

January 2006

# Company Presentation



**A PASSION FOR  
SOLUTIONS**

Freight  
Forwarding

Supply Chain  
Management

Special  
Competencies

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This document contains forward-looking statements which involve risks and uncertainties. These statements may be identified by such words as “may”, “plans”, “expects”, “believes” and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. No obligation is assumed to update any forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

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## The Benefits of Being Public

- ✓ Increase brand awareness and enhance company profile
- ✓ Enhanced financing flexibility (access to capital markets)
- ✓ Link management involvement and shareholder value creation
- ✓ Allow Ernst Goehner Foundation to diversify assets

## Investment Highlights

Strong leadership /  
management team  
and continuity

Market Leadership in  
Global Air and  
Ocean Freight  
Forwarding

Asset-light, Pure-  
play Air and Ocean  
Freight Forwarder

Strong and Stable  
Earnings and Cash-  
Flow / High Returns



Differentiation  
through Operational  
Excellence and  
Specialist Sector  
Capabilities

Strong Growth  
Prospects

**Investing in Panalpina represents a rare opportunity to gain exposure to a leading global pure-play freight forwarder, with strong strategic and financial fundamentals.**

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# Market and Competition



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# Freight Forwarding is the Most Attractive Segment of the Logistics Industry

## Postal Operators

- Declining volumes
- High fixed costs
- Predominantly national businesses



Cross-selling and cost synergy potential

## Parcel Delivery Groups (integrators)

- High asset base
- Global business (4 main players)



Mainly cost synergy potential

## Contract Logistics Logistics Providers

- Contract based business
- Higher margins
- High capital intensity
- Mainly national or regional contracts



Mainly cross-selling synergy potential

## Freight Forwarders

- Sustainable market growth (globalisation fuels global trade)
- Asset light, flexible business models
- High cash and return generation
- Global business



# Freight Forwarding Industry Trends are Favourable

## Global Economic Growth and Globalisation

- Transfer of manufacturing to low cost areas spurs growth
  - 2005-09E global airfreight volume CAGR: 6.0%
  - 2005-09E global sea freight volume CAGR: 8.5%

## Outsourcing of Transportation

- Continuous cost reductions and concentration on core competencies
- Increased customer requirements for information (reports, tracking etc.)
- Specialist technology to manage longer, more complex supply chains

