



CreditRiskMonitor's assessment of TUI AG's ("TUI AG") "high risk" status has been determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that TUI AG (ETR: TUI1) has a 10 to 50 times greater risk of bankruptcy than the average public company for more than six consecutive months.

Grounding of the 737 Max, airline overcapacity, and ongoing uncertainty over Brexit were a few of the challenges TUI AG faced.

TUI stated it was not yet possible to estimate the impact from COVID-19, but preemptively laid off 11,000 travel staff, pilots, etc.

Moody's downgrades to Caa1, outlook negative surrounding covenant negotiations, poor earnings & working capital declines.

Business Name	2019				2020								
	S	O	N	D	J	F	M	A	M	J	J	A	S
TUI AG	5	6	6	6	6	5	2	2	1	1	1	1	1

Moody's Investors Service downgraded TUI from Ba2 to Ba3 with a negative outlook due to profit and free cash flow weakness.

The company claimed the industry faced its greatest crisis in tourism history and requested \$1.8 billion in state aid.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
WORST	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

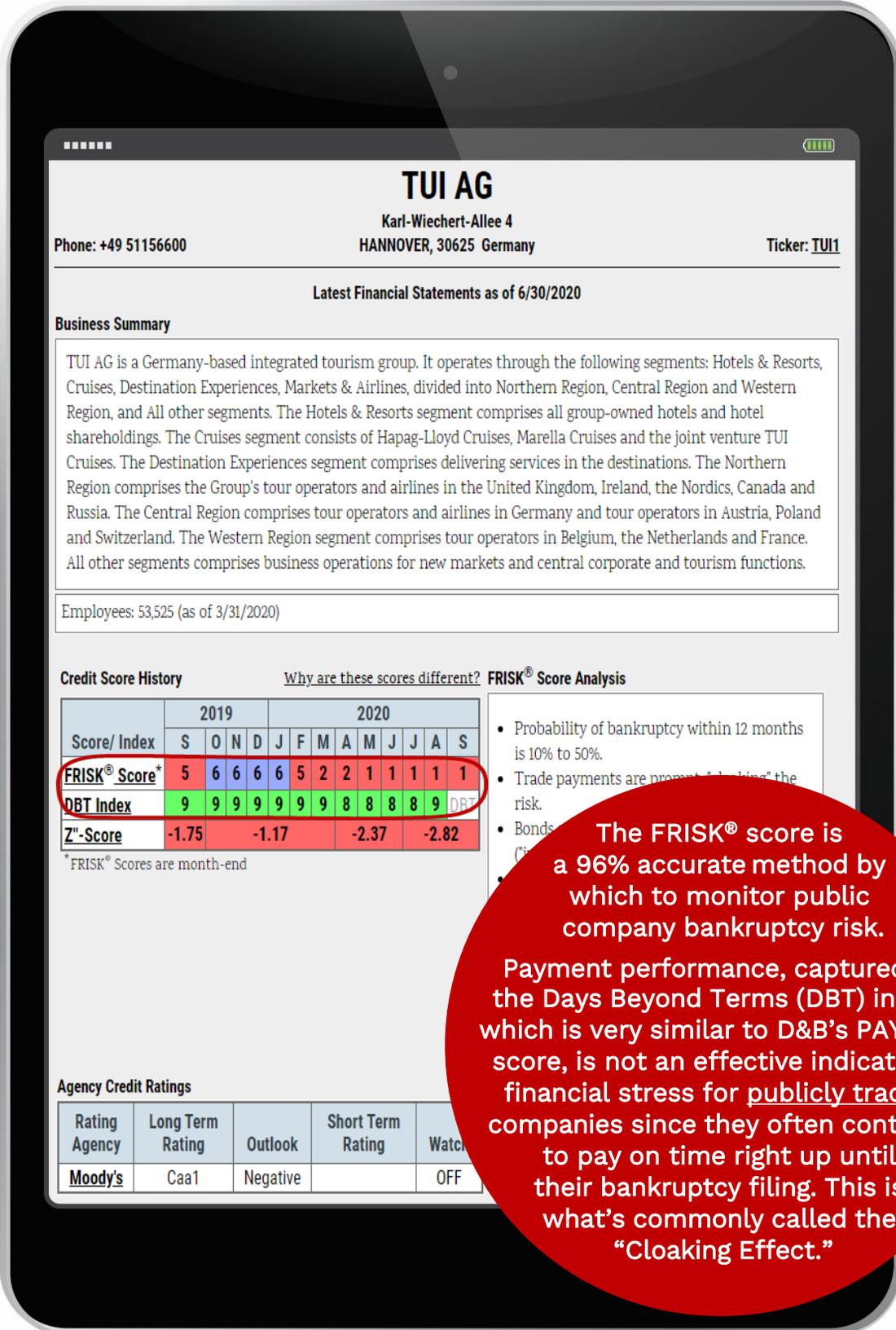
[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL



TUI AG

Karl-Wiechert-Allee 4
HANNOVER, 30625 Germany

Phone: +49 51156600

Ticker: TUI1

Latest Financial Statements as of 6/30/2020

Business Summary

TUI AG is a Germany-based integrated tourism group. It operates through the following segments: Hotels & Resorts, Cruises, Destination Experiences, Markets & Airlines, divided into Northern Region, Central Region and Western Region, and All other segments. The Hotels & Resorts segment comprises all group-owned hotels and hotel shareholdings. The Cruises segment consists of Hapag-Lloyd Cruises, Marella Cruises and the joint venture TUI Cruises. The Destination Experiences segment comprises delivering services in the destinations. The Northern Region comprises the Group's tour operators and airlines in the United Kingdom, Ireland, the Nordics, Canada and Russia. The Central Region comprises tour operators and airlines in Germany and tour operators in Austria, Poland and Switzerland. The Western Region segment comprises tour operators in Belgium, the Netherlands and France. All other segments comprises business operations for new markets and central corporate and tourism functions.

Employees: 53,525 (as of 3/31/2020)

Credit Score History

Why are these scores different? **FRISK® Score Analysis**

Score / Index	2019					2020							
	S	O	N	D	J	F	M	A	M	J	J	A	S
FRISK® Score*	5	6	6	6	6	5	2	2	1	1	1	1	1
DBT Index	9	9	9	9	9	9	9	8	8	8	8	9	DBT
Z"-Score	-1.75				-1.17				-2.37				-2.82

*FRISK® Scores are month-end

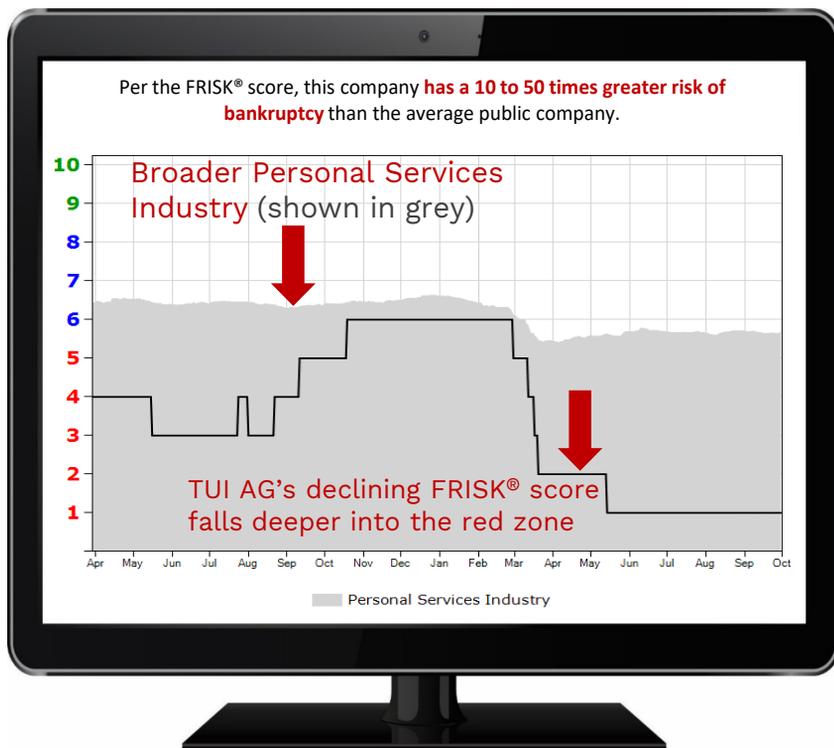
- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt "100 days" the risk.
- Bonds (C)

