



# ICAO Air Cargo Development Forum

Session 3

## Logistics Integration Model: An Industry Perspective

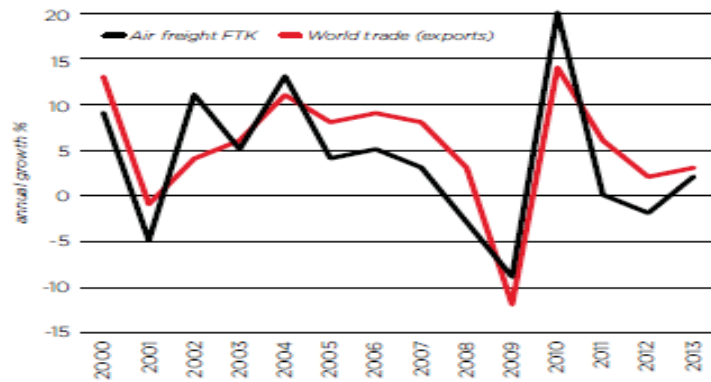
Denis Ilin

Executive President  
AirBridgeCargo Airlines  
Volga-Dnepr Group

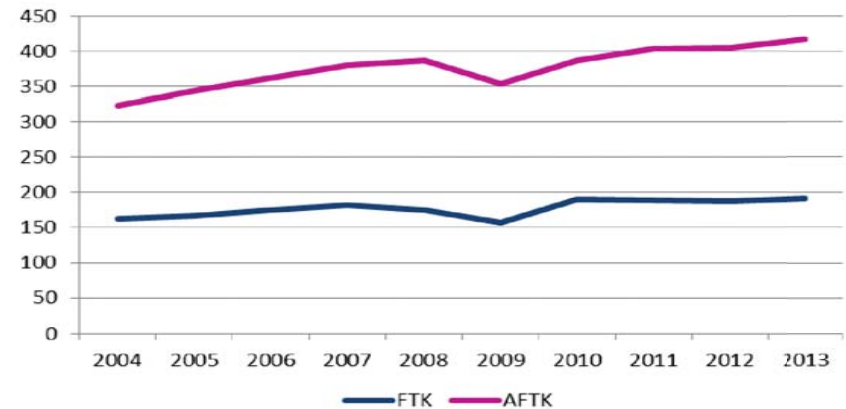
03 September 2014



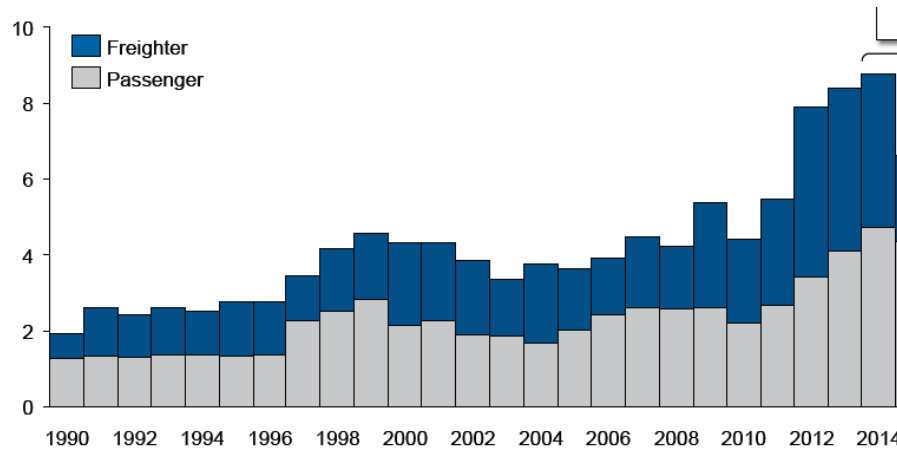
**Air Freight And World Trade Growth (IATA, WTO)**



