

Air travel in Cabo Verde

The present and the future: opportunities and threats; for TACV and for the nation of Cabo Verde

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C/V's current situation with regard to scheduled international air services

- The EU/CV Open Skies Agreement will probably be concluded per AAC within 3 years from now.
- If TACV does not radically amend its business model before then, the airline will fail. 38% of TACV's overseas business rests in one single market-Lisbon. This proposed new business model is the Sal hub.
- In this situation, CV, the nation, is “standing on the edge of a cliff.” Do we want to have scheduled air links to many cities and countries covering 5 continents or be left with a handful of scheduled air links to only 5 nations on 2 continents, Europe and Africa?
- This is a “one shot deal,” this opportunity will never exist again. Do we as a nation “drop the ball” or “take the ball and run with it?” Future generations will not thank those making the wrong decision, nor will history judge them kindly

Some fundamental questions

- Does a country-particularly a small country need a national airline to “fly the flag” overseas?
- If the answer is “yes,” what needs to be done to ensure the survival of the national airline of a small island state? What are the financial implications? What other structural changes need to be made?
- What are the direct, indirect and induced economic benefits of having such a national airline?

Impact of airports I (as per ACI-Airports

Council International-the social and economic impact of airports in Europe)



- Each 1 million air pax at an airport typically creates 1.000 on-site jobs (direct employment)
- However there is a “knock-on” effect in terms of induced and catalytic employment, particularly in tourism locations.
- **Access to markets and external international transport links are regarded as absolutely essential to business making locating decisions.**
- Good quality air passenger and freight services are vital to the competitiveness of countries and regions.

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Impact of airports II (as per ACI-Airports Council International-the social and economic impact of airports in Europe)

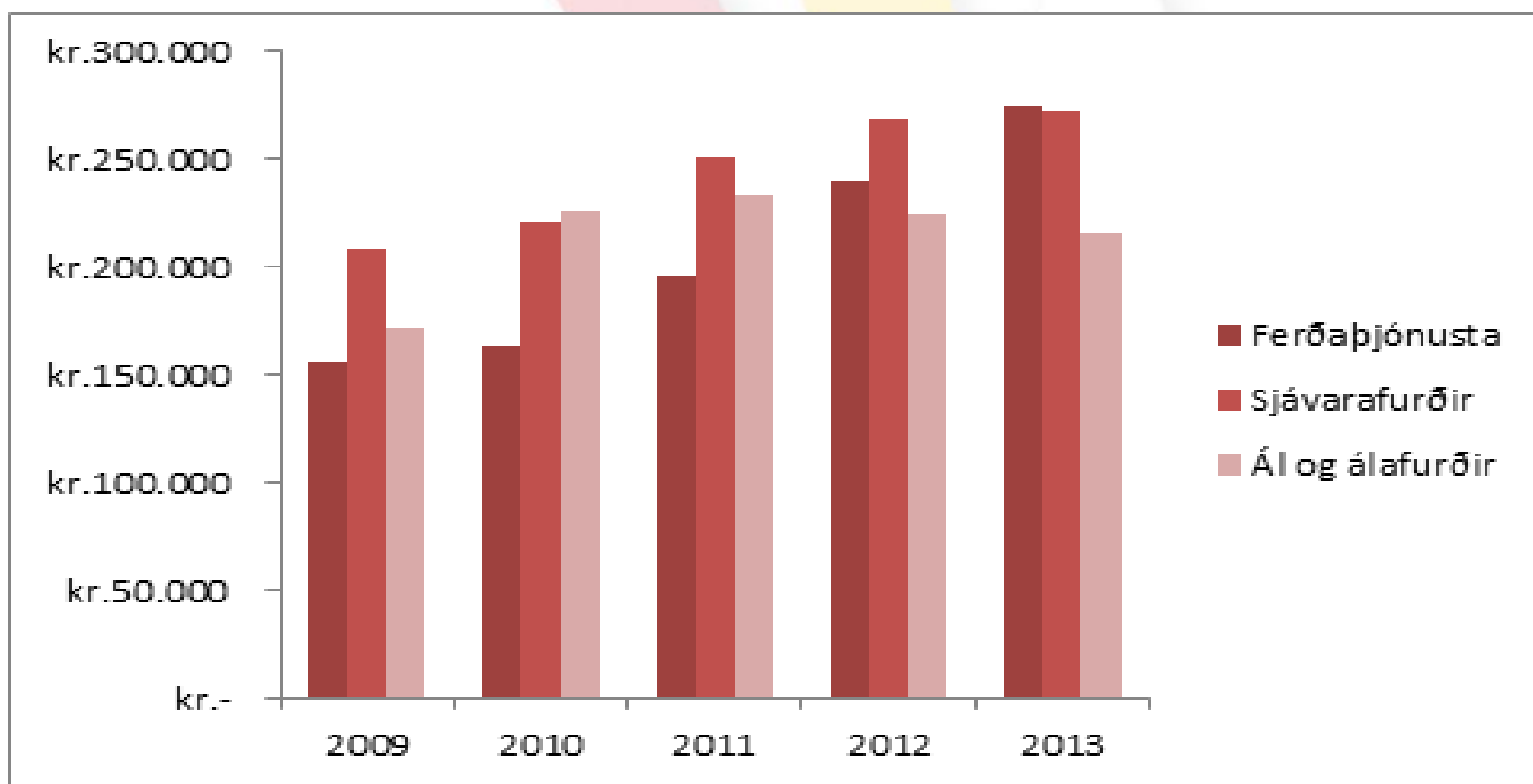


- Influencing company location decisions and competitiveness. The presence of a hub airport can be a critical factor in:-
 - **Attracting new inward investment.**
 - Retaining existing companies.
 - Securing the expansion of existing companies.
 - Promoting the export success of companies.
 - **Adding to the local quality of life.**
- For every 1 million air passengers per annum at an airport, the following number of jobs can be created and sustained:-
 - 1,000 on site (airport, airlines, fuel companies, handling companies, cargo companies, immigration, police, customs, fire service, etc.)
 - 2,100 induced or indirect jobs supported regionally. E.g. in tourism

Huge growth in tourism revenues in Iceland with Icelandair hub growth (67% growth in 4 years)

