

A passion for solutions

Panalpina Group

21 October 2014

Nine Months Results

January to September 2014



Supply Chain Solutions

Air Freight

Ocean Freight

Logistics



Highlights and key figures

Operating and financial review

Outlook

Appendix



Highlights and key figures

Highlights



Continuous volume growth in Air Freight (+4%) and Ocean Freight (+8%)



EBIT loss in Logistics drastically reduced and earlier break-even possible



Better cash conversion helped by lower net working capital intensity (+2.5%)

Lowlights

GP impacted by forex and lower margins



Conversion rate (EBIT/GP) in Ocean only at 4.3%



Ongoing restructuring costs



Update on strategy execution

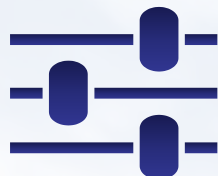
Product Mix

Focus on Air and Ocean Freight Forwarding

Complemented by Logistics Value Added Services

And dedicated Projects and Oil & Gas specialists

Stand-alone road networks and standard warehousing are not strategic activities



Geographic Coverage

Expand global presence with a clear commitment to growth economies

Establish own operations in selected strategic agent countries

Reach or secure position among Top 5 for Air and Ocean in every major operational country



Growth Model

2014: Focus on strategy execution, OTP implementation
Turnaround of loss-making operations

2015 - 2016: Growth likely to remain organic, but objective is to become fit for acquisitions as suitable opportunities arise



Customers

Target companies with international cargo flows, not domestic players

Balance customer portfolio through re-allocation of sales investments (industry verticals and customer segments)

Use IT as key differentiator by providing sophisticated analytics and advanced customer-facing information systems



We have a clear and focused strategy with 4 dimensions

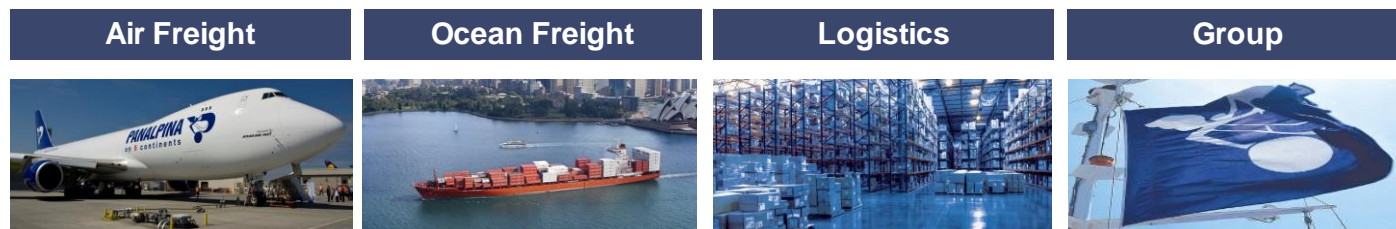
Key figures

	Q3 2014	Q3 2013	Δ in % Actual	YTD 2014 actual	YTD 2013 actual	Δ in % Actual	Excl. FX
Net forwarding revenue	1'725.5	1'700.1	1.5%	4'955.9	5'028.1	-1.4%	3.5%
Gross profit	400.8	403.1	-0.6%	1'178.7	1'168.0	0.9%	5.5%
Total operating expenses	(352.0)	(354.9)	-0.8%	(1'041.2)	(1'037.5)	0.4%	5.2%
EBITDA	48.8	48.3	1.1%	137.5	130.5	5.4%	8.0%
<i>in % of gross profit</i>	12.2%	12.0%		11.7%	11.2%		
Operating result (EBIT)	34.3	34.4	0.0%	94.4	93.2	1.4%	3.9%
<i>in % of gross profit</i>	8.6%	8.5%		8.0%	8.0%		
Consolidated profit / (loss)	25.2	23.8	5.7%	69.2	62.3	11.1%	14.5%
Earnings per share (CHF)	1.03	0.99	3.6%	2.91	2.63		
Cash and cash equivalents (End of period)	340.9	337.3					



Operating and financial review

Overview of product and group performance



(YoY growth in %)

Volumes (market)

Volumes (Panalpina)

