

BIG NEWS



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Volga-Dnepr evaluates stretched AN-124-102 for special aerospace and industrial payloads

Volga-Dnepr is considering building a special edition of the AN-124 freighter to accommodate the special requirements of the aerospace industry and to carry extra bulky industrial payloads.



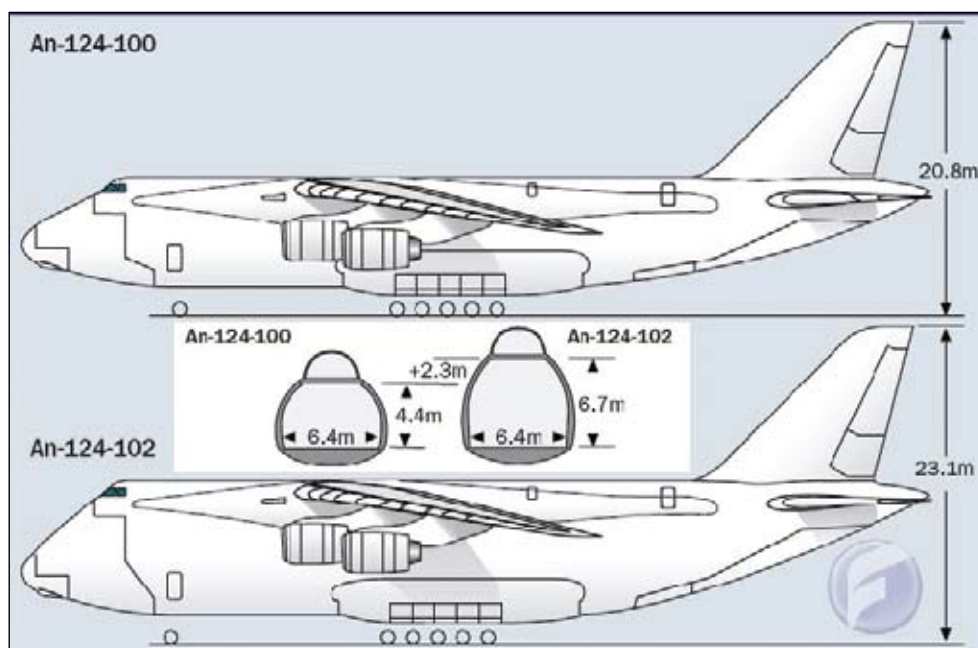
The AN-124-102 would have a taller fuselage, increasing the height of the cargo cabin from 4.4 metres to 6.7 metres.

Increasing the cargo area on board the aircraft would be achieved by slicing a baseline AN-124 lengthwise, from nose to tail, on a horizontal plane just below the level of the cockpit. Additional fuselage structure would then be inserted that would jack the upper section by around 2m (6.5ft), increasing the tail height of the freighter from 20.8m to 23.1m. The fuselage width would remain as its present 6.4 metres.

A study carried out by Volga-Dnepr of performance data for the AN-124-102 shows the aircraft would offer a payload capacity of 135 tonnes over a range of 2,500kms. Fuel consumption would increase by some 10%. Modification of the aircraft could be completed in 18-24 months once production begins and would cost in the region of US\$195 million.

Volga-Dnepr discussed the AN-124-102 with senior executives from the aerospace industry during last month's Farnborough Air Show in the UK to ascertain the commercial viability of the modified aircraft if it goes into production.

Current limitations mean certain payloads, such as helicopters and empennage assemblies, have to be dismantled to fit



Graphic courtesy of Flight International

the AN-124. The AN-124-102's taller hold would enable it to handle the overwhelming majority of aerospace cargo, Dennis Gliznoutsa (above), Group Commercial Director (Charters) told Flight International magazine.

As well as aerospace, Volga-Dnepr sees further potential in the industrial sector, particularly among manufacturers producing large-scale equipment for the energy sector.

