TUI GROUP

QUARTERLY STATEMENT 2016 / 17

Q1

GOOD OPERATIONAL PERFORMANCE IN Q1

- Continuing to deliver our growth strategy
- Group turnover up 8.5 %*
- Reduction in the seasonal underlying EBITA loss.
- Reiterate our guidance of at least 10 % growth in underlying EBITA in 2016 / 17*.

* At constant currency rates and based on the current group structure.

QUARTERLY STATEMENT
Q1 2016/17

TUI Group – financial highlights

€ million		Q1 2016/17	Q1 2015/16 restated	Var. %	Var. % at constant currency
Turnover		**3,285.9**	**3,212.3**	**+ 2.3**	**+ 8.5**
Underlying EBITA[1]					
Northern Region		– 20.2	– 35.6	+ 43.3	+ 27.5
Central Region		– 52.4	– 27.0	– 94.1	– 94.1
Western Region		– 47.7	– 27.7	– 72.2	– 72.2
Hotels & Resorts		49.0	25.2	+ 94.4	+ 93.7
Cruises		19.1	8.2	+ 132.9	+ 132.9
Other Tourism		– 0.3	– 10.2	+ 97.1	n. a.
Tourism		**– 52.5**	**– 67.1**	**+ 21.8**	**+ 15.8**
All other segments		– 7.8	– 13.3	+ 41.4	+ 23.3
TUI Group		**– 60.3**	**– 80.4**	**+ 25.0**	**+ 17.0**
Discontinued operations		– 12.2	– 21.3	+ 42.7	+ 45.1
Total		**– 72.5**	**– 101.7**	**+ 28.7**	**+ 22.9**
EBITA[2] (continuing operations)		**– 69.5**	**– 102.8**	**+ 32.4**	
Underlying EBITDA (continuing operations)		**32.6**	**7.0**	**+ 365.7**	
EBITDA (continuing operations)		**29.8**	**– 7.5**	**n. a.**	
Net loss for the period (continuing operations)		– 81.6	– 138.1	+ 40.9	
Earnings per share (continuing operations)	€	– 0.19	– 0.27	+ 29.6	
Equity ratio (31 Dec)[3]	%	24.7	15.6	+ 9.1	
Net capex and investments		138.2	159.3	– 13.2	
Net financial position (continuing operations, 31 Dec)		– 1,518.4	– 1,875.6	+ 19.0	
Net financial position (discontinued operations, 31 Dec)		290.6	–	n. a.	
Employees (31 Dec)		56,766	64,594	– 12.1	

Differences may occur due to rounding.
Due to the following changes to segmental reporting, the prior year's reference figures were restated accordingly:
Hotelbeds Group was divested in September 2016. It had been carried as a discontinued operation according to IFRS 5 since Q2 2015/16. The Destination Services result had previously been carved out from the segment and is now reported within the Other tourism segment. Moreover, due to the planned disposal of Travelopia – a large part of the Specialist Group segment – Crystal Ski and Thomson Lakes & Mountains were reclassified to Northern Region. The remaining segment has been carried as a discontinued operation since 30 September 2016.

1 In order to explain and evaluate the operating performance by the segments, EBITA adjusted for one-off effects (underlying EBITA) is presented. Underlying EBITA has been adjusted for gains/losses on disposal of investments, restructuring costs according to IAS 37, ancillary acquisition costs and conditional purchase price payments under purchase price allocations and other expenses for and income from one-off items.

2 EBITA comprises earnings before net interest result, income tax and impairment of goodwill excluding losses on container shipping measured at equity and excluding the result from the measurement of interest hedges.

