



# TUI GROUP Annual General Meeting 2020

## Birgit Conix – CFO

Differences of +/- one unit (€, % etc.) may occur due to rounding



# Successful strategic transformation and resilient business model deliver strong results in a challenging market environment

TURNOVER  
€18.9bn  
**+2.7%<sup>1</sup>**

UNDERLYING EBITA  
€893M  
**-25.6%<sup>2</sup>**

PROPOSED DIVIDEND  
PER SHARE  
**54 cents**

LEVERAGE RATIO  
**3.0x**

- Resilient business model after the merger in 2014 and the successful strategic transformation
- Earnings guidance was updated in the course of the year
- Holiday Experiences business continues to deliver positive performance
- Markets & Airlines strongly impacted by Boeing 737 Max grounding
- Scheduled increase in net debt mitigated by strict focus on cash flow
- Target leverage ratio remains within a range of 3.0x – 2.25x (excl. Boeing effect)
- Proposed dividend per share of €0.54 – in line with the development of underlying EBITA

<sup>1</sup> After adjustments due to application of IFRS 15 | <sup>2</sup> Based on growth net of currency effects, against baseline EBITA of €1,183m in FY18



# Income statement

In €m	GJ19	GJ18 <sup>1</sup>	Y-o-y var.	
Turnover	18,928.1	18,468.6	459.5	+2.5%
<b>Underlying EBITDA</b>	<b>1,359.5</b>	<b>1,554.8</b>	<b>-195.3</b>	
Depreciation/amortisation	-466.2	-411.9	-54.3	
<b>Underlying EBITA</b>	<b>893.3</b>	<b>1,142.9<sup>2</sup></b>	<b>-249.6</b>	<b>-21.8%</b>
Adjustments	-124.9	-88.3	-36.6	
<b>EBITA</b>	<b>768.4</b>	<b>1,054.6</b>	<b>-286.2</b>	
Net interest expense	-77.0	-88.7	11.7	
<b>EBT</b>	<b>691.4</b>	<b>965.9</b>	<b>-274.5</b>	
Income tax	-159.5	-190.9	31.4	
<b>Earnings from continuing operations</b>	<b>531.9</b>	<b>775.0</b>	<b>-243.1</b>	<b>-31.4%</b>
Discontinued operations	-	38.7	n.m.	
Non-controlling interests	-115.7	-86.4	-29.3	
Consolidated result after non-controlling interests	416.3	727.3	-311.0	
<b>Earnings per share (EPS) continuing operations (€)</b>	<b>0.71</b>	<b>1.17</b>	<b>-0.46</b>	<b>-39.7%</b>
<b>Underlying EPS (€)</b>	<b>0.89</b>	<b>1.16</b>	<b>-0.27</b>	<b>-23.3%</b>

