

A passion for solutions

Panalpina Group

Basel, May 4, 2012

2012 First Quarter Review



Supply Chain Solutions

Air Freight

Ocean Freight

Logistics



Highlights and key figures

Operating and financial review

Outlook

Q1 2012 – slowing environment affecting margins

- Gross profit of the Group down 3% year-on-year, up 1% net of FX
- Air Freight volume growth (-8% yoy) affected by weak market environment – last quarter of year-on-year impact from profitability restoration program
- Record Ocean Freight volumes (+7% yoy), continued market outperformance
- Year-on-year increase of GP per ton of Air Freight, stable GP per TEU of Ocean Freight net of FX despite steep carrier rate increases
- Other operating expenses include extraordinary provisions for EU/Swiss antitrust fines of CHF 59.2 million (as per press release of March 28, 2012)
- Underlying EBITDA/GP margin falling to 9.5% (Q1 2011: 14.9%) as a result of low Air Freight volumes and ongoing investments
- Net working capital intensity at new all-time low of 0.3% *
- Free cash flow (before money market investments and loan repayments) of CHF 19 million (Q1 2011: CHF 86 million)

* 1.1% when adjusted for antitrust fine provisions

Key figures

CHF million

	Q1 2012	Q1 2011	Variance %	
			CHF	Excl. FX
Net forwarding revenue	1'539.8	1'651.9	-6.8%	-3.0%
Forwarding expenses	(1'175.8)	(1'278.5)		
Gross profit	364.1	373.4	-2.5%	1.0%
<i>in % of net forwarding revenue</i>	23.6%	22.6%		
Total operating expenses	(388.9) *	(317.8)	22.4%	26.3%
EBITDA	(24.8)	55.6	-144.6%	-143.7%
<i>in % of gross profit</i>	-6.8%	14.9%		
Operating result (EBIT)	(34.9)	46.4	-175.2%	-174.8%
<i>in % of gross profit</i>	-9.6%	12.4%		
Financial result	0.4	0.2		
Earnings before taxes (EBT)	(34.5)	46.6		
Income tax expenses	(5.9)	(11.7)		
<i>% of EBT</i>	-17.1% **	25.1%		
Consolidated profit	(40.4)	34.9		
<i>in % of gross profit</i>	-11.1%	9.4%		
<i>Non-recurring items</i>	(59.2) *	-		
underlying EBITDA	34.4	55.6	-38.1%	-34.6%
<i>in % of gross profit</i>	9.5%	14.9%		
underlying EBIT	24.3	46.4	-47.5%	-44.0%
<i>in % of gross profit</i>	6.7%	12.4%		

- Gross profit up 1% net of FX despite weak Air Freight market
- Headcount freeze (impl. in 4Q11), other cost containment measures leading to flat quarter-on-quarter opex
- Decline of EBITDA/GP margin due to low Air Freight volumes, investments during 2011 and fine provisions

* Operating expenses include (non tax-deductible) provisions of CHF 59.2 million for antitrust fines (as per press release of March 28, 2012)

** The underlying tax rate (i.e. excluding extraordinary provisions) in 1Q12 was 23.9%.



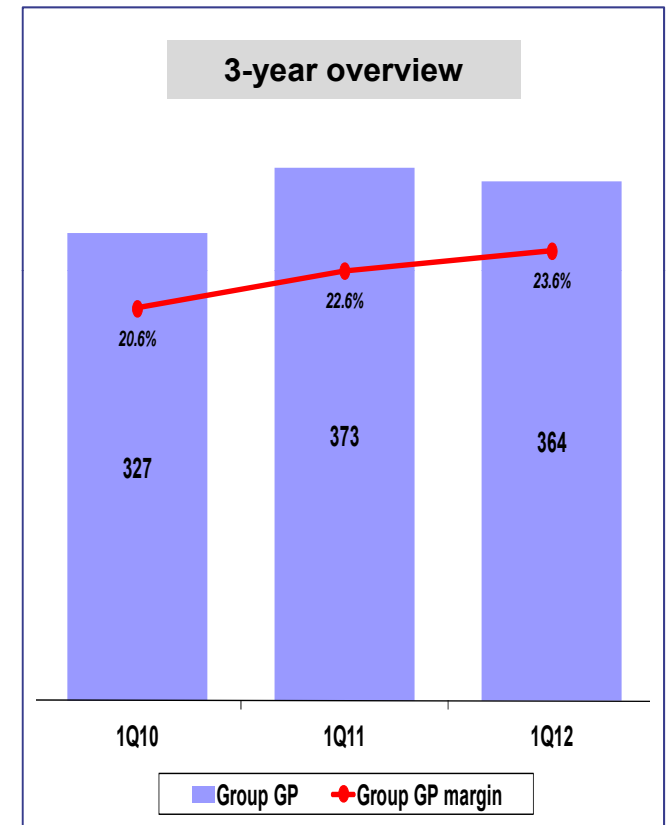
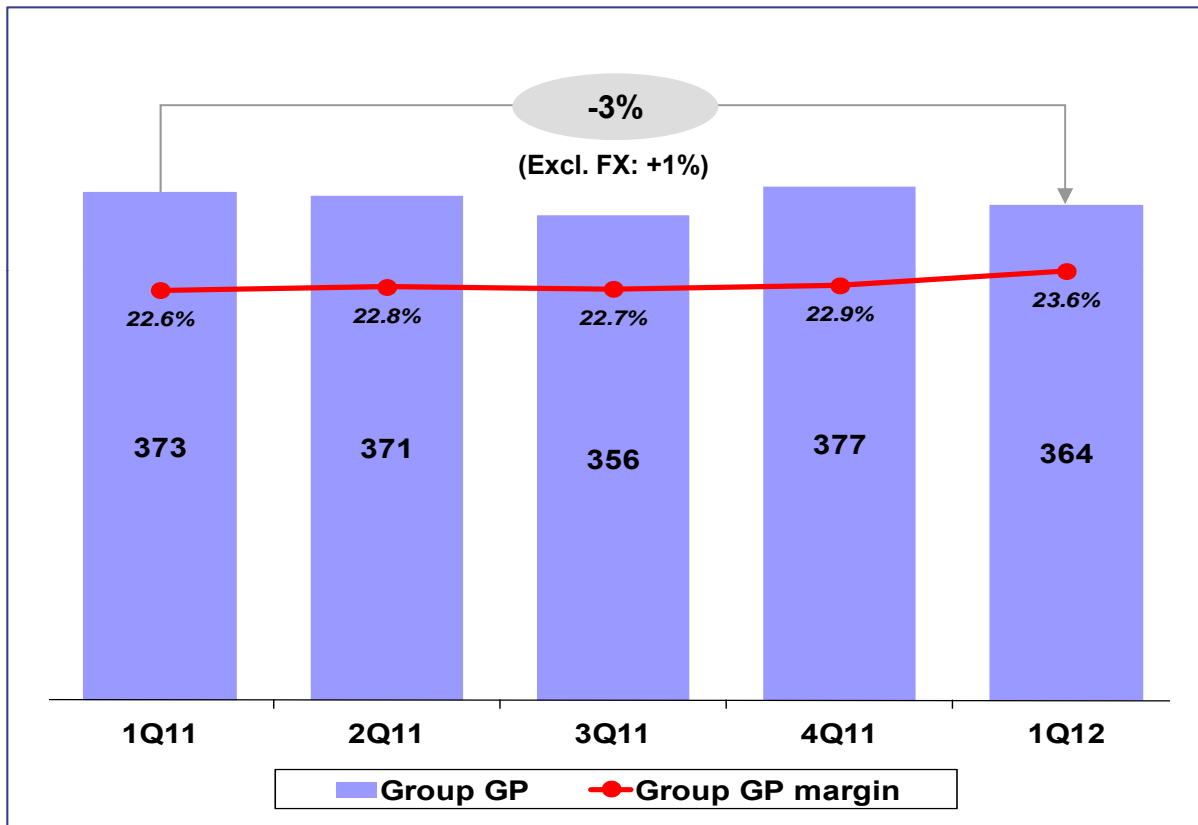
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Weak environment impacting GP growth – increase of GP margin

