

# Economic Situation in Q3 2008

## General economic situation

In the course of the year, the cyclical expansion of the world economy slowed down considerably. While the downswing tendencies resulting from the crisis in the property and finance markets manifested themselves most clearly in the US and the world economy was characterised by overall robust expansion in the first half of 2008, an increasing number of regions, including the Eurozone, saw signs of a slowdown in economic activity in the third quarter. As a result, economic momentum in the emerging economies also slowed down, albeit with a certain time lag. In September, the situation was further aggravated by the difficulties experienced by several financial institutions. Subsequently, all major industrialised countries launched programmes comprising sets of measures to cushion the confidence crisis in the financial markets. Due to the aggravation of the crisis investment activity declined. Due to the strong energy intensity of production, growth was increasingly curbed by the rising fuel prices.

## Special events in the quarter under review and after the closing date

In the framework of the planned separation of container shipping from the Group, the bidding period within which prospective buyers were able to submit bids for Hapag-Lloyd AG ended on 26 September 2008. Following thorough examination of the bids received, TUI AG's Supervisory Board approved the sale of all shares in Hapag-Lloyd AG to a subsidiary of Albert Ballin KG at an enterprise value of € 4.45 billion at an extraordinary meeting held on 12 October 2008. At the same time, the Supervisory Board approved the acquisition of an entrepreneurial stake of 33.33% in the new company at a purchase price of € 700 million. TUI AG may dispose of its shares in the company. The coshareholders have preemptive rights. In addition, TUI AG has preemptive rights to tender the shares to the other shareholders, which may be exercised as at 1 January 2012 for the first time. The transaction will be subject to approval by the antitrust authorities. The Supervisory Board also approved payment of an appropriate special dividend to TUI AG shareholders following the completion of the sale. The amount to be distributed will be established in the framework of the preparation of the annual financial statements. The Group's strong liquidity and financial situation resulting from the sale will open up investment opportunities for the further expansion of TUI AG's tourism business.

TUI AG has in accordance with Rule 2.8 of the City Code on Takeovers and Mergers announced that it has currently no intention to acquire the remaining shares in TUI Travel PLC.

In recent months, TUI Travel, Deutsche Lufthansa AG and Albrecht Knauf Industriebeteiligung GmbH discussed the examination of a potential merger of their subsidiaries Hapag-Lloyd Fluggesellschaft mbH, Hapag-Lloyd Express GmbH, Germanwings GmbH and Eurowings Luftverkehrs AG into a joint independent holding. The implementation of this project within the next twelve months has no longer been considered highly probable. Discussions have been concluded in October 2008. Assets and liabilities attributable to the 'TUIfly' companies were therefore reclassified from 'Assets held for sale' and 'Liabilities related to assets held for sale' back to the corresponding balance sheet items in the third quarter. Regardless of the reclassification, TUI Travel will continue to examine other potential alternatives to restructure its German airlines business.

## Consolidated turnover and earnings

### Development of turnover by divisions

#### Turnover by divisions

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
<b>Tourism</b>	<b>6,837.9</b>	<b>5,843.9</b>	<b>+ 17.0</b>	<b>15,182.8</b>	<b>12,163.6</b>	<b>+ 24.8</b>
TUI Travel	6,644.0	5,664.8	+ 17.3	14,690.6	11,723.7	+ 25.3
TUI Hotels & Resorts	142.9	126.8	+ 12.7	336.7	301.7	+ 11.6
Cruises	51.0	52.3	- 2.5	155.5	138.2	+ 12.5
Central operations	33.0	- 8.8 <sup>*)</sup>	n/a	64.8	66.2	- 2.1
<b>Continuing operations</b>	<b>6,870.9</b>	<b>5,835.1</b>	<b>+ 17.8</b>	<b>15,247.6</b>	<b>12,229.8</b>	<b>+ 24.7</b>
Container shipping	1,672.2	1,564.5	+ 6.9	4,633.5	4,460.7	+ 3.9
<b>Discontinued operation</b>	<b>1,672.2</b>	<b>1,564.5</b>	<b>+ 6.9</b>	<b>4,633.5</b>	<b>4,460.7</b>	<b>+ 3.9</b>
<b>Turnover by divisions</b>	<b>8,543.1</b>	<b>7,399.6</b>	<b>+ 15.5</b>	<b>19,881.1</b>	<b>16,690.5</b>	<b>+ 19.1</b>

<sup>\*)</sup> According to IFRS 5 due to fluctuation of exchange rates

#### Continuing operations

In the third quarter of 2008, turnover by the TUI Group's continuing operations was 17.8% up year-on-year. Accumulated turnover for the first nine months also grew by 24.7%.

