



DHL STRENGTHENS GLOBAL AVIATION NETWORK WITH CARGOJET PARTNERSHIP

News / Airlines



DHL Express and Cargojet have entered into a new long-term strategic agreement that will further strengthen the global DHL aviation network. The five year agreement, with a renewal option for an additional two years, will see Cargojet provide ACMI, CMI, charter, and aircraft dry lease services to DHL to support DHL's international requirements for Europe and North, South, Central and Latin America, as well as Asia. Cargojet currently utilizes 12 freighters to service DHL's requirements. DHL intends to add 5 additional B767 freighters during the 2022-23 timeframe to fulfill its anticipated network requirements, building on the rapid expansion of the company's air network in the last two years. In the Americas, DHL increased its overall aviation capacity by 18% for the 2021 peak season in response to surging demand, particularly in the e-commerce segment. It recently added a new weekly air connection from Vietnam to the U.S., adding 102 tons of additional capacity for customers shipping out of Asia into the Americas region.

"Cargojet is an important aviation partner of DHL in North America and we see this expansion of our relationship further strengthening intra-regional and intercontinental links to and from this region," said Mike Parra, CEO, DHL Express Americas. "Its versatile cargo fleet and high on-time reliability positions us well to further capitalize on the dynamically growing e-commerce market, in particular. This step builds on the significant investments we have made in DHL's aviation capacity and capabilities over the last two years in the

Americas.”

Additionally, DHL intends to be Cargojet’s inaugural launch customer for the state-of-the-art B777 wide body long-range conversion cargo aircraft, which are expected to be deployed in late 2023 or early 2024. The more fuel-efficient freighter will support DHL’s efforts to improve the carbon footprint of its transportation operations while enabling customer growth. Since 2018, DHL has purchased 28 new Boeing 777F to add to the company’s global fleet, many of which serve points between the Americas region and the rest of the world.

“DHL’s international aviation network is a true competitive differentiator and an enabler of growth for our customers. Cargojet’s “customer first” culture has added flexibility and resilience to our network,” said Travis Cobb, EVP, Global Network Operations & Aviation, DHL Express. “A longer-term strategic alignment with Cargojet will bring additional capacity and allow us to continue delivering the highest levels of service quality to the market.”

“Earning the trust and confidence of Deutsche Post DHL Group is a remarkable milestone in Cargojet’s journey. We are even more excited about the opportunity to add value and earn the right to be a long-term strategic partner each and every day.” said Cargojet’s Chief Executive Officer Ajay Virmani. “This strategic partnership is a real tribute to our people who have worked extremely hard all through the pandemic while maintaining the industry best on-time performance and flexibility that has allowed us to earn this business”.

In addition, to align interests and strengthen the long-term strategic relationship, Cargojet will issue to DHL warrants to acquire up to 9.5 percent of Cargojet’s outstanding voting shares (on a non-diluted basis as of the date hereof) at a price of C\$158.92 per share (based on the 20-day volume weighted average trading price immediately prior to the date hereof) over a period of seven years, with vesting tied to the delivery by DHL of up to C\$2.3 billion in business volume during the same term.

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