

TUI Group Investor Presentation

August/ September 2019

1. WHAT IS TUI GROUP

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

KEY HIGHLIGHTS

27m customers (1)

€18.5bn revenues (3)

€1.2bn EBITA (2,3,4)

23% ROIC

HOLIDAY EXPERIENCES

€412m (3) EBITA — Leading leisure hotel and club brands around the world; investments, operations, ownership

€324m (3) EBITA — Leading German & UK cruise brands

€45m (3) EBITA — Tours, activities and service provider in destination

MARKETS & AIRLINES

€448m (3) EBITA — Market leaders in packaged distribution, fulfilment, customer knowledge

1 21m Markets & Airlines plus further 2m from Cruise and from our strategic joint ventures in Canada and Russia totals 23m; in addition 4m from customers direct and via 3rd party channels to our Hotels & Resorts and Cruise brands
2 Underlying; 3 Prior year reported adjusted for retrospective application of IFRS 15 and PPA adjustment for Destination Management 4 Rebased to take into account €40m impact of revaluation of Euro loan balances within Turkish Lira entities in FY18

Our business model: Integrated & product-focused holiday provider with almost 70% Holiday Experience earnings

Markets & Airlines – ~30% EBITA

Rest | Own & Committed

HOLIDAY EXPERIENCES – ~70% EBITA

Digitalisation, efficiency, diversification — 23m customers[1]

Growth, diversification — 4m customers[2]

Customer focus & service
~150 TUI Aircraft, 3rd party flying

Own, 3rd party committed & non-committed

Add scale
GDN-OTA[6]

ROIC FY18: 80%[5]

Integrated distribution

Integrated distribution

Integrated distribution

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

Owned / JV
ROIC FY18: 23%
17[4] Ships

Owned / JV
ROIC FY18: 26%
Add scale Tours & Activities

3rd party distribution

3rd party distribution

3rd party distribution

INTEGRATION BENEFITS

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

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

1 21m Markets & Airlines customers plus a further 2m for Cruise and from our strategic joint ventures in Canada and Russia totals 23m 2 4m customers direct and via 3rd party channels to our Hotels & Resort and Cruise brands 3 This number includes group hotels and 3rd party concept hotels as at end of FY18 4 As at end of FY18 5 This number relates to Markets & Airlines and All other segments 6 Global Distribution Network – Online Travel Agent

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

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

2. STRATEGIC INITIATIVES & TRANSFORMATION

TUI's unique integrated business model delivers superior returns – 4 strategic initiatives to stay successful

MARKETS & AIRLINES

STRONG CUSTOMER BASE

- **21m** customers
- Leading market shares **20-40%**[1]
- Ave. spend **per customer €900** p.a.[2]
- **1/3** of profit pool
- Under **cyclical and structural pressure**
- **Boeing MAX impact** weighs on performance

HOLIDAY EXPERIENCES

DIFFERENTIATED CONTENT

- **380**[3] **Hotels**
- **17 Cruise ships**[4]
- **ROIC >1/3 higher** than peers[5]
- **2/3** of profit pool
- **High profit** resilience
- High investments and **cash returns**

4 STRATEGIC INITIATIVES

1. Grow **Hotel & Cruise** business with vertical integration to drive **premium returns**
2. **Protect** and where possible **extend strong positions** in **Markets & Airlines**
3. **Add scale** in new markets: **new GDN**[6]**-OTA platform**
4. **Add scale** in destination experience markets: **new tours & activities platform**

MARKETS & AIRLINES SCALE DRIVES HOLIDAY EXPERIENCES RETURNS

1 Company estimates – market defined as traditional sun and beach tour operator market 2 Based on FY18 Group Revenue divided by 21m Markets & Airlines customers 3 Includes group hotels and 3rd party concept hotels as at end of FY18 4 As at May 2019
5 H&R FY18 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROIC. Cruise Segment FY18 ROIC pre IFRS 16 basis of 23% versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROIC. 6 Global Distribution Network

1 Grow Hotel & Cruise business with vertical integration to drive premium returns



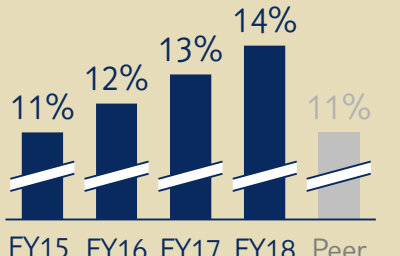
380 HOTELS & RESORTS[1]



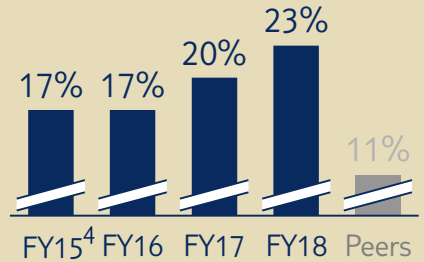
17 CRUISE SHIPS[2]



HOTELS ROIC



CRUISES ROIC



1 Includes group hotels and 3rd party concept hotels as at end of FY18 2 As at May 2019 3 H&R FY18 ROIC of 14% pre IFRS 16 basis versus Melia FY18 ROCE. 4 Based on former segmentation - Marella Cruises within Markets & Airlines 5 Cruise Segment FY18 ROCE of 23% pre IFRS 16 basis versus average of Royal Caribbean Cruises and Carnival Cruises FY18 ROCE

1 Grow Hotel & Cruise business – Growth strategy & investments

- Predominantly **lower capital intensity**[1]
  - **~66% of** investments with **lower capital intensity**
- Ownership in **365 days destinations**/ where scarcity of assets
- **De-risking** through **JV off-balance sheet** financings
- Premium returns – **ROIC target of ~15%**
- **Capital discipline**
- **TUI BLUE** as asset light brand

- **Cruise business** predominantly financed **off-balance sheet**
- TUI's cruise **capacity growth on track**
- Fleet development:
  - **Additions** to **TUI Cruises** fleet in **FY23, FY24 and FY26**
  - **Additions** to **Hapag Lloyd Cruises** fleet in **FY20 and FY21**

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

2 Protect and where possible extend strong positions in Markets & Airlines

MARKETS & AIRLINES P&L[1]	REVENUE & COST BASE INITIATIVES		
REVENUE €16bn	**Digitalisation, Mass-individualisation & Differentiation**	• Upselling: Drive ancillary product sales • Mass-individualised and packaged offers to increase yield efficiency • Differentiation: Strengthen content brands to create superior value	✓ **Excursions up 95%[2]** ✓ **Up to 30% uptake** on Select Your Room ✓ **TUI Blue brand:** Target >100 hotels
GP1 range ~14% to ~19%	**Airline Efficiency**	• Cost reduction delivered through fuel efficiencies, competitive fleet financing	✓ **~€2m saving p.a.[3]** per new MAX aircraft
	Procurement HOTEL	• Tackle €5bn 3rd party hotel purchasing	✓ **Purchasing Analytics:** Live for all markets
DISTRIBUTION range ~5% to ~14%	**From Retail to Online to Mobile**	• Reduce distribution costs by increasing mobile bookings	✓ **Every 1% App sales** delivers €10m dist. savings
OVERHEADS range ~2% to ~5%	**Processes & Standardisation**	• One management • Common IT infrastructure	✓ **Successful alignment** of Nordic system to UK

1 FY18 Result post IFRS 15 2 Excursions & Activities volume booked through Destination Experiences during FY19 H1 3 ~14% fuel efficiency benefits for MAX vs NG generating ~€1m operational savings and ~€1m benefit from ownership mix

2 Markets & Airlines: Unlock scale benefits

MARKETS & DOMAIN TRANSFORMATION BOARD

Drive cost, innovation, speed

"The purpose of the Markets & Domain Transformation Board is to ensure we are fully aligned behind our strategic goals of maximising our integrated business model, leveraging our scale, increasing revenues, growing in new markets and adapting to an increasingly online and mobile business whilst moving to a common platform and domain lead IT organisation."

