

A tropical beach scene with a rocky cliff on the right, a palm tree, and a clear blue sky. The ocean is visible on the left.

TUI Group Investor Presentation

April 2018



Strong strategic position in the leisure travel market

SALES & MARKETING

Northern + Central + Western
€527M EBITA

Market leaders in sales & marketing of holidays in Group and third party hotels and cruise ships



ALL OTHER SEGMENTS

Includes central costs, New Markets & Corsair

HOLIDAY EXPERIENCES

HOTELS & RESORTS

€357M EBITA

Leading leisure hotel and club brands around the world



CRUISES

€256M EBITA

Leading German & UK cruise brands



DESTINATION SERVICES

€35M EBITA

Tours, activities and service provision in destination



REVENUE €18.5BN¹

UNDERLYING EBITA €1.1BN

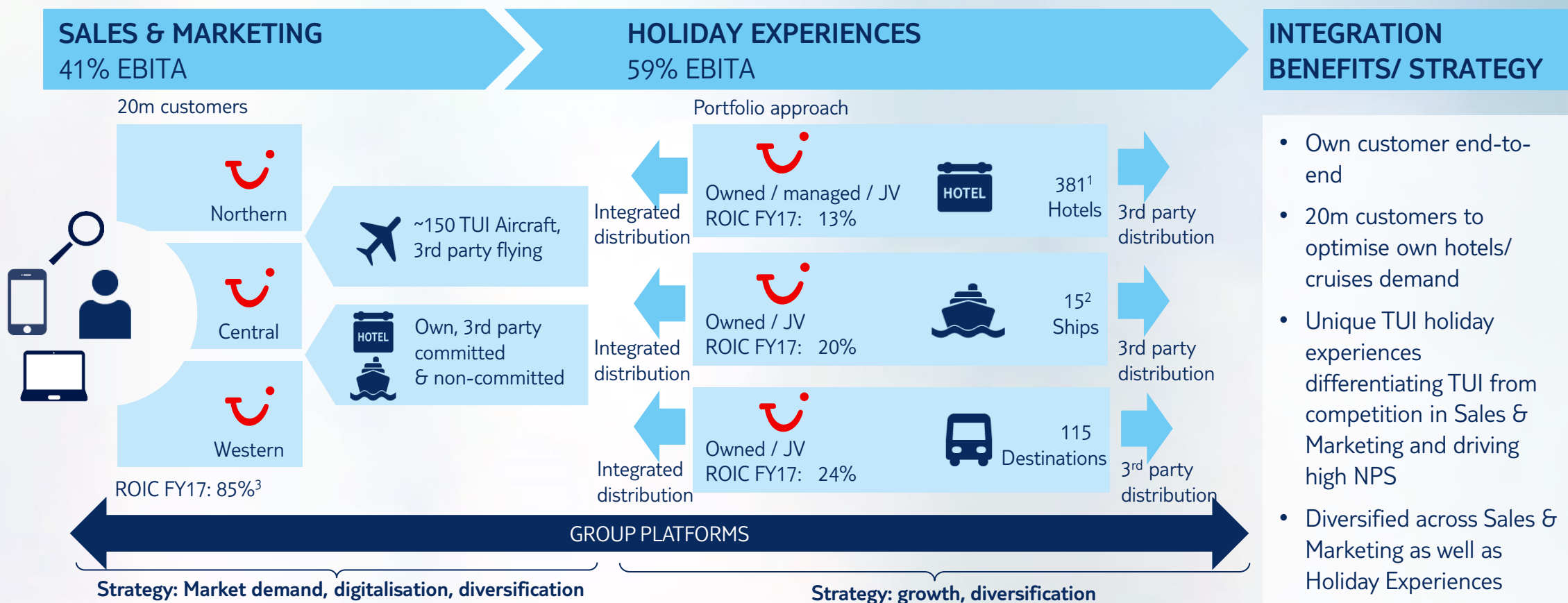
ROIC 23.6%

BB RATED

¹ Consolidated revenue - excludes JVs, associates and intra group



TUI – Product-focused tourism group with 59% holiday experience earnings



¹ This number includes group hotels and 3rd party concept hotels as at end of Q1 FY18 ² As at end of Q1 FY18 ³ This number relates to Sales & Marketing/ all other



Integrated model brings strong strategic benefits in the wider market context

INTEGRATION BENEFITS / TUI STRATEGY

WIDER MARKET CONTEXT

1 Own customer end-to-end



Enables us to personalise our customers' holiday experiences as well as capturing the entire value chain

2 20m customers to optimise own hotels/cruises demand



Reduces reliance on third party distribution compared with other hotel/cruise companies and derisks hotel/cruise growth

3 Unique TUI holiday experiences differentiating TUI from competition in Sales & Marketing and driving high NPS



Differentiates us from the OTAs, other pure-play distributors and the airlines

4 Diversified across Sales & Marketing as well as Holiday Experiences



"Double diversification" - diversified across source markets and destinations - helps to mitigate the impact of cyclicity in individual markets and geopolitical events



Strong TUI investment case – 3 reasons to be invested / to invest

1

STRONG STRATEGIC POSITION



- Global leading tourism group
- Covering entire customer journey: Sales & Marketing, Hotels, Cruises, Destination Services
- Integration and control of attractive hotel & cruise experiences
 - drives customer satisfaction & retention
 - drives end-to-end customer profitability
 - provides strategic entry barriers

2

STRONG EARNINGS GROWTH



At least +10%

- Global leisure travel market growing above GDP
- Strong track record driven by merger synergies:
 - Underlying EBITA CAGR of 12%¹ since merger
 - Underlying EPS CAGR of 21% since merger driven by lower interest and tax rate
- Future growth supported by digitalisation benefits and by reinvesting disposal proceeds
- EBITA growth target extended until 2020

3

STRONG CASH GENERATION



- 23.6% group ROIC FY17, significantly above cost of capital
- Strong operating cash conversion, enabling to fund
 - maintenance investments
 - high cash returns to shareholders in form of dividends
 - balance sheet stability

