



Air Cargo Market Outlook and Freight Fleet Forecast

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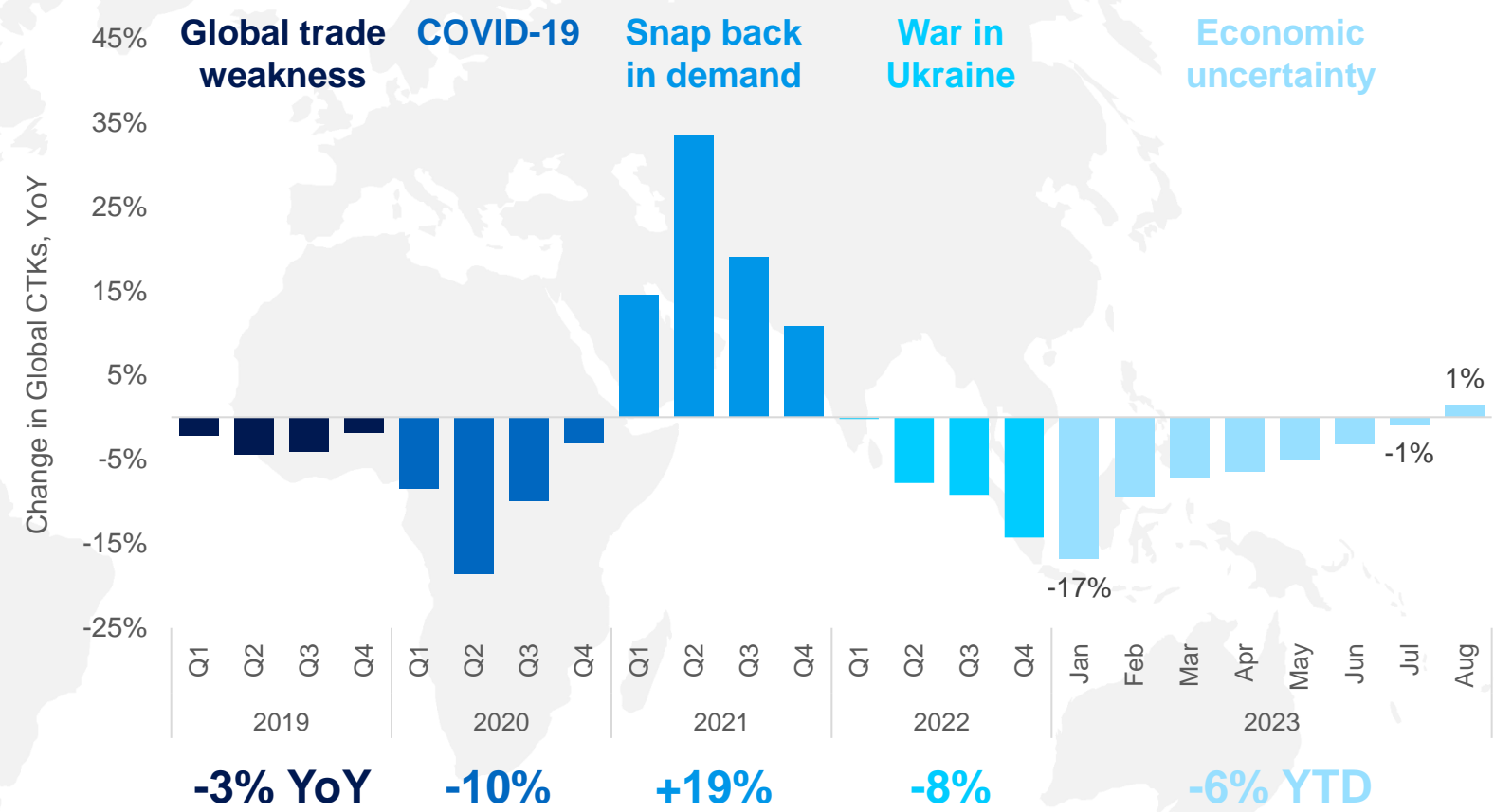
World Air Cargo Forecast