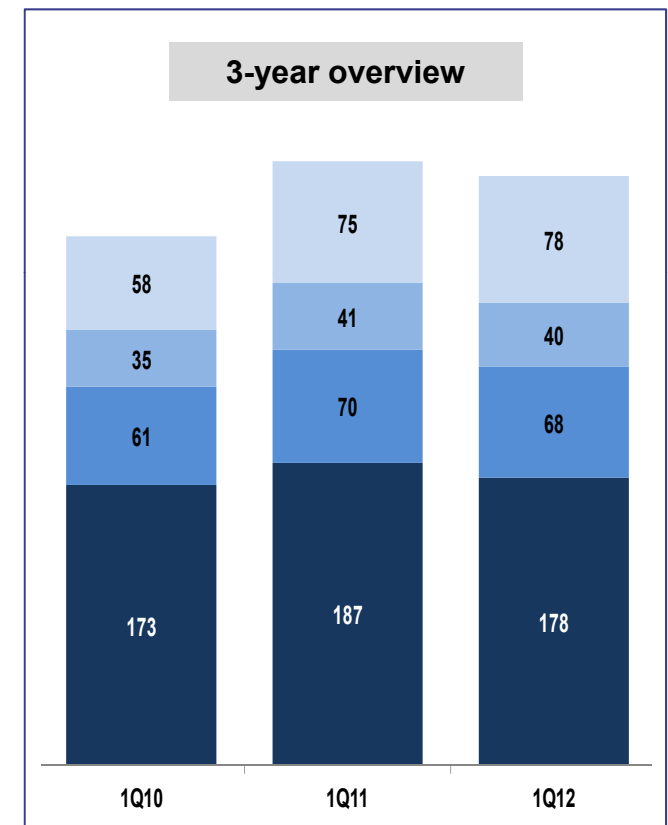
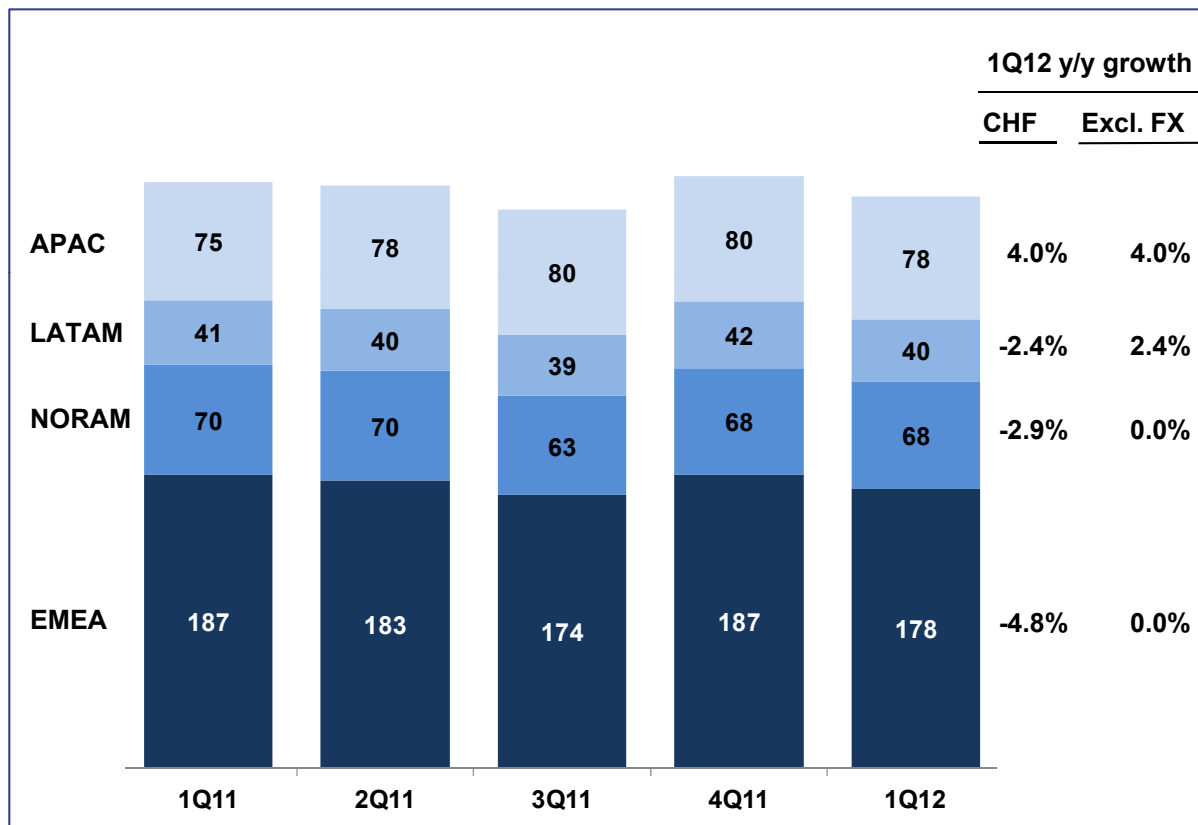
Gross profit in CHF million



