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GUINCHO SURF CENTER BUSINESS PLAN VIABILITY (CASE-STUDY)

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Abstract

The present paper, in the form of a Business Plan, shows the possibility to create a Surf Center in the Lisbon region. This paper focuses on the creation of a service which satisfies a demand that is becoming a trend for tourists who come to Portugal and also for portuguese people. With the growth of the attention that the professional surfers are giving to the portuguese waves, the creation of a quality surf center becomes very relevant. This paper serves to prove the viability of a project like this in the Lisbon region.

KEYWORDS: Business-Plan; Surf Tourism; Guincho Surf Center; Profitability

Introduction

Nowadays Surf is starting to become a national sport, due to the result of a strong support by the Portuguese government in the maritime business cluster. This investment comes through the creation of programs that encourage tourists to come to Portugal to surf, with the promise that they are going to have good waves to surf or they will have their money refunded (portugalwaves.com), the sponsoring of international Surf events, Windsurf and Kitesurf tournaments, resulting in an investment (along with private partners) of 3.2 million euros every year (according to tourism of Portugal). Portugal has also a surfer among the elite of the professional surfing world tour, the record of the biggest wave ever surfed in Praia do Norte-Nazaré, the biggest european surf event in Peniche, the record for the longest kitesurf expedition by Francisco Lufinha (2013) a post graduation in surf teaching and has been described by the professional windsurf association as the Hawaii of Europe, all of these factors contributes to the growth on the reputation of Portugal as a water sport destination. These qualities are the main reason for the constant attention that, the portuguese athletes and portuguese surf spots are having in the national and international media. Every day more people want to explore those surf spots and they will need the necessary infrastructures to support their activities. Having that said the project proposed is current and adapted to the present reality. I do believe that a project like this can add value to the portuguese tourism, and ultimately will add value to the Portuguese economy. Some tourism experts (according to the study of THR assessores en turismo y hoteleria 2006 and published by the tourism of Portugal) identify the coastal tourism as one of the biggest

trends in tourism, growing at a 10% year rate. These experts believe that by 2020 this type of tourism will have already more than doubled the current value, which proves that this industry has a sustainable growth, and is not a trend that will end in a few years.

This Business Plan will focus primarily in identifying and quantifying the market size for this service, then it will focus on the volume of business it can generate according to the size of the market. Then we are going to define the costs of creating a surf center that can operate the volume of business that was calculated before. All this data will potentiate the creation of the Business Plan that hopefully will attest the validity of this business.

1 MARKETING MIX

The Marketing Mix will help in the understanding of the project and will be the guideline of the strategy that it is going to be used to implement the Guincho Surf Center. Hopefully it will lead to the proposed results that this Business Plan is intended for, that are going to be discussed later.

Product

When it comes to a surf center creation, the spot selection is undoubtedly one of the key requirements for a successful nautical center. The Portuguese Tourism Office produced a study for the Maritime Tourism where it states that for an infrastructure like this, it is extremely important that the spot has the natural conditions (swell, wind and climate, etc.), complementary services (restaurants, hotels and hospitals), support activities (board repair, board manufacturers and surf shops), good connections to national or international airports and proximity to ports or marinas (for rescue purpose).

Having that said, Guincho becomes a very obvious choice for the following reasons:

Natural conditions - Guincho is one of the world's spot with the most reliable waves. In average there are suitable waves for surfing (>0,5m) in 97% of the days according to Surf-Forecast (a reference in wave forecasting), reversely to what you can observe in some of the worlds most recognized spots, like Pipeline (50%) where some experts claim that the sport of surfing has started, or even Peniche (60%) where the Europes biggest surf event is held. Guincho is also a worldwide known windsurf and Kitesurf spot due to its wind conditions, because it is one of the only spots which has wind suitable for the practice of these sports all year round except in the month of September (In average 88% of the days there is wind suitable for windsurfing/Kitesurfing) according to windguru (the refference in wind forecast). Guincho is also known for having held (during the decade of 2000-2010) Professional Windsurf and Kitesurf events, bringing to this beach the best competitors as well as its fans and supporters. Refer to Appendix 1 for a detailed chart on the waves of Guincho compared to the other spots.