Global traffic YTD remains down vs. 2019 but bottomed out in January

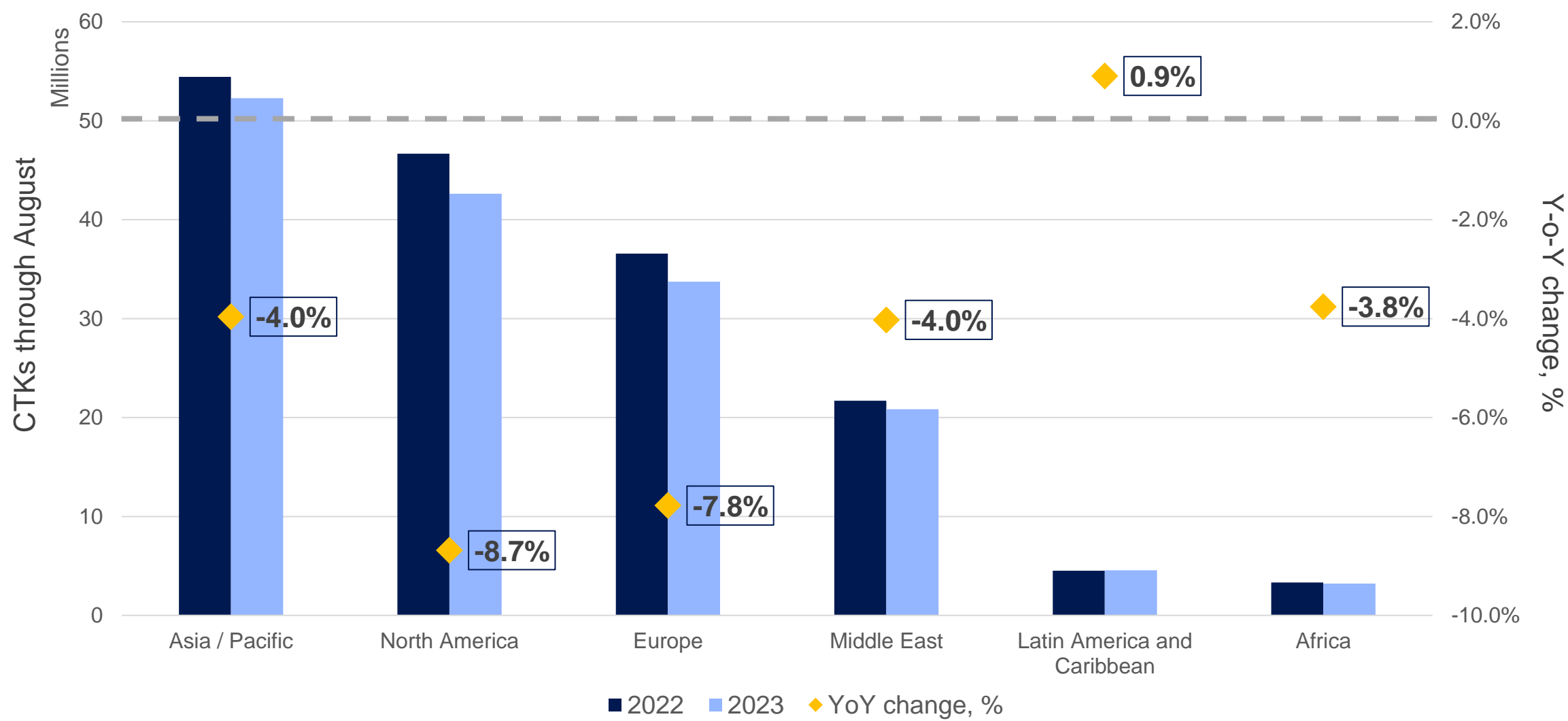
In Jan-Aug 2023, traffic was down

-5%

vs. the same period in 2019



All regions' cargo carriers, except Latin America, with lower y-o-y traffic growth YTD 2023 vs YTD 2022

