

## Half-Year Financial Report 1 Oct. 2022 – 31 March 2023

### Summary

**Q2 2023 underlying EBIT of €-242.4m delivering a strong improvement year-on-year (Q2 2022: €-329.9m) with the strong booking momentum continuing into the Summer seasons. Successful completion of €1.8bn capital increase in April**

- Successful completion of capital increase with gross proceeds of €1.8bn following Q2 close<sup>1</sup>. This enables full repayment of WSF state aid and reduction in the size of KfW RCF to €1.1bn and is a significant measure to restore our balance sheet strength and has led to a first improvement of our credit rating, with S&P upgrading to B with a positive outlook.
- 2.4m customers enjoyed a holiday with us in the quarter, an increase of 0.6m customers versus the prior year and 88% of Q2 2019 customer levels on a like for like basis<sup>2</sup>. As a result, average load factor for the quarter was 93% (Q2 2022: Load factor 85%).
- Group revenue of €3.2bn, improved significantly across our segments by a total of €1.0bn against the prior year (Q2 2022: €2.1bn), reflecting the strength of demand for our products in a restriction free travel environment with Group revenue above pre-pandemic levels at improved prices (Q2 2019: €3.1bn).
- Q2 Group underlying EBIT at €-242.4m, up by €87.5m and €181m on a comparable basis<sup>3</sup> (Q2 2022: €-329.9m loss), with the Group results almost back to 2019 levels.
  - Hotels & Resorts continued its strong performance reporting a fourth consecutive quarter above 2019 levels and significantly up year-on-year, driven by good operational performances across our key brands.
  - The recovery in Cruises continues with the segment achieving a fourth positive quarter since the start of the pandemic. As a result, the business recorded a strong improvement against last year boosted by higher volumes as well as improved occupancies with a full fleet able to operate again within a restriction free environment.
  - Markets & Airlines operational growth continued in the quarter generated by higher ASPs and volumes. Results were well ahead of last year on a comparable basis excluding the positive benefits in the prior year of state aid in Germany and the impact of ineffective hedge positions.
- Net debt of €-4.2bn as of 31 March 2023 excludes the impact of the capital increase in April 2023 (31 March 2022: €-3.9bn). If retrospectively, net debt is adjusted at 31 March 2023 to include these proceeds<sup>4</sup>, net debt reduces to €-3.1bn.
- A total of 12.9m bookings<sup>5</sup> have been taken across the Winter and Summer seasons with ~4.2m bookings added since our Q1 2023 Interim Report. Winter 2022/23 closed out in line with expectations with ASPs well ahead.
- Easter bookings confirmed the strong customer demand across all our markets. To date bookings for Summer 2023 are significantly up at +13% on prior year accompanied by higher ASPs. Summer 2023 volumes in the last six weeks remains strong and are ahead of 2019 levels at +6% accompanied by higher ASPs emphasising the strength of customer demand and underlining the popularity of our product offering. In the UK, which is currently 64% sold, bookings are in line with the prior season and +10% versus pre-pandemic levels again accompanied by higher ASPs.
- Given the latest positive booking trends, we are confident in our Summer 2023 capacity assumption of being close to normalised 2019 Summer levels.

<sup>1</sup> For details please refer to page 29

<sup>2</sup> Excluding businesses sold and discontinued since 2019

<sup>3</sup> Reverse out of Q2 2022 benefit €50m COVID cost compensation from the German state, and €43m hedging ineffectiveness

<sup>4</sup> Net debt less €1bn redemption of drawn credit lines and €0.1bn bond with warrant

<sup>5</sup> Bookings up to 30 April 2023 relate to all customers whether risk or non-risk and includes amendments and voucher re-bookings

- During the quarter we have continued to translate our Sustainability Agenda into actions across our businesses to shape a more sustainable future for tourism. In airlines, we have a new agreement in place with Shell on sustainable aviation fuel to promote production and supply of sustainable aviation fuel (SAF). TUI Cruises introduced a new sustainability strategy with the ambition to offer their first climate-neutral cruises in 2030. In Hotels & Resorts, we launched the Green Building Guidelines to drive emission reductions for construction and refurbishment projects.
- Based on the strong booking momentum which is continuing into the Summer season, we reconfirm our expectations to increase underlying EBIT significantly for financial year 2023<sup>1</sup>.

