
2016 Third Quarter

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the nine months ended September 30, 2016 and 2015

IN THOUSAND CHF	NOTES	JULY - SEPTEMBER		JANUARY - SEPTEMBER	
		2016	2015	2016	2015
Net forwarding revenue	4	1,267,000	1,467,878	3,863,522	4,409,254
Forwarding services from third parties	4	(911,594)	(1,096,643)	(2,771,827)	(3,301,910)
Gross profit	4	355,406	371,235	1,091,695	1,107,344
Personnel expenses		(212,947)	(225,784)	(659,222)	(675,538)
Other operating expenses		(97,059)	(100,543)	(301,805)	(300,313)
Restructuring expenses	7	0		(26,100)	
EBITDA		45,400	44,908	104,568	131,493
Depreciation of property, plant and equipment	5	(6,245)	(7,173)	(18,715)	(21,614)
Amortization of intangible assets	5	(6,298)	(5,718)	(18,320)	(17,500)
Operating result (EBIT)		32,857	32,017	67,533	92,379
Finance income		476	841	1,681	2,603
Finance costs		(845)	(875)	(2,254)	(2,634)
Profit before income tax (EBT)		32,488	31,983	66,960	92,348
Income tax expenses		(7,864)	(7,996)	(20,500)	(23,087)
Profit		24,624	23,987	46,460	69,261
Profit attributable to:					
Owners of the parent		25,144	23,628	47,823	68,980
Non-controlling interests		(521)	358	(1,364)	281
Earnings per share (in CHF)					
Basic		1.06	1.00	2.01	2.91
Diluted		1.06	1.00	2.01	2.91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine months ended September 30, 2016 and 2015

	JULY - SEPTEMBER		JANUARY - SEPTEMBER	
IN THOUSAND CHF	2016	2015	2016	2015
Profit	24,624	23,987	46,460	69,261
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of the net defined benefit asset / liability (note 2.3)	1,238	(16,845)	(18,698)	(16,104)
Income taxes on this component of other comprehensive income	(129)	3,740	5,094	3,575
	1,109	(13,105)	(13,604)	(12,529)
Items that are or may be reclassified subsequently to profit or loss:				
Exchange difference on translations of foreign operations	(661)	6,938	(3,903)	(89,056)
	(661)	6,938	(3,903)	(89,056)
Other comprehensive income, net of tax	448	(6,167)	(17,507)	(101,585)
Total comprehensive income	25,071	17,820	28,953	(32,324)
Total comprehensive income attributable to:				
Owners of the parent	25,579	17,070	30,570	(32,770)
Non-controlling interests	(509)	750	(1,618)	446

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of September 30, 2016 and December 31, 2015

IN THOUSAND CHF	NOTES	SEPTEMBER 30, 2016	DECEMBER 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	73,952	78,466
Intangible assets	5	103,798	98,820
Investments	8	24,466	26,820
Deferred income tax assets		81,927	70,581
Total non-current assets		284,142	274,687
Current assets			
Other receivables and other current assets		107,666	103,750
Unbilled forwarding services		60,627	66,410
Trade receivables		784,939	887,938
Derivative financial instruments	8	2,071	2,219
Cash and cash equivalents		379,934	392,260
Assets classified as held for sale		0	524
Total current assets		1,335,238	1,453,101
Total assets		1,619,380	1,727,788
EQUITY AND LIABILITIES			
Equity			
Share capital	6	2,375	2,375
Treasury shares	6	(1,218)	(2,252)
Retained earnings and reserves		586,269	641,150
Total equity attributable to owners of the parent		587,426	641,273
Non-controlling interests		8,886	12,037
Total equity		596,312	653,310
Non-current liabilities			
Borrowings		29	30
Non-current provisions	7	44,335	37,904
Non-current other liabilities	7	38,041	31,389
Post-employment benefit liabilities		81,424	60,688
Deferred income tax liabilities		10,290	10,418
Total non-current liabilities		174,120	140,429
Current liabilities			
Trade payables		370,136	446,025
Other payables and accruals		124,395	150,380
Accrued cost of services		235,107	223,313
Borrowings		43	140
Derivative financial instruments	8	2,573	2,537
Current provisions	7	25,162	17,233
Current other liabilities	7	74,612	74,100
Current income tax liabilities		16,920	20,322
Total current liabilities		848,948	934,050
Total liabilities		1,023,068	1,074,479
Total equity and liabilities		1,619,380	1,727,788

