Thomas Cook Group PLC

Thomas Cook races to secure support for £900m rescue deal

UK tour operator seeks to delay bondholder meeting to allow restructuring to be finalised

Fosun would take a 'significant' minority stake in Thomas Cook's airline if the deal was accepted © Bloomberg

Daniel Thomas and Alice Hancock YESTERDAY

Thomas Cook is set to seek to push back a crucial meeting of bondholders as it races to secure support for a proposed £900m rescue deal that would leave its majority shareholder Fosun and lenders in control of the 178-year-old holiday business.

The company is locked in a series of last-minute negotiations as it looks to finalise the terms of the restructuring agreement with Fosun, its lenders and bondholders.

Any deal would need support from three-quarters of its bondholders. A group of hedge funds that have taken positions against the company's debt using the credit-default swap market — using contracts that pay if a company is unable to repay its debt — could vote against the restructuring unless they get paid for their positions in the process.

The FT has learnt that the company is likely to move to gain more time to conclude negotiations by appealing to a court to push back the meeting of bondholders that had been arranged for Wednesday. The company declined to comment.

The hedge funds want an agreement that would ensure that the CDS will work under the restructuring arrangement. One person familiar with the situation said that the group expected to have control over the 25 per cent of the bonds needed to vote down the deal unless a solution was agreed, leaving only days to go for Thomas Cook to agree a deal or face the collapse of its proposed rescue offer. Bond prices for Thomas Cook fell to an all-time low on Friday.

Thomas Cook is also under pressure to finalise the details of the £900m rescue deal. In October, it will have to start putting forward capital for next year's hotel bookings as it enters the winter season when cash is shorter.

Under the proposed terms of the deal, Fosun, the Chinese conglomerate that owns 18 per cent of Thomas Cook, will control 75 per cent of the travel company's tour operator business and up to 25 per cent of its airline in exchange for a £450m capital injection.

Debtholders and lending banks have agreed to put up the remaining £450m in exchange for control of Thomas Cook's airline and up to 25 per cent of the tour operator.

Investors are frustrated that the details of the debt-for-equity swap have not yet been released in spite of the tight deadline. Neset Kockar, chief executive of the Turkish-Russian tour operator Anex Tour and Thomas Cook's largest shareholder after Fosun, said that he did not expect to be "wiped out" in the deal.

He added that he had been in discussions with Fosun about entering into a partnership with Thomas Cook but could not reveal more because he was under a non-disclosure agreement.

However sources close to the business said that it was almost inevitable that shareholders would lose their money — which is likely to include the stakes held by management and staff.

The company previously said that it expected shareholders to be "significantly diluted" and that Thomas Cook could be taken off the stock market.

Harry Martin, an analyst at Bernstein, said that if the company did survive its efforts to pivot towards being more of a hotel and resort business would be essential.

"If they can get through this period it will make them less cyclical and will be a more financially sound model," he said.

But he warned that it would faced tough competition. Both rival brand Tui and other international hotel groups such as Marriott are looking to increase their resort-style properties.