A scenic winter landscape featuring snow-covered mountains, a calm turquoise lake, and a rocky shoreline with patches of snow and ice. The sky is overcast with soft light.

# Q1 2015/16 Results

9 February 2016

## Forward-Looking Statements

*This presentation 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. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.*

# Agenda

- |          |                              |                     |
|----------|------------------------------|---------------------|
| <b>1</b> | <b>Review of the Quarter</b> | <b>Fritz Jousen</b> |
| 2        | Financial Performance        | Horst Baier         |
| 3        | Current Trading & Outlook    | Fritz Jousen        |
| 4        | Q&A                          |                     |

# Opening Remarks

- **Good underlying performance in Q1 in spite of geopolitical events**
  - 7.2%\* growth in underlying EBITA (including non-repeat of Riu Waikiki disposal gain)
  - Continued cessation of flights to Sharm el Sheik – Egypt programme halved this Winter
  - Tunisia remains closed
- **Significant shift in demand away from Turkey**
  - 14% of the Source Markets' programme in Summer 2015
  - Bookings currently down ~40%, with load factor 25% (down 5% points on prior year)
- **Our scale business model and own hotel content mean that we are resilient in this changing landscape**
  - Have acted quickly to remix tour operator capacity to alternative, profitable destinations
  - Own hotels in other destinations (e.g. Spain, Canaries) benefitting from shift in demand

**Therefore reiterate guidance of at least 10% underlying EBITA growth\***

\* At constant currency rates

## Review of the Quarter

**Brand turnover: €4.4bn  
+6.9% / +4.3%\***

**Turnover: €3.7bn  
+5.4% / +2.5%\***

**Underlying EBITA: €-102m  
+3.0% / +7.2%\***

**Reported EBITA: €-138m  
+2.8% / +6.4%\***

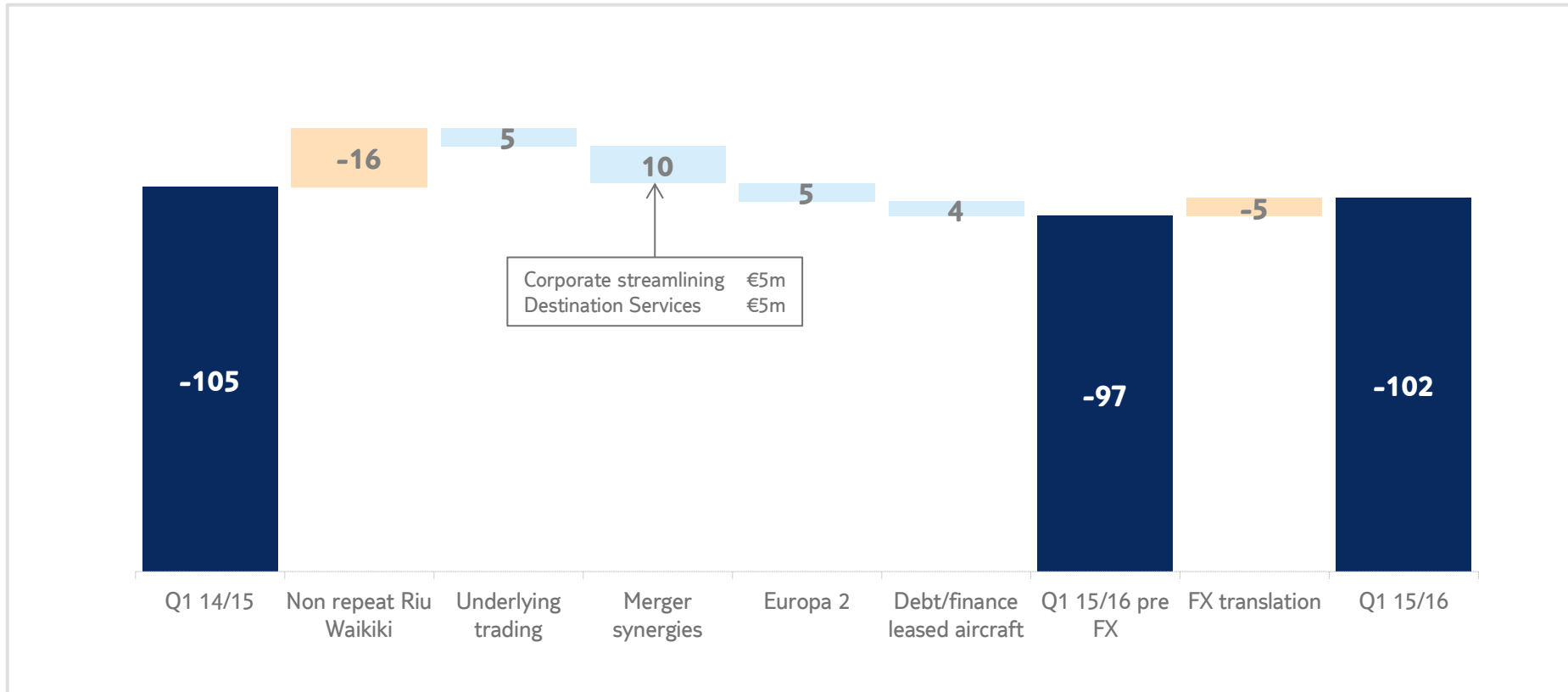
- **Brand turnover growth** driven by Northern Region and Cruises
- **7.2%\*** improvement in underlying EBITA loss, including non-repeat of prior year Riu Waikiki gain on disposal (€16m)
- **Northern Region and Riu** have performed particularly well and we remain pleased with demand and yield performance in **Cruises**
- Further **€10m merger synergies** delivered in the quarter in relation to corporate streamlining and Destination Services
- Disposal process for **Hotelbeds** on track

