INTERIM REPORT 2015 / 16

1 October 2015 – 30 June 2016

Q3

TUI GROUP

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TUI Group – financial highlights

€ million		Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Turnover		**4,597.7**	**4,876.0**	**– 5.7**	**11,390.0**	**11,488.1**	**– 0.9**
Underlying EBITA[1]							
Northern Region		88.1	103.3	– 14.7	– 11.3	8.1	n/a
Central Region		3.3	– 4.2	n/a	– 106.5	– 97.9	– 8.8
Western Region		– 6.5	– 10.2	+ 36.3	– 82.2	– 71.1	– 15.6
Hotels & Resorts		56.7	67.3	– 15.8	140.4	122.9	+ 14.2
Cruises		29.4	19.3	+ 52.3	69.5	37.6	+ 84.8
Other Touristik		– 5.4	– 12.6	+ 57.1	– 23.9	– 43.5	+ 45.1
Tourism		**165.6**	**162.9**	**+ 1.7**	**– 14.0**	**– 43.9**	**+ 68.1**
Specialist Group		19.4	28.7	– 32.4	– 10.2	– 3.4	– 200.0
All other segments		– 5.0	– 13.5	+ 63.0	– 32.7	– 57.7	+ 43.3
TUI Group		**180.0**	**178.1**	**+ 1.1**	**– 56.9**	**– 105.0**	**+ 45.8**
Discontinued operations		16.5	14.9	+ 10.7	25.1	16.4	+ 53.0
Sum of the segments		**196.5**	**139.0**	**+ 1.8**	**– 31.8**	**– 88.6**	**+ 64.1**
EBITA[2]		**149.5**	**120.4**	**+ 24.2**	**– 138.8**	**– 248.1**	**+ 44.1**
Underlying EBITDA		**263.0**	**277.3**	**– 5.2**	**221.9**	**153.6**	**+ 44.5**
EBITDA		**243.0**	**232.2**	**+ 4.7**	**173.2**	**46.1**	**+ 275.7**
Net profit for the period		106.9	49.4	+ 116.4	– 288.0	– 169.3	– 70.1
Earnings per share (continuing operations)	€	0.12	0.05	+ 140.0	– 0.62	– 0.35	– 77.1
Equity ratio (30 June)	%				13.5	11.7	+ 1.8[3]
Amortisation/write-backs of other intangible assets and depreciation/write-backs of property, plant and equipment		93.5	111.8	– 16.4	312.0	294.2	+ 6.1
Net debt (30 June)					286.2	307.2	– 6.8
Employees (30 June)					76,199	77,995	– 2.3

Differences may occur due to rounding.

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 ganis/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.

OVERVIEW

9 month results to 30 June 2016

- Good Q3 performance, further demonstrating the resilience of our vertically integrated model, coupled with the delivery of our growth plans and merger synergies.
- Summer 2016 trading overall remains in line with our expectations.
- UK trading remains strong, no apparent slowdown in bookings as a result of the EU referendum.
- Well positioned to deliver at least 10 % growth in underlying EBITA in 2015 / 16[1], and at least 10 % underlying EBITA CAGR over the three years to 2017 / 18[1] as previously guided.

Key financials

THIRD QUARTER ENDED 30 JUNE

€ million	underlying 2016	underlying 2015 restated[2]	underlying Change %	reported 2016	reported 2015 restated[2]
Turnover	4,597.7	4,876.0	– 5.7	4,597.7	4,876.0
EBITA	180.0	178.1	+ 1.1	149.5	120.4
EBITA – at constant currency rates, excluding earlier timing of Easter[1]	203.3	178.1	+ 14.1	173.5	120.4

NINE MONTH PERIOD ENDED 30 JUNE

€ million	underlying 2016	underlying 2015 restated[2]	underlying Change %	reported 2016	reported 2015 restated[2]
Turnover	11,390.0	11,488.1	– 0.9	11,390.0	11,488.1
EBITA	– 56.9	–105.0	+ 45.8	–138.8	– 248.1
EBITA – at constant currency rates[1]	– 41.7	–105.0	+ 60.3	123.2	– 248.1

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

1 Assuming constant foreign exchange rates are applied to the result in the current and prior period and treating Hotelbeds Group as discontinued operations.

2 Prior year figures restated, further explanation is included on page 10.

Chief Executive of TUI Group, Friedrich Joussen, commented:

"We have delivered a good performance this quarter, driven by the strength of our vertically integrated model and the delivery of our growth plans and merger synergies. We are delivering on our strategy to become more content centric, with the launch this Summer of two cruise ships, TUI Discovery and Mein Schiff 5, and the opening of five additional hotels in our core brands. We have also announced the launch of TUI Discovery 2 for our UK cruise fleet from Summer 2017. In addition the disposal processes for Hotelbeds and Travelopia (formerly part of Specialist Group) remain on track, the proceeds from which will be used to invest in future growth opportunities and to further strengthen TUI's balance sheet.

Summer 2016 trading remains in line with our expectations, with 87 % of the Source Markets' programme sold to date and sustained strong demand for holidays in the Western Mediterranean, long haul destinations and cruise. We are also pleased with the start to early trading for Winter 2016 / 17 and Summer 2017.

Given the resilience of demand for our holidays, hotels and cruises, the flexibility inherent in our business model, our balanced portfolio of businesses and destinations, and the strength of our balance sheet, we are well positioned to deal with the changing geopolitical and macroeconomic environment. We therefore remain confident of delivering at least 10 % growth in underlying EBITA in 2015 / 16[1], and reiterate our previous guidance of at least 10 % underlying EBITA CAGR over the three years to 2017 / 18[1]."

GOOD Q3 PERFORMANCE

€ million	Q3	9M
Underlying EBITA Q3 2014 / 15	**194**	**–78**
Prior year restatement (including Hotelbeds treated as discontinued)[2]	–16	–27
Underlying EBITA restated Q3 2014 / 15	**178**	**–105**
Underlying trading	+15	+26
Prior year – profit on disposal of Grecotel	–10	–10
Prior year – Tunisia	+10	+10
Merger synergies	+9	+24
New financing Europa 2	**–**	**+5**
Impact of aircraft financing	+1	+8
Underlying EBITA Q3 2015 / 16 excluding FX and Easter timing	**203**	**–42**
Timing impact of Easter	–12	–
Foreign exchange translation	–11	–15
Underlying EBITA Q3 2015 / 16	**180**	**–57**

- Results in the current and prior year have been restated to include Destination Services within Other Tourism and include Hotelbeds Group within discontinued operations, and to reclassify Crystal Ski and Thomson Lakes & Mountains from Specialist Group to Northern Region, as well as other changes to segmental reporting. For further explanation please see page 10.

- **Turnover** decreased by 5.7 % to € 4,598 m (Q3 2014 / 15: € 4,876 m), or by 2.1 % excluding the negative impact of foreign translation. Brand turnover (which includes the non-consolidated turnover of TUI Cruises and our Canadian strategic ventures) decreased by 4.9 % to € 5,167 m (Q3 2014 / 15: € 5,435 m), or by 1.2 % excluding the negative impact of foreign translation. The reduction in turnover was driven by Germany, Nordics and Belgium, with these Source Markets experiencing a more significant impact from lower demand due to geopolitical events, as well as the earlier timing of Easter.

- **Group underlying EBITA** for the quarter increased to € 180 m (Q3 2014 / 15: € 178 m), or € 203 m excluding the negative impact of foreign exchange translation and earlier timing of Easter.

- Within the **Source Markets,** underlying EBITA decreased to € 85 m (Q3 2014 / 15: € 89 m), but increased to € 106 m excluding € 9 m negative impact of foreign exchange translation and € 12 m impact from the earlier timing of Easter.

- **Northern Region** underlying EBITA reduced to € 88 m (Q3 2014 / 15: € 103 m), but increased to € 104 m excluding € 9 m negative impact of foreign exchange and € 7 m impact from the earlier timing of Easter:
  - **UK** continues to deliver a strong trading performance, with improved load factors and margins and the launch of the new cruise ship TUI Discovery in June 2016. The result benefits from the non-repeat of last year's repatriation costs following the tragic events in Tunisia. These were offset by the impact of the revaluation of maintenance reserves due to the lower UK gilt rate, and an increase in the claim rate for denied boarding compensation.
  - As expected, the **Nordics** result has been adversely impacted by lower demand for Turkey. Although this year's programme has been remixed to alternative destinations, this has not fully mitigated the impact, and we have experienced later booking patterns as a result, putting further pressure on lates trading. The result also includes costs in respect of the TUI brand migration which will take place in Autumn 2016.

- **Central Region** underlying EBITA increased to € 3 m (Q3 2014 / 15: € 4 m loss), or € 5 m excluding Easter:
  - Performance improved as a result of lower distribution costs and cost savings from restructuring programmes in Germany and Austria. We are continuing to increase our market share in Germany, despite challenging conditions.

- **Western Region** underlying EBITA loss reduced to € 6 m (Q3 2014 / 15: € 10 m loss), or € 3 m loss excluding Easter:
  - Result improved due to significant reduction in French operating losses and good performance in Netherlands, offset partly by the difficult trading environment in Belgium following the Brussels attack, particularly for package holiday sales.
  - We expect the acquisition of Transat's French tour operating business to complete by the end of October 2016.

- The Source Markets continue to build on their strength in direct distribution and relationship with the customer, with Q3 controlled distribution mix up four percentage points to 73 % and online mix up four percentage points to 44 %.

- In **Hotels & Resorts,** underlying EBITA was € 57 m (Q3 2014 / 15: € 67 m) or € 59 m excluding the negative impact of foreign exchange translation.
  - The prior year result included a € 10 m gain on disposal of Grecotel and, as expected, earnings for hotels in Turkey and North Africa have been adversely impacted by reduced demand following geopolitical events.
  - **Riu** delivered another strong quarter, with a 1 % increase in capacity, 5 % point improvement in occupancy and 3 % increase in average revenue per bed, and a particularly strong performance in Spain, Cape Verde and long haul.
  - We have made further progress in delivering our occupancy improvement synergies, worth € 4 m in the quarter.
  - In line with our plans to grow our core brands, we have opened five additional hotels this Summer, and a further two were repositioned from other brands into TUI Blue.

- In **Cruises,** underlying EBITA increased to € 29 m (Q3 2014 / 15: € 19 m), driven by the launch of Mein Schiff 4 in June 2015 and continued improvement in performance by Hapag-Lloyd Cruises.

- In **Other Tourism,** underlying EBITA loss improved to € 5 m (Q3 2014 / 15: € 13 m loss), or € 6 m loss excluding the positive impact of foreign exchange translation, with an improved performance by Corsair and reduced Tourism overheads partly offset by Destination Services, which has been impacted by the lower volumes in Turkey and North Africa.

- **All other segments** underlying EBITA loss of € 5 m (Q3 2014 / 15: € 13 m loss), or € 6 m loss excluding the positive impact of foreign exchange translation, includes € 5 m further benefit from the delivery of further corporate streamlining synergies, bringing the total delivered to date to € 25 m.

Summer 2016 trading in line with our expectations

- **Summer 2016 remains in line with our expectations:**
  - Source Market programme 87 % sold to date, with revenue up 1 %.
  - UK continues to deliver a strong performance, with revenue and bookings up 6 %. There has been no apparent slowdown in bookings as a result of the EU referendum, demonstrating once again the resilience of demand for our unique and differentiated holidays, distributed directly to the customer.
  - Trading in some other source markets has been more significantly impacted by geopolitical events.
  - However, overall, we have continued to see a shift in demand to alternative profitable destinations, with Source Market bookings excluding Turkey up 8 %, proving the sustained strength in underlying demand for package holidays and the flexibility of our model in terms of remixing capacity.

- Demand for our hotels outside Turkey continues to drive improvement in Hotels & Resorts occupancy and performance this Summer, including new openings in Dominican Republic, Sri Lanka and Greece.

- Continued growth in Cruise bookings for Summer 2016 driven by demand for Mein Schiff 5, which launched in July 2016, with good occupancy and rates across the fleet.

- Pleased with early trading for Winter 2016 / 17 and Summer 2017.

Outlook – well positioned to deliver at least 10 % growth in underlying EBITA in 2015 / 16[1]

- Given the resilience of demand for our holidays, hotels and cruises, the flexibility inherent in our business model, our balanced portfolio of businesses and destinations, and the strength of our balance sheet, we are well positioned to deal with the changing geopolitical and macroeconomic environment.

- Therefore, based on current trading we remain confident of delivering underlying EBITA growth of at least 10 % in 2015 / 16[1], and reiterate our previous guidance of at least 10 % underlying EBITA CAGR over the three years to 2017 / 18[1].

Current trading in line with our expectations

SUMMER 2016

Overall, Summer 2016 trading remains in line with our expectations. 87 % of the programme has been sold to date, which is broadly in line with prior year, with revenue up 1 %. We have continued to see a shift in demand to alternative profitable destinations, with Source Market bookings excluding Turkey up 8 %, proving the sustained strength in underlying demand for package holidays and the flexibility of our model in terms of remixing capacity.

CURRENT TRADING[1]

YoY variation %	Total Revenue[2]	Total Customers[2]	Total ASP[2]	Summer 2016 Programme sold (%)
Northern Region	**+3**	**+3**	**+1**	**89**
UK	+6	+6	flat	89
Nordics	–9	–12	+3	87
Central Region	**–2**	**–3**	**+1**	**86**
Germany	–3	–3	+1	86
Western Region	**flat**	**+2**	**–2**	**86**
Benelux	–1	+2	–3	85
Total Source Markets	**+1**	**flat**	**flat**	**87**

[1] These statistics are up to 31 July 2016 and are shown on a constant currency basis.
[2] These statistics relate to all customers whether risk or non-risk.

In the UK, the programme is 89 % sold, ahead of prior year. We are continuing to deliver a strong performance, with revenue and bookings up 6 %. Short haul growth is driven by holidays to Spain, Greece, Cyprus and Portugal. Long haul bookings are up 16 %, driven by growth to Mexico, Dominican Republic and Jamaica as well as new destinations such as Costa Rica. Our new cruise ship, TUI Discovery, was launched in June 2016 and is based in the Mediterranean this Summer. UK cruise sales continue to perform well. There has been no apparent slowdown in UK bookings as a result of the EU referendum, demonstrating once again the resilience of demand for our unique and differentiated holidays, distributed directly to the customer.

In Nordics, the programme is 87 % sold. Revenues are down 9 % with bookings down 12 % and a 3 % increase in average selling price. We have experienced significant pressure on trading as a result of the decrease in demand for Turkey, which accounted for over 20 % of Nordics customers in Summer 2015. In addition, in the days immediately after the July 2016 attempted coup, Nordics foreign offices advised against all unnecessary travel to Turkey. Excluding Turkey, bookings are up 9 %, with growth driven by the Balearics, Canaries and Greece. Although this year's programme has been remixed to alternative destinations, this has not fully mitigated the impact of Turkey, and we have experienced later booking patterns as a result, putting further pressure on lates trading. We therefore anticipate that this will have an adverse impact on Nordics' full year result.

In Germany, the programme is 86 % sold. Revenues and bookings are down 3 %. We are continuing to increase our market share, despite challenging conditions, however current trading is strongly influenced by the events in Turkey, which accounted for nearly 20 % of German customers in Summer 2015 and has traditionally been over indexed towards families. Bookings to destinations outside Turkey are up 4 %, with increased demand for destinations across Spain, Greece and Italy, as well as an increase in long haul package bookings, with Mexico, Dominican Republic and Cuba proving popular.

In Benelux, the programme is 85 % sold. Revenues are down slightly against 2 % growth in bookings, with a positive performance by Netherlands offset by a general slow down in demand in Belgium following the attack on Brussels Airport and as a result of subdued demand for Turkey. This has been particularly evident for package holidays, with a better performance for seat only. Bookings to destinations outside Turkey are up 7 %, with increased demand for destinations across Spain and growth in long haul. We expect the lower demand as a result of the Brussels attack and events in Turkey to have an adverse impact on Belgium's full year result.

Trading in Hotels & Resorts largely reflects bookings made through our Source Markets. The popularity of our hotels outside Turkey and North Africa continues to drive improvement in Hotels & Resorts performance this Summer, and we are well placed to benefit from the increase in demand for the Western Mediterranean and long haul destinations. In Summer 2016 we have opened five additional hotels in our core brands and repositioned two more.

TUI Cruises launched Mein Schiff 5 in July 2016, with good advance bookings and yields. Booked load factor across the TUI Cruises fleet is now 95 % for calendar 2016. We have also seen a continued improvement in yield for Hapag-Lloyd Cruises.

WINTER 2016 / 17 AND SUMMER 2017

We are continuing to shape our programme for Winter 2016 / 17 and Summer 2017, and are pleased with early trading. Winter 2016 / 17 is less than 25 % booked, with bookings up 8 % and average selling prices up 5 %. UK bookings are currently up over 20 %, with growth driven by increased long-haul capacity, including the Caribbean, Mexico, Thailand and Mauritius. Medium haul volumes to Canaries and Cape Verde are also doing well, and the launch of TUI Discovery in June 2016 is driving a good performance by cruise. The UK has also seen a good start to Summer 2017 and we are pleased with the progress in trading for TUI Cruises' sixth ship, Mein Schiff 6, which launches next year.

Delivering against our growth levers

1. DELIVER TOURISM GROWTH

Our growth strategy is clear:

- In becoming a **content centric, vertically integrated tourism group,** we operate in all stages of the value chain, from marketing and sales, to flight, accommodation (hotels and cruise) and destination services.
- The core of our offering will be **differentiated product, based on exclusive content.**
- We have a **resilient model,** prepared for current and future changes.
- The strength of our vertically integrated model is the **monitoring and selective control of all stages in the value chain.** This allows us to mitigate capacity risks, respond quickly and flexibly to market changes and actively shape overall situations and markets.
- We take advantage of **global economies of scale** resulting from our size and international scope to deliver competitive advantages and have defined six scaling platforms as a framework: TUI Brand, Aviation, Hotel Investment / Hotel Purchasing, Cruises, Destination Services, Integrated IT and Management Platforms.
- We use our **local strength** at crucial points in the competitive arena, to be close to customers and their individual needs.

