TUI AG TRADING UPDATE 9 MONTHS 2013/14

- → **TUI Group's operating earnings (underlying EBITA) for Q3 2013/14 almost doubled**
- → **Strong 9M performance based on TUI Travel, our strong hotel brands Riu and Robinson and central cost cuttings**
- → **Turnaround in the Cruise sector confirmed. Growth path for TUI Cruises defined.**
- → **Financial investment in Hapag-Lloyd AG disclosed as held for sale according to IFRS 5**
- → **Full year underlying EBITA growth expected to be at least at upper end of our guidance of 6% to 12%**

Development in the period under review

TUI Group's operating earnings (underlying EBITA) for Q3 2013/14 nearly doubled. Improvement in earnings for full financial year 2013/14 expected at higher end of projected range

We are very pleased with the operating performance in the first nine months of 2013/14. At €163.4m, the operating result (underlying EBITA) for the third quarter almost doubled compared to the third quarter 2012/13. Our clear focus on unique holidays and our own hotel portfolio with strong brands like Riu and Robinson is delivering results. In the third quarter, TUI Cruises commissioned the first new built vessel, the 'Mein Schiff 3'; the fleet expansion is now being turned into action with the two vessels on orderto be delivered until 2017. The rising demand for the luxury cruise segment of Hapag-Lloyd Kreuzfahrten in the third quarter, supports the turnaround in the Cruise Sector in the full financial year. In Central Operations we realised considerable cost reductions by streamlining the corporate center. Due to the expected dilution of our nominal stake in Hapag-Lloyd AG, our financial investment will be disclosed as held for sale according to IFRS 5 from the third quarter 2013/14 onwards. This underlines our focus on our core business Tourism.

At €-182.3m, the seasonal Group loss (underlying EBITA) for the first nine months of 2013/14 was down by €69.9m. This positive development was mainly attributable to the improvement in earnings of TUI Travel (+ 15%) and the TUI Hotels & Resorts Sector, which recorded an improvement of 31% year-on-year, taking into account the book profit included in previous year's figures. Expenses by Central Operations also declined in the first nine months by around 30%.

Due to the good operational performance of the Group and the decline in net one-off costs the reported Group EBITA also improved considerably by €143.4m for the first nine months 2013/14.

Against the background of the strong operating performance in the first nine months, we now expect improvements at least at the upper end of the range projected in our original outlook for the full financial year 2013/14 for the underlying EBITA (+ 6% to 12%) as well as for the reported EBITA (+ 16% to 23%).

Earnings by the Sectors

Development of turnover

Turnover

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Tourism	4,821.2	4,674.0	+ 3.1	11,373.0	11,507.0	- 1.2
TUI Travel	4,663.1	4,536.3	+ 2.8	10,865.0	11,030.2	- 1.5
TUI Hotels & Resorts	94.2	70.3	+ 34.0	294.9	288.8	+ 2.1
Cruises	63.9	67.4	- 5.2	213.1	188.0	+ 13.4
Central Operations	4.1	5.0	- 18.0	11.4	11.4	-
Group	**4,825.3**	**4,679.0**	**+ 3.1**	**11,384.4**	**11,518.4**	**- 1.2**

At €4.8bn, turnover by the TUI Group increased by 3.1% year-on-year in the third quarter of 2013/14. Adjusted for foreign exchange effects, turnover rose by 2.3% on the prior year.

Accumulated turnover for the first nine months of 2013/14 totalled €11.4bn, down 1.2% year-on-year. Adjusted for foreign exchange effects, the decline amounted to 0.7%. The decrease in turnover was attributable to deliberate capacity cuts effected by TUI Travel, in particular in source market France, which went hand in hand with a year-on-year decrease in customer numbers of 0.2% in TUI Travel's Mainstream Business.

Current and future trading

In Tourism, travel products are booked with different lead times. The release of bookings for individual seasons takes place at different points in time, depending on the design of the respective booking and reservation systems in the individual source markets. Moreover, tour operator capacity available for bookings is seasonally adjusted to actual and expected demand in the framework of load factor management.

