

H1 2014/15 Results

13 May 2015



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

1	Introduction	Peter Long
2	H1 Review	Friedrich Jousen
3	Current Trading & Outlook	Friedrich Jousen
4	Financial Performance	Horst Baier
5	Summary	Peter Long

The world's leading tourism business

Strong H1 performance

Pleased with overall summer trading

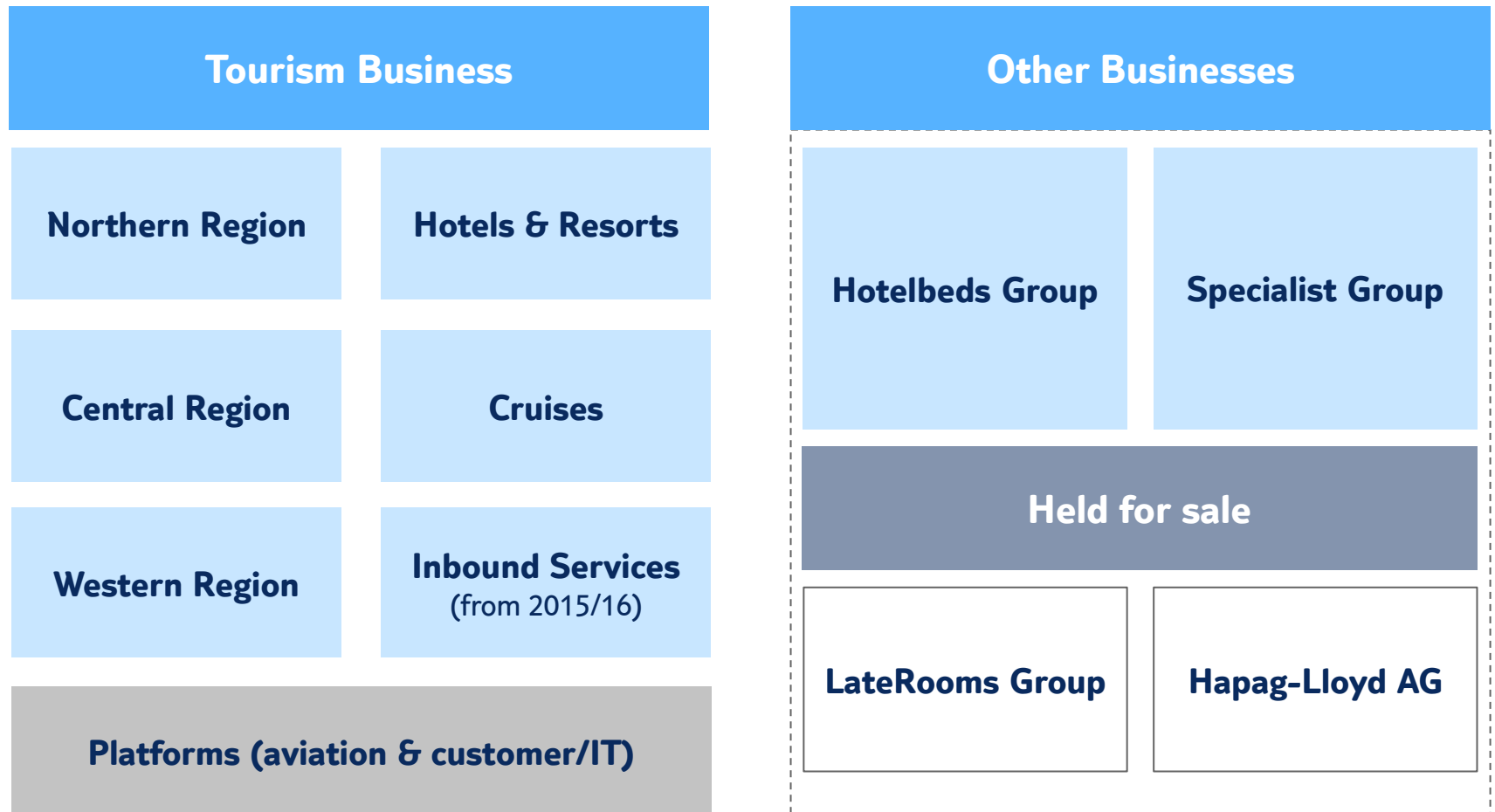
We are well on track with the integration process

We have defined a clear strategic agenda & established a new business structure

Remain confident of delivering full year underlying operating profit growth of 10% to 15% at constant currency

Capital
Markets
Update this
afternoon

TUI Group Structure



TUI Group Senior Leadership



*Christian Clemens will be a member of the Group Executive Committee until his resignation as CEO TUI Deutschland at the end of this year

