

Second quarter of fiscal year 2009/2010: TUI achieves considerable improvement in operating earnings

- Operating earnings by Continuing Operations up 17 per cent
- Recovery trend in Tourism continues
- Rise in operating earnings by TUI Travel and TUI Cruises
- Turnaround in Container Shipping: Hapag-Lloyd AG returns to positive operating earnings in Q2

Hanover, 12 May 2010. The upward trend displayed by the European tourism sector and global container shipping has continued. TUI AG recorded a notable year-on-year improvement in its performance and achieved substantial growth in operating earnings in the second quarter. Underlying EBITA by the Continuing Operations (Tourism and Central Operations) climbed by almost 17 per cent to a seasonal loss of 229 million euro (previous year: -274 million euro). TUI's 43.33 per cent stake in Hapag-Lloyd AG generated a positive at equity result of 6 million euro in the second quarter. The Group result for the second quarter was around -265 million euro. The result for the prior-year comparative period (+606 million euro) comprised the book profit from the sale of the majority stake in Hapag-Lloyd AG and is thus not comparable. In the first half of the financial year, the Group result was seasonally negative at -430 million euro (previous year including the book gain from the sale of the stake in Hapag-Lloyd AG: +419 million euro). Earnings per share were -0.72 euro for the second quarter, with cumulative earnings per share of -1.16 euro for the first half of the year.

'TUI Travel and our Cruises division have contributed to the growth in our operating earnings in Q2. In crisis year 2009 we did our homework and reduced risk capacity in TUI Travel. This strategy is paying off', said TUI CEO Michael Frenzel. He continued: 'Container Shipping also showed a gratifying performance in Q2. With an increase in volumes and freight rates, coupled with the consistent implementation of the cost cutting programme, a turnaround in results has been achieved. For the first time since the onset of the financial and economic crisis, Hapag-Lloyd AG has returned to positive operating earnings for the quarter.'

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At 2.9 billion euro, turnover by the Continuing Operations (Tourism and Central Operations) was around 7 per cent down year-on-year (3.1 billion euro) due to the economic environment. This decline mainly resulted from lower customer volumes in TUI Travel, with the Sterling exchange rate picking up slightly against the Euro. Cumulative turnover by the Continuing Operations for the first half of the financial year decreased by 11 per cent to around 5.8 billion euro (previous year: 6.5 billion euro). However, the pace of the decline in turnover decelerated notably as against the first quarter of 2009/10.

Against the backdrop of the business development in the first six months, TUI AG expects operating earnings by Tourism to show a stable performance, accompanied by cost reductions in Central Operations. The Continuing Operations (Tourism and Central Operations) therefore continue to be expected to post slightly higher operating earnings by the end of the financial year. Should the upward trend in Container Shipping continue to stabilise, Hapag-Lloyd expects to be able to post positive operating earnings for the reporting period from October 2009 to September 2010.

The financial impact of the volcanic eruption in Iceland, mainly affecting the results of TUI Travel, will be visible in Q3. According to current knowledge, these costs, which are one-off in nature, may account for 100 million euros and will be separately identified.

Detailed development of Tourism

TUI Travel

Turnover by the sector decreased by 7 per cent to 2.7 billion euro in the second quarter (previous year: 2.9 billion euro), primarily due to lower volumes in the Mainstream business. Compared with the first quarter of the current financial year, the volume decline displayed some recovery tendencies. Underlying earnings by TUI Travel climbed by around 44 million euro to -245 million euro (previous year: -289 million euro), up around 15 per cent. This increase was driven by flexible capacity management, which led to better margins, as expected. Positive effects were also created by the realignment of the airline business in Germany, the restructuring of operations in Canada and the scheduled delivery of integration synergies in the UK. By contrast, negative effects in Q2 resulted from the persistent weakness of business development in the French airline Corsairfly. Cumulative turnover by TUI Travel for the first six months stood at 5.5 billion euro (previous year: 6.2 billion

euro); underlying EBITA was seasonally negative in the first half of the year, amounting to -373 million euro (previous year: -356 million euro).

TUI Hotels & Resorts

In the second quarter, total turnover by the Group's hotel sector showed a slight decline of around 3 per cent to 188 million euro (previous year: 194 million euro). Bednights totalled 3.8 million (previous year: 3.7 million). Although the load factor rose slightly (+1 percentage point) year-on-year and the hotel companies achieved partly substantial cost savings, the 7 per cent fall in average revenues per bednight was not fully offset. At around 26 million euro, underlying EBITA was in line with the prior year in the second quarter. Cumulative turnover for the first half of the financial year totalled 345 million euro (previous year: 369 million euro), with operating earnings of around 31 million euro (previous year: 53 million euro).

