

TUI GROUP**Pre-Close Trading Update**

Prior to entering its close period ahead of reporting its Interim results for the six months ending 31 March 2016 on 11 May 2016, TUI Group announces the following update on current trading.

Chief Executive of TUI Group, Friedrich Jousen, commented:

"Winter 2015/16 is closing out as expected, with 95% of our Source Market programme sold and increased revenue in all our major Source Markets. We remain pleased with our Summer 2016 trading performance, with both revenue and bookings ahead of last year. The UK continues to demonstrate a strong bookings performance, up 9% on prior year. Hotels & Resorts are performing well overall, benefitting from increased demand in Spain, the Canaries, and long-haul. Cruise is delivering continued growth, driven by strong demand for Mein Schiff 5 which is due to be launched this July. Hotelbeds Group continues to deliver TTV growth and the disposal process remains on track.

The Group has again demonstrated the flexibility of its business model and the ability to remix destination capacities to match demand and as a result demand and pricing has remained resilient overall despite the impact of geopolitical events. Our integrated model with our differentiated range of own accommodation content, combined with strong supplier relationships continue to give us a strong competitive position and sustainable earnings growth. We therefore remain well positioned to deliver underlying EBITA growth of at least 10% in financial year 2015/16¹."

Highlights**Remain pleased with Source Market trading**

- Winter 2015/16 is closing out as expected, with our Source Market programme almost fully sold. Revenue is up 3% driven by higher average selling prices across most Source Markets with a particularly good performance in the Canaries, Spain and long-haul destinations.
- Remain pleased with Summer 2016 performance, with 47% of the programme sold, broadly in line with last year. Revenue is up 3%, driven by 2% growth in bookings and 1% higher average selling prices, highlighting the continuing strength of demand for package holidays.
 - Strong UK performance, with revenue up 8% and bookings up 9%.
 - As expected, demand for Turkish destinations remains subdued; excluding Turkey, Source Market bookings are up 8%.
 - Remix of capacity to alternative popular destinations has driven growth in Spanish bookings with medium-haul and long-haul destinations also seeing good demand.
 - Bookings online continue to grow; now accounting for 38% of bookings, up three percentage points on the prior year.

Hotels & Resorts are performing well

- Improved occupancy and performance outside Turkey and North Africa driven by the popularity of alternative destinations and new hotel openings.

Continued growth in Cruise bookings driven by introduction of Mein Schiff 5 this summer

- Strong Cruise bookings performance for Summer 2016 driven by demand for Mein Schiff 5 which is due to be launched this July.

Post carve-out, Hotelbeds Group continues to see growth momentum

- The bedbank business continues to see double-digit growth, with TTV up 17% and room nights up 11% for Winter 2015/16.

Outlook

- Based on current trading and the resilience of our integrated business model, we remain well positioned to deliver full year underlying EBITA growth of at least 10%¹.

¹ Assuming constant foreign exchange rates are applied to the result in the current and prior year and based on current Group structure

CURRENT TRADING

Winter 2015/16

The Winter 2015/16 season is closing out as expected. 95% of our Source Market programme has been sold, in line with last year, with revenue up 3% driven by higher average selling prices up 3%. Bookings overall are flat on last year with the UK continuing to perform well, up 2%.

Travel restrictions remain in place for flights to and from Sharm El Sheikh and our ability to rapidly remix our capacity to alternative popular and profitable destinations such as the Canaries and other medium-haul, and expansion of capacity to long-haul destinations has successfully offset the impact of the restrictions. The online channel continues to drive growth in sales, accounting for 44% of total bookings, up two percentage points on the prior year.

Trading by Hotels & Resorts largely mirrors Source Market customer numbers, as a high proportion of Group-owned hotel beds are taken up by the Source Markets. In Cruises, the positive bookings performance continues to be driven by the expansion of the TUI Cruises fleet, following the launch of Mein Schiff 4 last Summer and improved fleet performance by Hapag-Lloyd Cruises.

