

# Q1

QUARTERLY STATEMENT 2020

- Good Q1 Markets & Airlines result, 14% ahead of prior year excluding one-offs
- Holiday Experiences fundamentals remain strong, however higher cost base and FX offsets capacity growth
- Reiterate robust financial position and capital allocation priorities, underpinned by our resilient integrated business model and strategic initiatives
- FY20 underlying EBIT range updated to between approximately €850 m to €1,050 m\* reflecting full-year Boeing 737 Max grounding costs, partly expected to be offset by current strong trading, other mitigation and a certain level of compensation from Boeing

\*Based on constant currency, pro-forma IAS 17 basis and pre TUI Cruises acquisition of Hapag-Lloyd Cruises

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## REPORT NAVIGATION

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# QUARTERLY STATEMENT Q1 2020

## TUI Group – financial highlights

€ million	Q1 2020	Q1 2019 adjusted	Var. %	Var. % constant currency
<b>Turnover</b>	<b>3,850.8</b>	<b>3,574.8</b>	<b>+7.7</b>	<b>+6.8</b>
<b>Underlying EBIT<sup>1</sup></b>				
Hotels & Resorts	35.1	69.2	-49.3	-41.3
Cruises	48.8	47.0	+3.8	+3.6
Destination Experiences	-8.9	-4.8	-85.4	-93.8
Holiday Experiences	75.0	111.4	-32.7	-28.2
Northern Region	-105.8	-62.8	-68.5	-72.6
Central Region	-28.9	-32.7	+11.6	+3.7
Western Region	-63.2	-60.5	-4.5	-5.5
Markets & Airlines	-197.9	-156.0	-26.9	-30.6
All other segments	-24.0	-38.6	+37.8	+35.8
<b>TUI Group</b>	<b>-146.9</b>	<b>-83.1</b>	<b>-76.8</b>	<b>-78.8</b>
<b>EBIT<sup>1</sup></b>	<b>-78.0</b>	<b>-106.0</b>	<b>+26.4</b>	
<b>Underlying EBITDA<sup>2</sup></b>	<b>111.5</b>	<b>27.2</b>	<b>+309.9</b>	
<b>EBITDA<sup>2</sup></b>	<b>189.8</b>	<b>12.3</b>	<b>n. a.</b>	
Net loss for the period	-105.5	-112.1	+5.9	
Earnings per share	€ -0.22	-0.24	+8.3	
Equity ratio <sup>3</sup> (31 Dec)	% 21.7	26.9	-5.1	
Net capex and investments	60.7	294.8	-79.4	
Net financial position (31 Dec)	-5,072.2	-1,832.0	-176.9	
Employees (31 Dec)	56,448	57,877	-2.5	

<sup>1</sup> We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. For further details please see page 12.

<sup>2</sup> EBITDA is defined as earnings before interest, income taxes, goodwill impairment and amortisation and write-downs of other intangible assets, depreciation and write-downs of property, plant and equipment, investments and current assets.

<sup>3</sup> Equity divided by balance sheet total in %, variance is given in percentage points.

Differences may occur due to rounding.

This Quarterly Statement of the TUI Group was prepared for the reporting period Q1 FY20 from 1 October 2019 to 31 December 2019. The TUI Group applied IFRS 16 from 1 October 2019. Prior year figures were not adjusted.

Since the beginning of this financial year, the items of the profit and loss statement of the aircraft leasing companies holding the TUI Group's aircraft and subletting them within the Group have been fully allocated to the airlines using the respective aircraft (Northern Region, Central Region and Western Region). In the first quarter of the previous year, the aircraft leasing companies were fully included in All other segments, while in the 2019 Annual Report, the result from intra-Group subleasing was already allocated to the respective airlines (Northern Region, Central Region and Western Region). The prior-year figures have been adjusted accordingly.