3 Equity divided by balance sheet total in %, variance is given in percentage points.

Good operational performance delivered in Q1

- Turnover up 8.5 %[1], with continued growth in our hotel, cruise and concept brands plus the delivery of further merger synergies resulting in a reduction in the seasonal underlying EBITA loss.
- Continuing to deliver our growth strategy, transforming TUI Group as the world's leading integrated tourism business based on own hotel and cruise brands.
- Agreement to sell Travelopia for an agreed enterprise value of £ 325 m (€ 381 m)[2] or 14.4 times 2015 / 16 underlying EBITA.
- Our scale and integrated business model give us a strong competitive advantage, leaving us well placed to continue to deliver our growth strategy, against what continues to be an uncertain geopolitical and macroeconomic backdrop.
- Current trading remains in line with our expectations, with continued growth in revenues and bookings in most Source Markets, further openings planned in our hotel and concept brands and the launch of two cruise ships this Summer.
- Based on our Q1 performance and current trading, we are pleased to reiterate our balanced guidance of at least 10 % growth in underlying EBITA in 2016 / 17[1].

Q1 RESULTS AT A GLANCE

€ million	Q1
Underlying EBITA Q1 2015 / 16	**– 102**
Restatements (including Hotelbeds and Travelopia treated as discontinued operations)	22
Underlying EBITA Q1 2015 / 16 restated	**– 80**
Underlying trading	29
Merger synergies	5
Year-on-year impact of aircraft financing	1
TUIfly sickness	– 22
Underlying EBITA Q1 2016 / 17 excluding FX	**– 67**
Foreign exchange translation	7
Underlying EBITA Q1 2016 / 17	**– 60**

- **Source Markets –** 8 % increase in turnover[1] and 4 % increase in customers driven by growth in the UK and Benelux as well as the acquisition of Transat's tour operating activities in France. Further progress in increasing direct and online distribution mix.
- As expected the Source Markets' result was impacted by higher than normal levels of sickness in TUIfly in October 2016, as well as the phasing impact of rebrand costs for Nordics and Belgium.
- **Hotels & Resorts –** strong performance by Riu, which delivered 86 % occupancy in the quarter and 6 % increase in average revenue per bed. Hotel openings in the quarter included Riu Reggae in Jamaica and TUI Blue in Tenerife.
- **Cruises –** further growth in TUI Cruises following launch of Mein Schiff 5, and increased earnings in Hapag Lloyd Cruises.
- See Segmental Performance section for further detail.

SALE OF TRAVELOPIA

TUI Group announced on 13 February 2017 that agreement has been reached with KKR to sell Travelopia for an agreed enterprise value of £ 325 m (€ 381 m)[2] or 14.4 times 2015 / 16 underlying EBITA. This marks a further significant step in TUI's strategic development. As outlined in TUI's full year results presentation in December 2016, proceeds will be reinvested in the transformation of TUI Group as the world's leading integrated tourism business, focussed on own hotel and cruise brands, and to further strengthen the balance sheet.

Travelopia was previously part of Specialist Group and comprises a portfolio of more than 50 independently operated, sector leading specialist travel brands. Due to their differing business models and strategic focus, Travelopia has been operated independently from TUI's Tourism business in order to maximise growth and value, and has been treated as discontinued operations in the results of TUI since 30 September 2016.

[1] At constant foreign exchange rates applied in the current and prior period, and based on the current group structure.
[2] Based on the £ / € exchange rate of 1.1725 as at 10 February 2017

CURRENT TRADING

WINTER 2016/17

Current trading for Winter (low season for most of our Source Markets and a proportion of our hotels) remains in line with our expectations. We are continuing to grow our own hotel and cruise brands this Winter. In our own hotels we have opened a new 454 room Riu Reggae in Jamaica, one new hotel for TUI Blue in Tenerife and repositioned two hotels as TUI Blue in Austria and Germany. We are also further expanding our unique concepts in third party hotels, with several additions to the Sensimar and Family Life portfolio this Winter, including Lanzarote, Thailand, Mauritius and Cape Verde. In our cruise brands, with the first Winter operations of Mein Schiff 5 (TUI Cruises) and TUI Discovery (UK cruise), we continue to see strong demand.

With 87 % of the programme sold, Source Markets revenue is 8 % ahead of prior year and bookings are up 4 %.

