

KUEHNE+NAGEL



Analyst Conference – Half -Year 2018 Results

Kuehne + Nagel International AG

19 July 2018 (CET 14.00) | Schindellegi, Switzerland

Forward-looking statements



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.

Successful in a changing landscape



Group's EBIT for the first half-year with CHF 501 million over last year (+ 11%)



Strong volume increase in Seafreight of 8%, 172,000 TEUs



Strong volume increase in Airfreight of 18%, 132,000 tons



Overland with substantial net turnover growth of 18%



Contract Logistics with strong net turnover growth of 11%

Overview Group performance first half-year 2018



Net Turnover

8'815

10'066

2017

2018

+ CHF 1'251 m

+ 14.2%

Gross Profit

3'377

3'806

2017

2018

+ CHF 429 m

+ 12.7%

EBIT

452

501

2017

2018

+ CHF 49 m

+ 10.8%

Earnings per Share

2.96

3.25

2017

2018

+ CHF 0.29

+ 9.8%

Seafreight



No. 1 worldwide

Accelerated volume growth in Q2
with 11.1%

Continued pressure on gross profit margin
offset by operational cost control

Airfreight



No. 2 worldwide

Solid performance of
perishable acquisitions
Strong organic volume growth
with industry-solutions

Seafreight and Airfreight – business development

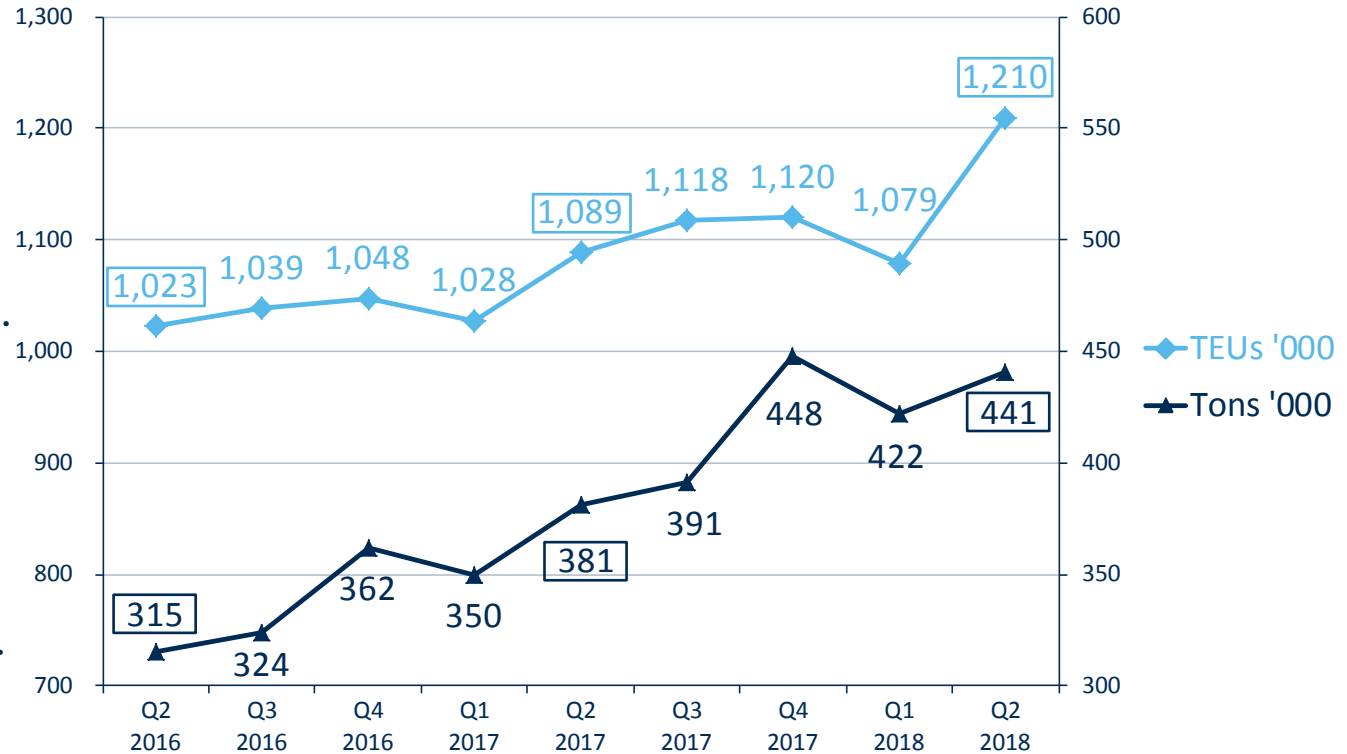


- Volume leverage leads to high conversion rate in Q2 of 30.1% with increased EBIT per TEU vs. Q1 2018
- New business wins on digital end-to-end solutions
- Strong growth in Asia and North America