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended September 30, 2016 and 2015

2016 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANS- LATION RESERVE	RETAINED EARNINGS	TOTAL		
	Balance on January 1, 2016	2,375	(2,252)	(278,288)	919,438		
Profit				47,823	47,823	(1,364)	46,460
Other comprehensive income							
Exchange difference on translations of foreign operations			(3,649)		(3,649)	(254)	(3,903)
Remeasurement of the net defined benefit asset / liability, net of tax				(13,604)	(13,604)	0	(13,604)
Total other comprehensive income, net of tax	0	0	(3,649)	(13,604)	(17,253)	(254)	(17,507)
Total comprehensive income for the period	0	0	(3,649)	34,219	30,570	(1,618)	28,953
Dividends paid				(83,097)	(83,097)		(83,097)
Expenses for share-based compensation plans				3,184	3,184		3,184
Changes in treasury shares, net (note 6)		1,034		(1,605)	(571)		(571)
Acquisition of subsidiaries with non-controlling interests					0	3,986	3,986
Transaction with non-controlling interests ¹				(9,453)	(9,453)		(9,453)
Reclassification of non-controlling interests to parent shareholders ²				5,519	5,519	(5,519)	0
Balance on September 30, 2016	2,375	(1,218)	(281,937)	868,206	587,426	8,886	596,312

¹ This movement is related to a put option for an acquisition of a non-controlling interests in one of the group's subsidiaries

² This movement is related to the transfer of non-controlling interests to the parents' equity

2015 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANS- LATION RESERVE	RETAINED EARNINGS	TOTAL		
	Balance on January 1, 2015	2,375	(2,089)	(186,647)	907,265		
Profit				68,980	68,980	281	69,261
Other comprehensive income							
Exchange difference on translations of foreign operations			(89,221)		(89,221)	165	(89,056)
Remeasurement of the net defined benefit asset / liability, net of tax				(12,529)	(12,529)		(12,529)
Total other comprehensive income, net of tax	0	0	(89,221)	(12,529)	(101,750)	165	(101,585)
Total comprehensive income for the period	0	0	(89,221)	56,451	(32,770)	446	(32,324)
Dividends paid				(65,240)	(65,240)		(65,240)
Expenses for share-based compensation plans				2,235	2,235		2,235
Changes in treasury shares, net (note 6)		(194)		(2,017)	(2,211)		(2,211)
Balance on September 30, 2015	2,375	(2,283)	(275,868)	898,693	622,918	12,691	635,609

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended September 30, 2016 and 2015

IN THOUSAND CHF	NOTES	JANUARY - SEPTEMBER	
		2016	2015
Profit		46,460	69,261
Income tax expenses		20,500	23,087
Depreciation of property, plant and equipment	5	18,715	21,614
Amortization of intangible assets	5	18,320	17,500
Interest income and dividend on available-for-sale financial assets		(800)	(1,030)
Exchange differences		(899)	(1,586)
Loss / (gain) on sales of property, plant and equipment		(1,854)	(3,615)
Gain on sales of financial assets		48	0
Expenses for share-based compensation plans		3,184	2,235
Other non-cash (income) and expenses		(821)	1,317
Subtotal cash flow from operations		102,853	128,783
Working capital adjustments:			
(Increase) / decrease receivables, other current assets and unbilled forwarding services		106,645	16,603
Increase / (decrease) payables and accruals incl. accrued cost of service		(83,456)	(31,122)
(Decrease) / increase non-current provisions and other liabilities		3,263	(4,041)
(Decrease) / increase current provisions and other liabilities		9,295	(25,973)
Cash generated from operations		138,600	84,250
Interest paid		(1,036)	(371)
Income taxes paid		(28,202)	(27,440)
Net cash from operating activities		109,361	56,438
Interests received		1,376	711
Dividends received		173	113
Proceeds from sale of property, plant and equipment and Intangible	5	5,657	7,750
Proceeds from sale of investments		161	412
Proceeds from sale of other financial assets		382	491
Repayments of loans and long-term receivables		5,461	3,476
Acquisition of subsidiaries, net of cash	3	(21,278)	(1,618)
Purchase of property, plant and equipment	5	(19,296)	(11,355)
Purchase of intangible assets	5	(1,151)	(635)
Purchase of investments and other financial assets		(2,508)	(5,546)
Increase of long-term loans and long-term receivables		(3,147)	(1,120)
Net cash used in investing activities		(34,171)	(7,321)
Free cash flow		75,191	49,117
Repayment of short- and long-term borrowings		(37)	(454)
Dividends paid		(83,097)	(65,240)
Purchase of treasury shares	6	(4,113)	(5,455)
Sale of treasury shares	6	1,457	1,670
Net cash used in financing activities		(85,790)	(69,479)
Net increase / (decrease) in cash and cash equivalents		(10,600)	(20,362)
Cash and cash equivalents at the beginning of the period		392,260	372,043
Effect of exchange rate changes on cash and cash equivalents		(1,727)	(53,560)
Cash and cash equivalents at the end of the period		379,934	298,121