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TUI Cruises

The German cruise market is also displaying positive momentum. Current trading picked up in the second quarter, both in Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises (measured at equity). Turnover rose by almost 3 per cent year-on-year to around 60 million euro (previous year: 58 million euro). Underlying earnings by the Cruises sector grew to 2 million euro, after break even in the prior-year comparative period. Cumulative turnover for the first half of the financial year fell slightly to around 101 million euro (previous year: 103 million euro), while operating earnings grew by almost 9 per cent to -4 million euro (previous year: -5 million euro) in the first half of the financial year.

Detailed development of Container Shipping (100 per cent basis)

In the second quarter of the financial year 2009/10, Hapag-Lloyd AG recorded substantial improvements. Turnover grew by around 13 per cent to 1.3 billion euro (previous year: 1.1 billion euro). Both transport volumes (+5 per cent) and freight rates (+8 per cent) were increased considerably in the second quarter. Positive effects were also caused by the successful implementation of cost cutting programmes. As a result, a turnaround was achieved with operating earnings returning to the profit zone. Underlying EBITA grew by 235 million euro year-on-year, so that operating earnings of 13 million euro were generated (previous year: -222 million euro). At around 2.4 billion euro, turnover by Hapag-Lloyd AG was still 11 per cent down year-on-year (2.7 billion euro) for the first six months. Operating earnings, by

contrast, jumped from -230 million euro in the previous year's comparative period to around -8 million euro in the period under review.

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Key figures of the 2nd quarter 2009/10

Divisional turnover

€ million	Q2 2009/10	Q2 2008/09	Var. %	H1 2009/10	H1 2008/09	Var. %
Tourism	2,864.3	3,064.2	- 6.5	5,796.8	6,513.8	- 11.0
TUI Travel	2,707.5	2,914.4	- 7.1	5,519.2	6,238.9	- 11.5
TUI Hotels & Resorts	97.1	91.8	+ 5.8	176.9	172.4	+ 2.6
Cruises	59.7	58.0	+ 2.9	100.7	102.5	- 1.8
Central Operations	14.5	14.7	- 1.4	30.1	35.7	- 15.7
Continuing Operations	2,878.8	3,078.9	- 6.5	5,826.9	6,549.5	- 11.0
Discontinued Operations	4.2	1,122.9	- 99.6	11.8	2,721.2	- 99.6
Consolidation	-	-	n/a	-	- 42.9	n/a
Divisional turnover	2,883.0	4,201.8	- 31.4	5,838.7	9,227.8	- 36.7

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Underlying divisional EBITA

€ million	Q2 2009/10	Q2 2008/09	Var. %	H1 2009/10	H1 2008/09	Var. %
Tourism	- 217.2	- 263.7	+ 17.6	- 346.0	- 307.3	- 12.6
TUI Travel	- 245.1	- 289.2	+ 15.2	- 372.6	- 355.5	- 4.8
TUI Hotels & Resorts	25.7	25.6	+ 0.4	30.7	52.7	- 41.7
Cruises	2.2	- 0.1	n/a	- 4.1	- 4.5	+ 8.9
Central Operations	- 11.4	- 10.1	- 12.9	- 20.3	- 64.9	+ 68.7
All other segments	- 11.4	- 10.1	- 12.9	- 20.3	- 64.9	+ 68.7
Consolidation	-	-	n/a	-	-	n/a
Continuing Operations	- 228.6	- 273.8	+ 16.5	- 366.3	- 372.2	+ 1.6
Discontinued Operations	- 12.9	- 234.6	+ 94.5	- 23.8	- 256.0	+ 90.7
Underlying divisional earnings (EBITA)	- 241.5	- 508.4	+ 52.5	- 390.1	- 628.2	+ 37.9

