

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. %
Turnover	15,638.5	14,085.1	+ 11.0
Segment turnover	15,664.5	14,121.7	+ 10.9
Cost of sales	14,444.8	13,104.2	+ 10.2
Gross profit	1,219.7	1,017.5	+ 19.9
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
EBITA by division	210.5	387.9	- 45.7
<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	
Underlying EBITA by division	448.9	394.7	+ 13.7
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
EBITA by division	103.3	150.6	- 31.4
<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	
Underlying EBITA by division	304.4	258.6	+ 17.7
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.

Earnings in 2007 comprised one-off effects resulting from:

- ongoing restructuring programmes of € 28 million.
- expenses for one-off items of € 27 million, above all including one-off costs for the re-branding of the new brand TUIfly.com of € 13 million and one-off expenses resulting from an increase in air passenger duties in the UK which could not be passed on to passengers of € 10 million.
- costs associated with the merger between First Choice and TUI's tourism division of a total of € 146 million, including gains on disposals of € 7 million, restructuring costs of € 34 million, purchase price allocations of € 49 million and other one-off costs regarding the integration of € 56 million.

Adjusted for these one-off effects, TUI Travel PLC posted underlying earnings of € 304 million, an increase of € 46 million on 2006 on a like-for-like basis. These earnings included a profit contribution of € 3 million by the First Choice sectors consolidated for the first time as of September 2007. The increase in underlying earnings adjusted for the first-time consolidation of First Choice and the one-off effects was mainly attributable to the successful restructuring programmes in the UK and France and the recovery of the French travel market. In the German market the performance of the flight activities had an adverse effect.

Mainstream

Mainstream Holidays is the largest sector within TUI Travel PLC, selling flight, accommodation and other tourism services in the three source markets Central Europe, Northern Europe and Western Europe.

Customer numbers TUI Travel PLC Mainstream

'000	2007	2006	Var. %
Central Europe	11,590	10,542	+ 9.9
Northern Europe	7,742	6,999	+ 10.6
of which First Choice Holidays ¹⁾	(764)	–	–
Western Europe	4,632	4,389	+ 5.5
Total	23,963	21,930	+ 9.3

¹⁾ as from 3 September 2007

Central Europe

In source market Central Europe (Germany, Austria, Switzerland and airline TUIfly.com) customer volumes grew by 9.9% in the 2007 financial year. This growth was mainly attributable to the tour operators of TUI Deutschland and the seat-only business of TUIfly.com. The business volume growth in Germany also generated an increase in turnover in source market Central Europe.

Despite an overall positive development of bookings in the 2007 summer season, overall source market Central Europe did not reach the strong 2006 performance due to the difficult environment in the German flight market. The main reason for the decline in earnings was the slight reduction in the load factor in the airlines business.

Northern Europe

In source market Northern Europe (UK, Ireland, Nordic countries and the airlines Thomsonfly, TUIfly Nordic and First Choice Airways) customer

volumes grew partly due to the first-time consolidation of First Choice's UK Mainstream business since September 2007 in a difficult market environment. Adjusted for this special effect, guest numbers were in line with 2006. Growth in Thomsonfly's seat-only business and the Nordic countries was offset by decreases in UK tour operations. Adjusted for the consolidation of First Choice's UK Mainstream business for four months period in 2007, turnover declined slightly year-on-year. The Irish tour operator Budget Travel is included until the date of acquisition by the Icelandic company Primera Travel Group in October 2007. The sale was made in order to comply with anti-trust rules in relation to the merger between TUI's tourism division and First Choice Holidays PLC.

Due to the success of the restructuring programmes implemented in previous years and in 2007, source market Northern Europe reproduced its strong 2006 performance despite a difficult market environment in the UK. In the financial year 2007, the package tour business in the UK operated in an adverse market environment characterised by price and cost pressures, in particular following the increase in the air passenger duty (APD). In the fourth quarter, the British travel market showed some initial signs of recovery. The Nordic countries continued to record a positive business development in a favourable market environment.

Western Europe

In source market Western Europe (France, the Netherlands, Belgium and airlines Corsairfly, Arkefly and Jetairfly), turnover rose due to an increase in customer volumes in the Netherlands and Belgium.

The restructuring programmes of the tourism entities in France, the considerable recovery of the French travel market in the course of the year and the continued positive business development in the Belgian market, resulted in a significant improvement in business in source market Western Europe.

Specialist Holidays

The Specialist Sector comprises three segments: Destination, Premium and Lifestages. While Destination focuses on specific destinations, the Premium Segment comprises five brands specialising in premium leisure travel experiences in Europe, Asia and the Caribbean. The Lifestages Segment offers specially tailored tours for particular customer demographics. In 2007, the sector was included in TUI's consolidated financial statements for the first time for a period of four months and was almost in line with the corresponding period in 2006. The tour operators pooled in this segment increased their customer volumes by 5% year-on-year to 678,000.

