TUI AG FINANCIAL YEAR 2011/12

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Interim Report 1 October 2011 – 30 June 2012

TUI Aktiengesellschaft

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Q3 2011/12

TUI Group – financial highlights

€ million		Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Turnover							
TUI Travel		4,563.5	4,247.3	+ 7.4	10,996.4	10,331.5	+ 6.4
TUI Hotels & Resorts		90.6	78.9	+ 14.8	262.6	236.6	+ 11.0
Cruises		59.3	48.8	+ 21.5	161.6	145.4	+ 11.1
Group		**4,724.7**	**4,387.5**	**+ 7.7**	**11,455.2**	**10,751.8**	**+ 6.5**
EBITDA							
TUI Travel		123.6	109.8	+ 12.6	- 240.2	- 107.3	- 123.9
TUI Hotels & Resorts		61.7	35.3	+ 74.8	150.3	85.7	+ 75.4
Cruises		1.0	2.4	- 58.3	–	3.5	n/a
Group		**165.3**	**140.8**	**+ 17.4**	**- 129.6**	**- 22.2**	**- 483.8**
Underlying EBITDA							
TUI Travel		141.1	134.7	+ 4.8	- 155.4	- 149.0	- 4.3
TUI Hotels & Resorts		62.1	35.3	+ 75.9	150.7	106.5	+ 41.5
Cruises		1.0	2.4	- 58.3	–	3.5	n/a
Group		**185.1**	**165.7**	**+ 11.7**	**- 55.8**	**- 67.3**	**+ 17.1**
EBITA							
TUI Travel		33.0	28.3	+ 16.6	- 456.1	- 328.2	- 39.0
TUI Hotels & Resorts		35.0	16.8	+ 108.3	90.1	50.9	+ 77.0
Cruises		- 2.2	0.2	n/a	- 7.9	- 2.7	- 192.6
Group		**43.8**	**37.0**	**+ 18.4**	**- 417.1**	**- 288.0**	**- 44.8**
Underlying EBITA							
TUI Travel		89.2	87.5	+ 1.9	- 297.2	- 297.6	+ 0.1
TUI Hotels & Resorts		35.4	16.8	+ 110.7	90.5	53.6	+ 68.8
Cruises		- 2.2	0.2	n/a	- 7.9	- 2.7	- 192.6
Group		**102.3**	**96.2**	**+ 6.3**	**- 269.2**	**- 278.9**	**+ 3.5**
Group earnings							
Net profit for the period		9.3	- 39.6	n/a	- 393.2	- 343.2	- 14.6
Earnings per share	€	- 0.04	- 0.18	+ 76.7	- 1.17	- 0.99	- 18.4
Equity ratio (30 Jun)	%	11.2	16.2	- 5.0*)	11.2	16.2	- 5.0*)
Investments in other intangible assets and property, plant and equipment		154.8	142.9	+ 8.3	507.9	338.7	+ 50.0
Net debt (30 Jun)		758.6	1,548.9	- 51.0	758.6	1,548.9	- 51.0
Employees (30 Jun)		72,584	72,094	+ 0.7	72,584	72,094	+ 0.7

Differences may occur due to rounding
*) percentage points

- → **Underlying Group earnings up 6.3% in Q3 2011/12. Tourism records growth of 17.1% on prior year**
- → **TUI tour operators and hotels benefit from continued strong demand for differentiated product and recovery in North Africa**
- → **TUI Group net debt down to €0.8bn**

MANAGEMENT REPORT

ECONOMIC SITUATION IN Q3 2011/12

General economic situation

Following slight economic recovery in the first calendar quarter of 2012, the pace of expansion slowed down again in the quarter under review. Overall, industrialised countries only recorded muted growth, while the emerging markets achieved considerable output expansion. Adverse impacts were caused by the renewed aggravation of the sovereign debt crisis in the Eurozone and the associated crisis of confidence; tensions in the financial markets remained strong. Further factors included structural problems in the industrialised countries such as high unemployment and underutilisation of production capacity. In its most recent forecast, the International Monetary Fund (IMF, World Economic Outlook Update, July 2012) expects gross domestic product growth of 3.5% for 2012.

In the second calendar quarter of 2012, the recovery of the US economy slowed its pace compared to the prior quarter. Aggregate economic output was driven in particular by an increase in private investment and private consumption. The European Union remained in a slight recession, with marked differences continuing between individual countries: While Germany, in particular, was among the countries that reported growth in economic performance, the southern European countries with their higher levels of sovereign debt remained in recession. The UK economy continued to stagnate.

Special events in the quarter under review and after the reporting date

Tourism benefits from continuing strong demand for differentiated product and a recovery in demand for North African destinations. Underlying Group earnings grow 6.3% in the third quarter of 2011/12.
In the third quarter of 2011/12, the TUI Group continued its sound business performance. The TUI Group's underlying EBITA rose by 6.3% or €6.1m year-on-year to €102.3m in the third quarter of 2011/12.

In the period under review, earnings by TUI Travel were driven by the continuing strong demand for differentiated product, while earnings by Riu, the largest hotel company, reflected higher average prices and successful cost management. The performance of TUI Travel and TUI Hotels & Resorts also benefited from a gradual recovery in demand for North African holidays. Due to an earlier timing of Easter in 2012 compared with the prior year, the Easter business was in part realised in the second quarter so that the third quarter of 2011/12 was down versus the prior year comparatives.

In the third quarter of 2011/12, operating earnings (underlying EBITA) by TUI Travel totalled €89.2m, up €1.7m year-on-year. Earnings shifts caused by the early timing of Easter were offset by the sound business performance achieved in the period under review. Due to the poor weather conditions in northern Europe, the trend towards later booking patterns at robust margins continued. TUI UK, in particular, again outperformed the market. TUI tour operators also benefited from the recovery in demand for North Africa in the period under review. The ongoing restructuring projects in France (Convergence project) and Germany (GET project) generated initial savings in the period under review.

TUI Hotels & Resorts benefited above all from a very good performance of Riu hotels, which achieved higher average prices. In addition, occupancy rates rose again in the hotels in Egypt. Underlying earnings grew by €18.6m to €35.4m.

In the Cruises Sector, underlying earnings fell €2.4m year-on-year to €-2.2m in the third quarter. This was mainly due to price measures and start-up costs in connection with the fleet expansion programme in Hapag-Lloyd Kreuzfahrten. TUI Cruises reported continuing high load factors on its vessels and an ongoing positive development.

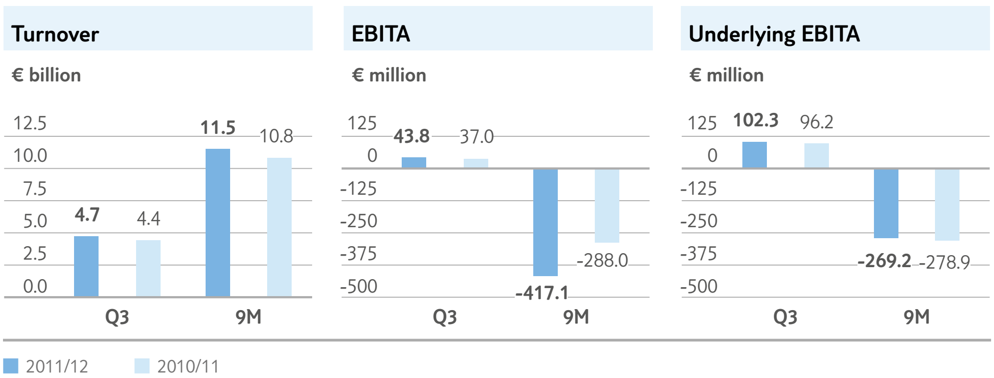
TUI stake in Hapag-Lloyd down to around 22%
In accordance with the agreement concluded in February 2012, the Albert Ballin consortium and TUI each transferred €125m of the hybrid II capital to Hapag-Lloyd in exchange for new shares in April 2012. As a result, TUI's stake in Hapag-Lloyd temporarily rose from 38.4% to 39.5%. Subsequently, Albert Balllin acquired a 17.4% stake in Hapag-Lloyd for a purchase price of €475m at the end of June 2012.

As at the end of the third quarter of 2011/12, TUI thus held a stake of around 22% in Hapag-Lloyd.

In order to complete its exit from Container Shipping, TUI has had the right to call for an IPO with priority placement of the shares held by TUI any time since the end of June 2012. TUI also remains entitled to sell the remaining Hapag-Lloyd shares to third-party investors.

Succession arrangement for TUI AG Executive Board
Dr Michael Frenzel will resign from the TUI AG Executive Board upon the close of the Annual General Meeting on 13 February 2013. Friedrich Joussen, CEO of Vodafone Deutschland until 30 September 2012, will join the TUI AG Executive Board as a member as at 15 October 2012 and will take over as CEO upon the end of the 2013 Annual General Meeting. Dr Frenzel (65) will finish his active career at that point in time. TUI AG has thus secured a succession arrangement well ahead of time.

Earnings by the Sectors



The TUI Group comprises the Tourism Segment and Central Operations. Tourism consists of three Sectors: TUI Travel, TUI Hotels & Resorts and Cruises. Central Operations comprises "All other segments", which includes in particular the Corporate Centre functions of TUI AG and the intermediate holdings as well as the Group's real estate companies. Moreover, cross-segmental consolidation effects are also allocated to Central Operations.

Development of turnover

Turnover

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Tourism	4,713.4	4,375.0	+ 7.7	11,420.6	10,713.5	+ 6.6
TUI Travel	4,563.5	4,247.3	+ 7.4	10,996.4	10,331.5	+ 6.4
TUI Hotels & Resorts	90.6	78.9	+ 14.8	262.6	236.6	+ 11.0
Cruises	59.3	48.8	+ 21.5	161.6	145.4	+ 11.1
Central Operations	11.3	12.5	- 9.6	34.6	38.3	- 9.7
Group	**4,724.7**	**4,387.5**	**+ 7.7**	**11,455.2**	**10,751.8**	**+ 6.5**

In the third quarter of 2011/12, the TUI Group's turnover totalled €4.7bn, up 7.7% on the previous year; adjusted for foreign exchange effects it rose by 4.3%. The turnover growth was driven by higher average travel prices attributable to a higher proportion of sales of differentiated product and price increases caused by higher input prices. For the first nine months of 2011/12, turnover amounted to €11.5bn, up 6.5% year-on-year; adjusted for foreign exchange effects, it grew by 4.8%.

Development of earnings

Underlying EBITA

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Tourism	122.4	104.5	+ 17.1	- 214.6	- 246.7	+ 13.0
TUI Travel	89.2	87.5	+ 1.9	- 297.2	- 297.6	+ 0.1
TUI Hotels & Resorts	35.4	16.8	+ 110.7	90.5	53.6	+ 68.8
Cruises	- 2.2	0.2	n/a	- 7.9	- 2.7	- 192.6
Central Operations	- 20.1	- 8.3	- 142.2	- 54.6	- 32.2	- 69.6
Group	**102.3**	**96.2**	**+ 6.3**	**- 269.2**	**- 278.9**	**+ 3.5**

EBITA

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Tourism	65.8	45.3	+ 45.3	- 373.9	- 280.0	- 33.5
TUI Travel	33.0	28.3	+ 16.6	- 456.1	- 328.2	- 39.0
TUI Hotels & Resorts	35.0	16.8	+ 108.3	90.1	50.9	+ 77.0
Cruises	- 2.2	0.2	n/a	- 7.9	- 2.7	- 192.6
Central Operations	- 22.0	- 8.3	- 165.1	- 43.2	- 8.0	- 440.0
Group	**43.8**	**37.0**	**+ 18.4**	**- 417.1**	**- 288.0**	**- 44.8**

In the third quarter of 2011/12, underlying earnings by the TUI Group adjusted for one-off effects (underlying EBITA) grew by 6.3% or €6.1m year-on-year to €102.3m.

Underlying earnings by Tourism increased by €17.9m year-on-year to €122.4m in the third quarter of 2011/12. The improvement posted in the period under review was driven by continuing strong demand for differentiated product in TUI Travel and the recovery in demand for destinations in Tunisia and Egypt. In the prior-year comparative quarter, the political unrest in North Africa had created a negative effect of €-32m on underlying Group earnings. In the period under review, earnings were also impacted by the earlier timing of Easter in 2012, which meant that Easter trading partly fell into the second quarter of 2011/12.

Details on TUI Travel
see p. 6

In the third quarter of 2011/12, TUI Travel posted underlying earnings of €89.2m, an improvement of €1.7m on the prior year. Due to the poor weather conditions in northern Europe, the later booking profile continued at sound prices. TUI UK, in particular, generated higher average selling prices despite the challenging market environment in the UK and thus outperformed its competition. For the first time, TUI tour operators in France benefited from demand for North Africa, which picked up again, albeit moderately, in the third quarter of 2011/12. Moreover, initial savings were produced by the restructuring projects in France (Convergence project) and Germany (GET project) in the period under review.

Details on
Hotels & Resorts
see p. 9

Underlying earnings by TUI Hotels & Resorts grew by €18.6m year-on-year to €35.4m in the third quarter of 2011/12, above all due to higher average prices and successful cost management by Riu hotels. TUI hotels in North Africa recorded a considerable increase in occupancy rates year-on-year, while occupancy of Riu hotels in the Canaries, which had benefited from the unrest in North Africa in the prior-year reference period, remained high.

Details on Cruises
see p. 13

At €-2.2m, underlying earnings by the Cruises Sector declined by €2.4m versus the prior year. The performance of Hapag-Lloyd Kreuzfahrten continued to be impacted by marketing measures and start-up costs incurred in connection with the launch of the new ships. TUI Cruises benefited from continuing high load factors on its fleet and continued its positive development in the third quarter of 2011/12.

Details on
Central Operations
see p. 15

In the third quarter of 2011/12, underlying earnings by Central Operations were down year-on-year by €11.8m to €-20.1m, above all due to foreign exchange-induced expenses.

For the first nine months of 2011/12, the TUI Group's accumulated seasonally negative underlying earnings totalled €-269.2m, up €9.7m year-on-year.