**Continuing to deliver against our growth plans**

\* At constant currency rates

# TUI Group

## Underlying EBITA Bridge Q1 2015/16 in €m



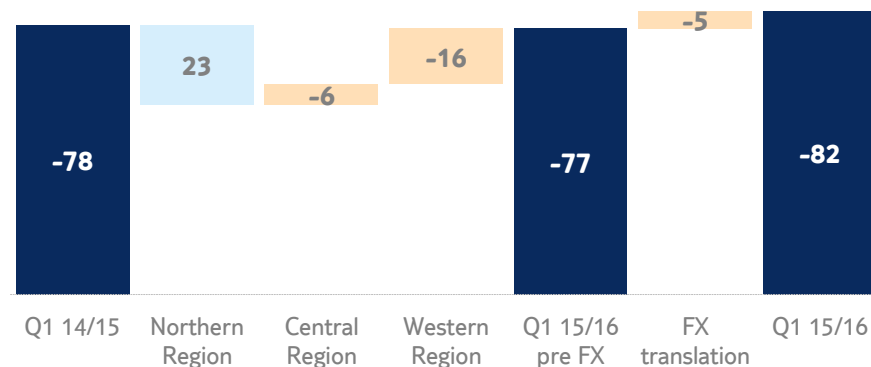
**7.2% improvement in underlying EBITA loss at constant currency**

# Source Markets

## Turnover and Earnings (€m)

	Q1 15/16	Q1 14/15	%
Turnover	2,809.5	2,670.7	5.2
Underlying EBITA	-81.8	-77.6	-5.4

## Bridge Underlying EBITA (€m)



### Business development Q1 2015/16\*



#### Northern Region +€23m:

- Strong UK trading performance at end of Summer, in particular Canaries, long haul and cruise.
- Nordics result ahead of prior year, driven by trading margin improvement and good demand for long-haul programme.

#### Central Region -€6m:

Decrease driven by Germany where trading conditions continue to be difficult due to competitive pressures, compounded by lower demand for North Africa and Turkey and lower Canaries margins.

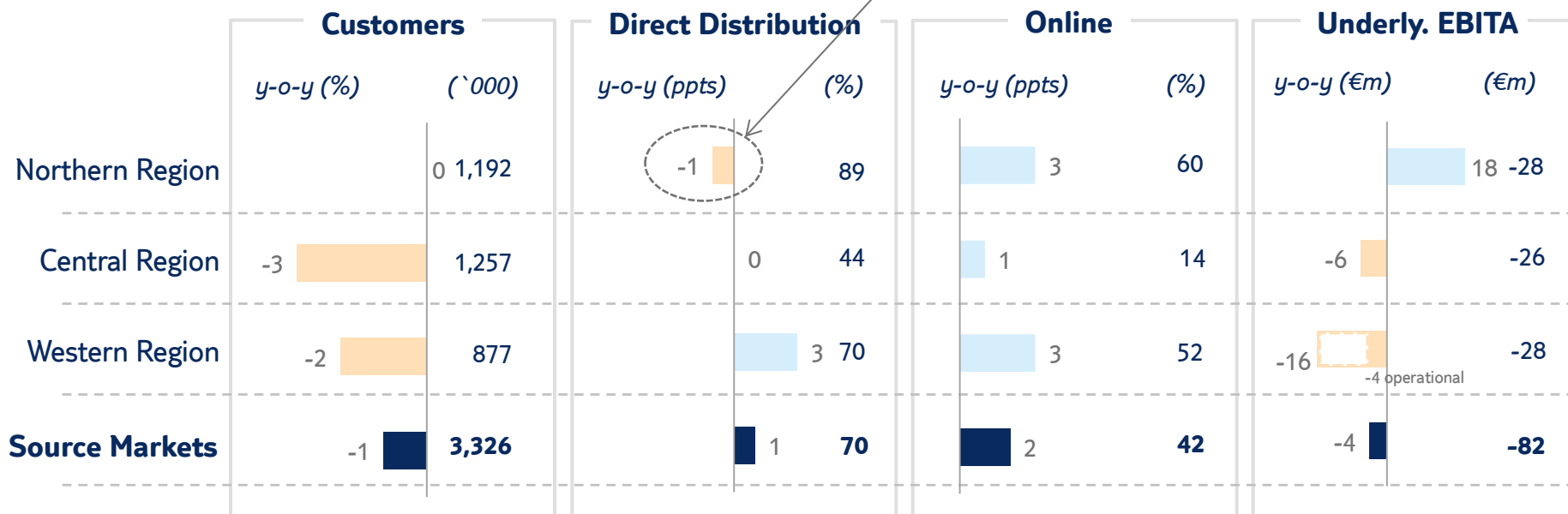
#### Western Region -€16m:

Operational result down €4m primarily due to phasing of Netherlands rebranding costs. Prior year Q1 result included €12m non-recurring credit.

\* At constant currency rates

# Source Markets KPIs Q1 2015/16

Planned reduction in UK shops in Q1



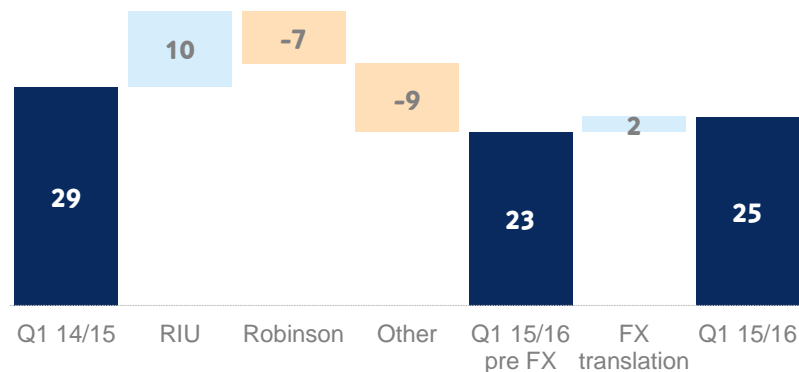


# Hotels & Resorts

## Turnover and Earnings (€m)

	Q1 15/16	Q1 14/15	%
Total Turnover	270.6	250.0	8.2
<i>o/w Turnover 3rd party</i>	132.4	118.0	12.2
Underlying EBITA	25.2	28.7	-12.2
<i>o/w Equity result</i>	8.1	2.5	224.0

## Bridge Underlying EBITA (€m)



### Business development Q1 2015/16\*



#### RIU +€10m:

Strong operating performance with 2.3% point improvement in occupancy and 12.7% increase in average rate per bed, with particularly good performance in the Canaries and Mexico. Partly offset by non-repeat of Riu Waikiki €16m profit on disposal in prior year.

#### Robinson -€7m:

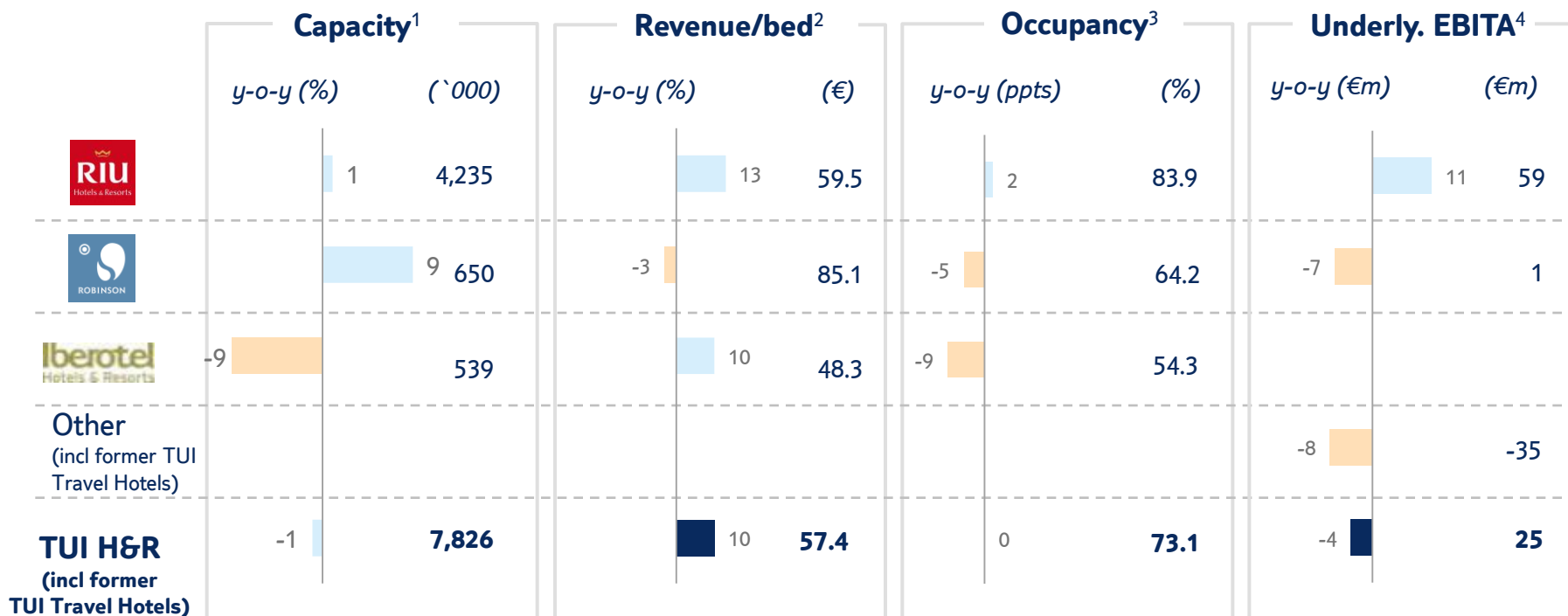
Phasing impact of investment in marketing to grow the brand. Q1 also includes impact of leased property in Tunisia (new in Summer 2015) and lower demand for Turkey.

