



SECOND QUARTER RESULTS 2018

Investor presentation



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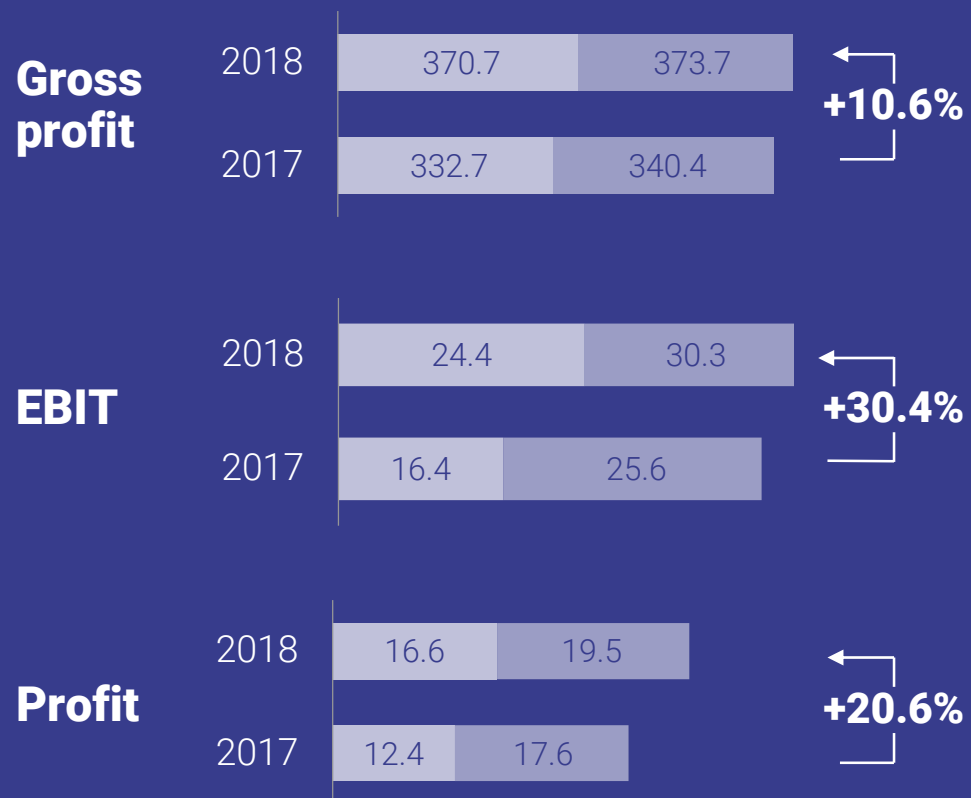
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Appendix

1

Achievements and Key Figures

Double-digit profitability growth

Financial highlights



Note: Group figures (Q1 / Q2) in CHF million

Achievements



Stable margins and increasing / recovering volumes in Air and Ocean Freight



Ocean Freight at break-even in Q2



SAP TM implementation on track

Challenges



Focus on growth while managing changes in large countries



Net working capital stable

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Operating and Financial Review

Year-on-year bridge (2018 versus 2017)

	HY 2017	FX impact ⁽¹⁾	M&A ⁽²⁾	Organic ⁽³⁾	HY 2018 excl. IFRS 16	IFRS 16 ⁽⁴⁾	HY 2018
Gross profit	673.1	15.0	10.5	29.8	728.4	15.9	744.4
Personnel expenses	(432.5)	(9.1)	(6.7)	(13.2)	(461.5)		(461.5)
Other operating expenses	(177.3)	(1.5)	(2.4)	(9.9)	(191.0)	45.4	(145.6)
EBITDA	63.3	4.4	1.4	6.8	75.9	61.3	137.2
Depreciation of property, plant and equipment	(10.7)	(1.1)	(0.2)	1.4	(10.5)		(10.5)
Depreciation of right of use assets					(0.0)	(60.1)	(60.1)
Amortization of intangible assets	(10.6)	(0.3)	(1.6)	0.7	(11.9)		(11.9)
EBIT	42.0	3.0	(0.4)	8.9	53.5	1.2	54.7
Finance income and costs	0.3			(2.0)	(1.8)	(3.5)	(5.3)
EBT	42.2	3.0	(0.4)	6.9	51.7	(2.3)	49.4