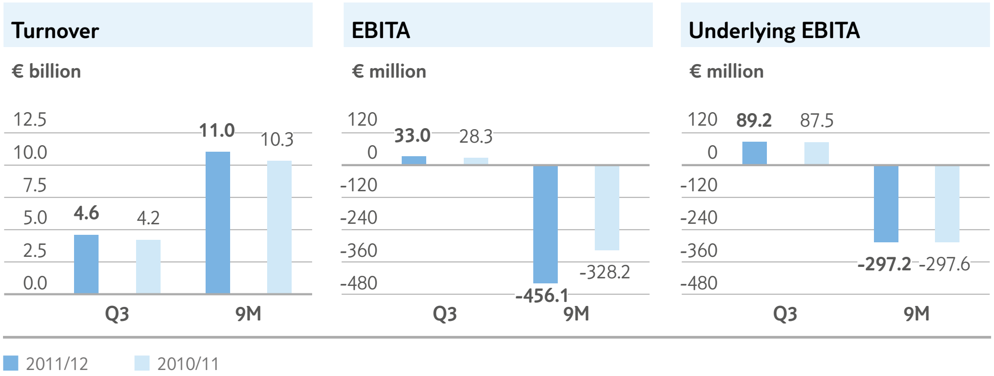
Underlying EBITA: TUI Group

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
EBITA	**43.8**	**37.0**	**+ 18.4**	**- 417.1**	**- 288.0**	**- 44.8**
Gains on disposal	–	–		–	–	
Restructuring	+ 7.6	+ 5.3		+ 57.6	+ 16.0	
Purchase price allocation	+ 15.0	+ 26.1		+ 55.7	+ 65.6	
Other one-off items	+ 35.9	+ 27.8		+ 34.6	- 72.5	
Underlying EBITA	**102.3**	**96.2**	**+ 6.3**	**- 269.2**	**- 278.9**	**+ 3.5**

In the third quarter of 2011/12, one-off items worth a net amount of €58.5m had to be adjusted for. They related to TUI Travel and Central Operations and comprised expenses for purchase price allocations and above all expenses for the restructuring of tour operator and airline activities in France (Convergence project) and the restructuring of the Specialist & Activity Division.

The Group's reported EBITA totalled €43.8m in the third quarter, up €6.8m year-on-year. The seasonally negative reported EBITA for the first nine months accounted for €-417.1m, down €129.1m on prior year. The decline in the accumulated reported earnings was attributable to one-off effects in the year under review due to the restructuring of TUI Travel's business in France and the one-off gain from the curtailment in pension obligations in TUI Travel carried in the prior year.

TUI Travel



TUI Travel – key figures

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Turnover	4,563.5	4,247.3	+ 7.4	10,996.4	10,331.5	+ 6.4
EBITA	**33.0**	**28.3**	**+ 16.6**	**- 456.1**	**- 328.2**	**- 39.0**
Gains on disposal	–	–		–	–	
Restructuring	+ 7.6	+ 5.3		+ 57.6	+ 16.0	
Purchase price allocation	+ 15.0	+ 26.1		+ 55.7	+ 65.6	
Other one-off items	+ 33.6	+ 27.8		+ 45.6	- 51.0	
Underlying EBITA	**89.2**	**87.5**	**+ 1.9**	**- 297.2**	**- 297.6**	**+ 0.1**
Underlying EBITDA	141.1	134.7	+ 4.8	- 155.4	- 149.0	- 4.3
Investments in other intangible assets and property, plant and equipment	149.0	117.3	+ 27.0	443.7	264.3	+ 67.9
Employees (30 Jun)	57,648	57,557	+ 0.2	57,648	57,557	+ 0.2

Turnover by TUI Travel grew by 7.4% year-on-year in the third quarter of 2011/12. While customer numbers in the Mainstream Business decreased by 2.1%, the turnover growth primarily reflected stronger sales of differentiated product and higher selling prices to offset the rise in input costs. The around 9% rise in Sterling against the Euro also contributed to the growth in turnover.

Operating earnings (underlying Sector EBITA) by TUI Travel increased by €1.7m to €89.2m versus the prior year in the third quarter of 2011/12. Earnings shifts caused by the early timing of Easter were partly offset by the sound performance delivered in the period under review. Due to the poor weather conditions in northern Europe, the later booking profile continued at sound margins. TUI UK, in particular, continued to outperform the market. In the period under review, TUI tour operators in France benefited for the first time from demand for North African destinations, which picked up again, albeit at moderate rates. The restructuring projects in France (Convergence project) and Germany (GET project) generated initial savings in the period under review.

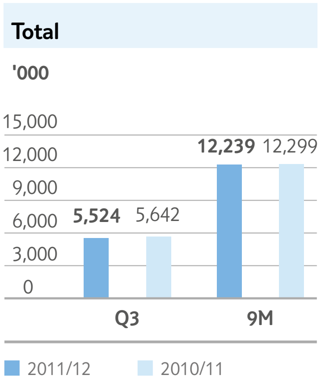
For the first nine months of 2011/12, underlying earnings rose slightly by €0.4m to €-297.2m.

In the third quarter of 2011/12, TUI Travel had to carry adjustments for net expenses worth €56.2m:

- restructuring costs of €7.6m, in particular for the restructuring of an IT services company,
- effects of purchase price allocations worth €15.0m in TUI Travel, and
- one-off expenses of €33.6m, in particular for the restructuring of airline and tour operator activities in France (Convergence project), the restructuring of the Specialist & Activity Division and the write-down of a financial investment.

Reported earnings by TUI Travel improved by €4.7m to €33.0m versus prior year in the third quarter of 2011/12. The accumulated seasonal loss for the first nine months of 2011/12 rose by €127.9m to €-456.1m year-on-year, in particular due to the restructuring of business in France and the one-off income from the reduction in pension obligations included in the prior-year results.

Mainstream

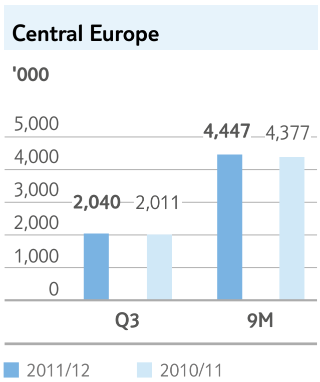


previous year's figures adjusted

Mainstream is the largest business line within TUI Travel and comprises sales of flights, accommodation and other tourism services in three divisions: Central Europe, Northern Region and Western Europe.

In the third quarter of 2011/12, the Mainstream Business serviced a total of 5,524 thousand guests. This represented a decline of 2.1% on the previous year, driven by lower capacity and the timing of Easter which caused a shift in Easter trading to the second quarter of 2011/12.

Central Europe



previous year's figures adjusted

In the Central Europe Division (Germany, Austria, Switzerland, Poland and airline TUIfly), customer volumes increased by 1.4% year-on-year in the third quarter of 2011/12.

TUI tour operators in Germany benefited from an overall sound trading performance in the third quarter, with demand for North Africa, in particular, up against the weak prior-year comparatives. On the other hand, demand for Greece declined year-on-year but improved slightly in the period under review. The realignment of TUI Deutschland (GET project) initiated in the previous year generated initial cost savings. TUI tour operators in Switzerland, Austria and Poland showed an overall stable trading performance in the third quarter of 2011/12.

Northern Region

Northern Region

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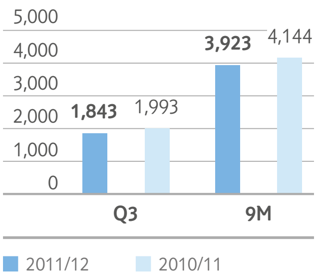

previous year's figures adjusted

In the Northern Region (UK, Ireland, Canada, Nordics, airlines Thomsonfly and TUIfly Nordic and the TUI Travel hotel business), customer numbers decreased by 7.5% year-on-year in the third quarter of 2011/12.

TUI UK continued its strong trading performance in the third quarter of 2011/12. Due to an earlier Easter and the favourable timing of bank holidays in the prior year, customer numbers were down versus the prior year; however, this decline was partly offset by higher average selling prices and better load factors. TUI UK again outperformed the market and recorded ongoing strong demand for differentiated product despite the persistently challenging market environment. The Canadian tour operator Sunwing continued to perform well, as in the prior year; however, trading in Canada is strongest in the winter season. TUI tour operators in the Nordics reported a considerable recovery of demand in the third quarter of 2011/12.

Western Europe

Western Europe

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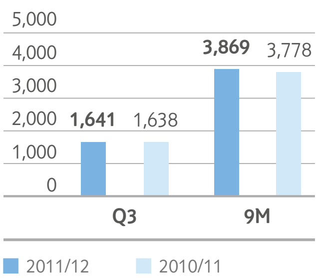


previous year's figures adjusted

In the Western Europe Division (France, the Netherlands, Belgium and airlines Corsairfly, Arkefly and Jetairfly), customer numbers increased by 0.2% year-on-year in the third quarter of 2011/12.

In source market France, demand for North African destinations started to pick up again, albeit at a moderate level. Moreover, the merger of the two tour operators Nouvelles Frontières and Marmara (Convergence project) generated initial savings. On the other hand, trading of classical long-haul destinations fell short of expectations in the period under review. The French Corsairfly airline managed to implement price increases in the third quarter of 2011/12 and thus offset the rise in jet fuel costs. While TUI tour operators in the Netherlands recorded a positive trading performance, the Arkefly airline suffered from fierce competition in the long- and medium-haul segment. TUI Belgium continued to expand its flight-only business and additionally benefited from stronger demand for tour operator products in the third quarter of 2011/12.

Accommodation & Destinations

The Accommodation & Destinations Business, which comprises the online services and incoming agencies of TUI Travel, continued to perform well in the third quarter of 2011/12. Online services generated volume growth through both the B2B and B2C portals. The B2C portals recorded a positive trading performance but were also faced with higher costs for the expansion of the organisation. The performance of the incoming agencies was flat year-on-year.

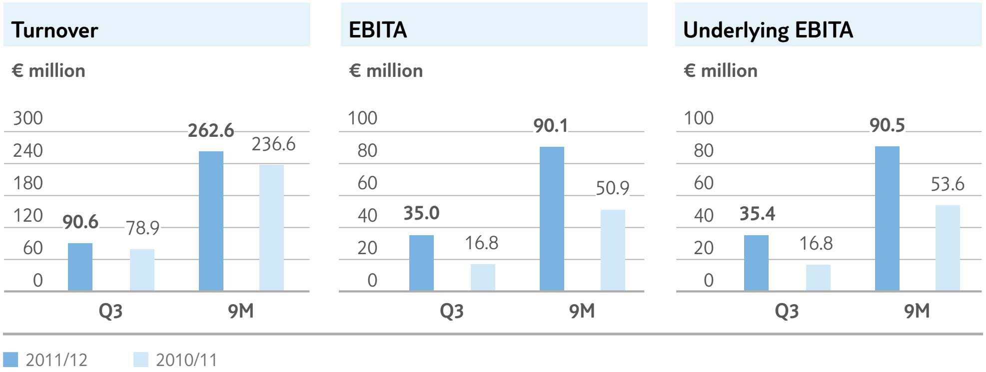
Specialist & Activity

The Specialist & Activity Business comprises tour operators in six divisions: Adventure, North American Specialist, Education, Sport, Marine and Specialist Holiday Group. The Sport Division posted higher turnover due to the UEFA European Football Championship. On the other hand, the Adventure tour operators remained affected by weaker demand for North Africa and Australia. The Education Division and the premium tour operators in North America also recorded a year-on-year decline in their performance in the third quarter.

Emerging Markets

The Emerging Markets Business comprises the activities in growth markets. In the period under review, TUI Russia reported a weaker performance versus the prior year.

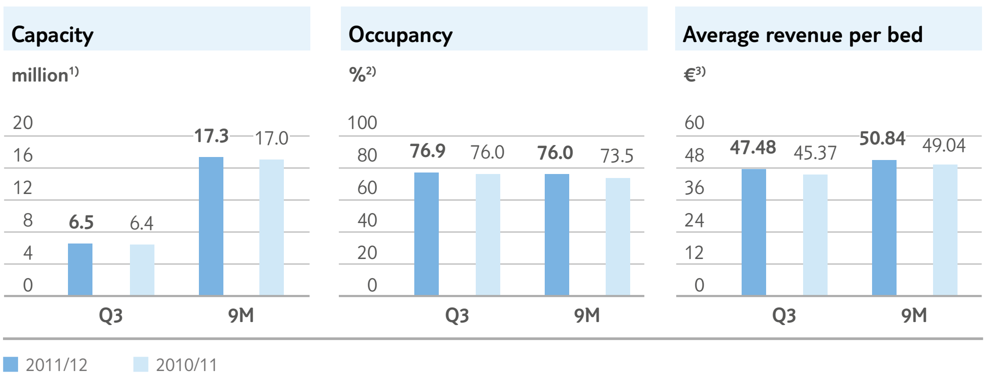
TUI Hotels & Resorts



TUI Hotels & Resorts – key figures

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Total turnover	194.5	184.8	+ 5.2	565.5	534.7	+ 5.8
Turnover	90.6	78.9	+ 14.8	262.6	236.6	+ 11.0
EBITA	**35.0**	**16.8**	**+ 108.3**	**90.1**	**50.9**	**+ 77.0**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	+ 0.4	–		+ 0.4	+ 2.7	
Underlying EBITA	**35.4**	**16.8**	**+ 110.7**	**90.5**	**53.6**	**+ 68.8**
Underlying EBITDA	62.1	35.3	+ 75.9	150.7	106.5	+ 41.5
Investments in other intangible assets and property, plant and equipment	4.4	21.9	- 79.9	57.3	67.8	- 15.5
Employees (30 Jun)	14,020	13,657	+ 2.7	14,020	13,657	+ 2.7

TUI Hotels & Resorts comprises the Group's hotels and hotel companies. The number of bednights in the Sector totalled 5.0m in the third quarter of 2011/12 (previous year 4.9m). Bed occupancy was 76.9% in the third quarter of 2011/12, up 0.9 percentage points year-on-year. The development of business varied for the individual hotel groups and regions.



