



# **Kuehne + Nagel International AG**

## **Analyst Conference – Half-Year 2017 results**

July 18, 2017 (CET 14.00) | Schindellegi, Switzerland

# Forward-looking statements

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This presentation contains forward-looking statements.

Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Kuehne + Nagel International AG, may cause actual development and results to differ materially from the expectations contained in the presentation.

Reference is also made to our disclaimer on the last slide of this presentation.



# Agenda



- ▶ Overview Half-Year 2017 results
- Financial review
- Appendices

# Highlights HY1 2017



-  Further acceleration of volume growth in Q2 2017 leading to a better financial performance in Q2 2017 over 2016
-  Net turnover growth of 10.1%<sup>1</sup> and earnings for the period increase of 3.7%<sup>2</sup>
-  7.7% volume growth and therewith increase of market share (+ 151,000 TEUs) with strong conversion rate (28.8%)
-  18.3% volume growth and therewith increase of market share (+ 113,000 tons) with high conversion rate (30.6%)
-  Strong increase of EBIT by CHF 12 million (+ 70.6%)
-  EBIT increase of CHF 11 million (+ 15.7%)<sup>2</sup> due to strong growth of scalable industry-specific solutions

<sup>1</sup> in constant currencies (cc)

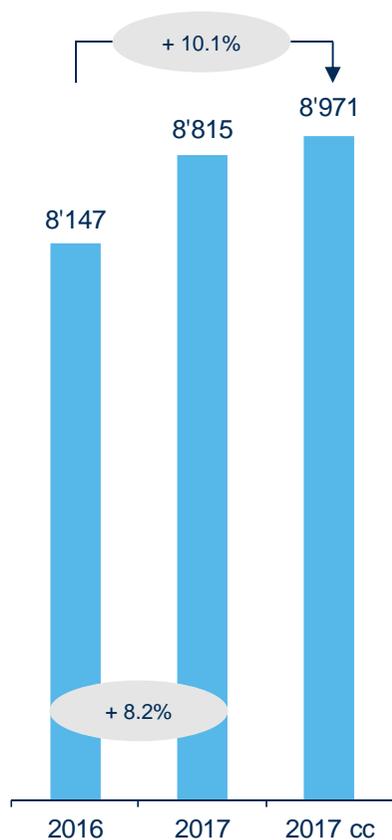
<sup>2</sup> in cc and excluding amortisation of other intangibles pertaining to acquisitions in Q2 2017 amounting to CHF 7 million

# Overview Half-Year 2017 results



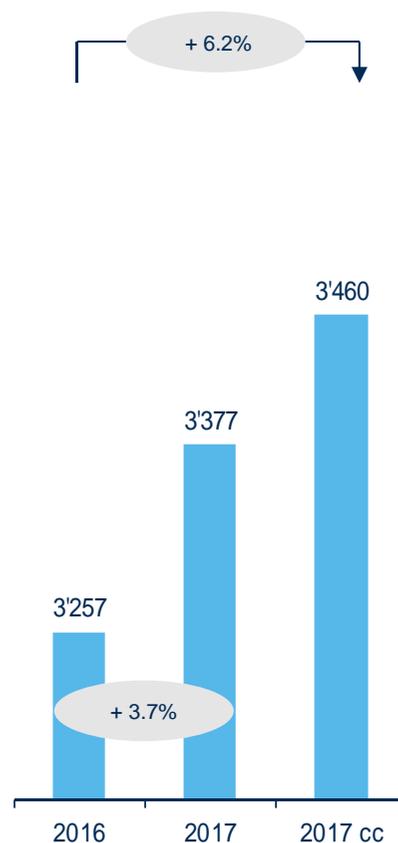
## Net turnover

in CHF million



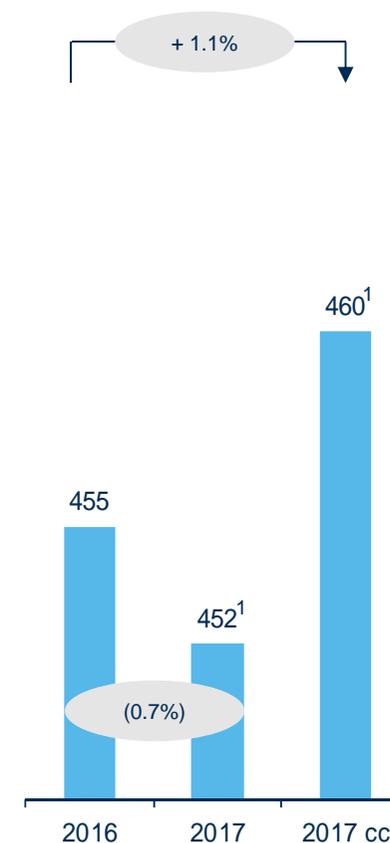
## Gross profit

in CHF million



## EBIT

in CHF million



<sup>1</sup> includes negative one-off impact from amortisation of other intangibles of CHF 7 million cc (in constant currencies)