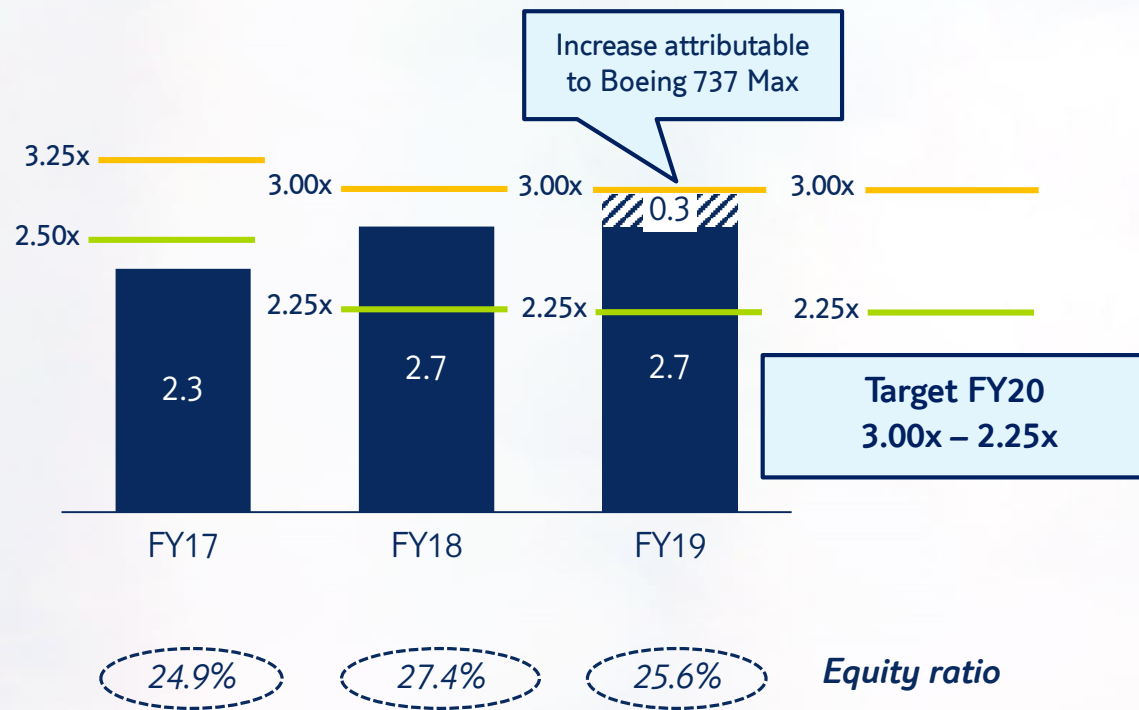
€1,186m before Boeing MAX costs

<sup>1</sup> The prior-year results were restated due to the retrospective application of IFRS 15 | <sup>2</sup> Underlying EBITA excl. the restatement of €+40m reflecting the negative impact from the revaluation of euro-denominated loans to Turkish entities in FY18



# Financial stability – Target leverage ratio remains in the range of 3.0x – 2.25x

## LEVERAGE RATIO FY19



## CORPORATE RATING

Rating agency	FY17	FY18	FY19	Current rating
S&P	BB stable	BB stable	BB negative	BB negative
Moody's	Ba2 stable	Ba2 positive	Ba2 negative	Ba3 negative

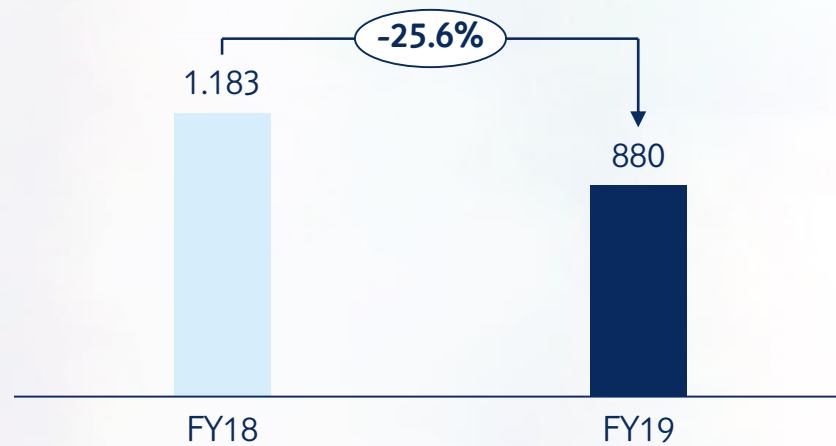
- Gross leverage ratio in financial year 2019 in line with guidance, driven by investments and Boeing grounding
- Target leverage ratio remains in the range of 3,0x - 2,25x (excl. Boeing effect)
- Credit rating by BB (S&P) and Ba3 (Moody's), both with negative outlook



# Proposal for financial year 2019: Dividend of 54 cents per share

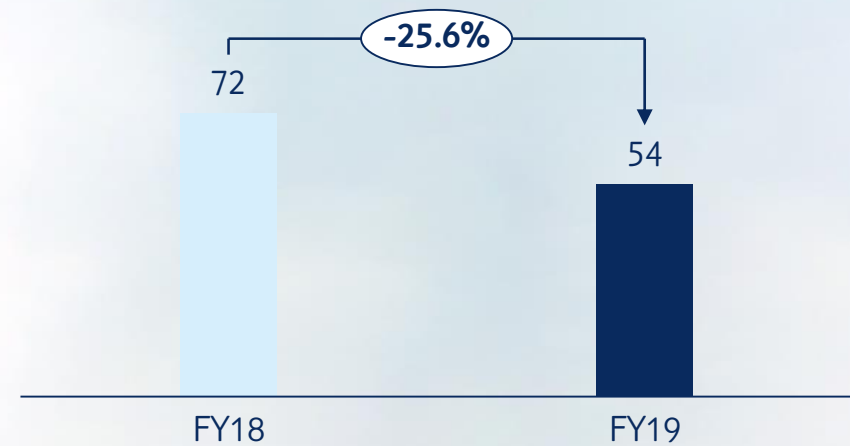
## UNDERLYING EBITA<sup>(1)</sup>

€m



## DIVIDEND DERIVED

In cents



<sup>(1)</sup> Underlying EBITA at constant currency



# New capital allocation framework



## Organic growth



Investments, in particular through joint ventures, and digital platforms to increase yields



