

A passion for solutions

Panalpina Group

Frankfurt, May 15, 2012

Deutsche Bank Equities Conference 2012



Supply Chain Solutions

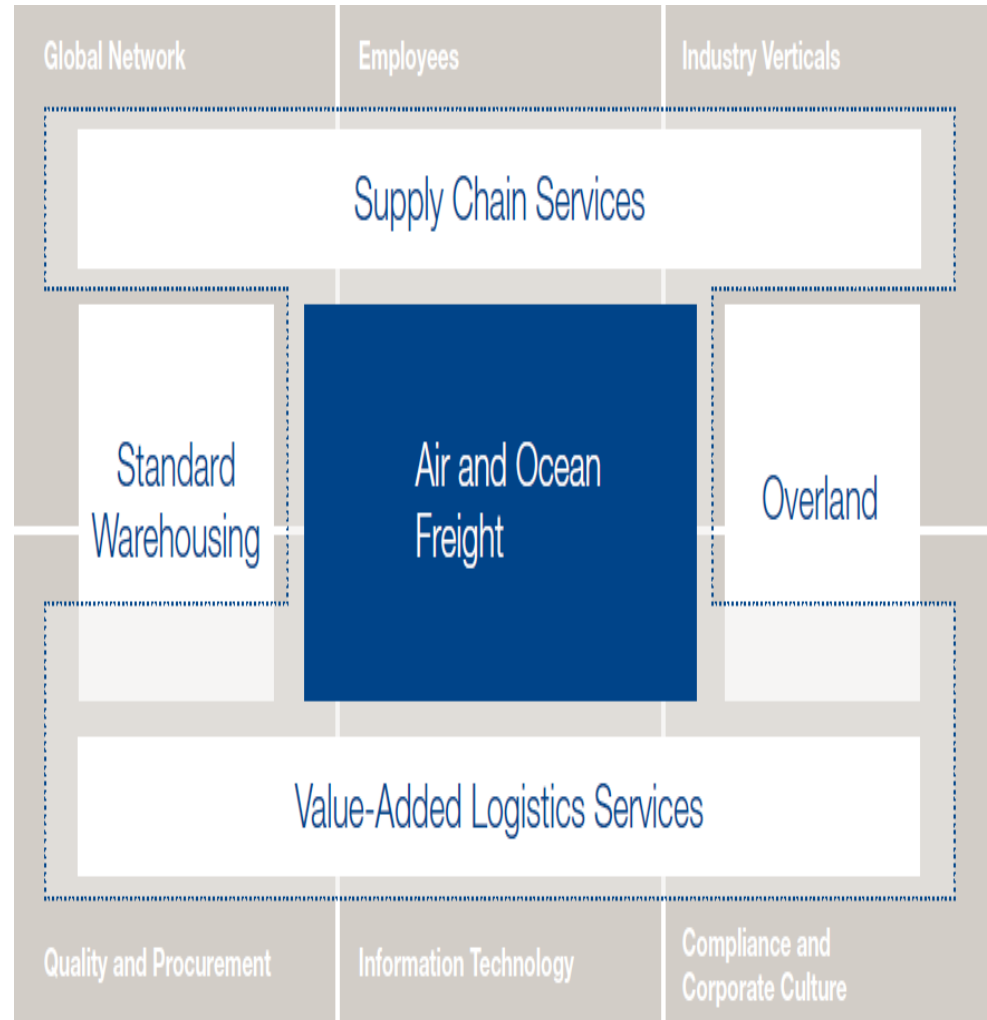
Air Freight

Ocean Freight

Logistics

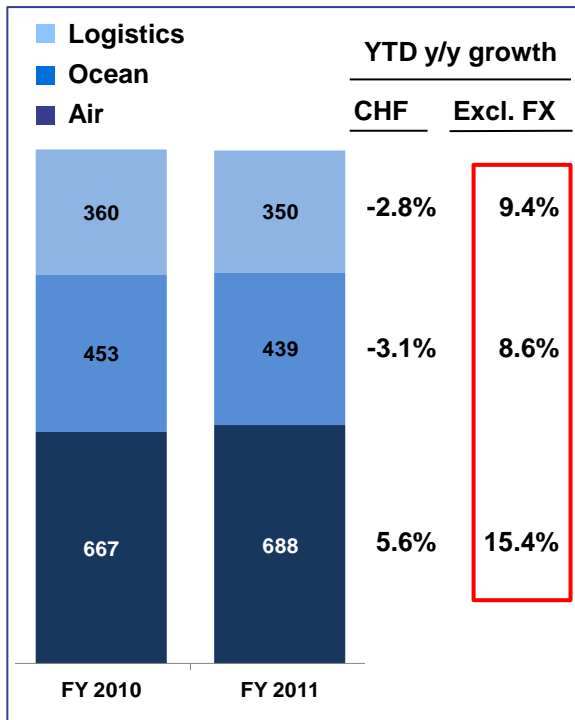
Brief recap – strategy review and key achievements last year

- Strategy reviewed, clarified and refined
 - End-to-end Supply Chain Solutions
 - Air/Ocean Freight complemented by Supply Chain and Value-Added Logistics Services
- Organic network expansion, particularly in emerging markets
 - New offices and logistics facilities in China, India and Brazil
- Two acquisitions
 - Apollo Perth
 - Grieg Logistics
- Product divisions strengthened
 - Key hires
 - Product innovations
- Enhanced customer portfolio
 - Profitability restoration program
 - New contracts in all Industry Verticals