# Seafreight



Strong volume growth + 8%  
gaining market share

High conversion rate of 29%

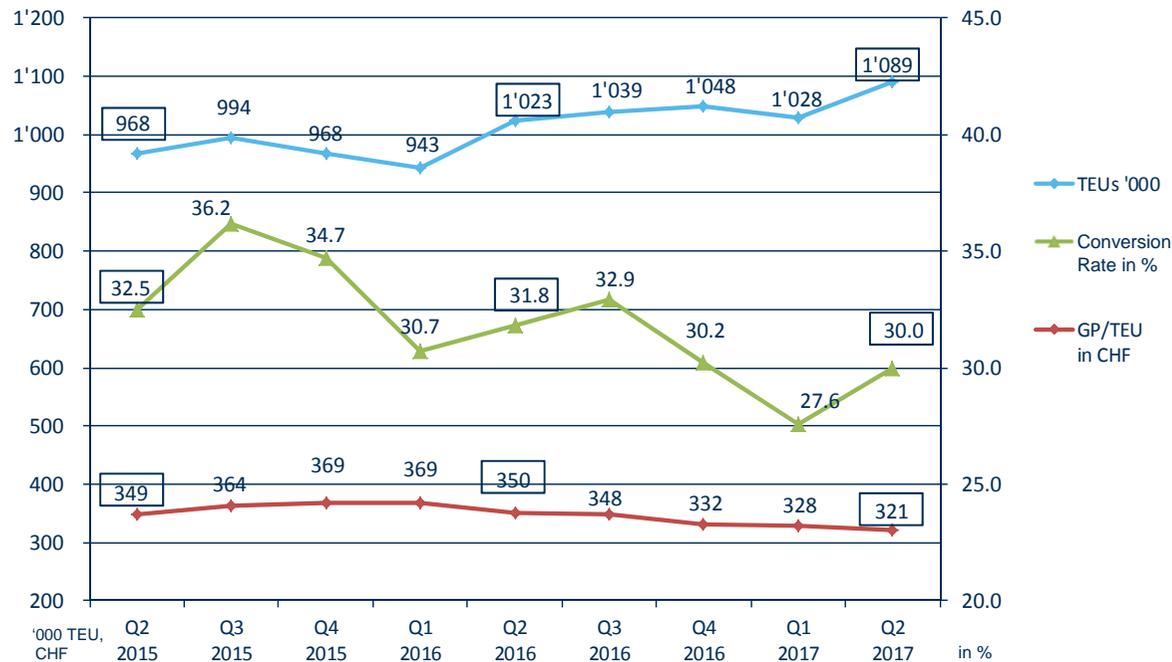


# Seafreight – Performance of business unit



Income statement in CHF million	YTD HY1 2016	YTD HY1 2017	Variance		
			2017/2016	Growth	Forex <sup>1</sup>
Turnover	3'932	4'262	8.4%	9.1%	(0.7%)
Gross profit	706	687	(2.7%)	(1.6%)	(1.1%)
EBITDA	231	209	(9.5%)	(7.8%)	(1.7%)
EBIT	221	198	(10.4%)	(8.6%)	(1.8%)
<b>EBIT in % of GP</b>	<b>31.3%</b>	<b>28.8%</b>			

<sup>1</sup> Foreign currency translation impact



- Market growth of ~ 4%
- Margin stabilised in Q2 2017
- Rebound in conversion rate to 30% in Q2 2017
- Strong volume growth: Transpacific & Transatlantic trade lanes

# Airfreight



Strong volume growth + 18%  
gaining significant market  
share

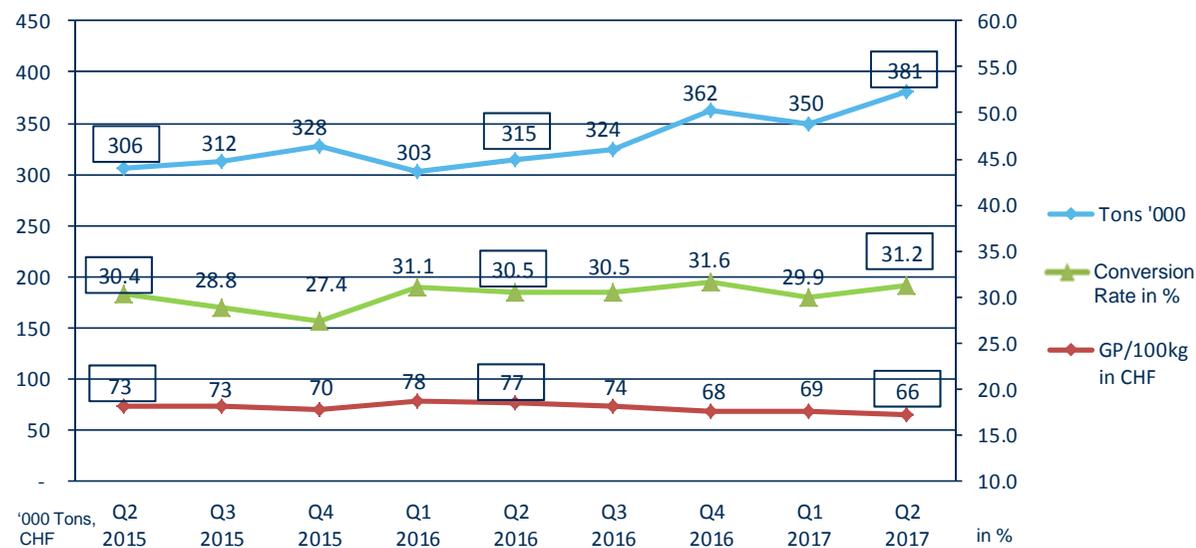
High conversion rate of 31%  
maintained