PORTFOLIO REVIEW

Flexibility and focus on core

- Constant portfolio optimisation
- Flexibility of asset base and sale of non-synergistic businesses (e.g. Corsair)
- Sale of German Specialists - Berge & Meer and Boomerang (€96-106m EV[3], €10.6m FY19e EBITA expected, considerable book gain anticipated, closing in October 2019 envisaged)

1 ~14% fuel efficiency benefits for MAX vs NG generating ~€1m operational savings and ~€1m benefit from ownership mix 2 1% App sales = €10m savings 3 €106m EV includes €10m earn-out

3 Add scale for own holiday experiences and expand into new markets: new GDN-OTA platform

MARKETS & AIRLINES

21m customers



- Pre-defined packaged product
- Predominantly own airline capacity
- Use of own Holiday Experiences capacity to offer differentiated products

NEW MARKETS

1m by 2022



Current pax booking run rate of ~200k p.a.

- Complementary markets to existing business
- Dynamic packaging[1], flexible customer choice
- Flexible input costs – direct contracted 3rd party hotels and flights
- Leverage incremental demand for own Holiday Experiences capacity and activities

100M BEDNIGHTS AND €5BN 3RD PARTY HOTEL PURCHASING

NEW GDN-OTA PLATFORM TO ENTER NEW MARKETS AND RELEASE YIELD PRESSURE IN EXISTING RISK CAPACITIES

1 Accommodation only enhanced with flights

4 Add scale in destination experience markets: new tours & activities platform

EXISTING CUSTOMER BASE

21m customers - existing markets

3RD PARTY CUSTOMER POTENTIAL

3rd Party customers – global reach

Destination Experiences: Open digital platform

CONTROLLED PRODUCTS




Controlled products - 9K

3RD PARTY PRODUCTS





3rd Party curated products -28K
3rd Party accessible >100K

OPPORTUNITY

- €150bn global market
- 7% p.a. growth
- Highly fragmented market with ~350k suppliers
- Predominantly off-line
- Platform live across all TUI B2C and B2B digital touchpoints
- 2-sided open platform
- In country organisations
- ~150K product offer by TUI
- Destination Experiences performance[1]:
  - Total turnover €600m
  - Underlying EBITA €46m
  - 5.4m excursions & activities sold

1 FY18 Result post IFRS 15

Summary: TUI's transformation into a tourism platform business

POST MERGER (2014-2018)





- Creation of an **integrated tourism company**
- Four years of **strong earnings growth** - CAGR of 13%[1]
  - > €100m of **merger synergies** p.a. realised
  - **Re-investment** of €2bn **disposal proceeds** (Hotels & Cruises)
  - **Superior returns** in Hotels and Cruises

FUTURE TRANSFORMATION





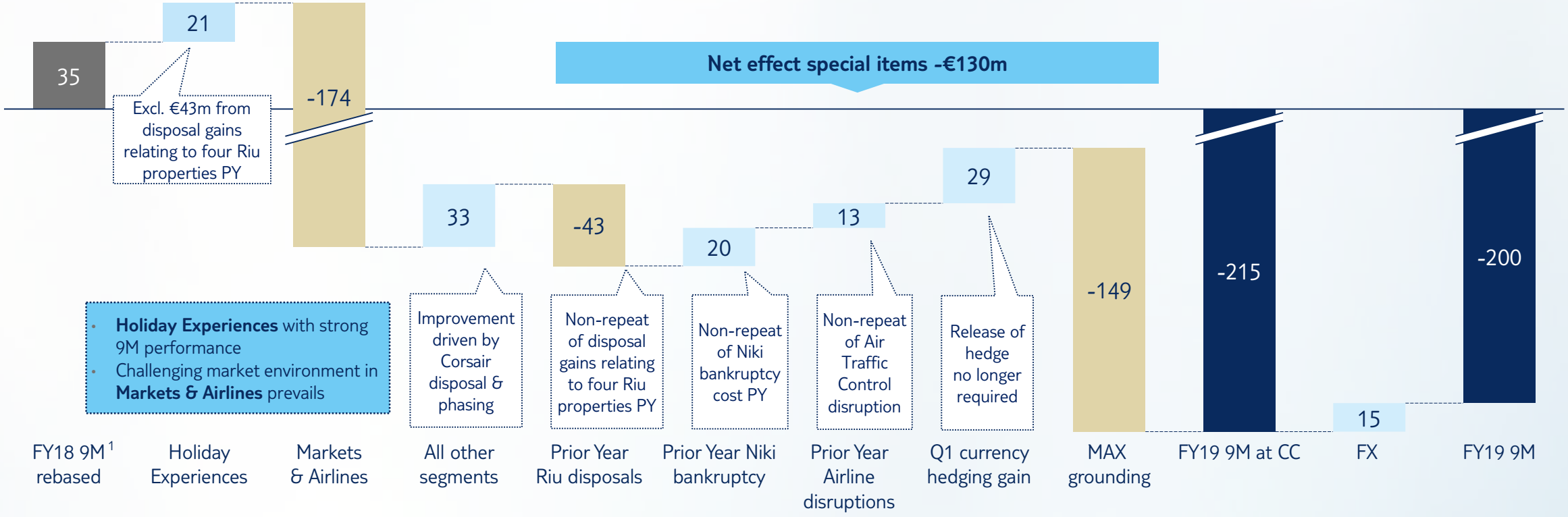
- Focused growth in **Hotels and Cruises**: Diversification, reduced capital intensity, **ROIC target of ≥ 15%**, investments ~3.5% of revenues
- **Improve competitiveness** of **Markets & Airlines**: Digital upselling, harmonise purchasing, potential airline consolidation, mobile distribution, IT and process harmonisation
- **Add scale** in new markets: **new GDN-OTA platform**
- **Add scale** in destination experience markets: **New tours & activities platform**

1 average CAGR of 13% since merger at constant currency 2 excl. IFRS 16

3. FY19 9M RESULTS & OUTLOOK

Holiday Experiences businesses standing strong. Market challenges impacting Markets & Airlines, Boeing MAX impact weighs on 9M performance

FY19 9M UNDERLYING EBITA IN €M



1 PY reported EBITA of €35m adjusted by -€18m for retrospective application of IFRS 15 and by +€18m for the negative impact from the revaluation of Euro loan balances in Turkey for FY18 for 9M (of which €8m relate to Q3)

Income Statement – 9M Group result after minorities mainly impacted by Boeing MAX

In €m	FY19 9M	FY18 9M[1]	DELTA YOY
Turnover	11,421.4	11,142.6	278.8
Underlying EBITDA	**141.8**	**312.5**	-170.7
Depreciation	-341.5	-295.4	-46.1
Underlying EBITA	**-199.7**	**17.1**	-216.8
Adjustments (SDI's and PPA)	-62.9	-44.5	-18.4
EBITA	**-262.6**	**-27.4**	-235.2
Net interest expense	-60.3	-90.0	29.7
EBT	**-322.9**	**-117.4**	-205.5
Income taxes	82.5	11.6	70.9
Group result continuing operations	**-240.4**	**-105.8**	-134.6
Discontinued operations	-	41.4	-41.4
Minority interest	-79.7	-75.9	-3.8
Group result after minorities	**-320.1**	**-140.3**	-179.8
Basic EPS (€)	-0.54	-0.31	-0.23

€290.8m pre Boeing MAX impact

TURNOVER

- Broadly stable excluding the effect of smaller M&A

UNDERLYING EBITDA

- Positive after 9M. Pre Boeing MAX underlying EBITDA would have been nearer to last years result

