

Decline in turnover in Q2 due to economic downturn

Group profit of 82 million euros in H1 2009

- **Outlook confirmed: Short financial year expected to close on a positive Group result**
- **Tourism: Operating earnings up 22 per cent in Q2**
- **Group result remains considerably impacted by container shipping in Q2**
- **Asset streamlining measures launched to strengthen TUI AG's financial structure**

TUI AG
Investor Relations
Karl-Wiechert-Allee 4
30625 Hannover

Phone +49(0)511 566-1425
Fax +49(0)511 566-1096
investor.relations@tui.com
www.tui-group.com

Hanover, 13 August 2009. TUI AG expects a positive result for its short financial year (January to September 2009). Operating earnings by tourism, its core business, are expected to fall slightly year-on-year but overall remain satisfactory. Negative profit contributions resulting from an equity measurement will arise in the framework of the Hapag-Lloyd AG stake. An additional adverse impact is expected from interest rate effects on the loans granted to the shipping company. On the other hand, the Group will post the book profit from the sale of the majority stake in container shipping and lower integration expenses in tourism. Below the bottom line, these effects and the positive operating earnings by tourism will generate a positive Group result in the short financial year 2009.

Turnover by tourism, the Group's core business, declined in the second quarter of 2009, in line with management expectations. **Turnover** by the continuing operations (tourism and central operations) decreased by around 12 per cent to around 4.2 billion euros (previous year: 4.7 billion euros) in the second quarter. Accumulated turnover for the first half of the year fell by around 13 per cent to 7.3 billion euros (previous year: 8.3 billion euros). In tourism, strong pricing was successfully maintained despite declining customer volumes thanks to active capacity management.

Underlying EBITA by the continuing operations decreased slightly by around 6 per cent to around 95 million euros (previous year: 101 million euros) in the second quarter. Accumulated operating earnings by the continuing operations totalled -192 million euros (previous year: -113 million euros) for the first half of 2009.

The negative **Group result** of around -524 million euros (previous year: -127 million euros) of the second quarter was mainly attributable to shipping. Of this total, Hapag-Lloyd accounted for a negative result of -121 million euros. Further charges of 371 million euros were incurred due to interest rate effects on the loans granted to Hapag-Lloyd AG. These charges arose from financial reporting standards, obliging TUI to carry out a fair value measurement of the loans granted on the basis of the funding shield provided to Hapag-Lloyd. The current financial and risk position of container shipping as per 30 June 2009 led to an increase in the risk adequacy-based interest rate as against 31 March 2009. As a result, the loans granted to container shipping by TUI had to be remeasured.

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For the first half of the financial year, a positive accumulated **Group result** of around 82 million euros (previous year: negative result of around -406 million euros) was generated. Basic earnings per share amounted to 0.78 euro (previous year: -0.93 euro) for the first half of the financial year.

In order to strengthen its financial structure as a matter of precaution, TUI AG has launched an asset streamlining programme covering the period until 2012. The planned measures implemented under this programme will include the refinancing of assets previously owned by TUI AG, such as real estate, hotels and cruise ships.

Detailed development of tourism

TUI Travel

Turnover by TUI Travel decreased as expected in the second quarter and totalled around 4 billion euros (previous year: 4.6 billion euros). This decline of around 12 per cent was attributable to a fall in customer volumes driven by the economic crisis and the year-on-year weakening of sterling against the euro. For the first half of the year, turnover amounted to around 6.9 billion euros, down 14 per cent year-on-year (previous year: 8 billion euros).

Thanks to active capacity management, TUI Travel maintained strong pricing and load factors for the committed capacity in spite of lower bookings. In the second quarter, operating earnings by TUI Travel (underlying EBITA) rose by 26 million euros year-on-year to a total of 98 million euros (previous year: 72 million euros), up by around 35 per cent. The rise in earnings mainly resulted from stronger syn-

ergy effects and the change in the timing of Easter, which this year fell in the second quarter. Accumulated earnings for the first half of the year accounted for -191 million euros (previous year: -167 million euros).

TUI Hotels & Resorts

The hotel sector posted turnover growth of 6 per cent year-on-year in the second quarter. Average revenues per bednight increased by 6.7 per cent in the second quarter and 6.5 per cent for the first half of the year across all hotel brands. Bed occupancy fell by 7 percentage points to 73 per cent in the second quarter. Apart from lower customer volumes from the major source markets, the second quarter was also affected by the impact of swine flu. The Riu Group temporarily closed seven hotels in Mexico in order to limit the economic effects. Thanks to this initiative and strict cost management, however, the Riu Group maintained stable earnings.

