PANALPINA
on 6 continents

2018
First Quarter

Condensed Consolidated interim financial statements

CONTENTS

Consolidated income statement

for the three months ended March 31, 2018 and 2017

		January-March	
In thousand CHF	Notes	2018	2017
Net forwarding revenue	**4**	**1,414,297**	**1,277,199**
Forwarding services from third parties	4	(1,043,624)	(944,471)
Gross profit	**4**	**370,673**	**332,728**
Personnel expenses		(229,953)	(216,370)
Other operating expenses		(76,344)	(89,287)
EBITDA		**64,376**	**27,071**
Depreciation of property, plant and equipment	5	(4,966)	(5,266)
Depreciation of right-of-use of leased assets	6	(28,962)	0
Amortization of intangible assets	5	(6,005)	(5,448)
Operating result (EBIT)		**24,442**	**16,357**
Finance income		710	1,066
Finance costs		(2,404)	(911)
Profit before income tax (EBT)		**22,748**	**16,512**
Income tax expenses		(6,136)	(4,161)
Profit		**16,612**	**12,351**
Profit attributable to:			
Owners of the parent		17,012	12,887
Non-controlling interests		(400)	(536)
Earnings per share (in CHF)			
Basic		0.72	0.54
Diluted		0.72	0.54

Consolidated statement of comprehensive income

for the three months ended March 31, 2018 and 2017

	January-March	
In thousand CHF	2018	2017
Profit	**16,612**	**12,351**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of the net defined benefit asset / liability (note 2.5)	(1,637)	7,613
Income taxes on this component of other comprehensive income	451	(1,775)
	(1,185)	**5,838**
Items that are or may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets - net change in fair value	0	(12)
Exchange difference on translations of foreign operations	(182)	2,422
	(182)	**2,409**
Other comprehensive income, net of tax	**(1,368)**	**8,248**
Total comprehensive income	**15,245**	**20,598**
Total comprehensive income attributable to:		
Owners of the parent	15,673	21,455
Non-controlling interests	(428)	(857)

Consolidated statement of financial position

as of March 31, 2018 and December 31, 2017

In thousand CHF	Notes	March 31, 2018	December 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	5	100,794	96,733
Right-of-use of leased assets	6	340,404	0
Intangible assets	5	97,165	88,452
Investments	9	31,409	31,042
Post-employment benefit assets		17,152	19,553
Deferred income tax assets		65,616	63,223
Total non-current assets		**652,539**	**299,003**
Current assets			
Trade receivables		961,304	1,003,537
Unbilled forwarding services		0	93,476
Contract Assets	2.6	89,903	0
Other receivables and other current assets		133,005	128,805
Derivative financial instruments	9	4,922	3,360
Cash and cash equivalents		304,049	310,850
Total current assets		**1,493,183**	**1,540,028**
Total assets		**2,145,722**	**1,839,031**
Equity and liabilities			
Equity			
Share capital	7	2,375	2,375
Treasury shares	7	(4,023)	(1,531)
Retained earnings and reserves		632,267	607,174
Total equity attributable to owners of the parent		**630,619**	**608,018**
Non-controlling interests		5,852	6,280
Total equity		**636,471**	**614,299**
Non-current liabilities			
Borrowings		3,269	3,221
Non-current lease liabilities	6	221,351	0
Non-current provisions	8	37,781	36,002
Non-current other liabilities	8	53,526	48,874
Post-employment benefit liabilities		61,569	59,317
Deferred income tax liabilities		13,183	10,396
Total non-current liabilities		**390,680**	**157,810**
Current liabilities			
Trade payables		432,960	491,954
Contract liabilities	2.6	22,343	0
Other payables and accruals		139,058	152,770
Accrued cost of services		268,976	304,692
Borrowings		2,262	2,643
Current lease liabilities	6	119,577	0
Derivative financial instruments	9	2,946	1,185
Current provisions	8	21,759	22,000
Current other liabilities	8	92,291	74,547
Current income tax liabilities		16,398	17,131
Total current liabilities		**1,118,570**	**1,066,922**
Total liabilities		**1,509,250**	**1,224,732**
Total equity and liabilities		**2,145,722**	**1,839,031**