#### Other -€9m:

Result impacted by recent events in Egypt and lower demand for Turkey.

\* At constant currency rates

# Hotels & Resorts KPIs Q1 2015/16



## KPIs restated to include former TUI Travel Hotels

<sup>1</sup> Group owned or leased hotel beds multiplied by opening days per quarter

<sup>2</sup> Arrangement revenue divided by occupied beds

<sup>3</sup> Occupied beds divided by capacity

<sup>4</sup> Segment figures

Note: capacity, revenue/bed and occupancy have been restated to exclude Grecotel which was disposed during 2014/15

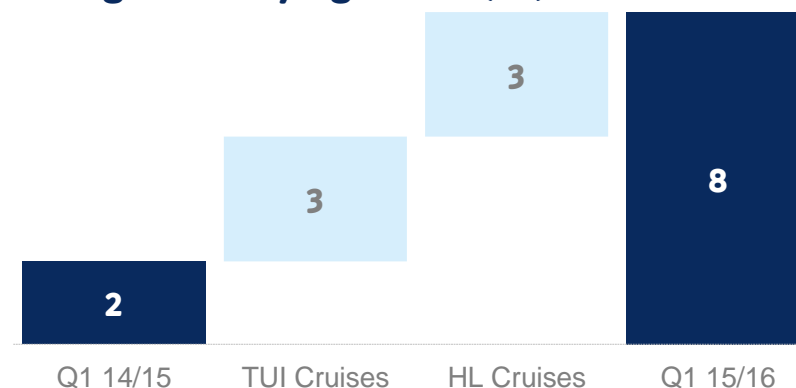
# Cruises

## Turnover and Earnings (€m)

	Q1 15/16	Q1 14/15	%
Turnover HL Cruises	53.9	53.5	0.7
<i>Memo: TUI Cruises Turnover</i>	175.6	131.6	33.4
Underlying EBITA	8.2	2.0	310.0
<i>o/w TUI Cruises*</i>	13.2	10.3	28.2

\* TUI Cruises joint venture (50%) is consolidated at equity

## Bridge Underlying EBITA (€m)



### Business development Q1 2015/16

#### TUI Cruises +€3m:

- Good demand and yield performance including Mein Schiff 4 (launched June 2015).
- Prior year result included €2m benefit in respect of the release of a shipyard loan provision.

