

9M 2014/15 Results

13 August 2015

Forward-Looking Statements

This presentation contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.

Agenda

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Introduction

This quarter was marked by the tragic events in Tunisia at the end of June

- Supporting our customers, their families and our staff through this sad time remains our highest priority.
- Proud of the commitment and dedication our colleagues have shown throughout this unprecedented situation.

Q3 Performance

- Strong growth in underlying EBITA which reflects the continued delivery of our strategy and resilience of our business model.
- Robust current trading overall for Summer 2015.
- Based on current trading we are confident of delivering underlying EBITA growth of 12.5% to 15% in the current financial year and at least 10% underlying EBITA CAGR over the next three years*.

* At constant currency

Q3 2014/15 Review

Friedrich Jousen

Q3 2014/15

Strong Q3 underlying EBITA growth

- **Group underlying EBITA improved to €194m** (Q3 2013/14: €164m)
- Includes **€11m** adverse Easter impact and **€10m** repatriation/cancellation costs for Tunisia, offset by **€20m** benefit from FX translation

Source Markets

- **Northern** - Strong UK load factor and margin performance
- **Central** - Additional investment in distribution and margin pressure in Germany
- **Western** - Costs due to aircraft entry into service delay in Belgium

Hotels & Resorts and Cruises

- **Hotels & Resorts** delivered significantly higher result, driven by strong **Riu** performance
- **Cruises** continued to grow profits, with full year operation of Mein Schiff 3, launch of Mein Schiff 4 and continued turnaround of Hapag-Lloyd Kreuzfahrten

Hotelbeds Group

- Increase in underlying EBITA driven by **20% growth in roomnights**

Strong growth in Q3 underlying EBITA demonstrates the resilience of our integrated business model

Update on Tunisia and Greece

Tunisia

- Q3 cost **€10m**
- **UK, Belgium and Netherlands** governments have issued advice against travelling to Tunisia
- Our **scale model and strong supplier relationships** allow us to offer customers holidays to alternative destinations
- **Most** customers flying to Tunisia this summer have **rebooked** an alternative destination with TUI
- No owned hotels in Tunisia (14 leased; 10 managed)

