A passion for solutions

Panalpina Group

Basel, 9th March 2011

2010 Full Year Review

PANALPINA
on 6 continents

Supply Chain Management

Air Freight	Ocean Freight	Logistics

2010 – back on track

- Volume growth of 22% in Air, 13% in Ocean – gaining market share in both segments
- Further improvement of unit profitability
- Gross profit growth across all regions, led by Asia and Air freight
- Improvement of underlying EBITDA/GP margin to 14.1% in 2010 from 10.5% in 2009
- Productivity increase of 12% in 2010 vs. 2009
- Net working capital intensity at record low level of 1.6%
- Settlement and court approval of U.S. litigations (FCPA, anti-trust) finalized

Key figures

CHF million

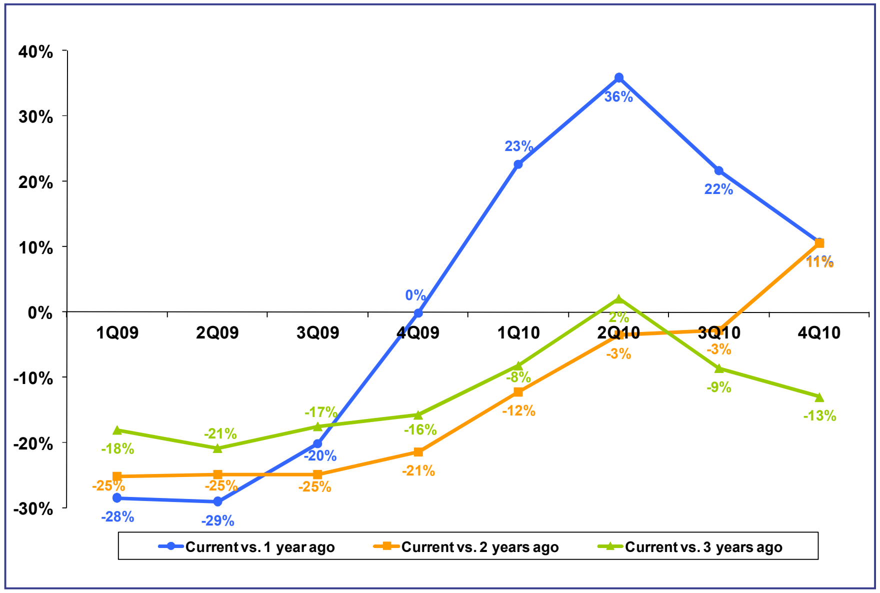
	Q4 2010	Q4 2009	Variance % CHF	Variance % Excl. FX	FY 2010	FY 2009	Variance % CHF	Variance % Excl. FX
Net forwarding revenue	**1'808.9**	**1'569.0**	15.3%	24.6%	**7'164.2**	**5'957.9**	20.2%	24.6%
Forwarding expenses	(1'418.1)	(1'257.5)			(5'684.1)	(4'581.0)		
Gross profit	**390.8**	**311.5**	25.5%	35.3%	**1'480.1**	**1'376.9**	7.5%	11.4%
in % of net forwarding revenue	*21.6%*	*19.9%*			*20.7%*	*23.1%*		
Total operating expenses	(334.3)	(305.0)	9.6%	19.2%	(1'417.7)	(1'297.2)	9.3%	13.2%
EBITDA	**56.5**	**6.5**	763.4%	787.6%	**62.4**	**79.7**	-21.8%	-18.4%
in % of gross profit	*14.5%*	*2.1%*			*4.2%*	*5.8%*		
Operating result (EBIT)	**44.0**	**(8.0)**			**15.4**	**29.9**		
in % of gross profit	*11.3%*	*-2.6%*			*1.0%*	*2.2%*		
Financial result	(3.1)	(7.2)			(9.2)	(16.0)		
Earnings before taxes (EBT)	**41.0**	**(15.1)**			**6.1**	**13.9**		
Income tax expenses	(8.1)	4.1			(32.1)	(3.4)		
% of EBT	*19.7%*	*27.3%*			*524.6%* *	*24.7%*		
Consolidated profit	**32.9**	**(11.0)**			**(26.0)**	**10.4**		
in % of gross profit	*8.4%*	*-3.5%*			*-1.8%*	*0.8%*		
Non-recurring items:								
Fines and related costs, reorganization costs					(128)			
Legal costs (FCPA, Anti-trust)	(2)	(11)			(18)	(55)		
Severance costs						(10)		
underlying EBITDA	**58.5**	**17.5**	233.6%		**208.4**	**144.7**	44.0%	
in % of gross profit	*15.0%*	*5.6%*			*14.1%*	*10.5%*		
underlying EBIT	**46.0**	**3.0**	1414.7%		**161.4**	**94.9**	70.0%	
in % of gross profit	*11.8%*	*1.0%*			*10.9%*	*6.9%*		

- **Gross profit rises 25% in 4Q10, 7% in FY10**
- **Underlying EBITDA/GP margin rises to 15.0% in 4Q10, 14.1% in FY10**
- **Proposal to AGM not to pay a dividend for FY10 based on negative net result**

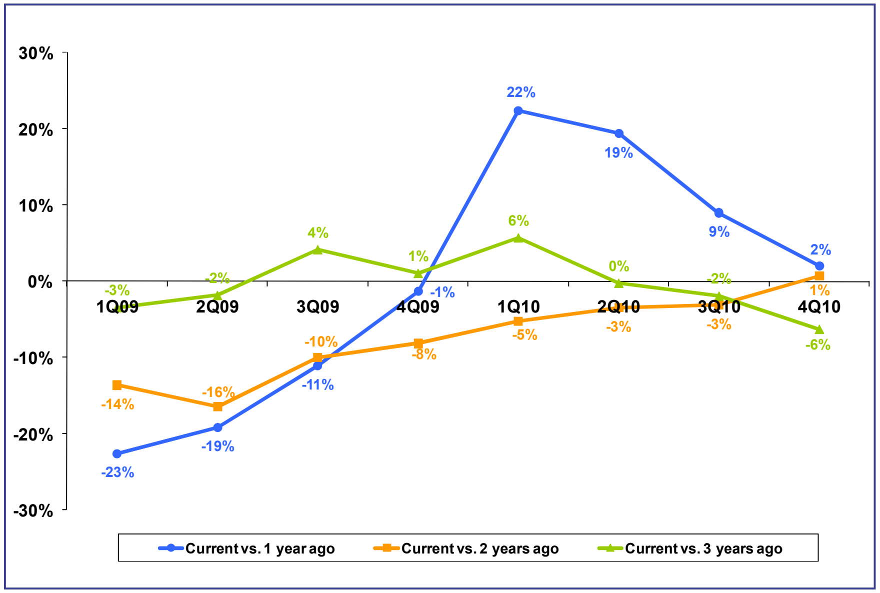
* Note: FY10 tax rate not representative due to non-deductible fines contained in misc. provisions. Excluding this impact, the FY10 tax rate is 25.9%.

