



# Kuehne + Nagel International AG

## **Analyst Conference Call – Q1 2013 Results**

April 15, 2013 (CET 14.00)

Schindellegi, Switzerland



## Agenda

▶ Highlights Q1 2013	Gerard van Kesteren
Operating Review Q1 2013	Reinhard Lange
Financial Review	Gerard van Kesteren
Outlook	Reinhard Lange



# Highlights Q1 2013

## Key points

- **Increased invoiced turnover by 5.4%**
- **Increase of Gross Profit and EBIT by 2%**
- **Strict cost control and savings initiatives implemented; main impact in second semester**
- **Working capital intensity at 3.7%; within guidance**
- **Effective tax rate sustainable at 21 – 22%**



### **Conclusion:**

**Achieving targets; full year outlook confirmed**





# Highlights Q1 2013

## Volume development per business unit

	Business unit	Kuehne + Nagel	Market
	Seafreight [TEU]	+ 2 %	+ 0 %
	Airfreight [Ton]	+ 5 %	- 2 %
	Road & Rail [net inv'd turnover]	+ 0 %	- 2 %
	Contract Logistics [net inv'd turnover]	+ 3 %	+ 0 %



# Highlights Q1 2013

## Income Statement

<i>CHF million</i>	2012 operational	One-off	2012 actual	2013	Variance	Variance excl. one-off
<b>Invoiced Turnover</b>	<b>4'834</b>		<b>4'834</b>	<b>5'094</b>	<b>5.4%</b>	<b>5.4%</b>
					260	260 MCHF
<b>Gross profit</b>	<b>1'502</b>		<b>1'502</b>	<b>1'537</b>	<b>2.3%</b>	<b>2.3%</b>
					35	35 MCHF
<i>Gross profit margin</i>	31.1%		31.1%	30.2%		
<b>EBITDA</b>	<b>218</b>	<b>(65)</b>	<b>153</b>	<b>219</b>	<b>43.1%</b>	<b>0.5%</b>
<i>EBITDA margin</i>	4.5%		3.2%	4.3%	66	1 MCHF
<b>EBITA</b>	<b>182</b>	<b>(65)</b>	<b>117</b>	<b>183</b>		
<i>EBITA margin</i>	3.8%		2.4%	3.6%		
<b>EBIT</b>	<b>165</b>	<b>(65)</b>	<b>100</b>	<b>169</b>	<b>69.0%</b>	<b>2.4%</b>
<i>EBIT margin</i>	3.4%		2.1%	3.3%	69	4 MCHF
<b>EBT</b>	<b>168</b>	<b>(65)</b>	<b>103</b>	<b>171</b>	<b>66.0%</b>	<b>1.8%</b>
<i>EBT margin</i>	3.5%		2.1%	3.4%	68	3 MCHF
Tax	(35)		(35)	(37)		
<b>Earnings for the period</b>	<b>133</b>	<b>(65)</b>	<b>68</b>	<b>134</b>	<b>97.1%</b>	<b>0.8%</b>



# Highlights Q1 2013

## Development main exchange rates vs. CHF

Income Statement (average rates)	Full Year		Q 1		Variance %	Impact Net Earnings
	2011	2012	2012	2013		
Euro	1.2350	1.2062	1.2102	1.2260	<b>1.3%</b>	} <b>1.5%</b>
US Dollar	0.8908	0.9327	0.9122	0.9285	<b>1.8%</b>	
British Pound	1.4226	1.4827	1.4415	1.4439	<b>0.2%</b>	



## Agenda

Highlights Q1 2013

| Gerard van Kesteren

▶ Operating Review Q1 2013

| Reinhard Lange

Financial Review

| Gerard van Kesteren

Outlook

| Reinhard Lange



# Operating Review Q1 2013

## Seafreight: Highlights



### Seafreight Market:

- Stagnating market
- Overcapacity remains, especially after more big vessels came in operation
- Rates are still volatile

### Kuehne + Nagel Performance:

- Volume growth of 2.3% - Gross Profit increase of 1.3%
- EBIT/Gross Profit conversion ratio increased to 28.6% compared to 28.3% in previous year, versus target conversion ratio of 30%+
- Continuous high focus on productivity improvement and return on Sales Investment (ROI)
- Especially the niche products performed well