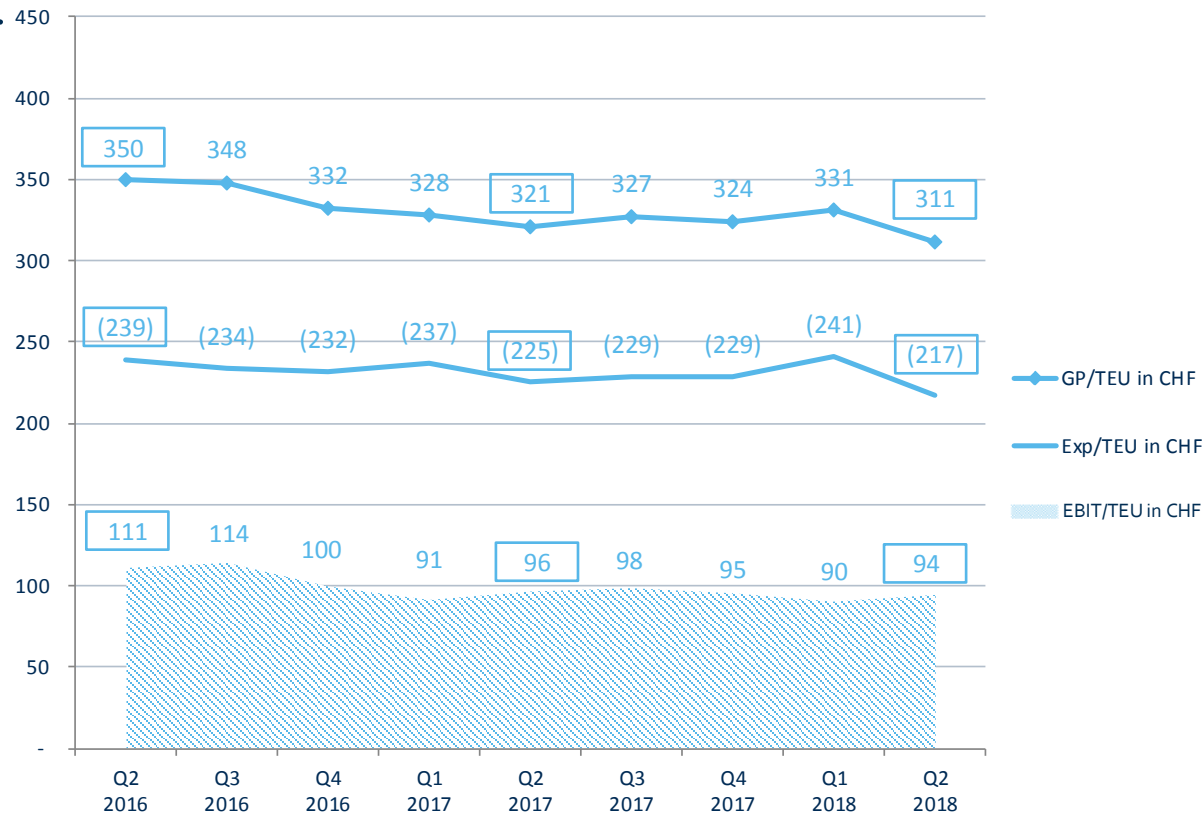


- Strong volume growth in Pharma, Healthcare, Aerospace and e-commerce contributing to an increased gross profit margin
- Leveraging the global network for the perishable market
- Strong growth in North America and Asian exports

