

# Quarterly Report 2020

**Condensed  
Consolidated  
Interim Financial  
Statements 2020  
(unaudited)**

**January – September 2020**

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Schindellegi, October 19, 2020

## Income Statement

CHF million	Note	January – September			July – September		
		2020	2019	Variance in per cent	2020	2019	Variance in per cent
<b>Net turnover</b>	11	<b>14,839</b>	<b>15,838</b>	-6.3	<b>5,031</b>	<b>5,238</b>	-4.0
Net expenses for services from third parties	11	-9,323	-9,849		-3,165	-3,264	
<b>Gross profit</b>	11	<b>5,516</b>	<b>5,989</b>	-7.9	<b>1,866</b>	<b>1,974</b>	-5.5
Personnel expenses		-3,306	-3,649		-1,085	-1,202	
Selling, general and administrative expenses		-953	-1,034		-314	-326	
Other operating income/expenses, net		142	35		133	26	
<b>EBITDA</b>		<b>1,399</b>	<b>1,341</b>	4.3	<b>600</b>	<b>472</b>	27.1
Depreciation of property, plant and equipment		-134	-150		-43	-53	
Depreciation of right-of-use assets		-378	-361		-124	-124	
Amortisation of other intangibles		-30	-36		-9	-12	
Impairment of goodwill and other intangibles		-67	-		-53	-	
<b>EBIT</b>		<b>790</b>	<b>794</b>	-0.5	<b>371</b>	<b>283</b>	31.1
Financial income		4	9		1	6	
Financial expenses		-16	-22		-5	-8	
Result from joint ventures and associates		2	3		1	1	
<b>Earnings before tax (EBT)</b>		<b>780</b>	<b>784</b>	-0.5	<b>368</b>	<b>282</b>	30.5
Income tax		-205	-186		-102	-68	
<b>Earnings for the period</b>		<b>575</b>	<b>598</b>	-3.8	<b>266</b>	<b>214</b>	24.3
<b>Attributable to:</b>							
Equity holders of the parent company		574	595	-3.5	266	213	24.9
Non-controlling interests		1	3		-	1	
<b>Earnings for the period</b>		<b>575</b>	<b>598</b>	-3.8	<b>266</b>	<b>214</b>	24.3
<b>Basic earnings per share in CHF</b>		<b>4.80</b>	<b>4.97</b>	-3.4	<b>2.22</b>	<b>1.78</b>	24.7
<b>Diluted earnings per share in CHF</b>		<b>4.79</b>	<b>4.96</b>	-3.4	<b>2.22</b>	<b>1.78</b>	24.7

## Statement of Comprehensive Income

CHF million	January - September		July - September	
	2020	2019	2020	2019
<b>Earnings for the period</b>	<b>575</b>	<b>598</b>	<b>266</b>	<b>214</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange differences	-154	-56	-20	-16
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial gains/(losses) on defined benefit plans	-6	-59	-21	-16
Income tax on actuarial gains/(losses) on defined benefit plans	2	14	6	4
<b>Total other comprehensive income, net of tax</b>	<b>-158</b>	<b>-101</b>	<b>-35</b>	<b>-28</b>
<b>Total comprehensive income for the period</b>	<b>417</b>	<b>497</b>	<b>231</b>	<b>186</b>
<b>Attributable to:</b>				
Equity holders of the parent company	417	496	231	186
Non-controlling interests	-	1	-	-

## Balance Sheet

CHF million	Note	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2019
<b>Assets</b>				
Property, plant and equipment		985	1,089	1,210
Right-of-use assets		1,460	1,899	1,750
Goodwill		1,173	1,220	1,220
Other intangibles		109	185	211
Investments in joint ventures and associates		12	9	9
Deferred tax assets		229	219	182
<b>Non-current assets</b>		<b>3,968</b>	<b>4,621</b>	<b>4,582</b>
Prepayments		132	161	228
Contract assets		213	223	211
Trade receivables		3,274	3,601	3,767
Other receivables		117	264	168
Income tax receivables		103	45	107
Cash and cash equivalents		1,018	910	515
Assets held for sale	10	510	-	-
<b>Current assets</b>		<b>5,367</b>	<b>5,204</b>	<b>4,996</b>
<b>Total assets</b>		<b>9,335</b>	<b>9,825</b>	<b>9,578</b>

