

A passion for solutions

Panalpina Group

Basel, 4th May 2011

2011 First Quarter Review



Supply Chain Management

Air Freight

Ocean Freight

Logistics

Q1 2011 – a solid start into the year

- Double-digit gross profit growth in both Air Freight (+24%) and Ocean Freight (+12%) thanks to improvement of unit profitability and volume increases (AF: +6%, OF: +2%)
- Gross profit of the Group up 14% year-on-year (+22% currency neutral)
- Operating expenses flat year-on-year (+6% currency neutral)
- Jump of EBITDA/GP margin to 14.9% in 1Q11 from 3.1% in 1Q10
- Net working capital intensity at new all-time low of 1.3%
- Strong cash flow generation – cash from operations of CHF 108 million in 1Q11 (1Q10: CHF -13 million)

Key figures

CHF million

	Q1 2011	Q1 2010	Variance %	
			CHF	Excl. FX
Net forwarding revenue	1'651.9	1'587.8	4.0%	11.1%
Forwarding expenses	(1'278.5)	(1'260.4)		
Gross profit	373.4	327.4	14.1%	21.7%
<i>in % of net forwarding revenue</i>	22.6%	20.6%		
Total operating expenses	(317.8)	(317.3)	0.1%	6.3%
EBITDA	55.6	10.1	451.9%	504.9%
<i>in % of gross profit</i>	14.9%	3.1%		
Operating result (EBIT)	46.4	(0.6)		
<i>in % of gross profit</i>	12.4%	-0.2%		
Financial result	0.2	0.7		
Earnings before taxes (EBT)	46.6	0.1		
Income tax expenses	(11.7)	(0.1)		
<i>% of EBT</i>	25.1%	68.1%		
Consolidated profit	34.9	0.0		
<i>in % of gross profit</i>	9.4%	0.0%		

- Gross profit increase of 14% (+22% FX neutral) in 1Q11 over 1Q10
- EBITDA/GP margin rises to 14.9% in 1Q11 from 3.1% in 1Q10

FX again had a major effect on financial results

Average FX development to CHF

Ø exch. rates to CHF

Currency	Weight NFR	1Q11	1Q10	Δ in %
EUR	33%	1.2864	1.4637	-12.1%
USD	18%	0.9416	1.0587	-11.1%
CNY	7%	0.1430	0.1551	-7.8%
CHF	6%	1.0000	1.0000	0.0%
BRL	5%	0.5648	0.5874	-3.8%
CAD	4%	0.9551	1.0175	-6.1%
Others	28%			-0.5%
Total	100%			-7.1%

◀ Impact on NFR

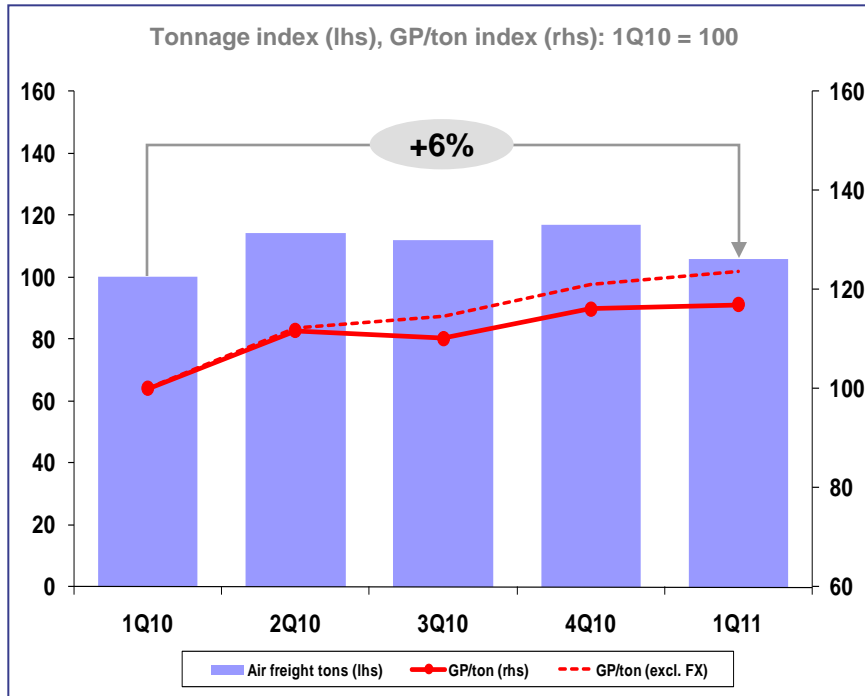
FX impact on other key metrics, 1Q11 vs. 1Q10:

- Gross profit: -7.6%
- Operating expenses: -6.2%
- EBITDA/GP margin: -0.4%

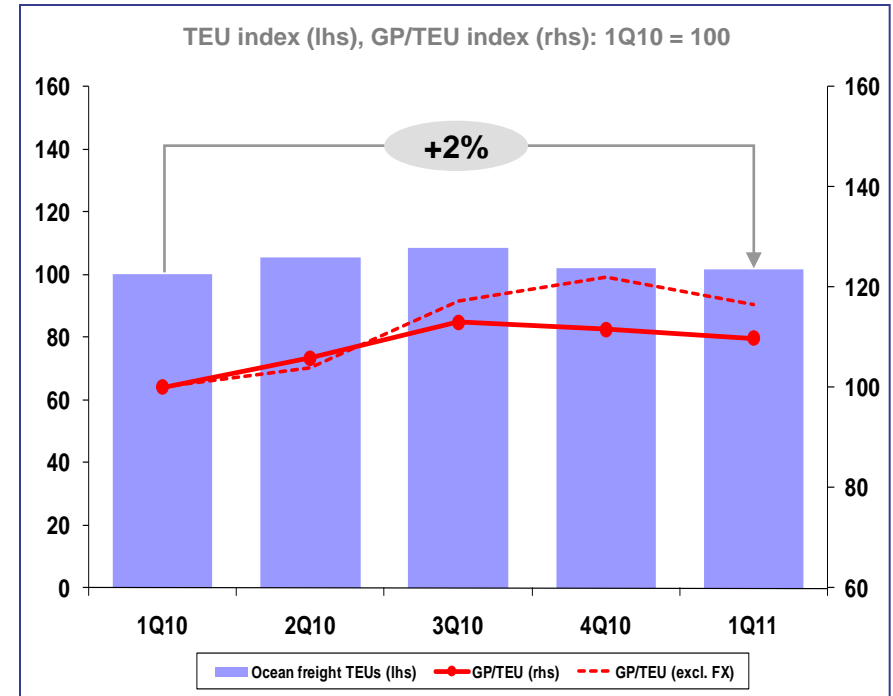
- Net forwarding revenue in 1Q11 experienced the strongest negative FX impact ever
- Natural FX hedge b/w revenues and costs – FX fluctuations with no material impact on margins
- Transaction risk selectively hedged, translation risk not hedged

Improvement of unit profitability and volume growth

Air Freight: tonnage vs. GP/ton development



Ocean Freight: TEU vs. GP/TEU development



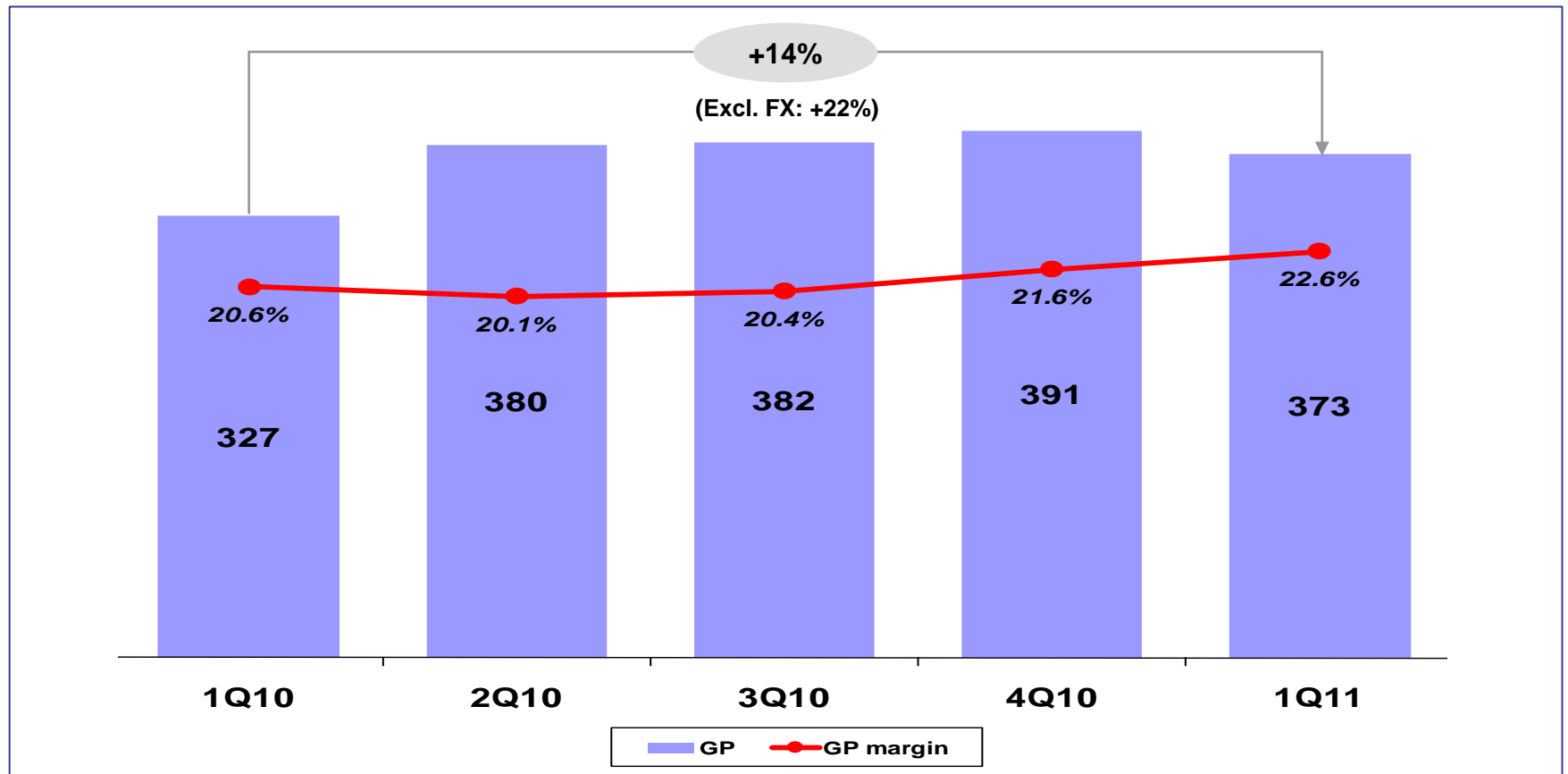
1Q11 vs. 1Q10	GP/ton	GP/ton (excl. FX)
	+17%	+24%