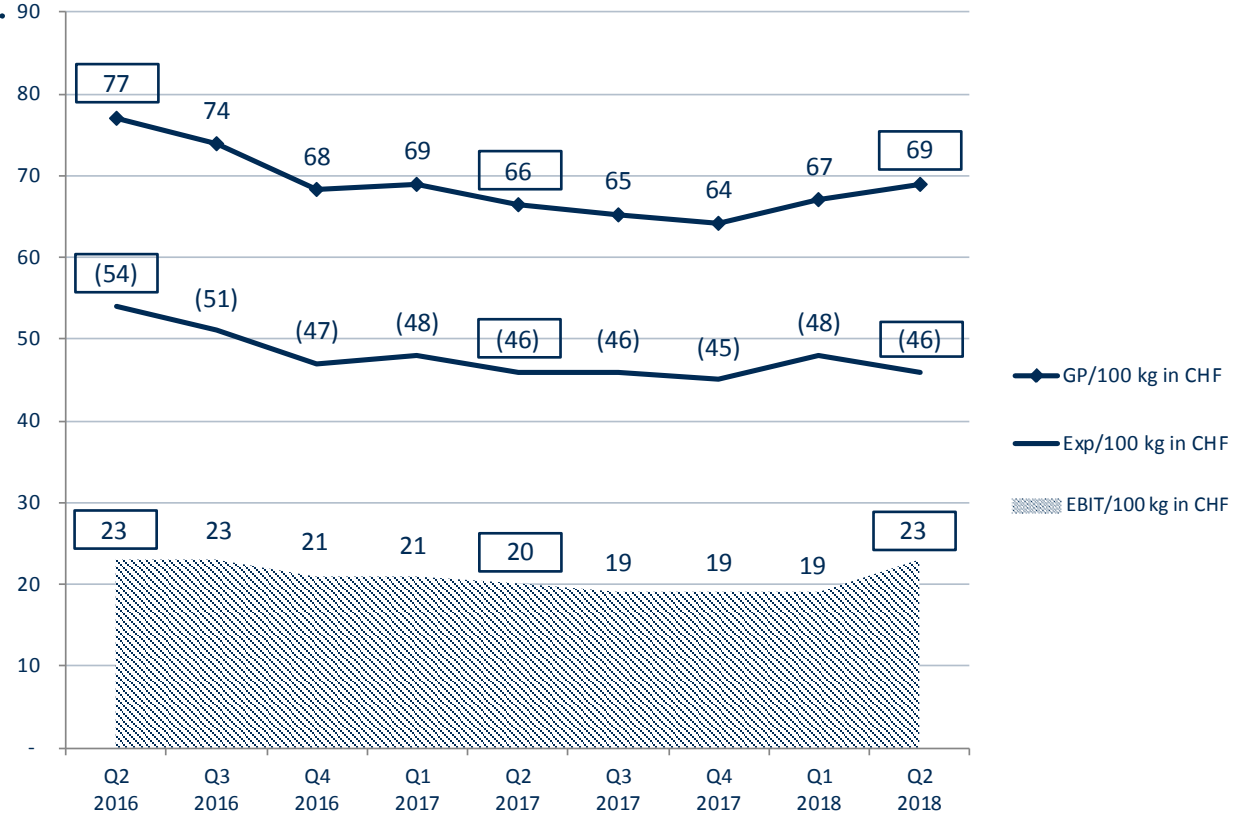
Seafreight and Airfreight - volumes



Seafreight – GP/Expenses/EBIT per TEU in CHF



Airfreight – GP/Expenses/EBIT per 100 kg in CHF



Seafreight and Airfreight – Income Statements



Income statement in CHF million	YTD	YTD	Variance		
	HY1 2017	HY1 2018	2018/2017	Growth	Forex ¹
Turnover	4,262	4,336	1.7%	1.1%	0.6%
Gross profit	687	733	6.7%	4.9%	1.8%
EBITDA	209	221	5.7%	2.0%	3.7%
EBIT	198	210	6.1%	2.6%	3.5%
Conversion rate	28.8%	28.6%			
Volume in '000 TEUs	2,117	2,289	8.1%		

¹ Foreign currency translation impact



Income statement in CHF million	YTD	YTD	Variance			
	HY1 2017	HY1 2018	2018/2017	Growth	Acquisition	Forex ¹
Turnover	2'168	2'713	25.1%	15.8%	6.9%	2.4%
Gross profit	494	588	19.0%	9.3%	7.9%	1.8%
EBITDA	159	193	21.4%	18.2%	1.9%	1.3%
EBIT	151	182	20.5%	18.5%	-	2.0%
Conversion rate	30.6%	31.0%				
Volume in '000 tons	731	863	18.1%	7.4%	10.7%	

