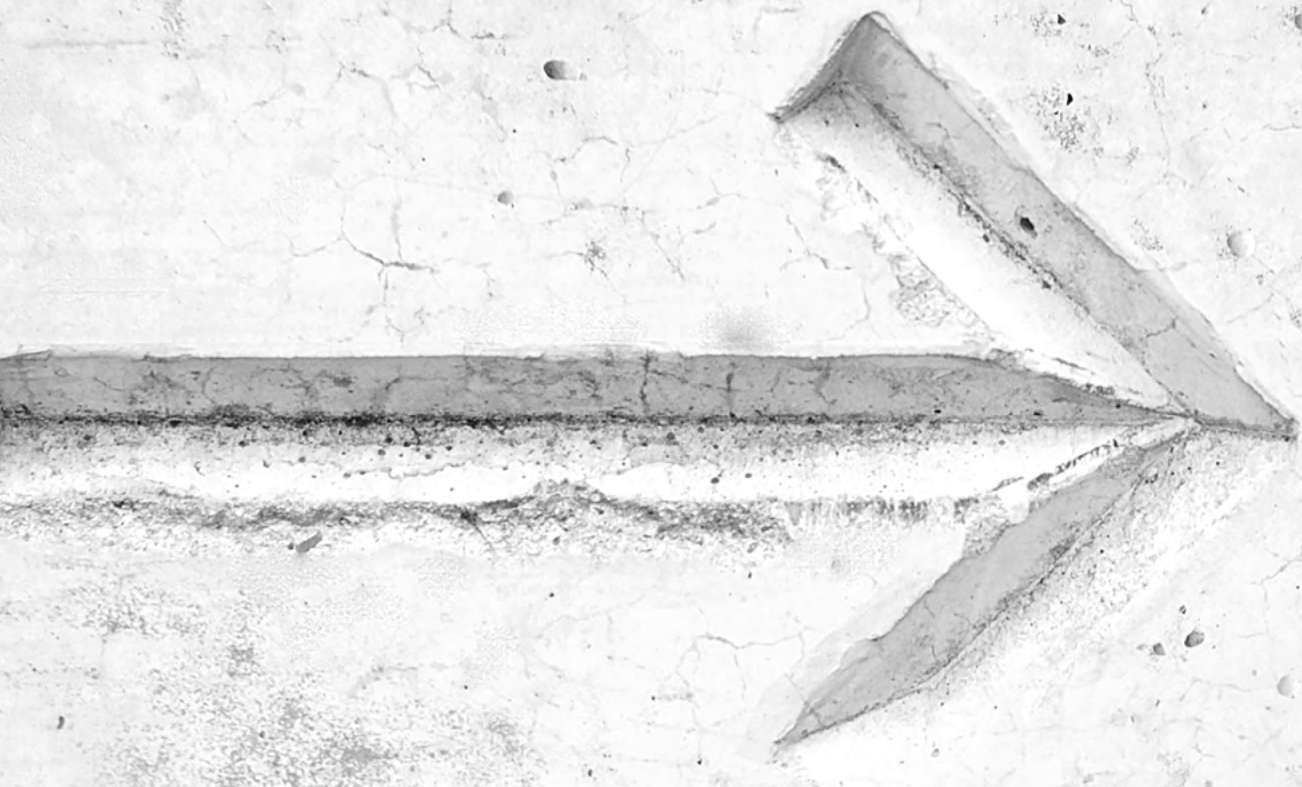


forward

RÖHLIG ANNUAL REPORT 2018



RÖHLIG LOGISTICS

“I WOULD LIKE TO THANK ALL OUR RÖHLIG EMPLOYEES

worldwide for the tremendous commitment you showed once again last year. You are the guarantors of our promise to the customer to provide excellent service and you ensure time and time again that this promise is kept.”

PHILIP W. HERWIG
MANAGING PARTNER



DEAR SIR OR MADAM,

dear customers, dear business part

Last year, we continued to develop not only our business operations but also the structures and processes throughout our company so as to reflect the needs of our customers.

I have had overall management responsibility for Röhlig for four years now. During this time, we have successfully implemented Blue Future, our comprehensive programme for growth. The transformation of business through digital technology, which is now keeping all sectors of the economy busy, challenged us at an early stage to make much greater use of these new digital opportunities. Added to this there was the issue of growing competition and the ever increasing expectations of our customers. All of this showed us that we have to become even faster, even better and even more flexible. With Blue Future, we set ourselves the right goals and have succeeded in achieving them as planned.

At the same time, by improving our cost management, we have strengthened our earning power and, with the help of improved processes, have achieved a noticeable increase in our efficiency. And the most recent figures, which we are publishing in this annual report, demonstrate this. Following the inevitably somewhat weaker figures during our transition years, our profitability is at a normal level again. What also helps us in this is our extended business base. Last year, for example, we acquired numerous new customers again.

The title of this year's report, "Forward", clearly indicates where we are headed. We intend, namely, to achieve a lot over the coming years. By 2030, we want to become one of the world's leading independent providers of solutions for freight and

- owner-operated
- independent
- in touch with local markets

With more than 2,300 employees worldwide, we develop tailor-made solutions for our customers in the areas of air freight, sea freight, project logistics and contract logistics. We combine the professionalism of a large company with the values of a family business.

Key performance figures

CONSOLIDATED COMPANIES

in EUR m	2018	2017
Turnover incl. duties and taxes	910.9	871.0
Gross profit	143.9	133.9
EBIT	10.2	2.2
Total assets	148.0	158.1



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contract logistics. We are working on this vision of being a leading global freight forwarder in specific stages. The first of these stages will run until 2021 and will be strongly influenced by our new strategy programme Blue Star.

