

**NOTICE OF INTEREST**

**TO THE**

**CREDITORS OF**

**INSEL AIR INTERNATIONAL**

**CURAÇAO, AUGUST 25<sup>TH</sup>, 2017**

**PRESENTED BY**

**THE MANAGEMENT BOARD OF**

**INSEL AIR INTERNATIONAL B.V.**

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## EXECUTIVE SUMMARY.

AS PER THE REGULATIONS OF THE SUSPENSION OF PAYMENTS (OR “SURSEANCE”), WE ARE CONVENE HERE TODAY TO REVIEW THE COMMERCIAL PROPOSAL FOR THE INTENTION OF THE CREDITORS OF INSEL AIR INTERNATIONAL B.V. THIS COMMERCIAL PROPOSAL WAS DEVELOPED BY THE MANAGEMENT BOARD OF INSEL INTERNATIONAL B.V.

AS CREDITORS, YOU WILL BE INFORMED ON THE CAUSES THAT BROUGHT ABOUT THE OBLIGATION FOR INSEL INTERNATIONAL TO SEEK THE COURT’S PROTECTION UNDER THE SUSPENSION OF PAYMENT REGULATIONS, YOU WILL BE PRESENTED WITH THE MANY ACTIONS THAT THE MANAGEMENT BOARD OF INSEL INTERNATIONAL HAS TAKEN SINCE THE FILING OF THE SUSPENSION OF PAYMENT ON MARCH 14<sup>TH</sup>, 2017, YOU WILL BE PROVIDED WITH SOME OF THE CONTENT OF THE LOAN AGREEMENT BETWEEN THE PRIVATE OWNERS OF INSEL INTERNATIONAL AND THE GOVERNMENT OF CURAÇAO AND PRESENTED WITH SOME FINANCIAL RESULTS INDICATING THE PERFORMANCE OF THE AIRLINE UNTIL JULY 2017, A FORECAST FOR THE END OF 2017 AND THE PROJECTED PATH FOR THE YEARS 2018-2020.

IT WILL BE DEMONSTRATED THAT THE ACTIONS TAKEN BY THE CURRENT MANAGEMENT BOARD OF INSEL INTERNATIONAL HAVE BROUGHT ABOUT VERY POSITIVE EFFECTS AND HAVE STABILIZED THE FINANCIAL AND OPERATIONAL RESULTS OF THE AIRLINE AND THAT THE FORECASTED FINANCIAL POSITION OF INSEL INTERNATIONAL IS MORE THAN COMFORTING.

BUT MORE IMPORTANTLY, MANAGEMENT IS WORKING ON A PROPOSAL THAT YOU WILL BE PROVIDED WITH A COMMERCIAL OFFER THAT REPRESENTS A CASH PAYMENT TO BE PAID OFF WITHIN THE NEXT THREE YEARS.

THE MANAGEMENT BOARD OF INSEL INTERNATIONAL STRONGLY FEELS TO HAVE DEVELOPPED AN EQUITABLE COMMERCIAL PROPOSAL THAT PROVIDES ALL CONCERNED PARTIES WITH AN OPPORTUNITY TO RECUPERATE SOME FINANCIAL BENEFITS AND FURTHER SECURE THEIR LONGER-TERM BUSINESS RELATIONSHIP WITH ONE ANOTHER.

## INTRODUCTION.

THE MANAGEMENT BOARD OF INSEL INTERNATIONAL IS VERY PLEASED IN HAVING THE OPPORTUNITY TO MEET ITS BUSINESS PARTNERS. IT IS IN MY CAPACITY OF THE CHAIRMAN OF THE MANAGEMENT BOARD THAT I AM ADDRESSING YOU. I AM ACCOMPANIED BY MR. ANDRÉ DELGER, MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER OF THE MANAGEMENT BOARD AND MR. EDWARD HEERENVEEN, CEO OF THE AIRLINE, ONE OF THE FOUNDERS OF INSEL AIR INTERNATIONAL. THE OBJECTIVE OF THIS GATHERING IS FOR INSEL INTERNATIONAL TO PRESENT ITS CREDITORS WITH A NOTICE OF INTEREST AS REQUIRED BY THE “CHAPTER 11” RULES OF CURAÇAO.

MR DELGER AND MYSELF JOINED INSEL INTERNATIONAL ON FEBRUARY 1<sup>ST</sup>, 2017 WITH THE MANDATE OF RESTRUCTURING INSEL AIR INTERNATIONAL, BETTER KNOWN AS INSEL CURAÇAO.

OUR APPOINTMENT WAS A CONDITION TO THE LOAN AGREEMENT SIGNED BETWEEN THE SHAREHOLDERS/UBO’S OF THE SHAREHOLDERS OF INSEL AIR INTERNATIONAL.

THE AMOUNT TO BE PROVIDED BY THE GOVERNMENT OF CURAÇAO WAS FOR 33M GULDERS OR APPROXIMATELY US\$18.5M. HOWEVER, UPON TAKING THE HELM OF THE AIRLINE, THE MANAGEMENT BOARD WAS IMMEDIATELY FACED WITH A SITUATION THAT TOOK PLACE A FEW DAYS PRIOR TO OUR TAKING THE HELM OF THE AIRLINE.

EFFECTIVELY, ON JANUARY 28<sup>TH</sup>, 2017, THE ARUBA CIVIL AVIATION AUTHORITY GROUNDED THE ENTIRE INSEL ARUBA REGISTERED FLEET (MD80 AND F70), DUE TO WHAT THEY CALLED THE “NOTICING OF A NEGATIVE TREND”, WHICH I TOTALLY REFUTED GIVEN MY EXPERIENCE IN THE AIRLINE INDUSTRY.

