

AIR FREIGHT MARKET UPDATE

DHL GLOBAL FORWARDING

October 19, 2022



Introducing our experts...



Indraneel Chatterjee
Global Airfreight Product
Development,
DHL Global Forwarding



Nora Imdahl
Senior Expert GoGreen Program
Management
DHL Global Forwarding



Vanya Dimitrova
Head of Sales Strategy
and Marketing,
DHL Global Forwarding

Agenda

1. Welcome & Introduction

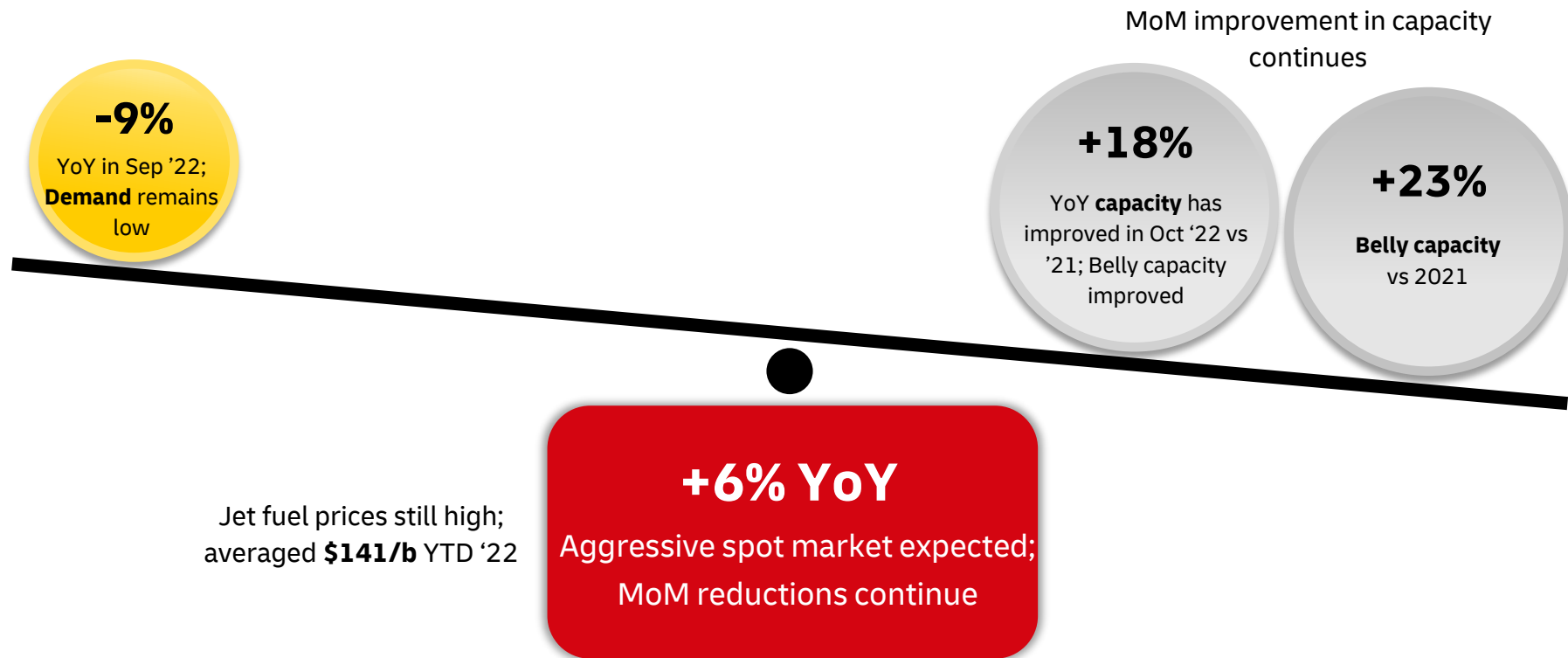
2. Air Freight: Market Update – Indraneel Chatterjee, Global Airfreight Product Development, DHL Global Forwarding

