

## Tourism Merger with First Choice Holidays PLC and IPO of the new TUI Travel PLC completed. Increase in earnings of 14%.

The tourism division comprises TUI Travel PLC and the TUI Hotels & Resorts sector. In the financial year 2007, the TUI Group's retail, tour operating and airline activities and the incoming agencies were merged with the operations of the former First Choice Holidays PLC to form TUI Travel PLC. Following difficult market conditions in the first half of the year, the TUI Travel PLC business improved significantly in the further course of the year. As a result, underlying earnings before profit contribution from the former First Choice Holidays PLC businesses included since September, rose in 2007. The TUI Hotels & Resorts sector again benefited from the sustained growth of the Riu Group in 2007.

### Turnover and earnings in tourism

#### Tourism – Key figures

€ million	2007	2006	Var. %
<b>Turnover</b>	<b>15,638.5</b>	<b>14,085.1</b>	<b>+ 11.0</b>
<b>Segment turnover</b>	<b>15,664.5</b>	<b>14,121.7</b>	<b>+ 10.9</b>
Cost of sales	14,444.8	13,104.2	+ 10.2
<b>Gross profit</b>	<b>1,219.7</b>	<b>1,017.5</b>	<b>+ 19.9</b>
Administrative expenses	1,088.3	876.9	+ 24.1
Other income/expenses	40.1	204.3	- 80.4
Result from companies measured at equity	39.0	43.0	- 9.3
<b>EBITA by division</b>	<b>210.5</b>	<b>387.9</b>	<b>- 45.7</b>
<i>Gains on disposals</i>	+ 6.8	- 153.3	
<i>Restructuring</i>	+ 62.4	+ 100.6	
<i>Purchase price allocation</i>	+ 48.8	-	
<i>Other one-off items</i>	+ 120.4	+ 59.5	
<b>Underlying EBITA by division</b>	<b>448.9</b>	<b>394.7</b>	<b>+ 13.7</b>
Investments	531.1	547.7	- 3.0
Headcount (31 Dec)	59,832	44,409	+ 34.7

In the financial year under review the tourism division turnover climbed 11.0% year-on-year to € 15.6 billion. The first-time consolidation of First Choice generated a substantial year-on-year increase in turnover. Adjusted for this effect as well as for the pro-rated turnover of the divested business travel activities comprised in 2006, turnover grew by 1.9%.

Turnover was netted with the cost of sales. The latter accounted for € 14.4 billion, up 10.2%. In the year 2007, gross profit being the difference between turnover and the cost of sales totalled € 1,220 million (previous year: € 1,018 million), up 19.9%.

Administrative expenses comprised expenses not directly caused by the realisation of turnover, e.g. expenses for general management functions.

The cost increase in 2007 year-on-year was caused by the first-time consolidation of First Choice.

Other income and other expenses primarily comprised profits or losses from the sale of fixed assets. The difference between other income and other expenses declined by € 164 million to € 40 million due to the gain on disposal included in the earnings year-on-year from the divestment of the business travel activities.

The result from companies measured at equity comprised the proportionate profit for the year of the associated companies and joint ventures. At € 39 million, it declined by 9.3% in 2007 year-on-year. The profit contribution resulted mainly from the companies measured at equity in TUI Hotels & Resorts and Online Destination Services within TUI Travel PLC.

Earnings by the tourism division totalled € 211 million (previous year: € 388 million). The decline in earnings was partly attributable to the inclusion of one-off income from the divestment of the business travel operations in 2006. On the other hand, earnings in 2007 were impacted by restructuring costs and the completed amortisation of assets of purchase price allocations which arose in the wake of the acquisition of First Choice. Adjusted for one-off effects, underlying operating earnings by the tourism division totalled € 449 million, up 13.7% year-on-year. TUI Travel PLC contributed € 304 million to these earnings, with TUI Hotels & Resorts sector accounting for € 146 million. Underlying earnings of TUI Travel PLC included earnings of € 3 million for the First Choice sectors, consolidated for the first time as of September 2007.