Gross profit

Operating expenses

	Air Freight		Ocean Freight		Logistics		Group	
	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14
Volumes (market)	+4%	+3%	+3%	+4%				
Volumes (Panalpina)	+2%	+4%	+9%	+9%				
Gross profit	-5%	-2%	-1%	-4%	+4%	+5%	-1%	-1%
Operating expenses	-3%	+2%	+6%	-4%	-5%	0%	-1%	-1%

(absolute numbers

CHF million)

Gross profit

EBIT

EBIT/GP

	Air Freight		Ocean Freight		Logistics		Group	
	3Q13	3Q14	3Q13	3Q14	3Q13	3Q14	3Q13	3Q14
Gross profit	160.8	158.3	129.4	123.8	112.9	118.8	403.1	400.8
EBIT	33.4	28.0	10.1	8.9	-9.2	-2.6	34.4	34.3
EBIT/GP	20.8%	17.7%	7.8%	7.2%	-8.1%	-2.2%	8.5%	8.6%

(absolute numbers

in CHF million)

Free cash flow

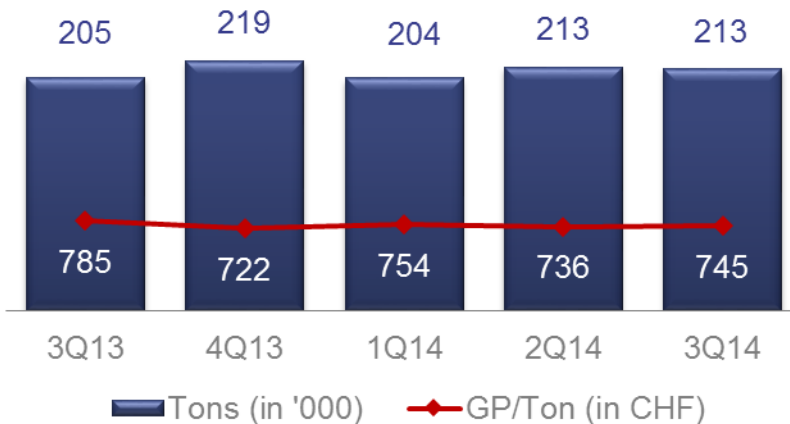
NWC intensity

	YTD 13	YTD 14
Free cash flow	-7.5	54.5
NWC intensity	2.4%	2.5%

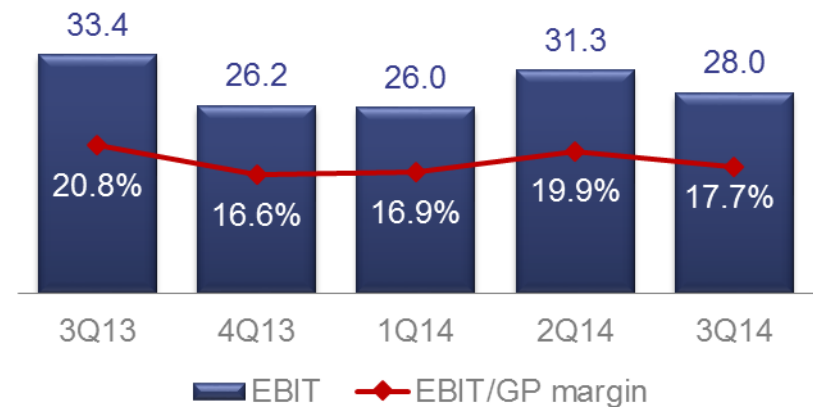
Air Freight: conversion rate down quarter-on-quarter

- Volume growth above market
- Gross Profit impacted by -4.1% currency translation
- EBIT/GP conversion slightly down due to further investments in new IT system

Air Freight: tonnage, GP/ton



Air Freight: EBIT, EBIT/GP margin



YoY growth (%)	3Q13	4Q13	1Q14	2Q14	3Q14
Volume	4%	8%	6%	2%	4%
GP/ton	-3%	-1%	-1%	-7%	-5%
Gross Profit	1%	7%	5%	-5%	-2%

