


Newsletter 

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May 2008



Strengthening our Customer Base

Looking back at 2007, Cargolux is pleased to see that despite a difficult economical environment, its top 10 customers have shown positive results in terms of tonnage and revenue development. On the other hand we confronted our clients with a decrease of customer service level during the last month of 2007. The analysis of the problem made us concentrate all our efforts on 'handling' in order to improve our service and quality levels at our Luxemburg-hub. The changes made showed immediate results as of the first month of 2008. The continued confidence and support of our customers is already showing a progression in traffic, compared to the same period last year.

With 2007 being 'history', we are looking with fresh energy at another year full of challenges. At Cargolux, we are motivated to further strengthen our position as a major player in global cargo services. Counting on your continued support and cooperation, we hope to jointly progress. Our high quality service, customer support and staff worldwide will be there to make our partnership a successful one, yet again.

In 2008, we will have again the opportunity to extend our business through the expansion of our fleet through the arrival of our 16th aircraft in July of this year. By operating this new B747-400F, Cargolux is looking at increasing frequencies to and from high demand destinations, such as Brazil, Hong Kong, and Miami.

We will also continue to focus on improving our service with regard to the transportation of pharmaceuticals, semi-conductors, and oil & gas commodities which have all taken on more importance over the past few years.

In closure, our biggest challenge will be to provide our customers with contracts guaranteeing capacity and excellent service. This is the cornerstone of our business model and is guaranteeing the operation of our network. Cargolux would like to thank you again, our valued customers, for your confidence and continued support and look forward to further developing and strengthening our partnership!

Max Panunzi, Director Global Account Management



A Challenging Year for Cargolux

The Shareholders of Cargolux Airlines International S.A. approved the company's financial statements for 2007 as foreseen in its charter.

The company's production, as measured by flown tonne kilometers (FTKs), was 4.6% higher than in 2006, reaching 5.5 billion tonne-kilometers. Tonnes sold went up by 7.9% to 702,765 tonnes. Based on IATA statistics and measured by international FTKs, Cargolux's global market share was about 4%, a slight progression on the year before. Load factors developed well and increased to 72.8% or by 0.4 percentage points on the previous year. Average system yield (US\$/kg) was US\$ 2.36, up 3.9% on 2006, mainly due to successive increases of the fuel surcharges. Capacity, as measured by available tonne kilometers, increased by 4.1% due primarily to the new aircraft (LX-WCV) which was delivered in the summer. Additional capacity was sourced via wet-leases. The company had to operate in a difficult environment characterized by only modest, sub-trend growth of the air cargo market in 2007 (+4.3%), increased competition from both Asian start-up airlines and maritime transportation – which has become more efficient and offers to some customers a less costly transportation alternative – and very high fuel prices. Nevertheless, the company had a good operating performance. For a copy of the 2007 annual report, [please click here](#).



Cargolux awarded

Following the awards received in 2005 and 2007, Cargolux was also awarded 'BEST ALL-CARGO AIRLINE 2008' by the British magazine AIR CARGO NEWS, based on around 20,000 votes of the global cargo forwarding industry.

This precious award further confirms Cargolux's dedicated efforts to ensure quality services to the company's worldwide customers.

On behalf of Cargolux's management and staff, Renate Bechthold, Manager Press & Promotions, took on the

award on Saturday, 26 April 2008 during this year's awards ceremony held at the Royal Lancaster Hotel of London. Earlier in April, Cargolux was also among the winners of the 'AWARD OF EXCELLENCE 2008', following a worldwide 'air cargo excellence survey' initiated by U.S. magazine Air Cargo World.

"These awards present a great recognition and honour for our company" states Ulrich Ogiermann, President & C.E.O. of Cargolux. "We are dedicated to offering our customers a first class service, tailored to their needs and expectations." Our staff around the world is constantly striving to achieve the highest level of service quality and we are proud to be recognized as leaders in the industry."



Ulrich Ogiermann Vice-Chairman TIACA & Chairman of TIACA's 'Industry Affairs Committee'

Covering a two-year period that started on April 15, 2007 with the election at TIACA's AGM in Cologne, Cargolux President & CEO, Ulrich Ogiermann accepted the responsibility as Vice-Chairman of The International Air Cargo Association - TIACA, as well as Chairman of TIACA's 'Industry Affairs Committee'.

