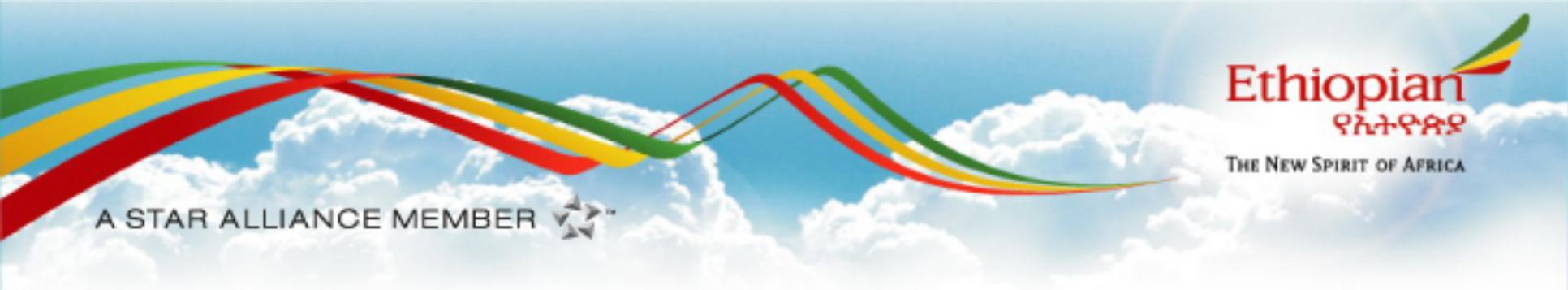


ICAO MEETING ON AIR CARGO DEVELOPMENT IN AFRICA

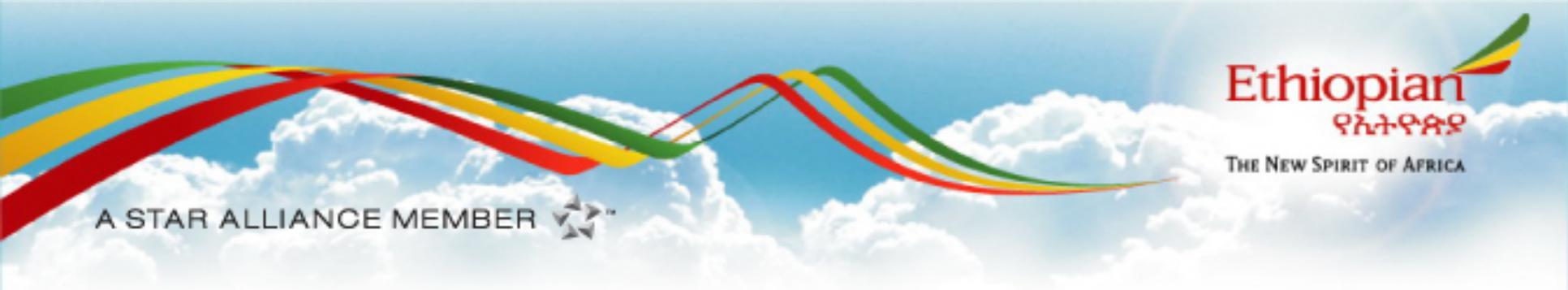
AUGUST 5-7, 2014



Ethiopian
የኢትዮጵያ
THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

Air Cargo Challenges



Facts About Ethiopian Airlines

A STAR ALLIANCE MEMBER 

Key Facts

Founded	1945
Passengers	5.9 Million
Freight	200,000tons
Fleet	67 Aircraft (Avg. age of 7 years)
Main Hub	Addis Ababa
Second Hub	Togo - Lomé Malawi – Lilongwe
Destinations	International – 82 (49 in Africa) Domestic – 18
Employees	+ 8000
Ownership	100% Ethiopian Government
Weekly Flights	+ 1330 – Weekly flights + 190 – Daily departures
Global Alliance	Star Alliance Member



