

A passion for solutions

Panalpina Group

July 22nd 2014

Half-Year Results

January to June 2014



Supply Chain Solutions

Air Freight

Ocean Freight

Logistics



Highlights and key figures

Operating and financial review

Outlook

Overview of the first half-year 2014

Highlights

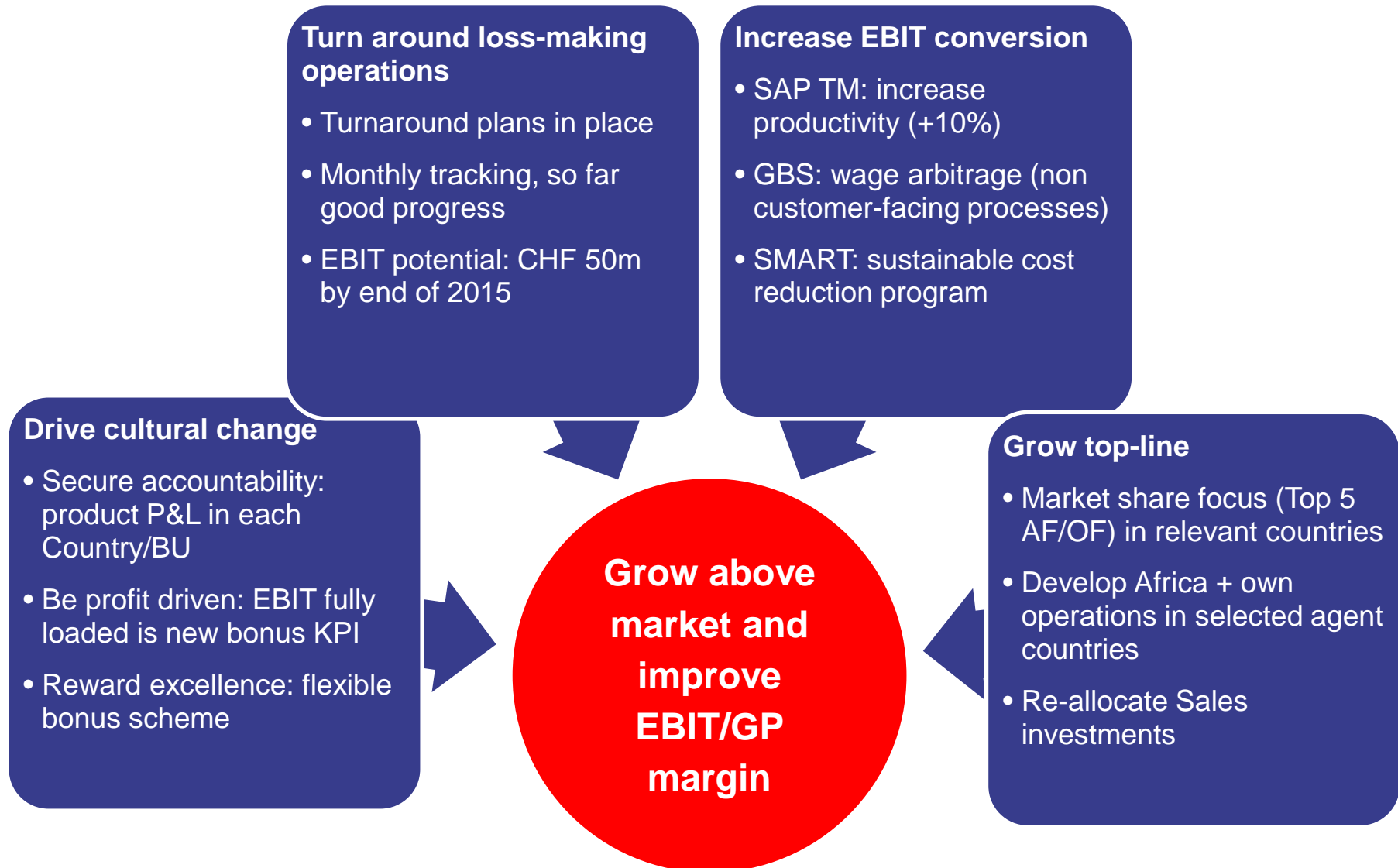
- Volume growth in Air Freight (+4%) and Ocean Freight (+8%)
- Turnaround of loss-making operations / countries on track
- Q2 EBIT in Logistics positive
- Transformation of IT landscape on track

Lowlights

- GP impacted by forex and lower margins
- Conversion rate (EBIT/GP) in Ocean only at 2.9%
- Restructuring needs more management attention in some cases

...certainly plenty of work ahead...

