Panalpina World Transport (Holding) Ltd.

Fairness Opinion for the attention of the Board of Directors of Panalpina World Transport (Holding) Ltd.

Assessment of the financial adequacy of the public exchange offer by DSV A/S Hedehusene, Denmark for Panalpina World Transport (Holding) Ltd. Basel, Switzerland

Zurich, 9 May 2019

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Definitions

Offer	In a Public Exchange Offer, DSV offered 2.375 DSV shares (with a nominal value of DKK 1 per share) for one Panalpina share while fractional DSV shares will be settled in cash. Based on the DSV closing price of DKK 550.4 and an exchange rate of 0.1498 CHF/DKK as of 29 March 2019, the exchange offer equals an implied offer price of CHF 195.8 for each Panalpina share
Valuation Date	31 March 2019
Net financial position	Includes cash and cash equivalents of CHF 382.4 million less interest-bearing liabilities of CHF 152.6 million (excl. IFRS 16 liabilities, consistently with other valuation considerations applied) as of 31 March 2019
Enterprise Value	Reflects the operational value of the company

Abbreviations

AG	Public Corporation
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
CHF	Swiss franc
DCF	Discounted cash flow
DKK	Danish krone
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EV	Enterprise Value
Excl.	Excluding
GmbH	Limited Liability Company
Ltd.	Limited
TEU	Twenty-foot Equivalent Unit
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
y-o-y	Year over year
3PL	Third party logistics

1 Introduction

1.1 Background Information

Panalpina World Transport (Holding) Ltd. (“Panalpina” or the “Company”) and its subsidiaries (the “Group”) offer supply chain solutions to its clients. Their main products are air freight, ocean freight, and logistics and manufacturing. In 2018 the consolidated revenues totalled CHF 6.0 billion. The Group has more than 14,539 employees worldwide.

Panalpina is a publicly traded company. The share capital registered with the commercial register amounts to CHF 2,375,000.00 and is divided into 23,750,000 registered shares with a nominal value of CHF 0.10 each, all of which are listed on the SIX Swiss Exchange. In addition, the board of directors of Panalpina is authorised to increase the share capital at any time until 3 May 2019 in the maximum amount of CHF 300,000 by issuing a maximum of 3,000,000 fully paid-up registered shares with a nominal value of CHF 0.10 each (authorised capital).

On 1 April 2019 the Danish logistics company DSV A/S (“DSV”) announced its intention to launch a public exchange offer for all publicly held registered shares of Panalpina. Additionally DSV made public that it has entered into a transaction agreement with the Company. Under the terms of the transaction agreement, the board of directors of the Company agreed, inter alia, to recommend that shareholders of the Company accept the offer. Moreover, DSV entered into tender agreements with Ernst Göhner Stiftung, Cevian Capital II Master Fund LP and Artisan Partners Limited Partnership, which together hold 69.93% of the share capital of Panalpina. The three shareholders agreed to tender all Panalpina shares held by them into the exchange offer.

DSV will offer 2.375 registered shares of DSV with a nominal value of DKK 1.00 for one Panalpina share ("Exchange Ratio"). Fractions of DSV shares will be paid in cash in Swiss Francs.

On the basis of the closing price of the DSV shares on NASDAQ Copenhagen and the DKK/CHF exchange rate as per WM/Reuters 16:00 GMT Fixing (as per Bloomberg) on the last trading day on NASDAQ Copenhagen prior to the publication of this pre-announcement ("Pre-Announcement"), the Exchange Ratio corresponds to an offer price of CHF 195.80 per Panalpina share. On the basis of the volume-weighted average price (“VWAP”) of the on-exchange trades in DSV shares on NASDAQ Copenhagen over the last 60 trading days on NASDAQ Copenhagen prior to publication of this Pre-Announcement the Exchange Ratio corresponds to an offer price of CHF 186.65 per Panalpina share.

The price of DSV shares and the exchange rate (DKK/CHF) may change between the date of Pre-Announcement and the actual exchange for Panalpina shares. Price changes have an impact on the value of the share offer and thus on the total value that the public shareholders ultimately receive for their shares in Panalpina. However, this fairness opinion relates exclusively to the financial value of CHF 195.80 per Panalpina share at the time of the Pre-Announcement.

The offer is subject to the condition that by the end of the main offer period DSV shall have received declarations of acceptance for such number of Panalpina shares which, when combined with the Panalpina shares held by DSV and its subsidiaries account for at least 80% of all Panalpina shares that will be issued at the end of the main offer period.

1.2 Mandate of KPMG AG

Panalpina mandated KPMG AG ("KPMG") on 5 April 2019 to provide a fairness opinion (the "Fairness Opinion") assessing the adequacy of the takeover bid from the point of view of the public shareholders of Panalpina.

The fairness opinion is intended solely for the Board of Directors of Panalpina as part of its report to shareholders regarding the takeover offer in compliance with the Ordinance of the Swiss Takeover Board ("TOB") on Public Takeover Offers. The fairness opinion as a whole may be published publicly as part of the offer, may be presented to interested parties and may be referred to in the offer prospectus. Use for other purposes is not permitted.

The underlying valuation subject of the Fairness Opinion is Panalpina and its subsidiaries. The valuation was carried out as of 31 March 2019 (the "Valuation Date"). An assessment of DSV or DSV shares is not part of the Fairness Opinion. The Fairness Opinion does not constitute a recommendation to Panalpina's public shareholders to accept or reject DSV's offer, nor does it contain any assessment of the following points:

- Settlement terms and conditions of the takeover bid
- Legal and tax assessment of the transaction structure
- Effects that the decision of acceptance or rejection may have on shareholders
- Future value of the Panalpina share
- Future value of DSV shares after the Valuation Date

KPMG did not conduct a due diligence as part of this Fairness Opinion nor did it mandate any other third party. In preparing the Fairness Opinion, KPMG did not physically inspect any of the

Group's buildings and sites.

In preparing the fairness opinion, KPMG has assumed and relied upon the accuracy and completeness of financial and other information concerning Panalpina, without accepting responsibility for the independent verification of such information. Our responsibility is limited to the careful and professional analysis and evaluation of the information provided to us.

KPMG further relies on the written assurance of Panalpina's board of directors and management of Panalpina ("Management") that they are not aware of any facts or circumstances that would cause the information provided to be incomplete, inaccurate or misleading.

1.3 Valuation Approach

KPMG conducted a comprehensive analysis of Panalpina in order to assess the appropriateness of the offer. The underlying valuation subject is Panalpina and its subsidiaries on a consolidated basis. The result of our activities is a range of values for Panalpina's operating enterprise and its equity. The range of values per Panalpina registered share represents the benchmark at which a purchase offer is considered financially fair and adequate.

The value considerations are based on a stand-alone approach. Possible synergies arising from the transaction and integration costs have therefore not been taken into account. Effects at the level of the individual shareholder, such as tax effects, are also not taken into account.

The range of values for Panalpina as a whole and the resulting value per registered share were determined primarily on the basis of the discounted cash flow ("DCF") method. In addition, sensitivity analyses were carried out as part of the DCF method using changes to key value drivers. A market approach based on multiples was also carried out to verify the plausibility of the results obtained from the DCF method.

1.4 Assessment Basis

KPMG's assessment is based on the following:

- Publicly available information on Panalpina. This includes the annual reports 2016 to 2018, analyst reports from various banks, newspaper reports and press releases
- Internal information of Panalpina that was considered relevant for the analysis, including the mid-term plan
- Discussions with management of Panalpina regarding the financial position and results of

operations, the current and future market environment, value drivers and assumptions in the planning documents

- Capital market and financial data of Panalpina and selected listed peer companies (source: Capital IQ)
- Data on corporate transactions considered comparable (sources: Capital IQ, mergermarket)

The information and considerations contained in this document relate to the date of preparation of this document and may therefore be subject to change.

2 Market Overview

Freight forwarders are agents that organise shipments for industries from the manufacturers to the final destination. Freight forwarders are logistics service providers that form a part of the wider logistics and supply chain industry.

Forwarders contract with a carrier, or often multiple carriers, to move goods. Their services include commercial invoicing, warehousing, packaging, documentation, and distribution to the final destination, amongst others.

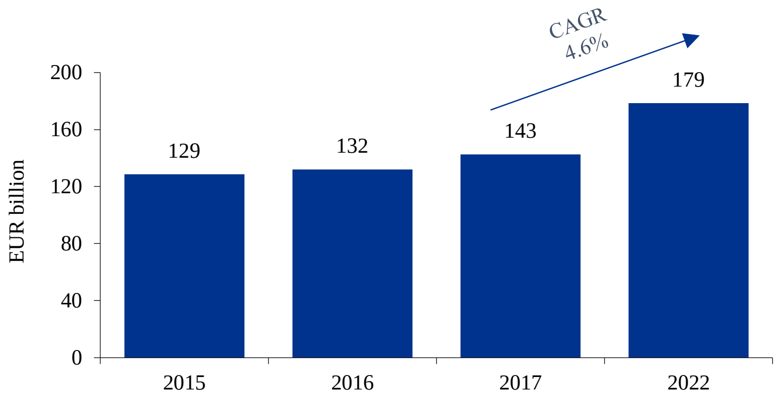
According to Transport Intelligence ("TI"), a leading provider of market research solutions to the global logistics industry, the global freight forwarding market recorded an estimated growth of 8.0% y-o-y in real terms during 2017, substantially improved from the 2.7% reported in 2016. The remarkable growth improvement has been attributed to the improvement in wider economic conditions and higher international trade volumes over the course of 2017. Particularly, US, China and Japan, as well as the European Union, contributed to increased global demand growth leading to higher trade volumes. This could also be seen in the growth of international trade of goods from a range of 2.2%-2.3% in 2016 to 5.2%-5.5% in 2017.

Additionally, TI notes that the global restocking cycle has also been a significant driver, particularly for the air freight industry which as a result expanded by 10.2% y-o-y in 2017.

During the H1 2018, the global forwarding market recorded a 4.9% y-o-y growth with air freight forwarding expanding 5.3% and sea freight forwarding growing 4.3%. TI foresees the growth to partially slow down after H1 2018, primarily due to the global restocking cycle coming to an end, resulting in a full year growth of 4.1% in 2018.

Going forward, TI anticipates the market to grow at a 2017-22 CAGR of 4.6%, owing to an improvement in global trade volume. The key factors that will lead to the growth of freight forwarders will include digitalisation in operations, driving scale and efficiency, expanding geographic reach and adopting customer-centric approaches.

Figure 1: Global freight forward market



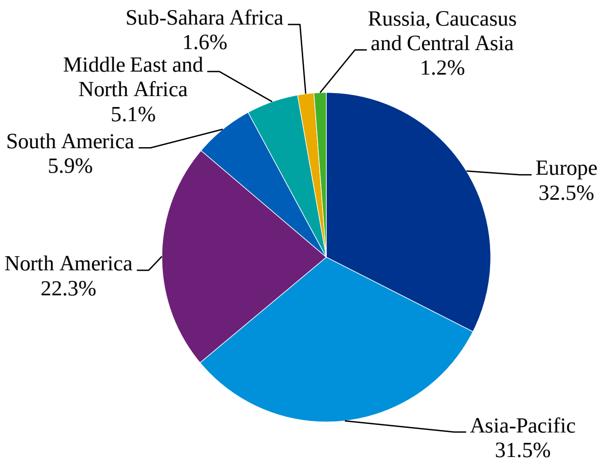
Source: Transport Intelligence

TI analyses show that 85% of air freight volume is now managed by freight forwarders and the remaining 15% by airlines, while for ocean freight 40% of the shipping lines' volumes are managed by forwarders but 60% is still controlled by shipping lines.