Consolidated statement of changes in equity

for the three months ended March 31, 2018 and 2017

2018 in thousand CHF	Attributable to the owners of the parent Share capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance on December 31, 2017	**2,375**	**(1,531)**	**(268,778)**	**875,952**	**608,018**	**6,280**	**614,299**
Effect of initial application of IFRS 15 (net of tax)	0	0	0	1,524	1,524	0	1,524
Effect of initial application of IFRS 9 (net of tax)	0	0	0	6,733	6,733	0	6,733
Adjusted balance on January 1, 2018	**2,375**	**(1,531)**	**(268,778)**	**884,208**	**616,275**	**6,280**	**622,555**
Profit	0	0	0	17,012	17,012	(400)	16,612
Other comprehensive income							
Exchange difference on translations of foreign operations	0	0	(154)	0	(154)	(29)	(182)
Remeasurement of the net defined benefit asset / liability, net of tax	0	0	0	(1,185)	(1,185)	0	(1,185)
Total other comprehensive income, net of tax	**0**	**0**	**(154)**	**(1,185)**	**(1,339)**	**(29)**	**(1,368)**
Total comprehensive income for the period	**0**	**0**	**(154)**	**15,827**	**15,673**	**(428)**	**15,245**
Credit to equity for share-based compensation plans	0	0	0	1,687	1,687	0	1,687
Changes in treasury shares, net (note 7)	0	(2,492)	0	(524)	(3,016)	0	(3,016)
Balance on March 31, 2018	**2,375**	**(4,023)**	**(268,932)**	**901,198**	**630,619**	**5,852**	**636,471**

2017 in thousand CHF	Attributable to the owners of the parent Share capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance on January 1, 2017	**2,375**	**(3,987)**	**(286,735)**	**896,372**	**608,026**	**8,940**	**616,966**
Profit	0	0	0	12,887	12,887	(536)	12,351
Other comprehensive income							
Exchange difference on translations of foreign operations	0	0	2,742	0	2,742	(321)	2,422
Remeasurement of the net defined benefit asset / liability, net of tax	0	0	0	5,838	5,838	0	5,838
Available-for-sale financial assets – net change in fair value	0	0	0	(12)	(12)	0	(12)
Total other comprehensive income, net of tax	**0**	**0**	**2,742**	**5,826**	**8,568**	**(321)**	**8,248**
Total comprehensive income for the period	**0**	**0**	**2,742**	**18,713**	**21,455**	**(857)**	**20,598**
Credit to equity for share-based compensation plans	0	0	0	1,390	1,390	0	1,390
Changes in treasury shares, net	0	1,272	0	(1,272)	0	0	0
Balance on March 31, 2017	**2,375**	**(2,715)**	**(283,993)**	**915,203**	**630,871**	**8,083**	**638,955**

