# Thiel Logistik AG

Dr. Antonius Wagner, CFO

ESN European Small & MidCap Conference
London – December 10, 2007

# Agenda

Profile and Markets

Management Organization

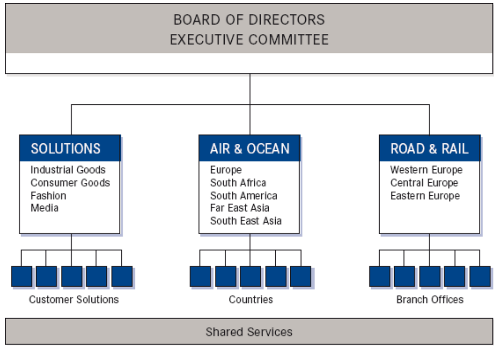
Financial Review

Strategic Review

# Company Profile

**Business:**

As an external partner, Thiel Logistik AG, develops holistic logistics and service solutions for trade and industry. Its business segments are Solutions (customer-oriented contract logistics solutions), Air & Ocean (global air and ocean freight forwarding) and Road & Rail (land and special transportation activities in Central, Western and Eastern Europe).




**Revenue:** 1,891.4 mn. € in 2006 (+2.8% vs. 2005)

**Employees:** 8,500 worldwide at more than 350 sites in 43 countries

**Stock Listing:** Frankfurt Stock Exchange (ISIN: LU0106198319, German SIN: 931705, TGH)

**Major Shareholder Stock:** Delton AG, Bad Homburg (50.26%)

**Bond Listing:** Luxembourg Stock Exchange (ISIN: XS0207922054)

**Key Developments 2007:**

- Strong increase in net sales in all three business segments
- Further improvement in operating earnings before special effects
- Re-organization effective on July 1 shows first positive effects

# Focus on Air & Ocean

## Expansion of network and growth

### Key Trends

- Global air cargo levels will triple until 2025
- While sea freight accounts for 98% of international trade flows, utilization of world fleet capacity is approaching 100% due to Asian export boom
- High importance of container shipping for international cargo and increasing importance of air-freight market due to specific performance characteristics (e.g. short lead-times)

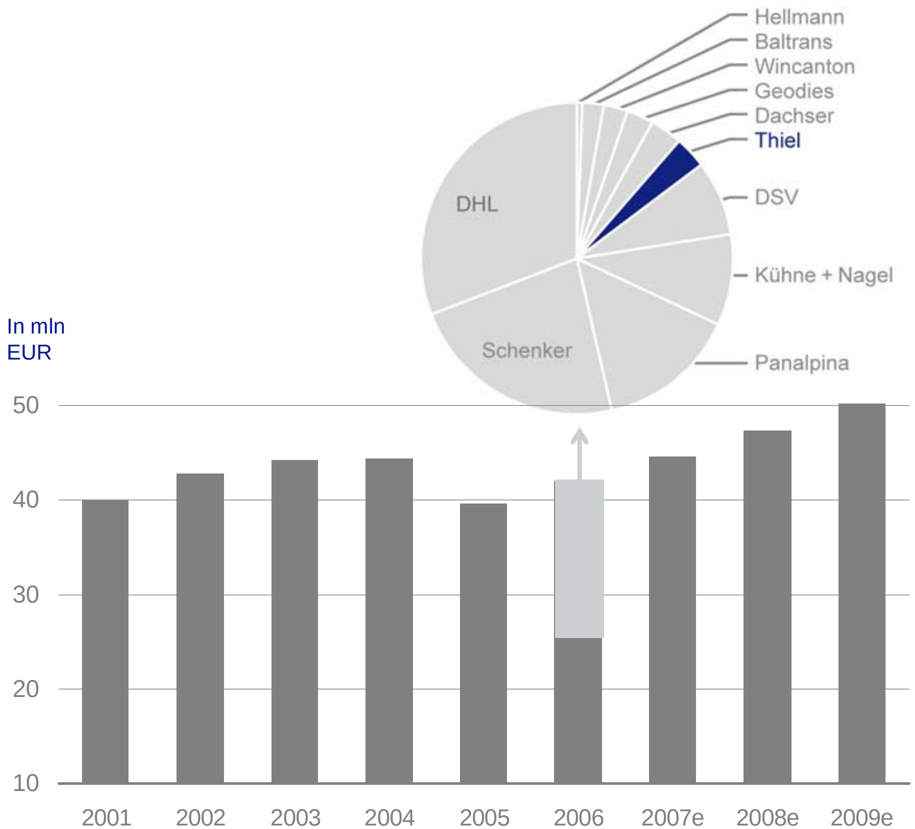

### Thiel Market Position

- Business units: Europe Middle East, Far East Asia, South East Asia, Americas and Africa with strength in Europe and Asia
- Global network with 1.600 employees in 90 locations
- Network extension through partnerships to more than 200 offices
- Member of purchasing alliances to bundle purchasing power (FUTURE, Group 99)

### Thiel Strengths

- Standardized IT-Systems and operations as well as distinct customer proximity
- Long-standing presence in East Asia has been developed in a lasting competitive advantage
- Seamless transport connection to the European land transportation networks
- Experience in value-added services leads to proximity to Solutions business segment

