

Thomas Cook Group

11:02 11 Feb 2019

UBS trims target for Thomas Cook as it stays conservative on value potential of airline disposal

UBS has trimmed its target price for Thomas Cook Group PLC (LON:TCG) to 32p from 34p as it gave a conservative assessment to the potential value of a disposal of the group's airline business.

In a note, the investment bank said that it believed the airline's equity value could be worth between £200mIn-£600mIn, a "more conservative" valuation that the market expectation of between £900mIn-£1bn.

READ: Thomas Cook suggests possible sale of airline business as it posts wider quarterly loss

Analysts added that a possible drag on the equity of the airline could be the £364mIn pension deficit from its German airline Condor.

Post-airline disposal, UBS said in order to see "a meaningful and sustainable upside" there would either need to be a disposal implying a 100% equity value of the airline at around £1bn, which they considered unlikely, or have investors be willing to give the company's tour operator business credit for "100 [basis points of] margin improvement".

"Both of these assumptions seem difficult to achieve considering the current market environment in the tour operator industry is challenging, with overcapacity in several of the markets."

The bank also retained its 'Neutral' rating on the stock, adding that the target price cut reflected lower margins in the tour operator business.

READ: TUI AG no longer outshines Thomas Cook after shock profit warning
The downbeat assessment was in stark contrast to competitor TUI AG (LON:TUI), which was leading the FTSE 100 risers into late-morning, up 4.8% at 957p, after Bank of America Merrill Lynch resumed coverage of the firm at a 'Buy' rating, erasing some of the losses from last week after the stock plunged on news of a shock profit warning.

Thomas Cook shares were down 2.3% at 28p.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential,

Price: 10.3p

Market Cap: £158.19M

1 Year Share Price Graph



May 2018 November 2018 May 2019

Share Information

Code: TCG

Listing: LSE

52 week High Low
129.20p 8.40p

Sector: Travel, Leisure & Hospitality

Website: www.thomascook.com

Company Synopsis:

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

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.