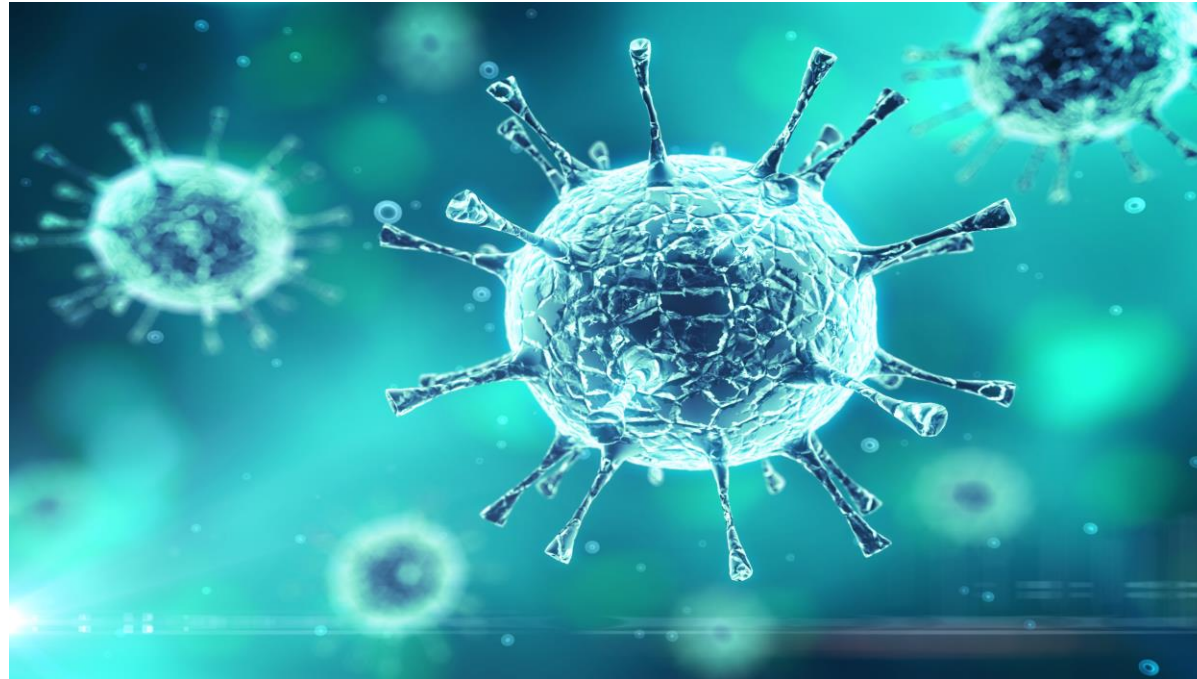




goetzpartners

STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' OTA Industry Assessment

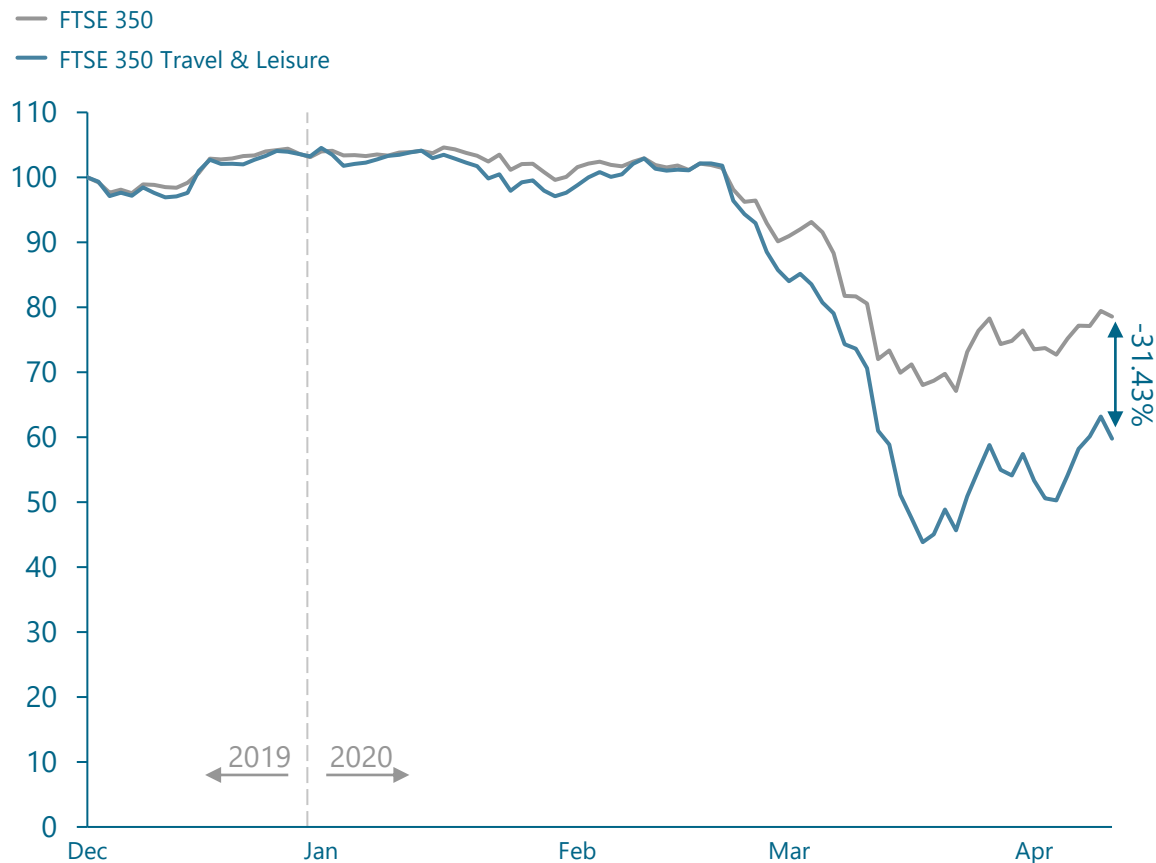
MUNICH, MAY 2020

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)

