

**A passion for solutions**

Panalpina Group

Basel, November 3, 2011

# 2011 Third Quarter Review



**Supply Chain Solutions**

Air Freight

Ocean Freight

Logistics

## Q3 2011 – key developments

- Gross profit of the Group up 11% year-on-year net of FX, supported by organic growth across all regions and segments
- GP margin rising to 22.7% (3Q10: 20.4%) due to yield management
- Air volume growth (-6% yoy) affected by profitability restoration program but narrowing gap to market; Ocean volume growth (+8% yoy) outpacing market
- Stable sequential development of GP/ton and GP/TEU net of FX
- EBITDA/GP margin rising from 14.5% in 2Q11 to 15.2% in 3Q11
- Free cash flow (before money market investments and acquisitions) of CHF 61 million in 3Q11 – YTD CHF 116 million (YTD 2010: CHF 1 million)

## Key figures

CHF million

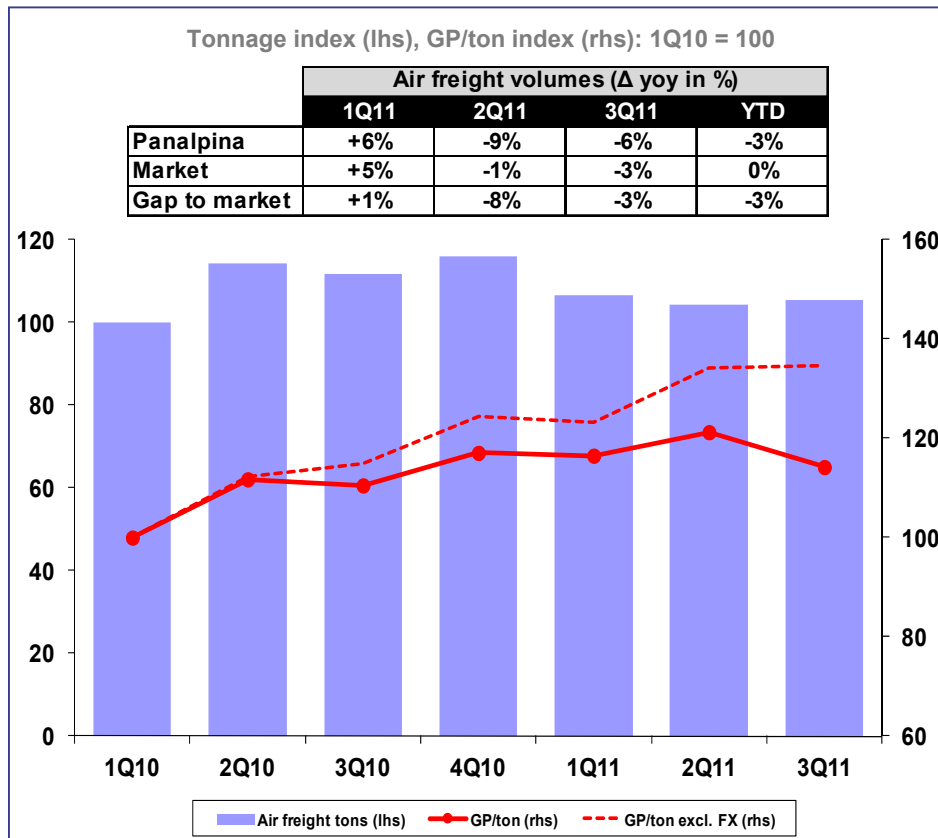
	Q3 2011	Q3 2010	Variance %		YTD 2011	YTD 2010	Variance %	
			CHF	Excl. FX			CHF	Excl. FX
<b>Net forwarding revenue</b>	<b>1'570.9</b>	<b>1'873.7</b>	-16.2%	0.4%	<b>4'851.8</b>	<b>5'355.3</b>	-9.4%	2.2%
Forwarding expenses	(1'214.8)	(1'492.1)			(3'751.4)	(4'266.0)		
<b>Gross profit</b>	<b>356.1</b>	<b>381.6</b>	-6.7%	11.4%	<b>1'100.4</b>	<b>1'089.3</b>	1.0%	13.8%
<i>in % of net forwarding revenue</i>	22.7%	20.4%			22.7%	20.3%		
Total operating expenses	(301.9)	(322.2)	-6.3%	10.8%	(936.8)	(1'083.4)	-13.5%	-3.3%
<b>EBITDA</b>	<b>54.2</b>	<b>59.4</b>	-8.8%	14.8%	<b>163.6</b>	<b>5.8</b>	2708.2%	3201.8%
<i>in % of gross profit</i>	15.2%	15.6%			14.9%	0.5%		
<b>Operating result (EBIT)</b>	<b>44.8</b>	<b>49.5</b>	-9.6%	15.6%	<b>135.5</b>	<b>(28.7)</b>	-572.6%	-662.0%
<i>in % of gross profit</i>	12.6%	13.0%			12.3%	-2.6%		
<b>Consolidated profit</b>	<b>31.7</b>	<b>33.7</b>			<b>98.7</b>	<b>(58.9)</b>		
<i>in % of gross profit</i>	8.9%	8.8%			9.0%	-5.4%		
<i>Non-recurring items:</i>								
Fines and related costs, reorganization costs		-				(128)		
Legal costs (FCPA, Anti-trust)		(3)				(16)		
<b>underlying EBITDA</b>	<b>54.2</b>	<b>62.4</b>	-13.2%	9.3%	<b>163.6</b>	<b>149.8</b>	9.2%	28.4%
<i>in % of gross profit</i>	15.2%	16.4%			14.9%	13.8%		
<b>underlying EBIT</b>	<b>44.8</b>	<b>52.5</b>	-14.7%	9.0%	<b>135.5</b>	<b>115.3</b>	17.5%	39.7%
<i>in % of gross profit</i>	12.6%	13.8%			12.3%	10.6%		