Activity

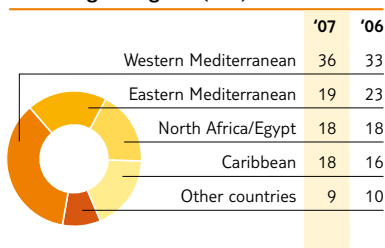
The Activity Sector comprises three segments: Marine, Adventure and Experiential each consisting of a number of travel companies covering activity-related holidays. The Marine Segment encompasses providers of charter yachts, while the portfolio of the Adventure and Experiential Segments includes cultural and luxury escorted tours. The Activity Sector was included in TUI's consolidated financial statements for the first time for a period of four months in 2007 and improved significantly year-on-year during that period.

Online Destination Services

The Online Destination Services Sector provides incoming agencies services and sells accommodation online to both business and consumers. Online Destination Services runs data bases of hotels and apartments, offered both to travel shops and tour operators but also directly to the final customers. The incoming agencies provide services at destination, e.g. transfers, services for holidaymakers and other services for tour operators and cruise lines. These services are carried out by local acting agencies.

The Online Destination Services Sector was included in TUI's consolidated financial statements for the first time for a period of four months in 2007 and improved significantly year-on-year in that period. This improvement was supported in particular through the acquisition of Laterooms at the end of 2006. Incoming agencies reached their successful performance of 2006 and rendered the most substantial contribution to earnings by the Online Destination Services Sector in 2007.

**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
EBITA by division	108.8	86.6	+ 25.6
<i>Gains on disposals</i>	–	–	
<i>Restructuring</i>	–	–	
<i>Purchase price allocation</i>	–	–	
<i>Other one-off items</i>	+ 37.3	+ 36.6	
Underlying EBITA by division	146.1	123.2	+ 18.6
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.

Business development TUI Hotels & Resorts

TUI Hotels & Resorts

Hotel brand	Capacity ('000) ¹⁾			Occupancy rate (%) ²⁾			Average revenue per bed (€) ³⁾		
	2007	2006	Var. %	2007	2006	Var. % points	2007	2006	Var. %
Riu	15,071	14,086	+ 7.0	85.6	83.4	+ 2.2	45.96	43.30	+ 6.1
Magic Life	2,835	3,170	- 10.6	80.2	75.2	+ 5.0	36.75	38.33	- 4.1
Grupotel	834	819	+ 1.8	83.5	83.3	+ 0.2	41.19	38.43	+ 7.2
Iberotel	2,719	2,722	- 0.1	61.6	56.0	+ 5.6	30.24	31.50	- 4.0
Robinson	2,220	2,153	+ 3.1	77.1	73.1	+ 4.0	73.75	72.54	+ 1.7
Grecotel	730	737	- 1.0	83.1	84.3	- 1.2	65.62	59.73	+ 9.9
Dorfhotel	200	194	+ 3.3	61.0	64.1	- 3.1	30.67	29.02	+ 5.7
Total	24,609	23,881	+ 3.0	81.2	78.1	+ 3.1	46.25	44.37	+ 4.2

¹⁾ Group-owned or leased hotel beds multiplied by opening days per year

²⁾ Occupied beds divided by capacity

³⁾ Arrangement revenue divided by occupied beds

Riu

Riu, one of the leading Spanish hotel groups, continued in 2007 the positive development of previous years. Riu operated 103 facilities with 73,437 beds. While the number of hotels was reduced slightly, bed capacity rose due to changes in the portfolio. Overall, four new Riu hotels were opened in the last financial year. Capacity rose substantially year-on-year by 7.0% to 15.1 million available hotel beds. Occupancy of this greatly increased capacity rose by 2.2 percentage points year-on-year. This was due to the favourable development of demand in all destinations. Average revenue per bed grew by 6.1%. Although business development was impacted by negative exchange rate effects in the destinations in the US dollar currency area, Riu contributed substantially to the positive earnings performance of the sector.

Magic Life

In the period under review, Magic Life, the all-inclusive club brand, operated its 17 facilities with a total capacity of 14,405 beds primarily in Turkey, Egypt and Tunisia. By means of a substantial reduction in capacity by 10.6% to 2.8 million available hotel beds, Magic Life managed to increase its occupancy rate to 80.2%; this was an increase of 5.0 percentage points year-on-year. Average revenue per bed declined by 4.1%. The Magic Life Group further stabilised its earnings situation in the course of the year but did not realise a positive contribution to earnings.