THE IMPACT OF THIS SITUATION CREATED A SEVERE BLOW TO BOTH AIRLINE, INSEL CURAÇAO AND INSEL ARUBA. WHILE THE GROUNDING OF THE FLEET WAS FOR THE AIRCRAFT REGISTERED IN ARUBA, THERE WAS A SNOWBALL EFFECT THAT AFFECTED INSEL CURAÇAO, WHO WAS ALSO BEING LOOKED UPON AS BEING UNSAFE BY REPRESENTATIVES OF A FEW COUNTRIES AND MEDIAS. THIS WAS NEVER THE CASE. SERIOUS EFFORTS WERE MADE TO PROTECT THE IMAGE OF INSEL INTERNATIONAL WITH THE PASSENGERS AND VARIOUS STAKEHOLDERS. THE ESTIMATED COSTS TO INSEL INTERNATIONAL FOR THE DISRUPTIONS OF ITS SERVICE IS VALUED AT US\$5.5M, THUS REDUCING THE US\$18.5M TO US\$14.0M, AS FUNDS AVAILABLE FOR THE RESTRUCTURING EXERCISE. WE WERE FURTHER INFORMED THAT A DRAWDOWN OF US\$ 4.8M WAS ALSO MADE BEFORE OUR ARRIVAL, THUS LEAVING US WITH US\$ 9.2M FOR THE RESTRUCTURING.

MEANWHILE, TWO CREDITORS FILED FOR A BANKRUPTCY CLAIM AGAINST INSEL INTERNATIONAL, THUS FORCING THE MANAGEMENT BOARD OF BOTH AIRLINE TO FILE FOR A MORATORIUM OF PAYMENTS (“SURSEANCE”), THUS THE REASON FOR OUR BEING HERE TODAY.

IT IS TO BE NOTED THAT ONE OF THE CONDITIONS TO THE LOAN AGREEMENT WAS THAT THE FUNDS MADE AVAILABLE FOR THE RESTRUCTURING WERE FOR THE ONGOING BUSINESS AND NOT FOR PAYMENT OF ARREARS OF DEBTS AND THAT THOSE WOULD HAVE BEEN PAID OFF THROUGH THE PROFIT GENERATION IDENTIFIED IN THE STABILIZATION PLAN AND BEYOND.

WE WERE INFORMED THAT THE MAIN CAUSE OF THE POOR FINANCIAL SITUATION OF INSEL AIR INTERNATIONAL IS THE IMPOSSIBILITY FOR INSEL CURAÇAO TO TRANSFER, IN DUE TIME, FUNDS OUT OF VENEZUELA BECAUSE OF THE ECONOMIC SITUATION PREVAILING IN THAT COUNTRY. IT IS ACCEPTED THAT THE OUTSTANDING MONIES OWED BY THE GOVERNMENT OF VENEZUELA IS CLOSE TO US\$70M. MANY EFFORTS WERE MADE TO REPATRIATE THESE FUNDS BUT TO NO AVAIL UNTIL NOW.

## **ACTIONS TAKEN.**

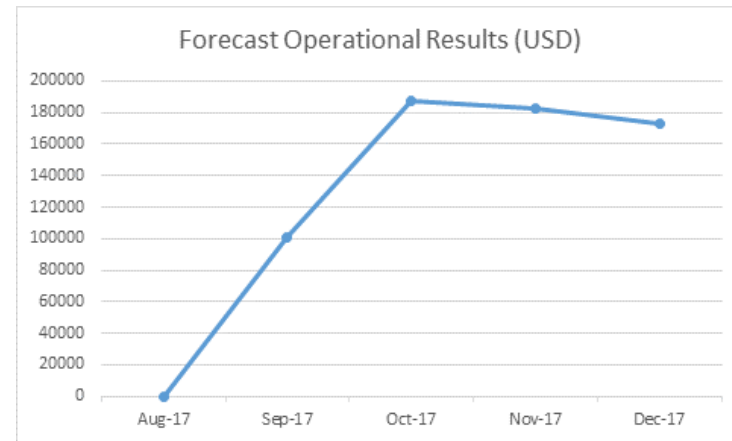
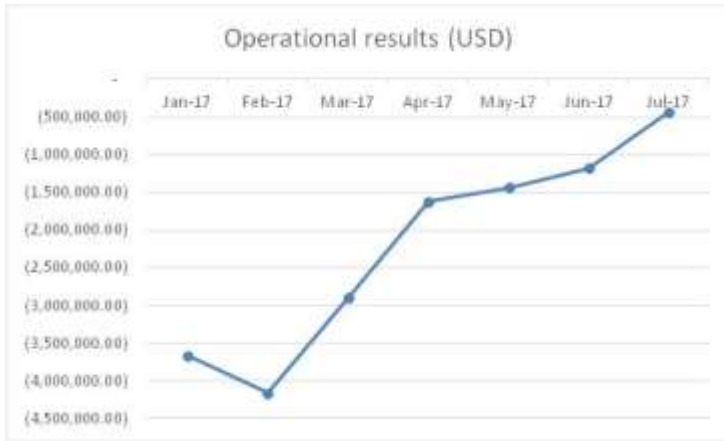
AS PART OF OUR MANDATE, THE MANAGEMENT BOARD HAD TO PROVIDE BEFORE FEBRUARY 28<sup>TH</sup>, 2017 A STABILIZATION PLAN FOR INSEL AIR INTERNATIONAL. THIS PLAN WAS DELIVERED ON FEBRUARY 21<sup>ST</sup>, 2017. THE PLAN CALLED FOR AN IMMEDIATE RETURN TO “BASIC” WHICH CONSISTED IN OPERATING FROM CURAÇAO TO THE IMMEDIATE DUTCH CARIBBEAN TERRITORIES. THIS MET THE CONDITION ATTACHED TO THE LOAN AGREEMENT WHICH WAS TO MAINTAIN THE CONNECTIVITY BETWEEN THE DUTCH CARIBBEAN TERRITORIES.

