

KUEHNE+NAGEL



Analyst conference – First quarter 2019 results

Kuehne + Nagel International AG

25 April 2019 (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.

Kuehne + Nagel continues to grow



Group earnings at CHF 181 million in Q1 2019



Strong EBIT in Seafreight of CHF 112 million, CHF 15 million above Q1 2018



Stable EBIT in Airfreight of CHF 80 million, CHF 1 million below the record year 2018

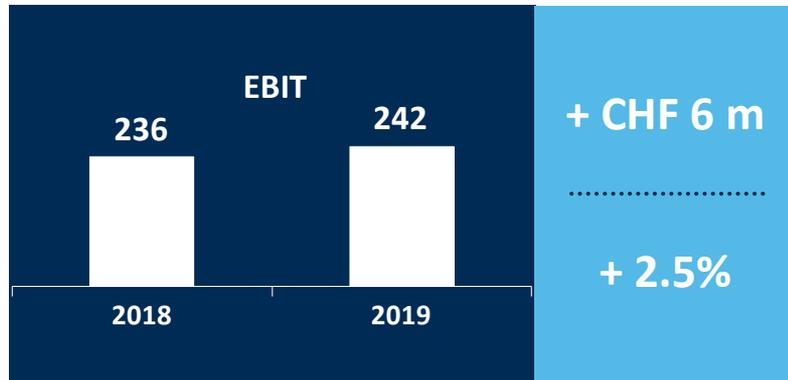


Net turnover growth in Overland of 6.0% and strong operational improvement of EBIT



Net turnover growth in Contract Logistics of 6.3%, whilst consolidating the contract portfolio

Overview Group performance Q1 2019



Seafreight



No. 1 worldwide

Significant business wins with digital platforms
Strong volume growth paired with operational leverage

