JANUARY – JUNE 2019

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2019

(UNAUDITED)

KUEHNE+NAGEL

CONTENTS

Schindellegi, July 22, 2019

INCOME STATEMENT

CHF million	Note	January – June 2019	January – June 2018	Variance per cent	April – June 2019	April – June 2018	Variance per cent
Net turnover	9	**10,600**	**10,066**	5.3	**5,363**	**5,204**	3.1
Net expenses for services from third parties	9	–6,585	–6,260		–3,326	–3,241	
Gross profit	9	**4,015**	**3,806**	5.5	**2,037**	**1,963**	3.8
Personnel expenses		–2,447	–2,327		–1,242	–1,194	
Selling, general and administrative expenses		–708	–889		–345	–450	
Other operating income/expenses, net		9	18		1	–	
EBITDA		**869**	**608**	42.9	**451**	**319**	41.4
Depreciation of property, plant and equipment		–97	–93		–49	–48	
Depreciation of right-of-use assets	4	–237	–		–122	–	
Amortisation of other intangibles		–24	–14		–11	–6	
EBIT		**511**	**501**	2.0	**269**	**265**	1.5
Financial income		3	5		2	2	
Financial expenses		–14	–2		–7	–1	
Result from joint ventures and associates		2	2		2	1	
Earnings before tax (EBT)		**502**	**506**	–0.8	**266**	**267**	–0.4
Income tax		–118	–116		–63	–61	
Earnings for the period		**384**	**390**	–1.5	**203**	**206**	–1.5
Attributable to:							
Equity holders of the parent company		382	389	–1.8	202	206	–1.9
Non-controlling interests		2	1		1	–	
Earnings for the period		**384**	**390**	–1.5	**203**	**206**	–1.5
Basic earnings per share in CHF		**3.18**	**3.25**	–2.2	**1.69**	**1.72**	–1.7
Diluted earnings per share in CHF		**3.18**	**3.24**	–1.9	**1.68**	**1.71**	–1.8

STATEMENT OF COMPREHENSIVE INCOME

	January – June		April – June	
CHF million	2019	2018	2019	2018
Earnings for the period	**384**	**390**	**203**	**206**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences	–34	–46	–17	–5
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit plans	–43	10	–27	4
Income tax on actuarial gains/(losses) on defined benefit plans	10	–2	6	–1
Total other comprehensive income, net of tax	**–67**	**–38**	**–38**	**–2**
Total comprehensive income for the period	**317**	**352**	**165**	**204**
Attributable to:				
Equity holders of the parent company	316	352	167	204
Non-controlling interests	1	–	–2	–

BALANCE SHEET

CHF million	Note	June 30, 2019	Dec. 31, 2018	June 30, 2018
Assets				
Property, plant and equipment		1,231	1,226	1,253
Right-of-use assets	4	1,737	–	–
Goodwill		1,212	1,170	840
Other intangibles		206	215	87
Investments in joint ventures		7	7	8
Deferred tax assets		180	175	207
Non-current assets		**4,573**	**2,793**	**2,395**
Prepayments		242	161	229
Contract assets		246	300	453
Trade receivables		3,813	3,872	3,820
Other receivables		147	200	158
Income tax receivables		111	53	133
Cash and cash equivalents		505	499	522
Current assets		**5,064**	**5,085**	**5,315**
Total assets		**9,637**	**7,878**	**7,710**
Liabilities and equity				
Share capital		120	120	120
Reserves and retained earnings	11	1,378	1,428	1,469
Earnings for the period		382	770	389
Equity attributable to the equity holders of the parent company		**1,880**	**2,318**	**1,978**
Non-controlling interests		45	6	6
Equity		**1,925**	**2,324**	**1,984**
Provisions for pension plans and severance payments		418	377	406
Deferred tax liabilities		79	101	120
Borrowings	10	400	–	–
Non-current provisions		42	50	48
Other non-current liabilities		171	148	–
Non-current lease liabilities	4	1,286	1	2
Non-current liabilities		**2,396**	**677**	**576**
Bank and other interest-bearing liabilities		395	351	414
Trade payables		1,891	1,888	1,852
Contract liabilities		111	146	207
Accrued trade expenses/deferred income		1,203	1,272	1,488
Income tax liabilities		190	108	169
Current provisions		66	65	65
Other current liabilities		1,001	1,044	952
Current lease liabilities	4	459	3	3
Current liabilities		**5,316**	**4,877**	**5,150**
Total liabilities and equity		**9,637**	**7,878**	**7,710**