WE ARE VERY HAPPY TO SHARE WITH YOU THE IMPROVED RESULTS ACHIEVED UNTIL NOW WITH THE IMPLEMENTATION OF THE BASIC PLAN. IT IS TO BE NOTED THAT WE HAVE SIGNIFICANTLY INCREASED THE YIELD PER PASSENGER ON ALL ROUTES AND QUICKLY RETURNED TO A SIGNIFICANT IMPROVED ON-TIME PERFORMANCE. OVERALL THE QUALITY OF SERVICE IS OF HIGH STANDARD WHICH BROUGHT ABOUT A MAJOR REDUCTION IN CUSTOMER COMPLAINTS AND POOR SERVICE COSTS. WE ARE PRESENTING SOME CHARTS BELOW IN SUPPORT OF THESE IMPROVEMENTS.

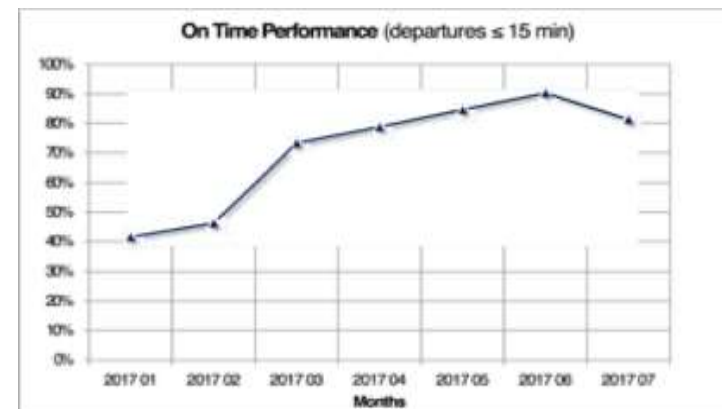
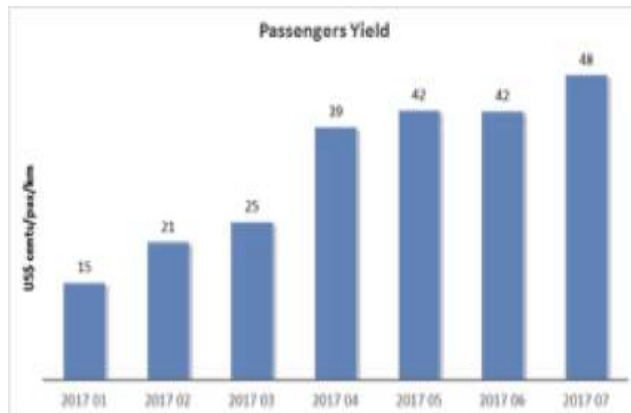
TWO OTHER OPTIONS WERE ALSO IDENTIFIED, BASIC+ AND OPTIMUM PLANS AND WERE EVENTUALLY INCORPORATED IN THE BUSINESS PLAN, AS APPROVED BY THE SUPERVISORY BOARD OF INSEL AIR INTERNATIONAL AND FOR WHICH COMMENTS ARE MADE BELOW.

THE FULL BUSINESS PLAN HAD TO BE PRODUCED BEFORE APRIL 30<sup>TH</sup>, 2017. THIS PLAN WAS ALSO DELIVERED AHEAD OF THE INTENDED DATE. THE PLAN CALLS FOR THE RETURN TO THE OPERATIONAL NETWORK LEVEL THAT WAS IN PLACE PRIOR TO THE DECISION BY THE CIVIL AVIATION AIR AUTHORITY OF ARUBA TO GROUND THE FLEET. THIS PLAN HAD AN INTRODUCTORY DATE OF JULY 1<sup>ST</sup>, 2017. THIS PLAN SHOWED THAT THE NETWORK COULD BE OPERATED WITH A SIGNIFICANT REDUCTION OF THE WORKFORCE.

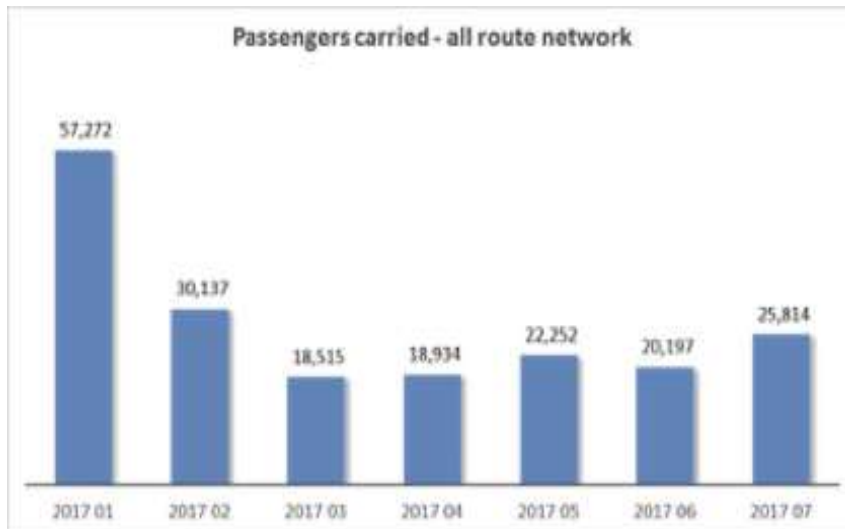
FOLLOWING THE DE-REGISTRATION OF THE FLEET THAT WAS UNDER THE ARUBA AIR CIVIL AUTHORITY, IT WAS IMPOSSIBLE FOR THE CURAÇAO CIVIL AIR AUTHORITY TO CERTIFY THE MD AIRCRAFT REQUIRED BEFORE OUR PLANNED START DATE AND WE HAD TO POSTPONE THEIR INTRODUCTION UP TO SEPTEMBER 15<sup>TH</sup>, 2017. WE ARE PROVIDING THE FINANCIAL RESULTS AND PROJECTED RESULTS BELOW.



