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Panalpina improves profitability by 15%

In the first three months of 2019, international freight forwarding and logistics company Panalpina improved profitability compared to the same period of last year. Panalpina reported an EBIT of CHF 28.1 million (YTD 2018: CHF 24.4 million) and a consolidated profit of CHF 19.2 million (YTD 2018: CHF 16.6 million).

“In the first quarter of this year, Panalpina generated 15% more EBIT and

profit than in the same period of last year,” says Panalpina CEO Stefan Karlen. “We improved profitability despite a challenging market environment and during a time when considerable management resources were absorbed by the M&A topic. This demonstrates the underlying quality and strength of our organization.”

Panalpina Group: Results for the first quarter of 2019

| (CHF million) | YTD 2019 | YTD 2018 |
|------------------------|-----------------|----------|
| Net forwarding revenue | 1,485.2 | 1,414.3 |
| Gross profit | 358.1 | 370.7 |
| EBITDA | 68.1 | 64.4 |
| EBIT | 28.1 | 24.4 |
| Consolidated profit | 19.2 | 16.6 |

Higher EBIT and consolidated profit

In the first quarter of 2019, Panalpina’s gross profit decreased 3% to CHF 358.1 million (YTD 2018: CHF 370.7 million), while total operating expenses decreased to CHF 290.0 million (YTD 2018: CHF 306.3 million). EBIT and consolidated profit increased year-on-year by 15% and 16% respectively. EBIT reached CHF 28.1 million compared to CHF 24.4 million a year before and the EBIT-to-gross-profit margin stood at 7.9%, up from 6.6% in 2018. The consolidated profit increased from CHF 16.6 million to CHF 19.2 million.

Air Freight

Panalpina’s Air Freight volumes increased 8% in the first quarter of 2019. Compared to the same period of last year, gross profit per ton decreased 10% to CHF 666 (YTD 2018: CHF 739), while overall gross profit decreased to CHF 173.1 million (YTD 2018: CHF 177.8 million). EBIT in Air Freight decreased from CHF 26.9 million to CHF 24.9 million. The EBIT-to-gross-profit margin came in at 14.4% compared to 15.1% a year before.

Ocean Freight

Panalpina’s Ocean Freight volumes decreased 3% year-on-year and gross profit per TEU decreased 2% to CHF 296 (YTD 2018: CHF 303), bringing gross profit to CHF 102.9 million (YTD 2018: CHF 108.9 million). For the first quarter of 2019, Ocean Freight recorded an EBIT of CHF 0.3 million, compared to a loss of CHF 5.8 million a year before.

Logistics

In Logistics, gross profit decreased 2% to CHF 82.1 million year-on-year

(YTD 2018: CHF 84.0 million). EBIT reached CHF 2.9 million for the first three months of 2019, compared to CHF 3.4 million for the same period of last year.

Outlook

“Since the news of DSV taking over Panalpina broke, circumstances have changed. To give any sort of outlook is not only more challenging than ever before, but also constrained by legal restrictions,” says Karlen. “However, Panalpina continues to conduct business as usual. We have continued to win new business after the transaction was announced and we are determined to keep doing so in the weeks and months ahead. We are competing in the market with our strong brand, great capabilities and solid service offering, supporting our customers by providing them with tailored solutions that create value for them. This is our commitment and obligation for the rest of the year.”

About Panalpina

The Panalpina Group is one of the world's leading providers of supply chain solutions. The company combines its core products – Air Freight, Ocean Freight, and Logistics and Manufacturing – to deliver globally integrated, tailor-made end-to-end solutions for 12 core industries. 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. Project Solutions is a specialized service for the energy and capital projects sector. The Panalpina Group operates a global network with some 500 offices in around 70 countries, and it works with partner companies in another 100 countries. Panalpina employs approximately 14,500 people worldwide who deliver a comprehensive service to the highest quality standards – wherever and whenever.

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