- We are delivering further growth in bookings made via our Source Markets for our core hotel and concept brands.
- UK revenues and bookings remain significantly ahead of prior year, in line with our capacity plans. This includes growth in long haul and cruise, as well as the Canaries, Spain, Cape Verde and Cyprus.
- Nordics bookings reflect lower demand for Turkey and Egypt. Excluding these destinations, bookings are broadly in line with prior year, with higher demand most notably for the Canaries, Spain and Greece. Volumes are also impacted by the timing of the Christmas and Easter holidays.
- Germany revenues are ahead of prior year, with growth in the Canaries, Spain and long haul offsetting lower demand for Turkey and Egypt. We are pleased with booking performance in Germany since our last update, as we continue to increase market share thanks to the increased range of holidays and departure points on offer.
- In Benelux, revenues and bookings are ahead of prior year, driven by growth in the Canaries, Spain and long haul.

As a result of the later timing of Easter this year, we expect approximately € 30 m to € 35 m phasing impact on the Source Markets' and Hotels and Resorts' Q2 result. This is a normal occurrence where the timing of Easter shifts between quarters. We expect this impact to reverse in Q3.

CURRENT TRADING WINTER 2016/17[1]

YoY variation %	Total revenue[2]	Total customers[2]	Total ASP[2]	Programme sold (%)
Northern Region	**11**	**6**	**4**	**84**
UK	21	12	8	81
Nordics	–6	–4	–2	93
Central Region	**6**	**2**	**5**	**86**
Germany	5	–	5	85
Western Region	**6**	**4**	**2**	**93**
Benelux	3	1	2	93
Total source markets	**8**	**4**	**4**	**87**

[1] These statistics are up to 5 February 2017 and are shown on a constant currency basis
[2] These statistics relate to all customers whether risk or non-risk

SUMMER 2017

At this relatively early stage of the booking cycle, Summer trading remains in line with our expectations. The Source Markets' programme is 35 % sold, in line with prior year, with revenues up 9 % and bookings up 4 %. As anticipated, trading reflects a continued shift away from Turkey (which accounted for around 8 % of Source Market Summer 2016 bookings) to alternative destinations. Thanks to our strong Group and third party hotel supply chain in Spain, Greece, Cape Verde and other destinations, we remain well placed to deal with this. In the UK, where the highest proportion (43 %) of the programme is sold to date, we are continuing to deliver growth, with revenues up 12 % and bookings up 3 %. This is driven by increased sales of our core hotel and concept brands, with destinations in the Western Mediterranean, Canaries, Cyprus, Cape Verde and the Caribbean proving to be particularly popular. In addition, we will launch the cruise ship TUI Discovery 2 for the UK market in May 2017. We will further grow our own hotel brands, including new TUI Blue hotels in Croatia and Italy in our own hotels this Summer, as well as further expansion of our unique tour operator concepts in third party hotels including Sardinia, Italy, Croatia, Spain, Greece and Bulgaria. We will also launch Mein Schiff 6 in June 2017 for TUI Cruises. Sales for this and our other ships continue to progress well.

Outlook

We have delivered a good operational performance in Q1 and current trading remains in line with our expectations. We are continuing to deliver our growth strategy, transforming the business as the world's leading integrated tourism business based on own hotel and cruise brands, with further openings and launches planned for the coming year. We are pleased to have agreed the sale of Travelopia, and we continue to progress our negotiations with Etihad regarding the disposal of TUI fly and resulting creation of a new leisure airline group for the German, Austrian and Swiss markets. Our scale and integrated business model mean that we remain well placed to deliver our growth strategy, against what continues to be an uncertain geopolitical and macroeconomic backdrop. Based on our Q1 performance and current trading, we are therefore pleased to reiterate our balanced guidance of at least 10 % growth in underlying EBITA in 2016 / 17*.

* At constant foreign exchange rates applied in the current and prior period, and based on the current group structure.

