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NUMBERS

RÖHLIG ANNUAL REPORT 2019



ABOUT US ...



RÖHLIG LOGISTICS

We are an owner-operated, independent logistics company with nearly 2,400 employees worldwide. In the areas of air freight, sea freight, project logistics and contract logistics, we develop tailor-made solutions for our customers. We have a global network with offices in more than 30 countries on all continents and combine the professionalism of a large company with the values of a family business.

KEY PERFORMANCE
FIGURES
CONSOLIDATED
COMPANIES



GROSS PROFIT GROWTH
IN CONTRACT LOGISTICS

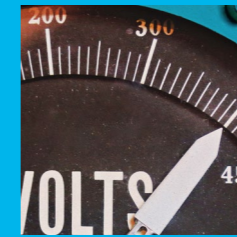
+38.9%

IN EUR M

	2019	2018
GROSS SALES	874.0	910.9
NET SALES	607.8	662.0
GROSS PROFIT	140.7	143.9
EBIT	5.2	10.2
TOTAL ASSETS	144.5	148.0



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OUR YEAR IN NUMBERS

We have an eventful 2019 financial year behind us. We want to give you a better understanding of it – in words, images and numbers.

We will also do everything we can for our customers in 2020 and expand our services at a high level. You can count on it.

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Dear Customers, Business Partners and Employees,

The coronavirus crisis has surely made a significant impact on your life in the past few weeks. Everyone has their own personal concerns with regard to the pandemic and we, as a logistics company, additionally face operating challenges due to the current economic turbulence, travel restrictions and border closures. But 2019 was also an eventful year in every respect – for our company as well as for the logistics sector and the whole global economy.

When I think back on 2019, the first thing that comes to mind is the news about international conflicts. Many of them have had a direct impact on our business. This of course applies to the trade dispute between the USA and China – two of our most important markets – but equally to regional conflicts, social unrest, strikes and, of course, Brexit.

Overall, these external developments made it hard for us to implement our growth plans for 2019. We therefore introduced a number of internal measures in the second quarter to adapt our strategic plans to the unexpectedly difficult situation in international trade. We did not take these measures without due consideration, but have implemented them boldly together with our employees. I would like to take this opportunity to expressly thank our employees for their dedication – especially during the current coronavirus pandemic.



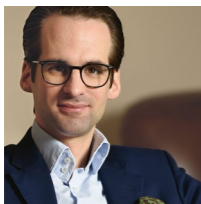
Together, we nevertheless made 2019 a successful year. We were consistently guided here by the three approaches that we described in our Blue Star strategy programme. First and foremost is increasing profitability: in 2019, we were not just able to report positive figures for Latin America – we were also able to significantly improve our results in India and Northern Europe.

In addition to profitability, we also worked on expanding Röhlig's network: for example, we opened six new offices in three countries and fully acquired our previous joint venture in Mexico. And finally, we were also able to accelerate the progress of new products and services in 2019: the online sales channel My Röhlig opens up an additional sales channel for us, the Röhlig Real Time customer platform with its new features is meeting a very positive reception in the market and our revised website improves communication with customers and prospective customers.

There were thus numerous changes in 2019. But much also remains the same. For example, our partner-like relationship with our customers and employees. Also our identity as an owner-operated independent company. And of course also our vision of being one of the world's leading independent solution providers for freight and contract logistics in 2030.

I'll be delighted if you continue to accompany us on this journey.

Philip W. Herwig
Managing Partner



PHILIP W. HERWIG

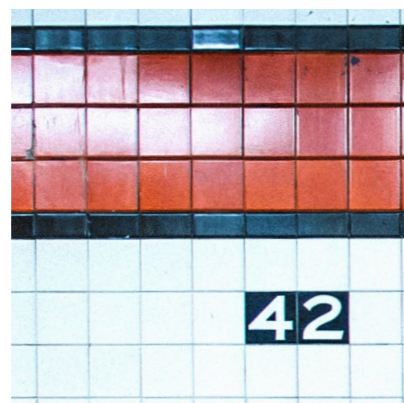
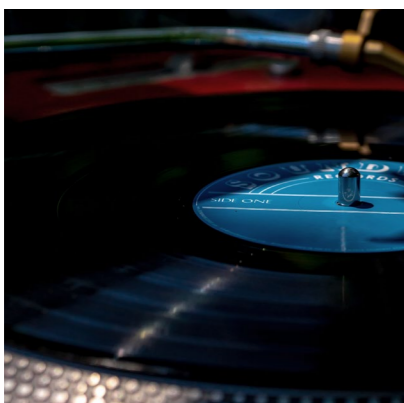
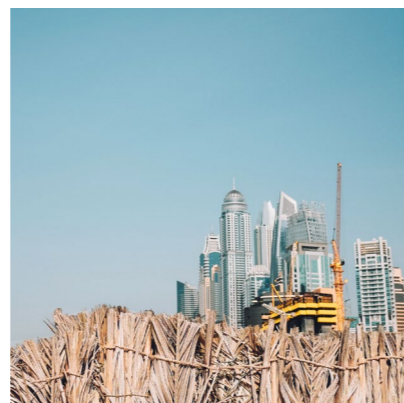
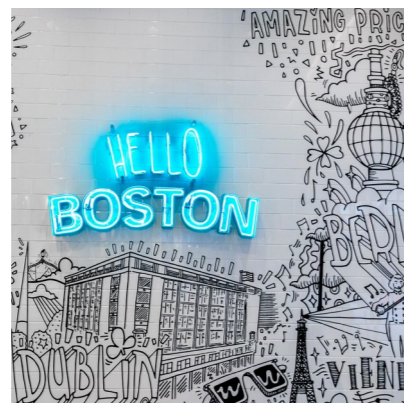
If you could meet any famous person – living or dead – who would it be and why? ...!:

I'd like to meet the British street artist Banksy. That would mean I could find out who he is and ask him whether Mr. Brainwash and Banksy are one and the same person. Then I'd offer to buy him a beer and ask him to sign my bottle.



REAL TIME

We have increased the number of registered customers on our Röhlig Real Time customer platform by 42 per cent. And our developers are constantly working on new features, such as the visibility of customs declarations and improving our booking feature.



DIGITAL EXCELLENCE

In the course of the digital transformation, we extended our portfolio of services to include the online quotation and booking tool My Röhlig (my.rohlig.com) that has already been successfully launched in the USA. Our customers can check rates and book directly with a few clicks.

VISION 2030... Even in economically challenging times, we stand by our vision of becoming one of the world's leading independent solution providers for freight and contract logistics by 2030.

The focus is on our economic stability and thus profitability in the core business. It is one of our strengths that, as an independent family company, we decide the specific measures and the appropriate date for implementation ourselves.