Furthermore, a current common trend sees freight forwarders targeting the Asia/Pacific region for further growth due to the fact that China, Singapore and South Korea have one of the world's busiest container shipping ports as well as the busiest airports in terms of cargo volume. Additionally, countries such as China, India, Singapore and Vietnam are manufacturing goods hubs, with India's and China's economic growth fuelling international trade.

TI anticipates Asia/Pacific to closely follow Europe in 2020 with a market share of 32.5% of the global forwarding market followed by North America (22.3%).

Figure 2: Global freight forwarding market share 2020



Source: Transport Intelligence

Armstrong and Associates, a leading third party logistics ("3PL") consulting and market research provider, compiled a list of top 25 players in the freight forwarding industry based on the 2017 logistics gross revenues/turnover and freight forwarding volumes. The following table lists the top 10 players:

Table 1: Top 10 global freight forwarders

Top 10 Global Freight Forwarders (in USDm)				
A&A Rank	**Provider**	**Gross Revenue**	**Ocean TEU's[1]**	**Air Metric Tons**
1*	DHL Supply Chain & Global Forwarding	27,598	3,259,000	2,248,000
1*	Kuehne + Nagel	22,574	4,355,000	1,570,000
2	DB Schenker	18,560	2,169,000	1,300,000
3	Sinotrans	9,530	3,360,300	533,300
4	DSV	11,374	1,389,611	635,655
5	Expeditors	6,921	1,070,424	985,549
6	Panalpina	5,621	1,520,500	995,900
7	Nippon Express	16,720	600,000	835,755
8	UPS Supply Chain Solutions	7,981	600,000	935,300
9	Bolloré Logistics	5,012	864,000	640,700
10	CEVA Logistics	6,994	729,000	480,000

Source: Armstrong and Associates Inc., Company reports

*Notes: Revenues and volumes are company reported or Armstrong & Associates, Inc. estimates; *Tie at 1st position*

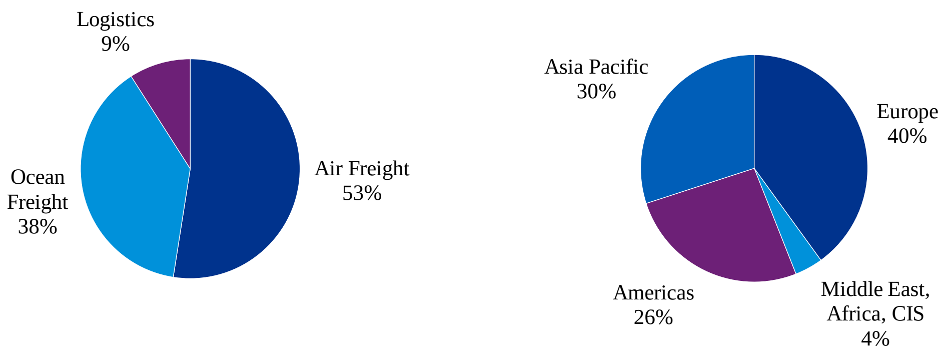
[1] TEU = Twenty-foot Equivalent Unit

3 Company Profile Panalpina

3.1 Overview

Panalpina is a leading provider of supply chain solutions and combines its core products – air freight, ocean freight, and logistics and manufacturing – to deliver globally integrated solutions to 11 core industries. The group operates a global network with 500 offices in around 70 countries. Panalpina was among the global top 4 companies in the ocean and air freight industry in 2018. Its main competitors in both industries are Schenker AG (subsidiary of Deutsche Bahn AG), DHL International GmbH, and Kuehne + Nagel International AG. In 2018 Panalpina's revenues (net forwarding revenues) amounted to CHF 6.0 billion, which represents an increase of 9.1% compared to 2017. Most of the revenues were generated in the air freight segment (Figure 3).

Figure 3: Net forwarding revenues by product and region (2018)



Source: Panalpina annual report (2018)

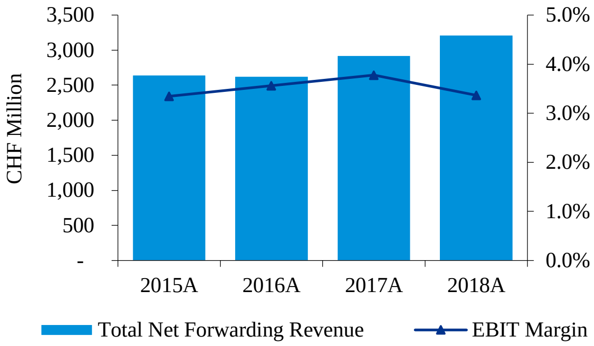
The figure above shows that in 2018 Panalpina generated 40% of its revenues in Europe, followed by Asia Pacific (30%) and Americas (26%). The Middle East and Africa only contribute a relatively small portion (4%).

3.2 Air Freight Segment

Panalpina offers its clients various air freight products among which are intermodal sea-air or temperature-controlled services. Moreover the group provides hub, charter and emergency services. Historically this is the most important segment for Panalpina as it contributes the largest share to the revenues and EBIT. In 2018 the segment reached its highest air freight volume in the Company's history. This was partially reached through the expansion of the charter network as well as the acquisition of two companies which resulted in a greater market share for perishable goods.

The EBIT margin (EBIT/Revenues) decreased in 2018 by 0.4 percentage points (see Figure 4). This is partially explained by a challenging market environment due to, for example, restrictions in airport slots in Europe and Asia, a worldwide shortage of pilots and fluctuations in fuel prices. Nevertheless management of Panalpina is confident that growth from digitalisation, innovation and the focus on key markets and relatively stable costs will lead to an increase of the EBIT margin from 2019 onwards. The Q1 2019 revenue result for this business line of CHF 757.2 million represents a slight improvement compared to the Q1 2018 result of CHF 750.1 million. The Q1 2019 EBIT margin of 3.3% lies slightly below the 2018 fiscal year margin of 3.4% and has yet to improve.

Figure 4: Revenues and EBIT margin of Panalpina's air freight segment

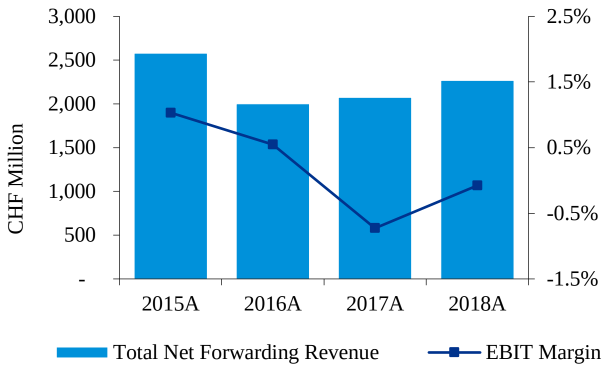


Source: Panalpina annual reports

3.3 Ocean Freight Segment

The ocean freight segment is the second most important business for Panalpina in terms of revenues. In 2016 the bankruptcy of Hanjin as well as a shift of demand from traditionally high margin bulk cargo towards containers led to a sharp decrease in Panalpina’s revenues. This shock also negatively affected the EBIT margin (see Figure 5).

Figure 5: Revenues and EBIT margin of Panalpina's ocean freight segment



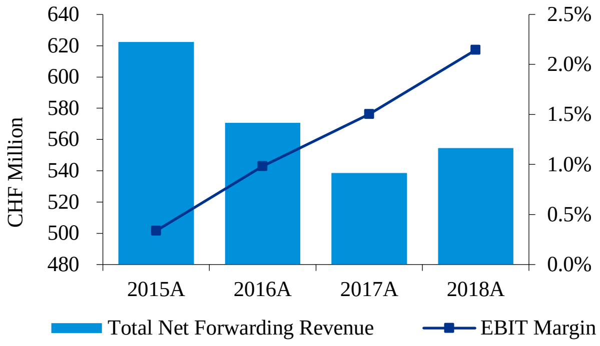
Source: Panalpina annual reports

While revenues slowly started to increase again in 2017 the EBIT margin further declined to minus 0.7%. To counter this trend Panalpina took several measures, among others the implementation of a new IT system. The results of these actions can already be seen in the figures of 2018. While the EBIT margin in 2018 was still negative (minus 0.1%), Panalpina's management expects the segment to become profitable again once as the new platform is being rolled out harvesting productivity gains. The Q1 2019 revenue of the ocean freight business has grown significantly against the Q1 2018 result with CHF 580.9 million vs. CHF 534.7 million, respectively. The EBIT margin in Q1 2019 lies at 0.1% indicating a slight decrease compared to the EBIT margin achieved in 2018.

3.4 Logistics and Manufacturing

Panalpina's Logistic and Manufacturing segment offers its clients various services, e.g. logistics manufacturing or advanced technology solutions. Similarly to the ocean freight segment, the logistics and manufacturing industry underwent several changes in recent years which led to a decline in revenues in 2016 and 2017. However, the ongoing equalisation of labour costs, new technologies – such as artificial intelligence – and trade tariffs are among the reasons which encourage manufacturers to move their production facilities closer to their markets. Consequently, Panalpina realigned its product-offerings with the customer needs and was able to increase revenues in 2018 again.

Figure 6: Revenues and EBIT margin of Panalpina's logistics and manufacturing segment



Source: Panalpina annual reports

In contrast with the decreasing revenues between 2015 and 2017 (following the restructuring of the segment and refocus on more profitable businesses) Panalpina managed to increase its EBIT margin steadily reaching 2.1% in 2018. Panalpina is planning to increase its revenues further by continuing to improve existing facilities while also expanding its capabilities, by introducing new services and entering into new markets. The Company’s Q1 2019 logistics net forwarding revenue lies at CHF 147.1 million and represents an increase of 13.6% against its Q1 2018 result with CHF 129.5 million. The Q1 2019 EBIT margin is 2.0%.

