

Bad Ragaz, 14<sup>th</sup> January 2010

Helvea Swiss Equities Conference

# Panalpina – a leading global Supply Chain Management company



**A PASSION FOR  
SOLUTIONS**

Air  
Freight

Ocean  
Freight

Supply Chain  
Management

# Disclaimer

Investing in the shares of Panalpina World Transport Holding Ltd involves risks. Prospective investors are strongly requested to consult their investment advisors and tax advisors prior to investing in shares of Panalpina World Transport Holding Ltd.

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.

The information contained in this document has not been independently verified and no representation or warranty, express or implied, is made to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The information in this presentation is subject to change without notice, it may be incomplete or condensed, and it may not contain all material information concerning the Panalpina Group. None of Panalpina World Transport Holding Ltd or their respective affiliates shall have any liability whatsoever for any loss whatsoever arising from any use of this document, or its content, or otherwise arising in connection with this document.

This document does not constitute, or form part of, an offer to sell or a solicitation of an offer to purchase any shares and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This information does neither constitute an offer to buy shares of Panalpina World Transport Holding Ltd nor a prospectus within the meaning of the applicable Swiss law.

## Panalpina at a glance

### Comprehensive global network

- Among top 5 globally in Air freight and Ocean freight
- Worldwide Supply Chain Management solutions
- 500 own offices in over 80 countries
- > 13'000 employees

### Financial highlights (2008)

- Net forwarding revenue: CHF 8.9 billion (€ 5.6 billion)
- Gross profit: CHF 1.7 billion (€ 1.1 billion)
- EBITDA: CHF 241 million (€ 152 million)
- Net earnings: CHF 114 million (€ 72 million)

### Three business segments

#### Air Freight



#### Ocean Freight

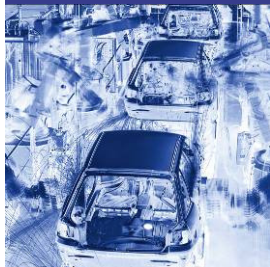


#### Supply Chain Management



### Six industry verticals

#### Automotive



#### Healthcare & Chemicals



#### Retail & Fashion



#### Hi-Tech



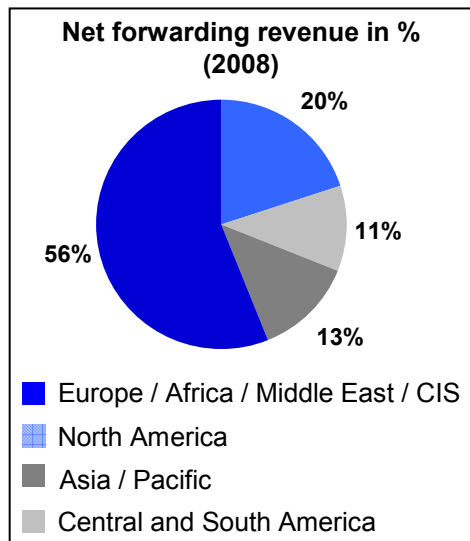
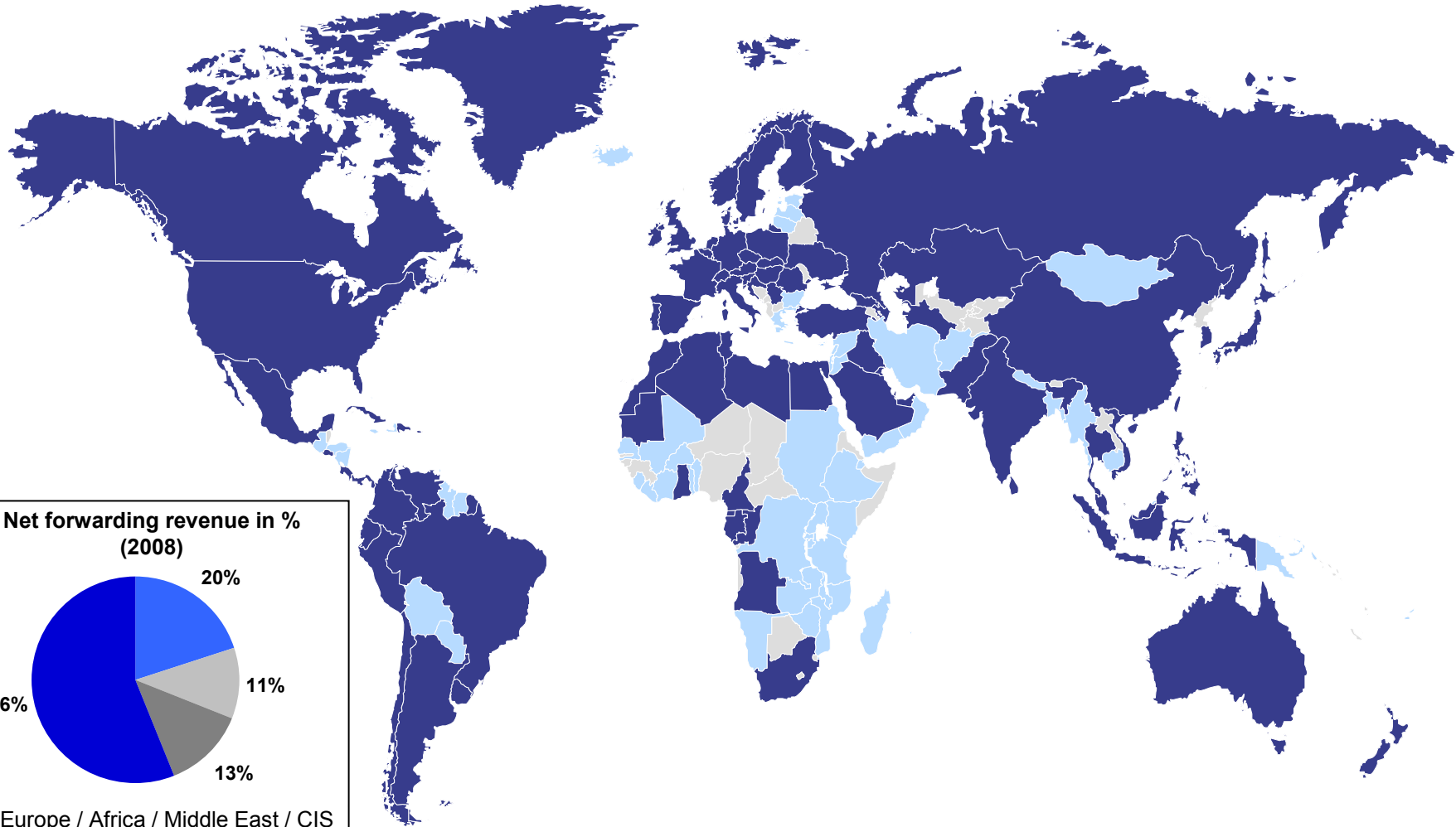
#### Telecom