<sup>1</sup> Based on constant currency. In view of the effects from the war in Ukraine, the assumption for underlying EBIT is subject to considerable uncertainty. Amongst others, the greatest area of uncertainty will be the impact on consumer confidence, should there be further cost inflation volatility and/or an escalation of the war in Ukraine

### **Sustainability as opportunity**

- For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our company. We firmly believe that sustainable development is critical to long-term economic success. Together with our many partners around the world, we are actively committed to shaping a more sustainable future for tourism.
- We have near-term targets set for airline, cruises and hotels, to reduce emissions in line with the latest climate science. These 2030 targets were validated by the Science Based Targets initiative (SBTi) and published in our Q1 Interim Report in February 2023. Emission reduction roadmaps have been developed for each business area and progress made during the quarter, including:
  - In Airlines, a new collaboration agreement has been signed with Shell to promote the production and supply of sustainable aviation fuel (SAF), a key tool to further reduce the carbon footprint of air transport, these fuels will be produced from circular raw materials that do not compete with food resources.
  - TUI Cruises has launched its new sustainability strategy in its 15th anniversary year as a company. The strategy is aligned with the Sustainability Agenda and covers brands Mein Schiff and Hapag-Lloyd Cruises. Strategic fields include climate protection, destination responsibility and sustainable business transformation. The ambition is to offer the first climate-neutral cruises by 2030.
  - TUI Hotels & Resorts has published new Green Building Guidelines for its hotels and TUI's hotel partners. The guidelines include valuable environmental advice and measures for construction and refurbishment projects – an important toolkit for reducing emissions across hotels. We aim to achieve zero emissions in our TUI Blue Montafon hotel in Austria by the end of 2023 with further hotels to follow in Austria and Spain in 2024.
  - Within our destinations we have launched a new eco-mobility project to create low emission transport options. This includes e-bike options in Rhodes for our destination reps.

## TUI Group - financial highlights

	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %	Var. % at constant currency
€ million							
<b>Revenue</b>	<b>3,152.9</b>	<b>2,128.4</b>	<b>+ 48.1</b>	<b>6,903.4</b>	<b>4,497.6</b>	<b>+ 53.5</b>	<b>+ 55.2</b>
<b>Underlying EBIT<sup>1</sup></b>							
Hotels & Resorts	78.0	23.7	+ 229.5	149.7	84.8	+ 76.5	+ 80.3
Cruises	14.8	- 73.5	n. a.	15.0	- 105.3	n. a.	n. a.
TUI Musement	- 12.7	- 18.2	+ 30.2	- 26.2	- 31.5	+ 16.8	+ 24.9
Holiday Experiences	80.1	- 68.1	n. a.	138.4	- 51.9	n. a.	n. a.
Northern Region	- 147.5	- 180.9	+ 18.5	- 269.5	- 352.6	+ 23.6	+ 17.5
Central Region	- 102.1	- 24.2	- 321.4	- 131.1	- 82.8	- 58.5	- 60.6
Western Region	- 59.2	- 57.0	- 3.9	- 102.9	- 89.4	- 15.1	- 17.9
Markets & Airlines	- 308.5	- 262.2	- 17.7	- 503.2	- 524.7	+ 4.1	- 0.8
All other segments	- 13.9	0.4	n. a.	- 30.6	- 26.8	- 14.1	- 14.3
<b>TUI Group</b>	<b>- 242.4</b>	<b>- 329.9</b>	<b>+ 26.5</b>	<b>- 395.3</b>	<b>- 603.5</b>	<b>+ 34.5</b>	<b>+ 31.1</b>
<b>EBIT<sup>1</sup></b>	<b>- 247.6</b>	<b>- 343.1</b>	<b>+ 27.8</b>	<b>- 406.3</b>	<b>- 614.5</b>	<b>+ 33.9</b>	
<b>Underlying EBITDA</b>	<b>- 42.9</b>	<b>- 123.1</b>	<b>+ 65.1</b>	<b>15.3</b>	<b>-188.4</b>	<b>n. a.</b>	
<b>EBITDA<sup>2</sup></b>	<b>- 42.7</b>	<b>- 130.0</b>	<b>+ 67.1</b>	<b>15.3</b>	<b>- 185.5</b>	<b>n. a.</b>	
Group loss	- 326.2	- 321.4	- 1.5	- 558.0	- 707.9	+ 21.2	
Earnings per share <sup>3</sup>	€ - 1.26	- 1.23	- 2.4	- 2.15	- 2.74	+ 21.5	
Net capex and investment	68.9	83.3	- 17.3	217.8	136.7	+ 59.4	
Equity ratio (31 Mar) <sup>4</sup>	%			- 6.1	1.5	- 7.6	
Net debt (31 Mar)				- 4,196.4	- 3,936.0	- 6.6	
Employee (31 Mar)				53,961	46,123	+ 17.0	

