



Capital Markets Day 2011 Introduction and Strategy

Karl Gernandt

Chairman of the Board of Directors, Kuehne + Nagel International AG September 14, 2011





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Strategy update and economic environment

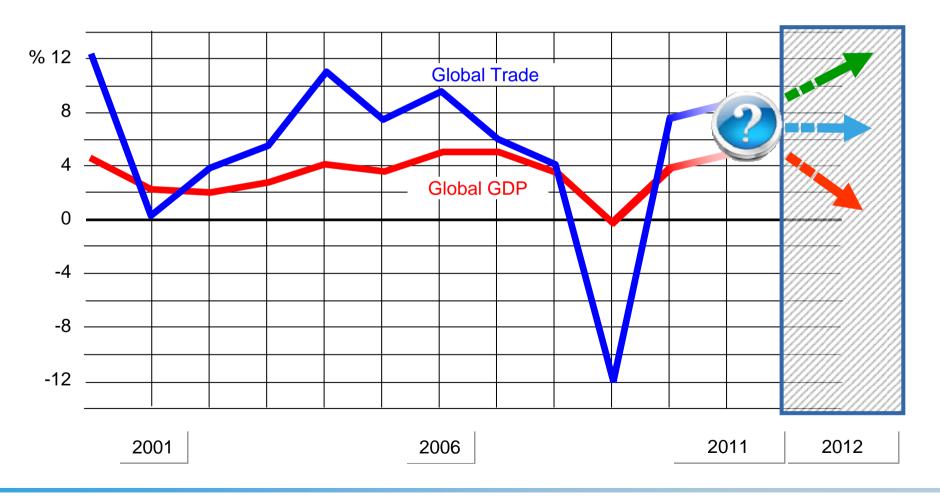


Chairman's statement

- Kuehne + Nagel International AG: Change of chairmanship
- Performance of the Kuehne + Nagel Group first-half year 2011
- More challenging economic environment expected

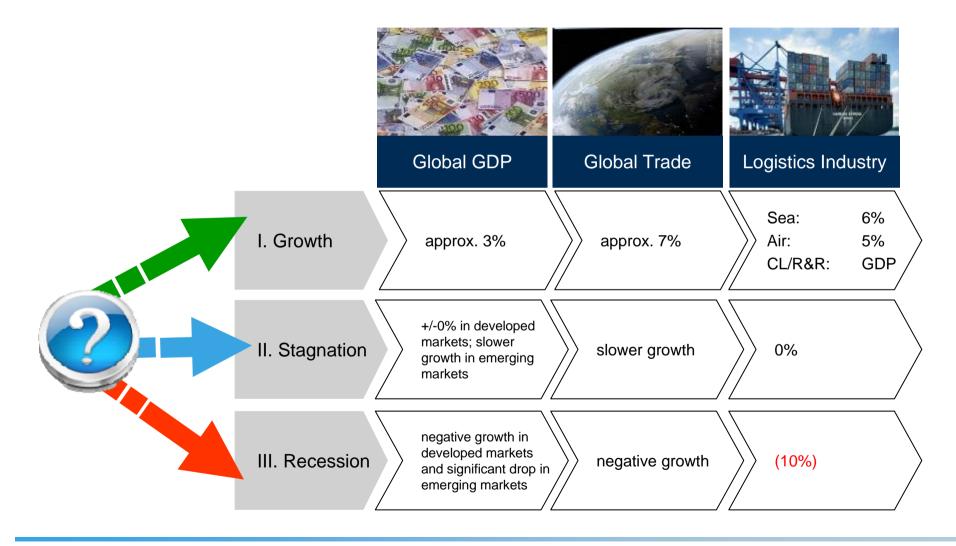


Global trade and global GDP





Different scenarios for the global economy





Main strategic focus in volatile economic environment



Business development Cost control Cash control Further increase of sales Prudent asset Reduction of operational costs in line with volume force to secure and expand management to protect market share development cash Mergers & Acquisitions Strict travel and employee Tight working capital opportunities expenses policy management High focus on reduction of Restrictive capex administration costs



Strategy update - conclusion



Scenario-adjusted management

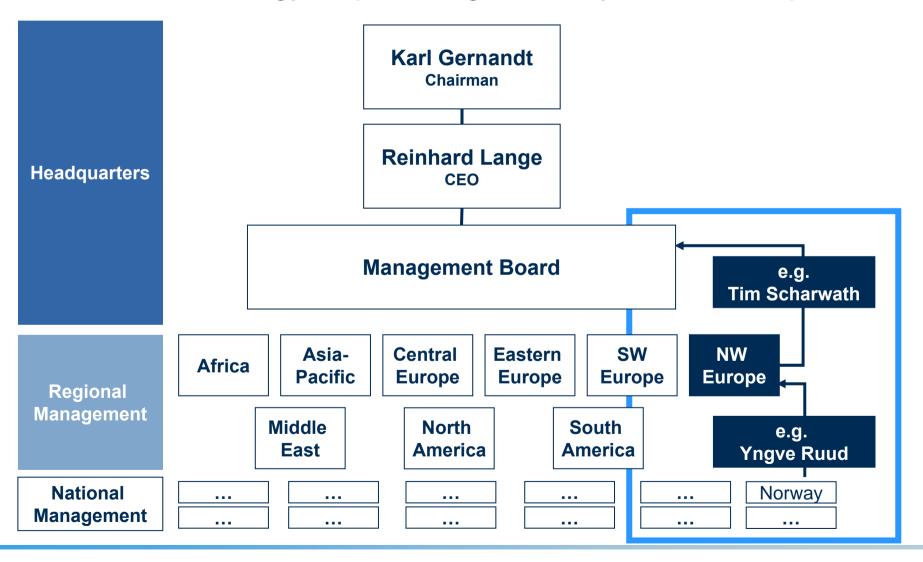
- Preparation of different action plans to protect profitability and cash flow
- Track record of effective management for all possible scenarios
- High transparency and control as well as proven tools
- Flexibility to temporarily adjust timing and investment level if needed

