



Quarterly Statement 1 October 2019 – 30 June 2020

Q3 FY20 Summary

- Group revenue of €75m¹, down 98%, reflecting business standstill for most of the quarter with partial operations successfully resumed from mid-May.
- 55 hotels reopened in the quarter (~15% of total portfolio) as lockdown restrictions eased worldwide from mid-May. Hotel volumes remain significantly lower than usual summer levels however there were encouraging signs of customer demand with average occupancy of 23% achieved, reflecting the initial restart of operations in Europe, Mexico, the Caribbean and Egypt and the necessary social distancing protocols in place.
- All three Cruise operations remained suspended throughout the quarter, adhering to both German and UK government advice on cruising.
- From mid-June, our Summer tour operator programme was partially restarted from Central Region, taking customers to Majorca, Ibiza and Formentera. Operations also resumed from Benelux.
- Q3 Group underlying EBIT loss of €1.1bn¹ reflects business suspension for most of the quarter, impairments triggered by COVID-19 and net costs arising from ineffective hedging contracts. Fixed costs were reduced to around €237m per month, in line with communication at H1 results, reflecting the swift action of our team to reduce cash fixed costs by more than 70% as the business moved into crisis mode.
- 9M Group underlying EBIT loss of €2.0bn¹, an increase of €1.8bn versus prior year, reflects underlying costs of €1.3bn from business suspension since March, impairments triggered totalling €410m and net costs from ineffective hedges amounting to €189m.
- Comprehensive compensation agreement relating to the Boeing 737 Max grounding was concluded in the quarter. The specific details of the agreement with Boeing are confidential however consist of three key elements
 - 1) staggered compensation to be received over the next two years
 - 2) credits against future orders and
 - 3) a deferral of 61 aircraft deliveries enabling our fleet capacity to be flexed to all demand scenarios as the market recovers post COVID-19.
- Post balance sheet date on 7 July, we successfully completed the sale of Hapag-Lloyd Cruises to TUI Cruises joint venture against a difficult market environment on the terms and conditions agreed in February 2020. The first stage of disposal proceeds has been received in the third quarter with remaining proceeds and full deconsolidation to be completed in the final quarter of the current financial year.

¹ at constant currency rates

Bookings – latest position

- Bookings for Summer 2020 are down 81%² and ASP down 10%. This equates to 16%² sold of our original programme reflecting impact of cancellations from mid-March, versus 88% sold at the same point last year. Rebased on our adjusted capacity plans, we are currently 57% sold to date.
- Capacity plans for both Winter 2020/21 and Summer 2021 have been adjusted from original plans to reflect both current government advice and consumer demand. Capacity for Winter 2020/21 has been reduced by 40% and overall bookings are down broadly in line with this capacity adjustment. For the UK, bookings are down 5%² and ASP is up 2%.
- Summer 2021 capacity has been cautiously adjusted by 20%, with flexibility to adjust as we gain more visibility. Bookings are currently up significantly as customers both rebook holidays from this Summer and look to secure new holidays early. Bookings for Summer 2021 are consequently up ~145%² with ASP up 9%.

² These statistics are up to 2 August 2020, shown on a constant currency basis and relate to all customers whether risk or non-risk

Liquidity – latest position

We have reached an agreement with the German Federal Government for an additional stabilisation package for €1.2bn. The package strengthens our liquidity position and would provide sufficient liquidity in this volatile market environment, to cover TUI's seasonal working capital swing through Winter 2020/21 and thereafter, should there be further periods of travel restrictions and disruptions related to COVID-19.

The additional stabilisation package agreed with the German Federal Government is in the form of both debt and a convertible bond

- KfW loan increasing TUI's existing Revolving Credit Facility by an additional €1.05bn
- The drawing of the additional KfW tranche is subject to the issuance of a convertible bond to the Economic Stabilisation Fund (WSF) in the amount of €150m by 30 September 2020
- The additional state aid is furthermore subject to an agreement with the bondholders of the €300m Senior Notes due in October 2021 regarding a covenant waiver for potential future limitation of indebtedness
- The additional €1.05bn RCF will have a maturity date in line with the initial tranche – the maturity date of October 2021 will be automatically extended to July 2022 on the refinancing of €300m Senior Notes bond ahead of October 2021
- Dividend payments and share buy-backs will be restricted for the term of the stabilisation package. In addition, the stabilisation package provided by the WSF will be linked to further limitations regarding, inter alia, investments in other companies and the remuneration for Board Members as long as the WSF remains invested
- Inclusive of the further liquidity agreed, the Group, as at 12 August, would have total cash and available facilities amounting to €2.4bn