TUI Group Segmentation going forward



The LateRooms Group classified as discontinued operations

H1 Review

Friedrich Jousen

H1 2014/15

Strong H1 performance

14% improvement in underlying EBITA¹

- **Underlying EBITA improved to a seasonal loss of €-273m** (H1 2013/14: €-341m)
- Includes €16m profit on sale of Riu Waikiki; €14m Easter impact, the favourable new financing for Europa 2 and €2m adverse foreign exchange translation

Source Markets result improved

- **Source Markets improved operating loss to €-265m** (H1 2013/14: €-271m) with good performance in Northern and Western Region

Strong performance in Hotels & Resorts as well as Cruises

- **Underlying EBITA of Hotels & Resorts improved to €35m** (H1 2013/14: €33m) including former TUI Travel hotels; excluding €16m profit on sale of Riu Waikiki & favourable foreign exchange translation
- **Cruises increased** profitability to €13m, **up €29m**, excluding financing for Europa 2

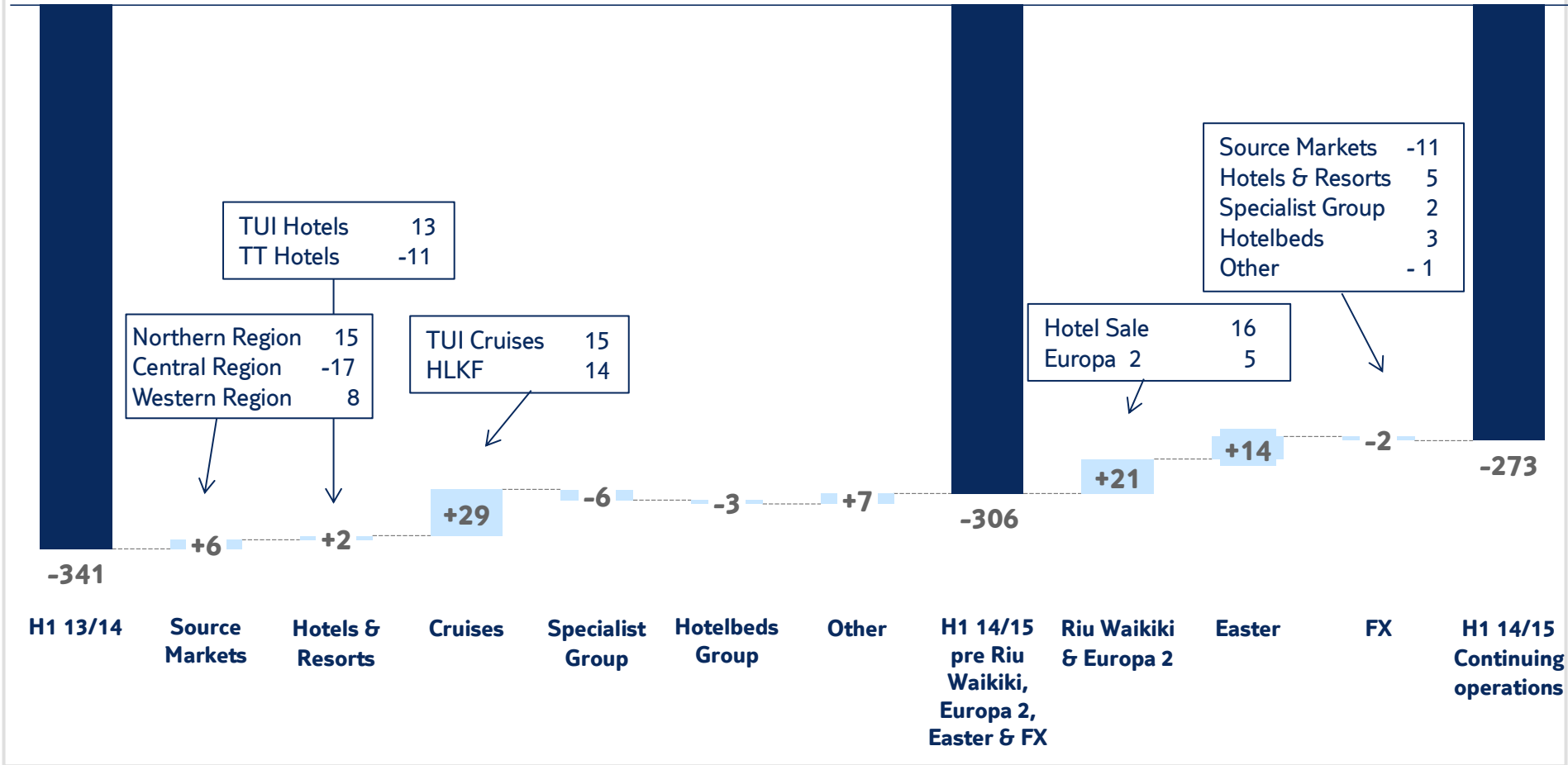
Remain confident of delivering full year underlying operating profit growth of 10% to 15% at constant currency