- Gross profit down 3% yoy (+1% net of FX), affected by weak Air Freight market
- Organic GP growth in Ocean Freight and Logistics
- Increase of GP margin to 23.6% from 22.6% a year ago

GP growth driven by emerging markets

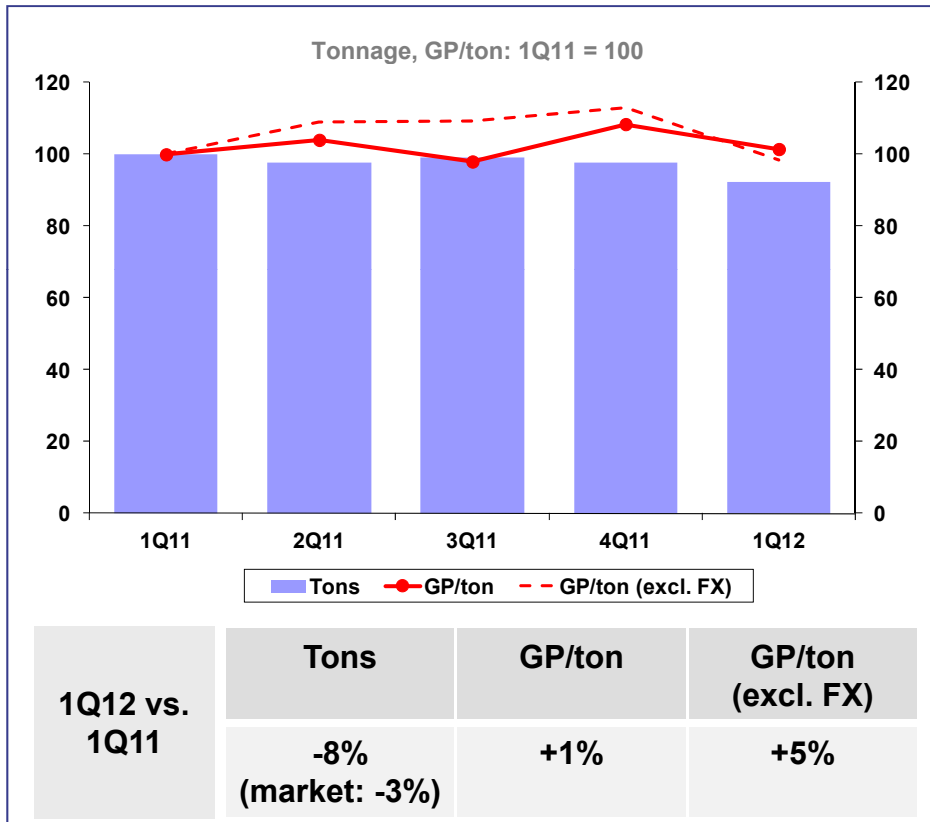
Gross profit in CHF million



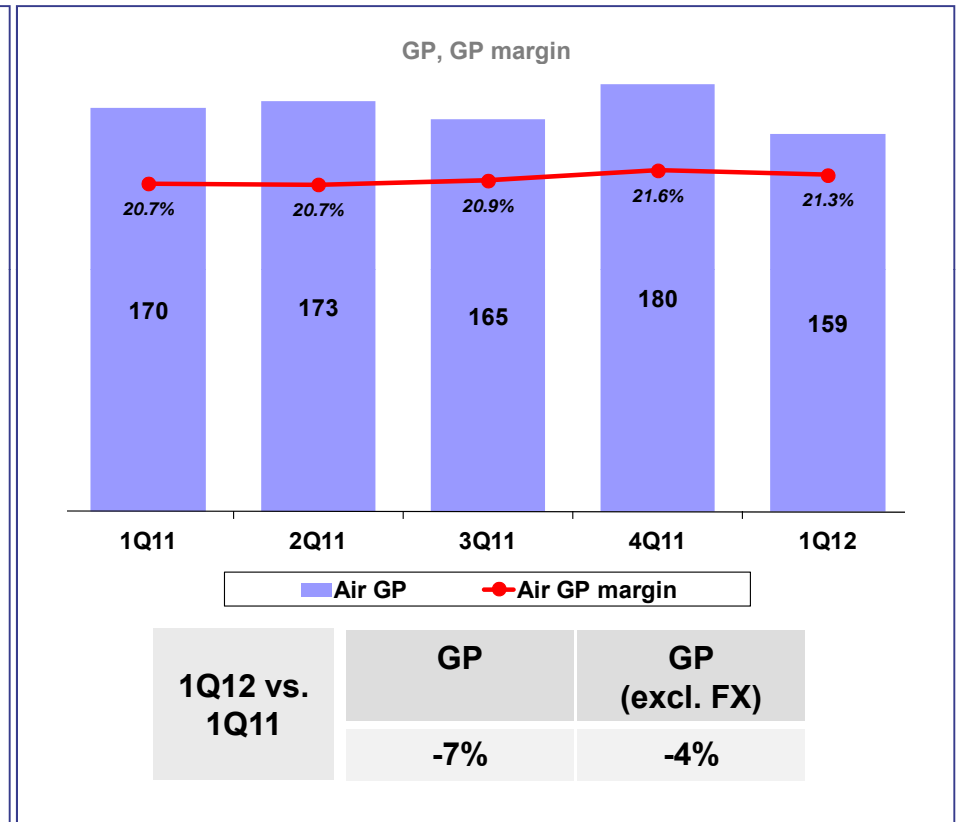
- Continued growth in APAC leading to new record Q1 gross profit in this region
- Further organic growth recorded also in LATAM
- Weak consumer markets in EMEA and NORAM leading to stagnation (net of FX) in these regions