Our global network remains an important aspect on the path to our Vision 2030. We have decided to establish further branches where we can also still further improve our services for our customers with a greater presence locally.

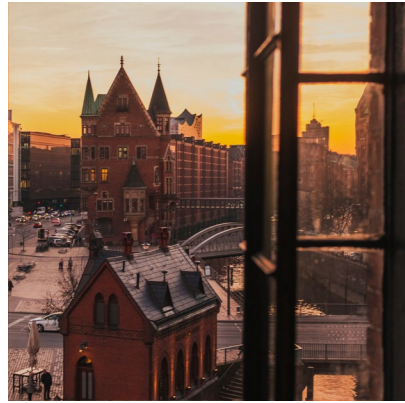


PHILIP W. HERWIG is the managing partner of Röhlig Logistics and has headed the company for five years. He is the sixth generation of the family to hold this role. Before his appointment to the Executive Board, he worked in Dubai and the USA as a sales manager and trade lane manager. He now lives back in Bremen.



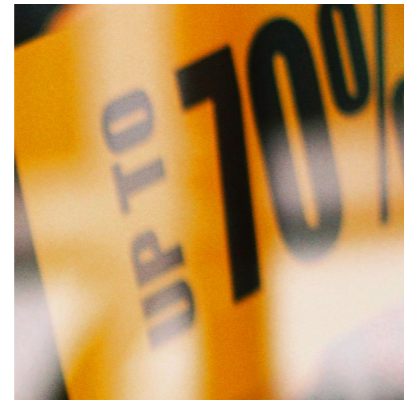
ULRIKE BAUM

What are the moments when you feel satisfaction?...!: It makes me happy to see how colleagues from different countries and cultures successfully implement projects together and take advantage of opportunities offered to them to further develop themselves and the company.



CHILE

The USA is an important trade partner for Chile. Establishing our office in Iquique in the north of Chile was strategically significant in the expansion of the trade lane: in just twelve months, we increased our gross profit there by 35 per cent.

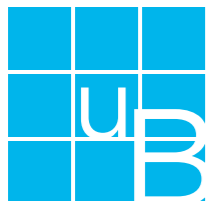


BOLIVIA

Our Bolivian subsidiary Röhlig Bolivia generates almost 70 per cent of its result in air freight. With a growth rate of 53 per cent in air freight consolidation from Frankfurt am Main via Madrid to Santa Cruz del la Sierra, we have achieved an extremely successful result.

MEXICO... In Mexico, we acquired 100 per cent of the shares in our previous joint venture in 2019 and since then have had a local presence with our own subsidiary. We have very successfully expanded the German and Spanish trade lane.

In addition, we are focusing on the business between Mexico and the other Latin American countries. Mexico is increasingly becoming a production centre for the entire Latin American continent. Our strong network in the region - with six subsidiaries in Argentina, Bolivia, Chile, Mexico, Paraguay and Uruguay and premium agents as partners in all other countries - means we offer our customers outstanding search coverage in the whole of Latin America.



ULRIKE BAUM joined the company in 1995 after studying business administration; she started in controlling and is now a member of the Executive Board. Born in Hamburg, Ulrike Baum is responsible for human resources, corporate communications & marketing and compliance, as well as for the countries of Latin America, Italy, Spain and France.

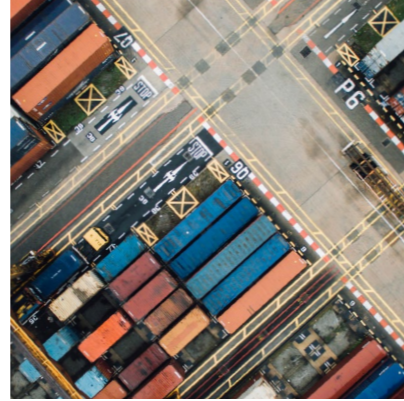


HYLTON GRAY

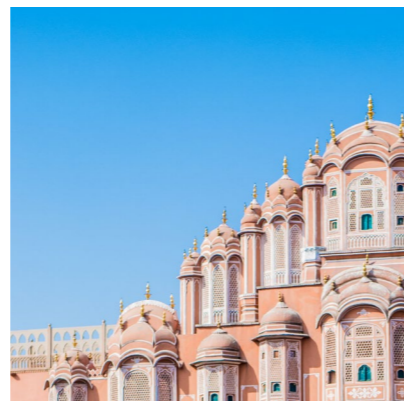
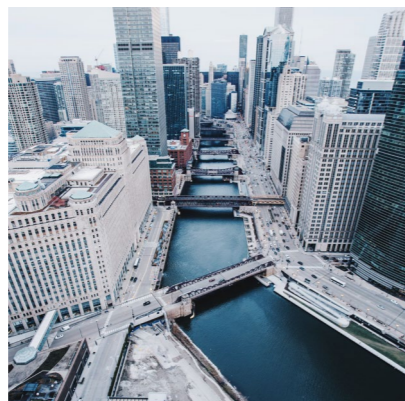
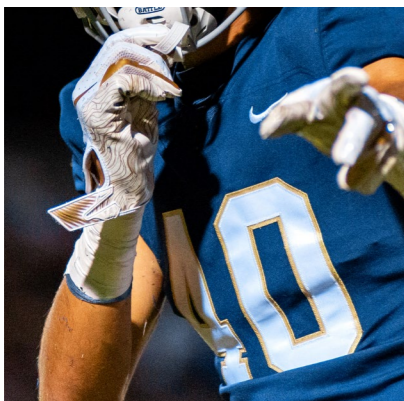
What was the best decision of your career? ...! I've mainly made the most important decisions intuitively, rather than on premeditated plans. My decision to join Röhlig is a very good example of this. Personal encounters led me to do it, although I hadn't actually wanted to change companies.



OFFICE OPENED IN INDIA
We have opened a new office in Vadodara to extend our services for customers in the state of Gujarat. Röhlig India is now present in the cities of Ahmedabad, Kandla and Vadodara in Gujarat, and we are already seeing positive effects of this strategic decision on volumes and growth.



RÖHLIG AS AN EMPLOYER
As a result of investments in improved applicant management, employee training and office equipment, we have significantly increased our brand awareness in India and have become a popular employer. This is reflected in both customer and employee satisfaction.