Clear commitment on execution and delivery of "Go for Growth" plan





A successful strategy requires high stability in leadership







Capital Markets Day 2011 Execution of Strategy

Reinhard Lange Chief Executive Officer, Kuehne + Nagel International AG September 14, 2011





Special welcome to our guests:



Michael Dreher VP and Head of Business Solution Logistics in Global Operations adidas Group



Dr. Ian Shellard Global Physical Logistics Director *Rolls-Royce*





Contents

Update "Go for Growth"

Current performance

Execution of strategy in a more volatile environment



Strategy "Go for Growth" - update

Development of industry-specific solutions

Integrated services through IT leadership

Continuation of global expansion

 Focus on China, India, Brazil and Colombia

Development of European Road & Rail network

Enhancement of the network

Profitable
Growth
(+19% YTD*)

* 06/2011 YTD profit after tax, excl. forex



Strategy "Go for Growth" – deliveries

Development of industry-specific solutions

- Recruitment of product specialists
- Perishables Logistics:
 - Acquisition of Translago & Mastertransport / Colombia and Ecuador
 - Acquisition of Cooltainer / New Zealand
 - Acquisition of van de Put / Netherlands
- Pharma Logistics
 - Dedicated infrastructure in progress
 - Development benefiting all business units
 - Sales pipeline increased significantly



On track



Strategy "Go for Growth" – deliveries (cont'd)



- Continuous investment in IT (> CHF 200 million p.a.)
- KNLogin available for all products
- Continuous development of integrated applications based on latest technology



On track



Strategy "Go for Growth" – deliveries (cont'd)





Strategy "Go for Growth" – deliveries...(cont'd)

- European Road Logistics network
 - Acquisition of RH Freight / UK
 - European hub & spoke system in progress
 - Further investments needed
- Rail
 - Development of intermodal products

Development of European Road & Rail network

Extension of the network

In progress



Current performance

	First-half year 2011				
	Kuehne + Nagel	Market	Main competitors		
Seafreight	+ 12%	+ 6%	0 to +5%		
Airfreight	+ 18%	+ 1 to 2%	(2) to +9%		
Road & Rail	+ 21%	+ 4%	+9 to +21%		
Contract Logistics	+ 5%	+ 3%	+2 to +7%		

Kuehne + Nagel has continued to gain market share



How to manage business in a volatile environment

	I. Growth	II. Stagnation	III. Recession
Direct manpower	•		
Administration			
IT	a		
Sales	1	<u> </u>	^
Capex			
M&A	•		
"Go for Growth"	a	1	1
Contract Logistics	Selective growth with r	multinational customers and p	profitability improvement



Outlook Full Year 2011

		Sea Logistics	Air Logistics	Road & Rail Logistics	Contract Logistics
H1 2011	KN	12%	18%	21%	5%
	Market	6%	< 2%	4%	3%

FY 2011	KN	10-12%	10-12%	15-17%	5%
	Market	5%	0%	3%	2%

Difficult to reliably forecast global trade for 2nd half 2011





Capital Markets Day 2011 Financial Update

Gerard van Kesteren Chief Financial Officer, Kuehne + Nagel International AG September 14, 2011





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Highlights first-half year 2011

Exchange rate development / impact

Financial controlling in a more volatile environment



Highlights first-half year 2011

- Material negative forex impact of 16%
- Stable Sea- and Airfreight margins per unit, impacted by negative forex
- Road & Rail Logistics: consolidation of RH Freight (UK) as of April 2011
- Reduction of idle space in Contract Logistics from 9.2% last year to 6.0% in June 2011
- Stable 3.2% working capital intensity
- ROCE at all time high 56%
- Effective tax rate 21% sustainable



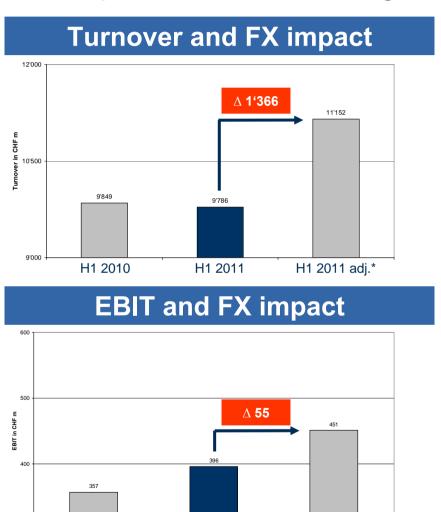
Income statement first-half year 2011

CHF million	2010 Actual	2011 w ith 2010 fx rates	Variance	Forex Impact	
				in CHF million	as %
Invoiced turnover	9'849	11'152	1'303	(1'366)	(13.9%)
Gross profit	2'961	3'372	411	(418)	(14.1%)
Gross profit margin	30.1%	30.2%	31.5%		
Total expenses	(2'486)	(2'800)	(314)	348	14.0%
EBITDA	475	572	97	(70)	(14.7%)
EBITDA margin	4.8%	5.1%	7.4%		
EBIT	357	451	94	(55)	(15.4%)
EBIT margin	3.6%	4.0%	7.2%		
EBT	358	454	96	(56)	(15.6%)
EBT margin	3.6%	4.1%	7.4%		
Net earnings for the period	281	356	75	(44)	(15.7%)



Development main exchange rates vs. CHF

H1 2011 adj.*



H1 2011

Comments

Currency mix (Turnover):

50% EUR, 25% USD, 10% GBP

Translation only

Full year 2011 estimate forex:

Impact on net profit: approx. 14% based on:

- EUR / CHF: 1.20

- USD / CHF: 0.85

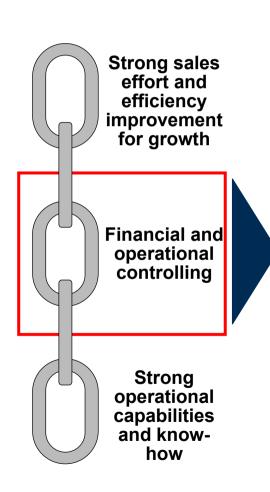
- GBP / CHF: 1.35

H1 2010

^{*} Adjusted figures calculated with 2010 exchange rates

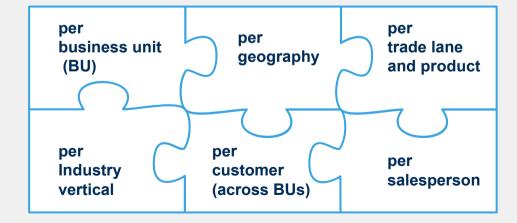


Controlling tool kit: "Go for Growth" – Return on Investment



Key elements and benefits of Kuehne + Nagel's tool kit

- Outset: 250 legal entities in over 100 countries managed via 6.000 profit centers
- Monthly reporting on 5th working day of the following month for all profit center managers – globally
- Full visibility due to single, standardised reporting and controlling platform
- Great flexibility of system. Data available:





Example controlling tool kit: trade lane analysis



Example

Investment:

- Trade lane know-how (24 specialists hired)
- Product know-how (44 specialists hired)

Controlling:

- Return on investment → volume growth and gross profit
- Result: visibility of growth and margins

Result: Profitable growth (volume growth, stable margin per unit)



Example controlling tool kit: sales investment



Example

Investment:

- > CHF 300 million sales cost (+11% 2011/10)
- 300 additional sales executives first-half year 2011

Controlling:

- Return on investment → turnover/ gross profit/ volume growth
- Tools: Performance by sales executive
 - Controlling KPIs
 - TO/GP/volume contribution per customer

Result: Contributing double-digit organic growth in Sea & Air



Continuous commitment to protect profitability and secure cash

"Cash is King"

Kuehne + Nagel approx. CHF 700 million cash

Working capital

Dedicated taskforce in corporate finance, daily monitoring AR exposure, DSO and DPO

Differentiate actions

Full transparency by vertical, region, trade lane and customer – take action wherever needed

Controlling

Dedicated taskforce to identify and monitor profit improvement initiatives





Capital Markets Day 2011 Seafreight Logistics

Otto Schacht

Executive Vice President, Kuehne + Nagel International AG September 14, 2011





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Growth initiatives

Case study – KNLogin

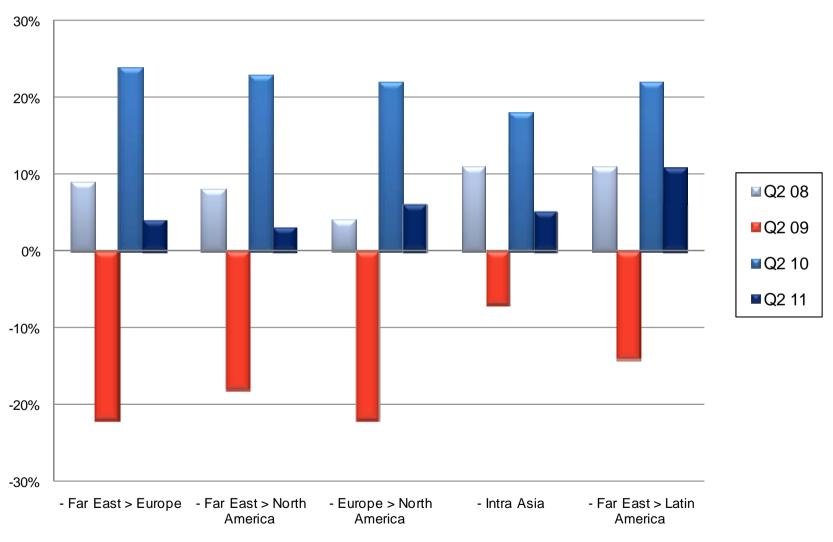


Global container market

- Container trade growth in first-half year 2011 5-6%, slower growth expected in second-half of 2011
- Asia US market volumes down June / July by 8%
- Rapid rise in ordering activities by carriers
- Supply is growing faster than demand

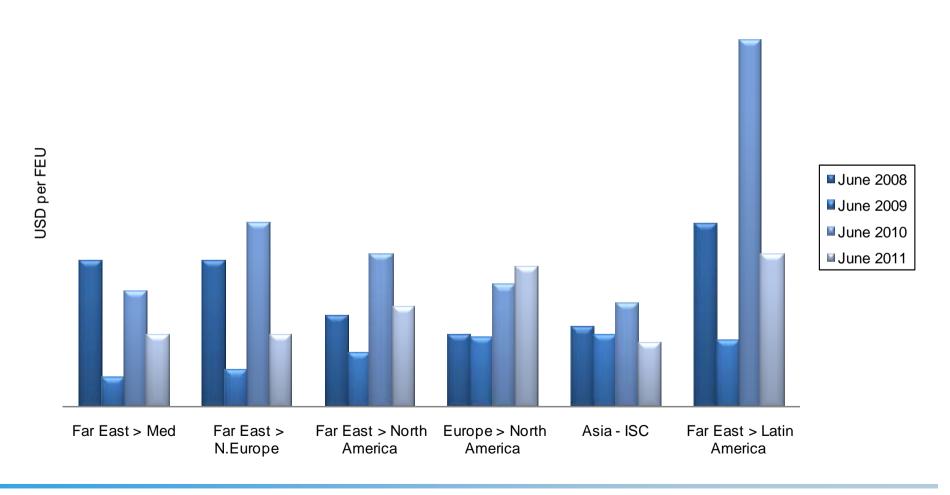


Market growth by trade lanes



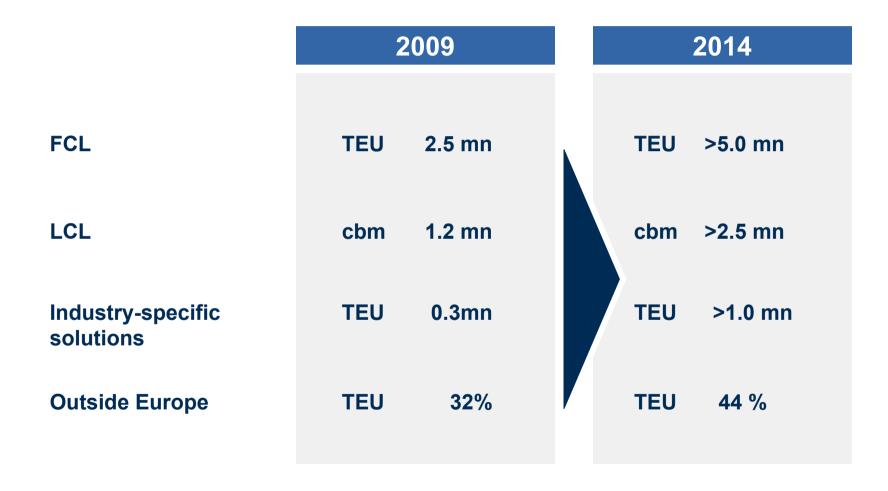


Market rate development





Growth strategy: "Go for Growth"





