H1 2016/17

TUI Group – financial highlights

€ million	Q2 2016/17	Q2 2015/16 restated	Var. %	H1 2016/17	H1 2015/16 restated	Var. %	Var. % at constant currency
Turnover	3,096.5	2,966.4	+ 4.4	6,382.4	6,178.7	+ 3.3	+ 8.2
Underlying EBITA[1]							
Northern Region	– 108.6	– 78.1	– 39.1	– 138.0	– 120.9	– 14.1	– 34.1
Central Region	– 91.4	– 83.6	– 9.3	– 143.7	– 110.6	– 29.9	– 29.8
Western Region	– 54.5	– 48.0	– 13.5	– 102.2	– 75.7	– 35.0	– 35.0
Hotels & Resorts	73.6	67.6	+ 8.9	122.8	96.0	+ 27.9	+ 31.0
Cruises	47.0	37.0	+ 27.0	75.0	49.3	+ 52.1	+ 58.5
Other Tourism	– 13.1	– 6.4	– 104.7	– 13.4	– 16.7	+ 19.8	+ 49.3
Tourism	**– 147.0**	**– 111.5**	**– 31.8**	**– 199.5**	**– 178.6**	**– 11.7**	**– 19.0**
All other segments	– 7.0	– 14.5	+ 51,7	– 14.8	– 27.8	+ 46.8	+ 31.8
TUI Group	**– 154.0**	**– 126.0**	**– 22.2**	**– 214.3**	**– 206.4**	**– 3.8**	**– 12.2**
Discontinued operations	– 3.1	– 0.5	– 520.0	– 15.3	– 21.8	+ 29.8	+ 37.5
Total	**– 157.1**	**– 126.5**	**– 24.2**	**– 229.6**	**– 228.2**	**– 0.6**	**– 7.4**
EBITA[2] (continuing operations)	– 182.4	– 138.1	– 32.1	– 251.9	–240.9	– 4.6	
Underlying EBITDA (continuing operations)	– 59.9	– 40.2	– 49.0	– 27.3	– 33.4	+ 18.3	
EBITDA (continuing operations)	– 82.1	– 45.6	– 80.0	– 52.3	– 53.1	+ 1.5	
Net loss for the period (continuing operaitons)	– 163.9	– 208.8	+ 21.5	– 245.5	– 346.9	+ 29.2	
Earnings per share (continuing operations) €	– 0.32	– 0.42	+ 23.8	– 0.51	– 0.69	+ 26.1	
Net capex and investments	365.9	113.9	+ 221.2	695.1	243.9	+ 185.0	
Equity ratio (31 March)[3] %				20.0	12.6	+ 7.4	
Net financial position (continuing operations as at 31 March)				– 1,404.1	– 1,579.6	+ 11.1	
Net financial position (discontinued operations as at 31 March)				305.6	172.9	+ 76.7	
Employees (continuing operations as at 31 March)				55,142	54,336	+ 1.5	

Differences may occur due to rounding.
Due to the following changes to segmental reporting, the prior year's reference figures were restated accordingly:
In Q2 2016/17, the hotel operating company Blue Diamond Hotels and Resorts Inc., St. Michael, Barbados, previously carried in the Northern Region segment, was integrated in the hotel business and has therefore now been reported within Hotels & Resorts. Moreover, the British cruise business Thomson Cruises, which had also previously been reported within the Northern Region segment, was transferred to the Cruises segment. Moreover, due to the planned disposal of Travelopia – a large part of the Specialist Group segment – Crystal Ski and Thomson Lakes & Mountains were reclassified to Northern Region. The remaining segment has been carried as a discontinued operation since 30 September 2016.

[1] In order to explain and evaluate the operating performance by the segments, EBITA adjusted for one-off effects (underlying EBITA) is presented. Underlying EBITA has been adjusted for gains/losses on disposal of investments, restructuring costs according to IAS 37, ancillary acquisition costs and conditional purchase price payments under purchase price allocations and other expenses for and income from one-off items.

