30 October 2008

Nine month results presentation

2008 Nine Months Review

PANALPINA
on 6 continents

A PASSION FOR SOLUTIONS

Freight Forwarding | Supply Chain Management | Special Competencies

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Executive summary for the first nine months 2008

- YTD group performance
  - Net forwarding revenue: +6.9% (currency-adjusted: +13.3%)
  - Gross profit: -3.4% (currency-adjusted: +2.3%)
  - EBITDA: -25.7% (currency-adjusted: -21.5%)
  - Net earnings: -33.9% (currency-adjusted: -30.2%)
- Healthy performance of underlying business despite challenging macro environment
  - GP growth of 4.8% (after adjusting for Nigeria impact and FX)
  - Stable operating EBITDA/GP margin of 20.7% (after adjusting for Nigeria impact, one-offs)
- Strong cash flow thanks to well-managed net working capital
- Significant slowdown in volume growth – Panalpina outpacing the market in air and sea:

YTD volume development				
	2007 (Jan-Dec)		**2008 (Jan-Sep)**	
Growth (y/y)	**Market**	**Panalpina**	**Market**	**Panalpina**
Air (tons)	4%	8.4%	1%	1.4%*
Ocean (TEU)	9%	13.7%	4%	7.1%

* Adjusted for the Nigeria impact, estimated air volume growth amounts to ~3%

Key financial metrics – adjusted for Nigeria impact, one-offs[1]

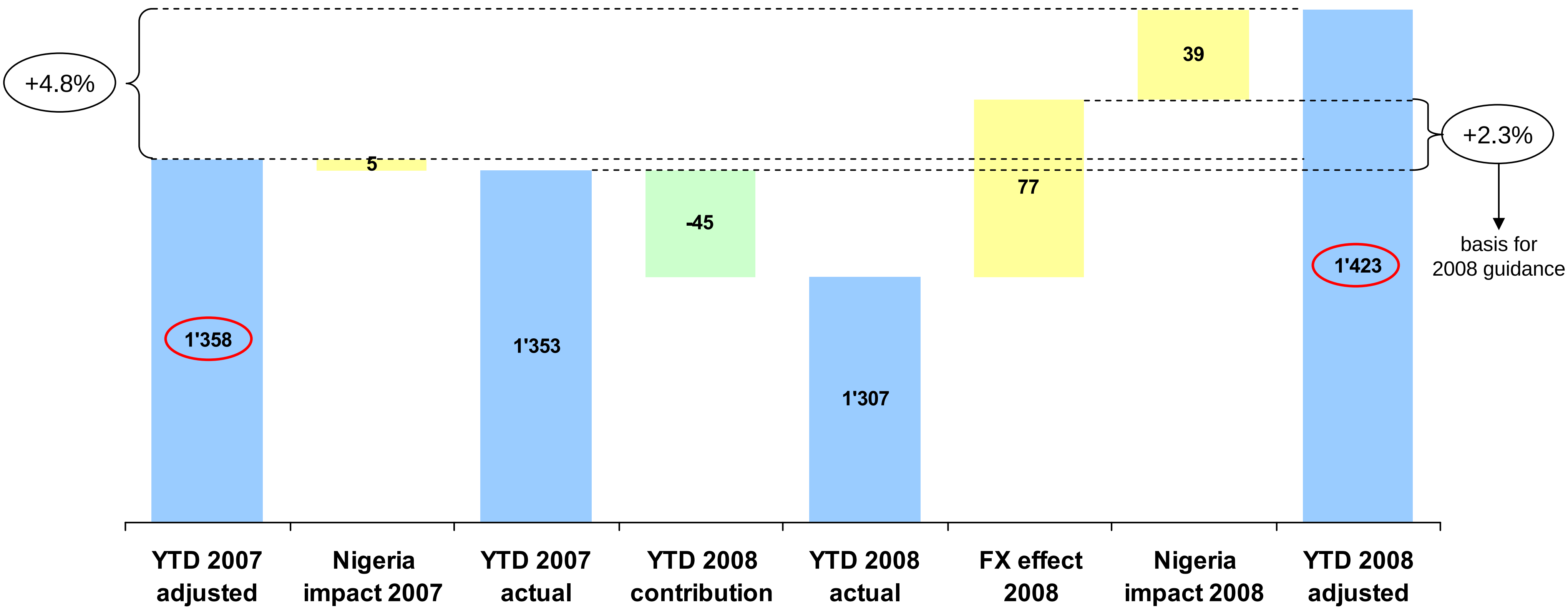
in CHF m	YTD 2007 adjusted	YTD 2008 adjusted[2]	Adjustments 2007	Adjustments 2008
Gross profit (incl. FX adj.)	1’358.2	1’423.1	+5.5	+116.0
Gross profit	1’358.2	1’346.1	+5.5	+39.0
Personnel expenses	742.8	747.3	-3.8	-2.0
Other opex	332.6	320.3	-2.0	-36.0
EBITDA	282.8	278.6	+10.3	+76.1 [3]
EBIT	246.0	243.6	+21.6	+ 76.1 [3]
GP increase (incl. FX adj.)	16.9%	4.8%		
Personnel exp. / GP	54.7%	55.5%		
Other opex / GP	24.5%	23.8%		
EBITDA / GP	20.8%	20.7%		
EBIT / GP	18.1%	18.1%		

stable margins

(1) For details, please refer to Appendix
(2) not including any FX adjustments except where noted
(3) Adjustment includes gains on sale of assets, which is not allocated to the aforementioned cost categories