¹ Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency

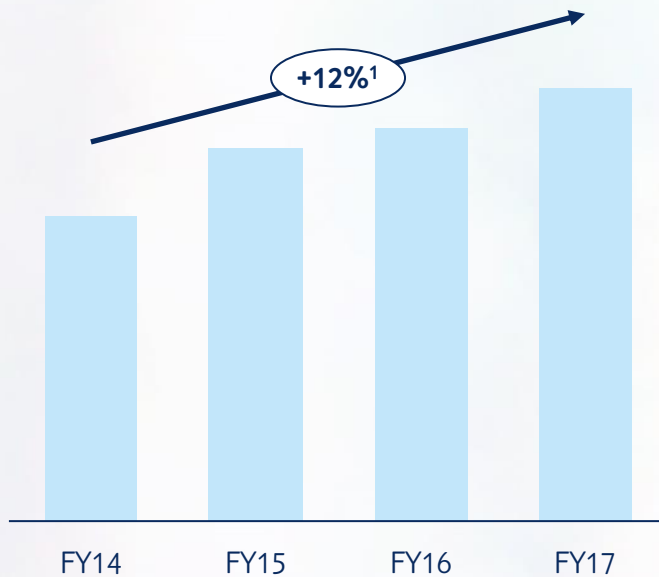


GROWTH & DIGITALISATION INITIATIVES

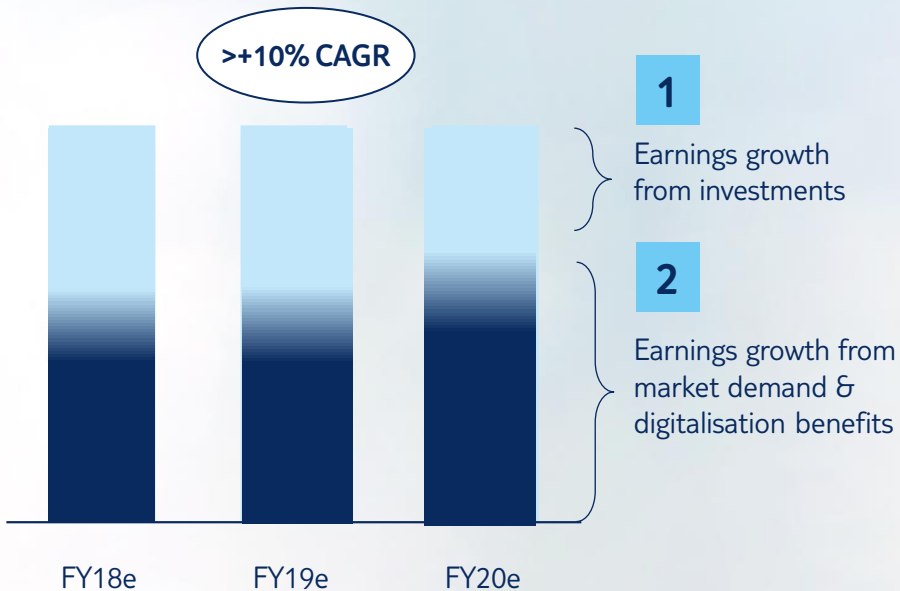


Merger synergies delivered, strong earnings growth story continues

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES



FUTURE GROWTH: MARKET DEMAND, DIGITALISATION, INVESTMENTS



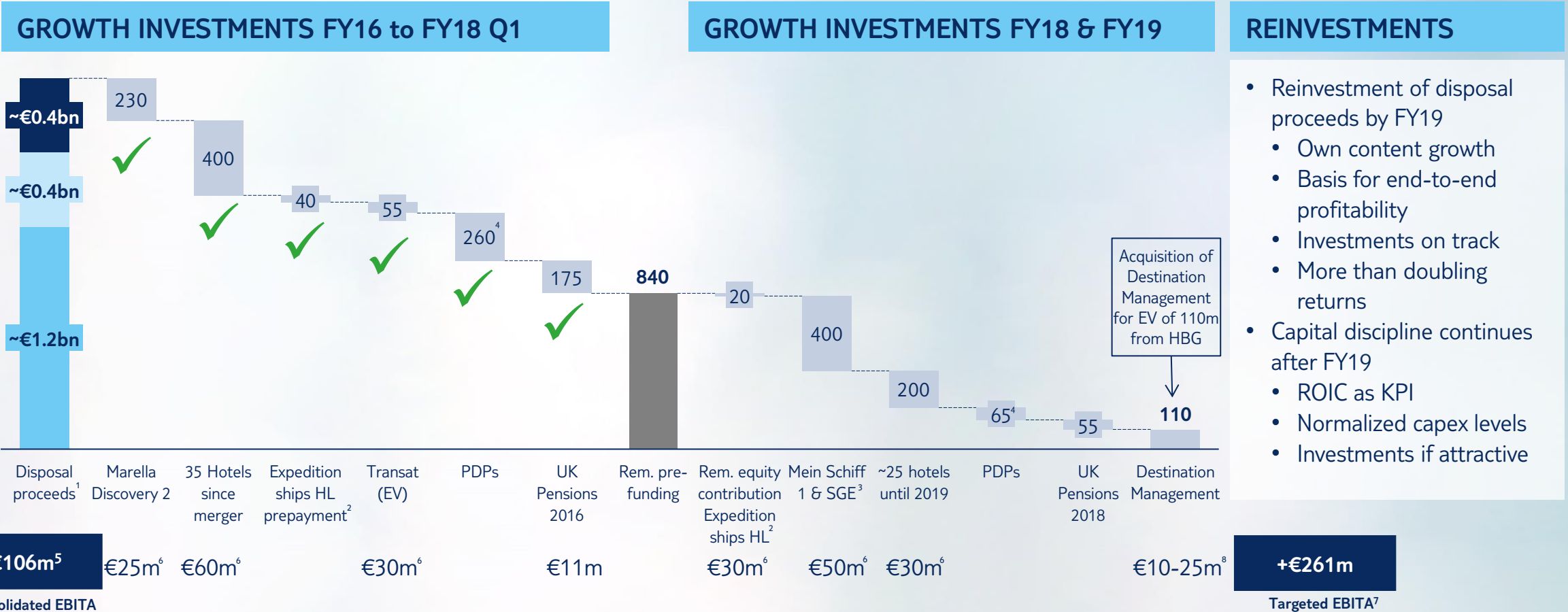
MERGER SETS BASIS FOR FUTURE GROWTH

- Target extended to 2020: at least 10% underlying EBITA CAGR
- Mix of earnings growth changes
 - Market demand & digitalisation benefits
 - Growth from investments
- Less seasonality in earnings

¹ Underlying EBITA CAGR of 12% since merger / average CAGR of 13% since merger at constant currency



Update on re-investment programme FY16-FY19 – doubling EBITA under way



¹ Including working capital/cash effect; ² Equity-contribution, delivery in Spring & Autumn 2019; ³ Assumes MS1+ SkySea Golden Era (SGE) purchase as cash transaction; ⁴ €10m quarterly adjustment until 2019 - pro rata approach; ⁵ Number includes €93m EBITA of HBG & Travelopia and €12.5m EAT of MS1, due to transferring from 50% JV TUI Cruises to full subsidiary of Marella Cruises in the UK, delivery in Summer 2018; ⁶ run-rate; ⁷ Based on targeted EBITA run-rate ⁸ Profitability growth expected in line with 3 year ramp-up phase of synergies; closing expected in H2 FY18

1 Hotels & Resorts investments: 35 new hotels since merger, low capital intensity

PORTFOLIO DIVERSIFICATION



DE-RISKED GROWTH

- Pre-dominantly low capital intensity
- Ownership in 365 days destinations/ where scarcity of assets
- De-risking through JV off-balance financings
- 15% ROIC hurdle

> 60% OF INVESTMENTS WITH LOW CAPITAL INTENSITY¹

35 NEW HOTELS OPENED SINCE MERGER

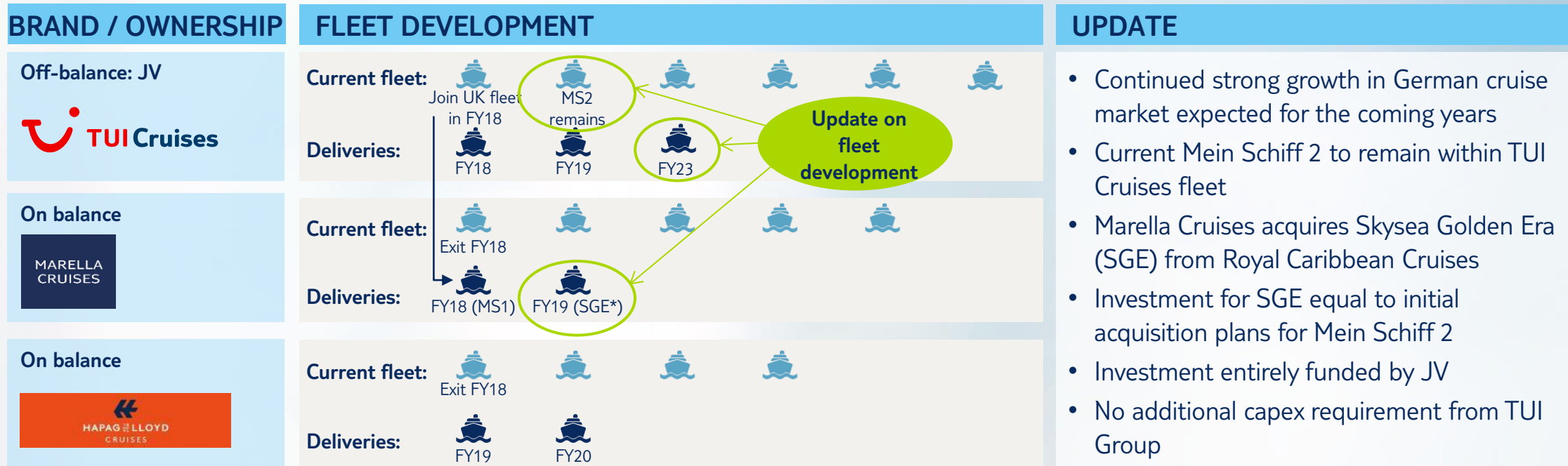
ROIC 35 HOTELS FY18: >15% (TARGET)

CAPITAL DISCIPLINE

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



1 Update on our Cruise fleet investment programme – TUI CAPEX not enhanced



20% TUI SHAREHOLDER ROIC

STRONG MARKET

CAPACITY GROWTH

ROIC AS KPI

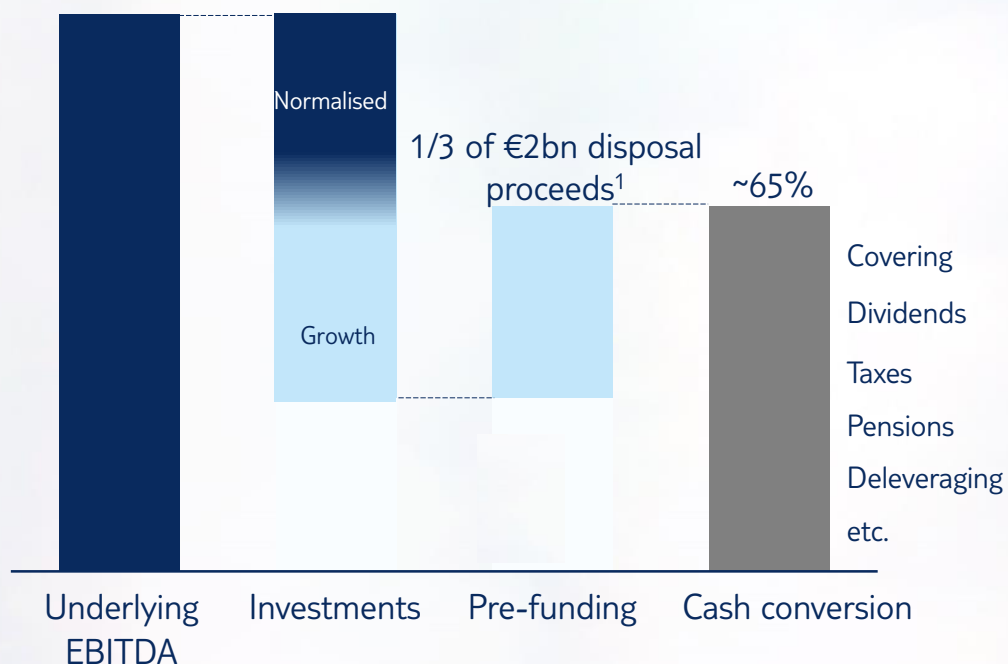
CAPITAL DISCIPLINE

* Marella Cruises acquires SkySea Golden Era (SGE) to replace Mein Schiff 2, which will remain within TUI Cruises fleet due to high demand in the German cruise market.



1 Strong cash generation allowing to invest, pay dividends and strengthen balance sheet

ILLUSTRATIVE CASH FLOW PROFILE FY17 - FY19



CAPITAL ALLOCATION FRAMEWORK

Attractive dividend

- In line with earnings growth
- FY17: €0.65 per share

Growth investments

- Re-investing disposal proceeds
- 15% ROIC hurdle rate
- Opportunistic M&A, if synergistic

