



Kuehne + Nagel International AG

Analyst Conference Call – Half-Year 2016 Results

July 19, 2016 (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.





Overview Half-Year 2016 results

Financial review

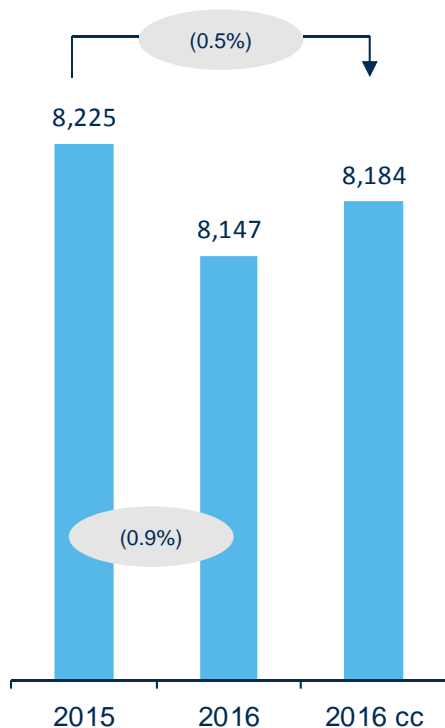
Appendices



Overview Half-Year 2016 results – Kuehne + Nagel Group

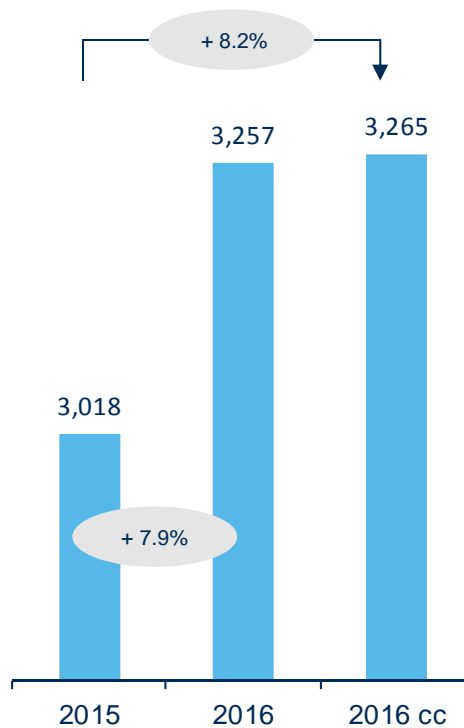
Net turnover

in CHF million



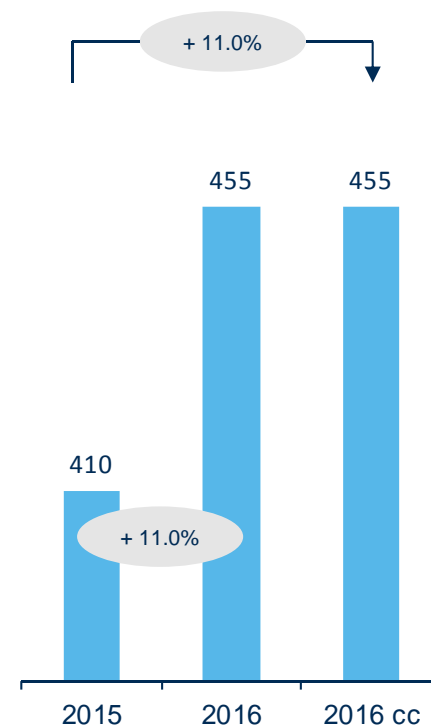
Gross profit

in CHF million



EBIT

in CHF million





Seafreight

EBIT: + 8.3%

Volume: + 5.8%

GP per TEU: + 0.8%

Conversion rate: 31.3%



Seafreight – Performance of business unit

Income statement in CHF million	YTD HY1 2015	YTD HY1 2016	Variance		
			2016/2015	Growth	Forex ¹
Turnover	4'444	3'932	(11.5%)	(10.6%)	(0.9%)
Gross profit	662	706	6.6%	7.8%	(1.2%)
EBITDA	217	231	6.5%	6.5%	- %
EBIT	204	221	8.3%	9.3%	(1.0%)
EBIT in % of GP	30.8%	31.3%			

¹ Foreign currency translation impact



Business drivers

- Market growth of approx. 2%
- Asia exports & Intra Asia strong volume growth
- First time more than 1 million TEU in a quarter
- Improved conversion rate