3 categories are: -Tourism, Fisheries & Aluminium

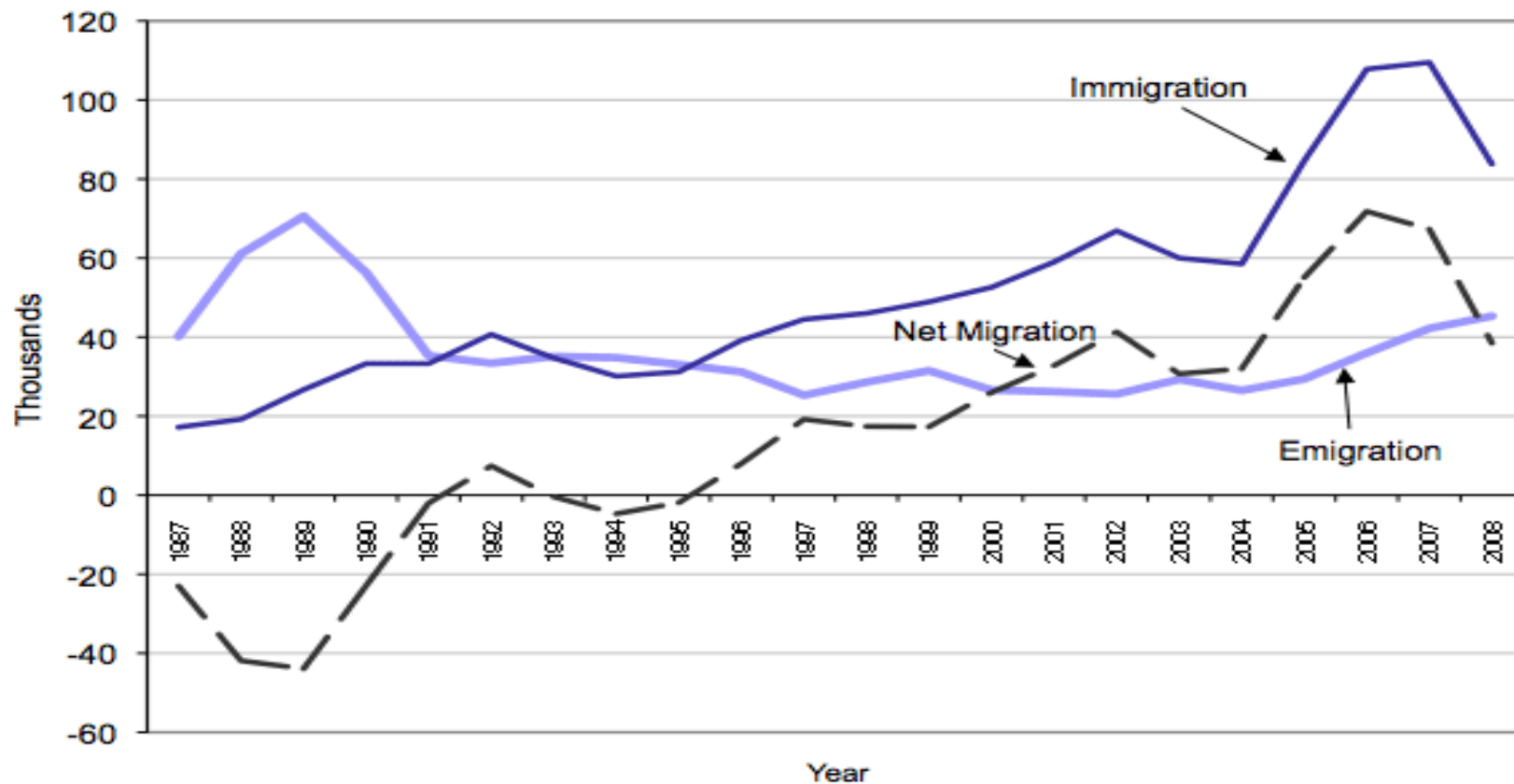
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Needed actions by stakeholders

- **TACV**
 - Obtaining of private equity finance at TACV to fund fleet growth and refurbish Boeing jets.
 - Annual increase in staff productivity.
 - Negotiation of volume discounts all suppliers.
 - Negotiation of marketing support from different national, regional and local government bodies around the network, **including MTIE.**
- **ASA**
 - Terminal and ramp enhancements at Sal, including construction of a significantly-enhanced retail area; (most large airports earn around 40% of their revenues from non airline-related business.)
- **AAC**
 - Negotiation of new and enhanced air traffic rights.
- **Outside parties/Cabo Verde Investimentos**
 - Construction of more hotels in Sal, of a full-service hospital on Sal, of an international conference centre on Sal and Investment into the creation of a world-class spa facility at Salinas, Pedra do Lume

The tide of emigration can be turned:- the Irish experience



What if TACV no longer existed?

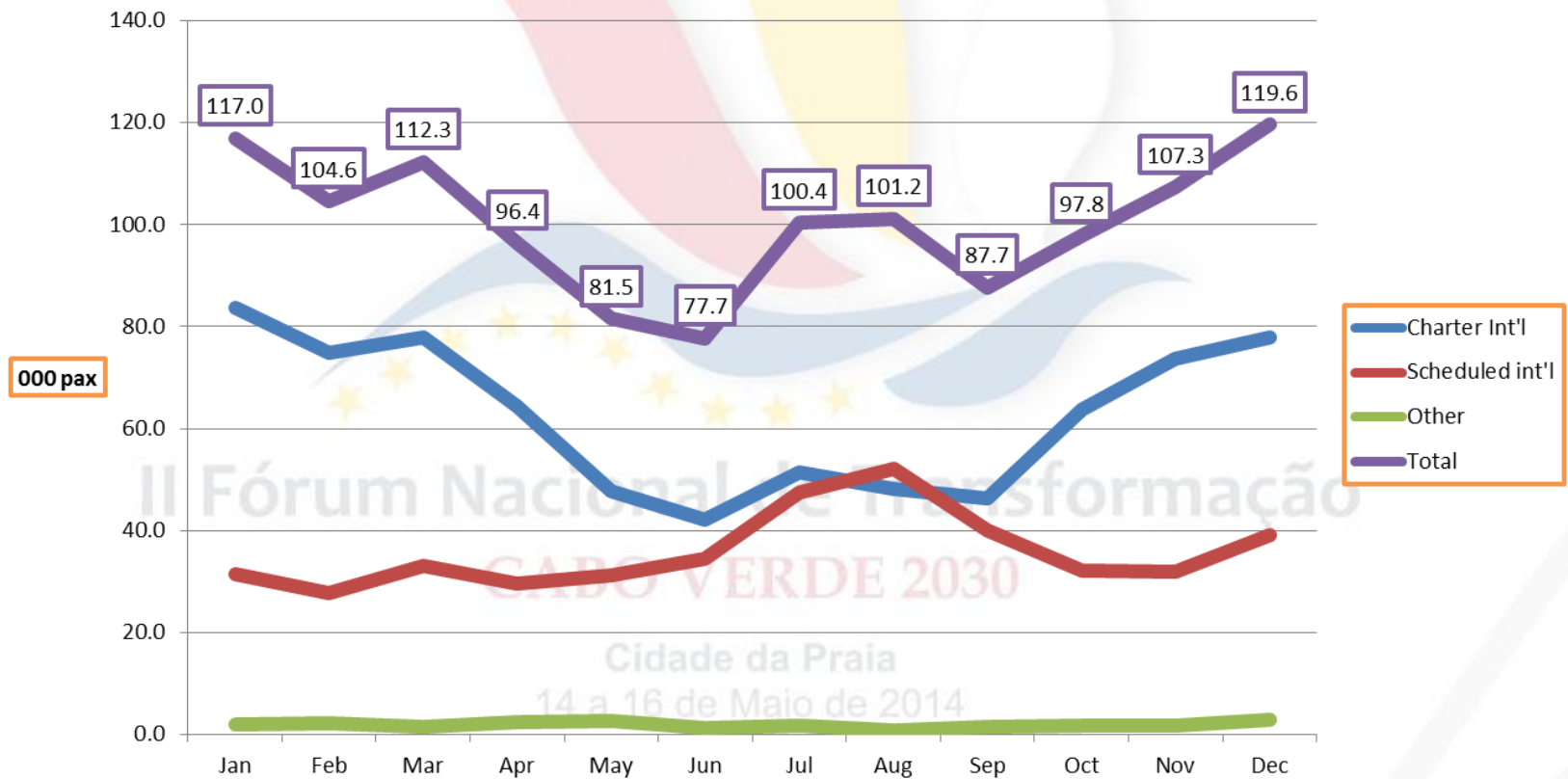
- Scheduled international pax per annum would be reduced from 430.000 to circa 210.000, equivalent to 2 flights per day by B737-800 only!
- No direct air links would exist from C/V to North or South America
- No scheduled air links would exist from C/V to Amsterdam, Paris, Madrid, Porto or Milan.
- C/V would have scheduled international air links only to Portugal, Spain (Canaries only), Morocco, Senegal, Sao Tome and Angola.
- The opportunity to diversify C/V's tourism base (currently 91% of tourists are from Europe) would evaporate forever.
- The opportunity to grow and diversify the national economy would evaporate forever.
- The opportunity to deliver new high value (i.e. NOT low-value all-inclusive) tourism to C/V would evaporate forever.
- C/V would become an extremely unattractive place to invest in on account of even worse connectivity than exists today.

