3 Reasons to Invest in TUI
December 2018

TUI

Robinson Club Noonu, Maldives

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

1 STRONG STRATEGIC POSITION

- Global leading tourism group
- Holiday product provider with own distribution
- Own customer end to end: Markets & Airlines, Hotels, Cruises, Destination Experiences
- Individualization and targeted marketing
- Yielding of own products
- Risk mitigation by double diversification

2 STRONG EARNINGS GROWTH

- Global leisure travel market growing above GDP
- Strong track record driven by merger synergies:
  - Underlying EBITA CAGR of 13%[1] since merger
  - Underlying EPS CAGR of 16% since merger
- Future growth supported by digitalisation benefits and by reinvesting disposal proceeds
- Reiterate at least 10% CAGR in underlying EBITA for the three years to FY20[2]

3 STRONG CASH GENERATION

- 23% group ROIC FY18, significantly above cost of capital
- Strong operating cash conversion, enabling to fund
  - investments
  - high cash returns to shareholders in form of dividends
  - balance sheet stability

1 Underlying EBITA CAGR of 10% since merger / average CARG of 13% since merger at constant currency (company earnings guidance is at constant currency) 2 Based on constant currency growth, three year CAGR from FY17 base to FY20

1 Our business model: Diversified product-focused holiday provider with almost 70% Holiday Experience earnings

Markets & Airlines – ~30% EBITA

Rest | Own & Committed

HOLIDAY EXPERIENCES – ~70% EBITA

INTEGRATION BENEFITS

Digitalisation, efficiency, diversification

23m customers[1]

~150 TUI Aircraft, 3rd party flying

Own, 3rd party committed & non-committed

Customer, knowledge, service & fulfillment

ROIC FY18: 80%[5]

Integrated distribution

Integrated distribution

Integrated distribution

Growth, diversification

4m customers[2]

Owned / managed / JV
ROIC FY18: 14%

380[3] Hotels

Owned / JV
ROIC FY18: 23%

16[4] Ships

Owned / JV
ROIC FY18: 26%

115 Destinations

3rd party distribution

3rd party distribution

3rd party distribution

GROUP PLATFORMS

- Own customer end-to-end: personalised offerings
- Yielding our risk capacity: 27m customers to optimise own hotels/ cruises demand
- Unique TUI experiences and fulfillment differentiating TUI from competition, customer satisfaction
- Double diversification across Markets & Airlines and Holiday Experiences mitigates localised external shocks

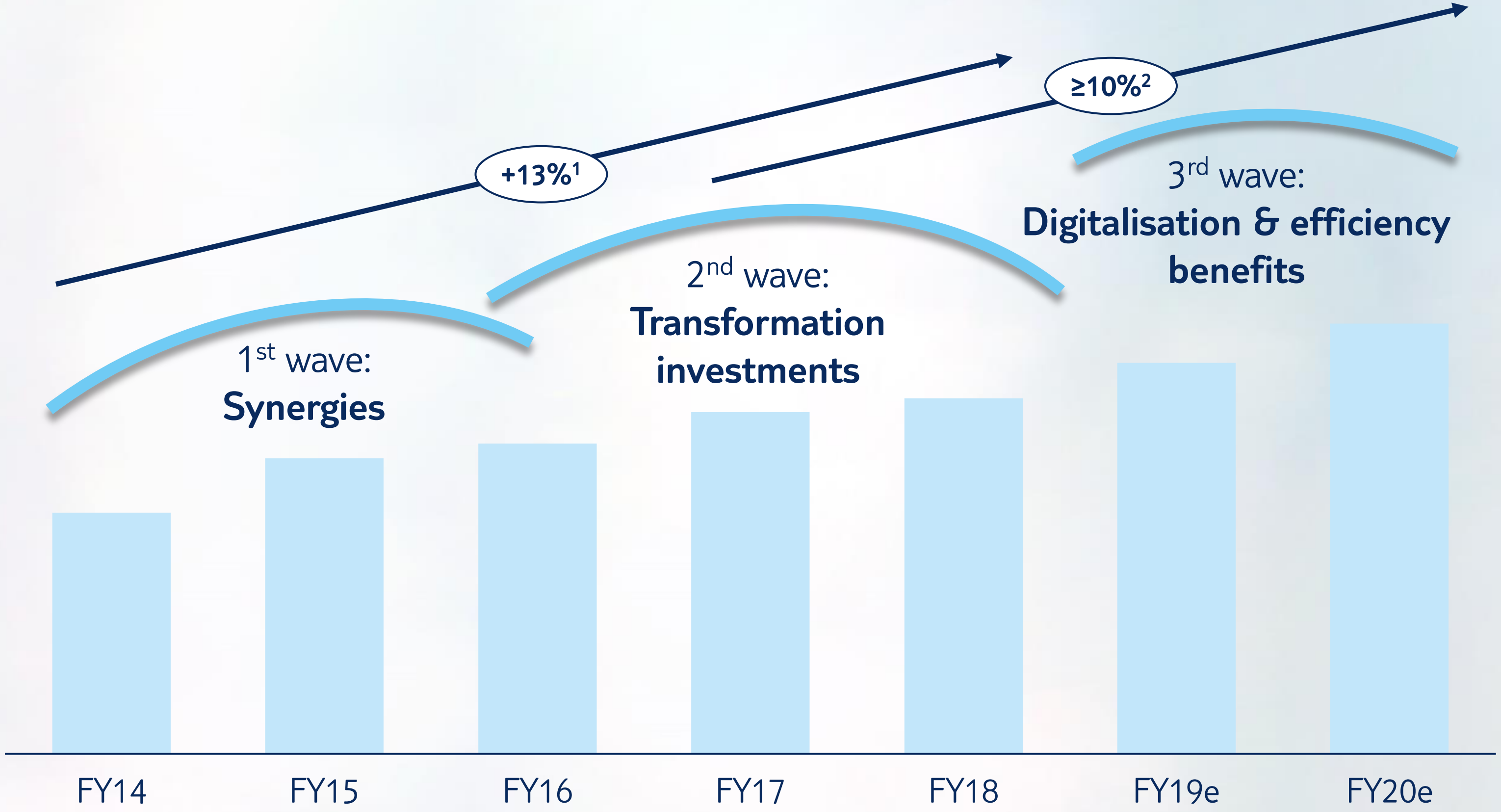
→ More than 70% of profits from own and committed differentiated risk capacity