1) FX impact equally impacted the products on bottom line

2) M&A activity mostly impacting Air product

3) CHF 6.6m PEX cost increase related to investment into sales force

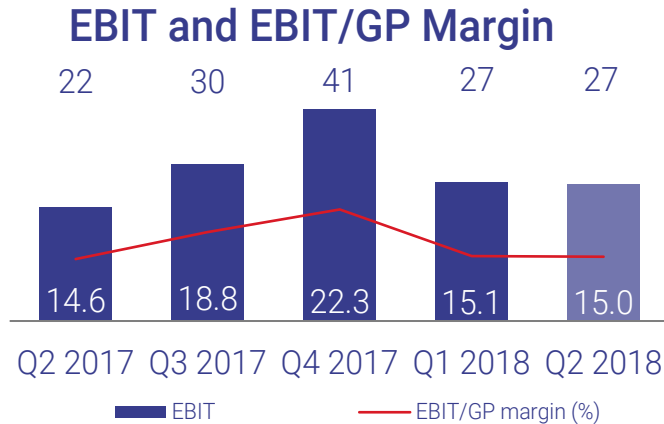
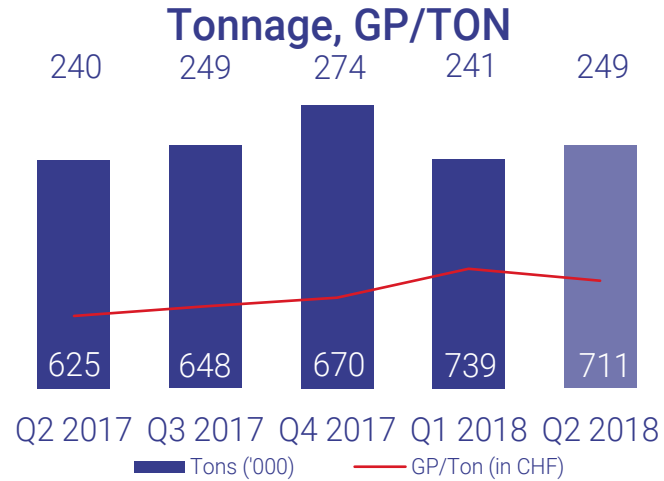
4) IFRS 16 detailed impact per product explained in the appendix



Air Freight: Sustained margins

Air Freight

- YTD 3% volume growth
- YTD GP/ton of CHF 725 (excl. IFRS 16: CHF 692)
- YTD conversion ratio of 15%, up from 13%
- For IFRS 16 impact, see appendix



	2017			2018	
YoY Growth, %	Q2	Q3	Q4	Q1	Q2
Volume (market, estimated)	10%	10%	11%	5%	4%
Volume (Panalpina)	7%	9%	8%	3%	4%
GP/ton	-10%	-1%	19%	19%	14%
Gross Profit	-4%	8%	29%	23%	18%

