

9 August 2007

Half-year results presentation

# 2007 Half Year Review

**PANALPINA**  
on 6 continents



**A PASSION FOR  
SOLUTIONS**

Freight  
Forwarding

Supply Chain  
Management

Special  
Competencies

## Executive summary

### Group performance (CHFm)

Net forwarding rev.	Gross profit	EBITDA	Net earnings
4'034.6 (+9.3%)	890.9 (+17.5%)	174.6 (+44.6%)	108.4 (+56.3%)

### Comment

Strong H1 2007 performance. June was the strongest month in company history in terms of gross forwarding revenue.

### Business units

Growth in %	Air	Ocean	SCM
Volumes	+9.4%	+14.6%	
Gross profit	+22.4%	+8.1%	+20.7%

### Comment

Volume growth outpaced the market in both air and ocean freight. Gross profit could be significantly increased in all three segments.

### Regional performance

All regions delivered remarkable performance, including Noram where targeted profitability is on track. Strong growth came especially from Europe, China, India and the Middle East.

### Verticals performance

Further progress in all of our core expertise areas, including our new vertical Telecom. Excellently thriving business in mining, Oil&Gas, and Panprojects.

## H1 2007 performance vs. guidance

### Market trends (short-term)

- No slowdown of world economy visible, but regional differences (e.g. Europe vs. USA)
- Air freight market YTD growing below beginning-of-year expectations
- Ocean freight market developing very dynamically with continued capacity constraints on certain routes
- Air freight rates have a tendency to further decline. Trade lane imbalances less severe.
- Ocean freight rates increasing further especially Asia outbound despite capacity increases

### Guidance vs. actual

	H1 2006	H1 2007	Guidance 2007
<b>Gross profit growth</b>	+13.0%	+17.5%	≥ 9%
<b>EBITDA / GP margin</b>	15.9%	19.6%*	20 – 22%
<b>NWC intensity</b>	4.4%	4.0%	4 – 5%
<b>Tax rate</b>	22.3%	23.1%	~25%

\*20.8% excluding non-recurring items

## Consolidated income statement summary

in CHFm	H1 2006	H1 2007	Change
<b>Net forwarding revenue</b>	3'691.7	4'034.6	+9.3%
<b>Gross profit</b>	758.3	890.9	+17.5%
<i>GP margin on NFR</i>	20.5%	22.1%	+160 basis points
<b>EBITDA (reported)</b>	120.7	174.6	+44.6%
<b>EBITDA<sup>1</sup> (normalized)</b>	120.5	173.9	+44.3%
<i>Normalized EBITDA margin on GP</i>	15.9%	19.5%	+360 basis points
<b>EBIT (reported)</b>	96.6	148.3	+53.5%
<b>EBIT<sup>2</sup> (normalized)</b>	96.4	147.6	+53.1%
<i>Normalized EBIT<sup>2</sup> margin on GP</i>	12.7%	16.6%	+390 basis points
<b>Net earnings</b>	69.3	108.4	+56.3%

(1) Excluding impact of gain on sale of assets

(2) Excluding impact of gain on sale of assets and impairment of financial assets

## Balance sheet & cash flow summary

in CHFm	12 months ended 31/12/06	6 months ended 30/06/07
Cash and cash equivalents <sup>(1)</sup>	373.9	429.4
Borrowings	(27.5)	(24.0)
<b>Net cash (debt)</b>	<b>346.4</b>	<b>405.4</b>
<b>Total cash flow from operating activities</b>	<b>154.1</b>	<b>212.3</b>
<b>Net working capital <sup>(2)</sup></b>	413.0	399.3
% of gross revenue	4.4%	4.0%
<b>Total shareholder's equity</b>	977.7	1'024.9
<b>Total assets</b>	2,108.3	2'227.6
Asset intensity <sup>(3)</sup>	7.7%	7.7%
<b>Net capital expenditures (half year comparison)</b>	24.3	17.8