• Gross profit increase of 11% net of FX in 3Q11, 14% YTD

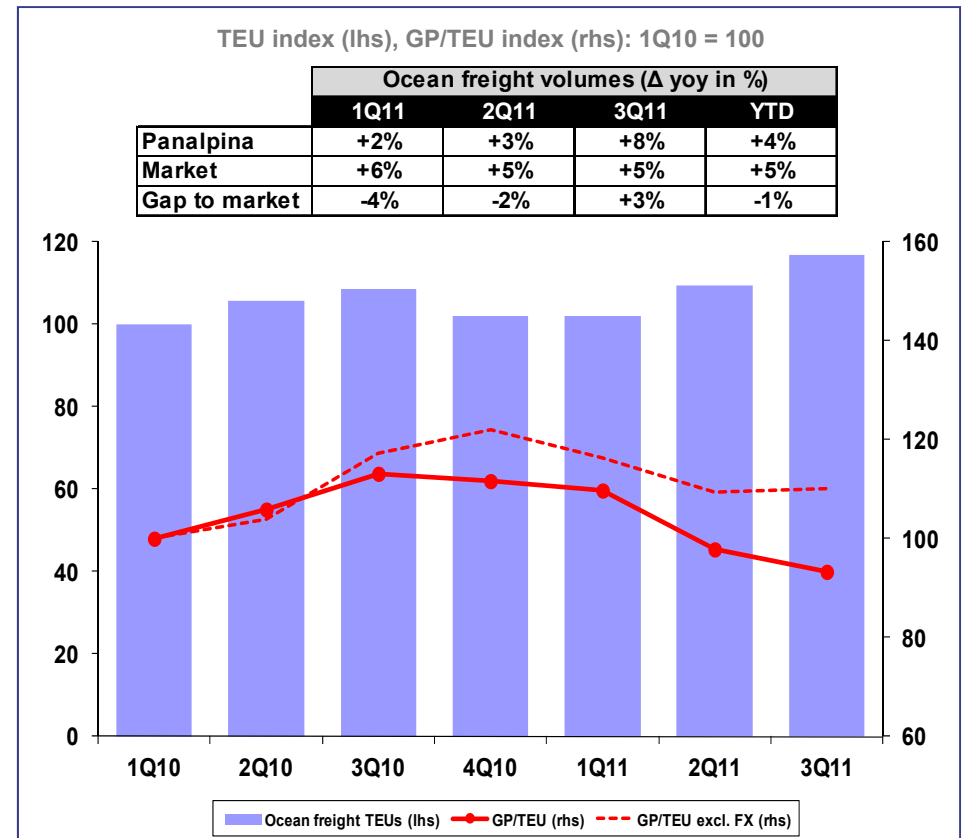
• Underlying EBIT of CHF 45 million in 3Q11 (+9% yoy net of FX), CHF 136 million YTD (+40% yoy net of FX)

# Ongoing focus on GP/unit, market share gains in Ocean Freight

## Air Freight: tonnage vs. GP/ton development



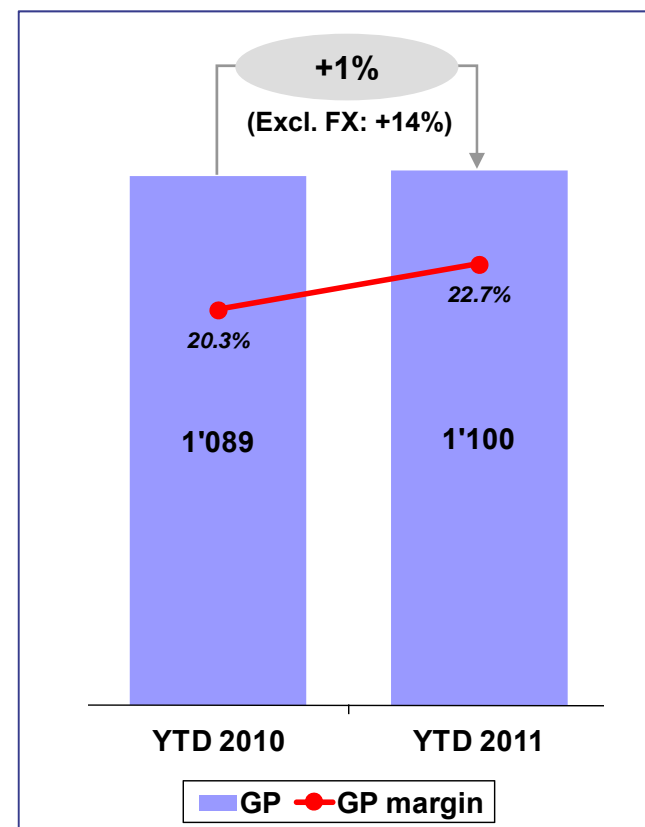
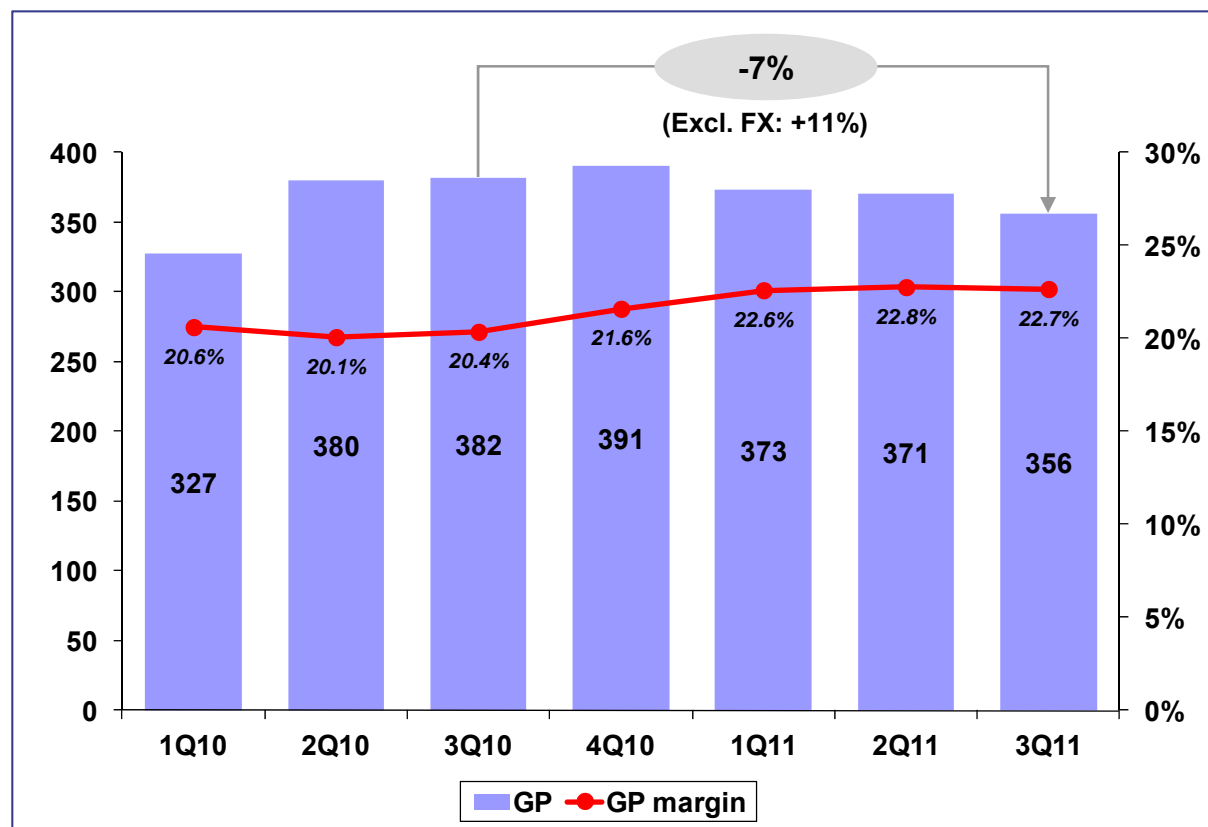
## Ocean Freight: TEU vs. GP/TEU development



