JANUARY – MARCH 2019

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2019

(UNAUDITED)

KUEHNE+NAGEL

CONTENTS

Schindellegi, April 24, 2019

INCOME STATEMENT

CHF million	Note	January – March 2019	2018	Variance per cent
Net turnover	9	**5,237**	**4,862**	7.7
Net expenses for services from third parties	9	–3,259	–3,019	
Gross profit	9	**1,978**	**1,843**	7.3
Personnel expenses		–1,205	–1,133	
Selling, general and administrative expenses		–363	–439	
Other operating income/expenses, net		8	18	
EBITDA		**418**	**289**	44.6
Depreciation of property, plant and equipment		–48	–45	
Depreciation of right-of-use assets	4	–115	–	
Amortisation of other intangibles		–13	–8	
EBIT		**242**	**236**	2.5
Financial income		1	3	
Financial expenses		–7	–1	
Result from joint ventures and associates		–	1	
Earnings before tax (EBT)		**236**	**239**	–1.3
Income tax		–55	–55	
Earnings for the period		**181**	**184**	–1.6
Attributable to:				
Equity holders of the parent company		180	183	–1.6
Non-controlling interests		1	1	
Earnings for the period		**181**	**184**	–1.6
Basic earnings per share in CHF		**1.50**	**1.53**	–2.0
Diluted earnings per share in CHF		**1.50**	**1.53**	–2.0

STATEMENT OF COMPREHENSIVE INCOME

CHF million	January – March 2019	2018
Earnings for the period	**181**	**184**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences	–17	–41
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	–16	6
Income tax on actuarial gains/(losses) on defined benefit plans	4	–1
Total other comprehensive income, net of tax	**–29**	**–36**
Total comprehensive income for the period	**152**	**148**
Attributable to:		
Equity holders of the parent company	149	148
Non-controlling interests	3	–

BALANCE SHEET

CHF million	Note	March 31, 2019	Dec. 31, 2018	March 31, 2018
Assets				
Property, plant and equipment		1,239	1,226	1,250
Right-of-use assets	4	1,765	–	–
Goodwill		1,241	1,170	838
Other intangibles		220	215	88
Investments in joint ventures		7	7	8
Deferred tax assets		179	175	217
Non-current assets		**4,651**	**2,793**	**2,401**
Prepayments		211	161	176
Contract assets		273	300	437
Trade receivables		3,956	3,872	3,485
Other receivables		155	200	253
Income tax receivables		118	53	127
Cash and cash equivalents		654	499	717
Current assets		**5,367**	**5,085**	**5,195**
Total assets		**10,018**	**7,878**	**7,596**
Liabilities and equity				
Share capital		120	120	120
Reserves and retained earnings	11	2,171	1,428	2,160
Earnings for the period		180	770	183
Equity attributable to the equity holders of the parent company		**2,471**	**2,318**	**2,463**
Non-controlling interests		47	6	6
Equity		**2,518**	**2,324**	**2,469**
Provisions for pension plans and severance payments		394	377	424
Deferred tax liabilities		105	101	124
Non-current provisions		47	50	60
Other non-current liabilities		117	148	–
Non-current lease liabilities	4	1,309	1	3
Non-current liabilities		**1,972**	**677**	**611**
Bank and other interest-bearing liabilities		373	351	27
Trade payables		1,853	1,888	1,748
Contract liabilities		91	146	214
Accrued trade expenses/deferred income		1,304	1,272	1,263
Income tax liabilities		185	108	194
Current provisions		65	65	57
Other current liabilities		1,197	1,044	1,010
Current lease liabilities	4	460	3	3
Current liabilities		**5,528**	**4,877**	**4,516**
Total liabilities and equity		**10,018**	**7,878**	**7,596**

