

100-day review & H1 results 2012/13

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Frankfurt, 15 May 2013



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.

1

100-day review – oneTUI

2

Transformation & vertical integration

3

Business excellence & cash flow

4

H1 results & Outlook FY 2012/13 – the transition year

5

Summary & conclusion

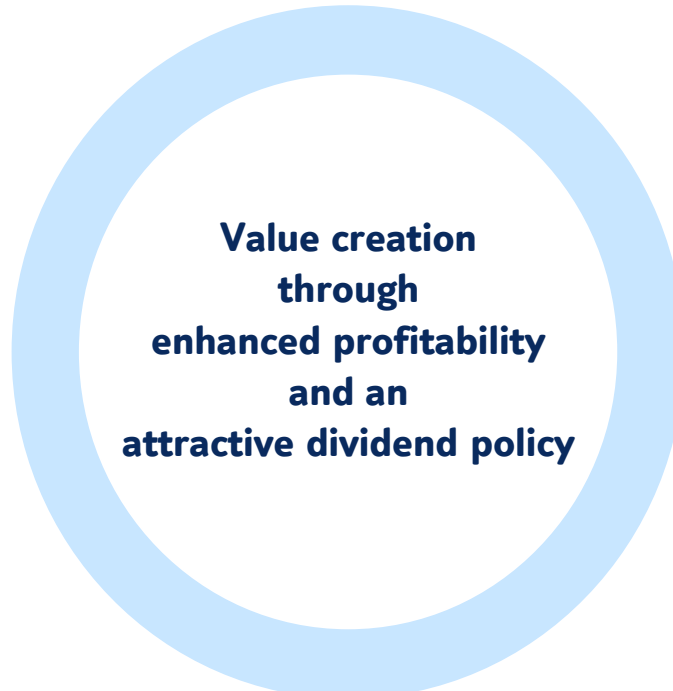
TUI status quo “100-day review”

TUI is a top consumer brand with many strengths...

- ☒ Tourism is a growth market
- ☒ Market leader in tour operating and retail
- ☒ No 1 leisure hotelier in Europe
- ☒ Leading tourism brand worldwide

... with substantial scope for value creation through:

- ☐ Implementing strategic leadership through better vertical integration
- ☐ Driving capital efficiency and restructuring underperforming hotel & cruise assets
- ☐ Establishing a lean holding structure and cutting interest costs
- ☐ Increasing cash flows to TUI AG, establishing strict financial discipline and performance management within the Group



**Value creation
through
enhanced profitability
and an
attractive dividend policy**

oneTUI – Stronger together

Transformation & optimise vertical integration

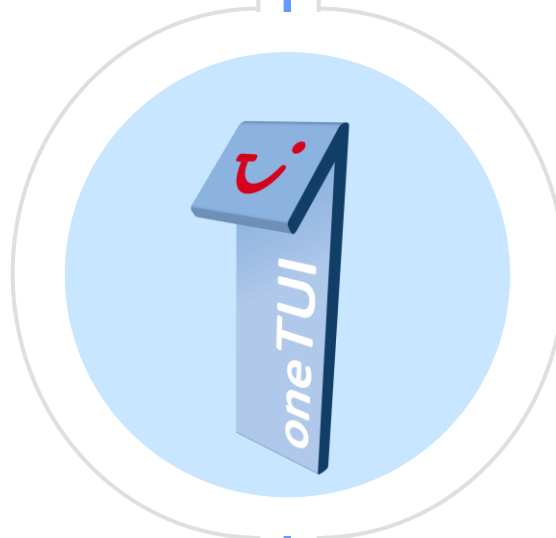
- Focus on brand
- Focus on content
- Focus on customers
- Focus on tour operator & retail
- Focus on integrated value chain

Complement tour operator with content business

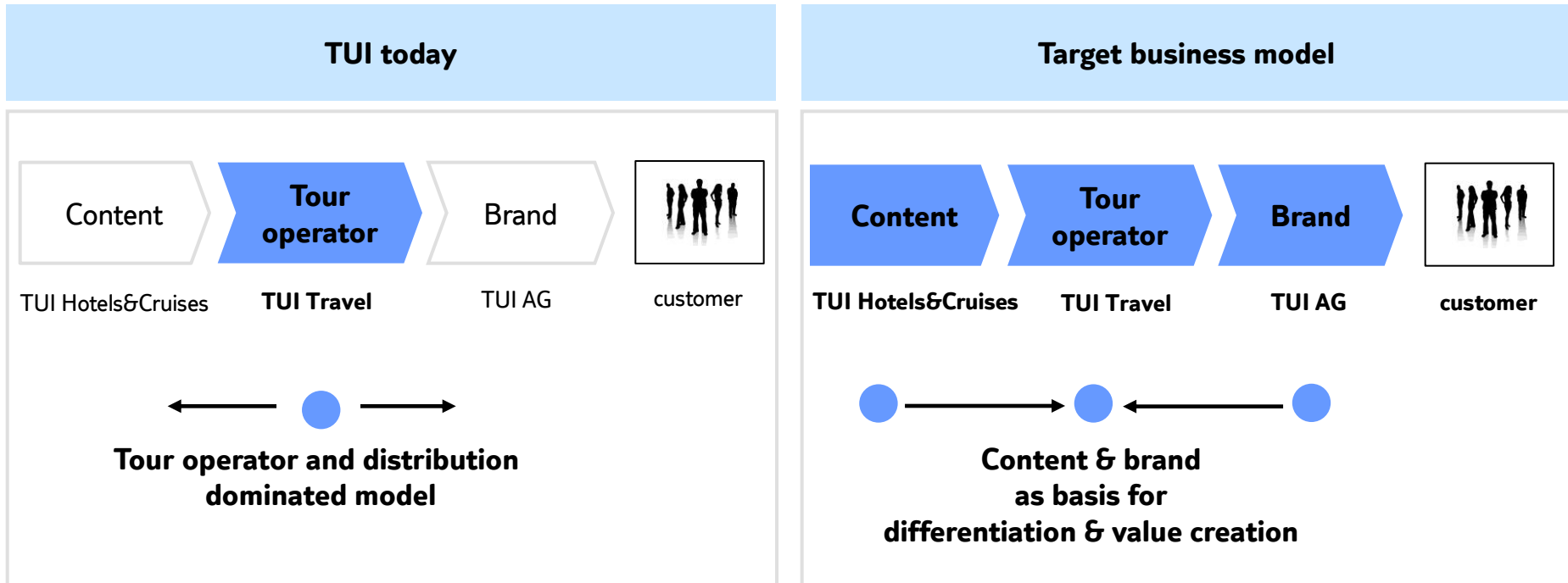
Business excellence & cash flow orientation

- Group-wide business excellence programme
- Cash flow orientation
- Financial discipline
- Further deleveraging