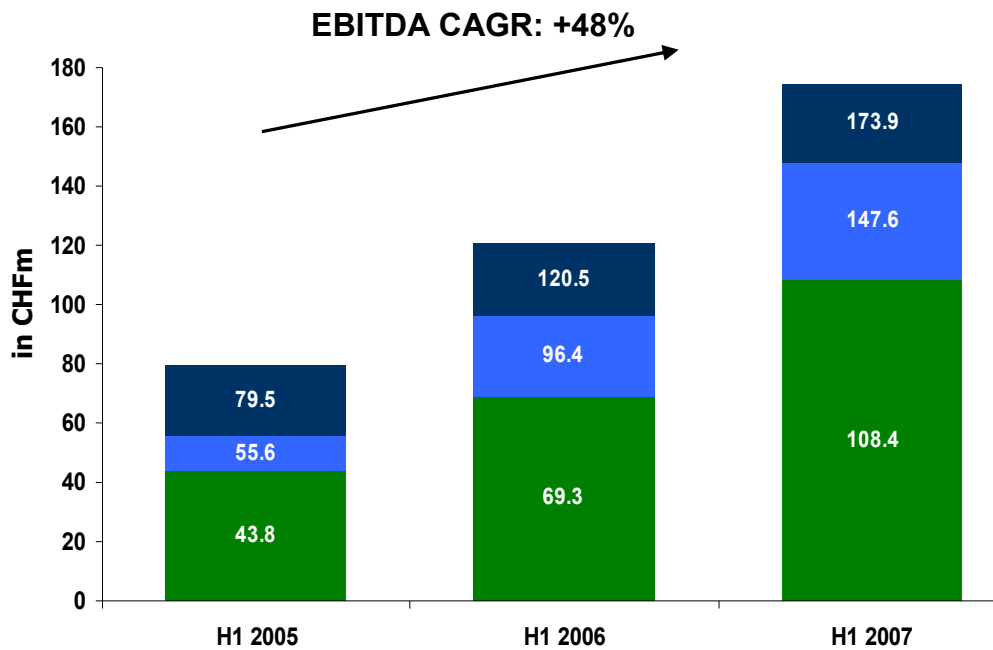
(1) Including financial assets held for trading

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

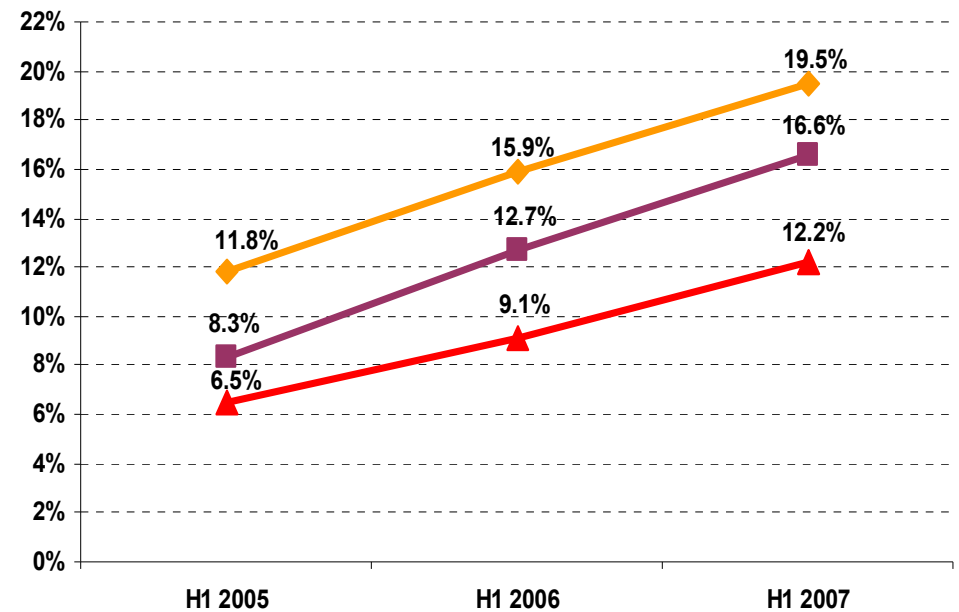
(3) Calculated as tangible fixed assets / total assets