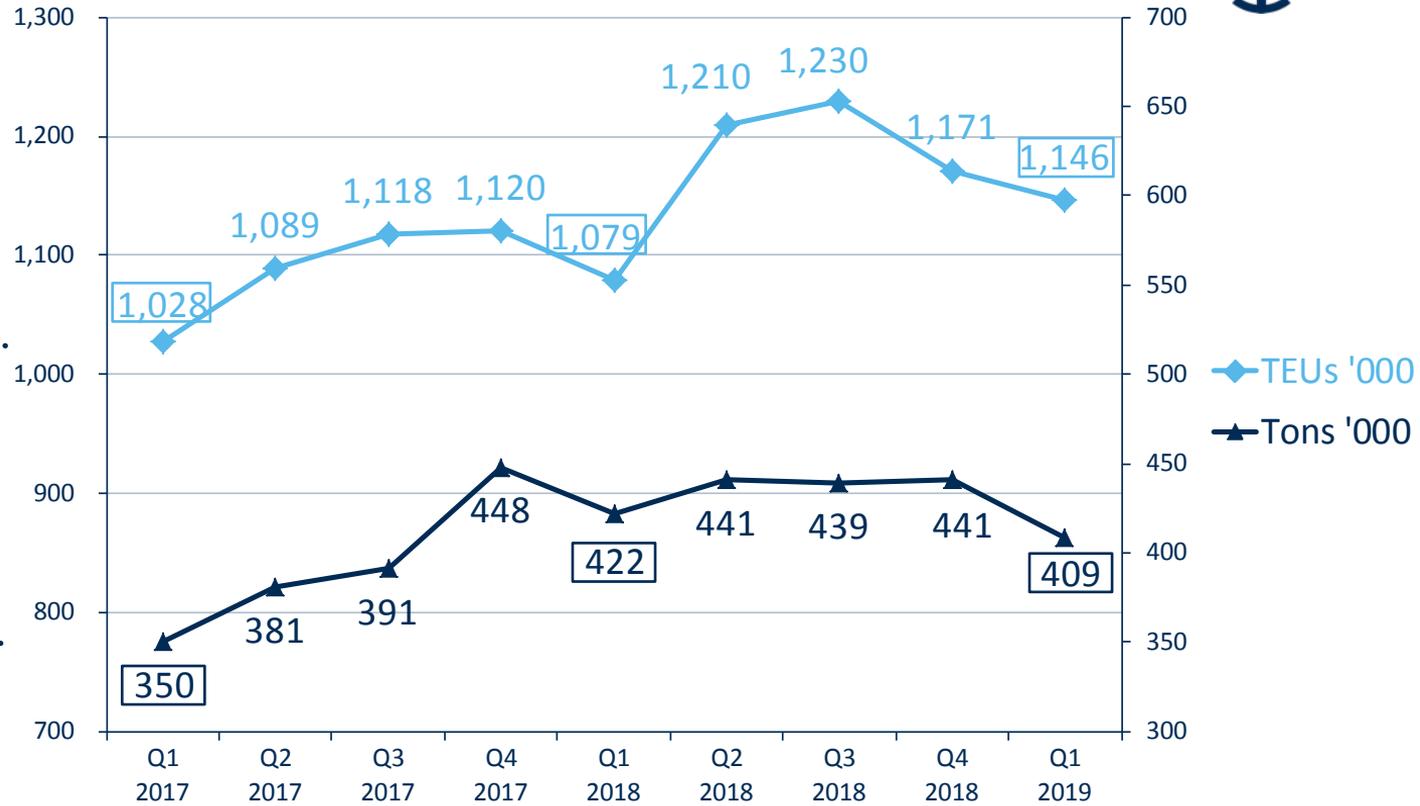
Airfreight



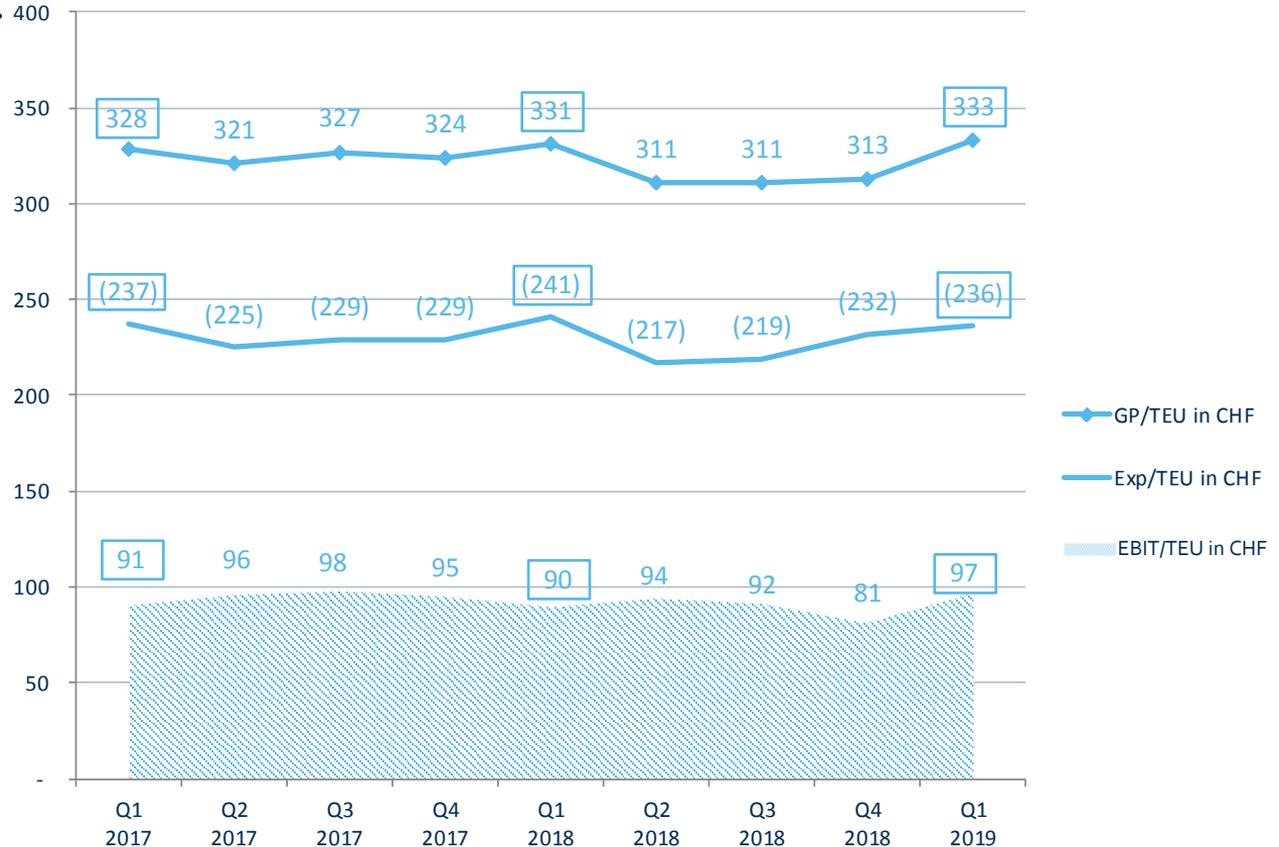
No. 2 worldwide

Integration of Quick acquisition supports