CHF million	Note	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2019
<b>Liabilities and equity</b>				
Share capital		120	120	120
Reserves and retained earnings		1,535	1,398	1,392
Earnings for the period		574	798	595
<b>Equity attributable to the equity holders of the parent company</b>		<b>2,229</b>	<b>2,316</b>	<b>2,107</b>
Non-controlling interests		6	6	6
<b>Equity</b>		<b>2,235</b>	<b>2,322</b>	<b>2,113</b>
Provisions for pension plans and severance payments		440	431	430
Deferred tax liabilities		59	60	76
Borrowings		400	400	400
Non-current provisions		28	45	40
Other non-current liabilities		50	206	172
Non-current lease liabilities		1,054	1,432	1,300
<b>Non-current liabilities</b>		<b>2,031</b>	<b>2,574</b>	<b>2,418</b>
Bank and other interest-bearing liabilities		6	12	143
Trade payables		1,618	1,890	1,780
Contract liabilities		94	74	82
Accrued trade expenses		1,201	1,190	1,240
Income tax liabilities		242	169	203
Current provisions		73	80	67
Other current liabilities		954	1,004	1,067
Current lease liabilities		427	510	465
Liabilities directly associated with the assets held for sale	10	454	-	-
<b>Current liabilities</b>		<b>5,069</b>	<b>4,929</b>	<b>5,047</b>
<b>Total liabilities and equity</b>		<b>9,335</b>	<b>9,825</b>	<b>9,578</b>

Schindellegi, October 19, 2020

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, 2020	120	469	-28	-1,042	-161	2,958	2,316	6	2,322
Earnings for the period	-	-	-	-	-	574	574	1	575
<b>Other comprehensive income</b>									
Foreign exchange differences	-	-	-	-153	-	-	-153	-1	-154
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-4	-	-4	-	-4
<b>Total other comprehensive income, net of tax</b>	-	-	-	-153	-4	-	-157	-1	-158
<b>Total comprehensive income for the period</b>	-	-	-	-153	-4	574	417	-	417
Purchase of treasury shares	-	-	-37	-	-	-	-37	-	-37
Disposal of treasury shares	-	-10	10	-	-	-	-	-	-
Dividend paid <sup>1</sup>	-	-	-	-	-	-478	-478	-	-478
Expenses for share-based compensation plans	-	-	-	-	-	11	11	-	11
<b>Total contributions by and distributions to owners</b>	-	-10	-27	-	-	-467	-504	-	-504
<b>Balance as of September 30, 2020</b>	<b>120</b>	<b>459</b>	<b>-55</b>	<b>-1,195</b>	<b>-165</b>	<b>3,065</b>	<b>2,229</b>	<b>6</b>	<b>2,235</b>

<sup>1</sup> 2020: CHF 4.00 per share

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, 2019	120	477	-36	-995	-111	2,863	2,318	6	2,324
Earnings for the period	-	-	-	-	-	595	595	3	598
<b>Other comprehensive income</b>									
Foreign exchange differences	-	-	-	-54	-	-	-54	-2	-56
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-45	-	-45	-	-45
<b>Total other comprehensive income, net of tax</b>	-	-	-	-54	-45	-	-99	-2	-101
<b>Total comprehensive income for the period</b>	-	-	-	-54	-45	595	496	1	497
Disposal of treasury shares	-	-8	8	-	-	-	-	-	-
Dividend paid <sup>1</sup>	-	-	-	-	-	-718	-718	-1	-719
Expenses for share-based compensation plans	-	-	-	-	-	11	11	-	11
<b>Total contributions by and distributions to owners</b>	-	-8	8	-	-	-707	-707	-1	-708
<b>Balance as of September 30, 2019</b>	<b>120</b>	<b>469</b>	<b>-28</b>	<b>-1,049</b>	<b>-156</b>	<b>2,751</b>	<b>2,107</b>	<b>6</b>	<b>2,113</b>

<sup>1</sup> 2019: CHF 6.00 per share

## Cash Flow Statement

CHF million	Note	January - September			July - September		
		2020	2019	Variance	2020	2019	Variance
<b>Cash flow from operating activities</b>							
Earnings for the period		575	598		266	214	
Adjustments to reconcile earnings for the period to net cash flows:							
Income tax		205	186		102	68	
Financial income		-4	-9		-1	-6	
Financial expenses		16	22		5	8	
Result from joint ventures and associates		-2	-3		-1	-1	
Depreciation of property, plant and equipment		134	150		43	53	
Depreciation of right-of-use assets		378	361		124	124	
Amortisation of other intangibles		30	36		9	12	
Impairment of goodwill and other intangibles		67	-		53	-	
Expenses for share-based compensation plans		11	11		2	3	
(Gain)/loss on disposal of subsidiaries and associates		-	-1		-	-	
(Gain)/loss on disposal of property, plant and equipment, net		-12	-34		-3	-25	
Net addition to provisions for pension plans and severance payments		8	6		3	1	
<b>Subtotal operational cash flow</b>		<b>1,406</b>	<b>1,323</b>	<b>83</b>	<b>602</b>	<b>451</b>	<b>151</b>
(Increase)/decrease contract assets		-12	82		15	33	
(Increase)/decrease trade and other receivables, prepayments		8	-61		62	-19	
Increase/(decrease) provisions		-4	-6		2	1	
Increase/(decrease) other liabilities		-42	49		-62	85	
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		-4	-121		70	-68	
Income taxes paid		-213	-167		-102	-53	
<b>Total cash flow from operating activities</b>		<b>1,139</b>	<b>1,099</b>	<b>40</b>	<b>587</b>	<b>430</b>	<b>157</b>