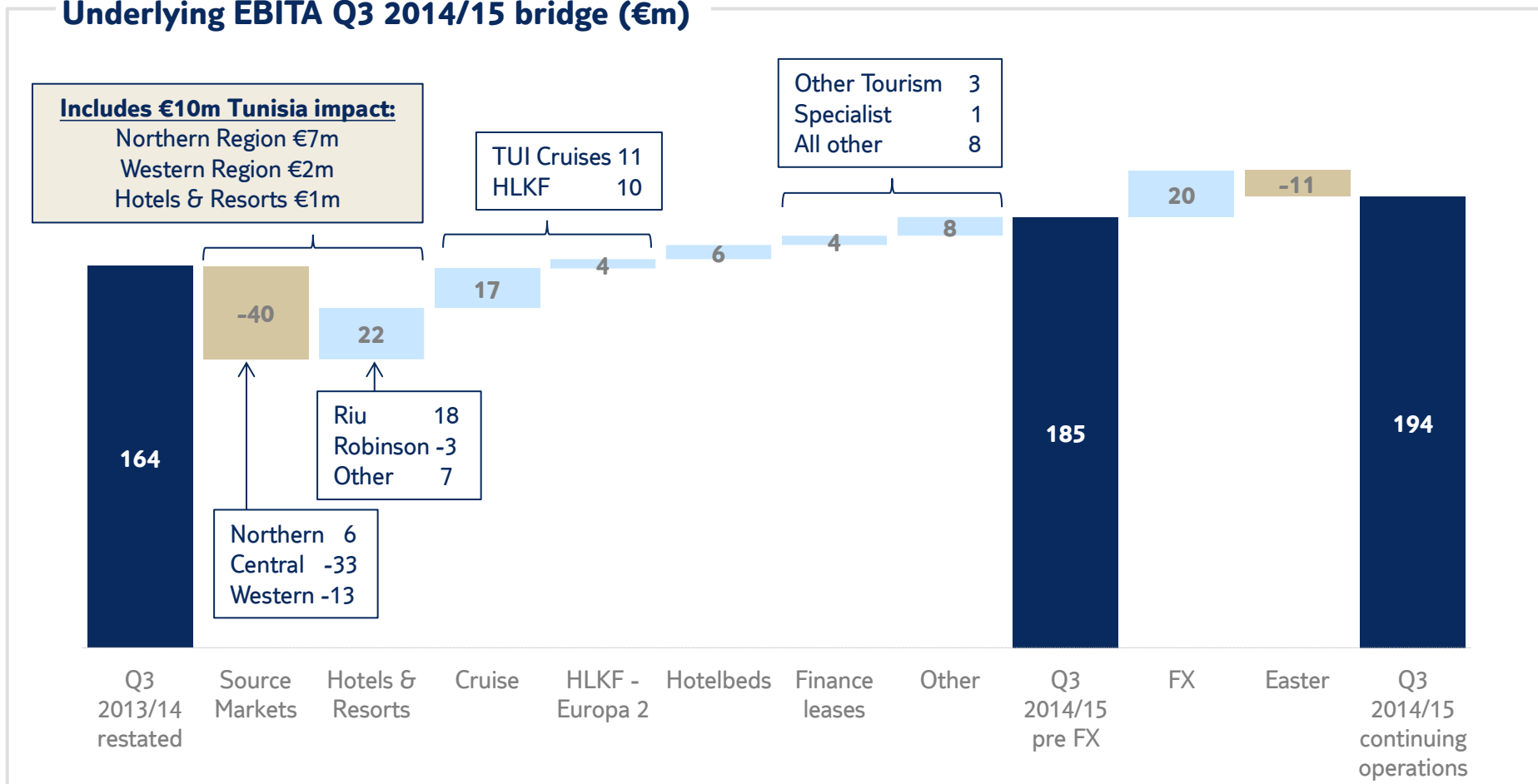
Greece

- Cumulative bookings to Greece for Summer 2015 remain **ahead of prior year**
- Trading impacted end of June/first half of July, particularly from **Germany** and **Belgium**
- 27 hotels in Greece (c25% of hotels owned)

Q3 2014/15

Underlying EBITA bridge

Underlying EBITA Q3 2014/15 bridge (€m)



Variations due to rounding effects

Q3 2014/15

Underlying EBITA by Segment

in €m	Q3 14/15	Q3 13/14 Restated	Change	Easter impact	FX	Change ex FX & Easter
Northern Region	107	99	8	-10	12	6
Central Region	-4	30	-34	-1	-	-33
Western Region	-11	2	-13	-	-	-13
Source Markets	92	131	-39	-11	12	-40
Riu	57	35	22	-	4	18
Robinson	5	8	-3	-	-	-3
Other (incl former TUI Travel hotels)	5	-1	6	-	-1	7
Hotels & Resorts	67	42	25	-	3	22
TUI Cruises	19	8	11	-	-	11
Hapag-Lloyd Kreuzfahrten	-	-10	10	-	-	10
Cruises	19	-2	21	-	-	21
Other Tourism	-20	-22	2	-	-1	3
Tourism	158	149	9	-11	14	6
Specialist Group	24	20	4	-	3	1
Hotelbeds Group	31	24	7	-	1	6
All Other Segments	-19	-29	10	-	2	8
TUI Group continuing operations	194	164	30	-11	20	21