Establish dividend policy



Transformation & optimise vertical integration



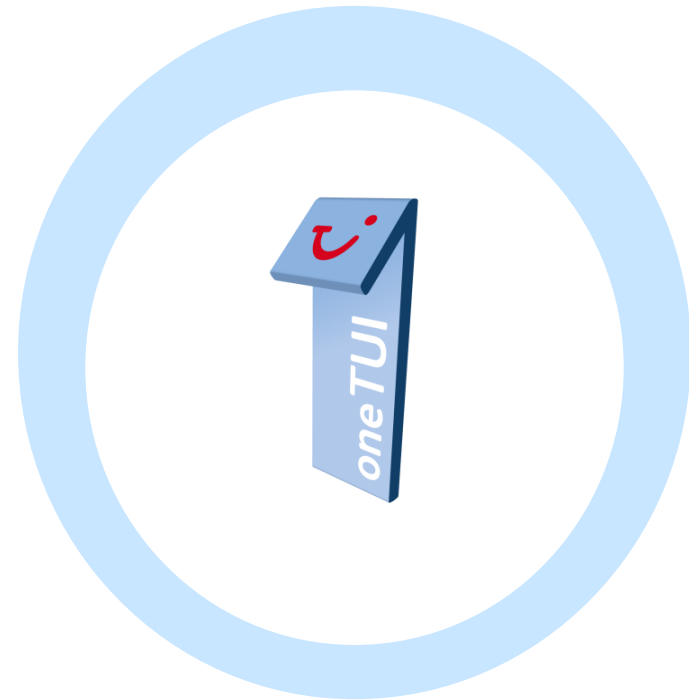
Rationale

- At over 60%, **content** is the main **driver of** customers' **net promoter score**
- Content business as **essential part of value creation**
- **Integration** of content & tour operator/retail: **Essential for scalability of content**
(Tour operator: Occupancy; Content & Brand: Attractiveness of tour operator products)

Transformation & optimise vertical integration

Key areas for joint projects

- 1 Brand management
- 2 Integrated world of hotel brands
- 3 Aligned Online / CRM strategy (digital evolution)
- 4 Common management systems & processes
- 5 Joint personnel development "one team"



oneTUI – Stronger together

Transformation & optimise vertical integration

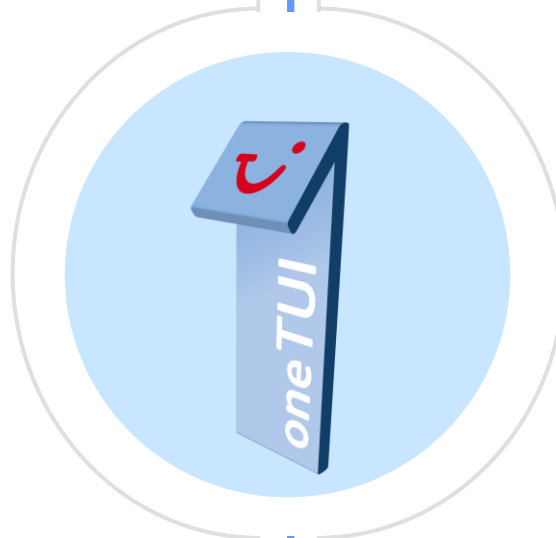
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Complement tour operator with content business

Business excellence & cash flow orientation

- Group wide business excellence programme
- Cash flow orientation
- Financial discipline
- Further deleveraging

Establish dividend policy



Central Operations – key targets and measures

1. Project Lean Holding

- Headcount reduction
- Reduction in admin costs
(e.g. sponsorship, consultancy fees)

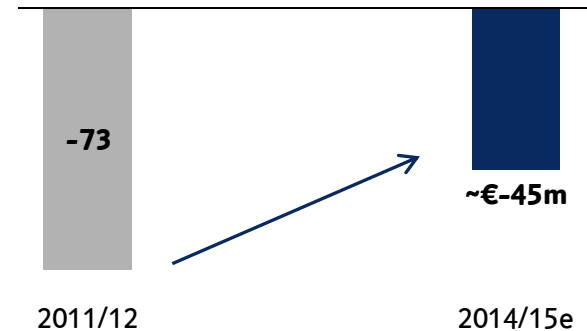
2. Further reduction in interest costs through redemption of outstanding debt

3. Continuing exit strategy Hapag-Lloyd

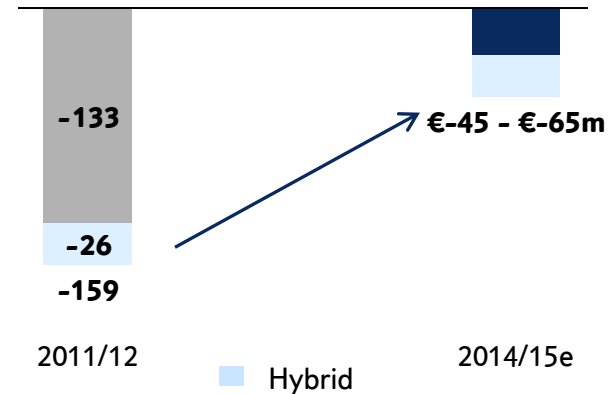
- IPO or 3rd party sale

Key targets

Underlying EBITA (€m)



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





1. Restructure underperformers

- Fix or potentially sell Castelfalfi
- Restructure Grecotel

2. Focus & capital efficiency

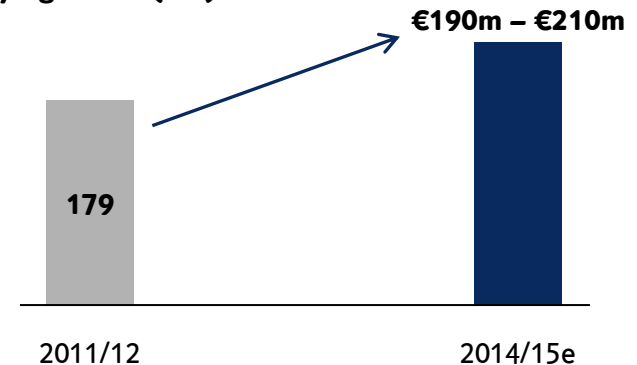
- Focus on core brands
- Stop non-core projects
- Active asset management
- Optimize distribution (TUI Travel, online)
- Category leadership

3. Increase cash flow to TUI AG

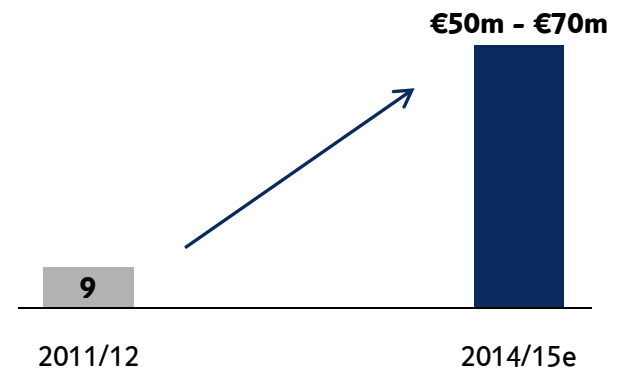
- Follow a defined dividend policy for Riu, Iberotel & Grupotel
- Increase cash flow & ROIC of Robinson

Key targets

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



* after CAPEX

Content

Cruises – key targets and measures



1. Focus on growth & dividends

- Establish 4-ship operations
- Optimize capital efficiency & increase dividends to TUI AG