Global Realignment Programme

We have launched a global realignment programme which targets to permanently reduce our annual overhead cost base by 30% across the entire Group. A comprehensive review of our activities across every business unit and group companies worldwide to identify benefits and savings has been triggered. We are targeting a permanent annual saving of more than €300m with the first benefits expected to be delivered from FY21 and full benefits to be delivered by FY23. Negotiations have begun within respective business units and we expect FY20 restructuring costs to be in the region of ~€240m in FY20, ~€40m in FY21 and ~€10m in FY22. In two years' time, TUI Group will emerge stronger, leaner, more digitalised and more agile, in what is likely to be a much more consolidated market.

Restart, transition, return to normalised levels in FY22 and beyond – rebuild financial profile

FY21 will be a year of transition and we expect a normalised level of business from FY22. Our performance to date and priorities over the next few years can be summarised as follows: -

Q3 FY20 performance: Restart and liquidity management

- Successful and responsible restart across our markets, reopening of over 50% of Group hotels worldwide and launching short cruises in Europe by August
- Well managed liquidity position, immediate reduction of cash costs by >70% to crisis mode levels
- Expect to be broadly operationally cash break-even for Q4 FY20 based on present restart operations
- Further liquidity secured with German government to support Winter 20/21 and thereafter

FY21 priorities: Transition

- Further ramp up in bookings as more destinations reopen and consumer confidence returns
- Accelerate digitalisation initiatives and deliver global realignment cost reduction programme
- Rebuild robust group financial profile – reduce gross leverage, restore credit rating and return to profitability

FY22 and beyond: Return to normalised level of demand and profitable growth

- TUI is well positioned to emerge from the crisis as an even stronger market leader due to its trusted brand and differentiated products
- First synergies from global realignment to be realised
- Benefits from digital accelerations and platform harmonisations
- Return to pre-crisis booking levels with subsequent growth

Our priority will be rebuilding a robust financial profile. The Group will now evaluate options to achieve the optimal balance sheet structure to support the business over the longer term.

Income statement of TUI Group for the period from 1 Oct 2019 to 30 Jun 2020

€ million	Q3 2020	Q3 2019 adjusted	Var. %	9M 2020	9M 2019 adjusted	Var. %
Turnover	71.8	4,745.0	- 98.5	6,710.4	11,421.4	- 41.2
Cost of sales	983.6	4,519.2	- 78.2	7,954.6	11,146.1	- 28.6
Gross profit	- 911.9	225.8	n. a.	- 1,244.2	275.3	n. a.
Administrative expenses	202.7	222.4	- 8.9	731.1	754.1	- 3.0
Other income	4.5	1.6	+181.3	97.6	14.4	+577.8
Other expenses	14.9	2.1	+609.5	18.6	16.0	+16.3
Impairment of goodwill	53.1	-	n. a.	53.1	-	n. a.
Impairment of financial assets	72.1	- 7.0	n. a.	95.6	- 9.8	n. a.
Financial income	4.8	11.7	- 59.0	27.2	81.6	- 66.7
Financial expenses	56.1	39.8	+41.0	206.7	118.9	+73.8
Share of result of joint ventures and associates	- 158.6	78.3	n. a.	- 116.7	184.5	n. a.
Earnings from continuing operations before income taxes	- 1,460.0	60.0	n. a.	- 2,341.1	- 323.3	- 624.1
Income taxes	- 7.4	11.5	n. a.	- 42.6	- 82.7	+48.5
Group loss	- 1,452.7	48.5	n. a.	- 2,298.5	- 240.6	- 855.3
Group loss attributable to shareholders of TUI AG	- 1,424.4	22.8	n. a.	- 2,316.6	- 320.3	- 623.3
Group loss attributable to non-controlling interest	- 28.2	25.7	n. a.	18.1	79.7	- 77.3