3.5 Strategy and Financial Planning

The valuation of Panalpina for this Fairness Opinion was based on the budget 2019 and mid-term plan developed by Panalpina’s management for which an initial version has been approved by Panalpina’s Board of Directors in 2018 (the table below showing a slightly amended version as of early 2019). The main assumptions of the detailed planning for 2019 and 2020 are presented below:

Table 2: Management business plan

Business Plan				
In CHF Millions	Actual **2017**	Actual **2018**	Estimated **2019**	Estimated **2020**
Total Net Forwarding Revenues	5,533	6,036	6,282	6,596
Growth	-	*9.1%*	*4.1%*	*5.0%*
Total Gross Profit	1,398	1,500	1,563	1,641
Margin	*25.3%*	*24.9%*	*24.9%*	*24.9%*
EBIT	103	118	169	233
Margin	*1.9%*	*2.0%*	*2.7%*	*3.5%*
Net Profit	57	76	116	164
Margin	*1.0%*	*1.3%*	*1.8%*	*2.5%*

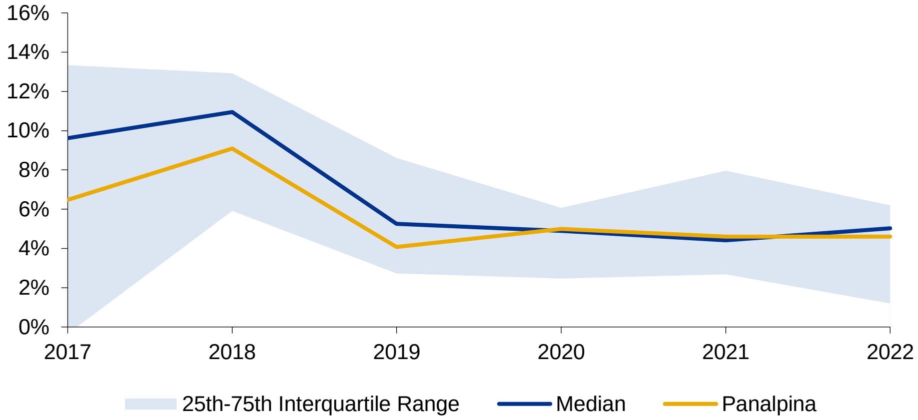
Source: Panalpina management

Top line growth is assumed to stabilise and grow above the expected global market average for the logistics industry of around 4.6%. Margins are planned to continue to improve.

The above business plan and the assumptions made were checked for plausibility. KPMG checked both the explicit planning period produced by Management, i.e. 2019 till 2020, and the extended planning period of 2021 till 2022. Various benchmarking analyses were performed to verify the reasonableness of the business plan. In particular, Panalpina's revenue growth and EBIT margin were benchmarked against those of a set of identified comparable companies.

The below chart shows a comparison of Panalpina's revenues growth rates to that of the peers:

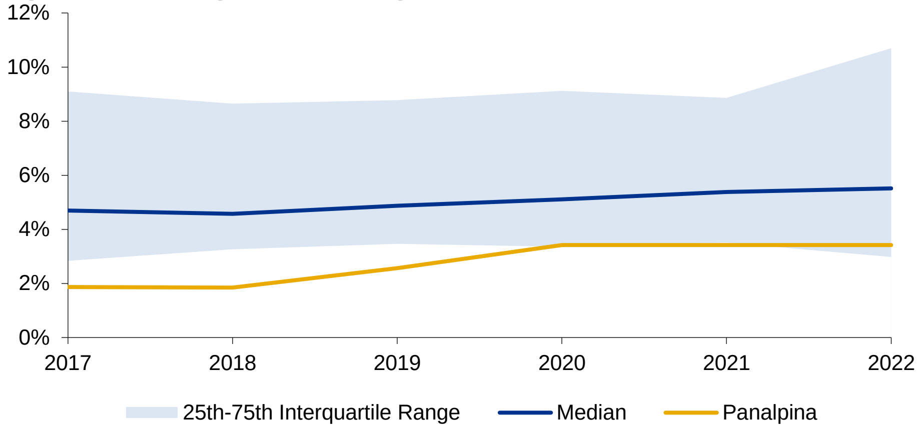
Figure 7: Revenue growth benchmarking



Source: Capital IQ, KPMG analysis

The analysis shows that Panalpina's, growth rate has historically laid slightly below the median peer growth for the years 2017 and 2018. Panalpina's revenues growth is expected to still be slightly below that of peers in 2019 but is then expected to be in line with the peers starting from 2020.

Figure 8: EBIT margin benchmarking



Source: Capital IQ, KPMG analysis

The analysis shows that the Company's EBIT margin lies considerably below that of its peers for the years 2018 and 2019. This is explained through historical inefficiencies in Panalpina's ocean freight business as outlined above. From 2020 onwards, however, Panalpina's performance improves reaching the lower bound of its peer's interquartile range. It should, however, be noted that despite these foreseen improvements Panalpina's profitability is expected to remain low compared to that of its peers.

Overall, both the revenue growth and EBIT margin of Panalpina are considered to be within a reasonable range for the forecasting period of 2019 to 2022.

Strategy

In this economic environment, Panalpina's corporate strategy remains to provide the most customer-focused services and grow the business organically, through acquisitions and innovation while pursuing its operational improvements. The most important and tangible outcome of this strategy to date is represented through the rollout of a new IT platform, the SAP TM (Transport Management) on which 50% of all of Panalpina's transactions are already processed. It will further allow Panalpina to become a cost leader through increased flexibility in adapting to changes in the market and by helping the Company integrate new customers more easily. In addition, the Company has striven to emphasise the importance of technologies around

Internet of Things (IoT), predictive analytics, and artificial intelligence (AI). Besides creating a new position for the Head of Digital Innovation, the Company invested in its digital and innovative future via platforms like the Plug and Play accelerator programme, the Blockchain in Transport Alliance (BiTA) forum, and the Swiss-led consortium Cargo sous terrain (CST).

This aim is further supported by operational improvements in which the Company plans to restructure loss-making operations and maintain stricter cost control. Growth is additionally planned to be strengthened by both external M&A activities and internal processes. These goals and strategies are reflected in the above revenue growth and margin improvements which are expected to materialise over the upcoming years.

Furthermore, in 2019, cargo owners are expected to feel the impact of new environmental regulation. This means higher costs for more environmentally friendly fuel which Panalpina, however, plans to pass through to subsequent business partners via competitive pricing mechanisms. For the same time period, a general slowdown is expected in the air freight business as exports are assumed to decrease all around the world.

4 Valuation of Panalpina

The financial adequacy of the takeover offer for Panalpina was primarily carried out on the basis of the discounted cash flow method under the income approach. Furthermore, an analysis of the results of comparable listed companies as well as an analysis of comparable transactions were carried out under the market approach to validate the plausibility of the results.

4.1 Income approach

The value of a company corresponds to the expected net inflows of the investor (debt and equity provider). In the present case, the value of equity was determined based on the internationally recognised discounted cash flow (“DCF”) method.

One application of the DCF method is the WACC approach. Under the WACC approach, the market value of the entity as a whole is derived by discounting future free cash flows (“FCFs”) with the weighted average cost of capital (“WACC”) back to the valuation date. Those future FCFs are financial surpluses available to all the lenders (equity and debt capital providers) of the company. A subsequent deduction of the market value of the debt (net financial position) results in the market value of the equity.

The FCFs are calculated as follows:

=	EBIT
–	Taxes
+	Depreciation and amortisation
–	Capital expenditures
+	Change in net working capital
=	Free cash flows

The EBIT for valuation purposes is thus charged with the income-related taxes that a company would pay if it were financed only with equity.

The operating business value is the sum of the discounted future FCFs of the explicit planning phase and the terminal value. The calculation of the terminal value is based on the assumption of continued operations and the discounting of sustainable perpetual FCFs by the WACC, taking into account a long-term growth rate (“LTGR”).

The explicit projection period of the DCF was based on Panalpina’s consolidated business plan for 2019 and 2020. For valuation purposes, KPMG extended the explicit forecast for the years

2021 to 2022.

4.1.1 Revenues Development

In its core businesses, air and ocean freight products, the Company expects to grow above the average market performance with 4.1% in 2019 and 5.0% in 2020. KPMG extended this plan by two more years using a CAGR of 4.6% which represents the estimated 2017-22 CAGR for the global freight forward market (see chapter “2 Market Overview”).

The main measures for each of Panalpina’s business lines are shown below and describe how former weaknesses have been identified and addressed to ensure the Company will be able to meet its performance goals.

i) Air Freight

The Company aspires to outgrow the market in this area, especially by focusing on its key industry verticals, including its growing Perishables network, through its digitalisation and innovation expertise.

As demand in this industry is generally triggered by supply chain issues of its customers, it is hard to forecast future revenues developments. Through investments of c. CHF 300 million into its IT infrastructure over the last two years Panalpina increased its productivity levels and reduce operational inefficiencies. In 2018, 50% of all transactions were already carried out through the new software. The newly created customer portal is planned to have its global release in summer 2019 creating an online environment which will integrate access to all of Panalpina’s supply chain tools and thus improve the customer experience.

ii) Ocean Freight

In 2018, the ocean freight segment was heavily impacted by protectionism and trade wars. Another industry specific issue was the general overcapacity pushing freight forwarding prices down. Panalpina’s key focus for this business line is on the deployment of its new IT system which is supposed to provide improvements in efficiency and productivity levels. The new digital solutions shall allow better supply chain management for Panalpina’s customers which can drive down costs, shorten response time, and offer faster communication.

iii) Logistics

The logistics services constitute Panalpina’s youngest business line. Throughout years, formerly loss-making areas and strategies were eliminated such that the business since inception has shrunk while becoming more efficient and profitable. Panalpina retains generally high growth expectations in this area, especially due to a large and so far mostly unrealised outsourcing potential of its clients.

Panalpina plans to continue focusing on improvements regarding its warehouse management system (WMS) with a new system, JDA WMS, from JDA Software Group Inc., which has been implemented in 28 countries during 2018. The second key area is the expansion of its logistics manufacturing service (LMS), especially in view of the telecommunication industry for which it provides manufacturing, testing, and installation services of its equipment.

4.1.2 Margin Development

For the forecasting period 2019 and 2020, EBIT margins across all business lines are planned to improve through the means described above. The greatest improvements are expected in Panalpina's biggest revenues segments, air and ocean freight. Margins are assumed to remain constant in the extended plan years 2021 and 2022.

4.1.3 Terminal Value

For the period beyond the explicit forecasted period, i.e. beyond 2022, a terminal value was estimated according to the Gordon Growth Model using a LTGR of 2.5%.

The LTGR represents a revenues weighted average of the real gross domestic products of three major geographic regions (Americas, Asia Pacific, and Europe) representing the main economies which drive the cash flows of Panalpina in the future. The sustainable FCF for the calculation of the terminal value was determined based on revenues of the last forecast year, 2022, and the aforementioned LTGR. In addition, a sustainable EBITDA margin was estimated taking into account both the historical and the forecasted EBITDA margin. The EBITDA margin assumed in the terminal value is taken equal to that of the last year of the planning period (i.e. 2020). Finally, Panalpina is an early adopter of IFRS 16, which regulates the recognition, measurement, and disclosure requirements of leases in financial statements of companies. This circumstance was considered when calculating applicable margins for the DCF and for the value reconciliation between Enterprise Value and Equity afterwards.

4.1.4 Cost of capital

The WACC, which is used to discount the FCF, is based on the cost of equity and debt after taxes as well as the median debt-to-equity ratio of Panalpina's peers. As of the Valuation Date, the

WACC calculated for Panalpina is 7.1% and 7.6% based on 0% and 25% leverage ratio, respectively.