Schindellegi, July 22, 2019

KUEHNE + NAGEL INTERNATIONAL AG

Dr. Detlef Trefzger	Markus Blanka-Graff
CEO	CFO

STATEMENT OF CHANGES IN EQUITY

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains & losses	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2018	120	496	–43	–897	–130	2,775	2,321	6	2,327
Earnings for the period	–	–	–	–	–	389	389	1	390
Other comprehensive income									
Foreign exchange differences	–	–	–	–45	–	–	–45	–1	–46
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	8	–	8	–	8
Total other comprehensive income, net of tax	**–**	**–**	**–**	**–45**	**8**	**–**	**–37**	**–1**	**–38**
Total comprehensive income for the period	**–**	**–**	**–**	**–45**	**8**	**389**	**352**	**–**	**352**
Purchase of treasury shares	–	–	–12	–	–	–	–12	–	–12
Dividend paid [1]	–	–	–	–	–	–688	–688	–	–688
Expenses for share-based compensation plans	–	–	–	–	–	5	5	–	5
Total contributions by and distributions to owners	**–**	**–**	**–12**	**–**	**–**	**–683**	**–695**	**–**	**–695**
Balance as of June 30, 2018	**120**	**496**	**–55**	**–942**	**–122**	**2,481**	**1,978**	**6**	**1,984**
Balance as of January 1, 2019	120	477	–36	–995	–111	2,863	2,318	6	2,324
Earnings for the period	–	–	–	–	–	382	382	2	384
Other comprehensive income									
Foreign exchange differences	–	–	–	–33	–	–	–33	–1	–34
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	–33	–	–33	–	–33
Total other comprehensive income, net of tax	**–**	**–**	**–**	**–33**	**–33**	**–**	**–66**	**–1**	**–67**
Total comprehensive income for the period	**–**	**–**	**–**	**–33**	**–33**	**382**	**316**	**1**	**317**
Dividend paid [1]	–	–	–	–	–	–718	–718	–	–718
Expenses for share-based compensation plans	–	–	–	–	–	8	8	–	8
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**–**	**–710**	**–710**	**–**	**–710**
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	38	38
Transaction with non-controlling interests [2]	–	–	–	–	–	–44	–44	–	–44
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–44**	**–44**	**38**	**–6**
Balance as of June 30, 2019	**120**	**477**	**–36**	**–1,028**	**–144**	**2,491**	**1,880**	**45**	**1,925**

1 2019: CHF 6.00 per share; 2018: CHF 5.75 per share

2 The movement in retained earnings in 2019 includes a written put option for an acquisition of non-controlling interests in one of the Group's subsidiaries, see note 8.

