Panalpina Condensed Consolidated Interim Financial Statements

January to September 2013

PANALPINA
on 6 continents

Content

Key Developments in Third Quarter 2013

Panalpina Group: Key Figures Third Quarter 2013

in million CHF	Q3 2013	Q3 2012[1]	YTD 2013	YTD 2012[1]
Net forwarding revenue	**1,700.1**	1,721.2	5,028.1	4,928.7
Gross profit	**403.1**	379.3	1,168.0	1,106.7
EBITDA	**48.3**	17.5	130.5	24.9
EBIT	**34.4**	6.3	93.2	(7.2)
Consolidated profit/(loss)	**23.8**	3.6	62.3	(20.6)
Non-recurring items:	**–**	(12.7)	–	(71.9)
underlying EBITDA	**48.3**	30.2	130.5	96.8
underlying EBIT	**34.4**	19.0	93.2	64.7

1 Prior year's figures include antitrust fines of CHF 59.2 million (Q1 2012) as well as provisions related to accrued salaries for leaving employees of CHF 12.7 million (Q3 2012) and have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes, chapter Changes in accounting policies.

Panalpina gains market share in third quarter – results meet expectations

The Panalpina Group reports a gross profit increase of 6% to CHF 403 million in the third quarter of 2013. The company continued to gain market share in both Ocean and Air Freight. Panalpina's Logistics division showed further gross profit growth as it made more inroads into Value-Added Services. The group achieved a consolidated profit of CHF 24 million in the third quarter and CHF 62 million in the first nine months of the year.

Gross profit growth in all regions

The Panalpina Group's gross profit went up by 6% year-on-year and amounted to CHF 403 million in the third quarter of 2013. All regions recorded gross profit growth, led by the EMEA region with a 9% increase to CHF 198 million. Asian export volumes to Europe grew again after a weak start to the year. Intra Asia volumes saw strong growth as well. As a result, gross profit for Asia Pacific increased 5% to CHF 83 million. The Americas recorded a gross profit increase of 3% to CHF 121 million.

Market share gains in Air Freight and Ocean Freight

Panalpina's Air Freight volumes continued to grow above market. They increased 4% compared to the previous year, while the market only grew by 1%. The consumer & retail, healthcare and oil & gas industries showed above average volume growth. Gross profit growth in Air Freight was moderate with 1%, reaching CHF 161 million in the third quarter. As a result of carrier rate increases, gross profit per ton decreased 3% year-on-year but remained stable quarter-on-quarter.

Panalpina's Ocean Freight volumes increased 8% compared to the previous year while the market only grew by 3%. Strong volumes in the consumer & retail, automotive, manufacturing, high-tech and oil & gas industries led to a new quarterly volume record. Gross profit in Ocean Freight increased 7% to CHF 129 million. However, volatile carrier rates resulted in a slightly weaker (-1%) gross profit per TEU year-on-year

Panalpina's Logistics division recorded further gross profit growth as it continued to expand its footprint in Value-Added Services. Gross profit grew by 14% and reached CHF 113 million in the third quarter.

EBITDA of CHF 48 million

The Group achieved an EBITDA of CHF 48 million in the third quarter of 2013, an increase of 60% compared to the previous year. Quarter-on-quarter, EBITDA declined by CHF 4 million. This was mainly due to the fact that more personnel were hired to support the continued growth of the Logistics division. The EBITDA-to-gross profit margin increased to 12% in the third quarter from an underlying 8% in the previous year. The Group's consolidated profit amounted to CHF 24 million in the third quarter and CHF 62 million in the first nine months of 2013.

Consolidated Income Statement

for three and nine months ended September 30, 2013 and 2012

	July - September			January - September		
in thousand CHF	2013	2012[1]	Variance vs PY in %	2013	2012[1]	Variance vs PY in %
Forwarding services	2,076,875	2,103,651	(1.3)	6,095,624	6,025,600	1.2
Customs, duties and taxes	(376,778)	(382,454)	(1.5)	(1,067,495)	(1,096,923)	(2.7)
Net forwarding revenue	**1,700,097**	**1,721,197**	**(1.2)**	**5,028,129**	**4,928,677**	**2.0**
Forwarding services from third parties	(1,296,951)	(1,341,903)	(3.3)	(3,860,112)	(3,822,002)	1.0
Gross profit	**403,146**	**379,294**	**6.3**	**1,168,017**	**1,106,675**	**5.5**
Personnel expenses[1]	(243,486)	(253,288)	(3.9)	(707,453)	(721,539)	(2.0)
Other operating expenses[2]	(111,544)	(108,717)	2.6	(330,277)	(360,542)	(8.4)
Gains/losses on sales of non-current assets	174	161	8.1	247	263	(6.1)
EBITDA	**48,290**	**17,450**	**176.7**	**130,534**	**24,857**	**425.1**
Depreciation of property, plant and equipment	(8,424)	(7,856)	7.2	(25,607)	(22,444)	14.1
Amortization of intangible assets	(5,505)	(3,340)	64.8	(11,752)	(9,585)	22.6
Operating result (EBIT)	**34,361**	**6,254**	**449.4**	**93,175**	**(7,172)**	**n/a**
Finance income	1,226	1,530	(19.9)	2,570	14,257	(82.0)
Finance costs	(3,889)	(1,765)	120.3	(12,840)	(13,736)	(6.5)
Profit/(loss) before income tax (EBT)	**31,698**	**6,019**	**426.6**	**82,905**	**(6,651)**	**n/a**
Income tax expenses[1]	(7,885)	(2,431)	224.4	(20,644)	(13,941)	48.1
Consolidated profit/(loss)	***23,813***	***3,588***	***563.7***	***62,261***	***(20,592)***	***n/a***
Consolidated profit/(loss) attributable to:						
Owners of the parent	23,538	3,415	589.3	62,321	(20,719)	n/a
Non-controlling interests	275	173	59.0	(60)	127	n/a
Earnings per share (in CHF per share)						
Basic	0.99	0.14	607.1	2.63	(0.88)	n/a
Diluted	0.99	0.14	607.1	2.63	(0.88)	n/a

