



# 2016/17 Q1 Results



# 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.*



## Opening Remarks

- **Good operational performance** in Q1 as we continue to deliver our **growth strategy**
- Further significant strategic progress made with the agreement to **sell Travelopia** for an agreed **enterprise value of £325m/€381m<sup>1</sup> or 14.4x 2015/16 underlying EBITA**
- Current trading remains **in line with our expectations**
- Pleased to reiterate balanced guidance of **at least 10% growth in underlying EBITA in 2016/17<sup>2</sup>**

<sup>1</sup>Based on the GBP/EUR exchange rate of 1.1725 as at 10 February 2017

<sup>2</sup>At constant currency and based on current group structure



# Agenda

- |   |                                      |              |
|---|--------------------------------------|--------------|
| 1 | Performance Review & Current Trading | Fritz Jousen |
| 2 | Financial Performance & Outlook      | Horst Baier  |
| 3 | Summary                              | Fritz Jousen |
| 4 | Q&A                                  |              |





## Good performance in Q1 2016/17

**Turnover: €3.3bn<sup>1</sup>  
+2.3% / +8.5%**

**Underlying EBITA: -€60.3m<sup>1</sup>  
+25.0% / +17.0%**

**Reported EBITA: €-69.5m  
+32.4%**

**Operating cashflow  
improvement:  
+€0.3bn**

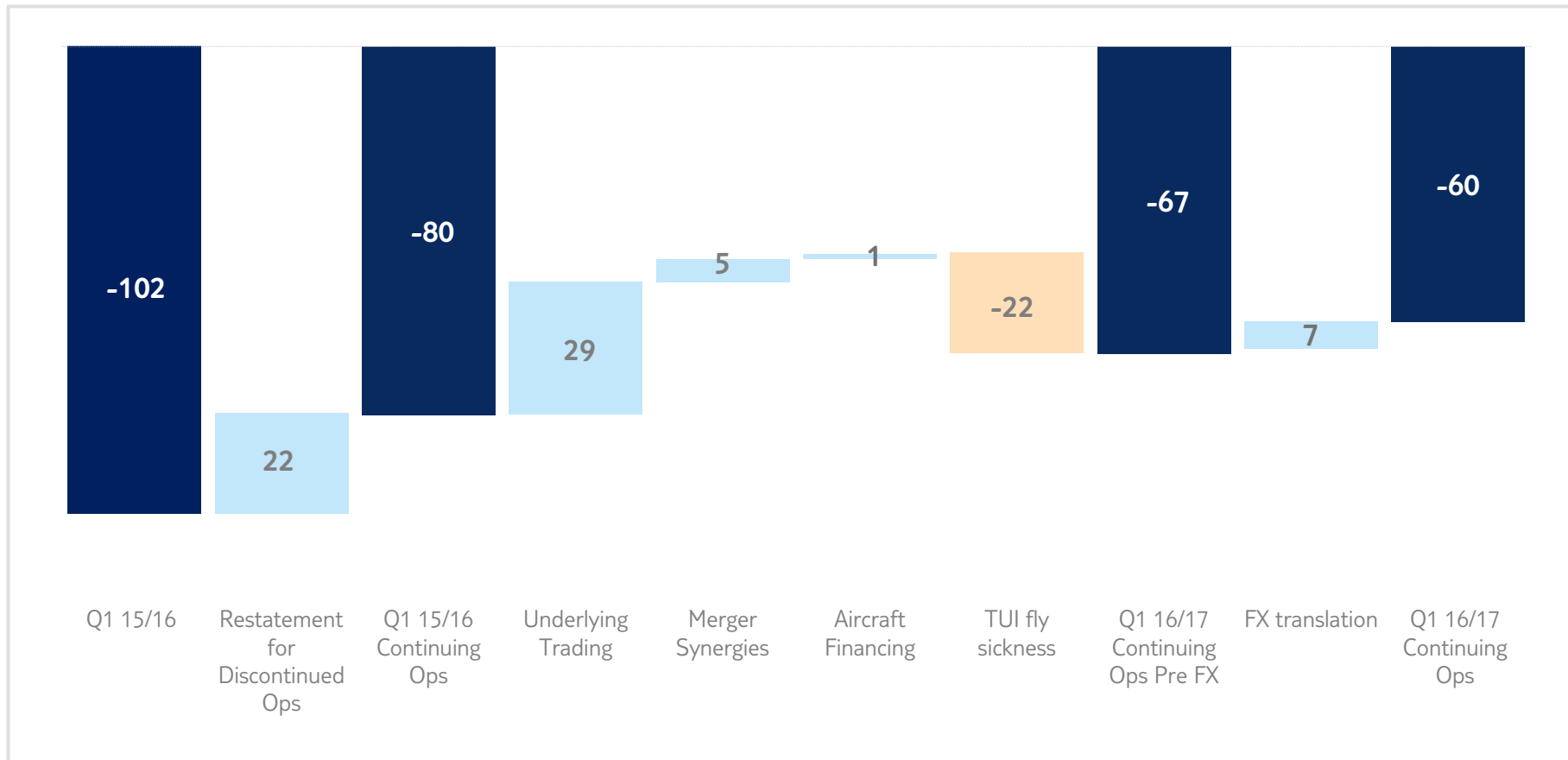
- **Good operational performance** with continued growth in our hotel, cruise and concept brands
- **Reduction in seasonal underlying EBITA loss**
- Further **merger synergies of €5m** achieved in the quarter
- Partly offset by the impact of **higher than normal levels of sickness** in our German airline TUI fly in October
- **Improved working capital seasonality** following disposal of Hotelbeds Group

<sup>1</sup> At constant currency rates



# TUI Group

## Underlying EBITA Bridge Q1 2016/17 in €m



**Reduction in the seasonal underlying EBITA loss**

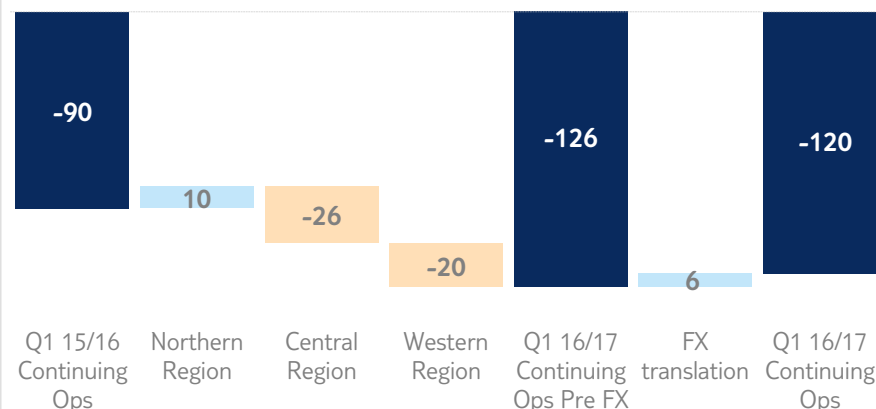


# Source Markets

## Turnover and Earnings (€m)

	Q1 16/17	Q1 15/16	%
Turnover	2,892.0	2,845.6	1.6
Underlying EBITA	-120.3	-90.3	-33.2