Consolidated statement of cash flows

for the three months ended March 31, 2018 and 2017

In thousand CHF	Notes	January-March 2018	2017
Profit		**16,612**	**12,351**
Income tax expenses		6,136	4,161
Depreciation of property, plant and equipment	5	4,966	5,266
Depreciation of right-of-use of leased assets	6	28,962	0
Amortization of intangible assets	5	6,005	5,448
Interest income		(599)	(352)
Interest expenses		1,846	135
Exchange differences		(576)	(714)
Loss / (gain) on sales of property, plant and equipment		(34)	(142)
Expenses for share-based compensation plans		1,687	1,390
Other non-cash (income) and expenses		561	631
Subtotal cash flow from operations		**65,567**	**28,175**
(Increase) / decrease receivables, other current assets and unbilled forwarding services / contract assets		72,462	9,268
Increase / (decrease) payables, accruals, contract liabilities and accrued cost of services		(106,644)	(32,672)
Increase / (decrease) non-current provisions and other liabilities	8	929	1,495
Increase / (decrease) current provisions and other liabilities	8	17,237	17,260
Cash generated from operations		**49,552**	**23,526**
Interest paid on operating activities		(134)	(301)
Income taxes paid		(5,535)	(6,991)
Net cash from operating activities		**43,883**	**16,233**
Interests received		508	456
Proceeds from sale of property, plant and equipment and intangible assets	5	226	197
Proceeds from sale of investments		0	398
Repayments of long-term loans and long-term receivables		870	2,735
Acquisition of subsidiaries and other businesses, net of cash	3	(9,391)	0
Purchase of property, plant and equipment	5	(8,925)	(6,773)
Purchase or capitalization of intangible assets	5	(1,043)	0
Purchase of investments and other financial assets		(263)	(2,455)
Investments in long-term loans and long-term receivables		(786)	(534)
Net cash used in investing activities		**(18,805)**	**(5,976)**
Free cash flow		**25,078**	**10,257**
Proceeds from short- and long-term borrowings		0	1,208
Repayment of lease liabilities	6	(26,432)	0
Interest paid on lease liabilities	6	(1,712)	0
Purchase of treasury shares	7	(3,016)	0
Net cash used in financing activities		**(31,160)**	**1,208**
Net increase / (decrease) in cash and cash equivalents		**(6,082)**	**11,465**
Cash and cash equivalents at the beginning of the period		310,850	388,777
Effect of exchange rate changes on cash and cash equivalents		(719)	(358)
Cash and cash equivalents at the end of the period		**304,049**	**399,883**

Selected explanatory notes to the condensed consolidated interim financial statements

1. General information

Panalpina World Transport (Holding) Ltd. (referred to hereafter as the Company) and its subsidiaries (collectively the "Group" and individually "Group Companies") 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 knowledge 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.

2. Accounting policies

2.1 Basis of preparation

These financial statements are the unaudited condensed consolidated interim financial statements (hereafter "the Interim Financial Statements") of the Company for the three months period ended March 31, 2018 (hereafter "the Interim Period"). They were authorized for issuance in accordance with a resolution by the Group's Audit Risk and Compliance Committee (ARCC) on April 18, 2018.

These Interim Financial Statements should be read in conjunction with the IFRS Consolidated Financial Statements for the year ended December 31, 2017 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information. This is the first set of the Group's financial statements where IFRS 9, IFRS 15 and IFRS 16 have been applied.

2.2 Statement of compliance

The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group since the Annual Financial Statements.

2.3 Management judgments and estimates

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to the Interim Financial Statements, were the same as those applied in the Annual Financial Statements, except for new significant judgements and key source of estimation uncertainty related to the application of IFRS 9, IFRS 15 and IFRS 16 which are described in note 2.6.

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, applied to pre-tax income for the three months period.

2.4 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 in volumes. This seasonality is based on many factors, including holiday seasons, consumer demand and economic conditions.

2.5 Pension obligations

The remeasurement loss in the first three months of 2018 on the net defined benefit obligation (CHF -1.6 million) was recognised in other comprehensive income. It is mainly attributable to remeasurement on plan assets (loss of CHF -8.1 million) and changes in discount rates (gain of CHF 6.5 million).

2.6 Significant accounting policies

The accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements except as described below. These changes are also expected to be reflected in the Group's Consolidated Financial Statements for the year ending December 31, 2018.

- IFRS 15 – the Group's net forwarding revenue is resulting from rendering of forwarding and logistic services. In general, control is transferred to the contractual counterparty and subsequently the Group's performance obligations are met at the time of receipt of the services by the counterparty. IFRS 15 is not significantly changing the timing or amount of revenue recognized in respect to the agreements but will impact the level of disclosures for the Annual Financial Statements.

  The Group implemented the new standard on January 1, 2018 and applied the modified retrospective method. The cumulative effect of initially applying IFRS 15 impacted the Group's retained earnings in the amount of CHF 1.5 million and is visible as a separate line item in the Statement of Changes in Equity. Above impact is mainly attributable to an earlier recognition of the revenue on Ocean Import shipments.

  The Consolidated Statement of Financial Position was also impacted with the inclusion of two additional line items to reflect contract assets and contract liabilities. Contract assets (previously shown under unbilled forwarding services) and contract liabilities (previously shown under trade payables) were recognized as of January 1, 2018 in the amount of CHF 95.6 million and CHF 16.6 million respectively.

