

A tropical beach scene with white sand, turquoise water, and a dense line of palm trees under a blue sky with white clouds.

TUI Group

Investor Presentation

June 2017



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.

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Appendix – 2015/16 & H1 2016/17 Results and Factbook



Opening Remarks



Good overall performance in H1



Delivering our **transformation**, with significant growth in **hotel** and **cruise** profits



Successful migration to **one brand** continues



More relevant to **more customers** – growth in customers in H1 and for Summer 2017



Proven **resilience** of the **integrated model** and **balanced portfolio** of markets and destinations



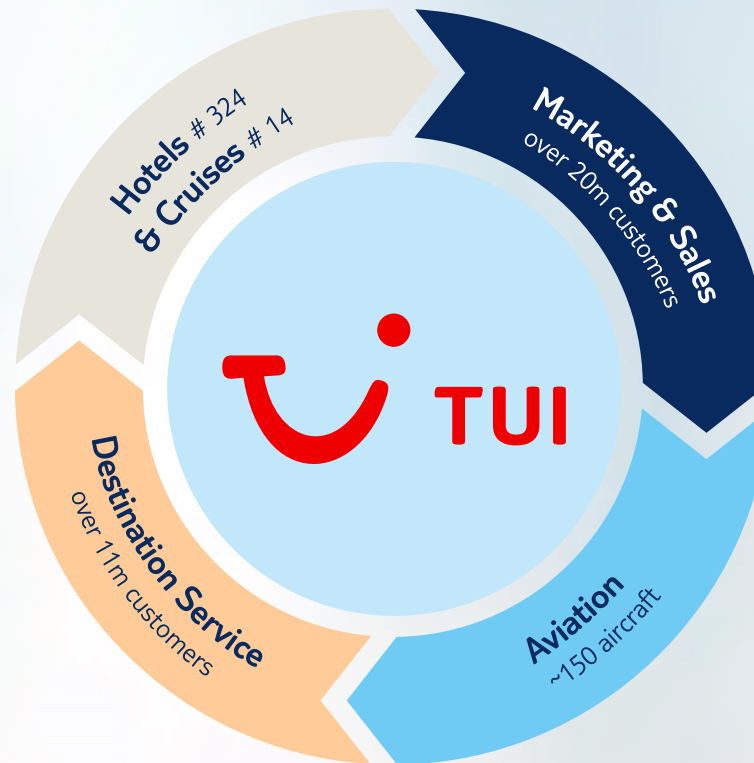
Reiterate our guidance of **at least 10% growth in underlying EBITA in 2016/17¹**

¹ At constant currency rates and based on current Group structure



The world's leading integrated tourism business based on own hotels and cruise brands



Control over content – hotels and cruises – is key to achieving **differentiation** from the competition and to delivering **growth**



Growth is **de-risked** through our strong **distribution** capability and our **direct customer relationships**

FOCUSSED ON DELIVERING TRANSFORMATIONAL GROWTH
WITH ROIC SIGNIFICANTLY IN EXCESS OF OUR COST OF CAPITAL

TUI Group – A clear structure to deliver growth and value

TOURISM		
MARKETING & SALES IN SOURCE MARKETS	HOTELS & RESORTS	CRUISES
Tour operator <ul style="list-style-type: none"> Travel Agencies Internet Portals Mobile Services Destination Services Airlines 	Hotelfolio <ul style="list-style-type: none"> 324 hotels 215,600 beds Well known brands 	Cruise ship fleet <ul style="list-style-type: none"> 14 cruise ships across 3 brands³ TUI Cruises, Hapag-Lloyd Cruises & Thomson Cruises 
Revenue €15.0bn	Revenue €619m	Revenue €703m
EBITA €554m	EBITA €304m	EBITA €191m
19.2 million customers ¹	78% occupancy	103% occupancy ²
TUI GROUP – REVENUE: €17.2BN, UNDERLYING EBITA: €1,001M		

¹ Excludes strategic ventures in Canada and Russia/CIS

² TUI Cruises

³ There are 16 ships in total as at June 2017, with the addition of TUI Discovery 2 in Thomson Cruises and MS6 in TUI Cruises



TUI Group – Our Transformation

WHERE WE HAVE COME FROM

- Strong heritage as **trading companies**
- Based on **loose federation** of tour operators
- High level of **seasonality**
- Significant airline and hotel capacity **commitment**
- **Varying levels of efficiency** across markets
- **Competition** from online travel agents and low cost carriers

WHAT WE ARE DELIVERING

- End to end customer experience **across the value chain**
- **Integrated decision making and global scale** based on six common platforms – Brand, IT, Airline, Hotels, Cruises, Destination Services
- **Disciplined investments** in differentiation, in pockets of growth and where there is scarcity of supply
- **Integrated model** enables us to deliver **around 50% of earnings** from **content businesses***

THE WORLD'S LEADING INTEGRATED TOURISM BUSINESS
BASED ON OWN HOTEL AND CRUISE BRANDS

*Hotels and Cruises (TUI Cruises, Thomson Cruises, and Hapag-Lloyd Cruises)



Investing in Transformational Growth

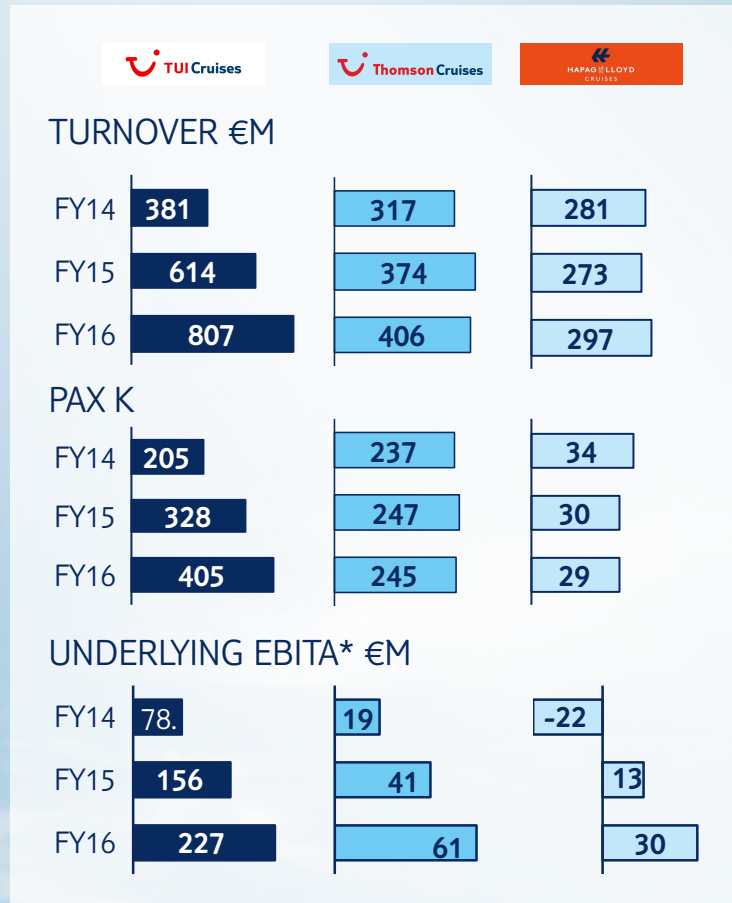


What we are delivering



**THE WORLD'S LEADING INTEGRATED TOURISM
BUSINESS BASED ON OWN HOTEL AND CRUISE BRANDS**

Cruise Growth



*Based on 100% for TUI Cruises

Focused on **developing our position in Europe** and **in luxury/expedition cruising**

- **TUI Cruises** - three new additions since merger
- Modernisation of **Thomson Cruises** underway
- Turnaround of **Hapag-Lloyd Cruises** now complete



Cruise – Growth Roadmap

GROWTH ROADMAP 2017-2019



3 new builds
invested within JV

~€25m-€30m per
new ship*



2 further ships
~€200m per ship

~€25m per new
ship**



2 new builds
~€145m per ship

~€15m per new
expedition ship



STRONG ROIC OF 21.3%***
SIGNIFICANTLY AHEAD OF SEGMENTAL WACC OF 7.5%

* Based on 50% share of EAT for TUI Cruises

** Includes MS1 and MS2 – these ships combined currently generate ~€25m share of EAT within TUI Cruises

*** Reflects TUI Cruises and Hapag-Lloyd Cruises ROIC



Cruise Ships & Aircraft Finance

CRUISE SHIPS

Cruise Fleet By Ownership Structure as at 30/9/2016

Cruise Brand	Owned	Finance Lease	Operating Lease	Total
TUI Cruises (JV)	5	-	-	5
Thomson Cruises	-	3	2	5
Hapag-Lloyd Cruises	3	-	1	4

- New build ships typically **80% debt/20% equity finance**
- **TUI Cruises** investments ring fenced within joint venture (3 more ships to come)
- **Thomson Cruises - fleet modernisation**, 3 more ships to come, 1 owned, 2 to be determined

AIRCRAFT

Aircraft Fleet By Ownership Structure as at 30/9/2016

Structure	Owned	Finance Lease	Operating Lease (FV)	Total
# of Aircraft	8	16	125	149
Financing	~€0.1bn*	~€1bn	~€2bn	€3.0bn

- Order book for 787s and 737-MAXs
- Net PDPs **~€200m/~€100m/~€100m** in next three years
- Financing method for new aircraft deliveries **typically by operating or finance lease** structures providing **100% financing** and will be reviewed on **a case by case basis**

*Reflects debt finance for two aircraft only, remaining aircraft wholly owned



Hotel Growth since Merger

- Non-risk (Managed)
- Risk (Owned/Joint Venture/Leased)



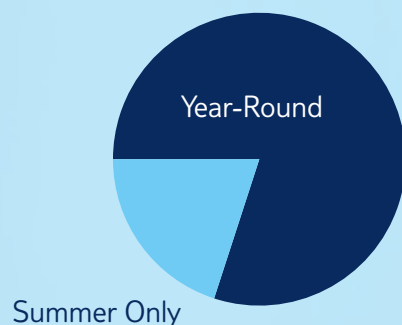
- 27 group hotels additions plus further re-positionings and third party concept openings since merger
 - Focussed on scaling up **proven destinations** and where there are **pockets of growth**
 - Growth delivered through our **core hotel, club** and **concept brands**



