

Aviation Newscast

September 25, 2019

Contact:

Madan Sabnavis

Chief Economist
<mailto:madan.sabnavis@careratings.com>
 91-22-68374433

Author

Ashish K Nainan

Deputy Manager- Industry Insights
ashish.nainan@careratings.com
 91-022-6837 4347

Mradul Mishra (Media Contact)

mradul.mishra@careratings.com
 91-22-68274424

Thomas Cook Airline UK grounding to impact international tourists’ traffic from UK to international destinations

Thomas Cook UK Group, including the UK tour operator and airline, ceased trading starting 23rd September, 2019. All Thomas Cook bookings, including flights and holidays, had to be consequently cancelled leaving more than 150,000 Thomas Cook UK customers abroad stranded as per the UK aviation authority, CAA. The UK Civil Aviation Authority (CAA) has been tasked with repatriating travelers who purchased “Air Travel Organizer’s License” protected package holidays.

Thomas Cook Airlines (UK) and its other airline ventures had to cease operations owing to collapse of the 178 year-old British tour operator Thomas Cook Plc which employs over 21,000 people. The company immediately entered liquidation since it was “unable to secure final terms for immediate recapitalization and reorganization”.

Some entities of the airline, namely Condor (DE, Frankfurt Int'l) and sister carriers Thomas Cook Airlines Balearics and Thomas Cook Aviation (Frankfurt Int'l) continue to operate in their respective geographies.

The airline operating out of its Manchester base served destinations worldwide. Thomas Cook Airlines UK (TCA UK) flew to Africa, Europe, North America and Asia. Turkey, Mexico, Tunisia, Spain, Italy, Egypt and USA which were among the key destinations. The airline also operated seasonal flights connecting Europe with Goa in India.

Table : Thomas Cook Airlines UK and Market Share

(passenger no. in million)	2016	2017	2018
Thomas Cook Airlines UK	6.6	7.3	8.1
All Services	153.6	162.5	176.2
Share	4.3%	4.5%	4.6%

Source: CAA, UK

Thomas Cook (UK) Airlines flew 8.1 million passengers in 2018 and had registered a growth of over 10.5% during the year. The airline had a fleet of 35 aircrafts operating from its UK hub and 12 aircrafts which were operating through its Scandinavian business concern. The airlines passenger share constituted ~4.6% of the total airline passengers in UK in 2018.

Significance and likely impact:

This has been the second major disruption of services in the Airlines sector in United Kingdom in the month of September. Earlier, on 9th and 10th September, British Airways pilots under British Airline Pilots Association (BALPA) observed a two-day stoppage strike, which led to cancellation of all flights by British Airline. Pilots observed strike on account of low pay-hike offered to them by the airline. Disruption in services of Thomas Cook Airlines UK would be the second instance of a major full service airline ceasing operation in FY20. Jet Airways, India’s largest full-service airline by market share had to cease operations in mid-April which led to sudden spike in airfares on both domestic and international routes in India.

Thomas Cook Airlines UK ceasing operations would lead to some correction in airline seat inventory to its major destination routes (Africa, Europe, Turkey among others) thereby leading to an increase in airfares across these routes. It is also expected to impact flow of tourists to countries like Turkey, Spain and Tunisia where the airline was offering considerable services.

The disruption in services is unlikely to have any major impact on India-based airlines in terms of demand or pricing.

Disclaimer: This report is prepared by CARE Ratings Ltd. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report

www.careratings.com

Follow us on  [/company/CARE Ratings](https://www.linkedin.com/company/CARE-Ratings)
 [/company/CARE Ratings](https://www.youtube.com/channel/UC...)

CORPORATE OFFICE:

CARE Ratings Ltd. (Formerly Credit Analysis & Research Ltd.) CIN: L67190MH1993PLC071691

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com