



# FY19 Q1 Results

## Media Call with CEO Fritz Joussem

12 FEBRUARY 2019



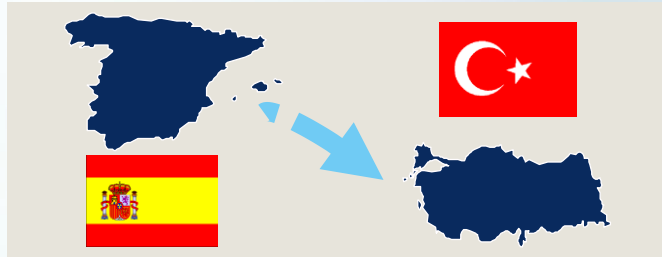
# Current sector challenges

## EXTRAORDINARY HOT SUMMER



- Knock-on impact to both Winter 2018/19 and Summer 2019 bookings
- Resulting in later bookings and weaker margins

## CAPACITY SHIFT FROM WESTERN TO EASTERN MED



- Markets & Airlines not benefitting from shift to Turkey
- Overcapacities in Spain
- Impact on margins

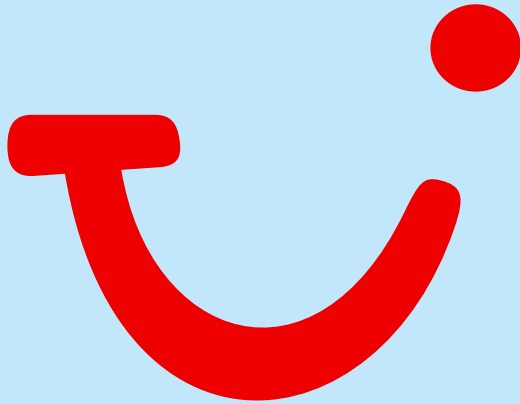
## FX HEADWIND



- Continued GBP weakness
- Brexit uncertainty



# Impact for TUI



- FY18 most successful year for TUI Group despite a year of sector related headwinds
- 70% of our underlying EBITA comes from Holiday Experiences
- Leisure travel remains a growth industry
- FY19 Q1 Markets & Airlines weak, as flagged
- S19 bookings indicate a weaker margin trend
- High volumes but lower pricing
- Competitive environment may trigger market consolidation
- TUI's strong positioning means we will continue to benefit



# How will we react - specific measures for our Markets & Airlines business and entry into New Markets

## MARKETS & AIRLINES

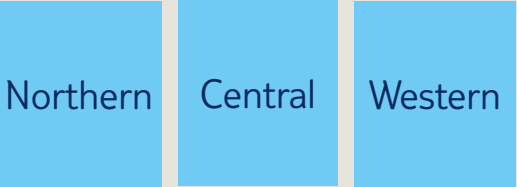
## NEW MARKETS

### Business harmonisation

### Reduce distribution costs

### Activities & excursions upselling

#### Markets & Airlines CEO



**TUI 2022**  
**+1m Customers**  
**+€1bn Sales**

- Standardised processes to drive cost savings and innovation
- One single leadership

- Distribution shift to more direct (FY18: 74%), more online (FY18: 48%), more mobile to reduce distribution costs