In August 2014, current trading by TUI Travel for the summer season 2014 was as follows as against the prior-year levels.

Current trading TUI Travel Mainstream summer 2014

Var. %	Average selling price	Total sales	Total customers
Germany	-	- 1	- 1
UK	+ 2	+ 1	- 1
Nordics	- 1	- 4	- 4
France (tour operators)	+ 3	- 10	- 13
Other	+ 1	-	-
Total	**+ 1**	**- 1**	**- 2**

As at 3 August 2014

In the framework of the TUI Group's quarterly reporting, trading updates by TUI Travel are regularly published on TUI's website.

Current trading by TUI Hotels & Resorts largely reflects the development of customer numbers within TUI Travel as a major proportion of Group-owned hotel beds are booked by TUI tour operators. In the Cruises Sector, advance bookings were up year-on-year as at the end of the quarter under review, reflecting sound demand, in particular due to the commissioning of Europa 2 in May 2013 and the expansion of the TUI Cruises fleet to include Mein Schiff 3 as of June 2014.

Development of earnings

Underlying EBITA

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Tourism	174.9	102.0	+ 71.5	- 148.0	- 203.2	+ 27.2
TUI Travel	133.6	78.3	+ 70.6	- 248.0	- 290.4	+ 14.6
TUI Hotels & Resorts	42.8	30.4	+ 40.8	117.7	104.9	+ 12.2
Cruises	- 1.5	- 6.7	+ 77.6	- 17.7	- 17.7	-
Central Operations	- 11.5	- 15.5	+ 25.8	- 34.3	- 49.0	+ 30.0
Group	**163.4**	**86.5**	**+ 88.9**	**- 182.3**	**- 252.2**	**+ 27.7**

EBITA

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Tourism	102.5	103.3	- 0.8	- 214.1	- 326.8	+ 34.5
TUI Travel	58.0	72.1	- 19.6	- 329.5	- 346.6	+ 4.9
TUI Hotels & Resorts	42.8	30.4	+ 40.8	117.1	79.0	+ 48.2
Cruises	1.7	0.8	+ 112.5	- 1.7	- 59.2	+ 97.1
Central Operations	- 11.5	- 16.1	+ 28.6	- 34.3	- 65.0	+ 47.2
Group	**91.0**	**87.2**	**+ 4.4**	**- 248.4**	**- 391.8**	**+ 36.6**

In order to explain and evaluate the operating performance by the Sectors, earnings adjusted for one-off effects (underlying EBITA) are presented below. Underlying earnings have been adjusted for gains on disposal of investments, expenses in the framework of restructuring measures, essentially scheduled amortisation of intangible assets from purchase price allocations, and other expenses for and income from one-off items.

Underlying EBITA: TUI Group

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
EBITA	**91.0**	**87.2**	**+ 4.4**	**- 248.4**	**- 391.8**	**+ 36.6**
Gains on disposal	- 2.9	+ 1.5		- 2.3	+ 1.5	
Restructuring	+ 16.3	+ 3.9		+ 32.0	+ 29.4	
Purchase price allocation	+ 18.0	+ 19.1		+ 52.0	+ 56.1	
Other one-off items	+ 41.0	- 25.2		- 15.6	+ 52.6	
Underlying EBITA	**163.4**	**86.5**	**+ 88.9**	**- 182.3**	**- 252.2**	**+ 27.7**

In the third quarter of 2013/14, the TUI Group's underlying EBITA improved by €76.9m year-on-year to €163.4m. The TUI Group's seasonal loss (underlying EBITA) for the first nine months of 2013/14 decreased by €69.9m year-on-year to €-182.3m.

In the first nine months of 2013/14, net expenses of €66.1m had to be carried as adjustments. They consisted in particular of expenses for purchase price allocations, restructuring costs at TUI Travel and net one-off expenses, in particular for the back payment of VAT on the margin for prior years by TUI Travel due to changes in the legal assessment, while income was obtained from the curtailment of pension obligations at TUI Travel.

