



TUI GROUP Annual General Meeting 2018

Friedrich Jousen – CEO



TUI – From trading company to integrated tourism group

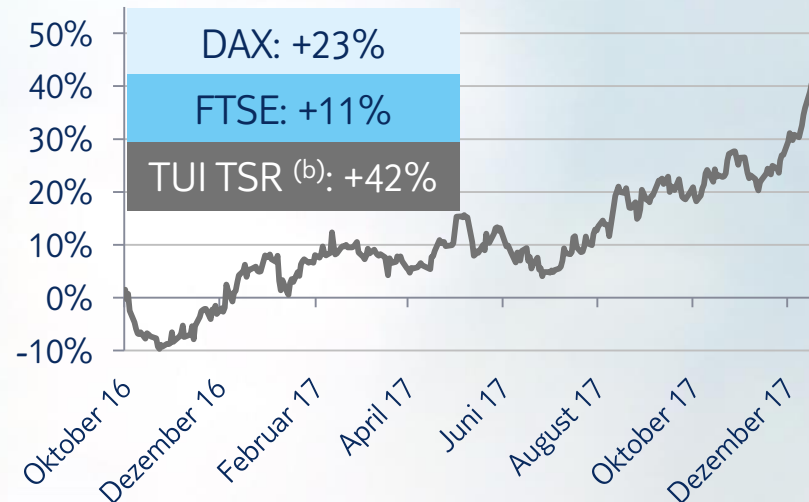
FINANCIAL INDICATORS

- Earnings guidance >10%: outperformed for 3 consecutive years
- Balance sheet further strengthened

TRANSFORMATION

- Disposal of non-core businesses
- Synergies delivered
- Hotels and cruises deliver ~60% of earnings^(a)

TUI SHARE PRICE



DIVIDEND PROPOSAL : 65 CENTS PER SHARE

GROWTH

- Turnover growth
- Market share gains

EMPLOYEES

- Employees are TUI
- Strong employee engagement

(a) Incl. Destination Services (b) Total Shareholder Return (TSR)



Challenges and opportunities: External factors and megatrends

DIGITALISATION



- OTAs remain strong
- Plus:
 - Cloud
 - Artificial Intelligence
 - Blockchain

GEOPOLITICAL FACTORS



- Terrorism
- Nationalism
- Climate change

NEW CUSTOMER GROUPS



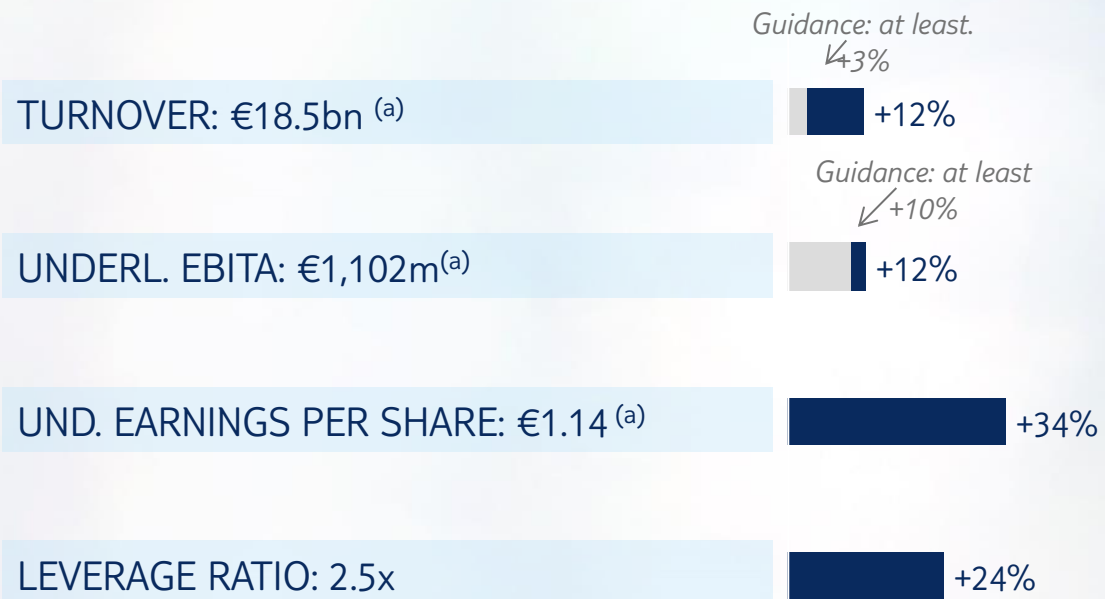
- Generation Y
- Mobile communications
- Social media
- Experience
- Brands