[2] EBITA comprises earnings before net interest result, income tax and impairment of goodwill excluding losses on container shipping and excluding the result from the measurement of interest hedges.

[3] Equity divided by balance sheet total in %, variance is given in percentage points.

Delivering our transformation as the world's leading integrated tourism business

- Good overall performance in the first half driven by growth in Hotels & Resorts and Cruises, as well as delivery of merger synergies.
- Current trading for Summer 2017 remains in line with our expectations.
- Strength of the integrated model and balanced portfolio of markets and destinations enable us to continue to deliver sustainable growth.
- Travelopia disposal on track to complete during H2 2016 / 17; German airline JV negotiations ongoing.
- Reiterate our guidance of at least 10 % growth in underlying EBITA in 2016 / 17 [1].

[1] At constant foreign exchange rates applied in the current and prior period, and based on the current group structure.

H1 RESULTS AT A GLANCE

€ million	H1
Underlying EBITA H1 2015 / 16	**– 237**
Restatements (including Hotelbeds and Travelopia treated as discontinued operations)	31
Underlying EBITA H1 2015 / 16 restated [2]	**– 206**
Underlying trading	25
Merger synergies (corporate streamlining)	10
Year on year impact of aircraft financing	2
TUI fly sickness	– 24
Like for like underlying EBITA H1 2016 / 17 [2]	**– 193**
Easter timing impact	– 38
Foreign exchange translation	17
Underlying EBITA H1 2016 / 17 [2]	**– 214**

[2] Continuing operations

- In order to demonstrate better the performance of our hotel and cruise brands, results for Thomson Cruises and Blue Diamond hotels (formerly within Northern Region) are now reported within the Cruise and Hotels & Resorts segments. Prior year results have been restated accordingly.
- **Hotels & Resorts –** good performance by Riu, Robinson and Blue Diamond, with openings for Riu in Jamaica, TUI Blue in Tenerife and Blue Diamond in the Caribbean. Our popular brands, integrated model and strong presence in year round destinations continue to drive high levels of occupancy (Riu 88 %, overall Hotels & Resorts 75 %) whilst still delivering 5 % growth in average revenue per bed.
- **Cruises –** strong growth driven by TUI Cruises and Thomson Cruises as a result of the first Winter operations of Mein Schiff 5 and TUI Discovery, as well as increased earnings from Hapag-Lloyd Cruises.
- **Source Markets –** more relevant to more customers, with 3 % growth in customers and further progress in increasing direct and online distribution (73 % and 47 % respectively). The TUI rebrand is progressing well in Nordics and Belgium and our new customer IT platform has been rolled out to all markets.
- As outlined at Q1, the Source Markets result has been impacted by higher than normal levels of sickness in TUI fly in October 2016, as well as the impact of rebrand costs and the later timing of Easter.
- See Segmental Performance section on pages 7 to 11 for further detail.

CURRENT TRADING

WINTER 2016/17

Current trading for Winter has closed out in line with our expectations. We have delivered further expansion in our hotel and cruise brands, with openings for Riu, TUI Blue, Blue Diamond, as well as the first Winter of operations for Mein Schiff 5 (TUI Cruises) and TUI Discovery (Thomson Cruises). In Source Markets, customer growth has been driven by long haul, Canaries, Cape Verde and Cyprus, with a continued increase in customers staying in our own hotels.

SUMMER 2017

Summer 2017 remains in line with our expectations, with good overall demand for our hotel and cruise brands, and from our Source Markets. In our hotel brands, we recently opened a TUI Blue property in Tuscany, and will open another in Croatia this July. Subdued demand for Turkey and North Africa continue to be offset by the popularity of other destinations including Spain and Canaries, Greece, Cyprus, Cape Verde and Caribbean.

