Thomas Cook launches review of airline division

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Thomas Cook is considering what to do with its planes as it looks to focus on hotels

British travel firm Thomas Cook on Thursday launched a review of its airline after posting a worsening quarterly loss on challenging trade.

The company, which offers package holidays to northern Europeans looking for summer sunshine, has decided to focus more on hotels.

"We are today announcing a strategic review of our group airline," said chief executive Peter Fankhauser in a results statement.

"We are at an early stage in this review process which will consider all options to enhance value to shareholders and intensify our strategic focus.

"We will provide an update on this process in due course."

Thomas Cook's airline business operates a fleet of 103 aircraft, about one quarter of which serve long-haul destinations.

It has however reduced 2019 capacity in the face of challenging conditions, as holidaymakers eye economic uncertainty arising from Brexit.

"Brexit is in many customers' minds," Fankhauser admitted in a conference call to reporters.

The group has sought to slash costs after its 2017/2018 performance was also knocked badly by rising costs and a long period of hot European weather over the summer—which saw customers put off last-minute holidays abroad.

Underlying operating losses widened to £60 million ($78 million, 68 million euros) in its first quarter, or three months to December 31, compared with £46 million a year earlier, Thomas Cook also revealed Thursday.

"As expected, the knock-on effect from the prolonged summer heatwave

and high prices in the Canaries have impacted customer demand for winter sun," added Fankhauser.

"Where Summer 2018 bookings started very strongly, bookings for Summer 2019 reflect some consumer uncertainty, particularly in the UK."

Total revenues meanwhile edged one percent higher to £1.656 billion in the reporting period.

"Thomas Cook Group has undergone significant transformation over the last five years as we have streamlined our operations and focused on a clear strategy in both our airline and tour operator businesses," it added in the statement.

"However, it is clear that we need greater financial flexibility and increased resources to accelerate the execution of our strategy of differentiation: to invest in strengthening our own-brand hotel portfolio; further digitising our sales channels; and driving greater efficiencies across the business."

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