Complementary services - Near Guincho beach, there is a big offer in terms of restaurants and hotels (more than 2500 beds and a camping site located at 500m from the beach), as well as some good hospitals that can assist the surfers in case of an emergency.

Support Activities - There are many services around Guincho beach to support the surf center activities. There are 3 national board shapers, 1 international board shaper, a sail and kite maker/repairer, several surf shops and some board and wetsuit repair services.

Good connections - Guincho is located in the city of Cascais which is a 25 min drive from Lisbon or 40 min by train and at a 30 min distance from the international airport of Lisbon .

The Surf Center will offer the following different services for different targets, in order to achieve a bigger market share and achieve the proposed marketing goals:

Boards/Sails/Kites Rental - The simple rent of boards/sails/kites and wetsuits per day/week.

Surf Experience - An 1 hour class, where the individual can have some contact with a surf, windsurf, kitesurf or SUP board and start to feel what it is like to glide on a wave.

Erasmus Surf - A special price for Erasmus Students, so as they can learn how to surf, windsurf, kitesurf or SUP at a more affordable price, this offer is oriented to the winter season in order to break the seasonality and compensate the decrease on the demand.

Surf Labs - 1 week Surf/Windsurf/Kite/SUP class experience for the individuals who want to learn the basics, so they can acknowledge all they need in order to start surfing by their own.

However the windsurf and kitesurf activities are more oriented to a medium to advanced rider, since practicing windsports in a wave environment could be hard for a beginner.

The Guincho Surf Center has the intention to offer a premium service providing the best experience to its customers. It has the intention to be the first of its kind, a center where all the wave sports are united, with all the conditions necessary to a safe and joyful practice.

The Surf Center will request the approval of its methods to ISA (International Surfing Association) as well as to IWA (International Windsurfing Association) and IKA (International Kiteboard Association) which are the regulatory members of the sports offered at Guincho Surf Center, thus becoming the first Portuguese Surf Center approved by these associations. This project focuses on the relation between the sport of wave surfing and the active tourism, on one side this project intends to attract the professional surfers who need a training facility with all the conditions to pursue a national or international

career. On the other side the Surf center intends to attract the recreational surfer or the individual who wants to start surfing and who wants to spend some days in an active way.

Price

According to the studies published by the Portuguese Tourism the consumers of nautical tourism normally spend between 80€ to 500€ per day in its activities (80€-100€ for surfing, windsurfing, scuba dive and 500€ for boat charters and recreational sailing). One of the characteristics this study pointed was that the consumers of this kind of product are not price sensitive and therefore they are willing to pay a higher price if the service they are receiving/experiencing is good. Given the distinguishing characteristics of the services that this equipment will provide, easily comparable with existing international standards, the pricing of the Surf Center portfolio will reach values slightly above those offered by competitive markets. This pricing plan aims to achieve a premium position in a market whose product offering is in many cases low-skilled and undifferentiated.

In the offer of services, the center has excellent facilities to offer, a portfolio of highly specialized products and services and of such high quality that the price component in the product is presented as a secondary factor.

The reason for the premium price strategy that the Surf Center is going to practice is based on the following pillars that sustain it.

1. Customer demand - The demand is a crucial factor in price formation that is influenced by interests, income, and availability. For many consumers value and price are inextricably linked, the higher the price the higher the value (quality). Consequently, the Surf Center is going to position itself as a high quality product, as a multi nautical sports offer, innovative

and attractive since the leading to practicing a brand price premium, attached to the quality and benefits offered by the product.

2. Service Life Cycle - The Surf Center should take advantage of being a new service, with an offer completely different from its competitors, which makes possible a price increase when compared to the remaining services with the ones it competes with.

3. Differentiation - The higher price is also practiced as a way to differentiate the service from the others, evidencing their exclusivity, prestige and quality.

That said, and after analyzing the Surf Center competitors the following prices for the different services were established:

Surf Rental: 1 day (30€); 3 days (80€); 7 days (180€) - Surfboard, Leash and wetsuit included.

