

A passion for solutions

Panalpina Group

London, 14th September 2010

Presentation for UBS 2010 Transport Conference



Supply Chain Management

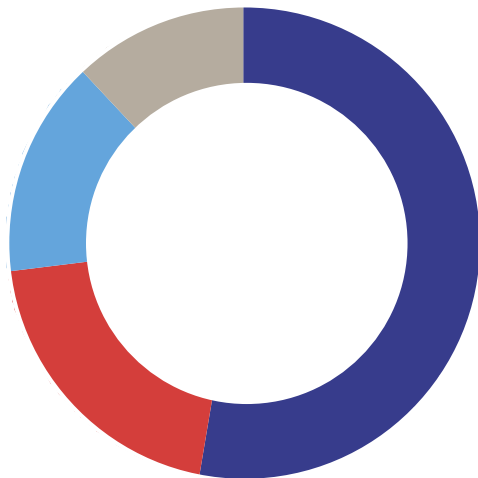
Air Freight

Ocean Freight

Logistics

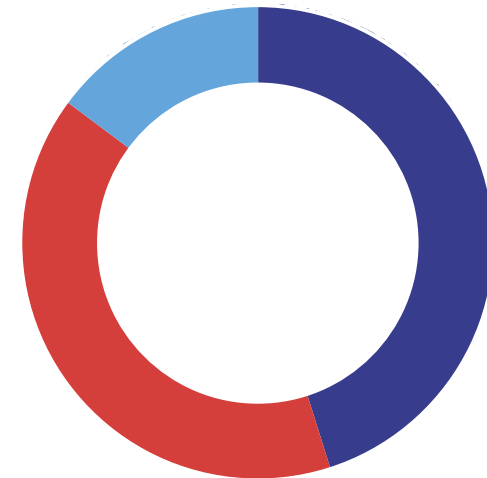
Panalpina revenue by region and business segment

Regions



- Europe / Africa / Middle East / CIS (53%)
- North America (20%)
- Central and South America (12%)
- Asia / Pacific (15%)

Business segments



- Air Freight (45%)
- Ocean Freight (40%)
- Supply Chain Management (15%)

