

Growth in turnover and operating earnings in financial year 2008

- **Tourism: underlying EBITA + 30 per cent**
- **Shipping: underlying EBITA + 19 per cent**
- **Overall negative Group result due to high integration costs at TUI Travel**
- **Cost-cutting programme at Hapag-Lloyd: Savings of around 365 million US dollar**

Hanover, 25 March 2009. Despite a noticeable cooling of the economic climate in the course of the year, TUI AG achieved growth in turnover and operating earnings in financial year 2008. Turnover by the Group's divisions grew by 14 per cent to around 25 billion euro. At the same time, operating earnings (**underlying EBITA**) rose substantially both in the tourism and shipping divisions. In financial year 2008, tourism (TUI Travel, TUI Hotels & Resorts, TUI Cruises) posted year-on-year growth in **underlying EBITA** of around 30 per cent to almost 602 million euro (previous year: 463 million euro). Earnings by container shipping also developed well, growing by 19 per cent year-on-year to **underlying EBITA** of 211 million euro (previous year: 177 million euro). The shipping company thus achieved a successful performance, in particular by industry standards. The **Group result** was negative in financial year 2008. This was primarily due to expenses totalling 440 million euro incurred by TUI Travel to achieve future cost cuts. It accounted for minus 142 million euro (previous year: 231 million euro) and included goodwill impairments of 107 million euro. Basic **earnings per share** totalled minus 0.57 euro (previous year: 0.60 euro). The growing uncertainties in the financial and real markets currently do not yet allow for a specific outlook for financial year 2009. For tourism, its core business, the TUI Group expects a stable development of operating earnings on clearly reduced capacity. A margin risk caused by the currently difficult economic environment cannot be fully appreciated at present.

'Both tourism and container shipping have achieved a sound operating performance in a deteriorating economic climate in financial year 2008. Our capacity strategy in the Mainstream sector has created improved margins. In addition, we achieved crucial efficiency enhancements in container shipping following the successful integration of CP Ships', says TUI CEO Dr Michael Frenzel. He continues: 'TUI Travel achieved significant progress in realising its integration and restructuring project in financial year 2008 and has thus equipped itself to meet future challenges.'

We expect this financial input with its one-time level to substantially boost TUI Travel's profitability in subsequent years.'

Development of the tourism division

Tourism comprises TUI Travel, TUI Hotels & Resorts and the cruises sector. In financial year 2008, the activities of the First Choice Group were fully consolidated for the first time. Turnover by the **tourism division** climbed by around 18 per cent to 18.6 billion euro (previous year: 15.8 billion euro) in financial year 2008. Operating earnings by the tourism division (**underlying EBITA**) grew by almost 30 per cent year-on-year to around 602 million euro (previous year: 463 million euro).

TUI Travel increased its turnover by almost 18 per cent to around 18 billion euro (previous year: 15.2 billion euro) due to the first-time full-year consolidation of the turnover generated by First Choice. Operating earnings by TUI Travel rose year-on-year by almost 50 per cent to **underlying EBITA** of around 453 million euro (previous year: 304 million euro). The growth in operating earnings resulted from various factors including cost synergies, higher occupancy rates and stronger margins in the Mainstream business. The first-time full-year consolidation of First Choice also had a positive effect, while the year-on-year fall of the British pound sterling adversely impacted earnings in 2008.

In the course of the year, additional earnings enhancement opportunities were identified so that the synergy targets were initially upgraded by 25 million British pounds sterling to a total of 175 million British pounds sterling per annum. These targets have meanwhile been upgraded by a further 25 million British pounds sterling to now 200 million British pounds sterling per annum. Since the integration process progressed faster than expected, the rise in earnings due to synergy delivery will be accelerated. In parallel, the costs of the merger of First Choice and TUI's tourism division and the expenses for the strategic realignment of TUI Travel's airline operations created a considerable variation between operating and reported earnings. Earnings by TUI Travel comprise restructuring costs of 285 million euro (including e.g. the cost of the merger between First Choice and TUI's tourism division, strategic realignment of airline operations), effects of purchase price allocations of 58 million euro and one-off effects worth 147 million euro (including integration costs in the UK market, hedges and losses on foreign exchange).

TUI Hotels & Resorts increased turnover by around 9 per cent to 400 million euro (previous year: 380 million euro) year-on-year in financial year 2008. **Underlying**

EBITA by the hotel sector amounted to 142 million euro (previous year: 146 million euro), around 2 per cent down year-on-year. The slight decline was mainly attributable to currency effects in the US dollar area. Bed occupancy declined by 0.7 percentage points to 80.6 per cent year-on-year on 3.6 per cent capacity growth. Average revenues per bednight grew by 4 per cent to 48.08 euro (previous year: 46.25 euro).

Turnover by the **crucises** sector climbed by 9 per cent year-on-year to 200 million euro (previous year: 180 million euro). Despite the adverse effects of the oil price-induced rise in bunker costs, Hapag-Lloyd Kreuzfahrten exceeded the sound performance of 2007. **Underlying EBITA** by the sector of 6.8 million euro (previous year: 14.2 million euro) include 7 million euro of input costs for TUI Cruises, which will launch its business operations in May 2009.