The realisation of our Vision 2030 sounds much further away than it is. A global freight forwarder needs a global presence. We already have this. With our worldwide network, we are available to provide reliable service to our customers on all continents. In the years to come, it will be important to expand this network and our services whilst maintaining the high standards that our customers have come to expect from us. Today, we have more than 2,300 employees in more than 30 countries working intensively to achieve this.

One of our key strengths as we work towards this vision will continue to be our independence. As an economically stable, owner-operated company, we determine at all times the speed of our development and the specific steps we wish to take.

I would like to thank you, our customers and partners, for the trust you have once again placed in us over this last year. This is of especial value in times of change.

I look forward to working with you to meet the challenges ahead.



Philip W. Herwig
Managing Partner

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TOGETHER

If you believe in me like I believe in you, they will remember us.



GOALS ACHIEVED

With teamwork and a high level of commitment from each and every employee, we have successfully achieved the goals of our Blue Future programme for growth during the last three years:

1. GROWTH TARGET MET

By implementing our Blue Future programme, we have increased our gross profit by almost 30 per cent. This has been accompanied by a continuous expansion of our freight volumes on numerous routes and the creation of new trade lanes.

2. COMPANY RESTRUCTURED

The company has been systematically restructured according to products and markets so that we can offer specific logistics solutions and can be responsive to local customer requirements.

3. GLOBAL KEY ACCOUNT MANAGEMENT ESTABLISHED

In order to provide even better service to our major international customers and also simplify our communication with them, today we use experienced key account managers who provide cross-regional support.

4. SALES STRATEGY SUCCESSFULLY DEVELOPED

We have increased our relevance to major customers and have won over further big names for Röhlig. What is decisive for these customers is our independence, our portfolio of products and services and the quality of our global network.

5. NEW MARKETS ENTERED IN ASIA AND LATIN AMERICA

We have successfully entered new markets in northern China, Malaysia, Indonesia, Vietnam, Taiwan and Mexico. In so doing, Röhlig is covering further important markets and trading places and

is prepared for shifts in patterns of trade on the global market.

6. ALLIANCES WITH CORE CARRIERS STRENGTHENED

With the help of strategic partnerships with our core carriers, we are able to offer our customers attractive products and services. Capacities are ensured and transport costs are significantly lowered for our customers.

7. CONTRACT LOGISTICS FURTHER DEVELOPED

In Australia, Germany, Hong Kong/southern China, New Zealand and South Africa, we have significantly developed our burgeoning contract logistics business and have made corresponding investments in new storage capacities.

8. BASIS FOR DIGITAL SOLUTIONS CREATED

By standardising processes and systems and with our own Röhlig Blue Core Data Hub, we have created the key prerequisites for offering technology and data services to both customers and carriers.

9. DATA AND TECHNOLOGY SERVICES EXPANDED

With our interactive track & trace system Röhlig Real Time with its new booking platform, and with our vendor management system Sirius, we have achieved a sustainable expansion in the digital services we offer our customers.

10. PROCESS EFFICIENCY IMPROVED, COST STRUCTURES OPTIMISED

Worldwide, we have further standardised our processes both at a local and a global level and, in so doing, have improved the efficiency of our processes. Our systematic cost management is reflected in marked improvements in earnings.

I'm happy again

"IT IS MY GOAL TO PROVIDE OUTSTANDING

service in order to support my customers in achieving their goals in the best possible way. After all, when they are successful, we are too."

YANN VANDESMET
GLOBAL KEY ACCOUNT MANAGER



ADDED VALUE FOR OUR CUSTOMERS

Our service for key accounts

MISSION SUCCESSFULLY ACCOMPLISHED

In the course of our Blue Future programme for growth, we embarked on a global sales strategy with the aim of constantly improving the service we offer to our key accounts and of further developing our collaboration with them. We have achieved this goal completely. We were able to significantly increase both the number of our key accounts and the volume of business we do with them.

The most important factors in this success were that we reorganised and strengthened the structures around our global tender management, increased customer support by means of a global key account management system and improved our global sales controlling as well. With the help of these three levers, we can respond on an even more individual basis to the wishes of our customers today and provide them with even better service.

LIEBHERR - GROWTH IN TRUST

Even the most major collaboration starts with a first step. In the case of Liebherr, our path together began at the end of 2011 with the task of shipping a few containers from France to Adelaide in Australia for a division within the group. Bit by bit there followed further orders and new destinations. Today, less than eight years later, Röhlig is a firm partner of this global player which is based in Biberach in Baden-Württemberg. Liebherr is an international, family-run industrial enterprise for, amongst

other things, construction machinery. With its 130 subsidiaries in ten divisions worldwide, it has a turnover of EUR 10 billion. The opportunities for collaboration are correspondingly wide-ranging. Global Key Account Manager Yann Vandesmet and local Key Account Managers in the relevant locations are extremely well prepared for the task of exploiting these opportunities.

Together with two other people, Yann Vandesmet built up a Röhlig branch office in Strasbourg. Today, there are 15 employees working there. He has been looking after his biggest customer Liebherr since 2011. Although the customer has very high expectations, Yann and his team are able to deal with even the most complicated of requests.

"I expect our partners to challenge our organisation by identifying our weaknesses and converting them into strengths."

Alain May, General Manager for Global Transportation Processes at Liebherr-Mining

“THROUGH THE GLOBAL RÖHLIG NETWORK,

I am in daily contact with a very wide variety of people, languages and ways of working. The hurdles that I have to deal with again and again in my work help me to become better at what I do.”

JESSICA AMBRIZ
PRICING & OPERATIONS MANAGER

CARLOS OLVERA



MEXICO

Joining the network in double-quick time

JESSICA AMBRIZ



SUCCESSFUL EXPANSION THROUGH JOINT VENTURE

As the eleventh largest economy in the world with constantly rising numbers of inhabitants, Mexico offers international companies countless opportunities today. The country is the fourth largest car export market in the world and home to 1,900 German companies – including Röhlig, on a rapidly increasing scale. One of the main reasons for our success in this market was a smart acquisition we made with a view to growing our business there.