CASH FLOW STATEMENT

		January – June			April – June		
CHF million	Note	2019	2018	Variance	2019	2018	Variance
Cash flow from operating activities							
Earnings for the period		384	390		203	206	
Reversal of non-cash items: Income tax		118	116		63	61	
Financial income		–3	–5		–2	–2	
Financial expenses		14	2		7	1	
Result from joint ventures and associates		–2	–2		–2	–1	
Depreciation of property, plant and equipment		97	93		49	48	
Depreciation of right-of-use assets	4	237	–		122	–	
Amortisation of other intangibles		24	14		11	6	
Expenses for share-based compensation plans		8	5		4	2	
(Gain)/loss on disposal of subsidiaries and associates	7	–1	–7		–	–	
(Gain)/loss on disposal of property, plant and equipment		–9	–12		–5	–2	
Net addition to provisions for pension plans and severance payments		5	–7		3	–8	
Subtotal operational cash flow		**872**	**587**	**285**	**453**	**311**	**142**
(Increase)/decrease contract assets		49	–45		18	–20	
(Increase)/decrease trade and other receivables, prepayments		–42	–447		65	–336	
Increase/(decrease) provisions		–7	–9		–2	–2	
Increase/(decrease) other liabilities		–36	48		–89	–43	
Increase/(decrease) trade payables, accrued trade expenses, deferred income and contract liabilities		–53	207		32	354	
Income taxes paid		–114	–134		–71	–90	
Total cash flow from operating activities		**669**	**207**	**462**	**406**	**174**	**232**
Cash flow from investing activities							
Capital expenditure							
– Property, plant and equipment	13	–160	–115		–71	–64	
– Other intangibles	13	–5	–4		–1	–1	
Disposal of property, plant and equipment		95	34		10	2	
Acquisition of subsidiaries, net of cash acquired	7/8	–14	–21		–	–	
Settlement of deferrred/contingent considerations from business combination		–29	–		–29	–	
Disposal of subsidiaries and associates	7	1	7		–	–	
Dividend received from joint ventures and associates		1	1		1	–	
Interest received		3	2		2	1	
Total cash flow from investing activities		**–108**	**–96**	**–12**	**–88**	**–62**	**–26**
Cash flow from financing activities							
Proceeds from other interest-bearing liabilities		433	–		427	–	
Repayment of other interest-bearing liabilities		–20	–2		–20	–1	
Repayment of lease liabilities	4	–236	–		–121	–	
Interest paid on other interest-bearing liabilities		–3	–2		–1	–1	
Interest paid on lease liabilities	4	–9	–		–5	–	
Purchase of treasury shares	11	–	–12		–	–3	
Dividend paid to equity holders of parent company		–718	–688		–718	–688	
Total cash flow from financing activities		**–553**	**–704**	**151**	**–438**	**–693**	**255**
Exchange difference on cash and cash equivalents		–3	–9	6	–11	–2	–9
Increase/(decrease) in cash and cash equivalents		**5**	**–602**	**607**	**–131**	**–583**	**452**
Cash and cash equivalents at the beginning of the period, net		**488**	**710**	**–222**	**624**	**691**	**–67**
Cash and cash equivalents at the end of the period, net		**493**	**108**	**385**	**493**	**108**	**385**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ORGANISATION

Kuehne + Nagel International AG (the Company) is incorporated in Schindellegi (Feusisberg), Switzerland. The Company is one of the world's leading logistics providers. Its strong market position lies in the seafreight, airfreight, overland and contract logistics businesses.

The Condensed Consolidated Interim Financial Statements of the Company for the six months ended June 30, 2019, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of June 30, 2018.

2. STATEMENT OF COMPLIANCE

The unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended December 31, 2018.

3. BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Statements are presented in Swiss Francs (CHF) million. They are prepared on a historical cost basis except for certain financial instruments which are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRS requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of IFRS that have a significant effect on the Condensed Consolidated Interim Financial Statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the Consolidated Financial Statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019.

4. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16-Leases. As of December 31, 2018, Kuehne + Nagel disclosed undiscounted lease commitments classified as operating leases and thus recorded off balance sheet of CHF 1,786 million. IFRS 16 requires the Group to recognise a majority of these lease contracts on balance sheet. The right-of-use asset is generally measured at the amount of the discounted lease liability plus initial direct costs. As of January 1, 2019, CHF 1,753 million of right-of-use assets and lease liabilities were recognised on the balance sheet. Retained earnings were not affected, as the right-of-use assets match the lease liabilities. The Group makes use of the recognition exemption for short-term leases and leases of low-value assets. Leases ending within 12 months of the date of initial application were not recognised. The Group applied the cumulative catch-up approach, adjusting balances as of January 1, 2019, without restatement of previous periods. The depreciation of right-of-use assets and interest expense on the lease liabilities also impacts reported earnings, in particular EBITDA. Based on the current lease portfolio as of June 30, 2019, EBITDA for the year is estimated to be positively impacted by approximately CHF 500 million. No material impact is expected on EBIT and Earnings after tax.

Other amendments, improvements and interpretations apply for the first time in 2019, but do not have a material impact on the Condensed Consolidated Interim Financial Statements of the Group.

5. FOREIGN EXCHANGE RATES

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement
(average rates for the period)

Currency	Jan. – June 2019 CHF	Variance per cent	Jan. – June 2018 CHF
EUR 1.–	1.1268	–3.4	1.1663
USD 1.–	0.9961	3.1	0.9663
GBP 1.–	1.2873	–3.0	1.3277

Balance sheet
(period end rates)

Currency	June 2019 CHF	Variance per cent	June 2018 CHF	Dec. 2018 CHF
EUR 1.–	1.1088	–4.0	1.1547	1.1292
USD 1.–	0.9738	–1.5	0.9890	0.9903
GBP 1.–	1.2395	–5.4	1.3104	1.2527

6. SEASONALITY

The Group is not exposed to significant seasonal or cyclical variations in its operations.

