



A New Vision in Materials Management

**A Worldwide Strategic Partnership between
LSG Sky Chefs and Kuehne + Nagel**

SKYLOGISTIX
An LSG Sky Chefs and Kuehne + Nagel Company



Local Market Advantage and Global Presence

SkylogistiX is an independent company built upon a strong foundation. The new joint venture is based on a single, global platform. It provides unlimited access to both networks and expertise: LSG Sky Chefs and Kuehne + Nagel.



SkylogistiX mission is to bring innovation into the in-flight service supply chain through superior technology, dedicated expertise and a global presence

SkylogistiX offering is driven by our customers' own strategic and contract objectives to minimize costs without compromising service. SkylogistiX is a leading logistics expert, management partner and provider of best-in-class 3PL services and neutral 4PL solutions.

SkylogistiX value proposition to our customers comprises:

- Reduction of basic logistics costs
- Lower cost of ownership
- Reduced consumption through better control
- Increased logistics effectiveness
- Variable costing – no fixed logistics costs
- Access to our worldwide network and facilities
- Flexible and best solutions to deliver your objectives

Industry competence with global reach:

LSG Sky Chefs

- The world's largest provider of in-flight services with over 60 years of experience
- Business areas comprise airline catering, in-flight equipment and logistics as well as the management of onboard service and in-flight retail
- Partners with over 300 airlines
- Worldwide presence

Kuehne + Nagel

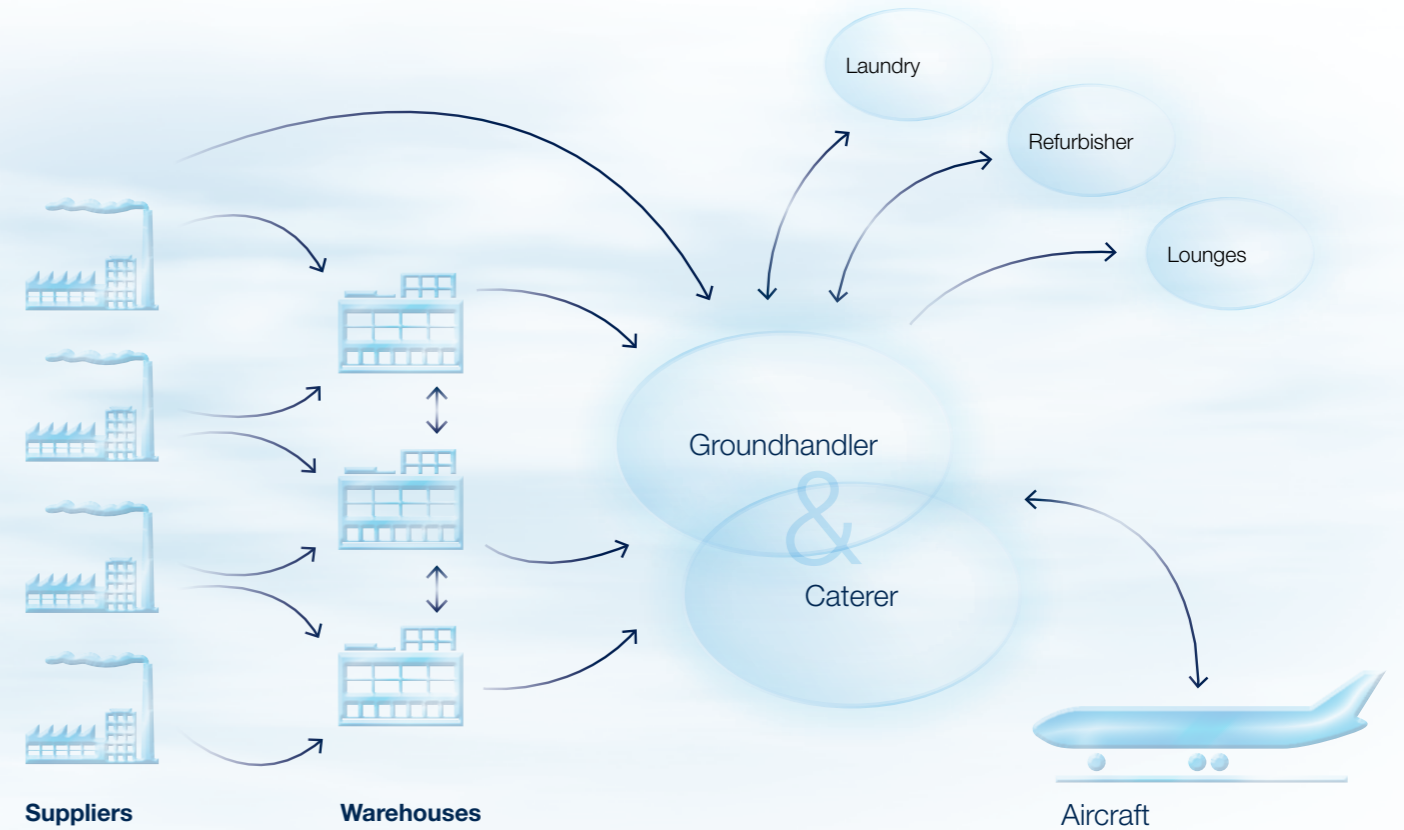
- One of the world's leading logistics companies
- Strong market position in sea freight, airfreight, contract logistics and overland businesses
- Clear focus on providing IT-based supply chain management services
- Extensive global coverage and facility network





