

A passion for solutions

Panalpina Group

March 4, 2015

Full-Year Results

January to December 2014



Supply Chain Solutions

Air Freight

Ocean Freight

Logistics



Highlights and key figures

Operating and financial review

Outlook and priorities

Appendix

Highlights and key figures



Highlights

Lowlights



Continuous volume growth in Air Freight (+4%) and Ocean Freight (+7%)



Turnaround in Logistics clearly ahead of schedule



Free cash flow of CHF 87 million

GP impacted by forex and lower margins



Ongoing restructuring costs and investments in IT platform



Conversion rate (EBIT/GP) in Ocean only at 2.6%



Major restructuring completed
Focus now on implementation of IT systems

Key figures

	Q4 2014 actual	Q4 2013 adjusted	NRI*	Q4 2013 reported	Δ in % vs actual	FY 2014 actual	FY 2013 adjusted	NRI*	FY 2013 reported	Δ in % vs actual	YTD 2014 currency adjusted	Δ in % vs actual
Net forwarding revenue	1'751.2	1'729.5		1'729.5	1.3%	6'707.1	6'757.6		6'757.6	-0.7%	6'932.7	2.6%
Gross profit	407.2	393.0		393.0	3.6%	1'586.0	1'561.0		1'561.0	1.6%	1'637.1	4.9%
Total operating expenses	(370.7)	(362.8)	(40.9)	(403.7)	2.2%	(1'411.9)	(1'400.2)	(40.9)	(1'441.2)	0.8%	(1'461.4)	4.4%
EBITDA	36.5	30.3		(10.7)	20.6%	174.0	160.8		119.8	8.2%	175.7	9.3%
<i>in % of gross profit</i>	9.0%	7.7%		-2.7%		11.0%	10.3%		7.7%		10.7%	
Operating result (EBIT)	22.3	14.9	(60.1)	(45.2)	50.0%	116.7	108.0	(60.1)	48.0	8.1%	117.4	8.7%
<i>in % of gross profit</i>	5.5%	3.8%		-11.5%		7.4%	6.9%		3.1%		7.2%	
Consolidated profit / (loss)	17.3	9.5	(60.1)	(50.6)	82.6%	86.5	71.7	(60.1)	11.7	20.6%	87.2	21.5%
Earnings per share (CHF)	0.77	0.41		-2.13	88.1%	3.68	3.04		0.50	20.9%		
Cash and cash equivalents (end of period)	372.0	336.9										

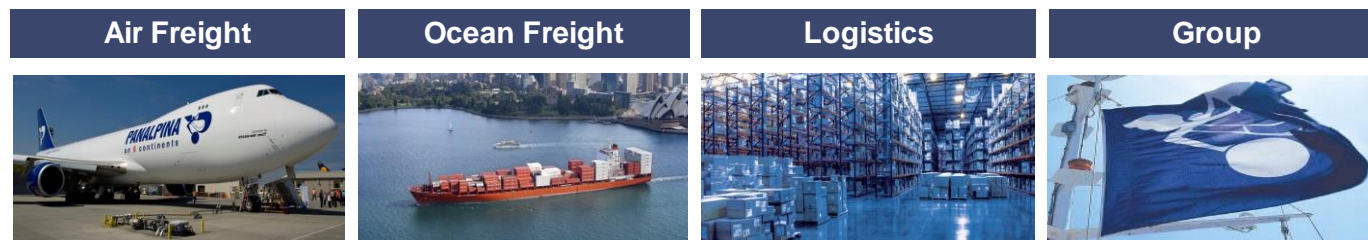
Note: CHF million unless otherwise noted

* NRI = Non-recurring items. Adjusted by CHF -60.1 mio for fines (CHF -40.9 mio) and Goodwill impairment (CHF -19.1 mio)



Operating and financial review

Overview of product and group performance



	Air Freight		Ocean Freight		Logistics		Group	
(YoY growth in %)	FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14
Volumes (market)	+1%	+3.5%	+3%	+4-5%				
Volumes (Panalpina)	+3%	+4%	+8%	+7%				
Gross profit	+1%	+1%	+7%	0%	+16%	+5%	+7%	+2%

	Air Freight		Ocean Freight		Logistics		Group	
(absolute numbers CHF million)	4Q13	4Q14	4Q13	4Q14	4Q13	4Q14	4Q13	4Q14
Gross profit	158.4	167.2	120.6	121.1	114.1	118.9	393.0	407.2
EBIT (Adj.)	26.2	26.7	1.1	-3.1	-12.5	-1.3	14.9	22.3
EBIT/GP	16.6%	16.0%	0.9%	n/a	n/a	n/a	3.8%	5.5%