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## Q1 2020 Summary

- Our first quarter of the new financial year saw improved booking trends for our Winter programme, driving a good underlying result in our Markets & Airlines business. Excluding the effects of the continued Boeing 737 Max grounding and the non-repeat of a hedging gain from prior year, underlying EBIT for Markets & Airlines improved by 14 % versus prior year.
- Holiday Experiences saw a weaker result for this first quarter, with improved occupancy and average revenues at Hotels & Resorts offset by higher cost base and FX losses from the devaluation of Turkish Lira. Additionally there were higher IMO2020 fuel costs for our Cruise business and accelerated investments in our new digital platform in Destination Experiences as anticipated, eroding contribution in the quarter.
- The grounding of the Boeing 737 Max aircraft incurred replacement costs of €45 m across Markets & Airlines. The segment also saw a headwind of €29m from the non-repeat of a hedging gain reported in Q1 of the prior year.
- Provided the current strong trading trends for our Markets & Airlines business continue, we are now expecting a high single digit percentage turnover growth (previously: mid to high single digit percentage growth). On the basis of our guidance range as set out in December 2019, assuming a return service of the Boeing 737 Max by end of April 2020, this would have corresponded to the upper end of an underlying EBIT range of approx. €950 m – €1,050 m, already including an approx. €130 m cost impact for the 737 Max grounding. In light of the recent official release from Boeing, we instead now have secured replacement capacity for the entire FY20 in accordance with the second scenario as presented in our December guidance. However, we have been able to narrow the range of the additional cost for a full FY20 grounding of the 737 Max from approx. €220 m – €270 m to approx. €220 m – €245 m. Moreover, these additional Boeing costs did not have to be fully reflected in our updated guidance range as we now expect to partly offset this impact based on the current strong trading trends for our Markets & Airlines (as set forth above), by mitigating factors such as cost measures and because we have now included a certain level of compensation from Boeing. As before, the guidance range also includes a mid to high double-digit millions investment in digital platform growth. Based on this, we update our guidance range and now expect an underlying EBIT range of approx. €850 m to €1,050 m.<sup>1</sup>
- Against a changing market environment, we will continue to focus and deliver on our four strategic initiatives as detailed at our FY19 full-year results.
- Our ongoing transformation strategy towards becoming a more digital tourism platform business remains our priority.

<sup>1</sup> Based on constant currency, pro-forma IAS 17 basis and pre TUI Cruises acquisition of Hapag-Lloyd Cruises

## Q1 results at a glance

€ million	Q1 FY20
<b>Underlying EBIT Q1 FY19</b>	<b>-83</b>
Holiday Experiences	-32
Markets & Airlines	+26
All other segments	+14
<b>Special items</b>	
Markets & Airlines Prior year: Hedging gain (Northern Region)	-29
<b>Underlying EBIT Q1 FY20 at constant currency (IAS 17), excluding Boeing 737 Max grounding</b>	<b>-104</b>
Markets & Airlines Current year: Boeing 737 Max grounding	-45
<b>Underlying EBIT Q1 FY20 at constant currency (IAS 17)</b>	<b>-149</b>
Foreign exchange translation	+1
<b>Underlying EBIT Q1 FY20 at actual rates (IAS 17)</b>	<b>-148</b>
IFRS 16 impact	+1
<b>Underlying EBIT Q1 FY20 at actual rates (IFRS 16)</b>	<b>-147</b>

## OUTLOOK AND EXPECTED DEVELOPMENT

FY20 in terms of booking trends has started exceptionally well, with the UK delivering its best bookings volume month in the company's history. We are pleased with customer booking development to date for both programmes however the Boeing 737 Max grounding continues to weigh on our operational performance, with an extended grounding now expected for the rest of the financial year. We will continue to focus and deliver on our four strategic initiatives as outlined in our FY19 full-year results update; progress of our initiatives and our Markets and Domains Transformation Programme are on track.

For our Hotels & Resorts business, as indicated at our FY19 full-year results, we plan to grow this segment through both asset-right and asset-light approaches. We currently have 17 hotel openings planned for the year, with a number in our key brands Riu and Robinson through an asset-right approach. For our flagship leisure brand TUI Blue, we plan expand to almost 100 hotels through asset-light re-positioning of our existing hotel portfolio. During Q1, one new TUI Blue hotel was opened and nine re-positioned.

On 7 February 2020, we announced the acquisition of Hapag-Lloyd Cruises by TUI Cruises, our cruise joint venture partnership with Royal Caribbean. The transaction will create a solid financial base with which to facilitate and accelerate the international growth of Hapag-Lloyd Cruises, delivering increased profitability and synergies in the mid-term. We expect the transaction to generate net cash consideration of approximately €700m (including an earn-out element of €63m, payable upon Hapag-Lloyd Cruises delivering its FY20 budget EBIT). The transaction is expected to generate a considerable book gain and is still subject to the customary closing conditions and certain regulatory approvals and is expected to complete in Summer 2020.



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As previously indicated in December, TUI Cruises is likely to see limited yield growth for FY20 as a result of the strong increase in cruise capacity in the prior year. For Marella, cost inflation remains above pricing growth achieved to date and we continue to expect full-year cost base increases from IMO2020 fuel regulations and adverse FX effects to fully offset the annualisation benefit of Marella Explorer 2. Hapag-Lloyd will benefit from the annualisation of Hanseatic nature and launch of Hanseatic inspiration.

In Destination Experiences, in line with our strategic initiatives to build and grow TUI's ecosystem, we will flexibly accelerate our opex investment in our digital platform Musement. We expect to increase the number of tours and activities offered and to expand our 3rd party distribution. Alongside, we will also flexibly invest in the growth of our GDN-OTA platform (within All other segments), in line with our strategic initiatives.