# Group profitability

## Profitability development



## Margin development



EBITDA<sup>1</sup>

EBIT<sup>2</sup>

Net income

EBITDA margin

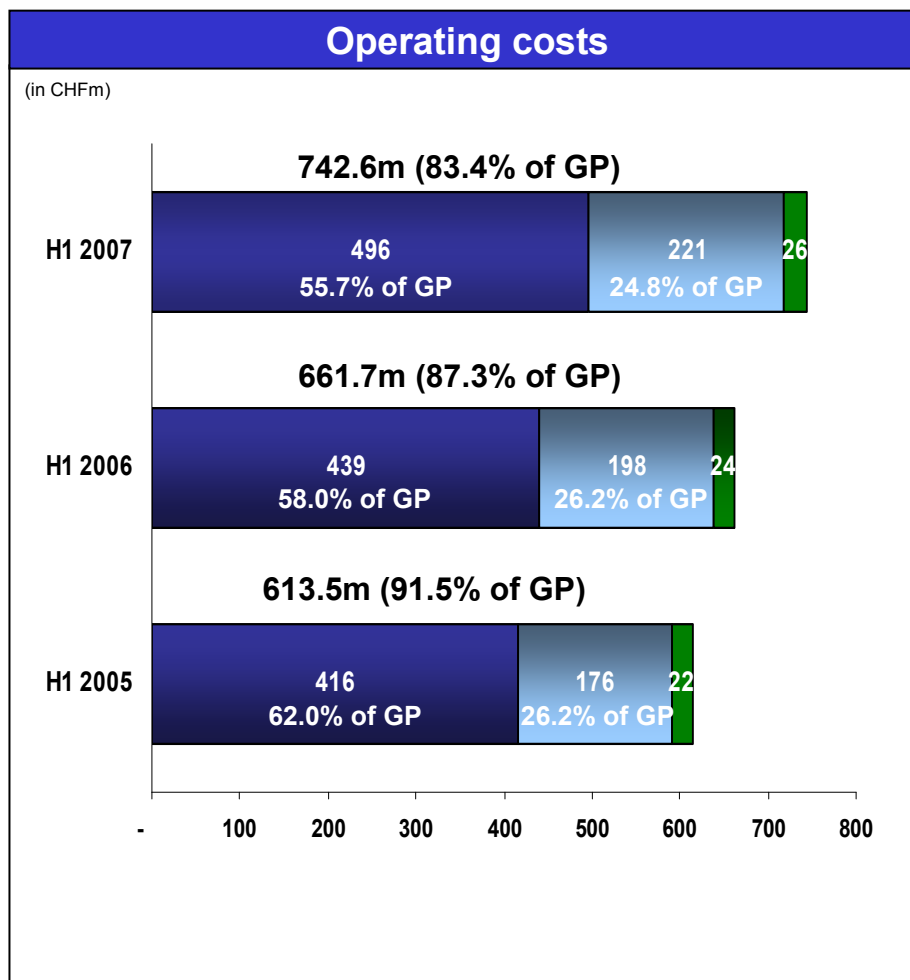
EBIT margin

Net income margin

(1) Excluding impact of gain on sale of assets and special items

(2) Excluding impact of gain on sale of assets, special items, and impairment of financial assets