Growth initiatives – status update

Transpacific (EB) development

- Specialists being hired to meet 2014 target
- YTD market +4%, Kuehne + Nagel +13%,
 (June / July 2011 market -8%, Kuehne + Nagel +11%)
- Kuehne + Nagel reached Top 3 position, challenging Nº 1
- Carrier dominated market

Intra-Asia development

- Team in place
- Kuehne + Nagel Nº 1 of international forwarders in a highly fragmented market
- Carrier dominated market, driven by high spot demand



Growth initiatives – status update (cont'd)

<u>Industry-specific business solutions</u> (Drinks, Perishables and Forest Products)

- Most of the specialists in place
- Further acquisitions under review

Sea Transport Management / STM (carrier management)

Volume development within target



Growth initiatives – status update (cont'd)

Additional focus

LCL

Global team in place

Small- and medium-sized customers

Trade lane focus



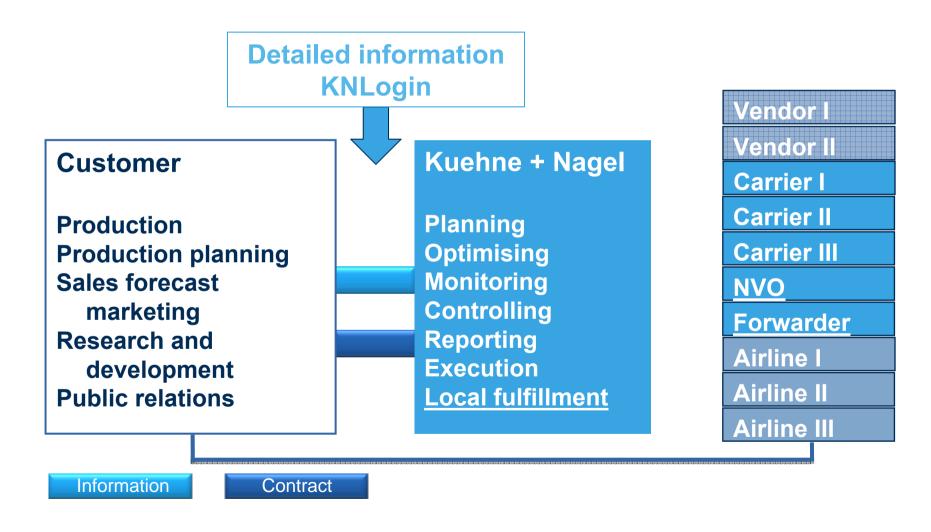
Productivity initiatives

Goal: Increase productivity by 5% every year

Main focus 1 Further carrier integration Today 80% EDI bookings / add. EDI processes 2 Customer e-Booking Today 5%, target 25% 3 New operating software SeaLog / start roll-out in 2013 4 Paperless operation 5 Shared service centers

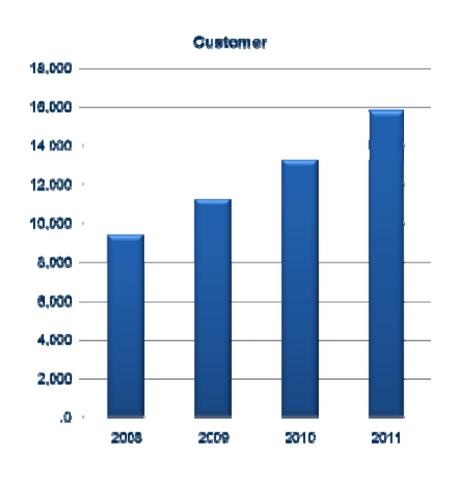


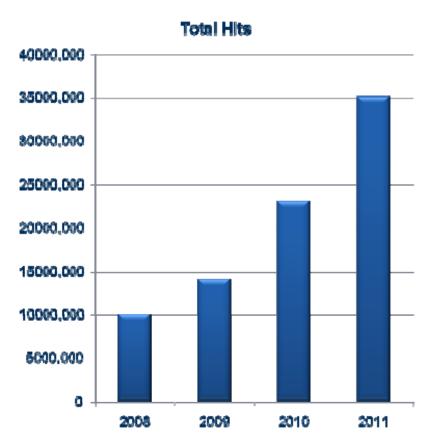
KNLogin: a recognised solution





KNLogin: a recognised solution (cont'd)









Capital Markets Day 2011 Airfreight Logistics

Tim Scharwath

Executive Vice President, Kuehne + Nagel International AG September 14, 2011



Personal background – Tim Scharwath

- 1992 joined Kuehne + Nagel Germany
- 1992 to 2004 various positions in Germany in Sales and General Management
- 2004 to 2007 Senior Vice President Airfreight Logistics Central Europe
- 2007 to 2009 National Manager Netherlands
- 2009 to 2011 Regional Manager North West Europe
- Since September 1, 2011: Executive Vice President Airfreight,
 Management Board member of Kuehne + Nagel International AG





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Case study: e-Commerce solution