(absolute numbers
in CHF million)

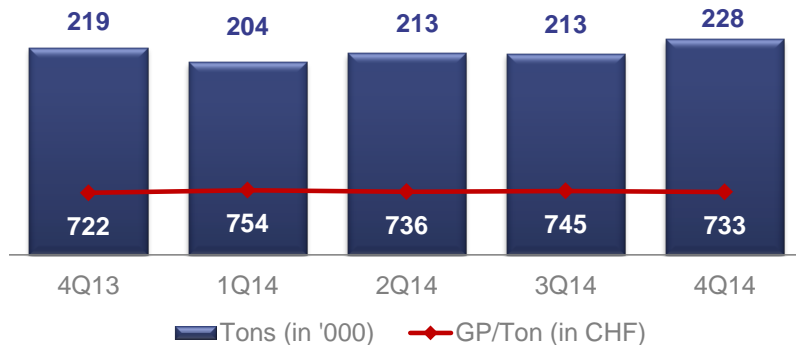
Free cash flow
NWC intensity

	YTD 13	YTD 14
Free cash flow	-5.5	87.0
NWC intensity	2.5%	2.3%

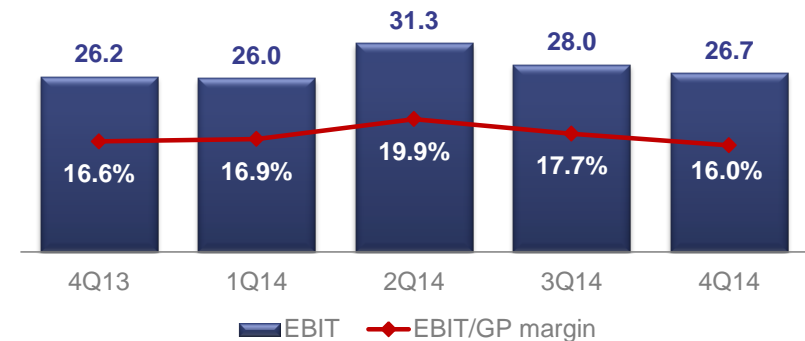
Air Freight: good volume growth – conversion rate down

- Volume growth driven by healthcare and automotive business
- Gross Profit impacted by -3% currency translation (YTD)
- EBIT down due to further investments in new IT system

Air Freight: tonnage, GP/ton



Air Freight: EBIT, EBIT/GP margin



YoY growth (%)	4Q13	1Q14	2Q14	3Q14	4Q14
Volume (market)	+4%	+4%	+4%	+3%	+3.5%
Volume (Panalpina)	+8%	+6%	+2%	+4%	+4%
GP/ton	-1%	-1%	-7%	-5%	+2%
Gross Profit	+7%	+5%	-5%	-2%	+6%

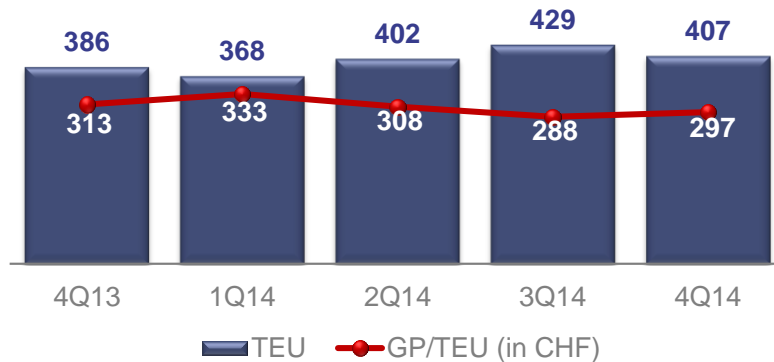
Gross Profit, EBIT (CHF million)	YTD 2013	YTD 2014
Gross Profit	631.4	636.3
EBIT	119.3	112.0
EBIT/GP (%)	18.9%	17.6%

Note: 4Q13 operating expenses adjusted for non-recurring items as disclosed in FY13 presentation

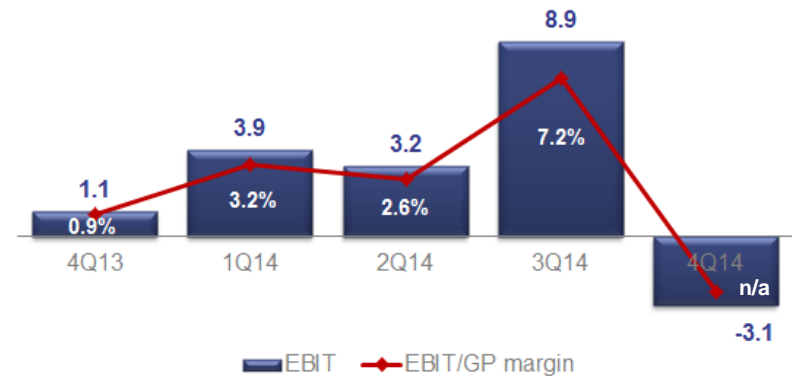
Ocean Freight: strong volume growth – weak conversion