Operating earnings by the hotel sector (underlying EBITA) totalled around 12 million euros (previous year: 15 million euros) in the second quarter. For the first half of the year, the sector recorded a decline in underlying EBITA of 4 million euros to around 25 million euros (previous year: 29 million euros).

Cruises

The cruises sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises. The joint venture is measured at equity in the consolidated financial statements; accordingly, no turnover is shown here.

Turnover by the cruises sector slightly fell by around 4 per cent to around 45 million euros (previous year: 47 million euros) in the second quarter. At -4 million euros, operating earnings by the sector (underlying EBITA) fell below the balanced earnings posted in 2008. Earnings included proportional start-up costs for TUI Cruises of 2 million euros. The business and earnings development was attributable to a lower load factor of 71 per cent and a slight decline in average rates per day and passenger.

For the first half of the financial year, underlying earnings by the cruises sector declined to around -4 million euros (previous year: 6 million euros). This amount includes proportional start-up costs for TUI Cruises of around 5 million euros.

Detailed development of container shipping

Following the sale of the majority stake in Hapag-Lloyd AG, the stake was no longer fully consolidated but only measured at equity in the interim financial statements for the second quarter.

All disclosures made below are presented on a 100-per-cent basis from Hapag-Lloyd AG's perspective in order to enhance assessment of the operating activities. Transport volumes declined by around 17 per cent in the second quarter and around 16 per cent in the first half of the year as a result of the impact of the global financial and economic crisis. Average freight rates fell by around 25 per cent year-on-year in the second quarter and around 20 per cent year-on-year in the first half of 2009. Turnover decreased by around 26 per cent to around 1.1 billion euros in the second quarter. Underlying earnings declined by 307 million euros to -192 million euros (previous year: 115 million euros). Accumulated turnover for the first half of the year totalled 2.2 billion euros (previous year: 2.9 billion euros), with underlying earnings of -435 million euros (previous year: 133 million euros).

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investor.relations@tui.com
www.tui-group.com

Contact Investor Relations:

Björn Beroleit, phone +49 (0) 511 566 1310

Nicola Gehrt, phone +49 (0) 511 566 1435

Key figures of the 2nd quarter 2009

Divisional turnover

€ million	Q2 2009	Q2 2008 restated	Var. %	H1 2009	H1 2008 restated	Var. %
Tourism	4,158.8	4,721.8	- 11.9	7,227.0	8,339.4	- 13.3
TUI Travel	4,007.9	4,575.5	- 12.4	6,922.3	8,041.2	- 13.9
TUI Hotels & Resorts	106.3	99.8	+ 6.5	202.1	193.7	+ 4.3
Cruises	44.6	46.5	- 4.1	102.6	104.5	- 1.8
Central operations	16.9	18.6	- 9.1	31.6	31.8	- 0.6
Continuing operations	4,175.7	4,740.4	- 11.9	7,258.6	8,371.2	- 13.3
Discontinued operation – Container shipping	–	1,510.1	n/a	1,118.9	2,961.3	- 62.2
Divisional turnover	4,175.7	6,250.5	- 33.2	8,377.5	11,332.5	- 26.1

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Underlying divisional EBITA

€ million	Q2 2009	Q2 2008 restated	Var. %	H1 2009	H1 2008 restated	Var. %
Tourism	106.6	87.7	+ 21.6	- 170.0	- 132.9	- 27.9
TUI Travel	98.0	72.4	+ 35.4	- 191.2	- 167.3	- 14.3
TUI Hotels & Resorts	12.1	15.3	- 20.9	24.8	28.5	- 13.0
Cruises	- 3.5	0.0	n/a	- 3.6	5.9	n/a
Central operations	- 11.7	13.4	n/a	- 21.8	20.3	n/a
All other segments	- 9.5	11.4	n/a	36.1	54.9	- 34.2
Consolidation	- 2.2	2.0	n/a	- 57.9	- 34.6	- 67.3
Continuing operations	94.9	101.1	- 6.1	- 191.8	- 112.6	- 70.3
Discontinued operation – Container shipping	0.0	114.9	n/a	- 221.7	133.4	n/a
Underlying divisional EBITA	94.9	216.0	- 56.1	- 413.5	20.8	n/a

