Speech by

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TUI AG

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- Check against delivery -

Ladies and Gentlemen,

I would also like to welcome you most cordially to today's Annual General Meeting. Following Dr. Frenzel's observations, I would now like to elaborate on a few points regarding the 2005 consolidated financial statements.

New IASB accounting standards

The presentation of the consolidated profit and loss statement and balance sheet – which I will look at in more detail shortly – differs from earlier annual financial statements. This is because there are a number of revised or newly issued financial reporting standards from the IASB (International Accounting Standards Board) that are now mandatory. Other standards that do not become binding until 2006 have also been applied already in order to enhance the continuity of the financial statements.

One factor that has a considerable impact on our consolidated financial statements can be found in the summary of earnings from discontinuing operations, which is now required to be presented as a separate item of the profit and loss statement. Accordingly, the assets and liabilities of the discontinuing operations are also reported as a separate balance sheet item [IFRS 5].

Furthermore, we are required to implement a review of residual values, depreciation methods and useful lives on an annual basis [IAS 16]. In this connection, we have – among other things – adjusted the useful life of the Hapag-Lloyd container ships to 25 years, the general international standard that is also used by CP Ships.

With regard to recognition of pension obligations, cover shortages relating to pension obligations have been recognised directly in equity as of 2005 [IAS 19].

Furthermore, the interest portion of the measurement of pension obligations is no longer carried under personnel expenses but is shown under financial expenses.

In order to enhance comparability, the figures from 2004 have been restated accordingly [IAS 8].

That completes my comments on the new IASB accounting standards, so let us now turn to the results of Group operations and also take a closer look at a number of points on the profit and loss statement.

Profit and loss statement

Group turnover increased by 12 per cent from Euro 1.9 billion to Euro 18.2 billion. Material costs, personnel costs, depreciation and amortisation increased with the growth in turnover. The balance – i.e.

the operating result – remains virtually unchanged at Euro 584 million [previous year: Euro 590 million, -1 per cent year-on-year)].

After deducting the balances of the financial result and the result of companies measured at equity – Euro 198 million – EBTA of the continued operations was Euro 386 million in 2005. This corresponds to a year-on-year decline in earnings of Euro 35 million – or 8 percentage points – largely because interest expenses were Euro 28 million more than in the previous year.

Breaking down divisional results to the individual operative sectors, the earnings situation is as follows:

Earnings in the tourism division were Euro 360 million. This was a slight improvement, but on the whole still fell short of our expectations. This – as Dr. Frenzel has already explained – was due to the high level of one-off operative expenses in 2005.

The result of the shipping division was on a par with the previous year's level at Euro 279 million. Owing to the first-time consolidation, the positive operating result of CP Ships for November and December did not contribute to the Group's earnings.

The result of the central operations sector, which essentially includes the corporate centre functions of TUI AG and the Group's real estate business, fell to Euro -253 million. This is because the figure for the

previous year contains a one-off income item stemming from the finalisation of real estate sales.

Let us now leave the earnings development within the individual sectors and look at the Group as a whole once again.

In spite of the slight decline in the divisional results, the total tax expense increased to Euro 87 million, a year-on-year rise of Euro 32 million. This is attributable in part to higher tax payments by hotel companies but primarily to an increase in deferred tax expenses in the French source market.

In total, this results in earnings after tax of Euro 299 million for continuing operations, corresponding to a decrease of some Euro 66 million year-on-year. As indicated above, this fall is due in equal parts to the less favourable financial result and the increased income tax expense.

The result of the discontinuing operations is on a par with the previous year's level at Euro 196 million. This contains the result from the Group's ordinary activities in the special logistics and trading sector and from the sale of VTG last December.

Accounting for the aforementioned earnings from discontinuing operations, the final Group profit amounted to Euro 495 million. The (basic) earnings per share decreased accordingly by 68 cents to its current level of Euro 2.28 per share.

To round off my comments on the key earnings figures, I would like to take a look at the level of profitability achieved. Return on Invested Capital (ROIC) – defined as the earnings before interest, tax and amortisation in relation to the interest-bearing capital – fell by 2.2 percentage points to 9.9 per cent when adjusted for unusual income from disposals. Compared to our current cost of capital of 8.0 per cent, this resulted in an excess return of 1.9 per cent, which, in absolute terms, corresponds to a positive contribution of approximately Euro 133 million for the financial year 2005.

I would now like to leave the results of Group operations and move on to significant changes in the balance sheet.

Balance sheet/Debt

The balance sheet total increased by approximately Euro 3 billion or 24 per cent to Euro 15.3 billion. The primary reason for the asset growth was the consolidation of the CP Ships Group since 25 October 2005.

At the same time, equity rose by approximately Euro 1.7 billion. This increase – over 50 per cent of the increase in the balance sheet total – results from the capital increase, the issue of hybrid capital and the net allocation to revenue reserves netted against the recognition of underfunded pension obligations.

As a result of this development, the proportion of the balance sheet total represented by equity increased by 7 percentage points year-on-year to 28.5 per cent. Accordingly, it was possible to improve our equity ratio by over 10 percentage points since the financial year 2000 within the framework of the Group restructuring process. Furthermore, equity is now approximately Euro 600 million higher than consolidated goodwill.

In my view, an examination of our balance sheets in the long-term indicates clearly that: "The transformation process of your TUI Group has resulted in a solid financial foundation."

Remaining with the question of financial stability, I would like to touch upon the Group's debt situation. The net financial position increased by some Euro 0.5 billion to Euro 3.8 billion in the financial year 2005.

This increase is due to the acquisition of CP Ships, netted off against the increase in own funds. There was an increase of approximately Euro 0.6 billion in the financial obligations not reported in the balance sheet. After adjusting for the additions in the amount of Euro 0.9 billion stemming from the consolidation of CP Ships, the sale of VTG resulted in a decrease of Euro 0.3 billion.

In the first quarter of the current financial year 2006, we can already report a further improvement in our net debt situation following the sale of our business travel interests to Dutch company BCD Holdings N.V.

In addition, net debt was reduced even further by the sale of our steel trading activities – Preussag North America (PNA) – which was finalised yesterday.

That completes my overview of the 2005 consolidated financial statements.

Thank you for your attention.