Air Freight – lower volumes lead to contraction of GP

Air Freight: tonnage vs. GP/ton development



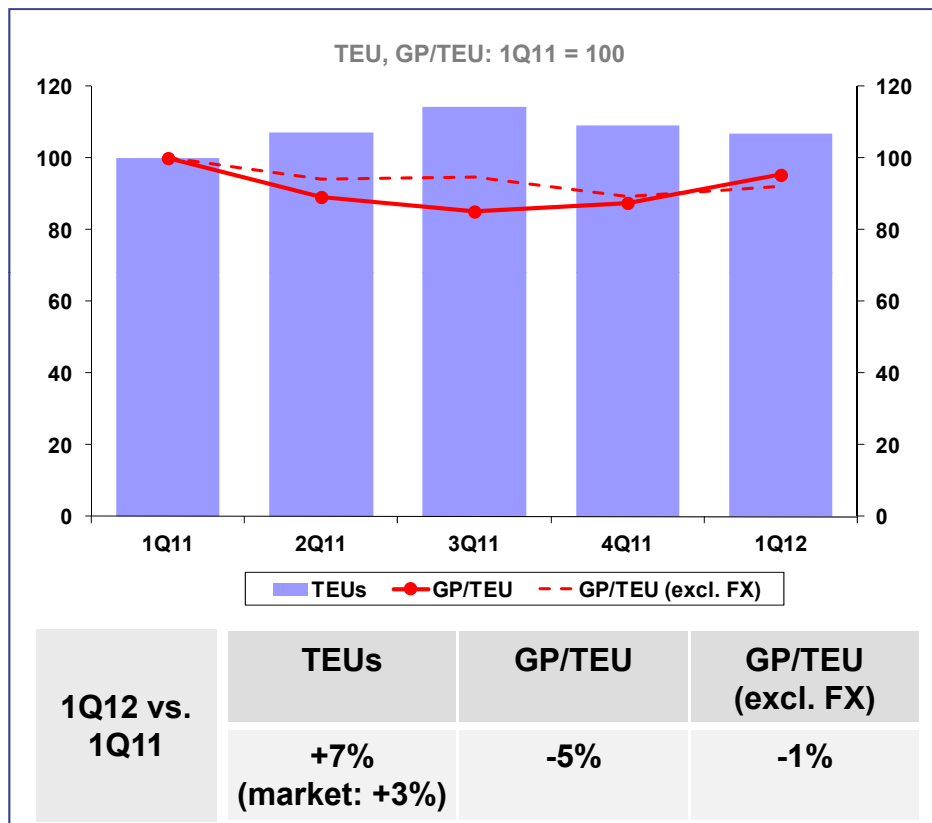
Air Freight: GP development



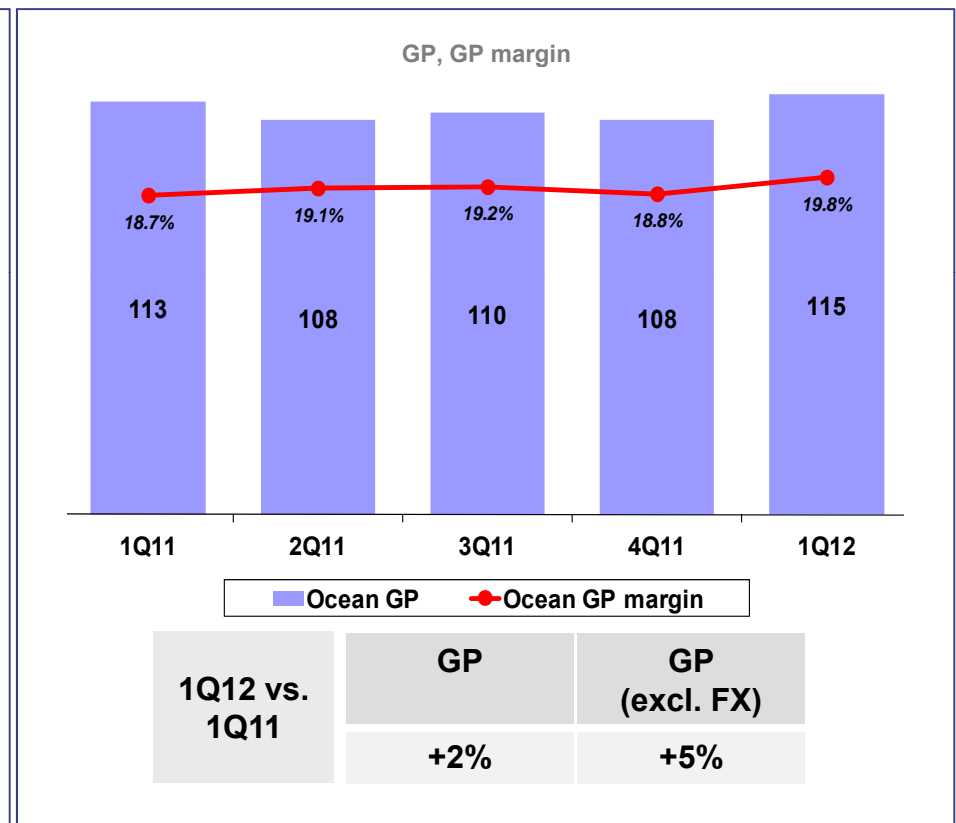
- Volume growth affected by weak market environment – last quarter of year-on-year impact from profitability restoration program (expiry of selected high-volume, low-margin customer contracts as per end of 1Q11)
- Contraction of GP mainly due to lower volumes, partly compensated by improved unit profitability