#### Oil & Gas



## Global Panalpina network



■ Countries with Panalpina presence  
■ Countries with partner presence

## Core activities



### Air Freight

- Central procurement and capacity management
- Strategic partnership with leading airlines
- 24x7 hub and charter activities

Net forwarding revenue 2008  
**CHF 4,334 million (49%)**



### Ocean Freight

- Central procurement and capacity management
- Strategic partnership with leading carriers
- NVOCC Pantainer Express Line
- Intermodal services

Net forwarding revenue 2008  
**CHF 3,299 million (37%)**



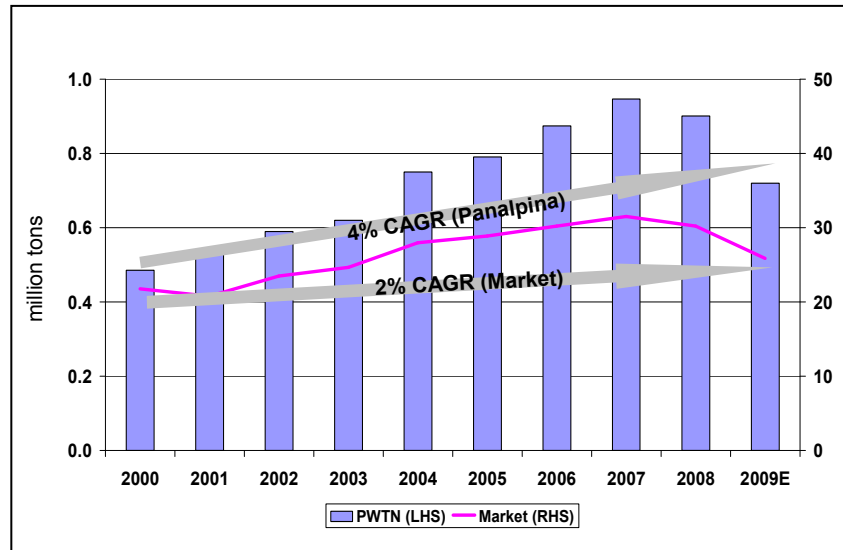
### Supply Chain Management

- Road Freight
- Wide range of Supply Chain Management solutions
- Competence in key industries
- Innovative IT applications
- Panprojects

Net forwarding revenue 2008  
**CHF 1,245 million (14%)**

## 2009 as the worst year in history of modern trade ...

**Air freight growth – Panalpina vs. market**

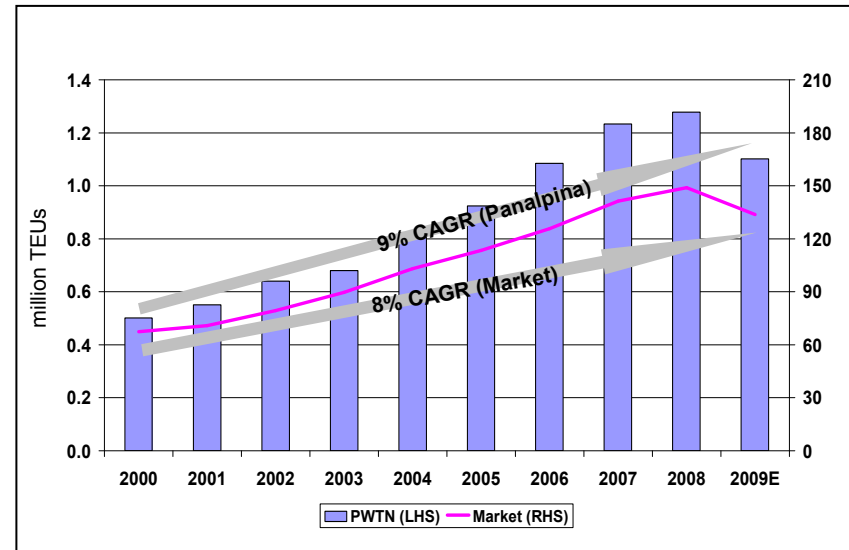


Source: Panalpina (2009 figures estimated)

Air freight market 2009E: -13%

Source: IATA (December 2009)

**Ocean freight growth – Panalpina vs. market**



Source: Panalpina (2009 figures estimated)

