TUI AG FINANCIAL YEAR 2012/13

Interim Report 1 October 2012 – 31 December 2012

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TUI Aktiengesellschaft

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Q1 2012/13

TUI Group – financial highlights

€ million		Q1 2012/13	Q1 2011/12	Var. %
Turnover				
TUI Travel		3,356.6	3,312.8	+ 1.3
TUI Hotels & Resorts		84.7	83.5	+ 1.4
Cruises		51.5	40.1	+ 28.4
Group		**3,495.7**	**3,448.6**	**+ 1.4**
EBITDA				
TUI Travel		- 111.1	- 93.0	- 19.5
TUI Hotels & Resorts		51.0	29.8	+ 71.1
Cruises		- 8.8	- 5.9	- 49.2
Group		**- 84.9**	**- 67.9**	**- 25.0**
Underlying EBITDA				
TUI Travel		- 97.0	- 84.0	- 15.5
TUI Hotels & Resorts		51.0	29.8	+ 71.1
Cruises		- 8.8	- 5.9	- 49.2
Group		**- 70.8**	**- 80.8**	**+ 12.4**
EBITA				
TUI Travel		- 181.0	- 156.4	- 15.7
TUI Hotels & Resorts		34.3	13.2	+ 159.8
Cruises		- 11.2	- 8.2	- 36.6
Group		**- 175.6**	**- 151.4**	**- 16.0**
Underlying EBITA				
TUI Travel		- 146.9	- 130.4	- 12.7
TUI Hotels & Resorts		34.3	13.2	+ 159.8
Cruises		- 11.2	- 8.2	- 36.6
Group		**- 141.5**	**- 147.3**	**+ 3.9**
Group earnings				
Net profit for the period		- 183.8	- 137.0	- 34.2
Earnings per share	€	- 0.57	- 0.37	- 52.5
Equity ratio (31 Dec)	%	14.0	17.7	- 3.7*
Investments in other intangible assets and property, plant and equipment		230.9	109.3	+ 111.3
Net debt (31 Dec)		1,939.3	2,375.9	- 18.4
Employees (31 Dec)		63,663	62,664	+ 1.6

Differences may occur due to rounding
*percentage points

→ **TUI Group reports successful start into new financial year 2012/13**

→ **Sound operating performance by TUI tour operators and hotels in Q1 2012/13**

→ **Outlook for TUI Group confirmed**

MANAGEMENT REPORT

ECONOMIC SITUATION IN Q1 2012/13

General economic situation

Development of gross domestic product

Var. %	2013	2012
World	**3.5**	**3.2**
Eurozone	0.2	- 0.2
Germany	0.6	0.9
UK	1.0	- 0.2
France	0.3	0.2
US	2.0	2.3
Russia	3.7	3.6
Japan	1.2	2.0
China	8.2	7.8
India	5.9	4.5

Source: International Monetary Fund (IMF), World Economic Outlook Update, January 2013

The International Monetary Fund (IMF) has revised its forecast for global gross domestic product growth in 2012 and 2013 down by 0.1 percentage points each as against October 2012. The experts currently project economic growth of 3.2% for 2012 and 3.5% for 2013.

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

TUI Group started off well into new financial year 2012/13
In the first quarter of 2012/13, Group turnover grew by 1.4% year-on-year to €3.5bn due to foreign exchange effects. Adjusted for foreign exchange effects, turnover declined slightly despite better average prices due to lower capacity in TUI Travel's Mainstream Business.

Compared with the prior year reference period, TUI Travel updated the parameters used to measure return flight obligations for inbound customers. As a consequence, the results carried for the first and third quarters of 2012/13 are down on the prior year due to the seasonal swing of the business, while the results for the second and fourth quarters of financial year 2012/13 are up. These effects balance out for the overall year 2012/13.

Despite the change in estimated return flight obligations, which gave rise to a decline in TUI Travel's results of around €28m in the first quarter, the TUI Group's seasonal operating loss (underlying Group EBITA) improved by €5.8m year-on-year in the first quarter of 2012/13. This significant improvement in operating earnings was mainly driven by the continued strong demand for differentiated and exclusive product in TUI Travel and the sound performance of Riu hotels in the period under review.

Business developed as follows in the individual Sectors:

At a sound operating performance, TUI Travel recorded a decline in underlying EBITA of €16.5m to €-146.9m year-on-year due to the change in the estimate for return flight obligations outlined above. TUI tour operators in the UK & Ireland as well as the Nordics, in particular, achieved increases in customer numbers and generated sound margins.

TUI Hotels & Resorts benefited from an increase in bednights and higher average revenues in Riu, the largest hotel company. Moreover, a book profit of €14.6m was generated in the period under review from the sale of a hotel in the framework of refocusing the Riu hotel portfolio in the Balarics. Underlying earnings by TUI Hotels & Resorts rose by €21.1m to €34.3m.

The underlying earnings of the Cruises Sector amounted to €-11.2m, down €3.0m year-on-year. The decline in earnings was mainly driven by start-up costs incurred in connection with the market launch of the new Europa 2 in Hapag-Lloyd Kreuzfahrten.

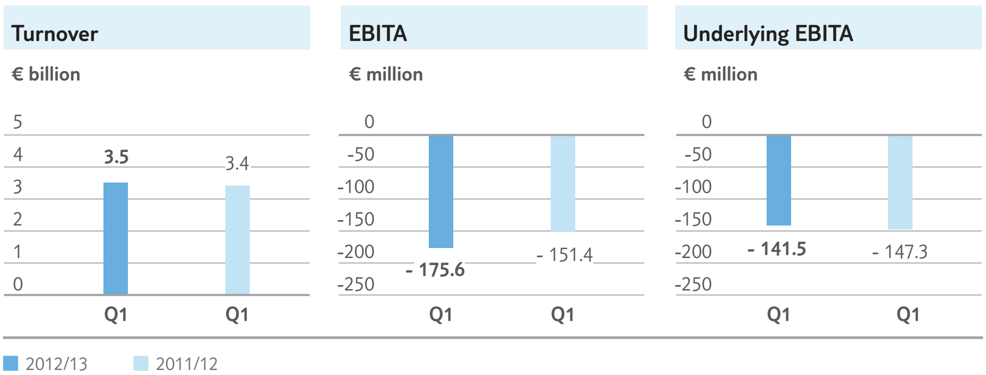
No intention to make an offer for TUI Travel

On 16 January 2013, TUI Travel rejected press speculation concerning a potential reverse takeover of TUI AG by its subsidiary TUI Travel. At the same time, the Independent Directors of TUI Travel announced that they had received an approach from TUI AG, which may or may not result in a combination of the two companies.

In accordance with the UK City Code on Takeovers and Mergers ("Code") requirements, TUI AG announced on 23 January 2013 in this regard that TUI AG does not intend to make an offer for TUI Travel. Accordingly, TUI AG is bound by the restrictions under Rule 2.8 of the Code.

TUI AG's decision was based on the assessment that a share-based transaction at current exchange ratios was not in the interest of TUI shareholders. Irrespective of this, TUI AG will continue fully to exercise its role as majority shareholder in order to leverage the value potential and benefits within the TUI Group for the benefit of all shareholders and other stakeholders of TUI AG.

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 2012/13	Q1 2011/12	Var. %
Tourism	3,492.8	3,436.4	+ 1.6
TUI Travel	3,356.6	3,312.8	+ 1.3
TUI Hotels & Resorts	84.7	83.5	+ 1.4
Cruises	51.5	40.1	+ 28.4
Central Operations	2.9	12.2	- 76.2
Group	**3,495.7**	**3,448.6**	**+ 1.4**

While customer volumes in TUI Travel were down by 3.4% year-on-year, turnover by the TUI Group rose by 1.4% year-on-year in the first quarter of 2012/13 due to foreign exchange effects. Adjusted for foreign exchange effects, turnover decreased by around 1%.

Development of earnings

Underlying EBITA

€ million	Q1 2012/13	Q1 2011/12	Var. %
Tourism	- 123.8	- 125.4	+ 1.3
TUI Travel	- 146.9	- 130.4	- 12.7
TUI Hotels & Resorts	34.3	13.2	+ 159.8
Cruises	- 11.2	- 8.2	- 36.6
Central Operations	- 17.7	- 21.9	+ 19.2
Group	**- 141.5**	**- 147.3**	**+ 3.9**

EBITA

€ million	Q1 2012/13	Q1 2011/12	Var. %
Tourism	- 157.9	- 151.4	- 4.3
TUI Travel	- 181.0	- 156.4	- 15.7
TUI Hotels & Resorts	34.3	13.2	+ 159.8
Cruises	- 11.2	- 8.2	- 36.6
Central Operations	- 17.7	0.0	n/a
Group	**- 175.6**	**- 151.4**	**- 16.0**

Earnings adjusted for one-off effects (underlying EBITA) is used below in order to explain and assess the operating performance of the Sectors. These earnings have been adjusted for gains on disposal of financial investments, restructuring expenses, essentially scheduled amortisation of intangible assets from purchase price allocations and other expenses and income from one-off items.