1Q11 vs. 1Q10	GP/TEU	GP/TEU (excl. FX)
	+10%	+16%

- Strong momentum particularly in Air Freight
- GP per ton and GP per TEU growing double-digit despite adverse impact from strong CHF

Ongoing expansion of gross profit margin

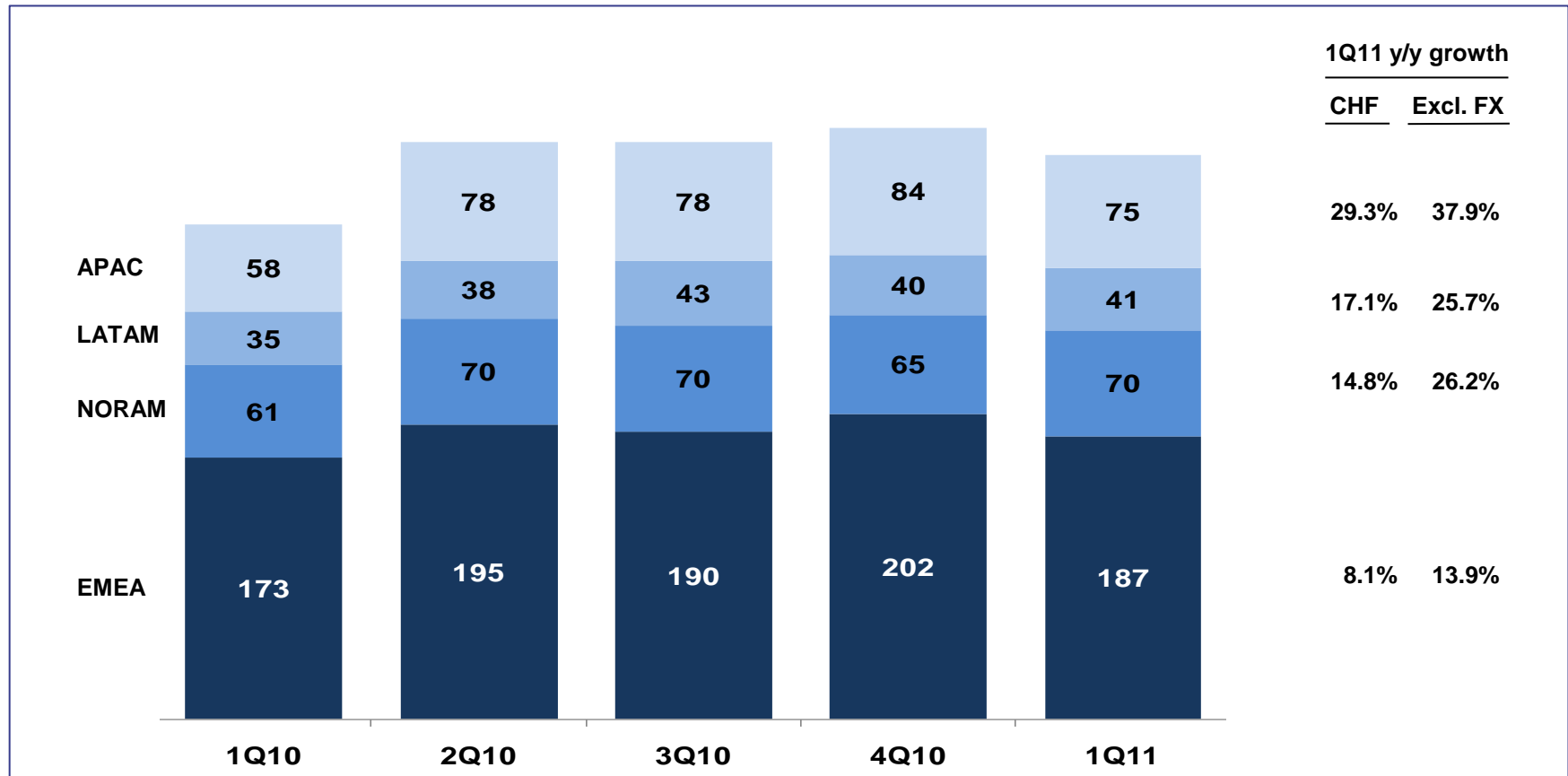
Gross profit in CHF million



- Higher volumes and yields leading to 14% year-on-year gross profit increase in 1Q11
- Adverse FX impact reduced gross profit growth by 8%