margin improvement
Success with new industry solutions

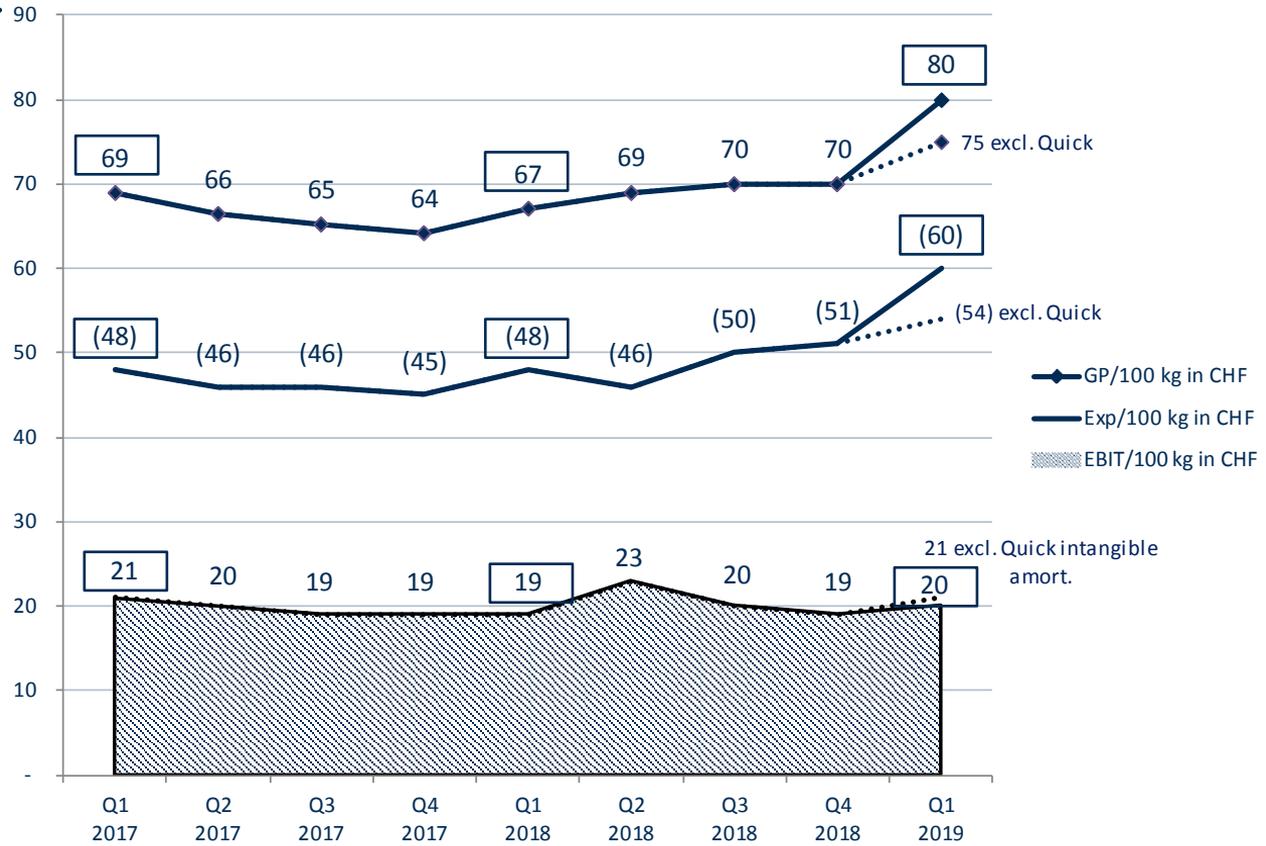
Seafreight and Airfreight – volume development



