

Quarterly Financial Report 2013

Logwin AG



 **LOGWIN**

Your Logistics.

Key Figures January 1 – March 31, 2013

Group	<i>in thousand €</i>	2013	2012
Revenues		320,696	329,863
<i>Change on 2012</i>		-2.8 %	
Operating result (EBIT)		8,016	6,102
<i>Margin</i>		2.5 %	1.8 %
Net result		4,573	2,874
Operating cash flow		-1,197	-3,200
Net cash flow		-2,646	-4,721

Business Segments	<i>in thousand €</i>	2013	2012
Solutions			
Revenues		171,472	181,468
<i>Change on 2012</i>		-5.5 %	
Operating result (EBIT)		3,175	1,308
<i>Margin</i>		1.9 %	0.7 %
Air + Ocean			
Revenues		148,913	148,551
<i>Change on 2012</i>		0.2 %	
Operating result (EBIT)		6,038	5,986
<i>Margin</i>		4.1 %	4.0 %

	March 31, 2013	Dec. 31, 2012
Equity ratio	26.5 %	24.8 %
Net liquidity (<i>in thousand €</i>)	4,441	7,180
Number of employees	5,227	5,505

The quarterly financial report 2013 is published both in English and German. The English version is a translation from the German original, which is authoritative.

Group Interim Management Report

Business Development

The German economy experienced a period of economic weakness at the end of 2012 from which it recovered only slowly in the first quarter of 2013. The global economy weakened over the course of 2012, too, and in the first quarter of 2013 showed slight indications of recovery, in particular through an upturn of activity in trade flows and production. There is a continued risk that the banking and debt crisis in the euro area will escalate.

Against this background of general economic conditions, the Logwin Group was able to attain positive performance in the first three months of 2013. The continuing beneficial net liquidity position demonstrates the Group's high level of financial stability. The business segment Air + Ocean generated revenues at the same level as the prior year and maintained its profitability compared with the prior year. While revenues in the business segment Solutions decreased as a consequence of location closures, the result for the first quarter of 2013 rose significantly in comparison to the prior year.

Earnings Position

Logwin Group In the first quarter of 2013 the Logwin Group reported total revenues of 320.7 million euros, which was thus slightly below the level of the prior year (2012: 329.9 million euros). Revenues at the business segment Air + Ocean were at the same level as those of the same period of the prior year while revenues at the business segment Solutions decreased in comparison to the first three months of 2012 primarily due to location closures. In particular lower operating costs in the business segment Solutions resulted in gross profits of 28.2 million euros compared with 26.9 million euros in 2012, an increase of 1.3 million euros in the first quarter of 2013. Selling and administrative costs in the first three months of 2013 decreased in the business segment Air + Ocean as well as in the business segment Solutions and resulted in a total of 20.4 million euros (2012: 22.0 million euros). The balance from other operating income and expenses amounted to 0.3 million euros in the first quarter of 2013; the figure for the prior year of 1.2 million euros included profits of 1.0 million euros from the sale of investments. The operating result (EBIT) in the first three months of 2013, at 8.0 million euros, was 1.9 million euros above the figure for the prior year (2012: 6.1 million euros). The operating margin rose accordingly from 1.8 % in the same period of 2012 to 2.5 % in the 2013 reporting period.

The financial result of -1.6 million euros is at the same level as the prior year (2012: -1.7 million euros). Income tax charges increased from -1.6 million euros in 2012 to -1.8 million euros in 2013.

The net result of the Logwin Group improved in the first three months of 2013 to 4.6 million euros (2012: 2.9 million euros).

Solutions The business segment Solutions generated revenues of 171.5 million euros in the first three months (2012: 181.5 million euros). In the functional unit Logistics and Warehousing was the positive development in terms of volume with particular customers compensated by volume losses due to location closures. The functional unit Transport and Retail Networks faced partly lower production volumes in the reporting period compared with the prior year. The operating result (EBIT) of the business segment Solutions increased from 1.3 million euros in the same period of the prior year to 3.2 million euros in the first three months of 2013 reflecting first positive effects from the implementation of organisational changes decided last year aimed at lowering structural costs and increasing the profitability of the business segment.

