

Thomas Cook Group

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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.

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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--

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