Grupotel

The Grupotel chain operating in Spain with its 34 facilities on Majorca, Menorca and Ibiza had 13,468 beds in the 2007 financial year. The company benefited from the considerable increase in demand for holidays in the Balearics and reproduced 2006 occupancy rates, having expanded its capacity by 1.8%. Average revenue per bed rose substantially by 7.2%. This increase was also reflected by the rise in the group's profit contribution.

Iberotel

In the financial year 2007, Iberotel operated 21 hotels, most of which were located in Egypt and Turkey. The number of hotel beds totalled 12,086. At 61.6%, occupancy grew by 5.6 percentage points year-on-year. In Egypt, in contrast, occupancy rose due to operative improvements, with a total capacity of 2.7 million available hotel beds. The group posted the same earnings level as in 2006, with a slight decline in average revenues per bed.

Robinson

Robinson, market and quality leader in the premium segment for club holidays, operated a total of 20 club facilities with 11,114 beds in eight countries in 2007. Overall occupancy of facilities rose year-on-year in all destinations, with the clubs in Turkey benefiting particularly strongly from an increase in demand. Total growth amounted to 4.0 percentage points. Robinson had a capacity of 2.2 million beds, which corresponded to a year-on-year increase of 3.1%. A temporary closure of a club for renovation purposes was more than offset by the opening of a new club. Average revenue per bed climbed by 1.7% year-on-year.

Grecotel

Grecotel, the leading hotel company in Greece, offered, in the reporting period, hotel accommodation in 19 Greek holiday complexes with 9,129 beds. At - 1.2 percentage points, occupancy only dropped slightly on its high level achieved in 2006. This was due to adverse business effects caused by a decline in demand in view of the forest fires in Greece. However, these were almost offset by an expansion of local business. Capacity was reduced by 1.0% year-on-year and totalled 0.7 million beds. Overall, Grecotel achieved substantial growth in average revenue per bed of 9.9%.

Dorfhotel

The two Dorfhotel complexes owned by the Group are located in Austria. The effects of the decline in occupancy rates recorded in the region were offset by an increase in rates. The Dorfhotel concept developed positively in the financial year under review. Other complexes run by the management were located in Fleesensee and Sylt, a facility newly opened in 2007.

As the Dorfhoteles primarily offer family rooms and apartments with accordingly a higher number of beds, the average revenues are lower than those of other hotel brands which mainly offer double bedrooms.

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. %
Turnover	6,201.6	6,254.0	- 0.8
Segment turnover	6,204.4	6,259.1	- 0.9
Cost of sales	5,948.2	6,010.8	- 1.0
Gross profit	256.2	248.3	+ 3.2
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
EBITA by division	341.9	- 106.4	n. m.
<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	
Underlying EBITA by division	196.7	89.2	+ 120.5
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
EBITA by division	327.7	- 114.3	n. m.
<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	
Underlying EBITA by division	182.5	81.3	+ 124.5

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.

Earnings included one-off effects from:

- the divestment of Montreal Gateway Terminals and the minority interest of Hapag-Lloyd AG in 'Germanischer Lloyd AG' of € 201 million;
- one-off income from the reversal of a restructuring provision in connection with the integration of CP Ships of € 1 million;
- amortisation of assets of € 82 million for the purchase price allocation for CP Ships and
- one-off income from the revaluation of a risk position formed in the wake of the acquisition of CP Ships of € 32 million and one-off expenses of € 6 million for the integration of CP Ships.

Adjusted for these one-off effects, underlying earnings totalled € 183 million for container shipping, an increase of € 101 million year-on-year on a like-for-like basis. The improvement in the operative performance was attributable to the significant volume growth and the efficiency improvements resulting from the successful integration of CP Ships into the Hapag-Lloyd Group. These effects more than offset the adverse impact of the weakness of the US dollar exchange rate against the euro. The impact of the steady rise in bunker costs throughout the year was countered by several measures. An optimisation of schedules and speed reductions helped to generate savings in bunker consumption. In addition, the cost increase was partly passed on to customers via bunker surcharges. Further, a successful fuel cost hedging strategy was launched to complete the set of initiatives.

Development in the trade lanes

In the 2007 financial year, Hapag-Lloyd again defended its position as one of the world's five largest container lines based on existing capacity. As at 31 December 2007, Hapag-Lloyd's container fleet consisted of 141 container ships with a joint slot capacity of 493,000 TEU. As a founding member of the Grand Alliance, Hapag-Lloyd was incorporated into the route network of one of the world's major international liner shipping consortia. Hapag-Lloyd contributed to the consortium around 35% and thus a significant portion of the jointly used capacity. Hapag-Lloyd's transport volume grew by 9.0% to nearly 5.5 million TEU in the 2007 financial year, whereby in particular the East-West route contributed to this increase. Hapag-Lloyd thus outperformed the overall container transport market, which grew by 7.8% in 2007 (Source: Global Insight, September 2007). The expansion of transport capacity by means of the commissioning of three Group-owned new builds with a slot capacity of 8,750 TEU each and a positive effect on volume growth.

