

The Challenges in the Cool Chain



A presentation during the Cool Chain Association meeting

Theme: “End to End Solutions”

25 May, 2011

Location: FloraHolland Aalsmeer

By: Mattijs ten Brink, Senior Vice President Sales & Distribution,
and the Air France-KLM Cargo and Martinair Cargo Fresh team

- Our airlines: capacity and network
- Our airlines & Fresh products
- Love & hate relationship
- Why love, why hate?
- What challenges do we both face?
- Discussion and Q&A

The capacity to serve you

Our history and partnerships further opens up your horizons

May 2004: Air France-KLM the merger is born

- World leader in three principal businesses:
 - Passenger, Cargo & Maintenance
- Full exploitation of the complementary strengths of Air France & KLM
- Commercial integration Air France-KLM Cargo

December 2008: Air France-KLM sole shareholder of Martinair

- Commercial integration, Operational coordination

April 2009: Air France-KLM launch joint venture with Delta

- Leading operator on the North Atlantic
- Linking six hubs: Paris, Amsterdam, Atlanta, Detroit, Minneapolis and New York

The capacity to serve you

Our history and partnerships further opens up your horizons

October 2009: Air France-KLM entrusted GSA for Alitalia

- Included are 30 countries in all major continents
- 2 additional major hubs in European network: Rome and Milan

SkyTeam Alliance

- An extended network serving our customers over 700 destinations
- Air France-KLM Cargo, Delta Air Logistics (merged with Northwest Cargo), AeroMexico Cargo, CSA Cargo, Korean Air Cargo

Other partner airlines of Air France-KLM Cargo

Kenya Airways, Air Caledonie International, Air Madagascar, Brit Air, MasKargo, China Eastern, Air Mauritius, MNG Airlines, Nippon Cargo, TNT Global Express, Logistics & Mail

Facts & figures

Air France-KLM Group	Air France-KLM Cargo
594 aircraft operated (incl. belly, combi and freighter)	16 Freighters operated
Over 104,000 employees in the group	Over 5,000 employees in cargo worldwide
21 billion euros turnover	2,439 total cargo business revenue (€m)

Combining strengths
Over 300 destinations in a high frequent passenger network
 (WBB & combi) including flexible freighter operation
Nr. 2 and Nr. 4 European hub's (Charles de Gaulle and Schiphol)

