

Successful performance of TUI AG in short financial year 2009 despite economic crisis

Hanover, 15 December 2009

- **Group profit of 401 million euros**
- Growth of around 5 per cent in operating earnings in core business Tourism
- Significant reduction in net debt
- Outlook for 2009/2010: operating earnings expected to be stable

TUI AG successfully completed its short financial year (1 January to 30 September) and generated **Group profit** of around 401 million euros (9M 2008: 45 million euros). This was essentially attributable to the proceeds from the sale of Hapag-Lloyd AG but also improved earnings by Tourism. In spite of the difficult overall framework resulting from the economic crisis, **operating earnings** (underlying EBITA) in the Tourism Sectors TUI Travel, TUI Hotels & Resorts and TUI Cruises rose by around 5 per cent to 696 million euros (9M 2008: 664 million euros). **Earnings per share** grew to 1.25 euros (9M 2008: 0.07 euros). 'This successful development clearly shows that our Tourism business is fundamentally healthy and sustainable', said TUI CEO Dr Michael Frenzel. As expected, **Group turnover** decreased by around 14 per cent to around 13.1 billion euros (9M 2008: 15.2 billion euros) due to declines in customer volumes in Tourism. **Net debt** totalled around 2.3 billion euros at the end of the short financial year 2009 and was thus reduced substantially (9M 2008: 2.8 billion euros). The **equity ratio** grew by 1.1 percentage points to 17.6 per cent.

Frenzel emphasized that the strategy of flexible capacity planning had paid off within TUI Travel. 'Following years of very strong growth orientation, the sector has now developed into a yield-oriented industry', said Frenzel. And he continued: 'The tourism sector has matured.' For the current financial year **2009/2010**, the TUI CEO considers the Group to be well prepared. 'Even if 2010 will continue to be impacted by the global economic crisis, we expect operating earnings in our core business to post a stable performance', said Frenzel. The further development of unemployment rates and the resulting consumer propensity in the large source markets will have an essential impact on the development of business in Tourism. Below the bottom line, operating earnings by the Continuing Operations are expected to rise slightly. As of financial year **2010/2011** TUI AG expects turnover and operating earnings to rise again, provided the economy picks up again. TUI CEO Frenzel also formulated additional goals: 'The purpose of our asset streamlining programme already announced in August and the continuation of our restrictive investment policy is to reduce our net debt further, improve our credit rating and create leeway for the strategic development of our Group.'

Detailed development of Tourism

In the short financial year 2009, turnover by Tourism declined by 14 per cent to 13.1 billion euros against the comparative period in 2008, a trend primarily attributable to the lower business volume of **TUI Travel** and the weakening of sterling in the course of the year.

In the short financial year 2009, the turnover generated by TUI Travel decreased by 14 per cent to 12.6 billion euros (9M 2008: 14.6 billion euros) due to currency and capacity effects. Underlying EBITA grew by 10 per cent to 571 million euros (9M 2008: 520 million euros). The main reason for the rise in operating earnings was the delivery of synergies. At the same time, margins in the Mainstream business

Contact

Björn Beroleit
 Phone: +49 (0)511 566-1310

Nicola Gehrt
 Phone: +49 (0)511 566-1435

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increased slightly despite a decline in demand. The weakening of sterling in the course of the year, by contrast, had an adverse effect on TUI Travel's performance.

The Group's Hotel Sector operated a total of 243 hotels with a capacity of 154,000 beds as at the end of the short financial year. Turnover by **TUI Hotels & Resorts** declined slightly by -5 per cent due to the economic situation and totalled 276 million euros (9M 2008: 290 million euros). Operating earnings (underlying EBITA) were 123 million euros, down 7 per cent against the comparative figure in 2008 of around 133 million euros. The decline was caused by the impact of the new H1N1 flu and lower customer volumes from the major source markets, partly offset by cost savings. Average occupancy of hotels across all brands declined to 76 per cent (9M 2008: 83 per cent) in analogy to the development of turnover and earnings. Due to investments already initiated before the financial crisis, the capacity of TUI Hotels & Resorts rose slightly by around 5 per cent in the short financial year 2009.

Turnover by the **Cruises** Sector decreased by around 9 per cent against the sound performance in the comparative period in 2008. As TUI Cruises is measured at equity no turnover is carried for these operations, the development of turnover exclusively relates to Hapag-Lloyd Kreuzfahrten. Underlying EBITA by the Sector fell substantially in the short financial year and accounted for 1.3 million euros (9M 2008: 11 million euros). Earnings included proportionate start-up costs for TUI Cruises of -4 million euros. The load factor of the Hapag-Lloyd Kreuzfahrten fleet amounted to 76 per cent in the period under review, down on the comparative period in 2008 (80 per cent). The average rate per passenger and day was 427 euros, slightly up on the previous year. The load factor on the first TUI Cruises ship was 83 per cent in the first year of operation. The average rate per passenger and day was 174 euros.