A STAR ALLIANCE MEMBER

Milestones

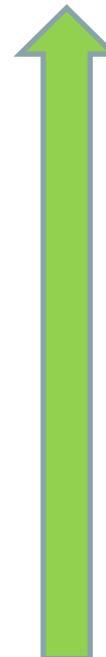
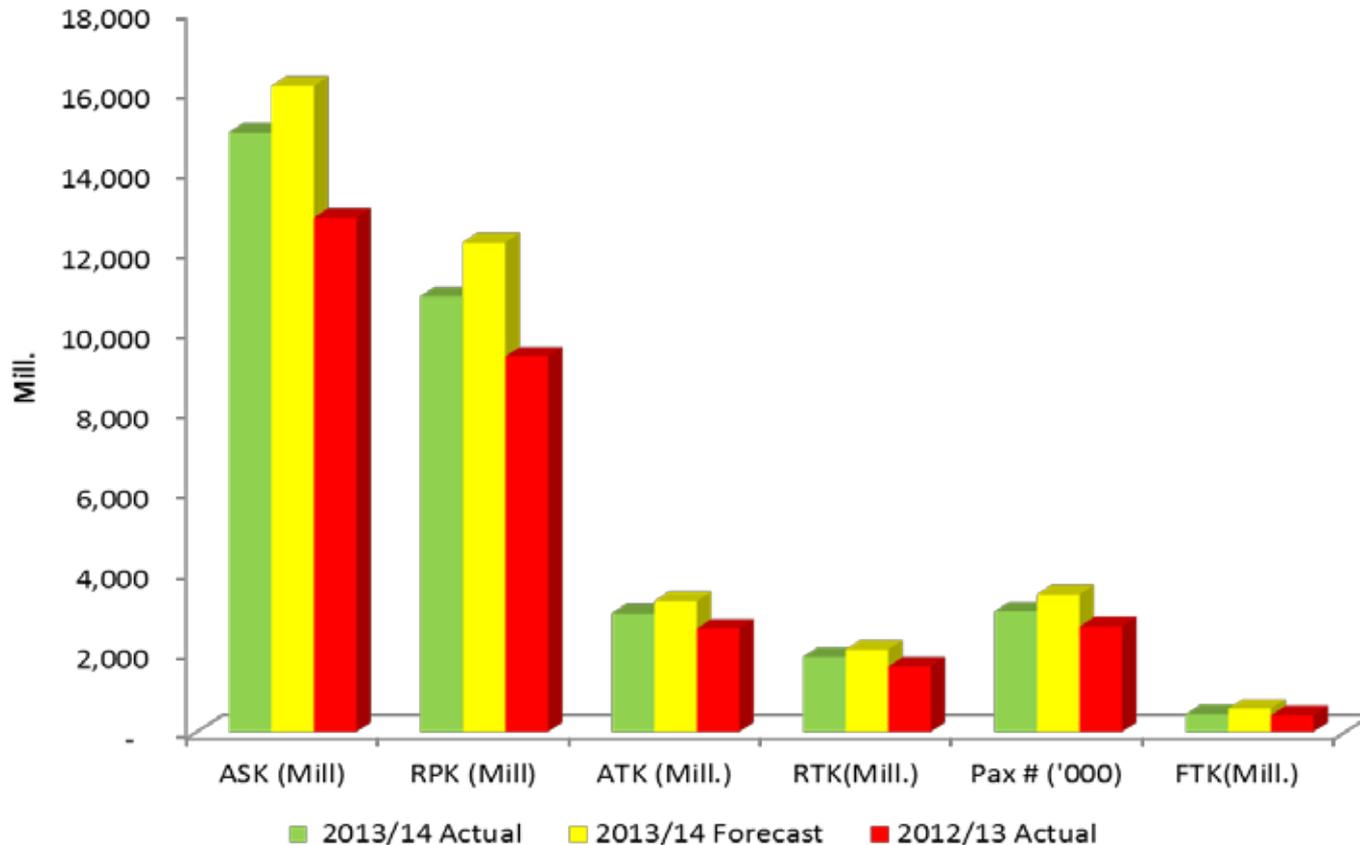
- **1946**  1st scheduled flight
to Cairo with DC-47
- **1962:**  1st African 720B
- **1984:**  1st African B767
- **2010:**  1st African B777-200LR
- **2012:**  1st African B787-800