In the first nine months of 2013/14, reported EBITA, which was negative for seasonal reasons, improved by €143.4m year-on-year to €-248.4m.

TUI Travel

As before, TUI Travel's business has been grouped into three business lines: Mainstream, Accommodation & Destinations and Specialist & Activity.

TUI Travel - key figures

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Turnover	4,663.1	4,536.3	+ 2.8	10,865.0	11,030.2	- 1.5
EBITA	**58.0**	**72.1**	**- 19.6**	**- 329.5**	**- 346.6**	**+ 4.9**
Gains on disposal	- 2.9	+ 1.5		- 2.9	+ 1.5	
Restructuring	+ 16.3	+ 3.9		+ 32.0	+ 21.4	
Purchase price allocation	+ 18.0	+ 19.1		+ 52.0	+ 56.1	
Other one-off items	+ 44.2	- 18.3		+ 0.4	- 22.8	
Underlying EBITA	**133.6**	**78.3**	**+ 70.6**	**- 248.0**	**- 290.4**	**+ 14.6**

Turnover by TUI Travel increased by 2.8% year-on-year in the third quarter of 2013/14. Adjusted for foreign exchange effects, it was up by 1.9%. For the first nine months of 2013/14, turnover adjusted for foreign exchange effects declined by 1.1% year-on-year; this was primarily attributable to the strong reduction in capacity in TUI France.

Underlying EBITA of TUI Travel improved by €55.3m year-on-year to €133.6m in the third quarter of 2013/14. The seasonal loss (underlying EBITA) for the first nine months of 2013/14 decreased by €42.4m to €-248.0m.

The strong operating performance of TUI Travel in the first nine months of 2013/14 was driven by continued strong demand for unique holidays and growth in online share. Despite strong price competition, the Mainstream Business achieved a further increase in average selling prices. In the quarter under review, the positive development was driven, in particular, by source markets UK, France and Germany. The specialist tour operators and the B2B business in Accommodation & Destinations delivered a good business performance.

In the first nine months of 2013/14, TUI Travel reported net expenses of €81.5m (previous year net expenses of €56.2m) year-on-year, to be carried as adjustments:

- gains on disposal of €2.9m
- restructuring costs of €32.0m, in particular for the ongoing restructuring activities in Germany, France and the Specialist & Activity as well as Accommodation & Destinations Businesses
- effects of purchase price allocations worth €52.0m
- one-off expenses worth €0.4m on balance, in particular from the back payment of VAT on the margin for prior years due to changes in the legal assessment, recorded alongside income from the curtailment of pension obligations in the UK and the Nordics.

Reported earnings (EBITA) by TUI Travel in the first nine months of 2013/14 rose by €17.1m year-on-year to €-329.5m.

Mainstream

Mainstream is the largest business line within TUI Travel and comprises sales of flights, accommodation and other tourism services.

TUI Travel - Mainstream volumes

'000	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Germany	1.660	1.590	+ 4,4	3.542	3.753	- 5,6
UK	1.610	1.604	+ 0,4	3.046	3.076	- 1,0
Nordics	378	389	- 2,9	1.019	1.038	- 1,8
France (tour operators)	271	332	- 18,4	475	670	- 29,1
Other	1.539	1.534	+ 0,3	3.417	3.460	- 1,2
Total	**5.458**	**5.449**	**+ 0,2**	**11.499**	**11.997**	**- 4,2**

In the first three quarters of 2013/14, the Mainstream Business serviced a total of 11,499 thousand guests, down by 4.2% on the prior year, in line with capacity reductions in the period under review.

Germany

In the first nine months of financial year 2013/14, TUI Deutschland delivered a positive performance, despite the year-on-year decline in customer numbers of 5.6%. The tour operators benefited from the continued trend towards unique holidays exclusively to be bought from TUI. Sales of unique product increased, not least driven by growth in online bookings. TUI Deutschland also benefited from cost savings, generated by means of efficiency enhancements in back-office functions and lower maintenance costs within the Group's own airline TUIfly.