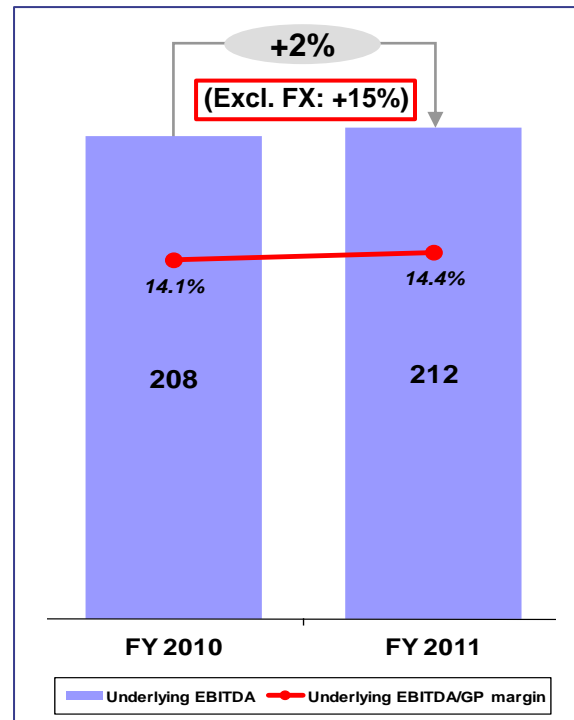
2011 – focused execution leads to solid financial results

1. Strong organic business growth



Gross profit in CHF million

2. Increase in profitability and margins



EBITDA in CHF million

3. Strong cash flow generation

	FY 2011	FY 2010
Cash flow before changes in WC	161.7	150.2
Changes in working capital	67.4	(75.0)
Cash from operations	229.1	75.3
Interest and income taxes paid	(35.6)	(38.2)
Net cash from operating activities	193.5	37.0
Net cash from investing activities	(151.6)	(30.8)
Free cash flow (FCF)	41.9	6.2
FCF adj. for money market investments and acquisitions	152.7	12.3

Cash flow in CHF million

- Strong organic gross profit growth in all segments ⇒ Group GP (excl. FX) up 12% y/y
- EBITDA/GBP margin rising from 14.1% (FY 2010) to 14.4% (FY 2011)
- Adjusted free cash flow of CHF 153 million (FY 2010: CHF 12 million)
- Pay-out of CHF 3.90 per share (dividend CHF 2.00, capital reduction CHF 1.90)

In a nutshell: well positioned within the logistics industry

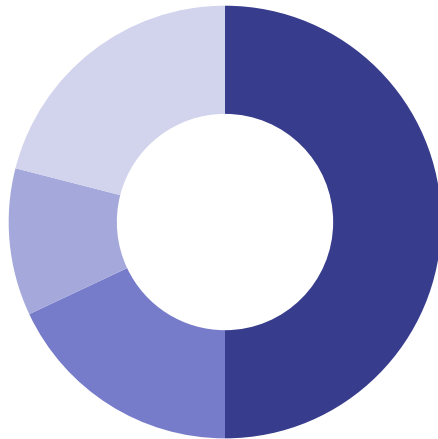
Comprehensive global network

- Among top 5 globally in Air freight and Ocean freight
- Worldwide end-to-end supply chain solutions
- 500 own offices in over 80 countries, > 15'000 employees
- Key competences in 9 industry verticals, industrial projects

Solid financial position (2011 figures)

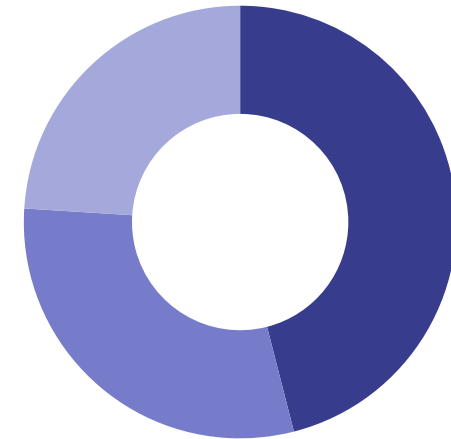
- Net forwarding revenue: CHF 6.5 billion (€ 5.3 billion)
- Net earnings: CHF 127 million (€ 104 million)
- Return on Capital Employed: 43.2%
- Equity ratio: 42.9%

Regions and product divisions – relative contribution to GP



- Europe / Africa / Middle East / CIS (50%)
- North America (18%)
- Central and South America (11%)
- Asia / Pacific (21%)

Total gross profit 2011:
CHF 1.5 billion (€ 1.2 billion)



- Air Freight (46%)
- Ocean Freight (30%)
- Logistics (24%)

Where do we want to go?