What started back in April 2014 in Mexico City with the founding of the small logistics company Onboard Logistics Mexico has now turned into an excellently networked international company with three further offices: in Monterrey, at the capital city's airport and in Puebla, an important location for the car industry. Since the beginning of 2017, Röhlig Onboard has been a firm part of our Röhlig network. During this time, the number of employees has risen from seven to more than 30.

In no time at all, the local team built up Röhlig Onboard's business with a particular focus on the car market between Mexico and Germany. But Röhlig Onboard has also succeeded in significantly increasing its volume of business in the Mediterranean region. In a market that is not so easy due to complicated bureaucratic processes, our customers are very appreciative of the fact that our Mexico team take on the management of such processes quickly and reliably. Moreover, whilst our competitors are taken up with employee turnover and hierarchies, the Röhlig Onboard team get on with the job pragmatically.

CAMPARI - NOW SHIPPING GOODS FROM MEXICO

After Röhlig Italia S.p.A. succeeded in acquiring the major customer Campari in a worldwide request for tenders, we had the opportunity – with our stronger network in Mexico – to offer this customer shipments from there. Today, we also organise shipments for Campari from Mexico to Brazil and Italy too. These contracts are not without certain challenges. However, by providing innovative solutions we were able to develop a solid and sustainable basis of trust with the customer. Campari also values the fact that it can keep an eye on its products at all times using Röhlig Real Time, our track & trace tool.

“We value Röhlig as an outstanding end-to-end solution provider who can offer high customer service orientation and delivery reliability. Röhlig is listed among the five freight forwarders the Campari Group has engaged at a global level.”

Daide Guizzardi, Global Logistics Manager at Gruppo CAMPARI

“With my 13 years of experience in logistics, I have supported Onboard from the very beginning and helped to manage the merger with Röhlig.”

Carlos Olvera, National Sales Manager

“I REGULARLY CONSULT WITH SENIOR MANAGERS

on the most important topics via telephone conferences and in face-to-face conversations. This allows those with operational responsibility to stay up to date on a transnational basis and make sound decisions.”

DAGMAR MERTENS
TRADE LANE DIRECTOR EUROPE-AFRICA

TRADE LANES

New markets and even greater flexibility

EXPANSION IN SERVICE

Our customers trust in the fact that we can provide them with individual and first-class support in markets that are becoming ever faster and more complex. In order to continue to guarantee this support in future, too, we have established a new element in our customer service: targeted trade lane management. This involves a group of experienced managers who provide our customers with additional know-how and added value on a cross-regional basis on the most important trading routes.

30 PER CENT INCREASE IN AIR FREIGHT

A good example of the success we have achieved through improved trade lane management is the connection between Germany and South Africa. For decades, this has been a core market for our company and was marked for several years by rates of growth that were normal yet unremarkable. In 2016, Dagmar Martens assumed responsibility for the management of this trade lane as part of the Blue Future programme. Born in Namibia, she moved to Europe three years ago and made use of her experience of the local market in South Africa to tackle this trade lane with determination from the very first day. She coordinated procurement processes and bids, provided support in the

area of product development and improved customer service. The figures that ensued from this speak for themselves: over the past two years, the volume of goods transported between Germany and South Africa has risen by 30 per cent in the case of air freight and 18 per cent in the case of sea freight.

In the meantime, Dagmar Mertens is also providing support to the trade lanes Great Britain-South Africa and Italy-South Africa, as well as supporting other Röhlig offices in Europe on the basis of the new approach she has established.

“As well as my regional knowledge, which comes from the many years I spent in South Africa, the experience I acquired during my time working for customs and excise there also helps me in my work. Handling international shipments of goods is complicated sometimes. It helps if you know exactly how the relevant structures work.”

Dagmar Mertens, Trade Lane Director Europe-Africa



NEW GOALS TO AIM FOR

Our vision

By 2030, we want to be one of the leading independent providers of solutions for freight and contract logistics worldwide. In short, we are on the way to becoming one of the leading global freight forwarders worldwide.

We have already mapped out the first stage on this journey. Up until 2021, with the help of our new strategy programme Blue Star, we will be working in all of our core areas of business on further improving our level of excellence:

1. GROWTH AND EXCELLENCE IN SALES

We will use our strengthened global presence to achieve further growth via our network offices. We will achieve additional growth, too, by networking the staff in our various offices and providing focussed support to our key account customers.

2. CUSTOMER SERVICE AND PRODUCT EXCELLENCE

We will develop new and enhanced solutions so that we can further increase the value we offer to our customers in terms of time, cost and quality.

3. DIGITAL AND TECHNOLOGICAL EXCELLENCE

We will enable our customers to make real-time freight bookings around the clock. New tools will help us to further optimise our financial and administrative processes.

4. FOSTERING TALENTS AND EMPLOYEE EXCELLENCE

We will develop the skills of our employees by managing knowledge and talent comprehensively. To achieve this, we will run a variety of initiatives both at a local and a group level.

5. PROFITABILITY AND FINANCIAL EXCELLENCE

We will continue to optimise our process and cost management at all levels of the company.



HIGHLIGHTS 2018

**GOOD
NEWS
IS COMING**

EXPANDING OUR GLOBAL FOOTPRINT

After extensively expanding our network in 2017, we continued to strengthen our global presence in 2018 as well, opening a network office in Xiamen. Röhlig is now represented in eleven locations in China. In addition we have had sales offices in Surat and Baroda, India, since 2018 and are also represented with a new office for our customers in Surabaya in Indonesia. We will continue with this strategy of expanding our network of offices during the coming year.

INTERMODAL CONNECTIONS BETWEEN EUROPE AND ASIA

With Röhlig Rail Solution, we offer our customers regular intermodal connections from Europe to China and vice versa for FCL and LCL. Goods transport by rail has the advantage of shorter delivery times compared to sea freight and is less expensive than air freight. Our Rail Solution is especially suitable for customers who have large volumes of freight to transport between these two regions and who want to make a contribution to climate protection since rail transport is the most environment-friendly option.