Hotels – Growth Roadmap

GROWTH ROADMAP 2017-2019

Indicative split of future growth capex by destination



~40-45 additional hotel openings by end of 2018/19

STRUCTURE

- Ownership/JV in **high growth regions**, where there is **scarcity of supply**
- Management elsewhere when possible

CONTRIBUTION TO UND. EBITA



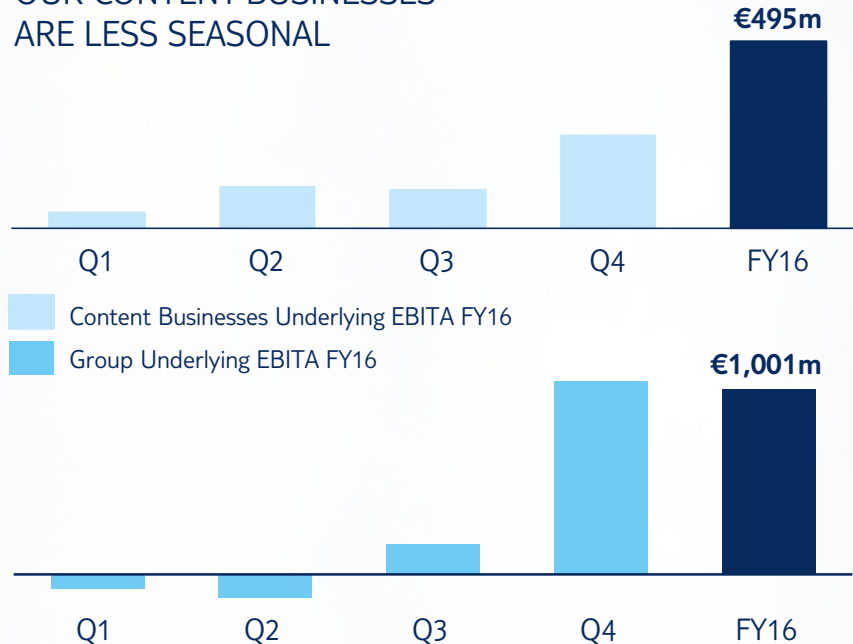
ROIC HURDLE OF 15% IS SIGNIFICANTLY AHEAD OF SEGMENTAL WACC OF 6.5%

*Based on profitability of Riu and Robinson and current mix of ownership models

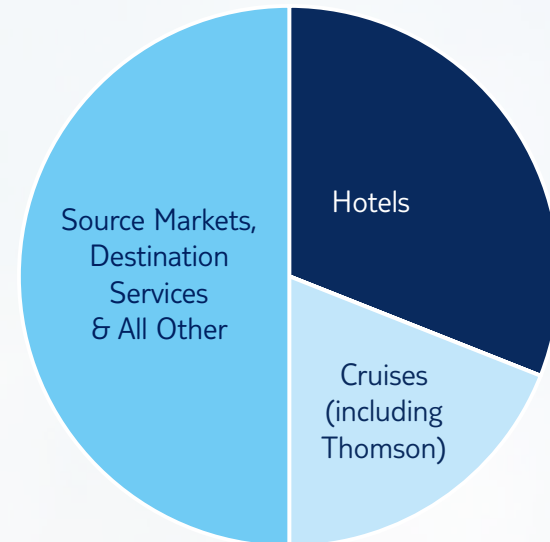


Integrated model enables us to deliver around 50% of earnings from content

OUR CONTENT BUSINESSES ARE LESS SEASONAL



CONTENT BUSINESSES¹ MIX





**GROWTH IN CONTENT IS DE-RISKED
THROUGH OUR DIRECT CUSTOMER RELATIONSHIPS**

¹ Hotels and Cruises (TUI Cruises, Thomson Cruises, & Hapag-Lloyd Cruises)



Investment in IT and Digital Transformation

KEY PROJECTS		FEATURES	ROADMAP
"TUI APP"	 <p>A rich, immersive experience at the heart of our mobile vision</p>	<ul style="list-style-type: none"> Holiday search & book Holiday information & ancillary booking Contact your rep 	<ul style="list-style-type: none"> Common platform live in all Source Markets except Germany, which will be rolled out in mid-December
CUSTOMER PLATFORM		<ul style="list-style-type: none"> Single view of the customer Customer service app for Destination Services 	<ul style="list-style-type: none"> First Version live in Germany Roll out to come FY17/FY18 (Destination services Q2, UK Q4, Belgium Q4, Nordics Q2 FY18)
GROUP MARKETING PLATFORM	<p>Using customer insight to provide more personalised customer service and marketing</p>	<ul style="list-style-type: none"> Capture & analyse customer interactions across all channels Campaign management system across all channels Implementation of marketing programme across the customer experience 	<ul style="list-style-type: none"> Netherlands, Belgium, Nordics live Germany Feb 2017, UK Sep 2017 (already working with previous version)
YIELD MANAGEMENT	<p>Bespoke IT solution to automate the management and pricing of holidays 24-7</p>	<ul style="list-style-type: none"> Solution rolled out to Nordics in 2016 	<ul style="list-style-type: none"> Targeting roll out to further markets including Germany over next 24 months

DIGITAL TRANSFORMATION FOCUSED ON CUSTOMER EXPERIENCES AND BUSINESS EFFICIENCY



One Brand

	GROWTH POTENTIAL	Renaming offers opportunity to reposition	OPERATIONAL EFFICIENCY	Operational efficiency by optimising content and marketing production
	360° EXPERIENCE	End to end consistent customer experience including media power	COMPETITIVE-NESS	Competitive strength against global platforms
	DIGITAL PRESENCE	Opportunity for more impact through centralised URL	BRAND EQUITY	One global brand, with local roots

BRAND MIGRATION WILL BE FUNDED
FROM ONGOING OPERATIONAL EFFICIENCY AND INCREASED REVENUES



Efficiencies

ONE AVIATION	Central platform for local airlines	<ul style="list-style-type: none">• One central organisation across five AOCs• Purchasing & Finance – one procurement organisation, leveraging scale on all contracts	<ul style="list-style-type: none">• Maintenance – One engineering & maintenance function• Interoperability among fleet and crew
DESTINATION SERVICES	Unique Destination Services brings the TUI brand alive	<ul style="list-style-type: none">• > 100 destinations and > 11 million customers• Carve out complete – from Hotelbeds to Tourism	<ul style="list-style-type: none">• Seamless cloud based customer platform, the same as we will use in the Source Markets
CONSOLIDATION	Opportunities for consolidation to strengthen our market position	<ul style="list-style-type: none">• Completion of Transat acquisition, will deliver ~€25-30m of efficiencies	

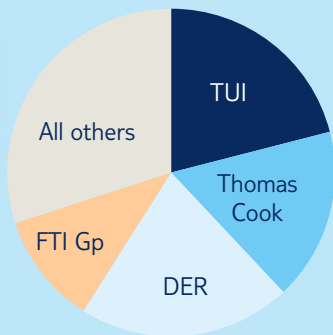
OPERATIONAL EFFICIENCIES DELIVERED THROUGH CENTRAL CONTROL



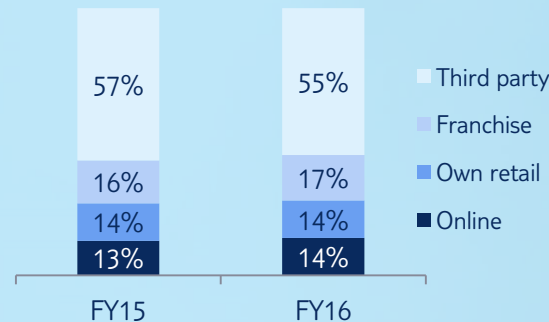
Delivering growth in Germany

- Germany has the DNA to be a **successful market**; Large population with affluent demographics, TUI voted Germany's most trusted travel brand¹, with high average customer spend
- Significant overcapacity in German aviation market – we intend to address this with our **Joint Venture discussion with Etihad Aviation Group**
- With a new airline group established on a more beneficial commercial structure, we intend to gain from a **broader market access**, effecting change to our current level of **distribution**
- Important step in our **3-5 year journey of improvement in Germany**

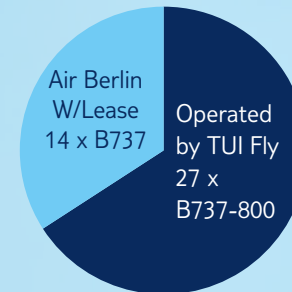
MARKET SHARE*



DISTRIBUTION



TUIFLY FLEET



*Company estimates, 2015 data - rebased based on GfK Tour Operator Market Share data