Markets & Airlines bookings for Winter 2019/20 are up 3%<sup>2</sup> on prior year against a flat capacity year on year, with average selling price up 6% and 83%<sup>2</sup> of the programme sold to date, in line with prior year. For Summer 2020, 36%<sup>2</sup> of the programme has been booked to date, 2% ahead of prior year. Bookings are up 14%<sup>2</sup>, slightly ahead of our capacity increase, with average selling price up 3%<sup>2</sup>, which is broadly in line with expected cost inflation for Summer 2020.

<sup>2</sup> These statistics are up to 2 February 2020, shown on a constant currency basis and relate to all customers whether risk or non-risk

We are pleased with the current development of our Markets & Airlines business, with exceptional booking trends following the insolvency of a key competitor, building on our market share growth as envisaged.

With regard to the UK's exit from the EU as of 31 January 2020, a main concern remains whether our airlines will continue to have full access to EU airspace after the transition period. We are continuing to address the importance of there being a special and comprehensive agreement for aviation between the EU and the UK post Brexit to protect consumer choice with the relevant UK and EU decision makers. We follow the political negotiations closely and continue to develop scenarios and mitigation strategies for various outcomes, including the potential exit of the UK from the EU on 31 December 2020 without a comprehensive free trade agreement, with a focus to alleviating potential impacts from Brexit for the Group.

## Consolidated earnings

### Turnover

€ million	Q1 2020	Q1 2019 adjusted	Var. %
Hotels & Resorts	166.2	139.3	+19.3
Cruises	238.4	190.5	+25.2
Destination Experiences	216.7	158.3	+36.9
Holiday Experiences	621.4	488.1	+27.3
Northern Region	1,220.3	1,100.4	+10.9
Central Region	1,354.6	1,290.3	+5.0
Western Region	594.8	543.1	+9.5
Markets & Airlines	3,169.8	2,933.8	+8.0
All other segments	59.6	153.0	-61.0
<b>TUI Group</b>	<b>3,850.8</b>	<b>3,574.8</b>	<b>+7.7</b>
<b>TUI Group (IAS 17, at constant currency)</b>	<b>3,818.7</b>	<b>3,574.8</b>	<b>+6.8</b>

### Underlying EBIT

€ million	Q1 2020	Q1 2019 adjusted	Var. %
Hotels & Resorts	35.1	69.2	-49.3
Cruises	48.8	47.0	+3.8
Destination Experiences	-8.9	-4.8	-85.4
Holiday Experiences	75.0	111.4	-32.7
Northern Region	-105.8	-62.8	-68.5
Central Region	-28.9	-32.7	+11.6
Western Region	-63.2	-60.5	-4.5
Markets & Airlines	-197.9	-156.0	-26.9
All other segments	-24.0	-38.6	+37.8
<b>TUI Group</b>	<b>-146.9</b>	<b>-83.1</b>	<b>-76.8</b>
<b>TUI Group (IAS 17, at constant currency)</b>	<b>-148.6</b>	<b>-83.1</b>	<b>-78.8</b>



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EBIT			
€ million	Q1 2020	Q1 2019 adjusted	Var. %
Hotels & Resorts	35.1	69.1	-49.2
Cruises	48.8	47.0	+3.8
Destination Experiences	-13.6	-9.6	-41.7
Holiday Experiences	70.3	106.6	-34.1
Northern Region	-109.9	-77.7	-41.4
Central Region	54.4	-33.8	n.a.
Western Region	-66.4	-61.2	-8.5
Markets & Airlines	-121.8	-172.7	+29.5
All other segments	-26.5	-39.9	+33.6
<b>TUI Group</b>	<b>-78.0</b>	<b>-106.0</b>	<b>+26.4</b>

### Segmental performance

Holiday Experiences			
€ million	Q1 2020	Q1 2019 adjusted	Var. %
Turnover	621.4	488.1	+27.3
Underlying EBIT	75.0	111.4	-32.7
Underlying EBIT (IAS 17, at constant currency)	80.0	111.4	-28.2

Hotels & Resorts				
		Q1 2020	Q1 2019 adjusted	Var. %
Total turnover	in € million	328.6	313.5	+4.8
Turnover	in € million	166.2	139.3	+19.3
Underlying EBIT	in € million	35.1	69.2	-49.3
Underlying EBIT (IAS 17, at constant currency)	in € million	40.6	69.2	-41.3
<b>Capacity hotels total<sup>1</sup></b>	<b>in '000</b>	<b>9,526</b>	<b>9,135</b>	<b>+4.3</b>
Riu		4,390	4,415	-0.6
Robinson		741	677	+9.4
Blue Diamond		1,150	949	+21.2
<b>Occupancy rate hotels total<sup>2</sup></b>	<b>in %, variance in % points</b>	<b>77</b>	<b>76</b>	<b>+1</b>
Riu		83	82	+1
Robinson		72	71	+1
Blue Diamond		76	74	+2
<b>Average revenue per bed hotels total<sup>3</sup></b>	<b>in €</b>	<b>68</b>	<b>65</b>	<b>+3.8</b>
Riu		66	65	+2.2
Robinson		93	88	+5.6
Blue Diamond		112	113	-0.7

