

Operational earnings in the third quarter up by around 45 per cent / Earnings well up in the Tourism division / Shipping results reveal turnaround / Considerable rise in total earnings 2007 expected

Hanover, 8 November 2007. In the third quarter of the 2007 financial year, TUI AG made considerable gains in its operational business and was able to increase its underlying combined divisional earnings (underlying EBITA) to 830 million euros, up 44.9 per cent on the same quarter the previous year. Growth was also achieved during the period January to September. The company's cumulative, underlying combined divisional earnings to the end of September were up 3.4 per cent at 622 million euros. All of the Group's divisions (Tourism, Shipping and Central Services) improved their earnings in the third quarter. In the third quarter of 2007, consolidated Group profits rose by 53.3 per cent to 459.7 million euros. Even after nine months, Group profits were still well up. Cumulative consolidated earnings to the end of September were 421.7 million euros, equivalent to an increase of 70 per cent. In the third quarter, undiluted earnings per share rose by 57.8 per cent to 1.72 euros. After nine months, undiluted earnings per share reached 1.43 euros (+72.3 per cent). TUI AG also saw growth in turnover. In the third quarter, combined divisional turnover totalled 7.4 billion euros, 9.8 per cent up year-on-year for the quarter. As at the end of September, TUI AG had achieved year-on-year turnover growth of 2.8 per cent. At the end of the first nine months of the 2007 financial year, net debt totalled 3.0 billion euros (having been 3.2 billion euros at the end of 2006).

"All things considered, our Tourism division had a strong third quarter and we have managed to bottom out in Shipping," said TUI's Chief Executive Officer Dr Michael Frenzel. He went on: "The greater earnings from our Shipping division are partly the result of an increase in efficiency achieved by the takeover of CP Ships." In view of the fact that the two operational divisions, Tourism and Shipping, performed well – as expected – in the third quarter of 2007, the Executive Board is optimistic about the year as a whole. Overall, the tourism operations are expected to match underlying earnings of 2006 (2006: 401 million euros). It is to be assumed that no additional positive profit contribution will be generated in the period from September to December taking into account of the profit contribution of First Choice due to seasonal reasons. A marked year-on-year increase in earnings from Shipping is

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expected. On present trends, Central Operations will achieve year-on-year growth, taking into account of the current positive effects of the valuation of foreign currency transactions. As with the expected growth in the operational divisions, it is assumed that there will also be a substantial year-on-year rise in consolidated Group earnings.

Detailed look at the Tourism division

Tourism showed a good performance in the third quarter, which is traditionally the most important. Turnover was, at 5.8 billion euros, up 12.2 per cent year-on-year. The third quarter saw First Choice being fully consolidated for the first time – in September – and contributing 500 million euros to tourism turnover. Adjusted for the portion of turnover attributable to First Choice, turnover from tourism rose by 2.6 per cent in the third quarter. As at the end of September, Tourism had achieved turnover of some 12 billion euros (+6.3 per cent). Adjusted for First Choice's contribution and for turnover generated by the business travel activities sold off in the first quarter of 2006, turnover at the nine-month mark was up by 2.5 per cent year-on-year.

Adjusted for extraordinary items totalling 50 million euros, tourism underlying earnings for the third quarter rose by 14.6 per cent to 681 million euros (underlying EBITA). The marked improvement in earnings is chiefly attributable to the recovery seen in the French market, higher hotel earnings, and – despite difficult market conditions – a substantial contribution to operational earnings by the British market. If First Choice's contribution to earnings for September – an item which was of course absent from the previous year's results – is stripped out, the third quarter of 2007 also showed a marked increase (8.8 per cent) in underlying earnings. Underlying earnings for the first nine months fell by 4.0 per cent to 502 million euros. Earnings for the first nine months of 2007 were 10,7 per cent down on figures for the equivalent period the previous year if First Choice's contribution to earnings is stripped out.

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Detailed look at the Shipping division

Owing to considerable growth in container-shipping volumes transported, and to the recovery seen in freight rates, turnover from the Shipping division rose by 6.3 per cent to 1.6 billion euros in the third quarter of 2007, despite the persistently weak US dollar. The period January to September saw turnover down to 4.6 billion euros, a decline of 2.3 per cent. Container shipping, which enjoyed growth of 5.5 per cent in the third quarter but whose nine-month figures showed a 2.8 per cent decline, accounted for the largest portion of turnover from this division. Hapag-Lloyd Cruises succeeded in increasing turnover by 40.6 per cent during the third quarter of 2007, and by 13.1 per cent for the first nine months.