## Increasing Need for Time-Definite Delivery

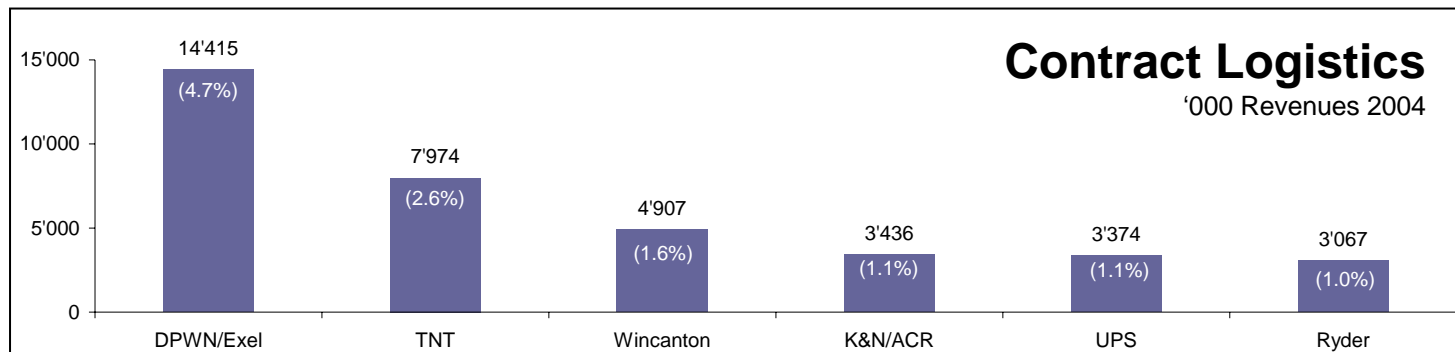
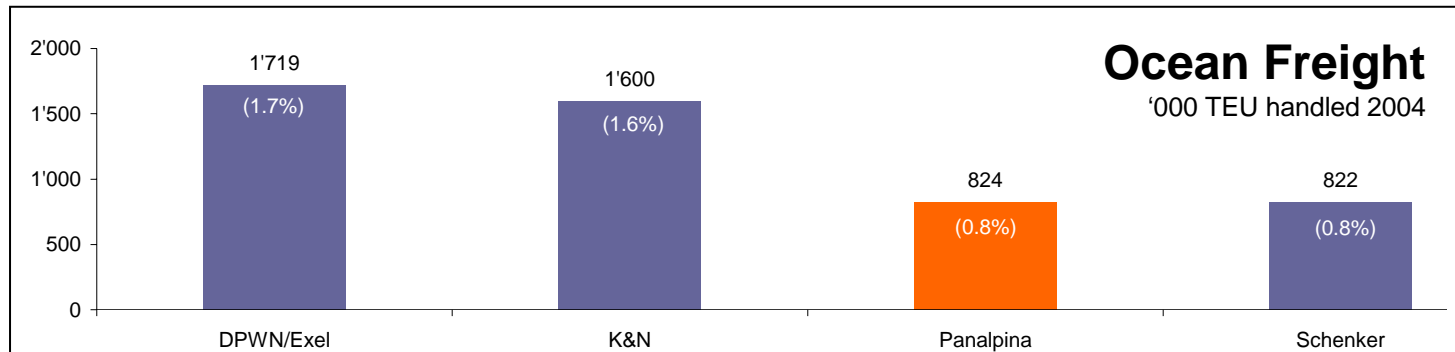
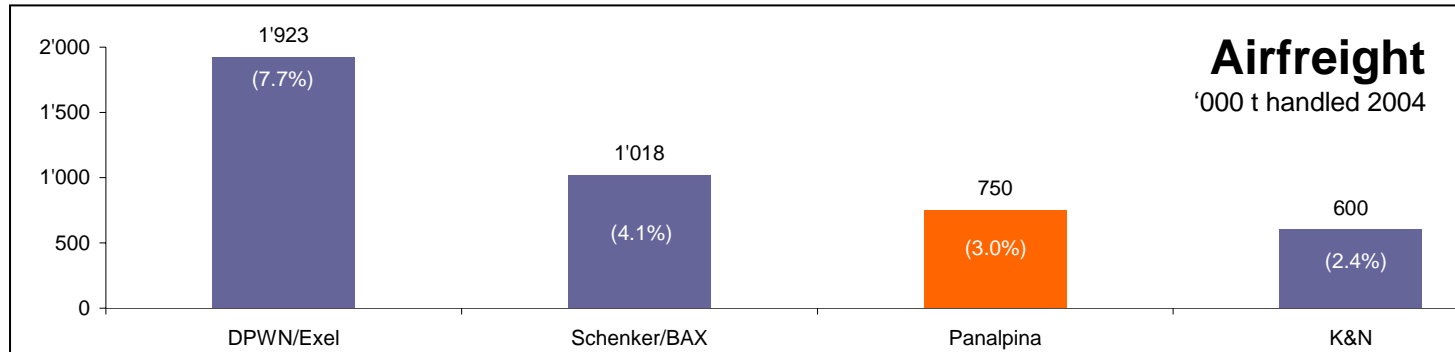
- Increasingly demand-driven supply chains and shortening of product cycles
- Low inventories / compressed supply chains

## Consolidation

- Driven by economies of scale and customer requirements for global coverage and reducing number of forwarding providers
- Integrators and conglomerates are moving into the forwarding segment

# Global Leadership in International Air and Ocean Freight

Source: Bear Stearns, Panalpina estimates





# Critical Freight Forwarding Success Factors

## Economies of Scale and Cost Efficiency

- Volume discounts with carriers and consolidation benefits
- Productivity gains through global standardization of services

## Industry Focus and Expertise

- “Sector specialist” can serve customers more effectively

## Network Coverage

- Fulfill customers’ worldwide transportation needs
- Optimize utilization of transport capacities globally

## People

- Depth of local and global relationships with customers and transportation providers

## IT Systems

- Manage and control the flow of goods transported
- Optimize capacity utilization and operational efficiency

## Product Offering

- Offer standardized and time-definite products

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# Company Overview and Strategy