## Operating cost development



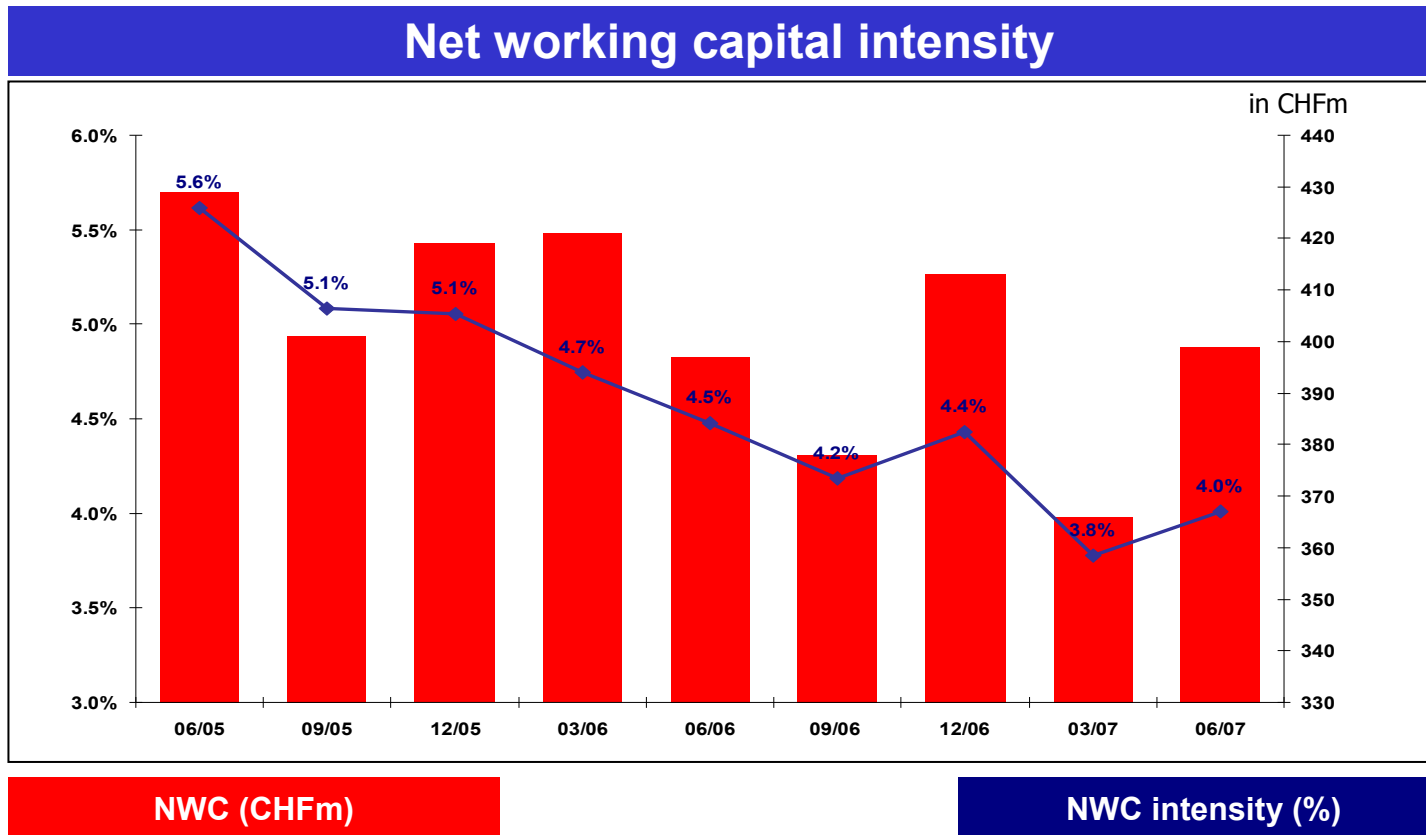
Personnel

Other operating costs

D & A

- H1 2007 operating expenses (opex) in % of GP decreased by 390 bps to 83.4%.
- YoY personnel expenses grew by 12.9%, while headcount increased by 6.5%. The difference is attributable to wage inflation, one-offs and FX impacts.
- Other opex grew by 11.3% and were kept under tight control, resulting in further reduction of the other opex cost ratio.
- H1 2005 – H1 2007 CAGR for operating costs:
  - 9.3% for personnel expenses
  - 12.1% for other operating expenses
  - 8.9% for D&A

