



goetzpartners

STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' OTA Industry Assessment

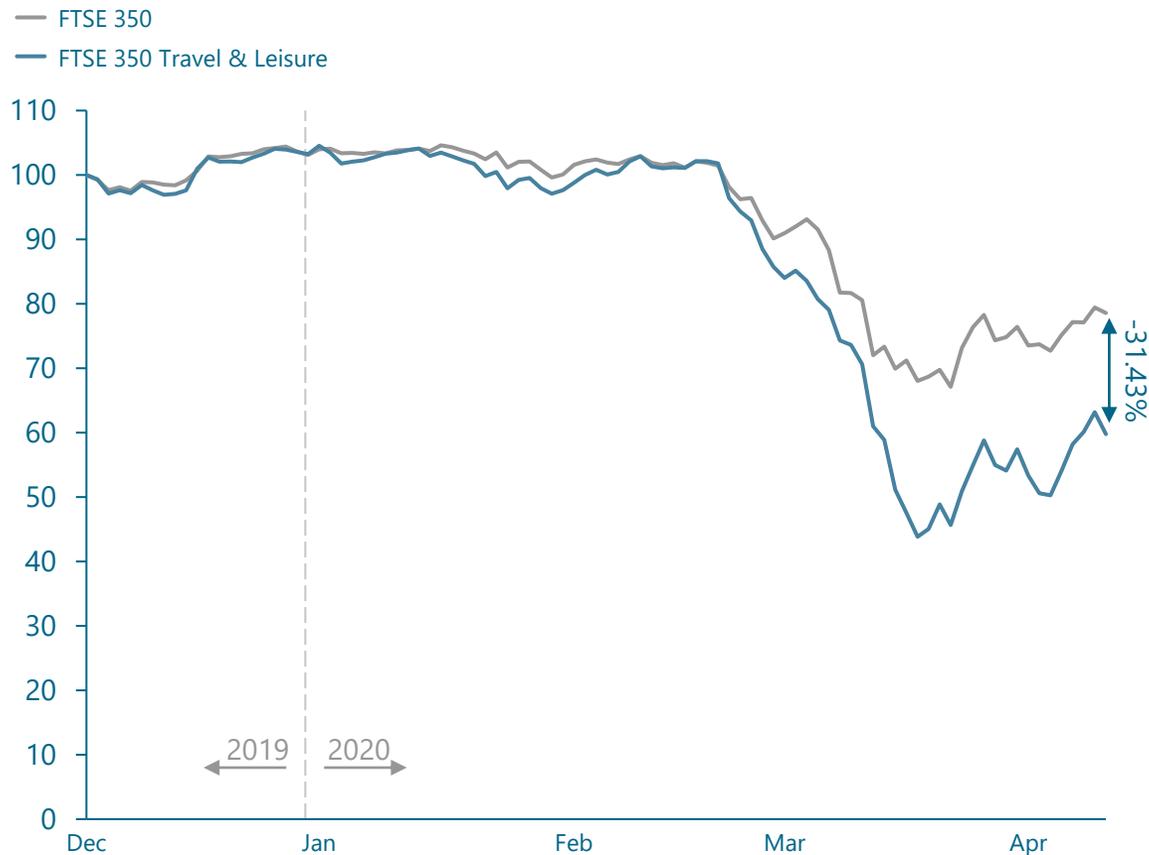
MUNICH, MAY 2020

Tourism Industry | Shareholder Sentiment

The tourism industry underperformed the global stock market since the discovery of COVID-19 by 31.4%. Within the tourism industry, some public companies clearly negatively underperform others by a difference up to 40%

INDUSTRY STOCK PERFORMANCE

Index (Stock price on December 1st = 100)