- Continuous business wins in managed solutions
- Gross Profit impacted by -3.5% currency translation (YTD)
- EBIT impacted by business transformation (processes and IT systems) / change of organisational structure

Ocean Freight: TEU, GP/TEU



Ocean Freight: EBIT, EBIT/GP margin



YoY growth in %	4Q13	1Q14	2Q14	3Q14	4Q14
Volume (market)	+5%	+3%	+3%	+4%	+6%
Volume (Panalpina)	+11%	+6%	+9%	+9%	+6%
GP/TEU	-4%	-1%	-9%	-12%	-5%
Gross Profit	+6%	+5%	-1%	-4%	0%

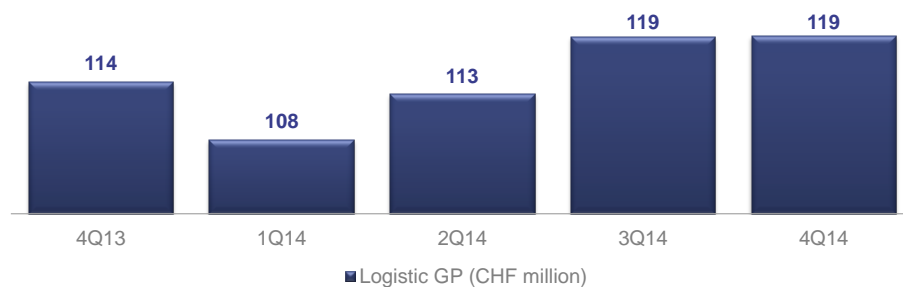
Gross Profit, EBIT (CHF million)	YTD 2013	YTD 2014
Gross Profit	491.9	491.5
EBIT	28.0	12.9
EBIT/GP (%)	5.7%	2.6%

Note: 4Q13 operating expenses adjusted for non-recurring items as disclosed in FY13 presentation

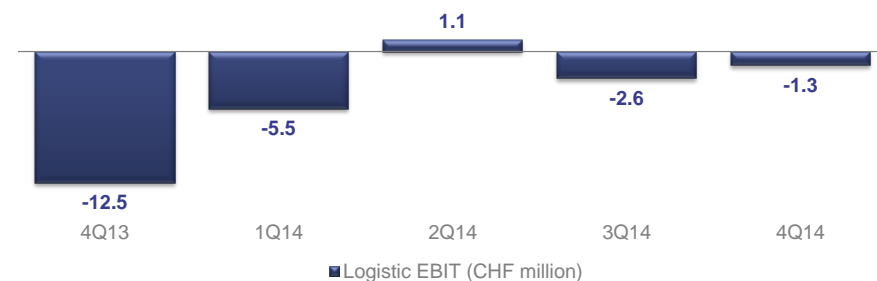
Logistics: turnaround ahead of schedule

- Strong GP growth mainly from technology and fashion industries
- Focus on transformation of existing customer portfolio into value-added services

