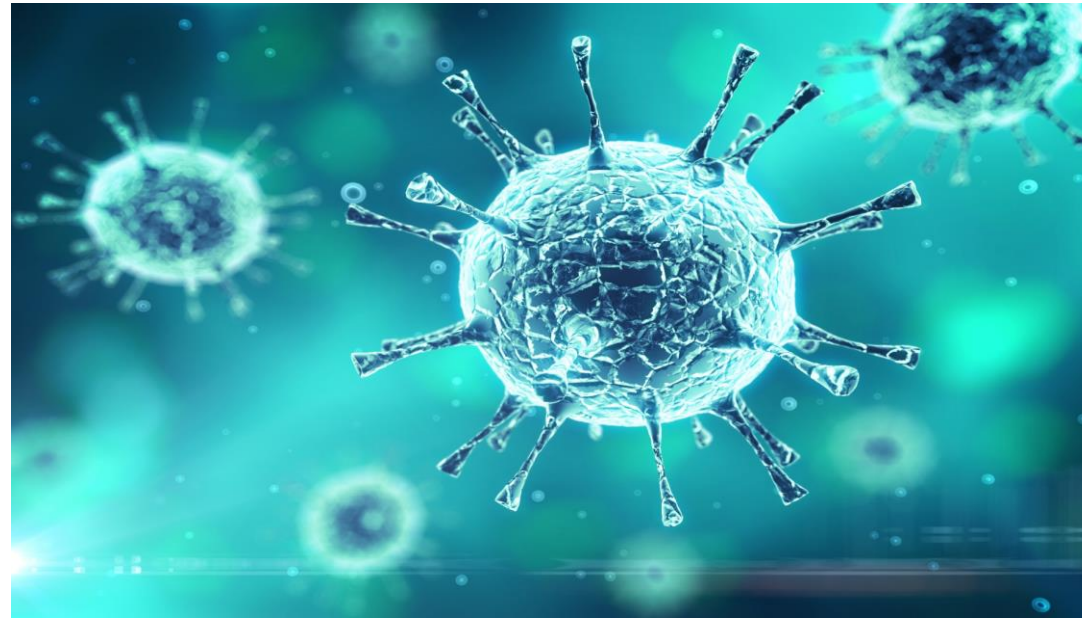




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STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' Travel and Leisure Industry Assessment

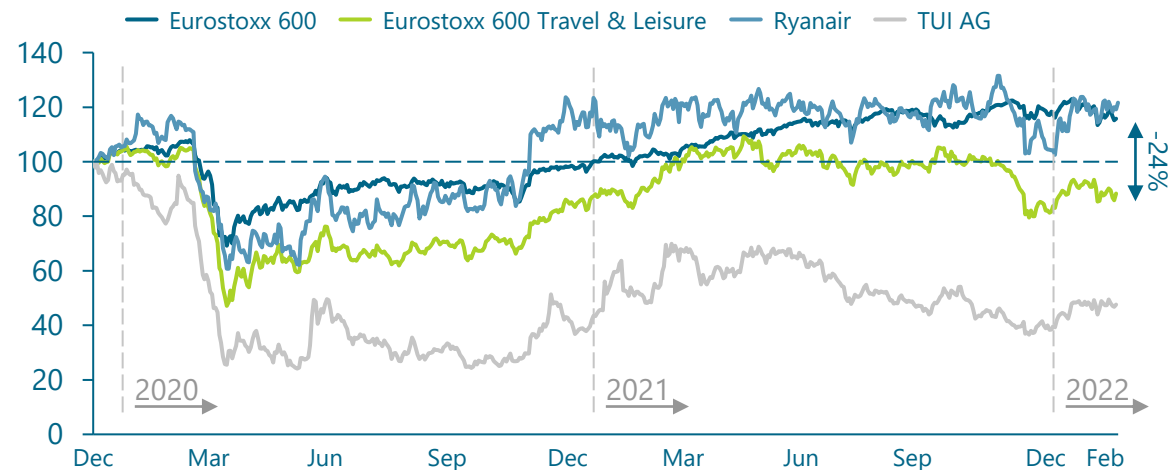
MUNICH, APRIL 2022

Travel and Leisure Industry | Shareholder Sentiment

The travel and leisure sector underperformed the Eurostoxx Index by ~24% since the discovery of COVID-19, with some firms hit worse than others leading to a significant difference in share price development

INDUSTRY STOCK PERFORMANCE

Index (Stock price on December 2nd, 2019 = 100)



- Tourism companies are still **underperforming** the Eurostoxx 600, although the travel & leisure market overall is recovering slowly from the pandemic to reach its pre-corona state
- Temporary hits such as the newly discovered **Omicron mutation** hit the travel and leisure industry **significantly harder** than other industries and show the **ongoing uncertainty**
- The best performing companies from the tourism & travel industry have the **liquidity** to **invest strongly** to emerge stronger and profit from companies that are struggling
- Still high uncertainty in the tourism industry despite the increasing number of **vaccinations** and a **falling number** of Covid-cases in Europe

COMPANY STOCK PERFORMANCE

SELECTION

"Positive impact": Ryanair



- **Point to point strategy:** In comparison to hub-models of established airlines, Ryanair's point-to-point model could be adapted faster and more efficient to historically low demand
- **Cost advantage:** Low-cost base allowed to burn significant less money than other airlines
- **Route adjustments:** Due to the flexibility of a low-cost carrier, Ryanair was able to comparably quickly adjust their flight schedule towards routes and destinations that showed higher frequentation

22% increase in stock price^[1]

Outperformed Eurostoxx Travel & Leisure by **38%**^[1]
Increase of daily flights in 2021 by **52%**^[2]

"Negative impact": TUI AG



- **Segment diversification:** Most segments are focused on tourism – e.g., limited business customers
- **Travel concept:** TUI offers many cross-border journeys, especially package tours and ship cruises which are most vulnerable to travel restrictions
- **Asset base:** High non-used asset base (e.g., ships)
- **Liquidity:** Tourism is characterized by seasonal liquidity swings with the pandemic correlating with low-point of liquidity swing for cross-border holiday travels, package tours and cruises

52% decrease in stock price^[1]

Underperformed Eurostoxx Travel & Leisure by **46%**^[1]
75% less revenues in FY2021^[3] compared to FY2019

Travel and Leisure Industry | The CEO's Agenda

The pandemic has hit the global travel and leisure industry particularly hard, but with travel and border restrictions now easing, companies should strengthen their businesses by considering defensive and offensive strategic options

LESSONS LEARNED FROM COVID-19 CRISIS

 <p>Rail, road and domestic tourism are more resilient and expected to recover faster</p>	 <p>Customer inquiry management grows significantly and needs to be managed</p>	 <p>Diversification necessary to prepare for earlier recovery of business customer segment</p>
 <p>Follow mid- and long-term investment strategies throughout the crisis</p>	 <p>Steady crisis management required to react quickly to changing environment</p>	 <p>Pressure of decarbonization make fleet management adjustment necessary</p>



STRATEGIC CONSIDERATIONS

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 measures** e.g., **focusing on catching-up markets** such as domestic travels increases?
- How can **digitalisation** and **AI^[1]** help you to **improve sales-to-marketing ratio (market penetration)** and 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?
- To what extent is your company engaged in the improvement of its **digital skills** and in the integration of **innovative technologies** such as **IoT^[2]** or **AI** in its operations?

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