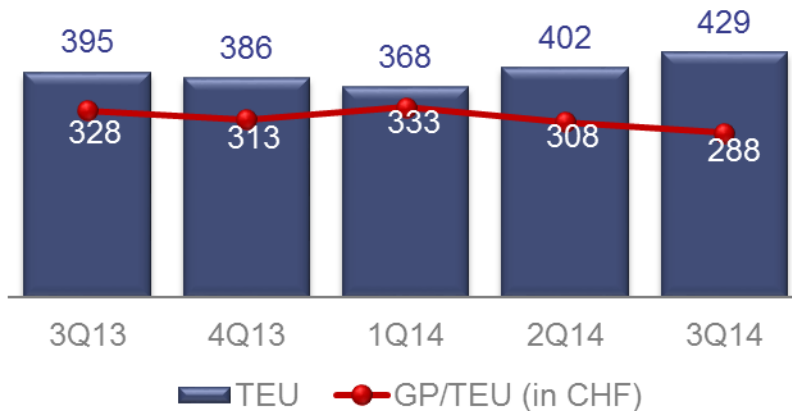
Gross Profit, EBIT (CHF million)	YTD 2013	YTD 2014
Gross Profit	473.0	469.0
EBIT	93.0	85.3
EBIT/GP (%)	19.7%	18.2%

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

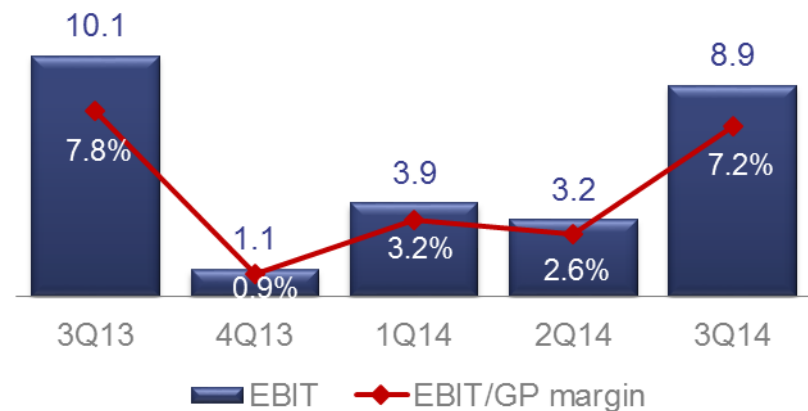
Ocean Freight: continuous strong volume growth

- Important new business wins in managed solutions
- Gross Profit impacted by -4.7% currency translation
- EBIT/GP slightly better quarter on quarter but continuous focus on business transformation

Ocean Freight: TEU, GP/TEU



Ocean Freight: EBIT, EBIT/GP margin



YoY growth in %	3Q13	4Q13	1Q14	2Q14	3Q14
Volume	8%	11%	6%	9%	9%
GP/TEU	-1%	-4%	-1%	-9%	-12%
Gross Profit	7%	6%	5%	-1%	-4%

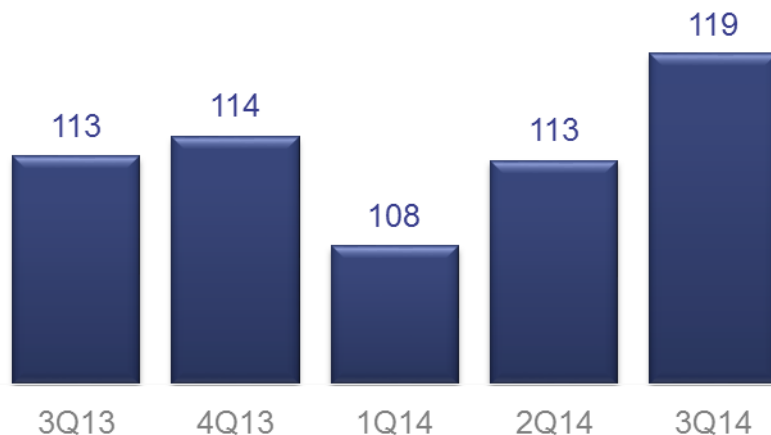
Gross Profit, EBIT (CHF million)	YTD 2013	YTD 2014
Gross Profit	371.4	370.4
EBIT	26.9	16.0
EBIT/GP (%)	7.2%	4.3%