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes, chapter Changes in accounting policies. The prior year includes termination benefits of CHF 12.7 million.
2 Other operating expenses recognized in the first quarter of the prior year include antitrust fines of CHF 59.2 million.

Consolidated Statement of Comprehensive Income

for three and nine months ended September 30, 2013 and 2012

	July - September		January - September	
in thousand CHF	2013	2012[1]	2013	2012[1]
Consolidated profit/(loss)	**23,813**	**3,588**	**62,261**	**(20,592)**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Amounts recognized in equity for defined benefit post-employment plans				
– Return on plan assets, excluding amounts included in interest expense/income	400	3,296	(2,729)	9,888
– Losses from demographic assumptions	0	(4,539)	0	(13,617)
– Losses from financial assumptions	0	(5,755)	0	(17,073)
– Experience gains	0	641	0	1,923
– Exchange difference	68	64	(103)	1
Income tax on these components of other comprehensive income	(50)	1,718	716	5,155
Subtotal, net of tax	**418**	**(4,575)**	**(2,116)**	**(13,723)**
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	(7)	(14)	246	(478)
Exchange difference on translations of foreign operations	(21,210)	1,533	(16,593)	6,854
Income tax on these components of other comprehensive income	(58)	(333)	(120)	(132)
Subtotal, net of tax	**(21,275)**	**1,186**	**(16,467)**	**6,244**
Other comprehensive income for the period, net of tax	**(20,857)**	**(3,389)**	**(18,583)**	**(7,479)**
Total comprehensive income for the period	***2,956***	***199***	***43,678***	***(28,071)***
Attributable to owners of the parent	2,934	28	43,904	(28,220)
Attributable to non-controlling interests	22	171	(226)	149

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes, chapter Changes in accounting policies.

Consolidated Statement of Financial Position

as of September 30, 2013 and as of December 31, 2012

Assets

in thousand CHF	September 30 2013	December 31 2012[1]	September 30 2012[1]
Non-current assets			
Property, plant and equipment	123,124	130,209	121,656
Intangible assets	137,522	134,135	151,406
Investments	34,369	31,636	32,408
Post-employment benefit assets	0	0	6,345
Deferred income tax assets	65,462	65,792	77,938
Total non-current assets	**360,477**	**361,772**	**389,753**
Current assets			
Other receivables and other current assets	130,333	81,052	104,328
Unbilled forwarding services	88,748	85,227	90,210
Trade receivables	1,079,641	1,032,995	1,064,586
Derivative financial instruments	4,067	2,948	6,088
Cash and cash equivalents	337,271	393,061	456,932
Total current assets	**1,640,060**	**1,595,283**	**1,722,144**
Total assets	***2,000,537***	***1,957,055***	***2,111,897***

Equity and liabilities

in thousand CHF	September 30 2013	December 31 2012[1]	September 30 2012[1]
Equity			
Share capital	2,375	2,375	2,375
Treasury shares	(4,516)	(10,018)	(10,262)
Reserves[1]	733,934	742,235	807,842
Total equity attributable to owners of the parent	**731,793**	**734,592**	**799,955**
Non-controlling interests	11,966	9,241	9,185
Total equity	**743,759**	**743,833**	**809,140**
Non-current liabilities			
Borrowings	311	257	458
Provisions	76,936	73,081	93,269
Post-employment benefit liabilities[1]	60,917	57,557	57,332
Deferred income tax liabilities[1]	18,178	14,269	17,750
Total non-current liabilities	**156,342**	**145,164**	**168,809**
Current liabilities			
Trade payables	570,388	572,825	605,338
Other payables and accruals	180,879	149,459	174,151
Accrued cost of services	211,924	200,226	208,568
Borrowings	3,853	1,611	2,801
Derivative financial instruments	1,670	1,256	3,373
Provisions and other liabilities	118,526	124,479	120,539
Current income tax liabilities	13,196	18,202	19,178
Total current liabilities	**1,100,436**	**1,068,058**	**1,133,948**
Total liabilities	**1,256,778**	**1,213,222**	**1,302,757**
Total equity and liabilities	***2,000,537***	***1,957,055***	***2,111,897***

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively.
Please refer to the notes, chapter Changes in accounting policies.