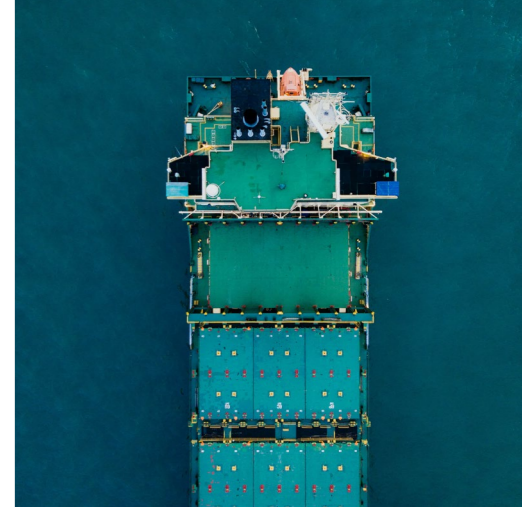
HYLTON GRAY is a member of the Executive Board of Röhlig Logistics. He is responsible for the regions of Asia, Oceania, Northern Europe, South Africa and the USA, and for the sea and air freight, contract logistics and projects products worldwide. Born in South Africa, Hylton Gray began his career at Röhlig-Grindrod in 2005. Today, he lives and works in Chicago.



INDIA... Our Indian organisation has considerably advanced the development of India-USA and India-China trade lanes and increased the result in the FCL area (TEU full container) by almost 40 per cent. The number of well-known companies that we work with in India has also risen.

We support the growth and success of our customers and partners with our global network: We have twelve strategically located sites in the USA. In India, our well-trained and experienced employees also work at twelve sites, so our network covers the entire subcontinent.

THE ECONOMY AND LOGISTICS 2019



Business development in 2019

Overall development

Market environment: unpredictable conditions

2019 was shaped by international trade disputes and political conflicts in important markets. The US government's trade policy in particular has had a negative impact on the economy in other countries and on the global economy as a whole. The extent and impact of this policy was not predictable, with the result that several governments and economic institutions had to correct their growth forecasts downwards during the year.

According to information from the German Federal Statistical Office, real gross domestic product (GDP) in Germany only increased by 0.6 per cent in 2019 (previous year: 1.5 per cent). This is its lowest growth figure since 2013. Escalating trade conflicts meant the WTO was forced to more than halve its forecast for the growth in world trade in 2019 from 2.6 per cent originally to 1.2 per cent. The growth of the US economy (GDP) accordingly slowed from 2.9 per cent (2018) to 2.3 per cent in 2019. US industrial production in fact fell by 1.3 per cent. In China, the world's second largest economy, gross domestic product (GDP) increased by 6.1 per cent in 2019 and was thus 0.5 percentage points below the previous year's level of 6.6 per cent.

The turbulence in the world's largest economies' trade relations also had a direct impact on intercontinental transport volumes and on the level of rates in sea and air freight.

According to an IATA report from 5 February 2020, global air freight volume fell by 3.3 per cent in 2019 measured by tonne-kilometres. This was its first decrease since 2012. A simultaneous increase in freight capacity by 2.1 per cent meant air freight rates came under pressure. Except for Africa, all regions of the world were affected by this decrease in volume.

In sea freight, container rates on the main lanes, Asia-Europe and Asia-USA, decreased continuously between January and October 2019 and did not rise back to January's level until the last two months of the year (SCFI 10 January 2020). The large container shipping companies attempted to stop the decline in rates associated with falling transport volumes through blank sailings. These actions stabilised the rates at a low level, but led to the paradoxical situation that particularly in the fourth quarter the artificially reduced capacity was insufficient to ship the booked containers.

At 400,000 TEU in 2019, orders of new ship tonnage were only at a third of the withdrawn tonnage (1.123 million TEU). Only half as much tonnage was laid up in the previous year, but twice as much new capacity was ordered.

Decline in air and sea freight – sharp increase in contract logistics

The global economic trend in 2019 had a significant impact on our core business areas. Compared to 2018, gross profit in sea freight decreased by EUR 2.0 million and by EUR 3.9 million in air freight. By contrast, we saw very encouraging growth in contract logistics. Compared to 2018, gross profit rose by EUR 3.2 million to EUR 11.4 million. We were able to significantly improve the utilisation of capacity at all sites. In addition, our new logistics centre in Nettetal (Germany) went into operation in November. This meant we could cease the use of the warehouse in Ratingen (Germany), which was used as an interim solution for our customers.



CHANGE IN GROSS DOMESTIC PRODUCT

GERMANY
+0.6%

CHINA
+6.1%

USA
+2.3%

GLOBAL AIR FREIGHT VOLUME

-3.3%

GLOBAL AIR FREIGHT CAPACITY

+2.1%

NEW SHIP TONNAGE

0.4 million TEU

LAID-UP SHIP TONNAGE

1.1 million TEU

EMPLOYEES AND NETWORK 2019



Employees: job cuts in administration and in the operating companies from May 2019

Following another year-on-year rise in personnel expenses in the first quarter, we stopped this in the second quarter: we did not fill budgeted new jobs, and in the third and fourth quarters we cut staff, particularly in the USA, Germany and the holding company. The focus here was more on administration and the central departments, and not so much on the operating areas and sales. The full effect of the reduction of personnel expenses will only become visible in the course of 2020.

As of the balance sheet date, we employed 1,789 employees in our consolidated companies. This is equivalent to an increase of 1.7 per cent.

There were considerable increases in headcount in China. As a result of opening three additional branches there, we are now present at twelve sites there and saw gross profit growth of around 9 per cent. In the North and South America region, the headcount increased due to the full consolidation of our joint venture in Mexico, whereas we cut jobs in the USA.

R+C Seetransport GmbH & Co. KG (hereinafter: R+C Seetransport) was deconsolidated on 31 December 2018. Accordingly, its employees are no longer counted at consolidated companies level, but only at group level. Because the headcount at R+C Seetransport and also at our company in South Africa remained constant, only a slight increase in headcount is seen at group level.

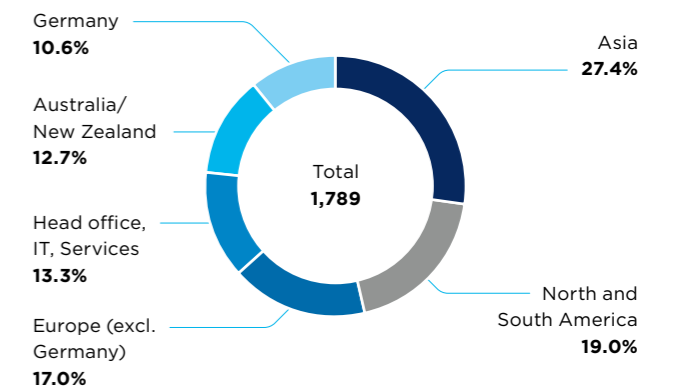
Developing motivated employees individually

At the end of 2019, we conducted a global employee survey. Overall, satisfaction with Röhlig is good, although results vary by region. Identification with Röhlig is greater than average, which delighted us. We are going to develop action plans together with our subsidiaries. One focus here will be on the topics of innovation climate and corporate culture.