Turnover by tourism rose to € 6.8 billion in the third quarter, up 17.0% year-on-year. This growth in turnover was driven by all tourism segments, with TUI Travel in particular recording a substantial increase due to changes in consolidation. Adjusted for the consolidation of the First Choice activities, which had been included in consolidation in the third quarter of 2007 for the month of September, turnover by TUI Travel declined due to reduced tour operator capacity and weakening of the exchange rate of the British pound sterling against the euro by 4.7% year-on-year. In the first nine months of 2008, turnover was 24.8% up year-on-year. Adjusted for the turnover portion of First Choice, turnover by TUI Travel declined by 3.2%.

#### Discontinued operation

The discontinued operation, which comprised the reclassified container shipping activities including the interests in container terminals, recorded a 6.9% rise in turnover to € 1.7 billion in the third quarter. In the first nine months of 2008, turnover by the reclassified container shipping operations totalled € 4.6 billion, a 3.9% rise year-on-year. This increase was mainly due to the year-on-year rise in freight rate levels and slight volume growth. On the other hand, turnover was impacted by the 11.7% decline of the US dollar exchange rate against the euro in the third quarter.

**Group**

Overall, the TUI Group's turnover by divisions climbed 15.5% year-on-year to € 8.5 billion in the third quarter of 2008. In the first three quarters, it totalled € 19.9 billion, up 19.1% year-on-year.

**Development of earnings by divisions****Underlying EBITA by divisions**

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	795	689	+ 15.4	660	507	+ 30.2
TUI Travel	689	581	+ 18.6	520	366	+ 42.1
TUI Hotels & Resorts	101	101	+ 0.0	129	132	- 2.3
Cruises	5	7	- 28.6	11	9	+ 22.2
Central operations	- 22	34	n/a	0	34	n/a
<b>Continuing operations</b>	<b>773</b>	<b>723</b>	<b>+ 6.9</b>	<b>660</b>	<b>541</b>	<b>+ 22.0</b>
Container shipping	86	107	- 19.6	219	76	+ 188.2
<b>Discontinued operation</b>	<b>86</b>	<b>107</b>	<b>- 19.6</b>	<b>219</b>	<b>76</b>	<b>+ 188.2</b>
<b>Underlying EBITA by divisions</b>	<b>859</b>	<b>830</b>	<b>+ 3.5</b>	<b>879</b>	<b>617</b>	<b>+ 42.5</b>

**EBITA by divisions**

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	616	638	- 3.4	165	412	- 60.0
TUI Travel	516	530	- 2.6	33	271	- 87.8
TUI Hotels & Resorts	95	101	- 5.9	121	132	- 8.3
Cruises	5	7	- 28.6	11	9	+ 22.2
Central operations	- 22	34	n/a	0	28	n/a
<b>Continuing operations</b>	<b>594</b>	<b>672</b>	<b>- 11.6</b>	<b>165</b>	<b>440</b>	<b>- 62.5</b>
Container shipping	66	95	- 30.5	156	245	- 36.3
<b>Discontinued operation</b>	<b>66</b>	<b>95</b>	<b>- 30.5</b>	<b>156</b>	<b>245</b>	<b>- 36.3</b>
<b>Earnings by divisions (EBITA)</b>	<b>660</b>	<b>767</b>	<b>- 14.0</b>	<b>321</b>	<b>685</b>	<b>- 53.1</b>

**Continuing operations**

Earnings before adjustment for one-off effects of the continuing operations tourism and central operations (EBITA) declined by € 78 million to € 594 million in the third quarter of 2008. The reasons for the decrease in TUI Travel's earnings included restructuring costs and other one-off effects, and in particular the weakening of the exchange rate of the British pound sterling against other currencies. Earnings by central operations declined year-on-year due to earnings from the valuation of financial instruments included in earnings in the third quarter of 2007 but not in the current year. Accumulated earnings for the first nine months of the year declined in particular due to integration costs and the charges for the strategic realignment of TUI Travel's airline activities of € 299 million booked in the second quarter of 2008. Adjusted for the one-off effects, underlying earnings (underlying EBITA by divisions) increased by 6.9% year-on-year to € 773 million in the third quarter and by 22.0% year-on-year to 660 million in the first nine months of the year under review.