The Way Materials Management Should Be

Providing reliable and efficient supply of an airline's network with in-flight service materials is a complex proposition.



SkylogistiX is the leading provider of global logistics and in-flight supply chain management

Do these challenges sound familiar?

- Providing passengers their choice at all times
- Consistent and timely delivery of shipments
- Identification and elimination of surplus stock in catering units
- Controlling usage of your airline stock
- Providing visibility to adjust network imbalances
- Reducing obsolete stock

- Balancing purchase, storage and transportation by optimizing the distribution network to achieve the lowest total cost
- Ensure materials and equipment management processes deliver to expectations

If these are challenges you face then SkylogistiX has the network and the capabilities to provide the best solution for you.

Simplifying complexities:

Information from a variety of different sources has to be merged to forecast demand. Random influences have also to be considered in order to provision all stations in a network on-time with items needed to service the in-flight program.

Purchase orders to suppliers have to be released and controlled and materials flows have to be routed. Warehouses have to be operated in strategic locations to minimize lead-times and costs, while

at the same time ensuring highest availability of supplies. Caterers' inventories at stations have to be tracked to determine optimal replenishment quantities, to control process quality and to balance rotatable assets within the network.

SkylogistiX addresses this challenge with its modular solution for the in-flight materials supply chain. This can be tailored to individual airlines' requirements and ranges from basic to advanced services. Superior technology specifically developed to serve airlines' needs is in

