

# TUI AG FINANCIAL YEAR 2011/12

Interim Report 1 October 2011 – 31 December 2011



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## Financial calendar

Reservation concerning future-related statements

Imprint

# Q1 2011/12

## TUI Group – financial highlights

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
<b>Turnover</b>			
TUI Travel	3,312.8	3,159.6	+ 4.8
TUI Hotels & Resorts	83.5	72.7	+ 14.9
Cruises	40.1	40.4	- 0.7
<b>Group</b>	<b>3,448.6</b>	<b>3,286.1</b>	<b>+ 4.9</b>
<b>EBITDA</b>			
TUI Travel	- 93.0	- 72.0	- 29.2
TUI Hotels & Resorts	29.8	27.9	+ 6.8
Cruises	- 5.9	- 2.2	- 168.2
<b>Group</b>	<b>- 67.9</b>	<b>- 43.5</b>	<b>- 56.1</b>
<b>Underlying EBITDA</b>			
TUI Travel	- 84.0	- 60.1	- 39.8
TUI Hotels & Resorts	29.8	27.9	+ 6.8
Cruises	- 5.9	- 2.2	- 168.2
<b>Group</b>	<b>- 80.8</b>	<b>- 47.7</b>	<b>- 69.4</b>
<b>EBITA</b>			
TUI Travel	- 156.4	- 141.5	- 10.5
TUI Hotels & Resorts	13.2	10.1	+ 30.7
Cruises	- 8.2	- 4.4	- 86.4
<b>Group</b>	<b>- 151.4</b>	<b>- 132.3</b>	<b>- 14.4</b>
<b>Underlying EBITA</b>			
TUI Travel	- 130.4	- 112.7	- 15.7
TUI Hotels & Resorts	13.2	10.1	+ 30.7
Cruises	- 8.2	- 4.4	- 86.4
<b>Group</b>	<b>- 147.3</b>	<b>- 119.6</b>	<b>- 23.2</b>
<b>Group earnings</b>			
Net profit for the year	- 137.0	- 94.2	- 45.4
Earnings per share	€ - 0.37	- 0.21	- 77.6
Equity ratio (31 Dec)	% 17.7	19.4	- 1.7*)
Investments in other intangible assets and property, plant and equipment	109.3	97.8	+ 11.8
Net debt (31 Dec)	2,375.9	3,073.3	- 22.7
Employees (31 Dec)	62,664	60,243	+ 4.0

Differences may occur due to rounding

\*)percentage points

- TUI tour operators and hotels are benefiting from a continued strong demand for differentiated products.
- TUI Travel performance impacted by the expected decline in demand for North African destinations in Q1 2011/12.
- TUI Hotels & Resorts records higher bookings in the Canaries and Caribbean.

# MANAGEMENT REPORT

## ECONOMIC SITUATION IN Q1 2011/12

### General economic situation

The global economic climate deteriorated in the first quarter of financial year 2011/12. Overall, the International Monetary Fund (IMF, World Economic Outlook Update, January 2012) expects global GDP growth of 3.8% for calendar year 2011 and 3.3% for 2012. Several industrialised countries have recorded a considerable slowdown in economic growth. The persistent tensions in the financial markets have an increasingly adverse effect on financing terms and conditions. In addition, the global economy is impacted by structural problems in the advanced economies and high unemployment rates in some industrialised countries. Economic expansion in the emerging economies has slowed down; this development may result in reduced overheating pressures in these economies. The economic development in the Eurozone is impacted by tension in the markets for government bonds, weaker global demand and the required consolidation methods.

### Special events in the quarter under review

#### **Tourism performance in Q1 2011/12 impacted by the decline in demand for North Africa, as expected**

While the prior year reference quarter was not yet affected by the political unrest in North Africa, the decline in demand for destinations in Tunisia, Egypt and Morocco had an adverse impact on earnings by Tourism in the first quarter of 2011/12, as expected, resulting in an effect of €30m. At an overall good business performance, the TUI Group's seasonally negative operating earnings thus decreased by €27.7m to €-147.3m in the first quarter of 2011/12.

Underlying EBITA by TUI Travel decreased by €17.7m year-on-year to €-130.4m. The earnings impact driven by the decline in demand for North Africa was partly offset through cost savings and higher bookings for other destinations, e.g. the Canaries. TUI Hotels & Resorts benefited from an increase in booking numbers in Spain and the Caribbean; underlying earnings by the sector rose by €3.1m to €13.2m. Against the backdrop of overall lower demand for these destinations, TUI hotels in Egypt showed an overall satisfactory performance: the decline in earnings resulting from the events in North Africa was limited to €2m in the first quarter. At €-8.2m, earnings by the Cruises sector decreased by €3.8m year-on-year, mainly due to the start-up costs for the planned fleet expansion by Hapag-Lloyd Kreuzfahrten. TUI Cruises, operating two ships for the first time in this winter season, continued to post a positive performance.

### TUI exercises right to tender 33.3% stake in Hapag-Lloyd

On 13 December 2011, TUI AG tendered a 33.3% stake in Hapag-Lloyd to the Hamburg-based Albert Ballin consortium. TUI has thus exercised its contractually agreed exit right, which has to be exercised by 2 January 2012 at the latest.

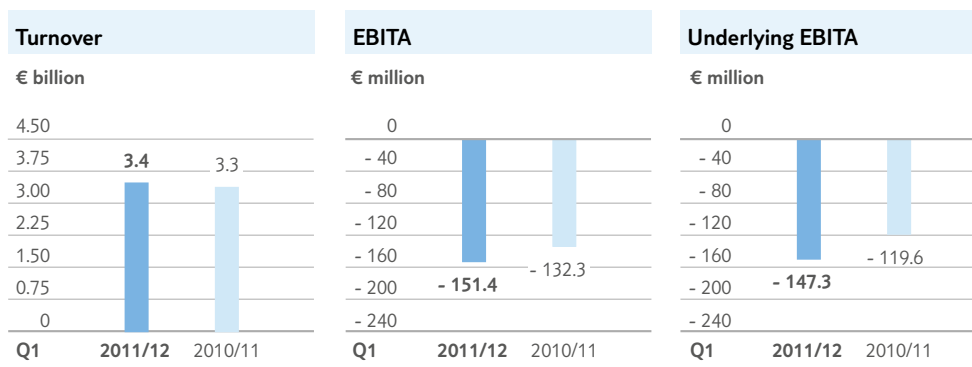
If no agreement on the price of the stake can be reached in a first phase of the tender process, an auditor will act as an arbitrator to determine the market value on the basis of the expected future earnings power of Hapag-Lloyd, applying the principles of IDW S1 (principles for the appraisal of enterprises as issued by the German Auditors' Institute). Should a purchase agreement with Albert Ballin not be concluded by the end of September 2012 at the latest, TUI will be entitled to sell the majority in Hapag-Lloyd to investors. In that case TUI would be entitled to sell all of its remaining shares. The Hamburg-based consortium would then have to sell the same number of shares to the investor at the same price, giving the buyer majority control of Hapag-Lloyd.



See page 16

TUI currently hold a stake of around 38.4% in Hapag-Lloyd. A detailed breakdown of TUI's financial involvement in Container Shipping is presented in the section "Information on Container Shipping".

### 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	Q1 2011/12	Q1 2010/11 revised	Var. %
Tourism	3,436.4	3,272.7	+ 5.0
TUI Travel	3,312.8	3,159.6	+ 4.8
TUI Hotels & Resorts	83.5	72.7	+ 14.9
Cruises	40.1	40.4	- 0.7
Central Operations	12.2	13.4	- 9.0
<b>Group</b>	<b>3,448.6</b>	<b>3,286.1</b>	<b>+ 4.9</b>

With TUI Travel posting flat booking volumes year-on-year, turnover by the TUI Group rose by 4.9% year-on-year to €3.4bn in the first quarter of 2011/12. This was due to higher average selling prices, driven by a higher portion of differentiated products in TUI Travel's volume business and price increases effected to compensate for the rise in input costs.

## Development of earnings

### Underlying EBITA

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Tourism	- 125.4	- 107.0	- 17.2
TUI Travel	- 130.4	- 112.7	- 15.7
TUI Hotels & Resorts	13.2	10.1	+ 30.7
Cruises	- 8.2	- 4.4	- 86.4
Central Operations	- 21.9	- 12.6	- 73.8
<b>Group</b>	<b>- 147.3</b>	<b>- 119.6</b>	<b>- 23.2</b>

### EBITA

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Tourism	- 151.4	- 135.8	- 11.5
TUI Travel	- 156.4	- 141.5	- 10.5
TUI Hotels & Resorts	13.2	10.1	+ 30.7
Cruises	- 8.2	- 4.4	- 86.4
Central Operations	-	3.5	n/a
<b>Group</b>	<b>- 151.4</b>	<b>- 132.3</b>	<b>- 14.4</b>

In the first quarter of 2011/12, underlying earnings by the TUI Group, adjusted for one-off effects (underlying EBITA), decreased by €27.7m to €-147.3m year-on-year. The negative earnings effect of €30m in Tourism mainly reflected the decline in demand for destinations in North Africa in relation to the prior year reference quarter, which was not yet affected by the political unrest.

TUI's Tourism Segment posted an overall satisfactory performance in the first quarter of 2011/12. Despite the downturn in the economic climate, all sectors recorded stable demand for holiday products. The seasonal loss (underlying EBITA) in Tourism increased by €18.4m year-on-year to €-125.4m.

Underlying EBITA by TUI Travel decreased by €17.7m year-on-year to €-130.4m. The earnings impact of €28m recorded in the period under review which resulted from lower demand for North Africa was partly offset by cost savings and higher booking numbers in other destinations, for instance in the Canaries.

TUI Hotels & Resorts also benefited from a rise in booking numbers in Spain and the Caribbean. Underlying earnings by the sector grew by €3.1m to €13.2m. Due to the unrest in North Africa, TUI hotels in Egypt also reported a drop in earnings of €2m against the prior year reference quarter, which was not yet affected by the events.

At €-8.2m, earnings by the Cruises sector were €3.8m down year-on-year. This was primarily due to the start-up costs for the planned fleet expansion in Hapag-Lloyd Kreuzfahrten. TUI Cruises, which has operated two ships for the first time this winter season, continued to show a positive development.

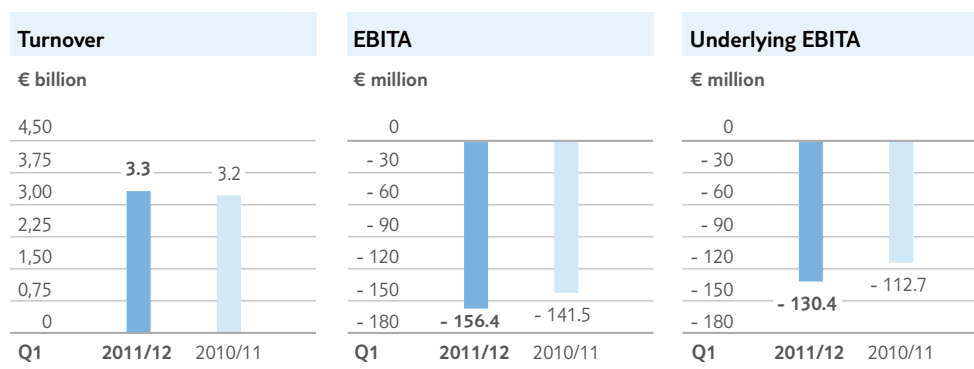
In the first quarter of 2011/12, underlying earnings by Central Operations totalled €-21.9m, down €9.3m against previous year.