7. CHANGES IN THE SCOPE OF CONSOLIDATION

Major changes in the scope of consolidation **in the first six months of 2019** related to the following companies:

2019	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation/ acquisition date
Incorporation				
Modern Office Pte Ltd, Singapore	100	SGD	676	January 1, 2019
Acquisitions				
KN Sincero Logistics Co. Ltd., China (formerly Shanghai Ruichun Logistics Co., Ltd.) [1]	51	CNY	30,000	January 1, 2019
Zhejiang Jiajin Logistics Co. Ltd., China [1]	51	CNY	10,000	January 1, 2019
Wuhan Zhisheng Logistics Co. Ltd., China [1]	51	CNY	10,000	January 1, 2019
Shenzhen Hua Tie Xun Logistics Co. Ltd., China [1]	51	CNY	5,000	January 1, 2019

1 Refer to Note 8 for details to the acquisition of subsidiaries.

There were no significant divestments in the first six months of 2019.

Major changes in the scope of consolidation **in the first six months of 2018** related to the following companies:

2018	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation / acquisition/ divestment date
Incorporations				
Nacora Sigorta Brokerligi Anonim Sirketi, Turkey	100	TRL	300	January 1, 2018
Kuehne + Nagel Shared Service Centre d.o.o., Serbia	100	RSD	15,000	February 1, 2018
Kuehne + Nagel LLC, Azerbaijan	100	AZN	42	February 1, 2018
Kuehne + Nagel LLC, Kazakhstan	100	KZT	7,100	June 1, 2018
Acquisitions				
Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain [1]	50	GBP	6,123	February 26, 2018
Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain [1]	50	GBP	877	February 26, 2018
Divestments				
Transeich Armazens Gerais S.A., Brazil [2]	100	BRL	2,479	March 1, 2018
Transeich Assessoria e Transportes S.A., Brazil [2]	100	BRL	17,918	March 1, 2018

1 The Group previously owned 50 per cent of the share capital and applied the equity method. For further information refer to Note 8.
2 Effective March 1, 2018, the Group signed a sale and purchase agreement to sell 100 per cent of the shares of Transeich Armazens Gerais S.A. and Transeich Assessoria e Transportes S.A, Brazil. The profit on the sale amounts to CHF 7 million.

8. ACQUISITIONS

2019 Acquisitions

The acquisition of subsidiaries in the first six months 2019 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	2
Other intangibles	13
Acquired cash and cash equivalents (net)	2
Subtotal assets	**17**
Non-current liabilities	–3
Total identifiable assets and liabilities, net	**14**
Goodwill	64
Total assets and liabilities, net	**78**
Fair value of non-controlling interest	–38
Purchase price for the ownership acquired	**40**
Thereof deferred consideration	–13
Thereof contingent consideration	–11
Purchase price, paid in cash	**16**
Acquired cash and cash equivalents (net)	–2
Net cash outflow	**14**

Effective January 1, 2019, the Group acquired 51 per cent of the shares of Shanghai Ruichun Logistics Co., Ltd., China, a new company established to conduct the business of the partnership with Sincero, a Chinese automotive logistics group, to focus on contract logistics business for the automotive sector. With more than 800 employees, it operates close to 120,000 sqm of logistics space in Central, Southern and Western China and generates annual revenues of approximately CHF 60 million.

The purchase price of CHF 40 million for the ownership acquired includes a deferred consideration of CHF 13 million due in 2019 and a contingent consideration of CHF 11 million depending on yearly profitability targets until 2021. Acquisition-related costs (included in the line item "selling, general and administrative expenses" in the income statement) are below CHF 1 million.

Other intangibles of CHF 13 million recognised on the acquisition represent contractual and non-contractual customer lists having a useful life of two to six years.

Goodwill of CHF 64 million arose on the acquisition and represents management expertise and workforce which do not meet the definition of an intangible asset to be recognised separately. Goodwill is not expected to be tax deductible.

Kuehne + Nagel has a potential obligation to purchase the non-controlling interest of 49 per cent of the shares in the year 2022. The option is triggered if certain financial targets are met. The exercise price is determined by a multiplier of the net profit of the year 2021. As of June 30, 2019, the Group recognised a redemption liability of CHF 44 million in the line "other non-current liabilities".

The initial accounting for the acquisitions made in the last twelve months has only been determined provisionally. The fair values of the acquired assets and liabilities may need to be adjusted subsequently, with a corresponding adjustment in goodwill. As of June 30, 2019, no material adjustments to the values previously reported were deemed necessary.