Detailed development of Hapag-Lloyd AG

Following the sale of the majority stake in Hapag-Lloyd AG, TUI AG still holds a financial investment of 43.3 per cent in the shipping company. Proportionate at equity earnings have no longer been included in the performance indicator EBITA since the second quarter of the short financial year 2009. All disclosures presented below are shown on a 100 per cent basis from Hapag-Lloyd's perspective in order to facilitate better assessment of the operative business. Turnover in the short financial year 2009 fell substantially by around 29 per cent to around 3.3 billion euros (9M 2008: 4.6 billion euros). Due to the global economic crisis, transport volumes and freight rate levels declined by 17.4 per cent and 22.8 per cent, respectively. Underlying earnings by Container Shipping decreased by 886 million euros to -675 million euros in the short financial year (9M 2008: around 212 million euros). For the financial year 2009/2010 recovery tendencies are expected in the container shipping market. Overall, however, profit contributions by Hapag-Lloyd are expected to be negative in the current financial year.

Divisional turnover

€ million	SFY 2009	9M 2008	Var. %	2008
Tourism	13,054.3	15,136.2	- 13.8	18,585.8
TUI Travel	12,636.1	14,690.6	- 14.0	18,015.1
TUI Hotels & Resorts	276.2	290.1	- 4.8	370.7
Cruises	142.0	155.5	- 8.7	200.0
Central Operations	49.3	64.8	- 23.9	85.8
Continuing Operations	13,103.6	15,201.0	- 13.8	18,671.6

Divisional earnings (EBITA)

€ million	Underlying divisional EBITA SFY 2009	9M 2008	Var. %	2008

Tourism	695.6	664.1	+ 4.7	620.5
TUI Travel	571.2	520.0	+ 9.8	453.7
TUI Hotels & Resorts	123.1	132.9	- 7.4	160.0
Cruises	1.3	11.2	- 88.4	6.8
Others/Consolidation	0.0	0.0		0.0
Central Operations	- 39.0	0.4	n/a	- 54.4
All other segments	- 41.6	0.4	n/a	13.3
Consolidation	2.6	0.0		- 67.7
Continuing Operations	656.6	664.5	- 1.2	566.1

€ million	EBITA by division SFY 2009	9M 2008	Var. %	2008
Tourism	274.4	177.3	+ 54.8	127.2
TUI Travel	150.0	33.2	+ 351.8	- 35.8
TUI Hotels & Resorts	123.1	132.9	- 7.4	156.2
Cruises	1.3	11.2	- 88.4	6.8
Others/Consolidation	0.0	0.0		0.0
Central Operations	- 39.0	0.4	n/a	- 52.6
All other segments	- 41.6	0.4	n/a	15.1
Consolidation	2.6	0.0		- 67.7
Continuing Operations	235.4	177.7	+ 32.5	74.6

Consolidated profit and loss statement

€ million	SFY 2009	9M 2008	Var. %	2008 restated
Turnover	13,103.6	15,201.0	- 13.8	18,671.6
Cost of sales	11,767.8	13,810.9	- 14.8	17,174.4
Gross profit/loss	1,335.8	1,390.1	- 3.9	1,497.2
Administrative expenses	1,149.4	1,143.9	+ 0.5	1,366.3
Other income/other expenses	+ 18.1	- 83.5	n/a	- 65.8
Impairment of goodwill	8.9	76.1	- 88.3	107.2
Financial result	- 507.3	- 239.6	- 111.7	- 313.1
Financial income	161.8	125.6	+ 28.8	215.4
Financial expenses	669.1	365.2	+ 83.2	528.5
Share of results of joint ventures and associates	- 178.0	40.5	n/a	+ 33.7