Seafreight – improved yield and active cost management



Airfreight – yield improvement partly through Quick



Impact of Quick acquisition



- A global market leader in time-critical shipments
- High-growth verticals in the business unit Airfreight:
 - Aerospace - Sterling
 - Healthcare & Pharma - Quick STAT
- Integration ongoing as planned
 - Cross-selling on track
 - Business case confirmed
- Impact on Q1 2019 results and KPIs:
 - Low volume business
 - High margins increase GP/100kg of the business unit by CHF 5
 - EBIT/100kg negatively impacted by intangible amortisation



Overland



Strong performance of
US intermodal business

Strong operational improvement matching Q1 2018
level, which included a material one-off gain

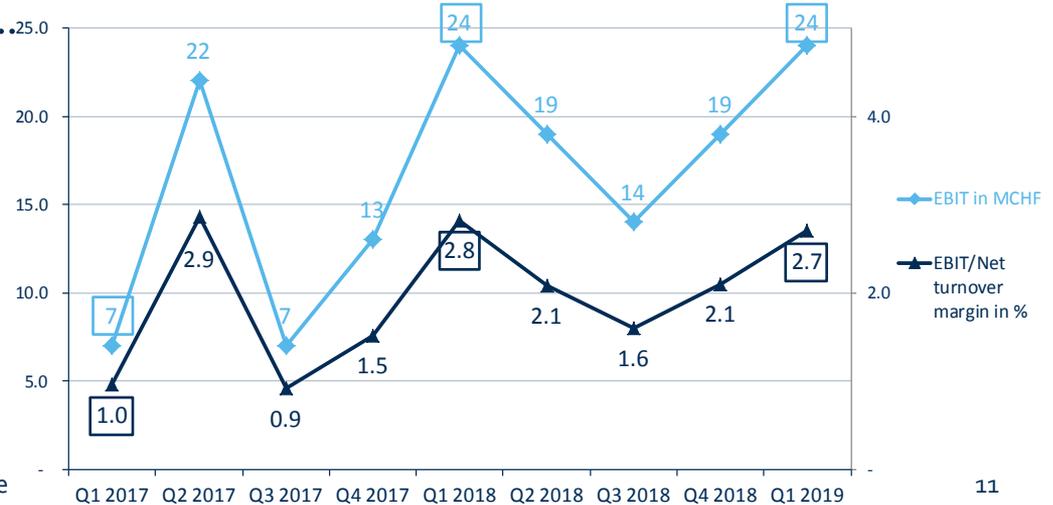
Overland – outstanding performance



Income statement in CHF million	Q1 2018	Q1 2019	Variance		
			2019/2018	Growth	Forex ¹
Net turnover	850	901	6.0%	7.9%	(1.9%)
Gross profit	264	285	8.0%	10.3%	(2.3%)
EBITDA ²	33	36	9.1%	9.1%	-
EBIT ²	24	24	-	-	-
EBITDA / Net turnover margin	3.9%	4.0%			
EBIT / Net turnover margin	2.8%	2.7%			

¹ Foreign currency translation impact

² Q1 2018 includes a one-off of CHF 7 million from the disposal of subsidiaries.