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Panalpina World Transport (Holding) Ltd. (referred to hereafter as the Company) and its subsidiaries (collectively the "Group" and individually "Group Companies") is one of the world's leading providers of supply chain solutions. The company combines its core products of Air Freight, Ocean Freight and Logistics to deliver globally integrated tailor-made end-to-end solutions. Drawing on in-depth industry knowledge and customized IT systems, Panalpina manages the needs of its customers' supply chains, no matter how demanding they might be.

Panalpina World Transport (Holding) Ltd. is a limited company incorporated and domiciled in Basel. The registered address is Viaduktstrasse 42, 4002 Basel, Switzerland. The Company shares are publicly traded and listed on the SIX Swiss Exchange in Zurich.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements are the unaudited condensed consolidated interim financial statements (hereafter "the Interim Financial Statements") of the Company for the nine-months period ended September 30, 2016 (hereafter "the Interim Period"). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2015 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information. They were authorized for issuance in accordance with a resolution by the Group's Audit Committee on October 20, 2016.

2.2 STATEMENT OF COMPLIANCE

The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group since the Annual Financial Statements.

2.3 MANAGEMENT JUDGMENTS AND ESTIMATES

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It requires management to exercise its judgments and assumptions in the process of applying the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Deviations from estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to the Interim Financial Statements, were the same as those applied in the Annual Financial Statements.

Income tax expenses are recognized based on management's best estimation of the weighted average annual income tax rate expected for the full financial year.

The remeasurement loss on the net defined benefit obligation of CHF 18.7 million was recognised in other comprehensive income for the first nine months of 2016. It is mainly attributable to changes in discount rates (loss of CHF 28.5 million) and to remeasurement gains on plan assets (gains of CHF 9.8 million).

2.4 SEASONALITY

Historically, the Group's results have been subject to seasonal trends. The first fiscal quarter has traditionally been the weakest and the third and fourth fiscal quarters have generally been the strongest in volumes. This seasonality is based on many factors, including holiday seasons, consumer demand, climate and economic conditions.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements.

2.6 CHANGES IN PRESENTATION

In 2016 there was no change in presentation compared to the Annual Financial Statements except for the restructuring expenses which have been disclosed separately in the current period. Since in prior year there were no material restructuring expenses charged to the income statement, comparative information has not been reclassified for the prior period.

2.7 CHANGES IN STANDARDS, INTERPRETATION AND AMENDMENTS

In 2016, the Group has adopted (if applicable) the following new standards, new interpretations and amendments to existing standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2016:

- Annual Improvements to IFRS 2012-2014 Cycle (effective date January 1, 2016)
- Amendments to IAS 1 – Disclosure Initiative (effective date January 1, 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception (effective date January 1, 2016)
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (effective date January 1, 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization (effective date January 1, 2016)
- Amendments to IAS 16 and IAS 41 – Bearer Plants (effective date January 1, 2016)
- Amendments to IAS 27 – Equity Method in Separate Financial Statements (effective date January 1, 2016)

2.8 FUTURE NEW AND REVISED STANDARDS

The following new or revised standards, amendments to existing standards and interpretations have been issued, but are not yet effective. They have not been applied early in these condensed consolidated interim financial statements.

