

TUI Group Investor Presentation

June 2020



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.

OVERVIEW

TUI Group at a glance

TUI GROUP

- **21m** Customers[1]
- **€18.9bn** Turnover
- **€893m** EBITA / excl. MAX **€1,186m** EBITA[2]
- **15.5%** ROIC / excl. MAX **~21%** ROIC[2]
- **~71,500** Employees

HOLIDAY EXPERIENCES (~70% EBITA[2])

HOTEL	**€452m** EBITA	Leading leisure hotel and club brands around the world; investments, operations, ownership
	€366m EBITA	Leading German & UK cruise brands
	€56m EBITA	Tours, activities and service provider in destination

MARKETS & AIRLINES (~30% EBITA[2])

	€132m EBITA	Market leaders in packaged distribution, fulfilment, strong market and customer knowledge

* FY19 Results I 1 defined as our Markets & Airlines customers – excludes 7m customers from our joint ventures in Canada and Russia as well as direct and 3rd party distribution customers from our H&R and Cruise brands which would total 28m customers I 2 Excluding cost impact of Boeing 737 MAX grounding in Markets & Airlines segment

TUI's integrated business model with ecosystem of 21m customers is the basis of our success

Markets & Airlines

- **21m** customers
- Leading market shares **20-40%**[1]
- Ave. spend **per customer €800** p.a.[2]
- **~30%**[3] of profit pool
- Under some **structural and cyclical pressure**

STRONG CUSTOMER BASE

Holiday Experiences

- **411**[4] **Hotels**
- **18 Cruise ships**[5]
- **ROIC >1/3 higher** than peers[6]
- **70%**[3] of profit pool
- **High profit** resilience
- Investments and **cash returns**

DIFFERENTIATED CONTENT







- Differentiated product offering in Holiday Experiences
- Driving Holiday Experiences premium returns through scale in Markets & Airlines
- Customer ownership: digitalised product upselling
- Double diversification

1 Company estimates – market defined as traditional sun and beach tour operator market | 2 Based on FY19 Group Revenue divided by 21m Markets & Airlines customers | 3 Excluding cost impact of 737 MAX in Markets & Airlines segment | 4 Includes Group hotels and 3rd party concept hotels as at end of FY19 | 5 As at December 2019 | 6 H&R FY18 and FY19 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROIC. Cruise Segment: FY18 and FY19 ROIC pre IFRS 16 basis of 23% versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROIC.

TUI's four strategic initiatives - grow integrated business model through expanded distribution and content

1 MARKETS & AIRLINES



Protect and where possible extend leading positions in core markets

2 HOLIDAY EXPERIENCES



Asset-right expansion, driving returns, benefiting from vertical integration

- Grow own products
- Acceleration of digital customer acquisition
- Enlarge ecosystem, digitalised upselling
- Individualised offerings

3 GDN-OTA[1]



Building scale based on competitive pricing to extend TUI's ecosystem

4 DESTINATION EXPERIENCES



Building scale in the "things to do" market and attracting customers to extend TUI's ecosystem

1 Global Distribution Network – Online Travel Agency

POST COVID-19: The world will be different – acceleration of TUI's global initiatives

REDUCE COSTS



- Accelerate Transformation project
- Merge tasks and organizations across the Group
- Global consolidation of IT structures
- Targeting to permanently reduce our overhead cost base by 30% across the Group
- Impact on potentially 8,000 roles globally

REDUCE CAPITAL INTENSITY



- Asset-right strategy in Hotels & Cruises
- Reduction of investment levels
- Rightsizing of airlines & order book; restructuring
- Divest/address non-profitable activities

DRIVE DIGITALISATION



- Increase accommodation only, seat only and dynamic packaging
- Drive online strategy
- Enhance transformation of DX to a digital business
- Grow TUI ecosystem

Future TUI will be leaner, less capital intensive & more digital

COVID-19 UPDATE

Setting the scene – COVID-19 crisis and the impact on TUI

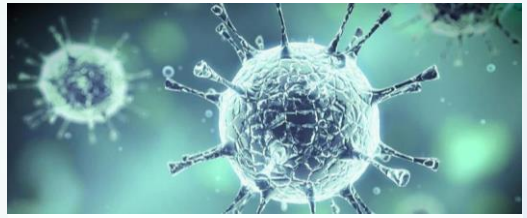
1 PRE COVID-19



- Strong strategic positioning to deliver sustained growth
- Strong operating performance and cash flow generation
- Robust financial position

Exceptional start to Summer 2020 trading

2 COVID-19 IMPACT



- TUI without turnover in light of global travel warnings
- Booked holidays during suspension period needed to be cancelled
- Customers can request refunds

Liquidity squeeze due to customer refunds & remaining fixed costs

3 TUI ACTIONS



- Excellent crisis management, >200k customers repatriated, ministries supported with rescue flights
- Applied for state aid and received approval for KfW-bridge loan of €1.8bn
- Reducing cost base by 70% within four weeks