CV scheduled international network without TACV



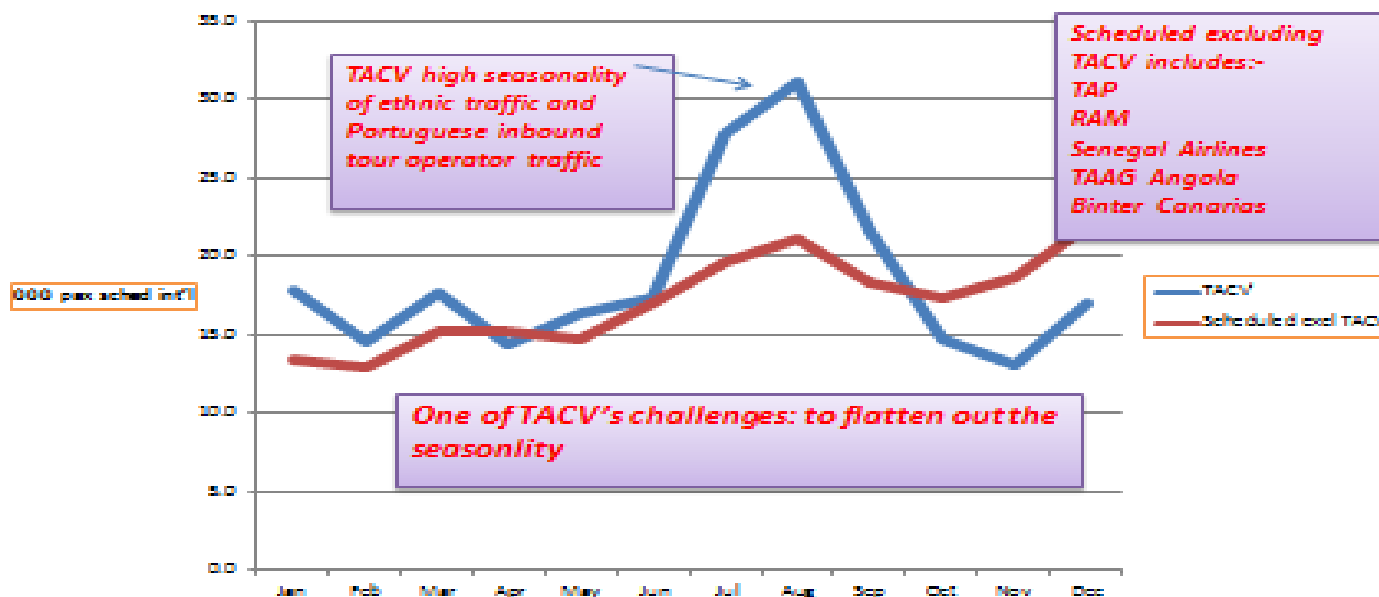
The C/V international air traffic, 2013 (RAI/SID/VXE/BVC combined)

CV International pax all airports 2013



Scheduled international seasonality C/V, TACV's first challenge

Scheduled international pax mix C/V 2013

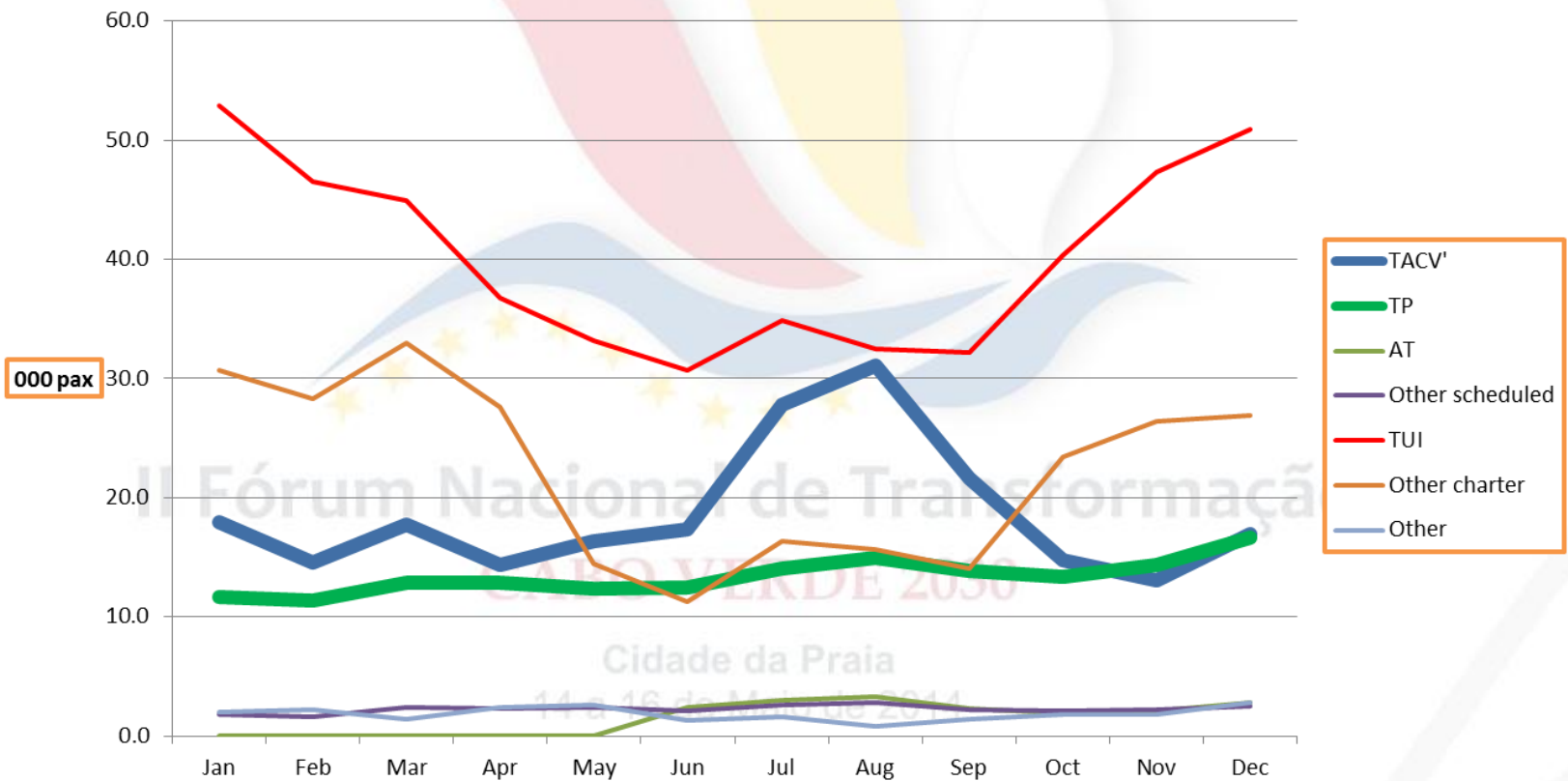


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CV current market share by month 2013