Above including Martinair fleet



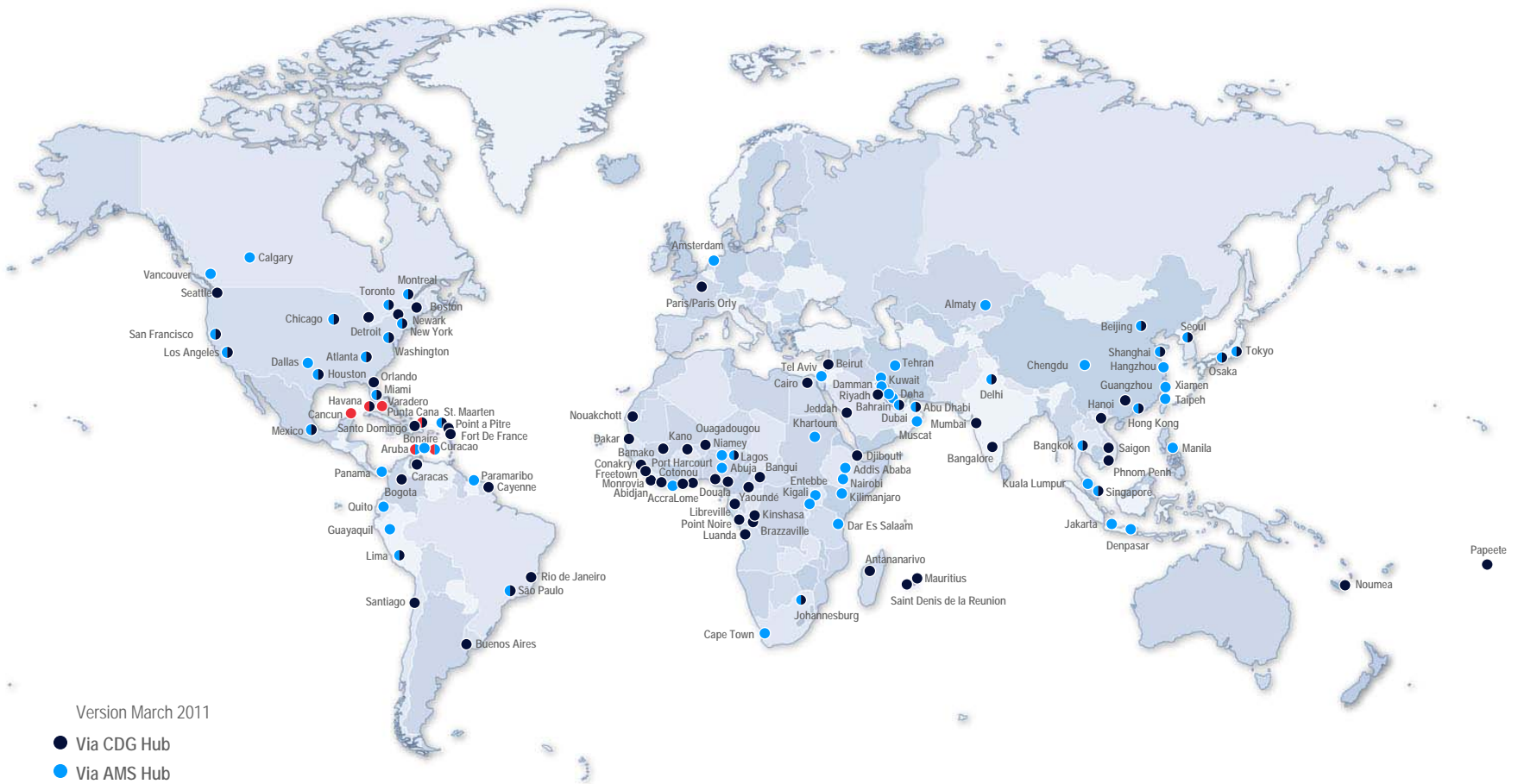
Version March 2011

- Via CDG Hub
- Via AMS Hub
- Via AMS Hub, operated by Martinair Cargo*

* For AF-KL Cargo only shipments certain conditions may apply
Destinations are subject to changes
For detailed schedule information please visit www.afklcargo.com

Network

AF-KL Cargo palletized lower deck destinations



Version March 2011

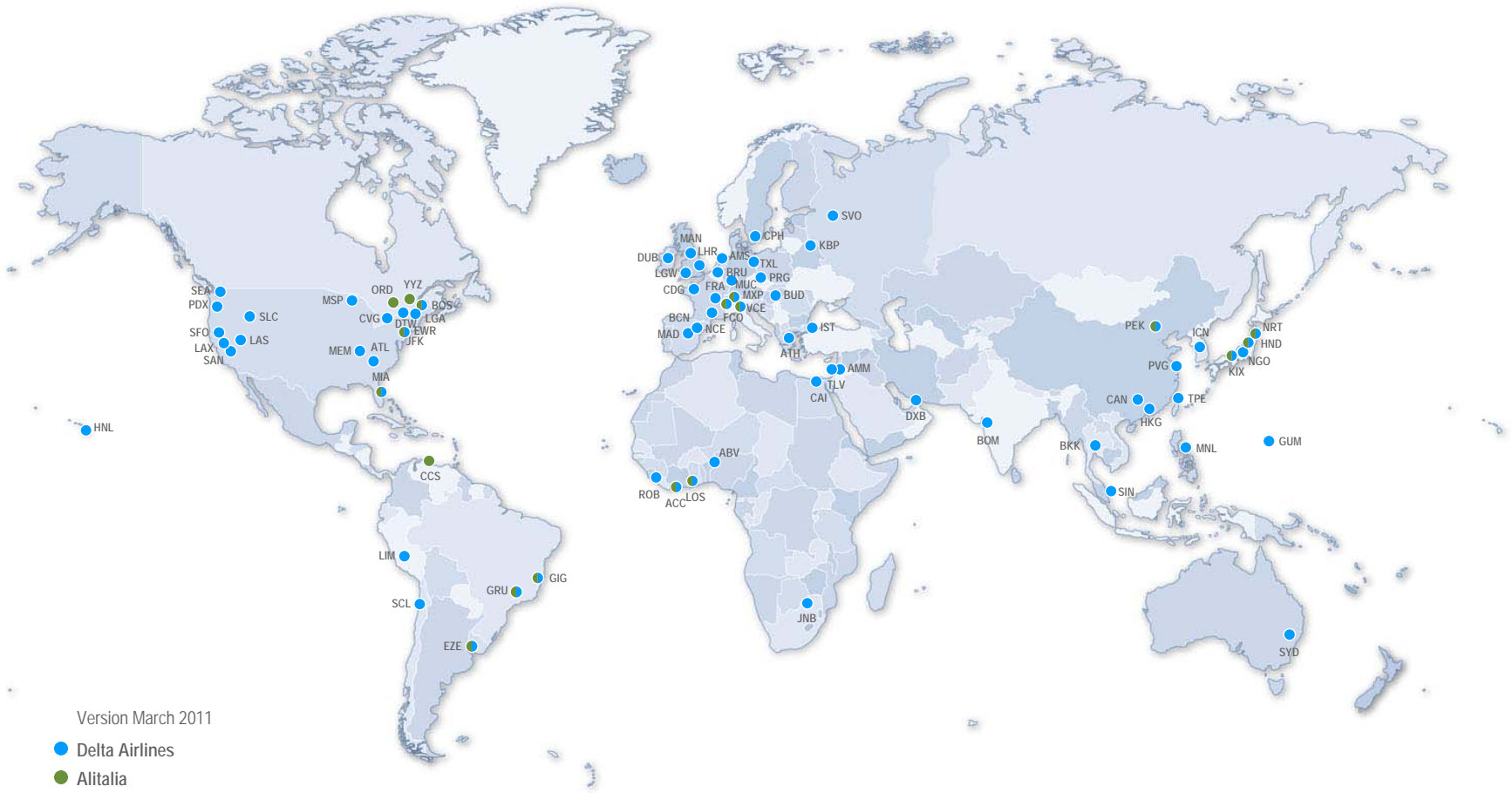
- Via CDG Hub
- Via AMS Hub
- Via AMS Hub, operated by Martinair Cargo*