# Airfreight – Performance of business unit



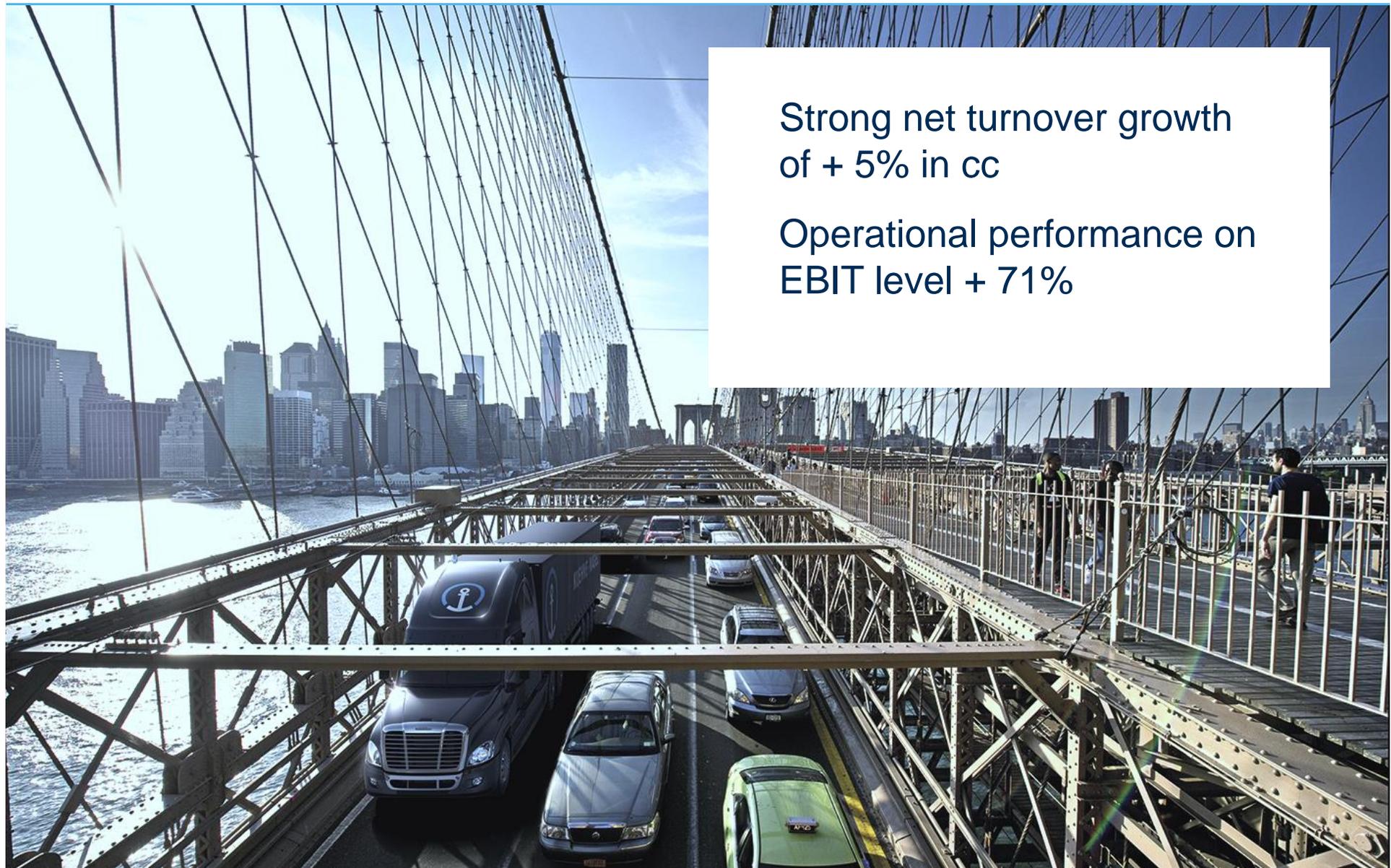
Income statement in CHF million	YTD HY1 2016	YTD HY1 2017	Variance		
			2017/2016	Growth	Forex <sup>1</sup>
Turnover	1'906	2'168	13.7%	14.5%	(0.8%)
Gross profit	478	494	3.3%	4.6%	(1.3%)
EBITDA	155	159	2.6%	4.5%	(1.9%)
EBIT	147	151	2.7%	4.7%	(2.0%)
<b>EBIT in % of GP</b>	<b>30.8%</b>	<b>30.6%</b>			