¹ excluding profit on sale of Riu Waikiki, Europa 2 refinancing benefit and foreign exchange translation

H1 2014/15

Underlying EBITA bridge continuing operations

Underlying EBITA H1 2014/15 bridge (€m)



H1 2014/15

Underlying EBITA by Segment

in €m	H1 14/15	H1 13/14 Restated	Change	Profit on sale of hotel / Financing Europa 2	Easter impact	FX	Change ex FX & other
Northern Region	-109	-124	15	-	10	-10	15
Central Region	-94	-77	-17	-	1	-1	-17
Western Region	-62	-70	8	-	-	-	8
Source Markets	-265	-271	6		11	-11	6
Riu	114	85	29	16	-	7	6
Robinson	10	3	7	-	-	-	7
Other (incl. TT hotels)	-68	-55	-13	-	-	-2	-11
Hotels & Resorts	56	33	23	16		5	2
TUI Cruises	17	2	15	-	-		15
Hapag-Lloyd Kreuzfahrten	1	-18	19	5	-	-	14
Cruises	18	-16	34	5			29
Other Tourism	-21	-21	0	-	-	-	0
Tourism	-212	-275	63	21	11	-6	37
Specialist Group	-18	-17	-1	-	3	2	-6
Hotelbeds Group	8	8	0	-	-	3	-3
All Other Segments	-51	-57	6	-	-	-1	7
TUI Group continuing operations	-273	-341	68	21	14	-2	35

Variances due to rounding effects

Source Markets




KPIs H1 2014/15

	Customers		Direct Distribution		Online		Underly. EBITA	
	y-o-y (%)	('000)	y-o-y (ppts)		y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
Northern Region	1	2,102	1	90	2	58	15	-109
Central Region	4	2,260	4	44	4	14	-17	-94
Western Region	2	1,658	4	69	6	51	8	-62
Source Markets	2	6,020	2	70	3	41	6	-265

Increase in customer numbers as well as in direct/online distribution

Hotels & Resorts

KPIs for owned and leased hotels H1 2014/15

	Capacity		Revenue/bed		Occupancy		Underly. EBITA /EAT ¹	
	y-o-y (%)	('000)	y-o-y (%)	(€)	y-o-y (ppts)	(%)	y-o-y (€m)	(€m)
	Flat	8,225	12	59.87	2	84	29 ²	114 ²
	-5	1,102	Flat	90.51	-1	66	7	10
	3	1,132	1	43.73	13	59		
TT Hotels							-12	-55
TUI H&R	Flat	10,836	8	60.66	3	79	23²	56²

Seasonal winter losses reflect Mediterranean exposure; for FY positive result expected

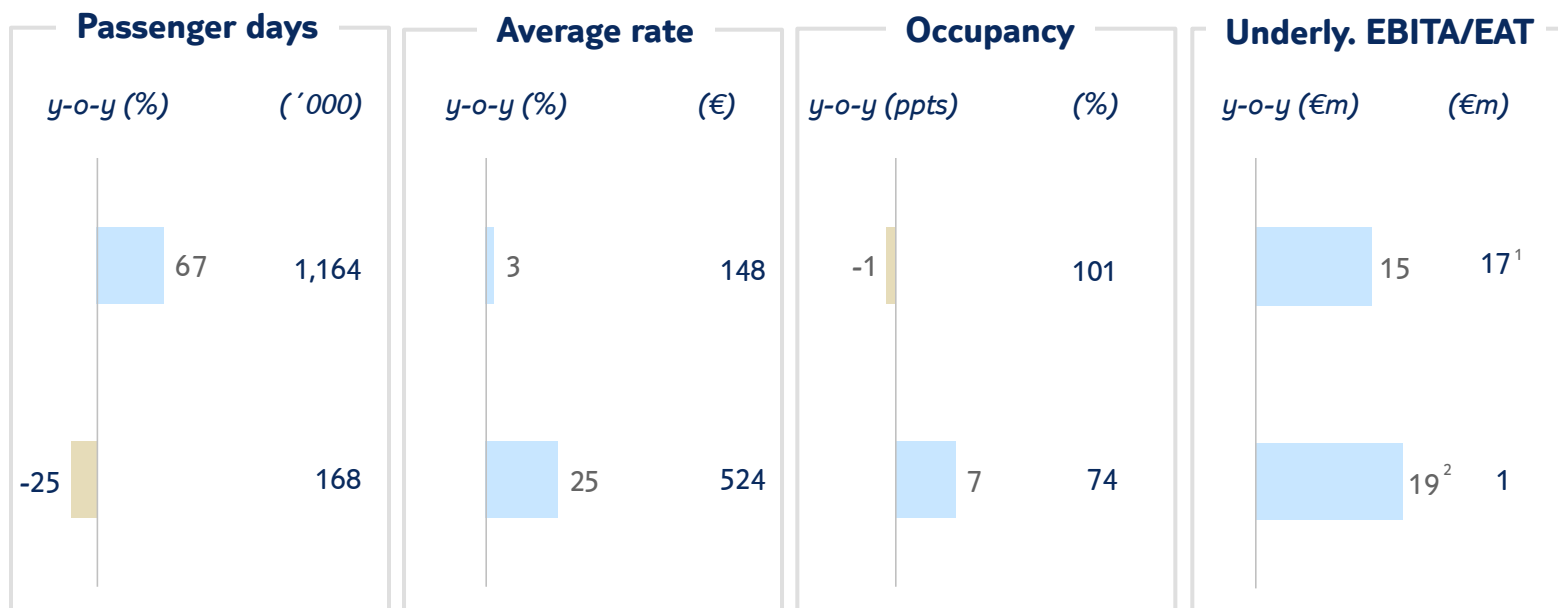
Strong performance of our core brands Riu & Robinson

