

TUI Group Investor Presentation
June 2018

What is TUI Group?

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

KEY HIGHLIGHTS

- **20m** customers
- **€18.5bn** revenues
- **€1.1bn** EBITA (1)
- **23.6%** ROIC
- **10%** earnings growth

HOLIDAY EXPERIENCES

HOTEL	**€357m** EBITA	Leading leisure hotel and club brands around the world; investments, operations, ownership
	€256m EBITA	Leading German & UK cruise brands
	€35m EBITA	Tours, activities and service provider in destination

SALES & MARKETING

	€527m EBITA	Market leaders in packaged distribution, fulfilment, strong market and customer knowledge

(1) Underlying

Our business model and strategic positioning: Product-focused holiday experience provider with 59% holiday experience earnings

SALES & MARKETING – 41% EBITA
Digitalisation, diversification

HOLIDAY EXPERIENCES – 59% EBITA
Growth, diversification

INTEGRATION BENEFITS / STRATEGY

Northern, Central, Western

20m customers

Portfolio approach



~150 TUI Aircraft, 3rd party flying

Own, 3rd party committed & non-committed

Customer service & fulfilment

ROIC FY17: 85%[3]

Integrated distribution

Owned / managed / JV
ROIC FY17: 13%

383[1] Hotels

3rd party distribution

Integrated distribution

Owned / JV
ROIC FY17: 20%

16[2] Ships

3rd party distribution

Integrated distribution

Owned / JV
ROIC FY17: 24%

115 Destinations

3rd party distribution

GROUP PLATFORMS

1. Own customer end-to-end
2. Yielding our risk capacity: 20m customers to optimise own hotels/ cruises demand
3. Unique TUI holiday experiences and fulfillment differentiating TUI from competition
4. Double diversification across Sales & Marketing and Holiday Experiences

[1] This number includes group hotels and 3rd party concept hotels as at end of H1 FY18 [2] As at end of May 2018 [3] This number relates to Sales & Marketing/ all other

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

INTEGRATION BENEFITS / TUI STRATEGY	WIDER MARKET CONTEXT
1 Own customer end-to-end	Enables us to personalise our customers' holiday experiences, basis for targeted marketing
2 Yielding our own risk capacity: 20m customers to optimise own hotels / cruises demand	Reduces reliance on third party distribution and allows yielding of our products
3 Unique TUI holiday experiences and fulfilment differentiating TUI from competition	Strategic entry barriers: differentiates us from the OTAs, other pure-play distributors and the airlines, drives customer satisfaction and retention
4 Double diversification across Sales & Marketing 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 / to invest

STRONG STRATEGIC POSITION



- Global leading tourism group
- Holiday product provider with own distribution
- Own customer end to end: Sales & Marketing, Hotels, Cruises, Destination Experiences
- Individualization and targeted marketing
- Yielding of own products
- Strategic entry barriers (ie vs OTAs)
- Risk mitigation by double diversification

STRONG EARNINGS GROWTH



At least +10%

- Global leisure travel market growing above GDP
- Strong track record driven by merger synergies:
  - Underlying EBITA CAGR of 12%[1] since merger
  - Underlying EPS CAGR of 21% since merger driven by lower interest and tax rate
- Future growth supported by digitalisation benefits and by reinvesting disposal proceeds
- EBITA growth target extended until 2020

STRONG CASH GENERATION



- 23.6% group ROIC FY17, 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 12% since merger / average CAGR of 13% since merger at constant currency

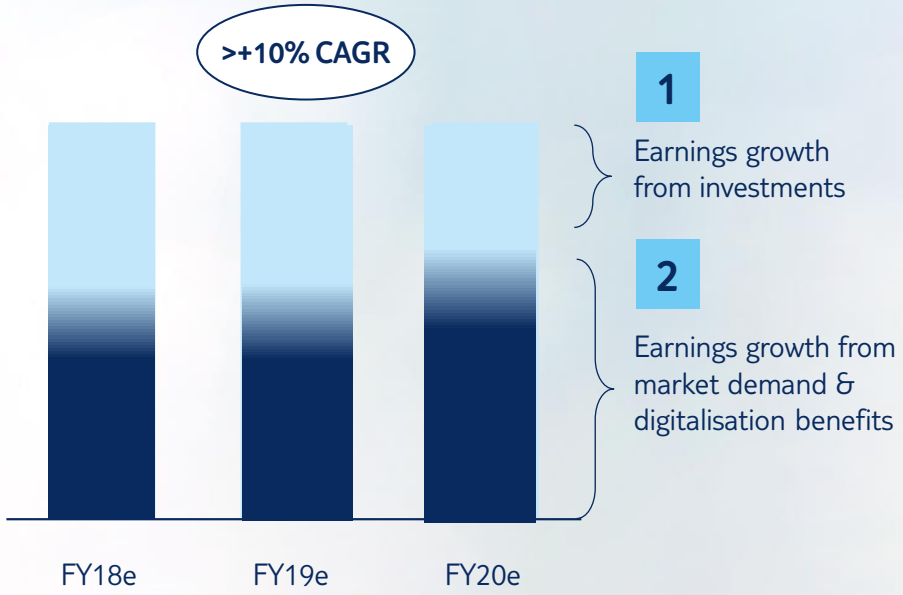
GROWTH & DIGITALISATION INITIATIVES

Merger synergies delivered, strong earnings growth story continues

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES



FUTURE GROWTH: MARKET DEMAND, DIGITALISATION, INVESTMENTS



MERGER SETS BASIS FOR FUTURE GROWTH

- Target extended to 2020: at least 10% underlying EBITA CAGR
- Mix of earnings growth changes
  - Market demand & digitalisation benefits
  - Growth from investments
- Less seasonality in earnings

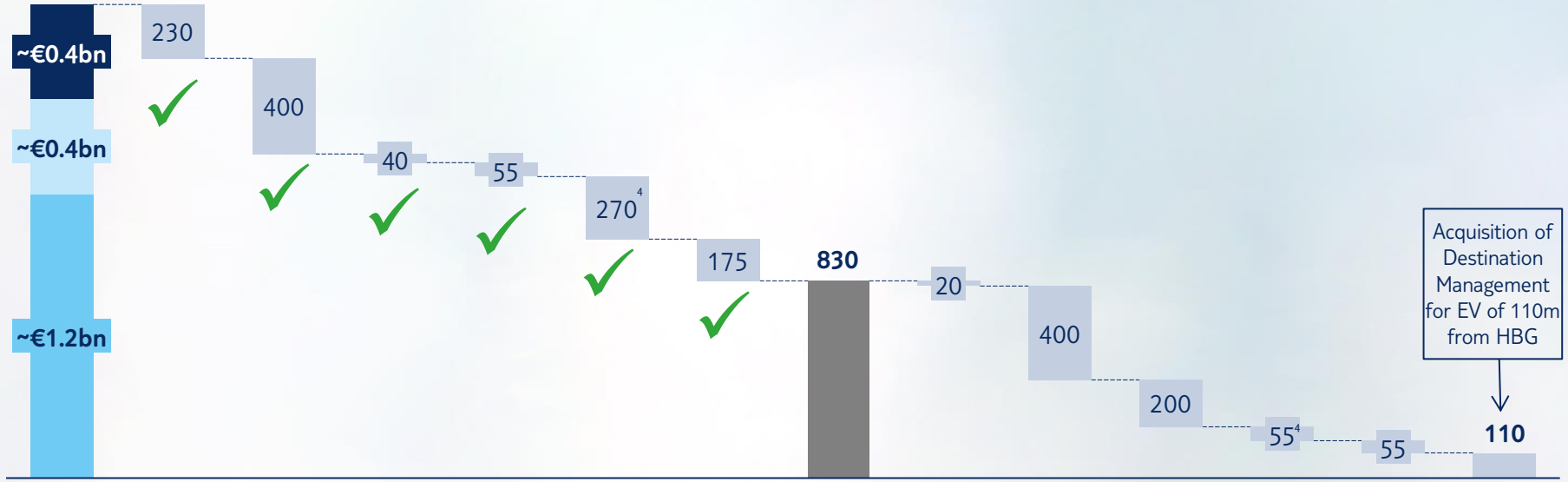
1 Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency

1 TUI's re-investment programme FY16-FY19 – doubling EBITA under way

GROWTH INVESTMENTS FY16 to FY18 H1

GROWTH INVESTMENTS FY18 & FY19

REINVESTMENTS



- Reinvestment of disposal proceeds by FY19
  - Own content growth
  - Basis for end-to-end profitability
  - Investments on track
  - More than doubling returns
- Capital discipline continues after FY19
  - ROIC as KPI
  - Normalised capex levels
  - Investments if attractive