Differences may occur due to rounding.

<sup>1</sup> We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. For further details please see page 17.

<sup>2</sup> EBITDA is defined as earnings before interest, income taxes, goodwill impairment and amortisation and write-ups of other intangible assets, depreciation and write-ups of property, plant and equipment, investments and current assets.

<sup>3</sup> Earnings per share for all periods presented were adjusted for the impact of the 10-for-1 reverse stock split in February 2023 as well as the impact of the subscription rights issued in the capital increase in March 2023.

<sup>4</sup> Equity divided by balance sheet total in %, variance is given in percentage points.

All change figures refer to the same period of the previous year, unless otherwise stated.

The present Half-Year Financial Report 2023 is based on TUI Group's reporting structure set out in the Consolidated Financial Statements of TUI AG as at 30 September 2022. See TUI Group Annual Report 2022 from page 27. Due to the re-segmentation of Future Markets from All other segments to Hotels & Resorts, TUI Musement and Central Region in the current financial year, previous year's figures have been adjusted.

- H1 2023 Group revenue of €6.9bn was up €2.4bn versus previous year (H1 2022: €4.5bn). The Group's H1 2023 operating loss (underlying EBIT) of €-395.3m improved by €208.2m compared to previous year (H1 2022: €-603.5m).

## Trading update – Strong booking momentum continues for Summer 2023 with capacity expected to be close to normalised levels

### Markets & Airlines

- 12.9m bookings<sup>1</sup> have been taken across Winter 2022/23 and Summer 2023 with ~4.2m bookings added since our Q1 2023 Interim Report, as the strong booking momentum continues.
- Summer 2023 volumes in the last six weeks remain strong and are up 6% on 2019 levels accompanied by higher ASPs emphasising the strength of customer demand and underlining the popularity of our product offering.

#### Winter 2022/23

- 4.7m bookings were taken for the season with 0.6m added since our Q1 2023 update.
- The Winter 2022/23 programme closed with bookings significantly up at 133% of prior season levels and 88% of Winter 2018/19.
- ASP held up strongly, +10% higher than the prior Winter season and ahead of the +8% year-on-year improvement we published at Q1 2023. Compared to Winter 2018/19, ASP was up +29%.
- In general bookings in the European market are not back to Winter 2018/2019 levels but we continue to outperform with UK Winter bookings returning to pre-pandemic levels at significantly higher ASPs.
- Egypt and Cape Verde have grown in popularity with bookings up +22% and +3% vs. Winter 2018/19 respectively.

### Trading Markets & Airlines Summer season<sup>1</sup>

Variation in % versus	2022	2022	2019
	Summer 2023	last 6 weeks	Summer 2023
Bookings <sup>2</sup>	+ 13	- 1	- 4
ASP	+ 5 // + 8 <sup>3</sup>	+ 8	+ 26