¹ segment figures

² includes disposal gain

Cruises

KPIs H1 2014/15



- 1) at equity result
- 2) includes financing benefit Europa 2

TUI Cruises with ongoing strong performance / Hapag-Lloyd Kreuzfahrten managed turnaround



Current Trading & Outlook

Friedrich Jousen

Current Trading Summer 2015

- **Pleased with trading overall**
- Bookings developing **strongly, up 2% year-on-year**
 - **59% sold**
 - Increase in numbers of customers booked through our controlled channels at 67% of bookings to date, up 2%-points
- **Hotels & Resorts** performing well with improved occupancy rates and yield
- **Cruises** – launch of Mein Schiff 4 (June 2015) drives strong bookings; Hapag-Lloyd Kreuzfahrten is delivering improved performance

Pleased with overall summer trading

Outlook FY 2014/15e

€m	FY 13/14 ¹	FY 14/15e ²
Turnover	18,715	2-4%
Underlying EBITA	869	10-15%
SDIs (incl. merger related items)	109	~220

¹ prior to restatement & treatment of LateRooms Group as discontinued operations

² at constant currency

Financial Performance

Horst Baier

H1 2014/15

Financial highlights – Optimisation of capital structure

Simplification of financial structure

- **Redemption notice** given to holders of our **two remaining convertible bonds**, by end of March almost all had converted into equity
- **Exercised our issuer call** in relation to the **€300m hybrid bond** with effect from 30 April 2015
- Group's long-term debt structure includes an **RCF** (€1.75bn, June 2018) as well as a **High Yield Bond** (€300m, October 2019)

Asset financing

- **Purchase of Europa 2** in January 2015 (net cash component €67m; €211m debt financing)
- Asset pipeline:**
- **Purchase of the Splendour of the Seas** to be operated by Thomson Cruises from Summer 2016
 - **Switch of two Boeing 787-8 orders to two Boeing 787-9 and acquisition of up to two further Boeing 787-9** creates incremental long-haul opportunities
 - **Expansion in German Cruise market** with two newbuilds for TUI Cruises (Mein Schiff 7 & 8) to be delivered in 2018 & 2019

**TUI Group has the right balance sheet structure
for future growth**

H1 2014/15

Income Statement – Key Figures

in €m	H1 14/15	H1 13/14 restated
Turnover	6,940.1	6,470.4
Underlying EBITA	-272.6	-341.4
Adjustments	-96.3	7.3
EBITA	-368.9	-334.1
Interest result	-107.3	-120.0
Equity result Hapag-Lloyd	0.9	-36.5
EBT	-475.3	-490.6
Income taxes	275.6	144.5
Group result Continued operations	-199.7	-346.1
Discontinued operations	-19.0	-3.9
Minority interest	-17.2	-120.2
Group result after minorities	-201.5	-229.8
Hybrid dividend	10.0	11.2
EPS (€) (cont. operations)	-0.44	-0.95
Underlying EPS* (€) (cont. operations)	-0.54	-0.59

* Definition, please see Appendix

Adjustments comprise PPA (€35m), restructuring costs (€17m, including €12m merger-related costs), value adjustment for a VAT receivable (€18m) and provision for a pending litigation (€13m)

Interest result decreased driven by €44m lower interest in relation to conversion of convertible bonds, partly offset by merger-related items (-€17m), new high-yield bond interest (-€7m) & Europa 2 financing (-€4m)

Tax income is partly attributable to the seasonality of the tourism business; the merger-related reassessment of deferred tax assets on tax loss carry-forwards led to a tax credit of €123m

H1 2014/15

Interest

€m	H1 14/15	H1 13/14 restated	%
Debt related interest ¹	-77	-100	23
Non-debt related charge	-38	-33	-15
Interest income	8	14	-43
Net interest result	-107	-119	10