1.1 MARKETING & SALES

We aim to achieve profitable top-line growth ahead of the market. In the nine month period, turnover was broadly flat at constant currency rates and brand turnover (which includes turnover from our strategic ventures in Canada and TUI Cruises) grew by 1.3 %. Source Market customer volumes for the year to date were down slightly year-on-year. Although UK volumes increased by 4 %, this was offset by lower volumes in the other Source Markets, driven by lower demand for Turkey and North Africa and in the wake of the Brussels Airport attack. However, based on current trading, we expect some modest growth in customer volumes in the final quarter of the financial year, in spite of the geopolitical backdrop.

We are capitalising on the strength of the TUI brand on a global scale. Having launched our brand migration successfully in the Netherlands in October 2015, rebranding in Belgium and Nordics will follow in Autumn 2016, with the UK to take place the following year.

Control over distribution remains central to our marketing and sales strategy, and all Source Markets are focussed on delivering more direct, more online sales. In the nine month period controlled distribution grew by two percentage points to 72 %. Online distribution grew by three percentage points to 44 %. Continued progress was made across the Source Markets.

In order to grow ahead of the market, we are also broadening our offering. This includes long haul expansion, a modernised cruise offering in the UK and more choice of flight times and durations for our unique holidays. Our long haul bookings grew by 9 % in Winter 2015 / 16 and Summer 2016 long haul bookings are up 8 %, with destinations in the Caribbean and Asia proving to be particularly popular.

We will also continue to focus on improving earnings in underperforming Source Markets and driving improvements in operational efficiency. In France, we have continued to significantly reduce operating losses, and to enhance the turnaround plans for this Source Market, we announced in May the acquisition of Transat's French tour operating business, with completion anticipated by end of October 2016.

1.2 FLIGHT

We have over 140 aircraft operated by five airlines in our Source Markets, flying around 13 million customers per annum and serving over 180 destinations. We are delivering operational efficiencies through our One Aviation programme, which focusses on aligning engineering and maintenance, customer (ground) operations and supplier management and procurement across our airlines. We expect to realise € 50 m savings in relation to this by 2018 / 19.

As previously announced, we are in the process of modernising our short haul fleet, with firm orders for 70 737 MAX aircraft and options for up to 50 more. These are expected to be delivered from 2018 onwards. In addition, we have taken delivery of our first 787-9 this quarter, bringing the total 787 fleet to 14, with a further three to come in the next two years. This facilitates our long haul expansion as the only leisure airline with the 787.

1.3 ACCOMMODATION

As a content centric business, accommodation is the key differentiator in the customer holiday experience and the key driver of satisfaction and retention rates, therefore growth in accommodation will be central in driving profitable top-line growth.

HOTELS

Our strategic focus within Hotels & Resorts is to achieve further differentiation and optimisation of our own hotel portfolio and a more focussed and defined brand profile. The core brands will be Riu, Robinson, Magic Life and the new hotel brand TUI Blue, rounded off by three hotel concepts Sensatori, Sensimar and Family Life. We are targeting around 60 new hotels over the five year period from 2014 / 15 to 2018 / 19 with a ROIC of at least 15 %. In 2014 / 15 we opened seven new resorts in our core hotel and club brands, as well as four new concept resorts in Group hotels. For Summer 2016 we have five additions to our core brands.

Riu is the Group's largest hotel brand in terms of volume and earnings, delivering 20 % ROIC in 2014 / 15 (excluding TUI goodwill), and will be key in delivering profitable growth. We opened four new resorts in 2014 / 15, with two further openings in Summer 2016 in the Dominican Republic and Sri Lanka. Expansion to new destinations will be an important growth lever, particularly year round destinations such as the Caribbean, Asia and Cape Verde.

TUI Blue is our new hotel brand focusing on differentiation and quality. As a distinctive customer proposition, it offers a premium all-inclusive concept. In addition to new hotels, the brand will include the repositioning of some existing underperforming hotel brands to deliver turnaround. This has commenced in Summer 2016 with two resorts in Turkey repositioned into the TUI Blue brand, with future repositioning of hotels planned for Germany, Austria, Tenerife and Italy.

Robinson and Magic Life will be the core focus for our growth in clubs. Robinson will focus on increased Source Market distribution, increased direct distribution globally and international expansion. We opened one new club in 2014 / 15 and opened two more in Greece and Turkey in Summer 2016. Magic Life is already strongly integrated with the Source Markets, leading to a significant increase in occupancy over the past few years. For future growth, Magic Life will benefit from a further internationalisation of the concept through the Source Markets and increased distribution globally. We launched two new Magic Life clubs in 2014 / 15 and will continue to grow the brand in future years.

Furthermore, we will grow our powerful and exclusive hotel concepts through internationalisation. Sensatori, Sensimar and Family Life are our outstanding international hotel concept brands designed for specific customer segments. With around 100 hotels captured under these brands, there is a strong base which differentiates our local market offering. The internationalisation of the existing Sensatori and Sensimar brands and introduction of Family Life has been launched for Summer 2016. In 2014 / 2015 we launched two new Sensatoris and two new Sensimars which are operated by Group hotels, and have opened a further Sensatori in the Dominican Republic in Summer 2016.

CRUISES

With our three cruise brands and growth plans, we will become a leading cruise operator in Europe. We make joint decisions within our Tourism business in terms of cruise fleet planning.

TUI Cruises currently operates five ships in the high growth, underpenetrated premium German market. Mein Schiff 5 was launched in July 2016. We have a strong competitive advantage, having secured additional capacity, with three further ships ordered and one being delivered in each of the coming three years.

In the UK, Thomson Cruises operates a five ship fleet, which we intend to fully modernise in the next few years, starting with the launch of TUI Discovery (formerly Splendour of the Seas) in June 2016 and the addition of TUI Discovery 2 (formerly Legend of the Seas) in Summer 2017. It is also intended that, with the delivery of Mein Schiff 7 and Mein Schiff 8 to TUI Cruises, Mein Schiff 1 and Mein Schiff 2 will be moved to Thomson Cruises to replace two older ships, leaving TUI Cruises with a six ship fleet.

With Hapag-Lloyd Cruises, we continue to focus on luxury and expedition cruises. The successful repositioning of the brand has been completed and the turnaround was delivered last year.

1.4 DESTINATION SERVICES

Our unique destination service brings the TUI brand alive, operating in more than 100 destinations with over 6,500 employees with access to around 11 million customers, managing airport transfers, excursions and resort services. The carve out of Destination Services from Hotelbeds Group to Tourism is now complete, delivering enhanced operational efficiency. € 5 m of synergies relating to the carve out were delivered in the year to date and a further € 15 m will be delivered by the end of financial year 2016 / 17.

1.5 INTEGRATED PLATFORMS, INTEGRATED MANAGEMENT

We take advantage of global economies of scale resulting from our size and international scope to deliver competitive advantages. We therefore act as one in six areas:

- **One shared global brand**
- **Aviation** – central control of configuration, purchasing, finance, maintenance, ground handling
- **Hotel investments / hotel purchasing** – international marketing of our core brands (Riu, Robinson, Magic Life, TUI Blue) and our hotel concepts (Sensimar, Sensatori, Family Life)
- **Cruises** – joint decisions about investment in new vessels and marketing of our core brands (TUI Cruises, Hapag-Lloyd Cruises, Thomson Cruises)
- **Destination Services** – shared international team to serve our guests in destinations
- **IT** – customer platform, customer relationship management (CRM), customer app and yield management

2. MAXIMISE GROWTH AND VALUE OF OTHER BUSINESSES

In May 2015, we set out our strategy to maximise the growth and value of our other businesses – Hotelbeds Group, Specialist Group and our shareholding in Hapag-Lloyd AG which is held for sale – with a view to delivering superior returns for our shareholders. We have made significant progress in achieving our objectives, with the disposal of Hotelbeds Group for € 1.2 billion (subject to customary closing conditions and regulations) due to complete by the end of September 2016 and the marketing of Travelopia expected to commence Autumn 2016. Our 12.3 % shareholding in Hapag-Lloyd AG, which will be diluted to 8.9 % following the merger of Hapag-Lloyd AG and United Arab Shipping Company, is accounted for as an available for sale financial asset, with a viable route to exit following the IPO at the end of 2015.

3. DELIVER MERGER SYNERGIES

Following the merger of TUI AG with TUI Travel PLC, corporate streamlining is expected to deliver cost savings of € 50 m per annum by the end of 2016 / 17, mainly from the consolidation of overlapping functions. We delivered € 10 m of savings in 2014 / 15 and have delivered a further € 15 m in the year to date, bringing the total to date to € 25 m. Estimated one-off integration costs of € 35 m are expected in order to achieve these savings, € 31 m of which were incurred in 2014 / 15 and a further € 4 m in the year to date.

Our unified ownership structure enables a more efficient tax grouping and use of carried forward tax losses. As a consequence, the Group's underlying effective tax rate has reduced to 25 % and is expected to remain at this level following the disposal of Hotelbeds.

We are also delivering further synergies due to joint management of occupancy by Source Markets and group hotels. Occupancy is expected to improve by 5 % points by 2016 / 17 as a result of integration compared with the year prior to the merger (2012 / 13). In 2014 / 15, we delivered approximately € 10 m underlying EBITA benefit as a result of occupancy improvement. A further € 4 m has been delivered in Q3 2015 / 16.

Additional savings of at least € 20 m per annum are expected from the integration of Destination Services into the Tourism businesses. The separation of legal entities and IT functions from Hotelbeds is now complete, with € 5 m of synergies delivered so far this year.

4. BALANCE SHEET STRENGTH, FLEXIBILITY AND STRONG CASH FLOW GENERATION

We are focussed on improving free cash flow and therefore delivering superior returns on investment for shareholders. Our growth strategy reflects this goal, with the aim of creating a strong, flexible balance sheet which supports our long-term growth plans.

We are committed to improving our credit metrics following the delivery of merger synergies and the execution of our growth roadmap. Our focus on rating will allow us to obtain optimal financing conditions, and progress has already been made in this area, with Moody's announcing an upgrade in TUI Group's corporate family rating from Ba3 to Ba2 on 26 April 2016. We have set financial targets for 2015 / 16 based on a leverage ratio of 3.5 to 2.75 times, and an interest coverage ratio of 4.5 to 5.5 times interest. We intend to adjust these target corridors further in subsequent financial years to support our goal of improving our credit rating.

With the increase in our operating profitability, the clearly noticeable decline in interest payments due to the reduction in Group debt over the past 18 months, and the more efficient tax grouping, we are committed to a progressive dividend policy. Dividends are expected to grow in line with the growth in underlying EBITA at constant currency, with an additional 10 % on the base dividend in respect of 2015 / 16 as outlined at the time of the merger.

Restatement of results

We have revised our segmental reporting for the current and prior year. The most significant restatement relates to Hotelbeds Group. The Destination Services result has been carved out from Hotelbeds Group and is now reported within Other Tourism and, following the carve out, the Hotelbeds Group result has been reclassified to discontinued operations. Also, the Crystal Ski and Thomson Lakes & Mountains result has been reclassified from Specialist Group to Northern Region, in preparation for the disposal of Travelopia. Also, costs relating to IT services have been reclassified from All Other Segments to Other Tourism, as they relate to the Tourism businesses. Minor reclassifications have also been made from Western and Central Region to All Other Segments.

Adjustments

Adjustments of € 82 m were incurred during the nine month period ended 30 June 2016. The following table provides a breakdown of these items, which have been restated to treat Hotelbeds Group as discontinued operations.

NINE MONTH PERIOD ENDED 30 JUNE

€ million	**2016**	2015
Restructuring expense	– 8	– 42
Losses / gains on disposals	– 2	1
Other one-off items	– 27	– 56
Purchase price allocation (PPA)	– 45	– 46
Total adjustments	**– 82**	**– 143**

The total charge of € 82 m for the nine month period ended 30 June 2016 includes € 8 m merger related costs, € 4 m in respect of corporate streamlining and € 4 m for the integration of Destination Services into Tourism.

Net interest expense

Net interest expense (including expense from the measurement of interest hedges) for the nine month period improved by € 26 m to € 115 m net expense (9M 2014 / 15: net expense € 141 m), driven mainly by lower interest on convertible bonds which have since matured and redeemed.

Income taxes

The tax income posted for the nine month period is partly attributable to the seasonality of the tourism business. Income tax credit for the nine month period decreased to € 63 m (9M 2014 / 15: credit € 232 m). The prior year included € 117 m credit in respect of the post-merger reorganisation of the German tax group. In addition, the current year includes a provision of € 37 m, reflecting the risk associated with a recent German trade tax ruling.

Net debt

The net debt position (cash and cash equivalents less capital market financing, loans, overdrafts and finance leases) at 30 June 2016 was € 459 m, or € 286 m including € 173 m net cash within Hotelbeds Group (30 June 2015: net debt € 307 m including Hotelbeds Group).

The net debt position at 30 June 2016 of € 459 m consisted of € 1,663 m of cash and cash equivalents (€ 193 m of which was subject to disposal restrictions), € 284 m of current liabilities and € 1,838 m of non-current liabilities.

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 former TUI Travel businesses, which account for over 90 % of our Group currency and fuel exposure.

%	**Summer 2016**	Winter 2016 / 17	Summer 2017
Euro	95	81	50
US Dollars	95	84	59
Jet Fuel	95	91	77

As at 5 August 2016

We do not hedge the impact of foreign exchange translation of results in non-Euro currencies. Based on exchange rates at current levels we anticipate an adverse impact of approximately € 100 m from foreign exchange translation on the full year underlying EBITA result, primarily due to the translation of peak season profits from Sterling denominated operations.

Outlook

We have delivered a good Q3 result, driven by the strength of our vertically integrated model and the delivery of our growth plans and merger synergies. Summer 2016 trading remains in line with our expectations, with sustained strong demand for holidays in the Western Mediterranean, long haul destinations and cruise, and we are also encouraged by the positive start to trading for Winter 2016 / 17 and Summer 2017. Given the resilience of demand for our holidays, hotels and cruises, the flexibility inherent in our business model, our balanced portfolio of businesses and destinations, and the strength of our balance sheet, we are well positioned to deal with the changing geopolitical and macroeconomic environment. We therefore remain confident of delivering at least 10 % growth in underlying EBITA in 2015 / 16[1], and reiterate our previous guidance of at least 10 % underlying EBITA CAGR over the three years to 2017 / 18[1].

[1] Assuming constant foreign exchange rates are applied to the result in the current and prior period and treating Hotelbeds Group as discontinued operations.

INTERIM MANAGEMENT REPORT

Corporate Governance

Changes in the composition of boards

EXECUTIVE BOARD

Will Waggott stepped down from TUI Group's Executive Board as at 30 June 2016. Since the merger between TUI AG and TUI Travel PLC at the end of 2014, he had been CEO of Specialist Group, LateRooms.com and Hotelbeds Group under the umbrella of TUI Group. Disposal of a large part of the Specialist Group brands was announced in May 2016. In order to avoid any potential conflicts of interest and in the interest of good corporate governance, he resigned from the Group's Executive Board, whose role is to advise and resolve the disposal.

SUPERVISORY BOARD

Wolfgang Flintermann was appointed a member of TUI AG's Supervisory Board by the district court of Hanover as at 13 June 2016. Wolfgang Flintermann succeeds Wilfried H. Rau, who passed away in March 2016, in his role as a representative of executive staff.

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

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www.tuigroup.com/en-en/investors

TUI Group fundamentals: Structure and strategy

Reporting structure

The Interim Report for Q3 2015 / 16 is essentially based on TUI Group's reporting structure, adjusted as per H1 2015 / 16. In preparation for the disposal of a large part of Specialist Group, Ski has been reclassified from the segment to Northern Region. The prior year's numbers have been restated accordingly.

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See Half-Year Financial Report 2015 / 16, page 13, and Annual Report 2014 / 15, page 80 et seq.

Group targets and strategy

TUI Group continues to pursue its strategy as presented in financial year 2014 / 15. We extensively reported about the delivery of our growth strategy in this report, pages 7–10.

We maintain our assessment of the expected synergies and one-off costs resulting from the merger as presented in the Annual Report 2014 / 15 In Q3 2015 / 16, we delivered further synergies worth € 9 m as part of the synergies expected from the merger between TUI AG and TUI Travel PLC, including synergies of € 5 m from the consolidation of overlapping head office functions and € 4 m from improved occupancy in the Hotel & Resorts segment.

→

See Annual Report 2014 / 15: pages 7 – 17

Research and development

As a tourism service provider, TUI does not engage in research and development activities in the narrower sense of the term.

Risk and opportunity report

Successful management of existing and emerging risks and opportunities is critical to the long-term success of our business and to the achievement of our strategic objectives. Full details of our risk governance framework and principal risks and opportunities can be found in the Annual Report 2014 / 15. The principal risks and uncertainties outlined in that report continue to face the Group over the remainder of the financial year.

See Annual Report 2014 / 15: risks see pages 97–114; chances see page 119

With the UK referendum at the end of June having resulted in a vote for the UK to leave the EU, the foreign currency volatility noted in our H1 report has persisted and continues to impact on the translation of results from our UK business. Our standard hedging policy means that for the current financial year foreign currency denominated input costs in the UK business are largely unaffected by the weakening of sterling which has occurred over the last few months. Whilst the outcome of the referendum has led to a greater degree of uncertainty over the future economic performance of the UK economy, we have not seen any apparent slow-down in bookings in our UK business to date. The strength and differentiation of our customer offering means that we are well positioned to deal with the changing macroeconomic environment. We will monitor the specifics of the UK exit from the EU as the political negotiations develop, but at this stage it is too early to assess whether there will be any impact on areas such as flight costs, customer visa requirements or employee contracts.

