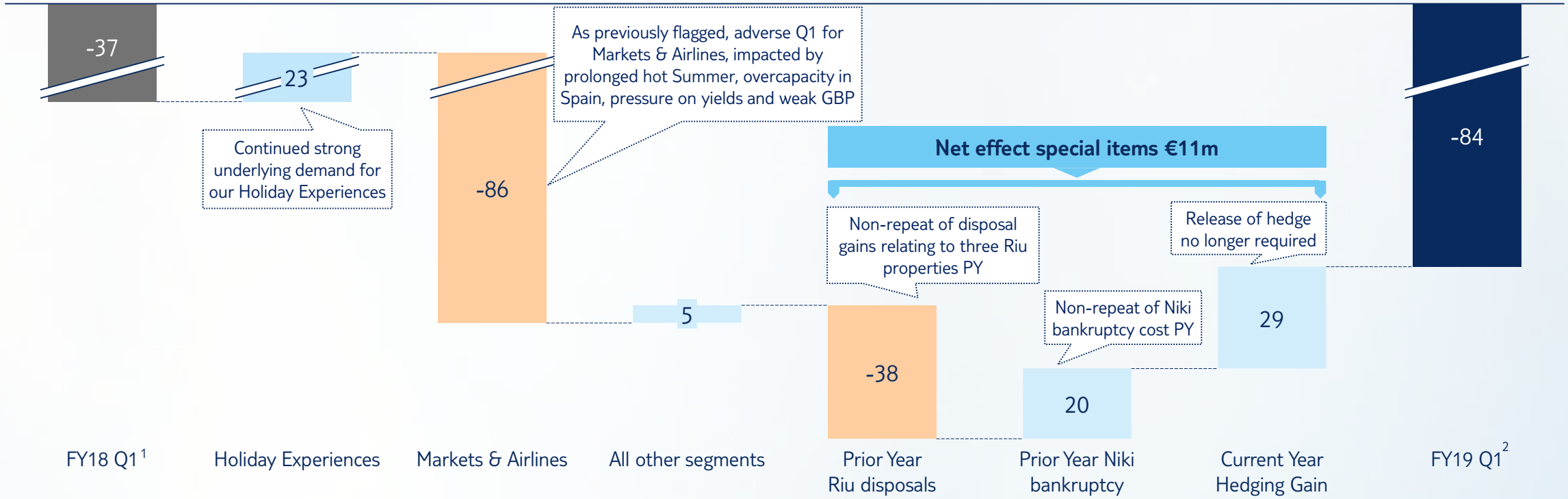
	FY19e[1]	FY18
Turnover[2]	Around 3% growth	€19,208m[5]
Underlying EBITA rebased[3,5]	Resumption of flying latest by mid July: approx. minus 17% (one-off impact of approx. €200m) Full summer season flight capacity replacement required: up to minus 26% (total one-off impact of up to €300m)	€1,177m[3,5]
Adjustments	~€125m	€87m
Net capex & investments[4]	~€1.0bn-€1.2bn	€0.8bn
Leverage ratio	3.0x to 2.25x	2.7x
Dividend per share	Growth in line with underlying EBITA rebased[3,5]	€0.72

1 Based on constant currency
2 Excluding cost inflation relating to currency movements
3 Rebased to take into account €40m impact of revaluation of Euro loan balances within Turkish Lira entities in FY18
4 Including PDPs, excluding aircraft assets financed by debt or finance leases, "cash CAPEX"
5 Prior year reported adjusted for retrospective application of IFRS 15 and PPA adjustment for Destination Management

APPENDIX
FY19 Q1 RESULTS

TUI Group: As flagged, Q1 Markets & Airlines was weak, partly offset by Holiday Experiences underlying growth

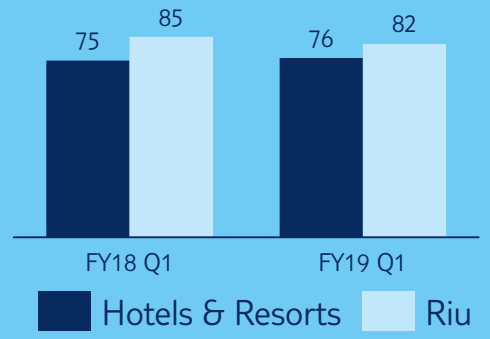
FY19 Q1 UNDERLYING EBITA IN €M



1 PY reported (€25m) adjusted for retrospective application of IFRS 15 2 Includes FX translation impact of less than €1m

Holiday Experiences: Hotels & Resorts
Continued improvement in underlying earnings driven by Turkey and North Africa

AVERAGE OCCUPANCY %



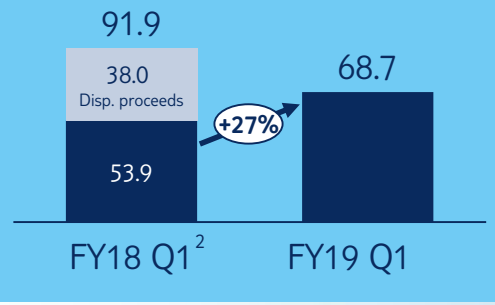
AVERAGE REVENUE PER BED €



57 NEW HOTEL OPENINGS SINCE MERGER

of which ~65% are lower capital intensity

UNDERLYING EBITA €M

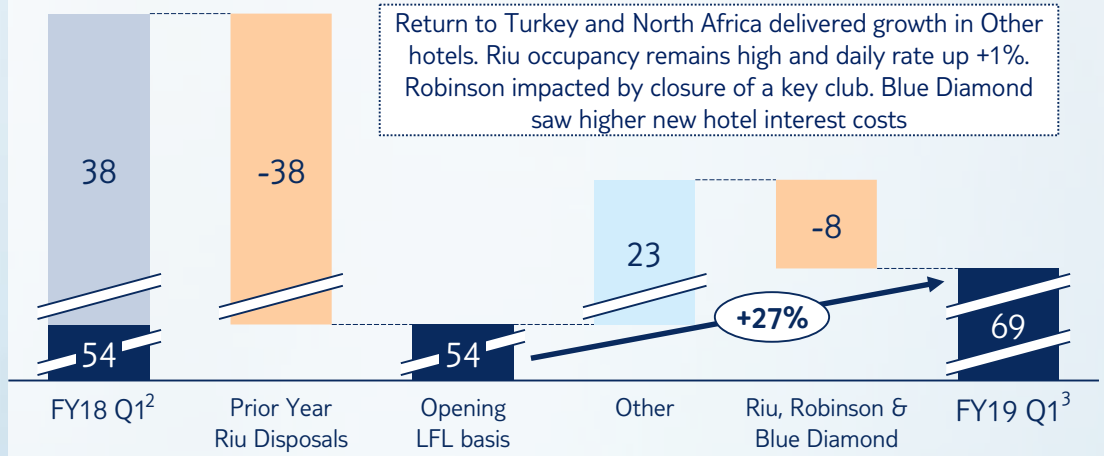


UNDERLYING EBITA (€M)

	FY19 Q1	FY18 Q1[2]	%
Underlying EBITA	68.7	91.9	-25.2
Like-for-like Underlying EBITA	68.7	53.9	27.4

BRIDGE UNDERLYING EBITA (€M)