Variances due to rounding effects

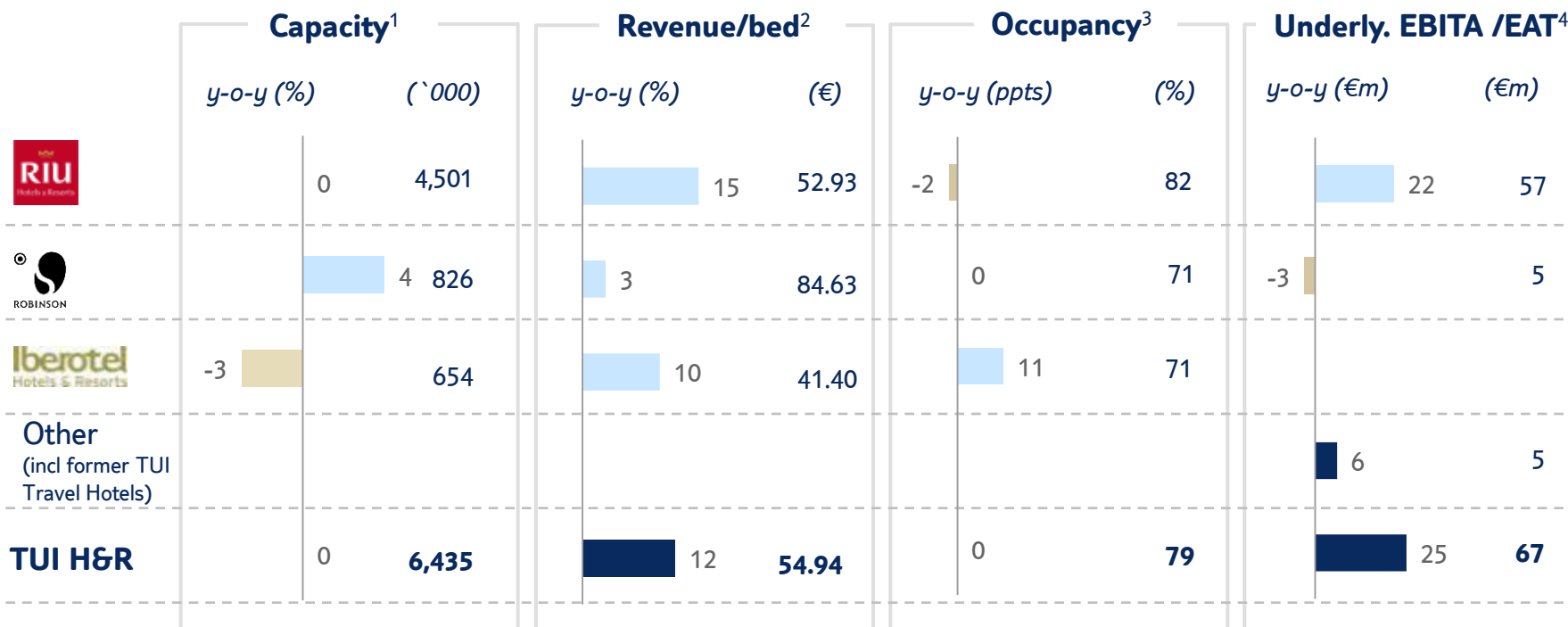
Source Markets KPIs Q3 2014/15

	Customers		Direct Distribution		Online		Underly. EBITA	
	y-o-y (%)	('000)	y-o-y (ppts)		y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
Northern Region	1	2,015	0	92	3	57	8	107
Central Region	-2	1,991	3	48	3	16	-34	-4
Western Region	1	1,430	0	66	3	47	-13	-11
Source Markets	0	5,436	2	69	3	40	-39	92

Q3 performance impacted by Tunisia and Easter timing, with continued growth in direct/online distribution