A STAR ALLIANCE MEMBER



Operating Results

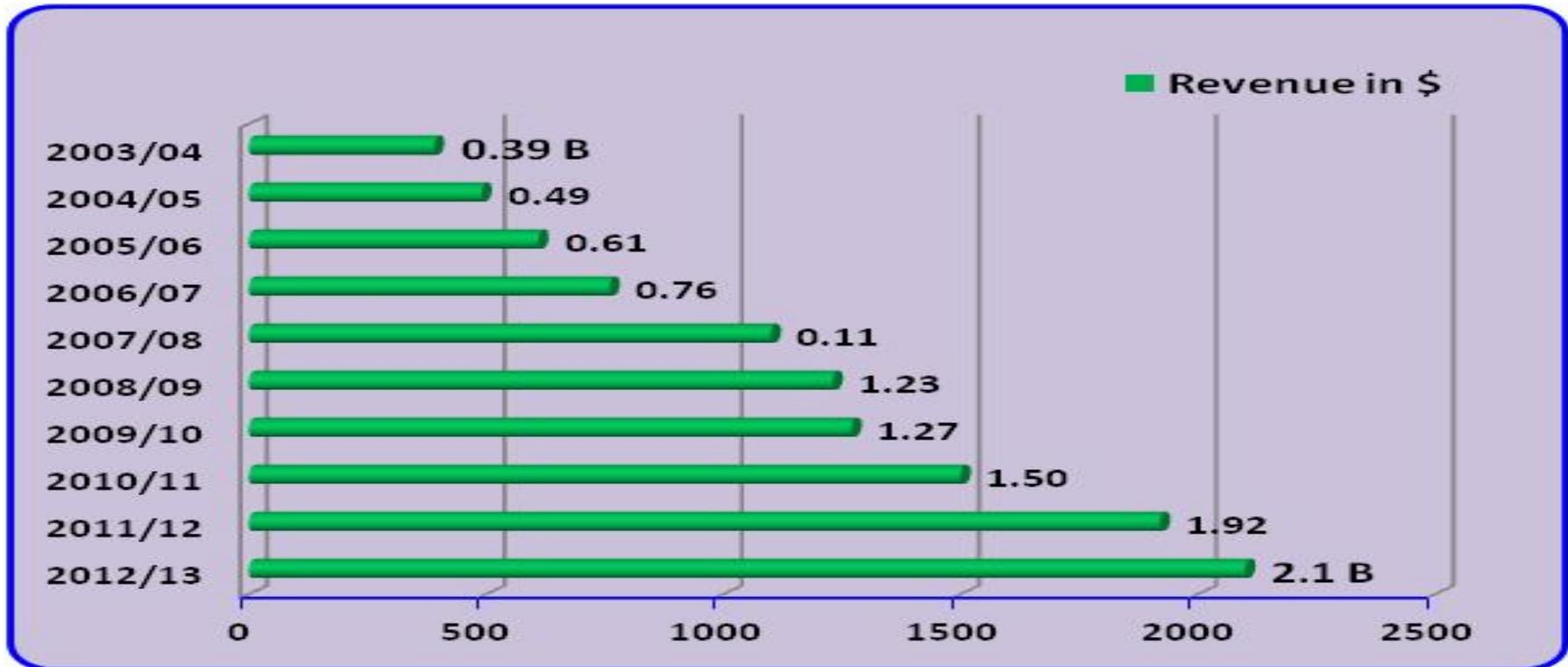
Fast, Profitable & Sustainable Growth



ASK 17%
RPK 16%
ATK 15%
RTK 14%
PAX 13%

Fast, Profitable & Sustainable Growth
2003/04-2012/13

- Revenue Grew More Than + 538% in 10yrs



A STAR ALLIANCE MEMBER



No.1 Freight Operator in Africa

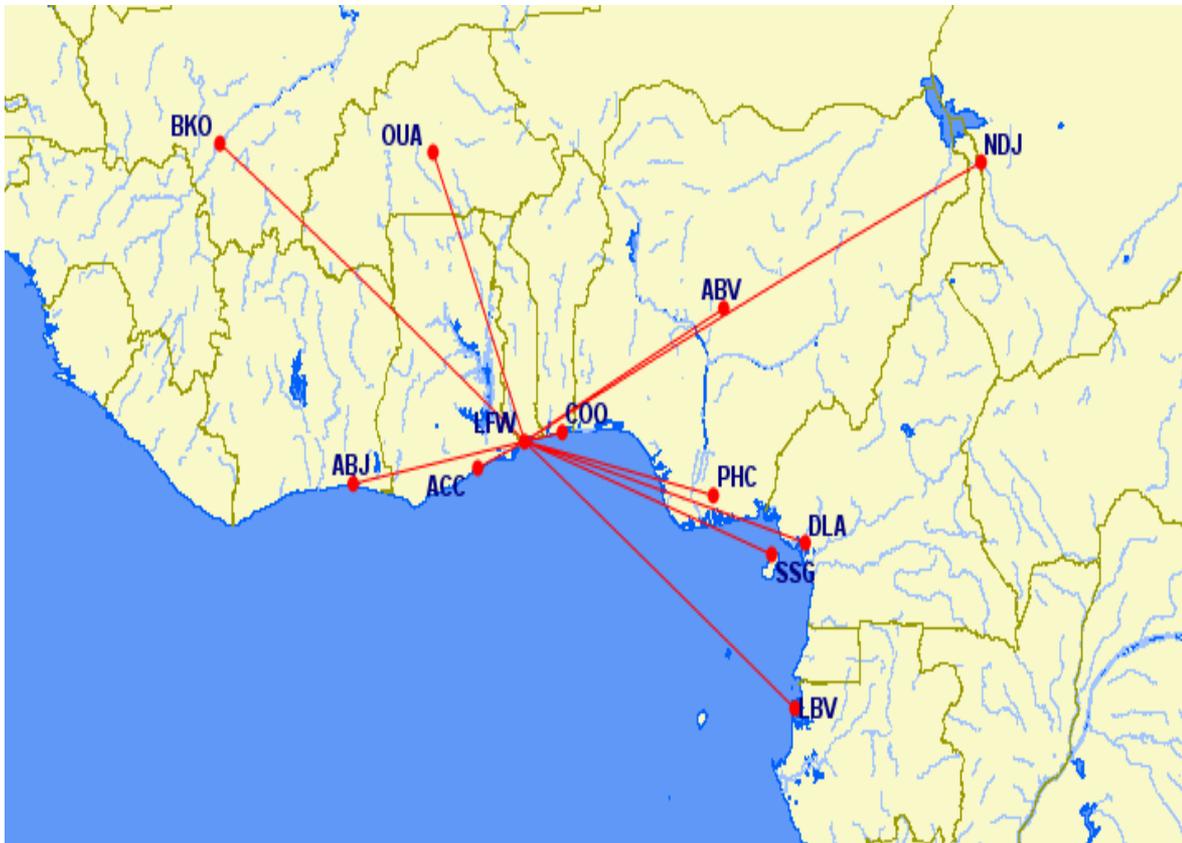
Main Hub



- **24 Cargo Destinations**, Africa (15), Gulf, Middle East & Asia (7), Europe (2)
- Transported more than **+/- 200,000 tons**