Ocean Freight – volumes at new Q1 record level

Ocean Freight: TEU vs. GP/TEU development



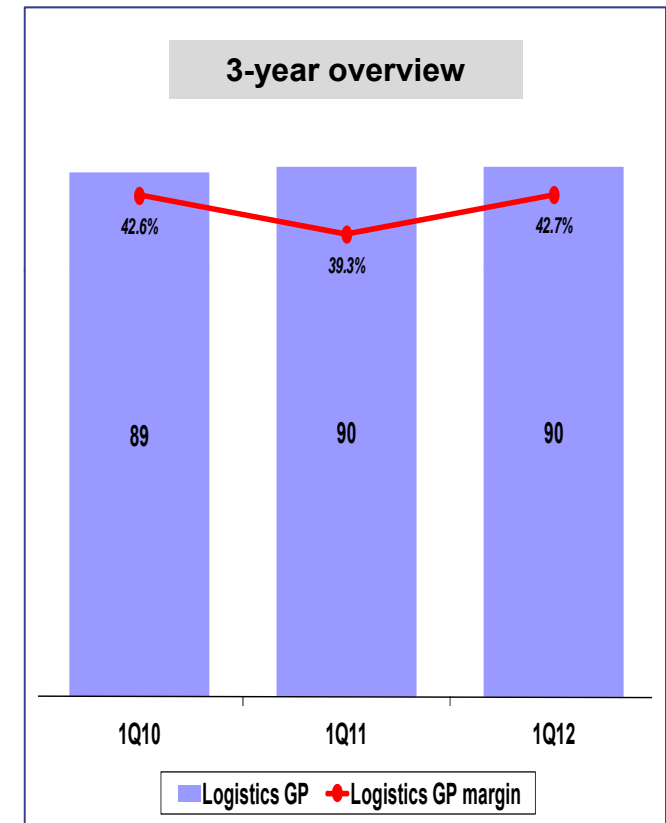
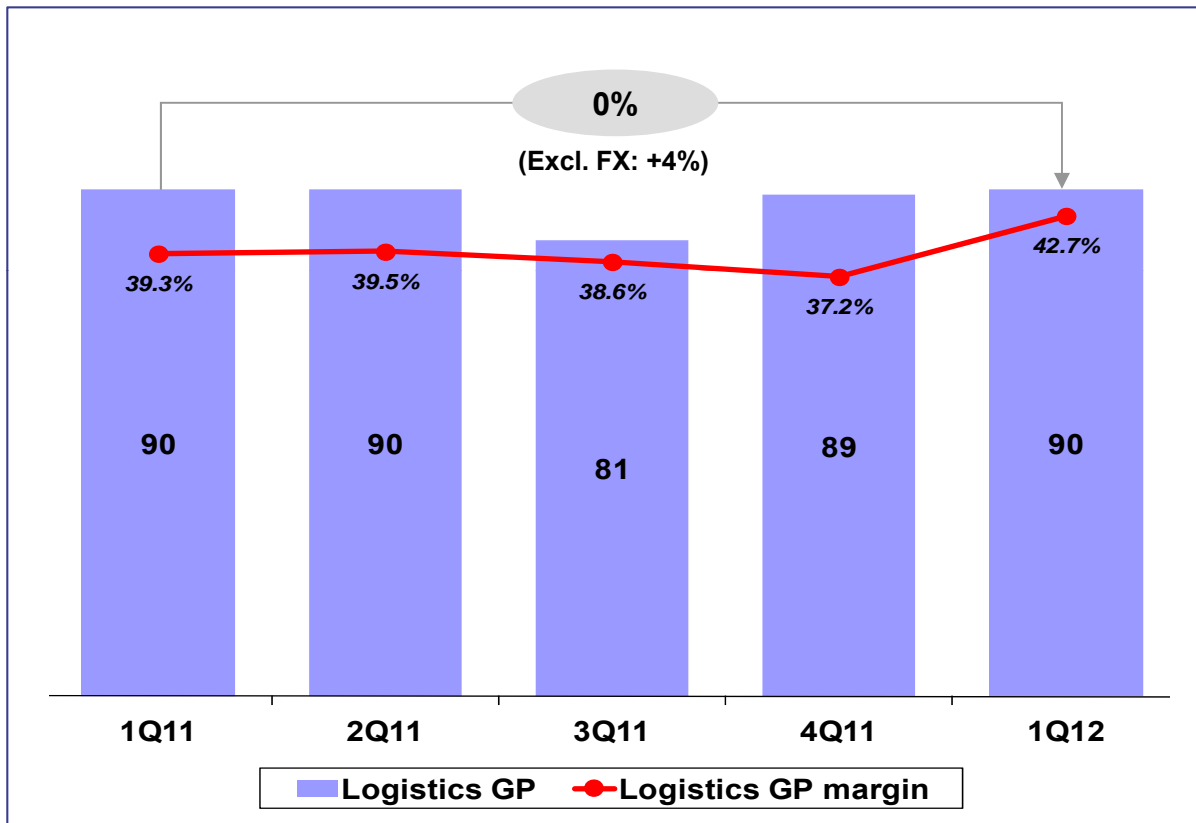
Ocean Freight: GP development



- Continued strong volumes in Ocean Freight, growing approx. twice as fast as the market
- GP/TEU below prior year due to low (though recently rising) level of rates; sequential improvement
- Lower unit profitability more than offset by higher volumes, leading to increase of GP

