TUI AG Financial Year 2007

Interim Report 1 January – 30 September 2007

→ 279 hotels + 600 swimming pools + 165,000 beds = 36 million accommodations → 5 continents + 100 countries + 331
→ 2 x quality + 2 x strong brand + 2 x size = Security & prospects → 1 access + 9 source markets = 20 million offerings
s = 36 million accommodations → 5 continents + 100 countries + 331 distribution agencies = 1 IT system → 138 container
y & prospects → 1 access + 9 source markets = 20 million offerings → 11.1 million passengers + 2,200 employees + 50
100 countries + 331 distribution agencies = 1 IT system → 138 container ships + 467,000 TEU capacity = 5 million TEU
20 million offerings → 11.1 million passengers + 2,200 employees + 50 aircraft = 1 airline → 279 hotels + 600 swimming
ystem → 138 container ships + 467,000 TEU capacity = 5 million TEU transport volume → 2 x quality + 2 x strong brand
00 employees + 50 aircraft = 1 airline → 279 hotels + 600 swimming pools + 165,000 beds = 36 million accommodations
acity = 5 million TEU transport volume → 2 x quality + 2 x strong brand + 2 x size = Security & prospects → 1 access
els + 600 swimming pools + 165,000 beds = 36 million accommodations → 5 continents + 100 countries + 331 distribution
+ 2 x strong brand + 2 x size = Security & prospects → 1 access + 9 source markets = 20 million offerings → 11.1 million

TUI
Aktiengesellschaft

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Q3 2007

TUI Group in figures

€ million		Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Continuing operations							
Turnover		7,402.5	6,739.7	+ 9.8	16,693.4	16,241.8	+ 2.8
EBITDAR		1,270	993	+ 27.9	2,105	1,926	+ 9.2
EBITDA		942	692	+ 36.2	1,180	1,066	+ 10.7
EBITA		768	529	+ 45.2	690	548	+ 25.9
of which tourism		631	584	+ 8.0	407	653	- 37.7
of which shipping		103	- 25	n. m.	257	- 91	n. m.
of which central operations		34	- 30	n. m.	26	- 14	n. m.
Underlying EBITA		830	573	+ 44.9	622	571	+ 8.9
of which tourism		681	594	+ 14.6	502	523	- 4.0
of which shipping		115	9	n. m.	88	77	+ 14.3
of which central operations		34	- 30	n. m.	32	- 29	n. m.
Discontinuing operations							
EBITA		–	6	–	–	29	–
Group							
EBITA		768	535	+ 43.6	690	577	+ 19.6
Underlying EBITA		830	573	+ 44.9	622	601	+ 3.5
Group profit/loss		459.7	299.8	+ 53.3	421.7	248.1	+ 70.0
Basic earnings per share	in €	+ 1.72	+ 1.09	+ 57.8	+ 1.43	+ 0.83	+ 72.3
Capital expenditure		217	145	+ 49.9	699	641	+ 9.0
Equity ratio (30 September)	in %	–	–	–	18.9	26.6	- 28.9
Employees (30 September)		–	–	–	75,937	61,840	+ 22.8

→ **Year-on-year increase in operating results in shipping and tourism totalling € 193 million in Q3 2007.**

→ **Successful implementation of merger with First Choice Holidays PLC and IPO of the new TUI Travel PLC.**

→ **Net debt of € 3 billion at stable level despite business expansion through merger with First Choice Holidays PLC.**

Economic Situation in Q3 2007

General economic situation

The world economy continues to undergo a phase of rapid expansion. World production continued to grow, although the individual regions reported varying economic developments. In the last few weeks, economic activity in the US was curbed by the subprime woes in the real estate market. As a result, both housing investments but also private consumption dropped substantially. Economic activity in Japan was strong but lost some steam. In the Eurozone, too, production growth slowed slightly down. The developing countries and emerging markets, in contrast, continued to record rapid growth in economic activity.

Special events in the quarter under review

Update on the merger between TUI's tourism division and First Choice Holidays

At an extraordinary Annual General Meeting held on 25 July 2007, the shareholders of First Choice Holidays PLC approved of the merger between TUI's tourism division – excluding the hotel companies pooled under TUI Hotels & Resorts – and First Choice Holidays PLC by the required majority of three quarters of the votes. The listing and the first trading day for shares of TUI Travel PLC at the London Stock Exchange was on 3 September 2007. The new company is based in the UK. At 51 per cent, TUI AG holds the majority of shares in the company, while the shareholders of First Choice Holidays PLC hold 49 per cent. TUI Travel PLC is fully consolidated in TUI AG's consolidated financial statements.

The merger was approved subject to the condition that the TUI Group sell its Irish subsidiary Budget Travel. On 14 September 2007, the company was sold to the Icelandic travel company Primera Travel Group. The European anti-trust authorities granted their approval on 16 October 2007.

Consolidated turnover and earnings

Development of turnover by divisions

Turnover by divisions

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Tourism	5,792.8	5,160.8	+ 12.2	12,028.3	11,312.9	+ 6.3
Central Europe	2,161.2	2,137.5	+ 1.1	4,797.5	4,597.2	+ 4.4
Northern Europe	1,710.0	1,743.4	- 1.9	3,766.0	3,893.3	- 3.3
Western Europe	1,179.4	1,069.9	+ 10.2	2,439.3	2,306.3	+ 5.8
Incoming agencies	115.3	108.4	+ 6.4	223.7	197.1	+ 13.5
Other tourism	–	3.2	–	–	70.9	–
First Choice Holidays[1]	500.1	–	–	500.1	–	–
TUI Hotels & Resorts	126.8	98.4	+ 28.9	301.7	248.1	+ 21.6
Shipping	1,606.8	1,511.0	+ 6.3	4,644.7	4,756.4	- 2.3
Central operations	2.9	67.9	- 95.7	20.4	172.5	- 88.2
Continuing operations	**7,402.5**	**6,739.7**	**+ 9.8**	**16,693.4**	**16,241.8**	**+ 2.8**
Trading	–	–	–	–	401.0	–
Discontinuing operations	**–**	**–**	**–**	**–**	**401.0**	**–**
Turnover by divisions	**7,402.5**	**6,739.7**	**+ 9.8**	**16,693.4**	**16,642.8**	**+ 0.3**

[1] September only

In the third quarter 2007, the turnover of the TUI Group's continuing operations – tourism, shipping and central operations – was 9.8% up year-on-year. Cumulated turnover for the first nine months of 2007 also rose by 2.8% year-on-year.

At € 5.8 billion, turnover by tourism grew by 12.2% year-on-year in the third quarter 2007. For the first nine months, the division also recorded growth of 6.3%. First Choice was fully consolidated for the first time in the third quarter with the month of September and contributed € 500 million to tourism turnover. Adjusted for the development of turnover by the Other tourism sector, which still comprised pro-rated turnover from the divested business travel operations in the first quarter 2006, and First Choice's proportion of turnover, turnover by tourism grew by 2.6% year-on-year in the third quarter and 2.5% in the first nine months of 2007.

In the shipping sector, turnover rose by 6.3% year-on-year to € 1.6 billion in the third quarter. Cumulated turnover for the first nine months of the year declined by 2.3% year-on-year to € 4.6 billion. The improvement in the turnover trend in the third quarter was attributable to the continuing positive development of transport volumes, which went hand in hand with a significant recovery in freight rate levels. In total, the development of turnover was burdened with the year-on-year weak US-dollar.

At € 3 million, turnover by central operations dropped by 95.7% year-on-year in the third quarter. In the first nine months, it was € 20 million or 88.2% down year-on-year. This was primarily due to the divestment of the majority interest in Wolf GmbH, a heating and air conditioning company, in October 2006 and the resulting decline in turnover.

In the 2007 financial year, the TUI Group no longer conducts any activities to be classified as discontinuing operations in accordance with IFRS regulations. In 2006, turnover of € 401 million had been generated in the trading sector in the first nine months.

At € 7.4 billion, total turnover by the TUI Group's divisions was 9.8% up year-on-year in the third quarter. In the first nine months, it rose by 0.3% to € 16.7 billion year-on-year.

Development of earnings by divisions

Earnings by divisions (EBITA)

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Tourism	631	584	+ 8.0	407	653	- 37.7
Central Europe	141	173	- 18.5	84	137	- 38.7
Northern Europe	239	235	+ 1.7	84	186	- 54.8
Western Europe	108	67	+ 61.2	51	28	+ 82.1
Incoming agencies	32	29	+ 10.3	46	46	0.0
Other tourism	0	- 3	–	0	146	–
First Choice Holidays[1]	10	–	–	10	–	–
TUI Hotels & Resorts	101	83	+ 21.7	132	110	+ 20.0
Shipping	103	- 25	n. m.	257	- 91	n. m.
Central operations	34	- 30	n. m.	26	- 14	n. m.
Continuing operations	**768**	**529**	**+ 45.2**	**690**	**548**	**+ 25.9**
Trading	–	- 1	–	–	17	–
Divestments	–	7	–	–	12	–
Discontinuing operations	**–**	**6**	**–**	**–**	**29**	**–**
Earnings by divisions (EBITA)	**768**	**535**	**+ 43.6**	**690**	**577**	**+ 19.6**

[1] September only

Continuing operations

Earnings by the continuing operations tourism and shipping as well as central operations (before interest, taxes and amortisation of goodwill) rose by € 239 million to € 768 million year-on-year in the third quarter 2007. Cumulated earnings for the first nine months also rose by € 142 million to € 690 million. Both in 2007 and 2006, earnings were affected by a number of one-off effects. In order to ensure a transparent presentation of the development of earnings by the divisions, a reconciliation to underlying earnings (underlying EBITA by divisions) is provided in the section below.

Notwithstanding previous adjustment items, expenses incurred for purchase price allocations relating to acquisition transactions were included in the reconciliation to underlying earnings for the first time. The additional adjustment of the effects mentioned above is associated with the harmonisation of the presentation of operating earnings in the framework of the merger between First Choice Holidays PLC and the TUI Group's tourism entities. In order to ensure comparability with 2006 levels, underlying earnings were restated accordingly.

Underlying EBITA by division: Tourism

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
EBITA by division	**631**	**584**	**+ 8.0**	**407**	**653**	**- 37.7**
Gains on disposals	*–*	*+ 1*		*–*	*- 162*	
Restructuring expenses	*+ 5*	*+ 4*		*+ 10*	*+ 10*	
Purchase price allocation	*+ 15*	*–*		*+ 15*	*–*	
Other one-off items	*+ 30*	*+ 5*		*+ 70*	*+ 22*	
Underlying EBITA by division	**681**	**594**	**+ 14.6**	**502**	**523**	**- 4.0**

At € 631 million, earnings by tourism grew by 8.0% year-on-year in the third quarter. Cumulated earnings for the first nine months of 2007 dropped by € 246 million to € 407 million. Earnings for the third quarter 2007 included total one-off effects of € 50 million. Apart from minor restructuring expenses in individual source markets, one-off expenses incurred in connection with the completed merger of First Choice with the TUI Group's tourism entities were included. A material portion of € 15 million was associated with the additional expenses for the preliminary purchase price allocation of First Choice in the framework of the merger. In the 2006 reference period, one-off expenses of € 10 million had been included. Adjusted for the one-off effects, earnings rose by 14.6% year-on-year in the third quarter, while earnings for the first nine months declined by 4.0%. When deducting First Choice's profit contributions for September, which were not included in the previous year, underlying earnings also rose substantially by 8.8% in the third quarter 2007. However, earnings for the first nine months of 2007 declined by 10.7% year-on-year. The significant improvement in earnings in the third quarter 2007 was mainly driven by the recovery of the French activities and the high operating earnings contribution of the British business, achieved despite a difficult market environment. Moreover, hotel activities also achieved a substantial increase in earnings.

Underlying EBITA by division: Shipping

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
EBITA by division	**103**	**- 25**	**n. m.**	**257**	**- 91**	**n. m.**
Gains on disposals	*- 8*	*–*		*- 201*	*–*	
Restructuring expenses	*–*	*- 6*		*–*	*+ 64*	
Purchase price allocation	*+ 20*	*+ 20*		*+ 61*	*+ 61*	
Other one-off items	*–*	*+ 20*		*- 29*	*+ 43*	
Underlying EBITA by division	**115**	**9**	**n. m.**	**88**	**77**	**+ 14.3**

At € 103 million, earnings by the shipping division rose by € 128 million year-on-year in the third quarter 2007. Cumulated earnings for the first nine months also rose year-on-year to € 257 million, up € 348 million. Earnings for the third quarter comprised lagging one-off income of € 8 million generated in connection with the divestment of Montreal Gateway Terminals, sold in the first quarter 2007, and expenses of € 20 million from the purchase price allocation of CP Ships. The 2006 reference period still comprised expenses for the integration of CP Ships and the purchase price allocation of CP Ships totalling € 34 million. Adjusted for the one-off effects, earnings in the third quarter 2007 stood at € 115 million, a significant increase in earnings of € 106 million. The improvement in operating results was driven by strong growth in transport volumes and a significant increase in freight rate levels in container shipping compared with the first half of 2007. There were also positive effects from the increase of efficiency, resulting from the integration of CP Ships. For the first nine months, underlying earnings stood at € 88 million, an increase of € 11 million. The significant increase in earnings in the third quarter 2007 thus more than offset the market-induced strains on earnings in the first half of 2007.

Underlying EBITA by division: Central operations

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
EBITA by division	**34**	**- 30**	**n. m.**	**26**	**- 14**	**n. m.**
Gains on disposals	*–*	*–*		*–*	*–*	
Restructuring expenses	*–*	*–*		*+ 6*	*–*	
Purchase price allocation	*–*	*–*		*–*	*–*	
Other one-off items	*–*	*–*		*–*	*–*	
Revaluation of convertible options	*–*	*–*		*–*	*- 15*	
Underlying EBITA by division	**34**	**- 30**	**n. m.**	**32**	**- 29**	**n. m.**

In the third quarter 2007, earnings by central operations grew by € 64 million year-on-year to € 34 million. For the first nine months, earnings also increased by € 40 million to € 26 million. The increase in earnings in the third quarter 2007 was mainly driven by the positive earnings from the valuation of foreign exchange transactions to hedge future cash flows.