- IFRS 9 – the standard changes the requirements in terms of classification, measurement and impairment of financial instruments. The Group implemented the new standard on January 1, 2018 and applied the exemption from full retrospective application for the reclassification and measurement requirements, including impairment. Therefore the comparative 2017 results have not been restated when the new standard was applied.

  The main impact on the Group's financial statements is arising from the use of the expected credit loss (ECL) methodology for the bad debt calculation (forward looking method). The cumulative effect of initially applying IFRS 9 impacted the Group's retained earnings in the amount of CHF 6.7 million and is visible as a separate line item in the Statement of Changes in Equity.

  IFRS 9 also affected the classification of the Group's financial assets and financial liabilities (already visible in note 9) and will mainly impact the level of disclosures for the Annual Financial Statements.

- IFRS 16 – the Group early adopted IFRS 16 as from January 1, 2018 which substantially changes the Group's Consolidated Financial Statements. Under IFRS 16 the majority of these leases became on-balance sheet liabilities with underlying right-of-use assets. The Group applied the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying IFRS 16, as of January 1, 2018, to the retained earnings and not restate prior years. When doing so, the Group also made use of the practical expedient to not recognize a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months of the date of initial application. Since the Group recognized the right-of-use assets at the amount equal to the lease liabilities (as per IFRS 16C8(b)ii) there was no impact to the retained earnings.

  The Group has also elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e. < 12 months) and leases of low-value assets. Options (extension / termination) on lease contracts are considered on a case by case basis following a regular management assessment. The borrowing rates used for IFRS 16 purposes have been defined based on the underlying countries and asset classes related risks. The Group's weighted average incremental borrowing rate for the first quarter 2018 amounted to 2.1%.

  As of January 1, 2018, the Group recognized CHF 358.7 million of right-of-use of leased assets and lease liabilities. The Group income statement in the first three months period ended March 31, 2018 was impacted by a shift from gross profit (CHF 7.6 million) and other operating expenses (CHF 22.5 million) to depreciation of right-of-use of leased assets (CHF - 29.0 million) and interest expenses (CHF - 1.7 million). During the same period, the Group cash flow statement was impacted by a shift from the cash generated from operations (CHF 28.1 million) to the net cash used in financing activities. Overall, IFRS 16 was cash flow neutral for the Group.

  When applying IFRS 16, the Group made the following changes in presentation:
  - in the Consolidated Income Statement, one additional line related to the depreciation of the right-of-use of leased assets;
  - in the Consolidated Statement of Financial Position, additional line items to reflect the right-of-use of leased assets, the non-current and the current lease liabilities;
  - in the Consolidated Statement of Cash Flows, additional line items related to the depreciation of the right-of-use of leased assets, repayment of lease liabilities and the lease interest paid.

2.7 Changes in presentation
Except for the above, there were no changes in presentation compared to the Annual Financial Statements.

2.8 Changes in standards, interpretation and amendments
The Group has adopted (if applicable) the following new standards, new interpretations and amendments to existing standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2018:
- Annual improvements to IFRS Standards 2014-2016 Cycle – amendments to IFRS 1 and amendments IAS 28 (both effective date January 1, 2018)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (effective date January 1, 2018)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration (effective date January 1, 2018)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective date January 1, 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective date January 1, 2018)
- IFRS 9 – Financial Instruments (effective date January 1, 2018)
- IFRS 16 – Leases (effective date January 1, 2019)

2.9 New and revised standards

The following new or revised standards, amendments to existing standards and interpretations which may be relevant to the group have been issued, but are not yet effective. These have not been applied early in these condensed consolidated interim financial statements:

- Annual improvements to IFRS Standards 2015-2017 Cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective date January 1, 2019)
- IFRIC 23 – Uncertainty over Income Tax Treatments (effective date January 1, 2019)
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation (effective date January 1, 2019)
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures (effective date January 1, 2019)
- Amendments to IAS 19 – Plan Amendments, Curtailment or Settlement (effective date January 1, 2019)

2.10 Foreign currency

The following foreign currency exchange rates mostly impacted the current financial statements:

	Statement of financial position[1]			Income statement and cash flow statement[2]			Variance %	
	March 2018	December 2017		March 2018	March 2017		Statement of financial position [1]	Income statement and cash flow statement [2]
BRL	0.288	0.296	BRL	0.292	0.319	BRL	-3%	-8%
CNY	0.152	0.147	CNY	0.149	0.146	CNY	3%	2%
EUR	1.178	1.169	EUR	1.165	1.069	EUR	1%	9%
GBP	1.346	1.316	GBP	1.319	1.243	GBP	2%	6%
USD	0.958	0.980	USD	0.949	1.005	USD	-2%	-6%

[1] Period end rate

[2] Period end average rate (i.e. year to date rate)

3. Change in scope of consolidation

As of January 18, 2018, the acquisition of the Adelantex sub-group (consisting of Adelantex NV, AD Handling NS and Lifeline Critical Logistics) was completed. Adelantex is the Belgian market leader in handling of perishables, employs 46 employees and handles approximately 75,000 tons of air freight import per year on behalf of roughly 200 customers across Europe. In accordance with IFRS 3, the acquisition date was identified as being January 18, 2018. The operating result and assets of the new company are consolidated from January 2018 onwards.

During the same period, there was no other material business combination or subsidiaries that were disposed of.

4. 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 measurement of the operating result (Segment EBIT).

As of January 1, 2018, with the implementation of IFRS 15, the Group recognizes revenue over time for all its contracts.

In addition, the implementation of IFRS 16 impacted the segment EBIT with a shift from gross profit (CHF 7.6 million in Europe only) and other operating expenses (CHF 22.5 million) to depreciation of right-of-use of leased assets (CHF - 29.0 million) and interest expenses (CHF - 1.7 million). The underlying impact on the segment EBIT (CHF 1.2 million considering the front loading effect) is evenly distributed between the regions.

Condensed operating segment information for the three months ended March 31, 2018 and 2017:

2018 in thousand CHF	Asia Pacific	Europe	Middle East, Africa, CIS	Americas	Total segments	Elimi-nations	Total group
External forwarding services	323,289	839,697	73,266	449,195	1,685,448		1,685,448
Customs, duties and taxes	(20,147)	(198,623)	(14,305)	(38,076)	(271,151)		(271,151)
Intra-group forwarding services	345,309	323,158	19,520	161,884	849,871	(849,871)	0
Net forwarding revenue	**648,451**	**964,233**	**78,482**	**573,003**	**2,264,168**	**(849,871)**	**1,414,297**
Forwarding services	(559,351)	(805,244)	(58,924)	(469,977)	(1,893,495)	849,871	(1,043,624)
Gross profit	**89,099**	**158,988**	**19,558**	**103,026**	**370,673**		**370,673**
Personnel expenses	(47,331)	(101,264)	(13,758)	(67,599)	(229,953)		(229,953)
Other operating expenses	(17,473)	(30,108)	(5,223)	(23,541)	(76,344)		(76,344)
EBITDA	**24,295**	**27,617**	**578**	**11,886**	**64,376**		**64,376**
Depreciation and amortization	(7,210)	(22,344)	(2,299)	(8,081)	(39,934)		(39,934)
Operating result (Segment EBIT)	**17,086**	**5,272**	**(1,721)**	**3,805**	**24,442**		**24,442**
Financial result							(1,694)
Finance income							710
Finance costs							(2,404)
Profit before income tax (EBT)							**22,748**
Income tax expenses							(6,136)
Profit							**16,612**