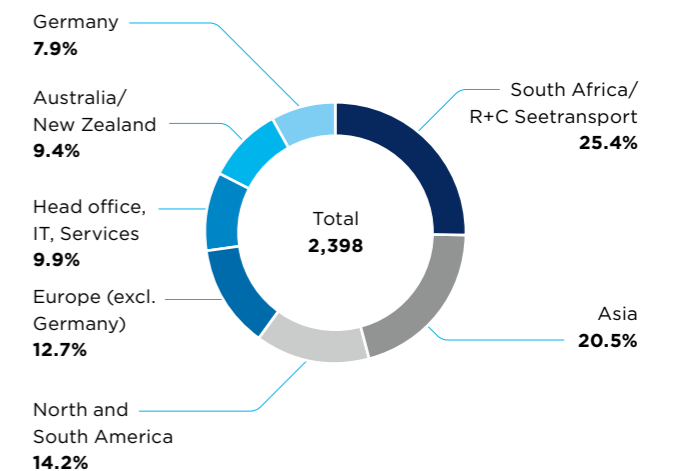
We successfully completed our Blue Arena leadership development programme organised jointly with Jacobs University Bremen at the end of 2019. The programme, which was launched at the end of 2018, prepared participating managers for further management tasks. It was possible to promote one participant to a corresponding position even before the programme's completion. The projects the participants developed and implemented in groups of two have provided important impetus, and in some cases already generated additional gross profit during the programme.

Another training focus for all employees worldwide was the expansion of our e-learning offering.

Distribution of employees by region in 2019 (consolidated companies)



Distribution of employees by region in 2019 (group)



EMPLOYEES IN ENTIRE GROUP

2,398

WE HAVE EMPLOYEES...

...from **70 nations**
 ...in around **150 subsidiaries**
 ...in more than **30 countries**

Financial performance and financial position

Financial performance: loss in the USA – high profit growth in Asia, Pacific and Latin America

At EUR 874 million, consolidated sales were around 4 per cent below the previous year's level of EUR 911 million. A significantly lower cost of purchased services and a slight increase in work in process meant that at EUR 141 million, gross profit was only around 2 per cent below the previous year's level of EUR 144 million.

Consolidated income statement (key data)

in kEUR

	2019	2018
Gross sales	874,043	910,944
Excise duties, import turnover taxes	-266,259	-248,946
Net sales	607,784	661,998
Changes in inventories	614	-6,826
Purchased services	-467,692	-511,225
Gross profit	140,706	143,947
Personnel expenses	-94,669	-93,598
Depreciation and amortisation	-2,482	-2,434
Other operating expenses/income	-40,394	-38,999
Income from participation	2,065	1,266
EBIT	5,226	10,182
Net financial income/expense	-1,533	-2,285
Net income from ordinary business operations	3,693	7,897
Taxes	-2,318	-1,999
Cost for partial profit transfer	-1,200	-1,201
Consolidated net profit	175	4,697

The development in the USA, where the US government's trade policy had a strong impact on the import business, was striking. Our sales there fell by 9 per cent to EUR 150 million. By contrast, excise duties and import turnover taxes increased by 69 per cent. However, we achieved considerable growth in sales in the Asia region, where sales increased by EUR 14.9 million (+14 per cent) to EUR 120.3 million.

It was a similar picture on the income side. Despite stable gross profit of EUR 140.7 million overall (previous year: EUR 143.9 million), there was a decrease of 12.2 per cent in the USA, whereas in Asia there was a rise of more than 10 per cent. In Europe and Australia/New Zealand, gross profits remained approximately at the level of the previous year; in Latin America, business development took an encouraging turn with 24 per cent gross profit growth. The acquisition of the remaining 51 per cent of the shares in our joint venture in Mexico had a strong influence on this development, meaning that we now wholly own our subsidiary there and it is thus also fully consolidated. The decrease in gross profit in Germany is almost entirely due to the deconsolidation of R+C Seetransport.

The ratio of personnel expenses to gross profit increased from 65.0 per cent in 2018 to 67.3 per cent in 2019. This is due to the increase in headcount in the first half of 2019 to support planned growth. By contrast, in the second half of the year the headcount was reduced again already, particularly in administrative areas.

The ratio of other operating expenses to gross profit increased from 27.1 per cent in 2018 to 28.7 per cent in 2019. This development was primarily driven by the further expansion of the business in Asia/China and of contract logistics.

Income from participations increased from EUR 1.3 million in 2018 to EUR 2.1 million in 2019 as a result of Röhlig-Grindrod's better result and also the first-time inclusion of R+C Seetransport.

The improvement in net financial expense from –EUR 2.3 million in 2018 to –EUR 1.5 million in 2019 is primarily due to improved working capital management. As a result, we made less use of our credit lines and reduced interest expense in this way.

Due to the significant deterioration in business conditions overall, EBIT fell from EUR 10.2 million to EUR 5.2 million despite further intensified cost work at all levels. The same applies to consolidated net profit, which fell from EUR 4.7 million to EUR 0.2 million.

Financial position: stability maintained

The consolidated companies' total assets fell by 2.3 per cent year on year to EUR 144.5 million. On the asset side, non-current assets increased by 15.1 per cent to EUR 20.4 million. This is particularly due to the capitalisation of goodwill from the acquisition of the remaining 51 per cent of the shares in the Mexican company (EUR 2.0 million). Following the professionalisation of working capital management, current assets decreased by 3.3 per cent to EUR 124.2 million in the area of trade receivables and receivables for work in process.

Balance sheet (abridged)

in kEUR

ASSETS	31.12.2019	31.12.2018	LIABILITIES & EQUITY	31.12.2019	31.12.2018
Non-current assets			Equity	20,652	20,877
Intangible assets	3,376	867	Silent partnership	10,000	10,000
Property, plant and equipment	7,659	7,604	Liabilities		
Financial assets	9,354	9,245	Provisions	36,826	40,967
	20,389	17,716	Liabilities to banks	14,031	18,221
Current assets			Other liabilities	63,040	57,935
Inventories	16,286	13,693			
Receivables and other assets	98,849	107,417			
Cash in hand and at banks	7,231	7,353			
	122,366	128,463		113,897	117,123
Accrued income	1,794	1,822	Deferred income	1	1
Total assets	144,549	148,001	Total equity and liabilities	144,549	148,001

FINANCIAL PERFORMANCE 2019

On the equity and liabilities side, consolidated reserves were almost stable at EUR 17.2 million. The negative currency effects remained at a high level at EUR 7.0 million. In liabilities, liabilities to banks fell significantly by EUR 4.2 million, whereas trade payables increased significantly by EUR 8.7 million to EUR 53.7 million. By contrast, other provisions decreased by EUR 3.9 million to EUR 35.1 million, particularly due to a reduction of outstanding invoices.