KfW loan secured within two weeks & cost base significantly reduced by 70%

4 POST COVID-19

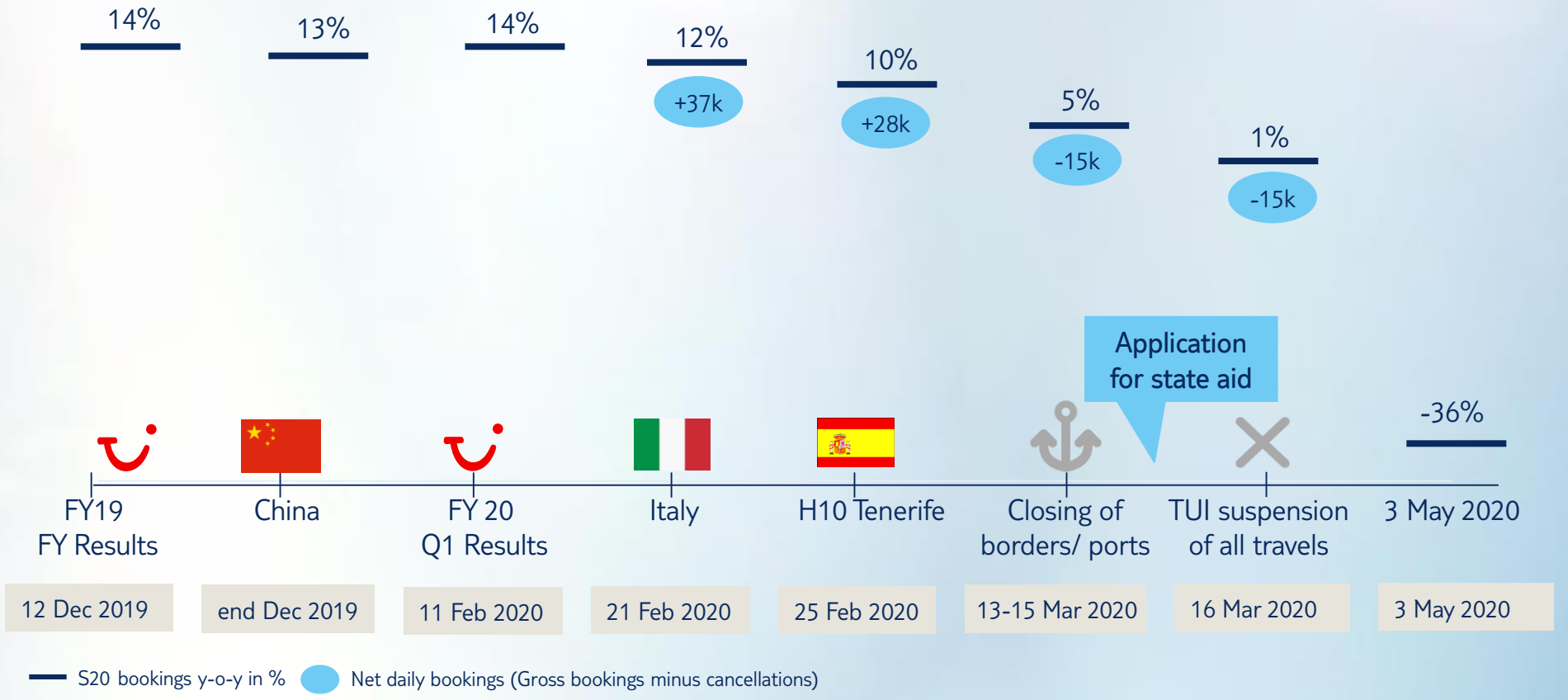


- Holidays remain a high priority for the consumer and TUI is a trusted brand with differentiated products
- Integrated business model will allow quick restart
- Global realignment programme in place to address market and debt challenges

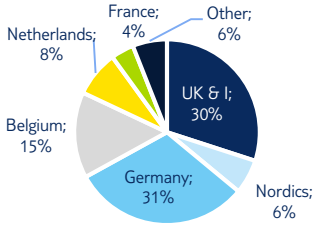
Global realignment programme & digital acceleration, ready for restart of business

1 **PRE COVID-19:** TUI with exceptionally good start for Summer 2020 – slowdown of booking curve in the light of COVID-19 spread

SUMMER 20 BOOKING DEVELOPMENT YOY (IN %)



2 COVID-19 OPERATIONAL IMPACT: Operations suspended since mid-March, however easing of travel restrictions enables partial restart of operations from mid-June/early July

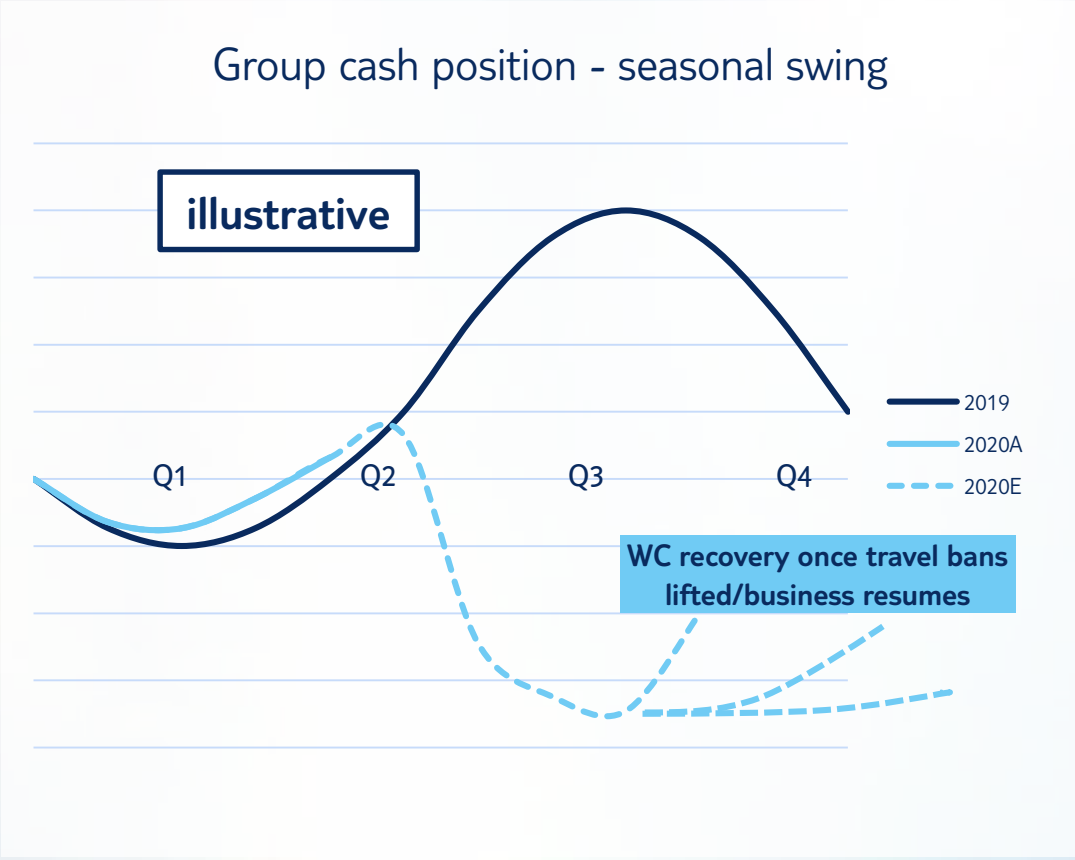
SEGMENT	MARKET/ PRODUCT	TRAVEL SUSPENSION[1] / RESTART OF BUSINESS
MARKETS & AIRLINES  %-stake of total PAX number in FY19 in M&A segment	UK & IRELAND	10 July 2020
	NORDICS[2]	**restart DK: 27 June / SE: 1 July**
	GERMANY[3]	**restart 15 June 2020**
	BELGIUM	**restart 15 June 2020**
	NETHERLANDS	**restart 1 July 2020**
	FRANCE	30 June 2020
HOTELS & RESORTS	HOTELS & RESORTS	varies by destination
CRUISES	TUI CRUISES	end July 2020
	MARELLA CRUISES	27 August 2020
	HAPAG-LLOYD CRUISES	mid July 2020
DX	DX	varies by destination

COMMENTS[4]

- Various programme suspension dates as a result of global travel bans, on average until July
- Germany, Belgium and Netherlands restarting their programme to selected countries in Europe
- Cruise brands are suspended until July/ August
- Summer 20 programme around 25% sold to date versus ~70% at same point last year
- Summer 20 ASP up 14%
- Winter 20/21 still very early in the cycle with UK bookings up by 6% and ASP up 5%
- Summer 21 bookings continue to look promising although on small volumes

1 Suspension dates as of 16 June 2020 2 In Norway travel suspended until 20 August, in Finland travel suspended until 30 June 3 For holidays outside Germany 4 **Booking data as of 7 June 2020**

2 COVID-19 FINANCIAL IMPACT: Seasonal swing and anticipated outflow for customer refunds



COMMENTS

- Tourism industry is characterised by a **seasonal liquidity swing** with high inflows from customers during Q2 & Q3
- European Travel Directive requires cash refunds for cancelled holidays under travel ban
- Many of our source market governments are however considering **voucher refund mechanisms** or **state backed fund solutions**
- We expect a **low to mid-single digit hundred millions per month** for customer cash refunds **during the suspension** period, but in particular for outer dates customers are taking voucher credit or rebooking to later date
- We anticipate a **partial restart of operations** to result in an **immediate working capital inflow**
- Additionally, we are generating **new bookings for both current and upcoming seasons**

A partial restart of operations and new bookings will generate immediate working capital inflow

