

KUEHNE+NAGEL



Analyst conference – Nine-months 2018 results

Kuehne + Nagel International AG

18 October 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.

Success continues



Group's EBIT for the first nine months
CHF 60 million over last year



Strong volume increase in Seafreight of 8.8%,
284,000 TEUs



Strong volume increase in Airfreight of 16.0%,
180,000 tons

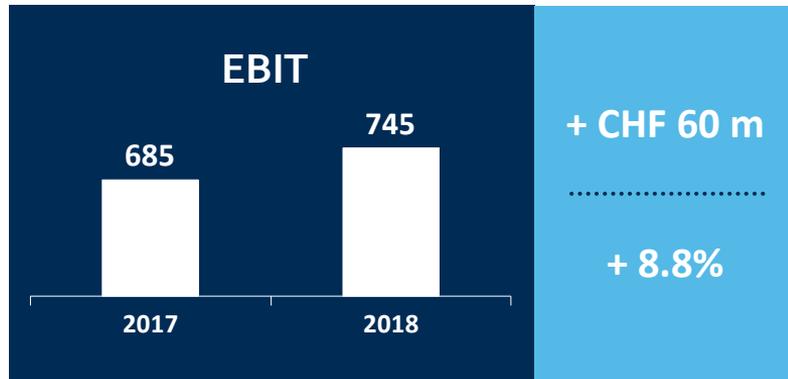
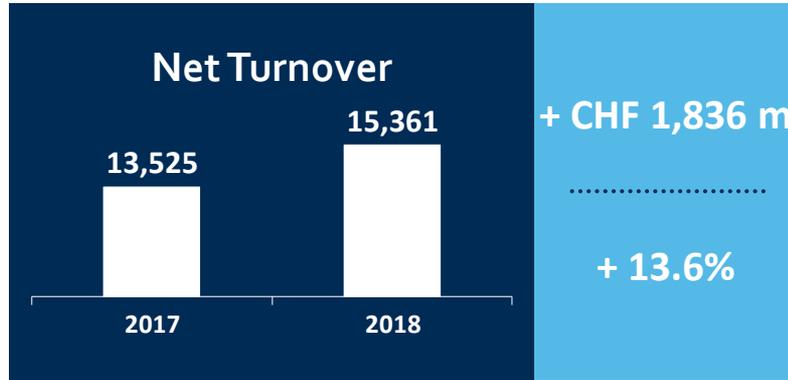


Overland with substantial net turnover growth
of 16.2%



Contract Logistics with strong net turnover
growth of 10.6%

Overview Group performance first nine months 2018



Seafreight



No. 1 worldwide

Strong volume growth in Q3
with 10.0%

Continued pressure on gross profit margin
partially offset by operational leverage

Airfreight



No. 2 worldwide

Solid performance of
perishable acquisitions

Continued organic volume growth
with industry-solutions

Seafreight and Airfreight – business development



- Volume leverage supports the high conversion rate in Q3 of 29.8%
- New business wins with KN ESP on digital end-to-end solutions
- Strong growth in exports from North America and Asia

