

## Thomas Cook tours in crisis

LONDON, UK — Fears rose over the survival of venerable British tour operator Thomas Cook after financial problems worsened for the company that took more than 22 million people on holiday in the latest year.

The company revealed last week that its operating profit had fallen 16 per cent to £300 million (\$40 billion) and said that it planned to close 200 of its 1,300 retail travel shops in Britain.

Shares in Europe's secondlargest tour operator sank 75 per cent of their already depressed value after Thomas Cook said it was seeking new agreements with its main creditors. That announcement came barely a month after the company said it had negotiated new funding arrangements to carry it through the slow winter months.

The company insisted that flights would leave as usual and that it was taking new bookings, but Britons who bought vacations through the firm were worried.

“(I'm) praying it's going to be all right... but I'm not confident,” said Jamila Juma-Ware, 27, who had booked a holiday in Tenerife in the next three weeks for herself and her mother.

Several small British travel firms have gone under since the global economic crisis hit in 2008, but Thomas Cook is an industry giant and a fixture of Britain's main streets.

“There are a lot of small independent travel agents around here, but I said I'd rather just book it through someone like Thomas Cook because they're big and there's more of a guarantee they won't go bust,” Juma-Ware said. “And then this week this happens.”

Thomas Cook is, like many airlines and tour operators, suffering from weak consumer demand as Europe's financial crisis has people worried about their jobs.

Unrest in Tunisia — normally the top winter destination for French travellers — and Egypt, flooding in Bangkok and disappointing sales in Russia have all added to the pressure on the company.

Analysts said the financial troubles could scare away customers, darkening the firm's prospects even more.

“Legitimate questions will be asked as to whether Thomas Cook can survive long-term,” said James Hollins, analyst at Evolution Securities. He added that he believed the company could pull through on the strength of businesses outside Britain, but “a more flexible financial structure and massive turnaround are required”.

Thomas Cook Group PLC shares closed down 75 per cent in London trading.

Thomas Cook was due to report annual earnings for 2010-11 on Thursday, but it has put that off indefinitely “as a result of deterioration of trading in some areas of the business, and of its cash and liquidity position since its yearend.”

Sam Weihagen, Thomas Cook's interim chief executive, insisted it was business as usual: “Flights are leaving on schedule, shops are open and we're taking bookings.”

Weihagen said people who booked package holidays with the firm would be protected by the Air Travel Organisers' Licensing insurance programme, which is funded by contributions from travel companies. However, those who book only flights are advised to buy their own travel insurance.

Thomas Cook has previously announced plans to reduce its fleet of 41 aircraft to 35, and it hopes to raise £200 million by selling assets including its stake in Britain's partprivatised air traffic control service.

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