3. Sustainability in Air Freight – Nora Imdahl, Senior Expert GoGreen Program Management, DHL Global Forwarding

4. Q&A & Wrap up

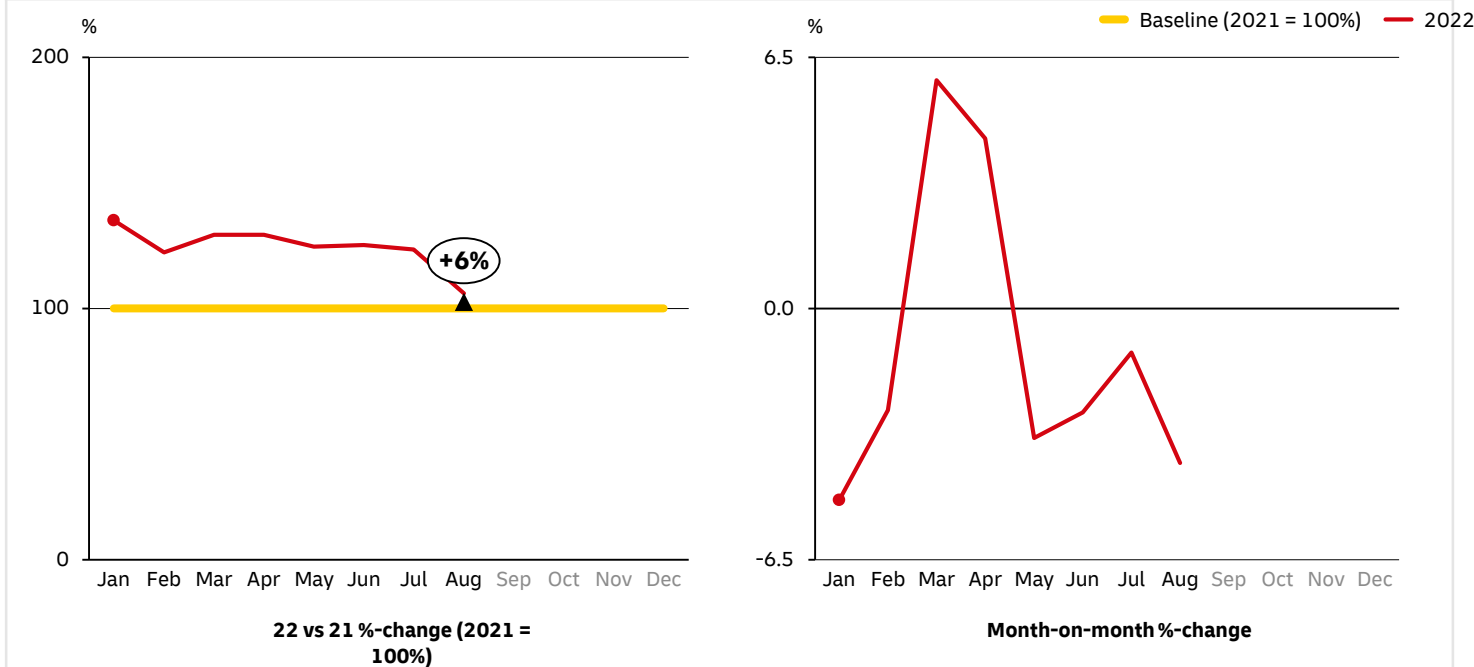


2022 – Current Market



Rates-Global Carrier Rate Development

Carrier Rate



Source: WorldACD Market Data; average freight rate including other charges

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- **Aggressive spot market** on most tradelanes as demand remains soft
- Rates still well **above 2019 levels; but could further ease as capacity continues to recover**
- Continuing return of capacity has **softened airline's yields** in recent months
- Rates likely to remain affected mostly due to **jet fuel price hike** and service disruptions
- **Fuel surcharges** likely to **fluctuate** amidst oil price fluctuations