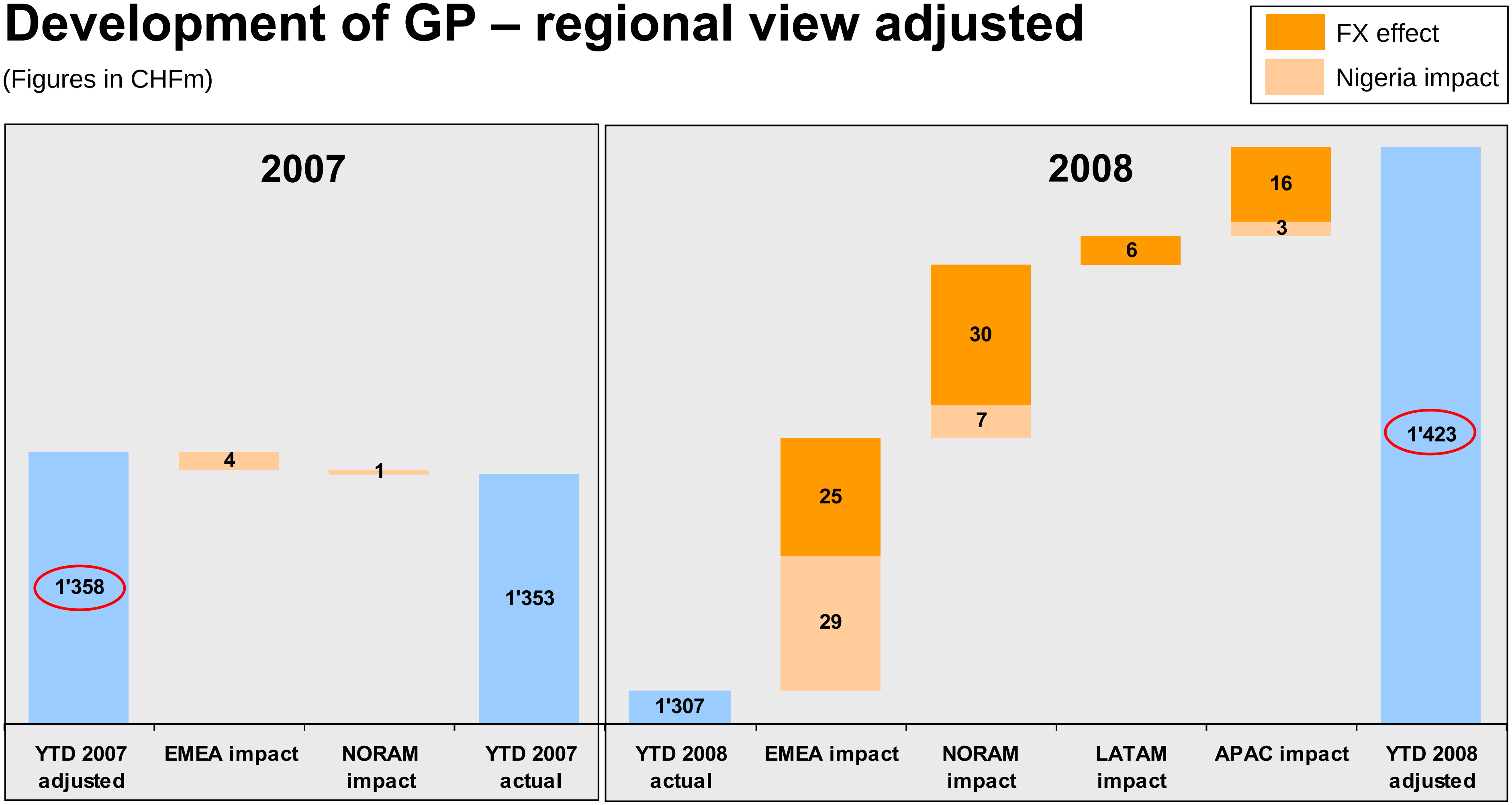
Development of GP – group view

(Figures in CHFm)



Development of GP – regional view adjusted

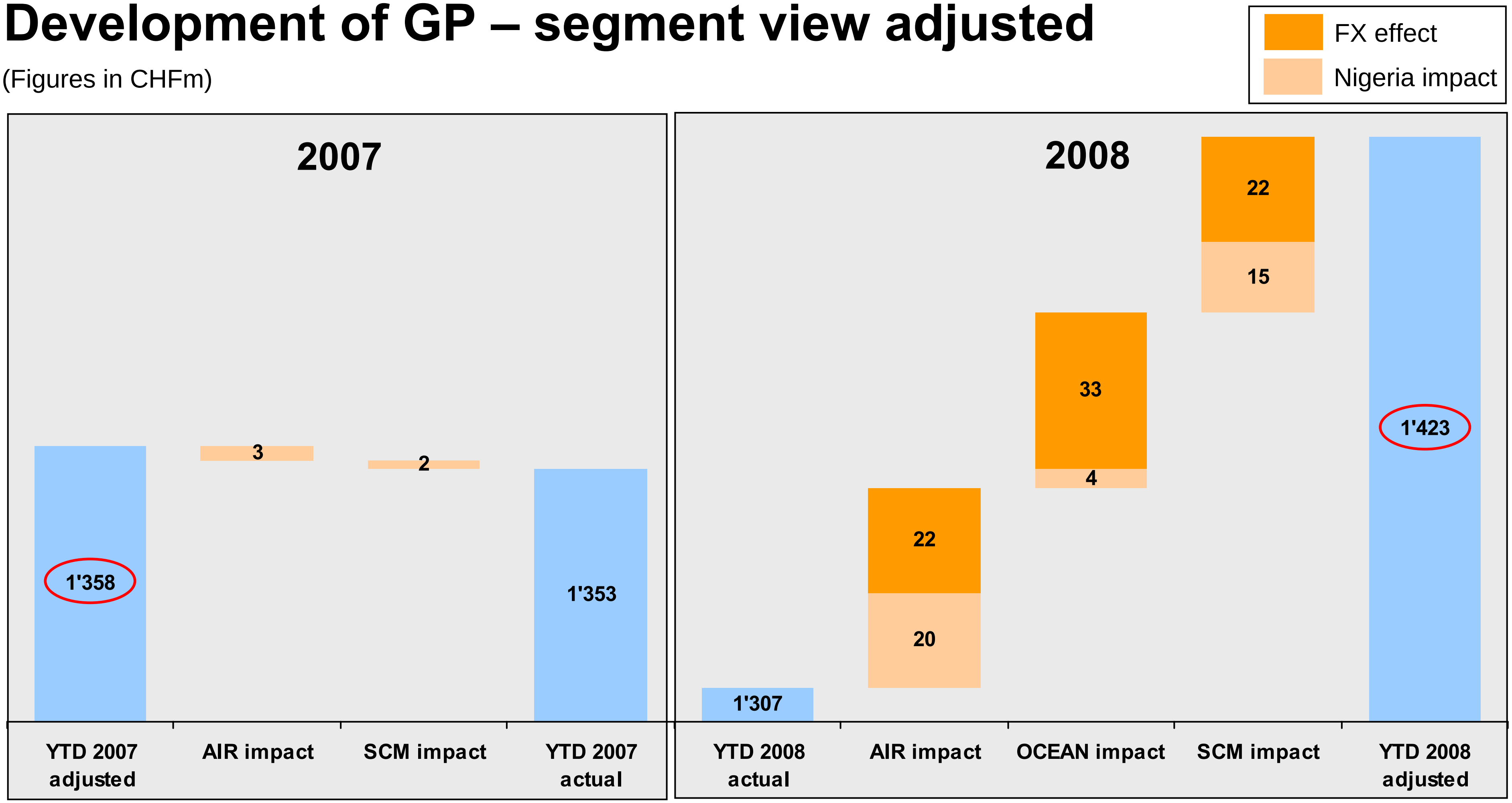
(Figures in CHFm)