Condensed Consolidated Statement of Changes in Equity

for nine months ended September 30, 2013 and 2012

in thousand CHF	Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent							
Restated balance on January 1, 2013	**2,375**	**(10,018)**	**0**	**(164,810)**	**907,045**	**734,592**	**9,241**	**743,833**
Consolidated profit/(loss)					62,321	62,321	(60)	62,261
Other comprehensive income for the period, net of tax				(16,427)	(1,990)	(18,417)	(166)	(18,583)
Total comprehensive income for the period	**0**	**0**	**0**	**(16,427)**	**60,331**	**43,904**	**(226)**	**43,678**
Dividends paid					(47,343)	(47,343)	(176)	(47,519)
Share-based payments - employee share plan					595	595		595
Share-based payments - option plan					(72)	(72)		(72)
Sold treasury shares		5,502			(2,258)	3,244		3,244
Reclassification of non-controlling interests to parent shareholder					(3,127)	(3,127)	3,127	0
Balance on September 30, 2013	***2,375***	***(4,516)***	***0***	***(181,237)***	***915,171***	***731,793***	***11,966***	***743,759***

in thousand CHF	Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent							
Balance on January 1, 2012	50,000	(197,278)	(121,706)	(162,103)	1,336,895	905,808	9,082	914,890
Reclassification of other reserves to retained earnings			121,706		(121,706)	0		0
Adjustment of DBO opening balance due to IAS 19R					18,388	18,388		18,388
Tax impact on effect of IAS 19R on DBO opening balance					(4,505)	(4,505)		(4,505)
Restated balance on January 1, 2012	**50,000**	**(197,278)**	**0**	**(162,103)**	**1,229,072**	**919,691**	**9,082**	**928,773**
Restated consolidated loss					(20,719)	(20,719)	127	(20,592)
Restated other comprehensive income for the period, net of tax				6,832	(14,333)	(7,501)	22	(7,479)
Total restated comprehensive income for the period	**0**	**0**	**0**	**6,832**	**(35,052)**	**(28,220)**	**149**	**(28,071)**
Dividends paid					(47,239)	(47,239)	(46)	(47,285)
Capital repayment	(45,125)					(45,125)		(45,125)
Share-based payments - employee share plan					1,628	1,628		1,628
Share-based payments - option plan					206	206		206
Changes in treasury shares, net		2,054			(185,501)	(183,447)		(183,447)
Annihilation of shares repurchased	(2,500)	184,961				182,461		182,461
Balance on September 30, 2012	***2,375***	***(10,263)***	***0***	***(155,271)***	***963,114***	***799,955***	***9,185***	***809,140***

Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes, chapter Changes in accounting policies.

Condensed Consolidated Statement of Cash Flows

for three and nine months ended September 30, 2013 and 2012

	July - September		January - September	
in thousand CHF	2013	2012[1]	2013	2012[1]
Profit/(loss) for the period	**23,813**	**3,588**	**62,261**	**(20,592)**
Income tax expenses	7,885	2,431	20,644	13,941
Depreciation and amortization	13,929	11,196	37,359	32,029
Impairment of financial assets	0	56	0	4,702
Net interest (income) expense	(888)	(1,058)	(1,633)	(2,571)
(Gain)/loss on sales of property, plant and equipment	(174)	(161)	(247)	(263)
(Gain)/loss on sales of financial assets	0	0	0	(9,890)
Non-cash expenses and (income)	19,606	7,971	14,882	7,450
	64,171	**24,023**	**133,266**	**24,806**
(Increase)/decrease in working capital	(72,265)	(8,461)	(104,616)	(48,198)
Increase/(decrease) in short- and long-term provisions	38,632	(34,472)	30,291	2,182
Cash generated from operations	**30,538**	**(18,910)**	**58,941**	**(21,210)**
Interest paid	(338)	(391)	(937)	(1,584)
Income taxes paid	(11,172)	(12,907)	(27,293)	(27,750)
Net cash from operating activities	**19,028**	**(32,208)**	**30,711**	**(50,544)**
Interest and dividends received	1,226	1,448	2,570	4,154
Proceeds from sales of PPE	287	528	537	893
Repayments of loans, receivables and other financial assets (incl. sales of investments)	1,903	1,139	3,933	83,821
Purchase of property, plant and equipment	(6,040)	(12,815)	(20,928)	(30,749)
Purchase of intangible assets and other assets	(4,706)	(6,557)	(16,312)	(17,369)
Purchase of investments and other financial assets	(3,733)	(9,146)	(8,027)	(13,879)
Net cash flows from investing activities	**(11,063)**	**(25,403)**	**(38,227)**	**26,871**
Free cash flow	**7,965**	**(57,611)**	**(7,516)**	**(23,673)**
Change in current and non-current borrowings	3,824	(683)	3,652	(1,823)
Dividends paid	0	0	(47,343)	(47,239)
Dividends paid to non-controlling interests	(99)	(46)	(176)	(46)
Share capital paid back	0	(45,125)	0	(45,125)
Purchase of treasury shares	0	0	0	(3,980)
Sale of treasury shares	1,662	158	3,244	1,739
Net cash used in financing activities	**5,387**	**(45,696)**	**(40,623)**	**(96,474)**
Effect of exchange rate changes on cash and cash equivalents	(8,787)	2,351	(7,651)	3,500
Net (decrease) increase in cash and cash equivalents	**4,565**	**(100,956)**	**(55,790)**	**(116,647)**
Cash and cash equivalents at the beginning of the period	332,706	557,888	393,061	573,579
Cash and cash equivalents at the end of the period	***337,271***	***456,932***	***337,271***	***456,932***