#### Summer 2023

- Easter bookings confirmed the strong customer demand across all our markets and indications for the Summer season remain positive. 8.3m bookings have been taken to date, 3.6m more than at our Q1 2023 update. 55% of the programme sold which is +2%pts ahead of Summer 2022 and broadly in line with Summer 2019.
- Bookings for Summer 2023 are significantly up +13% year-on-year and at 96% (+ 7%pts since Q1 2023) of pre-pandemic levels.
- Against Summer 2022, ASP is up +5% and thus notably higher than the +2% comparison we published at Q1 2023. On a like-for-like basis, ASP is up +8% against the prior season, excluding Summer 2022 re-bookings rolled-forward from previous seasons. This increase highlights customers' continued willingness to prioritise spend on travel and experiences. Compared to Summer 2019, ASP remains significantly up at +26%.
- In the last six weeks, booking momentum has remained strong, +6% ahead of the Summer 2019 comparison reconfirming the positive and encouraging trends for this Summer.
- Spain, Greece and Turkey continue to be popular Summer destinations for our customers.
- The UK market continues to be the most advanced sold at 64%. Bookings are in line with the prior season and +10% versus pre-pandemic levels again accompanied by higher ASPs.
- Given the latest positive booking trends, we are confident in our Summer 2023 capacity assumption of being close to normalised 2019 Summer levels.

<sup>1</sup> Depending on the source market, Summer season starts in April or May and ends in September, October or November.

<sup>2</sup> Bookings up to 30 April 2023 relate to all customers whether risk or non-risk and include amendments and voucher re-bookings

<sup>3</sup> Excludes UK Summer 2022 re-bookings rolled over from previous season, some of which included a rebooking incentive

## Holiday Experiences

### Trading Holiday Experiences

	H2 2023 <sup>1</sup>
Variation in % versus	H2 2022
<b>Hotels &amp; Resorts<sup>2</sup></b>	
Available bed nights <sup>3</sup>	+ 5
Occupancy % <sup>4</sup>	+ 3 % points
<b>Cruises</b>	
Available passenger cruise days <sup>5</sup>	- 1
Occupancy % <sup>6</sup>	+ 22 % points
<b>TUI Musement</b>	
Experiences sold	+ mid-double digit %

- Hotels & Resorts – Number of available bed nights for H2<sup>2</sup> is ahead of prior year at +5% and slightly ahead of our Q1 Update. Booked occupancy is up year-on-year at +3%pts for H2. Average daily rates are +8% ahead year-on-year for H2 driven mainly by Riu. Key destinations in H2 are Turkey, the Caribbean, the Balearics, Greece, the Canaries and Cape Verde.
- Cruises – Our three brands continue to operate a full fleet of in total sixteen ships. H2 available passenger cruise days are however slightly behind at -1%<sup>1</sup> due to the current refurbishment of Mein Schiff Herz after its transfer from TUI Cruises to Marella and before it returns to service at the beginning of June for the summer season. Booked occupancy rates are up +22%pts for H2, developing, for many Cruises, close to the peaks last seen in 2019. 2023 booked ticket rates for many cruises are above pre-pandemic levels.
- TUI Musement – Our Tours and Activities business continues its expansion investing into growth while returning to 2019 profitability. The segment benefits from our integrated model with a global product offering in cities as well as sun and beach locations, and growth of third-party sales through the TUI Musement platform. The transfer business, providing support to our guests in their destination, is expected to develop in line with our Markets & Airlines capacity assumptions in 2023. Sales to date for our Experiences business, providing excursions, activities and tickets, are up mid-double digit percent for H2<sup>1</sup>. The significant growth in Experiences is driven by the enlarged product offering especially online and our diversified distribution via TUI, B2C and B2B.

<sup>1</sup> H2 corresponds to the summer half-year und covers April to September. 2023 trading data as of 30 April 2023

<sup>2</sup> 2023 trading data as of 30 April 2023 excluding Blue Diamond

<sup>3</sup> Number of hotel days open multiplied by beds available in the hotel (Group owned and leased hotels)

<sup>4</sup> Occupied beds divided by available beds (Group owned and lease hotels)

<sup>5</sup> Number of operating days multiplied by berths available on the operated ships

<sup>6</sup> Achieved passenger cruise days divided by available passenger cruise days

### Net debt

Net debt of €-4.2bn as of 31 March 2023 excludes the impact of the capital increase in April 2023 (31 March 2022: €-3.9bn). If retrospectively, net-debt is adjusted at 31 March 2023 to include the proceeds<sup>7</sup>, net debt reduces to €3.1bn.

<sup>7</sup> Net debt less €1bn redemption of drawn credit lines and €0.1bn bond with warrant

### Strategic priorities

The TUI Group's strategy outlined in the Annual Report 2022<sup>1</sup> and at our FY2022 results presentation, will be continued in the current financial year.