- Air Freight: Q2/Q3 volume growth affected by profitability restoration program, narrowing gap to market in Q3 – yield focus leading to further increase in GP/ton – up 3% yoy in CHF, up 23% net of FX.
- Ocean Freight: accelerating growth leading to record volumes in 3Q11, outpacing market growth - GP/TEU down 18% yoy in CHF, down 2% net of FX due to low level of rates and highly competitive environment.

## Gross profit margin kept at high level

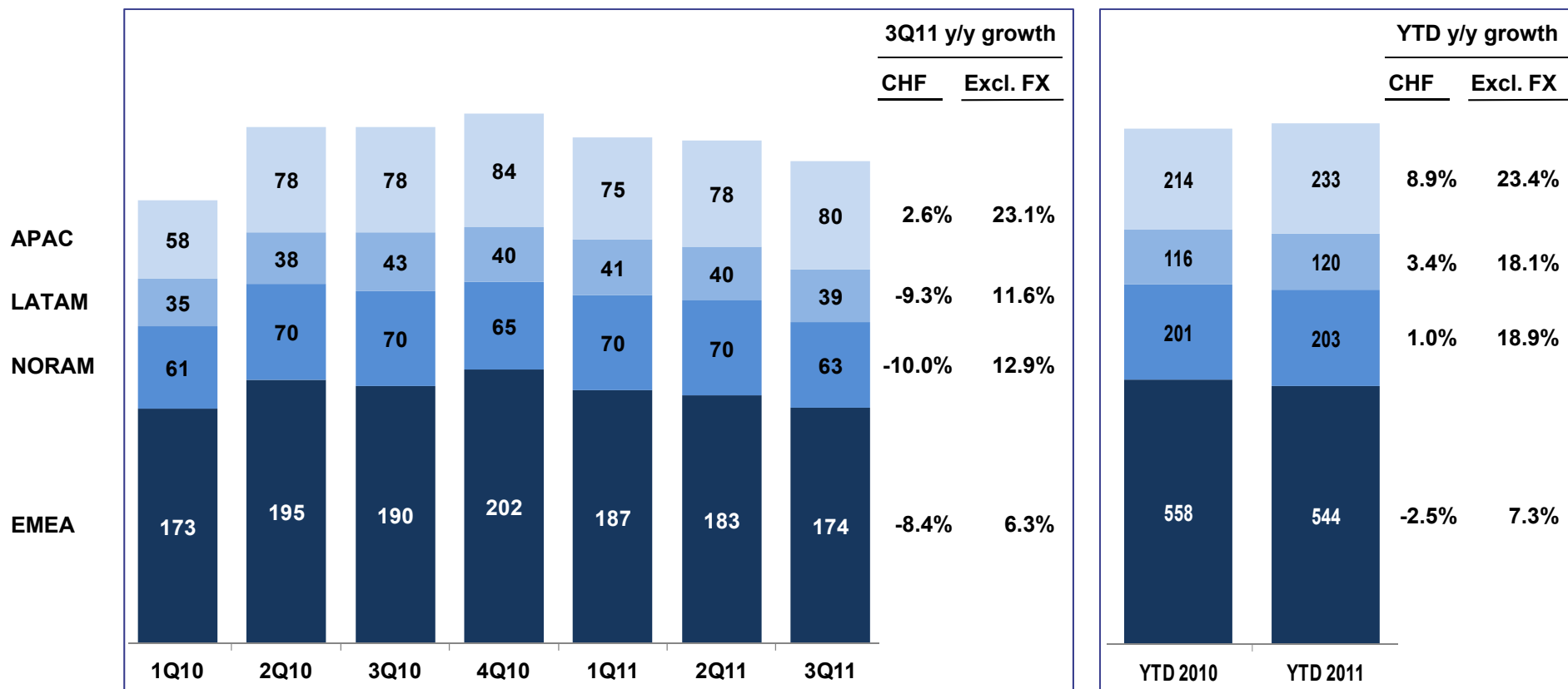
Gross profit in CHF million



- Double-digit organic growth in gross profit in 3Q11 and year-to-date
- Increase in GP margin despite low-rate environment and intense competition

