

# Update on Proposed Recapitalisation Plan

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*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014*

## Update on Proposed Recapitalisation Plan

**28 August 2019:** Thomas Cook Group plc ("the Company" or "the Group") is pleased to announce substantial agreement regarding key commercial terms between the Company, Fosun Tourism Group and its affiliates ("Fosun"), the Company's core lending banks and a majority of the Company's 2022 and 2023 senior noteholders. Implementation of the proposed recapitalisation will involve a significant new capital investment and reorganisation of the Group.

Key commercial terms and next steps include:

- Fosun contributing £450 million of new money to the Group and acquiring at least 75% of the equity of the Group Tour Operator (subject to the receipt of anti-trust approvals) and 25% of the Group Airline;
- The Group's core lending banks and noteholders targeting in aggregate £450 million of new money to the Group and converting their existing debt into approximately 75% of the equity of the Group Airline and up to 25% of new equity in the Group Tour Operator;
- Implementation commitment targeted for early October 2019.

The execution of the transaction remains subject to a legally-binding agreement being reached amongst the parties to the recapitalisation plan and, where appropriate, the Group's other key stakeholders. The proposed recapitalisation plan does not impact trade creditors or customers.

In its announcement of 12 July 2019, Thomas Cook stated that shareholders may be given the opportunity to participate in the recapitalisation by way of investment alongside Fosun and converting senior creditors on terms to be agreed. The Board continues to proceed on the basis that a recapitalisation, achieved with the support of shareholders, is the preferred means of securing the future of the Group for all its stakeholders (including customers, suppliers and employees), while at the same time enabling the existing shareholders to continue to retain an investment in the Company. However, the recapitalisation is expected to result in existing shareholders' interests in the recapitalised and reorganised Group Airline being significantly diluted, subject to feedback from creditors, the new money providers and other stakeholders.

In order to obtain the necessary creditor consents to the proposed transaction, the Group will today launch three inter-conditional creditor schemes of arrangement of Group borrower companies to seek creditor consent to amend certain terms of the 2022 and 2023 senior notes indentures (the "Notes") and the 2017 revolving credit facility (the "RCF Agreement").

The key objectives of the amendments being sought pursuant to the schemes are to amend the consent thresholds to amend material provisions in the RCF Agreement and the Notes, including in respect of releases of relevant principal debt and/or subsidiary guarantees, and to make certain other technical amendments to facilitate implementation of the proposed transaction.

The proposed recapitalisation remains subject to certain matters, including credit approvals, investment approvals, agreement on Group performance conditions, due diligence, agreement as to risk allocation amongst Fosun and Group creditors with respect to the bridge financing during transaction implementation, agreement between Fosun and the Group's core lending banks and noteholders on the separation of the Group into Airline and Tour Operator and timely execution of the separation, reaching agreement with a range of the Company's stakeholders (including fuel and foreign exchange hedging counterparties, the pension fund trustees, noteholders, other financial creditors and approval of Fosun's shareholders), licence renewals and receipt of regulatory and anti-trust clearances and approvals.

The current intention of the Board is to maintain the Company's listing. However, the implementation of the proposed recapitalisation may, in certain circumstances, result in the cancellation of the Company's listing.

Reflecting the extensive progress made on agreeing key commercial terms with the Group's core lending banks and noteholders regarding the injection of £450 million of new money into the business in connection with the proposed recapitalisation, the mandate letter and term sheet for a £300 million secured bank financing facility announced in May 2019 will be allowed to lapse.

Given the substantial agreement regarding the commercial terms of the proposed recapitalisation, the Company has also agreed a cost cover arrangement with Fosun, a related party, with respect to the costs and expenses incurred by Fosun with any professional advisors in evaluating and negotiating the proposed recapitalisation. The maximum costs to be covered by the Company under this arrangement shall not exceed an amount equal to £5.43 million (less any amounts paid by the Company to Fosun during the past 12 months). The cost cover is payable on a weekly basis beginning 12 July 2019 and ending on 30 September 2019 (with the period accrued to date being paid retrospectively), unless terminated sooner in accordance with its terms, and is subject to certain milestones being reached in connection with the proposed transaction. This arrangement falls within Listing Rule 11.1.10R and this announcement is made in accordance with Listing Rule 11.1.10R(c). Arrangements have also been made to meet the reasonable adviser costs of its core lending banks, bondholders, and other appropriate stakeholders in connection with the proposed recapitalisation.

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**About Thomas Cook Group Plc.**

Thomas Cook Group plc. is one of the world's leading leisure travel groups, with sales of £9.6 billion in the year ended 30 September 2018. It is supported by 21,000 employees and has 200 own-brand hotels. It operates from 16 source markets and serves over 22 million customers annually. Thomas Cook Group plc's shares are listed on the London Stock Exchange (TCG).

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