# Air Freight – Slight Growth in a stable Market Environment



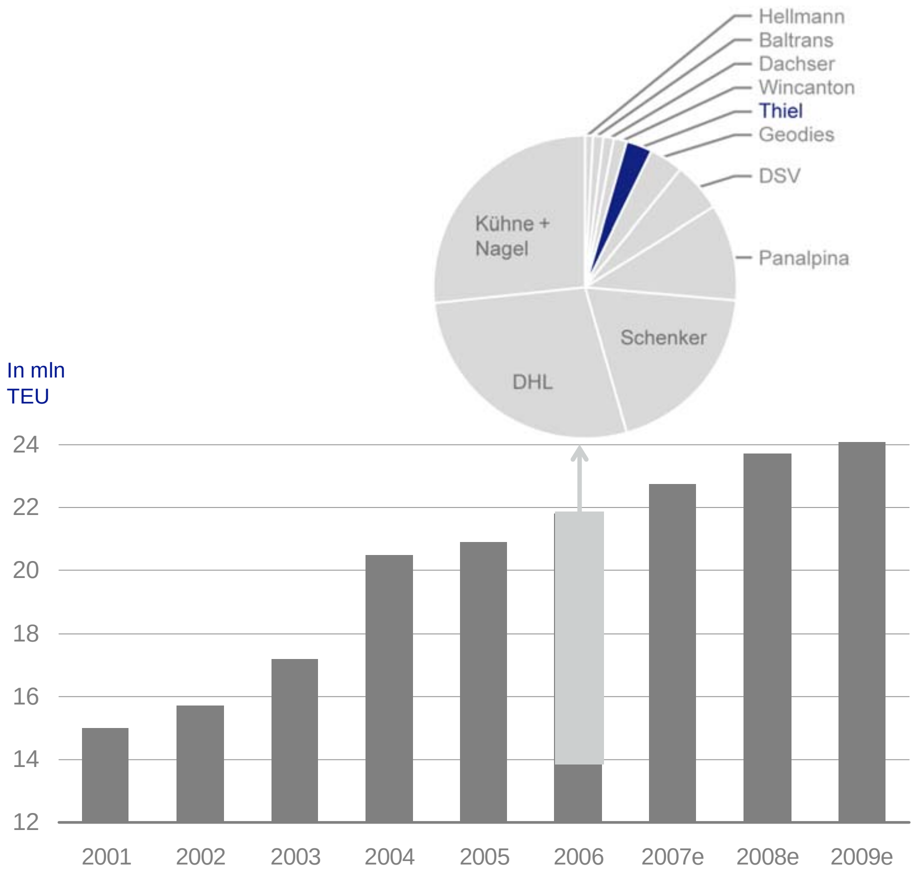

**Market Volume - Global Air Freight**

**Key Trends**

- Air freight growth suffered in Asia due to overcapacity
- Air freight market picking up in Q3
- Rates are expected to increase slightly towards year-end
- Despite consolidation of market - still fragmented
- Continuous globalization – just on time production will further full air freight market
- Intra Asia market rapidly increasing

*Sources: Annual Reports; Destatis; Estimates; IATA; Top 100 der Logistik*

# Ocean Freight - Full-steam Growth in a Consolidating Market




**Market Volume - Global Sea Freight**

**Key Trends**

- Ocean freight market developing very dynamically with start of the peak season
- Ocean freight rates increase expected (Europe inbound) but not on level first half of 2007
- Due to Asian export boom capacity utilization of world fleet is approaching 100 %
- Despite consolidation of market - still fragmented
- Imbalance specially Asia outbound will continue to be a problem
- European infrastructure creates bottle necks
- Carrier market

*Sources: Annual Reports; Destatis; Estimates; IATA; Top 100 der Logistik*

THIEL Logistics+Services

# Focus on Solutions

## Growth and sustaining market position

### Key Trends

- Specialized demand for logistics services resulting from individualization of customer needs
- Complex solutions require high degree of reliability, reactivity and also cost efficiency
- Co-ordination activities across the supply chains of market participants will generate significant benefits

THIEL FashionLifestyle

- Broker of Supply Chain
- Quality control, compliance, fashion logistics
- Inventory control system, POTrack, SC simulation

| | | | | |
|---|---|---|---|---|
| Seed | Processed materials | Manufacturer/ Producer | Transport optimization | Delivery to POS |
| Raw material | Transport optimization to manufacturer | Quality control | Combination of components | Disposal |

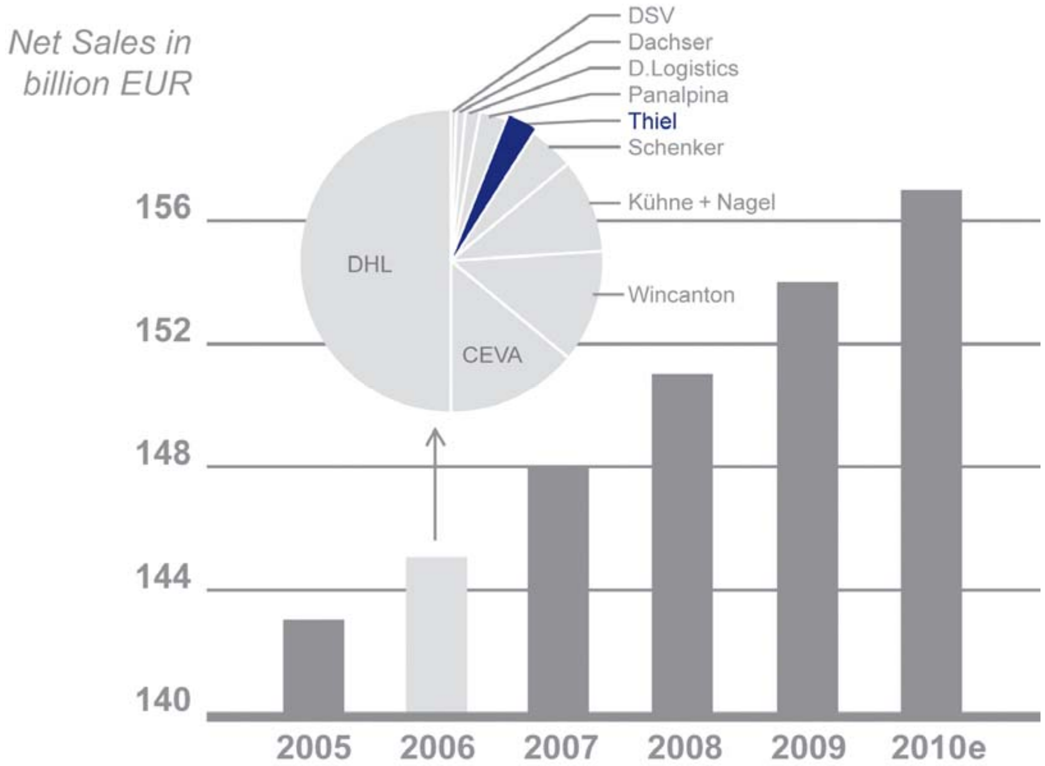
### Thiel Market Position

- Business Units: Consumer Goods, Industrial Goods, Fashion, Media
- Strong market position in selected industries (Media, Fashion, Steel, Food)
- Special networks in Fashion and Media and dedicated equipment/tools in customer solutions creating barriers of entry
- More than 150 sites in 14 European countries

### Thiel Strengths

- Global link via Air & Ocean network
- Process-oriented special IT-Solutions
- Range of customer-specific solutions with highly innovative solutions (Red Bull, Subway, Hirschmann, ZF etc.)
- High share of asset-light business models with high level of integration into customer processes and conceptual logic

