



Market Update



A member of the KWE Group

kintetsu world express

Airspace closures as a result of the Russia/Ukraine conflict have reduced air cargo capacity and elongated flight times

Key observations on the air cargo market since reciprocal airspace closures

1

~17%

Share of global air trade directly impacted by reciprocal airspace closures

Europe to/from North East Asia

2

-20%

Drop in direct air cargo capacity between Europe and North East Asia

Weekend of Feb 26/27 vs. weekend before

3

+2 hours

Additional flight time for carriers rerouting flights between Europe and North East Asia

Mostly European carriers & integrators

4

+?%

Air cargo rates are likely to rise as a result of:

- capacity declines
- additional fuel for rerouting
- higher fuel prices

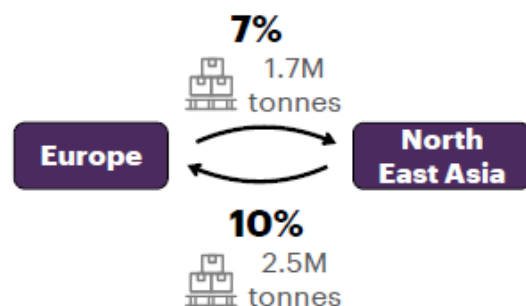
Additional details are shown on subsequent pages

Source : Seabury

Airspace closures have resulted in a -20% drop in direct air cargo capacity between Europe and North East Asia

1 Air trade between Europe and North East Asia is directly impacted (~17% of global air trade)

Europe <> North East Asia air trade, 2021
Share of global air trade



2 Direct air cargo capacity fell -20% over the weekend (or ~1,000 tonnes per day) and is expected to decrease further as more carriers cancel flights

Europe-to-North East Asia direct air cargo capacity¹, 2021
Thousand tonnes

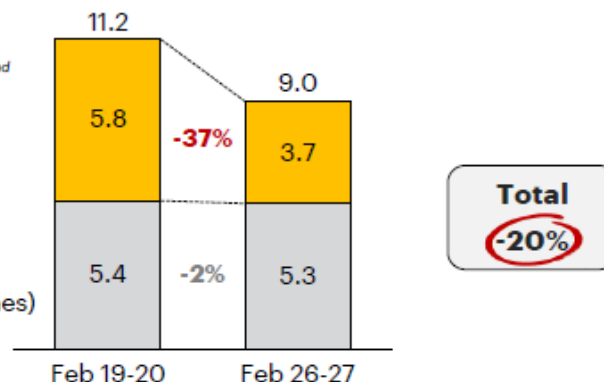
Impacted carriers

Carriers that cancelled/ rerouted flights as of March 2nd

- European (including Russian)
- Integrators
- China Airlines

Non-impacted carriers

- North East Asian (excluding, China Airlines)
- Ethiopian



Total direct capacity loss of ~1,000 tonnes per day was solely caused by a select group of airlines

Source : Seabury

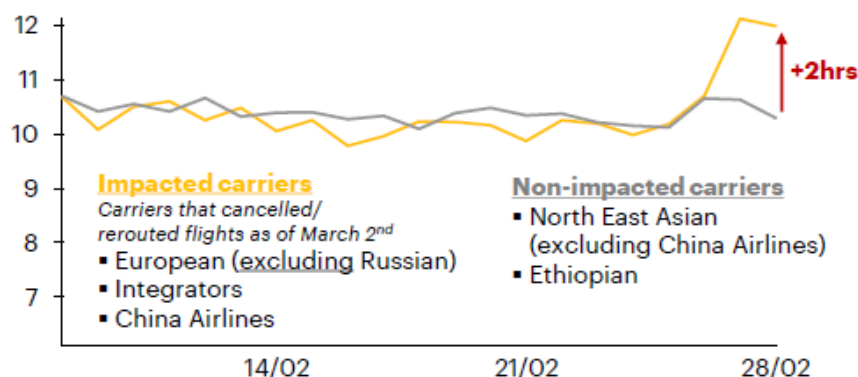
Rerouted flights between Europe and North East Asia take ~2 hours longer on average

3

Flight times between Europe and North East Asia have increased by ~2 hours (+20%) for carriers avoiding Russian airspace

Average flight time of direct Europe-North East Asia flights¹, Feb 2021

Hours



Impacted carriers

- Carriers that cancelled/ rerouted flights as of March 2nd
- European (excluding Russian)
 - Integrators
 - China Airlines