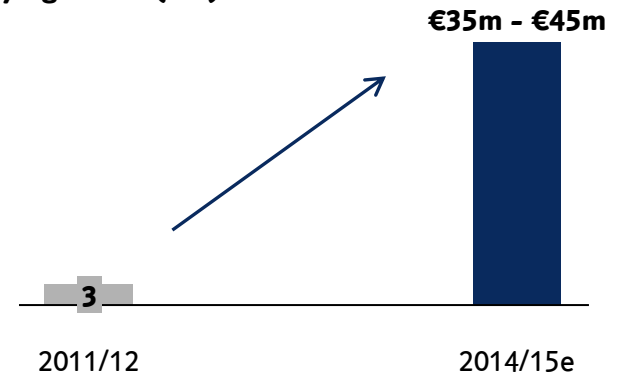


2. Focus on turnaround

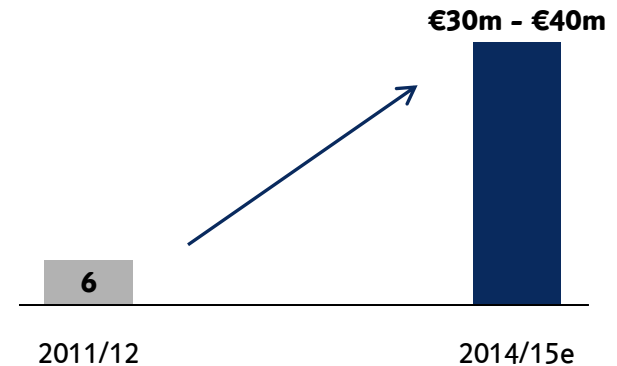
- Implement cost efficiencies
- Increase occupancy
- Adapt fleet structure

Key targets

Underlying EBITA (€m)



Cash flow to TUI AG (HoldCo) (€m)*



* after CAPEX

Tour operator

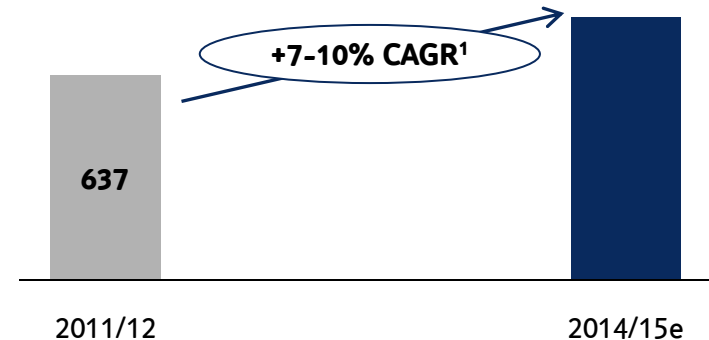
TUI Travel – key targets and measures



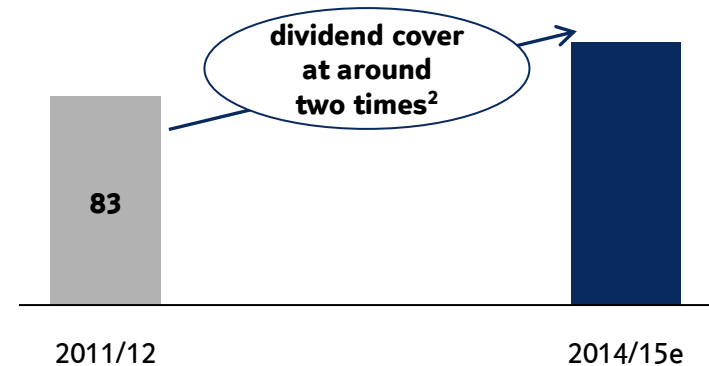
1. Strategic leadership & operating performance management
 - Germany
 - France
 - Russia
 - Brand management
2. Strategic review
 - Specialist & Activity
 - Accommodation & Destinations
3. Focus on cash flow & deleveraging
 - Cash conversion
 - Investments
 - Working capital
 - Financing strategy

Key targets

Underlying EBITA (€m)¹



Cash flow to TUI AG (HoldCo) (€m)²



1 Based on TUI Travel GBP guidance: 7-10% EBITA CAGR over next 5 years; € forecast on a constant currency basis

2 Based on unaltered dividend policy for TUI Travel "underlying dividend cover at around two times"

oneTUI – Focus on cash flow

Business excellence

Central Operations



- Lean Holding project
- Reduce cash-out
- Reduce interest costs

Content



- Increase cash contribution



- Improve value creation of content business



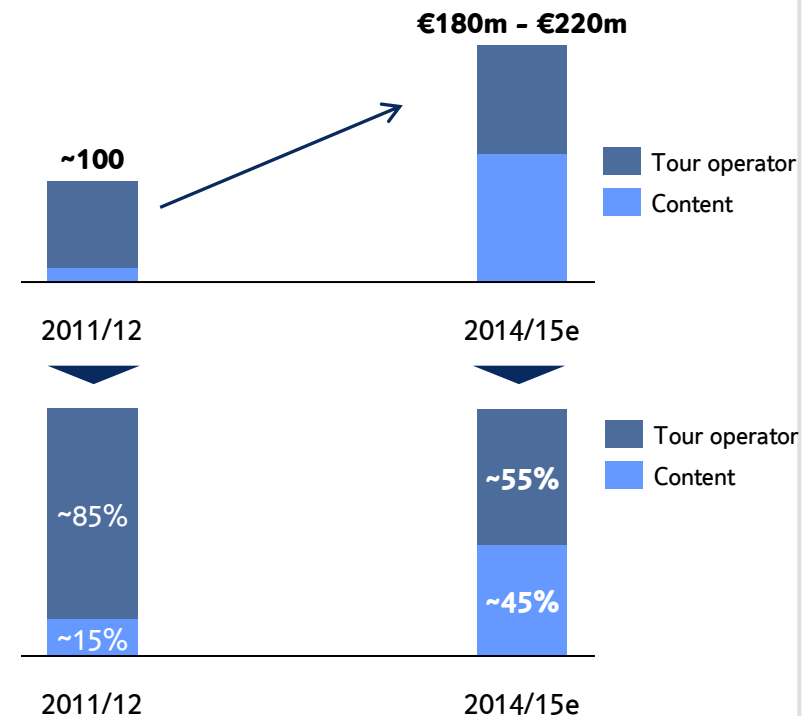
Tour operator



- Increase free cash flow and leverage
- Unaltered dividend policy

Development content versus tour operator

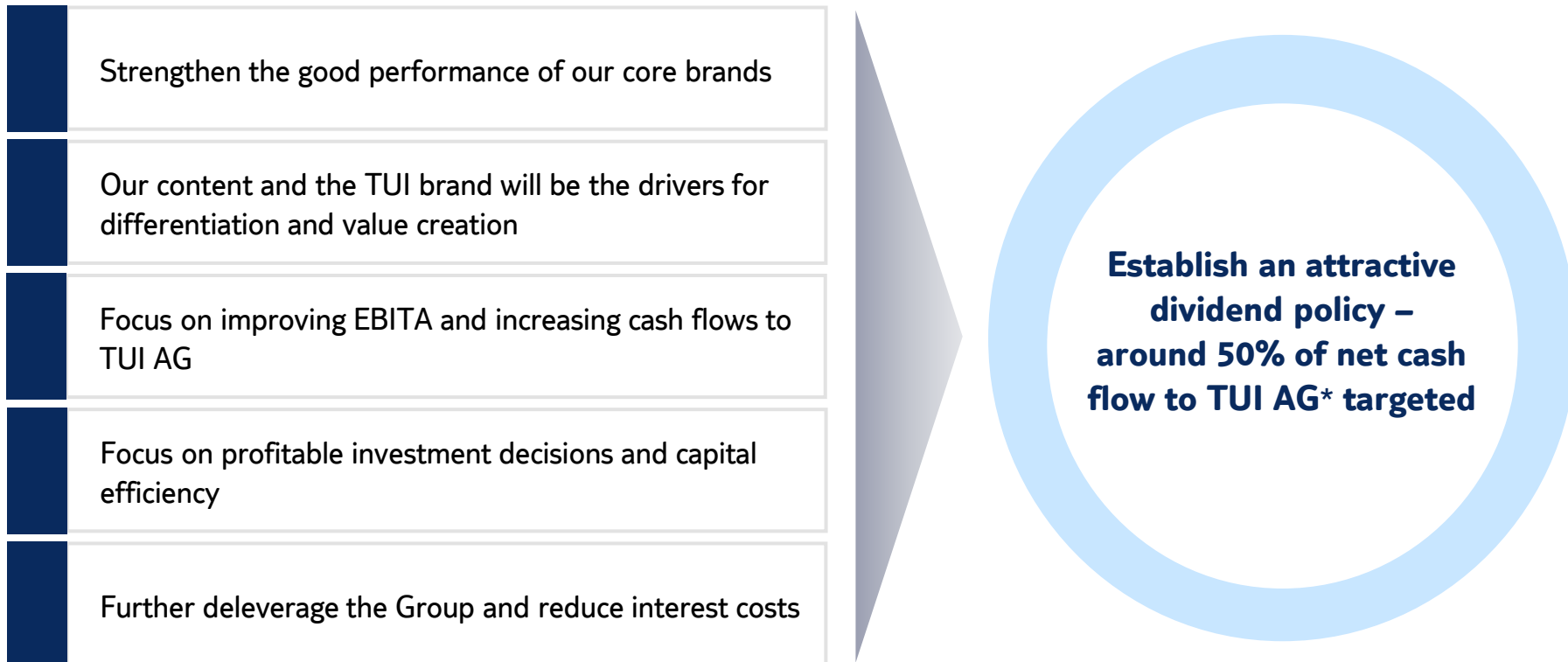
Cash contributions to TUI AG* (€m)