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Detailed development of the shipping division (discontinued operation)

The development of business in the **shipping division** was characterised by the increasingly felt effects of the financial crisis on the real economy as well as the rise in bunker prices until the third quarter of 2008 and the fall of the US dollar against the euro. Divisional turnover in financial year 2008 increased by around 4 per cent to 6.2 billion euro (previous year: 5.9 billion euro). **Operating earnings** (underlying EBITA) by the division grew by 19 per cent to 211 million euro (previous year: 177 million euro). The successful performance, achieved in a challenging environment, results from a slight increase in transport volumes of 2 per cent to 5.54 million standard containers (TEU) and a substantial rise in freight rates of almost 13 per cent.

The Group's **net debt** totalled 4.1 billion euro (previous year: 3.9 billion euro) at the balance sheet date.

Prospects for the current financial year

The increasing uncertainties in the financial and real markets do not yet allow for a specific overall outlook. TUI Travel will focus on generating stable product margins and high occupancy rates. Very restrictive capacity planning in all relevant source markets is to create the relevant basis. TUI Travel expects to achieve a slight increase in underlying earnings in 2009 due to higher synergies and stable product margins. Risk factors include a persistently weak British pound sterling and a potential further downturn of the tourism markets. The hotel sector expects earnings to be almost stable in 2009.

Due to the input costs to be expected for the joint venture TUI Cruises, earnings by the cruises sector are expected to fall considerably below 2008 levels. Based on the current earnings estimates for TUI Travel, TUI Hotels & Resorts and Cruises, the TUI Group expects a stable development of operating earnings in tourism, its core business. A margin risk caused by the currently difficult economic environment cannot yet be fully appreciated at present.

Container shipping is expected to post a substantial decline in earnings. Apart from the first quarter, still to be fully consolidated, the at equity result to be included in the consolidated financial statements following the sale of the division will be negative. This development will be attributable to anticipated declines in transport volumes and average freight rates caused by the financial and economic crisis. On the other hand, the currency effect and the development of bunker prices will also play a crucial role. Hapag-Lloyd developed initiatives at an early stage in order to mitigate potential adverse effects of the worldwide cooling of the economy. A cost-cutting programme is planned to create savings of around 365 million US dollar in the current financial year. Measures include the decision not to renew some charter agreements and cancel services, particularly on Europe-Asia routes, in order to tighten the portfolio. Concerning land-based services, initial savings effects were achieved through renegotiations with terminal operators and suppliers. Further significant positive effects will arise from major cost savings and a worldwide recruitment freeze. Large parts of the programme have already been implemented. Further rationalisation measures will be decided and announced soon.

Against the background of the deconsolidation of container shipping, the Executive and Supervisory Boards of TUI AG propose to the Annual General Meeting to change the financial year from the calendar year to the tourism year (1 October to 30 September).

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Divisional turnover

€ million	2008	2007	Var. %
Tourism	18,628.4	15,814.5	+ 17.8
TUI Travel	18,015.7	15,251.5	+ 18.1
TUI Hotels & Resorts	412.7	379.8	+ 8.7
Cruises	200.0	183.2	+ 9.2
Central operations	85.9	117.6	- 27.0
Continuing operations	18,714.3	15,932.1	+ 17.5
Container shipping	6,219.8	5,964.5	+ 4.3
Discontinued operation	6,219.8	5,964.5	+ 4.3
Consolidation	- 25.9	- 38.2	+ 32.2
Divisional turnover	24,908.2	21,858.4	+ 14.0

Divisional earnings (EBITA)

€ million	Underlying divisional EBITA			Divisional EBITA		
	2008	2007	Var. %	2008	2007	Var. %
Tourism	601.9	463.2	+ 29.9	98.8	218.0	- 54.7
TUI Travel	452.7	304.5	+ 48.7	- 36.8	96.6	n/a
TUI Hotels & Resorts	142.4	146.1	- 2.5	128.8	108.8	+ 18.4
Cruises	6.8	14.2	- 52.1	6.8	14.2	- 52.1
Others/Consolidation	0.0	- 1.6	+ 100.0	0.0	- 1.6	n/a
Central operations	- 54.4	- 24.5	- 122.0	- 52.6	186.2	n/a
Continuing operations	547.5	438.7	+ 24.8	46.2	404.2	- 88.6
Container shipping	211.1	177.4	+ 19.0	133.3	137.2	- 2.8
Discontinued operation	211.1	177.4	+ 19.0	133.3	137.2	- 2.8
Divisional earnings	758.6	616.1	+ 23.1	179.5	541.4	- 66.8

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Consolidated profit and loss statement