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk. Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
Moody's	Caa1	Negative		OFF

FRISK® DEEP DIVE



The FRISK® score relative to the broader Personal Services industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	TUI AG	Germany	1
2	TRANSAT AT Inc	Canada	1
3	Icelandair Group hf	Iceland	2
4	Saga PLC	United Kingdom	2
5	CVC Brasil Operadora e Agencia d Vgns SA	Brazil	2
6	Oriental Shipping and Trading JSC	Vietnam	2
7	Destinasi Tirta Nusantara Tbk PT	Indonesia	2
8	Saigontourist Transport Corp	Vietnam	2
9	Novaturas AB	Lithuania	2
10	Melia Hotels International SA	Spain	2

Primary industry codes only Primary and secondary industry codes

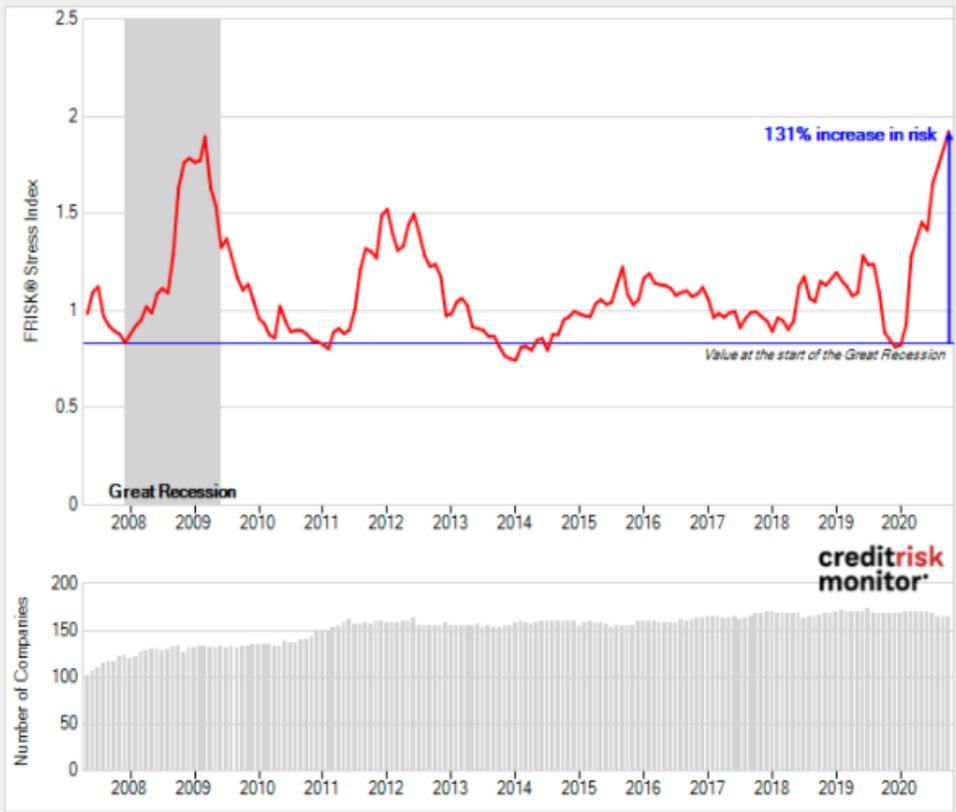
Businesses From: CLEAR

In Industry:

Country:

UPDATE RESULTS

Scale:
Total Companies in all months **244**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 4725 (Tour operators) has increased 131% since 2007. TUI AG is among the weakest names in the industry as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Group: 358		Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
					Low	Median	High
Credit Ratings							
Z-Score	117	130		-2.82	-48.19	1.85	51.89
Performance ratios:							
Net Sales (Thousands of U.S. Dollars)		13			-268	31,259	1,468,000
Gross Margin % Of Sales	130	130		-1,269.92	-1,269.92	16.79	4,846.64
Gross Margin % Of Sales -- TTM	124	132		-18.54	-117.48	27.20	98.61
SGA % Of Sales	111	126		282.31	0.65	40.58	11,937.78
SGA % Of Sales -- TTM	21	129		10.20	0.99	22.27	1,050.00
Operating Margin % Of Sales	129	134		-1,640.81	-15,275.13	-33.17	12,964.93
Operating Margin % Of Sales -- TTM	112	136		-29.05	-1,394.17	-2.31	67.81
EBITDA Margin Of Sales		64			-12,818.43	-28.48	9,796.64
EBITDA Margin Of Sales -- TTM		74					
Net Profit Margin % Of Sales	132	134	-1				
Net Profit Margin % Of Sales -- TTM	111	136					
Pre-tax Income % Of Sales	131	134	-2				
Effective Tax Rate	53	132					
Depreciation % Of Prop/Plant/Equipment	102	119					
Capital Expense % Of Prop/Plant/Equipment		75					
Interest Coverage		57					
Interest Coverage -- TTM		66					
Liquidity ratios:							
Cash Ratio	87	131		0.26	0.00	0.53	23.02
Quick Ratio		122			-0.27	0.88	14.38
Current Ratio	113	131		0.65	0.00	1.32	23.02
Efficiency ratios:							
Accounts Receivable Turnover		129			-478.91	3.64	82.87
Days Sales Outstanding	13	134		0.00	-52,914.64	84.59	4,485.88
% of Inventory Financed by Vendors	11	97		1,672.02	0.23	138.37	75,933.33
% of Inventory Financed by Vendors -- TTM	13	101		1,685.23	1.98	151.20	87,066.67
Inventory Turnover	14	111		40.21	0.00	6.27	1,263.51
Inventory Turnover -- TTM	15	113					
Days Sales in Inventory	14	106					
Inventory to Working Capital	98	105					
Accounts Payable Turnover	74	120					
Accounts Payable Turnover -- TTM	65	122					
Leverage & debt coverage:							
Total Debt to Equity Ratio	112	113					
Debt to Tangible Equity Ratio		106					
Total Debt to Assets Ratio	92	120					
Short-Term Debt % of Total Debt	11	113		10.33	0.00	41.50	100.00
Short-Term Debt % of Working Capital	109	114		-30.32	-3,661.50	9.76	1,336.37
Liabilities to Net Worth Ratio		118			0.02	1.05	305.43
Total Liabilities to Equity Ratio	123	125		14.62	0.02	1.00	54.17
TTM EBITDA to Total Debt		66			-1,637.84	0.07	187.87
Net Debt to TTM EBITDA		41			-71.77	2.44	69.14

Rank	Company Name
1	Luxxo Inc
2	Ha Noi Tourist Service JSC
3	PHU THO TOURIST SERVICE JSC
4	Tibet Tourism Co., Ltd.

Rank	Company Name
1	Luxxo Inc
2	Ha Noi Tourist Service JSC
3	PHU THO TOURIST SERVICE JSC
4	Jungfraubahn Holding AG

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

TUI AG demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Net sales decline, while operating and net profits turn negative

Free cash flow negative for three consecutive periods

Performance Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	3 mos 6/30/2020	6 mos 3/31/2020	3 mos 12/31/2019	6 mos 9/30/2019	3 mos 6/30/2019
Net Sales €	€71,800	€6,638,700	n/a	n/a	€4,745,000
Gross Margin €	(€911,800)	(€332,200)	n/a	n/a	€225,800
% of sales	-1,269.92%	-5.00%	n/a	n/a	4.76%
SG&A €	€202,700	€482,100	n/a	n/a	€222,400
% of sales	282.31%	7.26%	n/a	n/a	4.69%
Operating margin €	(€1,178,100)	(€771,300)	n/a	n/a	€2,900
% of sales	-1,640.81%	-11.62%	n/a	n/a	0.06%
EBIT €	(€1,178,000)	(€771,300)	n/a	n/a	€2,800
% of sales	-1,640.67%	-11.62%	n/a	n/a	0.06%
Pre-tax income €	(€1,460,000)	(€881,100)	n/a	n/a	€60,000
% of sales	-2,033.43%	-13.27%	n/a	n/a	1.26%
Net income (loss) €	(€1,424,400)	(€892,300)	n/a	n/a	€22,800
% of sales	-1,983.84%	-13.44%	n/a	n/a	0.48%
Tax expense €	(€7,400)	(€35,200)	n/a	n/a	€11,500
Effective tax rate	0.51%	4.00%	n/a	n/a	19.17%
Depreciation expense €	€505,100	€549,100	n/a	n/a	€101,700
% of sales	703.48%	8.27%	n/a	n/a	2.14%
% of PP&E, net (annualized)	27.68%	13.71%	n/a	n/a	7.31%
Free cash flow €	(€1,230,600)	(€728,400)	(€1,381,100)	€414,100	€1,418,300
Source:	Interim Report 8/13/2020	Interim Report 5/13/2020	Interim Report 5/13/2020	Interim Report 8/13/2020	Interim Report 8/13/2020