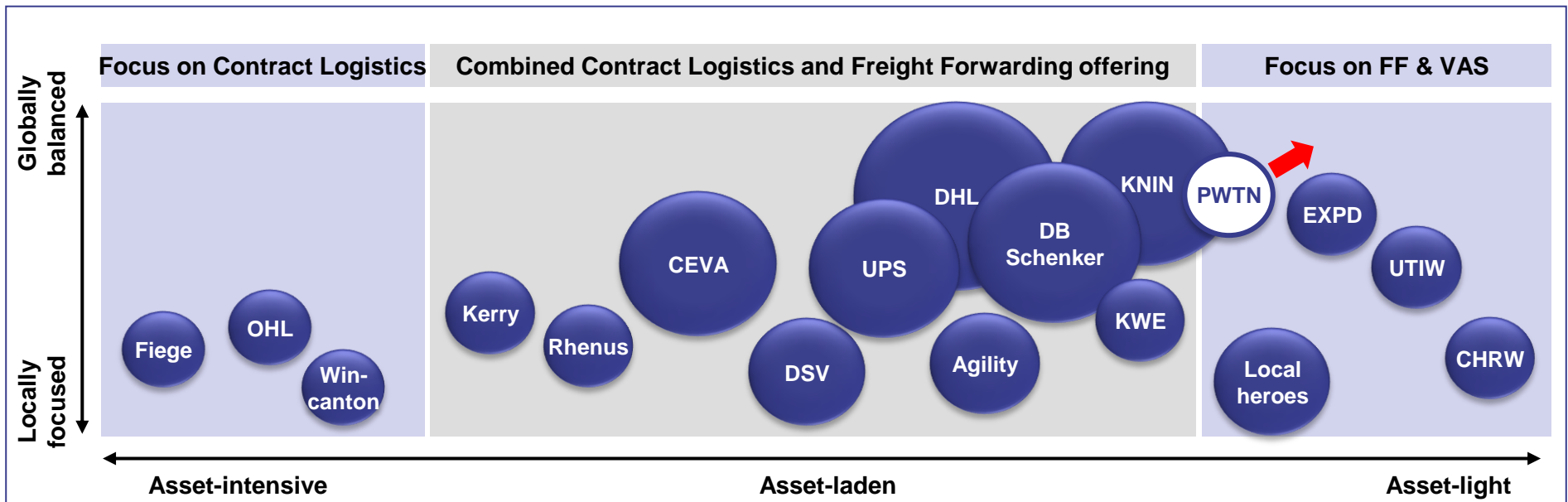
Financial objectives 2014

- Grow above market in Air and Ocean Freight
- Achieve an EBITDA/GP margin of 20%
- NWC intensity \leq 2%
- Tax rate 25%

Strategic pillars

- Focus on Air and Ocean Freight (core services)
- Complement with Value-Added Logistics Services
- Maintain asset-light business model
- Focus on Consumer & Retail, Healthcare, Hi-Tech and Oil & Gas

Target positioning



Continuous extension of product line in Logistics

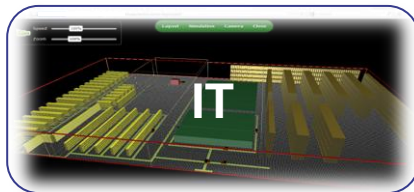
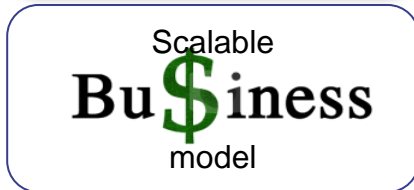
- New value-added services introduced, e.g.
 - Inbound to manufacturing
 - Aftermarket spare parts
 - Service logistics
 - Technical distribution
 - Postponement services
- Regional competence centers on three continents launched
- Logistics centers opened in 18 countries, including the Huntsville Logistics Center next to Panalpina's Huntsville Hub (USA)



