

MEDIA RELEASE

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Panalpina outperforms market in second quarter

In the second quarter of 2012, the Panalpina Group achieved a gross profit of CHF 363 million. This was only slightly below the previous year (-2%), despite a globally receding air freight market and several rate increases by ocean carriers that put pressure on margins. Panalpina's volume growth in both Ocean and Air Freight was above the average market growth. Due to continued cost discipline EBITDA could be kept stable at CHF 34 million quarter-on-quarter. The Group achieved a consolidated profit of CHF 17 million.

"We managed to gain market shares. We did better than the market not only in ocean freight but also in air freight where the market declined further in the second quarter of 2012", said CEO Monika Ribar. "In ocean freight, the carrier's steep rate increases on important routes caused margin headwinds but thanks to our record volumes we could still increase the division's gross profit."

Sluggish development of global economy reflected in regions' performance

Net forwarding revenue in the second quarter went up by 2.4% to CHF 1,668 million. Gross profit in the second quarter almost reached previous year level. It came in at CHF 363 million (-2%) despite a globally receding air freight market and several rate increases by ocean carriers. Continued growth in Latin America led to a new second quarter (and half year) gross profit record of CHF 43 million (+7.5%). The sluggish development of the global economy was reflected in the other regions' performance. Gross profit in Asia Pacific decreased to CHF 75 million (-3.8%) due to slowing exports to mature markets. In the EMEA region strong exports could only partly offset weak imports resulting in a decrease of gross profit to CHF 179 million (-2.2%). In a weak environment, gross profit also decreased in North America to CHF 66 million (-5.7%). The Group's gross profit margin decreased to 21.8% in the second quarter (22.8% in Q2 2011) mainly due to the rate increases by ocean carriers but remained stable at 22.7% for the first half.

Panalpina Group: Results for the second quarter of 2012

(CHF million)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Net forwarding revenue	1,667.6	1,628.9	3,207.5	3,280.8
Gross profit	363.3	370.9	727.4	744.3
EBITDA	33.6	53.7	8.8	109.4
EBIT	22.9	44.3	(12.0)	90.7
Consolidated profit	17.3	32.0	(23.1)	66.9
<i>Non-recurring items</i>			(59.2)	
underlying EBITDA	33.6	53.7	68.0	109.4
underlying EBIT	22.9	44.3	47.2	90.7

[Second Quarter Results 2012 – Investor Presentation](#)
[Second Quarter Results 2012 – Datasheet](#)

Market share gains in Ocean and Air Freight

Ocean Freight recorded a new volume record for the second quarter (and half year). Panalpina shipped 7% more TEUs (twenty-foot equivalent units) than the year before, again growing more than twice as fast as the market (market: +3%). Gross profit per TEU of Ocean Freight decreased by 5% as carriers enforced considerable rate increases in particular on the Far East Westbound route. These rate increases could not yet be fully passed on to customers in the second quarter. Still, the lower unit profitability was more than offset by the higher volumes, leading to an increase of gross profit to CHF 110 million (+2%).

In Air Freight, too, Panalpina did better than the market. As the market weakened further in the second quarter, receding by 4%, Panalpina's volumes decreased by 3%. Contraction of gross profit (-6%) was mainly due to the lower volumes. Gross profit reached CHF 162 million in the second quarter of 2012. Gross profit per ton of Air Freight decreased by 3% year-on-year but was stable quarter-on-quarter.

Moderate gross profit growth in Logistics (+1%) reflected the slowing economic environment. Q2 gross profit reached CHF 91 million.

Continued cost discipline kept EBITDA sequentially stable

In 2011, Panalpina made important investments especially in its product divisions. Because of an expected weak market development for 2012, the Group then introduced cost containment measures in the last quarter of 2011. Due to continued cost discipline EBITDA could be kept stable at CHF 34 million quarter-on-quarter. EBITDA-to-gross profit margin also remained stable quarter-on-quarter. The Group achieved a consolidated profit of CHF 17 million in Q2. For the first half of 2012, a loss of CHF 23 million resulted because of the provisions of CHF 59 million for the EU and Swiss antitrust fines made in the first quarter.

Outlook

"We anticipate a soft recovery of the air freight market in the second half of 2012 and continued market growth in ocean freight. Further significant rate increases in air and ocean freight seem unlikely", said Ribar. Panalpina expects the air freight market to contract by 1% for the whole year. In ocean freight, a market growth of 3-4% is expected. The Group's target is to outperform the market. Panalpina's group-wide cost containment measures including a hiring freeze remain in place. As of August 1st 2012, Ribar will act as the Group's CFO ad interim until Robert Erni takes office.

The Panalpina Group

The Panalpina Group is one of the world's leading providers of supply chain solutions, combining intercontinental Air and Ocean Freight with comprehensive Value-Added Logistics Services and Supply Chain Services. Thanks to its in-depth industry know-how and customized IT systems, Panalpina provides globally integrated end-to-end solutions tailored to its customers' supply chain management needs. The Panalpina Group operates a global network with some 500 branches in more than 80 countries. In a further 80 countries, it cooperates closely with partner companies. Panalpina employs approximately 15,500 people worldwide.

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