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes, chapter Changes in accounting policies.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the nine months ended September 30, 2013

General information

The Panalpina Group is one of the world's leading providers of supply chain solutions. The company combines its core products of Air Freight, Ocean Freight and Logistics to deliver globally integrated, tailor-made end-to-end solutions. Drawing on in-depth industry know-how and customized IT systems, Panalpina manages the needs of its customers' supply chains, no matter how demanding they might be.

Panalpina World Transport (Holding) Ltd. is a limited company incorporated and domiciled in Basel. The registered address is Viaduktstrasse 42, 4002 Basel, Switzerland. The Company shares are publicly traded and listed on the SIX Swiss Exchange in Zurich.

The condensed consolidated interim financial statements for the nine months ended September 30, 2013 were approved for issue by the Audit Committee on October 24, 2013.

Basis of preparation of the condensed consolidated interim financial statements

These condensed interim financial statements comprise the unaudited condensed consolidated interim financial statements of the Company and its affiliates (together referred to as the "Group" and individually as "Group entities") for the nine-month period ended September 30, 2013.

They are prepared in accordance with the International Accounting Standard 34 (IAS 34) *"Interim Financial Reporting".* These condensed consolidated interim financial statements do not include the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2012.

The condensed consolidated interim financial statements are presented in Swiss francs (CHF) which is the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

Accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies applied in the consolidated financial statements 2012, except where noted below. Where necessary, comparative information has been reclassified from the previously reported consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2012 or in these condensed consolidated interim financial statements.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses of the consolidated interim financial statements.

It requires management to exercise its judgments and assumptions in the process of applying the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Deviations from estimates and judgements are recognized in the period in which the estimates are revised and in any future periods affected.

Income tax expenses are recognized based on management's best estimation of the weighted average annual income tax rate expected for the full financial year. Due to non-deductible tax expenses in 2012, the current tax rate is not comparable with the current year's tax rate.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistantly by the Group entities, unless otherwise stated. If necessary, comparative amounts have been reclassified to conform to the current year's presentation.

The following new or revised standards, amendments to standards and interpretations have been adopted in 2013, effective from January 1, 2013:

IFRS 10 ***"Consolidated Financial Statements"***, IFRS 11 ***"Joint Arrangements"***, IFRS 12 ***"Disclosure of interests in other entities"***, IFRS 13 ***"Fair value measurement"*** as well as IAS 1 (amended) ***"Presentation of Financial Statements"***, IAS 28 (amended) ***"Investments in Associates",*** IAS 32 (amended) ***"Financial Instruments - Presentation",*** IFRS 7 ***"Financial Instruments - Offsetting of Financial Assets and Financial Liabilities***" and the amendments to IAS 19 ***"Employee benefits"***. Apart from IAS 19 the adoption of the other revised standards, amendments to the standards and interpretations did not have any or any material impact on the consolidated financial statements of the Group. In addition the IASB issued annual improvements to its standards (IFRS 2009-2011 Cycle) primarily with a view to remove inconsistancies and clarifying the wording. The Group has adopted these amendments and updated its accounting policies.

IAS 19 "Employee benefits"

In the current year, the Group has applied IAS 19 (as revised in June 2011) ***"Employee Benefits"*** and the related consequential amendments. The Group has applied IAS 19 revised retrospectively and in accordance with the transitional provisions as set out in IAS 19.173 revised. These transitional provisions do not have an impact on future periods. The opening statement of financial position of January 1, 2012 has been restated.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in the defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a "net-interest" amount under IAS 19 revised, which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 revised introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures that will be presented in the annual report 2013.

As the Group already eliminated the "corridor approach" prior to the application of IAS 19 revised and recognized all actuarial gains and losses in other comprehensive income (OCI) as they occurred and already recognized all past service cost, the main impact on Group level was the replacement of interest cost and the expected return on plan assets with the net-interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Impact of application of IAS 19 (as revised in 2011)

The condensed consolidated financial statements for the three months ended March 31, 2013 are the first financial statements in which the Group has adopted IAS 19 revised. IAS 19 revised has been adopted in accordance with IAS 8. Consequently, the Group has adjusted opening balances as of January 1, 2012 and the figures for 2012 have been restated as if IAS 19 revised had always been applied.

