

Thomas Cook Group

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Thomas Cook sees late rally but commentators still expect travel firm be demoted from FTSE 250 index following quarterly reshuffle

Shares in Thomas Cook PLC (LON:TCG) put in a late rally on Tuesday afternoon but commentators still expect the holidays firm to see its shares demoted from the FTSE 250 index following Wednesday's night's quarterly indexes reshuffle.

In late trading, Thomas Cook shares edged up 0.5% to 23.76, having recovered from an earlier slide which took the stock to a low of 19.69p, a near 60% drop over the past five sessions since the group issued a profit warning last Tuesday.

READ: Thomas Cook confirms 'disappointing' full year earnings and turnaround plan

The tour operator's shares hit six-year lows today as the cost of insuring debt issued by the firm against default reached a record high, despite its efforts to reassure investors over its £389m debt mountain.

The 177-year-old travel company scrapped its dividend last week and blamed a "disappointing" year on the prolonged summer heatwave across Europe, which meant people delayed their bookings, especially in the UK.

Aside from Thomas Cook, roadside assistance and insurance firm the AA plc (LON:AA.) is also expected to exit the mid-cap index following the reshuffle, which is based on closing share prices on Tuesday.

Laith Khalaf, senior analyst at Hargreaves Lansdown commented: "Both Thomas Cook and the AA look poised to fall out of the FTSE 250, thanks to weather-induced maladies. Balmy UK weather over the summer meant Brits felt less need to go abroad for some warmth, and that's hit the bottom line at Thomas Cook.

"Meanwhile AA claims the severe winter weather led to a pothole epidemic and a 15 year high in breakdown calls. It's certainly been a bumpy year for AA shareholders, the company has already been both relegated and promoted to the FTSE 250 already in 2018."

Khalaf noted that a clutch of newly floated companies in the form of Aston Martin Lagonda Global Holdings PLC (LON:AML), Funding Circle Holdings PLC (LON:FCH), and Smithson Investment Trust PLC (LON:SSON) will be admitted to the FTSE 250, applying further downward pressure on the laggards in the index.

READ: Christmas spirit could be lacking for Royal Mail as ejection from FTSE 100 index beckons once again
Among the big caps, Royal Mail PLC (LON:RMG) faces relegation from the FTSE 100 index after a pretty unpalatable trading update in October, which prompted a big slide in the share price, with insurer Hiscox Ltd (LON:HSX) expected to take its place.

Woodford Patient Capital Trust PLC (LON:WPCT) is likely to be re-admitted to the FTSE 250 after a better period of

Price: 14.19p

Market Cap: £217.94M

1 Year Share Price Graph



June 2018 December 2018 June 2019

Share Information

Code: TCG

Listing: LSE

52 week High Low
110.60p 8.40p

Sector: Travel, Leisure & Hospitality

Website: www.thomascook.com

Company Synopsis:

Thomas Cook Group is one of the largest travel operators in Europe.

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performance, which has seen the share price of the vehicle of star fund manager Neil Woodford rise by 22% in the last 6 months compared to a 7% fall from the wider FTSE All Share.

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