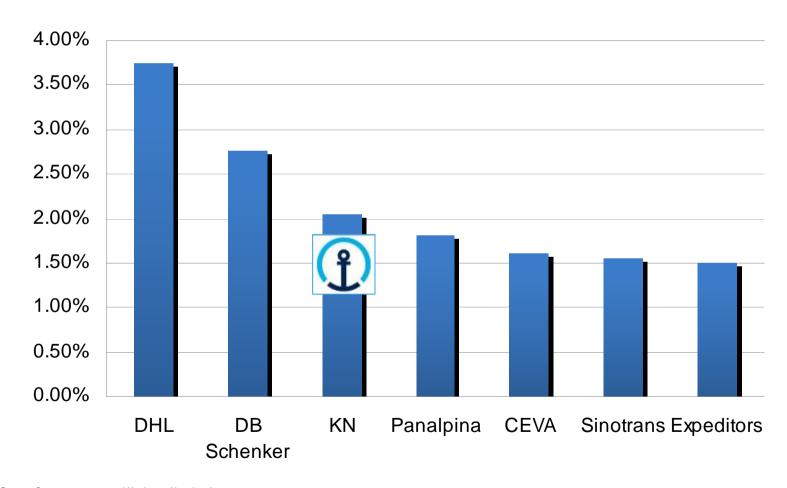
Global Airfreight market

- Slowing growth (last 3 months declining volumes)
- Increasing overcapacity
- Market rate volatility steadily growing
- Airline profitability forecast 2011 halved to USD 4 billions (IATA 2010: USD 18 billions)



Kuehne + Nagel Top 3 worldwide - challenging № 2

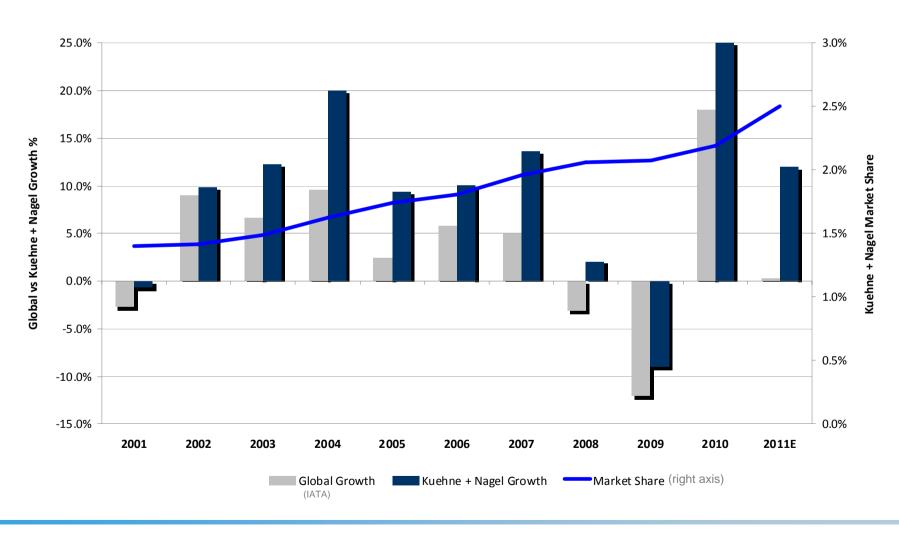
Market share 2010 based on turnover



Source: Company reports and Kuehne + Nagel estimates



Kuehne + Nagel outperforming the market since 2001





Airfreight growth initiatives

Goal: Maintain Nº 3 market position, challenge Nº 2
Volume increase of more than 50% (2009 to 2014)

1 Transpacific development 2 Intra-Asia development 3 Business solutions: Perishables Logistics Pharma Logistics 4 Airfreight products: e-Commerce



Growth initiatives – status update

Transpacific

- Development team complete
- Delayed start-up

Intra-Asia

- Sales team not yet completed
- Volume development delayed

Pharma logistics

- Experienced pharma team in place
- Significantly improved sales pipeline



Growth initiatives – status update (cont'd)

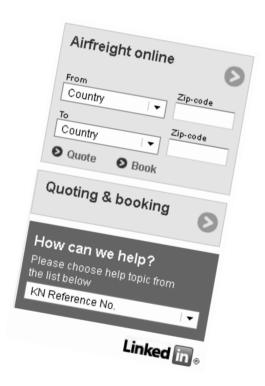
Perishables

- South America: acquisition (Translago) January 2011
 - Leader in South America
 - Fully integrated
- Europe: acquisition (van de Put) September 2011
 - EU leading platform secured
 - Kuehne + Nagel can now offer door-to-door services
- 2011 estimated 220,000 t
 - Further acquisitions outside of Europe would make
 Kuehne + Nagel global market leader



Case study: e-Commerce solution

"Air Logistics Online" – easy-to-use quotation, booking & tracking solution



- Target: small- and medium-sized customers
- Volume growth from customer segments currently not targeted
- Productivity improvement
- Focus on new generation of buyers of logistics services





