

MEDIA RELEASE

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Panalpina delivers stable profits during turnaround

International freight forwarding and logistics company Panalpina kept up overall profitability in the first nine months of 2014. Undeterred by ongoing restructuring, group gross profit and EBIT both increased 1% (currency adjusted +6% and +4%), reaching CHF 1,178.7 million and CHF 94.4 million respectively. EBIT loss in Logistics was reduced drastically to CHF 6.9 million for the period of January to September (down from CHF 26.8 million in the same period of 2013). Air Freight and Ocean Freight volumes grew 4% and 8% year-to-date, but unit profitability decreased due to margin pressure and currency effects.

“We have managed to keep up profitability in the first nine months of the year,” says Panalpina CEO Peter Ulber. “I am particularly pleased with our progress in Logistics, where we have significantly reduced losses and are close to reaching break-even. We also showed continued good volume growth in Air Freight and very strong volume growth in Ocean Freight.”

Panalpina Group: Results for the first nine months of 2014

(CHF million)	YTD 2014	YTD 2013
Net forwarding revenue	4,955.9	5,028.1
Gross profit	1,178.7	1,168.0
EBITDA	137.5	130.5
EBIT	94.4	93.2
Consolidated profit	69.2	62.3

[Nine Months Results 2014 – Consolidated Financial Statements](#)

[Nine Months Results 2014 – Investor Presentation](#)

Gross profit and EBIT impacted by currencies

Group gross profit increased 1% (adjusted: +6%) to CHF 1,178.7 million in the first nine months of 2014 (YTD 2013: CHF 1,168.0 million). Total operating expenses amounted to CHF 1,041.2 million, 0.4% (adjusted: +5%) more than in the same period of the previous year (YTD 2013: CHF 1,037.5 million). Panalpina achieved an EBIT of CHF 94.4 million, an increase of 1% (adjusted: +4%) compared to the same period of last year (YTD 2013: CHF 93.2 million). The EBIT-to-gross-profit margin remained unchanged at 8.0% year-on-year.

Air Freight

Panalpina's Air Freight volumes grew 4% in the first nine months of 2014, slightly ahead of the market. Gross profit per ton decreased 5% to CHF 745 (YTD 2013: CHF 781). As a result, gross profit remained practically unchanged at CHF 469.0 million (YTD 2013: CHF 473.0 million). Air Freight achieved an EBIT of CHF 85.3 million, 8% less than in the same period of last year (YTD 2013: CHF 93.0 million). The EBIT-to-gross-profit margin for the first nine months of 2014 decreased to 18.2% (YTD 2013: 19.7%).

Ocean Freight

Panalpina's Ocean Freight volumes grew a strong 8% in the first nine months of 2014. This was in part the result of some important new business wins in the area of managed solutions. The ocean freight market grew approximately 4%. High rate volatility remains an issue. Gross profit per TEU decreased 8% to CHF 309 (YTD 2013: CHF 335), which resulted in a stable gross profit of CHF 370.4 million (YTD 2013: CHF 371.4 million). Ocean Freight posted an EBIT of CHF 16.0 million (YTD 2013: CHF 26.9 million). The EBIT-to-gross profit margin decreased to 4.3% in the first nine months of 2014 (YTD 2013: 7.2%) but was up quarter-on-quarter.

Logistics

Logistics increased gross profit 5% to CHF 339.3 million (YTD 2013: CHF 323.6 million) and cut its EBIT loss of CHF 26.8 million in the first nine months of 2013 to a loss of CHF 6.9 million in the same period this year.

Outlook

"With our Logistics business likely to reach break-even far earlier than anticipated, our main focus has now clearly shifted to improving our performance in Ocean Freight," says Ulber. "We already produce high volumes, but we have to reengineer processes and roll out the next generation IT platform." Panalpina expects the air and ocean freight markets to grow by 3% and 4% respectively in 2014.

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About Panalpina

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. The Panalpina Group operates a global network with some 500 offices in more than 70 countries, and it works with partner companies in a further 90 countries. Panalpina employs over 16,000 people worldwide who deliver a comprehensive service to the highest quality standards – wherever and whenever.

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