## Bridge Underlying EBITA (€m)



### Business development Q1 2016/17\*



#### Northern Region +€10m

- Good UK performance with **volumes up +10%** driven by **long haul, cruise** (TUI Discovery launch) and continued growth in sales of **own hotels and concepts**
- Nordic continue to see a **challenging** environment impacted by **lower demand for Turkey and Egypt**. In addition the result includes the phasing impact of rebrand marketing costs
- Continued **high levels** of direct and online distribution – **91%** (up 2ppts) and **62%** (up 3ppts) respectively

#### Central Region -€26m

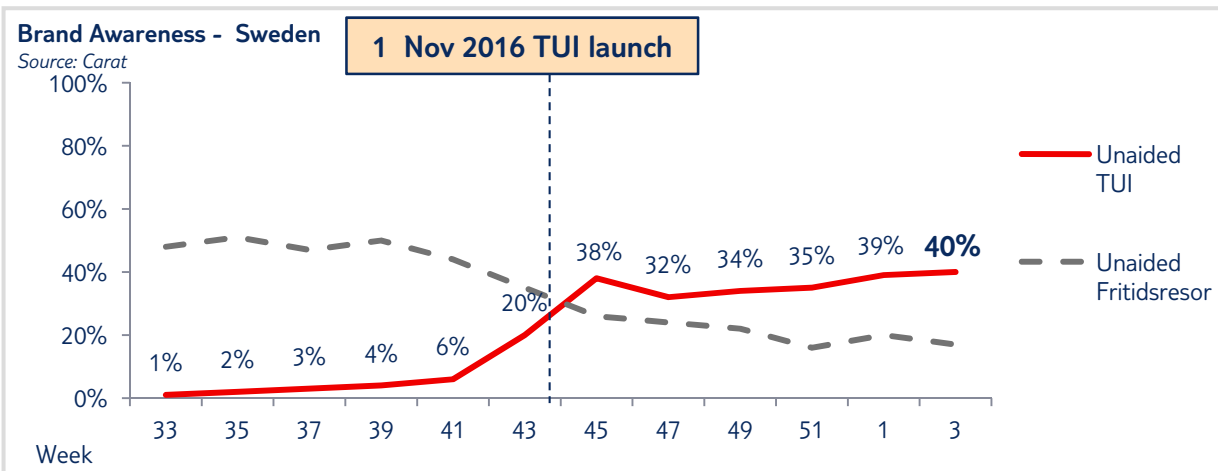
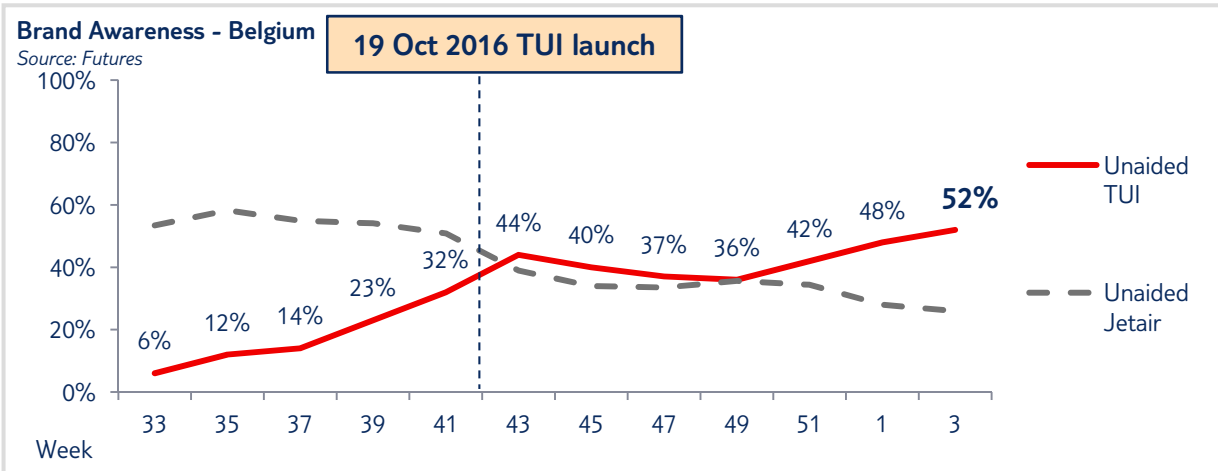
- Germany continues to build on its **market share gains** and delivered an **improved trading** performance
- However, as expected, the result was negatively impacted by high levels of sickness at TUI fly costing ~€22m
- Further **improvement** in direct and online distribution - **46%** (up 2ppts) and **16%** (up 2ppts) respectively

#### Western Region -€20m

- Result reflects the first time inclusion of **Transat's** seasonal EBITA loss and phased rebrand costs in Belgium
- Netherlands impacted by night slot restrictions in the quarter and increased claims for DBC
- Further **growth** in both direct and online distribution - **72%** (up 2ppts) and **55%** (up 3ppts) respectively, aided by the TUI rebrand in Belgium



# TUI Rebrand Belgium & Nordics – Update



- Post the TUI rebrand both markets are seeing **higher unaided TUI brand awareness**
- Belgium online mix **increased by +5ppts to 65%** in the quarter
- Nordic online mix similarly **increased by +4ppts to 75%** in the quarter