# GP growth across all regions net of FX

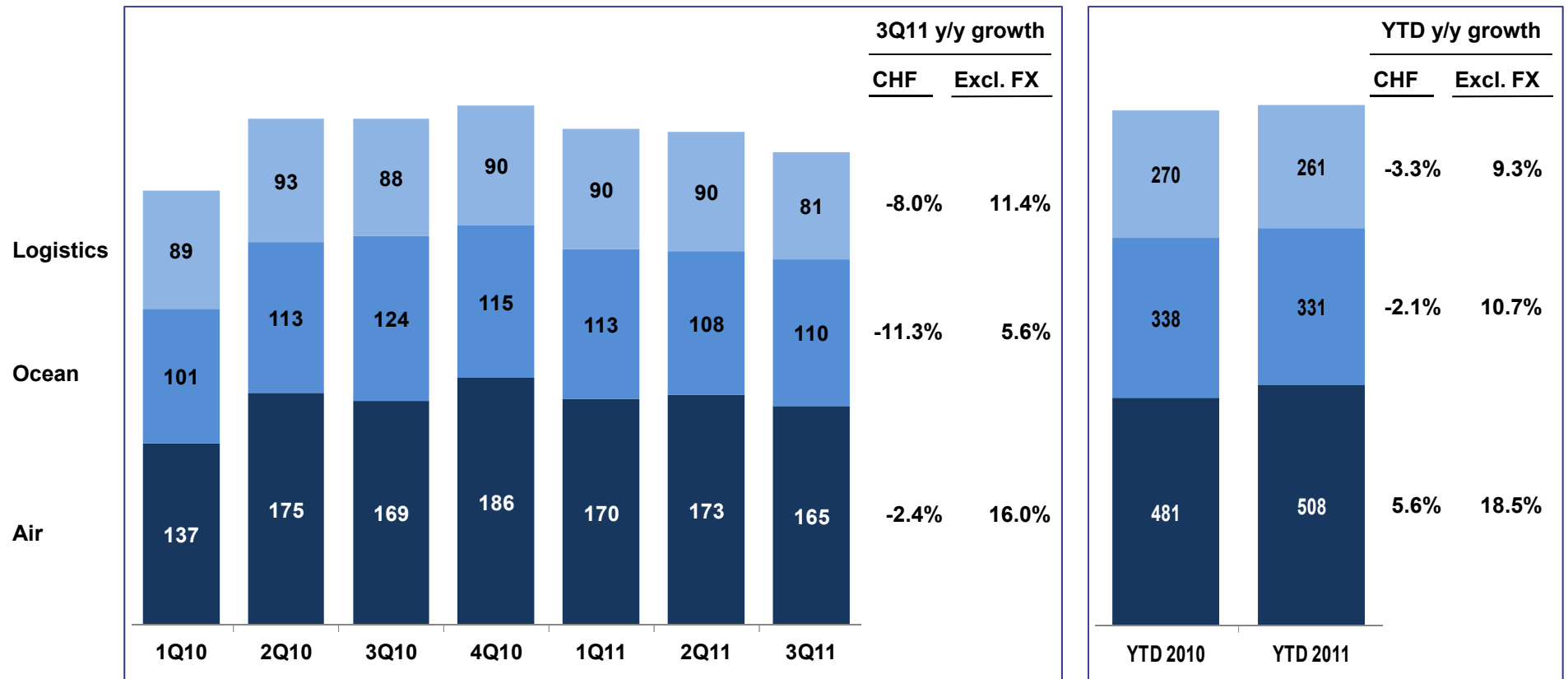
Gross profit in CHF million



- Organic gross profit increase in all regions – strong negative currency translation impact
- Record YTD gross profit for APAC