Discontinuing operations

In the 2007 financial year, the TUI Group no longer conducts any discontinuing operations. In 2006, earnings in the third quarter still comprised a gain on disposals of € 6 million, primarily resulting from the divestment of rail logistics in December 2005. In the first nine months of 2006, earnings totalled € 29 million.

Underlying EBITA by divisions: Group

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
EBITA by divisions	**768**	**535**	**+ 43.6**	**690**	**577**	**+ 19.6**
Gains on disposals	*- 8*	*- 5*		*- 201*	*- 161*	
Restructuring expenses	*+ 5*	*- 2*		*+ 16*	*+ 74*	
Purchase price allocation	*+ 35*	*+ 20*		*+ 76*	*+ 61*	
Other one-off items	*+ 30*	*+ 25*		*+ 41*	*+ 65*	
Revaluation of conversion options	*–*	*–*		*–*	*- 15*	
Underlying EBITA by divisions	**830**	**573**	**+ 44.9**	**622**	**601**	**+ 3.5**

In the third quarter 2007, total earnings by the TUI Group climbed by 43.6% to € 768 million (previous year: € 535 million). Cumulated earnings for the first nine months amounted to € 690 million, up 19.6% (previous year: € 577 million). Adjusted for the one-off items, earnings totalled € 830 million (previous year: € 573 million) in the third quarter and € 622 million (previous year: € 601 million) in the first nine months.

Development of the divisions: Tourism

Tourism – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	5,792.8	5,160.8	+ 12.2	12,028.3	11,312.9	+ 6.3
EBITA by division	**631**	**584**	**+ 8.0**	**407**	**653**	**- 37.7**
Gains on disposals	*–*	*+ 1*		*–*	*- 162*	
Restructuring expenses	*+ 5*	*+ 4*		*+ 10*	*+ 10*	
Purchase price allocation	*+ 15*	*–*		*+ 15*	*–*	
Other one-off items	*+ 30*	*+ 5*		*+ 70*	*+ 22*	
Underlying EBITA by division	**681**	**594**	**+ 14.6**	**502**	**523**	**- 4.0**
Capital expenditure	109.5	129.9	- 15.7	294.6	478.0	- 38.4
Employees (30 September)	–	–	–	66,999	52,552	+ 27.5

Tourism turnover grew by 12.2% to € 5.8 billion in the third quarter and by 6.3% to € 12.0 billion in the first nine months of 2007. The Central Europe sector increased by 1.1% in the third quarter and by 4.4% in the first nine months of the year. This was due to the increase in customers both in package tours but also in the modular and seat-only business. The Northern Europe sector reported a slight increase in customers and a decline in turnover of 1.9% in the third quarter and 3.3% in the first nine months of the year. The Western Europe sector recorded an increase in turnover of 10.2% in the third quarter with cumulated turnover of 5.8% for the first nine months of the year, with an overall growth in customers. The incoming agencies recorded turnover increases of 6.4% in the third quarter and of 13.5% in the first nine months of the year. First Choice – consolidated fully for the first time in September 2007 – reported a turnover of € 500 million for that month. The Other tourism sector did not report any turnover due to the divestments in the 2006 financial year. In the TUI Hotels & Resorts sector, turnover increased by 28.9% and by 21.6% respectively, in the third quarter and in the first nine months of 2007. On a like-for-like basis, excluding Other tourism sector as well as First Choice, tourism turnover increased by 2.6% and 2.5%, respectively, for the third quarter and the first nine months of 2007.

Customer numbers tourism

'000	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Central Europe	4,224	3,784	+ 11.6	9,333	8,481	+ 10.1
Northern Europe	2,431	2,357	+ 3.1	5,630	5,453	+ 3.2
Western Europe	1,731	1,619	+ 6.9	3,771	3,569	+ 5.7
Total	**8,386**	**7,761**	**+ 8.1**	**18,734**	**17,503**	**+ 7.0**

At € 631 million in the third quarter 2007, total earnings by the tourism division increased by 8.0%. In the first nine months of the year, total earnings by the tourism division decreased by € 246 million year-on-year. The main reason for the decline in earnings year-on-year in the first nine months was one-off income from the divestment of the business travel operations, which was included in the first quarter 2006 and the Dutch specialist tour operators totalling € 162 million. Adjusted for one-off effects, underlying earnings increased by € 87 million year-on-year in the third quarter 2007 but declined by € 21 million in the first nine months of the year.

Central Europe

Central Europe – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	2,161.2	2,137.5	+ 1.1	4,797.5	4,597.2	+ 4.4
EBITA by division	**141**	**173**	**- 18.5**	**84**	**137**	**- 38.7**
Gains on disposals	–	–		–	–	
Restructuring expenses	*+ 3*	*+ 2*		*+ 3*	*+ 8*	
Purchase price allocation	–	–		–	–	
Other one-off items	+ 2	–		+ 13	–	
Underlying EBITA by division	**146**	**175**	**- 16.6**	**100**	**145**	**- 31.0**
Capital expenditure	6.7	31.3	- 78.6	18.4	206.0	- 91.1
Employees (30 September)	–	–	–	10,283	9,872	+ 4.2

Turnover and earnings

In the Central Europe sector (Germany, Switzerland and Austria and airline TUIfly.com), the number of customers rose by 11.6% in the third quarter 2007, with cumulative customers for the first nine months of 2007 up 10.1%. Turnover increased by 1.1% in the third quarter with varying trends observed in the individual source markets. In the first nine months of 2007, turnover increased by 4.4%. The German and Swiss source markets contributed to this year-on-year growth, whilst Austria's performance declined year-on-year.

Earnings for the Central Europe sector fell by 18.5% year-on-year to € 141 million in the third quarter 2007. Earnings for the first nine months of the year also declined by 38.7% to € 84 million. Earnings in the third quarter 2007 included one-off expenses of € 2 million for the re-branding of the new brand TUIfly.com in the framework of the integration of the two airlines Hapag-Lloyd Flug and Hapag-Lloyd Express. There were also restructuring costs of € 3 million concerning the reorganisation of Austrian Gulet Touristik GmbH & Co KG. In the third quarter 2006 earnings included restructuring expenses of € 2 million, relating to the efficiency enhancement programme for the German market. Adjusted for these one-off effects in the third quarter 2007, underlying earnings totalled € 146 million, down 16.6% year-on-year. Cumulated underlying earnings for the first nine months of the year amounted to € 100 million, a decline of 31.0%. The main reason for the reduction in earnings was the slight decline in the seat load factor in the airline sector as well as a difficult market environment in the German flight sector.

Customer numbers Central Europe

'000	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Germany	3,771	3,333	+ 13.1	8,462	7,632	+ 10.9
Switzerland	119	105	+ 13.5	248	212	+ 17.1
Austria	334	347	- 3.8	623	637	- 2.3
Central Europe	**4,224**	**3,784**	**+ 11.6**	**9,333**	**8,481**	**+ 10.1**

Germany

Customers by TUI tour operators and TUIfly.com, grew by 13.1% year-on-year in the third quarter 2007 and 10.9% for the first nine months of the year. As before, this was largely attributable to the TUI Deutschland tour operators – both in the package tour and modular segments – and the seat-only business of TUIfly.com. Demand for Egypt, Turkey and Spain as well as long-haul destinations was very strong, while bookings to Italy, Tunisia and Sri Lanka were more subdued.

Switzerland

The Swiss tour operator market continued to develop very satisfactorily in the third quarter 2007. TUI Suisse tour operators recorded an increase in customers of 13.5% in the third quarter and of 17.1% in the first nine months of 2007. This was largely attributable to the two brands TUI and FlexTravel, while Vögele bookings were on last year's level.

Austria

In Austria, the tour operator market continued to weaken in the third quarter 2007. TUI Austria reported a 3.8% reduction in customers year-on-year, with customer numbers declining by 2.3% year-on-year in the first nine months of 2007. However, both the TUI and Terra brands improved, whilst Gulet remained below expectations. Demand was particularly good for Egypt and Turkey. Bookings to Spain were less strong.

Flight operations Central Europe – Key figures

	Number of operated aircraft			Seat kilometres (bn)			Seat load factor (%)		
	Q3 2007	Q3 2006	Var. abs.	Q3 2007	Q3 2006	Var. %	Q3 2007	Q3 2006	Var. %-points
TUIfly.com	55	51	+ 4	7.5	7.2	+ 4.8	88.1	88.5	- 0.4

TUIfly.com

The third quarter was furthermore characterised by the integration of the two airlines Hapag-Lloyd Flug and Hapag-Lloyd Express. Due to the new Boeing 737s, delivered in the second quarter, the number of operated aircraft increased by four aircraft year-on-year. There was no change in the number of operated aircraft compared with the second quarter 2007. The seat load factor was slightly down against last year's level. However, compared with the second quarter 2007, the airline managed to improve its seat load factor significantly by 11.6%-points.

Northern Europe

Northern Europe – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	1,710.0	1,743.4	- 1.9	3,766.0	3,893.3	- 3.3
EBITA by division	**239**	**235**	**+ 1.7**	**84**	**186**	**- 54.8**
Gains on disposals	–	–		–	–	
Restructuring expenses	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	*+ 18*	–		*+ 46*	–	
Underlying EBITA by division	**257**	**235**	**+ 9.4**	**130**	**186**	**- 30.1**
Capital expenditure	23.1	31.8	- 27.4	60.7	60.0	+ 1.2
Employees (30 September)	–	–	–	13,263	15,874	- 16.4

Turnover and earnings

In the Northern Europe sector (UK, Ireland, Nordic countries and airlines Thomsonfly and TUIfly Nordic), the number of customers rose by 3.1% in the third quarter 2007 and 3.2% in the first nine months of the year in a continuing difficult market environment. This growth in customers was mainly driven by the increase in Thomsonfly's seat-only business. Turnover declined by 1.9% year-on-year in the third quarter and 3.3% in the first nine months of the year. Source market UK reported a decline in turnover both in the third quarter and in the first nine months of 2007 whilst source market Nordic countries managed to expand their business volume in the quarter as well as in the first nine months.

At € 239 million in the third quarter 2007, earnings for the Northern Europe sector were above last year's level. Earnings for the first nine months of the year reduced by € 102 million to € 84 million. Earnings in the third quarter included one-off expenses of € 3 million relating to changes to the air passenger duty in the UK which could not be passed on to customers as well as one-off expenses for the redemption of long-term bonus programmes and consultancy fees relating to the merger between First Choice and TUI's tourism division of € 15 million. No one-off effects were included in earnings for 2006. Adjusted for the one-off effects for the third quarter 2007, underlying earnings totalled € 257 million, an increase of € 22 million year-on-year. This increase in earnings was primarily attributable to the restructuring programme offset in the financial year 2006 taking effects now as well as first recovery trends in the UK travel market; however, the market environment remains difficult yet. The Nordic countries had again a strong third quarter and were able to increase earnings for the first nine months of 2007. For the first nine months of 2007, underlying earnings for the Northern Europe sector totalled € 130 million, a decline of € 56 million.

Customer numbers Northern Europe

'000	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
UK	1,990	1,822	+ 9.2	4,496	4,239	+ 6.1
Ireland	50	157	- 68.3	180	299	- 39.8
Nordic countries	391	378	+ 3.3	954	915	+ 4.2
Northern Europe	**2,431**	**2,357**	**+ 3.1**	**5,630**	**5,453**	**+ 3.2**

UK

Market conditions in the UK remained difficult for the tour operators, leading to a reduction in customers; on the other hand, Thomsonfly recorded an increase in customers in the seat-only business. Total customers rose by 9.2% year-on-year in the third quarter 2007 and 6.1% year-on-year in the first nine months of 2007. In terms of short and medium-haul destinations, bookings to Portugal and France rose for the 2007 summer season, whilst bookings to Spanish destinations declined year-on-year.

Ireland

In the third quarter 2007, Ireland reported a 68.3% decline in customers. For the first nine months of the year, customers fell by 39.8% year-on-year. In the third quarter, the contract concerning the sale of the Irish tour operator Budget Travel to Primera Travel Group (Iceland) was closed. Thereby the requirements of the antitrust authorities in relation to the merger of TUI's tourism division and First Choice Holidays PLC were met.

Nordic countries

Tour operators in the Nordic countries met expectations in the third quarter 2007. The number of customers grew by a total of 3.3% in the third quarter, with cumulative customers for the first nine months of 2007 up 4.2%. Demand for Greece in particular was highly supported by higher demand for the Balearic Islands.

Flight operations Northern Europe – Key figures

	Number of operated aircraft			Seat kilometres (bn)			Seat load factor (%)		
	Q3 2007	Q3 2006	Var. abs.	Q3 2007	Q3 2006	Var. %	Q3 2007	Q3 2006	Var. %-points
Thomsonfly	48	47	+ 1	8.1	8.7	- 6.5	90.7	85.5	+ 5.2
TUIfly Nordic	5	5	+/- 0	1.0	1.0	- 5.1	95.5	95.1	+ 0.4

Thomsonfly

Due to flight schedule adjustments Thomsonfly reduced the volume of seat kilometres offered both in the charter flight segment and the scheduled flight segment. As a result, the seat load factor increased year-on-year. The airline operated one more aircraft compared to the third quarter 2006.

TUIfly Nordic

Offered seat kilometres in the third quarter 2007 were reduced due to flight schedule adjustments. As a consequence the seat load factor in the third quarter increased year-on-year. The fleet size remained unchanged year-on-year.

Western Europe

Western Europe – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	1,179.4	1,069.9	+ 10.2	2,439.3	2,306.3	+ 5.8
EBITA by division	**108**	**67**	**+ 61.2**	**51**	**28**	**+ 82.1**
Gains on disposals	–	–		–	*- 13*	
Restructuring expenses	*+ 2*	*+ 2*		*+ 7*	*+ 2*	
Purchase price allocation	–	–		–	–	
Other one-off items	–	*+ 5*		*+ 1*	*+ 16*	
Underlying EBITA by division	**110**	**74**	**+ 48.6**	**59**	**33**	**+ 78.8**
Capital expenditure	13.2	20.9	- 36.8	27.7	63.0	- 56.0
Employees (30 September)	–	–	–	6,663	6,639	+ 0.4

Turnover and earnings

In the Western Europe sector (France, the Netherlands, Belgium and airlines Corsair, TUI Airlines Nederland and TUI Airlines Belgium), turnover increased in the third quarter 2007 by 10.2% against 2006 due to an increase in customers. Cumulative turnover for the first nine months of the year also grew by 5.8%. In the Netherlands, turnover increased for the third quarter as well as for the entire reporting period. In France, turnover grew year-on-year both in the third quarter and in the first nine months of the year with customer numbers on last year's level. Belgium reported a turnover above last year's level, while customer numbers increased.