Consolidated earnings

TURNOVER

€ million	Q1 2016/17	Q1 2015/16 restated	Var. %
Northern Region	1,201.7	1,269.3	– 5.3
Central Region	1,140.9	1,089.4	+ 4.7
Western Region	549.4	486.9	+ 12.8
Hotels & Resorts	141.2	132.4	+ 6.6
Cruises	62.2	53.9	+ 15.4
Other Tourism	150.6	148.0	+ 1.8
Tourism	3,246.0	3,179.9	+ 2.1
All other segments	39.9	32.4	+ 23.1
TUI Group	**3,285.9**	**3,212.3**	**+ 2.3**
TUI Group at constant currency	**3,486.2**	**3,212.3**	**+ 8.5**
Discontinued operations	252.4	506.1	– 50.1
Total	**3,538.3**	**3,718.4**	**– 4.8**

UNDERLYING EBITA

€ million	Q1 2016/17	Q1 2015/16 restated	Var. %
Northern Region	– 20.2	– 35.6	+ 43.3
Central Region	– 52.4	– 27.0	– 94.1
Western Region	– 47.7	– 27.7	– 72.2
Hotels & Resorts	49.0	25.2	+ 94.4
Cruises	19.1	8.2	+ 132.9
Other Tourism	– 0.3	– 10.2	+ 97.1
Tourism	– 52.5	– 67.1	+ 21.8
All other segments	– 7.8	– 13.3	+ 41.4
TUI Group	**– 60.3**	**– 80.4**	**+ 25.0**
TUI Group at constant currency	**– 66.7**	**– 80.4**	**+ 17.0**
Discontinued operations	– 12.2	– 21.3	+ 42.7
Total	**– 72.5**	**– 101.7**	**+ 28.7**

EBITA

€ million	Q1 2016/17	Q1 2015/16 restated	Var. %
Northern Region	– 24.5	– 41.8	+ 41.4
Central Region	– 53.8	– 32.6	– 65.0
Western Region	– 48.7	– 28.9	– 68.5
Hotels & Resorts	47.4	24.5	+ 93.5
Cruises	19.2	8.2	+ 134.1
Other Tourism	– 0.9	– 12.0	+ 92.5
Tourism	– 61.3	– 82.6	+ 25.8
All other segments	– 8.2	– 20.2	+ 59.4
TUI Group	**– 69.5**	**– 102.8**	**+ 32.4**
Discontinued operations	– 15.6	– 39.3	+ 60.3
Total	**– 85.1**	**– 142.1**	**+ 40.1**

Segmental performance

NORTHERN REGION

		Q1 2016/17	Q1 2015/16 restated	Var. %
Turnover	in € million	1,201.7	1,269.3	–5.3
Underlying EBITA	in € million	–20.2	–35.6	+43.3
Underlying EBITA at constant currency rates	in € million	–25.8	–35.6	+27.5
Direct distribution mix[1]	in %, variance in % points	91	89	+2
Online mix[2]	in %, variance in % points	62	59	+3
Customers	in '000	1,304	1,220	+6.9

1 Share of sales via own channels (retail and online)
2 Share of online sales

- Northern Region continues to deliver high levels of direct and online distribution: 91 % (up two percentage points) and 62 % (up three percentage points) respectively.
- UK delivered a good performance including a strong end to Summer 2016, with volumes up +10 % driven by long haul, cruise (TUI Discovery launch) and continued growth in sales of own hotels and concepts.
- Nordics continue to see a challenging environment impacted by lower demand for Turkey and Egypt. In addition the result includes the phasing impact of rebrand marketing costs.
- Following management changes in Nordics, we continue to focus on driving operational efficiency improvements.
- The rebrand in Nordics is progressing to plan with good levels of unaided TUI brand awareness.

CENTRAL REGION

		Q1 2016/17	Q1 2015/16 restated	Var. %
Turnover	in € million	1,140.9	1,089.4	+4.7
Underlying EBITA	in € million	–52.4	–27.0	–94.1
Underlying EBITA at constant currency rates	in € million	–52.4	–27.0	–94.1
Direct distribution mix[1]	in %, variance in % points	46	44	+2
Online mix[2]	in %, variance in % points	16	14	+2
Customers	in '000	1,261	1,257	+0.3

1 Share of sales via own channels (retail and online)
2 Share of online sales

- Central Region has delivered further improvement in both direct and online distribution: 46 % (up two percentage points) and 16 % (up two percentage points) respectively.
- Germany continues to build on its market share gains with an increased range of holidays and departure airports on offer, and delivered an improved trading performance in the quarter.
- However, as expected, the result was negatively impacted by high levels of sickness at TUIfly in October, costing around € 22 m.