Underlying EBITA: Group

€ million	Q1 2012/13	Q1 2011/12	Var. %
EBITA	**- 175.6**	**- 151.4**	**- 16.0**
Gains on disposal	–	–	
Restructuring	+ 7.5	+ 1.0	
Purchase price allocation	+ 20.5	+ 19.5	
Other one-off items	+ 6.1	- 16.4	
Underlying EBITA	**- 141.5**	**- 147.3**	**+ 3.9**

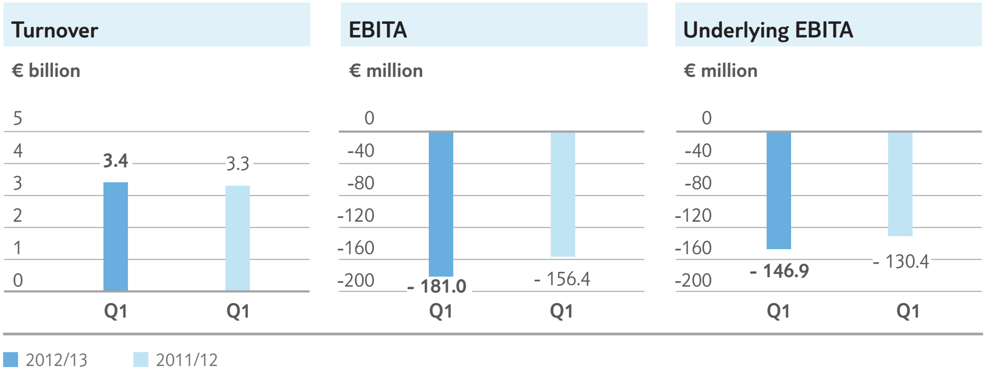
For an explanation of the changed estimate see page 2

The overall sound operating performance of the Sectors was more than offset year-on-year by an update in estimated return flight obligations in TUI Travel, which gave rise to a decline in the result for the first quarter of 2012/13 of around €28m. Despite the changed estimate, which does not impact earnings for the overall year 2012/13, the Group's operating earnings improved by €5.8m on the prior year in the first quarter of 2012/13. This improvement in operating earnings was above all attributable to the continued strong demand for differentiated and exclusive product in TUI Travel and the sound performance of Riu hotels in the period under review. In addition, a book profit from the sale of a Riu hotel of €14.6m was generated in the quarter under review.

In the first quarter of 2012/13, one-off items worth a total of €34.1m had to be adjusted for. In Tourism, they related to expenses for purchase price allocations and above all one-off expenses associated with the modernisation of the Corsair aircraft fleet (Takeoff project) and the combination of administrative functions in the Specialist & Activity Business in the UK.

The Group's reported EBITA by the Segment totalled €-175.6m in the first quarter, down €24.2m year-on-year.

TUI Travel



TUI Travel – key figures

€ million	Q1 2012/13	Q1 2011/12	Var. %
Turnover	3,356.6	3,312.8	+ 1.3
EBITA	**- 181.0**	**- 156.4**	**- 15.7**
Gains on disposal	–	–	
Restructuring	+ 7.5	+ 1.0	
Purchase price allocation	+ 20.5	+ 19.5	
Other one-off items	+ 6.1	+ 5.5	
Underlying EBITA	**- 146.9**	**- 130.4**	**- 12.7**
Underlying EBITDA	- 97.0	- 84.0	- 15.5
Investments in other intangible assets and property, plant and equipment	217.3	94.6	+ 129.7
Employees (31 Dec)	50,318	49,805	+ 1.0

Turnover by TUI Travel grew by 1.3% year-on-year in the first quarter of 2012/13. Adjusted for foreign exchange effects, turnover was almost flat year-on-year. The decrease in customer numbers of 3.4% was offset by higher average selling prices resulting from a higher proportion of sales of differentiated product.

For an explanation of the changed estimate see page 2

The seasonal loss (underlying EBITA) of TUI Travel rose by €16.5m year-on-year to €-146.9m. At an overall positive business performance, the decline in earnings was exclusively driven by a change in estimated return flight obligations, which impacted TUI Travel 's results for the first quarter by around €28m. Had it not been for this change in the estimate, which did not affect the result for the overall year 2012/13, the result for the period under review would have been around €12m up year-on-year.

In the first quarter of 2012/13, TUI Travel had to carry adjustments worth €34.1m for the following one-off effects:

- restructuring costs of €7.5m, in particular for the combination of administrative functions in the Specialist & Activity Business,
- effects of purchase price allocations worth €20.5m, and
- one-off items worth €6.1m, in particular relating to the modernisation of the Corsair aircraft fleet (Takeoff project).

Reported earnings by TUI Travel decreased by €24.6m to €-181.0m versus the prior year in the first quarter of 2012/13.

New reporting structure

From the start of financial year 2012/13, TUI Travel has changed its reporting structure. TUI Travel now reports in three business lines: Mainstream, Specialist & Activity and Accommodation & Destinations. The Emerging Markets Business has been absorbed into other business lines depending on the respective business model, with the growth markets previously reported in that business line allocated to Mainstream (Russia) and Accommodation & Destinations (Brazil, India, China).

In the Mainstream Business, the previous regional breakdown into Central Europe, Northern Region and Western Europe has been replaced by a central Mainstream Board covering all source markets. In the future, the Business will be reporting separately via the key source markets Germany, UK & Ireland, Nordics and France. The Other business line now comprises the tour operators and airlines in Canada, Austria, Switzerland, Poland, the Netherlands, Belgium and Morocco, southern Europe and Russia as well as the TUI Travel hotel companies and the French Corsair airline.

Mainstream

Mainstream remains the largest business line within TUI Travel and comprises sales of flights, accommodation and other tourism services.

TUI Travel – mainstream volumes

'000	Q1 2012/13	Q1 2011/12	Var. %
Germany	1,192	1,254	- 5.0
UK & Ireland	882	866	+ 1.8
Nordics	303	293	+ 3.5
France	198	280	- 29.3
Other	998	1,006	- 0.8
Total	**3,573**	**3,699**	**- 3.4**

In the first quarter of 2012/13, the Mainstream Business serviced a total of 3,573 thousand guests. This represented a decline of 3.4% on the prior year, also reflecting the development of capacity in the period under review.

Germany

In the period under review, TUI Deutschland benefited from strong demand for luxury and long-haul holidays, booked well in advance at regular terms and conditions. This was due to the expansion of the long-haul portfolio, higher flexibility of the product portfolio and the new booking and reservation system introduced in the prior year. Bookings for the Canaries, an important winter destination which last year had benefited from a shift in demand from North African destinations, decreased year-on-year. Due to capacity cuts, less stock left to sell was sold in the period under review; customer numbers declined by 5.0% year-on-year.

UK & Ireland

TUI tour operators in the UK reported an increase in customer numbers of 1.8%, again outperforming the market and continuing the gratifying performance delivered in the prior year. Due to continued strong demand, in particular for differentiated and exclusive product, TUI UK generated good selling prices and achieved very good load factors.

Nordics
In the first half of the winter season, TUI tour operators in the Nordics also recorded an increase in customers of 3.5% on the prior year, which had been impacted by the floods in Thailand. They also benefited from cost savings in aviation.

France
In the period under review, the entire French travel market remained weak. Demand for North Africa remained subdued so that load factors for these destinations were down. TUI France offset the decline in customer numbers of 29.3% year-on-year with cost savings generated in the framework of the Convergence project and showed a slightly positive development year-on-year.

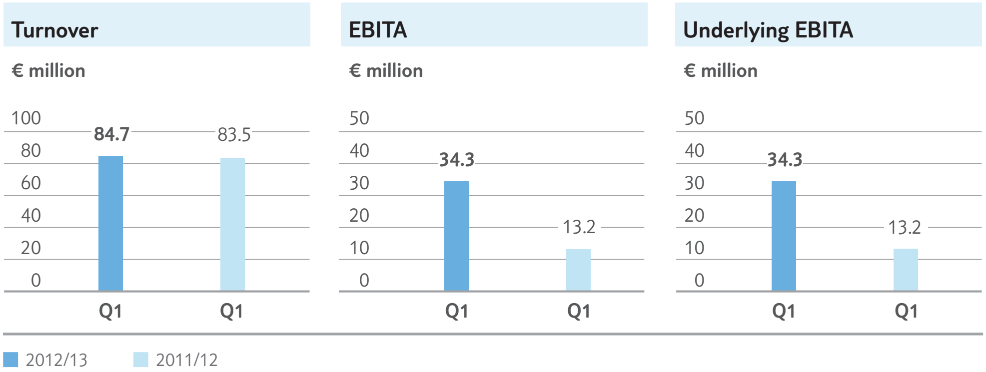
Other
In the period under review, TUI tour operators in Canada, Belgium and Russia achieved improvements in their performance year-on-year. The Corsair airline benefited from an attractive flight schedule, the modernisation of its fleet implemented in the framework of the Takeoff project and the conclusion of the new code share agreement with Air Caribes. Due to strong price competition in the Netherlands, TUI Nederland reported lower margins. Overall, the number of customers in Other countries fell by 0.8%.

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 delivered by the Specialist & Activity Business varied. The skiing tour operators and the Education Division reported considerable growth. The Marine Division, by contrast, recorded margin losses in boat and yacht rental. The premium tour operators in North America saw declines in load factors. Moreover, less private jet tours were carried out in the quarter under review.

Accommodation & Destinations
The Accommodation & Destinations Business, which comprises the online services and incoming agencies of TUI Travel, showed an overall weaker performance in the first quarter of 2012/13. Online services reported volume growth through the B2B portals, while the B2C portals incurred higher costs for the expansion of the portals. The incoming agencies posted an overall gratifying performance. However, adverse effects arose from lower customer numbers in Egypt and turnover losses in cruise handling due to hurricane Sandy in October 2012.