Four distinctive competences to support the Logistics strategy

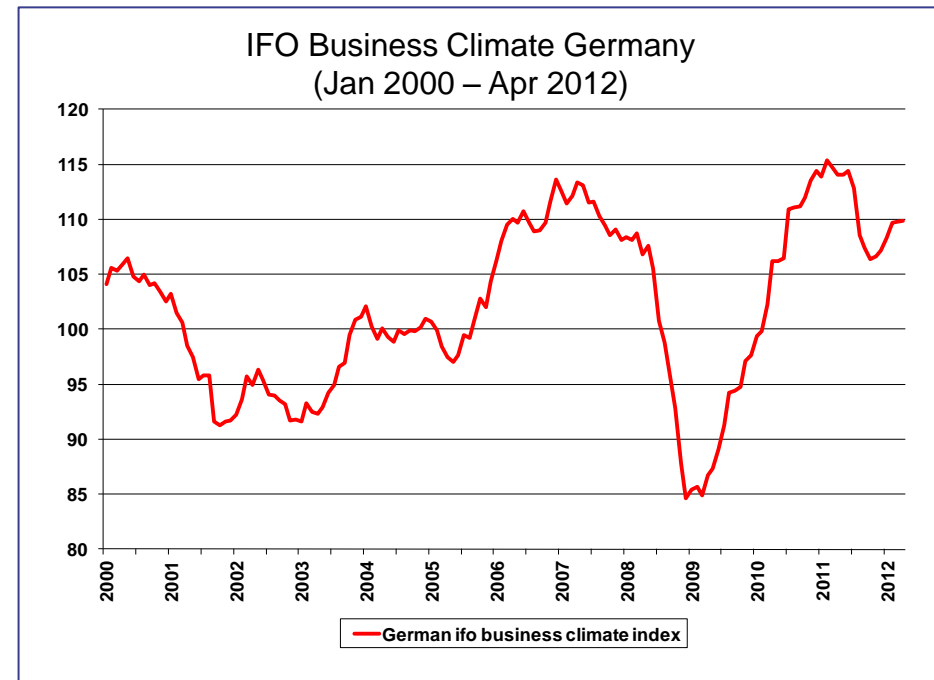
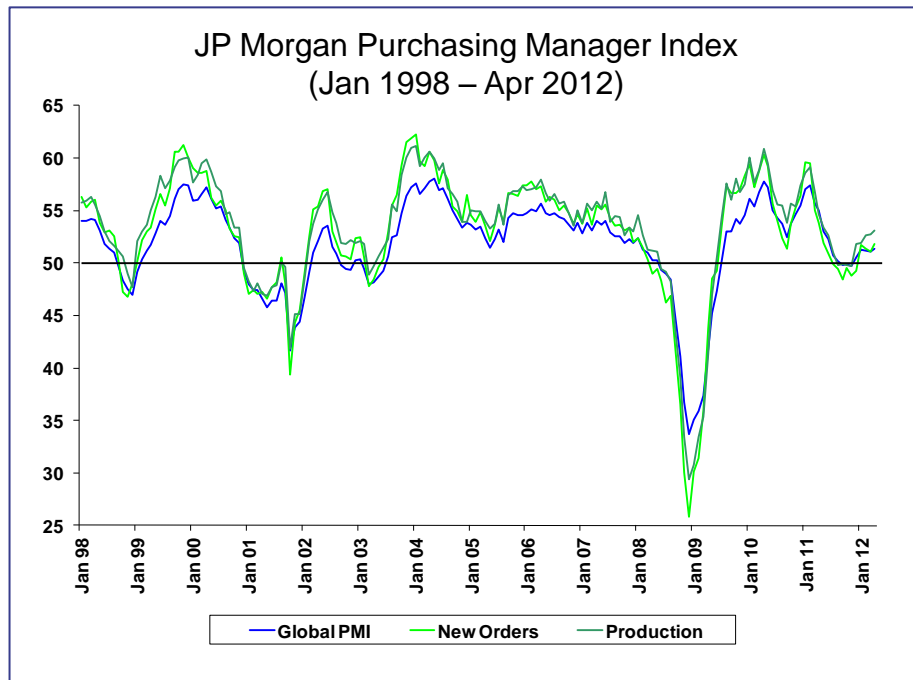
Distinctive competences

Strengths – key differentiators



- Clearly defined Logistics strategy and value added services solutions established
- No obligation to fill own warehouses due to asset-light business model
- No conflict of interests to fill own warehouses – service offering is solution driven
- More related to corporate culture versus 'silo thinking'
- Lean organization and size of Panalpina bring speed and agility
- Flexible approach to commercial models
- Global footprint and asset-light business model means solutions can be implemented wherever needed but also be wound down relatively quickly
- Operational excellence program
- Fully integrated Logistics toolset renders increased productivity and transparency
- IT as a differentiator (ABC, KPI tools, etc.)

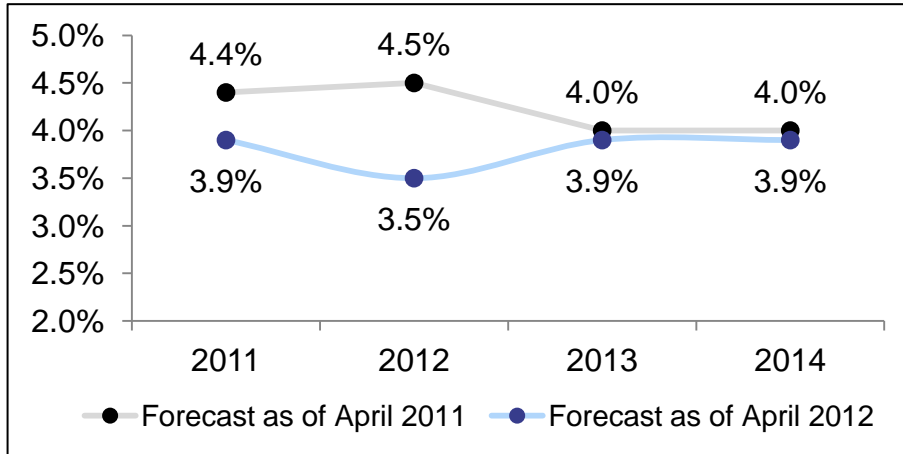
Leading economic indicators signal improvements in operating conditions in the months to come...



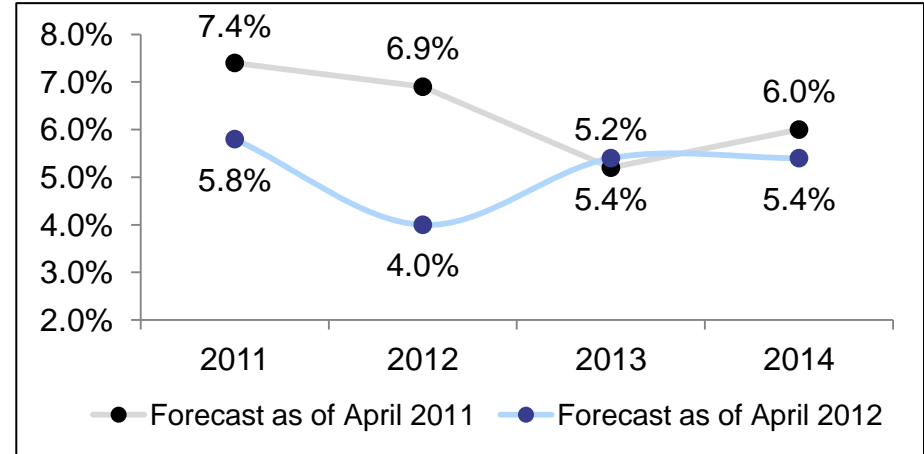
- US rebounding, China growth slowing down but still on high level
 - EU sovereign crisis not resolved, Europe in ‘W-shaped’ recession
 - Across the board, companies continue to invest – but cautiously
 - Some positive indications for 2nd half of the year
- ⇒ While 2012 may turn out to be a “lost year” for Europe, other markets continue to grow