**Higher unaided TUI brand awareness post rebrand**



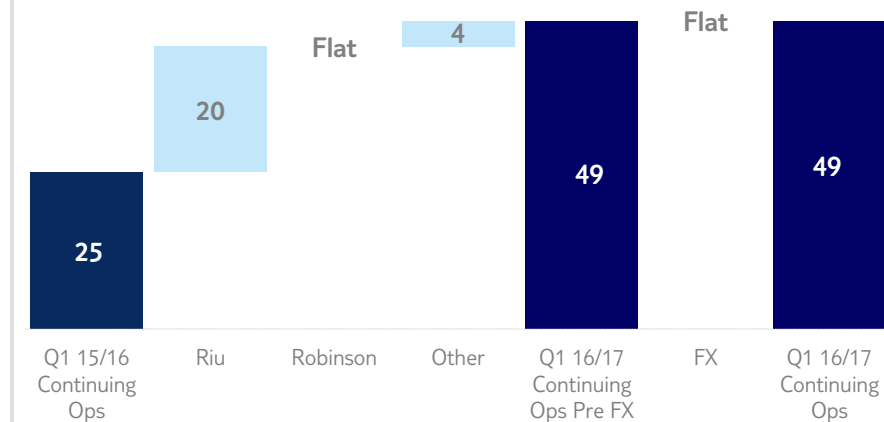


# Hotels & Resorts

## Turnover and Earnings (€m)

	Q1 16/17	Q1 15/16	%
Turnover	141.2	132.4	6.6
Underlying EBITA	49.0	25.2	94.4
<i>o/w Equity result</i>	14.8	8.1	82.7

## Bridge Underlying EBITA (€m)



### Business development Q1 2016/17\*



- **Riu** delivered a **strong** performance, particularly in **Spain and Mexico** with **6% growth** in average revenue per bed overall
- **Robinson** also delivered a **good** performance with **3% growth** in average revenue per bed
- These performances were offset partly by lower demand for **Turkey and North Africa**
- Continuing to deliver **sector leading occupancy rates** - Riu 86%, overall Hotels & Resorts 72% - as a result of our presence in **year round destinations, strength in distribution** in our Source Markets and access to other **growth markets** such as the US



# Winter 2016/17 Group Hotel additions and repositionings

## Hotels



- Riu Reggae  
Jamaica
- 454 rooms
- Owned

- TUI Blue  
Schladming  
Austria
- 107 rooms
- Owned

- TUI Blue  
Fleesensee  
Germany
- 156 rooms
- Management  
Contract

- TUI Blue  
Jardin Tropical  
Tenerife
- 390 rooms
- Franchise



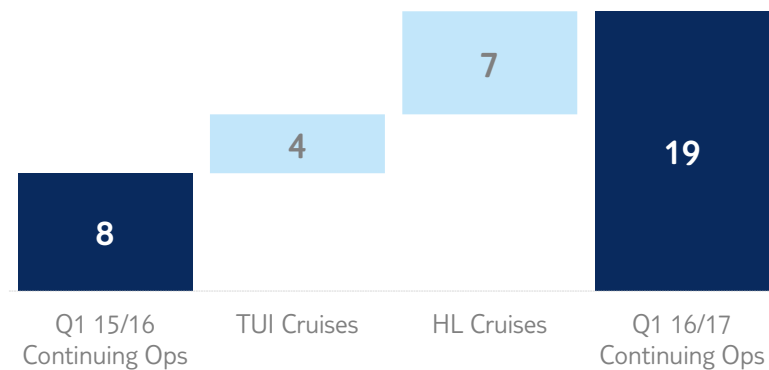
# Cruises

## Turnover and Earnings (€m)

	Q1 16/17	Q1 15/16	%
Turnover HL Cruises	62.2	53.9	15.4
<i>Memo: TUI Cruises Turnover</i>	217.7	175.8	23.8
Underlying EBITA	19.1	8.2	132.9
<i>o/w EAT TUI Cruises*</i>	16.9	13.2	28.0

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

## Bridge Underlying EBITA (€m)



### Business development Q1 2016/17



- **TUI Cruises** continues to deliver significant growth whilst maintaining a **strong occupancy** and **rate** performance, with an additional ship (Mein Schiff 5) this Winter. The result was partly impacted by a dry dock period for Mein Schiff 2
- **Hapag-Lloyd Cruises** has delivered **further increases** in **occupancy, rate** and **earnings** this quarter, benefitting from changes to itineraries for Europa, Europa 2 and Hanseatic



# Winter 2016/17 and Summer 2017

- **Winter 2016/17**

- Source Markets programme **87% sold to date** with revenues **up 8%** and bookings **up 4%**
- Strong growth in **UK** long haul and cruise
- Pleased with **Germany** booking performance since last update
- **Nordics** and **Belgium** rebrand awareness continues to grow
- Further hotel openings, plus first winter of operations for **Mein Schiff 5** and **TUI Discovery**