¹ Foreign currency translation impact



Overland



Strategic development of
industry-specific solutions

Leverage of top line growth driving significant
profitability improvement

Overland – performance of business unit

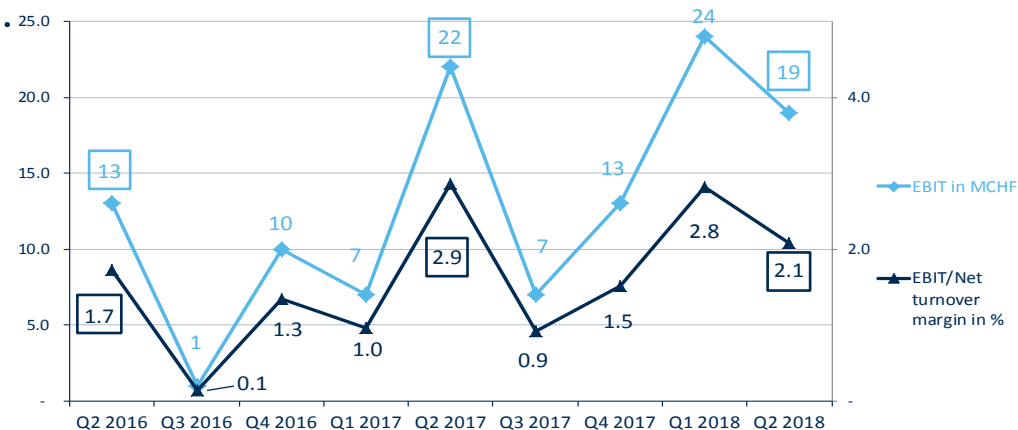


Income statement

in CHF million

	YTD HY1 2017	YTD HY1 2018	Variance		
			2018/2017	Growth	Forex ¹
Net turnover	1,497	1,762	17.7%	10.9%	6.8%
Gross profit	472	550	16.5%	8.2%	8.3%
EBITDA	49	64	30.6%	25.9%	4.7%
EBIT	29	43	48.3%	44.3%	4.0%
EBITDA / Net turnover margin	3.3%	3.6%			
EBIT / Net turnover margin	1.9%	2.4%			
Conversion rate	6.1%	7.8%			

¹ Foreign currency translation impact



Contract Logistics



Successful with scalable
logistics solutions

Rollout of new WMS-solution and
warehousing technology ongoing

Contract Logistics – performance of business unit

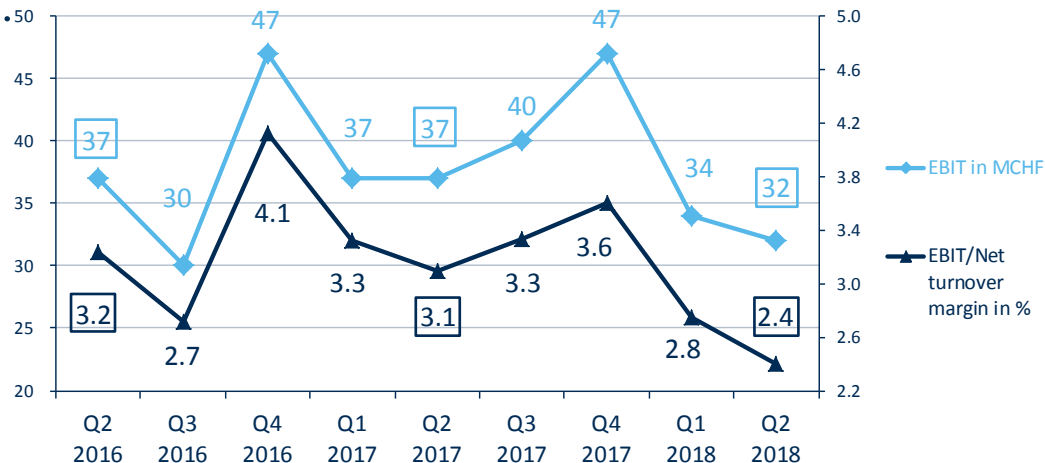


Income statement

in CHF million

	YTD	YTD	Variance			
	HY1 2017	HY1 2018	2018/2017	Growth	Acquisition	Forex ¹
Net turnover	2,309	2,569	11.3%	4.7%	1.3%	5.3%
Gross profit	1,724	1,935	12.2%	6.2%	0.5%	5.5%
EBITDA	137	130	(5.1%)	(12.4%)	0.7%	6.6%
EBIT	74	66	(10.8%)	(17.6%)	-	6.8%
EBITDA / Net turnover margin	5.9%	5.1%				
EBIT / Net turnover margin	3.2%	2.6%				
Conversion rate	4.3%	3.4%				