2017 in thousand CHF	Asia Pacific	Europe	Middle East, Africa, CIS	Americas	Total segments	Elimi-nations	Total group
External forwarding services	304,557	702,476	87,571	449,868	1,544,471		1,544,471
Customs, duties and taxes	(18,923)	(180,832)	(14,638)	(52,879)	(267,272)		(267,272)
Intra-group forwarding services	354,250	258,440	22,691	124,566	759,947	(759,947)	0
Net forwarding revenue	**639,884**	**780,083**	**95,624**	**521,555**	**2,037,146**	**(759,947)**	**1,277,199**
Forwarding services	(557,557)	(656,449)	(72,825)	(417,587)	(1,704,418)	759,947	(944,471)
Gross profit	**82,327**	**123,634**	**22,799**	**103,968**	**332,728**		**332,728**
Personnel expenses	(44,773)	(87,828)	(15,673)	(68,096)	(216,370)		(216,370)
Other operating expenses	(18,007)	(34,440)	(7,154)	(29,687)	(89,287)		(89,287)
EBITDA	**19,548**	**1,366**	**(27)**	**6,185**	**27,071**		**27,071**
Depreciation and amortization	(3,085)	(3,960)	(976)	(2,693)	(10,714)		(10,714)
Operating result (Segment EBIT)	**16,463**	**(2,594)**	**(1,004)**	**3,492**	**16,357**		**16,357**
Financial result							155
Finance income							1,066
Finance costs							(911)
Profit before income tax (EBT)							**16,512**
Income tax expenses							(4,161)
Profit							**12,351**

The Group’s business can be divided into three divisions: Air Freight, Ocean Freight, Logistics.

The implementation of IFRS 16 impacted the segment EBIT with a shift from gross profit (CHF 7.6 million on Air Freight only) and other operating expenses (CHF 22.5 million) to depreciation of right-of-use of leased assets (CHF - 29.0 million) and interest expenses (CHF - 1.7 million). The underlying impact on the segment EBIT (CHF 1.2 million considering the front loading effect) is primarily on the Logistics product.

Information by product for the first three months ended March 31, 2018 and 2017:

2018 in thousand CHF	Air Freight	Ocean Freight	Logistics	Total group
External forwarding services	873,842	671,798	139,807	1,685,448
Customs, duties and taxes	(123,710)	(137,104)	(10,337)	(271,151)
Net forwarding revenue	**750,132**	**534,695**	**129,471**	**1,414,297**
Forwarding services from third parties	(572,357)	(425,784)	(45,483)	(1,043,624)
Gross profit	**177,775**	**108,910**	**83,987**	**370,673**
Personnel expenses	(101,787)	(82,256)	(45,910)	(229,953)
Other operating expenses	(30,705)	(24,127)	(21,511)	(76,344)
EBITDA	**45,283**	**2,527**	**16,565**	**64,376**
Depreciation and amortization	(18,429)	(8,328)	(13,176)	(39,934)
Operating result (EBIT)	**26,854**	**(5,801)**	**3,389**	**24,442**
Financial result				(1,694)
Finance income				710
Finance costs				(2,404)
Profit before income tax (EBT)				**22,748**
Income tax expenses				(6,136)
Profit				**16,612**

2017	Air Freight	Ocean Freight	Logistics	Total group
External forwarding services	775,819	625,036	143,616	1,544,471
Customs, duties and taxes	(118,683)	(133,532)	(15,057)	(267,272)
Net forwarding revenue	**657,135**	**491,504**	**128,559**	**1,277,199**
Forwarding services from third parties	(512,475)	(385,984)	(46,012)	(944,471)
Gross profit	**144,661**	**105,520**	**82,548**	**332,728**
Personnel expenses	(90,521)	(77,937)	(47,911)	(216,370)
Other operating expenses	(32,371)	(27,122)	(29,794)	(89,287)
EBITDA	**21,768**	**461**	**4,842**	**27,071**
Depreciation and amortization	(4,632)	(3,614)	(2,468)	(10,714)
Operating result (Segment EBIT)	**17,136**	**(3,152)**	**2,373**	**16,357**
Financial result				155
Finance income				1,066
Finance costs				(911)
Profit before income tax (EBT)				**16,512**
Income tax expenses				(4,161)
Profit				**12,351**

5. Property, plant and equipment and intangible assets

During the Interim Period, the Group recognized additions in the amount of CHF 2.3 million (2017: CHF 3.2 million) as machinery and equipment. Furthermore additions in the amount of CHF 6.5 million (2017: CHF 3.8 million) have been recognized as buildings and buildings under construction. The Group also acquired vehicles in the amount of CHF 0.1 million (2017: CHF 0.1 million).