A clear roadmap for achieving sustainable profitable growth



Key figures

CHF million unless otherwise noted

	Q2 2014	Q2 2013	Δ in %	
			Actual	
Net forwarding revenue	1'634.0	1'726.5	-5.4%	
Gross profit	393.7	399.0	-1.3%	
Total operating expenses	(344.1)	(346.9)	-0.8%	
EBITDA	49.6	52.1	-4.9%	
<i>in % of gross profit</i>	12.6%	13.1%		
Operating result (EBIT)	35.6	40.3	-11.7%	
<i>in % of gross profit</i>	9.0%	10.1%		
Consolidated profit / (loss)	26.2	24.1	8.7%	
Earnings per share (CHF)	1.13	1.02	10.8%	
Cash and cash equivalents (end of period)	224.2	332.7		

	YTD 2014 actual	YTD 2013 actual	Δ in %	
			Actual	Excl. FX
	3'230.5	3'328.0	-2.9%	3.0%
	777.9	764.8	1.7%	7.5%
	(689.2)	(682.7)	1.0%	6.9%
	88.7	82.2	7.8%	12.1%
	11.4%	10.8%		
	60.1	58.8	2.2%	6.5%
	7.7%	7.7%		
	44.0	38.4		
	1.88	1.64		

Overview of product and group performance



(YoY growth in %)

Volumes (market)

Volumes (Panalpina)

Gross profit

Operating expenses

1Q14	2Q14
+4%	+4%
+6%	+2%
+5%	-5%
+2%	+1%

1Q14	2Q14
+3%	+3%
+6%	+9%
+5%	-1%
+5%	+6%

1Q14	2Q14
+6%	+4%
+2%	-5%

1Q14	2Q14
+5%	-1%
+3%	-1%

(absolute numbers in CHF million)

Gross profit

EBIT

EBIT/GP

2Q13	2Q14
165.7	157.0
37.4	31.3
22.6%	19.9%

2Q13	2Q14
124.7	123.9
11.8	3.2
9.5%	2.6%

2Q13	2Q14
108.6	112.7
-8.9	1.1
-8.2%	1.0%

2Q13	2Q14
399.0	393.7
40.4	35.6
10.2%	9.0%

(absolute numbers in CHF million)

Free cash flow

NWC intensity

YTD 13	YTD 14
-15.5	-53.2
2.5%*	3.5%

*excludes the DOJ claims of TCH

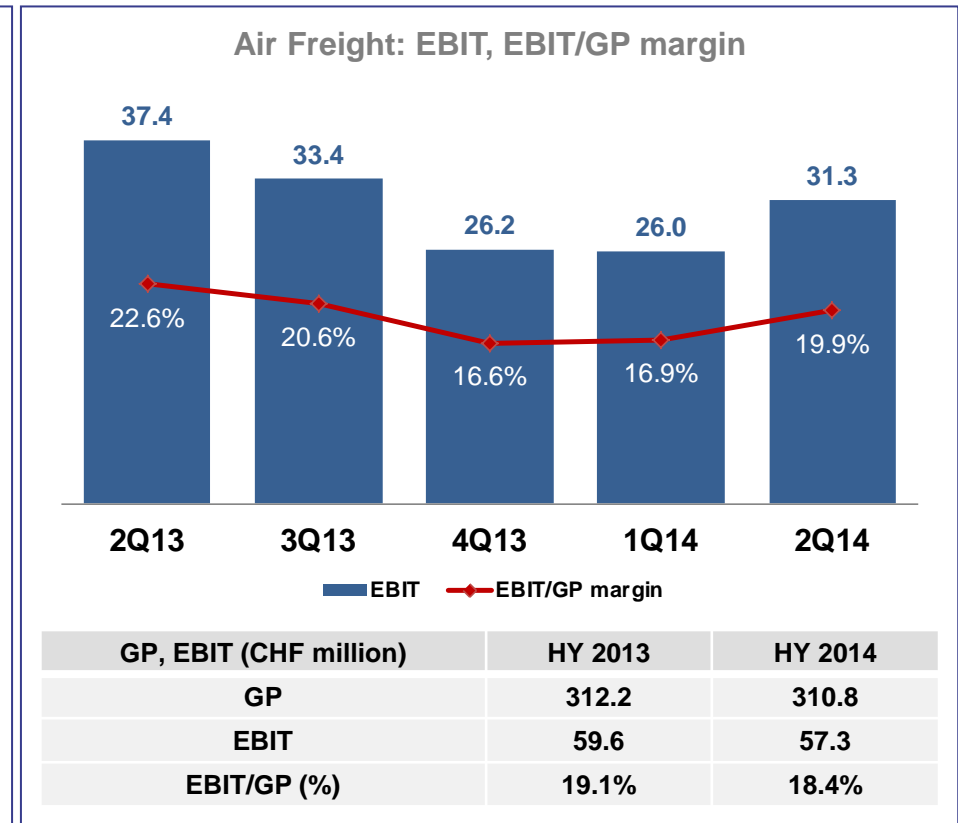
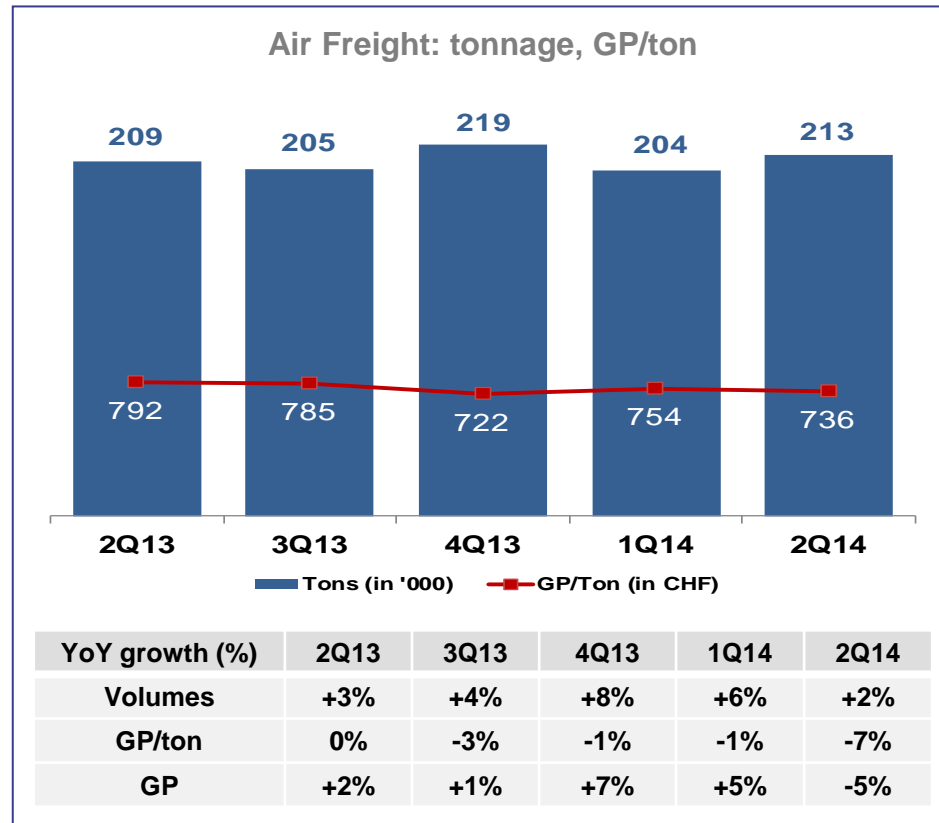