Ocean freight market 2009E: -12%

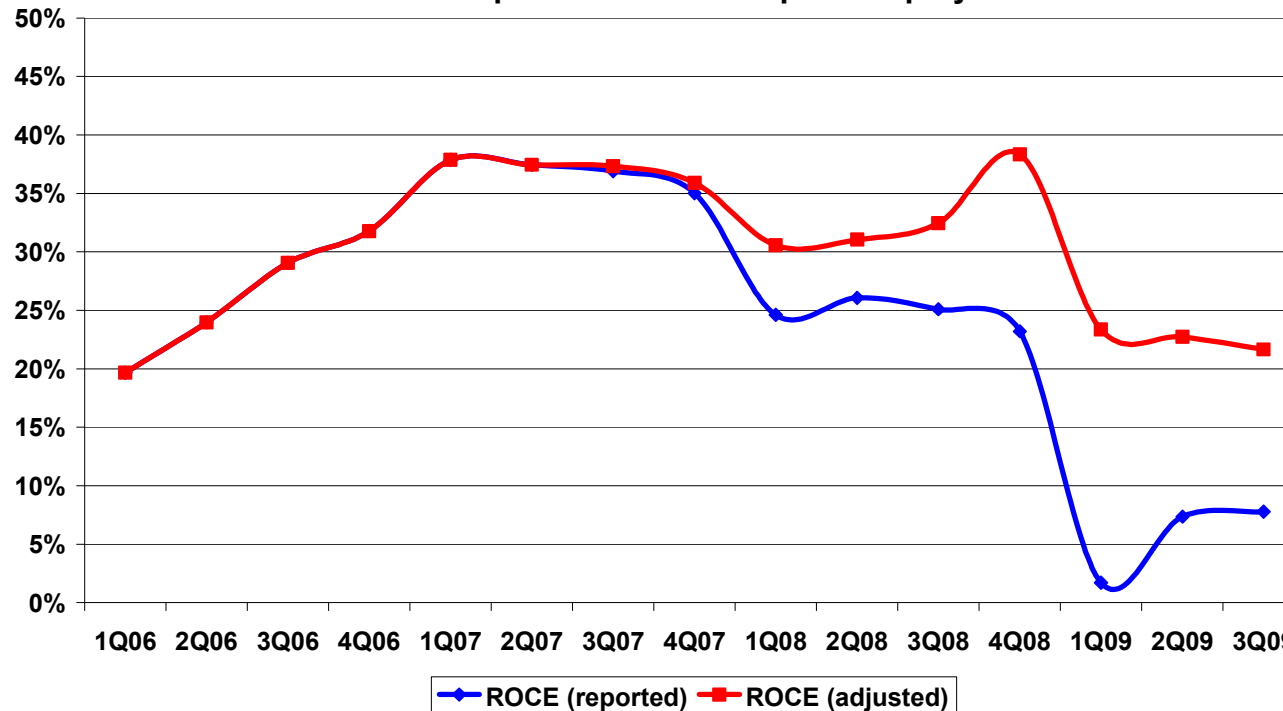
Source: Drewry (December 2009)

- 2009 ate up more than 5 years of growth in air freight and 2 years in ocean freight
- Market still highly fragmented – Top 10 forwarders' cumulative market share only ~40%
- Panalpina on average growing faster than the market – trend interrupted in 2009. Focus going forward lies on qualitative before quantitative volume growth



... with respective impacts on corporate profitability

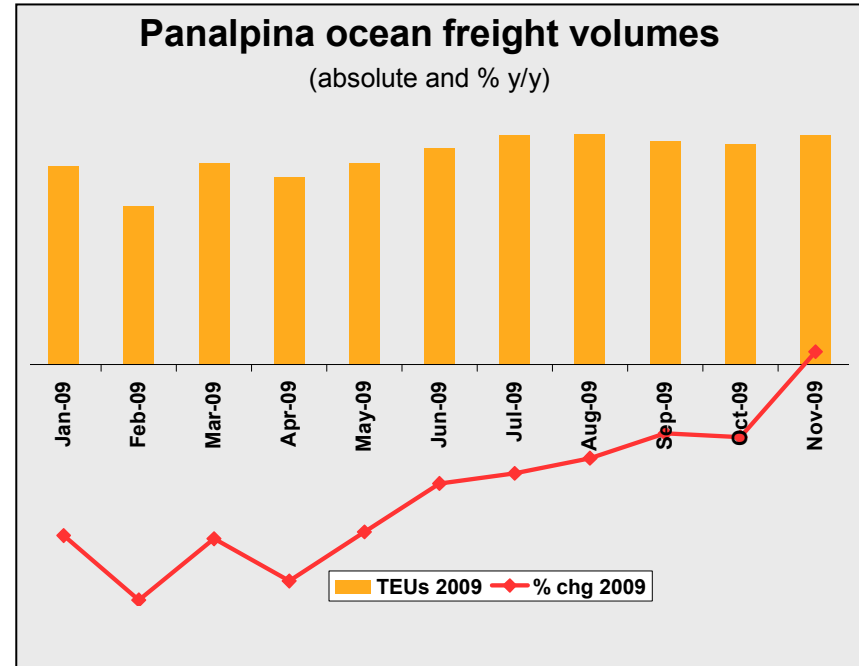
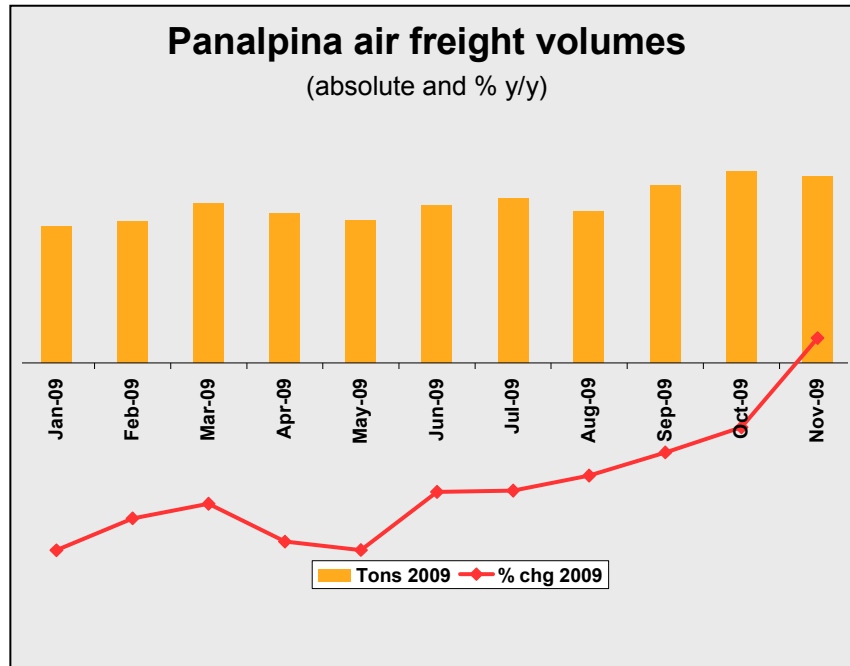
**Panalpina: Return on Capital Employed\***



- Various special items (mainly legal fees) and discontinued business (in reaction to FCPA investigation) have negatively impacted ROCE since late 2007.
- Adjusted ROCE consistently exceeding the cost of capital despite significantly lower volumes in 2009.
- In addition: a strong cash balance of CHF 0.5 billion as of 30 September 2009