In his role as TIACA Vice-Chairman, Ulrich Ogiermann will perform all TIACA duties and exercise all powers of the Chairman (currently Jack Boisen/Continental) whenever the Chairman will be unable to act or will not be available. Other responsibilities also include duties as assigned by TIACA's Board of Directors, and signature power on behalf of the association.

TIACA's goal is to promote and protect the air cargo industry and to create a fairer, freer, faster and less regulated environment that enables its representatives to truly fulfill their vital role in world trade and as a driver of global economic development.

TIACA Vice-Chairman Ulrich Ogiermann stated at the recent WTO Conference: "We need a clear vision for leveraging the bilateral system. Rapid change must come from separating cargo from the bilateral agreements; regional blocs must encourage multilateral agreements between their members. We need governments and trade organizations to seize the momentum." "Air cargo has a vital macroeconomic impact and is an enabler of globalization. It is essential to the economic viability of developing nations and a proven job creator. Air cargo is gaining in importance but is currently too restricted by the present bilateral system and including air transport services into GATS will not improve market access for cargo carriers. We need more decisive action. Full liberalization is not a wish, it is a must." For more

information on TIACA's Industry Affairs Committee, TIACA's history, and the ACF 2008: [tiaca](http://tiaca.com).



Highlighting Cargolux Italy

Cargolux's office in Milano was established in April 1981, headed by Gildo Romano, the company's Country Manager for Italy, while Bruno Margiotta, supervisor road feeder services, together with Vincenza d'Avanzo, at that time sales/reservations, joined about one month later. Today, in Milano, a total of 15 Cargolux representatives ensure the entire operation, including Sales & Reservations, and all Administrative tasks, Claims

plus Cost Control and Marketing for Cargolux's region Italy.

From October 2002 until October 2006, Cargolux operated 3 weekly flights via Malpensa Airport, in cooperation with Alitalia, to and from Hong Kong. Starting November 2007, Cargolux decided to operate its own flights, and today offers 5 weekly frequencies between MXP and Luxembourg.

Station Supervisor Andrea Bergamaschini plus an additional staff of 5 take care of all necessary tasks at Malpensa, like supervision of cargo handling, palletization, load control, flight handling, and flight operations.

In Florence, since 1996, Station Manager Vincenza D'Avanzo takes care of the operation of this region, together with a staff of 2.

Commodities from Italy mostly include perishables, especially cheese shipments destined for Japan, fashion goods, textiles (mostly of the Florence area), oil-drilling equipment, mainly to Kazakhstan and Saudi Arabia, plus cars (Lamborghini / Maserati). Around 30% of Cargolux's shipments out of Italy are fashion goods and 70% machinery.

According to IATA statistics, in Dec. 2007, Cargolux Italy ranked no. 1 in tonnages flown out of Italy, with a market share of 11.1%, representing an increase of 5% versus the previous year. Contact us at: mil@cargolux.com.



Additional Doha Frequency

Following the introduction of services to Doha, Qatar, in June 2005, Cargolux now offers two weekly frequencies to this destination. The additional service, CV 7324, was inaugurated on 6 March 2008 and is operated out of Luxembourg every Thursday with departure at 07.25 p.m., arriving in Doha on Fridays at 02.30 a.m. The flight continues at 04.00 a.m. on Friday mornings to Hong Kong, with arrival at 04.25 p.m. Returning from Hong Kong as CV 7335, the flight leaves at 10.10 p.m., arriving in Luxembourg at 06.50 a.m. on Saturday mornings.

The existing flight, CV 7521 is operated every Monday, departing Luxembourg at 09.15 a.m., with arrival in Doha in the afternoon at 04.25 p.m. From Doha, the flight continues to Hong Kong at 05.55 p.m. as CV 7532, with arrival on Tuesday morning at 07.20 a.m., before returning to Luxembourg via Budapest, with arrival in the Grand Duchy at 08.15 p.m.

On board of Cargolux's flights to Doha, mostly oilfield equipment, general cargo and project cargo, perishables, cars and vehicles, machinery and medical equipment are flown. From Doha, mainly oilwell equipment, personal effects and exhibition goods are carried. Cargolux is one of the few all-cargo carriers to offer a network which provides the oil and gas industry with origin/destination solutions, plus reliable main deck capacity.



Cargolux Presence in the Middle East & Gulf Region

Cargolux's presence in the Middle East and Gulf Region goes back to the very beginning of the company's operations. In the Gulf area, since the early seventies, the carrier has served Dubai, followed later by Abu Dhabi, and since 2001 Sharjah, on its flights between Europe and the Far East. In addition, trucking services to Oman are offered, and to Bahrain, Jeddah and Riyadh via Dammam/Saudi Arabia, plus interline services, in

cooperation with Emirates Airlines, to various destinations in the Near and Middle East region and to India.

