

Panalpina Group

Basel, 29th April 2010

2010 First Quarter Review



**A PASSION FOR
SOLUTIONS**

Air
Freight

Ocean
Freight

Supply Chain
Management

Executive summary

- Strong volume growth: outpacing the market in Ocean, growing in line with market in Air
- Profitability per unit of cargo still under pressure, but improving sequentially
- Gross profit increase of 5% quarter-on-quarter
- Expenses kept at low levels, productivity significantly improving
- Consolidated profit back to break-even
- Net working capital intensity kept at low level
- Implementation of key initiatives well on track
- Settlement with U.S. authorities at advanced stage – related provisions will be booked in second quarter. Total amount is CHF 120 million, covering the FCPA case and related legal fees as well as the US anti-trust investigation

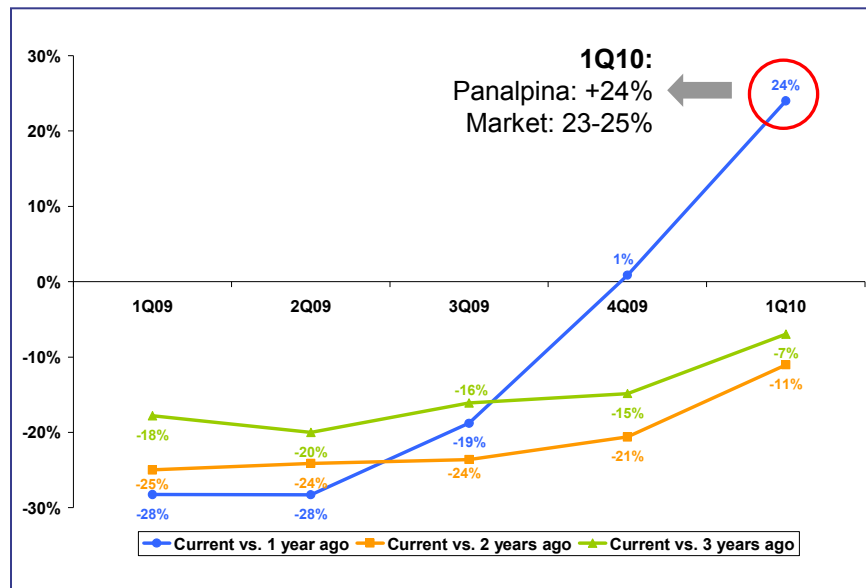
Key figures

(CHF million)	Q1 2010	Q1 2009	Variance %	
			CHF	Excl. FX
Net forwarding revenue	1'587.8	1'610.1	-1.4%	-0.7%
Forwarding expenses	(1'260.4)	(1'235.0)		
Gross profit	327.4	375.1	-12.7%	-12.2%
<i>in % of net forwarding revenue</i>	20.6%	23.3%		
Total operating expenses	(317.3)	(360.7)	-12.0%	-11.1%
EBITDA	10.1	14.4	-30.2%	-39.3%
<i>in % of gross profit</i>	3.1%	3.8%		
Depreciation of property, plant and equipment	(8.4)	(8.6)		
Amortization of intangible assets	(2.2)	(2.9)		
Operating result (EBIT)	(0.6)	2.9		
<i>in % of gross profit</i>	-0.2%	0.8%		
Financial result	0.7	(0.3)		
Earnings before taxes (EBT)	0.1	2.6		
Income tax expenses	(0.1)	(0.7)		
<i>% of EBT</i>	68.1%	26.7%		
Consolidated profit	0.0	1.9		
<i>in % of gross profit</i>	0.0%	0.5%		
<i>Non-recurring items:</i>				
Legal costs (FCPA, Anti-trust)	(8)	(18)		
Severance costs		(10)		
underlying EBITDA	18.1	42.4	-57.4%	
<i>in % of gross profit</i>	5.5%	11.3%		
underlying EBIT	7.4	30.9	-75.9%	
<i>in % of gross profit</i>	2.3%	8.2%		

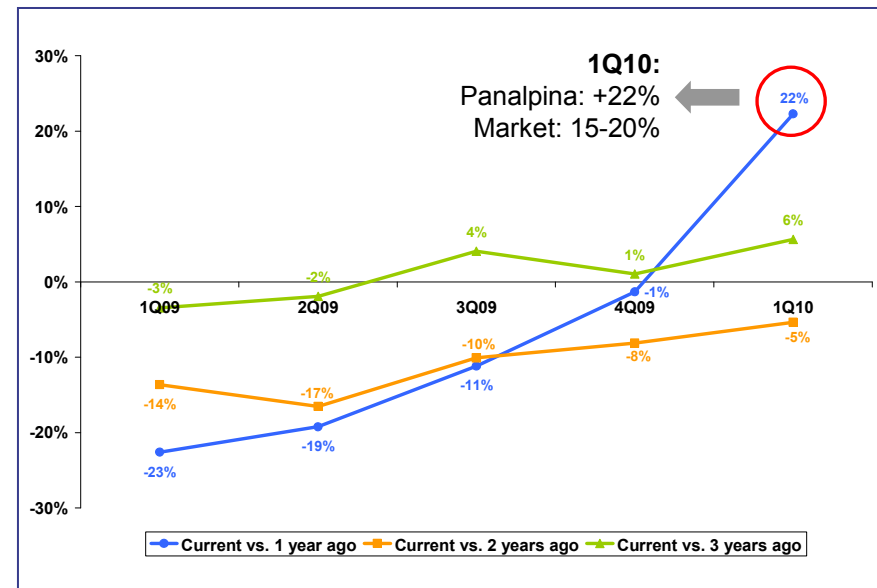
Note: 1Q10 tax rate is not representative due to earnings before taxes close to zero.