The AN-124's lower floor and ability to offer 'drive on, drive off' loading and unloading would reduce the requirement for elevated

platforms. Other bespoke freighters developed for aircraft components have cargo decks some five metres from the ground and are generally not available for third party work.

If it secures enough interest in the AN-124-102, Volga-Dnepr has two options for a candidate airframe. Its preference is to obtain, subject to Russian government approval, an unused military aircraft. Alternatively it could modify one of its own AN-124s, although Dennis Gliznoutsa told Flight this is the 'less desirable situation'.

Record half-year growth for charter and scheduled operations

Volga-Dnepr Group continued its strong financial growth in the first half of 2008 with record revenues for its air charter and scheduled cargo operations, increasing by 91% and nearly 180% respectively towards a total Group turnover of \$840 million.



The Group has previously reported three consecutive years of 50%+ per annum growth and, in 2007, exceeded sales revenues of \$1 billion for the first time in its 17 year history.

For the January 1-June 30, 2008 period, Volga-Dnepr Airlines' air charter operations achieved sales of \$600 million, a 91% growth over the \$314 million reported for the first half of last year. Interim results also show that the Group's scheduled cargo business, AirBridgeCargo Airlines (ABC) gained nearly 180% of new sales over the six month period from \$117 million in 2007 to \$212 million in the first half of 2008.

Mr Alexey Isaikin (above), President of Volga-Dnepr Group, said: "The clear vision of our strategic projects and understanding of our short-term targets, combined with the professionalism and commitment of our global team, has enabled us to confirm our leadership ambitions and further strengthen the Group's position in the highly competitive world aviation market. Despite such significant challenges as unprecedented fuel prices for the airline industry, we are going to achieve record performance figures by the end of the year."

The Group's increase in income is supported by the successful development of its air cargo charter operations using AN-124-100 and IL-76 freighter aircraft. Volga-Dnepr Airlines, the world's largest carrier of outsize and heavyweight air cargo, successfully completed 3,063 flights in the first half of 2008, compared to 2,105 a year earlier. Major destinations for charter services so far this year have been the Middle East and Africa.



This significant increase in the number of air charter flight operations reflects strong demand for the airline's unique AN-124 freighter services, notably on behalf of government bodies and customers in the aerospace and oil and gas sectors.

Volga-Dnepr Airlines' fleet consists of 10 AN-124-100 Ruslan aircraft and 14 IL-76s, including two modernized IL-76TD-90VD versions of the aircraft that have been approved by ICAO for worldwide operations. Flights operated by the Group's AN-124-100 freighters generated \$463 million of total charter revenues – compared to \$250 million in the opening six months of 2007 – while IL-76 operations saw half-year sales revenues climb to \$137 million.

The Group's other business activities contributed \$27.6 million to the overall total revenues.

AirBridgeCargo Airlines' scheduled all-cargo services also achieved significant growth in operational performance. The airline transported 62,000 tons of cargo in the January to June 2008 period, compared to 39,400 tons in the half-year of 2007. ABC continues to expand and upgrade its fleet, most recently taking delivery of new Boeing 747-400ERF aircraft in February and April 2008. In total, AirBridgeCargo's fleet consists of seven Boeing 747 freighter aircraft serving major points in Europe, Russia and Asia.

To Russia with sports!

Freight forwarders shipping products into Russia with AirBridgeCargo Airlines (ABC) from August have the chance to win a host of great prizes in a special promotion to coincide with the Beijing Olympics.

By simply booking any shipment from August, customers qualify for the opportunity to win valuable prizes. With each valid AWB booking on ABC to Russia, customers are eligible to enter the special interactive games on AirBridgeCargo's website to win prizes.

As an additional promotion, customers that successfully predict the champions at the Beijing Olympics during the month of August have the chance to win a choice of souvenirs of the 2008 Beijing Olympics official sponsor brands. Full information, terms and conditions are available on AirBridgeCargo Airlines' website at www.airbridgecargo.com



A bright future for Russia's air cargo and aircraft industry

Russia's growing importance in global air cargo will provide a significant boost to the development of the country's cargo aircraft market.