Airfreight

EBIT: + 8.1%

Volume: + 1.3%

GP per 100kg: + 5.5%

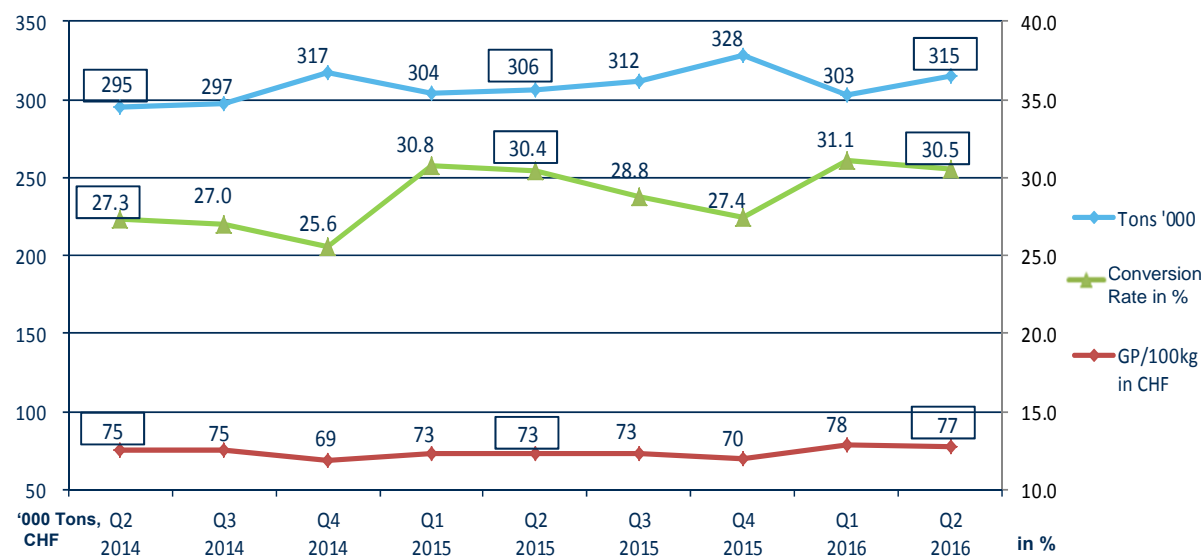
Conversion rate: 30.8%



Airfreight – Performance of business unit

Income statement in CHF million	YTD HY1 2015	YTD HY1 2016	Variance		
			2016/2015	Growth	Forex ¹
Turnover	1'988	1'906	(4.1%)	(2.8%)	(1.3%)
Gross profit	445	478	7.4%	7.8%	(0.4%)
EBITDA	145	155	6.9%	6.9%	- %
EBIT	136	147	8.1%	8.1%	- %
EBIT in % of GP	30.6%	30.8%			

¹ Foreign currency translation impact



Business drivers

- Market declined by approx. 1%
- Strong export business from Asia and Middle East in Q2 2016
- Stable conversion rate

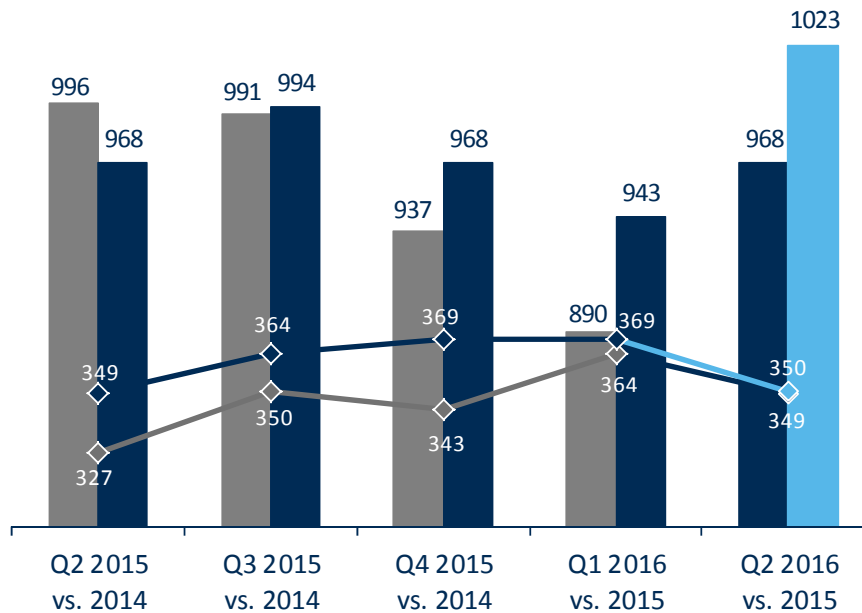


Development of volumes

Seafreight

[TEU] '000

- Volume increase of 5.8% or 108,000 TEUs yoy
- Yield increase of 0.8% or CHF 3 GP/TEU yoy