Air + Ocean Revenues of the business segment Air + Ocean in the first quarter of 2013, at 148.9 million euros, were at the same level as the prior year of 148.6 million euros. Air freight volumes for the business segment Air + Ocean as well as for the entire market in the first three months were below those of the prior year. However, sea freight volumes developed somewhat better compared with a stagnating market. Freight rates proved to be varying over the first three months of the reporting period. Despite a restrained market situation in Asia, the overall earnings position is satisfactory. The business segment was able to maintain the same level of operating result of 6.0 million euros in the first three months of 2013 as in the prior year.

Financial and Net Asset Position

In the first quarter of the 2013 financial year, cash outflows from operating activities in the Logwin Group amounted to -1.2 million euros (2012: -3.2 million euros). This figure includes a net cash inflow from the utilisation of the factoring facility in the first three months of 2013 totalling 11.7 million euros (2012: 5.4 million euros). The utilisation of the factoring facility within operating cash flow is reported on the basis of the "true sale" character of the actual factoring. Operating cash flow at the end of the first quarter of 2013 adjusted for the effects of factoring amounted to -12.9 million euros and decreased in comparison with the prior year due to the expansion of working capital (2012: -8.6 million euros).

Cash flow from investing activities for the reporting period was -1.4 million euros and is thus at the prior year's level of -1.5 million euros. The Logwin Group reported total net cash flow of -2.6 million euros (2012: -4.7 million euros). Cash flow from financing activities amounted to -3.5 million euros (2012: -8.1 million euros).

At the end of the first quarter of 2013, the Logwin Group reported total assets of 391.4 million euros compared with 396.4 million euros at December 31, 2012.

Non-current assets amounted to 158.9 million euros at the end of the first quarter of 2013 (December 31, 2012: 161.0 million euros) and included, as the most significant item, goodwill of 81.1 million euros (December 31, 2012: 81.1 million euros). This figure also includes property, plant and equipment of 54.3 million euros (December 31, 2012: 55.5 million euros), deferred tax assets of 16.0 million euros (December 31, 2012: 16.5 million euros) and other intangible assets

of 5.2 million euros (December 31, 2012: 5.6 million euros). At March 31, 2013, current assets of the Logwin Group totalled 232.5 million euros (December 31, 2012: 235.4 million euros) and mainly consisted of trade accounts receivable of 152.7 million euros (December 31, 2012: 150.0 million euros) and cash and cash equivalents of 48.1 million euros (December 31, 2012: 53.9 million euros). Trade accounts receivable were reduced by the utilisation of the factoring line totalling 17.7 million euros as a result of the "true sale" character of factoring (December 31, 2012: 6.0 million euros) at March 31, 2013.

At March 31, 2013, the Logwin Group reported shareholders' equity of 103.7 million euros, compared with 98.2 million euros at December 31, 2012. The equity ratio climbed from 24.8 % at December 31, 2012 to 26.5 %.

Non-current liabilities of 65.9 million euros at the end of the first quarter of 2013 remained at the prior year's level (December 31, 2012: 66.5 million euros). Current liabilities amounted to 221.9 million euros at March 31, 2013 (December 31, 2012: 231.7 million euros) and consisted mainly of trade accounts payable of 154.2 million euros (December 31, 2012: 161.7 million euros).

The continuing pleasing financial situation reflected in positive net liquidity decreased as a result of the change in cash and cash equivalents due to seasonal factors from 7.2 million euros at December 31, 2012 to 4.4 million euros at March 31, 2013.

The rating by Standard & Poor's for the Logwin Group (corporate credit rating) remained unchanged in the first three months of 2013 at "B+".

Employees

At March 31, 2013, the Logwin Group employed 5,227 staff compared with 5,505 at December 31, 2012. This represents a decrease of 278 employees, which was partly due to disposals of business activities.