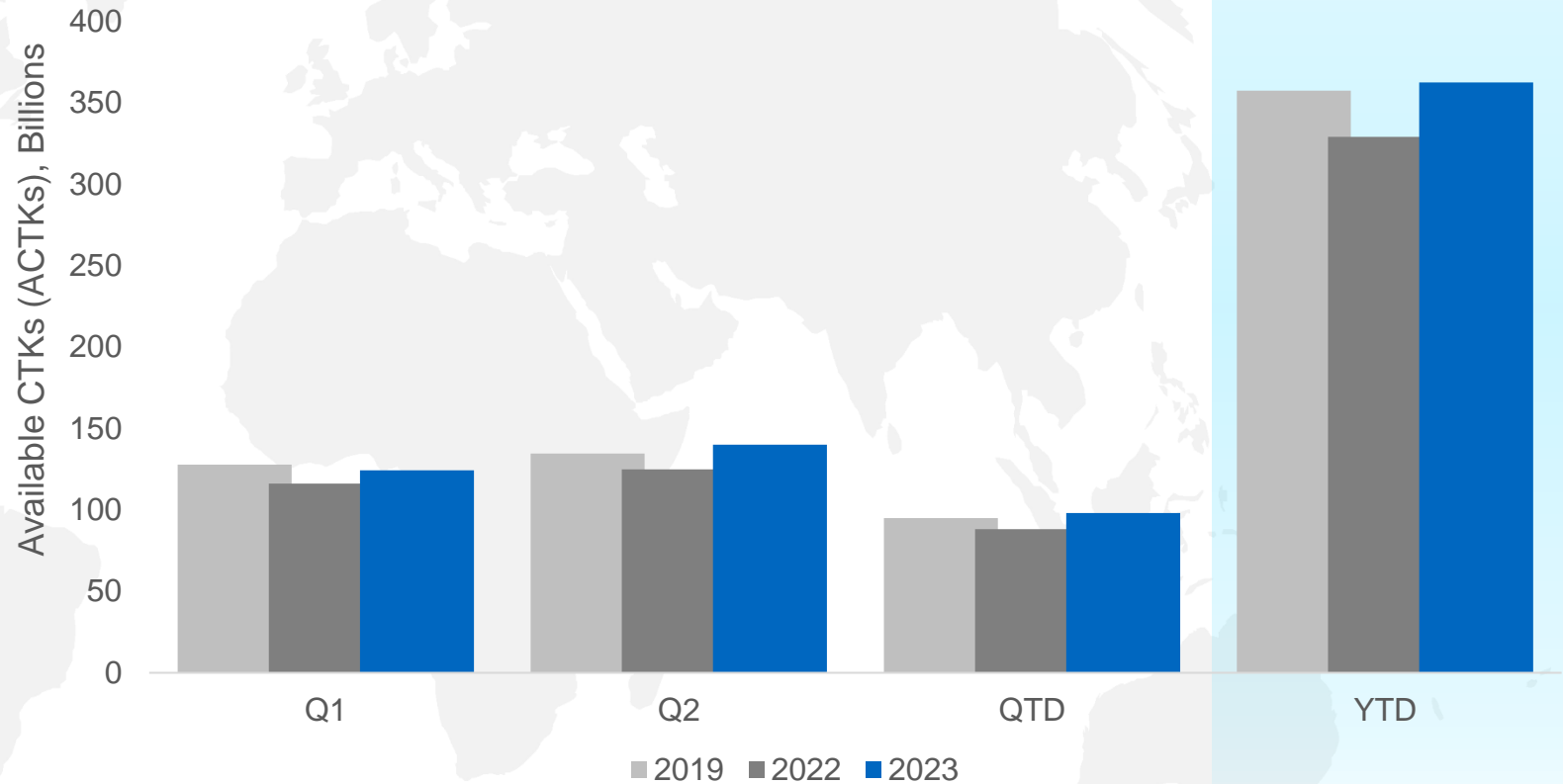


Global air cargo capacity YTD remains flat vs. 2019

In Jan-Aug 2023,
capacity was up

+1%

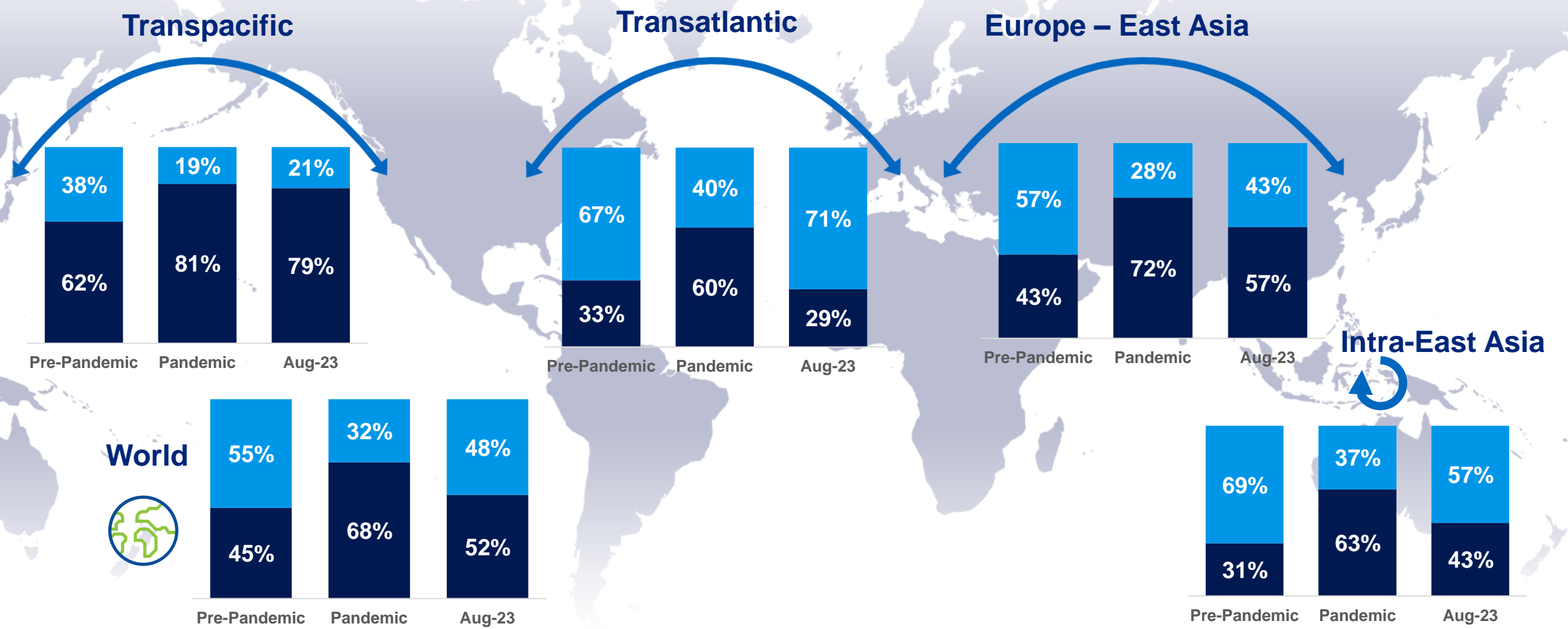
vs. the same period
in 2019



**+10% YTD
vs. 2022**

Industry remains reliant on freighters, even as passenger widebody capacity returns

Freighter vs. Passenger Widebody Cargo Capacity Share (%)