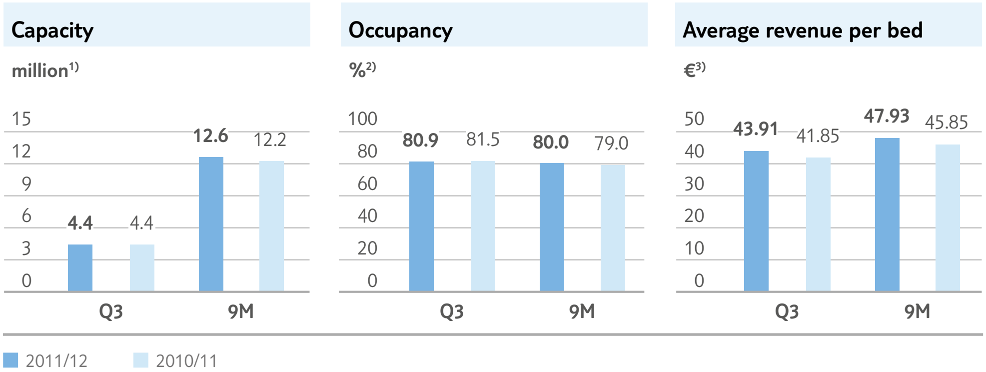
[1] group owned or leased hotel beds multiplied by number of days open per quarter
[2] occupied beds divided by capacity
[3] arrangement turnover divided by occupied beds

At €194.5m, total turnover by TUI Hotels & Resorts grew year-on-year. Due to overall sound demand on only slightly higher capacity, both occupancy and average revenues per bed increased versus the prior year. Consolidated turnover rose by 14.8% year-on-year to €90.6m in the third quarter of 2011/12.

In the third quarter of 2011/12, underlying earnings totalled €35.4m, up €18.6m year-on-year. This increase reflected above all better pricing levels and successful cost management in Riu. In addition, hotels in Egypt recorded higher occupancy levels as demand for North Africa picked up again. These developments also benefited accumulated underlying earnings for the first nine months of 2011/12: At €90.5m it was up €36.9m year-on-year.

In the third quarter of 2011/12, TUI Hotels & Resorts had to carry an adjustment of €0.4m for a higher impairment on a Turkish hotel facility. In the prior-year reference quarter, no adjustments had to be carried.

Riu



1) group owned or leased hotel beds multiplied by number of days open per quarter
2) occupied beds divided by capacity
3) arrangement turnover divided by occupied beds

Riu, one of Spain's leading hotel chains, operated 103 hotels in the period under review. Capacity was flat year-on-year at 4.4m hotel beds available. Average occupancy of Riu hotels in the third quarter of 2011/12 decreased only slightly by 0.6 percentage points to 80.9% versus the prior year. By contrast, average revenues per bed grew by 4.9% year-on-year.

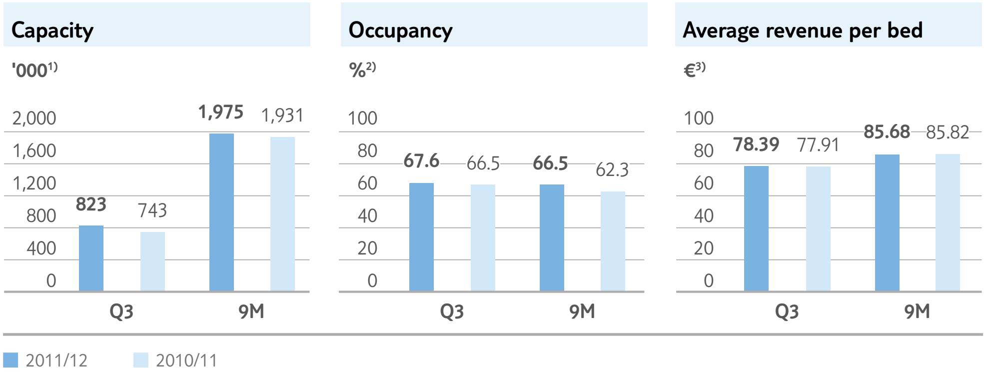
Business developed as follows in the individual regions:

Average occupancy of Riu hotels in the Canaries fell slightly by 0.8 percentage points to 90.1% year-on-year. It thus remained almost flat versus the high prior year comparatives, characterised by customers switching to this destination at short notice against the backdrop of unrest in North Africa.

At 75.6%, occupancy of Riu hotels in the Balearics was down 1.1 percentage points year-on-year. Average occupancy of Riu hotels in mainland Spain rose by 3.5 percentage points to 74.3%.

In the long-haul segment, Riu hotels recorded an average occupancy rate of 79.6%, up 1.1 percentage points versus the prior year. The improvement was above all driven by stronger demand in the US for hotels in Mexico and Jamaica. Capacity in Cape Verde was significantly expanded thanks to the new Riu Touareg hotel.

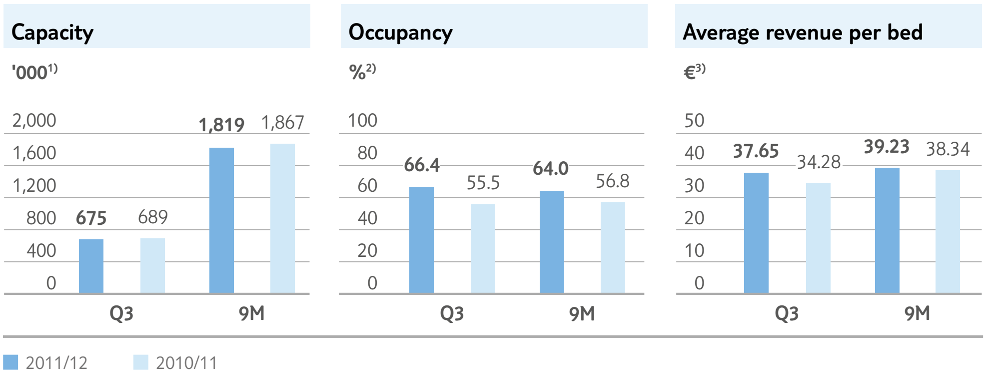
Robinson



[1] group owned or leased hotel beds multiplied by number of days open per quarter
[2] occupied beds divided by capacity
[3] arrangement turnover divided by occupied beds

In the third quarter of 2011/12, all 22 club resorts of Robinson, market leader in the premium club holiday segment, were open. Capacity increased year-on-year as a club in the Canaries had been closed for renovation purposes in the prior-year reference quarter and the new Robinson Club Landskron was opened. Robinson Clubs in Morocco, Portugal, Egypt, Austria and the Robinson Club in the Maldives achieved year-on-year growth in occupancy of up to more than 5 percentage points. The resorts in Turkey, by contrast, recorded lower occupancy rates. For the overall Robinson Group, this resulted in a year-on-year increase in occupancy of 1.1 percentage points. Average revenues per bed grew by 0.6%.

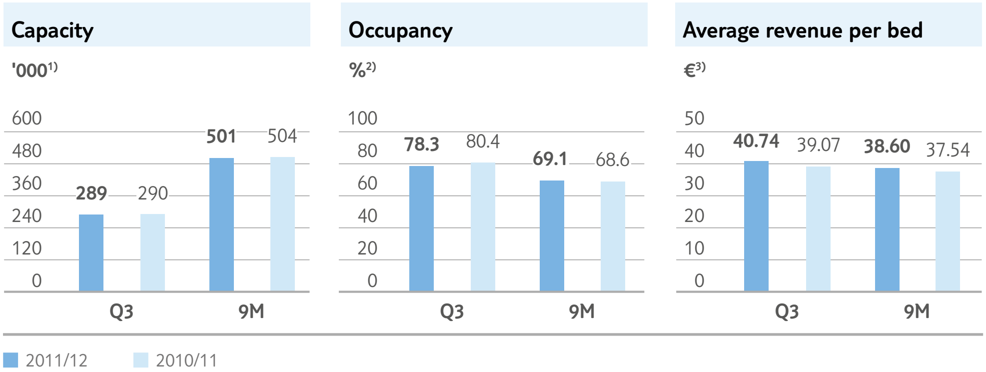
Iberotel



[1] group owned or leased hotel beds multiplied by number of days open per quarter
[2] occupied beds divided by capacity
[3] arrangement turnover divided by occupied beds

In the third quarter of 2011/12, 28 facilities in Egypt, Italy, the United Arab Emirates, Turkey and Germany were open. Capacity was slightly down year-on-year. At 66.4%, overall occupancy was 10.9 percentage points up on prior year. In the previous year, bookings had been strongly impacted by the unrest in Egypt. In the quarter under review, average revenues per bed increased by 9.8% versus the prior year, in which selective price discounts had been offered to stabilise occupancy of Iberotels in Egypt.

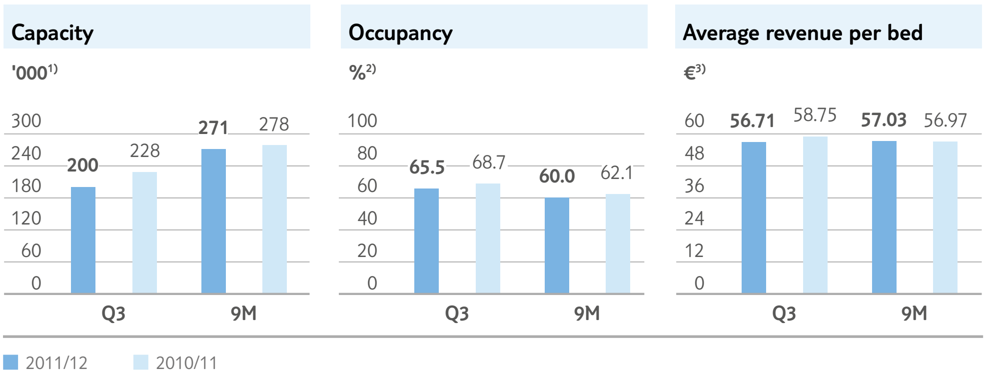
Grupotel



[1)] group owned or leased hotel beds multiplied by number of days open per quarter
[2)] occupied beds divided by capacity
[3)] arrangement turnover divided by occupied beds

At the end of the third quarter of 2011/12, 33 hotels of the Grupotel chain, represented in Majorca, Menorca and Ibiza, were open. Capacity was flat year-on-year, with occupancy down by 2.1 percentage points to 78.3%. Average revenues per bed improved by 4.3% versus prior year.

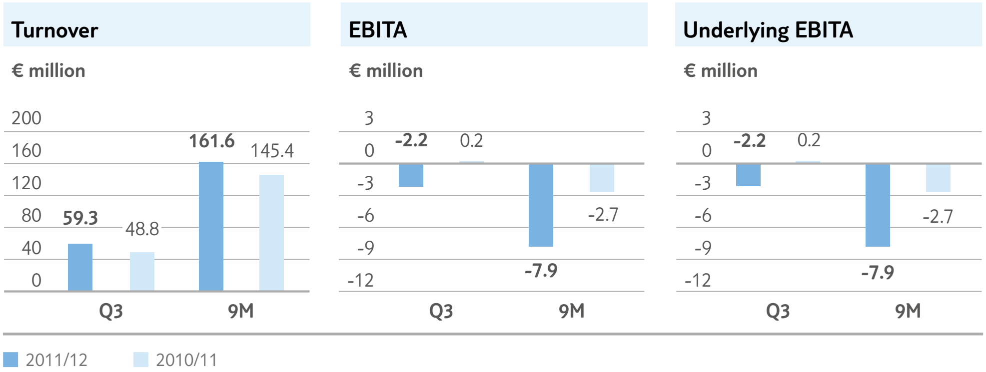
Grecotel



[1)] group owned or leased hotel beds multiplied by number of days open per quarter
[2)] occupied beds divided by capacity
[3)] arrangement turnover divided by occupied beds

In the third quarter of 2011/12, all 20 resorts operated by Grecotel were open. Due to the later seasonal opening of several facilities, capacity was down on the prior year. Occupancy fell to 65.5%, reflecting restrained trading for Greece in the German source market. Average revenues also declined by 3.5%.

Cruises



The Cruises Sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises. Hapag-Lloyd Kreuzfahrten operates four ships, serving the niche market for luxury and expedition cruises. TUI Cruises operates two vessels in the volume market for premium cruises. Both companies will expand their fleets by one new build each in the next two years in order to take advantage of the opportunities offered by the favourable market situation.

Cruises – key figures

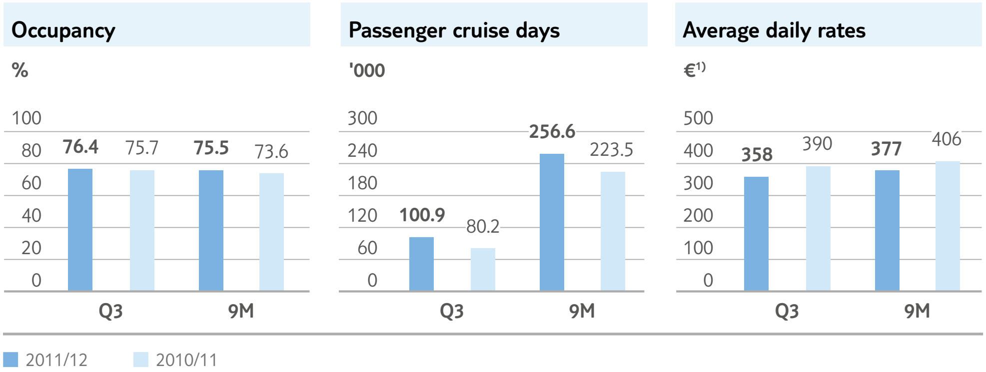
€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Turnover	59.3	48.8	+ 21.5	161.6	145.4	+ 11.1
EBITA	**- 2.2**	**0.2**	**n/a**	**- 7.9**	**- 2.7**	**- 192.6**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA	**- 2.2**	**0.2**	**n/a**	**- 7.9**	**- 2.7**	**- 192.6**
Underlying EBITDA	1.0	2.4	- 58.3	–	3.5	n/a
Investments in other intangible assets and property, plant and equipment	1.2	3.6	- 66.7	6.1	5.9	+ 3.4
Employees (30 Jun)	287	257	+ 11.7	287	257	+ 11.7

In the third quarter of 2011/12, turnover by the Cruises Sector totalled €59.3m, up 21.5% year-on-year due to the capacity expansion in Hapag-Lloyd's fleet. As the joint venture TUI Cruises is measured at equity in the consolidated financial statements, no turnover is shown for TUI Cruises.