New Standards or Interpretations:

- IFRS 15 – Revenue from Contracts with Customers (effective date January 1, 2018)
- IFRS 9 – Financial Instruments (effective date January 1, 2018)
- IFRS 16 – Leases (effective date January 1, 2019)

Revision and amendments of Standards and Interpretations:

- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses (effective date January 1, 2017)
- Amendments to IAS 7 – Disclosure Initiative (effective date January 1, 2017)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective date January 1, 2018)
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date January 1, 2018)

The Group is currently analyzing in detail the changes to the accounting policies and the impact on the Group's overall results and financial position. Based on a preliminary assessment, IFRS 16 will have a material impact on assets, liabilities, lease expenses, depreciation and interest expenses. Regarding the other standards, management is currently evaluating the detailed impact on the groups' financial statements.

2.9 FOREIGN CURRENCY

The following foreign currency exchange rates mostly impacted the current financial statements:

	Statement of Financial Position ¹		Income statement and cash flow statement ²		Variance %			
	SEPTEMBER 2016	DECEMBER 2015	SEPTEMBER 2016	SEPTEMBER 2015	STATEMENT OF FINANCIAL POSITION ¹	INCOME STATEMENT AND CASH FLOW STATEMENT ²		
BRL	0.300	0.255	BRL	0.277	0.305	BRL	18%	(9%)
CAD	0.737	0.715	CAD	0.741	0.758	CAD	3%	(2%)
EUR	1.085	1.082	EUR	1.093	1.062	EUR	0%	3%
USD	0.965	0.990	USD	0.979	0.952	USD	(3%)	3%

¹ Period end rate

² Period end average rate (i.e. year to date rate)

3 CHANGE IN SCOPE OF CONSOLIDATION

During the Interim Period under review, Panalpina completed the acquisition of the Airflo sub-group (75 percent of the issued share capital of both Airflo B.V., registered in the Netherlands and Airflo Limited, registered in Kenya), which is Kenya's second largest forwarder specialized in fresh-cut flowers export. The company employs a total of 167 staff in Nairobi and Aalsmeer and organizes up to 1,500 temperature-controlled shipments per week from Kenya, totalling more than 40,000 tons of flowers. In accordance with IFRS 3, the acquisition date was defined as January 12, 2016.

During the Interim Period under review, there was no other material business combination or subsidiaries that were disposed of.

4 CONDENSED OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Board that are used to make strategic decisions. The Executive Board considers the business from a geographic perspective, as the Group's operations are predominantly managed by the geographical location.

The Executive Board assesses performance of the operating segments based on a measure of adjusted operating result (Segment EBIT). This measurement basis excludes the effects on extraordinary items from the operating segments. In 2016, management information was adjusted as outlined in notes 2.6 and 7.1 to exclude extraordinary items.

Condensed operating segment information for the nine months ended September 30, 2016 and 2015:

2016 IN THOUSAND CHF	2016						TOTAL GROUP
	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMINATIONS	
External forwarding services	902,470	2,159,626	274,167	1,361,364	4,697,628		4,697,628
Customs, duties and taxes	(52,893)	(552,599)	(44,074)	(184,541)	(834,106)		(834,106)
Intra-group forwarding services	970,145	734,670	100,898	450,539	2,256,252	(2,256,252)	0
Net forwarding revenue	1,819,723	2,341,697	330,991	1,627,362	6,119,774	(2,256,252)	3,863,522
Forwarding services	(1,555,406)	(1,930,395)	(239,940)	(1,302,337)	(5,028,078)	2,256,252	(2,771,827)
Gross profit	264,316	411,303	91,051	325,025	1,091,695		1,091,695
Personnel expenses	(130,615)	(269,927)	(49,191)	(209,488)	(659,222)		(659,222)
Other operating expenses	(69,148)	(106,798)	(30,541)	(95,318)	(301,805)		(301,805)
EBITDA adjusted	64,553	34,578	11,319	20,219	130,668		130,668
Depreciation and amortization	(9,779)	(13,902)	(4,217)	(9,137)	(37,035)		(37,035)
Operating result (Segment EBIT) adjusted	54,774	20,676	7,102	11,082	93,633		93,633
Restructuring expenses	0	0	(4,200)	(21,900)	(26,100)		(26,100)
Operating result (EBIT) reported	54,774	20,676	2,902	(10,818)	67,533		67,533
Financial result							(573)
Finance income							1,681
Finance costs							(2,254)
Profit before income tax (EBT)							66,960
Income tax expenses							(20,500)
Profit							46,460