## GP growth across all segments net of FX, led by Air Freight

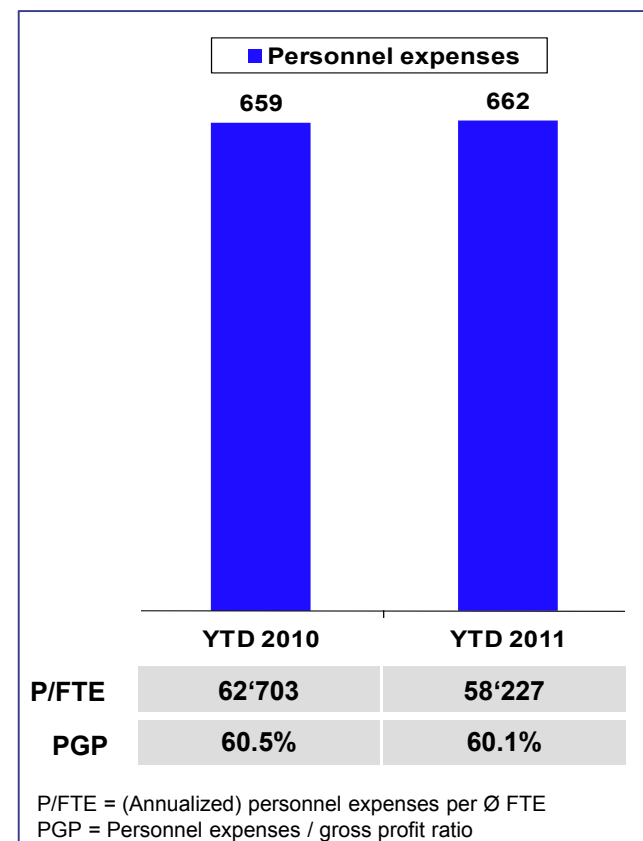
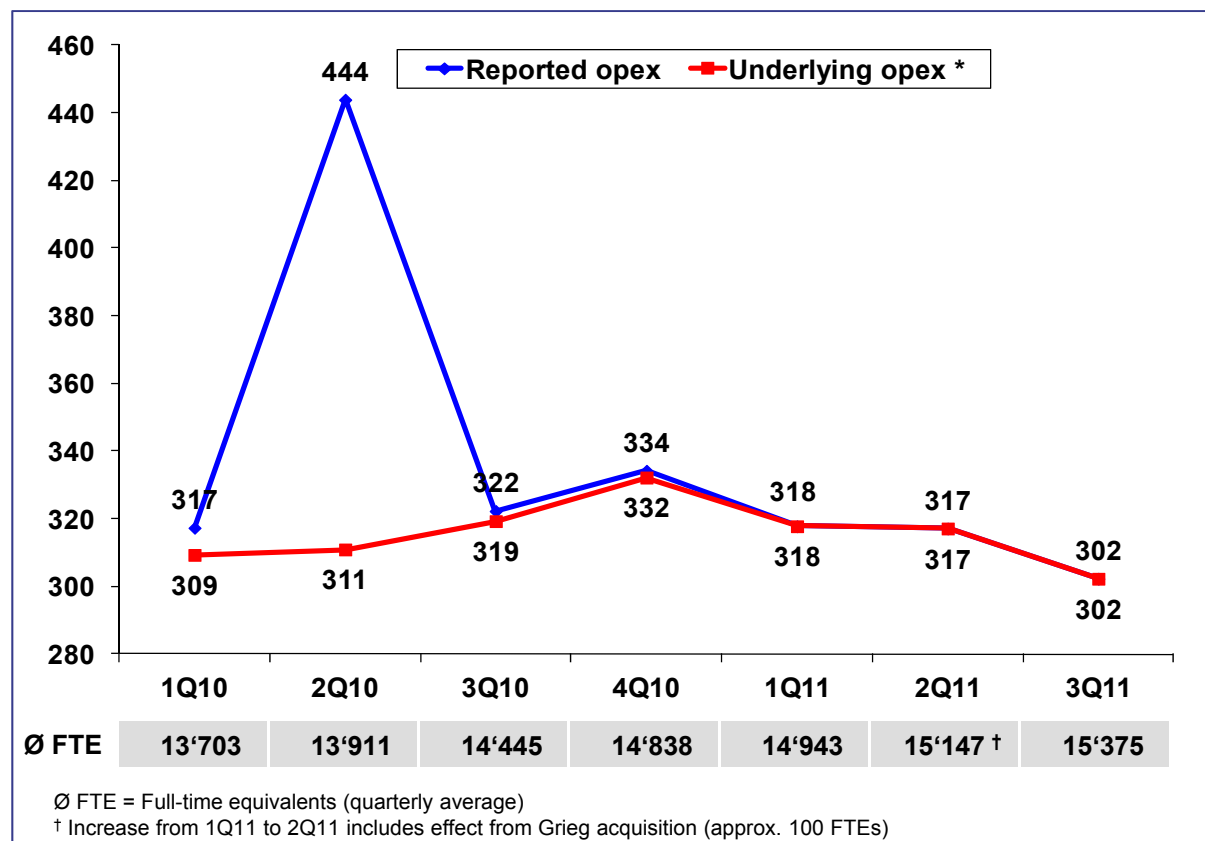
Gross profit in CHF million



- Organic gross profit increase in all segments – strong negative currency translation impact
- Air Freight performance mainly driven by strong yields
- Positive volume development supporting Ocean Freight