Highlights and key figures

Operating and financial review

Outlook

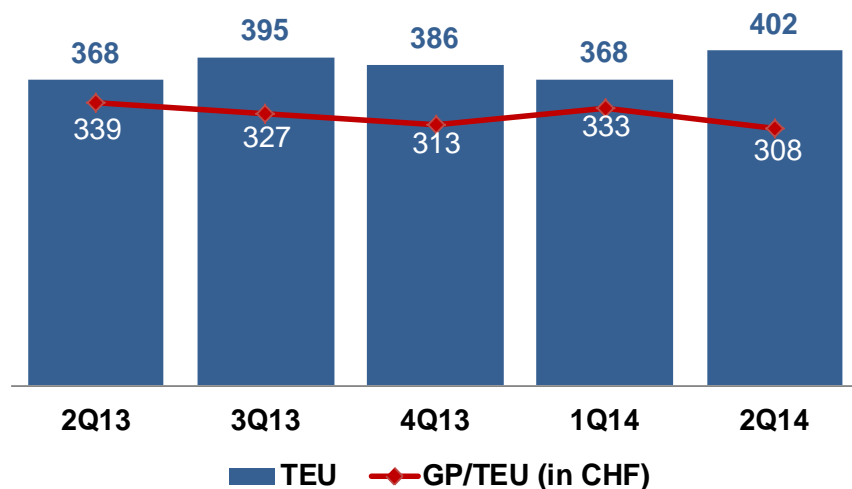
Air Freight with improved conversion ratio quarter-on-quarter



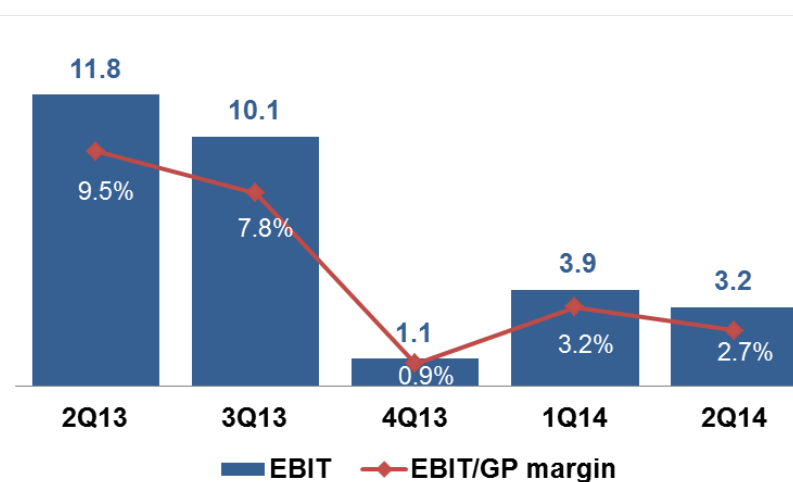
- Slowdown of growth mainly due to strong benchmark in Q2-2013 (ad hoc shipments)
- GP impacted by -5.2% currency translation (HY 2014)
- EBIT/GP conversion up sequentially