## TUI Travel PLC

### TUI Travel PLC – Key figures

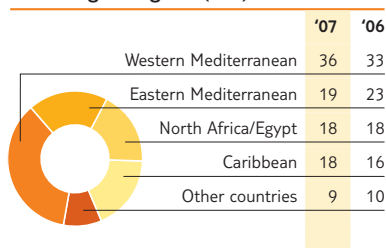
€ million	2007	2006	Var. %
Turnover	15,258.7	13,676.0	+ 11.6
<b>EBITA by division</b>	<b>103.3</b>	<b>150.6</b>	<b>- 31.4</b>
<i>Gains on disposals</i>	+ 6.8	- 12.8	
<i>Restructuring</i>	+ 62.4	+ 97.9	
<i>Purchase price allocation</i>	+ 48.8	-	
<i>Other one-off items</i>	+ 83.1	+ 22.9	
<b>Underlying EBITA by division</b>	<b>304.4</b>	<b>258.6</b>	<b>+ 17.7</b>
Investments	220.9	361.8	- 38.9
Headcount (31 Dec)	47,705	33,696	+ 41.6

### Turnover and earnings

Turnover by TUI Travel PLC grew by € 1.6 billion to € 15.3 billion in 2007, primarily due to the first-time consolidation of First Choice operations. The adjusted turnover rose by 1.8%.

Earnings by TUI Travel PLC decreased by 31.4% year-on-year to € 103 million in 2007. The decline in earnings was attributable to the inclusion of the one-off income from the divestment of the business travel activities in 2006. Moreover, earnings in 2007 included in particular charges from the merger with First Choice.

**Group-owned hotel beds  
 according to regions (in %)**



## TUI Hotels & Resorts

TUI Hotels & Resorts encompasses the Group's hotel companies. Its portfolio comprises hotel companies in which a majority interest is held, joint ventures with local partners, companies in which financial interests are held and hotels operated under management agreements. At the end of 2007, the companies operated a total of 237 hotels with a capacity of around 144,000 beds, mostly in the four-star category. The year-on-year change was mainly attributable to the transfer of the Nordotel, Atlantica and Gran Resort companies and their hotel facilities to TUI Travel PLC as per 3 September 2007.

The number of bednights in hotels of the TUI Hotels & Resorts sector totalled 32.7 million. Bed occupancy amounted to 81.2% and thus rose by 4.0 percentage points year-on-year. The individual hotel groups and regions reported varying business trends.

### Turnover and earnings

#### TUI Hotels & Resorts – Key figures

€ million	2007	2006	Var. %
Turnover	379.8	346.7	+ 9.5
<b>EBITA by division</b>	<b>108.8</b>	<b>86.6</b>	<b>+ 25.6</b>
<i>Gains on disposals</i>	–	–	
<i>Restructuring</i>	–	–	
<i>Purchase price allocation</i>	–	–	
<i>Other one-off items</i>	+ 37.3	+ 36.6	
<b>Underlying EBITA by division</b>	<b>146.1</b>	<b>123.2</b>	<b>+ 18.6</b>
Investments	310.2	185.9	+ 66.9
Headcount (31 Dec)	12,127	10,713	+ 13.2

The TUI Hotels & Resorts sector consolidated turnover totalled € 0.4 billion, up 9.5% year-on-year. This increase was due to the rise in sales of bednights and the improved average revenue per bed, whereby the individual hotel companies did not contribute equally to this growth. At € 109 million, earnings climbed by 25.6% year-on-year. Earnings included one-off expenses of an impairment on hotel resorts of the Magic Life Group of € 37 million. Adjusted for these one-off effects, earnings in 2007 climbed by 18.6% to € 146 million year-on-year.