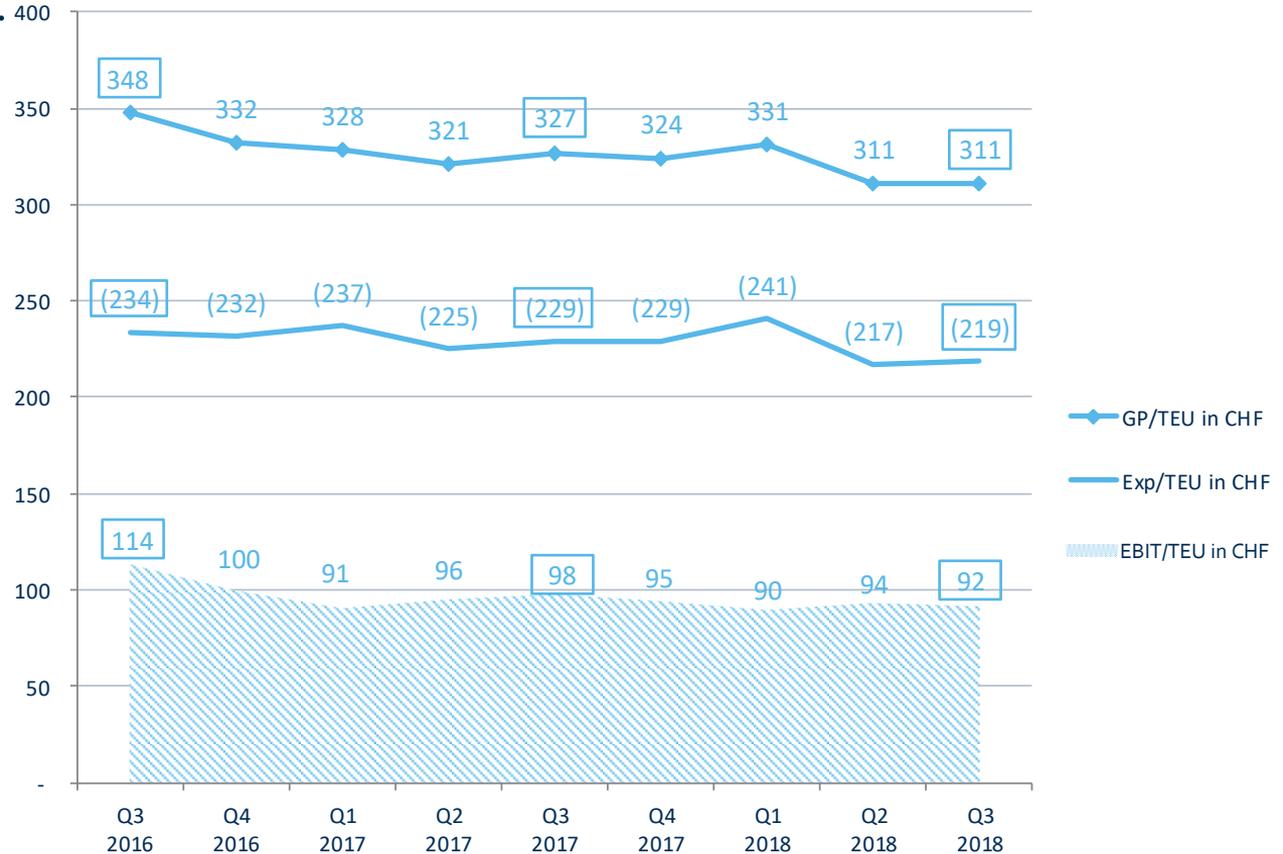


- Strong volume growth in Pharma, Healthcare, Aerospace and e-commerce contributing to an increased gross profit margin
- Leveraging the global perishable network for KN's customers
- Strong growth in exports from North America and Asia