1 21m Markets & Airlines customers plus a further 2m for Cruise and from our JVs in Canada and Russia = 23m 2 4m customers direct and via 3rd party channels to our Hotels & Resort and Cruise brands 3 This number includes group hotels and 3rd party concept hotels as at end of FY18 4 As at end of FY18 5 This number relates to Markets & Airlines and All other segments

2 Future earnings growth driven by reinvestment of disposal proceeds, digitalisation and efficiency benefits

STRONG GROWTH TRACK RECORD: MERGER SYNERGIES

FUTURE GROWTH: INVESTMENTS, DIGITALISATION & EFFICIENCY



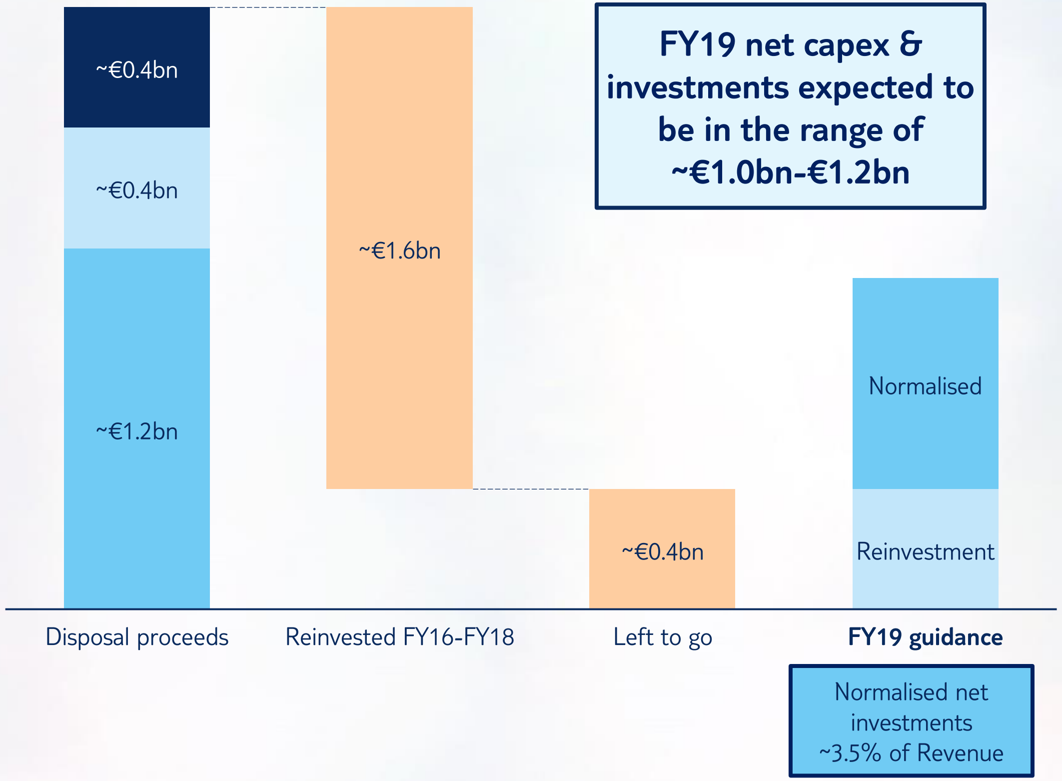
HIGHLIGHTS

- 3 earnings waves, heading towards third wave
- Mix of earnings growth changes gradually over time
  - Growth from investments
  - Digitalisation and efficiency benefits

1 Underlying EBITA CAGR of 10% since merger / average CAGR of 13% since merger at constant currency 2 Reiterate our guidance of at least 10% CAGR in underlying EBITA for the three years to FY20; three year CAGR from FY17 Base to FY20

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

FY19: LAST YEAR OF DISPOSAL PROCEEDS REINVESTMENT



CAPITAL ALLOCATION FRAMEWORK