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 individual subsidiaries or the Group.

Report on expected development

Expected development of Group turnover, earnings and adjustments

Our guidance for the expected development of TUI Group in financial year 2015 / 16, presented in our Annual Report for 2014 / 15, is largely reiterated. Against the backdrop of current geopolitical events, turnover growth in the current financial year will probably be lower than originally planned. The following forecast refers to the TUI Group's continuing operations. Prior year figures have been restated.

EXPECTED DEVELOPMENT OF GROUP TURNOVER, UNDERLYING EBITA AND ADJUSTMENTS

	Expected Development vs. PY	
€ million	2014 / 15 restated	**2015 / 16***
Brand turnover	21,590	approx. 3 % growth
Turnover	19,018	approx. 2 % growth
Underlying EBITA	1,001	at least 10 % growth
Adjustments	176	approx. € 160 m cost

* Based on constant currency, without discontinued operations

Brand turnover

A proportion of earnings growth will be delivered by TUI's joint ventures, however, due to equity accounting the revenue from these businesses is excluded from reported turnover. We have therefore introduced the concept of brand turnover, to show more clearly the total revenue generated by TUI brands, the key ones being TUI Cruises and our Canadian tour operator strategic ventures. We expect brand turnover to rise by around 3 % in financial year 2015 / 16 at constant currency, lower than previously expected due to the impact of geopolitical issues on demand, in particular in Nordics, Germany and Belgium, as well as lower turnover in Canada.

Turnover

We expect turnover to rise by at around 2 % at constant currency in financial year 2015 / 16. This is slightly lower than previously expected for the reasons stated above.

Underlying EBITA

In financial year 2015 / 16, underlying EBITA by the TUI Group is expected to grow by at least 10 % at constant currency as we deliver our growth roadmap. Risks relate to the development of customer numbers against the backdrop of continued volatility in the economic environment and geopolitical tensions for our key source markets, demand for our Group hotels and cruises and the delivery of merger synergies.

Adjustments

For financial year 2015 / 16 we expect purchase price allocations and net one-off costs (mainly in relation to the delivery of merger synergies) of approximately € 160 m to be carried as adjustments.

Consolidated earnings

Comments on the consolidated income statement

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

INCOME STATEMENT OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Turnover	**4,597.7**	**4,876.0**	**–5.7**	**11,390.0**	**11,488.1**	**–0.9**
Cost of sales	4,168.3	4,424.8	–5.8	10,665.7	10,769.4	–1.0
Gross profit	**429.4**	**451.2**	**–4.8**	**724.3**	**718.7**	**+0.8**
Administrative expenses	320.4	368.6	–13.1	993.6	1,091.0	–8.9
Other income	3.4	14.4	–76.4	31.9	44.5	–28.3
Other expenses	4.5	5.5	–18.2	7.5	6.8	+10.3
Financial income	14.3	–	n/a	33.1	15.2	+117.8
Financial expenses	43.7	34.8	+25.6	244.0	153.3	+59.2
Share of result of joint ventures and associates	38.0	29.7	+27.9	101.7	84.9	+19.8
Earnings before income taxes*	**116.5**	**86.4**	**+34.8**	**–354.1**	**–387.8**	**+8.7**
Income taxes	26.5	41.7	–36.5	–62.6	–232.1	+73.0
Result from continuing operations	**90.0**	**44.7**	**+101.3**	**–291.5**	**–155.7**	**–87.2**
Result from discontinued operations	16.9	4.7	+259.6	3.5	–13.6	n/a
Group profit/loss for the year	**106.9**	**49.4**	**+116.4**	**–288.0**	**–169.3**	**–70.1**
Group profit/loss for the year attributable to shareholders of TUI AG	86.9	29.2	+197.6	–362.0	–172.3	–110.1
Group profit/loss for the year attributable to non-controlling interest	20.0	20.2	–1.0	74.0	3.0	n/a

* The financial performance indicators EBITA and underlying EBITA of the TUI Group, formerly reconciled on the face of the income statement of the TUI Group, are outlined in the segment reporting within the Group notes now.

TURNOVER AND COST OF SALES

In 9M 2015/16, TUI Group reported turnover of €11.4 bn, down by 0.9% year-on-year. On a constant currency basis, turnover grew slightly by 0.2% in 9M 2015/16. In Q3, in particular, turnover was impacted by lower demand for travel to Turkey and North Africa due to the geopolitical events.

Turnover was presented alongside the cost of sales, which declined by 1.0% in 9M 2015/16. A detailed breakdown of turnover and a review thereof are presented in the section Earnings by segment.

See page 21

TURNOVER

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Northern Region	1,761.5	1,904.8	–7.5	4,285.6	4,305.9	–0.5
Central Region	1,347.2	1,406.1	–4.2	3,335.2	3,340.3	–0.2
Western Region	734.6	760.4	–3.4	1,650.2	1,660.1	–0.6
Hotels & Resorts	143.2	135.8	+5.4	409.2	381.2	+7.3
Cruises	71.3	63.8	+11.8	214.4	200.0	+7.2
Other Tourism	142.8	149.4	–4.4	431.9	449.8	–4.0
Tourism	**4,200.6**	**4,420.3**	**–5.0**	**10,326.5**	**10,337.3**	**–0.1**
Specialist Group	357.0	415.0	–14.0	970.6	1,058.2	–8.3
All other segments	40.1	40.7	–1.5	92.9	92.6	+0.3
TUI Group	**4,597.7**	**4,876.0**	**–5.7**	**11,390.0**	**11,488.1**	**–0.9**
Discontinued operations	227.7	223.6	+1.8	681.6	582.9	+16.9
Total	**4,825.4**	**5,099.6**	**–5.4**	**12,071.6**	**12,071.0**	**+0.0**

GROSS PROFIT

At € 724.3 m, gross profit as the balance of turnover and the cost of sales was up € 5.6 m year-on-year in 9M 2015/16.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses for general management functions not directly allocable to the turnover transactions. In 9M, they totalled € 993.6 m, down by € 97.4 m on the prior year. This was attributable to the expenses which had impacted the prior year's results, primarily impairments on input tax claims in an Italian subsidiary and additions to provisions for litigation in connection with the acquisition of a Turkish hotel as well as expenses for restructuring measures in the corporate head office and the source markets.

OTHER INCOME / OTHER EXPENSES

In 9M 2015/16, other income totalled € 31.9 m, mainly comprising gains on disposal from the sale of a Riu Hotel, a joint venture, a cruise ship, commercial land and vehicles of the incoming agencies.

Other expenses totalled € 7.5 m in 9M 2015/16. They primarily resulted from the disposal of aircraft spare parts and losses from the sale of a group of companies of Specialist Group.

FINANCIAL RESULT

The financial result decreased from € –138.1 m in 9M 2014/15 to € – 210.9 m in 9M 2015/16. The decline was mainly driven by the measurement of the stake in Hapag-Lloyd AG. Following the IPO, the stake was measured at a stock market price of € 16.10 per share as at 31 March 2016, resulting in an impairment of € 100.3 m. The value increase resulting from Hapag-Lloyd AG's higher share price as at 30 June 2016 was carried in equity outside profit and loss.

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 amounted to € 101.7 m in 9M 2015/16 (previous year € 84.9 m).

INCOME TAXES

The tax assets carried in 9M 2015/16 are attributable to various factors including the seasonal swing in tourism.

GROUP RESULT

In 9M 2015/16, the Group result was negative at € – 288.0 m (previous year € –169.3 m) due to the seasonality of the tourism business. The decline in the Group result in 9M 2015/16 was mainly attributable to the expense for the measurement of the stake in Hapag-Lloyd AG and the increase in the tax credit in the prior year due to the merger between TUI AG and TUI Travel PLC.

NON-CONTROLLING INTERESTS

Non-controlling interests accounted for € 74.0 m for 9M 2015/16. They related to companies in Hotels & Resorts, and in 2014/15 they also related to the external shareholders of TUI Travel PLC until the completion of the merger with TUI AG.

EARNINGS PER SHARE

After deduction of non-controlling interests, TUI AG shareholders accounted for € – 362.0 m (previous year € –172.3 m) of the Group result for 9M 2015/16. As a result, basic earnings per share amounted to € – 0.62 (previous year € – 0.35) for 9M 2015/16.

EBITA and underlying EBITA

Key indicators used to manage TUI Group are EBITA and underlying EBITA. We consider EBITA to be the performance indicator best suited to explain TUI Group's operating performance. EBITA comprises earnings before interest, taxes and goodwill impairments, excluding the results from container shipping operations measured at equity, the results from the measurement of financial investments in container shipping and the results from the measurement of interest hedging instruments.

RECONCILIATION TO UNDERLYING EBITA

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	Var. %	**9M 2015 / 16**	9M 2014 / 15 restated	Var. %
Earnings before income taxes	116.5	86.4	+ 34.8	– 354.1	– 387.8	+ 8.7
less: Gains on Container Shipping measured at equity	–	–	–	–	– 0.9	n / a
plus: Expenses on the measurement of the financial investment in Container Shipping			–	100.3		–
plus: Net interest expense and expense from the measurement of interest hedges	33.0	34.0	– 2.9	115.0	140.6	– 18.2
plus: Impairment of goodwill	–	–	–	–	–	–
EBITA	149.5	120.4	+ 24.2	– 138.8	– 248.1	+ 44.1
Adjustments:			–			–
less: Gains / plus: losses on disposal	1.3	– 1.6		2.2	– 0.6	
plus: Restructuring expense	2.2	27.8		7.7	41.6	
plus: Expense from purchase price allocation	11.7	17.7		45.2	45.7	
plus: Expense / less: income from other one-off items	15.3	13.8		26.8	56.4	
Underlying EBITA	**180.0**	**178.1**	**+ 1.1**	**– 56.9**	**– 105.0**	**+ 45.8**

Reported earnings by TUI Group improved by € 109.3 m year-on-year to € – 138.8 m in 9M 2015 / 16.

EBITA

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Northern Region	83.3	97.6	–14.7	–26.8	–11.1	–141.4
Central Region	1.3	–18.2	n/a	–115.0	–119.8	+4.0
Western Region	–8.8	–12.5	+29.6	–88.2	–78.9	–11.8
Hotels & Resorts	55.7	64.1	–13.1	138.6	86.3	+60.6
Cruises	29.4	19.3	+52.3	69.5	37.6	+84.8
Other Tourism	–10.0	–13.7	+27.0	–31.6	–53.2	+40.6
Tourism	**150.9**	**136.6**	**+10.5**	**–53.5**	**–139.1**	**+61.5**
Specialist Group	13.0	20.1	–35.3	–33.6	–20.1	–67.2
All other segments	–14.4	–36.3	+60.3	–51.7	–88.9	+41.8
TUI Group	**149.5**	**120.4**	**+24.2**	**–138.8**	**–248.1**	**+44.1**
Discontinued operations	13.4	–7.9	+69.6	–10.9	–14.2	+23.2
Total	**162.9**	**128.3**	**+27.0**	**–149.7**	**–262.3**	**+42.9**

In order to explain and evaluate the operating performance by the segments, earnings adjusted for separately disclosed items (underlying EBITA) are presented below. Underlying EBITA has been adjusted for gains on disposal of investments, restructuring expenses according to IAS 37, all effects of purchase price allocations, ancillary acquisition costs, conditional purchase price payments, and other expenses for and income from separately disclosed items.

Separately disclosed items carried as adjustments include income and expense items that reflect amounts and frequencies of occurrence rendering an evaluation of the operating profitability of the segments and the Group more difficult or causing distortions. These separately disclosed items include in particular major restructuring and integration expenses not meeting the criteria of IAS 37, material expenses for litigation, gains and losses from the sale of aircraft, and other material business transactions with a one-off character. In 9M 2015/16, TUI Group's earnings adjusted for one-off effects (underlying EBITA) totalled €–56.9 m, up by €48.1 m year-on-year.

UNDERLYING EBITA

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Northern Region	88.1	103.3	–14.7	–11.3	8.1	n/a
Central Region	3.3	–4.2	n/a	–106.5	–97.9	–8.8
Western Region	–6.5	–10.2	+36.3	–82.2	–71.1	–15.6
Hotels & Resorts	56.7	67.3	–15.8	140.4	122.9	+14.2
Cruises	29.4	19.3	+52.3	69.5	37.6	+84.8
Other Tourism	–5.4	–12.6	+57.1	–23.9	–43.5	+45.1
Tourism	**165.6**	**162.9**	**+1.7**	**–14.0**	**–43.9**	**+68.1**
Specialist Group	19.4	28.7	–32.4	–10.2	–3.4	–200.0
All other segments	–5.0	–13.5	+63.0	–32.7	–57.7	+43.3
TUI Group	**180.0**	**178.1**	**+1.1**	**–56.9**	**–105.0**	**+45.8**
Discontinued operations	16.5	14.9	+10.7	25.1	16.4	+53.0
Total	**196.5**	**193.0**	**+1.8**	**–31.8**	**–88.6**	**+64.1**

In 9M 2015 / 16, adjustments worth € 5.6 m were carried for income, while adjustments for expenses amounted to € 42.3, excluding the expenses for purchase price allocations. Overall, net one-off expenses of € 8.0 m were incurred in connection with the merger between TUI AG and TUI Travel PLC. They included expenses of € 4.2 m for the rationalisation of the corporate head office and expenses of € 3.8 m relating to the integration of incoming agencies in Tourism.

Other adjustments mainly comprised the following items:

GAINS ON DISPOSAL

In 9M 2015 / 16, negative gains on disposal worth € 2.2 m had to be carried as adjustments. They related in particular to capital reductions in subsidiaries.

RESTRUCTURING COSTS

The restructuring costs of € 7.7 m carried as adjustments in 9M 2015 / 16 related to reorganisation measures in Northern Region, Central Region and Western Region, the rationalisation of the corporate head office, and the integration of incoming agencies into the source market organisations.

EXPENSES FOR PURCHASE PRICE ALLOCATIONS

In 9M 2015 / 16, expenses for purchase price allocations of € 45.2 m had to be carried as adjustments. They related above all to scheduled amortisation of intangible assets from acquisitions made in prior years.

OTHER ONE-OFF ITEMS

Net expenses for other one-off items of € 26.8 m comprised in particular an amount of € 11.6 m for reorganisation measures in Central Region and Western Region and an expense of € 2.1 m for Specialist Group. They also comprise an expense of € 4.7 m in connection with the planned disposal of Specialist Group, an expense of € 3.0 m for the discontinuation of the business operations of TUI Connect, and an amount of € 1.8 m for subsequent payments into a pension plan of a former shareholding.

Other earnings indicators

KEY FIGURES OF INCOME STATEMENT

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)	**458.5**	**448.6**	**+2.2**	**809.7**	**680.0**	**+19.1**
Operating rental expenses	215.5	216.4	–0.4	636.5	633.9	+0.4
Earnings before interest, income taxes, depreciation and impairment (EBITDA)	**243.0**	**232.2**	**+4.7**	**173.2**	**46.1**	**+275.7**
Depreciation/amortisation less reversals of depreciation*	93.5	111.8	–16.4	312.0	294.2	+6.1
Earnings before interest, income taxes and impairment of goodwill (EBITA)	**149.5**	**120.4**	**+24.2**	**–138.8**	**–248.1**	**+44.1**
Earnings before interest and income taxes (EBIT)	**149.5**	**120.4**	**+24.2**	**–138.8**	**–248.1**	**+44.1**
Interest result and earnings from the measurement of interest hedges	–33.0	–34.0	+2.9	–115.0	–140.6	+18.2
Effect of the reduction and measurement of financial commitment to Container Shipping	–	–	–	–100.3	–	n/a
Result from Container Shipping measured at equity	–	–	–	–	0.9	n/a
Earnings before income taxes (EBT)	**116.5**	**86.4**	**+34.8**	**–354.1**	**–387.8**	**+8.7**

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

Earnings by segment

Tourism

The Tourism business comprises Northern Region (UK, Nordics, Canada, Russia), Central Region (Germany, Austria, Switzerland, Poland), Western Region (Belgium, Netherlands, France), Hotels & Resorts (including former TUI Travel hotels), Cruises and Other tourism (Corsair and central tourism functions).

Our operating indicators developed as follows in our key source markets:

SOURCE MARKETS

		DIRECT DISTRIBUTION MIX[1] *in %* Q3	DIRECT DISTRIBUTION MIX[1] *in %* 9M	ONLINE MIX[2] *in %* Q3	ONLINE MIX[2] *in %* 9M	CUSTOMERS[3] *in '000* Q3	CUSTOMERS[3] *in '000* 9M
SOURCE MARKETS	2015/16	73	72	44	44	5,260	11,494
	2014/15	69	70	40	41	5,451	11,669
NORTHERN REGION[4]	2015/16	92	91	62	62	2,090	4,437
	2014/15	92	91	57	58	2,048	4,368
CENTRAL REGION	2015/16	52	51	17	17	1,810	4,025
	2014/15	47	48	16	16	1,991	4,251
WESTERN REGION	2015/16	70	70	51	52	1,360	3,032
	2014/15	66	68	47	49	1,412	3,050

[1] Share of sales via own channels (retail and online)
[2] Share of online sales
[3] Previous year's figures included Italy which has been transferred to All Other Segments.
[4] Customer numbers of Northern Region now include Crystal Ski and Thomson Lakes and Mountains (formerly Specialist Group).