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

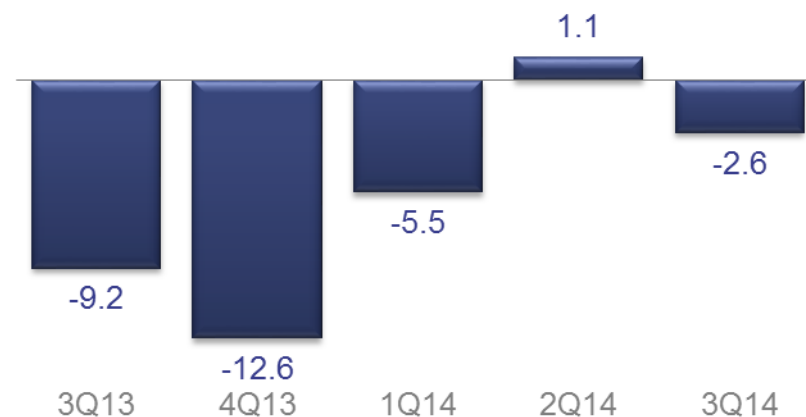
Logistics: earlier break-even possible

- Turnaround of loss-making facilities on track
- EBIT impacted by one-off costs due to exiting of major loss-making operation in Q3

Logistics: GP



Logistics: EBIT



YoY growth in %	3Q13	4Q13	1Q14	2Q14	3Q14
Gross Profit	14%	18%	6%	4%	5%

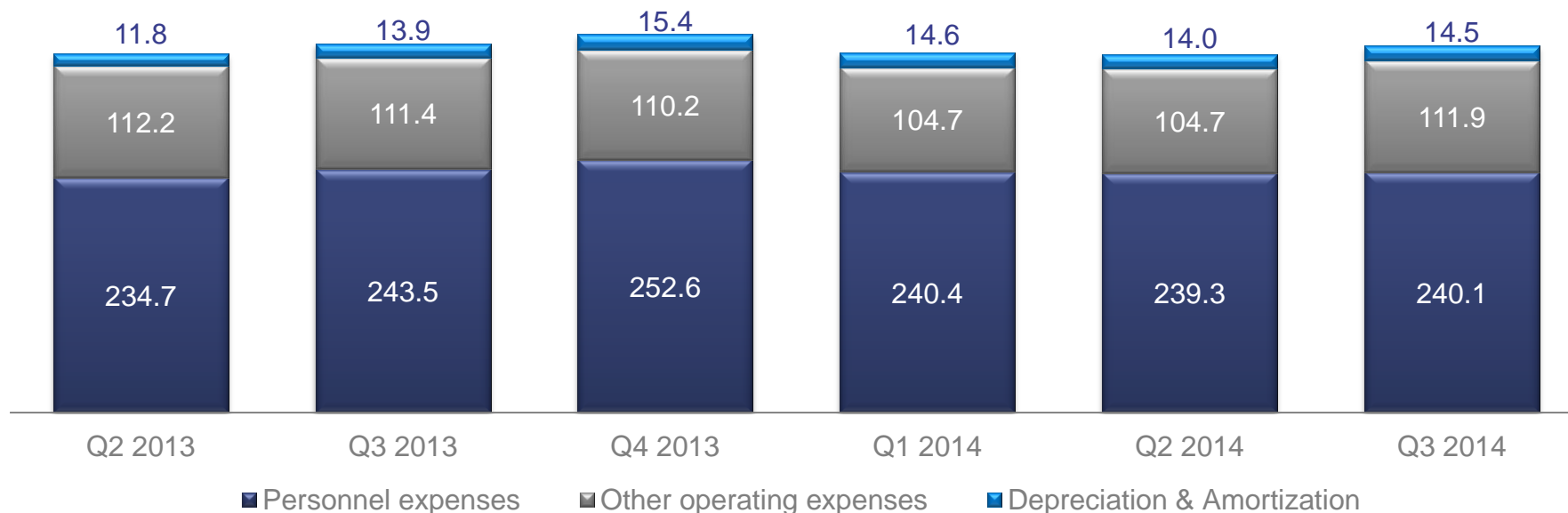
Gross Profit, EBIT (CHF million)	YTD 2013	YTD 2014
Gross Profit	323.6	339.3
EBIT	-26.8	-6.9
EBIT/GP (%)	-8.3%	-2.0%

Note: Gross profit and EBIT in CHF million

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

Continuous focus on cost management

- Personal expenses stable sequentially. Continuous reduction of FTE
- Other operating expenses impacted by one-off cost in Logistics



FTEs (MTH End)

