Speech

Birgit Conix

Finance Director TUI AG

at the Annual Shareholder Meeting

12 February 2019

- Check against delivery -

Thank you very much, Mr. Joussen.

Good Morning, Ladies and Gentlemen,

I would also like to welcome you to this year's Annual General Meeting. Before I take you through the financial year of 2018, I would like to briefly introduce myself.

My name is Birgit Conix. I am Belgian, and during the working week have now found a second home in Hannover, a city that I have come to know and appreciate in the last eight months.

Up to my appointment to the Executive Board of TUI AG, I was CFO of Telenet, a BEL-20 media and telecommunications company. Before that, my positions with multinational companies included the brewery group Heineken and the healthcare group Johnson & Johnson.

Following a very trusting and collegial reception by the Supervisory Board and my colleagues on the Management Board, to whom I would like to express my sincere thanks, on 1st October 2018, I took over the position of CFO of TUI AG. I would especially like to thank my predecessor, Horst Baier, and my team for the good cooperation and look forward to the exciting tasks that lie ahead.

TUI is the world's leading tourism company. We have a strong brand, solid finances and have exceeded our targets in recent years. With the theme of digitalization, we have defined a clear agenda for our future growth. I will explain to you later what challenges lie ahead, in our view, in the current financial year.

Guidance exceeded for four consecutive years

in million €	FY18	FY17	Change y-o-y	Change y-o-y const. currency
Turnover	19,524	18,535	+5%	+6%
Underlying EBITA	**1,147**	**1,102**	**+4%**	**+11%**
Adjustments	-87	-76		
EBITA	**1,060**	**1,027**	**+3%**	**+10%**
Net interest expense	-89	-119		
Hapag-Lloyd AG	0	172		
Earnings before tax	**972**	**1,080**	**-10%**	**-4%**
Income taxes	-191	-169		
Result from continuing operations	**780**	**911**		
Discontinued operations	39	-150		
Non-controlling interests	-86	-117		
Group profit after non-controlling interests	**733**	**645**		
Earnings per share (€)	1.25	1.10		
Earnings per share cont. ops (€)	1.18	1.36		
Underl. earnings per share cont. ops (€)	**1.17**	**1.14**	**+3%**	**+11%**

ADJUSTMENTS
Comprises €32m purchase price allocations and restructuring expenses in Markets & Airlines sector

NET INTEREST EXPENSE
Improvement of €31m due to release of provisions; effect was eliminated in underlying earnings per share

EARNINGS BEFORE TAX
Prior year comprised €172m gain from sale of Hapag-Lloyd shares

INCOME TAXES
Prior year influenced by tax free gain on sale of Hapag-Lloyd shares; underlying tax rate (ETR) remains at 20%

DISCONTINUED OPERATIONS
Expiry of volume provision relating to Hotelbeds transaction

NON-CONTROLLING INTERESTS
Affected by one-off tax items, adjusted in pro forma underlying EPS

UNDERLYING EARNINGS PER SHARE
Increase driven by stronger earnings, improved financing and continued low underlying ETR

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Let me now move on to present you a review of the main financial developments in the 2018 financial year.

In the 2018 financial year, the Group's sales increased by 6 percent on a currency-neutral basis to a total of 19.5 billion euros. The number of guests of our tour operators was 4.7 percent higher than in the previous year. In addition, increased capacity in the Cruise segment and higher average prices in our own hotels made a contribution to the growth in revenue.

The key measure of our operating success is the adjusted EBITA. The adjusted EBITA improved by around 11 percent to almost 1.2 billion euros. As a result, once again in 2018 we have achieved a figure in excess of our target.

Not included in the adjusted EBITA are special charges of around 87 million euros. These are not part of the Group's operating performance. In addition to purchase price allocations, in particular, this includes expenses for the reorientation of our flight business in the Nordic countries, as well as for the restructuring at TUI fly in Germany and the integration of Transat in France.

