

**TUI GROUP****Q4 Pre-Close Trading Update**

Prior to entering its close period ahead of reporting its full year results for the twelve months ending 30 September 2022 in December, TUI Group announces the following trading update.

**Summer 2022 set to close in line with our expectations, later booking pattern continues into Winter with strong ASP**

- Q4 expected to deliver further strong progress - Hotels & Resorts set to deliver its 5th consecutive positive quarter. Cruise and TUI Musement with significant improvement. Markets & Airlines significantly profitable despite airport disruptions

**Market & Airlines**

- Overall Summer 2022 programme<sup>1</sup> totals 12.9m bookings, an increase of 1.4m since Q3 update, with bookings at 91% of Summer 2019 levels. The key departure months of July and August closed at 94% of Summer 2019 levels
- ASP continues to hold up strongly at +18% versus Summer 2019, which will help to soften the impact from the current higher inflationary environment
- UK Summer 2022 cumulative bookings remain +4% ahead of Summer 2019, with booking momentum in Germany and Netherlands well ahead of Summer 2019 levels since our Q3 update
- Flight disruption costs remain at elevated levels but continued to improve through Q4
- Winter 2022/23 bookings<sup>1</sup> are at an early stage and our current assumption is for a Winter programme close to normalised pre-pandemic levels with the option to flexibly adjust capacity in line with customer demand. We will leverage our flexible and integrated business model to ensure we provide our customers not only with the best winter holiday experience but also the assurance that TUI remains the best choice for holiday travel
- Against this background, Winter 2022/23 bookings<sup>1</sup> stand at 78% of Winter 2018/19 levels with the near departure months of November and December at 81%. To date Winter ASP is higher at 26%
- As usual, the UK, with 36% of the programme sold, is the most advanced booked at +9% and ASP up +22% versus Winter 2018/19
- Q1 bookings, which represent a mix of late Summer and early Winter, are 54% sold compared to around 60% in a normalised year
- As in Summer, we continue to see a trend towards a higher share of short-term bookings for Winter and strong pricing, confirming solid customer demand for holiday travel

**Holiday Experiences**

- Hotels & Resorts continues to perform strongly in Q4, with July and August occupancies broadly in line with and average rates above pre-pandemic levels, highlighting the strength of our integrated business model and our strong distribution power. We expect to see continued strong demand for Winter 2022/23 especially in the Canaries and the Caribbean
- Cruises continues to recover in Q4, with occupancies building strongly and rates achieving 2019 levels. Winter 2022/23 occupancies are developing in line with our expectations at rates above 2019 levels. Short-term bookings continue to represent a large proportion of overall bookings, however, the proportion of mid-term bookings is increasing as customer confidence returns
- TUI Musement has significantly increased the sale of tours and activities to 6.3m year-to date (1.2m year-to-date prior year)

## TUI Group

- For financial year 2022, we re-confirm our expectations to return to significant positive underlying EBIT<sup>2</sup> and also remain committed to deliver our mid-term ambitions: underlying EBIT to significantly build on FY19<sup>3</sup>, driven by both top line growth and GRP<sup>4</sup> benefits and to return to a gross leverage ratio<sup>5</sup> of less than 3.0x
- ESG Update: Sustainability and ambitious ESG standards are a very high priority for the Board and Group Executive Committee. The criteria and approaches of the Global Sustainable Tourism Council (GSTC) are our aspiration and the benchmark for our actions in more and more areas. We are taking a new approach to applying the GSTC sustainability standards to our excursion portfolio. Our aim is to create a broad offer for our customers and lead them to more sustainable excursions. TUI is also pursuing ambitious climate targets to make the agreements of the Paris Climate Agreement and the EU Green Deal a success. TUI has submitted its emissions reduction targets to the Science Based Targets Initiative (SBTi) and will transparently document its targets, actions and timeline to SBTi. The sustainability agenda is to be presented after confirmation of the targets by SBTi
- TUI Group will issue its Annual Report on Wednesday 14 December 2022 and hold a presentation for investors and analysts on the same day. Further details will follow

<sup>1</sup>These statistics are up to 11<sup>th</sup> September 2022, shown on a constant currency basis and relate to all customers whether risk or non-risk

<sup>2</sup>In view of the ongoing COVID 19 pandemic and the war in Ukraine, the assumptions for underlying EBIT are subject to considerable uncertainty. The greatest area of uncertainty will be the impact on consumer confidence, should travel restrictions be reintroduced, should there be further cost inflation volatility and/or an escalation of the war in Ukraine

<sup>3</sup>FY19A underlying EBIT of €893m excluding €293m Boeing MAX cost impact

<sup>4</sup>Global Realignment Programme

<sup>5</sup>Defined as gross debt (Financial liabilities incl. lease liabilities & net pension obligations) divided by underlying EBITDA/R

## Chief Executive Officer of TUI Group, Fritz Jousen, and CFO, Sebastian Ebel, commented:

"In 2022, we see a strong travel summer almost at the same level as summer 2019. We confirm our guidance and will successfully close the 2022 financial year with a significantly positive underlying EBIT. In the UK, bookings continue to be well above pre-crisis levels at +4% and bookings in Germany and the Netherlands have also been above pre-crisis levels in recent weeks. The trend has been towards higher value or longer holidays with a higher overall holiday budget. This is encouraging and shows the current importance of holidays and travel experiences in the post-Corona era. Our strong brand, exclusive product portfolio with proprietary holiday experiences at hotels, clubs and cruise ships, and strong presence in destinations are competitive advantages that will continue to pay off and that we are building on. Through the efficiency programmes successfully implemented during the pandemic, we have also significantly and sustainably reduced our cost structure. We are leaner, more digital and more efficient. This gives us the freedom to invest in the customer and the holiday experience: Quality, service and sustainability are our focus."