\* (Adjusted) ROCE defined as EBIT (before special items) less taxes in % of average equity plus net debt

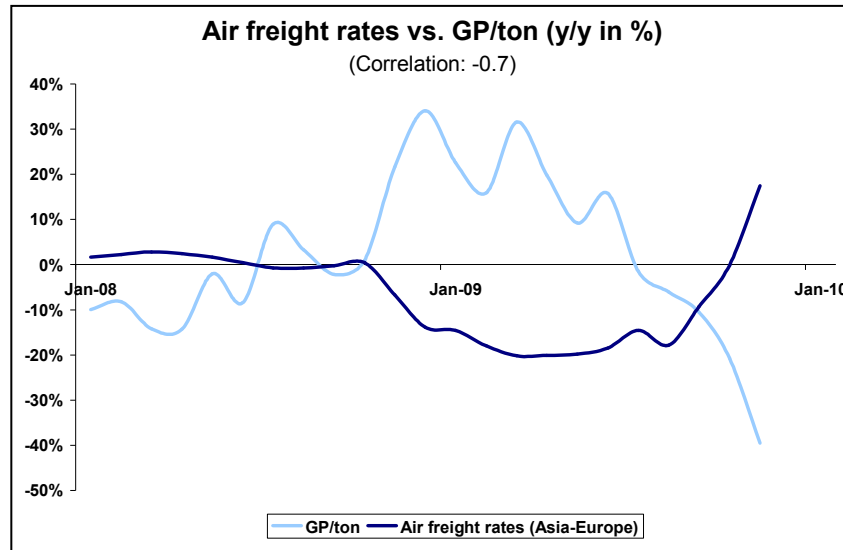
Volumes have been improving in the 2<sup>nd</sup> half of 2009 ...



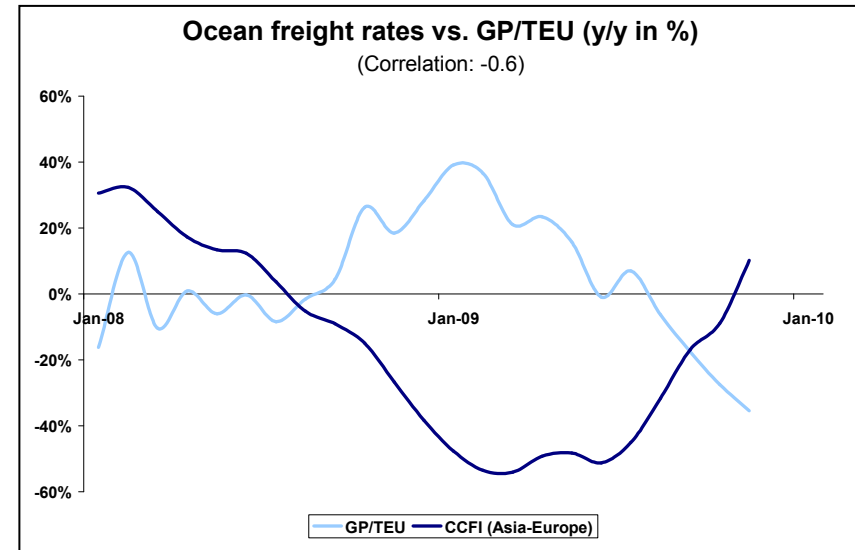
- Continuous year-on-year volume improvements over the last 6-7 months, owing partly to easing comps
- Peak season in Air starting in September; stabilization on low level in Ocean
- November was the first month in 2009 for Air and Ocean with a y-o-y volume increase



... while freight rates have markedly increased, leading to high pressure on GP per unit



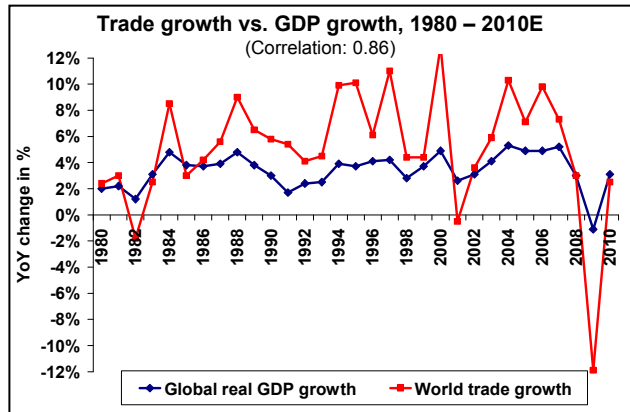
Source: Aviainform, Panalpina



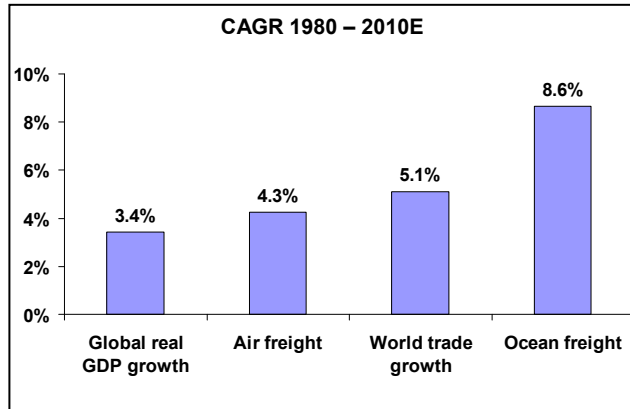
Source: Shanghai Shipping Exchange, Panalpina

- Air and ocean freight rates more than tripled within a few months on selected trade lanes.
- GP per unit has come under severe pressure due to the time lag of passing on the sharply higher rates to customers.
- The sequentially higher volumes in H2 vs. H1 2009 could not offset the strongly declining GP per unit – trend accentuated in Q4.