### Underlying EBITA by division: Tourism

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
<b>EBITA by division</b>	<b>616</b>	<b>638</b>	<b>- 3.4</b>	<b>165</b>	<b>412</b>	<b>- 60.0</b>
<i>Gains on disposal</i>	-	-		-	-	
<i>Restructuring</i>	+ 94	+ 5		+ 311	+ 10	
<i>Purchase price allocation</i>	- 7	+ 15		+ 47	+ 15	
<i>Other one-off items</i>	+ 92	+ 31		+ 137	+ 70	
<b>Underlying EBITA by division</b>	<b>795</b>	<b>689</b>	<b>+ 15.4</b>	<b>660</b>	<b>507</b>	<b>+ 30.2</b>

At € 616 million, earnings by tourism were € 22 million down year-on-year. While all sectors recorded a sound operating performance, this decline was mainly attributable to restructuring costs and other one-off effects as well as the year-on-year weakening of the British pound sterling. On the other hand, an additional profit contribution was recognised due to the full consolidation of First Choice, which had only been included for the month of September in the third quarter of 2007. Earnings in the third quarter of 2008 included one-off effects of € 179 million, of which € 74 million related to the merger between First Choice and TUI's tourism entities. Earnings in the third quarter of 2007 had comprised one-off effects worth € 51 million, including € 29 million incurred in connection with the merger with First Choice, which had to be eliminated. Adjusted for the one-off effects, underlying earnings grew by 15.4% in the third quarter of 2008 and 30.2% for the first nine months of 2008.

### Underlying EBITA by division: Central operations

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
<b>EBITA by division</b>	<b>- 22</b>	<b>34</b>	<b>n/a</b>	<b>0</b>	<b>28</b>	<b>n/a</b>
<i>Gains on disposal</i>	-	-		-	-	
<i>Restructuring</i>	-	-		-	+ 6	
<i>Purchase price allocation</i>	-	-		-	-	
<i>Other one-off items</i>	-	-		-	-	
<b>Underlying EBITA by division</b>	<b>- 22</b>	<b>34</b>	<b>n/a</b>	<b>0</b>	<b>34</b>	<b>n/a</b>

Underlying earnings by central operations decreased by € 56 million to € - 22 million year-on-year in the third quarter. The decline in earnings was primarily caused by the positive effects of the valuation of hedges included in 2007 figures, while the third quarter of 2008 reported negative effects from corresponding valuations. Accumulated underlying earnings for the first nine months were down by € 34 million year-on-year.

**Underlying EBITA by division: Discontinued operation**

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
<b>EBITA by division</b>	<b>66</b>	<b>95</b>	<b>- 30.5</b>	<b>156</b>	<b>245</b>	<b>- 36.3</b>
<i>Gains on disposal</i>	-	- 8		-	- 201	
<i>Restructuring</i>	-	-		+ 7	-	
<i>Purchase price allocation</i>	+ 19	+ 20		+ 57	+ 61	
<i>Other one-off items</i>	+ 1	-		- 1	- 29	
<b>Underlying EBITA by division</b>	<b>86</b>	<b>107</b>	<b>- 19.6</b>	<b>219</b>	<b>76</b>	<b>+ 188.2</b>

**Discontinued operation**

Earnings by container shipping activities, reclassified to discontinued operation, were € 29 million down year-on-year in the third quarter of 2008. As in previous quarters, expenses for the purchase price allocation totalling € 19 million and one-off effects amounting to € 1 million had to be eliminated in the third quarter. In 2007, netted expenses of € 12 million had to be accounted for. Adjusted for the one-off effects, earnings in the third quarter of 2008 totalled € 86 million for the container shipping operations, a year-on-year decline of € 21 million.

In the first nine months of 2008, earnings stood at € 156 million, down by 36.3% on the earnings posted in 2007, characterised by one-off income from the divestment of the majority interest in Montreal Gateway Terminals and the divestment of the minority interest of Hapag-Lloyd AG in Germanischer Lloyd AG totalling € 201 million. Underlying earnings in the first nine months of 2008 grew by € 143 million year-on-year due to a significant increase in operating earnings.