WE ARE VERY HAPPY TO SHARE WITH YOU THE RESULTS ACHIEVED UNTIL NOW WITH THE IMPLEMENTATION OF THE BASIC PLAN, ALSO CONSIDERING THE DIFFICULT CIRCUMSTANCES WE HAVE BEEN CONFRONTED WITH.

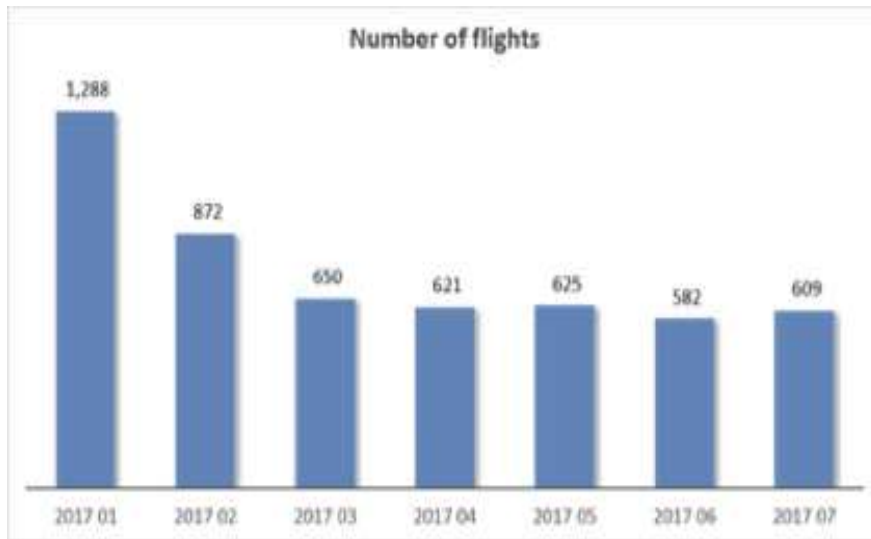


IT IS TO BE NOTED THAT WE HAVE SIGNIFICANTLY INCREASED THE YIELD PER PASSENGER ON ALL ROUTES AND QUICKLY RETURNED TO AN IMPROVED ON-TIME PERFORMANCE AS INDICATED BELOW.

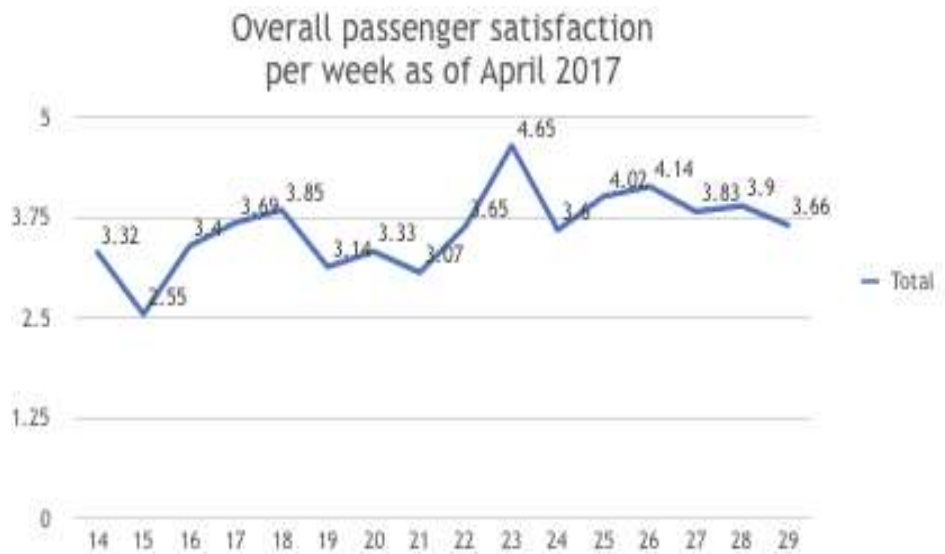


WE ARE NOTING A RETURN TO EXPECTATIONS FOLLOWING THE SEVERE PERIOD OF FEBRUARY AND MARCH 2017 FOR THE NUMBER OF PASSENGERS CARRIED.

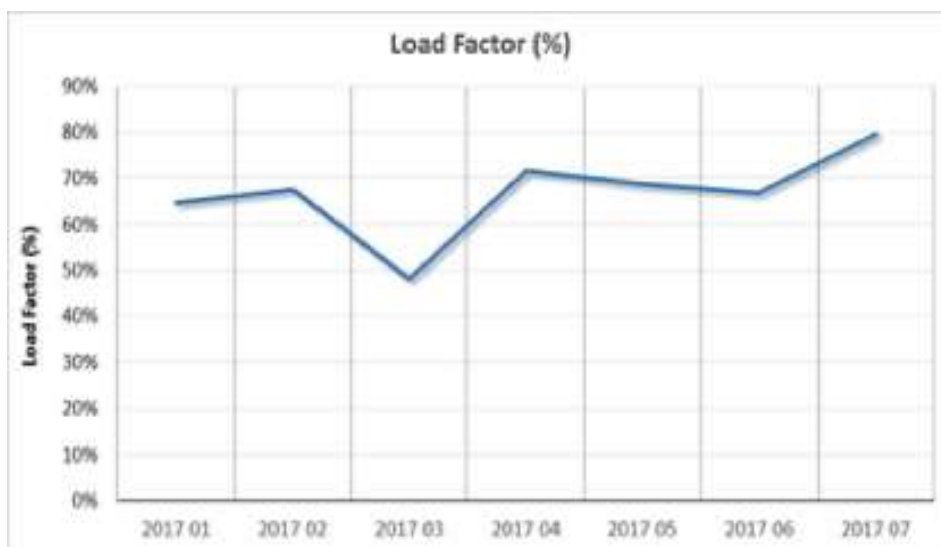




WE HAVE STABILIZED THE PRODUCTION AS PER INDICATED BELOW AND IN ACCORDANCE WITH THE BASE SCENARIO.