Eastbound, mostly consumer goods and fresh produce for local distribution are transported, plus electronics and computer parts. Shipments from the area mainly consist of sea-air cargo, including local garments and carpets for re-export.

Currently, in the Middle East & Gulf Region, Cargolux operates three weekly flights to Dubai/UAE, while Abu Dhabi and Sharjah are served via Dubai, plus one weekly flight via Sharjah on its return from Hong Kong. Furthermore, four frequencies per week are operated via Kuwait, two via Doha/Qatar, and two via Dammam/Saudi Arabia. Beirut/Lebanon is served three times a week, Damascus/Syria twice a week, and Amman/Jordan twice a week. In addition, one flight per week is operated via Istanbul/Turkey. Cargolux operates four flights to Kuwait, connecting with additional trucking services to Baghdad and surrounding areas. Commodities to Kuwait include general cargo, spare parts for all industries, equipment related to the oil industry, perishables and consumer products like cut flowers and plants, meat, chocolates, etc. In addition, regular shipments of cattle and horses are flown to the area. Cargolux has supported the Kuwaiti market since 1991. Services to Dammam/Saudi Arabia have been offered since October 2005, and a second frequency was added in May, 2006, for the transportation of mainly oil drilling equipment from the United States, plus machinery and general cargo. Regular trucking services from Dammam further connect with Jeddah, Riyadh, and Bahrain. Doha has been served since June, 2005. On board Cargolux's flights to Doha, mostly general cargo, oil drilling equipment and perishables are flown.

In the Near East, Beirut/Lebanon is served three times a week, plus two flights per week to Damascus/Syria, and since March 2005, two weekly frequencies to Amman/Jordan. Furthermore, Cyprus is served by interline flights, or by sea from Beirut for oversize cargo, while Aquaba and Cairo are served via Amman/Jordan. The Lebanese and Syrian markets are almost identical in terms of imported and exported commodities. The major imports to both countries are electrical items, machinery and chemicals as well as pharmaceutical products, fashion items, flowers, and food products, while exports cover a variety of textiles, spare parts and sheep casings used in Europe for the food industry. In addition, Syria is regularly importing heavy drilling equipment and telecommunication equipment. The Syrian market has been served by Cargolux since 1992, the Lebanese market since 1998. During the past couple of years, overall, the Near East has shown a positive development. On board Cargolux's B747-400 freighters to the company's destination Amman, mostly construction equipment, machinery, and spare parts are transported, thus contributing to the growth of local industries. A considerable part of the cargo arriving in Amman is transferred to Iraq by local agents. Further expansion of the Amman service is foreseen. Cargolux currently operates one flight per week into Istanbul. On board Cargolux's flights to Istanbul, operational since 1992, mainly hi-tech items, machinery, and car parts are carried, while outbound textile products and spare parts for the automotive industry are flown.

On the way to and from Asia, the Middle East & Gulf Region is of importance to the company, and further development is foreseen. [view flyer](#).



Cargolux Interlining Opportunities

Cargolux is pleased to offer its clients a scheduled route network covering over 60 worldwide scheduled destination, plus additional flights on interline basis.

The company's flight network is furthermore complemented by its extensive European trucking network, plus its road feeder services offered in Central Asia, the Middle East & Gulf Region, in Asia/Pacific and the

USA. Please view map of [Cargolux interline destinations](#).



A Nose for Outsize!

Many engineering and construction projects are currently under way throughout the world and it is not uncommon that large, heavy and dense pieces of cargo need to be moved at short notice between continents.

Cargolux has recognized the growing requirement for the transportation of such goods. The company has invested a lot of energy and thoughts into the matter and is able to offer a tailor-made solutions for forwarders faced with extremely heavy, dense or large transport requests. Some of these outsize pieces are delicate to transport by air – they concentrate so much weight over a small area that, without proper handling, they could damage an aircraft's structure. Specialist knowledge is therefore required in order to re-distribute this weight over a wider surface and ensure a safe transportation onboard the aircraft. Thanks to the nose door that equips all aircraft in CV's fleet and to the company's specialists in the field of shoring (the art of distributing heavy loads over larger areas), Cargolux is able to transport heavy and outsize shipments on every one of its scheduled flights! Equipment weighing more than 28 tonnes must be loaded through the aircraft's nose door. The shipment height, including the shoring structure and the air cargo pallet that need to be placed underneath, cannot exceed 2.44m. Lighter shipments fit through our rear main deck door and may reach dimensions of 3.05m in height. Engines weighing over 20 tonnes are routinely transported on Cargolux's aircraft, as well as cast metal machinery parts, or large engine shafts – these often weigh over 30 tonnes, the heaviest being a 52-tonne shaft transported in 2007. For further information regarding possibilities for transporting very dense, heavy or outsize shipments, please contact Cargolux's sales or reservations department (sales@cargolux.com or reservations@cargolux.com).