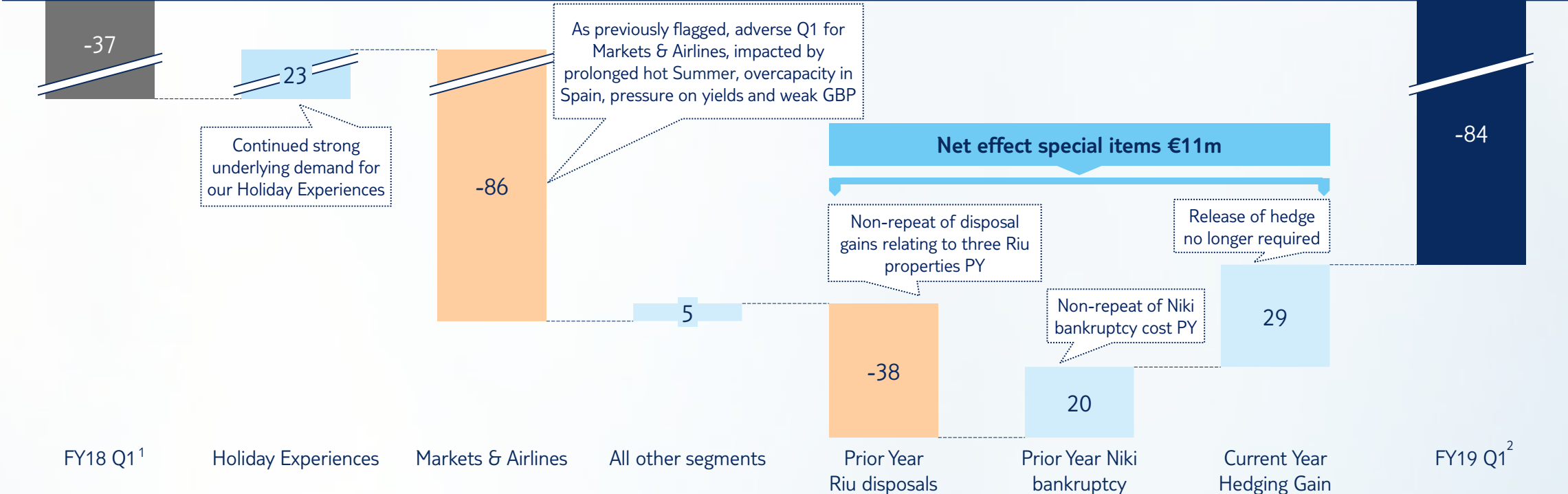
- €150bn market opportunity
- Fragmented market
- TUI with digitalised end-to-end solution
- 21m customer base, 150K products

- TUI 2022:
  - 1m Customers
  - €1bn Sales
  - Drive demand for own risk capacity



# TUI Group: As flagged, Q1 Markets & Airlines was weak, partly offset by Holiday Experiences underlying growth

## FY19 Q1 UNDERLYING EBITA IN €M



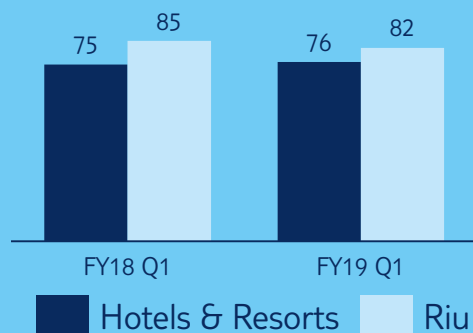
<sup>1</sup> PY reported (€25m) adjusted for retrospective application of IFRS 15 <sup>2</sup> Includes FX translation impact of less than €1m