# Looking forward: still an attractive sector with good long-term growth perspectives

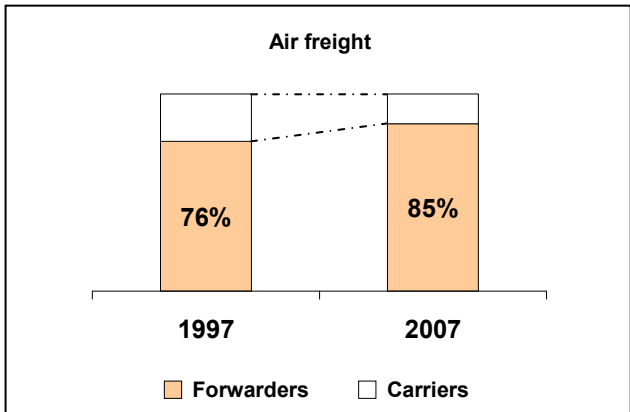


Source: IMF, Panalpina

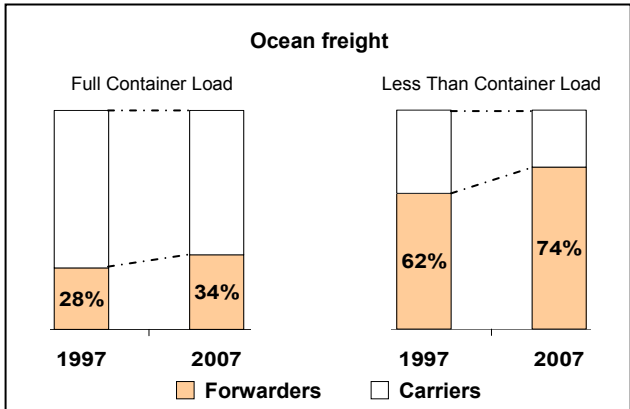


Source: IMF, IATA, Drewry, Panalpina

- Strong correlation between trade growth vs. GDP growth – long-term historical multiple of 1.5
- Ocean freight outpacing air freight – air freight more volatile



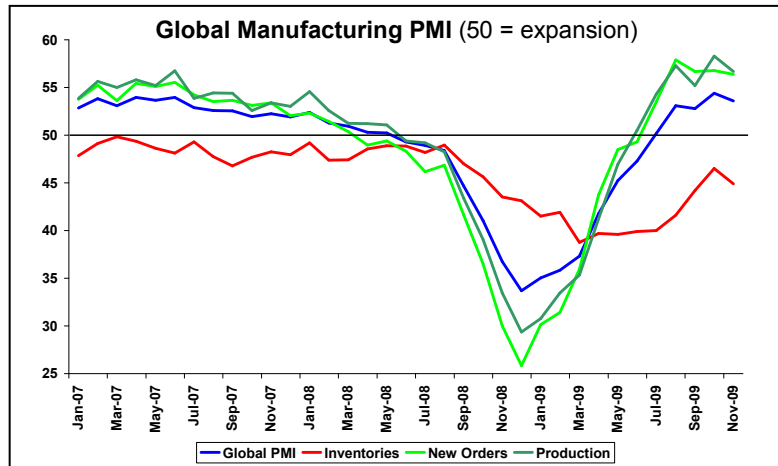
Source: MergeGlobal



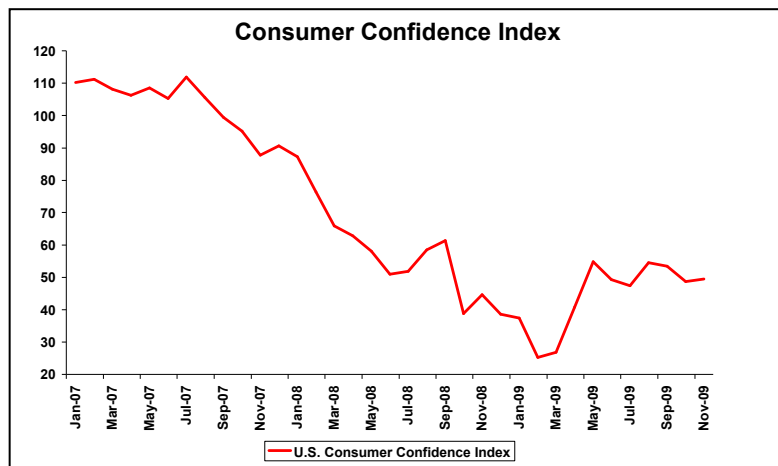
Source: MergeGlobal

- Market penetration of freight forwarders has been increasing and is expected to grow further
- A lot of potential for forwarders still to be exploited especially in ocean freight

## Reliable forecasts will still remain a challenge for some time



Source: JPMorgan



Source: U.S. Conference Board

### Leading indicators pointing to V-shape recovery ...

- Most indicators have returned to or even exceed pre-recession levels.
- As a result, trade forecasts have been revised and point to a V-shape recovery. The IMF currently expects world GDP to grow 3% in 2010.

### ... yet unclear effects from inventory management ...

- De-stocking is coming to an end with many shippers' inventories lower than seasonally normal.
- Re-stocking has been pushed out yet again despite lower inventory levels: 64% of U.S. shippers expect to begin rebuilding inventories only in 2010 (split 34% during H1 and 30% during H2).\*

### ... and most importantly consumption

- Consumer confidence stagnates on a low level.

Overall visibility for 2010 and beyond remains low: at what GDP multiple will world trade grow in the future?

\*Source: Wolfe Research Shipper Survey, December 2009

## Panalpina's priorities in 2010

### • Strict cost and cash control



slide 13

- Keeping costs at low level, further productivity increases from various efficiency improvement projects to unfold in 2010
- Tight control of net working capital with the goal to further reduce the gap between DSO and DPO

### • Focus on sales development

- Shifting customer mix by growing medium-sized clients faster than global accounts
- Newly appointed Global Head of Sales, reporting directly to CSO (effective Dec. 1, 2009)
- Profitable volume growth through Trade Lane Concept: optimal cargo mix improves unit profitability by aligning Trade Lane Management (procurement) information with Trade Lane Development (sales) activities
- Extending the service offering in the field of global Supply Chain Management  slide 14
- Managing and measuring Sales through CRM platform and financial transparency through new MIS: effective KPI & performance measurement, redefinition and global alignment of sales incentives  slide 15