Moving Big Loads

Forwarder Dachser Air & Sea Munich, recently entrusted Cargolux with a shipment containing a massive steel rotor weighing solid 9 tons, for loading onboard CV 7327 with final destination Bangkok. Mr. Christoph Hintz of Dachser explained that the most challenging task was to find an appropriate carrier, capable of loading and flying this 10 meter long crate with the heavy rotor to Bangkok, and to meet his client's requirements.

Cargolux proved to be the perfect carrier for this heavy shipment, most professionally handling and loading the big piece through the company's B747-400F's nose door. In Bangkok, offloading was also done to the full satisfaction of both, the forwarder, and the customer. Mr. Hintz advises that he received this contract from an international enterprise specializing in the construction of such heavy machinery, within a competition for this project, and that he had maintained a successful cooperation with this company for many years already.



When Expertise is Required

This famous GLEASON threaded-wheel grinding machine is another proof of what Cargolux's B747-400 freighters can accommodate and safely transport on long distances to the client's entire satisfaction. The grinding machine, produced by Gleason, Munich (www.gleason.com) was trucked from Munich to Luxembourg, from where it was loaded under expertise supervision on board CV 7425 and flown to Seoul /

Korea end of March where the machine was first shown at the 13th Seoul International Machine Tool Show - the SIMTOS - from April 8 - 13, 2008, then delivered to Gleason's customer in Korea. Gleason is a well-known producer of such machinery and exports them on a worldwide basis. The company has used Cargolux's services many times via Cargolux's office in Munich.



Racing Down Under

This nice looking 'Delage D6 Grand Tourisme - 1929' is owned by Garage Werner Esch of Luxembourg and was flown on board Cargolux to Melbourne on March 16th, in order to participate in a rally in Australia. It was returned via Los Angeles - also on board one of Cargolux's freighter- last week. The agent ELP, Luxembourg / Theo Weirig - with whom Cargolux has a longstanding good relationship - confirms that both the rally and the transportation were successfully concluded.



Cool Chain Association

The Cool Chain Association (CCA) was founded in February 2003 with the common goal to establish an association that can harmonize the global movement and handling of perishables and temperature sensitive products (PTSP) to the benefits of the consumer and the supply chain participants. Since then, CCA has developed a new standard for the Industry named CCQI (Cool Chain Quality Indicators). The final manual, covering all logistic providers, was published in February 2005, just 2 years after the incorporation of CCA. This new standard is the first attempt ever to set standards for the entire logistics industry in the handling of PTSP. It is the aim of the CCA to make the CCQI Standard a part of the selection criteria for retailers & brand-owners to find their supply chain providers. CCA will continue to lobby relevant government and official bodies with the target to establish clear standards of rules and regulations around the world.

Cargolux has been an active member of the Cool Chain Association since its start in 2003.

Official Cargolux Representative at all CCA events is Stavros Evangelakakis, Manager Sales, Area II, just being elected to the CCA Board in May at CCA's AGM.

CCA is a non-profit organization and aims to represent everyone involved in the cool chain.

For more information/contact, view www.coolchain.org



Meet us

Cargolux will be present at the next Air Cargo Handling Conference In Frankfurt on June 09th and 10th, where Pierre Wesner, Vice-President, Europe, Central Asia and West Africa will act as Chairman on day one.

web site: www.evaint.com/Conferences.aspx

On June 24th and 25th, Franco Nanna, Head Of Network Support, will represent Cargolux at the 3rd Reefer Logistics Conference in Antwerp, Belgium, and speak on topic: 'The Advantage of Air Cargo'.

On July 1st, Stavros Evangelakakis, Cargolux Sales Manager, will be speaking at the Cool Logistics Conference in London on topic: 'Time Sensitive Products by Air'.

web site: www.navigateconferences.com/coollogistics2008.html.

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