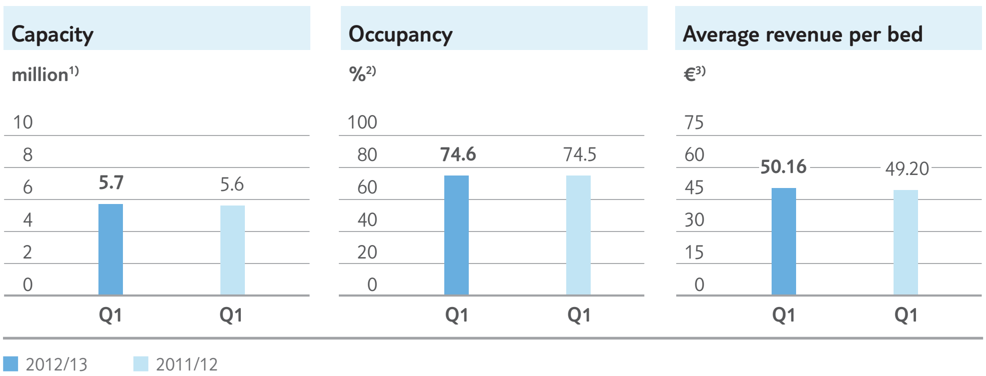
TUI Hotels & Resorts



TUI Hotels & Resorts – key figures

€ million	Q1 2012/13	Q1 2011/12	Var. %
Total turnover	179.4	180.9	- 0.8
Turnover	84.7	83.5	+ 1.4
EBITA	**34.3**	**13.2**	**+ 159.8**
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	–	–	
Underlying EBITA	**34.3**	**13.2**	**+ 159.8**
Underlying EBITDA	51.0	29.8	+ 71.1
Investments in other intangible assets and property, plant and equipment	9.4	10.4	- 9.6
Employees (31 Dec)	12,643	11,920	+ 6.1

TUI Hotels & Resorts comprises the Group's hotels and hotel companies. The number of bednights in hotels operated by the Sector totalled 4.3m in the first quarter of 2012/13 (previous year 4.1m). Bed occupancy was 74.6%, up 0.1 percentage points year-on-year. The development of business varied for the individual hotel groups and regions.

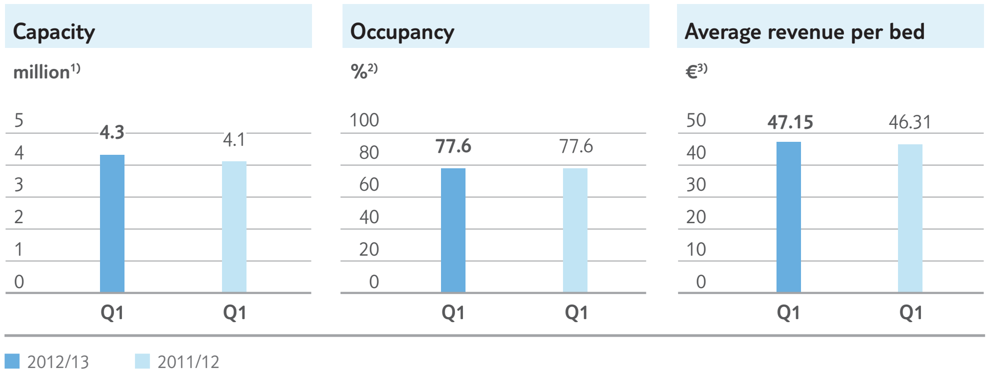


[1] Group owned or leased hotel beds multiplied by number of days open per quarter
[2] occupied beds divided by capacity
[3] arrangement turnover divided by occupied beds

At €179.4m, total turnover by TUI Hotels & Resorts was almost flat year-on-year.

In the first quarter of 2012/13, underlying earnings totalled €34.3m, up €21.1m year-on-year. This increase reflected the sound operating performance posted by Riu, the largest hotel company, and the book profit from the sale of a hotel in the framework of refocusing Riu's hotel portfolio in the Balearics.

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

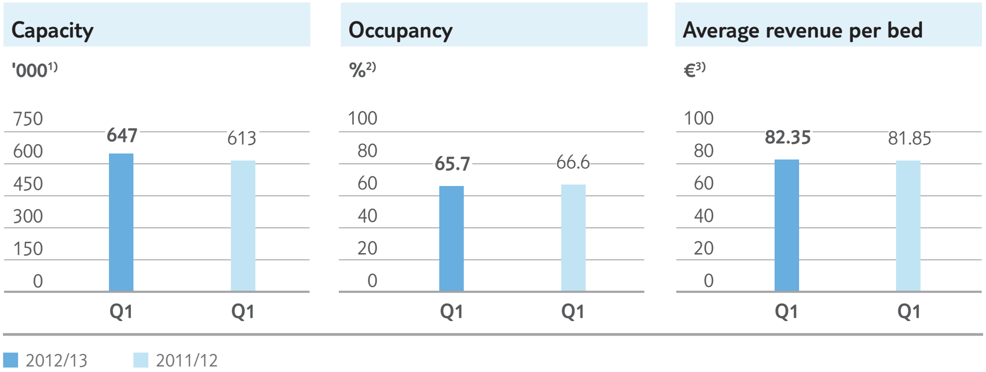
Riu, one of Spain's leading hotel chains, operated 102 hotels in the period under review. Capacity rose by 3.2% year-on-year to 4.3m hotel beds available due to the opening of the new Riu Peninsula in Mexico. At 77.6%, average occupancy of Riu hotels in the first quarter of 2012/13 was flat year-on-year. Average revenues per bed grew by 1.8% year-on-year.

Business developed as follows in the individual regions:

Overall, Riu hotels in Spain continued the strong performance of the prior year's reference quarter. Average occupancy of Riu hotels in the Canaries declined by 2.4 percentage points year-on-year to 87.5%. This decrease reflected a normalisation of occupancy versus the prior year, in which the destination had additionally benefited from shifts in demand from North African countries. Riu hotels in the Balearics recorded occupancy of 66.6%, flat year-on-year. Average occupancy of Riu hotels in mainland Spain grew by 8.1 percentage points year-on-year to 71.2%.

In the long-haul segment, Riu hotels recorded an expansion of capacity due to the new Riu Peninsula and an average occupancy rate of 78.1%, up 0.5 percentage points year-on-year. The increase was mainly driven by stronger demand in the US and Canada for hotels in Mexico and the Caribbean. Average revenues per bed also grew by 4.2%.

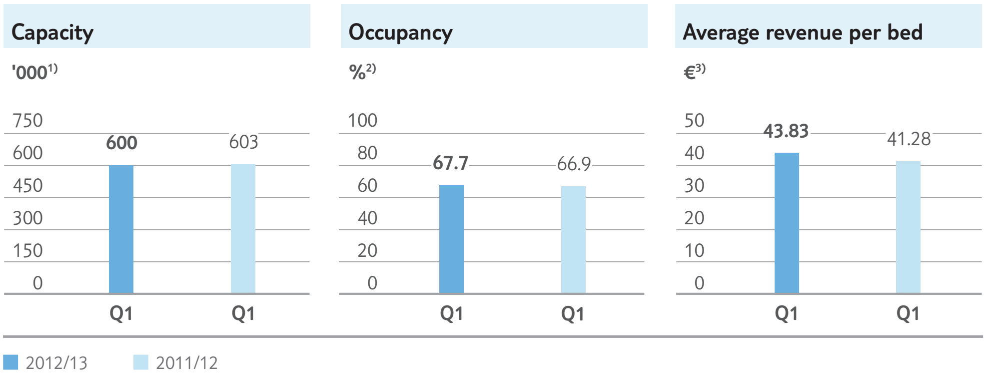
Robinson



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

At the end of the first quarter of 2012/13, 17 club facilities operated by Robinson, market leader in the premium club holiday segment, were open. Capacity increased year-on-year as a club in Turkey had been closed for renovation purposes in the prior-year reference quarter. Occupancy of Robinson Clubs in Italy, Austria and Spain increased year-on-year. The resorts in Turkey, the Maldives and Portugal recorded lower occupancy rates. Overall, this resulted in a year-on-year decrease in occupancy of 0.9 percentage points. Average revenues per bed grew by 0.6%.

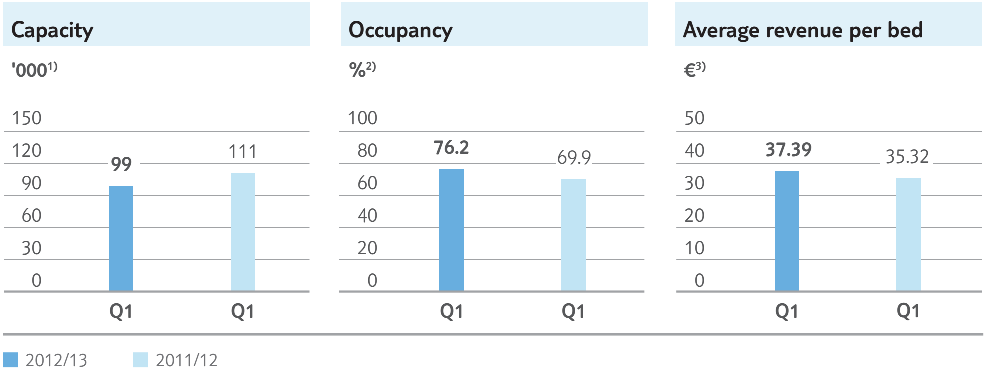
Iberotel



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 first quarter of 2012/13, 26 facilities in Egypt, Turkey, the United Arab Emirates, Italy and Germany were open. Capacity was almost flat year-on-year. At 67.7%, overall occupancy of Iberotels was 0.8 percentage points up on the prior year. This was primarily attributable to Iberotels in Egypt. Facilities in Turkey reported a slight decline in occupancy year-on-year. Average revenues per bed increased by 6.2% versus the prior year.

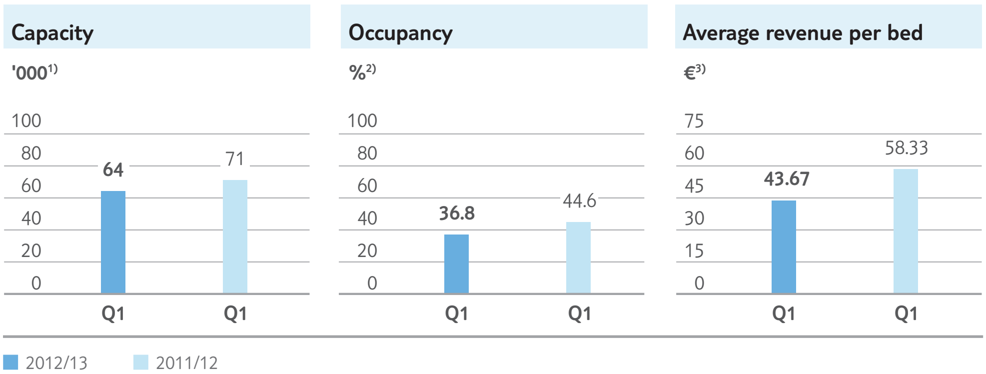
Grupotel



[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 first quarter of 2012/13, only five hotels of the Grupotel chain, represented in Majorca, Menorca and Ibiza, were open for seasonal reasons. Several hotels closed earlier than last year at the end of the summer season. As a result, capacity decreased by 11.1%. Occupancy of that capacity grew by 6.3 percentage points year-on-year to 76.2%. Average revenues per bed improved by 5.9% versus the prior year.