The equity ratio calculated under the loan agreement taking account of the silent partnership fell slightly by 0.9 percentage points to 20.5 per cent. It is particularly noticeable in this calculation that the goodwill of EUR 2.0 million that arose from the acquisition of the Mexican subsidiary is eliminated in equity.

Our unsecured financing, which has been based on a syndicated loan since 2017, runs until the end of November 2020. We plan to make an application, as provided for in the syndicated loan, to extend the loan by one year.

The liquidity situation has improved again compared to the previous year. We were able to meet our payment obligations at all times, and the agreed covenants were complied with over the course of the entire reporting period.

To help us finance and secure the development of our company, we also continue to be supported by our long-standing financing partner NORD Holding, Hanover.

As part of our liquidity management, we regularly monitor the key figures of days sales outstanding (DSO) and days payables 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, the UK, France, Australia and New Zealand.



SHARE OF SEA FREIGHT IN THE CONSOLIDATED COMPANIES' GROSS PROFIT

53.4%

GROSS PROFIT OF BUSINESS DIVISIONS (CONSOLIDATED COMPANIES) IN KEUR

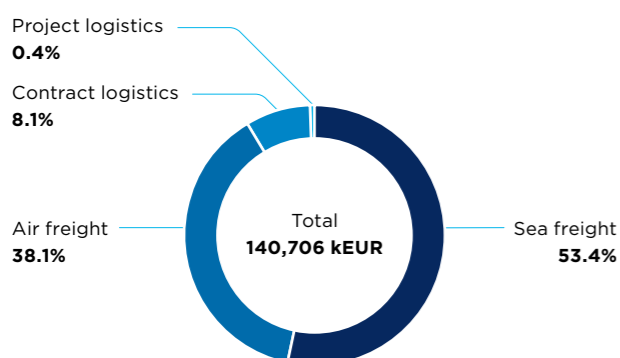
	2019
SEA FREIGHT	75,180
AIR FREIGHT	53,598
CONTRACT LOGISTICS	11,357
PROJECT LOGISTICS	571
TOTAL	140,706

Developments in the divisions and regions

Contract logistics developing positively – core business declining

The global trade conflicts and economic slowdown curbed development in our core business. For example, gross profit fell by EUR 2.0 million or 2.1 per cent compared to 2018 in sea freight and fell disproportionately by EUR 3.9 million or 6.8 per cent in air freight. By contrast, there was clearly positive development in contract logistics with a EUR 3.2 million increase in gross profit and thus an increase of 38.9 per cent compared to 2018.

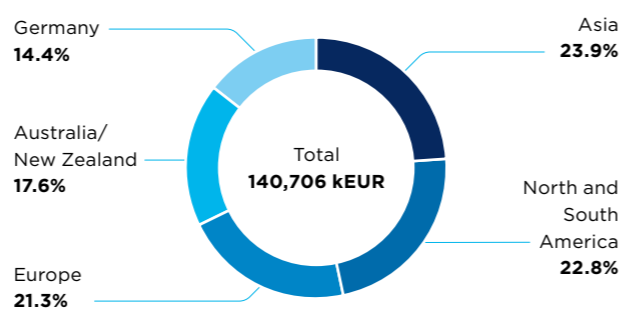
Gross profit by division (consolidated companies)



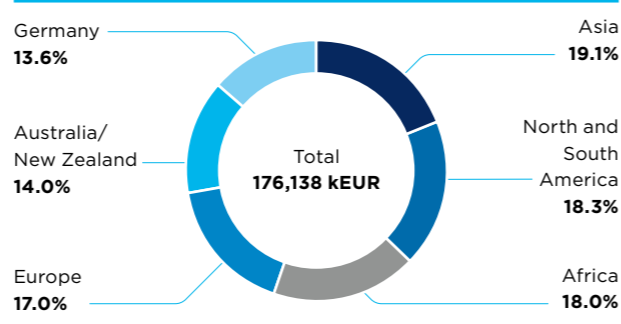
From a regional perspective, development in 2019 was very mixed. Whereas Asia developed very positively (+10.1 per cent) and Australia/New Zealand showed a slight improvement (+1.7 per cent), gross profits fell in Europe (-1.7 per cent), North and South America (-4.5 per cent) and Germany (-18.9 per cent). Without the deconsolidation of R+C Seetransport, the percentage decrease in Germany would have been 3.9 per cent. The North and South America region experienced two conflicting developments: whereas gross profit in the USA decreased by 12.2 per cent, both as a result of the very clear decline of business with an important automotive supplier and in overall development, this effect was mainly offset by the first-time consolidation of the company in Mexico and the good development in South America.

Whereas the gross profit fell by 2.3 per cent at consolidated-companies level, at group level – i.e. taking account of the companies Röhlig-Grindrod and R+C Seetransport – gross profit grew by 0.9 per cent. R+C Seetransport in particular contributed to this with gross profit growth of 60.2 per cent.

Gross profit by region (consolidated companies)



Gross profit by region (group)



Divisions

Sea freight

in kEUR

	2019	2018	Change
Gross profit	75,180	76,804	-2.1%

The sea freight market was strongly influenced by the USA's trade dispute with China and Europe in 2019 and the uncertainty in dealing with the entry into force of IMO 2020. Shipping companies have been required to only use fuels with a sulphur content not exceeding 0.5 per cent since the start of 2020. This is a measure to reduce marine pollution. This will create additional costs, which will be passed on to customers in various forms, and this has led to uncertainty.

The number of import containers on the route between Asia and the USA has decreased for the first time since 2009, falling by around 2 per cent. Many shipping companies have therefore tried to keep the rates constant through blank sailings. This has in some cases led to bottlenecks in capacity and greater difficulty in planning. Moreover, the USA's trade war with China led to procurement shifting to other countries in South East Asia, such as Vietnam, Malaysia, Thailand and Indonesia, in some cases generating double-digit growth rates. However, this was unable to make up for the decline in China.

This market environment had a negative impact for us. Our gross profit in sea freight decreased by EUR 1.6 million. The decrease in the transpacific shipping route was particularly sharp.

Air freight

in kEUR

	2019	2018	Change
Gross profit	53,598	57,484	-6.8%

In 2019, the global air freight market fell by 3.3 per cent. The key reasons for this were the trade war between the USA and China and uncertainty about the outcome of Brexit. There was no peak-season effect in autumn. The decrease in air freight is the largest since 2009 during the global financial crisis.

We were not able to escape these conditions. Gross profit in air freight fell significantly by EUR 3.9 million. The drop in imports to the USA was particularly sharp. This was offset by a positive effect in imports to China.

Contract logistics

in kEUR

	2019	2018	Change
Gross profit	11,357	8,176	38.9%

The e-commerce trend is persisting – and therefore so is demand for capacity for contract logistics. There is strong competition between e-commerce providers such as Amazon and Alibaba and large retailers with high pressure on increasingly rapid contract fulfilment and next-day deliveries.

