TUI GROUP

8 December 2021

TUI GROUP

Full-year results to 30 September 2021

FY21 Q4 FINANCIAL HIGHLIGHTS

- Q4 Group revenue of €3.4bn, up €2.1bn versus FY20 Q4, reflecting the success of vaccination programmes and the rebound of leisure travel, particularly across Continental Europe during the Summer
- Q4 delivered first positive Group quarterly EBITDA of €160m since start of pandemic
- Almost break-even Q4 Group Und. EBIT result of €97m loss, incl. €60m one-offs, delivered on reduced volumes
- First positive quarterly EBIT delivered in Q4 by Hotels & Resorts, Central and Western Regions, since start of pandemic, demonstrating the swift return of profitable contribution when we are permitted to operate more substantially
- ~60% of Global Realignment Programme savings realised in FY21, with further ~25% to follow in FY22 - on track to deliver full target of ~€400m p.a. by 2023
- Strong Q4 FCF (before financing) of €1.4bn, second consecutive positive FCF quarter since start of pandemic
- Year-end net debt of €5.0bn, a reduction of €1.4bn since Q3 and €3.9bn[1] on a pro-forma basis including €1.1bn capital increase completed post balance sheet
- Extension of RCF maturities by 24 months and therefore no major maturities until July 2024
- More than €2bn of refinancing achieved in less than 12 months since agreeing third state support package (Dec 2020) - significant steps towards returning to gross leverage ratio[2] of around 3x
    - Issue of €590m of Convertible Bonds
    - Progress on asset-right strategy, with sale of real-estate portfolio to Riu family for €541m
    - €1.1bn capital increase (concluded early November 21)
- Credit rating upgrades from Moody's to B3 and S&P to B- confirmed during course of capital increase

FY21 Q4 OPERATIONAL HIGHLIGHTS

- Hotels & Resorts achieved Q4 average occupancy of 66% and average rate per bed of €73, with 92% of our group portfolio reopened as of 30 September (331 hotels in operation out of 359 group portfolio) versus 79% of group portfolio as at end of Q3
- Cruises - 14 ships out of 16 total fleet were in operation as of 30 September, including our brand-new expedition class Hanseatic spirit which joined Hapag-Lloyd Cruises fleet in August 2021. Average occupancies across our three cruise brands in the final quarter ranged between 39% and 53%
- TUI Musement operated over 1m excursions, tours and activities in Q4, with 41% of sales booked online
- 3.8m Markets & Airlines customers departed in Q4 with 83% departing from our Central and Western Regions
- 50% capacity operated by Markets & Airlines for the July to October period in line with expectations

LATEST DEVELOPMENTS

- Encouraging pipeline of 4.1m bookings across both Winter 21/22 and Summer 22, with 1.4m bookings added since 3 October (2.7m bookings)
- The increased media coverage of rising incident rates and the emergence of new Omicron variant has weakened this positive momentum, particularly for Winter
- Winter 21/22 bookings[3] are 62% of Winter 18/19 levels with ASP up 15%
- Trading continues to be in line with winter capacity assumption of ~60% to ~80%, with Q1 already 93% sold, if current sentiment prevails, winter capacity will likely be modified towards the lower end of our assumptions
- Proven operational track record to adapt flexibly, due to advantage of integration
- Easter (April) well-booked, with bookings to date at ~90% Winter 18/19 levels, predominantly booked by the UK
- Summer 2022 well-booked and in line with current capacity assumptions, with ASP strongly up 23%[4]
- UK May bookings[4] already 52% sold

LIQUIDITY

- As of 6 December, we have a strong liquidity position of €3.5bn, with the recent capital increase offsetting the lower winter working capital swing in Q1 (versus norm)
- We are well prepared for the remainder of the winter season and to weather any change in the booking environment