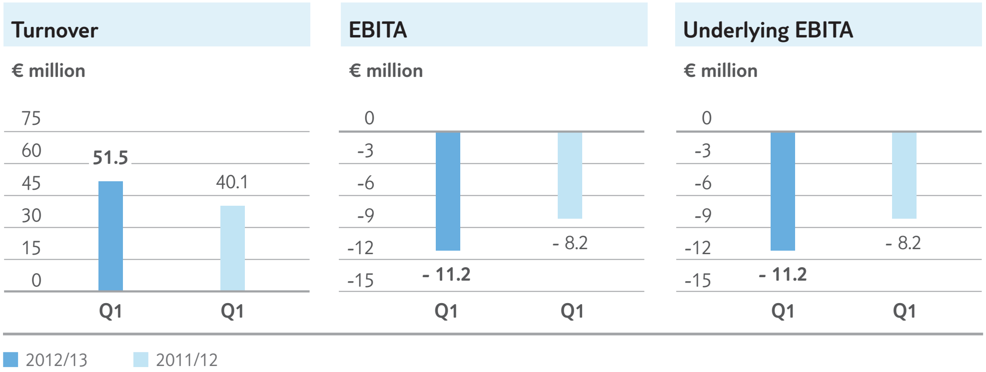
Grecotel



[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

At the end of 2012, all resorts operated by the Greek hotel company Grecotel were closed. Capacity carried for the period under review declined by 9.7% year-on-year as several hotel complexes closed earlier for seasonal reasons. Occupancy decreased by 7.8 percentage points to 36.8%. Average revenues declined by 25.1% year-on-year as they had benefited from special events in the prior year.

Cruises



The Cruises Sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises.

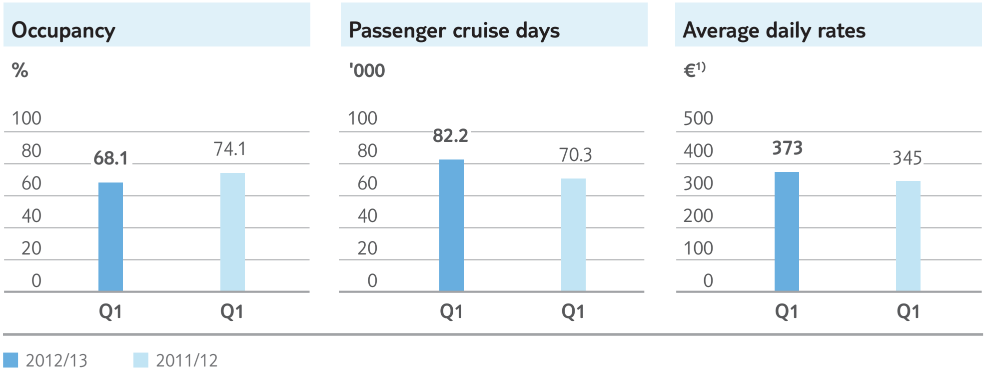
Cruises – key figures

€ million	Q1 2012/13	Q1 2011/12	Var. %
Turnover	51.5	40.1	+ 28.4
EBITA	**- 11.2**	**- 8.2**	**- 36.6**
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	–	–	
Underlying EBITA	**- 11.2**	**- 8.2**	**- 36.6**
Underlying EBITDA	- 8.8	- 5.9	- 49.2
Investments in other intangible assets and property, plant and equipment	2.6	4.1	- 36.6
Employees (31 Dec)	283	304	- 6.9

In the first quarter of 2012/13, turnover by the Cruises Sector totalled €51.5m, up 28.4% year-on-year. This was due to the capacity expansion associated with the operation of Columbus 2, which replaced the smaller Columbus still operated in the prior year reference quarter. 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 2012/13, underlying earnings by the Cruises Sector stood at €-11.2m, down €3.0m year-on-year. The decline in earnings was mainly driven by start-up costs for the new Europa 2 in Hapag-Lloyd Kreuzfahrten. TUI Cruises continued the positive performance of the prior year.

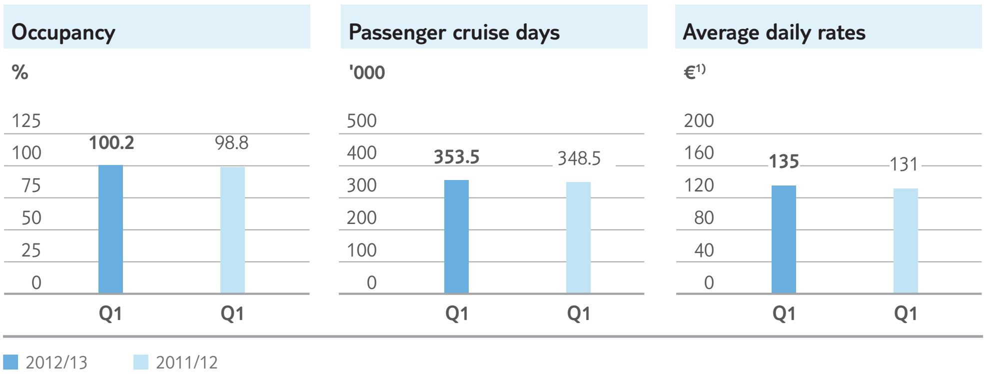
Hapag-Lloyd Kreuzfahrten



1) per day and passenger

In the first quarter of 2012/13, occupancy of the fleet operated by Hapag-Lloyd Kreuzfahrten declined by 6.0 percentage points to 68.1%. In the period under review, 82,225 passenger days were generated, up 17.0% year-on-year. The development of these indicators was strongly impacted by the operation of Columbus 2 in the period under review, while the substantially smaller Columbus had still been operated one year earlier. As a result, passenger days rose in the period under review, while occupancy declined due to the capacity increase associated with Columbus 2. The average rate per passenger per day benefited from the fleet renewal, growing by 8.1% to €373.

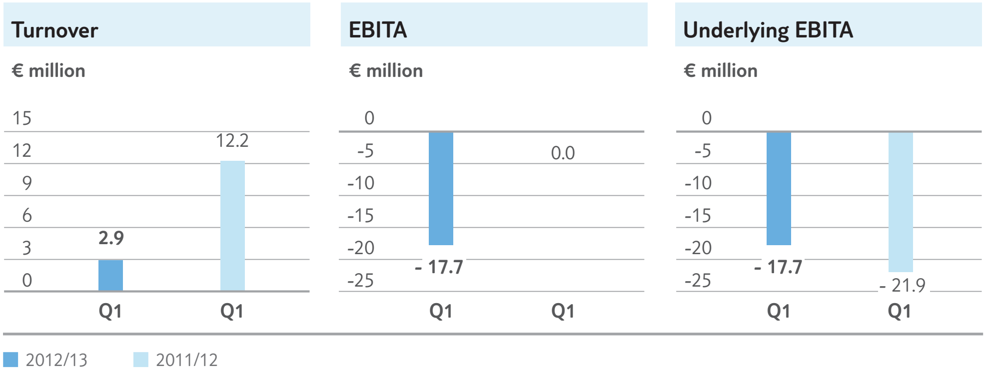
TUI Cruises



1) per day and passenger

In the first quarter of 2012/13, TUI Cruises posted a continued positive development of its indicators. Occupancy grew by 1.4 percentage points year-on-year to 100.2%. This high load factor was attributable to both ships. Passenger days in the first quarter of 2012/13 totalled 353,518, up 1.4%. The average rate per passenger per day was €135, up 2.8% 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 2012/13	Q1 2011/12	Var. %
Turnover	2.9	12.2	- 76.2
EBITA	**- 17.7**	**0.0**	**n/a**
Gains on disposal	–	–	
Restructuring	–	–	
Purchase price allocation	–	–	
Other one-off items	–	- 21.9	
Underlying EBITA	**- 17.7**	**- 21.9**	**+ 19.2**
Underlying EBITDA	- 16.0	- 20.7	+ 22.7
Investments in other intangible assets and property, plant and equipment	1.6	0.2	+ 700.0
Employees (31 Dec)	420	635	- 33.9
of which Corporate Center (31 Dec)	209	209	–

In the first quarter of 2012/13, underlying earnings by Central Operations totalled €-17.7m, up €4.2m year-on-year. This was mainly driven by expenses for hedging transactions included in the prior year.

In the period under review, Central Operations did not have to carry any adjustments. In the prior-year reference quarters, adjustments primarily related to the reversal of a provision.

In the first quarter of 2012/13, reported earnings by Central Operations declined by €17.7m to €-17.7m versus the prior year.