Almost equal cash contributions to TUI AG from content and tour operator business targeted

* Before cash-out from central operations

oneTUI – targets & commitments



* Holding company

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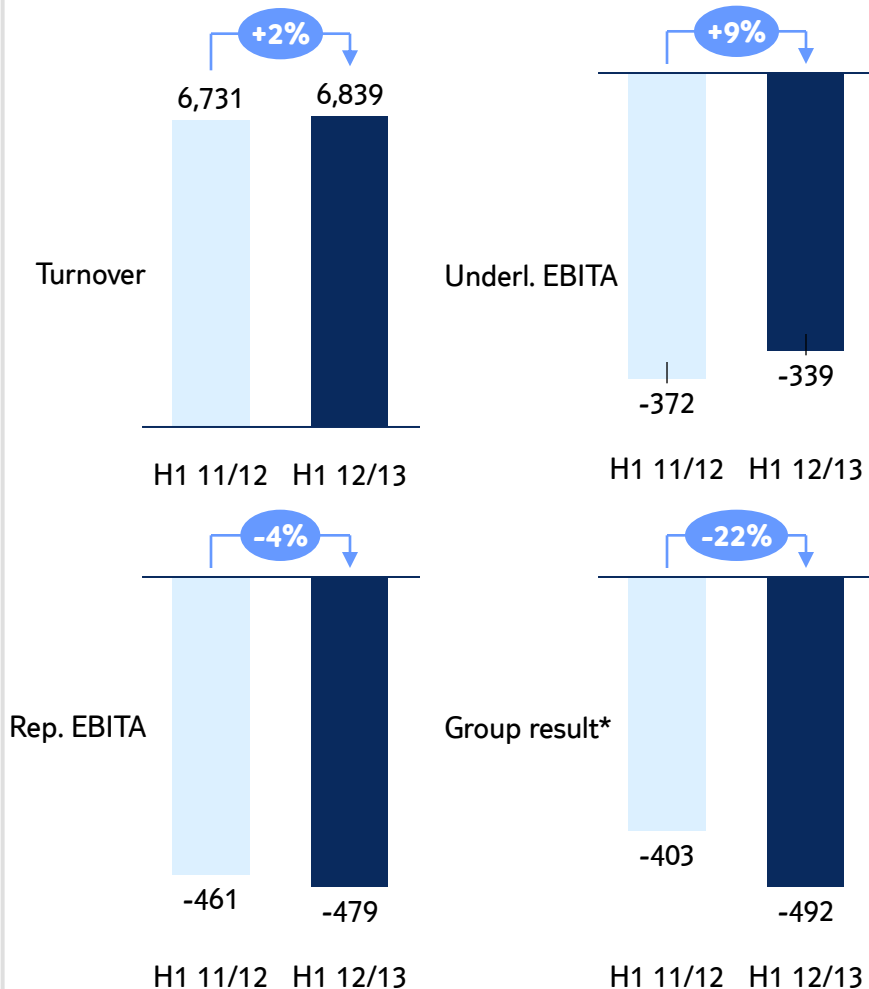
H1 results & Outlook FY 2012/13 – the transition year

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Summary & conclusion

Highlights H1 2012/13

Key figures



Highlights

- TUI Group with strong finish to winter trading
- Underlying EBITA up by around €33m on good trading and earlier timing of Easter
- 2012/13 will be a transition year, reported EBITA and Group result are affected by one-off items
- Based on the sound operating performance, especially of TUI Travel, we now expect underlying EBITA to improve in FY 2012/13

Turnover and earnings

Q2 & H1 2012/13

Turnover (€m)	Q2 12/13	Q2 11/12	%
TUI Travel	3,137.3	3,120.1	+0.6
TUI Hotels & Resorts	133.8	88.5	+51.2
Cruises	69.1	62.2	+11.1
Central Operations	3.5	11.1	-68.5
Group	3,343.7	3,281.9	+1.9

H1 12/13	H1 11/12	%
6,493.9	6,432.9	+0.9
218.5	172.0	+27.0
120.6	102.3	+17.9
6.4	23.3	-72.5
6,839.4	6,730.5	+1.6

Underlying EBITA (€m)	Q2 12/13	Q2 11/12	%
TUI Travel	-221.8	-256.0	+13.3
TUI Hotels & Resorts	40.2	41.9	-4.0
Cruises	0.2	2.5	-92.0
Central Operations	-15.8	-12.6	-25.4
Group	-197.2	-224.2	+12.0

€-351m excl.
empty legs

€60m excl.
disposal gain

H1 12/13	H1 11/12	%
-368.7	-386.4	+4.6
74.5	55.1	+35.2
-11.0	-5.7	-93.0
-33.5	-34.5	+2.9
-338.7	-371.5	+8.8

Transition year 2012/13 – H1 one-off effects

Central Operations



- Lean Holding
 - Significant reduction in corporate centre costs (personnel, consultancy fees, sponsorship etc.)

Effect on...

- Reported EBITA: €-15m

TUI Hotels & Resorts



- Restructure Castelfalfi
 - Asset write-down based on adjusted budget

Effect on...

- Reported EBITA: €-26m
- Goodwill: €-8m

Cruises



- Restructure Hapag-Lloyd Kreuzfahrten
 - Onerous contract "Europa 2" and "Columbus 2"

Effect on...