Logistics – solid organic growth

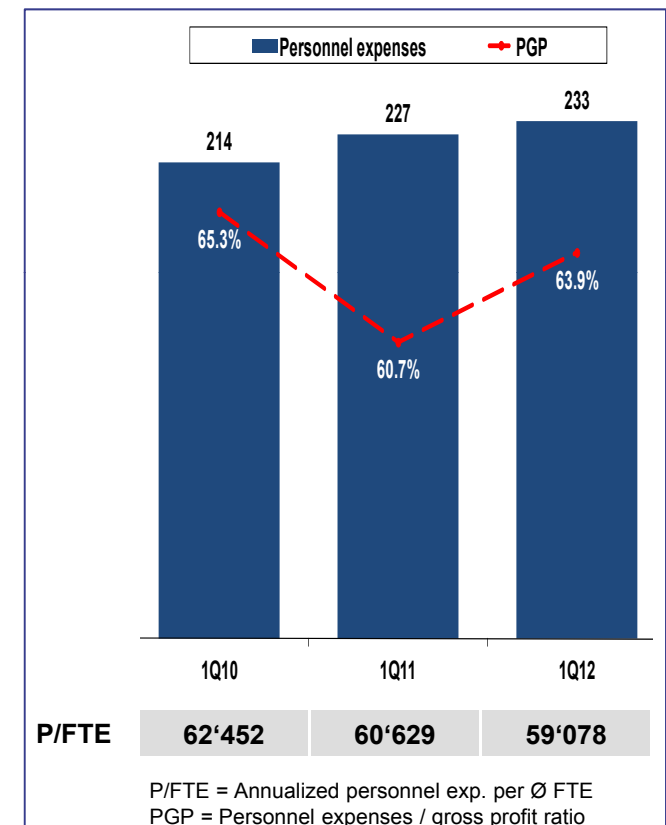
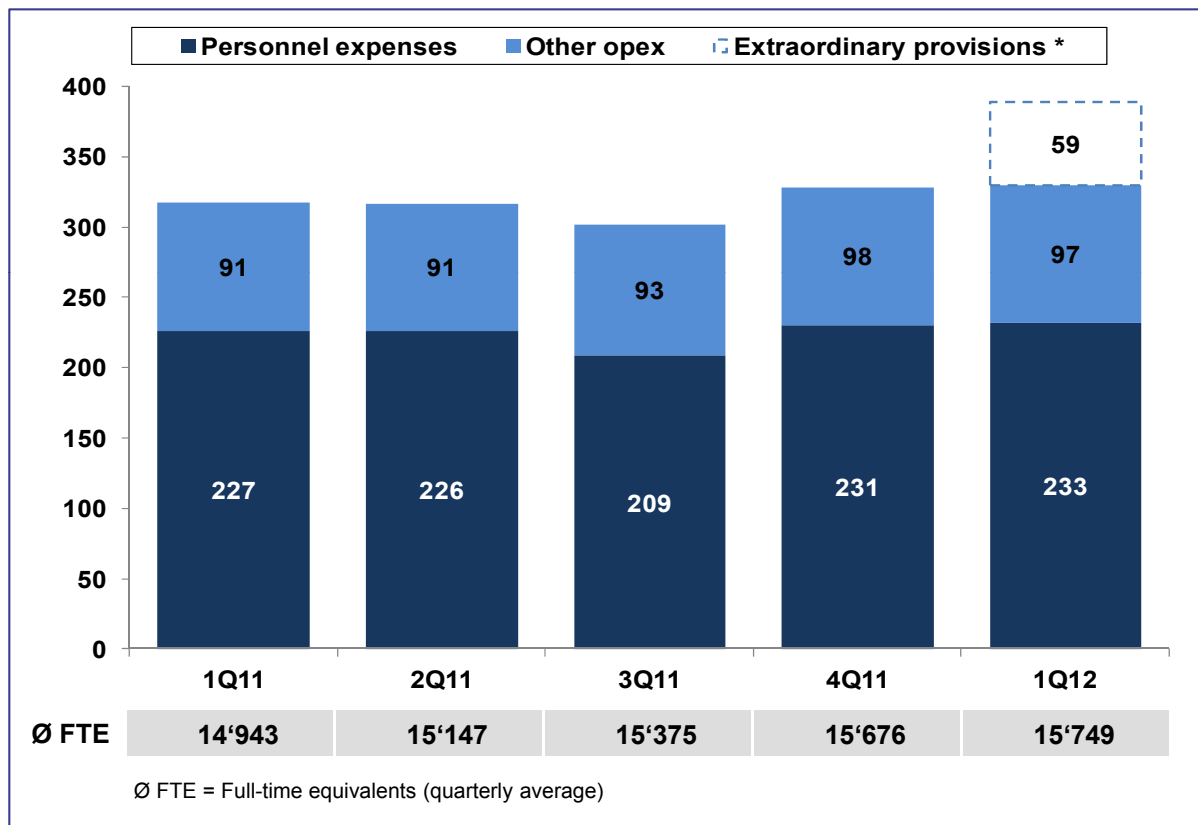
Gross profit in CHF million



- Organic year-on-year growth of 4%
- Further strengthening of organizational structures
- Profitability improvement initiatives in Warehousing & Distribution showing first positive effects

Cost base reflects investments in staff and Logistics during 2011

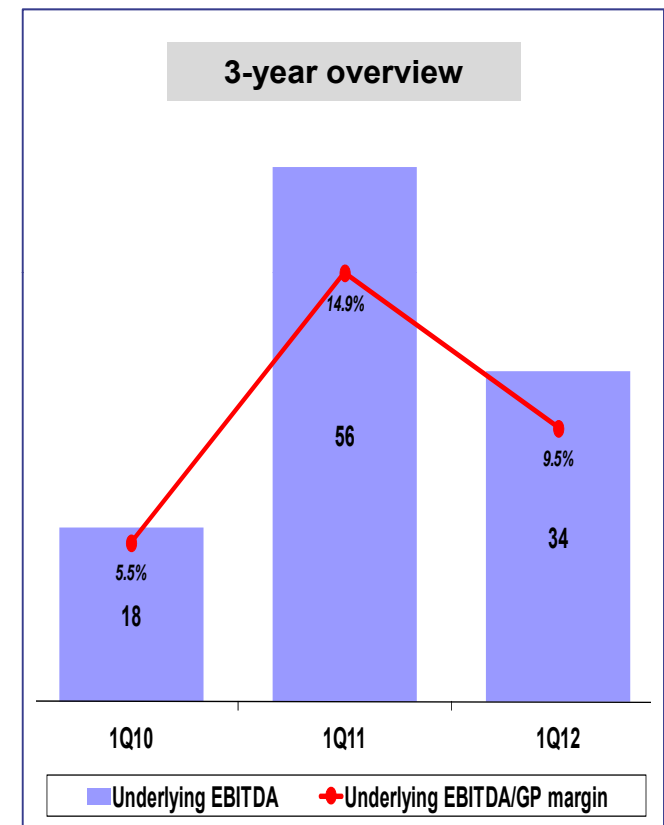
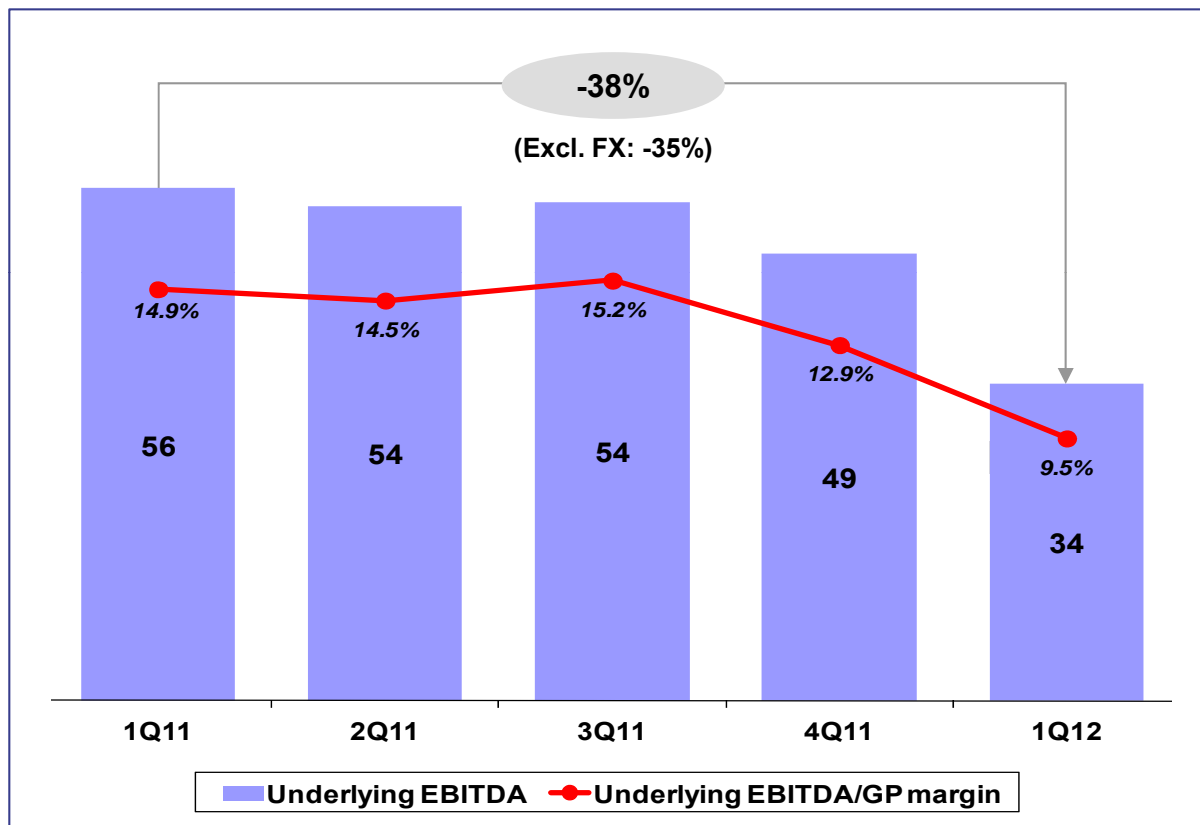
Operating expenses in CHF million