Earnings by the division increased noticeably year-on-year to € 108 million in the third quarter 2007 and to cumulative € 51 million in the first nine months of the year. Earnings in the third quarter included restructuring expenses of € 2 million for reorganisation in the French and Dutch source markets. Earnings in the corresponding 2006 quarter included restructuring expenses as well as other one-off items from the fleet renewal of the Corsair Boeing 747 fleet and expenses from changes to the IT booking systems at Nouvelles Frontières totalling € 7 million. Adjusted for these one-off effects, underlying earnings increased by 48.6% year-on-year. This was due to the from now on noticeable positive effects of performed restructuring programmes in the French business. The Dutch and Belgian organisations also developed positively in the third quarter. Cumulative underlying earnings for the first nine months of the year increased by 78.8% to € 59 million.

Customer numbers Western Europe

'000	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
France	521	513	+ 1.5	1,270	1,273	- 0.2
Netherlands	497	452	+ 10.0	1,044	984	+ 6.1
Belgium	713	654	+ 9.0	1,457	1,312	+ 11.0
Western Europe	**1,731**	**1,619**	**+ 6.9**	**3,771**	**3,569**	**+ 5.7**

France

In France, the travel market experienced a slight recovery. In line with this, customers increased by 1.5% year-on-year in the third quarter. Cumulated customers for the first nine months were on last year's level. Bookings to North Africa and Guadeloupe in particular were up in the third quarter.

Netherlands

Whilst volumes in the Dutch travel market decreased in the third quarter, TUI's Dutch tour operators reported an overall increase of 10.0% in customers, with total growth in customers of 6.1% for the first nine months of 2007. Demand in the third quarter was very strong for the Caribbean, France and Egypt, whilst bookings to the Balearic Islands, Germany and Portugal declined slightly.

Belgium

In Belgium, the number of tour operator customers grew by 9.0% in the third quarter 2007 and 11.0% in the first nine months of the year. In terms of flight operations, demand for Turkey and Bulgaria was very strong in the medium-haul segment, while the Caribbean reported good booking levels in the long-haul segment. Bookings of self-drive tours matched 2006 levels, while city trips and short breaks recorded year-on-year growth in bookings.

Flight operations Western Europe – Key figures

	Number of operated aircraft			Seat kilometres (bn)			Seat load factor (%)		
	Q3 2007	Q3 2006	Var. abs.	Q3 2007	Q3 2006	Var. %	Q3 2007	Q3 2006	Var. %-points
Corsair	8	8	+/- 0	4.3	4.3	+ 1.0	82.2	80.2	+ 2.0
TUI Airlines Nederland	4	3	+ 1	1.2	1.0	+ 23.7	89.9	90.1	- 0.2
TUI Airlines Belgium	10	8	+ 2	1.8	1.6	+ 8.6	93.5	92.5	+ 1.0

Corsair

In the third quarter 2007, Corsair slightly increased the seat kilometre volume on offer due to the rise in demand in the long-haul segment. The seat load factor also increased, whilst the number of aircraft did not change year-on-year.

TUI Airlines Nederland/Arkefly

In the third quarter 2007, TUI Airlines Nederland operated one additional aircraft compared with the same quarter 2006. The seat kilometre volume rose accordingly whilst the seat load factor decreased slightly year-on-year.

TUI Airlines Belgium/Jetairfly

In the third quarter 2007, TUI Airlines Belgium operated two additional aircraft compared with the corresponding period 2006 and increased seat kilometres offered. The seat load factor on the expanded flight capacity increased year-on-year due to the increase in demand for tour operator products.

Incoming agencies

Incoming agencies – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	115.3	108.4	+ 6.4	223.7	197.1	+ 13.5
EBITA by division	**32**	**29**	**+ 10.3**	**46**	**46**	**0.0**
Gains on disposals	–	–		–	–	
Restructuring expenses	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA by division	**32**	**29**	**+ 10.3**	**46**	**46**	**0.0**
Capital expenditure	1.6	0.9	+ 77.8	7.2	6.1	+ 18.0
Employees (30 September)	–	–	–	5,399	4,608	+ 17.2

Turnover and earnings

The incoming agencies sector reported a 6.4% increase in turnover year-on-year in the third quarter 2007. Cumulative turnover for the first nine months of the year increased by 13.5%.

Earnings for the division were stable, increasing by 10.3% to € 32 million in the third quarter 2007. At € 46 million in the first nine months of 2007, earnings were on last year's level. There were no one-off effects, neither in the third quarter 2007 nor 2006.

Business development

Incoming agencies reported a satisfactory business trend in the third quarter 2007 catering for 4.20 million guests, a 5.5% increase year-on-year. Agencies in the western Mediterranean reported different trends in guest numbers in the third quarter: TUI España recorded a slight fall in guests, primarily from source market UK. TUI Portugal however reported an increase in guests in all the Portuguese destinations and especially for the relatively new destination in the Cape Verde Islands. In the eastern Mediterranean, the TUI Hellas and TUI Türkiye agencies again recorded increases in terms of guest numbers; as did Tunisia. In Egypt guest numbers were at last year's level in the third quarter. In the long-haul segment the Dominican Republic suffered a strong decline in guests. Mexico saw also a decline in the number of guests, in particular from Germany and the UK.

Other tourism

Other tourism – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	–	3.2	–	–	70.9	–
EBITA by division	**0**	**- 3**	**–**	**0**	**146**	**–**
Gains on disposals	–	*+ 1*		–	*- 149*	
Restructuring expenses	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA by division	**0**	**- 2**	**–**	**0**	**- 3**	**–**
Capital expenditure	–	4.3	–	–	14.7	–
Employees (30 September)	–	–	–	–	472	–

In 2006, the Other tourism sector included the business travel operations and the IT services companies of TUI InfoTec. The divestment of the business travel operations to the Dutch BCD Holdings N.V. was closed on 31 March 2006. Resulting from this divestment a lagging expense of € 1 million incurred in the third quarter

2007. In September 2006, a 50.1% majority in TUI InfoTec was sold to the Indian software company Sonata Software Limited. The transaction was closed on 24 November 2006.

First Choice Holidays PLC

First Choice Holidays PLC – Key figures

€ million	Sept 2007	Sept 2006	Var. %
Turnover	500.1	–	–
EBITA by division	**10**	**–**	**–**
Gains on disposal	*–*	–	–
Restructuring expenses	*–*	–	–
Purchase price allocation	*+ 15*	–	–
Other one-off items	*+ 10*	–	–
Underlying EBITA by division	**+ 35**	**–**	**–**
Capital expenditure	9.0	–	–
Employees (30 September)	15,170	–	–

In September – the first month the company was fully consolidated – the tour operators of First Choice Holidays reported 0.5 million customers. The business operated a fleet of 33 aircraft and offered 2.1 billion seat kilometres with a seat load factor of 91.9%. First Choice contributed turnover of € 500 million and earnings of € 10 million for September. These earnings included expenses incurred in the framework of the merger (€ 10 million) as well as expenses for the purchase price allocation (€ 15 million), of which € 10 million are related to the amortisation of order backlog fair value. Adjusted for these one-off effects of € 25 million, First Choice achieved underlying earnings of € 35 million.

TUI Hotels & Resorts

TUI Hotels & Resorts – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	126.8	98.4	+ 28.9	301.7	248.1	+ 21.6
EBITA by division	**101**	**83**	**+ 21.7**	**132**	**110**	**+ 20.0**
Gains on disposals	*–*	*–*		*–*	*–*	
Restructuring expenses	*–*	*–*		*–*	*–*	
Purchase price allocation	*–*	*–*		*–*	*–*	
Other one-off items	*–*	*–*		*–*	*+ 6*	
Underlying EBITA by division	**101**	**83**	**+ 21.7**	**132**	**116**	**+ 13.8**
Capital expenditure	55.9	40.7	+ 37.3	171.6	128.2	+ 33.9
Employees (30 September)	–	–	–	16,221	15,087	+ 7.5

Turnover and earnings

The TUI Hotels & Resorts sector reported turnover growth of 28.9% for the third quarter and 21.6% for the first nine months of the year.

Earnings by the sector climbed by 21.7% to € 101 million in the third quarter 2007. In the first nine months, earnings grew by 20.0% to € 132 million. Earnings for the third quarter 2007 and the third quarter 2006 did not comprise any one-off effects. Earnings for the first nine months of 2007 did not comprise any one-off items, either. In the first nine months of 2006, earnings included an one-off expense for litigation in connection with a lease agreement for a holiday club facility of € 6 million. The increase in operating earnings was driven by the satisfactory development of the RIU Group and the stabilisation of earnings of Magic Life.

Business trend

With a slight increase in capacity, overall occupancy rates of the hotel companies in the TUI Hotels & Resorts sector were slightly up year-on-year in the third quarter. RIU Hotels slightly increased last year's occupancy rate level, whilst capacity increased. Hotels in Spain and Portugal, in particular, reported satisfying increases in occupancy rates. In the long-haul destinations, facilities recorded high occupancy rates, with the exception of facilities in Mexico which reported a decline due to hurricane Dean. Robinson Clubs increased their capacity as well as 2006 occupancy rate levels, with varying trends observed in the individual destinations. Magic Life considerably reduced its capacity and achieved an increase in occupancy rates year-on-year. Iberotel increased its occupancy rates considerably in Turkey as well as Egypt, where it expanded its capacity slightly. Grecotel and Grupotel maintained their capacity and reproduced the high occupancy rates achieved in 2006.

Development of the divisions: Shipping

The shipping division comprises the container and cruise businesses of the Hapag-Lloyd Group.

Shipping – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	1,606.8	1,511.0	+ 6.3	4,644.7	4,756.4	- 2.3
EBITA by division	**103**	**- 25**	**n. m.**	**257**	**- 91**	**n. m.**
Gains on disposals	*- 8*	–		*- 201*	–	
Restructuring expenses	–	*- 6*		–	*+ 64*	
Purchase price allocation	*+ 20*	*+ 20*		*+ 61*	*+ 61*	
Other one-off items	–	*+ 20*		*- 29*	*+ 43*	
Underlying EBITA by division	**115**	**9**	**n. m.**	**88**	**77**	**+ 14.3**
Capital expenditure	105.6	10.4	n. m.	397.4	148.6	+ 167.4
Employees (30 September)	–	–	–	8,401	8,335	+ 0.8

Due to a significant growth in transport volumes in container shipping and the recovery of freight rates, the shipping division achieved turnover growth of 6.3% in the third quarter, despite the persistent weakness of the US dollar. For the first nine months of 2007, turnover declined by 2.3% year-on-year. At € 1.6 billion in the third quarter 2007 and € 4.5 billion in the first nine months of 2007, the container business accounted for the bulk of turnover by the division; this corresponded to turnover of plus 5.5% and minus 2.8%, respectively. Hapag-Lloyd Kreuzfahrten generated turnover of € 52 million in the third quarter 2007 and € 138 million in the first nine months; turnover thus grew by 40.6% year-on-year for the third quarter and 13.1% for the first nine months.

Total earnings by the shipping division amounted to € 103 million (previous year: € - 25 million) in the third quarter 2007 and € 257 million (previous year: € - 91 million) in the first nine months of the year, a substantial increase year-on-year. Container shipping contributed € 95 million to these earnings in the third quarter, with cumulated earnings of € 247 million in the first nine months. Hapag-Lloyd Kreuzfahrten generated € 8 million in the third quarter and € 10 million in the first nine months. Adjusted for one-off income from divestments and one-off expenses for the purchase price allocation for CP Ships, earnings rose substantially by € 106 million to € 115 million in the third quarter 2007. Despite the weak performance in the first half of 2007, earnings for the first nine months rose by 14.3% to € 88 million year-on-year.

Container shipping

Container shipping (incl. CP Ships) – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	1,554.5	1,473.8	+ 5.5	4,506.5	4,634.2	- 2.8
EBITA by division	**95**	**- 32**	**n. m.**	**247**	**- 100**	**n. m.**
Gains on disposals	*- 8*	*–*		*- 201*	*–*	
Restructuring expenses	*–*	*- 6*		*–*	*+ 64*	
Purchase price allocation	*+ 20*	*+ 20*		*+ 61*	*+ 61*	
Other one-off items	*–*	*+ 20*		*- 29*	*+ 43*	
Underlying EBITA by division	**107**	**2**	**n. m.**	**78**	**68**	**+ 14.7**

Reporting structure

In the framework of the operative integration of CP Ships, acquired in October 2005, into Hapag-Lloyd, the freight rates and transport volumes for Hapag-Lloyd and CP Ships have been jointly presented and broken down according to the geographical structure of the trade lanes since the third quarter 2006. Thereby, CP Ships' key figures were broken down accordingly for 2006 and determined statistically for the reference periods in order to create a basis for comparisons.

Turnover and earnings

Turnover by container shipping grew by 5.5% to € 1.6 billion in the third quarter 2007. For the first nine months, turnover of € 4.5 billion was achieved, a slight decrease of 2.8% year-on-year. The turnover growth in the third quarter resulted both from continued volume growth and the increase in average freight rates of 0.9%. On a cumulated basis, however, freight rates were still 4.2% short of the corresponding levels in 2006. The number of standard containers shipped rose by 12.4% to 1,394 thousand standard containers (TEU) in the third quarter, with cumulated year-on-year growth of 9.9% to a total of 4,091 thousand TEU in the first nine months.