1 Including working capital/cash effect; 2 Equity-contribution, delivery in Spring & Autumn 2019; 3 Assumes MS1+ SkySea Golden Era (SGE) purchase as cash transaction; 4 €10m quarterly adjustment until 2019 - pro rata approach; 5 Number includes €93m EBITA of HBG & Travelopia as well as EAT of MS1 within TUI Cruises of €12.5m due transferring the ship to UK market, delivery in Summer 2018; 6 run-rate; 7 Based on targeted EBITA run-rate 8 Profitability growth expected in line with 3 year ramp-up phase of synergies; expected to complete in H2 FY18

1 Hotels & Resorts investments: 38 new hotels since merger, low capital intensity

PORTFOLIO DIVERSIFICATION



DE-RISKED GROWTH

- Pre-dominantly low capital intensity
- Ownership in 365 days destinations/ where scarcity of assets
- De-risking through JV off-balance financings
- 15% ROIC hurdle

> 60% OF INVESTMENTS WITH LOW CAPITAL INTENSITY[1]

38 NEW HOTELS OPENED SINCE MERGER

ROIC 38 HOTELS FY18: >15% (TARGET)

CAPITAL DISCIPLINE

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

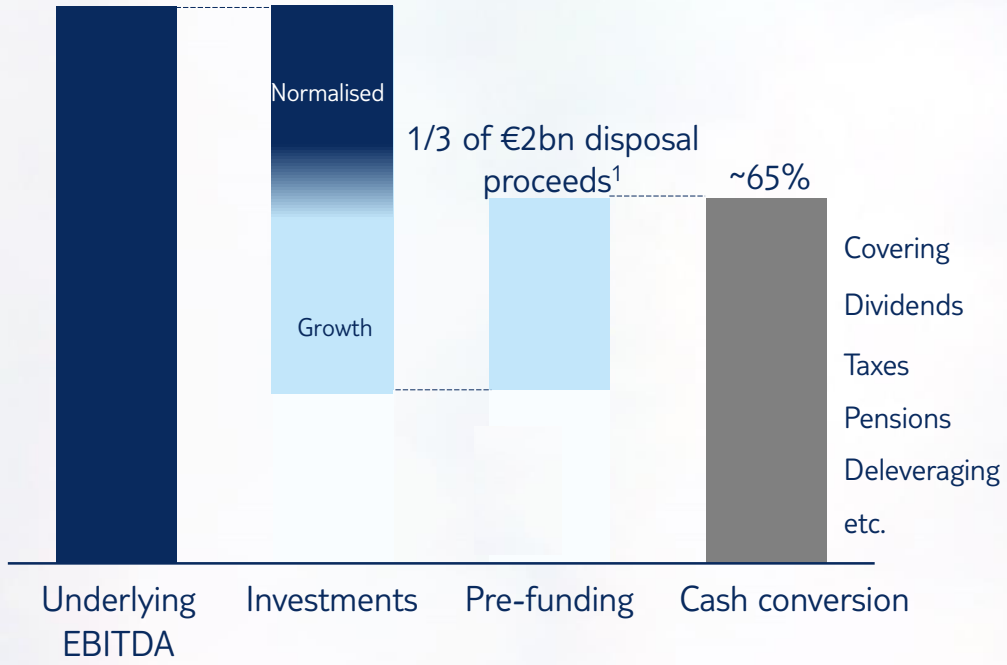
1 TUI's cruise capacity growth financed through disposal proceeds re-investment programme and off-balance sheet (JV)

BRAND / OWNERSHIP	FLEET DEVELOPMENT	OFF-BALANCE FINANCING AS PREFERRED OPTION
Off-balance: JV TUI Cruises	**Current fleet:** 6 ships **Deliveries:** FY19, FY23	• Funded by JV • No CAPEX requirements for TUI
On balance MARELLA CRUISES	**Current fleet:** Exit FY19; 5 ships **Deliveries:** FY19 (SGE[1])	• Part of TUI's growth investment plan • Funded by re-investing disposal proceeds
On balance HAPAG-LLOYD CRUISES	**Current fleet:** Exit FY18; 3 ships **Deliveries:** FY19, FY20, FY21	• Part of TUI's growth investment strategy • Funded by re-investing disposal proceeds

[1] Marella Cruises acquires SkySea Golden Era (SGE) to replace Mein Schiff 2, which will remain within TUI Cruises fleet due to high demand in the German cruise market.

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

ILLUSTRATIVE CASH FLOW PROFILE FY17 - FY19



CAPITAL ALLOCATION FRAMEWORK

Strong cash generation allows all boxes to be ticked

Attractive dividend

- In line with earnings growth
- FY17: €0.65 per share

Growth investments

- Re-investing disposal proceeds
  - 15% ROIC hurdle rate
  - Opportunistic M&A, if synergistic

Balance sheet stability

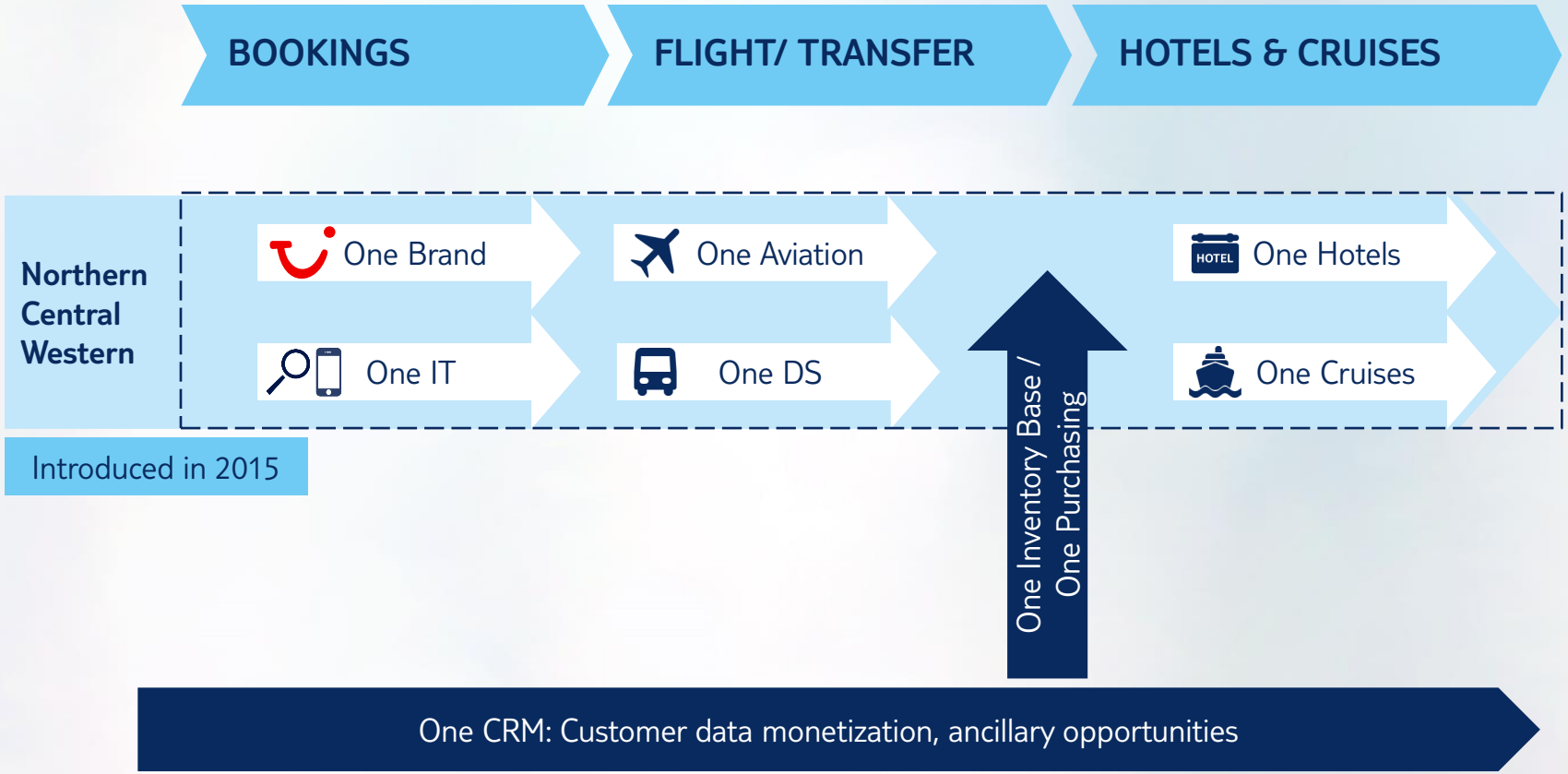
- Target leverage ratio further reduced to 3.0x-2.25x

