

Thomas Cook enlists three banks to prepare airline sale

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Thomas Cook has enlisted Credit Suisse, Morgan Stanley and Bank of America Merrill Lynch to explore the possible sale of its airline business, a source familiar with the discussions said.

The holiday company this month said it was willing to sell its profitable airline business to fund its fightback from losses racked up in 2018.

Credit Suisse, Morgan Stanley and Bank of America Merrill Lynch declined to comment.

Thomas Cook's airline, which fared much better last year than the tour operator business, consists of Germany's Condor and British, Scandinavian and Spanish divisions.

A sale of the airline unit, in whole or in part, would enable the company to invest more in its own hotels, improve its digital sales offering and drive further cost savings.

One banker said the enterprise value of the airline would be around 500-600 million pounds, a little more than the current market value of the whole company.

He added that Lufthansa, Ryanair and easyJet were all vying for bits of the airline business, but that no one wanted the whole unit, and that Thomas Cook had an ageing fleet which would need a massive investment program to replace it.

Ryanair's marketing chief said on Thursday that the Irish airline was not interested in any large-scale acquisitions but could vie for airport slots should they become available.

(Reuters)