- **Summer 2017**

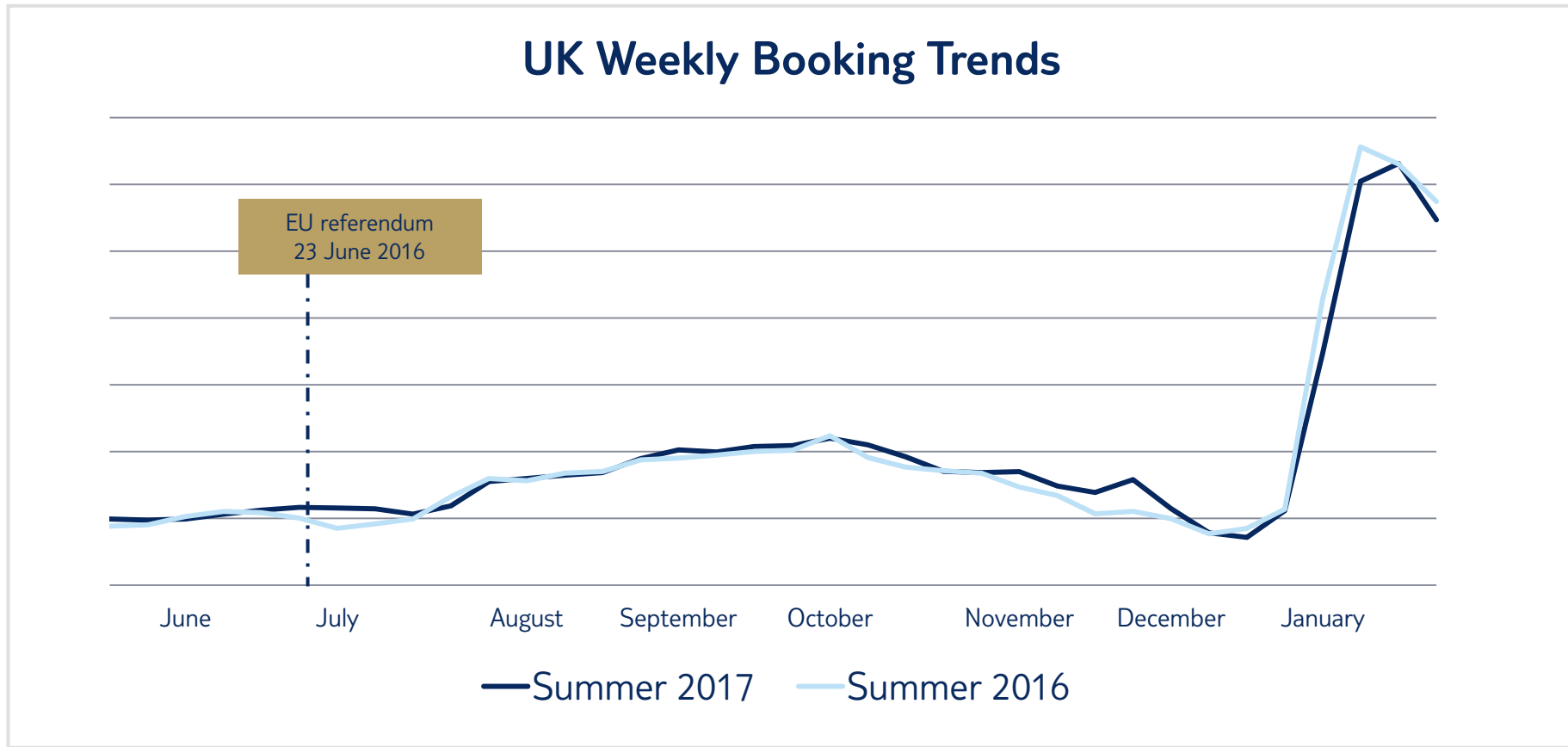
- Source Markets programme **35% sold to date** with revenues **up 9%** and bookings **up 4%**
- UK is **43% sold** with revenues **up 12%** and bookings **up 3%**
- Strong growth in Canaries, Greece, Cyprus with good growth in long haul
- Strong bookings for **Mein Schiff 6** and **TUI Discovery 2**

**Current trading is in line with our expectations**

*These statistics are up to 5 February 2017 and are shown on a constant currency basis*



# UK Current Trading



**UK bookings pattern has remained resilient post Brexit vote**

*Weekly booking volume data from 22 May 2016 to 5 February 2017*



# Financial Performance

Horst Baier





## Sale of Travelopia

- Agreement to sell to Travelopia to KKR for an agreed **enterprise value of £325m/€381m<sup>1</sup> or 14.4x 2015/16 underlying EBITA**
- **Proceeds will be reinvested** in the transformation of TUI and to **further strengthen the balance sheet**, as outlined in the December 2016 full year presentation
- ~€133m **non-cash** disposal/FX recycling charge to be reflected in discontinued operation
- Completion expected at the start of **H2 2016/17**

<sup>1</sup>Based on the GBP/EUR exchange rate of 1.1725 as at 10 February 2017

**Further significant strategic progress made**



# Income Statement

In €m	Q1 2016/17	Q1 2015/16
Turnover	3,285.9	3,212.3
<b>Underlying EBITA</b>	<b>-60.3</b>	<b>-80.4</b>
Adjustments (SDI's and PPA)	-9.2	-22.4
<b>EBITA</b>	<b>-69.5</b>	<b>-102.8</b>
Net interest expense	-33.8	-40.7
Hapag-Lloyd AG	-	-41.6
<b>EBT</b>	<b>-103.3</b>	<b>-185.1</b>
Income taxes	21.7	47.0
<b>Group result continuing operations</b>	<b>-81.6</b>	<b>-138.1</b>
Discontinued operations	-8.5	-25.8
Minority interest	-27.4	-20.1
<b>Group result after minorities</b>	<b>-117.5</b>	<b>-184.0</b>
<b>Basic EPS (€, continuing)</b>	<b>-0.19</b>	<b>-0.27</b>

**Adjustments €9m**  
Mainly relates to PPA of €8m

**Hapag-Lloyd AG**  
Share price decline in prior year reflected here, subsequent increase to €22 per share at 31.12.16 has been carried to equity in accordance with IAS39

**Interest €34m**  
Reduced by €7m due to lower RCF interest and lower interest on provisions offset partly by increase in finance lease interest for aircraft and cruise ships

**Tax credit €22m**  
Underlying effective tax rate reduced to **20%** (previously 25%) as a result of the increase in JV earnings, lower losses in France, lower tax rates in the UK and Spain and tax group reorganisation

**Discontinued operations**  
Includes Travelopia held for sale this year and Hotelbeds in the prior year



# Cash Flow

In €m	Q1 2016/17	Q1 2015/16*
<b>EBITA reported**</b>	<b>-69.5</b>	<b>-102.8</b>
Depreciation**	99.3	95.3
Working capital	-1,097.8	-1,314.8
Other cash effects	52.9	16.7
At equity income**	-35.3	-22.6
Dividends received from JVs and associates	1.4	3.4
Tax paid	-58.4	-56.1
Interest (cash)	-19.4	-21.0
Pension contribution	-36.9	-35.1
<b>Operating Cashflow</b>	<b>-1,163.7</b>	<b>-1,437.0</b>
Net capex	-127.2	-135.9
Net investments	-118.3	6.6
Net pre-delivery payments	-83.7	-0.7
<b>Free Cashflow</b>	<b>-1,492.9</b>	<b>-1,567.0</b>
Dividends	-1.3	-2.2
<b>Movement in Cash Net of Debt</b>	<b>-1,494.2</b>	<b>-1,569.2</b>

\*Prior year restated due to exclusion of Hotelbeds & Travelopia in reported EBITA

\*\*Continuing ops basis – non-continuing adjustment in Other cash effects



## Movement in Net Debt

€m	31 Dec 2016	31 Dec 2015
<b>Opening net (debt)/ cash as at 30 September</b>	<b>350</b>	<b>-214</b>
Movement in cash net of debt	-1,494	-1,569
Other cash movement - employee benefit trust	-20	-49
Foreign exchange movement	-57	-23
Non cash movement in debt - Asset backed finance	-1	-5
Non cash movement in debt - Other	-5	-16
<b>Closing net debt including discontinued operations</b>	<b>-1,227</b>	<b>-1,876</b>
Discontinued operations - Travelopia	-291	
<b>Closing net debt as per Balance Sheet</b>	<b>-1,518</b>	