- GP margin rising to 22.6% due to yield management and lower freight rates

Gross profit growth across all regions, led by Asia

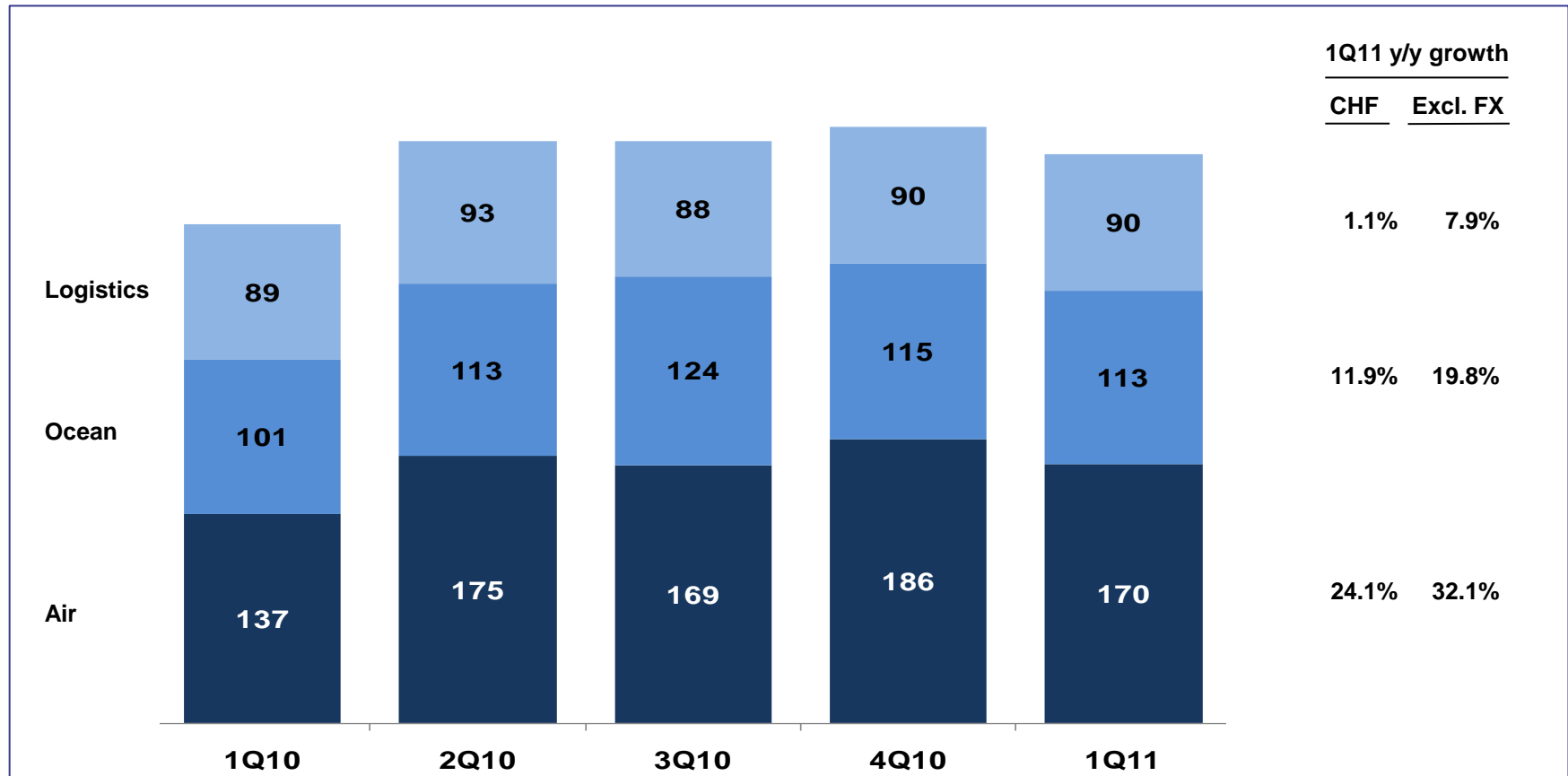
Gross profit in CHF million



- Gross profit increase in all regions, led by emerging economies in APAC and LATAM
- Record first quarter GP for both APAC and LATAM
- Weakness of the EUR and USD with a significantly negative impact on EMEA and NORAM

