

# Q1 2014/15 Results

10 February 2015



Sensatori Aphrodite Hills, Cyprus

# 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

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# The New TUI Group

The world's number one integrated leisure tourism business

Our integration is going to plan

Synergy delivery to commence this year

**Working together to deliver our plans for growth**

# Review of the Quarter

Friedrich Jousen

# Q1 2014/15

## New TUI Group delivers a good start to the year

**15% improvement in underlying EBITA\***

- **Underlying EBITA loss €108m** (Q1 2013/14: €141m)
- Includes €16m profit on sale of Riu Waikiki and €4m adverse foreign exchange translation

**Travel - in line with expectations**

- **Underlying EBITA loss €149m or €144m at constant currency** (Q1 2013/14: €137m)
- Mainstream operating loss €114m, flat at constant currency (Q1 2013/14: €110m)

**Significant increase in Hotels & Resorts**

- **Underlying EBITA €51m, up €25m** (Q1 2013/14: €26m), including profit on sale €16m
- Occupancy up 3.6ppts to 77.6%, revenue per bed up 2.2%

**Cruises delivered a profitable result**

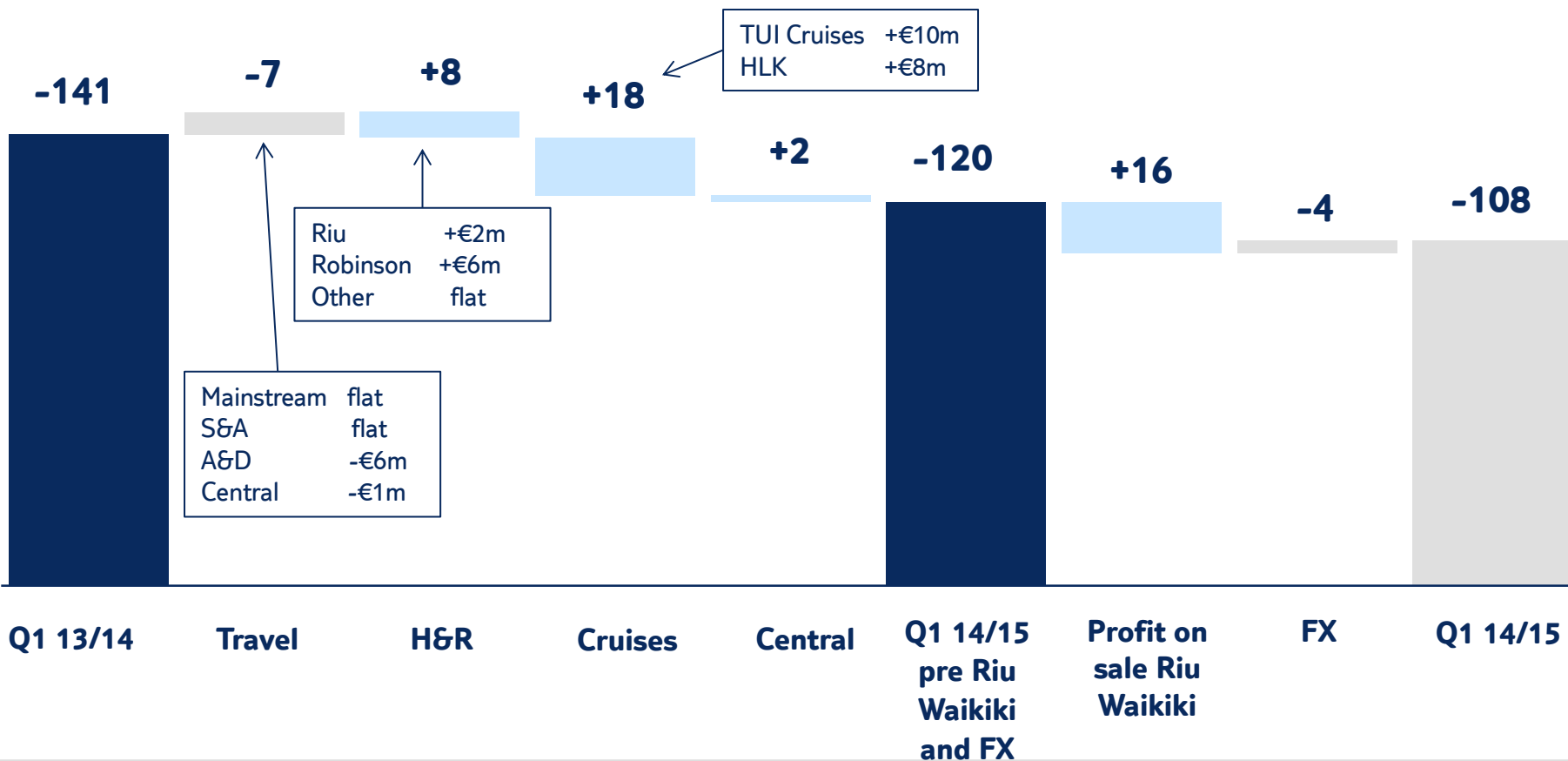
- **Underlying EBITA €2m, up €18m** (Q1 2013/14: loss €16m)
- Losses halved in Hapag-Lloyd Kreuzfahrten, growth in TUI Cruises (Mein Schiff 3)