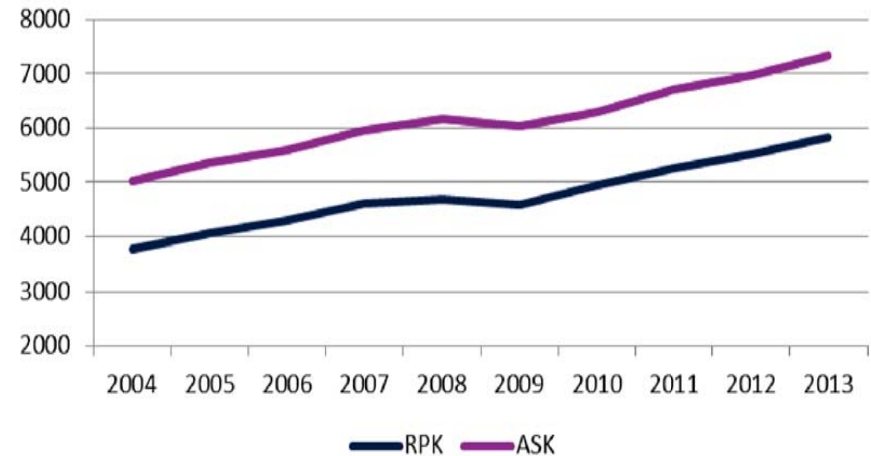
**World FTK and AFTK Dynamics (IATA)**



**Freighter & belly capacity on order (SEABURY)**



**World RPK and ASK Dynamics (IATA)**



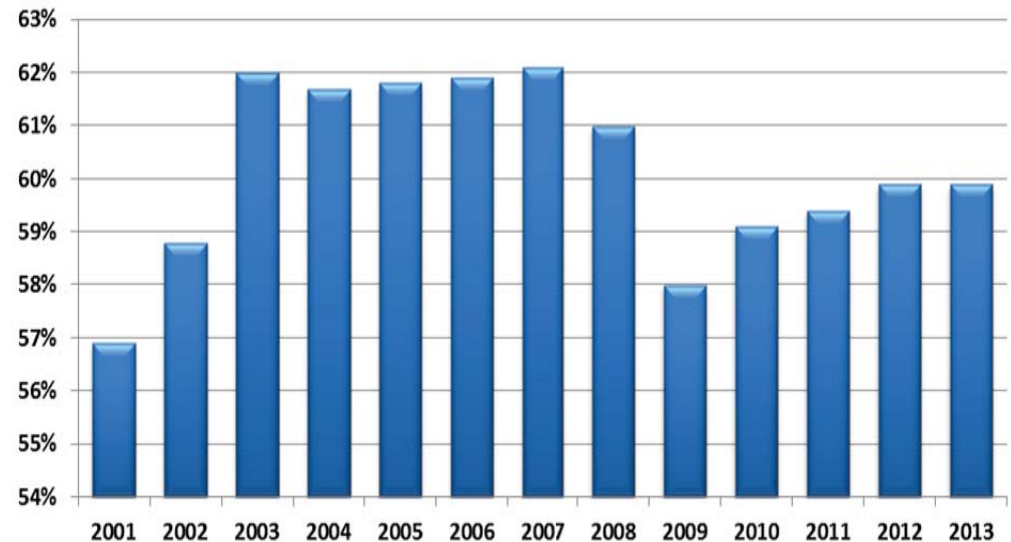
- ✓ AFTK growth has been recently driven by pax demand, not cargo
- ✓ Stop dreaming about growth and get used to exist in a 0% growth environment

# Are Freighters Needed?



- ✓ Nearly 60% of world cargo is transported by freighters
- ✓ Fewer restrictions on special cargoes
- ✓ Freighter networks do not depend on passenger gateways
- ✓ Airlines can make supply chain solutions more cost-effective

Freighters' Share *(Boeing Company)*



**Conclusion:** Market does need Freighters!

**Question:** At what price?

**Challenge:** Maintain competitive cost base and ensure positive margin





## Costs:

- ✓ Horizontal integration
- ✓ Product specialization
- ✓ Cost efficiency: lean, low cost, outsourcing
- ✓ Alliances as a vehicle to reach:
  - Either economy of scale
  - Or access to horizontal integration benefits
- ✓ Asset optimization:
  - Most efficient fleet
  - Mono type fleet with maximum capabilities (*ABC's choice of 747-8Fs*)

## Quality:

- ✓ Increase of process transparency (on-line booking, track&trace, C2K, etc.)
- ✓ Tailor made solutions (destinations, schedule and fleet)
  - Volga-Dnepr Group's Cargo Supermarket Concept
- ✓ Minimum delivery time