AGENCY NETWORK

By successfully reorganising our network of agents, we made a start in 2018 on further improving this area of our network. To this end, we now liaise much more closely with our agents. As the basis for a successful business relationship, we expect of

our agents a high level of commitment and a strong bond of trust. The opening of Röhlig Onboard Mexico two years ago is an outstanding example of how joint investment can further strengthen relationships and lead to Röhlig's direct participation in the business.

RÖHLIG ROAD CARGO APP AND NEW BOOKING OPTIONS IN REAL TIME

Thanks to our in-house digital experts from Röhlig blue-net, we have sustainably extended the range of digital services we offer our customers. Following the introduction of Röhlig Real Time, our blue-net team made wide-ranging additions to our booking system. As a result, it is now possible to also make bookings for shipments of hazardous or refrigerated goods online.

With the Röhlig Road Cargo app, we enable transport companies which we work with to create digital proof of delivery, which is generated in real time via the cost-free app.

EXPANSION OF GLOBAL CONTRACT LOGISTICS

Driven by the growth in e-commerce and the demand for short lead times, the global market for contract logistics continues to grow strongly. For this reason, we expanded our warehouse capacities in Germany, France and China in 2018. These new capacities complement the capacities we created in 2017 in South Africa, Australia and New Zealand. We now have global coverage on all continents.

THE FINANCIAL YEAR 2018 WAS A GREAT

success. The turnover of the consolidated companies rose by 4.6 per cent to EUR 910.9 million, with gross profit increasing by 7.5 per cent to EUR 143.9 million.

BUSINESS DEVELOPMENT 2018

Overall development

Market environment: improved earnings in spite of challenging conditions

Röhlig was able to maintain its position in the market very well last year despite considerable disruption on global markets and general economic and political conditions that were difficult to predict. The punitive tariffs mutually imposed by the USA and China, and by the USA and the EU, the ongoing Brexit discussions between the UK and the EU, and the numerous political flash-points in the Middle East and South America, for example, created noticeable difficulties for international trade.

Clearly affected by these conditions, the growth of the global economy slowed down in 2018. Whilst the overall rate of growth of 3.7 per cent, was at the same level as the previous year (2017: 3.7 per cent), the global economy lost some of its momentum in the second half of the year. Two reasons for this were growing trade disputes and the tightening of monetary policy in the USA.

The currency markets were also characterised by fluctuations, whereby the euro – viewed over the entire year – fell back. Positively influenced by the interest rate policy of the USA, the dollar rose in value against the euro by 5 per cent over the course of the year. As of the reporting date, the exchange rate was EUR/USD 1.145. By contrast, the South African rand – despite periodic gains – ended the year 10 per cent down against the euro. Overall, these exchange rate fluctuations also had a noticeably negative impact on our profit situation.

So, it is all the more pleasing that our group was able to achieve very satisfying growth in gross profit of 7.5 per cent in what was its very first full financial year after regaining its operational independence. This shows that the ideas and measures with which we completed this transitional period are working extremely well. In what is a highly competitive and volatile market environment we succeeded in achieving above-average growth.

Blue Future completed successfully

After three years, we were able to successfully conclude our programme for growth, Blue Future. In addition to sharpening our product and service portfolio for sea and air freight, we made significant investments in contract logistics. Moreover, we were able to further optimise processes and create the technological prerequisites for taking the digitisation of our logistics services to the next level. In future, new data and technology solutions will add further to our service portfolio.

Our client structure has also developed significantly in line with the successful Röhlig sales strategy. This has been achieved by shifting from transactional business to longer-term client relationships involving special solutions and complex requirements for transport and logistics solutions. As a result, we have been able to significantly expand the number of our major clients.

Sustainable growth in all core areas

The success of last year is the result of numerous initiatives and projects. By implementing them, we were able to achieve a marked growth in gross profit in our air freight business. A key focus of our sales initiatives in the context of air and sea freight was our contract logistics business. In this area, we acquired well-known customers, particularly in Germany, South Africa, China, Australia and New Zealand.

Alongside the USA and Germany, China and Asia continue to be the growth engines for our overall business. In China we opened a further branch office in Xiamen and now have a total of eleven branch offices there. We also strengthened our offices in the USA and Germany and launched further growth initiatives in Great Britain, France, Australia and New Zealand.

We also hugely expanded our presence in Mexico. Since 2017, we have been looking after our clients via our own office together with our partner Onboard Logistics. We are consolidating this office at equity in our balance sheet for the first time.

Our investments in data and technology solutions are beginning to pay off: The vendor management system Sirius is being used by pilot clients as a product and service for the digitisation of their supply chain, which they can then manage much more effectively. Our product “Röhlig Real Time”, through which our clients have access in real time via flexible interface connections to all track & trace information and documentation, has been expanded to include several additional functions. These include the option of booking the transport of hazardous materials and an overview of the status of a shipment from start to finish. We are registering that the number of our customers using this platform is rising continuously.

We also successfully launched our first pilot projects in the field of robotics in order to support processes, data quality and automation. We are planning further projects in this field in 2019.

Employees: numbers continue to rise as the group expands

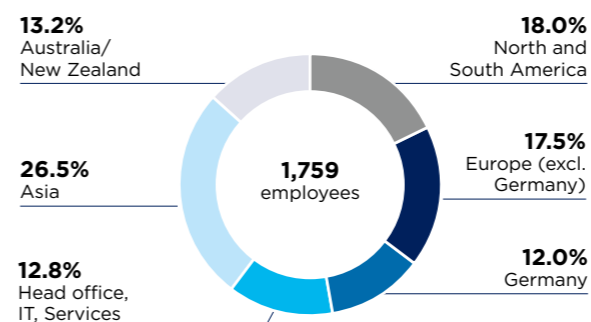
As of the reporting date, the number of employees in the consolidated companies was 1,759. This represents an increase of 8.2 per cent. The reasons for this increase are that we have opened further offices and have been setting up and expanding our sales infrastructure in northern China.

