Press Release

# TUI Group in Q1 2023: Revenue up significantly due to strong travel demand, seasonal decline in operating earnings almost halved, almost all sectors contribute to earnings improvement: underlying EBIT Hotels & Resorts above pre-crisis level for third consecutive quarter / 3.3 million TUI guests in the period under review / Encouraging booking momentum for current Winter and Summer 2023 / Clear strategic focus geared towards growth / Solid operating and financial performance form the basis for planned reverse share split and capital increase to fully replace state aid

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- **Group revenue increased to 3.8 billion euros in the reporting period (previous year: 2.4 billion euros)**
- **Underlying EBIT significantly improved: usual seasonal minus almost halved to -153 million euros (previous year: -274 million euros)**
- **TUI hotels result improved to 71.9 million euros (previous year: 61.1 million euros) - third consecutive quarter above pre-crisis level**
  **3.3 million guests travelled with TUI in the period under review - one million more than in the prior-year quarter (2.3 million)**
- **Encouraging booking momentum for current Winter and Summer 2023 – latest booking figures for the last four weeks above pre-crisis level with higher average prices**
- **TUI CEO Sebastian Ebel: "Our strategy is clear: quality, cost discipline and market share. New products, additional customers and as a result more market share and above average growth are the basis for future increases in revenue and earnings. Swift implementation of the strategy is having an effect, booking dynamics for Summer 2023 are encouraging. Both strengthen our expectations: underlying**

**earnings to increase significantly in full year 2023. On the basis of solid operational and economic development, the balance sheet is to be further strengthened: at the Annual General Meeting, the final step towards refinancing the state aid is to be initiated."**

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**Hanover, 14 February 2023**. 3.3 million guests travelled on holiday with TUI in Q1 2023 - one million more than in the same period last year. The tourism group thus made a strong operational start to the new financial year: in the period under review, revenue increased significantly, and the usual seasonal operating loss was nearly halved. In a continuing challenging market environment, TUI benefited from people's continued willingness to travel, so that almost all business sectors contributed to the improvement in Group earnings. TUI CEO Sebastian Ebel: "Our strategy is clear: quality, cost discipline and winning market share. New products, additional customers and as a result more market share and above average growth are the basis for future increases in revenue and earnings. We agreed on a clear programme in late summer, which is currently being implemented. The swift implementation of the strategy is having an effect. At the same time, we see the encouraging booking momentum for Summer 2023, especially in the last few weeks. Both factors strengthen our expectations: We want to significantly increase our underlying EBIT in the full year 2023. Based on this solid operational and economic development, we also want to further strengthen our balance sheet: at today's Annual General Meeting, the final step towards refinancing the state aid is to be initiated."

**Development of the 1st financial quarter 2023**

In contrast to the previous year, all business units were fully operational in the reporting period. As a result, good demand meant the usual seasonal minus in the underlying EBIT was almost halved to -153 million euros (previous year: -274 million euros). Almost all areas contributed to the improvement in earnings development. At the same time, revenue significantly improved by 1.4 billion euros to 3.8 billion euros compared to the same period of the previous year (2.4 billion euros).

In the **Holiday Experiences** segment, **Hotels & Resorts** recorded an increase in underlying EBIT of 17.7 per cent to 71.9 million euros in the period from October to December 2022 (previous year: 61.1 million euros) and achieved earnings above the pre-crisis level for the third quarter in a row. The hotel occupancy rate climbed by 11 percentage points to 75 per cent and the average daily bed rate achieved rose by 20 per cent year-on-year to 86 euros.

The recovery of **Cruises** continued in Q1, resulting in the third positive quarter since the start of the pandemic. Underlying EBIT improved significantly from -32 million euros in the previous year to 0.2 million euros. The earnings development is attributable to higher capacities as well as improved utilisation of the fleet, which returned to full operation again. As a result, passenger days also rose by almost one third to 2.4 million.

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**TUI Musement** increased the number of experiences sold by 64 per cent to 1.7 million. The number of transfers also rose by more than half to 5.0 million in the period under review. The unit's underlying EBIT of -13.0 million euros was on a par with the previous year (-12.7 million euros) due to increased investment in distribution.

In the **Markets & Airlines** segment, too, the underlying EBIT of -193.9 million euros improved significantly compared to the previous year (-259.0 million euros). This development was driven by higher prices and good demand. The Northern and Central regions were able to significantly improve their results compared to the previous year. The Northern Region achieved an underlying EBIT of -122.0 million euros (previous year: -171.7 million euros) and the underlying EBIT of the Central Region reached -28.3 million euros (previous year: -55.0 million euros). Underlying EBIT for the Western Region was -43.7 million euros, down on the previous year (-32.4 million euros), particularly due to the situation at Amsterdam Schiphol Airport.

