

A Canadian Venture

Canadian Small Cap Stock Cuba Ventures Soars in Value as it expands from Travel to digital currency platforms

By Vito Echevarría

Cuba-centric stocks in the international markets are far and few. But those who track trading activity on the Toronto Venture Exchange are likely to have noticed a security called Cuba Ventures Corp. (TSX:CUV), which hit a high of CDN 43 cents/share the week before Christmas. Since Cuba Ventures' stock was trading for as little as CDN 2 cents/share last August, that represents an astonishing 2,050 percent increase in value.

The stock was born in early 2016, when a small group of Canadian investors – whose Vancouver-based company MPH Ventures Corp. was previously involved in the mining sector – decided to make the unusual move of shifting its business to Cuban tourism. The decision was predicated on renewed international interest in that country, due to improved relations between Havana and Washington under President Obama. The result was MPH's purchase of Spain-based Travelucion S.L., which changed its name to Cuba Ventures Corp. Travelucion's former owner, British national Steve Marshall, was appointed CEO, and Cuba Ventures became a publicly-traded company on the Toronto Venture Exchange (TSX:CUV) with a market capitalization of just over \$5 million.

While it included a trade consulting arm (aimed at prospective investors interested in pursuing projects in Cuba), Cuba Ventures main business was an online travel platform that Marshall had

been building since he first got involved in that country's tourism sector some 20 years earlier. The digital assets Marshall had developed under the Travelucion name now consist of 432 Cuba-themed websites that steer traffic to its booking and e-commerce sites.

Cuba Ventures' launch in 2016 came at a time when the Obama administration had loosened travel restrictions to the point where ordinary Americans could visit the country on an individual basis. This enabled them to book their own lodging and flights online, an inexpensive alternative to group travel packages. The potential mushrooming in American travel bookings to Cuba was accelerated when Obama permitted major U.S. air carriers to conduct commercial flights to the island for the first time since the Revolution, along with American cruise ship voyages from South Florida to Havana.

Still, few investors knew about Cuba Ventures at the time. Marshall changed that with a successful brand-building campaign, touting the firm's Cuba expertise on global news networks like Al Jazeera, BNN (Toronto), CNN, RT (Russian Television), and Chinese Television (CGTN), while promoting Travelucion websites to prospective travelers in various U.S. media markets. That campaign contributed to Cuba Ventures' record breaking gross sales revenues of CDN \$1.6 million in the period from December 1, 2016 to February

28, 2017, with a gross profit margins of 26 percent. Today, Americans browsing Cuba Ventures' travel websites now represent 36.8 percent of the approximately 37 million annual page views for Cuba travel, up from just 6 percent in 2014.

In the wake of the firm's media campaign and growing travel bookings, its stock price reached a high of CDN 9 cents/share in April 2016 while Obama was still in office and then plummeted to CDN 4 cents/share in December 2016, just after Trump – who declared his intent to roll back Obama's Cuba trade and travel policies – was elected president. Cuba Ventures' stock price dipped further, to CDN 3 cents/share in June 2017, when Trump formally announced his more restrictive Cuba travel & trade policies.

While Trump left Havana-bound U.S. cruise ships alone, his new Cuba policy curbed “people to people” individual U.S. travel to Cuba, limiting ordinary visitors to more expensive group tours or to conducting “support for the Cuban people” activities. To remain relevant among Cuba-bound American visitors, in July Cuba Ventures acquired a 19 percent stake in a Florida-based travel agency that provides Trump-compliant U.S. group packages to the island.

With U.S. tourism prospects dampened for the moment, Cuba Ventures has moved into other Cuba related business sectors. In August, the firm signed a LOI



with Dubai-based investor group Al-Fahim Technologies Group. That deal is set to create a Cuba Financing system called CUBAFIN, making available 40 million Euros for short- and medium-term loans for active and planned investments in Cuba. That development would be significant to Cuba-centric foreign investors, since Washington's Treasury Dept. continues to penalize foreign banks for doing business with Havana, using the embargo to deprive the island of credit.

News of that deal likely impacted Cuba Ventures' stock price, which spiked to CDN 8 cents/share that same month, before dropping to CDN 6 cents/share by early September 2017.

By November Cuba Ventures' stock was up again, this time to a record CDN 16 cents/share, following the official release of Trump's new Cuba regulations, which proved less severe than anticipated. But it was a deal announced at the end of that month which sent the stock price skyrocketing: In partnership with Spain-based Vesilen Investments, Cuba Ventures an-

nounced it would develop a digital mobile application called Revolupay® to target Cuba's US\$ 3.4 billion remittance market and its US\$750 million private sector. Connected with that structure: Cuba Ventures' proprietary cryptocurrency @CU Coin, intended for use in the multibillion tourism markets of the Caribbean and Cuba.

So far that news has been a game-changer for Cuba Ventures. Since late November, the firm's stock rose to unprecedented levels, reaching CDN 43 cents just days before Christmas. Some analysts speculated that the news of its own cryptocurrency drove investor interest in Cuba Ventures at a time when the stratospheric rise of Bitcoin's value made world news. Others say that Cuba Ventures' plan to disrupt Western Union's domination of the Cuba remittance market (which could carry into other international remittance destinations) was the decisive factor. “The cryptocurrency aspect I don't believe is important,” said one veteran Morgan trader, who spoke on background. “However, the challenge to Western Union's pay system dominance could be something.

If that got up and running and proved to be useful, then I think that would turn the earnings of the stock.”

Revolupay is scheduled to officially launch in February 2018 for Cuba; if successful it could be replicated in larger Latin remittance markets, like nearby Dominican Republic (which receives US\$5.5 billion in remittances a year) and Mexico (which receives US\$30 billion in remittances a year).

Ultimately, what could further the growth of Cuba Ventures' stock value is the same thing that could improve all aspects of foreign investment and travel to the island: An improvement in U.S.-Cuba relations. In an interview with BNN, Marshall asserted that political transition in Havana – now set for April with Raul Castro stepping down – will give the Trump administration an incentive to “cut a better deal” with that country to reignite U.S.-Cuban trade. If such developments occur, they could take Cuba Ventures and other Cuba-centric investments to a whole new level. ★