\* At constant currency, excluding profit on sale of Riu Waikiki

# Q1 2014/15

## Underlying EBITA bridge

Underlying EBITA Q1 2014/15 bridge (€m)



# Financial Performance

Horst Baier



# Q1 2014/15

## Income Statement – key figures

in €m	Q1 14/15	Q1 13/14 restated
Turnover	3,543.6	3,361.1
<b>Underlying EBITA</b>	<b>-107.9</b>	<b>-141.1</b>
Adjustments	-37.1	-19.1
<b>EBITA</b>	<b>-145.0</b>	<b>-160.2</b>
Interest result	-67.0	-58.1
Equity result Hapag-Lloyd	0.9	-9.7
<b>EBT</b>	<b>-211.1</b>	<b>-228.0</b>
Income taxes	74.9	73.3
<b>Group result</b>	<b>-136.2</b>	<b>-154.7</b>
Minority interest TUI Travel	49.8	60.2
Minority interest Hotels	-18.2	-15.3
<b>Group result after minorities</b>	<b>-104.6</b>	<b>-109.8</b>
Hybrid dividend	5.7	5.7
<b>EPS (€)</b>	<b>-0.32</b>	<b>-0.46</b>

**Adjustments** increased by **€18m**, including increase in legal provisions and non-repeat of onerous contract provision release in Hapag-Lloyd Kreuzfahrten last year

**Interest result** increased due to write-off of unamortised fees for cancellation of the TUI Travel RCF (**-€14m**), fee for early termination of TUI Travel bond financing structure (**-€4m**) and new high-yield bond interest (**-€4m**), partly offset by lower interest on convertible bonds which have matured (**+€17m**)

**Reminder:** Minority interest in TUI Travel was transferred into equity post merger

# Q1 2014/15

## Underlying EBITA by Segment

in €m	Q1 14/15	Q1 13/14 Restated	Change	Profit on sale of hotel	FX	Change ex FX & one-offs
Mainstream	-114	-110	-4	-	-4	flat
A&D	-	6	-6	-	-	-6
Specialist & Activity	-19	-19	flat	-	-	flat
Travel Central	-16	-14	-2	-	-1	-1
<b>Travel</b>	<b>-149</b>	<b>-137</b>	<b>-12</b>	<b>-</b>	<b>-5</b>	<b>-7</b>
Riu	48	30	+18	16	-	+2
Robinson	8	2	+6	-	-	+6
Other	-5	-6	+1	-	1	flat
<b>Hotels &amp; Resorts</b>	<b>51</b>	<b>26</b>	<b>+25</b>	<b>16</b>	<b>1</b>	<b>+8</b>
Hapag-Lloyd Kreuzfahrten	-8	-16	+8	-	-	+8
TUI Cruises	10	-	+10	-	-	+10
<b>Cruises</b>	<b>2</b>	<b>-16</b>	<b>+18</b>	<b>-</b>	<b>-</b>	<b>+18</b>
<b>Central</b>	<b>-12</b>	<b>-14</b>	<b>+2</b>	<b>-</b>	<b>-</b>	<b>+2</b>
<b>TUI GROUP</b>	<b>-108</b>	<b>-141</b>	<b>+33</b>	<b>16</b>	<b>-4</b>	<b>+21</b>