Transport volumes Hapag-Lloyd

'000 TEU	2007	2006	Var. %
Far East	1,374	1,183	+ 16.1
Trans-Pacific	1,044	948	+ 10.2
Atlantic	1,456	1,392	+ 4.6
Latin America	890	791	+ 12.5
Australasia	690	690	+ 0.0
Total	5,454	5,004	+ 9.0

Freight rates Hapag-Lloyd

US dollars/TEU	2007	2006	Var. %
Far East	1,379	1,223	+ 12.8
Trans-Pacific	1,453	1,485	- 2.1
Atlantic	1,523	1,659	- 8.2
Latin America	1,399	1,449	- 3.5
Australasia	1,189	1,223	- 2.8
Ø for all trade lanes	1,411	1,430	- 1.3

Far East

At 25% of transport volumes, the Far East trade lane with its routes connecting Europe and Asia shows the strongest growth and is Hapag-Lloyd's second largest trade lane in 2007. Its market volume grew by 15.3% in 2007. Freight traffic from Asia to Europe again grew more than twice as strongly as in the opposite direction. This growth was driven by the ongoing rise in export activities in China, which benefited transportation from Asia to Europe, and the ongoing relocation of production from European to Asian countries. Hapag-Lloyd limited the repercussions of the differences in volume growth in individual routes by optimising the rotation of the container fleet.

Hapag-Lloyd achieved transport volume growth of 16.1%, outperforming the market and growing to 1,374,000 TEU in this trade lane. Average freight rates developed very positively in the course of the year and rose by 12.8% year-on-year. This increase mainly resulted from freight rate increases achieved on the routes from Asia to Europe.

Trans-Pacific

In 2007, the transport market in the Trans-Pacific trade lane grew by 5.1%. Transport growth on the routes from North America to Asia almost grew more than twice as strongly as in the other direction. The growth was attributable to the continuing strong economic growth in China and the associated trade in raw materials and goods between the continents.

In the Trans-Pacific trade lane, Hapag-Lloyd grew by 10.2% and clearly outperformed the market in terms of shipped containers. The transport volume rose to 1,044,000 TEU. The imbalance of transports was improved by means of the selective acquisition of cargo from Asia to North America. Despite freight rates developing positively in the course of the year, the average rate still fell 2.1% short of 2006 levels.

Atlantic

At nearly 27%, transport between North America and Europe accounted for the largest portion of Hapag-Lloyd's business. In the reporting year 2007, the market volume in this trade lane grew by 3.2%. The development of volumes was driven in particular by the increase in transport volumes from North America to Europe since demand for American products was encouraged by the weakness of the US dollar exchange rate.

For 2007, Hapag-Lloyd reported a 4.6% increase in transport volumes and thus outperformed the market. Total transport volumes accounted for 1,456,000 TEU. Continuing strong competition in this trade lane caused a decline in freight rates at the beginning of the year, in particular on the routes from Europe to North America. However, the decline was curbed in

the further course of the year. Cumulative average freight rates for the completed year fell 8.2% short of 2006 levels.

Latin America

The Latin America trade lane primarily links South America with North America and Europe. Market growth totalled 5.6%. Outbound transport from Europe only grew half as strongly as transport from Latin America to Europe. The transport volumes on the routes from North to South America grew due to the weak exchange rate of the US dollar.

The transport volume shipped by Hapag-Lloyd in the Latin America trade lane totalled 890,000 TEU, up 12.5% year-on-year. The increase was caused by the growth in import activities in Latin America. Freight rates were still 3.5% down year-on-year, but since mid-2007 freight rates have risen again in this trade lane.

Australasia

The Australasia trade lane covers the inner-Asian services and the services linking the Far East and the Indian subcontinent with Australia and New Zealand. In 2007, the total market recorded a 7.4% increase in transport volumes. This was primarily due to the strong growth of inner-Asian container transports.

Hapag-Lloyd did not grow in line with the market in this trade lane. The transport volume in Australasia totalled 690,000 TEU, and thus remained at last year's level. This was attributable to deliberate cargo selection. Average freight rates declined by 2.8% year-on-year due to a change in the cargo mix.

Hapag-Lloyd Kreuzfahrten

Hapag-Lloyd Kreuzfahrten – Key figures

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