UK

TUI tour operators in the UK continued their successful development in the third quarter of 2013/14, despite a less favourable market environment. In the first nine months, customer numbers decreased slightly by 1.0% versus the prior year. TUI UK recorded continued strong demand for unique product, enabling it to generate good average selling prices and achieve high load factors. Bookings made online continued to grow significantly. TUI UK also generated savings in terms of the maintenance and handling costs of its own airline Thomson Airways and in travel agency distribution.

Nordics

In a more competitive trading environment, TUI tour operators in the Nordics recorded a decline in customers of 1.8% for the first nine months of 2013/14 year-on-year, in particular due to the substantial reduction in capacity to Egypt and the political unrest in Thailand. The impact was partially mitigated through a rigorous focus on operational efficiency.

France

In the first three quarters of 2013/14, the French tour operators recorded declines in customer numbers of 29.1%, in line with capacity reductions. Although the market environment in France remained difficult, better margins were generated in the third quarter. This was partly due to optimised tour operator programmes, which increasingly include the Canary Islands and Balearics, i.e. new destinations for source market, France, at the expense of North African destinations, and improvements, in particular in the club holiday segment. Due to restrictive capacity management and the efficiency enhancements achieved in the framework of the Convergence project, TUI France substantially reduced its losses year-on-year in the first nine months.

Other

Overall, Other countries showed a positive development at a 2.5% decline in customer numbers, benefiting in particular from the strong performance of the Canadian and Dutch tour operators. TUI Russia saw its business impacted by the current political instability in this region and the demand situation in Egypt.

Specialist & Activity

The Specialist & Activity Business comprises tour operators in six divisions: Adventure, North American Specialist, Education, Sport, Marine and Specialist Holiday Group. In the first nine months of 2013/14, the Business recorded a successful performance. The restructuring programme launched in the prior year generated improvements in the operating control and efficiency enhancements. The strong business development in the first nine months was also attributable to the strong performance of the Adventure, Marine and Sport Divisions.

Accommodation & Destinations

The Accommodation & Destinations Business, which comprises the online services and incoming agencies of TUI Travel, continued its strong performance of the prior year in the first nine months of 2013/14. Online services reported volume growth in the B2B portals due to strong organic growth in America and Asia.

TUI Hotels & Resorts

The TUI Hotels & Resorts Sector comprises the TUI Group's own hotels.

TUI Hotels & Resorts - key figures

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Total turnover	203.2	185.2	+ 9.7	591.1	555.9	+ 6.3
Turnover	94.2	70.3	+ 34.0	294.9	288.8	+ 2.1
EBITA	**42.8**	**30.4**	**+ 40.8**	**117.1**	**79.0**	**+ 48.2**
Gains on disposal	-	-		+ 0.6	-	
Restructuring	-	-		-	-	
Purchase price allocation	-	-		-	-	
Other one-off items	-	-		-	+ 25.9	
Underlying EBITA	**42.8**	**30.4**	**+ 40.8**	**117.7**	**104.9**	**+ 12.2**

Total turnover by TUI Hotels & Resorts rose by 9.7% year-on-year to €203.2m for the third quarter and by 6.3% year-on-year to €591.1m in the first nine months of 2013/14. Due to overall sound demand in the first nine months on slightly higher capacity year-on-year, average revenues per bed grew versus the prior year. Turnover with non-Group third parties increased by 34.0% to €94.2m in the third quarter of 2013/14. For the first nine months, it rose by 2.1% year-on-year to €294.9m.

In the third quarter of 2013/14, underlying earnings totalled €42.8m, up €12.4m year-on-year. Accumulated underlying earnings for the first nine months of 2013/14 amounted to €117.7m, up €12.8m on the prior year although the prior-year earnings had included a book profit of around €15m posted by the Riu Group. This increase was mainly driven by the sound operating performance of Riu and Robinson.