# Operating Review Q1 2013

## Seafreight: Performance of business unit

CHF million	2012	2013	Variance
Invoiced Turnover	2'031	2'204	8.5%
Gross profit	314	318	1.3%
EBITDA	95	96	1.1%
EBIT	89	91	2.2%
<b>EBIT in % of GP</b>	<b>28.3%</b>	<b>28.6%</b>	

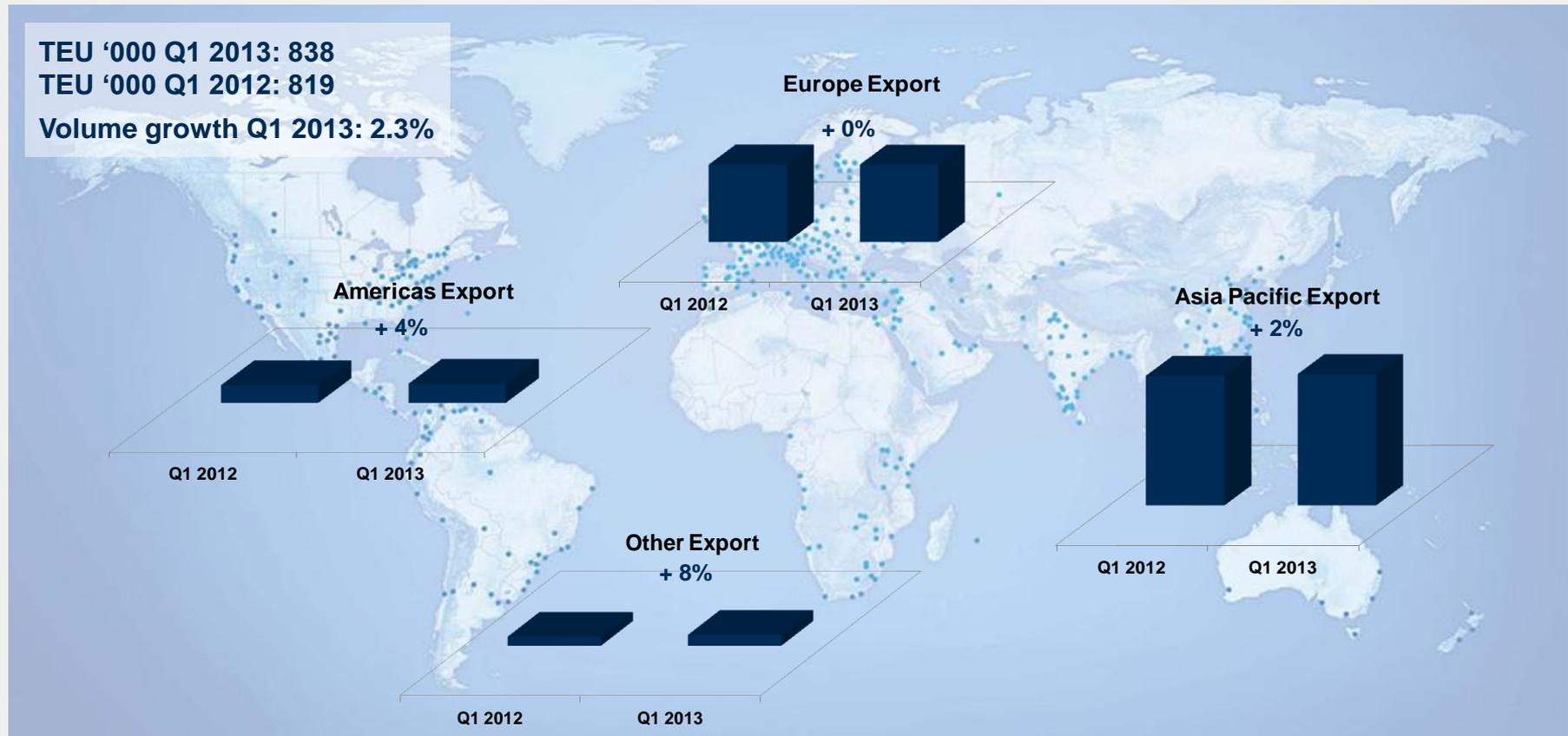
Quarter	GP/TEU in CHF
2012 Q1	383
2012 Q2	359
2012 Q3	363
2012 Q4	364
2013 Q1	379

