

MEDIA RELEASE

Basel, March 4, 2015

Panalpina more than doubles EBIT in 2014

International freight forwarding and logistics company Panalpina finished the year 2014 on expectations. The Panalpina Group more than doubled its EBIT to CHF 116.7 million in 2014 compared to the previous year. Consolidated profit jumped from CHF 11.7 million to CHF 86.5 million. Panalpina grew Air Freight volumes slightly ahead of the market and clearly outperformed the market in Ocean Freight. Significant progress was made in Logistics, with the turnaround ahead of schedule.

“In 2014, we executed on our clearly laid out strategy. This shows in the results we achieved,” says Panalpina CEO Peter Ulber. “Streamlining in Ocean Freight continues, which is a crucial prerequisite for the large-scale and complex transition to our new business platform SAP TM in 2015. We are satisfied with the achieved growth in Air Freight and particularly pleased with the turnaround in Logistics. All in all, it was a successful year. With plenty yet to do, all eyes are now on 2015.”

Panalpina Group: Results for the Full Year 2014 and the fourth quarter

(CHF million)	2014	2013*	Q4 2014	Q4 2013*
Net forwarding revenue	6,707.1	6,757.6	1,751.2	1,729.5
Gross profit	1,586.0	1,561.0	407.2	393.0
Reported EBITDA	174.0	119.8	36.5	(10.7)
Reported EBIT	116.7	48.0	22.3	(45.2)
Reported consolidated profit	86.5	11.7	17.3	(50.6)
Reported earnings per share (CHF)	3.68	0.50		
Dividend per share (CHF)	** 2.75	2.20		

* Reported figures

** Proposed to the Annual General Meeting

[Full-Year Results 2014 – Consolidated Financial Statements](#)

[Full-Year Results 2014 – Investor Presentation](#)

Reported EBIT more than doubled

In 2014, Panalpina’s net forwarding revenue remained stable at CHF 6,707.1 million (2013: 6,757.6 million), while group gross profit increased 2% to CHF 1,586.0 million (2013: CHF 1,561.0 million). Panalpina achieved an EBIT of CHF 116.7 million for the whole year, up from a reported CHF 48.0 million last year (adjusted for fines and goodwill impairment 2013: CHF 108 million). The reported EBIT-to-gross profit margin increased to 7.4%, up from 3.1% in 2013 (adjusted 2013: 6.9%). The group’s consolidated profit amounted to CHF 86.5 million; up from CHF 11.7 million (adjusted 2013: 71.7 million) a year ago.

Air Freight

Panalpina's Air Freight volumes grew 4% in 2014, slightly ahead of the market (3.5%). Panalpina transported 857,800 tons of air cargo last year (2013: 825,100 tons). Gross profit per ton decreased 3% to CHF 742 (2013: CHF 765), however, Air Freight gross profit stayed stable at CHF 636.3 million (2013: 631.4 million). On an operating profit level, Air Freight achieved an EBIT of CHF 112.0 million, compared to CHF 72.8 million the year before (adjusted 2013: CHF 119.3 million). The EBIT-to-gross profit margin in 2014 was at 17.6%, compared to 11.5% in the previous year (adjusted 2013: 18.9%).

Ocean Freight

Panalpina's Ocean Freight volumes grew 7% year-on-year, while the market grew an estimated 4% to 5%. The company transported 1,606,500 TEUs (twenty-foot equivalent units) in 2014 (2013: 1,495,400 TEUs). Due to continued business wins in high-volume but lower-margin business, gross profit per TEU of Ocean Freight decreased 7% to CHF 306 (2013: CHF 329), which resulted in a stable gross profit of CHF 491.5 million (2013: CHF 491.9 million). Ocean Freight posted an EBIT of CHF 12.9 million in 2014, down from CHF 25.0 million in 2013 (adjusted 2013: CHF 28.0 million). The decrease in EBIT was mostly attributable to the costs of streamlining operations and continuous investments in IT. The EBIT-to-gross profit margin decreased to 2.6%, down from 5.1% in 2013 (adjusted 2013: 5.7%).

Logistics

Gross profit of the group's Logistics product continued to grow by 5% to CHF 458.2 million in 2014 (2013: CHF 437.7 million). Panalpina further expanded its Logistics Manufacturing Services (LMS) and other Value-Added Services (VAS), particularly for the technology and fashion industries. By parting with a number of loss-making facilities and unprofitable road activities, Logistics drastically reduced its EBIT loss well ahead of schedule to CHF 8.2 million in 2014, down from a loss of CHF 49.9 million in the previous year (adjusted 2013: loss of CHF 39.3 million).

Dividend

In light of the healthy net cash position and further improvement in profitability, the board of directors is going to propose a dividend payment of CHF 2.75 per share to the Annual General Meeting on May 12, 2015. This is equivalent to a dividend yield of 2.1% (based on 2014 year-end share price).

New member for Panalpina's board of directors proposed

At the upcoming Annual General Meeting, Panalpina's board of directors proposes Ms Pamela Knapp for election as a new member of the board. Knapp (56) is a German national and currently serves on the board of directors of Peugeot SA, Compagnie de Saint-Gobain SA and HKP/// Group AG. She has held various management positions in Siemens including Chief Financial Officer of the Power Transmission and Distribution division from 2004 to 2009. Subsequently, she was the Chief Financial Officer and HR director for GfK SE until the end of 2014. Knapp is a graduate of the Harvard Business School and holds a Master's degree in economics from the University of Berlin.

Outlook

"We remain very focused on executing our strategy in 2015," says Peter Ulber. "Given the record low oil price, we expect some headwinds in oil and gas exploration and production activities, but this could also create opportunities in re-engineering supply chains end-to-end and outsourcing. Currency translation will impact our financial results because of the strong Swiss franc. Altogether, 2015 is a very important year for Panalpina as we go into the main implementation phase of the SAP TM project and continue to lay the foundation for future sustainable growth."

Panalpina expects the air freight market to grow by 3% to 4% and the ocean freight market by 4% to 5% in 2015. The company aims to outperform the market in all segments.

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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. Energy Solutions is a specialized service for the energy and capital projects sector. 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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