¹ Foreign currency translation impact



Income Statement



CHF million	2017	2017	YTD HY1 2017	2018	2018	YTD HY1 2018	Variance			Variance in %			
	Q1	Q2		Q1	Q2		2018/2017	Q1	Q2	2018/2017	Growth	Acquisition	Forex ¹
Net turnover	4'299	4'516	8'815	4'862	5'204	10'066	1'251	563	688	14.2%	8.9%	1.7%	3.6%
Gross profit	1'648	1'729	3'377	1'843	1'963	3'806	429	195	234	12.7%	7.0%	1.2%	4.5%
Gross profit margin	38.3%	38.3%	38.3%	37.9%	37.7%	37.8%							
EBITDA	257	297	554	289	319	608	54	32	22	9.7%	5.0%	0.7%	4.0%
EBITDA margin	6.0%	6.6%	6.3%	5.9%	6.1%	6.0%							
EBIT	209	243	452	236	265	501	49	27	22	10.8%	7.2%	(0.2%)	3.8%
EBIT margin to net turnover	4.9%	5.4%	5.1%	4.9%	5.1%	5.0%							
Conversion rate	12.7%	14.1%	13.4%	12.8%	13.5%	13.2%							
EBT	214	248	462	239	267	506	44	25	19	9.5%	6.0%	(0.2%)	3.7%
EBT margin to net turnover	5.0%	5.5%	5.2%	4.9%	5.1%	5.0%							
Earnings for the period	165	191	356	184	206	390	34	19	15	9.6%	6.2%	(0.3%)	3.7%

¹ Foreign currency translation impact

- FX impact: EUR + 8.3%; USD - 2.8%; GBP + 6.0%; impact on earnings for the period + 3.7%
- Tax rate stable, 23% expected for 2018
- Conversion rate target of the Group of 16% confirmed

Balance Sheet



CHF million	December 31, 2017	June 30, 2018		December 31, 2017	June 30, 2018
Assets			Liabilities and equity		
Property, plant and equipment	1,249	1,253	Equity attributable to the equity holders of the parent company	2,321	1,978
Goodwill	849	840	Non-controlling interests	6	6
Other intangibles	96	87	Total equity	2,327	1,984
Others	251	215	Non-current liabilities	620	576
Non-current assets	2,445	2,395	Trade payables	1,890	1,852
Trade receivables	3,537	3,820	Contract liabilities	-	207
Contract assets	-	453	Accrued trade expenses/deferred income	1,493	1,488
Work in progress	418	-	Bank and other interest-bearing liabilities	14	417
Cash and cash equivalents	720	522	Others	1,113	1,186
Others	337	520	Current liabilities	4,510	5,150
Current assets	5,012	5,315	Total liabilities and equity	7,457	7,710
Total assets	7,457	7,710			



Cash and cash equivalents

CHF million	YTD HY1 2017	YTD HY1 2018	
Cash and cash equivalents at the beginning of the period, net	837	710	(127)
Operational cash flow	562	587	25
Changes in working capital	(230)	(246)	(16)
Income taxes paid	(133)	(134)	(1)
Cash flow from operating activities	199	207	8
Cash flow from investing activities	(23)	(96)	(73)
Cash flow from financing activities	(664)	(704)	(40)
Exchange difference on cash and cash equivalents	(8)	(9)	(1)
Increase/(decrease) in cash and cash equivalents	(496)	(602)	(106)
Cash and cash equivalents at the end of the period, net	341	108	(233)