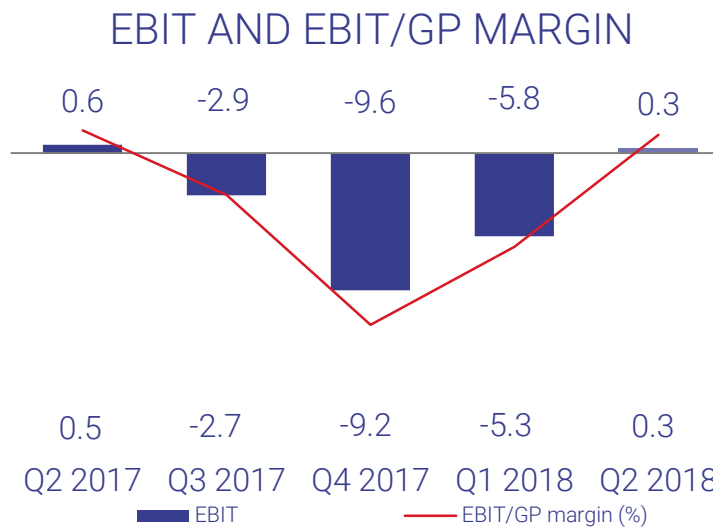
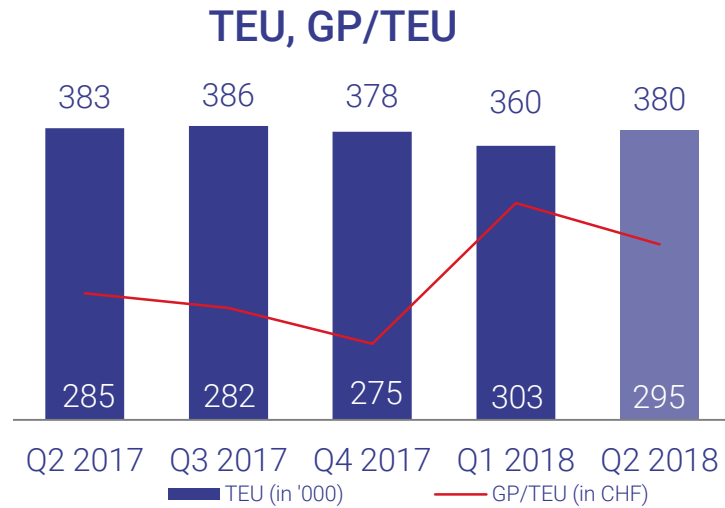
	2017	2018
Gross Profit, EBIT	YTD	YTD
Gross Profit	294.6	354.6 20%
EBIT	39.1	53.4 37%
EBIT/GP (%)	13.3%	15.1%
Volumes (tons '000)	473.1	489.4 3%



Ocean Freight: Break-even in Q2

Ocean Freight

- YTD 3% volume decrease
- YTD GP/TEU around CHF 300
- Positive EBIT in Q2
- For IFRS 16 impact, see appendix



	2017			2018	
YoY Growth, %	Q2	Q3	Q4	Q1	Q2
Volume (market, estimated)	3%	3%	4%	3%	4%
Volume (Panalpina)	3%	2%	-3%	-4%	-1%
GP/TEU	-7%	-5%	8%	7%	6%
Gross Profit	-5%	-3%	5%	3%	3%

	2017	2018	
Gross Profit, EBIT	YTD	YTD	
Gross Profit	214.6	220.9	3%
EBIT	-2.6	-5.5	-112%
EBIT/GP (%)	-1.2%	-2.5%	
Volumes (TEUs '000)	757.0	737.9	-3%

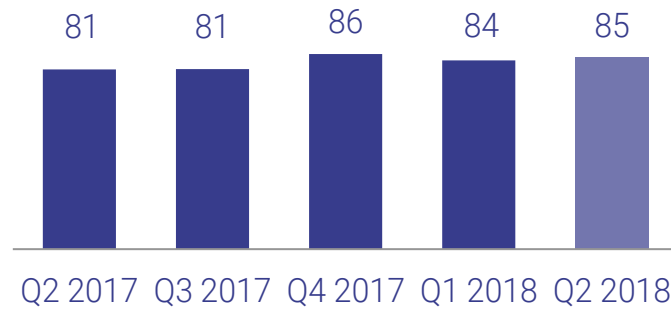


Logistics: Continued strong EBIT

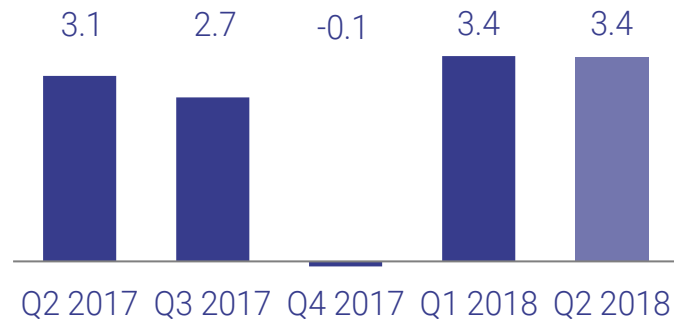
Logistics

- Steady gross profit and EBIT
- For IFRS 16 impact, see appendix

Gross profit



EBIT



	2017			2018	
YoY Growth, %	Q2	Q3	Q4	Q1	Q2
Gross Profit	-19%	-14%	-7%	2%	4%

	2017	2018	
Gross Profit, EBIT	YTD	YTD	
Gross Profit	163.9	168.8	3%
EBIT	5.4	6.8	24%
EBIT in % of NFR	2.0%	2.5%	