Taking these one-time burdens into consideration, we were also able to significantly increase our reported EBITA by 10 percent in constant currency to just under 1.1 billion euros.

The Group's net interest expenditure declined by around 30 million euros to around 89 million euros. In particular, the release of a provision had an effect here. In the calculation of the adjusted earnings per share, we have eliminated this one-time effect.

As you perhaps may recall, in the previous year we generated proceeds of around 172 million euros from the sale of Hapag-Lloyd shares. This one-off income will not be offset by a corresponding item in the 2018 financial year.

Despite the operational improvement, our income before income tax, at just under 1 billion euro, was 4 percent lower, adjusted for currency effects, than in 2017.

The profit generated in the 2017 financial year, resulting from the sale of our stake in Hapag-Lloyd, was tax-free. The tax rate, therefore, has increased slightly in 2018 compared to the previous year. The adjusted tax rate of the Group remains around 20 percent.

Earnings from continuing operations reached almost 800 million euros in the past fiscal year.

The result from the discontinued business operations was positive in the year under review. This includes income from the reversal of sales guarantees incurred which had arisen in connection with the sale of the Hotelbeds Group.

The share of non-controlling shareholders in the consolidated result in the year under review was around million euros. This mainly concerned the RIU group. Here, we eliminated one-off tax effects for the calculation of adjusted earnings per share.

The TUI shareholders enjoyed a consolidated result after minority interests. At 733 million euros this improved compared with the previous year.

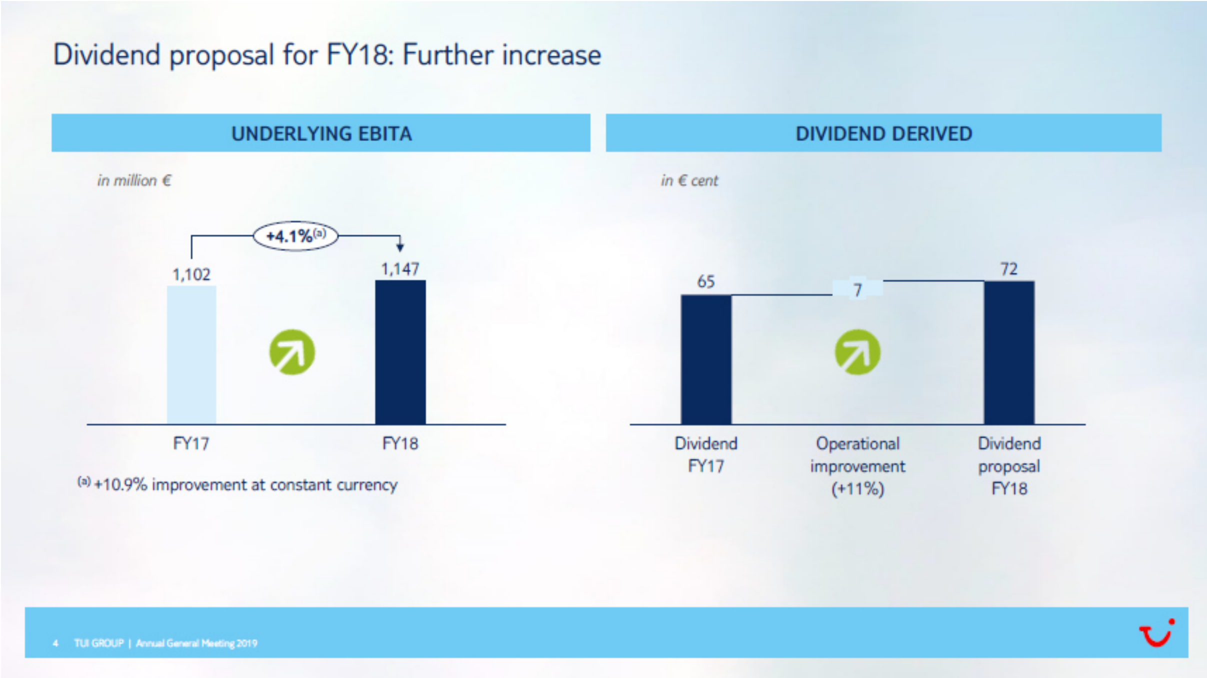
Our adjusted earnings per share show an improvement of 11 percent to € 1.17, which corresponds to the operational improvement in the year under review.