2018 Acquisitions

The acquisition of subsidiaries in the first six months 2018 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	27
Other intangibles	1
Deferred tax assets	1
Trade receivables	40
Other current assets	10
Acquired cash and cash equivalents (net)	2
Subtotal assets	**81**
Other current liabilities	–18
Trade payables	–17
Total identifiable assets and liabilities, net	**46**
Fair value of previously held interest	–23
Purchase price for the ownership acquired	**23**
Acquired cash and cash equivalents (net)	–2
Net cash outflow	**21**

Effective March 1, 2018, the Group acquired 50 per cent of the shares of Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain, a business pertaining to the segment Contract Logistics. The Group previously already owned 50 per cent of the shares at a fair value of CHF 23 million immediately before the acquisition date and applied the equity method. The gain recognised as a result of remeasuring to fair value the equity interest the Group held before the acquisition, was below CHF 1 million. The purchase price of CHF 23 million was paid in cash.

From March to June 2018, the acquisition contributed CHF 24 million of net turnover and break even earnings, including the amortisation of other intangibles of CHF 1 million, to the consolidated financial statements. If the acquisition had occurred on January 1, 2018, the Group's net turnover would have been CHF 10,078 million and consolidated earnings for the period would have been CHF 390 million.

The trade receivables comprise gross contractual amounts due of CHF 41 million, of which CHF 1 million were expected to be uncollectible at the acquisition date.

Other intangibles of CHF 1 million recognised on the acquisition represent a customer contract.

The initial accounting for the acquisitions made in the first six months of 2018 was initially determined provisionally only. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting.

9. SEGMENT REPORTING

a) Reportable segments

The Group provides integrated logistics solutions across customers' supply chains using its global logistics network.

The four reportable segments, **Seafreight, Airfreight, Overland** and **Contract Logistics**, reflect the internal management and reporting structure to the Management Board (the chief operating decision maker, CODM) and are managed through specific organisational structures. The CODM reviews internal management reports on a monthly basis. Each segment is a distinguishable business unit and is engaged in providing and selling discrete products and services.

The discrete distinction between Seafreight, Airfreight and Overland is the usage of the same transportation mode within a reportable segment. In addition to common business processes and management routines, a single main transportation mode is used within a reportable segment. For the reportable segment Contract Logistics the services performed are related to customer contracts for warehouse and distribution activities, whereby services performed are storage, handling and distribution.

Pricing between segments is determined on an arm's length basis. The accounting policies of the reportable segments are the same as applied in the Consolidated Financial Statements.

Information about the reportable segments is presented on the next pages. Segment performance is based on EBIT as reviewed by the CODM. The column "eliminations" shows the eliminations of turnover and expenses between segments. All operating expenses are allocated to the segments and included in the EBIT.

b) Geographical information

The Group operates on a worldwide basis in the following geographical areas: **EMEA, Americas** and **Asia-Pacific**. All products and services are provided in each of these geographical regions. The regional revenue is based on the geographical location of the customers invoiced, and regional assets are based on the geographical location of assets.

c) Major customers

There is no single customer who represents more than 10 per cent of the Group's total revenue.

