

BIG NEWS



INTERACTIVE BUSINESS NEWS FROM THE HEAVYWEIGHT IN AIRFREIGHT

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A bright future for Russia's air cargo and aircraft industry

Russia's growing importance in global air cargo will provide a significant boost to the development of the country's cargo aircraft market.

Addressing the Russia & CIS Aircraft Conference, Denis Ilyin, Senior Vice President for Strategy and Commercial at AirBridgeCargo Airlines, said: "Despite a certain decrease in the passenger air market, global air cargo is constantly developing and average annual growth up to 2025 is forecast at between 5.4% and 7.1%. Russia can and will benefit strongly from this. Airfreight growth in Russia over the next 17 years is forecast to be greater than that for North America, Europe-Middle East, Intra-Europe, Europe-Africa, Europe-North America, Latin America-Europe and Latin America-North America."

The development of Russian hubs in Moscow and Krasnoyarsk will greatly support Russia's air cargo development, he added. Moscow is a natural hub connecting Europe to the Middle East, Indian Subcontinent and Southeast Asia while Krasnoyarsk in the Russian Far East sits in the centre of major tradelines that

connect the USA, Europe and Canada to China, Japan and Southeast Asia.

Russia's role in global air logistics will increase from its present 1.4% share of the total US\$80 billion global market to 8% in 2015 and 16% in 2030 worth an estimated \$8.4 billion and \$25.6 billion respectively.

Cargo carried on ramp aircraft is forecast to grow at a faster rate than non-ramp aircraft. This will create many new opportunities for the Russian cargo aircraft market.

Volga-Dnepr Group, parent of AirBridgeCargo and Volga-Dnepr Airlines, the world's largest charter carrier of outsize and heavyweight air cargo, estimates an 8-10% growth in demand for ramp aircraft up to 2020. The global fleet of 479 ramp aircraft – AN-124-100, IL-76, AN-12 and C-130 freighters – currently accounts for 1.4% of the total \$80 billion worldwide market.



According to Denis Ilyin, Russian cargo airlines' share of both the scheduled and charter market using ramp aircraft is set for further rapid growth. The 1.4% share of scheduled cargo carried by Russian carriers will grow to 10% by 2020. Russia's already dominant position in the \$1 billion ramp aircraft operations market will increase from the current 74% market share to 90% in 12 years time.

This upward trend will be met by a growing fleet of Russian and Western-built freighter aircraft. By 2020, development forecasts indicate that 52 AN-124 freighters will be required to support 39% of the buoyant Russian market. Similarly, the IL-76 fleet will need to grow from 28 freighters in 2008 to 41 aircraft by 2020 to meet demand.

Russia's scheduled cargo service market – currently supported by 171 freighters in the 10-30, 30-100 and 100+ tons categories – will require 212 freighters by 2020, including 25 Boeing 747s.



AN-124 carries rocket engine for launch from sea-based platform

A Volga-Dnepr Airlines' AN-124-100 freighter has transported a 20-ton upper stage rocket engine from Moscow to Long Beach in the US that will be launched into orbit from a mobile sea-based platform located in the Pacific Ocean.

The operation was completed on behalf of RSC Energia for SEA LAUNCH COMPANY, operator of the Sea Launch Project. It specialises in launching commercial satellites.

A pedigree delivery for 316 cows from Linz to Yakutsk

AirBridgeCargo Airlines has safely transported 316 pedigree cows on two charter flights from Linz (Austria) to Yakutsk (Russia). The total shipment on board the two Boeing 747 freighter services weighed 170 tons.

The flights departed on June 9th and 16th on behalf of Merzario, a freight forwarder that specializes in live animal shipments from Europe. The consignee of the shipment was JSC ROSAGROLEASING, a Russian government agency within the State Program of Agriculture Development and Market Control of Agricultural Goods, Raw Materials and Food in 2008-2012.

An intermediate stop in Helsinki and the effort, expertise and professional approach of the ABC Load Planning



team ensured the cows arrived at their destination safely.

JSC ROSAGROLEASING representatives were satisfied with AirBridgeCargo's performance. The company is currently negotiating cooperation on similar pedigree cattle deliveries from Europe and North America to Russia. The next flights are scheduled in August from Linz to Yakutsk and from Montreal to Moscow.

Promoting Asia-to-Russia services at Air Cargo China



The promotion of all-cargo services from Asia to Russia was top of the agenda for the AirBridgeCargo Airlines team that participated in Air Cargo China in Shanghai (June 17-19th).

The bi-annual event is one of the largest and best attended air cargo and logistics exhibitions in China, attracting some 9,000 visitors. These include representatives of China's freight forwarding community and shippers.

AirBridgeCargo is the only all-cargo scheduled carrier offering a direct, non-stop, main deck freighter service to Moscow from all three key markets in China: Shanghai (Yangtze River Delta), Hong Kong (Pearl River Delta), and Beijing (Bohai Rim Economic Zone). It is also the only cargo airline offering services to both SVO and DME airports in Moscow and to offer local teams of experts to deal with all customer requirements.

IL-76 takes water treatment equipment to Volcano victims in Chile



Two seven tons water treatment installations have been delivered onboard a Volga-Dnepr Airlines' IL-76 to help victims of the Chaiten volcano in southern Chile.

Destined for the Futaleufu area, the outside dimensions of the special containers required specific tooling to be used to load the aircraft for its flight to Puerto Mont Airport. The arrival of the treatment system helped to establish fresh water suppliers for the local community which had been suffering from a chronic shortage of drinking water.

This was the first eruption of the Chaiten volcano in 600 years and resulted in the evacuation of over 8,000 local residents.

ABC awarded AOC by Transport Canada



AirBridgeCargo Airlines has been awarded an Air Operator's Certificate by Transport Canada, the Canadian government department responsible for developing transportation regulations, policies and services.

Canada requires foreign airlines to obtain its own national AOC, which attests to the airline's competence regarding its ability to conduct a safe operation and clearly defines who is in charge of its safety program and policy. This is the first step towards any airline gaining permission to operate to and from Canada.

AirBridgeCargo was awarded its own AOC by the Russian Government in October 2006. This was a key milestone in Volga-Dnepr Group's strategic development plan to operate financially independent and operationally strong scheduled and charter cargo airlines.

Where to meet us



Farnborough 2008

Farnborough, UK – 14-20 July

If you would like to join us at our private suite please advise us by contacting Mariya.Musatova@volga-dnepr.co.uk

TIACA Air Cargo Forum-2008

Kuala-Lumpur, Malaysia – 4-6 November.



Volga-Dnepr Airlines and AirBridgeCargo Airlines would be glad to welcome you at our TIACA Air Cargo Forum-2008

New Regional Director for EMEA



Ludwig Hamburger has joined AirBridgeCargo Airlines as Regional Director for Europe, the Middle East and Africa (EMEA).

With over 25 years' experience in the airline cargo industry, he was formerly Regional Manager Europe for Air New Zealand. Robert Song, Commercial Director – Global, commented: "The EMEA Region is vital to the continued growth and development of AirBridgeCargo."

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