<u>Current Trading¹</u>	<u>Winter 2015/16</u>			
YoY variation%	Total Revenue²	Total Customers²	Total ASP²	Programme sold (%)
Northern Region	+4	+1	+3	95
UK	+3	+2	+1	93
Nordics	+7	Flat	+6	100
Central Region	+2	-3	+6	97
Germany	+2	-3	+5	97
Western Region	+1	+2	-2	92
Benelux	+3	+4	-1	92
Total Source Markets	+3	Flat	+3	95
Hotelbeds Group - Bedbank³	+17	+11	+5	n/a

¹ These statistics are up to 20 March 2016 and are shown on a constant currency basis

² These statistics relate to all customers whether risk or non-risk

³ Sales refer to total transaction value (TTV) and customers refers to roomnights

In the UK, bookings are up 2% and average selling prices are up 1%. To date, 93% of the Winter programme has been sold, 1% point ahead of prior year. The growth in bookings has been driven by expansion in long-haul with bookings up 12% and strong demand in particular for Mexico, Dominican Republic and Jamaica. Short and medium-haul bookings are up 1% on last year with the Canaries, Spanish Mainland and Cape Verde performing well.

In the Nordics, revenue is up 7% and average selling prices up 6%. Bookings are flat, continuing the same trend of performance since our Q1 update. To date, 100% of the Winter programme has been sold. The roll-out of our Riu hotels to the Nordics source markets continues to prove successful with increased bookings to the Caribbean.

In Germany, revenue is up 2% and average selling prices up 5% which reflects the higher proportion of long-haul bookings with growth in particular to Thailand and Asia. To date, 97% of the Winter programme has been sold, broadly in line with prior year. Consumer sentiment continues to be adversely impacted by geopolitical events in Egypt and Turkey and performance has been negatively impacted by the increase of third party flight capacity to sun and beach destinations.

In Benelux, revenue is up 3% and bookings are up 4% with average selling prices marginally weaker. Bookings in the Netherlands are up 7%, as a result of the increased marketing activity following the TUI rebrand and increase in capacity. Bookings in Belgium have improved since our last update and are currently up 2%.

The Hotelbeds Group bedbank is continuing to deliver a significant increase in both TTV and roomnights for Winter, up 17% and 11% respectively. The disposal process for this business remain on track.

Summer 2016

We remain pleased with trading to date for Summer 2016. Within the Source Markets, we have sold approximately 47% of the programme, broadly in line with prior year. Revenue is up 3%, driven by customer bookings up 2% and higher average selling prices up 1%. The UK is delivering a strong performance, with revenue up 8% and bookings up 9%. As expected, demand for Turkish destinations remains subdued. Capacity has been remixed away to profitable alternative destinations, with Mainland Spain, the Balearics and the Canaries seeing the most significant growth, where we are well placed to benefit through our own hotel content. We continue to grow our long-haul programme, with Mexico, Dominican Republic and Jamaica remaining our most popular destinations and Costa Rica being added to the summer programme this year. Bookings through our controlled channels account for 70% of Summer 2016 bookings, up two percentage points, with the online channel accounting for 38% of bookings, up three percentage points.

As for Winter, trading by Hotels & Resorts largely mirrors customer numbers in our Source Markets, with higher demand and occupancy rates outside Turkey and North Africa mitigating the impact of lower demand in those destinations. We plan on opening two new Riu hotels in Sri Lanka and Dominican Republic this Summer and there will be further openings in our other hotel brands. In Cruises, the growth in bookings is driven by the launch of Mein Schiff 5 by TUI Cruises this July and improved fleet performance by Hapag-Lloyd Cruises.

FUEL/FOREIGN EXCHANGE

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 former TUI Travel businesses, which account for over 90% of our Group currency and fuel exposure.

Travel	Winter 2015/16	Summer 2016	Winter 2016/17
Euro	97%	86%	55%
US Dollars	96%	88%	62%
Jet Fuel	98%	92%	80%

As at 24 March 2016

OUTLOOK

We remain pleased with the development of Summer 2016 trading since our last update with Source Markets revenues currently up 3%. Our customers are continuing to make plans to travel particularly to traditional destinations such as Spain and the Canaries, and increasingly to long-haul locations, benefitting our strong Hotels & Resorts brands in those parts of the world. This demonstrates once again the resilience of our business and our strong competitive position. Cruise continues to grow, with the launch of Mein Schiff 5 in July and a good performance by Hapag-Lloyd Cruises. Hotelbeds is delivering further TTV growth and the disposal process remains on track. Based on current trading and the resilience of our integrated business model we remain confident of delivering underlying EBITA growth of at least 10% in financial year 2015/16¹.

HALF-YEAR FINANCIAL REPORT 2015/16

TUI Group will issue its H1 interim results on Wednesday 11 May 2016 and hold a presentation for investors and analysts on the same day. Further details will follow.

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