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## Strategy Cornerstones

Leverage continuing growth in Asian trade flows

Further strengthen specialist capabilities in target industries

Maintain a balanced customer mix of SMEs and global accounts

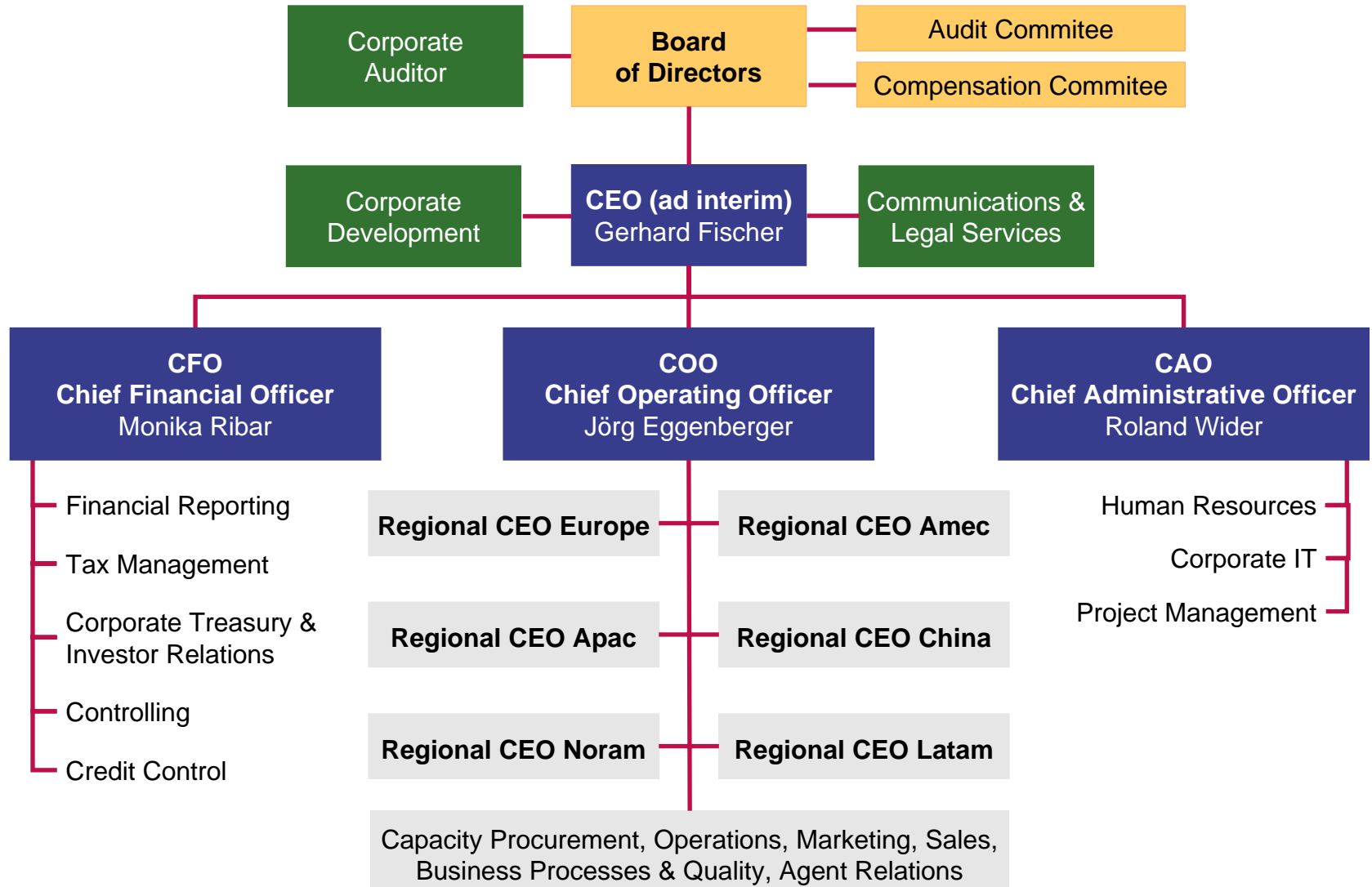
Cost leadership through operational excellence