Gross profit increase across all segments, led by Air Freight

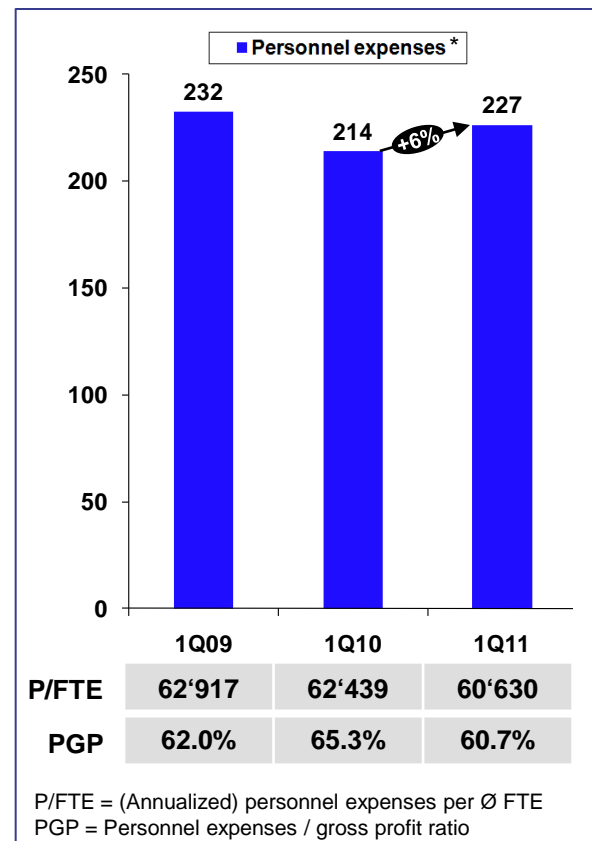
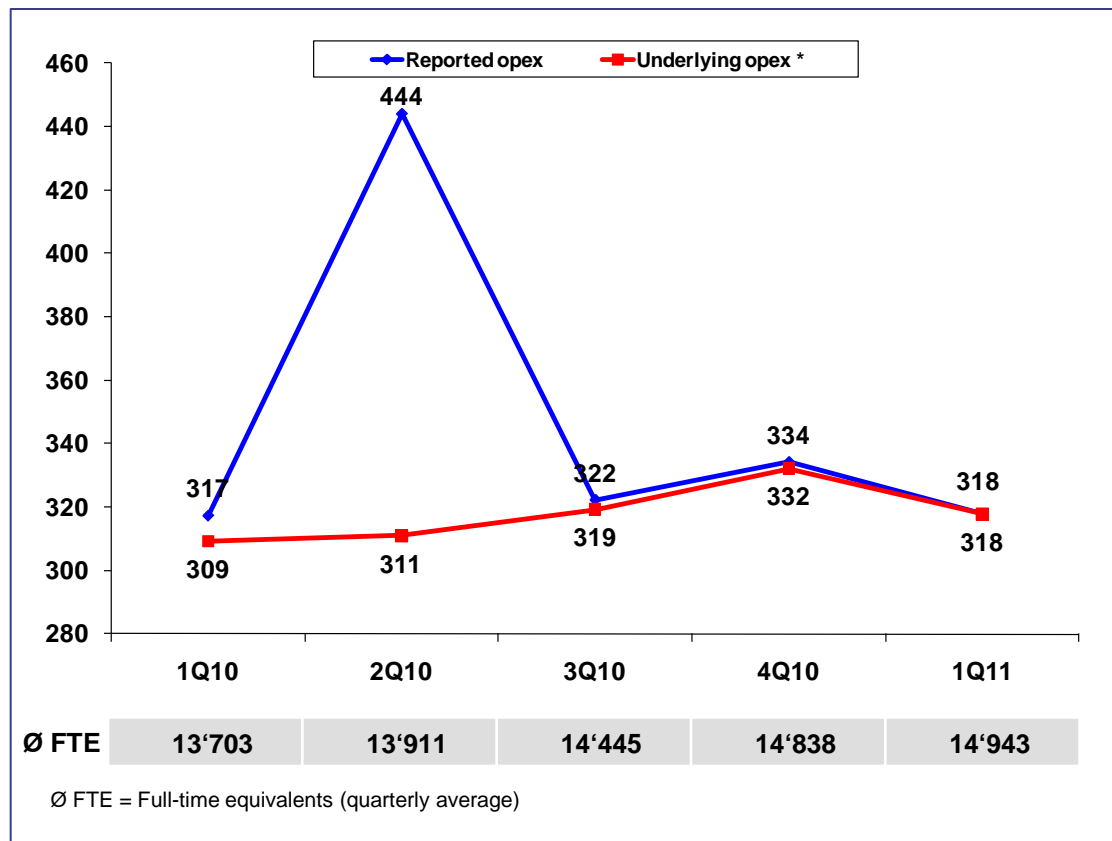
Gross profit in CHF million