Ocean Freight profitability still low

Ocean Freight: TEUs, GP/TEU



Ocean Freight: EBIT, EBIT/GP margin



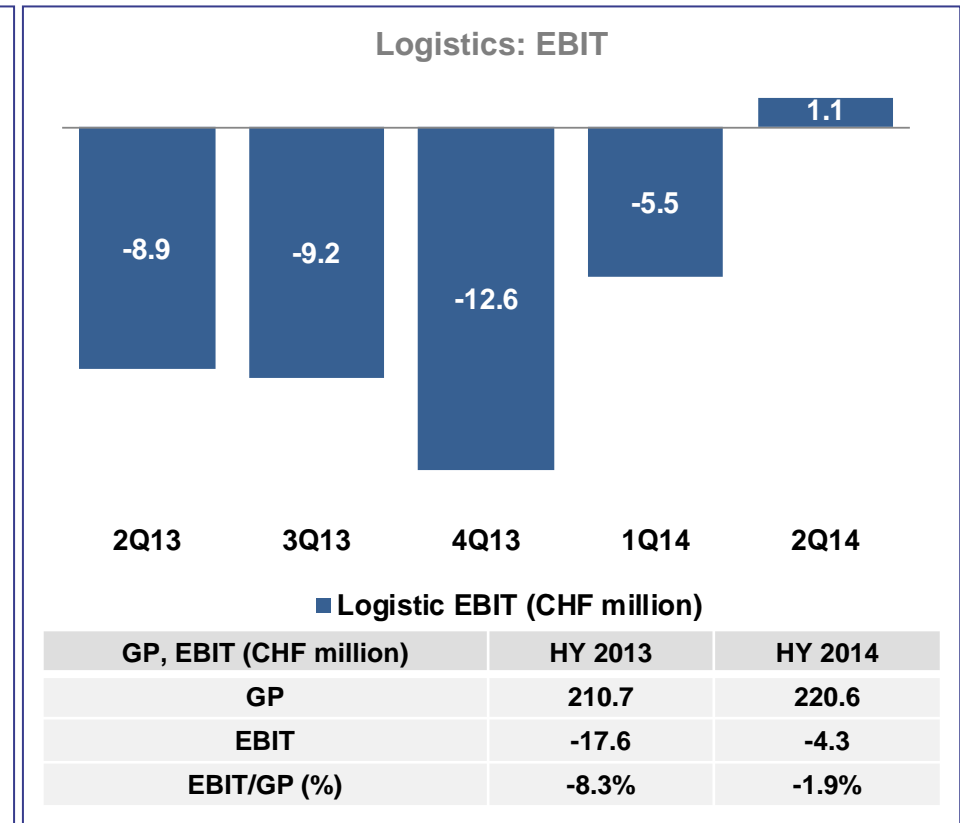
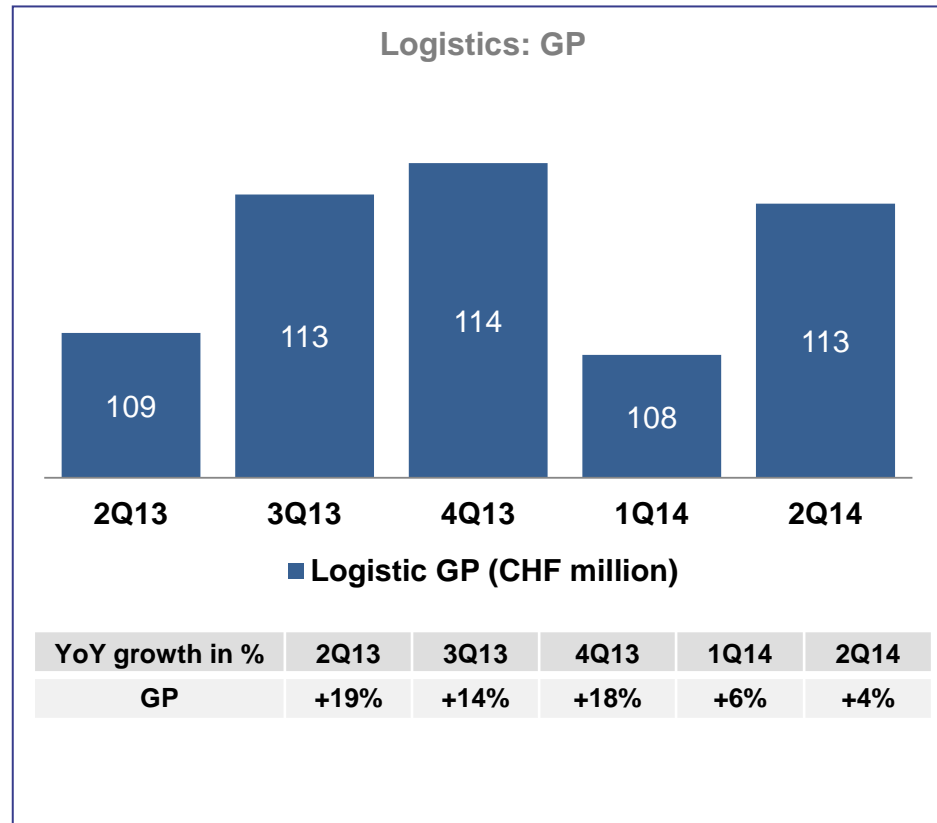
YoY growth in %	2Q13	3Q13	4Q13	1Q14	2Q14
Volumes	+5%	+8%	+11%	+6%	+9%
GP/TEU	+8%	-1%	-4%	-1%	-9%
GP	+13%	+7%	+6%	+5%	-1%

GP, EBIT (CHF million)	HY 2013	HY 2014
GP	242.0	246.6
EBIT	16.8	7.2
EBIT/GP (%)	6.9%	2.9%

- Strong volume growth – driven by new business wins (customer solutions)
- GP impacted by -6.2% currency translation (HY 2014)
- Actions defined for better EBIT/GP conversion