... although trend growth may be lower than initially anticipated

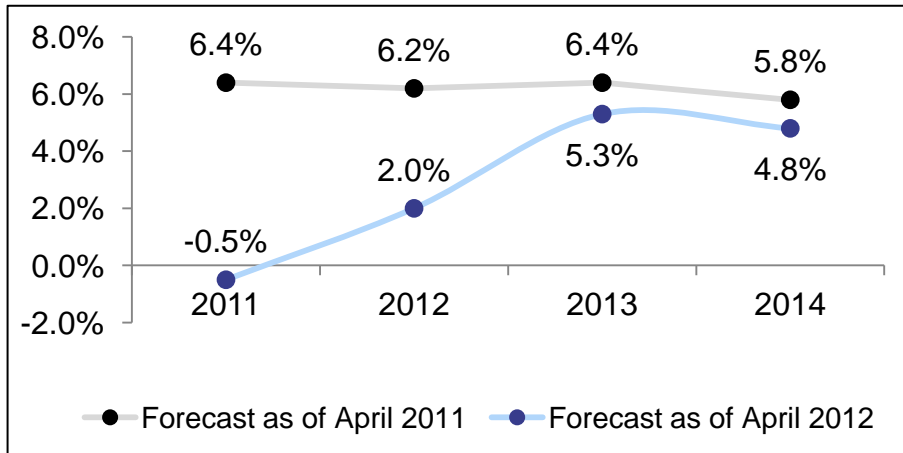
GDP growth



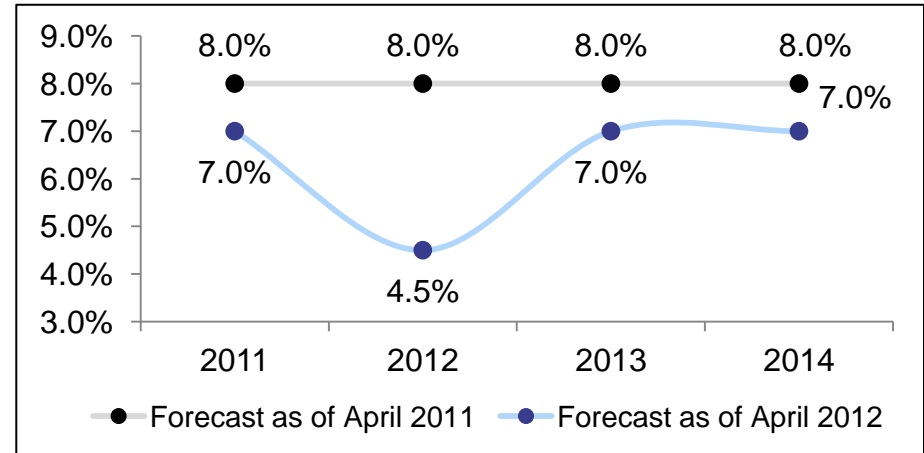
World trade growth



Air freight market growth

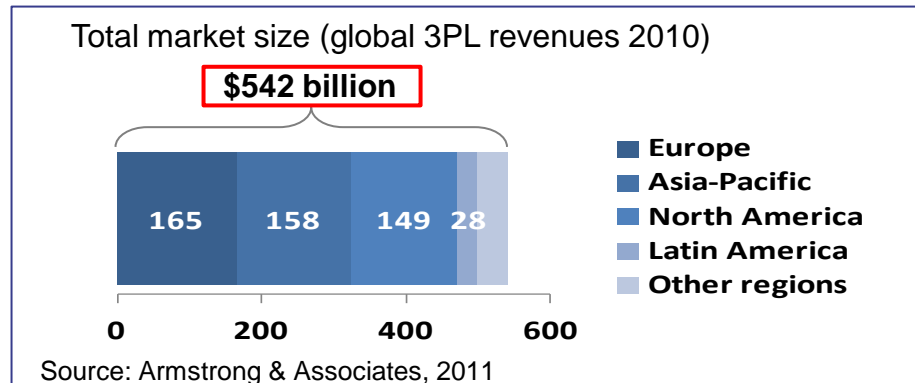


Ocean freight market growth



The Logistics industry still offers many growth opportunities...