3 COVID-19 FINANCIAL IMPACT & TUI ACTIONS: Significantly reduced fixed costs during crisis mode

MITIGATION MEASURES TAKEN IMMEDIATELY

- **3P Accommodation**; force majeure notice
- **Aviation;** renegotiating contracts
- **Hotels and Resorts**; 354 hotels across portfolio closed
- **Cruise**; docked with crew, ready to resume
- **DX**; 3P contracts renegotiated
- **Staff**, including short time working and utilisation of government employment schemes where available

TYPICAL CASH FIXED COSTS

€0.7bn - €1.4bn[1] per month

> -70%

POST COVID-19 CASH FIXED COSTS

€0.25bn - €0.3bn per month

Note: excluding costs / payment obligations below EBIT, i.e. minimum invest, interest, pensions, debt amortisation: total ~€50m per month

All numbers excluding depreciation; 1 in peak season

3 TUI ACTIONS: KfW loan received in the amount of €1.8 billion

COMMENTS

- Global travel suspension led to high liquidity needs to cover customer refunds and fixed costs
- TUI was the first company to successfully achieve German state aid, supported by existing banking consortium
- Solid repayment plan under the agreed scenario
- TUI's cash and available facilities
  - 15 March: €1.4bn (pre KfW loan)
  - 27 March: €3.1bn[1]
  - 10 May: €2.1bn[2]
- Dividend payments are waived for the term of the credit line under the KfW state loan conditions

RCF – NEW KfW TRANCHE	
Borrower	TUI AG
Date of RCF increase	April 2020
Maturity Date	October 2021 – July 2022[3]
Amount	€1.8 billion
Financial Covenants[4]	Suspension agreed: Mar 2020; Sep 2020; Mar 2021 Net debt/LTM EBITDA ≤ 3.0x Interest cover ≥ 1.5x

RCF – INITIAL TRANCHE	
Borrower	TUI AG
Issue	September 2014
Maturity Date	July 2022
Amount	€1.75 billion (incl. €215m for issue of bank guarantees)
Financial Covenants[4]	Suspension agreed: Mar 2020; Sep 2020; Mar 2021 Net debt/LTM EBITDA ≤ 3.0x Interest cover ≥ 1.5x

Comment: Both tranches are unsecured and rank pari passu; 1 pro forma; 2 Movement included repayment of financial maturities in the amount of €0.3bn 3 Provided the €300m senior bond is refinanced in time, final maturity date shall be automatically extended from 15 October 2021 to 20 July 2022; 4 Tested as per March and September

4 **POST COVID-19:** TUI has a solid business model and is in a good position to rebuild a robust financial profile

LIQUIDITY ENHANCING MEASURES

- Fixed cost base significantly reduced
- Other mitigation measures, e.g. CAPEX reduction by around 50% for FY 2020
- Adoption of voucher refund mechanism
- Tax relief
- Working Capital inflow
- Closing Hapag-Lloyd Cruises transaction
- Sale & leaseback of assets

RESULTING POSITION

- With cash and available facilities as well as the liquidity enhancing measures, TUI has sufficient funds to cover the coming months
- TUI is evaluating a variety of options with the aim to best position TUI's balance sheet and liquidity through an extended period of disruption and post crisis
- Anticipate partial restart of our business to result in immediate working capital inflow and to be able to operate those with a positive contribution towards cash fixed costs

4 **POST COVID-19:** This year travel will be different but possible –TUI first operator to partially restart holidays







- **Easing of travel restrictions in Europe has enabled us to restart partial operations**
  - From mid-June and July, our source markets including Germany, Belgium, the Netherlands and Switzerland will be offering holidays to a limited number of European destinations. We anticipate UK and Nordics to follow suit later in the summer
  - The safety, health and wellbeing of both guests and colleagues remain paramount and will not be compromised. At every step of the holiday, we will offer an experiences that is both responsible and as relaxed as possible for our guests
  - Based on our current restart dates, we are planning to operate ~30% of our original capacity for S20
  - We will manage our capacity depending on customer demand and in line with safety guidelines as specified by both source markets and destinations
- **Through our various distribution channels we receive incoming bookings for Summer 2020 and beyond**
  - Summer 20[1] around 25% sold compared to ~70% sold at same point last year
  - Winter 20/21[1] is very early in the cycle with UK bookings up by 6% and ASP up 5%
  - Google search for "beach" and first Summer 21 bookings are looking promising although on small volumes; occupancy levels of TUI Cruises for Summer 21 at last years' level

TUI with an integrated business model is first operator to responsibly and safely relaunch summer 2020 holidays

1 As of 7 June 2020

#HOLIDAY2020 – How we prepare for safe travel during Covid-19

Travel builds on trust and we put health and safety first!

TUI

Flights

AT THE AIRPORT
Personal distancing, paperless ticketing, temperature checks, additional staff

CLEAN AIR ONBOARD
Highly effective air filtering systems with air flowing vertically ensures good air quality

BOARDING
Announcements, requirement to wear face masks, staggered boarding in small groups, no lines in jet bridges and aisles

SERVICE ONBOARD
Pre-order and cashless payment for food & beverages, seats assigned apart as much as possible on flights with lower occupancy

AFTER ARRIVAL
Staggered deboarding, more transfer busses, distancing at baggage belts and passport controls, frequent deep cleaning

In Destination

MEET & GREET
Provide relevant information digitally and upfront to ensure smooth Meet & Greet on arrival.

TRANSFERS
Increased hygiene measures for every journey plus more frequent cleaning and increased offering of private transfers.

ACTIVITIES AND EXCURSIONS
Increased availability of outdoor activities, smaller groups and private tours as well as domestic products.

SERVICE
Digital services to reduce unnecessary touchpoints, apply social distancing and hygiene measures in personal interaction.

Hotels

INCREASED HYGIENE STANDARDS
Increased Covid-19 hygienic & cleaning standards, increased disinfection points, implementation of 1.5-2m safety distance, extensive training of hotel staff

ADAPTED FOOD CONCEPTS
Less tables per restaurant, adapted opening hours, serviced buffet instead of self service buffet, open air seating space to be prioritized

ENTERTAINMENT
Alternative evening programme at spacious outdoor area, no night clubs, Kids' Club according to regulations in source market and destination

ACTIVITIES
Team sports replaced by other activities (e.g. tennis instead of soccer), less participants but more frequencies, spa areas with limited offers, saunas closed

Cruises

BOARDING
Health questionnaires. screening pre-boarding (for crew and guests, e.g. temperature scan, staggered boarding.