## Costs continue to be tightly controlled

Operating expenses in CHF million



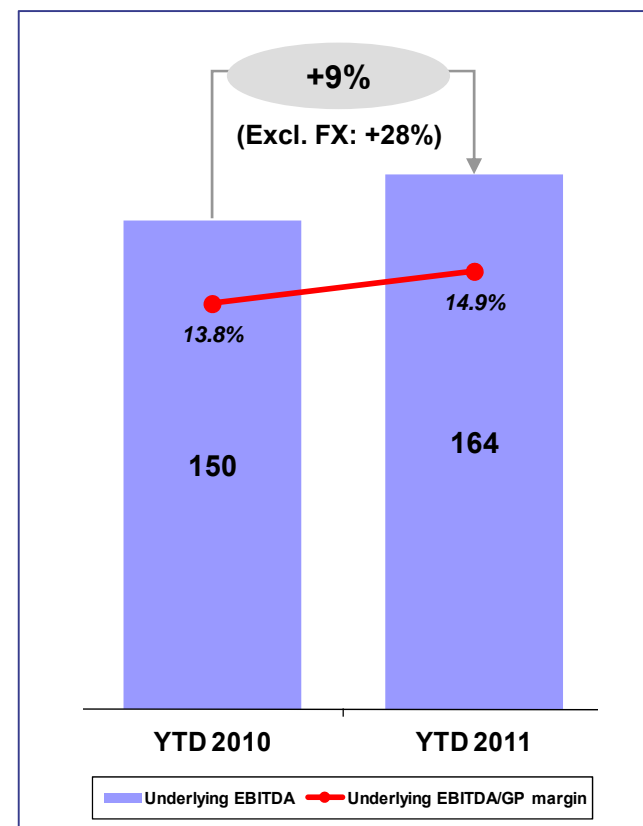
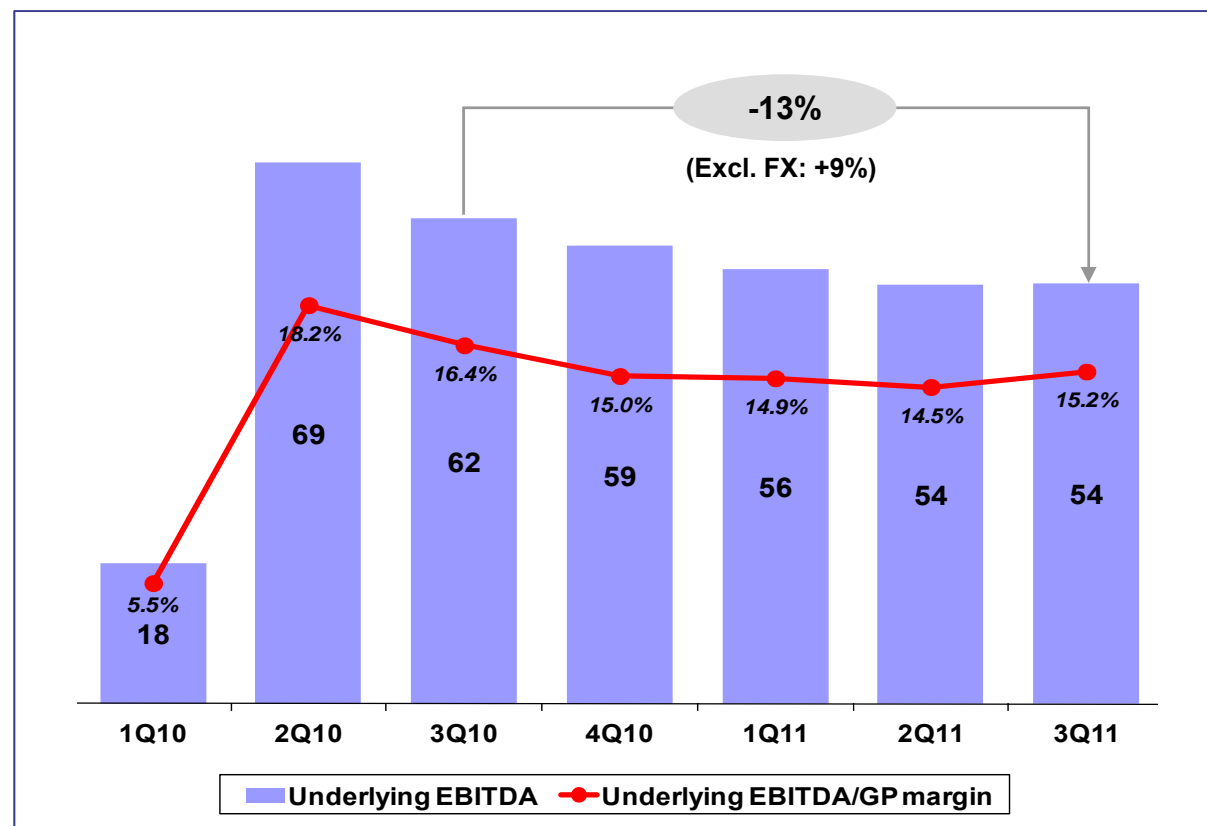
- Operating expenses falling 5% from 2Q11 to 3Q11, stable net of FX
- Reduction of PGP ratio from 60.5% YTD 2010 to 60.1% YTD 2011

\* 2010 numbers adjusted for fines and related costs, legal fees and charges related to internal reorganization project