Achieve strong organic growth, supported by selected bolt-on acquisitions

“Asset light” approach to additional supply chain services

Develop human capital

# Group Management



# Global Network

North America: 1'980 employees

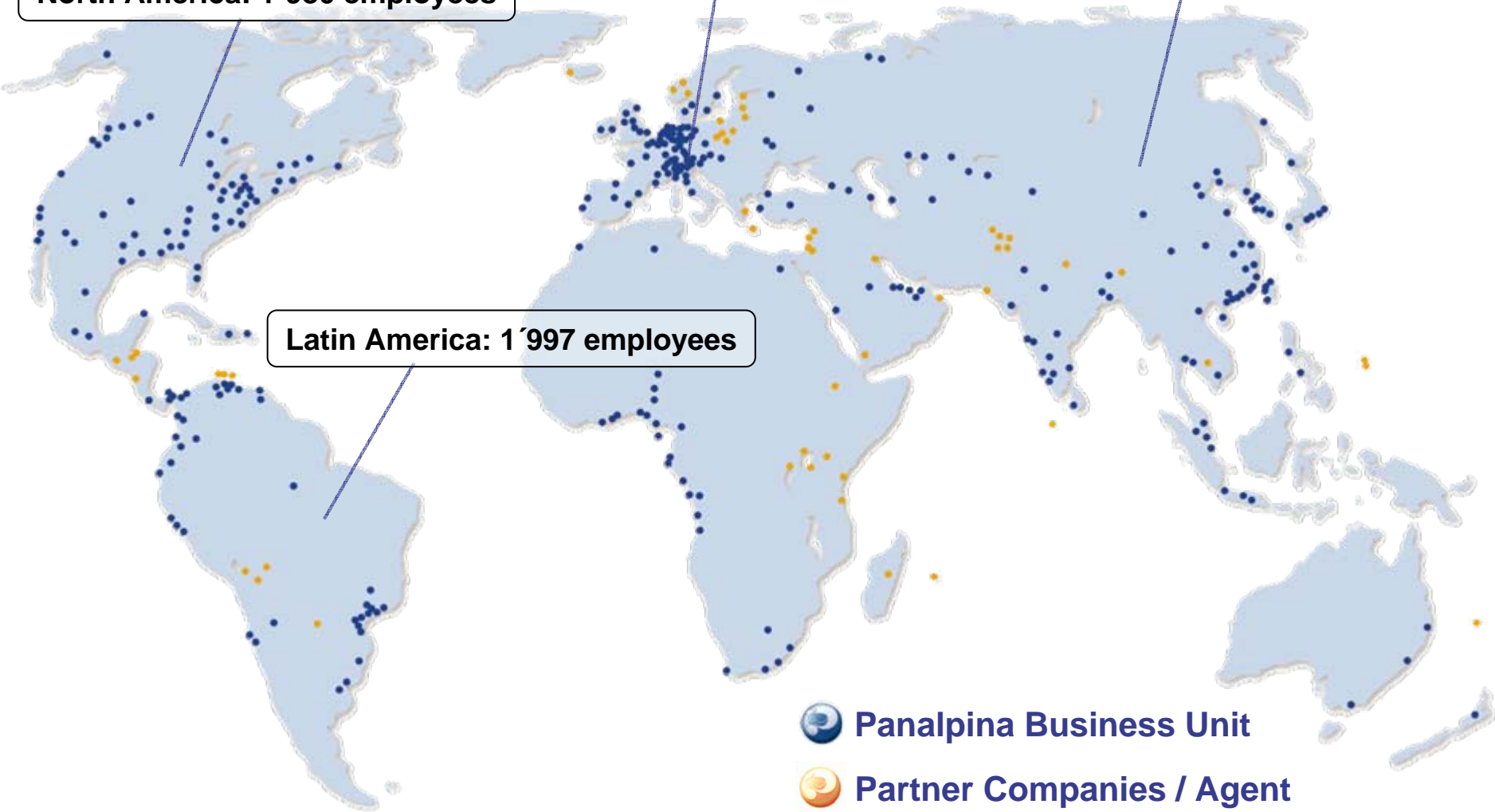
EMEA: 7'149 employees

Asia-Pacific: 2'098 employees

Latin America: 1'997 employees

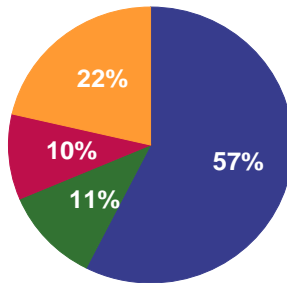
 Panalpina Business Unit

 Partner Companies / Agent



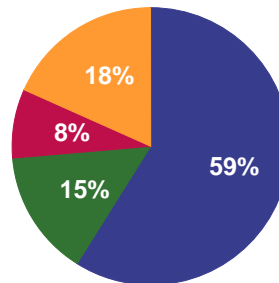
# Regional Focus – Financial Breakdown (2004)

**Net Forwarding Revenue**



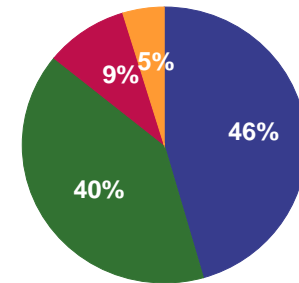
Total: CHF 6,120m

**Gross Profit (Contribution Margin)**



Total: CHF 1,341m

**EBITA**



Total: CHF 169m

Europe / Africa / Middle East / CIS

Asia

Central and South America

North America

# Business Area Focus

## A PASSION FOR SOLUTIONS

### Air Freight



- Central Procurement & Capacity Management
- Strategic Partnerships with selective 1<sup>st</sup> class carriers
- 24/7 Hub and charter operations