	TEU '000	Per TEU in CHF			in USD GP
		GP	Exp.	EBIT	
2012	819	383	(275)	108	420
2013	838	379	(271)	108	408



# Operating Review Q1 2013

## Seafreight: Volume development by traffic lane





## Operating Review Q1 2013

### Airfreight: Highlights



#### **Airfreight Market:**

- 2% market contraction
- Asia-Pacific market slowly recovering
- Growing market share for Middle East Airlines
- Rates start to stabilise

#### **Kuehne + Nagel Performance:**

- Volume growth of 4.9% - Gross Profit increase of 7.4%
- EBIT/Gross Profit conversion ratio increased to 24.2% compared to 23.5% in previous year, versus target conversion ratio of 25%+
- Increase of market share in Pharma, Perishables and Aviation logistics



# Operating Review Q1 2013

## Airfreight: Performance of business unit

CHF million	2012	2013	Variance
Invoiced Turnover	967	1'011	4.6%
Gross profit	204	219	7.4%
EBITDA excl. one-off item	54	59	9.3%
EBIT excl. one-off item	48	53	10.4%
One-off item	(65)	-	-
EBIT	(17)	53	-
<b>EBIT in % of GP*</b>	<b>23.5%</b>	<b>24.2%</b>	

Quarter	GP/100kg in CHF
2012 Q1	76
2012 Q2	78
2012 Q3	76
2012 Q4	76
2013 Q1	78

	TON '000	Per 100kg in CHF		
		GP	Exp.*	EBIT*
2012	268	76	(58)	18
2013	281	78	(59)	19

\* excl. one-off item 2012



## Operating Review Q1 2013

### Airfreight: Volume development by traffic lane





## Operating Review Q1 2013

### Road & Rail Logistics: Highlights



#### Road & Rail Market:

- European Overland market contracted by 2%
- “Long” winter Q1 2013
- Southern Europe weak market
- Shortage of drivers continues
- Fuel cost remains on high level

#### Kuehne + Nagel Performance:

- Stagnating net invoiced turnover
- Target of a breakeven EBIT not reached
- Declining weight per shipment
- Groupage business underperformed; whereas FTL/LTL improved



# Operating Review Q1 2013

## Road & Rail Logistics: Performance of business unit

<i>CHF million</i>	<b>2012</b>	<b>2013</b>	<b>Variance</b>
Invoiced Turnover	744	737	(0.9%)
Net Invoiced Turnover	673	670	(0.4%)
Gross profit	225	221	(1.8%)
EBITDA	14	2	(85.7%)
EBITA	7	(4)	
EBIT	1	(9)	
EBIT / Revenue margin	0.1%	(1.2%)	
EBIT / GP Margin	0.4%	(4.1%)	



## Operating Review Q1 2013

### Contract Logistics: Highlights



#### Contract Logistics Market:

- Stagnating market
- Increased competition
- Margin pressure due to renegotiation of existing contracts

#### Kuehne + Nagel Performance:

- Increase of net invoiced turnover of 2.5% (excl. currency impact) above market growth
- EBITDA margin at 3.8% compared to 3.1% in Q1 2012
- Revised growth strategy shows positive impacts (Location Masterplan)



# Operating Review Q1 2013

## Contract Logistics: Performance of business unit

<i>CHF million</i>	<b>2012</b>	<b>2013</b>	<b>Variance</b>
Invoiced Turnover	1'064	1'110	4.3%
Net Invoiced Turnover	995	1'029	3.4%
Gross profit	750	770	2.7%
EBITDA	33	42	27.3%
EBITA	17	24	41.2%
EBIT	11	20	81.8%
EBITDA / Revenue margin	3.1%	3.8%	
EBIT / Revenue margin	1.0%	1.8%	
EBIT / GP Margin	1.5%	2.6%	