Strong cash generation allows all boxes to be ticked

Balance sheet stability

- Target leverage ratio further reduced to 3.0x-2.25x

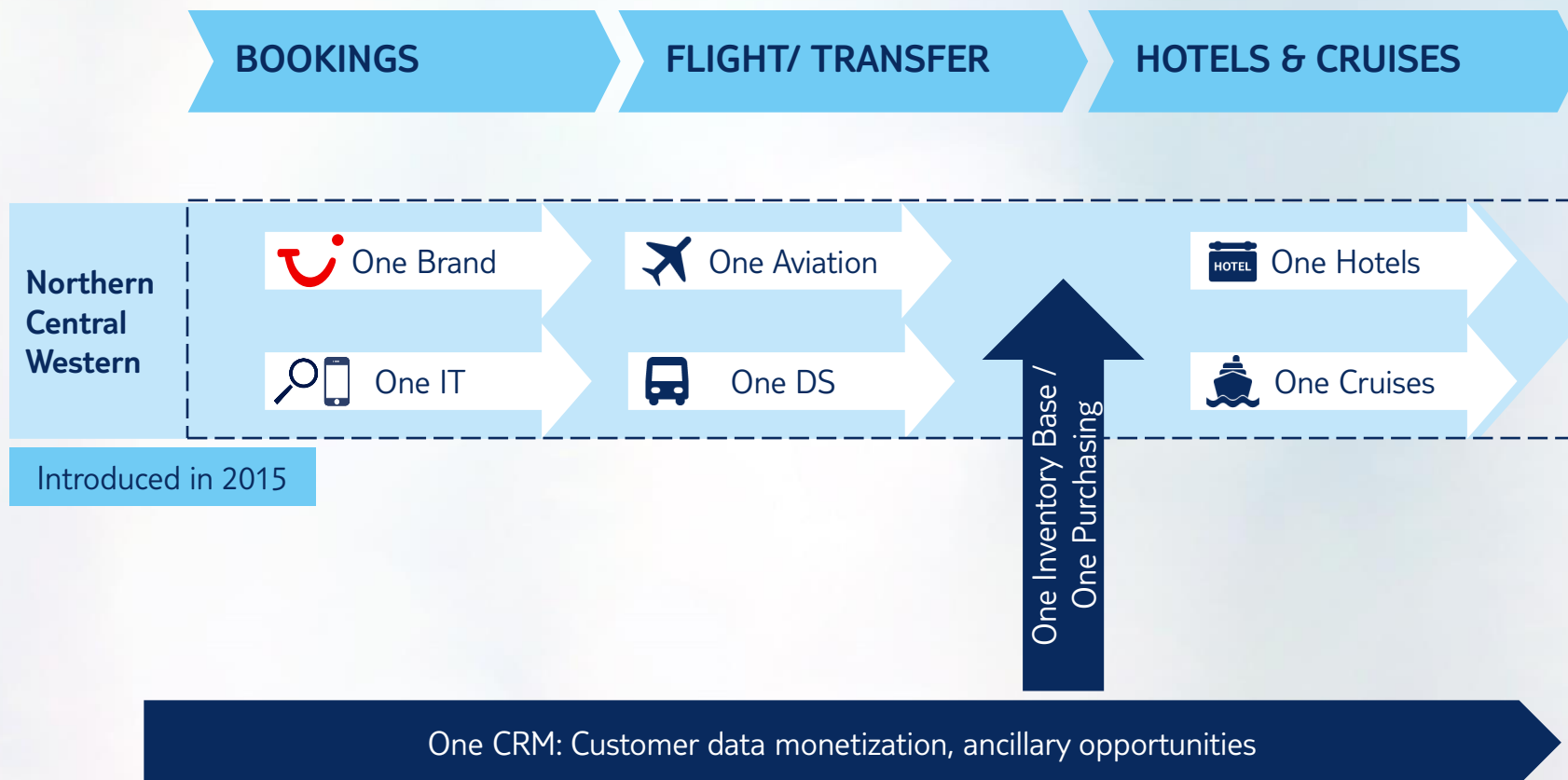
JV growth

- ~ 50% JV cash flow pay-out to TUI
- ~ 50% retained to finance JV growth

¹ Disposal proceeds reinvested from FY16-FY19



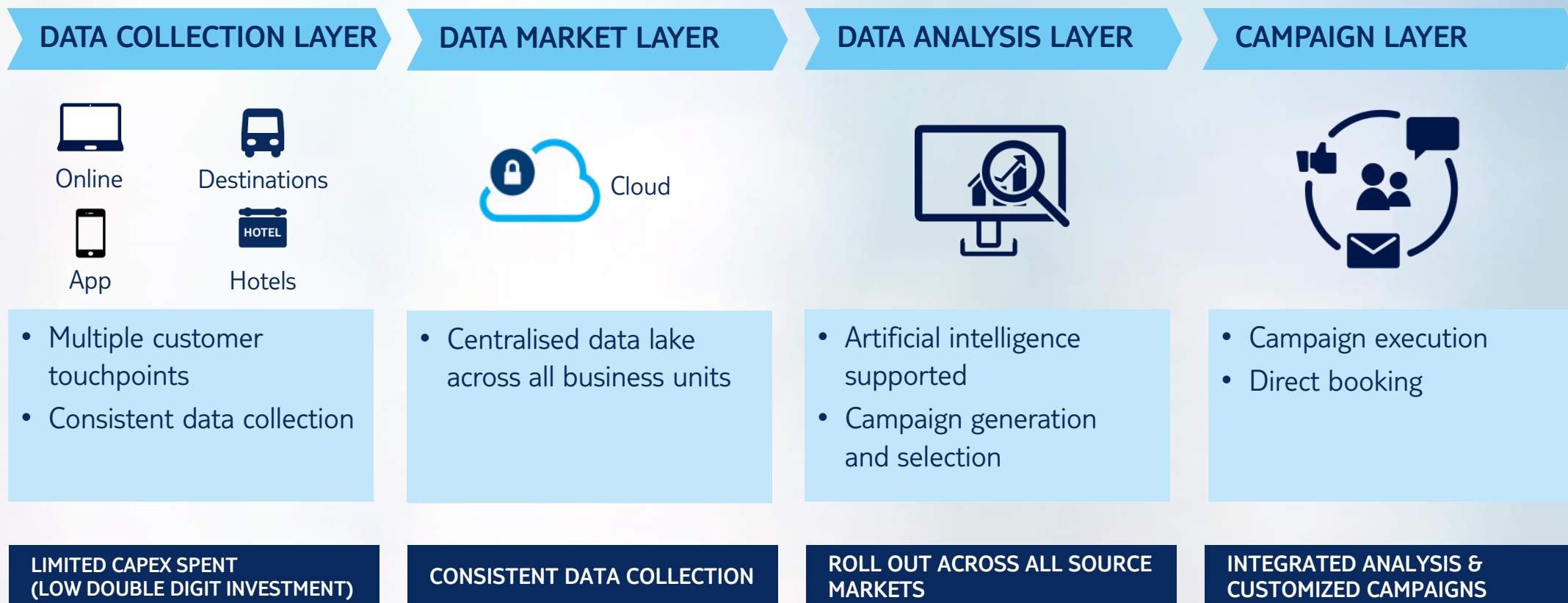
2 Group initiatives and digitalisation driving efficiency



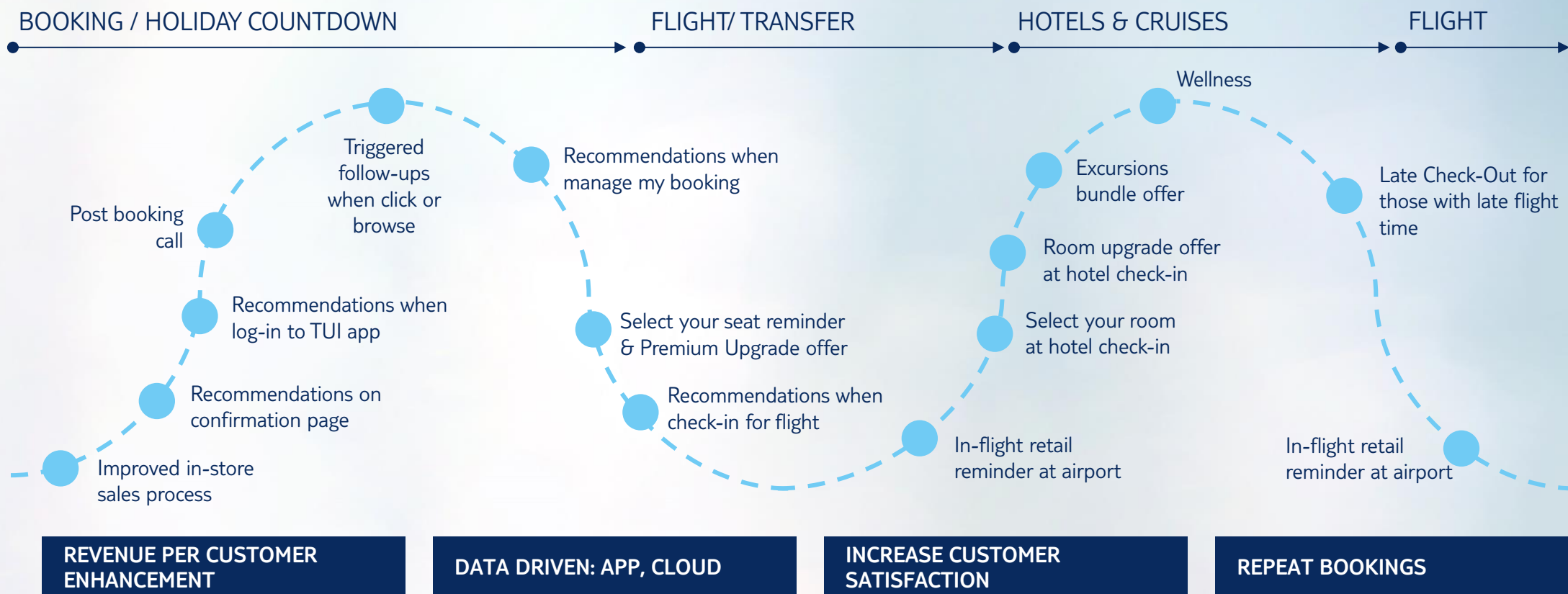
- 6 One platforms introduced in 2015
- 2 new initiatives 2017
 - One CRM (Cloud based)
 - One Inventory (Blockchain), One Purchasing
- Initiatives quantified and tracked, contributing to at least 50% of our EBITA growth target







2 Data driven CRM process: One CRM platform rolled out to all source markets



2 Personalized experiences during journey increase customer satisfaction and revenues



2 Customer profile builds over time enabling personalized recommendations – example

	COOKIE 	PROSPECT 	NEW CUSTOMER 	REPEAT CUSTOMER 
Name	2801928128	Mrs Sophia Meyer	Mrs Sophia Meyer	Mrs Sophia Meyer
Status & Value		Status: New Prospect	Status: New Customer C: Low Value	Status: Repeat Customer B: Medium Value
Marketing preferences		Email (Yes)/ Mobile (No)	Email (Yes)/ Mobile (Yes)/ App (Yes)	Email (Yes)/ Mobile (Yes)/ App (Yes)
Life-stage		Family	Family	Family
Holiday preferences	Ibiza	Majorca/ Ibiza	Majorca/ 4 Star	Ibiza/ 4 Star/ Close to beach/ Family room/ Extra Legroom Seat
Product preferences				Family Life/ Sensimar
Booking status	Inspiration	Shortlist:Majorca/Villa/5.5.17 Shortlist:Majorca/Hotel only/ 23.5.17	Live: Majorca/ Hotel only/ 23.05.2017	Live:Majorca/Family Life/1.5.18 Shortlist:Ibiza/Sensimar/1.8.18
Next Best Action			Offer Late check-out	Offer concierge service for next booking

- Nota bene: Sophia is a fictional character
- Digital platforms comply with relevant data protection & privacy laws (incl. EU General Data Protection Regulation)