¹ Source: Reader's Digest Trusted Brand 2016

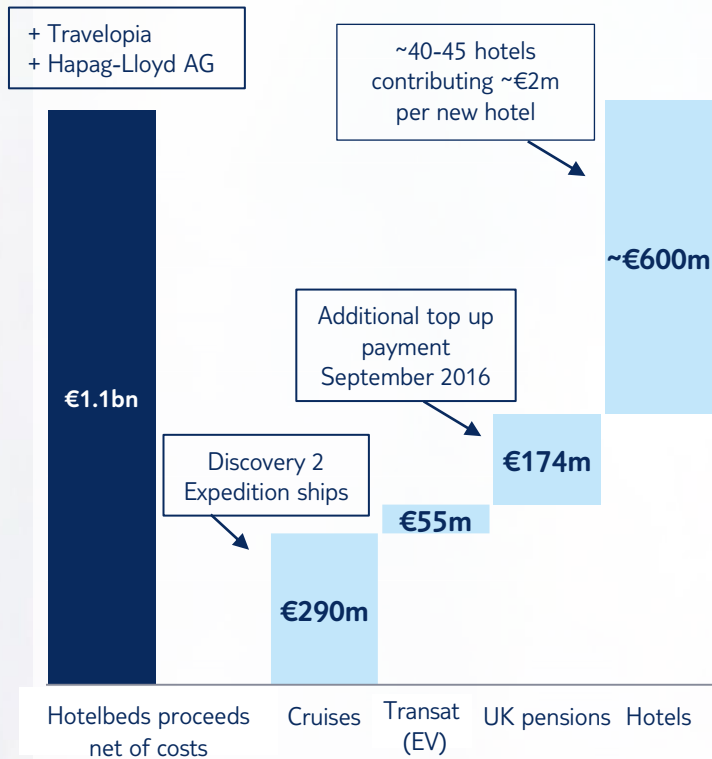


Financing Growth & Outlook

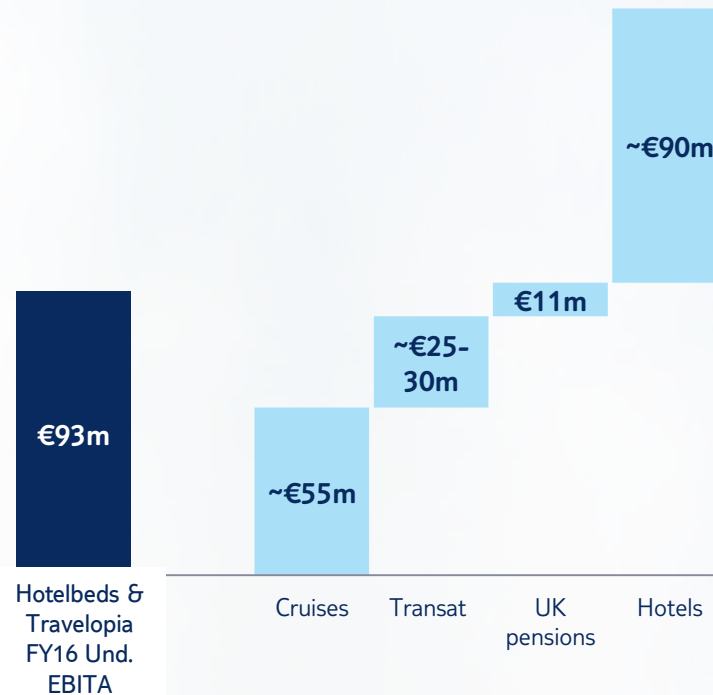


Financing Growth & Mechanics of Transformation

DISPOSAL PROCEEDS & REINVESTMENT



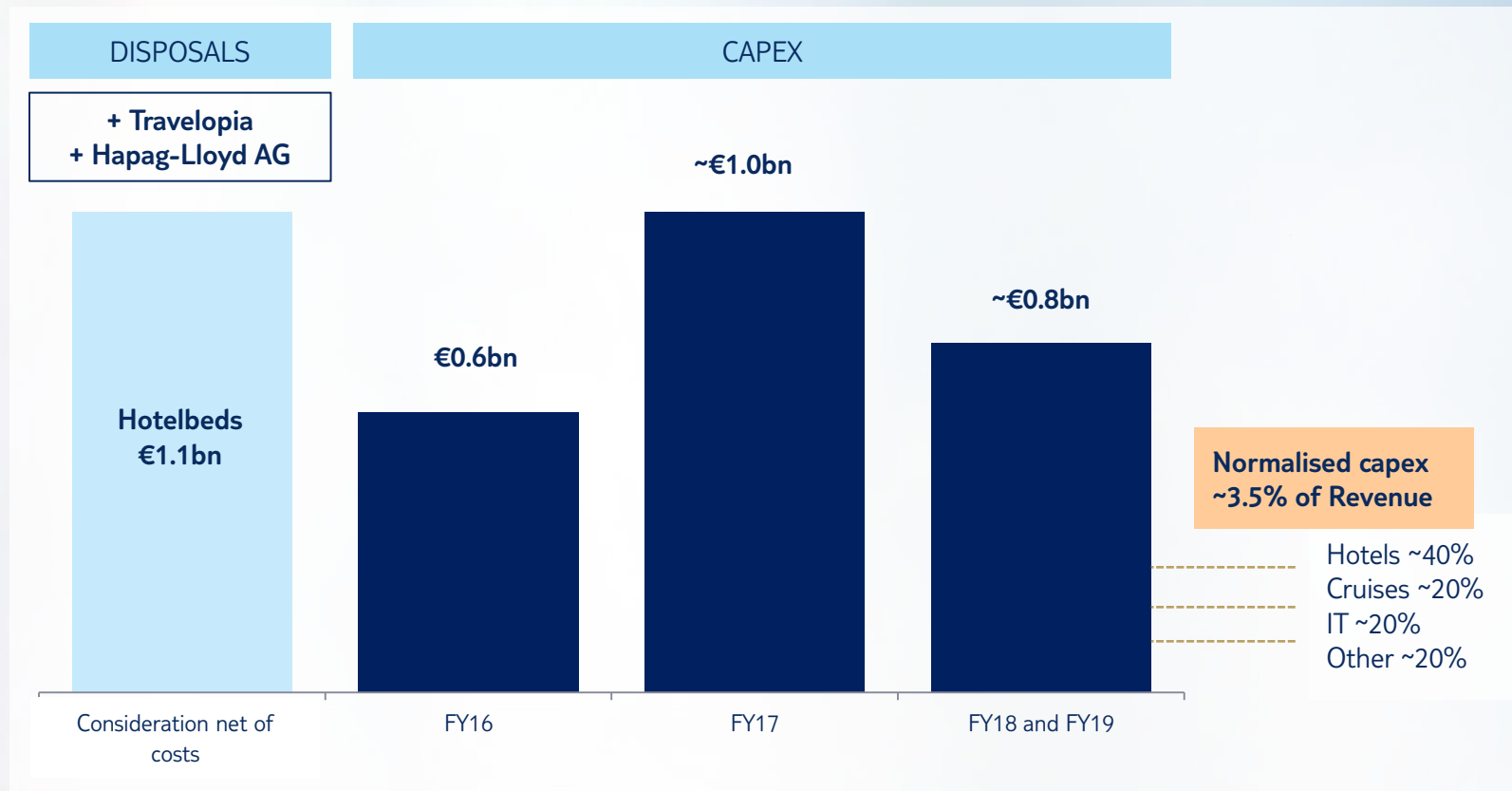
EARNINGS TRANSFORMATION FY16 TO FY20*



* Based on underlying EBITA run rate; UK pensions based on notional interest impact



Investing in Transformational Growth



* Guidance excludes aircraft order book finance (pre delivery payments and liquidations, owned and finance leased aircraft);
Net PDPs ~€200m/~€100m/~€100m in next three years



Financial Targets

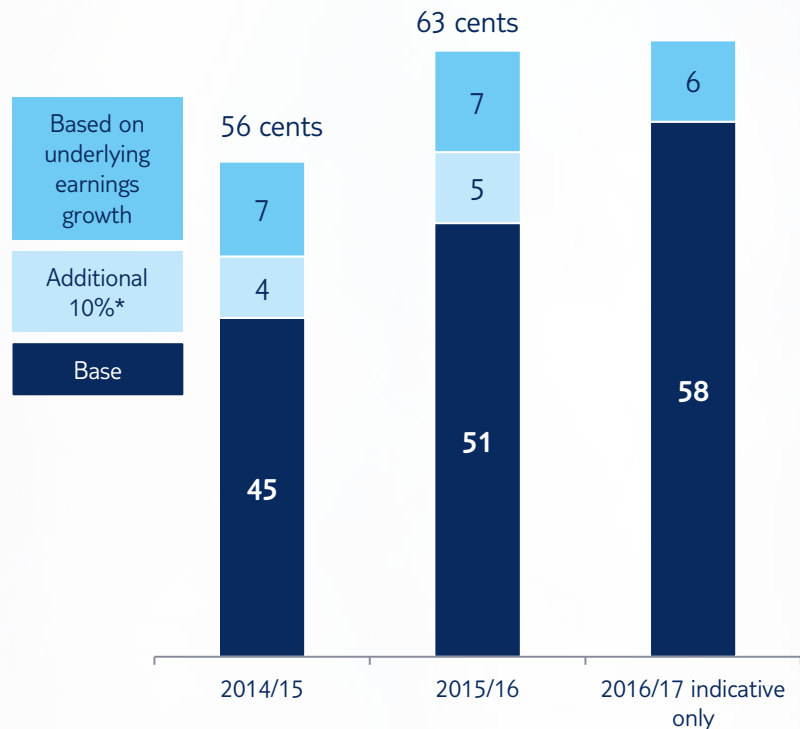
- Current corporate credit ratings "BB" from S&P and "Ba2" from Moody's
Upgraded by S&P from "BB-" in February 2017 and upgraded by Moody's from "Ba3" in April 2016
- We are committed to **improving our credit metrics**, therefore we are setting new financial targets for 2016/17 as follows:

Ratio*	Target 2015/16	Actual 2015/16	Target 2016/17
Leverage ratio	3.5 to 2.75 times	3.3 times	3.25 to 2.5 times
Interest cover	4.5 to 5.5 times	4.8 times	4.75 to 5.75 times

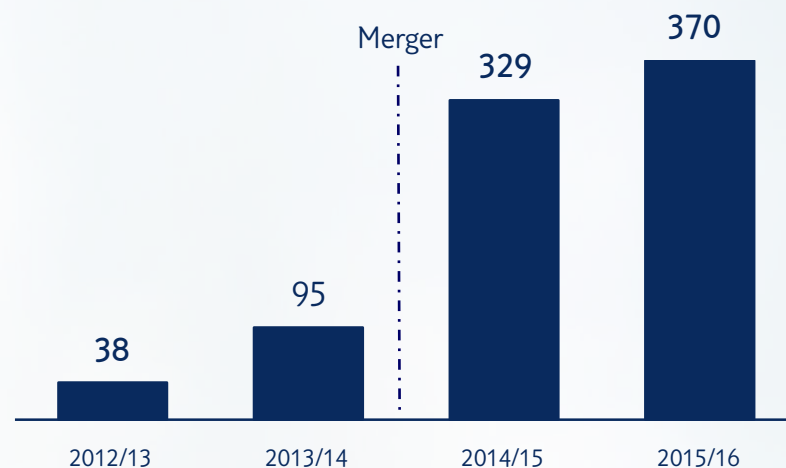
- Ratios are based on gross debt including pensions and leases
- Focus on rating to obtain advantageous financing conditions and ensure access to debt capital markets

Committed to an Attractive Dividend Payout

DIVIDEND PER SHARE (IN €C)



DIVIDEND PAYOUTS (IN €M)**



We are committed to delivering a growth strategy which will enable superior returns for our shareholders