NORTHERN REGION

Northern Region comprises TUI's tour operators and airlines and the cruise business in the UK, Ireland and the Nordics. In Q3 2015/16, the Ski tour operators formerly allocated to Specialist Group were reclassified to the UK source market. The segment also comprises the strategic stake held in Sunwing in Canada and TUI Russia, operating in the CIS countries.

NORTHERN REGION – KEY FIGURES

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Turnover	1,761.5	1,904.8	–7.5	4,285.6	4,305.9	– 0.5
Underlying EBITA	88.1	103.3	–14.7	–11.3	8.1	n/a
EBITA	83.3	97.6	–14.7	– 26.8	–11.1	–141.4

In the quarter under review, TUI tour operators continued their positive performance. In 9M 2015/16, customer numbers in Northern Region grew by a total of 1.6 % year-on-year, in particular due to the expansion of TUI UK's long-haul portfolio. Turnover climbed by 1.9 % in 9M 2015/16 on a constant currency basis. Underlying EBITA of Northern Region declined slightly by € 19.4 m to € –11.3 m in 9M 2015/16. The cumulative value for Northern Region included a negative foreign exchange effect worth € 13.4 m.

In 9M 2015/16, reported EBITA by the segment declined by € 15.7 m year-on-year to € – 26.8 m.

TUI tour operators in the UK continued to record a strong business performance, in particular in trading for the western Mediterranean and long-haul destinations. The cruise business benefited from the launch of TUI Discovery in June 2016. Customer numbers grew by 3.7 % in 9M 2015/16. Online bookings accounted for 58 % of all bookings, up 4 percentage points year-on-year.

In the period under review, the performance of the Nordics was impacted by growing price pressure in the lates market and a decline in demand for Turkey. The segment also incurred upfront costs for the launch of the TUI brand in the Nordics. Online distribution continued to grow with an increase of 3 percentage points to 73 % of all bookings.

Due to the decline in the exchange rate of Canadian dollar versus US dollar, Sunwing recorded an increase in direct costs so that its performance decreased year-on-year. On the other hand, a positive effect was caused by the further expansion of the differentiated hotel portfolio in the Caribbean and Mexico.

CENTRAL REGION

Central Region comprises TUI tour operators in Germany, Austria, Switzerland and Poland and the TUIfly airline.

CENTRAL REGION – KEY FIGURES

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Turnover	1,347.2	1,406.1	– 4.2	3,335.2	3,340.3	– 0.2
Underlying EBITA	3.3	– 4.2	n/a	–106.5	– 97.9	– 8.8
EBITA	1.3	–18.2	n/a	–115.0	–119.8	+ 4.0

While customer numbers declined by 5.3 % year-on-year, turnover by Central Region were almost flat year-on-year in 9M 2015/16 at a slight decline of 0.2 %. In the cumulative period, the seasonal loss of Central Region grew by € 8.6 m year-on-year to € –106.5 m. This development was driven by the geopolitical events in Egypt and Turkey, which caused a decline in bookings. TUI succeeded in further expanding its market share in this highly competitive environment. The intensification of marketing activities and the expansion of online distribution in Germany resulted in higher costs.

Reported EBITA by Central Region rose by € 4.8 m to € –115.0 m.

WESTERN REGION

Western Region combines TUI tour operators and Group-owned airlines in Belgium and the Netherlands as well as tour operators in France.

WESTERN REGION – KEY FIGURES

€ million	Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Turnover	734.6	760.4	– 3.4	1,650.2	1,660.1	– 0.6
Underlying EBITA	– 6.5	–10.2	+36.3	– 82.2	–71.1	–15.6
EBITA	– 8.8	–12.5	+29.6	– 88.2	–78.9	–11.8

Customer numbers in Western Region declined by 0.6 %, with turnover also decreasing by 0.6 % in 9M 2015 / 16. The seasonal loss increased by € 11.1 m to € – 82.2 m. This was partly due to the planned additional marketing costs in the framework of the TUI rebranding campaign in the Netherlands and income from the reversal of a provision in Belgium within the prior year's result. In addition we have experienced lower demand due to the terror attacks in Brussels in March 2016. In France, the tour operation business improved year-on-year due to the expansion of the offering to EU destinations and delivery of restructuring benefits.

Reported EBITA by Western Region declined by € 9.3 m to € – 88.2 m.

HOTELS & RESORTS

The Hotels & Resorts segment comprises all hotels and hotel companies owned by TUI Group including the hotel business of former TUI Travel.

HOTELS & RESORTS – KEY FIGURES

€ million	Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Total turnover	300.9	316.9	– 5.0	831.2	816.9	+1.8
Turnover	143.2	135.8	+ 5.4	409.2	381.2	+7.3
Underlying EBITA	56.7	67.3	–15.8	140.4	122.9	+14.2
EBITA	55.7	64.1	–13.1	138.6	86.3	+ 60.6

Total turnover by the Hotels & Resorts segment rose by 1.8 % year-on-year to € 831.2 m in 9M 2015 / 16. Capacity declined overall. While Riu and Robinson expanded its offering, hotel capacity in North Africa and Turkey was reduced due to the geopolitical events. Overall occupancy of TUI hotels fell slightly below the prior year's levels, while average revenues per bed grew considerably in the cumulative reporting period. Turnover with non-Group third parties climbed by 7.3 % to € 409.2 m in 9M 2015 / 16. Underlying earnings rose by € 17.5 m to € 140.4 m in 9M 2015 / 16. This significant increase was largely driven by the continued good operating performance delivered by hotel brand Riu, which benefited in particular from its strong market position in the western Mediterranean and in the long-haul segment.

Due to the sound operating performance, reported EBITA by the segment improved by € 52.3 m year-on-year to € 138.6 m in 9M 2015 / 16.

HOTELS & RESORTS

	CAPACITY[1] in '000 Q3	CAPACITY[1] in '000 9M	OCCUPANCY RATE[2] in % Q3	OCCUPANCY RATE[2] in % 9M	AVERAGE REVENUE PER BED[3] in € Q3	AVERAGE REVENUE PER BED[3] in € 9M
HOTELS TOTAL[4]						
2015/16	9,796	23,766	71.6	74.0	53.47	58.37
2014/15	10,184	24,226	75.4	75.3	50.95	54.21
RIU						
2015/16	4,566	12,936	86.2	87.2	54.74	61.21
2014/15	4,501	12,726	81.6	83.1	52.93	57.46
ROBINSON						
2015/16	895	2,038	59.8	61.9	82.29	86.95
2014/15	826	1,929	71.0	67.9	84.63	87.87

1 Group owned or leased hotel beds multiplied by opening days per quarter
2 Occupied beds dividied by capacity
3 Arrangement revenue divided by occupied beds
4 Adjusted for KPIs of Grecotel; incl. former TUI Travel hotels

RIU

Riu, one of Spain's leading hotel chains, operated a total of 92 hotels at the end of 9M 2015 / 16. Capacity increased slightly by 1.6 % year-on-year to 12.9 m hotel beds. At 87.2 %, average occupancy of Riu hotels rose by 4.1 percentage points year-on-year in 9M 2015 / 16. This increase reflected in particular the strong demand for hotels in the Cape Verde Islands and the Canaries. Average revenues per bed grew by 6.5 %.

In 9M 2015 / 16, business developed as follows in the individual regions:

Riu hotels in the Canary Islands benefited from very strong demand and the shift in demand driven by the geopolitical events in the western Mediterranean. Occupancy rose by 5.1 percentage points to 94.2 % year-on-year. Average revenues per bed also improved by 10.1 %.

Riu hotels in the Balearic Islands also reported a very positive performance in the period under review. At 75.1 %, occupancy of Riu hotels rose by 3.1 percentage points year-on-year. Average revenues per bed rose by 7.1 % in the period under review.

At 80.9 %, average occupancy of Riu hotels in mainland Spain rose by 4.7 percentage points on the prior year, while average revenues per bed grew by 8.8 % year-on-year.

In the long-haul business, Riu hotels recorded average occupancy of 84.5 %, up by 2.7 percentage points year-on-year. This increase was driven above all by higher occupancy of hotels in St. Martin, Mauritius, the Cape Verde Islands and Mexico. For long-haul destinations, average revenues per bed grew by 6.2 % year-on-year, partly driven by foreign exchange effects.

ROBINSON

At the end of the period under review, Robinson, market leader in the premium club holiday segment, was operating a total of 22 out of 24 club facilities. Capacity rose by 5.7 % in 9M 2015 / 16. This increase in capacity resulted from the new club facility Kyllini Beach in Greece and the first-time accounting for the Tunisian club facility for a full financial year.

In the cumulative period, occupancy of Robinson Group was 6.0 percentage points down year-on-year. This was mainly driven by the club resorts in Turkey and Tunisia, which did not match the prior year's occupancy levels. Average revenues per bed were down year-on-year at a slight minus of 1.0 %.

OTHER HOTELS

Other hotels mainly comprise Iberotels, the Grupotel Group based in the Balearics, and the hotels previously managed in the former TUI Travel sector. Other hotels also saw their indicators impacted by the effects of the geopolitical situation and the prior year result included the gain on disposal of Grecotel. On the other hand, they benefited from the non-repeat of Grecotel's losses in the Winter season.

In May 2016, we opened two hotels under our new hotel brand TUI Blue. In Q3 2015 / 16, our bookable offering was further expanded to a total of six TUI Blue hotels in five countries (Germany, Austria, Italy, Canaries and Turkey). They offer our customers a consistent TUI holiday experience with a premium all-inclusive concept.

CRUISES

As before, the Cruises segment comprises Hapag-Lloyd Cruises and the joint venture TUI Cruises.

CRUISES – KEY FIGURES

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	Var. %	**9M 2015 / 16**	9M 2014 / 15 restated	Var. %
Turnover	71.3	63.8	+ 11.8	214.4	200.0	+ 7.2
Underlying EBITA	29.4	19.3	+ 52.3	69.5	37.6	+ 84.8
EBITA	29.4	19.3	+ 52.3	69.5	37.6	+ 84.8

At € 214.4 m in 9M 2015 / 16, turnover by Hapag-Lloyd Cruises was up 7.2 % versus the prior year. No turnover is carried for TUI Cruises as the joint venture is measured at equity in the consolidated financial statements.

Underlying earnings by the Cruises segment grew by € 31.9 m to € 69.5 m year-on-year in 9M 2015 / 16. This was driven by a continued sound operating performance of the two companies and in particular the further expansion of the fleet operated by TUI Cruises. With the successful market launch of Mein Schiff 4 in June 2015 and Mein Schiff 5 in July 2016, TUI Cruises further expanded its competitive position. Moreover, Hapag-Lloyd Cruises benefited from a year-on-year decline in financing costs in the period under review due to the acquisition of Europa 2, completed in the prior year.

In 9M 2015 / 16, no adjustments were carried for the Cruises segment. Reported EBITA amounted to € 69.5 m.

CRUISES

	OCCUPANCY *in %* Q3	OCCUPANCY *in %* 9M	PASSENGER DAYS *in '000* Q3	PASSENGER DAYS *in '000* 9M	AVERAGE DAILY RATES* *in €* Q3	AVERAGE DAILY RATES* *in €* 9M
HAPAG-LLOYD CRUISES						
2015/16	73.4	74.4	87.7	254.0	546	556
2014/15	76.0	74.5	85.2	253.5	510	519
TUI CRUISES						
2015/16	101.0	101.0	775.8	2,408.9	179	158
2014/15	101.0	100.9	646.5	1,810.3	174	158

* Per day and passenger

HAPAG-LLOYD CRUISES

In 9M 2015/16, the sound operating performance of Hapag-Lloyd Cruises continued to benefit from the successful repositioning of the brand and the turnaround delivered last year. At 74.4 %, fleet occupancy was flat year-on-year at a slight decline of 0.1 percentage points. The average rate per passenger per day rose substantially by 7.1 % to € 556. In the period under review, the number of passenger days increased slightly by 0.2 % to 253,952 year-on-year.

TUI CRUISES

In 9M 2015/16, occupancy of the ships operated by TUI Cruises stood at 101.0 % (based on double occupancy, as customary in the industry), matching the very high level of the prior year. Due to the expansion of TUI Cruises' fleet with the launch of Mein Schiff 4 in June 2015, capacity grew to 2,408,910 passenger days, a considerable increase year-on-year. The average rate per passenger per day totalled € 158. It thus remained flat year-on-year. Since the end of the reporting period, the fifth cruise ship of the TUI Cruises fleet, Mein Schiff 5, was officially launched on 15 July 2016.

SPECIALIST GROUP

The Specialist Group segment combines the specialist and adventure tour operators in Europe, North America and Australia. Following the completion of our strategic review of this segment, we announced our intention to dispose of a large part of Specialist Group in May 2016. Marketing of the portfolio is progressing according to plan. The tour operators Crystal and Thomson Lakes & Mountains are retained within TUI Group and were allocated to the UK source market in Northern Region in Q3 2015/16. The prior years' numbers were restated accordingly.

SPECIALIST GROUP – KEY FIGURES

€ million	**Q3 2015/16**	Q3 2014/15 restated	Var. %	**9M 2015/16**	9M 2014/15 restated	Var. %
Turnover	357.0	415.0	– 14.0	970.6	1,058.2	– 8.3
Underlying EBITA	19.4	28.7	– 32.4	– 10.2	– 3.4	– 200.0
EBITA	13.0	20.1	– 35.3	– 33.6	– 20.1	– 67.2

In 9M 2015 / 16, turnover by the segment declined by 8.3 % to € 1.0 bn.

In the first nine months of 2015 / 16, the seasonal loss by Specialist Group was € 6.8 m up year-on-year to € 10.2 m. Apart from negative translation effects driven by an unfavourable development of exchange rates, the decline was caused by a weaker business performance in Adventure and Marine as a result of geopolitical events.

In 9M 2015 / 16, reported EBITA by the segment amounted to € – 33.6 m, down by € 13.5 m.

All other segments

All other segments comprise in particular the corporate head office functions of TUI AG and the interim holdings as well as the Group's real estate companies.

ALL OTHER SEGMENTS – KEY FIGURES

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	Var. %	**9M 2015 / 16**	9M 2014 / 15 restated	Var. %
Turnover	40.1	40.7	– 1.5	92.9	92.6	+ 0.3
Underlying EBITA	– 5.0	– 13.5	+ 63.0	– 32.7	– 57.7	+ 43.3
EBITA	– 14.4	– 36.3	+ 60.3	– 51.7	– 88.9	+ 41.8

In 9M 2015 / 16, All other segments reported expenses (underlying EBITA) of € 32.7 m, down by € 25.0 m year-on-year. The improvement was driven by corporate streamlining synergies worth € 15 m, higher proceeds from sales of land as well as positive foreign exchange effects.

In 9M 2015 / 16, reported EBITA improved by € 37.2 m to € – 51.7 m year-on-year.

Net assets and financial position

At € 15.7 bn, the Group's balance sheet total rose by 11.8 % versus the end of financial year 2014 / 15. The changes in the consolidated statement of financial position as against 30 September 2015 primarily reflect the seasonality of the tourism business.

ASSETS AND LIABILITIES

€ million	**30 June 2016**	30 Sep 2015	Var. %
Non-current assets	9,803.4	9,614.0	+ 2.0
Current assets	5,941.5	4,472.5	+ 32.8
Assets	**15,744.9**	**14,086.5**	**+ 11.8**
Equity	2,128.4	2,417.3	– 12.0
Provisions	2,478.5	2,356.6	+ 5.2
Financial liabilities	2,121.4	1,886.4	+ 12.5
Other liabilities	9,016.6	7,426.2	+ 21.4
Liabilities	**15,744.9**	**14,086.5**	**+ 11.8**

NON-CURRENT ASSETS
As at 30 June 2016, non-current assets accounted for 62.3 % of total assets, compared with 68.2 % as at 30 September 2015. Non-current assets rose year-on-year to € 9.8 bn at the end of the period under review.

CURRENT ASSETS
As at 30 June 2016, current assets accounted for 37.7 % of total assets, following 31.8 % as at 30 September 2015. Current assets increased from € 4.5 bn as at 30 September 2015 to € 5.9 bn as at 30 June 2016.

EQUITY
Equity totalled € 2.1 bn as at 30 June 2016. The equity ratio declined from 17.2 % as at 30 September 2015 to 13.5 %. Further information on the changes in equity is provided in the Notes to this Interim Report.

PROVISIONS
Provisions mainly comprise provisions for pension obligations, current and deferred tax liabilities and provisions for operating risks. As at 30 June 2016, they totalled € 2.5 bn, up by 5.2 % reported as at 30 September 2015.

FINANCIAL LIABILITIES
As at 30 June 2016, financial liabilities consisted of non-current financial liabilities of € 1.8 bn and current financial liabilities of € 0.3 bn. As at 30 September 2015, non-current financial liabilities had amounted to € 1.7 bn, with current financial liabilities of € 0.2 bn.

At the end of Q3 2015 / 16 (30 June 2016), TUI Group's net debt including assets held for sale and related liabilities of TUI Group totalled around € 0.3 bn, down 6.8 % versus 30 June 2015.

OTHER LIABILITIES
As at 30 June 2016, other liabilities totalled € 9.0 bn, a considerable increase versus 30 September 2015.