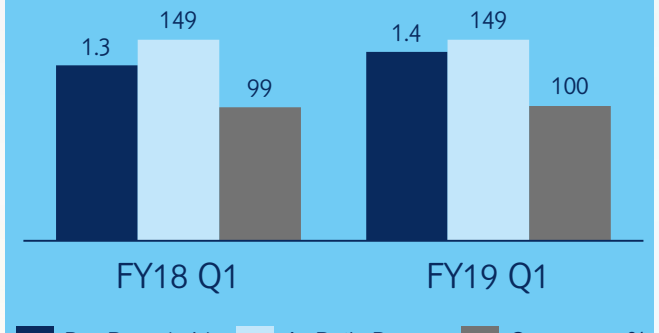
Return to Turkey and North Africa delivered growth in Other hotels. Riu occupancy remains high and daily rate up +1%. Robinson impacted by closure of a key club. Blue Diamond saw higher new hotel interest costs



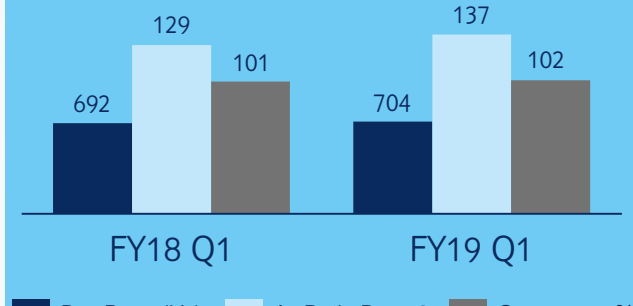
1 FY18 Q1 Total H&R average revenue per bed restated to reflect revised PY rate at Blue Diamond 2 PY reported adjusted for retrospective application of IFRS 15 3 Includes FX translation impact of less than €1m

Holiday Experiences: Cruises
Earnings growth and positive outlook across all three brands

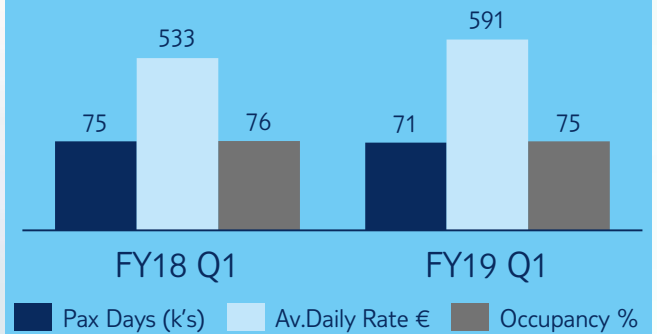
TUI CRUISES



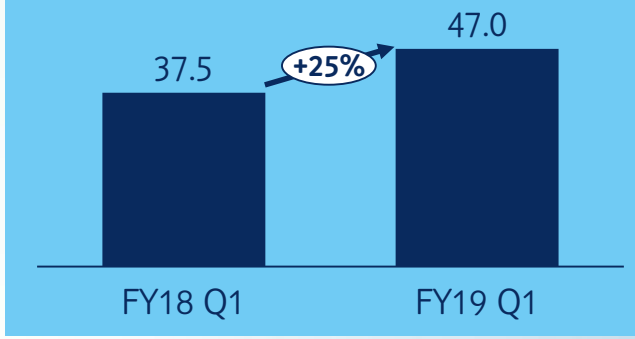
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M



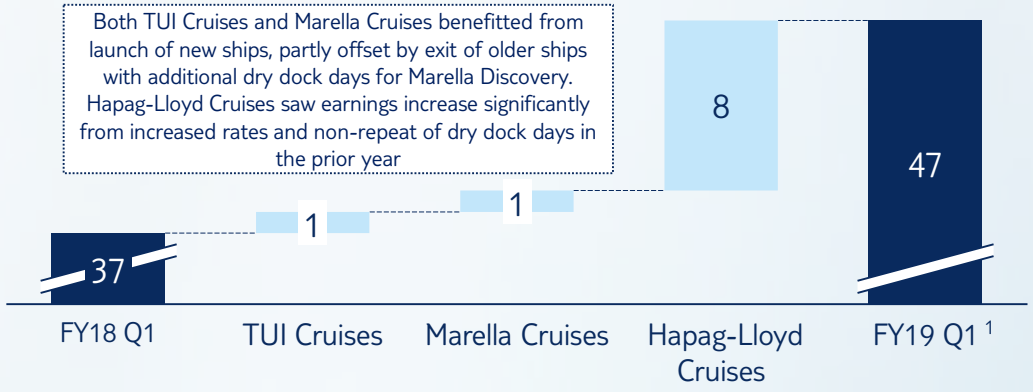
UNDERLYING EBITA (€M)

	FY19 Q1	FY18 Q1	%
Underlying EBITA	47.0	37.5	25.3
o/w fully consolidated	20.8	12.3	69.1
o/w equity result	26.2	25.2	3.9

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

BRIDGE UNDERLYING EBITA (€M)

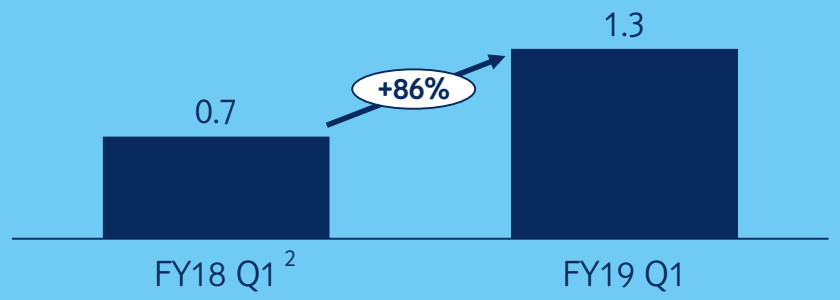
Both TUI Cruises and Marella Cruises benefitted from launch of new ships, partly offset by exit of older ships with additional dry dock days for Marella Discovery. Hapag-Lloyd Cruises saw earnings increase significantly from increased rates and non-repeat of dry dock days in the prior year



1 Includes FX translation impact of less than €1m

Holiday Experiences: Destination Experiences
Growth from strategic acquisitions

EXCURSIONS & ACTIVITES SOLD (M's)



TURNOVER AND EARNINGS (€M)

	FY19 Q1	FY18 Q1[1]	%
Total Turnover	226.3	83.2	+172.0
o/w Turnover 3rd Party	158.3	39.2	+303.8
Underlying EBITA	-4.7	-3.5	-34.3



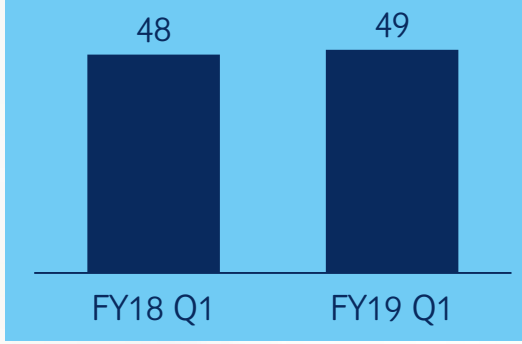


- Result reflects positive impact from the acquisition of Destination Management, offset by start-up losses in our Musement acquisition
- Integration of Destination Management on-track; synergies to be delivered during FY19. Musement platform live and rolled out to UK retail

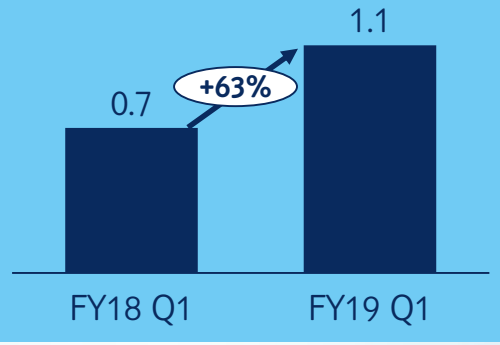
1 PY restated for reclassification of TUI DX Crystal previously reported in Markets & Airlines Northern Region 2 FY18 excludes Destination Management (acquired August2018) and Musement (completed October 2018)