The number of employees in the group, i.e. including our companies in South Africa and Mexico, rose by 7.4 per cent to 2,363. In South Africa, where we are represented by our group company Röhlig-Grindrod, we incorporated a haulage company with 60 employees into the group last year. As of the reporting date, our company in Mexico employed 26 people.

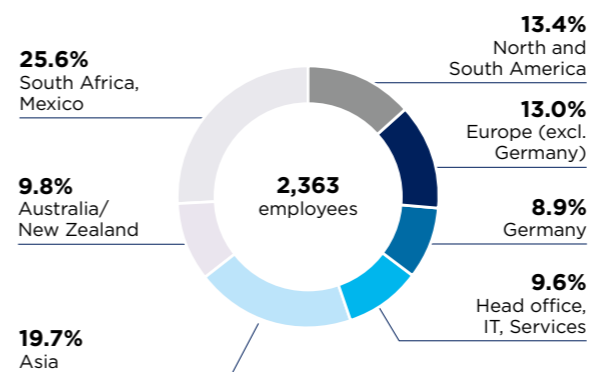
At the end of 2018, we started to run our senior management development programme “Blue Arena” for the fourth time. In this programme, twelve successful managers are given the opportunity to prepare for more challenging management responsibilities at a higher level. The programme, which we design together with the Jacobs University Bremen, takes place at partner universities in the USA and Singapore over a period of twelve months. It consists of several weeks of training and a project task. A further focus of our staff development work was to continue to expand the e-learning programmes we offer to our employees worldwide.

Distribution of employees by region in 2018

CONSOLIDATED COMPANIES



GROUP



Earnings, financial position and net assets

Earnings situation: marked increase in gross profit

Last year, we were able to increase the turnover of the consolidated companies by 4.6 per cent to EUR 910.9 million in comparison to the previous year. Lower excise duties and lower import turnover taxes as well as a reduction in unfinished services meant that gross profit increased much more than turnover, namely by 7.5 per cent to EUR 143.9 million.

Given the continued expansion of our network due to the development of our business in Mexico, the opening of new office locations in China and India, and investments in our infrastructure in Germany, Australia, New Zealand and Mexico, there was an increase in our expenditure.

Consolidated profit and loss statement (key data)

in kEUR	2018	2017
Sales	910,944	871,031
Excise, import turnover taxes	-248,946	-261,843
Changes in inventory	-6,826	10,511
Purchased services	-511,225	-485,837
Gross profit	143,947	133,862
Personnel expenses	-93,598	-91,416
Depreciation	-2,434	-2,631
Other operating expenses	-38,999	-38,698
Income from participation	1,266	1,128
EBIT	10,182	2,245
Interest and similar items	-2,285	-1,655
Net income from ordinary business operations	7,897	590
Taxes	-1,999	-2,749
Costs for partial profit transfer	-1,201	-271
Consolidated profit	4,697	-2,430

However, the continued success of our internal efficiency programme, USA and Germany, and a marked rise in earnings caused the overall profit situation to improve significantly.

For example, due to good cost management, we were able to reduce staff expenditure as a proportion of gross profit from 68 per cent to 65 per cent.

There was a corresponding strong increase in EBIT: from EUR 2.25 million to a five-year high of EUR 10.2 million. The consolidated profit was, at EUR 4.7 million, significantly in the black compared to the previous year. This was also contributed to by a one-off effect arising from the sale of 35.1 per cent of the shares in R+C Seetransport GmbH & Co. KG to a co-shareholder.

All of this means that our group is now in sound economic shape again following a short-term setback caused by one-off effects.

Financial position and net assets: further increase in stability

The total assets of the consolidated companies fell in comparison to the previous year by 6.4 per cent to EUR 148.0 million, with fixed assets falling by 5.5 per cent to EUR 17.7 million. Following the professionalisation of our working capital management in the area of trade receivables and receivables for unfinished services, we were able to reduce our current assets by 6.53 per cent to EUR 130.3 million.

On the liabilities side, the consolidated reserves as part of equity increased by EUR 4.4 million to EUR 17.4 million. The negative effects due to currency fluctuations – caused by the fall in the value of the South African rand – intensified once again and reached EUR 6.9 million. In the case of loans, our liabilities to banks fell significantly by EUR 6.6 million. Our trade payables fell likewise by EUR 7.7 million in comparison to the previous year. Taking into account the silent partner-

ship, our equity ratio improved by 2.8 percentage points to 20.9 per cent.

After changing our financing to a syndicated loan at the end of 2017 under the joint management of Deutsche Bank and Commerzbank, we were able to use the stability we acquired to finance the growth of the group in 2018. We put in place the reporting obligations and key figures that are typically required as part of a syndicated financing agreement and further intensified our collaboration with our syndicate partners at an operational level. Over the course of this agreement so far, we have observed its covenants reliably and properly. The remaining term of the financing agreement until the end of 2020 gives us sufficient scope to continue on our current course.

To help us finance and secure the development of our company, we also continue to be support-

ed by our long-standing financing partner Nordholding, Hanover.

Given the good earnings situation of the company, lower investment and the professionalisation of our working capital management, our liquidity situation improved markedly in comparison to the previous year. We were able to meet our payment obligations at all times.

In the course of managing our liquidity, we regularly monitor the key figures Days Sales Outstanding (DSO) and Days Payable Outstanding (DPO). These figures help us to optimise our working capital management on an ongoing basis. In particular, we use this data to develop individual action plans for our large subsidiaries in Germany, the USA, Great Britain, France, Australia and New Zealand.