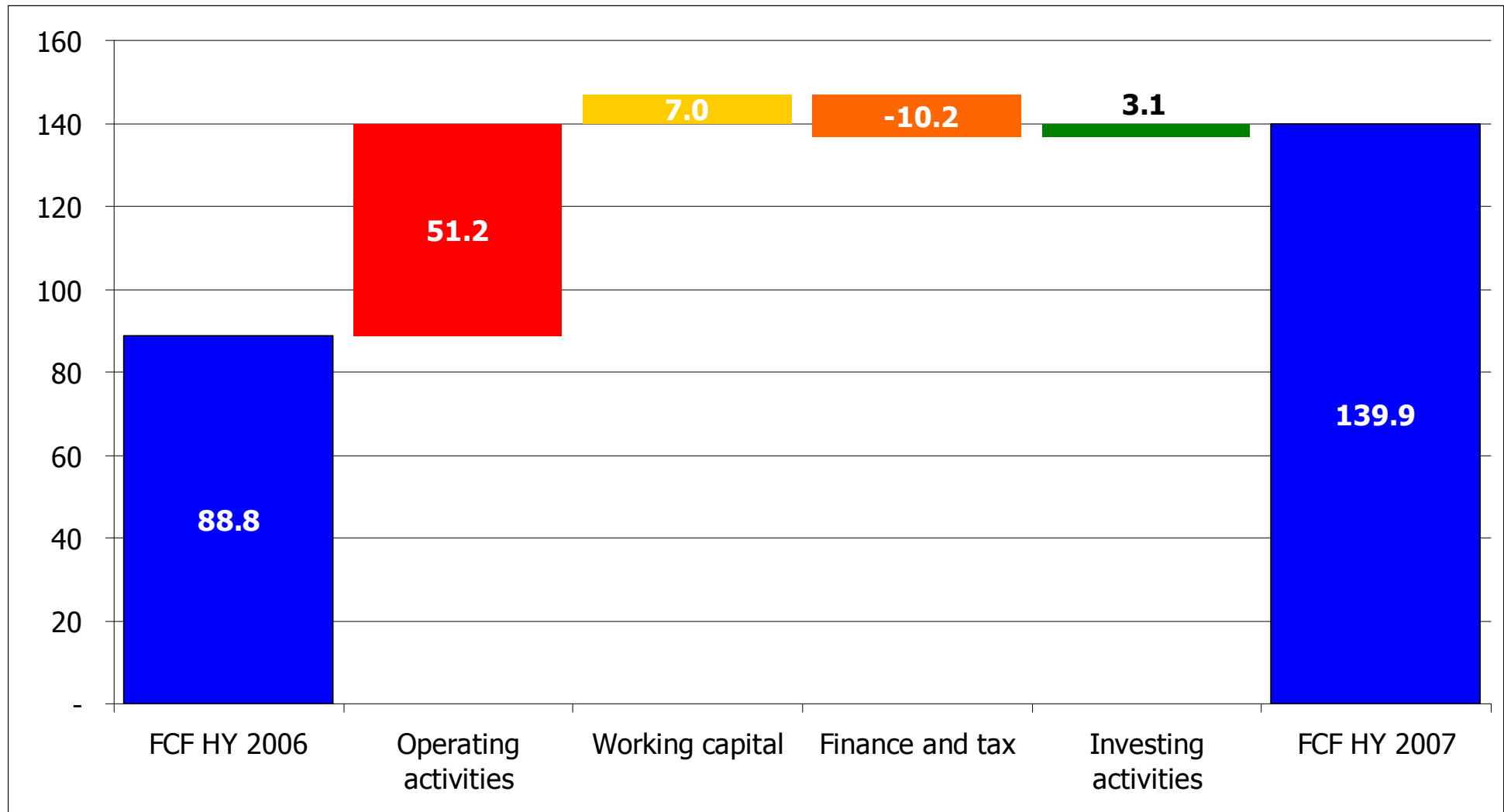
## Working capital - overview



- Good performance in NWC management in Q2 2007, where a slight increase in DSO was compensated by an according increase in DPO.