2 Launched 2017: Destimo purchasing and Blockchain Inventory – Opportunity to commercialise our risk inventory of 100m bed nights and our €5bn purchasing volume from 3rd party hoteliers



Our vision:

- Centralised inventory management based on Blockchain technology
- Cyrus: Digital system driving yields, supporting marketing of 100m bed nights to 20m customers
- Destimo: Proprietary purchasing system

CENTRALISED INVENTORY
DATA BASE

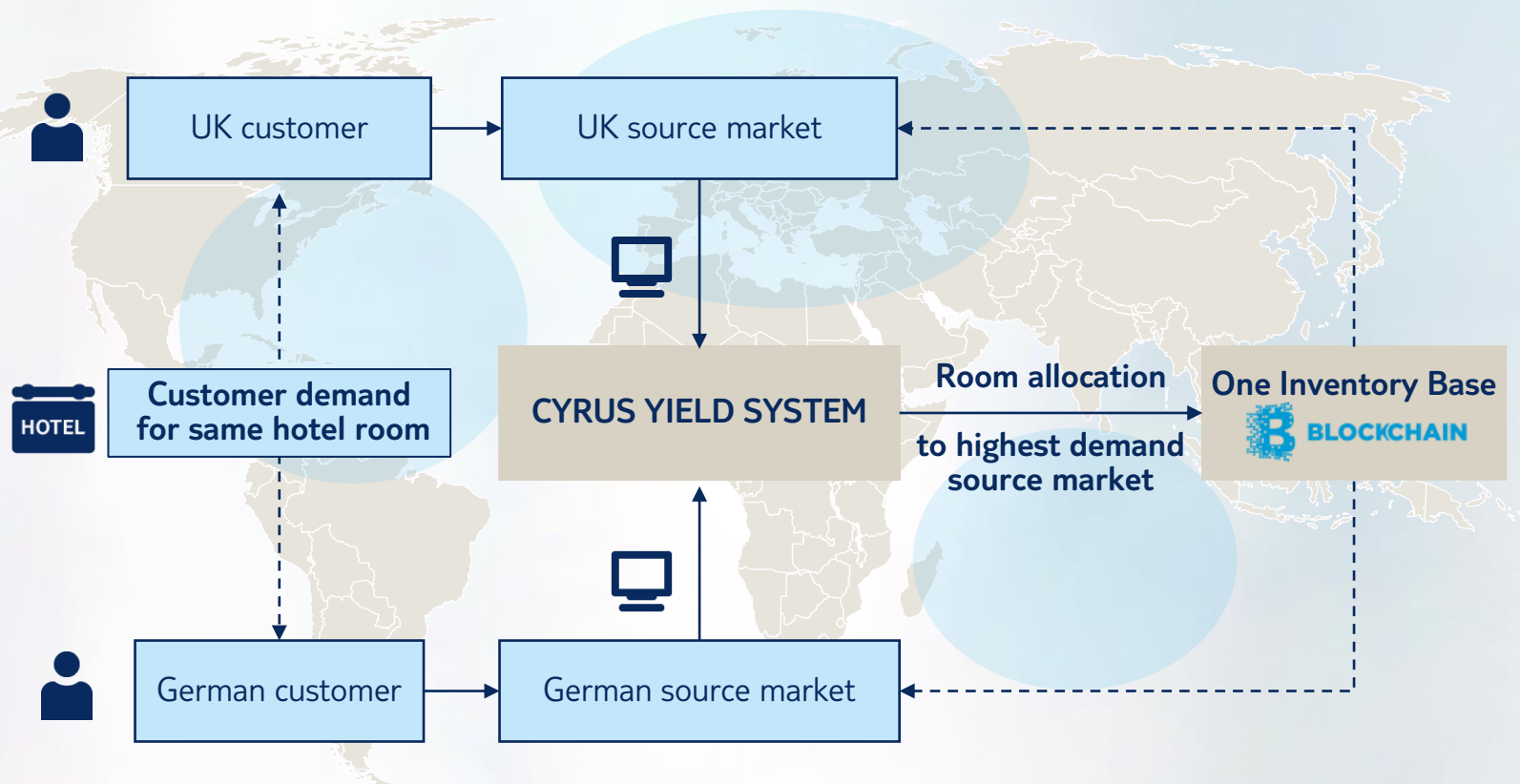
BLOCKCHAIN TECHNOLOGY

COST EFFICIENT

ENABLING ARTIFICIAL
INTELLIGENCE



2 Blockchain Inventory: first feature launched in July 2017 – bed swap



- Bundling of inventory across source markets
- Artificial intelligence based demand analysis
- Bed swapping mechanism optimizes yield across source markets

INTRODUCTION IN JULY 2017


GERMANY, UK & NORDICS

PROPRIETARY TUI SYSTEMS

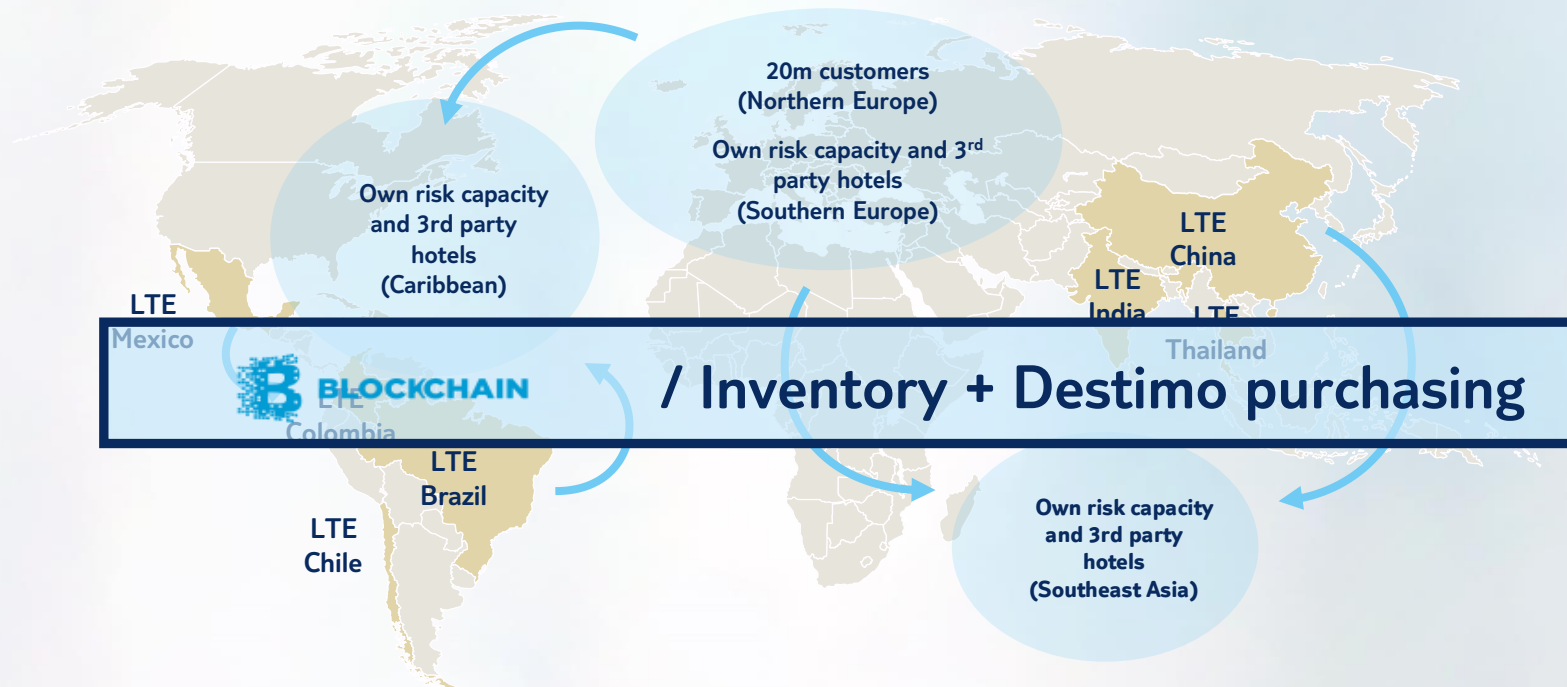
ARTIFICIAL INTELLIGENCE BASED



2 Blockchain Inventory: Bed swap screenshot

 BED MANAGEMENT TOOL											
PROPOSAL 291											
Proposal ID	Created	Swap Start	Swap End	Swap Dur.	Accom. Codes	Accom. Names	Dest. G/Ws	Room Value	Giving Market	Recv. Market	
291	22/09/2017	01/11/2017	30/04/2018	180d	ESFU0011 FUE14006	Club Jandia Princess Hotel Club Jandia Princess	Fuerteventura Fuerteventura	198450 €	TUK	TDE	

2 Blockchain Inventory: Strategic optionality – Low risk entry into new markets and reduction of yield pressure at the same time



- Source markets expansion into new markets by applying TUI LTE technology
- Leverage new markets demand for risk capacity clusters