Markets & Airlines
Challenging backdrop as flagged for Q1

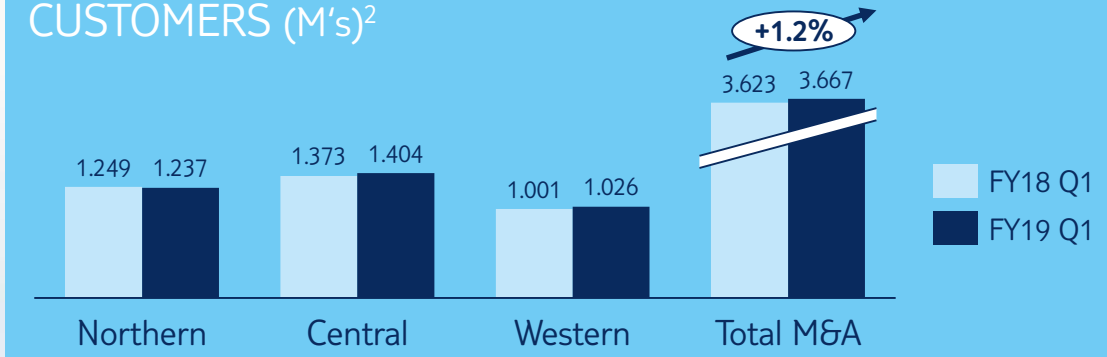
ONLINE DISTRIBUTION %



APP DISTRIBUTION %[1]



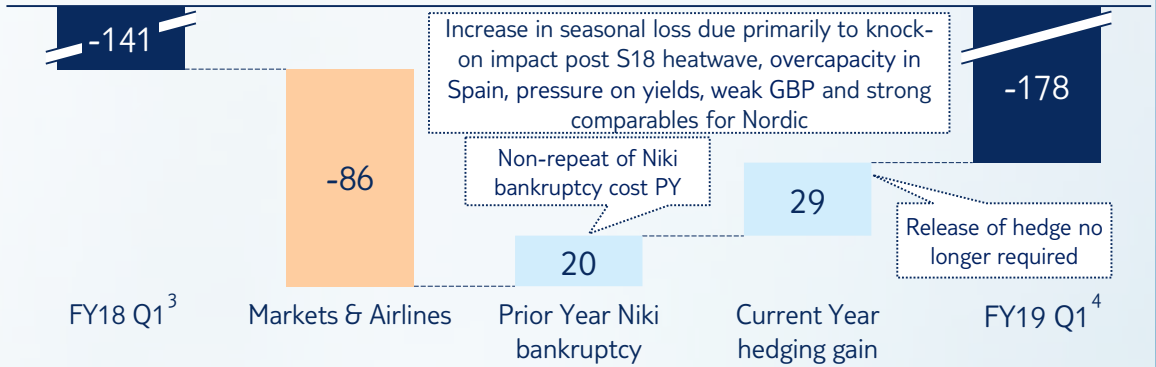
CUSTOMERS (M's)[2]



TURNOVER AND EARNINGS (€M)

	FY19 Q1	FY18 Q1[3]	%
Turnover	3,061.0	3,035.3	0.8
Underlying EBITA	-178.1	-140.8	-26.5

BRIDGE UNDERLYING EBITA (€M)



1 Percentage of Markets & Airlines pax by booking channel 2 Central now includes Italy. Total Markets & Airlines customers excludes Cruise and strategic joint ventures in Canada and Russia 3 PY reported adjusted for retrospective application of IFRS 15
4 Includes FX translation impact of less than €1m

Income Statement
Less significant quarter – winter losses as expected

In €m	FY19 Q1	FY18 Q1[1]
Turnover	3,704.8	3,548.9
Underlying EBITA	**-83.6**	**-36.7**
Adjustments (SDI's and PPA)	-22.0	-20.2
EBITA	**-105.6**	**-56.9**
Net interest expense	-29.4	-27.4
EBT	**-135.0**	**-84.3**
Income taxes	23.1	16.0
Group result continuing operations	**-111.9**	**-68.3**
Minority interest	-27.2	-40.9
Group result after minorities	**-139.1**	**-109.2**
Basic EPS (€)	-0.24	-0.19

ADJUSTMENTS
Includes PPA of €8m and one-off payment relating to the conversion of a UK pension plan. No change to full-year guidance of ~€125m

INTEREST
Small increase as expected due to utilisation of RCF, increase in finance leases and Schuldschein issuance in H2 prior year

TAX
Full-year guidance for underlying ETR remains at ~20%

MINORITY INTEREST
Lower due to non-repeat of disposal gains in Riu prior year

1 PY reported adjusted for retrospective application of IFRS 15

Cash Flow & Movement in Net Debt

In €m	FY19 Q1	FY18 Q1
EBITDA reported	**11.9**	**43.6**
Working capital	-1,398.0	-1,175.2
Other cash effects	-78.8	-55.7
At equity income	-34.4	-40.8
Dividends received from JVs and associates	8.6	1.6
Tax paid	-58.4	-68.7
Interest (cash)	-22.5	-23.3
Pension contribution	-40.8	-31.4
Operating Cash flow	**-1,612.4**	**-1,349.9**
Net capex	-268.9	-143.2
Net investments	-57.9	43.0
Net pre-delivery payments	32.0	-40.5
Free Cash flow	**-1,907.2**	**-1,490.6**
Dividends	-	-
Free Cash flow after Dividends	**-1,907.2**	**-1,490.6**

OPERATING CASH FLOW

- Higher seasonal operational outflow driven by growth in capacity in S18, particularly within Central Region

NET CAPEX AND INVESTMENTS

- Driven by acquisition of Marella Explorer 2 and Musement, phasing of expenditure from FY18 as flagged at YE and a lower level of disposal proceeds versus prior year

NET DEBT

- Higher closing net debt as expected, reflecting reinvestment of disposal proceeds, seasonal utilisation of RCF, issuance of Commercial Paper and **increase in aircraft financing**

In €m	31 Dec 2018	31 Dec 2017
Opening net cash as at 1 October	**124**	**583**
FCF after Dividends	-1,907	-1,491
Asset Finance	-45	-4
Other	-4	38
Closing net debt as per Balance Sheet	**-1,832**	**-874**

IFRS 15 and IFRS 9 application

IFRS 15 – Revenue from contracts with customers

- Application from 1 October 2018 using retrospective method (means FY18 is now presented in accordance with IFRS 15)
- Main change relates to package holidays, recognition from start-date accounting to over-time accounting
  - Impacts revenue and cost of sales
  - Results in changes to quarterly and full-year FY18 revenue and underlying EBITA
- In addition, there are changes in gross and net presentation of revenue, mainly in relation to denied boarding compensation, passenger related taxes and car rentals
  - This impacts revenue and cost of sales (no impact on underlying EBITA, across the quarters and for the full-year FY18

IFRS 9 – Financial instruments

- Application from 1 October 2018 using retrospective method (no restatement of FY18 in line with transition option)
- The new standard replaces IAS 39 guidance on:-
  - Classification & Measurement – a new line item 'other financial instruments' was introduced for previous 'available for sale financial assets' and existing financial assets and financial liabilities was reclassified in accordance with IFRS 9 guidance
  - Impairment – introduction of a new model based on expected credit losses. Impacts opening balances, no prior year adjustments. New line item introduced to I/S
  - Hedge Accounting – we have elected to continue applying IAS 39 hedge accounting requirements, in accordance to option permitted by IFRS 9

