

## **TUI Deutschland starts comprehensive expansion strategy**

***Offering of hotels exclusive to TUI grows by 11,000 new beds – More travel shops planned – Attractive prices for summer holidays in 2010 – Demand for winter 2009/2010 currently noticeably stronger***

Hanover / Ocho Rios, 4 November 2009. TUI Deutschland is to place its emphasis on having more of exclusive hotels and more travel agencies. Germany's leading tour operator has started a comprehensive growth strategy, with which it intends to expand its programmes considerably. "New and exciting tourism products of high quality pay off in the long term a lot more than large-scale, short-term special offers," said Dr Volker Böttcher, Chief Executive of TUI Deutschland, at the presentation of the summer programme in Jamaica on Wednesday. "Our expansion plan consists of three strategic levers for growth to strengthen TUI Deutschland's market position over the long term: expansion of our product range, consolidation of sales activities and optimisation of the business model."

TUI Deutschland GmbH  
Communications Department  
Karl-Wiechert-Allee 23  
30625 Hanover

Phone +49(0)511 567-2101  
Fax +49(0)511 567-2111  
presse@tui-deutschland.com  
www.tui-deutschland.de

Copy free of charge

The product range in summer programme 2010 includes about 11,000 more beds in 13 new hotels, which can be booked exclusively through TUI Deutschland. "Exclusive hotels are the most important criterion for driving up the value of our business. Even today every second TUI customer flying to mid-haul destinations decides in favour of a hotel that he can book only through us," explained Böttcher. On top of that the Group is expanding its specialist business and is heading in new directions particularly in health tourism. In the city trips segment TUI is introducing innovative flexrates, which up to now are quite unique in the tour operator business. This idea allows city trips to be cancelled at no charge by giving as little as three days notice before the start of the trip. The new flexrates are being tested in the first place in Berlin and Munich. The already large offering of modular and sightseeing holidays is to be successively expanded so as to significantly improve the sales potential in the profitable long-haul holiday segment. As part of the sales offensive TUI Deutschland wants to greatly strengthen not only the online business but also the traditional sales channels. The plan includes considerably increasing the number of TUI travel agencies over the next few years. "Branch business with personal and high quality advice remains the most important sales channel. That's why we are investing substantially to improve our direct access to customers," according to Böttcher.

page 1 of 5

Contact

By optimising the business model – above all by handing over TUIfly's city flight business to Air Berlin – the financial figures of TUI Deutschland will improve considerably.

### **Summer 2010 with great prices**

As far as summer travel in 2010 is concerned TUI is adhering to a level-headed price policy. "We are offering our customers attractive conditions and tangible booking incentives. We have created a solid basis which the German people can use to defend their title as holiday world champions," said Böttcher. Prices for medium-haul destinations are on average down by about five percent, long-haul destinations by about six percent.

Reductions are particularly high for Spain, above all for the Canary Islands (minus 7 percent) and the Balearics (6 percent), as well as Greece (6.5 percent), Egypt (6.5 percent), Tunisia (7 percent) and Turkey (5.5 percent). To long-haul destinations holidaymakers will be able to save around five percent when flying to the Caribbean, whereby the biggest reductions are for the Dominican Republic (5 percent) and Mexico (7 percent). In the USA the prices are some 5 percent down with a strong booking incentive especially for hotels in New York, where reductions are on average 17.5 percent. Looking to Africa, the prices in Namibia and Kenya have dropped significantly, in South Africa, however, they are almost constant as a result of the upcoming World Cup. Asia is on average nine percent cheaper, with Thailand (13 percent) and Sri Lanka (14 percent) leading the way. Prices are stable for holidays without travel arrangements. In Germany, holiday offers are at about the same price level as in the past. Whereas prices in Austria and Switzerland are slightly up, savings of up to five percent are possible in Italy. In Eastern Europe the prices have dropped across the board.

Numerous price instruments contribute to the good value for money in summer 2010. For example the XXL Bonus, which provides the major early booker discount, is available in considerably more hotels than was previously the case. And for the first time TUI Deutschland is offering reductions for long-stay holidays in summer. In addition, there are new price arrangements especially for families with children.

TUI Deutschland GmbH  
Communications Department  
Karl-Wiechert-Allee 23  
30625 Hanover

Phone +49(0)511 567-2101  
Fax +49(0)511 567-2111  
presse@tui-deutschland.com  
www.tui-deutschland.de

Copy free of charge

Yet regardless of the development in price the two mega trends in the industry continue unabated: all-inclusive and exclusivity. TUI Deutschland at the moment assumes that in summer about 55 percent of all booked holidays will include the all-round carefree package which allows costs to be planned. Additionally, probably some 83 to 85 percent of all holidaymakers will head for a 4- or 5-star hotel.