- Reported EBITA: €-49m

Underlying vs. reported EBITA – Adjustments

Development Q2 & H1 2012/13

€m	Q2 12/13	Q2 11/12	H1 12/13	H1 11/12
Underlying EBITA	-197.2	-224.2	-338.7	-371.5
TUI Travel	-15.9	-76.7	-50.0	-102.7
TUI Hotels & Resorts	-25.9	-	-25.9	-
Cruises	-49.0	-	-49.0	-
Central operations	-15.4	-8.6	-15.4	13.3
Total adjustments	-106.2	-85.3	-140.3	-89.4
Reported EBITA	-303.4	-309.5	-479.0	-460.9

Outlook 2012/13

FY 2012/13e
Total adjustments at around €200m expected

Group P&L

Q2 and H1 2012/13

in €m	Q2 12/13	Q2 11/12	H1 12/13	H1 11/12
Turnover	3,343.7	3,281.9	6,839.4	6,730.5
Underlying EBITA	-197.2	-224.2	-338.7	-371.5
Adjustments	-106.2	-85.3	-140.3	-89.4
EBITA	-303.4	-309.5	-479.0	-460.9
Impairment of goodwill	-8.3	-	-8.3	-
EBIT	-311.7	-309.5	-487.3	-460.9
Interest result	-72.7	-59.0	-139.6	-110.8
Gains on investment in HL	-	12.0	-	17.1
Equity result Hapag-Lloyd	-21.2	-50.0	-29.3	-58.7
EBT	-405.6	-406.5	-656.2	-613.3
Income taxes	-97.5	-141.0	-164.3	-210.8
Group result	-308.1	-265.5	-491.9	-402.5
Minority interests	-59.7	-80.3	-106.5	-129.7
Hybrid dividend	6.2	6.3	12.6	12.6
Group result after min./hybrid	-254.6	-191.5	-398.0	-285.4
EPS (€)	-1.01	-0.76	-1.58	-1.13

Group P&L

Key figures Outlook 2012/13

Key figures (in €m)

Outlook

H1 11/12

H1 12/13

FY 11/12

**FY 12/13e
old**

**FY 12/13e
new**

Turnover

6,730.5

6,839.4

18,330.3



Underlying EBITA

-371.5

-338.7

745.7



Reported EBITA

-460.9

-479.0

538.8



Full year Group result impacted by one-off costs and still high interest expenses

Outlook FY 2012/13

Guidance for underlying EBITA lifted

TUI Travel	▪ Positive effects of business improvement programme ▪ Improved margins through higher sales of unique products ➤ ▪ TUI Travel anticipates full-year underlying operating profit growth in sterling of at least 10% on a constant currency basis ➤ ▪ Negative FX effects from translation of GBP into € expected ▪ In total, we now expect an increase in underlying EBITA on € basis	
TUI Hotels & Resorts	▪ Slight reduction in capacity and bednights due to renovation ▪ Due to strong operating performance and the gain realised in connection with the sale of a hotel in Q1, earnings are expected to grow slightly y-o-y	
Cruises	▪ Continued positive performance of TUI Cruises ▪ Hapag-Lloyd Kreuzfahrten will be impacted by start-up costs for fleet expansion, reorganisation of fleet and weaker trading ▪ Overall earnings are expected to fall below prior year	
TUI Group	▪ Group underlying EBITA now expected to improve y-o-y ▪ Group reported EBITA expected to grow slightly y-o-y despite higher one-off expenses	

Balance sheet 31 March 2013

Net financial debt

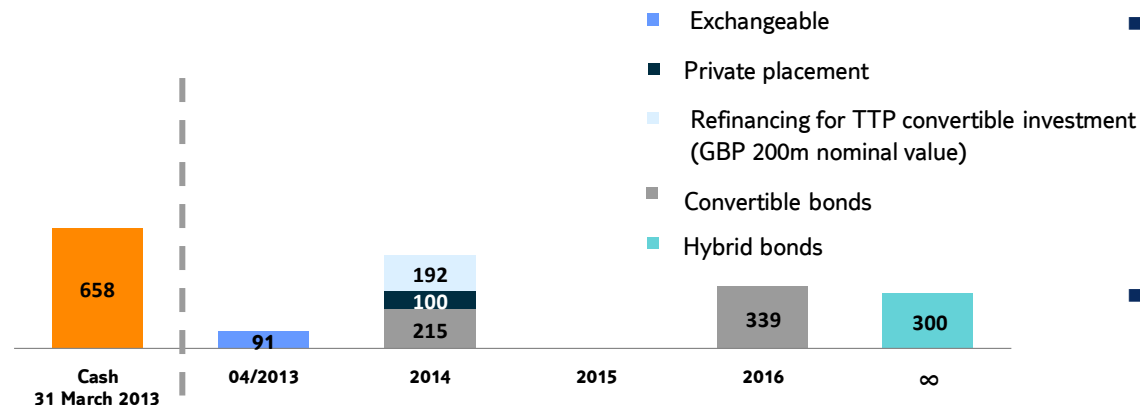


TUI Group

€m	31 Mar 2013	31 Mar 2012	30 Sep 2012
Financial liabilities	2,800.2	3,309.0	2,456.6
Cash	1,367.4	1,285.9	2,278.4
Net debt	1,432.8	2,023.1	178.2

- Group net debt position expected to be flat y-o-y
- + Improved operating performance
- Increased net debt at HoldCo

TUI AG maturities covered through 2015 (HoldCo, German GAAP, €m)



- HoldCo net debt position expected to increase to approx. €700m - €720m at FY-end due to one-off cash-outs (Cruise capex, taxes, Babcock and other)
- All maturities cash covered through 2015

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Business excellence & cash flow