## Net Financial Position, Pensions and Operating Leases

€m	31 Dec 2016*	31 Dec 2015
<b>Financial liabilities</b>	<b>-2,177</b>	<b>-2,918</b>
- Finance Leases	-1,266	-996
- High Yield Bond	-	-294
- Senior Notes	-295	-
- Other liabilities (incl RCF)	-616	-1,628
<b>Cash</b>	<b>659</b>	<b>1,042</b>
<b>Net debt</b>	<b>-1,518</b>	<b>-1,876</b>
- Net Pension Obligation	-1,375	-1,139
- FV of Operating Leases	-3,329	-3,455



## Outlook 2016/17\* – Continuing operations basis

Metric	2015/16	2016/17e
<b>Turnover</b>	€17,185m	~3% growth
<b>Underlying EBITA</b>	€1,001m	At least 10% growth
<b>Adjustments</b>	€102m	~€80m
<b>Net Interest</b>	€180m	~€160m
<b>Net Capex &amp; Investments**</b>	€642m	~€1.0bn
<b>Net Cash/Debt</b>	€32m net cash	~€0.8bn net debt (see footnote)
<b>Underlying Effective Tax Rate</b>	25%	20%

\* 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 the impact of the JV negotiations for TUI fly and any disposal proceeds for Travelopia and Hapag-Lloyd AG**

\*\* 2015/16 excludes Hotelbeds Group proceeds





# Summary

Fritz Jousen



## Summary

- **Good start** to the year and current trading remains **in line with our expectations**
- Significant strategic progress made with agreement to sell **Travelopia**
- Progressing our negotiations with **Etihad** regarding the **German airline JV**
- Our scale and vertically integrated business model mean that we remain **well placed to deliver our growth strategy** against the uncertain geopolitical and macro-economic backdrop
- Based on our Q1 performance and current trading, we reiterate our **balanced guidance of at least 10% growth in underlying EBITA in 2016/17<sup>1</sup>**

<sup>1</sup>At constant currency and based on current group structure



# Appendix



## 2016/17 Turnover by Segment (excludes intra-group turnover)\*

In €m	Q1 2016/17	Q1 2015/16	Change	FX	Change ex FX
Northern Region	1,201.7	1,269.3	-67.6	-193.2	125.6
Central Region	1,140.9	1,089.4	51.5	-0.8	52.3
Western Region	549.4	486.9	62.5	-	62.5
<b>Source Markets</b>	<b>2,892.0</b>	<b>2,845.6</b>	<b>46.4</b>	<b>-194.0</b>	<b>240.4</b>
Riu	115.5	106.9	8.6	-4.8	13.4
Robinson	16.4	14.7	1.7	-	1.7
Other	9.3	10.8	-1.5	-0.6	-0.9
<b>Hotels &amp; Resorts</b>	<b>141.2</b>	<b>132.4</b>	<b>8.8</b>	<b>-5.4</b>	<b>14.2</b>
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Cruises	62.2	53.9	8.3	-	8.3
<b>Cruises</b>	<b>62.2</b>	<b>53.9</b>	<b>8.3</b>	<b>-</b>	<b>8.3</b>
Other Tourism	150.6	148.0	2.6	-0.6	3.2
<b>Tourism</b>	<b>3,246.0</b>	<b>3,179.9</b>	<b>66.1</b>	<b>-200.0</b>	<b>266.1</b>
All Other Segments	39.9	32.4	7.5	-0.3	7.8
<b>TUI Group continuing operations</b>	<b>3,285.9</b>	<b>3,212.3</b>	<b>73.6</b>	<b>-200.3</b>	<b>273.9</b>

\*Table contains unaudited figures and rounding effects



## 2016/17 Underlying EBITA by Segment\*

In €m	Q1 2016/17	Q1 2015/16	Change	FX	Change ex FX
Northern Region	-20.2	-35.6	15.4	5.5	9.9
Central Region	-52.4	-27.0	-25.4	0.1	-25.5
Western Region	-47.7	-27.7	-20.0	-	-20.0
<b>Source Markets</b>	<b>-120.3</b>	<b>-90.3</b>	<b>-30.0</b>	<b>5.6</b>	<b>-35.6</b>
Riu	76.3	59.2	17.1	-3.0	20.1
Robinson	1.7	0.9	0.8	0.4	0.4
Other	-29.0	-34.9	5.9	2.8	3.1
<b>Hotels &amp; Resorts</b>	<b>49.0</b>	<b>25.2</b>	<b>23.8</b>	<b>0.2</b>	<b>23.6</b>
TUI Cruises	16.9	13.2	3.7	-	3.7
Hapag-Lloyd Cruises	2.2	-5.0	7.2	-	7.2
<b>Cruises</b>	<b>19.1</b>	<b>8.2</b>	<b>10.9</b>	<b>-</b>	<b>10.9</b>
Other Tourism	-0.3	-10.2	9.9	-1.9	11.8
<b>Tourism</b>	<b>-52.5</b>	<b>-67.1</b>	<b>14.6</b>	<b>3.9</b>	<b>10.7</b>
All Other Segments	-7.8	-13.3	5.5	2.5	3.0
<b>TUI Group continuing operations</b>	<b>-60.3</b>	<b>-80.4</b>	<b>20.1</b>	<b>6.4</b>	<b>13.7</b>

\*Table contains unaudited figures and rounding effects



## 2015/16 Restated Turnover by Quarter (excludes intra-group turnover)\*

In €m	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	FY 2015/16
Northern Region	1,269.3	1,254.8	1,761.5	2,715.9	7,001.5
Central Region	1,089.3	897.7	1,346.3	2,229.3	5,562.6
Western Region	486.9	428.7	734.6	1,219.7	2,869.9
<b>Source Markets</b>	<b>2,845.5</b>	<b>2,581.2</b>	<b>3,842.4</b>	<b>6,164.9</b>	<b>15,434.0</b>
Riu	106.9	113.1	106.5	135.0	461.5
Robinson	14.7	10.0	18.5	29.0	72.2
Other	10.8	10.5	18.2	45.4	84.9
<b>Hotels &amp; Resorts</b>	<b>132.4</b>	<b>133.6</b>	<b>143.2</b>	<b>209.4</b>	<b>618.6</b>
TUI Cruises	-	-	-	-	-
Hapag-Lloyd Cruises	53.9	89.1	71.3	82.4	296.7
<b>Cruises</b>	<b>53.9</b>	<b>89.1</b>	<b>71.3</b>	<b>82.4</b>	<b>296.7</b>
Other Tourism	148.0	142.1	143.7	235.7	669.5
<b>Tourism</b>	<b>3,179.8</b>	<b>2,946.0</b>	<b>4,200.6</b>	<b>6,692.4</b>	<b>17,018.8</b>
All Other Segments	32.4	20.4	40.1	72.9	165.8
<b>TUI Group continuing operations</b>	<b>3,212.2</b>	<b>2,966.4</b>	<b>4,240.7</b>	<b>6,765.3</b>	<b>17,184.6</b>