## Agenda

Highlights Q1 2013

| Gerard van Kesteren

Operating Review Q1 2013

| Reinhard Lange

▶ Financial Review

| Gerard van Kesteren

Outlook

| Reinhard Lange



# Financial review

## Overview Q1

<i>CHF million</i>	<b>2012</b>	<b>2013</b>
Invoiced Turnover	4,834	5,094
Gross Profit	1,502	1,537
EBITDA	153*	219
Earnings for the period	68*	134
EPS (basic) in CHF	0.56	1.11
<b>Total Assets</b>	<b>6,267</b>	<b>6,499</b>
<b>Equity</b>	<b>2,449</b>	<b>2,580</b>
Equity % of Total Assets	39.1%	39.7%
<b>Cash &amp; Cash Equivalents, net</b>	<b>1,178**</b>	<b>1,133</b>
Operational Cash Flow	156*	223
Capex	34	32

\* incl. EU antitrust fine of CHF 65 million

\*\* incl. financial investments of CHF 113 million



# Financial review

## Balance Sheet

<i>CHF million</i>	31 December 2012	31 March 2013	<i>CHF million</i>	31 December 2012	31 March 2013
<b>Assets</b>			<b>Liabilities and equity</b>		
			<b>Equity attributable to the equity holders of the parent company</b>	<b>2'396</b>	<b>2'559</b>
			Non-controlling interests	29	21
			<b>Total equity</b>	<b>2'425</b>	<b>2'580</b>
<b>Non-current assets</b>	<b>2'203</b>	<b>2'204</b>	<b>Non-current liabilities</b>	<b>609</b>	<b>605</b>
			Trade payables	1'337	1'317
Trade receivables	2'428	2'531	Accrued trade expenses / deferred income	931	918
Cash and cash equivalents	1'083	1'161	Bank and other interest-bearing liabilities	36	38
Others	565	603	Others	941	1'041
<b>Current assets</b>	<b>4'076</b>	<b>4'295</b>	<b>Current liabilities</b>	<b>3'245</b>	<b>3'314</b>
<b>Total assets</b>	<b>6'279</b>	<b>6'499</b>	<b>Total liabilities and equity</b>	<b>6'279</b>	<b>6'499</b>



# Financial review

## Cash flow Q1

<i>CHF million</i>	2012	2013	Better/(Worse)
<b>Operational cash flow</b>	<b>156</b>	<b>223</b>	<b>67</b>
Changes in working capital	(61)	(70)	(9)
Increase of provision for antitrust fine	65	-	(65)
Income taxes paid	(42)	(50)	(8)
<b>Cash flow from operating activities</b>	<b>118</b>	<b>104</b>	<b>(14)</b>
<b>Cash flow from investing activities</b>	<b>116</b>	<b>(24)</b>	<b>(140)</b>
<b>Cash flow from financing activities</b>	<b>3</b>	<b>(12)</b>	<b>(15)</b>
Exchange difference on cash and cash equivalents	(7)	7	14
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>230</b>	<b>75</b>	<b>(155)</b>
<b>Cash and cash equivalents at the beginning of the period, net</b>	<b>835</b>	<b>1'058</b>	<b>223</b>
<b>Cash and cash equivalents at the end of the period, net</b>	<b>1'065</b>	<b>1'133</b>	<b>68</b>



# Financial review

## Net working capital development

<i>CHF million</i>	March 2012	Dec 2012	March 2013	Variance Mar 13 vs. Mar 12
Trade receivables & Work in progress	2'600	2'809	2'870	270
Trade payables & Accrued trade expenses	(1'903)	(2'138)	(2'108)	(205)
<b>Net Working Capital</b>	<b>697</b>	<b>671</b>	<b>762</b>	<b>65</b>
<b>KPI's:</b>				
Working Capital Intensity	3.6%	3.2%	3.7%	0.1%
DSO	43.5	42.6	46.1	(2.6)
DPO	52.2	50.4	53.5	1.3
Δ	8.7	7.8	7.4	(1.3)