¹ thereof cash interest €49m

H1 2014/15

Group Cash Flow

in €m	H1 14/15	H1 13/14 restated
EBITA reported	-368.9	-334.1
Depreciation	213.4	185.6
Working Capital	-547.2	-224.1
Other cash effects	-241.1	-189.9
Received dividends	8.6	13.1
Tax paid	-72.9	-101.3
Interest (Cash)	-49.0	-69.1
Pension Contribution UK	-93.9	-98.7
Operating Cashflow	-1,151.0	-818.5
Capex	-252.6	-98.9
Net financial investments	148.7	-39.3
Net pre delivery payments	-24.0	7.7
Free Cashflow before dividends	-1,278.9	-949.0
Dividends	-280.2	-77.7
Hybrid interest	-11.4	-11.5
Free Cashflow after dividends	-1,570.5	-1,038.2

Group balance sheet 31 March 2015

Movement in Net Debt

€m	31 Mar 2015	30 Sep 2014 restated	31 Mar 2014 restated
Opening net cash / (debt)	293	-97	-97
Movement in cash net of debt	-1,570	101	-1,038
Foreign exchange movement	-167	-136	-38
Non cash movement in debt - Asset backed finance	-547*	-167	-81
Non cash movement in debt - Other	297	592	-93
Closing net (debt) / cash	-1,694	293	-1,347

* incl. financing Europa 2 and four new aircraft on finance lease

Comment: As at 31 March 2015, cash and cash equivalents worth €181m were subject to disposal restrictions.

Group balance sheet 31 March 2015

Net financial debt

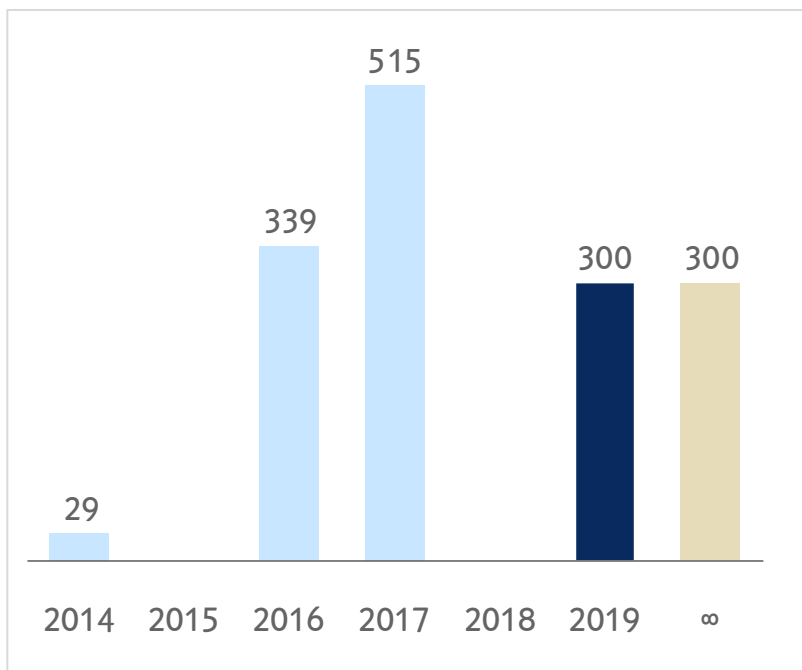
€m	31 Mar 2015	30 Sep 2014 restated	31 Mar 2014 restated
Financial liabilities	2,739	1,965	3,425
o/w non-current	2,221	1,748	1,794
o/w current	518	217	1,631
Cash	1,045	2,258	2,078
Net debt/(cash)	1,694	-293	1,347

- Increase in net debt since 30 September 2014 driven by typical seasonal cash outflows, primarily within the tour operators
- Issuer Call Hybrid (€300m) – classified as financial debt as at 31 March 2015
- We expect a broadly net debt neutral position at year-end mainly due to higher CAPEX (e.g. growth in hotels, Europa 2), redemption of hybrid and dividend payments made in December & February, partly offset by bond conversions

Group balance sheet 31 March 2015

Maturity profile

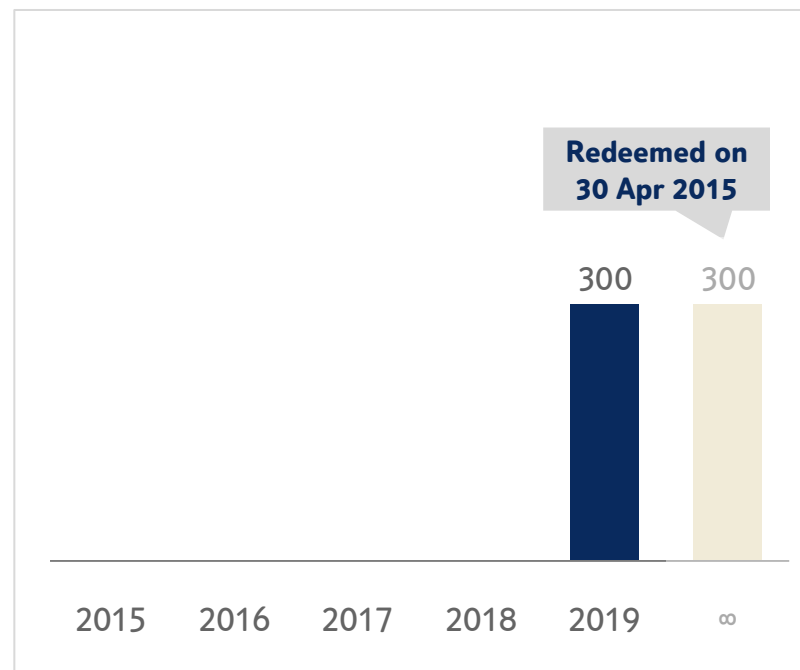
As of 30 September 2014 (€m)