### **More room to manoeuvre in capacity planning**

The drop in prices is the result solely of markedly better buying conditions. Thanks to the successful negotiations with airlines and hotels, TUI is again able to offer holidays at excellent value for money without having to squeeze profit margins. Nonetheless TUI Deutschland will be increasing the flight capacities for the upcoming summer season. In doing so the fixed allocation, which represents the risk capacity, has been kept constant. At the same time the market leader has massively increased its stock of variable seats, which can be booked on a flexible basis and can be returned to the airlines if there is no demand. "We can afford this tremendous amount of flexibility now that we have shed our oversized suit and slipped into a tailor-made one following the take-over of the TUIfly city routes by Air Berlin," said Böttcher. There is now much more room to manoeuvre by be able to access all the freely available flight capacity on the market. "Our customers and sales partners benefit from this because we can offer a significantly better range of flights. And we can do that without having to increase our financial risk," continued the TUI Deutschland Chief Executive.

Considering the drop in bookings across the industry, TUI Deutschland, in the interests of owners as well as employees, is continuing to follow its idea of "profit margins rather than volume". "Now and in the future we will not participate in cut-throat price wars. That would only secure our market position and revenue in the short-term, but at the same time endanger our profitability and long-term prospects," said Böttcher.

### **Targets reached for summer 2009**

Cautious planning has already paid off for summer 2009. Thanks to the maxim "profit margins rather than volume" in connection with a 3-point action plan it was possible to achieve the ambitious results that were targeted for the business year just completed, even though the number of customers dropped by ten percent.

TUI Deutschland GmbH  
Communications Department  
Karl-Wiechert-Allee 23  
30625 Hanover

Phone +49(0)511 567-2101  
Fax +49(0)511 567-2111  
presse@tui-deutschland.com  
www.tui-deutschland.de

Copy free of charge

page 3 of 5

Contact

### **Demand for winter 2009/2010 currently noticeably stronger**

Despite a weak start to bookings throughout the travel industry TUI Deutschland is cautiously optimistic for the winter season that has just begun. At the end of September the shortfall at TUI Deutschland amounted to about 22 percent according to information from TUI Travel PLC, the stock-quoted parent company. For several weeks the number of bookings have been increasing considerably – especially on the long-haul routes. “We are well on the way, step by step, to making good the shortfall that we had,” said Böttcher. Moreover, despite the difficult economic background, the number of early bookers is remarkably high. In the summer season just ended it was 40 percent and so remained unchanged above the level of previous years.

Statistics supplied by market researchers confirm the high level of interest of Germans in travelling. Currently the number of remaining potential holidays this winter is 9.3 million. In the holiday by air segment, which is important for TUI, the remaining potential is standing at 3.1 million holidays for Winter 2009/2010, according to forecasts by the GfK and TUI market research. The focus is on longer flight package holidays of 13 to 15 days as well as on sunny destinations in the western Mediterranean and on long-haul.

Once again a winner in the medium haul segment this winter is Turkey, which comes out on top with its excellent value for money. In long-haul, Costa Rica stands out favourably. Bookings have almost doubled for that destination. Jamaica continues to stride forwards and is progressing very satisfactorily this winter with a percentage growth rate in double figures. China also boasts a clearly positive trend. The Maldives and the USA are going well, as are Jamaica and Kenya. Also the demand for holidays in South Africa is on the increase. As expected the booking figures for some other destinations in the medium and long-haul sector are dropping.

### **Basis for growth in place**

Thanks to the extensive expansion programme the revenue and number of customers should rise significantly in the medium term. “When the economy recovers as expected and the job market develops on a stable footing, then we will achieve our growth targets. We have created the basis for growth,” was how TUI Deutschland’s Böttcher explained the prospects. The market leader has set its intention to take

TUI Deutschland GmbH  
Communications Department  
Karl-Wiechert-Allee 23  
30625 Hanover

Phone +49(0)511 567-2101  
Fax +49(0)511 567-2111  
presse@tui-deutschland.com  
www.tui-deutschland.de

Copy free of charge

page 4 of 5

Contact

definite action and continuously expand its business base. "And that's why even with the present weak demand I am looking to the future with cautious optimism."

With more than 22 percent market share TUI Deutschland GmbH is the leading tour operator in Germany. Besides the core brand of TUI, numerous other well known brands are part of the company, brands such as 1-2-FLY and airtours as well as the specialists Gebeco and L'tur. TUI therefore covers the entire holiday spectrum from premium through individual to budget.

---

TUI Deutschland GmbH  
Communications Department  
Karl-Wiechert-Allee 23  
30625 Hanover

Phone +49(0)511 567-2101  
Fax +49(0)511 567-2111  
presse@tui-deutschland.com  
www.tui-deutschland.de

Copy free of charge