in thousand CHF	Post-employment benefit liabilities	Deferred income tax liabilities	Equity
Balance as reported at January 1, 2012	**47,151**	**14,492**	**914,890**
Effect of application of IAS 19 (as revised in 2011)	(18,388)	4,505	13,883
Restated balance at January 1, 2012	**28,763**	**18,997**	**928,773**

in thousand CHF	Post-employment benefit liabilities	Deferred income tax liabilities	Equity
Balance as reported at December 31, 2012	**49,629**	**16,211**	**749,819**
Effect of application of IAS 19 (as revised in 2011) on opening balance	(18,388)	4,505	13,883
Effect on OCI for the year	23,525	(5,763)	(17,762)
Effect on income statement for the year	2,791	(684)	(2,107)
Restated balance at December 31, 2012	**57,557**	**14,269**	**743,833**

in thousand CHF	Post-employment benefit liabilities	Deferred income tax liabilities	Equity
Balance as reported at September 30, 2012	**41,234**	**21,957**	**821,031**
Effect of application of IAS 19 (as revised in 2011) on opening balance	(18,388)	4,505	13,883
Effect on income statement for the three quarters	2,093	(513)	(1,580)
Effect on OCI for the three quarters	32,393	(8,199)	(24,194)
Restated balance at September 30, 2012	**57,332**	**17,750**	**809,140**

Presented below are the reconciliations for the year 2012 and the nine months ended 2012 income statement of the reported IFRS figures under existing standard and the restated amounts.

	Three quarters ended September 30, 2012			Year ended December 31, 2012		
in thousand CHF	As originally published	Application of IAS 19 (revised)	Restated	As originally published	Application of IAS 19 (revised)	Restated
Gross Profit	**1,106,675**	**0**	**1,106,675**	**1,465,044**	**0**	**1,465,044**
Personnel expenses	(719,446)	(2,093)	(721,539)	(955,011)	(2,791)	(957,802)
EBITDA	**26,950**	**(2,093)**	**24,857**	**36,482**	**(2,791)**	**33,691**
Operating result (EBIT)	**(5,079)**	**(2,093)**	**(7,172)**	**(37,397)**	**(2,791)**	**(40,188)**
Loss before income tax (EBT)	**(4,558)**	**(2,093)**	**(6,651)**	**(41,910)**	**(2,791)**	**(44,701)**
Income tax expense	(14,454)	513	(13,941)	(28,275)	684	(27,591)
Consolidated loss	***(19,012)***	***(1,580)***	***(20,592)***	***(70,185)***	***(2,107)***	***(72,292)***
Consolidated loss attributable to:						
Owners of the parent	(19,139)	(1,580)	(20,719)	(70,456)	(2,107)	(72,563)
Non-controlling interests	127	0	127	271	0	271
Earnings per share (in CHF per share)						
Basic	(0.81)	(0.07)	(0.88)	(2.98)	(0.09)	(3.07)
Diluted	(0.81)	(0.07)	(0.88)	(2.98)	(0.09)	(3.07)

The following new or revised standards, amendments to standards and interpretations that have been published are mandatory for the future accounting periods but the Group has not early adopted them:

- *"Offsetting Financial Assets and Financial Liabilities"* (Amendments to IAS 32); effective date January 1, 2014
- *"Investment Entities"* (Amendments to IFRS 10, IFRS 12 and IAS 27); effective date January 1, 2014
- IFRS 9 *"Financial Instruments"*; effective date January 1, 2015

Their impact on the consolidated financial statements of the Group has not yet been analysed in detail but is not expected to be material if any.

Change in scope and method of consolidation

The consolidated interim financial statements comprise the financial statements of all companies which are directly or indirectly controlled by Panalpina. According to IFRS 10 control is given when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. During the period under review, a new subsidiary named Panalpina Business Services (Prague), s.r.o. has been established. In addition the management decided to reclassify the negative balance of non-controlling interests of Panalpina Transportes Mundiais Navegâçao e Trânsitos S.A.R.L. (Angola) to parent shareholders' equity.

Seasonality

Historically, the Group's results have been subject to seasonal trends. The first fiscal quarter has traditionally been the weakest and the third and fourth fiscal quarters have generally been the strongest. This seasonality is based on many factors, including holiday seasons, consumer demand, climate and economic conditions.

Condensed operating segment information

Management has determined the operating segments based on the reports reviewed by the Executive Board that are used to make strategic decisions. The Executive Board considers the business from a geographic perspective, as the Group's operations are predominantly managed by the geographical location. The Executive Board assesses performance of the operating segments based on a measure of adjusted EBIT. This measurement basis excludes the effects of specific expenditure from the operating segments such as restructuring expenses, reorganization costs as well as fines recognized and related legal expenses. The measurement also excludes the unrealized gains/losses on financial instruments as well as interest income and expenses, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Income and deferred taxes are not assessed by segment.

During 2012, the regional management as well as the new reporting structure became effective. Since July 2012 North as well as Central and South America are no longer reported seperately. To be in line with the internal reporting structure, the consolidated segment reporting shows only combined figures for Americas. For comparative analysis the previous year operating segment has been aligned to conform the current period's presentation.