Net forwarding revenue 2009
CHF 5,958 million

Overview of relevant markets

FLC = Forwarding & Logistics Companies

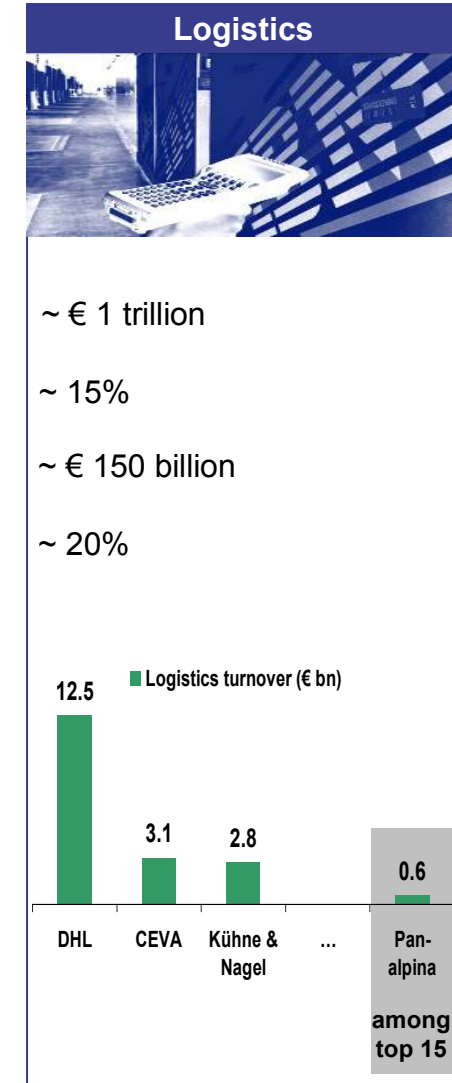
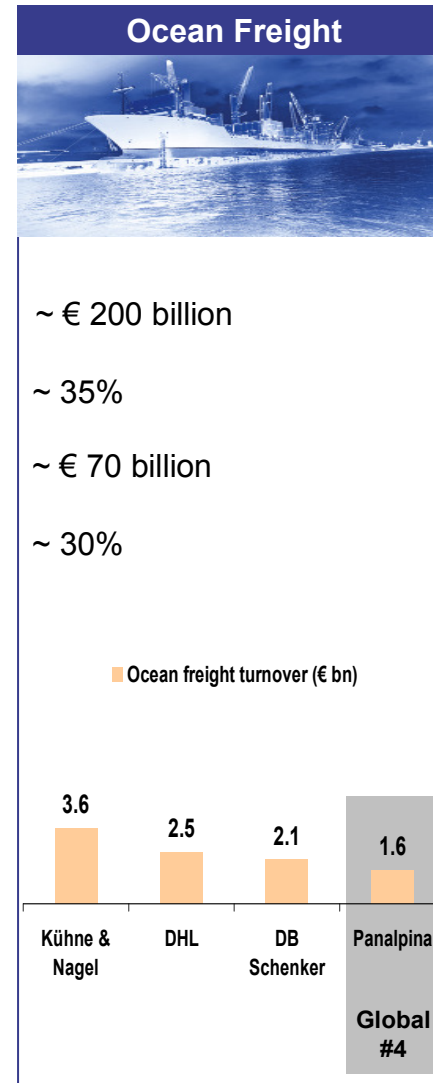
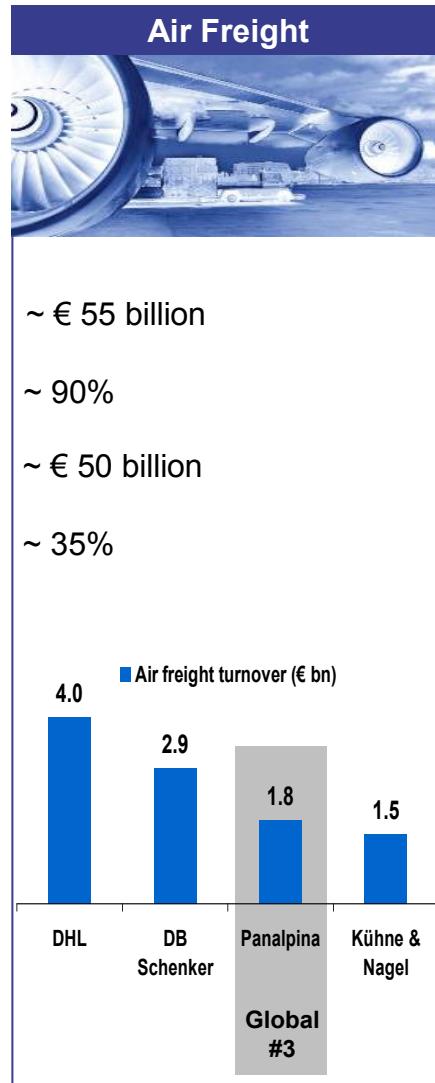
Total market size (2009)

FLC penetration rate

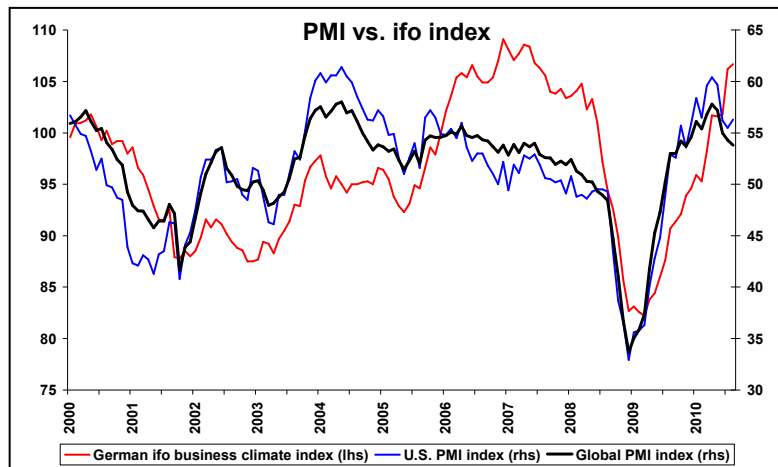
FLC market size (2009)