Other segment indicators

UNDERLYING EBITDA

€ million	Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Northern Region	95.0	123.4	–23.0	35.5	66.6	–46.7
Central Region	8.3	4.1	+102.4	–91.7	–79.5	–15.3
Western Region	–2.7	–6.1	+55.7	–70.6	–59.2	–19.3
Hotels & Resorts	77.1	91.4	–15.6	203.3	182.8	+11.2
Cruises	34.6	24.1	+43.6	84.0	49.6	+69.4
Other Tourism	7.6	–1.3	n/a	13.1	–11.8	n/a
Tourism	**219.9**	**235.6**	**–6.7**	**173.6**	**148.5**	**+16.9**
Specialist Group	25.9	36.1	–28.3	19.3	17.8	+8.4
All other segments	17.2	5.6	+207.1	29.0	–12.7	n/a
TUI Group	**263.0**	**277.3**	**–5.2**	**221.9**	**153.6**	**+44.5**
Discontinued operations	16.9	19.5	–13.3	32.4	35.3	–8.2
Total	**279.9**	**296.8**	**–5.7**	**254.3**	**188.9**	**+34.6**

EBITDA

€ million	Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Northern Region	93.6	121.3	–22.8	30.4	58.2	–47.8
Central Region	6.7	–9.2	n/a	–98.6	–98.6	–
Western Region	–4.1	–7.5	+45.3	–73.9	–64.3	–14.9
Hotels & Resorts	77.2	89.3	–13.5	204.8	149.5	+37.0
Cruises	34.6	24.1	+43.6	84.0	49.6	+69.4
Other Tourism	3.1	–2.4	n/a	5.4	–21.6	n/a
Tourism	**211.1**	**215.6**	**–2.1**	**152.1**	**72.8**	**+108.9**
Specialist Group	23.1	32.9	–29.8	7.4	15.1	–51.0
All other segments	8.8	–16.3	n/a	13.7	–41.8	n/a
TUI Group	**243.0**	**232.2**	**+4.7**	**173.2**	**46.1**	**+275.7**
Discontinued operations	13.7	16.1	–14.9	1.3	24.3	–94.7
Total	**256.7**	**248.3**	**+3.4**	**174.5**	**70.4**	**+147.9**

CASH GROSS CAPEX

€ million	Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Northern Region	2.7	20.4	–86.8	47.3	49.7	–4.8
Central Region	2.8	6.3	–55.6	11.9	16.8	–29.2
Western Region	5.2	5.5	–5.5	12.9	18.1	–28.7
Hotels & Resorts	79.2	31.5	+151.4	187.5	129.1	+45.2
Cruises	1.3	4.0	–67.5	9.2	86.2	–89.3
Other Tourism	24.7	21.8	+13.3	68.4	61.0	+12.1
Tourism	**115.9**	**89.5**	**+29.5**	**337.2**	**360.9**	**–6.6**
Specialist Group	10.3	5.0	+106.0	28.6	20.9	+36.8
All other segments	3.3	45.9	–92.8	18.0	53.1	–66.1
TUI Group	**129.5**	**140.4**	**–7.8**	**383.8**	**434.9**	**–11.7**
Discontinued operations	13.0	7.1	+83.1	28.2	16.1	+75.2
Total	**142.5**	**147.5**	**–3.4**	**412.0**	**451.0**	**–8.6**

AMORTISATION (+) / WRITE-BACKS (–) OF OTHER INTANGIBLE ASSETS AND DEPRECIATION (+) / WRITE-BACKS (–) OF PROPERTY, PLANT AND EQUIPMENT

€ million	Q3 2015/16	Q3 2014/15 restated	Var. %	9M 2015/16	9M 2014/15 restated	Var. %
Northern Region	10.2	23.7	–57.0	57.2	69.3	–17.5
Central Region	5.5	8.9	–38.2	16.4	21.2	–22.6
Western Region	4.6	5.0	–8.0	14.2	14.6	–2.7
Hotels & Resorts	21.6	25.2	–14.3	66.2	63.2	+4.7
Cruises	5.2	4.8	+8.3	14.6	12.0	+21.7
Other Tourism	13.1	11.3	+15.9	37.0	31.5	+17.5
Tourism	**60.2**	**78.9**	**–23.7**	**205.6**	**211.8**	**–2.9**
Specialist Group	10.2	13.0	–21.5	41.0	35.2	+16.5
All other segments	23.1	19.9	+16.1	65.4	47.2	+38.3
TUI Group	**93.5**	**111.8**	**–16.4**	**312.0**	**294.2**	**+6.1**
Discontinued operations	0.4	7.9	–94.9	12.1	38.4	–68.5
Total	**93.9**	**119.7**	**–21.6**	**324.1**	**332.6**	**–2.6**

EMPLOYEES

	30 June 2016	30 June 2015	Var. %
Northern Region	14,634	14,817	–1.2
Central Region	11,751	11,798	–0.4
Western Region	5,521	5,448	+1.3
Hotels & Resorts	24,313	24,917	–2.4
Cruises	245	235	+4.3
Other Tourism	4,500	5,035	–10.6
Tourism	**60,964**	**62,250**	**–2.1**
Specialist Group	3,707	5,780	–35.9
All other segments	1,744	1,152	+51.4
TUI Group	**66,415**	**69,182**	**–4.0**
Discontinued operations	9,784	8,813	+11.0
Total	**76,199**	**77,995**	**–2.3**

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	Notes	**Q3 2015/16**	Q3 2014/15 restated	**9M 2015/16**	9M 2014/15 restated
Turnover	(1)	4,597.7	4,876.0	11,390.0	11,488.1
Cost of sales	(2)	4,168.3	4,424.8	10,665.7	10,769.4
Gross profit		**429.4**	**451.2**	**724.3**	**718.7**
Administrative expenses	(2)	320.4	368.6	993.6	1,091.0
Other income	(3)	3.4	14.4	31.9	44.5
Other expenses	(3)	4.5	5.5	7.5	6.8
Financial income	(4)	14.3	–	33.1	15.2
Financial expenses	(4)	43.7	34.8	244.0	153.3
Share of result of joint ventures and associates	(5)	38.0	29.7	101.7	84.9
Earnings before income taxes*		**116.5**	**86.4**	**–354.1**	**–387.8**
Income taxes	(6)	26.5	41.7	–62.6	–232.1
Result from continuing operations		**90.0**	**44.7**	**–291.5**	**–155.7**
Result from discontinued operations		16.9	4.7	3.5	–13.6
Group profit/loss for the year		**106.9**	**49.4**	**–288.0**	**–169.3**
Group profit/loss for the year attributable to shareholders of TUI AG		86.9	29.2	–362.0	–172.3
Group profit/loss for the year attributable to non-controlling interest	(7)	20.0	20.2	74.0	3.0

* The financial performance indicators EBITA and underlying EBITA of the TUI Group, formerly reconciled on the face of the income statement of the TUI Group, are outlined in the segment reporting within the Group notes now.

EARNINGS PER SHARE

€	**Q3 2015/16**	Q3 2014/15 restated	**9M 2015/16**	9M 2014/15 restated
Basic and diluted earnings per share	0.15	0.05	–0.62	–0.37
from continuing operations	0.12	0.05	–0.62	–0.35
from discontinued operations	0.03	–	–	–0.02

CONDENSED STATEMENT OF COMPREHENSIVE INCOME OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	**Q3 2015/16**	Q3 2014/15	**9M 2015/16**	9M 2014/15
Group profit/loss	**106.9**	**49.4**	**–288.0**	**–169.3**
Remeasurements of pension provisions and related fund assets	–102.1	208.8	–231.4	19.2
Changes in the measurement of companies measured at equity	–	–	–	0.1
Income tax related to items that will not be reclassified	24.1	–56.1	44.4	–7.0
Items that will not be reclassified to profit or loss	**–78.0**	**152.7**	**–187.0**	**12.3**
Foreign exchange differences	–25.4	–146.2	113.1	–213.2
Financial instruments available for sale	42.2	0.5	42.2	7.1
Cash flow hedges	445.5	–103.7	558.1	–308.3
Changes in the measurement of companies measured at equity	–21.6	–7.9	–50.1	22.5
Income tax related to items that may be reclassified	–91.6	27.8	–88.1	66.6
Items that may be reclassified to profit or loss	**349.1**	**–229.5**	**575.2**	**–425.3**
Other comprehensive income	**271.1**	**–76.8**	**388.2**	**–413.0**
Total comprehensive income	**378.0**	**–27.4**	**100.2**	**–582.3**
attributable to shareholders of TUI AG	371.6	–31.8	41.4	–590.5
attributable to non-controlling interest	6.4	4.4	58.8	8.2
Allocation of share of shareholders of TUI AG of total comprehensive income				
Continuing operations	338.7	–2.7	0.7	–558.0
Discontinued operations	32.9	–29.1	40.7	–32.5

FINANCIAL POSITION OF THE TUI GROUP AS AT 30 JUN 2016

€ million	Notes	30 Jun 2016	30 Sep 2015
Assets			
Goodwill	(8)	2,965.9	3,220.4
Other intangible assets	(9)	704.6	911.5
Investment property		2.7	7.2
Property, plant and equipment	(10)	3,918.2	3,629.6
Investments in joint ventures and associates	(11)	1,071.9	1,077.8
Financial assets available for sale	(12)	53.0	56.2
Trade receivables and other assets		401.2	332.5
Derivative financial instruments		176.6	48.1
Deferred tax assets		509.3	330.7
Non-current assets		**9,803.4**	**9,614.0**
Inventories		153.4	134.5
Financial assets available for sale	(12)	276.2	334.9
Trade receivables and other assets		1,981.5	1,948.7
Derivative financial instruments		571.5	281.0
Income tax assets		102.3	58.5
Cash and cash equivalents		1,662.8	1,672.7
Assets held for sale	(13)	1,193.8	42.2
Current assets		**5,941.5**	**4,472.5**
		15,744.9	**14,086.5**

FINANCIAL POSITION OF THE TUI GROUP AS AT 30 JUN 2016

€ million	Notes	**30 Jun 2016**	30 Sep 2015
Equity and liabilities			
Subscribed capital		1,500.1	1,499.6
Capital reserves		4,190.2	4,187.7
Revenue reserves		– 4,112.1	– 3,773.9
Equity before non-controlling interest		**1,578.2**	**1,913.4**
Non-controlling interest		550.2	503.9
Equity	**(17)**	**2,128.4**	**2,417.3**
Pension provisions and similar obligations	(14)	1,267.9	1,114.5
Other provisions		775.3	746.3
Non-current provisions		**2,043.2**	**1,860.8**
Financial liabilities	(15)	1,837.2	1,653.3
Derivative financial instruments		44.7	78.5
Income tax liabilities		183.9	115.7
Deferred tax liabilities		173.4	125.7
Other liabilities		105.3	136.2
Non-current liabilities		**2,344.5**	**2,109.4**
Non-current provisions and liabilities		**4,387.7**	**3,970.2**
Pension provisions and similar obligations	(14)	34.2	32.4
Other provisions		401.1	463.4
Current provisions		**435.3**	**495.8**
Financial liabilities	(15)	284.2	233.1
Trade payables		2,198.6	3,224.2
Derivative financial instruments		279.7	388.2
Income tax liabilities		30.0	78.9
Other liabilities		5,199.4	3,247.3
Current liabilities		**7,991.9**	**7,171.7**
Liabilities related to assets held for sale	(16)	801.6	31.5
Current provisions and liabilities		**9,228.8**	**7,699.0**
		15,744.9	**14,086.5**

CONDENSED STATEMENT OF CHANGES IN GROUP EQUITY OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 1 Oct 2015	**1,499.6**	**4,187.7**	**–3,773.9**	**–**	**1,913.4**	**503.9**	**2,417.3**
Dividends	–	–	–327.0	–	–327.0	–12.9	–339.9
Share-based payment schemes	–	–	5.9	–	5.9	–	5.9
Issue of employee shares	0.5	2.5	–	–	3.0	–	3.0
Acquisition of own shares	–	–	–51.6	–	–51.6	–	–51.6
Effects on the acquisition of non-controlling interest	–	–	–6.9	–	–6.9	0.4	–6.5
Group loss	**–**	**–**	**–362.0**	**–**	**–362.0**	**74.0**	**–288.0**
Foreign exchange differences	–	–	128.2	–	128.2	–15.1	113.1
Financial instruments available for sale	–	–	42.2	–	42.2	–	42.2
Cash Flow Hedges	–	–	558.1	–	558.1	–	558.1
Remeasurements of pension provisions and related fund assets	–	–	–231.4	–	–231.4	–	–231.4
Changes in the measurement of companies measured at equity	–	–	–50.1	–	–50.1	–	–50.1
Taxes attributable to other comprehensive income	–	–	–43.6	–	–43.6	–0.1	–43.7
Other comprehensive income	**–**	**–**	**403.4**	**–**	**403.4**	**–15.2**	**388.2**
Total comprehensive income	–	–	41.4	–	41.4	58.8	100.2
Balance as at 30 Jun 2016	**1,500.1**	**4,190.2**	**–4,112.1**	**–**	**1,578.2**	**550.2**	**2,128.4**

CONDENSED STATEMENT OF CHANGES IN GROUP EQUITY OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2014 TO 30 JUN 2015

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 1 Oct 2014	**732.6**	**1,056.3**	**336.1**	**294.8**	**2,419.8**	**110.4**	**2,530.2**
Dividends	–	–	– 94.5	–	– 94.5	–196.1	– 290.6
Hybrid capital dividend	–	–	–10.9	–	–10.9	–	–10.9
Share-based payment schemes	–	–	13.5	–	13.5	2.0	15.5
Issue of employee shares	0.3	1.2	–	–	1.5	–	1.5
Issue of convertible bonds	146.1	453.4	–	–	599.5	–	599.5
Capital increase	620.6	2,676.8	–	–	3,297.4	–	3,297.4
Effects on the acquisition of non-controlling interest	–	–	– 4,051.9	–	– 4,051.9	605.0	– 3,446.9
Redemption of hybrid capital	–	–	– 5.2	– 294.8	– 300.0	–	– 300.0
Group loss	**–**	**–**	**–172.3**	**–**	**–172.3**	**3.0**	**–169.3**
Foreign exchange differences	–	–	– 210.6	–	– 210.6	– 2.6	– 213.2
Financial instruments available for sale	–	–	7.1	–	7.1	–	7.1
Cash Flow Hedges	–	–	– 318.6	–	– 318.6	10.3	– 308.3
Remeasurements of pension provisions and related fund assets	–	–	19.2	–	19.2	–	19.2
Changes in the measurement of companies measured at equity	–	–	22.6	–	22.6	–	22.6
Taxes attributable to other comprehensive income	–	–	62.1	–	62.1	– 2.5	59.6
Other comprehensive income	**–**	**–**	**– 418.2**	**–**	**– 418.2**	**5.2**	**– 413.0**
Total comprehensive income	–	–	– 590.5	–	– 590.5	8.2	– 582.3
Balance as at 30 Jun 2015	**1,499.6**	**4,187.7**	**– 4,403.4**	**–**	**1,283.9**	**529.5**	**1,813.4**

CONDENSED CASH FLOW STATEMENT OF THE TUI GROUP

€ million	**9M 2015 / 16**	9M 2014 / 15
Cash inflow from operating activities	1,040.9	515.0
Cash outflow from investing activities	– 385.3	– 27.4
Cash outflow from financing activities	– 566.2	–1,061.8
Net change in cash and cash equivalents	**89.4**	**– 574.2**
Change in cash and cash equivalents due to exchange rate fluctuation	78.5	– 65.7
Cash and cash equivalents at beginning of period	**1,682.2**	**2,258.0**
Cash and cash equivalents at end of period	**1,850.1**	**1,618.1**
of which included in the balance sheet as assets held for sale	187.3	42.4

NOTES

General

TUI Group, its major subsidiaries and other shareholdings operate in the tourism business. TUI AG based in Hanover and Berlin, Germany, is TUI Group's parent company and a listed corporation under German law. The shares in the Company are traded on the London Stock Exchange and the Hanover and Frankfurt Stock Exchanges.

The condensed interim consolidated financial statements of TUI AG and its subsidiaries cover the period from 1 October 2015 to 30 June 2016. The interim consolidated financial statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m).

The interim consolidated financial statements were released for publication by the Executive Board of TUI AG on 10 August 2016.

Accounting principles

DECLARATION OF COMPLIANCE

The interim consolidated financial statements for the period ended 30 June 2016 comprise condensed interim consolidated financial statements and an interim Group management report in accordance with section 37w of the German Securities Trading Act (WpHG).

The interim consolidated financial statements were prepared in compliance with the Disclosure and Transparency Rules of the UK Financial Services Authority and in conformity with the International Financial Reporting Standards (IFRS) and the relevant Interpretations of the International Accounting Standards Board (IASB) for interim financial reporting applicable in the European Union.

In accordance with IAS 34, the Group's interim financial statements are published in a condensed form compared to the consolidated annual financial statements and should therefore be read in combination with TUI AG's consolidated financial statements for financial year 2014/15. The interim financial statements were reviewed by the Group's auditors.

ACCOUNTING AND MEASUREMENT METHODS

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

The accounting and measurement methods adopted in the preparation of the interim financial statements as at 30 June 2016 are consistent in every respect with those followed in preparing the previous consolidated financial statements for the financial year ended 30 September 2015. The income taxes were recorded based on the best estimate of the weighted average tax rate that is expected for the whole financial year.

Restatement of prior reporting period

The following restatement was made for the first nine months of financial year 2014 / 15:

RESTATEMENT CAUSED BY DISCONTINUED OPERATION

Due to the planned sale of the Hotelbeds Group segment in financial year 2015 / 16 the segment is carried as a discontinued operation from 31 March 2016 in line with IFRS 5. In the consolidated income statement, the result from this discontinued operation is shown separately as "Result from discontinued operations". The prior year consolidated income statement was restated as shown in the following table. For further details refer to the section "Acquisitions – divestments – discontinued operations".