Growth (y/y)	EMEA	NORAM	LATAM	APAC
GPI reported	-5.1%	-8.5%	+8.1%	+3.5%
GPI adjusted (excl. FX adj.)	-1.9%	-6.1%	+8.1%	+5.0%
GPI adjusted (incl. FX adj.)	+1.3%	+5.4%	+13.5%	+12.9%

Development of GP – segment view adjusted

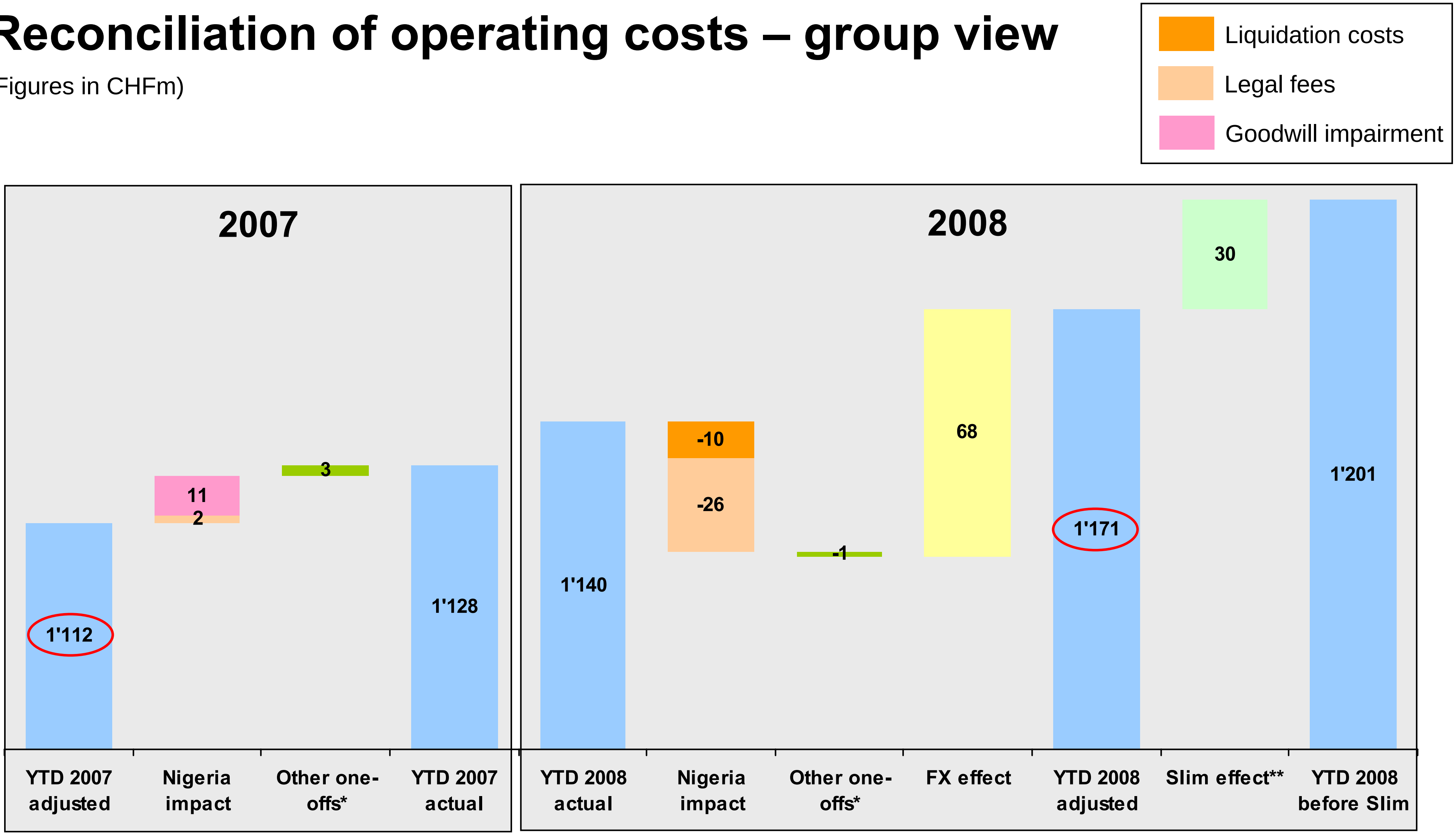
(Figures in CHFm)



Growth (y/y)	AIR	OCEAN	SCM
GPI reported	-5.4%	+3.0%	-7.2%
GPI adjusted **(excl. FX adj.)**	-2.5%	+4.1%	-3.6%
GPI adjusted **(incl. FX adj.)**	+1.2%	+12.4%	+2.5%

Reconciliation of operating costs – group view

(Figures in CHFm)