Contract Logistics



Focus on consolidation of contract portfolio and cost management

Rollout of new WMS-solution and warehousing technology ongoing

Contract Logistics – reshaping the business



Income statement

in CHF million

	Q1	Q1	Variance			
	2018	2019	2019/2018	Growth	Acquisition	Forex ¹
Net turnover	1,236	1,314	6.3%	6.7%	2.0%	(2.4%)
Gross profit	939	985	4.9%	6.8%	0.9%	(2.8%)
EBITDA	66	170	157.6%	159.1%	3.0%	(4.5%)
EBIT	34	26	(23.5%)	(26.4%)	2.9%	-
EBITDA / Net turnover margin	5.3%	12.9%				
EBIT / Net turnover margin	2.8%	2.0%				

¹ Foreign currency translation impact





Income Statement

CHF million	2018	2019	Variance 2019/2018	Variance in %			
	Q1	Q1		2019/2018	Growth	Acquisition	Forex ¹
Net turnover	4,862	5,237	375	7.7%	7.9%	1.9%	(2.1%)
Gross profit	1,843	1,978	135	7.3%	8.0%	1.7%	(2.4%)
<i>Gross profit margin</i>	37.9%	37.8%					
EBITDA	289	418	129	44.6%	44.6%	2.4%	(2.4%)
<i>EBITDA margin</i>	5.9%	8.0%					
Depreciation of property, plant & equipment	(45)	(48)					
Depreciation of right-of-use assets	-	(115)					
Amortisation of other intangibles	(8)	(13)					
EBIT	236	242	6	2.5%	4.2%	-	(1.7%)
<i>EBIT margin to net turnover</i>	4.9%	4.6%					
<i>Conversion rate</i>	12.8%	12.2%					
EBT	239	236	(3)	(1.3%)	0.4%	-	(1.7%)
<i>EBT margin to net turnover</i>	4.9%	4.5%					
Earnings for the period	184	181	(3)	(1.6%)	-	-	(1.6%)

¹ Foreign currency translation impact

- FX impact: EUR - 3.0%; USD + 4.5%; GBP - 2.2%; impact on earnings for the period - 1.6%
- Tax rate stable, 23-24% expected for 2019
- Conversion rate target 2022 of the Group of 16% confirmed

Balance Sheet



CHF million	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019
Assets			Liabilities and equity	
Property, plant and equipment	1,226	1,239	Equity attributable to the equity holders of the parent company	2,318
Right-of-use leased assets	-	1,765	Non-controlling interests	47
Goodwill	1,170	1,241	Total equity	2,324
Other intangibles	215	220	Non-current lease liabilities	1,309
Others	182	186	Others	663
Non-current assets	2,793	4,651	Non-current liabilities	1,972
Trade receivables	3,872	3,956	Trade payables	1,888
Contract assets	300	273	Contract liabilities	91
Cash and cash equivalents	499	654	Accrued trade expenses/deferred income	1,304
Others	414	484	Bank and other interest-bearing liabilities	373
Current assets	5,085	5,367	Current lease liabilities	460
Total assets	7,878	10,018	Others	1,447
			Current liabilities	4,877
			Total liabilities and equity	7,878
				10,018

Impact IFRS 16 effective 1.1.2019



CHF million	December 31, 2018	March 31, 2019	CHF million	Q1 2019 impact
Balance Sheet			Income Statement - impact Q1 2019	
Right-of-use assets*	-	1,765	Selling, general and admin expenses	- 118
Deferred tax assets	175	179	EBITDA	+ 118
Lease liabilities	4	1,769	Depreciation	+ 115
Equity ratio	29.5%	25.1%	EBIT	+ 3
Tangible common equity (TCE)	1,154	1,277	Financial expenses	+ 4
TCE ratio	14.6%	12.7%	Profit before tax	- 1

* PPE under Finance Lease of CHF 4 million was reclassified as of January 1, 2019 to Right-of-use assets