- Net working capital intensity is at the low end of the given guidance of 4-5%.
- No deterioration in credit quality



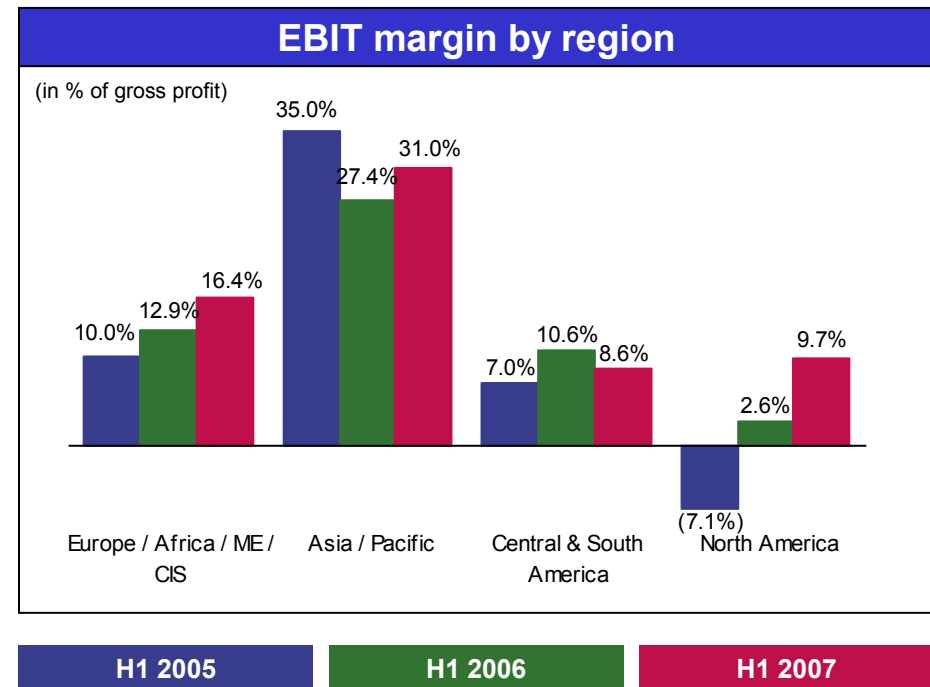
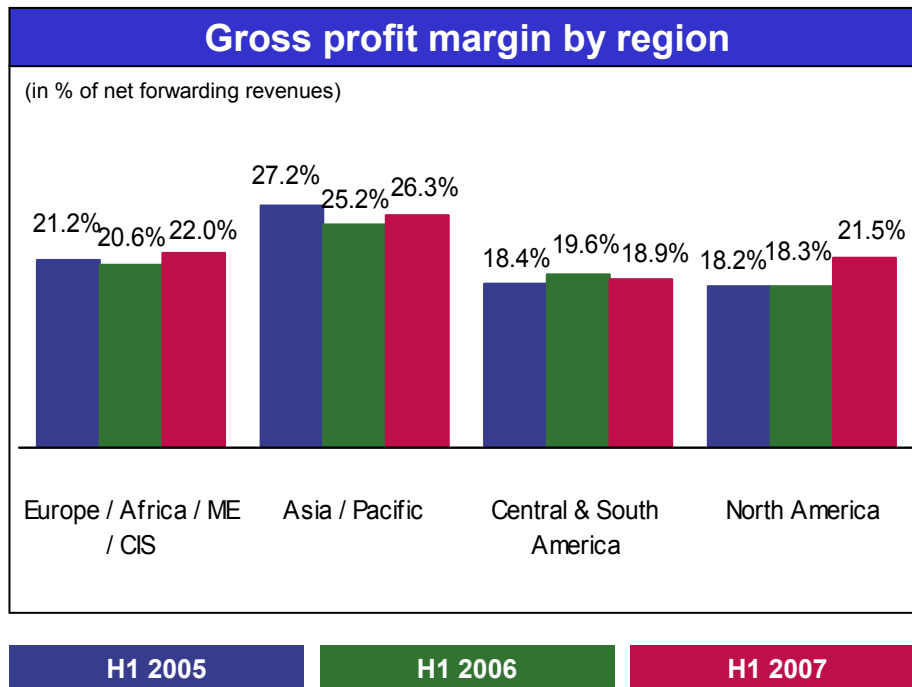
## Free cash flow development