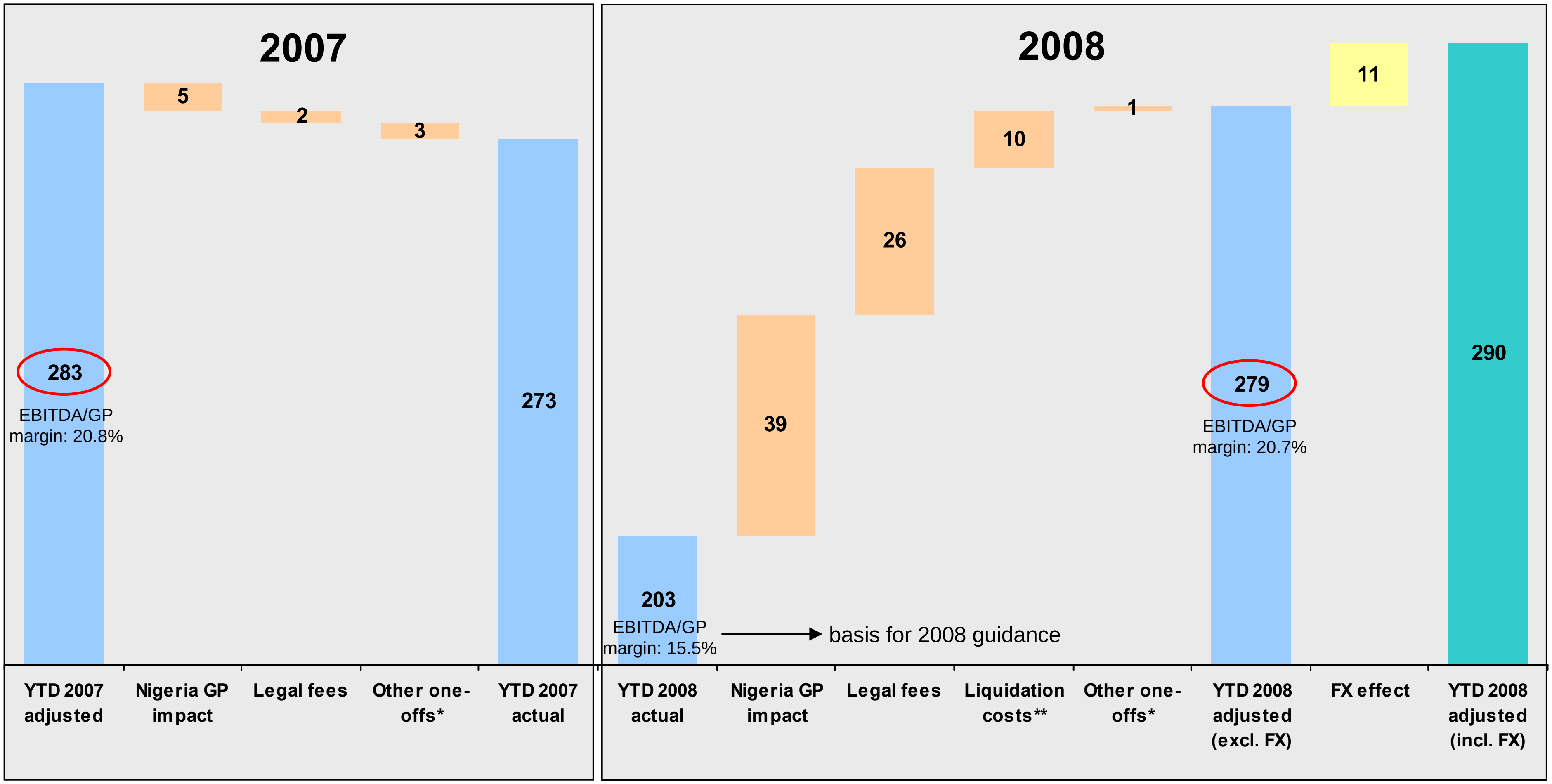


* Termination expenses; gains on sale of assets

** Slim: group-wide cost savings initiative implemented in February 2008 in order to achieve savings vs. original cost budget

EBITDA reconciliation – group view

(Figures in CHFm)

