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Panalpina pushing for accelerated growth after a successful 2018

International freight forwarding and logistics company Panalpina ended the year 2018 with a historic record in Air Freight volumes, a recovering Ocean Freight product and solid profitability in Logistics. For the full year, Panalpina's reported EBIT increased from CHF 103.3 million to CHF 118.4 million (+15%) and the reported consolidated profit increased from CHF 57.5 million to CHF 75.7 million (+32%). In 2019, Panalpina will continue its strong customer focus, push for accelerated growth and launch an industry-leading customer portal.

“Panalpina performed strongly overall in 2018, which was another year with a very dynamic market environment. Air freight growth rates were strongest in the first quarter of the year, but markets slowed down in the following quarters. The softer than expected peak season meant that we could not pass on the higher procurement costs to our customers. For the first time in our history, we broke through the one-million ton barrier, further strengthening our position as one of the world’s top air freight providers,” says Panalpina CEO Stefan Karlen. “In Ocean Freight, we improved EBIT with every quarter, and even though a small loss still resulted for the full year, we achieved the turnaround. Logistics delivered an excellent EBIT result. In all, our service quality was well-received by customers and we successfully executed on our strategy.”

Panalpina Group: Results for the full year 2018

(CHFmillion)	YTD 2018	YTD 2017
Net forwarding revenue	6,035.7	5,532.8
Gross profit	1,499.7	1,397.8
EBITDA	289,5	146.2
EBIT	118.4	103.3
Consolidated profit	75.7	57.5
Earnings per share (in CHF)	3.29	2.48
Dividend per share (in CHF)	3.75 *	3.75

* Proposed to the annual general meeting

Double-digit growth for EBIT and consolidated profit

In 2018, Panalpina’s gross profit increased 7% to CHF 1,499.7 million (2017: CHF 1,397.8 million), while total operating expenses decreased 3% to CHF 1,210.2 million (2017: CHF 1,251.6 million). Reported EBIT reached CHF 118.4 million (+15%) compared to CHF 103.3 million a year before and the EBIT-to-gross-profit margin stood at 7.9%, up from 7.4%. The consolidated profit increased from CHF 57.5 million to CHF 75.7 million (+32%). Currency impacts in 2018 were close to nil on consolidated level, leaving EBIT and consolidated profit in 2018 at CHF 118.3 million and CHF 75.7 million respectively.

Air Freight

Panalpina's Air Freight volumes increased 4% in 2018. For the first time in its history, the company transported more than one million tons, specifically, 1,038,678 tons of air cargo last year (2017: 995,900). From January to December, Air Freight tonnage increased with every quarter. Compared to the same period last year, gross profit per ton increased 7% to CHF 685 (2017: CHF 642), while overall gross profit increased to CHF 711.7 million (2017: CHF 639.4 million). Reported EBIT in Air Freight decreased from CHF 110.3 million to CHF 108.2 million. The EBIT-to-gross-profit margin came in at 15.2% compared to 17.3% a year before.

Ocean Freight

Panalpina's Ocean Freight volumes decreased 2% year-on-year. Panalpina transported 1,484,114 TEUs (twenty-foot equivalent units) in 2018 (2017: 1,520,490 TEUs). Gross profit per TEU increased 7% to CHF 301 (2017: CHF 281), bringing gross profit to CHF 446.1 million (2017: CHF 427.2 million). An EBIT loss in the first quarter of 2018, followed by three positive quarters, resulted in an EBIT loss for the full year of CHF 1.8 million, improving over the loss of CHF 15.1 million in 2017.

Logistics

In Logistics, gross profit increased 3% year-on-year to CHF 341.9 million (2017: CHF 331.1 million). For the full year, Logistics posted the highest EBIT ever, CHF 11.9 million, compared to CHF 8.1 million for the same period last year.

Dividend

In light of the good performance and healthy balance sheet, the board of directors will propose a dividend payment of CHF 3.75 per share to the annual general meeting on May 9, 2019. This is equivalent to a dividend yield of 2.9% (based on the 2018 year-end share price).

Outlook

"We have put in place a scalable operational platform and organization, and

are now eager to push for accelerated, substantial organic and external growth. In 2019, we will even further increase our customer focus. The highlight will be the launch of the new portal that fully digitalizes our customer offerings in a modern, engaging manner. In the long term, this portal will enable our customers to manage their supply chain needs proactively in a self-service mode, and facilitate an automated and fully integrated customer journey with personalized supply chain tools,” says Karlen.

Panalpina also published its [2018 Annual Report](#) today.

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. Energy and 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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