CAPACITY
Restart with lower occupancy rates (until 31 Aug max. 1,000 guests) – allowing for more distance in public areas

PORTS
Joint procedures with port authorities for handling possible Covid-19 cases

AT SEA
No self service restaurants, every third seat occupied in theatre's, max of 10 in Kids' Club, limited guests in Spa and Gym

HYGIENE & SAFETY
OPP-Level 3 (cleaning of frequently touched surfaces every 30 minutes), Covid-19 testing devices on board, additional health staff on board

© TUI AG Group Corporate & External Affairs | as per May 8, 2020

FY20 H1 Results

H1 performance: Strong operating result for 5M, March acutely impacted by COVID-19 travel suspension

5M YTD TURNOVER
€6.0bn[1]
+6%[1]

H1 TURNOVER
€6.6bn[1]
-1%[1]

5M YTD UND. EBIT
-€240m[1,2]
+21%[1,2]

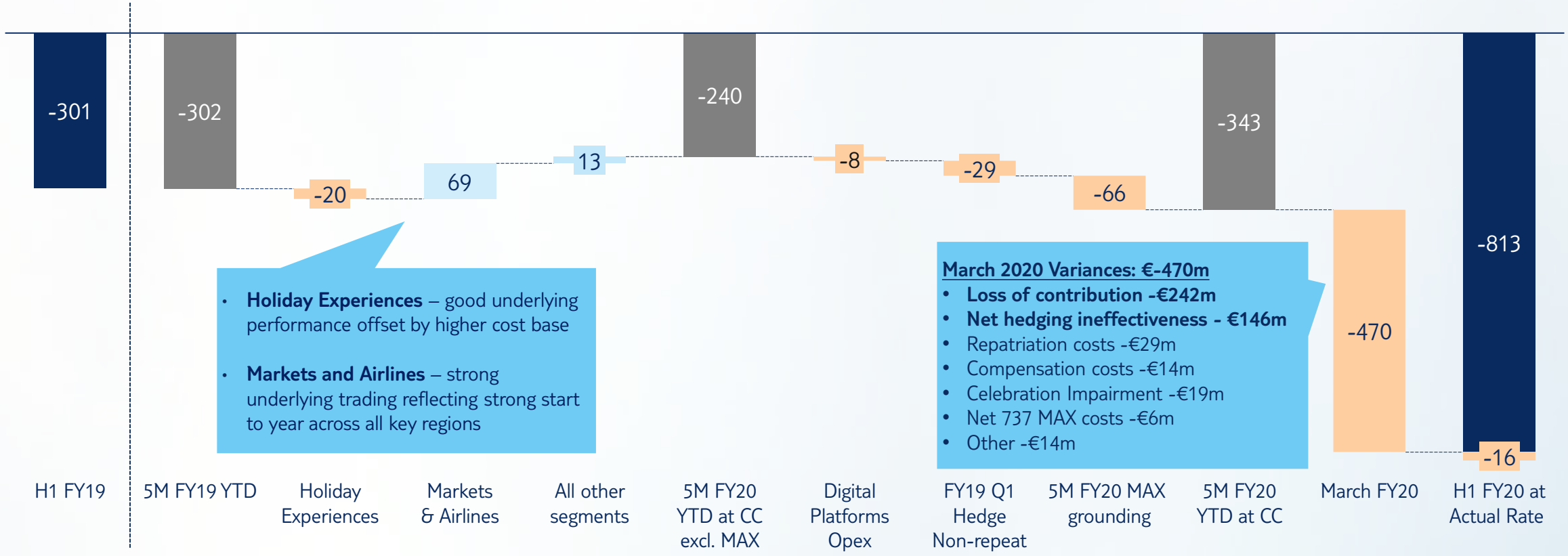
H1 UND. EBIT
-€813m[1]
-€512m[1] vs. PY

- **5M turnover up 6%** at constant currency reflecting strength of trading pre COVID-19 impact
- Strong start into FY20 – **5M underlying EBIT** (excl. Boeing / one-offs) **improved by €62m[1]** versus prior year
- **H1** underlying EBIT **declined by €512m[1]**
- **March** lost contribution and costs incurred as a result of **COVID-19 travel suspension** combined with **737 MAX** costs totals **€470m**
- **FY20 guidance withdrawn on 15 March 2020** in view of the current unpredictable situation

Figures based on a pro-forma calculation according to IAS 17 | 1 At constant currency | 2 Excluding one-off impact from opex in digital platforms, PY Hedging gain of €29m and Boeing 737 MAX impact of €66m

Strong start to first 5M excluding MAX grounding and PY one-offs, fully offset by unprecedented COVID-19 travel suspension in March

FY20 H1 UNDERLYING EBIT IN €M[1]



1 FY20 H1 financials based on a pro-forma calculation according to IAS 17

FY20 guidance withdrawn reflecting unknown period of worldwide travel suspension as a result of COVID-19

*"... the Executive Board has decided today to **withdraw the Financial Year 2020 guidance** as communicated on 11 February 2020. Furthermore the Executive Board also refrains from issuing a new guidance for the Financial Year 2020 under the current circumstances."*

TUI AG Ad-hoc announcement 15 March 2020

*"TUI AG receives commitment of the German Federal Government for a KfW loan in the amount of € 1.8 billion. ... One of the conditions of the KfW loan is that TUI de facto **waives dividend payments for the term of the credit line.***

TUI AG Ad-hoc announcement 27 March 2020

SUMMARY

Summary –
TUI will be stronger, leaner and more flexible post COVID-19

- ✓ **COVID-19 is the greatest crisis tourism and TUI has ever faced**
- ✓ **We managed the situation by securing liquidity & reducing fixed costs immediately**
- ✓ **We launched a global realignment programme targeting to permanently reduce our overhead cost base by 30% across the Group, with an impact on potentially 8,000 roles globally**
- ✓ **People continue to have a passion for holidays & TUI as trusted brand will benefit from a recovery**
- ✓ **The safety of our customers and employees remains our top priority**
- ✓ **We as the market leader are prepared for a responsible restart together with the destinations**

Future TUI will be leaner, less capital intensive & more digital

APPENDIX – FY20 H1 RESULTS

H1 FY20 – Strong start to financial year fully offset by lost contribution and costs incurred as a result of unprecedented COVID-19 travel suspension in final month of first half

SEGMENTS

HOTELS & RESORTS



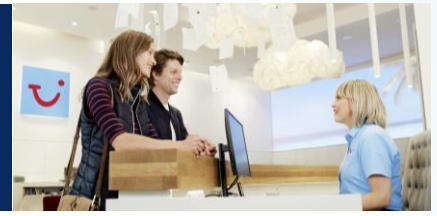
CRUISES



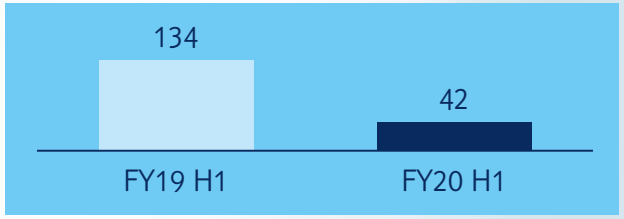
DESTINATION EXPERIENCES

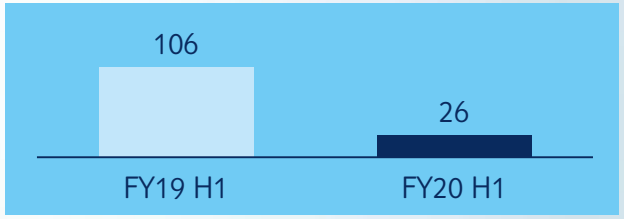


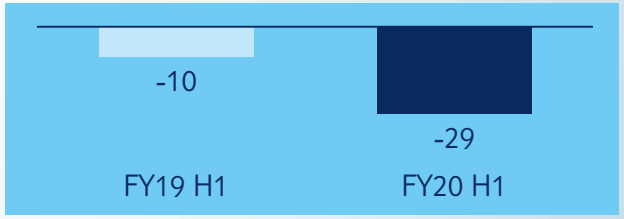
MARKETS & AIRLINES

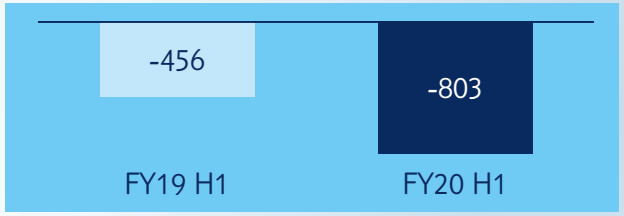


UNDERLYING EBIT €M[1]