Market share Top 10 FLC

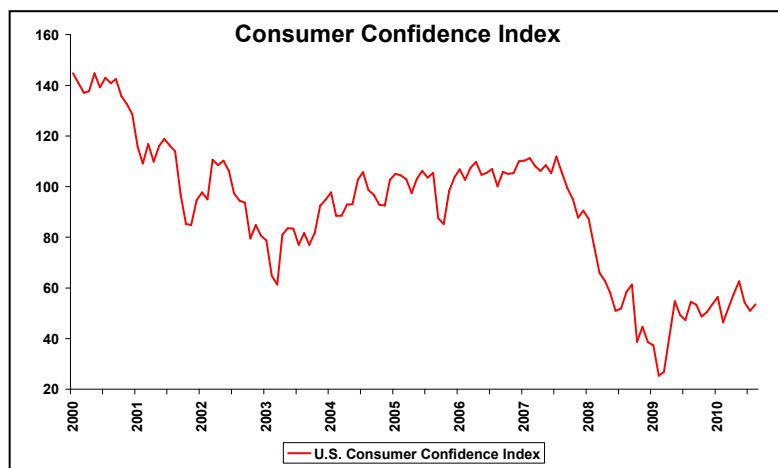
Market position (2009)



Macro update: slowdown expected for second half 2010



Source: ISM institute for supply management, Ifo Institute for Economic Research



Source: U.S. Conference Board

Leading indicators pointing to slowdown of growth ...

- Most indicators have returned to pre-recession levels but have been contracting for four months in a row, indicating that the upturn is losing momentum.
- An exception is the German Ifo business climate index with the Euro weakness boosting German exports.

... and lower support from inventory restocking ...

- Restocking coming to an end: 49% of U.S. shippers noted more shipping activity in Q2 due to inventory restocking. Only 35% of shippers expect more shipping activity in Q3 as inventory restocking may have peaked.*
- Among those shippers that have already begun restocking, 41% plan to stop rebuilding inventories in H2 2010, while 31% indicated H1 2011.*

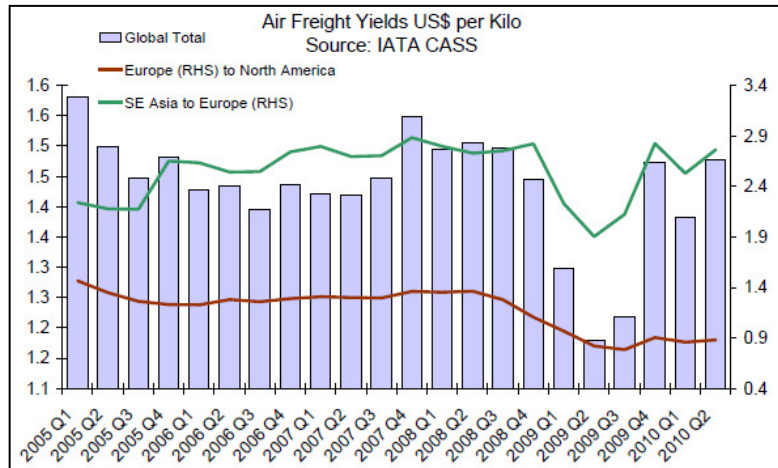
... and most importantly consumption

- Consumer confidence stagnates on a low level.
- No peak season (ocean freight) on the horizon yet.