RESTATED ITEMS OF THE INCOME STATEMENT OF THE TUI GROUP FOR THE PERIOD FROM 1 OCT 2014 TO 30 JUN 2015

€ million	before restatement	restatement	restated
Turnover	12,021.2	– 533.1	11,488.1
Cost of sales	11,151.2	– 381.8	10,769.4
Gross profit	**870.0**	**– 151.3**	**718.7**
Administrative expenses	1,234.0	– 143.0	1,091.0
Other income	44.6	– 0.1	44.5
Other expenses	6.9	– 0.1	6.8
Financial income	16.1	– 0.9	15.2
Financial expenses	155.8	– 2.5	153.3
Share of result of joint ventures and associates	85.9	– 1.0	84.9
Earnings before income taxes from continuing operations	**– 380.1**	**– 7.7**	**– 387.8**
Income taxes	– 230.8	– 1.3	– 232.1
Result from continuing operations	**– 149.3**	**– 6.4**	**– 155.7**
Result from discontinued operation	– 20.0	6.4	– 13.6
Group loss for the year	**– 169.3**	**–**	**– 169.3**

Group of consolidated companies

The consolidated financial statements include all major subsidiaries over which TUI AG has control. Control requires TUI AG to have decision-making power over the relevant activities, be exposed to variable returns and have entitlements regarding the returns, and have the ability to affect the level of those variable returns through its decision-making power.

The interim financial statements as at 30 June 2016 included a total of 521 subsidiaries of TUI AG.

Since 1 October 2015, a total of 13 companies have been newly included in the consolidation. Six of these companies have been newly established, three companies have been included due to purchase of additional interests, and four companies have been included due to an expansion of their business activities. Conversely, a total of 24 companies have been deconsolidated since 1 October 2015, with 12 of these companies deconsolidated due to liquidation, four companies due to a merger, whilst five companies were sold. Moreover, two companies were deconsolidated due to the discontinuation of their business operations and one company was deconsolidated due to loss of control.

The number of companies measured at equity decreased by five companies since 30 September 2015. The number of associated companies rose by one due to the addition of three companies and the disposal of two companies. The number of joint ventures declined by six as five companies were merged and one company was sold.

Acquisitions – Divestments – Discontinued operations

ACQUISITIONS

In the first nine months of 2015 / 16, 18 travel agencies were acquired by the purchase of trade and assets. Moreover, further shares were acquired in companies of the Aeolos Group, previously measured at equity. Due to the acquisition, TUI Group now holds 100 % of the shares in these companies. The consideration for these acquisitions consisted of payments totalling € 7.9 m.

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 interim financial statements, the purchase price allocations for 11 travel agencies acquired in the financial year 2014 / 15 as well as for aQi Hotel Schladming GmbH and aQi Hotelmanagement GmbH were finalised without a material effect on the consolidated statement of financial position. This was completed within the 12-month period stipulated by IFRS 3.

DIVESTMENTS

The divestment of LateRooms Ltd. is presented in the section "Discontinued operations". The other divestments did not have a material impact on TUI Group's net assets, financial position and results of operations.

DISCONTINUED OPERATIONS

HOTELBEDS GROUP

TUI AG has decided to exit the Hotelbeds Group segment. Hotelbeds Group operates accommodation wholesale portals that sell hotel bed capacity and destination services to travel agencies and tour operators worldwide. The segment also comprises incoming agencies whose services are not directly aligned to the activities of TUI Group's tour operators, and services for the cruise industry.

On 28 April 2016, TUI AG reached an agreement with GNVA Acquisitions Ltd. to sell Hotelbeds Group for € 1.2 bn. GNVA Acquisitions Ltd. is a company, ultimately owned by funds managed or advised by Cinven Capital Management and Canada Pension Plan Investment Board. The closing of the transaction is expected to be completed by the end of September 2016.

The result from this discontinued operation is carried separately from the income from and expenses for continuing operations in the consolidated income statement. It is shown in a separate line as "Result from discontinued operations". The consolidated income statement for the first nine months of the prior year was restated accordingly to reflect the share of results related to the discontinued operation Hotelbeds Group.

INCOME STATEMENT OF THE DISCONTINUED OPERATION HOTELBEDS GROUP FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	**Q3 2015/16**	Q3 2014/15	**9M 2015/16**	9M 2014/15
Turnover	227.7	205.1	681.6	533.1
Cost of sales	186.5	145.1	540.8	381.8
Gross profit	**41.2**	**60.0**	**140.8**	**151.3**
Administrative expenses	27.7	50.2	147.5	143.0
Other income	0.1	0.1	0.2	0.1
Other expenses	–	0.1	3.3	0.1
Financial income	0.4	–	0.1	0.9
Financial expenses	1.4	0.8	2.7	2.5
Share of result of joint ventures and associates	–	– 0.2	1.3	1.0
Earnings before income taxes from discontinued operation	**12.6**	**8.8**	**–11.1**	**7.7**
Income taxes	– 4.3	3.1	–15.4	1.3
Result from discontinued operation	**16.9**	**5.7**	**4.3**	**6.4**
Result from discontinued operation attributable to shareholders of TUI AG	16.2	5.0	3.2	8.7
Result from discontinued operation attributable to non-controlling interest	0.7	0.7	1.1	– 2.3

The turnover with the continuing operations of € 85.3 m in the first nine months of 2015 / 16 (previous year € 49.0 m) was eliminated against the cost of sales of Hotelbeds Group.

Turnover by Hotelbeds Group grew by 28 % to € 681.6 m year-on-year. The strong increase is primarily attributable to the activities of the portals in Asia, Latin America and Spain. As the cost of sales also grew accordingly and additional costs were incurred in connection with the planned disposal, earnings before income taxes declined by € 18.8 m.

The result from the discontinued operation attributable to non-controlling interest also comprises the share of results related to the non-controlling interest of TUI Travel PLC until the end of December 2014.

The assets and liabilities are carried separately as "Assets held for sale" and "Liabilities related to assets held for sale" in the statement of financial position. The table below presents the main groups of assets and liabilities of the discontinued operation.

ASSETS AND LIABILITIES OF THE DISCONTINUED OPERATION HOTELBEDS GROUP AS AT 30 JUN 2016

€ million	30 Jun 2016
Assets	
Goodwill	112.1
Other intangible assets	175.0
Property, plant and equipment	25.8
Investments in joint ventures and associates	8.7
Financial assets available for sale	0.7
Trade receivables from third parties and other assets	8.6
Trade receivables and other assets from continuing operations	0.3
Deferred tax assets	69.9
Non-current assets	**401.1**
Inventories	0.4
Trade receivables from third parties and other assets	566.1
Receivables from continuing operations	38.8
Derivative financial instruments	3.7
Income tax assets	32.3
Cash and cash equivalents	187.3
Assets held for sale	0.1
Current assets	**828.7**
	1,229.8

ASSETS AND LIABILITIES OF THE DISCONTINUED OPERATION HOTELBEDS GROUP AS AT 30 JUN 2016

€ million	30 Jun 2016
Equity and liabilities	
Revenue reserves	342.2
Equity before non-controlling interest	**342.2**
Non-controlling interest	7.6
Equity	**349.8**
Pension provisions and similar obligations	1.0
Other provisions	2.1
Non-current provisions	**3.1**
Financial liabilities to third parties	0.4
Financial liabilities to continuing operations	5.9
Deferred tax liabilities	30.4
Other liabilities	16.0
Non-current liabilities	**52.7**
Non-current provisions and liabilities	**55.8**
Other provisions	0.5
Current provisions	**0.5**
Financial liabilities to third parties	14.5
Financial liabilities to continuing operations	65.4
Trade payables to third parties	541.9
Trade payables to continuing operations	7.1
Derivative financial instruments	2.3
Income tax liabilities	60.5
Other liabilities	132.0
Current liabilities	**823.7**
Current provisions and liabilities	**824.2**
	1,229.8

The receivables from and liabilities to the Group's continuing operations are eliminated in the consolidated statement of financial position and are therefore not included in the items "Assets held for sale" and "Liabilities related to assets held for sale".

RECONCILIATION TO ASSETS HELD FOR SALE IN THE FINANCIAL POSITION OF THE TUI GROUP AS AT 30 JUN 2016

€ million	30 Jun 2016
Current and non-current assets of the Hotelbeds Group	1,229.8
Elimination of receivables from continuing operations	−39.1
Assets held for sale	**1,190.7**

RECONCILIATION TO LIABILITIES RELATED TO ASSETS HELD FOR SALE IN THE FINANCIAL POSITION OF THE TUI GROUP AS AT 30 JUN 2016

€ million	**30 Jun 2016**
Current and non-current liabilities of the Hotelbeds Group	880.0
Elimination of liabilities against continuing operations	–78.4
Liabilities related to assets held for sale	**801.6**

The Group's Cash Flow Statement presents the cash flows for the overall Group including the discontinued operations. A separate presentation of the cash flows for the discontinued operation Hotelbeds Group is provided in the following table. Cash flows from intra-Group financing schemes and intra-Group dividends and business disposals are not taken into account.

CONDENSED CASH FLOW STATEMENT OF THE DISCONTINUED OPERATION HOTELBEDS GROUP

€ million	**9M 2015/16**	9M 2014/15
Cash outflow from operating activities	–173.0	–236.0
Cash outflow from investing activities	–28.0	–22.0
Net change in cash and cash equivalents of the discontinued operation Hotelbeds Group	**–201.0**	**–258.0**

LATEROOMS GROUP

In the previous year, TUI AG had decided to exit its LateRooms Group segment. While AsiaRooms and Malapronta were discontinued in the prior year, LateRooms Ltd. was sold on 6 October 2015.

The result of this discontinued operation is carried separately from the income from and expenses for continuing operations in the consolidated income statement. It is shown in a separate line as "Result from discontinued operations". As the LateRooms Group was already classified as discontinued operation in the second quarter of the prior year, there is no restatement of the prior year income statement for the LateRooms Group.

INCOME STATEMENT OF THE DISCONTINUED OPERATION LATEROOMS GROUP FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	**Q3 2015/16**	Q3 2014/15	**9M 2015/16**	9M 2014/15
Turnover	–	18.5	–	49.8
Cost of sales	–	12.8	–	35.4
Gross profit	**–**	**5.7**	**–**	**14.4**
Administrative expenses	–	7.0	–	37.4
Other income	–	–	0.1	–
Other expenses	–	– 0.1	–	0.1
Financial income	–	– 0.8	–	– 0.8
Earnings before income taxes from discontinued operation	**–**	**– 2.0**	**0.1**	**– 23.9**
Income taxes	–	–1.0	–1.3	– 3.9
Operating result from discontinued operation	**–**	**–1.0**	**1.4**	**– 20.0**
Result from disposal of discontinued operation	–	–	– 2.2	–
Result from discontinued operation	**–**	**–1.0**	**– 0.8**	**– 20.0**
Result from discontinued operation attributable to shareholders of TUI AG	–	–1.0	– 0.8	–18.2
Result from discontinued operation attributable to non-controlling interest	–	–	–	–1.8

The result of the divestment of the discontinued operation comprises the cumulative foreign exchange translation differences that were reclassified to profit and loss upon removal from equity, and the ancillary divestment costs.

The Group's Cash Flow Statement presents the cash flows for the overall Group including the discontinued operations. A separate presentation of the cash flows for the discontinued operation LateRooms Group is provided in the following table. Cash flows from intra-Group financing schemes and intra-Group dividends and business disposals are not taken into account.

CONDENSED CASH FLOW STATEMENT OF THE DISCONTINUED OPERATION LATEROOMS GROUP

€ million	**9M 2015/16**	9M 2014/15
Cash outflow from operating activities	–	–10.5
Cash outflow from investing activities	–	– 8.3
Cash inflow from financing activities	–	10.5
Net change in cash and cash equivalents of the discontinued operation LateRooms Group	**–**	**– 8.3**
Change in cash and cash equivalents due to exchange rate fluctuation	–	1.0
Net change in cash and cash equivalents of the discontinued operation LateRooms Group	**–**	**–7.3**

Notes to the Consolidated Income Statement

TUI Group's results reflect the significant seasonal swing in tourism between the Winter and Summer travel months. The Group seeks to counteract the seasonal swing through a broad range of holiday offerings in the Summer and Winter seasons and its presence in different travel markets worldwide with varying annual cycles. The Consolidated Income Statement reflects the seasonality of the tourism business, with the consequence that the result generated in the period from October to June is negative. Due to the seasonality of the business, a comparison of the nine months results with the full year results is not meaningful.

(1) TURNOVER

The year-on-year decline in turnover for the first nine months of the financial year is primarily attributable to foreign exchange effects. The development of turnover was also impacted by the weak demand for travel to Turkey and North Africa caused by the geopolitical events, in particular during Q3 2015/16.

(2) COST OF SALES AND ADMINISTRATIVE EXPENSES

Cost of sales represents the expenses incurred to deliver tourism services. In addition to the expenses for staff costs, depreciation, amortisation, rental and leasing, they include all costs incurred by the Group in connection with the provision and delivery of airline services, hotel accommodation and cruises as well as distribution costs.

Administrative expenses comprise all expenses incurred in connection with the performance of the administrative functions and break down as follows:

ADMINISTRATIVE EXPENSES

€ million	**Q3 2015/16**	Q3 2014/15 restated	**9M 2015/16**	9M 2014/15 restated
Staff cost	199.3	227.3	583.0	628.3
Rental and leasing expenses	17.0	17.3	50.3	51.4
Depreciation, amortisation and impairment	24.1	23.0	62.4	62.7
Others	80.0	101.0	297.9	348.6
Total	**320.4**	**368.6**	**993.6**	**1,091.0**

In the first nine months of the prior year, administrative expenses were impacted by write-downs of VAT receivables of an Italian subsidiary and a provision for litigation in connection with the acquisition of a Turkish hotel. In the current reporting period, similar expenses were not incurred, so administrative expenses declined year-on-year. Additionally, the prior year reference period included restructuring expenses, especially for the restructuring of the corporate centre and the reorganisation in the source markets, and expenses of the Australian subsidiary PEAK Adventure Travel Group Ltd., which was sold in July 2015. Moreover, in the current financial year, TUI Group could take advantage of synergies from the merger between TUI AG and TUI Travel PLC causing a decrease in administrative expenses.

The cost of sales and administrative expenses include the following expenses for rent and leasing, staff and depreciation / amortisation:

RENTAL AND LEASING EXPENSES

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	**9M 2015 / 16**	9M 2014 / 15 restated
Rental and leasing expenses	**238.1**	**237.7**	**674.9**	**668.7**
thereof cost of sales	221.1	220.4	624.6	617.3
thereof administrative expenses	17.0	17.3	50.3	51.4

STAFF COSTS

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	**9M 2015 / 16**	9M 2014 / 15 restated
Wages and salaries	527.1	550.6	1,482.5	1,510.2
thereof cost of sales	359.3	357.4	995.8	985.2
thereof administrative expenses	167.8	193.2	486.7	525.0
Social security contributions, pension costs and benefits	108.7	111.5	320.9	323.4
thereof cost of sales	77.2	77.4	224.6	220.1
thereof administrative expenses	31.5	34.1	96.3	103.3
Total	**635.8**	**662.1**	**1,803.4**	**1,833.6**

The year-on-year decline in staff costs for the first nine months of financial year 2015 / 16 mainly results from foreign exchange effects and higher expenses in connection with restructuring measures incurred in the prior year. In the period under review, staff costs also declined following cost savings in central operations driven by synergies from the merger between TUI AG and TUI Travel PLC.

DEPRECIATION / AMORTISATION / IMPAIRMENT

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	**9M 2015 / 16**	9M 2014 / 15 restated
Depreciation and amortisation	105.6	103.3	313.7	289.5
thereof cost of sales	81.5	81.5	252.1	228.0
thereof administrative expenses	24.1	21.8	61.6	61.5
Impairment of property, plant and equipment and intangible assets	0.1	6.9	10.5	7.1
thereof cost of sales	0.1	5.7	9.7	5.9
thereof administrative expenses	–	1.2	0.8	1.2
Total	**105.7**	**110.2**	**324.2**	**296.6**

The increase in depreciation and amortisation within cost of sales in the first nine months of 2015 / 16 is attributable to the addition of property, plant and equipment in the prior year, in particular seven aircraft and the cruise ship Europa 2.

The impairment charges on property, plant and equipment and intangible assets mainly relate to the impairment of brands.

(3) OTHER INCOME / OTHER EXPENSES

OTHER INCOME / OTHER EXPENSES

€ million	**Q3 2015 / 16**	Q3 2014 / 15 restated	**9M 2015 / 16**	9M 2014 / 15 restated
Other income	3.4	14.4	31.9	44.5
Other expenses	4.5	5.5	7.5	6.8
Total	**–1.1**	**8.9**	**24.4**	**37.7**

In the current financial year 2015 / 16, other income mainly results from the sale of a Riu Group hotel, the disposal of the joint venture Safeharbour One S.L., Barcelona, and the sale of the cruise ship Island Escape. Additional income was generated from the sale of commercial land of Preussag Immobilien GmbH, Salzgitter.

Other income recognised in the prior-year reference period mainly related to income from the sale of a Riu Group hotel and two Greek hotel companies. Moreover, income was generated from aircraft sale-and-lease-back transactions and the sale of two hotels held by the Specialist Group. Additional income was recognised which related to the recycling of accumulated foreign exchange gains previously carried in equity outside profit and loss, following the capital reduction in a subsidiary.

Other expenses incurred for the current financial year 2015 / 16 mainly resulted from losses arising from the disposal of aircraft spare parts and losses from the sale of a group of companies within the Specialist Group as well as the recycling of foreign exchange losses in connection with capital measures.

Other expenses recognised in the first nine months of the prior year mainly resulted from the recycling of foreign exchange losses in connection with capital reduction measures and the liquidation of subsidiaries as well as expenses for aircraft sale-and-lease-back transactions.

(4) FINANCIAL RESULT

The decrease in the financial result from € – 138.1 m in the nine months of the prior year to € – 210.9 m in the current financial year mainly results from changes in the value of the investment in Hapag-Lloyd AG. The shares in Hapag-Lloyd AG are traded in the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The measurement of the stake at the closing rate of the Hapag-Lloyd share in the Xetra main market of € 16.10 per share as at 31 March 2016 resulted in a fair value of € 234.0 m. Therefore an impairment charge of € 100.3 m was carried in financial expenses. Subsequently, the Hapag-Lloyd share price rose to € 19.00 as at 30 June 2016. Accordingly, the fair value grew to € 276.2 m. This value increase was carried in equity outside profit and loss in line with the IAS 39, so that the impairment charge carried in financial expenses remained at € 100.3 m.