At € 95 million, earnings by container shipping were € 127 million up on 2006 levels. At € 247 million, cumulated earnings for the first nine months of the year also exceeded 2006 levels by € 347 million. Earnings in the third quarter comprised one-off income of € 8 million in connection with the divestment of Montreal Gateway Terminals, sold in the first quarter 2007. Earnings for the quarter also comprised expenses related to the purchase price allocation for CP Ships of € 20 million. The 2006 reference period had comprised expenses of € 14 million for the integration of CP Ships and expenses of € 20 million for the purchase price allocation for CP Ships. Adjusted for the one-off effects, underlying earnings in the third quarter 2007 accounted for € 107 million, a substantial increase in earnings of € 105 million year-on-year. The improvement in the operating result was driven by the strong growth in transport volumes and a significant increase in freight rate levels in container shipping compared with the first half of 2007. There were also positive effects from the increase of efficiency, resulting from the integration of CP Ships. For the first nine months, underlying earnings also rose year-on-year to € 78 million. The considerable improvement in earnings in the third quarter 2007 thus more than offset the market-induced impact on earnings in the first half of 2007.

Development of the trade lanes

Transport volumes – Hapag-Lloyd (incl. CP Ships)

'000 TEU	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Far East	359	302	+ 18.9	1,047	872	+ 20.1
Trans-Pacific	272	242	+ 12.4	777	705	+ 10.3
Atlantic	348	327	+ 6.5	1,098	1,047	+ 4.9
Latin America	226	191	+ 18.3	668	591	+ 13.0
Australasia	189	179	+ 5.6	501	509	- 1.6
Total	**1,394**	**1,241**	**+ 12.4**	**4,091**	**3,724**	**+ 9.9**

Freight rates – Hapag-Lloyd (incl. CP Ships)

US dollar/TEU	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Far East	1,459	1,242	+ 17.5	1,322	1,220	+ 8.4
Trans-Pacific	1,494	1,492	+ 0.2	1,434	1,509	- 4.9
Atlantic	1,556	1,689	- 7.9	1,489	1,681	- 11.4
Latin America	1,415	1,434	- 1.3	1,384	1,455	- 4.9
Australasia	1,174	1,195	- 1.7	1,177	1,223	- 3.8
Ø for all trade lanes	**1,444**	**1,431**	**+ 0.9**	**1,381**	**1,442**	**- 4.2**

In the third quarter 2007, container shipping achieved transport volume growth of 12.4% year-on-year. For the first nine months, cumulated growth in transport volume was 9.9%, with virtually all trade lanes recording increases in transport volumes. Overall, the development of average freight rates improved significantly in the third quarter. For the first time this year, the freight rate level rose again year-on-year. However, cumulated freight rates for the first nine months were still 4.2% down year-on-year. The decline in freight rates, however, decreased steadily in the current financial year. In some cases the improvements were substantial, in particular in the Far East trade lane.

The Far East trade lane achieved another year-on-year increase in the number of standard containers shipped. The key driving force behind this trend was the strong Chinese export market, which resulted in further growth on the routes from Asia to Europe. The year-on-year increase in transport volumes amounted to 18.9% in the third quarter and 20.1% for the first three quarters. At 17.5%, the Far East trade lane posted the strongest growth in freight rates compared with the 2006 reference period. Higher rates were achieved in particular on the high-volume routes from Asia to Europe. Cumulated growth for the first nine months of 2007 amounted to 8.4% year-on-year.

The Trans-Pacific trade lane recorded year-on-year transport volume growth of 12.4% in the third quarter and 10.3% in the cumulated period under review. This growth was primarily due to the increase in shipping volumes on the routes from North America to Asia. In the third quarter 2007, the Trans-Pacific trade lane achieved an 0.2% increase in freight rates, in particular due to the increase in freight rates for transports from Asia to North America. On a cumulated basis, freight rates were still 4.9% down year-on-year, but the positive trend in the third quarter caused a significant decrease in the freight rate delta.

In the Atlantic trade lane, the transport volume grew by 6.5% year-on-year in the third quarter 2007 and 4.9% in the first three quarters. This was primarily attributable to an increase in transports from North America to Europe. Freight rates in this trade lane continued to fall short of the 2006 levels. However, the decline in freight rates of 7.9% in the third quarter marked an improvement in comparison to the prior quarters of 2007. Cumulated freight rates for the first three quarters declined by 11.4% year-on-year. This was attributable to fierce competition, causing a drop in freight rates in the first half of 2007, in particular on the routes from Europe to North America.

In the Latin America trade lane, the transport volume grew in the double-digit range again in the third quarter 2007 at 18.3%. For the first three quarters, it grew by 13.0% year-on-year. Despite an increase in freight rates for exports from Latin America to Europe and North America, average freight rates in the third quarter were still 1.3% down year-on-year. For the first nine months, the year-on-year decline was 4.9%.

In the Australasia trade lane, the transport volume grew by 5.6% year-on-year in the third quarter 2007. This was mainly due to the increase in inner-Asian transports. Cumulated growth in container transports was still 1.6% down year-on-year. This trend was caused by aggressive competition. Freight rates could not yet recover more significantly due to the persistently high competitive pressure in intra-regional Asian transports and changes in the cargo mix of transports. Freight rate levels were down by 1.7% in the third quarter and 3.8% in the first three quarters year-on-year.

Hapag-Lloyd Kreuzfahrten

Hapag-Lloyd Kreuzfahrten – Key figures

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover	52.3	37.2	+ 40.6	138.2	122.2	+ 13.1
EBITA by division	**8**	**7**	**+ 14.3**	**10**	**9**	**+ 11.1**
Gains on disposals	–	–		–	–	
Restructuring expenses	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA by division	**8**	**7**	**+ 14.3**	**10**	**9**	**+ 11.1**

Turnover and earnings

In the third quarter 2007, Hapag-Lloyd Kreuzfahrten continued to record a significant positive business trend. Passenger numbers rose substantially year-on-year, causing a gratifying increase in the load factor of the ships. In the third quarter 2007, turnover totalled € 52 million, a substantial increase of 40.6% year-on-year. For the first nine months, turnover grew by 13.1% to € 138 million.

At € 8 million, earnings matched the previous year's level in the third quarter 2007. Cumulated earnings for the nine months also reproduced 2006 levels at € 10 million.

Business trend

In the third quarter 2007, Hapag-Lloyd Kreuzfahrten continued to record a positive bookings trend. Passenger numbers again grew substantially year-on-year, resulting in an increase in the load factor of the ships. A satisfactory increase both in booking volumes and the load factor was recorded in particular for 'Europa' and 'Hanseatic'.

Consolidated earnings

As of the interim financial statements as per 30 September 2007, the consolidated profit and loss statement will be structured according to the cost of sales format under which turnover is presented alongside the expenses required to generate it. The purpose of the cost of sales format is to enhance international comparability.

Consolidated profit and loss statement

€ million		Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Turnover		7,402.5	6,739.7	+ 9,8	16,693.4	16,241.8	+ 2.8
Cost of sales		6,301.3	5,911.2	+ 6.6	15,454.0	15,042.5	+ 2.7
Gross profit		**1,101.2**	**828.5**	**+ 32.9**	**1,239.4**	**1,199.3**	**+ 3.3**
Administrative expenses		388.9	335.6	+ 15.9	875.7	969.3	- 9.7
Other income/other expenses		27.0	11.7	+ 130.8	276.3	264.0	+ 4.7
Impairment of goodwill		33.6	0.0	–	33.6	0.0	–
Financial result		- 78.0	- 55.5	- 40.5	- 194.0	- 156.4	- 24.0
- Financial income		62.2	42.0	+ 48.1	148.3	139.7	+ 6.2
- Financial expenses		140.2	97.5	+ 43.8	342.3	296.1	+ 15.6
Result from companies measured at equity		30.4	24.2	+ 25.6	50.9	40.1	+ 26.9
Earnings before income taxes		**658.1**	**473.3**	**+ 39.0**	**463.3**	**377.7**	**+ 22.7**
Reconciliation to underlying earnings:							
Earninges before income taxes		658.1	473.3	+ 39.0	463.3	377.7	+ 22.7
Interest result and earnings from the valuation of interest hedges		76.0	56.0	+ 35.7	192.6	170.7	+ 12.8
Impairment of goodwill		33.6	0.0	–	33.6	0.0	–
EBITA from continuing operations[1]		767.7	529.3	+ 45.0	689.5	548.4	+ 25.7
Adjustments:							
Gains on disposals		*- 7.9*	*1.0*		*- 200.7*	*- 162.0*	
Restructuring expenses		*4.8*	*- 1.8*		*16.2*	*73.9*	
Purchase price allocation		*35.3*	*19.6*		*76.2*	*60.7*	
Other one-off items		*29.6*	*25.2*		*40.6*	*65.4*	
Revaluation of convertible options		*0.0*	*0.0*		*0.0*	*- 15.0*	
Underlying EBITA from continuing operations		**829.5**	**573.3**	**+ 44.7**	**621.8**	**571.4**	**+ 8.8**
Earnings before income taxes		**658.1**	**473.3**	**+ 39.0**	**463.3**	**377.7**	**+ 22.7**
Income taxes		198.4	176.7	+ 12.3	41.6	145.8	- 71.5
Earnings from continuing operations		**459.7**	**296.6**	**+ 55.0**	**421.7**	**231.9**	**+ 81.8**
Earnings from discontinuing operations		0.0	3.2	–	0.0	16.2	–
Group profit		**459.7**	**299.8**	**+ 53.3**	**421.7**	**248.1**	**+ 70.0**
- attributable to shareholders of TUI AG		438.6	273.4	+ 60.4	377.8	208.3	+ 81.4
- attributable to minority interests		21.1	26.4	- 20.1	43.9	39.8	+ 10.3
Group profit		**459.7**	**299.8**	**+ 53.3**	**421.7**	**248.1**	**+ 70.0**
Basic earnings per share	in €	+ 1.72	+ 1.09	+ 57.8	+ 1.43	+ 0.83	+ 72.3
Diluted earnings per share	in €	+ 1.58	+ 1.05	+ 50.5	+ 1.38	+ 0.81	+ 70.4

[1] EBITA represents earnings before interests, taxes on income and amortisation of goodwill.

Turnover and cost of sales

Turnover comprised the turnover of the tourism and shipping divisions and of central operations, which include the holding companies and the Group's real estate companies. In the third quarter 2007, turnover grew by 9.8% year-on-year to € 7.4 billion. For the first nine months, turnover rose by 2.8% to € 16.7 billion. The cost of sales was presented alongside turnover. In the third quarter, the cost of sales totalled € 6.3 billion, up 6.6%. In the first three quarters, the cost of sales amounted to € 15.5 billion and was thus 2.7% up year-on-year. A detailed breakdown of turnover and the turnover trend is presented in the section 'Consolidated turnover and earnings'.

Gross profit

Gross profit as the balance arising from turnover and cost of sales totalled € 1.1 billion (previous year: € 829 million) in the third quarter, an increase of 32.9%. For the first nine months, it stood at € 1.2 billion and thus matched 2006 levels.

Administrative expenses

Administrative expenses comprised expenses not directly allocable to the turnover transactions, such as expenses for general management functions. In the third quarter, they totalled € 389 million, up 15.9% year-on-year. In the cumulative nine-month period, they amounted to € 876 million, a 9.7% decrease year-on-year. The considerable drop in administrative costs year-on-year resulted from cost reductions due to divestments (TQ3, Wolf and TUI InfoTec) as well as integration and restructuring expenses in the shipping and tourism divisions comprised in 2006 figures.

Other income/other expenses

Other income and other expenses primarily comprised profits or losses from the sale of fixed assets. At € 27 million, other income/other expenses was 130.8% up year-on-year in the third quarter. In the first nine months, this item totalled € 276 million, up 4.7% year-on-year. This was mainly attributable to the income of Montreal Gateway Terminals in the shipping division.

Impairment of goodwill

Impairment of goodwill totalled € 33.6 million, both in the third quarter and the first nine months of 2007. The impairment concerned the impairment of goodwill of the Irish Budget Travel in the tourism sector.

Financial result

The financial result comprised the net interest result and the net result from marketable securities. At € - 78 million, the financial result fell short of the 2006 level in the third quarter and comprised financial income of € 62 million (previous year: € 42 million) and financial expenses of € 140 million (previous year: € 98 million). In the first nine months of 2007, the financial result also dropped by 24.0% to € - 194 million. It comprised financial income of € 148 million (previous year: € 140 million) and financial expenses of € 342 million (previous year: € 296 million).

Result from companies measured at equity

The result from companies measured at equity comprised the share in net profit for the year of the associated companies and joint ventures as well as impairments of goodwill of these companies. At € 30 million for the third quarter 2007 and € 51 million for the first nine months of 2007, it grew by 25.6% and 26.9%, respectively. It was mainly attributable to the positive development of earnings of the companies measured at equity operating in the incoming agencies and TUI Hotels & Resorts sectors.

Underlying earnings (EBITA)

Underlying earnings of the continuing operations totalled around € 830 million in the third quarter, up 44.7% year-on-year. Cumulated earnings for the first nine months accounted for around € 622 million, up 8.8% year-on-year. EBITA comprised gains on disposals of investments, restructuring expenses, expenses for purchase price allocations, one-off items and effects of the revaluation of conversion options. The adjustments are outlined in detail in the sections on 'Consolidated turnover and earnings' and 'Development of the divisions'.

Income taxes

Income taxes comprised taxes on the profits from ordinary business activities of the continuing operations. Income taxes totalled € 198 million in the third quarter 2007 (previous year: € 177 million) and € 42 million in the first nine months of 2007 (previous year: € 146 million).

Earnings from discontinuing operations

In the first three quarters 2007, the TUI Group no longer held any discontinuing operations so that no corresponding earnings were generated. In the third quarter 2006, earnings from discontinuing operations had accounted for € 3 million, with earnings of € 16 million for the first nine months of 2006. A detailed breakdown of the development of these earnings is provided in the section 'Result from discontinuing operations' in the notes.

Group profit

Group profit totalled € 460 million (previous year: € 300 million) in the third quarter 2007, up 53.3%. The increase resulted from the significantly improved earnings in the tourism and shipping divisions. For the first nine months of 2007, Group profit also rose by 70.0% to € 422 million (previous year: € 248 million).

Minority interests

Minority interests in Group profit totalled € 21 million for the third quarter 2007 and € 44 million for the first nine months of 2007.