CHF million	Note	January - September			July - September		
		2020	2019	Variance	2020	2019	Variance
<b>Cash flow from investing activities</b>							
Capital expenditure							
- Property, plant and equipment	15	-123	-239		-44	-79	
- Other intangibles	15	-6	-7		-1	-2	
Disposal of property, plant and equipment		180	126		10	31	
Acquisition of subsidiaries, net of cash acquired	8/9	-35	-37		-	-23	
Settlement of deferred/contingent considerations from business combinations		-53	-29		-46	-	
Disposal of subsidiaries and associates		-	1		-	-	
Capital (contributions to)/distributions from joint ventures and associates		-3	-3		-	-3	
Dividend received from joint ventures and associates		2	2		1	1	
Interest received		2	6		-	3	
<b>Total cash flow from investing activities</b>		<b>-36</b>	<b>-180</b>	<b>144</b>	<b>-80</b>	<b>-72</b>	<b>-8</b>
<b>Cash flow from financing activities</b>							
Proceeds from borrowings and other interest-bearing liabilities		1	467		-	34	
Repayment of other interest-bearing liabilities		-1	-277		-	-257	
Repayment of lease liabilities		-396	-348		-132	-112	
Interest paid on borrowings and other interest-bearing liabilities		-5	-9		-1	-6	
Interest paid on lease liabilities		-10	-13		-2	-4	
Purchase of treasury shares	13	-37	-		-1	-	
Dividend paid to equity holders of parent company		-478	-718		-478	-	
Dividend paid to non-controlling interests		-	-1		-	-1	
<b>Total cash flow from financing activities</b>		<b>-926</b>	<b>-899</b>	<b>-27</b>	<b>-614</b>	<b>-346</b>	<b>-268</b>
Foreign exchange difference on cash and cash equivalents		-35	-6	-29	-6	-3	-3
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>142</b>	<b>14</b>	<b>128</b>	<b>-113</b>	<b>9</b>	<b>-122</b>
<b>Cash and cash equivalents at the beginning of the period, net</b>		<b>904</b>	<b>488</b>	<b>416</b>	<b>1,159</b>	<b>493</b>	<b>666</b>
<b>Cash and cash equivalents at the end of the period, net</b>		<b>1,046</b>	<b>502</b>	<b>544</b>	<b>1,046</b>	<b>502</b>	<b>544</b>

# 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 Sea Logistics, Air Logistics, Road Logistics and Contract Logistics businesses.

The Condensed Consolidated Interim Financial Statements of the Company for the nine months ended September 30, 2020, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures and associates.

The Group voluntarily presents a balance sheet as of September 30, 2019.

## 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, 2019.

## 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 accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), 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. With the exception of the impact from COVID-19, as described in note 5, judgements made by the management in the application of International Financial Reporting Standards 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, 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, 2019, except for the early adoption of COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases as of May 28, 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Other new, revised and amended standards, amendments, improvements and interpretations apply for the first time in 2020, but do not have a material impact on the Condensed Consolidated Interim Financial Statements of the Group.

## 5. Impact from COVID-19

On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic due to its rapid spread worldwide. Various governments introduced containment measures in order to reduce the growth of infections.

The Kuehne+Nagel Group has precautionary measures in place to provide safe working environments for its employees and maintain business continuity. Dedicated teams at global and regional level are monitoring the situation as it develops and will adjust any measures based on the guidance of governments and other relevant authorities.

While demand in certain industries increased, volumes in other industries, especially in automotive, aviation and aerospace, reduced significantly until Q2 2020. In the third quarter 2020, demand in industries such as pharma, healthcare, high-tech, and e-commerce remained high. The Group recorded increasing volumes in imports to Europe and North America from Asia compared to the previous quarter. The automotive and perishables industries showed signs of recovery while the aviation sector remained weak. Since the overall progression of the COVID-19 pandemic is still volatile, predictions remain difficult.

For these Condensed Consolidated Interim Financial Statements, the impact of the COVID-19 outbreak and containment measures taken by various governments are considered and assessments for the future are made based on various scenarios.