H1 KEY KPIs (YoY)

Capacity (m of bed nights)	Occupancy %	Av. Rev. per Bed €
17 (-2%)	**75** (-2 pts)	**73** (+2%)

Brand	Pax Days (k)	Occupancy %	Av . Price
TUI Cruises	**2,841** (+1%)	**88** (-11 pts)	**€142** (-4%)
MARELLA CRUISES	**1,366** (-5%)	**96** (-4 pts)	**£146** (+1%)
HAPAG LLOYD CRUISES	**200** (+33%)	**77** (flat)	**€613** (-4%)

Excursions, Activities and Tickets sold (m)
2.4 (+3%)

Customers (m)	Online Distribution %	Direct Distribution %
6.3 (-4%)	**51** (-1pt)	**73** (-1 pt)

1 FY20 H1 financials based on a pro-forma calculation according to IAS 17

H1 Income Statement – Underlying EBIT result reflects group-wide impact from COVID-19 travel suspension, offsetting strong start to financial year

In €m	FY20 H1 IFRS 16	FY20 H1 IAS 17[1]	FY19 H1	*IAS 17 Δ YOY*
Turnover	6,638.7	6,643.3	6,676.4	-33.1
Underlying EBITDA	**-298.1**	**-559.4**	**-78.5**	**-480.9**
Depreciation & Amortisation	-528.8	-269.2	-223.1	-46.2
Underlying EBIT	**-826.8**	**-828.7**	**-301.6**	**-527.1**
Adjustments (SDI's and PPA)	48.8	48.8	-46.5	95.3
EBIT	**-778.0**	**-779.9**	**-348.1**	**-431.7**
Net interest expense	-103.0	-54.9	-35.2	-19.7
EBT	**-881.1**	**-834.8**	**-383.3**	**-451.5**
Income taxes	35.2	33.4	94.2	-60.9
Group result continuing operations	**-845.8**	**-801.4**	**-289.1**	**-512.3**
Minority interest	-46.4	-46.4	-54.1	7.7
Group result after minorities	**-892.2**	**-847.7**	**-343.1**	**-504.6**
Basic EPS (€)	**-1.51**	**-1.44**	**-0.58**	**-0.86**
Underlying EPS (€)	**-1.37**	**-1.31**	**-0.56**	**-0.75**

TURNOVER

YoY turnover flat reflecting lost revenue from travel suspension in final month offsetting the strong start to financial year. **5M basis, turnover up 6%**

UNDERLYING EBIT

YoY decrease of €527m at actual rates as a result of lost contribution and costs arising **from COVID-19 travel suspension**

ADJUSTMENTS

YoY improvement due to ~€91m gain on disposal of German specialist businesses Berge & Meer and Boomerang during first quarter

TAX

Reduction of benefits arising from tax losses

1 FY20 H1 financials based on a pro-forma calculation according to IAS 17

H1 Cash flow – FCF improvement on prior year from reduced net investments, offsetting reduced EBITDA contribution

In €m	FY20 H1 IFRS 16	FY20 H1 IAS 17[1]	FY19 H1	*IAS 17 Δ YOY*
EBITDA underlying	**-298.1**	**-559.4**	**-78.5**	**-480.9**
Adjustments	69.5	69.5	-28.8	98.3
EBITDA reported	**-228.6**	**-489.9**	**-107.3**	**-382.6**
Working capital	-492.4	-516.7	-349.0	-167.7
Other cash items[2]	-76.4	-47.2	-271.3	224.1
At equity income	-41.9	-41.9	-106.2	64.3
Dividends received from JVs and associates	6.5	6.5	61.9	-55.4
Operating Cash flow	**-832.8**	**-1,089.2**	**-772.0**	**-317.2**
Net Investments	-287.2	-287.2	-651.4	364.2
Free Cash flow	**-1,120.0**	**-1,376.4**	**-1,423.4**	**47.0**
Dividends	-318.6	-318.6	-423.3	104.7
Free Cash flow after Dividends	**-1,438.6**	**-1,695.0**	**-1,846.7**	**151.7**
Cash flow from financing	705.0	961.5	377.5	584.0
o/w Payments received from the issue of loans, commercial paper and drawings from other financial facilities	*1,105.9*	*1,105.9*	*525.6*	*580.2*
o/w Payments made for redemption of loans, commercial paper and other financial liabilities	*-400.8*	*-144.4*	*-148.1*	*3.8*
Total Cash Flow	**-733.6**	**-733.6**	**-1,469.2**	**735.6**

UNDERLYING EBITDA
Group underlying EBITDA reflects impact from **COVID-19 travel suspension**

WORKING CAPITAL
Working capital primarily down due to substantially lower inflows of customer deposits in March vs H1 FY19

CASH FLOW
Operating cash flow decline of ~€317m reflects reduction in EBIT and working capital, offset by cash and tax effects not in EBIT

FREE CASH FLOW
Ahead of prior year due to **disposal proceeds of German specialist business** during Q1

FCF AFTER DIVIDENDS
Ahead of prior year including dividend payment of €319m in mid-February 2020

FINANCING CASH FLOW
H1 cash flow from financing includes net RCF draw down in the period

UPDATE TO FY20 CASH FLOW & DEBT FINANCING GUIDANCE[3]

- Full Year FY20 Net capex and investments reduced to ~€440m
- Full Year FY20 Asset and debt financing expect ~€400m

1 FY20 H1 financials based on a pro-forma calculation according to IAS 17 | 2 Other cash items variance of €224 (on IAS 17 basis) include other cash effects (+€183m YoY), tax paid (+€34m YoY), cash interest (-€3m YoY) as well as pension contribution & payments (+€11m YoY) | 3 Pro-forma IAS 17 basis and Pre TUI Cruises' acquisition of Hapag-Lloyd Cruises

H1 Movement in Net Debt – seasonal swing broadly in line with prior year, partly reduced by Hapag-Lloyd reclassification to disposal group

In €m	FY20 H1 IFRS 16	FY20 H1 IAS 17[1]	FY19 H1	YoY Δ IAS 17
Opening net debt as at 1 October	**-910**	**-910**	**124**	**-1,034**
FCF after Dividends	-1,439	-1,695	-1,847	152
Asset Finance	-528	-369	-206	-163
Other	4	-5	-35	30
Disposal group - Hapag-Lloyd Cruises	336	329	-	336
Σ before lease liabilities first time adoption IFRS 16	**-2,536**	**-2,650**	**-1,964**	**-686**
Lease liabilities first time adoption IFRS 16	-2,367	-	-	-
Closing Net Debt IFRS 16 per Balance Sheet	**-4,903**	**-**	**-**	**-**
Net Debt Swing pro-forma IAS 17		-1,740	-2,088	348

NET DEBT (PRO-FORMA IAS 17 BASIS)

FY20 H1 net debt swing of ~€1.7bn since Year End, improving on prior year swing of ~€2.1bn, predominantly due to Hapag-Lloyd, now reported as a disposal group

Closing net debt of €4.9bn based on reported figures is higher due to the first time adoption of IFRS 16