Capital Markets Day 2011 Kuehne + Nagel Germany

Hans-Georg Brinkmann Regional Director Central Europe September 14, 2011



Success story from different perspectives

History & Culture

Customers

Seafreight

People

Airfreight

Processes &

Road & Rail

Economic Environment

Market & Competition

Contract **Logistics**



Overview - history



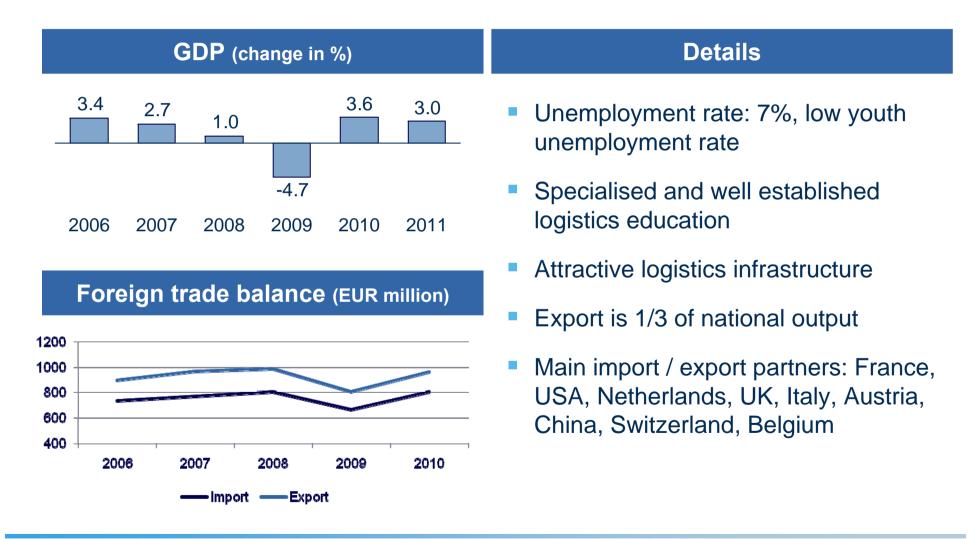




- "Homebase" founded in 1890
- > 100 locations
- Approx. 10.000 employees
- Low staff turnover and strong focus on talent management
- EUR 4 billion turnover expected for 2011
- Over 19.000 customers
- Industry focus (amongst others):
 - Automotive
 - Technology & Aerospace
 - Pharma
- Strong growth also driven by acquisitions



Attractive logistics market

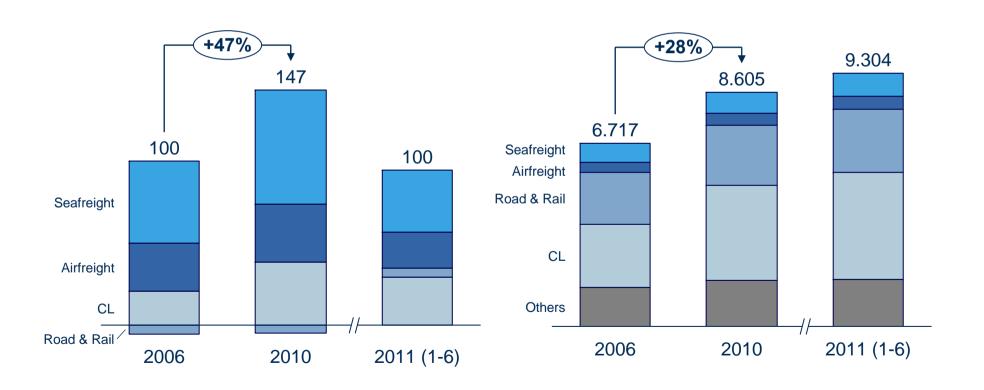




Key contributor to the Group's growth and performance

Continuous growth (EBIT Index) ...

... driven by people (FTE)





Improved market penetration

Number of customers (Turnover) Top 5 customers (Turnover) 18.500 16.000 18.500

2009

2005

2006

2007

2008

2009

2010 2011

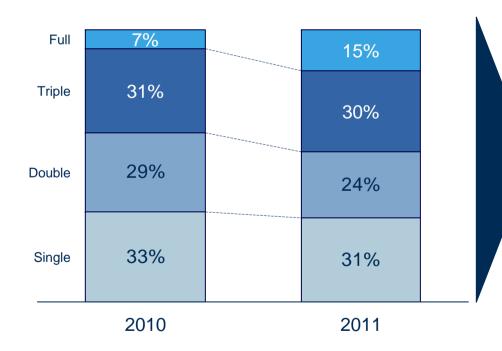
2011

2010



Cross-selling

Our target: "one stop shopping"



Cross-selling as growth driver

- Industry-focus supports strong position
- Acquisitions with strong cross-selling impact
- Global key account management in other regions supports Germany



Seafreight and Airfreight – market positions

Seafreight market position



Growth opportunities & challenges

- Strong market position in the important outbound east /west trade lanes
- Focus on forest products and dedicated automotive approach
- Centralised intermodal operations to optimise in- & outbound container flows
- Improvement of processes & workflows to increase productivity and quality

Airfreight market position



Growth opportunities & challenges

- Strong growth even in a mature market with a market share of 12% (Top 3 together: 38%)
- Focus on vertical markets, e.g. Pharma, Automotive
- Increase of productivity by implementing paperless processes



Road & Rail and Contract Logistics – market positions

Road & Rail market position¹⁾



Growth opportunities & challenges

- Further development of European network
- Strong focus on product development in vertical markets, e.g. Pharma
- Successful M&A integration
- Concentration on cross-selling
- Increasing productivity by implementation of unified IT-systems

Contract Logistics market position¹⁾



Growth opportunities & challenges

- Experienced management in all areas (IT, Implementation, Operations, ...) in place
- Focus on "Operational Excellence" and customer satisfaction through best practices
- Balance between organic and non-organic growth
- Sound customer mix
- Efficiency improvements through campus concept

¹⁾ Kuehne + Nagel estimates



Our key success factors

Market perspective

Top market position

Still hungry

Thinking differently

Entrepreneurs, not managers

People perspective

Be proud

Attract & retain

Encourage young talents

Driven by diversity





Capital Markets Day 2011 Road & Rail Logistics | Contract Logistics

Dirk Reich

Executive Vice President, Kuehne + Nagel International AG September 14, 2011







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Road & Rail Logistics

Contract Logistics

Conclusion



The Kuehne + Nagel business units in comparison

(in CHF million, June YTD)

Sea Logistics

Air Logistics

Contract Logistics*

Road & Rail Logistics











GP: 625

GP: 396

GP: 1'475

GP: 438

EBIT: 210

EBIT: 121 (31%)

EBIT: 56 (15%)

EBIT: (1) (0%)

(54%)

ROCE CL: 23%

ROCE: n/a

ROCE: > 100% ROCE: > 100%

ROCE RE: 4%

Why does Kuehne + Nagel invest outside Sea & Air?