Potential Way Forward

	↔	⚙️?	📈
	Back to pre-Covid balance	The uncertain world	Strong profits continue
Demand	↔ Macroeconomic trends (e.g., inflation) slow down overall economic growth.	? Supply chain and geopolitical issues linger causing demand to be ever so uncertain	↑ Demand remains high given high e-commerce growth and low difference of transportation cost vs sea freight
Supply	↔ Supply recovers but stabilizes around pre-Covid levels	↑ Airlines (and new players) do not maintain capacity discipline causing demand & supply to be out of sync	↑ Supply increases, but does not exceed capacity growth
Yields	↓ Load factors and yields stabilize around pre-Covid levels, ending periods of high cargo profits	↓ ↑ Yields are volatile but pockets of value exist	↔ Yields stabilize but remain high compared to pre-Covid
Implication for airlines	⬇️	⬇️	⬇️
	Optimize productivity and efficiency, retire dinosaurs	Remain agile	Grow and invest earnings

Source: IATA-McKinsey & Company

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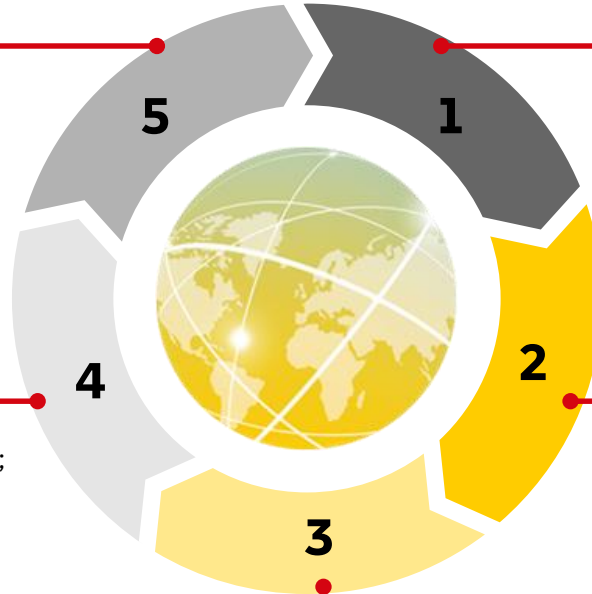
2022 Q4; 2023 Q1– What to expect?

SERVICE DISRUPTIONS

- COVID outbreaks impacting operations
- Airport backlogs, staff shortage, airport strikes
- Production delays across industries; inflation effect

ECONOMIC GROWTH

- Worldwide inflation
- UA/RU crisis; soaring energy and food prices; oil prices extremely high
- Air demand directly related to GDP growth direction



LOW BUT STABLE DEMAND

- Demand is expected to remain low on most tradelanes; Inventories high, low sales
- Manufacturing PMI index has fallen below 50
- Volume surge unlikely in peak season; demand may increase due to new Tech launches

CAPACITY RECOVERY

- Capacity at MoM recovery; will continue to improve subject to market conditions
- PAX resumption on most tradelanes; addition of belly capacity

SPOT MARKET

- Aggressive spot market expected
- Demand to remain low and capacity likely to be enough to support; fuel price will be high

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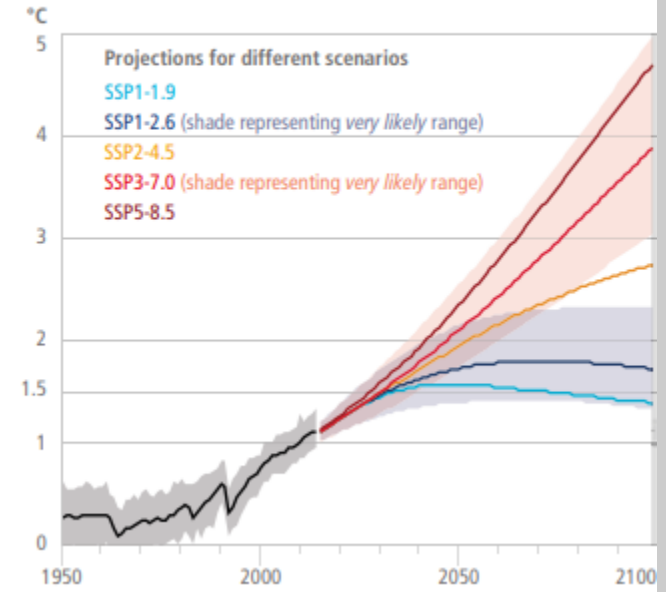


The time to act is now!