Addressing the Russia & CIS Aircraft Conference, Denis Ilyin (above), Senior Vice President for Strategy and Commercial at AirBridgeCargo Airlines, said: "Despite a certain decrease in the passenger air market, global air cargo is constantly developing and average annual growth up to 2025 is forecast at between 5.4% and 7.1%. Russia can and will benefit strongly from this. Airfreight growth in Russia over the next 17 years is forecast to be greater than that for North America, Europe-Middle East, Intra-Europe, Europe-Africa, Europe-North America, Latin America-Europe and Latin America-North America."

The development of Russian hubs in Moscow and Krasnoyarsk will greatly support Russia's air cargo development, he added. Moscow is a natural hub connecting Europe to the Middle East, Indian Subcontinent and Southeast Asia while Krasnoyarsk in the Russian Far East sits in the centre of major tradelanes that

connect the USA, Europe and Canada to China, Japan and Southeast Asia.

Russia's role in global air logistics will increase from its present 1.4% share of the total US\$80 billion global market to 8% in 2015 and 16% in 2030 worth an estimated \$8.4 billion and \$25.6 billion respectively.

Cargo carried on ramp aircraft is forecast to grow at a faster rate than non-ramp aircraft. This will create many new opportunities for the Russian cargo aircraft market.

Volga-Dnepr Group, parent of AirBridgeCargo and Volga-Dnepr Airlines, the world's largest charter carrier of outsize and heavyweight air cargo, estimates an 8-10% growth in demand for ramp aircraft up to 2020. The global fleet of 479 ramp aircraft – AN-124-100, IL-76, AN-12 and C-130 freighters – currently accounts for 1.4% of the total \$80 billion worldwide market.



According to Denis Ilyin, Russian cargo airlines' share of both the scheduled and charter market using ramp aircraft is set for further rapid growth. The 1.4% share of scheduled cargo carried by Russian carriers will grow to 10% by 2020. Russia's already dominant position in the \$1 billion ramp aircraft operations market will increase from the current 74% market share to 90% in 12 years time.

This upward trend will be met by a growing fleet of Russian and Western-built freighter aircraft. By 2020, development forecasts indicate that 52 AN-124 freighters will be required to support 39% of the buoyant Russian market. Similarly, the IL-76 fleet will need to grow from 28 freighters in 2008 to 41 aircraft by 2020 to meet demand.

Russia's scheduled cargo service market – currently supported by 171 freighters in the 10-30, 30-100 and 100+ tons categories – will require 212 freighters by 2020, including 25 Boeing 747s.

AN-124 carries rocket engine for launch from sea-based platform



A Volga-Dnepr Airlines' AN-124-100 freighter has transported a 20-ton upper stage rocket engine from Moscow to Long Beach in the US that will be launched into orbit from a mobile sea-based platform located in the Pacific Ocean.

The operation was completed on behalf of RSC Energia for SEA LAUNCH COMPANY, operator of the Sea Launch Project. It specialises in launching commercial satellites.

New GSAs in France and Taiwan



AirBridgeCargo Airlines (ABC) has appointed new GSA partners in France and Taiwan.

Airnaute France operates from three locations in Mulhouse, Paris Roissy and Lyon.

The French market is one of the most important in Europe for ABC due to the country's strong air cargo traffic levels to and from Russia, China, Hong Kong and Japan – all destinations served by the airline – and its close proximity to AirBridgeCargo's European hubs in Frankfurt and Amsterdam.

In Taiwan, ABC is now represented by Worldwide GSA Pte Ltd through its subsidiary, Orient Air GSA.

Both GSAs will focus on promoting Russia's booming market to exporters and freight forwarders.



'AirBridgeCargo has awarded a contract to Fraport Cargo Services as its new cargo handling partner at Frankfurt Airport...'

In a separate development, AirBridgeCargo has awarded a contract to Fraport Cargo Services as its new cargo handling partner at Frankfurt Airport, effective August 1st 2008. ABC currently operates 16 Boeing 747F flights a week ex Frankfurt to Russia and Asia.