DIGITALISED GROWTH

DIVERSIFICATION

LOW CAPITAL INTENSITY

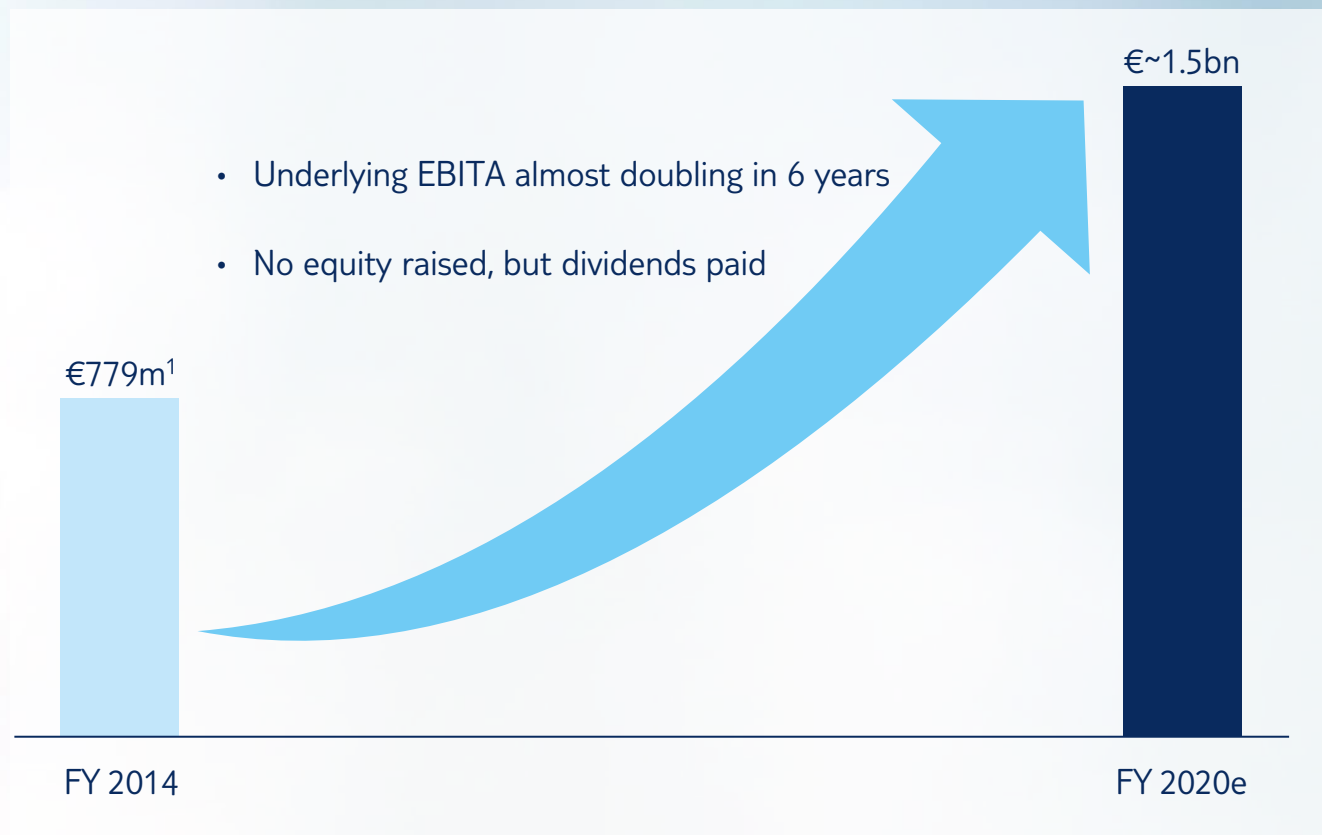
YIELD IMPROVEMENTS



OUR AMBITION



Our ambition: Strong strategic positioning, strong earnings growth and strong cash generation with underlying EBITA doubling in 6 years



¹ Pro Forma EBITA



APPENDIX



Q1 RESULTS & OUTLOOK



Strong Q1 performance, market trends intact

TURNOVER
€3.5bn
+9.1%¹

UNDERLYING EBITA
-€24.9m
+57.9%¹

REPORTED EBITA
-€45.1m
+35.1%

GUIDANCE REITERATED
**AT LEAST 10%
UNDERLYING EBITA
GROWTH FOR FY18¹**

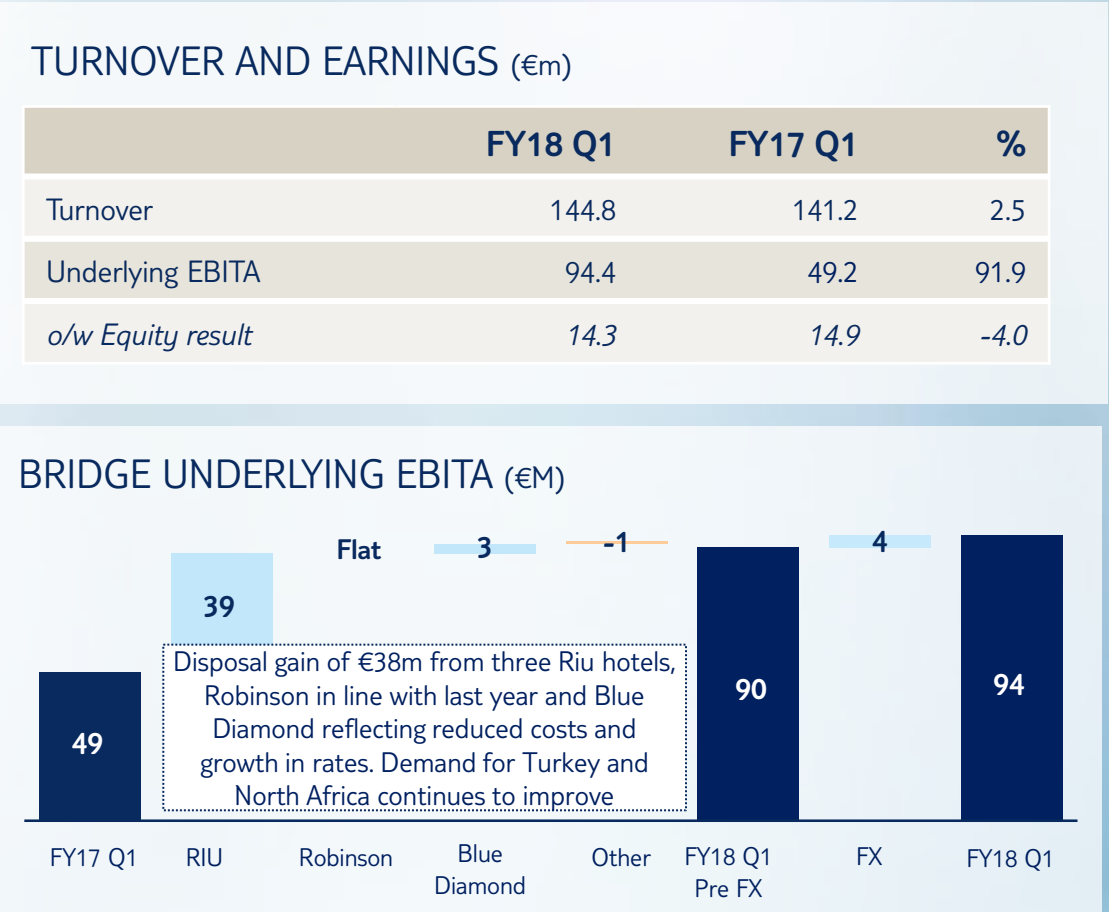
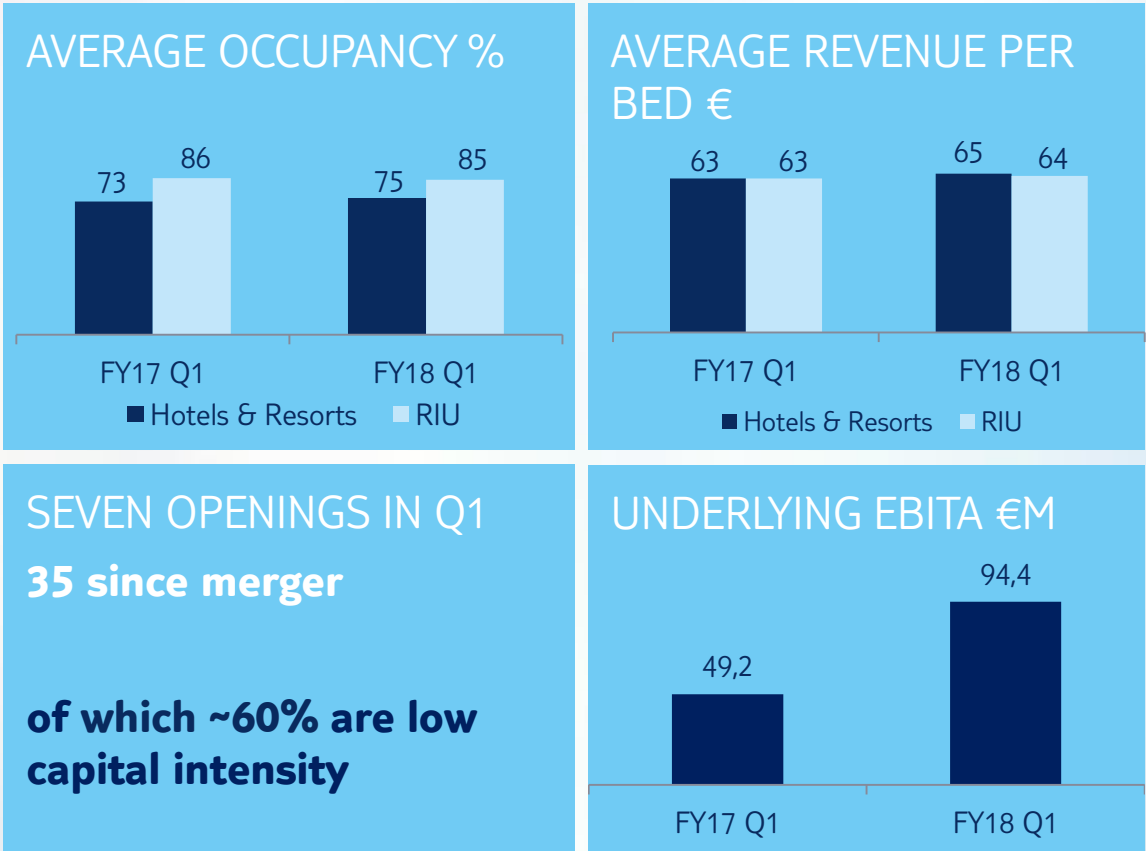
- Q1 performance affected by a combination of operational and external events
- Market trends intact
- Good trading for current and future seasons
- Well positioned to deliver at least 10% underlying EBITA growth for FY18¹

