

TUI AG reaches agreement with private investors, banks and the German federal government on additional financing package of €1.8 billion, including an approx. € 500 million capital increase with subscription rights and a € 420 million convertible silent participation by the Economic Support Fund

Inside information pursuant to Article 17 MAR

Hannover, 2-Dec-2020, 15:40 CET: TUI AG has agreed with Unifirm Ltd., a syndicate of underwriting banks, KfW and the Economic Support Fund (Wirtschaftsstabilisierungsfonds – WSF) on a further financing package of € 1.8 billion for TUI.

The package includes

- a capital increase with subscription rights of approx. € 500m;
- a silent participation convertible into shares of TUI by the WSF of € 420m;
- a non-convertible silent participation by the WSF of € 280m;
- a state guarantee of € 400m, or, alternatively, a respective increase of the non-convertible silent participation by the WSF; and
- an additional credit facility by KfW of € 200m, and a prolongation of an existing credit facility by KfW until July 2022.

The financing package strengthens TUI's position and provides it with sufficient liquidity reserves in this volatile market environment. It also balances out the presumed travel restrictions until the beginning of the 2021 summer season.

The package became necessary due to the increasing travel restrictions caused by the rising number of infections and the associated more short-term booking behaviour of some customers.

This further financing package supplements the existing financing measures of the Federal Republic of Germany in the form of a KfW credit line at a total of € 2.85 billion and a WSF warrant bond of € 150 million with option rights for approx. 58.7 million shares.

The financing package includes a WSF financing measure in the form of a silent participation without a participation in losses generated by TUI, which can be converted into shares of TUI, in the amount of € 420 million (Silent Participation I), and a further silent participation with a participation in losses generated by TUI of € 280 million (Silent Participation II).

The conversion price for the WSF in respect of the Silent Participation I is € 1.00 per share. In case of a conversion of the Silent Participation I the WSF will obtain a participation in TUI of not more than 25% plus one share.

The agreement on the silent participations is, inter alia, subject to the approval of the European Commission under state aid rules, the granting of the necessary merger control approvals (where there is a prohibition on implementation) and the implementation of the other components of the financing package.

In addition, KfW has undertaken – subject to market standard conditions – to participate in a further secured credit line of € 200 million and to grant a prolongation of a portion of the existing KfW credit line. The prolongation relates to a part of the existing KfW credit line of € 500 million, which would have otherwise ceased to be available on 1 April 2021 and which will after the prolongation have the same maturity as the rest of the existing KfW credit line. The agreement on the participation by KfW is, inter alia, subject to the implementation of the other components of the financing package.

The financing package also provides for a reduction of TUI's share capital from € 2.56 per share to € 1.00 per share (without merging shares), followed by a

capital increase by means of a rights issue of approx. 509 million shares. The reduction of the share capital, the capital increase and the conversion rights of the WSF under the Silent Participation I are to be resolved at an extraordinary general meeting of TUI in January 2021. The subscription price shall be € 1.07 per share, implying net proceeds after fees and expenses of approx. €509 million. As TUI's largest single shareholder, holding approx. 24.89 % of the shares, Unifirm Ltd. has irrevocably committed to exercise its subscription rights in this capital increase (the Confirmed Acquisition Declaration).

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The remainder of the capital increase will be safeguarded through underwriting commitments, subject to certain terms and conditions. In this respect, Unifirm Ltd. has undertaken, in addition to its Confirmed Acquisition Declaration, and if the current shareholders do not subscribe to their new share entitlements, that it will (i) subscribe for further newly issued shares up to a total stake of 36%, where this is possible without making a mandatory offer to the other shareholders of TUI based on an exemption from BaFin under the German Securities and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) (the Conditional Commitment), and (ii) otherwise subscribe for further newly issued shares up to a total stake of 29.9% (the Unconditional Underwriting Commitment). The remaining part of the capital increase will be secured through a market standard underwriting by a banking syndicate, subject to terms and conditions in line with market practice for similar transactions, also as far as the aforementioned exemption for Unifirm Ltd. should not be granted by BaFin.

The proceeds of the capital increase will be used to repay € 300 million senior notes of TUI (due in October 2021) and so will provide a significant contribution to the extension of TUI's maturity profile. The remaining amount of the capital increase, and more generally the financing package, is intended to strengthen TUI's liquidity or to be used for general corporate purposes.

The financing measure shall also include a guarantee credit facility in the amount of € 400 million. The guarantee credit facility will be supported by a state guarantee, potentially including the federal states. It is intended to enable access to funds currently deposited for so-called cash collaterals by replacing the cash collaterals with guarantees. As an alternative, the Silent Participation II of the WSF will be increased.

Including the financing package now agreed, as of 30 November 2020 TUI has pro forma financial resources and credit facilities of € 2.5 billion post € 300m Senior Notes redemption.

In addition to the restrictions under the existing KfW loan, such as TUI's waiver of dividend payments and a restriction on share buy-backs, the silent participations by the WSF come with further restrictions, including relating to investments in other companies as long as the WSF remains invested. In addition, to the extent permitted by law, the Executive Board and the Supervisory Board shall procure that two persons nominated by the WSF become members of the Supervisory Board of TUI.

Given the UK Listing Rules applicable to TUI as a premiumlisted company on the London Stock Exchange, TUI points out the following: the maximum aggregate underwriting commitment of Unifirm Ltd. (for the purposes of the UK Listing Rules, i.e. beyond the exercise of the subscription rights for Unifirm's existing stake in TUI as per the Confirmed Acquisition Declaration) is € 130.7 million and it, together with the maximum fees payable, falls within the smaller related party transactions provisions of UK Listing Rule 11.1.10R. Unifirm Ltd. will receive an underwriting fee of 2.75% for its Unconditional Underwriting Commitment and an underwriting fee of 2.00% for its Conditional Underwriting Commitment.

As required by Listing Rule 11.1.10R, Merrill Lynch International, which is acting as joint sponsor, together with Deutsche Bank AG, London Branch, to TUI for

UK Listing Rules purposes in respect of the related party transaction described above, has provided written confirmation to TUI that the terms of Unifirm Ltd.'s underwriting commitments, in its opinion, are fair and reasonable as far as the shareholders of TUI are concerned.

Not least in view of the imminent availability of vaccines against COVID-19, TUI expects a significant reduction in current travel restrictions, and thus a significant further improvement in its working capital and liquidity situation.

Holidays continue to be a high priority for our customers, and we continue to work on different demand scenarios for the coming seasons.

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DISCLAIMER

This announcement contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market fluctuations, the

development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. Actual results may also differ from those expressed or implied in the forward-looking statements as a result of the effects of the COVID-19 pandemic and uncertainties about its impact and duration. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement.

The shares of the Company are not and will not be registered under the U.S. Securities Act of 1933, as amended (Securities Act), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

Deutsche Bank, AG (London Branch) and Merrill Lynch International are each acting exclusively for TUI AG in connection with the related party transaction described above and for no one else and will not be responsible to anyone other than TUI AG for providing the protections afforded to their respective clients or for providing advice in relation to such matters.

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