Windsurf/Kite/SUP Rental: 1 Day (50€); 3 days (120€); 7 days (210€) - Board, Sail/Kite/Paddle and wetsuit included.

Surf Experience: 1 hour surf class (30€); Whole day Surf Experience (70€)

Windsurf/Kite/SUP Experience: 1 hour Class (50€); Whole day Experience (100€)

Erasmus Surf: 1 hour surf class (20€); Whole day Surf (50€)

Erasmus Windsurf/Kite/SUP: 1 hour class (30€); Whole day Activity (70€)

Surf Labs: 1 week Surf Lab (200€)

Windsurf/Kite/SUP: 1 week Lab (300€)

Distribution

The customer of this service is a young and active person with a busy day-to-day life that uses the new technologies to interact with their surroundings, to manage their bank

accounts, to buy products and to communicate with friends and family. In this project the Internet will be a primary point of distribution for the Surf Center services, a web site with Ecommerce platform will be created with a simple interface where the user can schedule classes and pay them online whether he is at home, at the office or at any other place. The services will also be available at online platforms like airbnb.com as well as other booking services alike.

However the Surf Center distribution strategy is much broader and is not limited to the internet. The distribution strategy for the Surf Center services will also pass by the selling of experience vouchers, that could be bought in specialized shops (Surf Shops), as well as in generalist shops (like FNAC) where other experiences are already sold.

The services are also going to be distributed through the national and international surf federations, for the surfers who want to come to the Surf Camp to pursue a professional career.

Another distribution method is going to be the creation of partnerships between the center and local hotels, hostels, campings, tourist offices and universities. These elements are extremely important for this kind of business because they are the prescriptors, the people who advise the tourists/students on activities they can practice, so they will receive weekly information about our activities in order to best advise their customers.

However, we also expect to receive direct customers who walk by the Surf Center and reserve our services directly at our school or by phone.

Promotion

For the communication of the Guincho Surf Center it is going to be used an holistic approach, so it reaches its target audience and communicate efficiently.

The Surf Center will use many tools in order to impact its target, which will differ from each other:

Printed media - Through advertising in specialized magazines (Surf Magazines like Transworld Surf, Surfer, Surf Portugal, etc) Surf Center aims to impact the people who already surf and who might be looking for the next surf trip. Through advertising in generalist magazines focused on tourism and/or experiences, the focus is on the customer who is looking for a different activity where Guincho Surf Center might be a solution for its needs. In both cases (specialized and generalist press) the communication will be done through advertising as well as with press releases that will be sent regularly.

Internet - the Surf center will use the internet to impact its customers through social networks like facebook and youtube, with tutorial videos as well as information about the surfing conditions, school surfers achievements etc will periodically be posted. In these platforms the surfers will be encouraged to share their moments with the school in order to create a network where the message arrives to more members than the ones who already follow the Surf Center. For the internet campaign, it will be done some advertising through google adwords and facebook advertising in order to when someone searches for a Surf Center, the Guincho Surf Center appears in its top searches, being the top reference, when it comes to surf either in Portugal or Worldwide.

Tourism of Portugal campaign - Guincho Surf Center will be registered on the Tourism of Portugal campaign (portuguesewaves.com) which is a campaign where the tourism of Portugal pays free come back flights to the surfers who came to Portugal to Surf and didn't catch waves for three consecutive days. The Portuguese tourism is so confident in the

consistency of their waves that they do this promotion all year. This will result in an increase in the surf tourism for our country.

Events - Since the Surf Center has an international scope, there is the intention to invite international surfers/windsurfers/kitesurfers to come to our Surf Center, for them to surf international class waves with all the necessary conditions. This would result in a positive image of the Surf Center in the media and will project its image internationally resulting in an increase in the awareness of the Surf Center as well as the awareness on the Portuguese waves and tourism. It is also the intention of the Surf Center to promote regional/national surf competitions, in order to encourage some competition between the students, this will result in more people willing to have surf classes so as they can perform better in these competitions.

2 Market Analysis

In this section it will be presented the market analysis, where the competitors were analyzed as well as the segments of market that are going to be targeted. This section will help and will be key on further calculations on the Value of the project.

