



## press release

### CEVA Group Plc reports Quarter 1, 2007 results

31 May 2007

*Strong business performance in all segments*

**CEVA Group Plc, the leading global pure play contract logistics company, released its first quarterly statements today since achieving independence from TNT N.V. on November 4, 2006. These statements represent a further milestone in the company's history and include the following highlights:**

- **Stable revenue performance between Q1 2007 and Q1 2006**
- **Operating income grew to €15.5 million from €15.0 million Q1, 2006**
- **EBITDA increased to €45.2 million from €35.0 million in Q1 2006**
- **Pro forma adjusted EBITDA improved to €48.9 million from €45.6 million in 2006 (unaudited)**
- **Net loss of €(14.9) million compared to €(7.7) million in Q1 2006, driven by higher interest costs owing to the company's new capital structure**
- **Net cash flow of €14.2 million compared to €(22.1) million in Q1 2006**
- **Pending acquisition of EGL, Inc. for approximately \$2 billion**

CEO Dave Kulik commented: "The first quarter of 2007 represented new evidence of the success our growth strategy. Major new contracts were signed with, amongst others, General Motors Thailand Limited, Rolls Royce Marine AS and John West Foods Ltd. These new contracts confirm that our focus on targeted sectors and our service offering results in successful and long-term growth. Close long-term customer relationships are the essence of our business. We have begun implementing our new global operating strategy, our roadmap for optimising, enhancing and transforming CEVA's business. Our first priority is growing our customer base and increasing our market share. Our service portfolio, global network, sector expertise and proven skills in cost control and efficiency will help us meet these goals. With the same objectives in mind we are also putting increased focus on improving our business development and account management activities, as well as enhancing our people policies."

Net sales remained stable between Q1 2006 and Q1 2007 with reported revenues of €67.2 million and €61.6 million for the respective periods. This is the result of a decrease in North America which was offset by strong growth in all other regions. Despite neutral revenue development, EBITDA increased by 29% to €45.2 million for the quarter, up from €35.0 million in Q1 2006. This is the result of a combination of improved operational performance, lower head

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office costs and the absence of licence fee costs in 2007. Net financial expense rose in Q1 2007 which increased the loss for the quarter to €(14.9) million from €(7.7) million in Q1 2006. In the first quarter of 2007 CEVA announced that John Pattullo will take up the position of Chief Executive Officer in the August 2007. Dave Kulik will then become Vice Chairman of the CEVA Group.

In May 2007 CEVA announced that it will acquire freight forwarding company EGL, Inc. for approximately \$2 billion. CEVA currently intends to finance the acquisition with a combination of debt, with up to approximately \$200 million of cash equity from CEVA's balance sheet and up to approximately \$100 million new cash equity from Apollo (\$65 million minimum commitment). The combination will create the world's fourth largest integrated supply chain management company, with global capabilities in freight forwarding and contract logistics. It is anticipated that the transaction will close in the third quarter of 2007, and is subject to EGL shareholder approval, regulatory approval and certain other conditions."

**Q1 2007 INTERIM FINANCIAL STATEMENTS  
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF INCOME AND  
EXPENSE (Unaudited)**  
in €millions

	Quarter 1, 2007	Quarter 1, 2006
Revenues	863.5	870.6
Other income	0.3	1.0
Operating expenses	848.3	856.6
Operating income	15.5	15.0
Net financing expense	(30.4)	(15.9)
Results from investments in associates	(0.2)	(0.1)
Loss before income taxes	(15.1)	(1.0)
Income taxes	0.2	0.3
Loss for the period from continuing operations	(14.9)	(1.3)
Loss from discontinued operations	-	(6.4)
Loss for the period	(14.9)	(7.7)
Attributable to:		
Minority interests	0.3	(0.1)
Shareholders/Predecessor net investment	(15.2)	(7.6)
Loss for the period	(14.9)	(7.7)

**CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEETS (Unaudited)**  
in €millions

	March 31, 2007	December 31, 2006
Non-current assets	1,609.6	1,647.3
Current assets	1,091.4	1,113.6
Assets classified as held for sale	0.2	-
<b>Total assets</b>	<b>2,701.2</b>	<b>2,760.9</b>



Attributable to equity holders of the parent	270.2	285.6
Minority interest	33.5	33.2
Group equity	303.7	318.8
Non-current liabilities	1,534.2	1,548.6
Current liabilities	863.3	893.5
Liabilities related to assets classified as held for sale	-	-
<b>Total equity and liabilities</b>	<b>2,701.2</b>	<b>2,760.9</b>

**CONDENSED CONSOLIDATED AND COMBINED CASH FLOW STATEMENTS**  
**(Unaudited)**  
in €millions

	<b>Quarter 1, 2007</b>	<b>Quarter 1, 2006</b>
Loss before income tax	(15.1)	(1.0)
Adjustments for:		
Depreciation, amortisation and impairments	29.7	20.0
Result on sale of property, plant and equipment	(0.3)	1.0
Investment income and results from investments in associates	30.6	16.1
Changes in working capital and provisions	12.1	(45.2)
Interest paid	(10.5)	(2.9)
Change in income taxes	2.3	(24.1)
Other	2.5	9.9
 Net cash from operating activities	 51.3	 (26.2)
 Net cash used in investing activities	 14.4	 (11.8)
 Net cash provided by financing activities	 (51.5)	 15.9
 Cash and cash equivalents at the beginning of the period	 264.7	 93.4
Change in cash and cash equivalents	14.2	(22.1)
Foreign exchange	(0.1)	-
Cash and cash equivalents at the end of the period	278.8	71.3

**CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN**  
**GROUP EQUITY (Unaudited)**  
in €millions

	<b>Quarter 1, 2007</b>
Group equity at December 31, 2006	318.8
Issuances	-
Results for the period	(14.9)
Currency translation adjustments	(0.2)



Group equity at March 31, 2007	303.7
Attributable to equity holders of the parent	270.2
Minority interest	33.5
Group equity at March 31, 2007	303.7

## **NOTES TO THE CONDENSED CONSOLIDATED AND COMBINED INTERIM FINANCIAL STATEMENTS**

CEVA Group Plc (the "Company") is a company incorporated in the United Kingdom on August 9, 2006, with bond securities registered on the Alternative Securities Market of the Irish Stock Exchange since December 6, 2006. On November 4, 2006 the Company acquired the logistics business from TNT N.V.

The financial report of the Company for Q1 2007 comprises the Company and its subsidiaries (together referred to as the "Group") and the Company's interest in associates.

### **ACCOUNTING POLICIES**

The accounting policies are consistent with those applied in the Annual Report 2006 of CEVA Group Plc.

Comparative figures are pro forma on a combined basis.

### **FORWARD-LOOKING STATEMENTS NOTICE**

Some statements in this press release are "forward-looking statements" within the meaning of U.S. federal securities laws. We intend that these statements be covered by the safe harbors created under these laws. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about future events. In addition to the assumptions specifically mentioned in this press release, important factors that could cause actual results to differ materially from those expressed or implied include, but are not limited to, the results and the timing of the conclusion of our tax investigations and our discussions or disagreements with other tax authorities and the other factors discussed in our annual report. Given these uncertainties, no assurance can be given as to our future results and achievements. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this press release and are neither predictions nor guarantees of future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

### **Note:**

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