We have significantly expanded our capacity in contract logistics in the past few years. In 2019, the focus was on significantly improved utilisation of existing global capacity. In Germany, we also opened a new logistics centre with a storage area of 30,000 m² in Nettetal in autumn 2019 for rapidly growing global customers in order to improve their delivery times in Europe and bring the activities together at one site.

Overall, we were able to increase gross profit in contract logistics significantly by EUR 3.2 million. The sites in Germany and China in particular contributed to this.

Project logistics

in kEUR

	2019	2018	Change
Gross profit	571	1,483	-61.5%

After having decided some years ago to manage our project logistics worldwide via the London site in order to participate centrally in tenders for major projects, we closed this site in 2019 and are going to manage the project business on a decentralised basis again from the subsidiaries. The project opportunities that had appeared possible were not implemented in 2019.

Gross profit therefore decreased significantly again in this area in 2019.

Regions

Germany

in kEUR

	2019	2018	Change
Gross profit	20,242	24,949	-18.9%

After a considerable improvement in the result in 2018, gross profit decreased significantly again in 2019. However, R+C Seetransport was still included in 2018 with gross profit of EUR 2.3 million. After the deduction of this amount, gross profit was EUR 22.6 million in 2018, meaning comparable gross profit decreased by 10.5 per cent. The decrease in the business with some larger customers had a significant impact here. On the other hand, we were able to gain new customers in the automotive industry in the second half of the year. Sea freight was at the previous year's level in Germany, but air freight and the project business decreased significantly.

Europe

in kEUR

	2019	2018	Change
Gross profit	29,976	30,496	-1.7%

In Europe, gross profit fell slightly overall. Belgium and the Netherlands developed particularly positively with significant increases compared to 2018. All other countries saw decreases in gross profit. Overall, air freight developed more positively than sea freight in Europe. In France, contract logistics in particular made a positive contribution to the result.

North and South America

in kEUR

	2019	2018	Change
Gross profit	32,101	33,622	-4.5%

Gross profit fell by around EUR 1.5 million in the North and South America region. This is equivalent to a decrease of 4.5 per cent. The reason for this is the sharp decrease in volume in air freight in the North American market. The tariffs imposed on trade with China made matters worse. Moreover, a large automotive customer considerably reduced the air freight volume between Europe and the USA, which led to a decrease in gross profit by a total of 16 per cent. We were able to counteract the decrease with a sales initiative and keep the sea freight volume constant. By contrast, however, the air freight volume fell by 40 per cent. Our offices in San Francisco, Cleveland, Houston and Los Angeles developed positively.

In Latin America, in particular the first-time consolidation of our Mexican subsidiary with gross profit of EUR 1.6 million had a positive impact. But development in Bolivia, Chile and Uruguay with suitable growth in gross profit in some cases was also able to compensate for the significant slowdown in the USA. Argentina was almost able to retain the level of the previous year's gross profit. Only Paraguay's gross profit decreased significantly. We used this as an opportunity to sign a memorandum of understanding with a South American partner on the disposal of all shares in our company in Paraguay in the first quarter of 2020. In return, we will receive 15 per cent of this partner's shares in its company in Peru. The transaction is to be carried out with retroactive effect as of 1 January 2020.

Asia

in kEUR

	2019	2018	Change
Gross profit	33,690	30,600	10.1%

Overall, the Asia business continued to develop very encouragingly. For example, China as the largest subsidiary was able to increase gross profit by 10 per cent. Our significantly expanded presence in the west of the country through the opening of three new offices – Chengdu, Chongqing and Xi'an – contributed to this. Of the mid-sized subsidiaries, India in particular developed very well with gross profit growth of 22.4 per cent. Korea, Singapore and Taiwan also saw double-digit growth. Only Hong Kong's gross profit decreased compared to 2018 (-6.4 per cent). This is related to Hong Kong's particular situation in 2019 and is in keeping with the slowdown in this region overall. The smaller subsidiaries in Indonesia, Malaysia and Vietnam all developed positively with considerable growth rates in gross profit.

Australia/New Zealand

in kEUR

	2019	2018	Change
Gross profit	24,698	24,280	1.7%

Business in the Australia/New Zealand region, an important region for us, was largely stable with a slight rise in gross profit. Sea freight remained almost unchanged compared to the previous year in both Australia and New Zealand. The air freight business decreased in 2019 in line with the global trend. Contract logistics developed positively both in Australia and New Zealand, and we were able to gain numerous new customers. Moreover, we implemented our new global warehouse management system with which we improved processes and increased visibility and quality for our customers.

Africa

in kEUR

	2019	2018	Change
Gross profit	31,687	29,095	8.9%

The Africa region, which serves South Africa, Mozambique and Namibia via Röhlig-Grindrod, increased gross profit by 8.9 per cent (and in fact by 12.8 per cent in local currency). We hold 42.5 per cent of the company. It is therefore recognised in the consolidated financial statements using the equity method. Contrary to expectations and to Röhlig-Grindrod's planned budget, contract logistics was not able to develop through a new contract logistics warehouse. Although gross profit in this area increased by 28.5 per cent, it remained behind expectations. The area of sea freight developed positively with a rise in gross profit of 8.1 per cent. In the area of air freight, gross profit grew by 5.2 per cent.

Outlook

The coronavirus's powerful impact on the global economy

The outlook for 2020 is presently very hard to assess. The IMF was still anticipating global economic growth of 3.3 per cent in January 2020 and expected trade in goods and services to rise by 2.9 per cent.

In contrast to the IMF's assessment, the majority of logistics companies expected negative development of the global economy for 2020. In December, the International Air Transport Association (IATA) was still expecting freight tonne kilometres to grow by 2.0 per cent in 2020, but expressly pointed out this forecast was of limited use due to the coronavirus.

Since the outbreak of the coronavirus (SARS-CoV-2) in China at the end of 2019, the spread of the pandemic has now led to a global humanitarian and macroeconomic crisis that is not comparable with any crisis since the Second World War. For example, according to the Robert Koch Institute and Johns Hopkins University, the number of people infected with COVID-19 and the deaths it has caused continue to grow exponentially in most countries.

In view of the global fight against the spread of the coronavirus, uncertainty regarding the global economy has increased dramatically. A shutdown of the vast majority of public life, factory closures, extensive suspension of passenger flights and closures of ports have not only had a considerable impact on the logistics business, but as a result also on economic development in many parts of the world. Almost all sectors are impacted by disruptions of supply chains. Shutdown of production is on the agenda in large parts of the world.