\*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism





## 2015/16 Restated Underlying EBITA by Quarter\*

In €m	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	FY 2015/16
Northern Region	-35.6	-63.8	88.1	472.2	460.9
Central Region	-27.4	-84.1	3.2	193.6	85.3
Western Region	-27.6	-48.1	-6.5	168.3	86.1
<b>Source Markets</b>	<b>-90.6</b>	<b>-196.0</b>	<b>84.8</b>	<b>834.1</b>	<b>632.3</b>
Riu	59.2	94.4	64.6	100.1	318.3
Robinson	0.9	-4.7	6.0	36.4	38.6
Other	-34.9	-31.2	-13.9	10.4	-69.6
<b>Hotels &amp; Resorts</b>	<b>25.2</b>	<b>58.5</b>	<b>56.7</b>	<b>146.9</b>	<b>287.3</b>
TUI Cruises	13.2	16.6	25.8	44.5	100.1
Hapag-Lloyd Cruises	-5.0	15.3	3.6	15.6	29.5
<b>Cruises</b>	<b>8.2</b>	<b>31.9</b>	<b>29.4</b>	<b>60.1</b>	<b>129.6</b>
Other Tourism	-10.2	-6.6	-5.3	29.9	7.8
<b>Tourism</b>	<b>-67.4</b>	<b>-112.2</b>	<b>165.6</b>	<b>1,071.0</b>	<b>1,057.0</b>
All Other Segments	-13.3	-14.4	-5.0	-23.8	-56.5
<b>TUI Group continuing operations</b>	<b>-80.7</b>	<b>-126.6</b>	<b>160.6</b>	<b>1,047.2</b>	<b>1,000.5</b>

\*Table contains unaudited figures and rounding effects; restated to treat Hotelbeds Group and Travelopia as discontinued operations, plus the reclassification of a Destination Services company from Central Region to Other Tourism



# Adjustments

€m	Q1 2016/17	Q1 2015/16
Restructuring expense	-0.2	-1.7
Loss on disposals	-0.7	-1.5
Other one-off items	-0.6	-7.6
PPA	-7.7	-11.6
<b>Total Adjustments</b>	<b>-9.2</b>	<b>-22.4</b>

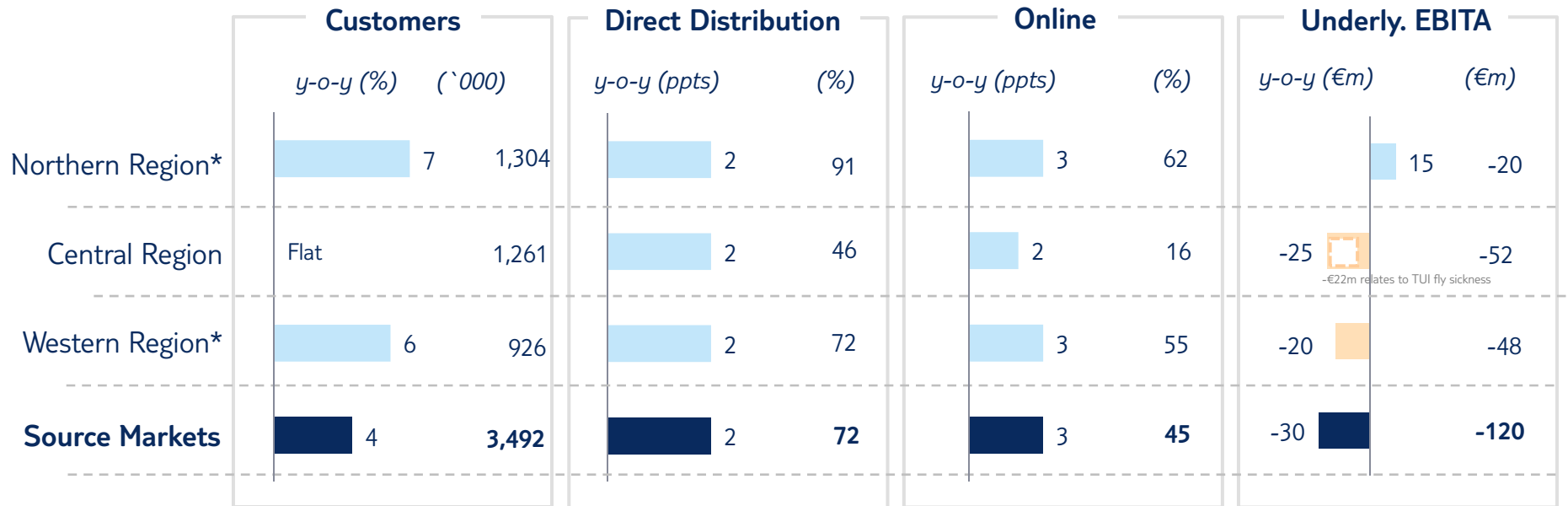


## Net Interest Result

€m	Q1 2016/17	Q1 2015/16
Debt related interest	-28	-29
Non-debt related charge	-11	-17
Interest income	5	5
<b>Net interest result</b>	<b>-34</b>	<b>-41</b>
<i>o/w cash interest</i>	<i>-19</i>	<i>-21</i>



# Source Markets KPIs Q1 2016/17



\* Western now excludes Italy (reported in All Other Segments) and Northern now includes Crystal Ski, Thomson Lakes & Mountains (prev.in Specialist Group)



## Source Market KPIs<sup>1</sup>

	Direct Distribution		Online Distribution		Customers (000)	
	Q1 16/17	Q1 15/16	Q1 16/17	Q1 15/16	Q1 16/17	Q1 15/16
UK	91%	89%	59%	56%	1,033	939
Nordics	89%	89%	75%	71%	272	282
Germany <sup>2</sup>	45%	43%	16%	14%	1,167	1,183
Benelux	74%	71%	59%	56%	825	792
<b>Total Source Markets<sup>3</sup></b>	<b>72%</b>	<b>70%</b>	<b>45%</b>	<b>42%</b>	<b>3,492</b>	<b>3,355</b>