Condensed operating segment information

For the nine months ended September 30, 2013:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segments**	Corpo-rate	Total Group
Third-party net forwarding revenue	2,341,308	1,745,249	941,572	**5,028,129**	0	5,028,129
Gross profit (GP)	574,834	357,037	236,146	**1,168,017**	0	1,168,017
GP (decrease) increase in %	6.5	6.4	1.9	**5.5**	n/a	5.5
Segment EBITDA	*16,842*	*26,716*	*56,588*	100,146	*30,388*	*130,534*
EBITDA in % of GP	2.9	7.5	24.0	**8.6**	n/a	11.2
Segment operating result (EBIT)	*5,004*	*20,178*	*51,875*	77,057	*16,118*	*93,175*
EBIT in % of GP	0.9	5.7	22.0	**6.6**	n/a	8.0
Fine and related costs						0
Operating result (EBIT)						**93,175**

For the nine months ended September 30, 2012:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segments**	Corpo-rate	Total Group
Third-party net forwarding revenue	2,303,944	1,693,700	931,033	**4,928,677**	0	4,928,677
Gross profit (GP)	539,530	335,496	231,649	**1,106,675**	0	1,106,675
Segment EBITDA	*4,113*	*9,661*	*46,946*	60,720	*36,025*	*96,745*
EBITDA in % of GP	0.8	2.9	20.3	**5.5**	n/a	8.7
Segment operating result (EBIT)	*(9,094)*	*2,537*	*42,082*	35,525	*29,191*	*64,716*
EBIT in % of GP	(1.7)	0.8	18.2	**3.2**	n/a	5.8
Fines						(59,232)
Re-organization costs						(12,656)
Operating result (EBIT)						**(7,172)**

For July to September 2013:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segments**	Corpo-rate	Total Group
Third-party net forwarding revenue	797,525	571,786	330,786	**1,700,097**	0	1,700,097
Gross profit (GP)	198,459	121,435	83,252	**403,146**	0	403,146
GP increase (decrease) in %	9.1	2.5	5.4	**6.3**	n/a	6.3
Segment EBITDA	***11,350***	***11,650***	***18,666***	**41,666**	***6,624***	***48,290***
EBITDA in % of GP	5.7	9.6	22.4	**10.3**	n/a	12.0
Segment Operating result (EBIT)	***7,566***	***9,492***	***17,034***	**34,092**	***269***	***34,361***
EBIT in % of GP	3.8	7.8	20.5	**8.5**	n/a	8.5
Fine and related costs						0
Operating result (EBIT)						**0**

For July to September 2012:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segments**	Corpo-rate	Total Group
Third-party net forwarding revenue	789,095	617,307	314,795	**1,721,197**	0	1,721,197
Gross profit (GP)	181,882	118,436	78,976	**379,294**	0	379,294
Segment EBITDA	***4,544***	***11,326***	***15,099***	**30,969**	***(863)***	***30,106***
EBITDA in % of GP	2.5	9.6	19.1	**8.2**	n/a	7.9
Segment Operating result (EBIT)	***326***	***8,814***	***13,159***	**22,299**	***(3,389)***	***18,910***
EBIT in % of GP	0.2	7.4	16.7	**5.9**	n/a	5.0
Fine and related costs						0
Re-organization costs						(12,656)
Operating result (EBIT)						**6,254**

Information by product

The Group's business can be divided into Air Freight, Ocean Freight and Logistics:

For nine months ended September 30, 2013 and 2012:

	Air Freight		Ocean Freight		Logistics		**Total**	
in thousand CHF	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Third-party net forwarding revenue	2,252,715	2,312,576	2,095,192	1,961,410	680,222	654,691	**5,028,129**	**4,928,677**
Increase (decrease) in %	(2.6)		6.8		3.9		**2.0**	
Gross profit (GP)	473,042	480,239	371,350	346,108	323,625	280,328	**1,168,017**	**1,106,675**
GP margin in %	21.0	20.8	17.7	17.6	47.6	42.8	**23.2**	**22.5**
GP increase (decrease) in %	(1.5)		7.3		15.4		**5.5**	

For July to September 2013 and 2012:

in thousand CHF	Air Freight Q3 2013	Air Freight Q3 2012	Ocean Freight Q3 2013	Ocean Freight Q3 2012	Logistics Q3 2013	Logistics Q3 2012	**Total Q3 2013**	**Total Q3 2012**
Third-party net forwarding revenue	747,830	773,116	720,485	722,828	231,782	225,253	**1,700,097**	**1,721,197**
Increase (decrease) in %	(3.3)		(0.3)		2.9		**(1.2)**	
Gross profit (GP)	160,817	159,420	129,382	121,112	112,947	98,762	**403,146**	**379,294**
GP margin in %	21.5	20.6	18.0	16.8	48.7	43.8	**23.7**	**22.0**
GP increase (decrease) in %	0.9		6.8		14.4		**6.3**	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 12.7 million (2012: CHF 20.4 million) machinery and equipment, CHF 5.1 million in building and building under construction (2012: CHF 7.4 million), CHF 3.1 million (2012: CHF 2.9 million) vehicles and CHF 16.3 million (2012: CHF 17.3 million) intangible assets. Acquired intangible assets comprise mainly software licences.

The following tables show the movements in the net book values of property, plant and equipment and intangible assets for the nine-month period ended September 30, 2013 and 2012:

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended September 30, 2013		
Net book value on January 1, 2013	**130,209**	**134,135**
Translation differences	(2,116)	(1,171)
Additions	20,928	16,310
Disposals (net)	(290)	0
Depreciation and amortization	(25,607)	(11,752)
Net book value on September 30, 2013	**123,124**	**137,522**

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended September 30, 2012		
Net book value on January 1, 2012	**113,180**	**141,743**
Translation differences	811	1,943
Additions	30,739	17,305
Disposals (net)	(630)	0
Depreciation and amortization	(22,444)	(9,585)
Net book value on September 30, 2012	**121,656**	**151,406**

Intangible assets as of September 30, 2013 include goodwill of CHF 62.8 million (September 30, 2012: CHF 82.5 million), brands and customer relations of CHF 0.9 million (September 30, 2012: CHF 14.6 million) and software of CHF 73.8 million (September 30, 2012: CHF 54.3 million).