In the first nine months of 2013/14, TUI Hotels & Resorts had to carry adjustments for foreign exchange differences of €0.6m in connection with the capital reduction in a subsidiary of the Riu Group. In the previous year, adjustments had totalled €25.9m and related to impairments of the Castelfalfi hotel project in Tuscany.

Riu

Riu, one of Spain's leading hotel chains, operated 98 hotels at the end of June 2014. Capacity increased slightly year-on-year to 12.7m hotel beds available in the first nine months of 2013/14. At 82.2%, average occupancy of Riu hotels rose by 1.6 percentage points year-on-year. Average revenues per bed grew by 3.0% on the prior year.

In the first nine months of financial year 2013/14, business developed as follows in the individual regions: Average occupancy of Riu hotels in the Canaries rose by 4.2 percentage points year-on-year to 90.4%. The Canaries benefited from a shift in demand from North African countries. Riu hotels in the Balearics recorded occupancy of 66.7%, down 1.3 percentage points year-on-year. As the economic framework in Spain remained weak, bookings from this market, in particular, declined on the prior year. Average occupancy of Riu hotels in mainland Spain decreased by 2.0 percentage points year-on-year to 76.6%. In the long-haul segment, Riu hotels recorded an average occupancy rate of 80.9%, down by 0.9 percentage points year-on-year, driven by lower occupancy in the Cape Verde hotels.

Robinson

At the end of June 2014, all 24 club facilities operated by Robinson, market leader in the premium club holiday segment, were open. Occupancy of Robinson Clubs in Morocco, Spain, Greece, Austria, Switzerland and the Maldives increased year-on-year. The club resort in Italy fell short of the prior year level. For the overall Robinson Group, this resulted in a year-on-year increase in occupancy of 2.1 percentage points. Average revenues per bed were flat year-on-year.

Iberotel

At the end of June 2014, 25 facilities in Egypt, Italy, the United Arab Emirates, Turkey and Germany were open. Capacity was slightly down year-on-year by 0.3 percentage points. At 48.5%, overall occupancy of Iberotels was 16.5 percentage points down on the prior year as demand for Iberotels in Egypt remained impacted by the uncertain political situation in that destination. Average revenues per bed decreased by 6.6% versus the prior year in the period under review.

Grupotel

At the end of June 2014, 34 hotels of the Grupotel chain, represented in Majorca, Menorca and Ibiza, were open. Due to the inclusion of three hotel resorts, capacity rose by 24.4% year-on-year; occupancy was 72.5%, flat year-on-year in the first nine months. Average revenues per bed rose by 1.2% versus the prior year.

Grecotel

At the end of June 2014, 22 resorts operated by Grecotel were open. Due to the first-time full-year reporting of an additional hotel resort and the earlier seasonal opening of several resorts, capacity rose by 51.7% year-on-year in the first nine months of 2013/14. Occupancy of the significantly increased capacity was up by 4.1 percentage points year-on-year to 67.6%.

Cruises

The Cruises Sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises.

Cruises - key figures

€ million	Q3 2013/14	Q3 2012/13	Var. %	9M 2013/14	9M 2012/13	Var. %
Turnover	63.9	67.4	- 5.2	213.1	188.0	+ 13.4
EBITA	**1.7**	**0.8**	**+ 112.5**	**- 1.7**	**- 59.2**	**+ 97.1**
Gains on disposal	-	-		-	-	
Restructuring	-	-		-	-	
Purchase price allocation	-	-		-	-	
Other one-off items	- 3.2	- 7.5		- 16.0	+ 41.5	
Underlying EBITA	**- 1.5**	**- 6.7**	**+ 77.6**	**- 17.7**	**- 17.7**	**+ 0.0**

In the third quarter of 2013/14, turnover by the Cruises Sector totalled €63.9m, down 5.2% year-on-year. The decline was driven by the scheduled decommissioning of Columbus 2 from the fleet in April 2014. Accumulated turnover for the first nine months of 2013/14 rose to €213.1m, up 13.4%. This turnover growth was driven by the capacity expansion due to the commissioning of the Europa 2. As the joint venture TUI Cruises is measured at equity in the consolidated financial statements, no turnover is shown for TUI Cruises.