**13 B-747F**



*AirBridgeCargo Airlines*

**10 AN-124-100**



*Volga-Dnepr Airlines*

**5 IL-76TD-90VD**



*Volga-Dnepr Airlines*

**2 B-737F**



*Atran Airlines*

**30**  
aircraft

## ✓ **Volga-Dnepr Airlines**

*Global leader in unique and super-heavy air transportation*

## ✓ **AirBridgeCargo Airlines**

*The largest Russian scheduled cargo airline*

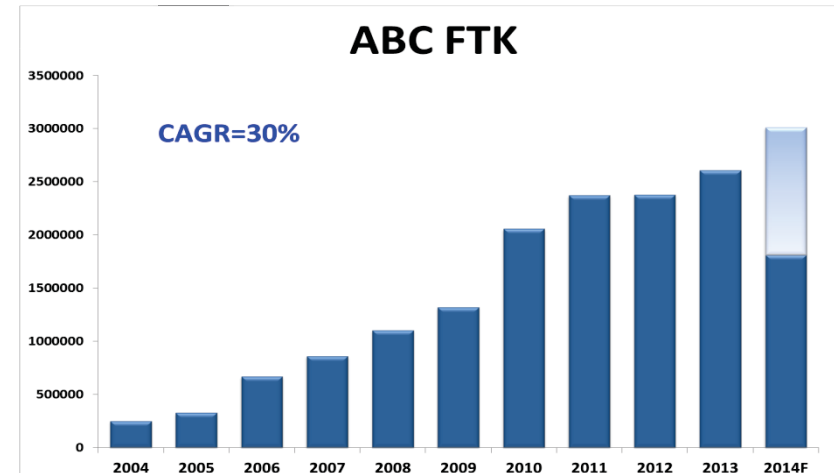
## ✓ **Atran Airlines**

*The only Russian express cargo carrier*

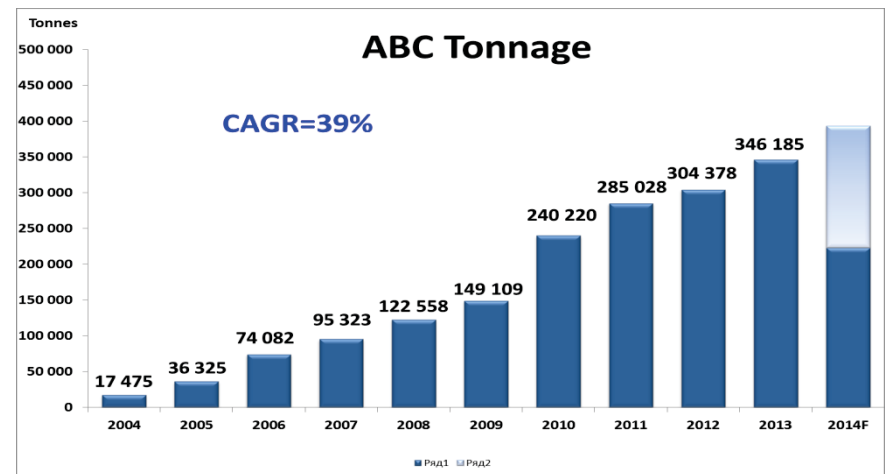
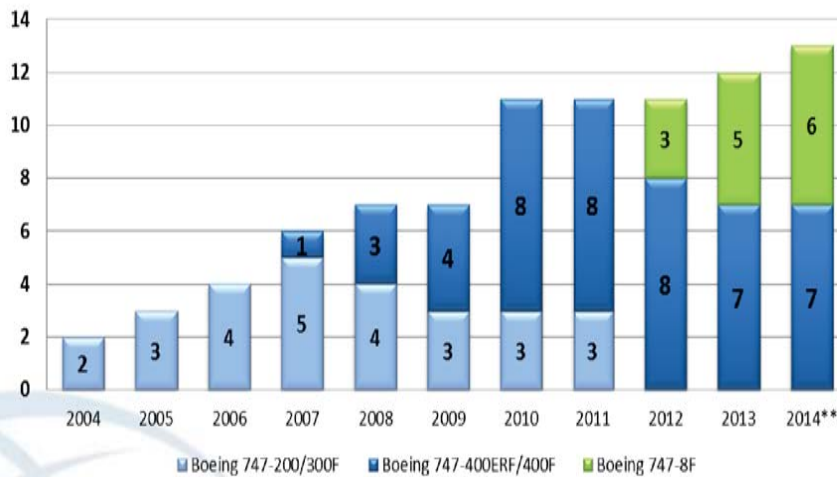




- ✓ 10 years on the market
- ✓ Global network coverage
- ✓ Best choice to Russia
- ✓ The newest cargo fleet in the industry



### ABC Fleet Development



# ABC in China



- ✓ In China since the inaugural flight in 2004 with 42 weekly departures now
- ✓ First and largest foreign cargo carrier in CGO since 2010
- ✓ 'Best All Cargo Carrier' in 28th Asian Freight And Supply Chain Awards

Destination	Weekly
AMS	15
FRA	14
MLA	5
ZAZ	2
CDG	3
LEJ	1
MMX	2
MUC	5
CGN	4
LGG	5
ORD	7
DFW	3



*Winter Schedule 2014*



*Thank you* – 谢谢!