Earnings before taxes on income		- 489.7	- 112.5	- 335.3	- 321.5
Reconciliation to underlying earnings:					
Earnings before taxes on income		- 489.7	- 112.5	-	- 321.5
				335.3	
Result from Container Shipping measured at equity		214.2	0.0		0.0
Interest result from the valuation of loans to Container Shipping		353.9	0.0		0.0
Interest result and earnings from the valuation of interest hedges		148.1	214.1	-	288.9
				30.8	
Impairment of goodwill		8.9	76.1	-	107.2
				88.3	
EBITA from Continuing Operations ¹⁾		235.4	177.7	+	74.6
				32.5	
Adjustments:					
Gains on disposal		- 4.6	+ 0.0		+ 2.0
Restructuring		+ 58.3	+ 310.6		+ 284.9
Purchase price allocation		+ 47.8	+ 46.4		+ 57.8
Other one-off items		+ 319.7	+ 129.8		+ 146.8
Underlying EBITA from Continuing Operations		656.6	664.5	- 1.2	566.1
Earnings before taxes on income		- 489.7	- 112.5	- 335.3	- 321.5
Taxes on income		- 46.2	72.8	n/a	42.8
Result from Continuing Operations		- 443.5	- 185.3	- 139.3	- 364.3
Result from Discontinued Operations		844.2	230.2	+	222.4
				266.7	
Group profit/loss for the year		400.7	44.9	+ 792.4	- 141.9
attributable to shareholders of TUI AG of Group profit		333.3	33.7	+	- 121.4
				889.0	
attributable to minority interest of Group profit		67.4	11.2	+	- 20.5
				501.8	
Group profit/loss		400.7	44.9	+ 792.4	- 141.9
Basic and diluted earnings per share	in €	1.25	0.07	n/a	- 0.57

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

Financial Position of the TUI Group as at 30 September 2009

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€ million	Notes	30 Sep 2009	31 Dec 2008 restated	1 Jan 2008 restated
Assets				
Goodwill	(15)	2,715.8	2,520.3	3,063.0
Other intangible assets	(16)	887.9	815.8	1,385.4
Investment property	(17)	76.7	90.1	90.5
Property, plant and equipment	(18)	2,373.6	2,687.9	5,698.5
Companies measured at equity	(19)	1,200.7	406.4	540.7
Financial assets available for sale	(20)	103.0	84.0	108.2
Trade accounts receivable and other receivables	(21)	1,369.0	326.3	408.8
Derivative financial instruments	(22)	111.4	194.6	28.8
Deferred income tax claims	(23)	277.9	219.3	204.2
Non-current assets		9,116.0	7,344.7	11,528.1
Inventories	(24)	81.5	97.0	208.7
Financial assets available for sale	(20)	2.0	3.9	13.7
Trade accounts receivable and other receivables	(21)	2,125.7	2,003.7	2,456.9
Derivative financial instruments	(22)	338.1	1,017.9	413.1
Current income tax claims	(23)	21.2	45.6	42.0
Cash and cash equivalents	(25)	1,452.0	2,045.5	1,614.0
Assets held for sale	(26)	405.7	4,144.5	8.8
Current assets		4,426.2	9,358.1	4,757.2
		13,542.2	16,702.8	16,285.3

€ million	Notes	30 Sep 2009	31 Dec 2008 restated	1 Jan 2008 restated
Equity and liabilities				
Subscribed capital	(27)	642.8	642.8	642.3
Capital reserves	(28)	871.3	969.3	2,471.9
Revenue reserves	(29)	246.7	30.1	- 614.5
Hybrid capital	(30)	294.8	294.8	294.8
Equity before minority interests		2,055.6	1,937.0	2,794.5
Minority interests	(31)	324.4	305.5	297.1
Equity		2,380.0	2,242.5	3,091.6
Pension provisions and similar obligations	(32)	838.6	690.5	846.1

Current income tax provisions	(33)	169.5	236.7	256.3
Deferred income tax provisions	(33)	181.3	191.9	246.2
Other provisions	(33)	500.0	465.9	467.0
Non-current provisions		1,689.4	1,585.0	1,815.6
Financial liabilities	(34)	3,175.1	3,965.4	4,732.8
Derivative financial instruments	(36)	78.7	163.4	126.4
Other liabilities	(37)	92.1	82.4	133.5
Non-current liabilities		3,345.9	4,211.2	4,992.7
Non-current provisions and liabilities		5,035.3	5,796.2	6,808.3
Pension provisions and similar obligations	(32)	29.8	27.1	31.7
Current income tax provisions	(33)	85.9	83.9	62.3
Other provisions	(33)	415.2	454.5	533.9
Current provisions		530.9	565.5	627.9
Financial liabilities	(34)	539.7	1,009.3	798.5
Trade accounts payable	(35)	2,577.4	1,928.2	2,687.2
Derivative financial instruments	(36)	363.4	718.6	174.4
Other liabilities	(37)	1,935.3	1,941.9	2,097.4
Current liabilities		5,415.8	5,598.0	5,757.5
Liabilities related to assets held for sale	(38)	180.2	2,500.6	0.0
Current provisions and liabilities		6,126.9	8,664.1	6,385.4
		13,542.2	16,702.8	16,285.3