* for FY 2014/15 and 2015/16 as announced at the time of the merger

**TUI AG dividend relating to financial years, paid out in the following calendar year



Growth Roadmap - Summary

DRIVERS	WHAT IMPACT?*	BY WHEN?	At least 10%* underlying EBITA CAGR to 2018/19	
GROWTH IN OUR HOTEL & CRUISE BRANDS	<ul style="list-style-type: none">• ~40-45 further openings in Group hotels• TUI Cruises - 3 new ships• MS1 & MS2 move to UK Fleet• Thomson Cruises - 3 new ships• HL Cruises - 2 new expedition ships	<ul style="list-style-type: none">• ~€2m und. EBITA per hotel**• ~€25-30m share EAT per ship• Currently generate ~€25m share of EAT in TUI Cruises• ~€25m und. EBITA per ship• ~€15m und. EBITA per ship	<ul style="list-style-type: none">• End of 2018/19• S17, S18, S19• S18, S19• S17, S18, S19• Spr & Aut 2019	Earnings dilution from disposals offset by investment in transformational growth
BRAND, IT AND EFFICIENCIES	<ul style="list-style-type: none">• Profitable top line growth which outperforms the market• France – break even & deliver benefits of Transat acquisition• Deliver remaining synergies	<ul style="list-style-type: none">• ~3% per annum• ~2.5% und. EBITA margin• ~€20m und. EBITA benefit	<ul style="list-style-type: none">• Ongoing• End of 2018/19• End of 2017/18	Integrated model delivers sustainable growth
BALANCE SHEET STRENGTH & FLEXIBILITY	<ul style="list-style-type: none">• Investment in transformational growth in medium term, financed by strong operating cash flow and disposal proceeds• Attractive dividend policy			Balanced guidance approach

*At constant currency rates

**Based on profitability of RIU and Robinson and current mix of ownership models



Outlook 2016/17* – Continuing Operations Basis

Metric	2015/16	2016/17e
Turnover	€17,185m	~3% growth
Underlying EBITA	€1,001m	At least 10% growth
Adjustments	€102m	~€100m (increased from ~€80m)
Net Interest	€180m	~€140m (reduced from ~€160m)
Net Capex & Investments**	€642m	~€1bn
Net Cash/Debt	€32m net cash	~€0.8bn net debt see footnote
Underlying Effective Tax Rate	25%	20%

* Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current group structure; **guidance relates to continuing operations and excludes the impact of the JV negotiations for TUI fly and any disposal proceeds for Travelopia and Hapag-Lloyd AG**

** 2015/16 excludes Hotelbeds Group proceeds

Summary



The Group has delivered a good H1 overall



Summer 2017 continues to trade in line with our expectations



Continuing to deliver our transformation, focussed on growth of own **hotel** and **cruise** brands and driving further value from our source markets



Our strategy, operational experience and integrated model mean that we are **well placed to deal** with macro-economic and geopolitical challenges



Based on our first half performance and current trading, we reiterate our **guidance of at least 10% growth in underlying EBITA in 2016/17¹**

¹At constant currency and based on current group structure



H1 2016/17 Results



H1 Review

TURNOVER €6.4bn

**+3.3% /
+8.2%¹**

UNDERLYING
EBITA €-214.3m

**-3.8% /
+6.3%²**

REPORTED
EBITA €-251.9m

**-4.6% /
+3.7%²**

OPERATING
CASHFLOW
IMPROVEMENT

+€0.3bn

- **Good overall performance in H1** driven by growth in Hotels & Resorts and Cruises
- Further **merger synergies of €10m** achieved in the half
- Current trading for Summer 2017 **in line with our expectations**
- **Improved** working capital seasonality as we deliver our transformation
- Clearer segmental reporting to better demonstrate the **performance of hotel and cruise businesses**
- Travelopia disposal on track to complete during H2

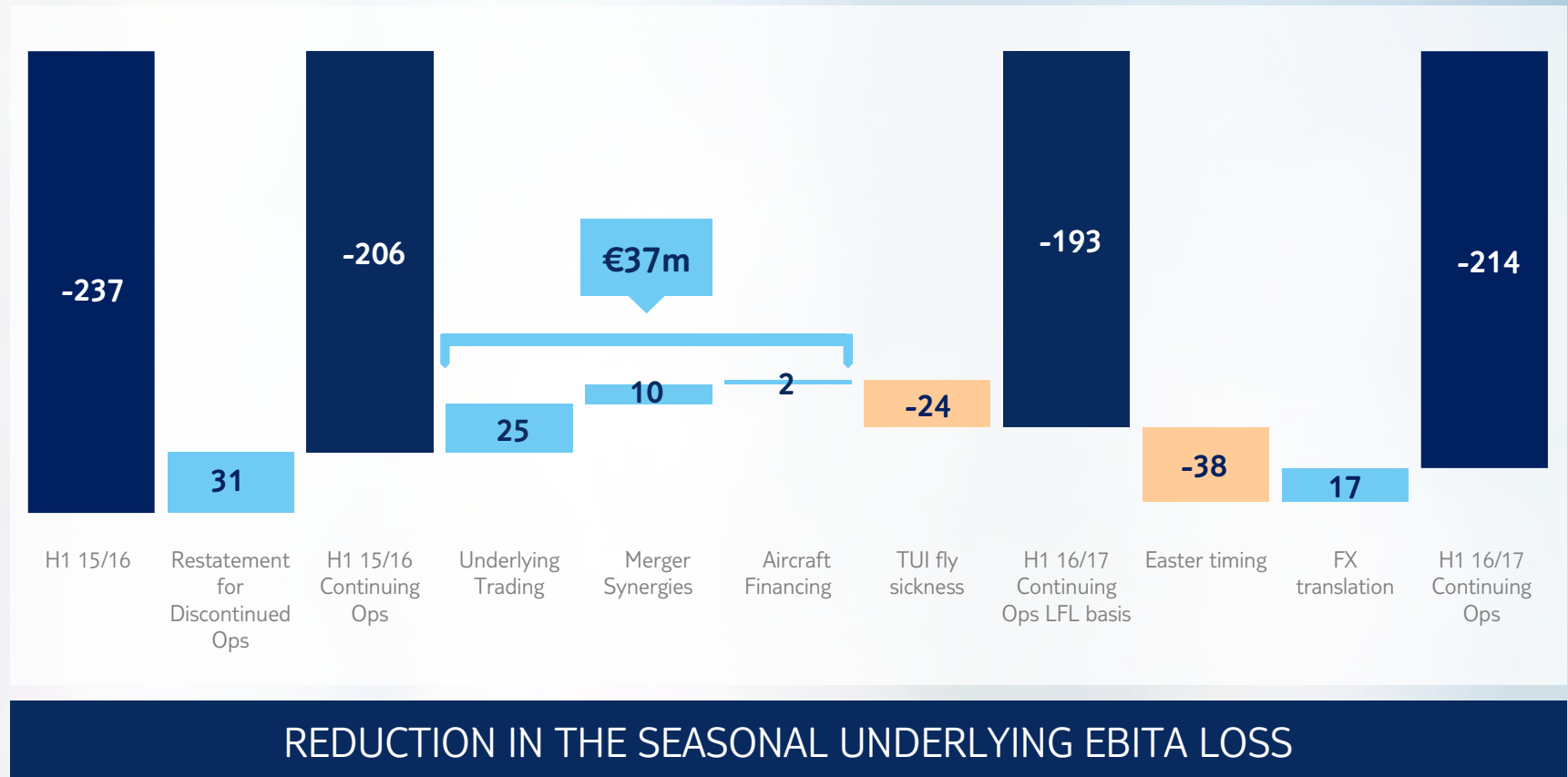
¹ At constant currency rates

² On LFL basis excluding Easter timing and at constant currency



TUI Group

Underlying EBITA Bridge H1 2016/17 in €m



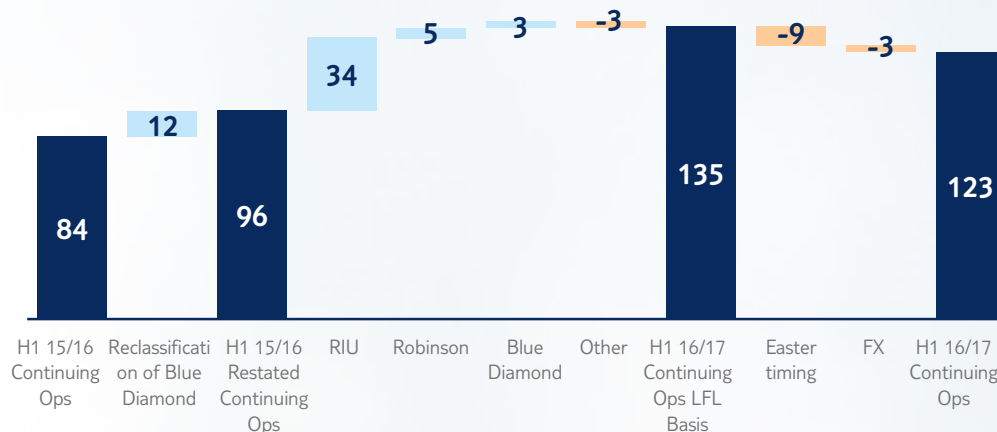
Hotels & Resorts

TURNOVER AND EARNINGS (€M)

	H1 16/17	H1 15/16	%
Turnover	300.0	266.0	12.8
Underlying EBITA	122.8	96.0	27.9
<i>o/w Equity results</i>	42.8	30.8	39.0

Segment now includes Blue Diamond hotels

BRIDGE UNDERLYING EBITA (€M)



BUSINESS DEVELOPMENT H1 2016/17*



- Our popular brands, integrated model and strong presence in year round destinations continue to drive high levels of **occupancy rates** - Riu 88%, overall Hotels & Resorts 75% whilst still delivering 5% growth in average revenue per bed
- Riu** delivered another **strong** performance, particularly in **Spain and Mexico** with **7% growth** in average revenue per bed. The result was partly offset by the gain on disposal of Riu Tropicana in the prior year
- Robinson** also delivered a **good** performance with **3% growth** in average revenue per bed overall
- As expected result were partly offset by adverse impact from subdued demand for **Turkey and North Africa**