In the third quarter of 2011/12, underlying earnings by the Cruises Sector stood at €-2.2m, down €2.4m year-on-year. While Hapag-Lloyd Kreuzfahrten fell short of the prior year earnings level due to lower rates, TUI Cruises continued to show a positive development. Accumulated underlying earnings for the first nine months totalled €-7.9m, down €5.2m year-on-year.

As in the previous year, no adjustments were required in the Cruises Sector in the third quarter of 2011/12.

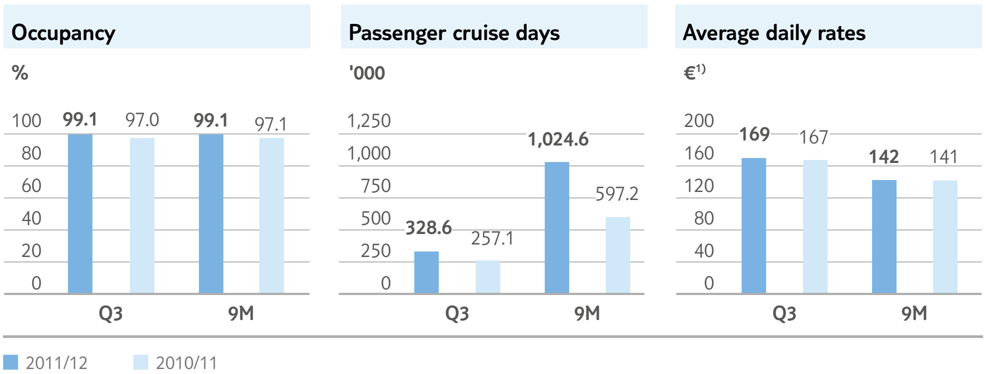
Hapag-Lloyd Kreuzfahrten



1) per day and passenger

In the third quarter of 2011/12, Hapag-Lloyd Kreuzfahrten achieved a year-on-year increase of 0.7 percentage points in the load factor of its four ships to 76.4%. Passenger days rose to 100,938, partly driven by higher capacity offered by the newly operated MS Columbus 2 compared with MS Columbus 1. The average rate per passenger per day decreased by 8.2% to €358. The decline in the rate was attributable to special travel offerings for the existing fleet in connection with the launch of the new ships MS Columbus 2 in April 2012 and MS Europa 2 in 2013.

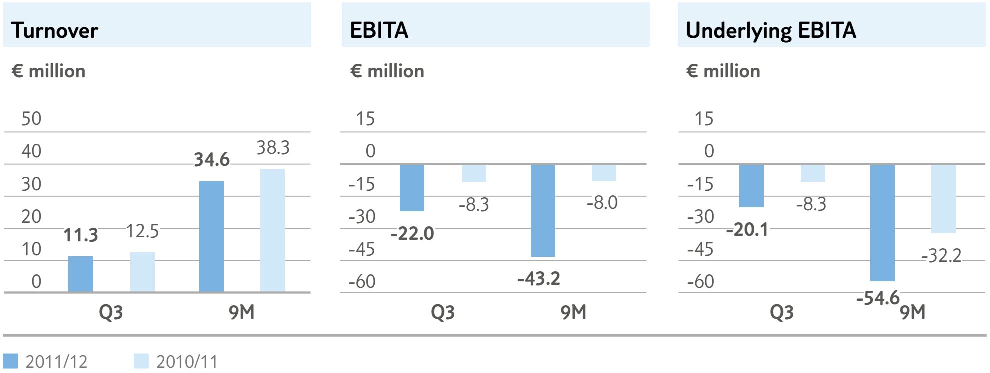
TUI Cruises



1) per day and passenger

In the third quarter of 2011/12, TUI Cruises continued to benefit from its successful positioning in the market segment for premium cruises and expanded its market position. The operating indicators of the TUI Cruises fleet continued to show a very positive development in the third quarter of 2011/12. The load factor grew by 2.1 percentage point year-on-year to 99.1%. This high load factor was driven by both ships, operating in the cruise lanes Mediterranean and Nordland/Baltic Sea. Passenger days in the third quarter of 2011/12 totalled 328,616. This growth is partly driven by the fact that Mein Schiff 2 was only commissioned in May 2011. The average rate per passenger per day was €169, up 1.2% year-on-year.

Central Operations



Central Operations comprise the Corporate Centre functions of TUI AG and the intermediate holdings as well as other operating areas, primarily including the Group's real estate companies.

Central Operations – key figures

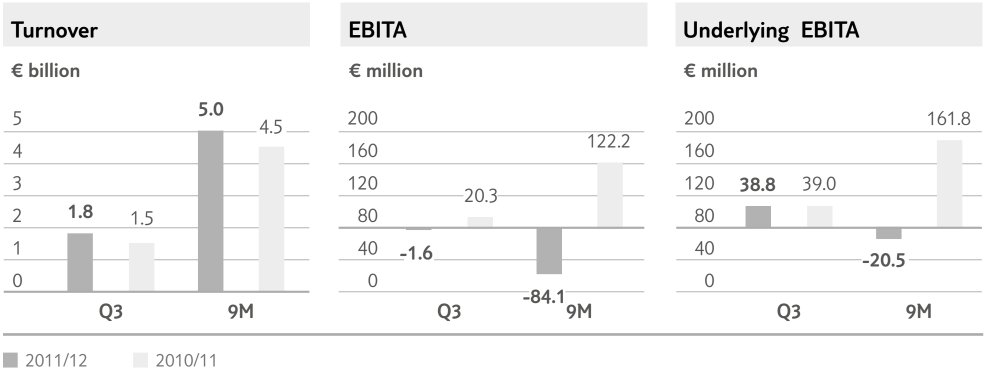
€ million	Q3 2011/12	Q3 2010/11 revised	Var. %	9M 2011/12	9M 2010/11 revised	Var. %
Turnover	11.3	12.5	- 9.6	34.6	38.3	- 9.7
EBITA	**- 22.0**	**- 8.3**	**- 165.1**	**- 43.2**	**- 8.0**	**- 440.0**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	+ 1.9	–		- 11.4	- 24.2	
Underlying EBITA	**- 20.1**	**- 8.3**	**- 142.2**	**- 54.6**	**- 32.2**	**- 69.6**
Underlying EBITDA	- 19.1	- 6.7	- 185.1	- 51.1	- 28.3	- 80.6
Investments in other intangible assets and property, plant and equipment	0.2	0.1	+ 100.0	0.8	0.7	+ 14.3
Employees (30 Jun)	629	623	+ 1.0	629	623	+ 1.0
of which Corporate Center (30 Jun)	204	196	+ 4.1	204	196	+ 4.1

In the third quarter of 2011/12, underlying earnings by Central Operations totalled €-20.1m, down €11.8m year-on-year. This year-on-year variation was driven by income from portfolio adjustments carried by Central Operations in the prior year comparative quarter and the foreign exchange-induced expenses included in the period under review. Accumulated underlying earnings for the nine months amounted to €-54.6m, down €22.4m. This decline in earnings for the first nine months was attributable to the effects mentioned above and foreign exchange effects already included in the first half of 2011/12.

In the period under review, Central Operations had to carry adjustments above all in relation to an Executive Board member resigning ahead of time. In the prior-year reference quarters, no adjustments had to be carried.

In the third quarter of 2011/12, reported earnings by Central Operations declined by €13.7m to €-22.0m versus prior year. Accumulated reported earnings for the first nine months totalled €-43.2m, down €35.2m year-on-year.

Information on Container Shipping



Following the sale of a 17.4% stake in Hapag-Lloyd to the Albert Ballin consortium in June 2012, TUI held a stake of around 22% at the end of the third quarter of 2011/12. The stake is measured at equity in TUI's consolidated financial statements. As the stake constitutes a financial investment from TUI AG's perspective, the proportionate at equity result is not included in the TUI Group's operating performance indicator EBITA.

For information purposes, the table below presents Container Shipping from Hapag-Lloyd AG's perspective on a 100 per cent basis.

Container Shipping – key figures

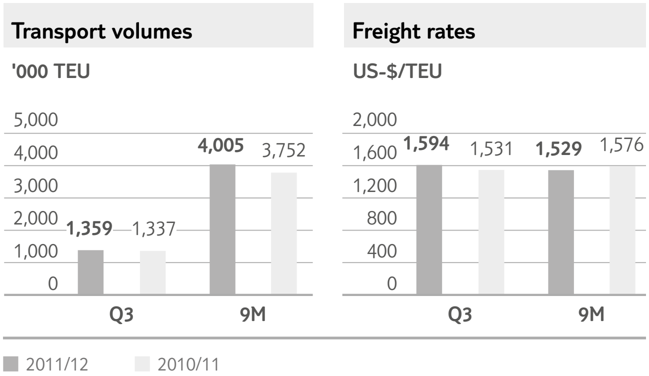
€ million	**Q3 2011/12**	Q3 2010/11	Var. %	**9M 2011/12**	9M 2010/11	Var. %
Turnover	1,794.6	1,484.7	+ 20.9	4,999.7	4,503.3	+ 11.0
EBITA	**- 1.6**	**20.3**	**n/a**	**- 84.1**	**122.2**	**n/a**
Gains on disposal	- 2.2	–		- 3.5	+ 1.6	
Restructuring	–	–		–	+ 0.1	
Purchase price allocation	+ 42.6	+ 11.5		+ 67.1	+ 35.9	
Other one-off items	–	+ 7.2		–	+ 2.0	
Underlying EBITA	**38.8**	**39.0**	**- 0.5**	**- 20.5**	**161.8**	**n/a**

Turnover and earnings

In the third quarter of 2011/12, turnover by Container Shipping rose by 20.9% year-on-year to around €1.8bn. This development was mainly attributable to the substantial increase average freight rate levels. It also benefited from by the 12% rise in the US Dollar exchange rate against the Euro.

In the third quarter of 2011/12, underlying earnings rose substantially versus the previous quarter to €38.8m. Earnings of the period under review were thus on previous year's level. These earnings reflected adjustments totalling €40.4m, primarily for one-off effects from the purchase price allocation. Prior to adjustments, earnings amounted to €-1.6m, an decrease of €21.9m on prior year. The successful implementation of rate increases and higher transport volumes had a positive effect. On the other hand, however, earnings were adversely impacted by considerably higher transport expenses caused by energy- and inflation-induced cost increases. In the third quarter of 2011/12, Hapag-Lloyd was faced with an average bunker price of US$694/tonne, up US$85/tonne versus the prior year. Accumulated underlying earnings for the first nine months of 2011/12 declined to €-20.5m.

Transport volumes and freight rates in Container Shipping



In the third quarter of 2011/2012, Hapag-Lloyd shipped a total of 1,359 thousand standard container units (TEU) globally. Transport volumes thus grew by 1.6% year-on-year, primarily in the Trans-Pacific and Far East trade lanes. The average freight rate stood at 1,594 US$/TEU in the third quarter of 2011/12, up 4.1% year-on-year. The freight rate increases that had been announced were mostly successfully implemented in the market. At 12.9%, the strongest year-on-year rise in freight rates was achieved in the Trans-Pacific trade lane.

Consolidated earnings

Income statement of the TUI Group

€ million		Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Turnover		4,724.7	4,387.5	+ 7.7	11,455.2	10,751.8	+ 6.5
Cost of sales		4,342.0	4,013.1	+ 8.2	10,797.5	10,103.2	+ 6.9
Gross profit		**382.7**	**374.4**	**+ 2.2**	**657.7**	**648.6**	**+ 1.4**
Administrative expenses		341.4	355.9	- 4.1	1,086.0	1,026.7	+ 5.8
Other income/Other expenses		+ 50.8	+ 12.5	+ 306.4	+ 65.4	+ 65.0	+ 0.6
Financial income		31.5	32.1	- 1.9	122.7	192.0	- 36.1
Financial expenses		110.1	91.3	+ 20.6	302.4	386.7	- 21.8
Share of result of joint ventures and associates		+ 9.4	- 2.6	n/a	- 47.8	+ 24.7	n/a
Earnings before income taxes		**22.9**	**- 30.8**	**n/a**	**- 590.4**	**- 483.1**	**- 22.2**
Reconciliation to underlying earnings:							
Earnings before income taxes		22.9	- 30.8	n/a	- 590.4	- 483.1	- 22.2
plus: Loss on Container Shipping measured at equity		3.0	5.0	- 40.0	61.7	0.3	n/a
less: Gains on reduction and measurement of financial investment in Container Shipping		- 46.6	- 10.0	- 366.0	- 63.7	- 50.9	- 25.1
plus: Net interest expense and expense from measurement of interest hedges		64.5	72.8	- 11.4	175.3	245.7	- 28.7
Group EBITA		43.8	37.0	+ 18.4	- 417.1	- 288.0	- 44.8
Adjustments:							
plus: Restructuring expenses		+ 7.6	+ 5.3		+ 57.6	+ 16.0	
plus: Loss from purchase price allocation		+ 15.0	+ 26.1		+ 55.7	+ 65.6	
plus/less: Expenses/income from other one-off items		+ 35.9	+ 27.8		+ 34.6	- 72.5	
Underlying Group EBITA		**102.3**	**96.2**	**+ 6.3**	**- 269.2**	**- 278.9**	**+ 3.5**
Earnings before income taxes		**22.9**	**- 30.8**	**n/a**	**- 590.4**	**- 483.1**	**- 22.2**
Income taxes		13.6	8.8	+ 54.5	- 197.2	- 139.9	- 41.0
Group profit/loss for the year		**9.3**	**- 39.6**	**n/a**	**- 393.2**	**- 343.2**	**- 14.6**
Group loss for the year attributable to shareholders of TUI AG		- 3.3	- 40.5	+ 91.9	- 276.1	- 230.9	- 19.6
Group profit/loss for the year attributable to non-controlling interest		12.6	0.9	n/a	- 117.1	- 112.3	- 4.3
Basic and diluted earnings per share	**in €**	**- 0.04**	**- 0.18**	**+ 76.7**	**- 1.17**	**- 0.99**	**- 18.4**

The consolidated income statement reflects the seasonality of the tourism business, with negative accumulated results generated in the period from October to June due to the seasonality of the business.