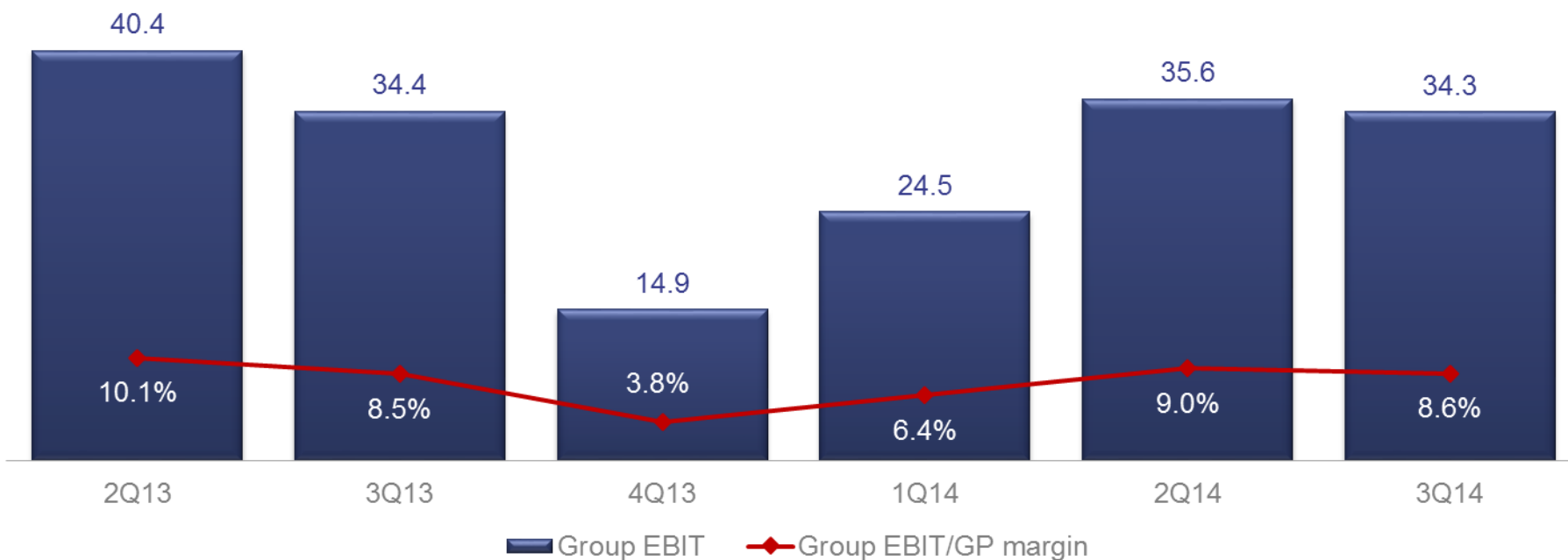
15'714	16'325	16'495	16'131	16'223	16'122
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Note: Operating expenses, depreciation and amortization in CHF million

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

Stable EBIT year-on-year

- Stable EBIT despite on-going restructuring of loss-making operations
- Continuous investment in operational systems and customer solutions



Note: EBIT in CHF million

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




Outlook



2014 outlook and priorities

- Market outlook for Air / Ocean at 3% and 4%
- Focus shifted to the turnaround of Ocean Freight
- Transform current warehousing activities to Value-added Logistics Services
- Diligently manage complex IT business transformation project to minimize risks and impact on delivery of business plan