¹ At constant currency rates



Holiday Experiences: Hotels & Resorts – Q1

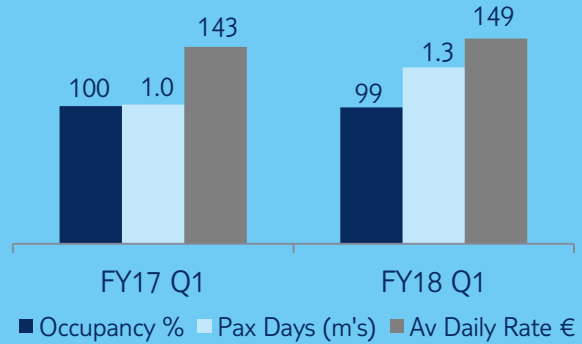
Solid operational performance



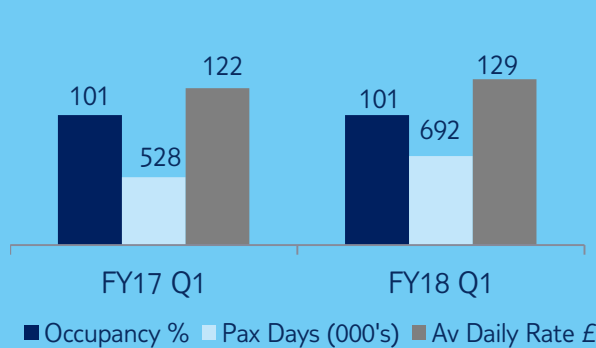
Holiday Experiences: Cruises – Q1

Strong market continues to drive earnings

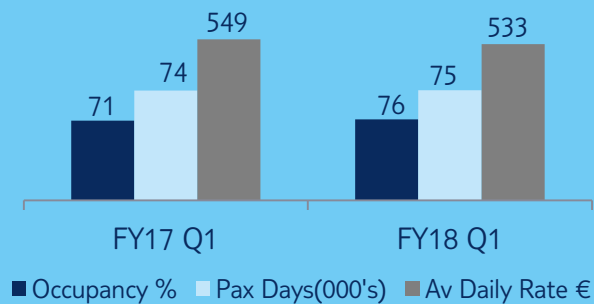
TUI CRUISES



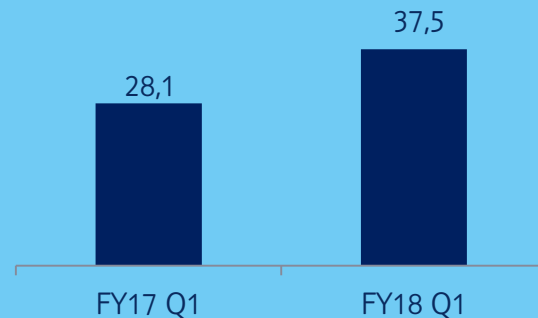
MARELLA CRUISES



HAPAG-LLOYD CRUISES



UNDERLYING EBITA €M

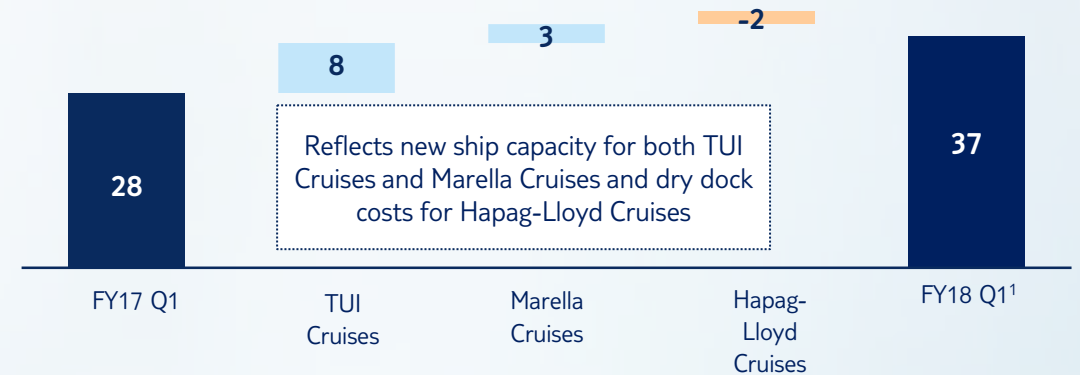


TURNOVER AND EARNINGS (€M)

	FY18 Q1	FY17 Q1	%
Turnover	192.3	151.9	26.6
Memo: TUI Cruises Turnover	280.6	217.7	28.9
Underlying EBITA	37.5	28.1	33.5
o/w EAT TUI Cruises*	25.2	16.9	49.1

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

BRIDGE UNDERLYING EBITA (€M)



¹ FX translation impact is less than €0.5m



Destination Services – Reporting simplification

Previous reporting		Future reporting	
Underlying EBITA in €m	FY17	Underlying EBITA in €m	FY17
Hotels & Resorts	356.5	Hotels & Resorts	356.5
Cruises	255.6	Cruises	255.6
Sales & Marketing	526.5	Destination Services	35.1
Other Tourism	13.4	Holiday Experiences	647.2
Tourism	1,152.0	Sales & Marketing	526.5
All Other Segments	-49.9	All Other Segments	-71.6
TUI Group continuing operations	1,102.1	TUI Group continuing operations	1,102.1

- DESTINATION SERVICES IS A STRATEGIC CONTENT BUSINESS FOR TUI
- DESTINATION SERVICES BECOMING PART OF HOLIDAY EXPERIENCES
- COMBINATION OF OTHER TOURISM AND ALL OTHER SEGMENTS
- NO CHANGE IN TOTAL NUMBERS



Holiday Experiences: Destination Services – Q1

Global sun & beach leader well-positioned for strong future growth

TURNOVER AND EARNINGS (€M)

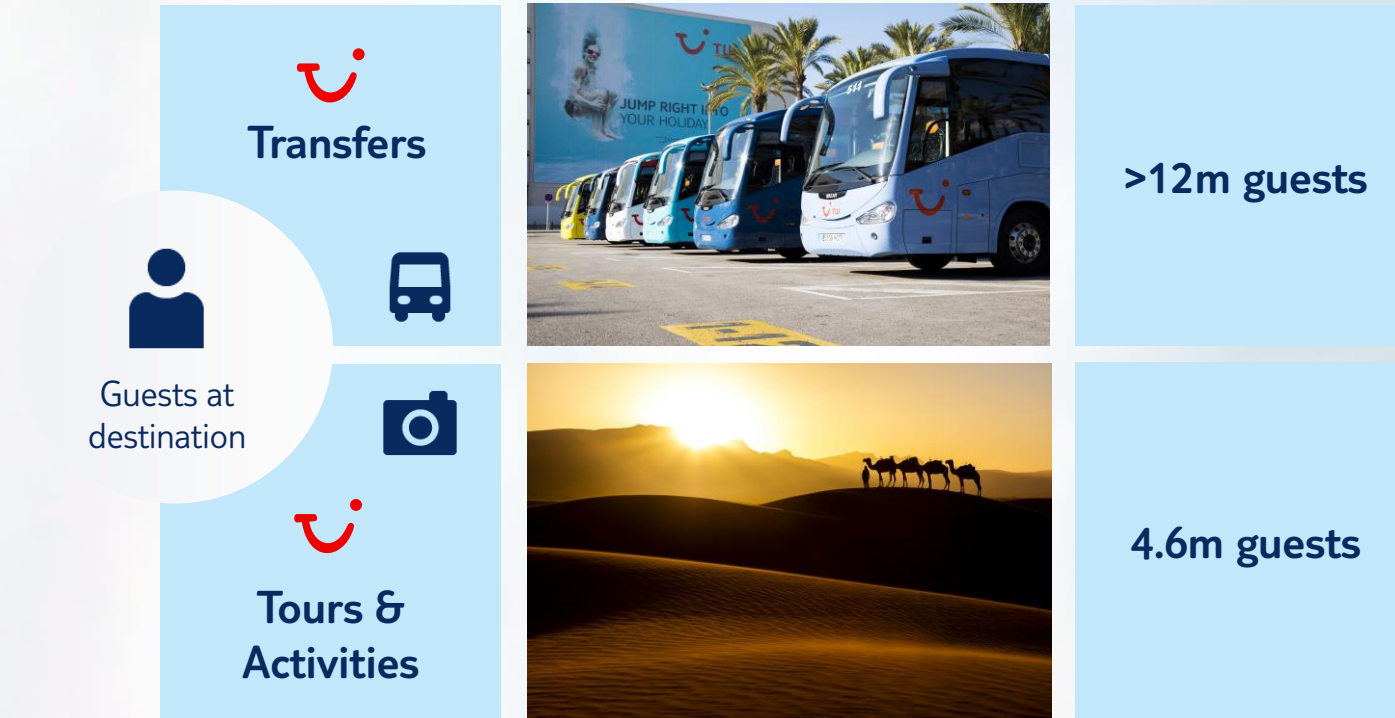
	FY18 Q1	FY17 Q1	%
Turnover	38.4	31.2	23.1
Underlying EBITA at constant currency	1.1	2.8	

- Strong increase in turnover
- Seasonal business profile
- Operating model changed in FY17 leading to a shift in earnings to Q3 and Q4
- Expect to deliver ~15% growth in underlying EBITA for FY18¹

¹ At constant currency rates



Destination Services – a hidden champion: Fast growing experience business



- Destination Services previously reported in "Other Tourism", now separate Holiday Experience business
- Global footprint with operations in 115 destinations
- Leading player in sun & beach destinations:
 - > 24m transfers p.a.
 - > 1,000 vehicles
 - > 6,500 employees

FY17 REVENUE
€203m ¹

FY17 EBITA
€35m

FY17 EBITA MARGIN
17%²

FY17 ROIC
24%

¹ External revenues FY17 ²Based on external revenues, 8% margin based on external and internal revenues



Destination Services – well positioned for strong future growth



Acquisition of Destination Management business from Hotelbeds Group

ACQUISITION

- Enterprise Value of €110m against cash
 - Low single digit EBIT multiple after synergies
 - > 15% ROIC after synergies
 - Immediately EPS accretive ^(a)
- Closing expected in H2 FY18 subject to antitrust approval

GROWTH ACCELERATION

- Tours & Activities is a highly attractive market with a global sales volume of €139bn p.a. and a growth rate of 7% p.a.
- Transaction further enhances our leading market position
- Complementary business combination

KEY FIGURES

FY 17	Destination Services	+	Destination Management ^(b)	=	Combined Entity
<i>Turnover</i>	€203m		€497m		€700m
<i>Underlying EBITA</i>	€35m		€10-25m ^(c)		€45-60m ^(c)
<i>Customers</i>	12m		2m		14m
<i>Countries present</i>	23		25		48

SYNERGIES

- Significant run-rate synergies from integration into TUI Destination Services platform
- 3 year ramp-up phase
- €30-40m implementation costs

(a) Excluding implementation costs (b) Pro-forma non-audited figures (c) Profitability growth expected in line with 3 year ramp-up phase of synergies



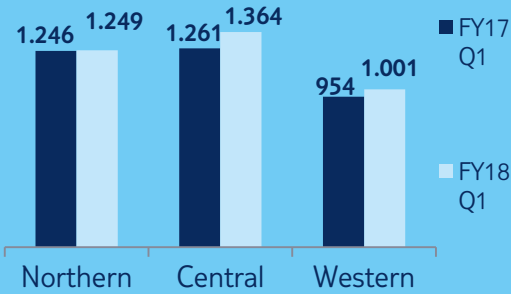
Strategic expansion of our Destination Services business – HBG Destination Management business acquisition ticks 3 relevant boxes