DEPRECIATION

- Higher as a result of our progressive investment strategy

ADJUSTMENTS

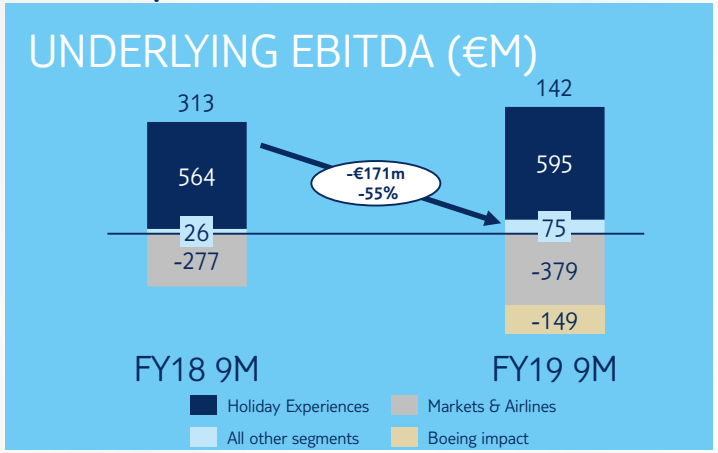
- Mainly related to Markets & Airlines cost competitiveness strategy, driving higher restructuring-related SDIs for 9M, on track to meet full year expectations of ~€125m

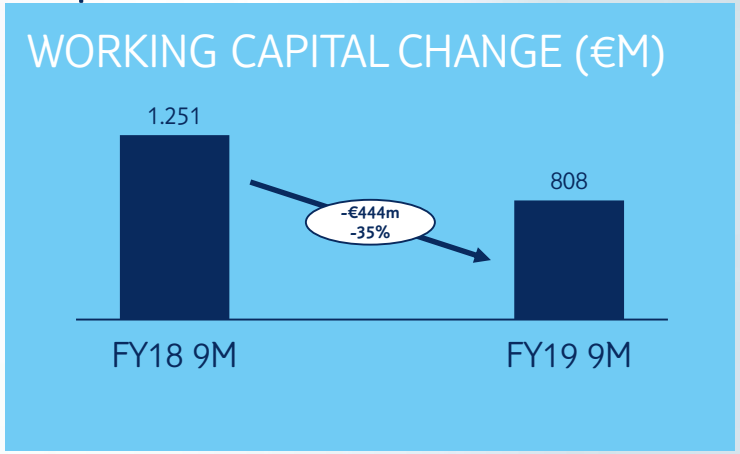
INTEREST EXPENSES AND TAX CREDITS

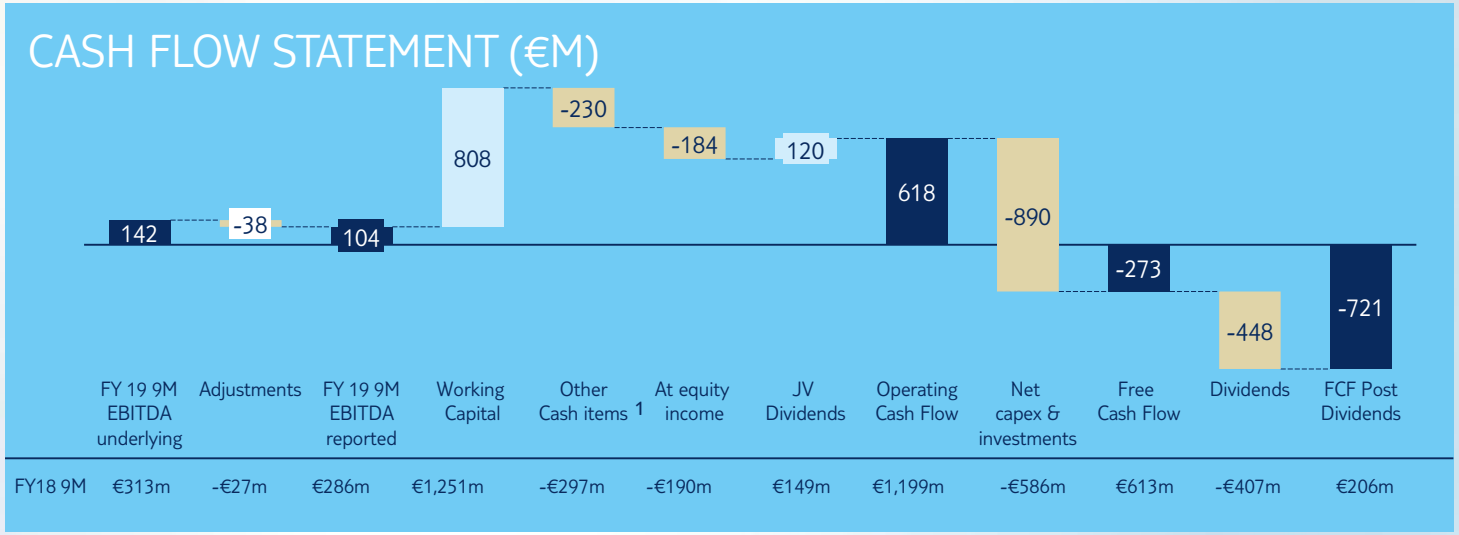
- Partially offset 9M EBITA losses, reducing negative impact on Group result after minorities. Underlying full year interest and tax expectations remain at ~€130m and ~18% ETR respectively

1 PY reported adjusted for retrospective application of IFRS 15

Free cash flow – 9M impacted by Boeing MAX, lower working capital change and elevated net capex and investments as expected







UNDERLYING EBITDA

- Strong earnings contribution from Holiday Experiences; Markets & Airlines impacted by external challenges in H1 and by Boeing MAX grounding

LOWER WORKING CAPITAL CHANGE

- Lower customer deposits from later booking behaviour (~€130m), higher payable outflow from quarterly phasing and cyclical trading in H1 (~€150m), higher flight and hotel prepayments as a consequence of the Boeing MAX impact and securing Eastern Mediterranean capacities (~€120m)

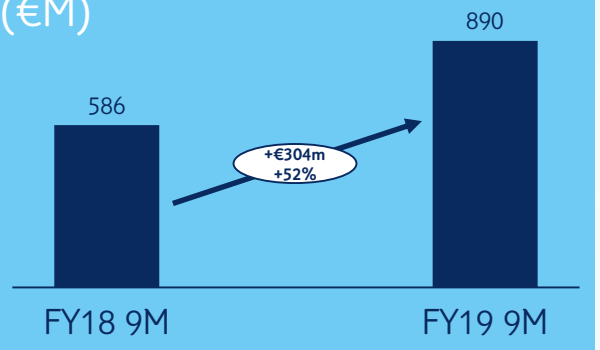
OTHER CASH ITEMS

- Overall improvement in cash interest, pension contribution & payments, tax paid and other cash effects

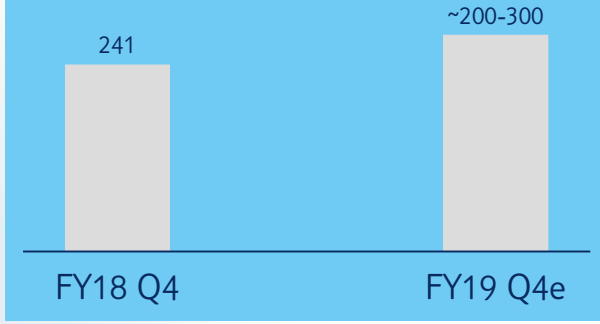
Other cash items include other cash effects, tax paid, cash interest as well as pension contribution & payments

9M Capex is in line with expectations – Growth investments will continue to deliver attractive returns

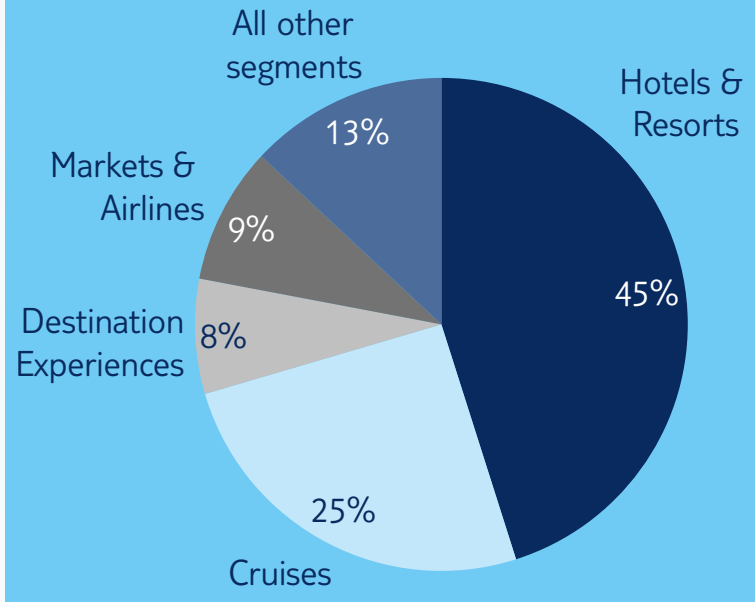
NET CAPEX & INVESTMENTS (€M)