A/C Type	6 freighters
B777F	2
B757	2
MD-11	2

Second Cargo Hub

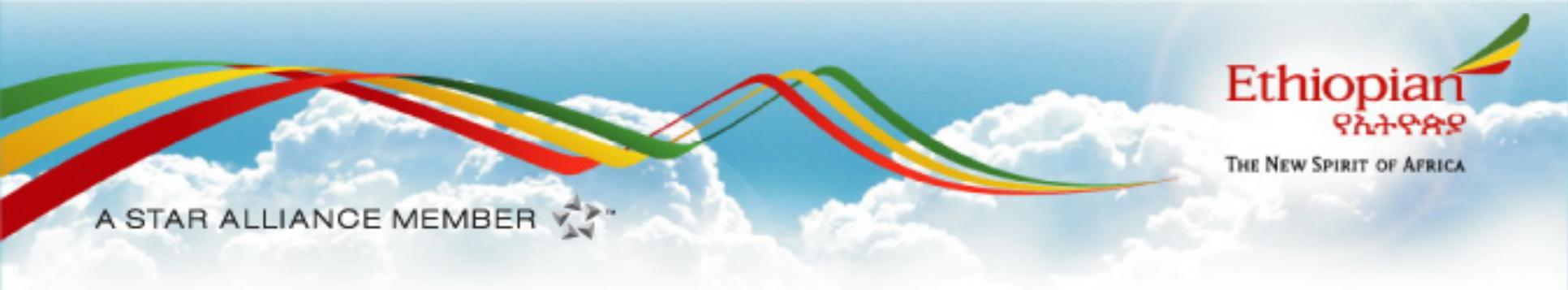


11 Destinations from
2nd Hub in Africa,
(LFW) in partnership
with **ASKY**
1 B737-400F

A STAR ALLIANCE MEMBER

Success Factors

- Safety is our priority
- Dedication & commitment of employees & leadership
- Flexible Capacity and Demand Management
- Prudent Cost Management
- Right Long Term Strategy (Vision 2025)
- Growth of African & Ethiopian Economy
- Customer Confidence to be Airline of Choice