OVERAL THE QUALITY OF SERVICE AS PER OUR SURVEYS HAS IMPROVED SINCE THE BEGINNING OF THE START OF THE EXERCISE.



ABOVE ARE THE LOAD FACTORS PER MONTH. AFTER THE DISASTROUS MONTHS OF MARCH, THE ONGOING RESULTS ARE VERY COMFORTING.

THE AIRLINE IS CURRENTLY OPERATING WITH 200 EMPLOYEES, WHEN COMPARED TO 650 UPON OUR TAKING THE HELM OF THE AIRLINE. THIS REPRESENTS A 70% REDUCTION IN PERSONNEL.

AS PART OF THE BUSINESS PLAN, TWO OTHER OPTIONS WERE IDENTIFIED, BASIC+ AND OPTIMUM PLANS. THIS PLAN WAS APPROVED BY THE SUPERVISORY BOARD OF INSEL AIR INTERNATIONAL. WE ARE CURRENTLY IN THE PROCESS OF IMPLEMENTING THE BASIC+ SCENARIO.

OUR PLAN WAS DELAYED DUE TO THE APPLICATION OF THE CURAÇAO CIVIL AVIATION AUTHORITIES REGULATIONS WHEN IT COMES TO THE CERTIFICATION OF AIRCRAFT, WHICH IN THIS CASE IS THE MD FLEET. FOLLOWING THE DE-REGISTRATION OF THE MD FLEET, THAT WAS UNDER THE ARUBAN CIVIL AVIATION AUTHORITY, IT WAS IMPOSSIBLE FOR THE CURAÇAO CIVIL AVIATION AUTHORITY TO CERTIFY THE MD AIRCRAFT REQUIRED FOR THE BASIC+ SCENARIO BEFORE OUR INTENDED START-UP DATE. THIS IS EXPECTED TO BE CORRECTED IMMEDIATELY, MAKING THE MANAGEMENT CONFIDENT FOR A SEPTEMBER 15<sup>TH</sup> INTRODUCTION DATE OF THE MD ON THE ST. MARTIN ROUTE.

## **THE FUTURE FOR INSEL INTERNATIONAL.**

INSEL INTERNATIONAL ENJOYS A LIMITED COMPETITION ON THE SECTORS OF BONAIRE AND ARUBA TO AND FROM CURAÇAO. AS PER THE GOVERNMENT OF CURAÇAO'S WISHES, THE LINK BETWEEN THESE POINTS AND ST MARTIN IS OF THE UPMOST IMPORTANCE. IT IS TO BE NOTED THAT THESE SERVICES OFFER A VERY MUCH POSITIVE FINANCIAL CONTRIBUTION.

INSEL INTERNATIONAL, THROUGH ITS HUB IN CURAÇAO, OFFERS THE POSSIBILITY TO LINK MANY OF THE SOUTHERN, WESTERN AND NORTHERN CARIBBEAN IMPORTANT CITIES. ITS SERVES WELL THE DUTCH, THE ENGLISH AND THE SPANISH CARIBBEAN MARKETS.

IT IS THE INTENTION OF INSEL AIR INTERNATIONAL TO RETURN TO MOST OF ITS PREVIOUS DESTINATIONS. THE PROCESS WILL BE DONE ON A CONTRIBUTION BASIS AND AGAINST AN AMICABLE RECEPTION ON THE PART OF THE VARIOUS GOVERNMENTAL AGENCIES WITH WHOM WE MUST DEAL WITH.

IT IS TO BE NOTED THAT INSEL AIR INTERNATIONAL HAS KEPT UP TO DATE WITH ITS CURRENT CREDITORS, (EXCEPT FOR THE CURAÇAO LOCAL TAX COLLECTOR), WHO IS ALSO AMONG THE LIST OF CREDITORS.

THE FOLLOWING IS AN EXTRACT OF THE BUSINESS PLAN AS APPROVED BY THE SUPERVISORY BOARD OF INSEL AIR INTERNATIONAL AND HIGHLIGHTS THE MAJOR POINTS AS TO THE GOING FORWARD FOR THE AIRLINE.

## **SEARCH FOR A STRATEGIC PARTNER.**

THE BUSINESS PLAN IS STRUCTURED FOR INSEL AIR INTERNATIONAL B.V. TO CONTINUE AS A SINGLE ENTITY WITHOUT THE SUPPORT OF A STRATEGIC PARTNER. THE BUSINESS PLAN CAN BE USED TO "VALUE THE COMPANY" AND SET PARAMETERS FOR INITIATING THESE NEGOTIATIONS. TO THIS DAY, THE MANAGEMENT BOARD OF INSEL AIR INTERNATIONAL HAS NOT RECEIVED ANY FORMAL PROPOSAL ON THE PART OF ANY POTENTIAL INTERESTED PARTY, ALTHOUGH SOME INITIATIVES HAVE BEEN OBSERVED.

## **VALUE PROPOSITION & THE PRODUCT.**

THE CARIBBEAN REGION DEPENDS LARGELY ON A SAFE, SOUND AND DEPENDABLE AIR SERVICE. AIRLINES OPERATING WITHIN THE REGION ARE PROVIDING “HIGHWAYS” TO MANY CONSTITUENTS TO AND FROM MANY CARIBBEAN COUNTRIES AND ACT AS A LINK WITH THE CONTINENTS OF SOUTH AND NORTH AMERICA.

INSEL AIR INTERNATIONAL IS A CARRIER THAT HAS ESTABLISHED HIS NICHE OVER THE RECENT YEARS BY OFFERING, BESIDE AIR SERVICES TO THE DUTCH ANTILLES, REGIONAL AND INTERNATIONAL AIR SERVICES TO THE OTHER NEIGHBOURING COUNTRIES AND BY DEVELOPING CURAÇAO AS AN IMPORTANT CARIBBEAN HUB.