The rise in operating earnings was mainly driven by the Riu hotels, the largest hotel group in the TUI Hotels & Resorts sector, which benefited both from the earnings effect from the opening of new facilities but also higher occupancy rates and revenue per bed. Earnings were adversely affected by the relative weakness of the US dollar against the euro. This effect primarily affected the Riu group and its activities in the destinations Mexico, Jamaica, Dominican Republic, Bahamas and USA, but was more than offset by the increases in occupancy rates and revenue per bed. A further positive effect was attributable to an operating earnings recovery in the club business of the Magic Life Group.

## Shipping Growth in transport volumes. Earnings more than doubled.

The shipping division encompasses container shipping and the cruise business of the Hapag-Lloyd Group. Business development in the 2007 financial year was characterised by a continued recovery in worldwide transport markets as well as a substantial increase in freight rates in container shipping following their low level as at the beginning of the year. Overall, Hapag-Lloyd regained its strong growth potential and achieved volume growth year-on-year.

### Turnover and earnings in shipping

#### Shipping – Key figures

€ million	2007	2006	Var. %
<b>Turnover</b>	<b>6,201.6</b>	<b>6,254.0</b>	<b>- 0.8</b>
<b>Segment turnover</b>	<b>6,204.4</b>	<b>6,259.1</b>	<b>- 0.9</b>
Cost of sales	5,948.2	6,010.8	- 1.0
<b>Gross profit</b>	<b>256.2</b>	<b>248.3</b>	<b>+ 3.2</b>
Administrative expenses	188.8	337.2	- 44.0
Other income/expenses	248.8	- 25.0	n. m.
Result from companies measured at equity	25.7	7.5	+ 242.7
<b>EBITA by division</b>	<b>341.9</b>	<b>- 106.4</b>	<b>n. m.</b>
<i>Gains on disposals</i>	- 200.5	-	
<i>Restructuring</i>	- 1.1	+ 66.4	
<i>Purchase price allocations</i>	+ 82.4	+ 81.8	
<i>Other one-off items</i>	- 26.0	+ 47.4	
<b>Underlying EBITA by division</b>	<b>196.7</b>	<b>89.2</b>	<b>+ 120.5</b>
Investments	572.2	192.4	+ 197.4
Headcount (31 Dec)	8,243	8,571	- 3.8

In the 2007 financial year, i.e. the first full financial year following the integration of CP Ships into Hapag-Lloyd, turnover development varied. Despite renewed volume growth, turnover dropped by 0.8% to € 6.2 billion due to the lower US dollar exchange rate against the euro. At € 6.0 billion, container shipping accounted for the largest portion of turnover of the division. Hapag-Lloyd Kreuzfahrten generated turnover of € 0.2 billion, up 14.3% year-on-year.

While turnover was adversely impacted by changes in exchange rates, a correspondingly decline in cost of sales of 1.0% to € 5.9 billion was recorded year-on-year. Overall, gross profit increased by 3.2% to € 256 million.

Administrative expenses decreased significantly by 44.0% to € 189 million. This was due to the synergy effects from the integration of CP Ships which became fully effective in the completed 2007 financial year and the dispense of included restructuring costs in 2006.

The balance of other income and expenses rose by € 274 million to € 249 million. The positive profit contribution included in that balance mainly resulted from the gains on the disposal of the assets in Montreal Gateway Terminals in Canada, sold in March 2007.

The result from companies measured at equity also rose by € 18 million year-on-year to € 26 million. This significant earnings growth was driven by the positive development of earnings of the Altenwerder container terminal.

Earnings by the shipping division totalled € 342 million (previous year: € - 106 million), a significant improvement of € 448 million year-on-year. Container shipping contributed € 328 million to these earnings, while Hapag-Lloyd Kreuzfahrten accounted for € 14 million. Adjusted for lagging expenses for the integration of CP Ships and the one-off income included, especially the divestment of Montreal Gateway Terminals, operating earnings by the shipping division totalled € 197 million, up 120.5% year-on-year.