So much for the explanations of the profit and loss account. Let me now briefly say a few words about our key financial figures in the balance sheet.

In the previous year, we had generated cash inflows from the sale of Travelopia and Hapag-Lloyd. We used this additional liquidity in the year under review for the finance of our growth in the hotel and cruise business. Net liquidity decreased as expected in 2018.

The debt coverage ratio of 2.7 is still within the target range. The slight increase in the factor is due to the continuation of our investment programme. As well as the successful placement of our promissory note loan with a very favorable interest coupon of 1.75 percent on average. For the immediate future, we continue to strive for a debt coverage ratio of 3x to 2.25x.

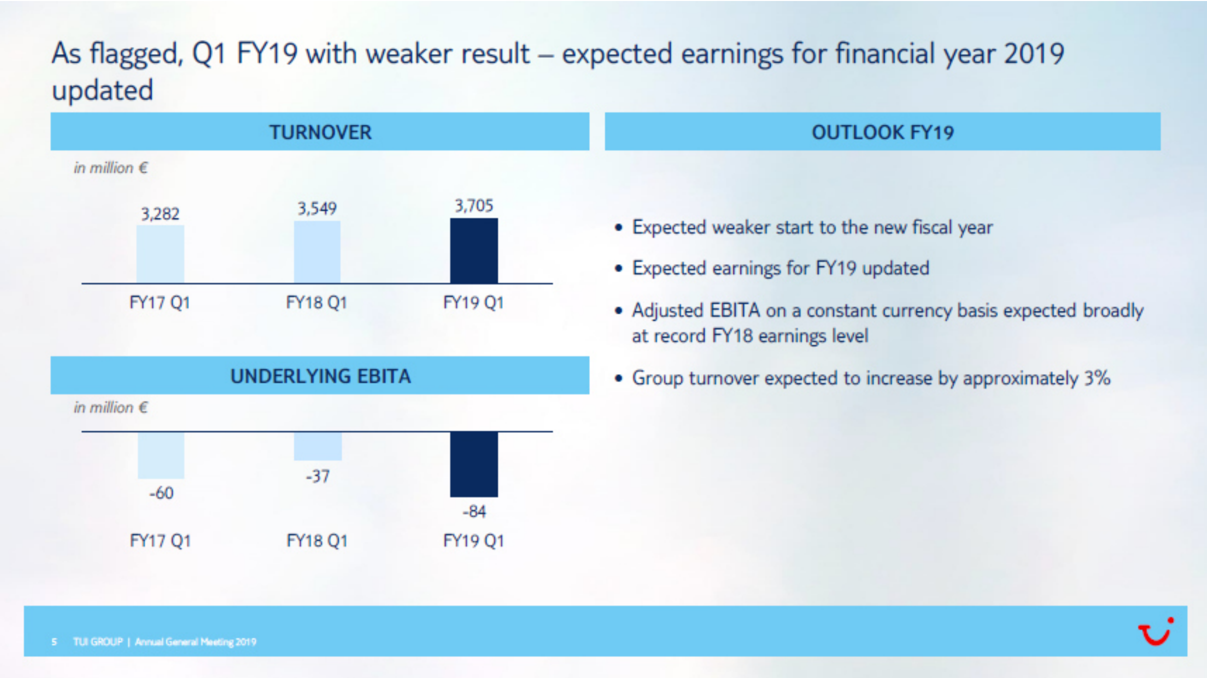
The Group's equity ratio at 30th September 2018 was 27.8 percent, just under 3 percentage points above the previous year's level.