2015 IN THOUSAND CHF	2015						TOTAL GROUP
	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMINATIONS	
External forwarding services	971,409	2,327,043	366,952	1,698,441	5,363,845		5,363,845
Customs, duties and taxes	(76,914)	(583,404)	(74,145)	(220,127)	(954,591)		(954,591)
Intra-group forwarding services	1,049,410	801,190	157,326	567,471	2,575,396	(2,575,396)	0
Net forwarding revenue	1,943,904	2,544,829	450,132	2,045,785	6,984,650	(2,575,396)	4,409,254
Forwarding services	(1,683,425)	(2,134,703)	(346,990)	(1,712,188)	(5,877,306)	2,575,396	(3,301,910)
Gross profit	260,479	410,126	103,142	333,597	1,107,344	0	1,107,344
Personnel expenses	(128,462)	(268,790)	(58,314)	(219,972)	(675,538)		(675,538)
Other operating expenses	(71,350)	(109,221)	(29,852)	(89,890)	(300,313)		(300,313)
EBITDA	60,668	32,115	14,976	23,734	131,493	0	131,493
Depreciation and amortization	(10,008)	(13,374)	(4,846)	(10,886)	(39,114)		(39,114)
Operating result (EBIT)	50,660	18,741	10,130	12,848	92,379	0	92,379
Financial result							(31)
Finance income							2,603
Finance costs							(2,634)
Profit before income tax (EBT)							92,348
Income tax expenses							(23,087)
Profit							69,261

Condensed operating segment information for July to September 2016 and 2015:

2016 IN THOUSAND CHF	2016						TOTAL GROUP
	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMINATIONS	
External forwarding services	302,704	703,270	79,637	474,604	1,560,216		1,560,216
Customs, duties and taxes	(19,597)	(188,354)	(12,098)	(73,167)	(293,216)		(293,216)
Intra-group forwarding services	331,244	237,055	26,665	142,273	737,237	(737,237)	0
Net forwarding revenue	614,351	142,273	94,204	543,710	2,004,237	(737,237)	1,267,000
Forwarding services	(529,653)	(621,595)	(64,660)	(432,923)	(1,648,831)	737,237	(911,594)
Gross profit	84,698	130,377	29,544	110,788	355,406		355,406
Personnel expenses	(44,223)	(84,813)	(15,342)	(68,568)	(212,947)		(212,947)
Other operating expenses	(24,058)	(36,547)	(8,223)	(28,230)	(97,059)		(97,059)
EBITDA adjusted	16,417	9,016	5,979	13,989	45,400		45,400
Depreciation and amortization	(3,348)	(4,895)	(1,327)	(2,975)	(12,544)		(12,544)
Operating result (Segment EBIT) adjusted	13,070	4,121	4,652	11,014	32,857		32,857
Restructuring expenses	0	0	0	0	0		0
Operating result (EBIT) reported	13,070	4,121	4,652	11,014	32,857		32,857
Financial result							(369)
Finance income							476
Finance costs							(845)
Profit before income tax (EBT)							32,488
Income tax expenses							(7,864)
Profit							24,624