- Slight year-on-year increase of personnel expenses reflecting higher headcount
- Headcount freeze (impl. in 4Q11), other cost containment measures leading to flat quarter-on-quarter opex
- Investments in personnel and Logistics, lower Air volumes resulting in year-on-year increase of PGP ratio

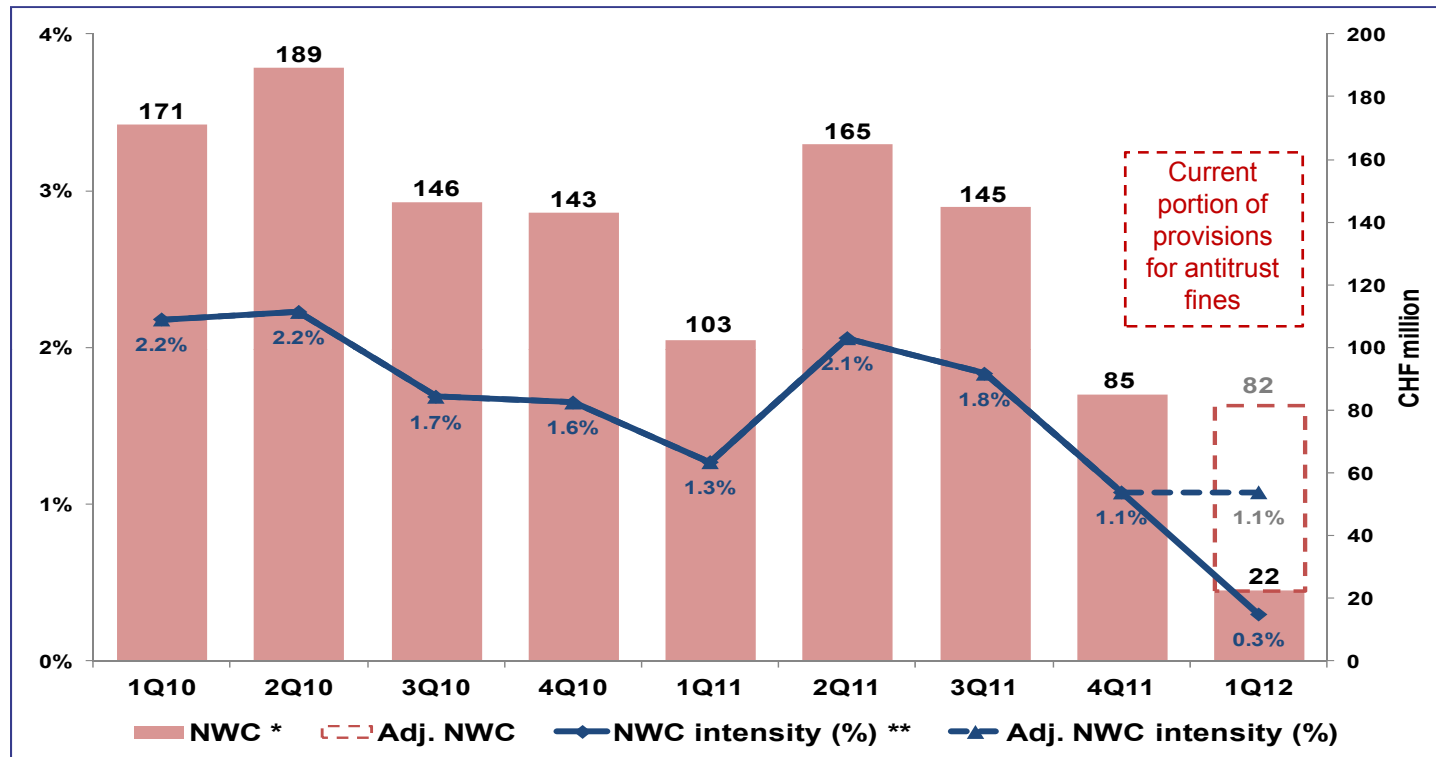
EBITDA impacted by low Air volumes, investments during 2011

Underlying EBITDA in CHF million



- Cost base carryover from Q4, weak Air Freight market and seasonally low volumes leading to EBITDA decline
- Hiring freeze implemented during Q4 to continue
- Continued focus on cost containment measures

Net working capital intensity at new all-time low



(# of days)	Mar 31, 2012	Mar 31, 2011
DSO (3-m-rolling)	43.8	42.8
DPO (3-m-rolling)	30.4	30.0
Δ (DSO – DPO)	13.4	12.8

- NWC intensity falling to new all-time low of 0.3% (adjusted for antitrust fine provisions: 1.1%)
- Gap between DSO and DPO slightly increased due to shifts in business mix

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

** NWC intensity defined as NWC divided by gross forwarding revenue

Cash flow impacted by lower profitability

Figures in CHF million

	Q1 2012	Q1 2011
Cash flow before changes in working capital	54.3	70.6
Changes in working capital	(13.2)	37.7
Cash from operations	41.2	108.3
Interest and income taxes paid	(13.1)	(13.2)
Net cash from operating activities	28.1	95.1
Net cash from investing activities	43.7 *	(58.7) *
Free cash flow (FCF)	71.8	36.4
FCF adj. for money market investments, loan repayments	19.1	86.4
Net cash used in financing activities	(1.7)	(1.4)
Effect of exchange rate changes	(7.8)	(1.1)
Cash and cash equivalents at beginning of period	573.6	528.9
Net increase (decrease) in cash and cash equivalents	62.4	33.8
Cash and cash equivalents at end of period	636.0	562.8

* 1Q12 includes extraordinary inflow of CHF 53 million from loan and receivables repayments. 1Q11 includes outflow of CHF 50 million from money market investments with a maturity of more than three months.



