

# LOTS OF POTENTIAL IN TOURISM STOCKS



the pandemic.

Despite incidence numbers at record levels, hospitalization rates remain low. The prevalence of omicron variants is easing, and corona measures are being significantly relaxed in an increasing number of countries. The tourism industry, in particular, is likely to benefit, as travel restrictions including quarantine regulations are also being relaxed and wanderlust is again high after two years of

In 2020 in particular, the tourism industry suffered and international travel shrank by 76%, according to figures from the World Tourism Organization. 2021 provided some recovery, but the pre-pandemic levels have not yet been reached. Thus, there is still plenty of potential for investors in tourism stocks to benefit from further easing. The share prices of the following companies could therefore now develop positively accordingly.

## **Booking Holdings**

Booking Holdings is the world's leading online provider of travel and related services, operating with local partners in more than 220 countries. While the company still took in a profit of 96.4 billion from travel bookings in 2019, this figure was only 35.4 billion in the first corona year of 2020. In 2021, this already rose again to 76.6 billion, but there is still plenty of room for improvement. The share price, on the other hand, plummeted with the outbreak of the pandemic but reached a new high as early as February 2021. The further easing could provide additional impetus for the share price.

## **Lufthansa Group**

Things are still not looking very rosy for Germany's flagship airline, but that could soon change, too. The aviation group had to absorb a loss of EUR 6.725 million in 2020 and also remained in the red in 2021 with a business result of EUR - 2.191 million. Due to the war in Ukraine and the pandemic, the company does not want to venture a detailed outlook for 2022, but CEO Carsten Spohr is confident: "We are very sure that air traffic will experience a strong upswing this year. Now we are leaving the crisis behind us mentally and - given the strong booking figures this year - also in business terms."

By summer, the Lufthansa Group, which also includes Eurowings, Australian Airlines and Swiss, plans to be back to offering 85% of its pre-crisis capacity. The tourism stock could be a prime example of the potential in tourism shares. The share price has barely recovered since the Corona collapse in 2020 and investors could now benefit from a bounce-back effect.

## **Airbnb**

Growth, growth, growth and no end in sight. What began in 2007 with three air mattresses in a three-room apartment is now a successful business model in 220 countries around the world. Around four million hosts provide accommodation in over 100,000 cities. Although booking numbers on the platform slumped in 2020, 2021 was more positive than expected. With the pandemic, more and more workers were exempted from office duties. Thousands of people moved to other cities, where they worked from an Airbnb accommodation. As a result, long-term bookings soared to unexpected heights.

Nearly 175,000 people reserved accommodation on Airbnb for three months or longer. Although 2021 was still a pandemic year, it became the most successful year in the company's young history, with revenue exceeding 2019 by 25%. With the increasing easing of restrictions and expected travel demand, 2022 should be even more successful. Airbnb should give investors so much potential in tourism stocks.

## **Trainline**

Trainline is the world's leading independent platform for rail and bus travel, selling tickets to millions of customers worldwide. The platform serves as a central point of contact for users, also for planning more complex travel routes with different fares from different rail and bus companies. While 3.727 billion tickets were sold via the platform in 2019, the figure was only 783 million in 2020. In 2021, it was already 1.812 billion again and the share price also almost reached the pre-pandemic levels. But then Omicron came along and the figures in the last quarter collapsed again along with the share price. The past year thus already shows that there is a lot of potential in tourism shares of Trainline. Investors should therefore hope that things will now start to look up again.

## **Lots of Potential in Tourism Stocks, but Also Risks**

Despite the spirit of optimism in the tourism industry, there are still some dangers lurking for the industry this year. For one thing, **with Omicron the pandemic is not yet over and the danger of a mutation hangs over the industry** like a sword of Damocles. In addition, the war in Ukraine creates added uncertainty. Airlines have to fly widely around the war zone and Russia, and the trend in oil prices, especially in the event of an embargo, could make travel unaffordable for many. Thus, tourism stocks offer a lot of potential, but no guarantee of lasting growth.

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