

> euroAtlantic and the privatisation of TAP

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1 - The strategy of the successful Portuguese air transport company euroAtlantic has certainly been maintained in ACMI sectors (aircraft, crew, maintenance and insurance) as well as charters which account for 76% and 24% of its revenue, respectively. ACMI means renting its planes to other air company (ies) requiring its services, either owing to a lack of their own material, to any irregularities which have arise or for various other reasons. The charter operation is already well-known and is essentially based on the availability of the plane to carry out services organised and sold by travel operators to tourist destinations. However, euroAtlantic is not disinterested in the evaluation of the TAP privatisation business, should it happen. On Tuesday it was stated at a press conference that there is interest in analysing the aforementioned privatisation which may mean an alteration to the overriding strategy, leading it to opt for the riskier regular air transport if said business analysis suggests taking up an interest in TAP.

2 - euroAtlantic is an example of a success on the Portuguese and international air transport market today, billing 108 million euros in 2005 and during the same period achieving a net result of six million euros, solely deriving from its statutory activity (in other words, without resorting to the sale of anything to "spruce up" these results). It should be noted that this result is greater than its own share capital of five million euros which is too little in my opinion. Taking bold approach, they wish to be listed on the London Stock Exchange as a way of increasing share capital (in terms of self-esteem too). euroAtlantic is going so well that it achieved a return of 67% on its investment in 2005! And the results of euroAtlantic have always been positive which enabled it to live and accumulate like nobody's business, in other words self-financing and accumulating resources which enable it to unsurprisingly state that it has financial liabilities are zero which is quite remarkable in the times in which we live...

3 - It all began with a former TAP Lockheed Tristar plane in 1997 and today it has a fleet of seven planes, preparing for the acquisition in the near future (purchased) of two more Boeing 767/300 for very long-hauls. euroAtlantic flew over 20,000 hours in 2005 which is remarkable for a company with this critical mass.

4 - As regards geographic expansion, it already has an office in Russia, India and in the near future in China. In other words, its attention is fully turned towards emerging markets with a concern for following business globalisation. Ambition and refinement are not lacking...

5 - As far as costs are concerned, this press conference made clear that the company is in total control of its costs and its good progress also reveals good organisational capacity. euroAtlantic already has under it orders a company which organises trips and says it accepts the benefits of vertical integration which extends from air transport to the organisation and sale of trips, including the powerful hotel organisation of the Pestana Group. Time will tell how far this synergy benefiting can go.

Final Note - I worked with this company when it first started up. I was critical of some of its early steps. With no vested interest, though, I must now comment on its unrivalled efficiency based on the results it has presented. But only time will tell whether this is sustainable. The performances disclosed by euroAtlantic are prestigious even for Portugal, particularly when there are a wide variety of tiny companies in this activity sector which would do well to merge in some useful form of business concentration. In summary: we all wish euroAtlantic continued success to the benefit of all, including its employees.

04-08-2006, Sousa Monteiro