

**5 May 2012**

## **Thomas Cook Group plc**

### **New Longer Term Financing Agreed**

Thomas Cook Group plc is pleased to announce that it has agreed a new financing package with its lenders which extends the maturity of its financing until 31 May 2015 and provides further stability to the business.

- £1.4bn refinancing package agreed with extended maturity until 31 May 2015;
- No fixed repayments;
- Revised financial covenants which offer greater financial flexibility;
- Net proceeds from certain disposals will be retained by the Group to provide significant additional liquidity;
- Strategic review concluded.

#### **Sam Weihagen, Group Chief Executive Officer of Thomas Cook Group commented:**

“Today’s announcement highlights the confidence our lenders have in Thomas Cook and we are delighted that they have demonstrated their on-going support. We continue to make good progress in strengthening the Group’s financial position, and our disposal plans, including an aircraft sale and leaseback, are proceeding well. These actions are an important step in the journey to strengthen confidence and ensure that the Thomas Cook Group will continue to provide customers with wonderful travel experiences for years to come.”

#### **Frank Meysman, Group Chairman of Thomas Cook Group commented:**

“I would like to personally thank Sam Weihagen, Paul Hollingworth and the team for the actions that they have taken and continue to take to strengthen the Group’s financial position. This bank agreement, together with these actions, places Thomas Cook on a much firmer footing. The search for a long-term Group CEO is progressing well. ”

## **Bank Facility Amendment**

The existing facilities of £1.4bn comprise a £150m amortising term loan, an £850m revolving credit facility, a £200m liquidity facility agreed in November 2011 and a £200m bonding and guarantee facility. The terms will be amended to extend the maturity on all these facilities until 31 May 2015 with no fixed repayments. In addition, the Group will now retain the proceeds of certain disposals which will increase liquidity. Revised financial covenants, which offer greater financial flexibility, have been agreed.

The interest margin on the £200m liquidity facility is unchanged. The interest margin over LIBOR on the other facilities will increase to 3.50%. The banks will be entitled to an amendment fee of 1% and will be granted warrants to subscribe for new ordinary shares (representing approximately 5% of the issued share capital of Thomas Cook Group plc) at an exercise price of €0.10 per share. In addition, the warrants issued in December 2011 will be re-priced to the same exercise price. Further details of the terms of the bank facility amendment are outlined in the notes to this announcement.

## **Strategic Review**

The Board has now completed its strategic review of the Group, the primary purpose of which has been to provide a stable platform for recovery and consider further actions to reduce debt. The outcome of the strategic review is a stabilisation plan which brings together a range of existing actions and new initiatives focused around the following key areas:

- Continuing to drive the turnaround of our UK business;
- Build on the solid performance in our Northern and German businesses;
- Address our under-performing businesses, particularly in Canada, France and Russia;
- Reducing debt and improving the resilience of our financing and capital structure through asset disposals, the proposed sale and leaseback of aircraft and minimising our financial commitments;
- Stabilising our capital structure through the agreement of longer dated more flexible facilities as announced today.

### ***Turnaround of our UK business***

In our interim management statement on 8 February 2012, we described the actions we are taking to turnaround our UK business. Implementation of the plan is underway and progressing well.

### ***Building on the solid performances in our Northern Europe and German businesses***

Our businesses in Northern Europe and Germany have continued to perform well in difficult market conditions, and provide a stable cash flow to the Group. We believe there is scope for further improvement, through actions such as building on their strong market positions, increasing online distribution, and focussing on further cost control. We are carefully managing the capacity and pricing of these performing businesses, and re-examining the cost base across all their operations.

### ***Improving under-performing businesses***

The performance of our businesses in Canada, Russia and France are disappointing and we believe that there is substantial scope to improve the results of these businesses.

Our Mainstream business in Canada had a poor year in 2011 and a very weak Winter 11/12 season. We have undertaken management changes and have taken action to reduce commitments to minimise fixed costs and manage over-capacity. The results of our Russian business, which we acquired on 12 July 2011, have been impacted by MENA as Egypt is an important destination for this market. We have recently implemented management changes and put the business under our Central Europe management team, who have developed a comprehensive action plan to reduce costs and better manage capacity. The French market has suffered considerably from the impact of MENA. We changed the senior management team in 2011 and are working on improving performance in this market, however market conditions remain very challenging.

