

# Notes on the Cash Flow Statement

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The cash flow statement showed the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of changes in the group of consolidated companies were eliminated.

### **(41) Cash inflow/outflow from operating activities**

In the period under review, the cash inflow from the operating activities of the sectors divested in 2006 (business travel activities TQ3 Travel Solutions, Wolf Heiz- und Klimatechnik and IT services companies of TUI InfoTec) was no longer recorded, the consolidation of the First Choice Group had a significant negative effect due to the seasonally weak last third of the year and the utilisation of provisions for the restructuring and integration programmes in shipping and tourism resulted in cash outflows. Nevertheless, the significant improvement in earnings level both in tourism and shipping created an increase in the cash flow from operating activities of € 102.0 million.

The cash inflow from operating activities included interest received. In the year under review, interest received totalled € 82.2 million (previous year: € 64.5 million). In the 2007 financial year, income tax payments resulted in a cash outflow of € 50.7 million (previous year: € 62.1 million).

### **(42) Cash inflow/outflow from investing activities**

The cash payments for investments in property, plant and equipment and intangible assets or the cash receipts from corresponding disposals did not match the additions or disposals shown under the development of fixed assets, which included non-cash investments and disposals. The cash payments for investments in property, plant and equipment comprised mainly advanced payments for six container ships and payments for three acquired container ships in the reported year.

The cash outflow from investing activities included cash payments – offset against acquired cash and cash equivalents – for the acquisition of shares in subsidiaries to be included in consolidation. The consolidated balance sheet comprised additions of goodwill, assets and liabilities due to the acquisition of shares in subsidiaries to be included in consolidation. Total acquisitions of shares in subsidiaries and investments in the 2007 financial year resulted in cash payments of around € 111.5 million (previous year: around € 43.9 million). Cash and cash equivalents acquired with these acquisitions totalled around € 23.4 million.

In the completed financial year, dividend payments received including dividends received by the companies measured at equity generated cash inflows of € 24.1 million (previous year: € 22.9 million).

Non-cash investments were primarily effected in the TUI Hotels & Resorts sector by means of finance leases. Lease agreements resulted in total investments of € 15.9 million (previous year: € 76.9 million).

The cash flows from investing activities comprised capitalised interest on borrowings of € 14.1 million (previous year: € 7.0 million).

**(43) Cash inflow/outflow from financing activities**

In the 2007 financial year, the cash flow from financing activities was substantially characterised by the raising of € 694,0 million and the raising of € 150.0 million by means of private placements. Further loans raised up to € 159.0 million for financing two ships.

Following the addition of the First Choice Group, the debt of First Choice was refinanced by means of a syndicated credit line of TUI Travel PLC, reflected in the corresponding cash flows as a redemption worth around € 0.7 billion and new debt taken up of around the same amount.

Cash flows from financing activities included cash flows due to financial liabilities taken up or redeemed and interest paid in the financial year under review. The dividend reported for TUI AG related to the serving of hybrid capital.

**(44) Development of cash and cash equivalents**

Cash and cash equivalents comprised all liquid funds, i.e. cash in hand, bank balances and cheques. The impact of changes in cash and cash equivalents due to exchange rate fluctuations was shown separately. Also outlined separately were the changes in cash and cash equivalents attributable to changes in consolidation which did not result from the acquisition or divestment of companies. They included the cash and cash equivalents of € 438.9 million received under the merger with the First Choice Group.

As at 31 December 2007, cash and cash equivalents of € 0.2 billion were subject to restraints on disposal. These amounts had to be deposited as collateral for tourism services by tour operators due to national provisions related to hedging tourism services.