**Underlying EBITA by division: Group**

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
<b>EBITA by division</b>	<b>660</b>	<b>767</b>	<b>- 14.0</b>	<b>321</b>	<b>685</b>	<b>- 53.1</b>
<i>Gains on disposal</i>	-	- 8		-	- 201	
<i>Restructuring</i>	+ 94	+ 5		+ 318	+ 16	
<i>Purchase price allocation</i>	+ 12	+ 35		+ 104	+ 76	
<i>Other one-off items</i>	+ 93	+ 31		+ 136	+ 41	
<b>Underlying EBITA by division</b>	<b>859</b>	<b>830</b>	<b>+ 3.5</b>	<b>879</b>	<b>617</b>	<b>+ 42.5</b>

**Group**

Total earnings by the TUI Group's divisions decreased by € 107 million to € 660 million in the third quarter of 2008. Accumulated earnings for the first nine months amounted to € 321 million, a decline of € 364 million against the 2007 reference period, characterised by gains on disposals. Adjusted for one-off effects, earnings accounted for € 859 million (previous year: € 830 million) in the third quarter and € 879 million (previous year: € 617 million) in the first nine months.

## Consolidated earnings

### Consolidated profit and loss statement

€ million	Q3 2008	Q3 2007 <sup>2)3)</sup> restated	Var. %	9M 2008	9M 2007 <sup>2)3)</sup> restated	Var. %
Turnover	6,870.9	5,835.1	+ 17.8	15,247.6	12,229.8	+ 24.7
Cost of sales	5,836.2	4,864.7	+ 20.0	13,856.0	11,129.5	+ 24.5
<b>Gross profit/loss</b>	<b>1,034.7</b>	<b>970.4</b>	<b>+ 6.6</b>	<b>1,391.6</b>	<b>1,100.3</b>	<b>+ 26.5</b>
Administrative expenses	460.5	345.6	+ 33.2	1,160.3	743.6	+ 56.0
Other income/other expenses	0.6	22.5	- 97.3	- 81.5	42.4	n/a
Impairment of goodwill	-	33.6	n/a	76.1	33.6	+ 126.5
Financial result	- 54.1	- 70.4	+ 23.2	- 247.7	- 175.9	- 40.8
- Financial income	54.1	60.1	- 10.0	126.5	140.1	- 9.7
- Financial expenses	108.2	130.5	- 17.1	374.2	316.0	+ 18.4
Share of results of joint ventures and associates	+ 27.6	+ 27.1	+ 1.8	+ 40.5	+ 42.5	- 4.7
<b>Earnings before taxes on income</b>	<b>548.3</b>	<b>570.4</b>	<b>- 3.9</b>	<b>- 133.5</b>	<b>232.1</b>	<b>n/a</b>
<b>Reconciliation to underlying earnings:</b>						
Earnings before taxes on income	548.3	570.4	- 3.9	- 133.5	232.1	n/a
Interest result and earnings from the valuation of interest hedges	45.6	68.2	- 33.1	222.2	174.7	+ 27.2
Impairment of goodwill	-	+ 33.6	n/a	+ 76.1	+ 33.6	+ 126.5
EBITA from continuing operations <sup>1)</sup>	593.9	672.2	- 11.6	164.8	440.4	- 62.6
<b>Adjustments</b>						
Gains on disposal	-	-		-	-	
Restructuring	93.5	5.9		311.2	16.2	
Purchase price allocation	- 6.8	15.3		46.4	15.3	
Other one-off items	91.9	30.3		137.5	69.6	
<b>Underlying EBITA from continuing operations</b>	<b>772.5</b>	<b>723.7</b>	<b>+ 6.7</b>	<b>659.9</b>	<b>541.5</b>	<b>+ 21.9</b>
<b>Earnings before taxes on income</b>	<b>548.3</b>	<b>570.4</b>	<b>- 3.9</b>	<b>- 133.5</b>	<b>232.1</b>	<b>n/a</b>
Taxes on income	210.8	205.2	+ 2.7	72.6	- 0.7	n/a
<b>Result from continuing operations</b>	<b>337.5</b>	<b>365.2</b>	<b>- 7.6</b>	<b>- 206.1</b>	<b>232.8</b>	<b>n/a</b>
Result from discontinued operation	110.8	96.7	+ 14.6	251.0	194.6	+ 29.0
<b>Group profit/loss for the year</b>	<b>448.3</b>	<b>461.9</b>	<b>- 2.9</b>	<b>44.9</b>	<b>427.4</b>	<b>- 89.5</b>
- attributable to shareholders of TUI AG of Group profit	256.1	440.9	- 41.9	33.7	383.3	- 91.2
- attributable to minority interest of Group profit	192.2	21.0	+ 815.3	11.2	44.1	- 74.6
<b>Group profit/loss</b>	<b>448.3</b>	<b>461.9</b>	<b>- 2.9</b>	<b>44.9</b>	<b>427.4</b>	<b>- 89.5</b>
Basic earnings per share <sup>4)</sup>	in € + 1.00	+ 1.73	- 42.2	+ 0.07	+ 1.46	- 95.2
Diluted earnings per share <sup>4)</sup>	in € + 0.88	+ 1.50	- 41.3	+ 0.07	+ 1.37	- 94.9