#### Underlying EBITA: TUI Group

€ million	Q1 2011/12	Q1 2010/11	Var. %
<b>EBITA</b>	<b>- 151.4</b>	<b>- 132.3</b>	<b>- 14.4</b>
Gains on disposal	-	-	
Restructuring	+ 1.0	+ 9.6	
Purchase price allocation	+ 19.5	+ 20.5	
Other one-off items	- 16.4	- 17.4	
<b>Underlying EBITA</b>	<b>- 147.3</b>	<b>- 119.6</b>	<b>- 23.2</b>

In the first quarter of 2011/12, one-off items worth €4.1m had to be adjusted for. In the Tourism Segment, they mainly related to expenses for purchase price allocations and one-off expenses for the restructuring of tour operator activities in France. In Central Operations the one-off items related to income from reversal of provisions for liabilities and to income from a subsequent reduction in acquisition costs for shares which have meanwhile been sold. The Group's reported sector EBITA totalled €-151.4m in the first quarter, down €-19.1m year-on-year.

## TUI Travel



### TUI Travel – key figures

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Turnover	3,312.8	3,159.6	+ 4.8
<b>EBITA</b>	<b>- 156.4</b>	<b>- 141.5</b>	<b>- 10.5</b>
Gains on disposal	-	-	
Restructuring	+ 1.0	+ 9.6	
Purchase price allocation	+ 19.5	+ 20.5	
Other one-off items	+ 5.5	- 1.3	
<b>Underlying EBITA</b>	<b>- 130.4</b>	<b>- 112.7</b>	<b>- 15.7</b>
Underlying EBITDA	- 84.0	- 60.1	- 39.8
Investments in other intangible assets and property, plant and equipment	94.6	66.9	+ 41.4
Employees (31 Dec)	49,805	45,914	+ 8.5

Turnover by TUI Travel grew by 4.8% year-on-year in the first quarter of 2011/12. With stable customer numbers in the volume business, the rise in turnover primarily reflected higher sales of differentiated product and higher selling prices to offset the rise in input costs.

The seasonal loss (underlying EBITA) of TUI Travel increased by €17.7m to €-130.4m versus prior year. The decline in earnings was mainly driven by the substantial year-on-year drop in demand for destinations in North Africa, which caused a negative earnings impact of €28m for TUI Travel.

In the first quarter of 2011/12, TUI Travel had to carry adjustments worth €26.0m for the following one-off effects:

- restructuring costs of €1.0m in the Specialist & Activity and Accommodation & Destinations Businesses,
- effects of purchase price allocations worth €19.5m, and
- one-off expenses of €5.5m, in particular for the restructuring of tour operator activities in France (Convergence project).

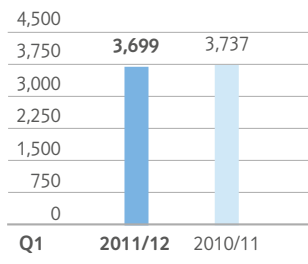
Reported earnings by TUI Travel declined by €14.9m to €-156.4m versus prior year in the first quarter of 2011/12.



## Mainstream

### Mainstream total

Customer volumes in '000<sup>\*)</sup>



<sup>\*)</sup> adjustment of previous year's figure

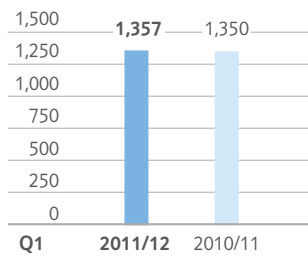
Mainstream is the largest business line within TUI Travel and comprises sales of flights, accommodation and other tourism services in three divisions: Central Europe, Northern Region and Western Europe.

In the first quarter of 2011/12, the Mainstream Business serviced a total of 3,699 thousand guests. This number was flat year-on-year.

## Central Europe

### Central Europe

Customer volumes in '000<sup>\*)</sup>



<sup>\*)</sup> adjustment of previous year's figure

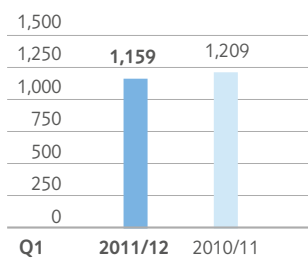
In the Central Europe Division (Germany, Austria, Switzerland, Poland and airline TUIfly), customer numbers rose slightly by 0.5% year-on-year in the first quarter of 2011/12.

TUI tour operators in Central Europe responded to the considerable year-on-year decline in demand for destinations in Egypt, Tunisia and Morocco by reducing their capacities in these countries in the 2011/12 winter season. At the same time, they increased their capacity in the Canaries, a winter destination recording very strong demand. While the poor weather had caused travel disruptions in Germany in the prior year, TUI Deutschland and the I'tur brand reported a positive development of late bookings in December. The TUI tour operators in Austria, Switzerland and Poland declined overall in the first quarter of 2011/12.

## Northern Europe

### Northern Europe

Customer volumes in '000

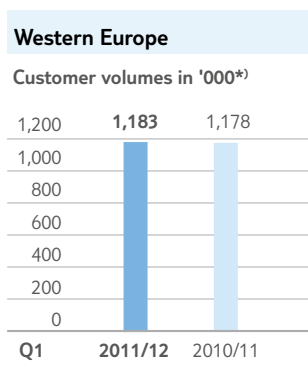


In the Northern Region (UK, Ireland, Canada, Nordics, airlines Thomsonfly and TUIfly Nordic and the TUI Travel hotel business), customer numbers decreased by 4.2% year-on-year in the first quarter of 2011/12.

In the light of the weaker consumer sentiment in the UK and lower demand for Egypt and Tunisia, TUI UK temporarily operated several aircraft in Canada and the Nordics in the 2011/12 winter season. Due to reduced capacity in the UK, a satisfactory load factor was achieved despite lower customer numbers. Average selling prices rose year-on-year as higher input costs were passed on to customers and the proportion of differentiated products increased year-on-year. Canadian

tour operator Sunwing, in which TUI Travel holds a stake of 49%, again achieved substantial volume growth in the first quarter of 2011/12 and increased its capacity in Mexico and the Caribbean. Demand for the Riu hotels offered in the tour operator programme was particularly strong. In the Nordics, TUI Travel increased its capacity for the winter season through the use of two UK aircraft and one Corsair aircraft. While the Canaries recorded growth, Thailand – a winter destination of particular relevance in the Nordics – was impacted by the floods in Bangkok.

## Western Europe



<sup>\*)</sup> adjustment of previous year's figure

The Western Europe Division (France, the Netherlands, Belgium and airlines Corsairfly, Arkefly and Jetairfly) recorded year-on-year growth in volumes of 0.4% in the first quarter of 2011/12. While customer numbers decreased considerably in France, the TUI tour operators in Belgium and the Netherlands reported growth.

As the North African countries constitute key holiday destinations for French guests, the tour operators Nouvelles Frontières and Marmara were again affected most severely by weaker demand for this region, as in prior quarters. However, in the first quarter of 2011/12, a satisfactory load factor was achieved despite lower volumes thanks to an exchange of capacity between the Marmara and Nouvelles

Frontières tour operators, which previously had been managed separately, and the reduction in hotel capacity. The planned merger of the brands is to leverage additional synergies. Due to fierce competition, the French Corsair airline suffered declines in margins in the first quarter. Earnings were also impacted by higher aircraft fuel costs. In the Netherlands, the TUI tour operators continued the sound business development of the last summer season and generated growth in volumes and prices. This positive development has been secured by the expansion of Arkefly's fleet by an additional aircraft in the current winter season. TUI Belgium slightly increased its customer numbers in the first quarter thanks to the expansion of its seat-only business, while the load factor was flat versus prior year.

### Accommodation and Destinations (A&D)

The Accommodation and Destinations Business, which comprises the online services and incoming agencies of TUI Travel, continued its positive performance in the first quarter of 2011/12. Online services generated volume growth thanks to the expansion of the portfolio as well as better user-friendliness as the websites were translated into several Asian languages. The incoming agencies matched the prior year's performance. Volume declines in the North African destinations were offset by counter-measures and growth in Spain and Portugal.

### Specialist & Activity

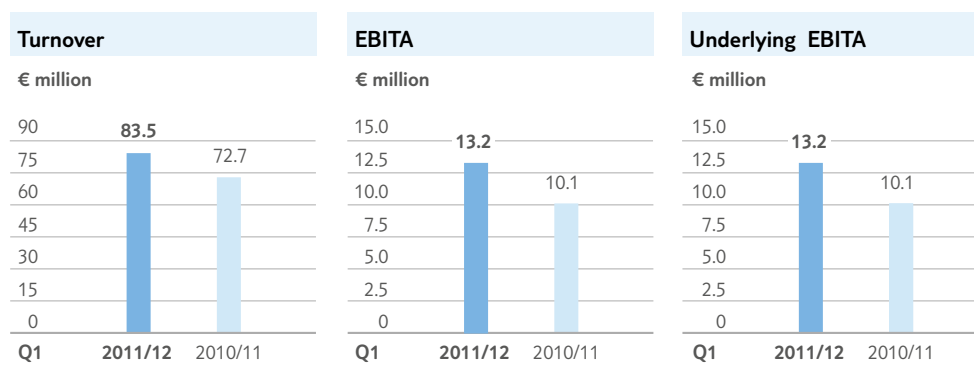
The Specialist & Activity Business comprises tour operators in six Divisions: Adventure, North American Specialist, Education, Sport, Marine and Specialist Holiday Group.

The performance of most of the Divisions in the Business decreased year-on-year. The tour operators for Adventure tours were affected by a decline in demand for North Africa and Australia. The Education Division recorded lower demand and declining margins in the first quarter. The tour operators in the skiing business also reported a decline in their business due to the unusually warm temperatures in October and November. By contrast, the premium tour operators in North America posted a positive performance. Starquest increased its portfolio of exclusive jet tours. The polar cruise business also achieved higher load factors.

### Emerging Markets

The Emerging Markets Division comprises the activities in growth markets, in particular Russia. The development of the business of TUI Russia in the current winter season was characterised by weaker demand for the North African countries. Egypt, in particular, is a major winter destination for Russian guests.

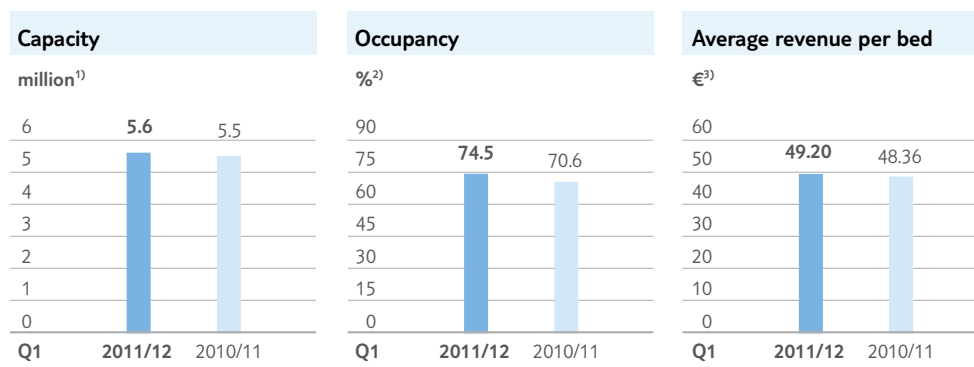
## TUI Hotels & Resorts



### TUI Hotels & Resorts – key figures

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Total turnover	180.9	164.2	+ 10.2
Turnover	83.5	72.7	+ 14.9
<b>EBITA</b>	<b>13.2</b>	<b>10.1</b>	<b>+ 30.7</b>
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	–	–	
<b>Underlying EBITA</b>	<b>13.2</b>	<b>10.1</b>	<b>+ 30.7</b>
Underlying EBITDA	29.8	27.9	+ 6.8
Investments in other intangible assets and property, plant and equipment	10.4	29.1	- 64.3
Employees (31 Dec)	11,920	13,485	- 11.6

The Group's hotel companies are pooled in TUI Hotels & Resorts. The number of bednights in the sector totalled 4.1m in the first quarter of 2011/12 (previous year 3.9m). Bed occupancy was 74.5% in the first quarter of 2011/12, up 3.9 percentage points year-on-year. The development of business varied for the individual hotel groups and regions.