Divisional EBITA

€ million	Q2 2009	Q2 2008 restated	Var. %	H1 2009	H1 2008 restated	Var. %
Tourism	63.8	- 146.7	n/a	- 287.9	- 452.7	+ 36.4
TUI Travel	55.2	- 159.7	n/a	- 309.1	- 484.8	+ 36.2
TUI Hotels & Resorts	12.1	13.0	- 6.9	24.8	26.2	- 5.3
Cruises	- 3.5	0.0	n/a	- 3.6	5.9	n/a
Central operations	- 11.7	13.4	n/a	- 21.8	20.3	n/a
All other segments	- 9.5	11.4	n/a	36.1	54.9	n/a
Consolidation	- 2.2	2.0	n/a	- 57.9	- 34.6	n/a
Continuing operations	52.1	- 133.3	n/a	- 309.7	- 432.4	+ 28.4
Discontinued operation – Container shipping	- 8.1	89.0	n/a	894.2	90.1	+ 892.5
Divisional earnings (EBITA)	44.0	- 44.3	n/a	584.5	- 342.3	n/a

Consolidated income statement

€ million	Q2 2009	Q2 2008 ¹⁾ restated	Var. %	H1 2009 ²⁾	H1 2008 restated	Var. %
Turnover	4,175.7	4,740.4	- 11.9	7,258.6	8,371.2	- 13.3
Cost of sales	3,785.5	4,449.9	- 14.9	6,950.0	8,017.6	- 13.3
Gross profit/loss	390.2	290.5	+ 34.3	308.6	353.6	- 12.7
Administrative expenses	342.1	322.6	+ 6.0	630.3	699.8	- 9.9
Other income/other expenses	- 1.9	- 99.7	+ 98.1	2.6	- 82.1	n/a
Impairment of goodwill	-	76.1	n/a	-	76.1	n/a
Financial result	- 419.3	- 100.5	- 317.2	- 482.4	- 193.6	- 149.2
Financial income	50.9	63.9	- 20.3	91.0	72.4	+ 25.7
Financial expenses	470.2	164.4	+ 186.0	573.4	266.0	+ 115.6
Share of results of joint ventures and associates	- 115.2	+ 5.3	n/a	- 111.4	+ 12.9	n/a
Earnings before taxes on income	- 488.3	- 303.1	- 61.1	- 912.9	- 685.1	- 33.3
Reconciliation to underlying earnings:						
Earnings before taxes on income	- 488.3	- 303.1	- 61.1	- 912.9	- 685.1	- 33.3
Result from container shipping measured at equity	121.2	-	n/a	121.2	-	n/a
Interest result from the valuation of loans to container shipping	371.0	-	n/a	371.0	-	n/a
Interest result and earnings from the valuation of interest hedges	48.2	93.7	- 48.6	111.0	176.6	- 37.1
Impairment of goodwill	-	76.1	n/a	-	76.1	n/a
EBITA from continuing operations	52.1	- 133.3	n/a	- 309.7	- 432.4	+ 28.4
Adjustments:						
<i>Gains on disposal</i>	-	-		-	-	
<i>Restructuring</i>	+ 7.4	+ 190.6		+ 34.9	+ 217.7	
<i>Purchase price allocation</i>	+ 11.1	+ 13.9		+ 21.6	+ 56.5	
<i>Other one-off items</i>	+ 24.3	+ 29.9		+ 61.4	+ 45.6	
Underlying EBITA from continuing operations	94.9	101.1	- 6.1	- 191.8	- 112.6	- 70.3
Earnings before taxes on income	- 488.3	- 303.1	- 61.1	- 912.9	- 685.1	- 33.3
Taxes on income	27.2	- 24.5	n/a	- 57.8	- 139.2	+ 58.5
Result from continuing operations	- 515.5	- 278.6	- 85.0	- 855.1	- 545.9	- 56.6
Result from discontinued operation	- 8.1	151.7	n/a	937.0	140.2	+ 568.3
Group profit/loss	- 523.6	- 126.9	- 312.6	81.9	- 405.7	n/a
attributable to shareholders of TUI AG	- 536.9	- 56.4	- 852.0	207.4	- 223.6	n/a
attributable to minority interests	13.3	- 70.5	n/a	- 125.5	- 182.1	+ 31.1
Group profit/loss	- 523.6	- 126.9	- 312.6	81.9	- 405.7	n/a
Basic earnings per share	in € - 2.16	- 0.24	- 800.0	+ 0.78	- 0.93	n/a
Diluted earnings per share	in € - 2.16	- 0.24	- 800.0	+ 0.78	- 0.93	n/a

¹⁾ Restatement as a consequence of the application of IFRIC 13 and the purchase price allocations finalised until 31 December 2008.

²⁾ Caused by the application of the revised IFRS 3 and IAS 27 starting from 1 January 2009, the result from the discontinued operation of the 1st quarter 2009 has increased accordingly by € 191.5m due to a higher gain on disposal.

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