Logistics turnaround on track

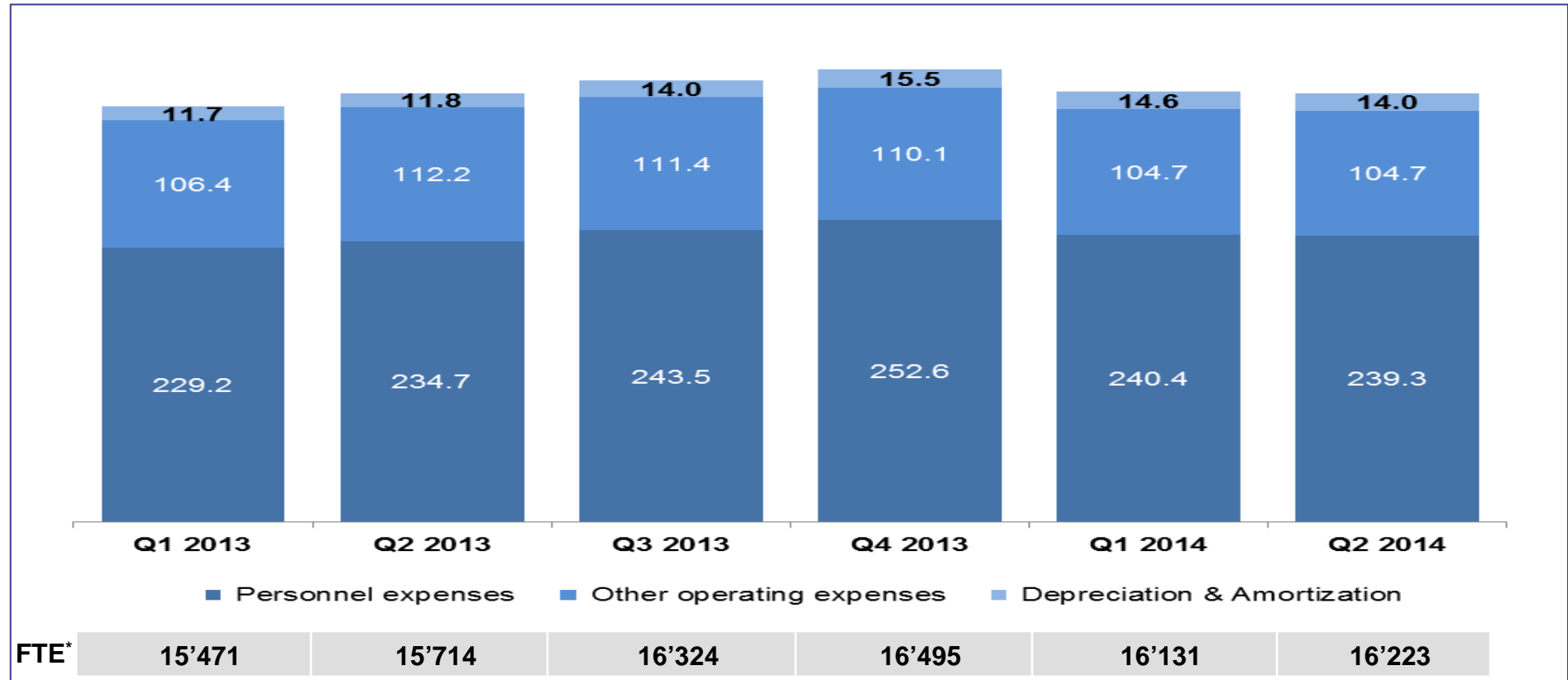
Gross profit and EBIT in CHF million



- Exit of overland activities completed and road business profitable
- Continuous focus on remaining loss making facilities in warehousing