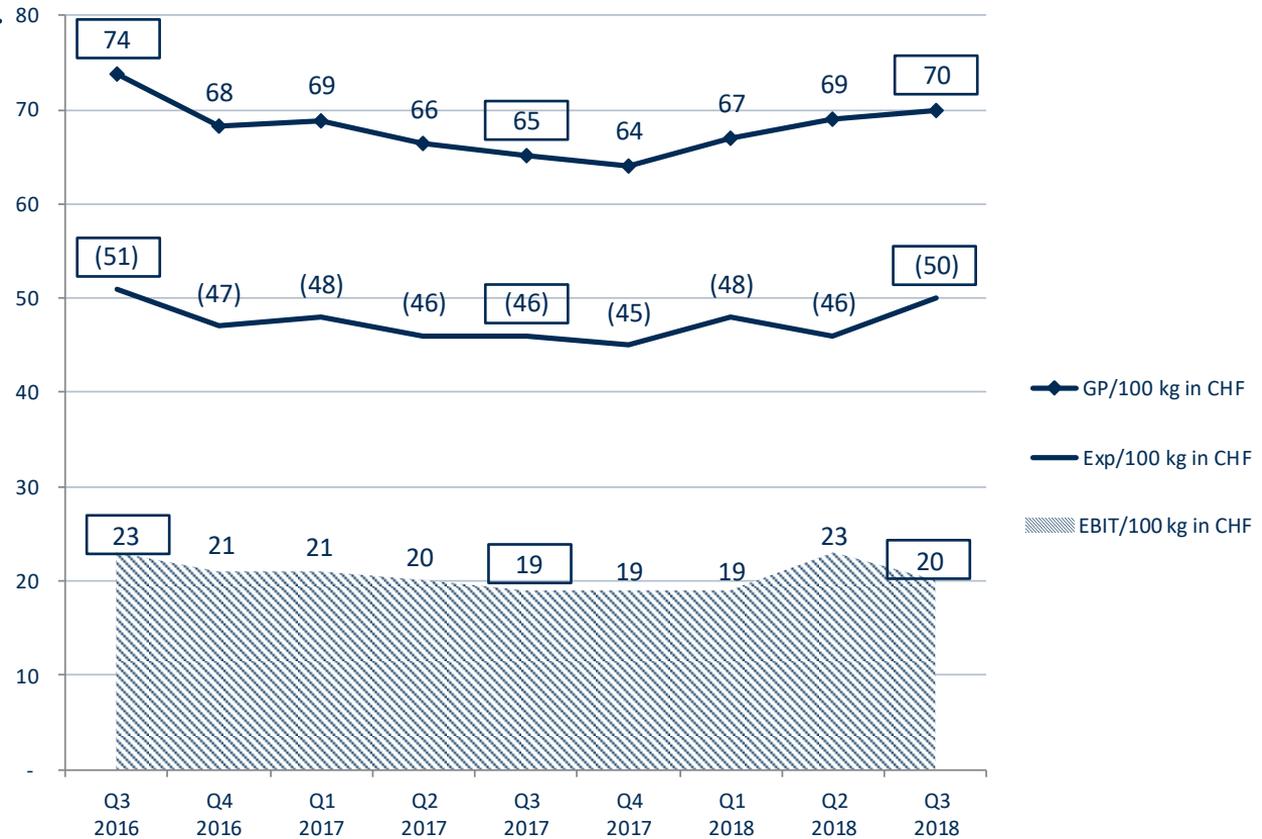
Seafreight and Airfreight - volumes



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		
	Q3 2017	Q3 2018	2018/2017	Growth	Forex ¹
Turnover	6'546	6'868	4.9%	4.3%	0.6%
Gross profit	1'053	1'116	6.0%	5.1%	0.9%
EBITDA	324	341	5.2%	3.0%	2.2%
EBIT	308	324	5.2%	2.9%	2.3%
Conversion rate	29.2%	29.0%			
Volume in '000 TEUs	3'235	3'519	8.8%		

¹ Foreign currency translation impact



Income statement in CHF million	YTD	YTD	Variance			
	Q3 2017	Q3 2018	2018/2017	Growth	Acquisition	Forex ¹
Turnover	3'380	4'138	22.4%	15.4%	5.6%	1.4%
Gross profit	749	895	19.5%	12.3%	6.0%	1.2%
EBITDA	240	290	20.8%	17.8%	1.3%	1.7%
EBIT	227	271	19.4%	19.0%	(0.9%)	1.3%
Conversion rate	30.3%	30.3%				
Volumes in '000 tons	1'122	1'302	16.0%	5.5%	10.5%	

¹ Foreign currency translation impact



Overland



Strong performance of
US intermodal business

Leverage of top line growth driving significant
profitability improvement

Overland – performance of business unit



Income statement in CHF million

	YTD	YTD	Variance		
	Q3 2017	Q3 2018	2018/2017	Growth	Forex ¹
Net turnover	2'263	2'630	16.2%	8.9%	7.3%
Gross profit	703	813	15.6%	9.6%	6.0%
EBITDA	67	88	31.3%	28.0%	3.3%
EBIT	36	57	58.3%	55.4%	2.9%
EBITDA / Net turnover margin	3.0%	3.3%			
EBIT / Net turnover margin	1.6%	2.2%			
Conversion rate	5.1%	7.0%			