Schindellegi, April 24 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	–	–	–	–	–	183	183	1	184
Other comprehensive income									
Foreign exchange differences	–	–	–	–40	–	–	–40	–1	–41
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	5	–	5	–	5
Total other comprehensive income, net of tax	**–**	**–**	**–**	**–40**	**5**	**–**	**–35**	**–1**	**–36**
Total comprehensive income for the period	**–**	**–**	**–**	**–40**	**5**	**183**	**148**	**–**	**148**
Purchase of treasury shares	–	–	–9	–	–	–	–9	–	–9
Expenses for share-based compensation plans	–	–	–	–	–	3	3	–	3
Total contributions by and distributions to owners	**–**	**–**	**–9**	**–**	**–**	**3**	**–6**	**–**	**–6**
Balance as of March 31, 2018	**120**	**496**	**–52**	**–937**	**–125**	**2,961**	**2,463**	**6**	**2,469**
Balance as of January 1, 2019	120	477	–36	–995	–111	2,863	2,318	6	2,324
Earnings for the period	–	–	–	–	–	180	180	1	181
Other comprehensive income									
Foreign exchange differences	–	–	–	–19	–	–	–19	2	–17
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	–12	–	–12	–	–12
Total other comprehensive income, net of tax	**–**	**–**	**–**	**–19**	**–12**	**–**	**–31**	**2**	**–29**
Total comprehensive income for the period	**–**	**–**	**–**	**–19**	**–12**	**180**	**149**	**3**	**152**
Expenses for share-based compensation plans	–	–	–	–	–	4	4	–	4
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**–**	**4**	**4**	**–**	**4**
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	38	38
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38**	**38**
Balance as of March 31, 2019	**120**	**477**	**–36**	**–1,014**	**–123**	**3,047**	**2,471**	**47**	**2,518**

CASH FLOW STATEMENT

		January – March		
CHF million	**Note**	**2019**	**2018**	**Variance**
Cash flow from operating activities				
Earnings for the period		181	184	
Reversal of non-cash items: Income tax		55	55	
Financial income		–1	–3	
Financial expenses		7	1	
Result from joint ventures and associates		–	–1	
Depreciation of property, plant and equipment		48	45	
Depreciation of right-of-use assets	4	115	–	
Amortisation of other intangibles		13	8	
Expenses for share-based compensation plans		4	3	
Gain on disposal of subsidiaries and associates	7	–1	–7	
Gain on disposal of property, plant and equipment		–4	–10	
Net addition to provisions for pension plans and severance payments		2	1	
Subtotal operational cash flow		**419**	**276**	**143**
(Increase)/decrease contract assets		31	–25	
(Increase)/decrease trade and other receivables, prepayments		–107	–111	
Increase/(decrease) provisions		–5	–7	
Increase/(decrease) other liabilities		53	91	
Increase/(decrease) trade payables, accrued trade expenses, deferred income and contract liabilities		–85	–147	
Income taxes paid		–43	–44	
Total cash flow from operating activities		**263**	**33**	**230**
Cash flow from investing activities				
Capital expenditure				
– Property, plant and equipment	13	–89	–51	
– Other intangibles	13	–4	–3	
Disposal of property, plant and equipment		85	32	
Acquisition of subsidiaries, net of cash acquired	7/8	–14	–21	
Disposal of subsidiaries and associates	7	1	7	
Dividend received from joint ventures and associates		–	1	
Interest received		1	1	
Total cash flow from investing activities		**–20**	**–34**	**14**
Cash flow from financing activities				
Proceeds from short-term bank loans		6	–	
Repayment of short-term bank loans		–	–1	
Repayment of lease liabilities	4	–115	–	
Interest paid on short term bank loans		–2	–1	
Interest paid on lease liabilities	4	–4	–	
Purchase of treasury shares	11	–	–9	
Total cash flow from financing activities		**–115**	**–11**	**–104**
Exchange difference on cash and cash equivalents		8	–7	15
Increase/(decrease) in cash and cash equivalents		**136**	**–19**	**155**
Cash and cash equivalents at the beginning of the period, net		**488**	**710**	**–222**
Cash and cash equivalents at the end of the period, net		**624**	**691**	**–67**

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 three months ended March 31, 2019, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of March 31, 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 March 31, 2019, EBITDA for the year is estimated to be positively impacted by approximately CHF 450 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. – March 2019 CHF	Variance per cent	Jan. – March 2018 CHF
EUR 1.–	1.1297	–3.0	1.1646
USD 1.–	0.9938	4.5	0.9508
GBP 1.–	1.2948	–2.2	1.3241

Balance sheet
(period end rates)

Currency	March 2019 CHF	Variance per cent	March 2018 CHF	Dec. 2018 CHF
EUR 1.–	1.1222	–4.4	1.1738	1.1292
USD 1.–	0.9933	5.0	0.9458	0.9903
GBP 1.–	1.3121	–2.3	1.3432	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 three 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 three months of 2019.

