



FINANCE

**TAP PORTUGAL & AZUL**

Just two and a half years after an investment by David Neeleman's Atlantic Gateway consortium, TAP Portugal has taken on a new lease of life.

The carrier swung back to a group net profit of €21.1 million (\$24.4 million) in 2017, returning to the black from a net loss of €27.7 million in 2016. It continues a fleet renewal that has seen it adding Airbus A320neos, and is preparing to take its first A330neos and A321LRs later this year.

Atlantic Gateway's €348 million investment, first announced in mid-2015, saw the consortium eventually take a stake of 45% in TAP after the agreement was re-negotiated with the Portuguese government.

The deal paved the way for a partnership between Neeleman's Brazilian carrier Azul and TAP. The two carriers began a code-share relationship, and Azul launched service to Lisbon. The Brazilian airline has outlined plans to grow service to the Portuguese capital, and is set to offer up to 12 weekly flights

from its Viracapos Campinas hub from December.

Awards judges say the timing of the Atlantic Gateway investment in TAP was noteworthy, given a years-long recession that Azul and other Brazilian airlines were facing at that time.

"Brazil has been going through a really rough time, and for Azul and Neeleman not only to survive that but to make something positive out of it – that deserves a lot of credit," says one judge.

Under the new structure, TAP has grown its market share from Lisbon to continental Europe from 34% to 48%. Its tie-up with Azul has also consolidated its position across the South Atlantic, creating more than 500 single connect origin-destination pairs between Brazil and Europe. With over a hundred destinations in Brazil, Azul is the country's largest airline in terms of cities served.

Senior Azul executives have been instrumental in driving the TAP transformation. Azul's chief strategy officer Trey Urbahn was dispatched to Portugal to oversee the airline's commercial

strategy. Earlier this year, former Azul president Antonoaldo Neves was appointed chief executive at TAP.

Another awards judge, who calls the Atlantic Gateway investment "very aggressive", states: "I think it's going to be a very successful financial endeavour."

Azul and TAP have indicated they will pursue closer ties, with a joint venture planned by end-2018. The airlines see potential in jointly registering aircraft, allowing them to easily move jets around depending on demand and seasonality.

Neeleman also sees potential for TAP to further expand to North America when the airline takes delivery of the A321LRs.

Since the Atlantic Gateway investment, TAP has expanded its position in the US market, lifting it from ninth place among its regions served to third position.

This allows the airline to better leverage the position of Lisbon as an Atlantic gateway and improve connectivity with its global partners.

Ghim-Lay Yeo



Neeleman seized opportunity

**"I think it's going to be a very successful financial endeavour"**

AWARDS JUDGE

**PAST WINNERS**

2017 Air Canada | 2016 Delta Air Lines & Virgin Atlantic | 2015 American Airlines | 2014 SAS Group | 2013 Ryanair | 2012 Etihad Airways | 2011 AviancaTaca | 2010 Continental Airlines | 2009 Southwest Airlines | 2008 AirAsia | 2007 Cathay Pacific Airways | 2006 ACE Aviation Holdings | 2005 Hawaiian Airlines | 2004 America West Airlines | 2003 US Airways | 2002 JetBlue Airways