JV growth

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

1 Disposal proceeds reinvested from FY16-FY19

2 Group initiatives and digitalisation driving efficiency



- 6 One platforms introduced in 2015
- 2 new initiatives 2017
  - One CRM (Cloud based)
  - One Inventory (Blockchain), One Purchasing
- Initiatives quantified and tracked, contributing to at least 50% of our EBITA growth target

2 Data driven CRM process: One CRM platform rolled out to all source markets

DATA COLLECTION LAYER

Online

Destinations

App

Hotels

- Multiple customer touchpoints
- Consistent data collection

LIMITED CAPEX SPENT (LOW DOUBLE DIGIT INVESTMENT)

DATA MARKET LAYER

Cloud

- Centralised data lake across all business units

CONSISTENT DATA COLLECTION

DATA ANALYSIS LAYER



- Artificial intelligence supported
- Campaign generation and selection

ROLL OUT ACROSS ALL SOURCE MARKETS

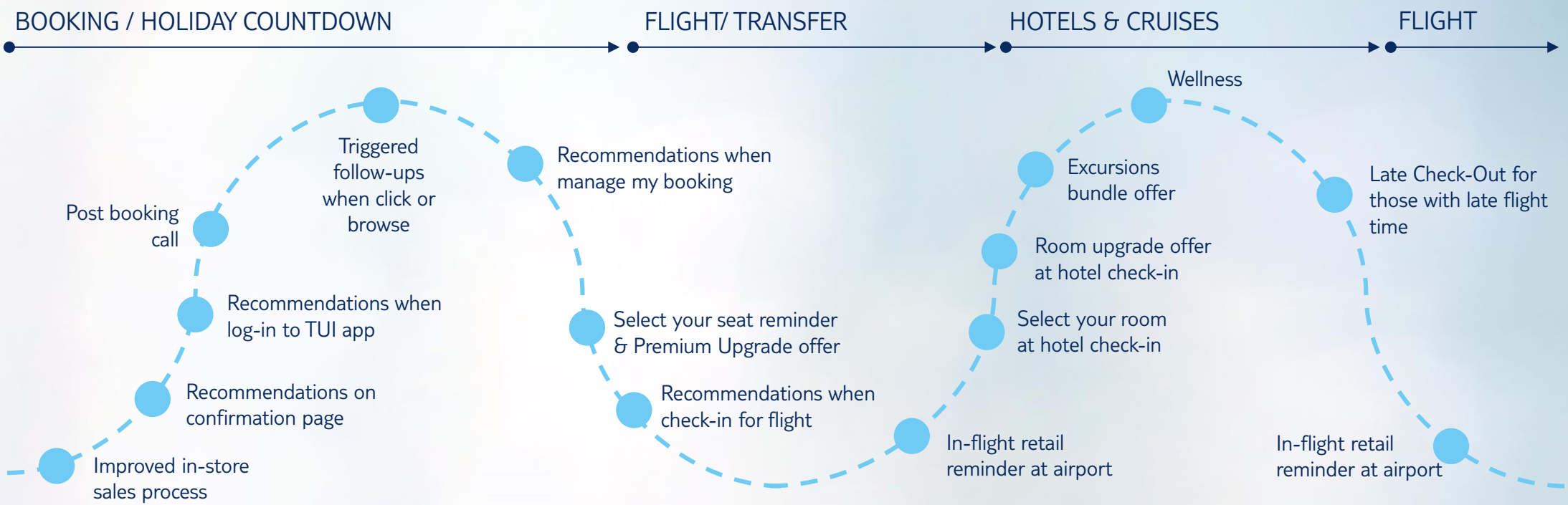
CAMPAIGN LAYER



- Campaign execution
- Direct booking

INTEGRATED ANALYSIS & CUSTOMIZED CAMPAIGNS

2 Personalized experiences during journey increase customer satisfaction and revenues



REVENUE PER CUSTOMER ENHANCEMENT | **DATA DRIVEN: APP, CLOUD** | **INCREASE CUSTOMER SATISFACTION** | **REPEAT BOOKINGS**

2 Customer profile builds over time enabling personalized recommendations – example

	COOKIE	PROSPECT	NEW CUSTOMER	REPEAT CUSTOMER
Name	**2801928128**	**Mrs Sophia Meyer**	**Mrs Sophia Meyer**	**Mrs Sophia Meyer**
Status & Value		Status: New Prospect	Status: New Customer C: Low Value	Status: Repeat Customer B: Medium Value
Marketing preferences		Email (Yes)/ Mobile (No)	Email (Yes)/ Mobile (Yes)/ App (Yes)	**Email (Yes)/ Mobile (Yes)/ App (Yes)**
Life-stage		Family	Family	Family
Holiday preferences	Ibiza	Majorca/ Ibiza	Majorca/ 4 Star	Ibiza/ 4 Star/ Close to beach/ Family room/ Extra Legroom Seat
Product preferences				Family Life/ Sensimar
Booking status	Inspiration	Shortlist:Majorca/Villa/5.5.17 Shortlist:Majorca/Hotel only/ 23.5.17	Live: Majorca/ Hotel only/ 23.05.2017	Live:Majorca/Family Life/1.5.18 Shortlist:Ibiza/Sensimar/1.8.18
Next Best Action			Offer Late check-out	Offer concierge service for next booking

- Nota bene: Sophia is a fictional character
- Digital platforms comply with relevant data protection & privacy laws (incl. EU General Data Protection Regulation)

2 Launched 2017: Destimo purchasing and Blockchain Inventory – Opportunity to commercialise our risk inventory of 100m bed nights and our €5bn purchasing volume from 3rd party hoteliers

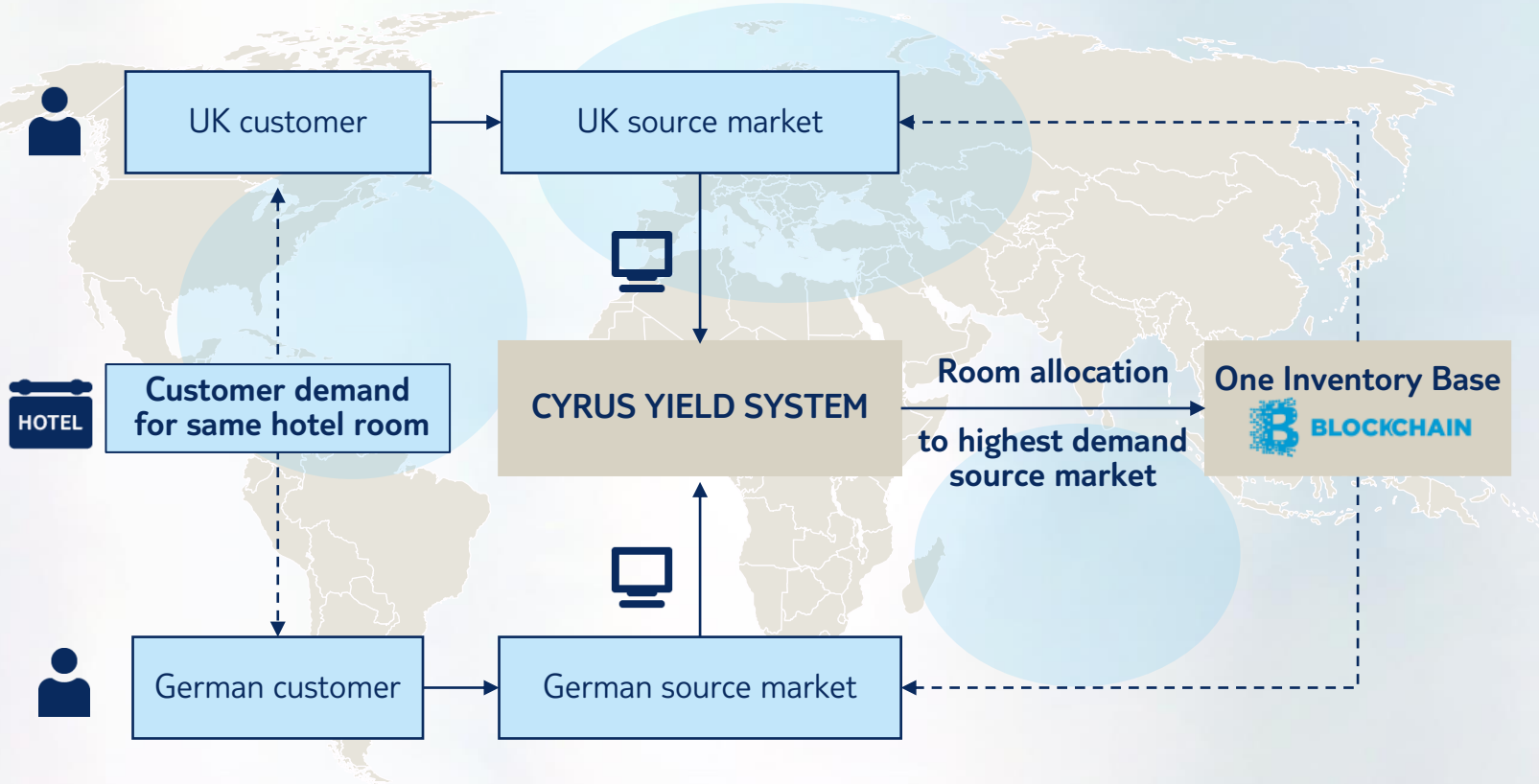


Our vision:

- Centralised inventory management based on Blockchain technology
- Cyrus: Digital system driving yields, supporting marketing of 100m bed nights to 20m customers
- Destimo: Proprietary purchasing system

CENTRALISED INVENTORY DATA BASE | **BLOCKCHAIN TECHNOLOGY** | **COST EFFICIENT** | **ENABLING ARTIFICAL INTELLIGENCE**

2 Blockchain Inventory: first feature launched in July 2017 – bed swap



- Bundling of inventory across source markets
- Artificial intelligence based demand analysis
- Bed swapping mechanism optimizes yield across source markets

INTRODUCTION IN JULY 2017 | **GERMANY, UK & NORDICS** | **PROPRIETARY TUI SYSTEMS** | **ARTIFICAL INTELLIGENGE BASED**

2 Blockchain Inventory: Bed swap screenshot

TUI BED MANAGEMENT TOOL

PROPOSAL 291

Proposal ID	Created	Swap Start	Swap End	Swap Dur.	Accom. Codes	Accom. Names	Dest. G/Ws	Room Value	Giving Market	Recv. Market
291	22/09/2017	01/11/2017	30/04/2018	180d	ESFU0011 FUE14006	Club Jandia Princess Hotel Club Jandia Princess	Fuerteventura Fuerteventura	198450 €	TUK	TDE

2 Blockchain Inventory: Strategic optionality – Low risk entry into new markets and reduction of yield pressure at the same time



- Source markets expansion into new markets by applying TUI LTE technology
- Leverage new markets demand for risk capacity clusters

DIGITALISED GROWTH | **DIVERSIFICATION** | **LOW CAPITAL INTENSITY** | **YIELD IMPROVEMENTS**

OUR AMBITION

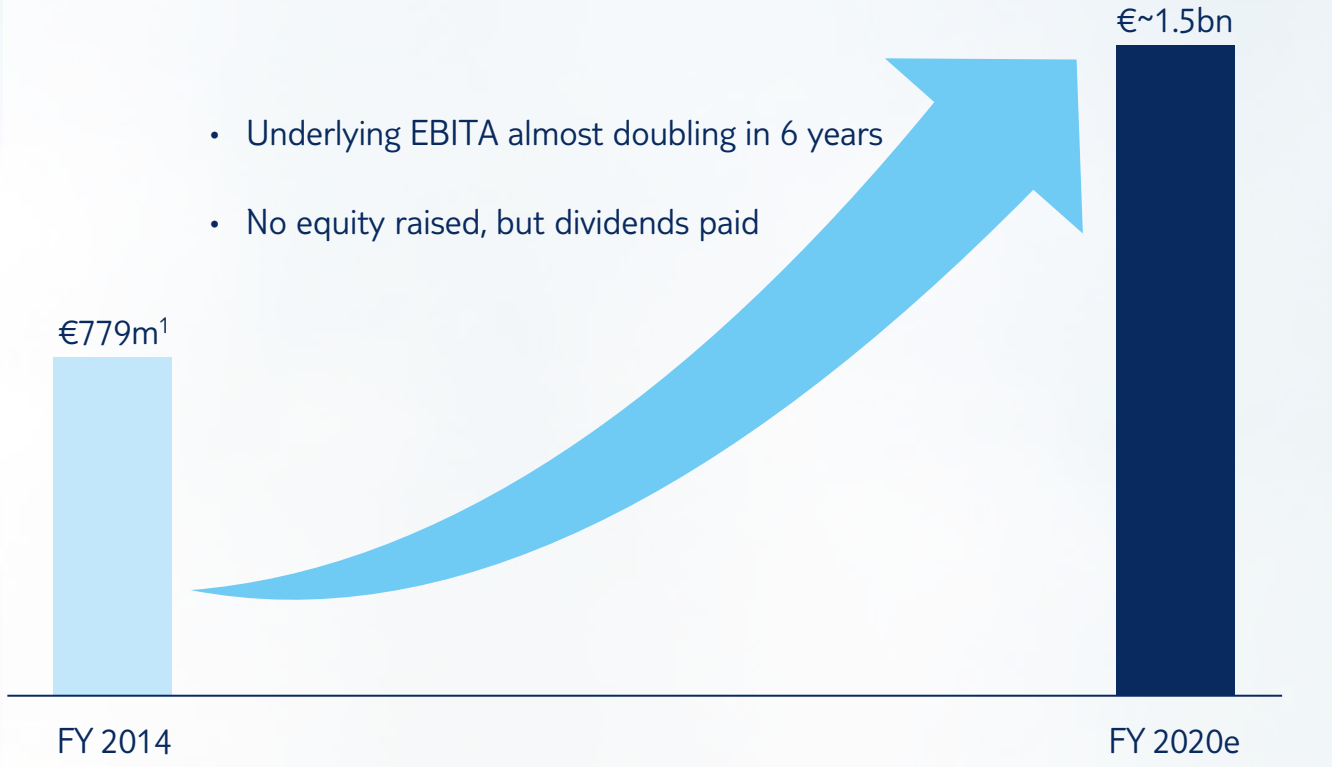
Our ambition: Strong strategic positioning, strong earnings growth and strong cash generation with underlying EBITA doubling in 6 years

STRONG STRATEGIC POSITION

STRONG EARNINGS GROWTH

At least +10%

STRONG CASH GENERATION



[1] Pro Forma EBITA

APPENDIX

FY18 H1 RESULTS

On track to deliver our growth targets

TURNOVER
€6.8bn
+7.2%

UNDERLYING EBITA
-€158.6m
+26.0%

REPORTED EBITA
-€192.3m
+23.7%

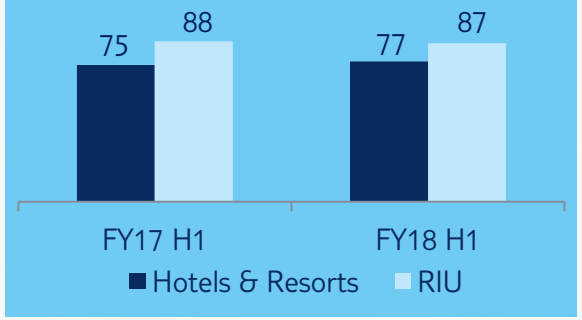
GUIDANCE REITERATED
AT LEAST 10% UNDERLYING EBITA GROWTH FOR FY18[1]

- Good H1 performance
- Strong demand continues for our hotels, cruises and holidays
- Delivering our growth strategy based on investments, market demand and digitalisation
- On track to deliver at least 10% underlying EBITA growth for FY18[1]

[1] At constant currency rates

Holiday Experiences: Hotels & Resorts – H1
Continuing growth strategy across portfolio of destinations

