

# Opportunities to generate efficiency & cost savings fast through Outsourcing ULD Management



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2nd IATA Ground Operations Symposium**

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## Inefficiencies create unnecessary cost



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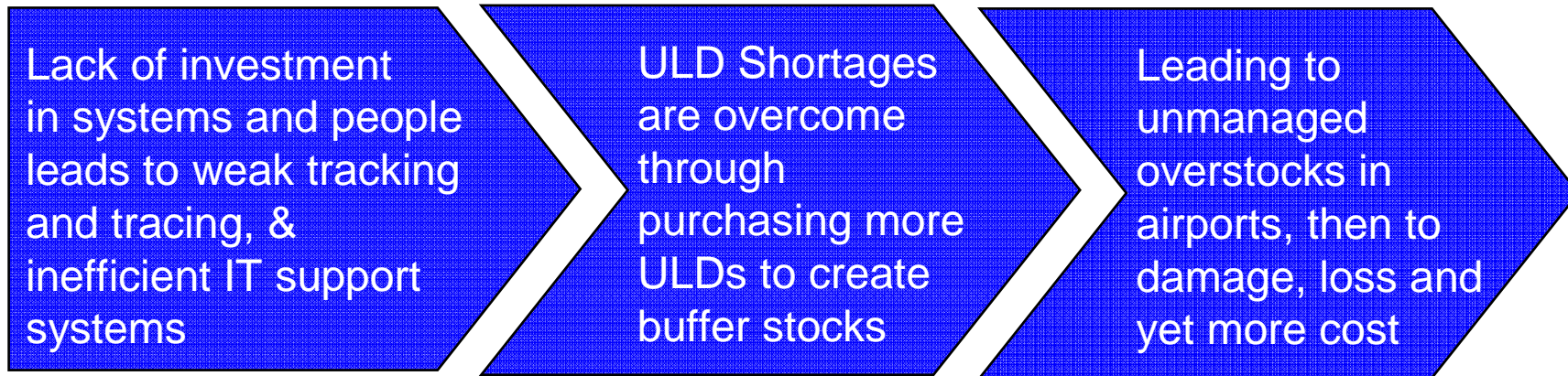
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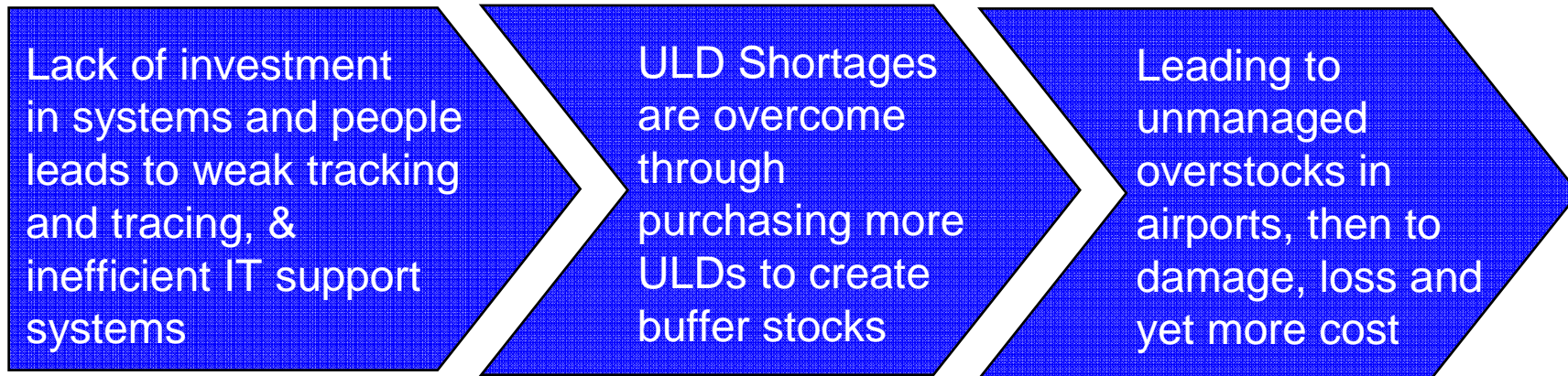


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This is compounded by the reluctance of most carriers to:

- ❑ Reduce fuel cost through switching to new generation lightweight containers
- ❑ Stop shipping all damaged ULDs back to the hub for repair when they could repair on site

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4. Not using Lightweight ULDs costs an additional EUR553 per ULD per year (30th March fuel price). Assuming that 600 LD3s are 11kgs heavier than new generation lightweight LD3s, the annual fuel cost is EUR 331'800

Sum of above examples: +/- EUR600k p.a.

## What could they do to break the cycle?



Outsource to a ULD Supply & Management Specialist. Here are just some of the benefits:

- ❑ Sell the existing ULD fleet, at a book profit, and for cash
- ❑ From then on, only pay for the ULDs needed, not what was needed in the past! This will be a variable monthly fee, based upon the aircraft fleet size, stations and load factors. And the fee will include supplying the ULDs, pallet nets, managing the fleet and repairs & maintenance.
- ❑ Benefit from provider's scale economies in order to repair some ULDs in locations other than the hub.
- ❑ Speed up the process of converting the container fleet to lightweight containers without the CAPEX.

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But at what cost?

Substantially less than the EUR 600k p.a. mentioned on the previous slide!