Logistics: Gross Profit



Logistics: EBIT



YoY growth in %	4Q13	1Q14	2Q14	3Q14	4Q14
Gross Profit	+18%	+6%	+4%	+5%	+4%

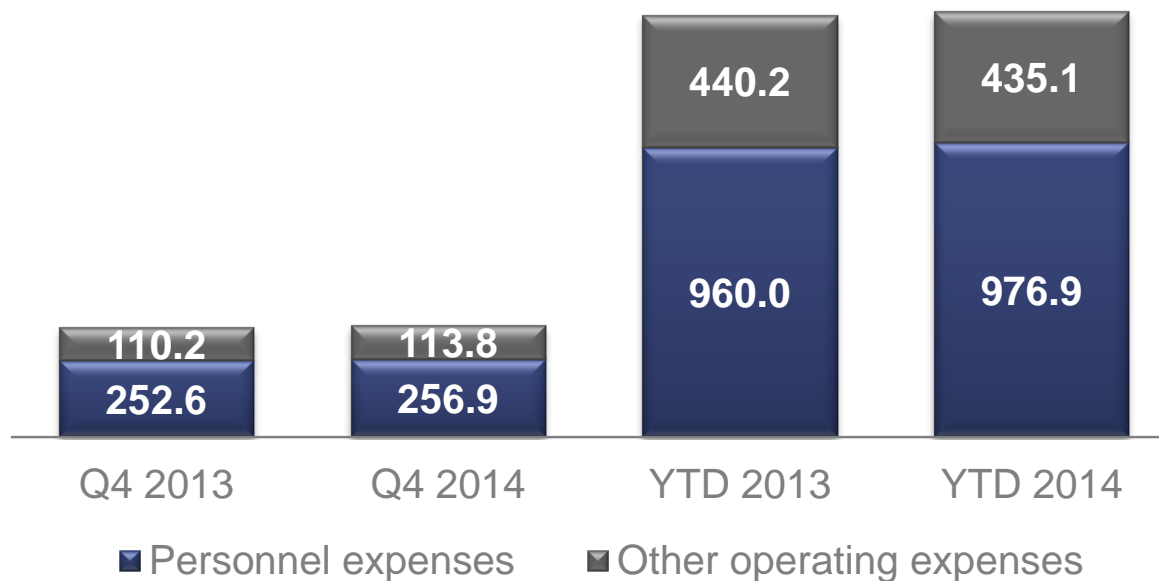
Gross Profit, EBIT (CHF million)	YTD 2013	YTD 2014
Gross Profit	437.7	458.2
EBIT	-39.3	-8.2
EBIT/GP (%)	n/a	n/a

Note: Gross profit and EBIT in CHF million

Note: 4Q13 operating expenses adjusted for non-recurring items as disclosed in FY13 presentation

Business transformation impacts operational expenses

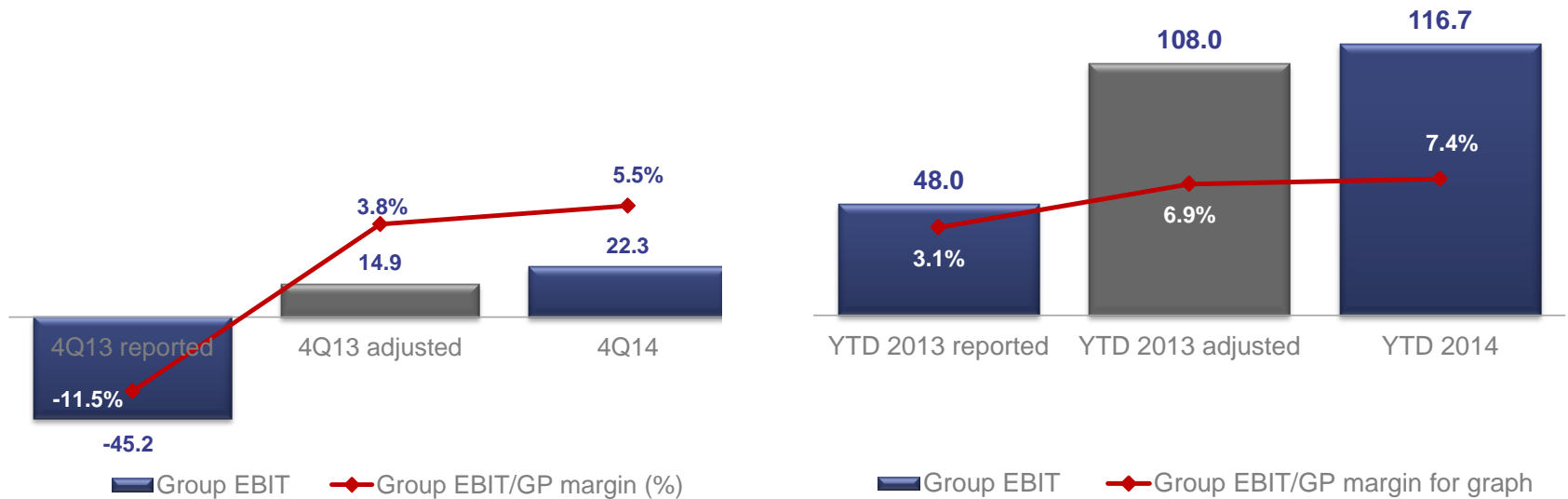
- Personal expenses higher due to severance costs
- Other operating expenses almost stable, despite continuous investments in IT



Note: Operating expenses in CHF million

Note: 4Q13 operating expenses adjusted for non-recurring items as disclosed in FY13 presentation