<sup>1</sup> Foreign currency translation impact



- Market growth of ~ 10%
- Slightly lower by 100kg margins compensated by strong volume growth and leading conversion rate of 31%
- Over 380,000 export tons shipped in Q2 2017
- Strong export business from Europe and Asia

# Overland



Strong net turnover growth  
of + 5% in cc

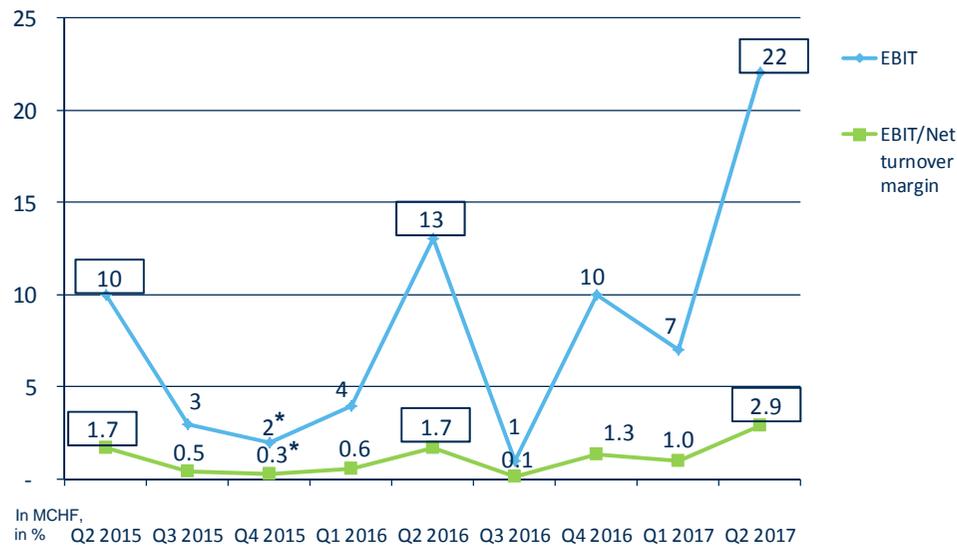
Operational performance on  
EBIT level + 71%

# Overland – Performance of business unit



Income statement in CHF million	YTD		Variance		
	HY1 2016	HY1 2017	2017/2016	Growth	Forex <sup>1</sup>
Net turnover	1'449	1'497	3.3%	4.7%	(1.4%)
Gross profit	456	472	3.5%	5.3%	(1.8%)
EBITDA	37	49	32.4%	35.1%	(2.7%)
EBIT	17	29	70.6%	76.5%	(5.9%)
EBITDA / Net turnover margin	2.6%	3.3%			
EBIT / Net turnover margin	1.2%	1.9%			
EBIT / GP margin	3.7%	6.1%			

<sup>1</sup> Foreign currency translation impact



In MCHF, in % Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017 Q2 2017

- Accelerated profitability improvement in Q2 2017
- Strong network traffic performance in Europe and the US
- Successful implementation of Pharma solutions

\* excl. antitrust fine

# Contract Logistics



Strong business growth of 7%  
in cc through scaling of  
industry-specific solutions

EBIT growth of 16%  
(excl. one-off item)

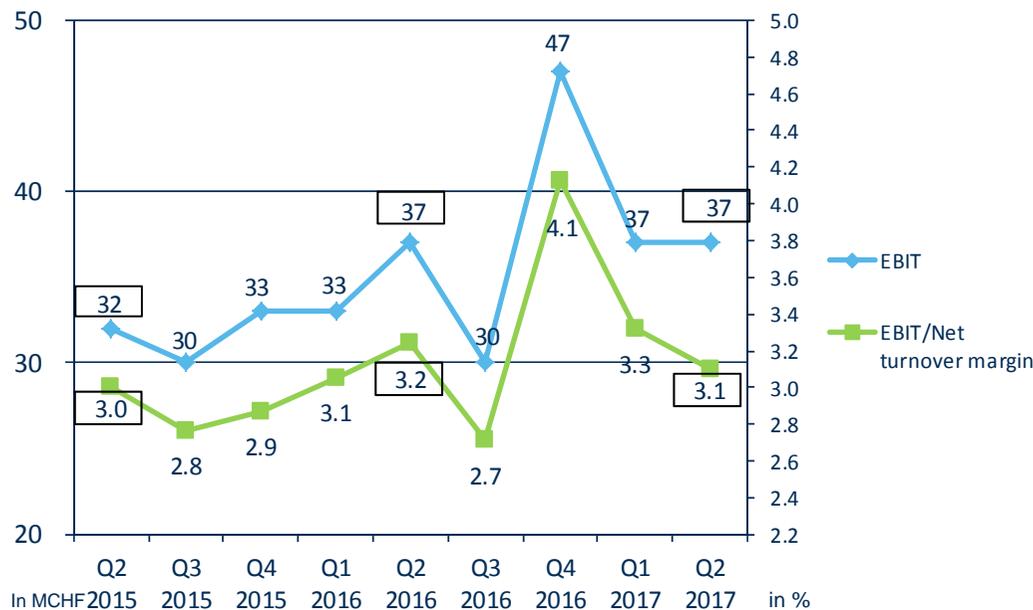
# Contract Logistics – Performance of business unit