STRATEGIC PRIORITIES

- Ongoing priorities – we will continue with our disciplined cash management, drive operating effectiveness, maximise opportunities to de-lever and continue our debt reduction in order to return to a solid and healthy balance sheet
- Our growth opportunities will be driven by the expansion of our tours & activity segment, accelerated digitalisation, our increased offer of dynamic packaging, growth through asset-right financing structures and execution of our Global Realignment programme. The combination of these drivers will enable us to emerge stronger, leaner, more digitalised and more agile, and ready to exploit market recovery and growth opportunities.
- TUI is strategically well positioned and will benefit from the strong rebound in the leisure industry.
- Mid-term ambitions – we expect underlying EBIT to significantly build on FY19[5], driven by both top-line growth and benefits from our Global Realignment Programme, with a target to return to gross leverage ratio[2] of less than 3.0x

1 Pre-winter seasonal swing
2 Defined as gross debt (financial liabilities including lease liabilities and net pension obligation, divided by underlying EBITDA (IFRS16 basis)
3 Bookings up to 28 November 2021 compared to Winter 2018/2019 programme (undistorted by C-19), relate to all customers whether risk or non-risk and includes amendments and voucher re-bookings
4 Bookings up to 28 November 2021 compared to Summer 2019 programme (undistorted by C-19), relate to all customers whether risk or non-risk and includes amendments and voucher re-bookings
5 FY19A Underlying EBIT of €893m excluding €293m Boeing MAX cost impact

ANNUAL REPORT AND FY21 RESULTS INVESTOR & ANALYST AUDIO WEBCAST

Our year-end announcement and a full copy of our Annual Report can be found on our corporate website: http://www.tuigroup.com/en-en/investors. An audio webcast for investors and analysts will take place today at 09.30 GMT / 10.30 CET. Our year-end presentation alongside details of the webcast, will be made available via our website beforehand.

FY21 Q4 KEY FINANCIALS (IFRS16 basis)

Year ended 30 September €m	**Q4 2021**	Q4 2020 Adjusted[8]	**Change**
Revenue	**3,366**	1,233	-173%
Underlying EBIT[6]	**-97**	-1,030	n.m
Reported EBIT[7]	**34**	-725	n.m
Loss before tax	**-71**	-836	n.m
Group loss attributable to shareholders of TUI AG	**-58**	-806	n.m
Underlying loss per share	**-€0.20**	-€1.92	n.m
Net debt	**-4,954**	-6,421	+1,467

6 Underlying EBIT has been adjusted for gains on disposal of investments, major gains and losses from the disposal of assets, major restructuring and integration expenses. The indicator is also adjusted for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments
7 Reported EBIT comprises earnings before net interest result, income tax and result from the measurement of interest hedges
8 FY20 is adjusted to IFRS16

FY21 RESULTS Q4 BRIDGE

- Almost break-even Q4 Group Underlying EBIT result of €97m loss, incl. €60m one-offs, delivered on reduced volumes.
- Demonstrating the advantage of our diversified model and distribution power, our Hotels & Resorts, Central and Western Regions delivered their first positive quarterly underlying EBITs since the start of the pandemic.

In €m (IFRS16 basis)	
FY20 Q4 Underlying EBIT (adjusted)[8]	**(1,030)**
Holiday Experiences	+289
Markets & Airlines	+530
All other segments	+10
One-offs	
Prior Year Non-repeat of Impairments	+105
Prior Year Non-repeat of Net Hedging Ineffectiveness	+59
Current Year Impairments	-29
Current Year Net Hedging Ineffectiveness	-31
FY21 Q4 Underlying EBIT at actual rates	**-97**

Q4 Underlying EBIT in €m (IFRS 16 basis)	FY21 Q4 at actual rates	FY20 Q4 at actual rates[8]	Variance at actual rates
Hotels & Resorts	115.9	-87.2	+203.1
Cruises	-42.9	-124.9	+82.1
TUI Musement	-8.6	-47.4	+38.9
Holiday Experiences	**64.5**	**-259.6**	**+324.1**
Northern Region	-257.7	-368.5	+110.8
Central Region	48.8	-213.8	+262.6
Western Region	70.8	-147.8	+218.6
Markets & Airlines	**-138.1**	**-730.1**	**592.0**
All other segments	-23.2	-40.4	+17.2
Total TUI Group	**-96.9**	**-1,030.0**	**+933.2**