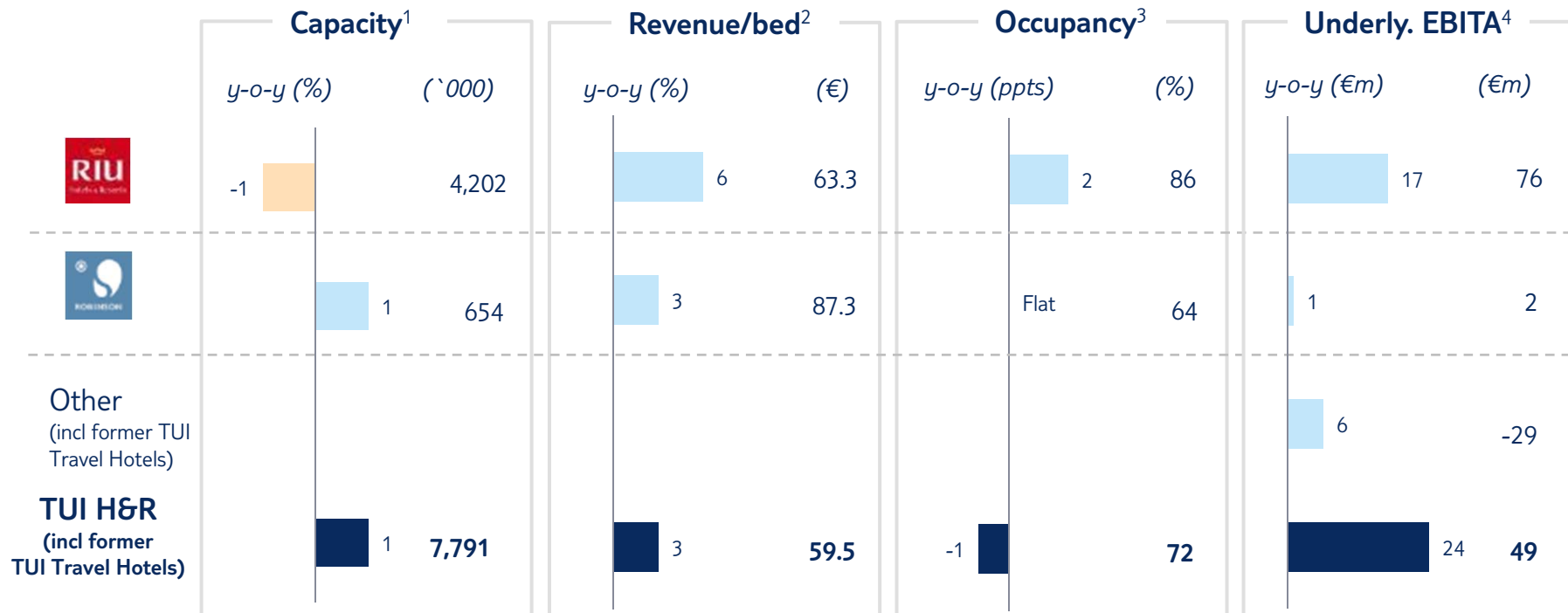
<sup>1</sup> Table contains unaudited figures

<sup>2</sup> Germany includes Austria

<sup>3</sup>Source Markets restated as Western now excludes Italy (reported in All Other Segments) and Northern now includes Crystal Ski, Thomson Lakes & Mountains (prev.in Specialist Group).



# Hotels & Resorts KPIs Q1 2016/17



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

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

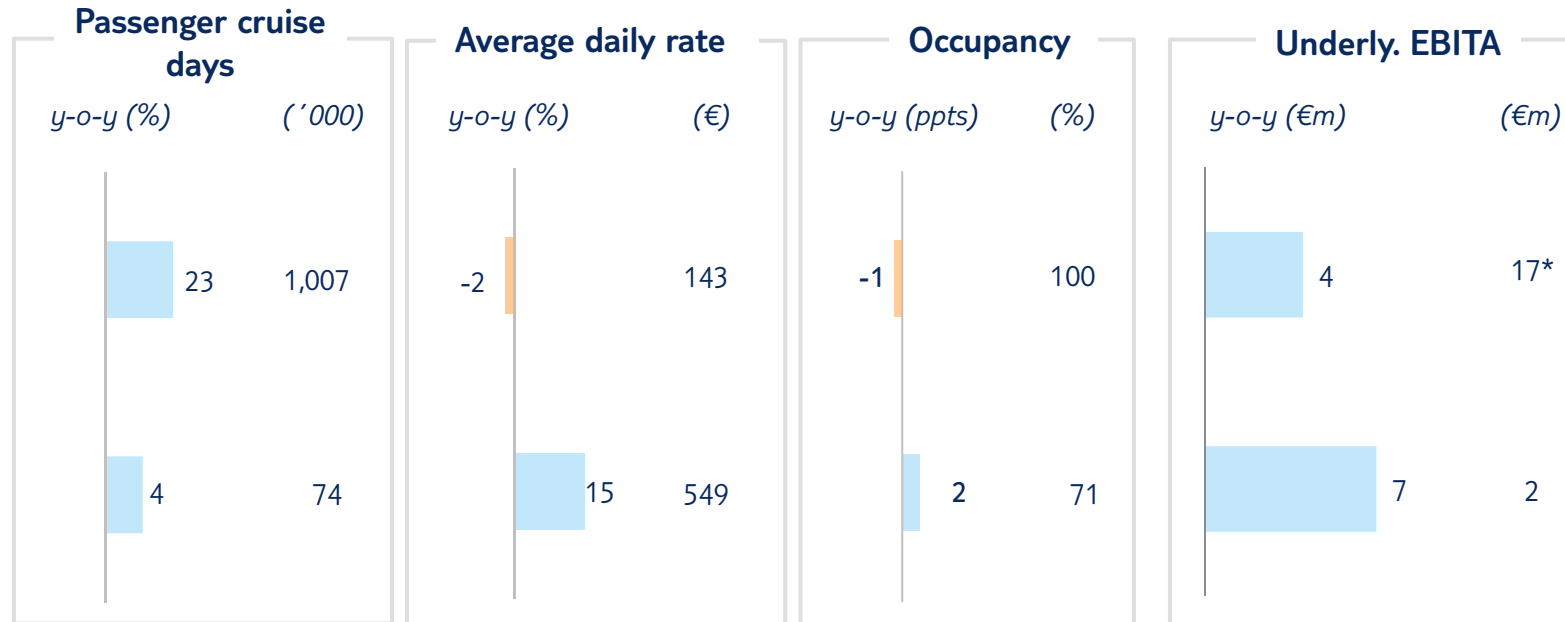
<sup>3</sup> Occupied beds divided by capacity