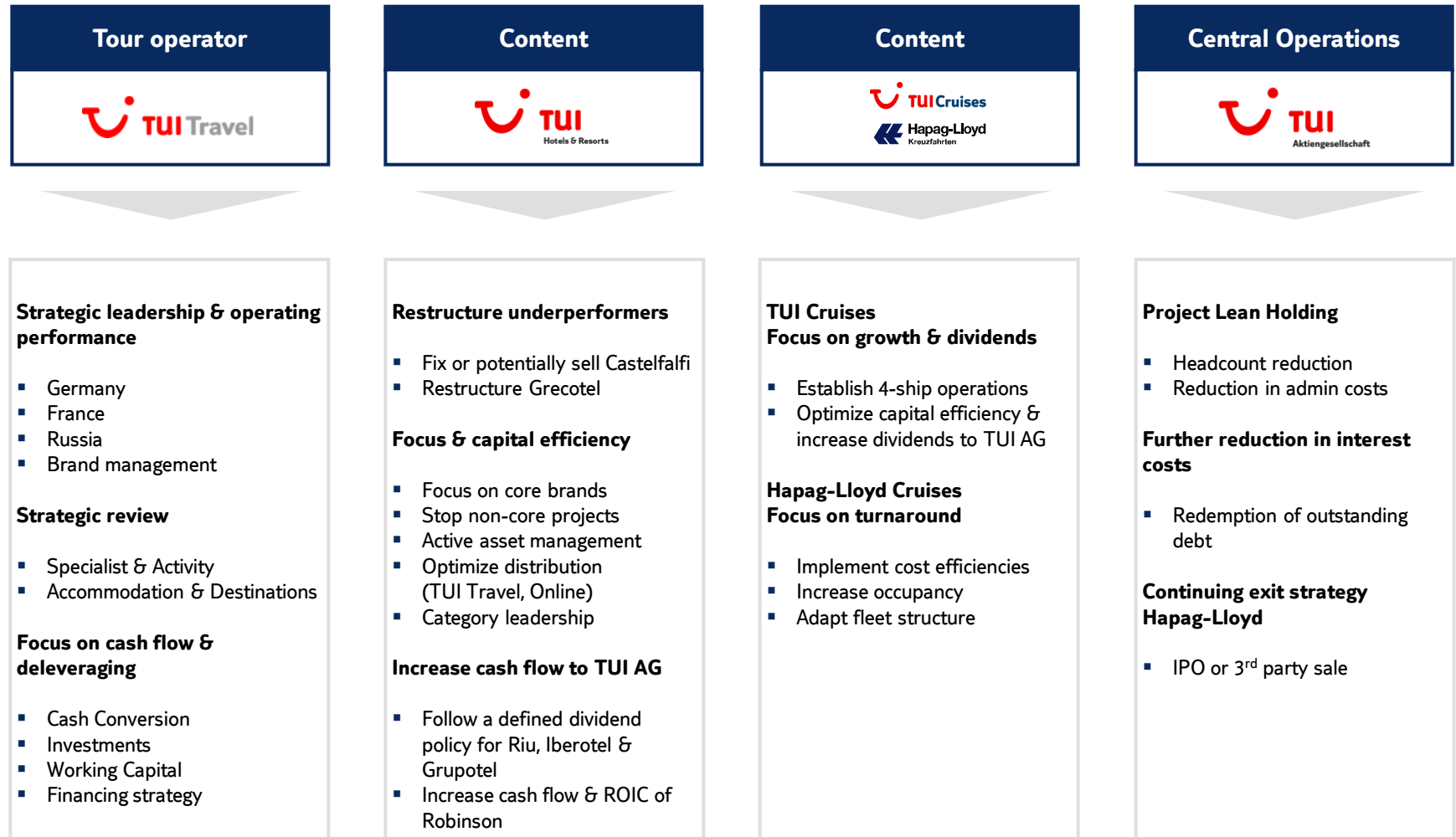
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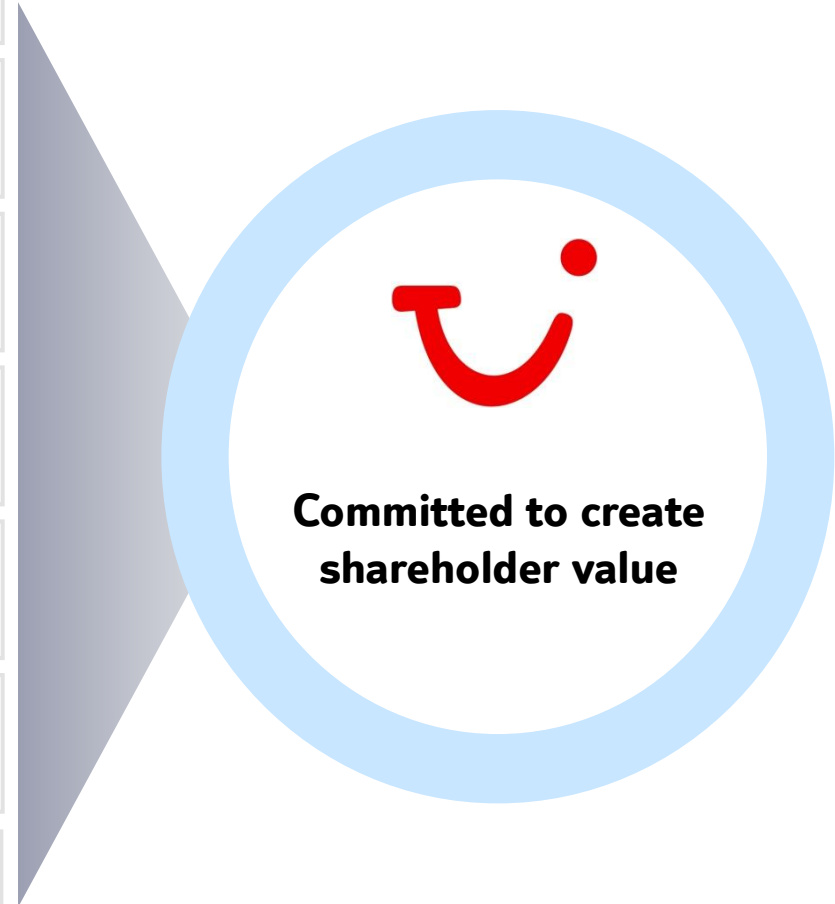
Summary & conclusion

Execution roadmap – Summary



Conclusion – oneTUI stronger together

1	Tourism is a growth market
2	#1 tourism brand in tour operating and leading European leisure hotelier
3	Vertical integration as a strong value driver
4	Value generation through cost efficiency and turnaround of underperformers
5	EBITA of ~€1bn for 2014/15 targeted
6	Strict financial discipline with focus on cash generation & deleveraging
7	Attractive dividend policy: around 50% of TUI AG* net cash flow



* Holding company

Appendix



Turnover and earnings Q2 & H1 2012/13



Q2 2012/13	TUI Travel			TUI Hotels & Resorts			Cruises			Central operations			Group		
	Q2 12/13	Q2 11/12	%	Q2 12/13	Q2 11/12	%	Q2 12/13	Q2 11/12	%	Q2 12/13	Q2 11/12	%	Q2 12/13	Q2 11/12	%
Turnover	3,137.3	3,120.1	+0.6	133.8	88.5	+51.2	69.1	62.2	+11.1	3.5	11.1	-68.5	3,343.7	3,281.9	+1.9
EBITDA underlying	-160.6	-212.5	+24.4	56.4	58.8	-4.1	2.6	4.9	-46.9	-15.2	-11.3	-34.5	-116.8	-160.1	+27.0
EBITA underlying	-221.8	-256.0	+13.4	40.2	41.9	-4.1	0.2	2.5	-92.0	-15.8	-12.6	-25.4	-197.2	-224.2	+12.0
EBITA reported	-237.7	-332.7	+28.6	14.3	41.9	-65.9	-48.8	2.5	n.m.	-31.2	-21.2	-47.2	-303.4	-309.5	+2.0

H1 2012/13	TUI Travel			TUI Hotels & Resorts			Cruises			Central operations			Group		
	H1 12/13	H1 11/12	%	H1 12/13	H1 11/12	%	H1 12/13	H1 11/12	%	H1 12/13	H1 11/12	%	H1 12/13	H1 11/12	%
Turnover	6,493.9	6,432.9	+0.9	218.5	172.0	+27.0	120.6	102.3	+17.9	6.4	23.3	-72.5	6,839.4	6,730.5	+1.6
EBITDA underlying	-257.6	-296.5	+13.1	107.4	88.6	+21.2	-6.2	-1.0	n.m.	-31.2	-32.0	+2.5	-187.6	-240.9	+22.1
EBITA underlying	-368.7	-386.4	+4.6	74.5	55.1	+35.2	-11.0	-5.7	-93.0	-33.5	-34.5	+2.9	-338.7	-371.5	+8.8
EBITA reported	-418.7	-489.1	+14.4	48.6	55.1	-11.8	-60.0	-5.7	n.m.	-48.9	-21.2	-130.7	-479.0	-460.9	-3.9