NET CAPEX & INVESTMENTS TO GO FOR FY19 (€M)



9M NET CAPEX & INVESTMENTS BY SEGMENT (€M)



9M Investment split:
~2/3 growth & ~ 1/3 maintenance

NET CAPEX AND INVESTMENTS

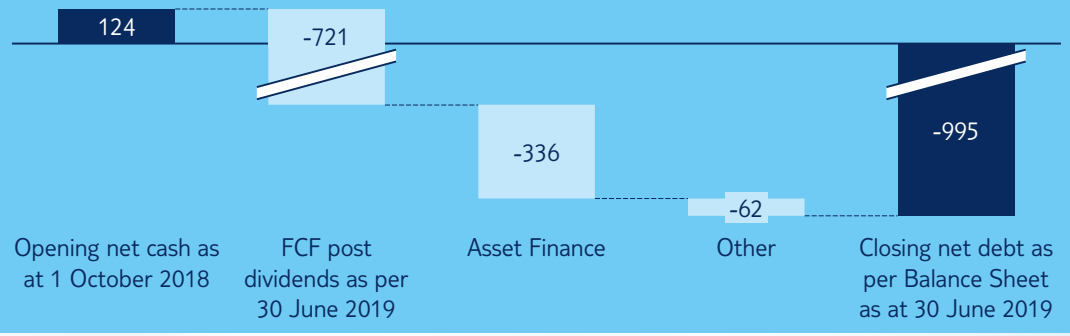
- Hotels: Reflects delivery of our growth strategy and some phasing from FY18; blended ROIC target of ≥15% across portfolio
- Cruises: Marella Explorer 2 & Hanseatic spirit ~€185m, ~15% blended run-rate ROIC
- Destination Experiences: Musement and remaining DM acquisition of ~€54m, >50% mid-term ROIC

GUIDANCE

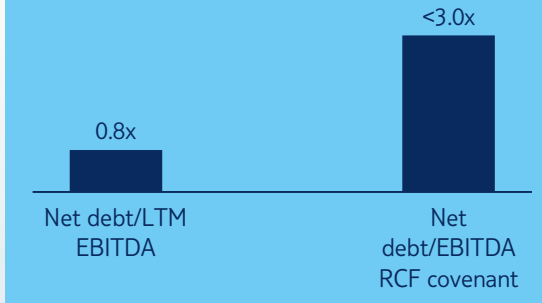
- FY19 Net capex and investments guidance of €1.0-1.2bn remains unchanged, expect upper end of the range
- Net capex and investments will normalise going forward, expect ~3.5% of turnover

Higher net debt position reflects ~€150m Boeing MAX impact, operational development, working capital movement and our planned re-investment and financing strategy

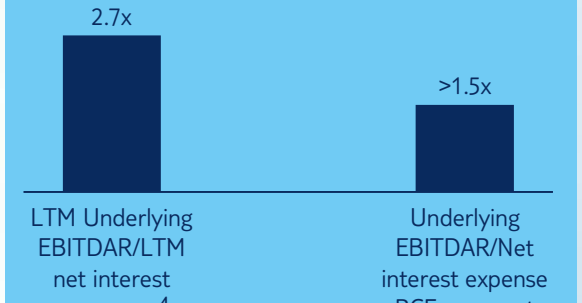
FY19 9M MOVEMENT IN NET DEBT (€M)



FY19 Q3 NET LEVERAGE HEADROOM



FY19 Q3 INTEREST COVER HEADROOM



9M NET DEBT

- Net debt increased due to Free Cash Flow development (Boeing MAX and investments) and planned asset financing relating to aircraft and cruise

FY19 NET DEBT EXPECTATION

- Final quarter net debt expected to increase by ~€0.3 – €0.4bn due to remaining Boeing MAX impact, capex and planned asset financing
- Expect FY19 average net debt number of ~€1.5bn

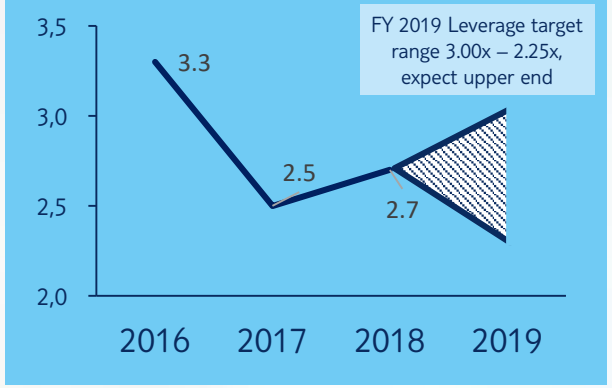
COVENANT HEADROOM

- Net debt/LTM EBITDA of 0.8x[1]
- Headroom of €2.7bn[2] to 3x net debt/EBITDA RCF covenant[3]
- Interest cover at 2.7x with headroom to 1.5x underlying EBITDAR/net interest expense RCF covenant

1 Based on the ratio of net debt of €995m (as at 30.06.19) to the last twelve months reported EBITDA of €1,217m 2 Based on the LTM reported EBITDA of €1,217m 3 Compliance with a net debt/EBITDA ratio 4 Interest result and lease and rental expenses

Reiterating TUI's robust financial position

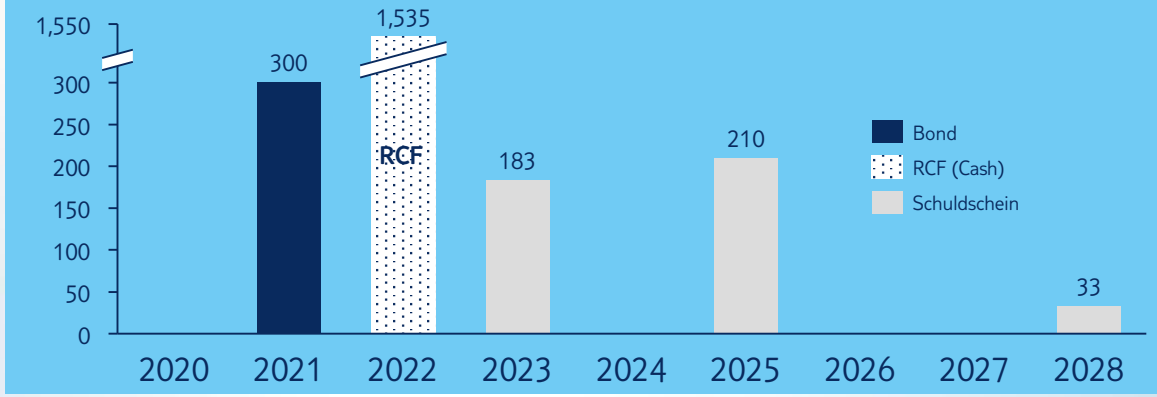
LEVERAGE RATIO



CREDIT RATING

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

MATURITY PROFILE (€M)[3]



LEVERAGE RATIO

- Leverage ratio driven by asset investments and grounding of Boeing MAX leads to FY19 expectation at upper end of range[1]
- Leverage ratio expected to improve going forward

CREDIT RATING

- Credit Rating of BB (S&P) and Ba2 (Moody's), both with negative outlook

MATURITY PROFILE

- 3.4 years weighted average remaining maturity
- 1.6% weighted average cost of debt
- Interest on Bond and Schuldschein 100% fixed[2]

1 Leverage target according to TUI financial policy (Adjusted debt/rep. EBITDAR) 2 Floating tranches of Schuldschein swapped into fixed rate 3 Calendar year