### Ocean Freight



- Central Procurement and Capacity Management
- Strategic Partnership with selective 1<sup>st</sup> class carriers
- Intermodal services

### Supply Chain Management



- Non-asset based Lead Logistics Provider (LLP)
- Complementary services to freight forwarding (e.g. outbound / inbound warehousing)
- Project forwarding (PanProjects)

# Sector Focus

## A PASSION FOR SOLUTIONS

### Oil & Gas



- Supply companies
  - Drilling companies
  - Oil companies
  - Contractors
- Not included:*
- Transport of oil

### Hi-Tech



- Computer
- Electronics
- Telecom
- Semi-Conductor
- Contract
- Manufacturers

### Automotive



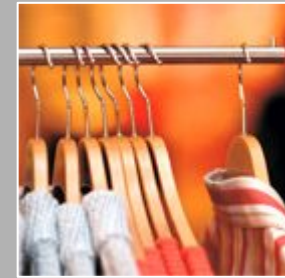
- Manufacturer
- Suppliers
- After-Market Parts

### Healthcare



- Pharmaceutical
- Life Science
- Biotechnology
- Diagnostics
- Dental Care
- Medical devices
- Orthopaedics
- Customer Healthcare

### Retail & Fashion



- Textiles
  - Wearing
  - Apparel
  - Footwear
  - Accessories
- Not included:*
- Perfumes
  - Watches



# Panalpina Oil & Gas: Market Leadership in a Uniquely Complex Sector with High Barriers to Entry



- Only freight forwarder with meaningful global capability in the booming international Oil & Gas upstream sector
- Key differentiators:
  1. Presence at the oil & gas decision making centers
  2. Presence at the actual oil & gas upstream sites
  3. Profound industry and materials know-how
  4. Industry focused Supply Chain Solutions



## Panalpina's Key Assets

### Human Resources – People Business



- Strong company culture – a passion for solutions
- Continuity in top- and middle management
- Panacademy – quality training and staff development
- Performance based incentive plans

### Information Technology – Key to Success



- Globally standardized software applications
- 24/7 systems support and security
- Innovative Customer applications
- Independent communication network
- Best-in-Class vs. State-of-the-Art

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# Financials

(2004 and 2005 will be restated)



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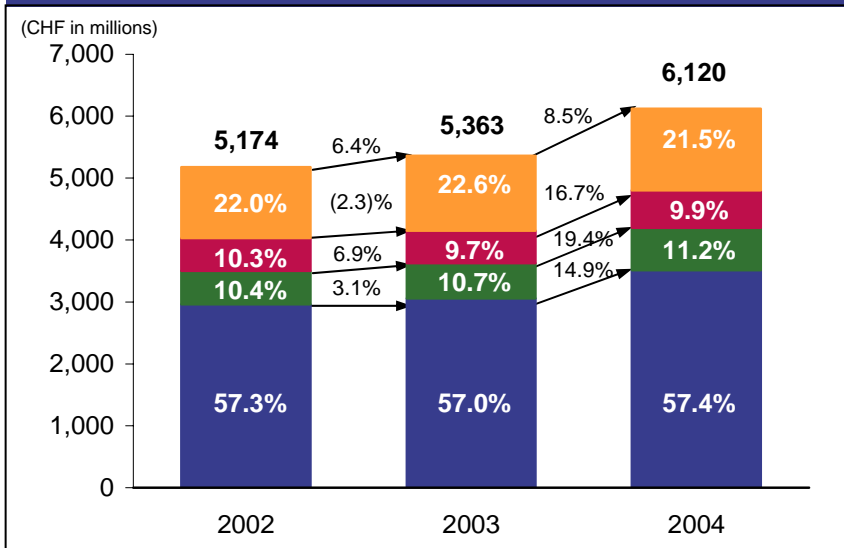
# Summary Income Statement (2004 and 2005 to be restated)

(CHF in millions)