Ethiopian
የኢትዮጵያ

THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

Vision 2025

4 Pillars of our vision 2025

1. Fleet: Current Orders of 33 aircraft

- B777s, A350s, B787s, B737s

2. Infrastructure

- New cargo terminal: 1.2 million tons capacity
- New MRO hangar & apron

3. HRD

- Academy expansion: 4000 trainees annual intake

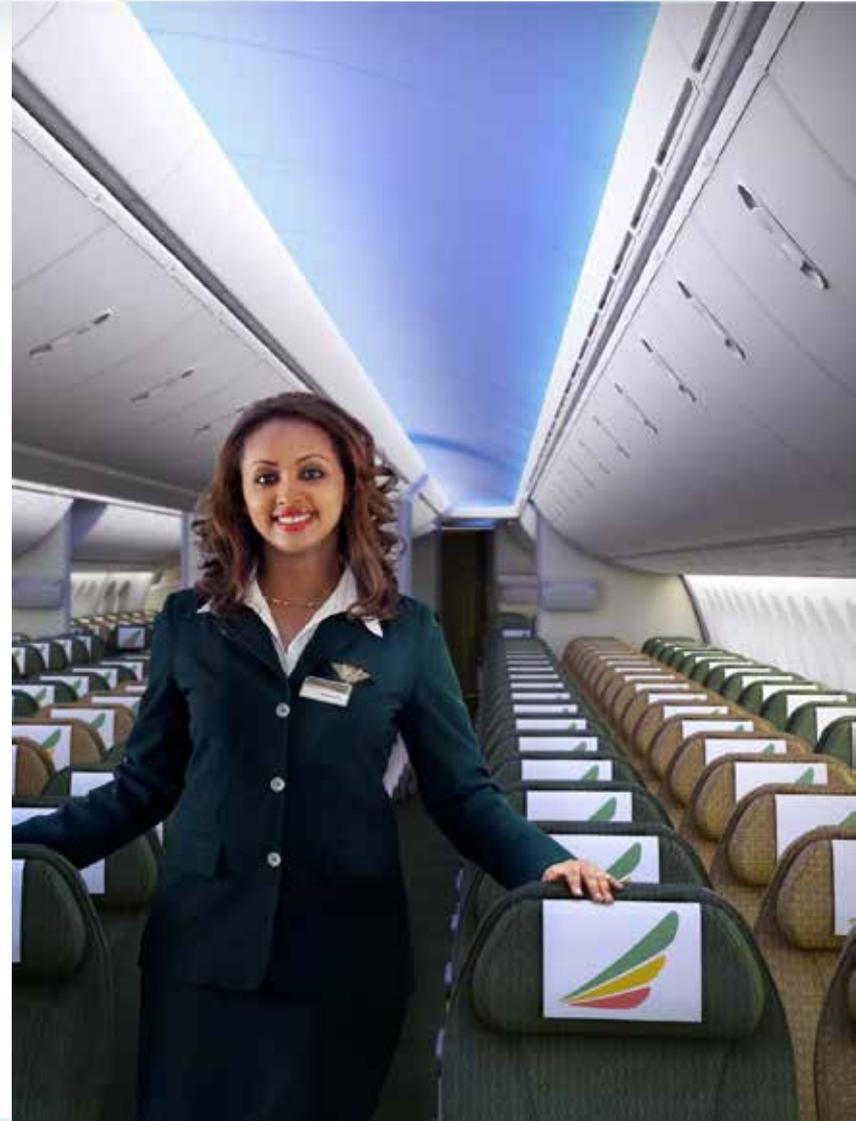
4. Systems

- ICT, Policies, Procedures and Processes

A STAR ALLIANCE MEMBER 

Core Businesses

- International Services
- Regional Services
- Cargo Services
- MRO Services
- Aviation Academy
- In-flight Catering Services
- Ground Services