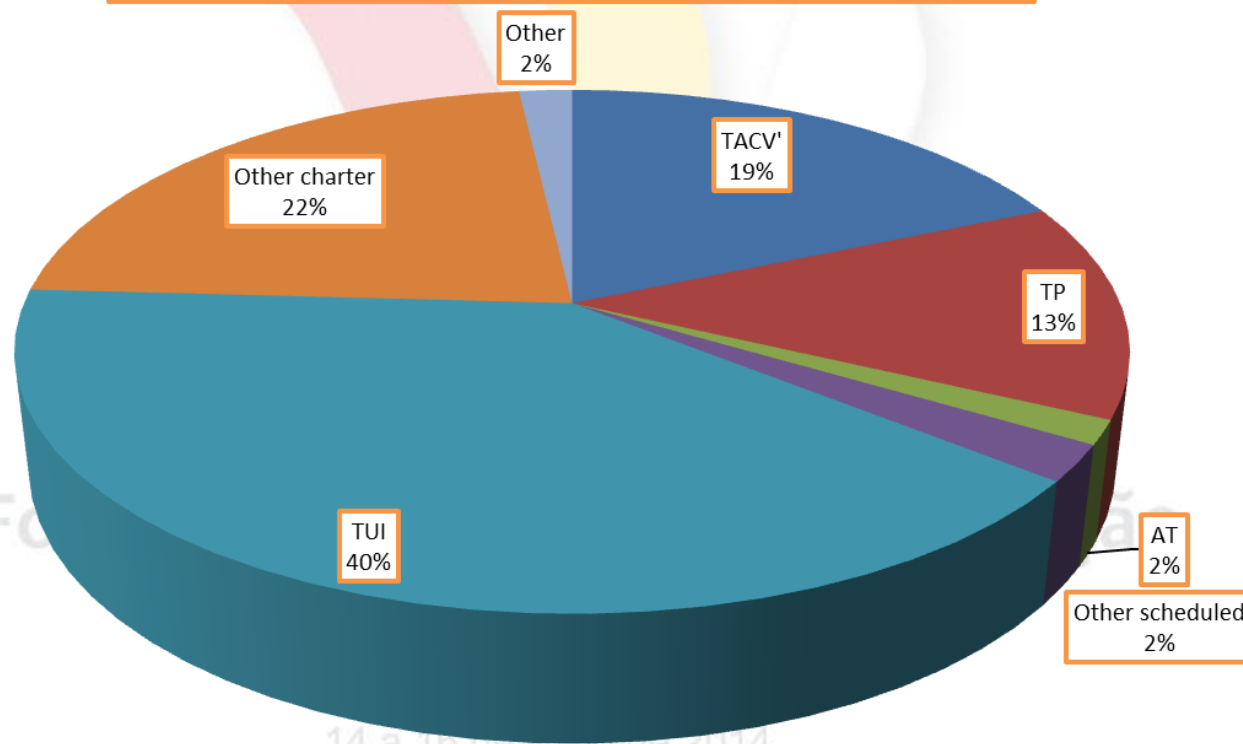
Seasonality 2013 CV International pax mix



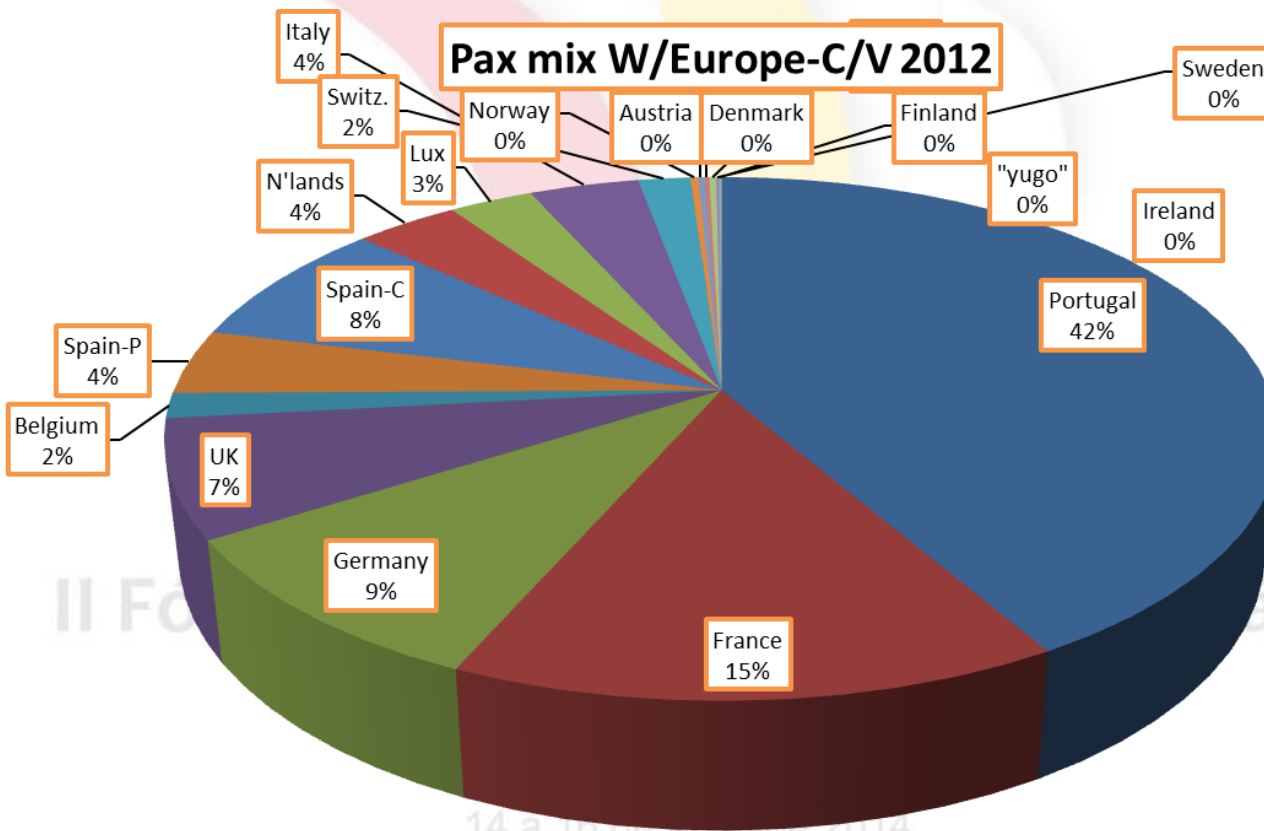
CV international market share, 2013

(other scheduled includes TAAG, Senegal A/L and Binter Canarias)