- **Hotels & Resorts saw its first positive quarterly underlying EBIT result since the start of the pandemic in Q4, demonstrating the strength of our business model to restart operations quickly in an uncertain environment.**
  - Our diversified and integrated model has been a clear advantage in the current environment, with differing regional restrictions enabling an earlier reopening of some of our destinations, such as Mexico, which was able to host domestic and US customers, helping to deliver a good occupancy rate of 76% in Q4. Our integration enabled us to distribute customers to our own content first, with key destinations such as the Canaries and Greece also delivering good occupancies of 76% and 75% respectively, in the final quarter.
  - These advantages resulted in a €203m improvement in Q4 underlying result, delivering the segment's first positive quarterly underlying EBIT of €116m since the start of the pandemic (FY20 Q4: €87m loss). This improvement includes a €18m non-repeat benefit from impairments charged in Q4 of the prior year (triggered under IAS 36).
  - Q4 occupancy rate increased by 19% pts to 66% (FY20 Q4: 47%) as a result. Average rate per bed increased by 15% to €73 due to mix and normalisation in pricing as volumes recovered (FY20 Q4: €64).
  - 331 of our group hotels were operating (92% of 359 group hotels) as at the end of the financial year.

- **Cruise – Q4, the first quarter with all three Cruise brands in operation since the start of the pandemic.**
  - The Cruise segment reported a Q4 underlying EBIT loss of €43m (FY20 Q4: €125m loss including impairments of €22m). The improvement of €82m year-on-year reflects the fuller return of all three cruise brands, with both TUI Cruises and Hapag-Lloyd Cruises resuming original itineraries to the Mediterranean in the final quarter and Marella resuming its operation in Q4, after a near fifteen-month hiatus, offering itineraries around the British Isles and to the Mediterranean.
  - Q4 occupancy rates ranged between 39% and 53% across our cruise brands, with an element of capped occupancy requirements still in place by some destinations, and shorter lead time to market itineraries, particularly in the UK, limiting the opportunity.
  - 14 ships out of 16 total fleet were in operation as of 30 September 2021 (including the new expedition class Hanseatic spirit which joined Hapag-Lloyd Cruises in August 2021).

- **TUI Musement saw a higher number of customers travelling this Summer versus prior year as travel restrictions and social distancing requirements eased, with much of the volume driven by our Markets & Airlines business.**
  - Q4 underlying EBIT loss of €9m, a €39m improvement on prior year (FY20 Q4: €47m loss) reflects the improved environment for travel and clear benefits of our integrated model, with more than 1m excursions and activities sold in the final quarter.
  - 41% of Q4 sales were online with App sales increasing 226% across the year
  - We continue to accelerate and enhance our digital transformation at TUI Musement, adapting our "Digital First" service model to ensure we remain guest centric throughout all channels, providing support and expertise in resort both in person and through our dedicated TUI App 24-7 when needed.

- **Markets & Airlines – Central & Western Regions returned to a positive underlying EBIT result, their first positive quarter since start of the pandemic.**
  - Our Markets & Airlines business delivered a €592m improvement in Q4 versus prior year (FY21 Q4: €138m loss vs. FY20 Q4: €730m loss), benefitting from savings achieved by our Global Realignment Programme as well as from a €56m non-repeat benefit of impairments charged in Q4 of the prior year (triggered under IAS 36).
  - The earlier easing of travel restrictions by the EU, enabled both our Central and Western Regions in Q4 to deliver a first quarter of positive underlying EBIT since the start of the pandemic, demonstrating not only the clear demand

for leisure travel when permitted without restrictions, but the continued appetite for TUI holidays as well as our advantaged position to quickly restart due to our integration.

- A total of 3.8m customers departed for their holidays during Q4, with 83% departing from our Central and Western Region markets. Overall volume in the final quarter improved by 103% year-on-year (FY20 Q4: 1.8m) reflecting the wider lifting of travel restrictions, supported by the successful roll-out of vaccination programmes.