The individual parameters used to derive the WACCs are presented and explained below (the derivation of the WACCs is also shown in Annex I and II).

i) Risk-free Rate ("RfR")

The RfR represents a risk-free alternative investment under consideration of the investment horizon. The RfR for Panalpina was estimated based on a present value-equivalent uniform interest rate based on the zero-coupon yield curve, reflecting maturities up to 30 years, as published by the Swiss National Bank ("SNB").

ii) Market Risk Premium ("MRP")

A MRP of 6.0% is used to calculate the WACC. The MRP is based on several national and international studies that examine the difference between the average yield of developed equity markets and the average yield of the respective government bond over several decades.

iii) Beta

The unlevered beta was derived on the basis of comparable listed companies and over a 2-year period with a weekly frequency of returns. The unlevered beta derived for Panalpina is 0.95. Information on the beta factor of the identified comparable companies is given in Annex III. The levered beta was derived from the unlevered beta using the median capital structure of the peers under Harris-Pringle Formula resulting in a re-levered beta of 1.1.

iv) Small-cap Premium ("SCP")

When calculating the cost of equity companies with smaller market capitalisation are considered more risky and are therefore expected to provide a higher return. This was taken into account incorporating a premium of 0.89% based on the mid-cap SCP as published in the 2019 Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook from Duff&Phelps.

v) Country Risk Premium ("CRP")

A CRP shall take various risks into account that come along with investing in foreign countries, such as: political risks, legislative risks, regulatory risks and tax risks

The CRP is determined from the yield spread (calculated as yield to maturity) between Euro- or US-Dollar-denominated bonds of the respective local country and Euro- or US-Dollar-denominated benchmark bonds with equal time to maturity. Due to their mature and liquid capital markets, in combination with a factual absence of default risk, government bonds of Germany and the United States of America are used as benchmark bonds.

The CRP was calculated by providing a Gross Domestic Product weighted average of the CRP for three major geographic regions, Americas, Asia Pacific, and Europe. Those three CRPs were subsequently weighted by the revenues split of Panalpina for those regions representing the origin of the Company's cash flows. The final result is 0.8%.

vi) Cost of Debt ("CoD")

The CoD is calculated by taking the RfR and adding the CRP as well as a debt premium. The debt premium is used to reflect the additional risk of debt capital compared to the RfR and is calculated by using the median credit spread of Panalpina's peers. The resulting CoD is 4.1% (pre-tax).

vii) Tax Rate

Based on conversations with management a tax rate of 25.0% was applied for Panalpina.

viii) Capital Structure

The capital structure used includes 0.0% which represents the current leverage of Panalpina (excluding any IFRS 16 related liabilities, consistently with other valuation considerations applied) and 25.0% equalling the median capital structure of Panalpina's peer group.

4.1.5 Result of DCF Valuation

Table 3: Enterprise value to equity bridge

EV - Equity - Bridge		
in CHFm (except share price)	0% leverage	25% leverage
Enterprise Value	**3,281.6**	**3,615.2**
Less: Total Debt	153.9	153.9
Less: Non-controlling Interest	5.0	5.0
Plus: Cash and Cash Equivalents	382.4	382.4
Implied Equity Value	**3,505.1**	**3.838.8**
Weighted average number of shares outstanding	23.7	23.7
Implied Share Price	**147.6**	**161.6**
Average	**154.6**	

Source: Panalpina Q1 2019 results, KPMG analysis

The Enterprise Value ("EV") is the result of the DCF while all other items contributing to the EV-Equity reconciliation are derived from Panalpina's Q1 2019 financial statements. Those items include the following:

- Total debt: short- and long-term borrowings as of December 31, 2018, were used as first point of reference totalling CHF 156.0 million taking into account that KPMG adjusted Panalpina's cash flows to a pre IFRS 16 environment and therefore excluded any capital leases (totalling CHF 319.2 million). Short- and long-term borrowings decreased to CHF 153.9 million in the first quarter of 2019

- Non-controlling interest decreased from CHF 5.6 million to CHF 5.0 million
- Cash and cash equivalents: cash increased in the first quarter from CHF 287.0 million up to CHF 382.4 million
- Weighted average number of shares outstanding: the fully diluted number of outstanding shares was taken according to Panalpina's annual report 2018 and no changes until the Valuation Date totalling 23,748,000 fully diluted shares outstanding
- The following table shows a sensitivity analysis based on a WACC with 0% leverage and 25% leverage respectively and different Terminal Value Growth Rates

Table 4: Sensitivity Analysis

Sensitivity Analysis - Implied Share Price						
		Terminal Value Growth Rate				
		2.0%	2.2%	2.5%	2.7%	3.0%
WACC	7.1%	149.5	155.3	161.6	168.7	176.7
	7.6%	137.8	142.4	147.6	153.3	159.6

Source: KPMG analysis

4.2 Market approach

Under the market approach the enterprise value is estimated on the basis of the market capitalisation of comparable companies publicly listed on a stock exchange or on the basis of prices paid in transactions for comparable companies. The EBITDA multiples were not considered in case of Panalpina as the target constitutes a special case in which an early adopter of the IFRS 16 regulation generates potential distortions when it comes to the comparability of applicable leases expenses and liabilities compared to its peers.

4.2.1 Valuation Based on Comparable Companies (Trading Multiples)

This valuation approach uses financial ratios (e.g. enterprise value to sales) of comparable companies to estimate a potential enterprise value for Panalpina. The first step is to identify the right set of comparable companies. As the selection process is very critical for the valuation the potential peers must be as similar as possible to Panalpina in terms of the industry they operate in, size, geographical footprint, balance sheet structure, and profitability. A list of the chosen companies as well as a short description of their business can be found in the attachments.

The valuation is based on the median of the ratio of enterprise value to actual and forecasted sales and EBIT of the peer group.

Table 5: Valuation based on comparable companies

Panalpina Value using trading multiples						
	EV/Revenues			**EV/EBIT**		
	2018A	**2019F**	**2020F**	**2018A**	**2019F**	**2020F**
Median Peers	0.7x	0.7x	0.7x	13.9x	14.3x	13.3x
Implied share price Panalpina (CHF)	187.5	199.4	206.6	74.6	106.7	135.9

Source: Capital IQ, KPMG analysis

Table 5 shows the medians for the different multiples of the peer group and the implied share price of Panalpina. Based on the EV/Revenues multiples valuation Panalpina's implied share price ranges between CHF 187.5 and CHF 206.6, which is in line with the offer price of DSV. Compared to its competitors, Panalpina's EBIT margin was considerably lower in recent years. Therefore the implied share price of the EV/EBIT (2018) multiple is significantly below the offer price of DSV. Management expects the EBIT margin to increase in the upcoming years as shown by the higher valuation derived from forward EV/EBIT multiples for 2019 and 2020.

Within the trading multiples, the EBIT multiples constitute a more precise estimation of the target's share price as they are independent of capital structure, taxes, and any distortions that may arise from Depreciation and Amortisation. Revenue multiples, on the other hand, show a very broad range of values even though constant growth percentages were applied to Panalpina's revenues for the applicable period. Due to Panalpina's EBIT margin being considerably lower than that of its peers, and the limited comparability of revenue multiples, KPMG has not directly relied on the results of the valuation based on trading multiples but rather has used it for verification purposes.

4.2.2 Valuation Based on Precedent Transaction (Transaction Multiples)

For the precedent transactions method mergers and acquisitions similar to the one of interest are analysed. When applying this method it should be noted that transaction multiples may be distorted by transaction-specific elements. For example, the buyer might take potential synergies into consideration when submitting his bid; fiscal policies providing cheap capital can inflate prices. For these or other reasons, the significance of transaction multiples may be limited, yet they can provide an indication for the value of a company.

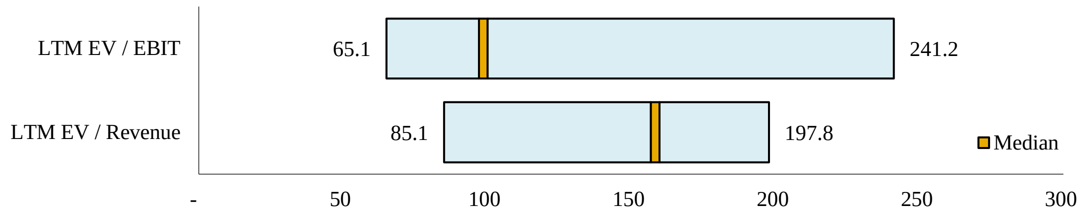
The main selection criteria for identifying comparable transactions include the following points:

- The target company is active in the same industry as Panalpina

- A change of control took place in the transaction
- Transaction in the period from 2013 to the Valuation Date
- Transaction price and key financial figures of the target company at the time of the transaction are known

The transaction details and the multiples are shown in Annex VII.

Figure 9 Valuation based on precedent transactions



Source: Capital IQ, KPMG analysis

Table 6: Valuation based on precedent transactions

Panalpina Value using precedent transactions		
	LTM EV / Revenue	LTM EV / EBIT
Median Transactions	0.6x	18.7x
Enterprise Value (CHFm)	3,500.9	2,084.9
Implied Share Price (CHF)	156.8	97.2

Source: Capital IQ, KPMG analysis

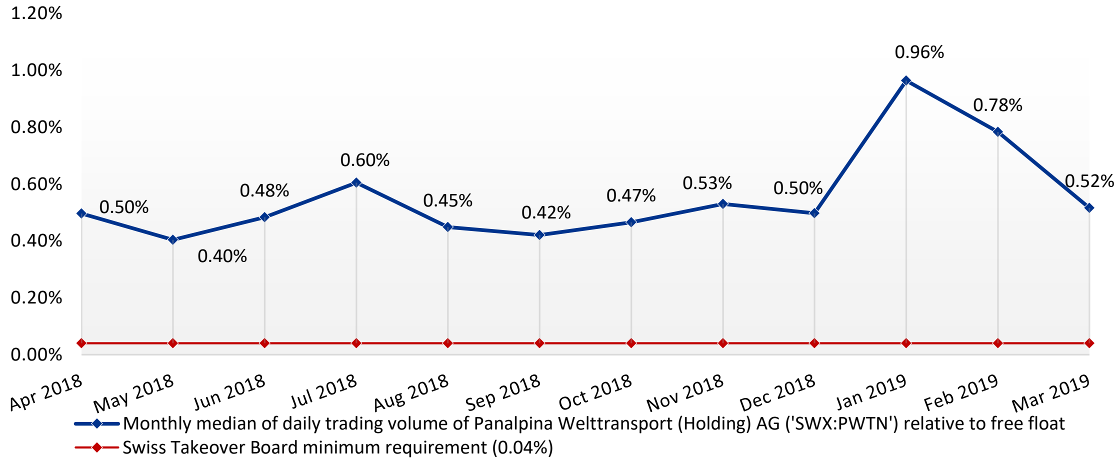
After taking into account the net financial position of the Company the equity value amounts to CHF 97.2 to CHF 156.8 per share. The implied value of the LTM EV/ EBIT multiple is lower for the same reason as highlighted previously, i.e. Panalpina’s low EBIT margin.

5 Liquidity and Share Price Analysis

5.1 Panalpina

The figure below shows the monthly median of daily trading volume of Panalpina shares relative to the free float over the last 12 months prior to the Valuation Date. The threshold of the Swiss Takeover Board is 0.04%, which was clearly exceeded in all of the 12 months. Thus Panalpina's shares are considered liquid.