## Sequentially increasing EBITDA/GP margin

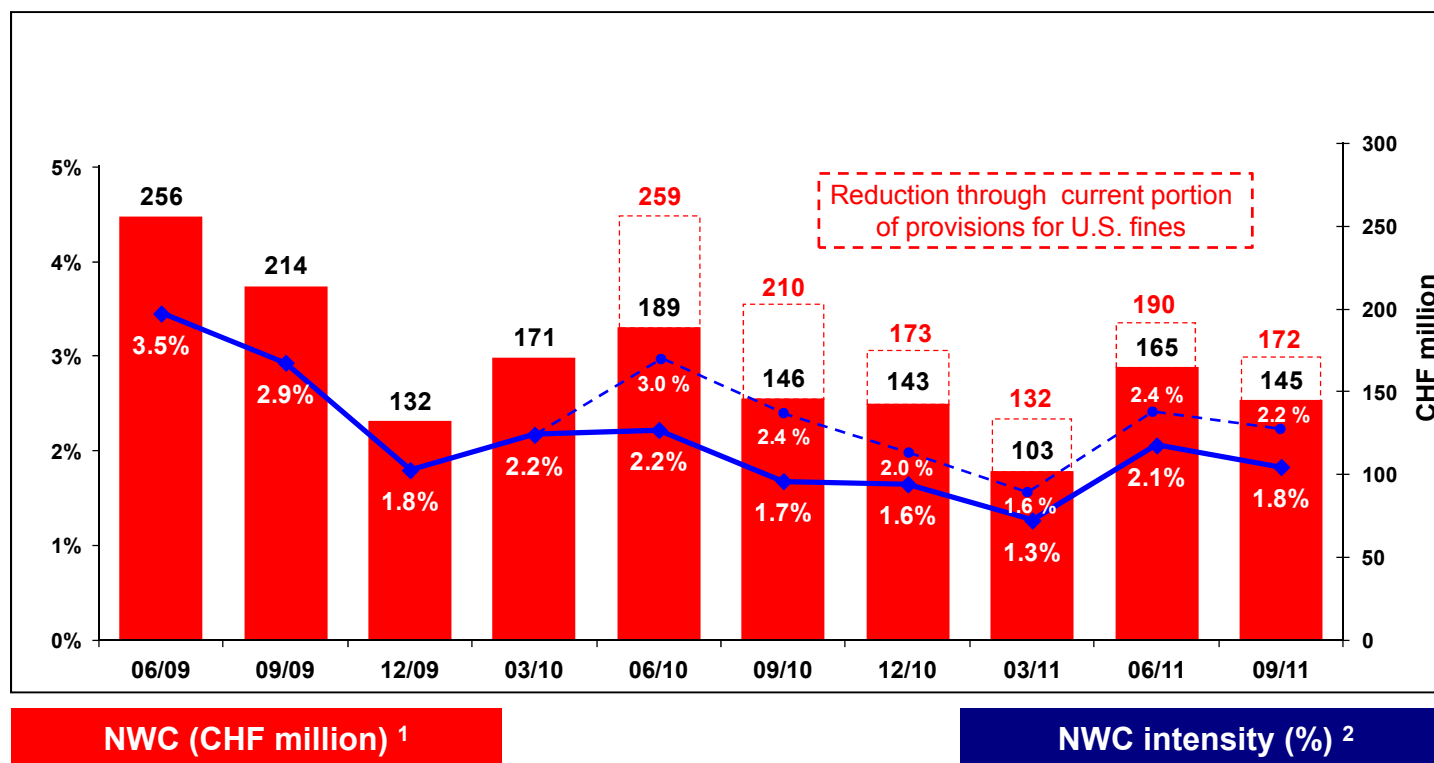
EBITDA in CHF million



- A mix of volumes, yield management and declining costs led to significant YTD margin expansion
- In Q3 (YTD) 2011, CHF 14 (29) million of EBITDA were lost due to negative FX translation

Note: 2010 numbers adjusted for fines and related costs, legal fees and charges related to internal reorganization project

## Net working capital intensity below 2% target again



(# of days)	Sep 30, 2011	Sep 30, 2010
<b>DSO</b> (3-m-rolling)	43.7	39.1
<b>DPO</b> (3-m-rolling)	29.0	26.3
<b>Δ (DSO – DPO)</b>	14.7	12.8

- Sequential drop of NWC – NWC intensity falling below mid-term target of 2%
- DSO up due to shift in customer mix towards accounts with longer payment terms

<sup>1</sup> Net working capital defined as current assets net of cash and liquid instruments minus current liabilities net of interest bearing debt

<sup>2</sup> NWC intensity defined as NWC divided by gross forwarding revenue

## Strong free cash flow before planned investment outflows

Figures in CHF million

	Q3 2011	Q3 2010	YTD 2011	YTD 2010
Cash flow before changes in working capital	64.8	40.8	151.4	89.5
Changes in working capital	14.4	51.7	20.1	(61.1)
<b>Cash from operations</b>	<b>79.2</b>	<b>92.4</b>	<b>171.6</b>	<b>28.5</b>
Interest and income taxes paid	(6.8)	(5.9)	(31.3)	(20.5)
Net cash from operating activities	72.5	86.5	140.3	7.9
Net cash from investing activities	(31.7)*	(7.3)	(226.6)*	(14.9)
<b>Free cash flow (FCF)</b>	<b>40.8</b>	<b>79.3</b>	<b>(86.4)</b>	<b>(7.0)</b>
FCF adj. for money market investments and acquisitions	61.4	78.1	116.0	1.3
Net cash used in financing activities	(1.9)	(1.4)	(4.2)	(5.2)
Effect of exchange rate changes	7.9	1.0	(6.9)	6.6
Cash and cash equivalents at beginning of period	384.7	447.4	528.9	531.8
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>46.8</b>	<b>78.8</b>	<b>(97.5)</b>	<b>(5.6)</b>
Cash and cash equivalents at end of period	431.4	526.2	431.4	526.2

\* includes outflow of CHF 21 million in 3Q11 (YTD11: CHF 143 million) for money market investments with a maturity of more than three months (3Q10: inflow of CHF 1 million; YTD10: outflow of CHF 8 million), as well as an outflow of CHF 57 million in Q2 related to the recent Grieg acquisition.

## Planning assumptions and outlook for 2011

### Air Freight



#### Market

- 0% growth (previously 1-2%)
- No capacity bottlenecks expected

#### Panalpina

- Increase of GP per ton vs. 2010
- Volume growth < market growth (effect of profitability restoration program in 2010)

World trade  
growth 2011:  
~3%

### Ocean Freight



#### Market

- 4-5% growth (previously 5%)
- Ongoing oversupply despite first signs of vessel lay-ups

#### Panalpina

- Slight decrease of GP per TEU vs. 2010
- Market share gains in second half-year

### Logistics



- Stable GP margin
- Continued investments in line with corp. strategy

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Panalpina Group

Basel, August 4, 2011

# Appendix



**Supply Chain Solutions**

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## Detailed figures including currency impact