a) Reportable segments

January – June

CHF million	Total Group 2019	Total Group 2018	Seafreight 2019	Seafreight 2018	Airfreight 2019	Airfreight 2018	Overland 2019	Overland 2018
Turnover (external customers)	**12,727**	**11,938**	**4,890**	**4,336**	**2,761**	**2,713**	**2,077**	**2,040**
Customs duties and taxes	–2,127	–1,872	–1,151	–965	–401	–349	–257	–278
Net turnover (external customers)	**10,600**	**10,066**	**3,739**	**3,371**	**2,360**	**2,364**	**1,820**	**1,762**
Inter-segment turnover	–	–	1,298	1,174	1,230	1,654	776	750
Net expenses for services	–6,585	–6,260	–4,255	–3,812	–2,922	–3,430	–2,019	–1,962
Gross profit	**4,015**	**3,806**	**782**	**733**	**668**	**588**	**577**	**550**
Total expenses	–3,146	–3,198	–534	–512	–468	–395	–505	–486
EBITDA	**869**	**608**	**248**	**221**	**200**	**193**	**72**	**64**
Depreciation of property, plant and equipment	–97	–93	–11	–9	–10	–9	–13	–14
Depreciation of right-of-use assets	–237	–	–1	–	–2	–	–7	–
Amortisation of other intangibles	–24	–14	–1	–2	–14	–2	–7	–7
EBIT (segment profit)	**511**	**501**	**235**	**210**	**174**	**182**	**45**	**43**
Financial income	3	5						
Financial expenses	–14	–2						
Result from joint ventures and associates	2	2						
Earnings before tax (EBT)	**502**	**506**						
Income tax	–118	–116						
Earnings for the period	**384**	**390**						
Attributable to:								
Equity holders of the parent company	382	389						
Non-controlling interests	2	1						
Earnings for the period	**384**	**390**						
Additional information not regularly reported to the CODM								
Allocation of goodwill	1,212	840	37	39	433	97	316	327
Allocation of other intangibles	206	87	–	–	151	31	44	56
Capital expenditure property, plant and equipment	160	115	9	10	8	8	16	14
Capital expenditure right-of-use assets	253	–	8	–	8	–	44	–
Capital expenditure other intangibles	5	4	1	1	1	1	1	–
Property, plant and equipment, goodwill and intangibles through business combinations	79	27	–	–	–	–	–	–

Contract Logistics		Total reportable segments		Eliminations	
2019	2018	2019	2018	2019	2018
2,999	**2,849**	**12,727**	**11,938**	**–**	**–**
–318	–280	–2,127	–1,872	–	–
2,681	**2,569**	**10,600**	**10,066**	**–**	**–**
118	135	3,422	3,713	–3,422	–3,713
–811	–769	–10,007	–9,973	3,422	3,713
1,988	**1,935**	**4,015**	**3,806**	**–**	**–**
–1,639	–1,805	–3,146	–3,198	–	–
349	**130**	**869**	**608**	**–**	**–**
–63	–61	–97	–93	–	–
–227	–	–237	–	–	–
–2	–3	–24	–14	–	–
57	**66**	**511**	**501**	**–**	**–**
426	377	1,212	840	–	–
11	–	206	87	–	–
127	83	160	115	–	–
193	–	253	–		–
2	2	5	4	–	–
79	27	79	27	–	–

b) Geographical information

January – June

	Total Group		EMEA		Americas	
CHF million	2019	2018	2019	2018	2019	2018
Turnover (external customers)	**12,727**	**11,938**	**7,902**	**7,688**	**3,490**	**2,957**
Customs duties and taxes	–2,127	–1,872	–1,473	–1,357	–539	–385
Net turnover (external customers)	**10,600**	**10,066**	**6,429**	**6,331**	**2,951**	**2,572**
Inter-regional turnover	–	–	2,190	2,423	615	654
Net expenses for services	–6,585	–6,260	–5,932	–6,074	–2,681	–2,485
Gross profit	**4,015**	**3,806**	**2,687**	**2,680**	**885**	**741**
Total expenses	–3,146	–3,198	–2,197	–2,322	–671	–607
EBITDA	**869**	**608**	**490**	**358**	**214**	**134**
Depreciation of property, plant and equipment	–97	–93	–63	–69	–23	–16
Depreciation of right-of-use assets	–237	–	–163	–	–48	–
Amortisation of other intangibles	–24	–14	–4	–6	–18	–8
EBIT	**511**	**501**	**260**	**283**	**125**	**110**
Financial income	3	5				
Financial expenses	–14	–2				
Result from joint ventures and associates	2	2				
Earnings before tax (EBT)	**502**	**506**				
Income tax	–118	–116				
Earnings for the period	**384**	**390**				
Attributable to:						
Equity holders of the parent company	382	389				
Non-controlling interests	2	1				
Earnings for the period	**384**	**390**				
Additional information not regularly reported to the CODM						
Allocation of goodwill	1,212	840	506	529	622	289
Allocation of other intangibles	206	87	5	6	190	81
Capital expenditure property, plant and equipment	160	115	105	89	29	18
Capital expenditure right-of-use assets	253	–	174	–	55	–
Capital expenditure other intangibles	5	4	3	4	1	–
Property, plant and equipment, goodwill and intangibles through business combinations	79	27	–	27	–	–