IT IS TO BE NOTED THAT THE CURAÇAO CIVIL AIR AUTHORITY (CCAA) HAS INITIATED THE PROCESS TO BE CONFIRMED BY THE FAA AS A CATEGORY 1 COUNTRY, THUS ALLOWING A GREATER POTENTIAL FOR THE FUTURE EXPANSION OF INSEL AIR INTERNATIONAL TO THE VERY IMPORTANT AMERICAN MARKETS AND FURTHER IMPROVES THE POSITION OF INSEL AIR INTERNATIONAL WITHIN THE REGION

UNTIL NOW INSEL AIR INTERNATIONAL HAS OPERATED AIRCRAFT OF OLDER GENERATION, THUS CAUSING THE OPERATIONAL COSTS TO BE CONSIDERED UNACCEPTABLE DUE TO THE HIGH COSTS FOR THE MAINTENANCE OF THE VARIOUS FLEET OPERATED.

AN OPPORTUNITY EXISTS TO INTRODUCE A FLEET CHANGE PROCESS AND TO PROVIDE THE CONSUMER WITH A VALUE PROPOSITION, NAMELY A FLEET THAT RESPONDS TO THE NEEDS OF INSEL AIR INTERNATIONAL AND OF ITS CLIENTS BASED ON FREQUENCIES AND SUPERIOR AIR TRANSPORTATION PRODUCT. INSEL AIR INTERNATIONAL PLANS TO OFFER THE CONSUMER A PRODUCT WITH THE FOLLOWING FEATURES:

- FLIGHTS PROVIDED WITH TURBO PROP AND JET AIRCRAFT (2 FLEET TYPES).
- A FARE STRUCTURE THAT WILL BE IN COMPETITION WITH THE OTHER CARRIERS OPERATING WITHIN THE INTENDED NETWORK
- FREQUENCIES ON MOST OF ITS ROUTES THAT WILL PROVIDE MORE FLEXIBILITY TO THE CONSUMERS.
- POINT TO POINT SERVICES, WHERE SUSTAINABLE, OR ACCOMMODATING CONNECTIONS SERVICES TO OTHER SECONDARY

DESTINATIONS.

- SHORTER ELAPSED TIME BETWEEN THE ORIGIN AND THE DESTINATION.
- A CHOICE OF TRAVEL WITH MOST OTHER MAJOR INTERNATIONAL CARRIERS IN A SEAMLESS MANNER FOR THE TRAVELER GOING ON TO AN INTERNATIONAL DESTINATION.

TIMELY CONNECTION ARE AND WILL BE PROVIDED AT CURAÇAO AIRPORT TO ALL POPULAR CARIBBEAN, USA AND SOUTH AMERICAN DESTINATIONS OR AT ANY DESTINATIONS SERVED BY INSEL AIR INTERNATIONAL. THE VISION OF MANAGEMENT IS THAT INSEL AIR INTERNATIONAL EVENTUALLY OPERATES NEW JET AIRCRAFT TYPES AFTER 2021.

FOR THE OPTIMUM BASE CASE THE FLEET CONSIDERED IS OF 5 AIRCRAFT, 2 FOKKER 50 (ONE AS A BACK-UP) AND 2 MD80 (ONE AS A BACK-UP). IT IS FROM THIS BASE CASE THAT THE BUSINESS PLAN IS BEING PRODUCED. THE SECOND MD WILL HAVE TO UNDERGO A HEAVY CHECK AT A LOCATION TO BE CONFIRMED AT A COST OF US\$500K FOR WHICH THE EXPENDITURE IS CONSIDERED IN THE FINANCIAL PROJECTIONS OF THE BUSINESS PLAN. IT IS EXPECTED TO BE OPERATIONAL BEFORE THE END OF 2017.

## **MARKETING STRATEGIES.**

### **Product Positioning & Competitive Advantage.**

INSEL AIR INTERNATIONAL WILL PROVIDE A SERVICE THAT NO EXISTING COMPETITOR IS OFFERING BY FOCUSING ITS RESOURCES, INCLUDING PEOPLES AND AIRCRAFT, ON THESE DESTINATIONS AND ROUTES.

SUBJECT TO ONGOING NEGOTIATIONS AND APPROVAL WITH THE NEIGHBOURING COUNTRIES, INSEL AIR INTERNATIONAL IS PLANNING THE FOLLOWING:

- a) SEPTEMBER 15<sup>TH</sup>, 2017 OR BEFORE, THE MD AIRCRAFT WILL BE RE-INTRODUCED ON ST MARTIN.
- b) OCTOBER 1<sup>ST</sup>, 2017, TO RE-LAUNCH THE ROUTES OF PARAMARIBO, GEORGETOWN, PORT AU PRINCE, SANTO DOMINGO AND BARQUISIMETO.

c) NOVEMBER 15<sup>TH</sup>, 2017, TO RE-LAUNCH THE ROUTES TO KINGSTON, LAS PIEDRAS, MEDELLIN AND MANAUS.

ANY FUTURE EXPANSION WILL COMPLEMENT AND ENHANCE THESE SERVICES. INSEL AIR INTERNATIONAL INTENDS TO COMPETE ON PRICE, FREQUENCY AND SERVICE. IT PLANS TO POSITION AND BRANDS ITS PRODUCTS AS “CARIBBEAN MOST FRIENDLY AIRLINE, BEST FREQUENCY AND EXCELLENT CUSTOMER VALUES”.

INSEL AIR INTERNATIONAL INTENDS TO PROVIDE UNIQUE AND VALUE ADDED BUSINESS ORIENTED SERVICES TO ITS CUSTOMERS BY TAKING ADVANTAGE OF THE SIZE OF OUR AIRCRAFT, EXPECTED PASSENGER LOADS AND THE LATEST CAPABILITIES OF TECHNOLOGY.

