

CEVA Logistics upgrades its 2021 expectations Strategic partnership with CMA CGM – Acquisition of CMA CGM Log

Baar, Switzerland, 26 November, 2018 – CEVA Logistics AG (“CEVA” or the “Company”) announced today its revised strategic plan which includes three key levers to accelerate top-line growth and improve profitability: the launch of a strategic partnership with CMA CGM and the acceleration of turnaround efforts with the support of CMA CGM’s corporate transformation expertise, the leveraging of the CMA CGM’s overall platform to accelerate revenue growth, and the acquisition of CMA CGM’s freight management activities (“CMA CGM Log”).

Key highlights of the revised strategic plan:

- **CEVA’s 2021 revenue target above US\$ 9 billion, reflecting a 5% average annual organic growth and the contribution of CMA CGM Log of US\$ 630 million**
- **Stronger footprint in Ocean Freight Management**
- **Upgraded 2021 management expectations on Adjusted EBITDA raised from US\$ 380 million to US\$ 470-490 million**
- **Acquisition of CMA CGM Log for US\$ 105 million (cash free/debt free) paid in cash**
- **Appointment of Nicolas Sartini as Chief Operating Officer and Deputy CEO as of January 1, 2019**
- **Intensified business relationship with CMA CGM while keeping an arm’s length governance**

"With the support of our strategic partner CMA CGM, I am proud to open a new chapter for CEVA Logistics and announce that we can accelerate our transformation and turnaround action plan in the next three years and beyond. This can be achieved by a combination of our commercial and sales focus, cross selling with CMA CGM customers, our own productivity actions, the integration of CMA CGM Log within CEVA and sharing resources with CMA CGM in the field of procurement and administrative functions. I am very happy to welcome Nicolas who has successfully turned around the APL shipping company as my Deputy and COO." says Xavier Urbain, CEO of CEVA Logistics.

A Realistic Enhanced Margin Improvement Trajectory

CEVA has been on a transformation journey since 2014 with a commitment to strengthening its approach to new business development, transform its IT infrastructure and improve the company’s operational performance and productivity through increased standardization and streamlined processes. At the time of the IPO, CEVA had been halfway through this journey and has continuously been pursuing these actions since. The strategic partnership with CMA CGM now opens up significant opportunities to accomplish this journey more rapidly, secure a more robust execution and take advantage of CMA CGM’s customer base and turnaround expertise.

The combination of CMA CGM’s and CEVA’s expertise in corporate transformations is expected to deliver faster and more sustainable efficiency.



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The revised management expectations rely on the following three key initiatives:

- **Acceleration:** Accelerate CEVA's transformation by leveraging CMA CGM's operational and commercial expertise and benefit from cross-selling opportunities
- **Efficiency:** Leverage CMA CGM's platform to generate cost efficiencies in terms of back-office optimization
- **CMA CGM Log:** Strengthen CEVA's footprint in Ocean Freight Management through the acquisition of CMA CGM's Freight Management activities.

CEVA will remain an independent and standalone listed company. This strategic partnership is aligned with CMA CGM's strategy to offer end-to-end logistics solutions to its customers, pioneering the development of integrated logistics solutions, while retaining an arm's length business relationship with CEVA.

Management expects that these three key initiatives will result in an incremental US\$ 100 million of Adjusted EBITDA by 2021 compared to the objective set at the IPO. As a result, management expects an Adjusted EBITDA range of US\$ 470 to 490 million by 2021. In terms of EBITDA margin, the objective remains to achieve more than 5% in the longer term when full benefits materialize.

CEVA's Board of Directors will formally confirm these management expectations when the Public Tender Offer prospectus presented by CMA CGM is issued.

Acceleration

CEVA expects to accelerate its transformation and will introduce value-enhancing initiatives, most notably:

- Cross-selling with CMA CGM, strengthen key account relations and increase "share of wallet", while diversifying to medium and small size customers, focus on the value-add segments like cold chain logistics and LCL (Less Than Container Load), develop fast-growing sectors (E-commerce, Retail) organically and penetrate new geographic areas with strong growth potential (Asia, Middle East, Africa)
- Reinforcing CEVA's management with some of CMA CGM's highly experienced managers in the field of company turnaround, a streamlined organization simplifying the current matrix organization, with increased control from the central level
- Improving operators' productivity as a result of process improvements and technology, accelerated SG&A efficiency, leverage shared service centers across functions/geographies, accelerated deployment of IT tools (WMS-Warehouse Management System, TMS-Terminal Management System).

Efficiency

CEVA expects to leverage CMA CGM's overall platform to realize efficiency improvements. Back-office functions synergies have been already identified, including savings on current outsourcing contracts, transfer of functions to shared service center and more efficient billing and cash collection. On the procurement side, savings on services and consumables are also expected to contribute to savings.