*Fiscal period end 6/30/2019 was subject to an accounting restatement, while fiscal period end 9/30/2019 and 12/30/2019 were superseded, which affected performance and return metric calculations.

QUARTERLY LEVERAGE RATIOS

Total debt outstanding increased by 198% year-over-year to fund massive operating cash flow deficit

Tangible net worth turns negative and liabilities to total assets approaches an excessive 94%

Leverage Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Total debt €	€7,863,800	€5,937,200	€5,953,300	€2,682,200	€2,637,000
% change	32.45%	-0.27%	121.96%	1.71%	-14.97%
Stockholders' equity €	€1,153,300	€2,792,300	€3,898,400	€4,165,600	€3,258,200
% change	-58.70%	-28.37%	-6.41%	27.85%	-0.98%
Total debt to equity ratio	6.82	2.13	1.53	0.64	0.81
% change	220.67%	39.24%	137.16%	-20.44%	-14.14%
Tangible net worth €	(€2,418,100)	(€888,200)	€178,800	€445,700	(€390,000)
% change	-172.25%	-596.76%	-59.88%	214.28%	2.89%
Total debt to tangible net worth	n/a	n/a	33.30	6.02	n/a
% change	n/a	n/a	453.28%	n/a	n/a
Total assets €	€18,011,400	€18,333,400	€17,931,000	€16,264,600	€16,444,300
% change	-1.76%	2.24%	10.25%	-1.09%	5.80%
Total debt to assets ratio	0.44	0.32	0.33	0.16	0.16
% change	34.84%	-2.47%	101.33%	2.81%	-19.60%
Tangible assets €	€14,440,000	€14,652,900	€14,211,400	€12,544,700	€12,796,100
% change	-1.45%	3.11%	13.29%	-1.96%	7.97%
Short-term debt €	€812,500	€1,167,800	€1,100,500	€224,600	€202,000
% change	-30.42%	6.12%	389.98%	11.19%	-65.77%
Short-term debt % of total debt	10.33%	19.67%	18.49%	8.37%	7.66%
% change	-47.47%	6.40%	120.76%	9.31%	-59.74%
Short-term debt % of working capital	-30.32%	-27.18%	-30.53%	-7.38%	-5.13%
% change	-11.56%	10.98%	-313.38%	-43.93%	67.58%
Total liabilities €	€16,858,100	€15,541,100	€14,032,600	€12,099,000	€13,186,100
% change	8.47%	10.75%	15.98%	-8.24%	7.61%
Total liabilities to equity ratio	14.62	5.57	3.60	2.90	4.05
% change	162.63%	54.62%	23.93%	-28.23%	8.68%
Total liabilities to tangible net worth ratio	n/a	n/a	78.48	27.15	n/a
% change	n/a	n/a	189.11%	n/a	n/a
Source:	Interim Report	Interim Report	Interim Report	Interim Report	Interim Report
	2/11/2020	5/13/2020	8/13/2019		

Short-term debt expands to about 30% of the company's working capital deficit, up from the prior single digits range

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Persistent negative working capital

