

12:46 11 Dec 2019

TUI trims dividend policy as profits dip on Boeing MAX grounding

TUI AG (LON:TUI) reported lower profits for the past year but said growth would take off again in the coming year although it plans to tighten up its dividend policy in future.

The Anglo-German tour operator posted profit before tax of €691m for the year to 30 September, down 28.4% on the previous year, as turnover increased by 2.7% to €18.9bn.

READ: TUI tumbles as dividend risk flagged

In short, holidays were strong and the airline was weak, hit by the market-wide grounding of Boeing's 737 MAX aeroplanes in March after two fatal crashes, as well as Brexit uncertainty and overcapacity to Spanish destinations.

A dividend of 54 euro cents is proposed for the year, for payment next February, while directors also put out a separate statement that said that this time next year the dividend policy will see a "core dividend payout" of 30-40% of group's underlying earnings after tax (EAT), with a minimum payout of €0.35 per share.

"While the new dividend policy is expected to result in lower payouts, the dividend floor guarantees shareholders a minimum payout irrespective of the market environment of the tourism industry and subsequent impacts on underlying EAT."

This formed, the company said, part of its plan to meld organic growth with "accretive" M&A and "portfolio optimisation", with excess cash to be returned to shareholders.

TUI said its underlying profits (EBIT) are expected to grow to €950-1.05bn for the new financial year, up 6.3%-17.5% from the €893m in the past year, including an approximate €130m further cost from the 737 MAX grounding.

This assumes the MAX aircraft, of which TUI has 15 and another eight on order, return to service by the end of April, though if the Boeings remain grounded until the end of the financial year there would be an additional cost of around €220-270m.

"Neither scenarios include any potential grounding compensation from Boeing in any form," the company concluded.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

Price: 851

Market Cap: £5.01 billion

1 Year Share Price Graph



Share Information

Code: TUI

Listing: LSE

52 week High Low
1090 686.6

Sector: Leisure, gaming and gambling

Website: www.tuigroup.com

Company Synopsis:

TUI Travel, now assimilated into its German parent company, TUI Group, has become one of the world's leading international leisure travel groups operating in over 180 countries with more than 30 million customers in 25 source markets.

action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.