Consolidated earnings

Income statement of the TUI Group

€ million		Q1 2012/13	Q1 2011/12	Var. %
Turnover		3,495.7	3,448.6	+ 1.4
Cost of sales		3,301.6	3,266.1	+ 1.1
Gross profit		**194.1**	**182.5**	**+ 6.4**
Administrative expenses		392.4	335.0	+ 17.1
Other income/other expenses		+ 16.3	+ 1.6	+ 918.8
Financial income		30.5	52.2	- 41.6
Financial expenses		98.4	96.5	+ 2.0
Share of result of joint ventures and associates		- 0.7	- 11.6	+ 94.0
Earnings before income taxes		**- 250.6**	**- 206.8**	**- 21.2**
Reconciliation to underlying earnings:				
Earnings before income taxes		- 250.6	- 206.8	- 21.2
plus: Losses on Container Shipping measured at equity		8.1	8.7	- 6.9
less: Gains on reduction and measurement of financial investment in Container Shipping		–	- 5.1	n/a
plus: Net interest expense and expense from measurement of interest hedges		66.9	51.8	+ 29.2
plus: Impairment of goodwill		–	–	–
EBITA		- 175.6	- 151.4	- 16.0
Adjustments:				
less: Gains on disposals		–	–	
plus: Restructuring expense		+ 7.5	+ 1.0	
plus: Expense from purchase price allocation		+ 20.5	+ 19.5	
plus: Expense (previous year income) from other one-off items		+ 6.1	- 16.4	
Underlying EBITA		**- 141.5**	**- 147.3**	**+ 3.9**
Earnings before income taxes		**- 250.6**	**- 206.8**	**- 21.2**
Income taxes		- 66.8	- 69.8	+ 4.3
Group loss for the year		**- 183.8**	**- 137.0**	**- 34.2**
Group loss for the year attributable to shareholders of TUI AG		- 137.0	- 87.6	- 56.4
Group loss for the year attributable to non-controlling interest		- 46.8	- 49.4	+ 5.3
Basic and diluted earnings per share	€	**- 0.57**	**- 0.37**	**- 52.5**

The consolidated income statement reflects the seasonality of the tourism business, with negative results generated in the period from October to December 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 first quarter of 2012/13, turnover grew by 1.4% year-on-year to €3.5bn due to foreign exchange effects. Turnover is presented alongside the cost of sales, which also rose slightly by 1.1%. A detailed breakdown of turnover and the development of turnover are presented in the section Earnings by the Sectors.

Gross profit
At €194.1m, gross profit as the balance of turnover and the cost of sales was up 6.4% year-on-year in the first quarter of 2012/13.

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 €392.4m, up 17.1% on prior year. The rise in administrative expenses was driven by the increase in the sterling exchange rate and the adjustment of one-off income by Central Operations 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 €16.3m in the first quarter of 2012/13, mainly reflecting the gain on disposal from the sale of a hotel of the Riu Group in the period under review.

Impairment of goodwill
No goodwill impairment charges were carried for the first quarter of 2012/13, 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; in the prior year it had also included the effect of the measurement of the loans granted to Container Shipping. In the first quarter, it comprised financial income of €30.5m (previous year €52.2m) and financial expenses of €98.4m (previous year €96.5m). The year-on-year decrease in financial income was driven, among other factors, by measurement effects included in the prior year and interest income from hybrid instruments granted to Hapag-Lloyd, fully redeemed in financial year 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 accounted for €-0.7m (previous year €-11.6m) in the first quarter of 2012/13. The improvement was mainly driven by the companies of the TUI Travel Group.

Underlying Group EBITA

Adjustments see page 4

In the first quarter of 2012/13, underlying Group EBITA totalled €-141.5m, up 3.9% 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. In the first quarter of 2012/13, tax assets of €66.8m arose, as against €69.8m in the prior year, primarily reflecting the strong seasonal swing in the tourism business.

Group loss

In the first quarter of 2012/13, the Group result was negative at €-183.8m (previous year €-137.0m) due to the seasonality of the tourism business.

Non-controlling interests

Non-controlling interests accounted for €-46.8m for the first quarter of 2012/13. 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 €-137.0m (previous year €-87.6m) of the Group result for the first quarter of 2012/13. As a result, basic earnings per share amounted to €-0.57 (previous year €-0.37) for the first quarter.

Performance indicators

Key figures of income statement

€ million	Q1 2012/13	Q1 2011/12	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**111.3**	**148.0**	**- 24.8**
Operating rental expenses	196.2	215.9	- 9.1
Earnings before interest, income taxes, depreciation and impairment (EBITDA)	**- 84.9**	**- 67.9**	**- 25.0**
Depreciation/amortisation less reversals of depreciation[1)]	- 90.7	- 83.5	- 8.6
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**- 175.6**	**- 151.4**	**- 16.0**
Impairment of goodwill	–	–	–
Earnings before interest and income taxes (EBIT)	**- 175.6**	**- 151.4**	**- 16.0**
Interest result and earnings from the measurement of interest hedges	- 66.9	- 51.8	- 29.2
Effect of measurement of the loans to Container Shipping	–	5.1	n/a
Result from Container Shipping measured at equity	- 8.1	- 8.7	+ 6.9
Earnings before income taxes (EBT)	**- 250.6**	**- 206.8**	**- 21.2**

[1)] on property, plant and equipment, intangible asssets, financial and other assets

Net assets and financial position

The Group's balance sheet total decreased by 5.9% to €12.4bn versus the end of financial year 2011/12. The changes in the consolidated statement of financial position as against 30 September 2012 primarily reflect the seasonality of the tourism business.

Assets and liabilities

€ million	31 Dec 2012	30 Sep 2012	Var. %
Non-current assets	8,803.3	8,668.2	+ 1.6
Current assets	3,633.2	4,544.4	- 20.1
Assets	**12,436.5**	**13,212.6**	**- 5.9**
Equity	1,746.3	2,067.1	- 15.5
Provisions	2,288.1	2,233.9	+ 2.4
Financial liabilities	3,318.7	2,456.6	+ 35.1
Other liabilities	5,083.4	6,455.0	- 21.2
Liabilities	**12,436.5**	**13,212.6**	**- 5.9**

Non-current assets

As at 31 December 2012, non-current assets accounted for 70.8% of total assets, compared with 65.6% as at 30 September 2012. At €8.8bn, non-current assets rose slightly year-on-year.

Current assets

As at 31 December 2012, current assets accounted for 29.2% of total assets, following 34.4% in the prior quarter. Current assets decreased from €4.5bn as at 30 September 2012 to €3.6bn as at 31 December 2012, primarily due to the seasonality of the tourism business.

Equity

See page 39

Equity totalled €1.7bn as at 31 December 2012. The equity ratio declined from 15.6% as at 30 September 2012 to 14.0%. 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 and provisions for typical operating risks. As at 31 December 2012, they totalled €2.3bn, slightly up on their level of €2.2bn as at 30 September 2012.

Financial liabilities

As at 31 December 2012, financial liabilities consisted of non-current financial liabilities of €2.9bn and current financial liabilities of €0.4bn. As at 30 September 2012, non-current financial liabilities amounted to €1.8bn, with current financial liabilities of €0.6bn.

At the end of the first quarter (31 December 2012), the TUI Group's net debt totalled €1.9bn. Net debt was thus reduced by €436.6m year-on-year. This was mainly due to the cash inflow because of the reduction in the investment in Container Shipping in the calendar year 2012.

Other liabilities

As at 31 December 2012, other liabilities amounted to €5.1bn, down 21.1% as against their level of €6.5bn as at 30 September 2012. This decline resulted mainly from the seasonal swing in tourism.

Other segment indicators

Underlying EBITDA

€ million	Q1 2012/13	Q1 2011/12	Var. %
Tourism	- 54.8	- 60.1	+ 8.8
TUI Travel	- 97.0	- 84.0	- 15.5
TUI Hotels & Resorts	51.0	29.8	+ 71.1
Cruises	- 8.8	- 5.9	- 49.2
Central Operations	- 16.0	- 20.7	+ 22.7
Group	**- 70.8**	**- 80.8**	**+ 12.4**

EBITDA

€ million	Q1 2012/13	Q1 2011/12	Var. %
Tourism	- 68.9	- 69.1	+ 0.3
TUI Travel	- 111.1	- 93.0	- 19.5
TUI Hotels & Resorts	51.0	29.8	+ 71.1
Cruises	- 8.8	- 5.9	- 49.2
Central Operations	- 16.0	1.2	n/a
Group	**- 84.9**	**- 67.9**	**- 25.0**

Investments in other intangible assets and property, plant and equipment

€ million	Q1 2012/13	Q1 2011/12	Var. %
Tourism	229.3	109.1	+ 110.2
TUI Travel	217.3	94.6	+ 129.7
TUI Hotels & Resorts	9.4	10.4	- 9.6
Cruises	2.6	4.1	- 36.6
Central Operations	1.6	0.2	+ 700.0
Group	**230.9**	**109.3**	**+ 111.3**

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

€ million	Q1 2012/13	Q1 2011/12	Var. %
Tourism	89.1	82.4	+ 8.1
TUI Travel	70.0	63.4	+ 10.4
TUI Hotels & Resorts	16.7	16.7	–
Cruises	2.4	2.3	+ 4.3
Central Operations	1.7	1.2	+ 41.7
Group	**90.8**	**83.6**	**+ 8.6**

Employees

	31 Dec 2012	30 Sep 2012	Var. %
Tourism	63,243	73,391	- 13.8
TUI Travel	50,318	57,961	- 13.2
TUI Hotels & Resorts	12,643	15,141	- 16.5
Cruises	283	289	- 2.1
Central Operations	420	421	- 0.2
Corporate Center	209	212	- 1.4
Other units	211	209	+ 1.0
Group	**63,663**	**73,812**	**- 13.7**

MANAGEMENT REPORT

RISK AND OPPORTUNITY REPORT

Annual Report 2011/12:
Risks see page 118 ff,
Opportunities see page 149

For a comprehensive presentation of our risk and opportunity management systems and any potential risks and opportunities, we refer to the corresponding comments in our Annual Report 2011/12. The risks and opportunities outlined in that report remained largely unchanged in the period under review.

The TUI Group's risks, both individually and in conjunction with other risks, are limited and from today's perspective do not threaten the continued existence of the Company. Opportunities and risks or any positive or negative changes of opportunities and risks are not offset against one another.