Balance sheet (abridged)

ASSETS

in kEUR	31.12.2018	31.12.2017
Assets		
Intangible assets	867	1,373
Tangible assets	7,604	8,152
Financial assets	9,245	9,214
	17,716	18,739
Current assets		
Work in progress	13,693	19,680
Receivables and other assets	107,417	109,998
Cash in hand and cash in banks	7,353	7,714
	128,463	137,392
Accrued income	1,822	2,007
Total assets	148,001	158,138

LIABILITIES

in kEUR	31.12.2018	31.12.2017
Equity	20,877	18,631
Silent partnerships	10,000	10,000
Loan capital		
Reserves	40,967	42,675
Liabilities to banks	18,221	24,833
Other liabilities	57,935	61,972
	117,123	129,480
Deferred income	1	27
Total liabilities	148,001	158,138

Developments in the divisions and regions

Upward trend continues; development of business in USA still subdued

Against the background of our new structure and improved processes, both the divisions and the regions were able to further strengthen the positive developments that had been re-established in the previous year.

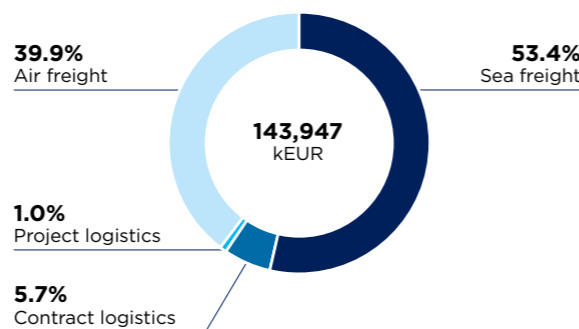
All the divisions in the consolidated companies increased their gross profit in comparison to the previous year. Once again, there was particularly strong growth in air freight (+14.3 per cent) and in contract logistics (+14.8 per cent). Following a slight dip in the previous year, sea freight picked up a little (+1.6 per cent) and project logistics achieved a marked increase in gross profit – albeit at a lower level than the other divisions.

From a regional perspective too, all the regions – with just one exception – improved. Asia (+19.7 per cent), Australia/New Zealand (+4.9 per cent), Europe (+2.7 per cent) and Germany (+15.6 per cent) were able to build successfully on the systematic investments that had been made in their expansion in the previous year, and achieved marked increases in some cases. Following the separation from our long-standing joint venture partner and the restructuring of our business in the previous year that was necessitated by this, the North and South America division, with negative growth of 0.8 per cent, didn't quite manage to get into its stride again. However, if one considers the fact that customer defections were quickly compensated for almost in full by major customer acquisitions, this almost stable result is to be seen as a huge success.

Our customer structure continues to be distributed very homogeneously across the regions, which means that we are able to successfully absorb any fluctuations in local economies. At the same time, our global presence gives us a good platform for acquiring new customers.

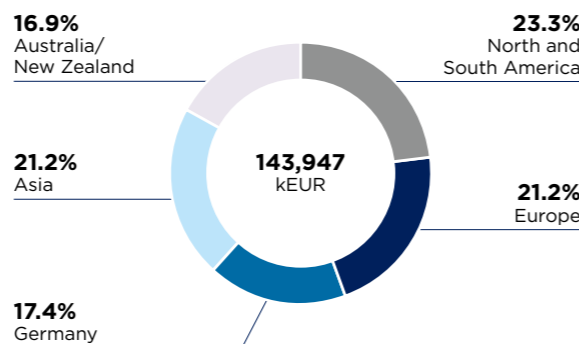
Gross profit by division

CONSOLIDATED COMPANIES

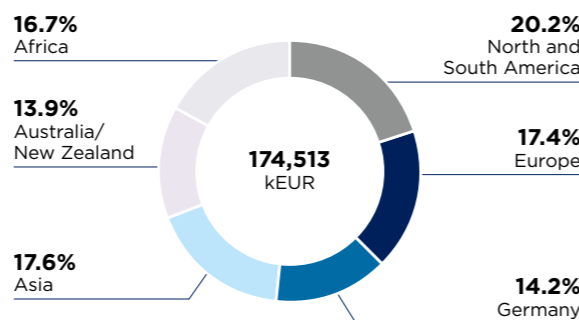


Gross profit by region

CONSOLIDATED COMPANIES



GROUP



Divisions

SEA FREIGHT

in kEUR	2018	2017	Change
Gross profit	76,804	75,569	1.6%

Viewed over the entire year, the development of the sea freight market and of its freight rates continued to be volatile in 2018. On the routes from Asia to Europe and from Europe to America, for example, capacities were partly much greater than demand. Other trade lanes, for example between Asia and the USA, were heavily influenced by taxation and trade policies, which led to considerable fluctuations in demand. Following major consolidation processes, the market is currently determined by three shipping company alliances and around eight large sole operators. The alliance model is changing the market considerably and means that individual carriers are having to manage their shipments with even greater efficiency. This is creating additional challenges for logistics companies like Röhlig when it comes to managing their freight business.

In this difficult environment we were able to continue to expand our sea freight business by 1.6 per cent in terms of gross profit. On the routes from Asia to Europe and from Asia to South Africa, our container volumes rose in comparison to the previous year by 33 per cent and 44 per cent respectively. We also achieved double-digit growth on the route between Asia and Australia. On other routes, growth was between 3 and 4 per cent above that of the market.

AIR FREIGHT

in kEUR	2018	2017	Change
Gross profit	57,484	50,277	14.3%

In 2018, demand on the global air freight market grew by 3.5 per cent. However, supply grew at the same time. Indeed, the growth rate in supply of 5.4 per cent exceeded the growth in demand by a clear margin. Moreover, a slack fourth quarter indicates that global trade is weakening gradually.