Target Market

Guincho Surf Center will have 4 main groups as a target:

Consumers who are willing to practice Surf through classes or equipment rental.

Consumers who are willing to practice SUP through classes or equipment rental.

Consumers who are willing to practice windsurf through classes or equipment rental.

Consumers who are willing to practice kitesurf through classes or equipment rental.

The 1st group (Surf) is composed by:

Habitants from the nearest cities who might be interested to learn how to surf. (80.000 people) National Institute of Statistics data

$2.000.000$ (population of Greater Lisbon and Setúbal Peninsula)* 0.39 (percentage of population between 15 and 44)= 800.000 * $0,10$ (percentage of people who might be interested in learning how to surf)= 80.000 people

Tourists who come on purpose of having a surf experience. (70.000 people) National Institute of Statistics data

$35.000.000$ (number of surfers worldwide)* 0.01 (percentage of surfers worldwide that might be interested in surfing in portugal)= 350.000 * 0.20 (percentage of people who might be interested in surfing in the lisbon region)=70.000 people

Tourists who didn't came to Portugal to Surf, but who end up having surf lessons. (2080 people) National Institute of Statistics data

520.000 (number of tourists who visit portugal for more than 4 days)* 0.40 (percentage of tourists between the age of 15 and 44)= 208.000 * 0.01 (percentage of people who might be interested in learning to surf)=2.080 people

Erasmus Students, who look to learn a new sport. (840 people) Lisbon City Hall data

2.800 (number of erasmus students in Lisbon)* 0.30 (percentage of erasmus students willing to learn how to surf)= 840 people

TOTAL: 152.920 Potential customers

Since there is no official data on the other sports, I performed an inquiry to the few surf centers that offer all these sports, and according to them their business comes in the following percentages: Surf (50%), SUP (20%), Kitesurf (20%) and Windsurf (10%). Having that said it is going to be assumed that the potential customers for the other sports will come in proportion.

The 2nd group (SUP) is composed by:

TOTAL: 61.168 Potential customers

The 3rd group (Kitesurf) is composed by:

TOTAL: 61.168 Potential customers

The 4th group (windsurf) is composed by:

TOTAL: 30.584Potential customers

Market competitors

Guincho Surf Center has different competitors, according to its level of competition:

Direct competitors - As direct competitors of Guincho Surf Center are the surf centers located in the greater Lisbon region that offer similar services that the ones Guincho Surf Center is offering.

Indirect competitors - As a indirect competitors of Guincho Surf Center are the surf schools located in others spots of Portugal (outside the lisbon region) as well as spots in other countries and the surf/windsurf/kite/SUP schools located in other countries, where people might want to go have a surf experience instead of going to Guincho Surf Center.

After analyzing the direct and indirect competitors, the conclusions that can be drawn are the following:

-The direct competition lacks on International certifications, most of them, don't have a physical space, almost every school work only with a van and an office, the location of the Guincho Surf Center is much better than the other ones since it's the only Surf Center at Guincho Beach (one of the worlds most consistent wave and most consistent wind spot) and the fact that it is going to be installed on the beach. As a downside some of the competitors due to their lack of a big structure, practice lower prices who might result in some customers (who are looking only to the price) going to those schools instead of coming to Guincho Surf School.

-The indirect competition lacks on a consistent wave as the one offered in Guincho who can be ridden all year long, other aspect that the majority of other surf spots have is the distance from an international airport (too far) which in some cases it's mandatory to catch another plane or other transports. As a downside some schools are located in some exotic surf spots which are more in vogue, where all the surfers do their filming and so they could be more appealing than coming to Portugal which only began to be a reference in recent years on the surf panorama.

Guincho Surf Center competitive advantages (SWOT Analysis)

Strengths

The biggest strength of Guincho Surf Center, is going to be the differentiation on the service provided, since there is going to be a big bet on having professional instructors accredited by the International wave-sports Associations, being the first school in Portugal to have this accreditation. Also another Strength of this Surf Center is the fact that in the same place there are many offers, which brings a much larger potential target, as well as the fact that this concept is unique in Portugal.