Non-impacted carriers

- North East Asian (excluding China Airlines)
- Ethiopian

4

Air cargo rates - already elevated since the onset of COVID - may see further increases in the coming weeks



Flight cancellations (by European and Russian carriers) will continue to reduce available capacity



Longer flight times may limit service frequency (lowering capacity), and may also require a payload reduction



Longer flight times (and elevated prices of aviation fuel) result in a **higher fuel bill**

Air cargo rates may see further increases as a result of capacity reductions and increased fuel cost

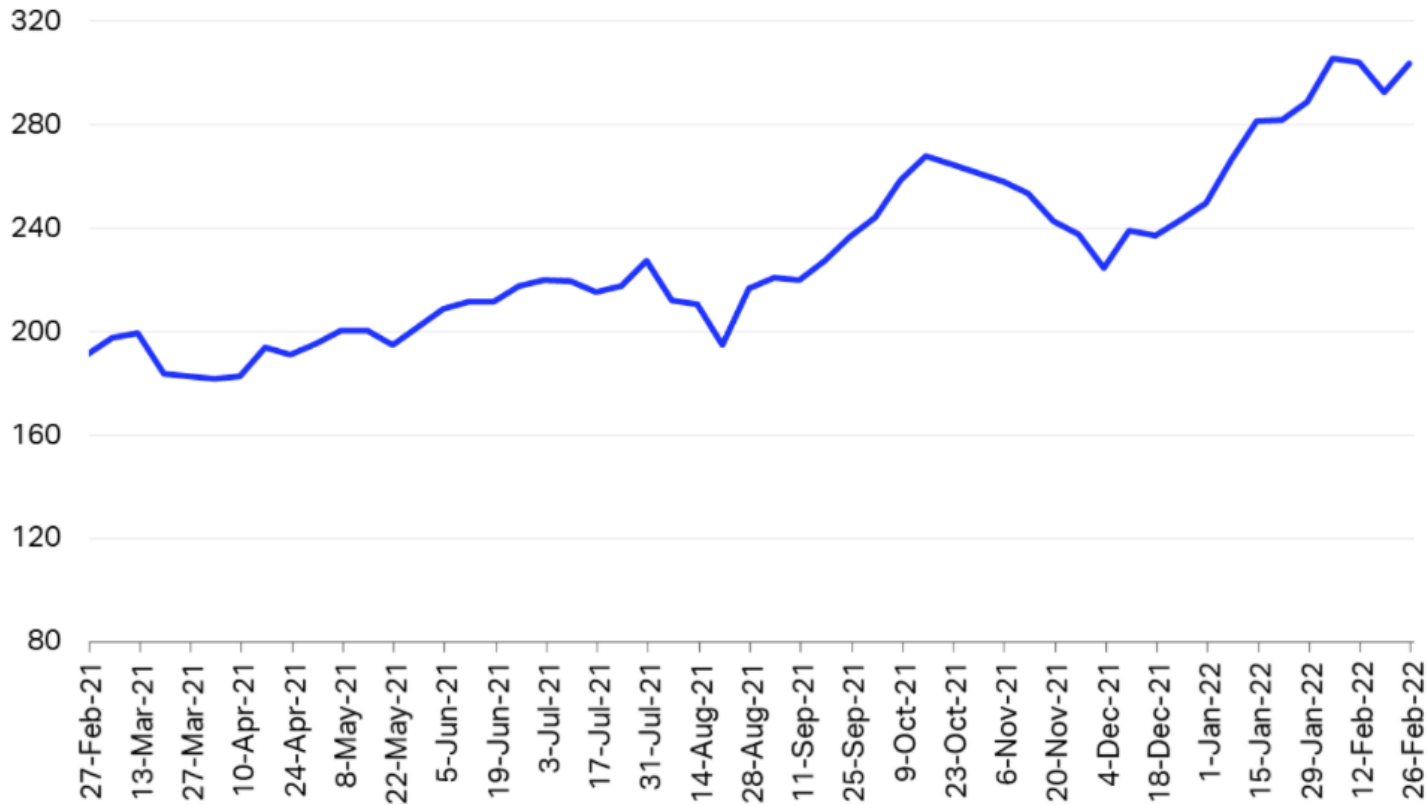
Source : Seabury

Airfreight Market Update



Jet Fuel Index Development

Jet Fuel Price Index (2000 = 100)