Major changes in the scope of consolidation **in the first three 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
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 three 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.

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 March 31, 2019, the Group recognised a redemption liability of CHF 44 million in the line "other non-current liabilities".

The initial accounting for the acquisition made in the first three months of 2019 has only been determined provisionally

2018 Acquisitions

The acquisition of subsidiaries in the first three 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.

The acquisition contributed for the month of March 2018 CHF 5 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 4,873 million and consolidated earnings for the period would have been CHF 186 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 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 – March

	Total Group		Seafreight		Airfreight		Overland	
CHF million	2019	2018	2019	2018	2019	2018	2019	2018
Turnover (external customers)	**6,323**	**5,795**	**2,437**	**2,170**	**1,372**	**1,310**	**1,037**	**936**
Customs duties and taxes	–1,086	–933	–585	–535	–202	–169	–136	–86
Net turnover (external customers)	**5,237**	**4,862**	**1,852**	**1,635**	**1,170**	**1,141**	**901**	**850**
Inter-segment turnover	–	–	645	519	593	757	385	352
Net expenses for services	–3,259	–3,019	–2,115	–1,797	–1,437	–1,615	–1,001	–938
Gross profit	**1,978**	**1,843**	**382**	**357**	**326**	**283**	**285**	**264**
Total expenses	–1,560	–1,554	–263	–255	–233	–195	–249	–231
EBITDA	**418**	**289**	**119**	**102**	**93**	**88**	**36**	**33**
Depreciation of property, plant and equipment	–48	–45	–5	–4	–5	–5	–6	–6
Depreciation of right-of-use assets	–115	–	–1	–	–1	–	–3	–
Amortisation of other intangibles	–13	–8	–1	–1	–7	–2	–3	–3
EBIT (segment profit)	**242**	**236**	**112**	**97**	**80**	**81**	**24**	**24**
Financial income	1	3						
Financial expenses	–7	–1						
Result from joint ventures and associates	–	1						
Earnings before tax (EBT)	**236**	**239**						
Income tax	–55	–55						
Earnings for the period	**181**	**184**						
Attributable to:								
Equity holders of the parent company	180	183						
Non-controlling interests	1	1						
Earnings for the period	**181**	**184**						
Additional information not regularly reported to the CODM								
Allocation of goodwill	1,241	838	39	39	442	95	323	325
Allocation of other intangibles	220	88	–	–	160	31	47	57
Capital expenditure property, plant and equipment	89	51	6	3	5	3	5	6
Capital expenditure right-of-use assets	113	–	3	–	4	–	30	–
Capital expenditure other intangibles	4	3	1	1	1	–	1	1
Property, plant and equipment, goodwill and intangibles through business combinations	79	28	–	–	–	–	–	–

	Contract Logistics		Total reportable segments		Eliminations	
	2019	2018	2019	2018	2019	2018
	1,477	**1,379**	**6,323**	**5,795**	**–**	**–**
	–163	–143	–1,086	–933	–	–
	1,314	**1,236**	**5,237**	**4,862**	**–**	**–**
	74	69	1,697	1,697	–1,697	–1,697
	–403	–366	–4,956	–4,716	1,697	1,697
	985	**939**	**1,978**	**1,843**	**–**	**–**
	–815	–873	–1,560	–1,554	–	–
	170	**66**	**418**	**289**	**–**	**–**
	–32	–30	–48	–45	–	–
	–110	–	–115	–	–	–
	–2	–2	–13	–8	–	–
	26	**34**	**242**	**236**	**–**	**–**
	437	379	1,241	838	–	–
	13	–	220	88	–	–
	73	39	89	51	–	–
	76	–	113	–		–
	1	1	4	3	–	–
	79	28	79	28	–	–