Strong cash generation allows all boxes to be ticked

Growth investments

- Reinvesting disposal proceeds
- 15% blended ROIC
- Opportunistic M&A, if synergistic

JV growth

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

Balance sheet stability

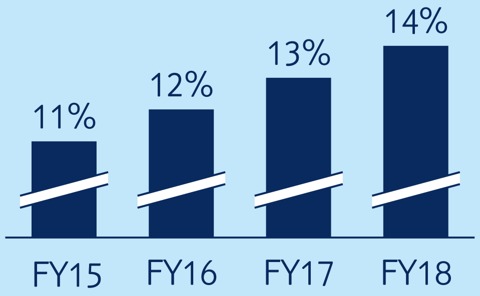
- Target leverage ratio maintained at 3.0x-2.25x

Attractive dividend

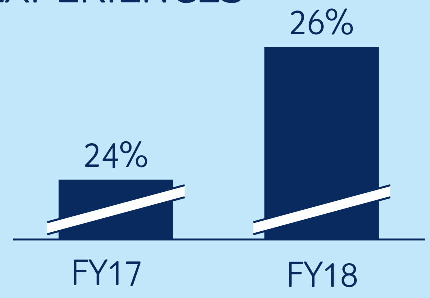
- In line with underlying EBITA growth at constant currency
- FY18: Proposed €0.72 per share

3 Business model strength continues to drive ROIC[1]

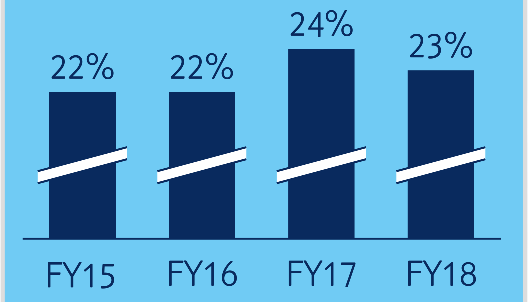
HOTELS



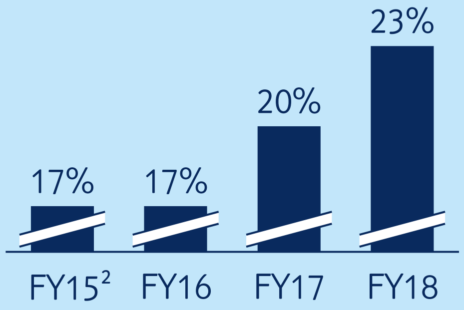
DESTINATION EXPERIENCES



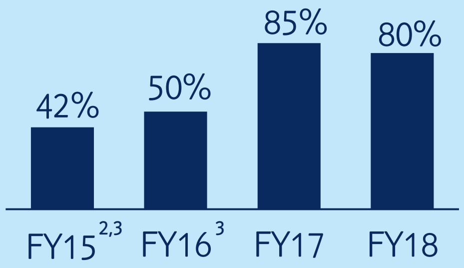
TUI GROUP



CRUISE



MARKETS & AIRLINES AND ALL OTHER



- Delivering strong ROIC for TUI shareholders
  - Hotels: predominantly lower capital intensity, JVs
  - Cruises: partially off balance sheet financing
  - Markets & Airlines: low capital intensity
- Strong earnings performance
- FY18 reflects reinvestment of disposal proceeds

1 Pre IFRS 16 2 Based on former segmentation - Marella Cruises within Markets & Airlines 3 Based on former segmentation - Destination Experiences within Markets & Airlines