FY19 guidance confirmed

	FY19e[1]	FY18
Turnover[2]	Around 3% growth	€18,504m[5]
Underlying EBITA rebased[3,5]	Full summer season flight capacity replacement for 737 MAX aircraft: approx. up to minus 26% (total one-off impact of approx. up to €300m)	€1,177m[3,5]
Adjustments	~€125m	€87m
Net capex and investments[4]	~€1.0bn-€1.2bn	€0.8bn
Leverage ratio	3.0x to 2.25x (upper end expected)	2.7x
Dividend per share	Growth in line with underlying EBITA rebased[3,5]	€0.72

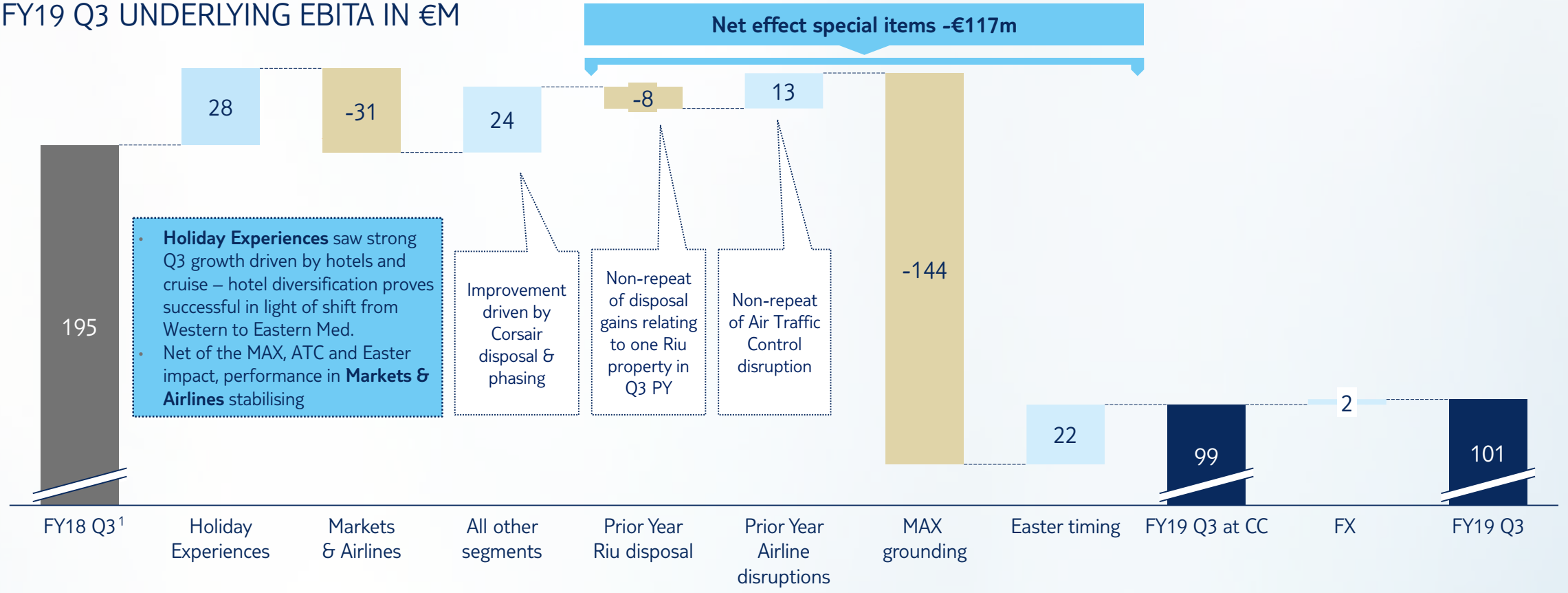
1 Based on constant currency
2 Excluding cost inflation relating two currency movements
3 Rebased to take into account €40m impact of revaluation of Euro loan balances within Turkish Lira entities in FY18
4 Including PDPs, excluding aircraft assets financed by debt or finance leases, "cash CAPEX"
5 Adjusted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

APPENDIX

FY19 Q3 PERFORMANCE

Hotels and Cruises with strong Q3 results, Markets & Airlines is stabilising but heavily impacted by MAX grounding

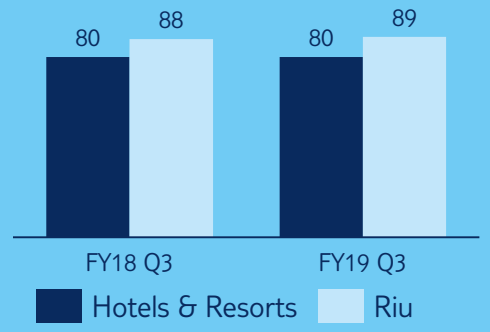
FY19 Q3 UNDERLYING EBITA IN €M



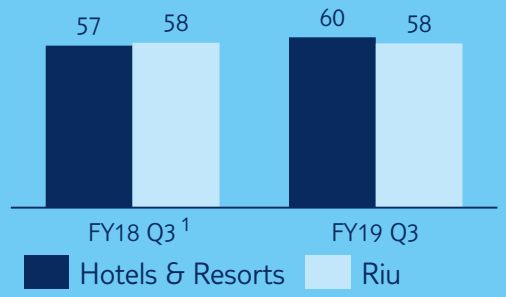
1 PY reported EBITA of €193m adjusted by -€6m for retrospective application of IFRS 15 and by +€8m for the negative impact from the revaluation of Euro loan balances in Turkey for FY18 Q3

Holiday Experiences: Hotels & Resorts – Q3
Strong performance as a result of diversified hotel portfolio

AVERAGE OCCUPANCY %



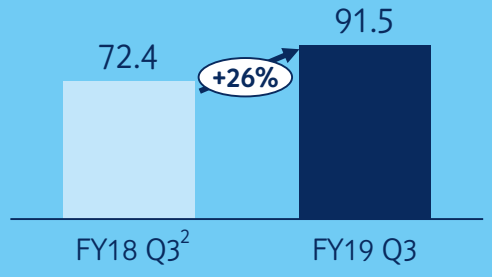
AVERAGE REVENUE PER BED €



67 NEW HOTEL OPENINGS SINCE MERGER

of which ~66% are lower capital intensity

UNDERLYING EBITA €M

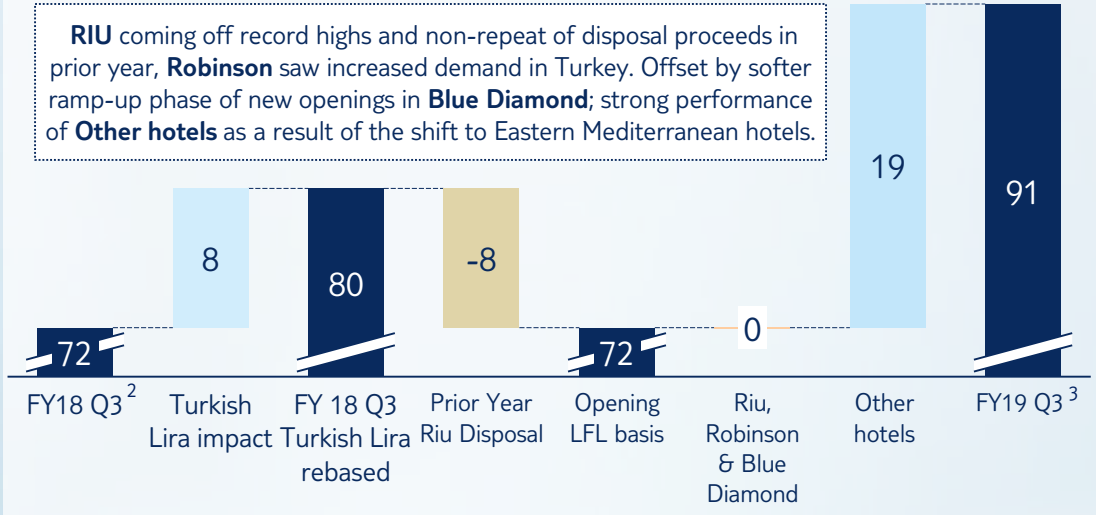


UNDERLYING EBITA (€M)