FY19 Q1 Turnover by Segment – restated for IFRS15 (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY19 Q1	FY18 Q1[1]	Change	FX	Change ex FX
Hotels & Resorts	**139.3**	**144.8**	**-5.5**	**-2.5**	**-3.0**
- Riu	103.3	114.8	-11.5	-	-11.5
- Robinson	19.6	18.6	1.0	-0.1	1.1
- Blue Diamond	-	-	-	-	-
- Other	16.4	11.4	5.0	-2.4	7.4
Cruises	**193.0**	**192.3**	**0.7**	**-0.1**	**0.8**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	124.9	121.9	3.0	-0.1	3.1
- Hapag-Lloyd Cruises	68.2	70.4	-2.2	-	-2.2
Destination Experiences[2]	**158.3**	**39.2**	**119.1**	**-1.2**	**120.3**
Holiday Experiences	***490.6***	***376.3***	***114.3***	***-3.8***	***118.1***
- Northern Region	1,153.8	1,183.9	-30.1	-7.8	-22.3
- Central Region[2]	1,333.6	1,275.5	58.1	0.2	57.9
- Western Region	573.7	575.9	-2.2	-	-2.2
Markets & Airlines (formerly Sales & Marketing)	***3,061.1***	***3,035.3***	***25.8***	***-7.6***	***33.4***
All other segments	153.1	137.3	15.8	-0.4	16.2
TUI Group	**3,704.8**	**3,548.9**	**155.9**	**-11.8**	**167.7**

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

FY19 Q1 Underlying EBITA by Segment*

In €m	FY19 Q1	FY18 Q1[1]	Change	FX	Change ex FX
Hotels & Resorts	**68.7**	**91.9**	**-23.2**	**0.5**	**-23.7**
- Riu	74.0	115.3	-41.3	-0.2	-41.1
- Robinson	-1.3	1.5	-2.8	0.4	-3.2
- Blue Diamond**	-1.3	0.8	-2.1	-	-2.1
- Other	-2.7	-25.7	23.0	0.3	22.7
Cruises	**47.0**	**37.5**	**9.5**	**-0.1**	**9.6**
- TUI Cruises**	26.2	25.2	1.0	-	1.0
- Marella Cruises	12.2	11.7	0.5	-0.1	0.6
- Hapag-Lloyd Cruises	8.6	0.6	8.0	-	8.0
Destination Experiences[2]	**-4.7**	**-3.5**	**-1.2**	**-0.2**	**-1.0**
Holiday Experiences	***111.0***	***125.9***	***-14.9***	***0.2***	***-15.1***
- Northern Region	-74.3	-37.3	-37.0	-0.4	-36.6
- Central Region[2]	-37.1	-54.8	17.7	0.1	17.6
- Western Region	-66.7	-48.7	-18.0	-0.1	-17.9
Markets & Airlines (formerly Sales & Marketing)	***-178.1***	***-140.8***	***-37.3***	***-0.4***	***-36.9***
All other segments	-16.5	-21.8	5.3	0.7	4.6
TUI Group	**-83.6**	**-36.7**	**-46.9**	**0.5**	**-47.4**

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

Net Financial Position, Pensions and Operating Leases

In €m	31 Dec 2018	31 Dec 2017
Financial liabilities	**-2,762**	**-1,871**
- Finance leases	-1,365	-1,186
- Senior Notes	-297	-296
- Liabilities to banks	-1,078	-362
- Other liabilities	-22	-27
Cash & Bank Deposits	**930**	**997**
Net debt	**-1,832**	**-874**
- Net Pension Obligation	-816	-1,088
- Discounted value of operating leases[1]	-2,730	-2,674

FINANCIAL LIABILITIES

- Higher versus prior year as a result of Schuldschein & Commercial Paper issuance, utilisation of RCF and additional finance leases relating to aircraft re-fleeting

1 At simplified discounted rate of 1.7%

FY18 FULL YEAR RESULTS

FY18 Turnover by Segment (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY18	FY17	Change	FX	Change ex FX
Hotels & Resorts	**606.8**	**679.0**	**-72.2**	**-52.2**	**-20.0**
- Riu	407.0	493.1	-86.1	-21.8	-64.3
- Robinson	89.3	82.6	6.7	-4.1	10.8
- Blue Diamond	-	-	-	-	-
- Other	110.5	103.3	7.2	-26.3	33.5
Cruises	**901.9**	**815.0**	**86.9**	**-7.2**	**94.1**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	579.4	502.4	77.0	-7.2	84.2
- Hapag-Lloyd Cruises	322.5	312.6	9.9	-	9.9
Destination Experiences	**303.5**	**202.5**	**101.0**	**-5.1**	**106.1**
Holiday Experiences	***1,812.2***	***1,696.5***	***115.7***	***-64.5***	***180.2***
- Northern Region	6,854.9	6,601.5	253.4	-94.2	347.6
- Central Region	6,563.7	6,039.5	524.2	-16.6	540.8
- Western Region	3,577.6	3,502.2	75.4	-	75.4
Markets & Airlines (formerly Sales & Marketing)	***16,966.2***	***16,143.2***	***853.0***	***-110.8***	***963.8***
All other segments	715.5	695.3	20.3	-2.3	22.6
TUI Group continuing operations	**19,523.9**	**18,535.0**	**989.0**	**-177.6**	**1,166.6**

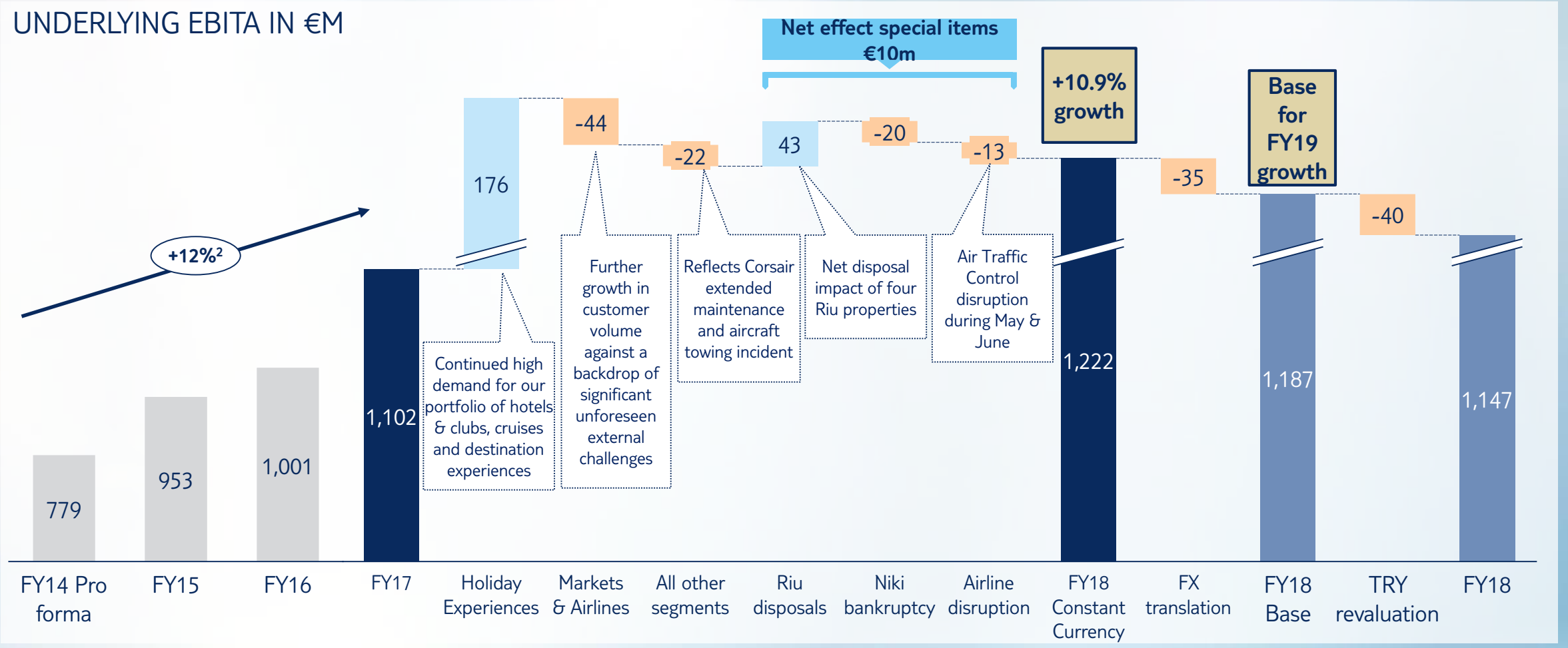
*Table contains unaudited figures and rounding effects; simplified to disclose Destination Experiences (previously Destination Services) from Other Tourism and remaining business segments within Other Tourism into All other segments.

