

Please find below the press release of **TUI Deutschland** (TUI Travel) regarding today's presentation of the winter programme 2009/10

## **Germany: Holiday winter 2009/2010 with reasonable prices**

### ***Margins rather than quantity: TUI Deutschland economically successful in difficult times / Holiday trends for summer 2009 and winter 2009/2010***

Hanover/Hamburg, 26 June 2009. Margins rather than quantity – with this maxim in mind TUI Deutschland is calmly sailing through the currently troubled economic waters. At the presentation of the winter programme in Hamburg on Friday Volker Böttcher, Chief Executive of Germany's leading tour operator, explained that it is not a question of growth at any price, but sound results. Böttcher assumes that TUI Deutschland will achieve its business goals despite an extremely difficult market environment. For the coming winter holiday season the market leader announced price reductions of an average of five percent. Böttcher stressed, however, that these price decreases will not affect company results as they come solely from better conditions in hotel purchasing as well as from lower fuel prices.

Significant price reductions have been made in Tunisia (eight percent), in Portugal, on the Balearics (seven percent), on the Canaries, the Spanish mainland and in Italy (six percent). As far as long-haul holidays are concerned, above all Asian destinations such as Sri Lanka, Thailand, China, India (ten percent) and Singapore (twelve percent), but also Cuba (six percent) and South America (seven percent) are significantly less expensive. "That's very good news for all holidaymakers and is a definite buying incentive which will surely be good for the winter business", said Böttcher.

### **Limited options for special offers in the summer**

Already in the current summer season TUI is offering its customers selected attractive special prices to encourage demand. Here too the company is benefiting in the first place from renegotiations with hotels and other service providers. Yet the TUI Deutschland Chief Executive does not expect the holiday prices to fall drastically: "Capacities in the flight sector have been reduced throughout the industry so that all providers have only limited room to manoeuvre."

More important than market share are good financial figures: "In the interest of our employees, business partners and shareholders we need to achieve our economic goals also in difficult times and do not have to continue to grow whatever the price", according to Böttcher: "We consciously forgo any extra revenue. Or in other words, if we had thought it the right thing to do, our drop in revenue would have been considerably less"

### **Three-stage action plan for stabilising business**

Back at the end of last year TUI Deutschland initiated a three-stage action plan to stabilise the business situation. Besides lowering the selling risks by reducing capacities as well as making selected special offers for stimulating the market, this plan also included wide ranging cost-saving measures. Savings are being made not only in material costs and advertising, but also in personnel costs. Some 1,800 employees at TUI Deutschland are on short-time working in certain months, whereas senior staff are giving up five percent of their salary as a sign of solidarity. "All in all a broad package of measures," summed up the Chief Executive, "with which we have created a sound economic basis that at the moment makes any further cuts superfluous".

### **Remaining potential for summer still good – strong run in late bookings expected**

Referring to this summer Böttcher was able only to repeat the figures of the latest half-yearly report published on 19 May. This is due to the strict rules of the London Stock Exchange, where the parent TUI Travel PLC is quoted. These figures show TUI Deutschland at minus ten percent in bookings and minus 12 percent in revenue. "Looking at things for us as a whole this is not so much a dramatic drop in revenue but rather a planned result following capacity adjustments", he stressed. For the remaining summer months he still sees a good chance of further reducing the current minus in bookings. Market analyses carried out by GfK and TUI throw a positive light on things as according to the reports there is still a remaining potential of 13.8 million holidays for summer 2009. That is just two percent less than at the same time last year. In the tour operator market relevant to TUI the researchers anticipate a particularly strong demand from couples. In the age group of 20 to 64-

year-olds there is interest in particular in two-week beach holidays in the Mediterranean in September and October. According to the study older people are planning mainly five to eight-day holidays in Germany in August and September.

The trend in the current holiday season continues towards all-inclusive. Holidays without any extra costs and secure budgeting are in strong demand; more than every second TUI holiday to the Mediterranean will be an all-inclusive holiday. When booking holidays with a flight, TUI guests choose more higher class hotels than cheaper ones. And the focus on quality is paying off: the offering of four- and five-star-hotels was previously increased from 80 to 85 percent. It was also the right move to push forward the holiday component offensive because bookings for accommodation only is presently in greater demand.

#### **Winners in the crisis are the USA, Turkey and Germany**

Among long-haul destinations the USA is doing well owing to the favourable exchange rate and the sophisticated sightseeing/tour programme. Likewise Brazil, Barbados, the Bahamas, New Zealand and Costa Rica are all developing positively, albeit at a lower level. Kenya is celebrating its comeback with an increase in a two digit percentage range. In mid-haul above all Turkey is proving to be crisis resistant. The holiday destination is benefiting from the very good value for money it offers, the large all-inclusive offering as well as new holiday concepts aimed at specific target groups. Also on the growth trail are the Cape Verde Islands, where the fourth exclusive TUI hotel of the Riu brand is currently being built. Developing significantly better than average are also Italy and Croatia, which have been able to almost reach the previous year's level. Bookings to Spain and Greece are, however, below expectations. TUI nevertheless anticipates strong demand in late bookings especially for these destinations. No change is expected in the popularity listing of holiday destinations. Majorca, despite a downward market, will remain the number one. This summer Germany above all is the trend-setter for drive-to destinations. The North Sea and Baltic Sea in particular are enjoying a rise in popularity with guest figures up 10 percent and 18 percent respectively. An important explanation for this is that TUI operates its own major hotels in these regions, and on July, 1<sup>st</sup> another hotel, the Iberotel Fleesensee, will be opening for business.

### **Careful capacity planning for winter**

Böttcher anticipates for the coming winter season that the trend towards all-inclusive will continue. The percentage of such holidays will rise in winter to about 45 percent (from 43 percent in winter 2008/2009). Also hotels in the four- and five-star segment are likely to be in greater demand. According to Böttcher: "The two current mega trends in the industry are all inclusive and exclusiveness – and not rarely the two are booked together."

Against the background of the continuing uncertain economic development TUI Deutschland will slightly lower its risk capacities for the winter. The planned partnership with Air Berlin will benefit the company in this respect. Assuming the Federal Competition Commission approves the alliance, the economic responsibility for the TUIfly's city routes will be transferred to Air Berlin in autumn. This will considerably reduce TUI's selling risk. "Our strategy for the winter remains unchanged. We are banking on good use of our capacity and will not be drawn into a struggle for market share," confirmed Böttcher as the direction forwards next season.

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 group, 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.

### **Contact Investor Relations:**

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

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

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