LIQUIDITY

TUI total liquidity of €2.1bn of cash and available facilities as at 10 May 2020 (post balance sheet date)

1 Based on a pro-forma calculation according to IAS 17

Net Financial Position, Pensions and Operating Leases

In €m	31-Mar-20	31-Mar-19
Financial liabilities	**-5,937**	**-3,101**
- Finance leases	-	-1,527
- Lease liabilities under IFRS 16[1]	-3,923	-
- Senior Notes	-298	-297
- Liabilities to banks	-1,698	-1,256
- Other liabilities	-18	-21
Cash & Bank Deposits	**1,034**	**1,137**
Net debt	**-4,903**	**-1,964**
- Net Pension Obligation	-247	-863
- Discounted value of operating leases[2]	-46	-2,893

FINANCIAL LIABILITIES

- ~€2.4bn higher versus prior year as a result of new finance lease accounting standard IFR16 adoption

1 Including existing finance leases under IAS 17 (~€1,669m) | 2 At simplified discount rate of 1.7% at 31.03.2020 and 1.2% at 31.03.2019

FY20 H1 Turnover by Segment (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY20 H1 IFRS 16	FY20 H1 IAS 17[1]	FY19 H1	Change vs IAS 17	IAS 17 FX	Change vs IAS 17 ex FX
Hotels & Resorts	**300.2**	**300.2**	**271.0**	**29.2**	**2.4**	**26.8**
- Riu	228.4	228.4	200.7	27.7	1.1	26.6
- Robinson	36.2	36.2	42.6	-6.4	0.2	-6.5
- Blue Diamond	-	-	-	-	-	-
- Other	35.5	35.5	27.7	7.8	1.1	6.7
Cruises	**481.6**	**481.6**	**424.6**	**57.0**	**8.1**	**48.9**
- TUI Cruises	-	-	-	-	-	-
- Marella Cruises	288.6	288.6	274.7	13.9	8.1	5.8
- Hapag-Lloyd Cruises	193.0	193.0	149.9	43.1	0.0	43.1
Destination Experiences	**300.4**	**300.4**	**302.8**	**-2.4**	**4.4**	**-6.8**
Holiday Experiences	**1,082.2**	**1,082.2**	**998.4**	**83.7**	**14.9**	**68.8**
- Northern Region	2,187.0	2,189.3	2,123.8	65.5	29.8	35.6
- Central Region	2,209.9	2,210.8	2,224.9	-14.1	5.4	-19.5
- Western Region	1,075.1	1,076.4	1,057.4	19.1	0.2	18.9
Markets & Airlines	**5,471.9**	**5,476.6**	**5,406.2**	**70.4**	**35.4**	**35.0**
All other segments	84.5	84.5	271.8	-187.3	0.0	-187.3
TUI Group	**6,638.7**	**6,643.3**	**6,676.4**	**-33.1**	**50.4**	**-83.5**

* Table contains rounding effects | 1 FY20 H1 financials based on a pro-forma calculation according to IAS 17

FY20 H1 Underlying EBITDA by Segment*

In €m	FY20 H1 IFRS 16	FY20 H1 IAS 17[1]	FY19 H1	Change vs IAS 17	IAS 17 FX	Change vs IAS 17 ex FX
Hotels & Resorts	**124.3**	**101.9**	**185.1**	**-83.2**	**-16.9**	**-66.3**
- Riu	167.0	160.5	178.7	-18.2	1.7	-19.9
- Robinson	12.0	7.8	11.4	-3.6	0.8	-4.4
- Blue Diamond**	-0.2	-0.2	17.8	-18.0	0.0	-18.1
- Other	-54.5	-66.2	-22.8	-43.4	-19.5	-23.9
Cruises	**101.0**	**100.4**	**146.5**	**-46.1**	**2.3**	**-48.4**
- TUI Cruises**	42.1	42.1	54.0	-11.9	0.0	-11.9
- Marella Cruises	26.3	26.3	62.2	-35.8	2.3	-38.1
- Hapag-Lloyd Cruises	32.6	32.0	30.4	1.6	0.0	1.6
Destination Experiences	**-15.3**	**-18.9**	**-2.6**	**-16.3**	**0.4**	**-16.6**
Holiday Experiences	**210.0**	**183.5**	**329.0**	**-145.5**	**-14.2**	**-131.3**
- Northern Region	-247.8	-362.5	-134.5	-228.1	-1.6	-226.4
- Central Region	-103.5	-153.6	-96.8	-56.8	0.4	-57.2
- Western Region	-99.5	-167.3	-130.1	-37.2	0.8	-38.0
Markets & Airlines	**-450.7**	**-683.4**	**-361.4**	**-322.1**	**-0.4**	**-321.7**
All other segments	-57.4	-59.5	-46.2	-13.3	0.2	-13.5
TUI Group	**-298.1**	**-559.4**	**-78.5**	**-480.9**	**-14.4**	**-466.5**

*Table contains rounding effects | **Equity result | 1 FY20 H1 financials based on a pro-forma calculation according to IAS 17

FY20 H1 Underlying EBIT by Segment*

In €m	FY20 H1 IFRS 16	FY20 H1 IAS 17[1]	FY19 H1	Change vs IAS 17	IAS 17 FX	Change vs IAS 17 ex FX
Hotels & Resorts	**24.0**	**42.1**	**134.5**	**-92.4**	**-16.9**	**-75.5**
- Riu	129.6	128.8	149.6	-20.8	1.6	-22.4
- Robinson	-7.1	-7.4	-0.3	-7.1	0.9	-7.9
- Blue Diamond**	-0.2	-0.2	17.8	-18.0	0.0	-18.1
- Other	-98.3	-79.1	-32.7	-46.4	-19.4	-27.0
Cruises	**26.9**	**26.5**	**106.4**	**-80.0**	**2.1**	**-82.0**
- TUI Cruises**	42.1	42.1	54.0	-11.9	0.0	-11.9
- Marella Cruises	-37.4	-37.4	30.2	-67.6	2.1	-69.7
- Hapag-Lloyd Cruises	22.2	21.7	22.2	-0.5	0.0	-0.5
Destination Experiences	**-28.9**	**-29.4**	**-10.4**	**-19.1**	**0.3**	**-19.4**
Holiday Experiences	**22.1**	**39.1**	**230.5**	**-191.4**	**-14.5**	**-176.9**
- Northern Region	-415.1	-424.8	-183.9	-240.9	-1.9	-239.0
- Central Region	-179.5	-183.5	-119.6	-63.9	0.1	-64.1
- Western Region	-189.6	-194.6	-152.6	-42.0	0.5	-42.5
Markets & Airlines	**-784.3**	**-802.9**	**-456.1**	**-346.8**	**-1.2**	**-345.6**
All other segments	-64.6	-64.9	-76.0	11.1	0.4	10.7
TUI Group	**-826.8**	**-828.7**	**-301.6**	**-527.1**	**-15.3**	**-511.8**

*Table contains rounding effects | **Equity result | 1 FY20 H1 financials based on a pro-forma calculation according to IAS 17