- Segmental gross profit recovery led by Air Freight, driven by strong volumes and yields
- GP growth in Ocean Freight mainly driven by higher yields
- Negative currency impact in all segments

Costs continue to be tightly controlled

Operating expenses in CHF million

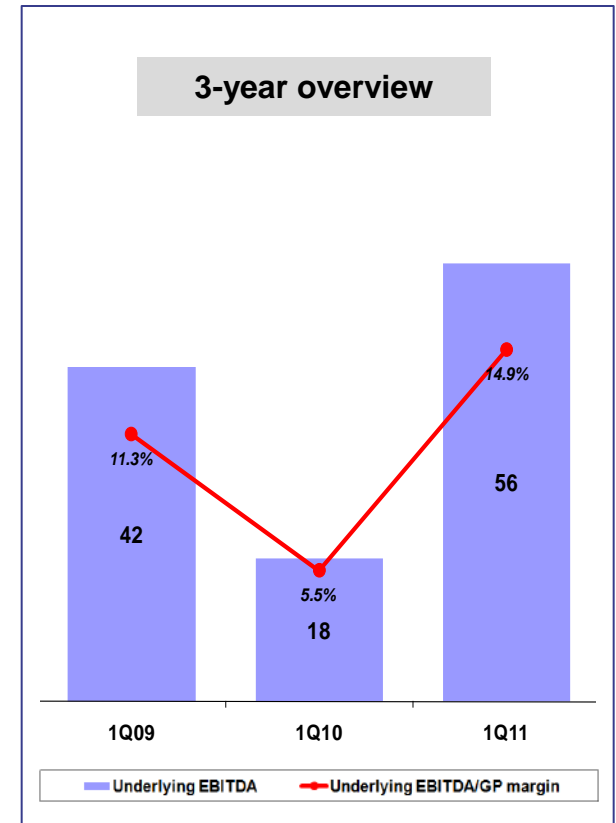
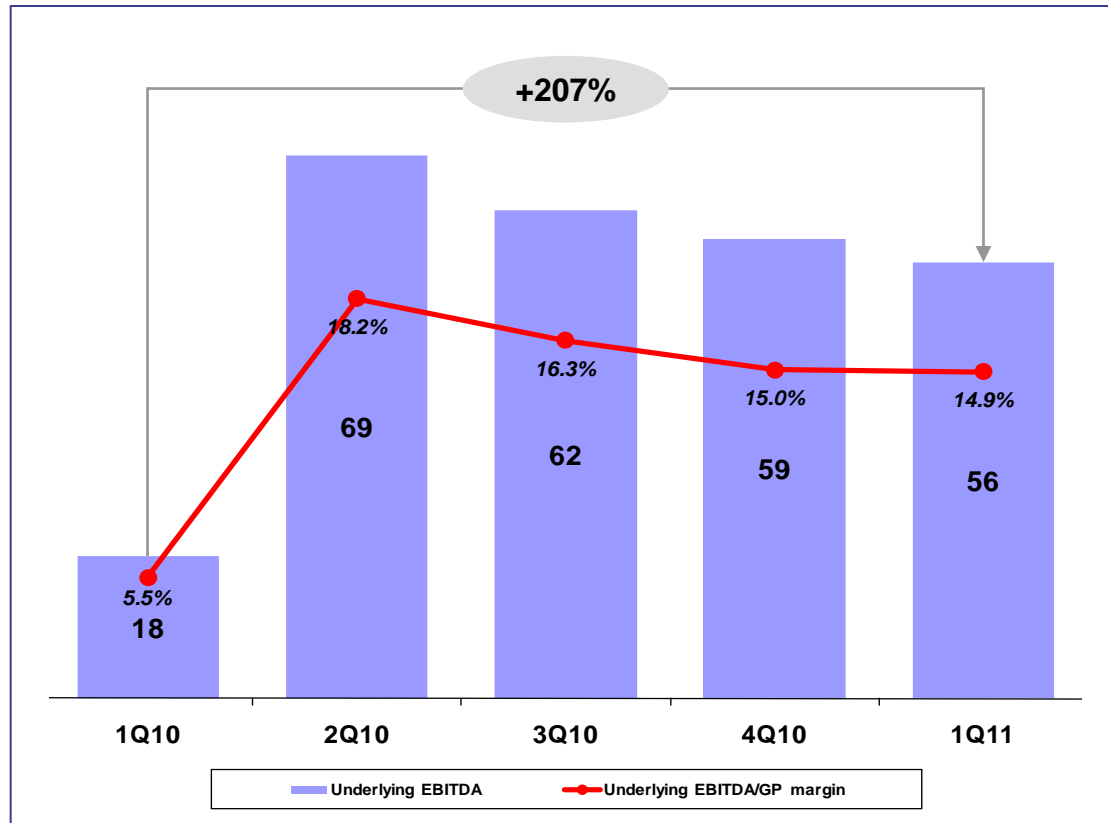


