



CARPATAIR MARKS 10-YEAR ANNIVERSARY

STORY AND PHOTOS BY ERYL CRUMP

Carpatair, one of Europe's leading regional airlines celebrates its 10th anniversary this year. The Romanian carrier is looking forward to its second decade with confidence on the back of a strong performance last year.

Despite the economic downturn and the steep rise in fuel prices Carpatair recorded a turnover of €90.5 million representing a 10 percent growth compared to 2007. The number of passengers carried rose by 10 percent, and Carpatair managed to register a "positive operating result" of more than €3 million.

Carpatair Founder and Chief Executive Officer Nicolae Petrov tells *Saab Market Report*:

"Undoubtedly, 2009 will be a very serious test for everyone. The highs and lows in the aviation industry are not unusual phenomena, they occur suddenly as the turbulence we often meet in the air."

In the past, Carpatair had followed a cautious growth strategy avoiding excesses. The flexibility and adaptability are the most valuable qualities an organization needs to meet the unforeseeable, Petrov notes.

"Therefore, this year we speak less about growth or expansion plans and more about offering sustainable and reliable flight services. Following this policy, Carpatair will focus on adjusting the network to actual demand and concentrate on the quality of the product."

Carpatair operates services from its hub at Timisoara to nine Romanian cities which then connect to destinations in Italy, Germany and Greece. Last year, flights were launched to link the hub with Vienna and to the Ukrainian cities of Kiev and Odessa.

"This is our growth strategy: to unite, through our Timisoara-based hub, Greece, Germany and Italy, with the former USSR countries," explains Petrov.

Carpatair was formed as Veg Air in early 1999 by Petrov, who had earlier founded sister carrier Moldavian Airlines and initially operated a single leased Yakovlev Yak-40 from Moldavian Airlines. Flights started from Cluj-Napoca to Venice and Budapest.

Ties to Moritz Suter's Crossair

One of those investors is Crossair Founder Moritz Suter. He recalls: "One day, Nicolae walked into my office and asked whether he could lease a Saab 340 aircraft. At the time, Moldavian Airlines operated the Yak-40 that, despite its three jet engines, was much slower, used about three times more fuel and had five seats less than the turboprop.

"Nicolae wanted to change to a modern and fuel-efficient western aircraft. As a young, dynamic, western-oriented entrepreneur he convinced me very quickly; we speak the same language, and moreover he is a most likeable person. So I agreed to lease the Saab. At that time Moldavian Airlines' capital was very thin,



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sometimes they had troubles in paying the lease rates, which is why I suggested to Nicolae that I would assemble a group of loyal investors, among my good old friends to generate the necessary increase in share capital and put the company on a sound financial basis.”

Petrov agreed. While the Yak was “reliable and robust,” the time for such airplanes was long gone.

“As an airplane, the Saab 340 was our natural choice. The fleet of Carpatair reached a maximum of eight such airplanes. By 2003, when the number of destinations increased and diversified, the necessity of an airplane with more seats and a greater range,

greater cruising speed and better equipped technically became apparent.

“Then again, we had to choose a new aircraft type to replace the 340s. The solution, I believe, was innate: the Saab 2000, the Saab 340’s bigger sister. The Saab 2000 with its 50 seats, superior flight performance, advanced technical equipment, enhanced safety systems, comfort and economics proved fully compatible with our enlarged regional routes network and fit in perfectly.

“Thus, we went on replacing the Saab 340 with the Saab 2000 aircraft, which was completed in December 2007,” Petrov underlines.

In December 1999, after the Swiss and Swedish investors took a 49% stake in the company, the airline adopted its present title.

Suter explains, “Carpatair follows the niche market concept just as Crossair did. It links all important Romanian cities with its hub in Timisoara, and from there all of Romania with the destinations in western Europe that are relevant for the country and its economy. At one of our last shareholders meetings, Georg Wiederkehr made the true comment that Carpatair is all that is left over from good old Crossair.”

▼ **CARPATAIR’S GROWTH STRATEGY IS TO CONNECT GREECE, GERMANY AND ITALY WITH THE FORMER USSR COUNTRIES THROUGH ITS TIMISOARA HUB**