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Outlook and Priorities 2018

Outlook and Priorities 2018

Outlook

Market

- Increased international tension and macroeconomic uncertainties add complexity
- Air freight rates are expected to increase while ocean freight rates are expected to remain stable

Panalpina

- Air freight is expected to grow at or above market, ocean freight below market

Priorities

- Prepare for robust peak season
- Speed up optimization of cost structure
- Push ahead implementation of SAP TM
- Focus on topline growth and unit profitability
- Improve EBIT in ocean freight
- Accelerate growth through selected bolt-on acquisitions

Next events

Third Quarter Results

October 25, 2018

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Appendix

Income Statement Per Quarter – Group

Group	Q1 2017	Q2 2017	HY 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	HY 2018	IFRS 16 impact	HY 2018 like-for-like
Net forwarding revenue	1,277.2	1,354.9	2,632.1	1,433.4	1,467.3	5,532.8	1,414.3	1,502.2	2,916.5		2,916.5
Forwarding expenses	(944.5)	(1,014.5)	(1,959.0)	(1,081.8)	(1,094.2)	(4,135.0)	(1,043.6)	(1,128.5)	(2,172.1)	(15.9)	(2,188.1)
Gross profit	332.7	340.4	673.1	351.6	373.0	1,397.8	370.7	373.7	744.4	(15.9)	728.4
Personnel expenses	(216.4)	(216.2)	(432.6)	(218.6)	(238.8)	(889.8)	(230.0)	(231.5)	(461.5)		(461.5)
Other operating expenses	(89.3)	(88.0)	(177.3)	(92.5)	(91.9)	(361.8)	(76.3)	(69.3)	(145.6)	(45.4)	(191.0)
EBITDA	27.1	36.2	63.3	40.6	42.3	146.2	64.4	72.9	137.2	(61.3)	75.9
Depreciation of PPE	(5.3)	(5.4)	(10.7)	(5.0)	(5.6)	(21.3)	(5.0)	(5.6)	(10.5)		(10.5)
Depreciation of ROU assets	0	0	0				(29.0)	(31.2)	(60.1)	60.1	0.0
Amortization of intangibles	0	(5.2)	(10.6)	(5.5)	(5.4)	(21.6)	(6.0)	(5.9)	(11.9)		(11.9)
EBIT	16.4	25.6	42.0	30.1	31.3	103.3	24.4	30.3	54.7	(1.2)	53.5
in % of gross profit	4.9%	7.5%	6.2%	8.6%	8.4%	7.4%	6.6%	8.1%	7.3%		7.3%
Financial result	0.2	0.1	0.3	(0.4)	(1.6)	(1.8)	(1.7)	(3.6)	(5.3)	3.5	(1.8)
Earnings before taxes (EBT)	16.5	25.7	42.2	29.7	29.6	101.5	22.7	26.7	49.4	2.3	51.7
Income tax expenses	(4.2)	(8.1)	(12.3)	(11.2)	(20.6)	(44.1)	(6.1)	(7.2)	(13.3)	(0.6)	(14.0)
% of EBT	25.2%	31.6%	29.1%	37.8%	69.4%	43.4%	27.0%	27.0%	27.0%	27.0%	27.0%
Profit	12.4	17.6	29.9	18.5	9.1	57.5	16.6	19.5	36.1	1.6	37.7
Earnings per share	0.54	0.75	1.29	0.79	0.40	2.48	0.72	0.84	1.56		1.63