See page 4

Turnover and cost of sales

Turnover comprises the turnover generated by Tourism and Central Operations. In the third quarter of 2011/12, turnover grew by 7.7% year-on-year to €4.7bn. This increase was above all attributable to higher average selling prices in TUI Travel as well as foreign exchange effects mainly caused by the strengthening of Sterling against the Euro. In the first nine months of 2011/12, the year-on-year growth amounted to 6.5%. Turnover is presented alongside the cost of sales, which also rose. A detailed breakdown of turnover and the development of turnover are presented in the section Earnings by the Sectors.

Gross profit

At €382.7m, gross profit as the balance of turnover and the cost of sales was up 2.2% year-on-year in the third quarter of 2011/12. For the first nine months of the year, gross profit stood at €657.7m, up 1.4% versus the prior year.

Administrative expenses

Administrative expenses comprise expenses not directly allocable to the turnover transactions, such as expenses for general management functions. In the third quarter, they totalled €341.4m, down 4.1% on prior year. For the first nine months of the year, administrative expenses stood at €1.1bn, up 5.8% year-on-year. The increase in accumulated administrative expenses was particularly driven by the expenses for the restructuring of the French tour operator business included in the period under review and the curtailment of pension obligations in the UK carried in the prior year.

Other income/Other expenses

Other income and Other expenses primarily comprise profits and losses from the sale of fixed assets. The balance of income and expenses totalled €50.8m in the third quarter of 2011/12. This constitutes an increase of €38.3m. In the period under review, Other income included income from the disposal of a part of the hybrid instrument granted to Hapag-Lloyd Holding AG and the measurement of the investment in Container Shipping. For the first nine months of 2011/12, the accumulated amount was €65.4m, flat year-on-year.

Impairment of goodwill

No goodwill impairment charges were carried for the 2011/12 reporting periods, nor for the previous year.

Financial income and expenses/Financial result

The financial result comprises the interest result and the net result from marketable securities as well as the effect of the measurement of the financial instruments granted to Container Shipping. In the third quarter, it comprised financial income of €31.5m (previous year €32.1m) and financial expenses of €110.1m (previous year €91.3m). The year-on-year increase in financial expenses resulted from a write-down of financial assets effected in the period under review.

In the first nine months of the year, the financial result improved by €15.0m. This development was attributable to the reduction in financial expenses due to the repayment of loans in the first quarter of 2011/12 and the repurchase of bonds in the second quarter of 2011/12.

Share of results of joint ventures and associates

The share of results of joint ventures and associates comprises the share in net profit for the year of the associated companies and joint ventures as well as any impairments of the goodwill of these companies. The share of results of joint ventures and associates improved by €12.0m to €9.4m in the third quarter of 2011/12, above all due to the positive development of the Riu Group. For the first nine months of the year, the share of results of joint ventures and associates totalled €-47.8m (previous year €24.7m). The year-on-year decline of €72.5m in the first nine months of 2011/12 was primarily driven by the development of the profit contribution from the stake in Hapag-Lloyd.

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Underlying Group EBITA

In the third quarter of 2011/12, underlying Group EBITA totalled €102.3m, up 6.3% year-on-year. Accumulated underlying Group EBITA for the first nine months of the year was €-269.2m, up €9.7m versus the prior year. EBITA was adjusted for gains on disposal, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the section Earnings by the Sectors.

Income taxes

Taxes on income comprise taxes on profits from the business activities. In the third quarter of 2011/12, tax liabilities of €13.6m arose (previous year €8.8m). For the first nine months of the year, accumulated tax assets of €197.2m arose (previous year tax assets of €139.9m), primarily driven by the seasonality of the tourism business.

Group loss

In the third quarter of 2011/12, the Group result was €9.3m (previous year €-39.6m). The accumulated Group result for the first nine months of 2011/12 decreased by €50.0m to €-393.2m.

Non-controlling interests

Non-controlling interests accounted for €12.6m for the third quarter of 2011/12 and €-117.1m for the first nine months of the year. They related to the external shareholders of TUI Travel PLC and companies in the TUI Hotels & Resorts Sector.

Earnings per share

After deduction of non-controlling interests, TUI AG shareholders accounted for €-3.3m (previous year €-40.5m) of the Group result in the third quarter of 2011/12. As a result, basic earnings per share amounted to €-0.04 (previous year €-0.18) for the third quarter and €-1.17 (previous year €-0.99) for the first nine months of 2011/12.

Performance indicators

Key figures of income statement

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**271.7**	**370.0**	**- 26.6**	**552.5**	**598.5**	**- 7.7**
Operating rental expenses	106.4	229.2	- 53.6	682.1	620.7	+ 9.9
Earnings before interest, income taxes, depreciation and impairment (EBITDA)	**165.3**	**140.8**	**+ 17.4**	**- 129.6**	**- 22.2**	**- 483.8**
Depreciation/amortisation less reversals of depreciation *)	- 121.5	- 103.8	- 17.1	- 287.5	- 265.8	- 8.2
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**43.8**	**37.0**	**+ 18.4**	**- 417.1**	**- 288.0**	**- 44.8**
Earnings before interest and income taxes (EBIT)	**43.8**	**37.0**	**+ 18.4**	**- 417.1**	**- 288.0**	**- 44.8**
Net interest expense and expense from the measurement of interest hedges	- 64.5	- 72.8	+ 11.4	- 175.3	- 245.7	+ 28.7
Effect of reduction and measurement of financial commitment to Container Shipping	46.6	10.0	+ 366.0	63.7	50.9	+ 25.1
Result from Container Shipping measured at equity	- 3.0	- 5.0	+ 40.0	- 61.7	- 0.3	n/a
Earnings before income taxes (EBT)	**22.9**	**- 30.8**	**n/a**	**- 590.4**	**- 483.1**	**- 22.2**

*) on property, plant and equipment, intangible asssets, financial and other assets

Net assets and financial position

The Group's balance sheet total increased by 2.6% to €13.8bn versus the end of financial year 2010/11. The changes in the consolidated statement of financial position against 30 September 2011 primarily reflect the seasonality of the tourism business.

Assets and liabilities

€ million	30 Jun 2012	30 Sep 2011	Var. %
Non-current assets	8,900.9	9,107.6	- 2.3
Current assets	4,948.1	4,384.3	+ 12.9
Assets	**13,849.0**	**13,491.9**	**+ 2.6**
Equity	1,550.0	2,547.8	- 39.2
Provisions	2,132.8	1,934.6	+ 10.2
Financial liabilities	2,627.3	2,798.3	- 6.1
Other liabilities	7,538.9	6,211.2	+ 21.4
Liabilities	**13,849.0**	**13,491.9**	**+ 2.6**

Non-current assets
As at 30 June 2012, non-current assets accounted for 64.3% of total assets, compared with 67.5% as at 30 September 2011. In absolute terms, non-current assets declined from €9.1bn as at 30 September 2011 to €8.9bn as at 30 June 2012.

Current assets
As at 30 June 2012, current assets accounted for 35.7% of total assets, following 32.5% as at 30 September 2011. Current assets increased from €4.4bn as at 30 September 2011 to €4.9bn as at 30 June 2012.

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Equity
Equity totalled €1.6bn as at 30 June 2012. The equity ratio declined from 18.9% as at 30 September 2011 to 11.2%. Further information on the changes in equity is provided in the Notes to the present Interim Report.

Provisions
Provisions mainly comprise provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 30 June 2012, they totalled €2.1bn, up 10.2% on their level as at 30 September 2011.

Financial liabilities
As at 30 June 2012, financial liabilities consisted of non-current financial liabilities of €1.9bn and current financial liabilities of €0.7bn. As at 30 September 2011, non-current financial liabilities amounted to €2.3bn, with current financial liabilities of €0.5bn.

At the end of the third quarter (30 June 2012), the TUI Group's net debt including the assets held for sale and the associated liabilities totalled €0.8bn. Net debt was thus reduced by €0.7bn year-on-year. This substantial reduction in net debt resulted primarily from cash reflow in connection with the reduction of the stake in Container Shipping.

Other liabilities
As at 30 June 2012, other liabilities amounted to €7.5bn, up 21.4% as against 30 September 2011. This change resulted mainly from the seasonality of the tourism business.

Other segment indicators

Underlying EBITDA

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Tourism	204.2	172.4	+ 18.4	- 4.7	- 39.0	+ 87.9
TUI Travel	141.1	134.7	+ 4.8	- 155.4	- 149.0	- 4.3
TUI Hotels & Resorts	62.1	35.3	+ 75.9	150.7	106.5	+ 41.5
Cruises	1.0	2.4	- 58.3	–	3.5	n/a
Central Operations	- 19.1	- 6.7	- 185.1	- 51.1	- 28.3	- 80.6
Group	**185.1**	**165.7**	**+ 11.7**	**- 55.8**	**- 67.3**	**+ 17.1**

EBITDA

€ million	Q3 2011/12	Q3 2010/11 revised	Var. %	9M 2011/12	9M 2010/11 revised	Var. %
Tourism	186.3	147.5	+ 26.3	- 89.9	- 18.1	- 396.7
TUI Travel	123.6	109.8	+ 12.6	- 240.2	- 107.3	- 123.9
TUI Hotels & Resorts	61.7	35.3	+ 74.8	150.3	85.7	+ 75.4
Cruises	1.0	2.4	- 58.3	–	3.5	n/a
Central Operations	- 21.0	- 6.7	- 213.4	- 39.7	- 4.1	- 868.3
Group	**165.3**	**140.8**	**+ 17.4**	**- 129.6**	**- 22.2**	**- 483.8**

Investments in other intangible assets and property, plant and equipment

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Tourism	154.6	142.8	+ 8.3	507.1	338.0	+ 50.0
TUI Travel	149.0	117.3	+ 27.0	443.7	264.3	+ 67.9
TUI Hotels & Resorts	4.4	21.9	- 79.9	57.3	67.8	- 15.5
Cruises	1.2	3.6	- 66.7	6.1	5.9	+ 3.4
Central Operations	0.2	0.1	+ 100.0	0.8	0.7	+ 14.3
Group	**154.8**	**142.9**	**+ 8.3**	**507.9**	**338.7**	**+ 50.0**

Amortisation of other intangible assets and depreciation of property, plant and equipment

€ million	Q3 2011/12	Q3 2010/11	Var. %	9M 2011/12	9M 2010/11	Var. %
Tourism	108.8	101.3	+ 7.4	272.3	287.2	- 5.2
TUI Travel	78.8	80.7	- 2.4	204.1	218.1	- 6.4
TUI Hotels & Resorts	26.8	18.4	+ 45.7	60.3	62.9	- 4.1
Cruises	3.2	2.2	+ 45.5	7.9	6.2	+ 27.4
Central Operations	1.0	1.1	- 9.1	3.4	3.4	–
Group	**109.8**	**102.4**	**+ 7.2**	**275.7**	**290.6**	**- 5.1**

Employees

	30 Jun 2012	30 Sep 2011	Var. %
Tourism	71,955	73,079	- 1.5
TUI Travel	57,648	58,378	- 1.3
TUI Hotels & Resorts	14,020	14,424	- 2.8
Cruises	287	277	+ 3.6
Central Operations	629	628	+ 0.2
Corporate Center	204	202	+ 1.0
Other units	425	426	- 0.2
Group	**72,584**	**73,707**	**- 1.5**

MANAGEMENT REPORT

PROSPECTS

Macroeconomic situation

The International Monetary Fund (IMF, World Economic Outlook, July 2012) has forecast global gross domestic product growth of 3.5% for calendar year 2012. For 2013, the IMF now expects global economic growth of 3.9%. However, this growth, down 2 percentage points versus the IMF forecast of April 2012, will require a medium-term easing of the conditions in the Eurozone, which continues to constitute the biggest risk for the stability of global financial markets and the global economy. The development in 2013 will also hinge upon the question as to whether the US will succeed in avoiding any substantial cuts in public spending as well as tax increases.

Expected development of gross domestic product

Variation in %	2012	2013
World	**3.5**	**3.9**
Europe	0.0	1.0
Germany	1.0	1.4
UK	0.2	1.4
France	0.3	0.8
US	2.0	2.3
Russia/CIS	4.1	4.1
Japan	2.4	1.5
China	8.0	8.5
India	6.1	6.5
Emerging Eastern Asia economies	5.4	6.1

Source: International Monetary Fund, World Economic Outlook, July 2012

Market development in Tourism

For calendar year 2012, the World Tourism Organisation UNWTO has confirmed its outlook and expects international arrivals to grow by 3 to 4% (UNWTO, World Tourism Barometer, July 2012).

The European Travel Commission has confirmed its forecast for outbound visitors in Europe to decline by 0.2% year-on-year (European Travel Commission, European Tourism 2012, Quarterly Report 1/2012, April 2012).

Expected development of earnings

For financial year 2011/12, we expect operating earnings by Tourism to grow year-on-year, with Central Operations posting a stable development. Underlying earnings by the TUI Group are therefore also expected to rise year-on-year.

For financial year 2011/12, we expect the overall Group result for the year to be positive.

In the first nine months of 2011/12, demand for North African destinations did not yet recover fully from the impact of the political unrest. Nevertheless, with the exception of the French travel market, we are observing a stabilisation of demand in our source markets. Trading for the 2012 summer season has shown an overall positive development despite the continued uncertainty of the economic environment. Our current expectation concerning the likely development of the TUI Group in financial year 2011/12 therefore remains largely in line with the assessment made in our Annual Report 2010/11.