+RCF of GBP1.4bn

■ Convertible Bonds
 ■ High Yield Bond
 ■ Hybrid

Today (€m)



+RCF of €1.75bn (June 2018)

Successful optimisation of financing structure post merger

Summary

Peter Long

Summary

- Excellent performance in the first half of the year – **14% improvement in underlying EBITA¹**
- **Source Markets improved** result
- Strong result in **Hotels & Resorts** and **Cruises**
- **Pleased** with overall **summer trading**
- **Post-merger integration underway with a faster pace**
- Group has the **right balance sheet structure** for **future growth**
- **Confident to deliver 10-15% EBITA growth this year at constant currency**
- **Strategic agenda for profitable top-line growth defined** – details at Capital Markets Update this afternoon

We expect to deliver at least 10% underlying EBITA CAGR over the next three years²

¹ excluding profit on sale of Riu Waikiki, Europa 2 refinancing benefit and foreign exchange translation

² next three years from FY 2014/15, at constant currency

Q&A

Appendix

Turnover

H1 2014/15

€m	H1 14/15	H1 13/14 restated	%
Northern Region	2,158.8	1,969.6	9.6
Central Region	1,935.0	1,828.9	5.8
Western Region	915.0	928.3	-1.4
Source Markets	5,008.8	4,726.8	6.0
Hotels & Resorts	245.4	211.6	16.0
Cruises	136.2	149.2	-8.7
Other Tourism	240.0	226.8	5.8
Tourism	5,630.4	5,314.4	5.9
Specialist Group	885.1	768.1	15.2
Hotelbeds Group	395.4	369.6	7.0
All Other Segments	29.2	18.3	59.6
TUI Group continuing operations	6,940.1	6,470.4	7.3

Underlying EBITA

H1 2014/15

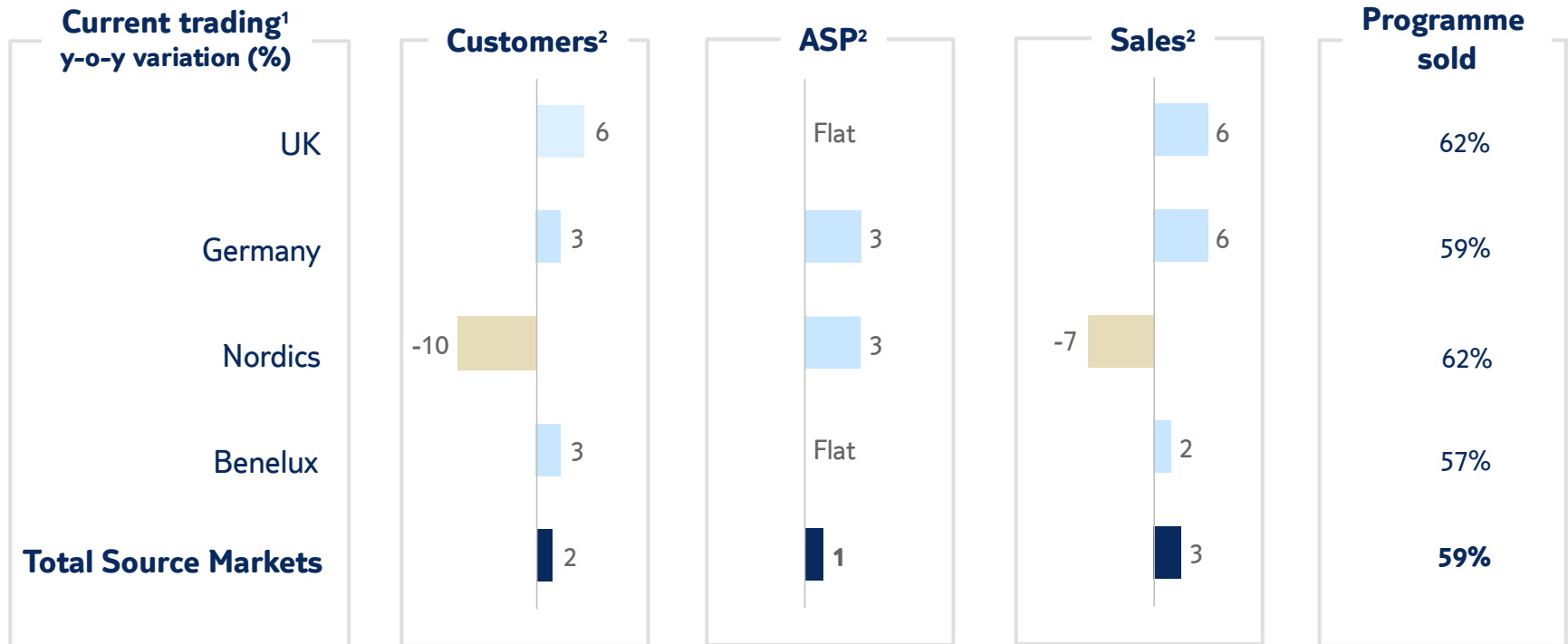
€m	H1 14/15	H1 13/14 restated	%
Northern Region	-109.6	-124.2	11.8
Central Region	-93.7	-76.7	-22.2
Western Region	-61.7	-69.8	11.6
Source Markets	-265.0	-270.7	2.1
Hotels & Resorts	55.6	32.7	70.0
Cruises	18.3	-16.2	n.m.
Other Tourism	-21.2	-20.9	-1.4
Tourism	-212.3	-275.1	22.8
Specialist Group	-17.7	-16.9	-4.7
Hotelbeds Group	7.8	7.6	2.6
All Other Segments	-50.4	-57.0	11.6
TUI Group continuing operations	-272.6	-341.4	20.2