Volumes: strong double-digit YoY increases, but not yet back to pre-crisis levels

Air freight: current volumes vs. last three years



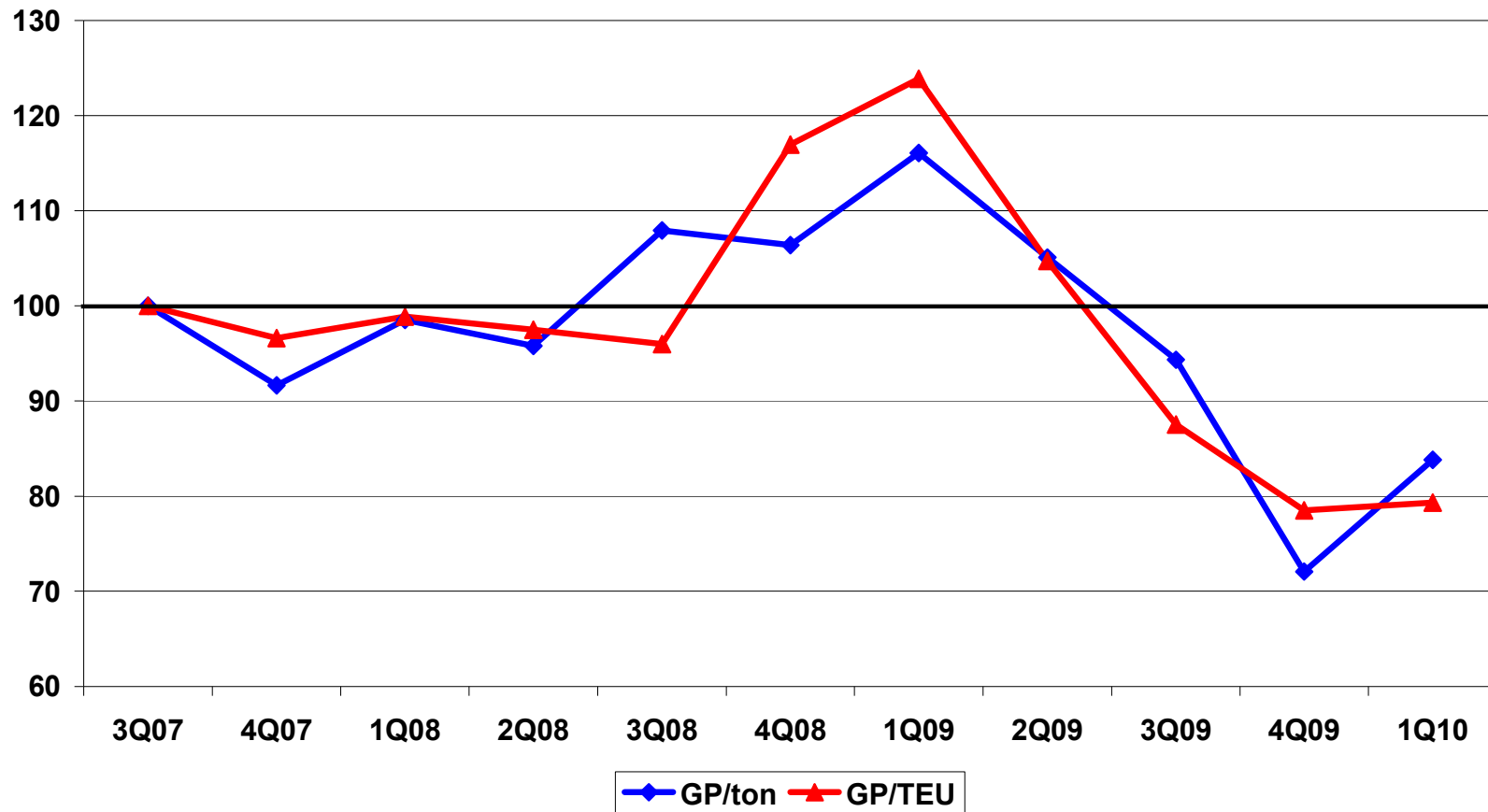
Ocean freight: current volumes vs. last three years