## Core dividend



Reliable core dividend: 30-40% of EAT<sup>1</sup> per share, at least 35 cents per share



## Acquisitions



Value-enhancing mergers & acquisitions and optimisation of our portfolio of investments



## Surplus liquidity



Return to shareholders



**Robust balance sheet / Comfortable target debt coverage ratio in the range of 3.0x to 2.25x**

<sup>1</sup> Underlying EAT after non-controlling interests and at constant currency is calculated as underlying EBIT minus interest result adjusted for one-off effects minus underlying tax rate of currently 18% minus non-controlling interests adjusted for one-off effects.



# Updated dividend policy in the framework of the new capital allocation

## Dividend policy from FY 2020

- Core dividend of 30 to 40 per cent of underlying Group earnings attributable to TUI AG shareholders (so-called EAT<sup>1</sup>)
- Dividend floor of 35 cents per share



The capital allocation model facilitates investments in strategic initiatives and the funding of future growth as well as a resilient and robust financial structure with shareholder returns



The new dividend policy is linked to the development of earnings and therefore remains an attractive, balanced and sustainable element of the shareholder return



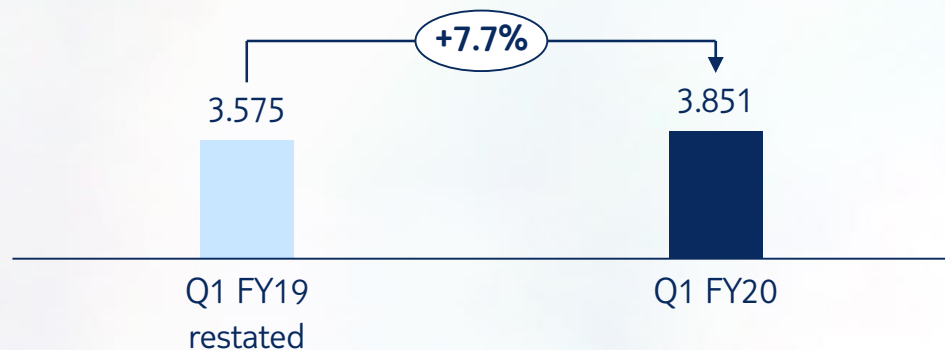
Dividend floor guarantees minimum payout regardless of the market environment in tourism

<sup>1</sup> Underlying EAT after non-controlling interests and at constant currency is calculated as underlying EBIT minus interest result adjusted for one-off effects minus underlying tax rate of currently 18% minus non-controlling interests adjusted for one-off effects.



# Outlook for financial year 2020: Underlying EBIT expected to be in the range of €850m to €1,050m

## TURNOVER Q1 FY20



## EBIT (UNDERLYING) Q1 FY20



## OUTLOOK FY20

- Upper end of the original guidance for FY20 appears possible due to the strong trading performance
- After official announcement by Boeing, replacement capacity for B737 MAX jets secured for the entire FY20, in line with the second scenario of the original guidance
- Additional costs of €220m to €245m resulting from the extended grounding not fully included in the updated guidance as we expect the costs to be partly offset by strong bookings, cost measures and some compensation from Boeing
- Underlying EBIT expected to be in the range of €850m to €1,050m<sup>1</sup> in FY20, including investments in digital platforms in the mid-to high double-digit million range

<sup>1</sup> Outlook on a constant currency basis, pro forma presentation in line with IAS 17 and before the acquisition of Hapag-Lloyd Cruises by TUI Cruises.





# Agenda Item 6

## CONTENTS

### ITEM 6:

Resolution on a new authorisation to acquire and use own shares

## RESOLUTION PROPOSAL

### PROPOSAL

The Executive Board and Supervisory Board ask you for your approval of Agenda Item 6