GLOBAL REALIGNMENT PROGRAMME – TARGETED SAVINGS OF ~€400M P.A. BY FY23

In May 2020, we announced our Global Realignment Programme to address group-wide costs, with a target of permanently saving more than €400m per annum by FY23. In the financial year ending September 2021, ~60% of our announced targeted savings had been delivered. Savings have been most significantly delivered across the Markets & Airlines division (~85% of savings to date), which has been achieved through reductions of our retail shop estate and significant down-sizing of our German airline fleet of 39 aircraft (June 2020) by ~40%. The remaining FY21 savings were delivered across corporate head office functions and other entities, TUI Musement and Hotels & Resorts. Of our announced 8k FTE roles impacted, 7k FTEs have been agreed to date. We expect to deliver a further 25% of our targeted savings in FY22 and to deliver the full programme benefits by end of FY23. To continue to deliver our targets we expect remaining restructuring costs of ~€70m in FY22.

The continued execution of our Global Realignment Programme combined with accelerated digitalisation, expansion of our tours & activity segment, growth through asset-right financing structures, enables TUI to emerge stronger, leaner, more digitalised and more agile, and ready to exploit market recovery and growth opportunities.

NET DEBT

The year-end net debt position of €5.0bn (IFRS 16 basis) is an improvement of €1.4bn from 30 June 2021 net debt position of €6.3bn. The improvement in the final quarter reflects cash proceeds generated by the Riu real-estate disposal and cash flow generated by our operations, which were used to reduce our KfW RCF to €0.4bn, in line with our pro-forma net debt expectations.

Post balance sheet date, we concluded a capital increase of €1.1bn in early November 2021, improving our pro-forma net-debt position to €3.9bn (pre-winter seasonal swing).

CURRENT TRADING

Hotels & Resorts - 256 hotels in operation (72% of total group owed portfolio) as of end of October, reflecting the winter seasonality as some our short-haul Mediterranean destinations close for the winter months (vs. 331 hotels /92% of total group owed portfolio as of end of September). We expect the Caribbean and the Canaries to remain key winter destinations for both our Markets & Airlines and third-party customers, with our diversified and integrated model delivering clear advantages in the current environment.

Cruises - TUI Cruises will be operating 5 out of its 7 Mein Schiff fleet over the Winter 21/22 season with Hapag-Lloyd Cruises operating its full fleet of 5 ships. Winter destinations for the Mein Schiff fleet include the Caribbean, the Canaries and the Emirates. Hapag-Lloyd Cruises will be resuming its original around-the-world cruise itinerary over the winter, as well as operating in the Emirates and Northern Europe, with two of its three expedition ships returning also to Antarctica. The short-term booking environment continues, with bookings strong in September and October, however November softer in light of recent sentiment and news flow. As a result, incoming bookings for H1 2022 are slightly behind pre-C-19 comparable periods, but at significantly higher rates. Bookings for H2 2022 and 2023 are level with pre-C19 comparable periods, at higher rates.

Marella Cruises is currently operating 3 out of its 4-ship fleet for its winter programme. Explorer is sailing in the Canaries, Explorer 2 in the Western Mediterranean and Discovery in the Caribbean, with Barbados itinerary in particular well sold. The current short-term booking pattern we see for Markets & Airlines is also evident for UK Cruise, with stronger late demand for short and medium-haul itineraries. Discovery 2 is expected to re-join the fleet from March, sailing out of Palma. Summer 22 bookings remain well-positioned with strong retention levels.

TUI Musement - Excursions, tours and activities to develop in line with operations and capacity operated by Markets & Airlines for Winter 21/22, in line with winter seasonality.

Winter 2021/22 – Bookings[3] at this stage are 62% of Winter 18/19 levels. Prior to recent news coverage, bookings were returning to normalised W18/19 levels, with 863k bookings taken since last update on 3 October and ASPs strong at up 15%.

Q1 capacity plans already reflect a relatively lower winter volume and is well sold at 93%, however in light of recent trends, capacity will likely be modified towards the lower end of our winter capacity plans of between ~60% and ~80%. We expect the current short-term booking behaviour to continue. Easter (April) is well-booked, with bookings to date at ~90% of Winter 18/19 levels, predominately booked by the UK.