EBIT improved even with major restructuring



Note: EBIT in CHF million

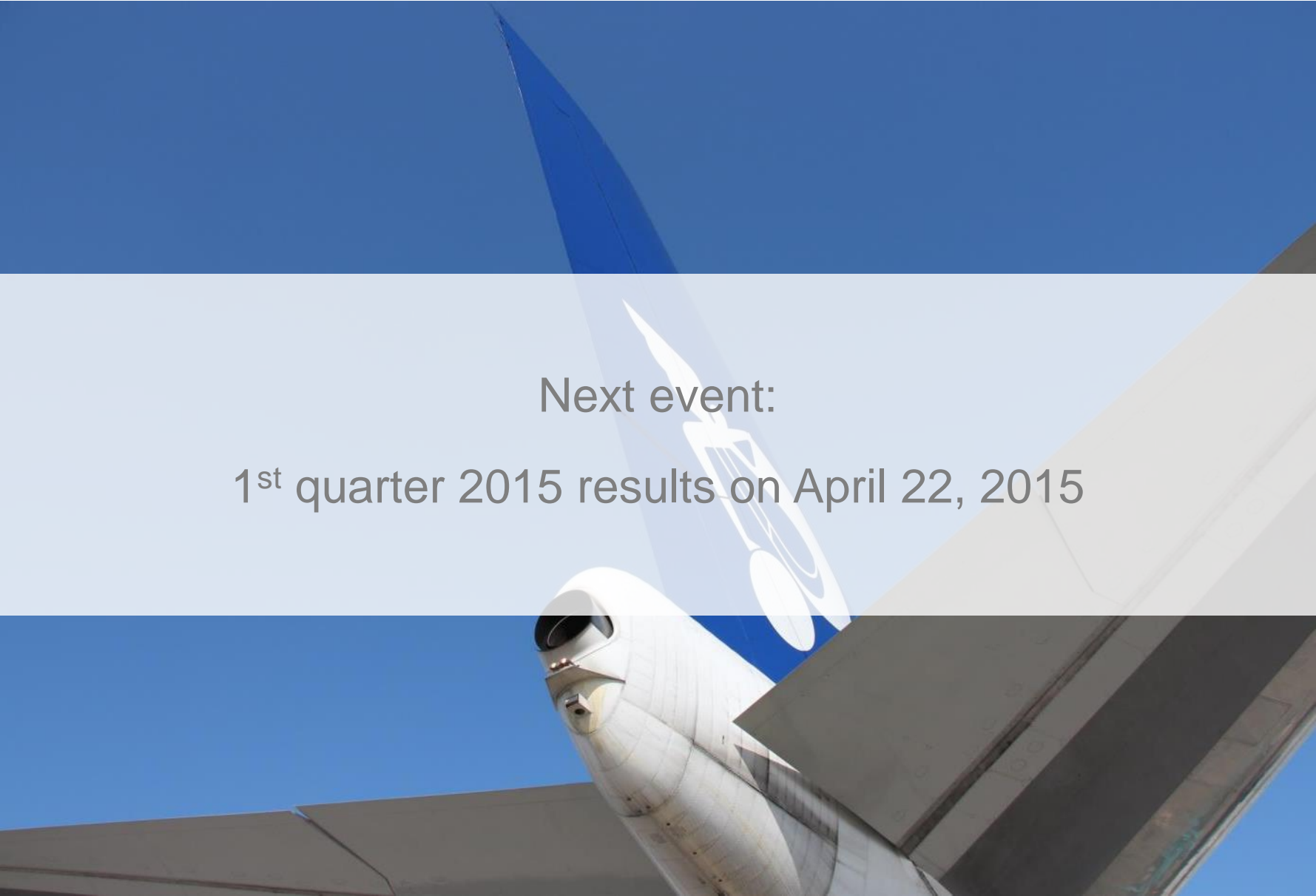
Note: 4Q13 and YTD 2013 adjusted by CHF -60.1 mio for fines (CHF -40.9 mio) and Goodwill impairment (CHF -19.1 mio)



Outlook and priorities

2015 outlook and priorities

- Market outlook for Air at 3 – 4% / Ocean at 4 – 5%
- Headwind from currency volatility and lower oil price
- Continued streamlining of Ocean Freight operations
- Expansion of controlled Air Freight network
- Transformation of current warehousing activities to Value-added Logistics Services
- Increase footprint in the Middle East and Africa
- Diligent management of complex SAP implementation



Next event:
1st quarter 2015 results on April 22, 2015

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Income statement per quarter – Group