## Contract Logistics – Significant Market Growth expected




**EU Contract Logistics Market**

**Key Trends**

- Specialized demand for logistics services resulting from individualization of customer needs
- Complex solutions require high degree of reliability, reactivity and also cost efficiency
- Co-ordination activities across the supply chains of market participants will generate significant benefits
- SCI logistics barometer shows that more than 3 out of 4 logistics companies keep on perceiving the 3PL market as a growth market

*Sources: Annual Reports; TU Berlin*

# Focus on Road & Rail
## Integration of existing network activities

### Key Trends

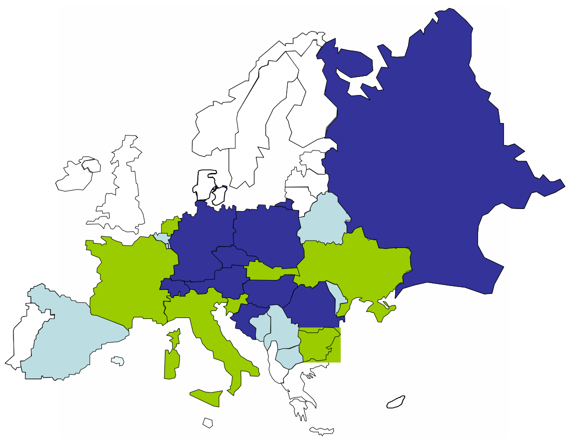
- Growth in emerging markets will outpace Western Europe while shift of production towards Eastern Europe continues
- Increasing internationalisation of customers' needs creates demand for sophisticated logistics and transport services
- Overall low profitability due to strong increase in a price sensitive market
- Professionalization of forwarding alliances, cost leadership by standardization and necessary integration

**Key Markets**
Large *and* in-depth service portfolio with relevant market share

**Opportunity Markets**
Large *or* in-depth service portfolio with relevant regional market presence

**Niche Markets**
Focused service portfolio with local market impact

Coverage by Partners



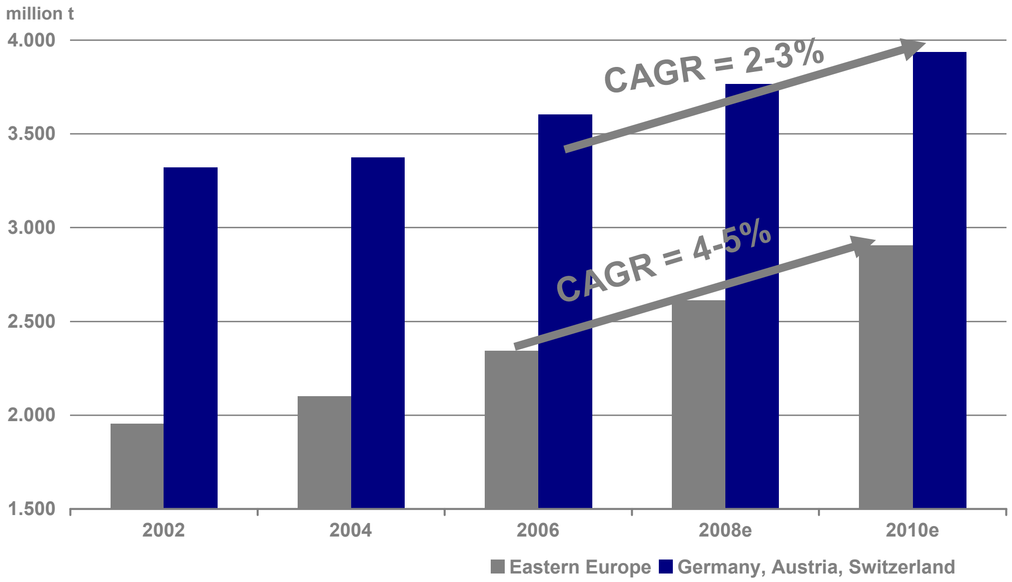
### Thiel Market Position

- Business Units: Western Europe, Central Europe and Eastern Europe with mixed market positions and success
- Thiel general network activities in Eastern Europe with high service level and wide coverage (57 sites in 14 countries)
- More than 140 sites in 25 countries

### Thiel Strengths

- Network activities serve as platform for solutions currently performed mainly in Western Europe
- Entering new markets in CIS states
- Activities provide strong link in East-West traffic (road and inter-modal)

# Land Transportation – Slightly Growing Market




**European Road Transport Volume**

**Key Trends**

- Market concentration still very low
- Increasing internationalisation of customers' needs
- Speed of market growth in Eastern Europe exceeds Western and Central Europe
- Increasing consignment size while profit margins remain tight
- Integrated network mandatory for successful road & rail business
- Standardisation within Cooperation networks