## Container shipping

### Container shipping – Key figures

€ million	2007	2006	Var. %
Turnover	6,018.4	6,093.7	- 1.2
<b>EBITA by division</b>	<b>327.7</b>	<b>- 114.3</b>	<b>n. m.</b>
<i>Gains on disposals</i>	- 200.5	-	
<i>Restructuring</i>	- 1.1	+ 66.4	
<i>Purchase price allocation</i>	+ 82.4	+ 81.8	
<i>Other one-off items</i>	- 26.0	+ 47.4	
<b>Underlying EBITA by division</b>	<b>182.5</b>	<b>81.3</b>	<b>+ 124.5</b>

### Integration of CP Ships and standardisation of reporting structure

The integration of CP Ships, the container shipping company acquired in October 2005, was successfully completed as early as 2006. In 2007, the main focus of activities was on process optimisation and improving productivity.

Since the third quarter of 2006, freight rates and transport volumes have been jointly presented for Hapag-Lloyd and CP Ships and broken down according to the geographical structure of the trade lanes. To that end, the key figures for CP Ships for 2006 were calculated accordingly and determined statistically for the reference periods.

### Turnover and earnings

In the 2007 financial year, container shipping turnover declined by 1.2% to € 6.0 billion despite a considerable increase in transport volumes. This decrease was primarily caused by the weak US dollar exchange rate against the euro. Transport volumes grew by 9.0% to 5,454 thousand standard containers (TEU). Average freight rates have been significantly increased in all trade lanes since mid-2007. However, average freight rate levels in 2007 still fell 1.3% short of 2006 levels.

In 2007, earnings developed positively and, at € 328 million, rose substantially against the previous year's negative figure of € - 114 million.

## Hapag-Lloyd Kreuzfahrten

### Hapag-Lloyd Kreuzfahrten – Key figures

€ million	2007	2006	Var. %
Turnover	183.2	160.3	+ 14.3
<b>EBITA by division</b>	<b>14.2</b>	<b>7.9</b>	<b>+ 79.7</b>
<i>Gains on disposals</i>	–	–	
<i>Restructuring</i>	–	–	
<i>Purchase price allocation</i>	–	–	
<i>Other one-off items</i>	–	–	
<b>Underlying EBITA by division</b>	<b>14.2</b>	<b>7.9</b>	<b>+ 79.7</b>
Utilisation (in %)	78.6	73.5	+ 5.1

#### Turnover and earnings

In the 2007 financial year, the Hapag-Lloyd Kreuzfahrten business again developed positively, benefiting from the acquisition of new customer groups for cruises and the fact that the destinations were largely free of insecure political situations and natural disasters. Due to the high-quality product portfolio, average turnover per day also continued to rise year-on-year. Total turnover accounted for € 183 million, up 14.3% year-on-year.

Hapag-Lloyd Kreuzfahrten reported earnings of € 14 million, an increase of 79.7%. This growth was mainly attributable to the rise in the improvement in rates and occupancy rates. Earnings were adversely affected by the rise in fuel prices which, however, were countered by means of corresponding price hedging measures.

#### Business development

The cruise market in the German-speaking region again developed well in 2007, with high single-digit growth in total passenger volumes year-on-year. In the period under review, two new ships started operations in the German cruise market.

Hapag-Lloyd Kreuzfahrten continued to expand its position in the German-speaking premium and luxury market for traditional and expedition cruises. In the 2007 financial year, the fleet was made up unvaried of four cruise ships: the 'Europa', the 'Columbus', the 'Hanseatic' and the 'Bremen'. Two of the ships were owned while the other two were chartered. The average age of the fleet was twelve years. Two of the ships had a scheduled dock period in the financial year under review in order to be technically overhauled and have their inboard accommodation facilities improved.

In 2007, all four ships increased their utilisation year-on-year. Average utilisation of all ships was 78.6%, up 5.1 percentage points year-on-year.