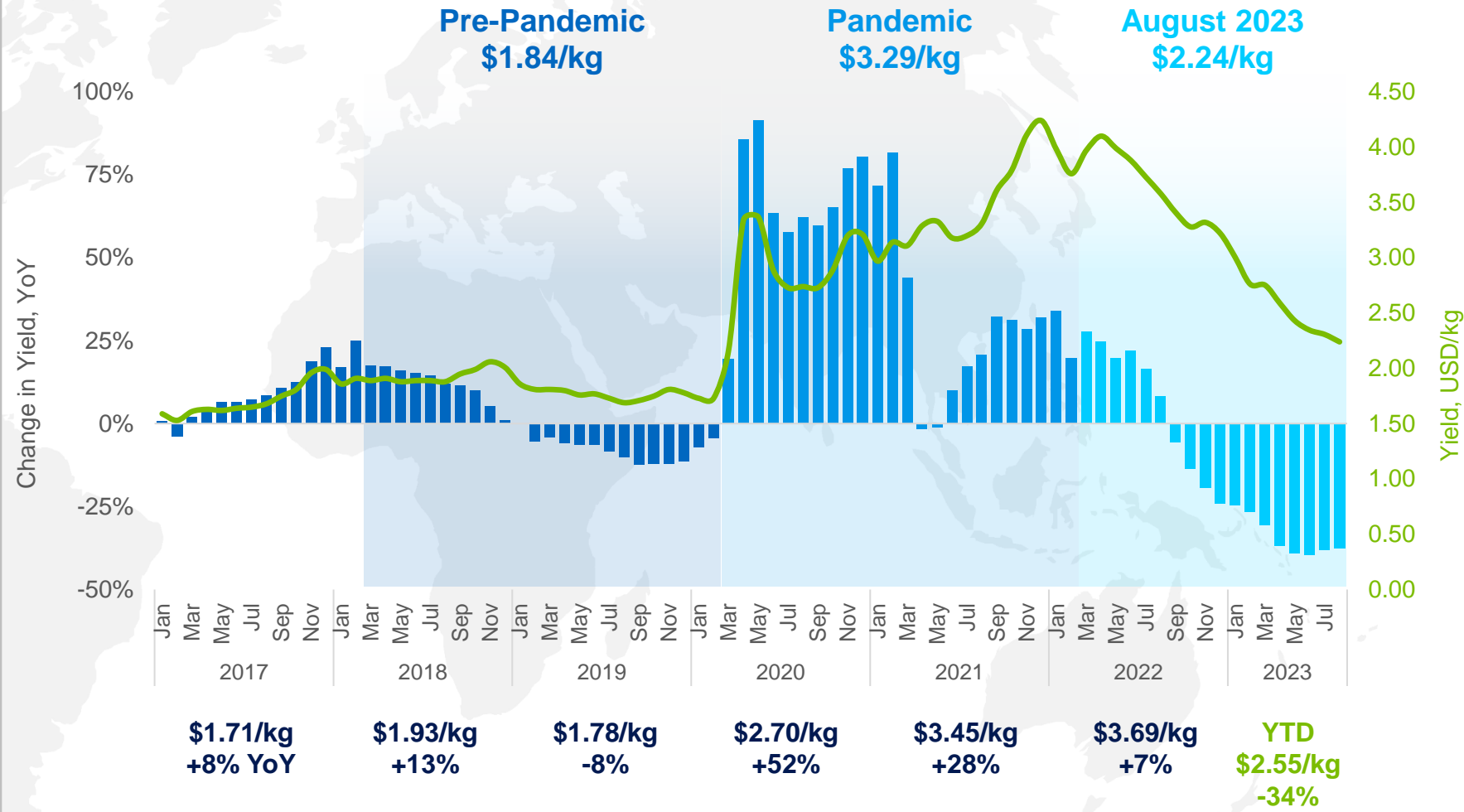


Global air cargo yields remain elevated

Year to date, global air cargo yields remain

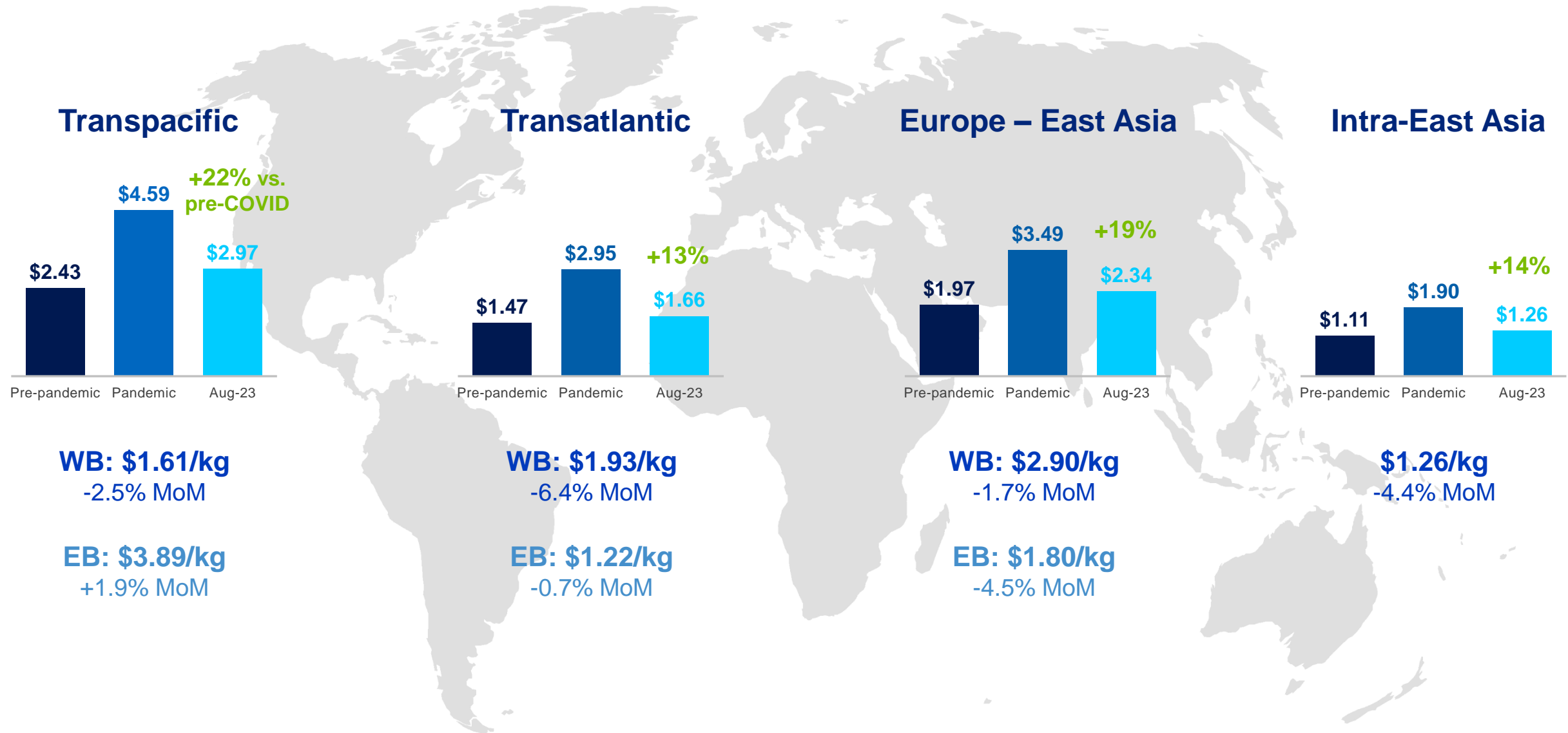
39%

higher than the pre-pandemic average



SOURCE: IATA CargoIS; **Pre-Pandemic** = March 2018 to February 2020 | **Pandemic** = March 2020 to February 2022

Global air cargo yields vary by major flow, but remain elevated



Despite current challenges, the world air cargo market is resilient

Air cargo has grown an average of

2.7%

per year since the global financial crisis

Global CTks, Billions

80
70
60
50
40
30
20
10
0

2008 Q1
2009 Q1
2010 Q1
2011 Q1
2012 Q1
2013 Q1
2014 Q1
2015 Q1
2016 Q1