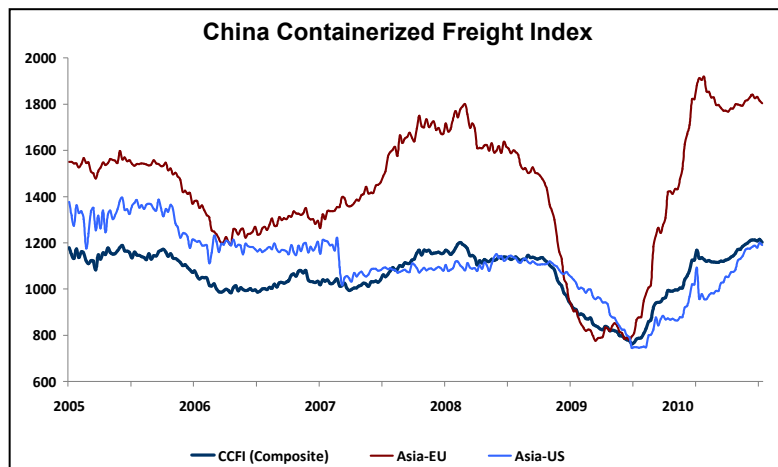
The exceptionally high growth rates seen in H1 2010 will not be repeated in H2.

*Source: Wolfe Trahan & Co. Shipper Survey, August 2010

Rates continue to track at high levels



Source: IATA (September 2010)



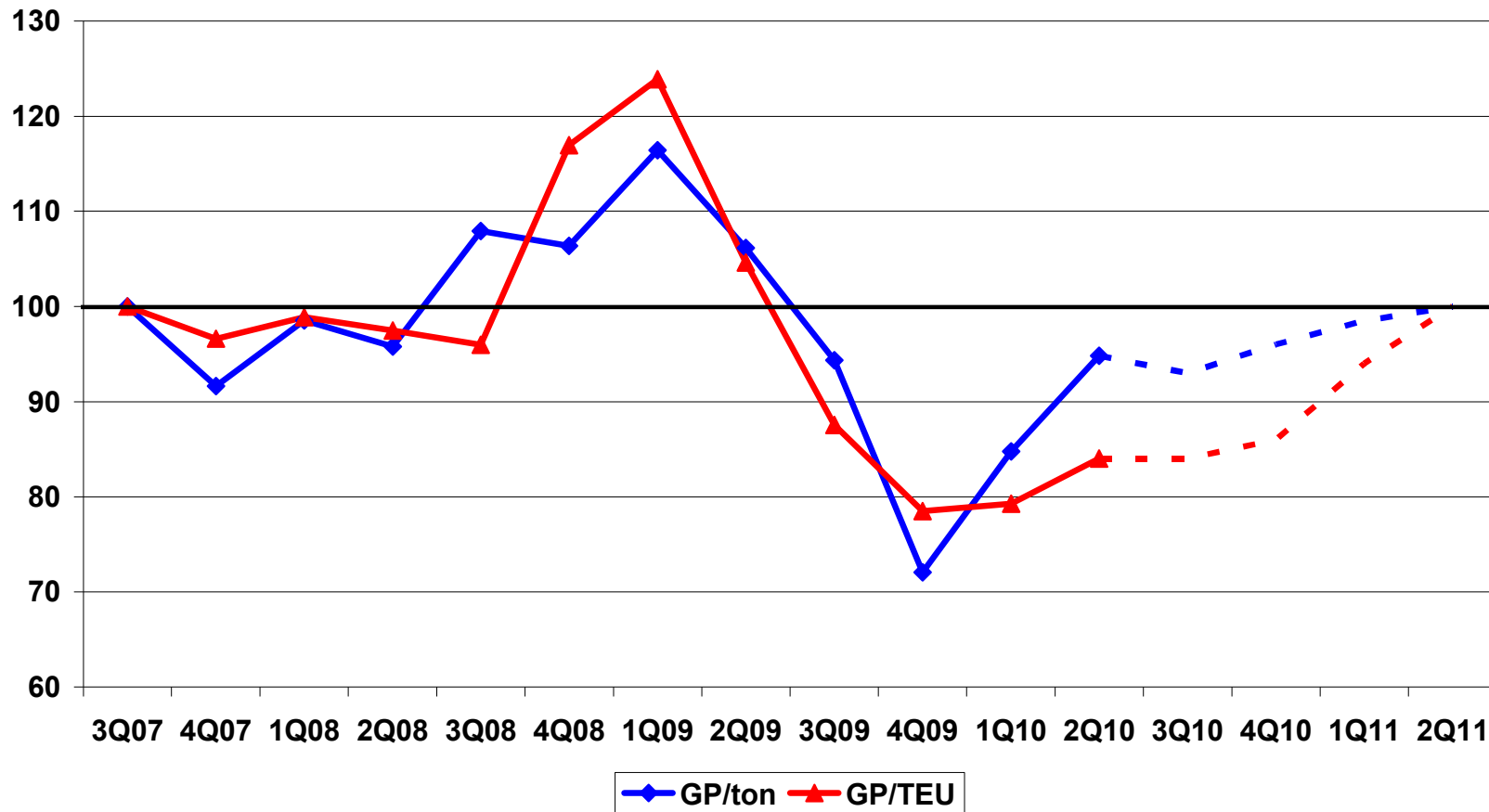
Source: Shanghai Shipping Exchange (September 2010)