AVERAGE OCCUPANCY %



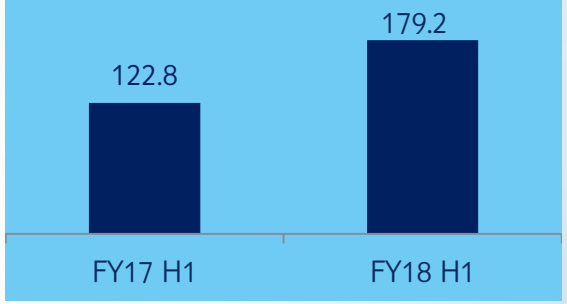
AVERAGE REVENUE PER BED €



38 NEW HOTEL OPENINGS SINCE MERGER

of which ~60% are low capital intensity

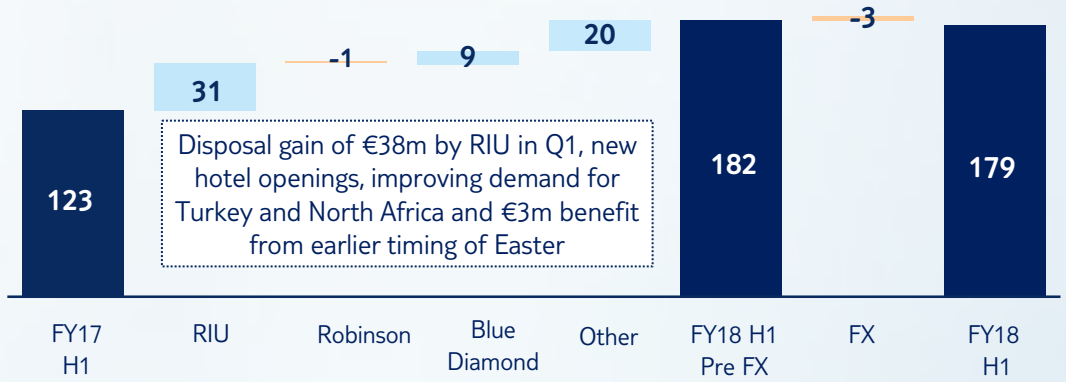
UNDERLYING EBITA €M



TURNOVER AND EARNINGS (€m)

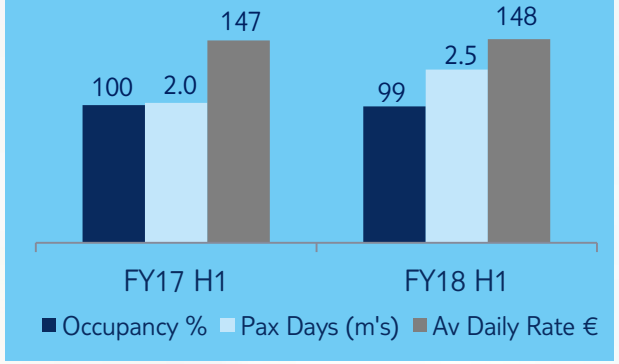
	FY18 H1	FY17 H1	%
Turnover	287.9	300.0	-4.0
Underlying EBITA	179.2	122.8	45.9
o/w Equity result	*44.5*	*42.8*	*4.0*

BRIDGE UNDERLYING EBITA (€M)

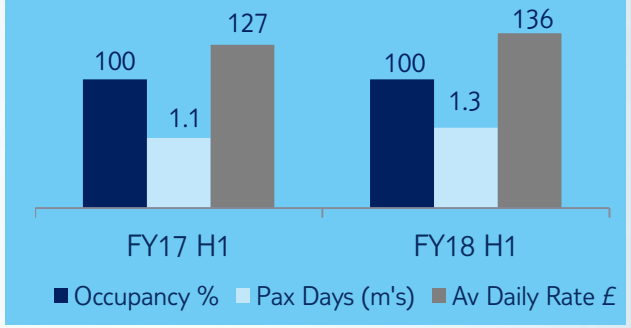


Holiday Experiences: Cruises – H1
Strong demand and capacity growth continue to drive earnings

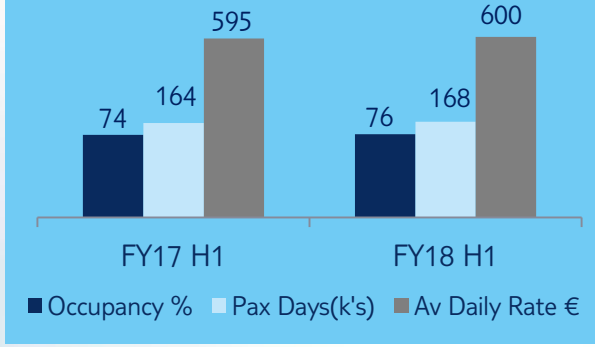
TUI CRUISES



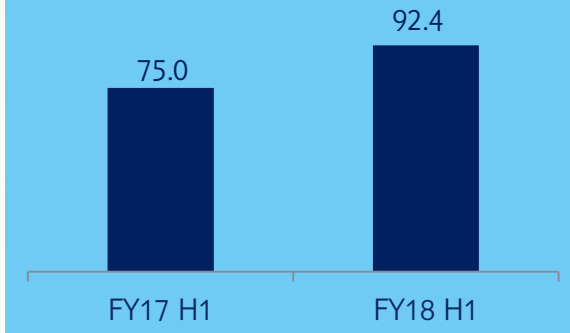
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M

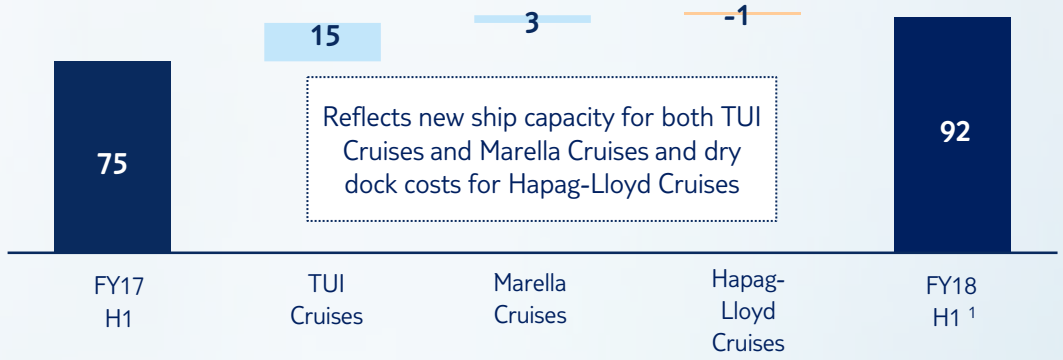


TURNOVER AND EARNINGS (€M)

	FY18 H1	FY17 H1	%
Turnover	395.6	345.9	14.4
Memo: TUI Cruises Turnover	*569.5*	*458.8*	*24.1*
Underlying EBITA	92.4	75.0	23.2
*o/w EAT TUI Cruises**	*53.3*	*38.3*	*39.2*

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

BRIDGE UNDERLYING EBITA (€M)



[1] FX translation impact is less than €1m

Holiday Experiences: Destination Experiences (formerly Destination Services) – H1
Global tours & activities leader well-positioned for strong future growth

TURNOVER AND EARNINGS (€M)

	FY18 H1	FY17 H1	%
Turnover	59.8	54.6	9.5
Underlying EBITA	-9.3	0.3	







- Acquisition of Destination Management business from Hotelbeds Group, expected to complete in H2 FY18
- H1 result reflects operating model change since prior year leading to phasing of earnings into H2
- Good operational performance
- Arrival guests grew by 5%
- Expect to deliver ~15% growth in underlying EBITA pre-acquisition of Destination Management business for FY18[1]

[1] At constant currency rates

Strategic expansion of our Destination Experiences business – HBG Destination Management business acquisition ticks 3 relevant boxes

TUI DX STRATEGY LAYERS

DIGITALISATION

- 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

HBG DM BUSINESS

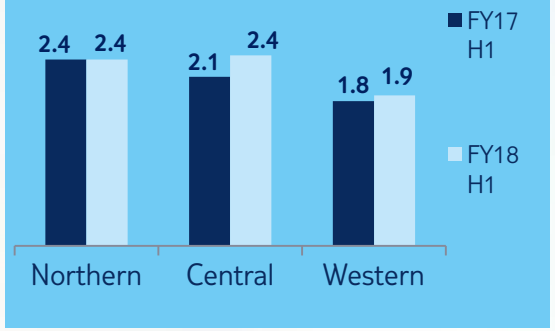
+ destination services INTERCRUISES SHORESIDE & PORT SERVICES ✓ + destination services INTERCRUISES SHORESIDE & PORT SERVICES ✓ + destination services INTERCRUISES SHORESIDE & PORT SERVICES ✓

TUI's One CRM initiative as accelerator for our Destination Experiences business – now in even more destinations