<sup>4</sup> Segment figures



# Cruises

## KPIs Q1 2016/17

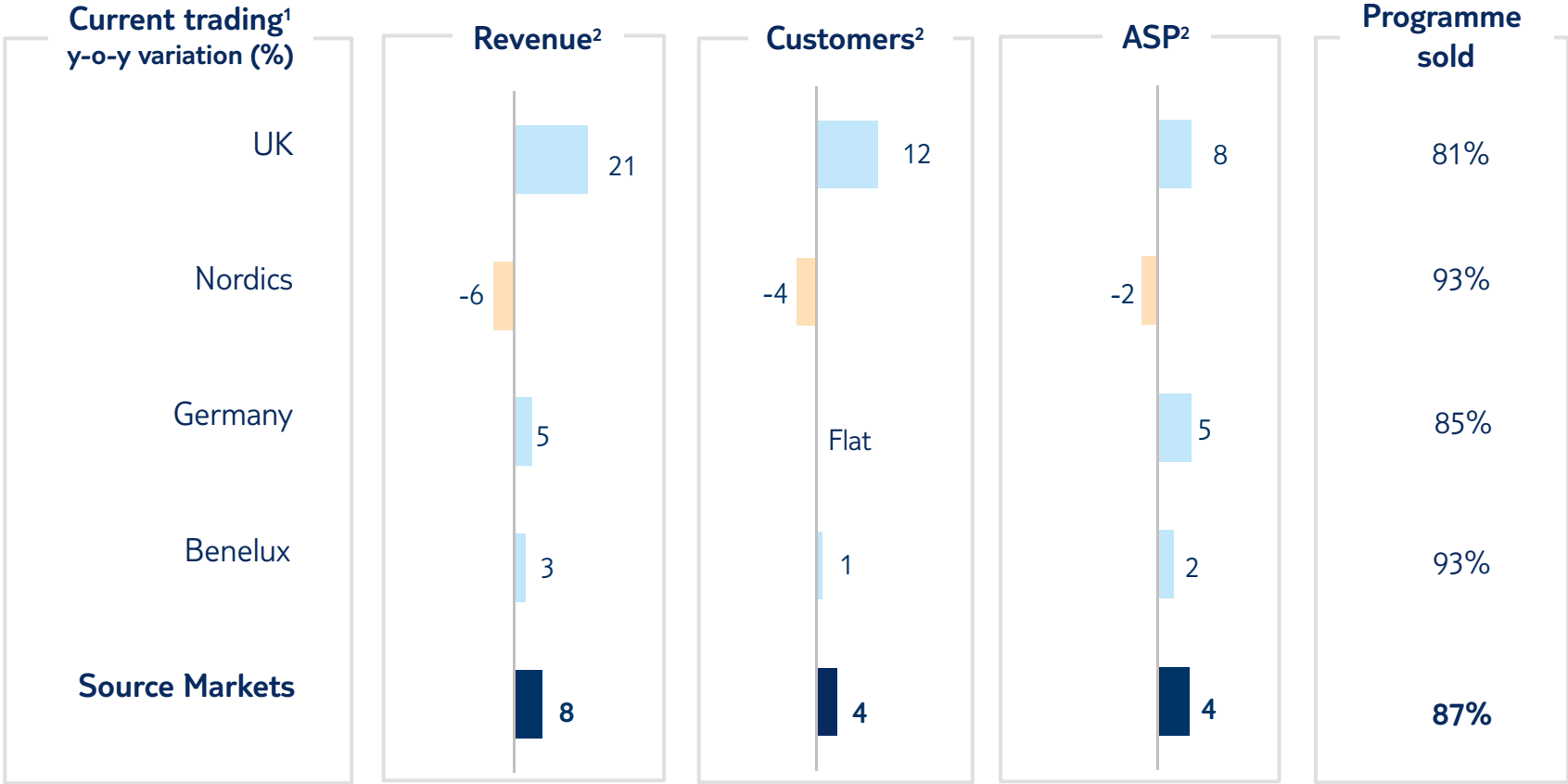


\* Equity result



# Source Markets

## Current Trading – Winter 2016/17



<sup>1</sup>These statistics are up to 5 February 2017 and are shown on a constant currency basis

<sup>2</sup>These statistics relate to all customers whether risk or non-risk





# Destination Update

## Tunisia

- Adverse travel advice in UK, Belgium and Netherlands still in place
- TUI has **11 leased hotels** – most have been temporarily closed
- Not included in Summer 2017 programme

## Egypt

- Adverse travel advice to Sharm el Sheikh airport in UK and Nordics and all travel to Egypt for Russia
- Several hotels temporarily closed
- **44 hotels operating** end December 2016 – 12 owned, 1 leased, 29 managed, 2 franchised

## Turkey

- Programmes operating from source markets but with subdued demand
- Programme remixed to Western Mediterranean and other alternative destinations
- **26 hotels operating** end December 2016 – 9 owned, 13 leased, 2 managed, 2 franchised



# Financial Calendar 2017

14 February 2017

Q1 2016/17 Report and Annual General Meeting

29 March 2017

Pre-close trading update

15 May 2017

Q2 2016/17 Report

10 August 2017

9M 2016/17 Report

28 September 2017

Pre-close trading update

13 December 2017

Annual Report for financial year 2016/17



# Contact

Andy Long, Director of Investor Relations

Tel: +44 (0)1293 645 925

## **Contacts for Analysts and Investors in UK, Ireland and Americas**

Sarah Coomes, Head of Investor Relations

Tel: +44 (0)1293 645 827

Hazel Newell, Investor Relations Manager

Tel: +44 (0)1293 645 823

Jacqui Smith, PA to Andy Long

Tel: +44 (0)1293 645 925

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

Nicola Gehrt, Head of Investor Relations

Tel: +49 (0)511 566 1435

Ina Klose, Investor Relations Manager

Tel: +49 (0)511 566 1318

Jessica Blinne, Team Assistant

Tel: +49 (0)511 566 1425