<sup>1)</sup> EBITA is equivalent to earnings before interest, taxes on income and impairment of goodwill.

<sup>2)</sup> Since the alternative treatment allowed under IAS 23 to capitalise borrowing costs was exercised in the 2007 financial year, interest expenses declined by € 4.3 million in the previous year's reference period. At the same time, the cost of sales as well as tax expenses rose by € 0.2 million and by € 0.1 million respectively, while other income decreased by € 4.0 million. Earnings by discontinued operation rose overall by € 3.5 million.

<sup>3)</sup> Originally published previous year's figures were adjusted for purchase price allocations (especially for the First Choice Holidays Group) which in accordance with IFRS 3 have been made within twelve months after the acquisition date of a subsidiary.

<sup>4)</sup> In calculating earnings per share in accordance with the rules of IAS 33.12, the after-tax amount of the dividend on the hybrid capital was deducted from Group profit attributable to shareholders of TUI AG since the hybrid capital represents equity but does not represent equity attributable to shareholders of TUI AG.

As container shipping has been classified a discontinued operation according to IFRS 5 since March 2008, earnings by this sector are now shown under the item 'Result from discontinued operation'. They are no longer carried under continuing operations. The previous year's figures were restated accordingly in accordance with IFRS 5.

The year-on-year development of the consolidated profit and loss statement for the continuing operations was mainly driven by the inclusion of First Choice acquired in September 2007, in consolidation.

Overall, current earnings by continuing operations reflect the seasonality of the tourism business, with positive earnings primarily generated in the third quarter of any one year.

***Turnover and cost of sales***

Turnover comprised the turnover of the continuing operations, i.e. tourism and central operations. Turnover grew by 17.8% year-on-year to € 6.9 billion in the third quarter of 2008 and by 24.7% to € 15.2 billion in the first nine months. This increase was mainly caused by the first-time consolidation of First Choice. Turnover was shown on a cost of sales basis, which also rose due to the changes in consolidation. A detailed breakdown of turnover and the development of turnover is presented in the section 'Consolidated turnover and earnings'.

***Gross profit***

Gross profit as the balance of turnover and cost of sales rose year-on-year to € 1.0 billion (previous year: € 970 million). In the first nine months, gross profit totalled € 1.4 billion, a year-on-year increase of 26.5%. This growth mainly reflected the inclusion of First Choice in the group of consolidated companies.

***Administrative expenses***

Administrative expenses comprised expenses not directly allocable to the turnover transactions, such as expenses for general management functions. At € 461 million, they were up 33.2% year-on-year. In the first nine months, they rose by 56.0%. The considerable year-on-year increase in administrative costs resulted from the consolidation of First Choice and the restructuring and integration costs included in the quarter under review.

***Other income/Other expenses***

Other income and other expenses primarily comprised profits and losses from the sale of fixed asset items. They amounted to € 1 million in the third quarter, a decline of 97.3%. The year-on-year increase in netted expenses of € 124 million in the first nine months resulted from expenses related to the strategic realignment of TUI Travel's flight operations in the second quarter 2008.

***Impairment of goodwill***

In the third quarter of 2008 no impairments of goodwill were effected. For the first nine months, goodwill impairments rose to € 76 million, an increase of 126.5% primarily caused by 'TUIfly' and 'Tarajal Properties, S.L.' in the second quarter of 2008.