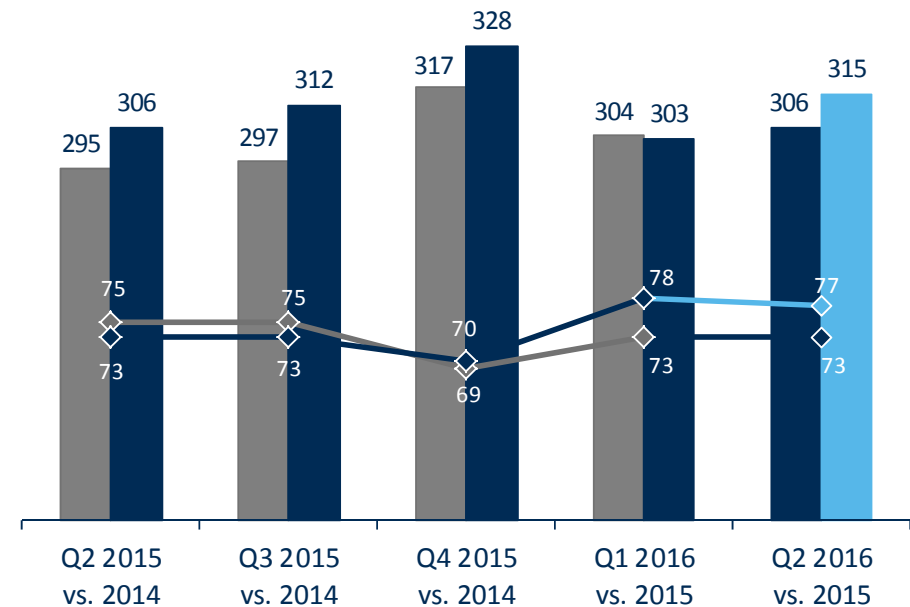


2016 ◆ GP/TEU in CHF
2015 ◆ GP/TEU in CHF
2014 ◆ GP/TEU in CHF

Airfreight

[TON] '000

- Volume increase of 1.3% or 8,000 tons yoy
- Yield increase of 5.5% or CHF 4 GP/100kg yoy



