

## **Gatwick Airport Limited's views on the impact of the Flybe slot purchase by easyJet – 10 September 2013**

We now believe that we will see a **350,000 – 550,000** per annum increase in passengers as a result of this change. As we discussed, the slot times are not a perfect fit on the traditional easyJet three wave (LGW crew and aircraft) based business model, so they may have to adapt other routes or bases. As explained when we met, unlike other traditional carriers, easyJet more recently call a slot “based” depending on crew home base, but often have the aircraft fly in to LGW on the first leg (some LGW crews overnighing at other airports that are too small to set up traditional crew bases). This adds a degree of complexity on second guessing what the slots will be used for. In reality, they may be consumed by the whole easyJet European programme, leaving it very difficult to analyse and identify the actual pax / route variances.

We also have to consider that without direct commercial information from easyJet on how they will be using these slots or indeed what business purpose they were bought for (potential longer term competitive manoeuvre), we can only base our judgement on realistic assumptions as considered below.

We do not have the detailed ACC calculation mentioned in the meeting, however, we are concerned that this was built up using a very basic calculation, with the same routes as Flybe, an increase on aircraft size (to A319/A320), applying the average easyJet load factor for LGW and assuming additional passengers want to fly based on carrier change / price. This approach is flawed on a number of fronts, including:

- average load factors do not take into account seasonality ratios or route specific intelligence
- the fact that Flybe loads were not at 100% - so where do the additional passengers appear from if easyJet increase aircraft size? – (we do not believe that this was merely down to price sensitivity or brand.)
- the bottom up SH&E forecast already contained a declining Flybe volume