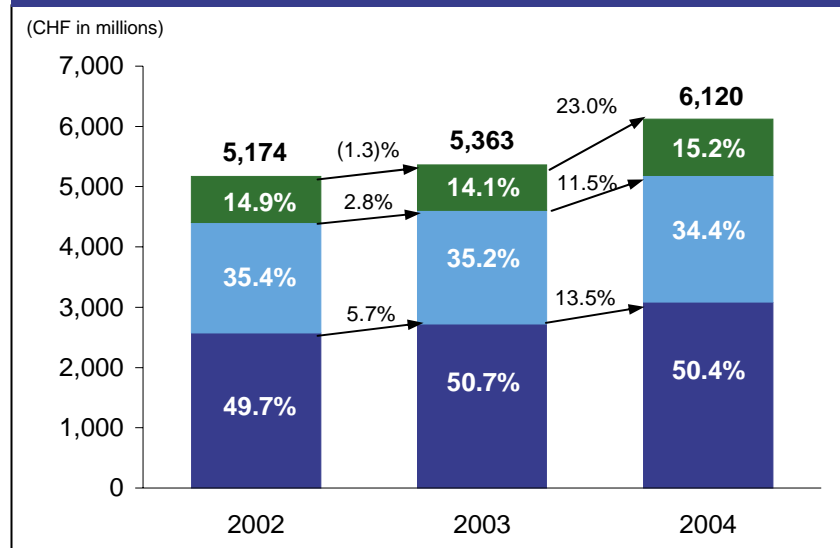
	Full-year			Interim	
	2002	2003	2004	09/2004	09/2005
<b>Net Forwarding Revenue</b>	<b>5,175</b>	<b>5,362</b>	<b>6,120</b>	<b>4,369</b>	<b>4,967</b>
% Growth		3.6%	14.1%		13.7%
<b>Gross profit</b>	<b>1,248</b>	<b>1,239</b>	<b>1,341</b>	<b>988</b>	<b>1045</b>
% Growth		(0.7%)	8.2%		5.8%
Margin on NFR	24.1%	23.1%	21.9%	22.6%	21.0%
<b>EBITDA</b>	<b>211</b>	<b>195</b>	<b>212</b>	<b>149</b>	<b>166</b>
Margin on GP	16.9%	15.8%	15.8%	15.0%	15.9%
<b>EBIT</b>	<b>152</b>	<b>138</b>	<b>153</b>	<b>103</b>	<b>130</b>
Margin on GP	12.2%	11.1%	11.4%	10.4%	12.4%
<b>Consolidated net earnings</b>	<b>116</b>	<b>98</b>	<b>111</b>	<b>78</b>	<b>103</b>

# Net Forwarding Revenue by Segments (2004 and 2005 to be restated)

**Net Revenue Split by Region**



**Net Revenue Split by Business Segment**



Europe / Africa /  
ME / CIS

Asia /  
Pacific

Central & South  
America

North  
America

Air

Ocean

Supply Chain  
Management

# Balance Sheet & Cash Flow Summary (2004 and 2005 to be restated)

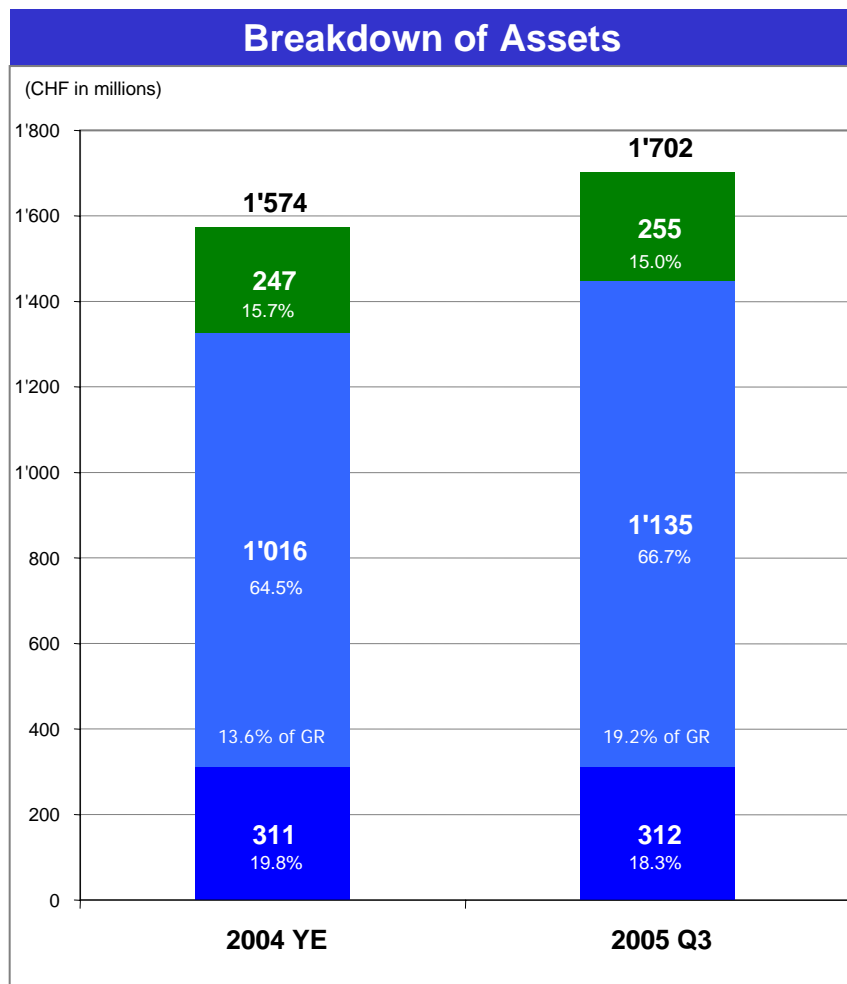
(CHF in millions)