GROWTH OF THE GLOBAL TRAVEL MARKET REMAINS INTACT

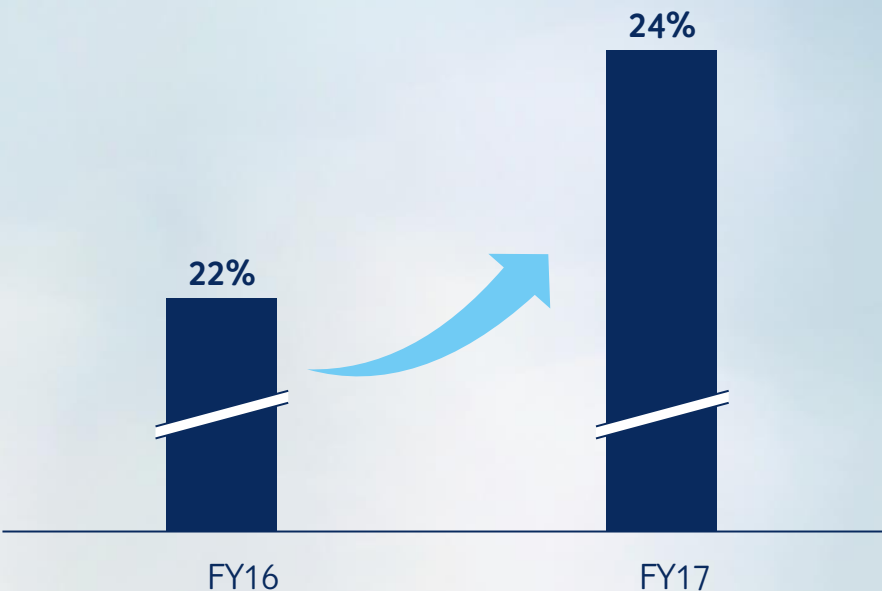


Earnings guidance again outperformed in financial year 2017

FINANCIAL INDICATORS 2017 / IMPROVEMENT IN %



INVESTMENTS OF 1.1BN € IN FJ17: DEV. OF ROIC

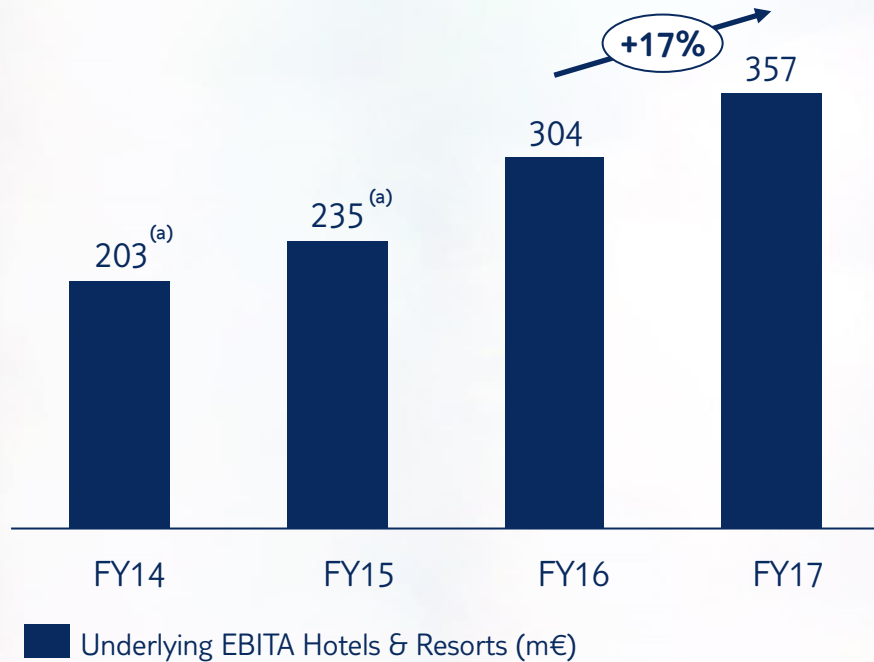


DIVIDEND PROPOSAL: 65 CENTS PER SHARE



Hotels & Resorts – Profitable growth and increase in ROIC

PROPORTION OF GROUP EARNINGS INCREASED



INCREASE IN ROIC

Hotels & Resorts	15A ^(a)	16A	17A
Capacity (in ` 000)	35,706	37,306	39,163
Occupancy (%)	79	78	79
Revenues per bed (€)	56	60	63
ROIC (%)	10.5	12.3	13.2

