TUI AG continues to post stronger demand for travel in Q3

Turnover growth of 9 per cent / Further reduction in net debt

- Sound operating performance in key source markets, in particular source market Northern Region
- Unrest in North Africa impacts on source market France and hotels in Egypt
- Further reduction in exposure to Container Shipping
- Outlook: Guidance for positive Group result for the year confirmed

Hanover, 11 August 2011. TUI AG, Europe’s leading tourism group, continued to record growing demand for travel products in the third quarter of 2010/11. All three Sectors (tour operators, hotels and cruises) delivered year-on-year increases in sales volumes so that Group turnover grew to 4.4 billion euro in the third quarter, up 9 per cent (previous year 4 billion euro). Accumulated turnover for the first nine months of the financial year climbed by more than 9 per cent to around 10.8 billion euro (previous year 9.9 billion euro). Operating earnings reflected two opposing trends. Earnings benefited from higher customer volumes and better average prices. On the other hand, they were impacted more strongly than expected by the impact of the unrest in North Africa, above all in source market France and the hotel business in Egypt. In the third quarter, underlying EBITA decreased by around 11 per cent to 96 million euro (previous year 108 million euro). Accumulated operating earnings for the first nine months (underlying EBITA) accounted for a seasonal loss of 279 million euro, flat year-on-year (previous year -276 million euro).

In the third quarter, the Group result declined from -12 million euro in the prior-year reference quarter to a customary seasonal loss of almost 40 million euro. This was due to the impact of events in North Africa, which was not fully offset by the gratifying level of trading, and lower profit contributions from Container Shipping. The accumulated Group result for the first nine months rose by almost 100 million euro to a customary seasonal loss of 343 million euro. This is an improvement of around 23 per cent (previous year -444 million euro). Earnings per share amounted
to -0.18 euro (previous year -0.01 euro) in the third quarter and -0.99 euro (previous year -1.18 euro) for the first nine months. At around 1.55 billion euro, net debt was 47 per cent down year-on-year (2.9 billion euro). In the third quarter alone, the financial exposure to Container Shipping was reduced by a further 500 million euro.

In the light of current trading, TUI has confirmed its guidance, expecting turnover growth for the overall financial year 2010/11. Despite the impact of events in North Africa, operating earnings (underlying EBITA) are expected to be in line with the prior year. The at equity earnings from Container Shipping are expected to be lower than originally anticipated. This forecast performance will also be reflected in the Group result for the year. However, TUI continues to expect the Group result for the year to be positive.

**Detailed development of Tourism**

**TUI Travel**

In the third quarter, turnover by TUI Travel grew by around 9 per cent to 4.2 billion euro (previous year 3.9 billion euro). This growth was mainly driven by stronger demand in the Mainstream Business. Despite the rise in volumes, operating earnings (underlying EBITA) decreased slightly year-on-year to 87 million euro (previous year 88 million euro). The Northern Europe region posted a positive performance. TUI UK tour operators grew against the market trend in the third quarter. TUI Travel also benefited from the Easter business, which fell in the period under review.

Business in France, by contrast, showed a negative development, as it was affected more strongly than expected by the impact of the unrest in North Africa. The considerable drop in demand for holidays in Tunisia and Morocco was not offset by alternative offerings. In the light of the difficult market situation in France, TUI Travel is therefore planning to restructure the French tour operator organisation. In future, the Nouvelles Frontières and Marmara brands are to be managed in a single business entity. For the first nine months, TUI Travel posted accumulated turnover growth of almost 10 per cent to 10.3 billion euro (previous year 9.4 billion euro). Operating earnings improved by around 3 per cent to a seasonal loss of around 298 million euro (previous year -307 million euro).


TUI Hotels & Resorts

Total turnover by TUI Hotels & Resorts rose by around 3 per cent to around 185 million euro (previous year 179 million euro) in the third quarter. In the period under review, bed occupancy increased from 72.7 to 76 per cent on slightly higher capacity and good demand. Average revenues per bed totalled 45.37 euro (previous year 44.77 euro) in the third quarter. Operating earnings by the Sector declined by 10 million euro year-on-year to around 17 million euro (previous year 27 million euro). This development reflects lower occupancy and rates in TUI hotels in Egypt driven by events in North Africa as well as effects of foreign exchange measurements as at the closing date. For the first nine months of the financial year, TUI Hotels & Resorts recorded accumulated turnover of almost 535 million euro (previous year 550 million euro). Operating earnings totalled 54 million euro (previous year 63 million euro) for the first nine months.

TUI Cruises

Turnover by the Cruises Sector amounted to around 49 million euro in the third quarter, almost 55 per cent up year-on-year (previous year 32 million euro). This strong increase is of limited relevance, since the prior-year reference value included the effect of unscheduled dry-dock periods of a cruise ship. In the first nine months, the Cruises Sector delivered turnover growth of around 10 per cent year-on-year to 145 million euro (previous year 132 million euro). The TUI Cruises joint venture is measured at equity in the consolidated financial statements so that its turnover is not shown here.