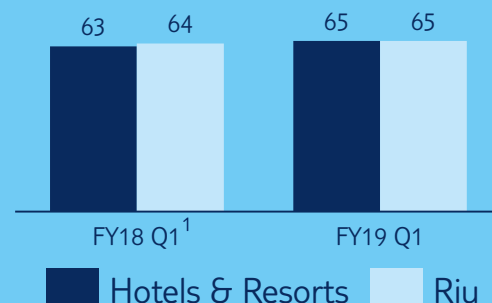
# Holiday Experiences: Hotels & Resorts

Continued improvement in underlying earnings driven by Turkey and North Africa

## AVERAGE OCCUPANCY %



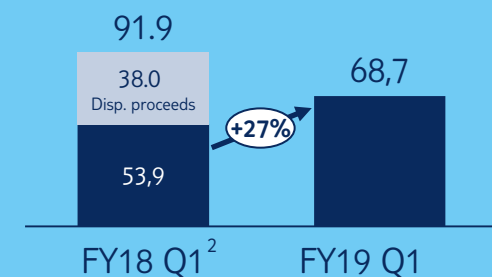
## AVERAGE REVENUE PER BED €



57 NEW HOTEL OPENINGS SINCE MERGER

of which ~65% are lower capital intensity

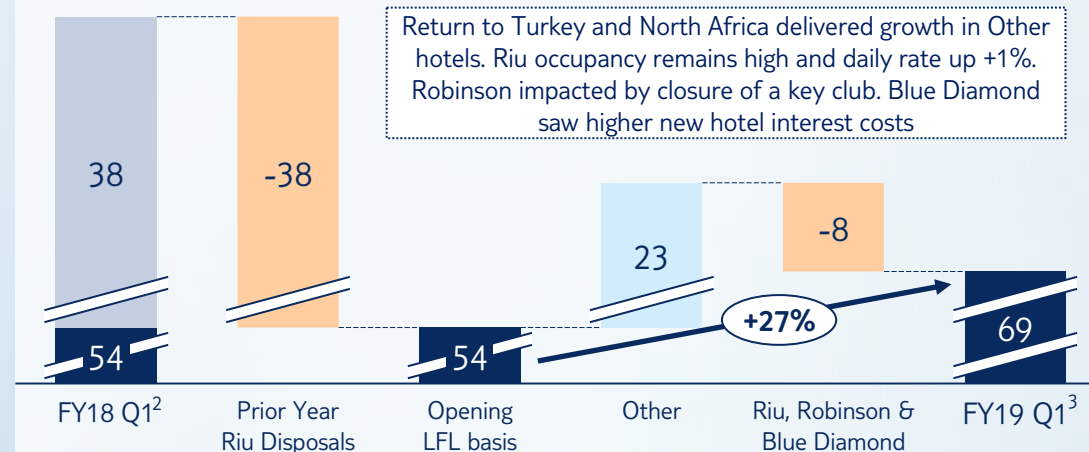
## UNDERLYING EBITA €M



## UNDERLYING EBITA (€M)

	FY19 Q1	FY18 Q1 <sup>2</sup>	%
Underlying EBITA	68.7	91.9	-25.2
Like-for-like Underlying EBITA	68.7	53.9	27.4

## BRIDGE UNDERLYING EBITA (€M)



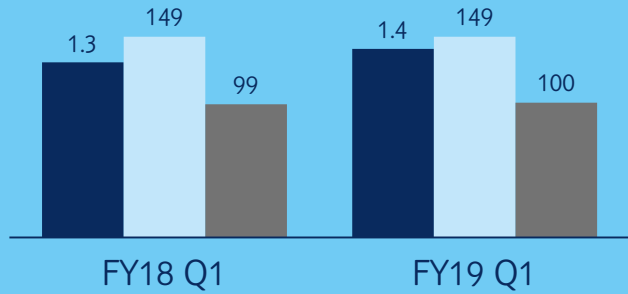
<sup>1</sup> FY18 Q1 Total H&R average revenue per bed restated to reflect revised PY rate at Blue Diamond <sup>2</sup> PY reported adjusted for retrospective application of IFRS 15 <sup>3</sup> Includes FX translation impact of less than €1m



# Holiday Experiences: Cruises

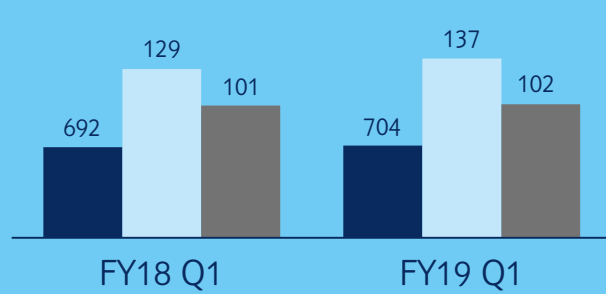
Earnings growth and positive outlook across all three brands