***Financial result***

The financial result comprised the interest result and the net result from marketable securities. At € - 54 million, the financial result grew by 23.2% year-on-year in the third quarter of 2008 and comprised financial income of € 54 million (previous year: € 60 million), which was down by 10.0% year-on-year, and financial expenses of € 108 million (previous year: € 131 million), which were down by 17.1%. The accumulated financial result for the first nine months of 2008 also declined year-on-year to € - 248 million (previous year: € - 176 million).

***Share of results of joint ventures and associates***

The share of results of joint ventures and associates comprised the share in net profit for the year of the associated companies and joint ventures as well as impairments of the goodwill of these companies. At € 28 million, it grew by 1.8% in the third quarter. On an accumulated basis, a decline of 4.7% to € 41 million was recorded. The year-on-year decrease in the first nine months resulted from a year-on-year decline in profit

contributions by the joint ventures and associates in TUI Travel und TUI Hotels & Resorts.

**Underlying EBITA of continuing operations**

In the third quarter of 2008, underlying earnings of the continuing operations totalled € 773 million and thus increased by 6.7% versus previous year's level. EBITA was adjusted for gains on disposals, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the sections on 'Consolidated turnover and earnings' and 'Development of the divisions'.

**Taxes on income**

Taxes on income comprised taxes on profits from the business activities of the continuing operations. In the third quarter they amounted to € 211 million, following € 205 million in 2007. Accumulated taxes on income for the first nine months accounted for € 73 million (previous year: tax income of € 1 million).

**Result from discontinued operation**

The result from the discontinued operation comprised the reclassified container shipping operations. It totalled € 111 million in the third quarter of 2008 and € 251 million for the first nine months. In the 2007 reference periods, the corresponding figures were € 97 million and € 195 million, respectively. In accordance with IFRS 5, scheduled depreciation of fixed assets has had to be suspended since 31 March 2008. As a result, earnings for the current quarter rose by € 133 million. Likewise, at equity measurement of the container shipping participations has had to be discontinued and thus limiting a year-on-year comparison. If equity valuation of the subsidiaries had continued to be used for the period after April 2008, results would have been € 19 million higher. A detailed breakdown is provided in the notes in the section 'Result from discontinued operation'.

**Group profit**

In the third quarter, Group profit totalled € 448 million (previous year: € 462 million), a decrease of € 14 million. For the first nine months of the year, Group profit accounted for € 45 million, down by € 383 million year-on-year.

**Minority interests**

Minority interests in Group profit totalled € 192 million for the third quarter of 2008 and € 11 million for the first nine months of 2008. They related to the outside shareholders of TUI Travel PLC and companies in the TUI Hotels & Resorts sector.

**Earnings per share**

After deduction of minority interests, TUI AG shareholders accounted for € 256 million (previous year: € 441 million) of Group profit in the third quarter of 2008. As a result, basic earnings per share amounted to € 1.00 in the third quarter (previous year: € 1.73). In the first nine months, TUI AG shareholders accounted for € 34 million after deduction of minority interests. Basic earnings per share thus totalled € + 0.07 (previous year: € + 1.46) in the first three quarters of the year.

## Performance indicators

### Key figures of the profit and loss statement of the continuing operations

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
<b>Earnings before interest, taxes on income, depreciation, impairment and rent (EBITDAR)</b>	<b>899.9</b>	<b>954.2</b>	<b>- 5.7</b>	<b>1 097.9</b>	<b>1 209.6</b>	<b>- 9.2</b>
Operating rental expenses	197.2	172.0	+ 14.7	562.8	474.0	+ 18.7
<b>Earnings before interest, taxes on income, depreciation and impairment (EBITDA)</b>	<b>702.7</b>	<b>782.2</b>	<b>- 10.2</b>	<b>535.1</b>	<b>735.6</b>	<b>- 27.3</b>
Depreciation/amortisation less reversals of depreciation <sup>1)</sup>	108.8	110.0	- 1.1	370.3	295.2	+ 25.4
<b>Earnings before interest, taxes on income and impairment of goodwill (EBITA)</b>	<b>593.9</b>	<b>672.2</b>	<b>- 11.6</b>	<b>164.8</b>	<b>440.4</b>	<b>- 62.6</b>
Impairment of goodwill	-	33.6	n/a	76.1	33.6	+ 126.5
<b>Earnings before interest and taxes on income (EBIT)</b>	<b>593.9</b>	<b>638.6</b>	<b>- 7.0</b>	<b>88.7</b>	<b>406.8</b>	<b>- 78.2</b>
Interest result	- 45.6	- 68.2	+ 33.1	- 222.2	- 174.7	- 27.2
<b>Earnings before taxes on income (EBT)</b>	<b>548.3</b>	<b>570.4</b>	<b>- 3.9</b>	<b>- 133.5</b>	<b>232.1</b>	<b>n/a</b>