Turnover measures include fully consolidated companies, all other KPIs incl. companies measured at equity

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

<sup>2</sup> Occupied beds divided by capacity

<sup>3</sup> Arrangement revenue divided by occupied beds

- Hotels & Resorts delivered both occupancies and rate up on prior year. Against strong comparables, earnings in this low volume quarter were however firstly offset by a €6m adverse impact from the revaluation of Euro loan balances in our Turkish hotel entities. This, combined with reduced winter capacity at Riu, higher winter costs from an expanded portfolio in Other hotels, and a €4m charge from IFRS 9 financial instruments revaluation, led to underlying EBIT (IAS 17, at constant currency rates) decreasing by €29m as a result.
- Occupancy for the segment remained high at 77%, up 1% ppt versus prior year reflecting the continued demand for our brands and benefit of our integrated business model. Average revenue per bed increased by 4% to €68.
- 12 new hotels were opened in the quarter in both year-round city and sun and beach destinations.
- Riu saw occupancy increasing 1%ppt to 83%, and average revenue per bed increasing by 2% to €66 versus prior year. Overall contribution for the quarter was however lower, reflecting the reduced winter capacity. Riu opened two new hotels in the quarter in Morocco and San Francisco.
- Robinson earnings grew versus prior year, benefitting from last year's re-opening of a flagship club in Fuerteventura post major renovation and inclusion of the full EBIT contribution of a Turkish club which was formerly consolidated at equity. Average revenue per bed increased 6% to €93 with the return of demand for Turkish clubs helping to deliver higher pricing. A new Robinson Club was opened in Cape Verde in the quarter.



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- Blue Diamond earnings decreased in the quarter partially as a result of higher depreciation. The portfolio benefited from winter demand for the Caribbean however, with occupancy growing 3%ppts to 76% with average rate broadly in line with prior year.

Cruises		Q1 2020	Q1 2019 adjusted	Var. %
Turnover <sup>1</sup>	in € million	238.4	190.5	+25.1
Underlying EBIT	in € million	48.8	47.0	+3.8
Underlying EBIT (IAS 17, at constant currency)	in € million	48.7	47.0	+3.6
<b>Occupancy</b>	<b>in %, variance in % points</b>			
TUI Cruises		98	100	-2
Marella Cruises		98	102	-4
Hapag-Lloyd Cruises		74	75	-1
<b>Passenger days</b>	<b>in '000</b>			
TUI Cruises		1,598	1,372	+16.5
Marella Cruises		781	704	+10.9
Hapag-Lloyd Cruises		88	71	+23.3
<b>Average daily rates<sup>2</sup></b>	<b>in €</b>			
TUI Cruises		144	149	-3.3
Marella Cruises <sup>3</sup>		143	137	+4.2
Hapag-Lloyd Cruises		560	591	-5.2

<sup>1</sup> No turnover is carried for TUI Cruises as the joint venture is consolidated at equity

<sup>2</sup> Per day and passenger

<sup>3</sup> Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises, in £

- The Cruises underlying EBIT result increased by €2 m in the quarter, with annualisation benefits from three new ships launched during the course of FY19, mostly offset by higher cost base principally from the impact of IMO2020 fuel regulations and adverse FX effects, which could not be fully recovered through pricing.
- TUI Cruises' earnings increased due to the annualisation benefit of the new Mein Schiff 2 launched in February 2019, although average daily rates decreased in the quarter as a result of route mix.
- Marella Cruises' overall earnings, as expected, decreased due to a higher cost base not fully recovered, combined with lower occupancies from slower winter rates of sale and itinerary disruption. The average daily rate increased due to higher pricing of our newer fleet in the quarter. Itinerary disruption in the Middle East and operational disruption in Asia cost €2 m in the quarter.
- Hapag-Lloyd Cruises' earnings were muted due to strong comparables in the prior year, dry dock costs for Europa and launch costs for Hanseatic inspiration in the quarter, partially offset by good trading of new expedition ships.

### Destination Experiences

€ million	Q1 2020	Q1 2019 adjusted	Var. %
Total turnover	305.5	226.3	+35.0
Turnover	216.7	158.3	+36.9
Underlying EBIT	-8.9	-4.8	-85.4
Underlying EBIT (IAS 17, at constant currency)	-9.3	-4.8	-93.8

- The Destination Experiences underlying EBIT decreased by €4 m in the quarter, driven by the accelerated investment in our new digital platform Musement, in line with our guidance given at FY19 full-year results, and increased cost in our destinations to support the strong customer growth.
- The number of excursions, activities and tickets grew by 17% versus prior year, reflecting the benefit of our integrated model and the continued growth of our acquisitions.