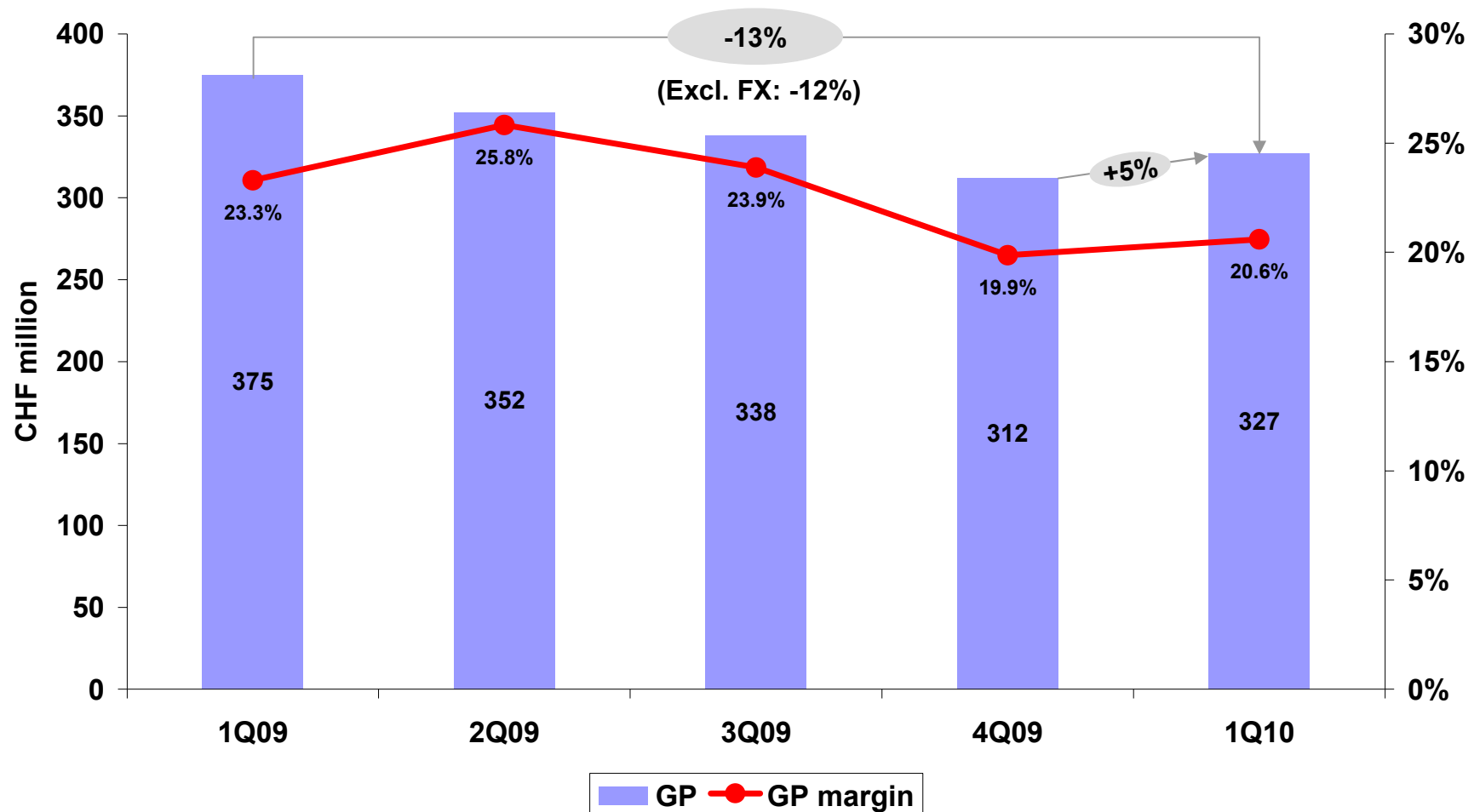
- Volume growth in Air and Ocean >20% year-on-year
- Comparisons to prior-year period becoming 'less easy' in second half-year
- Volumes show improving trend but remain below pre-crisis levels

Unit profitability: Air on recovery path, Ocean still under pressure

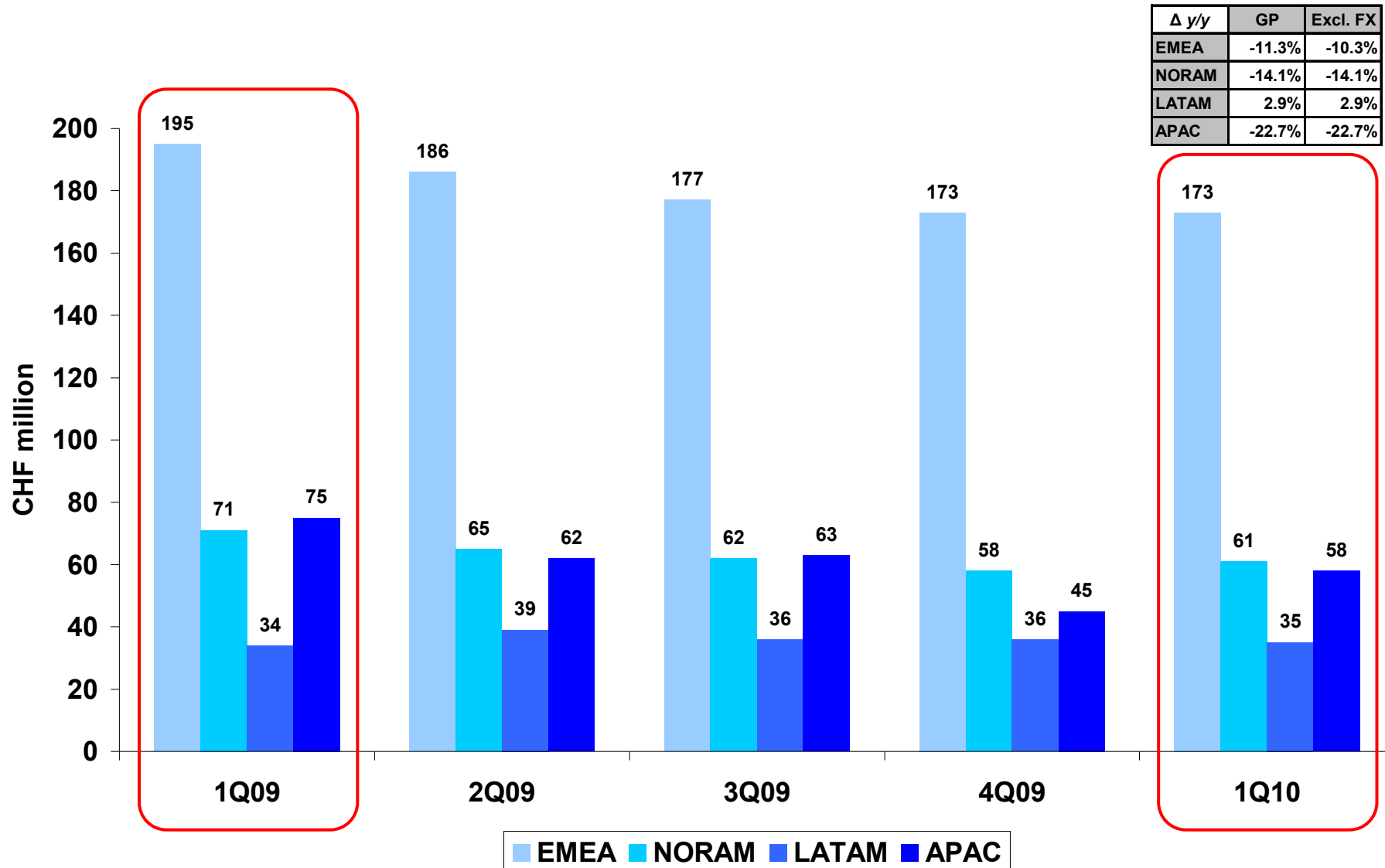
GP/unit index (historical average 3Q07 = 100)