	Full-year			Interim	
	2002	2003	2004	06/2005	09/2005
Cash and cash equivalents <sup>(1)</sup>	301	332	247	195	255
Borrowings	(36)	(32)	(37)	(43)	(35)
<b>Net cash (debt)</b>	<b>265</b>	<b>300</b>	<b>210</b>	<b>151</b>	<b>220</b>
<b>Net Working Capital <sup>(2)</sup></b>	220	263	370	443	423
As % of (LTM) gross revenue	3.5%	4.0%	5.0%	5.7%	5.4%
<b>Total shareholder's equity</b>	680	737	797	816	847
<b>Total assets</b>	1,431	1,487	1,574	1,644	1,702
As % of (LTM) gross revenue	22.5%	22.7%	21.1%	21.2%	21.6%
<b>Net Capital Expenditures</b>	52	42	112	17	(9)

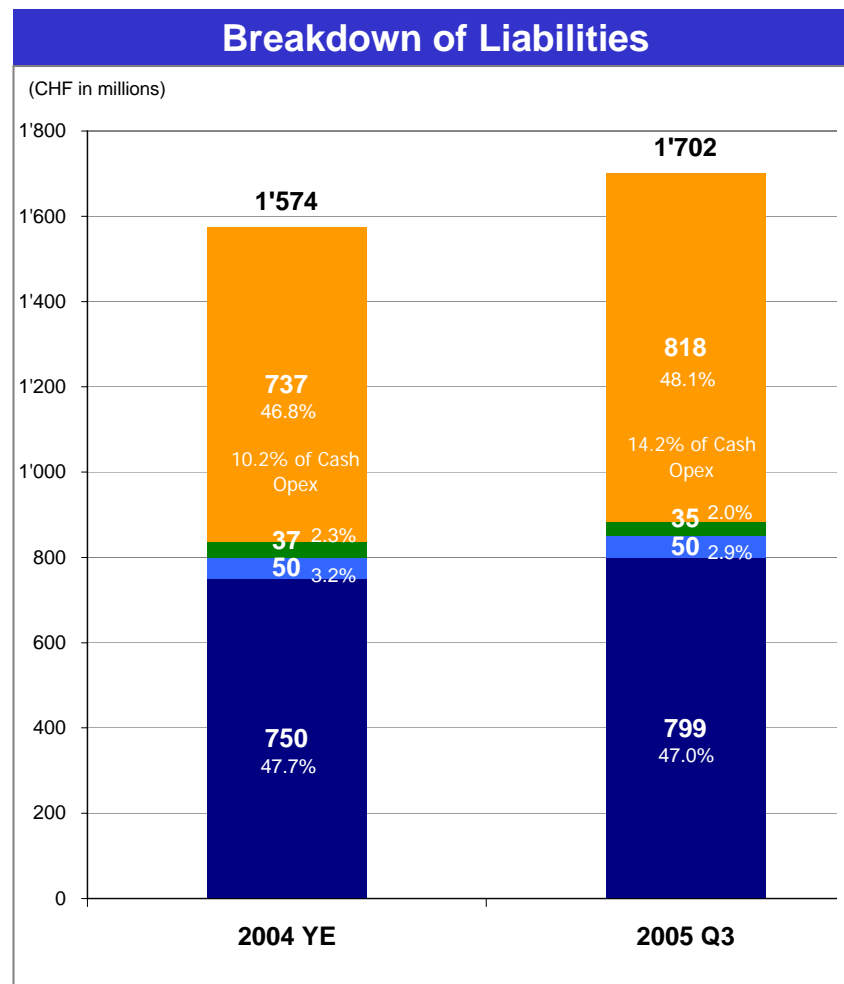
(1) Including financial assets held for trading

(2) Net working capital defined as current assets net of cash and equivalents minus current liabilities net of interest bearing debt