Main variances HY1 2018 vs. 2017

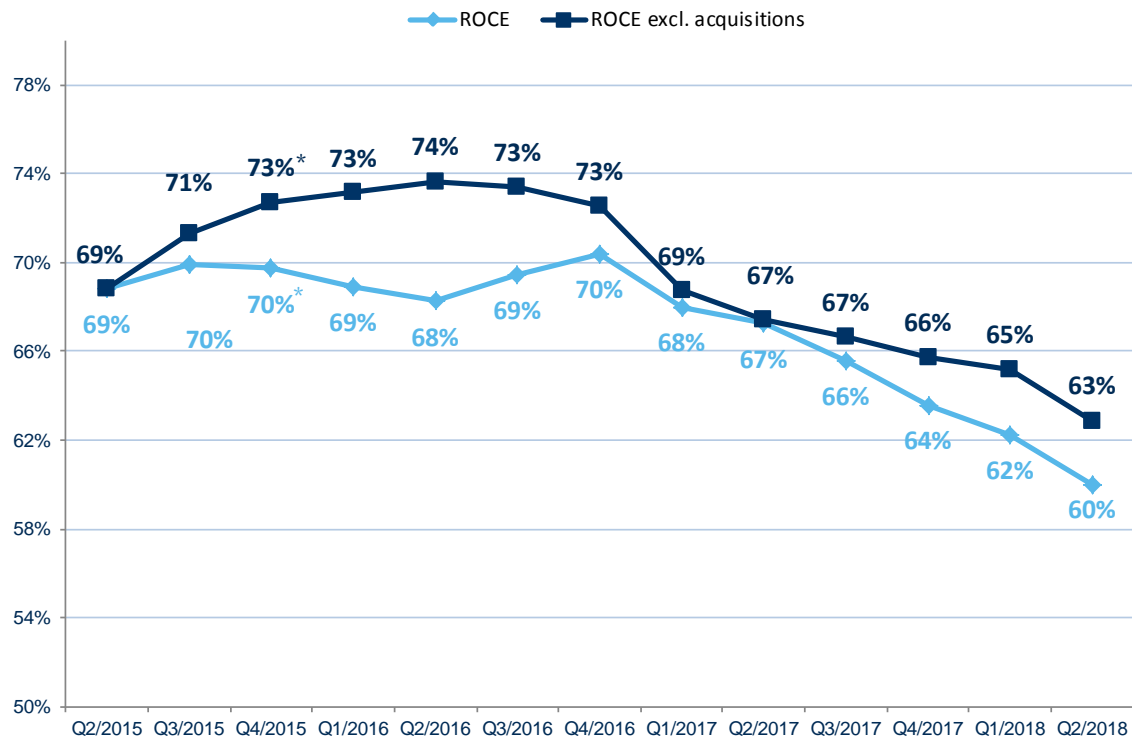
- Capex PPE net CHF (65) million
- Acquisitions CHF (14) million
- Dividend CHF (30) million

Working Capital



CHF million	June 30 2017	June 30 2018	Better/(worse) 2018 vs. 2017
Trade receivables/Contract assets/Work in progress	3,205	4,336	(1,131)
Trade payables/Contract liabilities/Accrued trade expenses	(2,418)	(3,340)	922
Net working capital	787	996	(209)
KPIs:			
Working capital intensity	3.7%	4.1%	(0.4%)
DSO	47.5	56.9	(9.4)
DPO	59.4	71.1	11.7
Δ	11.9	14.2	2.3

Return on capital employed (EBIT)



* 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)

- **Mix effect:**
Stronger growth in Contract Logistics leads to higher asset allocation in proportion to Sea- and Airfreight.
- **Currency effect:**
Due to increase of EUR and GBP exchange rate, assets are translated at a higher exchange rate than EBIT.

Financial targets 2018



CHF million	HY1 2018	Targets 2022
GROUP		
Conversion rate	13.2%	16%
ROCE (excl. acquisitions)	63%	70%
Effective tax rate	23%	~ 22 - 23%
Working capital intensity	4.1%	3.5 - 4.5%
Cash and cash equivalents, net	108	
Capex	119	

Assumptions:

- Stable macro-economic environment
- No acquisition impacts considered
- Impact of IFRS 16-Leases not considered – 1.1.2019



SEAFREIGHT

Conversion rate	28.6%	
Volume growth	8.1%	~ 3 %



AIRFREIGHT

Conversion rate	31.0%	
Volume growth	18.1%	~ 4%



OVERLAND

Volume growth (net turnover in cc ¹)	10.9%	~ 3%
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CONTRACT LOGISTICS

Volume growth (net turnover in cc ¹)	6.0%	~ 3%
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¹ in constant currency

Leading the Transformation in a changing landscape



Fast changing trade conditions.....

..... ***Cost control*** to ascertain leverage

Unpredictability of Brexit impact.....

..... ***Digitisation*** as a game changer

Currently gKNi WTI¹ with ***stable outlook***.....

..... Value chain ***expansion***

Growth dynamic expected to reduce

..... ***Acquisitions*** as an ***accelerator***



¹ gKNi World Trade Indicator





Upcoming events 2018 - 2019

Q3	18.10.18	Nine-months 2018 results
Q4	27.02.19	Full-year 2018 results
Q1	25.04.19	Three-months 2019 results
AGM	07.05.19	Annual General Meeting
Q2	23.07.19	Half-year 2019 results
Q3	22.10.19	Nine-months 2019 results