Next event:
Full-year results on 4 March 2015

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Appendix



Income statement per quarter - Group

Group	Q1 2014	Q2 2014	Q3 2014	Q3YTD14	Q1 2013	Q2 2013	Q3 2013	Q3YTD13	Q4 2013	FY 2013
Net forwarding revenue	1'596.5	1'634.0	1'725.5	4'955.9	1'601.6	1'726.5	1'700.1	5'028.1	1'729.5	6'757.6
Forwarding expenses	(1'212.2)	(1'240.4)	(1'324.6)	(3'777.2)	(1'235.7)	(1'327.4)	(1'297.0)	(3'860.1)	(1'336.5)	(5'196.6)
Gross profit	384.3	393.7	400.8	1'178.7	365.8	399.0	403.1	1'168.0	393.0	1'561.0
in % of net forwarding revenue	24.1%	24.1%	23.2%	23.8%	22.8%	23.1%	23.7%	23.2%	22.7%	23.1%
Personnel expenses	(240.4)	(239.3)	(240.1)	(719.9)	(229.2)	(234.7)	(243.5)	(707.5)	(252.6)	(960.0)
in % of gross profit (PGP)	62.6%	60.8%	59.9%	61.1%	62.7%	58.8%	60.4%	60.6%	64.3%	61.5%
Other operating expenses	(104.7)	(104.7)	(111.9)	(321.3)	(106.5)	(112.2)	(111.4)	(330.0)	(110.2)	(440.2)
in % of gross profit (OGP)	27.2%	26.6%	27.9%	27.3%	29.1%	28.1%	27.6%	28.3%	28.0%	28.2%
Total operating expenses	(345.1)	(344.0)	(352.0)	(1'041.2)	(335.7)	(346.9)	(354.9)	(1'037.5)	(362.8)	(1'400.2)
EBITDA	39.1	49.6	48.8	137.5	30.1	52.1	48.3	130.5	30.3	160.8
in % of gross profit	10.2%	12.6%	12.2%	11.7%	8.2%	13.1%	12.0%	11.2%	7.7%	10.3%
Depreciation of property, plant and equipment	(8.3)	(7.7)	(7.9)	(24.0)	(8.5)	(8.7)	(8.4)	(25.6)	(8.7)	(34.3)
Amortization of intangible assets	(6.3)	(6.3)	(6.5)	(19.1)	(3.1)	(3.1)	(5.5)	(11.8)	(6.7)	(18.5)
EBIT	24.5	35.6	34.3	94.4	18.5	40.4	34.4	93.2	14.9	108.0
in % of gross profit	6.4%	9.0%	8.6%	8.0%	5.0%	10.1%	8.5%	8.0%	3.8%	6.9%
Financial result	(0.7)	(0.7)	(0.8)	(2.2)	0.4	(8.0)	(2.7)	(10.3)	(2.2)	(12.5)
Earnings before taxes (EBT)	23.7	35.0	33.6	92.3	18.9	32.3	31.7	82.9	12.6	95.5
Income tax expenses	(5.9)	(8.7)	(8.4)	(23.1)	(4.6)	(8.2)	(7.9)	(20.6)	(3.1)	(23.8)
% of EBT	25.0%	25.0%	25.0%	25.0%	24.3%	25.3%	24.9%	24.9%	24.8%	24.9%
Consolidated profit / (loss)	17.8	26.2	25.2	69.2	14.3	24.1	23.8	62.3	9.5	71.7
Earnings per share (CHF)	0.75	1.13	1.03	2.91	0.62	1.02	0.99	2.63	0.41	3.04

Note: Group figures in CHF million

Income statement per quarter – Air Freight

Air Freight	Q1 2014	Q2 2014	Q3 2014	Q3YTD14	Q1 2013	Q2 2013	Q3 2013	Q3YTD13	Q4 2013	FY 2013
Net forwarding revenue	747.0	760.3	793.9	2'301.2	718.9	781.8	752.0	2'252.7	802.9	3'055.6
Forwarding expenses	(593.3)	(603.2)	(635.7)	(1'832.1)	(572.4)	(616.0)	(591.2)	(1'779.6)	(644.5)	(2'424.2)
Gross profit	153.7	157.0	158.3	469.0	146.5	165.7	160.8	473.0	158.4	631.4
in % of net forwarding revenue	20.6%	20.7%	19.9%	20.4%	20.4%	21.2%	21.4%	21.0%	19.7%	20.7%
Personnel expenses	(89.8)	(89.9)	(90.5)	(270.1)	(85.2)	(86.4)	(87.7)	(259.3)	(91.7)	(351.0)
in % of gross profit (PGP)	58.4%	57.2%	57.2%	57.6%	58.2%	52.1%	54.5%	54.8%	57.9%	55.6%
Other operating expenses	(32.6)	(30.7)	(34.4)	(97.7)	(35.2)	(38.0)	(35.0)	(108.1)	(35.0)	(143.1)
in % of gross profit (OGP)	21.2%	19.6%	21.8%	20.8%	24.0%	22.9%	21.7%	22.9%	22.1%	22.7%
Total operating expenses	(122.4)	(120.6)	(124.9)	(367.9)	(120.4)	(124.4)	(122.6)	(367.4)	(126.7)	(494.1)
EBITDA	31.4	36.4	33.4	101.1	26.1	41.3	38.2	105.6	31.7	137.3
in % of gross profit	20.4%	23.2%	21.1%	21.6%	17.8%	24.9%	23.7%	22.3%	20.0%	21.7%
Depreciation and amortization	(5.3)	(5.2)	(5.3)	(15.8)	(3.9)	(3.9)	(4.7)	(12.6)	(5.5)	(18.1)
EBIT	26.0	31.3	28.0	85.3	22.2	37.4	33.4	93.0	26.2	119.3
in % of gross profit	16.9%	19.9%	17.7%	18.2%	15.1%	22.6%	20.8%	19.7%	16.6%	18.9%
Air Freight volumes ('000 tons)	203.9	213.4	212.5	629.8	191.8	209.3	204.8	605.9	219.2	825.1
% change YoY	6%	2%	4%	4%	-3%	3%	4%	1%	8%	3%
GP/ton (CHF)	754	736	745	745	764	792	785	781	722	765
% change YoY	-1%	-7%	-5%	-5%	-5%	0%	-3%	-3%	-1%	-2%