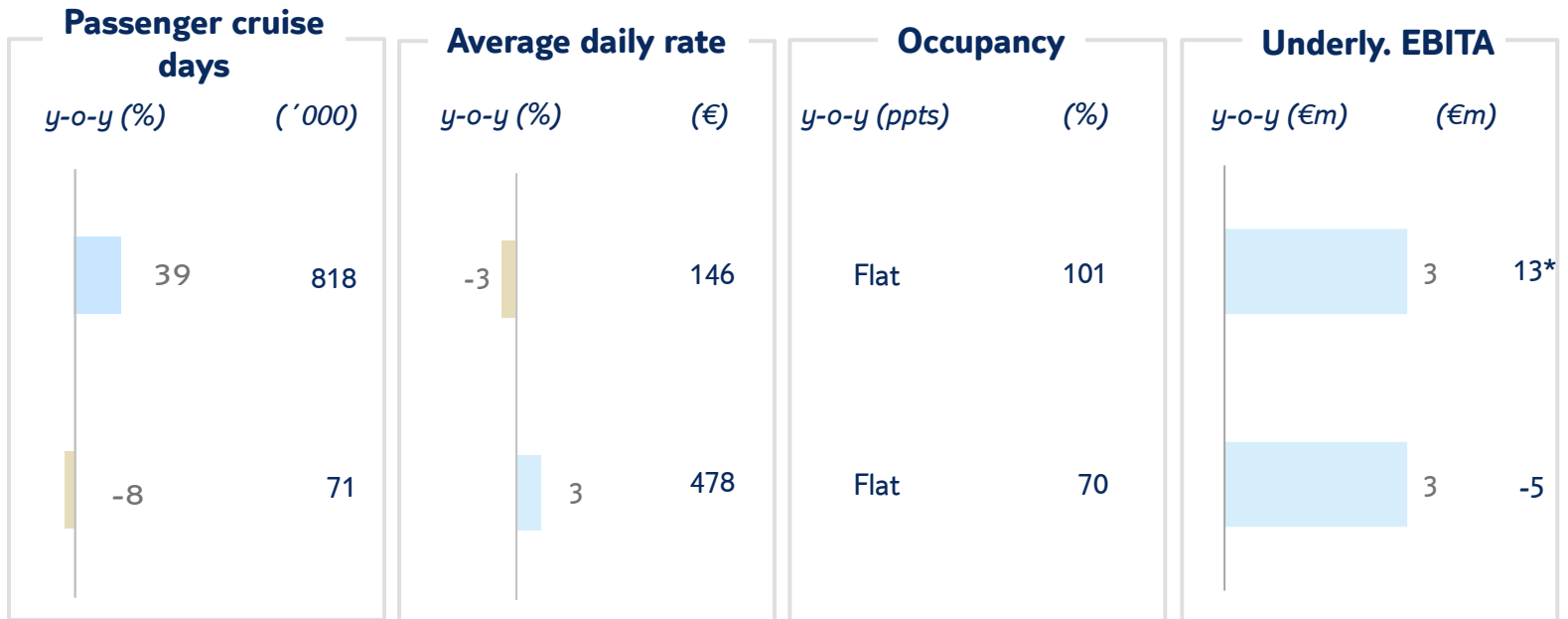
#### Hapag-Lloyd Cruises +€3m:

Result includes the benefit of refinancing Europa 2 (€5m) in January 2015, offset partly by planned dry dock period for Europa and Hanseatic (€2m).



# Cruises

## KPIs Q1 2015/16



\* Equity result

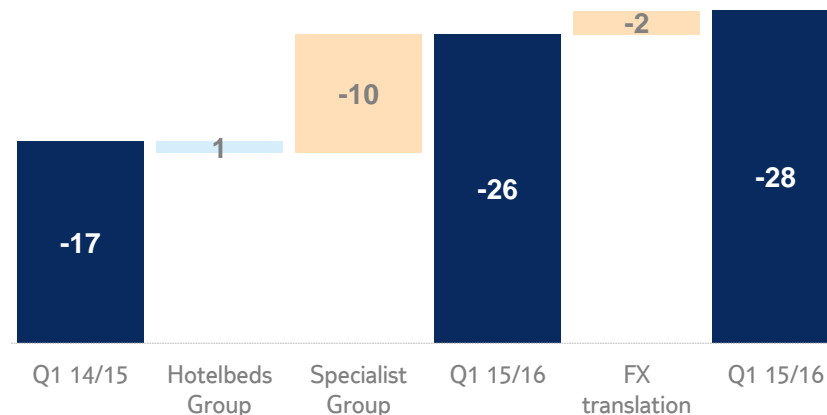


# Specialist Travel

## Turnover and Earnings (€m)

	Q1 15/16	Q1 14/15	%
Turnover	543.0	504.1	7.7
Underlying EBITA	-28.3	-17.3	-63.6

## Bridge Underlying EBITA (€m)



### Business development Q1 2015/16\*



#### Hotelbeds Group +€1m:

- Continues to out-perform the market – bedbank TTV up 17%, roomnights up 10%
- Disposal process on-track

#### Specialist Group -€10m:

Disappointing performance, mainly driven by adverse trading in ski (due to poor snow conditions), adventure (impacted by geopolitical events) and US tour operators.