Weak cash and current ratios

Liquidity Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Current assets €	€4,896,600	€4,389,200	€3,387,000	€4,313,500	€4,721,900
% change	11.56%	29.59%	-21.48%	-8.65%	17.35%
% of short-term debt	602.66%	375.85%	307.77%	1,920.53%	2,337.57%
Current liabilities €	€7,576,600	€8,686,400	€6,992,000	€7,354,900	€8,658,800
% change	-12.78%	24.23%	-4.93%	-15.06%	11.70%
Working capital €	(€2,680,000)	(€4,297,200)	(€3,605,000)	(€3,041,400)	(€3,936,900)
% change	37.63%	-19.20%	-18.53%	22.75%	-5.60%
% of sales (annualized)	-933.15%	-32.36%	n/a	n/a	-20.74%
Cash €	€1,997,500	€1,034,700	€881,000	€1,772,600	€1,642,400
% change	93.05%	17.45%	-50.30%	7.93%	44.41%
% of short-term debt	245.85%	88.60%	80.05%	789.23%	813.07%
Cash ratio	0.26	0.12	0.13	0.24	0.19
% change	121.33%	-5.48%	-47.72%	27.04%	29.31%
Current ratio	0.65	0.51	0.48	0.59	0.55
% change	27.90%	4.31%	-17.41%	7.56%	5.05%
Source:	Interim Report 8/13/2020	Interim Report 5/13/2020	Interim Report 2/11/2020	Interim Report 5/13/2020	Interim Report 8/13/2019

Extremely poor returns on assets

Rate of Return - Sequential Quarters

(Thousands of Euros)

Period Ended	3 mos 6/30/2020	6 mos 3/31/2020	3 mos 12/31/2019	6 mos 9/30/2019	3 mos 6/30/2019
Return on equity	-51.01%	-22.89%	n/a	n/a	0.69%
Return on net tangible equity	n/a	-499.05%	0.00%	n/a	n/a
Return on total assets	-7.84%	-4.92%	0.00%	0.00%	0.14%
Return on tangible assets	-9.79%	-6.18%	0.00%	0.00%	0.19%
Source:	Interim Report 8/13/2020	Interim Report 5/13/2020	Interim Report 5/13/2020	Interim Report 8/13/2020	Interim Report 8/13/2020

*Fiscal period end 6/30/2019 was subject to an accounting restatement, while fiscal period end 9/30/2019 and 12/30/2019 were superseded, which affected performance and return metric calculations.

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YEAR OVER YEAR STATEMENT OF CASH FLOWS

Cash from operations turns negative

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of Euros)

Period Ended	9 mos 6/30/2020	9 mos 6/30/2019	9 mos 6/30/2018	9 mos 6/30/2017	9 mos 6/30/2016
	Restated 6/30/2020				
Cash Flows from Operating Activities:					
Changes in working capital	(€1,959,000)	€700,800	€1,279,500	€1,380,600	€1,040,900
Total cash from operating activities	(1,959,000)	700,800	1,279,500	1,380,600	1,040,900
Cash Flows from Investing Activities:					
Other investing cash flow items, total	(39,900)	(948,800)	(584,800)	(841,000)	(385,300)
Total cash from investing activities	(39,900)	(948,800)	(584,800)	(841,000)	(385,300)
Cash Flows from Financing Activities:					
Financing cash flow items	2,303,900	(718,200)	(573,600)	(685,000)	(566,200)
Total cash from financing activities	2,303,900	(718,200)	(573,600)	(685,000)	(566,200)
Foreign exchange effects	(9,100)	(16,800)	(39,200)	(31,700)	78,500
Net change in cash	295,900	(983,000)	81,900	(177,100)	167,900
Net cash-beginning balance	1,747,600	2,548,000	2,516,100	2,403,600	1,682,200
Net cash-ending balance	€2,043,600	€1,564,900	€2,598,000	€2,226,500	€1,850,100
Source:	Interim Report 8/13/2020	Interim Report 8/13/2020	Interim Report 8/9/2018	Interim Report 8/10/2017	Interim Report 8/11/2016

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR®



CreditRiskMonitor® is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 57,000 global public companies.

CreditRiskMonitor's High Risk Reports feature companies that are exhibiting a significantly high level of financial distress, as indicated by our proprietary FRISK® score. The ultimate goal of the High Risk Report series is two-part: provide an early warning for those doing business with an increasingly distressed company and inform of the many signals that should be examined when assessing financial risks.

[Request a Personalized Demo and Risk Assessment](#)

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Contact us at:
845.230.3000

creditriskmonitor.com/contact-us