MANAGEMENT REPORT

PROSPECTS

Economic framework

Expected development of gross domestic product

Var. %	2014	2013
World	**4.1**	**3.5**
Eurozone	1.4	0.2
Germany	1.4	0.6
UK	1.9	1.0
France	0.9	0.3
US	3.0	2.0
Russia	3.8	3.7
Japan	0.7	1.2
China	8.5	8.2
India	6.4	5.9

Source: International Monetary Fund (IMF), World Economic Outlook Update, January 2013

Macroeconomic situation
The International Monetary Fund (IMF, World Economic Outlook Update, January 2013) has revised its forecast for global gross domestic product growth slightly down as against October 2012. The IMF currently expects moderate global economic growth of 3.5% (previously 3.6%) for 2013 and 4.1% (previously 4.2%) for 2014. This forecast is based on the assumption that the countries of the Eurozone will successfully continue their crisis management. However, the development of the Eurozone continues to constitute one of the biggest downward risks, alongside potential dramatic cuts in the US budget.

Market development in tourism
According to the current forecast by the European Travel Commission, outbound visitors in Europe are expected to grow by around 2.9% in 2013 (European Travel Commission, European Tourism 2012, Quarterly Report 2012, September 2012).

The UNWTO expects international tourism to continue to grow worldwide in this decade, albeit at a more moderate pace than before. For the next few years, it expects average weighted growth of around 3% per year (UNWTO, Tourism towards 2030, October 2011).

For calendar year 2013, the UNWTO (UNWTO, November 2012) expects international arrivals to grow by 2 to 4%.

Expected development of earnings

The TUI Group has started off well into the new financial year. Summer 2013 trading in TUI Travel is ahead of our expectations, in particular in the UK and the Nordics. On a constant currency basis, we therefore expect operating results by TUI Travel to grow in financial year 2012/13. On the other hand, we have to expect a negative foreign exchange effect from the translation of sterling earnings generated in the UK due to the decline in the exchange rate of sterling against the euro in recent weeks. Despite the improvement in its operating performance, we therefore currently expect earnings by TUI Travel to only match the sound level of the prior year.

Due to the sound operating performance of TUI Hotels & Resorts and the income generated in the first quarter from the sale of a Riu hotel, we have lifted our outlook for operating earnings by TUI Hotels & Resorts for the overall year 2012/13.

Against the backdrop of the ongoing reorganisation of Hapag-Lloyd Kreuzfahrten and the start-up costs for the expansion of the luxury cruise segment, we have lowered our expectations for the operating earnings generated by the Cruises Sector in financial year 2012/13.

Overall, our current expectation concerning the likely development of the TUI Group remains in line with the assessment made in our Annual Report 2011/12.

TUI Group

Expected development of Group earnings

€ million	2011/12	2012/13
Turnover	**18,330.3**	↗
Underlying EBITA	745.7	→
EBITA	**538.8**	↗

Turnover
In financial year 2012/13, we expect turnover to grow moderately, in particular due to a higher proportion of sales of differentiated and exclusive product in TUI Travel's volume business.

Underlying EBITA
The TUI Group's underlying EBITA in financial year 2012/13 is expected to match the high level generated in the prior year due to the anticipated performance of TUI Travel and TUI Hotels & Resorts. Risks relate to the development of consumer sentiment in the large source markets against the backdrop of weaker economic growth towards the end of the prior financial year.

EBITA
In line with the expected decline in one-off items to be adjusted for, we expect reported EBITA to continue to rise in financial year 2012/13.

Group profit for the year (before non-controlling interests)
Overall, we expect to achieve a positive Group result for the year for financial year 2012/13.

Expected development of the Sectors

Expected development of earnings

€ million	Turnover 2011/12	Turnover 2012/13	Underlying EBITA 2011/12	Underlying EBITA 2012/13
Tourism	18,297.2	↗	819.0	→
TUI Travel	17,681.5	↗	637.4	→
TUI Hotels & Resorts	384.7	↗	178.6	↗
Kreuzfahrten	231.0	↗	3.0	↘
Central Operations	33.1	↘	- 73.3	↗
Group	**18,330.3**	↗	**745.7**	→

TUI Travel

Expected development of TUI Travel earnings

	Underlying EBITA 2012/13
Trading	↗
Effect from exchange rate GBP/EUR	↘
Total	→

Due to sound summer 2013 bookings in TUI Travel, we expect its operating performance to improve versus the prior year in financial year 2012/13 on a constant currency basis. The main earnings drivers in TUI Travel are positive effects of the turnaround and cost efficiency programmes in Germany and France as well as margin improvements resulting from stronger sales of differentiated product. 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.

Apart from the operating performance, the development of the exchange rate of sterling against the euro also has a strong impact on the results of TUI Travel carried in TUI AG's consolidated financial statements. Should the sterling exchange rate fall substantially below the prior year's level in the high-volume summer months of the third and fourth quarters of 2012/13, this would impact TUI Travel's results carried in TUI AG's consolidated financial statements compared with the prior year. In the light of the decline in the exchange rate of sterling against the euro over recent weeks, we therefore confirm our expectation for TUI Travel to match the sound level of earnings of the prior year in spite of the improvement in its operating performance.

TUI Hotels & Resorts

In financial year 2012/13, TUI Hotels & Resorts is expected to record a slight decline in capacity and bednights due to the closure of several hotels for renovation purposes. Against the backdrop of the sound operating performance and the book profit from the sale of a Riu hotel generated in the first quarter, we have therefore lifted our outlook for the result of TUI Hotels & Resorts for the overall year 2012/13. Risks continue to relate to customer volumes from the key source markets, which might fall short of expectations.

Cruises

In financial year 2012/13, earnings by the Cruises Sector will remain impacted by start-up costs for the fleet expansion programmes in Hapag-Lloyd Kreuzfahrten and TUI Cruises. Hapag-Lloyd Kreuzfahrten will focus on luxury and expedition cruises, a process that will only be completed upon the decommissioning of Columbus 2 in financial year 2013/14. Due to the ongoing reorganisation of Hapag-Lloyd Kreuzfahrten and the start-up costs for the expansion of the luxury cruise segment as well as current trading in financial year 2012/13, which falls short of expectations, we expect operating earnings by the Cruises Sector to decline year-on-year despite the positive development of TUI Cruises.

Tourism
Based on the earnings estimates for TUI Travel, TUI Hotels & Resorts and Cruises, we expect operating earnings by the Tourism Segment to be flat year-on-year in financial year 2012/13. 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 improve slightly year-on-year due a slight decline in expenses.

Expected development of the financial position

Expected development of Group financial position

€ million	2011/12	2012/13
Investments in other intangible assets and property, plant and equipment	643.2	↘
Net debt	178.2	→

Capital expenditure
Based on investment decisions already taken and planned projects, we expect the TUI Group's financing requirements to total around €500m in financial year 2012/13, 75% of which relate to TUI Travel. The largest portion has been earmarked for capital expenditure on property, plant and equipment. The investments planned by TUI Travel relate, among other things, to the introduction of new production and booking systems and the purchase of aircraft spare parts and yachts. Additional investments have been planned for the maintenance and expansion of the cruise and hotel portfolio.

Net debt
At the end of the past financial year (30 September 2012), the Group's net debt totalled €0.2bn. Taking account of the expected cash flow from business operations, the TUI Group's net debt is expected to show a stable development in financial year 2012/13.

Overall assessment of the Group's expected development

On the basis of the expected moderate economic growth, we confirm our positive outlook for the TUI Group for financial year 2012/13. The TUI Group is well positioned in the market with its financial profile and services portfolio.

In Tourism, we expect operating earnings to be flat year-on-year, with expenses in Central Operations down on the prior year. The TUI Group's underlying earnings will therefore match the high level posted for the prior year reference period.

Overall, we expect the Group result for the year (before non-controlling interests) to be positive in financial year 2012/13.

Should the economic framework show the expected positive development, the business volumes and operating results of the Tourism entities are expected to grow in financial year 2013/14.

MANAGEMENT REPORT

CORPORATE GOVERNANCE

Composition of the boards

The composition of the boards of TUI AG changed as follows in the period under review:

Upon the close of the Annual General Meeting on 13 February 2013, Dr Michael Frenzel will finish his active career and resign from TUI AG's Executive Board. Friedrich Joussen, who joined the TUI AG Executive Board on 15 October 2012, will take over as CEO.

www.tui-group.com/en/ir/corporate_governance

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

February 2013

INTERIM FINANCIAL STATEMENTS

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

€ million	Notes	**Q1 2012/13**	Q1 2011/12
Turnover		3,495.7	3,448.6
Cost of sales	(1)	3,301.6	3,266.1
Gross profit		**194.1**	**182.5**
Administrative expenses	(1)	392.4	335.0
Other income / Other expenses	(2)	16.3	1.6
Financial income	(3)	30.5	52.2
Financial expenses	(3)	98.4	96.5
Share of result of joint ventures and associates	(4)	- 0.7	- 11.6
Earnings before income taxes		**- 250.6**	**- 206.8**
Reconciliation to underlying earnings:			
Earnings before incom taxes		- 250.6	- 206.8
plus: Losses on Container Shipping measured at equity		8.1	8.7
less: Gain on reduction and measurement of financial investment in Container Shipping		–	- 5.1
plus: Net interest expense and expense from measurement of interest hedges		66.9	51.8
EBITA		- 175.6	- 151.4
Adjustments:	(5)		
plus: Restructuring expense		7.5	1.0
plus: Expense from purchase price allocation		20.5	19.5
plus: Expense (previous year income) from other one-off items		6.1	- 16.4
Underlying EBITA		**- 141.5**	**- 147.3**
Earnings before income taxes		**- 250.6**	**- 206.8**
Income taxes	(6)	- 66.8	- 69.8
Group loss for the year		**- 183.8**	**- 137.0**
Group loss for the year attributable to shareholders of TUI AG		- 137.0	- 87.6
Group loss for the year attributable to non-controlling interest	(7)	- 46.8	- 49.4

