Uncertainty, complexity and speed of change has increased

World Uncertainty Index

Are we ready for ever-increasing uncertainty?

Are we ready for higher peaks and lower lows?

Source: Economic Policy Uncertainty
Demand well above pre-crisis levels, capacity not yet recovered

Global air cargo market
Change vs. same month 2019, in %

-60% -40% -20% 0% 20%

2020 2021 2022

01/20 07/20 01/21 07/21 01/22

Demand (RFK) Offer (ATK)

Source: IATA
Restart of global belly capacities affected by new corona wave

Capacity development
Change vs. same month 2019, in %

Lufthansa Cargo managed belly flights
Intercont-flights, per month

Lufthansa Cargo | Air and Ocean Freight Outlook

Source: IATA, LCAG
Capacity gap expected until 2025 due to missing belly capacities

Air cargo capacity projection
Index (2019 = 100%)

Further supply chain disruptions due to missing parts and materials
Port congestion continue as fewer ships waiting, but huge delays remain
eCommerce is becoming an important driver for air cargo

Source: IATA Monthly Statistics, internal Analysis, industry Discussions
No lasting negative impact foreseen on the air cargo market from the pandemic

5 fundamental reasons for continued growth

1. Global economies will recover. 
   by end of 2022, global GDP is projected to be 7% above Q4 2019 levels (OECD).

2. Global trade will continue.
   Specialization and economies of scale, wage arbitrage and raw material availability are still reasons for global trade

3. Air Cargo continues to transport high value goods. 
   Ocean and rail transport are not yet able to offer the USPs of air transport - speed, reliability and safety.

4. Increasing customer demands for speed.
   Hedonism will continue, driving demand for even faster product cycles and instant service. eCommerce is a significant demand driver, with cross-border trade growing at double-digit annual rates.

5. Air Cargo continues to solve problems.
   Unscheduled cargo will continue to be a significant part of air cargo demand, as there will "always be something" that can’t be predicted....

Air freight will continue to be a growing market
Important demands on a successful air cargo future

A “Phygital” future: combining a digital core with human expertise: real-time, connected and data-driven

Societal responsibility: investing and shaping a more sustainable future: fleet, sustainable aviation fuel

Evolving customer demands: Speed of change is pushing expectations to new levels: same day, eCommerce
A Phygital future:
In an “AND” world, combining a digital core with human expertise

New Ways of Collaboration

- “People’s business”: Human interaction & collaboration remains key
- Hybrid Work: in a “borderless & inclusive” world
- Winning talents will be a differentiator
- Designing meaningful jobs: develop and re-skill people
- Focus on purpose to expand perspectives

A digital core

- Think digital
- Sell online
- Fulfill digitally
- Offer digital CX
- Connect with partners
- Create value from data
Customer focus:
Finding solutions to constantly evolving customer demands

Customer experience
- In a mobile-first world everything is available within a few clicks
- Ease of collaboration and use
- Transparency and reliability
- 24/7 availability and real-time problem-solving

From supply-chain to value-chain
- Corona showed air cargo’s system relevance
- Creating value = finding new solutions
- More fluid collaboration among entire value chain
Societal responsibility: Investing into and jointly shaping a sustainable future

Investments into a modern fleet
Fleet CO₂ reduction within 25 years

-16%  -39%  -52%  -100%
DC-8  B747  MD-11  B77F  SAF

- Invest substantially into decarbonization, e.g. lightweight container, AeroShark, green Energy
- New energy-efficient aircrafts
- Support scale up of SAF production
- Implement latest innovations in ATM and flight planning
- Offer carbon neutral transportation products
The future of Air Cargo – Starting into a new normal:

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.”

- Alvin Toffler