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on financial budgets of CGU approved by management covering a five-year period. Cash-flows beyond the five year period are extrapolated using estimated growth rates.

There were no impairment charges recorded on goodwill during the nine months ended September 30, 2013 and 2012. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per September 30, 2013 no impairment indicators were determined.

Intangible assets with estimable useful lifes are amortized over the period of their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with IAS 36 *"Impairment of Assets"*. Intangible assets, stated at cost net of amortization and impairment charges, include brand name and customer relations, which are amortized on a straight-line basis over the estimated useful life of 5 to 10 years. Accumulated amortization as of September 30, 2013 and December 31, 2012 for brand name and customer relations was CHF 36.3 million and CHF 37.1 million, respectively. Amortization expenses of these intangible assets totalled CHF 1.0 million for the nine months ended September 30, 2013 (2012: CHF 2.4 million). There were no impairment charges recorded on these other intangible assets during the nine months ended September 30, 2013 and 2012.

Equity

The ordinary share capital and issued numbers of shares as well as the authorized capital have not changed during the interim period 2013. The weighted average number of shares issued was 23,670,814 (December 31, 2012: 23,637,831). At the Annual Meeting of Shareholders on May 8, 2012, the shareholders approved the cancellation of 1,250,000 repurchased shares. This resulted in a total remaining share capital of CHF 47.5 million (23,750,000 shares). Furthermore, the Annual Meeting of Shareholders approved a reduction of the nominal value of the remaining 23,750,000 shares by CHF 1.90 per share. Therefore, the share capital further decreased by CHF 45.125 million to CHF 2.375 million.

Dividends

The amount available for dividend distribution is based on the available distributable retained earnings of Panalpina World Transport (Holding) Ltd. determined in accordance with the legal provisions of the Swiss Code of Obligations. As per May 15, 2013 the shareholders approved the distribution of a dividend for the fiscal year 2012 of CHF 2.00 per share (business year 2011: CHF 2.00).

The dividends distributed to holders of outstanding shares during the interim period totalled CHF 47,343,346 (2012: CHF 47,239,112) and have been recorded against retained earnings. Except for 78,327 treasury shares, all shares were dividend-bearing.

Share capital and treasury shares

in thousand CHF	Outstanding number of shares (numbers)	Ordinary shares	Treasury shares	Total
Issued shares	23,750,000	2,375		2,375
Treasury Shares	(100,398)		(10,018)	(10,018)
On January 1, 2013	**23,649,602**	**2,375**	**(10,018)**	**(7,643)**
Treasury shares				
Purchased	0		0	0
Sold under employee share plan	22,444		2,240	2,240
Sold under employee option plan	29,456		2,939	2,939
Bonus settled with own shares	3,239		323	323
On September 30, 2013	***23,704,741***	***2,375***	***(4,516)***	***(2,141)***

As of September 30, 2013, the number of outstanding shares amounted to 23,704,741 shares (December 31, 2012: 23,649,602 shares) and the number of treasury shares to 45,259 (December 31, 2012: 100,398 shares). Treasury shares have been deducted from shareholder’s equity.

Share and Option Ownership Program

Management Incentive Plan (MIP) 2012/13

As in previous years an additional management incentive plan was setup in 2013. Participants in this program had the right to purchase shares with a discount of 10% based on the share price equal to the closing price on the SIX Swiss Stock Exchange at the cut-off day. The difference between the discounted share price on the grant date and the share price paid by the participants is recognized as personnel expenses on the date of the issue of the shares. The shares are subject to a one-year lock-up period. For every purchased share under this plan, the Group granted a number of free shares according to a “Free Share Ratio” which is annually set by the Compensation and Nomination Committee. For the current year the ratio was set to 1:4 (1 free share per 4 shares bought). The free shares have a vesting period of one to three years. On non-vested free shares, no dividends are paid and there is no entitlement. The shares cannot be settled in cash.

The fair value of the free shares corresponds to the market price of the shares at the grant date.

The members of the Executive Board and the Boards of Directors did not participate in the above-mentioned incentive plans.

Executive Board Mid-Term Incentive Plan

In the reporting period Executive Board members received 40% of the bonus in company shares totalling to 1,625 shares (previous year: 11,930 shares) with a restriction period of one year. This number of shares will additionally be matched by the company after this restriction period. These additional shares are also subject to a further one-year restriction period.

During the period under review the management received the matched shares (9,580 shares) reflecting the bonus paid in the previous year.

Board of Directors Restricted Stock Award Plan

The restricted stock award plan for the Board of Directors has been introduced in 2009. Part of the remuneration of each Board member is settled in free shares of the company. The corresponding number of shares per member will be based on the share's closing price at the assignment date. The shares have a one-year restriction period. During the period under review the Board of Directors received no shares (2012: 3,948 shares).