- 28 new hotel openings since the merger
- Of which 10 opened in FY 2017

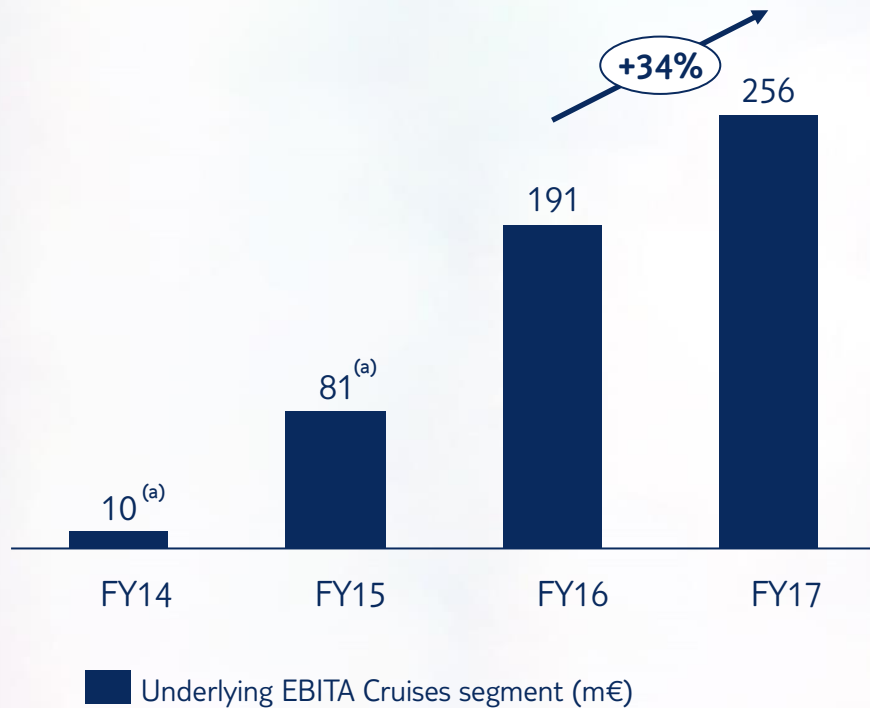
TUI Group | September 2017

(a) Blue Diamond not included



Cruises – Profitable capacity expansion continued

PROPORTION OF GROUP EARNINGS INCREASED



CLEARLY DEFINED SEGMENT STRATEGY

- TUI Cruises and Marella Cruises
 - ca. 30% capacity expansion
 - Stable occupancy and slight increase in rates
- Hapag Lloyd Cruises
 - Rate increase at constant capacity
- Cruises segment: ROIC 17: 20%

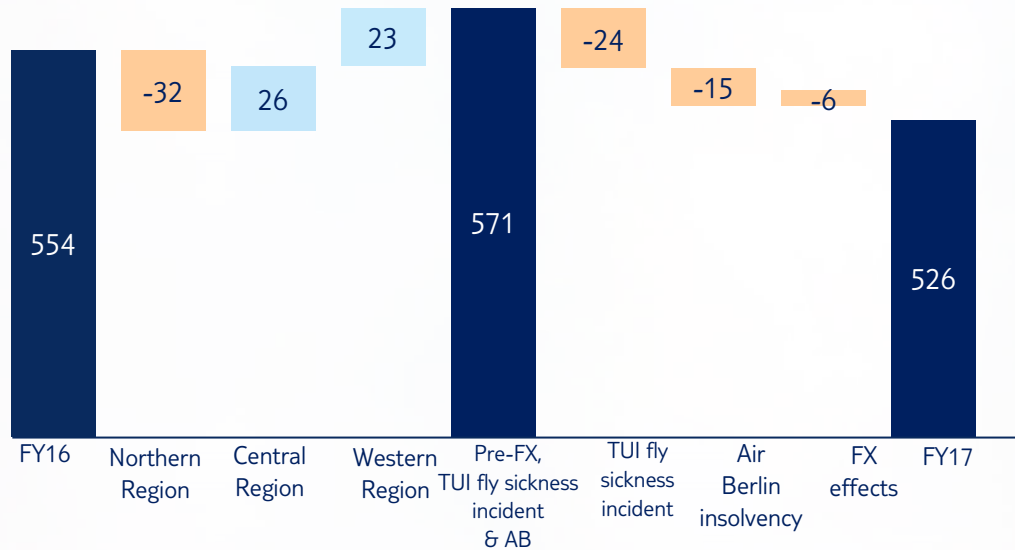
TUI Group | September 2017

(a) Marella Cruises not included



Sales & Marketing – Growth in market share and stable earnings

DEVELOPMENT OF UNDERLYING EBITA (€m)