Weaknesses

Since 2014 is going to be the first year of the Surf Center, the lack of notoriety is the biggest weakness to the center because some of other schools were implemented 10 or more years ago.

Opportunities

As the biggest opportunity of Guincho Surf Center is the fact of being located in one of the most consistent waves through all year, it means that in 97% of the days there are conditions for learning how to surf and in 88% of the days there is wind enough to windsurf

or kitesurf. This becomes a big strength because more days with waves/wind means more classes and more rentals, which can easily translate into more revenue. Another opportunity is the fact that surf is a big trend in Portugal, it is now a sport that a lot of people want to learn as well as the increasing notoriety that the portuguese waves are getting everyday on the international surf media. Another opportunity is all the attention that this water sports are getting both on the portuguese media as well as on the international media, which boosts the number of surfers who want to explore the portuguese coast.

Threats

The financial crisis that impacts the tourists all over the world and especially in Europe.

The fast pacing changes in this market could be a threat for structures like Guincho Surf Center, because if the changes in the market are not closely followed, the centers could be fastly outdated.

The big initial investment that needs to be made in order to start the Surf Center.

Nevertheless Portugal is getting a lot of attention from the media it is still not the top destination for the surfers, like Hawaii, Indonesia or Australia.

The Critical success factors of competitive advantage for the Guincho Surf Center Are:

- The lack of seasonality of the Center activities due to the consistency of the waves and wind which makes it possible to have activities all year round.
- The quality of the service offered through the services and infrastructures available to the final consumer which will result in international certifications that will make the customer trust the school.

- The fact that the surf center is located at an european capital, with lots of extra activities to do, outside of servicing, the fact that it has a big number of complementary offers like restaurants, hotels, marinas and hospitals which can be used by the users of the Center.
- The fact that the tourism of Portugal has a campaign to attract surfers from all around the globe, promising them that if they don't catch waves during their vacations they will be refunded a flight back to Portugal to catch some more waves. This will create trust among the surfers and is going to promote the image of Portugal as a good surfing country.
- The fact that the Guincho Surf Center has a plan to impact different targets in order to obtain different goals. Like this it is possible to create a sustainable demand for the Surf Center services, and be able to operate all year long.

3 Financial Planning (10 years period)

Investment

The investment for an infrastructure like Guincho Surf Center is divided on the following main components: the terrain (where the center is going to be implemented), the Surf Center construction, the equipment acquisition, the transport Van, instructors and school certification.

The terrain - CMC is selling a concession for 10 years (renewable for 100 years) at Guincho Beach available for 200.000€.

The Surf Center (Building) - 300.000€ for the modular building equipped with shower rooms, theoretical classrooms, board rooms and reception.

Equipment acquisition - In order to fill the needs, it is going to be bought 400 surfboards for 40.000€; 60 SUP boards for 12.000€; 40 Windsurf Rigs (Board, fin, mast, boom and sail) for 20.000€; 60 Kitesurf Rigs (Board and Kite) for 18.000€ and 600 wetsuits for 30.000€. The surfboards/SUP boards/wind rigs/kite rigs will last for 2 years and the wetsuits will last for 1 year, so in this 10 years period the boards will be renewed 5 times and the wetsuits 10 times during this period of 10 years. This constant change is part of the quality policy to have the latest models available in the market and to have quality equipment in good conditions. This will help the customer to trust the school and maybe prescribe it to friends and family. The prices presented are a little bit below the price of the market because the brands offer a special price for surf centers like Guincho Surf Center. In the future there might exist new sponsoring contracts between the brands and the school, so as the school might work as a showroom of their products and like this decrease the price of the equipments that need to be changed every year.

Transportation Van - The Van will be a 9 seater Van that will be bought for 20.000€ and will last for the entire planned 10 years period. This Van will make possible the transportation of the customers to another close spot that might have better conditions in one day where it is not possible to practice at Guincho.