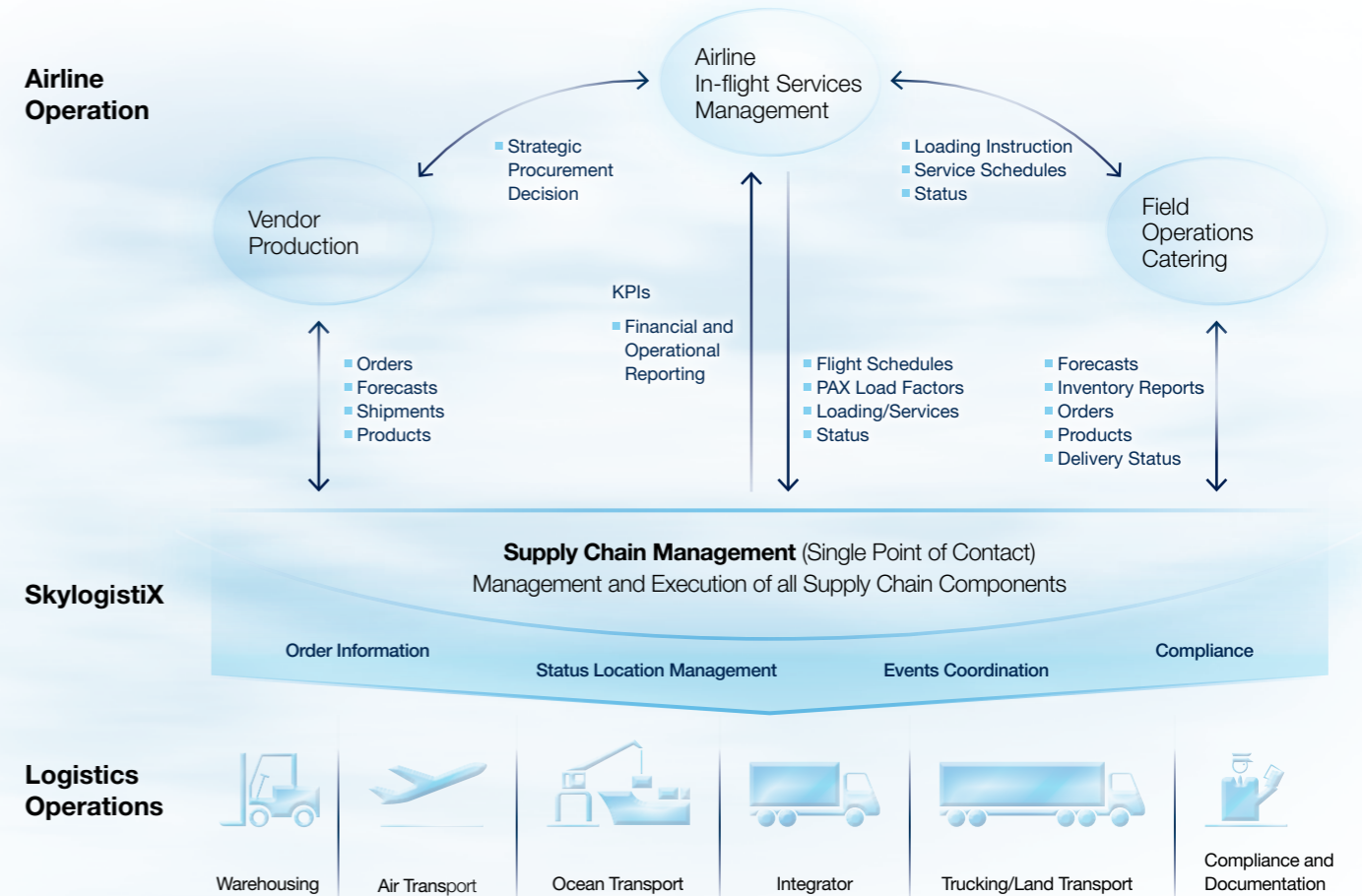


place to support all processes. In addition to this, dedicated customer service teams are established to manage the airline's entire in-flight supply chain.



We Add Speed to In-flight Materials Management

SkylogistiX has brought a world of expertise together in a unique and innovative fashion which can become an effective extension of your business.



SkylogistiX is backed by an extensive logistics network, experienced staff and a specialized SkylogistiX Software

Under the SkylogistiX business model an airline retains control of all strategic decisions, for example, which suppliers, products and services are used. They conclude agreements with vendors, caterers and service suppliers.

SkylogistiX deals with the tactical implementation and execution of these strategic decisions. Order management and forecasting are important aspects of this process. SkylogistiX recognizes that each airlines is different and there-

fore a modular approach is taken when offering services to any particular airline. An airline can start with a basic solution, grow into a more advanced model and eventually opt for complete outsourcing when their strategic goals and organization have been aligned to support such a set-up.

Three service modules supported by SkylogistiX:

Logistics management

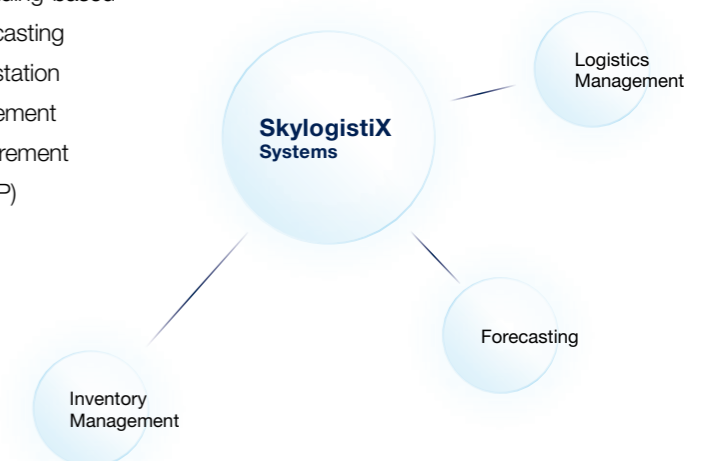
- Freight services
- Warehousing services
- Customs handling services