*Source: Destatis; Eurostat; Federal Department of Transportation*

# Agenda

Profile and Markets

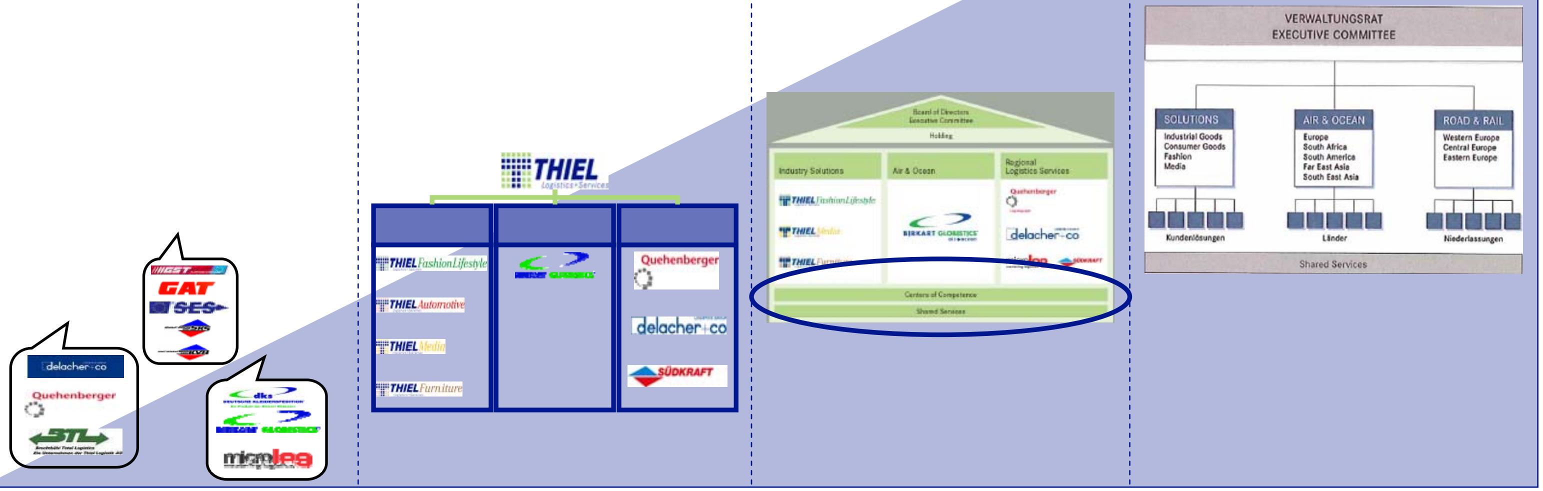
**Management Organization**

Financial Review

Strategic Review

# Evolution of Management and Organizational Structure

| until 2002 | 2003-2005 | 2006 | July 2007 |
|---|---|---|---|
| Numerous acquisitions in contract logistics and freight forwarding | Formation of segments based on legal entities | Addition of Centers of Competence and shared services | **Re-Organization of segments based on business processes** |

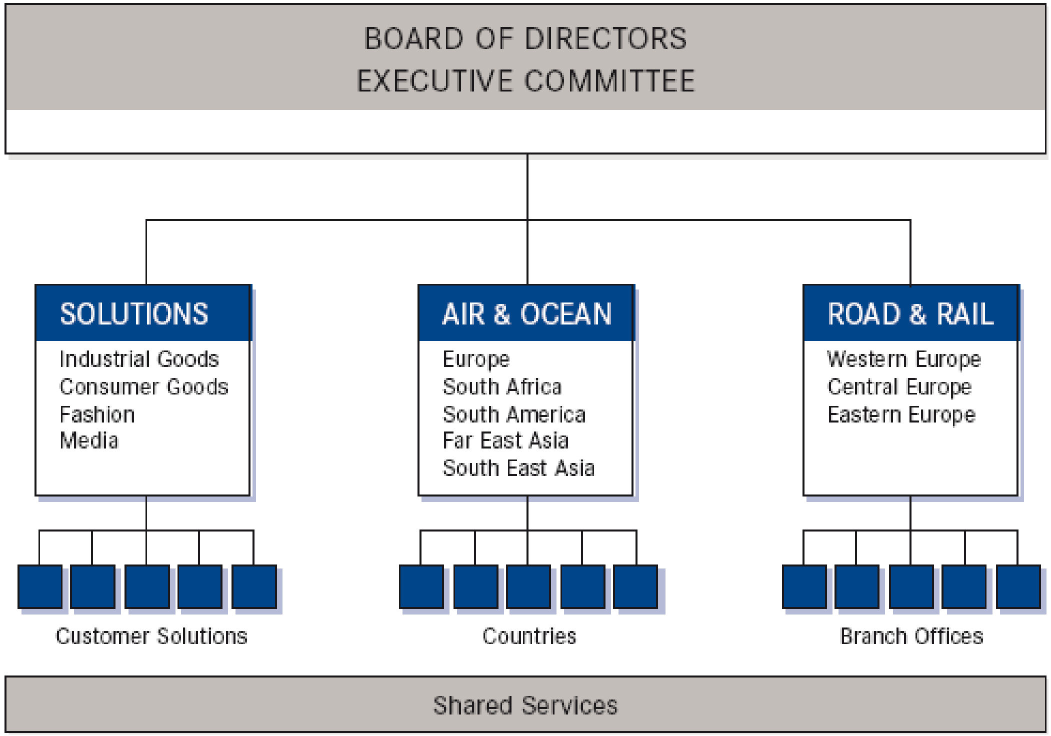


THIEL Logistics+Services

# Strategic Orientation of Business Segments

| | SOLUTIONS | AIR & OCEAN | ROAD & RAIL |
|---|---|---|---|
| **3 business segments** | SOLUTIONS | AIR & OCEAN | ROAD & RAIL |
| **12 business units** | Industrial Goods<br>Consumer Goods<br>Fashion<br>Media | Europe<br>South Africa<br>South America<br>Far East Asia<br>South East Asia | Western Europe<br>Central Europe<br>Eastern Europe |
| | Net sales approx. 700 mln EUR | Net sales approx. 440 mln EUR | Net sales approx. 750 mln. EUR |
| **Performance** | • Transfer of sophisticated logistics solutions to existing and new customers | • Measures to maintain current profitability levels | • Further professionali-zation and closer integration of hauls / sites |
| **Growth** | • Following customers internationally<br>• Opening of special networks | • Organic growth in the existing network<br>• Selective additions in growth markets<br>• Value added services | • Opening towards supra-regional partnerships and cooperations |

# Efficient and Effective Division of Tasks and Responsibilities




Responsibility to manage the Thiel Group

- Bundling of similar business processes in business segments
- Integration of alike regional and industry-oriented logistics, IT and purchasing processes in the business segments

Logistics services provision, innovation and professional approach towards customer solutions and land transportation

Bundling of administrative functions

# Thiel Executive Committee

**Berndt-Michael Winter**

**CEO**

*1954

Chairman of Thiel Board of Directors since 2002;
CEO of DELTON AG since 1999

Previously:
Managing Director at Lafarge Group and Mast-Jägermeister AG

**Dr. Antonius Wagner**

**CFO**

* 1961

Vice-Chairman of Thiel Board of Directors since 2002;
CFO of DELTON AG since 2002

Previously:
Management Positions at Bosch Group and Lafarge Group

**Klaus Hrazdira**

**COO Solutions**

* 1963

Executive Member of Thiel Board of Directors since 2006;
CEO of Quehenberger Group since 2003

Previously:
Managing Director at US Logistics Group Expeditors

**Helmut Kaspers**

**COO Air & Ocean**

*1965

CEO of Birkart Globistics air + ocean since 2007

Previously:
Regional Director Kühne + Nagel;
Executive Vice President Oceanfreight Schenker