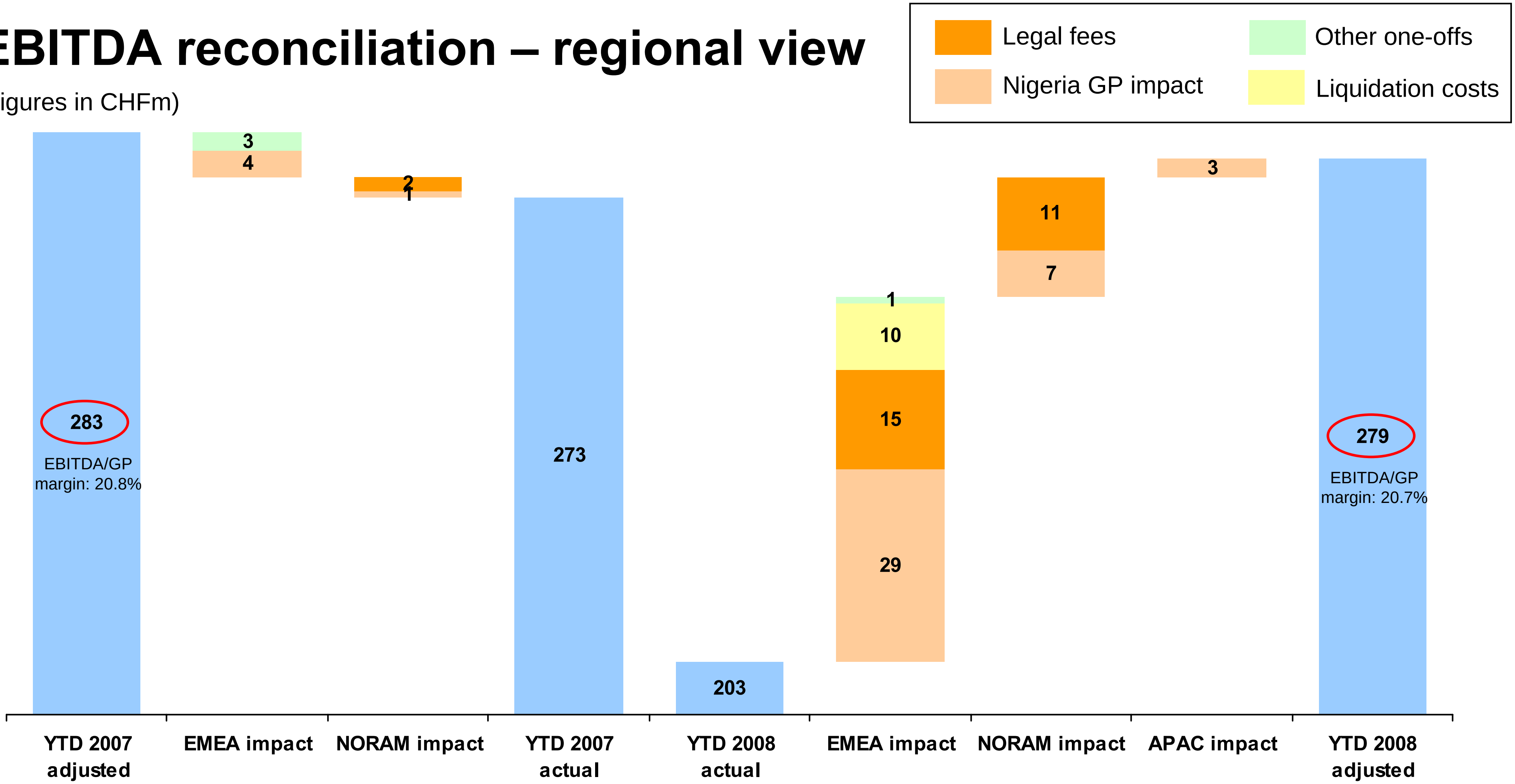


* Termination expenses; gains on sale of assets

** Liquidation of Nigerian subsidiary

EBITDA reconciliation – regional view

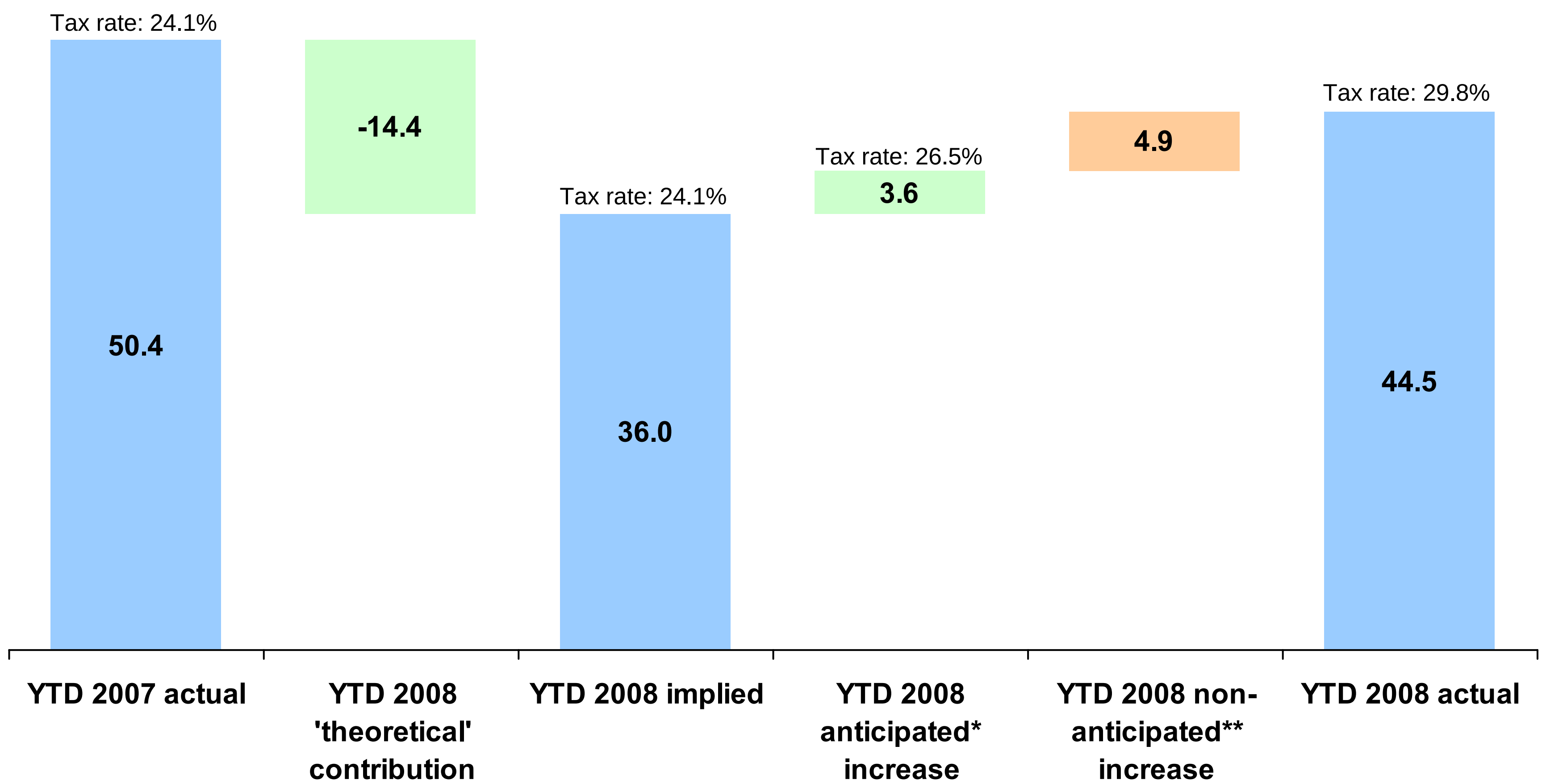
(Figures in CHFm)



Growth (y/y)	EMEA	NORAM	LATAM	APAC
EBITDA/GP reported 2008 (excl. FX adj.)	12.4%	5.5%	15.0%	38.3%
EBITDA/GP adjusted 2008 (excl. FX adj.)	19.1%	12.7%	15.0%	39.2%
EBITDA/GP adjusted 2007 (excl. FX adj.)	20.8%	11.9%	14.4%	35.6%

Development of group tax expenses

(Figures in CHFm)