b) Geographical information

January – March

CHF million	Total Group 2019	Total Group 2018	EMEA 2019	EMEA 2018	Americas 2019	Americas 2018
Turnover (external customers)	**6,323**	**5,795**	**3,933**	**3,777**	**1,737**	**1,407**
Customs duties and taxes	–1,086	–933	–753	–691	–275	–184
Net turnover (external customers)	**5,237**	**4,862**	**3,180**	**3,086**	**1,462**	**1,223**
Inter-regional turnover	–	–	1,098	1,085	305	301
Net expenses for services	–3,259	–3,019	–2,949	–2,869	–1,334	–1,166
Gross profit	**1,978**	**1,843**	**1,329**	**1,302**	**433**	**358**
Total expenses	–1,560	–1,554	–1,094	–1,133	–327	–291
EBITDA	**418**	**289**	**235**	**169**	**106**	**67**
Depreciation of property, plant and equipment	–48	–45	–32	–32	–11	–9
Depreciation of right-of-use assets	–115	–	–79	–	–23	–
Amortisation of other intangibles	–13	–8	–3	–4	–9	–4
EBIT	**242**	**236**	**121**	**133**	**63**	**54**
Financial income	1	3				
Financial expenses	–7	–1				
Result from joint ventures and associates	–	1				
Earnings before tax (EBT)	**236**	**239**				
Income tax	–55	–55				
Earnings for the period	**181**	**184**				
Attributable to:						
Equity holders of the parent company	180	183				
Non-controlling interests	1	1				
Earnings for the period	**181**	**184**				
Additional information not regularly reported to the CODM						
Allocation of goodwill	1,241	838	519	538	634	278
Allocation of other intangibles	220	88	5	6	202	82
Capital expenditure property, plant and equipment	89	51	55	41	18	8
Capital expenditure right-of-use assets	113	–	89	–	9	–
Capital expenditure other intangibles	4	3	3	3	1	–
Property, plant and equipment, goodwill and intangibles through business combinations	79	28	–	28	–	–

Asia-Pacific		Eliminations	
2019	2018	2019	2018
653	**611**	**–**	**–**
–58	–58	–	–
595	**553**	**–**	**–**
294	311	–1,697	–1,697
–673	–681	1,697	1,697
216	**183**	**–**	**–**
–139	–130	–	–
77	**53**	**–**	**–**
–5	–4	–	–
–13	–	–	–
–1	–	–	–
58	**49**	**–**	**–**
88	22	–	–
13	–	–	–
16	2	–	–
15	–	–	–
–	–	–	–
79	–	–	–

10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

As of March 31, 2019, cash and cash equivalents with a carrying amount of CHF 654 million (December 31, 2018: CHF 499 million) as well as financial assets with a carrying amount of CHF 4,042 million (December 31, 2018: CHF 4,007 million), thereof CHF 4,040 million measured at amortised cost (December 31, 2018: CHF 4,006 million) and CHF 2 million measured at fair value through profit and loss (December 31, 2018: CHF 1 million), are all classified as current assets.

As of March 31, 2019, the Group has financial liabilities with a carrying amount of CHF 4,083 million (December 31, 2018: CHF 3,990 million), thereof CHF 3,887 million measured at amortised cost (December 31, 2018: CHF 3,802 million) and CHF 196 million (December 31, 2018: CHF 188 million) measured at fair value through profit and loss. The majority of these financial liabilities are classified as current liabilities. There were no non-current fixed rate interest-bearing loans or other liabilities (December 31, 2018: none). No significant impact resulted from the remeasurement of the liabilities measured at fair value through profit and loss in the first three 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.

11. EQUITY

In the first three months of 2019, the Company did not sell or purchase any treasury shares (2018: 60,000 treasury shares purchased for CHF 9 million).

12. EMPLOYEES

Number	March 31, 2019	March 31, 2018
EMEA	58,084	55,171
Americas	15,097	12,864
Asia-Pacific	9,277	8,393
Total employees	**82,458**	**76,428**
Full-time equivalent of employees	**77,978**	**72,255**

13. CAPITAL EXPENDITURE

From January to March 2019, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 89 million (2018: CHF 51 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 113 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 April 24, 2019.

There have been no material events between March 31, 2019, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

FINANCIAL CALENDAR

May 7, 2019	Annual General Meeting
May 13, 2019	Dividend payment for 2018
July 23, 2019	Half-year 2019 results
October 22, 2019	Nine-months 2019 results
February 27, 2020	Full-year 2019 results

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