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## **Thomas Cook on skids as RBS calls for extra £200m; Holidaymakers risk being stranded if operator collapses**

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Thomas Cook's chances of survival are in the balance as it struggles to meet a demand from Royal Bank of Scotland and its other banks for an extra £200 million of funding.

The travel company risks going bust if it cannot secure the funds, which would force the government to launch the biggest peacetime repatriation of British citizens at an estimated cost of £600 million.

It is understood Thomas Cook has held talks with ministers about contingency measures. A collapse would hit an estimated 150,000 UK holidaymakers as well as more than 500,000 customers in overseas source markets, mostly Germany and Scandinavia.

One airline captain suggested that preparations were already being made for repatriations: "The jungle drums are beating about lots of unusual handling requests for early morning arrivals on October 1 at Gatwick."

An industry analyst said: "Companies and governments across Europe would have to pick up the bill for this. The collapse of Monarch Airlines was big, but this would dwarf it."

Thomas Cook, which was founded in 1841, is one of the world's largest holiday businesses, with 21,000 employees in 16 countries and more than 22 million customers every year.

Its debts have left it vulnerable, forcing it into a rescue deal led by Fosun, the owner of Club Med.

The £200 million was demanded by Thomas Cook's lenders, led by RBS and Lloyds, as an extra contingency, providing further liquidity over the winter, the traditional low-cash period for tour operators as they pay hoteliers and suppliers after the summer season.

The demand to raise the financing package to £1.1 billion caused consternation as it came after the key elements of a £900 million refinancing were agreed at the end of last month.

The company announced then that "substantial agreement regarding key commercial terms" had been

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reached by the main parties to the rescue: Thomas Cook, China's Fosun Tourism Group, a majority of its bondholders and its "core lending banks".

It is understood that the last-minute demand for an extra £200 million standby facility was the main reason why Thomas Cook announced a delay to the key vote by bondholders to rubberstamp the rescue deal to next Friday. One person close to the negotiations said: "We are rapidly approaching an insoluble impasse precipitated by the banks' demand. RBS are pushing hardest, so you could end up with a state-owned bank landing another government department with the cost of repatriating thousands of holidaymakers, not to mention dealing with the fallout from 9,000 UK job losses."

Another source said: "Just when we thought we were there, Thomas Cook is having to scabble around trying to underwrite £200 million it does not need. It would only be needed in a worst-case scenario such as a hurricane in the Canary Islands, a terrorist attack or if the pound sank to a record low."

Thomas Cook declined to comment, while an RBS spokesman said: "We don't recognise this characterisation of events ... RBS has provided considerable support to Thomas Cook for many years and continues to work with all parties to try and find a resolution to the funding and liquidity shortfall."

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