

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 2015 on 13 May 2015, TUI Group announces the following update on current trading.

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

"Winter 2014/15 is closing out as expected, with our Mainstream programme almost fully sold and higher average selling prices in most source markets. We are pleased with Summer 2015 trading, with continued strong demand for our unique holidays and a significant increase in online bookings. Hotels & Resorts are performing well and Cruise sales continue to grow, with the launch of Mein Schiff 4 this June and improved fleet performance by Hapag-Lloyd Kreuzfahrten. Accommodation Wholesaler is also delivering another year of double-digit TTV growth.

We are continuing to implement our strategy post-merger, and will articulate this in further detail at our Capital Markets Update on 13 May 2015. We are on track to deliver a H1 result ahead of last year on a like-for-like basis¹, and remain confident of delivering full year underlying operating profit growth of 10% to 15%²."

Highlights**Pleased with Mainstream trading**

- Winter 2014/15 closing out as expected, with higher average selling prices in most source markets, up 1% overall.
- Pleased with Summer 2015 – bookings up 1% and average selling prices up 1%:
 - Demand for our unique holidays continues to rise, accounting for 74% of Summer bookings to date, up three percentage points on prior year.
 - Strong growth in online bookings, up 12% on prior year.

Hotels & Resorts are performing well

- Improved occupancy rates and yield expected to drive growth in underlying EBITA this year.

Growth in Cruise bookings driven by launch of Mein Schiff 4

- Strong Cruise bookings performance for Summer 2015 driven by launch of Mein Schiff 4 in June and improved performance by Hapag-Lloyd Kreuzfahrten.

Continued double-digit growth in Accommodation Wholesaler

- Further growth in market-leading Accommodation Wholesaler, with TTV up 27% for Summer 2015.

Outlook

- Simplification of capital structure
 - Redemption notice given to holders of our two remaining convertible bonds, improving our capital position.
 - Intention to cancel and repay our €300m hybrid bond with effect from 30 April 2015.
- On track to deliver a H1 result ahead of last year on a like-for-like basis¹.
- Based on current trading, we remain confident of delivering full year underlying operating profit growth of 10% to 15%².
- We look forward to providing an update on our strategy and plans for growth at our Capital Markets Update on 13 May 2015.

¹ Like-for-like basis is on a constant currency basis, excluding the timing impact of Easter, €16m profit on sale of Riu Waikiki recognised in Q1 2014/15 and the impact of the acquisition of Europa 2 in January 2015

² 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

Winter 2014/15

In Mainstream, the Winter 2014/15 season is closing out as expected, with 95% of the programme sold and strong pricing across most of our source markets. Mainstream bookings are up 1% versus prior year, with increased volumes in the UK, Germany and Other source markets offset partly by planned capacity reductions in the Nordics and France. Mainstream average selling prices are up 1%. We are pleased with overall trading to date, although in Germany we are continuing to experience some margin pressure in the Canaries, which forms a significant part of our Winter programme.

The mix of unique holidays has continued to grow, accounting for 72% of all Mainstream Winter bookings, up two percentage points compared with this time last year. The online channel continues to drive growth in sales, with online bookings up 7% on prior year, accounting for 42% of total bookings (up three percentage points).

Trading by Hotels & Resorts largely mirrors customer numbers in Mainstream, as a high proportion of Group-owned hotel beds are taken up by the Mainstream tour operators. In Cruises, the positive bookings performance continues to be driven by the expansion of the TUI Cruises fleet, with the addition of Mein Schiff 3, and improved fleet performance by Hapag-Lloyd Kreuzfahrten.

Our Accommodation Wholesaler continues to perform well with TTV growth of 26%, driven by growth in all regions.

<u>Current Trading¹</u>	<u>Winter 2014/15</u>			
YoY variation%	Total ASP²	Total Sales²	Total Customers²	Programme sold (%)
Mainstream				
UK	+2	+6	+3	93
Nordics	+5	-2	-7	97
Germany	+1	+2	+2	94
France tour operators	+4	-13	-16	99
Other ³	-1	+3	+4	98
Total Mainstream	+1	+2	+1	95
Accommodation Wholesaler⁴	+4	+26	+21	N/A

¹ These statistics are up to 15 March 2015 and are shown on a constant currency basis

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

³ Other includes Austria, Belgium, Netherlands, Poland and Switzerland

⁴ Sales refer to total transaction value (TTV) and customers refers to roomnights

Summer 2015

For Summer 2015, we remain pleased with trading to date. In Mainstream, we have sold approximately 46% of the programme, in line with prior year. Bookings and average selling prices are up 1%. We continue to see strong demand for our unique holidays, accounting for 74% of Mainstream bookings, up three percentage points. Online bookings are performing well, up 12%.

As for Winter, trading by Hotels & Resorts largely mirrors customer numbers in Mainstream. In Cruises, the positive bookings performance is driven by the launch of Mein Schiff 4 by TUI Cruises in the Summer and improved fleet performance by Hapag-Lloyd Kreuzfahrten.

Our strong performance in Accommodation Wholesaler continues, with 27% increase in TTV driven by growth in all regions.

CAPITAL STRUCTURE

On 24 February and 2 March we issued redemption notices to the remaining holders of the TUI AG 2016 convertible bond and TUI Travel 2017 convertible bond respectively. Bondholders can exercise their conversion rights during the redemption period. 99.3% of the TUI AG 2016 bond has converted, with the remainder to be redeemed. The last day on which conversion rights may be exercised by bondholders is 10 April 2015 for the TUI Travel 2017 bond, therefore further update will be given in due course regarding conversions.

TUI AG has resolved to exercise its issuer call right in relation to the €300m hybrid bond and intends to cancel and repay the entire bond at nominal value plus accrued interest remuneration with effect from 30 April 2015. This resolution was taken in light of the recent conversions of the TUI AG 2016 €339m convertible bond. The repayment of the hybrid bond will simplify the capital structure and enhance the key economic figures of the Group.

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 Travel, our largest segment.

Travel	Winter 2014/15	Summer 2015	Winter 2015/16
Euro	96%	91%	62%
US Dollars	94%	90%	65%
Jet Fuel	93%	90%	66%
<i>As at 20 March 2015</i>			

OUTLOOK

We are pleased with the development of Summer 2015 trading since our last update, with continued strong demand for our unique holidays and a 12% increase in online bookings. Hotels & Resorts are performing well and Cruise sales continue to grow, with the launch of Mein Schiff 4 this June and improved performance by Hapag-Lloyd Kreuzfahrten. Our Accommodation Wholesaler is also delivering another year of double-digit TTV growth. We are therefore on track to deliver a H1 result ahead of last year on a like-for-like basis¹, and based on current trading, we remain confident of delivering full year underlying operating profit growth of 10% to 15%².

HALF-YEAR FINANCIAL REPORT 2014/15 AND CAPITAL MARKETS UPDATE

TUI Group will release its half-year financial report on 13 May 2015 and present its Capital Markets Update. Further detail will be given in due course.

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