FY18 Underlying EBITA by Segment*

In €m	FY18	FY17	Change	FX	Change ex FX
Hotels & Resorts	**425.7**	**356.5**	**69.2**	**-68.8**	**138.0**
- Riu	390.3	355.9	34.4	-10.8	45.2
- Robinson	41.8	38.5	3.3	-4.8	8.1
- Blue Diamond**	23.9	20.1	3.8	-3.8	7.6
- Other	-30.3	-58.0	27.7	-49.4	77.1
Cruises	**324.0**	**255.6**	**68.4**	**-0.6**	**69.0**
- TUI Cruises**	181.3	135.9	45.4	-	45.4
- Marella Cruises	106.5	86.5	20.0	-0.6	20.6
- Hapag-Lloyd Cruises	36.2	33.2	3.0	-	3.0
Destination Experiences	**44.7**	**35.1**	**9.6**	**-2.2**	**11.8**
Holiday Experiences	***794.4***	***647.2***	***147.2***	***-71.6***	***218.8***
- Northern Region	254.1	345.8	-91.7	3.0	-94.8
- Central Region	89.1	71.5	17.6	-0.3	17.9
- Western Region	109.3	109.2	0.1	-	0.1
Markets & Airlines (formerly Sales & Marketing)	***452.5***	***526.5***	***-74.0***	***2.7***	***-76.7***
All other segments	-99.9	-71.6	-28.3	-5.8	-22.5
TUI Group continuing operations	**1,147.0**	**1,102.1**	**44.9**	**-74.7**	**119.6**

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Experiences (previously Destination Services) from Other Tourism and remaining business segments within Other Tourism into All other segments.
**Equity result

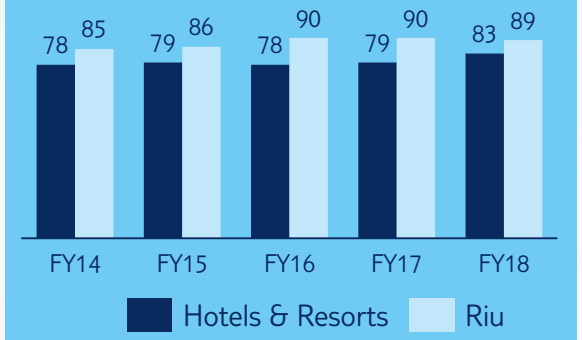
TUI Group: Fourth consecutive year of double-digit earnings growth[1]



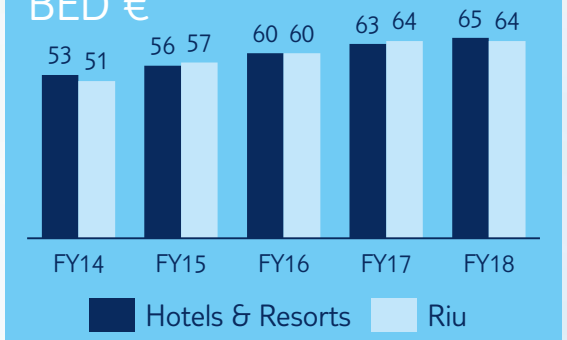
1 Based on constant currency growth 2 Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency

Holiday Experiences: Hotels & Resorts
Another strong overall performance delivers strong earnings growth

AVERAGE OCCUPANCY %



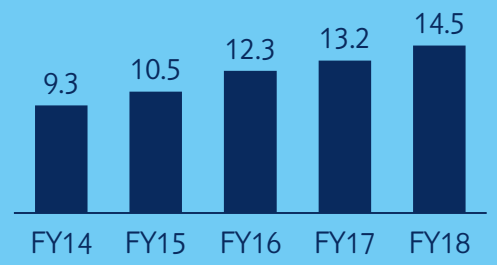
AVERAGE REVENUE PER BED €



44 NEW HOTEL OPENINGS SINCE MERGER

of which ~60% are lower capital intensity

SEGMENTAL ROIC %

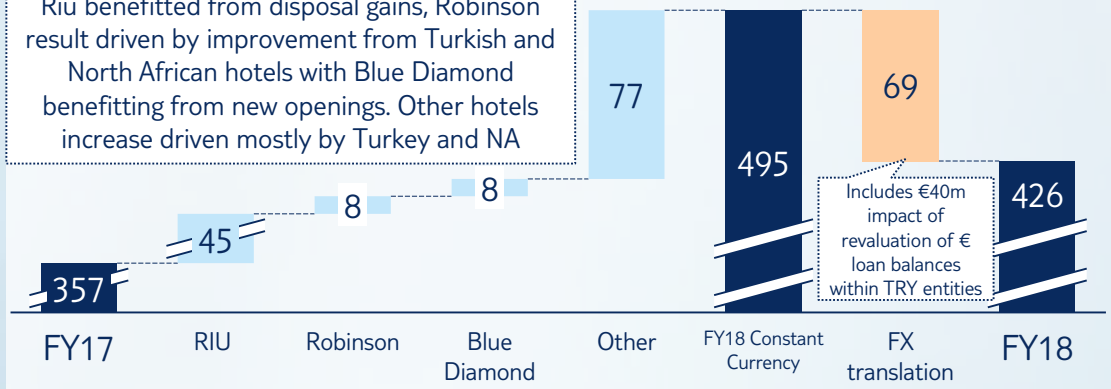


UNDERLYING EBITA (€m)

	FY18	FY17	%
Underlying EBITA	425.7	356.5	19.4
o/w fully consolidated	333.6	265.3	25.7
o/w equity result	92.1	91.2	1.0

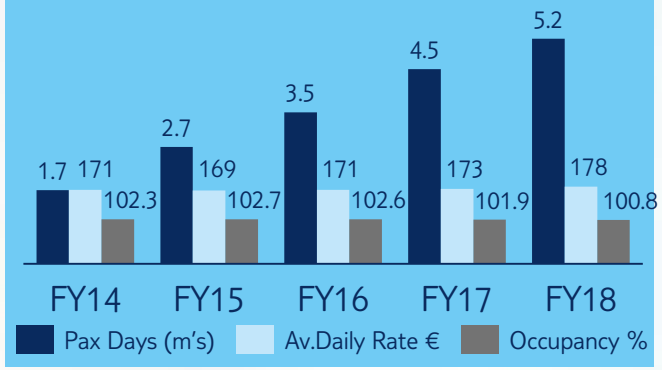
BRIDGE UNDERLYING EBITA (€M)