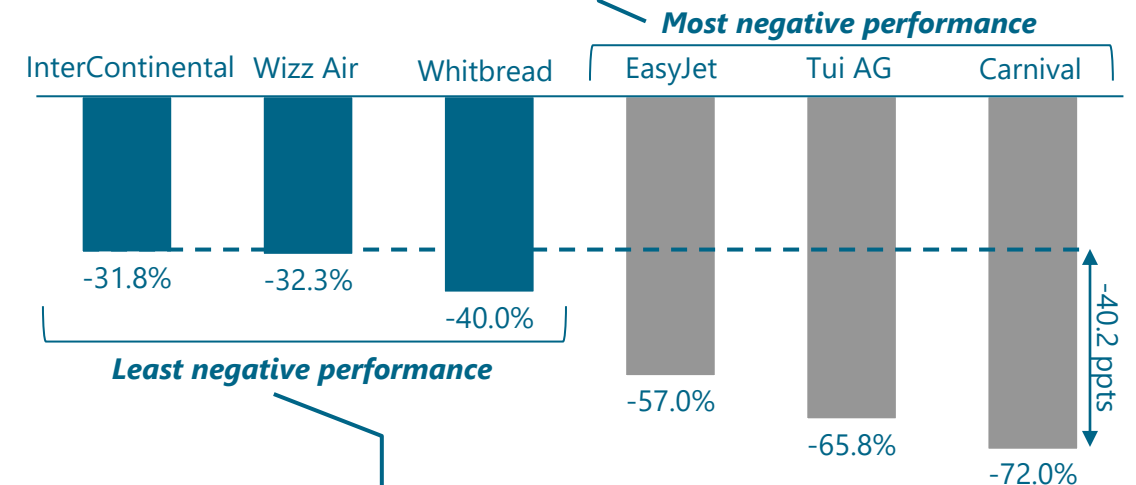


COMPANY STOCK PERFORMANCE¹⁾

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

**See other gp
publications**

Contact us

crisis-taskforce@goetzpartners.com



Dr. Gunnar Binnewies
Partner
Restructuring
+49 151 17141083



Dr. Sigurd Kitzer
Partner
Private Equity Consulting
+49 151 17141033



Philipp Widmaier
Managing Director
Debt Advisory
+49 151 18236115



Milan Saric
Managing Director
M&A Tech & Bus. Serv.
+49 151 17141117



Stefan Sanktjohanser
Managing Partner



Dr. Stephan Goetz
Managing Partner



Dr. Wolfram Römhild
Managing Director
Strategy & Industrials



Axel Meythaler
Managing Director
Orga. & Transformation



Dr. Jan-Hendrik Röver
Managing Director
Energy, Oil & Gas



Christian Muthler
Managing Director
Indust., Autom. & Bus. Serv.



Dr. Alexander Henschel
Managing Director
Transformation & TMT



Dr. Florian Mes
Partner
Restru. & Financial Mgmt.



Ivo Polten
Managing Director
Technology, Industrials



Ulrich Kinzel
Managing Director
Healthc., Pharma, MedTech



Susanne Kindler
Partner
Transformation, Sales, TMT



Dr. Gerrit Schütte
Partner
Portfolio Perf. & Carve out



Gerwin Weidl
Director, Munich
Chemicals, Industrials



Daniel Bentrup
Director
Industrials, Bus. Serv.



Günther Schermer
Partner
Healthcare



Björn Röber
Partner
Digital



Dr. Norbert Danneberg
Senior Industry Expert
Private Equity Consulting



Andreas Hering
Director
Digital, Media, Tech, VC

goetzpartners offices

DUBAI

Central Park Towers OT 37 Floor 37, DIFC
PO BOX 507270 Dubai,
United Arab. Emirates

DUSSELDORF

Rather Straße 49d
40476 Dusseldorf, Germany

FRANKFURT

TaunusTurm, Taunustor 1
60310 Frankfurt/M., Germany

LONDON

goetzpartners securities Limited
The Stanley Building
7 Pancras Square
London N1C 4AG, UK

MADRID

Calle Marqués de Urquijo n 30°, piso 1°
28008 Madrid, Spain

MILAN

Piazza Fontana, 6
20122 Milan, Italy

MOSCOW

Gagarinsky Per. 25
119034 Moscow, Russia

MUNICH

Prinzregentenstr. 56
80538 Munich, Germany

NEW YORK

250 Greenwich Street, Suite 4620
New York, NY 10007, USA

PARIS

19, Avenue George V
75008 Paris, France

PRAGUE

Melantrichova 17
110 00 Prague 1, Czech Republic

SHANGHAI

Unit 2104-05
1045 Middle Huaihai Road
200031 Shanghai, China

ZURICH

Kantonsstraße 1
8807 Freienbach/Zurich, Switzerland

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