Findings from a recent study*



% of respondents that use a 3PL (third-party logistics) provider

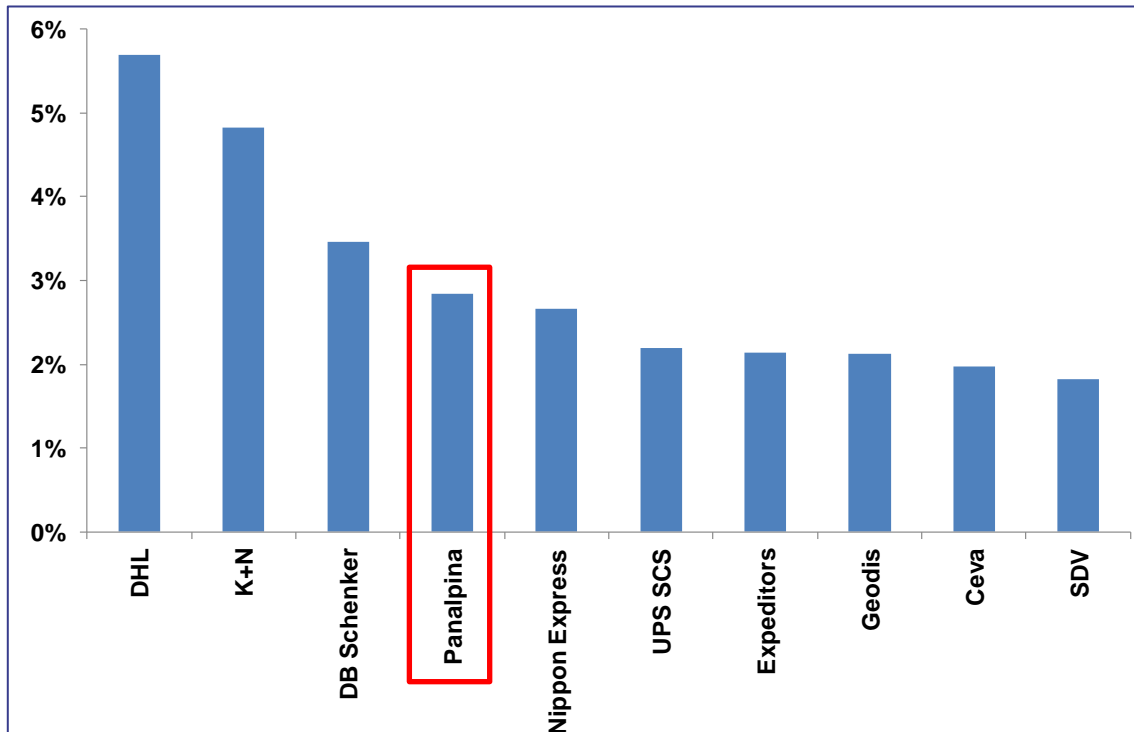
Outsourced Logistics Service	User Percentages				
	All Regions	North America	Europe	Asia-Pacific	Latin America
International Transportation	78%	66%	91%	77%	84%
Domestic Transportation	71	65	77	74	69
Warehousing	62	65	61	65	63
Freight Forwarding	57	52	54	64	65
Customs Brokerage	48	49	43	56	45
Reverse Logistics (Defective, Repair, Return)	27	25	28	33	22
Cross-Docking	26	29	28	25	22
Product Labeling, Packaging, Assembly, Kitting	24	19	28	24	26
Transportation Planning and Management	23	24	27	21	16
Inventory Management	21	20	16	27	25
Freight Bill Auditing and Payment	17	35	12	11	8
Information Technology (IT) Services	15	15	14	13	16
Order Management and Fulfillment	14	19	10	15	14
Service Parts Logistics	14	10	14	19	10
Customer Service	11	9	7	14	16
Supply Chain Consultancy Services Provided by 3PLs	11	15	7	13	9
Fleet Management	10	8	9	14	9
LLP (Lead Logistics Provider)/4PL Services	9	7	10	13	4
Sustainability/Green Supply Chain-Related Services	4	3	3	6	4

- Logistics expenditures represent an average of 12% of sales revenues for shippers, of which 42% is spent on outsourcing
- 64% of shippers are increasing their use of 3PL services
- 58% are reducing/consolidating the number of 3PL providers they use
- Fuel efficiency and carbon emissions are becoming more important decision factors for selecting 3PLs

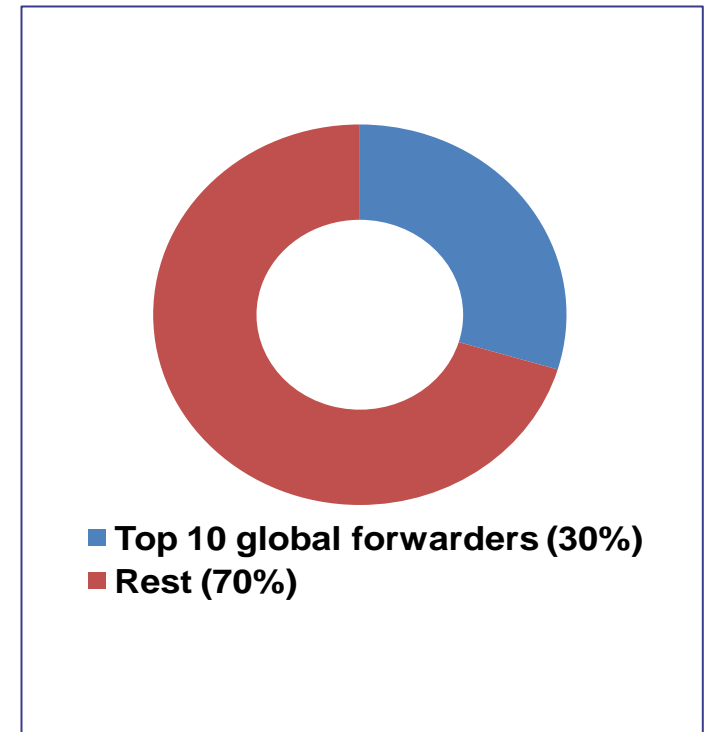
*Source: „The State of Logistics Outsourcing“ (16th Annual Third-Party Logistics Study, October 2011)