Note: Air Freight figures in CHF million

Income statement per quarter – Ocean Freight

Ocean Freight	Q1 2014	Q2 2014	Q3 2014	Q3YTD14	Q1 2013	Q2 2013	Q3 2013	Q3YTD13	Q4 2013	FY 2013
Net forwarding revenue	667.1	699.3	742.6	2,109.0	663.4	711.5	720.2	2,095.1	686.4	2,781.5
Forwarding expenses	(544.4)	(575.4)	(618.8)	(1,738.6)	(546.1)	(586.8)	(590.9)	(1,723.8)	(565.8)	(2,289.6)
Gross profit	122.7	123.9	123.8	370.4	117.2	124.7	129.4	371.4	120.6	491.9
in % of net forwarding revenue	18.4%	17.7%	16.7%	17.6%	17.7%	17.5%	18.0%	17.7%	17.6%	17.7%
Personnel expenses	(82.7)	(83.4)	(81.6)	(247.7)	(78.9)	(77.6)	(82.4)	(238.9)	(84.5)	(323.5)
in % of gross profit (PGP)	67.4%	67.3%	65.9%	66.9%	67.3%	62.2%	63.7%	64.3%	70.1%	65.8%
Other operating expenses	(30.9)	(32.3)	(28.4)	(91.6)	(29.7)	(31.7)	(32.3)	(93.8)	(29.1)	(122.9)
in % of gross profit (OGP)	25.2%	26.1%	22.9%	24.7%	25.4%	25.4%	25.0%	25.3%	24.2%	25.0%
Total operating expenses	(113.6)	(115.7)	(110.0)	(339.3)	(108.7)	(109.3)	(114.7)	(332.7)	(113.7)	(446.4)
EBITDA	9.0	8.2	13.8	31.0	8.5	15.4	14.7	38.6	6.9	45.5
in % of gross profit	7.4%	6.6%	11.2%	8.4%	7.3%	12.4%	11.3%	10.4%	5.7%	9.3%
Depreciation and amortization	(5.1)	(5.0)	(4.9)	(15.0)	(3.6)	(3.6)	(4.5)	(11.7)	(5.8)	(17.5)
EBIT	3.9	3.2	8.9	16.0	4.9	11.8	10.1	26.9	1.1	28.0
in % of gross profit	3.2%	2.6%	7.2%	4.3%	4.2%	9.5%	7.8%	7.2%	0.9%	5.7%
Ocean Freight volumes ('000 TEUs)	368.1	402.1	429.2	1,199.4	347.4	367.6	394.9	1,109.9	385.5	1,495.4
% change YoY	6%	9%	9%	8%	7%	5%	8%	7%	11%	8%
GP/TEU (CHF)	333	308	288	309	337	339	328	335	313	329
% change YoY	-1%	-9%	-12%	-8%	-4%	8%	-1%	1%	-4%	-1%