INSEL AIR INTERNATIONAL COMPETITIVE ADVANTAGE WILL BE DERIVED FROM THE FOLLOWING:

1. IT’S OFFERING OF BEST FARES, THROUGH YEILD MANAGEMENT
2. IT WILL BE ABLE TO ADOPT A CUSTOMER FOCUS CULTURE, WHICH IS SUPERIOR TO THAT OF THE COMPETITION.
3. OFFERING A PRODUCT AND SERVICE THAT A MAJOR CARRIER CANNOT OFFER.
4. ITS STRATEGIC ALLIANCE WITH THE MAJOR INTERNATIONAL CARRIERS WILL PROVIDE ADDITIONAL TRAFFIC TO AND FROM THESE CARRIERS.

Schedule planning & operations.

OUR EXTENSIVE EXPERIENCE TELLS US THAT HAVING AN OPTIMUM FLIGHT SCHEDULE AND AN EFFICIENT CUSTOMER DRIVEN OPERATION IS CRITICAL FOR MARKET AND ECONOMIC SUCCESS. IN THIS REGARD INSEL AIR INTERNATIONAL PLANS TO:

- SELECT COMMUNITIES/MARKETS THAT HAVE SUFFICIENT TOW WYAS DEMAND TO SUSTAIN NO LESS THAT TWO WEEKLY SERVICES AT A PROFITABLE LOAD FACTOR.
- INTRODUCE SERVICES IN ACCORDANCE WITH THEIR ROUTE FINANCIAL CONTRIBUTION.
- SCHEDULE THE FLIGHTS SO THAT GROUND TIMES ARE MINIMAL AND REDUCES THE AMOUNT OF OPERATIONAL PERSONNEL

REQUIRED.

- CONNECTING TIMES FOR FLIGHTS FOR ONWARD DESTINATIONS WILL BE CONVENIENT.
- REDUCE THE OPERATING COSTS DUE TO AN IMPROVED MAINTENANCE PLANNING.
- PROVIDE EXCELLENT SERVICE WITH MOTIVATED EMPLOYEES. THIS INCLUDES THE AREA OF TRAFFIC (PASSENGER HANDLING), INN-FLIGHT SERVICES, AIRPORT AND RESERVATIONS PERSONNEL AND THE BEHIND THE SCENES AREAS OF CATERING, BAGGAGE, GROUND HANDLING AND MAINTENANCE STAFF. IT IS IMPORTANT THAT AN INTERNAL COMMUNICATION PROGRAM SUPPORTS THE EFFORTS OF ALL THOSE CONCERNED.

AS INDICATED ABOVE, THE BASIC, BASIC+ AND THE OPTIMUM PLANS ARE THE REFERENCES FOR THE MAKING OF THE BUSINESS PLAN. BELOW WE ARE PRESENTING THE VARIOUS FINANCIAL PROJECTIONS FOR THE PERIOD OF 2018-2021.



## **THE PROJECTED FINANCIAL RESULTS.**

AGAINST THE APPROVED BUSINESS PLAN BY THE SUPERVISORY BOARD, THE PROJECTED FINANCIAL RESULTS ARE:

<b>key indicators:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Passenger number:	455,423	557,676	557,676	557,676
Passengers revenue (\$000)	43,753	58,837	60,602	62,420
Other revenues (\$000)	2,771	4,707	4,848	4,994
Total revenue (\$000)	46,524	63,544	65,450	67,414

2018 IS TO BE THE FIRST FULL YEAR OF THE NEW OPERATIONS; HENCE A SIGNIFICANT INCREASE IN REVENUES FOR THAT YEAR.

## PROFITS AND CASH FLOW.

INSEL AIR INTERNATIONAL IS EXPECTED TO GENERATE NET PROFITS AND CASH FLOW FOR THE REQUIRED LEVEL OF INVESTMENT REQUIRED FOR THE FUTURE OPERATIONS OF INSEL AIR INTERNATIONAL. THE MANAGEMENT BOARD IS VERY OPTIMISTIC AS TO A FUTURE MONETARY SETTLEMENT TO BE PRESENTED TO THE CREDITORS IN A VERY NEAR FUTURE AFTER THE OPTIMUM PLAN IS INTRODUCED.

<b>key indicators:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Operating result (\$000)	(10,585)	7,095	9,745	11,745
Operating margin (operating result/total revenues)	-22.8%	11.2%	14.9%	17.4%
Net operating margin (net result/total revenues)	-22.8%	4.5%	7.6%	9.8%
Net profit (\$000)	(10,591)	2,837	4,983	6,593
Cash flow for the year (\$000)	(5,965)	290	2,721	6,211
Year -end cash position (\$000)	1,284	1,574	4,295	10,507

<b>Cash position per month end:</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
January		1,790,308	1,136,699	4,825,891
February		1,245,859	299,497	4,709,714
March		875,157	269,320	4,910,336
April		343,357	120,636	4,989,619
May		429,947	(129,394)	5,460,488
June		310,784	32,959	5,791,779
July	221,513	988,592	1,193,464	6,660,918
August	551,280	1,252,298	2,178,168	7,849,052
September	632,337	1,317,718	2,574,519	8,375,130
October	413,122	1,607,070	3,376,569	9,320,654
November	767,407	1,506,877	3,749,711	9,824,623
December	1,283,999	1,573,932	4,295,225	10,506,638

## INTEREST AND DEBT COVERAGE

WITH RESPECT TO ITS DEBT CAPITAL, THE INTEREST AND DEBT SERVICE COVERAGE ARE PROJECTED AS FOLLOWS:

<b>key indicators Interest and debt coverage:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
EBITDA (\$000)	(7,158)	8,619	10,957	12,929
Total interest (\$000)	1,796	1,693	1,539	1,420
Interest coverage (EBITDA/Interest)	(4.0)	5.1	7.1	9.1
Debt Service Coverage (\$000)	713	3,246	3,099	2,864

THE REQUIRED INTEREST AND DEBT SERVICE CAN BE COVERED. AS FOR THE GOVERNMENT LOAN, MANAGEMENT WILL BE SEEKING A TEN (10) YEAR REPAYMENT SCHEDULE.