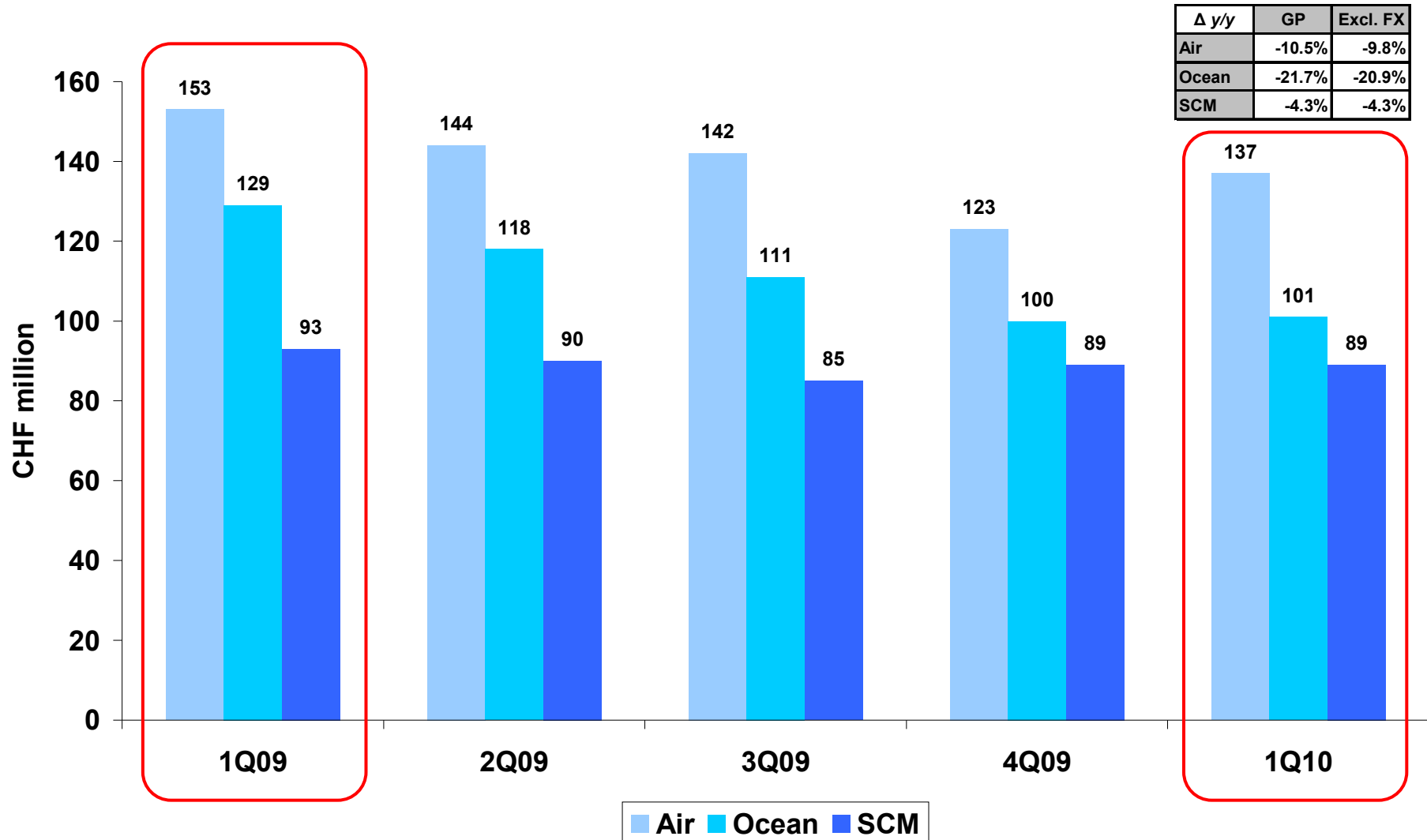
Recovering gross profit and gross profit margin