- Carriers have been exhibiting strong freight rate discipline over the last 12 months:
 - Air cargo yields in Q2 up 25% year-on-year
 - Ocean freight rates up 80% during same period
- In real terms, the cost of air freight is still 10% down on 2006/07 levels.
- Load factors and aircraft / vessel utilization have improved substantially and have created the conditions for the rebound in yields.
- Carriers' freight rate discipline likely to stay high despite slowing volume environment.

High rates and the slow recovery of projects business may delay the further progression of GP/unit to normalized levels towards the middle of next year.

GP per unit expected to reach normalized levels latest by the middle of next year

GP/unit index (historical average 3Q07 = 100)



Review of targets and priorities for 2010

| | Targets / priorities for 2010 | Current status |
|---------------------|---|---|
| Quantitative | Volume growth \geq market in aggregate | on track |
| | Tax rate < 26% * | on track |
| | NWC intensity < 4% | on track |
| Qualitative | Strengthen sales/procurement processes | Full implementation of product driven and industry vertical led structure under way |
| | Clear product (Air, Ocean, Logistics) accountability | Focus on profitability improvement - positive impact visible |
| | Extend expertise in product-crossing functions (Industry Verticals, Supply Chain Solutions) | Sharpening of industry vertical strategies under way |
| | Strict cost and cash control | Underlying cost base growing less than turnover |
| | Increase margins and productivity | Margins on recovery path, productivity at record-high level |
| | Leverage compliance leadership | Positioning initiative launched and ongoing |

* net of potential fines paid

Outlook

- Volume growth in H2 2010 will decelerate compared to H1 2010 owing to various factors: tougher comparison base, fading impacts from restocking and government stimulus programs
- Based on the strong volume development in H1 2010, Panalpina expects the following market growth in 2010:
 - ▶ Air freight: $\geq 15\%$
 - ▶ Ocean freight: $\geq 10\%$
- The focus in 2010 remains on profitability improvement, although the further progression of GP/unit to normalized levels may be delayed towards the middle of next year.
- Cost base likely to increase in order to accommodate growth; limited scope for further productivity increases

Anticipated industry-specific key trends – Panalpina’s view on opportunities and threats

| Trends | Reaction |
|---|--|
| <p>Commoditization of pure freight forwarding</p> <p>Increased volatility of rates</p> <p>Increased insecurity and security demand</p> <p>Regionalization of trade flows (near-sourcing)</p> <p>Increased cooperation among logistics providers</p> | <p>Develop SCM capabilities</p> <p>Closely align procurement and sales</p> <p>Apply top notch security standards</p> <p>Develop regional (and in some cases even country-specific) concepts</p> <p>Approach cooperation partners</p> |