The Group has analysed whether any triggering events can be identified, that would indicate an impairment of its assets. In the second quarter 2020 CHF 14 million related to the assets held for sale, as described in note 10, had been impaired.

The outlook for the time-critical logistics business, acquired at the end of 2018 with the acquisition of Quick International Courier (Quick), was affected significantly by the COVID-19 pandemic, resulting in a down-trading of several major aviation customers. The recovery of these customers is uncertain and depending on the recovery of air travel – which is expected to take well beyond 2021 and will not return to pre-crisis levels until 2024 as per the International Air Transport Association (IATA). In the third quarter 2020 a slower than initially expected recovery of the aviation sector and the changed mid and long-term outlook for aviation customers led to an impairment charge of other intangible assets (customer lists) in the reportable segment Air Logistics in the region Americas of CHF 53 million.

Kuehne+Nagel considered the COVID-19 outbreak and the impact on the wider economy as a triggering event and performed a goodwill impairment test for the relevant cash generating units (CGU) in the third quarter 2020. The recoverable amounts of the CGU's clearly exceeded their carrying amounts. As a result, the Group did not record an impairment charge.

The Kuehne+Nagel Group reached an agreement with the sellers of Quick for an early settlement of the contingent consideration, resulting in a payment of CHF 46 million and a release of the unused contingent consideration liability through the income statement (other operating income/expense, net) of CHF 116 million. Further details regarding the movements in contingent considerations are described in note 12.

The Group has reassessed the expected credit loss by applying updated credit ratings and probabilities of default. The bad debt provision in per cent of trade receivables and contract assets has increased from 1.95 per cent as of December 31, 2019 to 2.54 per cent as of September 30, 2020.

The Group introduced short-time work in several jurisdictions and recorded benefits in the amount of CHF 77 million as a deduction of personnel expenses in the Condensed Consolidated Interim Financial Statements for the period ending September 30, 2020.

As of September 30, 2020, the Group received no material government subsidies and other assistance.

The Kuehne+Nagel Group has successfully extended the revolving credit facility of CHF 750 million by one year until April 24, 2023 to ensure immediate access to liquidity.

The Kuehne+Nagel Group closely monitors the business and results of its recent acquisitions, for which performance based earn outs have been agreed to be paid in the future.

While the Kuehne+Nagel Group has ensured the continuation of its operations, the impact of COVID-19 on business growth and profitability cannot be quantified at this stage as it depends on the duration and severity of the pandemic.

## 6. 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. – Sep. 2020 CHF	Variance per cent	Jan. – Sep. 2019 CHF
EUR 1.-	1.0690	-4.3	1.1165
USD 1.-	0.9523	-4.1	0.9934
GBP 1.-	1.2134	-4.2	1.2669

### Balance sheet

(period end rates)

Currency	Sep. 2020 CHF	Variance per cent	Sep. 2019 CHF	Dec. 2019 CHF
EUR 1.-	1.0794	-0.5	1.0850	1.0889
USD 1.-	0.9283	-6.1	0.9884	0.9769
GBP 1.-	1.1841	-3.5	1.2266	1.2755

## 7. Seasonality

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

## 8. Changes in the scope of consolidation

Major changes in the scope of consolidation **in the first nine months of 2020** related to the following companies:

2020	Capital share in per cent equals voting rights	Acquisition date
<b>Acquisitions</b>		
Newco Logistics NV, Belgium <sup>1</sup>	100	January 7, 2020
Rotra Forwarding NV, Belgium <sup>1</sup>	100	January 7, 2020
Rotrexma 2 Holding BV, Netherlands <sup>1</sup>	100	January 7, 2020
Exmijro 2 BV, Netherlands <sup>1</sup>	100	January 7, 2020
TS Holding BV, Netherlands <sup>1</sup>	100	January 7, 2020
Global Parcel Services BV, Netherlands <sup>1</sup>	100	January 7, 2020
Roelofsen Transport BV, Netherlands <sup>1</sup>	100	January 7, 2020
Rotra Logistics Solutions BV, Netherlands <sup>1</sup>	100	January 7, 2020
Rotra Forwarding BV, Netherlands <sup>1</sup>	100	January 7, 2020
Logistics Software Solutions Holding BV, Netherlands <sup>1</sup>	100	January 7, 2020
Logistics Software Solutions BV, Netherlands <sup>1</sup>	100	January 7, 2020
Truck Supply Europe Srl, Romania <sup>1</sup>	100	January 7, 2020
S.C. Rotra Forwarding Srl, Romania <sup>1</sup>	100	January 7, 2020

<sup>1</sup> Refer to note 9 for details to the acquisition of subsidiaries.

