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BMI Sells Six Slots at London Heathrow to BA

By Chris Reiter and Steve Rothwell - Sep 23, 2011

BMI will sell six daily slots for takeoff and landing at London's Heathrow airport to British Airways as [Deutsche Lufthansa AG \(LHA\)](#) seeks to restructure the unit.

Lufthansa Chief Executive Officer Christoph Franz said this week he was considering selling unneeded BMI slots at Heathrow as the airline explores strategic options for the unprofitable U.K. division, including a sale. Lufthansa and BA declined to comment today on the transaction price.

BMI controlled 8.2 percent of takeoff and landing positions at capacity-constrained Heathrow before the sale, making it the biggest operator there after BA. The BA purchase increases the likelihood BMI will be broken up, rather than sold as one unit, said [Stephen Furlong](#), an analyst at Davy Stockbrokers in Dublin.

"It would seem unlikely that it would be bought in its entirety as a single company," Furlong said today in a telephone interview. "I wouldn't put any significant value on BMI. I don't think it's worth much without the slots."

Takeoff and landing positions at [Europe's](#) top hub are so valuable that three years ago Continental Airlines paid \$209 million for four pairs. BMI's portfolio there is worth as much as 460 million euros (\$622 million), Citigroup Inc. analyst Andrew Light said in a note prior to today's announcement.

Shares Advance

Lufthansa, Europe's second biggest airline, rose as much as 18 cents, or 1.9 percent, to 9.44 euros and was up 1.4 percent to 9.40 euros as of 10:13 a.m. in Frankfurt trading. The shares have dropped 43 percent this year, valuing the Cologne, Germany-based carrier at 4.3 billion euros. BA parent International Consolidated Airlines Group SA was up 2.5 percent in London.

Lufthansa has been considering a BMI sale after the division racked up 223 million euros in operating losses following a June 2009 takeover. The deal was forced on Lufthansa when BMI founder Michael Bishop exercised an option to dispose of his stake. Since then, BMI has cut 800 jobs and 10 planes in a push to revive profit or make the business easier to sell.