Strong volume growth in 2010 with market share gains

Air freight: current volumes vs. last three years



Ocean freight: current volumes vs. last three years



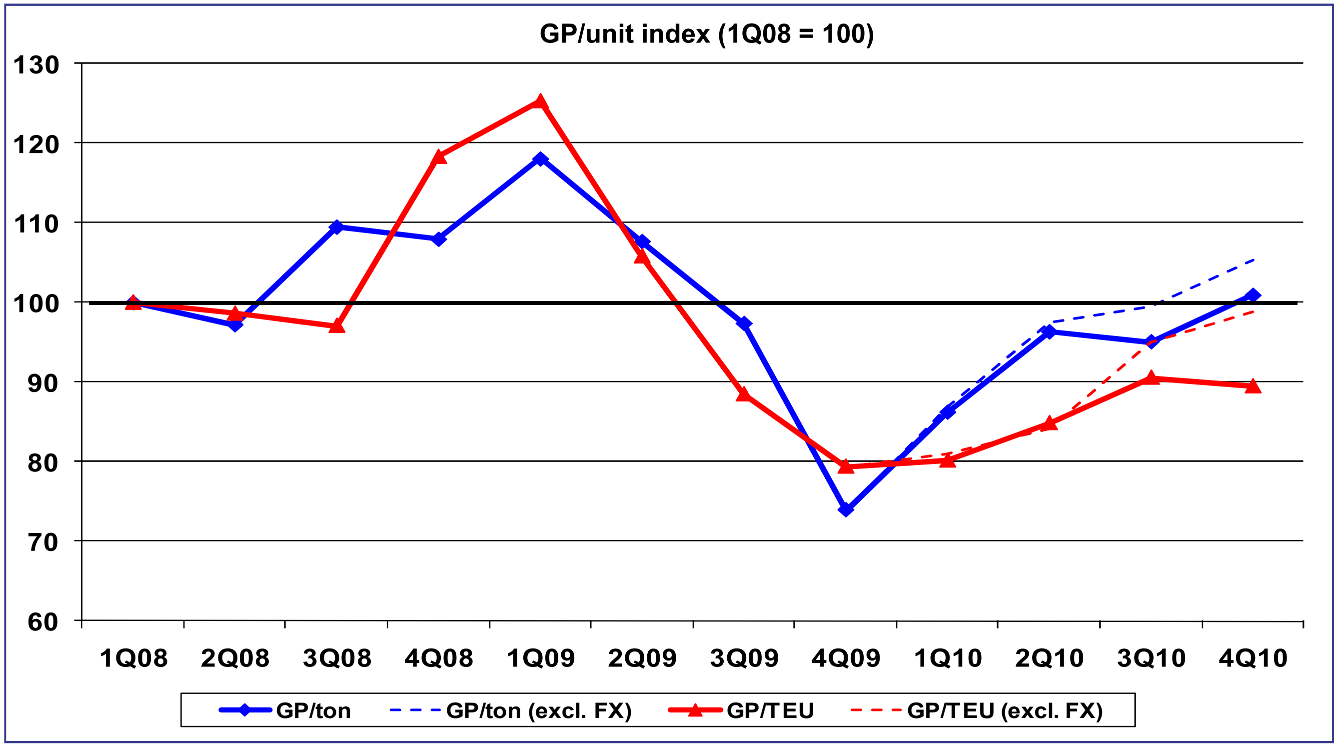
	2010	2009	Δ in %
Tons	892’000	731’000	+22%
Market share*	2.8%	2.7%	+0.1%

	2010	2009	Δ in %
TEUs	1’241’000	1’103’000	+13%
Market share*	2.4%	2.3%	+0.1%

- **Market-beating growth in 2010 in both segments: Air +22% (market +19%), Ocean +13% (market +11%)**
- **Continued growth in fourth quarter, albeit weaker than seasonally normal**
- **PA maintains its global #4 position in Air and Ocean freight – market continues to be highly fragmented**

* Source: IATA, Drewry, Company estimates. In ocean freight, only the market served by freight forwarders is considered.