Quarter over Quarter 2018/2017



CHF million	2017 Q4	2018			2017			2018 / 2017 Change in %			2018 / 2017 Change in mCHF		
		Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
1. Seafreight													
A) Income Statement													
Turnover	2,259	2,170	2,166	4,336	2,095	2,167	4,262	+3.6	(0.0)	+1.7	75	(1)	74
Net Turnover	1,714	1,635	1,736	3,371	1,546	1,616	3,162	+5.8	+7.4	+6.6	89	120	209
Gross Profit	363	357	376	733	337	350	687	+5.9	+7.4	+6.7	20	26	46
Opex	(250)	(255)	(257)	(512)	(238)	(240)	(478)	(7.1)	(7.1)	(7.1)	(17)	(17)	(34)
EBITDA	113	102	119	221	99	110	209	+3.0	+8.2	+5.7	3	9	12
Depreciation and Amortisation	(7)	(5)	(6)	(11)	(6)	(5)	(11)	+16.7	(20.0)	-	1	(1)	-
EBIT	106	97	113	210	93	105	198	+4.3	+7.6	+6.1	4	8	12
B) KPI													
EBIT / GP conversion rate	29.2%	27.2%	30.1%	28.6%	27.6%	30.0%	28.8%						
Volume (TEUs 'ooo)	1,120	1,079	1,210	2,289	1,028	1,089	2,117	+5.0	+11.1	+8.1	51	121	172
GROSS PROFIT	324	331	311	320	328	321	325	+0.9	(3.1)	(1.5)	3	(10)	(5)
EXPENSES	(229)	(241)	(217)	(228)	(237)	(225)	(231)	(1.7)	+3.6	+1.3	(4)	8	3
EBIT	95	90	94	92	91	96	94	(1.1)	(2.1)	(2.1)	(1)	(2)	(2)
2. Airfreight													
A) Income Statement													
Turnover	1,379	1,310	1,403	2,713	1,063	1,105	2,168	+23.2	+27.0	+25.1	247	298	545
Net turnover	1,197	1,141	1,223	2,364	908	939	1,847	+25.7	+30.2	+28.0	233	284	517
Gross Profit	287	283	305	588	241	253	494	+17.4	+20.6	+19.0	42	52	94
Opex	(194)	(195)	(200)	(395)	(165)	(170)	(335)	(18.2)	(17.6)	(17.9)	(30)	(30)	(60)
EBITDA	93	88	105	193	76	83	159	+15.8	+26.5	+21.4	12	22	34
Depreciation and Amortisation	(7)	(7)	(4)	(11)	(4)	(4)	(8)	(75.0)	-	(37.5)	(3)	-	(3)
EBIT	86	81	101	182	72	79	151	+12.5	+27.8	+20.5	9	22	31
B) KPI													
EBIT / GP conversion rate	30.0%	28.6%	33.1%	31.0%	29.9%	31.2%	30.6%						
Volume (TONs 'ooo)	448	422	441	863	350	381	731	+20.6	+15.7	+18.1	72	60	132
GROSS PROFIT	64	67	69	68	69	66	68	(2.9)	+4.5	-	(2)	3	-
EXPENSES	(45)	(48)	(46)	(47)	(48)	(46)	(47)	-	-	-	-	-	-
EBIT	19	19	23	21	21	20	21	(9.5)	+15.0	-	(2)	3	-