A STAR ALLIANCE MEMBER

Ethiopian Cargo Network by 2025

37 Destinations: Route Deepening & Expansion

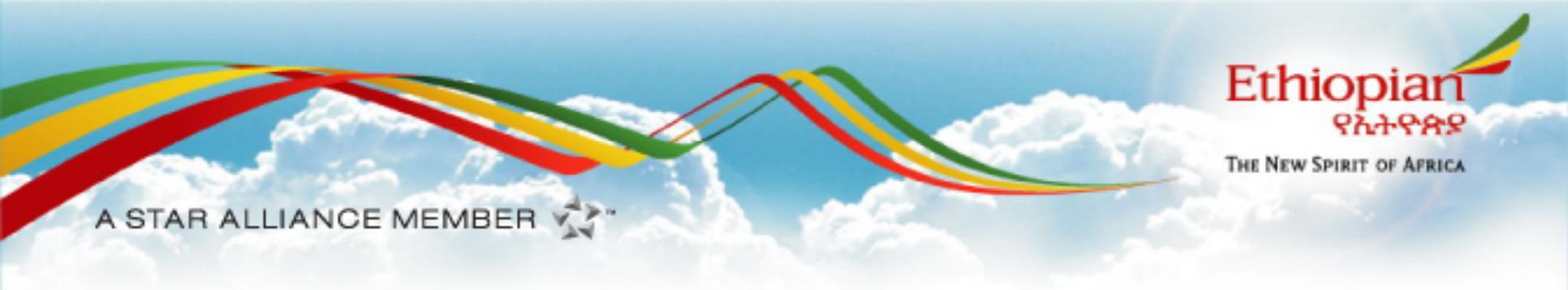


Ethiopian Cargo Fleet by 2025



2024/25	Jun-25
	18
738F	3
777LRF	11
B767F	4

*Will take **2nd** delivery of **B777F** on 4th quarter of 2014 & **3rd** delivery end of 2015



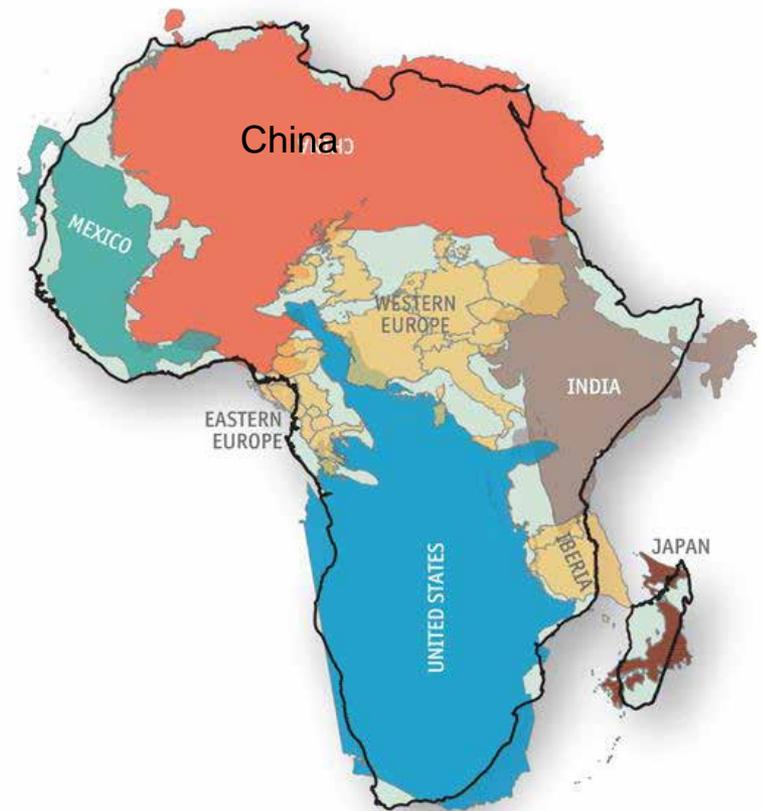
Ethiopian
የኢትዮጵያ
THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

Few about Africa

Last Frontier of Globalization

- 1 billion population
- 2nd fastest growing continent
- 6% GDP growth next Decade
- GDP of \$ 2.6 trillion by 2020
- 60% of world's uncultivated arable land
- Untapped resources: 42% of world's gold; 12% oil; 90% diamond, etc...