# Financial review

## Finance targets 2013

### Profitability

- Conversion rate (EBIT/GP) in Seafreight 30%+, in Airfreight 25%+

### CAPEX

- Estimate at approx. CHF 175 mio (2012: CHF 175 mio)

### Working Capital

- Target to maintain working capital intensity at 3.5 – 4.0%

### Cash

- Emphasis on safeguarding a high cash position

### Tax

- Confirm sustainable tax rate around 21 - 22%



## Agenda

Highlights Q1 2013

| Gerard van Kesteren

Operating Review Q1 2013

| Reinhard Lange

Financial Review

| Gerard van Kesteren

▶ Outlook

| Reinhard Lange



## Outlook

### Volume development

Business unit	Kuehne + Nagel 2012	Kuehne + Nagel Q1 2013	2013 Estimate	
			Kuehne + Nagel	Market
 <b>Seafreight</b> [TEU]	+ 6 %	+ 2 %	+ 4 - 6 %	+ 2 - 3 %
 <b>Airfreight</b> [Ton]	+ 2 %	+ 5 %	+ 1 - 3 %	+ 0 - 2 %
 <b>Road &amp; Rail</b> [net inv'd TO]	+ 7 %	+ 0 %	+ 3 - 5 %	+ 0 - 2 %
 <b>Contract Logistics</b> [net inv'd TO]	+ 4 %	+ 3 %	+ 0 - 2 %	+ 0 %



# Annex I

## Upcoming Events 2013

**May 7**

**Annual General Meeting**

**May 14**

**Dividend payment for 2012**

**July 15**

**Half-year 2013 results**

**September 18**

**Capital Markets Day, London**

**October 15**

**Nine-months 2013 results**



# Annex II

## Key data sheet Q1 2013 - 2012

	2013	2012	2013/2012 Change in %	Variance in CHF million 2013/2012
<i>CHF million</i>	Q1	Q1	Q1	Q1
<b>Seafreight</b>				
Turnover	2'204	2'031	+8.5	173
Gross Profit	318	314	+1.3	4
Total Expenses	(222)	(219)	(1.4)	(3)
EBITDA	96	95	+1.1	1
EBIT	91	89	+2.2	2
<i>GP / Turnover</i>	14.4%	15.5%		
<i>EBITDA / Turnover</i>	4.4%	4.7%		
<i>EBIT / GP</i>	28.6%	28.3%		
<b>Volume (TEU's '000)</b>	<b>838</b>	<b>819</b>	<b>+2.3</b>	<b>19</b>
<b>GP</b>	<b>379</b>	<b>383</b>	<b>(1.0)</b>	<b>(4)</b>
<b>EXPENSES</b> per TEU	<b>(271)</b>	<b>(275)</b>	<b>+1.5</b>	<b>4</b>
<b>EBIT</b>	<b>108</b>	<b>108</b>	<b>+0.0</b>	<b>0</b>
<b>Airfreight</b>				
Turnover	1'011	967	+4.6	44
Gross Profit	219	204	+7.4	15
Total Expenses (excl. one-off item)	(160)	(150)	(6.7)	(10)
EBITDA	59	54	+9.3	5
EBIT	53	48	+10.4	5
<i>GP / Turnover</i>	21.7%	21.1%		
<i>EBITDA / Turnover</i>	5.8%	5.6%		
<i>EBIT / GP</i>	24.2%	23.5%		
<b>Volume (TON's '000)</b>	<b>281</b>	<b>268</b>	<b>+4.9</b>	<b>13</b>
<b>GP</b>	<b>78</b>	<b>76</b>	<b>+2.6</b>	<b>2</b>
<b>EXPENSES</b> } per 100kg	<b>(59)</b>	<b>(58)</b>	<b>(1.7)</b>	<b>(1)</b>
<b>EBIT</b>	<b>19</b>	<b>18</b>	<b>+5.6</b>	<b>1</b>