<sup>1)</sup> number of beds multiplied by open days per quarter

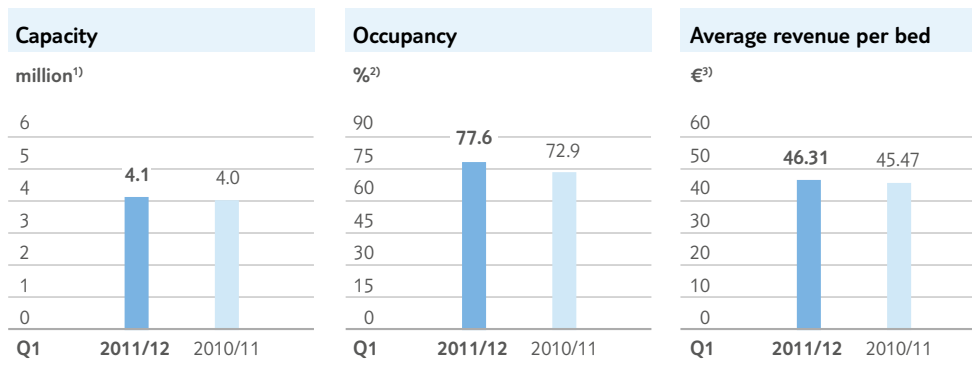
<sup>2)</sup> occupied beds divided by capacity

<sup>3)</sup> arrangement turnover divided by occupied beds

Total turnover by TUI Hotels & Resorts increased by €16.7m to €180.9m. The increase resulted from an increase in occupancy and average revenues per bed on almost stable capacity. Consolidated turnover in the first quarter of 2011/12 grew by 14.9% year-on-year to €83.5m.

In the first quarter of 2011/12, underlying earnings totalled €13.2m, up €3.1m year-on-year. This increase was primarily attributable to the improved performance of Riu thanks to higher customer numbers in almost all regions. This increase was partly offset by the adverse effect of lower demand for hotels in Egypt totalling €2m.

## Riu



<sup>1)</sup> number of beds multiplied by open days per quarter

<sup>2)</sup> occupied beds divided by capacity

<sup>3)</sup> arrangement turnover divided by occupied beds

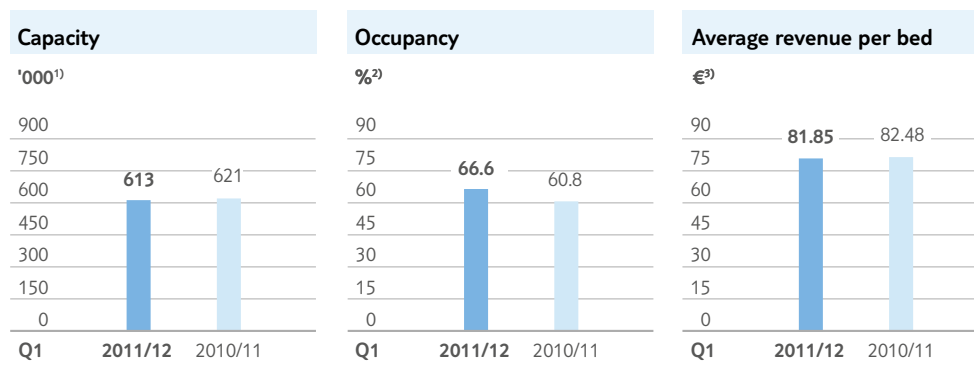
Riu, one of Spain's leading hotel chains, operated 101 hotels in the period under review. Capacity increased by 4.4% year-on-year to 4.1m hotel beds available due to the newly opened Riu Touareg on the Cape Verde Islands. Average occupancy of Riu hotels in the first quarter of 2011/12 grew by 4.7 percentage points to 77.6% year-on-year. Average revenues per bed grew by 1.8% year-on-year.

Business developed as follows in the individual regions:

Overall, Riu hotels in Spain benefited substantially from the shift in demand from North African countries to the Western Mediterranean in the first quarter of 2011/12. Average occupancy of Riu hotels in the Canaries rose by 6.3 percentage points to 89.9% year-on-year. At 66.6%, occupancy of Riu hotels in the Balearics was up 2.7 percentage points year-on-year. Average occupancy of Riu hotels in mainland Spain also rose by 4.1 percentage points to 63.1%.

In the long-haul segment, Riu hotels recorded an average occupancy rate of 77.6%, up 5.5 percentage points versus prior year. The increase was above all attributable to stronger demand in the US and Canada for hotels in Mexico and the Caribbean. Average revenues per bed also increased by 2.6%.

## Robinson



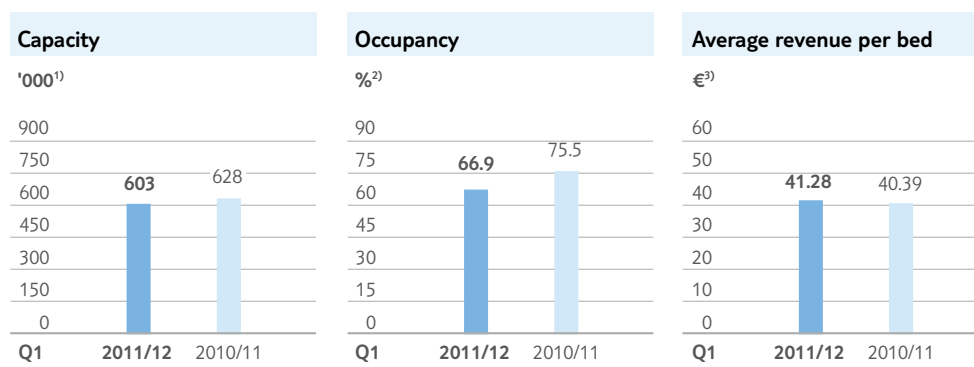
<sup>1)</sup> number of beds multiplied by open days per quarter

<sup>2)</sup> occupied beds divided by capacity

<sup>3)</sup> arrangement turnover divided by occupied beds

At the end of the first quarter of 2011/12, 17 club resorts of Robinson, market leader in the premium club holiday segment, were open. Capacity declined year-on-year due to the closure of a Turkish club for renovation works. The Robinson clubs in Morocco, Turkey, the Maldives, Italy and Spain achieved year-on-year growth in occupancy. The resorts in Austria, Greece and Switzerland reported lower occupancy rates. Overall, occupancy thus grew by 5.8 percentage points year-on-year. Average revenues per bed decreased by 0.7%.

## Iberotel



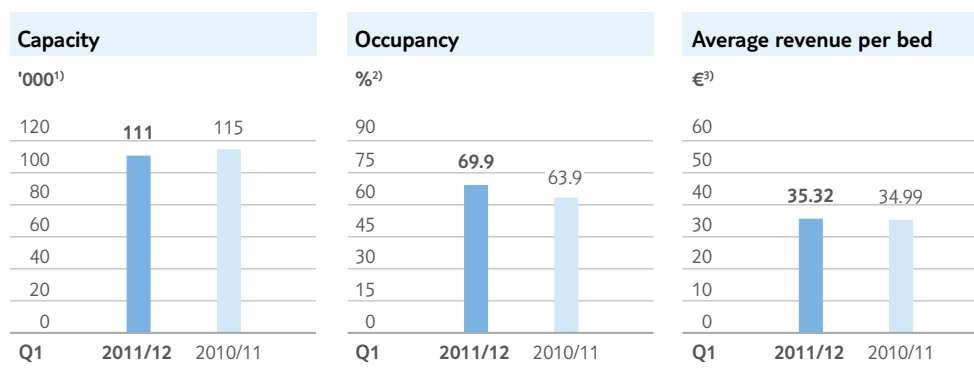
<sup>1)</sup> number of beds multiplied by open days per quarter

<sup>2)</sup> occupied beds divided by capacity

<sup>3)</sup> arrangement turnover divided by occupied beds

In the first quarter of 2011/12, all 26 facilities in Egypt, Turkey, the United Arab Emirates, Italy and Germany were open. Total capacity declined due to the conversion of a hotel in Egypt and the resulting decrease in the number of hotel beds available. At 66.9%, occupancy of Iberotels declined by 8.6 percentage points year-on-year. Following the political unrest, Iberotels in Egypt, in particular, recorded lower occupancy rates. By contrast, occupancy rates in Turkey and the United Arab Emirates showed a positive development. Average revenues per bed rose by 2.2%.

## Grupotel



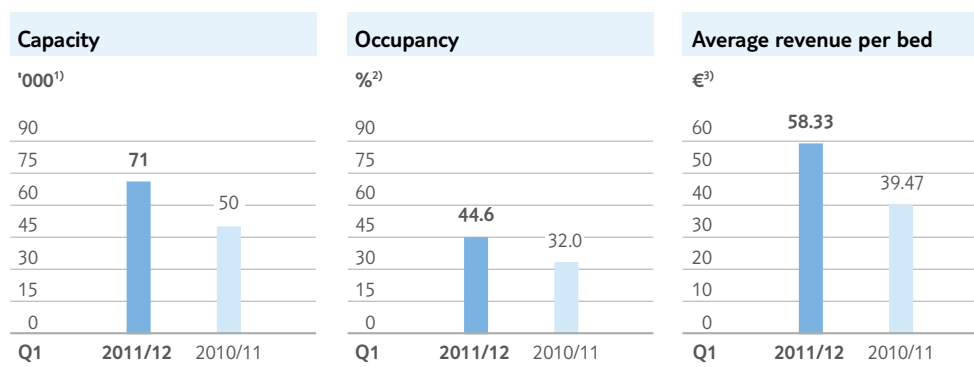
<sup>1)</sup> number of beds multiplied by open days per quarter

<sup>2)</sup> occupied beds divided by capacity

<sup>3)</sup> arrangement turnover divided by occupied beds

At the end of the first quarter of 2011/12, for seasonal reasons six of the 33 hotels of the Grupotel chain, represented in the Balearic islands of Majorca, Menorca and Ibiza, were open. At the end of the summer season, some hotels were closed earlier than last year. Capacity was down 3.0% year-on-year, with occupancy rising 6.0 percentage points to 69.9%. Average revenues per bed increased by 0.9% year-on-year.