Other Reporting

Annual General Meeting The General Meeting of Logwin AG was held in Luxembourg on April 10, 2013. The individual agenda items can be viewed in the notification to all shareholders on the Logwin website under: www.logwin-logistics.com/investors. The proposals of the Board of Directors, including the approval of the annual financial statements and the consolidated financial statements for the fiscal year ended December 31, 2012, were confirmed and adopted by a majority of shareholders.

Investigations by Austrian Federal Competition Authorities As reported at length in the 2012 annual financial report, the Vienna Higher Regional Court (Oberlandesgericht - OLG) rejected in the first instance in February 2011 claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionssammelkonferenz - SSK), including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. In the course of the subsequent appeals process the Austrian Supreme Court (Österreichischer Oberster Gerichtshof - OG) referred the case to the European Court of Justice (ECJ) in December 2011 for a preliminary ruling on legal questions in European law. On February 28, 2013, the advocate general of the ECJ issued her opinion. In this opinion, she did not share the legal interpretation of the OLG, stating in her conclusion that an undertaking cannot rely on legal advice provided by a lawyer or a decision taken by a national authority in which the crucial legal problem is not addressed, at least not expressly. Once the ECJ has passed its judgment on the case, which is not expected to differ significantly from the opinion, the OG is expected to refer the case back to the OLG for a renewed taking of evidence, hearing and decision. In this context, it cannot be ruled out that the OLG will decide to impose fines on the members of the SSK. As the Austrian Federal Competition Authority has yet to state any amount in its application for the imposition of fines and it is still not possible to make a reliable estimate of any fines and thus of the potential outflow of resources embodying economic benefits, there has been no change in the assessment of potential risks for the Logwin Group since December 31, 2012. We refer in this matter to the 2012 annual financial report.

Claim for payment of import sales tax The independent tax tribunal (Finanzsenat) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case relating to the claim for payment of import sales tax for customs clearance effected by Logwin Road + Rail Austria GmbH which the company performed with joint and several liability on behalf of customers who are now alleged to have been part of a so-called sales-tax carousel. There were no changes in the first three months of 2013 that would have required a reassessment of the status as of December 31, 2012. We refer in this matter to the 2012 annual financial report.

Outlook

In the light of the latest economic forecasts the Logwin Group assumes that there will be a slight recovery in the German and global economies and a small increase in world trade over the current year. The Logwin Group therefore expects for the remaining months of the reporting year, and after taking into account seasonal fluctuations, compared with the prior year, a stable financial position and a slight improvement in its earnings position resulting from the cost saving measures implemented last year. Nevertheless, the risks of the euro crisis flaring up once more and of a rise in the price of energy and raw materials contribute to generally cautious expectations.

In spite of continuing economic uncertainty in 2013, the business segment Air + Ocean expects to deliver continuing solid business performance for the current year, with revenue growth likely to be characterised by the high volatility of freight rates and uncertainties regarding the air freight volumes as well as the general development of the air freight. The business segment Solutions expects a further moderate improvement in profitability. It intends to achieve this through passing on cost increases in the form of price adjustments, through operational cost savings and through a reduction in structural costs. Moreover, risks arising in connection with individual customer relationships and locations could have an adverse effect on the development of results and put pressure on profitability.

Consolidated Interim Financial Statements

Income Statement

January 1 - March 31,	<i>in thousand €</i>	2013	2012
Revenues		320,696	329,863
Cost of sales		-292,546	-302,962
Gross profit		28,150	26,901
Selling costs		-6,449	-7,373
General and administrative costs		-13,989	-14,613
Other operating income		1,704	2,536
Other operating expenses		-1,400	-1,349
Operating result (EBIT)		8,016	6,102
Finance income		105	224
Finance expenses		-1,747	-1,883
Net result before income taxes		6,374	4,443
Income taxes		-1,801	-1,569
Net result		4,573	2,874
Attributable to:			
Shareholders of Logwin AG		4,407	2,752
Non-controlling interests		166	122
Earnings per share – basic and diluted (in EUR):			
Net result attributable to the shareholders of Logwin AG		0.03	0.02
Weighted average number of shares outstanding		146,257,596	146,257,596