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Contingency plans in place to address ongoing volatility

Planning assumptions for 2012:

- Economic environment remains volatile
- Capacity growth outstripping growth in demand, particularly in Ocean Freight
- Uneven demand growth by core market and geography
- Soft expectations for H1 volumes with uptick in second half-year
- Panalpina to outperform market (in Air Freight: as of Q2)
- Targeted productivity increases

Implications for strategy execution:

- Pre-defined scenarios with concrete simulations and corresponding action plans
- Continued investments in Sales, Logistics and IT
- Group-wide cost-containing measures implemented during latter part of 2011

- Low-visibility environment remains with expectations for soft near-term and rebound in H2 2012
- Working with scenarios allowing to react quickly to deviations from budget

Planning assumptions and outlook for 2012

Air Freight



Market

- 0% growth (<0% in first half)
- No capacity bottlenecks expected
- Rates to stay under pressure on major trade lanes in first half

Panalpina

- Volume growth > market growth as of Q2 2012
- Decrease of GP per ton vs. 2011

World trade
growth 2012:
~3%

Ocean Freight



Market

- 4-5% growth
- Continued oversupply
- Further rate increases expected in second half

Panalpina

- Volume growth > market growth
- Stable GP per TEU vs. 2011

Logistics



- Stable GP margin
- Continued investments in Value-Added Services

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A passion for solutions

Panalpina Group

Basel, March 7, 2012

Appendix



Supply Chain Solutions

Air Freight

Ocean Freight

Logistics

Detailed figures including currency impact

in CHF million

	Q1 2011	Q1 2012	Δ y/y	Q1 2012 (excl. FX)	Δ y/y
Net forwarding revenue	1'651.9	1'539.8	-6.8%	1'602.2	-3.0%
Forwarding expenses	(1'278.5)	(1'175.8)		(1'225.2)	
Gross profit	373.4	364.1	-2.5%	377.0	1.0%
<i>in % of net forwarding revenue</i>	22.6%	23.6%		23.5%	
Personnel expenses	(226.5)	(232.6)	2.7%	(241.2)	6.5%
<i>in % of gross profit (PGP)</i>	60.7%	63.9%		64.0%	
Other operating expenses	(91.3)	(156.4)	71.2%	(160.2)	75.4%
<i>in % of gross profit (OGP)</i>	24.5%	42.9%		42.5%	
Gains (losses) on sales of non-current assets	0.1	0.1		0.1	
Total operating expenses	(317.8)	(388.9)	22.4%	(401.3)	26.3%
EBITDA	55.6	(24.8)	-144.6%	(24.3)	-143.7%
<i>in % of gross profit</i>	14.9%	-6.8%		-6.4%	
<i>in % of net forwarding revenue</i>	3.4%	-1.6%		-1.5%	
Depreciation of property, plant and equipment	(7.5)	(7.1)	-6.3%	(7.3)	-3.1%
Amortization of intangible assets	(1.7)	(3.0)	76.2%	(3.1)	79.8%
Goodwill impairment	0.0	0.0		0.0	
Operating result (EBIT)	46.4	(34.9)	-175.2%	(34.7)	-174.8%
<i>in % of gross profit</i>	12.4%	-9.6%		-9.2%	
<i>in % of net forwarding revenue</i>	2.8%	-2.3%		-2.2%	
Financial result	0.2	0.4	56.7%		
Earnings before taxes (EBT)	46.6	(34.5)	-174.0%		
Income tax expenses	(11.7)	(5.9)	-49.5%		
<i>% of EBT</i>	25.1%	-17.1%			
Consolidated profit	34.9	(40.4)	-215.7%		
<i>in % of gross profit</i>	9.4%	-11.1%			
<i>Non-recurring items</i>	-	(59.2)		(60.7)	
underlying EBITDA	55.6	34.4	-38.1%	36.4	-34.6%
<i>in % of gross profit</i>	14.9%	9.5%		9.7%	
underlying EBIT	46.4	24.3	-47.5%	26.0	-44.0%
<i>in % of gross profit</i>	12.4%	6.7%		6.9%	

Balance sheet

Figures in CHF million

	31-Mar-12	31-Dec-11	Variance	
			CHF	%
Cash and cash equivalents, other current financial assets	636.0	593.6	42.4	7.1%
Trade receivables, unbilled forwarding services	1'004.2	1'061.8	-57.6	-5.4%
Other current assets	109.3	90.0	19.3	21.4%
Property, plant and equipment	111.2	113.2	-2.0	-1.7%
Intangible assets	142.5	141.7	0.8	0.6%
Other non-current assets	105.8	135.0	-29.2	-21.6%
Total assets	2'109.0	2'135.3	-26.3	-1.2%
Short-term borrowings	4.1	7.3	-3.2	-44.0%
Trade payables, accrued cost of services	717.8	772.6	-54.8	-7.1%
Other current liabilities	373.1	293.6	79.5	27.1%
Long-term borrowings	0.3	0.2	0.1	22.9%
Other long-term liabilities	149.2	146.7	2.5	1.7%
Total liabilities	1'244.6	1'220.4	24.1	2.0%
Share capital	50.0	50.0	0.0	0.0%
Reserves, treasury shares	805.5	855.8	-50.3	-5.9%
Non-controlling interests	9.0	9.1	-0.1	-0.8%
Total equity	864.5	914.9	-50.4	-5.5%
Total liabilities and equity	2'109.0	2'135.3	-26.3	-1.2%
Net cash (debt)	631.6	586.1	45.5	7.8%
Asset intensity *	5.3%	5.3%		

* Calculated as tangible fixed assets / total assets