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

2019	Capital share in per cent equals voting rights	Incorporation / Acquisition date
<b>Incorporation</b>		
Modern Office Pte Ltd, Singapore	100	January 1, 2019
<b>Acquisitions</b>		
KN-Sincero Logistics Co. Ltd., China (formerly Shanghai Ruichun Logistics Co., Ltd.) <sup>1</sup>	51	January 1, 2019
Zhejiang Jiajin Logistics Co. Ltd., China <sup>1</sup>	51	January 1, 2019
Wuhan Zhisheng Logistics Co. Ltd., China <sup>1</sup>	51	January 1, 2019
Shenzhen Hua Tie Xun Logistics Co. Ltd., China <sup>1</sup>	51	January 1, 2019
JOELOG Beteiligungs GmbH, Austria <sup>1</sup>	100	September 10, 2019
Jöbstl Gesellschaft mbH., Austria <sup>1</sup>	100	September 10, 2019
Kurt Jöbstl Transport Gesellschaft m.b.H., Austria <sup>1</sup>	100	September 10, 2019
SLM Spedition & Logistik Gesellschaft m.b.H., Austria <sup>1</sup>	100	September 10, 2019
Jöbstl doo, Slovenia <sup>1</sup>	100	September 10, 2019

<sup>1</sup> Refer to note 9 for details to the acquisition of subsidiaries.

## 9. Acquisitions

### 2020 Acquisitions

The acquisition of subsidiaries in the first nine months 2020 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	3
Right-of-use assets	27
Other intangibles	10
Trade receivables	17
Other current assets	1
Acquired cash and cash equivalents (net)	3
<b>Subtotal assets</b>	<b>61</b>
Non-current lease liabilities	-23
Other non-current liabilities	-3
Trade payables	-11
Current lease liabilities	-4
Other current liabilities	-7
<b>Total identifiable assets and liabilities, net</b>	<b>13</b>
Goodwill	25
<b>Purchase price, paid in cash</b>	<b>38</b>
Acquired cash and cash equivalents (net)	-3
<b>Net cash outflow</b>	<b>35</b>

Effective January 7, 2020 the Group acquired 100 per cent of the shares of the road logistics activities of Rotrexma 2 Holding BV (Rotra), a company headquartered in the Netherlands, together with its subsidiaries. With approximately 800 employees and a yearly net revenue of above CHF 110 million the Group of companies operates a fleet of over 200 trucks, providing Europe-wide overland transportation as well as contract logistics services for Dutch, Belgian and international customers. It manages cross-dock facilities in the Netherlands and in Belgium. The purchase price of CHF 38 million was paid in cash.

Other intangibles of CHF 10 million recognised on the acquisition represent customer contracts and non-contractual customer lists having a useful life of one to five years.

The trade receivables comprise gross contractual amounts due of CHF 17 million, and all amounts are expected to be collectible.

Goodwill of CHF 25 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.

The initial accounting for the acquisitions made in the first nine months of 2020 has only been determined provisionally.

### 2019 Acquisitions

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

CHF million	Recognised fair values
Property, plant and equipment	3
Other intangibles	26
Trade receivables	6
Other current assets	3
Acquired cash and cash equivalents (net)	7
<b>Subtotal assets</b>	<b>45</b>
Non-current liabilities	-5
Other current liabilities	-4
Trade payables	-5
<b>Total identifiable assets and liabilities, net</b>	<b>31</b>
Goodwill	75
<b>Total purchase price consideration</b>	<b>106</b>
Thereof deferred consideration	-13
Thereof contingent consideration	-49
<b>Purchase price, paid in cash</b>	<b>44</b>
Acquired cash and cash equivalents (net)	-7
<b>Net cash outflow</b>	<b>37</b>

Effective January 1, 2019, the Group acquired 51 per cent of the shares of KN-Sincero Logistics Co. Ltd., China (formerly Shanghai Ruichun Logistics Co., Ltd.), 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 Group owns a call option to purchase the remaining 49 per cent and has concluded that as a result of this option it has, in substance, acquired 100 per cent ownership interest in KN-Sincero Logistics Co. Ltd. and no non-controlling interest has been recognised. The liability for the 49 per cent that the Group does not yet legally own is accounted for as a contingent consideration.

The purchase price of CHF 78 million includes a deferred consideration of CHF 13 million and a contingent consideration of CHF 49 million depending on the achieved profitability targets until 2021. The consideration is determined by a multiplier of net profit. A change to the expected net profit scenario of +/- 10 per cent would result in a charge to the income statement of +/- CHF 5 million. The remaining portion of CHF 7 million of the deferred consideration was paid in 2020 (CHF 6 million was paid in 2019).