Income statement	YTD HY1 2016	YTD HY1 2017 <sup>1</sup>	Variance			
			2016/2017	Growth	Acquisition	Forex <sup>2</sup>
Net turnover	2'222	2'309	3.9%	7.0%	0.3%	(3.4%)
Gross profit	1'617	1'724	6.6%	10.0%	0.4%	(3.8%)
EBITDA	124	137	10.5%	12.1%	- %	(1.6%)
EBIT	70	74	5.7%	15.7%	(10.0%)	- %
EBITDA / Net turnover margin	5.6%	5.9%				
EBIT / Net turnover margin	3.2%	3.2%				

<sup>1</sup> Includes amortisation of other intangibles of CHF 7 million

<sup>2</sup> Foreign currency translation impact



- Strong gross profit growth of CHF 107 million or CHF 168 million in cc
- Scaling of industry-specific solutions
- Additional 540.000 sqm of warehousing and logistics space added to operations, now in total 10.2 million sqm



Overview Half-Year 2017 results

▶ Financial review

Appendices

# Income statement



CHF million	2016 Q1	2016 Q2	YTD HY1 2016	2017 Q1	2017 Q2	YTD HY1 2017 <sup>1</sup>	Variance			Variance in %			
							2017/2016	Q1	Q2	2017/2016	Growth	Acquisition	Forex <sup>2</sup>
Net turnover	4'010	4'137	8'147	4'299	4'516	8'815	668	289	379	8.2%	10.0%	0.1%	(1.9%)
Gross profit	1'593	1'664	3'257	1'648	1'729	3'377	120	55	65	3.7%	6.0%	0.2%	(2.5%)
<i>Gross profit margin</i>	39.7%	40.2%	40.0%	38.3%	38.3%	38.3%							
EBITDA	259	288	547	257	297	554	7	(2)	9	1.3%	3.1%	-	(1.8%)
<i>EBITDA margin</i>	6.5%	7.0%	6.7%	6.0%	6.6%	6.3%							
EBIT	217	238	455	209	243	452	(3)	(8)	5	(0.7%)	2.6%	(1.5%)	(1.8%)
<i>EBIT margin</i>	5.4%	5.8%	5.6%	4.9%	5.4%	5.1%							
EBT	220	242	462	214	248	462	-	(6)	6	-	3.2%	(1.5%)	(1.7%)
<i>EBT margin</i>	5.5%	5.8%	5.7%	5.0%	5.5%	5.2%							
Earnings for the period	169	187	356	165	191	356	-	(4)	4	-	3.7%	(2.0%)	(1.7%)

<sup>1</sup> Includes amortisation of other intangibles of CHF 7 million

<sup>2</sup> Foreign currency translation impact

- Foreign currency translation impact in the income statement of approx. 2 per cent

Income Statement (average rates)	Jun 2016	Jun 2017	Variance %	Impact on earnings for the period in %
Euro	1.0919	1.0767	(1.4%)	} (1.7%)
US Dollar	0.9876	0.9940	0.6%	
British Pound	1.4081	1.2522	(11.1%)	