### • Finalization of FCPA investigation

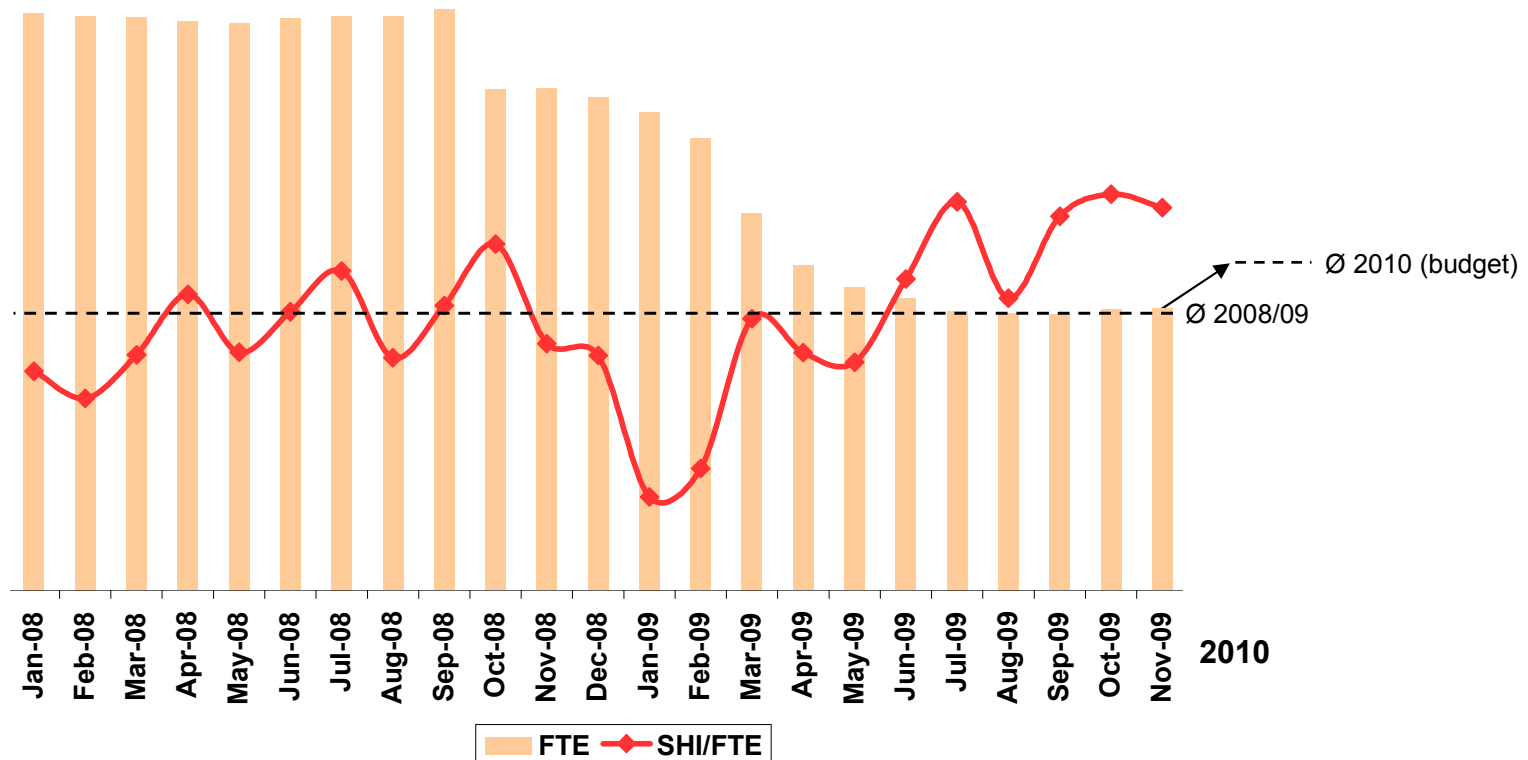
- Finalization envisaged during first half of 2010
- Accordingly, lower legal fees expected in 2010

### • First milestones of SAP TM roll-out

- Start of implementation of SAP Transport Management
- Roll-out of ocean FCL/LCL pilots

## The focus on continuous improvements in productivity remains high also in 2010

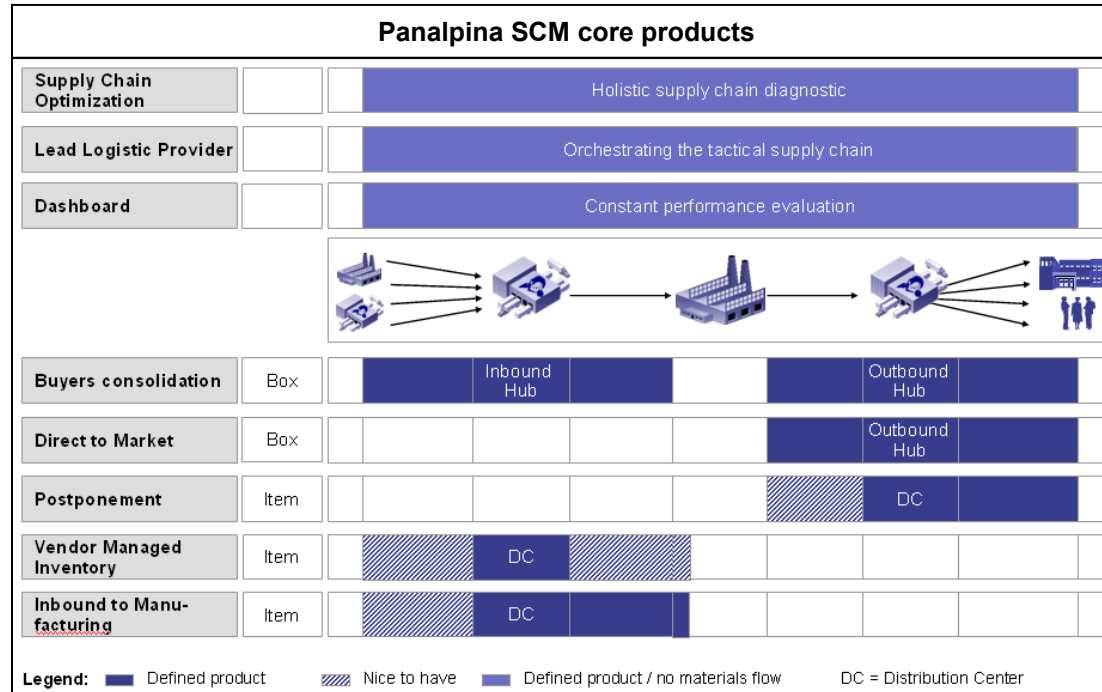
**Development of FTE's and FTE productivity**  
(shipments handled per FTE)