Summer 2022 – We have a very encouraging pipeline of 2.2m bookings[4], which is an increase of 535k bookings since our last update on 3 October, driven by a mix of re-bookings and new bookings, reaffirming the intention to travel and continued appetite for a TUI summer holiday. The UK, which is typically the most advanced booked due to the earlier launch of its Summer programme, is already 52% sold for May with total Markets & Airlines bookings for the key August holiday period up 17%. Overall Summer bookings[4] are down 3% and ASP is up strongly at 23% (versus Summer 19), reflecting the higher mix of packages. At this early stage, we believe Summer 22 volumes will recover close to normalised Summer 19 levels, supported by the stronger starting position and a travel environment underpinned by the continued success of vaccinations.

It remains difficult to forecast the further course of the pandemic and its impact on customer behaviour. In view of the uncertain environment, the Executive board believes it would not be appropriate to issue a specific forecast for the new financial year 2022 at this time.

FY21 FY KEY FINANCIALS (IFRS16 basis)

Year ended 30 September €m	**2021**	2020 Adjusted[8]	**Change**
Revenue	**4,732**	7,944	-40%
Underlying EBIT[6]	**-2,075**	-2,997	+31%
Reported EBIT[7]	**-2,013**	-2,927	+31%
Loss before tax[9]	**-2,462**	-3,203	+23%
Group loss attributable to shareholders of TUI AG	**-2,467**	-3,148	+22%
Underlying loss per share[10]	**-€2.28**	-€5.56	+59%
Dividend per share	**€0.00**	€0.00	n.a
Net debt	**-4,954**	-6,421	+1,467

6 Underlying EBIT has been adjusted for gains on disposal of investments, major gains and losses from the disposal of assets, major restructuring and integration expenses. The indicator is also adjusted for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments.
7 Reported EBIT comprises earnings before net interest result, income tax and result from the measurement of interest hedges
8 FY20 is adjusted to IFRS16
9 For reconciliation of loss/earnings before tax to underlying EBIT, please refer to page 58 of the Annual Report
10 For calculation of underlying loss/earnings per share please refer to page 34 of the Annual Report

FY21 FY RESULTS BRIDGE

In €m (IFRS16 basis)	
FY20 FY Underlying EBIT (adjusted)[8]	**(2,997)**
Holiday Experiences	-48
Markets & Airlines	+68
All other segments	+50
One-offs	
Prior Year Non-repeat of Impairments	+515
Prior Year Non-repeat of Net Hedging Ineffectiveness	+248
Prior Year Non-repeat MAX costs	+72
Prior Year Non-repeat C-19 repatriation and compensation costs	+43
Current Year Impairments	-66
Current Year Net Hedging Ineffectiveness	+40
FY21 FY Underlying EBIT at actual rates	**-2,075**

FY Underlying EBIT in €m (IFRS 16 basis)	**FY21 at actual rates**	**FY20 at actual rates[8]**	**Variance at actual rates**
Hotels & Resorts	-152.7	-395.2	+242.5
Cruises	-277.5	-322.3	+44.8
TUI Musement	-105.3	-114.0	+8.7
Holiday Experiences	**-535.4**	**-831.5**	**+296.1**
Northern Region	-965.8	-960.9	-4.9

Central Region	-328.6	-612.5	+283.9
Western Region	-176.6	-433.7	+257.1
Markets & Airlines	**-1,470.9**	**-2,007.1**	**+536.2**
All other segments	-69.1	-158.4	+89.3
Total TUI Group	**-2,075.5**	**-2,997.0**	**+921.5**

ANALYST & INVESTOR ENQUIRIES

Mathias Kiep, Group Director Investor Relations, Controlling and Corporate Finance — Tel: +44 (0) 1293 645 925
+49 (0) 511 566 1425

Nicola Gehrt, Director, Head of Group Investor Relations — Tel: +49 (0) 511 566 1435

Contacts for Analysts and Investors in UK, Ireland and Americas

Hazel Chung, Senior Investor Relations Manager — Tel: +44 (0) 1293 645 823
James Trimble, Investor Relations Manager — Tel: +44 (0) 1582 315 293

Contacts for Analysts and Investors in Continental Europe, Middle East and Asia

Ina Klose, Senior Investor Relations Manager — Tel: +49 (0) 511 566 1318
Vera Weißwange, Junior Investor Relations Manager — Tel: +49 (0) 511 566 1425