FY20 Q2 Turnover by Segment (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY20 Q2 IFRS 16	FY20 Q2 IAS 17[1]	FY19 Q2	Change vs IAS 17	IAS 17 FX	Change vs IAS 17 ex FX
Hotels & Resorts	**133.9**	**133.9**	**131.7**	**2.2**	**0.2**	**2.0**
- Riu	107.9	107.9	97.4	10.5	-0.2	10.7
- Robinson	14.1	14.1	23.1	-9.0	-0.0	-8.9
- Blue Diamond	-	-	-	-	-	-
- Other	11.9	11.9	11.3	0.6	0.4	0.2
Cruises	**243.2**	**243.2**	**234.2**	**9.0**	**3.1**	**5.9**
- TUI Cruises	-	-	-	-	-	-
- Marella Cruises	138.3	138.3	152.0	-13.7	3.1	-16.9
- Hapag-Lloyd Cruises	104.9	104.9	82.2	22.7	0.0	22.7
Destination Experiences	**83.7**	**83.7**	**144.5**	**-60.8**	**1.2**	**-62.0**
Holiday Experiences	**460.8**	**460.8**	**510.4**	**-49.6**	**4.5**	**-54.2**
- Northern Region	966.6	969.0	1,023.5	-54.5	11.2	-65.7
- Central Region	855.3	856.2	934.6	-78.4	2.6	-81.0
- Western Region	480.2	481.6	514.3	-32.7	0.1	-32.8
Markets & Airlines	**2,302.2**	**2,306.8**	**2,472.4**	**-165.6**	**14.0**	**-179.6**
All other segments	24.9	24.9	118.8	-93.9	-0.2	-93.7
TUI Group	**2,787.9**	**2,792.5**	**3,101.6**	**-309.1**	**18.3**	**-327.4**

* Table contains rounding effects | 1 FY20 Q2 financials based on a pro-forma calculation according to IAS 17

FY20 Q2 Underlying EBITDA by Segment*

In €m	FY20 Q2 IFRS 16	FY20 Q2 IAS 17[1]	FY19 Q2	Change vs IAS 17	IAS 17 FX	Change vs IAS 17 ex FX
Hotels & Resorts	**40.5**	**28.6**	**90.4**	**-61.8**	**-19.7**	**-42.2**
- Riu	82.4	77.1	90.4	-13.3	0.8	-14.0
- Robinson	-0.5	-1.9	6.9	-8.7	0.5	-9.2
- Blue Diamond**	3.1	3.1	18.7	-15.5	0.2	-15.7
- Other	-44.5	-49.8	-25.5	-24.3	-21.2	-3.1
Cruises	**22.0**	**21.7**	**79.9**	**-58.1**	**1.4**	**-59.5**
- TUI Cruises**	3.5	3.5	27.8	-24.3	0.0	-24.3
- Marella Cruises	0.2	0.2	34.4	-34.2	1.4	-35.5
- Hapag-Lloyd Cruises	18.3	18.0	17.7	0.3	0.0	0.3
Destination Experiences	**-12.6**	**-14.5**	**-1.7**	**-12.9**	**0.2**	**-13.0**
Holiday Experiences	**49.9**	**35.8**	**168.6**	**-132.8**	**-18.1**	**-114.7**
- Northern Region	-222.1	-279.0	-95.7	-183.3	0.5	-183.8
- Central Region	-110.2	-134.7	-74.9	-59.8	0.1	-59.9
- Western Region	-82.0	-116.3	-80.6	-35.7	0.5	-36.2
Markets & Airlines	**-414.3**	**-530.0**	**-251.3**	**-278.8**	**1.1**	**-279.8**
All other segments	-45.2	-45.2	-23.0	-22.2	-0.2	-22.0
TUI Group	**-409.6**	**-539.5**	**-105.7**	**-433.8**	**-17.3**	**-416.5**

*Table contains rounding effects | **Equity result | 1 FY20 Q2 financials based on a pro-forma calculation according to IAS 17

FY20 Q2 Underlying EBIT by Segment*

In €m	FY20 Q2 IFRS 16	FY20 Q2 IAS 17	FY19 Q2	Change vs IAS 17	IAS 17 FX	Change vs IAS 17 ex FX
Hotels & Resorts	**-11.3**	**-1.2**	**65.3**	**-66.5**	**-19.4**	**-47.1**
- Riu	61.6	60.9	75.6	-14.7	0.8	-15.6
- Robinson	-10.1	-9.5	1.0	-10.5	0.6	-11.1
- Blue Diamond**	3.1	3.1	18.7	-15.5	0.2	-15.7
- Other	-65.9	-55.7	-30.0	-25.7	-21.0	-4.7
Cruises	**-21.8**	**-22.4**	**59.4**	**-81.8**	**1.9**	**-83.7**
- TUI Cruises**	3.5	3.5	27.8	-24.3	0.0	-24.3
- Marella Cruises	-41.3	-41.4	18.0	-59.4	1.9	-61.2
- Hapag-Lloyd Cruises	16.0	15.5	13.6	1.9	0.0	1.9
Destination Experiences	**-20.0**	**-20.3**	**-5.6**	**-14.7**	**0.2**	**-14.9**
Holiday Experiences	**-53.2**	**-44.0**	**119.1**	**-163.1**	**-17.4**	**-145.7**
- Northern Region	-309.4	-313.4	-121.1	-192.3	0.9	-193.3
- Central Region	-150.6	-152.1	-86.9	-65.2	-0.0	-65.2
- Western Region	-126.4	-131.0	-92.1	-38.8	0.4	-39.2
Markets & Airlines	**-586.3**	**-596.5**	**-300.1**	**-296.4**	**1.3**	**-297.7**
All other segments	-40.6	-40.4	-37.4	-3.0	0.2	-3.1
TUI Group	**-680.1**	**-680.9**	**-218.5**	**-462.4**	**-15.9**	**-446.5**

*Table contains rounding effects | **Equity result | 1 FY20 Q2 financials based on a pro-forma calculation according to IAS 17

APPENDIX – FY19 RESULTS

Income Statement – Full Year Group result after minorities mainly impacted by MAX grounding, underlying EPS benefit from lower underlying tax rate

In €m	FY19	FY18[1]	Δ YOY	% YOY
Turnover	18,928.1	18,468.7	*459.5*	*+3%*
Underlying EBITDA	**1,359.5**	**1,554.8**	***-195.3***	***-13%***
Depreciation	-466.2	-412.0	*-54.2*	
Underlying EBITA[2]	**893.3**	**1,142.8**	***-249.5***	***-22%***
Adjustments (SDI's and PPA)	-124.9	-88.3	*-36.6*	
EBITA	**768.4**	**1,054.5**	***-286.1***	***-27%***
Net interest expense	-77.0	-88.7	*11.7*	
EBT	**691.4**	**965.8**	***-274.4***	***-28%***
Income taxes	-159.5	-190.9	*31.4*	
Group result continuing operations	**531.9**	**774.9**	***-243.0***	***-31%***
Discontinued operations	-	38.7	*-38.7*	
Minority interest	-115.7	-86.4	*-29.3*	
Group result after minorities	**416.2**	**727.2**	***-311.0***	
Basic EPS (€, continuing)	**0.71**	**1.17**	***-0.46***	***-40%***
Underlying EPS (€, continuing)	**0.89**	**1.16**	***-0.27***	***-23%***

€1,186m pre Boeing MAX impact

TURNOVER

- Broadly stable excluding the effect of smaller M&A

DEPRECIATION

- Increase in depreciation driven by progressive investment strategy

UNDERLYING EBITA

- YoY decrease driven by MAX grounding – underlying EBITA in line with previous year excluding the MAX impact