6 Reasons for Africa's Rise

1. Right Demographic Profile (young)
2. Rapid urbanization: By 2030, 50% in cities
3. Quantum leap in ICT
4. Better peace & governance
5. Wealth of natural resources attract huge flow of FDI
6. Emergence of sizable consumer society

Trends In African Aviation

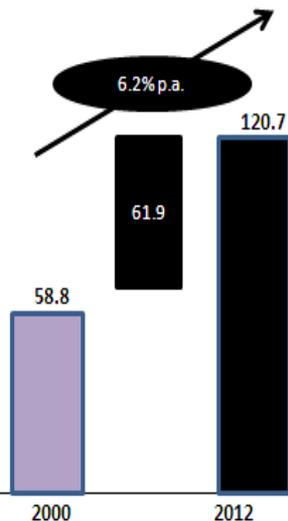
Opportunities

Fueled by a blooming economy, African Aviation has grown significantly

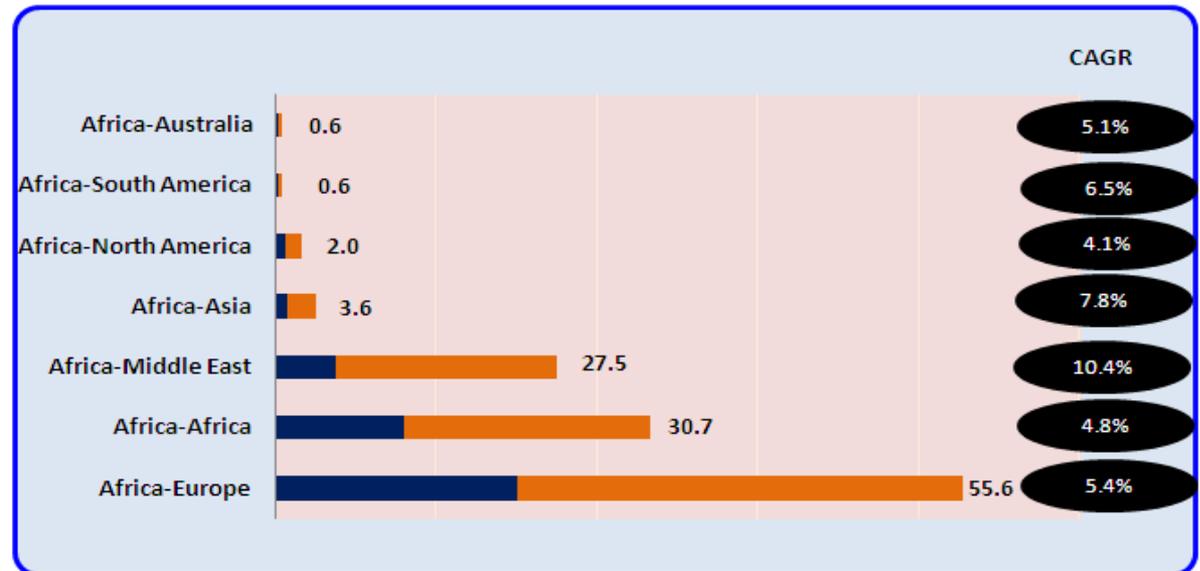
■ seats in 2000 ■ seats added 00-12
Annual international published seat capacity offered, millions

Capacity in the African cross-broader market has doubled...

... driven by additions in local African and Europe/ Middle East
2012 = column total