# Group balance sheet 31 December 2014

## Net financial debt

€m

	31 Dec 2014	30 Sep 2014 Restated	31 Dec 2013 Restated
<b>Financial liabilities</b>	<b>2,726</b>	<b>1,965</b>	<b>3,578</b>
o/w non-current	2,549	1,748	2,017
o/w current	177	217	1,561
<b>Cash</b>	<b>1,094</b>	<b>2,258</b>	<b>1,802</b>
<b>Net debt/(cash)</b>	<b>1,632</b>	<b>-293</b>	<b>1,776</b>

- Increase in net debt since 30 September 2014 driven by typical seasonal cash outflows, primarily within the tour operators

# Current Trading

Friedrich Jousen

# Current Trading Winter 2014/15

- **Mainstream** closing out as expected
  - **84% sold**
  - Average selling prices +1%, bookings +1%
  - Continued growth in unique and online
- Strong growth in **Accommodation Wholesaler** TTV – up **23%**
- **Hotels & Resorts** developing in line with Mainstream
- **Cruises** – launch of Mein Schiff 3 driving bookings increase

# Current Trading

## Summer 2015

- **Pleased with overall trading to date**
- **Mainstream** sales still at an early stage of the booking cycle
  - **32% sold**
  - Average selling prices +1%, bookings broadly flat
  - UK - 38% sold, bookings up 4%, ASP up 1%
- Strong growth in **Accommodation Wholesaler** TTV – up **24%**
- **Hotels & Resorts** developing in line with Mainstream
- **Cruises** – launch of Mein Schiff 4 (June 2015) driving bookings performance

# Working on a New Strategic Agenda

Friedrich Jousen

# Working on a New Strategic Agenda

Mainstream	<ul style="list-style-type: none"><li>• From growing profitability to achieving <b>profitable top-line growth</b></li><li>• Defining the <b>optimal split</b> of own/third party content</li><li>• Leveraging our tour operator and hotel <b>brands</b></li></ul>
Cruise	<ul style="list-style-type: none"><li>• Achieving a <b>leading position in the European cruise market</b></li></ul>
Airline	<ul style="list-style-type: none"><li>• Achieving greater <b>economies of scale</b> within the current integrated model</li></ul>
Digital	<ul style="list-style-type: none"><li>• Continuing our <b>digital transformation</b> in Mainstream</li><li>• Common <b>customer platform &amp; CRM</b> capability across our markets and content</li><li>• A <b>scalable platform</b> for our brands, opening up markets beyond the tour operator model</li></ul>
Non-Mainstream	<ul style="list-style-type: none"><li>• Setting out the roadmap to <b>maximise growth and value</b> of Non-Mainstream</li></ul>

**Underpinned by a rigorous approach to capital allocation**

**We will address these topics at our Capital Markets Day**



# Summary

Peter Long

## Summary

- **Merger even more compelling**
- Good start to the year - **15% improvement in underlying EBITA**
- **Mainstream** strategy leaves us well placed to grow in the remainder of the year
- Strong result in **Hotels & Resorts** and **Cruises**
- **Accommodation Wholesaler** trading continues to out-perform
- Clear plan for **synergy delivery**
- Developing a **strategic agenda**