Earnings per share

After deduction of minority interests, TUI AG shareholders accounted for € 439 million of Group profit in the third quarter 2007, up 60.4% year-on-year. As a result, basic earnings per share amounted to € + 1.72 (previous year: € + 1.09) in the third quarter. In the first nine months of 2007, TUI AG shareholders accounted for € 378 million after deduction of minority interests; this, too, was an improvement of 81.4%. Basic earnings per share in the first nine months of 2007 thus totalled € 1.43 (previous year: € 0.83).

Performance indicators

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

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Earnings before interest, taxes, depreciation, amortisation and rent (EBITDAR)	**1,269.6**	**992.7**	**+ 27.9**	**2,104.5**	**1,926.4**	**+ 9.2**
Operating rental expenses	327.2	300.8	+ 8.8	924.2	860.0	+ 7.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**942.4**	**691.9**	**+ 36.2**	**1,180.3**	**1,066.4**	**+ 10.7**
Depreciation/amortisation less reversals of depreciation[1]	174.7	162.6	+ 7.4	490.8	518.0	- 5.3
Earnings before interest, taxes and amortisation of goodwill (EBITA)	**767.7**	**529.3**	**+ 45.0**	**689.5**	**548.4**	**+ 25.7**
Amortisation of goodwill	33.6	0.0	n. m.	33.6	0.0	n. m.
Earnings before interest and taxes (EBIT)	**734.1**	**529.3**	**+ 38.7**	**655.9**	**548.4**	**+ 19.6**
Interest result	- 76.0	- 56.0	- 35.7	- 192.6	- 170.7	- 12.8
Earnings before taxes (EBT)	**658.1**	**473.3**	**+ 39.0**	**463.3**	**377.7**	**+ 22.7**

[1] on property, plant and equipment, intangible assets, financial and other assets

Operating rental expenses

In the third quarter 2007, operating rental expenses of the continuing operations amounted to € 327 million (previous year: € 301 million). In the first three quarters, they stood at € 924 million (previous year: € 860 million).

Interest result

In the third quarter 2007, the interest result of the continuing operations totalled € - 76 million (previous year: € - 56 million). In the first three months, it amounted to € - 193 million (previous year: € - 171 million).

Net assets and financial position

The Group's balance sheet total rose by 34.9 % to € 17.6 billion as against the end of 2006. The changes in the consolidated balance sheet essentially resulted from the business cycle in tourism. The Group's net assets and financial position were also affected by the acquisitions and divestments (see section 'Acquisitions – divestments' in the notes).

Assets and liabilities

€ million	30 Sep 2007	31 Dec 2006
Non-current assets	11,816.3	10,141.2
Current assets	5,738.5	2,872.8
Assets	**17,554.8**	**13,014.0**
Equity	3,314.7	2,995.1
Provisions	2,615.2	2,436.6
Financial liabilities	5,444.3	3,899.6
Other liabilities	6,180.6	3,682.7
Liabilities	**17,554.8**	**13,014.0**

Non-current assets

As at 30 September 2007, non-current assets accounted for 67.3% of total assets, compared with a share of 77.9% as at 31 December 2006. Non-current assets rose from € 10.1 billion to € 11.8 billion in the period under review. This increase was mainly attributable to the increase in other intangible assets and other property, plant and equipment.

Current assets

As at 30 September 2007, current assets accounted for 32.7% of total assets, up from 22.1% as at 31 December 2006. Current assets rose from € 2.9 billion as at 31 December 2006 to € 5.7 billion as at 30 September 2007. This change was primarily attributable to the increase in trade accounts receivable in the tourism business and the increase in cash and cash equivalents from advance payments received in tourism.

Equity

Equity totalled € 3.3 billion as at 30 September 2007. The equity ratio stood at 18.9%, compared with 23.0% at the end of the 2006 financial year. Detailed information on the changes is provided under 'Changes in equity' in the notes on this interim report.

Provisions

Provisions mainly comprised provisions for pension obligations, effective and deferred income tax provisions and provisions for typical operating risks. As at 30 September 2007, they totalled € 2.6 billion and were thus € 179 million or 7.3% up on their level as at 31 December 2006. This was mainly due to a significant increase in deferred income tax provisions.

Financial liabilities

As at 30 September 2007, financial liabilities comprised non-current financial liabilities of € 4.8 billion and current financial liabilities of € 0.6 billion. As at 31 December 2006, non-current assets stood at € 3.5 billion, with current financial liabilities of € 0.4 billion. At the end of the first nine months of the 2007 financial year, net debt totalled € 3.0 (down from € 3.2 billion at the end of the 2006 financial year). The decline in net debt was attributable to the typical seasonal business trend in tourism and the divestments (Montreal Gateway Terminals, Germanischer Lloyd) made in the first quarter 2007.

Other liabilities

As at 30 September 2007, other liabilities stood at € 6.2 billion, up € 2.5 billion or 67.8% as against 31 December 2006. This was mainly due to the increase in advance payments received in the tourism business.

Other segment indicators

Capital expenditure

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Tourism	109.5	129.9	- 15.7	294.6	478.0	- 38.4
Central Europe	6.7	31.3	- 78.6	18.4	206.0	- 91.1
Northern Europe	23.1	31.8	- 27.4	60.7	60.0	+ 1.2
Western Europe	13.2	20.9	- 36.8	27.7	63.0	- 56.0
Incoming agencies	1.6	0.9	+ 77.8	7.2	6.1	+ 18.0
Other tourism	–	4.3	–	–	14.7	–
First Choice Holidays[1]	9.0	–	–	9.0	–	–
TUI Hotels & Resorts	55.9	40.7	+ 37.3	171.6	128.2	+ 33.9
Shipping	105.6	10.4	n. a.	397.4	148.6	+ 167.4
Central operations	1.7	4.3	- 60.5	6.9	12.5	- 44.8
Continuing operations	**216.8**	**144.6**	**+ 49.9**	**698.9**	**639.1**	**+ 9.4**
Trading	–	–	–	–	2.0	–
Discontinuing operations	**–**	**–**	**–**	**–**	**2.0**	**–**
Total	**216.8**	**144.6**	**+ 49.9**	**698.9**	**641.1**	**+ 9.0**

[1] September only

Depreciation of property. plant and equipment

€ million	Q3 2007	Q3 2006	Var. %	9M 2007	9M 2006	Var. %
Tourism	104.6	84.3	+ 24.1	278.8	262.8	+ 6.1
Central Europe	11.6	13.8	- 15.9	38.5	45.2	- 14.8
Northern Europe	29.8	29.5	+ 1.0	98.9	88.7	+ 11.5
Western Europe	17.6	17.3	+ 1.7	53.4	51.9	+ 2.9
Incoming agencies	2.3	1.9	+ 21.1	7.0	6.2	+ 12.9
Other tourism	–	3.6	–	–	16.2	–
First Choice Holidays[1]	23.8	–	–	23.8	–	–
TUI Hotels & Resorts	19.5	18.2	+ 7.1	57.2	54.6	+ 4.8
Shipping	67.7	74.7	- 9.4	207.5	235.4	- 11.9
Central operations	2.0	3.0	- 33.3	5.0	17.0	- 70.6
Continuing operations	**174.3**	**162.0**	**+ 7.6**	**491.3**	**515.2**	**- 4.6**
Trading	–	–	–	–	–	–
Discontinuing operations	**–**	**–**	**–**	**–**	**–**	**–**
Total	**174.3**	**162.0**	**+ 7.6**	**491.3**	**515.2**	**- 4.6**

[1] September only

Employees

	30 Sep 2007	31 Dec 2006	Var. %
Tourism	66,999	44,409	+ 50.9
Central Europe	10,283	9,411	+ 9.3
Northern Europe	13,263	14,711	- 9.8
Western Europe	6,663	6,504	+ 2.4
Incoming agencies	5,399	3,070	+ 75.9
Other tourism	–	–	–
First Choice Holidays	15,170	–	–
TUI Hotels & Resorts	16,221	10,713	+ 51.4
Shipping	8,401	8,571	- 2.0
Central operations	537	950	- 43.5
Continuing operations	**75,937**	**53,930**	**+ 40.8**
Trading	–	–	–
Discontinuing operations	**–**	**–**	**–**
Total	**75,937**	**53,930**	**+ 40.8**

Prospects

Growth of the world economy is still strong. The increase of gross domestic product in 2007 is expected to almost match the high level of 2006. Due to the real estate crisis and the slight decline in private consumption, economic expansion in the USA is expected to slow down. For the eurozone, experts expect the strong economic trend to continue in the reporting year. The emerging economies are expected to continue their strong production growth. The driving force behind further expansion in these countries is the economic development of the industrialised countries and the growth in foreign trade among the emerging economies themselves.

Against the background of an overall positive macroeconomic trend, the key source markets in tourism are expected to show persistent growth in demand for holiday tours. The growth momentum may vary in the individual source markets. Shipping is characterised by further increasing demand for container transport services caused by the worldwide increase in production and the associated growth in world trade. The recovery of freight rate levels is expected to continue, with the opportunities and risk profile in container shipping also hanging upon the further development of the external cost components.

Tourism

The TUI tourism sectors, which transferred into TUI Travel following the merger with First Choice, successfully concluded the 2007 summer season, which ended in October. Overall, booked turnover rose by 4% year-on-year, while customer numbers grew by 6%. The overall development of all source markets slightly slowed down due to the difficult market environment in source market UK. Bookings for the 2007/2008 winter season which started on 1 November started off well. Currently, booked turnover is 8% up year-on-year, with customer numbers up 6% year-on-year.

Including First Choice's mainstream activities there is an increase in booked turnover of 9% and in customer numbers of 6% for the current winter season.

Concerning the development of earnings (adjusted earnings before interest, taxes and amortisation of goodwill – underlying EBITA by division), the following trend for the 2007 financial year is emerging following the end of the third quarter of 2007:

Despite the overall gratifying bookings trend in the 2007 summer season, the Central Europe sector will not be able to match the high levels of 2006 due to the difficult market conditions in the German flight segment. In the Northern Europe sector, the current restructuring programmes and those completed in previous periods are showing their impact. Despite ongoing cost pressure in the British package tour market, earnings are expected to match 2006 levels. In the Western Europe sector, the restructuring activities launched for operations in France are showing an impact. Here, an overall considerable year-on-year increase in earnings is expected, not least due to the encouraging year-on-year increase in earnings in the Belgian market. In the destinations sector, incoming agencies are expected to generate stable earnings. The TUI Hotels & Resorts sector will be able to increase its earnings year-on-year, in particular due to the encouraging development of earnings by the RIU Group and an improvement in earnings by the club business. Overall, the tourism operations excluding First Choice, which has to be consolidated as of September 2007, are expected to match underlying earnings of 2006 (previous year: € 401 million).

Shipping

The current earnings situation in shipping in the third quarter of 2007 is characterised by a substantial recovery in freight rates compared with the first half of 2007. Outbound Asian transports in the Far East trade lane are already significantly up year-on-year. Moreover, container shipping is recording further increases in transport volumes. From today's perspective, a significant increase in earnings (underlying earnings before interest, taxes and amortisation of goodwill, adjusted EBITA by division) – supported also by efficiency benefits after the integration of CP Ships – is to be expected for the overall year 2007.

Central operations

From today's perspective, central operations will achieve year-on-year growth, taking account of the current positive effects of the valuation of foreign currency transactions.

Group

In the light of the expected positive development of tourism and shipping, the Group's two operative areas, in the third quarter of 2007, the Executive Board is confident for the overall year. For tourism, operating earnings are expected to meet the previous year's levels; it is to be assumed that no additional positive profit contribution will be generated in the period from September to December taking account of the profit contribution of First Choice due to saesonal reasons. The shipping division is expected to post a substantial increase in earnings year-on-year. Consolidated earnings are expected to grow significantly year-on-year in line with the expected developments in the operative areas.

Corporate Governance

In the course of the third quarter 2007, the composition of the Executive Board of TUI AG changed as follows:

On 11 July 2007, the Supervisory Board appointed Peter Long, CEO of First Choice Holidays PLC since 1999 and CEO of the TUI Travel PLC, an ordinary member of TUI AG's Executive Board. The appointment took effect upon the completion of the merger between TUI's tourism division and First Choice Holidays PLC into TUI Travel PLC on 3 September. Alongside Peter Rothwell, he will be in charge of tourism.

Christoph R. Mueller, the director in charge of airlines, switched to the Executive Board of TUI Travel PLC and therefore resigned from his office as a member of TUI AG's Executive Board as planned as per 3 September 2007.

The composition of the Supervisory Board did not change in the third quarter 2007.

The current, complete composition of the Executive Board and Supervisory Board is presented on the Company's website (www.tui-group.com), where it is permanently accessible to the public at large.

TUI AG
The Executive Board
November 2007

Interim Financial Statements

Condensed profit and loss statement of the TUI Group for the period from 1 January to 30 September

€ million		Q3 2007	Q3 2006	9M 2007	9M 2006
Turnover		7,402.5	6,739.7	16,693.4	16,241.8
Cost of sales	(1)	6,301.3	5,911.2[1]	15,454.0	15,042.5[1]
Gross profit		**1,101.2**	**828.5**	**1,239.4**	**1,199.3**
Administrative expenses	(1)	388,9	335.6	875.7	969.3
Other income/other expenses	(2)	27.0	11.7	276.3	264.0
Impairment of goodwill		33.6	0.0	33.6	0.0
Financial income		62.2	42.0	148.3	139.7
Financial expenses		140.2	97.5	342.3	296.1
Result from companies measured at equity		30.4	24.2	50.9	40.1
Earnings before taxes on income		**658.1**	**473.3**	**463.3**	**377.7**
Reconciliation to underlying earnings:					
Earnings before taxes on income		658.1	473.3	463.3	377.7
Interest result and earnings from the measurement of interest hedges		76.0	56.0	192.6	170.7
Impairment of goodwill		33.6	0.0	33.6	0.0
EBITA from continuing operations[2]		767.7	529.3	689.5	548.4
Adjustments:					
Gains on disposals		*- 7.9*	*1.0*	*- 200.7*	*- 162.0*
Restructuring		*4.8*	*- 1.8*	*16.2*	*73.9*
Purchase price allocation		*35.3*	*19.6*	*76.2*	*60.7*
Other one-off items	(3)	*29.6*	*25.2*	*40.6*	*65.4*
Revaluation of convertible options		*0.0*	*0.0*	*0.0*	*- 15.0*
Underlying EBITA from continuing operations		**829.5**	**573.3**	**621.8**	**571.4**
Earnings before taxes on income		**658.1**	**473.3**	**463.3**	**377.7**
Income taxes		198.4	176.7[1]	41.6	145.8[1]
Result from continuing operations		**459.7**	**296.6**	**421.7**	**231.9**
Result from discontinuing operations		0.0	3.2	0.0	16.2
Group profit		**459.7**	**299.8**	**421.7**	**248.1**
Group profit attributable to shareholders of TUI AG		438.6	273.4	377.8	208.3
Group profit attributable to minority interests		21.1	26.4	43.9	39.8
Group profit		**459.7**	**299.8**	**421.7**	**248.1**

€	Q3 2007	Q3 2006	9M 2007	9M 2006
Basic earnings per share[3]	**+ 1.72**	**+ 1.09**	**+ 1.43**	**+ 0.83**
from continuing operations	+ 1.72	+ 1.08	+ 1.43	+ 0.77
from discontinuing operations	–	+ 0.01	–	+ 0.06
Diluted earnings per share[3]	**+ 1.58**	**+ 1.05**	**+ 1.38**	**+ 0.81**
from continuing operations	+ 1.58	+ 1.04	+ 1.38	+ 0.75
from discontinuing operations	–	+ 0.01	–	+ 0.06

[1] Due to the finalisation of the purchase price allocation for the acquisition of the CP Ships Group in the 2006 financial year, the cost of sales declined by € 0.3 million to € 5,911.2 million in the third quarter (by € 1.0 million to € 15,042.5 million in the first nine months). Taking account of the tax effects, earnings from continuing operations rose by € 0.4 million (€ 1.2 million). The figures for 2006 were restated accordingly.