capacity added 00-12



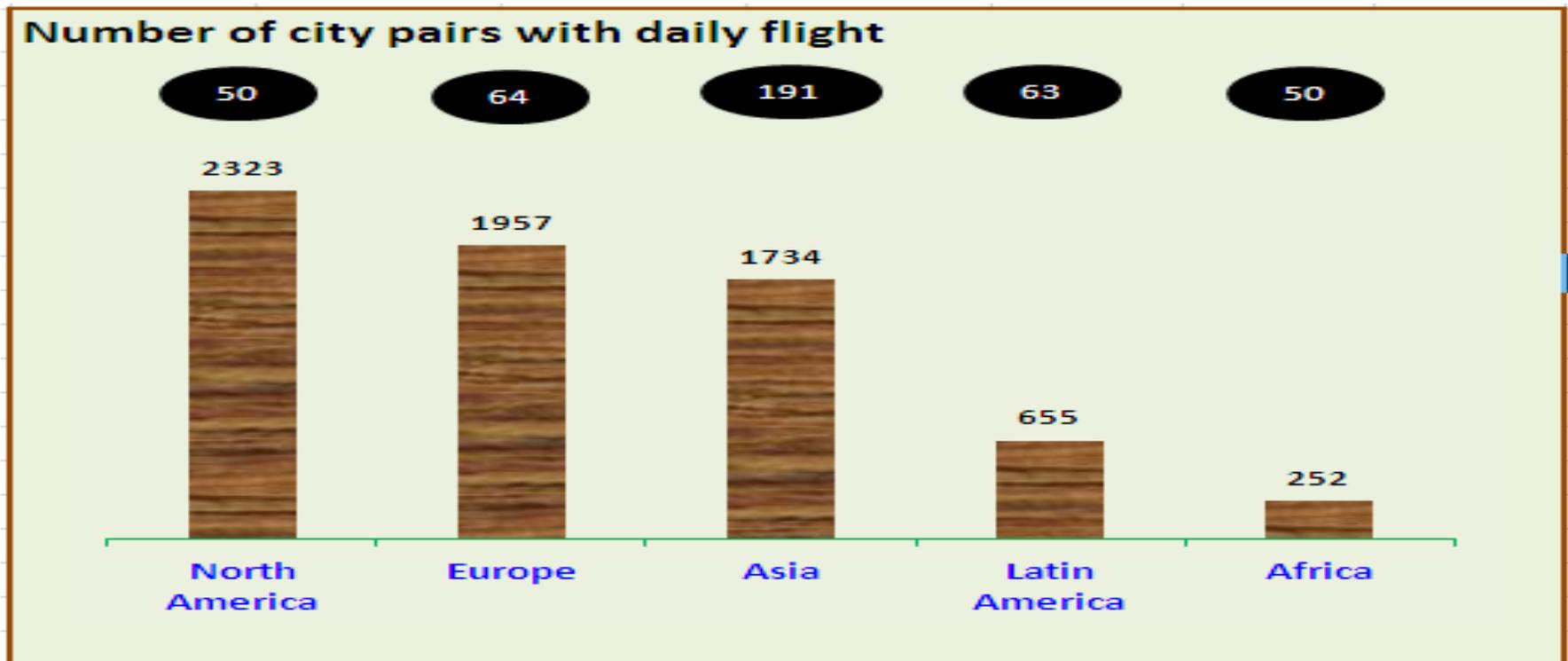
Trends In African Aviation

Opportunities

contributing to narrowing current intra-African connectivity gap



Cities with 1 million inhabitants or more¹



Challenges

- Involvement of too many mediators with conflicting interest (we can count up to 16 mediators including the airline to move shipment from a shipper to a consignee all affecting service and price)

Challenges Contnd...

- Directional imbalance in Africa market
- Very low Inter-Africa market
- Lack of integrated multi-modal system for efficient transportation and interconnectivity
- Political turmoil
- Poor airport, road & ICT infrastructures and handling facilities

Challenges Contnd...

- High Operational charges, taxes and royalties
- Trade barriers between countries diminishing within Africa traffic.
- Longer bureaucracy and highly susceptible to inefficiency & corruption
- Persistently high fuel cost (50% cost element) 21% higher in Africa

Challenges Contnd...

- Africa is home to 12% of the world's population, but it accounts for less than 1% of the global air service market
- Efficiency of sea freight and land transport
- Significant professionalism, knowledge and experience gap

Conclusion

- Air Cargo Industry is not an easy business to make money to shareholders due to all the challenges stated above that put downward pressure on the yield but increasing cost
- Air Cargo is more than important in Africa as over 30% of the world's landlocked countries are found in Africa with poor connectivity

Conclusion Contnd....

- Ethiopian Airlines is committed to overcome the challenges and continue contributing its part in the development air cargo in Africa by delivering safe, reliable, customer focused and market driven cargo, courier and mail transport services as clearly stated in its vision 2025

Conclusion Contnd..

- There is no less valuable, less time sensitive and/or less urgent cargo any more as everything is getting speed and safety requiring due to its contribution to the economy of every nation.

Ethiopian
የኢትዮጵያ
THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

THANK YOU!

