

PRESS RELEASE

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Panalpina with market share gains and significantly improved profitability

The 2010 financial year saw the Panalpina Group achieve double-digit volume growth in its Air and Ocean Freight businesses, while also expanding its market share. Net forwarding revenue rose by 20% to CHF 7,164 million. The new organization has proven successful with costs only rising moderately despite the strong growth. Productivity as well as profitability have improved significantly yielding in a gross profit increase of 7.5% (11.4% currency adjusted) to CHF 1,480 million.

Panalpina CEO Monika Ribar stated that, "2010 was very successful for the Panalpina Group in a number of different respects. We succeeded in taking full advantage of strong global economic growth, raising our core activity business volumes at rates that outperformed market averages. With our gains in market share and robust growth in the adjusted margins, we have solidified our position in the industry. The various measures initiated at the start of the year have clearly come to fruition, and the completion of investigations by the US Department of Justice is a relief for the organization."

Panalpina Group: Key figures for 2010 (financial year and fourth quarter)

(CHF millions)	2010	2009	Q4 2010	Q4 2009
Net forwarding revenue	7,164.2	5,957.9	1,808.9	1,569.0
Gross profit	1,480.1	1,376.9	390.8	311.5
EBITDA	62.4	79.7	56.5	6.5
EBIT	15.4	29.9	44.0	-8.0
Consolidated profit	-26.0	10.4	32.9	-11.0
Non-recurring items	146	65	2	11
EBITDA (adjusted)	208.4	144.7	58.5	17.5
EBIT (adjusted)	161.4	94.9	46.0	3.0

[2010 Full-Year Results – presentation \(in English only\)](#)
[Online Annual Report \(in English only\)](#)

Market share gains in Air and Ocean Freight

Despite the strong signs of recovery in world trade during the year under review, conditions remained highly volatile. Growth in the air freight market reached 19%, and ocean freight rose by 11%. While these developments were driven primarily by China and other emerging-market economies, North America and Europe also rebuilt momentum. Against this backdrop, Panalpina increased its Air Freight volume by 22% to 892,000 tons and its Ocean Freight volume by 13% to 1,241,000 twenty-foot equivalent units (TEU). The company's performance thus outstripped market growth.

Panalpina's gains in market shares were mainly due to the improved sales organization and the expanded product portfolio of end-to-end supply chain solutions. All trade lanes benefited from these efforts, both in Air Freight and Ocean Freight. In some trade lanes, Panalpina recorded volume growth in excess of 50%.

New products and services

Panalpina is continuously expanding its range of solutions to include new products and services. In 2010, its Air Freight hub in Luxembourg achieved the *Good Distribution Practice* certification from the World Health Organization (WHO), thereby enabling provision of standardized, seamless cold chains. The company was also accredited as a *Qualified Envirotainer Provider (QEP)*, allowing it to forward highly sensitive pharmaceutical products and temperature-controlled transports.

In the third quarter, Panalpina launched a second own controlled regular Air Freight service linking Luxembourg, Dubai, South Africa, Hong Kong, North America and Latin America. The company also expanded its existing Dixie Jet service with the addition of a trans-Pacific route to Huntsville, Alabama (USA), along with key routes to Johannesburg (South Africa) and Hong Kong. As part of this arrangement, Panalpina also introduced a new express service to Brazil, connecting Hong Kong, Huntsville and São Paulo in a transit time of 30 hours (airport to airport). The company established this service in response to high demand for fast, reliable connections between Asia and Brazil.

In its Ocean Freight business, Panalpina systematically pursued the expansion of its less-than-container-load (LCL) operations, creating more than 50 new services and completing its network of hubs. Moreover, Panalpina invested in additional contract logistics capacities in Latin America, China, North America and Southeast Asia. These efforts are aimed at satisfying the continuously rising demand for networked, end-to-end supply chain solutions.