The following table shows the movements in the net book values of property, plant and equipment and intangible assets for the periods ended March 31, 2018 and 2017, respectively:

In thousand CHF	Property, plant and equipment 2018	Intangible assets 2018	Property, plant and equipment 2017	Intangible assets 2017
Net book value on January 1	**96,733**	**88,452**	**63,524**	**97,947**
Translation differences	110	178	(102)	131
Acquisitions of subsidiaries and other businesses	171	13,497	0	0
Additions	8,938	1,043	7,075	13
Disposals (net)	(191)	0	(123)	(3)
Depreciation and amortization	(4,966)	(6,005)	(5,266)	(5,448)
Net book value on March 31	**100,794**	**97,165**	**65,107**	**92,641**

Intangible assets as of March 31, 2018 include goodwill of CHF 66.7 million (2017: CHF 53.2 million), brands and customer lists of CHF 16.8 million (2017: 10.0 million) and software of CHF 13.6 million (2017: CHF 29.5 million). The acquired assets in 2018 relate to the acquisition of Adelantex.

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 a 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 three months periods ended March 31, 2018 and 2017, respectively. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per March 31, 2018, there were no impairment indicators identified and the estimated recoverable amounts of the assets/CGUs affected exceeded the carrying amounts. Consequently no impairment charges had to be recognised.

Intangible assets with a finite useful life 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, mainly include customer lists. There were no impairment charges recorded on intangible assets during the three months periods ended March 31, 2018 and 2017 respectively.

6. Right-of-use of leased assets and lease liabilities

As of January 1, 2018 the Group recognized CHF 358.7 million of right-of-use of leased assets and lease liabilities. Thereof CHF 304.7 million are related to buildings, CHF 42.2 million to one airplane, CHF 6.7 million to cars and CHF 5.1 million to equipment.

During the Interim Period, the Group further recognized additions of right-of-use of leased assets in the amount of CHF 9.2 million (2017: CHF 0 million) for buildings, CHF 0.7 million (2017: CHF 0 million) for cars and CHF 0.1 million (2017: CHF 0 million) for equipment. Regarding lease liabilities, the amortization depends on the applied incremental borrowing rate for the respective lease component. The weighted average rate of the incremental borrowing rate are 2.2% for the asset class building, 1.9% for car, 1.9% for equipment and 1.3% for plane.

The following table shows the movements in the net book values of right-of-use of leased assets and lease liabilities for the period ended March 31, 2018:

In thousand CHF	Right-of-use of leased assets 2018	Lease liabilities 2018
Net book value on January 1	**358,744**	**(358,744)**
Translation differences	1,345	(1,051)
Acquisitions of subsidiaries and other businesses	496	(496)
Additions	9,533	(9,533)
Disposals (net)	(751)	0
Reversal of unused amounts	0	751
Depreciation and amortization	(28,962)	28,144
Net book value on March 31	**340,404**	**(340,929)**

7. Share capital and treasury shares

The share capital, the number of issued shares and the authorized capital have not changed during the Interim Period. As of March 31, 2018, the weighted average number of shares issued amounted to 23,734,019 (March 31, 2017: 23,727,618).

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. The Board of Directors has proposed dividends for the fiscal year 2017 of CHF 3.75 gross per share. This proposal is subject to approval at the Annual Meeting of Shareholders on May 8, 2018.

	Outstanding number of shares	Value
	Numbers	in TCHF
Total number of shares issued as of January 1, 2018	**23,750,000**	**2,375**
Treasury shares outstanding as of January 1, 2016	(12,523)	(1,531)
Total number of shares outstanding as of January 1, 2018[1]	**23,737,477**	
Movements in Treasury shares		
Purchased	(22,500)	(3,016)
Bonus settled with own shares	3,991	524
Subtotal movement of treasury shares during the period	**(18,509)**	**(2,492)**
Total number of shares outstanding as of March 31, 2018[1]	**23,718,968**	
Total number of treasury shares outstanding as of March 31, 2018	(31,032)	(4,023)