TUI Group

Expected development of Group earnings

€ million	2011/12	2010/11
Turnover	↗	17,480.3
Underlying EBITA	↗	600.1
EBITA	↗	444.5

Turnover

In financial year 2011/12, we expect turnover to grow moderately, in particular due to the assumed passing on of higher input costs to customers and higher proportion of sales of differentiated product in TUI Travel's Mainstream Business.

Underlying EBITA

The TUI Group's underlying EBITA in financial year 2011/12 is expected to rise due to expected earnings improvements in TUI Travel and TUI Hotels & Resorts. Risks relate to the development of consumer sentiment in the large source markets in the event of weaker economic growth and higher energy costs.

EBITA

In line with the growth in operating earnings, we also expect reported EBITA to rise in financial year 2011/12.

Group profit for the year

Overall, we expect to achieve a positive Group result for the year for financial year 2011/12.

Expected development of the Sectors

Expected development of Sector earnings

		Turnover		Underlying EBITA
€ million	2011/12	2010/11	2011/12	2010/11
Tourism	↗	17,430.4	↗	656.6
TUI Travel	↗	16,867.0	↗	500.1
TUI Hotels & Resorts	↗	362.6	↗	145.3
Cruises	↗	200.8	↘	11.2
Central Operations	→	49.9	→	- 56.5
Group	↗	**17,480.3**	↗	**600.1**

TUI Travel

For TUI Travel we expect underlying earnings to rise year-on-year in 2011/12. The main earnings drivers in TUI Travel are positive effects of the turnaround and cost efficiency programmes launched as well as margin improvements resulting from increased sales of differentiated products. On the other hand, there are risks related to economic development in the key volume markets, which might fall short of expectations and thus curb demand in the travel market. Should demand fall short of expectations, it might also be difficult to achieve price increases, required in order to offset higher input costs. Should Sterling remain strong against the Euro in the fourth quarter of 2011/12, the result from TUI Travel's UK business carried in TUI AG's consolidated financial statements might improve versus our previous expectation.

TUI Hotels & Resorts

In financial year 2011/12, TUI Hotels & Resorts is expected to post a moderate increase in capacity and bednights in financial year 2011/12. Overall, we expect higher hotel occupancy rates and significantly improved operating results, supported by the sound development of the hotel business in the first nine months of 2011/12. Risks relate to customer volumes from the key source markets, which might fall short of expectations.

Cruises

Due to the fleet expansion in Hapag-Lloyd Kreuzfahrten and TUI Cruises, we expect operating results in the Cruises Sector to decline year-on-year in financial year 2011/12.

Tourism

Based on the earnings estimates for TUI Travel, TUI Hotels & Resorts and Cruises, we expect the Tourism Segment to achieve an increase in operating results year-on-year in financial year 2011/12. The business performance in Tourism will be strongly affected by the development of consumer sentiment in the key volume markets.

Central Operations

For Central Operations, we expect underlying earnings to be flat year-on-year.

MANAGEMENT REPORT

CORPORATE GOVERNANCE

Composition of the boards

The composition of the boards of TUI AG changed as follows in the period under review and after the reporting date:

Dr Michael Frenzel will resign from TUI AG's Executive Board upon the close of the Annual General Meeting on 13 February 2013. Friedrich Joussen, CEO of Vodafone Deutschland until 30 September 2012, will join TUI AG's Executive Board as at 15 October 2012 and will take over as CEO after the 2013 Annual General Meeting. At the same time, Dr Frenzel (65) will finish his active career.

Dr Peter Engelen will resign from TUI AG's Executive Board ahead of time at his own request as at 31 August 2012. Dr Engelen is in charge of Human Resources, Sustainable Development, Legal and Compliance. TUI AG is aiming to ensure a timely succession arrangement.

www.tui-group.com

The current, complete composition of the Executive Board and Supervisory Board is listed on the Company's website, where it has been made permanently available to the public.

TUI AG
The Executive Board

August 2012

INTERIM FINANCIAL STATEMENTS

Income statement of the TUI Group for the period from 1 October 2011 to 30 June 2012

€ million	Notes	**Q3 2011/12**	Q3 2010/11	**9M 2011/12**	9M 2010/11
Turnover		4,724.7	4,387.5	11,455.2	10,751.8
Cost of sales	(1)	4,342.0	4,013.1	10,797.5	10,103.2
Gross profit		**382.7**	**374.4**	**657.7**	**648.6**
Administrative expenses	(1)	341.4	355.9	1,086.0	1,026.7
Other income/Other expenses	(2)	+ 50.8	+ 12.5	+ 65.4	+ 65.0
Financial income	(3)	31.5	32.1	122.7	192.0
Financial expenses	(3)	110.1	91.3	302.4	386.7
Share of result of joint ventures and associates	(4)	+ 9.4	- 2.6	- 47.8	+ 24.7
Earnings before income taxes		**22.9**	**- 30.8**	**- 590.4**	**- 483.1**
Reconciliation to underlying earnings:					
Earnings before income taxes		22.9	- 30.8	- 590.4	- 483.1
plus: Loss on Container Shipping measured at equity		3.0	5.0	61.7	0.3
less: Gains on reduction and measurement of financial investment in Container Shipping		- 46.6	- 10.0	- 63.7	- 50.9
plus: Net interest expense and expense from measurement of interest hedges		64.5	72.8	175.3	245.7
Group EBITA		43.8	37.0	- 417.1	- 288.0
Adjustments:	(5)				
plus: Restructuring expenses		7.6	5.3	57.6	16.0
plus: Expenses from purchase price allocation		15.0	26.1	55.7	65.6
plus: Expenses /less: Income from other one-off items		+ 35.9	+ 27.8	+ 34.6	- 72.5
Underlying Group EBITA		**102.3**	**96.2**	**- 269.2**	**- 278.9**
Earnings before income taxes		**22.9**	**- 30.8**	**- 590.4**	**- 483.1**
Income taxes	(6)	13.6	8.8	- 197.2	- 139.9
Group gain/loss for the year		**9.3**	**- 39.6**	**- 393.2**	**- 343.2**
Group loss for the year attributable to shareholders of TUI AG		- 3.3	- 40.5	- 276.1	- 230.9
Group gain/loss for the year attributable to non-controlling interest	(7)	12.6	0.9	- 117.1	- 112.3

Earnings per share

€	**Q3 2011/12**	Q3 2010/11	**9M 2011/12**	9M 2010/11
Basic and diluted earnings per share	- 0.04	- 0.18	- 1.17	- 0.99

Condensed statement of comprehensive income for the period from 1 October 2011 to 30 June 2012

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Group gain/loss	**+ 9.3**	**- 39.6**	**- 393.2**	**- 343.2**
Foreign exchange differences	- 15.5	- 27.7	- 39.0	- 62.5
Financial instruments available for sale	- 46.9	- 2.4	- 178.8	+ 77.3
Cash flow hedges	- 249.9	- 83.2	- 184.4	+ 145.5
Actuarial gains and losses from pension provisions and related fund assets	- 110.3	- 12.1	- 157.4	+ 97.2
Changes in the measurement of companies measured at equity	- 19.1	- 39.3	- 8.8	+ 19.6
Taxes attributable to other comprehensive income	+ 94.9	+ 22.3	+ 85.8	- 80.6
Other comprehensive income	**- 346.8**	**- 142.4**	**- 482.6**	**+ 196.5**
Total comprehensive income	**- 337.5**	**- 182.0**	**- 875.8**	**- 146.7**
attributable to shareholders of TUI AG	- 257.6	- 115.4	- 536.1	- 125.7
attributable to non-controlling interest	- 79.9	- 66.6	- 339.7	- 21.0

Financial position of the TUI Group as at 30 June 2012

€ million	30 Jun 2012	30 Sep 2011	30 Sep 2010 revised
Assets			
Goodwill	3,065.5	2,907.2	2,862.6
Other intangible assets	828.7	856.6	907.2
Investment property	55.0	59.2	66.2
Property, plant and equipment	2,640.8	2,445.1	2,499.8
Investments in joint ventures and associates	1,367.9	1,735.5	1,775.2
Financial assets available for sale	76.6	487.8	612.0
Trade receivables and other assets	419.7	409.1	334.8
Derivative financial instruments	28.4	43.6	165.3
Deferred tax asset	418.3	163.5	133.6
Non-current assets	**8,900.9**	**9,107.6**	**9,356.7**
Inventories	128.5	106.7	89.5
Trade receivables and other assets	2,622.9	1,950.9	2,328.2
Derivative financial instruments	197.3	231.2	203.3
Current tax asset	114.3	90.0	71.1
Cash and cash equivalents	1,868.7	1,981.3	2,274.3
Assets held for sale	16.4	24.2	292.4
Current assets	**4,948.1**	**4,384.3**	**5,258.8**
	13,849.0	**13,491.9**	**14,615.5**

€ million	30 Jun 2012	30 Sep 2011	30 Sep 2010 revised
Equity and liabilities			
Subscribed capital	644.9	643.5	643.1
Capital reserves	957.3	956.1	913.5
Revenue reserves	1.3	575.6	489.5
Hybrid capital	294.8	294.8	294.8
Equity before non-controlling interest	**1,898.3**	**2,470.0**	**2,340.9**
Non-controlling interest	- 348.3	77.8	93.3
Equity	**1,550.0**	**2,547.8**	**2,434.2**
Pension provisions and similar obligations	1,031.3	878.2	878.5
Other provisions	564.9	548.6	520.2
Non-current provisions	**1,596.2**	**1,426.8**	**1,398.7**
Financial liabilities	1,924.3	2,324.7	2,827.5
Derivative financial instruments	80.6	73.7	47.8
Current tax liabilities	107.1	117.2	114.5
Deferred tax liabilities	34.4	120.7	80.2
Other liabilities	56.1	105.1	86.4
Non-current liabilities	**2,202.5**	**2,741.4**	**3,156.4**
Non-current provisions and liabilities	**3,798.7**	**4,168.2**	**4,555.1**
Pension provisions and similar obligations	35.0	35.9	32.8
Other provisions	501.6	471.9	383.5
Current provisions	**536.6**	**507.8**	**416.3**
Financial liabilities	703.0	473.6	1,684.4
Trade payables	2,555.5	2,973.5	2,847.4
Derivative financial instruments	279.3	157.7	147.4
Current tax liabilities	181.8	198.3	138.0
Other liabilities	4,244.1	2,462.8	2,296.8
Current liabilities	**7,963.7**	**6,265.9**	**7,114.0**
Liabilities related to assets held for sale	**–**	**2.2**	**95.9**
Current provisions and liabilities	**8,500.3**	**6,775.9**	**7,626.2**
	13,849.0	**13,491.9**	**14,615.5**

Condensed statement of changes in Group equity for the period from 1 October 2011 to 30 June 2012

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 October 2011	**643.5**	**956.1**	**575.6**	**294.8**	**2,470.0**	**77.8**	**2,547.8**
Dividends	–	–	–	–	–	- 93.4	- 93.4
Hybrid capital dividend	–	–	- 19.4	–	- 19.4	–	- 19.4
Share-based payment schemes of TUI Travel PLC	–	–	5.0	–	5.0	3.9	8.9
Issue of employee shares	1.4	1.2	–	–	2.6	–	2.6
Effects on the acquisition of non-controlling interests	–	–	- 23.8	–	- 23.8	3.1	- 20.7
Group loss	**–**	**–**	**- 276.1**	**–**	**- 276.1**	**- 117.1**	**- 393.2**
Foreign exchange differences	–	–	71.1	–	71.1	- 110.1	- 39.0
Financial Instruments available for sale	–	–	- 181.9	–	- 181.9	3.1	- 178.8
Cash flow hedges	–	–	- 86.9	–	- 86.9	- 97.5	- 184.4
Actuarial losses from pension provisions and related fund assets	–	–	- 100.2	–	- 100.2	- 57.2	- 157.4
Changes in the measurement of companies measured at equity	–	–	- 9.0	–	- 9.0	0.2	- 8.8
Taxes attributable to other comprehensive income	–	–	46.9	–	46.9	38.9	85.8
Other comprehensive income	**–**	**–**	**- 260.0**	**–**	**- 260.0**	**- 222.6**	**- 482.6**
Total comprehensive income	–	–	- 536.1	–	- 536.1	- 339.7	- 875.8
Balance as at 30 June 2012	**644.9**	**957.3**	**1.3**	**294.8**	**1,898.3**	**- 348.3**	**1,550.0**

Condensed statement of changes in Group equity for the period from 1 October 2010 to 30 June 2011

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 October 2010	**643.1**	**913.5**	**489.5**	**294.8**	**2,340.9**	**93.3**	**2,434.2**
Dividends	–	–	–	–	–	- 135.6	- 135.6
Hybrid capital dividend	–	–	- 19.4	–	- 19.4	–	- 19.4
Share-based payment schemes of TUI Travel PLC	–	–	9.8	–	9.8	7.7	17.5
Issue of employee shares	0.3	0.7	–	–	1.0	–	1.0
Issue of convertible bonds	–	41.9	–	–	41.9	–	41.9
First-time consolidation	–	–	24.0	–	24.0	20.2	44.2
Effects on the acquisition of non-controlling interests	–	–	- 29.2	–	- 29.2	- 5.3	- 34.5
Effect on the transfer to non-controlling interests	–	–	- 12.7	–	- 12.7	12.7	–
Group loss	**–**	**–**	**- 230.9**	**–**	**- 230.9**	**- 112.3**	**- 343.2**
Foreign exchange differences	–	–	- 90.3	–	- 90.3	27.8	- 62.5
Financial instruments available for sale	–	–	77.1	–	77.1	0.2	77.3
Cash flow hedges	–	–	89.1	–	89.1	56.4	145.5
Actuarial losses from pension provisions and related fund assets	–	–	65.6	–	65.6	31.6	97.2
Changes in the measurement of companies measured at equity	–	–	19.6	–	19.6	–	19.6
Taxes attributable to other comprehensive income	–	–	- 55.9	–	- 55.9	- 24.7	- 80.6
Other comprehensive income	**–**	**–**	**105.2**	**–**	**105.2**	**91.3**	**196.5**
Total comprehensive income	–	–	- 125.7	–	- 125.7	- 21.0	- 146.7
Balance as at 30 June 2011	**643.4**	**956.1**	**336.3**	**294.8**	**2,230.6**	**- 28.0**	**2,202.6**

Condensed cash flow statement

€ million	**9M 2011/12**	9M 2010/11
Cash inflow from operating activities	141.7	376.9
Cash inflow from investing activities	431.5	849.7
Cash outflow from financing activities	- 667.6	- 1,951.5
Net change in cash and cash equivalents	**- 94.4**	**- 724.9**
Change in cash and cash equivalents due to exchange rate fluctuation	- 18.2	- 84.3
Cash and cash equivalents at beginning of period	**1,981.3**	**2,274.3**
Cash and cash equivalents at end of period	**1,868.7**	**1,465.1**

NOTES

Accounting principles

In accordance with IAS 34, the Group's interim financial statements as at 30 June 2012 are published in a condensed form compared with the consolidated annual financial statements. As before, they are prepared on the historical cost basis, the only exception being the accounting method applied in measuring financial instruments.