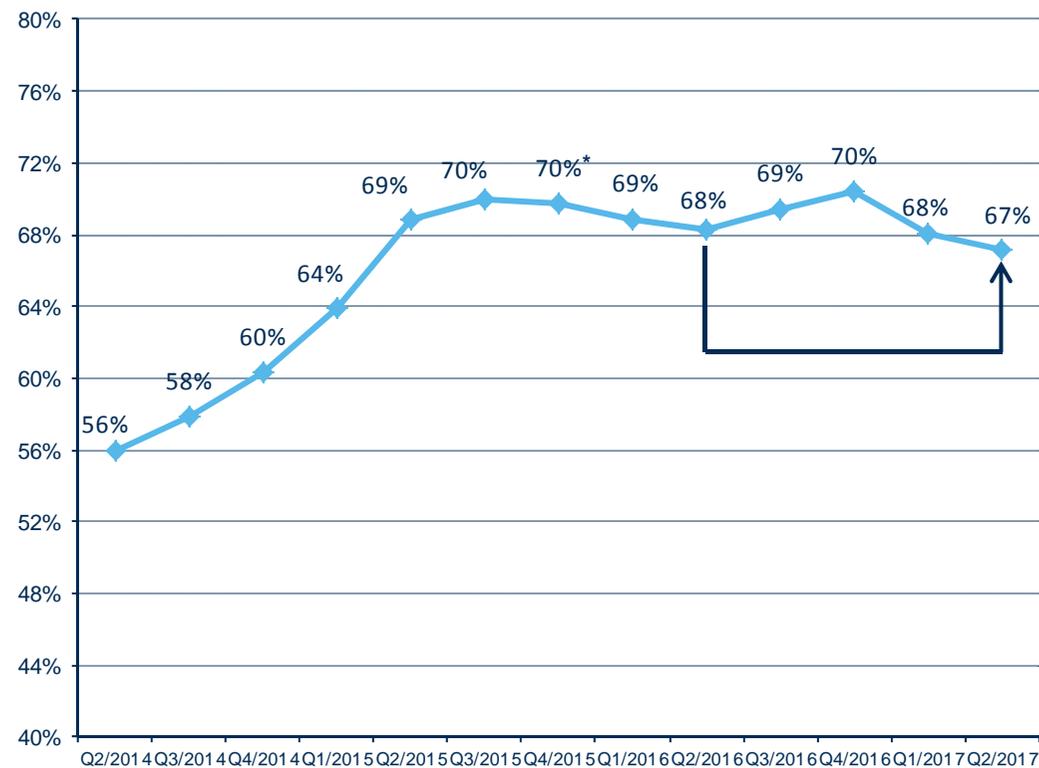
- Profit growth in Airfreight, Overland and Contract Logistics
- Seafreight stabilised in HY1 2017
- Strong fx impact of CHF 8 million on EBT

# Financial overview



CHF million	<b>HY1 2016</b>	<b>HY1 2017</b>
Net turnover	8'147	8'815
Gross profit	3'257	3'377
EBITDA	547	554
EBIT	455	452
EBIT margin to net turnover	5.6%	5.1%
Net earnings for the period	355	355
EPS (basic) in CHF	2.96	2.96
Total assets	5'963	6'402
Equity	1'825	1'837
Equity % of total assets	30.6%	28.7%
Cash and cash equivalents, net	441	341
Operational cash flow	548	562
Capex	86	93

## ROCE



\* Rolling EBIT excluding antitrust fine in Q4 2015

Calculation: Last four quarters EBIT (rolling EBIT) divided by the average of the last four quarters capital employed (rolling capital employed)

# Balance sheet



CHF million	31 December 2016	30 June 2017		31 December 2016	30 June 2017
<b>Assets</b>			<b>Liabilities and equity</b>		
Property, plant and equipment	1'127	1'135	<b>Equity attributable to the equity holders of the parent company</b>	<b>2'160</b>	<b>1'831</b>
Goodwill	758	743	Non-controlling interests	5	6
Other intangibles	82	71	<b>Total equity</b>	<b>2'165</b>	<b>1'837</b>
Others	242	249	<b>Non-current liabilities</b>	<b>639</b>	<b>618</b>
<b>Non-current assets</b>	<b>2'209</b>	<b>2'198</b>	Trade payables	1'544	1'545
Trade receivables	2'605	2'911	Accrued trade expenses/deferred income	968	1'201
Cash and cash equivalents	841	507	Bank and other interest-bearing liabilities	8	170
Others	676	786	Others	1'007	1'031
<b>Current assets</b>	<b>4'122</b>	<b>4'204</b>	<b>Current liabilities</b>	<b>3'527</b>	<b>3'947</b>
<b>Total assets</b>	<b>6'331</b>	<b>6'402</b>	<b>Total liabilities and equity</b>	<b>6'331</b>	<b>6'402</b>

# Cash flow HY1



CHF million	2016	2017	Variance
<b>Operational cash flow</b>	<b>548</b>	<b>562</b>	<b>14</b>
Changes in working capital	(154)	(230)	(76)
Income taxes paid	(123)	(133)	(10)
<b>Cash flow from operating activities</b>	<b>271</b>	<b>199</b>	<b>(72)</b>
<b>Cash flow from investing activities</b>	<b>(53)</b>	<b>(23)</b>	<b>30</b>
<b>Cash flow from financing activities</b>	<b>(606)</b>	<b>(664)</b>	<b>(58)</b>
Exchange difference on cash and cash equivalents	(10)	(8)	2
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(398)</b>	<b>(496)</b>	<b>(98)</b>
<b>Cash and cash equivalents at the beginning of the period, net</b>	<b>839</b>	<b>837</b>	<b>(2)</b>
<b>Cash and cash equivalents at the end of the period, net</b>	<b>441</b>	<b>341</b>	<b>(100)</b>