[1] i.e. shares entitled to voting rights and dividends

8. Provisions and other liabilities

8.1 Non-current and current provisions

2018 in thousand CHF	Claims	Restruc-turing	Other provisions	Total
Balance on January 1	**(30,594)**	**(9,846)**	**(17,562)**	**(58,002)**
Translation differences	191	134	304	630
Change in scope of consolidation	(147)			(147)
Addition	(5,805)	(429)	(989)	(7,223)
Reversal of unused amounts	732	44	1	777
Charged to the income statement	**(5,073)**	**(385)**	**(988)**	**(6,446)**
Charges to Property, Plant and Equipment	0	0	(13)	(13)
Utilization	1,864	1,852	722	4,438
Balance on March 31	**(33,758)**	**(8,244)**	**(17,537)**	**(59,540)**
thereof				
non-current	(19,603)	(4,503)	(13,675)	(37,781)
current	(14,155)	(3,741)	(3,862)	(21,759)

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. Management determined the provision based on past performance and its expectation of the funds needed for the future settlement of claims not yet reported. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

The claim provisions as of March 31, 2018 include a portion of certain claims brought forward against the Group by customers and forwarding agents (CHF 27.1 million). The non-current part of the provisions as of March 31, 2018, is expected to be utilized within the next two to five years.

The restructuring provision as of March 31, 2018 relates mainly to a restructuring plan initiated during Q2 2016 (which resulted in a total charge of CHF 28 million in FY 2016). This plan was related to the right-sizing of certain energy solution operations and sites (mainly in the U.S. and in some African countries from the oil and gas sector) due to lower volumes.

8.2 Non-current and current other liabilities

The current part (CHF 92.3 million) contains vacation entitlement, personnel profit participation and respective social security costs and payroll taxes where applicable. The non-current part includes employee benefit obligations (CHF 30.1 million), such as for anniversary, termination and long-service benefits (mainly in USA, Switzerland, Austria and Germany). The timings of these cash outflows can be reasonably estimated based on past performance. Also included are redemption liabilities relating to put options for acquisitions of non-controlling interests in several of the Group's subsidiaries (CHF 23.4 million).

9. Financial risk management

The Group's financial risk management objectives, policies and government structure are consistent with those disclosed in note 17 to the Annual Financial Statements.

Fair value hierarchy
The table below analyzes recurring fair value measurement for financial assets and financial liabilities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the input and techniques used. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

March 31, 2018 (in thousand CHF)	Level 1	Level 2	Level 3	Total
Financial assets at amortized costs [1]	5,867	0	0	5,867
Financial assets mandatorily at FVTPL [1]	2,090	0	0	2,090
Derivative financial assets	0	4,922	0	4,922
Total	**7,957**	**4,922**	**0**	**12,880**
Derivative financial liabilities	0	(2,946)	0	(2,946)
Total	**0**	**(2,946)**	**0**	**(2,946)**

[1] reported as part of investments in the statement of financial position

December 31, 2017 (in thousand CHF)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets [1]	0	0	523	523
Held-to-maturity investments [1]	5,867	0	0	5,867
Financial assets at fair value through profit or loss held for trading [1]	434	0	0	434
Derivative financial assets	0	3,360	0	3,360
Total	**6,301**	**3,360**	**523**	**10,184**
Derivative financial liabilities	0	(1,185)	0	(1,185)
Total	**0**	**(1,185)**	**0**	**(1,185)**

[1] reported as part of investments in the statement of financial position

There were no significant transfers between Level 1 and Level 2 and vice versa during the Interim Period.

The Group holds an investment (acquisition value of CHF 523 thousand) since June 2015 which was fully impaired in March 2018. This investment was classified as available-for-sale level 3 as it is not traded on an active market and there are no comparative observable arm's length transactions.

Other financial instruments (such as e.g. short-term trade and other receivables, payables or accruals) are not disclosed as their carrying amounts are a reasonable approximation of fair values.

10. Major legal claims

The status of the proceedings disclosed under “pending legal claims” in the Annual Financial Statements (note 28.2) has remained unchanged.

11. Contingent liabilities and other commitments

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

12. Events after the balance sheet date

Since the balance sheet date no further events have become known of for which a disclosure is required.

Basel, April 18, 2018