Riu benefitted from disposal gains, Robinson result driven by improvement from Turkish and North African hotels with Blue Diamond benefitting from new openings. Other hotels increase driven mostly by Turkey and NA

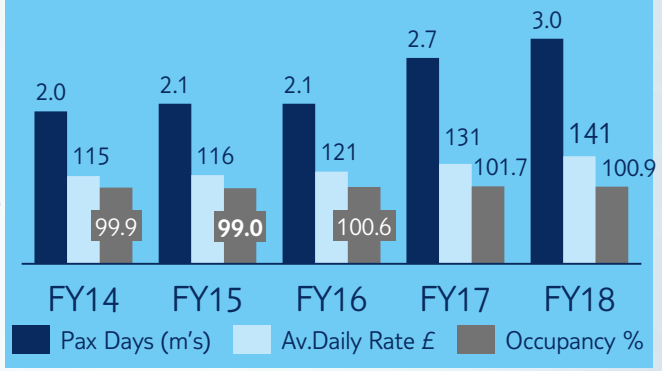


Holiday Experiences: Cruises
Investment paying off: capacity and strong earnings growth delivered

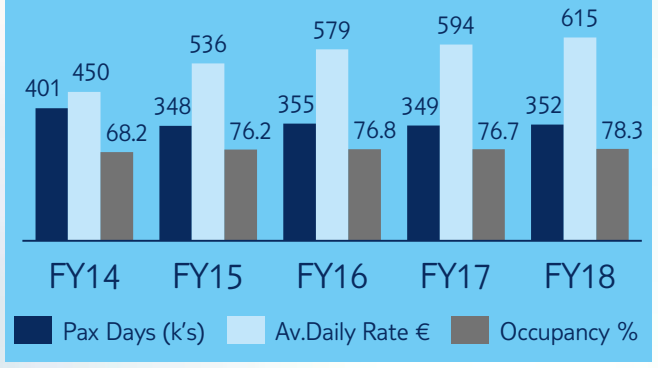
TUI CRUISES



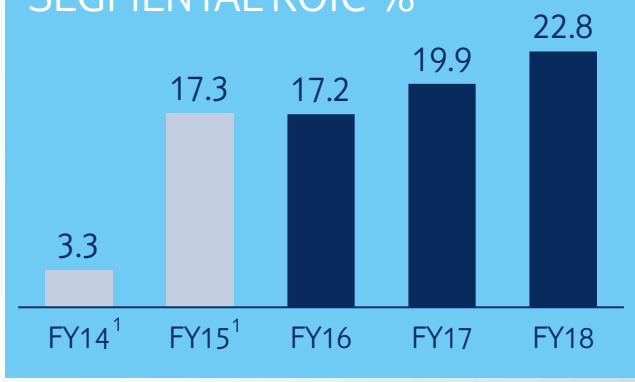
MARELLA CRUISES



HAPAG-LLOYD CRUISES



SEGMENTAL ROIC %

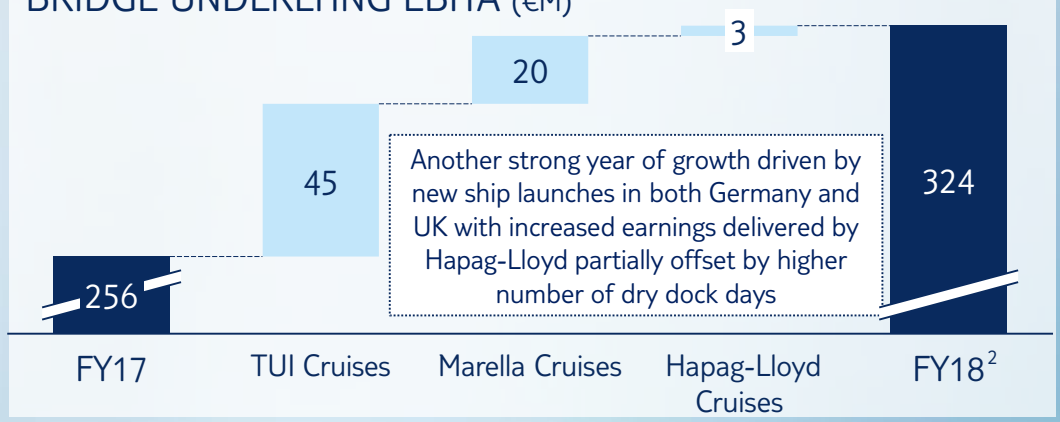


UNDERLYING EBITA (€M)

	FY18	FY17	%
Underlying EBITA	324.0	255.6	26.8
o/w fully consolidated	142.7	119.7	19.2
o/w equity result	181.3	135.9	33.4

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

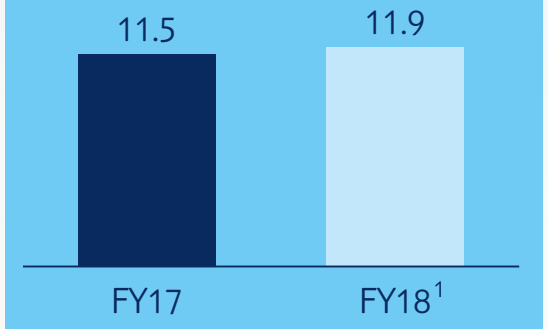
BRIDGE UNDERLYING EBITA (€M)



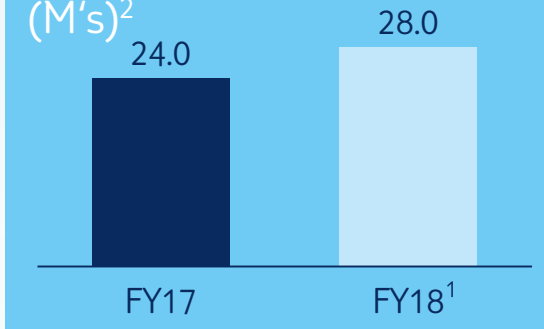
1 Excludes Marella Cruises 2 FX translation impact is less than €1m

Holiday Experiences: Destination Experiences Strengthened by strategic M&A

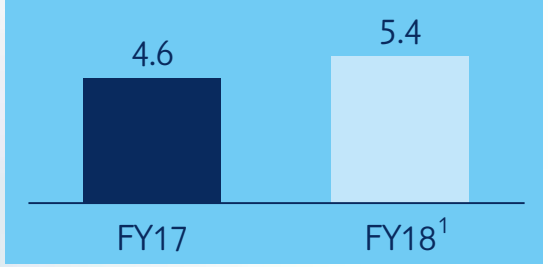
ARRIVAL GUESTS (M's)



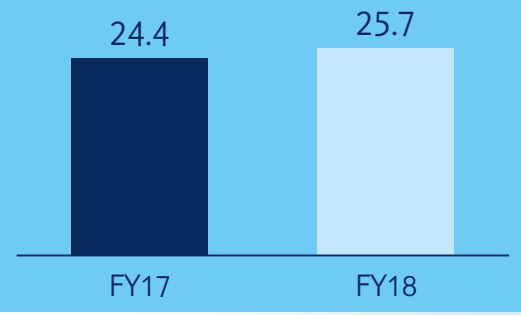
TRANSFERS OPERATED (M's)[2]



EXCURSIONS & ACTIVITES SOLD (M's)[2]



SEGMENTAL ROIC %



TURNOVER AND EARNINGS (€M)