*At constant currency rates and excluding Easter timing



Hotel Openings & Pipeline



**DELIVERING GROWTH AND SUPERIOR RETURNS
WITH A BALANCED OWNERSHIP MODEL**

Key- O = Ownership; L = Lease; M = Management; F = Franchise



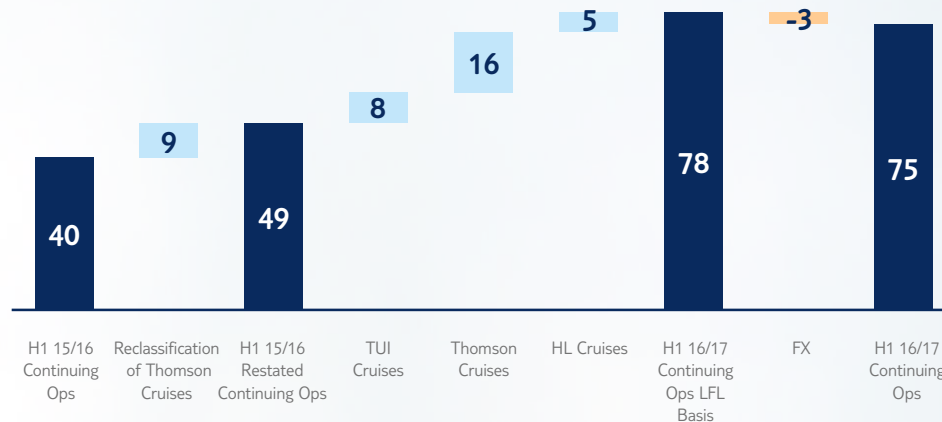
Cruises

TURNOVER AND EARNINGS (€M)

	H1 16/17	H1 15/16	%
Turnover	345.9	308.9	12.0
Memo: TUI Cruises Turnover	458.8	364.2	26.0
Underlying EBITA	75.0	49.3	52.1
<i>o/w EAT TUI Cruises*</i>	38.3	29.8	28.5

*TUI Cruises joint venture (50%) is consolidated at equity
Segment now includes Thomson Cruises

BRIDGE UNDERLYING EBITA (€M)



BUSINESS DEVELOPMENT H1 2016/17*

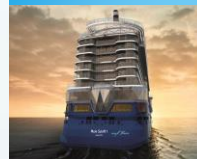


- **TUI Cruises** continues to deliver significant growth whilst maintaining a **strong occupancy** and **rate** performance, with an additional ship (Mein Schiff 5) this Winter. This was offset partly by a planned increase in dry dock days
- **Thomson Cruises'** result has also **increased significantly**, with the first Winter of operations of TUI Discovery and a **good** occupancy and **rate** performance across the fleet
- **Hapag-Lloyd Cruises** has delivered an **increase** in earnings, benefitting from improvements to itineraries and fewer dry docks than prior year

*At constant currency rates



Cruise additions and pipeline

TUI Cruises			Thomson Cruises			HAPAG LLOYD CRUISES	
Mein Schiff 6	New Mein Schiff 1	New Mein Schiff 2	TUI Discovery 2	Currently MS1 (TUI Explorer)	Currently MS2 (Name TBC)	Hanseatic Nature	Hanseatic Inspiration
							
2,534 BERTHS	2,894 BERTHS	2,894 BERTHS	1,832 BERTHS	1,924 BERTHS	1,912 BERTHS	230 BERTHS	230 BERTHS
Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	TBC OPERATING MODEL	TBC OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL
June 2017 LAUNCH DATE	Spring 2018 LAUNCH DATE	Spring 2019 LAUNCH DATE	May 2017 LAUNCH DATE	Summer 2018 LAUNCH DATE	Summer 2019 LAUNCH DATE	Spring 2019 LAUNCH DATE	Autum 2019 LAUNCH DATE

DELIVERING GROWTH AND SUPERIOR RETURNS IN OUR THREE CRUISE BRANDS



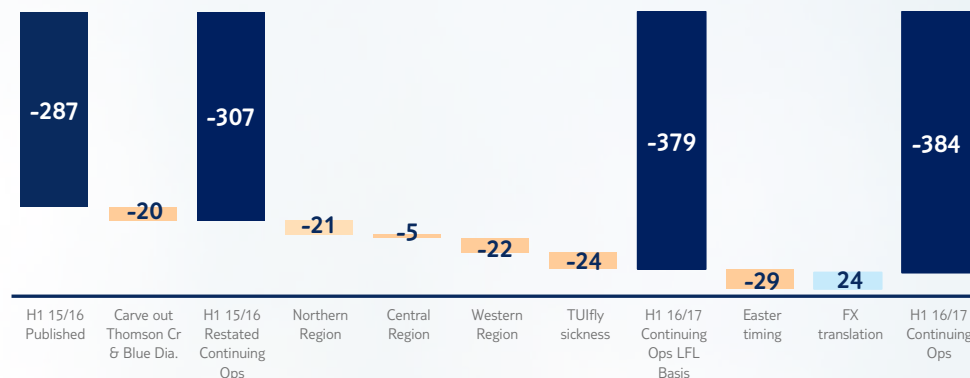
Source Markets – Sales & Marketing

TURNOVER AND EARNINGS (€M)

	H1 16/17	H1 15/16	%
Turnover	5,374.9	5,261.0	2.2
Underlying EBITA	-383.9	-307.2	-25.0

Thomson Cruises and Blue Diamond now reported in Cruise and H&R respectively

BRIDGE UNDERLYING EBITA (€M)



BUSINESS DEVELOPMENT H1 2016/17*



NORTHERN REGION -€21M

- UK customer **volumes increased by 8%** in H1 2016/17 with a good end to Summer and growth in **long haul in Winter**. This was offset by an increase in the valuation of US\$ based **maintenance reserves** (weaker GBP sterling) and increase in **pension service costs** driven by lower interest rates. Result also impacted to some extent by currency cost inflation, due to weakening of GBP sterling
- Nordic performance impacted by **rebrand marketing costs** and **lower demand for Turkey and Egypt**
- Northern Region continues to deliver **high levels** of direct and online distribution - **90%** and **63%** respectively

CENTRAL REGION -€5M (UNDERLYING)

- Germany continues to build on its **market share gains** delivering an **improvement** in **trading performance**
- Result includes **additional aircraft repair costs**
- Further **improvement** in direct and online distribution - **47%** (up 2ppts) and **17%** (up 3ppts) respectively

WESTERN REGION -€22M

- Reflects the first time inclusion of **Transat's** seasonal EBITA loss and **rebrand marketing costs** in Belgium
- Netherlands negatively impacted by night slot restrictions at Schiphol Airport and increased claims for DBC
- Further **growth** in both direct and online distribution - **73%** (up 3ppts) and **56%** (up 3ppts) respectively, aided by the rebrand in Belgium

*At constant currency rates and excluding Easter timing



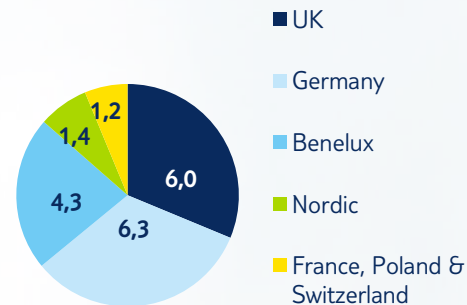
Source Markets – Sales & Marketing

Strength in direct Distribution and Customer Relationships

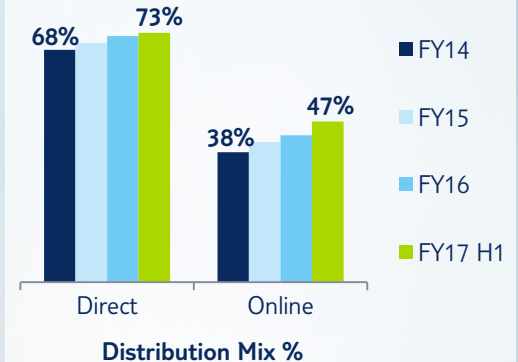
- **Balanced portfolio** of source markets de-risks our business
- Strong **direct** and **online** distribution channels
- TUI **rebrand completed** in three source markets, with **higher unaided TUI brand awareness** shortly after rebranding. UK to follow in FY18
- Progressing with **digital transformation** and development of **common platforms**
- Acquisition of **Transat** builds on our market leadership in France
- **German airline JV** negotiations ongoing

BALANCED PORTFOLIO

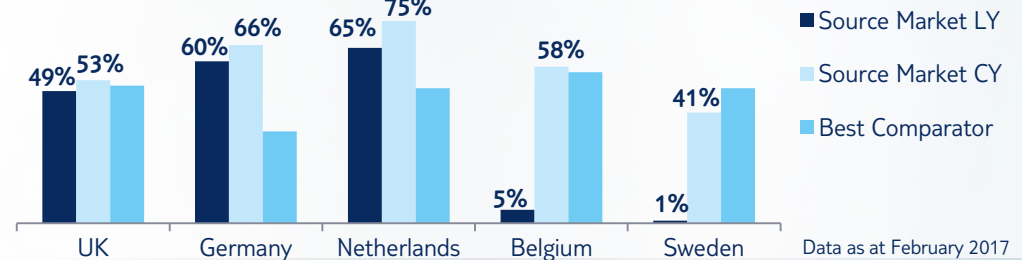
FY16 Customer Numbers (m)



MORE DIRECT, MORE ONLINE



UNAIDED BRAND AWARENESS %



STRENGTH IN DISTRIBUTION ENABLES AND DE-RISKS CONTENT GROWTH



Current Trading – Summer 2017

HOTELS & RESORTS

- Two new **TUI Blue** hotel openings (Italy and Croatia)
- Subdued demand for Turkey and North Africa continue to be offset by the **popularity of Spain, Canaries, Greece and Caribbean**

CRUISES

- Newly built **Mein Schiff 6** was launched in June; demand for cruise remains buoyant in Germany
- Thomson Cruises continues its programme of modernisation with the launch of **TUI Discovery 2**

SOURCE MARKETS – Sales & Marketing

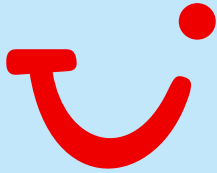
- Source Markets programme **62% sold to date** with revenues up **8%** and bookings up **4%**
- Growth in demand for Greece, Bulgaria, Croatia, Cyprus, Cape Verde and long haul
- Bookings ahead of prior year in all markets