Group	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013 *	FY 2013 *
Net forwarding revenue	1'596.5	1'634.0	1'725.5	1'751.2	6'707.1	1'601.6	1'726.5	1'700.1	1'729.5	6'757.6
Forw arding expenses	(1'212.2)	(1'240.4)	(1'324.6)	(1'344.0)	(5'121.1)	(1'235.7)	(1'327.4)	(1'297.0)	(1'336.5)	(5'196.6)
Gross profit	384.3	393.7	400.8	407.2	1'586.0	365.8	399.0	403.1	393.0	1'561.0
<i>in % of net forwarding revenue</i>	24.1%	24.1%	23.2%	23.3%	23.6%	22.8%	23.1%	23.7%	22.7%	23.1%
Personnel expenses	(240.4)	(239.3)	(240.1)	(256.9)	(976.9)	(229.2)	(234.7)	(243.5)	(252.6)	(960.0)
<i>in % of gross profit (PGP)</i>	62.6%	60.8%	59.9%	63.1%	61.6%	62.7%	58.8%	60.4%	64.3%	61.5%
Other operating expenses	(104.7)	(104.7)	(111.9)	(113.8)	(435.1)	(106.5)	(112.2)	(111.4)	(110.2)	(440.2)
<i>in % of gross profit (OGP)</i>	27.2%	26.6%	27.9%	27.9%	27.4%	29.1%	28.1%	27.6%	28.0%	28.2%
Total operating expenses	(345.1)	(344.0)	(352.0)	(370.7)	(1'411.9)	(335.7)	(346.9)	(354.9)	(362.8)	(1'400.2)
EBITDA	39.1	49.6	48.8	36.5	174.0	30.1	52.1	48.3	30.3	160.8
<i>in % of gross profit</i>	10.2%	12.6%	12.2%	9.0%	11.0%	8.2%	13.1%	12.0%	7.7%	10.3%
Depreciation of property, plant and equipment	(8.3)	(7.7)	(7.9)	(8.0)	(32.0)	(8.5)	(8.7)	(8.4)	(8.7)	(34.3)
Amortization of intangible assets	(6.3)	(6.3)	(6.5)	(6.2)	(25.3)	(3.1)	(3.1)	(5.5)	(6.7)	(18.5)
EBIT	24.5	35.6	34.3	22.3	116.7	18.5	40.4	34.4	14.9	108.0
<i>in % of gross profit</i>	6.4%	9.0%	8.6%	5.5%	7.4%	5.0%	10.1%	8.5%	3.8%	6.9%
Financial result	(0.7)	(0.7)	(0.8)	0.8	(1.3)	0.4	(8.0)	(2.7)	(2.2)	(12.5)
Earnings before taxes (EBT)	23.7	35.0	33.6	23.1	115.4	18.9	32.3	31.7	12.6	95.5
Income tax expenses	(5.9)	(8.7)	(8.4)	(5.8)	(28.9)	(4.6)	(8.2)	(7.9)	(3.1)	(23.8)
<i>% of EBT</i>	25.0%	25.0%	25.0%	25.1%	25.0%	24.3%	25.3%	24.9%	24.8%	24.9%
Consolidated profit / (loss)	17.8	26.2	25.2	17.3	86.5	14.3	24.1	23.8	9.5	71.7
Earnings per share (CHF)	0.75	1.13	1.03	0.77	3.68	0.62	1.02	0.99	0.41	3.04

Note: Group figures in CHF million

* Adjusted by CHF -60.1 mio. for fines (CHF -40.9 mio) and Goodwill impairment (CHF -19.1 mio)