\* At constant currency rates

# Financial Performance

Horst Baier

# Income Statement

In €m	Q1 2015/16	Q1 2014/15
Turnover	3,718.4	3,526.4
<b>Underlying EBITA</b>	<b>-101.7</b>	<b>-104.8</b>
Adjustments	-35.8	-36.6
<b>EBITA</b>	<b>-137.5</b>	<b>-141.4</b>
Net interest expense	-41.1	-66.6
Hapag-Lloyd AG	-41.6	0.9
<b>EBT</b>	<b>-220.2</b>	<b>-207.1</b>
Income taxes	59.5	74.9
<b>Group result continuing operations</b>	<b>-160.7</b>	<b>-132.2</b>
Discontinued operations	-3.2	-4.0
Minority interest - TUI Travel	-	49.8
Minority interest - all other	-20.1	-18.2
<b>Group result after minorities</b>	<b>-184.0</b>	<b>-104.6</b>
Hybrid dividend	-	-5.7
<b>Basic EPS (€)</b>	<b>-0.32</b>	<b>-0.32</b>

**Adjustments €36m** comprise PPA (€20m), merger-related costs (€2m) and other one-off items (€14m)

**Interest** decrease of **€26m** driven by :

- Lower convertible bond interest (€22m) and non-repeat of merger related charges (€18m)
- Partly offset by new high yield bond interest and higher interest in relation to asset-financing (aircraft and Europa 2)

**Hapag-Lloyd AG** non-cash book value adjustment made to reflect listed share price (€20.14)

**Discontinued operations** relates to The LateRooms Group

## Cash Flow

In €m	Q1 15/16	Q1 14/15
<b>EBITA reported</b>	<b>-138</b>	<b>-141</b>
Depreciation	114	95
Working capital	-1,287	-1,456
At equity income	-23	-17
Dividends received from JVs and associates	3	5
Other cash effects	-9	1
Tax paid	-56	-33
Interest (cash)	-21	-25
UK pension contribution	-20	-15
<b>Operating Cashflow</b>	<b>-1,437</b>	<b>-1,586</b>
Net capex	-136	-99
Net investments	-42	-134
Net pre-delivery payments	-1	-13
<b>Free Cashflow</b>	<b>-1,616</b>	<b>-1,832</b>
Dividends	-2	-176
Hybrid interest	-	-15
<b>Free Cashflow after dividends</b>	<b>-1,618</b>	<b>-2,023</b>



## Net Financial Position

€m	30 Dec 2015	30 Sep 2015	30 Dec 2014
<b>Financial liabilities</b>	<b>2,918</b>	<b>1,887</b>	<b>2,726</b>
o/w non-current	2,693	1,654	2,549
o/w current	225	233	177
<b>Cash</b>	<b>1,042</b>	<b>1,673</b>	<b>1,094</b>
<b>Net debt</b>	<b>1,876</b>	<b>214</b>	<b>1,632</b>

**Increase in net debt since September driven by customary seasonal outflows**

# Current Trading & Outlook

Fritz Jousen

# Winter 2015/16 and Summer 2016

- **Winter 2015/16**

- Source Market bookings flat, average selling prices up 3%
- Good growth in **UK** bookings, up 3%, driven by long-haul (up 16%)
- **Netherlands** bookings up 6% following TUI brand launch
- **German** market environment remains challenging
- Remain pleased with **cruise** booking and yield performance

- **Summer 2016**

- Turkey bookings down **~40%**, with load factor 25%, down 5% points on prior year
- Source Market bookings **up 1%** and average selling prices up **2%**
- Good turn-of-year performance by **UK** – bookings up **9%**
- More significant impact on **Germany and Nordics** from lower demand for Turkey

**Overall, current trading is in line with our expectations**

## Outlook 2015/16\* Confirmed

€m	2014/15	2015/16 e
<b>Brand Turnover</b>	€22,584m	<b>At least 5% growth</b>
<b>Turnover</b>	€20,012m	<b>At least 3% growth</b>
<b>Underlying EBITA</b>	€1,069m	<b>At least 10% growth</b>
<b>SDIs (including PPA)</b>	€204m	<b>~€180m</b>
<b>Net capex &amp; investments</b>	€655m	<b>~€750m</b>
<b>Net debt</b>	€214m	<b>~€0.5bn</b>

