

**Publication of the Half-Year Financial Report 2008****Speech by Dr. Antonius Wagner, Deputy Chairman of the Board of Directors (CFO)****Conference Call, 6 August 2008**

*- The spoken word is final -*

Ladies and Gentleman,

Overall, the Logwin group shows a stable earnings and financial position with pleasing trends in the business segments Air + Ocean and Road + Rail. At the same time, Solutions clearly fell behind. On one hand, reasons are the macro-economic downswing in the form of a generally slower economy and the rising diesel prices. On the other hand, non-recurring effects, especially costs of bad debts, burdened the result of Solutions significantly.

**Chart 2 – Key Figures**

Group sales are overall up by 4 percent at 1.04 billion euros. Adjusted for exchange rate effects and divestments, sales grow for nearly 6 percent. At 78 million euros, gross profit is on the same level as last year which leads to a slightly lower gross margin. The 15.4 million euros EBIT contains expenses for the introduction of the Logwin brand of one million euros.

In contrast to last year, less financial resources were tied up in working capital during the second quarter compared to the previous year. As a result, the operating cash flow is at “only” -4.8 million euros despite the seasonal effects. Looking at the second quarter only, a considerable improvement becomes visible. Operating and Net Cash flow are at 6.5 and 6.6 Million euros.

**Chart 3 – Segment Reporting**

The growth in the different segments shows that in the second quarter growth continued to be very strong in air and ocean forwarding and continued to meet our target of exceeding market growth. The volumes increase even more than revenues since especially container freight rates have been falling strongly. The segment result improves by a respectable 24 percent year-on-year.

In Road + Rail we stuck to our strategy to only benefit selectively from market growth. The step-by-step optimisation of locations with non-satisfying profitability is rewarded with a positive segment result of 1.1 million euros.

In Solutions, sales were growing in the second quarter as well, after the first quarter has seen a decline. Increasing cost pressures as well as a couple of non-recurring effects lead to a decrease in margin to 1.9 percent.

#### **Chart 4 – Solutions**

Despite clearly declining business with existing customers in Germany, Consumer Goods achieved stable sales as against previous year due to the pleasing development with Austrian customers.

At the same time, Industrial Goods achieves a sales growth. This is mainly due to systematic business expansions with existing customers as well as the acquisition of new customers, especially in the automotive area. The sales backdrop in Fashion as against previous year is 5 million euros and besides lower volumes can be explained by changing customer demands in the German core-market. Here, flat-packed garments have increasingly replaced high-priced hanging garments.

Unfortunately, the second quarter saw increasing write-offs of bad debt. One of these bad debt items applies to a big internet retailer whose logistics we had organised. As was also reported in the media, this customer faced significant troubles over the last few weeks so that we felt it was necessary to take this precautionary measure here.

The sales in the business unit Media were 1.5 million euros below the previous year. The business is hampered by the market-driven slightly retreating business with existing customers. Also here, the development of the diesel prices leads to a significant cost pressure, foremost in the network activities.

#### **Chart 5 – Air + Ocean**

In Air + Ocean sales growth continues to come from the European import from Asia. Europe Middle East recognised sales growth especially in Germany, Poland and Austria.

A considerable growth contribution also comes from South East Asia. In particular, Australia is reporting smooth business in consumption-related customer activities. However, for quite some time we have been observing a slowdown in Singapore as well as in Hong Kong and Taiwan.

#### **Chart 6 – Road + Rail**

The sales increase in the business units Eastern and Western Europe is a consequence of increasing demand by existing customers for transportation services. In addition, the partially passed-through freight rate increases contribute to the sales growth. The step-by-step restructuring of locations with non-satisfying profitability is now yielding fruits.

Thus, we see positive earnings contributions from the previously less profitable locations coming through, especially in Western Europe. The earnings improvements will be achieved by further measures to improve efficiencies on the one hand. On the other hand, just as in the other business units, we need to further focus on the timely pass-through of rising freight rates and fuel prices to customers in the coming months.

Sales growth in Eastern Europe is mainly a result of the dynamic development of the Polish business. The other side of the coin is the ongoing freight space shortage in the region that besides high diesel prices is adding the considerable increase in freight rates.

In the first quarter we said that the result of our measures was a mixed picture. This is still correct. However, the first half year and the second quarter developments in particular encourage us to continue the initiated steps.

### **Chart 7 – Income Statement**

The decline in gross margin to 7.5 percent can be explained by two contrary trends which almost neutralize each other. Significantly increased diesel prices which could not be passed on to customers fully, weigh on the gross margin especially in the business segments Road + Rail and Solutions. This was partially compensated for by efficiency gains and cost reductions. In total, this left us with a small decline, which only partially reflects the considerable burden by the increased diesel prices.

At 63 million euros, operating expenses are stable. Positive effects from the ongoing measures to improve efficiency become visible when bearing in mind the costs of bad debts in the first half year, as well as the rebranding costs.

At 15.4 million euros earnings before interest and taxes and the net result of 3.9 million euros are around one million euros below last year's figure. Also here, the mentioned special effects from write-offs and rebranding have to be accounted for.

### **Chart 8 – Balance Sheet**

A look at the balance sheet underlines the unchanged stable financial situation of the Logwin Group. The equity ratio remains at approximately 35 percent. The rise in net debt as against the end of previous year is solely due to the seasonal business-related increase in Working Capital. However, as against the same period last year, net debt fell pleasingly by more than 25 million euros.

### **Chart 9 – Cash Flow Statement**

After the first half year, the operating cash flow comes to -4.8 million euros due the clearly lower amounts tightened up in working capital. This is an improvement over the previous year. I would like to point out the positive development of the operating cash flow as well as the net cash flow in the second quarter 2008.

Capital expenditures fall from 10 million euros to 7 million euros and reflect an again restrained investment policy. Disinvestments mainly apply to the disposal of non-operating real estates and fringe activities.

**Chart 10 – Outlook**

The cooling down of the general economic developments, characterized by a weakening economy and rising raw material prices, have implications for our expectations towards the course of the current financial year.

We expect that group sales will not grow as strong as during the first half year 2008. While the sales share in Air + Ocean will increase at double-digit growth rates, Road + Rail will adequately benefit from the growth in the transportation market. In Solutions, a reduction in sales is expected.

Against the background of the apparent economic slowdown a slight increase in EBIT is now expected. The business segment Air + Ocean as well as in the business segment Road + Rail will experience EBIT improvements. For Road + Rail, we maintain our target of a positive operating result. However, for the mentioned reasons, Solutions reach a result clearly below previous year's result.

Thank you very much for your attention.