Note: Group figures in CHF million

Income Statement Per Quarter – Air Freight

Air Freight	Q1 2017	Q2 2017	HY 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	HY 2018	IFRS 16 impact	HY 2018 like-for-like
Net forwarding revenue	657.1	700.0	1,357.1	738.9	823.8	2,919.8	750.1	803.0	1,553.1		1,553.1
Forwarding expenses	(512.5)	(550.0)	(1,062.5)	(577.5)	(640.3)	(2,280.3)	(572.4)	(626.1)	(1,198.5)	(15.9)	(1,214.4)
Gross profit	144.7	150.0	294.6	161.4	183.4	639.4	177.8	176.9	354.6	(15.9)	338.7
Personnel expenses	(90.5)	(91.6)	(182.2)	(92.8)	(104.4)	(379.3)	(101.8)	(103.3)	(205.1)		(205.1)
Other operating expenses	(32.4)	(31.7)	(64.1)	(33.7)	(33.4)	(131.2)	(30.7)	(27.2)	(57.9)	(15.8)	(73.7)
EBITDA	21.8	26.6	48.4	34.9	45.7	129.0	45.3	46.4	91.7	(31.7)	59.9
Depreciation and amortization	(4.6)	(4.7)	(9.3)	(4.6)	(4.7)	(18.6)	(18.4)	(19.8)	(38.3)	31.4	(6.9)
EBIT	17.1	22.0	39.1	30.3	40.9	110.3	26.9	26.5	53.4	(0.4)	53.0
in % of gross profit	11.8%	14.6%	13.3%	18.8%	22.3%	17.3%	15.1%	15.0%	15.1%		15.7%
Volumes ('000 tons)	233.2	239.9	473.1	248.9	273.9	995.9	240.5	248.9	489.4		
% change YoY	7.9%	6.6%	7.2%	9.3%	8.5%	8.1%	3.1%	3.7%	3.4%		
GP/ton (CHF)	620.5	625.1	622.8	648.3	669.7	642.1	739.2	710.7	724.7		692.2
% change YoY	-9.8%	-9.7%	-9.8%	-0.8%	19.2%	-0.6%	19.1%	13.7%	16.4%		11.1%

Note: Air Freight figures in CHF million

Income Statement Per Quarter – Ocean Freight

Ocean Freight	Q1 2017	Q2 2017	HY 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	HY 2018	IFRS 16 impact	HY 2018 like-for-like
Net forwarding revenue	491.5	517.2	1,008.7	555.1	510.5	2,074.3	534.7	562.4	1,097.1		1,097.1
Forwarding expenses	(386.0)	(408.1)	(794.1)	(446.3)	(406.7)	(1,647.1)	(425.8)	(450.4)	(876.2)		(876.2)
Gross profit	105.5	109.1	214.6	108.8	103.8	427.2	108.9	112.0	220.9		220.9
Personnel expenses	(77.9)	(78.4)	(156.4)	(78.8)	(83.7)	(318.9)	(82.3)	(81.4)	(163.6)		(163.6)
Other operating expenses	(27.1)	(26.5)	(53.6)	(29.0)	(25.7)	(108.3)	(24.1)	(21.6)	(45.7)	(11.3)	(57.0)
EBITDA	0.5	4.1	4.6	0.9	(5.5)	(0.0)	2.5	9.0	11.6	(11.3)	0.2
Depreciation and amortization	(3.6)	(3.6)	(7.2)	(3.8)	(4.1)	(15.1)	(8.3)	(8.7)	(17.0)	11.1	(5.9)
EBIT	(3.2)	0.6	(2.6)	(2.9)	(9.6)	(15.1)	(5.8)	0.3	(5.5)	(0.2)	(5.7)
in % of gross profit	-3.0%	0.5%	-1.2%	-2.7%	-9.2%	-3.5%	-5.3%	0.3%	-2.5%		-2.6%
Volumes ('000 TEUs)	374.2	382.8	757.0	385.6	377.9	1,520.5	359.8	380.2	737.9		
% change YoY	7.5%	2.7%	5.0%	1.8%	-2.8%	2.2%	-3.8%	-0.7%	-2.5%		
GP/TEU (CHF)	282	285	283	282	275	281	303	295	299		n/a
% change YoY	-16.9%	-7.5%	-12.2%	-4.7%	8.3%	-5.8%	7.3%	3.4%	5.6%		n/a