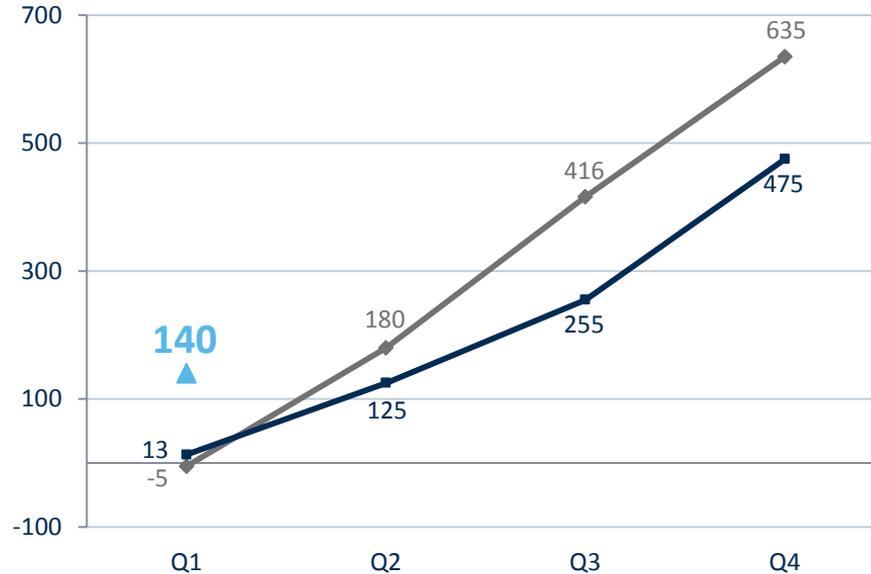
Cash and cash equivalents

CHF million	March 31, 2018	March 31, 2019	Variance
Cash and cash equivalents January 1 st , net	710	488	(222)
Operational cash flow	276	419	143
Changes in working capital	(199)	(113)	86
Income taxes paid	(44)	(43)	1
Cash flow from operating activities	33	263	230
Cash flow from investing activities	(34)	(20)	14
Cash flow from financing activities	(11)	(115)	(104)
Exchange difference on cash and cash equivalents	(7)	8	15
Increase/(decrease) in cash and cash equivalents	(19)	136	155
Cash and cash equivalents March 31st, net	691	624	(67)

Main variances 2019 vs. 2018

- Lower cash opening balance CHF (222)m
- Working capital CHF 86m
- Capex PPE net CHF (38)m

Free Cash Flow development (YTD in CHF million)



Like-for-like comparison:

	2018	2019 excl. IFRS 16
Operational CF	CHF 276m	CHF 301m
CF from op. act.	CHF 33m	CHF 144m
CF from inv. act.	CHF (34)m	CHF (20)m
CF from fin. act.	CHF (11)m	CHF 3 m
Free Cash flow	CHF 12m	CHF 140m