Pro Forma Underlying EPS

H1 2014/15

In €m		Pro Forma	
Underlying EBITA		-273	Restated; LateRooms treated as discontinued
<i>Net interest expense</i>	-107		
<i>Convertible bond expense</i>	20		
<i>Adjusted interest expense</i>		-87	
Underlying PBT		-360	
<i>Underlying ETR</i>		25%	Minority interest excluding TUI Travel
Tax charge		90	
Minority interest		-33	
Hybrid dividend		-11	Number of shares following bond conversions
Net income		-314	
Number of shares (m)		587	
Proforma EPS		-0.54	

Trading Update Summer 2015



1. These statistics are up to 3 May 2015 and are shown on a constant currency basis
 2. These statistics relate to all customers whether risk or non-risk

Source Markets

Distribution Mix by Key Source Market

	H1 2015		H1 2014	
	Direct/Online	Third Party	Direct/Online	Third Party
UK	90% / 54%	10%	90% / 51%	10%
Nordics	89% / 69%	11%	88% / 67%	12%
Germany	43% / 13%	57%	38% / 10%	62%
Total Source Markets	70% / 41%	30%	68% / 38%	32%

H1 2014/15

Underlying vs Reported EBITA - Adjustments

in €m	H1 14/15	H1 13/14 restated
Underlying EBITA	-272.6	-341.4
<i>Restructuring expense</i>	-16.5	-15.7
<i>Loss on disposals</i>	-1.0	-0.5
<i>Other one-off items</i>	-43.6	+56.6
<i>PPA</i>	-35.2	-33.1
Total Adjustments	-96.3	+7.3
EBITA	-368.9	-334.1

TUI Group

Bond financing & maturity profile 31 Mar 2015

Issued Bonds

Bond (in €m)	Issue	Maturity	Initial volume	Outstanding volume	Interest % p.a.
Convertible Bond	Mar 11	Apr 15	339	2	2.75
Convertible Bond TUI Travel	Apr 10	Apr 15	GBP 200*	8	4.9
Hybrid	Dec 05	Apr 15	300	300	7.353
High Yield Bond	Sep 14	Oct 19	300	300	4.5

Redeemed
by
7 Apr 15

Redeemed
by
17 Apr 15

Redeemed
by
30 Apr 15

* 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

Aircraft

Planned order book deliveries – 2015 to 2019

	2015	2016	2017	2018	2019
B737 NG	5	-	-	-	
B737-MAX	-	-	-	5	14
B787-8	5	1	1	-	
Planned order book deliveries 2015-2019	10	1	1	5	14

Aircraft

Aircraft commitments by finance type

	Operating Lease	Finance Lease	Owned	Held for Sale	Total
As at 30 September 2014	119	11	6	0	136
Order book financing	2 x B737-800 → 2	1 x B737-800 3 x B787-8 → 4	0	0	6
Other net movements	(11)	(2) ←	1 x B757-200 & 1 x A330-200 FL to Owned → 1	1 x A321-200 & Owned to Held for Sale → 1	(11)
As at 31 March 2015	110	13	7	1	131