**8.7 million bookings for current Winter and Summer 2023, demand in the last four weeks exceeds pre-crisis level with higher average prices – expectation for full-year earnings confirmed**

3.3 million guests travelled with TUI in the first quarter (previous year: 2.3 million). With 8.7 million bookings[1] taken to date across both the Winter season 2022/23 and the Summer season 2023, bookings are encouraging. The start of the new year has seen a significant increase in booking momentum with the UK and German markets having experienced very strong booking days. In the last four weeks, overall volumes exceeded pre-pandemic levels with higher average prices.

Average prices for Winter 2022/23 are currently 8 per cent higher than last year. Compared to the pre-pandemic winter, prices are 29 per cent higher. For the upcoming Summer 2023, bookings are still at an early stage. Average prices compared to the previous year are up 2 per cent, on a like-for-like basis prices are even 6 per cent higher[1]. Compared to the average prices before the pandemic the increase is currently 24 per cent.

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The current positive development in bookings is also reflected in the Holiday Experiences segment. In Hotels & Resorts, 71 per cent occupancy for H1 2023 (October 2022 to March 2023) is significantly above the previous year (56 percent). Average bed rates for this period are also currently well above the comparable figure for the previous year. With the entire Cruises fleet in operation, available passenger days in H1 2023 are significantly higher than last year. Occupancy on many cruises is close to the peaks last seen in 2019.

Due to the encouraging booking development the Group confirms its outlook: Underlying EBIT for the 2023 financial year is expected to increase significantly.

**Agreement with WSF to replace state aid – AGM decides on reverse stock split as basis for planned capital increase**

In the previous financial year, the TUI Group began repaying the first financial aid granted by the state during the pandemic. The aim is to repay all government loans and credit lines as quickly as possible. Due to the very good and sustainable operating performance, in particular in the past summer, TUI reached an agreement with the Economic Stabilisation Fund (WSF) in December on the conditions for a full repayment of the remaining WSF aid. The agreement also allows for a further substantial repayment of KfW's credit lines. Mathias Kiep, Chief Financial Officer of TUI Group: "Together with the WSF, we have agreed on a structured path for the repayments. 2023 is a year of transformation in which we will implement this consistently. It is still important for us to strengthen the balance sheet, i.e. we want to lower our net debt

[1] excluding UK S22 re-bookings rolled over from previous seasons, some of which included a rebooking incentive

and reduce interest costs. We will replace state aid and make TUI fit for profitable growth. Now is the right time to take these steps."

The agreement with the WSF is the basis for the corresponding resolutions in today's virtual TUI AGM. The agreement sets out the terms and conditions for the repayment of Silent Participation I for a nominal amount of 420 million euros and the remaining part of a warrant bond subscribed by WSF for a nominal amount of 59 million euros as well as accrued interest. The state waives the right to convert the two instruments into TUI shares at 1.00 euro per share until the end of 2023 in order to enable the repayment. Irrespective of the agreement with WSF, TUI also plans to successively and substantially reduce the existing credit lines with KfW.

A capital increase with subscription rights is planned to finance the repayments. The corresponding capital has already been authorized at the 2022 Annual General Meeting. In order to successfully implement the capital increase, TUI AG's share capital must first be reduced, and the number of shares reduced by a corresponding reverse share split. The measure creates a better starting position for TUI's refinancing. TUI shareholders will vote on this step at today's Annual General Meeting.

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**About TUI Group**

TUI Group is a leading global tourism group and operates worldwide. The Group is headquartered in Germany. TUI shares are listed on the FTSE 250, an index of the London Stock Exchange, on the regulated market of the Hanover Stock Exchange and on the Open Market segment of the Frankfurt Stock Exchange. The TUI Group offers integrated services from a single source for its 21 million customers.

The entire tourism value chain is covered under one roof. This includes over 400 hotels and resorts with premium brands such as RIU, TUI Blue and Robinson and 16 cruise ships, from the MS Europa and the MS Europa 2 in the luxury class and expedition ships to the Mein Schiff fleet of TUI Cruises and cruise ships at Marella Cruises in Great Britain. The Group also includes leading tour operator brands and online marketing platforms across Europe, five airlines with more than 130 modern medium and long-haul aircraft and around 1,200 travel agencies. In addition to expanding its core business with hotels, cruises via successful joint ventures and activities in holiday destinations, TUI is increasingly focusing on the expansion of digital platforms. The Group is transforming itself into a digital company.

Global responsibility for sustainable economic, ecological and social action is at the core of our corporate culture. The TUI Care Foundation, initiated by TUI, focuses on the positive effects of tourism, on education and training and on strengthening environmental and social standards with projects in 25 countries. It thus supports holiday destinations in their development.

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