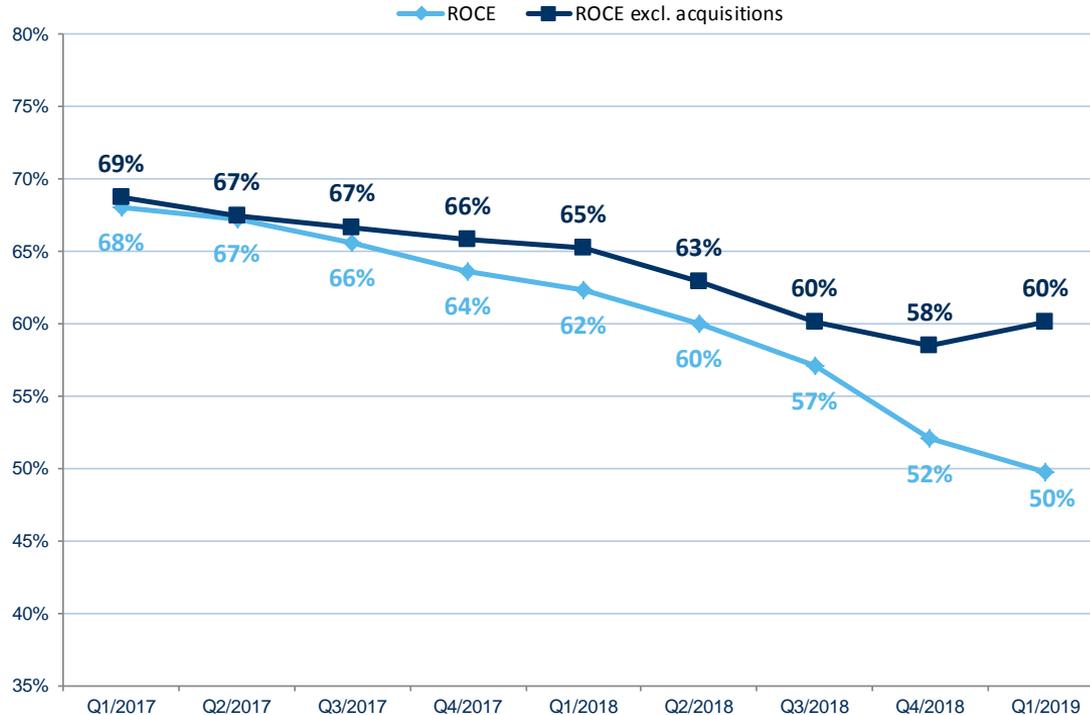
Working Capital



CHF million	March 31, 2018	March 31, 2019	Better/(worse) 2019 vs. 2018
Trade receivables/Contract assets/Work in progress	3,986	4,298	(312)
Trade payables/Contract liabilities/Accrued trade expenses	(3,011)	(3,157)	146
Net working capital	975	1,141	(166)
KPIs:			
Working capital intensity	4.2%	4.5%	(0.3%)
DSO	55.1	57.3	(2.2)
DPO	68.0	64.5	(3.5)
Δ	12.9	7.2	(5.7)



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)

- IFRS 16 impact 1.1.2019: + 1%
- Mix effect:
Stronger growth in Contract Logistics leads to higher asset allocation in proportion to Sea and Airfreight.
- Acquisition effect:
Acquisition impact of one year due to assets added and full EBIT included only after one year.

Quick	31.12.2018
Sincero	01.01.2019

Financial targets



CHF million	Q1 2019	Targets 2022
GROUP		
Conversion rate	12%	16%
ROCE (excl. acquisitions)	60%	70%
Effective tax rate	23%	23 - 24%
Working capital intensity	4.5%	3.5 - 4.5%
Cash and cash equivalents, net	624	
Capex	93	

Assumptions target 2022:

- Stable macro-economic environment
- No acquisition impacts considered



SEAFREIGHT

Volume growth

KN
FY 2019

> 5%

Market
FY 2019

+/- 2%



AIRFREIGHT

Volume growth

> 0%

+/- 0%



OVERLAND

Volume growth (net turnover in cc¹)

> 5%

2 to 3%



CONTRACT LOGISTICS

Volume growth (net turnover in cc¹)

> 2%

2 to 3%

¹ in constant currency





Upcoming events 2019



07.05.19 Annual General Meeting

09.-23.07.2019 Closed period



23.07.19 Half-year 2019 results

08.-22.10.2019 Closed period



22.10.19 Nine-months 2019 results

02.01.-27.02.2020 Closed period



27.02.20 Full-year 2019 results



Quarter over Quarter 2019/2018

CHF million	2018	2019*	2019	2018	Change in %	Change in mCHF
	Q4	Q1	Q1	Q1	Q1	Q1
1. Seafreight						
A) Income Statement						
Turnover	2,498	2,437	2,437	2,170	+12.3	267
Net Turnover	1,879	1,852	1,852	1,635	+13.3	217
Gross Profit	366	382	382	357	+7.0	25
Opex	(266)	(264)	(263)	(255)	(3.1)	(8)
EBITDA	100	118	119	102	+16.7	17
Depreciation and Amortisation	(6)	(6)	(7)	(5)	(40.0)	(2)
EBIT	94	112	112	97	+15.5	15
B) KPI						
EBIT / GP conversion ratio	25.7%	29.3%	29.3%	27.2%		
Volume (TEU's '000)	1,171	1,146	1,146	1,079	+6.2	67
GROSS PROFIT	313	333	333	331	+0.6	2
EXPENSES	(232)	(236)	(236)	(241)	+2.1	5
EBIT	81	97	97	90	+7.8	7
2. Airfreight						
A) Income Statement						
Turnover	1,482	1,372	1,372	1,310	+4.7	62
Net turnover	1,272	1,170	1,170	1,141	+2.5	29
Gross Profit	307	326	326	283	+15.2	43
Opex	(217)	(234)	(233)	(195)	(19.5)	(38)
EBITDA	90	92	93	88	+5.7	5
Depreciation and Amortisation	(6)	(12)	(13)	(7)	(85.7)	(6)
EBIT	84	80	80	81	(1.2)	(1)
B) KPI						
EBIT / GP conversion ratio	27.4%	24.5%	24.5%	28.6%		
Volume (TON's '000)	441	409	409	422	(3.1)	(13)
GROSS PROFIT	70	80	80	67	+19.4	13
EXPENSES	(51)	(60)	(60)	(48)	(25.0)	(12)
EBIT	19	20	20	19	+5.3	1