Operating earnings (underlying EBITA) totalled 0.2 million euro (previous year 2.2 million euro) in the third quarter and -3 million euro (previous year -2 million euro) for the first nine months. These earnings reflect the start-up cost for the fleet expansion in Hapag-Lloyd Kreuzfahrten and the cost required for Mein Schiff 2, operated by TUI Cruises, to enter service. Hapag-Lloyd Kreuzfahrten increased the load factor on its vessels from 54.7 per cent to 75.7 per cent and the average rate from 367 euro to 390 euro per passenger per day in the third quarter. TUI Cruises improved the load factor on its fleet from 92.7 per cent to 97 per cent and the average rate from 166 euro to 167 euro per passenger per day.
Container Shipping (100 per cent basis)

In the third quarter, turnover declined by almost 9 per cent year-on-year to around 1.5 billion euro (previous year 1.6 billion euro). This development was mainly attributable to the 11 per cent weakening of the US dollar against the euro, while transport volumes rose slightly and freight rate levels remained almost stable. In the first nine months, turnover grew by 11 per cent year-on-year to 4.5 billion euro (previous year 4 billion euro). Operating earnings (underlying EBITA) totalled 39 million euro in the third quarter and was thus significantly down year-on-year (previous year 226 million euro). In the first nine months, Container Shipping posted accumulated operating earnings of 162 million euro (previous year 218 million euro). This negative development was attributable to higher bunker costs, which were not fully passed on to customers in a market environment characterised by strong competitive pressure. Earnings were also impacted by the softening of the US dollar against the euro. In relation to TUI’s 38.4% stake in Hapag-Lloyd, at equity earnings of -5 million euro arose in the third quarter.

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## Key figures of the 3rd quarter 2010/11

### Sector turnover

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Q3 2010/11</th>
<th>Q3 2009/10 revised</th>
<th>Var. %</th>
<th>9M 2010/11</th>
<th>9M 2009/10 revised</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>4,375.0</td>
<td>3,999.8</td>
<td>+ 9.4</td>
<td>10,713.5</td>
<td>9,808.5</td>
<td>+ 9.2</td>
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<tr>
<td>TUI Travel</td>
<td>4,247.3</td>
<td>3,899.5</td>
<td>+ 8.9</td>
<td>10,315.5</td>
<td>9,424.0</td>
<td>+ 9.6</td>
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<tr>
<td>TUI Hotels &amp; Resorts</td>
<td>769.9</td>
<td>687.7</td>
<td>+ 14.8</td>
<td>236.6</td>
<td>252.2</td>
<td>- 6.2</td>
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<tr>
<td>Cruises</td>
<td>488.8</td>
<td>31.6</td>
<td>+ 54.4</td>
<td>145.4</td>
<td>132.3</td>
<td>+ 9.9</td>
<td></td>
</tr>
<tr>
<td>Central Operations</td>
<td>12.5</td>
<td>15.8</td>
<td>- 20.9</td>
<td>38.3</td>
<td>45.9</td>
<td>- 16.6</td>
<td></td>
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<tr>
<td><strong>Sector turnover</strong></td>
<td><strong>4,387.5</strong></td>
<td><strong>4,015.6</strong></td>
<td><strong>+ 9.3</strong></td>
<td><strong>10,751.8</strong></td>
<td><strong>9,854.4</strong></td>
<td><strong>+ 9.1</strong></td>
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</table>

### Underlying sector EBITA

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Q3 2010/11</th>
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<th>9M 2010/11</th>
<th>9M 2009/10 revised</th>
<th>Var. %</th>
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<tbody>
<tr>
<td>Tourism</td>
<td>104.5</td>
<td>117.4</td>
<td>- 11.0</td>
<td>- 246.7</td>
<td>- 246.6</td>
<td>- 0.0</td>
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<tr>
<td>TUI Travel</td>
<td>87.5</td>
<td>88.4</td>
<td>- 1.0</td>
<td>- 297.6</td>
<td>- 307.3</td>
<td>+ 3.2</td>
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<tr>
<td>TUI Hotels &amp; Resorts</td>
<td>16.8</td>
<td>26.8</td>
<td>- 37.3</td>
<td>53.6</td>
<td>62.6</td>
<td>- 14.4</td>
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<tr>
<td>Cruises</td>
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<td>2.2</td>
<td>- 90.9</td>
<td>- 7.9</td>
<td>- 1.9</td>
<td>- 42.1</td>
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<tr>
<td>Central Operations</td>
<td>- 8.3</td>
<td>- 9.0</td>
<td>+ 7.8</td>
<td>- 32.2</td>
<td>- 29.3</td>
<td>- 9.9</td>
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<tr>
<td><strong>Underlying sector EBITA</strong></td>
<td><strong>96.2</strong></td>
<td><strong>108.4</strong></td>
<td><strong>- 11.3</strong></td>
<td><strong>- 278.9</strong></td>
<td><strong>- 275.9</strong></td>
<td><strong>- 1.1</strong></td>
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</table>

