

**Speech by Dr. Antonius Wagner,  
Deputy Chairman of the Board of Directors of Thiel Logistik AG  
““Making the re-organization successful!” – Thiel-Group  
Milestones within the New Management Structure on  
November 15, 2007**

*- The spoken word is final -*

Ladies and Gentleman,

Good afternoon also from my side to all of you.

Let me conclude the capital markets day with some remarks on the re-organization process and the new business segments from an administrative and financial perspective. In addition, I will briefly come back to the recently published Q3 results and give you our view concerning the short- and mid-term perspective of the Group's performance.

**I. Re-Organization also implemented by Finance Organization**

Basically, three aspects about the reorganization which we have been working on since March of this year are important from an administrative and financial perspective:

**First:** Adaptation of the legal structure to the new organisation

**Second:** Shaping a stringent and effective financial organisation

**And third:** Adaptation of the internal and external financial reporting

As you can imagine, in particular the latest caused the team from Group Financial Reporting some headaches during the last weeks.

### **II. Efficient Management of Business Segments required Legal Changes...**

When defining the three business segments and assigning the activities it became obvious that if the management of the business segments was to be streamlined, it needed clear-cut legal entities that belonged to one segment if not business unit. We made strong efforts, to avoid so called “zebra”-sites, where reporting lines necessarily would have been compromised. This is something that we aspired not only for the reason of reporting transparency but also to achieve a maximum of clarity about the new organisation and future roles for to the people out in the operating units.

If you take the example of the Quehenberger AG in Salzburg which in the past was our largest single entity: by splitting it up, it has now become a pure financial holding without any employees. Instead, there are three subsidiaries for the different activities of Solutions, Road & Rail and Air & Ocean. The latter has been renamed in Birkart Air+Ocean and is managed as an integrated part of the worldwide air/ocean network by Birkart Gobistics. Finally, the administrative functions were

also carved out of Quehenberger into the Austrian Holding thus becoming the nucleus of an Austrian wide Service Center.

Despite this example for a breakup, we expect the entire legal organization to be stripped from some 25 up to 30 legal entities at the end of this process, including companies in Germany, Austria, and Switzerland. The successful squeeze-out of Microlog Logistics AG has been an important prerequisite for this legal optimization.

### III. The CFO Cockpit

In the new organisation the Cockpit of the Group's CFO comprises three organisational instruments:

1. Holding departments like Treasury, Group Accounting, Legal, Controlling
2. Shared Service Center serving the operational entities in terms of financial accounting, payroll accounting and administrative IT.
3. CFOs and their financial organisation mainly controlling within the three business units

The three CFOs are in charge of the respective Finance organizations within the three business units. They have to operationally manage the reporting and planning processes as well as the daily accounting and financing affairs together with the Shared Service Center. They also coordinate investment projects and manage the treasury and financing issues within the business units.

Doing all this, they on the one hand have to be a part of the management team of the business

unit led by the COOs and on the other hand also be a member of the group wide financial community.

#### **IV. Segment Reporting Adjusted**

It is of course stating the obvious that the financial reporting reflects the re-organization. Indeed, the transparency gains in internal as well as external reporting were one of the highly desired aspects of the changes to the Group structure.

The internal Management Information System drills down to the business unit or even the legal entities. Externally, we will in future share with you this information at a maximum possible. The external segment reporting will not only show the Sales and EBIT of the three segments. In addition to that, we will also publish the 12 business units' net sales as well as already done in the past the sales by regions. Furthermore, the earnings developments of the business units will be commented.

In that respect please note that especially with regard to the regional setup in Air & Ocean and Road & Rail it is important to understand that the place or entity the invoice is issued determines the regional sales allocation. This for example undervalues the importance of Eastern Europe for the Group as only those sales are recorded which are invoiced by legal entities based in those countries but do not include activities like freight forwarding in the direction to Eastern Europe. We hope you find the sales split within the business segments helpful in order to understand the development in the different businesses.

**V. Brief Review Nine Months Results**

I will now turn to the nine-months figures released last week very briefly and conclude with the short-term and mid-term outlook.

**VI. Key Financials**

The key financials underline the financial stability of the Group.

