

Thomas Cook Group

07:41 23 Sep 2019

Thomas Cook collapses as rescue attempts fail

Thomas Cook Group PLC (LON:TCG) has gone bust after a last-ditch attempt to secure a rescue deal for the world's oldest travel agent collapsed over the weekend.

The group had seemed to be close to securing a £900mln rescue deal for its tour operator and airline businesses, propped up by a £450mln cash injection from its largest shareholder, Chinese giant Fosun, and a consortium of banks and other lenders.

READ: Thomas Cook confirms need for extra £200mln as it teeters on brink of collapse

However, the agreement was thrown into doubt on Friday after a number of banks, led by Royal Bank of Scotland PLC (LON:RBS) and Lloyds Banking Group PLC (LON:LLOY), demanded Thomas Cook find an extra £200mln to keep itself afloat over the traditionally quieter winter period.

This proved to be too much for the company, which on Monday announced to the market that it would enter liquidation proceedings, putting 22,000 jobs at risk worldwide and leaving around 150,000 customers stranded abroad.

Peter Fankhauser, Thomas Cook's chief executive, said it was a matter of "profound regret" that the company had been unsuccessful in securing a rescue deal, adding that the additional funding demanded last week had proved an "insurmountable" challenge for the 178-year old business.

"I would like to apologise to our millions of customers, and thousands of employees, suppliers and partners who have supported us for many years", he added.

The company's shares were suspended from the main market with immediate effect.

Shares in tour operator Tui AG (LON:TUI) were 6.9% higher to 898.4p in lunchtime trading on Monday, while those in online specialist On The Beach Group PLC (LON:OTB) were up 6% to 402.8p.

Among the airlines, easyJet PLC (LON:EZJ) was up 2.9% to 1,088p, Ryanair Holdings PLC (LON:RYA) was up 1.1% to €10.10, British Airways owner International Consolidated Airlines Grp SA (LON:IAG) was down 1% to 473p and Jet2 owner Dart Group PLC (LON:DTG) was 7% higher at 906p.

Chris Beauchamp, chief market analyst at IG, said that while Thomas Cook's demise would help rivals such as TUI and On The Beach expand their market share, structural problems facing the industry would "continue to weigh on profitability".

Not enough cash

Meanwhile, AJ Bell's investment director Russ Mould said the travel group's failure was ultimately attributable to the fact that it "didn't have the cash flow to reinvent itself" amid growing competition, with most funds being diverted toward

Price: 3.451

Market Cap: £56.64 m

1 Year Share Price Graph



November 2018 April 2019 September 2019

Share Information

Code: TCG

Listing: LSE

52 week High Low
55.2582 2.0001

Sector: Leisure, gaming and gambling

Website: www.thomascook.com

Company Synopsis:

Thomas Cook Group is one of the largest travel operators in Europe.

action@proactiveinvestors.com

repaying its debts.

"[Thomas Cook] struggled with very thin profit margins, high levels of competition, rising fuel prices and large borrowings. It also had expensive stores on the high street to maintain and leasing fees on aircraft to keep paying" Mould said.

The analyst added that the company's disappearance could result in higher prices for customers as rivals took advantage of less competition in the market.

--Adds analyst comments and updates share prices--

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

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.