

Publication of the Nine-Month Financial Report 2008
Speech of Dr. Antonius Wagner, Deputy Chairman of the Board of Directors (CFO)

Conference Call, 3 November 2008

- The spoken word is final -

Ladies and Gentleman – good afternoon,

Let me briefly give you some comments on the Nine-Month Report published last Friday.

Chart 2 – Key Figures

Group sales are up by nearly three percent. Adjusted for exchange rate effects and divestments, sales growth is nearly six percent. Nevertheless: The slow down of sales growth last weeks shows significantly deteriorating economic environments in our main markets.

Gross profit is on the same level as last year. Here, the immense cost pressure from oil prices has abated in recent weeks. However, reduced sales volumes have already resulted in underutilization in some parts of our networks and warehouses. The EBIT before impairments is about 25 million euros. It contains expenses for the introduction of the "Logwin" brand of approximately three million euros.

Despite tough market conditions, the overall operating performance of Logwin can be described as "stable"

Chart 3 – Segment Reporting

In the segment Solutions in particular sales of Automotive and Fashion have weakened significantly in recent weeks. Our planned recovery of the furniture logistics business could not be realised. We have consequently reacted by downsizing the capacities in that area.

The Solutions result is clearly disappointing. There are mainly three reasons for that:

1. Cost increases caused by the diesel prices mainly in the first half of the year, not being put through to our customers entirely respectively timely
2. Reduced Gross Margins caused by underutilisations, for example in our fashion network but also in some warehouses and other equipment of consumer goods and industrial goods
3. One offs, like write-offs due to bad debts

Contrary to the Solution results Air + Ocean again shows a pleasing margin of 4 percent. This underlines the good market position and the competitive cost base from which we operate our global network. Taking into account the sharp reduction of sea freight rates in the course of 2008 the Air + Ocean result for the nine month-period is even more respectable.

In Road + Rail restructuring measures show first improvements, despite tough market conditions. After the steep increase the oil price witnessed during the first half year has come to a halt. We are now facing very tough price competition due to retracting customer volumes.

Chart 4 – Income Statement

The nine-month result is of course dominated by the Goodwill impairment of 98 million euros. Updated scenarios for 2008 and 2009 clearly reflected the overall macro-economical slowdown and strongly indicated a need to adjust our medium-term planning. This was the trigger for an impairment test. The result was, in brief, the impairment of 62.5 million euros for the business segment Solutions and 35.5 million euros for the business segment Road + Rail.

The scenario serving as the basis for the Goodwill impairment test implies a margin expectation on group level of 2.5 percent. This reflects our best estimate of the further development of the individual business segments. Against the background of the uncertainties in the overall economic development the new targets in the mid-term-planning still have to be seen as ambitious. It is obvious, that in the current environment, the assumptions and the predictions bear a high degree of uncertainty.

Chart 5 – Balance Sheet

A look at the balance sheet underlines that despite the significant write-down, the equity position is very solid. This is also demonstrated by the equity ratio of 26.4 percent. Based on the very strong cash position of 70 million euros, the net debt position has further declined to 134 million euros. Please bear in mind that out of this financial debt, 127 million euros are long-term bond debt.

Chart 6 – Cash Flow Statement

The strong cash position is mainly a result of the intensified working capital management and leads to an improved operating cash flow of 19 million euros. The Net Cash Flow has improved even more. Reasons for that are very disciplined investment activities and the continuous sale of idle assets.

Chart 7 – Outlook

The current market environment has also created considerable uncertainty regarding the short-term development. As we are all experiencing a rapid cool-down of the economies in our relevant markets, the situation in the business segments needs to be re-assessed continuously. It is against this background, that we will not maintain our outlook for the year-end concerning the operating result. However, we continue to expect a positive net cash flow in the light of the currently very positive short-term liquidity.

Thank you very much.