WESTERN REGION

		Q1 2016/17	Q1 2015/16	Var. %
Turnover	in € million	549.4	486.9	+ 12.8
Underlying EBITA	in € million	– 47.7	– 27.7	– 72.2
Underlying EBITA at constant currency rates	in € million	– 47.7	– 27.7	– 72.2
Direct distribution mix[1]	in %, variance in % points	72	70	+ 2
Online mix[2]	in %, variance in % points	55	52	+ 3
Customers	in '000	926	877	+ 5.6

[1] Share of sales via own channels (retail and online)
[2] Share of online sales

- Further growth in both direct and online distribution: 72 % (up two percentage points) and 55 % (up three percentage points) respectively, aided by the TUI rebrand in Belgium which is progressing to plan with good levels of unaided TUI brand awareness.
- The result reflects the first time inclusion of Transat's seasonal EBITA loss, as well as the phasing impact of rebrand costs in Belgium.
- In addition, the Netherlands result was impacted by night slot restrictions in the quarter and increased claims for denied boarding compensation.
- We are progressing the integration of Transat with our French tour operator and we expect underlying EBITA in France to be broadly break even this year.

HOTELS & RESORTS

		Q1 2016/17	Q1 2015/16	Var. %
Total turnover	in € million	283.2	270.6	+ 4.7
Turnover	in € million	141.2	132.4	+ 6.6
Underlying EBITA	in € million	49.0	25.2	+ 94.4
Underlying EBITA at constant currency rates	in € million	48.8	25.2	+ 93.7
Capacity hotels total[1, 4]	**in '000**	**7,791.3**	**7,732.9**	**+ 0.8**
Riu		4,202.1	4,235.2	– 0.8
Robinson		654.1	650.1	+ 0.6
Occupancy rate hotels total[2]	**in %, variance in % points**	**71.9**	**73.2**	**– 1.3**
Riu		85.9	83.9	+ 2.0
Robinson		64.3	64.2	+ 0.1
Average revenue per bed hotels total[3]	**in €**	**59.49**	**57.52**	**+ 3.4**
Riu		63.30	59.52	+ 6.4
Robinson		87.25	85.05	+ 2.6

These statistics include former TUI Travel hotels
[1] Group owned or leased hotel beds multiplied by opening days per quarter
[2] Occupied beds divided by capacity
[3] Arrangement revenue divided by occupied beds
[4] Previous year's KPIs restated

- Riu delivered a strong performance, particularly in Spain and Mexico, with 6 % growth in average revenue per bed overall.
- Robinson also delivered a good performance, with 3 % growth in average revenue per bed.
- These performances were offset partly by the adverse impact from lower demand for Turkey and North Africa.
- We are continuing to deliver sector leading occupancy rates (Riu 86 %, overall Hotels & Resorts 72 %) as a result of our presence in year round destinations, strength in distribution in our Source Markets and access to other growth markets such as the US.
- Q1 openings included Riu Reggae in Jamaica and TUI Blue in Tenerife.

CRUISES

		Q1 2016/17	Q1 2015/16	Var. %
Turnover	in € million	62.2	53.9	+15.4
Underlying EBITA	in € million	19.1	8.2	+132.9
Underlying EBITA at constant currency rates	in € million	19.1	8.2	+132.9
Occupancy	**in %, variance in % points**			
Hapag-Lloyd Cruises		71.3	69.7	+2.3
TUI Cruises		99.5	100.5	–1.0
Passenger days	**in '000**			
Hapag-Lloyd Cruises		74.4	71.5	+4.1
TUI Cruises		1,007.5	818.3	+23.1
Average daily rates*	**in €**			
Hapag-Lloyd Cruises		549.0	478.3	+14.8
TUI Cruises		143.1	146.3	–2.2

* Per day and passenger.