Continuous quarter-on-quarter improvement of unit profitability

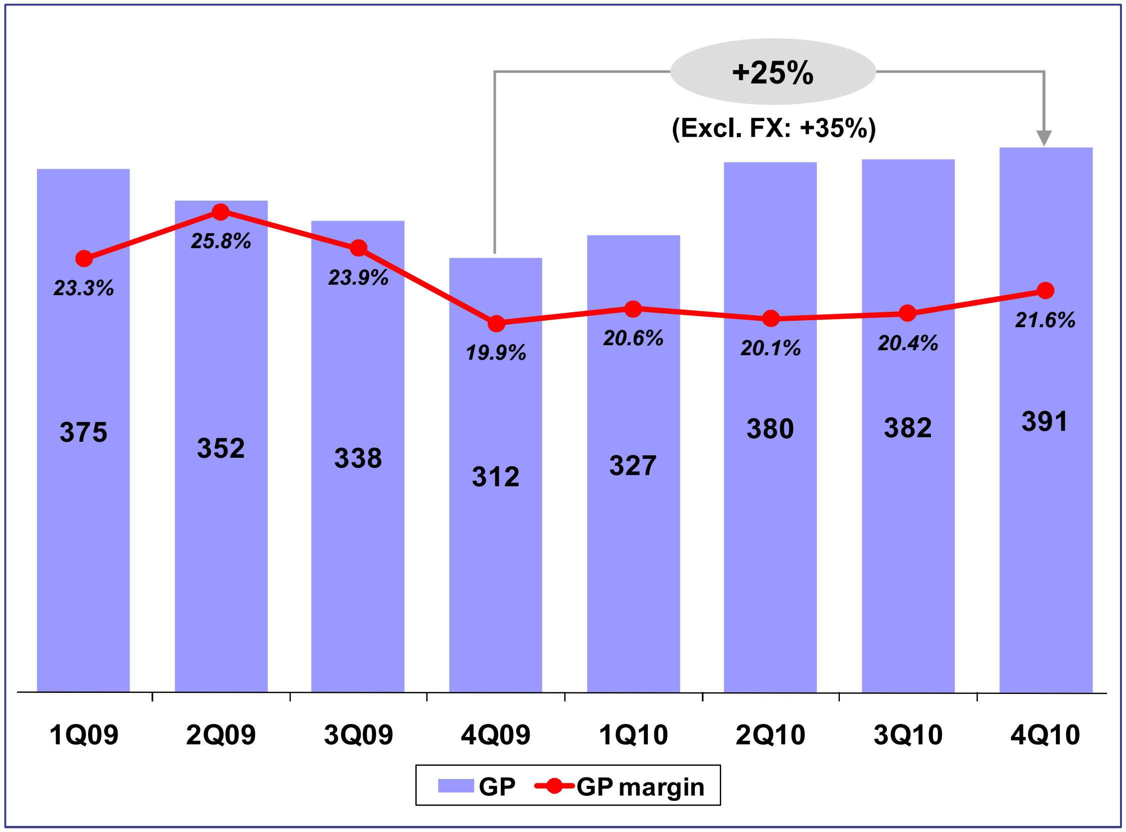


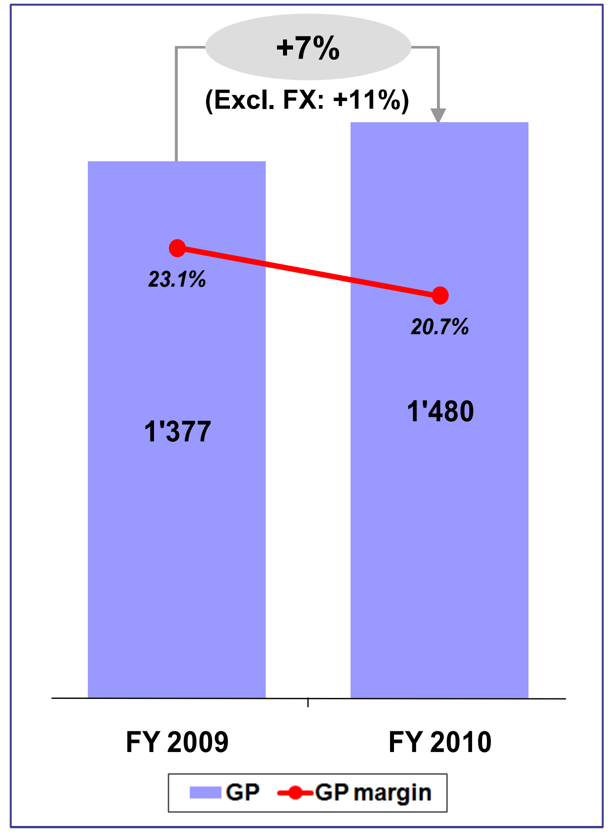
	2010	2009	Δ in %	Excl. FX	4Q10 vs. 4Q09
GP/ton (CHF)	748	769	-3%	+1%	+37%
GP/TEU (CHF)	365	415	-12%	-9%	+13%

- Focus on customer profitability in 2010 as an important driver in restoring unit profitability
- GP/unit FY10 lower than FY09 due to inflated 1H09 (rate collapse) and strongly rising rates in 1H10
- Gross profit per unit in 4Q10 back to normal levels in constant currency terms

Ongoing expansion of gross profit

Gross profit in CHF million

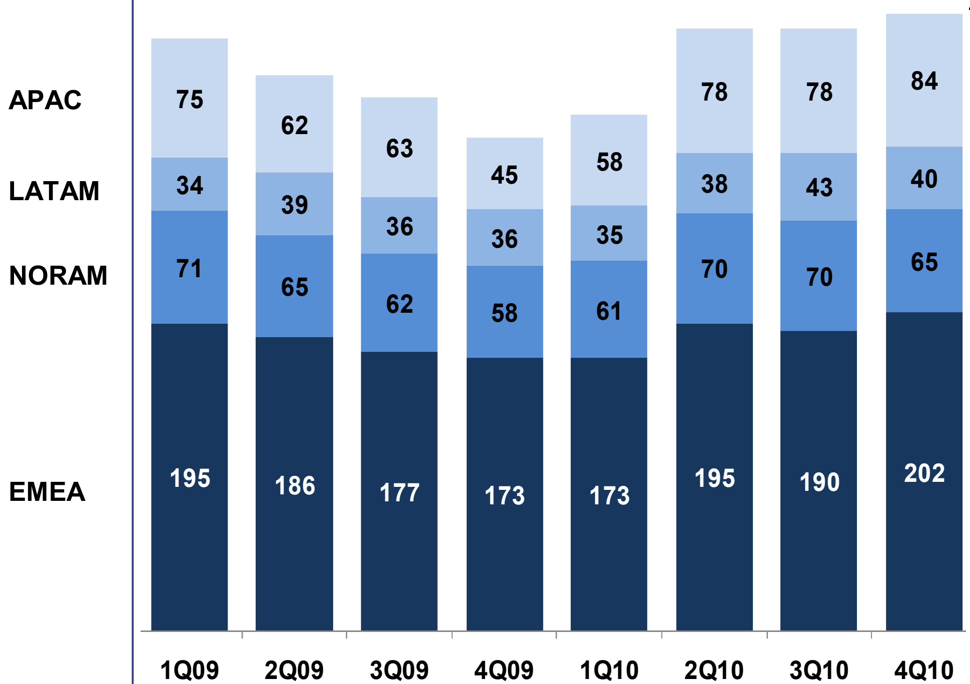




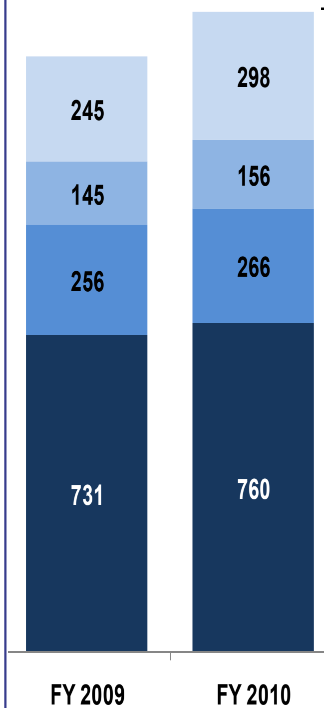
- Strong volume increase in FY10 partly offset by lower average yields and adverse FX impacts
- Higher volumes and yields leading to 25% year-on-year gross profit increase in 4Q10
- Further sequential expansion of gross profit in 4Q10 mainly driven by Air freight

Gross profit growth across all regions, led by Asia

Gross profit in CHF million



	4Q10 y/y growth	
	CHF	Excl. FX
APAC	86.7%	93.3%
LATAM	11.1%	19.4%
NORAM	12.1%	24.1%
EMEA	16.8%	27.2%

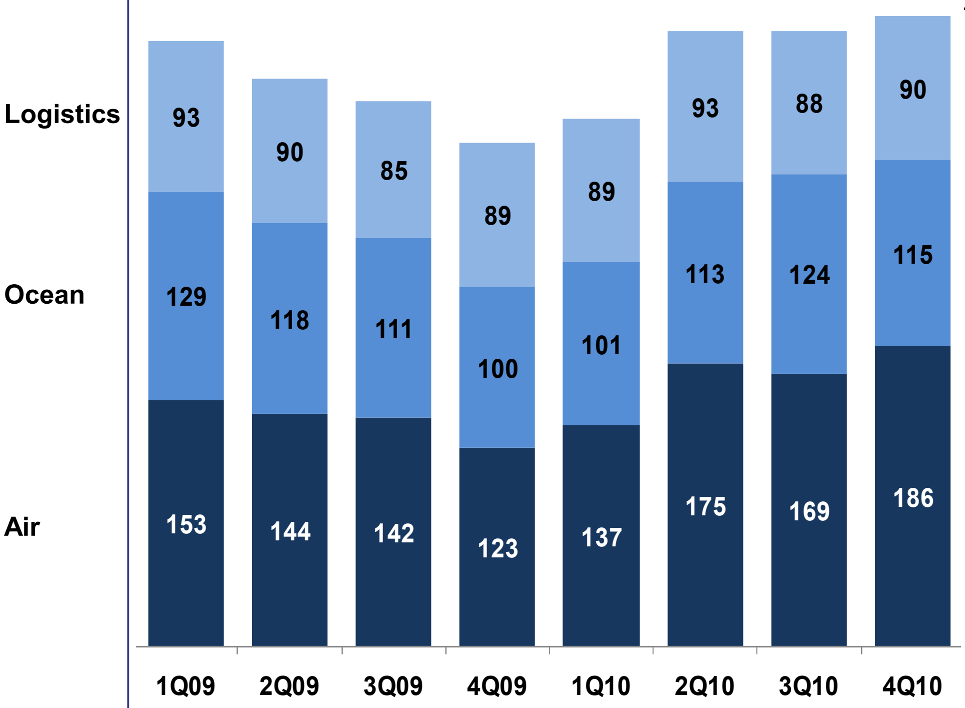


	FY10 y/y growth	
	CHF	Excl. FX
APAC	21.6%	21.6%
LATAM	7.6%	9.7%
NORAM	3.9%	6.6%
EMEA	4.0%	10.0%

