

FY 2016/17 Q1 results  
Media Call, 14 February





## 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**

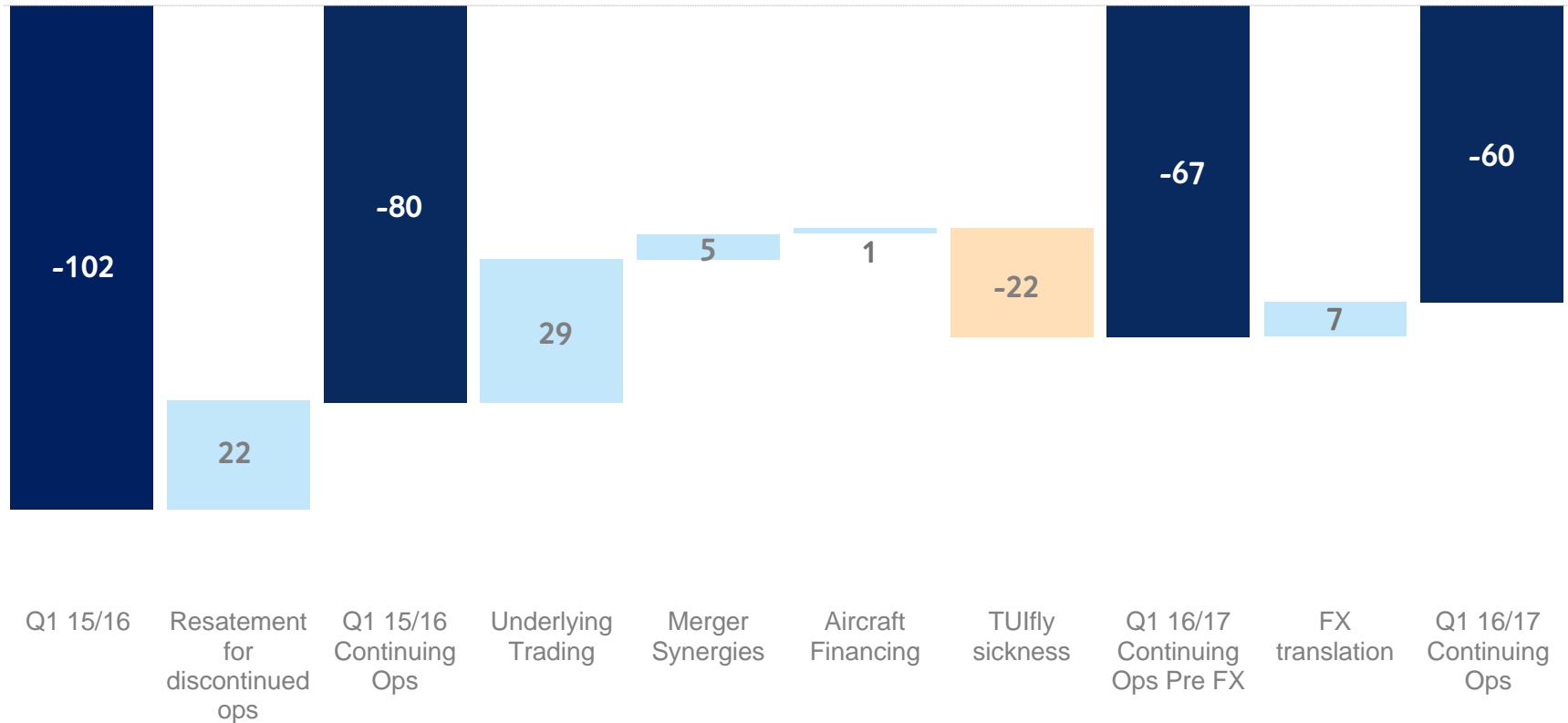
- **Good operational performance** with continued growth in our hotel, cruise and concept brands
- **Reduction in seasonal underlying EBITA loss**
- Further **merger synergies of €5m** achieved in the quarter
- Partly offset by the impact of **higher than normal levels of sickness** in our German airline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