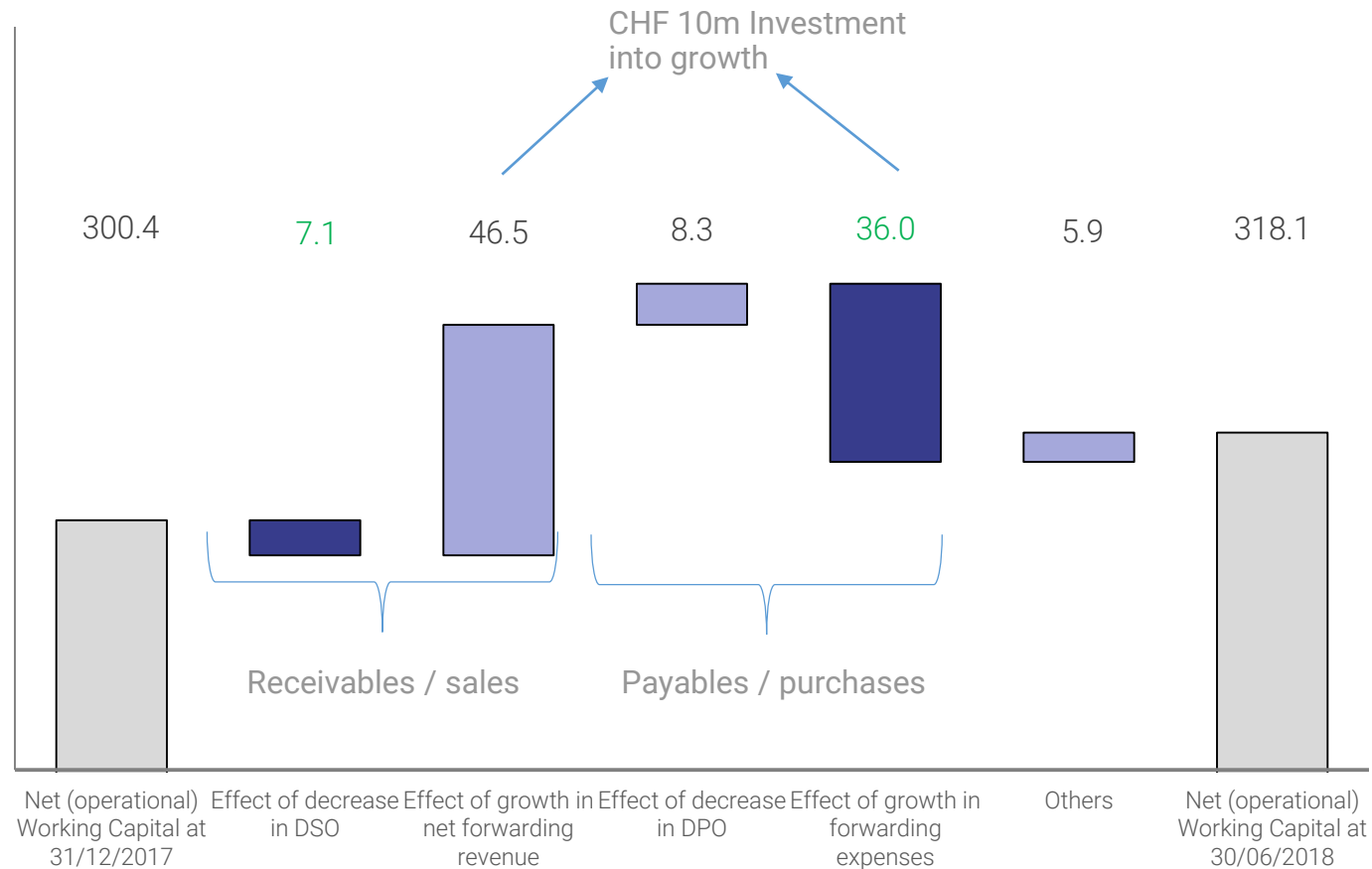
Note: Ocean Freight figures in CHF million