## Regional business development

H1 2007 growth (year-on-year)	EMEA	NORAM	LATAM	APAC	Group
Net forw. revenue	+13.1%	-1.6%	+12.5%	+9.4%	+9.3%
Gross profit	+20.8%	+15.9%	+6.1%	+14.2%	+17.5%
EBIT	+54.5%	+325%	-14.3%	+29.0%	+53.5%
	<ul style="list-style-type: none"> <li>• Strong EU economy</li> <li>• Solid trend in O&amp;G</li> <li>• Very buoyant Caspian Sea and West Africa</li> <li>• Asia imports and Africa exports extremely strong</li> <li>• Further market share gains</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue depressed due to US dollar weakness</li> <li>• Strong EBIT recovery in line with our objective</li> <li>• Excellent SCM, mining and O&amp;G performance</li> <li>• Refocusing on service and customer portfolio</li> <li>• Slowdown of US imports</li> </ul>	<ul style="list-style-type: none"> <li>• Very strong exports to Asia and Europe</li> <li>• Strong Hi-Tech and Automotive</li> <li>• Completion of a larger mining project</li> <li>• Appreciation of local currencies impacted EBIT</li> </ul>	<ul style="list-style-type: none"> <li>• Intra-Asia traffic still small but growing strongly</li> <li>• Further prominent growth expected from Asia outbound</li> <li>• Network expansion in China</li> <li>• China-Africa of increas. importance</li> <li>• Enjoyed better airfreight pricing</li> <li>• Capacity shortages, rate hikes in ocean Asia outbound</li> </ul>	<ul style="list-style-type: none"> <li>• Good performance in all regions but FX impacts in Noram and Latam</li> <li>• Strong volumes across all business units and industry verticals</li> <li>• Accelerated SCM growth in Q2 due to cross-selling from air and sea</li> </ul>

## Profitability by region



- Gross profit growth exceeded the guidance in H1 2007.
- EBIT margin developed well in all regions, but Latam suffered from a negative currency impact. Noram profitability has been restored.
- Strong European economic performance is boosting our EMEA results. Strong O&G and Hi-Tech verticals are positively contributing and perspectives remain promising.

## Development of core business segments

- Market growth in H1 was ~4%
- Our air freight volumes in H1 were up 9.4%
- Most trade lanes performed well
- Strong development on China-Europe, Noram-Latam, and Europe-Africa



**Air freight**

- Market growth in H1 was ~10%
- Our sea freight volumes in H1 were up 14.6%
- Most trade lanes performed well
- Strong development on Asia-Europe, Asia-Noram, Intra-Asia, and Latam outbound



