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M.9287 - Connect Airways / Flybe

SECTION 1.2

Description of the concentration

On 14 May 2019, the European Commission received a notification of a concentration pursuant to which Connect Airways Limited (Connect Airways) acquires the entire issued share capital of Flybe Group plc and its trading subsidiaries, Flybe Limited and Flybe.com Limited (together, Flybe) within the meaning of Article 3(1)(b) of Regulation 139/2004.

The concentration also includes the acquisition by Connect Airways of:

- a) the entire issued share capital of Stobart Aviation Limited (Stobart Aviation)'s aircraft leasing business, Propius Holdings Ltd (Propius); and
- b) an interest in Stobart Aviation's airline operating business, Stobart Air Unlimited Company (Stobart Air).

Connect Airways is a joint venture company. Its share capital is owned 30% by Virgin Travel Group Limited (a wholly-owned subsidiary of Virgin Atlantic Limited (Virgin Atlantic)), 30% by Stobart Aviation (a wholly-owned subsidiary of Stobart Group Limited (Stobart Group)) and 40% by DLP Holdings S.à.r.l. (a company wholly-owned and managed by Cyrus Capital Partners, LP (Cyrus)).

Pursuant to the concentration, Virgin Atlantic, Stobart Group and Cyrus will acquire, through Connect Airways, joint control of Flybe, Propius and Stobart Air.

Flybe, established in the United Kingdom, is a UK regional airline which focusses on shorthaul, point-to-point flying.

Virgin Atlantic, established in the United Kingdom, is the ultimate holding company of international passenger airline, Virgin Atlantic Airways, and international tour operator, Virgin Holidays.

Stobart Group, incorporated in Guernsey, operates in aviation and infrastructure markets. It holds a portfolio of infrastructure assets and has significant aviation experience, both from its own regional airline, Stobart Air (registered in Ireland), and from having successfully developed London Southend Airport.

Cyrus is incorporated in Delaware, USA and is a SEC registered investment adviser which manages over USD 4.4 billion globally and is an experienced investor in public and private airlines.

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Combining Flybe and Stobart Air in a more integrated commercial co-operation with Virgin Atlantic's long-haul operations will create a stronger UK carrier. Stobart Aviation's airline operating business, Stobart Air, and its aircraft leasing business, Propius (registered in the Cayman Islands), will continue to operate as they do today.

The acquisition will enable Flybe to benefit from committed strategic investment partners in terms of Cyrus, Stobart Group and Virgin Atlantic (through Connect Airways) and through linking an enhanced Flybe regional network with Virgin Atlantic's long-haul operations, maintaining feeder traffic, particularly at London Heathrow Airport and Manchester Airport. The acquisition of shares in relation to franchise airline Stobart Air will also provide the combined group with an opportunity to increase passenger numbers at London Southend Airport, thereby accelerating its growth for UK and European air travel.