[2] EBITA is equivalent to earnings before interest, taxes on income and amortisation of goodwill.

[3] 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. The corresponding figure for 2006 was restated accordingly.

Condensed balance sheet of the TUI Group

€ million	30 Sept 2007	31 Dec 2006
Assets		
Goodwill	3,095.7	3,134.8
Other intangible assets	1,466.0	604.9
Investment property	90.4	95.7
Property, plant and equipment	5,645.0	5,145.7
Companies measured at equity	525.9	407.7
Financial assets available for sale	114.1	117.3
Trade accounts receivable and other receivables	605.1	351.7
Derivative financial instruments	13.4	7.8
Deferred income tax claims	260.7	275.6
Non-current assets	**11,816.3**	**10,141.2**
Inventories	255.0	129.3
Financial assets available for sale	19.5	5.8
Trade accounts receivable and other receivables	2,513.6	1,778.0
Derivative financial instruments	249.3	76.2
Current income tax claims	34.7	23.4
Cash and cash equivalents	2,493.5	688.7
Assets held for sale	172.9	171.4
Current assets	**5,738.5**	**2,872.8**
	17,554.8	**13,014.0**

€ million	30 Sept 2007	31 Dec 2006
Liabilities		
Subscribed capital	641.7	641.7
Capital reserves	2,468.0	2,396.2
Revenue reserves	- 393.1	- 613.1[1]
Hybrid capital	294.8	294.8
Equity before minority interests	**3,011.4**	**2,719.6**
Minority interests	303.3	275.5
Equity	**3,314.7**	**2,995.1**
Pension provisions and similar obligations	806.0	1,056.1
Current income tax provisions	182.0	177.0
Deferred income tax provisions	415.8	53.5[1]
Other provisions	456.4	445.1[1]
Non-current provisions	**1,860.2**	**1,731.7**
Financial liabilities	4,794.6	3,477.6
Derivative financial instruments	110.9	27.0
Other liabilities	149.4	28.3
Non-current liabilities	**5,054.9**	**3,532.9**
Non-current provisions and liabilities	**6,915.1**	**5,264.6**
Pension provisions and similar obligations	47.9	29.0
Current income tax provisions	106.4	87.8
Other provisions	600.7	588.1[1]
Current provisions	**755.0**	**704.9**
Financial liabilities	649.7	422.0
Trade accounts payable	3,467.0	1,958.4
Derivative financial instruments	186.1	116.2
Other liabilities	2,240.2	1,550.7
Current liabilities	**6,543.0**	**4,047.3**
Liabilities related to assets held for sale	**27.0**	**2.1**
Current provisions and liabilities	**7,325.0**	**4,754.3**
	17,554.8	**13,014.0**

[1] In measuring provisions for aircraft maintenance operations, the measurement method was changed in the current reporting period. The corresponding figures for 2006 were restated accordingly. As per 31 December 2006, the corresponding provisions rose by a total of € 21.8 million. At the same time, provisions for deferred income taxes decreased by € 6.6 million.

Statement of recognised income and expenses

€ million	9M 2007	9M 2006
Currency translation	- 117.1	- 161.8
Change in value with no effect on net income from companies measured at equity	15.0	- 4.1
Reserves for change in value of financial instruments	19.8	- 213.0
Actuarial gains and losses from pension obligations and associated fund assets	207.8	58.9
Tax item directly offset against equity	- 104.8	58.2
Income and expenses directly recognised in equity	**20.7**	**- 261.8**
Group profit	421.7	248.1
Total income and expenses recognised in the financial year	**442.4**	**- 13.7**
- attributable to shareholders of TUI AG	405.4	- 44.3
- attributable to minority interests	37.0	30.6

Condensed cash flow statement

€ million	9M 2007	9M 2006
Cash flow from operating activities	1,402.1	1,136.1
Cash flow from investing activities	- 591.5	170.6
Cash flow from financing activities	562.3	- 415.1
Change in funds with cash effect	**1,372.9**	**891.6**
Change in cash and cash equivalents due to changes in consolidation and exchange rate fluctuation	**478.3**	**- 1.6**
Cash and cash equivalents at the beginning of the period	**688.7**	**607.5**
Cash and cash equivalents at the end of the period	**2,539.9**	**1,497.5**
of which included in the balance sheet item assets classified held for sale	46.4	0.6
Cash and cash equivalents at the end of the period for continuing operations	**2,493.5**	**1,496.9**

Notes

Accounting principles

The Group's interim financial statements as at 30 September 2007 were prepared in a condensed form compared with the consolidated annual financial statements in accordance with IAS 34 'Interim Financial Reporting'. The only deviation from the historical cost principle was the accounting method applied in measuring financial instruments.

As of the beginning of the 2007 financial year, the following statutory standards revised or newly issued by the IASB were applicable: IAS 1 'Presentation of Financial Statements' (amendment concerning capital disclosures) and IFRS 7 'Financial Investments: Disclosures'. These newly applicable standards comprise provisions on disclosures to be provided in the notes on consolidated annual financial statements. The application of these standards therefore did not have any effects on financial reporting in the framework of the interim financial statements for the 2007 financial year. In addition, the following Interpretations newly issued by the IFRIC – already applied to the interim financial statements as per 30 June 2007 – are compulsory: IFRIC 10 'Interim Financial Reporting and Impairment' and IFRIC 11 'Group and Treasury Share Transactions' according to IFRS 2. The application of these Interpretations did not have any effects on these interim financial statements.

The interim financial statements as at 30 September 2007 were prepared in accordance with the same accounting and measurement principles as those applied in the preceding consolidated financial statements as at 31 December 2006. A deviation was made concerning the measurement method applied to provisions for aircraft maintenance operations, which was changed in the current period under review. As at 31 December 2006, the corresponding provisions rose by a total of € 21.8 million. At the same time, the provisions for deferred income taxes decreased by € 6.6 million. The corresponding figures for 2006 were restated. In addition, in accordance with IAS 33.12, the after-tax amount of the dividend on the hybrid capital was deducted from Group profit attributable to TUI AG shareholders in calculating earnings per share since the hybrid capital represents equity but does not represent equity attributable to TUI AG shareholders. The corresponding figure for 2006 was restated accordingly.

Since the purchase price allocation for the acquisition of the CP Ships Group was finalised in the 2006 financial year, the cost of sales for the first nine months of the 2006 financial year declined by € 1.0 million. Taking account of the tax effect, earnings from continuing operations rose by € 1.2 million. The previous year's figures were restated accordingly. The restatements of the original purchase price allocations are outlined in detail in the notes on the consolidated financial statements as at 31 December 2006.

Since the integration of the business operations of the CP Ships Group into the Hapag-Lloyd Group has been completed, the primary currency characterising the joint transport routes and the customer base in container shipping is no longer the euro but the US dollar. The primary economic environment for container shipping operations, i.e. the key environment within which cash and cash equivalents are received and spent, therefore changed to the US dollar region. Since 1 January 2007, the US dollar has therefore had to be used as the functional currency of the operative container shipping companies in accordance with IAS 21.35.

Group of consolidated companies

The consolidated financial statements included all major subsidiaries in which TUI AG was able to directly or indirectly govern the financial or operating policies such that the Group obtained benefits from the activities of these companies.

The interim financial statements as at 30 September 2007 included a total of 47 domestic and 667 foreign subsidiaries, besides TUI AG.

Since 31 December 2006, 345 companies were newly included in the group of consolidated companies. Due to the acquisition of 51.0% of the shares in First Choice Holidays PLC as per 3 September 2007, 332 companies (including TUI Travel PLC) were newly added to the group of consolidated companies. A further six companies had to be consolidated for the first time due to acquisitions. Another five companies were added to consolidation due to an expansion of their business activities, and an additional two companies were newly formed and therefore consolidated for the first time. 344 of the companies newly added related to the tourism division, while one company related to the shipping division.

Since 31 December 2006, a total of 18 companies were removed from consolidation. Fifteen companies related to the shipping division. They were deconsolidated due to the liquidation of these companies. An additional three companies relating to the tourism division were removed from consolidation due to mergers (two companies) and the divestment of 50% of the corresponding shares (one company).

Acquisitions – divestments

With purchase contract dated 31 January 2007, the TUI Deutschland GmbH tour operator acquired the remaining 25%, in addition to the 75% already held, of the capital stock of E.V.S. Beteiligungsgesellschaft mbH, Rengsdorf, a company already included in the TUI Group's group of consolidated companies, at a purchase price of € 19.1 million.

With the purchase agreement dated 30 May 2007, TUI AG purchased a further 40.2% of the previous joint venture Holidays Services S.A. (Morocco) and thus its 95% share in a further tourism company; as a result, TUI AG now holds a total share of 90.2% of Holiday Services S.A. The purchase price including incidental acquisition costs totalled € 4.6 million. On the other hand, the prorated net assets acquired amounted to 9.0 million Moroccan dirham (€ 0.8 million). The resulting difference of € 3.8 million was initially carried as goodwill since the revaluation of assets and liabilities had yet not been completed. Since first-time consolidation turnover totalled 31.1 million MAD (€ 2.8 million) with earnings after income tax of 2.6 million MAD (€ 0.2 million). By the date of the transfer of shares, the company generated turnover of 99.4 million MAD (€ 8.9 million) and earnings after income tax of 15.5 million MAD (€ 1.4 million).

On 4 June 2007, the EU Commission approved of the merger agreed on 19 March 2007 between TUI's tourism division – excluding the hotel companies pooled under the sector TUI Hotels & Resorts – and the British travel group First Choice Holidays PLC into TUI Travel PLC. The approval was granted subject to the condition that TUI AG sells its Irish subsidiary Budget Travel. On 29 June 2007, TUI AG and First Choice Holidays PLC published the prospectus for TUI Travel PLC, the company formed through the merger, for trading at the London Stock Exchange. On 25 July 2007, the shareholders of First Choice Holidays PLC approved of the merger at an extraordinary general meeting.

The merger was effected on 3 September 2007 in the form of a stock swap via the newly formed company TUI Travel PLC (London) whose shares have since been traded in the London Stock Exchange. In the framework of this stock swap, TUI received 51.0% of the shares in TUI Travel PLC and a compensatory claim currently settled on a preliminary basis to produce the gearing of TUI's merged tourism division agreed in the Merger Agreement against transfer of all shares in the companies of TUI's tourism division held by the TUI Group. The swap of stocks in First Choice Holidays PLC was carried out by means of a scheme arrangement under which one share in First Choice Holidays PLC was swapped into one TUI Travel PLC share. TUI now holds 51.0%, i.e. the majority, of shares in the company while the former shareholders of First Choice Holidays PLC hold 49.0% of the shares in TUI Travel PLC.

According to IFRS 3, the transfer of TUI's tourism division has to be treated as a 'transaction under common control' and is therefore explicitly excluded from the scope of IRFS 3 with regard to TUI's tourism division.

Equity, determined on a preliminary basis in accordance with the International Reporting Standards, amounts to - 57.9 million GBP (€ - 85.7 million). The fair values of the acquired assets, liabilities and contingent liabilities as well as acquisition costs were only determined on a preliminary basis due to the short period of time remaining after the acquisition of the First Choice Group. The acquisition costs (including the incidental acquisition costs of € 6,0 million) and the prorated revalued equity (€ - 43.7 million) were netted and resulted in the capitalisation of goodwill of around € 1,228.8 million in the consolidated balance sheet.

	Carrying values as at acquisition date £ million	€ million	Revaluation of assets and liabilities £ million	€ million	Revalued carry values at date of first time consolidation £ million	€ million
Goodwill	686.7	1,014.9	- 686.7	- 1,014.9	0.0	0.0
Other intangible assets	108.9	160.9	547.8	809.6	656.7	970.5
Property, plant and equipment	274.9	406.4	1.0	1.4	275.9	407.8
Investment property	35.2	52.0	0.0	0.0	35.2	52.0
Fixed assets	**1,105.7**	**1,634.2**	**- 137.9**	**- 203.9**	**967.8**	**1,430.3**
Inventories	21.6	31.9	0.0	0.0	21.6	31.9
Trade accounts receivable	271.9	401.9	0.0	0.0	271.9	401.9
Other receivables and assets	255.6	377.8	0.0	0.0	255.6	377.8
Deferred tax claims	7.6	11.2	5.1	7.6	12.7	18.8
Prepaid expenses	155.3	229.5	0.0	0.0	155.3	229.5
Cash and cash equivalents	322.4	476.5	0.0	0.0	322.4	476.5
Pension provisions	7.0	10.4	0.0	0.0	7.0	10.4
Current income tax provisions	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax provisions	55.2	81.6	161.0	237.9	216.2	319.5
Other provisions	47.8	70.6	17.6	26.0	65.4	96.6
Financial liabilities	559.9	827.5	0.0	0.0	559.9	827.5
Trade accounts payable	674.3	996.7	0.0	0.0	674.3	996.7
Other liabilities	545.5	806.2	- 3.1	- 4.5	542.4	801.7
Equity	**250.4**	**370.0**	**- 308.3**	**- 455.7**	**- 57.9**	**- 85.7**
of which minority interests	0.9	1.3	0.0	0.0	0.9	1.3

In September, First Choice Holidays PLC posted turnover of 338.2 million GBP (€ 500.1 million) and earnings before taxes of 1.7 million GBP (€ 2.5 Mio.). Taking into consideration the negative interest result of TUI Travel PLC the earning before taxes have to be reduced by 1.3 billion GBP (€ 1.9 million). Due to the short period of time passed since the acquisition, further disclosure according to IFRS 3 cannot yet be provided.