Preconditions for global integrated, end-to-end logistics

Preconditions

- IT competence "end to end"
- Process competence "end to end"
- Global standards "end to end"
- Cost competitiveness of Contract Logistics, Road & Rail (local scale)
- Direct operational control
- Quality assurance "end to end"



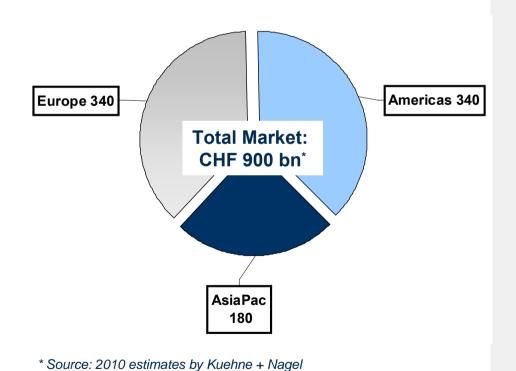
End-to-end capabilities



Global Road Logistics - market and trends

Geographic split of global market

in CHF billion



Key trends

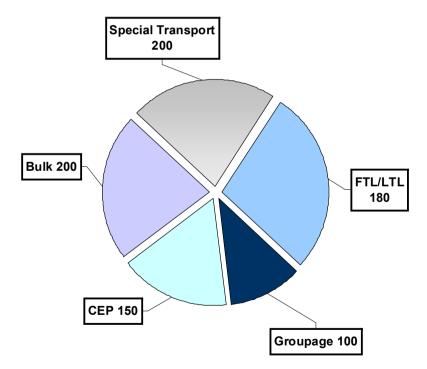
- Industry consolidation in Europe continues
- Financial crisis leads to pressure in Southern Europe
- South America and Asia: strong growth to continue



Global Road Logistics - market and trends (cont'd)

Segment split of global market

in CHF billion



^{*} Source: 2010 estimates by Kuehne + Nagel

Key trends

- CEP providers gain market share due to e-Commerce and trend to smaller, high frequency shipments
- FTL / LTL segment shows start of industry consolidation
- Groupage margins under pressure from CEP and FTL / LTL
- → Kuehne + Nagel to focus on Specialised Networks, FTL / LTL and Groupage



Kuehne + Nagel Road Logistics: turnover growth

	Specialised Networks	FTL / LTL	Groupage
European Domestic		5%	0 - 5%
European International	5 - 10%	20%	10%
Americas / Asia		>20%	

Focus on international transportation in Europe



Kuehne + Nagel Road Logistics: EBITA margins

	Specialised Networks	FTL / LTL	Groupage
European Domestic		0 - 2%	<0%
European International	>2%	3 - 4%	0 - 2%
Americas / Asia		0 - 3%	

High margin potential in Specialised Networks and FTL / LTL



Recent Developments Kuehne + Nagel Road Logistics

Specialised Networks

- Organic growth of high tech network
- Organic growth of pharma network

FTL / LTL

- Acquisition of Grupo Eichenberg / Brazil
- Start of FTL / LTL traffics in China organically and for Air, Sea and Contract Logistics' customers
- European
 Transportation Control
 Center go-live
 Luxembourg
- Organic growth with key accounts

Groupage

- Acquisition of RH Freight (international groupage)
- Improved results in France
- Stable IDS alliance and positive results in Germany
- Challenges in Greece
- Development of European hub & spoke system



Outlook Kuehne + Nagel Road Logistics

 Growth to continue through combination of organic development and selected, small acquisitions

 Investments in high growth regions / countries to continue despite start-up losses

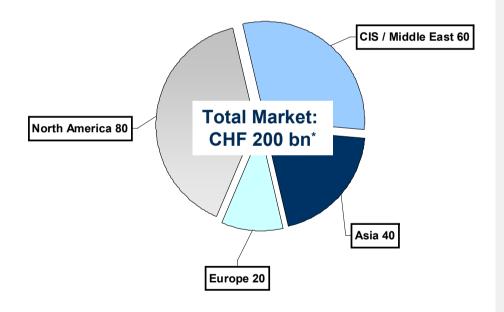
 Margins to become positive through tight cost control, scale and higher growth in FTL / LTL



Global Rail Logistics - market and trends

Geographic split of global market

in CHF billion



* Source: 2010 estimates by Kuehne + Nagel

Key trends

- Sustainability and CO₂-reduction as key driver for rail business
- Shortage of equipment
- Limitations of rail infrastructure
- Intermodal business becomes key growth area



Outlook Rail Logistics

Increased demand between Asia and Europe



 First Kuehne + Nagel test-train from Chongqing to Duisburg expected for end of 2011



Global Contract Logistics – market and trends

Market size and share

Market size

EUR >200 bn globally

Kuehne + Nagel market share

approx. 1.5%

Market growth

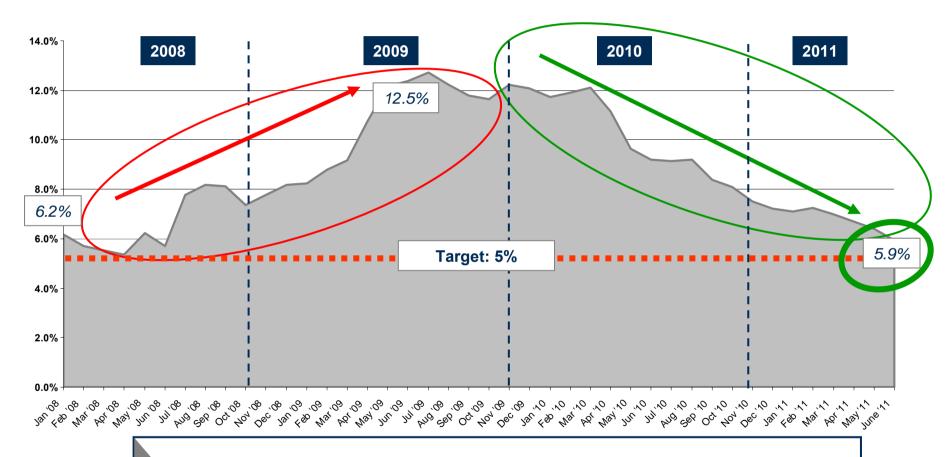
2011: + 3%

Market trends

- Multinational customers reduce number of suppliers due to increased demand for consistent, global service offering
- "Lean" becomes prerequisite for success
- Margins stable on low level
- Wincanton has been broken-up,
 DHL loses market share
- → Industry consolidation has lost momentum