2017 Q1
2018 Q1
2019 Q1
2020 Q1
2021 Q1
2022 Q1
2023 Q1

Global financial crisis

European debt crisis

Chinese stock crash

CN-US trade tensions

COVID, war in Ukraine, high inflation



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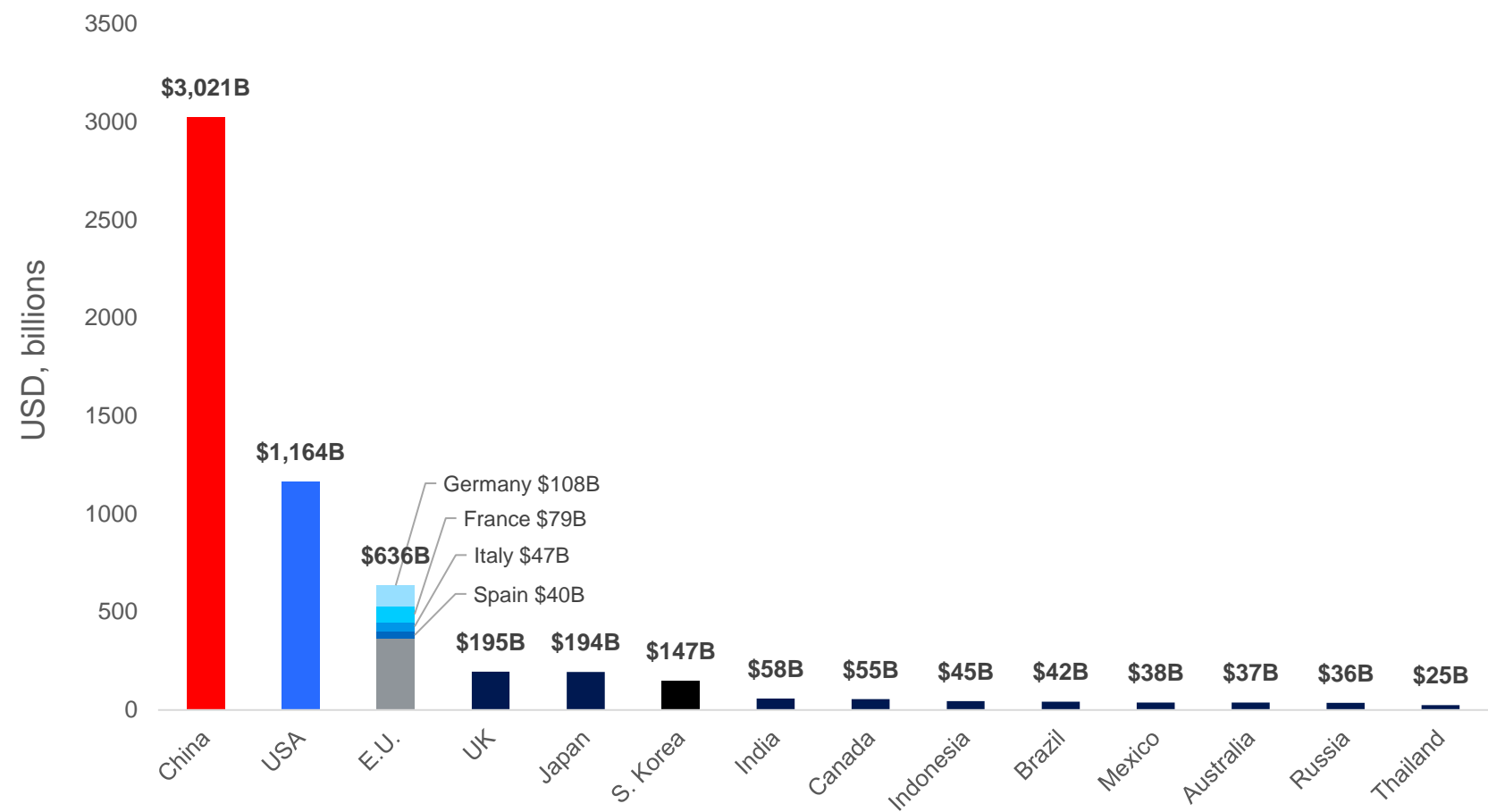
E-commerce market will continue to provide a boost to air cargo growth

China is the world's

#1

largest e-commerce market in 2023

2023 projected E-commerce revenues



SOURCES: Insider Intelligence eMarketer; Statista; Cargo Facts Consulting

Supply chain risks impact the US-China air cargo market

Geopolitical tensions, natural disasters, cyberattacks, and pandemics are elevating risk.