# Balance Sheet Structure (2004 and 2005 to be restated)



Note: GR = Gross Revenue



Note: Cash Opex = Gross Revenue - EBITDA

**Liquid Funds**

**Non-current assets**

**Payables, Accruals & Provisions**

**Share Capital**

**Receivables, & other assets**

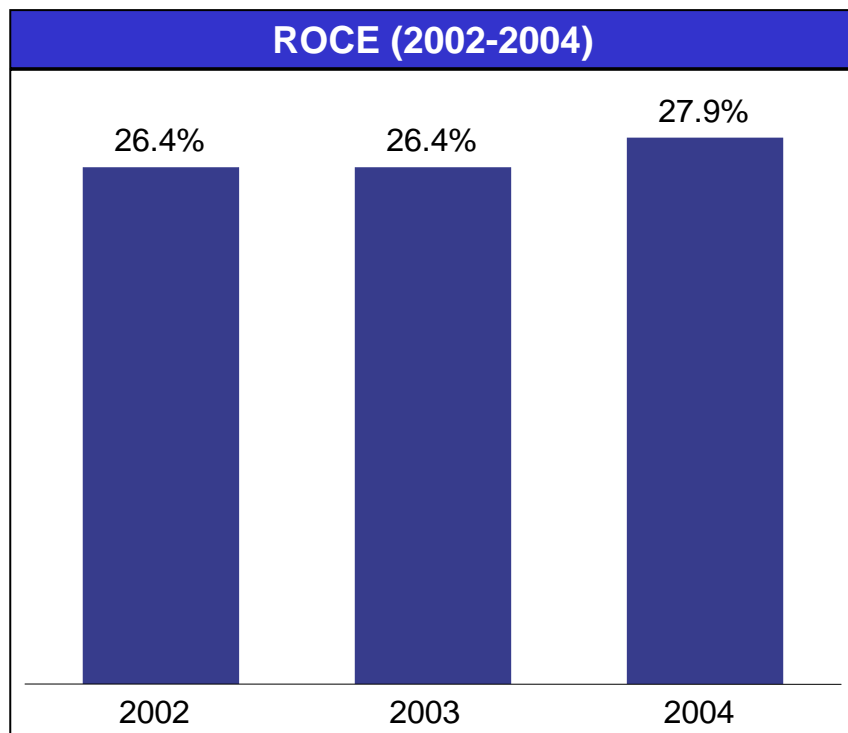
**Retained Earnings & Minorities**

**Borrowings**

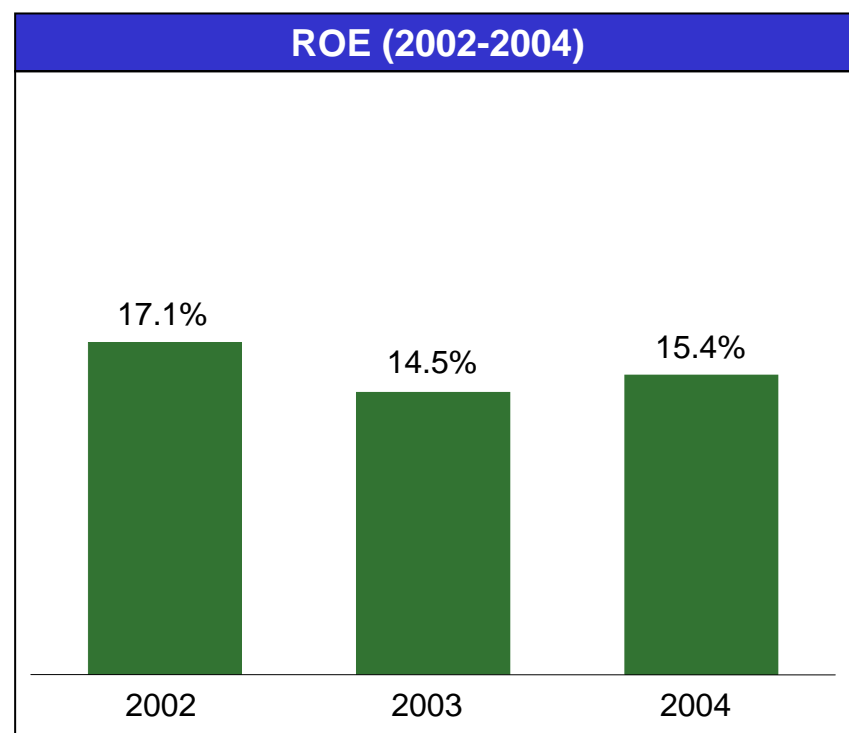
- Dividend Policy: target payout ratio in the range of 30-40%

## Returns (2004 and 2005 to be restated)

- Panalpina delivers consistently high returns
- Panalpina sees further scope for improving these returns to close the gap on industry best-in-class



Note: ROCE calculated as NOPAT / previous year-end book equity + net debt



Note: ROE calculated as net income / previous year-end book equity