Provisions and other liabilities

Provisions are recognized where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Long-term provisions

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended September 30, 2013			
Balance on January 1, 2013	**34,097**	**38,984**	**73,081**
Translation differences	(227)	(816)	(1,043)
Addition	2,557	5,462	8,019
Reversal of unused amounts	(683)	(1,029)	(1,712)
Utilization	(1,253)	(156)	(1,409)
Balance on September 30, 2013	**34,491**	**42,445**	**76,936**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended September 30, 2012			
Balance on January 1, 2012	**37,869**	**47,163**	**85,032**
Translation differences	(77)	1,328	1,251
Addition	3,223	9,324	12,547
Reversal of unused amounts	(468)	(3,201)	(3,669)
Utilization	(480)	(843)	(1,323)
Reclassification	(569)	0	(569)
Balance on September 30, 2012	**39,498**	**53,771**	**93,269**

Employee provision mostly relates to certain employee benefit obligations, such as "anniversary" benefits, termination payments and long-service benefits mainly in Switzerland, Germany, Austria, Italy, France and USA. The timings of these cash outflows can be reasonably estimated based on past performance. In addition employee provision include the liability of thousand CHF 363 (September 30, 2012: CHF 3,341 million) for the cash settled compensation plan. Significant provisions are discounted by using the corresponding discount rate applicable in respective countries were the obligation occurs.

The balance for claims represents a provision for certain claims brought forward against the Group by customers and forwarding agents. The balance as of September 30 is expected to be utilized within the next two to five years.

The management determined the provision based on past performance and its expectation of the funds needed for the future settlement of the claims which are not yet reported.

Short-term provisions and other liabilities

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring	Total
Period ended September 30, 2013					
Balance on January 1, 2013	**51,585**	**22,238**	**33,225**	**17,431**	**124,479**
Translation differences	(721)	(643)	(379)	(234)	(1,977)
Addition	42,578	3,962	9,520	2,100	58,160
Reversal of unused amounts	(5,054)	(897)	(4,184)	(2,682)	(12,817)
Utilization	(26,967)	(2,684)	(7,836)	(11,832)	(49,319)
Balance on September 30, 2013	**61,421**	**21,976**	**30,346**	**4,783**	**118,526**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring	Total
Period ended September 30, 2012					
Balance on January 1, 2012	**73,107**	**22,420**	**29,244**	**649**	**125,420**
Translation differences	118	(628)	(538)	(6)	(1,054)
Addition	63,517	3,636	68,017	0	135,170
Reversal of unused amounts	(8,882)	(950)	(8,502)	(19)	(18,353)
Utilization	(63,816)	(2,612)	(54,436)	(349)	(121,213)
Reclassification to long-term provision	0	569	0	0	569
Balance on September 30, 2012	**64,044**	**22,435**	**33,785**	**275**	**120,539**

Apart from outstanding vacation entitlement and the current portion of provisions, as disclosed under long-term provisions, short-term provisions and other liabilities include personnel profit participation, social security and payroll taxes. During the period under review CHF 26.8 million of personnel profit participation (for the nine months ended September 30, 2012: CHF 53.4 million) has been paid out. For the current year, additional personnel profit participation and termination benefits of CHF 35.7 million (for the nine months ended September 30, 2012: CHF 42.2 million) as well as related social security costs and payroll taxes have been recorded.

Claim provision includes the current portion of certain claims brought forward against the Group by customers and forwarding agents as well as a short-term provision of approximately CHF 17.1 million to cover the fines relating to the settlement of the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations. During the prior period CHF 59.2 million have been recognized to settle the penalties from WEKO and EU anti-trust. Thereof approximately CHF 56.0 million was paid within the third quarter 2012 and CHF 3.2 million was paid within the period under review.

The restructuring provisions from 2012 concern headcount reductions in all functions mainly in marketing and sales and in operations in various countries with the largest amount incurred in Europe and North America as well as on corporate level. During the period under review no additional restructuring provisions have been recognized.

Major legal claims

The status of the proceedings disclosed under “pending legal claims” in the consolidated financial statements 2012 (pages 126 and 127) remained unchanged.

Contingent liabilities and other commitments

There have been no material changes in contingent liabilities and other commitments since the last balance sheet date.

Events after the balance sheet date

As announced in a separate media release on October 23, 2013, Panalpina entered into a preliminary agreement to settle a U.S. class action lawsuit alleging anticompetitive industry practices regarding certain freight surcharges. Panalpina agreed to pay an amount of USD 35 million, which includes previously received proceeds of USD 5.8 million, in an unrelated class action against various airlines. The settlement is subject to U.S. court approval and will impact the fourth quarter 2013 results.

The civil class action lawsuit was filed in the U.S. in 2008 against a large number of air freight forwarders, including Panalpina, as a direct consequence of investigations by the U.S. Department of Justice (DOJ) for violations of the Sherman Antitrust Act regarding certain surcharges imposed on international air freight forwarding services. This case was settled with the U.S. DOJ in 2010 by entering into a plea agreement. Panalpina agreed to enter into the current settlement agreement to avoid cost and risk of trial.

Basel, October 24, 2013