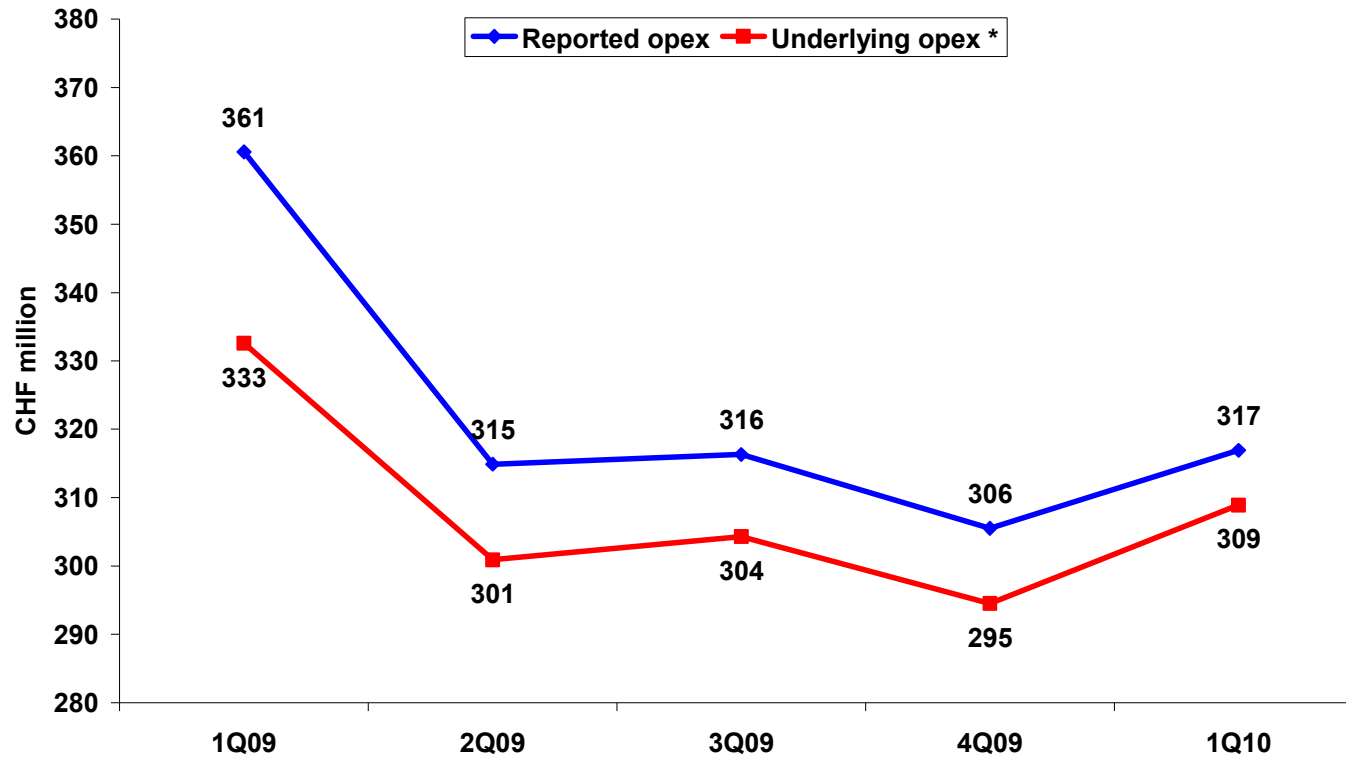
Development of gross profit per region



Development of gross profit per segment



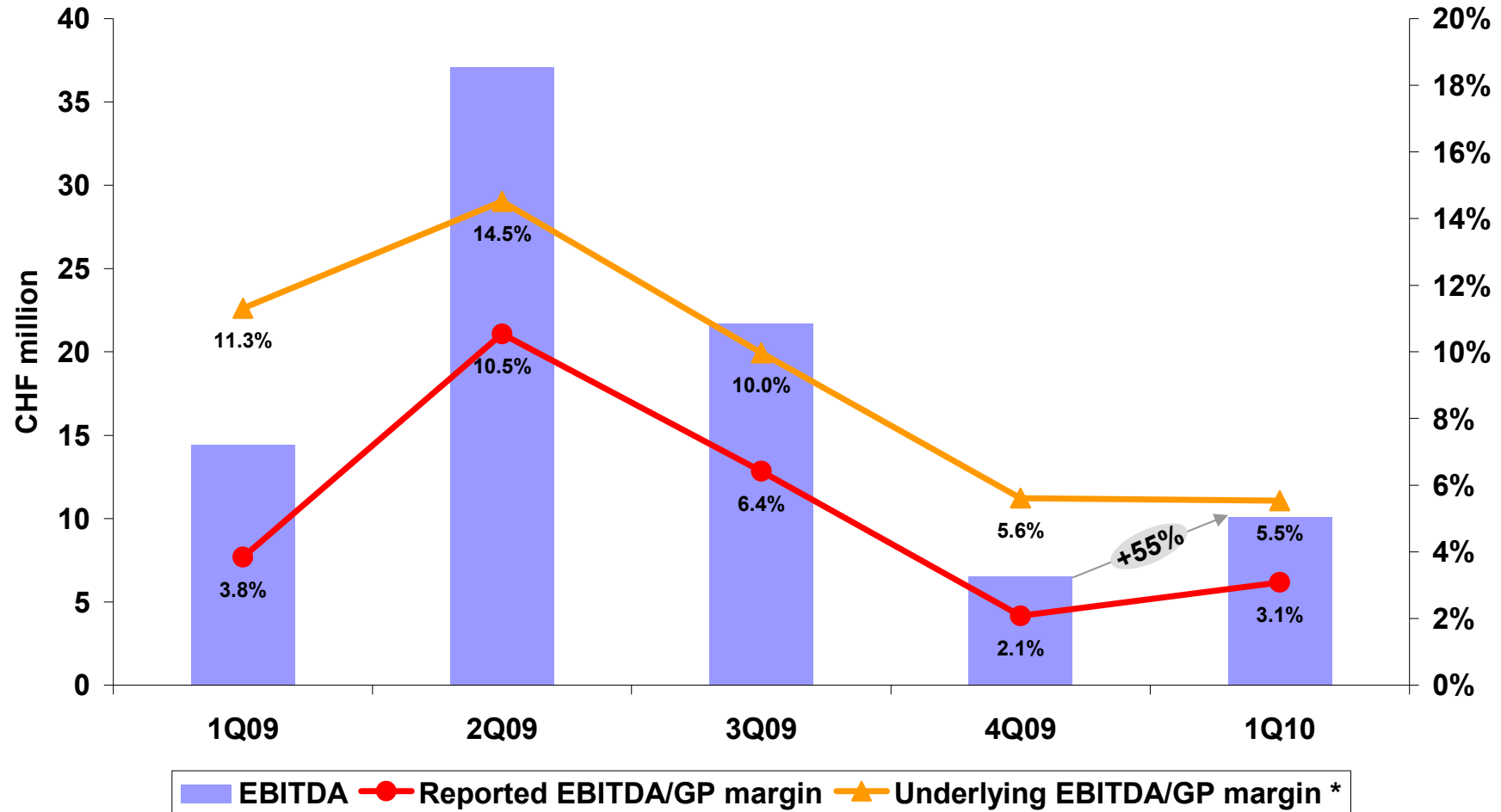
Operating costs well under control



	31 Mar 10	31 Dec 09	Δ	% Δ
FTE	13'693	13'773	-80	-0.6%