POPULARITY OF HOTEL AND CRUISE BRANDS AND RESILIENCE OF INTEGRATED MODEL

These statistics are up to 7 May 2017 and are shown on a constant currency basis



Delivering the TUI Transformation



The world's leading integrated tourism business based on own hotel and cruise brands

- ✓ Merger complete + synergies delivered (end FY17)
- ✓ Integrated decision making + global scale based on common platforms (Brand, IT, Airline, Hotels, Cruises & Destination Services)
- ✓ Disposals of non-core businesses free up capital for reinvestment in Hotels, Cruises and strengthening the core
- ✓ Growth driven by higher margin, less seasonal hotels and cruise brands
- ✓ Focused on meaningful investments aligned to our strategy



Income Statement

In €m	H1 16/17	H1 15/16
Turnover	6,382.4	6,178.7
Underlying EBITA	-214.3	-206.4
Adjustments (SDI's and PPA)	-37.6	-34.5
EBITA	-251.9	-240.9
Net interest expense	-61.2	-81.7
Hapag-Lloyd AG	2.3	-100.3
EBT	-310.8	-422.9
Income taxes	65.3	76.0
Group result continuing operations	-245.5	-346.9
Discontinued operations	-63.1	-48.0
Minority interest	-54.3	-54.0
Group result after minorities	-362.9	-448.9
Basic EPS (€, continuing)	-0.51	-0.69

ADJUSTMENTS €38M

Consisting of €22m SDIs and €15m PPAs

Full year expected to be ~€100m due to earlier recognition of Transat integration costs

INTEREST €61M

Reduced by €21m due to lower RCF interest, lower interest on provisions and refinancing of High-Yield Bond to senior notes with lower coupon rate partly offset by additional finance lease interest for new aircraft and cruise ships

Full year outlook reduced by €20m to ~€140m as we continue to benefit from lower financing costs

TAX CREDIT €65M

Underlying effective tax rate reduced to **20%**

DISCONTINUED OPERATIONS

Includes Travelopia held for sale this year and Hotelbeds in the prior year



Cash Flow

In €m	H1 16/17	H1 15/16*
EBITA reported**	-251.9	-240.9
Depreciation**	199.6	187.7
Working capital	-73.3	-373.4
Other cash effects	48.6	105.6
At equity income**	-105.6	-64.7
Dividends received from JVs and associates	49.6	18.3
Tax paid	-84.6	-117.1
Interest (cash)	-30.0	-41.1
Pension contribution	-69.2	-91.3
Operating Cashflow	-316.8	-616.9
Net capex	-466.4	-228.9
Net financial investments	-111.3	6.3
Net pre-delivery payments	-117.5	-21.3
Free Cashflow	-1,012.0	-860.8
Dividends	-370.0	-329.2
Movement in Cash Net of Debt	-1,382.0	-1,190.0

IMPROVEMENT IN WORKING CAPITAL +€0.3bn

Improved seasonality in working capital following the disposal of Hotelbeds as we continue to deliver on our transformation plan and focus on the growth of our less seasonal content business

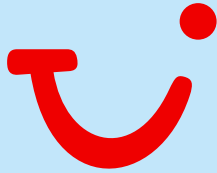
OVERALL IMPROVEMENT IN HALF YEAR OPERATING CASH FLOW

*Prior year restated due to exclusion of Hotelbeds & Travelopia in reported EBITA

**Continuing ops basis – non-continuing adjustment in Other cash effects



Delivering the TUI Transformation – Financial Discipline



Creating value and
delivering superior returns
for our shareholders

- ✓ Business balanced through markets and destinations
- ✓ Further de-risked through portfolio ownership structure
- ✓ JV partners provide expertise; require less invested capital on a consolidated basis; delivering cash through dividend
- ✓ Significant reduction in interest and effective tax rate – enhances EPS
- ✓ Attractive dividend policy supported by strong operational cashflow
- ✓ Divestment proceeds financing transformational growth
- ✓ Committed to improving corporate rating to ensure advantaged access to debt capital markets
- ✓ Delivering a growth strategy which is value accretive for our shareholders



Appendix



2015/16 Restated Turnover by Quarter (excludes Intra-Group Turnover)*

In €m	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	FY 2015/16
Northern Region	1,188.2	1,170.1	1,661.7	2,575.0	6,595.0
Central Region	1,089.4	897.7	1,346.4	2,229.4	5,562.9
Western Region	486.9	428.7	734.6	1,219.7	2,869.9
Source Markets	2,764.5	2,496.5	3,742.7	6,024.1	15,027.8
Riu	106.9	113.1	106.5	135.1	461.6
Robinson	14.7	10.0	18.6	29.0	72.3
Blue Diamond	-	-	-	-	-
Other	10.8	10.5	18.1	45.3	84.7
Hotels & Resorts	132.4	133.6	143.2	209.4	618.6
TUI Cruises	-	-	-	-	-
Thomson Cruises	81.1	84.7	99.8	140.8	406.4
Hapag-Lloyd Cruises	53.9	89.2	71.3	82.3	296.7
Cruises	135.0	173.9	171.1	223.1	703.1
Other Tourism	148.0	142.0	143.6	235.7	669.3
Tourism	3,179.9	2,946.0	4,200.6	6,692.3	17,018.8
All Other Segments	32.4	20.4	40.1	72.9	165.8
TUI Group continuing operations	3,212.3	2,966.4	4,240.7	6,765.2	17,184.6

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism and Thomson Cruises from Northern Region to Cruise segment



2015/16 Restated Underlying EBITA by Quarter*

In €m	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	FY 2015/16
Northern Region	-42.8	-78.1	71.9	432.1	383.1
Central Region	-27.0	-83.6	3.5	192.2	85.1
Western Region	-27.7	-48.0	-6.4	168.2	86.1
Source Markets	-97.5	-209.7	69.0	792.5	554.3
Riu	59.2	94.4	64.6	100.1	318.3
Robinson	0.9	-4.7	6.0	36.5	38.7
Blue Diamond**	3.1	9.1	0.5	3.7	16.5
Other	-34.8	-31.2	-13.9	10.3	-69.7
Hotels & Resorts	28.4	67.6	57.2	150.6	303.8
TUI Cruises**	13.2	16.7	25.8	44.5	100.1
Thomson Cruises	4.1	5.0	15.6	36.5	61.3
Hapag-Lloyd Cruises	-5.0	15.3	3.6	15.6	29.5
Cruises	12.3	37.0	45.0	96.6	190.9
Other Tourism	-10.3	-6.4	-5.3	29.9	7.9
Tourism	-67.1	-111.5	165.9	1,069.6	1,056.9
All Other Segments	-13.3	-14.5	-5.0	-23.7	-56.4
TUI Group continuing operations	-80.4	-126.0	160.9	1,045.9	1,000.5

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism, Blue Diamond to Hotels & Resorts and Thomson Cruises to Cruise segment both from Northern Region

**Equity result



2016/17 H1 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	H1 16/17	H1 15/16	Change	FX	Change ex FX
Northern Region	2,232.9	2,358.3	-125.3	-266.2	140.9
Central Region	2,028.0	1,987.1	40.9	0.5	40.4
Western Region	1,114.0	915.6	198.3	0.2	198.1
Source Markets	5,374.9	5,261.0	113.9	-265.5	379.4
Riu	244.2	220.0	24.1	-8.2	32.3
Robinson	32.4	24.6	7.8	0.1	7.7
Blue Diamond	-	-	-	-	-
Other	23.4	21.4	2.1	-1.0	3.1
Hotels & Resorts	300.0	266.0	34.0	-9.1	43.1
TUI Cruises	-	-	-	-	-
Thomson Cruises	195.5	165.8	29.7	-30.5	60.2
Hapag-Lloyd Cruises	150.4	143.1	7.4	-	7.4
Cruises	345.9	308.9	37.1	-30.5	67.6
Other Tourism	290.4	290.0	0.4	-0.8	1.2
Tourism	6,311.2	6,125.9	185.4	-305.9	491.3
All Other Segments	71.2	52.8	18.3	-0.1	18.4
TUI Group continuing operations	6,382.4	6,178.7	203.7	-306.0	509.7

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism, and Thomson Cruises from Northern Region to Cruise segment



2016/17 H1 Underlying EBITA by Segment*

In €m	H1 16/17	H1 15/16	Change	FX	Change ex FX
Northern Region	-138.0	-120.9	-17.1	23.9	-41.0
Central Region	-143.7	-110.6	-33.1	-0.1	-33.0
Western Region	-102.2	-75.7	-26.5	-	-26.5
Source Markets	-383.9	-307.2	-76.7	23.8	-100.5
Riu	175.2	153.6	21.6	-4.9	26.5
Robinson	1.3	-3.8	5.1	1.1	4.0
Blue Diamond**	15.1	12.3	2.8	0.5	2.3
Other	-68.8	-66.1	-2.7	0.4	-3.1
Hotels & Resorts	122.8	96.0	26.8	-2.9	29.7
TUI Cruises**	38.3	29.8	8.5	-	8.5
Thomson Cruises	21.5	9.2	12.3	-3.1	15.4
Hapag-Lloyd Cruises	15.2	10.3	4.9	-	4.9
Cruises	75.0	49.3	25.7	-3.1	28.8
Other Tourism	-13.4	-16.7	3.3	-4.9	8.2
Tourism	-199.5	-178.6	-20.9	12.9	-33.8
All Other Segments	-14.8	-27.8	13.0	4.0	9.0
TUI Group continuing operations	-214.3	-206.4	-7.9	16.9	-24.8


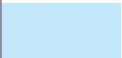











*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism, Blue Diamond to Hotels & Resorts and Thomson Cruises to Cruise segment both from Northern Region

**Equity result



Hotels & Resorts




KPIs H1 2016/17

	CAPACITY ¹		REVENUE/BED ²		OCCUPANCY ³		UNDERLY. EBITA ⁴	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
	Flat	8,383	 7 69.3		 1 88		 22 175	
	 2 1,167		 3 93.2		 -1 62		 5 1	
OTHER							Flat	-53
TUI H&R	 2 14,288		 5 64.7		 -1 75		 27 123	

¹ Group owned or leased hotel beds multiplied by opening days in the period
² Arrangement revenue divided by occupied beds
³ Occupied beds divided by capacity
⁴ Segment figures