Hotels & Resorts

KPIs for owned and leased hotels Q3 2014/15



Strong performance driven by Riu

¹ Group owned or leased hotel beds multiplied by opening days per quarter

² Arrangement revenue divided by occupied beds

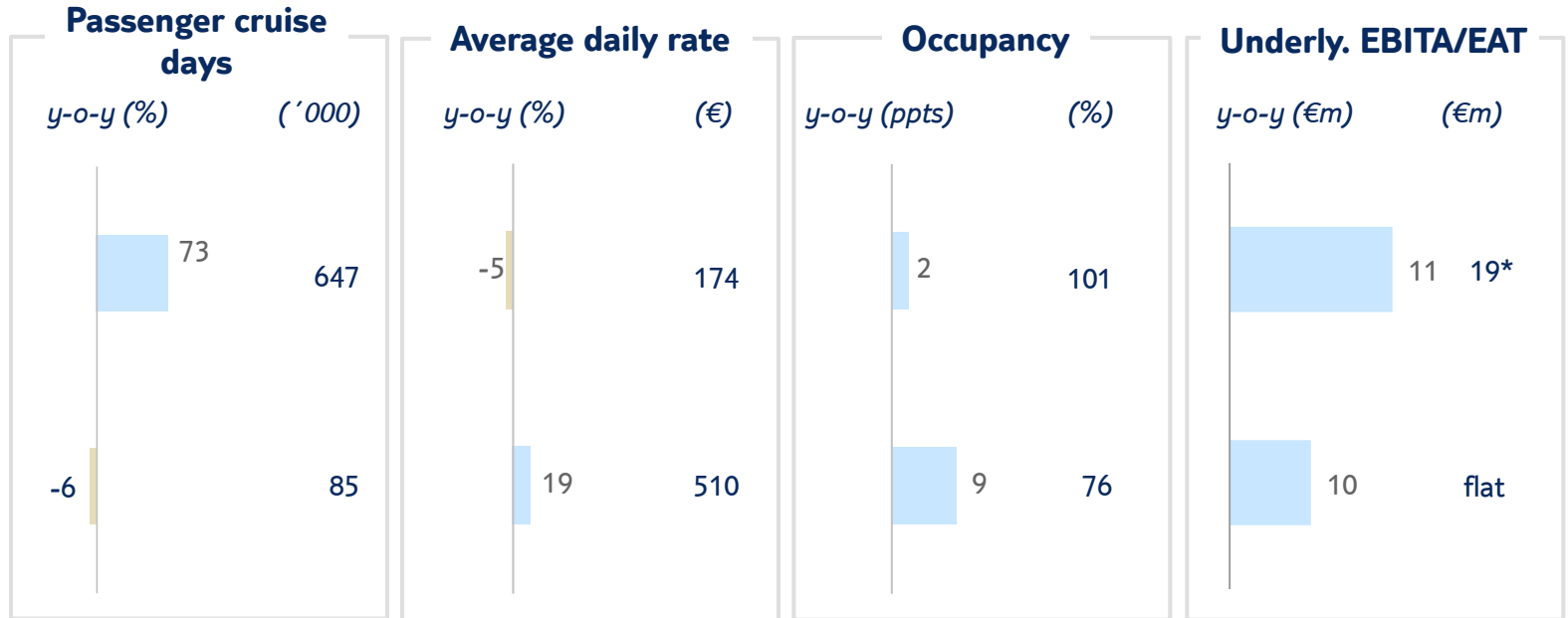
³ Occupied beds divided by capacity

⁴ Segment figures

Note: capacity, revenue/bed and occupancy restated to exclude Grecotel

Cruises

KPIs Q3 2014/15



**Growth driven by full year operation of Mein Schiff 3
Hapag-Lloyd Kreuzfahrten continues to deliver its turnaround**

* equity result



Current Trading & Outlook

Friedrich Jousen

Current Trading Summer 2015

- **86%** sold to date for Summer 2015, in line with prior year
- **Source Markets** bookings and average selling prices **up 2%** year-on-year
 - Capacity remixed from **Tunisia** to alternative destinations
 - Trading for **Greece** impacted end of June/first half of July, particularly from Germany and Belgium; bookings have been **recovering** in recent weeks
 - **Direct** bookings make up **69%** of the total, with **online** bookings at **39%**
- **Hotels & Resorts** performing well with good progress being made on joint occupancy management
- **Cruises** – launch of Mein Schiff 4 (June 2015) drives strong bookings; Hapag-Lloyd Kreuzfahrten continues its turnaround

Robust current trading for Summer 2015

Current Trading

Future Seasons

- **Winter 2015/16 in line with expectations at this early stage**
 - Overall bookings up 1%, average selling prices up 4%
 - UK 21% sold, in line with prior year – bookings up 4% with strong growth in long-haul
 - Continuing to shape our programme to reflect demand in our various source markets to different destinations
- Good start to UK trading for **Summer 2016**
- Cruises – pleased with bookings progress for **Mein Schiff 4 and 5**

Winter 2015/16 in line with expectations

Outlook FY 2014/15

€m	FY 13/14 ¹	FY 14/15e ²
Turnover	18,537	2-4%
Underlying EBITA	870	12.5%-15%
Adjustments (incl. merger related items)	93	~220

¹ proforma financials (restated and continuing operations only)

² at constant currency

Financial Performance

Horst Baier

9M 2014/15

Income Statement – Key Figures

in €m	9M 14/15	9M 13/14 restated
Turnover	12,021.2	11,247.4
Underlying EBITA	-78.4	-177.7
Adjustments	-160.7	-64.5
EBITA	-239.1	-242.2
Net interest expense	-141.9	-182.4
Equity result Hapag-Lloyd	0.9	-46.0
EBT	-380.1	-470.6
Income taxes	230.8	122.4
Group result Continued operations	-149.3	-348.2
Discontinued operations	-20.0	-7.4
Minority interest	-3.0	99.4
Group result after minorities	-172.3	-256.2
Hybrid dividend	-10.9	-17.4
EPS (€) (continuing operations)	-0.33	-1.07

Adjustments €160.7m comprise PPA (€57m), merger-related costs (€35m), other restructuring costs (€14m), value adjustment for a VAT receivable (€18m) and provision for a pending litigation (€14m)

Interest decrease of **€40.5m** driven by :