INTACT GROWTH

- 1m additional customers in FY17
- Successful rollout of brand migration
 - younger
 - more direct
 - more digital
- Record trading performance Q1 2018

Source: Group | September 2017



Strategic positioning for further growth

STRATEGIC POSITIONING

- Vertical integration
- Global double diversification

GROWTH

- Continuation of the transformation through reinvestment of the gains on disposal

<50% OF FUTURE EARNINGS GROWTH

OUR AMBITION (EBITA €m)



DIGITALISATION (CUSTOMERS)

- Customer data and CRM platform

DIGITALISATION (OFFERING)

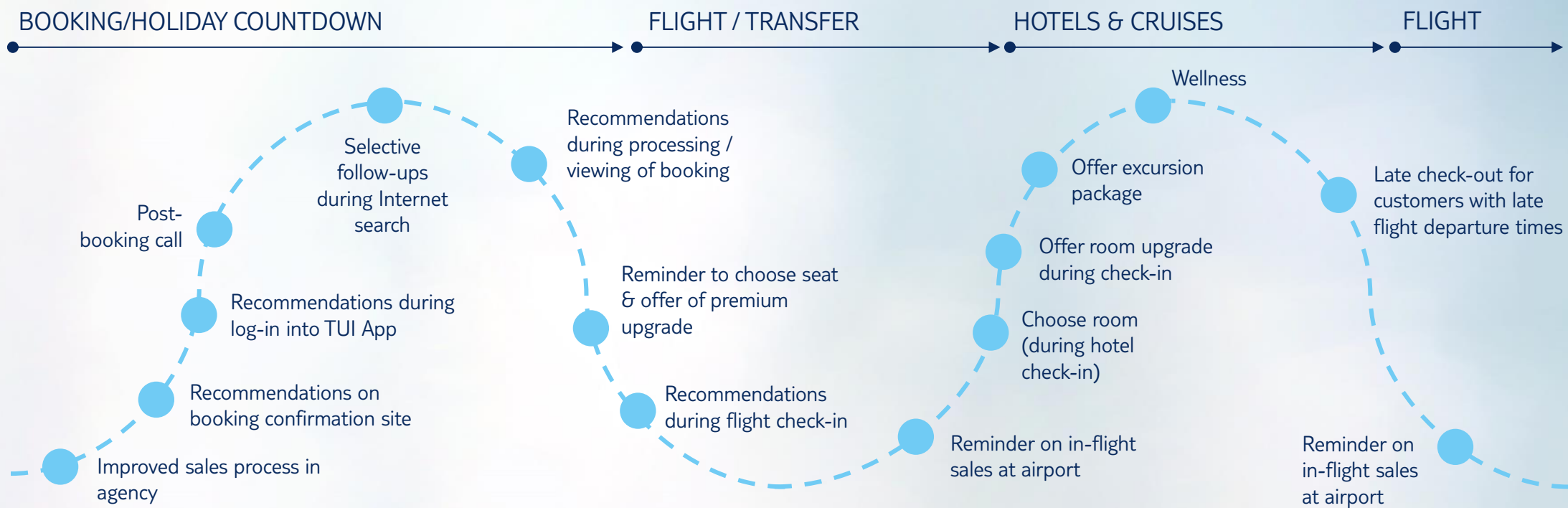
- Blockchain platform

>50% OF FUTURE EARNINGS GROWTH

(a) Pro forma EBITA



Customer-related digitalisation: Personalised offerings for 20 million customers à €900



EARNINGS POTENTIAL PER CUSTOMER THROUGH INDIVIDUALISATION OF OFFERINGS 1:1

Customer-related digitalisation: Initial experience from Nordic source markets

	TRADITIONAL	DIGITAL	
Strategy	Segmented products	Individualised offerings 1:1	
Annual campaigns	1,400	8,600	6x
Contacts	114m sent	4m sent	~30x
Target purchasing probability	0.5%	20%	40x

Offering-related digitalisation: Low-risk entry into new markets with simultaneous reduction in risk capacity

20 MILLION CUSTOMERS

Example
China

Risk capacity



100 MILLION BED NIGHTS AND 5 BILLION EUROS WORTH OF HOTEL PURCHASES

TUI's investment story: Doubling of earnings by FY20 without raising additional capital



(a) Pro forma EBITA