### Sector EBITA

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Q3 2010/11</th>
<th>Q3 2009/10 revised</th>
<th>Var. %</th>
<th>9M 2010/11</th>
<th>9M 2009/10 revised</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>45.3</td>
<td>- 50.3</td>
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<td>- 280.0</td>
<td>- 483.9</td>
<td>+ 42.1</td>
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<td>TUI Travel</td>
<td>28.3</td>
<td>- 75.0</td>
<td>n/a</td>
<td>- 328.2</td>
<td>- 533.0</td>
<td>+ 38.4</td>
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<tr>
<td>TUI Hotels &amp; Resorts</td>
<td>16.8</td>
<td>23.7</td>
<td>- 29.1</td>
<td>50.9</td>
<td>52.2</td>
<td>- 2.5</td>
<td></td>
</tr>
<tr>
<td>Cruises</td>
<td>0.2</td>
<td>1.0</td>
<td>- 80.0</td>
<td>- 2.7</td>
<td>- 3.1</td>
<td>+ 12.9</td>
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<tr>
<td>Central Operations</td>
<td>- 8.3</td>
<td>17.8</td>
<td>n/a</td>
<td>- 8.0</td>
<td>- 2.5</td>
<td>- 220.0</td>
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<tr>
<td><strong>Sector EBITA</strong></td>
<td><strong>37.0</strong></td>
<td><strong>- 32.5</strong></td>
<td><strong>n/a</strong></td>
<td><strong>- 288.0</strong></td>
<td><strong>- 486.4</strong></td>
<td><strong>+ 40.8</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Consolidated Income Statement of the TUI Group

€ million | Q3 2010/11 | Q3 2009/10 [revised] | Var. % | 9M 2010/11 | 9M 2009/10 [revised] | Var. %
--- | --- | --- | --- | --- | --- | ---
Turnover | 4,387.5 | 4,015.6 | + 9.3 | 10,751.8 | 9,854.4 | + 9.1
Cost of sales | 4,013.1 | 3,656.5 | + 9.8 | 10,103.2 | 9,301.7 | + 8.6
Gross profit | 374.4 | 359.1 | + 4.3 | 648.6 | 552.7 | + 17.4
Administrative expenses | 355.9 | 422.5 | - 15.8 | 1,026.7 | 1,077.9 | - 4.7
Other income/Other expenses | + 12.5 | + 30.1 | - 58.5 | + 65.0 | + 37.7 | + 72.4
Impairment of goodwill | - | - | - | - | - | -
Financial income | 32.1 | 39.6 | - 18.9 | 192.0 | 152.0 | + 26.3
Financial expenses | 91.3 | 108.5 | - 15.9 | 386.7 | 326.5 | + 18.4
Share of result of joint ventures and associates | - 2.6 | + 73.0 | n/a | + 24.7 | + 56.5 | - 56.3
Earnings before income taxes | - 30.8 | - 29.2 | - 5.5 | - 483.1 | - 605.5 | + 20.2
Reconciliation to underlying earnings:
Earnings before income taxes | - 30.8 | - 29.2 | - 5.5 | - 483.1 | - 605.5 | + 20.2
Result from Container Shipping measured at equity | 5.0 | -74.5 | n/a | 0.3 | - 65.5 | n/a
Effect of measurement of the financial instruments to Container Shipping | - 10.0 | - 8.2 | - 22.0 | - 50.9 | - 31.1 | - 63.7
Interest result and earnings from the measurement of interest hedges | 72.8 | 79.4 | - 8.3 | 245.7 | 215.7 | + 13.9
Impairment of goodwill | - | - | - | - | - | -
Group EBITA | 37.0 | 32.5 | n/a | 288.0 | 148.6 | + 40.8
Adjustments:
Gains on disposals | - | - 9.4 | n/a | - | - 11.4 | n/a
Restructuring | + 5.3 | + 9.0 | n/a | + 16.0 | + 22.2 | n/a
Purchase price allocation | + 26.1 | + 17.8 | n/a | + 65.6 | + 49.7 | n/a
Other one-off items | + 27.8 | + 123.5 | n/a | - 72.5 | + 150.0 | n/a
Underlying Group EBITA | 96.2 | 108.4 | - 11.3 | 278.9 | 275.9 | - 1.1
Earnings before income taxes | - 30.8 | - 29.2 | - 5.5 | - 483.1 | - 605.5 | + 20.2
Income taxes | 8.8 | - 17.0 | n/a | - 139.9 | - 161.7 | + 13.5
Group loss for the year | - 39.6 | - 12.2 | - 224.6 | - 343.2 | - 443.8 | + 22.7
Group profit/loss for the year attributable to shareholders of TUI AG | - 40.5 | 4.1 | n/a | - 230.9 | - 277.5 | + 16.8
Group profit/loss for the year attributable to non-controlling interest | 0.9 | - 16.3 | n/a | - 112.3 | - 166.3 | + 32.5
Group loss for the year | - 39.6 | - 12.2 | - 224.6 | - 343.2 | - 443.8 | + 22.7
Basic and diluted earnings per share | € - 0.18 | - 0.01 | n/a | - 0.99 | - 1.18 | + 16.1