Statement of Comprehensive Income

January 1 - March 31,	<i>in thousand €</i>	2013	2012
Net result		4,573	2,874
Unrealised gains on securities, available-for-sale		9	26
Unrealised gains/losses on cash flow hedges (interest rate swaps)		175	-59
Gains/losses on currency translation of foreign operations		763	-283
Other comprehensive income that may be reclassified into profit or loss in future periods		947	-316
Other comprehensive income that will not be reclassified into profit or loss in future periods		-	-
Other comprehensive income		947	-316
Total comprehensive income		5,520	2,558
Attributable to:			
Shareholders of Logwin AG		5,354	2,436
Non-controlling interests		166	122

The accompanying notes are an integral part of these consolidated interim financial statements.

Statement of Cash Flows

January 1 - March 31,	<i>in thousand €</i>	2013	2012
Net result before income taxes		6,374	4,443
Financial result		1,642	1,659
Net result before interest and income taxes		8,016	6,102
Reconciliation adjustments to operating cash flows:			
Depreciation and amortisation		2,664	2,824
Result from disposal of fixed assets		197	-520
Other		-1,018	-1,573
Income taxes paid		-783	-1,035
Interest paid		-547	-729
Changes in working capital, cash effective:			
Change in receivables		-14,304	-13,546
Change in payables		-7,177	-122
Change in inventories		93	47
Net cash inflow from utilising the factoring facility		11,662	5,352
Operating cash flows		-1,197	-3,200
Capital expenditures		-1,382	-2,060
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents		178	473
Proceeds from disposals of non-current assets		102	559
Payments for acquisitions of subsidiaries		-200	-200
Other cash flows from investing activities		-147	-293
Investing cash flows		-1,449	-1,521
Net cash flow		-2,646	-4,721
Repayment of current loans and borrowings		-2,698	-3,726
Repayment of non-current loans and borrowings		-	-3,789
Payment of liabilities from leases		-736	-660
Other cash flows from financing activities		-21	29
Financing cash flows		-3,455	-8,146
Effects of exchange rate changes on cash and cash equivalents		244	134
Changes in cash and cash equivalents		-5,857	-12,733
Cash and cash equivalents at the beginning of the year		53,931	41,036
Change		-5,857	-12,733
Cash and cash equivalents at the end of the period		48,074	28,303

The accompanying notes are an integral part of these consolidated interim financial statements.

Balance Sheet

Assets	<i>in thousand €</i>	March 31, 2013	Dec. 31, 2012
Goodwill		81,132	81,082
Other intangible assets		5,168	5,619
Property, plant and equipment		54,291	55,508
Investments		1,141	1,182
Deferred tax assets		16,023	16,463
Other non-current assets		1,134	1,118
Total non-current assets		158,889	160,972
Inventories		2,360	2,453
Trade accounts receivable		152,685	150,007
Income tax receivables		2,968	3,195
Other receivables and current assets		21,831	21,206
Cash and cash equivalents		48,074	53,931
Assets held for sale		4,616	4,616
Total current assets		232,534	235,408
Total assets		391,423	396,380

Liabilities and Shareholders' Equity	<i>in thousand €</i>	March 31, 2013	Dec. 31, 2012
Ordinary shares		131,202	131,202
Group reserves		-30,296	-35,650
Equity attributable to the shareholders of Logwin AG		100,906	95,552
Non-controlling interests		2,768	2,602
Shareholders' equity		103,674	98,154
Non-current liabilities from leases		16,992	17,418
Non-current loans and borrowings		16,000	16,000
Pension provisions and similar obligations		29,196	29,260
Other non-current provisions		2,395	2,408
Deferred tax liabilities		191	197
Other non-current liabilities		1,102	1,246
Total non-current liabilities		65,876	66,529
Trade accounts payable		154,239	161,704
Current liabilities from leases		2,064	2,359
Current loans and borrowings		8,577	10,974
Current provisions		8,223	10,440
Income tax liabilities		3,192	2,820
Other current liabilities		45,578	43,400
Total current liabilities		221,873	231,697
Total liabilities and shareholders' equity		391,423	396,380

The accompanying notes are an integral part of these consolidated interim financial statements.