- TUI Cruises continues to deliver significant growth whilst maintaining a strong occupancy and rate performance, with an additional ship (Mein Schiff 5) this Winter. The result was partly impacted by a dry dock period for Mein Schiff 2.
- Hapag-Lloyd Cruises has delivered further increases in occupancy, rate and earnings this quarter, benefitting from changes to itineraries for Europa, Europa 2 and Hanseatic.

OTHER TOURISM

€ million	Q1 2016/17	Q1 2015/16 restated	Var. %
Turnover	150.6	148.0	+1.8
Underlying EBITA	–0.3	–10.2	+97.1
Underlying EBITA at constant currency rates	1.5	–10.2	n. a.

- Destination Services delivered improved trading in the quarter.
- Corsair's result also improved as a result of fuel savings and increased revenue.

ALL OTHER SEGMENTS

€ million	Q1 2016/17	Q1 2015/16 restated	Var. %
Turnover	39.9	32.4	+23.1
Underlying EBITA	–7.8	–13.3	+41.4
Underlying EBITA at constant currency rates	–10.2	–13.3	+23.3

Cash flow / Net capex and investments / Net debt

The cash outflow from operating activities decreased by € 270.9 m to € – 1,139.6 m. This was mainly due to an improvement working capital seasonality following the disposal of Hotelbeds Group in September 2016, and positive exchange rate effects.

NET CAPEX AND INVESTMENTS

€ million	**Q1 2016/17**	Q1 2015/16 restated	Var. %
Northern Region	19.9	26.6	– 25.2
Central Region	3.2	3.8	– 15.8
Western Region	7.3	2.9	+ 151.7
Hotels & Resorts	58.8	67.7	– 13.1
Cruises	15.9	8.7	+ 82.8
Other Tourism	25.6	24.4	+ 4.9
Tourism	**130.7**	**134.1**	**– 2.5**
All other segments	1.4	11.9	– 88.2
TUI Group	**132.1**	**146.0**	**– 9.5**
Discontinued operation	6.1	13.3	– 54.1
Total	**138.2**	**159.3**	**– 13.2**
Net pre delivery payments on aircraft	83.7	0.7	n. a.
Financial investments	102.1	12.5	+ 716.8
Divestments	5.2	– 42.5	n. a.
Net capex and investments	**329.2**	**130.0**	**+ 153.2**

The net debt position (cash and cash equivalents less financial liabilities and finance leasing) at 31 December 2016 was € 1,518.4 m (31 December 2015: net debt € 1,875.6 m including Hotelbeds Group.)

Fuel / Foreign exchange

Our strategy of hedging the majority of our jet fuel and currency requirements for future seasons, as detailed below, remains unchanged. This gives us certainty of costs when planning capacity and pricing. The following table shows the percentage of our forecast requirement that is currently hedged for Euros, US Dollars and jet fuel for our Source Markets, which account for over 90 % of our Group currency and fuel exposure.

FUEL/FOREIGN EXCHANGE

%	Winter 2016/17	Summer 2017
Euro	98	91
US Dollars	95	84
Jet Fuel	93	90

As at 10 February 2017

Financial position

FINANCIAL POSITION OF THE TUI GROUP AS AT 31 DEC 2016

€ million	**31 Dec 2016**	30 Sep 2016
Assets		
Goodwill	2,927.5	2,853.5
Other intangible assets	557.4	545.8
Property, plant and equipment	3,919.1	3,714.5
Investments in joint ventures and associates	1,257.0	1,180.8
Financial assets available for sale	70.6	50.4
Trade receivables and other assets	365.2	315.3
Derivative financial instruments	178.8	126.8
Deferred tax assets	299.3	344.7
Non-current assets	**9,574.9**	**9,131.8**
Inventories	116.5	105.2
Financial assets available for sale	319.0	265.8
Trade receivables and other assets	1,544.8	1,320.1
Derivative financial instruments	599.2	544.6
Income tax assets	130.5	87.7
Cash and cash equivalents	659.3	2,072.9
Assets held for sale	955.1	929.8
Current assets	**4,324.4**	**5,326.1**
	13,899.3	**14,457.9**