Cruises

KPIs H1 2016/17

	PASSENGER CRUISE DAYS		AVERAGE DAILY RATE		OCCUPANCY		UNDERLY. EBITA	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
	24	2,032	Flat	147	-1	100	8	38*
	28	1,090	9	161**	2	100	12	22
	-2	164	6	595	-1	74	5	15

* Equity result
 **Inclusive of transfers, flights and hotel costs due to the integrated nature of Thomson Cruises



Source Markets

KPIs H1 2016/17

	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*	5	2,363	Flat	90	4	63	-17	-138
Central Region	-3	2,146	2	47	3	17	-33	-144
Western Region*	10	1,835	3	73	3	56	-27	-102
Source Markets	3	6,344	2	73	4	47	-77	-384

* Western now excludes Italy (reported in All Other Segments) and Northern now excludes Thomson Cruise (reported in Cruise segment) and includes Crystal Ski, Thomson Lakes & Mountains (prev. in Specialist Group)

-€24m relates to TUI fly sickness

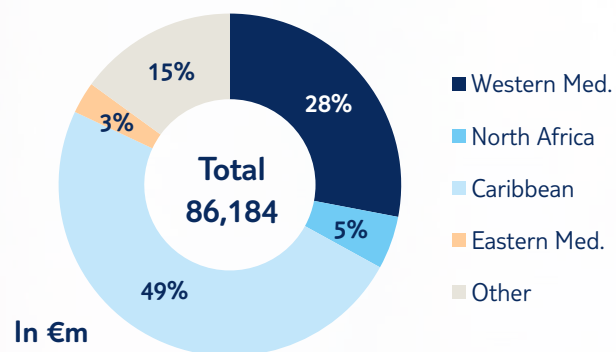


Hotels & Resorts

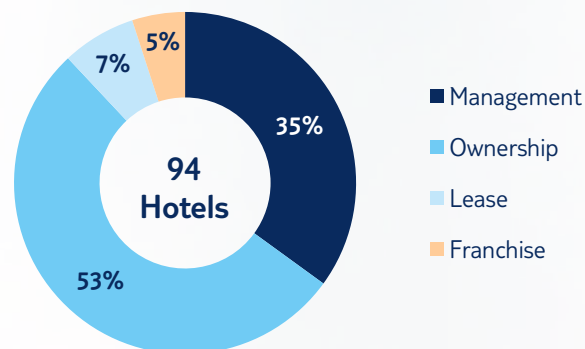
RIU – Key figures 2015/16

Riu 100%-view*	Total	o/w RIUSA II (fully consolidated)	o/w Riu Hotels (consolidated at equity)	Riu in TUI accounts
Turnover	1,112	796	316	796
Underlying EBITA	405	273.5	131	318.3
EBITA-Margin	36%			
EAT	314	221	93	
o/w EAT to TUI (50%)	156	111	44.8	156
ROIC (incl. Goodwill)	20%			
ROIC (excl. Goodwill)	26%			

HOTEL BEDS BY REGION (%)



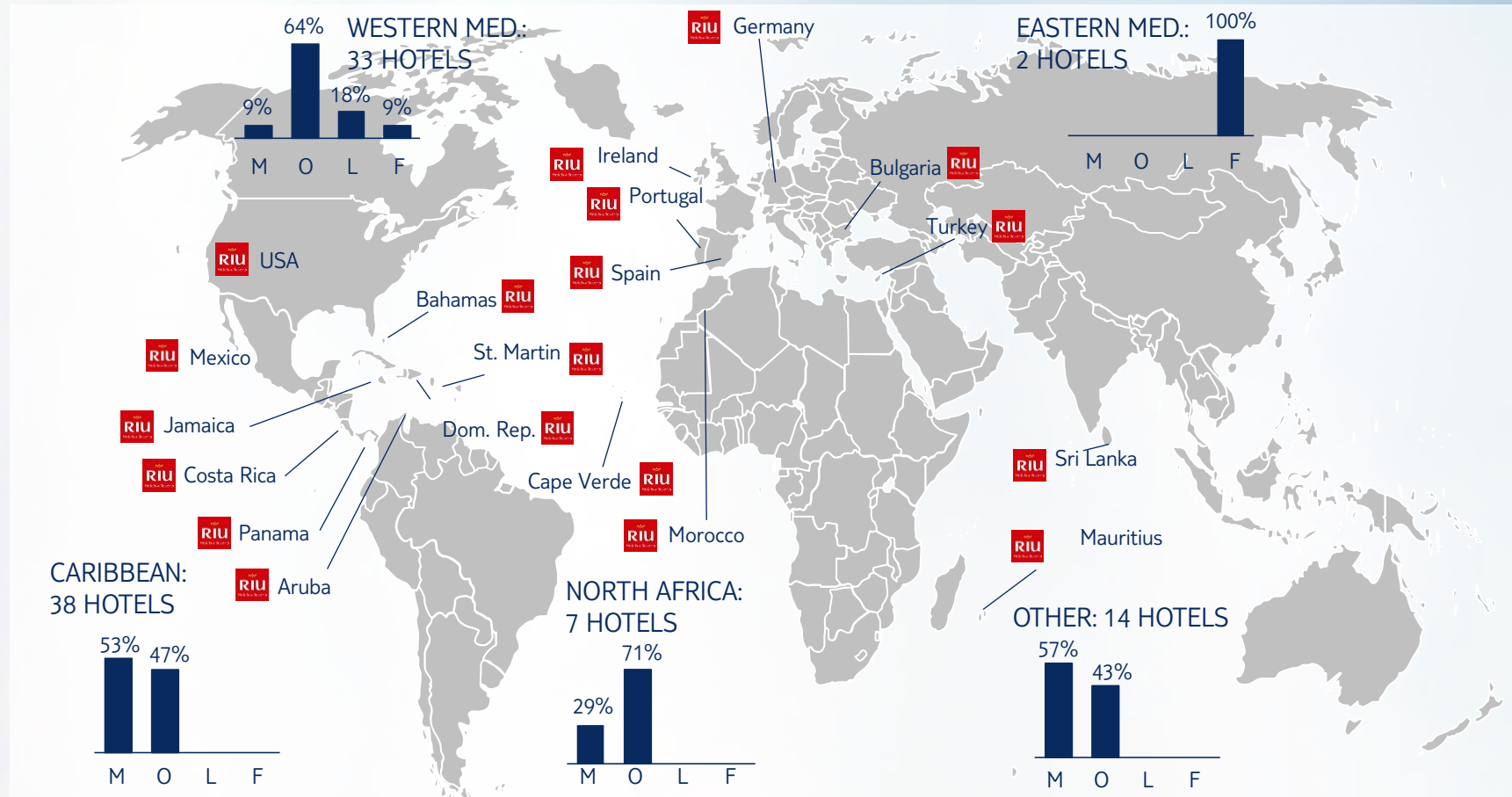
FINANCING STRUCTURE (%)



*unaudited figures

Hotels & Resorts

RIU Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2016

Hotels & Resorts

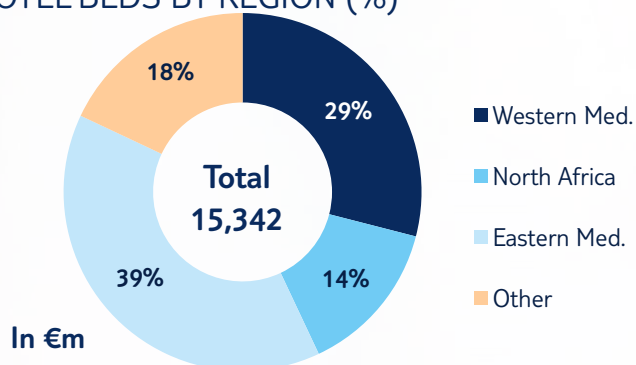
Robinson – Key figures 2015/16

ROBINSON IN TUI ACCOUNTS*

	15/16	14/15
Turnover	194	192
Underlying EBITA	39	42
EBITA-Margin	20%	22%
EAT (100% TUI)	15	12
ROIC	13%	14%

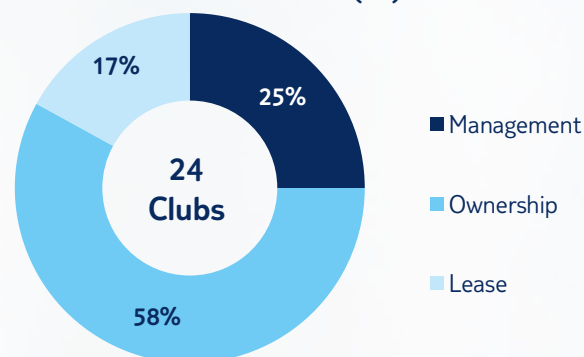


HOTEL BEDS BY REGION (%)