# Annex II

## Key data sheet Q1 2013 - 2012

	2013	2012	2013/2012 Change in %	Variance in CHF million 2013/2012
<i>CHF million</i>	Q1	Q1	Q1	Q1
<b>Road &amp; Rail Logistics</b>				
Turnover	737	744	(0.9)	(7)
Gross Profit	221	225	(1.8)	(4)
Total Expenses	(219)	(211)	(3.8)	(8)
EBITDA	2	14	(85.7)	(12)
EBIT	(9)	1		(10)
<i>GP / Turnover</i>	30.0%	30.2%		
<i>EBITDA / Turnover</i>	0.3%	1.9%		
<i>EBIT / Turnover</i>	-1.2%	0.1%		
<b>Contract Logistics</b>				
Turnover	1'110	1'064	+4.3	46
Gross Profit	770	750	+2.7	20
Total Expenses	(728)	(717)	(1.5)	(11)
EBITDA	42	33	+27.3	9
EBIT	20	11	+81.8	9
<i>GP / Turnover</i>	69.4%	70.5%		
<i>EBITDA / Turnover</i>	3.8%	3.1%		
<i>EBIT / Turnover</i>	1.8%	1.0%		



# Annex II

## Key data sheet Q1 2013 - 2012

	2013	2012	2013/2012 Change in %	Variance in CHF million 2013/2012
	Q1	Q1	Q1	Q1
<i>CHF million</i>				
<b>Real Estate</b>				
Turnover	-	-		
Gross Profit	-	-		
Total Expenses	15	18	(16.7)	(3)
EBITDA	15	18	(16.7)	(3)
EBIT	9	12	(25.0)	(3)
<b>Insurance Broker</b>				
Turnover	32	28	+14.3	4
Gross Profit	9	9	+0.0	0
Total Expenses	(4)	(5)	+20.0	1
EBITDA	5	4	+25.0	1
EBIT	5	4	+25.0	1
<i>GP / Turnover</i>	28.1%	32.1%		
<i>EBITDA / Turnover</i>	15.6%	14.3%		
<i>EBIT / Turnover</i>	15.6%	14.3%		
<b>TOTAL GROUP</b>				
Turnover	5'094	4'834	+5.4	260
Gross Profit	1'537	1'502	+2.3	35
Total Expenses	(1'318)	(1'284)	(2.6)	(34)
EBITDA (excl. one-off item)	219	218	+0.5	1
EBIT (excl. one-off item)	169	165	+2.4	4
EBT (excl. one-off item)	171	168	+1.8	3
Earnings for the period (excl. one-off item)	134	133	+0.8	1
EU antitrust fine	0	(65)		65
Non-controlling interests	(2)	(1)	+100.0	(1)
Net Earnings	132	67	+97.0	65
<i>GP / Turnover</i>	30.2%	31.1%		
<i>EBITDA (excl. one-off item) / Turnover</i>	4.3%	4.5%		
<i>EBIT (excl. one-off item) / Turnover</i>	3.3%	3.4%		
<i>EBT (excl. one-off item) / Turnover</i>	3.4%	3.5%		
<i>Earnings for the period (excl.) / Turnover</i>	2.6%	2.8%		



Thank you for your attention.



## Disclaimer

Investing in the shares of Kuehne + Nagel International AG involves risks.

Prospective investors are strongly requested to consult their investment advisors and tax advisors prior to investing in shares of Kuehne + Nagel International AG.

This document contains forward-looking statements which involve risks and uncertainties. These statements may be identified by such words as “may”, “plans”, “expects”, “believes” and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. No obligation is assumed to update any forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

The information contained in this document has not been independently verified and no representation or warranty, express or implied, is made to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The information in this presentation is subject to change without notice, it may be incomplete or condensed, and it may not contain all material information concerning the Kuehne + Nagel Group. None of Kuehne + Nagel International AG or their respective affiliates shall have any liability whatsoever for any loss whatsoever arising from any use of this document, or otherwise arising in connection with this document.

This presentation is not an offer of securities for sale in the United States. The offer and sale of Kuehne + Nagel International AG securities has not been, and will not be registered under the United States Securities Act of 1933, as amended. Kuehne + Nagel International AG securities may not be offered or sold to anyone in the United States absent such registration, except pursuant to an appropriate exemption from registration. There will be no public offering of Kuehne + Nagel International AG securities in the United States.