	FY19 Q3	FY18 Q3 [2]	%
Underlying EBITA	91.5	72.4	26.4
Underlying EBITA at CC [4]	90.0	80.2	12.2

BRIDGE UNDERLYING EBITA (€M)

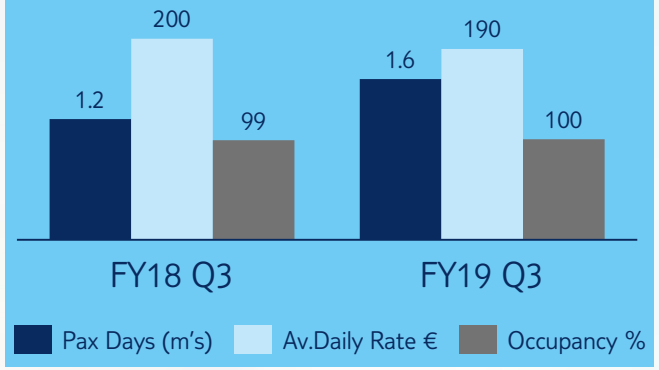
RIU coming off record highs and non-repeat of disposal proceeds in prior year, **Robinson** saw increased demand in Turkey. Offset by softer ramp-up phase of new openings in **Blue Diamond**; strong performance of **Other hotels** as a result of the shift to Eastern Mediterranean hotels.



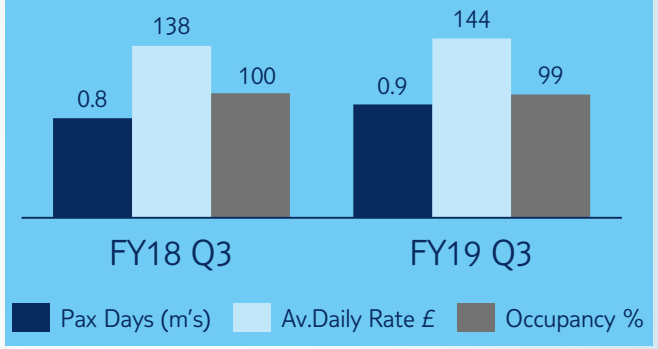
1 FY18 Q3 Total H&R average revenue per bed restated to reflect revised PY rate at Blue Diamond 2 PY reported adjusted for retrospective application of IFRS 15 3 Includes FX translation impact of ~€1m 4 Previous year's number adjusted for €8m in Q3 2018, arising from the revaluation of Euro loan balances within Turkish hotel entities

Holiday Experiences: Cruises – Q3
Growth driven by capacity additions and resilience of high occupancy levels

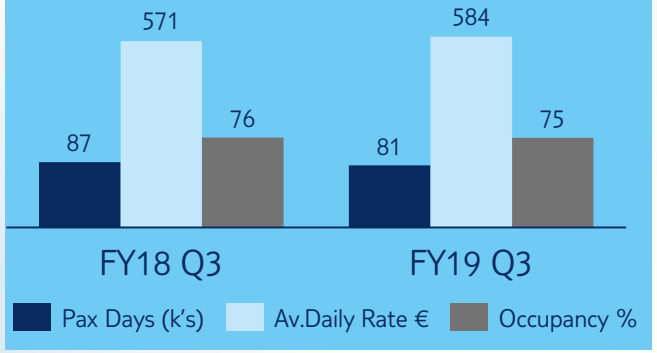
TUI CRUISES



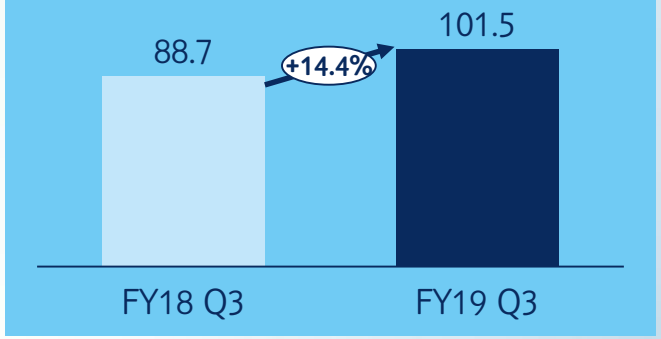
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M

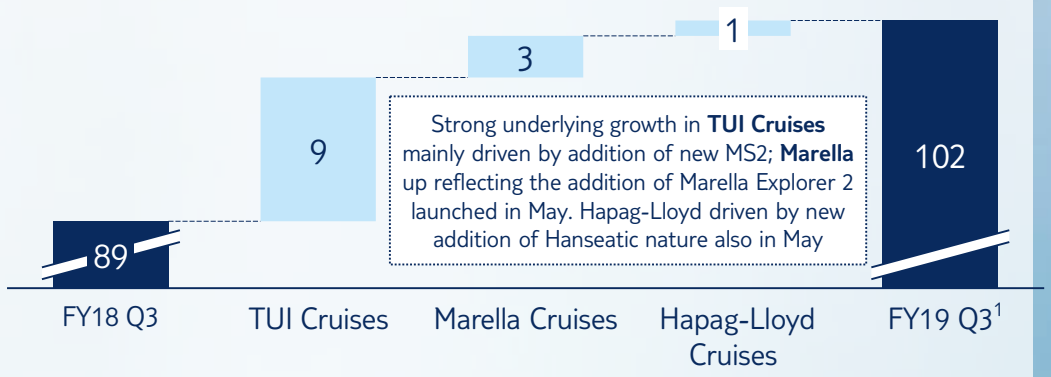


UNDERLYING EBITA (€M)

	FY19 Q3	FY18 Q3	%
Underlying EBITA	101.5	88.7	14.4
o/w fully consolidated	35.6	32.1	10.9
o/w equity result	65.9	56.6	16.4

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

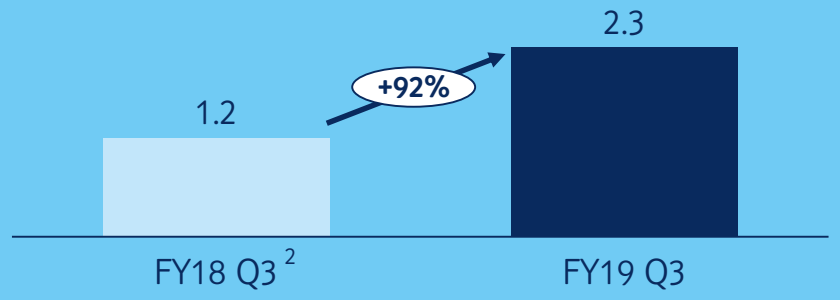
BRIDGE UNDERLYING EBITA (€M)



1 Includes FX translation impact of less than €1m

Holiday Experiences: Destination Experiences – Q3
Significant growth achieved, basis set for summer season

EXCURSIONS & ACTIVITES SOLD (M's)



TURNOVER AND EARNINGS (€M)

	FY19 Q3	FY18 Q3[1]	%
Total Turnover	379.7	143.8	164.0
o/w Turnover 3rd Party	259.4	65.8	294.2
Underlying EBITA	15.3	17.4	-12.1
Underlying EBITA excl. Musement integration	18.0	17.4	3.4



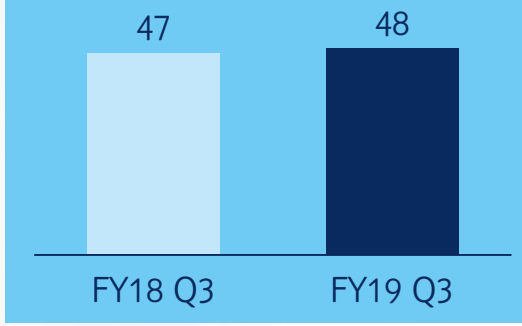


- Excursion & activities sold up 92% yoy
- Underlying EBITA excl. Musement integration costs up by 3%
- Integration of Musement platform almost completed
- Basis set for business to benefit from strong summer season volumes
- Ramp up of platform on both sides:
  - Expand 3rd party distribution, e.g. Ctrip etc.
  - Expand product portfolio