**Detlef Kükenshöner**

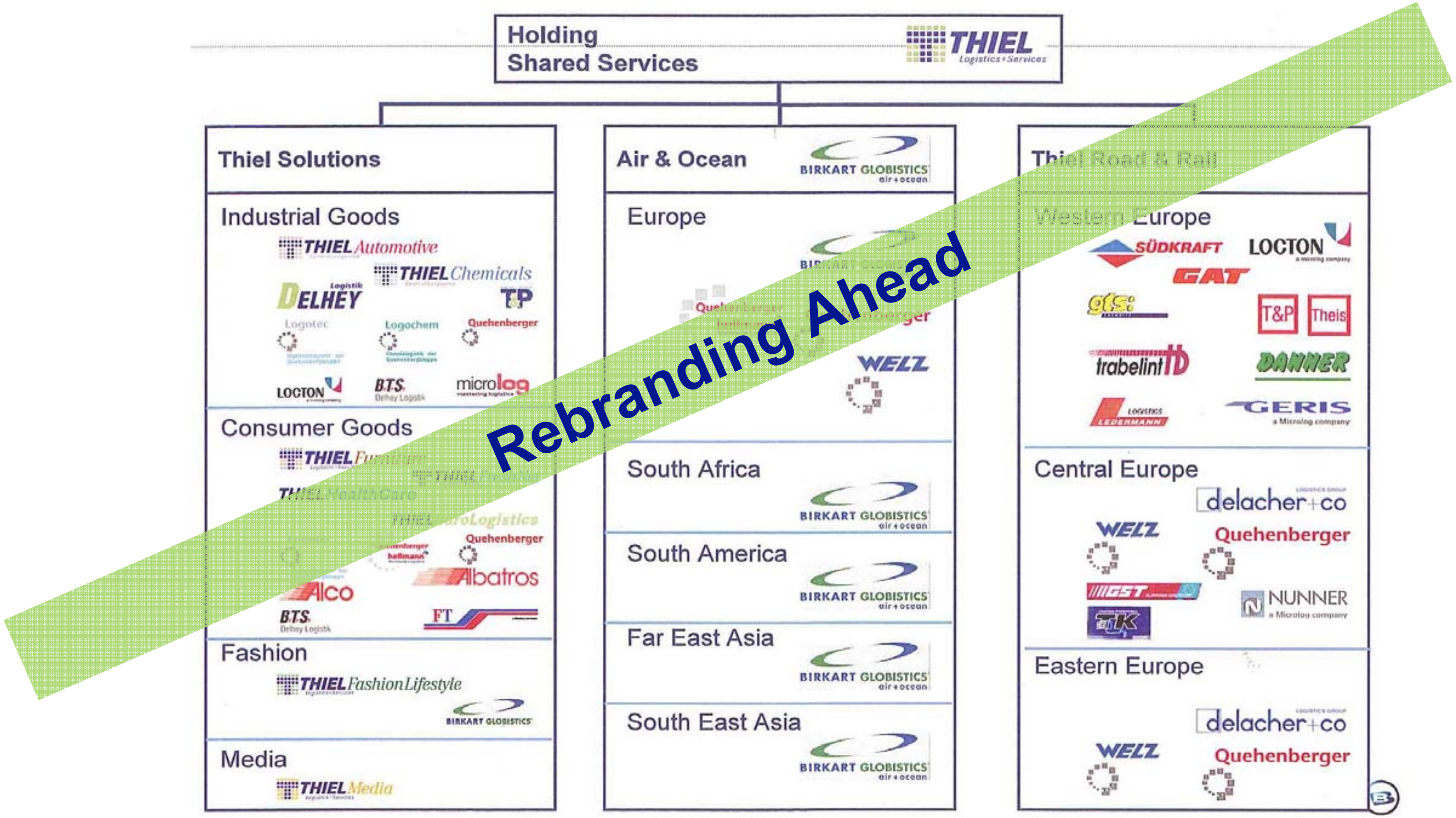
**COO Road & Rail**

*1961

Former CEO of Thiel FashionLifestyle since 2006

Previously:
Managing Director Birkart Globistics;
Managing Director System Alliance

# Rebranding as Final Step towards Full Group Integration



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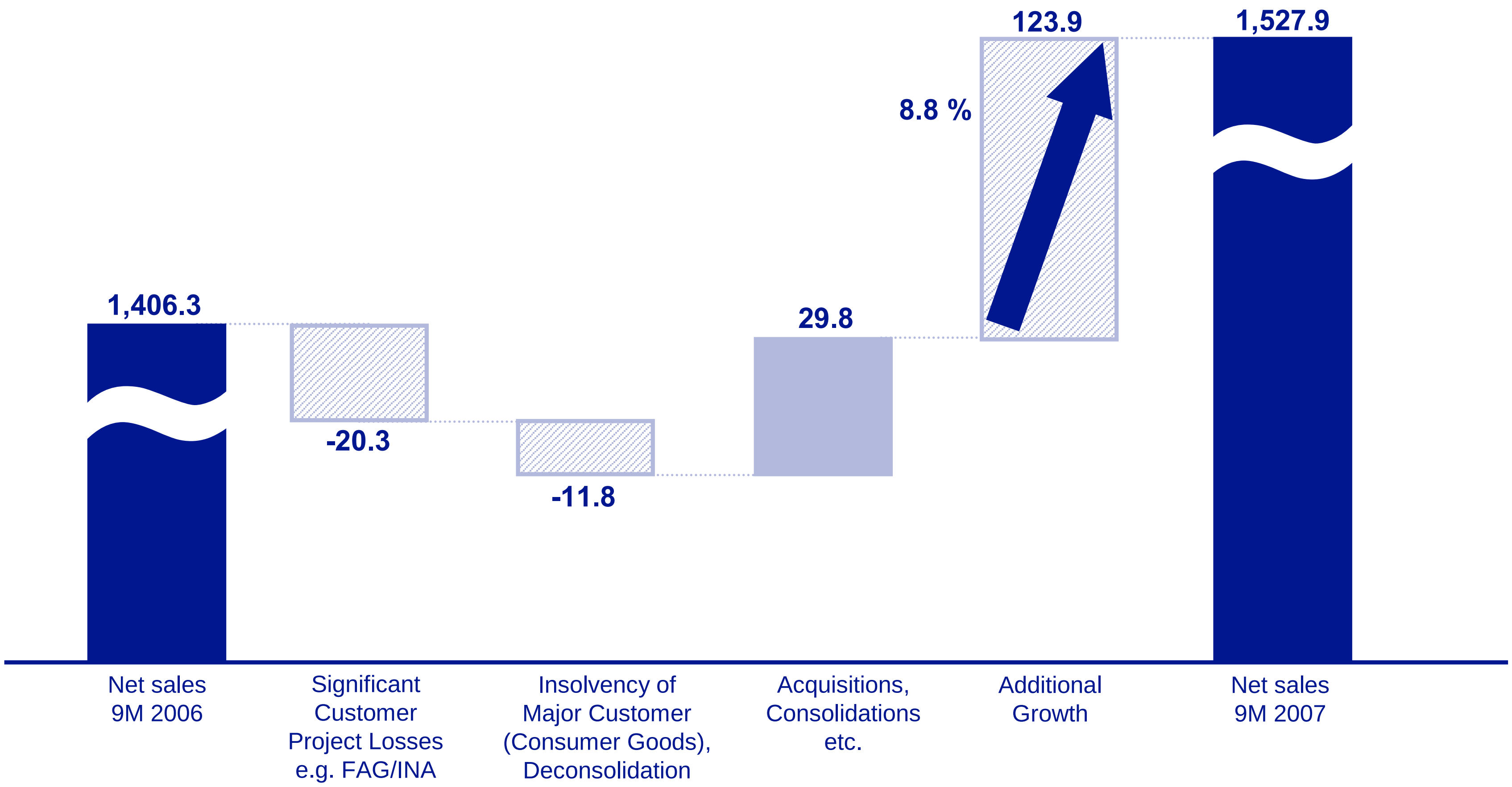
# Nine Months 2007 – Key Financials