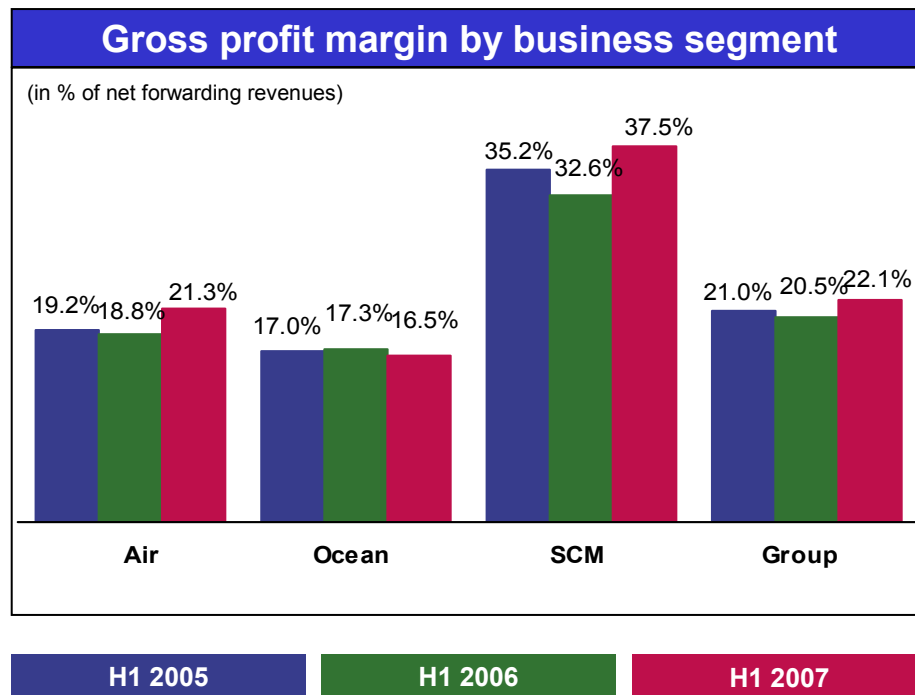
**Ocean freight**

- Ongoing refocusing of our service and customer portfolio
- Very strong Oil&Gas and project business have led to strong margin expansion
- Overall market trends are extremely good



**Supply chain management**

## Performance by business segment



- Solid volume growth resulted in high turnover growth in both air (+8%) and ocean (+13%).
- Strong margin expansion in airfreight due to favorable supply-demand balance and more efficient procurement.
- Slight margin contraction in ocean freight due to tight capacities and steep rate increases.
- Nice margin expansion in SCM due to 'cross-selling', customer profitability focus, and a thriving project and mining business.

## Investor Day in London, 20 September 2007

Time	Presentation	Speaker
09.30	<i>Registration and welcome coffee</i>	
10.00	Introduction / business update	Monika Ribar, CEO
10.20	Financial update	Jürg Honegger, CFO
10.40	Operations overview	Jörg Eggenberger, COO
11.00-11.30	<i>Break</i>	
11.30	Characteristics and procurement in the airfreight market	Robert Frei, Head of Airfreight and Corporate Development
11.50	Characteristics and procurement in the oceanfreight market	Dominik Tichelkamp, Head of Oceanfreight
12.10	Supply Chain Management, M+S Organization	John Klompers, CMO
12.30-13.30	<i>Buffet Lunch</i>	
13.30	Freight Forwarding in China: Players and Trends	Robert Timmerman, Regional CEO China/Taiwan
13.45	Development and outlook in Noram	Karl Weyeneth, Regional CEO Noram
14.00	Case study IT - demonstration of platform integration, track-and-trace capabilities, disaster recovery	Günther Denk, Head of IT
14.20-14.35	<i>Break</i>	
14.35	Growth potential Apac	Lukas Fischer, Regional CEO Apac
14.50	Supply Chain Management (case study)	Josef Zech, Regional CEO Latam
15.05	Europe – leadership and competitiveness in a mature market	Sandro Knecht, Regional CEO Europe
15.20	Q & A	
15.45-16.30	<i>Cocktail and canapé reception</i>	
16.30	End of Investor Day	