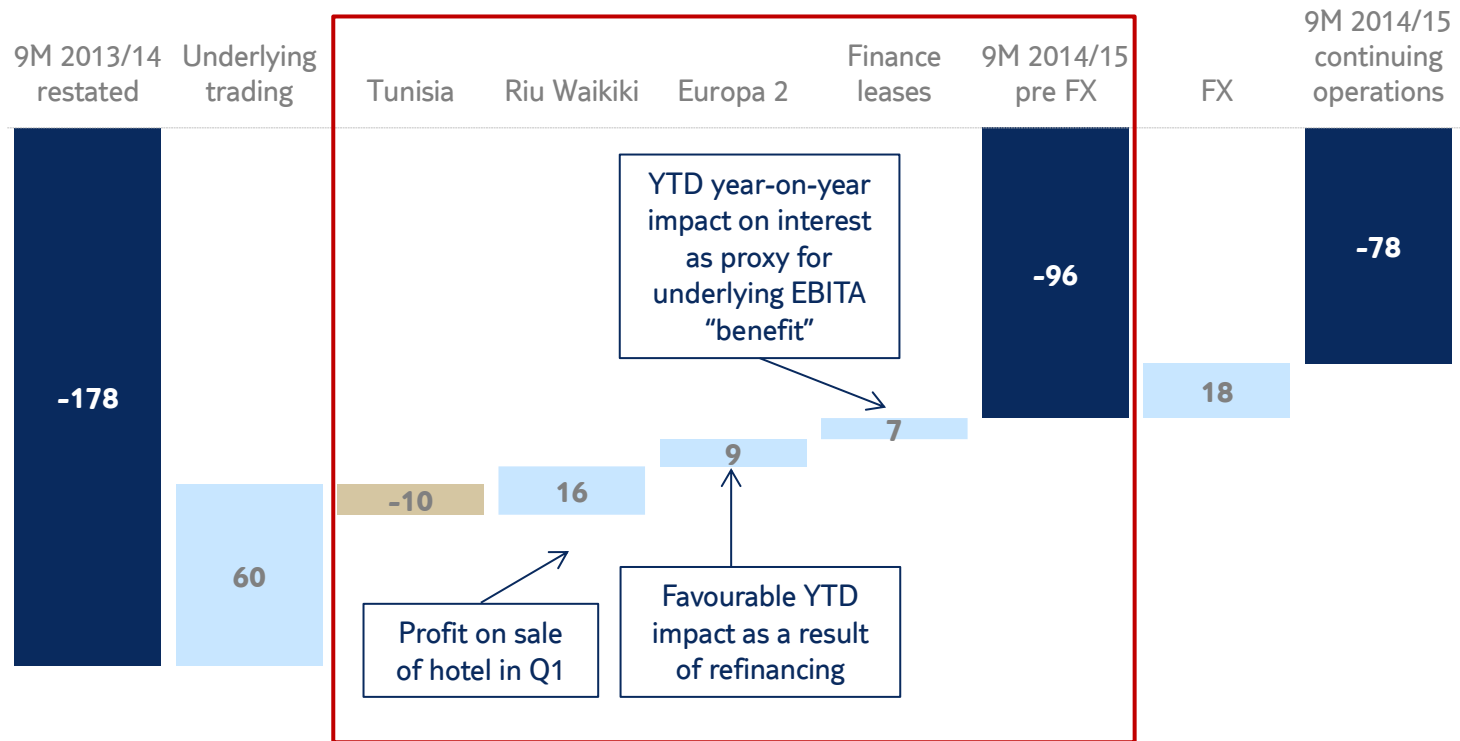
- Lower convertible bond interest €74m
- Partly offset by new high yield bond interest, higher interest in relation to asset-financing (aircraft and Europa 2)

Tax income is partly attributable to the **seasonality of the tour operator business**; the merger-related reassessment of deferred tax assets on tax loss carry-forwards led to a **tax credit of €117m**

9M 2014/15

Underlying EBITA bridge

Underlying EBITA 9M 2014/15 bridge (€m)



9M 2014/15

Interest

€m	9M 14/15	9M 13/14 restated	%
Debt related interest	-103	-154	33
Non-debt related charge	-50	-47	-6
Interest income	11	19	-42
Net interest result*	-142	-182	22

* thereof cash interest 9M 2014/15 €68m (9M 2013/14: €117m)

Significant decrease in interest charge

9M 2014/15

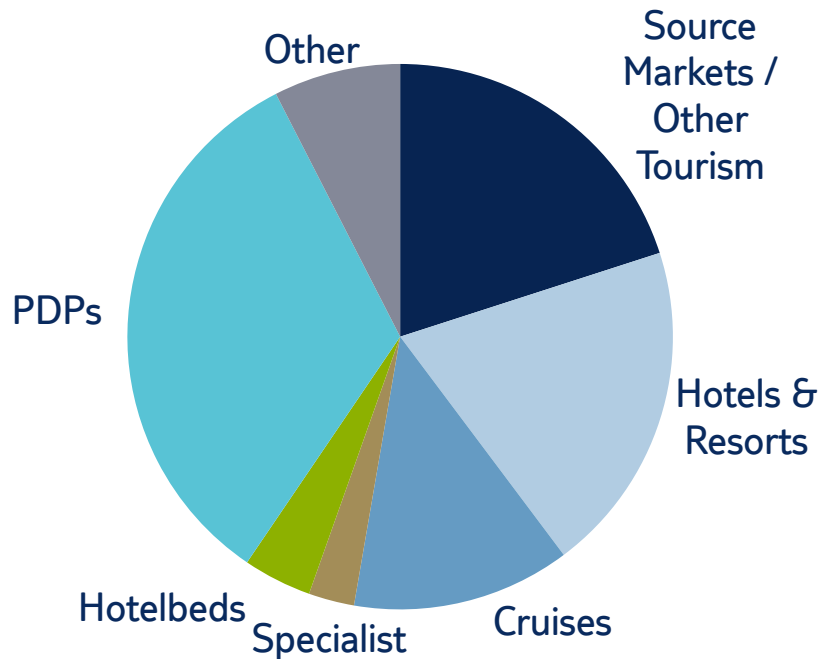
Group Cash Flow

in €m	9M 14/15	9M 13/14 restated
EBITA reported	-239	-242
Depreciation	333	287
Working Capital	897	787
Other cash effects	-275	-240
Received dividends	9	23
Tax paid	-102	-124
Interest (Cash)	-68	-117
Pension Contribution UK	-118	-120
Operating Cashflow	437	254
Gross capex incl. PDPs	-664	-400
Divestments incl. PDP liquidations	336	261
Net financial investments	-136	-58
Free Cashflow before dividends	-27	57
Dividends	-291	-139
Hybrid interest	-15	-17
Free Cashflow after dividends	-333	-99