# Working capital development



CHF million	June 2016	June 2017	Better/(worse) June 2017 vs. June 2016
<b>Trade receivables &amp; Work in progress</b>	<b>2'799</b>	<b>3'205</b>	<b>(406)</b>
<b>Trade payables &amp; Accrued trade expenses</b>	<b>(2'153)</b>	<b>(2'418)</b>	<b>265</b>
<b>Net working capital</b>	<b>646</b>	<b>787</b>	<b>(141)</b>
<b>KPIs:</b>			
Working capital intensity	3.3%	3.7%	(0.4%)
DSO	46.1	47.5	(1.4)
DPO	58.1	59.4	1.3
Δ	12.0	11.9	(0.1)



# Upcoming events



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<b>September 20, 2017</b>	<b>Capital Markets Day</b>
<b>October 16, 2017</b>	<b>Nine-months 2017 results</b>
<b>February 28, 2018</b>	<b>Full year 2017 results</b>
<b>April 24, 2018</b>	<b>Three-months 2018 results</b>
<b>May 8, 2018</b>	<b>Annual General Meeting</b>
<b>July 19, 2018</b>	<b>Half-year 2017 results</b>
<b>October 18, 2018</b>	<b>Nine-months 2018 results</b>

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# Quarter over quarter 2017/2016



CHF million	2017			2016			2017 / 2016 Change in %			2017 / 2016 Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
<b>1. Seafreight</b>												
<b>A) Income Statement</b>												
Turnover	2'095	2'167	4'262	1'972	1'960	3'932	+6.2	+10.6	+8.4	123	207	330
Net Turnover	1'546	1'616	3'162	1'430	1'422	2'852	+8.1	+13.6	+10.9	116	194	310
Gross Profit	337	350	687	348	358	706	(3.2)	(2.2)	(2.7)	(11)	(8)	(19)
Opex	(238)	(240)	(478)	(236)	(239)	(475)	(0.8)	(0.4)	(0.6)	(2)	(1)	(3)
EBITDA	99	110	209	112	119	231	(11.6)	(7.6)	(9.5)	(13)	(9)	(22)
Depreciation and Amortisation	(6)	(5)	(11)	(5)	(5)	(10)	(20.0)	-	(10.0)	(1)	-	(1)
EBIT	93	105	198	107	114	221	(13.1)	(7.9)	(10.4)	(14)	(9)	(23)
<b>B) KPI</b>												
EBIT / GP conversion ratio	27.6%	30.0%	28.8%	30.7%	31.8%	31.3%						
Volume (TEUs '000)	1'028	1'089	2'117	943	1'023	1'966	+9.0	+6.5	+7.7	85	66	151
GROSS PROFIT	328	321	325	369	350	359	(11.1)	(8.3)	(9.5)	(41)	(29)	(34)
EXPENSES	(237)	(225)	(231)	(256)	(239)	(247)	+7.4	+5.9	+6.5	19	14	16
EBIT	91	96	94	113	111	112	(19.5)	(13.5)	(16.1)	(22)	(15)	(18)
<b>2. Airfreight</b>												
<b>A) Income Statement</b>												
Turnover	1'063	1'105	2'168	944	962	1'906	+12.6	+14.9	+13.7	119	143	262
Net turnover	908	939	1'847	805	819	1'624	+12.8	+14.7	+13.7	103	120	223
Gross Profit	241	253	494	235	243	478	+2.6	+4.1	+3.3	6	10	16
Opex	(165)	(170)	(335)	(158)	(165)	(323)	(4.4)	(3.0)	(3.7)	(7)	(5)	(12)
EBITDA	76	83	159	77	78	155	(1.3)	+6.4	+2.6	(1)	5	4
Depreciation and Amortisation	(4)	(4)	(8)	(4)	(4)	(8)	-	-	-	-	-	-
EBIT	72	79	151	73	74	147	(1.4)	+6.8	+2.7	(1)	5	4
<b>B) KPI</b>												
EBIT / GP conversion ratio	29.9%	31.2%	30.6%	31.1%	30.5%	30.8%						
Volume (TONs '000)	350	381	731	303	315	618	+15.5	+21.0	+18.3	47	66	113
GROSS PROFIT	69	66	68	78	77	77	(11.5)	(14.3)	(11.7)	(9)	(11)	(9)
EXPENSES	(48)	(46)	(47)	(53)	(54)	(54)	+9.4	+14.8	+13.0	5	8	7
EBIT	21	20	21	25	23	23	(16.0)	(13.0)	(8.7)	(4)	(3)	(2)