2015 IN THOUSAND CHF	2015						TOTAL GROUP
	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMINATIONS	
External forwarding services	319,688	793,457	115,877	549,386	1,778,408		1,778,408
Customs, duties and taxes	(25,302)	(193,826)	(19,462)	(71,941)	(310,530)		(310,530)
Intra-group forwarding services	350,144	273,124	51,538	180,529	855,334	(855,334)	0
Net forwarding revenue	644,530	872,755	147,952	657,975	2,323,212	(855,334)	1,467,878
Forwarding services	(557,201)	(734,388)	(114,487)	(545,902)	(1,951,977)	855,334	(1,096,643)
Gross profit	87,329	138,367	33,465	112,073	371,235	0	371,235
Personnel expenses	(41,394)	(92,765)	(18,840)	(72,784)	(225,784)		(225,784)
Other operating expenses	(25,202)	(37,143)	(10,591)	(27,607)	(100,543)		(100,543)
EBITDA	20,733	8,459	4,034	11,682	44,908	0	44,908
Depreciation and amortization	(3,286)	(4,445)	(1,663)	(3,497)	(12,891)		(12,891)
Operating result (EBIT)	17,448	4,014	2,371	8,185	32,017	0	32,017
Financial result							(34)
Finance income							841
Finance costs							(875)
Profit before income tax (EBT)							31,983
Income tax expenses							(7,996)
Profit							23,987

The Group's business can be divided into three divisions: Air Freight, Ocean Freight, Logistics.

Information by product for the nine months ended September 30, 2016 and 2015:

2016 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	2,259,521	1,955,311	482,796	4,697,628
Customs, duties and taxes	(356,306)	(433,889)	(43,911)	(834,106)
Net forwarding revenue	1,903,214	1,521,422	438,885	3,863,522
Forwarding services from third parties	(1,449,857)	(1,176,387)	(145,582)	(2,771,827)
Gross profit	453,358	345,035	293,302	1,091,695
Personnel expenses	(260,050)	(229,813)	(169,359)	(659,222)
Other operating expenses	(104,831)	(86,810)	(110,163)	(301,805)
EBITDA adjusted	88,477	28,411	13,780	130,668
Depreciation and amortization	(15,836)	(12,431)	(8,768)	(37,035)
Operating result (Segment EBIT) adjusted	72,641	15,980	5,012	93,633
Restructuring expenses	(12,650)	(9,650)	(3,800)	(26,100)
Operating result (EBIT) reported	59,991	6,330	1,212	67,533
Financial result				(573)
Finance income				1,681
Finance costs				(2,254)
Profit before income tax (EBT)				66,960
Income tax expenses				(20,500)
Profit				46,460
2015 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	2,303,836	2,550,192	509,816	5,363,844
Customs, duties and taxes	(353,826)	(559,271)	(41,493)	(954,591)
Net forwarding revenue	1,950,010	1,990,921	468,323	4,409,254
Forwarding services from third parties	(1,510,356)	(1,628,730)	(162,824)	(3,301,910)
Gross profit	439,655	362,191	305,499	1,107,344
Personnel expenses	(257,578)	(237,894)	(180,066)	(675,538)
Other operating expenses	(100,101)	(87,740)	(112,471)	(300,313)
EBITDA	81,975	36,557	12,961	131,493
Depreciation and amortization	(14,425)	(13,775)	(10,914)	(39,114)
Operating result (EBIT)	67,550	22,782	2,047	92,379
Financial result				(31)
Finance income				2,603
Finance costs				(2,634)
Profit before income tax (EBT)				92,348
Income tax expenses				(23,087)
Profit				69,261

Information by product for July to September 2016 and 2015:

2016 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	763,720	643,371	153,125	1,560,216
Customs, duties and taxes	(129,581)	(147,874)	(15,762)	(293,216)
Net forwarding revenue	634,140	495,496	137,363	1,267,000
Forwarding services from third parties	(485,288)	(383,389)	(42,916)	(911,594)
Gross profit	148,852	112,108	94,447	355,406
Personnel expenses	(84,668)	(75,481)	(52,798)	(212,947)
Other operating expenses	(31,789)	(27,438)	(37,832)	(97,059)
EBITDA adjusted	32,395	9,189	3,818	45,400
Depreciation and amortization	(5,491)	(4,132)	(2,921)	(12,544)
Operating result (Segment EBIT) adjusted	26,903	5,057	896	32,857
Restructuring expenses	0	0	0	0
Operating result (EBIT) reported	26,903	5,057	896	32,857
Financial result				(369)
Finance income				476
Finance costs				(845)
Profit before income tax (EBT)				32,488
Income tax expenses				(7,864)
Profit				24,624
2015 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	769,904	839,743	168,761	1,778,408
Customs, duties and taxes	(117,327)	(179,345)	(13,859)	(310,530)
Net forwarding revenue	652,577	660,398	154,902	1,467,878
Forwarding services from third parties	(506,505)	(535,491)	(54,646)	(1,096,643)
Gross profit	146,072	124,907	100,257	371,235
Personnel expenses	(86,109)	(79,727)	(59,948)	(225,784)
Other operating expenses	(33,596)	(30,546)	(36,402)	(100,543)
EBITDA	26,367	14,634	3,906	44,908
Depreciation and amortization	(4,850)	(4,663)	(3,377)	(12,891)
Operating result (EBIT)	21,517	9,971	529	32,017
Financial result				(34)
Finance income				841
Finance costs				(875)
Profit before income tax (EBT)				31,983
Income tax expenses				(7,996)
Profit				23,987