In the third quarter of 2013/14, underlying earnings by the Cruises Sector rose by €5.2m year-on-year to €-1.5m. Accumulated underlying earnings for the first nine months amounted to €-17.7m, flat versus the prior year. Following a weak performance in the first half of the year, additionally impacted by two dry-dock periods of Europa, Hapag-Lloyd delivered a positive development in the third quarter of 2013/14. TUI Cruises continued to record a very successful business performance, also driven by the commissioning of Mein Schiff 3 in June 2014.

In the first nine months of 2013/14, the Cruises Sector had to carry adjustments of €16.0m for the utilisation of provisions formed in the prior year for pending losses from occupancy risks at Hapag-Lloyd Kreuzfahrten. As a result, reported earnings for the first nine months of 2013/14 improved by €57.5m to €-1.7m year-on-year.

Hapag-Lloyd Kreuzfahrten

In the first nine months of 2013/14, occupancy of the fleet operated by Hapag-Lloyd Kreuzfahrten declined by 4.1 percentage points versus the prior year to 66.8%. A total of 314,993 passenger days were generated, up 10.0% year-on-year. This was mainly attributable to the operation of Europa 2, which had been commissioned in May 2013 and therefore not yet been fully included in the relevant prior-year reference period. The accumulated average rate per passenger per day grew by 3.2% to €422 in the first nine months.

Following the scheduled decommissioning of Columbus 2 from the fleet in the third quarter 2013/14, Hapag-Lloyd will focus on luxury and expedition cruises in future. It will engage in international marketing activities in each of the segments with Europa 2 in the luxury segment and Hanseatic in the expedition cruise segment. Europa and Bremen will only be offered in the German-speaking market in future.

TUI Cruises

In the first nine months of 2013/14, TUI Cruises continued to record a very positive development of the operating indicators of its fleet. At 101.0%, occupancy rose by 0.9 percentage points year-on-year (based on double occupancy). The continued high load factor was driven by Mein Schiff 1 and 2 with their trade lanes Caribbean and Canaries (winter season 2013/14) and Nordland/Baltic Sea (summer season 2014). Mein Schiff 3, the third ship of the fleet, started its operation towards the end of the period under review in June 2014 with its maiden voyage to

Majorca. In the first nine months of 2013/14, TUI Cruises recorded a total of 1,070,835 passenger days. The average rate per passenger per day was €158, up 7.5% year-on-year.

Central Operations

Central Operations comprise the corporate centre functions of TUI AG and the intermediate holdings as well as other operating areas, primarily including the Group's real estate companies.

Central Operations - key figures

€ million	**Q3 2013/14**	Q3 2012/13	Var. %	**9M 2013/14**	9M 2012/13	Var. %
Turnover	4.1	5.0	- 18.0	11.4	11.4	-
EBITA	**- 11.5**	**- 16.1**	**+ 28.6**	**- 34.3**	**- 65.0**	**+ 47.2**
Gains on disposal	-	-		-	-	
Restructuring	-	-		-	+ 8.0	
Purchase price allocation	-	-		-	-	
Other one-off items	-	+ 0.6		-	+ 8.0	
Underlying EBITA	**- 11.5**	**- 15.5**	**+ 25.8**	**- 34.3**	**- 49.0**	**+ 30.0**

In the third quarter of 2013/14, expenses (underlying EBITA) by Central Operations declined by €4.0m year-on-year to €11.5m. Accumulated underlying earnings for the first nine months of 2013/14 totalled €-34.3m, up €14.7m year-on-year. This improvement was driven by a year-on-year reduction in consultancy and travel costs due to the implementation of the Lean Center measures.

In the first nine months of 2013/14, Central Operations did not have to carry any adjustments. In the previous year, it carried adjustments of €16.0m for expenses mainly associated with the implementation of the Lean Center concept of TUI AG.