**Confident of delivering full year underlying operating profit growth of 10% to 15% at constant currency**

# Appendix

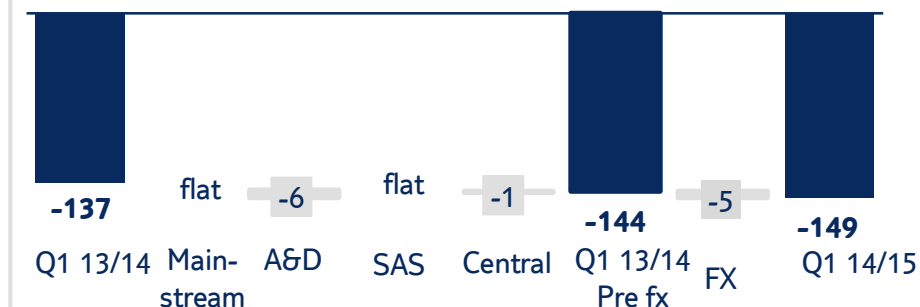
# Travel

## Operating performance

### Turnover and Earnings (€m)

	Q1 14/15	Q1 13/14	%
Turnover	3,369.9	3,207.9	+5.1
Underlying EBITDA	-83.1	-80.3	-3.5
Underlying EBITA	-149.1	-137.3	-8.6

### Bridge Underlying EBITA (€m)



### Business development Q1 2014/15



- Underlying operating loss increased by €12m to €149m including adverse FX impact of €5m
- **UK** performance in line with prior year at constant currency
- **Nordics** result slightly below prior year due to airline cost phasing – underlying trading margins improving as a result of capacity reductions and One Nordic programme
- **Germany** result lower than prior year, primarily due to margin pressure in the Canaries. Good progress in unique and direct/online distribution.
- **France** loss reduced as a result of reduction in loss-making tour operator capacity and restructuring, and improved airline trading.
- **Specialist & Activity** in line with prior year
- **Accommodation & Destinations** below prior year due to phasing of costs to expand Accommodation Wholesaler

# Travel

## Trading Update Winter 2014/15



1. These statistics are up to 1 February 2015 and are shown on a constant currency basis

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

3. Other includes Austria, Belgium, Netherlands, Poland and Switzerland

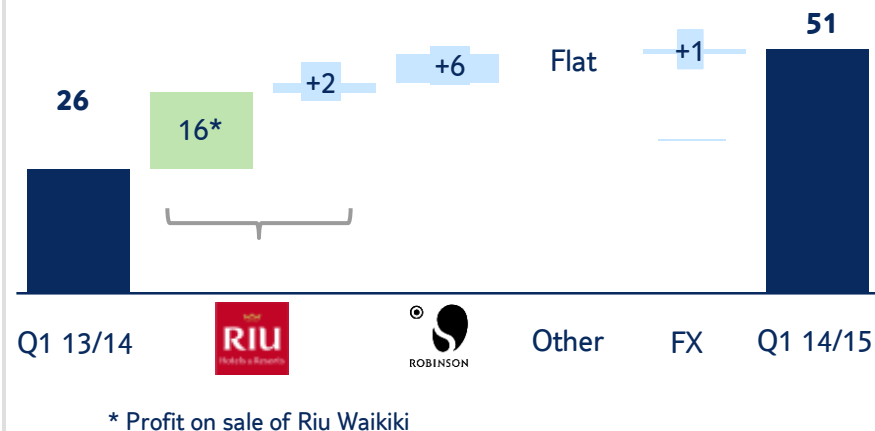
# Hotels & Resorts

## Operating performance

### Turnover and Earnings (€m)

	Q1 14/15	Q1 13/14	%
Total Turnover	197.9	189.8	+4.3
o/w Turnover 3rd party	108.2	94.7	+14.3
Underlying EBITDA	64.9	42.6	+52.3
Underlying EBITA	51.0	26.0	+96.2
<i>Underl. EBITA (excl. disposal gains)</i>	<i>35.0</i>	<i>26.0</i>	<i>+34.6</i>