| | Nine Months 2007 | Nine Months 2006 | Δ in % | 3rd Quarter 2007 | 3rd Quarter 2006 | Δ in % |
|---|---|---|---|---|---|---|
| Net Sales | **1,527.9** | 1,406.3 | 8.6% | **527.0** | 483.8 | 8.9% |
| **Earnings** | | | | | | |
| EBITDA | **52.9** | 50.6 | 4.6% | **19.9** | 17.4 | 14.6% |
| EBIT before Restructuring Costs and Impairments | **30.2** | 25.5 | 18.2% | **12.2** | 9.1 | 34.2% |
| EBIT-Margin | **2.0%** | 1.8% | | **2.3%** | 1.9% | |
| EBIT | **22.3** | 25.5 | -12.6% | **5.9** | 9.1 | -35.3% |
| Net Result | **1.5** | 5.6 | -73.9% | **-3.3** | 1.4 | n/a |
| **Cash Flow** | | | | | | |
| Operating Cash Flow | **11.8** | 10.1 | 16.8% | **21.5** | 4.1 | n/a |
| Net Cash Flow | **-6.7** | 4.2 | n/a | **16.1** | 1.7 | n/a |
| **Debt** | **Sept. 30** | **Sep 30** | **Δ in %** | **June 30** | **June 30** | **Δ in %** |
| Gross Debt | **213.6** | 216.7 | -1.4% | **215.9** | 217.0 | -0.5% |
| Net Debt | **163.4** | 160.9 | 1.6% | **177.0** | 159.1 | 11.2% |

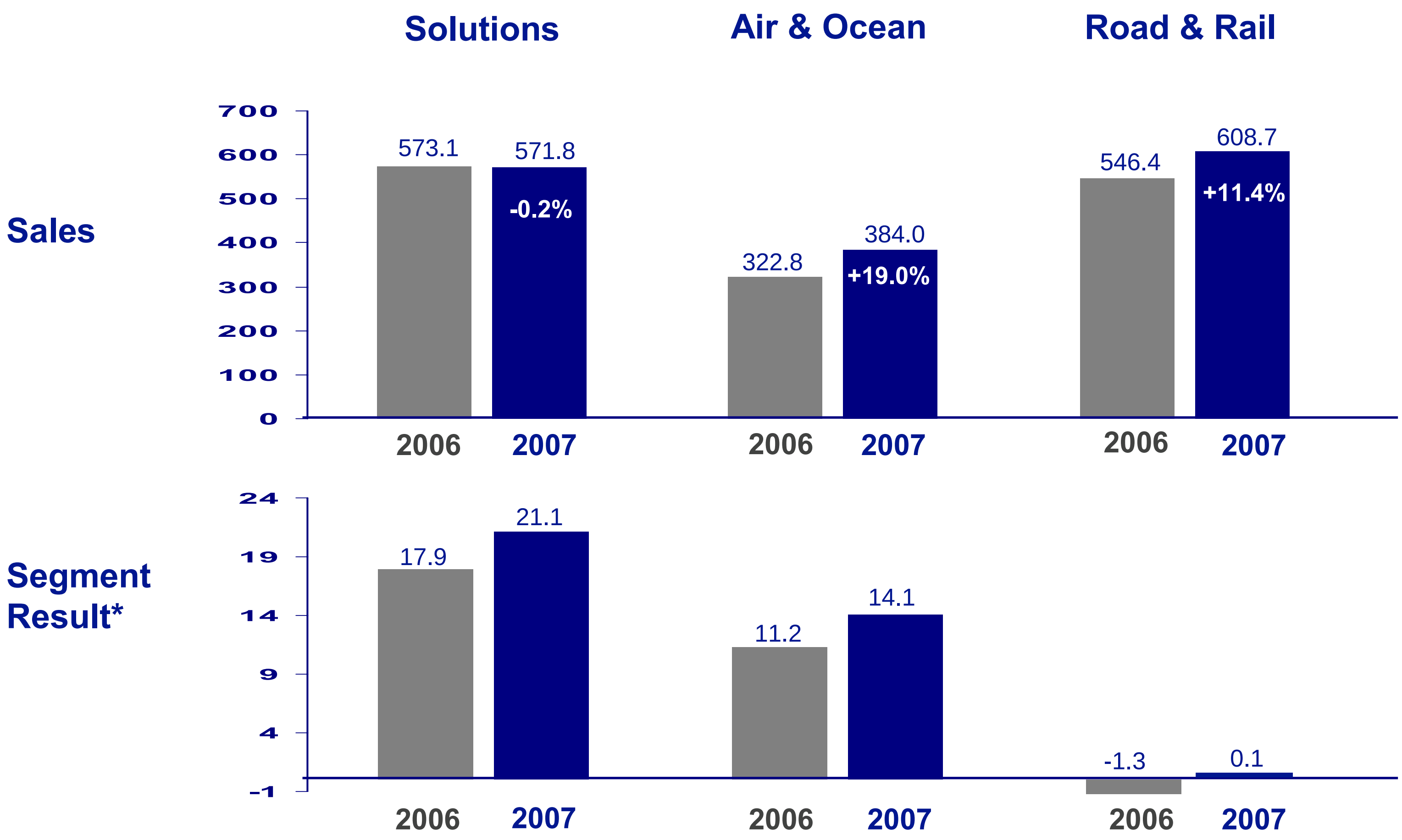
*(EUR in million)*

# Nine Months 2007 – Sales Analysis




*(EUR in million)*

# Nine Months 2007 – Segment reporting




*(EUR in million)*
** before restructuring costs and impairments*

# Nine Months 2007 - New Sales breakdown by Business Units

| Group | NM 2007 | NM 2006 | Growth |
|---|---|---|---|
| **Net Sales** | **1,527.9** | **1,406.3** | **8.6%** |