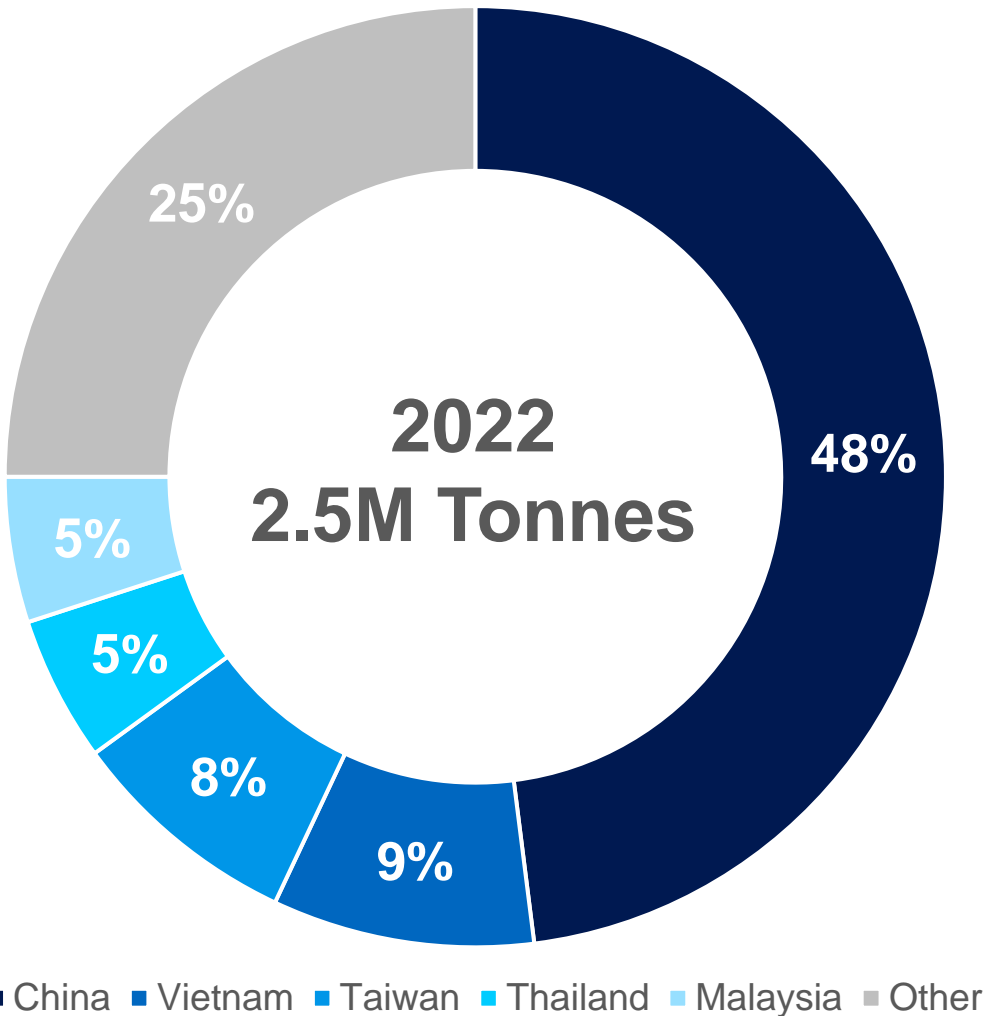
Shocks that disrupt supply chains for a month or more occur every **3.7 years** on average.

McKinsey August 2020



Diversifying supply chain strategies boosting air cargo from several East Asian countries