¹ Foreign currency translation impact



Contract Logistics



Significant growth with
e-commerce fulfilment solutions

Rollout of new WMS-solution and
warehousing technology ongoing

Contract Logistics – performance of business unit



Income statement in CHF million	YTD	YTD	Variance			
	Q3 2017	Q3 2018	2018/2017	Growth	Acquisition	Forex ¹
Net turnover	3'510	3'883	10.6%	5.4%	1.5%	3.7%
Gross profit	2'631	2'912	10.7%	6.5%	0.4%	3.8%
EBITDA	209	187	(10.5%)	(14.3%)	0.5%	3.3%
EBIT	114	93	(18.4%)	(22.8%)	- %	4.4%
EBITDA / Net turnover margin	6.0%	4.8%				
EBIT / Net turnover margin	3.2%	2.4%				
Conversion rate	4.3%	3.2%				

¹ Foreign currency translation impact



Income Statement



CHF million	2017	2017	2017	YTD Q3 2017	2018	2018	2018	YTD Q3 2018	2018/2017	Variance			Variance in %			
	Q1	Q2	Q3		Q1	Q2	Q3			Q1	Q2	Q3	2018/2017	Growth	Acquisition	Forex ¹
Net turnover	4'299	4'516	4'710	13'525	4'862	5'204	5'295	15'361	1'836	563	688	585	13.6%	9.6%	1.8%	2.2%
Gross profit	1'648	1'729	1'759	5'136	1'843	1'963	1'930	5'736	600	195	234	171	11.7%	7.5%	1.1%	3.1%
<i>Gross profit margin</i>	38.3%	38.3%	37.3%	38.0%	37.9%	37.7%	36.4%	37.3%								
EBITDA	257	297	286	840	289	319	298	906	66	32	22	12	7.9%	4.7%	0.7%	2.5%
<i>EBITDA margin</i>	6.0%	6.6%	6.1%	6.2%	5.9%	6.1%	5.6%	5.9%								
EBIT	209	243	233	685	236	265	244	745	60	27	22	11	8.8%	6.7%	(0.4%)	2.5%
<i>EBIT margin to net turnover</i>	4.9%	5.4%	4.9%	5.1%	4.9%	5.1%	4.6%	4.8%								
<i>Conversion rate</i>	12.7%	14.1%	13.2%	13.3%	12.8%	13.5%	12.6%	13.0%								
EBT	214	248	239	701	239	267	247	753	52	25	19	8	7.4%	5.4%	(0.4%)	2.4%
<i>EBT margin to net turnover</i>	5.0%	5.5%	5.1%	5.2%	4.9%	5.1%	4.7%	4.9%								
Earnings for the period	165	191	184	540	184	206	190	580	40	19	15	6	7.4%	5.6%	(0.6%)	2.4%

¹ Foreign currency translation impact

- FX impact: EUR + 6.1%; USD - 1.4%; GBP + 4.6%; impact on earnings for the period + 2.4%
- Tax rate stable, 23% expected for 2018
- Conversion rate target 2022 of the Group of 16% confirmed

Balance Sheet



CHF million	December 31, 2017	September 30, 2018		December 31, 2017	September 30, 2018
Assets			Liabilities and equity		
Property, plant and equipment	1'249	1'210	Equity attributable to the equity holders of the parent company	2'321	2'105
Goodwill	849	820	Non-controlling interests	6	6
Other intangibles	96	88	Total equity	2'327	2'111
Others	251	215	Non-current liabilities	620	574
Non-current assets	2'445	2'333	Trade payables	1'890	1'812
Trade receivables	3'537	3'881	Contract liabilities	-	201
Contract assets	-	431	Accrued trade expenses/deferred income	1'493	1'468
Work in progress	418	-	Bank and other interest-bearing liabilities	14	242
Cash and cash equivalents	720	457	Others	1'113	1'197
Others	337	503	Current liabilities	4'510	4'920
Current assets	5'012	5'272	Total liabilities and equity	7'457	7'605
Total assets	7'457	7'605			