Asia-Pacific		Eliminations	
2019	2018	2019	2018
1,335	**1,293**	**–**	**–**
–115	–130	–	–
1,220	**1,163**	**–**	**–**
617	636	–3,422	–3,713
–1,394	–1,414	3,422	3,713
443	**385**	**–**	**–**
–278	–269	–	–
165	**116**	**–**	**–**
–11	–8	–	–
–26	–	–	–
–2	–	–	–
126	**108**	**–**	**–**
84	22	–	–
11	–	–	–
26	8	–	–
24	–	–	–
1	–	–	–
79	–	–	–

10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As of June 30, 2019, cash and cash equivalents with a carrying amount of CHF 505 million (December 31, 2018: CHF 499 million) as well as financial assets with a carrying amount of CHF 3,887 million (December 31, 2018: CHF 4,007 million), thereof CHF 3,886 million measured at amortised cost (December 31, 2018: CHF 4,006 million) and CHF 1 million measured at fair value through profit and loss (December 31, 2018: CHF 1 million), are all classified as current assets.

As of June 30, 2019, the Group has financial liabilities with a carrying amount of CHF 4,069 million (December 31, 2018: CHF 3,990 million), thereof CHF 3,877 million measured at amortised cost (December 31, 2018: CHF 3,802 million) and CHF 192 million (December 31, 2018: CHF 188 million) measured at fair value through profit and loss (FVPL).

As of June 30, 2019, financial liabilities in the amount of CHF 3,898 (December 31, 2018: CHF 3,841 million) are classified as current liabilities, thereof a bank loan of CHF 380 million (USD 390 million; 2018: none) from a revolving credit facility of CHF 750 million. The credit facility has a contract period of 3 years with two 1-year extension options and no covenants. Bank loans can be drawn with a tenor of one, three and six months.

On June 18, 2019, the Kuehne + Nagel Group issued a CHF 200 million public bond with a nominal interest rate of 0.02 per cent due on November 18, 2022, and a CHF 200 million public bond with a nominal interest rate of 0.2 per cent due on June 18, 2025, both with redemption at par. There are no other non-current fixed rate interest-bearing loans or other liabilities outstanding (December 31, 2018: none).

The fair values of financial assets and liabilities carried at amortised cost are approximately equal to the carrying amounts.

No significant impact resulted from the remeasurement of the liabilities measured at FVPL in the first six months 2019 and 2018.
The Group's financial instruments measured at fair value have been categorised into below mentioned levels, reflecting the significance of inputs used in estimating fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: Input other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly,
- Level 3: Valuation techniques using significant unobservable inputs.

The fair value of the derivative instruments (forward foreign exchange contracts) is determined based on current and available market data. Pricing models commonly used in the market are used, taking into account relevant parameters such as forward rates, spot rates, discount rates, yield curves and volatility.

Contingent considerations, resulting from business combinations, are valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Management has reassessed the estimated performance targets (significant unobservable input, level 3) resulting in no significant change compared to December 31, 2018.

Level 3 fair values

CHF million	Contingent liabilities
Balance as of January 1, 2019	184
Additions through business combinations	11
Utilised for settlements	-7
Effects of movements in foreign exchange	-4
Balance as of June 30, 2019	**184**

11. EQUITY

In the first six months of 2019, the Company did not sell or purchase any treasury shares (2018: 2,982 treasury shares sold for less than CHF 1 million, 80,000 treasury shares purchased for CHF 12 million under the share-based compensation plans).

12. EMPLOYEES

Number	June 30, 2019	June 30, 2018
EMEA	57,508	56,738
Americas	15,540	13,363
Asia-Pacific	9,346	8,578
Total employees	**82,394**	**78,679**
Full-time equivalent of employees	**77,899**	**74,347**

13. CAPITAL EXPENDITURE

From January to June 2019, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 160 million (2018: CHF 115 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 253 million (2018: none).

14. LEGAL CLAIMS

The status of proceedings, disclosed in the notes 37 and 43 to the Consolidated Financial Statements for the year ended December 31, 2018, has not changed materially.

15. POST BALANCE SHEET EVENTS

These unaudited Condensed Consolidated Interim Financial Statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on July 22, 2019. There have been no material events between June 30, 2019, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

FINANCIAL CALENDAR

October 22, 2019	Nine-months 2019 results
February 27, 2020	Full-year 2019 results
April 27, 2020	Three-months 2020 results
May 5, 2020	Annual General Meeting
May 11, 2020	Dividend payment for 2019
July 21, 2020	Half-year 2020 results
October 20, 2020	Nine-months 2020 results

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