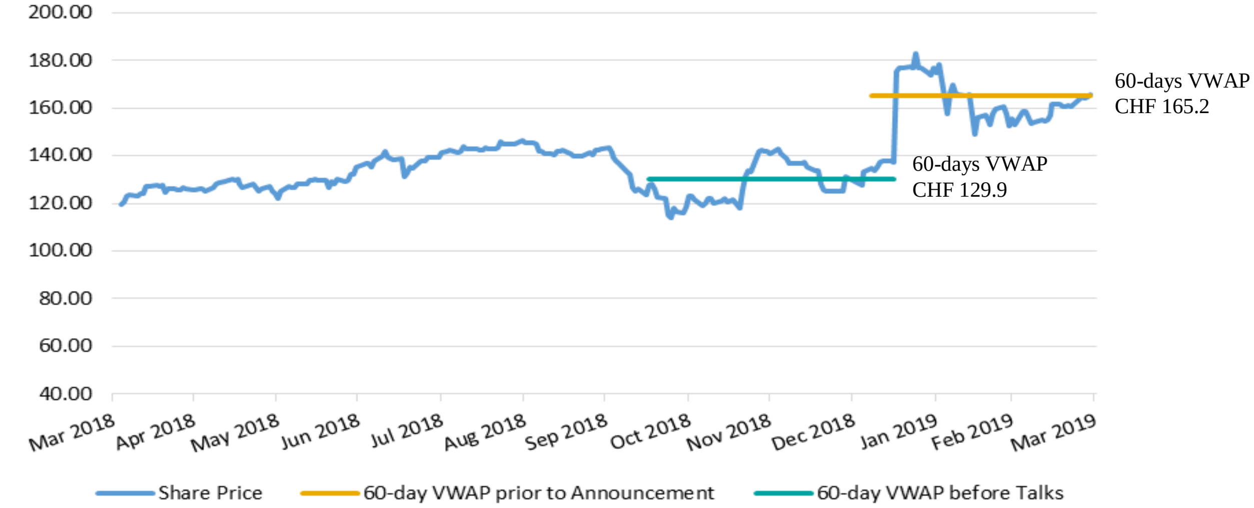
Figure 10: Analysis of trading liquidity of Panalpina World Transport (Holding) Ltd.



Source: Capital IQ, KPMG analysis

Figure 11 depicts the share price development of Panalpina over the last 12 months. On 31 March 2019 Panalpina's share costed CHF 165.80 which was an increase of 39% compared to 31 March 2018. In the period the highest share price was CHF 182.90 and the lowest CHF 114.10, reached on 23 January 2019 and 24 October 2018 respectively. Figure 11 moreover displays the VWAP of the 60 trading days prior to the valuation date (31 March 2019) and additionally the 60-day VWAP prior to DSV's unsolicited, non-binding approach to Panalpina (16 January 2019). The 60-day VWAP prior to the Valuation Date is CHF 165.17, reflecting an implied mark-up of 19% compared to the offer price of CHF 195.80. When considering the 60-day VWAP prior to the unsolicited, non-binding offer of DSV of CHF 129.9 the mark-up totals 51%.

Figure 11: Share price development of Panalpina World Transport (Holding) Ltd.



Source: Capital IQ, KPMG analysis

Table 7 presents the share prices of several equity research analysts for Panalpina prior to the Valuation Date. A target price can generally be taken as the value an equity research analyst expects a company's share price to reach within a 12-month timeframe on a theoretical basis and is approximately equivalent to a per-share valuation of the company.

Table 7: Target price of equity research analysts (CHF)

Report Date	Analyst	Price Target (CHF)
22 March 2019	RBC	140.0
04 March 2019	Kepler Cheuvreux	162.0
01 March 2019	Barclays	130.0
01 March 2019	Berenberg	130.0
28 February 2019	Deutsche Bank	109.0
28 February 2019	Mainfirst	180.0
28 February 2019	Jefferies	180.0
28 February 2019	Credit Suisse	174.0
Average		**150.6**
Median		**151.0**

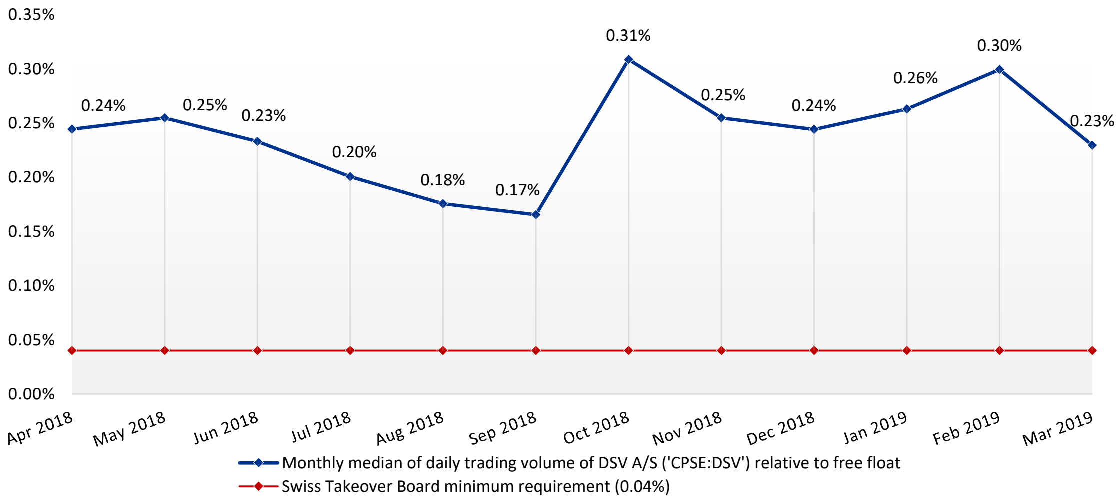
Source: Capital IQ, Analyst's reports, KPMG analysis

The target price ranges between CHF 109.0 and CHF 180.0 per share with a median of CHF 151.0.

5.2 DSV

The figure below shows the monthly median of daily trading volume of DSV shares relative to the free float over the last 12 months prior to the Valuation Date.

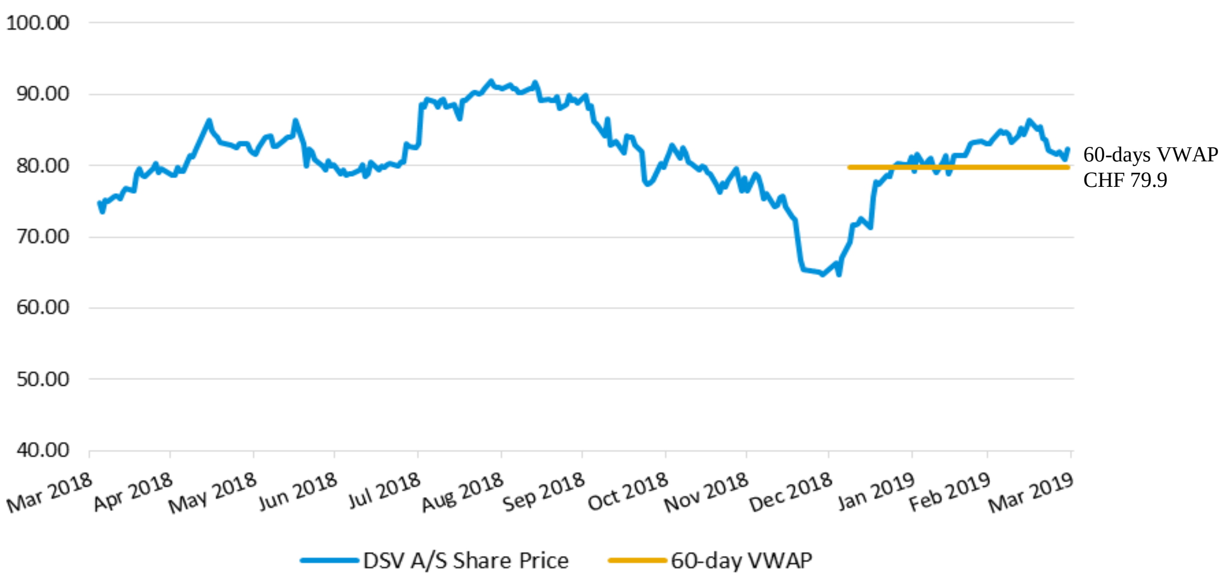
Figure 12: Analysis of trading liquidity of DSV A/S



Source: Capital IQ, KPMG analysis

The median trading volume of DSV shares exceeded in all 12 months the threshold of the Swiss Takeover Board. Hence DSV shares are considered to be liquid.

Figure 13: Share price development of DSV A/S

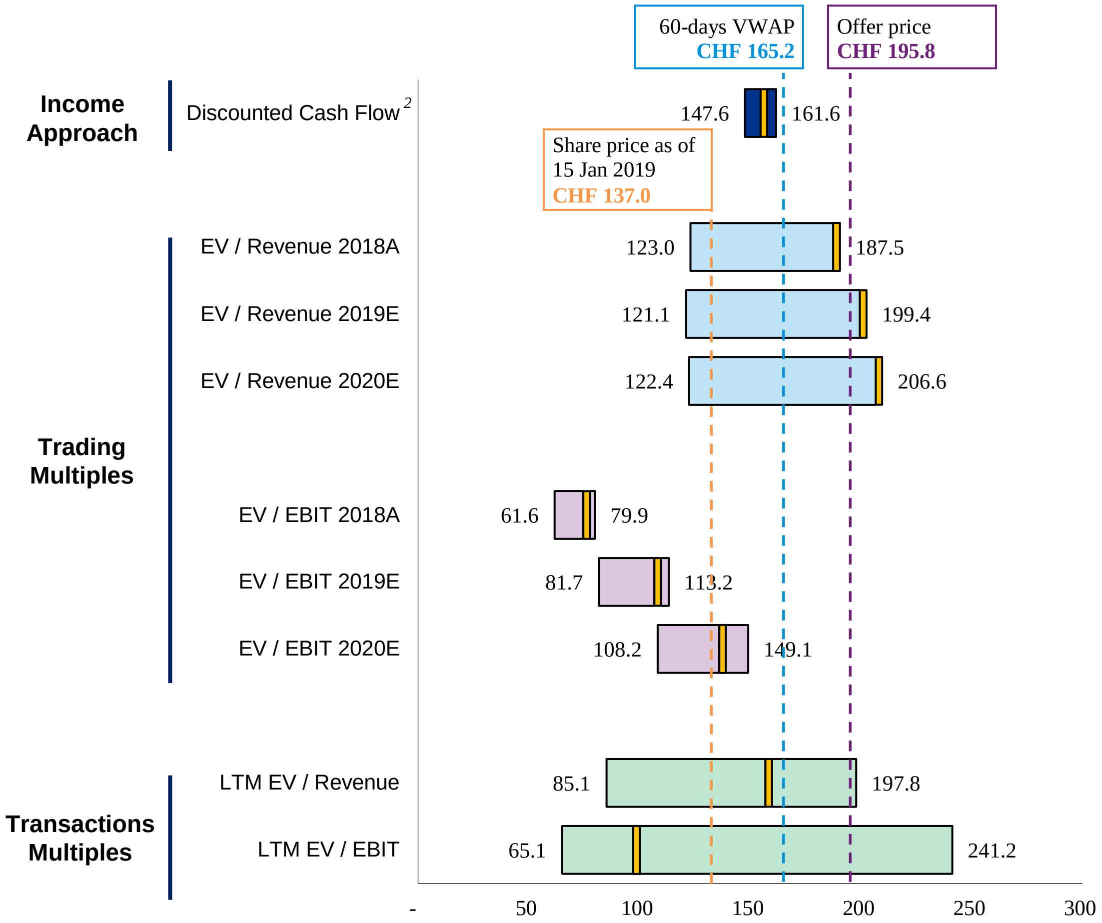


Source: Capital IQ, KPMG analysis

The figure above displays the share price development and the 60-day VWAP of DSV prior to the Valuation Date – both are converted into CHF at daily spot rates for comparison purposes. In that period the share price ranged between CHF 64.73 and CHF 91.84. On the day prior to the Valuation Date, DSV shares costed CHF 82.39 which is an increase of 10% compared to 31 March 2018. The 60-day VWAP prior to the Valuation Date is CHF 79.85, which is 3% lower than the closing price on 29 March 2019. Based on the 60-day VWAP and the exchange ratio of 2.375 DSV shares per Panalpina share the offer amounts to CHF 189.65. Yet, the price of DSV shares and the exchange rate (DKK/CHF) may change between the date of the valuation and the actual exchange for Panalpina shares. Price changes have an impact on the value of the share component of the offer and thus on the total value that the public shareholders ultimately receive for their shares in Panalpina.

