

# Update on TUI bond issuance and modernisation of TUI Airline

LEVERAGE RATIO FY17		Financing impact
€m	FY17	
Gross debt	1,933	
to Bonds	296	→
to Liabilities to banks	381	
to Finance lease	1,227	
to Other financial liabilities	29	
Discounted value of operating leases <sup>1</sup>	2,619	→
Pension	1,127	
<b>DEBT</b>	<b>5,680</b>	→
Reported EBITDAR	2,241	
<b>Leverage Ratio</b>	<b>2.5x</b>	

<sup>1</sup> At simplified discounted rate of 1.75%

**FY18 Leverage Target range 3.00x – 2.25x**

## Aircraft re-fleeting and changed mix of debt financing

- Aircraft financing:
  - Re-fleeting in line with current investment guidance
  - 25 aircraft deliveries in FY18 and FY19:
    - 13 aircraft financed to date - 9 operating leases, 4 finance leases
    - Remainder to be financed by combination of TUI bond issuance and finance leases
  - Expect to have finance in place for at least 35%\* of current order book by autumn 2018
  - Achieving finance at attractive rates, on the back of an improved TUI Group credit profile and taking advantage of favourable market conditions
  - **No material impact on TUI leverage ratio; Debt financed aircraft delivery not impacting Cash flow to shareholders**
  - Future aircraft financing (operating/finance lease or ownership) decided on a case by case basis
- Scope of re-fleeting:
  - Modernisation commenced in January 2018 with the delivery of the first B737 MAX
  - In total 72 MAX aircraft will be delivered by 2023 replacing all former aircraft type B757 and some B737 NGs
  - Programme drives cost efficiency due to lower fuel consumption and reduced CO<sub>2</sub> emissions and increases flying range

\* Calculation: 7 deliveries in FY 2018 plus 18 deliveries in FY 2019 plus 2 deliveries in Q1 FY20, divided by the total number of aircraft deliveries of 76 aircraft by calendar year 2023