The expected additional cash payments to be made to the previous owners are expected as follows:

Year of payment	Expected payment in CHF million
2022	52
<b>Total</b>	<b>52</b>

Effective July 1, 2019, the Group acquired the business of Worldwide Perishables Canada Co., specialised in seafood logistics. With a strong footprint on the East Coast, the business will strengthen the existing Kuehne+Nagel perishables network in Canada. The purchase price of CHF 5 million was paid in cash.

Effective September 10, 2019, the Group acquired 100 per cent of the shares of Joebstl Group, a medium-sized logistics group of companies headquartered in Wundschuh, Austria. The Joebstl Group offers international and domestic groupage, and full-truckload and less-than-truckload services mainly in Eastern Europe to customers in Austria and Slovenia. The purchase price of CHF 23 million was paid in cash.

Acquisition-related costs (included in the line item "selling, general and administrative expenses" in the income statement) are below CHF 1 million.

The trade receivables comprise gross contractual amounts due of CHF 6 million, of which none were expected to be uncollectible at the acquisition date.

Other intangibles of CHF 26 million recognised on the acquisitions represent contractual and non-contractual customer lists having a useful life of one to six years.

Goodwill of CHF 75 million arose on the acquisitions 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.

If the acquisitions had occurred on January 1, 2019, the Group's net turnover would have been CHF 15,892 million and consolidated earnings for the period would have been CHF 599 million.

Initially, the accounting for the acquisition of KN-Sincero Logistics Co. Ltd., Worldwide Perishables Canada Co. and Joebstl Group was determined provisionally only. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting in 2020.

#### 10. Agreed-upon divestment

On March 8, 2020, Kuehne+Nagel entered into a binding agreement to sell a major part of its contract logistics portfolio in the United Kingdom to XPO Logistics. The scope of the transaction includes the drinks logistics, food services and retail & technology businesses, whereby the pharma & healthcare businesses are retained. In 2019, these operations generated a turnover of CHF

750 million and earnings for the period of CHF 2 million. In the first nine months 2020, they contributed CHF 470 million turnover and a loss for the period of CHF 4 million. The assets and liabilities related to this divestment are classified as assets held for sale (CHF 510 million) and liabilities directly associated with the assets held for sale (CHF 454 million) and are presented separately in the balance sheet. In the second quarter 2020 a write-down of goodwill of CHF 14 million was recognised to reduce the carrying amount of the assets held for sale to their fair value less costs to sell. The transaction is expected to close in the fourth quarter of 2020.

CHF million	September 30, 2020
Property, plant and equipment	41
Right of use assets	273
Goodwill	4
Deferred tax assets	2
Trade receivables	95
Other current assets	61
Cash and cash equivalents	34
<b>Assets held for sale</b>	<b>510</b>
Non-current lease liabilities	-10
Other non-current liabilities	-224
Current lease liabilities	-53
Other current liabilities	-86
Trade payables	-81
<b>Liabilities directly associated with the assets held for sale</b>	<b>-454</b>
<b>Net assets directly associated with the disposal group</b>	<b>56</b>

## 11. Segment reporting

### a) Reportable segments

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

The four reportable segments, **Sea Logistics**, **Air Logistics**, **Road Logistics** 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 Sea Logistics, Air Logistics and Road Logistics 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 ten per cent of the Group's total revenue.

## a) Reportable segments

January – September

CHF million	Total Group		Sea Logistics		Air Logistics	
	2020	2019	2020	2019	2020	2019
<b>Turnover (external customers)</b>	<b>17,448</b>	<b>18,998</b>	<b>6,581</b>	<b>7,370</b>	<b>4,179</b>	<b>4,090</b>
Customs duties and taxes	-2,609	-3,160	-1,418	-1,737	-476	-587
<b>Net turnover (external customers)</b>	<b>14,839</b>	<b>15,838</b>	<b>5,163</b>	<b>5,633</b>	<b>3,703</b>	<b>3,503</b>
Inter-segment turnover	-	-	1,653	1,967	2,297	1,853
Net expenses for services	-9,323	-9,849	-5,765	-6,427	-5,043	-4,359
<b>Gross profit</b>	<b>5,516</b>	<b>5,989</b>	<b>1,051</b>	<b>1,173</b>	<b>957</b>	<b>997</b>
Total expenses <sup>1</sup>	-4,117	-4,648	-727	-795	-522	-695
<b>EBITDA</b>	<b>1,399</b>	<b>1,341</b>	<b>324</b>	<b>378</b>	<b>435</b>	<b>302</b>
Depreciation of property, plant and equipment	-134	-150	-17	-17	-15	-17
Depreciation of right-of-use assets	-378	-361	-2	-2	-2	-2
Amortisation of other intangibles	-30	-36	-1	-2	-15	-20
Impairment of goodwill and other intangibles <sup>2</sup>	-67	-	-	-	-53	-
<b>EBIT (segment profit)</b>	<b>790</b>	<b>794</b>	<b>304</b>	<b>357</b>	<b>350</b>	<b>263</b>
Financial income	4	9				
Financial expenses	-16	-22				
Result from joint ventures and associates	2	3				
<b>Earnings before tax (EBT)</b>	<b>780</b>	<b>784</b>				
Income tax	-205	-186				
<b>Earnings for the period</b>	<b>575</b>	<b>598</b>				
<b>Attributable to:</b>						
Equity holders of the parent company	574	595				
Non-controlling interests	1	3				
<b>Earnings for the period</b>	<b>575</b>	<b>598</b>				
<b>Additional information not regularly reported to CODM</b>						
Allocation of goodwill <sup>3</sup>	1,177	1,220	33	36	409	438
Allocation of other intangibles	109	211	-	-	60	152
Capital expenditure property, plant and equipment	123	239	8	12	11	11
Capital expenditure right-of-use assets	294	411	25	14	16	12
Capital expenditure other intangibles	6	7	1	2	1	2
Property, plant and equipment, goodwill and intangibles through business combinations	38	104	-	-	-	5