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Markets & Airlines

		Q1 2020	Q1 2019 adjusted	Var. %
Turnover	in € million	3,169.8	2,933.8	+8.0
Underlying EBIT	in € million	-197.9	-156.0	-26.9
Underlying EBIT (IAS 17, at constant currency)	in € million	-203.8	-156.0	-30.6
Direct distribution mix <sup>1,3</sup>	in %, variance in % points	72	73	-1
Online mix <sup>2,3</sup>	in %, variance in % points	48	48	-
Customers <sup>3</sup>	in '000	3,776	3,602	+4.8

<sup>1</sup> Share of sales via own channels (retail and online)

<sup>2</sup> Share of online sales

<sup>3</sup> Like-for-like basis excluding disposed entities Berge & Meer and Boomerang

- The grounding of the Boeing 737 Max aircraft led to a cost of €45 m across our Markets & Airlines business in the quarter, against a prior year which was clear of any Boeing 737 Max grounding costs.
- Excluding the one-off effects of the Boeing 737 Max grounding and prior year hedging gain of €29 m, underlying EBIT (IAS 17, at constant currency) for Markets & Airlines increased by 14% versus prior year.
- Post the insolvency of a key competitor, we have seen a clear uplift in bookings in the first quarter as many customers turned to TUI to rebook their holidays, particularly in the UK. We have subsequently added new capacity to both our Winter 2019/20 and Summer 2020 programme to accommodate the increased volume.

Northern Region

		Q1 2020	Q1 2019 adjusted	Var. %
Turnover	in € million	1,220.3	1,100.4	+10.9
Underlying EBIT	in € million	-105.8	-62.8	-68.5
Underlying EBIT (IAS 17, at constant currency)	in € million	-108.4	-62.8	-72.6
Direct distribution mix <sup>1</sup>	in %, variance in % points	91	93	-2
Online mix <sup>2</sup>	in %, variance in % points	65	67	-2
Customers	in '000	1,269	1,237	+2.6

<sup>1</sup> Share of sales via own channels (retail and online)

<sup>2</sup> Share of online sales

- Northern Region customer numbers increased by 3% compared with prior year, with underlying EBIT (IAS 17, at constant currency rates) declining by €46 m versus prior year, predominantly as a result of the Boeing 737 Max grounding which incurred a total cost of €24 m for the region. The prior year's figure included a €29 m hedge gain. Excluding these one-off items, underlying EBIT (IAS 17, at constant currency) for the region improved by 12% versus prior year.
- In the UK, customer numbers grew 3%, well ahead of winter capacity increases, helped by the insolvency of one of our key competitors. The grounding of the Boeing 737 Max aircraft incurred costs of €16 m for the UK.
- In the Nordics, volumes were up 2% versus prior year, helped by weaker comparables in the prior year, delivering increased earnings on an including Boeing 737 Max costs basis. The grounding of the Boeing 737 Max aircraft incurred costs of €4 m for the Nordics.
- The share of earnings for Canada increased in the quarter on an including Boeing 737 Max costs basis. The grounding of the Boeing 737 Max aircraft incurred costs of €4 m in the period.

Central Region

		Q1 2020	Q1 2019 adjusted	Var. %
Turnover	in € million	1,354.6	1,290.3	+5.0
Underlying EBIT	in € million	-28.9	-32.7	+11.6
Underlying EBIT (IAS 17, at constant currency)	in € million	-31.5	-32.7	+3.7
Direct distribution mix <sup>1,3</sup>	in %, variance in % points	51	52	-1
Online mix <sup>2,3</sup>	in %, variance in % points	21	22	-1
Customers <sup>3</sup>	in '000	1,423	1,339	+6.3

<sup>1</sup> Share of sales via own channels (retail and online)

<sup>2</sup> Share of online sales

<sup>3</sup> Like-for-like basis excluding disposed entities Berge & Meer and Boomerang

- Central region delivered improved underlying EBIT result on an including Boeing 737 Max basis, highlighting the good operational performance in the quarter. The grounding of the Boeing 737 Max aircraft incurred costs of €6 m for the Central region.
- Central Region customer volumes increased by 6%. Whilst Germany was broadly in line with prior year, growth was driven by Poland which continues to see market share gains.



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**Western Region**

		Q1 2020	Q1 2019 adjusted	Var. %
Turnover	in € million	594.8	543.1	+9.5
Underlying EBIT	in € million	-63.2	-60.5	-4.5
Underlying EBIT (IAS 17, at constant currency)	in € million	-63.8	-60.5	-5.5
Direct distribution mix <sup>1</sup>	in %, variance in % points	76	76	-
Online mix <sup>2</sup>	in %, variance in % points	61	59	+2
Customers	in '000	1,084	1,026	+5.7

<sup>1</sup> Share of sales via own channels (retail and online)

<sup>2</sup> Share of online sales

- The grounding of the Boeing 737 Max aircraft incurred costs of € 15 m for the Western region. Excluding this effect, underlying EBIT improved, reflecting the good customer volume growth across Benelux.
- Overall Western region customer volumes increased by 6%, with strong increases in both Netherlands and Belgium, partially offset by volume declines in France.