Statement of Changes in Equity

	Equity attributable to the shareholders of Logwin AG							Total	Non-controlling interests	Total shareholders' equity
	Ordinary shares - voting, non-par value	Capital reserves	Retained earnings	Accumulated other comprehensive income						
				Available-for-sale reserve	Cash flow hedge reserve	Currency translation reserve				
<i>in thousand €</i>										
January 1, 2012	131,202	92,321	-53,101	-111	-1,027	-976	168,308	2,280	170,588	
Net result			2,752				2,752	122	2,874	
Other comprehensive income				26	-59	-283	-316		-316	
Total comprehensive income			2,752	26	-59	-283	2,436	122	2,558	
March 31, 2012	131,202	92,321	-50,349	-85	-1,086	-1,259	170,744	2,402	173,146	
January 1, 2013	131,202	92,321	-126,011	-73	-1,234	-653	95,552	2,602	98,154	
Net result			4,407				4,407	166	4,573	
Other comprehensive income				9	175	763	947		947	
Total comprehensive income			4,407	9	175	763	5,354	166	5,520	
March 31, 2013	131,202	92,321	-121,604	-64	-1,059	110	100,906	2,768	103,674	

The accompanying notes are an integral part of these consolidated interim financial statements.

Notes to Consolidated Interim Financial Statements as of March 31, 2013

1 Basis of Accounting

These consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union and are in accordance with these standards. In particular, the regulations of IAS 34 on interim financial reporting were applied.

The accounting policies as well as disclosures are based on the consolidated financial statements of Logwin AG as of December 31, 2012.

2 Consolidation Scope

In addition to Logwin AG as the parent company, the fully consolidated subsidiaries include two domestic and 68 foreign companies as of March 31, 2013 (as of December 31, 2012: two domestic and 67 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	Dec. 31, 2012	Additions	Disposals	March 31, 2013
Luxembourg	3	-	-	3
Germany	19	1	-	20
Other countries	48	1	1	48
Total	70	2	1	71

The additions relate to two newly established entities of the business segment Air + Ocean. The disposal concerns the sale of a European subsidiary of the business segment Solutions.

3 Segment Reporting

The classification of segments is made according to the business segments of the Logwin Group. The segment structure reflects the current organisational and management structure of the Logwin Group. This means that reporting is in line with the requirements of IFRS 8.

Transactions between the segments are made at "arm's length", identical with transactions with third parties. The information on the business segments is reported after consolidation of intrasegment transactions. Transactions between the segments are eliminated in the column "Consolidation".

The result of each segment is measured by management based on operating income. This operating income is defined as profit before interest, income taxes and special items such as impairment on fixed assets or goodwill and restructuring costs, as long as they have a relevant impact on the financial condition and results of operations. As far as possible, the general administrative expenses of the holding companies have been allocated to the business segments in line with the principle of causality.

The tables below set forth segment information of the business segments for the periods ended March 31, 2013 and 2012:

January 1 - March 31, 2013	<i>in thousand €</i>		Solutions	Air + Ocean	Other	Consolidation	Group
External revenues			170,955	148,526	1,215	-	320,696
Intersegment revenues			517	387	662	1,566	-
Revenues			171,472	148,913	1,877	-1,566	320,696
Operating result (EBIT)			3,175	6,038	-1,197	-	8,016
Financial result							-1,642
Income taxes							-1,801
Net result							4,573

January 1 - March 31, 2012	<i>in thousand €</i>		Solutions	Air + Ocean	Other	Consolidation	Group
External revenues			180,445	148,190	1,228	-	329,863
Intersegment revenues			1,023	361	819	2,203	-
Revenues			181,468	148,551	2,047	-2,203	329,863
Operating result (EBIT)			1,308	5,986	-1,192	-	6,102
Financial result							-1,659
Income taxes							-1,569
Net result							2,874

In the first three month of 2013 the Logwin Group was in compliance with the financial covenants as defined in the agreement of the loan taken out in 2011.