2016 ◆ GP/100kg in CHF
2015 ◆ GP/100kg in CHF
2014 ◆ GP/100kg in CHF



Overland

Net turnover: + 22.6%

EBITDA: + 19.4%

EBITDA/net TO margin: 2.6%

EBIT: + 21.4%

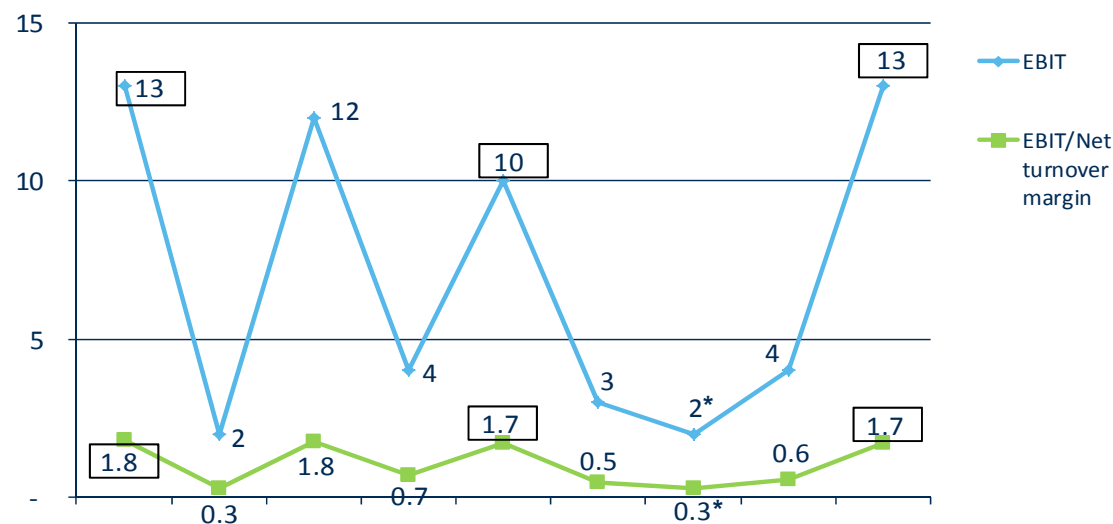




Overland – Performance of business unit

Income statement in CHF million	YTD	YTD	Variance			
	HY1 2015	HY1 2016	2016/2015	Growth	Acquisition	Forex ¹
Net turnover	1,182	1,449	22.6%	4.8%	16.3%	1.5%
Gross profit	405	456	12.6%	3.2%	7.9%	1.5%
EBITDA	31	37	19.4%	(6.4%)	29.0%	(3.2%)
EBIT	14	17	21.4%	(7.1%)	21.4%	7.1%
EBITDA / Net turnover margin	2.6%	2.6%				
EBIT / Net turnover margin	1.2%	1.2%				
EBIT / GP margin	3.5%	3.7%				

¹ Foreign currency translation impact



In MCHF, Q2 2014 Q3 2014 Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016
in %

* excl. antitrust fine

Business drivers

- Growth significantly above market
- Positive development in Europe
- US intermodal (ReTrans) contributing
- Margins stabilised



Contract Logistics

EBITDA: + 19.2%

EBITDA/net TO margin: 5.6%

EBIT: + 25%

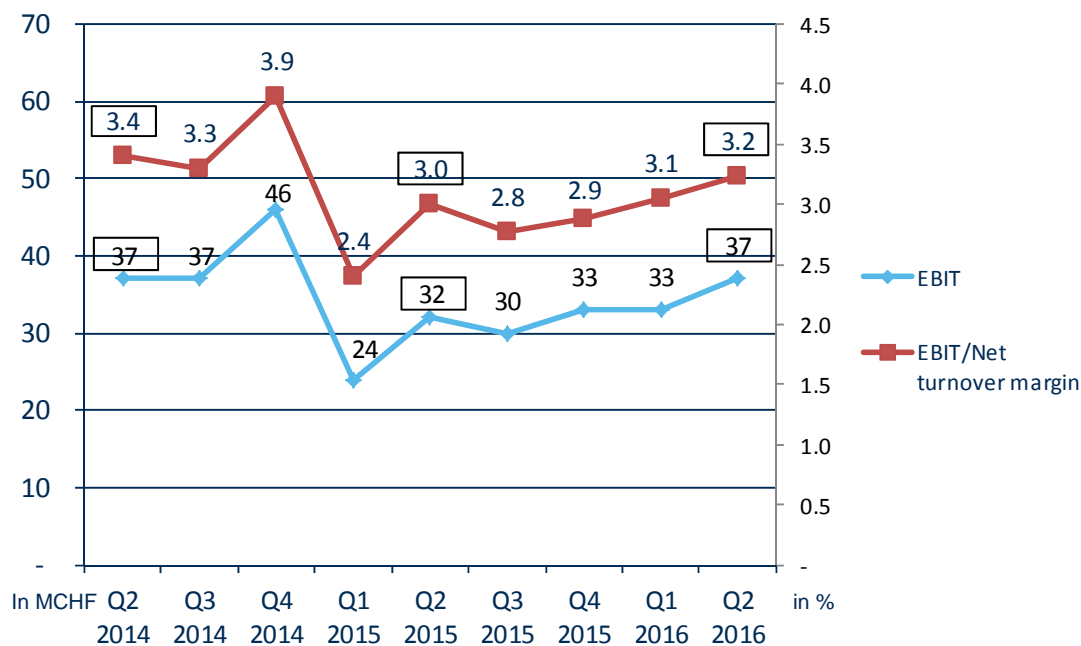
Idle space: 3.2%



Contract Logistics – Performance of business unit

Income statement in CHF million	YTD	YTD	Variance		
	HY1 2015	HY1 2016	2015/2016	Growth	Forex ¹
Net turnover	2,079	2,222	6.9%	7.0%	(0.1%)
Gross profit	1,506	1,617	7.4%	7.7%	(0.3%)
EBITDA	104	124	19.2%	18.2%	1.0%
EBIT	56	70	25.0%	23.2%	1.8%
EBITDA / Net turnover margin	5.0%	5.6%			
EBIT / Net turnover margin	2.7%	3.2%			