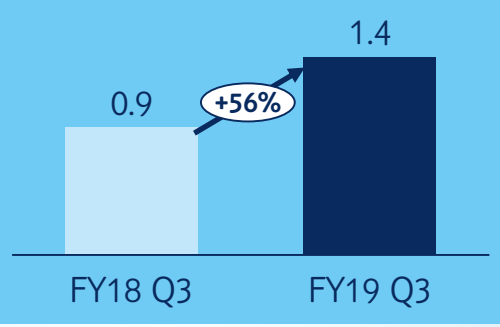
1 PY restated for reclassification of TUI DX Crystal previously reported in Markets & Airlines Northern Region 2 FY18 excludes Destination Management (acquired August 2018) and Musement (completed October 2018)

Markets & Airlines – Q3
Stabilising underlying performance with costs from MAX impact as expected

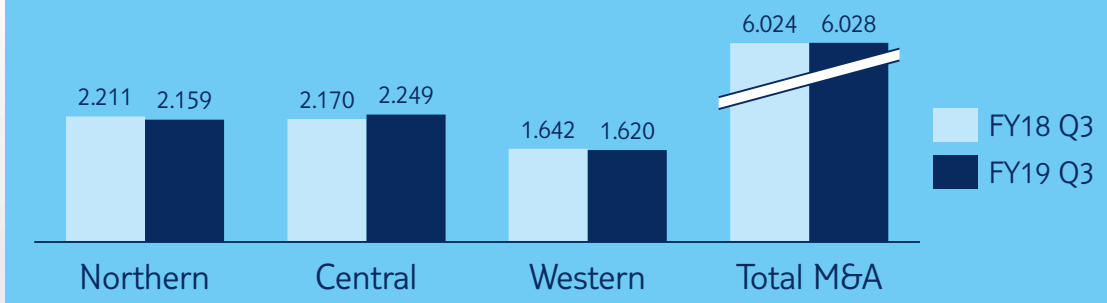
ONLINE DISTRIBUTION %



APP DISTRIBUTION %[1]



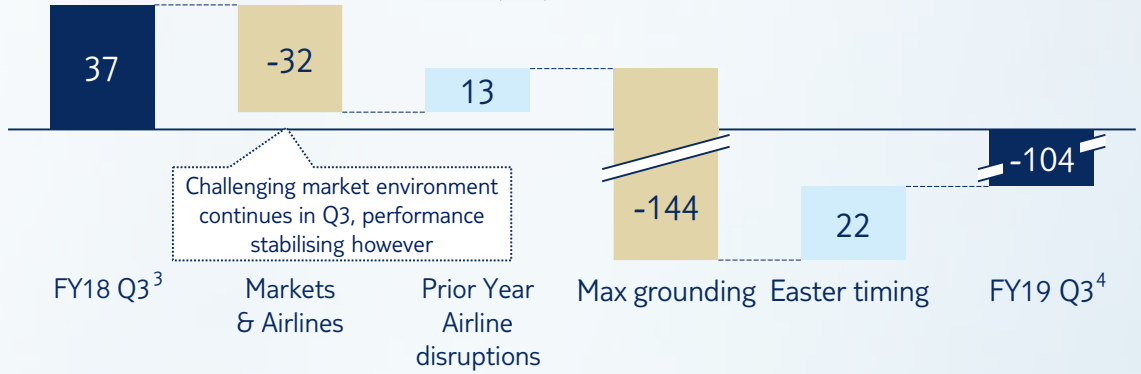
CUSTOMERS (M's)[2]



TURNOVER AND EARNINGS (€M)

	FY19 Q3	FY18 Q3[3]	%
Turnover	4,002.3	3,988.3	0.4
Underlying EBITA	-103.9	37.2	n.a.

BRIDGE UNDERLYING EBITA (€M)



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

Summer 2019 expected development

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- Three further hotel openings planned for Summer 2019, bringing the total since merger to ~70
- Benefit from demand shift to Eastern Mediterranean visible
- Spain, in particular Canaries are normalising

CRUISES

- Continued high occupancy in Germany for our differentiated product
- Marella well-booked for Summer 2019, expect increased yields from fleet modernisation
- Hanseatic nature H2 contribution largely offset by Q1 exit of old Hanseatic

DESTINATION EXPERIENCES

- Significant increase in excursions & activities 9M to date
- Integration of Musement digital platform sets basis for business to benefit from strong summer season volume

MARKETS & AIRLINES

- FY19 results impacted by 737 MAX grounding
- Measures in place to end of Summer, working towards an up to approximately €300m impact scenario in FY19
- Volume uplift expected versus extended heatwave period in prior year
- Margins continue to be pressured from overcapacity in airlines but improving in recent weeks
- Bookings for S19[1] have improved since our last trading update helped by softer comparatives, bookings currently down 1% and ASP up +1%
- 87% of programme sold vs. 88% in Summer 2018

[1]These statistics are up to 4 August 2019 and shown on a constant currency basis and relate to all customers whether risk or non-risk

IFRS 15 and IFRS 9 application

IFRS 15 – Revenue from contracts with customers

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

IFRS 9 – Financial instruments

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

FY19 9M Turnover by Segment – restated for IFRS15 (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY19 9M	FY18 9M[1]	Change	FX	Change ex FX
Hotels & Resorts	**425.5**	**448.9**	**-23.4**	**-0.3**	**-23.1**
- Riu	294.5	343.1	-48.6	7.7	-56.3
- Robinson	67.4	53.3	14.1	-1.0	15.1
- Blue Diamond	-	-	-	-	-
- Other	63.6	52.5	11.1	-7.0	18.1
Cruises	**680.9**	**619.6**	**61.3**	**2.0**	**59.3**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	455.5	386.6	68.9	2.0	66.8
- Hapag-Lloyd Cruises	225.4	233.0	-7.6	-	-7.6
Destination Experiences[2]	**562.2**	**131.4**	**430.8**	**4.1**	**426.7**
Holiday Experiences	***1,668.6***	***1,199.9***	***468.8***	***5.9***	***462.8***
- Northern Region	3,722.9	3,842.6	-119.7	-10.7	-109.0
- Central Region[2]	3,823.1	3,761.3	61.8	1.5	60.3
- Western Region	1,861.4	1,911.2	-49.8	-29.6	-20.2
Markets & Airlines	***9,407.4***	***9,515.1***	***-107.6***	***-38.7***	***-68.9***
All other segments	345.4	427.6	-82.2	-0.3	-81.9
TUI Group	**11,421.4**	**11,142.6**	**278.9**	**-33.1**	**312.0**

* 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 9M Underlying EBITA by Segment*

In €m	FY19 9M	FY18 9M[1]	Change	FX	Change ex FX
Hotels & Resorts	**226.9**	**244.7**	**-17.8**	**12.8**	**-30.6**
- Riu	223.0	278.7	-55.7	3.6	-59.3
- Robinson	6.2	6.2	-	1.7	-1.7
- Blue Diamond**	16.5	16.3	0.2	1.6	- 1.4
- Other	-18.9	-56.5	37.7	6.0	31.7
Cruises	**207.9**	**182.4**	**25.5**	**0.1**	**25.5**
- TUI Cruises**	119.8	109.9	9.9	-	9.9
- Marella Cruises	60.7	53.5	7.2	0.1	7.2
- Hapag-Lloyd Cruises	27.4	19.0	8.4	-	8.4
Destination Experiences[2]	**4.9**	**4.1**	**0.8**	**0.1**	**0.7**
Holiday Experiences	***439.7***	***431.2***	***8.5***	***13.0***	***-4.4***
- Northern Region	-263.7	-111.6	-152.1	-1.7	-150.4
- Central Region[2]	-119.6	-113.2	-6.4	0.1	-6.5
- Western Region	-217.4	-113.7	-103.7	-	-103.7
Markets & Airlines	***-600.7***	***-338.5***	***-262.2***	***-1.6***	***-260.6***
All other segments	-38.7	-75.6	37.0	3.5	33.5
TUI Group	**-199.7**	**17.1**	**-216.7**	**14.8**	**-231.4**