...in a market which is highly fragmented

Market share 2011 based on combined air/ocean freight turnover



Market share Top 10

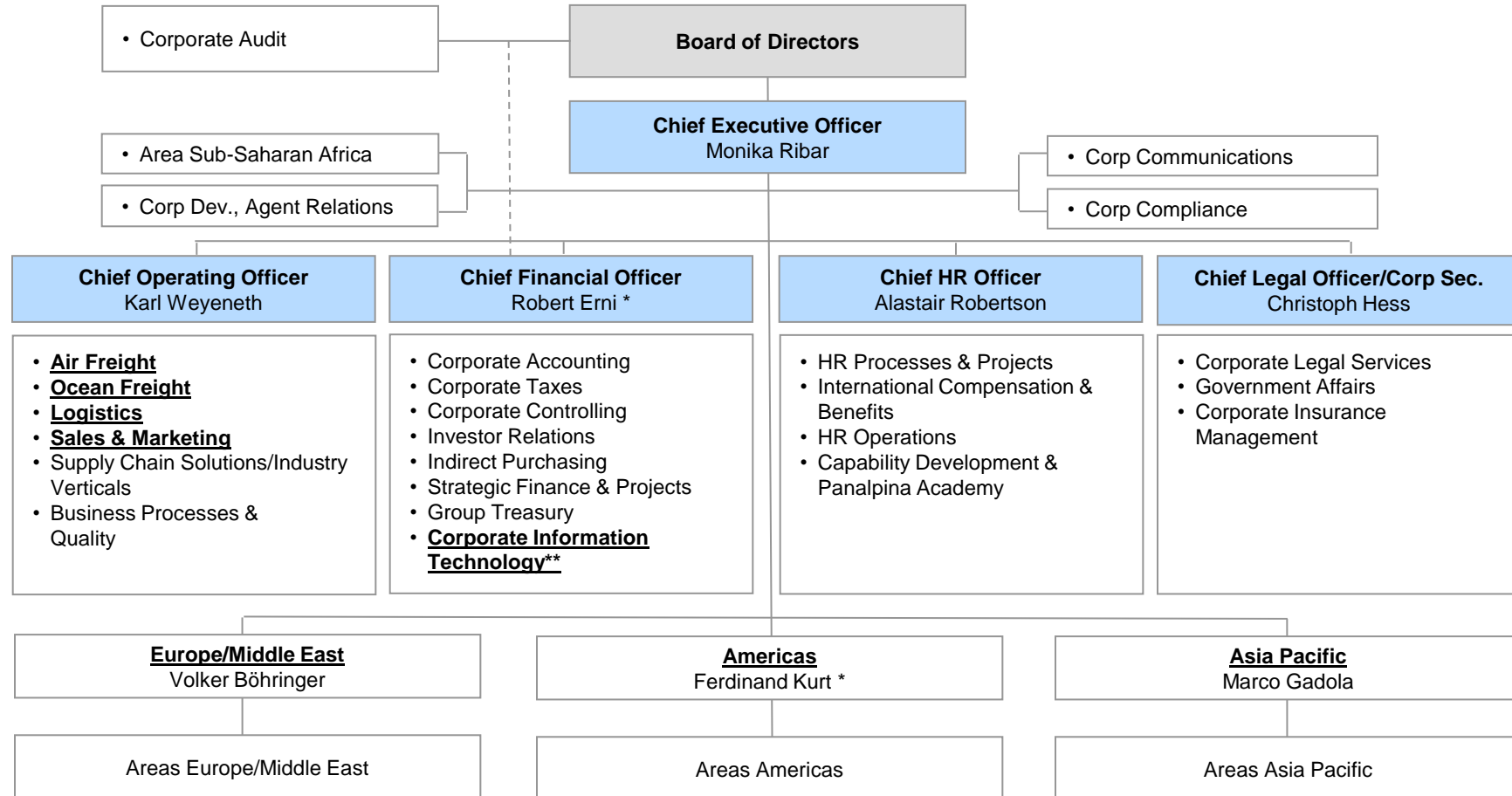


To achieve ambitious growth targets, Panalpina picked its battles

Dimension	Focus	Achievements
<ul style="list-style-type: none"> ■ Geographies 	US, Mercosur, Middle East, China, India, Central Europe	Clear strategic plans on Area level, some grey spots to be considered
<ul style="list-style-type: none"> ■ Tradelanes 	Ex-Asia: FEWB, TPEB, Asia-ME, Intra-Asia, Asia-Latam	Various investments
<ul style="list-style-type: none"> ■ Industry Verticals 	Hi-Tech, Healthcare, Oil & Gas, Consumer & Retail, Pan Projects	Significant progress since last year
<ul style="list-style-type: none"> ■ Products 	Air Freight, Ocean Freight; Supporting: Logistic VAS, Customs Brokerage	Organizational structures strengthened, new products introduced, visibility enhanced
<ul style="list-style-type: none"> ■ Productivity 	Operations Transformation	SAP-TM implementation started, impact of Operations Transformation Program not yet visible