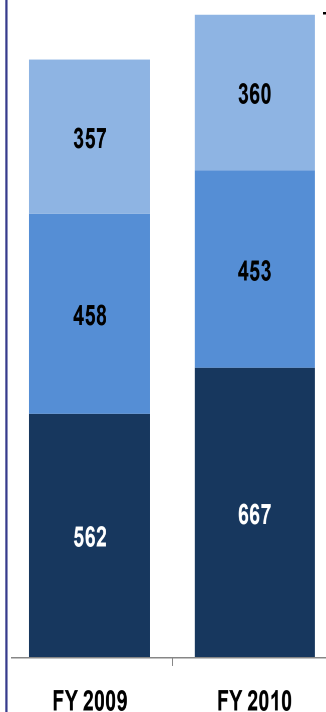
- Gross profit increase in all regions in FY10, led by emerging economies in APAC and LATAM
- APAC posted the highest ever quarterly and annual GP in 4Q10 and FY10, respectively
- Weakness of the EUR and USD with a significantly negative impact on EMEA and NORAM

Gross profit increase across all segments in local currencies, led by Air freight

Gross profit in CHF million



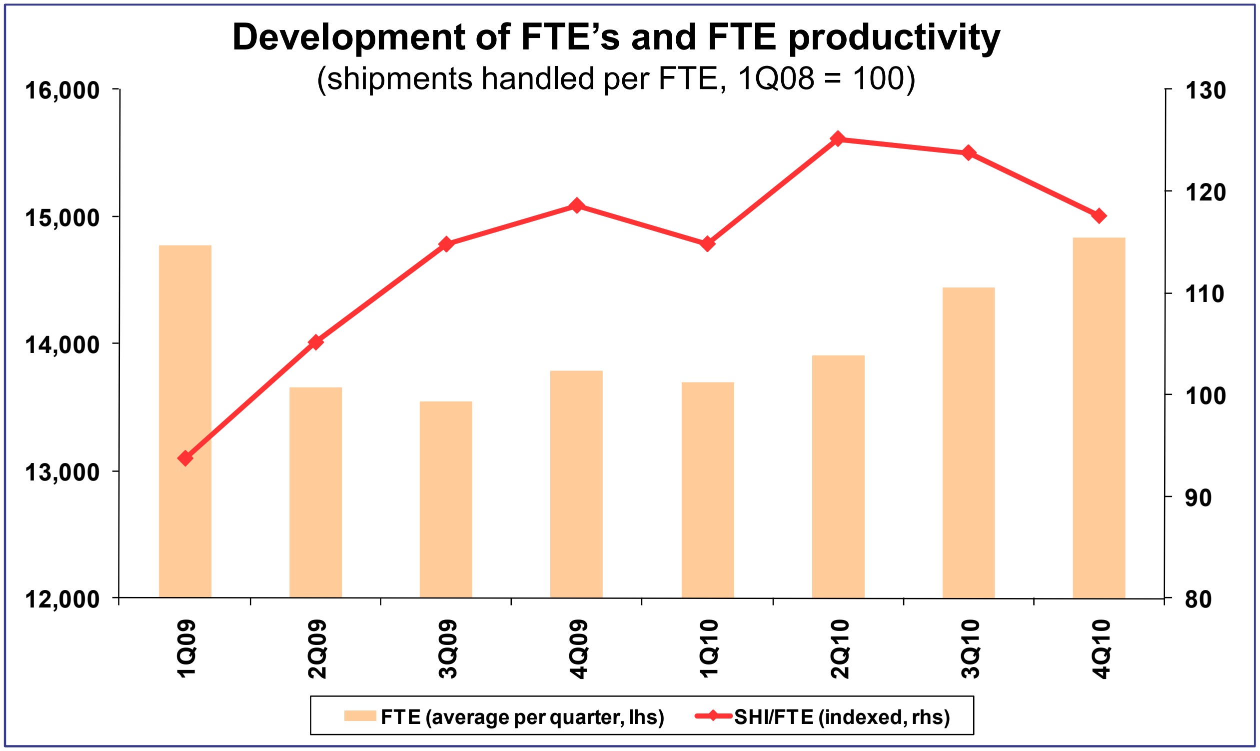
4Q10 y/y growth	CHF	Excl. FX
Logistics	1.1%	7.9%
Ocean	15.0%	27.0%
Air	51.2%	61.8%



FY10 y/y growth	CHF	Excl. FX
Logistics	0.8%	4.2%
Ocean	-1.1%	2.8%
Air	18.7%	23.0%

- Segmental gross profit recovery led by Air freight, driven by strong volumes and yields
- Strong volume growth in Ocean freight in FY10 offset by lower average yields
- Negative currency impact in all segments particularly high in last quarter