As a matter of principle, the accounting and measurement methods adopted in the preparation of these interim financial statements as at 30 June 2012 are consistent with those followed in the preparation of the preceding consolidated financial statements for the year ended 30 September 2011.

In addition, the following standards and interpretations revised or newly published by the IASB have been mandatory since the beginning of financial year 2011/12:

- Amendment to IAS 24: Related Party Disclosures
- Further improvements to IFRSs (2010), which were not yet mandatory as at 30 September 2011
- Amendments to IFRS 7: Financial Instruments – Disclosures: Transfers of Financial Assets
- IFRIC 14: Prepaid contributions in the framework of minimum funding requirements for pension plans

The mandatory application of these provisions has no significant impact on the TUI Group's net assets, financial position and financial performance and disclosures in the notes to the these interim financial statements.

Recognition changes

Existing income tax liabilities and future income tax charges are now taken together and shown under liabilities instead of being separately carried, as before, broken down into provisions and liabilities for income taxes. IAS 12 itself does not distinguish between tax provisions and liabilities; however, the current accounting practice gives preference to aggregate recognition under liabilities. As a result, the following reclassifications emerged in the consolidated statement of financial position:

Impact on the consolidated statement of financial position

€ million	30 Jun 2012	30 Sep 2011
Current tax provisions – long-term	- 107.1	- 117.2
Deferred tax provisions – long-term	- 34.4	- 120.7
Non-current provisions	**- 141.5**	**- 237.9**
Current tax liability – long-term	107.1	117.2
Deferred tax liability – long-term	34.4	120.7
Non-current liabilities	**141.5**	**237.9**
Non-current provisions and liabilities	**–**	**–**
Current tax provision – short-term	- 181.8	- 198.1
Current provisions	**- 181.8**	**- 198.1**
Current tax liabilities – short-term	181.8	+ 198.3
Other liabilities – from income taxes	–	- 0.2
Current liabilities	**181.8**	**198.1**
Current provisions and liabilities	**–**	**–**
Total equity and liabilities	**–**	**–**

Group of consolidated companies

The consolidated financial statements include all major subsidiaries in which TUI AG is able to directly or indirectly govern the financial or operating policies such that the Group obtains benefits from the activities of these companies.

The interim financial statements as at 30 June 2012 included a total of 44 domestic and 678 foreign subsidiaries, besides TUI AG.

Since 1 October 2011, eight companies have been newly included in consolidation. Four companies have been newly included due to acquisitions and purchases of additional stakes, and one company due to an expansion of its business activities. Three additional companies have been newly established. On the other hand, 52 companies have been deconsolidated: 19 companies due to mergers, 29 companies due to liquidation and four companies due to a sale.

The number of companies measured at equity has risen by four in comparison with the financial statements for the previous year. The companies have been newly included in at equity measurement due to an expansion of their business activities.

Acquisitions – divestments

Summary presentation of acquisitions

Name and headquarters of the acquired company or business	Business activity	Acquirer	Date of acquisition	Acquired share	Consideration transferred in € million
Eurolink Viagens e Turismo, Jundiai, São Paulo	B2B Agency-business	Booking Ja Agencia de Turismo E Viagens Ltda	6 Oct 11	n/a	0.3
15 Travel agents in Germany	Travel agent	TUI Leisure Travel GmbH	1 Oct – 31 Mar 12	n/a	2.7
2 Travel agents in Poland	Travel agent	TUI Poland Dystrybucja Sp. z o.o.	1 Oct – 31 Dec 11	n/a	0.4
Boomerang-Reisen Vermögens-verwaltungsgesellschaft mbH, Trier	Tour operator	TUI Deutschland GmbH	24 Apr 12	26%	1.2
Total					**4.6**

With the exception of the acquisition of the stake in Boomerang-Reisen, all acquisitions were carried out in the form of asset deals.

The considerations transferred for the acquisitions by the TUI Group exclusively consist of the purchase price payments. Incidental acquisition costs and the remuneration for post-acquisition services by the employees of the acquired companies are expensed in the income statement.

Following the acquisition of the stakes indicated above, TUI Deutschland now holds a 75% stake in Boomerang-Reisen Vermögensverwaltungsgesellschaft mbH.

Summary presentation of statements of financial position as at the date of first-time consolidation

€ million	Fair values at date of first-time consolidation
Other intangible assets	0.6
Property, plant and equipment	0.1
Fixed assets	**0.7**
Liabilities and deferred income	0.1
Equity	**0.6**

The difference arising between the consideration transferred and the remeasured acquired net assets of €4.0m as at the acquisition date (after foreign exchange differences) was carried as provisional goodwill. This goodwill essentially constitutes part of the future synergy and earnings potential. The goodwill capitalised in the period under review includes an amount of €2.6m expected to be deductible for tax purposes.

Based on the information available, it was not possible to finalise measurement of some of the acquired assets and liabilities of other acquisitions by the balance sheet date. The twelve-month period permitted under IFRS 3 for finalising purchase price allocations was used; it allows for provisional allocation of the purchase price to the individual assets and liabilities until the end of that period.

The acquisitions had no significant impact on turnover and the Group result for the period under review.

In the present interim financial statements, the purchase price allocations of the following companies and businesses acquired in the first nine months of 2010/11 were finalised within the 12-month period stipulated by IFRS 3:

- Top Class – European Cruise Services S.a.r.l., Monaco
- Centrum Podrozy SA, Poland
- Lima Tours S.A.C., Peru
- Travel & More GmbH, Germany
- Intrepid Travel Group Limited, Australia
- TMS Gateway, USA and Canada
- Great Atlantic Travel and Tour Inc, USA
- Travel agency business in Germany and Austria

Comparative information for reporting periods prior to the completion of the first-time accounting for an acquisition transaction has to be presented retrospectively as if the purchase price allocation had already been finalised as at the acquisition date. The table below provides an overview of the combined final purchase price allocations:

Final presentation of the statements of financial position as at first-time consolidation for acquisitions from 1 October 2010 to 30 June 2011

€ million	Carrying amounts at date of acquisition	Revaluation of assets and liabilities	Fair values at date of first-time consolidation
Other intangible assets	2.2	19.4	21.6
Property, plant and equipment	2.8	- 0.2	2.6
Investments	3.5	- 1.0	2.5
Fixed assets	**8.5**	**18.2**	**26.7**
Trade receivables	24.4	- 1.1	23.3
Other assets including deferred tax assets	1.2	–	1.2
Cash and cash equivalents	12.2	–	12.2
Income tax provisions	0.2	2.8	3.0
Other provisions	0.7	1.2	1.9
Financial liabilities	2.2	–	2.2
Liabilities and deferred income	40.7	1.1	41.8
Equity	**2.5**	**12.0**	**14.5**

The goodwill arising in the consolidated statement of financial position on eliminating the consideration transferred against the acquirer's interest in the remeasured equity rose by €0.9m versus 30 June 2011 due to changes in purchase price allocation. The capitalised goodwill essentially represents a part of the expected synergy and earnings potential.

Taking account of the changes in purchase price allocation, the following impact arose on the TUI Group's statement of financial position as at 30 June 2011:

Impact of changes in purchase price allocations and adjustments on the consolidated statement of financial position

€ million	Adjustment 30 June 2011
Goodwill	+ 0.9
Other intangible assets	+ 1.2
Property, plant and equipment	+ 1.1
Non-current assets	**+ 3.2**
Trade receivables	+ 3.7
Current assets	**+ 3.7**
Income tax provisions	+ 0.8
Other provisions	+ 1.1
Non-current liabilities	**+ 1.9**
Trade payables	+ 4.7
Financial liabilities	+ 0.3
Current liabilities	**+ 5.0**

These final purchase price allocations had no significant impact on the consolidated statement of financial position as at 30 September 2011 and the consolidated income statement for the prior period.

Effects of divestments on the TUI Group's net assets, financial position and financial performance mainly arise from the sale of a 17.4% stake in Hapag-Lloyd to the Albert Ballin consortium in June 2012. Please refer to the notes to the consolidated income statement and consolidated statement of financial position for an explanation of the effects.

Notes to the TUI Group's income statement

The consolidated income statement reflects the seasonality of the tourism business, as a result of which the accumulated result generated in the period from October to June is negative.

The year-on-year growth in turnover in the first nine months of financial year 2011/12 is attributable to higher average selling prices in the TUI Travel Sector driven by an increased proportion of sales of differentiated product and price increases due to by higher input costs. The turnover growth was reinforced by the development of the exchange rate of Sterling against the Euro.

(1) Cost of sales and administrative expenses

The cost of sales and administrative expenses comprise the following items:

Lease, rental and leasing expenses

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Lease, rental and leasing expenses	254.4	230.1	709.0	623.2

The increase in lease, rental and leasing expenses in the period under review compared to the nine-month period of the prior year mainly results from higher expenses for aircraft leasing due to the delivery of additional aircraft. The rise in expenses was reinforced by the development of the exchange rate of the Euro against Sterling.

Staff cost

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Staff cost	594.4	569.5	1,693.9	1,568.0

In the first nine months of financial year 2011/12, staff cost rose by €125.9m year-on-year. This increase was mainly driven by restructuring measures in France and a one-off curtailment gain in relation to the UK pension schemes included in the prior year comparatives. Moreover, the development of the Euro against Sterling caused an exchange rate-induced increase in staff cost, in particular in the third quarter of 2011/12.

Depreciation/amortisation/impairments

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Depreciation and amortisation	92.1	87.1	258.0	262.6
Impairments of property, plant and equipment	17.7	15.3	17.7	28.0
Total	**109.8**	**102.4**	**275.7**	**290.6**

The impairments carried in the period under review mainly relate to an impairment of hotel facilities on the fair value.

The impairments carried in the prior-year comparative period related to the Island Escape cruise ship and a Turkish hotel resort.

(2) Other income/Other expenses

Other income/Other expenses

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Other income	50.8	12.9	66.2	70.1
Other expenses	–	0.4	0.8	5.1
Total	**+ 50.8**	**+ 12.5**	**+ 65.4**	**+ 65.0**

Other income for financial year 2011/12 includes income of €58.6m from the disposal of a part of the hybrid instrument granted to Hapag-Lloyd Holding AG and the measurement of the investment in Container Shipping, including a cautiously measured discount in connection with an IPO. Of this total, an amount of €46.6m relates to the third quarter of 2011/12.

Other income carried for the first nine months of the previous year mainly resulted from the gain on disposal from the sale of the administrative buildings at Ballindamm and Rosenstrasse in Hamburg and income from the reversal of impairments on Turkish hotel facilities.

In addition, a gain on disposal from the sale of an 11.33% stake in Hapag-Lloyd by TUI to the Albert Ballin consortium was carried under other income in the third quarter of the previous year.

(3) Financial result

The financial result for the first nine months of financial year 2011/12 also includes income of €5.1m from accrued interest on a hybrid instrument granted to Hapag-Lloyd Holding AG. In the prior year comparative period, the financial result had included measurement effects of €50.9m from reversals of write-downs on this hybrid instrument and two other hybrid instruments.

Overall, the financial result improved by €15.0m to €-179.7m in the period under review against the nine-month comparative period. This development results from a significant reduction in financial expenses. These positive effects from the reduction in financial liabilities offset the decline in interest income caused by the decline in the base interest rate.

The financial result for the third quarter of 2011/12 also includes expenses for the write-down of an investment.

(4) Share of result of joint ventures and associates

Share of result of joint ventures and associates

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Tourism	+ 12.4	+ 2.4	+ 13.9	+ 25.0
Container Shipping	- 3.0	- 5.0	- 61.7	- 0.3
Total	**+ 9.4**	**- 2.6**	**- 47.8**	**+ 24.7**

The improvement in earnings by Tourism in the third quarter of 2011/12 is primarily attributable to the positive development of the Riu Group.

Earnings for the first nine months of financial year 2011/12 were impacted, in particular, by further investments to continue expansion in the Russian market and a write-down on an investment in the second quarter of 2011/12.

Earnings by Container Shipping for the first nine months of financial year 2011/12 were down versus the prior year despite an increase in transport volumes. This development was attributable to a significant rise in transport costs driven by higher energy prices and inflation, while freight rates in the first nine months were still below the previous year's level. An increase in freight rates was not achieved until the third quarter of 2011/12.

(5) Adjustments

In addition to the disclosures required under IFRS, the consolidated income statement comprises a reconciliation to underlying earnings. The adjustments show deconsolidation income as gains on disposal, events according to IAS 37 as restructuring measures and all effects of purchase price allocations, incidental acquisition costs and contingent considerations on EBITA as purchase price allocations.

The one-off items carried here are income (-) and expenses (+) impacting or distorting the assessment of the operating earnings power of the Sectors and the Group due to their levels and frequencies. These one-off items include in particular major restructuring and integration expenses not meeting the criteria of IAS 37, major expenses for litigation, profits and losses from the sale of aircraft and other material business transactions with a one-off character.