Net sales surpassed 1.5 billion Euros. Growth remained strong in the third quarter and ended at 8.6 percent. The EBIT before non-recurring effects for the re-organisation and the goodwill impairment of EUR 6 million amounted to 30.2 million Euros.

A 2.0 percent EBIT margin after the third quarter does not meet all of our expectations, this is quite clear given the seasonality effects. They will decrease the margins somewhat towards year's end. Including non-recurring effects, EBIT is thus at 22.0 million Euros. The net result remained positive at 1.5 million Euros despite the mentioned impairment.

Especially, when compared to the second quarter of this year, the cash flow development was quite pleasing in the third quarter. Operating and net cash flow improved due to a considerable stabilisation of the working capital. It is very encouraging that this took place in the quarter with the highest volumes, especially towards the end of the period. The second half of September is

typically one of the busiest periods throughout the year. We expect further improvements towards the end of the year.

**VII. Segment Reporting**

Let us now have a look at the business segments. Sales increased in Air & Ocean and Road& Rail and - as I can now demonstrate -the growth came from all regions on these segments, with the minor exception of Africa, which had an extraordinary 2006 figure because of some special projects.

Solutions grew in some parts of Consumer Goods, but the stable development in Media and Fashion and some reductions in Consumer Goods led to overall stable sales.

The new segment formation clearly shows what you have heard already today: that Solutions and in particular Air & Ocean are developing pleasingly with regard to earnings while we have not yet succeeded to work profitably in Road & Rail - the pressures on the gross margin due to the capacity shortages in and other cost increases in land transportation still remained quite substantial.

The business segment Solutions achieved a 3.7 percent EBIT margin. This very competitive margin is slightly seasonally influenced to the upside, as Fashion and also many other businesses will report rather dull months of November and December. As in the road forwarding business, the rate increases in road transportation effected the earnings situation negatively especially in the

special networks of Media and Fashion. In a highly competitive environment, these cost increases could not fully be passed to customers by price increases. The intensive work towards price increases should yield some results in 2008, however. At the same time, we work hard on cost reductions and efficiency gains internally in order to keep the profitability on current levels.

Our Air & Ocean activities show a 19 percent sales increase to 384 million Euros that underlines the vibrant development of business. It is even more pleasing that we converted sales growth into an over proportionately high earnings increase by 25 percent to 14.2 million Euros. This is an EBIT margin of 3.7 percent. The sales growth is standing on a very broad basis as all regions contribute to it. As before, the development in the regions of Europe and Far East drove the performance above average. As Mr. Kaspers mentioned, the business segment's EBIT of 14 million Euros received input from all regions of our global network in line with the sales contribution. This is very promising with a view on the sustainability of the current performance.

Due to the lack of profitability, the sales increase in Road & Rail and especially in Central Europe sends some ambivalent signals at best. We are currently intensively reviewing individual customer relationships for their profitability. As we have already mentioned in the conference call last week, we have already terminated first customer contracts and will actively approach those customers which do not provide a satisfactory profitability yet. We are not ready to finance any unprofitable business for strategic or any other reason.

**VIII. Outlook**

For the full year 2007 we expect a continued sales growth at current rates. For the operating earnings before non-recurring effects and impairments, we expect an increase as to the previous year. Furthermore, we intend to achieve a slightly positive net result despite the restructuring and goodwill impairment.

We expect the Net Cash flow to improve further from Q3, close or even above break even.

Next year, we will clearly focus on the increase in profitability. Especially in Road & Rail, this objective will determine the overall sales growth. Overall, the sales growth should continue as a result of a robust market growth. The increase in underlying operating profit should be turned into a solid net result improvement.

**IX. Strategic Expectations**

Let me conclude my remarks with a few comments on the strategic outlook. Our business planning confirms that the 3 percent EBIT margin is a realistic target. After nine months 2007, the new management structure has pointed the way to our medium-term targets as well.

At the same time we will have to change the group's sales mix in favour of the Air & Ocean and Solutions business and consolidate our Road & Rail activities in order to support the efforts for margin increases. This can also involve some changes to the portfolio through smaller acquisitions

or divestments of activities not related closely to the rest of the business, especially in Road & Rail.

Finally, we should see some reduction in overhead costs after further streamlining our organization and reducing the overhead charge based on the higher business volumes.

Thank your very much for your attention.