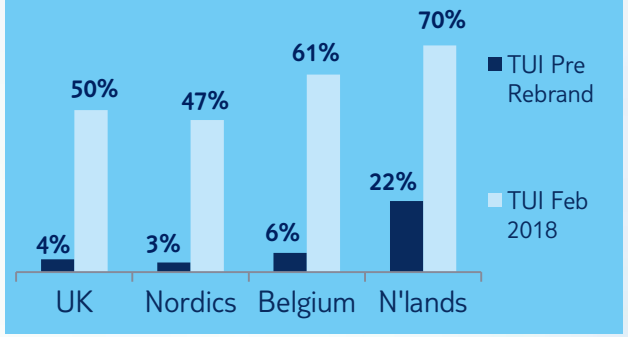
CUSTOMER BOOKING	4-6 MONTHS "EXCLUSIVE" MARKETING PERIOD	ARRIVAL IN DESTINATION
First cross-selling	**One CRM to drive Destination Experiences cross-selling**	**Range of Destination Experiences products**
	• Use time between booking and arrival in destination to cross-sell Destination Experiences products • No competition by other Destination Experiences product providers • Knowledge of customer allows tailored and individualized marketing • Targeted marketing with higher ancillary business conversion rate	Service Transfer Excursion (land & ship) Tours Activities Cruise handling

Sales & Marketing – H1
Portfolio of source markets continues to deliver good overall result

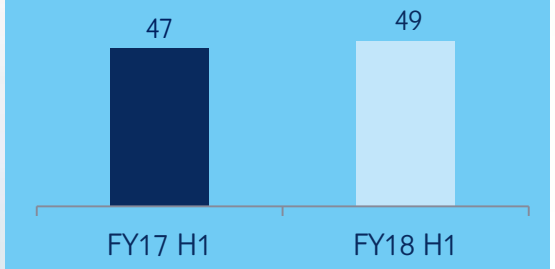
CUSTOMERS (M's)



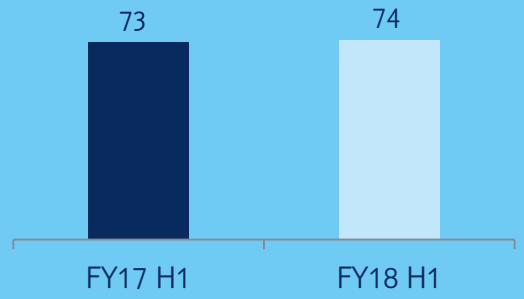
UNAIDED AWARENESS %



ONLINE DISTRIBUTION %



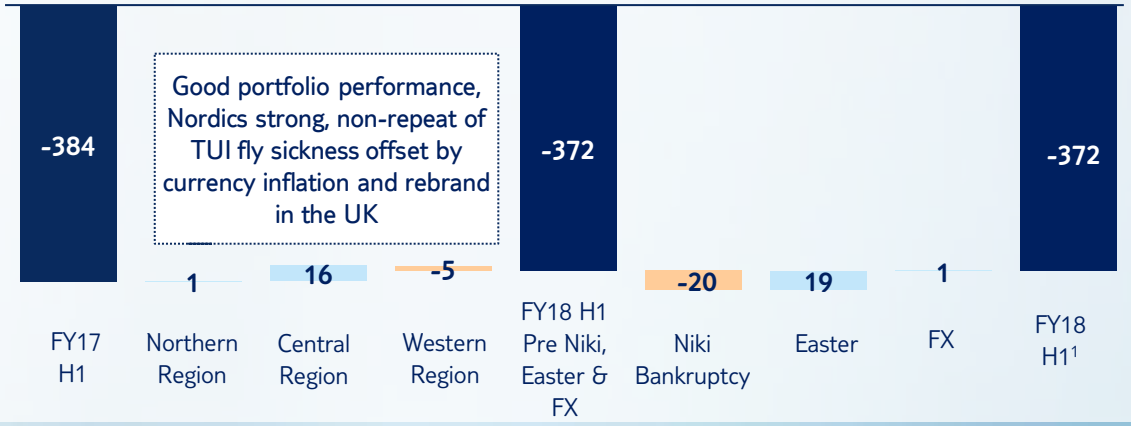
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18 H1	FY17 H1	%
Turnover	5,762.3	5,346.3	7.8
Underlying EBITA	-371.9	-383.9	3.1

BRIDGE UNDERLYING EBITA (€M)



FY18 Guidance[1]

	FY18e	FY17
Turnover[2]	Around 3% growth	€18,535m
Underlying EBITA	At least 10% growth	€1,102m
Adjustments	~€80m	€76m
Net interest expense	~€120m	€119m
Underlying effective tax rate	~20%	20%
Net capex & investments incl. PDPs	~€1.2bn	€1.1bn
Net (debt)/cash	Slightly negative	€0.6bn
Leverage ratio	3.0x to 2.25x	2.5x
Interest cover	5.75x to 6.75x	6.1x
Dividend per share	Growth in line with underlying EBITA	€0.65

1 Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current Group structure and pre-acquisition of Destination Management business from Hotelbeds Group
2 Excluding cost inflation relating to currency movements



FY18 H1 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY18 H1	FY17 H1	Change	FX	Change ex FX
Hotels & Resorts	**287.9**	**300.0**	**-12.1**	**-14.6**	**2.5**
- Riu	234.4	244.2	-9.8	-11.7	1.9
- Robinson	33.9	32.4	1.5	-1.1	2.6
- Blue Diamond	-	-	-	-	-
- Other	19.6	23.4	-3.8	-1.8	-2.0
Cruises	**395.6**	**345.9**	**49.7**	**-5.6**	**55.3**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	235.2	195.5	39.7	-5.6	45.3
- Hapag-Lloyd Cruises	160.4	150.4	10.0	-	10.0
Destination Experiences	**59.8**	**54.6**	**5.2**	**-1.6**	**6.8**
Holiday Experiences	***743.3***	***700.5***	***42.8***	***-21.9***	***64.7***
- Northern Region	2,324.1	2,204.3	119.8	-52.8	172.6
- Central Region	2,305.9	2,028.0	277.9	-4.3	282.2
- Western Region	1,132.3	1,114.0	18.3	-	18.3
Sales & Marketing	***5,762.3***	***5,346.3***	***416.0***	***-57.1***	***473.1***
All other segments	307.9	307.0	0.9	-1.5	2.4
TUI Group continuing operations	**6,813.5**	**6,353.8**	**459.7**	**-80.5**	**540.2**

*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 H1 Underlying EBITA by Segment*

In €m	FY18 H1	FY17 H1	Change	FX	Change ex FX
Hotels & Resorts	**179.2**	**122.8**	**56.4**	**-2.8**	**59.2**
- Riu	200.4	175.2	25.2	-5.6	30.8
- Robinson	1.0	1.3	-0.3	0.7	-1.0
- Blue Diamond**	21.2	15.1	6.1	-3.2	9.3
- Other	-43.4	-68.8	25.4	5.3	20.1
Cruises	**92.4**	**75.0**	**17.4**	**-0.6**	**18.0**
- TUI Cruises**	53.3	38.3	15.0	-	15.0
- Marella Cruises	24.3	21.5	2.8	-0.6	3.4
- Hapag-Lloyd Cruises	14.8	15.2	-0.4	-	-0.4
Destination Experiences	**-9.3**	**0.3**	**-9.6**	**-1.7**	**-7.9**
Holiday Experiences	***262.3***	***198.1***	***64.2***	***-5.1***	***69.3***
- Northern Region	-120.5	-138.0	17.5	1.2	16.3
- Central Region	-145.8	-143.7	-2.1	0.2	-2.3
- Western Region	-105.6	-102.2	-3.4	-	-3.4
Sales & Marketing	***-371.9***	***-383.9***	***12.0***	***1.4***	***10.6***
All other segments	-49.0	-28.5	-20.5	-4.4	-16.1
TUI Group continuing operations	**-158.6**	**-214.3**	**55.7**	**-8.1**	**63.8**

*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

Current trading progressing well

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- Spain remains strong with demand rebalancing to Turkey and North Africa
- Strong demand for Greece
- Five openings scheduled for Summer 2018



CRUISES

- Demand remains strong with higher yields in all three brands
- New ship launches scheduled for TUI Cruises, Marella Cruises and Hapag-Lloyd Cruises
- From S19, entire Marella fleet will be fully All-Inclusive



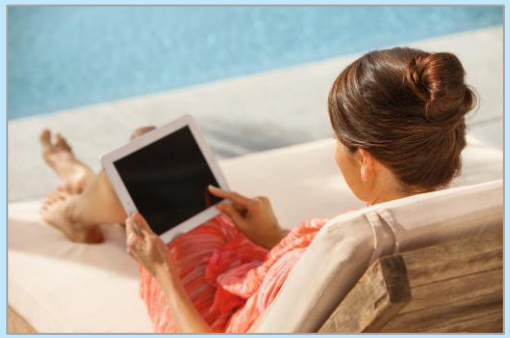
DESTINATION EXPERIENCES

- Volumes develop in line with Sales & Marketing
- Acquisition of the destination management business from Hotelbeds Group is expected to complete in H2 FY18