## Current Trading

Overall Summer 2022 programme<sup>1</sup> now totals 12.9m bookings, an increase of 1.4m since our August update, with bookings currently at 91% of Summer 2019 levels. Overall ASP continues to hold up strongly at +18% versus Summer 2019, reflecting a higher mix of package products and the popularity of our summer holidays which will help to soften the impact from the current higher inflationary environment. Over 5.3m customers departed for their TUI holiday during the main Summer months of July and August, doubling the 2.6m customers who travelled in July and August last year and closed at 94% of Summer 19 levels. The UK continues to remain our most advanced market in terms of bookings, with cumulative volumes remaining ahead of Summer 2019 at +4%. In particular, we see strong booking momentum in Germany and Netherlands since the Q3 update, with bookings up +13% and +16% respectively against Summer 2019 levels. The Canaries, the Balearics, Greece and Turkey continue to be popular Summer destinations for customers. We are pleased to see flight disruption, predominately experienced in the UK throughout May & June, improve through Q4, although still at elevated levels.

Winter 2022/23 bookings<sup>1</sup> are at an early stage and our current assumption is for a Winter programme close to normalised pre-pandemic levels with the option to flexibly adjust capacity in line with customer demand. We will leverage our flexible and integrated business model to ensure we provide our customers not only with the best winter holiday experience but also the assurance that TUI remains the best choice for holiday travel. At this early stage 26% of the programme has been sold, with bookings at 78% and the near departure months of November and December at 81% of Winter 2018/19 levels. Winter ASPs to date are higher at 26%. As usual, the UK, with 36% of the programme sold, is the most advanced booked at +9% and ASP up +22% versus Winter 2018/19. The Canaries, Mexico, Egypt and Cape Verde are likely to form a key part of our holiday offer

this upcoming winter. Q1 bookings, which represent a mix of late Summer and early Winter, are 54% sold compared to around 60% in a normalised year. As in Summer, we continue to see a trend towards a higher share of short-term bookings for Winter and strong pricing, confirming solid customer demand for holiday travel.

In Hotels & Resorts, as of the end of August, 350 hotels were in operation across key destinations such as the Canaries, the Balearics, Greece and Turkey for both Markets & Airlines and third-party customers. Hotels & Resorts continues to perform strongly in Q4, with July and August occupancies broadly in line and average rates above pre-pandemic levels, highlighting the strength of our integrated business model and our strong distribution power. For Winter 2022/23, we expect to see continued strong demand for year-round destinations such as the Canaries and the Caribbean with occupancies and average rates developing strongly, however, with the short-term booking environment to remain.

Mein Schiff and Hapag-Lloyd Cruises are currently operating a full fleet of twelve ships offering itineraries in the Mediterranean, Northern Europe and around the world, with Asia itineraries resuming in Winter 2022/23. Marella, with its fleet of four ships, currently operates itineraries across the Mediterranean and in Winter 2022/23 with one ship in the Canaries and three ships in the Caribbean. Cruises has continued to recover into Q4, with occupancies building strongly and rates in line with 2019 levels. Winter 2022/23 occupancies are developing in line with our expectations at rates above 2019 levels. We continue to see strong demand for our unique cruise brands which offer a strong value proposition for customers in the current inflationary environment. Short-term bookings continue to represent a large share of overall bookings, however, the proportion of mid-term bookings is increasing as customer confidence returns.

TUI Musement our tours and activities business, continues to develop ahead of the capacity assumptions of our Markets & Airlines for Q4. The business is benefiting from our increased inventory of products offered in global cities as well as sun and beach locations, as third-party sales return, in line with a return to a more normalised pre-pandemic travel environment. Year to date<sup>2</sup>, we have already sold 6.3m tours and activities against 1.2m year-to-date in the prior year.

<sup>1</sup> These statistics are up to 11<sup>th</sup> September 2022, shown on a constant currency basis and relate to all customers whether risk or non-risk

<sup>2</sup> Up to 7<sup>th</sup> September 2022

## Sustainability (ESG)

As an update to our ESG initiatives, we are the first tourism company in the world to apply the Criteria of the Global Sustainable Tourism Council (GSTC) to our experiences portfolio in order to assess the sustainability performance of individual tours and activities. After three years of development and trials, we have established an internal framework to apply the GSTC criteria to individual tours and activity product lines. This ground-breaking approach by TUI Musement recently received certification for meeting the standards of the GSTC, achieving the highest quality assurance mark that currently exists for sustainability.

Over 180 experiences have gone through this comprehensive process to meet global sustainability standards in destinations such as Mallorca, the Canaries, Turkey, Dominican Republic and Croatia. By 2023, We aim for all TUI Collection experiences to meet global sustainability standards, one of the largest own-brand portfolios in the travel industry, which is available in over 100 destinations. We have also launched a new 'Green and Fair' label on our selling website for excursions, to help customers identify those tours and activities that meet the GSTC criteria.

We are now in intensive discussions with GSTC about how it can develop the scheme further and make it available on a global basis, so other experience operators can benefit from our ground-breaking work. This would enable other operators to adopt the same approach as TUI and assess the sustainability performance of individual experiences against global criteria. If successful, this will allow sustainability standards to be raised across the industry and make it easier for consumers to make more sustainable choices.

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**Cautionary statement regarding forward-looking statements**

The present announcement contains various statements relating to TUI Group's and TUI AG's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, they are not guarantees of future performance since our assumptions involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic or political environment. TUI does not intend to and does not undertake any obligation to update any forward-looking statements in order to reflect events or developments after the date of this announcement.