## TUI CRUISES



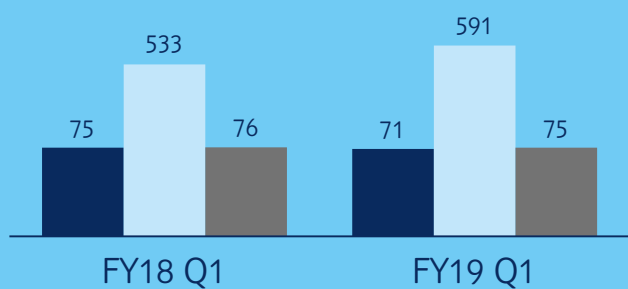
■ Pax Days (m's) ■ Av. Daily Rate € ■ Occupancy %

## MARELLA CRUISES



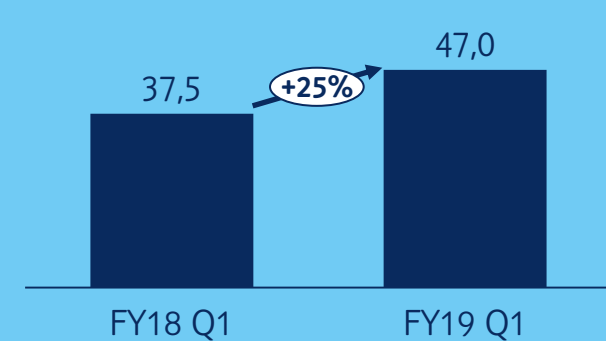
■ Pax Days (k's) ■ Av. Daily Rate £ ■ Occupancy %

## HAPAG-LLOYD CRUISES



■ Pax Days (k's) ■ Av. Daily Rate € ■ Occupancy %

## UNDERLYING EBITA €M

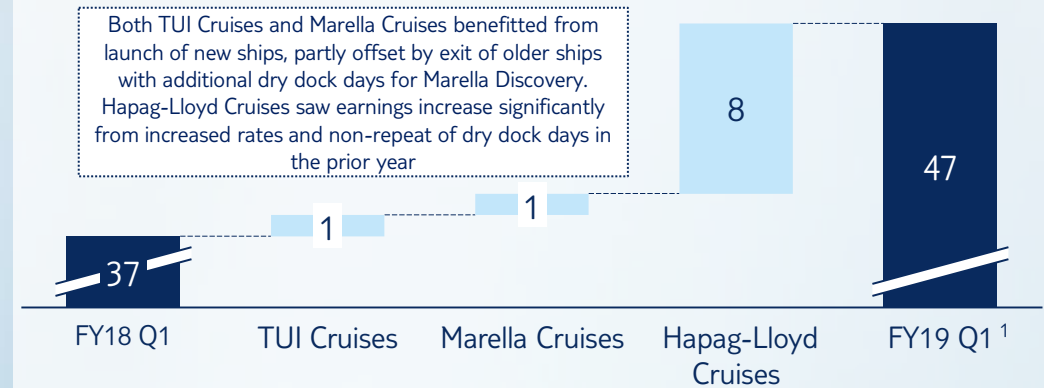


## UNDERLYING EBITA (€M)

	FY19 Q1	FY18 Q1	%
Underlying EBITA	47.0	37.5	25.3
o/w fully consolidated	20.8	12.3	69.1
o/w equity result	26.2	25.2	3.9