Divisional EBITA

€ million	Q2 2009/10	Q2 2008/09	Var. %	H1 2009/10	H1 2008/09	Var. %
Tourism	- 240.9	- 338.8	+ 28.9	- 405.8	- 388.9	- 4.3
TUI Travel	- 268.8	- 364.3	+ 26.2	- 432.4	- 433.3	+ 0.2
TUI Hotels & Resorts	25.7	25.6	+ 0.4	30.7	48.9	- 37.2
Cruises	2.2	- 0.1	n/a	- 4.1	- 4.5	+ 8.9
Central Operations	- 11.4	- 10.1	- 12.9	- 20.3	- 63.1	+ 67.8
All other segments	- 11.4	- 10.1	- 12.9	- 20.3	- 63.1	+ 67.8
Consolidation	-	-	n/a	-	-	n/a
Continuing Operations	- 252.3	- 348.9	+ 27.7	- 426.1	- 452.0	+ 5.7
Discontinued Operations	- 22.7	889.4	n/a	- 33.6	851.7	n/a
Divisional earnings (EBITA)	- 275.0	540.5	n/a	- 459.7	399.7	n/a

Consolidated Profit and Loss Statement

€ million	Q2 2009/10	Q2 2008/09	Var. %	H1 2009/10	H1 2008/09	Var. %	
Turnover	2,878.8	3,078.9	- 6.5	5,826.9	6,549.5	- 11.0	
Cost of sales	2,819.7	3,153.8	- 10.6	5,621.9	6,377.3	- 11.8	
Gross profit/loss	59.1	- 74.9	n/a	205.0	172.2	+ 19.0	
Administrative expenses	328.9	284.6	+ 15.6	641.4	647.0	- 0.9	
Other income/other expenses	+ 8.6	+ 7.1	+ 21.1	10.0	24.8	- 59.7	
Impairment of goodwill	-	-	-	-	31.1	n/a	
Financial result	- 57.8	- 60.4	+ 4.3	- 99.0	- 133.9	+ 26.1	
Financial income	46.5	40.0	+ 16.3	111.9	129.8	- 13.8	
Financial expenses	104.3	100.4	+ 3.9	210.9	263.7	- 20.0	
Share of results of joint ventures and associates	+ 3.8	+ 3.8	+ 0.0	- 16.5	- 3.0	- 450.0	
Earnings before income taxes	- 315.2	- 409.0	+ 22.9	- 541.9	- 618.0	+ 12.3	
Reconciliation to underlying earnings:							
Earnings before income taxes	- 315.2	- 409.0	+ 22.9	- 541.9	- 618.0	+ 12.3	
Result from Container Shipping measured at equity	- 5.7	-	n/a	9.0	-	n/a	
Effective interest from loans and hybrid capital to Container Shipping	- 4.8	-	n/a	- 22.9	-	n/a	
Interest result and earnings from the valuation of interest hedges	73.4	60.1	+ 22.1	129.7	134.9	- 3.9	
Impairment of goodwill	-	-	-	-	31.1	n/a	
EBITA from Continuing Operations	- 252.3	- 348.9	+ 27.7	- 426.1	- 452.0	+ 5.7	
Adjustments:							
<i>Gains on disposal</i>	- 2.0	-		- 2.0	+ 2.0		
<i>Restructuring</i>	+ 9.6	+ 25.7		+ 13.2	- 0.6		
<i>Purchase price allocation</i>	+ 16.3	+ 10.5		+ 31.9	+ 21.9		
<i>Other one-off items</i>	- 0.2	+ 38.9		+ 16.7	+ 56.5		
Underlying EBITA from Continuing Operations	- 228.6	- 273.8	+ 16.5	- 366.3	- 372.2	+ 1.6	
Earnings before income taxes	- 315.2	- 409.0	+ 22.9	- 541.9	- 618.0	+ 12.3	
Income taxes	- 74.2	- 85.6	+ 13.3	- 146.4	- 115.6	- 26.6	
Result from Continuing Operations	- 241.0	- 323.4	+ 25.5	- 395.5	- 502.4	+ 21.3	
Result from Discontinued Operations	- 23.8	928.9	n/a	- 34.4	921.1	n/a	
Group profit/loss	- 264.8	605.5	n/a	- 429.9	418.7	n/a	
Group profit/loss attributable to shareholders of TUI AG	- 176.8	744.3	n/a	- 279.9	589.2	n/a	
Group profit/loss attributable to minority interests	- 88.0	- 138.8	+ 36.6	- 150.0	- 170.5	+ 12.0	
Group profit/loss	- 264.8	605.5	n/a	- 429.9	418.7	n/a	
Basic and diluted earnings per share	in €	- 0.72	+ 2.93	n/a	- 1.16	+ 2.30	n/a
from Continuing Operations	in €	- 0.63	- 0.76	+ 17.1	- 1.02	- 1.36	+ 25.0
from Discontinued Operations	in €	- 0.09	+ 3.69	n/a	- 0.14	+ 3.66	n/a

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