* Adjusted for legal fees related to pending legal claims. 1Q09 additionally adjusted for severance costs. Refer to appendix for details

Development of Group EBITDA

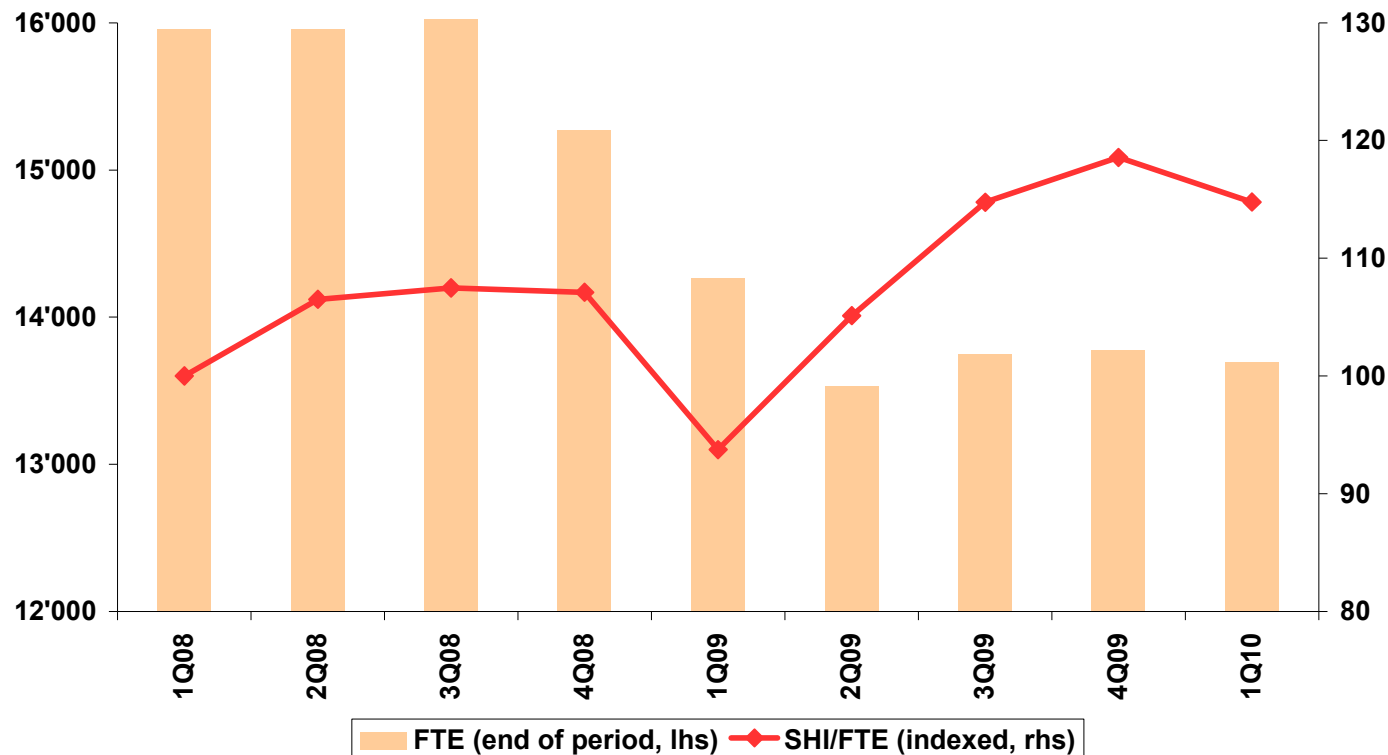


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Productivity kept at high level