## Greotel



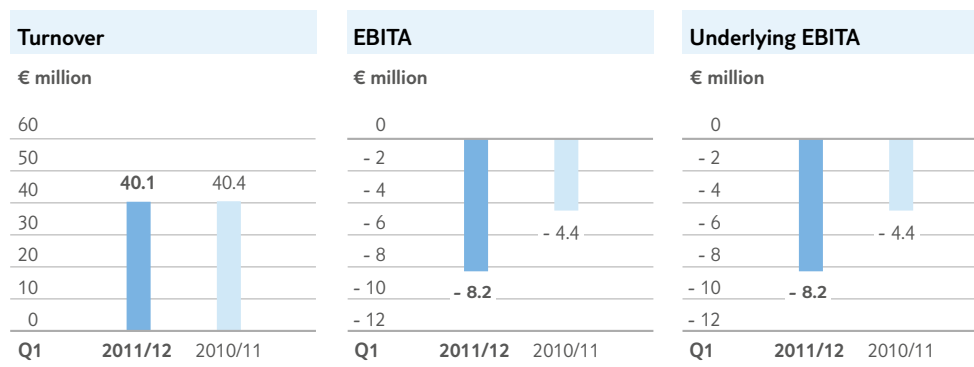
<sup>1)</sup> number of beds multiplied by open days per quarter

<sup>2)</sup> occupied beds divided by capacity

<sup>3)</sup> arrangement turnover divided by occupied beds

At the end of 2011, all resorts operated by the Greek hotel company Greotel were closed. Capacity on offer in the period under review rose by 42.5% as again the non-restated prior-year reference quarter as the Greotel Daphnila Bay was included in the indicators. Occupancy grew by 12.6 percentage points to 44.6%. Average revenues per bed increased by 47.6% due to the implementation of special events.

## 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 ship each in the next two years in order to take advantage of the favourable market situation.

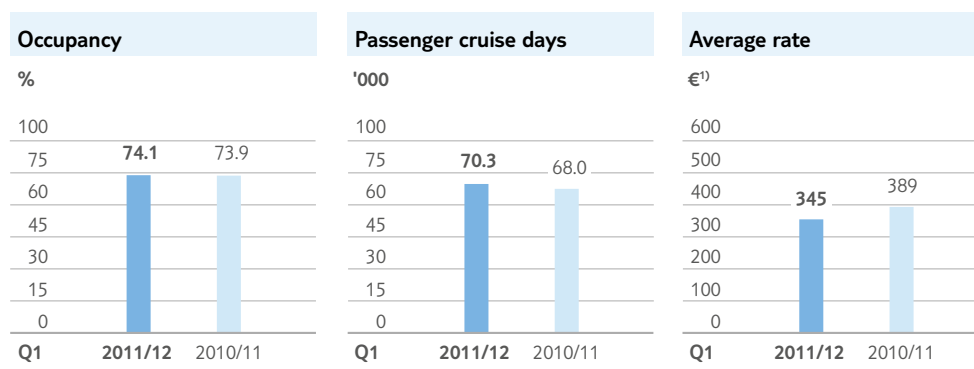
### Cruises – key figures

€ million	Q1 2011/12	Q1 2010/11	Var. %
Turnover	40.1	40.4	- 0.7
<b>EBITA</b>	<b>- 8.2</b>	<b>- 4.4</b>	<b>- 86.4</b>
Gains on disposal	-	-	
Restructuring	-	-	
Purchase price allocation	-	-	
Other one-off items	-	-	
<b>Underlying EBITA</b>	<b>- 8.2</b>	<b>- 4.4</b>	<b>- 86.4</b>
Underlying EBITDA	- 5.9	- 2.2	- 168.2
Investments in other intangible assets and property, plant and equipment	4.1	1.4	+ 192.9
Employees (31 Dec)	304	238	+ 27.7

In the first quarter of 2011/12, turnover by the Cruises sector totalled €40.1m, almost flat year-on-year. As the joint venture TUI Cruises is measured at equity in the consolidated financial statements, no turnover is shown for TUI Cruises.

In the first quarter of 2011/12, underlying earnings by the Cruises sector stood at €-8.2m, down €3.8m year-on-year. The decline was primarily attributable to the two-week dry-dock period of MS Europa in November 2011 and the launch of MS Europa 2. TUI Cruises reported higher turnover due to the firsttime full-year operation of Mein Schiff 2; on the other hand, the company incurred higher financing costs due to the fleet expansion.

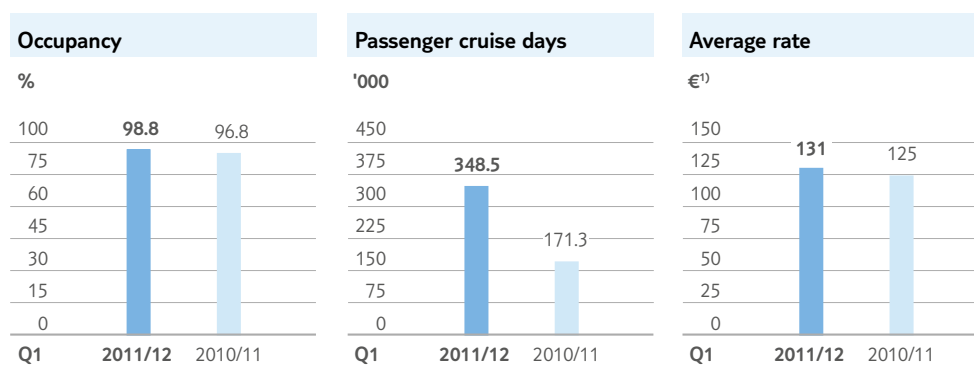
## Hapag-Lloyd Kreuzfahrten



<sup>1)</sup> per day and passenger

In the first quarter of 2011/12, Hapag-Lloyd Kreuzfahrten achieved a year-on-year increase of 0.2 percentage points in its load factor to 74.1%. In the period under review, a total of 70,263 passenger days were recorded. The year-on-year increase of 3.4% was mainly attributable to MS Columbus, while MS Europa reported a decline in passenger days due to the dry-dock period. As the turnover portion attributable to MS Europa declined for the period under review, the average rate per passenger per day decreased by 11.3% to €345.

## TUI Cruises

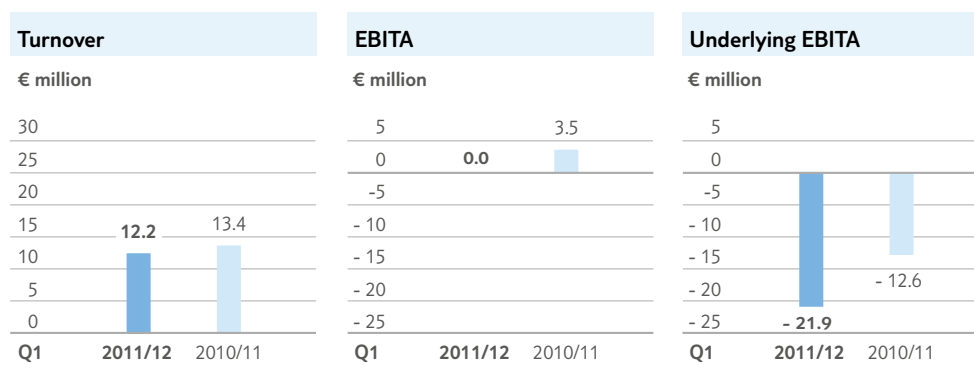


<sup>1)</sup> per day and passenger

In the first quarter of 2011/12, TUI Cruises continued to record a positive development of its key indicators. Due to the first-time inclusion of Mein Schiff 2, capacity grew by 103.5% to 348,513 passenger days. The load factor for the two ships grew by 2.0 percentage points year-on-year to 98.8%. The average rate per passenger per day was €131, up 4.8% 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

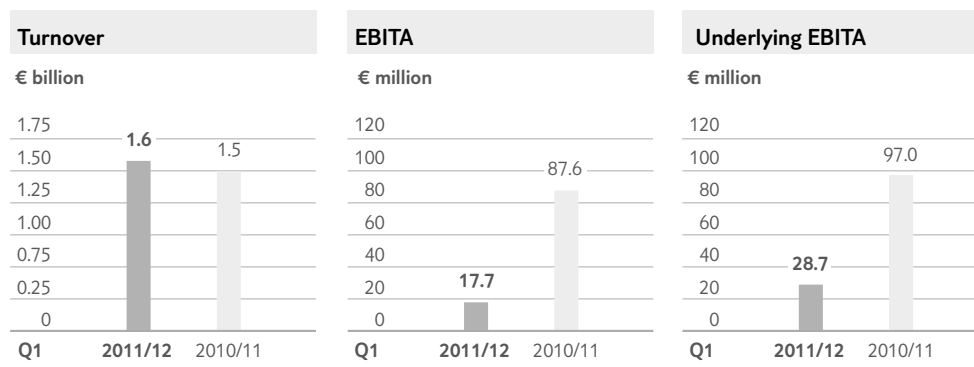
€ million	Q1 2011/12	Q1 2010/11	Var. %
Turnover	12.2	13.4	- 9.0
<b>EBITA</b>	<b>–</b>	<b>3.5</b>	<b>n/a</b>
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	- 21.9	- 16.1	
<b>Underlying EBITA</b>	<b>- 21.9</b>	<b>- 12.6</b>	<b>- 73.8</b>
Underlying EBITDA	- 20.7	- 13.3	- 55.6
Investments in other intangible assets and property, plant and equipment	0.2	0.4	- 50.0
Employees (31 Dec)	635	606	+ 4.8
of which Corporate Center (31 Dec)	209	180	+ 16.1

In the first quarter of 2011/12, underlying earnings by Central Operations totalled €-21.9m, down €9.3m year-on-year. This decline was primarily attributable to expenses for the measurement of hedging transactions.

In the quarter under review, Central Operations had to carry adjustments of €21.9m for the reversal of previous for liabilities as well as for a subsequent reduction in acquisition costs for shares sold in the meantime. The adjustments carried in the previous year related to book profits from the sale of the Ballindamm property in Hamburg, used by Hapag-Lloyd AG, to Hapag-Lloyd AG.

In the first quarter of 2011/12, reported earnings by Central Operations stood at previous year's level.

## Information on Container Shipping



The 38.4% stake (as per end of December 2011) in Hapag-Lloyd Holding AG is measured at equity in TUI's consolidated financial statements. From TUI AG's perspective, the stake in Hapag-Lloyd Holding AG constitutes a financial investment. The proportionate at equity result is therefore 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<sup>\*)</sup>

€ million	2011/12	2010/11	Var. %
Turnover	1,601.9	1,532.9	+ 4.5
<b>EBITA</b>	<b>17.7</b>	<b>87.6</b>	<b>- 79.8</b>
Gains on disposal	- 1.3	–	
Restructuring	–	+ 0.1	
Purchase price allocation	+ 12.3	+ 12.4	
Other one-off items	–	- 3.1	
<b>Underlying EBITA</b>	<b>28.7</b>	<b>97.0</b>	<b>- 70.4</b>

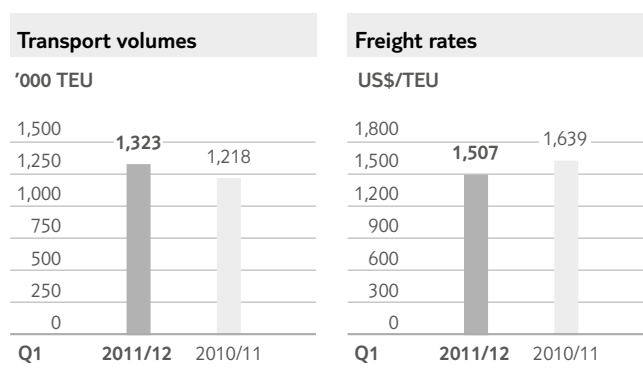
<sup>\*)</sup> As of beginning of February 2012

### Turnover and earnings

In the first quarter of 2011/12, turnover by Container Shipping rose by 4.5% year-on-year to around €1.6bn. This development was mainly attributable to the 8.6% increase in transport volumes. On the other hand, freight rates declined by 8.1% year-on-year.