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CMA CGM Log

CEVA has agreed in principle, subject to regulatory approvals, confirmatory due diligence and legally required consultation processes, to acquire 100% of CMA CGM's freight management activities for a total consideration (cash free/debt free) of US\$105 million paid in cash. Closing of the CMA CGM Log acquisition is expected in the second quarter of 2019 following completion of the Public Tender Offer by CMA CGM for CEVA.

CMA CGM Log expects to generate revenues of US\$ 630 million and an EBITDA of US\$ 16 million. The company has 1,200 employees in 32 countries via directly-owned entities and has cooperation agreements in 26 additional countries. CMA CGM Log has a significant presence in high growth markets including India, China, Australia and the US.

The integration of CMA CGM Log into CEVA Freight Management Business line is expected to significantly reinforce CEVA's footprint in Ocean Freight Management with 170,000 additional controlled TEUs, addressing CEVA's target to reach close to 1,000,000 TEUs and enable expansion of its product offering in the field of Sea FCL (Full Container Load) and LCL (Less than Container Load), Customs Clearance, carrier haulage and Air freight Forwarding. The combination of CMA CGM Log and CEVA's Freight Management Business is expected to result in significant cost synergies.

Appointment of Nicolas Sartini

Nicolas Sartini has been appointed as Chief Operating Officer and Deputy CEO as of 1 January, 2019. He has been acting as CEO of APL since CMA CGM's takeover of APL in June 2016. In this role, Nicolas Sartini has been instrumental to the quick turnaround of APL between 2016 and 2018 and will bring to CEVA a wealth of expertise in the field. Prior to joining APL, he held various positions within CMA CGM as Group Senior Vice President. Nicolas Sartini graduated from the Paris-based Ecole des Hautes Etudes Commerciales business school in 1983.

Update on the Public Tender Offer

On 26 November, 2018 CMA CGM has published its pre-announcement for the Public Tender Offer on CEVA shares. CMA CGM will offer to CEVA shareholders to either:

- Remain invested in CEVA, capturing the expected significant value creation potential embedded in the new strategic plan or
- Exit in the context of CMA CGM's public tender offer at a value of CHF 30 per share in cash.

Publication of the prospectus including the report of the board of directors of CEVA, which will include its recommendation to all shareholders, is expected in mid-January 2019.

It is CEVA's and CMA CGM's objective to maintain CEVA's listing on the SIX Swiss Exchange with a significant free float and with governance principles in line with best practices for Swiss listed companies. The Public Tender Offer process is expected to close in April 2019.



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Documents

CEVA Logistics investor presentation are available under:

<http://www.ir.cevalogistics.com/websites/ceva/English/3000/results-centre.html>

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CEVA - Making business flow

CEVA Logistics, a global asset-light third-party logistics company, designs and operates industry leading supply-chain solutions for large and medium-size national and multinational companies. Its integrated network in Freight Management and Contract Logistics spans more than 160 countries. Approximately 56,000 employees are dedicated to delivering effective solutions across a variety of industry sectors where CEVA applies its operational expertise to provide best-in-class services. CEVA generated revenue of \$7 billion and adjusted EBITDA of \$280 million in 2017. CEVA Logistics is listed on SIX Swiss Exchange under ticker symbol CEVA. For more information, please visit www.cevalogistics.com.



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Safe Harbour Statement:

This news release contains specific forward-looking statements. These forward-looking statements include, but are not limited to, discussions regarding the proposed refinancing described above, its guidance for 2018 and beyond, discussions regarding industry outlook, CEVA's expectations regarding the performance of its business or joint ventures, its liquidity and capital resources, and other non-historical statements. These statements can be identified by the use of words such as "believes," "anticipates," "expects," "intends," "plans," "continues," "estimates," "predicts," "projects," "forecasts," and similar expressions. All forward-looking statements are based on management's current expectations and beliefs only as of the date of this news release and, in addition to the assumptions specifically mentioned in the above paragraphs, there are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the effect of local and national economic, credit and capital market conditions, a downturn in the industries in which we operate (including the automotive industry and the air freight business), risks associated with CEVA's global operations, fluctuations and increases in fuel prices, CEVA's substantial indebtedness, restrictions contained in its debt agreements and risks that it will be unable to compete effectively. Further information concerning CEVA and its business, including factors that potentially could materially affect CEVA's financial results, is contained in the annual and quarterly reports of CEVA Logistics AG (and its predecessor CEVA Holdings LLC), available on the Company's website, which investors are strongly encouraged to review. Should one or more of these risks or uncertainties materialise or the consequences of such a development worsen, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. CEVA disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.