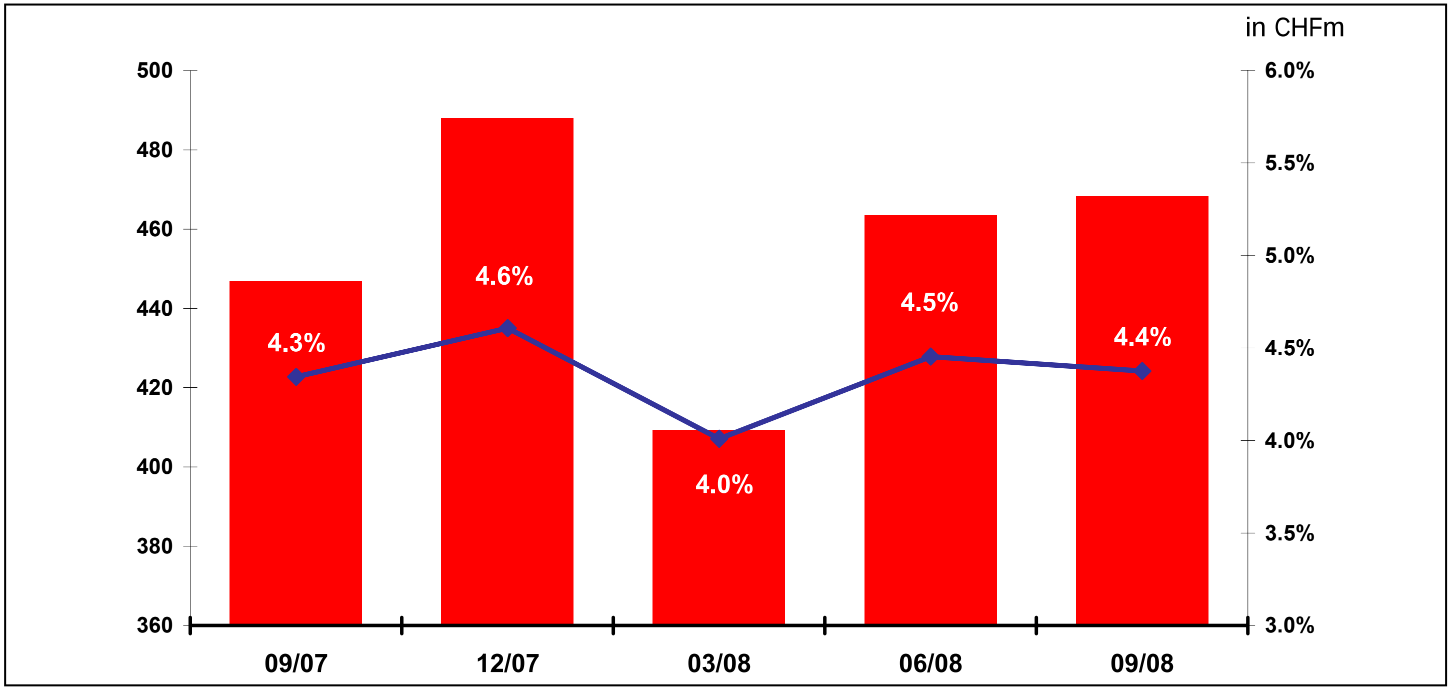


* increased profit contribution from higher-tax countries and expired tax privileges from certain countries (as previously communicated)

** non-capitalization of net operating losses due to discontinuation of Nigeria operations

Working capital - overview

Development of net working capital



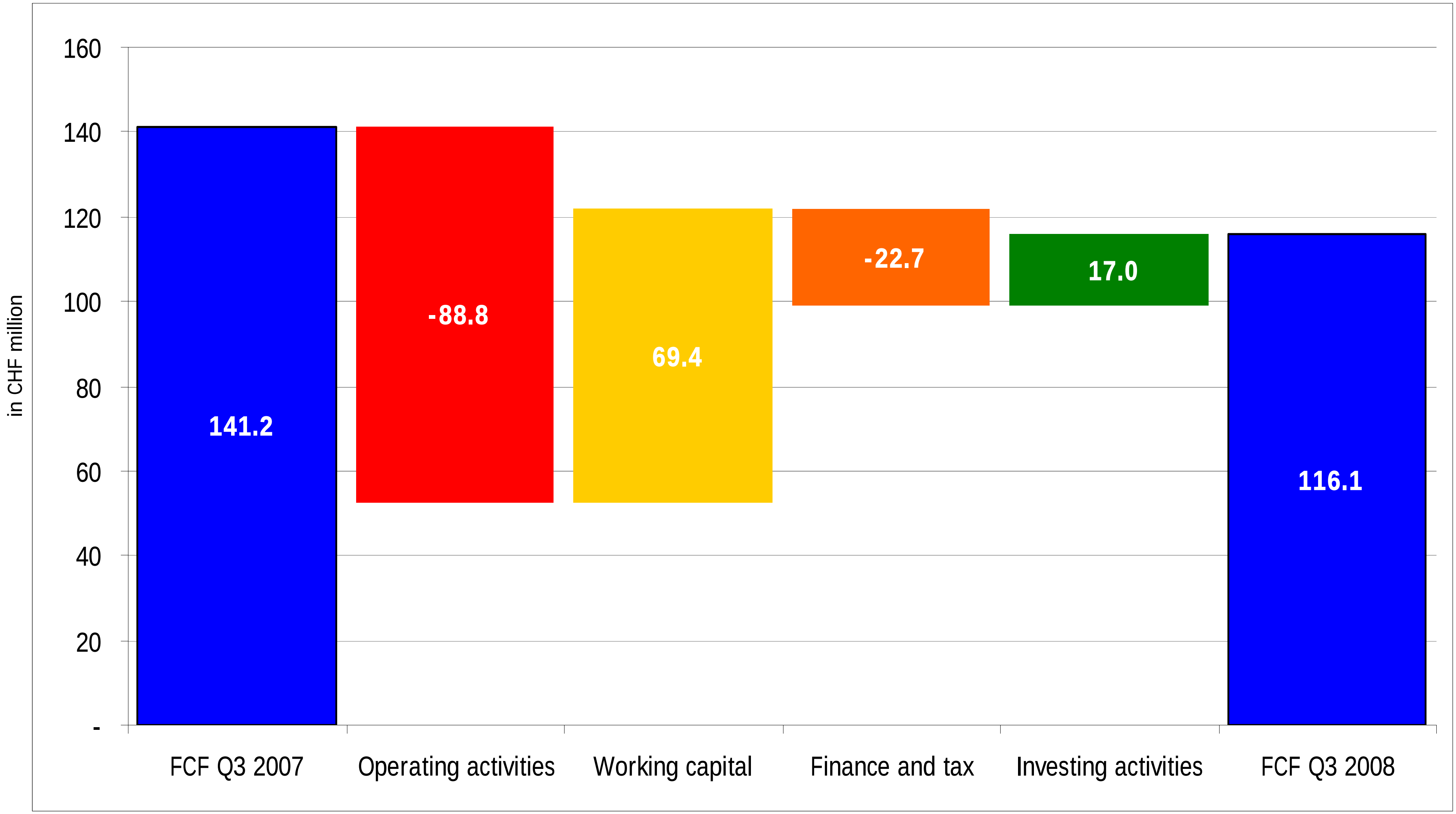
NWC (CHFm) [1]

NWC intensity (%) [2]