Underlying earnings amounted to €28.7m in the first quarter of 2011/12, down €68.3m year-on-year. Adjustments worth €11.0m had to be carried for one-off effects, mainly for purchase price allocations. Earnings before adjustment for these effects were €17.7m, down €69.9m year-on-year. A negative earnings impact resulted above all from a substantial rise in bunker prices of 42.6% from 455 to 649 US\$/tonne. Moreover, the market environment remained characterised by intense competition so that the higher energy costs were only partly passed on to customers through the freight rates. Thanks to the consistent continuation of the cost savings programme, Hapag-Lloyd managed to achieve a positive operating result in the first quarter of 2011/12, despite the challenging market environment. Earnings were additionally impacted by measurement effects resulting from the strengthening of the US Dollar against the Euro.

## Transport volumes and freight rates in Container Shipping



In the first quarter of 2011/12, Hapag-Lloyd shipped a total of 1,323 thousand standard container units (TEU). The transport volume thus grew by 8.6% year-on-year. This growth was driven by all trade lanes, with the strongest growth achieved in the Latin America and Australasia trade lanes. The average freight rate stood at 1,507 US\$/TEU in the first

quarter of 2011/12, down by 8.1% year-on-year. This decline was attributable to persistently fierce competition, which put pressure on freight rates, in particular in Asia-related trade lanes.

## Financial commitment to Container Shipping

At the end of the first quarter of 2011/12, TUI held a stake of around 38.4% in Hapag-Lloyd, i.e. an investment of around €1.54bn (equity of €1.19bn and hybrid capital of €0.35bn).

### Financial exposure of TUI AG in Container Shipping

€ million	30 Jun 2011	30 Sep 2011	30 Sep 2011
Equity stake	1,187	1,187	1,187
Investment share TUI AG	38.4%	38.4%	38.4%
Hybrid capital II	350	350	350
Hybrid capital	350	350	350
<b>Financial exposure</b>	<b>1,537</b>	<b>1,537</b>	<b>1,537</b>

## Consolidated earnings

### Consolidated profit and loss statement

€ million	Q1 2011/12	Q1 2010/11	Var. %
Turnover	3,448.6	3,286.1	+ 4.9
Cost of sales	3,266.1	3,101.5	+ 5.3
<b>Gross profit</b>	<b>182.5</b>	<b>184.6</b>	<b>- 1.1</b>
Administrative expenses	335.0	337.4	- 0.7
Other income/Other expenses	+ 1.6	+ 18.0	- 91.1
Impairment of goodwill	–	–	–
Financial income	52.2	126.5	- 58.7
Financial expenses	96.5	157.3	- 38.7
Share of result of joint ventures and associates	- 11.6	+ 24.6	n/a
<b>Earnings before income taxes</b>	<b>- 206.8</b>	<b>- 141.0</b>	<b>- 46.7</b>
<b>Reconciliation to underlying earnings:</b>			
Earnings before income taxes	- 206.8	- 141.0	- 46.7
plus: Loss (previous year gain) on Container Shipping measured at equity	8.7	- 18.2	n/a
less: Gain on measurement of financial instruments to Container Shipping	- 5.1	- 38.7	+ 86.8
plus: Net interest expense and expense from measurement of interest hedges	51.8	65.6	- 21.0
plus: Impairment of goodwill	–	–	–
Group EBITA	- 151.4	- 132.3	- 14.4
<b>Adjustments:</b>			
less: Gains on disposals	–	–	–
plus: Restructuring expense	+ 1.0	+ 9.6	–
plus: Expense from purchase price allocation	+ 19.5	+ 20.5	–
plus: Expense (previous year income) from other one-off items	- 16.4	- 17.4	–
<b>Underlying Group EBITA</b>	<b>- 147.3</b>	<b>- 119.6</b>	<b>- 23.2</b>
<b>Earnings before income taxes</b>	<b>- 206.8</b>	<b>- 141.0</b>	<b>- 46.7</b>
Income taxes	- 69.8	- 46.8	- 49.1
<b>Group loss for the year</b>	<b>- 137.0</b>	<b>- 94.2</b>	<b>- 45.4</b>
Group loss for the year attributable to shareholders of TUI AG	- 87.6	- 46.4	- 88.8
Group loss for the year attributable to non-controlling interest	- 49.4	- 47.8	- 3.3
<b>Group loss for the year</b>	<b>- 137.0</b>	<b>- 94.2</b>	<b>- 45.4</b>
<b>Basic and diluted earnings per share</b>	<b>€ - 0.37</b>	<b>- 0.21</b>	<b>- 77.6</b>

The consolidated profit and loss statement reflects the seasonality of the tourism business, with negative results generated in the period from October to December.



See page 3

### **Turnover and cost of sales**

Turnover comprises the turnover generated by Tourism and Central Operations. In the first quarter of 2011/12, turnover grew by 4.9% year-on-year to €3.4bn. This increase was above all attributable to higher average selling prices in TUI Travel's volume business. Turnover is presented alongside the cost of sales, which also rose above all due to higher energy costs. A detailed breakdown of turnover and the development of turnover are presented in the section "Earnings by the sectors".

### **Gross profit**

At €182.5m, gross profit as the balance of turnover and the cost of sales was flat year-on-year in the first quarter of 2011/12.

### **Administrative expenses**

Administrative expenses comprise expenses not directly allocable to the turnover transactions, such as expenses for general management functions. In the first quarter, they totalled €335.0m, the same level as previous 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 €1.6m in the first quarter of 2011/12. The prior year reference value had included the book profit from the sale of the Ballindamm administrative building to Hapag-Lloyd.

### **Impairment of goodwill**

As in the previous year, no goodwill impairment charges were carried for the first quarter of 2011/12.

### **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 loans to Container Shipping. In the first quarter, it comprised financial income of €52.2m (previous year €126.5m) and financial expenses of €96.5m (previous year €157.3m). The year-on-year decline in financial income in the first quarter of 2011/12 resulted from the higher income from the measurement of financing schemes granted to Container Shipping included in the prior year figure.

### **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 totalled €-11.6m for the first quarter of 2011/12 (previous year €24.6m). The decline in the share of results of joint ventures and associates was attributable to the lower profit contribution from the stake in Hapag-Lloyd.



Adjustments see page 3

### Underlying Group EBITA

In the first quarter of 2011/12, underlying Group EBITA was €-147.3m, down 23.2% year-on-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. The tax assets of €69.8m arising for the first quarter of 2011/12, following €46.8m in the prior year, was attributable to the marked seasonality of earnings by Tourism.

### Group loss

In the first quarter of 2011/12, the Group result was negative at €-137.0m (previous year €-94.2m) due to the seasonality in Tourism. Apart from the impact on Tourism of the lower demand for North Africa, the year-on-year decline in the Group result was also driven by the lower profit contribution of Container Shipping.

### Non-controlling interests

Non-controlling interests accounted for €-49.4m for the first quarter of 2011/12. 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 €-87.6m (previous year €-46.4m) of the Group result in the first quarter of 2011/12. As a result, basic earnings per share amounted to €-0.37 (previous year €-0.21) for the first quarter.

### Performance indicators

#### Key figures of income statement

€ million	Q1 2011/12	Q1 2010/11	Var. %
<b>Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)</b>	<b>148.0</b>	<b>145.7</b>	<b>+ 1.6</b>
Operating rental expenses	215.9	189.2	+ 14.1
<b>Earnings before interest, income taxes, depreciation and impairment (EBITDA)</b>	<b>- 67.9</b>	<b>- 43.5</b>	<b>- 56.1</b>
Depreciation/amortisation less reversals of depreciation <sup>1)</sup>	- 83.5	- 88.8	+ 6.0
<b>Earnings before interest, income taxes and impairment of goodwill (EBITA)</b>	<b>- 151.4</b>	<b>- 132.3</b>	<b>- 14.4</b>
Impairment of goodwill	-	-	-
<b>Earnings before interest and income taxes (EBIT)</b>	<b>- 151.4</b>	<b>- 132.3</b>	<b>- 14.4</b>
Interest result and earnings from the measurement of interest hedges	- 51.8	- 65.6	+ 21.0
Effect of measurement of the loans to Container Shipping	5.1	38.7	- 86.8
Result from Container Shipping measured at equity	- 8.7	18.2	n/a
<b>Earnings before income taxes (EBT)</b>	<b>- 206.8</b>	<b>- 141.0</b>	<b>- 46.7</b>

<sup>1)</sup> on property, plant and equipment, intangible assets, financial and other assets

## Net assets and financial position

The Group's balance sheet total declined by 3.7% to €13.0bn 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 in the tourism business.

### Assets and liabilities

€ million	31 Dec 2011	30 Sep 2011	Var. %
Non-current assets	9,317.0	9,107.6	+ 2.3
Current assets	3,672.4	4,384.3	- 16.2
<b>Assets</b>	<b>12,989.4</b>	<b>13,491.9</b>	<b>- 3.7</b>
Equity	2,299.0	2,547.8	- 9.8
Provisions	2,012.7	1,934.6	+ 4.0
Financial liabilities	3,565.4	2,798.3	+ 27.4
Other liabilities	5,112.3	6,211.2	- 17.7
<b>Liabilities</b>	<b>12,989.4</b>	<b>13,491.9</b>	<b>- 3.7</b>

### Non-current assets

As at 31 December 2011, non-current assets accounted for 71.7% of total assets, compared with 67.5% as at 30 September 2011. Non-current assets increased from €9.1bn to €9.3bn in the period under review.

### Current assets

As at 31 December 2011, current assets accounted for 28.3% of total assets, compared with 32.5% as at 30 September 2011. Current assets decreased from €4.4bn as at 30 September 2011 to €3.7bn as at 31 December 2011. This decrease was mainly attributable to the seasonality of the tourism business.

### Equity

Equity totalled €2.3bn as at 31 December 2011. At 17.7%, the equity ratio was down on its level on 30 September 2011 of 18.9%. Further information on the changes in equity is provided in the Notes to this Interim Report.

### Provisions

Provisions mainly comprise provisions for pension obligations and provisions for typical operating risks. As at 31 December 2011, they totalled €2.0bn, a slight increase compared with €1.9bn as at 30 September 2011.

### Financial liabilities

As at 31 December 2011, financial liabilities consisted of non-current financial liabilities of €3.1bn and current financial liabilities of €0.5bn. As at 30 September 2011, non-current financial liabilities stood at €2.3bn, with current financial liabilities of €0.5bn.

At the end of the first quarter (31 December 2011), the TUI Group's net debt totalled €2.4bn. Net debt was thus reduced by €0.7bn year-on-year. The significant decrease in net debt resulted above all from the inflow of funds due to the reduction in the financial commitment in Container Shipping in the calendar year 2011.

### Other liabilities

As at 31 December 2011, other liabilities amounted to €5.1bn, down 17.7% as against 30 September 2011 (€6.2bn). The decline was mainly driven by the seasonality of the tourism business.