Share of 2022 East Asia to US Air Cargo Tonnage, %



SOURCE: US Census Bureau FT920.; low value shipments not included

Air Cargo Tonnage to US, 2017 vs. 2022

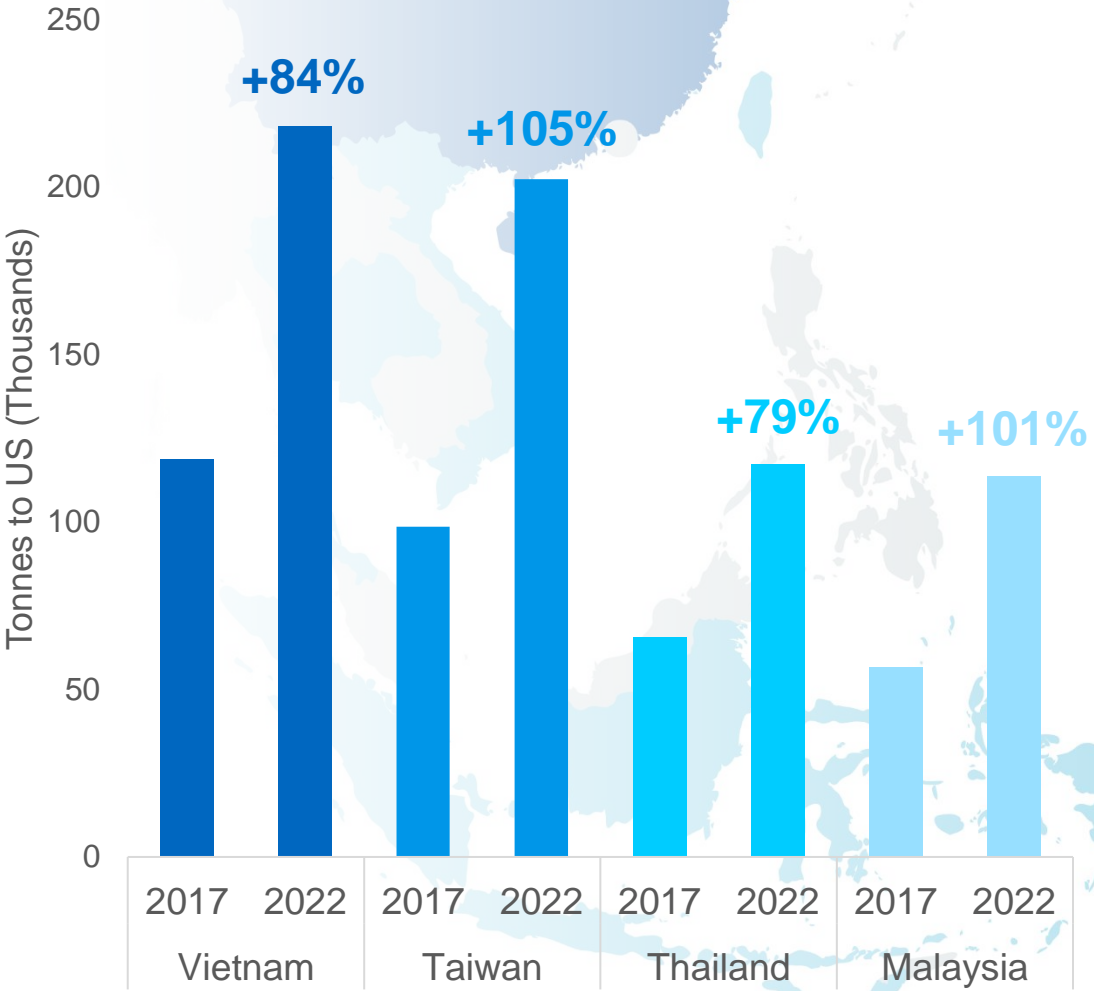




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Asian markets will lead air cargo growth over the next 20 years