Cash and cash equivalents



CHF million	YTD Q3 2017	YTD Q3 2018	Variance
Cash and cash equivalents 1.1.2018, net	837	710	(127)
Operational cash flow	851	885	34
Changes in working capital	(174)	(310)	(136)
Income taxes paid	(183)	(173)	10
Cash flow from operating activities	494	402	(92)
Cash flow from investing activities	(95)	(167)	(72)
Cash flow from financing activities	(667)	(707)	(40)
Exchange difference on cash and cash equivalents	2	(20)	(22)
Increase/(decrease) in cash and cash equivalents	(266)	(492)	(226)
Cash and cash equivalents 30.9.2018, net	571	218	(353)

Main variances Q3 2018 vs. 2017

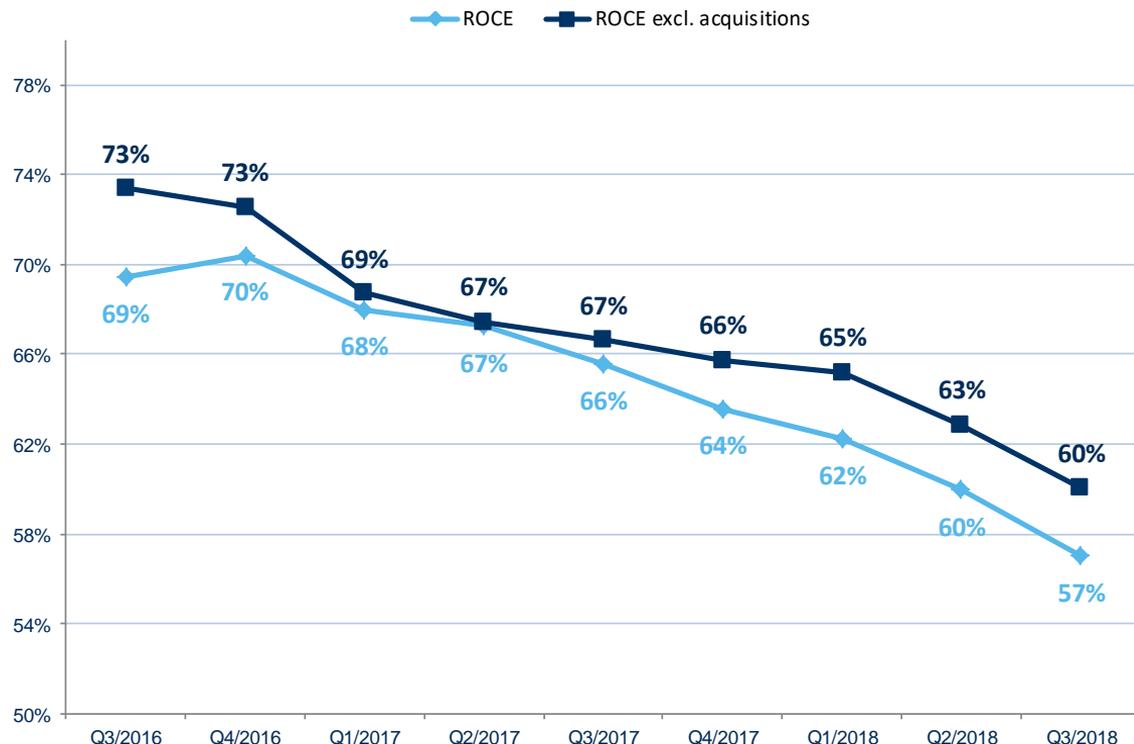
- Lower cash opening balance CHF (127) million
- Working capital CHF (136) million
- Capex PPE net CHF (71) million
- Acquisitions /dividend CHF (37) million

Working Capital



CHF million	Sep 30 2017	Sep 30 2018	Better/(worse) 2018 vs. 2017
Trade receivables/Contract assets/Work in progress	3,495	4,384	(889)
Trade payables/Contract liabilities/Accrued trade expenses	(2,652)	(3,280)	628
Net working capital	843	1,104	(261)
KPIs:			
Working capital intensity	3.7%	4.3%	(0.6%)
DSO	49.6	56.0	(6.4)
DPO	62.0	67.7	5.7
Δ	12.4	11.7	(0.7)

Return on capital employed (EBIT)



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.