Earnings per share

€	**Q1 2012/13**	Q1 2011/12
Basic and diluted earnings per share	- 0.57	- 0.37

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

€ million	Q1 2012/13	Q1 2011/12
Group loss	**- 183.8**	**- 137.0**
Actuarial losses from pension provisions and related fund assets	- 71.6	- 96.6
Changes in the measurement of companies measured at equity	- 5.1	- 3.4
Income tax related to items that will not be reclassified	18.9	25.5
Items that will not be reclassified to profit or loss	**- 57.8**	**- 74.5**
Foreign exchange differences	- 14.1	6.9
Financial instruments available for sale	–	- 30.2
Cash flow hedges	- 26.4	33.6
Changes in the measurement of companies measured at equity	5.0	- 4.9
Income tax related to items that may be reclassified	6.7	- 13.7
Items that may be reclassified to profit or loss	**- 28.8**	**- 8.3**
Other comprehensive income	**- 86.6**	**- 82.8**
Total comprehensive income	**- 270.4**	**- 219.8**
attributable to shareholders of TUI AG	- 200.9	- 143.0
attributable to non-controlling interest	- 69.5	- 76.8

Financial position of the TUI Group as at 31 December 2012

€ million	31 Dec 2012	30 Sep 2012
Assets		
Goodwill	3,028.5	3,046.4
Other intangible assets	884.4	890.9
Investment property	63.2	54.9
Property, plant and equipment	2,710.0	2,651.3
Investments in joint ventures and associates	1,389.0	1,394.0
Financial assets available for sale	75.7	75.5
Trade receivables and other assets	350.2	358.1
Derivative financial instruments	19.4	28.4
Deferred tax asset	282.9	168.7
Non-current assets	**8,803.3**	**8,668.2**
Inventories	123.2	113.9
Trade receivables and other assets	1,935.5	1,956.0
Derivative financial instruments	95.1	131.5
Current tax asset	72.7	48.1
Cash and cash equivalents	1,379.4	2,278.4
Assets held for sale	27.3	16.5
Current assets	**3,633.2**	**4,544.4**
	12,436.5	**13,212.6**

€ million	31 Dec 2012	30 Sep 2012
Equity and liabilities		
Subscribed capital	645.2	644.9
Capital reserves	957.6	957.4
Revenue reserves	- 29.9	185.2
Hybrid capital	294.8	294.8
Equity before non-controlling interest	**1,867.7**	**2,082.3**
Non-controlling interest	- 121.4	- 15.2
Equity	**1,746.3**	**2,067.1**
Pension provisions and similar obligations	1,227.9	1,146.9
Other provisions	540.6	537.5
Non-current provisions	**1,768.5**	**1,684.4**
Financial liabilities	2,888.6	1,810.5
Derivative financial instruments	15.9	31.8
Current tax liabilities	107.8	108.3
Deferred tax liabilities	52.7	69.5
Other liabilities	85.3	68.2
Non-current liabilities	**3,150.3**	**2,088.3**
Non-current provisions and liabilities	**4,918.8**	**3,772.7**
Pension provisions and similar obligations	37.1	39.7
Other provisions	482.5	509.8
Current provisions	**519.6**	**549.5**
Financial liabilities	430.1	646.1
Trade payables	2,137.3	3,260.0
Derivative financial instruments	139.8	163.1
Current tax liabilities	90.7	96.5
Other liabilities	2,453.9	2,657.6
Current liabilities	**5,251.8**	**6,823.3**
Current provisions and liabilities	**5,771.4**	**7,372.8**
	12,436.5	**13,212.6**

Condensed statement of changes in Group equity for the period from 1 October to 31 December 2012

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 Oct 2012	**644.9**	**957.4**	**185.2**	**294.8**	**2,082.3**	**- 15.2**	**2,067.1**
Dividends	–	–	–	–	-	- 41.3	- 41.3
Hybrid capital dividend	–	–	- 6.5	–	- 6.5	–	- 6.5
Share based payment schemes of TUI Travel PLC	–	–	1.7	–	1.7	1.4	3.1
Issue of employee shares	0.3	0.2	–	–	0.5	–	0.5
Effects on the acquisition of non-controlling interests	–	–	- 9.4	–	- 9.4	3.2	- 6.2
Group loss	**–**	**–**	**- 137.0**	**–**	**- 137.0**	**- 46.8**	**- 183.8**
Foreign exchange differences	–	–	- 22.7	–	- 22.7	8.6	- 14.1
Cash flow hedges	–	–	- 10.3	–	- 10.3	- 16.1	- 26.4
Actuarial losses from pension provisions and related fund assets	–	–	- 45.2	–	- 45.2	- 26.4	- 71.6
Changes in the measurement of companies measured at equity	–	–	- 0.1	–	- 0.1	–	- 0.1
Taxes attributable to other comprehensive income	–	–	14.4	–	14.4	11.2	25.6
Other comprehensive income	**–**	**–**	**- 63.9**	**–**	**- 63.9**	**- 22.7**	**- 86.6**
Total comprehensive income	–	–	- 200.9	–	- 200.9	- 69.5	- 270.4
Balance as at 31 Dec 2012	**645.2**	**957.6**	**- 29.9**	**294.8**	**1,867.7**	**- 121.4**	**1,746.3**

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
Balance as at 1 Oct 2011	**643.5**	**956.1**	**575.6**	**294.8**	**2,470.0**	**77.8**	**2,547.8**
Dividends	–	–	–	–	–	- 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
Group loss	**–**	**–**	**- 87.6**	**–**	**- 87.6**	**- 49.4**	**- 137.0**
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
Other comprehensive income	**–**	**–**	**- 55.4**	**–**	**- 55.4**	**- 27.4**	**- 82.8**
Total comprehensive income	–	–	- 143.0	–	- 143.0	- 76.8	- 219.8
Balance as at 31 Dec 2011	**643.9**	**956.3**	**421.3**	**294.8**	**2,316.3**	**- 17.3**	**2,299.0**

Condensed cash flow statement

€ million	Q1 2012/13	Q1 2011/12
Cash outflow from operating activities	- 1,393.8	- 1,319.0
Cash outflow from investing activities	- 211.6	- 91.1
Cash inflow from financing activities	699.8	635.9
Net change in cash and cash equivalents	**- 905.6**	**- 774.2**
Change in cash and cash equivalents due to exchange rate fluctuation	6.6	- 17.6
Cash and cash equivalents at beginning of period	**2,278.4**	**1,981.3**
Cash and cash equivalents at end of period	**1,379.4**	**1,189.5**

NOTES

Accounting principles

In accordance with IAS 34, the Group's interim financial statements as at 31 December 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 31 December 2012 are consistent with those followed in the preparation of the preceding consolidated financial statements for the year ended 30 September 2012.

The preparation of the financial statements requires the management to make estimates and judgements that affect the reported amounts of assets and liabilities as at the balance sheet date, the disclosure of contingent liabilities and the reported amounts of turnover and expenses during the period under review. Actual results may deviate from the estimates.

Compared with the prior year reference period, TUI Travel updated the parameters for the measurement of return flight obligations for inbound customers. As a consequence, the reported results for the first and third quarters are down year-on-year due to the seasonal swing in tourism, while the results for the second and fourth quarters of 2012/13 are up. For the overall year 2012/13, the effects of this adjustment of estimates balance out.

In addition, the following standards and interpretations revised or newly published by the IASB have been mandatory since the beginning of financial year 2012/13:

- Amendments to IAS 1: Presentation of Financial Statements – Presentation of other Comprehensive Income (OCI) Items
- Amendments to IAS 12: Income Taxes – Deferred Tax: Recovery of Underlying Assets

The present interim financial statements reflect the amendments to IAS 1 concerning the presentation of other comprehensive income. Accordingly, the items of other comprehensive income are classified into two groups, depending on whether or not the items will be reclassified to profit or loss subsequently. Tax associated with items presented before tax is shown separately for each of these two groups.

The amendments to IAS 12 regarding deferred tax on investment property measured using the fair value model according to IAS 40 do not impact the TUI Group's net assets, financial position and financial performance as this property is carried at amortised cost by the Group.

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.

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 2012 included a total of 47 domestic and 666 foreign subsidiaries, besides TUI AG.

Since 1 October 2012, 17 companies have been newly included in consolidation. 13 of these companies have been newly included due to acquisitions and purchases of additional interests, and two companies due to an expansion of their business activities. Two additional companies have been newly established. On the other hand, 27 companies have been deconsolidated due to liquidation and two companies due to mergers.

The number of companies measured at equity rose by one as against the financial statements for the previous year. Two companies were newly included in at equity measurement due to an expansion of their business activities and one company was included in the group of consolidated companies in the framework of purchasing additional stakes so that it was no longer measured at equity.

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
TUI InfoTec GmbH, Hanover	IT Service	Leibniz Service GmbH	1 Oct 12	50.1%	9.5
JBS Group, Inc., California	Accommodation Service	First Choice Holding, Inc.	21 Dec 12	100%	4.5
TT Services Group	Visa Service	Trina Group	21 Dec 12	100%	2.0
5 Travel agents in Germany	Travel agent	TUI Leisure Travel GmbH	1 Oct – 31 Dec 12	n/a	1.0
Total					**17.0**

The acquisitions of the travel shops in the first quarter were carried out in the form of asset deals. All other acquisitions in the first quarter were carried out in the form of share deals.

The considerations transferred for the acquisitions by the TUI Group consist of purchase price payments and liabilities taken over from the former owner of the acquired company. Incidental acquisition costs and the remuneration for post-acquisition services by the 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 cosolidation

€ million	Fair value at date of first-time consolidation
Intangible assets	6.6
Property, plant and equipment	9.6
Investments	0.1
Fixed assets	**16.3**
Inventories	0.6
Trade receivables	20.5
Other assets (including prepaid expenses)	9.3
Cash and cash equivalents	4.3
Deferred tax provisions	1.0
Other provisions	28.4
Financial liabilities	2.7
Liabilities and deferred income	11.2
Equity	**7.7**

The difference arising between the consideration transferred and the remeasured acquired net assets of €18.7m as at the acquisition date was carried as provisional goodwill. This goodwill essentially constitutes part of the future earnings potential. The goodwill capitalised in the period under review includes an amount of €0.8m expected to be deductible for tax purposes.