FINANCIAL POSITION OF THE TUI GROUP AS AT 31 DEC 2016

€ million	31 Dec 2016	30 Sep 2016
Equity and liabilities		
Subscribed capital	1,500.7	1,500.7
Capital reserves	4,192.2	4,192.2
Revenue reserves	– 2,875.0	– 3,017.8
Equity before non-controlling interest	**2,817.9**	**2,675.1**
Non-controlling interest	609.3	573.1
Equity	**3,427.2**	**3,248.2**
Pension provisions and similar obligations	1,333.8	1,410.3
Other provisions	818.4	803.0
Non-current provisions	**2,152.2**	**2,213.3**
Financial liabilities	1,988.3	1,503.4
Derivative financial instruments	18.6	27.5
Income tax liabilities	146.4	22.2
Deferred tax liabilities	58.2	62.9
Other liabilities	173.2	160.1
Non-current liabilities	**2,384.7**	**1,776.1**
Non-current provisions and liabilities	**4,536.9**	**3,989.4**
Pension provisions and similar obligations	41.5	40.6
Other provisions	387.6	374.8
Current provisions	**429.1**	**415.4**
Financial liabilities	189.4	537.7
Trade payables	1,650.0	2,476.9
Derivative financial instruments	177.3	249.6
Income tax liabilities	74.8	196.0
Other liabilities	2,911.1	2,872.4
Current liabilities	**5,002.6**	**6,332.6**
Liabilities related to assets held for sale	503.5	472.3
Current provisions and liabilities	**5,935.2**	**7,220.3**
	13,899.3	**14,457.9**

Income statement

INCOME STATEMENT OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2016 TO 31 DEC 2016

€ million	**Q1 2016/17**	Q1 2015/16 restated	Var. %
Turnover	3,285.9	3,212.3	+ 2.3
Cost of sales	3,102.6	3,039.6	+ 2.1
Gross profit	**183.3**	**172.7**	**+ 6.1**
Administrative expenses	287.3	311.6	– 7.8
Other income	2.2	15.7	– 86.0
Other expenses	1.3	2.7	– 51.9
Financial income	6.2	6.1	+ 1.6
Financial expenses	41.7	87.8	– 52.5
Share of result of joint ventures and associates	35.3	22.5	+ 56.9
Earnings before income taxes	**– 103.3**	**– 185.1**	**+ 44.2**
Income taxes	– 21.7	– 47.0	+ 53.8
Result from continuing operations	**– 81.6**	**– 138.1**	**+ 40.9**
Result from discontinued operations	– 8.5	– 25.8	+ 67.1
Group loss for the year	**– 90.1**	**– 163.9**	**+ 45.0**
Group loss for the year attributable to shareholders of TUI AG	– 117.5	– 184.0	+ 36.1
Group loss for the year attributable to non-controlling interest	27.4	20.1	+ 36.3

Cash flow statement

CONDENSED CASH FLOW STATEMENT OF THE TUI GROUP

€ million	**Q1 2016/17**	Q1 2015/16
Cash outflow from operating activities	– 1,139.6	– 1,410.5
Cash outflow/inflow from investing activities	– 329.2	– 129.0
Cash inflow from financing activities	25.4	904.0
Net change in cash and cash equivalents	**– 1,443.4**	**– 635.5**
Change in cash and cash equivalents due to exchange rate fluctuation	– 1.3	– 4.7
Cash and cash equivalents at beginning of period	**2,403.6**	**1,682.2**
Cash and cash equivalents at end of period	**958.9**	**1,042.0**
of which included in the balance sheet as assets held for sale	299.6	–

Alternative performance measures

Key indicators used to manage the TUI Group are EBITA and underlying EBITA. We consider EBITA to be the most suitable performance indicator for explaining the development of the TUI Group's operating performance. EBITA comprises earnings before interest, taxes and goodwill impairments; it does not include the results from container shipping operations nor the results from the measurement of interest hedging instruments.