OPPORTUNITIES

- Realize growth potential in ocean freight
- Growth in BRIC countries
- Further extend Oil & Gas leadership
- Growth in underrepresented major countries

THREATS

- Loss of business due to lack of global logistics offering
- Volume leadership
- Lack of portfolio diversification
- Industry practices

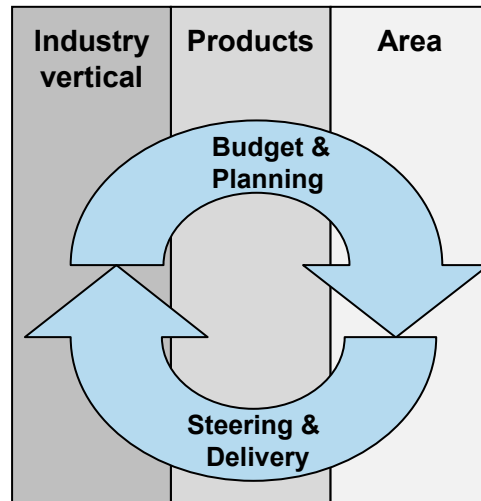
Panalpina's key initiatives (1/2)

| Objective | Lever | | | Actions until 2013 |
|---|---------------|--------------|------------------------|--|
| | <i>Growth</i> | <i>Costs</i> | <i>People, systems</i> | |
| ➤ Become a recognized SCM company | ✓ | | | Supply Chain Roadmap: <ul style="list-style-type: none"> • Distribution warehouses in strategic locations • End-to-end concepts for all relevant IV's • IT applications • (European) Road & Rail concept |
| ➤ Targeted sales and sales management | ✓ | | | Customer segmentation, standard sales processes & tools |
| ➤ Excel on subcontractor management | | ✓ | ✓ | Specific subcontractor management program in place |
| ➤ Ensure consistent delivery of superior quality and productivity | (✓) | ✓ | ✓ | <ul style="list-style-type: none"> • Implementation of SAP Transport Management • Other projects (e-file, A/P workflow, etc.) |
| ➤ Further improvement of gross profit margins | ✓ | ✓ | | <ul style="list-style-type: none"> • Short-term yield improvement initiatives (H1 2010) • Investments in higher margin industries (e.g. Oil & Gas, Healthcare) • Clear GP accountability per product |

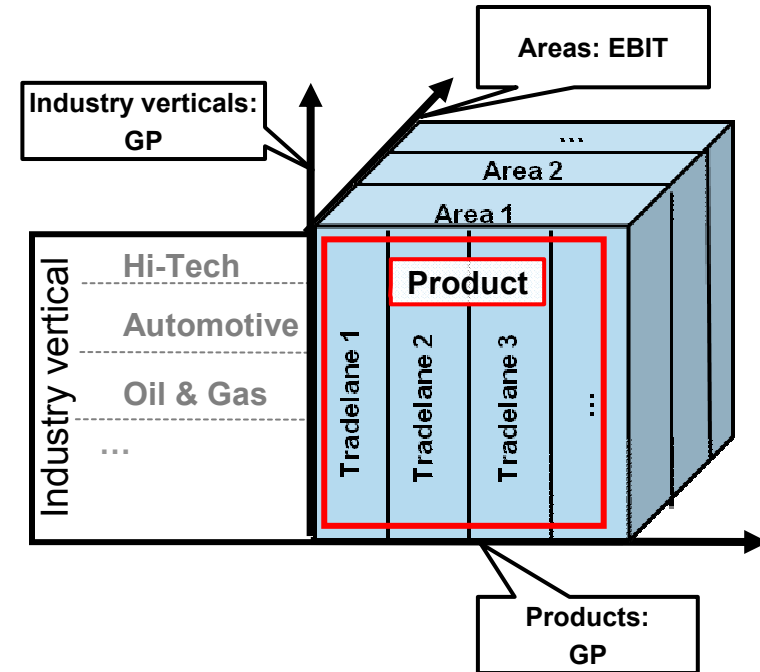
Panalpina's key initiatives (2/2)