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

No major acquisitions were effected 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 2011/12 were finalised within the 12-month period stipulated by IFRS 3:

- Eurolink Viagens e Turismo Ltda, Jundiai, São Paulo
- six travel agencies in Germany
- two travel agencies in Poland

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 postion as at first-time consolidation for acquisitions from 1 October to 31 December 2011

€ million	Carrying amounts at date of acquisition	Revaluation of assets and liabilities	Fair values at date of first-time consolidation
Other intangible assets	0.1	0.2	0.3
Property, plant and equipment	0.1	–	0.1
Fixed assets	**0.2**	**0.2**	**0.4**
Financial liabilities	0.1	–	0.1
Equity	**0.1**	**0.2**	**0.3**

Purchase price allocation remained unchanged against the date of first-time consolidation. As a result, the goodwill arising on eliminating the consideration transferred against the acquirer's interest in the remeasured equity totalled €1.5m, as before. The capitalised goodwill essentially represents a part of the expected synergy and earnings potentials.

The divestments did not have a significant impact 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 result generated in the period from October to December is negative.

The year-on-year growth in turnover is attributable to foreign exchange effects. Adjusted for foreign exchange effects, despite higher average prices the turnover posted for the period under review is slightly down year-on-year due to declining customer volumes in the TUI Travel Sector.

(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 2012/13	Q1 2011/12
Lease, rental and leasing expenses	234.9	225.8

The increase in lease, rental and leasing expenses in the period under review versus the first quarter of the prior year is attributable to the development of the exchange rate of the euro against sterling.

Staff cost

€ million	Q1 2012/13	Q1 2011/12
Staff cost	584.7	549.3

The increase in staff costs year-on-year mainly results from foreign exchange effects.

Depreciation / amortisation / impairments

€ million	Q1 2012/13	Q1 2011/12
Depreciation and amortisation	90.8	83.6
Impairments of property, plant and equipment	–	–
Total	**90.8**	**83.6**

(2) Other income / other expenses

Other income / other expenses

€ million	Q1 2012/13	Q1 2011/12
Other income	16.5	1.6
Other expenses	0.2	–
Total	**16.3**	**1.6**

Other income for the period under review mainly results from the book profit from the sale of a hotel of the Riu Group in December 2012.

(3) Financial result

The financial result for the first quarter of the prior year had included measurement effects of €5.1m from hybrid instruments granted to Hapag-Lloyd Holding AG and interest income of €11.9m associated with these hybrid instruments. The hybrid instruments were fully redeemed in financial year 2011/12. Accordingly, financial income declined in the period under review.

(4) Share of result of joint ventures and associates

Share of result of joint ventures and associates

€ million	Q1 2012/13	Q1 2011/12
Tourism	7.4	- 2.9
Container Shipping	- 8.1	- 8.7
Total	**- 0.7**	**- 11.6**

(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	Q1 2012/13	Q1 2011/12
Tourism	6.1	5.5
TUI Travel	6.1	5.5
All other segments	–	- 21.9
Total	**6.1**	**- 16.4**

In the period under review, the one-off items mainly comprised expenses associated with the modernisation of the Corsair aircraft fleet.

In the prior year reference quarter, the one-off items carried under other segments related to income amounting to €21.9m from the reversal of a provision and a subsequent reduction in acquisition costs for shares which have meanwhile been sold.

(6) Income taxes

The tax income posted for the first quarter is attributable to the seasonality of the tourism business.

(7) Group loss attributable to non-controlling interests

Non-controlling interests

€ million	Q1 2012/13	Q1 2011/12
TUI Travel	- 59.6	- 54.9
TUI Hotels & Resorts	12.8	5.5
Total	**- 46.8**	**- 49.4**

Notes to the financial position of the TUI Group

The changes in the consolidated statement of financial position as against 30 September 2012 primarily reflect the seasonality of the tourism business. Accordingly, a decrease was recorded both for trade accounts receivable and other assets as well as trade accounts payable and other liabilities.

Assets held for sale

€ million	31 Dec 2012	30 Sep 2012
Aircrafts and engines	19.4	6.1
Other assets	7.9	10.4
Total	**27.3**	**16.5**

The increase in assets held for sale is mainly attributable to two additional aircraft engines.

Other assets mainly comprise hotel facilities, licences and aircraft spare parts held for sale.

Pension provisions rose by €78.4m to €1,265.0m, above all due to lower interest rate levels in Germany and the UK. This increase was partly offset by a rise in the value of the associated pension fund assets due to higher prices in the international stock exchanges.

Non-current financial liabilities increased by a total of €1,078.1m to €2,888.6m. The increase mainly results from the use of long-term credit lines of TUI Travel to cover the payments due in the first quarter of 2012/13 on account of the seasonality of the tourism business.

Current financial liabilities declined overall due to the scheduled full repayment of the bond maturing in December 2012 and the early partial repayment in November 2012 of liabilities to banks due in April 2013.

Changes in equity

Since 30 September 2012, equity has decreased by €320.8m overall to €1,746.3m.

Equity declined due to the payment of dividends to non-Group shareholders of TUI Travel PLC and RIUSA II S.A., primarily 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 €6.2m.

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

The (after-tax) results directly to be eliminated against equity from lower fair values of cash flow hedges totalled €-19.7m.

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 only partly 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 €-52.7m.

Contingent liabilities

As at 31 December 2012, contingent liabilities totalled around €430.2m (as at 30 September 2012 around €480.8m). 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 decrease as against 30 September 2012 results from a repayment of the liabilities underlying these contingent liabilities.

Other financial liabilities

Financial commitments from operating lease, rental and charter contracts

€ million	**31 Dec 2012**	30 Sep 2012
Nominal value	3,015.7	3,089.6
Fair value	2,735.3	2,770.3

Nominal values of other financial commitments

€ million	**31 Dec 2012**	30 Sep 2012
Order commitments in respect of capital expenditure	1,898.7	1,945.8
Other financial commitments	136.0	222.7
Total	**2,034.7**	**2,168.5**
Fair value	**1,906.5**	**1,968.6**

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 €899.0m to €1,379.4m.

In the period under review, the outflow of cash from operating activities was €1,393.8m (previous year €1,319.0m). As every year, the high cash outflow is due to the payment of liabilities to suppliers upon the end of the tourism season.

The outflow of cash from investing activities totalling €211.6m includes a cash outflow for investments in property, plant and equipment and intangible assets of €184.5m by the TUI Travel Group and of €8.9m by the hotel companies as well as an inflow of cash of €27.2m from the sale of property, plant and equipment, including a hotel of the Riu Group in Majorca. It also includes an outflow of cash of €43.7m for the acquisition of consolidated companies and capital increases in joint ventures.

The inflow of cash from financing activities totalled €699.8m. While TUI AG paid €233.0m for the scheduled redemption of bonds maturing in December 2012 and €69.4m for the early redemption of bonds maturing in April 2013, TUI Travel took out bank loans worth €1,091.7m from an existing long-term credit facility and repaid liabilities to banks worth €5.2m. The hotel companies took out financial liabilities worth €23.8m and repaid liabilities worth €10.6m The outflow of cash for interest payments totalled €65.1m; dividends worth €35.4m were paid to the minority shareholders of TUI Travel PLC and RIUSA II S.A.

Cash and cash equivalents increased by €6.6m due to changes in exchange rates.

Segment indicators

Turnover by divisions and sectors for the period from 1 October to 31 December 2012

€ million	External	Group	Q1 2012/13 Total
Tourism	3,492.8	4.9	3,497.7
TUI Travel	3,356.6	8.9	3,365.5
TUI Hotels & Resorts	84.7	94.7	179.4
Cruises	51.5	–	51.5
Consolidation	–	- 98.7	- 98.7
All other segments	2.9	0.4	3.3
Consolidation	–	- 5.3	- 5.3
Total	**3,495.7**	**–**	**3,495.7**

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
Total	**3,448.6**	**–**	**3,448.6**

Earnings before taxes, interest and amortisation on goodwill by Segment and Sector

€ million	Q1 2012/13	Q1 2011/12
Tourism	- 157.9	- 151.4
TUI Travel	- 181.0	- 156.4
TUI Hotels & Resorts	34.3	13.2
Cruises	- 11.2	- 8.2
All other segments	- 17.7	–
Total	**- 175.6**	**- 151.4**

For the three months of financial year 2012/13, earnings before interest, taxes and amortisation of goodwill (EBITA) include results of €7.4m (previous year €-2.9m) from joint ventures and associates, fully generated in Tourism.

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

€ million	Q1 2012/13	Q1 2011/12
Tourism	- 123.8	- 125.4
TUI Travel	- 146.9	- 130.4
TUI Hotels & Resorts	34.3	13.2
Cruises	- 11.2	- 8.2
All other segments	- 17.7	- 21.9
Total	**- 141.5**	**- 147.3**

Reconciliation to earnings before taxes of the TUI Group

€ million	Q1 2012/13	Q1 2011/12
EBITA	- 175.6	- 151.4
Loss (previous year gain) on Container Shipping measured at equity	- 8.1	- 8.7
Gain on measurement of financial instruments with Container Shipping	–	5.1
Net interest expense and expense from the measurement of interest hedges	- 66.9	- 51.8
Total	**- 250.6**	**- 206.8**

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 2012, 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 2011/12.

Financial Calendar

	Date
Interim Report Q1 2012/13	13 Feb 2013
Annual General Meeting 2013	13 Feb 2013
Half-Year Report 2012/13	May 2013
Interim Report Q3 2012/13	Aug 2013
Annual Report 2012/13, Press Conference & Analysts' Meeting	Dec 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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