The table below shows the reconciliation of earnings before income taxes of the continuing operations to underlying EBITA. In Q1 2016/17, adjustments (including one-off items and purchase price allocations for continuing operations) totalled € 9.2 m down € 13.2 m versus the prior year.

Net interest expense decreased as a result of decreased following last year's redemption of the high-yield bond while interest on finance leases increased.

RECONCILIATION TO UNDERLYING EBITA

€ million	**Q1 2016/17**	Q1 2015/16 restated	Var. %
Earnings before income taxes	– 103.3	– 185.1	+ 44.2
plus: Loss on measurement of financial investment in Container Shipping	–	41.6	n. a.
plus: Net interest expense and expense from the measurement of interest hedges	33.8	40.7	– 17.0
EBITA	**– 69.5**	**– 102.8**	**+ 32.4**
Adjustments:			
plus: Loss on disposals	0.7	1.5	
plus: Restructuring expense	0.2	1.7	
plus: Expense from purchase price allocation	7.7	11.6	
plus: Expense from other one-off items	0.6	7.6	
Underlying EBITA	**– 60.3**	**– 80.4**	**+ 25.0**

KEY FIGURES OF INCOME STATEMENT

€ million	**Q1 2016/17**	Q1 2015/16 restated	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**212.2**	**194.0**	**+ 9.4**
Operating rental expenses	182.4	201.5	– 9.5
Earnings before interest, income taxes, depreciation and impairment (EBITDA)	**29.8**	**– 7.5**	**n. a.**
Depreciation/amortisation less reversals of depreciation*	99.3	95.3	+ 4.2
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**– 69.5**	**– 102.8**	**+ 32.4**
Impairment of goodwill	–	–	–
Earnings before interest and income taxes (EBIT)	**– 69.5**	**– 102.8**	**+ 32.4**
Interest result and earnings from the measurement of interest hedges	33.8	40.7	– 17.0
Effect of the reduction and measurement of financial commitment to Container Shipping	–	– 41.6	n. a.
Earnings before income taxes (EBT)	**– 103.3**	**– 185.1**	**+ 44.2**

* On property, plant and equipment, intangible asssets, financial and other assets

Other segment indicators

UNDERLYING EBITDA

€ million	**Q1 2016/17**	Q1 2015/16 restated	Var. %
Northern Region	1.4	– 16.1	n. a.
Central Region	– 47.5	– 22.1	– 114.9
Western Region	– 43.7	– 23.8	– 83.6
Hotels & Resorts	70.1	47.1	+ 48.8
Cruises	24.1	12.8	+ 88.3
Other Tourism	14.7	1.8	+ 716.7
Tourism	**19.1**	**– 0.3**	**n. a.**
All other segments	13.5	7.3	+ 84.9
TUI Group	**32.6**	**7.0**	**+ 365.7**
Discontinued operations	– 12.2	– 9.7	– 25.8
Total	**20.4**	**– 2.7**	**n. a.**

EBITDA

€ million	**Q1 2016/17**	Q1 2015/16 restated	Var. %
Northern Region	0.2	– 18.7	n. a.
Central Region	– 48.4	– 27.2	– 77.9
Western Region	– 43.8	– 24.1	– 81.7
Hotels & Resorts	69.5	47.5	+ 46.3
Cruises	24.1	12.8	+ 88.3
Other Tourism	14.2	–	n. a.
Tourism	**15.8**	**– 9.7**	**n. a.**
All other segments	14.0	2.2	+ 536.4
TUI Group	**29.8**	**– 7.5**	**n. a.**
Discontinued operations	– 15.6	– 19.9	+ 21.6
Total	**14.2**	**– 27.4**	**n. a.**

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Cautionary statement regarding forward-looking statements

The present Quarterly Statement 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 or developments after the date of this Statement.

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14 FEBRUARY 2017
Annual General Meeting 2017

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Pre-close trading update

15 MAY 2017
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10 AUGUST 2017
Quarterly statement Q3 2016 / 17

28 SEPTEMBER 2017
Pre-close trading update

13 DECEMBER 2017
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