| | NM 2006 | **NM 2007** | Sales Contr. |
|---|---|---|---|
| **Solutions** | 573,1 | **571.8** | |
| Industrial Goods | 125.4 | 120.4 | 8% |
| Consumer Goods | 172.0 | 159.5 | 10% |
| Fashion | 183.3 | 200.4 | 13% |
| Media | 92.4 | 91.5 | 6% |

| | NM 2006 | **NM 2007** | Sales Contr. |
|---|---|---|---|
| **Air & Ocean** | 322.8 | **384.0** | |
| Europe Middle East | 205.8 | 257.2 | 17% |
| Far East | 71.2 | 74.9 | 5% |
| South East Asia | 26.4 | 28.9 | 2% |
| Africa | 16.8 | 15.7 | 1% |
| Americas | 2.6 | 7.3 | 0% |

| | NM 2006 | **NM 2007** | Sales Contr. |
|---|---|---|---|
| **Road & Rail** | 546.4 | **608.7** | |
| Western Europe | 184.7 | 212.2 | 14% |
| Central Europe | 296.8 | 320.2 | 21% |
| Eastern Europe | 64.9 | 76.3 | 5% |

*(EUR in million)*

# Nine Months 2007 – Cash Flow Statement

| | Nine Months 2007 | Nine Months 2006 | 3rd Quarter 2007 | 3rd Quarter 2006 |
|---|---|---|---|---|
| EBITDAR | **103.6** | 97.6 | **37.9** | **33.5** |
| EBITDA | **52.9** | 50.6 | **19.9** | **17.4** |
| Interest Payments | **-8.7** | -8.1 | **-1.4** | **-1.0** |
| Income Tax Payments | **-9.7** | -7.6 | **-4.0** | **-3.2** |
| Changes in Working Capital | **-19.8** | -22.4 | **8.0** | **-11.2** |
| **Operating Cash Flow** | **11.8** | 10.1 | **21.5** | **4.1** |
| Capital Expenditure | **-13.8** | -14.4 | **-3.7** | **-5.7** |
| Divestments | **4.1** | 7.3 | **2.4** | **3.7** |
| Acquisitions | **-8.5** | -0.4 | **-4.0** | **-0.1** |
| **Cash Flow from Investing Activities** | **-18.4** | -5.8 | **-5.3** | **-2.4** |
| **Net Cash Flow[1)]** | **-6.7** | 4.2 | **16.1** | **1.7** |
| Changes in Bank Borrowings | **0.5** | -4.8 | **-2.3** | **-1.1** |
| **Cash Flow from Financing Activities** | **-6.6** | -11.7 | **-4.5** | **-3.8** |
| **Free Cash Flow[2)]** | **-2.1** | -4.4 | **17.8** | **-1.6** |

*(EUR in million)*

*[1)] Net Cash Flow = Operating Cash Flow – Cash Flow from Investing Activities*
*[2)] Free Cash Flow = Operating Cash Flow – Capital Expenditure*

# Nine Months 2007 – Balance Sheet

| Assets | NM 2007 | FY 2006 |
|---|---|---|
| Cash and Cash Equivalents | **50.2** | 63.8 |
| Trade Accounts Receivable | **321.3** | 270.1 |
| Other Assets | **78.5** | 76.8 |
| Intangible and Fixed Assets | **215.2** | 223.9 |
| Goodwill | **281.4** | 278.5 |
| **Total** | **946.6** | 913.1 |

| Liabilities and Shareholders' Equity | NM 2007 | FY 2006 |
|---|---|---|
| Financial Liabilities | **47.1** | 43.7 |
| Leasing Liabilities | **40.0** | 44.9 |
| Trade Accounts Payable | **262.9** | 238.5 |
| Other Liabilities, Provisions | **150.1** | 138.8 |
| Bonds Payable | **126.5** | 126.1 |
| Shareholders' Equity | **320.0** | 321.1 |
| **Total** | **946.6** | 913.1 |

*(EUR in million)*

# Outlook

**FY 2007**

- Outlook confirmed on the basis of development in line with overall expectations after nine months
- Sales growth expected to continue at current rates
- Operating result shall be increased over previous year and positive result targeted despite special effects

**FY 2008**

- Improvement in profitability and cash generation takes clear priority for overall Group development
- Further robust sales growth expected, exact growth rate determined by freight rates and consolidation activities in Road & Rail
- Increase in underlying operating result shall be turned into solid net profit

