

## TUI GROUP

### Pre-Close Trading Update

Prior to entering its close period ahead of reporting its Interim results for the six months ending 31 March 2017 on 15 May 2017, TUI Group announces the following update on current trading.

#### **Chief Executive of TUI Group, Friedrich Jousen, commented:**

"Winter 2016/17 is closing out as expected, with a good performance by Hotels & Resorts, Cruise and growth in Source Market revenues, increasingly booked via our direct and online channels. Overall, Summer 2017 remains in line with our expectations, with almost half of the Source Markets' programme sold, further openings scheduled in our Group hotel brands, and cruise ship launches in both TUI Cruises and the UK.

We are progressing our transformation as the world's leading integrated tourism business focussed on own hotel and cruise brands, financed by our strong cash flows and proceeds from the disposals of Hotelbeds Group and Travelopia, creating a more competitive and less seasonal business for the long term. Whilst the impact of macroeconomic and geopolitical challenges is evident in certain source markets and destinations, our balanced portfolio of markets and destinations, our focus on growth in own hotel and cruise brands and our strong balance sheet put us in a robust position. We therefore reiterate our guidance of at least 10% growth in Group underlying EBITA in 2016/17<sup>1</sup>."

<sup>1</sup> At constant foreign exchange translation rates applied in the current and prior period, and based on the current group structure

#### **Winter 2016/17**

- Hotels & Resorts have performed well overall, with a good performance by Riu and Robinson offsetting the impact of continued lower demand for Turkey and North Africa and the non-repeat of gains on disposals in the prior year.
- Cruise continues to deliver growth with the first Winter of operations of Mein Schiff 5, and good yields and load factors across the fleets.
- The Source Markets' programme is 97% sold, in line with prior year. Revenue performance reflects growth in long haul (particularly from the UK) and UK cruise as well as higher demand for the Canaries, mainland Spain and Cape Verde. This is offset partly by lower demand for Turkey and Egypt, in particular from the Nordics.
- The TUI rebrand in Nordics and Belgium has progressed well and we continue to increase the proportion of bookings via direct and online channels, to 73% (up one percentage point) and 46% (up two percentage points) respectively.
- As a result of the later timing of Easter this year, we expect approximately €30m to €35m phasing impact on the Source Markets' and Hotels and Resorts' Q2 result. We expect this impact to reverse in Q3.

<u>Source Markets - Current Trading<sup>1</sup></u>		<u>Winter 2016/17</u>		
YoY variation%	Total Revenue	Total Customers	Total ASP	Programme sold (%)
<b>Northern Region</b>	<b>+11%</b>	<b>+7%</b>	<b>+4%</b>	<b>97%</b>
UK	+20%	+12%	+7%	95%
Nordics	-4%	-2%	-3%	100%
<b>Central Region</b>	<b>+7%</b>	<b>+3%</b>	<b>+5%</b>	<b>96%</b>
Germany	+6%	+1%	+5%	96%
<b>Western Region</b>	<b>+6%</b>	<b>+4%</b>	<b>+2%</b>	<b>100%</b>
Benelux	+4%	+2%	+2%	100%
<b>Total Source Markets</b>	<b>+9%</b>	<b>+5%</b>	<b>+4%</b>	<b>97%</b>

<sup>1</sup> These statistics are up to 19 March 2017, shown on a constant currency basis and relate to all customers whether risk or non-risk

## Summer 2017

- Overall, Summer 2017 remains in line with our expectations.
- In Hotels & Resorts, Summer openings are scheduled for our Group hotel brands in Croatia and Italy, as well as further expansion of our unique concepts in third party hotels including Sardinia, Italy, Croatia, Spain, Greece and Bulgaria. Similar to Winter, lower demand for North Africa and Turkey is offset by higher demand for other destinations such as the Western Mediterranean and Caribbean.
- TUI Cruises will launch Mein Schiff 6 in June 2017. Sales for this and our other ships continue to progress well.
- The overall Source Markets programme is 48% sold, in line with prior year. Trading reflects growth in demand for destinations such as Greece, the Canaries and long haul, with a further shift away from Turkey (having already reduced significantly as a destination in prior year). Excluding Turkey, bookings are up 7% overall, with Germany up 8% and Nordics up 9%. UK revenue and selling price performance reflects continued growth in long haul and cruise (with the launch of TUI Discovery 2 in May), as well as the impact of currency inflation for Euro based destinations.

<u>Source Markets - Current Trading<sup>1</sup></u>	<u>Summer 2017</u>			
	YoY variation%	Total Revenue	Total Customers	Total ASP
<b>Northern Region</b>	<b>+10%</b>	<b>+3%</b>	<b>+8%</b>	<b>51%</b>
UK	+11%	+3%	+8%	53%
Nordics	+5%	+3%	+2%	42%
<b>Central Region</b>	<b>+8%</b>	<b>+6%</b>	<b>+2%</b>	<b>47%</b>
Germany	+6%	+3%	+3%	47%
<b>Western Region</b>	<b>+6%</b>	<b>+2%</b>	<b>+4%</b>	<b>43%</b>
Benelux	+4%	Flat	+4%	44%
<b>Total Source Markets</b>	<b>+9%</b>	<b>+4%</b>	<b>+5%</b>	<b>48%</b>

<sup>1</sup> These statistics are up to 19 March 2017, shown on a constant currency basis and relate to all customers whether risk or non-risk

## Fuel/Foreign Exchange

Our strategy of hedging the majority of our jet fuel and currency requirements for future seasons, as detailed below, remains unchanged. This gives us certainty of costs when planning capacity and pricing. The following table shows the percentage of our forecast requirement that is currently hedged for Euros, US Dollars and jet fuel for our Source Markets, which account for over 90% of our Group currency and fuel exposure.

	Winter 2016/17	Summer 2017	Winter 2017/18
Euro	100%	94%	59%
US Dollars	96%	88%	62%
Jet Fuel	93%	93%	82%

As at 24 March 2017

## Outlook

Overall, Winter 2016/17 and Summer 2017 are trading in line with our expectations. Our balanced portfolio of markets and destinations, our focus on growth in own hotel and cruise brands and our strong balance sheet put us in a robust position, despite the impact of macroeconomic and geopolitical challenges in certain source markets and destinations. We therefore reiterate our guidance of at least 10% growth in Group underlying EBITA in 2016/17<sup>1</sup>. We are continuing to deliver the transformation of the business, financed by our strong cash flows and the proceeds of disposals, which we believe will put us in an even stronger competitive position and create a less seasonal business for the long term.

## Half-Year Financial Report 2016/17

TUI Group will issue its H1 Interim results on Monday 15 May 2017 and hold a presentation for investors and analysts on the same day. Further details will follow.

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