The Climate Crisis – A race we can win (UN)

(a) Global surface temperature change
Increase relative to the period 1850–1900



That's why DPDHL has an ambitious sustainability roadmap with actionable targets



Clean operations
for climate protection

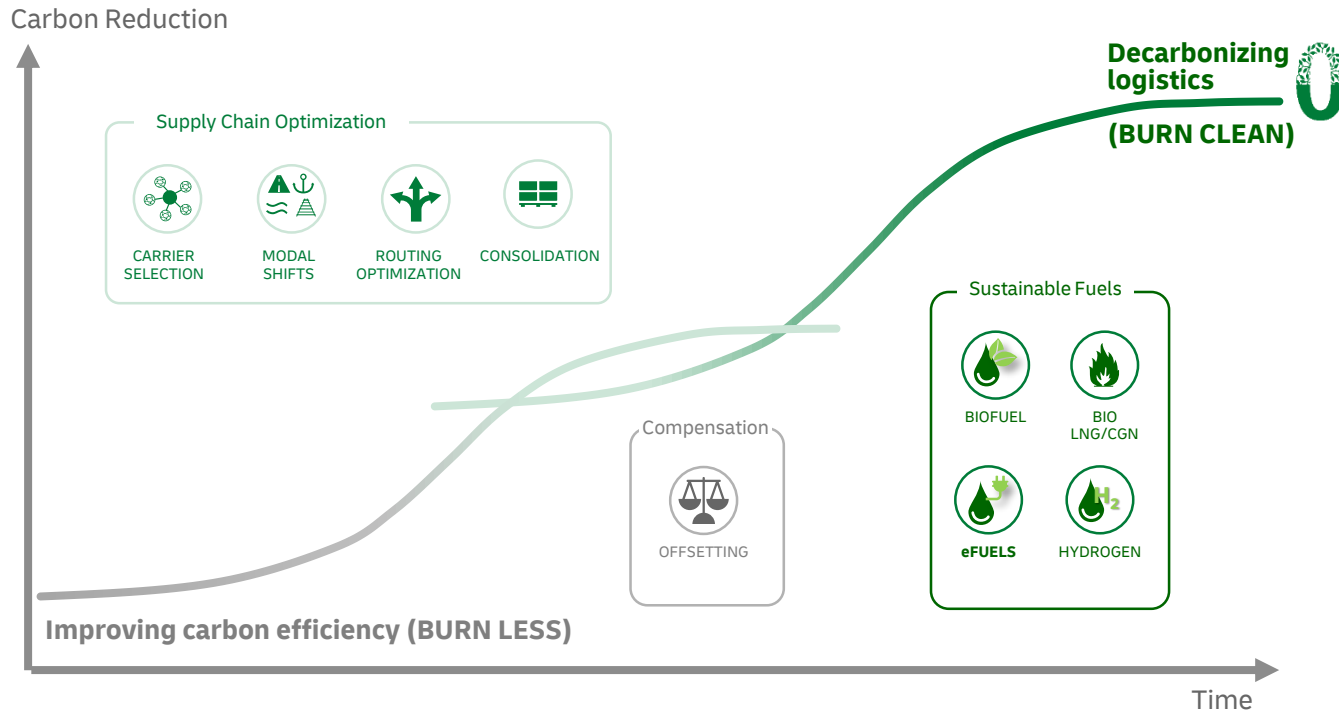


The **DPDHL sustainability roadmap** consists of three focus areas with respective ambitions

- Green last mile & line-haul
- Leader in sustainable aviation
- Carbon neutral buildings by default
- Most comprehensive portfolio of green products

Our **customers are introducing ambitious environmental targets** as well and expect us to **deliver decarbonized transport options**

Decarbonizing airfreight by burning less and burning clean



Aircrafts are close to reach their efficiency limits.

While supply chain optimization efforts still leave room for further efficiency increases, new technologies and alternative fuels are currently being developed, scaled and rolled-out.