Month-end exchange rates:

	30.9.18	31.12.17	Var
CHF	1.1354	1.1746	(3.3%)
EUR 1.-	0.9654	0.9883	(2.3%)
USD 1.-			

Financial targets 2018



CHF million	YTD Q3 2018	Targets 2022
GROUP		
Conversion rate	13%	16%
ROCE (excl. acquisitions)	60%	70%
Effective tax rate	23%	~ 22 - 23%
Working capital intensity	4.3%	3.5 - 4.5%
Cash and cash equivalents, net	218	
Capex	191	

Assumptions target 2022:

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



	YTD Q3 2018	Market 2018
SEAFREIGHT		
Conversion rate	29.0%	
Volume growth	8.8%	~ 3%



	YTD Q3 2018	Market 2018
AIRFREIGHT		
Conversion rate	30.3%	
Volume growth	16.0%	~ 3%



	YTD Q3 2018	Market 2018
OVERLAND		
Volume growth (net turnover in cc ¹)	9.0%	~ 4%



	YTD Q3 2018	Market 2018
CONTRACT LOGISTICS		
Volume growth (net turnover in cc ¹)	6.9%	~ 4%

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

Indicators signal *lower growth*

Acquisitions as an *accelerator*





Upcoming events 2018 - 2019



- 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	2018				2017				2018 / 2017 Change in %				2018 / 2017 Change in mCHF			
	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL
1. Seafreight																
A) Income Statement																
Turnover	2'170	2'166	2'532	6'868	2'095	2'167	2'284	6'546	+3.6	-	+10.9	+4.9	75	(1)	248	322
Net Turnover	1'635	1'736	1'879	5'250	1'546	1'616	1'707	4'869	+5.8	+7.4	+10.1	+7.8	89	120	172	381
Gross Profit	357	376	383	1'116	337	350	366	1'053	+5.9	+7.4	+4.6	+6.0	20	26	17	63
Opex	(255)	(257)	(263)	(775)	(238)	(240)	(251)	(729)	(7.1)	(7.1)	(4.8)	(6.3)	(17)	(17)	(12)	(46)
EBITDA	102	119	120	341	99	110	115	324	+3.0	+8.2	+4.3	+5.2	3	9	5	17
Depreciation and Amortisation	(5)	(6)	(6)	(17)	(6)	(5)	(5)	(16)	+16.7	(20.0)	(20.0)	(6.3)	1	(1)	(1)	(1)
EBIT	97	113	114	324	93	105	110	308	+4.3	+7.6	+3.6	+5.2	4	8	4	16
B) KPI																
EBIT / GP conversion rate	27.2%	30.1%	29.8%	29.0%	27.6%	30.0%	30.1%	29.2%								
Volume (TEUs '000)	1'079	1'210	1'230	3'519	1'028	1'089	1'118	3'235	+5.0	+11.1	+10.0	+8.8	51	121	112	284
GROSS PROFIT	331	311	311	317	328	321	327	326	+0.9	(3.1)	(4.9)	(2.8)	3	(10)	(16)	(9)
EXPENSES	(241)	(217)	(219)	(225)	(237)	(225)	(229)	(230)	(1.7)	+3.6	+4.4	+2.2	(4)	8	10	5
EBIT	90	94	92	92	91	96	98	96	(1.1)	(2.1)	(6.1)	(4.2)	(1)	(2)	(6)	(4)
2. Airfreight																
A) Income Statement																
Turnover	1'310	1'403	1'425	4'138	1'063	1'105	1'212	3'380	+23.2	+27.0	+17.6	+22.4	247	298	213	758
Net turnover	1'141	1'223	1'234	3'598	908	939	1'036	2'883	+25.7	+30.2	+19.1	+24.8	233	284	198	715
Gross Profit	283	305	307	895	241	253	255	749	+17.4	+20.6	+20.4	+19.5	42	52	52	146
Opex	(195)	(200)	(210)	(605)	(165)	(170)	(174)	(509)	(18.2)	(17.6)	(20.7)	(18.9)	(30)	(30)	(36)	(96)
EBITDA	88	105	97	290	76	83	81	240	+15.8	+26.5	+19.8	+20.8	12	22	16	50
Depreciation and Amortisation	(7)	(4)	(8)	(19)	(4)	(4)	(5)	(13)	(75.0)	-	(60.0)	(46.2)	(3)	-	(3)	(6)
EBIT	81	101	89	271	72	79	76	227	+12.5	+27.8	+17.1	+19.4	9	22	13	44
B) KPI																
EBIT / GP conversion rate	28.6%	33.1%	29.0%	30.3%	29.9%	31.2%	29.8%	30.3%								
Volume (TONs '000)	422	441	439	1'302	350	381	391	1'122	+20.6	+15.7	+12.3	+16.0	72	60	48	180
GROSS PROFIT	67	69	70	69	69	66	65	67	(2.9)	+4.5	+7.7	+3.0	(2)	3	5	2
EXPENSES	(48)	(46)	(50)	(48)	(48)	(46)	(46)	(47)	-	-	(8.7)	(2.1)	-	-	(4)	(1)
EBIT	19	23	20	21	21	20	19	20	(9.5)	+15.0	+5.3	+5.0	(2)	3	1	1