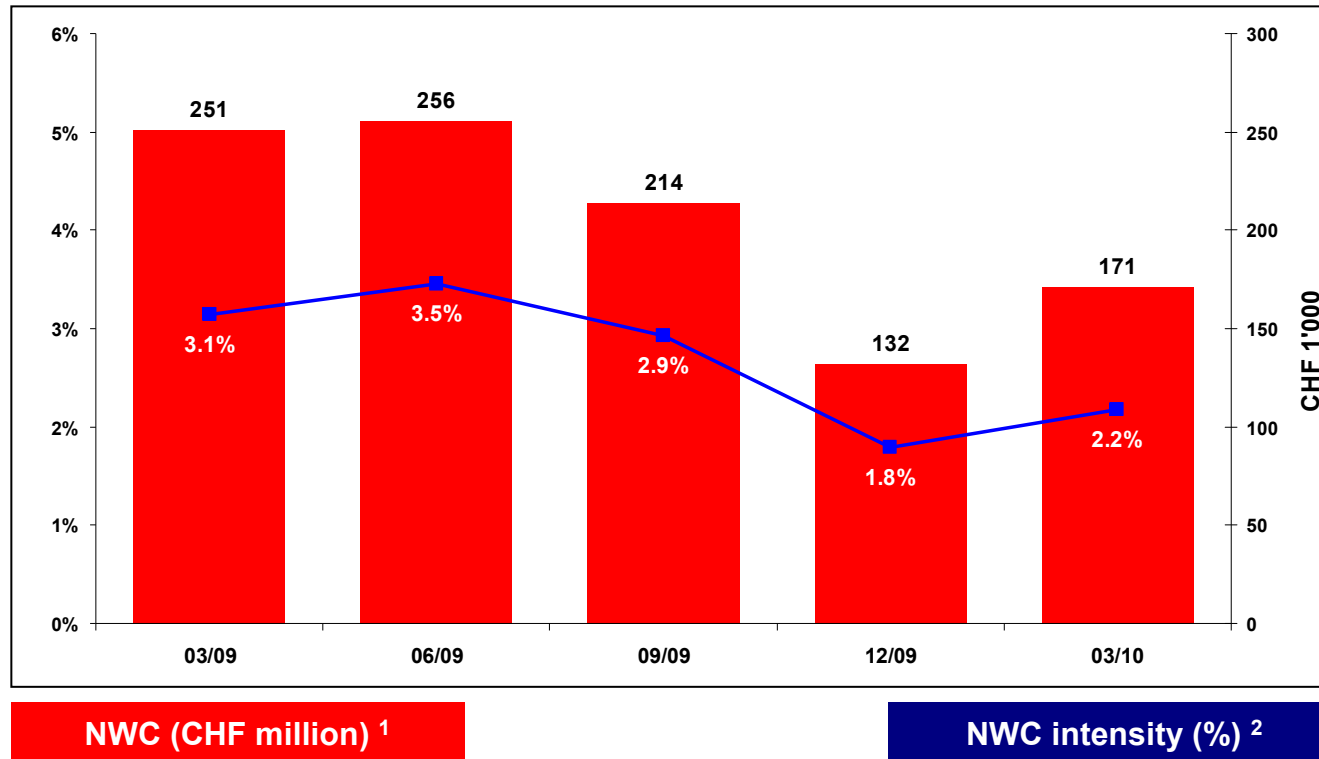
Development of FTE's and FTE productivity

(shipments handled per FTE, 1Q08 = 100)



- Productivity in Q1 2010 at a record first quarter level
- Less-than-normal seasonal decrease from Q4 2009 to Q1 2010
- Further volume increases to be accommodated with FTE increases

NWC intensity kept at low levels



(# of days)	Mar 2010	Mar 2009
DSO	42.8	39.6
DPO	31.3	20.7
Δ (DSO – DPO)	11.5	18.9

¹ Net working capital defined as current assets net of cash and liquid instruments minus current liabilities net of interest bearing debt

² NWC intensity defined as NWC divided by gross forwarding revenue

Free cash flow and cash balance development

Figures in CHF million

	31-Mar-10	31-Mar-09
Cash flow before changes in working capital	26.0	29.9
Changes in working capital	(39.2)	138.5
Cash from operations	(13.2)	168.4
Interest and income taxes paid	(7.3)	(20.1)
Net cash from operating activities	(20.5)	148.4
Net cash from investing activities	(2.7)	(7.4)
Free cash flow	(23.3)	140.9
Net cash used in financing activities	(2.3)	(3.2)
Effect of exchange rate changes	4.5	8.1
Cash and cash equivalents at beginning of period	531.8	362.4
Net increase (decrease) in cash and cash equivalents	(21.1)	145.7
Cash and cash equivalents at end of period	510.7	508.1

Legal update

FCPA ('Foreign Corrupt Practices Act') investigation:

- The Group closed its operations in Nigeria in September 2008 as part of its compliance remediation efforts.
- Negotiations with respective U.S. authorities are at an advanced stage.
- Panalpina expects that it will be possible to reach a settlement related to alleged violations of the U.S. Foreign Corrupt Practices Act in the near future.
- A provision to cover the possible settlement costs and related legal fees will be reflected in the 2010 Half Year financial statements.