Note: Ocean Freight figures in CHF million

Income statement per quarter - Logistics

Logistics	Q1 2014	Q2 2014	Q3 2014	Q3YTD14	Q1 2013	Q2 2013	Q3 2013	Q3YTD13	Q4 2013	FY 2013
Net forwarding revenue	182.4	174.4	188.9	545.8	219.3	233.2	227.9	680.3	240.2	920.6
Forwarding expenses	(74.6)	(61.7)	(70.2)	(206.4)	(117.2)	(124.6)	(114.9)	(356.7)	(126.2)	(482.9)
Gross profit	107.8	112.7	118.8	339.3	102.1	108.6	112.9	323.6	114.1	437.7
in % of net forwarding revenue	59.1%	64.6%	62.9%	62.2%	46.6%	46.6%	49.6%	47.6%	47.5%	47.5%
Personnel expenses	(67.9)	(66.0)	(68.1)	(202.1)	(65.0)	(70.8)	(73.4)	(209.2)	(76.4)	(285.6)
in % of gross profit (PGP)	63.0%	58.6%	57.3%	59.5%	63.7%	65.2%	65.0%	64.6%	67.0%	65.3%
Other operating expenses	(41.2)	(41.7)	(49.1)	(131.9)	(41.6)	(42.4)	(44.1)	(128.1)	(46.1)	(174.2)
in % of gross profit (OGP)	38.2%	37.0%	41.3%	38.9%	40.7%	39.1%	39.0%	39.6%	40.4%	39.8%
Total operating expenses	(109.1)	(107.7)	(117.2)	(334.0)	(106.6)	(113.2)	(117.5)	(337.3)	(122.4)	(459.8)
EBITDA	(1.3)	5.0	1.6	5.3	(4.5)	(4.6)	(4.5)	(13.7)	(8.4)	(22.1)
in % of gross profit	-1.2%	4.4%	1.4%	1.6%	-4.4%	-4.3%	-4.0%	-4.2%	-7.3%	-5.0%
Depreciation and amortization	(4.2)	(3.9)	(4.2)	(12.2)	(4.1)	(4.3)	(4.7)	(13.1)	(4.1)	(17.2)
EBIT	(5.5)	1.1	(2.6)	(6.9)	(8.6)	(8.9)	(9.2)	(26.8)	(12.5)	(39.3)
in % of gross profit	-5.1%	1.0%	-2.2%	-2.0%	-8.4%	-8.2%	-8.1%	-8.3%	-11.0%	-9.0%

Note: Logistics figures in CHF million

Balance sheet

	30-Sep-14	31-Dec-13	Δ in CHF	Δ in %
Cash and cash equivalents, other current financial assets	340.9	342.4	-1.5	-0.4%
Trade receivables, unbilled forwarding services	1'163.0	1'150.8	12.2	1.1%
Other current assets	149.1	105.6	43.5	41.2%
Property, plant and equipment	109.3	118.9	-9.7	-8.1%
Intangible assets	121.5	118.1	3.4	2.9%
Other non-current assets	102.1	113.7	-11.6	-10.2%
Total assets	1'985.8	1'949.5	36.4	1.9%
Short-term borrowings	0.5	3.1	-2.5	-83.1%
Trade payables, accrued cost of services	787.8	761.7	26.1	3.4%
Other current liabilities	331.1	331.5	-0.4	-0.1%
Long-term borrowings	0.3	0.2	0.1	65.9%
Other long-term liabilities	146.1	143.8	2.3	1.6%
Total liabilities	1'265.9	1'240.3	25.6	2.1%
Share capital	2.4	2.4	0.0	0.0%
Reserves, treasury shares	705.1	695.1	10.0	1.4%
Non-controlling interests	12.4	11.7	0.8	6.6%
Total equity	719.9	709.2	10.8	1.5%
Total equity and liabilities	1'985.8	1'949.5	36.4	1.9%

Note: Figures in CHF million

Cash flow

	Q3 2014	Q3 2013	Δ in %
Cash flow before changes in working capital	136.6	133.3	2.5%
Changes in working capital	(25.9)	(74.3)	-65.2%
Cash from operations	110.7	58.9	87.8%
Interest and income taxes paid	(17.9)	(28.2)	-36.6%
Net cash from operating activities	92.8	30.7	202.2%
Net cash from investing activities	(38.3)	(38.2)	-0.1%
Free cash flow (FCF)	54.5	(7.5)	-113.8%
Net cash used in financing activities	(53.4)	(40.6)	-23.9%
Effect of exchange rate changes	2.8	(7.7)	-137.1%
Cash and cash equivalents at beginning of period	336.9	393.1	-14.3%
Net increase (decrease) in cash and cash equivalents	4.0	(55.8)	-1490.9%
Cash and cash equivalents at end of period	340.9	337.3	1.1%

Note: Figures in CHF million