Even though the general conditions tended to become more difficult for this division as well, it increased its gross profit by 14.3 per cent and its air freight volume by 6.3 per cent in comparison to the previous year. The growth came primarily via the routes from Europe to the USA and from China to Europe and the USA. We also recorded very pleasing developments in our import business in the Netherlands and Italy as well as in Chile and Mexico. With regard to our export business, there were very positive developments last year, particularly in France, India, Australia and New Zealand.

CONTRACT LOGISTICS

in kEUR	2018	2017	Change
Gross profit	8,176	7,121	14.8%

E-commerce via providers like Amazon, Alibaba and other online traders continues to be a market with strong growth. We are responding to this trend through our network strategy and have been expanding our logistics capacities in a targeted way for two years. Last year, we created corresponding capacities in Germany, France and China. These, in turn, complement the capacities we created in South Africa, Australia and New Zealand in 2017. We now have at our disposal good global coverage on all continents. To provide the necessary digital support, we purchased new warehouse management software last year which we will install step by step in all our locations by 2020.

Last year too, rising demand was reflected in correspondingly clear growth. Gross profit in contract logistics rose by 14.8 per cent. Important contributions to this growth were made by Australia, Hong Kong, China, Singapore and Europe. Our business in the USA developed less strongly, however.

PROJECT LOGISTICS

in kEUR	2018	2017	Change
Gross profit	1,483	895	65.7%

Following organisational changes in our operations, we now manage our project logistics business worldwide via our London office.

In 2018, we were able to successfully realise some project opportunities that had become delayed in 2017. As a result, and taken together with the project volumes we would normally expect, we enjoyed a particularly sharp increase in gross profit of 65.7 per cent. Significant contributions to growth came from Germany and France. Our forecasts lead us to expect that our project logistics business will continue to expand in the current year as well.

Regions

GERMANY

in kEUR	2018	2017	Change
Gross profit	24,949	21,584	15.6%

Following Röhlig's successful domestic restructuring measures in recent years, our business in Germany improved significantly in 2018 in comparison to the previous year. Gross profit rose by 15.6 per cent, a clear reversal of the slightly negative trend of the previous year. The strongest driver here was sea freight, which increased significantly by 22.5 per cent. The second strongest division was air freight, which increased its gross profit slightly by 1.5 per cent. Project logistics was also able to increase significantly – albeit

at a low level – because of the acquisition of a major customer. The general conditions in 2019 are favourable, so we can expect the Germany region to continue to develop positively.

EUROPE

in kEUR	2018	2017	Change
Gross profit	30,496	29,687	2.7%

As expected, we were able to continue to expand our business in the countries of Europe in 2018. Gross profit rose once again by 2.7 per cent in comparison to the previous year. This growth was mainly achieved by Italy and Great Britain. In Italy, the growth over the previous year was generated by air and sea freight. In Great Britain, we succeeded in increasing gross profit by 12 per cent. There was a negative development in comparison to the previous year in the Netherlands and Spain due to declining business. From a divisional point of view, sea freight (–2.7 per cent) was slightly down on the previous year whilst air freight (+3.3 per cent) was slightly up. Contract logistics (+29.2 per cent) and project logistics (+14.1 per cent) achieved significant growth – albeit from a relatively low level.

NORTH AND SOUTH AMERICA

in kEUR	2018	2017	Change
Gross profit	33,622	33,898	–0.8%

In this region, gross profit fell by just under EUR 0.3 million, which corresponds to a decrease of 0.8 per cent. The reason for this continues to be our repositioning in the North American market. With our independent structure in the USA, we are opening new offices and developing customer relations and thereby creating the foundation for further growth. With the exception of Uruguay, the countries of South America developed positively and reduced the negative impact from North America. At the same time, North America was almost able to compensate for

the negative development in sea freight (–23.5 per cent) compared to 2017 with a very positive result in its air freight business (+29.9 per cent). In the coming years, we expect the figures for the region to improve again.

ASIA

in kEUR	2018	2017	Change
Gross profit	30,600	25,553	19.7%

Following investment in the expansion of this region, our business in Asia continued to record very pleasing results in 2018. Gross profit rose once again very sharply by 19.7 per cent compared to the previous year, whereby the rate of growth in the divisions of sea freight, air freight and contract logistics was more or less identical. Our decision to develop clusters, with a China cluster (consisting of China, Taiwan, Hong Kong) and a South-East Asia cluster (consisting of India, Thailand, Vietnam, Malaysia, Singapore and Indonesia), is most definitely proving its value. Organising our business on this regional basis keeps complexity low and ensures that shared services within the consolidated companies are used effectively. We were also able to further strengthen our presence in China by opening an office in Xiamen.

AUSTRALIA/NEW ZEALAND

in kEUR	2018	2017	Change
Gross profit	24,280	23,140	4.9%

Australia and New Zealand also contributed to the positive development of the company's business, with gross profit rising by 4.9 per cent. Australia was able to expand its business, and the strategy of opening a new warehouse facility in Sydney hugely exceeded expectations. Indeed, gross profit for contract logistics almost doubled compared to the previous year. In New Zealand too the warehouse strategy worked, and this was reflected in an increase of 9 per cent. In

the case of one customer, shipments were transferred from sea freight to air freight, which led to a corresponding adjustment in gross profit in these two divisions. With regard to the divisions in the region as a whole, sea freight fell back slightly (–1.2 per cent) whilst air freight achieved a significant corresponding increase of 12.4 per cent. Contract logistics also achieved significant growth (+44 per cent) – albeit at a relatively low level.

AFRICA

in kEUR	2018	2017	Change
Gross profit	29,095	28,143	3.4%

The Africa region, in which the countries South Africa, Mozambique and Namibia are served by the Röhlig-Grindrod company, was able to achieve an increase in gross profit of 3.4 per cent. This area of Röhlig's business, which consists of a stake of 42.5 per cent in Röhlig-Grindrod, is consolidated at equity. In particular because of a marked increase in staff costs, net income was 8.2 per cent down on the previous year. Against expectations, contract logistics was not yet able to recover in 2018, so gross profit in this area of business fell once more in comparison to the previous year. By contrast, the area of sea freight developed positively, with gross profit achieving double-digit growth.