Significant productivity increase in 2010

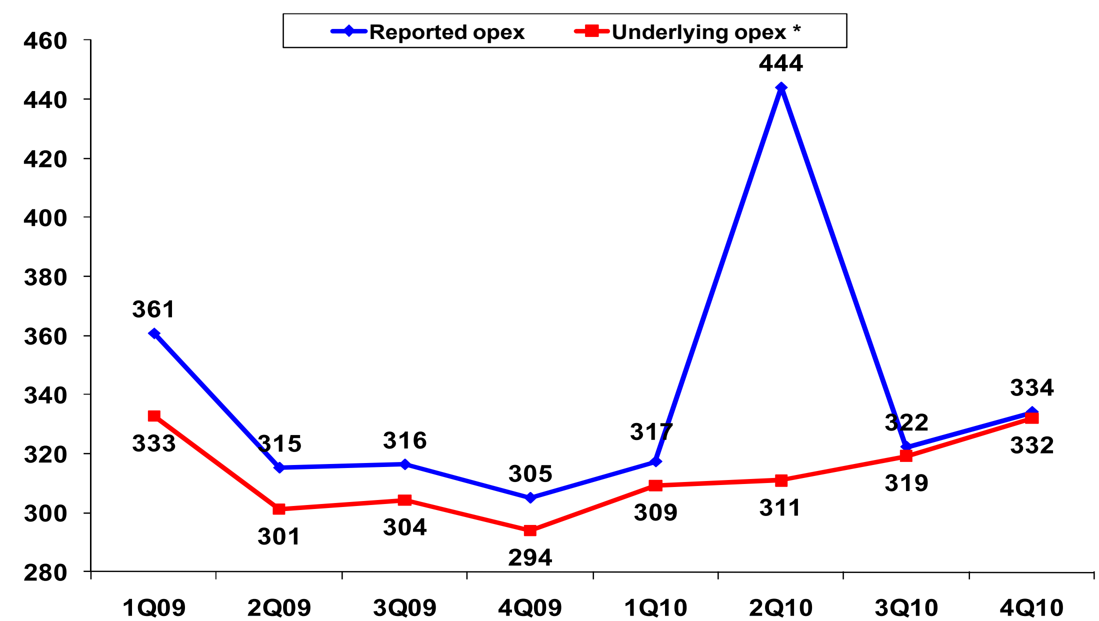


	Ø 2010 vs. Ø 2009
Shipments	+14%
FTE	+2%
Productivity (shipments/FTE)	+12%

- **Shipment growth in 2010 was accommodated with an underproportional increase in headcount**
- **Productivity sequentially decreasing into fourth quarter as investment in headcount continued**

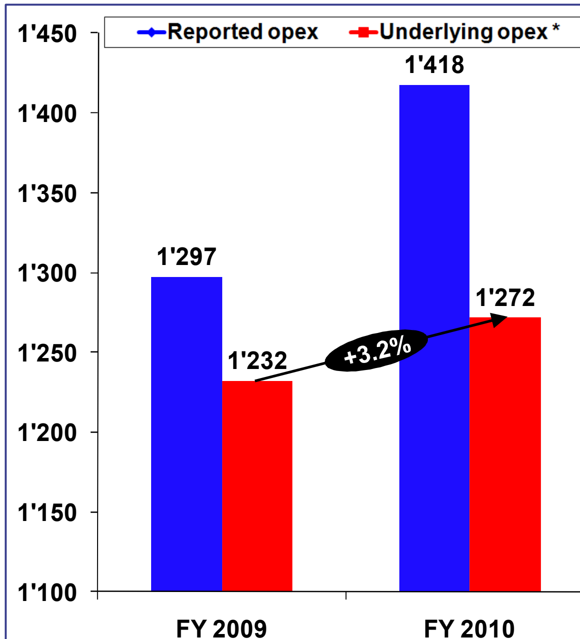
Operating costs growing moderately in order to accommodate growth in shipments

Operating expenses in CHF million



Ø FTE	14‘267	13‘530	13‘746	13‘773	13‘693	14‘083	14‘631	14‘838

Ø FTE = Full-time equivalents (quarterly average)



Ø FTE	13‘943	14‘224
PGP	63.8%	60.2%

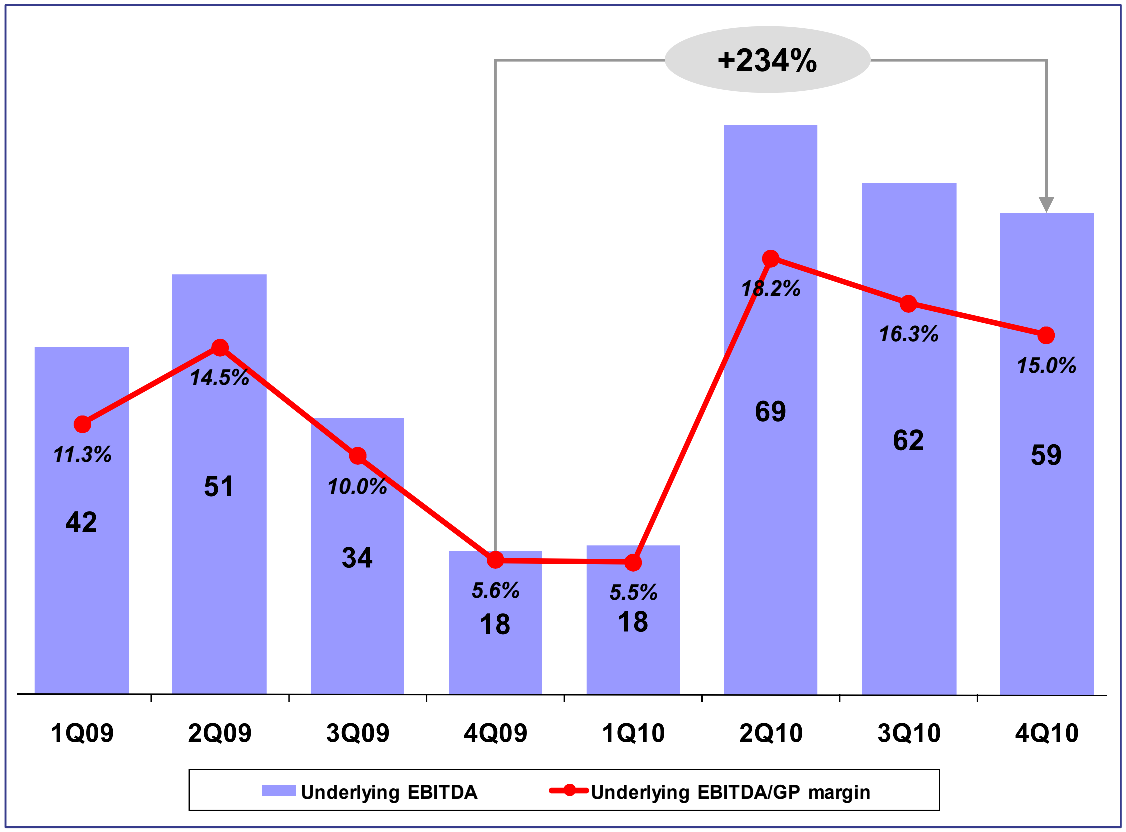
PGP = Personnel expenses / gross profit ratio

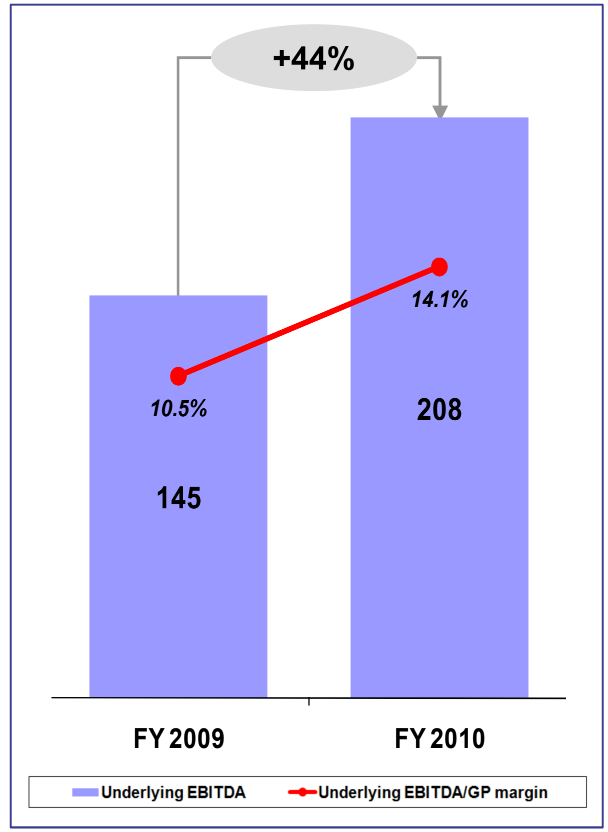
- Further investments in headcount and logistics facilities took place during the fourth quarter
- Significant reduction of PGP ratio due to productivity increase and tight cost management