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

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

Free cash flow development



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Updated summary of estimated ‘Nigeria impact’ 2008/09

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‘Nigeria impact’ – updated guidance 2008/09

Key comments

- Reorganization costs (incurred in Q308) about CHF 10m lower than originally anticipated
- Additional legal fees of approximately CHF 10m and 20m for 2008 and 2009, respectively
- Estimated EBITDA impact for 2008 unchanged; increase by CHF 20m for 2009

Impact overview / guidance for 2008/09

	2008 (CHFm)		2009 (CHFm)	
	H1 08	new	H1 08	new
Total impact on GP	70	70	120	120
Estimated legal fees	30	40	20	40
Estimated reorganization costs (related to Nigeria situation)	20	10	0	0
Estimated reorganization savings	-20	-20	-60	-60
Total estimated negative EBITDA impact	**100**	**100**	**80**	**100**
Target Group-wide cost savings (Slim)	40	40	30	30

Withdrawal from Nigeria – summary of key facts

- Successful completion of withdrawal as per end of September communicated as per press release on 10 October
- Nigerian assets sold to Worldwide Premier Logistics Solutions (‘WPLS’), a new company founded by Nigerian investors under Nigerian law which started operations on 1 October and has taken over Panalpina’s local service portfolio.
- Price for sale of assets amounts to ~CHF 3m, resulting in a book gain (after remaining goodwill write-off) of ~CHF 1m.
- WPLS operates completely independently from Panalpina, and Panalpina does not hold any equity stake.

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Group results – outlook and guidance 2008/09

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Freight Forwarding	Supply Chain Management	Special Competencies

Our business is diversified across several key industries…

	Automotive	Healthcare	Retail & Fashion	Hi-Tech	Telecom	Oil & Gas
Exposure in % of group NFR	• 10-15%	• 5-10%	• ~10%	• 15-20%	• 10-15%	• 10-15%
Examples of key customers	• BMW, Bosch, VW, Continental, Volvo	• BASF, Roche, Syngenta, Novartis	• Adidas, H&M, Zara, Swatch, P&G, Nestlé	• HP, Lenovo, IBM, Philips	• Alcatel-Lucent, Nokia Markets, Huawei	• Chevron, Schlumberger
Key market trends	• Increasing cost pressures drive outsourcing and global sourcing evaluation • Economic conditions forcing OEM and Tier 1 downsizing and production cuts in several major markets	• Technological advances further enhance transparency requirements, i.e. lot traceability • Need for direct-to-customer distribution channels, i.e. DtP • Regulatory compliance	• Export distribution centers; order phasing, product velocity and SKU level supply chains • IT collaboration and product visibility • Security and green logistics	• Shift from air to ocean to save costs • Increased focus on green logistics drives development of new products	• Network Infrastructure Equipment producers focus on emerging markets (e.g. Africa, India, Latin America) • OEM's exposed to falling profits	• High energy demand • Dynamic of NOC's • Deepwater business • Increased emphasis on logistics visibility
Key initiatives to drive growth	• Provide solutions with end-to-end products to reduce cost and create value to customers • SCM focus with internal training and external marketing	• Offer end-to-end cold chain competence • Service predictability	• Operational excellence • Value creation, end-to-end solutions and customer intimacy • Supply chain management as an order winner	• Enhance supply chain mgmt solutions • Introduction of new services (e.g. rail-air) • Gain high-volume profitable new business to feed own-controlled network	• Development of Telecom concept for last-mile delivery in Africa • Reverse logistics	• Win back more customers in the wake of FCPA investigation • Effectiveness of IV end-to-end solutions

We grow together with our customers and maintain a diversified exposure across various industries. Our goal is to continue to gain market share!

…and well-balanced across all global trade lanes

(Combined air/ocean)	Asia-Europe	Transatlantic	Transpacific	Intra-regional / niche lane traffic
Exposure in % of total vols	~30-35%	~15%	~10-15%	~40%
Market growth forecast 2009*	• Air: 1-2% / Ocean: 3-4%	• Air: 0-1% / Ocean: 2-3%	• Air: 1-2% / Ocean: 2-3%	• Air: 2-3% / Ocean: 4-5%
Key market trends Air freight	• Slowdown from previously double-digit to low single-digit growth • Supply/demand ratio expected to remain stable due to capacity cuts already implemented by carriers	• Moderate growth rates of last few years dropping to zero • Some carriers reducing flights and freighter capacities	• Traditionally strong China-US growth rates dropping to zero towards the end of this year	• Intra-Asia still expected to grow by a decent 5-8% in 2009 • Niche lanes such as Asia-Africa or Asia-Latam to show above average growth
Key market trends Ocean freight	• Sharp slowdown from last year; zero/low single-digit growth expected for 2008 • Market volume growth lagging behind capacity increases • Abolition of FEFC liner conference leads carriers to implement their own pricing systems	• Weak growth in 2008, driven by US exports; US-inbound contracting • New surcharge system implemented by carriers in June after TACA's closure • Declining load factors result in spot rate reductions	• Flat growth in 2008; strong US exports but contracting US imports • Ocean carriers announced capacity reduction of ~15% • Very soft peak season	• Emerging economies also slowing down, affecting intra-regional and Middle East trades

We have a global network reaching beyond the major traffic routes. Our goal is to continue to gain market share!

* Panalpina estimates

Panalpina is well positioned to face the challenges ahead

Deteriorating macroeconomic fundamentals

- Continuous downgrades of economic growth forecasts over the last twelve months. For 2008 and 2009, the IMF now projects world GDP growth of 3.9% and 3.0%, respectively.* (2007: 5.0%)
- In July, Clarkson revised their growth forecast of loaded container moves in 2008 from 9.7% to 8.7%. For 2009, they predicted 9.6% growth.
- Early September, IATA has cut their own air cargo growth forecast 2008 from 3.9% to 1.8%. For 2009, they predict growth of 2.5%.
- According to FEFC data, ocean volumes on Asia-Europe grew by 2.1% y/y from Jan-Sep 2008 (-2.4% in Q3). Volumes on the headhaul Asia-US route are expected to contract by 8%, according to TSA.