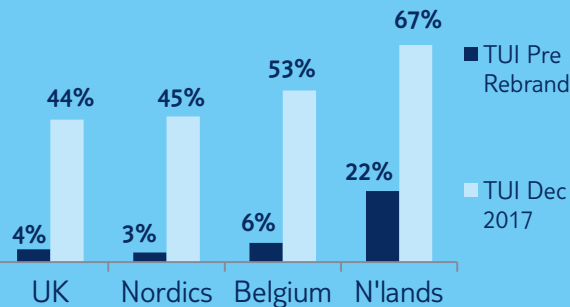
Sales & Marketing – Q1

Portfolio of source markets continues to deliver good underlying result

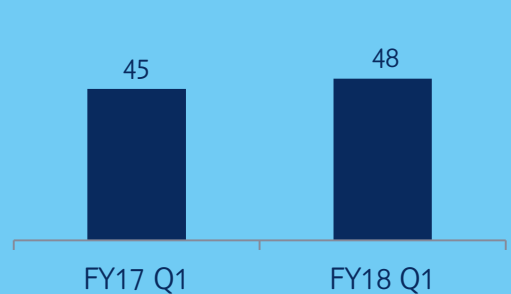
CUSTOMERS (000's)



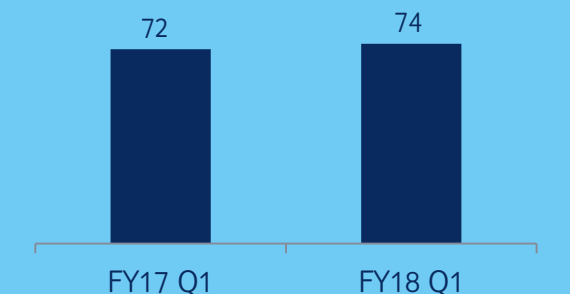
UNAIDED AWARENESS %



ONLINE DISTRIBUTION %



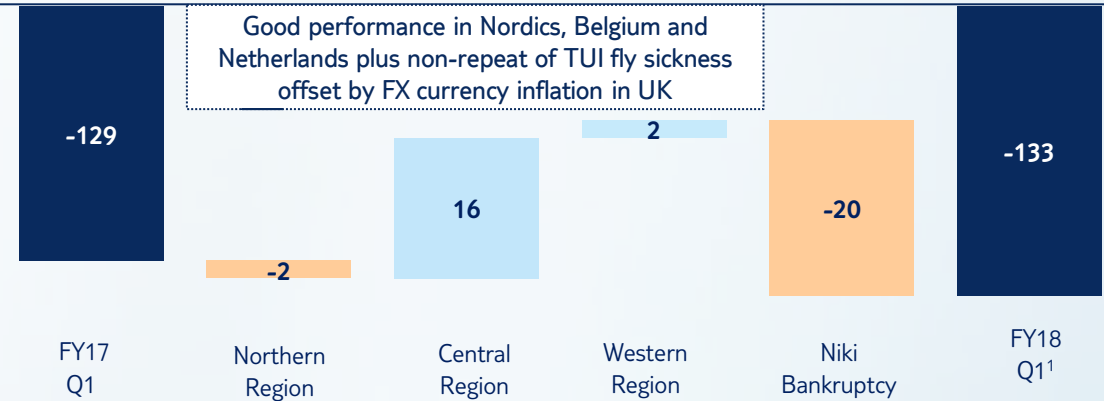
DIRECT DISTRIBUTION %



TURNOVER AND EARNINGS (€M)

	FY18 Q1	FY17 Q1	%
Turnover	3,028.5	2,798.3	8.2
Underlying EBITA	-133.4	-129.4	-3.1

BRIDGE UNDERLYING EBITA (€M)



¹ FX translation impact is less than €0.5m



FY18 Guidance¹

	FY18e	FY17
Turnover ²	Around 3% growth	€18,535m
Underlying EBITA	At least 10% growth	€1,102m
Adjustments	~€80m	€76m
Net interest expense	~€120m	€119m
Underlying effective tax rate	~20%	20%
Net capex & investments incl. PDPs ³	~€1.2bn	€1.1bn
Net (debt)/cash	Slightly negative	€0.6bn
Leverage ratio	3.0x to 2.25x	2.5x
Interest cover	5.75x to 6.75x	6.1x
Dividend per share	Growth in line with underlying EBITA	€0.65

¹ Assuming constant foreign exchange rates are applied to the result in the current and prior period and based on the current Group structure

² Excluding cost inflation relating to currency movements

³ Assuming acquisition of Mein Schiff 1 for Marella Cruises



FY18 Q1 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY18 Q1	FY17 Q1	Change	FX	Change ex FX
Hotels & Resorts	144.8	141.2	3.6	-6.0	9.6
- Riu	114.8	115.5	-0.7	-3.9	3.2
- Robinson	18.6	16.4	2.2	-0.6	2.8
- Blue Diamond	-	-	-	-	-
- Other	11.4	9.3	2.1	-1.5	3.6
Cruises	192.3	151.9	40.4	-2.6	43.0
- TUI Cruises	-	-	-	-	-
- Marella Cruises	121.9	89.7	32.2	-2.6	34.8
- Hapag-Lloyd Cruises	70.4	62.2	8.2	-	8.2
Destination Services	38.4	31.2	7.2	-0.6	7.8
Holiday Experiences	375.5	324.3	51.2	-9.2	60.4
- Northern Region	1,178.9	1,108.0	70.9	-19.6	90.5
- Central Region	1,265.9	1,140.9	125.0	-2.5	127.5
- Western Region	583.7	549.4	34.3	-	34.3
Sales & Marketing	3,028.5	2,798.3	230.2	-22.1	252.3
All other segments	145.4	159.4	-14.0	-0.7	-13.3
TUI Group continuing operations	3,549.4	3,282.0	267.4	-32.0	299.4

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Services from Other Tourism, Marella Cruises from Northern Region to Cruise segment and remaining business segments within Other Tourism into All other segments.



FY18 Q1 Underlying EBITA by Segment*

In €m	FY18 Q1	FY17 Q1	Change	FX	Change ex FX
Hotels & Resorts	94.4	49.2	45.2	4.1	41.1
- Riu	115.3	76.3	39.0	-0.2	39.2
- Robinson	1.5	1.7	-0.2	0.4	-0.6
- Blue Diamond**	3.3	0.2	3.1	-0.5	3.6
- Other	-25.7	-29.0	3.3	4.4	-1.1
Cruises	37.5	28.1	9.4	-0.3	9.7
- TUI Cruises**	25.2	16.9	8.3	-	8.3
- Marella Cruises	11.7	9.0	2.7	-0.3	3.0
- Hapag-Lloyd Cruises	0.6	2.2	-1.6	-	-1.6
Destination Services	-0.2	2.8	-3.0	-1.3	-1.7
Holiday Experiences	131.7	80.1	51.6	2.6	49.0
- Northern Region	-31.1	-29.3	-1.8	-0.2	-1.6
- Central Region	-56.4	-52.4	-4.0	-0.1	-3.9
- Western Region	-45.9	-47.7	1.8	-	1.8
Sales & Marketing	-133.4	-129.4	-4.0	-0.3	-3.7
All other segments	-23.2	-11.0	-12.2	-1.7	-10.5
TUI Group continuing operations	-24.9	-60.3	35.4	0.5	34.9

*Table contains unaudited figures and rounding effects; simplified to disclose Destination Services from Other Tourism, Blue Diamond to Hotels & Resorts and Marella Cruises to Cruise segment both from Northern Region and remaining business segments within Other Tourism into All other segments.

**Equity result



Current Trading remains in line with our expectations

HOLIDAY EXPERIENCES

HOTELS & RESORTS

- Seven further openings scheduled for Summer 2018
- Demand for Western Med and Caribbean remains strong
- Turkey and North Africa continues to improve



CRUISES

- Demand remains strong with an increase in yield for all three brands
- New ship launches for TUI Cruises, Marella Cruises and Hapag-Lloyd Cruises
- New build announced for TUI Cruises for Spring 2023



DESTINATION SERVICES

- Volumes develop in line with Sales & Marketing
- Opening new DMC in Jamaica this April



SALES & MARKETING

- W17/18¹ revenue +6%, bookings +3%
- Strong growth in bookings for North Africa, Thailand, Cape Verde and Cyprus
- Long haul continues to grow
- Good start to S18 - revenue +8%, bookings +6%



¹These statistics are up to 4 February 2018 and shown on a constant currency basis and relate to all customers whether risk or non-risk



FY17 RESULTS



FY17 Turnover by Segment (excludes Intra-Group Turnover)*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	679.0	618.6	60.4	-24.9	85.3
- Riu	493.1	461.6	31.5	-10.2	41.7
- Robinson	82.6	72.2	10.4	-0.8	11.2
- Blue Diamond	-	-	-	-	-
- Other	103.3	84.8	18.5	-13.9	32.4
Cruises	814.9	703.1	111.8	-53.1	164.9
- TUI Cruises	-	-	-	-	-
- Marella Cruises	502.3	406.4	95.9	-53.1	149.0
- Hapag-Lloyd Cruises	312.6	296.7	15.9	-	15.9
Destination Services	202.6	191.4	11.2	-3.4	14.6
Holiday Experiences	1,696.5	1,513.1	183.4	-81.4	264.8
- Northern Region	6,601.5	6,564.4	37.1	-543.7	580.8
- Central Region	6,039.5	5,562.9	476.6	4.2	472.4
- Western Region	3,502.2	2,869.9	632.3	-0.2	632.5
Sales & Marketing	16,143.2	14,997.2	1,146.0	-539.7	1,685.7
All other segments	695.3	643.6	51.7	-0.4	52.1
TUI Group continuing operations	18,535.0	17,153.9	1,381.1	-621.5	2,002.6

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, and simplified to disclose Destination Services from Other Tourism and Marella Cruises from Northern Region to Cruise segment and remaining business segments within Other Tourism into All other segments.