	9M15	9M14
PDPs	-219	-132
Liquidations	237	189
Net	18	57

9M 2014/15 Capex

9M 14/15 Gross Capex €664m



- Increase versus prior year driven by higher **pre-delivery payments** for aircraft, **hotel growth**, **Europa 2** and higher expenditure on **IT** projects to deliver digital transformation
- Full year outlook remains at **~€800m** including pre-delivery payments

Capex reflects hotel growth strategy and profile of aircraft pre delivery payments

Group balance sheet 30 June 2015

Movement in Net Debt

€m	30 June 2015	30 Sep 2014 restated	30 June 2014 restated
Opening net cash / (debt)	293	-97	-97
Movement in cash net of debt	-333	101	-99
Foreign exchange movement	-164	-136	-85
Non cash movement in debt - Asset backed finance*	-689	-167	-167
Non cash movement in debt - Other	586	592	123
Closing net (debt) / cash	-307	293	-325

* incl. financing Europa 2 and seven new aircraft which are finance leased or debt-financed

Comment: As at 30 June 2015, cash and cash equivalents worth €194m were subject to disposal restrictions.

Group balance sheet 30 June 2015

Net financial debt

€m	30 June 2015	30 Sep 2014 restated	30 June 2014 restated
Financial liabilities	1,883	1,965	2,240
o/w non-current	1,672	1,748	1,418
o/w current	211	217	822
Cash	1,576	2,258	1,915
Net (debt)/cash	-307	293	-325

- **Decrease in financial liabilities since 30 September 2014** driven by conversion of bonds, partly offset by increase in asset-financing (aircraft and Europa 2)
- Increase in net debt since 30 September 2014 driven by **typical seasonal cash outflows**, primarily within the tour operators
- We expect a **broadly net debt neutral position at year-end** mainly due to higher capex (growth in hotels, Europa 2), asset-financing, redemption of hybrid and dividend payments made in December and February, partly offset by bond conversions

Summary

Peter Long

Summary

- We continue to deliver our growth strategy as **the world's leading tourism business**
- **Strong growth in Q3** underlying EBITA, despite the events in Tunisia and Greece
- This demonstrates the **resilience of our business model**
- **Robust Summer 2015 trading**, start of Winter 2015/16 trading in line with our expectations

Confident of delivering full year underlying EBITA growth 12.5%-15%* and at least 10% CAGR over the next three years*

* At constant currency

Q&A

Appendix

Turnover

Q3 and 9M 2014/15

€m	Q3 14/15	Q3 13/14	%	9M 14/15	9M 13/14	%
Northern Region	1,866.3	1,660.0	12.4	4,025.1	3,629.6	10.9
Central Region	1,406.4	1,393.4	0.9	3,341.4	3,222.3	3.7
Western Region	772.0	782.8	-1.4	1,687.0	1,711.1	-1.4
Source Markets	4,044.7	3,836.2	5.4	9,053.5	8,563.0	5.7
Hotels & Resorts	135.8	105.0	29.3	381.2	316.6	20.4
Cruises	63.8	63.9	-0.2	200.0	213.1	-6.1
Other Tourism	96.5	95.9	0.6	328.9	319.7	2.9
Tourism	4,340.8	4,101.0	5.8	9,963.6	9,412.4	5.9
Specialist Group	462.8	395.5	17.0	1,355.5	1,166.6	16.2
Hotelbeds Group	259.3	262.0	-1.0	654.7	631.6	3.7
All Other Segments	18.2	18.5	-1.6	47.4	36.8	28.8
TUI Group continuing ops	5,081.1	4,777.0	6.4	12,021.2	11,247.4	6.9

Underlying EBITA

Q3 and 9M 2014/15

€m	Q3 14/15	Q3 13/14	%	9M 14/15	9M 13/14	%
Northern Region	107.0	99.1	8.0	-2.6	-25.1	89.6
Central Region	-4.2	29.9	n/a	-97.9	-46.8	-109.2
Western Region	-11.1	2.0	n/a	-72.8	-67.8	-7.4
Source Markets	91.7	131.0	-30.0	-173.3	-139.7	24.1
Hotels & Resorts	67.3	41.7	61.4	122.9	74.4	65.2
Cruises	19.3	-1.5	n/a	37.6	-17.7	n/a
Other Tourism	-20.6	-21.9	5.9	-40.2	-42.1	4.5
Tourism	157.7	149.3	5.6	-53.0	-125.1	57.6
Specialist Group	24.5	20.5	19.5	5.2	2.9	79.3
Hotelbeds Group	30.6	23.6	29.7	38.4	31.2	23.1
All Other Segments	-18.6	-29.7	37.4	-69.0	-86.7	20.4
TUI Group continuing ops	194.2	163.7	18.6	-78.4	-177.7	55.9