Stable costs

Operating expenses, depreciation and amortization in CHF million



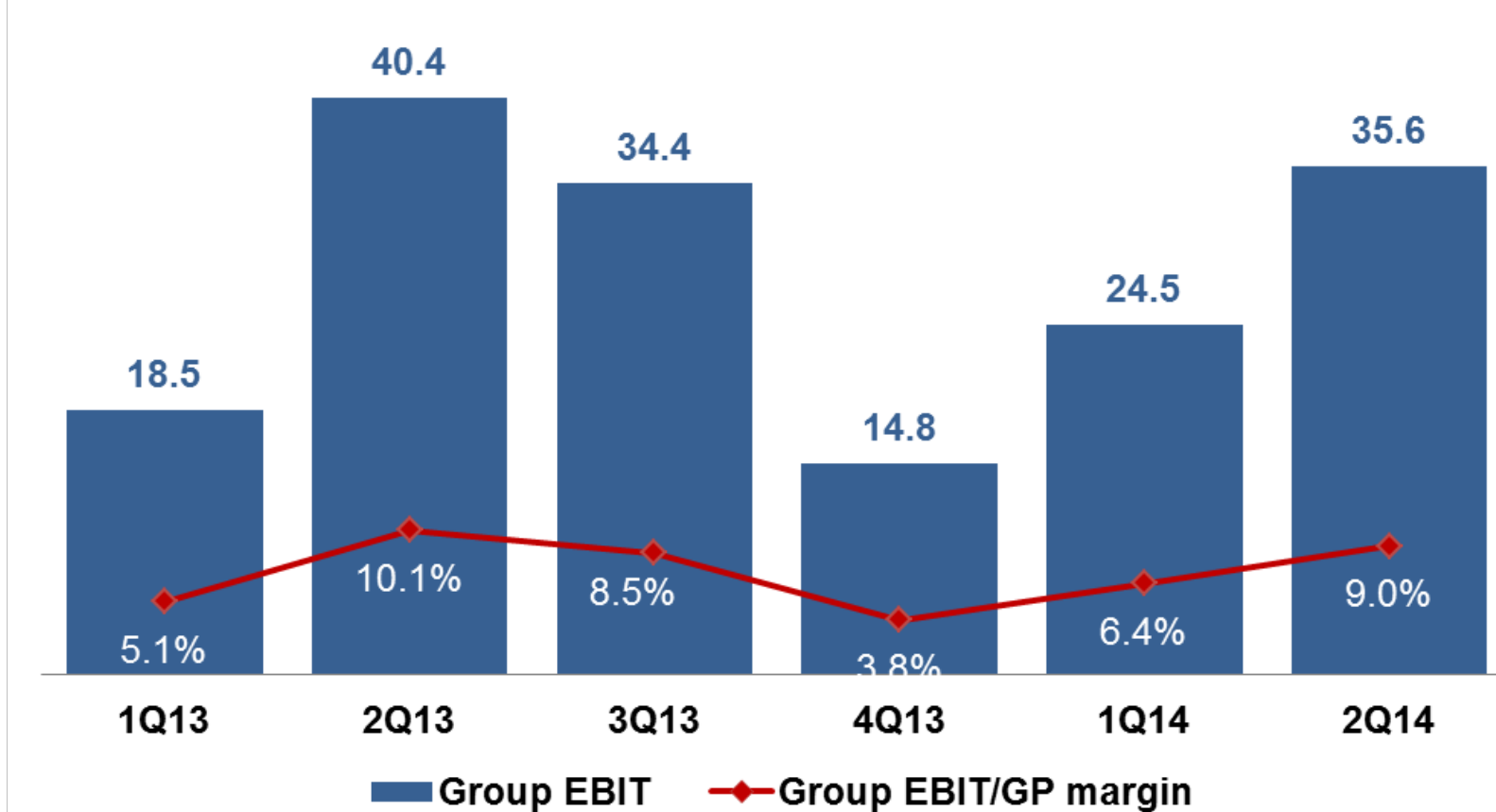
- Personal expenses and other OPEX stable quarter-on-quarter
- Additional IT investment of CHF 11 million in the first half-year

Note: 4Q13 operating expenses adjusted for non-recurring items as disclosed in FY13 presentation

* At month end

Development of group EBIT

EBIT in CHF million



- Strict cost management stays in place
- Continuous investment in operational systems and customer solutions

Note: 4Q13 operating expenses adjusted for non-recurring items as disclosed in FY13 presentation



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2014 outlook and priorities

Air Freight



Ocean Freight



Logistics



Volume growth expectations

- Market: **3-4%**
- Panalpina > market

- Market: 4-5%
- Panalpina > market

Priorities per Product

- Stabilize performance
- Grow volumes above market
- Focus on profitable growth

- Continue above market growth by extending service offering
- Maintain GP/unit yields
- Improve productivity and EBIT/GP margin

- Turn around loss-making facilities
- Increase profitability in overland
- Grow value-added services
- Reduce EBIT loss

Priorities across Group

- Turnaround of loss-making operations
- Tight cost management in all cost categories
- Roll-out of new IT landscape
- Focus on cash generation

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Appendix

Income statement per quarter – Group

Figures in CHF million

Group	Q1 2014	Q2 2014	HY14	Q1 2013	Q2 2013	HY13	Q3 2013	Q4 2013	FY
Net forwarding revenue	1'596.5	1'634.0	3'230.5	1'601.5	1'726.5	3'328.0	1'700.0	1'729.5	6'757.6
Forwarding expenses	(1'212.2)	(1'240.4)	(2'452.6)	(1'235.7)	(1'327.4)	(2'563.2)	(1'297.0)	(1'336.5)	(5'196.6)
Gross profit	384.3	393.7	777.9	365.8	399.0	764.9	403.1	393.0	1'561.0
<i>in % of net forwarding revenue</i>	24.1%	24.1%	24.1%	22.8%	23.1%	23.0%	23.7%	22.7%	23.1%
Personnel expenses	(240.4)	(239.3)	(479.7)	(229.2)	(234.7)	(464.0)	(243.5)	(252.6)	(960.0)
<i>in % of gross profit (PGP)</i>	62.6%	60.8%	61.7%	62.7%	58.8%	60.7%	60.4%	64.3%	61.5%
Other operating expenses	(104.7)	(104.7)	(209.4)	(106.4)	(112.2)	(218.7)	(111.4)	(110.1)	(440.2)
<i>in % of gross profit (OGP)</i>	27.2%	26.6%	26.9%	29.1%	28.1%	28.6%	27.6%	28.0%	28.2%
Total operating expenses	(345.2)	(343.9)	(689.1)	(335.6)	(346.9)	(682.7)	(354.8)	(362.7)	(1'400.2)
EBITDA	39.1	49.6	88.7	30.2	52.1	82.2	48.3	30.3	160.8
<i>in % of gross profit</i>	10.2%	12.6%	11.4%	8.3%	13.1%	10.7%	12.0%	7.7%	10.3%
Depreciation of property, plant and equipment	(8.3)	(7.7)	(16.0)	(8.5)	(8.7)	(17.2)	(8.4)	(8.7)	(34.3)
Amortization of intangible assets	(6.3)	(6.3)	(12.6)	(3.2)	(3.1)	(6.2)	(5.6)	(6.8)	(18.5)
EBIT	24.5	35.6	60.1	18.5	40.4	58.8	34.4	14.8	108.0
<i>in % of gross profit</i>	6.4%	9.0%	7.7%	5.1%	10.1%	7.7%	8.5%	3.8%	6.9%
Financial result	(0.8)	(0.6)	(1.4)	0.4	(8.0)	(7.6)	(2.7)	(2.2)	(12.5)
Earnings before taxes (EBT)	23.7	35.0	58.7	18.9	32.3	51.2	31.7	12.6	95.5
Income tax expenses	(5.9)	(8.8)	(14.7)	(4.6)	(8.2)	(12.8)	(7.9)	(3.1)	(23.8)
<i>% of EBT</i>	24.9%	25.1%	25.0%	24.3%	25.4%	25.0%	24.9%	24.6%	24.9%
Consolidated profit / (loss)	17.8	26.2	44.0	14.3	24.1	38.4	23.8	9.5	71.7
Earnings per share (CHF)	0.75	1.13	1.88	0.62	1.02	1.64	0.99	0.41	3.04