Income statement per quarter – Air Freight

Air Freight	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013 [*]	FY 2013 [*]
Net forwarding revenue	747.0	760.3	793.9	840.7	3'141.9	718.9	781.8	752.0	802.9	3'055.6
Forw arding expenses	(593.3)	(603.2)	(635.7)	(673.5)	(2'505.6)	(572.4)	(616.0)	(591.2)	(644.5)	(2'424.2)
Gross profit	153.7	157.0	158.3	167.2	636.3	146.5	165.7	160.8	158.4	631.4
<i>in % of net forwarding revenue</i>	20.6%	20.7%	19.9%	19.9%	20.3%	20.4%	21.2%	21.4%	19.7%	20.7%
Personnel expenses	(89.8)	(89.9)	(90.5)	(96.7)	(366.8)	(85.2)	(86.4)	(87.7)	(91.7)	(351.0)
<i>in % of gross profit (PGP)</i>	58.4%	57.2%	57.2%	57.8%	57.7%	58.2%	52.1%	54.5%	57.9%	55.6%
Other operating expenses	(32.6)	(30.7)	(34.4)	(38.5)	(136.3)	(35.2)	(38.0)	(35.0)	(35.0)	(143.1)
<i>in % of gross profit (OGP)</i>	21.2%	19.6%	21.8%	23.0%	21.4%	24.0%	22.9%	21.7%	22.1%	22.7%
Total operating expenses	(122.4)	(120.6)	(124.9)	(135.2)	(503.1)	(120.4)	(124.4)	(122.6)	(126.7)	(494.1)
EBITDA	31.4	36.4	33.4	32.0	133.1	26.1	41.3	38.2	31.7	137.3
<i>in % of gross profit</i>	20.4%	23.2%	21.1%	19.1%	20.9%	17.8%	24.9%	23.7%	20.0%	21.7%
Depreciation and amortization	(5.3)	(5.2)	(5.3)	(5.3)	(21.1)	(3.9)	(3.9)	(4.7)	(5.5)	(18.1)
EBIT	26.0	31.3	28.0	26.7	112.0	22.2	37.4	33.4	26.2	119.3
<i>in % of gross profit</i>	16.9%	19.9%	17.7%	16.0%	17.6%	15.1%	22.6%	20.8%	16.6%	18.9%
Air Freight volumes ('000 tons)	203.9	213.4	212.5	228.0	857.8	191.8	209.3	204.8	219.2	825.1
% change YoY	6.3%	1.9%	3.8%	4.0%	4.0%	-3.3%	2.9%	4.4%	7.7%	3.0%
GP/ton (CHF)	754	736	745	733	742	764	792	785	722	765
% change YoY	-1.3%	-7.0%	-5.2%	1.5%	-3.1%	-5.1%	-0.4%	-3.0%	-0.6%	-2.4%

Note: Air Freight figures in CHF million

* Adjusted by CHF -46.5 for fines (CHF -40.9 mio) and Goodwill impairment (CHF -5.5 mio)

Income statement per quarter – Ocean Freight

Ocean Freight	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013*	FY 2013*
Net forwarding revenue	667.1	699.3	742.6	725.9	2'834.9	663.4	711.5	720.2	686.4	2'781.5
Forw arding expenses	(544.4)	(575.4)	(618.8)	(604.8)	(2'343.4)	(546.1)	(586.8)	(590.9)	(565.8)	(2'289.6)
Gross profit	122.7	123.9	123.8	121.1	491.5	117.2	124.7	129.4	120.6	491.9
<i>in % of net forwarding revenue</i>	18.4%	17.7%	16.7%	16.7%	17.3%	17.7%	17.5%	18.0%	17.6%	17.7%
Personnel expenses	(82.7)	(83.4)	(81.6)	(90.3)	(338.0)	(78.9)	(77.6)	(82.4)	(84.5)	(323.5)
<i>in % of gross profit (PGP)</i>	67.4%	67.3%	65.9%	74.5%	68.8%	67.3%	62.2%	63.7%	70.1%	65.8%
Other operating expenses	(30.9)	(32.3)	(28.4)	(29.1)	(120.7)	(29.7)	(31.7)	(32.3)	(29.1)	(122.9)
<i>in % of gross profit (OGP)</i>	25.2%	26.1%	22.9%	24.0%	24.6%	25.4%	25.4%	25.0%	24.2%	25.0%
Total operating expenses	(113.6)	(115.7)	(110.0)	(119.3)	(458.7)	(108.7)	(109.3)	(114.7)	(113.7)	(446.4)
EBITDA	9.0	8.2	13.8	1.8	32.8	8.5	15.4	14.7	6.9	45.5
<i>in % of gross profit</i>	7.4%	6.6%	11.2%	1.5%	6.7%	7.3%	12.4%	11.3%	5.7%	9.3%
Depreciation and amortization	(5.1)	(5.0)	(4.9)	(4.9)	(19.9)	(3.6)	(3.6)	(4.5)	(5.8)	(17.5)
EBIT	3.9	3.2	8.9	(3.1)	12.9	4.9	11.8	10.1	1.1	28.0
<i>in % of gross profit</i>	3.2%	2.6%	7.2%	-2.6%	2.6%	4.2%	9.5%	7.8%	0.9%	5.7%
Ocean Freight volumes ('000 TEUs)	368.1	402.1	429.2	407.2	1'606.5	347.4	367.6	394.9	385.5	1'495.4
<i>% change YoY</i>	6.0%	9.4%	8.7%	5.6%	7.4%	6.8%	4.9%	8.2%	11.0%	7.7%
GP/TEU (CHF)	333	308	288	297	306	337	339	328	313	329
<i>% change YoY</i>	-1.2%	-9.2%	-12.0%	-4.9%	-7.0%	-4.2%	7.7%	-1.2%	-4.5%	-0.7%