### Bridge Underlying EBITA (€m)








### Business development Q1 2014/15



- Total turnover up by 4% with an increase in capacity and average revenue per bed
- Excluding €16m profit on sale of Riu Waikiki, underlying EBITA improved by €9m y-o-y
- **Riu** continued to benefit from the shift in demand to the Canaries from North Africa
- **Robinson** improved due to improvements in operational efficiency and higher average revenue per bed

# Hotels & Resorts

## KPIs for owned and leased hotels Q1 2014/15

	Capacity		Revenue/bed		Occupancy		Underly. EBITA /EAT <sup>1</sup>	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
	1	4,180	5	52.81	2	82	18	48 <sup>2</sup>
	-4	591	2	87.82	-1	70	6	8
	4	605	0	43.90	//	20		
	//	61	5	38.88	0	75		
	-6	89	-30	37.24	4	53		
<b>TUI H&amp;R</b>	2	<b>5,657</b>	2	<b>54.78</b>	4	<b>78</b>	25	<b>51<sup>2</sup></b>

<sup>1</sup> segment figures

<sup>2</sup> including disposal gain

# Cruises

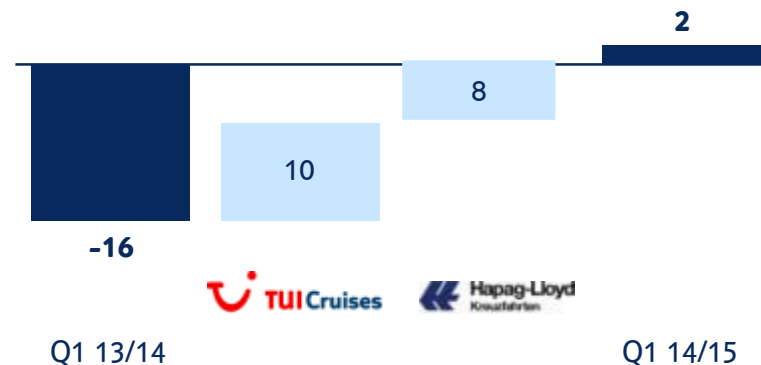
## Operating performance

### Turnover and Earnings (€m)

	Q1 14/15	Q1 13/14	%
Turnover	53.5	55.1	-2.9
Underlying EBITDA	4.6	-12.5	n/a
Underlying EBITA	2.0	-15.9	n/a