Condensed cash flow statement of TUI Group

€ million	9M 2020	9M 2019
Cash inflow / cash outflow from operating activities	- 1,959.0	700.8
Cash outflow from investing activities	- 39.9	- 948.8
Cash inflow / cash outflow from financing activities	2,303.9	- 718.2
Net change in cash and cash equivalents	305.0	- 966.2
Change in cash and cash equivalents due to exchange rate fluctuation	- 9.1	- 16.8
Cash and cash equivalents at beginning of period	1,747.6	2,548.0
Cash and cash equivalents at end of period	2,043.6	1,564.9
of which included in the balance sheet as assets held for sale	55.6	-

Financial position of TUI Group as at 30 Jun 2020

€ million	30 Jun 2020	30 Sep 2019 adjusted
Assets		
Goodwill	2,914.7	3,009.2
Other intangible assets	656.7	710.7
Property, plant and equipment	3,508.7	5,810.7
Right-of-use assets	3,468.9	-
Investments in joint ventures and associates	1,330.5	1,507.6
Trade and other receivables	394.0	60.9
Derivative financial instruments	15.4	43.9
Other financial assets	13.0	43.0
Touristic payments on account	137.7	183.7
Other non-financial assets	415.5	369.9
Income tax assets	9.6	9.6
Deferred tax assets	250.1	202.0
Non-current assets	13,114.9	11,951.1
Inventories	87.2	114.7
Trade and other receivables	596.6	876.4
Derivative financial instruments	198.0	303.8
Other financial assets	9.5	31.1
Touristic payments on account	1,033.0	908.7
Other non-financial assets	113.8	131.5
Income tax assets	62.2	155.7
Cash and cash equivalents	1,988.0	1,741.5
Assets held for sale	808.3	50.0
Current assets	4,896.6	4,313.5
Total assets	18,011.4	16,264.6

Financial position of TUI Group as at 30 Jun 2020

€ million	30 Jun 2020	30 Sep 2019 adjusted
Equity and liabilities		
Subscribed capital	1,505.8	1,505.8
Capital reserves	4,207.5	4,207.5
Revenue reserves	- 5,245.6	- 2,259.2
Equity before non-controlling interest	467.7	3,454.2
Non-controlling interest	685.5	711.4
Equity	1,153.3	4,165.6
Pension provisions and similar obligations	959.4	1,035.6
Other provisions	769.4	775.0
Non-current provisions	1,728.7	1,810.6
Financial liabilities	4,133.9	2,457.6
Lease liabilities	2,917.4	-
Derivative financial instruments	58.9	59.1
Other financial liabilities	30.8	18.8
Other non-financial liabilities	198.8	100.1
Income tax liabilities	61.7	70.9
Deferred tax liabilities	151.1	226.9
Non-current liabilities	7,552.8	2,933.5
Non-current provisions and liabilities	9,281.6	4,744.2
Pension provisions and similar obligations	30.6	32.4
Other provisions	397.3	361.9
Current provisions	427.9	394.3
Financial liabilities	84.7	224.6
Lease liabilities	727.8	-
Trade payables	1,458.0	2,873.8
Derivative financial instruments	331.4	157.1
Other financial liabilities	686.0	89.6
Touristic advance payments received	2,534.3	2,911.2
Other non-financial liabilities	748.8	519.3
Income tax liabilities	63.4	81.9
Current liabilities	6,634.2	6,857.4
Liabilities related to assets held for sale	514.5	103.1
Current provisions and liabilities	7,576.6	7,354.9
Total equity and liabilities	18,011.4	16,264.6

Cautionary statement regarding forward-looking statements

The present Quarterly Statement contains various statements relating to TUI Group's and TUI AG's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, they are not guarantees of future performance since our assumptions involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic or political environment. TUI does not intend to and does not undertake any obligation to update any forward-looking statements in order to reflect events or developments after the date of this Statement.

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This Quarterly Statement, the presentation slides and the video webcast for 9M 2020 are available at the following link: www.tuigroup.com/en-en/investors

Financial Calendar

	Date
Quarterly Statement Q3 2020	13 August 2020
Pre-Close Trading Update	September 2020
Annual Report 2020	December 2020
Annual General Meeting 2021	February 2021

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