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

#### Operating rental expenses

Operating rental expenses of the continuing operations amounted to € 197 million (previous year: € 172 million) in the third quarter and € 563 million (previous year: € 474 million) in the first nine months. The increase in rental and leasing expenses was attributable to the consolidation of First Choice.

#### Interest result

The interest result of the continuing operations totalled € - 46 million (previous year: € - 68 million) in the third quarter. The accumulated interest result for the first nine months stood at € - 222 million (previous year: € - 175 million).

### Net assets and financial position

The Group's balance sheet total grew by 9.0% to € 17.8 billion as against the end of 2007. The changes in the consolidated balance sheet essentially resulted from the business cycle in tourism. The balance sheet total was also affected by the reclassification of container shipping operations to 'Assets available for sale' and the related liabilities according to IFRS 5.

#### Assets and liabilities

€ million	30 Sep 2008	31 Dec 2007	Var. %
Non-current assets	7,903.9	11,528.2	- 31.4
Current assets	9,847.8	4,755.4	+ 107.1
<b>Assets</b>	<b>17,751.7</b>	<b>16,283.6</b>	<b>+ 9.0</b>
Equity	2,918.3	3,092.1	- 5.6
Provisions	2,125.0	2,445.8	- 13.1
Financial liabilities	5,154.7	5,539.4	- 6.9
Other liabilities	7,553.7	5,206.3	+ 45.1
<b>Liabilities</b>	<b>17,751.7</b>	<b>16,283.6</b>	<b>+ 9.0</b>

### **Non-current assets**

As at 30 September 2008, non-current assets accounted for 44.5% of total assets, compared with a share of 70.8% as at 31 December 2007. Non-current assets declined from € 11.5 billion to € 7.9 billion in the period under review. This decrease was mainly attributable to the reclassification of the container shipping assets held for sale to current assets.

### **Current assets**

As at 30 September 2008, current assets accounted for 55.5% of total assets, up from 29.2% as at 31 December 2007. Current assets rose from € 4.8 billion as at 31 December 2007 to € 9.8 billion as at 30 September 2008. This was mainly due to the increase in trade accounts receivable caused by the tourism business and the increase in cash and cash equivalents from advance payments received in the tourism business.

### **Equity**

Equity totalled € 2.9 billion as at 30 September 2008. The equity ratio stood at 16.4%, compared with 19.0% as at the end of the 2007 financial year. Detailed information on the changes is provided under 'Changes in equity' in the notes to this interim report.

### **Provisions**

Provisions mainly comprised provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 30 September 2008, they totalled € 2.1 billion and were thus 13.1% down on their level as at 31 December 2007. This was mainly due to a significant decrease in pension provisions due to the increase in the long-term interest rate level in the UK and the reclassification of the pension obligations of Hapag-Lloyd AG and Hapag-Lloyd Fluggesellschaft mbH to 'Liabilities related to assets held for sale'.

### **Financial liabilities**

As at 30 September 2008, financial liabilities consisted of non-current financial liabilities of € 4.3 billion and current financial liabilities of € 0.9 billion. As at 31 December 2007, non-current assets stood at € 4.7 billion, with current financial liabilities of € 0.8 billion. At the end of the first nine months of the 2008 financial year, net debt totalled € 2.8 billion, down from € 3.9 billion as at the end of the 2007 financial year. Net debt as at 30 September 2008 included € 0.5 billion of 'Assets held for sale' and 'Liabilities related to assets held for sale'.

### **Other liabilities**

As at 30 September 2008, other liabilities amounted to € 7.6 billion, up by € 2.3 billion or 45.1% as against 31 December 2007. This was primarily due to the increase in advance payments received in tourism.