As at 1 September 2007, First Choice Holding, Inc. (Wilmington, USA) acquired 100% of the shares in Starquest Expeditions, Inc. (Seattle, USA), a provider of individually designed innovative luxury tours. The purchase price including incidental acquisition costs totalled 50.2 million USD, while net assets accounted for 0.1 million USD. The resulting difference of the equivalent of 24.6 million GBP or € 36.3 million was carried as provisional goodwill.

In addition, on 7 September 2007, First Choice Holding, Inc. (Wilmington, USA) acquired 100% of the shares in New Horizons Tour & Travel, Inc. (Jackson, USA), a specialist provider of study tours. The provisional goodwill carried as at the acquisition date (3.0 million GBP or € 4.4 million) resulted from the purchase price (including incidental acquisition costs) of 5.1 million USD and the negative net assets of 1.0 million USD.

As per 14 September 2007, First Choice Holding, Inc. (Wilmington, USA) acquired all shares in Travel Turf, Inc. (Allentown, USA), which organises study tours under the brand name "World Class Vacations". The purchase price including incidental acquisition costs was 9.1 million USD, while net assets accounted for 0.1 million USD. The resulting difference of 4.5 million GBP or € 6.5 million was carried as provisional goodwill.

With effect from 28 September 2007, Pacific World Singapore Pte. Ltd. (Singapore) acquired a 100% share in Asiarooms Pte. Ltd. (Singapore), a company operating in the hotel accommodation agency business. The goodwill (33.1 million GBP or

€ 47.4 million), capitalised on a preliminary basis as at the acquisition date, was determined on the basis of the purchase price including incidental acquisition costs of 49.0 million USD and negative net assets of 18.5 million USD.

Due to the short period of time between the acquisition of these four companies by the First Choice Group and the preparation of the present interim report of the TUI Group, it was not possible to complete a purchase price allocation to the individual assets and liabilities nor to make any further disclosures according to IFRS 3.

With effect from 5 January 2007, the minority share in 'Germanischer Lloyd AG', held by Hapag-Lloyd AG, was sold at a purchase price of € 15.1 million. As at the end of the 2006 financial year, this minority share had been classified as a non-current asset held for sale in accordance with IFRS 5. The corresponding asset was therefore shown in a separate balance sheet item as at 31 December 2006.

On 21 February 2007, CP Ships Limited concluded an agreement on the sale of the material assets and liabilities of Montreal Gateway Terminals to Montreal Gateway Terminals Limited Partnership, a company set up by Morgan Stanley Infrastructure Partner for this purpose. The agreements took effect as of 9 March 2007. Montreal Gateway Terminals were part of the business of CP Ships, the container shipping line acquired in 2005.

Until 9 March of the current financial year, Montreal Gateway Terminals generated turnover of € 17.1 million and earnings after taxes of € 1.4 million. In the first quarter 2006, turnover had totalled € 25.8 million with earnings of € 9.9 million.

The container terminal business was acquired by Montreal Gateway Terminals Limited Partnership at a price of € 324.6 million in the form of an asset deal. The purchase price was largely paid in cash, with the remainder paid in the form of a transfer of an interest of around 20% in the new company. This interest was included in the framework of at equity measurement by the TUI Group. After deduction of the selling expenses of € 4.3 million and the retroactive purchase price adjustment of around € 7.9 million in the third quarter 2007, the divestment generated overall positive earnings before taxes of € 185.6 million in the shipping division in the first nine months of the 2007 financial year.

Since the sales negotiations became increasingly specific, the material assets and liabilities of Montreal Gateway Terminals were classified as a disposal group in accordance with IFRS 5 as at the end of the 2006 financial year and were therefore shown in separate balance sheet items as at 31 December 2006.

Discontinuing operations

With the divestment of the US steel service companies of Preussag North America Inc. to financial investor Platinum Equity in May 2006 and the divestment of the majority interest in Wolf GmbH, a company in the heating and air conditioning sector, to Centrotec Sustainable AG in October 2006, the TUI Group sold its last remaining industrial interests.

As a result, the TUI Group now comprises the two core businesses tourism and shipping.

Currently, there are no discontinuing operations. The tables shown below provide an overview of the development of discontinuing operations in the 2006 reference period.

Result from discontinuing operations

Besides the operating income and expenses of these operations, the 2006 result from discontinuing operations also included effects of the deconsolidation of companies already divested in these sectors.

Result from discontinuing operations (after income tax)

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Trading	–	–	–	19.8
Sub-total – Earnings after taxes	**–**	**–**	**–**	**19.8**
Special logistics	–	3.0	–	3.0
Trading	–	- 0.5	–	- 12.6
Other divestments	–	0.7	–	6.0
Sub-total – Result from divestments/deconsolidation	**–**	**3.2**	**–**	**- 3.6**
Special logistics	–	3.0	–	3.0
Trading	–	- 0.5	–	7.2
Other divestments	–	0.7	–	6.0
Total – Result from discontinuing operations	**–**	**3.2**	**–**	**16.2**

Material items of the profit and loss statements of the discontinuing operations

€ million	Q3 2007	Q3 2006	9M 2007	Trading 9M 2006
Turnover	–	–	–	401.0
Cost of sales	–	–	–	357.8
Administrative expenses	–	–	–	14.0
Financial income	–	–	–	0.4
Financial expenses	–	–	–	1.4
Result from companies measured at equity	–	–	–	0.6
Earnings before taxes on income	–	–	–	28.8
Income taxes	–	–	–	9.0
Earnings after taxes on income	**–**	**–**	**–**	**19.8**

Cash flows from operating, investing and financing activities of the discontinuing operations

€ million	Q3 2007	Q3 2006	9M 2007	Trading 9M 2006
Cash flow from operating activities	–	–	–	- 17.4
Cash flow from investing activities	–	–	–	- 2.0
Cash flow from financing activities	–	–	–	18.4
Change in cash and cash equivalents due to exchange rate fluctuations	–	–	–	0.1
Development of cash and cash equivalents	**–**	**–**	**–**	**- 0.9**

Notes on the consolidated profit and loss statement

Starting with the interim financial statements as per 30 September 2007, the consolidated profit and loss statement will be structured according to the cost of sales format. Under this format, turnover is presented alongside the expenses required to generate it. The purpose of using the cost of sales format to structure the consolidated profit and loss statements is to enhance the international comparability of reporting.

The change in the presentation format applies to all operating income and expenses with the exception of turnover. In order to ensure comparability according to IAS 8, the figures for the previous year were restated accordingly.

In order to further enhance international comparability, expenses and income from changes in the value of financial instruments resulting from hedges of bunker oil, aircraft fuel and future payment flows in foreign currencies are shown under cost of sales rather than financial result, as before. Due to this change, the financial result declined by € 5.4 million for the 2006 reference period and by € 20.0 million for the first nine months of 2006.

(1) Cost of sales and administrative expenses

The cost of sales and administrative expenses include the following items:

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Rental, lease and leasing expenses	327.2	300.8	924.2	860.0

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Personal costs	618.0	603.2	1 670.4	1 848.0

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Depriciation and amortisation	173.4	159.2	490.3	495.5
Impairments of property, plant and equipment	0.9	2.8	1.0	19.7
Total	**174.3**	**162.0**	**491.3**	**515.2**

(2) Other income/ Other expenses

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Other income	41.3	22.2	293.5	276.0
Other expenses	14.3	10.5	17.2	12.0
Total	**27.0**	**11.7**	**276.3**	**264.0**

Other income of the current financial year mainly resulted from the divestment of the Montreal Gateway Terminals (185.6 million €), outlined under 'Acquisitions – divestments'. The income shown in the 2006 reference period mainly resulted from the divestment of the TQ3 Group (€ 149.2 million) and the realisation of income from the sale of 'Schacht Konrad' (€ 40.8 million).

(3) Other one-off items according to divisions

In addition to the statements according to IFRS the consolidated Group profit and loss statement contains a reconciliation to underlying earnings. The following items are components of this reconciliation:

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Tourism	29.6	5.2	69.6	22.4
Shipping	0.0	20.0	- 29.0	43.0
Total	**29.6**	**25.2**	**40.6**	**65.4**

The one-off expenses incurred in the third quarter 2007 mainly resulted from additional expenses arising on the merger between TUI's tourism division and First Choice Holidays PLC. In addition, the tourism division was impacted in particular by one-off expenses for the rebranding of the new TUIfly.com brand, one-off expenses for changes in the air passenger duty in the UK which could not be passed on to passengers and one-off expenses for the revaluation of maintenance provisions in the framework of the merger between First Choice and TUI's tourism division.

Earnings for the first nine months of the 2007 financial year included one-off income of € 32.0 million from the revaluation of a risk position formed at the acquisition date in the framework of the acquisition of CP Ships. On the other hand, a minor lagging expense for the integration of CP Ships of € 3.0 million was incurred.

The year-on-year development of the consolidated profit and loss statement was essentially characterised by changes in the group of consolidated companies. The main change characterising the current financial year was the first-time consolidation of earnings by First Choice Holidays PLC as of September 2007. In the 2006 reference period, the shareholding in Wolf GmbH (heating and air conditioning technology) was included completely in consolidation; the shareholding in the TUI Infotec (IT services), the business travel activities of the TQ3 Group and the specialist tour operator activities of TUI Nederland were included in consolidation, at least for part of the reference period. Moreover, the US steel service companies of the PNA Group were carried as discontinuing operations until 9 May 2006. These companies were sold in the course of the 2006 financial year. As of the third quarter of the 2006 financial year, the Explorers Travel Club Group was also included in consolidation of the TUI Group. As a result, a year-on-year comparison of the first nine months of the current financial year is of limited use only for the continuing operations.

In the course of the 2006 financial year, the operative business of the CP Ships Group, acquired in 2005, was fully integrated into the Hapag-Lloyd Group. In the 2006 reference period, restructuring expenses had totalled € 64.0 million. While no such expenses were incurred in the shipping division in the first nine months of the current financial year, book profits of € 200.7 million were generated in that period from the divestment of the minority interest in 'Germanischer Lloyd AG' and the key assets and liabilities of Montreal Gateway Terminals.

In the first nine months of the current financial year, earnings by the shipping division were significantly up year-on-year with an increase in transport volumes and improvements in freight rates. Adjusted in particular for one-off income from divestments, underlying earnings were also substantially higher than in 2006.

The development of earnings by the tourism division in the 2006 reference period was essentially determined by income of € 162.0 million from the divestments of the TQ3 Group (Other tourism sector) and the Dutch specialist tour operators.

Adjusted for the one-off items of the 2006 reference period, earnings by the tourism division fell short of 2006 levels, with an overall increase in turnover.

This was mainly attributable to the persistently difficult market environment in the Northern Europe sector. The Scandinavian source markets, in contrast, managed to increase their business volume year-on-year. In the UK, income of € 5.8 million was generated in the period under review from two aircraft sale-and-lease-back agreements. However, this sector was particularly strongly affected by the difficult market environment which caused a decline both in turnover and earnings. Earnings in the first nine months of the 2007 financial year were also impacted by one-off expenses, including expenses for changes in the air passenger duty in the UK which could not be passed on to passengers. One-off expenses also included an amount of € 19.9 million for the revaluation of aircraft maintenance provisions in the framework of the adoption of uniform accounting and measurement methods in connection with the merger of material parts of TUI's tourism division and First Choice. In the framework of that merger, additional one-off expenses of € 16.6 million were incurred, primarily for the redemption of long-term bonus programmes.

Turnover rose considerably in the Central and Western Europe source markets. In the 2006 reference period, source market Central Europe was impacted by restructuring expenses of € 8.2 million. In the current reporting period, such expenses only totalled € 3.2 million. In addition, source market Central Europe posted income of € 10.8 million (previous year: € 25 million) from four aircraft sale-and-lease-back agreements in the first nine months of the financial year under review. On the other hand, expenses were incurred in connection with the two airlines Hapag-Lloyd Flug and Hapag-Lloyd Express for the establishment of the new uniform master brand TUIfly.com. Besides these one-off expenses, however, earnings were further impacted by the decline in the load factor in flight operations. In net terms, earnings in source market Central Europe thus fell short of 2006 levels.

Earnings in source market Western Europe were significantly up year-on-year. This was attributable to the marked recovery of source market France and positive effects of restructuring programmes. In the period under review, earnings comprised restructuring expenses and one-off expenses of € 3.9 million in source market Netherlands and of € 3.6 million in source market France. In the 2006 reference period, corresponding expenses of € 17.7 million were carried for the fleet renewal programme and IT changes in source market France. Even adjusted for one-off items, underlying earnings rose substantially. Moreover, income from an aircraft sale-and-lease-back agreement of € 4.4 million (previous year: € 5.0 million) was generated in the period under review.

Due to the positive operative trend the destinations sector achieved an increase in turnover year-on-year by maintaining the 2006 earnings level.

Earnings by tour operator First Choice Holidays were initially included in consolidation in September 2007.

The TUI Hotels & Resorts sector achieved substantial growth in turnover. Even adjusted for one-off expenses in the 2006 reference period, earnings were considerably up year-on-year, mainly due to the gratifying performance of the RIU Group.

Overall, the earnings situation was characterised by the seasonal nature of the tourism business. Due to the business saisons, profit contributions in the tourism division predominantly arise in the second and third quarter of any one year.