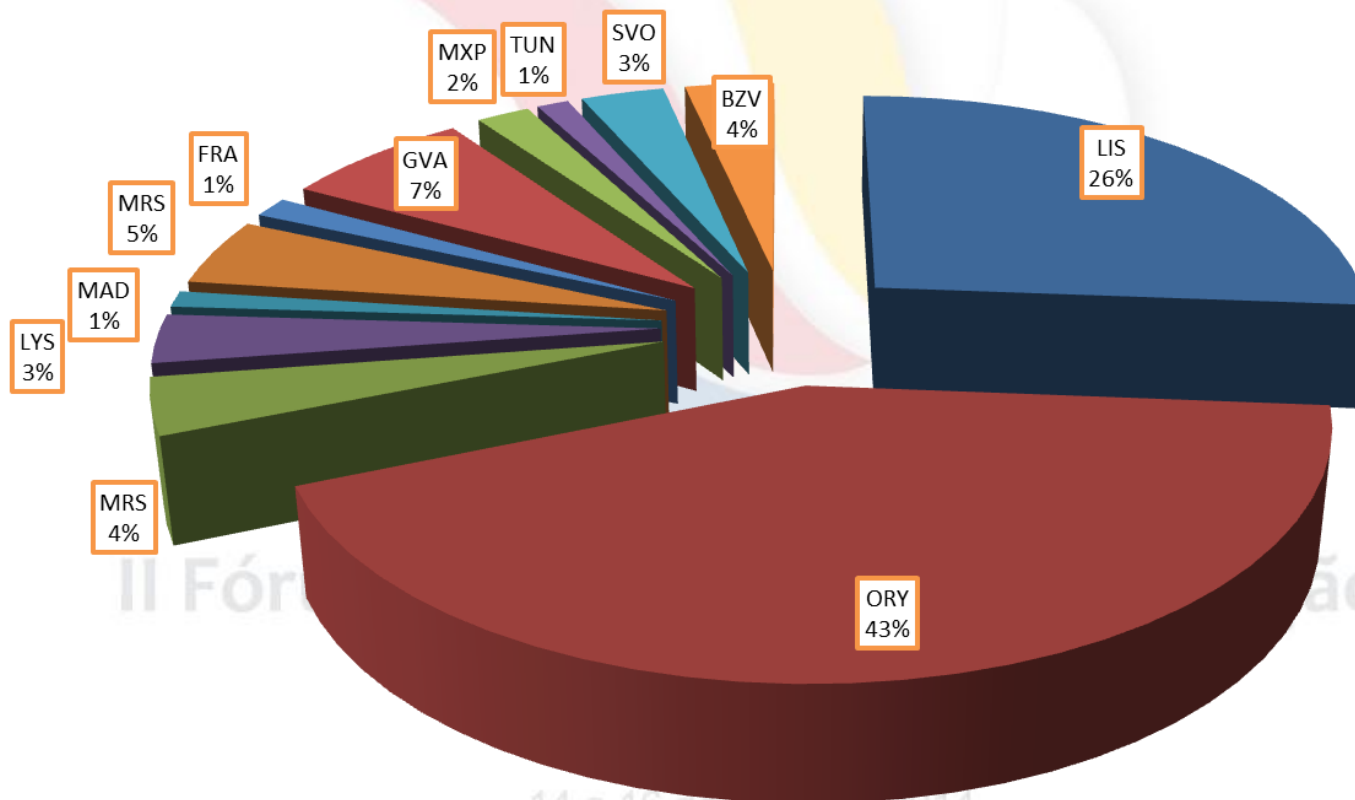
Cabo Verde International Pax mix, Jan-Dec 2013



Where scheduled pax from C/V go to in Europe, 2012

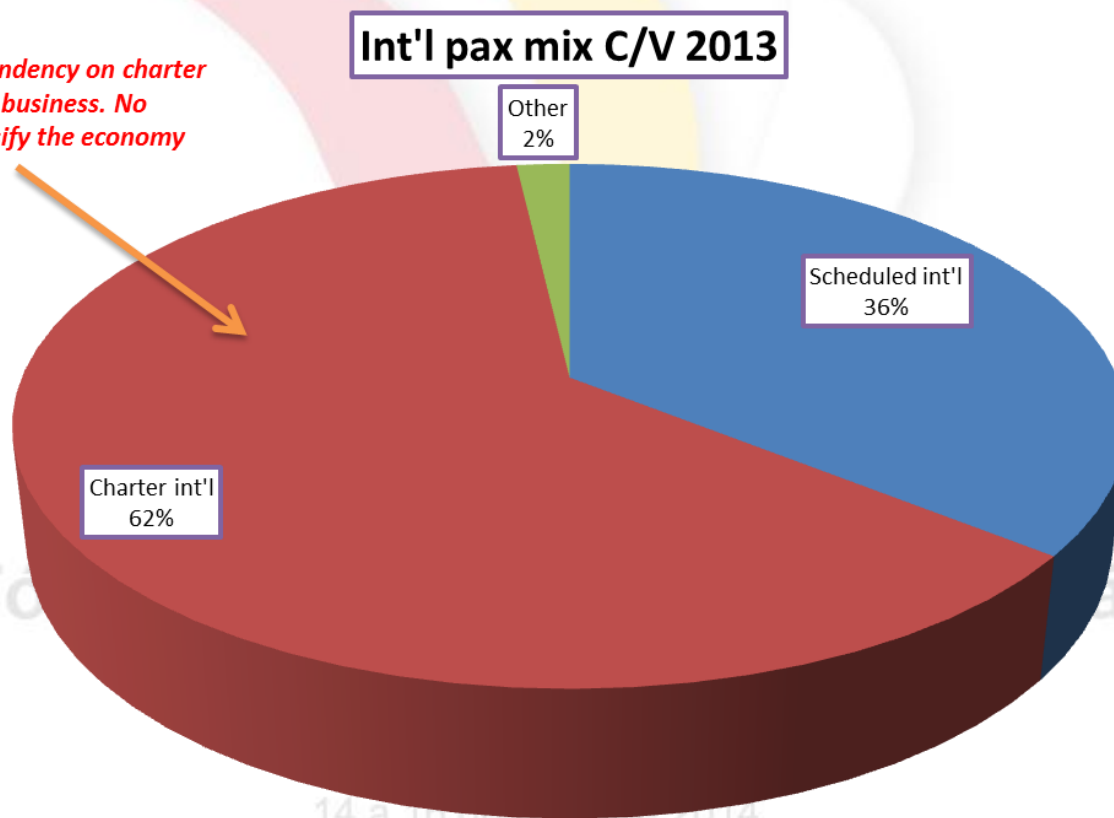


RAM's European destinations 2014 via CMN (Casablanca Mohammed V)



CV-2013, too dependent on the charter airlines and their tour operator partners

Too much dependency on charter airlines bad for business. No ability to diversify the economy