Panalpina within the freight forwarding and logistics landscape

- Asset-light model allows to maintain highest possible degree of flexibility
- Strong balance sheet and net cash position
- Currently > CHF 350m of uncommitted bank credit lines available – only ~CHF 50m currently utilized
- Our global and balanced network as well as our fully integrated IT systems put us in a position to continue to grow faster than the market.
- Increasing demand for value-adding supply chain solutions putting freight forwarders in a favorable position
- Credit crunch will most likely lead to exit of smaller and medium market players, allowing industry leaders to continue to gain market share.

* World Economic Outlook, October 2008

**Panalpina is well positioned to weather an economic downturn –
the long-term market perspectives and the underlying industry fundamentals are intact!**

Panalpina with yet untapped profitability improvement potential

Three-pillar approach to leverage profitability

Enhance productivity	Reduce non-operating expenses	Improve working capital mgmt / optimize capex
• Guided SME sales • Further development of strategic trade lanes, industry verticals/SCM, products • Improve productivity of core activities (process standardization, procurement, subcontractor management) • Reengineer support functions (shared services) • Invest in HR (qualification, incentive system, development of workforce) • Implementation of fully integrated SAP TM to improve connectivity and productivity	• Review of group tax structure and reduction of underlying tax rate • Focus on reducing financial expenses	• Improve credit and collection processes and overdue management • Reduce “DSO to DPO” gap • Maintain optimal level of capex to enable supportive infrastructure

The goal is to lift profit margins and ROCE by a few percentage points over the next few years!

Group results – updated guidance 2008/09

	Guidance 2008		**Guidance 2009**	
	old	*new*	*old*	*new*
GP growth	4% (FX neutral)	>0% (FX neutral)		
EBITDA/GP margin	16%	13-14%	17-18%	margin improvement
NWC intensity	4-5%	4-5%		
Tax rate	26-27%	~29%		26-27%

- GP growth guidance 2008 is reduced on the back of the bleak peak season outlook especially in air freight and the overall noticeable global economic downturn, which also pulls down the EBITDA/GP margin in the short term.
- For 2009, the target is to improve the absolute margin and the margin of the underlying business (excl. discontinued operations) compared to 2008 by keeping expense growth below GP growth.
- Tax rate in 2008 is expected to go up significantly vs. 2007 due to (1) increased profit contribution from higher-tax countries; (2) expiring tax privileges from certain subsidiaries and (3) non-capitalization of net operating losses due to discontinuation of Nigeria operations. Without this one-time effect, the tax rate is expected to drop to 26-27% in 2009.
- Estimates are based on our current outlook and do not take into account further deteriorating macroeconomic conditions, any potential fines from the two pending investigations or any other unforeseen circumstances.

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Appendix

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Freight Forwarding

Supply Chain Management

Special Competencies

Consolidated income statement

	Non-currency adjusted (reported)			Currency adjusted	
in CHF m	**YTD 2007**	**YTD 2008**	**Δ YTD**	**YTD 2008**	**Δ YTD**
Net forw. revenue	6’287.4	6’719.3	+6.9%	7’123.4	+13.3%
Gross profit	1’352.7	1’307.1	-3.4%	1’384.2	+2.3%
in % of net forw. revenue	*21.5%*	*19.5%*	*-200bp*	*19.4%*	*-210bp*
Personnel expenses	746.6	749.3	+0.4%	793.1	+6.2%
in % of gross profit	*55.2%*	*57.3%*	*+210bp*	*57.3%*	*+210bp*
Other oper. expenses	334.6	356.3	+6.5%	378.2	+13.0%
in % of gross profit	*24.7%*	*27.3%*	*+260bp*	*27.3%*	*+260bp*
EBITDA	272.5	202.5	-25.7%	213.9	-21.5%
in % of gross profit	*20.1%*	*15.5%*	*-460bp*	*15.5%*	*-460bp*
EBIT	224.4	167.5	-25.4%	176.3	-21.5%
in % of gross profit	*16.6%*	*12.8%*	*-380bp*	*12.7%*	*-390bp*
Tax rate	*24.1%*	*29.8%*	*+570bp*	*29.4%*	*+390bp*
Net earnings	158.8	105.0	-33.9%	110.8	-30.2%
FTE	14’978	15’344	+2.4%		

Balance sheet & cash flow summary

in CHFm	12 months ended **31 Dec 2007**	9 months ended **30 Sep 2008**
Cash and cash equivalents [1]	352.4	299.4
Borrowings	(33.5)	(40.9)
Net cash (debt)	**318.9**	**258.5**
Total cash flow from op. activities (YTD)	**257.5**	**238.0**
Cash flow from financing activities (YTD) *	**-127.4**	**-167.3**
Net working capital [2]	487.8	462.4
% of gross forwarding revenue	*4.6%*	*4.4%*
Total shareholder's equity	1'025.8	907.4
Total assets	2'277.8	2'162.8
Asset intensity [3]	*7.4%*	*6.9%*
Gross capital expenditures (YTD) [4]	27.7	34.2
Net capital expenditures (YTD) [4]	18.7	19.1

* Q1 2008 includes CHF 25.1m outflow for share buyback program (162k shares); Q2 2008 includes CHF 77.1m for payout of dividends and CHF 49.4m outflow for share buyback program (384k shares); Q3 2008 includes CHF 25.7m outflow for share buyback program (294k shares).

1 Including financial assets held for trading
2 Net working capital defined as current assets net of cash and liquid instruments minus current liabilities net of interest bearing debt
3 Calculated as tangible fixed assets / total assets
4 Capex defined as purchase/sale of PP&E (property, plant and equipment) and intangible assets

Non-recurring items per quarter booked YTD 2007/08

- The following one-off bookings **YTD 2007** had a **CHF 16.1m negative impact on EBIT**:
  - Gains on sale of assets: 1.0m (0.5m in Q1, 0.2m in Q2, 0.3m in Q3)
  - Termination expenses: -3.8m (Q2)
  - Legal fees: -2.0m (Q3)
  - Goodwill impairment for Nigerian subsidiary: -11.3m (Q3)
- The following one-off bookings **YTD 2008** had a **CHF 37.1m negative impact on EBIT**:
  - Gains on sale of assets: 0.9m (0.9m in Q3)
  - Legal and consulting fees: -26.0m (-9.2m in Q1, -7.1m in Q2, -9.7 in Q3)
  - Termination expenses: -2.0m (-1.2m in Q1, -0.8m in Q2)
  - Liquidation of Nigerian subsidiary: -10.0m (-10.0m in Q3)

Reconciliation of group financial result

(Figures in CHFm)