OTHER ASSUMPTIONS APPLIED:

- NO CONSIDERATION OF COLLECTIONS FROM VENEZUELA CLAIM
- NO CONSIDERATION OF A PARTICIPATION/CONTRIBUTION BY A STRATEGIC PARTNER
- ALL COMMITMENTS RELATED FINANCING BY THE FINANCIAL INSTITUTIONS AND GOVERNMENT ARE INCLUDED IN THE DEBT SERVICE

## INVESTMENTS

<b>Investments:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Investment in flight equipment	(1,040,000)	(1,475,000)	(1,500,000)	(500,000)
Investment in Furniture & fixture, computers and equ	(10,000)	(60,000)	(60,000)	(60,000)

## **THE COMMERCIAL PROPOSAL OF INSEL INTERNATIONAL TO ITS CREDITORS.**

SINCE ITS FILING FOR “CHAPTER 11”, THE MANAGEMENT BOARD OF INSEL INTERNATIONAL HAS VERY CAREFULLY REVIEWED THE ACTUAL FINANCIAL RESULTS OF INSEL AIR INTERNATIONAL AND THE ANTICIPATED FINANCIAL RESULTS FOR THE NEXT THREE (3) YEARS.

WHILE THE MANAGEMENT BOARD COULD FILE TODAY A FINANCIAL PROPOSAL TO ITS CREDITORS, WE STRONGLY FEEL AND SUGGEST THAT BY ALLOWING MORE TIME TO DEMONSTRATE THE FUTURE POTENTIAL OF THE AIRLINE THAT THE CREDITORS WOULD BETTER BENEFIT FROM AN EXTENSION OF THE “SURSEANCE” AND THAT AN IMPROVED RETURN COULD BE MADE AVAILABLE TO THEM.

AS PART OF ITS ANALYSIS, IT IS IMPORTANT TO NOTE THAT ALL MAJOR COSTS WERE INSERTED IN THE PLAN: ENGINE OVERHAUL, “C” CHECK, REFURBISHING OF THE INTERIOR OF THE FOKKER 50’s, THE PAYMENT OF THE MAINTENANCE RESERVES, THE REIMBURSEMENT OF THE LOAN MADE BY THE GOVERNMENT OF CURACAO, FOR WHICH WE WILL BE SEEKING AN EXTENSION OF PAYMENT OVER A PERIOD OF TEN (10) YEARS.

IT IS TO BE NOTED THAT ALL OPERATIONAL COSTS HAVE BEEN ACCOUNTED FOR IN THE FINANCIAL PROJECTIONS, SUCH AS: AIRPORT FEES, HANDLING FEES, NAVIGATION FEES, ETC. AND MORE IMPORTANTLY, THE REDUCTION IN STAFF LEVEL.

AGAINST ALL THE ABOVE THE MANAGEMENT BOARD OF INSEL AIR INTERNATIONAL IS RECOMMENDING THE APPROVAL BY THE CREDITORS GATHERED HERE TODAY FOR AN EXTENSION OF THE SURSEANCE.

WE TRUST THAT THE PROPOSAL PUT FORWARD BY THE MANAGEMENT BOARD IS ACCEPTABLE TO THE MAJORITY OF THE CREDITORS AS WE ARE LOOKING FORWARD TO A LONG RELATIONSHIP WITH OUR PARTNERS.

## **OTHER CONSIDERATIONS.**

THE MANAGEMENT BOARD WILL PURSUE, AS EARLY AS POSSIBLE, THE POSSIBILITY OF RAISING CAPITAL THROUGH AN IPO IN THE CURAÇAO FINANCIAL MARKET.

THE FUNDS RAISED THROUGH THIS IPO WOULD BE TO PROCEED WITH AN EARLY SETTLEMENT WITH THE CREDITORS, THE REIMBURSEMENT OF THE LOAN WITH THE GOVERNMENT OF CURAÇAO, THE EXPANSION OF THE NETWORK AND A CHANGE IN FLEET. THE LATTER COULD POSSIBLY TAKE PLACE IN LATE 2019 AND IS NOT CONSIDERED AS PART OF THE COMMERCIAL PROPOSAL.

## **CLOSING COMMENTS.**

FOR THE SECURING OF THE LONG-TERM SUCCESS OF INSEL AIR INTERNATIONAL, THE CURRENT MANAGEMENT BOARD IS COMMITTED TO REMAIN AT THE HELM OF INSEL INTERNATIONAL BEYOND THEIR INTENDED CONTRACTUAL PERIOD.

WE, BOTH, STRONGLY BELIEVE THAT INSEL INTERNATIONAL, IF ALLOWED, HAS A VERY BRIGHT FINANCIAL FUTURE AHEAD. THE PAST HAS PROVIDED GUIDANCE AS TO THE PITFALLS TO BE AVOIDED IN THE FUTURE.

THE REQUIRED CORRECTIVE MEASURES HAVE BEEN IMPLEMENTED AND, AS OF NOW, THE AIRLINE REQUIRES SMOOTH AIR THAT CAN BE PROVIDED BY YOUR POSITIVE VOTE TO THE COMMERCIAL PROPOSAL PUT FORWARD TODAY FOR YOUR CONSIDERATION.

WE INVITE YOU TO PROVIDE THE REQUIRED NON-TURBULENT SKY TO INSEL AIR INTERNATIONAL. THIS WILL MORE THAN SECURE A FINANCIAL RETURN TO ALL OF YOU.

WE THANK YOU VERY MUCH FOR YOUR ATTENTION.

EDWARD HEERENVEEN  
CHIEF EXECUTIVE OFFICER  
BOARD OF MANAGEMENT

ANDRE DELGER  
CHIEF FINANCIAL OFFICER  
BOARD OF MANAGEMENT

GILLES FILIATREAU  
EXECUTIVE CHAIRMAN  
BOARD OF MANAGEMENT