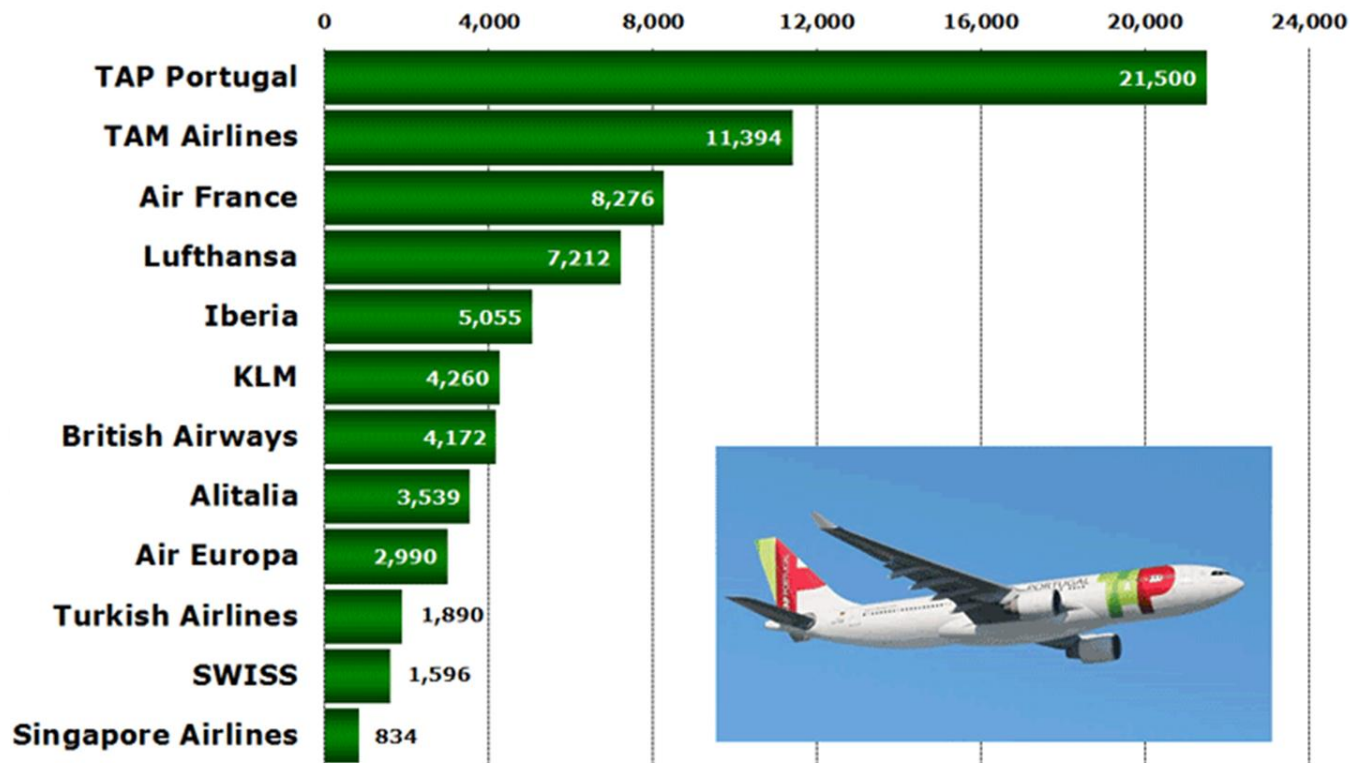


Icelandair-our inspiration



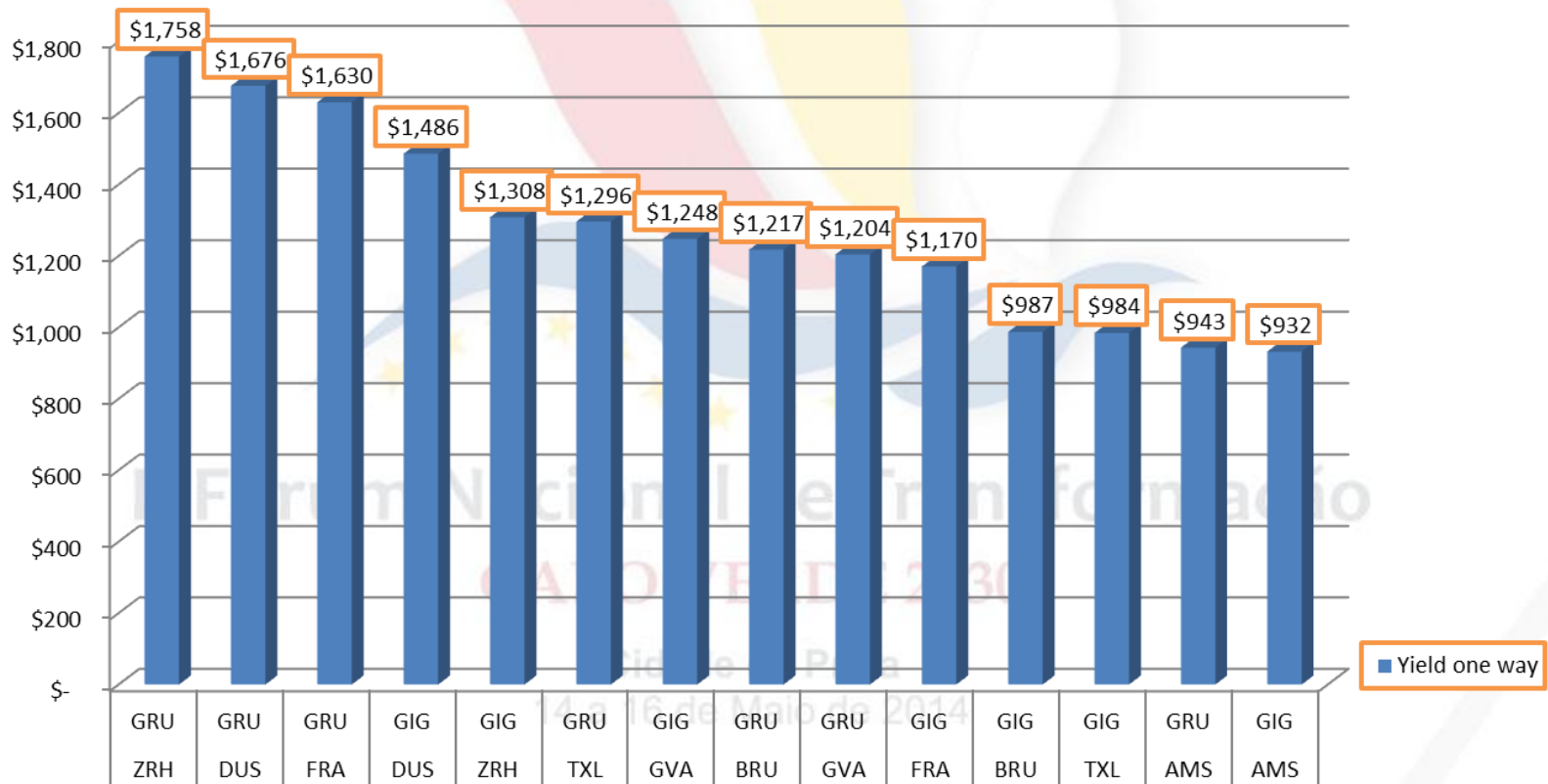
An opportunity for Europe Brazil Cabo Verde and TACV

Europe-Brazil market for 2014 World Cup
Leading airlines by weekly one-way seat capacity