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

## BRIDGE UNDERLYING EBITA (€M)



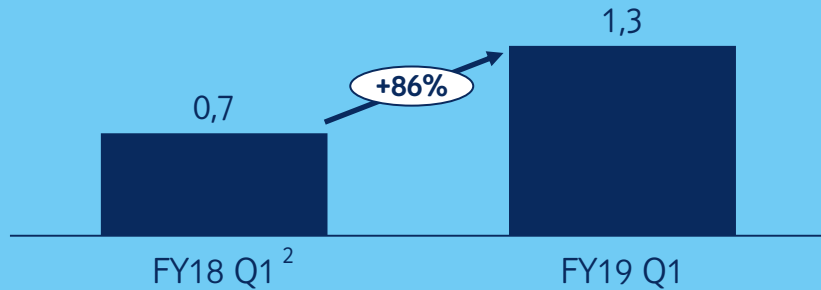
<sup>1</sup> Includes FX translation impact of less than €1m



# Holiday Experiences: Destination Experiences

## Growth from strategic acquisitions

### EXCURSIONS & ACTIVITIES SOLD (M's)



### TURNOVER AND EARNINGS (€M)

	FY19 Q1	FY18 Q1 <sup>1</sup>	%
Total Turnover	226.3	83.2	+172.0
o/w Turnover 3rd Party	158.3	39.2	+303.8
Underlying EBITA	-4.7	-3.5	-34.3



- Result reflects positive impact from the acquisition of Destination Management, offset by start-up losses in our Musement acquisition
- Integration of Destination Management on-track; synergies to be delivered during FY19. Musement platform live and rolled out to UK retail

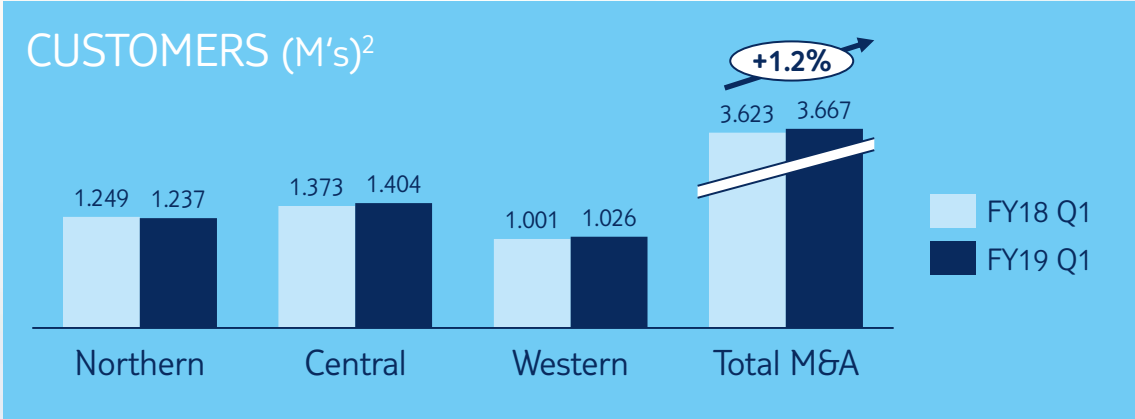
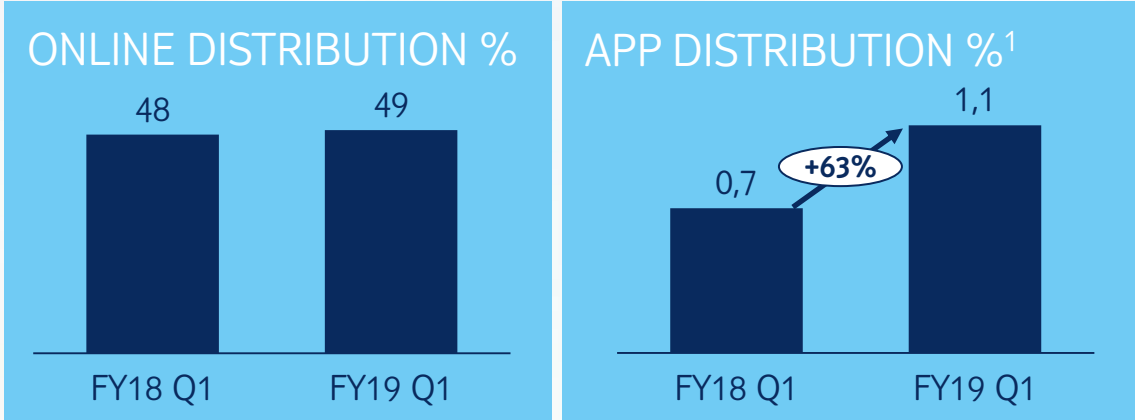
<sup>1</sup> PY restated for reclassification of TUI DX Crystal previously reported in Markets & Airlines Northern Region <sup>2</sup> FY18 excludes Destination Management (acquired August 2018) and Musement (completed October 2018)