Jetski - The jetski is important for the security of the customers of Guincho Surf Center and is an investment that will last the 10 years of the Center and is going to be bought for 10.000€

Forecasted annual costs

Fixed Costs

School and Instructors Certification - Certifying the school costs 1.000€ every two years (500€ per year).

Staff Payroll - The 2 receptionist will receive 10.000€ per year (Each) and the Surf Center director 35.000€.

School insurance - The annual cost of the schools insurance and licenses is 10.000€

Water and Electricity - The cost of water and electricity will be 10.000€

Gas for the van and jet ski - The cost per year will be 5.000€

Other expenses (Office equipment, website maintenance, etc) The cost per year will be 10.000€

Variable Costs

The salary of the Instructors will be based on a straight commission over the classes they teach, a 20% commission and all the marketing expenditures will come from a 10% margin over the sales. At the beginning of year 1 the marketing budget will be 10% of the projected sales on that year.

Forecasted Sales

It is forecasted that Guincho Surf Center will be able to attract 1% of its targeted market on the first year (this is a very conservative forecast since Guincho Surf Center is going to offer an unique service and attending to the fact that until today there are less than 20 schools in the greater Lisbon region) , 2% on the second year, 5% on the third year, 10% on the fourth year 15% on fifth and 20% on the sixth and upcoming years, from a total of 305.840 targeted people.

-Services distribution (Surf) - From a total of 50%

25% will come from Surf Rental: 1 day (70%); 3 days (20%); 7 days (10%)

50% will come from Surf Experience: 1 hour surf class (75%); Whole day Experience (25%)

15% will come from Erasmus Surf: 1 hour surf class (90%); Whole day Surf (10%)

10% will come from Surf Labs: 1 week Surf Lab (100%)

-Services distribution (SUP) - From a total of 20%

30% will come from SUP Rental: 1 day (80%); 3 days (15%); 7 days (5%)

55% will come from SUP Experience: 1 hour surf class (75%); Whole day Experience (25%)

10% will come from Erasmus Surf: 1 hour surf class (90%); Whole day Surf (10%)

5% will come from SUP Labs: 1 week Surf Lab (100%)

-Services distribution (Kitesurf) - From a total of 20%

30% will come from Kite Rental: 1 day (30%); 3 days (40%); 7 days (30%)

45% will come from Kite Experience: 1 hour surf class (75%); Whole day Experience (25%)

5% will come from Erasmus Surf: 1 hour surf class (90%); Whole day Surf (10%)

20% will come from Kite Labs: 1 week Surf Lab (100%)

-Services distribution (Windsurf) - From a total of 10%

30% will come from Windsurf Rental: 1 day (30%); 3 days (40%); 7 days (30%)

45% will come from Windsurf Experience: 1 hour surf class (75%); Whole day Experience (25%)

5% will come from Erasmus Surf: 1 hour surf class (90%); Whole day Surf (10%)

20% will come from Windsurf Labs: 1 week Surf Lab (100%)

Forecasted number of Activities sold:

years	1	2	3	4	5	6	7	8	9	10
Total number:	3,057	6,116	15,292	30,584	45,876	61,168	61,168	61,168	61,168	61,168

Forecasted Sales in Euros:

years	1	2	3	4	5	6	7	8	9	10
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Total in €	249,400	498,620	1,247,560	2,494,220	3,741,750	4,988,650	4,988,650	4,988,650	4,988,650	4,988,650
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Refer to appendix 3 for the projected sales per service

Refer to appendix 4 for the Balance Sheet to better understand the following calculations

Payback Period:

Years	0	1	2	3	4	5	6	7	8	9	10
Cash Flows	-655000	78248	176304	831592	1682522	2714093	3565235	3655235	3565235	3655235	3685235

At the end of the 2 year the balance is -400.448€ so the payback period is going to be achieved at $400.448/831592=0,48$ approximately 6 months of the third year, so the payback period is achieved after 2 year and 6 months from the initial investment

4 Conclusions

The Guincho Sea Center can change the Portuguese wave-surfing tourism panorama, since with this investment it can become a polo of attraction for new tourists that are eager to live new experiences. I really believe that this Surf Center is Sustainable and can deliver very good results as it can be observed on the balance sheet. The Surf panorama in Portugal is now starting to grow, so this is the perfect time to enter in a market that is still not saturated and that could bring some positive economic results.