See page 34

## Other segment indicators

### Underlying EBITDA

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Tourism	- 60.1	- 34.4	- 74.7
TUI Travel	- 84.0	- 60.1	- 39.8
TUI Hotels & Resorts	29.8	27.9	+ 6.8
Cruises	- 5.9	- 2.2	- 168.2
Central Operations	- 20.7	- 13.3	- 55.6
<b>Group</b>	<b>- 80.8</b>	<b>- 47.7</b>	<b>- 69.4</b>

### EBITDA

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Tourism	- 69.1	- 46.3	- 49.2
TUI Travel	- 93.0	- 72.0	- 29.2
TUI Hotels & Resorts	29.8	27.9	+ 6.8
Cruises	- 5.9	- 2.2	- 168.2
Central Operations	1.2	2.8	- 57.1
<b>Group</b>	<b>- 67.9</b>	<b>- 43.5</b>	<b>- 56.1</b>



## Investments in other intangible assets and property, plant and equipment

€ million	Q1 2011/12	Q1 2010/11	Var. %
Tourism	109.1	97.4	+ 12.0
TUI Travel	94.6	66.9	+ 41.4
TUI Hotels & Resorts	10.4	29.1	- 64.3
Cruises	4.1	1.4	+ 192.9
Central Operations	0.2	0.4	- 50.0
<b>Group</b>	<b>109.3</b>	<b>97.8</b>	<b>+ 11.8</b>

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

€ million	Q1 2011/12	Q1 2010/11 revised	Var. %
Tourism	82.4	89.5	- 7.9
TUI Travel	63.4	69.6	- 8.9
TUI Hotels & Resorts	16.7	17.8	- 6.2
Cruises	2.3	2.1	+ 9.5
Central Operations	1.2	1.2	-
<b>Group</b>	<b>83.6</b>	<b>90.7</b>	<b>- 7.8</b>

## Employees

	31 Dec 2011	30 Sep 2011	Var. %
Tourism	62,029	73,079	- 15.1
TUI Travel	49,805	58,378	- 14.7
TUI Hotels & Resorts	11,920	14,424	- 17.4
Cruises	304	277	+ 9.7
Central Operations	635	628	+ 1.1
Corporate Center	209	202	+ 3.5
Other units	426	426	-
<b>Group</b>	<b>62,664</b>	<b>73,707</b>	<b>- 15.0</b>

# MANAGEMENT REPORT

## REPORT ON SUBSEQUENT EVENTS

In February 2012, the works council of a French subsidiary was informed about the details of the restructuring plan for the tour operator activities (Convergence project).

The amount of a restructuring provision to be formed according to IAS 37 depends on the outcome of the ongoing negotiations with the works council. A final assessment of this amount is therefore not yet possible.

# MANAGEMENT REPORT

## PROSPECTS

### Macroeconomic situation

The International Monetary Fund (IMF, World Economic Outlook, Update January 2012) has reduced its current forecast for global gross domestic product growth in calendar year 2011 slightly by 0.2 percentage points to 3.8%. According to the IMF, the prospects for the global economy have deteriorated more strongly for 2012. Against the backdrop of the persistent uncertainty about the further development of the Eurozone, the IMF has reduced its outlook for global growth by 0.7 percentage points to 3.3%. The IMF expects the Eurozone to suffer a notable downturn, with a 0.5% contraction in economic activity in 2012. According to the IMF, this development will result from the increase in risk premiums on government bonds, restrictive borrowing by banks and the impact of the announced public austerity measures. For the remaining industrialised countries, the emerging economies and the developing countries, the IMF expects growth to slow down to varying extents in 2012. The economy in the United States is expected to grow by 1.8%, as in 2011. For the emerging economies and developing countries, the IMF forecasts a slowdown in growth to 5.4% which might lead to reduced overheating pressures in these economies.

The expected development of the individual economic regions is shown in the table below.

#### Expected development of gross domestic product

Variation in %	2011	2012
<b>World</b>	<b>3.8</b>	<b>3.3</b>
Eurozone	1.6	- 0.1
Germany	3.0	0.3
UK	0.9	0.6
France	1.6	0.2
US	1.8	1.8
Russia/CIS	4.5	3.7
Japan	- 0.9	1.7
China	9.2	8.2
India	7.4	7.0
Emerging Eastern Asia economies	4.8	5.2

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

### Market development in Tourism

According to the current growth forecast for outbound visitors in Europe by the European Travel Commission, growth of around 2.9% is expected for 2012 (source: European Travel Commission, European Tourism 2011, Quarterly Report 2011, September 2011).

The UNWTO expects international tourism to continue to grow in this decade, albeit at a more moderate pace than in the past. For the next few years, weighted average growth is expected to amount to 3% per annum (source: UNWTO, Tourism towards 2030, October 2011).

For calendar year 2012, the UNWTO (UNWTO, World Tourism Barometer, January 2012) expects growth in international arrivals of 3 to 4%.

## Expected development of earnings

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

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

As expected, the first quarter of 2011/12 saw a considerable decline in demand for destinations in North Africa versus the prior year, which had not yet been affected by the political unrest. The resulting impact on earnings by TUI Travel and TUI Hotels & Resorts had been anticipated in our planning. Our current expectation concerning the likely development of the TUI Group in financial year 2011/12 therefore remains 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 differentiated products in TUI Travel's volume business.

#### Underlying EBITA

The TUI Group's underlying EBITA in financial year 2011/12 is expected to rise slightly 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 against the background 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 financial year 2011/12.

## Expected development of the sectors

### Expected development of earnings

€ million	Turnover		Sector EBITA	
	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
<b>Group</b>	↗	<b>17,480.3</b>	↗	<b>600.1</b>

#### TUI Travel

For TUI Travel we expect underlying earnings to rise slightly year-on-year in 2011/12. The main earnings drivers in TUI Travel are the positive effects of the restructuring and efficiency enhancement programmes launched as well as margin improvements resulting from an increased focus on 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. In addition, the development of the exchange rate of Sterling against the Euro also strongly affects TUI Travel's result from operations carried in TUI AG's consolidated financial statements.

#### TUI Hotels & Resorts

In financial year 2011/12, TUI Hotels & Resorts is expected to achieve a moderate increase in capacity and volumes in financial year 2011/12. Overall, we expect hotel occupancy and operating results to rise slightly. Risks relate to customer numbers 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 a slight 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:

Hans-Dieter Ruster left the Supervisory Board with effect from 30 September 2011. Andreas Barczewski, the elected substitute member for the employee representatives, replaced him on the Supervisory Board with effect from 1 October 2011 and was elected to the Chairman's Committee at the Supervisory Board meeting on 26 October 2011.

The current, complete composition of the Executive Board and Supervisory Board is listed on the Company's website ([www.tui-group.com](http://www.tui-group.com)), where it has been made permanently available to the public.

TUI AG  
The Executive Board

February 2012

# INTERIM FINANCIAL STATEMENTS

## Income statement of the TUI Group for the period from 1 October to 31 December

€ million	Notes	Q1 2011/12	Q1 2010/11
Turnover		3,448.6	3,286.1
Cost of sales	(1)	3,266.1	3,101.5
<b>Gross profit</b>		<b>182.5</b>	<b>184.6</b>
Administrative expenses	(1)	335.0	337.4
Other income/Other expenses	(2)	+ 1.6	+ 18.0
Impairment of goodwill		–	–
Financial income	(3)	52.2	126.5
Financial expenses	(3)	96.5	157.3
Share of result of joint ventures and associates	(4)	- 11.6	24.6
<b>Earnings before income taxes</b>		<b>- 206.8</b>	<b>- 141.0</b>
<b>Reconciliation to underlying earnings:</b>			
Earnings before income taxes		- 206.8	- 141.0
plus: Loss (previous year gain) on Container Shipping measured at equity		8.7	- 18.2
less: Gain on measurement of financial instruments with Container Shipping		- 5.1	- 38.7
plus: Net interest expense and expense from the measurement of interest hedges		51.8	65.6
plus: Impairment of goodwill		–	–
Group EBITA		- 151.4	- 132.3
<b>Adjustments:</b>	(5)		
less: Gains on disposals		–	–
plus: Restructuring expense		+ 1.0	+ 9.6
plus: Expense from purchase price allocation		+ 19.5	+ 20.5
less: Income from other one-off items		- 16.4	- 17.4
<b>Underlying Group EBITA</b>		<b>- 147.3</b>	<b>- 119.6</b>
<b>Earnings before income taxes</b>		<b>- 206.8</b>	<b>- 141.0</b>
Income taxes	(6)	- 69.8	- 46.8
<b>Group loss for the year</b>		<b>- 137.0</b>	<b>- 94.2</b>
Group loss for the year attributable to shareholders of TUI AG		- 87.6	- 46.4
Group loss for the year attributable to non-controlling interest	(7)	- 49.4	- 47.8
<b>Group loss for the year</b>		<b>- 137.0</b>	<b>- 94.2</b>

## Earnings per share

€	Q1 2011/12	Q1 2010/11
<b>Basic and diluted earnings per share</b>	<b>- 0.37</b>	<b>- 0.21</b>

## Statement of comprehensive income for the period from 1 October to 31 December

€ million	Q1 2011/12	Q1 2010/11
<b>Group loss</b>	<b>- 137.0</b>	<b>- 94.2</b>
Foreign exchange differences	6.9	42.9
Financial instruments available for sale	- 30.2	94.2
Cash Flow Hedges	33.6	150.9
Actuarial gains from pension provisions and related fund assets	- 96.6	131.0
Changes in the measurement of companies measured at equity	- 8.3	10.5
Taxes attributable to other comprehensive income	11.8	- 77.4
<b>Other comprehensive income</b>	<b>- 82.8</b>	<b>352.1</b>
<b>Total comprehensive income</b>	<b>- 219.8</b>	<b>257.9</b>
attributable to shareholders of TUI AG	- 143.0	225.9
attributable to non-controlling interest	- 76.8	32.0
<b>Total comprehensive income</b>	<b>- 219.8</b>	<b>257.9</b>



## Financial position of the TUI Group as at 31 Dec 2011

€ million	31 Dec 2011	30 Sep 2011	30 Sep 2010 revised
<b>Assets</b>			
Goodwill	3,010.5	2,907.2	2,862.6
Other intangible assets	826.5	856.6	907.2
Investment property	58.3	59.2	66.2
Property, plant and equipment	2,483.9	2,445.1	2,499.8
Investments in joint ventures and associates	1,789.9	1,735.5	1,775.2
Financial assets available for sale	458.0	487.8	612.0
Trade receivables and other assets	391.9	409.1	334.8
Derivative financial instruments	42.6	43.6	165.3
Deferred tax asset	255.4	163.5	133.6
<b>Non-current assets</b>	<b>9,317.0</b>	<b>9,107.6</b>	<b>9,356.7</b>
Inventories	119.0	106.7	89.5
Trade receivables and other assets	1,949.3	1,950.9	2,328.2
Derivative financial instruments	278.6	231.2	203.3
Current tax asset	115.6	90.0	71.1
Cash and cash equivalents	1,189.5	1,981.3	2,274.3
Assets held for sale	20.4	24.2	292.4
<b>Current assets</b>	<b>3,672.4</b>	<b>4,384.3</b>	<b>5,258.8</b>
	<b>12,989.4</b>	<b>13,491.9</b>	<b>14,615.5</b>