Income Statement Per Quarter – Logistics

Logistics	Q1 2017	Q2 2017	HY 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	HY 2018	IFRS 16 impact	HY 2018 like-for-like
Net forwarding revenue	128.6	137.7	266.3	139.4	133.0	538.7	129.5	136.8	266.3		266.3
Forwarding expenses	(46.0)	(56.4)	(102.4)	(58.0)	(47.2)	(207.6)	(45.5)	(52.0)	(97.5)		(97.5)
Gross profit	82.5	81.3	163.9	81.5	85.8	331.1	84.0	84.8	168.8		168.8
Personnel expenses	(47.9)	(46.1)	(94.0)	(46.9)	(50.7)	(191.6)	(45.9)	(46.9)	(92.8)		(92.8)
Other operating expenses	(29.8)	(29.8)	(59.6)	(29.8)	(32.9)	(122.3)	(21.5)	(20.5)	(42.0)	(18.2)	(60.2)
EBITDA	4.8	5.4	10.3	4.8	2.2	17.2	16.6	17.4	34.0	(18.2)	15.8
Depreciation and amortization	(2.5)	(2.4)	(4.8)	(2.1)	(2.3)	(9.2)	(13.2)	(14.1)	(27.2)	17.5	(9.7)
EBIT	2.4	3.1	5.4	2.7	(0.1)	8.1	3.4	3.4	6.8	(0.7)	6.1

Note: Logistics figures in CHF million

Net Working Capital development



While DSO/DPO spread is relatively stable, growing business has resulted in increase of operational net working capital.

Operational Net Working Capital defined as:

Trade receivables + contract assets – Trade payables – contract liabilities – accrued cost of services

Note: Figures in CHF million

Balance Sheet

	31-Dec-17	30-Jun-18	Change in CHF	%
Cash and cash equivalents	310.9	206.7	(104.1)	-33%
Trade receivables, contract assets	1,097.0	1,105.0	8.0	1%
Other current assets	132.2	123.1	(9.1)	-7%
Property, plant and equipment	96.7	103.3	6.6	7%
Right-of-use of leased assets		343.8	343.8	
Intangible assets	88.5	95.2	6.7	8%
Other non-current assets	113.8	123.1	9.3	8%
Total assets	1,839.0	2,100.2	261.2	14%
Short-term borrowings	2.6	1.3	(1.4)	-52%
Trade payables, contract liabilities and accrued costs	796.7	786.9	(9.7)	-1%
Other current liabilities	267.6	352.8	85.2	32%
Long-Term borrowings	3.2	4.0	0.8	n/a
Other long-term liabilities	154.6	391.2	236.7	153%
Total liabilities	1,224.7	1,536.2	311.5	25%
Share capital	2.4	2.4	0	0%
Reserves, treasury shares	605.6	556.2	(49.4)	-8%
Non-controlling interests	6.3	5.4	(0.9)	-14%
Total equity	614.3	564.0	(50.3)	-8%
Total equity and liabilities	1,839.0	2,100.2	261.2	14%

Impact from IFRS 16: Right-of-use leased assets in the amount of CHF 343.8m reported under non-current assets. As part of current liabilities lease liabilities in the amount of CHF 122.4m and as part of long-term liabilities lease liabilities in the amount of CHF 223.6m are reported as of June 30, 2018.

Note: Figures in CHF million

Cash Flow

	30-Jun-17	30-Jun-18	IFRS 16 impact	HY-18 like-for-like
Cash flow before changes in working capital	66.0	140.6	(58.8)	81.8
Changes in working capital	(61.6)	(39.2)		(39.2)
Cash from operations	4.4	101.4	(58.8)	42.6
Interest and income taxes paid	(22.7)	(22.4)		(22.4)
Net cash from operating activities	(18.2)	79.0	(58.8)	20.2
Net cash from investing activities	(29.8)	(28.7)		(28.7)
Free cash flow	(48.0)	50.4	(58.8)	(8.4)
Net cash used in financing activities	(89.2)	(151.0)	58.8	(92.2)
Net increase (decrease) in cash and cash equivalents	(137.2)	(100.6)		(100.6)
Cash and cash equivalents at beginning of period	388.8	310.8		310.8
Effect of exchange rate changes	(2.9)	(3.5)		(3.5)
Cash and cash equivalents at end of period	248.7	206.7		206.7

Impact from IFRS 16: Repayments of lease liabilities previously reported as operating lease expense hence part of the cash from operations. Under IFRS 16, these are reported as financing activities hence as part of the cash used in financing activities.

Note: Figures in CHF million



THANK YOU