How strong the coronavirus's impact on the global economy will be can probably not be assessed more precisely until towards the end of the second quarter. The freight rates on many routes, particularly in air freight, have skyrocketed because only limited transport capacity is currently available. As a result of the impending improvement of the situation in China and production starting up again there, the supply chain from Asia is expected to get going again, but also requires demand in other parts of the world. For example, the rail links between Europe and China may also benefit from such a trend reversal.

How much the reduction of capacity in logistics chains will lead to selective improvement of the margin structure in the logistics business, and possibly in some cases compensate for the falling volume of business, can currently only be estimated to a limited extent. Against this background, we are working in scenarios for the 2020 to 2022 budget, particularly for 2020 (best case, management case and worst case). All cost measures are geared to ensuring the necessary liquidity at all times, even in the worst-case scenario.

On the path to Vision 2030 with a focus on profitability

Especially in view of the uncertain economic outlook and the global coronavirus crisis, we are focusing as far as possible on stability. We stand by our Vision 2030 and are pursuing the aims that we have set as part of our Blue Star strategy programme. Increasing our profitability in the core business has priority. It's the prerequisite for us being able to increase our size and market share and develop new products and services.

In 2019, we already introduced steps to strengthen our position even in a difficult environment worldwide. In the course of this, we were able to steer several subsidiaries back into profitability. The measures taken are likely to have a visible impact on our results in 2020.

The current events in connection with the coronavirus make planning difficult. This is because as a global company, short-term changes in international trade flows directly impact our business.

Against this background, the Global Executive Board has prepared a medium-term plan for 2020 to 2022 in consultation with the company's Advisory Board. The year 2020 and the effects of the coronavirus crisis in particular have priority in this plan.

In addition to managing the Röhlig Group's revenue, the Global Executive Board is particularly focusing on liquidity management in view of the coronavirus crisis. For example, the Global Executive Board receives regular reports about the group's liquidity situation, which all units of the Röhlig Group must provide on a weekly basis for the next three months and on a monthly basis for the following nine months, and which are then consolidated by the central treasury. As things currently stand, the Röhlig Group is sufficiently supplied with liquidity at all times.

In addition to the work on our profitability and liquidity, we are, however, not ignoring the further strategic approaches. Where suitable opportunities present themselves in the medium term, we will also continue to consider entering new markets or increase our shareholdings. This is because in order to be a leader in a competitive environment shaped by consolidation, as an independent owner-operated company we also need to remain relevant in terms of size.

The further expansion of our digital footprint is a focus even in difficult times. We set ourselves the goal of continuously improving our digital offerings and making them available to as many customers as possible in various markets. In contract logistics, we will optimise the utilisation of our global network of warehouses.

Bremen, 8 April 2020

Global Executive Board

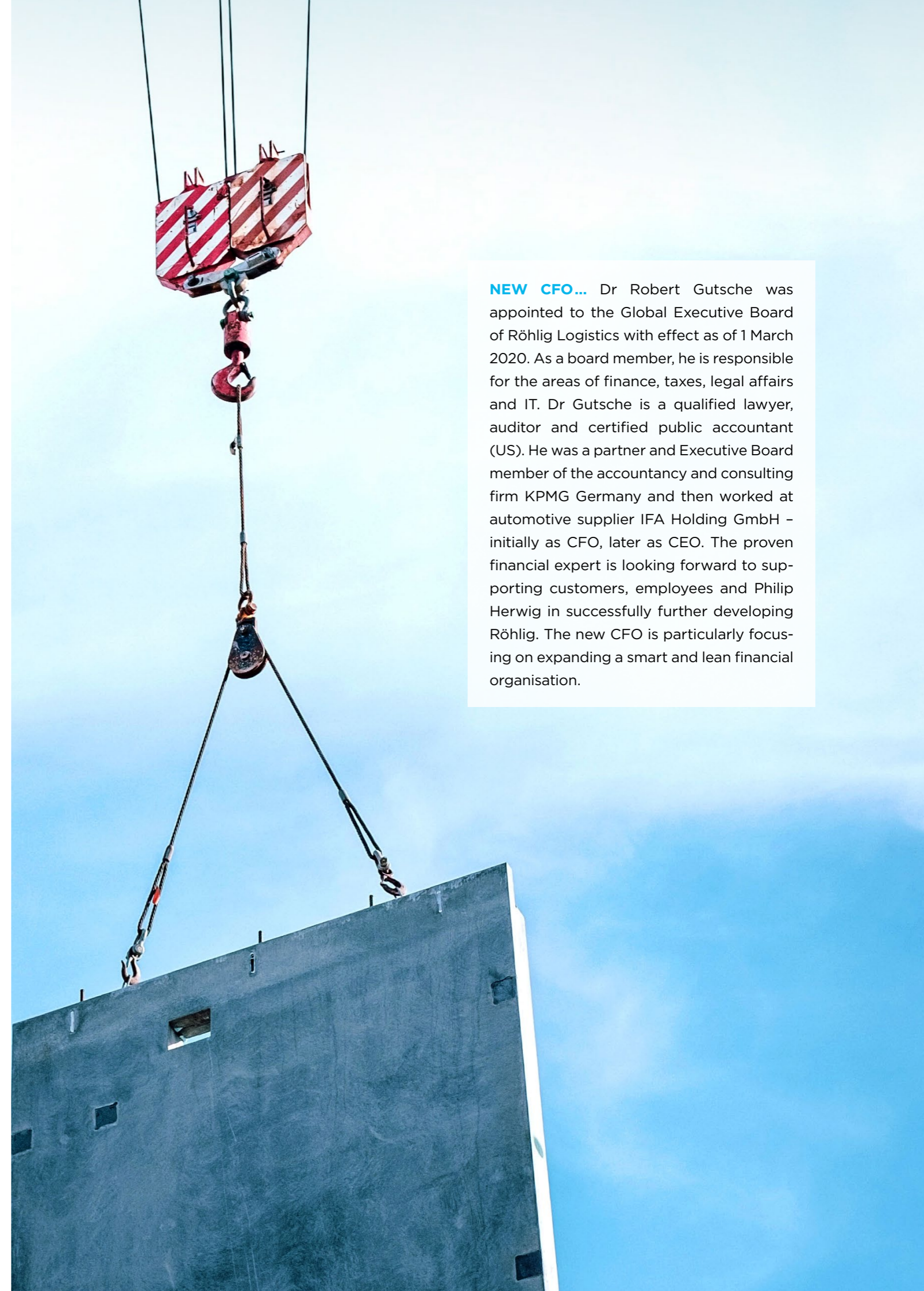


GLOBAL EXECUTIVE BOARD

The four-member Executive Board of Röhlig is supported by a global regional management level that reports directly to the responsible board member. This is how Röhlig manages the constantly growing number of countries within its global network.