6 Conclusion of the Fairness Opinion

Figure 14: Valuation summary (CHF per Panalpina share)



Source: Capital IQ, KPMG analysis

The chart above summarises the results of our valuation analysis. The range of values for Panalpina and the resulting value per registered share were determined primarily on the basis of the DCF method. In addition, selected market-based valuation methods were also carried out to verify the plausibility of the results of the DCF analysis.

Based on our analysis and valuation assessment, the following results can be observed:

- The DCF analysis results in a value range of CHF 147.6 to CHF 161.6 per share which corresponds to a premium against the offer price of CHF 195.8 per share of 32.7% and 21.1%,

[2] The range for the DCF result is based on a sensitivity of LTGR (2.0% to 3.0%) and a WACC from 7.1% to 7.6% (see Annex IV)

respectively

- The 60-day VWAP as of the Valuation Date is CHF 165.2. It should however been noted that the 60-day VWAP as of the Valuation Date had already been substantially influenced by takeover speculations triggered by the initial DSV announcement that they had made an indicative and private proposal to Panalpina's board of directors to acquire Panalpina. The closing share price as of 15 January 2019, the day before Panalpina's statement on the indicative and private proposal of DSV was CHF 137.0 per share. Compared to closing share price as of 15 January 2019 the premium against the offer price of CHF 195.8 per share amounts to 42.9%
- Panalpina equity research analysts identified target prices of CHF 109.0 to CHF 180.0 per share on a stand-alone basis
- As discussed, market multiples provide a limited view on the value of a company due to the lack of comparability, e.g. on profitability or growth expectations. However, the transaction and trading multiples clearly support the result of the DCF analysis in the given case
- The current offer of CHF 195.8 per Panalpina share, based on the agreed exchange rate of 2.375 DSV share per Panalpina share and DSV's price per share as of the Valuation Date, represents a premium of 18.5% to the 60-day VWAP as of the Valuation Date and of 50.7% to the 60-day VWAP prior to the initial DSV announcement

Based on valuation range of CHF 147.6 to CHF 161.6 per Panalpina share resulting from the DCF analysis, **DSV's offer of CHF 195.8 per Panalpina share[3] is considered financially fair and adequate as per the Valuation Date**.

KPMG AG

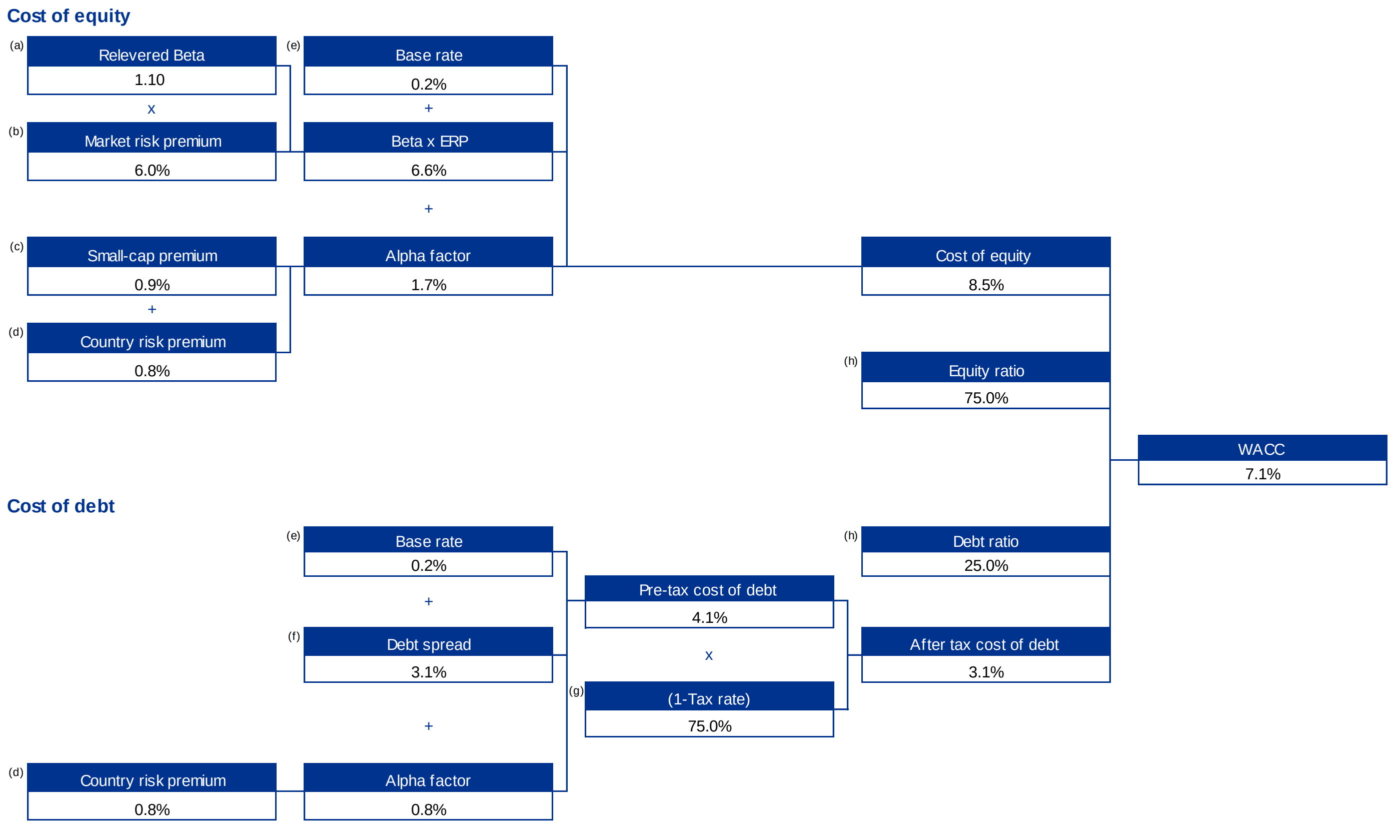
Johannes Post	Rolf Langenegger
Partner	Director

[3] Based on DSV share price and DKK/CHF exchange rate as of the Valuation Date (31 March 2019). Please note that potential future fluctuations of DSV's share price and of the DKK/CHF exchange rate might influence the effective offer price and are not taken into considering in this analysis.

Annex

7 Annex

7.1 Annex I: WACC calculation (lower bound, 25% leverage)



Source: Capital IQ, KPMG analysis

Notes:

(a) Beta is based on analysis of 2-year weekly betas (source: Capital IQ) for the peer group companies. Relevered beta uses median capital structure of the peer group

(b) The market risk premium was selected based on KPMG's analysis of data from Banque Pictet & Cie covering most recent equity returns in capital markets as well as other articles, academic studies and surveys that attempt to quantify the market risk premium for common stocks

(c) The small-cap premium reflects the historical incremental return on small-cap stocks as published in the 2019 Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook from Duff&Phelps

(d) A revenues weighted country risk premium has been added according to KPMG Country Risk Study as at 31 March 2019 (updated quarterly)

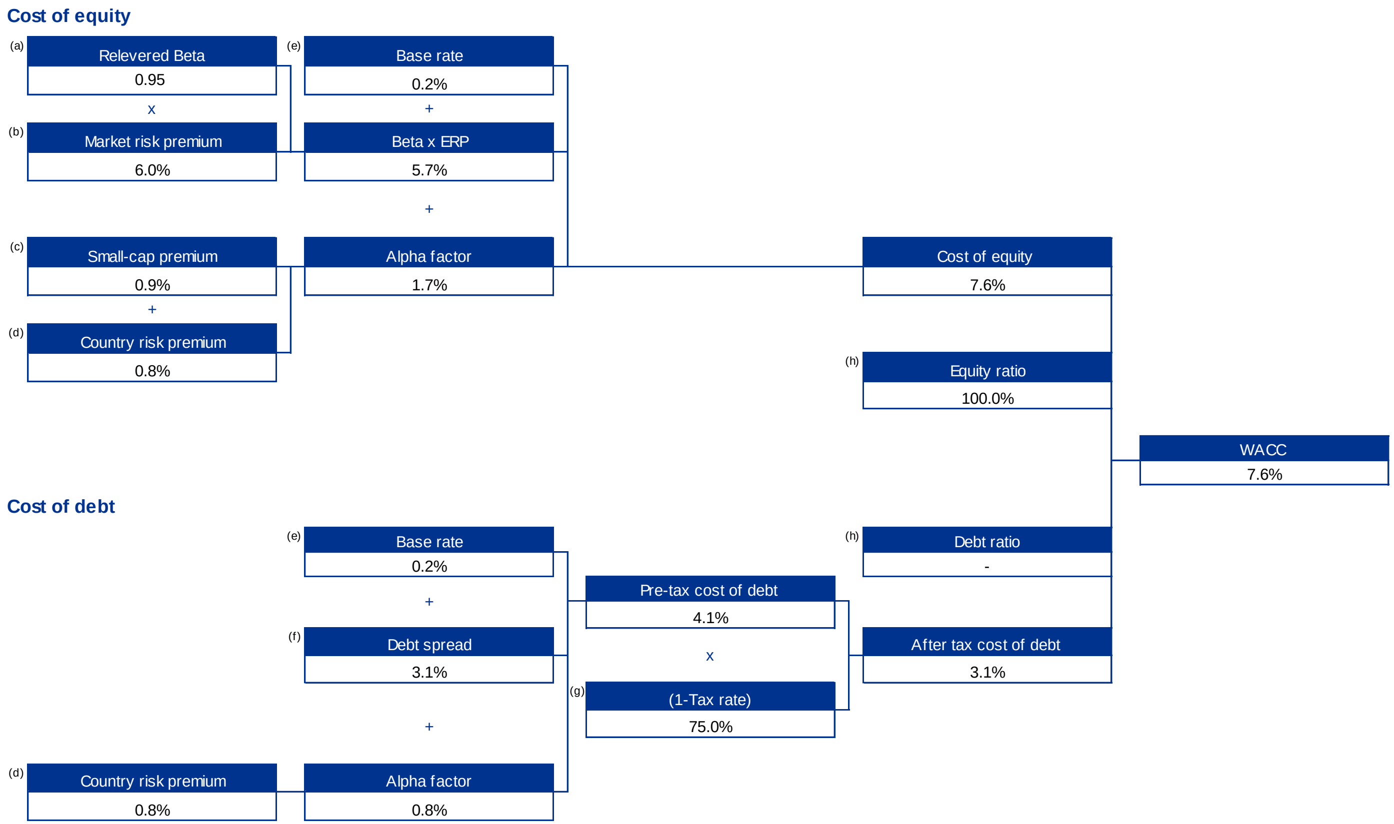
(e) Determination of a present value-equivalent uniform interest rate based on the yield curve of the SNB