Note: 4Q13 adjusted for non-recurring items as disclosed in FY13 presentation

Income statement per quarter – Air Freight

Figures in CHF million

Air Freight	Q1 2014	Q2 2014	HY14	Q1 2013	Q2 2013	HY13	Q3 2013	Q4 2013	FY
Net forwarding revenue	747.0	760.3	1'507.3	718.9	781.8	1'500.7	752.0	802.9	3'055.6
Forwarding expenses	(593.3)	(603.2)	(1'196.5)	(572.5)	(616.1)	(1'188.5)	(591.2)	(644.6)	(2'424.2)
Gross profit	153.7	157.0	310.8	146.5	165.7	312.2	160.8	158.3	631.4
<i>in % of net forwarding revenue</i>	20.6%	20.6%	20.6%	20.4%	21.2%	20.8%	21.4%	19.7%	20.7%
Personnel expenses	(89.8)	(89.9)	(179.7)	(85.2)	(86.4)	(171.6)	(87.7)	(91.7)	(351.0)
<i>in % of gross profit (PGP)</i>	58.4%	57.3%	57.8%	58.2%	52.1%	55.0%	54.5%	57.9%	55.6%
Other operating expenses	(32.6)	(30.7)	(63.3)	(35.1)	(38.0)	(73.2)	(34.9)	(34.9)	(143.1)
<i>in % of gross profit (OGP)</i>	21.2%	19.6%	20.4%	24.0%	22.9%	23.4%	21.7%	22.0%	22.7%
EBITDA	31.4	36.4	67.8	26.1	41.3	67.4	38.2	31.7	137.3
<i>in % of gross profit</i>	20.4%	23.2%	21.8%	17.8%	24.9%	21.6%	23.8%	20.0%	21.7%
Depreciation and amortization	(5.3)	(5.2)	(10.5)	(3.9)	(3.9)	(7.8)	(4.7)	(5.5)	(18.1)
EBIT	26.1	31.3	57.3	22.2	37.4	59.6	33.5	26.2	119.2
<i>in % of gross profit</i>	17.0%	19.9%	18.4%	15.2%	22.6%	19.1%	20.8%	16.6%	18.9%
Air Freight volumes ('000 tons)	203.9	213.4	417.3	191.8	209.3	401.1	204.8	219.2	825.1
<i>% change YoY</i>	6.3%	1.9%	4.0%						
GP/ton (CHF)	754	736	745	764	792	778	785	722	765
<i>% change YoY</i>	-1%	-7%	-4%						

Income statement per quarter – Ocean Freight

Figures in CHF million

Ocean Freight	Q1 2014	Q2 2014	HY14	Q1 2013	Q2 2013	HY13	Q3 2013	Q4 2013	FY
Net forwarding revenue	667.1	699.3	1'366.4	663.4	711.5	1'374.9	720.2	686.4	2'781.5
Forwarding expenses	(544.4)	(575.4)	(1'119.8)	(546.1)	(586.8)	(1'132.9)	(590.9)	(565.8)	(2'289.6)
Gross profit	122.7	123.9	246.6	117.3	124.7	242.0	129.3	120.6	491.9
<i>in % of net forwarding revenue</i>	18.4%	17.7%	18.0%	17.7%	17.5%	17.6%	18.0%	17.6%	17.7%
Personnel expenses	(82.7)	(83.4)	(166.1)	(79.0)	(77.6)	(156.5)	(82.4)	(84.6)	(323.5)
<i>in % of gross profit (PGP)</i>	67.4%	67.3%	67.4%	67.3%	62.2%	64.7%	63.7%	70.1%	65.8%
Other operating expenses	(30.8)	(32.3)	(63.2)	(29.8)	(31.7)	(61.5)	(32.4)	(29.2)	(123.0)
<i>in % of gross profit (OGP)</i>	25.1%	26.1%	25.6%	25.4%	25.4%	25.4%	25.1%	24.2%	25.0%
EBITDA	9.0	8.2	17.2	8.5	15.4	24.0	14.5	6.8	45.4
<i>in % of gross profit</i>	7.4%	6.6%	7.0%	7.2%	12.3%	9.9%	11.2%	5.6%	9.2%
Depreciation and amortization	(5.1)	(5.0)	(10.1)	(3.6)	(3.6)	(7.2)	(4.5)	(5.8)	(17.5)
EBIT	3.9	3.2	7.2	4.9	11.8	16.8	10.0	1.0	27.9
<i>in % of gross profit</i>	3.2%	2.6%	2.9%	4.2%	9.5%	6.9%	7.7%	0.8%	5.7%
Ocean Freight volumes ('000 TEUs)	368.1	402.1	770.2	347.4	367.6	715.0	394.9	385.5	1'495.4
<i>% change YoY</i>	6%	9%	8%	7%	5%		8%	11%	8%
GP/TEU (CHF)	333	308	320	338	339	338	327	313	329
<i>% change YoY</i>	-1%	-9%	-5%	-4%	8%		1%	-4%	-1%