¹ Foreign currency translation impact



Business drivers

- Successful implementation of new business
- Expansion in pharma and e-commerce fulfilment



Overview Half-Year 2016 results

▶ Financial review

Appendices



Income statement

CHF million	2015	2015	YTD HY1 2015	2016	2016	YTD HY1 2016	Variance			Variance in %			
	Q1	Q2		Q1	Q2		2016/2015	Q1	Q2	2016/2015	Growth	Acquisition	Forex ¹
Net turnover	4'096	4'129	8'225	4'010	4'137	8'147	(78)	(86)	8	(0.9%)	(2.9%)	2.4%	(0.4%)
Gross profit	1'497	1'521	3'018	1'593	1'664	3'257	239	96	143	7.9%	7.1%	1.1%	(0.3%)
Gross profit margin	36.5%	36.8%	36.7%	39.7%	40.2%	40.0%							
EBITDA	233	264	497	259	288	547	50	26	24	10.1%	8.3%	1.8%	- %
EBITDA margin	5.7%	6.4%	6.0%	6.5%	7.0%	6.7%							
EBIT	190	220	410	217	238	455	45	27	18	11.0%	10.3%	0.7%	- %
EBIT margin	4.6%	5.3%	5.0%	5.4%	5.8%	5.6%							
EBT	196	222	418	220	242	462	44	24	20	10.5%	9.5%	1.0%	- %
EBT margin	4.8%	5.4%	5.1%	5.5%	5.8%	5.7%							
Earnings for the period	153	173	326	169	187	356	30	16	14	9.2%	8.3%	0.9%	- %

- Gross profit growth + 7.9%
- EBIT growth + 11.0%
- Earnings for the period growth + 9.2%, showing continuing high operating leverage

¹ Foreign currency translation impact

- No foreign currency translation impact on the earnings for the period

Income Statement (average rates)	HY1 2015	HY1 2016	Variance %	Impact on earnings for the year in %
Euro	1.0653	1.0919	2.5%	0.0%
US Dollar	0.9480	0.9876	4.2%	
British Pound	1.4542	1.4081	(3.2%)	



Financial overview

CHF million	HY1 2015	HY1 2016
Net turnover	8'225	8'147
Gross profit	3'018	3'257
EBITDA	497	547
EBIT	410	455
EBIT margin to net turnover	5.0%	5.6%
Net earnings for the period	325	355
EPS (basic) in CHF	2.71	2.96
Total assets	5'502	5'963
Equity	1'702	1'825
Equity % of total assets	30.9%	30.6%
Cash and cash equivalents, net	437	441
Operational cash flow	505	548
Capex	98	86

Financial targets 2016

Profitability	▪ Group EBIT margin to net turnover > 5%
CAPEX	▪ 2016: CHF 215 million (2015: CHF 253 million)
Working Capital	▪ Target to maintain working capital intensity at 3.5 to 4.0%
Cash	▪ Safeguarding a high cash position
Tax	▪ Effective tax rate of approx. 23%



Financial review – Balance sheet

CHF million	31 December 2015	30 June 2016		31 December 2015	30 June 2016
Assets			Liabilities and equity		
Property, plant and equipment	1'142	1'124	Equity attributable to the equity holders of the parent company	2'121	1'819
Goodwill	767	747	Non-controlling interests	5	6
Other intangibles	98	87	Total equity	2'126	1'825
Others	224	229	Non-current liabilities	601	642
Non-current assets	2'231	2'187	Trade payables	1'449	1'397
Trade receivables	2'486	2'491	Accrued trade expenses/deferred income	919	939
Cash and cash equivalents	841	608	Bank and other interest-bearing liabilities	7	171
Others	541	677	Others	997	989
Current assets	3'868	3'776	Current liabilities	3'372	3'496
Total assets	6'099	5'963	Total liabilities and equity	6'099	5'963



Financial review HY1 2016 – Cash flow

CHF million	2015	2016	Variance
Operational cash flow	505	548	43
Changes in working capital	(140)	(154)	(14)
Income taxes paid	(88)	(123)	(35)
Cash flow from operating activities	277	271	(6)
Cash flow from investing activities	(88)	(53)	35
Cash flow from financing activities	(881)	(606)	275
Exchange difference on cash and cash equivalents	(34)	(10)	24
Increase/(decrease) in cash and cash equivalents	(726)	(398)	328
Cash and cash equivalents at the beginning of the period, net	1'163	839	(324)
Cash and cash equivalents at the end of the period, net	437	441	4