| Objective | Lever | | | Actions until 2013 |
|--|---------------|--------------|------------------------|--|
| | <i>Growth</i> | <i>Costs</i> | <i>People, systems</i> | |
| ➤ Optimization of customer and tradelane mix | ✓ | ✓ | | Implementation of industry vertical strategies: <ul style="list-style-type: none"> • Increase relative exposure on tradelanes other than Far East Westbound • Reduce relative exposure of Hi-Tech, Telecom |
| ➤ Increase of ocean freight share | ✓ | | ✓ | <ul style="list-style-type: none"> • Push of industry verticals with ocean freight needs • Leverage cross-selling between air & ocean freight |
| ➤ Overproportional growth in BRIC countries | ✓ | | ✓ | <ul style="list-style-type: none"> • Developing a compliant local customer base • Industry vertical driven approach |
| ➤ Further diversification of service portfolio | ✓ | | ✓ | <ul style="list-style-type: none"> • Further developing industry-specific solutions by focusing on industry vertical specific requirements • Counteract commoditization of air & ocean freight |

Focus on customer puts the industry verticals in the lead ...



- Targets per industry vertical
- Validated by product
- Assigned to tradelanes
- Executed by Area



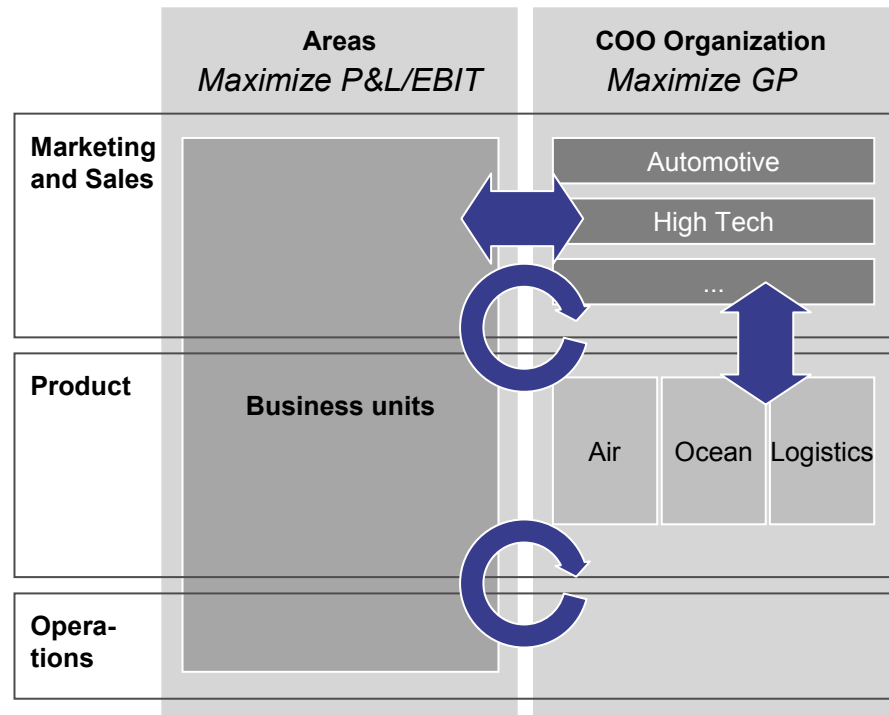
SELLING by industry vertical

MANAGING by tradelane

DELIVERING by Area

ALIGNED targets

... supported by a robust governance structure through which the deliverables are defined