One-off items by sector

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Tourism	34.0	27.8	46.0	- 48.3
TUI Travel	33.6	27.8	45.6	- 51.0
TUI Hotels & Resorts	0.4	–	0.4	2.7
All other segments	1.9	–	- 11.4	- 24.2
Total	**35.9**	**27.8**	**34.6**	**- 72.5**

In the first nine months of the financial year, the one-off items carried for TUI Travel comprise in particular expenses for the restructuring of the tour operator and airline business in France (Convergence project) and for the restructuring of the Specialist & Activity Business.

In the third quarter of 2011/12, one-off items also include expenses for the write-down of an investment.

In the period under review, the one-off items carried under other segments mainly relate to income from the reversal of a provision and a subsequent reduction in acquisition costs for shares which have meanwhile been sold. This income is partly offset by expenses in connection with safety measures for former industrial and mining activities in the Harz region and the resignment of an Executive Board member ahead of time.

In the prior year comparative period, the one-off items carried for TUI Travel related to the adjustment of a gain in relation to changes in the UK pension schemes and, as an opposite effect, the adjustment of expenses for the restructuring of UK tour operator activities and Group functions.

In the previous year, adjustments carried for TUI Hotels & Resorts included reversals of depreciation of fixed assets of Turkish hotel facilities as well as impairments of receivables and hotel complexes.

In the first nine months of the previous year, one-off items carried for other segments mainly included the gains on disposal from the sale of the administrative buildings in Hamburg.

(6) Income taxes

The tax expense for the third quarter of 2011/12 rises due to the lack of recoverability of tax losses.

The tax income posted for the first nine months of the current financial year is primarily attributable to the seasonality of the tourism business.

(7) Group profit/loss attributable to non-controlling interest

Group profit/loss attributable to non-controlling interest

€ million	**Q3 2011/12**	Q3 2010/11	**9M 2011/12**	9M 2010/11
TUI Travel	+ 1.5	- 4.4	- 152.2	- 136.1
TUI Hotels & Resorts	+ 11.1	+ 5.3	+ 35.1	+ 23.8
Total	**+ 12.6**	**+ 0.9**	**- 117.1**	**- 112.3**

Notes to the financial position of the TUI Group

The changes in the consolidated statement of financial position as against 30 September 2011 primarily reflect the seasonality of the tourism business.

The decline in the "Result of joint ventures and associates" in the statement of financial position of €367.6m to €1,367.9m mainly results from the sale of a 17.4% stake in Hapag-Lloyd to the Albert Ballin consortium effected by TUI in June 2012. Following the sale of this stake, TUI now holds a stake of 22.0% in Container Shipping as at the end of the third quarter of 2011/12.

Assets held for sale

€ million	**30 Jun 2012**	30 Sep 2011
Dorfhotel	–	6.9
Property and hotel facilities	8.0	–
Other assets	8.4	17.3
Total	**16.4**	**24.2**

In the first quarter of 2011/12, the Dorfhotel GmbH company was sold.

The additions to real estate and hotel facilities mainly relate to hotel assets owned by a French hotel group.

Other assets mainly comprise aircraft assets held for sale.

Liabilities held for sale

€ million	**30 Jun 2012**	30 Sep 2011
Dorfhotel	–	2.2
Total	**–**	**2.2**

Pension provisions rose by €152.2m to €1,066.3m, above all due to lower interest rate levels in Germany and the UK. The resulting increase in the provision was only partly offset by a rise in the value of the associated pension fund assets in the UK and the Netherlands due to higher prices for the underlying securities.

Non-current financial liabilities decreased by a total of €400.4m to €1,924.3m.

In the current financial year, TUI AG has redeemed non-current financial liabilities with a nominal value of €237.3m plus accrued interest in order to reduce its long-term debt. Non-current financial liabilities also decreased due to the reclassification of bonds maturing in December 2012 and other financial liabilities with a total carrying amount of €443.5m to current liabilities.

An opposite trend was caused in particular by an increase in finance lease liabilities and an increase in liabilities due to banks resulting from the use of non-current credit lines, mainly by TUI Travel PLC.

In addition, TUI AG repurchased bonds maturing in September 2012 with a carrying amount of €185.4m ahead of maturity.

Other liabilities rose in line with the seasonality of the tourism business on account of advance payments received from customers.

Changes in equity

Since 30 September 2011, equity has decreased by €997.8m overall to €1,550.0m.

Equity declined due to the payment of dividends to non-Group shareholders, primarily the dividends paid by TUI Travel PLC and RIUSA II S.A. Moreover, the interest on the hybrid capital issued by TUI AG also has to be carried as a dividend in accordance with IFRS rules.

TUI AG acquired additional shares in TUI Travel PLC. The statutory elimination of these costs and other acquisition costs against revenue reserves caused a decline in equity of €20.7m.

In the framework of long-term incentive programmes, TUI Travel PLC compensates its employees in the form of stock option plans serviced with shares. These stock option plans resulted in an increase in pre-tax equity of €8.9m outside profit and loss in the period under review.

The Group result is negative due to the seasonality of the tourism business.

Revenue reserves declined by €29.4m outside profit and loss on account of the measurement of hybrid instruments in Container Shipping as financial assets held for sale. Moreover, due to the disposal of the hybrid instruments and the transfer of the remaining part to Hapag-Lloyd in exchange for new shares, the provision of €156.1m previously formed had to be taken to the consolidated income statement through profit and loss.

The (after-tax) results directly to be eliminated against equity from higher fair values of cash flow hedges totalled €-138.9m.

In the period under review, pension obligations rose, primarily due to the decrease in the long-term interest rate levels in Germany and the UK. This increase was not fully offset by a rise in the value of the associated assets in the UK. This resulted in an after-tax decrease in the reserves in accordance with IAS 19 included in equity of €-117.1m.

Contingent liabilities

As at 30 June 2012, contingent liabilities totalled around €492.9m (as at 30 September 2011 around €498.4m). Contingent liabilities are carried at the level of estimated settlement as at the balance sheet date. They mainly relate to the assumption of liability for the benefit of Hapag-Lloyd AG for collateralised ship financing schemes and the assumption of liability for the benefit of TUI Cruises GmbH.

Other financial commitments

Financial commitments from operating lease, rental and charter contracts

€ million	30 Jun 2012	30 Sep 2011
Nominal value	3,221.3	3,288.1
Fair value	2,825.4	2,829.2

As at 30 June 2012, the financial commitments from operating lease, rental and charter contracts decreased by €66.8m to €3,221.3m as against 30 September 2011. This decline versus 30 September 2011 is mainly attributable to the contractual redemption of lease obligations for hotel and club facilities. An opposite effect is caused in particular by the commissioning of several aircraft, for which corresponding lease payments are carried.

Nominal values of other financial commitments

€ million	30 Jun 2012	30 Sep 2011
Order commitments in respect of capital expenditure	2,149.4	2,258.9
Other financial commitments	109.9	151.9
Total	**2,259.3**	**2,410.8**
Fair value	**2,065.5**	**2,109.5**

As at 30 June 2012, the order commitments in respect of capital expenditure, almost exclusively relating to Tourism, declined by €109.5m versus 30 September 2011. This was driven by current advance payments and the delivery of two additional Boeing 737-800 aircraft.

A partly opposite effect on the amount carried as order commitments resulted from the inclusion of several planned hotel projects of the RIUSA II Group.

Notes to the cash flow statement of the TUI Group

Based on the after-tax Group result, the cash flow from operating activities is determined using the indirect method. In the period under review, cash and cash equivalents declined by €112.6m to €1,868.7m.

In the period under review, the inflow of cash from operating activities was €141.7m (previous year €376.9m). The decline in the inflow of cash is primarily due to a change in the terms and conditions governing advance payments by customers in TUI UK, which had generated a positive one-off effect in the previous year, and the lower interest received from the investment in Container Shipping (€36.9m versus €91.4m in the previous year).

The inflow of cash from investing activities totalled €431.5m.

From February to April 2012, a part of the hybrid II capital granted to Container Shipping totalling €225.0m was repaid. An inflow of €469.8m was recorded from the sale of a 17.4% stake in Container Shipping after deduction of transaction costs. The cash flow from investing activities includes a cash outflow for investments in property, plant and equipment of €327.3m by the TUI Travel Group and of €55.6m by the hotel companies. In addition, an inflow of cash of €118.7m was generated from the sale of fixed assets by the TUI Travel Group and an inflow of €5.4m from the sale of land by Central Operations. The TUI Travel Group reported an outflow of cash of €32.5m for joint ventures, assets deals and consolidated companies.

The outflow of cash from financing activities totalled €667.6m.

TUI AG paid €211.4m for the early redemption of bonds maturing in 2012 and a further €221.9m for liabilities due to banks due in 2013. TUI Travel PLC mainly used long-term credit lines in order to cover the seasonal payments to be made for the tourism business. The company took out loans worth €134.3m and repaid bank loans worth €28.8m and liabilities from finance leases worth €16.8m. The hotel companies repaid liabilities due to banks worth €24.8m.

The outflow of cash for interest payments totalled €145.6m. Further payments made relate to the dividend for TUI AG's hybrid bond (€25.9m), the dividend for the non-controlling interests of TUI Travel PLC (€67.2m) and RIUSA II S.A. (€30.0m), the increase in the stake in TUI España to 100.0% and the increase in the stake in TUI Travel PLC (€18.8m).

Cash and cash equivalents also decreased by €18.2m due to changes in exchange rates.

Segment indicators

Turnover by segments and sectors for the period from 1 October 2011 to 30 June 2012

€ million	External	Group	Q3 2011/12 Total	External	Group	9M 2011/12 Total
Tourism	4,713.4	3.8	4,717.2	11,420.6	12.3	11,432.9
TUI Travel	4,563.5	5.4	4,568.9	10,996.4	16.6	11,013.0
TUI Hotels & Resorts	90.6	103.9	194.5	262.6	302.9	565.5
Cruises	59.3	–	59.3	161.6	–	161.6
Consolidation	–	- 105.5	- 105.5	–	- 307.2	- 307.2
All other segments	11.3	1.7	13.0	34.6	11.3	45.9
Consolidation	–	- 5.5	- 5.5	–	- 23.6	- 23.6
Total	**4,724.7**	**–**	**4,724.7**	**11,455.2**	**–**	**11,455.2**

Turnover by segments and sectors for the period from 1 October 2010 to 30 June 2011

€ million	External	Group	Q3 2010/11 Total	External	Group	9M 2010/11 Total
Tourism	4,375.0	3.6	4,378.6	10,713.5	11.4	10,724.9
TUI Travel	4,247.3	10.3	4,257.6	10,331.5	25.4	10,356.9
TUI Hotels & Resorts	78.9	105.9	184.8	236.6	298.1	534.7
Cruises	48.8	–	48.8	145.4	–	145.4
Consolidation	–	- 112.6	- 112.6	–	- 312.1	- 312.1
All other segments	12.5	9.4	21.9	38.3	26.7	65.0
Consolidation	–	- 13.0	- 13.0	–	- 38.1	- 38.1
Total	**4,387.5**	**–**	**4,387.5**	**10,751.8**	**–**	**10,751.8**

Earnings before taxes, interest and amortisation of goodwill by segments and sectors

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Tourism	65.8	45.3	- 373.9	- 280.0
TUI Travel	33.0	28.3	- 456.1	- 328.2
TUI Hotels & Resorts	35.0	16.8	90.1	50.9
Cruises	- 2.2	0.2	- 7.9	- 2.7
All other segments	- 22.0	- 8.3	- 43.2	- 8.0
Total	**43.8**	**37.0**	**- 417.1**	**- 288.0**

For the first nine months of financial year 2011/12, earnings before interest, taxes and amortisation of goodwill (EBITA) include results of €+13.9m (previous year €25.0m) from joint ventures and associates, fully generated in Tourism.

Adjusted earnings before taxes, interest and amortisation on goodwill by segments and sectors

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Tourism	122.4	104.5	- 214.6	- 246.7
TUI Travel	89.2	87.5	- 297.2	- 297.6
TUI Hotels & Resorts	35.4	16.8	90.5	53.6
Cruises	- 2.2	0.2	- 7.9	- 2.7
All other segments	- 20.1	- 8.3	- 54.6	- 32.2
Total	**102.3**	**96.2**	**- 269.2**	**- 278.9**

Reconciliation to earnings before taxes of the TUI Group

€ million	Q3 2011/12	Q3 2010/11	9M 2011/12	9M 2010/11
Group EBITA	**43.8**	**37.0**	**- 417.1**	**- 288.0**
Loss on Container Shipping measured at equity	- 3.0	- 5.0	- 61.7	- 0.3
Gains on reduction and measurement of financial investment in Container Shipping	46.6	10.0	63.7	50.9
Net interest expense and expense from measurement of interest hedges	- 64.5	- 72.8	- 175.3	- 245.7
Group earnings before income taxes	**22.9**	**- 30.8**	**- 590.4**	**- 483.1**

Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains direct and indirect relationships with related parties. All transactions with related parties are executed on an arm's length basis on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. The equity stake held by Riu Hotels S.A., listed in the notes to the consolidated financial statements as at 30 September 2011, was retained unamended at the reporting date for the interim financial statements. More detailed information on related parties is provided under Other notes in the notes to the consolidated financial statements for 2010/11.

Major transactions after the reporting date

Dr Michael Frenzel will resign from TUI AG's Executive Board upon the close of the Annual General Meeting to be held on 13 February 2013. Friedrich Joussen will join TUI AG's Executive Board as at 15 October 2012 and will take over as CEO after the 2013 Annual General Meeting.

Financial Calendar

	Date
Interim Report Q3 2011/12	14 Aug 2012
Annual Report 2011/12, Press Conference & Analysts' Meeting	19 Dec 2012
Annual General Meeting 2013	13 Feb 2013

Cautionary statement regarding forward-looking statements

The present Interim Report contains various statements relating to TUI's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, they are not guarantees of future performance since our assumptions involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update any forward-looking statements in order to reflect events of developments after the date of this Report.

Imprint

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