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Overall, underlying earnings (underlying EBITA) from the Shipping division in the third quarter of 2007 were, at 115 million euros, well up on the equivalent figures from the previous year (9 million euros). Despite the weak first half of the year, the underlying nine-month earnings were up 14.3 per cent to 88 million euros. This enabled the substantially better third quarter of 2007 to fully offset the difficult first half-year, with its market-related problems.

The Hapag-Lloyd container line achieved volume growth of 12.4 per cent in the third quarter. Cumulative gains in transported volume for the first nine months stood at 9.9 per cent. Average freight rates in the third quarter are well up, and for the first time this year the rate level was back above that for the equivalent period in the previous year. During the period January to September, the freight rates were, however, still 4.2 per cent behind year-on-year, whereas the rate level is continuing to improve in the current year.

Detailed look at Central Operations

Turnover in Central Services fell markedly both in the third quarter of 2007 and for the nine months ending 30 September (-95.7 per cent and -88.2 per cent respectively). The main reason for this is that turnover generated by the sale of TUI's stake in Wolf GmbH in October 2006 was of course absent from the 2007 figures. In the 2007 financial year, the TUI Group has no more operations to be discontinued (as defined by the IFRS). The underlying earnings (underlying EBITA) from Central Services rose year-on-year by 64 million euros to 34 million euros in the third quarter

of 2007. This increase in earnings was mainly driven by the positive earnings from the valuation of foreign exchange transactions to hedge future cash flows. In the first nine months there was also an increase in adjusted earnings, which were up 61 million euros to 32 million euros.

Bookings figures for Tourism

The TUI Tourism operations incorporated into TUI Travel as a result of the merger with First Choice closed the 2007 summer season with year-on-year increases of four and six per cent for booked turnover and customer numbers respectively. Bookings for the winter season 2007/2008 that began on 1 November have started well.

Booked turnover, including bookings in First Choice's mainstream activities, is currently eight per cent up year-on-year, with customer numbers six per cent higher.

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Turnover by divisions

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Tourism	5,792.8	5,160.8	+ 12.2	12,028.3	11,312.9	+ 6.3
Central Europe	2,161.2	2,137.5	+ 1.1	4,797.5	4,597.2	+ 4.4
Northern Europe	1,710.0	1,743.4	- 1.9	3,766.0	3,893.3	- 3.3
Western Europe	1,179.4	1,069.9	+ 10.2	2,439.3	2,306.3	+ 5.8
Incoming agencies	115.3	108.4	+ 6.4	223.7	197.1	+ 13.5
Other tourism	–	3.2	–	–	70.9	–
First Choice Holidays ¹⁾	500.1	–	–	500.1	–	–
TUI Hotels & Resorts	126.8	98.4	+ 28.9	301.7	248.1	+ 21.6
Shipping	1,606.8	1,511.0	+ 6.3	4,644.7	4,756.4	- 2.3
Central operations	2.9	67.9	- 95.7	20.4	172.5	- 88.2
Continuing operations	7,402.5	6,739.7	+ 9.8	16,693.4	16,241.8	+ 2.8
Discontinuing operations	–	–	–	–	401.0	–
Turnover by divisions	7,402.5	6,739.7	+ 9.8	16,693.4	16,642.8	+ 0.3

¹⁾ September only

Earnings by divisions Q3 (EBITA)

€ million	Q3 2007	Q3 2006	Var. %	Q3 2007	Q3 2006	Var. %
				Underlying	Underlying	
Tourism	631	584	+ 8.0	681	594	+ 14.6
Central Europe	141	173	- 18.5	146	175	- 16.6
Northern Europe	239	235	+ 1.7	257	235	+ 9.4
Western Europe	108	67	+ 61.2	110	74	+ 48.6
Incoming agencies	32	29	+ 10.3	32	29	+ 10.3
Other tourism	0	- 3	–	–	- 2	–
First Choice Holidays ¹⁾	10	–	–	35	–	–
TUI Hotels & Resorts	101	83	+ 21.7	101	83	+ 21.7
Shipping	103	- 25	n. m.	115	9	n. m.
Central operations	34	- 30	n. m.	34	- 30	n. m.
Continuing operations	768	529	+ 45.2	830	573	+ 44.9
Discontinuing operations	–	6	–	–	–	–
Earnings by divisions (EBITA)	768	535	+ 43.6	830	573	+44.9