(f) The debt spread is based on the median of the peer group

(g) Tax rate as provided by Management

(h) The capital structure is based on the median peer group capital structure

7.2 Annex II: WACC calculation (upper bound, 0% leverage)



Notes:

(a) Beta is based on analysis of 2-year weekly betas (source: Capital IQ) for the peer group companies. Relevered beta uses Panalpina's current capital structure

(b) The market risk premium was selected based on KPMG's analysis of data from Banque Pictet & Cie covering most recent equity returns in capital markets as well as other articles, academic studies and surveys that attempt to quantify the market risk premium for common stocks

(c) The small-cap premium reflects the historical incremental return on small-cap stocks as published in the 2019 Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook from Duff&Phelps

(d) A revenues weighted country risk premium has been added according to KPMG Country Risk Study as at 31 March 2019 (updated quarterly)

(e) Determination of a present value-equivalent uniform interest rate based on the yield curve of the SNB

(f) The debt spread is based on the median of the peer group

(g) Tax rate as provided by Management

(h) The capital structure is based on Panalpina's current capital structure

7.3 Annex III: Beta derivation

2-year weekly equity beta

Peer group			**Levered beta**	**Net debt / total capital**	**Net debt / equity**	**Debt spread**	**Unlevered beta**
Company name		**Geographic location**	2-year period weekly returns	Year-end balances	Year-end balances	Year-end balances	2-year period weekly returns
Kuehne + Nagel International AG		Switzerland	0.89	1.03%	1.04%	1.64%	**0.88**
XPO Logistics, Inc.		United States	1.22	40.54%	68.18%	3.09%	**0.93**
Expeditors International of Washington, Inc.		United States	1.07	0.00%	0.00%	1.16%	**1.07**
Forward Air Corporation		United States	1.07	1.16%	1.18%	1.16%	**1.06**
Kintetsu World Express, Inc.		Japan	1.44	42.58%	74.16%	3.09%	**1.05**
Hitachi Transport System, Ltd.		Japan	0.85	27.25%	37.46%	3.09%	**0.76**
Nippon Express Co., Ltd.		Japan	1.01	35.57%	55.20%	3.09%	**0.83**
Kawasaki Kisen Kaisha, Ltd.		Japan	1.18	77.98%	354.06%	6.00%	**1.04**
DSV A/S		Denmark	0.96	6.50%	6.96%	1.30%	**0.91**
Minimum			0.85	0.00%	0.00%	1.16%	**0.76**
Median			**1.07**	**27.25%**	**37.46%**	**3.09%**	**0.93**
Mean			1.08	25.85%	66.47%	2.62%	**0.95**
Maximum			1.44	77.98%	354.06%	6.00%	**1.07**
Panalpina Welttransport (Holding) AG	including IFRS 16 liabilities	Switzerland	1.07	3.30%	3.41%	2.43%	**1.05**
Panalpina Welttransport (Holding) AG	excluding IFRS 16 liabilities	Switzerland	1.07	0.00%	0.00%	2.43%	**1.07**

Source: Capital IQ, KPMG analysis

7.4 Annex IV: Sensitivity analysis

Sensitivity Analysis - Enterprise Value						
		Terminal Value Growth Rate				
		2.0%	2.2%	2.5%	2.7%	3.0%
WACC	7.1%	3,327.9	3,464.2	3,615.2	3,783.4	3,971.8
	7.6%	3,047.8	3,159.2	3,281.6	3,416.4	3,565.9

Source: Capital IQ, KPMG analysis

Sensitivity Analysis - Implied Share Price						
		Terminal Value Growth Rate				
		2.0%	2.2%	2.5%	2.7%	3.0%
WACC	7.1%	149.5	155.3	161.6	168.7	176.7
	7.6%	137.8	142.4	147.6	153.3	159.6

Source: Capital IQ, KPMG analysis

Note:

The above sensitivity tables are based on a capital structure of Net Debt/Total Capital of 0.0% (WACC 7.1%) and of 25.0% (WACC 7.6%).

7.5 Annex V: Overview Comparable Companies

Comparable Companies	
Name	**Description**
Ceva Logistics AG	Ceva Logistics AG, a non-asset-based supply chain management company, designs and implements solutions in freight management and contract logistics. It offers contract logistics services, such as aftermarket, inbound, lead, and outbound logistics services. The company also provides air freight solutions; ocean freight services, including less-than-container load and full-container load shipments, as well as ocean freight management, break-bulk, project forwarding, and partial and full charter services; ground solutions; and supply chain solutions. It serves automotive, consumer and retail, energy, healthcare, industrial and aerospace, and technology sectors worldwide. Ceva Logistics AG is based in Baar, Switzerland. As of March 14, 2019, Ceva Logistics AG operates as a subsidiary of CMA CGM S.A.
Kuehne + Nagel International AG	Kuehne + Nagel International AG, together with its subsidiaries, provides integrated logistics services worldwide. The company operates through four segments: Seafreight, Airfreight, Overland, and Contract Logistics. It provides airfreight services; seafreight services, including full and less than container loads, intra Europe/short sea intermodal solutions integration with carriers, flexible schedules, blue anchor line agent, cargo insurance, and customs clearance services, as well as online booking online, tracking, and tracing of shipment services; and overland transportation and contract logistics services. The company also offers export and import documentation, door-to-door, and logistics supply movement arrangement services. It serves aerospace, automotive, FMCG, high-tech, oil and gas, pharma and healthcare, retail, industrial, emergency and relief logistics, drinks logistics, forest products, hotel and marine logistics, foodservice, insurance, and project logistics sectors. The company was founded in 1890 and is based in Schindellegi, Switzerland. Kuehne + Nagel International AG is a subsidiary of Kuehne Holding AG.
XPO Logistics, Inc.	XPO Logistics, Inc. provides transportation and logistics services in the United States, North America, France, the United Kingdom, Europe, and internationally. The company's Transportation segment offers freight brokerage services comprising truck brokerage, intermodal, drayage, and expedite services; last mile services, primarily asset-light; density and day-definite regional, inter-regional, and transcontinental less-than-truckload freight services; full truckload services for transactional transportation of packaged goods, high cube products, and bulk goods; logistics services for domestic, cross-border, and international shipments; and managed transportation services. Its Logistics segment offers a range of contract logistics services, including value-added warehousing and distribution, e-commerce fulfillment, cold chain solutions, reverse logistics, packaging and labeling, factory support, aftermarket support, inventory management and personalization services; and engineered and customized solutions and supply chain optimization services; The company offers its services to customers in various industries, such as retail, e-commerce, food and beverage, consumer packaged goods. XPO Logistics, Inc. was founded in 1996 and is based in Greenwich, Connecticut.

Source: Capital IQ, KPMG analysis

Comparable Companies	
Name	**Description**
Aramex PJSC	Aramex PJSC, together with its subsidiaries, engages in the freight, express, logistics, and supply chain management businesses in the Middle East and internationally. The company operates through five segments: International Express, Freight Forwarding, Domestic Express, Logistics, and Other Operations. The International segment provides delivery of small packages to retail and wholesale customers. The Freight Forwarding segment engages in the forwarding of loose or consolidated freight through air, land, and ocean transport; and provision of warehousing, customer clearance, and break bulk services. The Domestic Express segment is involved in the express delivery of small parcels; and pickup and delivery of shipments. The Logistics segment provides warehousing and its management distribution, supply chain management, inventory management, and other value added services. The Other Operation segment offers catalogue shipping services, document storage, airline ticketing and travel, and visa services, as well as publication and distribution services. It also provides e-commerce, logistics, business, drop and ship, shop and ship, and information management solutions, as well as operates a developer solutions center. Aramex PJSC was founded in 1982 and is headquartered in Dubai, the United Arab Emirates.
Expeditors International of Washington, Inc.	Expeditors International of Washington, Inc. provides logistics services in the Americas, North Asia, South Asia, Europe, the Middle East, Africa, and India. The company offers airfreight services, such as air freight consolidation and forwarding; ocean freight and ocean services, including ocean freight consolidation, direct ocean forwarding, and order management; customs brokerage, intra-continental ground transportation and delivery, and warehousing and distribution services; and customs clearance, purchase order management, vendor consolidation, time-definite transportation services, temperature-controlled transit, cargo insurance, and other logistics solutions. It acts as a freight consolidator or as an agent for the airline, which carries the shipment. The company also provides ancillary services that include preparation of shipping and customs documentation, packing, crating, insurance services, negotiation of letters of credit, and the preparation of documentation to comply with local export laws. Its customers include retailing and wholesaling, electronics, and industrial and manufacturing companies. Expeditors International of Washington, Inc. was founded in 1979 and is headquartered in Seattle, Washington.
Forward Air Corporation	Forward Air Corporation, together with its subsidiaries, operates as an asset-light freight and logistics company in the United State and Canada. The company operates through four segments: Expedited Less-Than-Truckload (LTL), Truckload Premium Services (TLS), Intermodal, and Pool Distribution (Pool). The Expedited LTL segment provides expedited regional, inter-regional, and national LTL services, as well as local pick-up and delivery services. It also offers shipment consolidation and deconsolidation, warehousing, final mile, customs brokerage, and other handling services. This segment provides its transportation services through a network of terminals located at or near airports. The TLS segment offers expedited truckload brokerage, dedicated fleet, and high security and temperature-controlled logistics services. The Intermodal segment provides intermodal container drayage services; and contract, and container freight station warehouse and handling services. The Pool segment offers high-frequency handling and distribution of time-sensitive products to various destinations. Forward Air Corporation was founded in 1981 and is headquartered in Greeneville, Tennessee.