Outlook

The global economic climate is clouding over

Even though the global economy in 2019 continues to be on an upward trajectory, the dynamism of this growth is slackening noticeably. Accordingly, production in emerging economies will only grow moderately against the background of general financial conditions that have become more difficult. Moreover, growth in the advanced economies will lose momentum due to a gradual tightening of their hitherto expansive monetary policy and in the face of only moderate rises in demand from developing and emerging economies.

The rate of growth in China will continue to slow. Fundamentally, however, it will remain strong. Following an election year in Brazil and Mexico which was characterised by political uncertainty, growth in these two major Latin American countries will pick up in this year. However, in view of the current political situation in Venezuela, things remain difficult there. The outlook in the USA and Europe continues to be basically positive.

Nevertheless, the deterioration in the trading policy environment might have a stifling effect on economic growth. The trade dispute which is being conducted in the form of mutually imposed import tariffs by the USA and China could escalate at any time. Moreover, there is further potential for conflict between the USA and the European Union. These conflicts represent a not inconsiderable source of insecurity to Röhlig's business too. For this reason, we are making preparations for dealing with a further increase in volatility.

The same is true of the topic of Brexit, which will continue to greatly occupy the international economy well into the autumn. We are assuming that the logistics sector can adjust to the new situation very quickly – and will even make use of the changed situation in order to offer new services.

Cautious outlook for 2019, but an ambitious medium-term goal

By the beginning of the current year, we had successfully concluded our growth programme Blue Future. At the same time, we are using outcomes of the programme as the basis for our further development. We have a better global footprint and an improved customer structure now, and we are supported by a very good technical infrastructure. Above all, we are completely independent, which means that we can implement the next steps in our development on our own.

In the course of our new strategy programme "Blue Star", we want to make use of the coming three years up to 2021 in order to strengthen our position in the market by winning market shares and rolling out the offer of new products and services. As we proceed, we will use all of the operational and commercial levers at our disposal to further improve our performance. In all of this, we will continue to focus on the two criteria of quality and profitability.

We have for the most part completed the restructuring of our network of offices. Irrespective of this, however, we will continue to open new offices in new countries in order to expand our network. Customers have confidence in a company with a tightly woven network of its own offices. We will also continue to invest in optimising our value creation chain through digitisation and automation.

Röhlig will continue to put the customer at the heart of its activities in future as well. Quality and the promise of excellent service and performance count more than ever in the logistics sector today.

The business figures from the opening months of 2019 are behind what we originally budgeted for. This is substantially due to the continuing

market uncertainty arising from the above-mentioned trade disputes, the Brexit question, which remains unresolved, and ongoing political instability in numerous countries. Overall, we see ourselves looking at what will be a challenging year.

So that we can meet these challenges more successfully, we will also further strengthen the financial independence of Röhlig in the coming years. At the same time, we aim to achieve healthy growth, which will build on the further development of existing products and services and on the introduction of new ones, especially in the area of digital logistics.

The Executive Board – together with the company's senior managers – has developed a "Vision 2030" for the coming decade. This vision envisages us strengthening our position as a provider of high-quality logistics services – in the digital field as well. We want to develop into one of the leading providers of logistics solutions worldwide for our customers – a provider that, in addition to the classic freight business, offers attractive additional services and operates within an even stronger network.

Bremen, 15 April 2019

Global Executive Board



GLOBAL EXECUTIVE BOARD

In October 2018, Röhlig restructured its Executive Board from being country-driven into a product-driven organisation. The new Board structure is intended to better reflect and promote the new company structure.

"Last year, we reduced the size of our Executive Board. This simplifies the consultation process and speeds up decision-making."

Philip W. Herwig

from left to right:

HANS-LUDGER KÖRNER

Chief Financial Officer

PHILIP W. HERWIG

Managing Partner

ULRIKE BAUM

Chief Human Resource Officer

HYLTON GRAY

*CEO Air Freight, Sea Freight,
Contract Logistics & Projects*



Prof Dr Peer Witten

*“Upon reaching the age limit, **PROF DR PEER WITTEN** resigned from the Advisory Board at the end of 2018. For nearly 15 years, Peer Witten supported the board with his expertise and will continue to offer professional advice to the Herwig family.”*

THOMAS W. HERWIG
CHAIRMAN OF THE ADVISORY BOARD



ADVISORY BOARD

With its broad range of skills and deep experience of the industry, the Advisory Board supports the senior managers of the company in an advisory capacity.

“With gross profit at a record level and the highest operating result in five years, the employees and the management have provided impressive evidence of the success of the three-year Blue Future programme. This achievement deserves the recognition and gratitude of both the advisory board and the partners.”

Thomas W. Herwig



The Advisory Board since January 2019

from left to right: Dr Andreas M. Odefey, Dr Thomas Noth, Jan Brorhilker, Maximilian Frey, Verena Pausder, Thomas W. Herwig



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Imprint

Publisher: Röhlig Logistics GmbH & Co. KG

Project management: Daniela Dethmann, Marion Weiner, Röhlig Logistics GmbH & Co. KG

Concept: Marion Weiner, Röhlig Logistics GmbH & Co. KG

Consultancy and realisation: Berichtsmanufaktur GmbH, Hamburg

Photos:

Graffiti/street art photos: Cover, U2, p. 1-15, 26-29: unsplash

Portraits: p. 1, 28: Thilo Müller, Thilo Müller Photodesign

p. 5, 7, 9, 11: Röhlig Logistics GmbH & Co. KG

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Please note

The annual report is available in German and English. The German version is authoritative. You can find further information about the company on our website at www.rohlig.com