5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Interim Period, the Group recognized additions in the amount of CHF 9.1 million (2015: CHF 5.9 million) as machinery and equipment. Furthermore additions in the amount of CHF 9.7 million (2015: CHF 5.8 million) have been recognized as build-ings and buildings under construction. The Group also acquired vehicles in the amount of CHF 1.4 million (2015: CHF 0.4 million).

The following table shows the movements in the net book values of property, plant and equipment and intangible assets for the periods ended September 30, 2016 and 2015, respectively:

IN THOUSAND CHF	PROPERTY, PLANT AND EQUIPMENT 2016	INTANGIBLE AS- SETS 2016	PROPERTY, PLANT AND EQUIPMENT 2015	INTANGIBLE AS- SETS 2015
Net book value on January 1	78,466	98,820	104,283	122,028
Translation differences	(1,192)	(958)	(10,507)	(1,463)
Acquisitions of subsidiaries	892	23,027	1,146	686
Additions	20,161	1,230	12,024	615
Disposals (net)	(5,660)	0	(5,175)	(140)
Depreciation and amortization	(18,715)	(18,320)	(21,614)	(17,500)
Net book value on September 30	73,952	103,798	80,156	104,226

Intangible assets as of September 30, 2016 include goodwill of CHF 53.2 million (2015: CHF 43.8 million), brands and customer lists of CHF 11.5 million (2015: 0.7 million) and software of CHF 39.1 million (2015: CHF 59.7 million). The acquired assets relate to the acquisition of Airflo sub-group as disclosed in note 3.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on financial budgets of a CGU approved by management covering a five-year period. Cash-flows beyond the five year period are extrapolated using estimated growth rates.

There were no impairment charges recorded on goodwill during the nine months periods ended September 30, 2016 and 2015, respectively. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. Except for the restructuring of certain energy solution operations and sites, no further impairment indicators were identified as per September 30, 2016. The estimated recoverable amounts of the assets/CGUs affected exceeded its carrying amounts. Consequently no impairment charges had to be recognised.

Intangible assets with a finite useful life are amortized over the period of their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with IAS 36 "Impairment of Assets". Intangible assets, stated at cost net of amortization and impairment charges, mainly include customer relations. There were no impairment charges recorded on intangible assets during the nine months periods ended September 30, 2016 and 2015 respectively.

6 SHARE CAPITAL AND TREASURY SHARES

The share capital, the number of issued shares and the authorized capital have not changed during the Interim Period. As of September 30, 2016 and 2015 2016, the weighted average number of shares issued amounted to 23,734,915 (September 30, 2015: 23,733,762).

The amount available for dividend distribution is based on the available distributable retained earnings of Panalpina World Transport (Holding) Ltd. determined in accordance with the legal provisions of the Swiss Code of Obligations. The Board of Directors has proposed dividends for the fiscal year 2015 of CHF 3.50 gross per share. This proposal has been approved at the Annual Meeting of Shareholders on May 10, 2016 and subsequently paid on May 17, 2016.