Note: Ocean Freight figures in CHF million

* Adjusted by CHF -3.0 mio for Goodwill impairment

Income statement per quarter – Logistics

Logistics	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013 [*]	FY 2013 [*]
Net forwarding revenue	182.4	174.4	188.9	184.6	730.4	219.3	233.2	227.9	240.2	920.6
Forw arding expenses	(74.6)	(61.7)	(70.2)	(65.7)	(272.1)	(117.2)	(124.6)	(114.9)	(126.2)	(482.9)
Gross profit	107.8	112.7	118.8	118.9	458.2	102.1	108.6	112.9	114.1	437.7
<i>in % of net forwarding revenue</i>	59.1%	64.6%	62.9%	64.4%	62.7%	46.6%	46.6%	49.6%	47.5%	47.5%
Personnel expenses	(67.9)	(66.0)	(68.1)	(70.0)	(272.0)	(65.0)	(70.8)	(73.4)	(76.4)	(285.6)
<i>in % of gross profit (PGP)</i>	63.0%	58.6%	57.3%	58.9%	59.4%	63.7%	65.2%	65.0%	67.0%	65.3%
Other operating expenses	(41.2)	(41.7)	(49.1)	(46.2)	(178.1)	(41.6)	(42.4)	(44.1)	(46.1)	(174.2)
<i>in % of gross profit (OGP)</i>	38.2%	37.0%	41.3%	38.8%	38.9%	40.7%	39.1%	39.0%	40.4%	39.8%
Total operating expenses	(109.1)	(107.7)	(117.2)	(116.1)	(450.1)	(106.6)	(113.2)	(117.5)	(122.4)	(459.8)
EBITDA	(1.3)	5.0	1.6	2.7	8.1	(4.5)	(4.6)	(4.5)	(8.4)	(22.1)
<i>in % of gross profit</i>	-1.2%	4.4%	1.4%	2.3%	1.8%	-4.4%	-4.3%	-4.0%	-7.3%	-5.0%
Depreciation and amortization	(4.2)	(3.9)	(4.2)	(4.1)	(16.3)	(4.1)	(4.3)	(4.7)	(4.1)	(17.2)
EBIT	(5.5)	1.1	(2.6)	(1.3)	(8.2)	(8.6)	(8.9)	(9.2)	(12.5)	(39.3)

Note: Logistics figures in CHF million

* Adjusted by CHF -10.6 mio for Goodwill impairment

Balance sheet

	31-Dec-14	31-Dec-13	Change in	
			CHF	%
Cash and cash equivalents, other current financial assets	372.0	342.4	29.6	8.7%
Trade receivables, unbilled forwarding services	1'124.1	1'150.8	-26.6	-2.3%
Other current assets	104.2	105.6	-1.4	-1.3%
Property, plant and equipment	104.3	118.9	-14.6	-12.3%
Intangible assets	122.0	118.1	3.9	3.3%
Other non-current assets	103.1	113.7	-10.6	-9.3%
Total assets	1'929.7	1'949.5	-19.7	-1.0%
Short-term borrowings	0.5	3.1	-2.5	-83.0%
Trade payables, accrued cost of services	739.3	761.7	-22.4	-2.9%
Other current liabilities	312.0	331.5	-19.5	-5.9%
Long-term borrowings	0.1	0.2	-0.1	-36.5%
Other long-term liabilities	144.7	143.8	0.8	0.6%
Total liabilities	1'196.6	1'240.3	-43.7	-3.5%
Share capital	2.4	2.4	0.0	0.0%
Reserves, treasury shares	718.5	695.1	23.4	3.4%
Non-controlling interests	12.2	11.7	0.6	4.9%
Total equity	733.1	709.2	24.0	3.4%
Total equity and liabilities	1'929.7	1'949.5	-19.7	-1.0%

Note: Figures in CHF million

Cash flow

	31-Dec-14	31-Dec-13	Change in %
Cash flow before changes in working capital	170.2	113.5	49.9%
Changes in working capital	(17.3)	(39.7)	-56.5%
Cash from operations	152.9	73.8	107.2%
Interest and income taxes paid	(29.9)	(31.3)	-4.6%
Net cash from operating activities	123.0	42.5	189.7%
Net cash from investing activities	(36.0)	(48.0)	-24.9%
Free cash flow (FCF)	87.0	(5.5)	1681.5%
Net cash used in financing activities	(55.5)	(41.4)	34.0%
Effect of exchange rate changes	3.6	(9.2)	
Cash and cash equivalents at beginning of period	336.9	393.1	-14.3%
Net increase (decrease) in cash and cash equivalents	35.1	(56.1)	
Cash and cash equivalents at end of period	372.0	336.9	10.4%