TUI's strategy aims to deliver growth in both Holiday Experiences and Markets & Airlines, embedded in one central customer ecosystem, underpinned by our sustainability agenda and our people. Our Holiday Experiences business strategy focuses on asset-right growth in differentiated content and expanding the customer base with multi-channel distribution. Having accelerated our strategic transformation of Markets & Airlines during the pandemic, and fully implemented our Global Realignment Programme, our business strategy is now focused on profitable growth. This will be achieved by offering more product choice, growing our customer ecosystem into untapped segments, and increasing customer value. This includes increasing the volume and proportion of dynamically sourced packages, as well as significantly increasing our component offer in accommodation only and flight only.

We also aim to further improve our cash position focusing on optimising working capital and cash from operations and maintaining disciplined capital expenditure through by asset right growth. In April 2023, we successfully completed a €1.8bn rights issue, facilitating the full repayment of the remaining state aid instruments granted by the German Economic Stabilization Fund (WSF) and enabling a significant reduction in the size of our KfW credits lines as well as a repayment of current drawings under our credit lines in the same magnitude. This is a significant measure to restore our balance sheet strength as well as reducing net interest and has led to a first improvement in our credit rating, with S&P upgrading to B with a positive outlook.

FY23 Assumptions<sup>2</sup> – Based on the strong booking momentum, which is continuing into the Summer season, we confirm our expectations for financial year 2023 that underlying EBIT will increase significantly.

Mid-term ambitions - We have a clear strategy to accelerate profitable market growth with new customer segments and more product sales. Our mid-term 2025/26 ambitions are for underlying EBIT to significantly build on €1.2bn<sup>3</sup>. We have a target to return to a gross leverage ratio<sup>4</sup> of well below 3.0x and aim to return to a credit rating in line with the pre-pandemic rating of BB / Ba territory.

<sup>1</sup> Details on our strategy see TUI Group Annual Report 2022 from page 23

<sup>2</sup> Based on constant currency. In view of the effects from the war in Ukraine, the assumption for underlying EBIT is subject to considerable uncertainty. Amongst others, the greatest area of uncertainty will be the impact on consumer confidence, should there be further cost inflation volatility and/or an escalation of the war in Ukraine

<sup>3</sup> FY19 underlying EBIT of €893m including €293m Boeing Max cost impact

<sup>4</sup> Defined as gross debt (Financial liabilities incl. lease liabilities and net pension obligation) divided by reported EBITDA

## Report on changes in expected development

We re-confirm our expectation set out in the Annual Report 2022 for a significant increase in TUI Group's underlying EBIT in financial year 2023<sup>5</sup> compared with 2022.

We have updated the following expectations for financial year 2023 described in the Annual Report 2022 as follows:

For financial year 2023, we now expect a net negative effect from adjustments in a range of €40m to €60m (previously €60m to €80m).

Against the backdrop of the net cash inflows from the capital increase completed in April 2023 and the repayments to the German Economic Stabilisation Fund (WSF), we now expect the Group's net debt to be around €2.4bn at the end of financial year 2023 (previously broadly stable).

We continue to consider the remaining assumptions for financial year 2023 made in the Annual Report 2022 to be valid. See also TUI Group Annual Report 2022 from page 52 onwards.

<sup>5</sup> Based on constant currency

# Contacts

Nicola Gehrt  
Group Director Investor Relations  
Tel: + 49 (0)511 566 1435

Adrian Bell  
Senior Manager Investor Relations  
Tel: + 49 (0)511 2332

James Trimble  
Investor Relations Manager  
Tel: +44 (0)1582 315 293

Stefan Keese  
Investor Relations Manager  
Tel: + 49 (0)511 566 1387

Anika Heske  
Junior Investor Relations Manager  
Tel: + 49 (0)511 566 1425

TUI AG  
Karl-Wiechert-Allee 4  
30625 Hannover  
Tel: + 49 (0)511 566 00  
[www.tuigroup.com](http://www.tuigroup.com)

This Half-Year Financial Report, the presentation slides and the video webcast for H1 2023 (published on 10 May 2023) are available at the following link: [www.tuigroup.com/en-en/investors](http://www.tuigroup.com/en-en/investors)