This Surf Center could be a reference in the worldwide wave-surfing panorama being the face of the portuguese wave potential. I believe that if this project is implemented and bring this results, in the number of people surfing Guincho waves, Guincho might become a surf

mecca, attracting brands and investment which would result in a very positive outcome for Portuguese economy.

Has the forecasts predict, the Center will have a positive return of 22.953.934€ after subtracting the investment and before taxes and the investment is going to be payed back in about 2 years and 6 months which is quite remarkable.

To end up, I would like to thank the support of all intervenientes, who helped me with their knowledge and also with the most updated data, which contributed to the realization of my work project, without their help this work would have been much harder. First of all I would like to thank to my advisor Professor Guido Maretto, who gave me a good support on the important decisions that I have done for the project. I would also like to thank to the persons at the national and international associations, which despite the fact that they had a really busy agenda, they found the time to help me, with everything they could, to complete my work project, so my thanks goes to Mr. Carlos Escaba (Marketing and Media Manager from International Surf Association), Mr. Ceri Williams (Board of Direction of IWA), Mr Richard Gowers (Board of Direction of IKA) and to Eng. Fernando Ribeiro e Castro (General Secretary of Sea Economic Forum).

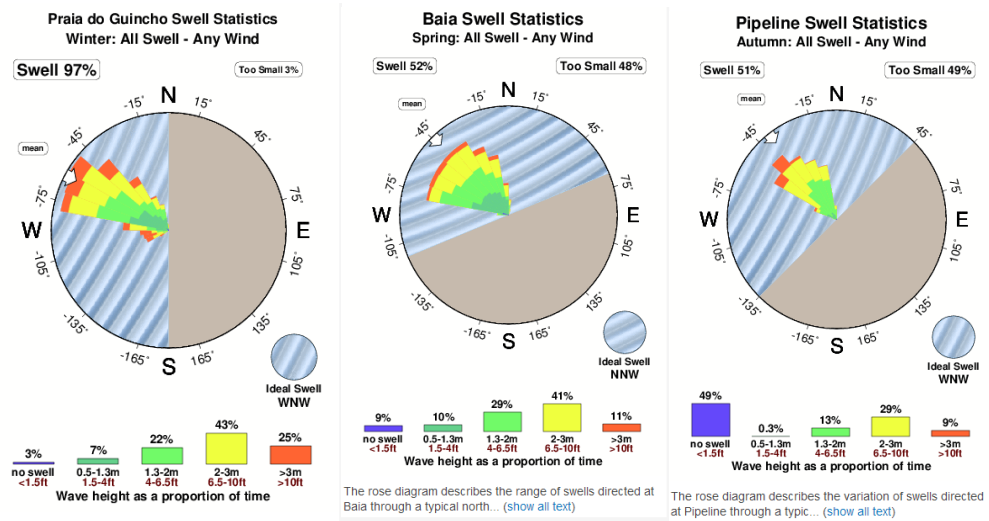
5 Appendix

Appendix 1

Guincho

Peniche

Pipeline



The Statistics can be accessed on the following links:

http://www.surf-forecast.com/breaks/Praiado-Guincho/reliability_by_season

http://www.surf-forecast.com/breaks/Baia/reliability_by_season

http://www.surf-forecast.com/breaks/Pipeline_1/reliability_by_season

Appendix 2

years	1	2	3	4	5	6	7	8	9	10
1 day surf rental (30€)	8040	16050	40140	80280	120420	160560	160560	160560	160560	160560
3 day surf rental (80€)	6080	12240	30560	61200	91760	122320	122320	122320	122320	122320
7 day surf rental (180€)	6840	13680	34380	68760	103140	137700	137700	137700	137700	137700
1 hour surf class (30€)	17190	34410	86010	172050	258060	344070	344070	344070	344070	344070
whole day surf experience (70€)	13370	26740	66920	133840	200690	267610	267610	267610	267610	267610
1 hour class erasmus (20€)	4120	8260	20640	41280	61940	82580	82580	82580	82580	82580
whole day erasmus (50€)	1150	2300	5750	11450	17200	22950	22950	22950	22950	22950
1 week surf lab (200€)	30600	61200	153000	305800	458800	611600	611600	611600	611600	611600