FY17 Underlying EBITA by Segment*

In €m	FY17	FY16	Change	FX	Change ex FX
Hotels & Resorts	356.5	303.8	52.7	-5.5	58.2
- Riu	355.9	318.3	37.6	-5.5	43.1
- Robinson	38.5	38.7	-0.2	1.6	-1.8
- Blue Diamond**	20.1	16.5	3.6	0.6	3.0
- Other	-58.0	-69.7	11.7	-2.2	13.9
Cruises	255.6	190.9	64.7	-7.8	72.5
- TUI Cruises**	135.9	100.1	35.8	-	35.8
- Marella Cruises	86.5	61.3	25.2	-7.8	33.0
- Hapag-Lloyd Cruises	33.2	29.5	3.7	-	3.7
Destination Services	35.1	36.7	-1.6	-7.0	5.4
Holiday Experiences	647.2	531.4	115.8	-20.3	136.1
- Northern Region	345.8	383.1	-37.3	-5.3	-32.0
- Central Region	71.5	85.1	-13.6	-0.2	-13.4
- Western Region	109.2	86.0	23.2	-0.1	23.3
Sales & Marketing	526.5	554.2	-27.7	-5.6	-22.1
All other segments	-71.6	-85.1	13.5	7.2	6.3
TUI Group continuing operations	1,102.1	1,000.5	101.6	-18.7	120.3

*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, and simplified or disclose Destination Services from Other Tourism, Blue Diamond to Hotels & Resorts and Marella Cruises to Cruise segment both from Northern Region and remaining business segments within Other Tourism into All other segments.

**Equity result



Income Statement

In €m	FY17	FY16
Turnover	18,535.0	17,153.9
Underlying EBITA	1,102.1	1,000.5
Adjustments (SDI's and PPA)	-75.6	-102.4
EBITA	1,026.5	898.1
Net interest expense	-119.2	-179.5
Hapag-Lloyd AG	172.4	-100.3
EBT	1,079.7	618.3
Income taxes	-168.8	-153.4
Group result continuing operations	910.9	464.9
Discontinued operations	-149.5	687.3
Minority interest	-116.6	-114.8
Group result after minorities	644.8	1,037.4
Basic EPS (€)	1.10	1.78
Basic EPS (€, continuing)	1.36	0.61
Pro forma Underlying EPS (€, continuing)	1.14	0.86

ADJUSTMENTS

Reduced by €27m due to completion of post-merger integration

INTEREST

Improvement of €60m, due to lower RCF utilisation, lower interest on provisions and refinancing of High Yield Bond to Senior Notes with lower coupon rate, partially offset by additional finance lease interest for new aircraft and cruise ships

HAPAG-LLOYD AG

Book profit of €172m realised on disposal of HLAG interest. Prior year reflects share value impairment during H1 FY16

TAX

Underlying effective tax rate remains at 20%

DISCONTINUED OPERATIONS

Completion of Travelopia disposal; charge of €131m relating to disposal of net assets and recycling of FX losses. Prior year reflects Hotelbeds transaction

EPS

Significant underlying increase driven by operational performance, financial and tax efficiency



Deliver Merger Synergies

In €m	Per Capital Markets Update May 2015		Realised to FY16		Realised to FY17	
	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve	Synergies	One-off costs to achieve
Corporate streamlining	50	35	40	35	53	35
Occupancy improvement	30	-	30	-	30	-
Destination Services	20	42	10	31	17	34
TOTAL	100	77	80	66	100	69

Underlying effective tax rate for FY17 at 20%

MERGER SYNERGIES FULLY DELIVERED



Adjustments & Net Interest Result

In €m	FY17	FY16
Gain/(Loss) on disposals	2.2	-0.8
Restructuring expense	-23.1	-12.0
Purchase Price Allocation	-29.2	-41.9
Other one-off items	-25.5	-47.7
Total Adjustments	-75.6	-102.4

In €m	FY17	FY16
Debt related interest	-102	-126
Non-debt related charge	-38	-75
Interest income	21	21
Net interest result	-119	-180
<i>o/w cash interest</i>	<i>-57</i>	<i>-71</i>

Earnings per share (continuing operations)

In €m	Reported FY17	Reported FY16	Pro forma FY17	Pro forma* FY16
EBITA	1,027	898	1,102	1,001
Net interest expense	-119	-180	-119	-180
HL AG book value adjustment and equity result	172	-100	-	-
EBT	1,080	618	983	821
<i>Tax rate</i>	<i>16%</i>	<i>25%</i>	<i>20%</i>	<i>25%</i>
Tax Charge	-169	-153	-197	-205
Minority Interest	-117	-111	-117	-111
Net Income	794	354	670	504
Basic number of shares (m)	584	584	587	587
Basic Earnings Per Share (€)	1.36	0.61	1.14	0.86

Underlying effective tax rate calculated based on underlying EBT

Pro forma NOSH based on issued share capital as at 30.9.17

* Pro forma number of shares excludes 6.5m shares relating to employee stock options and Employee Benefit Trust; figures are rounded



Cash Flow & Movement in Net Debt

In €m	FY17	FY16
EBITDA reported¹	1,490.9	1,305.1
Working capital	406.2	271.8
Other cash effects	89.9	63.7
At equity income ¹	-252.3	-187.2
Dividends received from JVs and associates	118.2	82.2
Tax paid	-146.1	-186.4
Interest (cash)	-57.1	-71.2
Pension contribution	-141.3	-335.6
Operating Cashflow	1,508.4	942.4
Net capex & investments incl PDPs ²	-1,071.9	-634.8
Disposal proceeds	388.0	811.6
Free Cashflow	824.5	1,119.2
Dividends	-456.8	-341.1
Movement in Cash Net of Debt	367.7	778.1

¹ Continuing ops basis, non-continuing adjustment in Other cash effects

² Net capex of €766.9m, net investments of €102.5m and net PDPs of €202.5m

STRONG OPERATING CASHFLOW

Full-year improvement of ~€560m

IMPROVEMENT IN WORKING CAPITAL

Driven by growth in Source Markets turnover

TRAVELOPIA - DISPOSAL PROCEEDS OF ~€400M

Completed sale to KKR on 15 June 2017, at agreed enterprise value of £325m

HAPAG-LLOYD AG SHARES – DISPOSAL PROCEEDS OF ~€400M

Interest in Hapag-Lloyd AG now fully disposed

In €m	FY17	FY16
Opening cash (debt)	350	-214
Movement in cash net of debt	368	778
Employees Benefit Trust	-22	-
Asset Finance	-149	-350
Other	36	136
Closing net cash including Discontinued Ops	583	350
Travelopia	-	-318
Closing net cash as per Balance Sheet	583	32



Net Financial Position, Pensions and Operating Leases

In €m	30 Sep 2017	30 Sep 2016
Financial liabilities	-1,933	-2,041
- Finance leases	-1,227	-1,232
- High Yield Bond	-	-306
- Senior Notes	-296	-
- Liabilities to banks	-381	-411
- Other liabilities	-29	-92
Cash	2,516	2,073
Net cash (debt)	583	32
- Net Pension Obligation	-1,127	-1,451
- Discounted value of operating leases ¹	-2,619	-3,144

¹ At simplified discounted rate of 1.75% with both years on continuing ops basis

Leverage ratio – medium-term we feel well placed within new target range (3.0x-2.25x)

LEVERAGE RATIO FY17

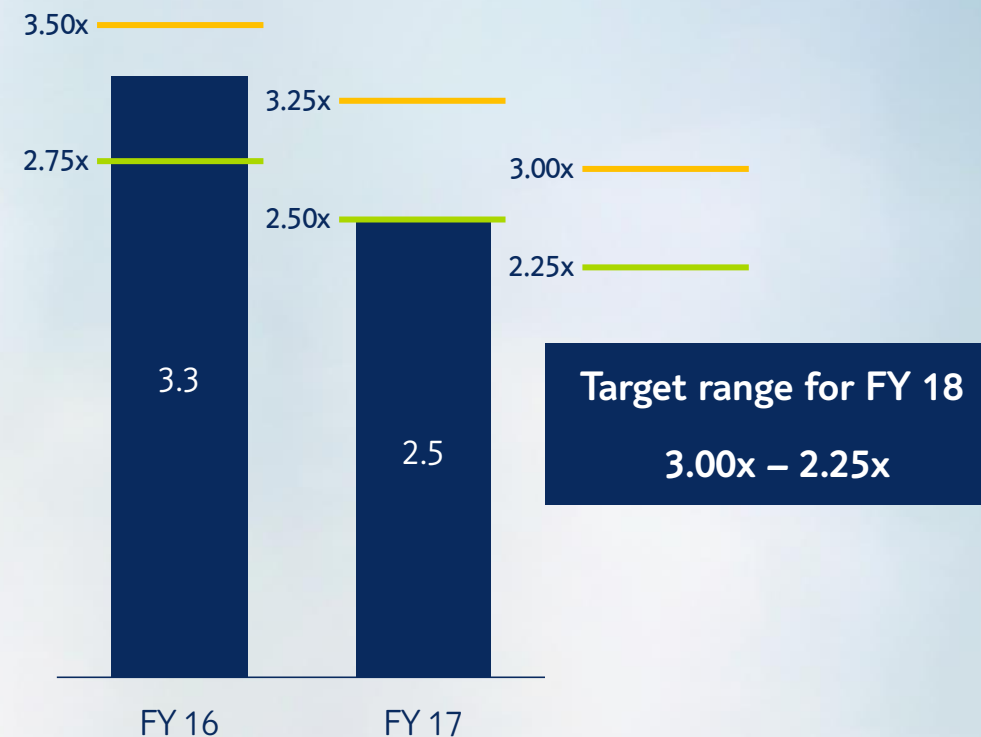
€m	FY17	Guidance
Gross debt	1,933	
to Bonds	296	
to Liabilities to banks	381	
to Finance leases	1,227	➔
to Other financial liabilities	29	
Pensions	1,127	➔
Discounted value of operating leases ¹	2,619	➔
Debt	5,680	
Reported EBITDAR	2,241	
Leverage Ratio	2.5x	

SPLIT

80% Aircraft
20% Cruises & Other

¹ At simplified discounted rate of 1.75%

DEVELOPMENT AND OUTLOOK



Financial Calendar 2018

9 MAY 2018

**H1 FY18 REPORT
AND CAPITAL
MARKETS DAY**

9 AUGUST 2018

Q3 FY18 REPORT

27 SEPTEMBER 2018

**PRE-CLOSE
TRADING UPDATE**

13 DECEMBER 2018

**ANNUAL REPORT
FY18**



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