# Quarter over quarter 2017/2016



CHF million	2017			2016			2017 / 2016 Change in %			2017 / 2016 Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
	<b>3. Overland</b>											
<b>A) Income Statement</b>												
Turnover	794	826	1'620	749	814	1'563	+6.0	+1.5	+3.6	45	12	57
Net Turnover	730	767	1'497	695	754	1'449	+5.0	+1.7	+3.3	35	13	48
Gross Profit	226	246	472	220	236	456	+2.7	+4.2	+3.5	6	10	16
Opex	(209)	(214)	(423)	(205)	(214)	(419)	(2.0)	-	(1.0)	(4)	-	(4)
EBITDA	17	32	49	15	22	37	+13.3	+45.5	+32.4	2	10	12
Depreciation and Amortisation	(10)	(10)	(20)	(11)	(9)	(20)	+9.1	(11.1)	-	1	(1)	-
EBIT	7	22	29	4	13	17	+75.0	+69.2	+70.6	3	9	12
<b>B) KPI</b>												
EBITDA / Net turnover	2.3%	4.2%	3.3%	2.2%	2.9%	2.6%						
EBIT / Net turnover	1.0%	2.9%	1.9%	0.6%	1.7%	1.2%						
<b>4. Contract Logistics</b>												
<b>A) Income Statement</b>												
Turnover	1'233	1'292	2'525	1'200	1'266	2'466	+2.8	+2.1	+2.4	33	26	59
Net turnover	1'115	1'194	2'309	1'080	1'142	2'222	+3.2	+4.6	+3.9	35	52	87
Gross Profit	844	880	1'724	790	827	1'617	+6.8	+6.4	+6.6	54	53	107
Opex	(779)	(808)	(1'587)	(735)	(758)	(1'493)	(6.0)	(6.6)	(6.3)	(44)	(50)	(94)
EBITDA	65	72	137	55	69	124	+18.2	+4.3	+10.5	10	3	13
Depreciation and Amortisation	(28)	(35)	(63)	(22)	(32)	(54)	(27.3)	(9.4)	(16.7)	(6)	(3)	(9)
EBIT	37	37	74	33	37	70	+12.1	-	+5.7	4	-	4
<b>B) KPI</b>												
EBITDA / Net turnover	5.8%	6.0%	5.9%	5.1%	6.0%	5.6%						
EBIT / Net turnover	3.3%	3.1%	3.2%	3.1%	3.2%	3.2%						

# Quarter over quarter 2017/2016



CHF million	2017			2016			2017 / 2016 Change in %			2017 / 2016 Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
<b>5. Kuehne + Nagel Group</b>												
<b>A) Income Statement</b>												
Turnover	5'185	5'390	10'575	4'865	5'002	9'867	+6.6	+7.8	+7.2	320	388	708
Customs duties and taxes	(886)	(874)	(1'760)	(855)	(865)	(1'720)	(3.6)	(1.0)	(2.3)	(31)	(9)	(40)
Net Turnover	4'299	4'516	8'815	4'010	4'137	8'147	+7.2	+9.2	+8.2	289	379	668
Net expenses for services from third parties	(2'651)	(2'787)	(5'438)	(2'417)	(2'473)	(4'890)	(9.7)	(12.7)	(11.2)	(234)	(314)	(548)
Gross Profit	1'648	1'729	3'377	1'593	1'664	3'257	+3.5	+3.9	+3.7	55	65	120
Opex	(1'391)	(1'432)	(2'823)	(1'334)	(1'376)	(2'710)	(4.3)	(4.1)	(4.2)	(57)	(56)	(113)
EBITDA	257	297	554	259	288	547	(0.8)	+3.1	+1.3	(2)	9	7
Depreciation and Amortisation	(48)	(54)	(102)	(42)	(50)	(92)	(14.3)	(8.0)	(10.9)	(6)	(4)	(10)
EBIT	209	243	452	217	238	455	(3.7)	+2.1	(0.7)	(8)	5	(3)
Result from finance and associates	5	5	10	3	4	7	+66.7	+25.0	+42.9	2	1	3
EBT	214	248	462	220	242	462	(2.7)	+2.5	-	(6)	6	-
Income tax	(49)	(57)	(106)	(51)	(55)	(106)	+3.9	(3.6)	-	2	(2)	-
Earnings for the period	165	191	356	169	187	356	(2.4)	+2.1	-	(4)	4	-
Non-controlling interests	(1)	0	(1)	(1)	0	(1)	-	-	-	-	-	-
Net Earnings	164	191	355	168	187	355	(2.4)	+2.1	-	(4)	4	-
<b>B) KPI</b>												
EBIT / GP (conversion ratio)	12.7%	14.1%	13.4%	13.6%	14.3%	14.0%						
GP / Net turnover	38.3%	38.3%	38.3%	39.7%	40.2%	40.0%						
EBITDA / Net turnover	6.0%	6.6%	6.3%	6.5%	7.0%	6.7%						
EBIT / Net turnover	4.9%	5.4%	5.1%	5.4%	5.8%	5.6%						
EBT / Net turnover	5.0%	5.5%	5.2%	5.5%	5.8%	5.7%						
Earnings for the period / Net turnover	3.8%	4.2%	4.0%	4.2%	4.5%	4.4%						



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