Quarter over Quarter 2018/2017



CHF million	2018				2017				2018 / 2017 Change in %				2018 / 2017 Change in mCHF			
	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL
3. Overland																
A) Income Statement																
Turnover	936	1'104	938	2'978	794	826	822	2'442	+17.9	+33.7	+14.1	+21.9	142	278	116	536
Net Turnover	850	912	868	2'630	730	767	766	2'263	+16.4	+18.9	+13.3	+16.2	120	145	102	367
Gross Profit	264	286	263	813	226	246	231	703	+16.8	+16.3	+13.9	+15.6	38	40	32	110
Opex	(231)	(255)	(239)	(725)	(209)	(214)	(213)	(636)	(10.5)	(19.2)	(12.2)	(14.0)	(22)	(41)	(26)	(89)
EBITDA	33	31	24	88	17	32	18	67	+94.1	(3.1)	+33.3	+31.3	16	(1)	6	21
Depreciation and Amortisation	(9)	(12)	(10)	(31)	(10)	(10)	(11)	(31)	+10.0	(20.0)	+9.1	-	1	(2)	1	-
EBIT	24	19	14	57	7	22	7	36	+242.9	(13.6)	+100.0	+58.3	17	(3)	7	21
B) KPI																
EBITDA / Net turnover	3.9%	3.4%	2.8%	3.3%	2.3%	4.2%	2.3%	3.0%								
EBIT / GP conversion rate	9.1%	6.6%	5.3%	7.0%	3.1%	8.9%	3.0%	5.1%								
EBIT / Net turnover	2.8%	2.1%	1.6%	2.2%	1.0%	2.9%	0.9%	1.6%								
4. Contract Logistics																
A) Income Statement																
Turnover	1'379	1'470	1'454	4'303	1'233	1'292	1'315	3'840	+11.8	+13.8	+10.6	+12.1	146	178	139	463
Net turnover	1'236	1'333	1'314	3'883	1'115	1'194	1'201	3'510	+10.9	+11.6	+9.4	+10.6	121	139	113	373
Gross Profit	939	996	977	2'912	844	880	907	2'631	+11.3	+13.2	+7.7	+10.7	95	116	70	281
Opex	(873)	(932)	(920)	(2'725)	(779)	(808)	(835)	(2'422)	(12.1)	(15.3)	(10.2)	(12.5)	(94)	(124)	(85)	(303)
EBITDA	66	64	57	187	65	72	72	209	+1.5	(11.1)	(20.8)	(10.5)	1	(8)	(15)	(22)
Depreciation and Amortisation	(32)	(32)	(30)	(94)	(28)	(35)	(32)	(95)	(14.3)	+8.6	+6.3	+1.1	(4)	3	2	1
EBIT	34	32	27	93	37	37	40	114	(8.1)	(13.5)	(32.5)	(18.4)	(3)	(5)	(13)	(21)
B) KPI																
EBITDA / Net turnover	5.3%	4.8%	4.3%	4.8%	5.8%	6.0%	6.0%	6.0%								
EBIT / GP conversion rate	3.6%	3.2%	2.8%	3.2%	4.4%	4.2%	4.4%	4.3%								
EBIT / Net turnover	2.8%	2.4%	2.1%	2.4%	3.3%	3.1%	3.3%	3.2%								