Setting the path towards decarbonized logistics.



THREE STEPS TO DECARBONIZE YOUR SUPPLY CHAIN

1. Transparency
2. Burn less
3. Burn clean



1. Transparency – With DGF's customer portal myDHLi

myDHLi
YOUR ONE-STOP PORTAL
TO EXCELLENCE IN DIGITAL
TRANSPORT LOGISTICS.

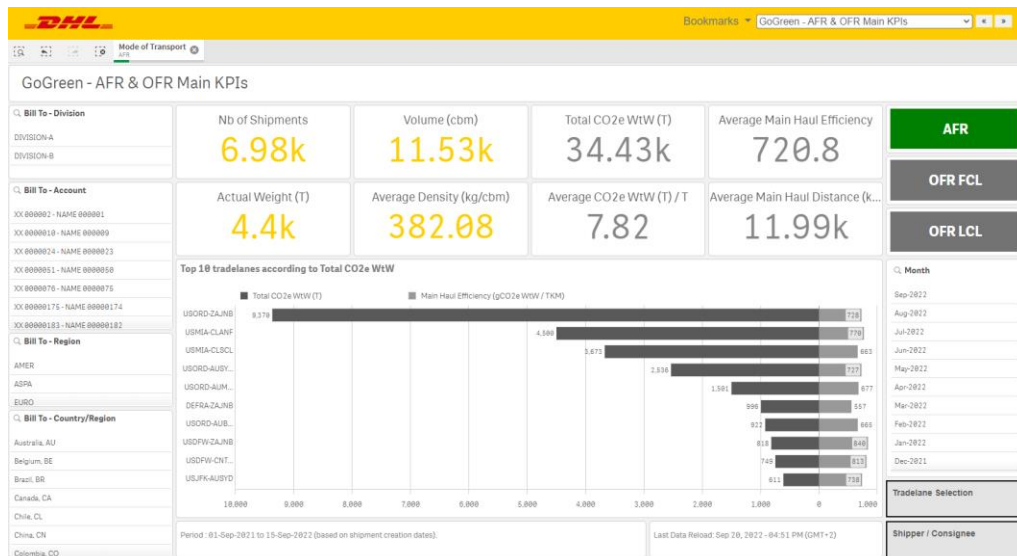
myDHLi
FOLLOW + SHARE

MISSION 2050 ZERO EMISSIONS GO GREEN

QUOTE + BOOK **TRACK** **DOCUMENTS** **ANALYTICS** **REPORTS**

Actual Departure	Mode	Total CO ₂ e TtW (t)	Total CO ₂ e WW (t)	Shipment Weight	Main Haul Distance (km)
14 Oct 2021, 09:55	✈	0.053023	0.064713	31	3132.999
30 Jun 2021, 14:29	✈	0.064908	0.079231	61	1446.692
23 Apr 2021, 05:06	✈	0.134048	0.163611	33	7488.847
01 Feb 2021, 07:44	✈	3.38816	4.135506	920	9004.809
10 Oct 2021, 13:13	✈	5.375509	6.562178	1297	8951.124

2. BURN LESS - Supply chain optimization



3. BURN CLEAN - Decarbonization with GoGreen Plus

OFFSETTING



**Compensation
OUTSIDE
the logistics
industry**



FUNDS

INSETTING



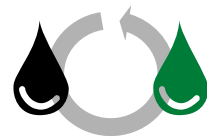
**Reduction
INSIDE
the logistics
industry**

DGF's INSETTING SERVICE



Maximum Flexibility

- Any trade lane
- One shipment or
- Some shipments or
- All shipments



Worldwide Service



**LET'S CONTINUE TO JOINTLY
DECARBONIZE GLOBAL AIRFREIGHT**



Q&A SESSION

If you have any further questions, contact your usual Account Manager or Customer Service Representative or visit us at [dhl.com](https://www.dhl.com)



Air Freight State of
the Industry

THANK YOU

Stay connected and join
our upcoming webinars



Ocean Freight



October 27
09:00 CET



October 27
17:00 CET



Rail Freight



November 2
10:00 CET