- 1... **PHILIP W. HERWIG**, Managing Partner
- 2... **DR ROBERT GUTSCHE**, Chief Financial Officer
- 3... **ULRIKE BAUM**, Chief Human Resources Officer
- 4... **HYLTON GRAY**, Chief Executive Officer Air Freight, Sea Freight, Contract Logistics & Projects

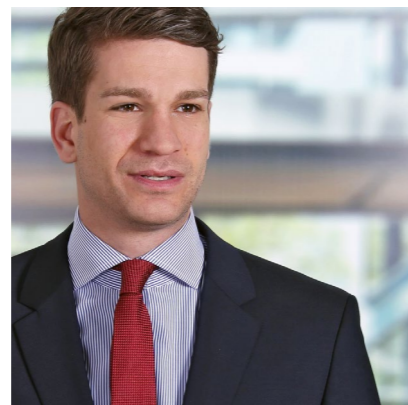
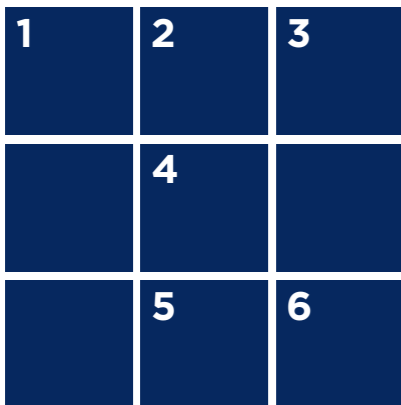


NEW CFO... Dr Robert Gutsche was appointed to the Global Executive Board of Röhlig Logistics with effect as of 1 March 2020. As a board member, he is responsible for the areas of finance, taxes, legal affairs and IT. Dr Gutsche is a qualified lawyer, auditor and certified public accountant (US). He was a partner and Executive Board member of the accountancy and consulting firm KPMG Germany and then worked at automotive supplier IFA Holding GmbH – initially as CFO, later as CEO. The proven financial expert is looking forward to supporting customers, employees and Philip Herwig in successfully further developing Röhlig. The new CFO is particularly focusing on expanding a smart and lean financial organisation.



ADVISORY BOARD

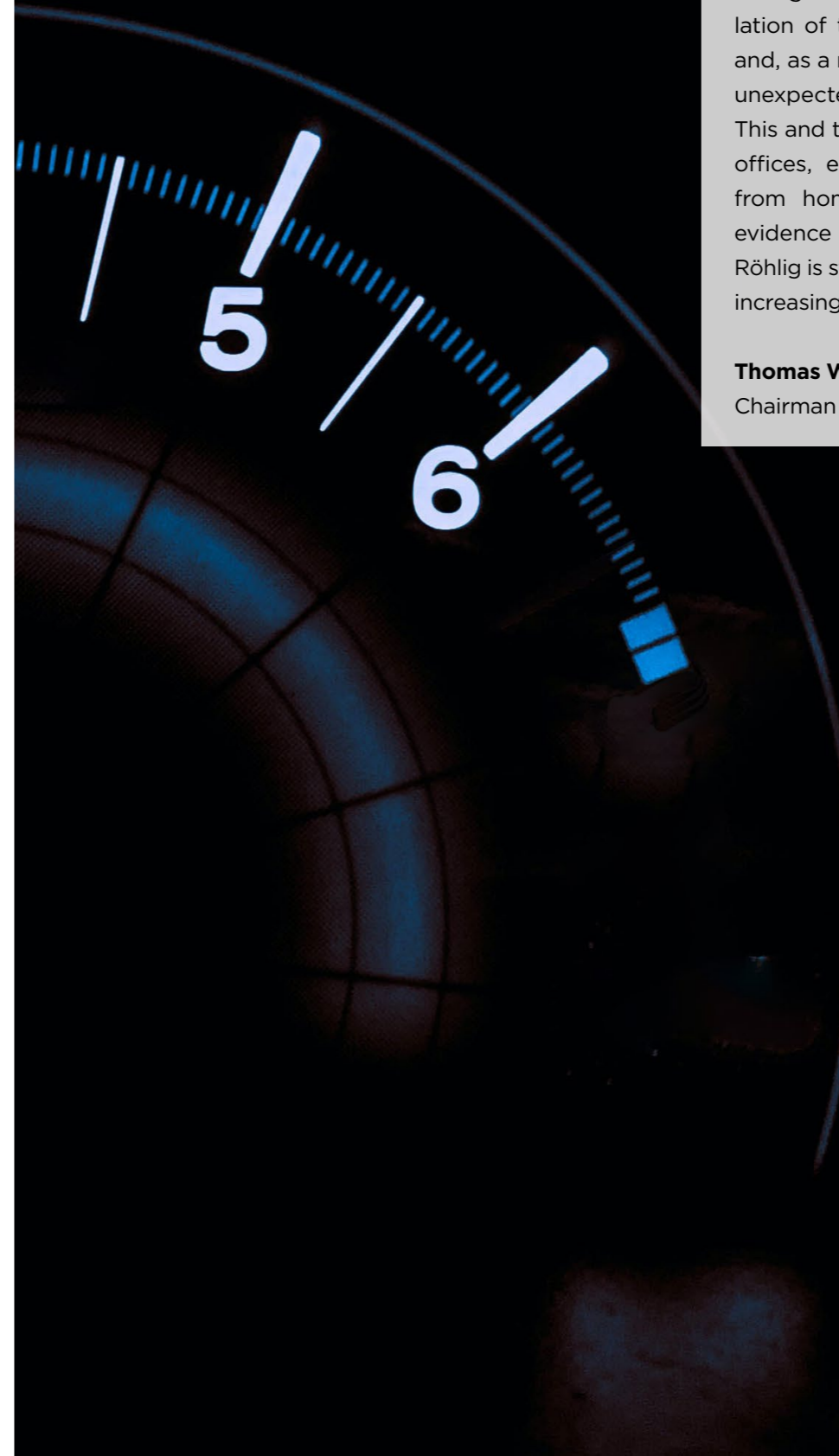
The Advisory Board is there to advise the Executive Board with broad expertise and extensive industry experience.



- 1... DR THOMAS NOTH
- 2... VERENA PAUSDER
- 3... JAN BRORHILKER
- 4... THOMAS W. HERWIG
- 5... MAXIMILIAN FREY
- 6... DR ANDREAS M. ODEFEY

RÖHLIG... In the second half of the year, Röhlig had prepared for a possible escalation of the USA's trade war with China and, as a result, was well-equipped for the unexpected 2020 coronavirus pandemic. This and the high IT standards in all Röhlig offices, enabling all employees to work from home during the lockdowns, are evidence of the management's foresight. Röhlig is steering a safe course in 2020 with increasing dynamism.

Thomas W. Herwig
Chairman of the Advisory Board



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p. 6: Thilo Müller Photodesign

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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

