

TUI GROUP**Pre-Close Trading Update**

TUI Group announces the following pre-close trading update, ahead of issuing its Annual Report for the full year ending 30 September 2015 on 10 December 2015.

Chief Executives of TUI Group, Friedrich Jousen and Peter Long, commented:

"Summer 2015 trading has remained robust since our last update. The season is now almost fully sold, with bookings and average selling prices ahead of the prior year. Winter 2015/2016 is trading in line with our expectations and we have seen a good start to UK sales for Summer 2016. We are pleased with the performance of our Hotels & Resorts business and Cruise bookings continue to grow significantly, with the launch of Mein Schiff 4 in June 2015 and Mein Schiff 5 on sale for next year. Accommodation Wholesaler is delivering double-digit TTV growth. Our growth strategy is delivering results, supported by the resilience of our integrated business model. We therefore remain confident of delivering full year underlying operating profit growth this year of 12.5% to 15% and at least 10% CAGR over the next three years, both on a constant currency basis¹."

Highlights**Summer 2015 trading has remained robust**

- 96% of our Source Market programme sold, in line with prior year.
- Overall bookings up 1% and average selling prices up 2%, with a particularly strong performance from the UK.
- Controlled distribution accounts for 69% of bookings to date, up two percentage points on prior year. We have seen strong growth in online bookings, up 9% on prior year and accounting for 39% of overall bookings, up three percentage points on prior year.

Winter 2015/16 trading is in line with our expectations

- Source Market bookings in line with prior year at this relatively early stage, with average selling prices up 4%.
- UK bookings up 8% driven by long-haul growth, which has been enabled by the expansion of our 787 fleet.

Hotels & Resorts are performing well

- Underlying EBITA expected to grow this year, driven by improved occupancy rates and yield, in spite of the impact of the events in Tunisia in June.

Strong growth in Cruise bookings

- Strong bookings performance for Summer 2015 driven by launch of Mein Schiff 4 in June 2015 and Mein Schiff 5 on sale for next year.

Double-digit growth in Accommodation Wholesaler

- Continued strong growth in our market-leading Accommodation Wholesaler, with TTV up 25% for Summer 2015 and 28% for Winter 2015/16.

Outlook

- Based on current trading, we remain confident of delivering full year underlying operating profit growth of 12.5% to 15% this year and at least 10% CAGR over the next three years, both on a constant currency basis¹.

¹ Constant currency basis assumes that constant foreign exchange translation rates are applied to the underlying operating result in the current and prior year

CURRENT TRADING

Summer 2015

Source Market trading for Summer 2015 remains robust. 96% of the programme has been sold to date, with bookings up 1% and average selling prices up 2%. We continue to increase the number of customers booked through our controlled channels, at 69% of Summer bookings to date, up two percentage points on prior year. The online channel accounts for 39% of bookings, up three percentage points.

Trading in our Hotels & Resorts businesses largely reflects bookings made through our Source Markets. We have continued to grow bookings from our Source Markets to our target group hotels, in line with our strategy to deliver synergies through joint management of occupancy.

Bookings for TUI Cruises have remained significantly ahead of prior year, reflecting the expansion of the fleet, with a good yield performance. We are also pleased with the continued turnaround of Hapag-Lloyd Kreuzfahrten which is delivering an improved yield performance.

<u>Current Trading¹</u>	<u>Summer 2015</u>			
YoY variation%	Total ASP²	Total Sales²	Total Customers²	Programme sold (%)
Northern Region	+2	+5	+3	97
UK	+1	+5	+4	96
Nordics	+7	+2	-5	98
Central Region	+2	+3	Flat	95
Germany	+3	+4	+1	95
Western Region	Flat	Flat	Flat	96
Benelux	Flat	+2	+3	96
Total Source Markets	+2	+3	+1	96
Accommodation Wholesaler³	+8	+25	+16	n/a

¹ These statistics are up to 13 September 2015 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

Winter 2015/16

Source Market trading is in line with our expectations at this relatively early stage, with flat bookings and average selling prices up 4%.