ADJUSTMENTS

- In line with full year guidance of ~€125m

INTEREST

- Improvement of ~€53m vs. guidance of €130m mainly due to tax-related release of interest provisions, adjusted in underlying EPS

TAX

- Mainly driven by one-off depreciation on tax loss carryforwards

MINORITY INTEREST

- YoY increase driven by non-repeat of one off tax items in FY18

UNDERLYING EPS

- Decrease driven by MAX grounding, however lower underlying effective tax rate of 18% and lower adjusted minority interest in FY19

1 PY reported adjusted for retrospective application of IFRS 15 | 2 Underlying EBITA excluding the €40m adjustment for the negative impact from the revaluation of Euro loan balances in Turkey for FY18; including this €40m adjustment, underlying EBITA in FY19 is -24.5% YoY at actual rates and -25.6% at constant currency

Cash Flow & Movement in Net Debt – Full Year

In €m	FY19	FY18
EBITDA underlying	**1,359.5**	**1,554.8**
Adjustments	-82.1	-60.4
EBITDA reported	**1,277.4**	**1,494.4**
Working capital	-25.6	64.5
Other cash effects	138.4	75.0
At equity income	-297.5	-292.1
Dividends received from JVs and associates	244.6	222.7
Tax paid	-117.5	-236.0
Interest (cash)	-80.2	-80.8
Pension contribution & payments	-143.1	-207.5
Operating Cash flow	**996.6**	**1,040.2**
Net capex	-805.8	-746.2
Net financial investments	-313.2	-63.1
Net pre-delivery payments	0.8	-17.7
Free Cash flow	**-121.5**	**213.2**
Dividends	-475.4	-435.3
Free Cash flow after Dividends	**-596.9**	**-222.1**

In €m	30. Sep 19	30. Sep 18
Opening net debt as at 1 October	**124**	**583**
FCF after Dividends	-597	-222
Asset Finance	-337	-204
Other[1]	-100	-33
Closing net debt as per Balance Sheet	**-910**	**124**

1 Incl. -€6m from discontinued operations from German specialists disposal

Net Financial Position, Pensions and Operating Leases

In €m	30-Sep-19	30-Sep-18
Financial liabilities	**-2,682**	**-2,443**
- Finance leases	-1,495	-1,343
- Senior Notes	-298	-297
- Liabilities to banks	-870	-780
- Other liabilities	-20	-23
Cash & Bank Deposits	**1,772**	**2,567**
Net debt	**-910**	**124**
Net Pension Obligation	-758	-870
Discounted value of operating leases[1]	-2,580	-2,654

FINANCIAL LIABILITIES

- Higher versus prior year as a result of new finance leases relating to historically committed aircraft re-fleeting as well as cruise ship financing

1 At simplified discount rate of 0.9% at 30.09.2019 and 1.7% at 30.09.2018

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

In €m	FY19	FY18[1]	Change	FX	Change ex FX
Hotels & Resorts	**660.0**	**606.8**	**53.2**	**2.8**	**50.4**
- Riu	415.1	407.0	8.1	9.5	-1.4
- Robinson	103.1	89.3	13.8	-0.6	14.4
- Blue Diamond	-	-	-	-	-
- Other	141.8	110.5	31.3	-6.1	37.4
Cruises	**965.8**	**900.3**	**65.5**	**-0.3**	**65.8**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	660.6	579.3	81.3	-0.3	81.5
- Hapag-Lloyd Cruises	305.2	321.0	-15.8	0.0	-15.8
Destination Experiences[2]	**856.2**	**309.7**	**546.5**	**6.5**	**540.0**
Holiday Experiences	**2,482.0**	**1,816.8**	**665.2**	**9.0**	**656.2**
- Northern Region	6,345.2	6,457.7	-112.5	-46.6	-65.9
- Central Region	6,413.0	6,222.4	190.6	5.2	185.4
- Western Region	3,231.9	3,328.5	-96.6	0.0	-96.6
Markets & Airlines	**15,990.1**	**16,008.6**	**-18.5**	**-41.4**	**22.9**
All other segments	456.0	643.3	-187.3	1.0	-188.3
TUI Group	**18,928.1**	**18,468.7**	**459.4**	**-31.4**	**490.8**

*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 Full Year Underlying EBITA by Segment*

In €m	FY19	FY18[1]	Change	FX	Change ex FX
Hotels & Resorts	**451.5**	**420.0**	**31.5**	**14.0**	**17.5**
- Riu	326.2	390.3	-64.1	4.3	-68.4
- Robinson	54.7	41.8	12.8	1.9	10.9
- Blue Diamond**	9.9	18.4	-8.4	1.1	-9.5
- Other	60.7	-30.4	91.1	6.7	84.4
Cruises	**366.0**	**323.9**	**42.1**	**-0.7**	**42.8**
- TUI Cruises**	202.6	181.3	21.3	0.0	21.3
- Marella Cruises	120.4	106.4	14.0	-0.7	14.7
- Hapag-Lloyd Cruises	43.0	36.2	6.8	0.0	6.8
Destination Experiences[2]	**55.7**	**45.6**	**10.1**	**0.8**	**9.3**
Holiday Experiences	**873.2**	**789.5**	**83.7**	**14.2**	**69.5**
- Northern Region	56.8	278.2	-221.4	-6.9	-214.5
- Central Region	102.0	94.9	7.1	0.5	6.6
- Western Region	-27.0	124.2	-151.2	0.0	-151.2
Markets & Airlines	**131.8**	**497.3**	**-365.5**	**-6.4**	**-359.1**
All other segments	-111.7	-144.0	32.3	5.6	26.7
TUI Group	**893.3**	**1,142.8**	**-249.5**	**13.4**	**-262.9**

*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

APPENDIX - SUSTAINABILITY

Pioneering Sustainability – Ambition and achievement



TUI Airways and TUI fly Germany ranked **#1 & #4** most carbon-efficient airlines globally[1]



TUI's airlines are **18%** more carbon-efficient than the average of the 6 largest EU airlines[2]. Relative CO_2 improved by **14%** in last 11 years



~14% reduction in relative cruise carbon emissions since 2015 (**23%** reduction water YoY)



83% of TUI Hotels & Resorts hold sustainability certifications (up from 69% in 2015)



Women in **~36%** of managerial positions



10.3m 'greener and fairer' TUI holidays delivered in hotels with sustainability certification (up from 5.6m in 2015)



1.2m TUI Collection excursions delivered with sustainability at their heart



Removal of over **250m** pieces of single-use plastics across airlines, cruise, hotels, destinations and offices[3]



€8m invested in good causes and initiatives to enhance the positive impacts of tourism



Colleague engagement score of **76** in 2019

ESG Indices: TUI Group is represented in the sustainability indices **FTSE4Good** and **Ethibel Sustainability Index (ESI) Excellence Europe**. TUI was included in the **RobecoSam Sustainability Yearbook with a 'Bronze Class' distinction**, and participated again in the **CDP Climate Change** assessment, receiving an **'A' score** for climate change reporting based on our 2019 CDP disclosure.[4]

1 atmosfair Airline index 2018 | 2 Calculation based on the latest CO2 performance data published by each airline as of January 2020 and weighted by the total passengers flown in 2019 |
3 In September 2019, TUI signed the International Tourism Plastic Pledge to reduce plastic pollution | 4 An 'A' list score means we are in the top 2% of 8,400 responding companies – TUI Group improved from 'A-' last year to 'A' this year



Contact

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