1 day SUP rental (50€)	7350	14700	36700	73400	110100	146800	146800	146800	146800	146800
3 day SUP rental (120€)	3360	6600	16560	33000	49560	66120	66120	66120	66120	66120
7 day SUP rental (210€)	1890	3780	9660	19320	28980	38640	38640	38640	38640	38640
1 hour SUP class (50€)	12600	25250	63100	126150	189250	252300	252300	252300	252300	252300
whole day SUP experience (100€)	8400	16800	42100	84100	126200	168200	168200	168200	168200	168200
1 hour class erasmus (30€)	1650	3300	8250	16530	24780	33030	33030	33030	33030	33030
whole day erasmus (70€)	420	840	2170	4270	6440	8540	8540	8540	8540	8540
1 week SUP lab (300€)	9300	18300	45900	91800	137700	183600	183600	183600	183600	183600
1 day kite rental (50€)	2750	5500	13750	27550	41300	55050	55050	55050	55050	55050
3 day kite rental (120€)	8760	17640	44040	88080	132120	176160	176160	176160	176160	176160
7 day kite rental (210€)	11550	23100	57750	115710	173460	231210	231210	231210	231210	231210
1 hour kite class (50€)	10300	20650	51600	103200	154850	206450	206450	206450	206450	206450
whole day kite experience (100€)	6900	13800	34400	68800	103200	137600	137600	137600	137600	137600
1 hour class erasmus (30€)	840	1650	4140	8250	12390	16530	16530	16530	16530	16530
whole day erasmus (70€)	210	420	1050	2170	3220	4270	4270	4270	4270	4270
1 week surf lab (300€)	36600	73500	183600	366900	550500	734100	734100	734100	734100	734100
1 day wind rental (50€)	1400	2750	6900	13750	20650	27550	27550	27550	27550	27550
3 day wind rental (120€)	4440	8760	22080	44040	66120	88080	88080	88080	88080	88080
7 day wind rental (210€)	5880	11550	28980	57750	86730	115710	115710	115710	115710	115710
1 hour wind class (50€)	5150	10300	25800	51600	77400	103200	103200	103200	103200	103200
whole day wind experience (100€)	3400	6900	17200	34400	51600	68800	68800	68800	68800	68800
1 hour class erasmus (30€)	420	840	2070	4140	6180	8250	8250	8250	8250	8250
whole day erasmus (70€)	140	210	560	1050	1610	2170	2170	2170	2170	2170
1 week wind lab (300€)	18300	36600	91800	183600	275400	366900	366900	366900	366900	366900
Total in €	249,400	498,620	1,247,560	2,494,220	3,741,750	4,988,650	4,988,650	4,988,650	4,988,650	4,988,650

Balance Sheet

Years	0	1	2	3	4
Terrain	-200000				
Building	-300000				
Boards	-52000		-52000		-52000
Rigs	-38000		-38000		-38000
Wetsuits	-30000	-30000	-30000	-30000	-30000
Van	-20000				
Jet ski	-15000				
Total Investment					
Fixed Costs		-80000	-80000	-80000	-80000
Variable Costs		-81152	-122316	-305968	-811698
Total Costs		-171152	-322316	-415968	-811698
Revenues from classes		181060	362270	906060	1811380
Total Revenues		249400	498620	1247660	2494220
Cash Flows	-655000	78248	176304	831592	1682622

6	7	8	9	10
-52000		-52000		
-38000		-38000		
-30000	-30000	-30000	-30000	
-80000	-80000	-80000	-80000	-80000
-1223415	-1223415	-1223415	-1223415	-1223415
-1423415	-1333415	-1423415	-1333415	-1303415
3622750	3622750	3622750	3622750	3622750
4988650	4988650	4988650	4988650	4988650
3665235	3665235	3665235	3665235	3665235

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