Quarter over Quarter 2018/2017



CHF million	2017 Q4	2018			2017			2018 / 2017 Change in %			2018 / 2017 Change in mCHF		
		Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
3. Overland													
A) Income Statement													
Turnover	914	936	1,104	2,040	794	826	1,620	+17.9	+33.7	+25.9	142	278	420
Net Turnover	854	850	912	1,762	730	767	1,497	+16.4	+18.9	+17.7	120	145	265
Gross Profit	249	264	286	550	226	246	472	+16.8	+16.3	+16.5	38	40	78
Opex	(224)	(231)	(255)	(486)	(209)	(214)	(423)	(10.5)	(19.2)	(14.9)	(22)	(41)	(63)
EBITDA	25	33	31	64	17	32	49	+94.1	(3.1)	+30.6	16	(1)	15
Depreciation and Amortisation	(12)	(9)	(12)	(21)	(10)	(10)	(20)	+10.0	(20.0)	(5.0)	1	(2)	(1)
EBIT	13	24	19	43	7	22	29	+242.9	(13.6)	+48.3	17	(3)	14
B) KPI													
EBITDA / Net turnover	2.9%	3.9%	3.4%	3.6%	2.3%	4.2%	3.3%						
EBIT / GP conversion rate	5.2%	9.1%	6.6%	7.8%	3.1%	8.9%	6.1%						
EBIT / Net turnover	1.5%	2.8%	2.1%	2.4%	1.0%	2.9%	1.9%						
4. Contract Logistics													
A) Income Statement													
Turnover	1,460	1,379	1,470	2,849	1,233	1,292	2,525	+11.8	+13.8	+12.8	146	178	324
Net turnover	1,304	1,236	1,333	2,569	1,115	1,194	2,309	+10.9	+11.6	+11.3	121	139	260
Gross Profit	988	939	996	1,935	844	880	1,724	+11.3	+13.2	+12.2	95	116	211
Opex	(909)	(873)	(932)	(1,805)	(779)	(808)	(1,587)	(12.1)	(15.3)	(13.7)	(94)	(124)	(218)
EBITDA	79	66	64	130	65	72	137	+1.5	(11.1)	(5.1)	1	(8)	(7)
Depreciation and Amortisation	(32)	(32)	(32)	(64)	(28)	(35)	(63)	(14.3)	+8.6	(1.6)	(4)	3	(1)
EBIT	47	34	32	66	37	37	74	(8.1)	(13.5)	(10.8)	(3)	(5)	(8)
B) KPI													
EBITDA / Net turnover	6.1%	5.3%	4.8%	5.1%	5.8%	6.0%	5.9%						
EBIT / GP conversion rate	4.8%	3.6%	3.2%	3.4%	4.4%	4.2%	4.3%						
EBIT / Net turnover	3.6%	2.8%	2.4%	2.6%	3.3%	3.1%	3.2%						

Quarter over Quarter 2018/2017



CHF million	2017 Q4	2018			2017			2018 / 2017 Change in %			2018 / 2017 Change in mCHF		
		Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
5. Kuehne + Nagel Group													
A) Income Statement													
Turnover	6,012	5,795	6,143	11,938	5,185	5,390	10,575	+11.8	+14.0	+12.9	610	753	1,363
Customs duties and taxes	(943)	(933)	(939)	(1,872)	(886)	(874)	(1,760)	(5.3)	(7.4)	(6.4)	(47)	(65)	(112)
Net Turnover	5,069	4,862	5,204	10,066	4,299	4,516	8,815	+13.1	+15.2	+14.2	563	688	1,251
Net expenses for services from 3rd parties	(3,182)	(3,019)	(3,241)	(6,260)	(2,651)	(2,787)	(5,438)	(13.9)	(16.3)	(15.1)	(368)	(454)	(822)
Gross Profit	1,887	1,843	1,963	3,806	1,648	1,729	3,377	+11.8	+13.5	+12.7	195	234	429
Opex	(1,577)	(1,554)	(1,644)	(3,198)	(1,391)	(1,432)	(2,823)	(11.7)	(14.8)	(13.3)	(163)	(212)	(375)
EBITDA	310	289	319	608	257	297	554	+12.5	+7.4	+9.7	32	22	54
Depreciation and Amortisation	(58)	(53)	(54)	(107)	(48)	(54)	(102)	(10.4)	-	(4.9)	(5)	-	(5)
EBIT	252	236	265	501	209	243	452	+12.9	+9.1	+10.8	27	22	49
Result from finance and associates	2	3	2	5	5	5	10	(40.0)	(60.0)	(50.0)	(2)	(3)	(5)
EBT	254	239	267	506	214	248	462	+11.7	+7.7	+9.5	25	19	44
Income tax	(54)	(55)	(61)	(116)	(49)	(57)	(106)	(12.2)	(7.0)	(9.4)	(6)	(4)	(10)
Earnings for the period	200	184	206	390	165	191	356	+11.5	+7.9	+9.6	19	15	34
Non-controlling interests	(1)	(1)	-	(1)	(1)	-	(1)				-	-	-
Net Earnings	199	183	206	389	164	191	355	+11.6	+7.9	+9.6	19	15	34
B) KPIs													
EBIT / GP conversion rate	13.4%	12.8%	13.5%	13.2%	12.7%	14.1%	13.4%						
GP / Net turnover	37.2%	37.9%	37.7%	37.8%	38.3%	38.3%	38.3%						
EBITDA / Net turnover	6.1%	5.9%	6.1%	6.0%	6.0%	6.6%	6.3%						
EBIT / Net turnover	5.0%	4.9%	5.1%	5.0%	4.9%	5.4%	5.1%						
EBT / Net turnover	5.0%	4.9%	5.1%	5.0%	5.0%	5.5%	5.2%						
Earnings for the period / Net turnover	3.9%	3.8%	4.0%	3.9%	3.8%	4.2%	4.0%						



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