# Markets & Airlines

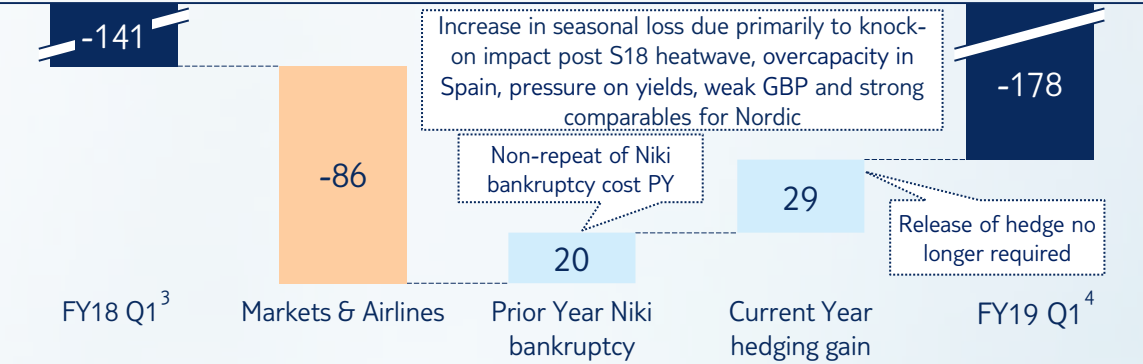
## Challenging backdrop as flagged for Q1



### TURNOVER AND EARNINGS (€M)

	FY19 Q1	FY18 Q1 <sup>3</sup>	%
Turnover	3,061.0	3,035.3	0.8
Underlying EBITA	-178.1	-140.8	-26.5

### BRIDGE UNDERLYING EBITA (€M)



1 Percentage of Markets & Airlines pax by booking channel 2 Central now includes Italy. Total Markets & Airlines customers excludes Cruise and strategic joint ventures in Canada and Russia 3 PY reported adjusted for retrospective application of IFRS 15 4 Includes FX translation impact of less than €1m





## Growth strategy intact

Trading

Integrated  
tourism

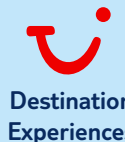
Digital  
platform



- 28 new hotel openings in FY19
- 15% blended ROIC
- Shift of capacity to Turkey



- 3 new ships to be delivered in FY19
- 15% blended ROIC



- Global, fully digitalised platform
- Upselling ancillaries to TUI and third-party customers



- Digitalisation driving ancillary benefits across all businesses - remains a mid-term opportunity

- Expect FY19 underlying EBITA to be broadly stable compared with record performance in FY18<sup>1</sup>
- Specific actions being taken to address Markets & Airlines headwinds and protect market share
- Competitive environment may trigger market consolidation
- Strong strategic and financial profile
- Expect continued strong performance from Holiday Experiences – 70% of our underlying EBITA in FY18
- Consumer demand for leisure travel continues to grow
- Ongoing digitalisation/platforming to drive future earnings

**TUI WELL POSITIONED**

<sup>1</sup> Rebased in December 2018 to EUR 1,187 to take into account EUR 40m impact for revaluation of Euro loans balances within Turkish Lira entities in FY18 and further rebased to EUR 1,177m for retrospective application of IFRS 15





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