9M 2014/15

Underlying EBITA by Segment

in €m	9M 14/15	9M 13/14 Restated	Change	FX	Change ex FX
Northern Region	-3	-25	22	2	20
Central Region	-98	-47	-51	-1	-50
Western Region	-73	-68	-5	-	-5
Source Markets	-174	-140	-34	1	-35
Riu	170	120	50	11	39
Robinson	14	11	3	-	3
Other (incl former TUI Travel hotels)	-61	-57	-4	-3	-1
Hotels & Resorts	123	74	49	8	41
TUI Cruises	37	10	27	-	27
Hapag-Lloyd Kreuzfahrten	1	-28	29	-	29
Cruises	38	-18	56	-	56
Other Tourism	-40	-41	1	-1	2
Tourism	-53	-125	72	8	64
Specialist Group	5	3	2	6	-4
Hotelbeds Group	38	31	7	4	3
All Other Segments	-68	-87	19	-	19
TUI Group continuing operations	-78	-178	100	18	82

Variances due to rounding effects

Q3 and 9M 2014/15

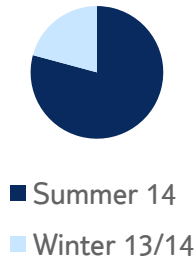
Underlying vs Reported EBITA - Adjustments

in €m	Q3 14/15	Q3 13/14 restated	9M 14/15	9M 13/14 restated
Underlying EBITA	194.2	163.7	-78.4	-177.7
<i>Restructuring expense</i>	-29.1	-16.3	-45.6	-32.0
<i>Gains on disposals</i>	1.6	2.9	0.6	2.4
<i>Other one-off items</i>	-15.4	-41.0	-59.0	15.6
<i>PPA</i>	-21.5	-17.4	-56.7	-50.5
Total Adjustments	-64.4	-71.8	-160.7	-64.5
EBITA	129.8	91.9	-239.1	-242.2

Tunisia and Greece – Passenger and Hotel Profile

Tunisia

Tunisia Passenger Mix



- <500k passengers in FY14
- Tunisia was c3% of tour operator programme in FY14

Tunisia Hotel Portfolio

(number of hotels, June 2015)



Greece

Greece Passenger Mix



- c1.9m passengers in FY14
- Greece was c10% of tour operator programme in FY14

Greece Hotel Portfolio

(number of hotels, June 2015)



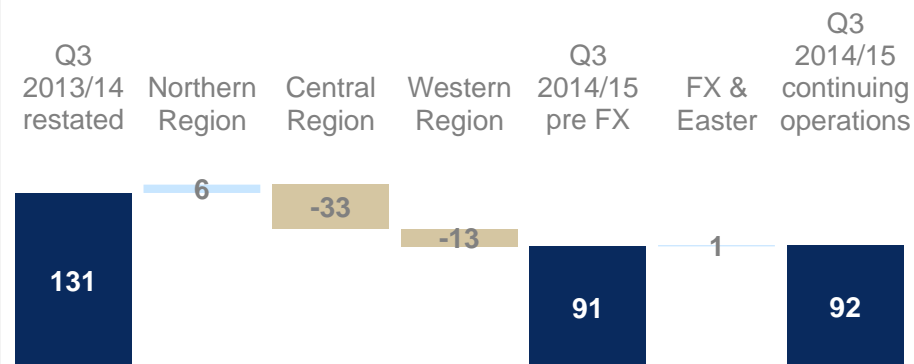
Source Markets

Operating performance

Turnover and Earnings (€m)

	Q3 14/15	Q3 13/14	%	9M 14/15	9M 13/14	%
Turnover	4044.7	3836,2	5,4	9053,5	8563.0	5,7
Underlying EBITDA	123.6	165,3	-25,2	-86.0	-53.3	-61.4
Underlying EBITA	91,7	131,0	-30,0	-173,3	-139,7	-24,1

Bridge Underlying EBITA (€m)



Business development Q3 2014/15



- **Northern Region** underlying EBITA improved by **€6m** driven by a strong **UK** load factor and margin performance, offset by €7m impact of events in **Tunisia**.
- **Central Region** underlying EBITA decreased by **€33m**, primarily arising in **Germany**. This was due to additional investment in distribution and continued margin pressure in what remains a competitive market.
- **Western Region** underlying EBITA decreased by **€13m**. This was driven by a lower **Benelux** performance due to **Tunisia** (€2m) and higher costs associated with the late entry into service of an aircraft in Belgium. In **France** although we have continued to deliver our restructuring programme, underlying EBITA decreased in the quarter as a result of the continued unpopularity of North African destinations from this source market.