The organization has been refined, regional mgmt team completed

Introduction of regional structure as of mid-year



Executive Committee = Executive Board (EB) + Committee Members

* starting dates yet to be confirmed
** new CIO to be announced in due course

Implementation of corporate strategy brings along a variety of investments and productivity initiatives

Planned investments:

- (Lean) regional setup headed by three Regional CEOs (Americas, EME, APAC)
- Completion of product division structures (niche products, Logistics competence centers, order management capabilities)
- IT / SAP TM
- Further investments into growth markets (network expansion, new services)

Productivity initiatives:

- Workflow-based processes as key productivity driver of SAP TM implementation (Event Management)
- Rate standardization program
- E-File
- Customer connectivity on bookings
- Carrier EDI connectivity

- Panalpina remains committed to invest selectively in order to execute the corporate strategy
- Various initiatives contribute to a sustainable increase of operational productivity

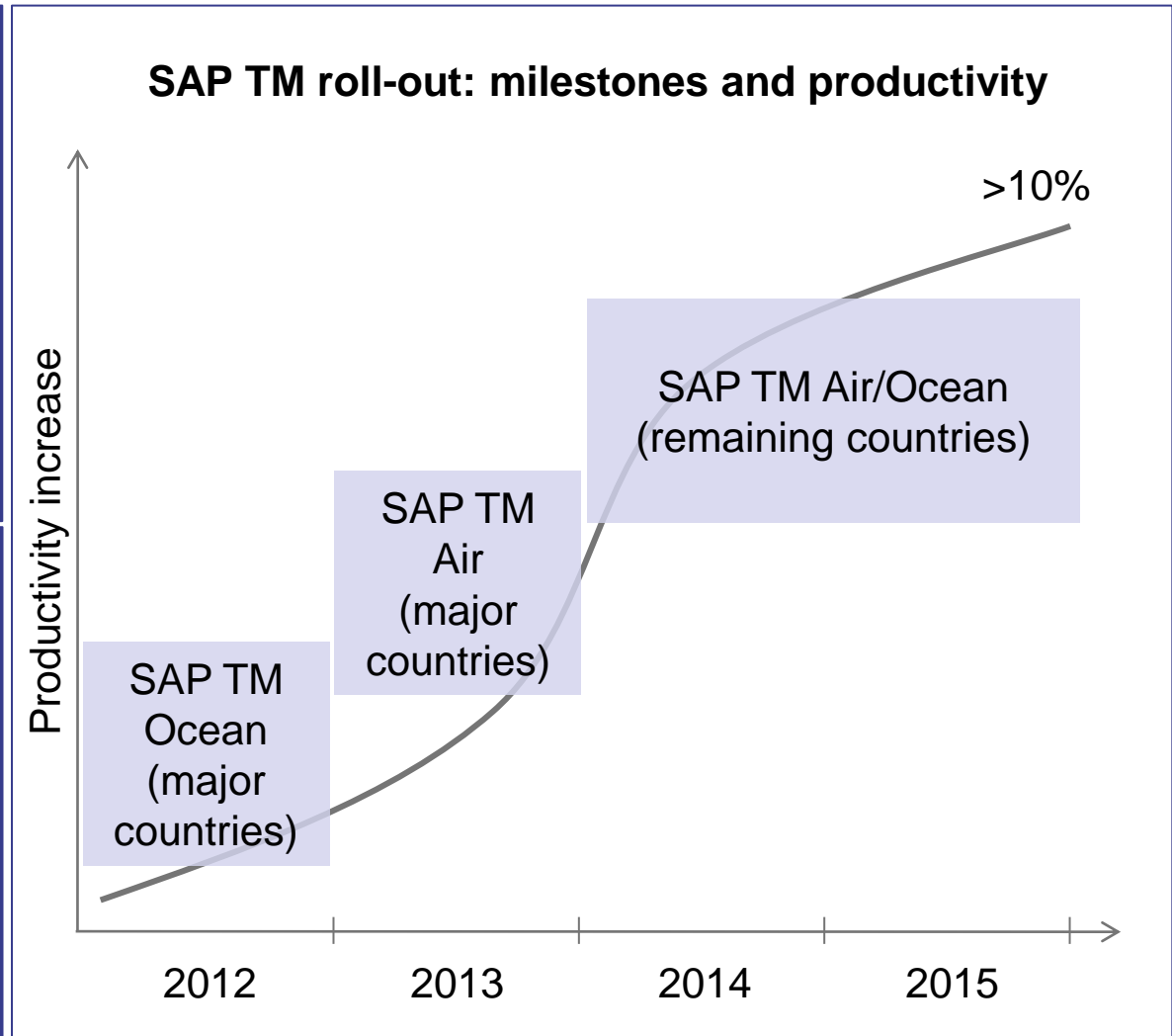
Roll-out of SAP TM acts as a key productivity driver

Enhanced functionalities:

- Structured data fields for easier EDI connectivity
- Standardized master data
- Decommissioning of local stand-alone applications

Productivity drivers:

- Streamlined and standardized processes
- Automation/reduction of manual steps
- Enhanced coordination of shipment processing
- Faster billing and costing



Panalpina's priorities in 2012

- Implement Sales Excellence
- Grow above market
- Drive operational productivity
- Step up Logistics performance
- Boost end-to-end Supply Chain Solutions

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



Value delivery through
globally standardized
IT systems

Excellent long-term
industry growth
prospects

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