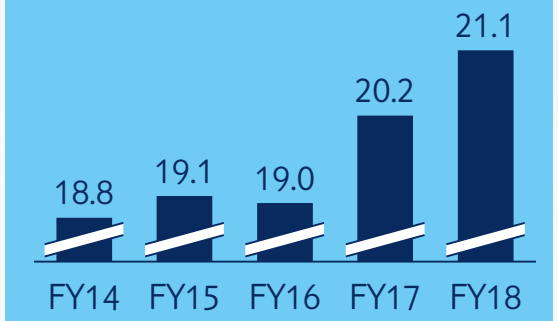
	FY18	FY17	%
Total Turnover	594.1	444.8	33.6
o/w Turnover 3rd Party	303.5	202.5	49.9
Underlying EBITA	44.7	35.1	27.4

- Strong underlying result driven by higher customer volumes in Turkey, Greece and North Africa and efficiencies in Spain, Portugal and Greece
- Excluding the acquisition of Destination Management from Hotelbeds, underlying EBITA at constant currency grew 20% in the year

1 FY18 includes Destination Management customers from acquisition in August 2018 2 Unaudited figures

Markets & Airlines (formerly Sales & Marketing)
Strength in distribution against backdrop of external challenges

CUSTOMERS (M's)[1]

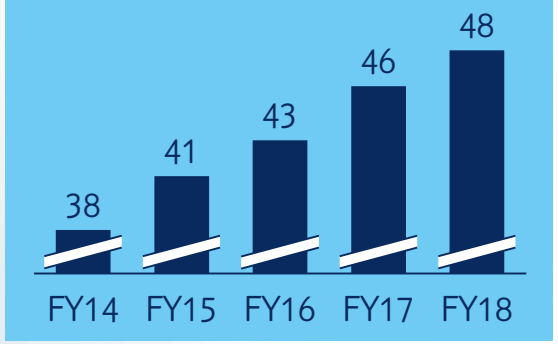


MARKETS

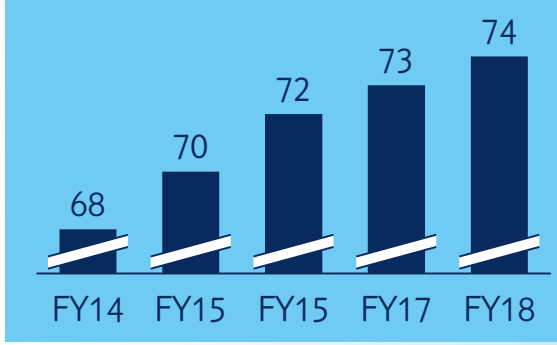
NET PROMOTER SCORE[2] REMAIN HIGH AT 50

SCORE MAINTAINED ACROSS MARKETS

ONLINE DISTRIBUTION %



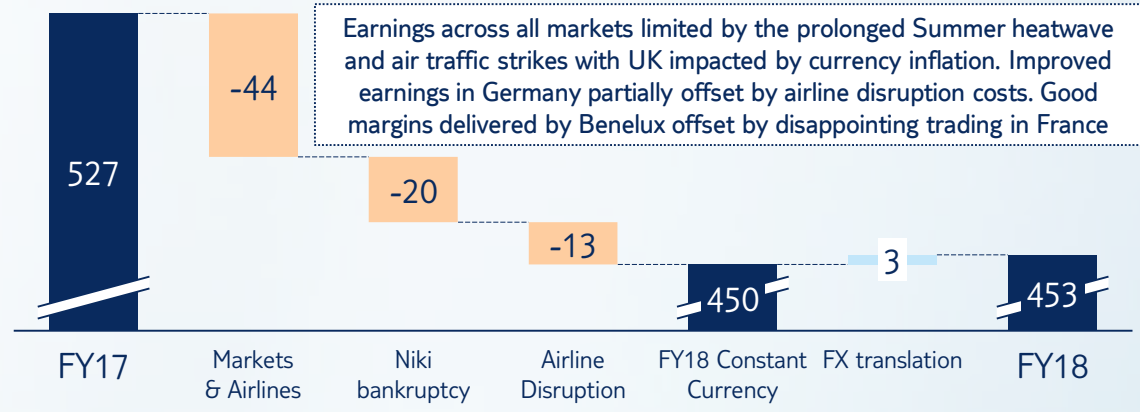
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18	FY17	%
Turnover	16,996.2	16,143.2	5.3
Underlying EBITA	452.5	526.5	-14.1

BRIDGE UNDERLYING EBITA (€M)



Earnings across all markets limited by the prolonged Summer heatwave and air traffic strikes with UK impacted by currency inflation. Improved earnings in Germany partially offset by airline disruption costs. Good margins delivered by Benelux offset by disappointing trading in France

1 Markets & Airlines customers, excludes Cruise and strategic joint ventures in Canada and Russia, which would total 23m 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)

Income Statement
Strong underlying business performance

In €m	FY18	FY17	YoY	YoY at Constant Currency
Turnover	19,523.9	18,535.0	+5.3%	+6.3%
Underlying EBITA	**1,147.0**	**1,102.1**	**+4.1%**	**+10.9%**
Adjustments (SDI's and PPA)	-86.8	-75.6		
EBITA	**1,060.2**	**1,026.5**	**+3.3%**	**+10.4%**
Net interest expense	-88.7	-119.2		
Hapag-Lloyd AG	0.0	172.4		
EBT	**971.5**	**1,079.7**	**-10.0%**	**-3.7%**
Income taxes	-191.3	-168.8		
Group result continuing operations	**780.2**	**910.9**		
Discontinued operations	38.7	-149.5		
Minority interest	-86.4	-116.6		
Group result after minorities	**732.5**	**644.8**		
Basic EPS (€)	1.25	1.10		
Basic EPS (€, continuing)	1.18	1.36		
Pro forma underlying EPS (€, continuing)	**1.17**	**1.14**	**+2.6%**	**+10.5%**

ADJUSTMENTS
Includes PPA €32m and planned restructuring costs in Markets & Airlines

INTEREST
Improvement of €31m vs. €120m guidance due to release of provision attributable to prior period, adjusted in pro forma underlying EPS

EBT
Prior year included €172m gain on disposal of Hapag-Lloyd AG shares

TAX
Prior year benefitted from the tax free disposal of Hapag-Lloyd AG shares, underlying ETR remains at 20%