In the first nine months of 2013/14, accumulated reported earnings by Central Operations improved by €30.7m versus the prior year to €-34.3m.

Expected development of earnings

TUI Travel in the UK generates a material proportion of Group turnover and a major profit contribution. Taking account of the seasonality of the tourism business, the development of sterling against the euro in the course of the financial year therefore has a strong impact on TUI Travel's financial indicators carried in TUI AG's consolidated financial statements. The expected development of the Group in financial year 2013/14 shown below is presented at constant currency, assuming a sterling exchange rate of 0.83 £/€ (average exchange rate in 2012/13: 0.84 £/€).

Expected development of Group earnings

		Expected development vs. PY		
€ million	2012/13			**2013/14***
Turnover	18,477.5	2%	to	4%
Underlying EBITA	761.9	6%	to	12%
EBITA	594.8	16%	to	23%

*) Based on a planned fx rate of 0,83 £/€

Turnover

Due to the more moderate growth in customer numbers in TUI Travel's Mainstream Business, turnover growth is likely to be at the lower end of the planned range in financial year 2013/14.

Underlying EBITA

The TUI Group's underlying EBITA in financial year 2013/14 was expected to rise by 6% to 12% year-on-year according to our original outlook. Against the background of the positive development we now expect an improvement at least at the upper end of this range.

Adjustments

On balance, one-off expenses are expected to decline in 2013/14, despite unscheduled one-off expenses for the back payment of VAT on the margin for prior years at TUI Travel which had to be carried in the third quarter. The decline will result, in particular, from further expected one-off income from the curtailment of pension obligations at TUI Travel in the fourth quarter 2013/14, to be adjusted in earnings.

EBITA

We also expect an increase in reported EBITA at least at the upper end of the projected range of 16% to 23% in financial year 2013/14 due to the decline in one-off effects to be carried as adjustments and the improvement in our operating result.

Executive Board (Vorstand) confirmations

The statements relating to earnings of TUI AG in the first nine months of the financial year 2013/14 (including the earnings in Q3 2013/14 only) constitute unaudited profit estimates published by TUI AG. Such statements are based on current unaudited information and therefore there may be differences between such profit estimates and corresponding information on the earnings of TUI AG set out in relevant audited financial information.

The statements in the section entitled 'Expected development of earnings' constitute profit forecasts published by TUI AG. Such statements are "forward-looking statements", which are prospective in nature. Such statements are based on current assumptions, expectations and projections about future events, and are therefore subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by such statements.

The members of the Executive Board (Vorstand) of TUI AG confirm that each such profit estimate and profit forecast is valid, has been properly compiled on the basis of the assumptions stated and the basis of accounting used is consistent with TUI AG's accounting policies.
Peter Long, as CEO of TUI Travel PLC is not participating in the Executive Board (Vorstand) of TUI AG for the purposes of the possible all-share nil-premium merger with TUI Travel PLC announced on 27 June 2014 or the giving of these confirmations.

TUI AG
The Executive Board

Hanover, August 2014

Investor and Analyst Conference Call

A conference call for investors and analysts will take place on 14 August 2014 at 10.00am (CEST).

The dial-in arrangements for the call are as follows:
For Germany: +49 (0)69 94 184 017
For the UK: +44 (0) 203 147 4862
For France: +33 (0) 172 253 098
For the US: +1 212 444 0296

You can dial in 15 minutes before the conference starts. A live webcast of the conference call including a slide show presentation will be available on our website www.tui-group.com/en/ir.

A recording of the conference call will be available on our website www.tui-group.com/en/ir for 30 days.

Imprint

TUI AG
Karl-Wiechert-Allee 4
30625 Hanover
Germany
Tel. +49 (0)511 566-00
Fax +49 (0)511 566-1901
E-Mail investor.relations@tui.com
Internet www.tui-group.com

The German version of this Trading Update is legally binding. The Company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

Both versions are available on the web: www.tui.group.com/en/ir/financial_reports