- Operating expenses decline more than 4% quarter-on-quarter
- Significant reduction of PGP ratio due to ongoing focus on profitable volume growth

* 2009/10 numbers adjusted for fines and related costs, legal fees and charges related to internal reorganization project

Significant improvement of underlying* Group EBITDA

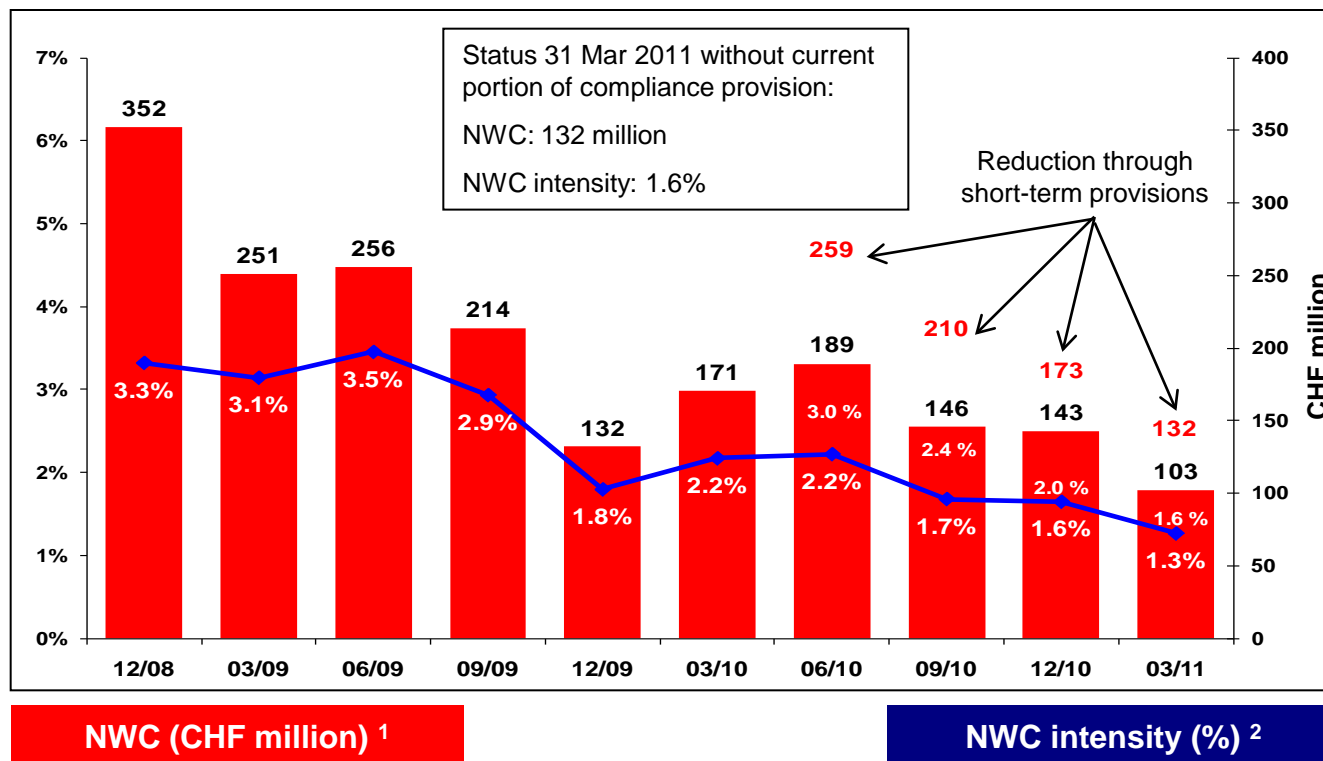
EBITDA in CHF million



- Improved volumes, yields and cost discipline led to significant YoY margin expansion
- Margin held stable sequentially (1Q11 vs. 4Q10) despite seasonally weaker volumes

* 2009/10 numbers adjusted for fines and related costs, legal fees and charges related to internal reorganization project