In the UK, bookings are up 8% and average selling prices are down 1%, reflecting significantly lower jet fuel costs and the impact of the weaker Euro on accommodation costs. To date, 32% of the Winter programme has been sold. We have significantly expanded our long-haul programme, in particular to Mexico, Jamaica and the Dominican Republic and overall long-haul bookings are currently up 12%. The online channel accounts for 49% of bookings, up two percentage points on prior year. In line with UK Foreign and Commonwealth Office advice, we have ceased our programme to Tunisia until March 2016. Last Winter, Tunisia accounted for around 3% of UK volumes.

In the Nordics, bookings are down 3%, reflecting a continuation of the later booking cycle see this Summer, however volumes in the past month have been ahead of prior year. To date, 44% of the Winter programme has been sold. Average selling prices continue to perform well, up 7%, and trading margins continue to improve compared with prior year. We have remixed our long-haul programme, reducing capacity to Thailand and increasing the programme to Mauritius and the Caribbean. The programme has also been expanded to include more Riu hotels.

In Germany, bookings are down 5%, driven primarily by a reduction in seat-only, as the business aims to increase the mix of package holidays. Bookings also reflect the competitive airline capacity environment. To date, 33% of the Winter programme has been sold. Average selling prices are up 7%, which reflects a higher proportion of long-haul bookings and increases in accommodation costs. Whilst long-haul is performing well, medium haul destinations such as the Canaries continue to come under pressure as a result of significant capacity expansion to the destination.

Accommodation Wholesaler is continuing to deliver a significant increase in both TTV and roomnights for Winter, up 28% and 15% respectively, driven by growth in the Americas, Asia Pacific and Europe.

Summer 2016

We are pleased with the strong start to UK trading for Summer 2016, with bookings up 8%. Average selling prices are broadly flat, reflecting the development of input costs. We have commenced the roll-out of our international concepts, including Thomson Family Life and Thomson Sensimar. We are also opening two new Sensatori resorts, in Dominican Republic and Rhodes, and in Thomson Cruises we have announced the launch of the Discovery (previously Splendour of the Seas).

OTHER RECENT DEVELOPMENTS

In August 2015 Moody's Investors Service confirmed TUI Group's corporate rating of "Ba3" and raised the outlook from "neutral" to "positive". The improvement reflects the reduction in TUI Group's adjusted debt, following revisions to the way the rating agency capitalises operating leases. It also considers ongoing improvements to TUI Group's underlying operating performance, despite heightened security concerns in Tunisia and volatility in Greece.

On 23 September 2015 the Supervisory Board of TUI Group met to discuss the Board's composition following the 2016 Annual General Meeting, and decided on several recommendations to shareholders. Please refer to the announcement on our website (www.tuigroup.com/en-en/investors/news) for further details.

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.

	Summer 2015	Winter 2015/16	Summer 2016
Euro	96%	89%	67%
US Dollars	95%	85%	60%
Jet Fuel	93%	91%	71%
<i>As at 18 September 2015</i>			

Based on exchange rates at current levels we still anticipate a favourable impact of at least €60m from foreign exchange translation on the full year underlying EBITA result, primarily due to the translation of peak season profits from Sterling and US dollar denominated operations.

OUTLOOK

Summer 2015 trading has remained robust since our last update. We are particularly pleased with the strong performance by the UK and continued margin improvement in the Nordics. Winter 2015/2016 is trading in line with our expectations and we are pleased with the early start to UK trading for Summer 2016. Our growth strategy, as outlined in May 2015, is delivering results, supported by the resilience of our integrated business model. Based on current trading we are confident of delivering underlying operating profit growth of 12.5% to 15% in the current financial year and at least 10% underlying EBITA CAGR over the next three years¹.

Annual Report 2014/15

TUI Group will issue its Annual Report for the full year 2014/15 on Thursday 10 December 2015 and hold a presentation for investors and analysts on the same day. Further details will follow.

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