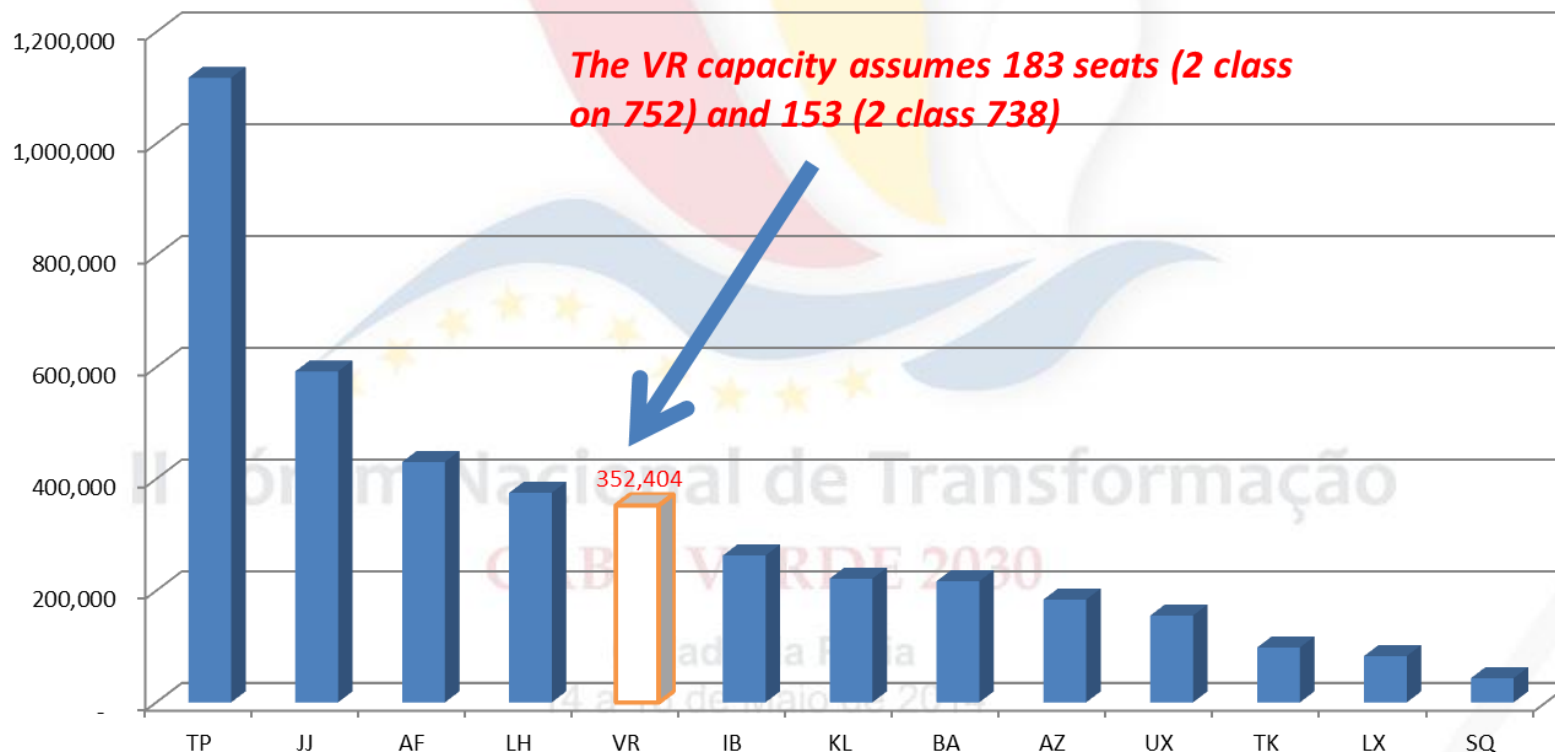
High fares Europe-Brazil:- a sample (2012 data)

Yield one way latest 12 month data

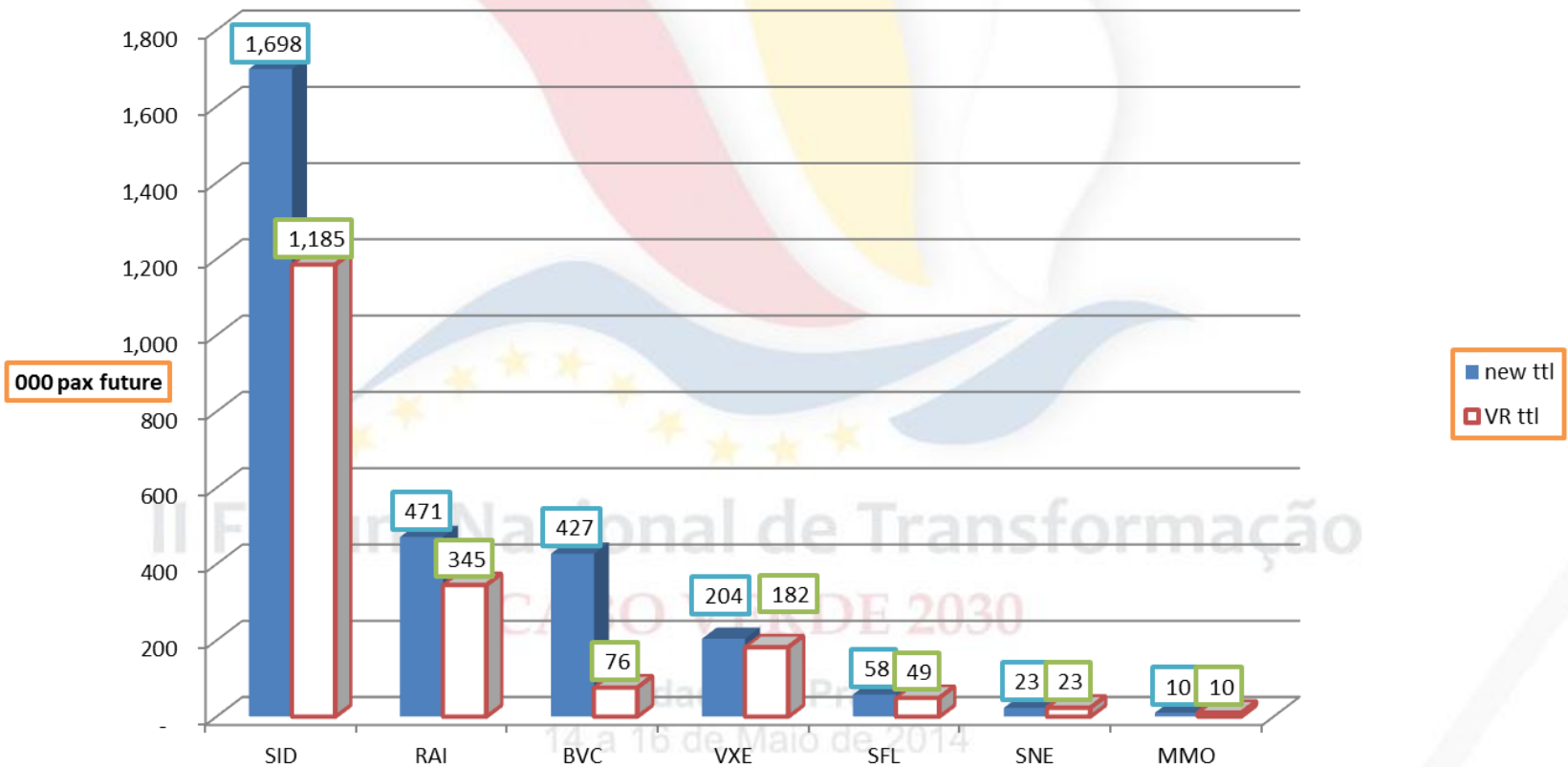


TACV's modest ambitions on the S. Atlantic

O/W capacity year Europe-Brazil WITH VR



The new role of SID as the Europe S America hub



What the SID hub can do for C/V

Summary-effects of the hub

Airport/coun try/airlines	International pax	Total pax
Sal Airport (SID)	+180,3%	+177,5%
Cabo Verde (all airports)	+82,2%	+51,8%
TACV	+442,2%	+178,0%