**All other segments**

		Q1 2020	Q1 2019 adjusted	Var. %
€ million				
Turnover		59.6	153.0	-61.0
Underlying EBIT		-24.0	-38.6	+37.8
Underlying EBIT (IAS 17, at constant currency)		-24.8	-38.6	+35.8

- The result for All other segments improved primarily due to non-inclusion of Corsair winter losses.

**Cash flow/Net capex and investments/Net debt**

The cash outflow from operating activities decreased by €199.1 m to €1,381.1 m. €172.1 m of this is due to the fact that, as of this financial year, lease payments which were previously included in the operating cash flow are now included in the cash flow from financing activities as interest and repayments of liabilities in accordance with IFRS 16.

**Net financial position**

€ million	31 Dec 2019	31 Dec 2018	Var. %
Financial debt	2,035.7	2,761.5	-26.3
thereof Finance leases (IAS 17)	-	1,365.5	n.a.
Finance lease liabilities (IFRS 16)	3,917.5	-	n.a.
Cash and cash equivalents	866.1	919.7	-5.8
Short-term interest-bearing investments	14.9	9.8	+52.0
<b>Net debt</b>	<b>-5,072.2</b>	<b>-1,832.0</b>	<b>-176.9</b>

In the wake of the first-time application of IFRS 16, the definition of the TUI Group's net financial position for FY20 was adjusted. The liabilities from finance leases pursuant to IAS 17 previously included in financial liabilities will be carried as lease liabilities in accordance with IFRS 16 together with the obligations from leases classified as operating leases under IAS 17 as of FY20. The previous year was not adjusted. Taking this change of presentation into account, the net debt of continuing operations as of 31 December 2019 increased by €3,240.2 m to €5,072.2 m.



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**Net capex and investments**

€ million	Q1 2020	Q1 2019 adjusted	Var. %
<b>Cash gross capex</b>			
Hotels & Resorts	72.7	79.1	-8.2
Cruises	39.3	146.2	-73.1
Destination Experiences	3.5	2.0	+73.3
Holiday Experiences	115.4	227.3	-49.2
Northern Region	15.7	10.7	+45.7
Central Region	6.4	6.0	+6.6
Western Region	8.0	11.3	-28.7
Markets & Airlines*	31.5	33.7	-6.7
All other segments	17.7	16.1	+10.0
<b>TUI Group</b>	<b>164.6</b>	<b>277.1</b>	<b>-40.6</b>
Net pre delivery payments on aircraft	-60.0	-32.0	-87.5
Financial investments	10.0	61.4	-83.7
Divestments	-53.8	-11.7	-359.8
<b>Net capex and investments</b>	<b>60.7</b>	<b>294.8</b>	<b>-79.4</b>

\* Including €1.4 m (previous year: €5.7 m) cash gross capex of the aircraft leasing companies, which – in contrast to the items of the income statement – are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

The year-on-year decline in net capex and investments in Q1 FY20 was mainly driven by the acquisition of the Marella Explorer 2 and the online platform Musement, which was included in the previous year's figure. The increase in divestments compared to last year was due to the sale of two German specialist tour operators in Q1 FY20.

Foreign exchange / Fuel

Our strategy of hedging the majority of our jet fuel and currency requirements for future seasons, as detailed below, remains unchanged. This gives us certainty of costs when planning capacity and pricing. The following table shows the percentage of our forecast requirement that is currently hedged for Euros, US Dollars and jet fuel for our Markets & Airlines, which account for over 90% of our Group currency and fuel exposure.

**Foreign Exchange / Fuel**

%	Winter 2019/20	Summer 2020
Euro	97	88
US Dollars	97	89
Jet Fuel	98	92

As at 6 February 2020



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Income statement

Income statement of the TUI Group for the period from 1 Oct 2019 to 31 Dec 2019			
€ million	Q1 2020	Q1 2019 adjusted	Var. %
Turnover	3,850.8	3,574.8	+7.7
Cost of sales	3,771.2	3,484.1	+8.2
<b>Gross profit</b>	<b>79.6</b>	<b>90.7</b>	<b>-12.2</b>
Administrative expenses	282.5	267.4	+5.6
Other income	93.5	5.5	n.a.
Other expenses	5.3	1.3	+307.7
Impairment of financial assets	4.4	-4.0	n.a.
Financial income	19.9	47.9	-58.5
Financial expenses	69.8	49.6	+40.7
Share of result of joint ventures and associates	38.7	34.8	+11.2
<b>Earnings before income taxes</b>	<b>-130.3</b>	<b>-135.4</b>	<b>+3.8</b>
Income taxes	-24.8	-23.3	-6.4
<b>Result from continuing operations</b>	<b>-105.5</b>	<b>-112.1</b>	<b>+5.9</b>
<b>Group loss for the year</b>	<b>-105.5</b>	<b>-112.1</b>	<b>+5.9</b>
Group loss for the quarter attributable to shareholders of TUI AG	-128.7	-139.3	+7.6
Group profit for the quarter attributable to non-controlling interest	23.2	27.2	-14.7