Pro Forma Turnover 2012/13 & 2013/14

€m	FY 12/13	Q1 13/14	Q2 13/14	Q3 13/14	Q4 13/14	FY 13/14
Northern Region	6,037.2	1,047.6	922.0	1,660.0	2,571.2	6,200.8
Central Region	5,524.8	1,022.7	806.2	1,393.4	2,203.7	5,426.0
Western Region	3,019.4	494.2	434.1	782.8	1,259.1	2,970.2
Source Markets	14,581.4	2,564.5	2,162.3	3,836.2	6,034.0	14,597.0
Hotels & Resorts	462.3	101.2	110.4	105.0	199.4	516.0
Cruises	261.0	55.2	94.0	63.9	67.9	281.0
Other Tourism	440.6	110.2	116.6	102.8	148.8	478.4
Tourism	15,745.3	2,831.1	2,483.3	4,107.9	6,450.1	15,872.4
Specialist Group	1,698.1	331.0	437.1	388.6	468.8	1,625.5
Hotelbeds Group	815.0	186.8	182.8	261.9	368.1	999.6
All Other Segments	38.4	-5.4	23.7	18.6	2.4	39.3
TUI Group continuing operations	18,296.8	3,343.5	3,126.9	4,777.0	7,289.4	18,536.8

Note: The numbers are restated to reflect the new segment structure and the LateRooms Group has been classified as a discontinued operation
Variances due to rounding effects

Pro Forma Underlying EBITA

2012/13 & 2013/14

€m	FY 12/13	Q1 13/14	Q2 13/14	Q3 13/14	Q4 13/14	FY 13/14
Northern Region	402.7	-43.8	-80.4	99.1	423.4	398.3
Central Region	152.7	-10.2	-66.5	29.9	209.8	163.0
Western Region	23.2	-27.1	-42.7	2.0	149.5	81.7
Source Markets	578.6	-81.1	-189.6	131.0	782.7	643.0
Hotels & Resorts	198.1	12.6	20.1	41.6	128.5	202.8
Cruises	-14.0	-15.9	-0.3	-1.5	27.4	9.7
Other Tourism	-8.8	-12.0	-8.9	-21.9	20.5	-22.3
Tourism	753.9	-96.4	-178.7	149.2	959.1	833.2
Specialist Group	44.3	-18.0	1.1	20.5	41.9	45.5
Hotelbeds Group	94.8	7.4	0.2	23.6	70.6	101.8
All Other Segments	-128.6	-32.8	-24.2	-29.7	-23.8	-110.5
TUI Group continuing operations	764.4	-139.8	-201.6	163.6	1,047.8	870.0

Note: The numbers are restated to reflect the new segment structure and the LateRooms Group has been classified as a discontinued operation
 Variances due to rounding effects

Pro Forma Income Statement – Key Figures

2012/13 & 2013/14

€m	FY 12/13	Q1 13/14	Q2 13/14	Q3 13/14	Q4 13/14	FY 13/14
Turnover	18,296.8	3,343.5	3,126.9	4,777.0	7,289.4	18,536.8
Underlying EBITDA	1,090.4	-64.3	-124.7	248.6	1,140.3	1,199.9
Depreciation	-325.9	-75.7	-76.6	-85.1	-92.5	-329.9
Underlying EBITA	764.5	-139.8	-201.6	163.5	1,047.8	870.0
Adjustments	-160.7	-18.7	26.0	-71.8	-28.1	-92.7
EBITA	603.8	-158.5	-175.6	91.7	1,019.6	777.4
Impairment goodwill	-8.2	0.0	0.0	0.0	0.0	0.0
EBIT	595.5	-158.5	-175.6	91.7	1,019.6	777.4
Interest result	-251.5	-58.0	-62.0	-62.4	-41.8	-224.2
Equity result Hapag-Lloyd	-22.3	-9.7	-26.8	-9.5	-8.2	-54.2
EBT	321.7	-226.2	-264.4	19.8	969.5	498.8
Income taxes	-145.1	70.8	73.7	-22.1	-334.9	-212.5
Group result continuing operations	176.6	-155.4	-190.7	-2.2	634.6	286.3
Discontinued operations	-10.7	0.9	-4.8	-3.5	-8.0	-15.5
Minority Interest	177.0	-45.0	-75.2	20.6	279.9	180.4
Group result after minorities	-11.0	-109.5	-120.3	-26.4	346.6	90.4
Hybrid dividend	-23.6	-5.7	-5.7	-6.0	-5.4	-22.8
EPS (€)	-0.14	-0.46	-0.50	-0.13	1.34	0.26

Note: The LateRooms Group has been classified as a discontinued operation
 Variances due to rounding effects

Financial calendar

13 May 2015

Capital Markets Day & Half Year 2014/15

13 August 2015

Nine Months 2014/15

September 2015

Pre-close trading update

December 2015

Financial Year 2014/15