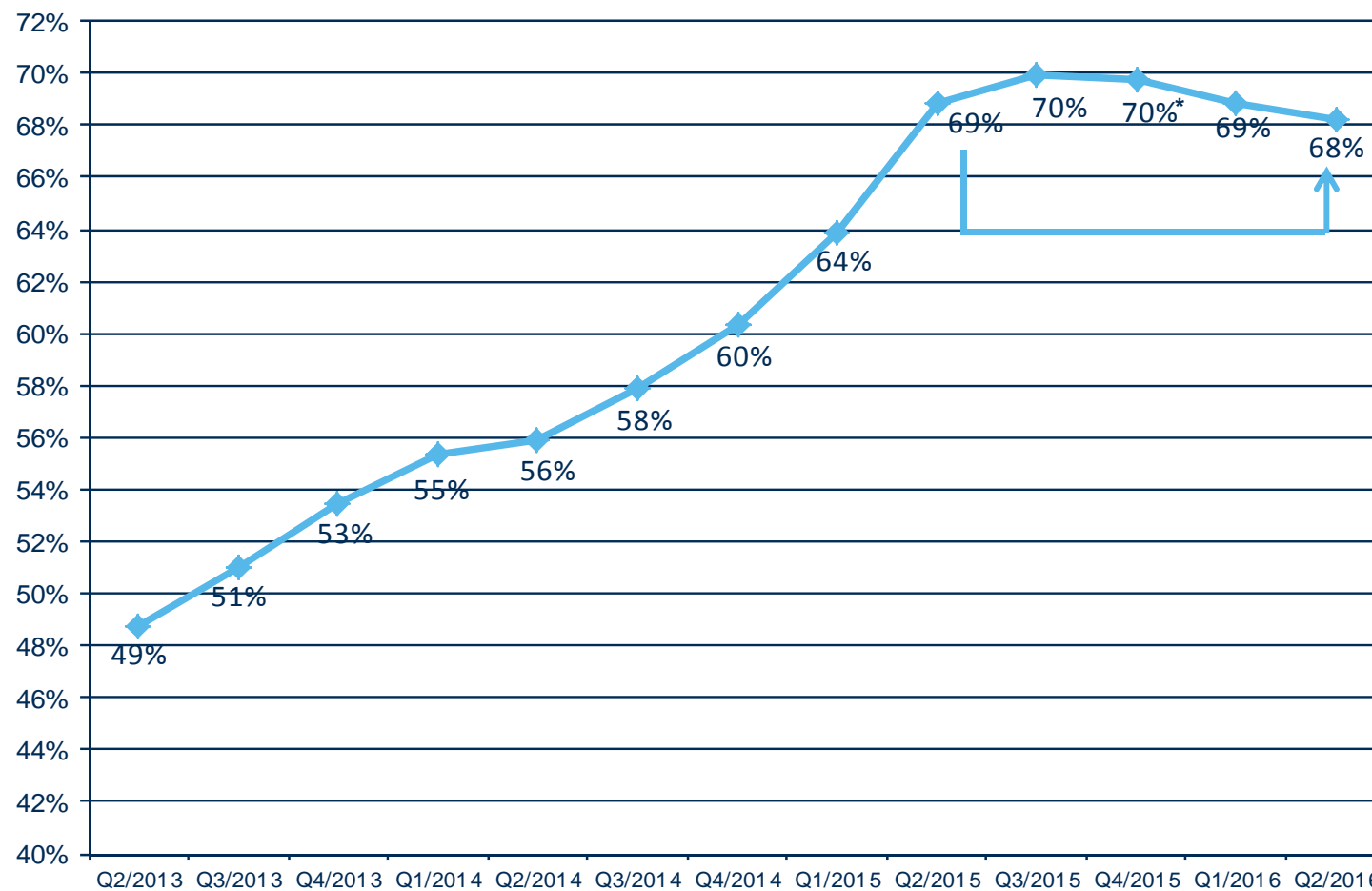


Financial review – Working capital development

CHF million	June 2015	December 2015	June 2016	Better/(worse) June 16 vs. December 15
Trade receivables & Work in progress	2,792	2,816	2,799	17
Trade payables & Accrued trade expenses	(2,089)	(2,222)	(2,153)	(69)
Net working capital	703	594	646	(52)
KPI's:				
Working capital intensity	3.5%	2.9%	3.3%	(0.4%)
DSO	45.5	44.4	46.1	(1.7)
DPO	54.2	55.1	58.1	3.0
Δ	8.7	10.7	12.0	1.3