Source: Capital IQ, KPMG analysis

Comparable Companies	
Name	**Description**
Kintetsu World Express, Inc.	Kintetsu World Express, Inc., together with its subsidiaries, provides air freight forwarding, sea freight forwarding, customs brokerage, logistics, and other services in Japan, the Americas, Europe, the Middle East, Africa, East Asia, Oceania, and Southeast Asia. The company offers air freight services, including air freight forwarding services, trucking services for pick-up and delivery, customs brokerage, and customized packing services, as well as precision machinery installation services. It also provides sea freight services comprising sea freight forwarding, container drayage, trucking for pick-up and delivery, customs brokerage, buyer's consolidation, and PO management services. In addition, the company offers contract logistics services comprising PO and inventory control management services, cross dock and call center operations, assembly works, products inspections, vendor managed inventory, etc.; logistics consulting services; truck, trailer, and rail transportation services; and finished vehicles and auto parts transportation services. Further, it provides temporary staffing primarily for logistic and trading businesses; transports art objects and other materials for events and exhibitions; and offers hand carry services. Kintetsu World Express, Inc. was founded in 1948 and is headquartered in Tokyo, Japan.
Agility Public Warehousing Company K.S.C.P.	Agility Public Warehousing Company K.S.C.P., together with its subsidiaries, engages in the provision of logistics and related services in the Middle East, Europe, Asia, the United States, and Africa. It operates through two segments, Logistics and Related Services, and Infrastructure. The company offers air freight, ocean freight, and road freight forwarding services; supply chain solutions for business needs; warehousing and distribution services; and systems and technologies for shipment tracking, shipment management, and inventory management. It also provides specialized logistics services for the chemical industry, and defense and government sectors; and project, and fairs and events logistics services. In addition, the company offers waste recycling, airport and airplane ground handling and cleaning, and industrial real estate services. Further, it is involved in the provision of customs consulting, contract logistics, and other transportation services; and logistics services for automotive, consumer goods, energy and petrochemicals, pharmaceuticals and life science, fashion and retail, and technology industries, as well as private equity activities. The company was founded in 1979 and is headquartered in Safat, Kuwait.
Hitachi Transport System, Ltd.	Hitachi Transport System, Ltd. provides third party logistics services for corporate customers in Japan and internationally. The company offers domestic logistics services, such as logistics system integration, information control, inventory control, order control, distribution center operation, factory logistics, transportation, and delivery services, as well as value added services. Its domestic logistics services also include transportation, installation, and setting of general cargo, heavy machineries, and artworks; factory and office moving services; warehousing and trunk room services; and collection and transportation of industrial waste. The company also provides global logistics services comprising customs clearance, as well as international multimodal transportation by surface, ocean, and air; overseas logistics; and air cargo sales agent services. In addition, it is involved in logistics consulting, logistics system designing and development, information system development, computer sales, travel agency, real estate agent, and driving school businesses; and the provision of automobile sale, maintenance, and inspection services. The company was formerly known as Hitachi Express Co., Ltd. and changed its name to Hitachi Transport System, Ltd. in July 1985. Hitachi Transport System, Ltd. was founded in 1950 and is headquartered in Tokyo, Japan.

Source: Capital IQ, KPMG analysis

Comparable Companies	
Name	**Description**
Nippon Express Co., Ltd.	Nippon Express Co., Ltd. provides logistics services. It offers rail freight forwarding, truck transportation, truck freight forwarding, marine transportation, coastal shipping, harbor transportation, NVOCC marine transportation, air freight forwarding, and other transportation and forwarding services. The company provides freight transportation consignment, warehousing, construction, customs-clearance, freight collection and settlement, and air freight forwarding agency services, as well as non-life insurance agency services. In addition, it engages in the packing; packaging, labeling, and storage business for pharmaceuticals, quasi-pharmaceuticals, cosmetics, and medical equipment; travel agency business; the transportation, construction, and installation of heavy goods and various incidental business; sale, purchase, and lease of real estate; security and general worker dispatching business; waste management operations; delivery activities; collection and processing of logistics information; and sale of goods and commodities. Further, the company is involved in investing and financing of various businesses. It operates in Japan, The Americas, Europe, East Asia, South Asia and Oceania, and Africa. The company was founded in 1872 and is headquartered in Tokyo, Japan.
Kasaki Kisen Kaisha, Ltd.	Kawasaki Kisen Kaisha, Ltd. provides marine, land, and air transportation services in Japan and internationally. It operates through Containership, Bulk Shipping, Offshore Energy E&P Support and Heavy Lifter, and Other segments. The company offers containership services; dry bulk carrier services comprising transport of raw materials, such as coal, iron ore, wheat, soybeans, corn, woodchips, and pulp; car carrier services; liquefied natural gas (LNG) carrier services; marine transport of crude oil, oil derivatives, and liquefied petroleum gas (LPG) products through tankers; offshore support vessel services; offshore drilling services; and floating production storage and offloading services. It also offers logistics services, including air and sea freight forwarding, land transportation, warehousing, and buyer's consolidation services; and operates container terminals. The company operates a fleet of 65 containership vessels; 243 dry bulk carriers; 96 car carriers; 70 oil tankers; and 56 RORO vessels. Kawasaki Kisen Kaisha, Ltd. was founded in 1919 and is headquartered in Tokyo, Japan.
DSV A/S	DSV A/S provides transport and logistics services in Europe, the Middle East, Africa, North America and South America, Asia, Australia, and the Pacific. The company operates through three segments: Air & Sea, Road, and Solutions. The company offers air and sea freight services, including standard freight, compliance, and carrier services, as well as container and sea-air freight services. It also provides road freight services, such as part and full loads, groupage, specialized transport, and document handling services, as well as online services comprising track and trace, and e-services. In addition, the company offers logistics solutions, including automotive, consumer products, healthcare, high-tech, and industrial logistics solutions; and warehousing and inventory management solutions. Further, it provides value added services comprising purchase order management, pick-and-pack, cargo consolidation, customs clearance, etc.; and e-fulfilment, receiving order, picking and packing, and handling returns solutions. The company was formerly known as DSV, De Sammensluttede Vognmænd af 13-7 1976 A/S and changed its name to DSV A/S in 2003. DSV A/S was founded in 1976 and is headquartered in Hedehusene, Denmark.

Source: Capital IQ, KPMG analysis

7.6 Annex VI: Trading multiples

Trading multiples

USDm				EV/Revenues			EV / EBITDA			EV / EBIT		
Company Name	**Country**	**Enterprise Value**	**Market cap**	**2018A**	**2019F**	**2020F**	**2018A**	**2019F**	**2020F**	**2018A**	**2019F**	**2020F**
Ceva Logistics AG	Switzerland	2,908	1,675	0.4x	0.4x	0.4x	13.3x	10.0x	9.2x	37.6x	16.9x	14.9x
Kuehne + Nagel International AG	Switzerland	15,156	15,367	0.7x	0.7x	0.7x	12.3x	11.4x	10.6x	15.0x	15.3x	14.1x
XPO Logistics, Inc.	United States	11,466	7,241	0.7x	0.6x	0.5x	7.8x	6.1x	5.6x	14.9x	11.7x	10.3x
Aramex PJSC	United Arab Emirates	1,722	1,710	1.3x	1.2x	1.1x	8.2x	7.8x	7.2x	9.7x	9.1x	8.4x
Expeditors International of Washington, Inc.	United States	10,763	11,752	1.4x	1.4x	1.3x	13.0x	13.5x	12.8x	13.9x	14.5x	13.7x
Forward Air Corporation	United States	1,614	1,602	1.3x	1.3x	1.2x	10.4x	10.7x	9.7x	14.0x	14.3x	12.9x
Kintetsu World Express, Inc.	Japan	1,931	1,064	0.4x	0.4x	0.4x	6.6x	6.5x	6.4x	10.5x	10.6x	10.2x
DSV A/S	Denmark	12,595	11,728	1.1x	1.3x	1.2x	14.1x	11.5x	11.0x	15.6x	17.0x	16.0x
Agility Public Warehousing Company K.S.C.P.	Kuwait	4,438	3,821	0.9x	0.8x	0.8x	9.6x	8.9x	8.0x	12.9x	12.0x	10.7x
Hitachi Transport System, Ltd.	Japan	4,109	3,172	0.6x	0.7x	0.6x	8.4x	9.0x	8.7x	13.2x	14.8x	14.3x
Nippon Express Co., Ltd.	Japan	7,373	5,355	0.4x	0.4x	0.4x	6.4x	6.1x	6.3x	11.1x	10.2x	10.9x
Kawasaki Kisen Kaisha, Ltd.	Japan	5,370	1,146	0.6x	0.7x	0.7x	36.5x	22.3x	10.8x	NM	NM	33.8x
Min.		1,614	1,064	0.4x	0.4x	0.4x	6.4x	6.1x	5.6x	9.7x	9.1x	8.4x
Median		4,904	3,497	**0.7x**	**0.7x**	**0.7x**	**10.0x**	**9.5x**	**9.0x**	**13.9x**	**14.3x**	**13.3x**
Max		15,156	15,367	1.4x	1.4x	1.3x	36.5x	22.3x	12.8x	37.6x	17.0x	33.8x

Source: Capital IQ, KPMG analysis

7.7 Annex VII: Transaction multiples

Transaction multiples

M&A Closed Date	Target	Buyers	Total Transaction Value (CHFm)	Implied Enterprise Value/Revenues	Implied Enterprise Value/EBITDA	Implied Enterprise Value/EBIT
4/2/2019	Ceva Logistics AG	CMA CGM S.A.	784	0.4x	14.8x	41.5x
12/3/2018	CaseStack, Inc.	Hub Group, Inc.	256	1.1x	11.6x	-
7/26/2016	LGI Logistics Group International GmbH	Elanders AB (publ)	278	0.6x	8.9x	-
3/9/2016	InterBulk Group Limited	Den Hartogh Holding B.V.	154	0.4x	6.5x	12.8x
6/8/2015	XPO Logistics Europe SA	XPO Logistics, Inc.	2,883	0.7x	10.6x	19.2x
4/2/2015	Wheels Group Inc.	Radiant Global Logistics Ltd.	74	0.3x	13.5x	101.2x
9/2/2014	XPO Logistics Supply Chain, Inc.	XPO Logistics, Inc.	558	1.0x	8.0x	-
5/12/2014	One Stop Logistics, Inc.	Echo Global Logistics, Inc.	33	0.7x	8.7x	-
3/31/2014	XPO Intermodal, Inc.	XPO Logistics, Inc.	301	0.3x	11.8x	18.2x
11/3/2017	YTO Express (International) Holdings Limited	YTO Express Group Co.,Ltd.	153	0.6x	40.6x	61.2x
1/4/2018	Fliway Group Limited	Yang Kee Logistics Pte Ltd	45	0.7x	8.3x	11.6x
12/14/2017	Yusen Logistics Co., Ltd.	Nippon Yusen Kabushiki Kaisha	203	0.2x	13.1x	52.0x
5/28/2015	Toll Holdings Limited	JAPAN POST BANK Co.,Ltd.	6,585	0.9x	12.0x	19.6x
3/13/2015	Shinhung Global Co., Ltd.	Shinsung Delta Tech Co.,Ltd.	45	0.2x	5.7x	6.3x
3/2/2015	Pantos Logistics Co.,Ltd	LG International Corp.	302	0.3x	6.1x	7.1x
4/1/2013	CJ GLS Corporation	CJ Logistics Corporation	1,029	0.6x	11.8x	15.3x
25th quartile				0.3x	8.1x	11.9x
Median				**0.6x**	**11.1x**	**18.7x**
75th quartile				0.7x	12.9x	49.4x

Source: Capital IQ, KPMG analysis