€ million	31 Dec 2011	30 Sep 2011	30 Sep 2010 revised
<b>Equity and liabilities</b>			
Subscribed capital	643.9	643.5	643.1
Capital reserves	956.3	956.1	913.5
Revenue reserves	421.3	575.6	489.5
Hybrid capital	294.8	294.8	294.8
<b>Equity before non-controlling interest</b>	<b>2,316.3</b>	<b>2,470.0</b>	<b>2,340.9</b>
Non-controlling interest	- 17.3	77.8	93.3
<b>Equity</b>	<b>2,299.0</b>	<b>2,547.8</b>	<b>2,434.2</b>
Pension provisions and similar obligations	990.5	878.2	878.5
Other provisions	549.1	548.6	520.2
<b>Non-current provisions</b>	<b>1,539.6</b>	<b>1,426.8</b>	<b>1,398.7</b>
Financial liabilities	3,066.5	2,324.7	2,827.5
Derivative financial instruments	56.0	73.7	47.8
Current tax liabilities	104.4	117.2	114.5
Deferred tax liabilities	127.5	120.7	80.2
Other liabilities	97.9	105.1	86.4
<b>Non-current liabilities</b>	<b>3,452.3</b>	<b>2,741.4</b>	<b>3,156.4</b>
<b>Non-current provisions and liabilities</b>	<b>4,991.9</b>	<b>4,168.2</b>	<b>4,555.1</b>
Pension provisions and similar obligations	34.7	35.9	32.8
Other provisions	438.4	471.9	383.5
<b>Current provisions</b>	<b>473.1</b>	<b>507.8</b>	<b>416.3</b>
Financial liabilities	498.9	473.6	1,684.4
Trade payables	2,028.7	2,973.5	2,847.4
Derivative financial instruments	192.1	157.7	147.4
Current tax liabilities	218.7	198.3	138.0
Other liabilities	2,287.0	2,462.8	2,296.8
<b>Current liabilities</b>	<b>5,225.4</b>	<b>6,265.9</b>	<b>7,114.0</b>
<b>Liabilities related to assets held for sale</b>	<b>-</b>	<b>2.2</b>	<b>95.9</b>
<b>Current provisions and liabilities</b>	<b>5,698.5</b>	<b>6,775.9</b>	<b>7,626.2</b>
	<b>12,989.4</b>	<b>13,491.9</b>	<b>14,615.5</b>

## Condensed statement of changes in Group equity for the period from 1 October to 31 December 2011

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
<b>Balance as at 1 Oct 2011</b>	<b>643.5</b>	<b>956.1</b>	<b>575.6</b>	<b>294.8</b>	<b>2,470.0</b>	<b>77.8</b>	<b>2,547.8</b>
Dividend payments	–	–	–	–	–	- 18.3	- 18.3
Hybrid capital dividend	–	–	- 6.5	–	- 6.5	–	- 6.5
Issue of employee shares	0.4	0.2	–	–	0.6	–	0.6
Effects on the acquisition of non-controlling interests	–	–	- 4.8	–	- 4.8	–	- 4.8
<b>Group loss</b>	<b>–</b>	<b>–</b>	<b>- 87.6</b>	<b>–</b>	<b>- 87.6</b>	<b>- 49.4</b>	<b>- 137.0</b>
Foreign exchange differences	–	–	6.9	–	6.9	–	6.9
Financial instruments available for sale	–	–	- 29.8	–	- 29.8	- 0.4	- 30.2
Cash Flow Hedges	–	–	28.1	–	28.1	5.5	33.6
Actuarial losses from pension provisions and related fund assets	–	–	- 57.8	–	- 57.8	- 38.8	- 96.6
Changes in the measurement of companies measured at equity	–	–	- 8.3	–	- 8.3	–	- 8.3
Taxes attributable to other comprehensive income	–	–	5.5	–	5.5	6.3	11.8
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>- 55.4</b>	<b>–</b>	<b>- 55.4</b>	<b>- 27.4</b>	<b>- 82.8</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>- 143.0</b>	<b>–</b>	<b>- 143.0</b>	<b>- 76.8</b>	<b>- 219.8</b>
<b>Balance as at 31 Dec 2011</b>	<b>643.9</b>	<b>956.3</b>	<b>421.3</b>	<b>294.8</b>	<b>2,316.3</b>	<b>- 17.3</b>	<b>2,299.0</b>

## Condensed statement of changes in Group equity for the period from 1 October to 31 December 2010

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
<b>Balance as at 1 Oct 2010</b>	<b>643.1</b>	<b>913.5</b>	<b>489.5</b>	<b>294.8</b>	<b>2,340.9</b>	<b>93.3</b>	<b>2,434.2</b>
Dividend payments	–	–	–	–	–	- 19.4	- 19.4
Hybrid capital dividend	–	–	- 6.5	–	- 6.5	–	- 6.5
Share based payment schemes of TUI Travel PLC	–	–	2.9	–	2.9	2.3	5.2
Issue of employee shares	0.3	0.3	–	–	0.6	–	0.6
Effects on the acquisition of non-controlling interests	–	–	- 4.8	–	- 4.8	–	- 4.8
<b>Group loss</b>	<b>–</b>	<b>–</b>	<b>- 46.4</b>	<b>–</b>	<b>- 46.4</b>	<b>- 47.8</b>	<b>- 94.2</b>
Foreign exchange differences	–	–	39.2	–	39.2	3.7	42.9
Financial instruments available for sale	–	–	92.1	–	92.1	2.1	94.2
Cash Flow Hedges	–	–	91.5	–	91.5	59.4	150.9
Actuarial losses from pension provisions and related fund assets	–	–	88.6	–	88.6	42.4	131.0
Changes in the measurement of companies measured at equity	–	–	10.5	–	10.5	–	10.5
Taxes attributable to other comprehensive income	–	–	- 49.6	–	- 49.6	- 27.8	- 77.4
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>272.3</b>	<b>–</b>	<b>272.3</b>	<b>79.8</b>	<b>352.1</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>225.9</b>	<b>–</b>	<b>225.9</b>	<b>32.0</b>	<b>257.9</b>
<b>Balance as at 31 Dec 2010</b>	<b>643.4</b>	<b>913.8</b>	<b>707.0</b>	<b>294.8</b>	<b>2,559.0</b>	<b>108.2</b>	<b>2,667.2</b>

## Condensed cash flow statement

€ million	Q1 2011/12	Q1 2010/11
Cash flow from operating activities	- 1,319.0	- 1,107.0
Cash flow from investing activities	- 91.1	504.5
Cash flow from financing activities	635.9	- 6.6
<b>Net change in cash and cash equivalents</b>	<b>- 774.2</b>	<b>- 609.1</b>
Change in cash and cash equivalents due to exchange rate fluctuation	- 17.6	4.4
<b>Cash and cash equivalents at beginning of period</b>	<b>1,981.3</b>	<b>2,274.3</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,189.5</b>	<b>1,669.6</b>

# NOTES

## Accounting principles

In accordance with IAS 34, the Group's interim financial statements as at 31 December 2011 are published in a condensed form compared with the consolidated annual financial statements. As before, they are based on the historical cost principle, the only exception being the accounting method applied in measuring financial instruments.

As a matter of principle, the accounting and measurement methods applied in the preceding consolidated financial statements as per 30 September 2011 were retained in preparing the interim financial statements as per 31 December 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 does not have any material effects on the TUI Group's net assets, financial position and financial performance and disclosures in the notes to 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 income 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	31 Dec 2011	30 Sep 2011
Current tax provisions – long-term	- 104.4	- 117.2
Deferred tax provisions – long-term	- 127.5	- 120.7
<b>Non-current provisions</b>	<b>- 231.9</b>	<b>- 237.9</b>
Current tax liability – long-term	+ 104.4	+ 117.2
Deferred tax liability – long-term	+ 127.5	+ 120.7
<b>Non-current liabilities</b>	<b>+ 231.9</b>	<b>+ 237.9</b>
<b>Non-current provisions and liabilities</b>	<b>-</b>	<b>-</b>
Current tax provision – short-term	- 218.7	- 198.1
<b>Current provisions</b>	<b>- 218.7</b>	<b>- 198.1</b>
Current tax liabilities – short-term	+ 218.7	+ 198.3
Other liabilities – from income taxes	-	- 0.2
<b>Current liabilities</b>	<b>+ 218.7</b>	<b>+ 198.1</b>
<b>Current provisions and liabilities</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>-</b>	<b>-</b>

**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 31 December 2011 included a total of 45 domestic and 716 foreign subsidiaries, besides TUI AG.

Since 1 October 2011, one newly founded company was newly included in consolidation. On the other hand, four companies have been deconsolidated due to liquidation and two companies due to a sale.

The number of companies measured at equity has remained unchanged compared with the previous year.

**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 Ltda, Jundiai, São Paulo	B2B Agency	Booking Ja Agencia de Turismo E Viagens Ltda	6 Oct 11	n/a	0.3
6 travel agents in Germany	Travel agent	TUI Leisure Travel GmbH	1 Oct– 31 Dec 11	n/a	1.1
2 travel agents in Poland	Travel agent	TUI Poland Dystrybucja Sp.zo.o.	1 Oct– 31 Dec 11	n/a	0.4
<b>Total</b>					<b>1.8</b>

All acquisitions made in the first quarter were carried out in the form of asset deals.

The considerations transferred for the acquisitions by the TUI Group exclusively include the purchase prices paid. Ancillary acquisition costs and the consideration for future services by employees of the acquired companies are expensed in the income statement.

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

€ million	Fair value at date of first-time consolidation
Intangible assets	0.3
Property, plant and equipment	0.1
<b>Fixed assets</b>	<b>0.4</b>
Liabilities and deferred income	0.1
<b>Equity</b>	<b>0.3</b>

The difference arising between the consideration transferred and the remeasured acquired net assets of €1.5m as at the acquisition date was temporarily carried as goodwill. This goodwill essentially constitutes part of the future earnings potential. The goodwill capitalised in the period under review includes an amount of €0.9m expected to be tax-deductible.

Based on the information available, it was not possible to finalise measurement of the acquired assets and liabilities 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 did not have a material effect on turnover and the Group result for the current period.

No major acquisitions were made after the balance sheet date.

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

- Top Class – European Cruise Services S.a.r.l., Monaco
- Centrum Podrozy SA, Warsaw
- 16 travel agents in Germany

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 to 31 December 2010

€ million	Carrying amounts at date of acquisition	Revaluation of assets and liabilities	Fair value at date of first-time consolidation
Other intangible assets	–	1.0	1.0
<b>Fixed assets</b>	<b>–</b>	<b>1.0</b>	<b>1.0</b>
Inventories	0.1	–	0.1
Cash and cash equivalents	0.1	–	0.1
Financial liabilities	0.1	–	0.1
<b>Equity</b>	<b>0.1</b>	<b>1.0</b>	<b>1.1</b>

The goodwill arising in the consolidated statement of financial position on eliminating the consideration transferred against the acquirer's interest in the remeasured equity decreased by €0.5m as against 31 December 2010 due to the changes in the purchase price allocation. The capitalised goodwill essentially represents a part of the expected synergy and earnings potential.

The changed purchase price allocations had the following effects on the consolidated statement of financial position as per 31 December 2010:

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

€ million	Adjustment 31 Dec 2010
Goodwill	- 0.5
Other intangible assets	+ 0.5
<b>Non-current assets</b>	<b>-</b>

These finalised purchase price allocations did not have any material effects on the consolidated statement of financial position as at 30 September 2011 and the consolidated income statement for the prior-year reference period.