in CHF million

	Q3 2010	YTD 2010	Q3 2011	Δ y/y	Q3 2011 (excl. FX)	Δ y/y	YTD 2011	Δ y/y	YTD 2011 (excl. FX)	Δ y/y
<b>Net forwarding revenue</b>	<b>1'873.7</b>	<b>5'355.3</b>	<b>1'570.9</b>	-16.2%	<b>1'882.1</b>	0.4%	<b>4'851.8</b>	-9.4%	<b>5'473.4</b>	2.2%
Forwarding expenses	(1'492.1)	(4'266.0)	(1'214.8)		(1'456.9)		(3'751.4)	-12.1%	(4'233.5)	
<b>Gross profit</b>	<b>381.6</b>	<b>1'089.3</b>	<b>356.1</b>	-6.7%	<b>425.1</b>	11.4%	<b>1'100.4</b>	1.0%	<b>1'239.9</b>	13.8%
<i>in % of net forwarding revenue</i>	20.4%	20.3%	22.7%		22.6%		22.7%		22.7%	
Personnel expenses	(222.7)	(659.3)	(209.1)	-6.1%	(247.3)	11.1%	(661.8)	0.4%	(739.4)	12.1%
<i>in % of gross profit (PGP)</i>	58.4%	60.5%	58.7%		58.2%		60.1%		59.6%	
Other operating expenses	(99.7)	(424.5)	(93.2)	-6.5%	(110.0)	10.4%	(275.0)	-35.2%	(308.1)	-27.4%
<i>in % of gross profit (OGP)</i>	26.1%	39.0%	26.2%		25.9%		25.0%		24.9%	
Gains (losses) on sales of non-current assets	0.1	0.4	0.4		0.4		(0.1)		(0.1)	
Total operating expenses	(322.2)	(1'083.4)	(301.9)	-6.3%	(357.0)	10.8%	(936.8)	-13.5%	(1'047.6)	-3.3%
<b>EBITDA</b>	<b>59.4</b>	<b>5.8</b>	<b>54.2</b>	-8.8%	<b>68.2</b>	14.8%	<b>163.6</b>	2708.2%	<b>192.3</b>	3201.8%
<i>in % of gross profit</i>	15.6%	0.5%	15.2%		16.0%		14.9%		15.5%	
<i>in % of net forwarding revenue</i>	3.2%	0.1%	3.4%		3.6%		3.4%		3.5%	
Depreciation of property, plant and equipment	(8.0)	(28.2)	(6.6)	-17.7%	(7.8)	-2.7%	(21.1)	-25.0%	(23.6)	-16.1%
Amortization of intangible assets	(1.8)	(6.3)	(2.8)	51.3%	(3.1)	69.3%	(6.9)	9.9%	(7.5)	19.6%
<b>Operating result (EBIT)</b>	<b>49.5</b>	<b>(28.7)</b>	<b>44.8</b>	-9.6%	<b>57.2</b>	15.6%	<b>135.5</b>	-572.6%	<b>161.1</b>	-662.0%
<i>in % of gross profit</i>	13.0%	-2.6%	12.6%		13.5%		12.3%		13.0%	
Financial result	(3.3)	(6.2)	(3.9)	18.0%			(5.2)	-15.6%		
<b>Earnings before taxes (EBT)</b>	<b>46.2</b>	<b>(34.9)</b>	<b>40.9</b>	-11.5%			<b>130.3</b>	-473.8%		
Income tax expenses	(12.5)	(24.0)	(9.1)	-27.2%			(31.6)	31.7%		
<i>% of EBT</i>	-14.1%	-68.9%	22.3%				24.3%			
<b>Consolidated profit</b>	<b>33.7</b>	<b>(58.9)</b>	<b>31.7</b>	-5.7%			<b>98.7</b>	-267.5%		
<i>in % of gross profit</i>	8.8%	-5.4%	8.9%				9.0%			
<i>Non-recurring items:</i>										
Fines and related costs, reorganization costs	-	(128)								
Legal costs (FCPA, Anti-trust)	(3)	(16)								
<b>underlying EBITDA</b>	<b>62.4</b>	<b>149.8</b>	<b>54.2</b>	-13.2%	<b>68.2</b>	9.3%	<b>163.6</b>	9.2%	<b>192.3</b>	28.4%
<i>in % of gross profit</i>	16.4%	13.8%	15.2%		16.0%		14.9%		15.5%	
<b>underlying EBIT</b>	<b>52.5</b>	<b>115.3</b>	<b>44.8</b>	-14.7%	<b>57.2</b>	9.0%	<b>135.5</b>	17.5%	<b>161.1</b>	39.7%
<i>in % of gross profit</i>	13.8%	10.6%	12.6%		13.5%		12.3%		13.0%	

## Balance sheet

Figures in CHF million

	30-Sep-11	31-Dec-10	Variance	
			CHF	%
Cash, equivalents, other current financial assets	580.0	535.0	45.0	8.4%
Trade receivables, unbilled forwarding services	1'083.4	1'032.9	50.5	4.9%
Other current assets	96.7	118.4	-21.7	-18.3%
Property, plant and equipment	106.9	113.8	-6.9	-6.1%
Intangible assets	131.2	78.1	53.2	68.1%
Other non-current assets	103.6	111.0	-7.4	-6.6%
<b>Total assets</b>	<b>2'101.9</b>	<b>1'989.2</b>	<b>112.6</b>	<b>5.7%</b>
Short-term borrowings	6.2	9.3	-3.1	-33.4%
Trade payables, accrued cost of services	740.7	696.0	44.7	6.4%
Other current liabilities	304.7	296.8	7.9	2.7%
Long-term borrowings	0.3	0.4	-0.1	-22.6%
Other long-term liabilities	157.9	174.5	-16.6	-9.5%
<b>Total liabilities</b>	<b>1'209.9</b>	<b>1'177.1</b>	<b>32.8</b>	<b>2.8%</b>
Share capital	50.0	50.0	0.0	0.0%
Reserves, treasury shares	832.9	754.3	78.6	10.4%
Non-controlling interests	9.1	7.9	1.2	15.4%
<b>Total equity</b>	<b>892.0</b>	<b>812.2</b>	<b>79.8</b>	<b>9.8%</b>
<b>Total liabilities and equity</b>	<b>2'101.9</b>	<b>1'989.2</b>	<b>112.6</b>	<b>5.7%</b>
Net cash (debt)	573.5	525.3	48.2	9.2%
Asset intensity *	5.1%	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  
delivering 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  
customized IT  
solutions