	OUTSTANDING	VALUE
	NUMBER OF SHARES	
	Numbers	In TCHF
Total number of shares issued as of January 1, 2016	23,750,000	2,375
Treasury shares outstanding as of January 1, 2016	(17,840)	(2,252)
Total number of shares outstanding as of January 1, 2016 ¹	23,732,160	
Movements in Treasury shares		
Purchased	(37,207)	(4,113)
Sold under employee share plan	13,672	1,579
Sold under employee option plan	720	83
Free shares from share plan	5,890	687
Bonus settled with own shares	24,230	2,798
Subtotal movement of treasury shares during the period	7,305	1,034
Total number of shares outstanding as of September 30, 2016 ¹	23,739,465	
Total number of treasury shares outstanding as of September 30, 2016	(10,535)	(1,218)

¹ i.e. shares entitled to voting rights and dividends

7 PROVISIONS AND OTHER LIABILITIES

7.1 NON-CURRENT AND CURRENT PROVISIONS

2016 (IN THOUSAND CHF)	CLAIMS	RESTRUC- TURING	OTHER PRO- VISIONS	TOTAL
Balance on January 1	30,130	4,634	20,370	55,134
Translation differences	223	(254)	(541)	(572)
Addition	5,174	26,274	6,790	38,238
Reversal of unused amounts	(1,290)	(174)	(913)	(2,378)
Charged in income statement	3,884	26,100	5,876	35,861
Utilization	(4,810)	(9,872)	(6,244)	(20,925)
Balance on September 30	29,428	20,608	19,461	69,497
thereof				
non-current	23,120	6,635	14,580	44,335
current	6,308	13,974	4,881	25,162

Provisions are recognized where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Management determined the provision based on past performance and its expectation of the funds needed for the future settlement of claims not yet reported. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

A restructuring plan initiated during Q2 2016 impacted the income statement in the amount of CHF 26.1 million. This plan is related to the right-sizing of certain energy solution operations and sites (mainly in the U.S. and in some African countries from the oil and gas sector) due to lower volumes.

The claim provisions as of September 30, 2016 include a portion of certain claims brought forward against the Group by customers and forwarding agents (CHF 26.9 million). The non-current part of the provisions as of September 30, 2016, is expected to be utilized within the next two to five years.

7.2 NON-CURRENT AND CURRENT OTHER LIABILITIES

The current part (CHF 74.6 million) contains vacation entitlement, personnel profit participation and respective social security costs and payroll taxes where applicable. The non-current part includes employee benefit obligations (CHF 38.0 million), such as for anniversary, termination and long-service benefits (mainly in USA, Switzerland, Austria and Germany). The timings of these cash outflows can be reasonably estimated based on past performance. Also included is a redemption liability relating to a put option for an acquisition of a non-controlling interest in one of the Group's subsidiaries (CHF 9.5 million).

8 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives, policies and government structure are consistent with those disclosed in note 17 to the Annual Financial Statements.

Fair value hierarchy

The table below analyzes recurring fair value measurement for financial assets and financial liabilities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the input and techniques used. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

SEPTEMBER 30, 2016 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets ¹	0	0	543	543
Financial assets at fair value through profit or loss held for trading ¹	354	0	0	354
Derivative financial assets	0	2,071	0	2,071
Total				2,968
Derivative financial liabilities	0	2,573	0	2,573
Total				2,573

¹ reported as part of investments in the statement of financial position

DECEMBER 31, 2015 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets ¹	0	0	541	541
Financial assets at fair value through profit or loss held for trading ¹	400	0	0	400
Derivative financial assets	0	2,219	0	2,219
Total				3,161
Derivative financial liabilities	0	2,537	0	2,537
Total				2,537

¹ reported as part of investments in the statement of financial position

There were no significant transfers between Level 1 and Level 2 and vice versa during the Interim Period.

The Group holds a new investment (acquisition value of CHF 523 thousand) since June 2015 with a fair value of CHF 543 thousand at September 30, 2016. This investment was classified as available-for-sale level 3 as it is not traded on an active market and there are no comparative observable arm's length transactions. A gain of CHF 2 thousand was recognized in consolidated income statement during the interim period.

Other financial instruments (such as e.g. short-term trade and other receivables, payables or accruals) are not disclosed as their carrying amounts are a reasonable approximation of fair values.

9 MAJOR LEGAL CLAIMS

The status of the proceedings disclosed under "pending legal claims" in the Annual Financial Statements (note 29.2) has remained unchanged with the exception of the listed potential claim against Pantainer Ltd which became time-barred.

10 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

There have been no material changes in contingent liabilities and other commitments since the last annual balance sheet date.

11 EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date no further events have become known of for which a disclosure is required.

Basel, October 20, 2016