3.0%
World trade



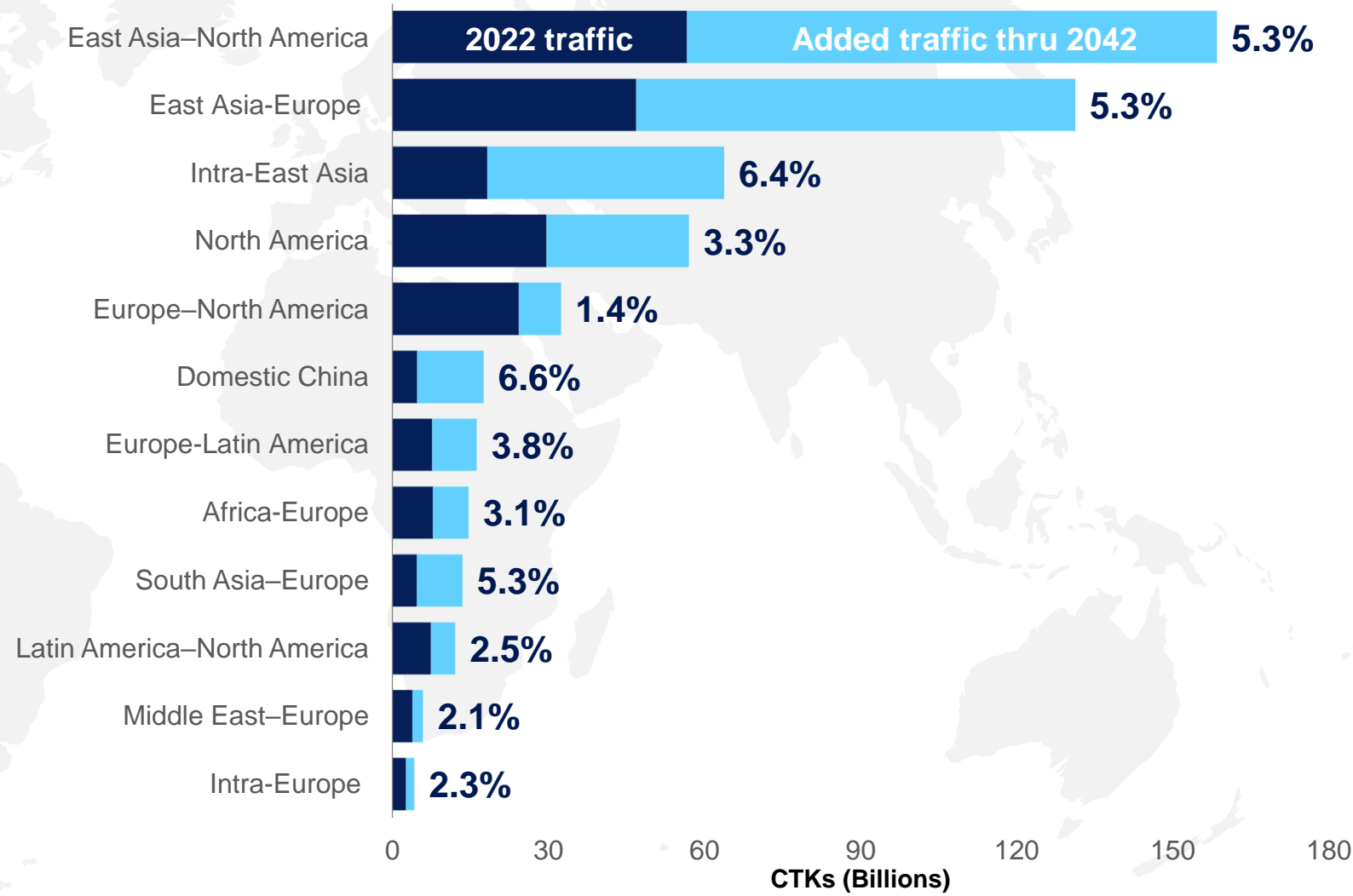
2.6%
World GDP



4.5%
Cargo traffic



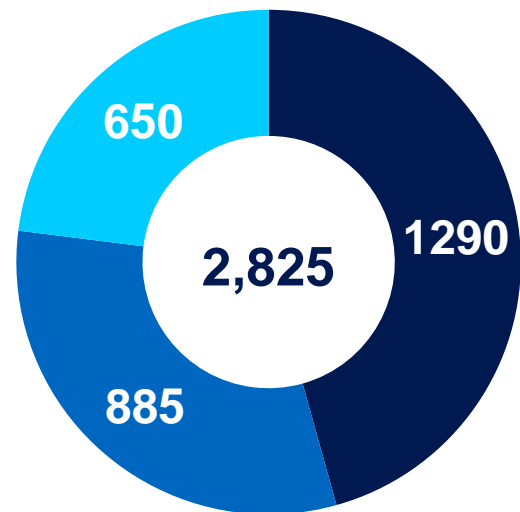
3.2%
Freighter fleet



World air cargo market to demand over 2,800 freighters by 2042



Deliveries 2023-2042

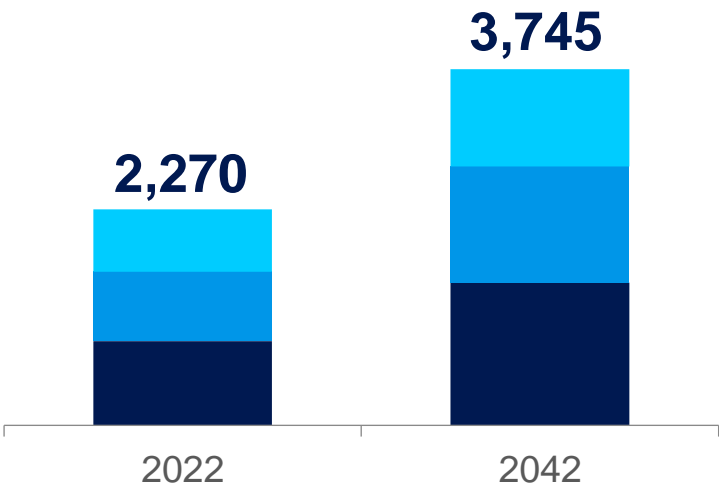


Large
widebody

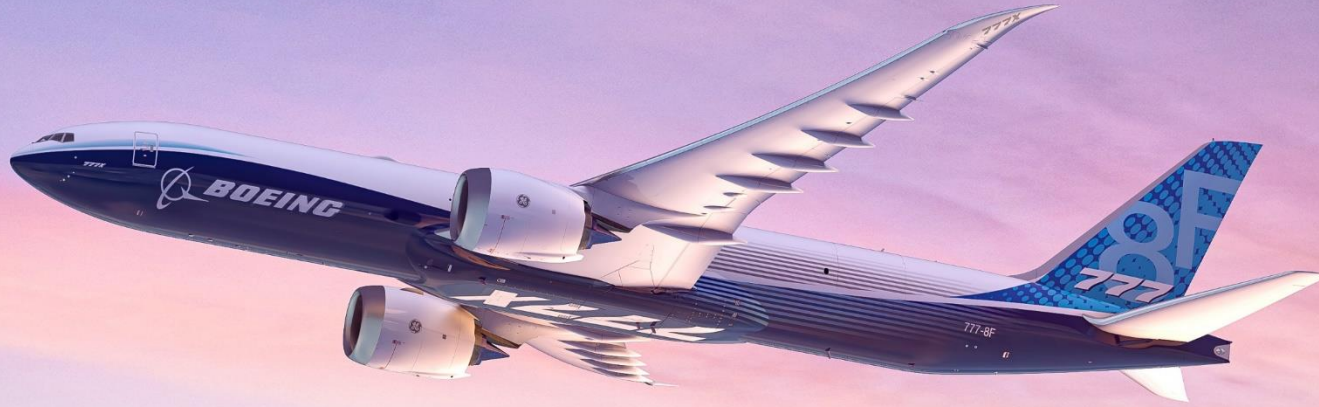
Medium
widebody

Standard
body

Global Freighter Fleet



Summary



- Revenues and capacity remain above pre-pandemic levels despite economic headwinds impacting traffic
- Air cargo growth expected to return in 2024
- Fleet renewal, supply chain diversification and e-commerce growth continue to boost long-term freighter demand
- Over 2,800 new and converted freighters will be needed by 2042