<sup>1</sup> Total expenses include an income from the release of unused contingent consideration liability of CHF 116 million in the business unit Air Logistics (region Americas) in Q3 2020 – described in more detail in notes 5 and 12.

<sup>2</sup> Includes a write-off of CHF 14 million of goodwill in assets held for sale in the business unit Contract Logistics in Q2 2020 (region EMEA) and an impairment of other intangibles (customer lists) in the business unit Air Logistics (region Americas) of CHF 53 million described in notes 5 and 12.

<sup>3</sup> In 2020, thereof CHF 4 million included in assets held for sale.



## b) Geographical information

January – September

CHF million	Total Group		EMEA		Americas	
	2020	2019	2020	2019	2020	2019
<b>Turnover (external customers)</b>	<b>17,448</b>	<b>18,998</b>	<b>10,958</b>	<b>11,716</b>	<b>4,526</b>	<b>5,269</b>
Customs duties and taxes	-2,609	-3,160	-1,823	-2,161	-622	-825
<b>Net turnover (external customers)</b>	<b>14,839</b>	<b>15,838</b>	<b>9,135</b>	<b>9,555</b>	<b>3,904</b>	<b>4,444</b>
Inter-regional turnover	-	-	3,216	3,276	758	944
Net expenses for services	-9,323	-9,849	-8,646	-8,849	-3,495	-4,046
<b>Gross profit</b>	<b>5,516</b>	<b>5,989</b>	<b>3,705</b>	<b>3,982</b>	<b>1,167</b>	<b>1,342</b>
Total expenses <sup>1</sup>	-4,117	-4,648	-2,999	-3,221	-763	-1,014
<b>EBITDA</b>	<b>1,399</b>	<b>1,341</b>	<b>706</b>	<b>761</b>	<b>404</b>	<b>328</b>
Depreciation of property, plant and equipment	-134	-150	-87	-99	-30	-34
Depreciation of right-of-use assets	-378	-361	-245	-245	-86	-75
Amortisation of other intangibles	-30	-36	-11	-6	-17	-27
Impairment of goodwill and other intangibles <sup>2</sup>	-67	-	-14	-	-53	-
<b>EBIT</b>	<b>790</b>	<b>794</b>	<b>349</b>	<b>411</b>	<b>218</b>	<b>192</b>
Financial income	4	9				
Financial expenses	-16	-22				
Result from joint ventures and associates	2	3				
<b>Earnings before tax (EBT)</b>	<b>780</b>	<b>784</b>				
Income tax	-205	-186				
<b>Earnings for the period</b>	<b>575</b>	<b>598</b>				
<b>Attributable to:</b>						
Equity holders of the parent company	574	595				
Non-controlling interests	1	3				
<b>Earnings for the period</b>	<b>575</b>	<b>598</b>				
<b>Additional information not regularly reported to CODM</b>						
Allocation of goodwill <sup>3</sup>	1,177	1,220	509	508	588	630
Allocation of other intangibles	109	211	41	12	61	189
Capital expenditure property, plant and equipment	123	239	93	160	20	45
Capital expenditure right-of-use assets	294	411	198	252	50	106
Capital expenditure other intangibles	6	7	5	5	-	1
Property, plant and equipment, goodwill and intangibles through business combinations	38	104	38	20	-	5

<sup>1</sup> Total expenses include an income from the release of unused contingent consideration liability of CHF 116 million in the business unit Air Logistics (region Americas) in Q3 2020 - described in more detail in notes 5 and 12.