Focus on industrial verticals paying off

During the period under review, Panalpina benefited from the economic upswing in many industries because the company's sales organization – which is structured and geared to specific industrial sectors – responded rapidly to demand as it arose. Panalpina managed to secure a wide array of new contracts in all regions. The Telecom, Automotive, Consumer and Retail and Fashion industry verticals derived particular benefit from the economic resurgence, posting considerable growth over the previous year.

Higher gross profit in all regions

Compared to 2009, gross profit rose by 7.5% to CHF 1,480 million – an increase which, when adjusted for currency effects, amounts to 11.4%. This significant currency effect can be ascribed to the depreciation of the euro, pound sterling and US dollar against the Swiss franc.

Panalpina recorded its biggest rise in gross profit in the Asia-Pacific (APAC) region, with growth there exceeding 20% to CHF 298 million. In Latin America, growth increased by almost 8% to CHF 156 million. This growth reflects the vibrant economic development in these regions, which is driving the expansion of trade flows in and between these areas of the world.

In 2010, the region comprising Europe / Middle East / Africa / CIS (EMEA) contributed more than one half of the Group's gross profit. The gross profit generated within EMEA rose by 4% to CHF 760 million, thanks to the rise in freight volume across all trade lanes. In North America (NORAM), gross profit likewise climbed by 4% to CHF 266 million.

Higher EBITDA (adjusted)

The workforce at Panalpina was increased to help handle the significantly greater freight volumes but personnel costs rose only moderately by 1% to CHF 891 million. Owing to the significant improvement in productivity, personnel costs decreased in relation to gross profit, from 63.8% in 2009 to 60.2% in 2010.

Other operating expenses rose by 26% to CHF 527 million, due essentially to non-recurring charges (fines) relating to anti-trust violations in the United States and the Foreign Corrupt Practices Act (FCPA) proceedings.

On a like-for-like basis, the company has increased its EBITDA from CHF 144.7 million in 2009 by 44.0% to CHF 208.4 million.

Non-recurring charges have resulted in a Group loss after taxes amounting to CHF 26 million. The Board of Directors of Panalpina World Transport (Holding) Ltd. is therefore proposing to the Annual General Meeting that the payment of a dividend be omitted.

Anti-trust investigations in the EU, Switzerland and Brazil which affect the entire logistics industry are still ongoing; no resolution is expected prior to mid-2011.

Changes on the Board of Directors

Elections will be held at the coming Annual General Meeting scheduled for May 10, 2011 to fill two positions on the Board of Directors. Lars Förberg and Knud Elmholdt Stubkjær have been nominated to join the Board. Lars Förberg is managing partner and co-founder of Cevian Capital, a major shareholder of Panalpina. He is a Swedish citizen. Knud Elmholdt Stubkjær, a Danish citizen, can look back on a long and successful career in the shipping-line industry, among other positions as CEO of the Maersk Line owned by the Danish A.P. Møller Group. Board of Directors member Guenter Rohrmann will be retiring from the Board at this year's Annual General Meeting. A further director, Günther Casjens, already resigned his mandate at the end of 2010.

Outlook

With an eye to future development, CEO Monika Ribar notes that "We emerged stronger from the crises, and the objectives we achieved in 2010 have created an excellent foundation for 2011. We anticipate single digit market growth for both air and ocean freight this year, and seek to win further shares of the market. To this end, we will further expand our global sales organization and continue to invest in growth markets such as China, India and Brazil, as well as in selected industries. This will include the evaluation of acquisition opportunities. With our new organization, reinforced product units and strong compliance structure, we are the ideal business partner for our customers."

The Panalpina Group

The Panalpina Group is one of the world's leading suppliers of forwarding and logistics services, specializing in end-to-end supply chain management solutions and intercontinental air freight and ocean freight shipments. Thanks to its in-depth industry know-how and state-of-the-art IT systems, Panalpina provides globally integrated door-to-door forwarding services tailored to its customers' individual needs. The Panalpina Group operates a close-knit network with some 500 branches in over 80 countries. In a further 80 countries, it cooperates closely with partner companies. Panalpina employs approximately 15,000 people worldwide.

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