Let me now explain our dividend proposal for the past financial year.

On the basis of the dividend of 65 cents per TUI AG share which we paid out in the previous financial year and an increase in operating earnings of almost 11 percent, we would like to propose to you a further 7 cents higher dividend of 72 cents per share for this financial year.

That brings me to the current development of business in the first quarter of this financial year and our assessment for the full year of 2019.



The adjusted EBITA decreased in comparison to the previous year by around 47 million euros year-on-year to a seasonal loss of 84 million euros. As a result, we started the new fiscal year weaker, as expected.

The holiday experiences segment continued its successful development and again achieved a very strong adjusted result in the first quarter. This confirms the success of our product-focused strategy and our investments in attractive hotel and cruise brands.

In contrast, the Markets & Airlines segment developed in the first quarter. With a business volume slightly above the previous year's level, we were only able to realize weaker margins.

For this area of Markets & Airlines, we also see challenges for the full year of 2019 in the market environment, which I would like to briefly mention:

- The negative effects of the exceptionally hot summer of 2018, which led to shorter-term bookings and weaker margins.
- A shift from the Western to the Eastern Mediterranean leads to overcapacity at certain destinations, such as the Canary Islands. This results in lower margins in the Markets & Airlines area.
- The British pound remains at a low level and affects margins on UK bookings.

In our planning, we were initially assuming that these challenges in the market would primarily affect the first half of the year, in other words, ie the winter season. From today's perspective, however, we see additional effects on the summer business in the second half of the year and have therefore adjusted our earnings expectations accordingly.

With respect to summer bookings, we have lowered our forecasts since we are finding that margins are under pressure although the volume is remaining constant. Based on constant exchange rates, for the financial year 2019 we expect adjusted EBITA to be approximately at the same level as the record result of 2018. This means an adjusted EBITA of almost 1.2 billion euros.

In terms of sales, on the basis of constant exchange rates, we continue to expect an increase of around 3 percent in the 2019 financial year.

Ladies and Gentlemen,

In conclusion, please allow me to provide you with some information about the authorization proposed to the Annual General Meeting in agenda point 6.

In it, as in previous years, we ask you for a resolution on the acquisition and use of treasury shares.

The proposed resolution on the acquisition and use of treasury shares is intended, along with the existing authorizations for authorized and conditional capital with terms of several years, to help preserve the company's financial freedom of action and to adapt the capital stock quickly and flexibly in order to meet financial needs.

The term of the proposed authorization, in accordance with agenda item 6, should once again be 18 months; however, financial contractual transactions may only be concluded in the period up to the next Annual Shareholder Meeting in 2020. In the past twelve months, the company has not made use of the existing authorization and has not acquired any TUI shares. As a result, the company does not hold any of its own shares.

Under the new authorization, up to 5 percent of the share capital, with a maximum of around 29.4 million shares in the company, can be acquired via the stock exchange or through a public offer to the shareholders. In doing so, the principle of non-discrimination under stock corporation law must always be observed.

In addition to the requirements of the German Stock Corporation Law, the proposed resolution also takes into account requirements that exist due to the listing of the TUI share on the Stock Exchange in London and the applicable corporate governance standards there. This applies in particular to upper and lower limits, which must be observed for the purchase price payment for the acquisition of own shares.

There is currently no intention to acquire own shares. However, insofar as the Annual Shareholder Meeting resolves the proposed authorization, the Executive Board will review the use of this option from time to time. Utilization of this option will only be made if the Executive Board has come to the conclusion that this is in the interest of both the company and all its shareholders.

As a matter of principle, the Executive Board will only use authorizations with the option to exclude the subscription right to issue new shares or to use previously acquired treasury shares, with the approval of the Supervisory Board and the strict prerequisites set out by the German Stock Corporation Act for the exclusion of subscription rights are met.

We would like to request your approval of this proposed resolution.

Thank you for your attention.