In Cruises, TUI Cruises will launch the newly built Mein Schiff 6 in June. The 2,500 berth ship will be based initially in Kiel (Germany) before moving to New Jersey for itineraries in the USA and Caribbean. Demand for cruises remains buoyant in Germany, and we remain pleased with the performance of the TUI Cruises fleet. Thomson Cruises continues its programme of modernisation with the launch of TUI Discovery 2. The 1,800 berth ship, recently acquired from Royal Caribbean, will be based in the Mediterranean this Summer before moving to the Caribbean for Winter 2017 / 18. We are pleased with sales for the new ship, as well as the performance of the rest of the Thomson Cruises fleet.

The Source Markets' programme, which includes sales of holidays to our own and third party hotels, is 62 % sold, in line with prior year. Bookings are 4 % ahead of prior year, with growth in demand for Greece, Bulgaria, Croatia, Cyprus, Cape Verde and long haul. We are also continuing to drive direct and online distribution, with bookings made via these channels up 4 % and 6 % respectively.

In the UK, despite the backdrop of Brexit, demand for our holidays remains resilient with the percentage of the programme sold in line with prior year. As previously outlined, revenue and selling price reflects to an extent the impact of currency cost inflation for Euro based destinations this Summer.

CURRENT TRADING SUMMER 2017*

YoY variation %	Total revenue	Total customers	Total ASP	Programme sold (%)
Northern Region	**8**	**1**	**7**	**63**
UK	8	0	8	65
Memo: UK incl. Thomson Cruises	10	1	8	65
Nordics	8	3	5	58
Central Region	**9**	**6**	**2**	**62**
Germany	7	4	3	62
Western Region	**8**	**4**	**4**	**61**
Benelux	7	3	3	61
Total source markets	**8**	**4**	**4**	**62**
Memo: Total source markets incl. Thomson Cruises	9	4	5	62

* These statistics are up to 7 May 2017, shown on a constant currency basis and relate to all customers whether risk or non-risk.

Trading by the Hotels & Resorts segment largely mirrors customer volumes in the source markets, as a high proportion of the Group owned hotel beds are taken up by TUI tour operators. In the Cruises segment, advance bookings were up year-on-year with sound demand levels, primarily due to continued fleet expansion.

Outlook

The Group has delivered a good H1 overall and Summer 2017 continues to trade in line with our expectations. We therefore reiterate our guidance of at least 10 % growth in underlying EBITA in 2016 / 17 (at constant foreign exchange rates applied in the current and prior period, and based on the current group structure.)

We are continuing to deliver our transformation as the world's leading integrated tourism business, focussed on own hotel and cruise brands, with growth enabled and de-risked by our strength in distribution and direct customer relationships, and financed by our strong operating cash flows and disposal proceeds. Whilst the turbulent macroeconomic and geopolitical backdrop is evident in certain destinations and markets, our operational experience, integrated model and balanced portfolio of markets and destinations mean that we are well placed to deal with these challenges and continue to deliver sustainable growth into the longer term.

EXPECTED DEVELOPMENT OF GROUP TURNOVER, UNDERLYING EBITA AND ADJUSTMENTS

€ million	2015/16 restated	Expected development vs. PY 2016/17*
Turnover	17,185	around 3 % growth
Underlying EBITA	1,001	at least 10 % growth
Adjustments	103	approx. € 100 m cost

* Variance year-on-year assuming constant foreign-exchange rates are applied to the result in the current and prior period and based on the current group structure; guidance relates to continuing operations and excludes any disposal proceeds for Travelopia and Hapag-Lloyd AG.

The expected development of adjustments has been updated to € 100 m in order to reflect the earlier recognition of restructuring costs in relation to the Transat integration. It is expected that this will be offset by lower net interest costs for the Group, reflecting the lower cost of debt finance.

Analyst and investor enquiries

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The presentation slides and the video webcast for Q2 2016/17 are available at the following link:
www.tuigroup.com/en-en/investors

Financial calendar

10 AUGUST 2017
Interim report Q3 2015/16

28 SEPTEMBER 2017
Trading Update

13 DECEMBER 2017
Annual Report 2016/17

FEBRUARY 2018
Annual General Meeting 2018