# Who are the specialist providers



There are currently two companies offering a full ULD supply and management service:



## Unitpool

Started out as part of the Swissair group but now independently owned.

Unitpool has 22 customers that have fully outsourced, including Etihad, Air Transat, Brussels Airlines and the TUI group. In addition, British Airways has outsourced ULD Repairs to Unitpool.

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## Jettainer

Majority owned by the Lufthansa Group.

Jettainer has 6 customers including Air Astana, Lufthansa, Swiss International, United Airlines and US Airways.

# Example of Proven Results

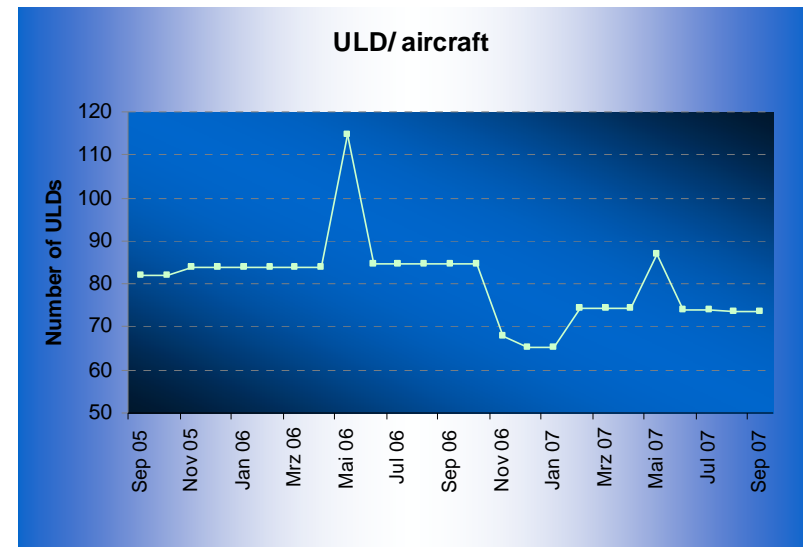
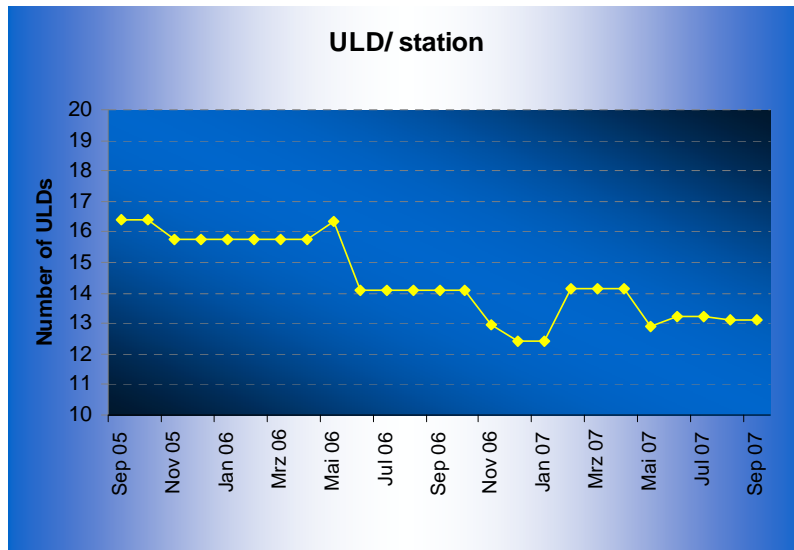


**From Sept 2005 to Sept 2007 (the example airline is an existing Unitpool customer)**

- added 2 aircraft to its fleet, and 13 stations to its network, 7 of which were served by existing Unitpool carriers

**The overall improvement for the airline was**

- a 10.2% decrease in the average ULDs/ aircraft (82.0 in SEP05 to 73.6 in SEP07)
- a 19.9% decrease in the average ULDs/ station (16.4 in SEP05 to 13.1 in SEP07)



# Recap – Generic benefits of Outsourcing ULD Supply and Management



## KEY FACTORS

## SUMMARY OF AIRLINE BENEFITS

### ULD OWNERSHIP

Airline gets hard cash, making a **book gain** through the sale of its ULD and freeing-up capital - also **no future CAPEX** for ULD

### ULD STOCK REQUIREMENTS

Airline **pays only for ULD it needs** – **POOLING synergies** allow us to considerably **reduce the buffer** all airlines must carry to secure its operation - the **stock is scalable monthly**, making costs variable to mirror the changing operational needs. Plus customers can tap into our global stocks for **adhoc charter operations**.

### REPAIRS & MAINTENANCE

Airline benefits from a global network of repair partners, **reducing the amount and cost of damaged ULD repatriation to the Hub** and increasing capacity for revenue cargo.

### TECHNOLOGICAL RESOURCES

Airline and it's Handlers gain **full visibility of ULD stocks** through supplier's tracking system, **no development or maintenance cost for the ULD management system**

### HUMAN RESOURCES

ULD **management burden is removed**. Airline has **one point of contact - Supplier Account Manager**, and need only retain an escalation point to provide schedule updates, operational changes and negotiate/approve monthly stock proposals

### IMPACT ON FINANCIALS

Airline **turns a fixed cost into a variable cost** - frees-up valuable capital, and because operational details tend to be known in advance, it provides **a solution that helps support business planning, budget, cash flow**, etc

**Thank you for listening**



**Partnership Creating Value**

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