<sup>2</sup> Includes a write-off of CHF 14 million of goodwill in assets held for sale in the business unit Contract Logistics in Q2 2020 (region EMEA) and an impairment of other intangibles (customer lists) in the business unit Air Logistics (region Americas) of CHF 53 million described in notes 5 and 12.

<sup>3</sup> In 2020, thereof CHF 4 million included in assets held for sale.



## 12. Fair value of financial assets and liabilities

As of September 30, 2020

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	-	3,274	3,274	3,274
Other receivables	4	113	117	117
<b>Total</b>	<b>4</b>	<b>3,387</b>	<b>3,391</b>	<b>3,391</b>

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Borrowings	-	400	400	399
Bank and other interest-bearing liabilities	-	6	6	6
Trade payables	-	1,618	1,618	1,618
Accrued trade expenses	-	1,201	1,201	1,201
Contingent consideration	52	-	52	52
Other liabilities	-	332	332	332
<b>Total</b>	<b>52</b>	<b>3,557</b>	<b>3,609</b>	<b>3,608</b>

As of December 31, 2019

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	-	3,601	3,601	3,601
Other receivables	2	261	263	263
<b>Total</b>	<b>2</b>	<b>3,862</b>	<b>3,864</b>	<b>3,864</b>

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Borrowings	-	400	400	404
Bank and other interest-bearing liabilities	-	12	12	12
Trade payables	-	1,890	1,890	1,890
Accrued trade expenses	-	1,190	1,190	1,190
Contingent and deferred consideration	227	7	234	234
Other liabilities	-	252	252	252
<b>Total</b>	<b>227</b>	<b>3,751</b>	<b>3,978</b>	<b>3,982</b>

The fair values of financial assets and liabilities carried at amortised cost are approximately equal to the carrying amounts. Other than the early settlement agreement with the sellers of

Quick, no significant impact resulted from the remeasurement of the liabilities measured at fair value through profit and loss (FVPL) in the first nine months 2020.

## Level 3 fair values

CHF million	Contingent consideration liabilities
Balance as of January 1, 2020	227
Utilised for settlements <sup>1</sup>	-53
<b>Total unrealised (gains) / losses included in the income statement</b>	
- Unused amounts reversed - recorded within other operating income/expenses, net <sup>1</sup>	-116
- Discount unwind - recorded within financial expenses	1
<b>Total (gains) / losses included in other comprehensive income</b>	
Effects of movements in foreign exchange	-7
<b>Balance as of September 30, 2020</b>	<b>52</b>
of which	
- Current portion	2
- Non-current portion	50

<sup>1</sup> In Q2 2020 CHF 7 million contingent consideration was paid to the sellers of Sincero. In Q3 2020 CHF 46 million was paid to the sellers of Quick under the early settlement agreement and CHF 116 million of unused amounts were released. For further details refer to note 5.

### 13. Equity

In the first nine months of 2020, the Company matched 67,506 treasury shares (2019: 679 treasury shares sold and 58,509 matched for less than CHF 1 million) under the share-based compensation plans. The Company purchased 277,457 treasury shares for CHF 36 million (2019: none).

The dividend payment for the year 2019 paid in 2020 amounted to CHF 4.00 per share or CHF 478 million (2019: 6.00 per share or CHF 718 million).

### 14. Employees

Number	Sep. 30, 2020	Sep. 30, 2019
EMEA	55,100	57,465
Americas	14,395	15,936
Asia-Pacific	8,688	9,369
<b>Total employees</b>	<b>78,183</b>	<b>82,770</b>
Full-time equivalents of employees	71,780	77,890
Full-time equivalents of temporary staff	20,403	21,388
<b>Full-time equivalents (total)</b>	<b>92,183</b>	<b>99,278</b>

### 15. Capital expenditure

From January to September 2020, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 123 million (2019: CHF 239 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 294 million (2019: CHF 411 million).

### 16. Legal claims

The mergers and acquisitions related lawsuit, disclosed in the second quarter 2020, was resolved in the third quarter 2020 with the early settlement agreement reached with the sellers of Quick. The status of proceedings, disclosed in the notes 36 and 41 to the Consolidated Financial Statements for the year ended December 31, 2019, has not changed materially.

### 17. Post balance sheet events

There have been no material events between September 30, 2020, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

These unaudited Condensed Consolidated Interim Financial Statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on October 19, 2020.

## Financial Calendar

March 3, 2021	Full-year 2020 results
April 26, 2021	Three-months 2021 results
May 4, 2021	Annual General Meeting
May 10, 2021	Dividend payment for 2020
July 20, 2021	Half-year 2021 results
October 20, 2021	Nine-months 2021 results

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