Offsetting this, there was a year-on-year decline in interest expenses of € 25.6 m in total, mainly due to the conversion of all convertible bonds in the financial year 2014 / 15.

(5) SHARE OF RESULT OF JOINT VENTURES AND ASSOCIATES

SHARE OF RESULT OF JOINT VENTURES AND ASSOCIATES

€ million	**Q3 2015/16**	Q3 2014/15 restated	**9M 2015/16**	9M 2014/15 restated
Northern Region	0.1	– 0.8	13.9	30.7
Central Region	0.4	0.4	1.4	1.4
Western Region	0.5	–	0.5	–
Hotels & Resorts	10.9	10.0	29.4	13.1
Cruises	25.8	19.5	55.6	36.6
Other Tourism	0.3	0.5	0.9	1.9
Tourism	**38.0**	**29.6**	**101.7**	**83.7**
Specialist Group	–	0.1	–	0.3
Container Shipping	–	–	–	0.9
Total	**38.0**	**29.7**	**101.7**	**84.9**

The decreasing results in the segment Northern Region are caused by the Canadian tour operator Sunwing, which recorded increasing direct costs largely due to the decrease of the Canadian Dollar compared to the US Dollar.

The increase of the equity-result in the Hotels & Resorts segment is mainly due to the improvement of the operating business of Riu Hotels. In addition, the prior year reference period included negative results of two Greek hotel companies, which were sold in the third quarter of 2014/15.

The Cruises segment benefited from an improved performance and the first-time full-year operation of Mein Schiff 4.

Hapag-Lloyd has been carried in financial assets available for sale since 2 December 2014.

(6) INCOME TAXES

The tax income arising in the period under review is partly driven by the seasonality of the tourism business.

Due to a judgement from the fiscal court in Münster on 4 February 2016, a reassessment of the trade tax risk for the purchase of hotel accommodation was undertaken, resulting in a tax expense of € 36.5 m in the reporting period.

Due to the merger between TUI AG and TUI Travel PLC, a revaluation of deferred tax assets on loss carryforwards was undertaken in the prior financial year, resulting in a tax income of € 116.6 m in the second quarter of 2014/15.

(7) GROUP PROFIT / LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST

GROUP PROFIT / LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST

€ million	**Q3 2015 / 16**	Q3 2014 / 15	**9M 2015 / 16**	9M 2014 / 15
Central Region	–	0.1	– 0.2	0.6
Hotels & Resorts	19.1	19.9	73.2	55.0
Other Tourism	0.2	–	0.2	–
Tourism	**19.3**	**20.0**	**73.2**	**55.6**
Specialist Group	–	– 0.5	– 0.1	– 2.8
Hotelbeds Group	0.7	0.6	1.1	0.7
All other segments	–	–	– 0.2	0.1
formerly Travel (TUI Travel PLC Group)	–	0.1	–	– 50.6
Total	**20.0**	**20.2**	**74.0**	**3.0**

The Group loss attributable to non-controlling interest disclosed as "formerly Travel" in the prior year comprise the minority share of the losses of the former TUI Travel PLC Group until the acquisition of the non-controlling interest in TUI Travel PLC by TUI AG in December 2014.

Notes to the financial position of the TUI Group

(8) GOODWILL

Upon presentation of Hotelbeds Group as a discontinued operation, the goodwill allocated to this operation amounting to € 113.4 m was reclassified to "Assets held for sale". The carrying amount also declined, in particular, due to exchange rate variations on goodwill not carried in TUI Group's reporting currency.

(9) OTHER INTANGIBLE ASSETS

The decline in the carrying amount of other intangible assets is mainly driven by the reclassification of the carrying amounts related to Hotelbeds Group of € 165.0 m to "Assets held for sale" and the measurement of foreign exchange amounts. Depreciation / amortisation for the current financial year is offset by additions of assets, in particular software.

(10) PROPERTY, PLANT AND EQUIPMENT

In the third quarter of 2015 / 16, an aircraft worth € 120.2 m and a cruise ship in the Northern Region, TUI Discovery, amounting to € 182.9 m were added. These were financed by finance leases.

Moreover, advance payments for future deliveries of aircraft already ordered of € 60.5 m were capitalised in the third quarter of 2015 / 16.

(11) INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

TUI Group's share in the joint venture Togebi Holdings Limited (TUI Russia) reduced from 49 % to 25 % in the first quarter of the current financial year. For details on this transaction refer to the section "Related parties". Furthermore the joint venture agreement was amended to reflect the new voting rights proportions. The relevant activities of TUI Russia continue to be jointly determined by TUI Group and Oscrivia Limited, so that TUI Russia remains classified as a joint venture.

(12) FINANCIAL ASSETS AVAILABLE FOR SALE

Current financial assets available for sale include the remaining shares in Hapag-Lloyd AG. Hapag-Lloyd AG held an initial public offering on 6 November 2015. As TUI Group did not take part in the corresponding cash capital increase and as a result of the sale of 27,079 shares of Hapag-Lloyd AG in connection with the initial public offering, TUI Group's stake in Hapag-Lloyd AG declined from 13.9 % to 12.3 %.

The shares in Hapag-Lloyd AG are traded in the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The measurement of the stake is based on the closing rate of the Hapag-Lloyd share in the Xetra main market at each balance sheet date (Level 1 measurement). This measurement resulted in a fair value of € 276.2 m as at 30 June 2016 based on a share price of € 19.00. For further details please refer to the explanations to the financial result in Note 4.

(13) ASSETS HELD FOR SALE

ASSETS HELD FOR SALE

€ million	**30 Jun 2016**	30 Sep 2015
Discontinued Operation Hotelbeds Group	1,190.7	–
Discontinued Operation LateRooms Group	–	38.8
Property and hotel facilities	2.8	0.4
Other assets	0.3	3.0
Total	**1,193.8**	**42.2**

Regarding assets held for sale of Hotelbeds Group and – in the prior year – LateRooms Group, please refer to the section on “Discontinued operations”.

(14) PENSION PROVISIONS

Pension provisions increased by € 155.2 m since the end of the financial year to € 1,302.1 m. Remeasurement effects result in an increase in the provision of € 267.5 m, carried outside profit and loss. The increase is primarily attributable to the strong decrease in the applicable discount rate due to the fall in capital market interest rates both in the Eurozone and the UK. The increase is partly offset by a significant increase in the value of the associated plan assets.

Further, the shortfall of fund assets in funded plans in the UK decreased due to employer contributions of € 94.7 m and foreign exchange effects of € 45.5 m.

For the plan with a surplus of fund assets, carried under trade receivables and other assets, the effects outlined above, in particular, cause an increase in the recognised surplus of funded plans of € 36.7 m to € 51.9 m.

(15) FINANCIAL LIABILITIES

Non-current financial liabilities rose by € 183.9 m since 30 September 2015 to € 1,837.2 m, mainly driven by an increase in liabilities for finance leases due to the addition of a cruise ship, TUI Discovery, and an aircraft by way of finance leases in Q3 2015 / 16.

In December 2015, the revolving credit facility of € 1.75 bn (including a tranche of € 215.0 m for the issue of bank guarantees) was extended ahead of its maturity date and will now mature in December 2020. At the balance sheet date, the credit line had not been drawn.

The increase in current financial liabilities of € 51.1 m since 30 September 2015 to € 284.2 m is also mainly attributable to an increase in liabilities from finance leases.

(16) LIABILITIES RELATED TO ASSETS HELD FOR SALE

LIABILITIES HELD FOR SALE

€ million	30 Jun 2015	30 Sep 2015
Discontinued Operation Hotelbeds Group	801.6	–
Discontinued Operation LateRooms Group	–	31.5
Total	**801.6**	**31.5**

(17) CHANGES IN EQUITY

Since 30 September 2015, equity has decreased by € 288.9 m to € 2,128.4 m overall.

In the first half of 2015 / 16, TUI AG paid a dividend of € 0.56 per no-par value share, € 327.0 m in total (previous year € 94.5 m), to its shareholders. In financial year 2015 / 16, the equity attributable to non-controlling shareholders decreased by € 12.9 m due to the issue of dividends. The year-on-year change is mainly based on the payment of dividends to non-Group shareholders of TUI Travel PLC of € 183.0 m prior to the merger between TUI AG and TUI Travel PLC.

The ongoing measurement of the awards from share option plans serviced with shares resulted in an increase in equity of € 5.9 m in the period under review.

The issuance of employee shares gave rise to 181,280 shares in TUI AG or subscribed capital worth € 0.5 m and capital reserves of € 2.5 m, respectively.

Moreover, the employee benefit trust of TUI Travel Ltd. acquired shares in TUI AG in the first nine months of 2015 / 16 in order to use them for share option plans. As the transaction constitutes an acquisition of treasury shares and the amounts used for that purpose are eliminated against revenue reserves, equity declined by € 51.6 m. Overall, non-controlling shares remained unchanged due to the issuance of shares in the framework of the share option plans. The employee benefit trust holds 2,664,194 shares in TUI AG.

In the current financial year 2015 / 16, non-controlling interests were acquired for a consideration of € 6.5 m. The carrying amount of these shares totalled € 0.4 m. This is mainly attributable to the acquisition of non-controlling interests in Atraveo GmbH, Düsseldorf, during the third quarter of 2015 / 16.

The Group loss in the nine months of 2015 / 16 is attributable to the seasonality of the tourism business.

The changes in financial instruments available for sale outside profit and loss of € 42.2 m comprise the increase in the value from a rise in the price of Hapag-Lloyd shares in the third quarter of 2015 / 16. More detailed information on the increase in the fair value is provided in the section “Financial result”.

Gains and losses from cash flow hedges worth € 558.1 m (pre-tax) are carried under “Other comprehensive income” in equity outside profit and loss. The significant increase is mainly due to exchange rate changes and changes of fuel prices.

The remeasurement of pension obligations (in particular actuarial gains and losses) is also carried under “Other comprehensive income” in equity outside profit and loss.

Financial instruments

CARRYING AMOUNTS AND FAIR VALUES ACCORDING TO CLASSES AND MEASUREMENT CATEGORIES AS AT 30 JUN 2016

€ million	Carrying amount	Category under IAS 39: At amortised cost	Category under IAS 39: At cost	Category under IAS 39: Fair value with no effect on profit and loss	Category under IAS 39: Fair value through profit and loss	Values according to IAS 17 (leases)	Carrying amount of financial instruments	Fair value of financial instruments
Assets								
Available for sale financial assets	329.2	–	47.3	281.3	–	–	328.6	328.6
Trade receivables and other assets	2,382.7	776.9	–	–	–	–	776.9	776.9
Derivative financial instruments								
Hedging	642.4	–	–	642.4	–	–	642.4	642.4
Other derivative financial instruments	105.7	–	–	–	105.7	–	105.7	105.7
Cash and cash equivalents	1,662.8	1,662.8	–	–	–	–	1,662.8	1,662.8
Liabilities								
Financial liabilities	2,121.4	863.5	–	–	–	1,257.9	863.5	878.4
Trade payables	2,198.6	2,198.2	–	–	–	–	2,198.2	2,198.2
Derivative financial instruments								
Hedging	262.6	–	–	262.6	–	–	262.6	262.6
Other derivative financial instruments	61.8	–	–	–	61.8	–	61.8	61.8
Other liabilities	5,304.7	162.7	–	–	–	–	162.7	162.7

CARRYING AMOUNTS AND FAIR VALUES ACCORDING TO CLASSES AND MEASUREMENT CATEGORIES AS AT 30 SEP 2015

€ million	Carrying amount	Category under IAS 39				Values according to IAS 17 (leases)	Carrying amount of financial instruments	Fair value of financial instruments
		At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss			
Assets								
Available for sale financial assets	391.1	–	50.4	340.7	–	–	391.1	391.1
Trade receivables and other assets	2,281.2	1,064.7	–	–	–	–	1,064.7	1,064.7
Derivative financial instruments								
Hedging	262.4	–	–	262.4	–	–	262.4	262.4
Other derivative financial instruments	66.7	–	–	–	66.7	–	66.7	66.7
Cash and cash equivalents	1,672.7	1,672.7	–	–	–	–	1,672.7	1,672.7
Liabilities								
Financial liabilities	1,886.4	904.5	–	–	–	982.0	904.5	925.1
Trade payables	3,224.2	3,224.0	–	–	–	–	3,224.0	3,224.0
Derivative financial instruments								
Hedging	443.8	–	–	443.8	–	–	443.8	443.8
Other derivative financial instruments	22.9	–	–	–	22.9	–	22.9	22.9
Other liabilities	3,383.5	152.9	–	–	–	–	152.9	152.9

Due to the short remaining durations of cash and cash equivalents, current trade receivables and other assets, current trade payables and other liabilities, the carrying amounts are taken as reliable estimates of the fair values.

The fair values of non-current trade receivables and other assets correspond to the present values of the cash flows associated with the assets, taking account of current interest parameters which reflect market- and counterparty-related changes in terms and expectations. There are no financial investments held to maturity.

Financial instruments classified as "Financial assets available for sale" include an amount of € 47.3 m (previous year € 50.4 m) for interests in partnerships and corporations for which no active market exists. The fair values of these non-listed interests cannot be calculated by means of a measurement model since their future cash flows cannot be reliably determined. The investments are carried at the cost to purchase. In the period under review, and also as at 30 September 2015, there were no major disposals of interests in partnerships or corporations measured at cost. TUI does not intend to sell or derecognise the stakes in these partnerships or corporations in the near future.

AGGREGATION ACCORDING TO MEASUREMENT CATEGORIES UNDER IAS 39 AS AT 30 JUN 2016

€ million	At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss	**Carrying amount of financial instruments Total**	Fair value
Loans and receivables	2,439.7	–	–	–	2,439.7	2,439.7
Financial assets						
available for sale	–	47.3	281.3	–	328.6	328.6
held for trading	–	–	–	105.7	105.7	105.7
Financial liabilities						
at amortised cost	3,224.4	–	–	–	3,224.4	3,239.3
held for trading	–	–	–	61.8	61.8	61.8

AGGREGATION ACCORDING TO MEASUREMENT CATEGORIES UNDER IAS 39 AS AT 30 SEP 2015

€ million	At amortised cost	At cost	Fair value with no effect on profit and loss	Fair value through profit and loss	**Carrying amount of financial instruments Total**	Fair value
Loans and receivables	2,737.4	–	–	–	2,737.4	2,737.4
Financial assets						
available for sale	–	50.4	340.7	–	391.1	391.1
held for trading	–	–	–	66.7	66.7	66.7
Financial liabilities						
at amortised cost	4,281.4	–	–	–	4,281.4	4,302.0
held for trading	–	–	–	22.9	22.9	22.9

FAIR VALUE MEASUREMENT

The following table presents the fair values of the recurring, non-recurring and other financial instruments recognised at fair value in accordance with the underlying measurement levels. The individual levels have been defined as follows in line with the input factors:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: input factors for the measurement are quoted market price other than those mentioned in Level 1, directly (as market price quotation) or indirectly (derivable from market price quotation) observable in the market for the asset or liability.
- Level 3: input factors for the measurement of the asset or liability are based on non-observable market data.

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AS AT 30 JUN 2016

		Fair value hierarchy		
€ million	**Total**	Level 1	Level 2	Level 3
Assets				
Available for sale financial assets	281.4	276.2	–	5.2
Derivative financial instruments				
Hedging transactions	642.4	–	642.4	–
Other derivative financial instruments	105.7	–	105.7	–
Liabilities				
Derivative financial instruments				
Hedging transactions	262.6	–	262.6	–
Other derivative financial instruments	61.8	–	61.8	–
At amortised cost				
Financial liabilities	878.4	309.8	568.6	–

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AS AT 30 SEP 2015

		Fair value hierarchy		
€ million	**Total**	Level 1	Level 2	Level 3
Assets				
Available for sale financial assets	340.7	–	–	340.7
Derivative financial instruments				
Hedging transactions	262.4	–	262.4	–
Other derivative financial instruments	66.7	–	66.7	–
Liabilities				
Derivative financial instruments				
Hedging transactions	443.8	–	443.8	–
Other derivative financial instruments	22.9	–	22.9	–
At amortised cost				
Financial liabilities	925.1	314.4	610.7	–

At the end of every reporting period, TUI Group assesses whether there are any reasons for reclassification to or from one of the measurement levels. Financial assets and financial liabilities are generally transferred out of Level 1 into Level 2 if the liquidity and trading activity no longer indicate an active market. The opposite situation applies to potential transfers out of Level 2 into Level 1. In the period under review, there were no transfers between Level 1 and Level 2.

Reclassifications from Level 3 to Level 2 or Level 1 are effected if observable market price quotations become available for the asset or liability concerned. TUI Group records transfers to and out of Level 3 as at the date of the obligating event or occasion triggering the transfer. The review as at 31 December 2015 due to the initial public offering of Hapag-Lloyd AG resulted in the transfer of the valuation of the stake in Hapag-Lloyd AG from Level 3 into Level 1. Other than that, there were no transfers into or out of Level 3.

LEVEL 1 FINANCIAL INSTRUMENTS

The fair value of financial instruments for which an active market is available is based on the market price quotation at the balance sheet date. An active market exists if price quotations are easily and regularly available from a stock exchange, traders, brokers, price service providers or regulatory authorities, and if these prices represent actual and regular market transactions between independent business partners. These financial instruments are categorised within Level 1. The fair values correspond to the nominal values multiplied by the price quotations at the balance sheet date. Level 1 financial instruments primarily comprise shares in listed companies classified as available for sale and bonds issued in the category "Financial liabilities measured at amortised cost".