↔ Coordination/decision making requirements across reporting lines

Panalpina – reasons to invest



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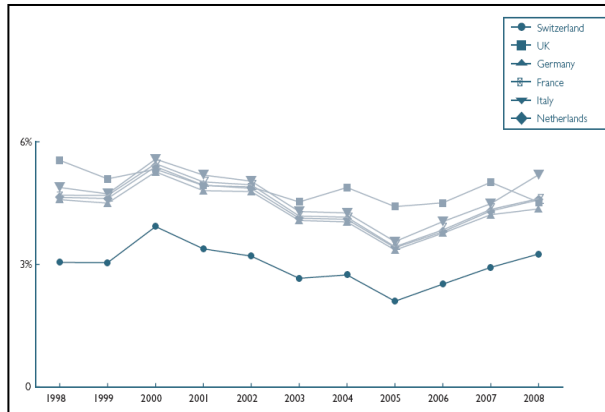
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| <h1>Appendix</h1> | | | |
|  | | A PASSION FOR SOLUTIONS | |
| | | Air Freight | Ocean Freight |

Why investing in a Swiss company: differentiating factors for Swiss stocks in general

Long-term (10-year) interest rates



Source: OECD data, Investor Relations Roundtable research

- Lower interest and tax rates result in higher earnings and free cash flow for Swiss companies, with over 20% more conversion of EBITDA into free cash flow vs. major European countries.

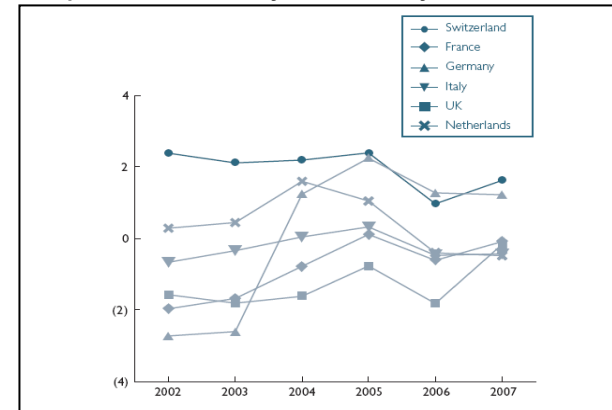
- P/E and EV/EBITDA ratios should be at least similar to the sector!

- Switzerland's lower interest rate produces a greater spread between dividend and bond yields => a 5% dividend yield in CHF is worth more than 6% in €

- Strong national budget performance leads to a strong CHF

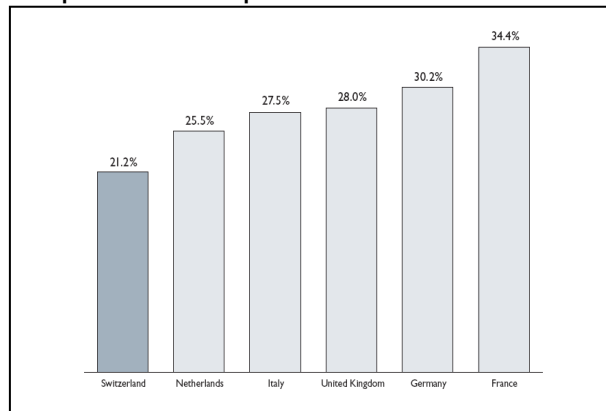
- Stable and consensual political and regulatory systems

Comparison of dividend yield vs. bond yield ratios



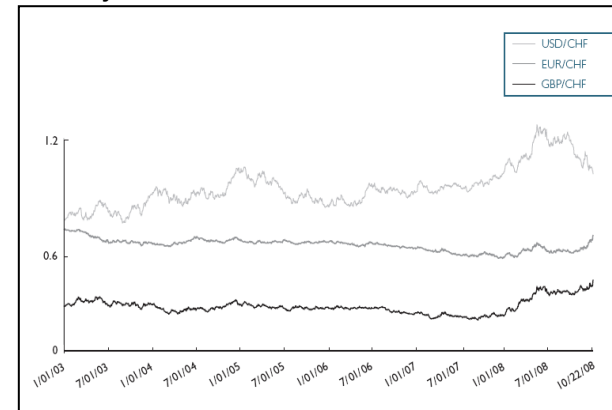
Source: Bloomberg, Investor Relations Roundtable research

European effective corporate tax rates



Source: OECD 2008 data

Currency movements 2003-2008



Source: Bloomberg