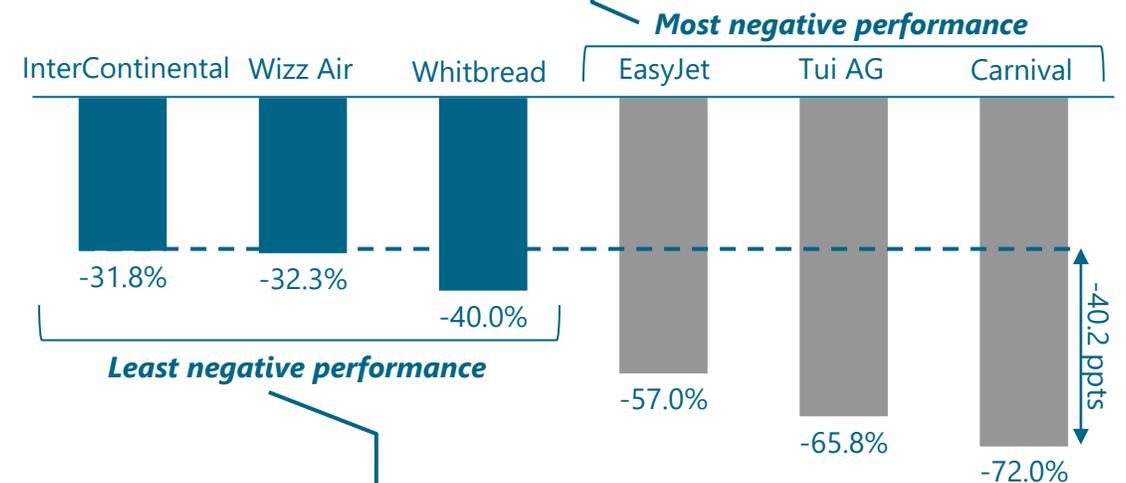


COMPANY STOCK PERFORMANCE¹⁾

Relative stock price change since December 1st in %

SELECTION

- High capital needs and low level of liquidity (e.g. requests of governmental aid as KfW credit for Tui AG)
- Low level of diversification in business model (e.g. cruise tourism)



- Lower capital needs and higher level of liquidity (e.g. due to already received governmental aid as in the case of InterContinental)
- Higher level of diversification in business model counteracting the negative effects of COVID-19

1) Showing the three worst and least negatively performing tourism companies within the FTSE 350 Travel & Leisure Index
Source: Investing.com, goetzpartners

The CEO's Crisis Journey

The current COVID-19 tumults have added new challenges to the CEO's agenda next to the consistent comprehensive task of business model digitalisation

DAMAGE ASSESSMENT

INTERNAL (BM RESILIENCE, LEARNINGS)

- Is your **service/product portfolio diversified** enough to compensate **negative effects** such as global travel restrictions?
- Has your company a **scenario-based risk management** to **estimate lost revenue volume** induced by such negative external factors?
- Has the **current status of digitalisation** of your business model prevented you from severe damages by using **technological innovations** to **reduce operating costs** (esp. marketing expenses) and to determine **after-crisis-customer-travel-needs**?

EXTERNAL (MARKET, CUSTOMERS, SUPPLIERS, COMPETITORS)

- Do you expect any **upcoming market-adjustments** driven by **exits** and/or **mergers of competitors**?
- Does your company recognize a **change in customer travel behaviour** induced by **uncertainty** or **governmental restrictions**?
- Did your company **lose material partners**, e.g. due to insolvency? How did it **affect** your **value chain**?

STRATEGIC REPOSITIONING

DEFENSIVE (FINANCING, MARKET CATCH-UP)

- Are you ready to **adjust your capital structure** to handle future challenges of **digital transformation**?
- Are **new partners as debt or equity providers** available to **support** your company in the process of **digital transformation** to become a mobile travel retailer?
- Have you established **effective countermeasures**, e.g. **focusing on catching-up markets** as domestic travels?
- How can **digitalisation** and **AI^[1]** help you to **improve sales-to-marketing ratio (market penetration)** to focus on the most relevant travel (sub)markets?

OFFENSIVE (ACQUISITION, CARVE-OUT)

- Are you able to close **new partnerships** to ensure **unique customer travel experience**?
- Has your company any **non-core assets and services** that can be **disposed**?
- Has your company already started the **transformation** to a centralised mobile platform to **fulfil customer needs of continuous availability** during the whole journey?
- How large is your company engaged in the improvement of its **digital skills** and in the integration of **innovative technologies** as **IoT^[2]** or **AI** in its operations?

CONTINUOUS FINANCIAL IMPACT ASSESSMENT (AGILE)



CONTINUOUS DIGITAL AND BUSINESS MODEL TRANSFORMATION

FIREFIGHTING

- Firefighting will be necessary to reduce immediate impact of new occurring damages
- Ensure continuously employee health and safety, liquidity, and operations

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