ARI banks on long term Cyprus ROI

Aer Rianta International CEO Jack MacGowan says the retailer is expecting a big return on investment from its €54m ($67m) acquisition of CTC-ARI.

CTC-ARI is the parent company of the Cypriot business which operates retail stores at Larnaca and Paphos airports under a long-term exclusive concession arrangement to 2031. The operation generated turnover of €88m ($73.4m) last year from close to 5,000sq m of retail space across both airports.

MacGowan added: “We believe that the return on investment for us in Cyprus will be modest enough in the early years, but long term this is a big investment for us and there is a big return expected. We do expect Cyprus to double in terms of tourist numbers; we expect it to be a hub, quite likely not just for Europe, but for Northern Africa and the Middle East in due course.”

ARI is also watching the progress of Ryanair’s bid to acquire Cyprus Airways even more carefully now that it has been shortlisted as one of a handful of companies through to the second round of bidding. *[If its no-cash bid is successful, Ryanair has offered to add 15 aircraft to the fleet of five today and build the passenger base from 0.7m a year to 3m within five years-Ed].*

Can Ryanair come to the rescue for the five-strong Cyprus Airways fleet or will it be outbid? One of Cyprus Airways small fleet taking off at London Heathrow Airport earlier this year [Photo credit: Adrian Pingstone].

A CYPRUS TRANSFORMATION?

MacGowan said that if Ryanair is successful then the destination could be on the verge of a huge transformation.

He added: "We purchased the outstanding 50% stake in CTC-ARI for €54m ($67m) and that's absolutely closed now and we are ahead of the plan already. We are proud of this and we have continued our relationship with Nicolas Shacolas, who is the Honorary Life Chairman, as he was our partner who owned Ermes stores.

"He attends our board meetings and is a really, really, strong supporter of ours and I cannot speak highly enough of his loyalty to ARI and also his professionalism.

"We're absolutely delighted not only to have bought it *[CTC-ARI]*, but to have done it in a way that keeps the stakeholders with us and we've obviously got good government relationships as well in Cyprus, so we're now looking forward to Ryanair hopefully investing in Cyprus Airways.

TOP IMAGE: Larnaca Airport, Cyprus.