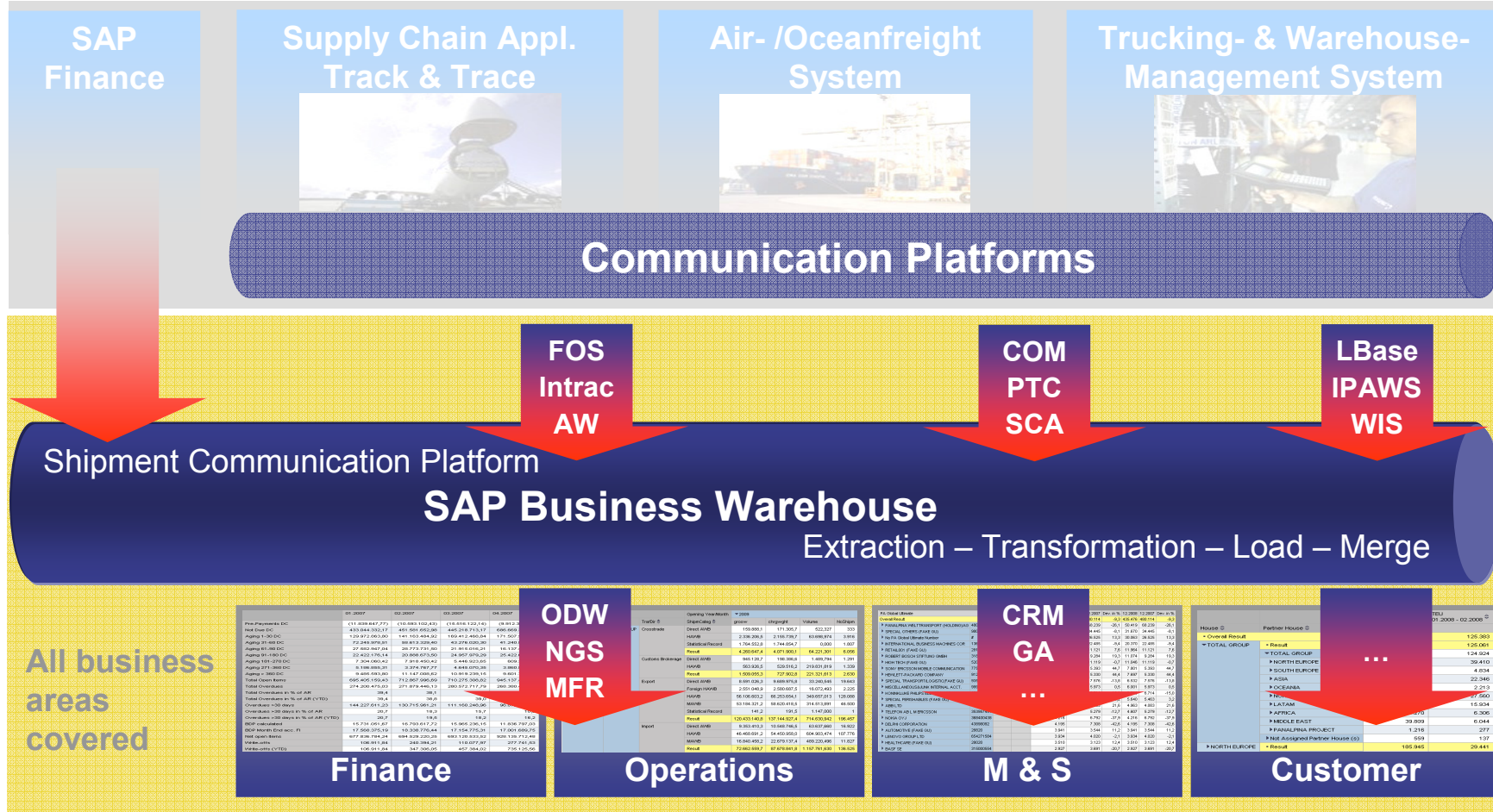
- Productivity declined sharply as a result of strongly falling volumes towards year-end 2008
- FTE reduction initiated in March 2009 helped to improve productivity
- Focus on further productivity increases remains

## Extending the service offering in Supply Chain Management

- The SCM corporate structure has been established
- The SCM strategy has been defined – methodologies and tools have been developed and invested in during 2009
- SCM has been part of the budget process (2010) for the first time with the overall target to grow SCM gross profit faster than Air/Ocean
- The globally offered SCM core products (8) have been defined & launched and various business wins were generated in the past couple of months



# Full financial transparency through MIS rolled out in 2009



## Implementation overall Management Information System Platform

- Basis System in production: Finance and Shipment information
- Online reporting available
- Integration Supply Chain information in progress



## Recap of investment highlights

Global network with  
diversification  
across industries  
and trade lanes

Market leadership in  
freight forwarding  
and supply chain  
solutions, backed by  
integrated IT platform

Strong balance sheet  
and high returns on  
capital due to asset-  
light business model



Industry leadership  
in terms of  
compliance

Differentiation  
through customer-  
focused approach  
and specialist  
industry expertise

Long-term industry  
growth prospects  
with goal to gain  
market share

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

## Executive summary – nine months results

- Gross profit for the Group declined 12% on a like-for-like basis
- Strict cost management:
  - YTD operating expenses 10% below prior year (excl. FX: -7%) and on track to achieve CHF 130m savings target
  - Financial result improved by CHF 9m vs. prior year
  - Tax rate 4% below prior year
- Strong net working capital performance: NWC intensity at all-time low of 2.9%, gap between DSO and DPO reduced by 6 days
- Free cash flow improved by 39% to CHF 161m, resulting in net cash position of CHF 470m (>20% of market cap)
- Strong quarter-on-quarter volume improvement; year-on-year volumes and gross profit impacted by weak market demand

YTD 09: development of volumes vs. gross profit			
Growth (y/y)	Volumes	GP	GP (excl. FX)
<b>Air (tons)</b>	-25%	-22%	-18%
<b>Ocean (TEU)</b>	-18%	-12%	-10%