€ million	2008	2007	Var. %
Turnover	18,714.3	15,932.1	+ 17.5
Cost of sales	17,228.2	14,640.0	+ 17.7
Gross profit/loss	1,486.1	1,292.1	+ 15.0
Administrative expenses	1,381.9	1,208.0	+ 14.4
Other income/other expenses	- 67.2	282.2	n/a
Impairment of goodwill	107.2	53.7	+ 99.6
Financial result	- 324.3	- 246.4	- 31.6
Financial income	210.4	204.5	+ 2.9
Financial expenses	534.7	450.9	+ 18.6
Share of results of joint ventures and associates	33.7	39.1	- 13.8
Earnings before taxes on income	- 360.8	105.3	n/a
Reconciliation to underlying earnings:			
Earnings before taxes on income	- 360.8	105.3	n/a
Interest result and earnings from the valuation of interest hedges	299.8	245.2	+ 22.3
Impairment of goodwill	107.2	53.7	+ 99.6
EBITA from continuing operations ¹⁾	46.2	404.2	- 88.6
Adjustments			
Gains on disposal	+ 2.0	- 178.6	
Restructuring	+ 284.9	+ 69.1	
Purchase price allocation	+ 57.8	+ 55.6	
Other one-off items	+ 156.6	+ 88.4	
Underlying EBITA from continuing operations	547.5	438.7	+ 24.8
Earnings before taxes on income	- 360.8	105.3	n/a
Taxes on income	39.8	- 30.3	n/a
Result from continuing operations	- 400.6	135.6	n/a
Result from discontinued operations	258.8	96.2	+ 169.0
Group profit/loss for the year	- 141.8	231.8	n/a
attributable to shareholders of TUI AG of Group profit	- 121.3	172.7	n/a
attributable to minority interest of Group profit	- 20.5	59.1	n/a
Group profit/loss	- 141.8	231.8	n/a
Basic earnings per share	in € - 0.57	0.60	n/a
Diluted earnings per share	in € - 0.57	0.60	n/a

¹⁾ EBITA is equivalent to earnings before interest, taxes on income and impairment of goodwill.

€ million	31 Dec 2008	restated	Restatement	31 Dec 2007 original
Assets				
Goodwill	2,514.1	3,063.0	4.7	3,058.3
Other intangible assets	805.9	1,385.4	11.6	1,373.8
Investment property	90.1	90.5	–	90.5
Property, plant and equipment	2,699.2	5,698.5	- 7.7	5,706.2
Companies measured at equity	406.4	540.7	–	540.7
Financial assets available for sale	84.0	108.2	–	108.2
Trade accounts receivable and other receivables	326.3	408.8	–	408.8
Derivative financial instruments	194.6	28.8	–	28.8
Deferred income tax claims	218.9	203.8	11.5	192.3
Non-current assets	7,339.5	11,527.7	20.1	11,507.6
Inventories	97.0	208.7	–	208.7
Financial assets available for sale	3.9	13.7	–	13.7
Trade accounts receivable and other receivables	2,011.5	2,456.9	- 39.4	2,496.3
Derivative financial instruments	1,017.9	413.1	–	413.1
Current income tax claims	45.6	42.0	–	42.0
Cash and cash equivalents	2,045.5	1,614.0	–	1,614.0
Assets held for sale	4,144.5	8.8	–	8.8
Current assets	9,365.9	4,757.2	- 39.4	4,796.6
	16,705.4	16,284.9	- 19.3	16,304.2
€ million	31 Dec 2008	restated	Restatement	31 Dec 2007 original
Equity and liabilities				
Subscribed capital	642.8	642.3	–	642.3
Capital reserves	969.3	2,471.9	–	2,471.9
Revenue reserves	30.6	- 614.0	- 31.8	- 582.2
Hybrid capital	294.8	294.8	–	294.8
Equity before minority interests	1,937.5	2,795.0	- 31.8	2,826.8
Minority interests	305.8	297.4	–	297.4
Equity	2,243.3	3,092.4	- 31.8	3,124.2
Pension provisions and similar obligations	667.4	825.2	–	825.2
Current income tax provisions	236.7	256.3	–	256.3
Deferred income tax provisions	195.0	246.2	0.7	245.5
Other provisions	489.9	489.9	–	489.9
Non-current provisions	1,589.0	1,817.6	0.7	1,816.9
Financial liabilities	3,965.4	4,732.8	–	4,732.8
Derivative financial instruments	163.4	126.4	–	126.4
Other liabilities	78.4	130.4	–	130.4
Non-current liabilities	4,207.2	4,989.6	0.0	4,989.6
Non-current provisions and liabilities	5,796.2	6,807.2	0.7	6,806.5
Pension provisions and similar obligations	27.1	31.7	–	31.7
Current income tax provisions	83.9	62.3	–	62.3
Other provisions	456.1	535.1	3.5	531.6
Current provisions	567.1	629.1	3.5	625.6
Financial liabilities	1,009.3	798.5	- 8.9	807.4
Trade accounts payable	1,934.1	2,687.2	8.2	2,679.0
Derivative financial instruments	718.6	174.4	–	174.4
Other liabilities	1,936.2	2,096.1	9.0	2,087.1
Current liabilities	5,598.2	5,756.2	8.3	5,747.9
Liabilities related to assets held for sale	2,500.6	0.0	–	0.0
Current provisions and liabilities	8,665.9	6,385.3	11.8	6,373.5
	16,705.4	16,284.9	- 19.3	16,304.2

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