### ***Disposals***

The Group is at an advanced stage in the negotiation of a sale and leaseback of between 17 and 19 aircraft for which shareholder approval is expected to be sought in May 2012. The proceeds will be retained by the Group and will provide significant additional liquidity.

We continue to advance our non-core asset disposal programme. To date we have announced disposals generating circa £135m reduction in net debt, including most recently the disposal of our Explorers Hotel in France. We expect to seek shareholder approval for the disposal of HCV hotels in May 2012.

Having received a good level of expressions of interest for our Indian business, we have begun the next stage of the process with a number of interested parties which involves due diligence and management presentations.

### ***Stabilise our capital structure***

We are delighted to have agreed this refinancing which we believe will stabilise our capital structure, providing committed capital for the next three years, and the flexibility to repay our debt when we are able to do so, rather than through fixed repayments.

### **Shareholder approval**

The disposal of HCV hotels and the proposed aircraft sale and leaseback are key parts of our stabilisation plan. A circular will be published shortly seeking shareholders' approval for these transactions at a General Meeting later in May.

## **Enquiries:**

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## **Conference Call:**

A conference call will be held for analysts and investors on Tuesday 8 May 2012 at 8am (BST).

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## Notes to editors:

### 1. Key terms of new bank facility

Bank facility maturity	31 May 2015
Facilities	£150m term loan £850m revolving credit facility £200m bonding facility £200m liquidity facility
Bank margin	3.5% on £150m term loan, £850 RCF and £200m bonding No change on £200m liquidity facility
Repayments	No fixed repayments Cash sweep mechanism to be applied
Cash sweep	Applied in March 2013 and March 2014 Excess cash above £250m applied to reduce the credit facilities In the event that cash sweep payments are less than £100m in each year, the Group will be required to pay a fee of up to 2.0% of total facilities outstanding, payable at final maturity
Disposals	Proceeds of disposals, including the disposal of TC India to be used to reduce banking facilities Proceeds of the sale of HCV and the proposed sale and leaseback of aircraft to be retained by the Group
Security	£200m liquidity facility is secured All other financing under these facilities is unsecured and ranks pari passu
Amendment fee	1% fee on the total facilities
Warrants	New warrants granted over 5% of issued share capital at €0.10, exercisable until May 2015 Strike price for warrants issued in November amended to €0.10
Other terms	£200m of the £850m revolving credit facility will not be available for utilisation between July and September Flexibility to use part of the £850m revolving credit facility for bonding during the summer months

Covenant test dates	Quarterly on rolling 12 month basis	
<i>Leverage covenant</i>	<i>Jun 2012</i>	<i>4.50x</i>
	<i>Sep 2012</i>	<i>4.25x</i>
	<i>Dec 2012</i>	<i>6.10x</i>
	<i>Mar 2013</i>	<i>5.25x</i>
	<i>Jun 2013</i>	<i>3.75x</i>
	<i>Sep 2013</i>	<i>3.55x</i>
	<i>Dec 2013</i>	<i>4.70x</i>
	<i>Mar 2014</i>	<i>4.15x</i>
	<i>Jun 2014</i>	<i>3.25x</i>
	<i>Sep 2014</i>	<i>3.10x</i>
	<i>Dec 2014</i>	<i>4.35x</i>
	<i>Mar 2015</i>	<i>4.05x</i>
	<i>Fixed charge covenant</i>	<i>Jun – Dec 2012</i>
<i>Mar 2013</i>		<i>1.40x</i>
<i>Jun 2013</i>		<i>1.50x</i>
<i>Sep 2013</i>		<i>1.60x</i>
<i>Dec 2013</i>		<i>1.65x</i>
<i>Mar 2014</i>		<i>1.70x</i>
<i>Jun 2014</i>		<i>1.75x</i>
	<i>Sep 2014 – Mar 2015</i>	<i>1.80x</i>

## 2. Indicative timetable

Today	Proposed bank facility amendments announced
Mid May	Post circular to shareholders regarding General Meeting to seek approval for HCV hotels disposal and proposed aircraft sale and leaseback
End May	General Meeting of shareholders to obtain approval for HCV hotels disposal and proposed aircraft sale and leaseback
End May	Half year results to follow shareholder approval for HCV hotels disposal and proposed aircraft sale and leaseback