Inventory management

- Station order management (pull system)
- Purchase order management
- Managing inventory levels to minimize or maximize parameters

Forecasting

- Schedule, loading-based demand forecasting
- Push-based station order management
- Material requirement planning (MRP)



The SkylogistiX web portal provides access to all relevant data and functions from anywhere in the world.



Superior Technology – SkylogistiX Software

A comprehensive system integrating all functions to work together cohesively

At the core of SkylogistiX software is the LogistiX.NET workflow engine. This enables workflow technologies to be applied to a variety of business processes. A valid password and Internet access are necessary but there is no need to install any software locally on a users' PC. Workflow technology combines features such as deadlines, automation, business rules, user empowerment, audit tracking, continuity and adherence to standards. An example of this technology in use may be seen in station replenishment functions where e-mail alerts are produced if a caterer does not report his inventory on

time or should a shipment be delayed. Escalations according to pre-defined business rules are triggered in cases where such alerts are not acted upon.

Scheduling

An airline's flight schedule is imported using the IATA standard SSIM format and business rules are applied to create a service schedule which defines which aircraft loading will apply for each flight.

Galley planning

Galley diagrams and loading lists are defined and maintained. Detailed loading

manuals can be published as well as an extensive range of loading reports.

Item demand forecasting

The service schedule and loading lists are combined along with additional rules, such as turnaround times and sector life for rotatable equipment, to calculate the net demand per item per day and per station. Net demand is the total required to service the outgoing aircraft minus the quantity expected back from the arriving aircraft.

Material requirement planning (MRP)

MRP combines the item demand fore-

casting with supplier information such as lead times, minimum and economic order quantities to generate suggested purchase orders.

Purchase order management

Manages and tracks the purchase order cycle from order confirmation through to final receipt of goods.

Station provisioning

Captures regular station inventory reports and combines these with the item demand forecasts to generate suggested station replenishment orders.

Orders are also managed and tracked from generation through to final receipt of the goods.

Warehouse management (WMS)

Manages inventory locations/batches within the warehouse as well as picking and receiving functions.

Interfaces

Standard XML interfaces templates are available to allow SkylogistiX software to easily interface key financial and inventory data with the airlines' systems.



Maximizing Performance – Delivering Benefits

Significantly reduce your costs without any compromise in your service levels. At the same time improve service levels and allow quick and effective responses to market changes.



SkylogistiX performance measurement system is an essential core value that may be accessed anywhere and at any time

The SkylogistiX solution includes an extensive set of Key Performance Indicators designed to provide real-time transparency and measurement and to monitor supply chain effectiveness and efficiency. A steering group is established and regular review meetings scheduled to ensure that everything remains on track to deliver targeted benefits and results. Interactive feedback is also encouraged.

KPI Reports show:

- Performance to date
- Trends (up/down)
- Reasons and root causes for failures
- Suggestions/corrective actions required

The benefits of partnering with SkylogistiX include:

Cost reduction

SkylogistiX helps airlines to achieve the lowest total cost through:

- Inventory only purchased when needed
- Maximum use of supplier pricing breaks
- Transport consolidation
- Optimized asset management

Improved service level

- Ensuring that all business processes are completed in time
- Increasing the reliability and maximum use of core data
- Accessing all relevant data from anywhere at any time
- Reducing human errors
- Providing quick and effective responses to market changes



SkylogistiX has the global network, dedicated expertise and technical capabilities to deliver flexible answers and best solutions for your in-flight service logistics and supply chain management.

Please contact SkylogistiX for further information and for an individual consultation – for peace of mind at any altitude!

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