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



# TUI Group

## Reduction in the seasonal underlying EBITA loss



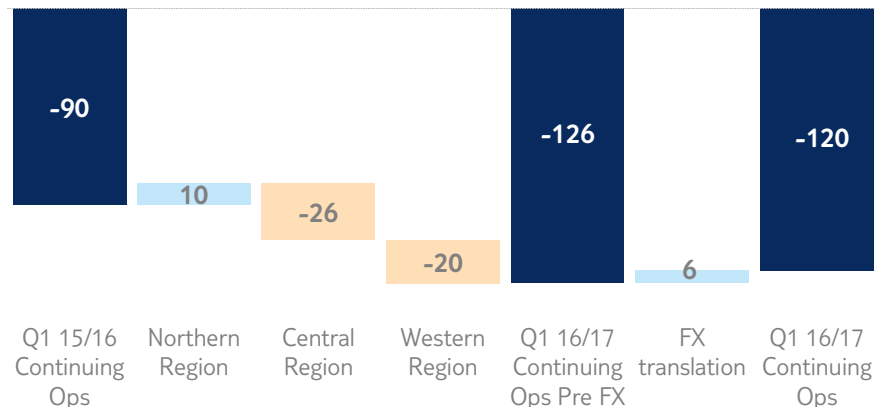
# Source Markets

## Growth in volumes in the UK up 10 per cent

### 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

### 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 continues 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, result negatively impacted by high levels of sickness at TUI fly costing around €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



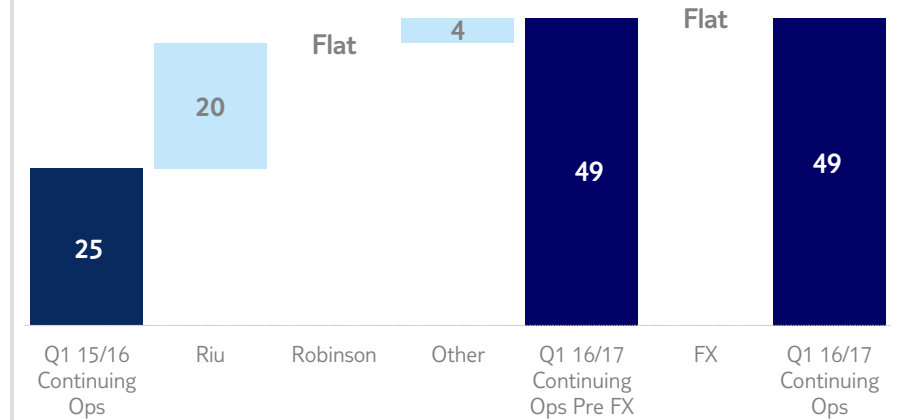
# Hotels & Resorts

## Riu continues strong performance

### 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

### 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



# Cruises

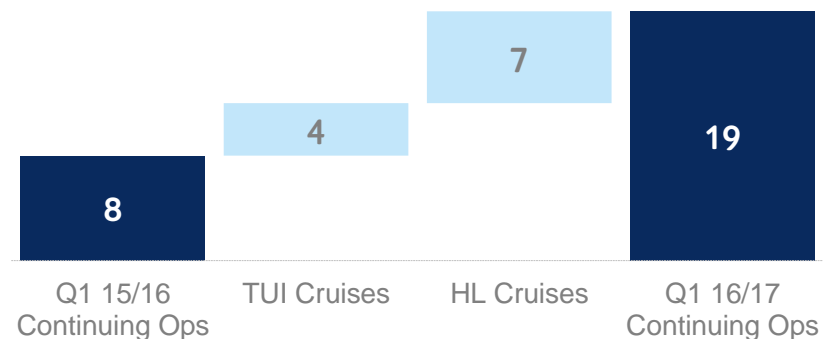
## Both cruise companies with a positive profit contribution

### 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

### 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

## Current trading is in line with our expectations

- **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**

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



Outlook 2016/17\* – Continuing operations basis

## We reiterate our balanced guidance for FY 2016/17

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

## Good start to the financial year

- **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