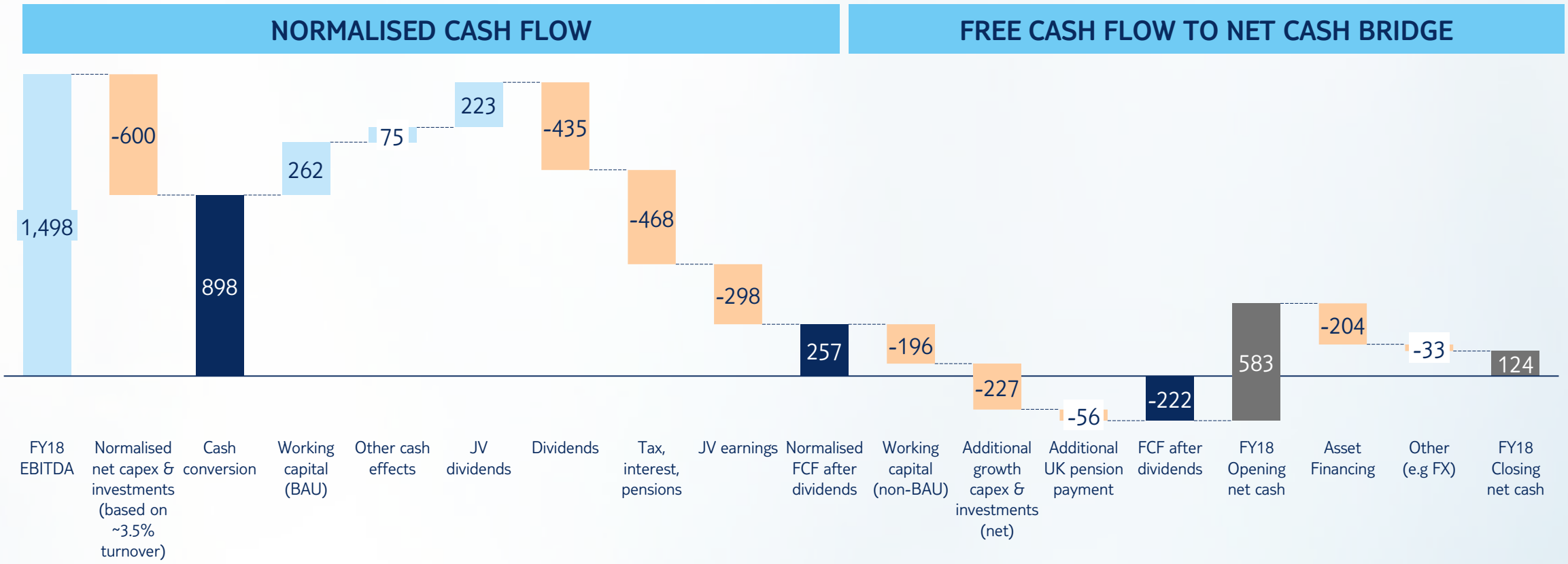
DISCONTINUED OPERATIONS
Expiry of volume provision relating to Hotelbeds transaction

MINORITY INTEREST
Affected by one off tax items, adjusted in pro forma underlying EPS

UNDERLYING EPS
Increase driven by stronger earnings, improved financing and continued low underlying ETR

FY18 cash flow still characterised by growth investments

FY18 CASH FLOW ANALYSIS IN €M



Unaudited figures – please refer to Appendix for detailed cash flow and movement in net cash reconciliation

Cash Flow & Movement in Net Cash

In €m	FY18	FY17
EBITDA reported[1]	**1,498.5**	**1,490.9**
Working capital	66.4	406.2
Other cash effects	74.6	89.9
At equity income	-297.7	-252.3
Dividends received from JVs and associates	222.7	118.2
Tax paid	-236.0	-146.1
Interest (cash)	-80.8	-57.1
Pension contribution	-207.5	-141.3
Operating Cash flow	**1,040.2**	**1,508.4**
Net capex & investments incl PDPs[2]	-827.0	-1,071.9
Disposal proceeds	-	388.0
Free Cash flow	**213.2**	**824.5**
Dividends	-435.3	-456.8
Free Cash flow after Dividends	**-222.1**	**367.7**

OPERATING CASH FLOW

- Reduction due to timing of and higher hotel prepayments in the period and deconsolidation of Travelopia versus FY17

CAPEX PHASING INTO FUTURE PERIODS

- Some phasing into future periods due to delayed hotel project spend

In €m	30 Sep 2018	30 Sep 2017
Opening net cash as at 1 October including Discontinued Ops	**583**	**350**
Movement in cash net of debt	-222	368
Asset Finance	-204	-149
Other	-33	14
Closing net cash as per Balance Sheet	**124**	**583**

1 Continuing ops basis, non-continuing adjustment in Other cash effects 2 Net capex of €746.2m, net investments of €63.1m and net PDPs of €17.7m

Net Financial Position, Pensions and Operating Leases

In €m	30 Sept 2018	30 Sep 2017
Financial liabilities	**-2,443**	**-1,933**
- Finance leases	-1,343	-1,227
- Senior Notes	-297	-296
- Liabilities to banks	-780	-381
- Other liabilities	-23	-29
Cash & Bank Deposits	**2,567**	**2,516**
Net cash	**124**	**583**
- Net Pension Obligation	-995	-1,127
- Discounted value of operating leases[1]	-2,654	-2,619

FINANCIAL LIABILITIES

- Higher versus prior year as a result of aircraft financing; Schuldschein issuance and additional finance leases

1 At simplified discounted rate of 1.7% with both years on continuing ops basis

Leverage ratio – FY18 reflects Schuldschein, target range maintained

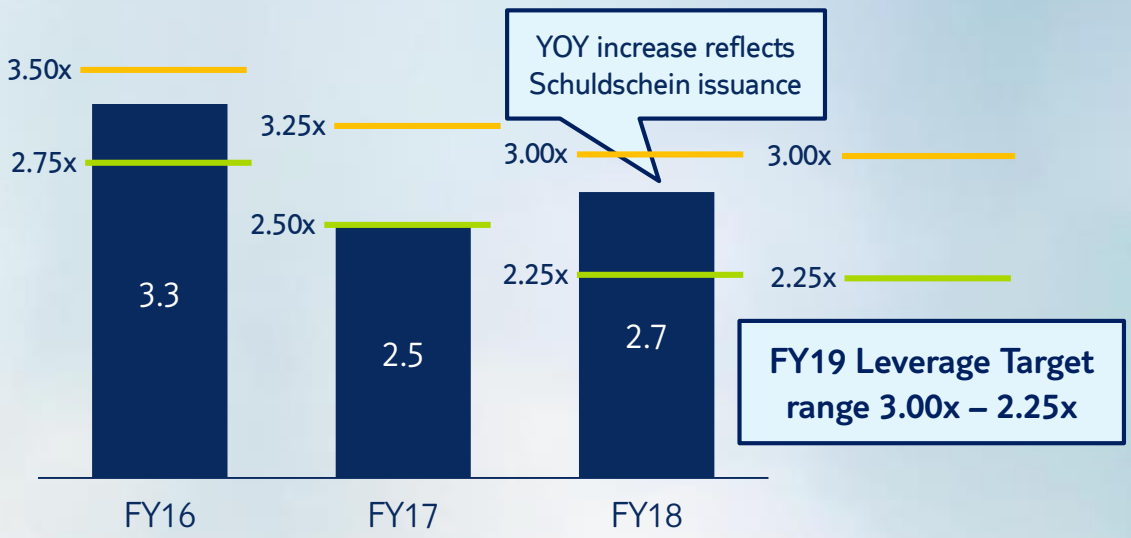
LEVERAGE RATIO FY18

€m	FY18	Guidance
Gross debt	2,443	↗
to Bonds	*297*	
to Liabilities to banks	*780*	
to Finance leases	*1,343*	↗
to Other financial liabilities	*23*	
Pensions	870	↘
Discounted value of operating leases[1]	2,654	↘
Debt	5,967	
Reported EBITDAR	2,220	
Leverage Ratio	**2.7x**	

SPLIT
80% Aircraft
20% Cruises & Other

- Current aircraft order book confirmed deliveries for fleet rollover consists of 70 aircraft until FY23[2]
- Case by case decision regarding future financing, current assumption is a mix of owned, operating and finance leases

DEVELOPMENT AND OUTLOOK



Credit Rating improvement

Rating agency	FY16	FY17	FY18
S&P	BB-/positive	BB/stable	BB/stable
Moody's	Ba2/stable	Ba2/stable	Ba2/positive

1 At simplified discounted rate of 1.75% 2 In addition to the firm aircraft order book deliveries of 70 aircraft, TUI has 33 aircraft options until FY23



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