SALES & MARKETING

- S18[1] revenue +7%, bookings +5%
- Strong growth in bookings for Turkey, North Africa, Greece, Bulgaria, Cyprus and Croatia
- W17/18 closed out well with growth driven by North Africa, Cape Verde, Thailand and Turkey



[1]These statistics are up to 29 April 2018 and shown on a constant currency basis and relate to all customers whether risk or non-risk

FY17 RESULTS

FY17 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	**679.0**	**618.6**	**60.4**	**-24.9**	**85.3**
- Riu	493.1	461.6	31.5	-10.2	41.7
- Robinson	82.6	72.2	10.4	-0.8	11.2
- Blue Diamond	-	-	-	-	-
- Other	103.3	84.8	18.5	-13.9	32.4
Cruises	**814.9**	**703.1**	**111.8**	**-53.1**	**164.9**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	502.3	406.4	95.9	-53.1	149.0
- Hapag-Lloyd Cruises	312.6	296.7	15.9	-	15.9
Destination Services	**202.6**	**191.4**	**11.2**	**-3.4**	**14.6**
Holiday Experiences	***1,696.5***	***1,513.1***	***183.4***	***-81.4***	***264.8***
- Northern Region	6,601.5	6,564.4	37.1	-543.7	580.8
- Central Region	6,039.5	5.562.9	476.6	4.2	472.4
- Western Region	3,502.2	2,869.9	632.3	-0.2	632.5
Sales & Marketing	***16,143.2***	***14,997.2***	***1,146.0***	***-539.7***	***1,685.7***
All other segments	695.3	643.6	51.7	-0.4	52.1
TUI Group continuing operations	**18,535.0**	**17,153.9**	**1,381.1**	**-621.5**	**2,002.6**

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, and simplified to disclose Destination Services from Other Tourism and Marella Cruises from Northern Region to Cruise segment and remaining business segments within Other Tourism into All other segments.

FY17 Underlying EBITA by Segment*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	**356.5**	**303.8**	**52.7**	**-5.5**	**58.2**
- Riu	355.9	318.3	37.6	-5.5	43.1
- Robinson	38.5	38.7	-0.2	1.6	-1.8
- Blue Diamond**	20.1	16.5	3.6	0.6	3.0
- Other	-58.0	-69.7	11.7	-2.2	13.9
Cruises	**255.6**	**190.9**	**64.7**	**-7.8**	**72.5**
- TUI Cruises**	135.9	100.1	35.8	-	35.8
- Marella Cruises	86.5	61.3	25.2	-7.8	33.0
- Hapag-Lloyd Cruises	33.2	29.5	3.7	-	3.7
Destination Services	**35.1**	**36.7**	**-1.6**	**-7.0**	**5.4**
Holiday Experiences	***647.2***	***531.4***	***115.8***	***-20.3***	***136.1***
- Northern Region	345.8	383.1	-37.3	-5.3	-32.0
- Central Region	71.5	85.1	-13.6	-0.2	-13.4
- Western Region	109.2	86.0	23.2	-0.1	23.3
Sales & Marketing	***526.5***	***554.2***	***-27.7***	***-5.6***	***-22.1***
All other segments	-71.6	-85.1	13.5	7.2	6.3
TUI Group continuing operations	**1,102.1**	**1,000.5**	**101.6**	**-18.7**	**120.3**

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, and simplified o disclose Destination Services from Other Tourism, Blue Diamond to Hotels & Resorts and Marella Cruises to Cruise segment both from Northern Region and remaining business segments within Other Tourism into All other segments.
**Equity result

Income Statement

In €m	FY17	FY16
Turnover	18,535.0	17,153.9
Underlying EBITA	**1,102.1**	**1,000.5**
Adjustments (SDI's and PPA)	-75.6	-102.4
EBITA	**1,026.5**	**898.1**
Net interest expense	-119.2	-179.5
Hapag-Lloyd AG	172.4	-100.3
EBT	**1,079.7**	**618.3**
Income taxes	-168.8	-153.4
Group result continuing operations	**910.9**	**464.9**
Discontinued operations	-149.5	687.3
Minority interest	-116.6	-114.8
Group result after minorities	**644.8**	**1,037.4**
Basic EPS (€)	1.10	1.78
Basic EPS (€, continuing)	1.36	0.61
Pro forma Underlying EPS (€, continuing)	**1.14**	**0.86**

ADJUSTMENTS
Reduced by €27m due to completion of post-merger integration

INTEREST
Improvement of €60m, due to lower RCF utilisation, lower interest on provisions and refinancing of High Yield Bond to Senior Notes with lower coupon rate, partially offset by additional finance lease interest for new aircraft and cruise ships

HAPAG-LLOYD AG
Book profit of €172m realised on disposal of HLAG interest. Prior year reflects share value impairment during H1 FY16

TAX
Underlying effective tax rate remains at 20%

DISCONTINUED OPERATIONS
Completion of Travelopia disposal; charge of €131m relating to disposal of net assets and recycling of FX losses. Prior year reflects Hotelbeds transaction

EPS
Significant underlying increase driven by operational performance, financial and tax efficiency

Deliver Merger Synergies

In €m	Per Capital Markets Update May 2015		Realised to FY16		Realised to FY17	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	50	35	40	35	53	35
Occupancy improvement	30	-	30	-	30	-
Destination Services	20	42	10	31	17	34
TOTAL	**100**	**77**	**80**	**66**	**100**	**69**

Underlying effective tax rate for FY17 at 20%

MERGER SYNERGIES FULLY DELIVERED

Adjustments & Net Interest Result

In €m	FY17	FY16
Gain/(Loss) on disposals	2.2	-0.8
Restructuring expense	-23.1	-12.0
Purchase Price Allocation	-29.2	-41.9
Other one-off items	-25.5	-47.7
Total Adjustments	**-75.6**	**-102.4**

In €m	FY17	FY16
Debt related interest	-102	-126
Non-debt related charge	-38	-75
Interest income	21	21
Net interest result	**-119**	**-180**
o/w cash interest	*-57*	*-71*

Earnings per share (continuing operations)

In €m	Reported FY17	Reported FY16	Pro forma FY17	Pro forma* FY16
EBITA	1,027	898	1,102	1,001
Net interest expense	-119	-180	-119	-180
HL AG book value adjustment and equity result	172	-100	-	-
EBT	**1,080**	**618**	**983**	**821**
Tax rate	*16%*	*25%*	*20%*	*25%*
Tax Charge	-169	-153	-197	-205
Minority Interest	-117	-111	-117	-111
Net Income	**794**	**354**	**670**	**504**
Basic number of shares (m)	584	584	587	587
Basic Earnings Per Share (€)	1.36	0.61	1.14	0.86

Underlying effective tax rate calculated based on underlying EBT

Pro forma NOSH based on issued share capital as at 30.9.17

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

Cash Flow & Movement in Net Debt

In €m	FY17	FY16
EBITDA reported[1]	**1,490.9**	**1,305.1**
Working capital	406.2	271.8
Other cash effects	89.9	63.7
At equity income[1]	-252.3	-187.2
Dividends received from JVs and associates	118.2	82.2
Tax paid	-146.1	-186.4
Interest (cash)	-57.1	-71.2
Pension contribution	-141.3	-335.6
Operating Cashflow	**1,508.4**	**942.4**
Net capex & investments incl PDPs[2]	-1,071.9	-634.8
Disposal proceeds	388.0	811.6
Free Cashflow	**824.5**	**1,119.2**
Dividends	-456.8	-341.1
Movement in Cash Net of Debt	**367.7**	**778.1**

[1] Continuing ops basis, non-continuing adjustment in Other cash effects
[2] Net capex of €766.9m, net investments of €102.5m and net PDPs of €202.5m

STRONG OPERATING CASHFLOW
Full-year improvement of ~€560m

IMPROVEMENT IN WORKING CAPITAL
Driven by growth in Source Markets turnover

TRAVELOPIA - DISPOSAL PROCEEDS OF ~€400M
Completed sale to KKR on 15 June 2017, at agreed enterprise value of £325m

HAPAG-LLOYD AG SHARES – DISPOSAL PROCEEDS OF ~€400M
Interest in Hapag-Lloyd AG now fully disposed