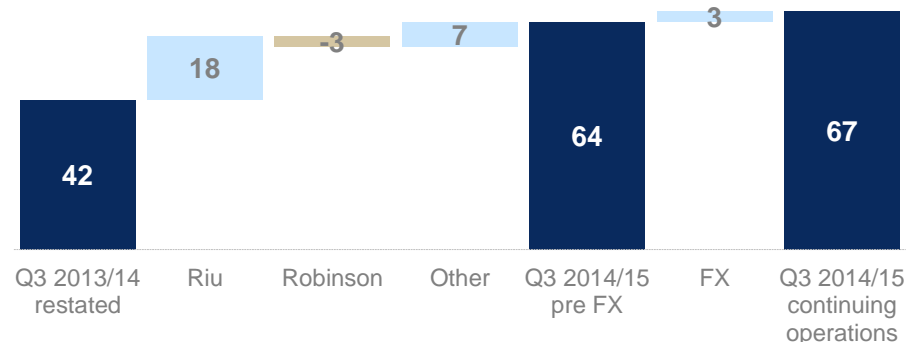
Hotels & Resorts

Operating performance

Turnover and Earnings (€m)

	Q3 14/15	Q3 13/14	%	9M 14/15	9M 13/14	%
Total Turnover	316.9	291.3	8.8	816.9	749.1	9.1
o/w 3rd party	135.8	105.0	29.3	381.2	316.6	20.4
Underlying EBITDA	91.4	60.2	51.8	182.8	130.9	39.6
Underlying EBITA	67.3	41.7	61.4	122.9	74.4	65.2

Bridge Underlying EBITA (€m)



Business development Q3 2014/15



- **Riu** underlying EBITA increased by **€18m**, driven by a strong performance on long-haul destinations (Mexico, Dominican Republic, Jamaica) and occupancy improvements in the Balearics. In addition we continue to drive operational efficiencies which have improved the result. Two new Riu hotels (Aruba, Bulgaria) and one new resort (Mauritius) were opened in the year-to-date.
- **Robinson** underlying EBITA decreased by **€3m**, including exchange losses, lease phasing and costs in relation to the opening of the new club.
- **Other** underlying EBITA increased by **€7m**. This included the book gain on disposal of GrecoTel which crystallised due to the timing of the transaction at the end of the loss-making Winter period.

Cruises

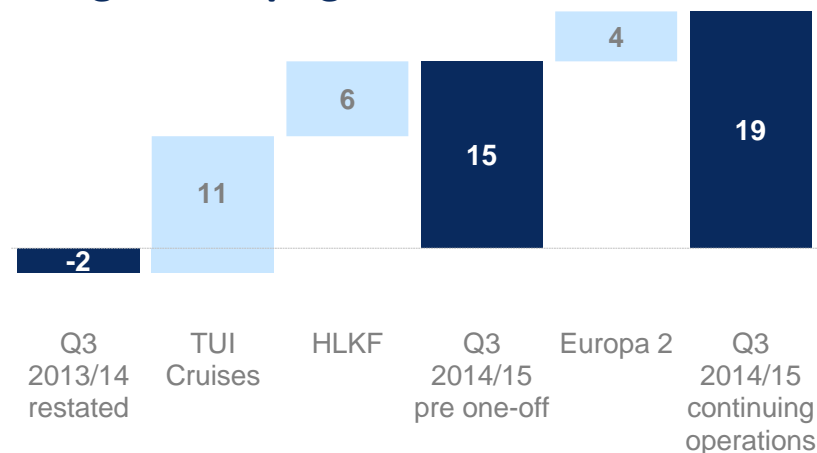
Operating performance

Turnover and Earnings (€m)

	Q3 14/15	Q3 13/14	%	9M 14/15	9M 13/14	%
Turnover	63.8	63.9	-0.2	200.0	213.1	-6.1
Underlying EBITDA	24.1	1.8	n/a	49.6	-7.8	n/a
Underlying EBITA	19.3	-1.5	n/a	37.6	-17.7	n/a

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

Bridge Underlying EBITA (€m)



Business development Q3 2014/15



- Cruises underlying EBITA increased by €21m.
- **TUI Cruises** – higher earnings as a result of the full year operation of Mein Schiff 3 and launch of Mein Schiff 4 this quarter.
- **Hapag-Lloyd Kreuzfahrten** – turnaround continues, with an improvement in occupancy and yields.
- **€4m** benefit in the quarter from the refinancing of Europa 2.

TUI Group

Bond financing & maturity profile 30 June 2015

Debt Finance

Instrument	Issue	Maturity	Volume €m	Interest % p.a.
Revolving Credit Facility	Sep 14	June 18	1,750	c2% margin on average above LIBOR
High Yield Bond	Sep 14	Oct 19	300	4.5

Financial calendar

13 August 2015

Nine Months 2014/15

30 September 2015

Pre-close trading update

10 December 2015

Annual Report for financial Year 2014/15

9 February 2016

Annual General Meeting