4 Loans and borrowings

Current loans and borrowings as well as cash and cash equivalents included 5.6 million euros (December 31, 2012: 7.3 million euros) from payments made by customers that must be passed on directly to the factoring company.

5 Additional information on financial instruments

The following table shows the fair values of derivative financial instruments and material non-current financial instruments whose fair value could be reliably determined as of March 31, 2013 and December 31, 2012:

	Fair Value	
	March 31, 2013	Dec. 31, 2012
<i>In thousand €</i>		
Available-for-sale financial assets	560	551
Derivative financial instruments from currency hedges		
with positive market value	571	538
with negative market value	-990	-1,400
Derivative financial instruments from interest rate hedges (hedge accounting)	-1,059	-1,234
Non-current liabilities from leases*	-16,999	-17,616
Non-current loans and borrowings*	-16,000	-16,000

* The carrying amounts are stated in the balance sheet on page 8.

Available-for-sale financial assets are reported as investments in the balance sheet. Derivative financial instruments from currency hedges are presented under other receivables and current assets or other current liabilities, while derivatives designated as hedging instruments (interest rate swaps) are reported as other non-current liabilities.

We refer to the annual financial report 2012 for disclosure regarding the methods and assumptions used to determine the fair value of financial instruments.

6 Contingent Liabilities

In the first three month there were no material changes in contingent liabilities in respect of bank and other guarantees, letters of comfort, assessments and other matters arising in the ordinary course of business. It can be unchanged assumed that no material liabilities will arise herefrom.

As reported at length in the 2012 annual financial report, the Vienna Higher Regional Court (Oberlandesgericht - OLG) rejected in the first instance in February 2011 claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionssammelkonferenz - SSK), including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. In the course of the subsequent appeals process the Austrian Supreme Court (Österreichischer Oberster Gerichtshof - OG) referred the case to the European Court of Justice (ECJ) in December 2011 for a preliminary ruling on legal questions in European law. On February 28, 2013, the advocate general of the ECJ issued her opinion. In this opinion, she did not share the legal interpretation of the OLG, stating in her conclusion that an undertaking cannot rely on legal advice provided

by a lawyer or a decision taken by a national authority in which the crucial legal problem is not addressed, at least not expressly. Once the ECJ has passed its judgment on the case, which is not expected to differ significantly from the opinion, the OG is expected to refer the case back to the OLG for a renewed taking of evidence, hearing and decision. In this context, it cannot be ruled out that the OLG will decide to impose fines on the members of the SSK. As the Austrian Federal Competition Authority has yet to state any amount in its application for the imposition of fines and it is still not possible to make a reliable estimate of any fines and thus of the potential outflow of resources embodying economic benefits, there has been no change in the assessment of potential risks for the Logwin Group since December 31, 2012. We refer in this matter to the 2012 annual financial report.

The independent tax tribunal (Finanzsenat) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case relating to the claim for payment of import sales tax for customs clearance effected by Logwin Road + Rail Austria GmbH which the company performed with joint and several liability on behalf of customers who are now alleged to have been part of a so-called sales-tax carousel. There were no changes in the first three month of 2013 that would have required a reassessment of the status as of December 31, 2012. We refer in this matter to the 2012 annual financial report.

The consolidated interim financial statements were neither audited according to articles 69 and 340 of the Luxembourg law dated August 10, 1915 with all following changes, nor limited reviewed by an auditor.

7 External Review

There were no significant events between March 31, 2013 and the date of authorisation of the quarterly financial report by the Audit Committee of Logwin AG on April 30, 2013.

8 Subsequent Events