Quarter over Quarter 2018/2017



CHF million	2018				2017				2018 / 2017 Change in %				2018 / 2017 Change in mCHF			
	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL	Q1	Q2	Q3	TOTAL
5. Kuehne + Nagel Group																
A) Income Statement																
Turnover	5'795	6'143	6'349	18'287	5'185	5'390	5'633	16'208	+11.8	+14.0	+12.7	+12.8	610	753	716	2'079
Customs duties and taxes	(933)	(939)	(1'054)	(2'926)	(886)	(874)	(923)	(2'683)	(5.3)	(7.4)	(14.2)	(9.1)	(47)	(65)	(131)	(243)
Net Turnover	4'862	5'204	5'295	15'361	4'299	4'516	4'710	13'525	+13.1	+15.2	+12.4	+13.6	563	688	585	1'836
Net expenses for services from 3rd parties	(3'019)	(3'241)	(3'365)	(9'625)	(2'651)	(2'787)	(2'951)	(8'389)	(13.9)	(16.3)	(14.0)	(14.7)	(368)	(454)	(414)	(1'236)
Gross Profit	1'843	1'963	1'930	5'736	1'648	1'729	1'759	5'136	+11.8	+13.5	+9.7	+11.7	195	234	171	600
Opex	(1'554)	(1'644)	(1'632)	(4'830)	(1'391)	(1'432)	(1'473)	(4'296)	(11.7)	(14.8)	(10.8)	(12.4)	(163)	(212)	(159)	(534)
EBITDA	289	319	298	906	257	297	286	840	+12.5	+7.4	+4.2	+7.9	32	22	12	66
Depreciation and Amortisation	(53)	(54)	(54)	(161)	(48)	(54)	(53)	(155)	(10.4)	-	(1.9)	(3.9)	(5)	-	(1)	(6)
EBIT	236	265	244	745	209	243	233	685	+12.9	+9.1	+4.7	+8.8	27	22	11	60
Result from finance and associates	3	2	3	8	5	5	6	16	(40.0)	(60.0)	(50.0)	(50.0)	(2)	(3)	(3)	(8)
EBT	239	267	247	753	214	248	239	701	+11.7	+7.7	+3.3	+7.4	25	19	8	52
Income tax	(55)	(61)	(57)	(173)	(49)	(57)	(55)	(161)	(12.2)	(7.0)	(3.6)	(7.5)	(6)	(4)	(2)	(12)
Earnings for the period	184	206	190	580	165	191	184	540	+11.5	+7.9	+3.3	+7.4	19	15	6	40
Non-controlling interests	(1)	-	(1)	(2)	(1)	-	(1)	(2)	-	-	-	-	-	-	-	-
Net Earnings	183	206	189	578	164	191	183	538	+11.6	+7.9	+3.3	+7.4	19	15	6	40
B) KPIs																
EBIT / GP conversion rate	12.8%	13.5%	12.6%	13.0%	12.7%	14.1%	13.2%	13.3%								
GP / Net turnover	37.9%	37.7%	36.4%	37.3%	38.3%	38.3%	37.3%	38.0%								
EBITDA / Net turnover	5.9%	6.1%	5.6%	5.9%	6.0%	6.6%	6.1%	6.2%								
EBIT / Net turnover	4.9%	5.1%	4.6%	4.8%	4.9%	5.4%	4.9%	5.1%								
EBT / Net turnover	4.9%	5.1%	4.7%	4.9%	5.0%	5.5%	5.1%	5.2%								
Earnings for the period / Net turnover	3.8%	4.0%	3.6%	3.8%	3.8%	4.2%	3.9%	4.0%								



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