¹⁾ September only

Earnings by divisions 9M (EBITA)

€ million	9M 2007	9M 2006	Var. %	9M 2007	9M 2006	Var. %
				Underlying	Underlying	
Tourism	407	653	- 37.7	502	523	- 4.0
Central Europe	84	137	- 38.7	100	145	- 31.0
Northern Europe	84	186	- 54.8	130	186	- 30.1
Western Europe	51	28	+ 82.1	59	33	+ 78.8
Incoming agencies	46	46	0.0	46	46	0.0
Other tourism	0	146	–	–	- 3	–
First Choice Holidays ¹⁾	10	–	–	35	–	–
TUI Hotels & Resorts	132	110	+ 20.0	132	116	+ 13.8
Shipping	257	- 91	n. m.	88	77	+ 14.3
Central operations	26	- 14	n. m.	32	- 29	n.m.
Continuing operations	690	548	+ 25.9	622	571	+ 8.9
Discontinuing operations	–	29	–	–	30	–
Earnings by divisions (EBITA)	690	577	+ 19.6	622	601	+ 3.5

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Consolidated profit and loss statement

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	7,402.5	6,739.7	+ 9.8	16,693.4	16,241.8	+ 2.8
Cost of sales	6,301.3	5,911.2	+ 6.6	15,454.0	15,042.5	+ 2.7
Gross profit	1,101.2	828.5	+ 32.9	1,239.4	1,199.3	+ 3.3
Administrative expenses	388.9	335.6	+ 15.9	875.7	969.3	- 9.7
Other income/other expenses	27.0	11.7	+ 130.8	276.3	264.0	+ 4.7
Impairment of goodwill	33.6	0.0	-	33.6	0.0	-
Financial result	- 78.0	- 55.5	- 40.5	- 194.0	- 156.4	- 24.0
- Financial income	62.2	42.0	+ 48.1	148.3	139.7	+ 6.2
- Financial expenses	140.2	97.5	+ 43.8	342.3	296.1	+ 15.6
Result from companies measured at equity	30.4	24.2	+ 25.6	50.9	40.1	+ 26.9
Earnings before income taxes	658.1	473.3	+ 39.0	463.3	377.7	+ 22.7
Reconciliation to underlying earnings:						
Earnings before income taxes	658.1	473.3	+ 39.0	463.3	377.7	+ 22.7
Interest result and earnings from the valuation of interest hedges	76.0	56.0	+ 35.7	192.6	170.7	+ 12.8
Impairment of goodwill	33.6	0.0	-	33.6	0.0	-
EBITA from continuing operations ¹⁾	767.7	529.3	+ 45.0	689.5	548.4	+ 25.7
Adjustments:						
<i>Gains on disposals</i>	- 7.9	1.0		- 200.7	- 162.0	
<i>Restructuring expenses</i>	4.8	- 1.8		16.2	73.9	
<i>Purchase price allocation</i>	35.3	19.6		76.2	60.7	
<i>Other one-off items</i>	29.6	25.2		40.6	65.4	
<i>Revaluation of convertible options</i>	0.0	0.0		0.0	- 15.0	
Underlying EBITA from continuing operations	829.5	573.3	+ 44.7	621.8	571.4	+ 8.8
Earnings before income taxes	658.1	473.3	+ 39.0	463.3	377.7	+ 22.7
Income taxes	198.4	176.7	+ 12.3	41.6	145.8	- 71.5
Earnings from continuing operations	459.7	296.6	+ 55.0	421.7	231.9	+ 81.8
Earnings from discontinuing operations	0.0	3.2	-	0.0	16.2	-
Group profit	459.7	299.8	+ 53.3	421.7	248.1	+ 70.0
- attributable to shareholders of TUI AG	438.6	273.4	+ 60.4	377.8	208.3	+ 81.4
- attributable to minority interests	21.1	26.4	- 20.1	43.9	39.8	+ 10.3
Group profit	459.7	299.8	+ 53.3	421.7	248.1	+ 70.0
Basic earnings per share	in € + 1.72	+ 1.09	+ 57.8	+ 1.43	+ 0.83	+ 72.3
Diluted earnings per share	in € + 1.58	+ 1.05	+ 50.5	+ 1.38	+ 0.81	+ 70.4

¹⁾ EBITA represents earnings before interests, taxes on income and amortisation of goodwill.

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