Cash flow statement

Condensed cash flow statement of the TUI Group		
€ million	Q1 2020	Q1 2019
Cash outflow from operating activities	-1,381.1	-1,580.2
Cash outflow from investing activities	-41.9	-284.7
Cash inflow from financing activities	492.4	232.2
<b>Net change in cash and cash equivalents</b>	<b>-930.7</b>	<b>-1,632.7</b>
Change in cash and cash equivalents due to exchange rate fluctuation	51.7	4.4
<b>Cash and cash equivalents at beginning of period</b>	<b>1,747.6</b>	<b>2,548.0</b>
<b>Cash and cash equivalents at end of period</b>	<b>868.7</b>	<b>919.7</b>
of which included in the balance sheet as assets held for sale	2.6	-



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## Financial position

## Financial position of the TUI Group as at 31 Dec 2019

€ million	31 Dec 2019	30 Sep 2019
<b>Assets</b>		
Goodwill	3,012.8	2,985.8
Other intangible assets	706.8	710.6
Property, plant and equipment	4,490.5	5,840.4
Right-of-Use assets	3,910.8	–
Investments in joint ventures and associates	1,539.9	1,507.6
Trade and other receivables	93.3	60.9
Derivative financial instruments	24.5	43.9
Other financial assets	43.8	43.0
Touristic prepayments	148.0	183.7
Other non-financial assets	398.4	369.9
Income tax assets	9.1	9.6
Deferred tax assets	166.2	202.0
<b>Non-current assets</b>	<b>14,544.0</b>	<b>11,957.4</b>
Inventories	124.5	114.7
Trade and other receivables	834.5	876.5
Derivative financial instruments	174.9	303.8
Other financial assets	14.9	31.1
Touristic prepayments	1,026.2	908.7
Other non-financial assets	156.5	131.5
Income tax assets	170.2	155.7
Cash and cash equivalents	866.1	1,741.5
Assets held for sale	19.2	50.0
<b>Current assets</b>	<b>3,387.0</b>	<b>4,313.5</b>
	<b>17,931.0</b>	<b>16,270.9</b>

## Financial position of the TUI Group as at 31 Dec 2019

€ million	31 Dec 2019	30 Sep 2019
<b>Equity and liabilities</b>		
Subscribed capital	1,505.8	1,505.8
Capital reserves	4,207.5	4,207.5
Revenue reserves	–2,548.5	–2,259.4
<b>Equity before non-controlling interest</b>	<b>3,164.9</b>	<b>3,453.9</b>
Non-controlling interest	733.5	711.4
<b>Equity</b>	<b>3,898.4</b>	<b>4,165.3</b>
Pension provisions and similar obligations	1,052.0	1,035.6
Other provisions	772.9	775.0
<b>Non-current provisions</b>	<b>1,824.9</b>	<b>1,810.6</b>
Financial liabilities	1,734.9	2,457.6
Lease liabilities	3,117.9	–
Derivative financial instruments	50.4	59.1
Other financial liabilities	18.1	18.8
Other non-financial liabilities	96.4	100.1
Income tax liabilities	75.0	70.9
Deferred tax liabilities	123.0	233.5
<b>Non-current liabilities</b>	<b>5,215.6</b>	<b>2,940.0</b>
<b>Non-current provisions and liabilities</b>	<b>7,040.6</b>	<b>4,750.6</b>
Pension provisions and similar obligations	32.0	32.4
Other provisions	325.9	361.9
<b>Current provisions</b>	<b>357.9</b>	<b>394.3</b>
Financial liabilities	300.9	224.6
Lease liabilities	799.6	–
Trade payables	1,692.5	2,873.9
Derivative financial instruments	217.0	157.1
Other financial liabilities	201.4	89.6
Touristic advance payments received	2,864.8	2,911.2
Other non-financial liabilities	470.9	519.3
Income tax liabilities	65.0	81.9
<b>Current liabilities</b>	<b>6,612.0</b>	<b>6,857.6</b>
Liabilities related to assets held for sale	22.1	103.1
<b>Current provisions and liabilities</b>	<b>6,992.0</b>	<b>7,355.0</b>
	<b>17,931.0</b>	<b>16,270.9</b>



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## Alternative performance measures

From FY20, we will be using the indicator 'Underlying EBIT', which is more common in the international sphere, for our management system. Underlying EBITA will therefore no longer be used as a KPI. We define the EBIT in underlying EBIT as earnings before interest, taxes and result of the measurement of the Group's interest hedges. Unlike the previous KPI EBITA, EBIT by definition includes impairments of goodwill.

