Swiss WorldCargo
Facts & Figures: The airfreight division of SWISS & the Air Cargo industry
Urs Stulz
Vice President, Head of Central Services Cargo
28 April 2015 – ETH Zurich
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World merchandise exports rose 2.1% to $18.301bn in 2013…

Airfreight - approximately a mere 1% of the volume of global trade
Airfreight - approximately a mere 1% of the volume of global trade but...

...represents 35% of the global trade value.
How is cargo transported? 50% is transported on freighter aircraft due to need of high capacity on trunk routes.

+/- 50% ...IS TRANSPORTED IN FREIGHTER AIRCRAFTS
How is cargo transported? But still 50% is left on belly capacity (more destinations, frequencies)
70% of airfreight is... +/- 70% ...CONSOLIDATED BY FORWARDERS
But not all airfreight is consolidated...

+/- 30%
... IS NON-CONSOLIDATED
Many shipments require special handling – they are delivered directly to the airline and generate higher margins.

+/- 30% ... IS NON-CONSOLIDATED

We care for your cargo.
Switzerland is home to leading companies in many sectors and Swiss WorldCargo makes sure their business flows seamlessly.

We care for your cargo.
Air freight is an important competitive factor for the Swiss economy as well as the global economy.

Air cargo services via Swiss airports are a basic necessity for Swiss businesses.

One-third of all exports and one-sixth of all imports (by value) are transported by air.

The passenger flights offered from and to Switzerland depend directly on air cargo volumes and demand.

Industry and commerce see a need for selected infrastructural improvements.

Air cargo in Switzerland secures over 200,000 highly-skilled domestic jobs.

Globally, the air cargo industry serves as a key engine of economic growth and development, supporting trade and promoting connectivity.

(a study of the University St. Gallen, 2010)
Our world (Air Cargo) is getting very, very difficult

World International Air Express, Air Freight, and Ocean Freight Revenue Mix

(Source: Boeing Air Cargo Forecast, Global Insight, TSA estimates, ACMG & FedEx Analysis; CATS Seabury)
Capacity Growth (I) New passenger fleet adding more belly capacity

Tons of new cargo capacity from aircraft deliveries

- Pax fleet new belly capacity
- Freighter fleet new capacity

Source: IATA, Ascend, 2014
Regulatory bodies aren’t exactly making our lives easier...
Swiss WorldCargos Vision is to keep and extend its position in Quality and Information Leadership

VISION
Making sustainable global trade happen as *the* virtual integrator

MISSION
*We* use our unique strengths as a reliable and innovative service provider within the Lufthansa Group focusing on care intensive logistics solutions.

*We* inspire our people and engage our partners in continuously delivering superior quality.

*We* care for your cargo.

VALUES
“*We* are true to ourselves and don’t pretend to be something we aren’t.”

“*We* do things properly or we don’t do them at all.”

“It’s the small things that bring us closer to our customers.”
Focusing on industries, enabling us to remain the airline of choice for high-value, care-intensive logistic solutions

Precious commodities, banking & luxury goods
Pharmaceutical & healthcare
Postal business

OUR TEAM
- Thorough understanding of industry specific needs
- Dedicated specialists with in-depth industry expertise
- Committed team adding-value to logistic chain
- Competence center

BENEFITS
- Design and optimize supply chain management
- Premium industry-specific solutions
- Focus on care intensive consignments
### Avoiding the Commoditization Trap

**World International Air Express, Air Freight, and Ocean Freight Revenue Mix**

<table>
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<tr>
<th>Year</th>
<th>Integrators</th>
<th>Airlines</th>
<th>Ocean</th>
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<tr>
<td>1994</td>
<td>55%</td>
<td>59%</td>
<td>55%</td>
</tr>
<tr>
<td>2004</td>
<td>59%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>2012</td>
<td>65%</td>
<td>55%</td>
<td>55%</td>
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**Commoditization Barrier**

- **Non-consolidation, special cargo, high value**
- **Consolidation, customer procurement power**

Source: Boeing Air Cargo Forecast, Global Insight, TSA estimates, ACMG & FedEx Analysis
The Swiss WorldCargo Strategy Triangle as the basis for our success

Customer Satisfaction – Comparison with OAL

Worldwide

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<th>OAL</th>
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<td>Δ to 2013</td>
<td>+1</td>
<td>+1</td>
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Expertise and Passion: Culture, People, HR, Training & Development, Knowledge Management & Communication
The Voices of Swiss WorldCargo’s Customers

“When you want something special, you go to a boutique, not to a supermarket: that is Swiss WorldCargo!”

“We particularly appreciate Swiss WorldCargo as a quality carrier offering reliable service for time critical businesses and special product types such as High Valuable Cargo, e.g. Pharmaceuticals, Fashion, Watches, Precision Instruments.”

“Certain shippers are willing to pay extra for better airlines and logistics service providers – but shippers can’t tell [which are better]”
Important cargo contribution to the profitability of Swiss International Air Lines

2013

Revenue Cargo 11%
Revenue Passengers 89%
With UAVs already commercial, when will they complement our industry?

A third of freight forwarders foresee cargo drones by 2029

More than a third of freight forwarders believe drones will be used for the future distribution of cargo and 42 per cent of logistics carriers believe their business will use such robot aircraft in future.

The drones, also known as Unmanned Air Vehicles (UAVs), are expected to provide cost savings for logistics companies in the long term because they are expected to use less fuel than manned aircraft. The survey of freight forwarders and carriers, carried out by the National Aeronautic Centre (NAC) from 28 July to 11 August, also found that companies believed they would witness the introduction of drones in the next fifteen years. It is a survey by the Freight Transport Association that identified fuel as a major drive behind interest in drones. The NAC has facilities in the UK regions of West Wales and Cornwall.

Architect of the NAC and West Wales Airport managing director, Ray Mann, says: "This research shows that there is identified, tangible demand in the marketplace for UAVs capable of facilitating the transportation of goods with significant tonnage internationally."

In the survey, the highest ranking concern from logistics firms and freight forwarders was that UAVs would not be able to transport sufficient tonnage to replace typical sea, road and air freight distributions.
Sustainability – the Swiss WorldCargo Way

Creating a platform for reliable, long-term profitability, funding investments and building stakeholder value

Managing resources and our environment for future generations in innovative ways

Attracting, retaining, and motivating talented individuals and teams. Taking ownership for everything that we do
Thank you!