Return on capital employed



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



2016

Momentum

Continuity in strategy and organic growth

Leverage

Strict cost management and process optimisation

Innovation

Added value through applied innovation

Growth

Volumes, market share, EBIT





Upcoming events

October 18, 2016	Nine-months 2016 results
March 1, 2017	Full year 2016 results
April 20, 2017	Three-months 2017 results
May 9, 2017	Annual General Meeting
July 18, 2017	Half-year 2017 results
October 16, 2017	Nine-months 2017 results



Quarter over quarter 2016/2015

CHF million	2016			2015			2016 / 2015 Change in %			2016 / 2015 Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
1. Seafreight												
A) Income Statement												
Turnover	1'972	1'960	3'932	2'244	2'200	4'444	(12.1)	(10.9)	(11.5)	(272)	(240)	(512)
Net Turnover	1'430	1'422	2'852	1'639	1'622	3'261	(12.8)	(12.3)	(12.5)	(209)	(200)	(409)
Gross Profit	348	358	706	324	338	662	+7.4	+5.9	+6.6	24	20	44
Opex	(236)	(239)	(475)	(222)	(223)	(445)	(6.3)	(7.2)	(6.7)	(14)	(16)	(30)
EBITDA	112	119	231	102	115	217	+9.8	+3.5	+6.5	10	4	14
Depreciation and Amortisation	(5)	(5)	(10)	(8)	(5)	(13)	+37.5	+0.0	+23.1	3	0	3
EBIT	107	114	221	94	110	204	+13.8	+3.6	+8.3	13	4	17
B) KPI												
EBIT / GP conversion ratio	30.7%	31.8%	31.3%	29.0%	32.5%	30.8%						
Volume (TEU's '000)	943	1'023	1'966	890	968	1'858	+6.0	+5.7	+5.8	53	55	108
GROSS PROFIT	369	350	359	364	349	356	+1.4	+0.3	+0.8	5	1	3
EXPENSES	(256)	(239)	(247)	(258)	(236)	(247)	+0.8	(1.3)	+0.0	2	(3)	0
EBIT	113	111	112	106	113	109	+6.6	(1.8)	+2.8	7	(2)	3
2. Airfreight												
A) Income Statement												
Turnover	944	962	1'906	999	989	1'988	(5.5)	(2.7)	(4.1)	(55)	(27)	(82)
Net turnover	805	819	1'624	855	848	1'703	(5.8)	(3.4)	(4.6)	(50)	(29)	(79)
Gross Profit	235	243	478	221	224	445	+6.3	+8.5	+7.4	14	19	33
Opex	(158)	(165)	(323)	(149)	(151)	(300)	(6.0)	(9.3)	(7.7)	(9)	(14)	(23)
EBITDA	77	78	155	72	73	145	+6.9	+6.8	+6.9	5	5	10
Depreciation and Amortisation	(4)	(4)	(8)	(4)	(5)	(9)	+0.0	+20.0	+11.1	0	1	1
EBIT	73	74	147	68	68	136	+7.4	+8.8	+8.1	5	6	11
B) KPI												
EBIT / GP conversion ratio	31.1%	30.5%	30.8%	30.8%	30.4%	30.6%						
Volume (TON's '000)	303	315	618	304	306	610	(0.3)	+2.9	+1.3	(1)	9	8
GROSS PROFIT	78	77	77	73	73	73	+6.8	+5.5	+5.5	5	4	4
EXPENSES	(53)	(54)	(54)	(50)	(51)	(51)	(6.0)	(5.9)	(5.9)	(3)	(3)	(3)
EBIT	25	23	23	23	22	22	+8.7	+4.5	+4.5	2	1	1