The divestments did not have an effect worth mentioning on the TUI Group's net assets, financial position and financial performance.

## 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 December is negative.

The year-on-year increase in turnover is attributable to the higher average travel prices in the TUI Travel sector and higher occupancy due to a rise in the number of bednights in the TUI Hotels & Resorts sector in Spain and the Caribbean.

### (1) Cost of sales and administrative expenses

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

#### Lease, rental and leasing expenses

€ million	Q1 2011/12	Q1 2010/11
Lease, rental and leasing expenses	225.8	190.1

#### Staff cost

€ million	Q1 2011/12	Q1 2010/11
Staff cost	549.3	531.6

#### Depreciation/amortisation/impairments

€ million	Q1 2011/12	Q1 2010/11
Depreciation and amortisation	83.6	90.7
Impairments of property, plant and equipment	-	-
<b>Total</b>	<b>83.6</b>	<b>90.7</b>

**(2) Other income / Other expenses**

## Other income / Other expenses

€ million	Q1 2011/12	Q1 2010/11
Other income	1.6	18.2
Other expenses	-	0.2
<b>Total</b>	<b>+ 1.6</b>	<b>+ 18.0</b>

Other income for the first quarter of the previous year mainly results from the gain on disposal from the sale of the administrative building at Ballindamm in Hamburg, sold in December 2010.

**(3) Financial result**

The financial result also comprises measurement effects of €5.1m from reversals of write-downs in the period under review on the hybrid instrument granted to Hapag-Lloyd Holding AG (previously Albert Ballin Holding GmbH & Co. KG). The income for the previous quarter also results from the restructuring of the financial exposure to loans granted to the Hapag-Lloyd Group.

**(4) Share of result of joint ventures and associates**

## Share of result of joint ventures and associates

€ million	Q1 2011/12	Q1 2010/11
Tourism	- 2.9	6.4
Container Shipping	- 8.7	18.2
<b>Total</b>	<b>- 11.6</b>	<b>24.6</b>

**(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, ancillary 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 frequency. 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	Q1 2011/12	Q1 2010/11
Tourism	5.5	- 1.3
TUI Travel	5.5	- 1.3
All other segments	- 21.9	- 16.1
<b>Total</b>	<b>- 16.4</b>	<b>- 17.4</b>



The one-off items carried for TUI Travel comprise in particular expenses for the restructuring of the tour operator business in France (Convergence project).

In the period under review, the one-off items carried under other segments relate to income from the reversal of a provision and a subsequent reduction in acquisition costs for shares which have meanwhile been sold.

In the prior-year reference quarter, one-off items for Other segments included the gain on disposal from the sale of the administrative building at Ballindamm in Hamburg.

#### (6) Income taxes

The tax asset posted for the first quarter was due to the seasonality in Tourism.

#### (7) Group loss attributable to non-controlling interests

##### Non-controlling interest

€ million	Q1 2011/12	Q1 2010/11
TUI Travel	- 54.9	- 52.6
TUI Hotels & Resorts	+ 5.5	+ 4.8
<b>Total</b>	<b>- 49.4</b>	<b>- 47.8</b>

## 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. Accordingly, a decline was recorded both for trade receivables and other receivables as well as trade payables and other payables.

##### Assets held for sale

€ million	31 Dec 2011	30 Sep 2011
Property and hotel facilities	5.7	–
Dorfhof	–	6.9
Other assets	14.7	17.3
<b>Total</b>	<b>20.4</b>	<b>24.2</b>

The real estate and hotel facilities comprise commercial property in Essen and a hotel complex in Switzerland. In the first quarter of 2011/12, the Dorfhof GmbH company was sold.

Other assets mainly comprise aircraft assets held for sale.

##### Assets held for sale

€ million	31 Dec 2011	30 Sep 2011
Dorfhof	–	2.2
<b>Total</b>	<b>–</b>	<b>2.2</b>

Pension provisions rose by €111.1m to €1,025.2m, above all due to the lower interest rate levels in Germany and the UK. This increase was partly offset by a rise in fund assets due to higher prices in the international stock exchanges.

Non-current financial liabilities increased by a total of €741.8m to €3,066.5m. This increase mainly resulted from drawing on long-term credit lines of TUI Travel to cover the payments required in the first quarter of 2011/12 due to the seasonality in Tourism.

Current financial liabilities declined due to the early redemption of the bond maturing in September 2012, repaid in full in December 2011. Overall, however, this item increased due to the reclassification of the bond maturing in December 2012 from non-current to current financial liabilities.

### **Changes in equity**

Since 30 September 2011, equity decreased by €248.8m overall to €2,299.0m.

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

The rise in pension provisions resulted in an after-tax decline of €71.2m in the reserves according to IAS 19, included in revenue reserves.

The (after-tax) results directly to be eliminated against equity from higher fair values of hedges resulting from the effective hedging of future cash flows totalled €+20.0m.

Equity declined due to the payment of dividends to non-Group shareholders, above all the interim dividend paid by TUI Travel PLC. 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 €4.9m.

### **Contingent liabilities**

As at 31 December 2011, contingent liabilities totalled around €509.3m (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. The increase as against 30 September 2011 is attributable to exchange rate effects of the US Dollar against the Euro.

## Other financial commitments

### Financial commitments from operating lease, rental and charter contracts

€ million	31 Dec 2011	30 Sep 2011
Nominal value	3,282.2	3,288.1
Fair value	2,826.0	2,829.2

### Nominal values of other financial commitments

€ million	31 Dec 2011	30 Sep 2011
Order commitments in respect of capital expenditure	2,254.2	2,258.9
Other financial commitments	113.2	151.9
<b>Total</b>	<b>2,367.4</b>	<b>2,410.8</b>
<b>Fair value</b>	<b>2,080.7</b>	<b>2,109.5</b>

## 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 €791.8m to €1,189.5m.

The outflow of cash from operating activities was €1,319.0m (previous year €1,107.0m) in the period under review. As every year, the high outflow of cash is due to the payment of liabilities to suppliers at the end of the tourist season. In the first quarter of 2011/12, there was no inflow of payments from the involvement in Container Shipping (prior year reference quarter €89.0m). The hybrid interest of around €37.0m was paid at the beginning of January 2012, as agreed.

The outflow of cash from investing activities totalling €91.1m mainly comprised payments made for investments in property, plant and equipment of the TUI Travel Group worth €110.8m and TUI Hotels & Resorts of €10.4m as well as payments received for the sale of property, plant and equipment of the TUI Travel Group of €42.0m. Moreover, this item includes payments made for capital increases in shareholdings of the TUI Travel Group.

The inflow of cash from financing activities totalled €635.9m. While TUI AG paid €199.7m for the early redemption of bonds maturing in 2012, TUI Travel took out bank loans worth €933.2m and repaid liabilities to banks worth €10.5m as well as liabilities from finance leases worth €4.7m. The hotel companies repaid financial liabilities worth €6.0m. An amount of €57.3m was used for interest payments, while €14.7m were paid as dividends to non-controlling interests in TUI Travel PLC.

Cash and cash equivalents also decreased by €17.6m due to changes in exchange rates.

## Segment indicators

Due to the intra-Group sale of the Magic Life hotel group to TUI Travel PLC in July 2011 and the associated changes in the internal organisational and reporting structure, segment reporting was adjusted accordingly. The turnover and earnings of the Magic Life Group are therefore no longer carried under TUI Hotels & Resorts but rather under TUI Travel. In order to enhance comparability, the previous year's numbers were also restated.

### Turnover by divisions and sectors for the period from 1 October to 31 December 2011

€ million	External	Group	Q1 2011/12 Total
Tourism	3,436.4	3.9	3,440.3
TUI Travel	3,312.8	5.0	3,317.8
TUI Hotels & Resorts	83.5	97.4	180.9
Cruises	40.1	–	40.1
Consolidation	–	- 98.5	- 98.5
All other segments	12.2	3.2	15.4
Consolidation	–	- 7.1	- 7.1
<b>Total</b>	<b>3,448.6</b>	<b>–</b>	<b>3,448.6</b>

### Turnover by divisions and sectors for the period from 1 October to 31 December 2010

€ million	External	Group	Q1 2010/11 Total revised
Tourism	3,272.7	3.8	3,276.5
TUI Travel	3,159.6	5.6	3,165.2
TUI Hotels & Resorts	72.7	91.5	164.2
Cruises	40.4	–	40.4
Consolidation	–	- 93.3	- 93.3
All other segments	13.4	10.5	23.9
Consolidation	–	- 14.3	- 14.3
<b>Total</b>	<b>3,286.1</b>	<b>–</b>	<b>3,286.1</b>

### Earnings before taxes, interest and amortisation on goodwill by segment and sector

€ million	Q1 2011/12	Q1 2010/11 revised
Tourism	- 151.4	- 135.8
TUI Travel	- 156.4	- 141.5
TUI Hotels & Resorts	13.2	10.1
Cruises	- 8.2	- 4.4
All other segments	–	3.5
<b>Total</b>	<b>- 151.4</b>	<b>- 132.3</b>

In the first quarter of financial year 2011/12, earnings before interest, taxes and amortisation of goodwill (EBITA) include an amount of €-2.9m (previous year €6.4m) of results from joint ventures and associates, fully generated in Tourism.

**Adjusted earnings before taxes, interest and amortisation on goodwill by segment and sector**

€ million	Q1 2011/12	Q1 2010/11 revised
Tourism	- 125.4	- 107.0
TUI Travel	- 130.4	- 112.7
TUI Hotels & Resorts	13.2	10.1
Cruises	- 8.2	- 4.4
All other segments	- 21.9	- 12.6
<b>Total</b>	<b>- 147.3</b>	<b>- 119.6</b>

**Reconciliation to earnings before taxes of the TUI Group**

€ million	Q1 2011/12	Q1 2010/11
<b>EBITA – Group</b>	<b>- 151.4</b>	<b>- 132.3</b>
Loss (previous year gain) on Container Shipping measured at equity	- 8.7	18.2
Gain on measurement of financial instruments with Container Shipping	5.1	38.7
Net interest expense and expense from the measurement of interest hedges	- 51.8	- 65.6
Impairment of Goodwill	-	-
<b>Total</b>	<b>- 206.8</b>	<b>- 141.0</b>

**Related parties**

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains direct or indirect relationships with related parties. All transactions with related parties are carried out at arm's length 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 closing 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**

In February 2012, the works council of a French subsidiary was informed about the details of the restructuring plan for the tour operator activities (Convergence project). The amount of a restructuring provision to be formed according to IAS 37 depends on the outcome of the ongoing negotiations with the works council. A final assessment of this amount is therefore not yet possible.

### Financial calendar

	Calendar
Interim Report Q1 2011/12	15 Feb 2012
Annual General Meeting 2012	15 Feb 2012
Half-Year Report 2011/12	10 May 2012
Interim Report Q3 2011/12	10 Aug 2012
Annual Report 2011/12, Press Conference & Analysts' Meeting	19 Dec 2012

### Reservation concerning future-related 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 certain risks and uncertainties that may cause actual results to differ materially from expected results. This may be due to 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 or revise any forward-looking statements in order to reflect events or developments after the date of this report.

## Imprint

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**The German version of this Interim Report is legally binding. The Company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.**

**Both versions are available on the web: <http://interimreport1-2011-12.tui-group.com>**

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