LEVEL 2 FINANCIAL INSTRUMENTS:

The fair values of financial instruments not traded in an active market, e.g. over the counter (OTC) derivatives, are determined by means of valuation techniques. These valuation techniques maximise the use of observable market data and minimise the use of Group-specific assumptions. If all essential input factors for the determination of the fair value of an instrument are observable, the instrument is categorised within Level 2.

If one or several of the essential input factors are not based on observable market data, the instrument is categorised within Level 3.

The specific valuation techniques used for the measurement of financial instruments are:

- For over the counter bonds, liabilities to banks, promissory notes and other non-current financial liabilities, the fair value is determined as the present value of future cash flows, taking account of observable yield curves and the respective credit spread, which depends on the credit rating.

- For over the counter derivatives, the fair value is determined by means of appropriate calculation methods, e.g. by discounting the expected future cash flows. The forward prices of forward transactions are based on the spot or cash prices, taking account of forward premiums and discounts. The calculation of the fair values of foreign exchange options and interest derivatives is based on the Black Scholes model and the Turnbull and Wakeman model for fuel hedge options. The fair values determined on the basis of the Group's own systems are regularly compared with fair value confirmations of the external counterparties.

- Other valuation techniques, e.g. discounting future cash flows, are used for the measurement of the fair values of other financial instruments.

With the exception of the shares in Hapag-Lloyd AG and the indirect stake in National Air Traffic Services (NATS) presented below, all fair values resulting from the application of the measurement assumptions are categorised within Level 2.

LEVEL 3 FINANCIAL INSTRUMENTS

The following table shows the development of the values of the financial instruments measured at fair value on a recurring basis categorised within Level 3 of the measurement hierarchy.

FINANCIAL ASSETS MEASURED AT FAIR VALUE IN LEVEL 3

€ million	Financial assets available for sale
Balance as at 1 Oct 2014	**5.5**
Additions (incl. transfers)	481.9
Total gains or losses for the period	–146.7
recognised through profit and loss	–147.1
recognised in other comprehensive income	0.4
Balance as at 30 Sep 2015	**340.7**
Change in unrealised gains or losses for the period for financial assets held at the balance sheet date	**–147.7**
Balance as at 1 Oct 2015	**340.7**
Additions	–
Disposals	334.9
repayment / sale	–
conversion / rebooking	334.9
Total gains or losses for the period	– 0.6
recognised through profit and loss	–
recognised in other comprehensive income	– 0.6
Balance as at 30 Jun 2016	**5.2**
Change in unrealised gains or losses for the period for financial assets held at the balance sheet date	**–**

The disposals caused by reclassification into Level 1 of the measurement hierarchy relate to the investment in Hapag-Lloyd AG, for which observable input parameters have existed since the IPO on 6 November 2015. Detailed information is provided under Note 12 “Financial assets available for sale”.

SENSITIVITY ANALYSIS

An increase or decrease in the corporate value of the investment in NATS of +10 % / –10 % results in a € 0.4 m increase / € – 0.4 m decrease in the value recognised for the asset by the TUI Group, carried in after-tax earnings outside profit and loss (previous year €+ 0.4 m / € – 0.4 m). Changes in unobservable parameters do not have a material effect on the result.

Contingent liabilities

As at 30 June 2016, contingent liabilities totalled € 334.4 m (at 30 September 2015 € 364.4 m). Contingent liabilities are carried at the level of estimated settlement 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 decline as against 30 September 2015 is primarily driven by the redemption of loans and foreign exchange effects.

During financial year 2011 / 12, the German tax administration issued a decree on the interpretation of the trade tax act, amended with effect from financial year 2008. This decree, only binding for the tax administration, is interpreted by the German tax administration as indicating that expenses of German tour operators for the purchase of hotel beds are not fully deductible in determining the basis for the assessment of trade tax. TUI does not share that view, in particular as hotel purchasing contracts are mixed contracts also covering catering, cleaning, entertaining guests and other services characterising the purchase service.

On 4 February 2016 the Münster fiscal court agreed with the interpretation of the German tax administration in the case of a third party tour operator. To recognise the increased risk compared to 30 September 2015 provisions amounting to € 42.0 m were carried at 30 June 2016.

Other financial liabilities

FINANCIAL COMMITMENTS FROM OPERATING LEASE, RENTAL AND CHARTER CONTRACTS

€ million	30 Jun 2016	30 Sep 2015
Nominal value	3,529.2	3,843.3
Fair value	3,376.3	3,540.6

NOMINAL VALUES OF OTHER FINANCIAL COMMITMENTS

€ million	30 Jun 2016	30 Sep 2015
Order commitments in respect of capital expenditure	4,074.2	3,927.7
Other financial commitments	65.2	114.4
Total	**4,139.4**	**4,042.1**
Fair value	**3,926.7**	**3,619.9**

Order commitments in respect of capital expenditure rose by € 146.5 m as at 30 June 2016 as against 30 September 2015. This was mainly driven by new contractually agreed investments in hotels. In the completed quarter, a cruise ship was delivered. The decline in commitments from the launch of the cruise ship was largely offset by a further order commitment for a cruise ship.

Notes to the Group's cash flow statement

Based on the after-tax Group result, the cash flow from operating activities is determined using the indirect method. The cash flow statement shows the continuing and discontinued operations. In the period under review, cash and cash equivalents declined by € 167.9 m to € 1,850.1 m. Cash and cash equivalents included an amount of € 187.3 m for Assets available for sale.

In the period under review, the inflow of cash from operating activities amounted to € 1,040.9 m (previous year € 515.0 m).

The outflow of cash from investing activities totals € 385.3 m. It comprises a cash outflow for investments in property, plant and equipment and intangible assets of € 412.0 m, including an amount of € 154.0 m for the tour operators and airlines and of € 187.6 m for Hotels & Resorts. The Group also recorded an inflow of € 44.9 m from the sale of property, plant and equipment and intangible assets, primarily a British cruise ship, a hotel in Majorca, several plots of land in Germany and a French tour operator brand. The cash flow from investing activities also includes an outflow of € 18.6 m in connection with the acquisition of consolidated companies, for capital increases in joint ventures and an increase in the stake in an associated company. The sale of subsidiaries and joint ventures resulted in a net inflow of € 17.3 m, including payments made for costs relating to the sale of Hotelbeds Group. In the prior year, the low outflow of cash from investing activities resulted in particular from the sale of interests in a money market fund worth € 300.0 m.

The outflow of cash from financing activities totalled € 566.2 m. Financial liabilities of € 49.2 m were taken out in Hotels & Resorts, while an amount of € 39.4 m was taken out by other tourism companies. The Group redeemed € 54.3 m worth of finance leases and repaid other financial liabilities worth € 135.0 m. An amount of € 74.5 m was used to pay interest. Further outflows relate to the dividends for TUI AG shareholders (€ 327.0 m) and minority shareholders (€ 2.8 m). The employee benefit trust of TUI Travel Ltd. acquired TUI AG shares worth € 51.6 m in order to use them for its share option plans. An amount of € 8.0 m was paid to increase the stakes in companies already included in consolidation. The amounts drawn from the external revolving credit line to control the seasonality of the payment flows and the Group's liquidity in the current financial year have now been fully repaid. The considerably higher outflow of cash and cash equivalents in the prior year resulted in particular from the termination of TUI AG's subordinate bond without a fixed maturity date worth € 300.0 m and the repayment of a bank liability of € 195.3 m in connection with the merger between TUI AG and TUI Travel PLC.

Cash and cash equivalents also decreased by € 78.5 m due to changes in exchange rates.

As at 30 June 2016, cash and cash equivalents worth € 192.9 m were subject to restrictions. This amount included € 116.3 m for cash collateral received, which was deposited with a Belgian subsidiary by Belgian tax authorities in financial year 2012 / 13 in the framework of long-standing litigation over VAT refunds for the period from 2001 to 2011; without admission of guilt, the purpose being to suspend the accrual of interest for both parties. In order to collateralise a potential repayment, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI's ability to dispose of the cash and cash equivalents has been restricted. The remaining restrictions of € 76.6 m relate to cash and cash equivalents deposited to meet legal or regulatory requirements.

Segment indicators

In Q1 2015 / 16, the incoming agencies previously carried in the Hotelbeds Group segment were integrated into the Tourism business. As a result, they are now carried in the Other Tourism segment. Moreover, the IT services previously carried in All Other Segments have been combined in the Other Tourism segment since Q1 2015 / 16.

The two tour operators Crystal Ski and Thomson Lakes & Mountains have been reclassified from Specialist Group to Northern Region as from Q3 2015 / 16. These two tour operators play a major role, particularly in Winter, supporting the utilisation of the airline fleet in the UK. It is planned to initiate the sale of the Specialist Group during the autumn. Segment reporting for the prior year was restated to reflect the changes in segments.

Due to the planned disposal of the Hotelbeds Group segment in financial year 2015 / 16, the segment has been carried as a discontinued operation from 31 March 2016. Segment reporting for the prior year was adjusted accordingly. Discontinued operations also include the LateRooms Group up to its sale on 6 October 2015.

TURNOVER BY SEGMENT FOR THE PERIOD FROM 1 OCT 2015 TO 30 JUN 2016

€ million	External	Group	Q3 2015/16 Total	External	Group	9M 2015/16 Total
Northern Region	1,761.5	10.1	1,771.6	4,285.6	41.2	4,326.8
Central Region	1,347.2	17.7	1,364.9	3,335.2	42.7	3,377.9
Western Region	734.6	2.0	736.6	1,650.2	11.5	1,661.7
Hotels & Resorts	143.2	157.7	300.9	409.2	422.0	831.2
Cruises	71.3	–	71.3	214.4	–	214.4
Other Tourism	142.8	70.3	213.1	431.9	162.6	594.5
Consolidation	–	– 236.0	– 236.0	–	– 620.7	– 620.7
Tourism	**4,200.6**	**21.8**	**4,222.4**	**10,326.5**	**59.3**	**10,385.8**
Specialist Group	357.0	–	357.0	970.6	–	970.6
All other segments	40.1	12.5	52.6	92.9	31.1	124.0
Consolidation	–	– 34.3	– 34.3	–	– 90.4	– 90.4
Continuing operations	**4,597.7**	**–**	**4,597.7**	**11,390.0**	**–**	**11,390.0**
Discontinued operations	227.7	58.6	286.3	681.6	85.3	766.9
Total	**4,825.4**	**58.6**	**4,884.0**	**12,071.6**	**85.3**	**12,156.9**

TURNOVER BY SEGMENT FOR THE PERIOD FROM 1 OCT 2014 TO 30 JUN 2015

€ million	External restated	Group restated	Q3 2014/15 Total restated	External restated	Group restated	9M 2014/15 Total restated
Northern Region	1,904.8	22.8	1,927.6	4,305.9	105.0	4,410.9
Central Region	1,406.1	11.1	1,417.2	3,340.3	34.9	3,375.2
Western Region	760.4	0.1	760.5	1,660.1	9.1	1,669.2
Hotels & Resorts	135.8	181.1	316.9	381.2	435.7	816.9
Cruises	63.8	–	63.8	200.0	–	200.0
Other Tourism	149.4	78.0	227.4	449.8	166.9	616.7
Consolidation	–	– 276.0	– 276.0	–	– 687.8	– 687.8
Tourism	**4,420.3**	**17.1**	**4,437.4**	**10,337.3**	**63.8**	**10,401.1**
Specialist Group	415.0	–	415.0	1,058.2	–	1,058.2
All other segments	40.7	10.0	50.7	92.6	32.5	125.1
Consolidation	–	– 27.1	– 27.1	–	– 96.3	– 96.3
Continuing operations	**4,876.0**	**0.0**	**4,876.0**	**11,488.1**	**–**	**11,488.1**
Discontinued operations	223.6	10.0	233.6	582.9	49.0	631.9
Total	**5,099.6**	**10.0**	**5,109.6**	**12,071.0**	**49.0**	**12,120.0**

The following tables show the Group performance indicators EBITA and underlying EBITA. The TUI Group defines EBITA as earnings before interest, income taxes and goodwill impairment. EBITA includes amortisation of other intangible assets. EBITA does not include measurement effects from interest hedges and the proportionate result and measurement effects from container shipping, as the stake in Hapag-Lloyd AG is a financial investment and not an operating investment from TUI AG's perspective.

EBITA BY SEGMENT

€ million	Q3 2015/16	Q3 2014/15 restated	9M 2015/16	9M 2014/15 restated
Northern Region	83.3	97.6	–26.8	–11.1
Central Region	1.3	–18.2	–115.0	–119.8
Western Region	–8.8	–12.5	–88.2	–78.9
Hotels & Resorts	55.7	64.1	138.6	86.3
Cruises	29.4	19.3	69.5	37.6
Other Tourism	–10.0	–13.7	–31.6	–53.2
Tourism	150.9	136.6	–53.5	–139.1
Specialist Group	13.0	20.1	–33.6	–20.1
All other segments	–14.4	–36.3	–51.7	–88.9
Continuing operations	**149.5**	**120.4**	**–138.8**	**–248.1**
Discontinued operations	13.4	7.9	–10.9	–14.2
Total	**162.9**	**128.3**	**–149.7**	**–262.3**

For the first nine months of 2015/16, the EBITA comprises an amount of €101.7 m (previous year €84.0 m) for results from companies measured at equity, primarily generated in Tourism.

The underlying EBITA has been adjusted for results on disposal of financial investments, expenses in connection with restructuring measures according to IAS 37, all effects of purchase price allocations, ancillary acquisition cost and conditional purchase price payments and other expenses for and income from one-off items. The one-off items carried as adjustments are income and expense items impacting or distorting the assessment of the operating profitability of the segments and the Group due to their size or frequency.

UNDERLYING EBITA BY SEGMENT

€ million	Q3 2015/16	Q3 2014/15 restated	9M 2015/16	9M 2014/15 restated
Northern Region	88.1	103.3	–11.3	8.1
Central Region	3.3	–4.2	–106.5	–97.9
Western Region	–6.5	–10.2	–82.2	–71.1
Hotels & Resorts	56.7	67.3	140.4	122.9
Cruises	29.4	19.3	69.5	37.6
Other Tourism	–5.4	–12.6	–23.9	–43.5
Tourism	165.6	162.9	–14.0	–43.9
Specialist Group	19.4	28.7	–10.2	–3.4
All other segments	–5.0	–13.5	–32.7	–57.7
Continuing operations	**180.0**	**178.1**	**–56.9**	**–105.0**
Discontinued operations	16.5	14.9	25.1	16.4
Total	**196.5**	**193.0**	**–31.8**	**–88.6**

RECONCILIATION TO EARNINGS BEFORE INCOME TAXES OF THE CONTINUING OPERATIONS OF THE TUI GROUP

€ million	**Q3 2015/16**	Q3 2014/15 restated	**9M 2015/16**	9M 2014/15 restated
Underlying EBITA of continuing operations	**180.0**	**178.1**	**–56.9**	**–105.0**
Result on disposal*	–1.3	1.6	–2.2	0.6
Restructuring expense*	–2.2	–27.8	–7.7	–41.6
Expense from purchase price allocation*	–11.7	–17.7	–45.2	–45.7
Expense from other one-off items*	–15.3	–13.8	–26.8	–56.4
EBITA of continuing operations	**149.5**	**120.4**	**–138.8**	**–248.1**
Profit on Container Shipping measured at equity	–	–	–	0.9
Loss on measurement of financial investment in Container Shipping	–	–	–100.3	–
Net interest expense and expense from measurement of interest hedges	–33.0	–34.0	–115.0	–140.6
Earnings before income taxes of continuing operations	**116.5**	**86.4**	**–354.1**	**–387.8**

* For a description of the adjustments see the management report

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 were executed on an arm's length basis, based on international comparable uncontrolled price methods in accordance with IAS 24, in both current and prior periods. The equity stake held by Riu Hotels S.A., listed in the Notes on the consolidated financial statements as at 30 September 2015, 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 2014/15.

Togebi Holdings Limited (TUI Russia) is a joint venture between Oscrivia Limited (Oscrivia), a subsidiary of ZAO Sever Group (ZSG), and TUI Group. ZSG is owned by a large shareholder and member of the supervisory board of TUI AG. In October 2015, contractual agreements on the reorganisation of the equity of TUI Russia were concluded with Oscrivia. A capital increase was agreed, to which TUI Group participated by paying a net amount of USD 3 m, while Oscrivia paid a net amount of USD 17 m.

Upon completion of this transaction, TUI Group's stake in TUI Russia declined from 49 % to 25 %. In return, Oscrivia increased its stake to 75 %. Existing loans and guarantees of the shareholders were adjusted to reflect the new stakes.

REVIEW REPORT

To TUI AG, Berlin and Hanover

We have reviewed the condensed interim consolidated financial statements – comprising the statement of financial position, condensed statement of comprehensive income, income statement, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim Group management report of TUI AG for the period from 1 October 2015 to 30 June 2016, which are part of the interim financial report according to Section 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and of the interim Group management report which has been prepared in accordance with the requirements of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the Company's management. Our responsibility is to issue a review report of the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the German Auditors' Institute (IDW, Institut der Wirtschaftsprüfer), also taking account of the International Standard on Review Engagements 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' (ISRE 2410). Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to enquiries of Company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover, 10 August 2016

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Thomas Stieve, Auditor
Prof. Dr Mathias Schellhorn, Auditor

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.

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www.tuigroup.com/en-en/investors

Financial calendar

11 AUGUST 2016
Interim Report Q3 2015 / 16

28 SEPTEMBER 2016
Pre-close trading update

8 DECEMBER 2016
Annual Report 2015 / 16

FEBRUARY 2017
Annual General Meeting 2017

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