One-off items carried here include adjustments for income and expense items that reflect amounts and frequencies of occurrence rendering an evaluation of the operating profitability of the segments and the Group more difficult or causing distortions. These items include gains on disposal of financial investments, significant gains and losses from the sale of assets as well as significant restructuring and integration expenses. Any effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments are adjusted. Also, any goodwill impairments would be adjusted in the reconciliation to underlying EBIT.

The table below shows the reconciliation of earnings before tax from continuing operations to underlying earnings.

<b>Reconciliation to underlying EBIT</b>			
€ million	Q1 2020	Q1 2019 adjusted	Var. %
Earnings before income taxes	-130.3	-135.4	+3.8
plus: Net interest expense	52.0	27.5	+89.1
plus: Expense from the measurement of interest hedges	0.2	1.9	-89.5
<b>EBIT</b>	<b>-78.0</b>	<b>-106.0</b>	<b>+26.4</b>
plus: Separately disclosed items	-79.4	13.7	
plus: Expense from purchase price allocation	10.5	9.2	
<b>Underlying EBIT</b>	<b>-146.9</b>	<b>-83.1</b>	<b>-76.8</b>

In Q1 FY20, separately disclosed items included a gain of disposal of €91.4 m of the German specialist tour operators partly offset by restructuring costs in Destination Experiences, Central Region and Western Region. In the prior year quarter in addition to purchase price allocations, one-off payments in connection with the conversion of the pension plan in the UK to a defined contribution plan were adjusted for.

The TUI Group's operating loss adjusted for special items increased by €63.8 m to €146.9 m in Q1 FY20.

### Key figures of income statement

€ million	Q1 2020	Q1 2019 adjusted	Var. %
<b>EBITDAR</b>	<b>210.6</b>	<b>188.9</b>	<b>+11.5</b>
Operating rental expenses	20.8	176.6	-88.2
<b>EBITDA</b>	<b>189.8</b>	<b>12.3</b>	<b>n.a.</b>
Depreciation/amortisation less reversals of depreciation*	267.8	118.3	+126.4
<b>EBIT</b>	<b>-78.0</b>	<b>-106.0</b>	<b>+26.4</b>
Expense from the measurement of interest hedges	0.2	1.9	-89.5
Net interest expense	52.0	27.5	+89.1
<b>EBT</b>	<b>-130.3</b>	<b>-135.4</b>	<b>+3.8</b>

\*On property, plant and equipment, intangible assets, financial and other assets



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**Other segment indicators**
**Underlying EBITDA**

€ million	Q1 2020	Q1 2019 adjusted	Var. %
Hotels & Resorts	83.8	94.7	-11.5
Cruises	79.0	66.7	+18.4
Destination Experiences	-2.7	-0.9	-200.0
Holiday Experiences	160.1	160.4	-0.2
Northern Region	-25.6	-38.8	+34.0
Central Region	6.7	-21.8	n.a.
Western Region	-17.5	-49.5	+64.6
Markets & Airlines	-36.4	-110.1	+66.9
All other segments	-12.2	-23.2	+47.4
<b>TUI Group</b>	<b>111.5</b>	<b>27.2</b>	<b>+309.9</b>

Since FY20 TUI Group applies IFRS 16. The prior year's figures were not adjusted.

**EBITDA**

€ million	Q1 2020	Q1 2019 adjusted	Var. %
Hotels & Resorts	83.8	94.7	-11.5
Cruises	79.0	66.7	+18.4
Destination Experiences	-4.5	-3.0	-50.0
Holiday Experiences	158.2	158.3	-0.1
Northern Region	-26.5	-50.5	+47.5
Central Region	90.8	-22.2	n.a.
Western Region	-18.1	-49.0	+63.1
Markets & Airlines	46.2	-121.6	n.a.
All other segments	-14.6	-24.4	+40.2
<b>TUI Group</b>	<b>189.8</b>	<b>12.3</b>	<b>n.a.</b>

Since FY20 TUI Group applies IFRS 16. The prior year's figures were not adjusted.

**Employees**

	31 Dec 2019	31 Dec 2018 adjusted	Var. %
Hotels & Resorts	19,433	18,787	+3.4
Cruises*	344	340	+1.2
Destination Experiences	6,733	6,088	+10.6
Holiday Experiences	26,510	25,215	+5.1
Northern Region	11,333	12,365	-8.3
Central Region	10,130	10,684	-5.2
Western Region	6,053	6,142	-1.4
Markets & Airlines	27,516	29,191	-5.7
All other segments	2,422	3,471	-30.2
<b>TUI Group</b>	<b>56,448</b>	<b>57,877</b>	<b>-2.5</b>

\*Excludes TUI Cruises (JV) employees. Cruises employees are primarily hired by external crew management agencies.



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## Cautionary statement regarding forward-looking statements

The present Interim Statement contains various statements relating to TUI's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, they are not guarantees of future performance since our assumptions involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update any forward-looking statements in order to reflect events or developments after the date of this Statement.

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### SEPTEMBER 2020

Pre-close trading update

### DECEMBER 2020

Annual Report 2020

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