Income statement per quarter – Logistics

Figures in CHF million

Logistics	Q1 2014	Q2 2014	HY14	Q1 2013	Q2 2013	HY13	Q3 2013	Q4 2013	FY
Net forwarding revenue	182.4	174.4	356.8	219.3	233.2	452.5	227.9	240.2	920.6
Forwarding expenses	(74.6)	(61.7)	(136.3)	(117.2)	(124.6)	(241.8)	(114.9)	(126.2)	(482.9)
Gross profit	107.8	112.7	220.6	102.1	108.6	210.7	113.0	114.0	437.7
<i>in % of net forwarding revenue</i>	59.1%	64.6%	61.8%	46.6%	46.6%	46.6%	49.6%	47.5%	47.5%
Personnel expenses	(67.9)	(66.0)	(134.0)	(65.0)	(70.8)	(135.8)	(73.4)	(76.4)	(285.6)
<i>in % of gross profit (PGP)</i>	63.0%	58.6%	60.7%	63.7%	65.2%	64.5%	65.0%	67.0%	65.3%
Other operating expenses	(41.2)	(41.7)	(82.9)	(41.6)	(42.4)	(84.0)	(44.1)	(46.1)	(174.2)
<i>in % of gross profit (OGP)</i>	38.2%	37.0%	37.6%	40.7%	39.0%	39.9%	39.0%	40.4%	39.8%
EBITDA	(1.3)	5.0	3.7	(4.5)	(4.6)	(9.2)	(4.5)	(8.5)	(22.1)
<i>in % of gross profit</i>	-1.2%	4.4%	1.7%	-4.4%	-4.2%	-4.4%	-4.0%	-7.5%	-5.0%
Depreciation and amortization	(4.2)	(3.9)	(8.1)	(4.1)	(4.3)	(8.4)	(4.7)	(4.1)	(17.2)
EBIT	(5.5)	1.1	(4.3)	(8.6)	(8.9)	(17.6)	(9.2)	(12.6)	(39.3)
<i>in % of gross profit</i>	-5.1%	1.0%	-1.9%	-8.4%	-8.2%	-8.4%	-8.1%	-11.1%	-9.0%

Balance sheet

Figures in CHF million

Balance sheet

	30-Jun-14	31-Dec-13	Change	
			CHF	%
Cash and cash equivalents, other current financial assets	224.2	336.9	-112.7	-33.5%
Trade receivables, unbilled forwarding services	1'146.7	1'150.8	-4.1	-0.4%
Other current assets	141.9	111.0	30.9	27.8%
Property, plant and equipment	111.0	118.9	-7.9	-6.7%
Intangible assets	124.2	118.1	6.1	5.1%
Other non-current assets	120.0	113.7	6.3	5.5%
Total assets	1'867.8	1'949.5	-81.7	-4.2%
Short-term borrowings	0.5	3.1	-2.6	-84.1%
Trade payables, accrued cost of services	718.7	761.7	-43.0	-5.6%
Other current liabilities	305.6	331.5	-25.9	-7.8%
Long-term borrowings	0.3	0.2	0.1	50.0%
Other long-term liabilities	141.7	143.8	-2.1	-1.5%
Total liabilities	1'166.9	1'240.4	-73.5	-5.9%
Share capital	2.4	2.4	0.0	-1.0%
Reserves, treasury shares	686.2	695.1	-8.9	-1.3%
Non-controlling interests	12.3	11.7	0.6	5.4%
Total equity	700.9	709.2	-8.3	-1.2%
Total equity and liabilities	1'867.8	1'949.5	-81.7	-4.2%

Cash flow

Figures in CHF million

	HY 2014	HY 2013
Cash flow before changes in working capital	86.9	69.1
Changes in working capital *	(106.3)	(40.7)
Cash from operations	(19.4)	28.4
Interest and income taxes paid	(13.2)	(16.7)
Net cash from operating activities	(32.7)	11.7
Net cash from investing activities	(20.5)	(27.2)
Free cash flow (FCF)	(53.2)	(15.5)
Net cash used in financing activities	(58.8)	(46.0)
Effect of exchange rate changes	(0.8)	1.1
Cash and cash equivalents at beginning of period	336.9	393.1
Net increase (decrease) in cash and cash equivalents	(112.8)	(60.4)
Cash and cash equivalents at end of period	224.2	332.7

* Excluding income taxes paid and short-term provisions, including payment of CHF 31 Mio for settlement of legal claim in Q2 2014