In €m	FY17	FY16
Opening cash (debt)	**350**	**-214**
Movement in cash net of debt	368	778
Employees Benefit Trust	-22	-
Asset Finance	-149	-350
Other	36	136
Closing net cash including Discontinued Ops	**583**	**350**
Travelopia	-	-318
Closing net cash as per Balance Sheet	**583**	**32**

Net Financial Position, Pensions and Operating Leases

In €m	30 Sep 2017	30 Sep 2016
Financial liabilities	**-1,933**	**-2,041**
- Finance leases	-1,227	-1,232
- High Yield Bond	-	-306
- Senior Notes	-296	-
- Liabilities to banks	-381	-411
- Other liabilities	-29	-92
Cash	**2,516**	**2,073**
Net cash (debt)	**583**	**32**
- Net Pension Obligation	-1,127	-1,451
- Discounted value of operating leases[1]	-2,619	-3,144

[1] *At simplified discounted rate of 1.75% with both years on continuing ops basis*

Leverage ratio – medium-term we feel well placed within new target range (3.0x-2.25x)

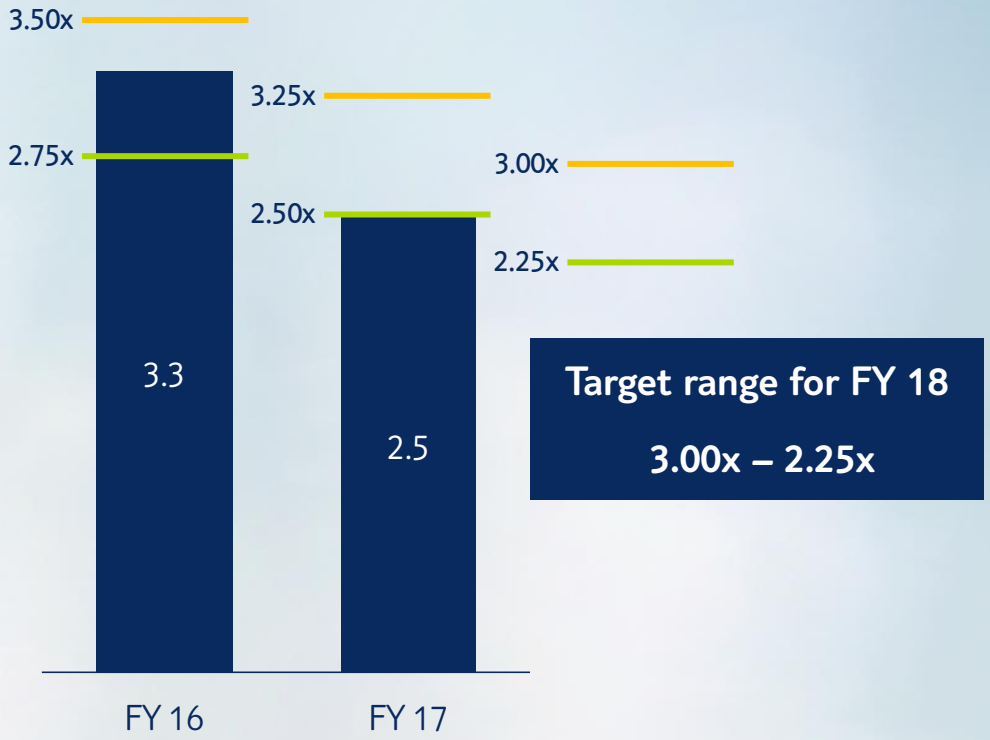
LEVERAGE RATIO FY17

€m	FY17	Guidance
Gross debt	1,933	
to Bonds	296	
to Liabilities to banks	381	
to Finance leases	1,227	↗
to Other financial liabilities	29	
Pensions	1,127	↘
Discounted value of operating leases[1]	2,619	→
Debt	5,680	
Reported EBITDAR	2,241	
Leverage Ratio	**2.5x**	

SPLIT
80% Aircraft
20% Cruises & Other

[1] At simplified discounted rate of 1.75%

DEVELOPMENT AND OUTLOOK

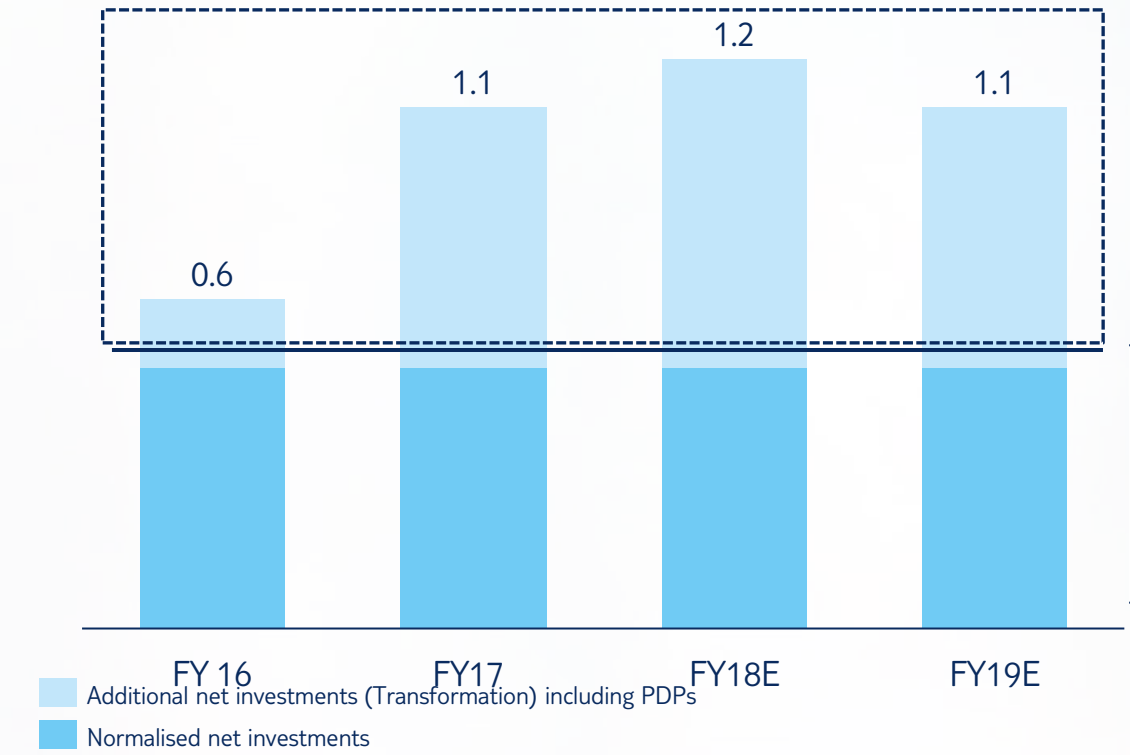


Target range for FY 18

3.00x – 2.25x

Transformational Growth Investments funded by Disposal Proceeds

NORMALISED NET INVESTMENTS (€BN)



Additional net investments for transformation FY16-19 = €1.9bn[1]

Normalised net investments ~3.5% of Revenue

Hotels ~30%
Cruises ~20%
Source Markets ~15%
IT ~10%
Other 25%

DISPOSALS (€BN)

~€2.0bn

0.4 Hapag-Lloyd

0.4[2] Travelopia

1.2[2] Hotelbeds

[1] Assumed MS1 and MS2 purchase as cash transaction / final decision on transaction structure/financing not yet taken

[2] Net of costs & including WC/cash effect

Financial Calendar 2018 & 2019

9 AUGUST 2018

Q3 FY18 REPORT

27 SEPTEMBER 2018

PRE – CLOSE TRADING UPDATE

13 DECEMBER 2018

ANNUAL REPORT FY18

12 FEBRUARY 2019

ANNUAL GENERAL MEETING





Contact

ANALYST AND INVESTOR ENQUIRIES

Peter Krüger, Director of Investor Relations, M&A and Group Strategy — Tel: +49 (0)511 566 1440

Contacts for Analysts and Investors in UK, Ireland and Americas

Sarah Coomes, Head of Investor Relations — Tel: +44 (0)1293 645 827

Hazel Chung, Investor Relations Manager — Tel: +44 (0)1293 645 823

Contacts for Analysts and Investors in Continental Europe, Middle East and Asia

Nicola Gehrt, Head of Investor Relations — Tel: +49 (0)511 566 1435

Ina Klose, Investor Relations Manager — Tel: +49 (0)511 566 1318

Jessica Blinne, Junior Investor Relations Manager — Tel: +49 (0)511 566 1425

TUI