TUI Travel

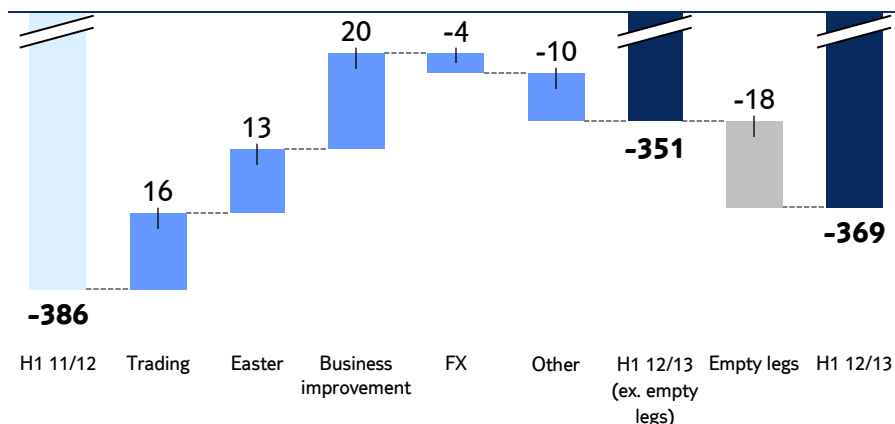
Operating performance



Turnover and Earnings (€m)

	H1 12/13	H1 11/12	%
Turnover	6,493.9	6,432.9	+0.9
Underlying EBITDA	-257.6	-296.5	+13.1
Underlying EBITA	-368.7	-386.4	+4.6
<i>For information purposes only:</i>			
<i>Underl. EBITA (excl. empty leg)*</i>	-351	-386	+9

Bridge Underlying EBITA (€m)



Turnover grew by 1% to €6.5bn - higher average selling prices for unique products offset the decrease in customer numbers

Underlying EBITA improved by €35m y-o-y excluding the negative impact of €18m from empty leg accounting (which has no full-year impact)

- UK improvement was driven by strong load factors, focusing on higher margin in unique holidays as well as an earlier Easter timing
- Nordics benefited from strong trading in the tour operator and a non-repeat of the flooding in Bangkok
- Germany on last year's level with the long-haul business to Thailand, USA and Cuba in particular performing well

TUI Travel

Empty leg accounting – y-o-y forecast

	GBPm	€m
Q1	-23	-28
Q2	+8	+10
Q3e	-10	-12
Q4e	+25	+30
FY 13	No impact	No impact

- Empty legs relate to the cost incurred by aircraft returning from the beginning and end of each season without customers (an empty leg of a round trip)
- As a result of the change in estimate in empty leg accounting, the phasing of the empty leg costs will change in each quarter

There will be no full-year cost impact

TUI Travel

Trading update Winter 2012/13



Current Trading ¹ y-o-y variation (%)				Risk only
	ASP ²	Sales ²	Customers ²	Capacity ³
UK	+6	+5	Flat	Flat
Nordics	+5	+10	+5	+4
Germany	+9	+3	-5	-4
France tour operators	+7	-25	-29	-33
Other ⁴	+1	+1	Flat	
MAINSTREAM	+6	+2	-4	
SPECIALIST & ACTIVITY	N/A	-3	N/A	
Accommodation Wholesaler⁵	+7	+26	+17	

1) These statistics are up to 5 May 2013 and are shown on a constant currency basis

2) These statistics relate to all customers whether risk or non-risk

3) These statistics include all risk capacity programmes

4) Other includes Austria, Belgium, Netherlands, Poland and Switzerland

5) These statistics refer to online accommodation wholesaler only; Sales refer to total transaction value (TTV) and customers refers to roomnights

TUI Travel

Trading update Summer 2013



Current Trading ¹ y-o-y variation (%)	Risk only				
	ASP ²	Sales ²	Customers ²	Capacity ³	Left to sell ³
UK	+5	+13	+7	+3	-2
Nordics	+5	+14	+9	+10	+10
Germany	+7	+4	-3	Flat	+1
France tour operators	+3	-13	-15	-19	-22
Other ⁴	+3	+1	-2		
MAINSTREAM	+6	+6	Flat		
SPECIALIST & ACTIVITY	N/A	-3	N/A		
Accommodation Wholesaler⁵	+3	+14	+11		

¹⁾ These statistics are up to 5 May 2013 and are shown on a constant currency basis

²⁾ These statistics relate to all customers whether risk or non-risk

³⁾ These statistics include all risk capacity programmes

⁴⁾ Other includes Austria, Belgium, Netherlands, Poland and Switzerland

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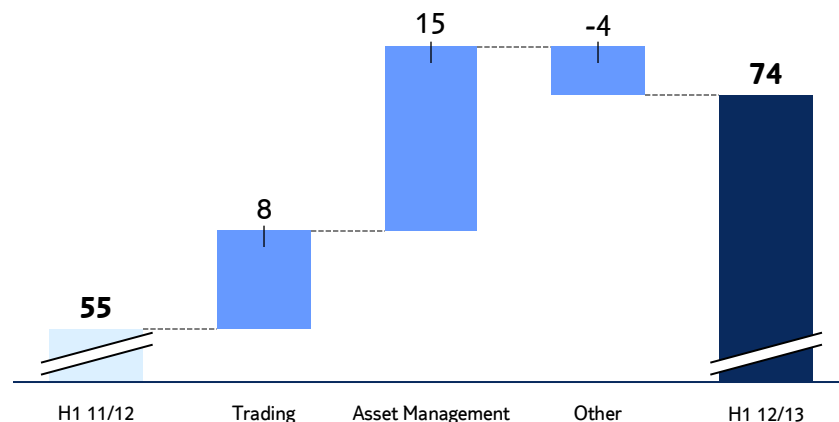
TUI Hotels & Resorts

Operating performance

Turnover and Earnings (€m)

	H1 12/13	H1 11/12	%
Total Turnover	370.7	371.0	-0.1
Turnover 3rd party	218.5	172.0	+27.0
Underlying EBITDA	107.4	88.6	+21.2
Underlying EBITA	74.5	55.1	+35.2
<i>For information purposes only:</i>			
<i>Underl. EBITA (excl. disposal gain)</i>	60	55	+9

Bridge Underlying EBITA (€m)



Total turnover at €371m flat on the prior year – overall sound demand on slightly higher capacities and both occupancy and average rates per bed grew Y-O-Y

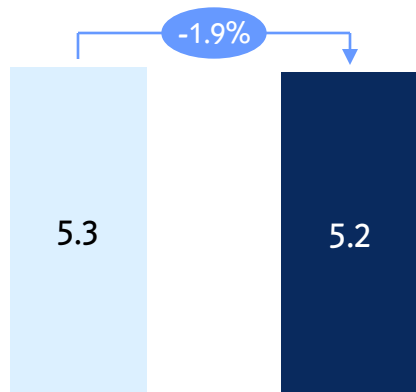
Underlying EBITA improved by €5m to €60m (excluding the sale of a Riu hotel)

- Riu continued its strong development, especially in Spanish mainland and the Caribbean
- Robinson with slightly improved performance on considerable larger capacity due to the reopening of a club in Turkey
- Iberotel with satisfying results in an ongoing challenging market environment

