

Maintenance Forum 2018

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MAINTENANCE AND INDUSTRY 4.0



CHAIRMAN OF THE FORUM

Živko Banjević

CEO Montenegro Airlines

Over the past year Montenegrin national air carrier, Montenegro Airlines, achieved one of the best results in its history, carrying 568,591 passengers, which is more than a quarter of the total of 2.18 million passengers on Montenegrin airports, and the data as of the beginning of this year show that this upward trend is continuing, says.

In the last quarter of 2017 Montenegro Airlines' Board of Directors adopted the 2018 business plan, as well as the five-year business plan for the period from 2018 through 2022.

We exactly know what we want, what result do we want to obtain with the planned rate of growth and expanding on the market, and, which is most important, we know how to achieve this result.

In principle, what we are already doing and what we will continue to do on a long-term basis within the five year plan and further, is the optimization and responsible planning of the scheduled traffic from the aspect of the number of rotations, cost effectiveness of routes, etc. as well as effective growth in the charter traffic volume, with special attention to tourists within both mentioned categories of traffic, and continuation of effective cooperation with our partners with which we have agreements on code-share, SPA, interline and other kinds of cooperation, as well as initiation of new such agreements.

The fleet of Montenegro Airlines will in 2018 summer season have total six aircrafts: five of which we already have - three aircraft type Embraer, E195, with 116 seats each, two aircraft type Fokker, F100, with 109 seats each, and the sixth aircraft that will be leased under appropriate arrangement we are currently working on, which will raise the total number of seats in the fleet to about 700.

Plans regarding our fleet after 2018 are far more complex, because the two remaining Fokkers, F100, the resources of which are expiring, need to be replaced, but it needs to be done in such a manner to meet the market needs that are becoming more and more complex year by year, due to the influence of numerous different factors, which makes assumptions, predictions and planning significantly more difficult.

With that regard, the adopted five-year plan envisages two basic scenarios, with approximately the same effect upon the business operation and business result as well as with approximately the same effects from the point of view of the planned number of passengers to be transported.

According to the first scenario, the remaining two F100's in the fleet would be replaced by two E195's during the appropriate period, with the short-term leasing of additional capacities during summer season. The MA's fleet would according to this scenario consist of five aircraft type E195, and one leased aircraft during the summer season.

According to the second scenario, the remaining two F100's in the fleet would be during the appropriate period replaced by two aircraft type Airbus A319-series or Boeing B737-series, with more than 140 seats each. The MA's fleet would according to that scenario consist of three E195 aircraft and two A 319-series/B737-series aircraft.

Through the first scenario, with aircraft of the same capacities as before, it will have to be done through appropriate fare policy and the number of rotations that would be higher than envisaged by the second scenario that includes higher capacity-aircraft than so far.

Additionally, what speaks in favor of the second scenario is the fact that the competitors on the market, especially during summer season, and not infrequently throughout the year, operate aircraft the seat capacities of which are considerably higher than those of the aircraft type E195 (116 seats) and aircraft type F100 (109 seats) in the MA's fleet. Therefore, it can be concluded that the Montenegro Airlines' product, i.e. offer, needs to be gradually changed, in such a manner that through introduction of higher capacity-aircraft fare policy would be considerably reviewed in order that the competitiveness with all airlines operating to Montenegro be raised to a higher degree. That would, of course, imply higher costs, but also higher incomes, with the airline saving the market, carrying the number of fliers, and being provided a chance to enter new and more remote markets, which is especially important for the tourism industry of Montenegro, and finally, be enabled to institute a more aggressive policy on the existing markets.

However the activities on collecting of offers and precise calculations are underway, and these are supposed to eventually, through an appropriate proposal to MA's owner, finally decide on one of the proposed scenarios regarding fleet, or a modified one, that will not exceed the limits set by the adopted five-year business plan, while the final decision will be made by the founder and majority owner - the Government of Montenegro, since this is one of the key decisions for the future of the Company.

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