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

FY19 Q3 Turnover by Segment – restated for IFRS15 (excludes Intra-Group Turnover and JVs/associates)*

In €m	FY19 Q3	FY18 Q3[1]	Change	FX	Change ex FX
Hotels & Resorts	**154.5**	**161.0**	**-6.5**	**-2.1**	**-4.4**
- Riu	93.8	108.7	-14.9	3.4	-18.4
- Robinson	24.8	19.4	5.4	-0.9	6.2
- Blue Diamond	-	-	-	-	-
- Other	35.9	32.8	3.1	-4.7	7.7
Cruises	**256.3**	**222.7**	**33.6**	**0.2**	**33.4**
- TUI Cruises	-	-	-	-	-
- Marella Cruises	180.8	149.1	31.7	0.2	31.5
- Hapag-Lloyd Cruises	75.5	73.6	1.9	-	1.9
Destination Experiences[2]	**259.4**	**65.8**	**193.6**	**2.4**	**191.2**
Holiday Experiences	***670.2***	***449.5***	***220.6***	***0.5***	***220.2***
- Northern Region	1,599.6	1,616.0	-16.5	-4.8	-11.6
- Central Region[2]	1,598.4	1,525.7	72.7	2.4	70.3
- Western Region	804.3	846.6	-42.2	-29.6	-12.6
Markets & Airlines	***4,002.3***	***3,988.3***	***14.1***	***-32.0***	***46.1***
All other segments	72.5	138.9	-66.4	-0.2	-66.2
TUI Group	**4,745.0**	**4,576.7**	**168.4**	**-31.7**	**200.0**

* 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 Q3 Underlying EBITA by Segment*

In €m	FY19 Q3	FY18 Q31[1]	Change	FX	Change ex FX
Hotels & Resorts	**91.5**	**72.4**	**19.1**	**1.4**	**17.7**
- Riu	73.4	78.3	-4.9	1.8	-6.7
- Robinson	6.5	5.3	1.2	-0.6	1.9
- Blue Diamond**	-2.3	2.0	-4.3	0.0	-4.3
- Other	13.9	-13.2	27.1	0.1	27.0
Cruises	**101.5**	**88.7**	**12.8**	**-0.1**	**12.9**
- TUI Cruises**	65.9	56.6	9.3	-	9.3
- Marella Cruises	30.5	27.9	2.6	-0.1	2.7
- Hapag-Lloyd Cruises	5.2	4.2	1.0	-	1.0
Destination Experiences[2]	**15.3**	**17.4**	**-2.1**	**0.2**	**-2.3**
Holiday Experiences	***208.3***	***178.5***	***29.8***	***1.5***	***28.3***
- Northern Region	-58.6	14.2	-72.8	-0.8	-72.0
- Central Region[2]	8.2	31.5	-23.3	0.1	-23.3
- Western Region	-53.5	-8.5	-45.0	-	-45.0
Markets & Airlines	***-103.9***	***37.2***	***-141.0***	***-0.7***	***-140.3***
All other segments	-3.5	-28.9	25.3	1.2	24.1
TUI Group	**100.9**	**186.8**	**-86.0**	**2.0**	**-87.8**

*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

Cash Flow & Movement in Net Debt – 9M

In €m	FY19 9M	FY18 9M
EBITDA underlying	**141.8**	**312.5**
EBITDA reported	**103.7**	**285.4**
Working capital	807.5	1,251.4
Other cash effects	34.9	15.7
At equity income	-184.0	-189.9
Dividends received from JVs and associates	120.4	149.1
Tax paid	-98.1	-134.9
Interest (cash)	-59.8	-62.3
Pension contribution & payments	-107.2	-115.9
Operating Cash flow	**617.4**	**1,198.6**
Net capex	-629.3	-581.8
Net financial investments	-259.2	13.8
Net pre-delivery payments	-1.9	-17.7
Free Cash flow	**-273.0**	**612.9**
Dividends	-448.4	-406.9
Free Cash flow after Dividends	**-721.4**	**206.0**

SEASONAL RELATED FREE CASH FLOW

Negative after 9M mainly driven by Boeing MAX, less working capital financing and planned net capex and investments

NET CAPEX AND INVESTMENTS

In line with expectations; growth capex investment will continue to deliver attractive returns

HIGHER NET DEBT POSITION

Reflects ~€150m Boeing MAX impact, operational development, working capital movement and our planned re-investment and financing strategy

In €m	30 Jun 2019	30 Jun 2018
Opening net cash as at 1 October	**124**	**583**
FCF after Dividends	-721	206
Asset Finance	-336	-199
Other	-62	-1
Closing net debt as per Balance Sheet	**-995**	**589**

Net Financial Position, Pensions and Operating Leases

In €m	30 Jun 2019	30 Jun 2018
Financial liabilities	**-2,637**	**-2,031**
- Finance leases	-1,487	-1,360
- Senior Notes	-298	-296
- Liabilities to banks	-835	-349
- Other liabilities	-17	-26
Cash & Bank Deposits	**1,642**	**2,620**
Net debt	**-995**	**589**
- Net Pension Obligation	-878	-930
- Discounted value of operating leases[1]	-2,791	-2,829

FINANCIAL LIABILITIES

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

1 At simplified discount rate of 0.9% at 30.6.2019 and 1.5% at 30.6.2018

FY18 FULL YEAR RESULTS

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

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

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

FY18 Underlying EBITA by Segment*

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

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

Income Statement
Strong underlying business performance

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

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

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

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

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

DISCONTINUED OPERATIONS
Expiry of volume provision relating to Hotelbeds transaction

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

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

1 FY18 reported numbers; not adjusted for retrospective application of IFRS 15

Balance Sheet

In €m	30 Sep 2018	30 Sep 2017
Non-current assets	10,682.1	9,867.6
Current assets	4,929.7	4,317.9
Assets	**15,611.8**	**14,185.5**
Subscribed capital	1,502.9	1,501.6
Capital and revenue reserves	2,195.2	1,438.1
Non-controlling interest	635.5	594.0
Equity	***4,333.6***	***3,533.7***
Non-current financial provisions	1,730.3	1,896.1
Current provisions	380.9	382.6
Provisions	***2,111.2***	***2,278.7***
Non-current financial liabilities	2,250.7	1,761.2
Current financial liabilties	192.2	171.9
Financial liabilities	***2,442.9***	***1,933.1***
Other non-current liabilties	409.5	459.8
Other current liabilities	6,314.6	5,980.2
Other liabilties	***6,724.1***	***6,440.0***
Liabilities	***11,278.2***	***10,651.8***
Equity and Liabilities	**15,611.8**	**14,185.5**

Cash Flow & Movement in Net Cash

In €m	FY18[3]	FY17
EBITDA reported[1]	**1,498.5**	**1,490.9**
Working capital	66.4	406.2
Other cash effects	74.6	89.9
At equity income	-297.7	-252.3
Dividends received from JVs and associates	222.7	118.2
Tax paid	-236.0	-146.1
Interest (cash)	-80.8	-57.1
Pension contribution	-207.5	-141.3
Operating Cash flow	**1,040.2**	**1,508.4**
Net capex & investments incl PDPs[2]	-827.0	-1,071.9
Disposal proceeds	-	388.0
Free Cash flow	**213.2**	**824.5**
Dividends	-435.3	-456.8
Free Cash flow after Dividends	**-222.1**	**367.7**

OPERATING CASH FLOW

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

CAPEX PHASING INTO FUTURE PERIODS

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

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

1 Continuing ops basis, non-continuing adjustment in Other cash effects 2 Net capex of €746.2m, net investments of €63.1m and net PDPs of €17.7m 3 FY18 reported numbers; not adjusted for retrospective application of IFRS 15

Net Financial Position, Pensions and Operating Leases

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

FINANCIAL LIABILITIES

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

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

Contact

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