* Like-for-like comparison (excluding IFRS 16 impact)



Quarter over Quarter 2019/2018

CHF million	2018	2019*	2019	2018	Change in %	Change in mCHF
	Q4	Q1	Q1	Q1	Q1	Q1
3. Overland						
A) Income Statement						
Turnover	1,031	1,037	1,037	936	+10.8	101
Net Turnover	896	901	901	850	+6.0	51
Gross Profit	275	285	285	264	+8.0	21
Opex	(245)	(252)	(249)	(231)	(7.8)	(18)
EBITDA	30	33	36	33	+9.1	3
Depreciation and Amortisation	(11)	(9)	(12)	(9)	(33.3)	(3)
EBIT	19	24	24	24	-	-
B) KPI						
EBITDA / Net turnover	3.3%	3.7%	4.0%	3.9%		
EBIT / GP conversion rate	6.9%	8.4%	8.4%	9.1%		
EBIT / Net turnover	2.1%	2.7%	2.7%	2.8%		
4. Contract Logistics						
A) Income Statement						
Turnover	1,527	1,477	1,477	1,379	+7.1	98
Net turnover	1,366	1,314	1,314	1,236	+6.3	78
Gross Profit	1,025	985	985	939	+4.9	46
Opex	(942)	(928)	(815)	(873)	+6.6	58
EBITDA	83	57	170	66	+157.6	104
Depreciation and Amortisation	(38)	(34)	(144)	(32)	(350.0)	(112)
EBIT	45	23	26	34	(23.5)	(8)
B) KPI						
EBITDA / Net turnover	6.1%	4.3%	12.9%	5.3%		
EBIT / GP conversion rate	4.4%	2.3%	2.6%	3.6%		
EBIT / Net turnover	3.3%	1.8%	2.0%	2.8%		

* Like-for-like comparison (excluding IFRS 16 impact)



Quarter over Quarter 2019/2018

CHF million	2018	2019*	2019	2018	Change in %	Change in mCHF
	Q4	Q1	Q1	Q1	Q1	Q1
5. Kuehne + Nagel Group						
A) Income Statement						
Turnover	6,538	6,323	6,323	5,795	+9.1	528
Customs duties and taxes	(1,125)	(1,086)	(1,086)	(933)	(16.4)	(153)
Net Turnover	5,413	5,237	5,237	4,862	+7.7	375
Net expenses for services from 3rd parties	(3,440)	(3,259)	(3,259)	(3,019)	(7.9)	(240)
Gross Profit	1,973	1,978	1,978	1,843	+7.3	135
Opex	(1,670)	(1,678)	(1,560)	(1,554)	(0.4)	(6)
EBITDA	303	300	418	289	+44.6	129
Depreciation and Amortisation	(61)	(61)	(176)	(53)	(232.1)	(123)
EBIT	242	239	242	236	+2.5	6
Result from finance and associates	(1)	(2)	(6)	3	(300.0)	(9)
EBT	241	237	236	239	(1.3)	(3)
Income tax	(49)	(55)	(55)	(55)	-	-
Earnings for the period	192	182	181	184	(1.6)	(3)
Non-controlling interests	-	(1)	(1)	(1)	-	-
Net Earnings	192	181	180	183	(1.6)	(3)
B) KPIs						
EBIT / GP conversion rate	12.3%	12.1%	12.2%	12.8%		
GP / Net turnover	36.4%	37.8%	37.8%	37.9%		
EBITDA / Net turnover	5.6%	5.7%	8.0%	5.9%		
EBIT / Net turnover	4.5%	4.6%	4.6%	4.9%		
EBT / Net turnover	4.5%	4.5%	4.5%	4.9%		
Earnings for the period / Net turnover	3.5%	3.5%	3.5%	3.8%		

* Like-for-like comparison (excluding IFRS 16 impact)



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