Contract Logistics – development of idle space

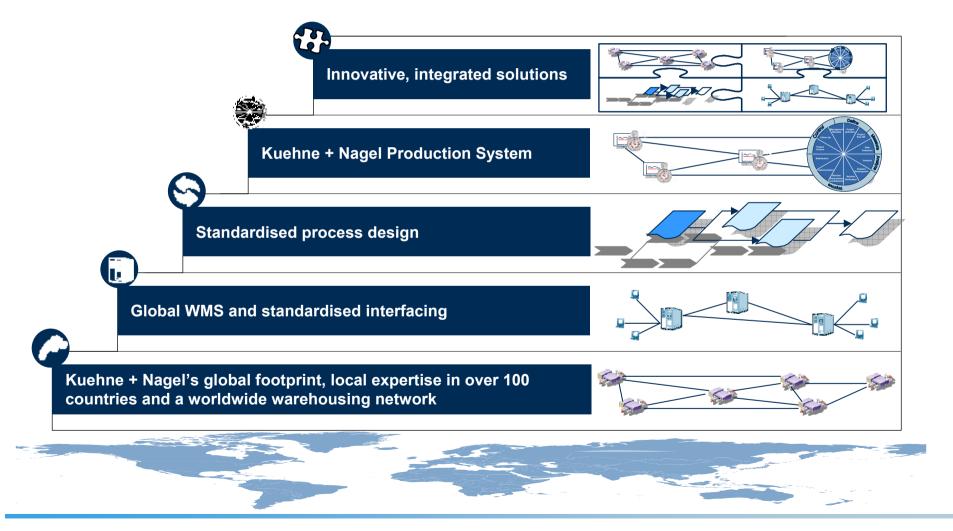


Significant reduction of idle space, targeting all time low



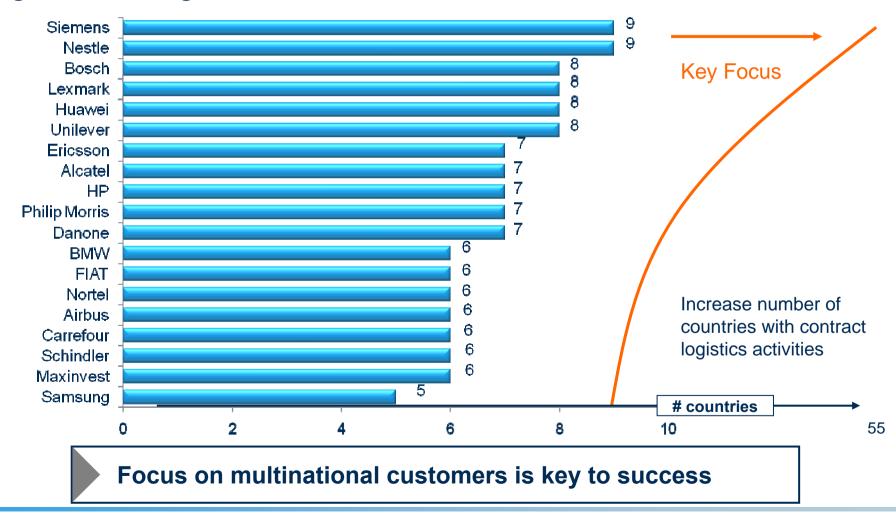
Contract Logistics – Kuehne + Nagel platform

Reliable, best-in-class logistics worldwide





Contract Logistics - growth through systematic cross-regional selling





Strategic goals – global IT standards

Example: CIEL WMS / TMS

CIEL WMS / TMS	2001	3/2008	9/2009	9/2010	9/2011
Release Countries Customers	# 1	# 28	# 34	# 37	# 39
	1	42	>50	>50	>50
	1	450	>600	>700	>750

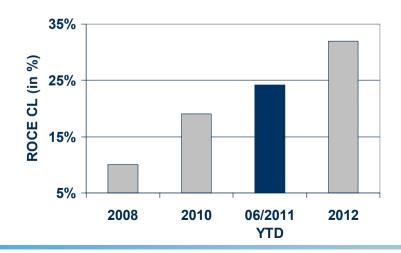
Kuehne + Nagel:

The only company with a standard WMS / TMS in >50 countries



Outlook Contract Logistics

- Focus on margin improvements
- Growth and investments focused on multinational customers and integrated logistics
- Focus on dedicated and larger logistics campuses at strategic locations
- Target ROCE above 30% in short-term





Global Lead Logistics - market and trends

- Complex and globalised logistics chains cover 10 20% of the logistics market
- Customers tend to outsource logistics management to avoid huge investments / learning curve challenges
- Industry-specific know-how is key to manage global chains across all service modes and geographies
- A limited number of global logistics players can deliver upon the integrated and industry dedicated requirements

Kuehne + Nagel will further invest into Lead Logistics



Value proposition **Lead Logistics** – overview key benefits for customers

- One managed end-to-end solution integrating all transport and service modes
- Visibility and comprehensive information
- Performance management and cost control
- Single point of contact
- Integrated global IT solution, including centralised billing
- Synergies from shared control center environment

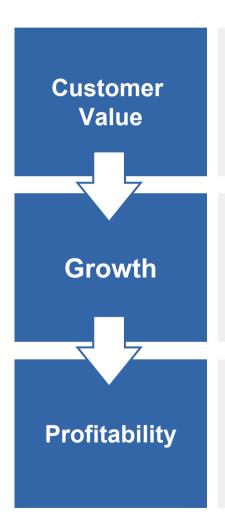
Generation of additional value

and

growth for Sea, Air, Road & Rail and Contract Logistics



Why integrated end-to-end logistics, instead of Sea & Air only?



- Customer proposition to cover increasingly complex and global logistics needs
- Reducing customers total supply chain cost (end-to-end)
- End-to-end quality assurance
- Cross-selling across all business fields
- Cross-selling across all regions
- Several years of evidence
- Long standing and tight relationship with customers (IT)
- Kuehne + Nagel requires each segment to be profitable on it's own
- Integrated logistics leads to better margins in Sea & Air



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

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