(Industry-wide) anti-trust investigation:

- Investigation activities are ongoing in Switzerland, the EU and New Zealand. In Canada and Australia, respective investigations have been closed. In the U.S., negotiations with the U.S. Department of Justice are at an advanced stage.
 - Panalpina expects that it will be possible to reach a settlement related to the alleged violations in the U.S. in the near future.
 - A provision to cover the possible settlement costs for the US-investigation and related legal fees will be reflected in the 2010 Half Year financial statements.
 - These provisions do not cover the other ongoing anti-trust investigations – in particular the proceeding launched by the European Commission – as Panalpina is unable to predict the amount of any potential fine with certainty.
- ▶ Total provisions to cover the FCPA case as well as the anti-trust investigation in the US, including related legal expenses, amount to CHF 120 million and will be charged to the 2010 Half Year financial statements.

Review of targets and priorities for 2010

	Targets / priorities for 2010	Current status
Quantitative	Volume growth \geq market in aggregate	on track
	Tax rate < 26% *	on track - Q1 not representative (see note on slide 3)
	NWC intensity < 4%	on track
Qualitative	Strengthen sales/procurement processes	Various business wins across all products and verticals in recent months
	Clear product (Air, Ocean, Logistics) accountability	Ongoing focus on profitability improvement
	Extend expertise in product-crossing functions (Industry Verticals, Supply Chain Solutions)	Sharpening of industry vertical strategies under way
	Strict cost and cash control	Cost base kept under control (no FTE increases during Q1)
	Increase margins and productivity	Improving margins and productivity
	Leverage compliance leadership	Various business wins in recent months

* net of potential fines paid

Outlook

- Overall visibility for 2010 remains low
- Restocking will trigger overproportionate volume growth in H1 this year
- Major growth driver is Asia – consumption in Europe still relatively weak
- ▶ Panalpina believes in a recovery of freight volumes in 2010: high single-digit growth in air freight, mid single-digit growth in ocean freight
- ▶ Focus in 2010 is on profitability improvement

Panalpina – reasons to invest



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<h1>Appendix</h1>			
	A PASSION FOR SOLUTIONS		
	Air Freight	Ocean Freight	Supply Chain Management

Balance sheet

Figures in CHF million

	31-Mar-10	31-Dec-09	Variance	
			CHF	%
Cash, equivalents, other current financial assets	520.8	542.6	-21.8	-4.0%
Trade receivables, unbilled forwarding services	1'011.7	940.0	71.7	7.6%
Other current assets	130.0	116.1	13.8	11.9%
Property, plant and equipment	135.5	141.3	-5.8	-4.1%
Intangible assets	71.2	71.9	-0.7	-1.0%
Other non-current assets	125.0	112.7	12.2	10.8%
Total assets	1'994.0	1'924.6	69.4	3.6%
Short-term borrowings	8.7	12.0	-3.3	-27.2%
Trade payables, accrued cost of services	699.6	679.3	20.3	3.0%
Other current liabilities	265.2	241.2	24.1	10.0%
Long-term borrowings	0.7	0.9	-0.2	-18.4%
Other long-term liabilities	142.0	127.7	14.3	11.2%
Total liabilities	1'116.3	1'061.1	55.3	5.2%
Share capital	50.0	50.0	0.0	0.0%
Reserves, treasury shares	820.6	806.6	14.0	1.7%
Non-controlling interests	7.1	7.0	0.1	1.2%
Total equity	877.7	863.6	14.1	1.6%
Total liabilities and equity	1'994.0	1'924.6	69.4	3.6%
Net cash (debt)	511.3	529.7	-18.4	-3.5%
Asset intensity *	6.8%	7.3%		

* Calculated as tangible fixed assets / total assets

EBITDA reconciliation: reported vs. underlying

EBITDA in CHF million	Q1 2010 reported	legal fees	Q1 2010 underlying	Q1 2009 reported	legal fees	severance costs	Q1 2009 underlying
Group	10	(8)	18	14	(18)	(10)	42
<i>in % of gross profit</i>	3.1%		5.5%	3.7%			11.2%
EMEA	3		3	6		(7)	13
<i>in % of gross profit</i>	1.7%		1.7%	3.1%			6.7%
NORAM	(10)	(3)	(7)	(8)	(4)	(1)	(3)
<i>in % of gross profit</i>	-16.4%		-11.5%	-11.3%			-4.2%
LATAM	5		5	2		(1)	3
<i>in % of gross profit</i>	14.3%		14.3%	5.9%			8.8%
APAC	12		12	24		(1)	25
<i>in % of gross profit</i>	20.7%		20.7%	32.0%			33.3%
CORPORATE	0	(5)	5	(10)	(14)		4