* Adjusted for fines and related costs, legal fees and charges related to internal reorganization project

Significant improvement of underlying* Group EBITDA

EBITDA in CHF million

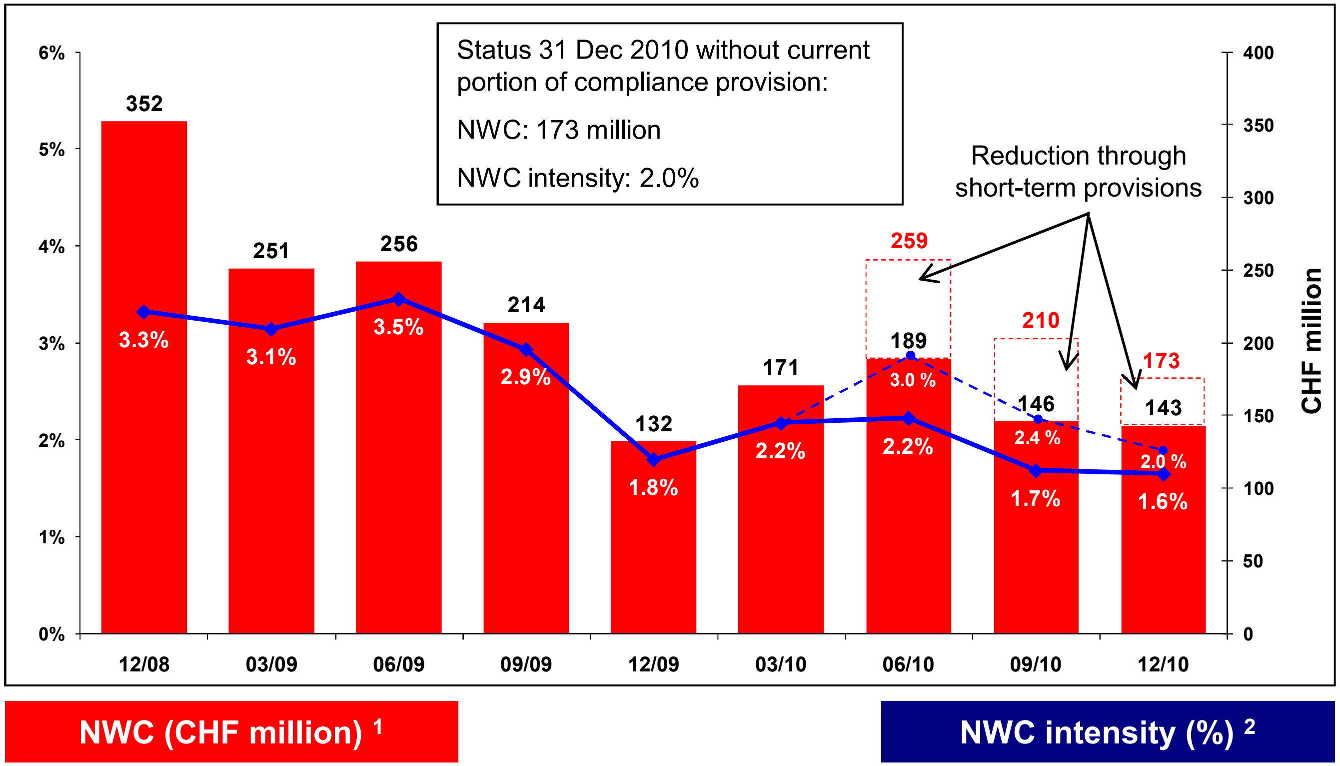




- **Strong growth in business volumes and cost discipline led to significant margin expansion**
- **Slight sequential contraction of margin in 4Q10 due to investments in headcount and logistics**

* Adjusted for fines and related costs, legal fees and charges related to internal reorganization project

Net working capital intensity at new record low level of 1.6%



(# of days)	Ø 2010	Ø 2009
DSO	43.9	41.9
DPO	28.2	22.8
Δ (DSO – DPO)	15.7	19.1

- **Considerable decrease of gap between DSO and DPO**
- **Net working capital reaches new record low level despite strong increase in turnover**

[1] Net working capital defined as current assets net of cash and liquid instruments minus current liabilities net of interest bearing debt

[2] NWC intensity defined as NWC divided by gross forwarding revenue

Cash flow characterized by increase in working capital

Figures in CHF million
(translated at average exchange rates)

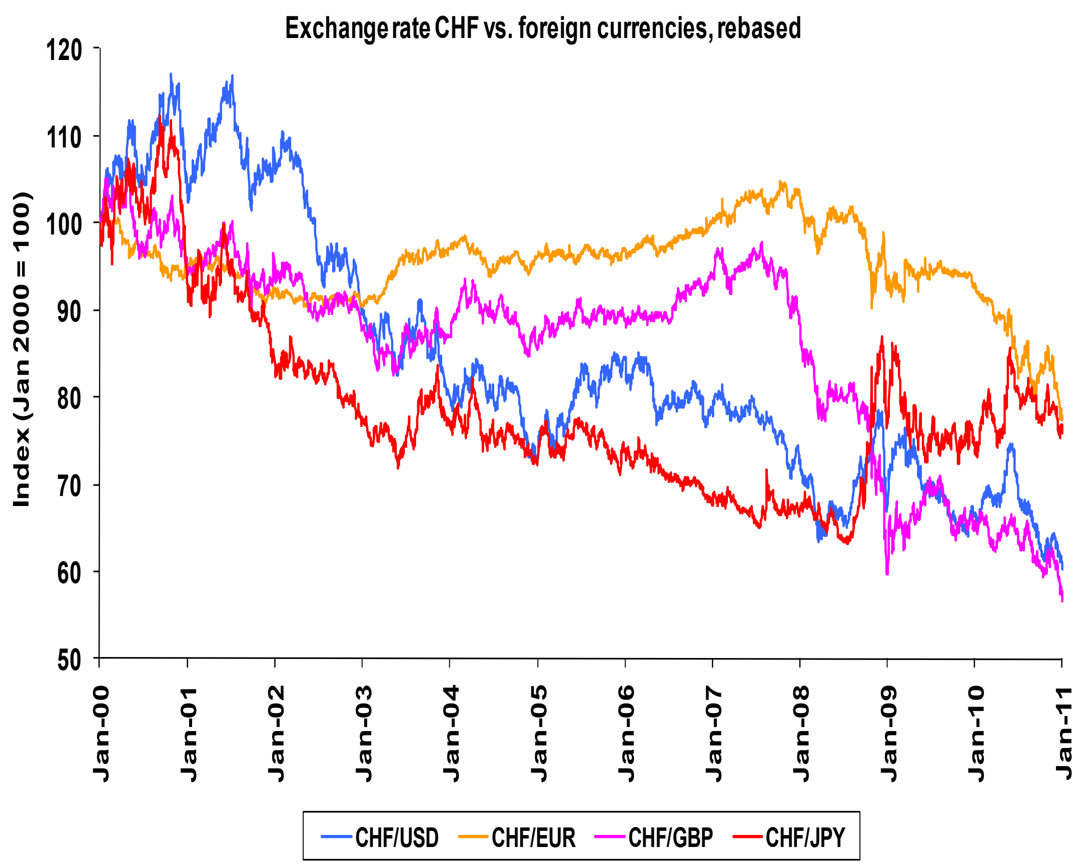
	Q4 2010	Q4 2009	FY 2010	FY 2009
Cash flow before changes in working capital	60.7 *	9.2	150.2 *	97.7
Changes in working capital	(13.9)	58.4	(75.0) **	214.0
Cash from operations	**46.8**	**67.6**	**75.3**	**311.8**
Interest and income taxes paid	(17.7)	(5.3)	(38.2)	(52.0)
Net cash from operating activities	29.1	62.3	37.0	259.8
Net cash from investing activities	(15.9)	(15.9)	(30.8)	(33.9)
Free cash flow	**13.2**	**46.4**	**6.2**	**225.9**
Net cash used in financing activities	(2.9)	1.9	(8.1)	(57.2)
Effect of exchange rate changes	(7.5)	0.6	(1.0)	0.7
Cash and cash equivalents at beginning of period	526.2	482.9	531.8	362.4
Net increase (decrease) in cash and cash equivalents	**2.7**	**48.9**	**(2.9)**	**169.4**
Cash and cash equivalents at end of period	528.9	531.8	528.9	531.8