* For AF-KL Cargo only shipments certain conditions may apply
 Destinations are subject to changes
 For detailed schedule information please visit www.afklcargo.com



Combined DL & AZ Network S11

Palletized flights only



Our airline & Fresh products

when **one** wants special care
and freshness

When shipping perishables like frozen meat, vegetables and flowers, you need a partner that keeps it cool.

With our Variation Fresh solutions, we do just that

- **Fresh 1** uses temperature-controlled Envirotainers for perishables requiring the strictest temperature control like frozen meat and fish
- Flowers and fresh fish are kept between 2 and 8°C with **Fresh 2**
- **Fresh 3** protects against extreme temperatures



Keep it cool when shipping perishables like frozen meat, vegetables or flowers

Our airline & Fresh products

Our dedicated Fresh organisation

- At Head office level (CDG/ SPL) there is a dedicated Fresh management team
- In our main fresh stations we work with dedicated Fresh sales managers
- Throughout the whole network there is support from specialized Fresh product & network engineers at Head office
- In the hubs we have dedicated teams working on Fresh handling, coordinating with all stakeholders in the Hubs to optimize the cool chain

Our airline & Fresh products

Fresh contribution

Fresh vs Total AFKLMP Cargo

- 14% Total all-in Revenue
- 19% Total tonnage (244 KTon)







