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## Panalpina reports record year in Air Freight

International freight forwarding and logistics company Panalpina ended the year 2017 with strong Air Freight volumes and margins, while in the fourth quarter margin pressure continued to impact the financial results in Ocean Freight. For the full year, Panalpina's reported EBIT increased from CHF 82.0 million (adjusted for restructuring costs 2016: CHF 109.9 million) to CHF 103.3 million and the reported consolidated profit increased from CHF 52.3 million (adjusted 2016: CHF 80.2 million) to CHF 57.5 million. In local currencies, reported EBIT and consolidated profit in 2017 reached CHF 106.0 million and CHF 60.0 million, respectively.

“2017 ended with record high volumes and profitability in Air Freight. We secured extra capacity early on in the year, well ahead of the exceptionally strong peak season when global capacity became scarce. Consequently, we were able to serve our customers in a very challenging market where others failed,” says Panalpina CEO Stefan Karlen. “In Ocean Freight, we kept volumes stable throughout the year, but as margin pressure continued into the fourth quarter, a full-year loss resulted for that part of our business. All in all, 2017 demonstrated Panalpina’s robustness as we continued to go through a period of transformation and disciplined strategy execution.”

### **Panalpina Group: Results for the Full Year 2017**

(CHF million)	<b>YTD 2017</b>	YTD 2016
Net forwarding revenue	<b>5,532.8</b>	5,196.0
Gross profit	<b>1,397.8</b>	1,424.6
EBITDA reported	<b>146.2</b>	131.7
EBIT reported	<b>103.3</b>	82.0
Consolidated profit reported	<b>57.5</b>	52.3
<i>Non-recurring items</i>		(28.0)
EBITDA adjusted	<b>146.2</b>	159.6
EBIT adjusted	<b>103.3</b>	109.9
Consolidated profit adjusted	<b>57.5</b>	80.2
Earnings per share (in CHF)	<b>2.48</b>	2.29
Dividend per share * (in CHF)	<b>3.75</b>	3.75

\* Proposed to the annual general meeting

### **Higher EBIT and consolidated profit**

In 2017, Panalpina’s gross profit decreased 2% to CHF 1,397.8 million (2016: CHF 1,424.6 million), while total operating expenses decreased 1% to CHF 1,251.6 million (2016: CHF 1,265.0 million). Reported EBIT and consolidated profit increased year-on-year, but decreased when compared to respective 2016 figures adjusted for restructuring costs. Reported EBIT reached CHF 103.3 million compared to CHF 82.0 million a year before (adjusted 2016: CHF 109.9 million) and the EBIT-to-gross-profit margin stood at 7.4% up from

5.8% (adjusted 2016: 7.7%). The consolidated profit increased from CHF 52.3 million to CHF 57.5 million. Barring negative currency impacts, reported EBIT and consolidated profit in 2017 reached CHF 106.0 million and CHF 60.0 million, respectively.

## **Air Freight**

Panalpina's Air Freight volumes increased 8% in 2017. The company transported 995,900 tons of air cargo last year (2016: 921,400), the highest volumes in the company's history. From January to December, gross profit, unit profitability and EBIT in Air Freight increased with every quarter. Compared to the same period of last year, gross profit per ton decreased 1% to CHF 642 (2016: CHF 646), while overall gross profit increased to CHF 639.4 million (2016: CHF 595.2 million). Reported EBIT in Air Freight increased from CHF 80.8 million (adjusted 2016: CHF 93.5 million) to CHF 110.3 million. The EBIT-to-gross-profit margin came in at 17.3% compared to 13.6% (adjusted 2016: 15.7%) a year before.

## **Ocean Freight**

Panalpina's Ocean Freight volumes increased 2% year-on-year. Panalpina transported 1,520,500 TEUs (twenty-foot equivalent units) in 2017 (2016: 1,488,500 TEUs). Gross profit per TEU decreased 6% to CHF 281 (2016: CHF 298), bringing gross profit to CHF 427.2 million (2016: CHF 443.8 million). Substantially lower margins, resulting from a challenging carrier environment and moderately increased costs due to the ongoing IT system implementation, meant that Ocean Freight recorded an EBIT loss for the full year of CHF 15.1 million, compared to a loss of CHF 0.6 million in 2016 (adjusted 2016: CHF 10.9 million).

## **Logistics**

In Logistics, gross profit decreased 14% to CHF 331.1 million year-on-year (2016: CHF 385.7 million), but picked up in the fourth quarter while ramp-up costs for various projects and investments in a new facility in Singapore impacted EBIT. For the full year, Logistics posted an EBIT of CHF 8.1 million, compared to CHF 1.8 million (adjusted 2016: CHF 5.6 million) for the same period last year.

## Dividend

In light of the solid net cash position, the board of directors will propose an unchanged dividend payment of CHF 3.75 per share to the annual general meeting on May 8, 2018. This is equivalent to a dividend yield of 2.5% (based on the 2017 year-end share price).

## Outlook

“The fact that all relevant economic indices are trending upwards makes us reasonably confident for 2018,” says Karlen. “We have made solid progress in Air Freight and reached a good cruising altitude on which we can build and that will allow us to reach the targeted conversion ratio in due course. In Ocean Freight, we know what needs to be done to make it into calmer waters again and in Logistics, the focus remains on top-line growth by further expanding our offering of value-added services.”

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## About Panalpina

The Panalpina Group is one of the world's leading providers of supply chain solutions. The company combines its core products of Air Freight, Ocean Freight, as well as Logistics and Manufacturing to deliver globally integrated, tailor-made end-to-end solutions for eleven 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 14,000 people worldwide who deliver a comprehensive service to the highest quality standards – wherever and whenever.

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