Quarter over quarter 2016/2015

CHF million	2016			2015			2016 / 2015 Change in %			2016 / 2015 Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
3. Overland												
A) Income Statement												
Turnover	749	814	1'563	644	652	1'296	+16.3	+24.8	+20.6	105	162	267
Net Turnover	695	754	1'449	587	595	1'182	+18.4	+26.7	+22.6	108	159	267
Gross Profit	220	236	456	200	205	405	+10.0	+15.1	+12.6	20	31	51
Opex	(205)	(214)	(419)	(188)	(186)	(374)	(9.0)	(15.1)	(12.0)	(17)	(28)	(45)
EBITDA	15	22	37	12	19	31	+25.0	+15.8	+19.4	3	3	6
Depreciation and Amortisation	(11)	(9)	(20)	(8)	(9)	(17)	(37.5)	+0.0	(17.6)	(3)	0	(3)
EBIT	4	13	17	4	10	14	+0.0	+30.0	+21.4	0	3	3
B) KPI												
EBITDA / Net turnover	2.2%	2.9%	2.6%	2.0%	3.2%	2.6%						
EBIT / Net turnover	0.6%	1.7%	1.2%	0.7%	1.7%	1.2%						
4. Contract Logistics												
A) Income Statement												
Turnover	1'200	1'266	2'466	1'101	1'157	2'258	+9.0	+9.4	+9.2	99	109	208
Net turnover	1'080	1'142	2'222	1'015	1'064	2'079	+6.4	+7.3	+6.9	65	78	143
Gross Profit	790	827	1'617	752	754	1'506	+5.1	+9.7	+7.4	38	73	111
Opex	(735)	(758)	(1'493)	(705)	(697)	(1'402)	(4.3)	(8.8)	(6.5)	(30)	(61)	(91)
EBITDA	55	69	124	47	57	104	+17.0	+21.1	+19.2	8	12	20
Depreciation and Amortisation	(22)	(32)	(54)	(23)	(25)	(48)	+4.3	(28.0)	(12.5)	1	(7)	(6)
EBIT	33	37	70	24	32	56	+37.5	+15.6	+25.0	9	5	14
B) KPI												
EBITDA / Net turnover	5.1%	6.0%	5.6%	4.6%	5.4%	5.0%						
EBIT / Net turnover	3.1%	3.2%	3.2%	2.4%	3.0%	2.7%						



Quarter over quarter 2016/2015

CHF million	2016			2015			2016 / 2015 Change in %			2016 / 2015 Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
5. Kuehne + Nagel Group												
A) Income Statement												
Turnover	4'865	5'002	9'867	4'988	4'998	9'986	(2.5)	+0.1	(1.2)	(123)	4	(119)
Customs duties and taxes	(855)	(865)	(1'720)	(892)	(869)	(1'761)	+4.1	+0.5	+2.3	37	4	41
Net Turnover	4'010	4'137	8'147	4'096	4'129	8'225	(2.1)	+0.2	(0.9)	(86)	8	(78)
Net expenses for services from third parties	(2'417)	(2'473)	(4'890)	(2'599)	(2'608)	(5'207)	+7.0	+5.2	+6.1	182	135	317
Gross Profit	1'593	1'664	3'257	1'497	1'521	3'018	+6.4	+9.4	+7.9	96	143	239
Opex	(1'334)	(1'376)	(2'710)	(1'264)	(1'257)	(2'521)	(5.5)	(9.5)	(7.5)	(70)	(119)	(189)
EBITDA	259	288	547	233	264	497	+11.2	+9.1	+10.1	26	24	50
Depreciation and Amortisation	(42)	(50)	(92)	(43)	(44)	(87)	+2.3	(13.6)	(5.7)	1	(6)	(5)
EBIT	217	238	455	190	220	410	+14.2	+8.2	+11.0	27	18	45
Result from finance and associates	3	4	7	6	2	8	(50.0)	+100.0	(12.5)	(3)	2	(1)
EBT	220	242	462	196	222	418	+12.2	+9.0	+10.5	24	20	44
Income tax	(51)	(55)	(106)	(43)	(49)	(92)	(18.6)	(12.2)	(15.2)	(8)	(6)	(14)
Earnings for the period	169	187	356	153	173	326	+10.5	+8.1	+9.2	16	14	30
Non-controlling interests	(1)	0	(1)	(1)	0	(1)	+0.0	+0.0	+0.0	0	0	0
Net Earnings	168	187	355	152	173	325	+10.5	+8.1	+9.2	16	14	30
B) KPI												
GP / Net turnover	39.7%	40.2%	40.0%	36.5%	36.8%	36.7%						
EBITDA / Net turnover	6.5%	7.0%	6.7%	5.7%	6.4%	6.0%						
EBIT / Net turnover	5.4%	5.8%	5.6%	4.6%	5.3%	5.0%						
EBT / Net turnover	5.5%	5.8%	5.7%	4.8%	5.4%	5.1%						
Earnings for the period / Net turnover	4.2%	4.5%	4.4%	3.7%	4.2%	4.0%						



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