\* At constant currency rates and based on current Group structure

# Q&A

# Appendix

## Turnover by Segment (excludes intra-group turnover)\*

In €m	Q1 2015/16	Q1 2014/15	Change	FX	Change ex FX
Northern Region	1,232.4	1,124.9	107.5	72.3	35.2
Central Region	1,090.2	1,058.5	31.7	4.9	26.8
Western Region	486.9	487.3	-0.4	0.3	-0.7
<b>Source Markets</b>	<b>2,809.5</b>	<b>2,670.7</b>	<b>138.8</b>	<b>77.5</b>	<b>61.3</b>
RIU	106.9	94.0	12.9	1.0	11.9
Robinson	14.7	12.2	2.5	0.1	2.4
Other (incl former TUI Travel hotels)	10.8	11.8	-1.0	-0.4	-0.6
<b>Hotels &amp; Resorts</b>	<b>132.4</b>	<b>118.0</b>	<b>14.4</b>	<b>0.7</b>	<b>13.7</b>
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Kreuzfahrten	53.9	53.5	0.4	-	0.4
<b>Cruises</b>	<b>53.9</b>	<b>53.5</b>	<b>0.4</b>	<b>-</b>	<b>0.4</b>
Other Tourism	147.5	152.6	-5.1	0.2	-5.3
<b>Tourism</b>	<b>3,143.3</b>	<b>2,994.8</b>	<b>148.5</b>	<b>78.4</b>	<b>70.1</b>
Specialist Group	325.6	333.4	-7.8	26.9	-34.7
Hotelbeds Group	217.4	170.7	46.7	-1.6	48.3
All Other Segments	32.1	27.5	4.6	0.9	3.7
<b>TUI Group continuing operations</b>	<b>3,718.4</b>	<b>3,526.4</b>	<b>192.0</b>	<b>104.6</b>	<b>87.4</b>

\* Table contains unaudited figures and rounding effects

## Underlying EBITA by Segment\*

In €m	Q1 2015/16	Q1 2014/15	Change	FX	Change ex FX
Northern Region	-27.9	-45.4	17.5	-4.6	22.1
Central Region	-26.2	-20.3	-5.9	0.1	-6.0
Western Region	-27.7	-11.9	-15.8	-	-15.8
<b>Source Markets</b>	<b>-81.8</b>	<b>-77.6</b>	<b>-4.2</b>	<b>-4.5</b>	<b>0.3</b>
RIU	59.2	48.2	11.0	0.8	10.2
Robinson	0.9	7.7	-6.8	0.1	-6.9
Other (incl former TUI Travel hotels)	-34.9	-27.2	-7.7	0.7	-8.4
<b>Hotels &amp; Resorts</b>	<b>25.2</b>	<b>28.7</b>	<b>-3.5</b>	<b>1.6</b>	<b>-5.1</b>
TUI Cruises	13.2	10.3	2.9	-	2.9
Hapag-Lloyd Kreuzfahrten	-5.0	-8.3	3.3	-	3.3
<b>Cruises</b>	<b>8.2</b>	<b>2.0</b>	<b>6.2</b>	<b>-</b>	<b>6.2</b>
Other Tourism	-11.4	-14.2	2.8	-0.3	3.1
<b>Tourism</b>	<b>-59.8</b>	<b>-61.1</b>	<b>1.3</b>	<b>-3.2</b>	<b>4.5</b>
Specialist Group	-31.8	-19.1	-12.7	-2.0	-10.7
Hotelbeds Group	3.5	1.8	1.7	0.3	1.4
All Other Segments	-13.6	-26.4	12.8	0.5	12.3
<b>TUI Group continuing operations</b>	<b>-101.7</b>	<b>-104.8</b>	<b>3.1</b>	<b>-4.4</b>	<b>7.5</b>

\* Table contains unaudited figures and rounding effects



# Adjustments

in €m	Q1 2015/16	Q1 2014/15
<b>Underlying EBITA</b>	<b>-101.7</b>	<b>-104.8</b>
<i>Restructuring expense</i>	-3.2	-1.5
<i>Loss on disposals</i>	-1.5	-0.1
<i>Other one-off items</i>	-10.7	-17.0
<i>PPA</i>	-20.4	-18.0
Total Adjustments	-35.8	-36.6
<b>EBITA</b>	<b>-137.5</b>	<b>-141.4</b>

## Source Market KPIs\* Q1

	Direct Distribution		Online Distribution		Customers (000)	
	15/16	14/15	15/16	14/15	15/16	14/15
UK	89%	91%	57%	53%	910	892
Nordics	89%	89%	71%	69%	282	294
Germany	43%	43%	14%	12%	1,169	1,184
Benelux	71%	68%	56%	52%	792	793
<b>Total Source Markets</b>	<b>70%</b>	<b>69%</b>	<b>42%</b>	<b>40%</b>	<b>3,326</b>	<b>3,375</b>

\* Table contains unaudited figures

## Destination Update

### Tunisia

- Adverse travel advice in UK, Belgium and Netherlands still in place
- TUI has **13 leased hotels** – most have been temporarily closed
- Tour operator capacity remixed for Summer 2016