Source: Platts



Airfreight Market Update



FUEL SURCHARGE NOV-MAR 2022 – Example Lufthansa

- Increase of Fuel Surcharge EUR 0,85 => EUR 1,00

Achim Marlinka
Vice President Germany



Lufthansa Cargo AG
Regional Management Germany
FRA FXD
Frankfurt Airport, Gate 25
Building 451, Tower H, 4th floor
D-60546 Frankfurt

Achim Marlinka
Vice President Germany

Lufthansa Cargo increases Airfreight Surcharge to 0,85 Euro/kg

Dear ladies and gentlemen,

The sum of cost components included in our Airfreight Surcharge

Consequently, Lufthansa Cargo is increasing its Airfreight Surcharge 2022, from 0,80 Euros to 0,85 Euros per kg chargeable freight weight

Please note that the AWB issue date, not the flight date, determines the applicable Airfreight Surcharge.

Please do not hesitate to contact us for further information. We look forward to continuing our good working relationship with you.

Yours sincerely,

Lufthansa Cargo AG

Achim Marlinka
Vice President Germany



Lufthansa Cargo AG
Regional Management Germany
FRA FXD
Frankfurt Airport, Gate 25
Building 451, Tower H, 4th floor
D-60546 Frankfurt

Achim Marlinka
Vice President Germany

Lufthansa Cargo increases Airfreight Surcharge to 0,95 Euro/kg

Dear ladies and gentlemen,

The sum of cost components included in our Airfreight Surcharge has

Consequently, Lufthansa Cargo is increasing its Airfreight Surcharge 2022, from 0,90 Euros to 0,95 Euros per kg chargeable freight weight

Please note that the AWB issue date, not the flight date, determines the applicable Airfreight Surcharge.

Please do not hesitate to contact us for further information. We look forward to continuing our good working relationship with you.

Yours sincerely,

Lufthansa Cargo AG

Lufthansa Cargo increases Airfreight Surcharge to 0,90 Euro/kg

Dear ladies and gentlemen,

The sum of cost components included in our Airfreight Surcharge

Consequently, Lufthansa Cargo is increasing its Airfreight Surcharge 2022, from 0,80 Euros to 0,90 Euros per kg chargeable freight weight

Please note that the AWB issue date, not the flight date, determines the applicable Airfreight Surcharge.

Please do not hesitate to contact us for further information. We look forward to continuing our good working relationship with you.

Yours sincerely,

Lufthansa Cargo AG



Lufthansa Cargo AG
Regional Management Germany
FRA FXD
Frankfurt Airport, Gate 25
Building 451, Tower H, 4th floor
D-60546 Frankfurt

Frankfurt, 28th February 2022

Lufthansa Cargo increases Airfreight Surcharge to 1,00 Euro/kg

Dear ladies and gentlemen,

The sum of cost components included in our Airfreight Surcharge has increased in the past weeks.

Consequently, Lufthansa Cargo is increasing its Airfreight Surcharge, effective 14th March 2022, from 0,95 Euros to 1,00 Euros per kg chargeable freight weight ex Germany.

Please note that the AWB issue date, not the flight date, determines the applicable Airfreight Surcharge.

Please do not hesitate to contact us for further information. We look forward to continuing our good working relationship with you.

Yours sincerely,

Lufthansa Cargo AG



A member of the KWE Group

CONCLUSION



ROOT CAUSE

- Military conflict Russia-Ukraine

1st IMPACT

- Increase of Fuel price
- Closure of airspace in Europe, Russia and North America
- Suspension of Airline Services (e.g. Airbridge)
- Cancellation of flights to / from Asia (e.g. Japan Airlines, All Nippon Airways, Finnair)
- Re-Routing of flights through Middle East or North America

2nd IMPACT

- Massively reduced commercial capacities due to flight cancellations
- Re-Routed flights need to carry more fuel
- Additional Fuel requirement leading to reduced cargo capacities on operating flights

3rd IMPACT

- Airlines withdrawing allotments and rate agreements
- Airlines implementing strict yield management
- Rates and capacities only available on ad hoc level

4th IMPACT

- Increased rate levels
- Increased leadtimes
- Unstable rate market
- Unstable capacity
- Unstable flight schedules

THANK YOU