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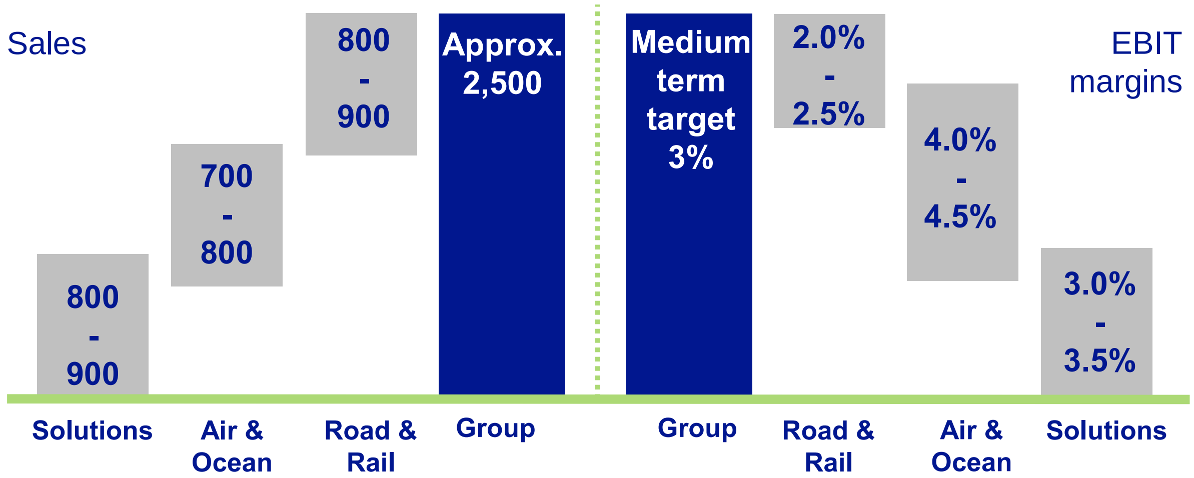
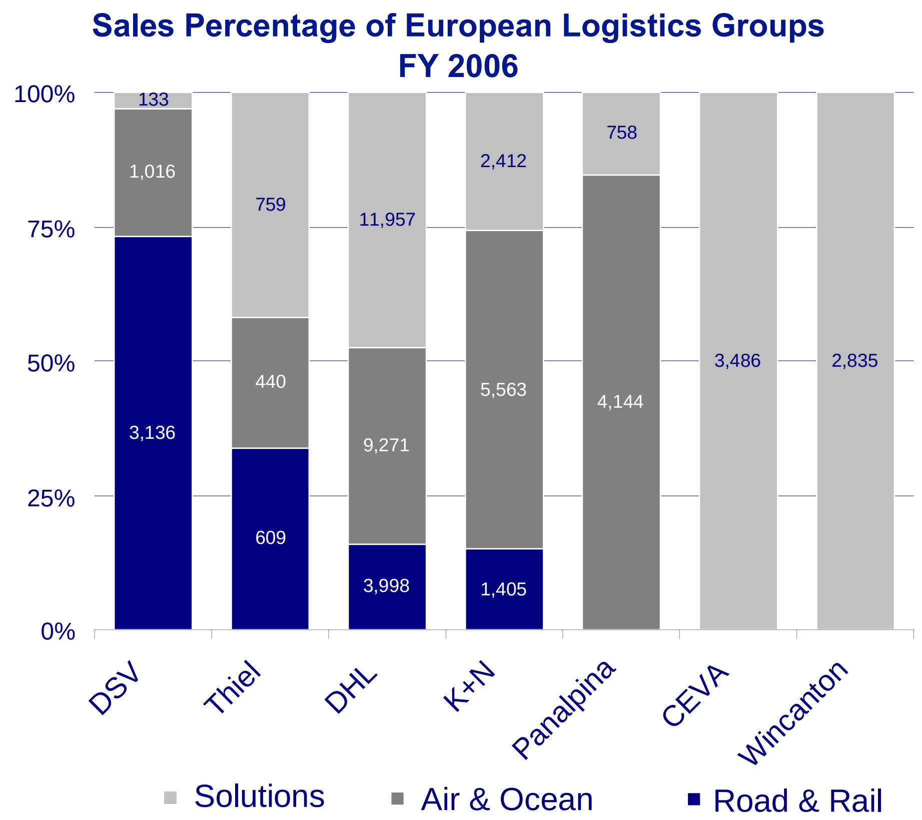
# Medium-term Outlook: Performance increase in Road & Rail and Adjustment to Sales Portfolio as Key Objectives




- Air & Ocean and Solutions business will be expanded
- Restructuring and consolidation measures in Road & Rail will yield EBIT margin of two percent
- Further streamlining of organization and higher business volumes will reduce overhead on operating businesses

*(EUR in million)*

# Exposure to Road & Rail is a Burden to Current Profitability



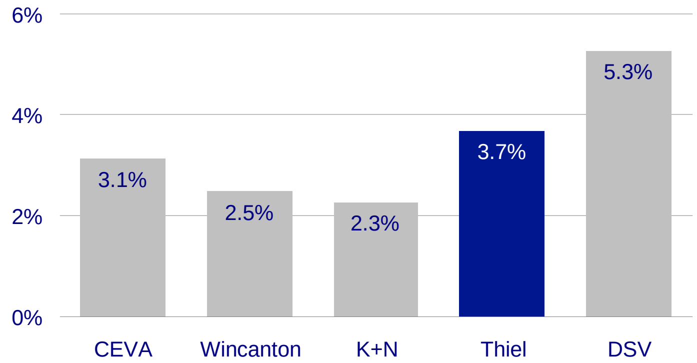

*Source: Annual Reports*

- Activity-based differences in sales composition in addition combined with varying regional exposures (e.g. Germany as a highly competitive environment)
- Success of Air & Ocean forwarders supported by positive market environment with enormous volume growth rates
- DSV as leader in profitability represents exception to typical profit patterns, but faces different earning levels in European markets

*(EUR in million)*

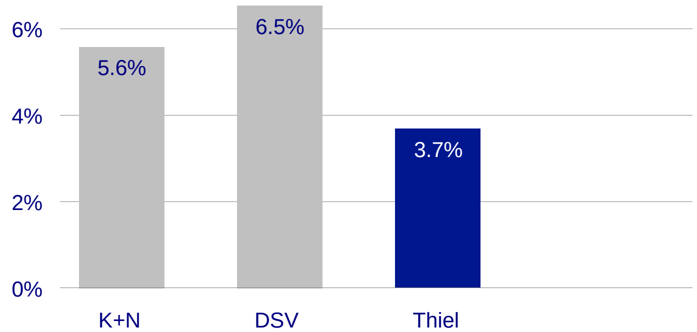
# Margins in line with Peers underline Market Attractiveness

### Contract logistics

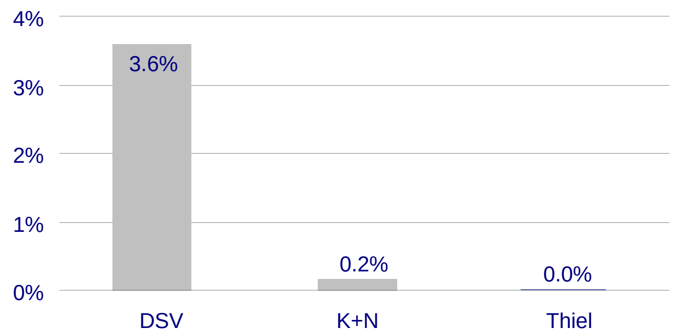



- Profitability in Solutions and Air & Ocean is very acceptable
- Road & Rail shows clear improvement potential
- Regional breakdown in land transports further underlines specific challenges in German market at Thiel and competitors

### Air and ocean forwarding




### Road & Rail




*Source: 9M Reports 2007, TU Berlin; Baltrans figures refer to FY ended July 31 , 2007; Wincanton figures refer to Interim report 2007*