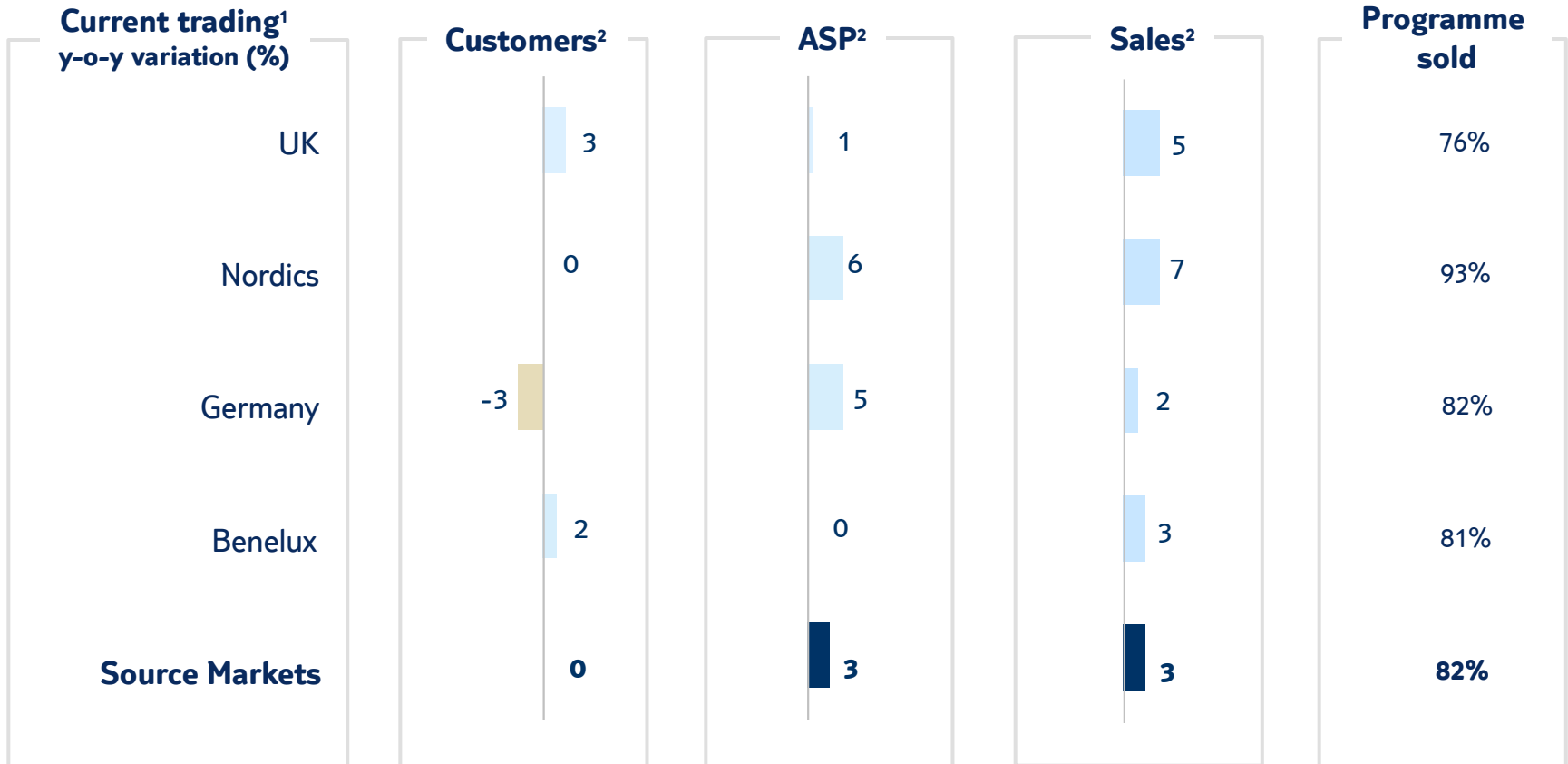
### Egypt

- Adverse travel advice to Sharm el Sheik airport from all major source markets
- Several hotels temporarily closed
- **34 hotels operating** end Dec 15 – 9 owned, 1 leased, 22 managed, 2 franchised

### Turkey

- Adverse travel advice in Russia following military incident
- Programmes operating from other source markets but with subdued demand
- **26 hotels operating** end Dec 2015 – 8 owned, 13 leased, 3 managed, 2 franchised

# Source Markets Current Trading



1. These statistics are up to 31 January 2016 and are shown on a constant currency basis

2. These statistics relate to all customers whether risk or non-risk

## Key Sources of Funding 31 December 2015

Instrument	Issue	Maturity	Amount €m	Interest % p.a.
Revolving Credit Facility	Sep 14	Dec 20	1,750	1.7
High Yield Bond	Sep 14	Oct 19	300	4.5
Finance leases	Various	Various	985	Various

# Financial Calendar 2016

31 March 2016

Pre-close trading update

11 May 2016

Q2 Report 2015/16

11 August 2016

9M Report 2015/16

28 September 2016

Pre-close trading update

8 December 2016

Annual Report for financial year 2015/16