Fresh : 5 main commodities

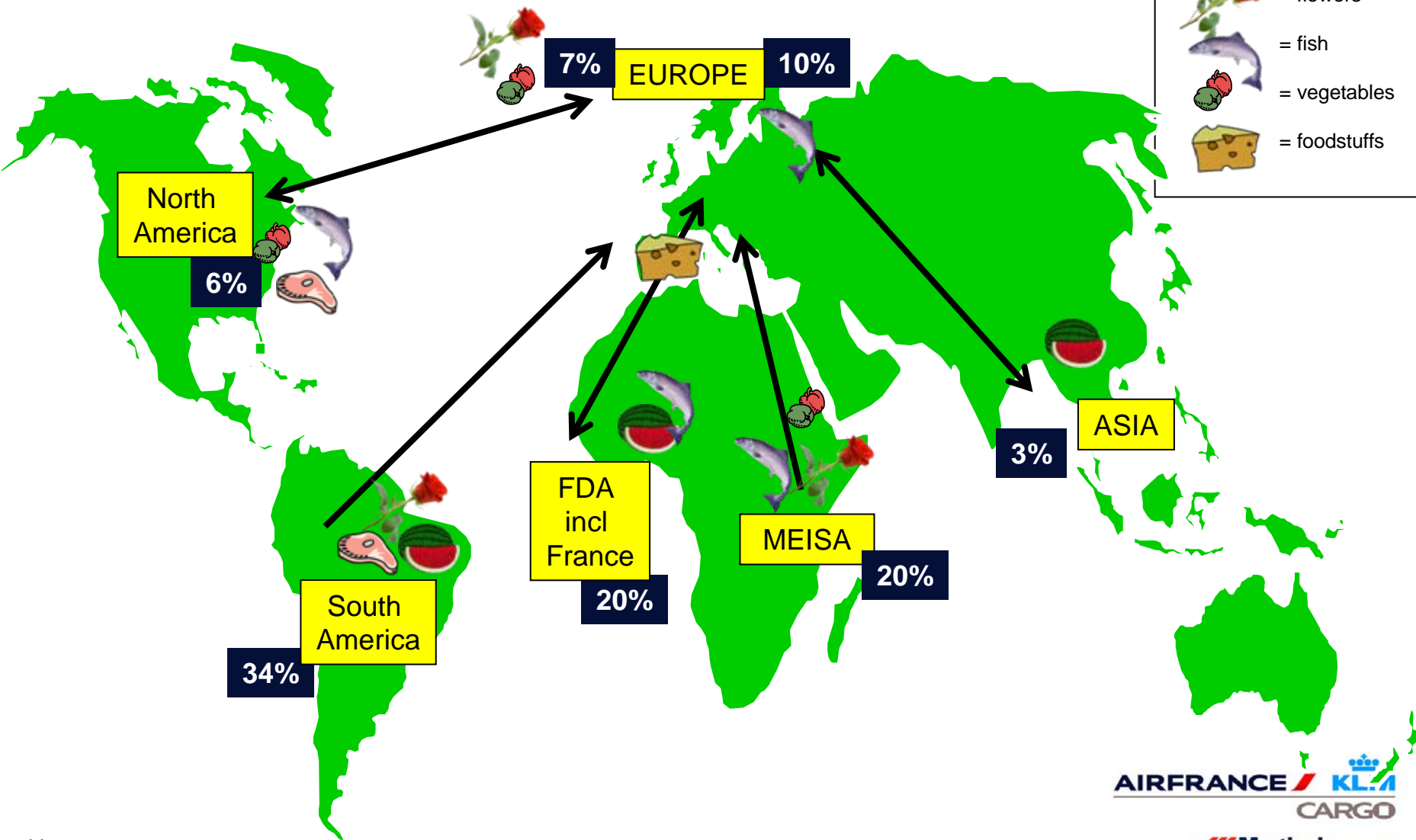
Commodity	% of Rev ¹	% of Ton ¹	Density	Seasonality
Flowers	39 %	33 %	Normal	Low and high season
Fruits/Vegetables	31 %	38 %	Dense	Seasonal
Meat	12 %	15 %	Dense	Year-round
Seafood	11 %	7 %	Very dense	Year-round
Foodstuffs	8 %	8 %	Normal	Year-round

Our airline & Fresh products

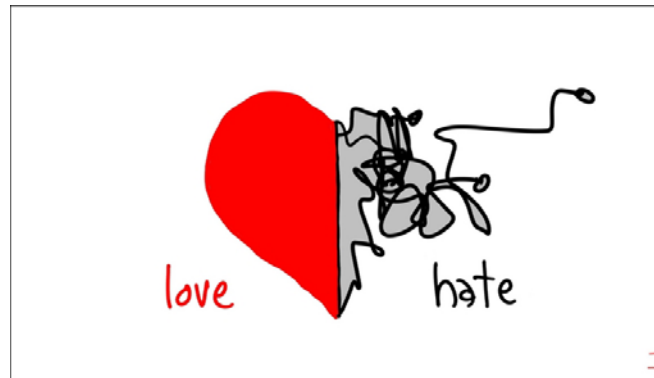
Fresh is a worldwide product for AFKLMP

Commodity Origin

-  = fruit
-  = meat
-  = flowers
-  = fish
-  = vegetables
-  = foodstuffs



We love
perishables



but it
sometimes
gives us a
hard time...

Why love, why hate?

The parts we love...:

- Dependency: in some markets we need it
- Dense cargo (although less for flowers)
- Mostly predictable (seasonality or year-round) and consistent
- No need for main deck capacity (belly-network)

Why love, why hate?

The parts we like less....:

- Low value (better for flowers)
- Claims sensitivity
- Packaging quality
- Interdependency on quality through the chain (temperature at delivery)
- Unreliability (low/ no show)

What challenges do we both face?

From an airline perspective

To improve:

- Limit time on tarmac
- Quality of cool chain (investments vs low value)
- Flown as planned/ booked

Actual improvement initiatives:

- Ramp-to-ramp transport
- Scanning process
- C2K project and initiatives

What challenges do we both face?

From a customer perspective

- Deliver at right temperature
- Deliver with correct information (weight, volume, AWB, botanical name)
- Use right packaging
- Improve reliability in the chain (planning; timely communication with the airline on changes)

- Security:
 - Increased security in future; risk is increased transit times
 - Cooperation with authorities is key to improve time (e.g.: Green lanes concept, ACC): how to join strengths
- CO2 compensation:
 - Threat or opportunity?
 - What is your opinion/ expectation?
- Fuel costs:
 - Increasing fuel costs: will reflect in higher costs