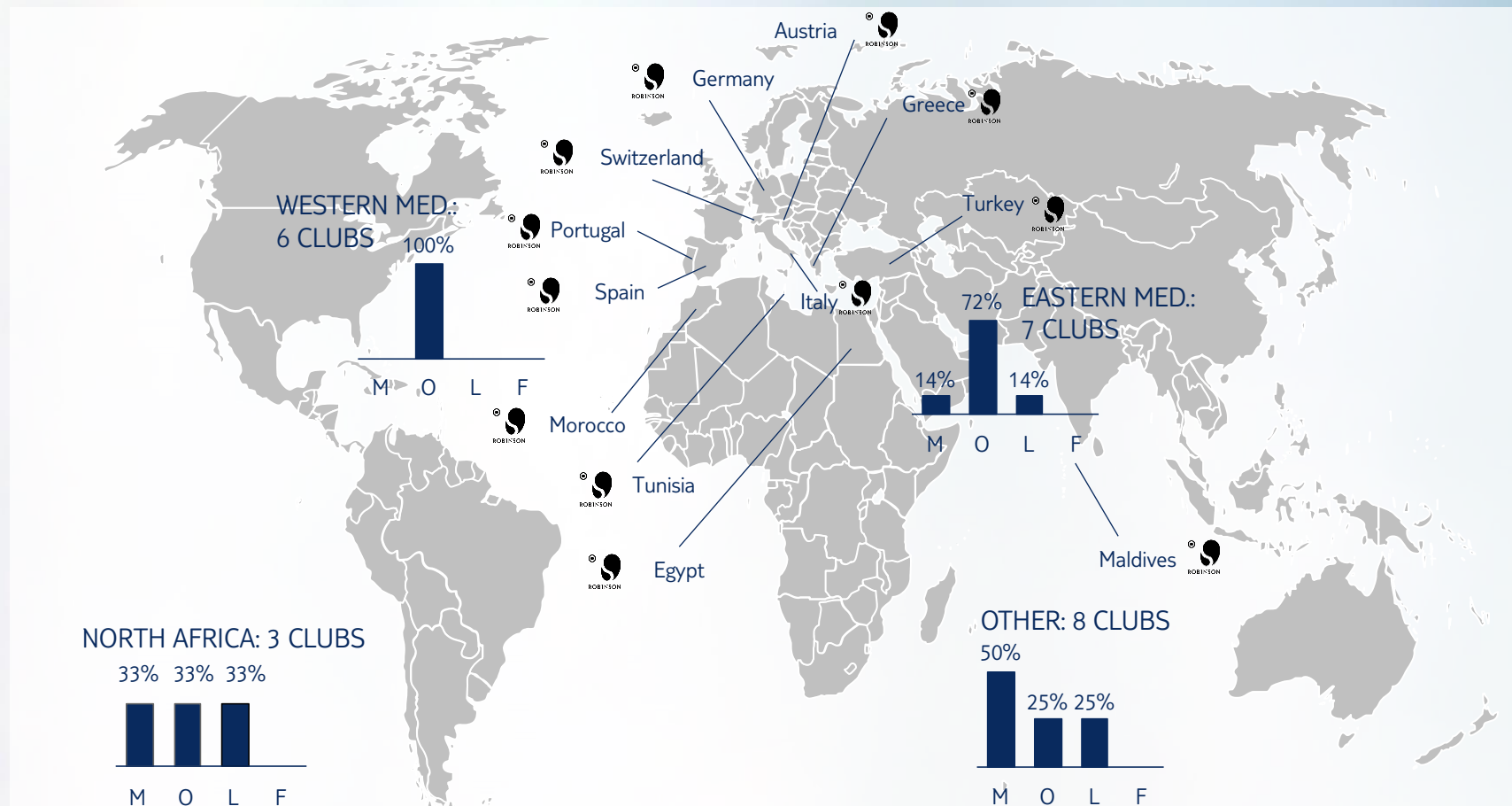


*unaudited figures

FINANCING STRUCTURE (%)



Hotels & Resorts Robinson Portfolio



M = Management; O = Ownership; L = Lease; F = Franchise; figures at 30 September 2016



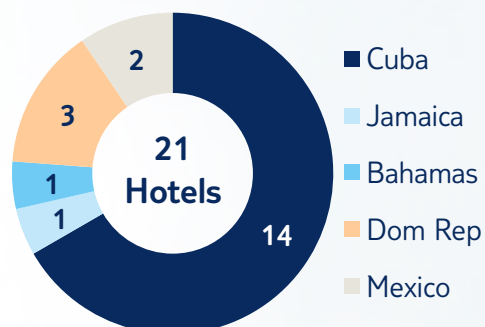
Hotels & Resorts

Blue Diamond – Key Figures 2015/16

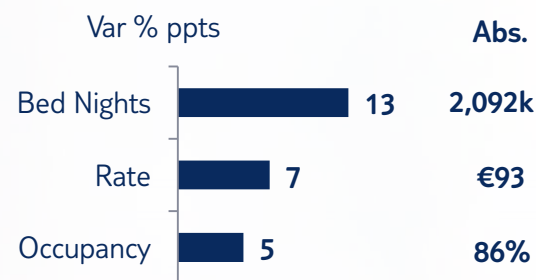
(€M)

Blue Diamond 100% view	Total
Turnover	312
EBITA	51
EBITA margin	16%
EAT	34
o/w EAT to TUI (49%)	17

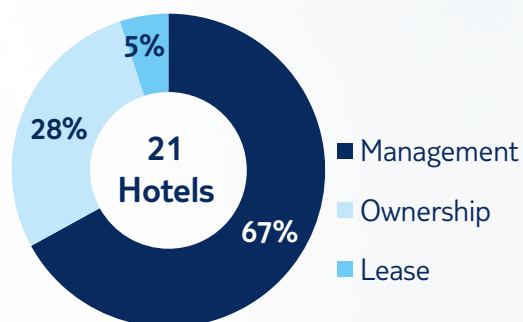
HOTEL LOCATIONS



CAPACITY & OCCUPANCY



FINANCING STRUCTURE (%)



Above analysis includes owned hotels only
If this included managed hotels, total bed nights would increase by 6,163k



Cruises

TUI Cruises - Key Figures 2015/16 – 100% View

TUI Cruises 100%*	15/16	14/15	%
Turnover	807	614	31 %
Underlying EBITA	227	156	4 %
<i>EBITA-Margin</i>	28%	25%	
EAT (100% TUI)	200	136	47 %
o/w TUI EAT (50%)	100	68	47 %
ROIC	9%	10%	
ROE	36%	26%	

*unaudited figures



Cruises

Thomson Cruises - Key Figures 2015/16

Turnover and Earnings (€m)	FY16
Turnover	406
Underlying EBITA	61

Passenger cruise days ('000)	2,081
Occupancy (%)	100.6
Average rate (€)	161
Passengers (k)	245
Fleet Size	5
Total Berths*	7,341









*Static count as at year-end

	
OWNERSHIP	100%
INTEGRATION	<ul style="list-style-type: none">• Within Thomson (UK Source Market)• ~100% Thomson Airways
PRODUCT	<ul style="list-style-type: none">• UK leader in fly-cruising• Cruise & Stay
LANGUAGE FOCUS	English speaking



Cruises

TUI Cruises Fleet

Mein Schiff 1*	Mein Schiff 2*	Mein Schiff 3	Mein Schiff 4	Mein Schiff 5	Mein Schiff 6	New Mein Schiff 1	New Mein Schiff 2
							
1,924 BERTHS	1,912 BERTHS	2,506 BERTHS	2,506 BERTHS	2,534 BERTHS	2,534 BERTHS	2,894 BERTHS	2,894 BERTHS
Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL
1996 CONSTRUCTION	1997 CONSTRUCTION	2014 CONSTRUCTION	June 2015 CONSTRUCTION	July 2016 CONSTRUCTION	June 2017 CONSTRUCTION	New build 2018 CONSTRUCTION	New build 2019 CONSTRUCTION

* MS1 and MS2 to replace 2 ships in UK fleet following delivery of new MS1 and new MS2



Cruises









Hapag-Lloyd Cruises Fleet

Europa	Europa 2	Bremen	Hanseatic	Hanseatic Nature	Hanseatic Inspiration
					
408 ¹ BERTHS	516 ¹ BERTHS	155 BERTHS	175 BERTHS	230 BERTHS	230 BERTHS
Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL	Bare- boatcharter exp. 2018 OPERATING MODEL	Wholly owned OPERATING MODEL	Wholly owned OPERATING MODEL
1999 CONSTRUCTION	2013 CONSTRUCTION	1990 CONSTRUCTION	1993 CONSTRUCTION	New build 2019 CONSTRUCTION	New build 2019 CONSTRUCTION

¹ Additional sofa-bed in most of the suites (usable for persons up to the age of 6, 10, 12 or 15 years)

Cruises

Thomson Cruises fleet

Thomson Celebration	Thomson Dream	Thomson Majesty	Thomson Spirit	TUI Discovery	TUI Discovery 2	Currently Mein Schiff 1 (TUI Explorer-2018)	Currently Mein Schiff 2 (TBC-2019)
							
1,262 BERTHS	1,533 BERTHS	1,462 BERTHS	1,254 BERTHS	1,830 BERTHS	1,832 BERTHS	1,924 BERTHS	1,912 BERTHS
Finance Lease exp. 2021 OPERATING MODEL	Finance Lease exp. 2021 OPERATING MODEL	Operating Lease exp. Nov 2017 OPERATING MODEL	Operating Lease exp. Nov 2017 OPERATING MODEL	Finance Lease exp. 2026 OPERATING MODEL	Wholly owned OPERATING MODEL	TBC OPERATING MODEL	TBC OPERATING MODEL
1984 CONSTRUCTION	1986 CONSTRUCTION	1992 CONSTRUCTION	1983 CONSTRUCTION	1995 CONSTRUCTION	1994 CONSTRUCTION	1996 CONSTRUCTION	1997 CONSTRUCTION

* MS1 and MS2 from TUI Cruises to replace 2 ships in UK fleet following delivery of new MS1 and new MS2



Aircraft Commitments by Financing Type

	Operating Lease*	Finance Lease	Owned	Total
As at 30 September 2016	125	16	8	149
Order book financing	-	-	-	-
External Lessor deliveries	1	-	-	1
External Lessor Returns	(1)	-	-	(1)
As at 31 March 2017	125	16	8	149

Aircraft order book deliveries – FY 2017 to FY 2021

	16/17	17/18	18/19	19/20	20/21
B737 NG	-	-	-	-	-
B737-MAX	-	5	18	18	12
B787-8	-	-	-	-	-
B787-9	1	2	-	2	-
Firm order book deliveries 2017-2021	1	7	18	20	12

Financial Years (FY) ending 30 September; figures correct as at 31 March 2017

In addition to the above firm orders, TUI Group has further aircraft options :

	16/17	17/18	18/19	19/20	20/21
B737-MAX	-	-	-	2	9
B787-9	-	-	-	-	1
Option order book deliveries 2017-2021	-	-	-	2	10

Financial Years (FY) ending 30 September; figures correct as at 31 March 2017



Key Sources of Funding 31 March 2017

Instrument	Issue	Maturity	Amount €m	Interest % p.a.*
Revolving Credit Facility	Sep 14	Dec 20	1,750**	E/L +1.40
Senior Notes	Oct 16	Oct 21	300	2.125
Finance leases	Various	Various	1,230	Various

*Upgrade of our rating by S&P has reduced our RCF interest margin from 1.55% to 1.40% p.a as of 14/02/2017

**Including a tranche of €215.0m for the issue of bank guarantees



Financial Calendar 2017

10 August 2017

**9M 2016/17
REPORT**

28 September 2017

**PRE-CLOSE TRADING
UPDATE**

13 December 2017

**ANNUAL REPORT
FOR FINANCIAL
YEAR 2016/17**



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