Earnings by the central operations in the 2006 reference period benefited from earnings of € 15.0 million from the fair value measurement of the conversion options of the convertible bond issued in October 2003. Since, with effect from 3 April 2006, TUI AG irrevocably waived its option, to be exercised unilaterally, of being able to deliver cash if a conversion option should be exercised, fair value measurement in profit or loss has no longer applied since 3 April 2006. In addition, earnings were impacted by one-off restructuring expenses of € 6.1 million, primarily for severance payments, in the current period under review. Earnings by the holding companies were substantially affected by the changes in the value of cash flow hedge transactions to be treated as income. Earnings in 2006 were additionally characterised by one-off income of € 40.8 million posted by the real estate companies for the sale of 'Schacht Konrad'. Another factor to be taken into account was the fact that Wolf GmbH was no longer included in consolidation in the current reporting period.

Goodwill impairments exclusively related to goodwill for the Irish Budget Travel, which had to be fully written off upon conclusion of the agreement to sell all Budget Travel interests in September 2007.

The strong year-on-year decline in tax expenses resulted from the reorganisation of the German companies incorporated in TUI Travel PLC under company law and the effect of the newly issued 2007/2012 convertible bond.

In the first nine months of the 2007 financial year, no unusual expenses or income from the divestment of discontinuing operations had to be shown. In the 2006 reference period, net unusual expenses after tax of € 0.6 million were incurred. These expenses mainly resulted from the deconsolidation of the PNA Group totalling € 12.6 million as well as income of € 12.0 million mainly resulting from the payment of previously disputed dividend claims on a company of the Preussag Energie Group and income from the reimbursement of pension benefits in connection with the divestment of the special logistics operations.

Notes on the consolidated balance sheet

The changes in the consolidated balance sheet as against 31 December 2006 mainly resulted from the acquisition of 51.0% of the shares in First Choice Holidays PLC as at 3 September 2007 and the cycle of the tourism business. The considerable increase in other intangible assets and property, plant and equipment as well as trade accounts receivable and other receivables as well as the substantial increase in deferred income tax provisions, trade accounts payable and advance payments received shown under other liabilities resulted from the inclusion of the First Choice Holidays Group in consolidation. Trade accounts receivable and current operative liabilities as well as liquid funds in the tourism division rose due to the seasonal development of business in tourism.

Despite the addition of goodwill for the First Choice Holidays Group, goodwill declined slightly as against 31 December 2006. This was mainly due to the disposals of prorated goodwill for TUI's tourism division incorporated into TUI Travel PLC and the weakening of the British pound sterling against the euro.

The increase in financial liabilities as against 31 December 2006 mainly resulted from the uncollateralised non-subordinated convertible bond issued by TUI AG in May 2007 and the inclusion of the liabilities due to banks of the First Choice Holidays Group. Cash and cash equivalents also rose considerably against the background of the convertible bond issued and the liquidity of the First Choice Holidays Group.

Assets held for sale and related liabilities

€ million	30 Sept 2007	31 Dec 2006
Non-current assets	172.9	171.4
Assets held for sale	**172.9**	**171.4**
Liabilities related to non-current assets	27.0	2.1
Liabilities related to assets held for sale	**27.0**	**2.1**

Most of the items carried as assets held for sale as at 31 December 2006 and the related liabilities were settled by means of the divestment of the minority interest in 'Germanischer Lloyd AG' as at 5 January 2007 and the divestment of the material assets and liabilities of Montreal Gateway Terminals as at 9 March 2007. These transactions are outlined in detail in the section 'Acquisitions – divestments'.

On 4 June 2007, the EU Commission granted its approval to the merger of the material parts of TUI's tourism division and the British travel group First Choice Holidays PLC into TUI Travel PLC. The approval was granted subject to the condition that TUI sells its Irish subsidiary Budget Travel. The assets (€ 59.6 million) and liabilities (€ 27.0 million) allocated to the Irish Budget Travel Group therefore had to be carried as non-current assets and related liabilities held for sale in accordance with IFRS 5. The transfer of shares was effected in mid-October 2007 on the basis of the agreement concluded in September 2007 with the Primera Travel Group. In addition, aircraft (€ 57.6 million), ship containers (€ 46.1 million) and to a lesser extent real estate property and land as well as yachts of the First Choice Holidays Group were carried as assets held for sale in accordance with IFRS 5 as at 30 September 2007.

At the beginning of July 2007, TUI AG's Executive Board decided to sell the shares in the hotel holding company Tarajal Properties S.L. However, since the criteria of IFRS 5 were not fully met by 30 September 2007, the assets held for sale (€ 36.5 million) and the related liabilities (€ 9.4 million) were not yet carried under these items.

Changes in equity

Equity rose in particular due to the Group profit of € 421.7 million.

The TUI Group exercised the option offered by IAS 19 of offsetting actuarial gains and losses from pension commitments against equity outside profit or loss when they occur. In this context, actuarial losses offset against equity declined by € 207.8 million in the period under review, primarily due to the increase in the long-term interest rate level observed in the UK and the eurozone since the beginning of the year, despite the increase in life expectancy accounted for in TUI UK's commitments. Taking account of deferred taxes of € 68.1 million to be carried, equity rose accordingly by € 139.7 million outside profit or loss.

A further increase in equity of € 119.7 million resulted from the issuance of a conversion option.

Equity declined due to the weakness of the US dollar and the British pound sterling in the period under review. The Group's equity dropped since the negative capital resources attributable to the minority shareholders of TUI Travel PLC were offset as at the date of first-time consolidation.

Contingent liabilities

As at 30 September 2007, the TUI Group's contingent liabilities totalled around € 131 million (31 December 2006: around € 214 million). Contingent liabilities were carried at the level of potential availment as at the balance sheet date. They mainly related to remaining guarantees and warranties from the former plant engineering and shipbuilding activities, which serve to settle follow-up projects and were substantially reduced in the first nine months of the financial year.

Other financial liabilities

Financial liabilities from operating rental, lease and charter agreements rose at the end of the first nine months of the financial year under review to € 5.4 billion, up from € 4.5 billion as at 31 December 2006 mainly due to the inclusion of the First Choice Holidays Group. The fair value also increased from € 3.8 billion to € 4.4 billion.

The remaining other financial liabilities rose to € 6.3 billion as at the end of the first nine months of 2007, up from € 6.1 billion as at the end of the 2006 financial year. While order commitments for tourism services declined slightly to € 2.1 billion, order commitments for investments rose by € 0.6 billion to € 3.7 billion, in particular due to the inclusion of the First Choice Holidays Group in consolidation. The fair value of the remaining other financial liabilities increased from € 5.3 billion to € 5.4 billion.

Notes on the cash flow statement

In the period under review, cash and cash equivalents of the continuing operations rose by € 1,804.8 million to € 2,493.5 million.

The inflow of cash from operating activities grew considerably year-on-year by € 266.0 million to € 1,402.1 million. This was mainly attributable to the positive business trend in the shipping and tourism divisions.

The outflow of cash from investing activities totalled € 591.5 million in the current financial year. The cash outflow in the current financial year mainly resulted from payments made for capital expenditure on property, plant and equipment (basically for container ships, containers and hotel complexes) as well as investments (mainly for the acquisition of four tourism companies by the First Choice Holidays Group during the current quarter and the acquisition of the remaining shares in E.V.S. Beteiligungsgesellschaft mbH). On the other hand, cash inflows primarily resulted from the divestments of the material assets and liabilities of Montreal Gateway Terminals and the minority interest in 'Germanischer Lloyd AG'. In 2006, an inflow of cash from investing activities of € 170.6 million was reported. This inflow of cash was mainly attributable to the divestments of the TQ3 Group and the PNA Group in the 2006 financial year.

The inflow of cash from financing activities, which also included interest payments, totalled € 562.3 million, primarily resulting from the issuance of an uncollateralised non-subordinated convertible bond by TUI AG in May 2007. In 2006, an outflow of cash of € 415.1 million was recorded in the relevant period.

Cash and cash equivalents increased by a further € 478.3 million due to exchange rate fluctuations and changes in the group of consolidated companies, primarily the inclusion of the First Choice Holidays Group.

Statements of changes in equity

Summary statement of changes in equity from 1 January to 30 September 2007

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2007	**641.7**	**2,396.2**	**- 613.1**	**294.8**	**2,719.6**	**275.5**	**2,995.1**
Dividend payments	0.0	0.0	- 19.0	0.0	- 19.0	- 15.4	- 34.4
Dividend hybrid capital	0.0	0.0	- 19.4	0.0	- 19.4	0.0	- 19.4
Issuance of convertible bond	0.0	119.7	0.0	0.0	119.7	0.0	119.7
First-time consolidation	0.0	0.0	- 172.3	0.0	- 172.3	7.1	- 165.2
Effect of acquisition of minority interests	0.0	0.0	- 22.6	0.0	- 22.6	- 0.9	- 23.5
Income and expenses directly carried in equity	0.0	0.0	510.2	0.0	510.2	37.0	547.2
Tax items directly offset against equity	0.0	- 47.9	- 56.9	0.0	- 104.8	0.0	- 104.8
Balance as at 30 September 2007	**641.7**	**2,468.0**	**- 393.1**	**294.8**	**3,011.4**	**303.3**	**3,314.7**

Summary statement of changes in equity from 1 January to 30 September 2006

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2006	**641.0**	**2,385.0**	**777.5**	**294.8**	**4,098.3**	**262.2**	**4,360.5**
Dividend payments	0.0	0.0	- 189.0	0.0	- 189.0	- 18.9	- 207.9
Dividend hybrid capital	0.0	0.0	- 20.9	0.0	- 20.9	0.0	- 20.9
Reclassification of conversion options	0.0	7.2	0.0	0.0	7.2	0.0	7.2
Deconsolidation	0.0	0.0	3.4	0.0	3.4	- 2.6	0.8
Income and expenses directly carried in equity	0.0	0.0	- 101.9	0.0	- 101.9	30.0	- 71.9
Tax items directly offset against equity	0.0	0.0	57.6	0.0	57.6	0.6	58.2
Balance as at 30 September 2006	**641.0**	**2,392.2**	**526.7**	**294.8**	**3,854.7**	**271.3**	**4,126.0**

Segment indicators

External turnover with non-Group third parties according to divisions and sectors

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Tourism	5,792.8	5,160.8	12,028.3	11,312.9
of which First Choice Holidays	500.1	–	500.1	–
Shipping	1,606.8	1,511.0	4,644.7	4,756.4
Holding companies	2.9	67.9	20.4	172.5
Continuing operations	**7,402.5**	**6,739.7**	**16,693.4**	**16,241.8**
Trading	–	–	–	401.0
Discontinuing operations	**–**	**–**	**–**	**401.0**
Total	**7,402.5**	**6,739.7**	**16,693.4**	**16,642.8**

Earnings before interest, taxes and amortisation of goodwill by divisions and sectors (EBITA)

€ million	Q3 2007	Q3 2006	9M 2007	9M 2006
Tourism	631	584	407	653
of which First Choice Holidays	10	–	10	–
Shipping	103	- 25	257	- 91
Central operations (excl. consolidation)	261	21	255	40
Consolidation	- 227	- 51	- 229	- 54
Continuing operations	**768**	**529**	**690**	**548**
Special logistics	–	5	–	5
Trading	–	- 1	–	17
Other divestments	–	2	–	7
Discontinuing operations	**–**	**6**	**–**	**29**
Total	**768**	**535**	**690**	**577**

In the first nine months of the 2007 financial year, earnings before interest, taxes and amortisation of goodwill (EBITA) comprised the following results from the companies measured at equity: tourism € 42.5 million (previous year: € 35.2 million), shipping € 8.4 million (previous year € 4.9 million) and trading € 0.0 million (previous year: € 0.6 million).

Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintained indirect or direct relationships with related parties. All transactions with related parties were carried out at arm's length on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. The equity interest of RIU Hoteles S.A. shown in the notes on the consolidated financial statements as per 31 December 2006 continued to be held at the cutoff date of the interim financial statements. More detailed information on related parties is provided in the notes on the consolidated financial statements for 2006 under 'Other notes'.

At the end of July 2007, an agreement was concluded between the El Chiaty family and TUI AG. The agreement grants the right to the El Chiaty family of buying at least 15.0% and at most all shares in the hotel companies in Egypt and the United Arab Emirates jointly held by TUI and the El Chiaty family in the case of a change of control.

Reservation concerning future-related Statements

This interim report contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.

Financial Calendar 2008

Annual Press Conference 2008	18 March 2008
Annual General Meeting 2008	7 May 2008

Imprint

TUI AG
Karl-Wiechert-Allee 4
30625 Hanover
Germany

Phone +49.511.566-00
Fax +49.511.566-1901
E-Mail investor.relations@tui.com
Internet www.tui-group.com

TUI AG
Karl-Wiechert-Allee 4
30625 Hanover
Germany

1 access + 9 source markets = 20 million offerings → 11.1 million passengers + 2,200 employees + 50 aircraft = 1 airline
distribution agencies = 1 IT system → 138 container ships + 467,000 TEU capacity = 5 million TEU transport volume →
→ 11.1 million passengers + 2,200 employees + 50 aircraft = 1 airline → 279 hotels + 600 swimming pools + 165,000 beds
ships + 467,000 TEU capacity = 5 million TEU transport volume → 2 x quality + 2 x strong brand + 2 x size = Security
aircraft = 1 airline → 279 hotels + 600 swimming pools + 165,000 beds = 36 million accommodations → 5 continents +
transport volume → 2 x quality + 2 x strong brand + 2 x size = Security & prospects → 1 access + 9 source markets = 2
pools + 165,000 beds = 36 million accommodations → 5 continents + 100 countries + 331 distribution agencies = 1 IT sy
+ 2 x size = Security & prospects → 1 access + 9 source markets = 20 million offerings → 11.1 million passengers + 2,20
→ 5 continents + 100 countries + 331 distribution agencies = 1 IT system → 138 container ships + 467,000 TEU capa
+ 9 source markets = 20 million offerings → 11.1 million passengers + 2,200 employees + 50 aircraft = 1 airline → 279 hot
agencies = 1 IT system → 138 container ships + 467,000 TEU capacity = 5 million TEU transport volume → 2 x quality +