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

### Bridge Underlying EBITA (€m)



### Business development Q1 2014/15

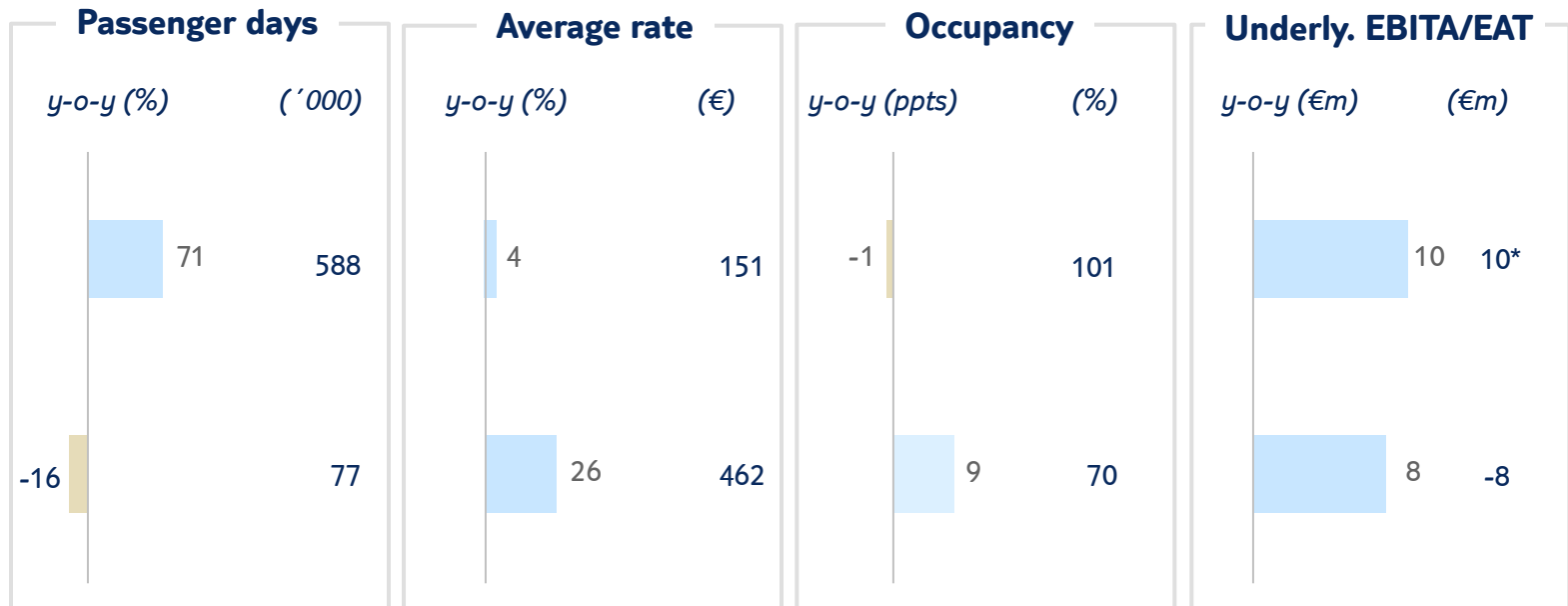


- Turnover down 3% due to decommissioning of Columbus 2 from Hapag-Lloyd Kreuzfahrten
- Underlying EBITA increased by €18m
  - **TUI Cruises** – Mein Schiff 3 launch
  - **Hapag-Lloyd Kreuzfahrten** – growing demand for Europa 2 and non-repeat of dry-dock period in prior year



# Cruises

## KPIs Q1 2014/15



\* At equity result

# Q1 2014/15

## Underlying vs Reported EBITA - Adjustments

in €m	Q1 14/15	Q1 13/14 Restated
<b>Underlying EBITA</b>	<b>-107.9</b>	<b>-141.1</b>
<i>Restructuring expense</i>	-1.5	-5.8
<i>Loss on disposals</i>	-0.1	-0.5
<i>Other one-off items</i>	-17.0	4.0
<i>PPA</i>	-18.5	-16.8
Total Adjustments	-37.1	-19.1
<b>EBITA</b>	<b>-145.0</b>	<b>-160.2</b>

- Increase in adjustments driven by other one-off items (increased legal provisions and non-repeat of onerous contract provision release in Hapag-Lloyd Kreuzfahrten in the prior year), partly offset by lower restructuring costs

# TUI Group

## Bond financing & maturity profile 31 Dec 2014

### Issued Bonds

Bond	Issue	Maturity	Initial volume	Outstanding volume	Interest % p.a.
Convertible Bond	Mar 11	Mar 16	339	339	2.75
Convertible Bond TUI Travel	Apr 10	Apr 17	GBP 400 *	GBP 391**	4.9
High Yield Bond	Sep 14	Oct 19	300	300	4.5
Hybrid	Dec 05	perpetual	300	300	7.353

\* TUI Travel Convertible Bonds 2017 had nominal value of £400m at 31 Dec 2014. Legal ownership of these bonds with a nominal value of £200m was transferred to TUI AG during January 2015. Therefore, nominal value now at £200m

\*\* Net of £8.6m conversions for which 1.027m shares have been issued

\*\*\* TUI AG has a quarterly recurring issuer call right

## Financial calendar

10 February 2015

Annual General Meeting

25 March 2015

Pre-close trading update

13 May 2015

Capital Markets Day & Half Year 2014/15

August 2015

Nine Months 2014/15

September 2015

Pre-close trading update

December 2015

Financial Year 2014/15