A pedigree delivery for 316 cows from Linz to Yakutsk

AirBridgeCargo Airlines has safely transported 316 pedigree cows on two charter flights from Linz (Austria) to Yakutsk (Russia). The total shipment on board the two Boeing 747 freighter services weighed 170 tons.

The flights departed on June 9th and 16th on behalf of Merzario, a freight forwarder that specializes in live animal shipments from Europe. The consignee of the shipment was JSC ROSAGROLEASING, a Russian government agency within the State Program of Agriculture Development and Market Control of Agricultural Goods, Raw Materials and Food in 2008-2012.

An intermediate stop in Helsinki and the effort, expertise and professional approach of the ABC Load Planning



team ensured the cows arrived at their destination safely.

JSC ROSAGROLEASING representatives were satisfied with AirBridgeCargo's performance. The company is currently negotiating cooperation on similar pedigree cattle deliveries from Europe and North America to Russia. The next flights are scheduled in August from Linz to Yakutsk and from Montreal to Moscow.

Promoting Asia-to-Russia services at Air Cargo China



The promotion of all-cargo services from Asia to Russia was top of the agenda for the AirBridgeCargo Airlines team that participated in Air Cargo China in Shanghai (June 17-19th).

The bi-annual event is one of the largest and best attended air cargo and logistics exhibitions in China, attracting some 9,000 visitors. These include representatives of China's freight forwarding community and shippers.

AirBridgeCargo is the only all-cargo scheduled carrier offering a direct, non-stop, main deck freighter service to Moscow from all three key markets in China: Shanghai (Yangtze River Delta), Hong Kong (Pearl River Delta), and Beijing (Bohai Rim Economic Zone). It is also the only cargo airline offering services to both SVO and DME airports in Moscow and to offer local teams of experts to deal with all customer requirements.

IL-76 takes water treatment equipment to Volcano victims in Chile



Two seven tons water treatment installations were delivered onboard a Volga-Dnepr Airlines' IL-76 to help victims of the Chaiten volcano in southern Chile.

Destined for the Futaleufu area, the outsize dimensions of the special containers required specific tooling to be used to load the aircraft for its flight to Puerto Mont Airport. The arrival of the treatment system helped to establish fresh water suppliers for the local community which had been suffering from a chronic shortage of drinking water.

This was the first eruption of the Chaiten volcano in 600 years and resulted in the evacuation of over 8,000 local residents.

ABC awarded AOC by Transport Canada



AirBridgeCargo Airlines has been awarded an Air Operator's Certificate by Transport Canada, the Canadian government department responsible for developing transportation regulations, policies and services.

Canada requires foreign airlines to obtain its own national AOC, which attests to the airline's competence regarding its ability to conduct a safe operation and clearly defines who is in charge of its safety program and policy. This is the first step towards any airline gaining permission to operate to and from Canada.

AirBridgeCargo was awarded its own AOC by the Russian Government in October 2006. This was a key milestone in Volga-Dnepr Group's strategic development plan to operate financially independent and operationally strong scheduled and charter cargo airlines.

Come and meet us at ACF2008 in Malaysia



TIACA Air Cargo Forum 2008
Kuala-Lumpur, Malaysia
– 4-6 November.

Volga-Dnepr Airlines and AirBridgeCargo Airlines would be glad to welcome you at our stand at the TIACA Air Cargo Forum 2008. If you would like to book a meeting with us, please send a request to marketing@volga-dnepr.co.uk.

New Regional Director for EMEA



Ludwig Hamburger has joined AirBridgeCargo Airlines as Regional Director for Europe, the Middle East and Africa (EMEA).

With over 25 years' experience in the airline cargo industry, he was formerly Regional Manager Europe for Air New Zealand. Robert Song, Commercial Director – Global, commented: "The EMEA Region is vital to the continued growth and development of AirBridgeCargo."

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