TUI GROUP CONTINUES PROFITABLE GROWTH IN Q3 2014/15

News / Finance

TUI Group has concluded the third quarter of financial year 2014/15 delivering earnings and turnover growth. However, the period under review was overshadowed by the terrible attack in Tunisia at the end of June. Supporting the families of the victims, customers and its employees remains the highest priority of the Group.

In the three months from April to June 2015, the Group improved its underlying EBITA by 18.6 per cent to 194.2 million euros (previous year: 163.7 million euros). The operating result includes foreign exchange translation effects and the impact of the Easter business, which did not fall fully into the quarter under review in this calendar year. Excluding these effects, underlying EBITA totalled 185 million euros, a strong increase of 13 per cent year-on-year.

The impact of the attack in Tunisia resulted in repatriation and cancellation costs of around 10 million euros in the quarter. Cumulative Group-wide summer bookings to Greece remain ahead of prior year despite some temporary small deviations in source markets Germany and Belgium. This demonstrates the resilience and strength of the Group's integrated business model, even in

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periods of crisis.

In the Tourism segment, which comprises all source markets, the expanded Hotels Resorts unit and Cruise activities under the new Group structure, growth was again driven by Hotels & Resorts and Cruises. RIUhotels, in particular, delivered a significant earnings increase (22 million euros including foreign currency exchange effect) in a strong quarter, which led to Hotels & Resorts reporting an underlying EBITA of 67.3 million euros (previous year: 41.7 million euros) an increase of 61.4 per cent. At the same time the Cruises segment also reported earnings growth (20.8 million euros). TUI Cruises completed the first full year of operation of “Mein Schiff 3” and expanded its fleet by launching the newbuild “Mein Schiff 4” in June 2015. Hapag-Lloyd Cruises remained on track in the period under review, consolidating its turnaround. Cruise activities reported an underlying EBITA of 19.3 million euros (previous year: -1.5 million euros).

Within the source markets, the Northern Region (UK & Ireland, Nordics, Canada and Russia) delivered a strong performance in the quarter under review, with the UK achieving higher load factors and improved margins. The Central Region (Germany, Austria, Switzerland, Poland), by contrast, saw its earnings impacted by a number of factors, in particular additional investment in distribution and continued margin pressure in a competitive environment. At the same time, the Western Region (Netherlands, Belgium, France) was impacted by several factors including the attack in Tunisia, resulting in a lower operating result by the source markets in the third quarter of the financial year at 91.7 million euros (previous year: 131.0 million euros) including the impact of Easter and foreign exchange translation.

Turnover by the TUI Group in the period under review increased by 6.4 per cent to 5.08 billion euros (previous year: 4.78 billion euros). In the first nine months of the financial year revenue grew by 6.9 per cent to 12.02 billion euros (previous year: 11.25 billion euros). The Group also records robust current trading for summer 2015. The Group has therefore tightened its range guidance for the full year 2014/15: At 12.5 to 15 per cent, growth in the Group’s operating result (underlying EBITA) is expected to be at the upper end of the target range envisaged this far (previous guidance: 10 to 15 per cent).* The Group also expects to deliver underlyingEBITA CAGR of at least 10 per cent over the next three years.

Fritz Joussen and Peter Long, Joint CEOs of the TUI Group: “The third quarter was marked by the tragic event in Tunisia. Supporting our customers, their families and our colleagues through this sad time remains our highest priority. We are very proud of the commitment and dedication our colleagues have shown throughout this unprecedented situation. The development of the events in Tunisia, however, also demonstrates the resilience, robustness and flexibility of our integrated business model and our new Group structure. We are able to accelerate our Group’s growth through the successful integration and consistent implementation of our strategy. We are therefore confident that we will deliver underlying EBITA growth at 12.5 to 15 per cent* for the full financial year – hence, the upper end of the previously announced target range of 10 to 15 per cent.”

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