Volume growth by quarter:	
3Q09 vs. 3Q08:	3Q09 vs. 2Q09:
-19%	+10%
-11%	+13%

## Quarterly overview of P&L and volume development

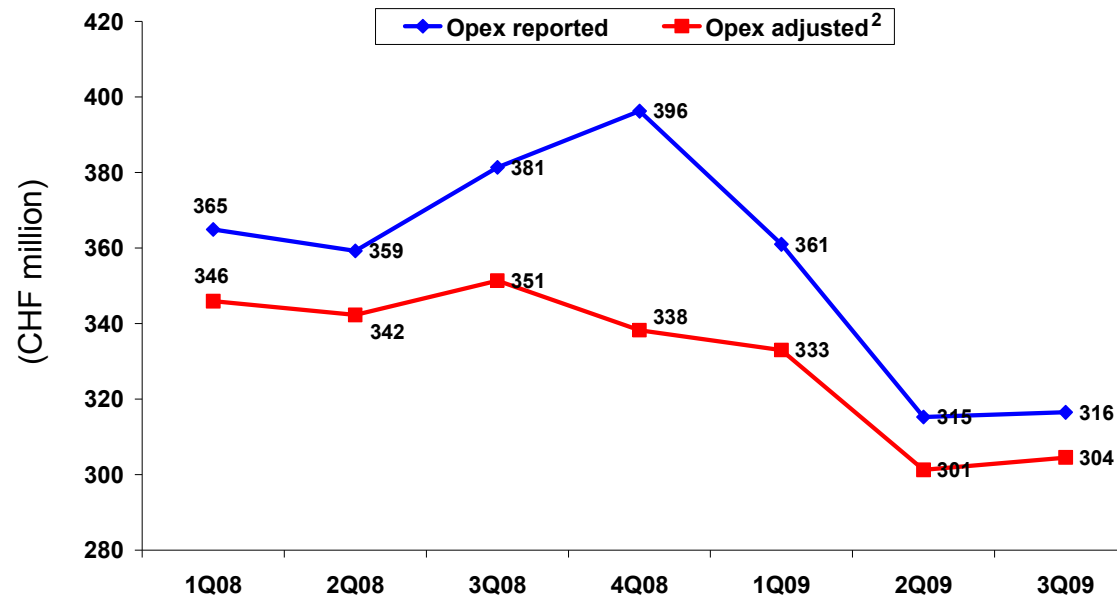
(CHF million)	Q4 2008	Δ y/y	Q1 2009	Δ y/y	Q2 2009	Δ y/y	Q3 2009	Δ y/y
<b>Net forwarding revenue</b>	<b>2'158.3</b>	<b>-8.3%</b>	<b>1'610.1</b>	<b>-24.6%</b>	<b>1'363.3</b>	<b>-38.4%</b>	<b>1'415.5</b>	<b>-40.3%</b>
Forwarding expenses	(1'723.8)		(1'235.0)		(1'011.0)		(1'077.5)	
<b>Gross profit</b>	<b>434.5</b>	<b>-3.6%</b>	<b>375.1</b>	<b>-11.4%</b>	<b>352.3</b>	<b>-18.5%</b>	<b>338.0</b>	<b>-25.1%</b>
<i>in % of net forwarding revenue</i>	20.1%		23.3%		25.8%		23.9%	
Total operating expenses	(396.2)	9.4%	(360.7)	-1.2%	(315.2)	-12.3%	(316.3)	-16.9%
<b>EBITDA</b>	<b>38.3</b>	<b>-56.6%</b>	<b>14.4</b>	<b>-75.4%</b>	<b>37.1</b>	<b>-49.0%</b>	<b>21.7</b>	<b>-69.4%</b>
<i>in % of gross profit</i>	8.8%		3.8%		10.5%		6.4%	
<i>in % of net forwarding revenue</i>	1.8%		0.9%		2.7%		1.5%	
Depreciation of property, plant and equipment	(9.5)		(8.6)		(8.4)		(8.2)	
Amortization of intangible assets	(3.2)		(2.9)		(3.2)		(2.2)	
Goodwill impairment					(1.8)			
<b>Operating result (EBIT)</b>	<b>25.6</b>	<b>-65.8%</b>	<b>2.9</b>	<b>-93.8%</b>	<b>23.7</b>	<b>-61.3%</b>	<b>11.3</b>	<b>-80.9%</b>
<i>in % of gross profit</i>	5.9%		0.8%		6.7%		3.3%	
<b>Consolidated net earnings</b>	<b>8.9</b>	<b>-82.8%</b>	<b>1.9</b>	<b>-94.1%</b>	<b>15.1</b>	<b>-66.2%</b>	<b>4.5</b>	<b>-84.0%</b>
<i>in % of gross profit</i>	2.1%		0.5%		4.3%		1.3%	
<i>in % of net forwarding revenue</i>	0.4%		0.1%		1.1%		0.3%	

### Volume development

(deviation quarter-on-quarter / year-on-year)

	Q4 2008		Q1 2009		Q2 2009		Q3 2009	
	Δ q/q	Δ y/y	Δ q/q	Δ y/y	Δ q/q	Δ y/y	Δ q/q	Δ y/y
<b>Air freight (tons)</b>	-9%	-21%	-21%	-28%	3%	-28%	10%	-19%
<b>Ocean freight (TEUs)</b>	-8%	-6%	-21%	-23%	8%	-20%	13%	-11%

## Operating costs on track to achieve targeted CHF 130m savings in 2009 (at constant currencies) despite higher legal expenses<sup>1</sup>



	30 Sep 09	31 Dec 08	Δ	% Δ
<b>FTE</b>	13'387	15'270	-1'883	-12%

- Personnel expenses reduced by 13% since 4Q08 as a reaction to economic situation; FTE reduction completed and ahead of original target
- Underlying Other operating expenses tracking 10% below prior year in Q3

<sup>1</sup> Legal expenses YTD 2009: CHF 44m (YTD 2008: CHF 26m)

<sup>2</sup> 2008 adjusted for legal fees and other various one-time items, discontinued business; 2009 adjusted for severance costs, legal fees