Net working capital intensity at new all-time low of 1.3%



(# of days)	31 March 2011	31 March 2010
DSO (3-m-rolling)	42.8	42.4
DPO (3-m-rolling)	30.0	29.7
Δ (DSO – DPO)	12.8	12.7

- NWC declining 28% quarter-on-quarter to only CHF 103 million
- NWC intensity dropping to record low 1.3%

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

Strong cash flow generation

Figures in CHF million

	Q1 2011	Q1 2010
Cash flow before changes in working capital	70.6	26.0
Changes in working capital	37.7	(39.2)
Cash from operations	108.3	(13.2)
Interest and income taxes paid	(13.2)	(7.3)
Net cash from operating activities	95.1	(20.5)
Net cash from investing activities	(58.7) *	(2.7)
Free cash flow	36.4	(23.3)
Net cash used in financing activities	(1.4)	(2.3)
Effect of exchange rate changes	(1.1)	4.5
Cash and cash equivalents at beginning of period	528.9	531.8
Net increase (decrease) in cash and cash equivalents	33.8	(21.1)
Cash and cash equivalents at end of period	562.8	510.7

- Significant improvements in profitability and working capital management led to boost of operating cash flow
- Free cash flow of CHF 86 million before specific financial investments

* includes outflow of CHF 50 million for money market investments with a maturity of more than three months. Excluding this effect, free cash flow amounted to CHF 86 million in 1Q11.

Planning assumptions and outlook for 2011

Air Freight



Market

- 5 – 6% growth
- Slowing market growth heading into H2
- No major capacity bottlenecks expected

Panalpina

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

World trade growth 2011:
~5%

Ocean Freight



Market

- 6 – 7% growth
- ‚Back-loaded‘ growth (H2 > H1)
- Potential oversupply – limited scope for rate increases

Panalpina

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

Logistics



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

Investor Day 2011

- 30th June
- Swissôtel Zurich
- Registration open until 30th May
- Agenda:



Time	Presentation	Speaker
09.00 - 09.30	<i>Registration and welcome coffee</i>	
09.30 - 09.45	Opening / overview of Panalpina roadmap 2014	Monika Ribar, CEO
09.45 - 10.30	Finance and IT (incl. financial targets and Q & A)	Marco Gadola, CFO
10.30 - 11.00	COO organization and structure (incl. Q & A)	Karl Weyeneth, COO
11.00 - 11.15	<i>Coffee break</i>	
11.15 - 12.00	Marketing & Sales / Industry Vertical roadmap 2014 (incl. Q & A)	Sven Hömmken, Global Head of Marketing & Sales
12.00 - 12.45	Air Freight roadmap 2014 (incl. Q & A)	Henrik Lund, Global Head of Air Freight
12.45 - 13.30	<i>Buffet lunch</i>	
13.30 - 14.15	Ocean Freight roadmap 2014 (incl. Q & A)	Frank Hercksen, Global Head of Ocean Freight
14.15 - 15.00	Logistics roadmap 2014 (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	<i>Coffee and cookies / end of investor day</i>	

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Appendix

Balance sheet

Figures in CHF million

	31-Mar-11	31-Dec-10	Variance	
			CHF	%
Cash, equivalents, other current financial assets	618.7	535.0	83.7	15.6%
Trade receivables, unbilled forwarding services	1'053.7	1'032.9	20.9	2.0%
Other current assets	112.4	118.4	-6.0	-5.1%
Property, plant and equipment	111.4	113.8	-2.4	-2.1%
Intangible assets	81.0	78.1	2.9	3.7%
Other non-current assets	113.6	111.0	2.6	2.3%
Total assets	2'090.9	1'989.2	101.7	5.1%
Short-term borrowings	6.4	9.3	-2.9	-31.0%
Trade payables, accrued cost of services	728.7	696.0	32.7	4.7%
Other current liabilities	330.4	296.8	33.6	11.3%
Long-term borrowings	0.4	0.4	0.0	5.5%
Other long-term liabilities	175.7	174.5	1.1	0.6%
Total liabilities	1'241.6	1'177.1	64.6	5.5%
Share capital	50.0	50.0	0.0	0.0%
Reserves, treasury shares	791.2	754.3	36.9	4.9%
Non-controlling interests	8.1	7.9	0.2	2.6%
Total equity	849.3	812.2	37.1	4.6%
Total liabilities and equity	2'090.9	1'989.2	101.7	5.1%
Net cash (debt)	611.9	525.3	86.6	16.5%
Asset intensity *	5.3%	5.7%		

* Calculated as tangible fixed assets / total assets

Panalpina – reasons to invest

**Global network with
diversification
across industries
and trade lanes**

**Market leadership in
freight forwarding &
end-to-end supply
chain solutions**

**High returns on
capital due to asset-
light business model**

**Industry leadership
in terms of
compliance**



**Excellent long-term
industry growth
prospects**

**Value delivery
through globally
standardized
IT systems**