- **Improvement of operating profitability led to increase in cash flow before working cap. changes**
- **Strong growth in turnover in FY10 resulted in increase of working capital**

* includes an outflow of CHF 27 million for fines paid to U.S. authorities (accounted for in previously booked provisions). Excluding these fines, cash from operations amounted to CHF 74 million in 4Q10 and CHF 102 million in FY10.

** excludes increase in short-term provisions

Strong Swiss franc has affected results over the last few years



FX volatility and Group's FX exposure on NFR in 2010

Currency	NFR exp. 2010	avg exch. rate FY10	avg exch. rate FY09	Δ in %
EUR	33.3%	1.37870	1.50993	-8.7%
USD	17.5%	1.04137	1.08479	-4.0%
CHF	5.8%	1.00000	1.00000	0.0%
GBP	2.6%	1.60781	1.69516	-5.2%
JPY	0.9%	0.01189	0.01161	2.3%

FX impact on Group results, FY10 vs. FY09:

- Net forwarding revenue: -4%
- Gross profit: -4%
- Operating expenses: -4%
- EBITDA: -3%

Foreign currencies vs. Swiss franc: last 11 years

Loss in relative value since 1 Jan 2000:

British pound:	-43%
US dollar:	-40%
Japanese yen:	-24%
Euro:	-23%

- **The Swiss franc has appreciated significantly vs. all major foreign currencies in the long term**
- **Natural FX hedge b/w revenues and costs – FX fluctuations with no material impact on margins**
- **Transaction risk selectively hedged, translation risk not hedged**

Recap of 2010

External factors:

Market growth air freight: 19% ← **World trade growth 2010: 11%** → **Market growth ocean freight: 11%**

Internal factors:

Leverage volume growth	Improve unit profitability	Increase productivity	Settlement of U.S. litigations
▪ Sales excellence program ▪ New customer segmentation ▪ Product accountability and leadership ▪ Strengthening of industry vertical structures	▪ Roll out and use of new MIS tools ▪ Focus on customer profitability ▪ Subcontractor management ▪ Product accountability and leadership	▪ Shipments handled per employee ▪ Automation of core processes: – Purchase-to-Pay – Order fulfillment – Deliver-to-Collect	▪ FCPA ▪ Antitrust

Acquisition of Grieg Logistics

- On 22 February 2011, Panalpina announced it entered into an agreement to purchase 100% of the shares of Grieg Logistics, a leading logistics provider to the Norwegian oil and gas and maritime industries.
- Panalpina acquires Grieg Logistics' entire freight forwarding, domestic transportation, warehousing, distribution and customs clearance business with operations in 14 locations.
- The acquisition will add approx. NOK 400 million (CHF 67 million) to Panalpina's annual net forwarding revenue.
- All of the approx. 100 employees concerned will remain with the company.
- The transaction will be financed in cash. Both parties have chosen not to disclose the purchase price.
- The transaction is subject to approval by the relevant competition authorities.

Our planning assumptions for 2011

World trade growth 2011: ~5%

Air freight

Market

- 5 – 6% growth
- Soft market heading into Q2
- Tight capacity for most of year – corresponding impact on expected rate levels

Panalpina

- Outperform market
- Increase of GP per ton vs. 2010

Logistics

- Overproportional increase in GP
- Stable GP margin
- Continued investments (rent and maintenance, know how)

Ocean freight

Market

- 6 – 7% growth
- Soft market heading into Q2
- Potential oversupply – limited scope for rate increases

Panalpina

- Outperform market
- Increase of GP per TEU vs. 2010

Key initiatives in 2011

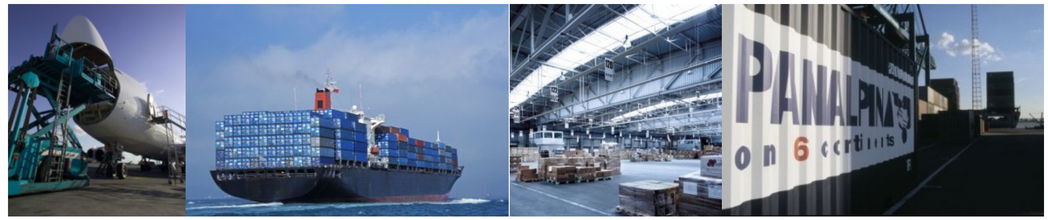
- Investments into major growth markets (China, India, Brazil) and industries
- Investments into Sales organization – Sales headcount to grow overproportionately
- Consistent group-wide implementation of the new COO organization with corresponding investments into industry vertical and procurement structure
- Further productivity increase targeted (i.e. headcount growth < shipment growth)
- Explore M&A opportunities
- Further investments into IT platform

Summary and outlook

- We emerged stronger from the crisis
- We have a strong customer focus
- We are in a growing industry
- We have a truly global footprint
- We are committed to further increases in growth, profitability and productivity

Investor Day 2011 – save the date

- 30th June
- Swissôtel Zurich
- Registration opens soon
- Preliminary agenda:



Time	Presentation	Speaker
09.00 - 09.30	*Registration and welcome coffee*	
09.30 - 09.45	**Opening / overview of Panalpina roadmap 2015**	**Monika Ribar, CEO**
09.45 - 10.30	**Finance and IT, strategic financial targets (incl. Q & A)**	**Marco Gadola, CFO**
10.30 - 11.00	**COO organization and structure (incl. Q & A)**	**Karl Weyeneth, COO**
11.00 - 11.15	*Coffee break*	
11.15 - 12.00	**Marketing & Sales / Industry Vertical roadmap 2015 (incl. Q & A)**	**Sven Hömmken, Global Head of Marketing & Sales**
12.00 - 12.45	**Air freight roadmap 2015 (incl. Q & A)**	**Henrik Lund, Global Head of Air Freight**
12.45 - 13.30	*Buffet lunch*	
13.30 - 14.15	**Ocean freight roadmap 2015 (incl. Q & A)**	**Frank Hercksen, Global Head of Ocean Freight**
14.15 - 15.00	**Logistics roadmap 2015 (incl. Q & A)**	**Mike Wilson, Global Head of Logistics**
15.00 - 15.15	**Wrap-up and concluding remarks**	**Monika Ribar, CEO**
15.15 - 16.00	*Coffee and cookies / end of investor day*	

Appendix

PANALPINA on 6 continents

A PASSION FOR SOLUTIONS

Air Freight | Ocean Freight | Supply Chain Management

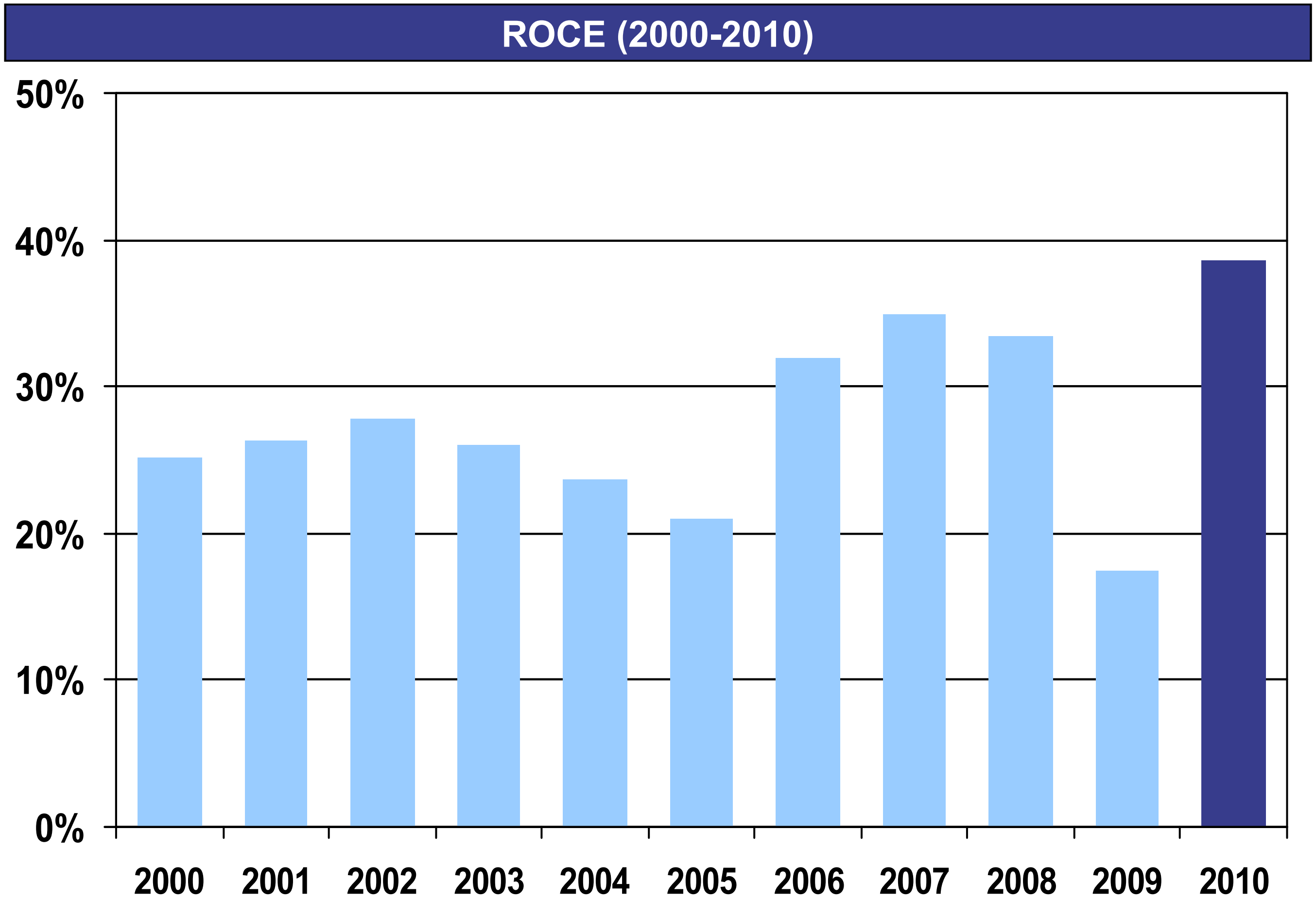
Balance sheet

Figures in CHF million
(translated at year-end exchange rates)

	31-Dec-10	31-Dec-09	Variance CHF	Variance %
Cash, equivalents, other current financial assets	535.0	542.6	-7.6	-1.4%
Trade receivables, unbilled forwarding services	1'032.9	940.0	92.9	9.9%
Other current assets	118.4	116.1	2.3	1.9%
Property, plant and equipment	113.8	141.3	-27.4	-19.4%
Intangible assets	78.1	71.9	6.2	8.6%
Other non-current assets	111.0	112.7	-1.7	-1.5%
Total assets	1'989.2	1'924.6	64.6	3.4%
Short-term borrowings	9.3	12.0	-2.7	-22.2%
Trade payables, accrued cost of services	696.0	679.3	16.7	2.5%
Other current liabilities	296.8	241.2	55.6	23.1%
Long-term borrowings	0.4	0.9	-0.5	-54.8%
Other long-term liabilities	174.5	127.7	46.8	36.7%
Total liabilities	1'177.1	1'061.1	116.0	10.9%
Share capital	50.0	50.0	0.0	0.0%
Reserves, treasury shares	754.3	806.6	-52.3	-6.5%
Non-controlling interests	7.9	7.0	0.9	12.5%
Total equity	812.2	863.6	-51.4	-6.0%
Total liabilities and equity	1'989.2	1'924.6	64.6	3.4%
Net cash (debt)	525.3	529.7	-4.4	-0.8%
Asset intensity *	5.7%	7.3%		

* Calculated as tangible fixed assets / total assets

Return on capital employed (ROCE)



Note:
- **ROCE defined as EBIT less taxes in % of average equity plus net debt**
- **2008/09/10 on the basis of EBIT before special items less adjusted taxes**

Panalpina – reasons to invest

- Market leadership in freight forwarding & end-to-end supply chain solutions
- High returns on capital due to asset-light business model
- Excellent long-term industry growth prospects
- Value delivery through globally standardized IT systems
- Industry leadership in terms of compliance
- Global network with diversification across industries and trade lanes

PANALPINA on 6 continents