TUI Hotels & Resorts

KPIs for owned and leased hotels

Capacity (m) (hotel beds available)¹⁾

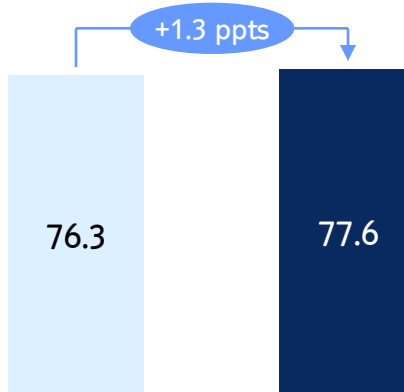


Q2 11/12 Q2 12/13

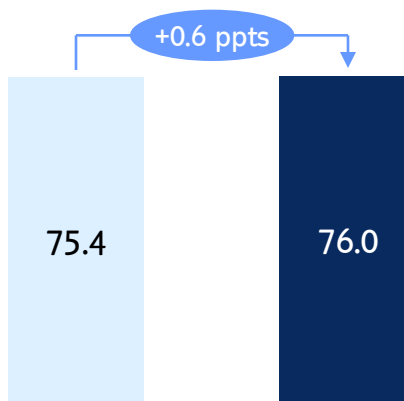


H1 11/12 H1 12/13

Occupancy (%)²⁾

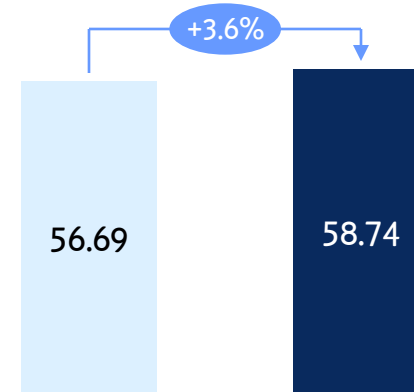


Q2 11/12 Q2 12/13

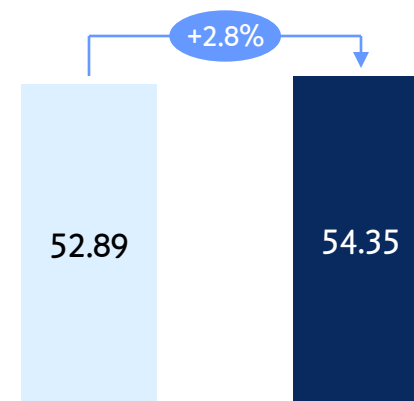


H1 11/12 H1 12/13

Average revenue per bed (€)³⁾



Q2 11/12 Q2 12/13



H1 11/12 H1 12/13

Cruises

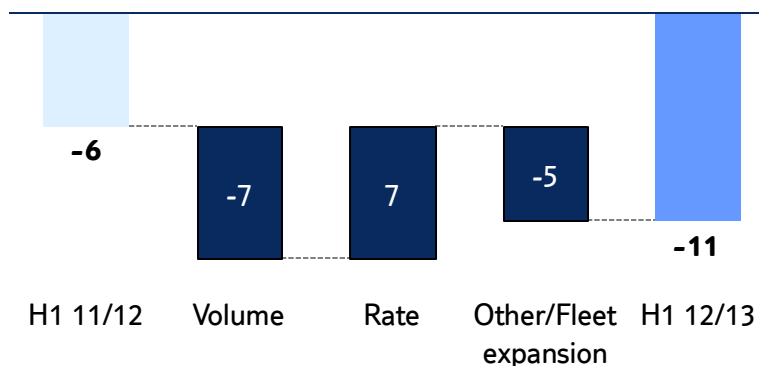
Operating performance

Turnover and Earnings (€m)

	H1 12/13	H1 11/12	%
Turnover	120.6	102.3	+17.9
Underlying EBITDA	-6.2	-1.0	n.m.
Underlying EBITA	-11.0	-5.7	-93.0

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

Bridge Underlying EBITA (€m)



Turnover grew by 18% to €121m due to capacity expansion in Hapag-Lloyd's fleet

Underlying EBITA decreased to €-11m (€-6m)

- TUI Cruises completed the winter season with a very successful performance
- Hapag-Lloyd Kreuzfahrten reported decline in earnings due to start-up costs in connection with the launch of new Europa 2 and lower than expected trading of Columbus 2 and Europa

Occupancy rate

- TUI Cruises at 100% (99%)
- Hapag-Lloyd Kreuzfahrten at 70% (75%)

Cruises

Operating data



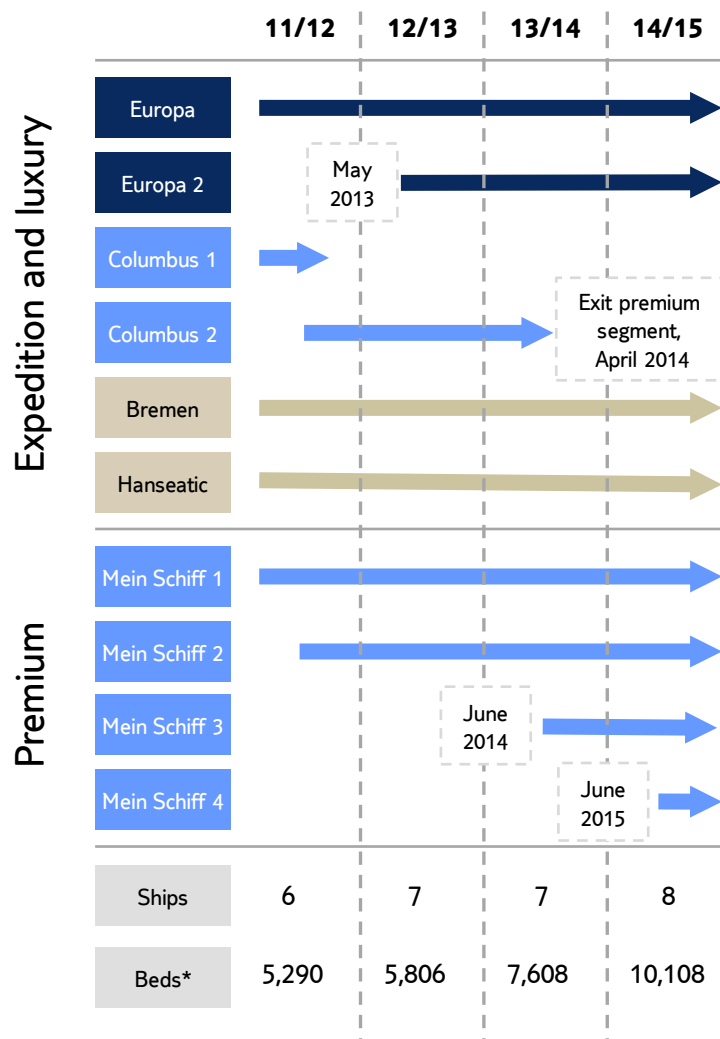
	Q2 12/13	Q2 11/12	%	H1 12/13	H1 11/12	%
Passenger days ('000)	345.1	347.5	-0.7	698.6	696.0	+0.4
Occupancy (% p.)	100.0	99.5	+0.5	100.1	99.1	+1.0
Average rate (€)*	135	128	+5.5	135	130	+3.9



	Q2 12/13	Q2 11/12	%	H1 12/13	H1 11/12	%
Passenger days ('000)	93.7	85.4	+9.7	176.2	155.6	+13.2
Occupancy (% p.)	71.0	75.8	-4.8	69.6	75.0	-5.4
Average rate (€)*	456	426	+7.0	417	389	+7.2

Cruises

Fleet development



* As of 30.9.

Hapag-Lloyd Kreuzfahrten (100%)

Focus on luxury and expedition

- Enhancement of market position in the next few years with the introduction of Europa 2 in May 2013 in the high-end luxury market
- High-class expedition and adventure segment as a perfect fit to the traditional luxury segment

TUI Cruises (50/50 JV)

Focus on premium

- Strengthening of market position in the German speaking premium segment; fleet expansion with modern new builds
- Aimed at couples and families who attach particular importance to personal choice, generosity, quality and service

Financial calendar

15 May 2013 *Half Year 2012/13*

08 August 2013 Third Quarter 2012/13

December 2013 Financial Year 2012/13

February 2014 Annual General Meeting

Contact



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