12/03/2014

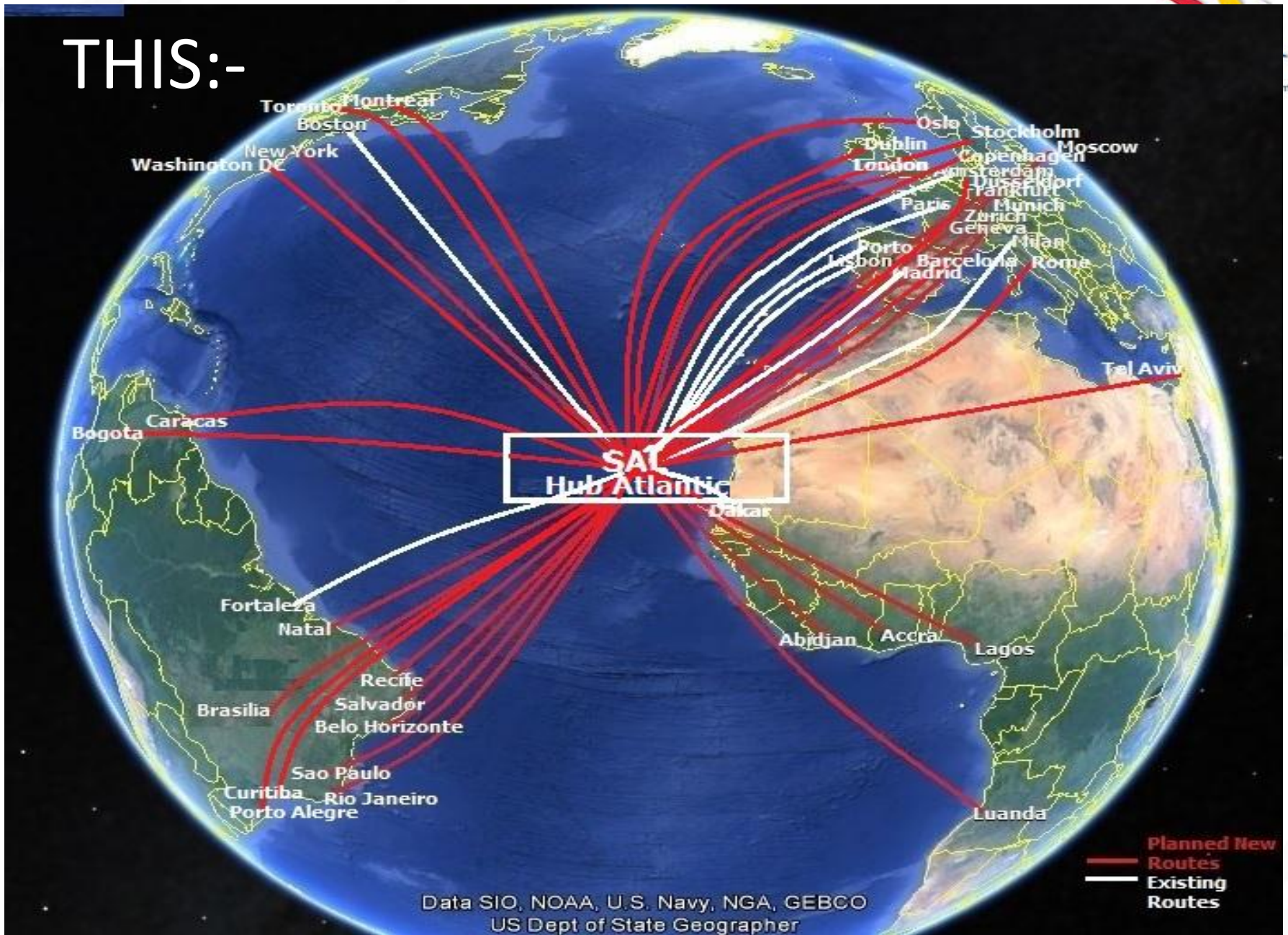
An important rhetorical question

- **Which vision do you prefer for Cabo Verde's scheduled international air links?**

CABO VERDE 2030

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THIS:-

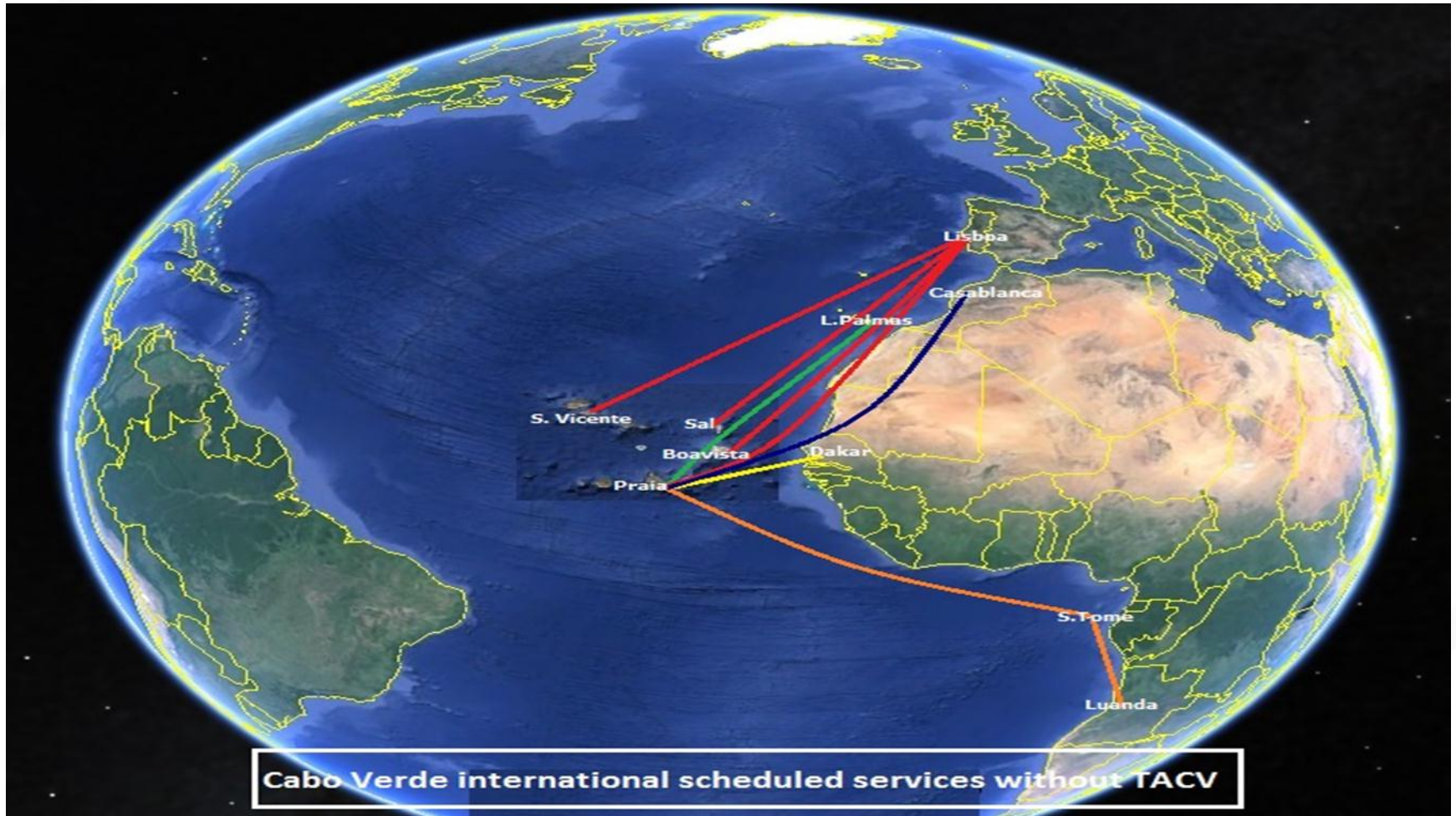


OR:-

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CABO VERDE 2030

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This? For me the choice is clear; growth, employment, connectivity and new business-join with me, all of you, and make this the Singapore of the South Atlantic!



I end with a powerful, famous and relevant saying

- “Ask not what your country can do for you, ask what you can do for your country.”
- [John F. Kennedy](#)

THANK YOU EVERYONE!

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