



## Result 2006 – Analyst Conference

March 12, 2007



**Klaus Herms, CEO**

**Gerard van Kesteren, CFO**



## Agenda

- Welcome and Highlights 2006 Gerard van Kesteren
- Operating Review 2006 Klaus Herms
- Financial Review 2006 Gerard van Kesteren
- Outlook 2007 Klaus Herms



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## The Global Logistics Network

- Over 46'000 employees
- 830 locations in more than 100 countries
- Ownership of the global network
- Non-asset based in Sea & Air and Rail & Road Logistics; 18% of logistic centers company owned
- Turnover 2006: CHF 18.2 billion; EBITDA: CHF 855 million



## Performance Total Group

*CHF million*

	2004	2005	2006	Change 06/05
<b>Invoiced turnover</b>	<b>11'563</b>	<b>14'049</b>	<b>18'194</b>	<b>30%</b>
Forwarding expenses	(9'241)	(11'280)	(12'942)	
<b>Gross profit</b>	<b>2'323</b>	<b>2'769</b>	<b>5'253</b>	<b>90%</b>
<i>Gross profit-Margin</i>	20.1%	19.7%	28.9%	
Total expenses	(1'849)	(2'208)	(4'397)	
<b>EBITDA</b>	<b>474</b>	<b>562</b>	<b>855</b>	<b>52%</b>
<i>EBITDA-Margin</i>	4.1%	4.0%	4.7%	
Depreciation	(92)	(83)	(150)	
Amortisation Intangibles	(64)	(50)	(104)	
<b>EBIT</b>	<b>318</b>	<b>429</b>	<b>601</b>	<b>40%</b>
<i>EBIT-Margin</i>	2.7%	3.1%	3.3%	
Financial Result/Joint Ventures	27	17	0	
<b>EBT</b>	<b>344</b>	<b>446</b>	<b>601</b>	<b>35%</b>
<i>EBT-Margin</i>	3.0%	3.2%	3.3%	
Tax	(104)	(128)	(142)	
<b>Earnings after tax</b>	<b>241</b>	<b>318</b>	<b>459</b>	<b>44%</b>
Minority interest	(3)	(3)	(1)	
<b>Net Earnings for the year</b>	<b>238</b>	<b>315</b>	<b>458</b>	<b>46%</b>



# Segment Reporting

## By Business Unit

<i>CHF million</i>	<u>Turnover</u>		<u>Gross Profit</u>		<u>EBITDA</u>		<u>Variance</u>
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
- Seafreight	7'503	8'306	944	1'138	264	373	41%
- Airfreight	3'011	3'386	527	599	139	166	19%
- Rail & Road Logistics	2'095	2'474	400	458	29	37	26%
- Contract Logistics	1'333	3'916	865	3'019	70	188	170%
- Real Estate	5	4	6	4	48	75	54%
- Insurance Brokers	102	108	28	34	11	16	50%
<b>Total Group</b>	<b>14'049</b>	<b>18'194</b>	<b>2'770</b>	<b>5'252</b>	<b>562</b>	<b>855</b>	<b>52%</b>

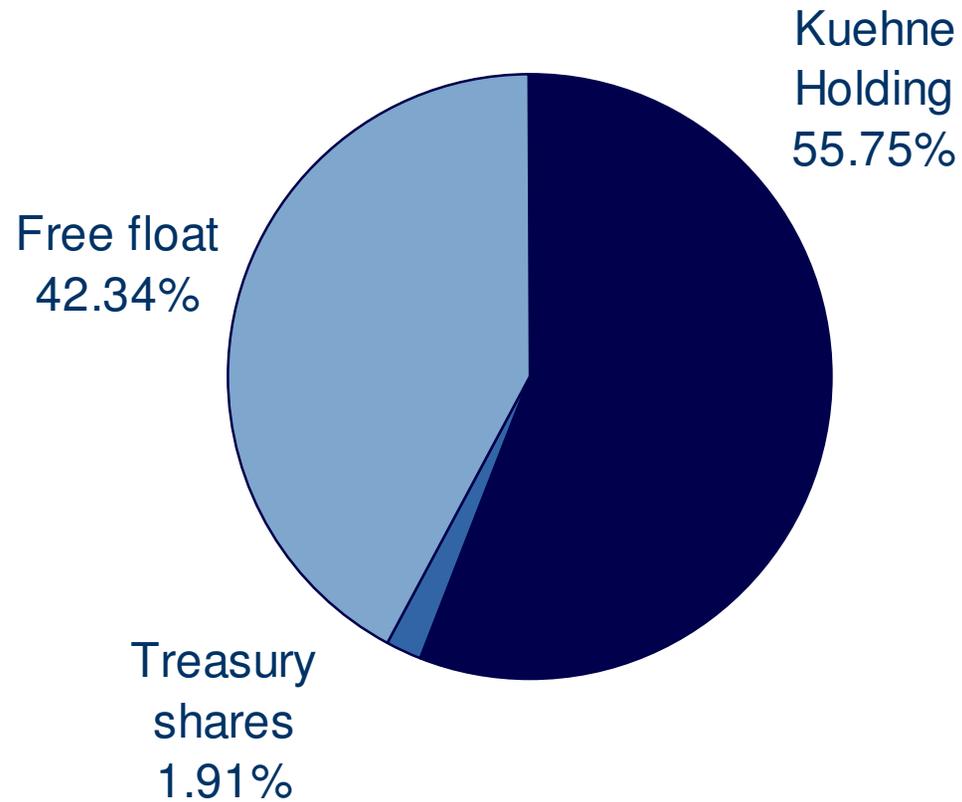


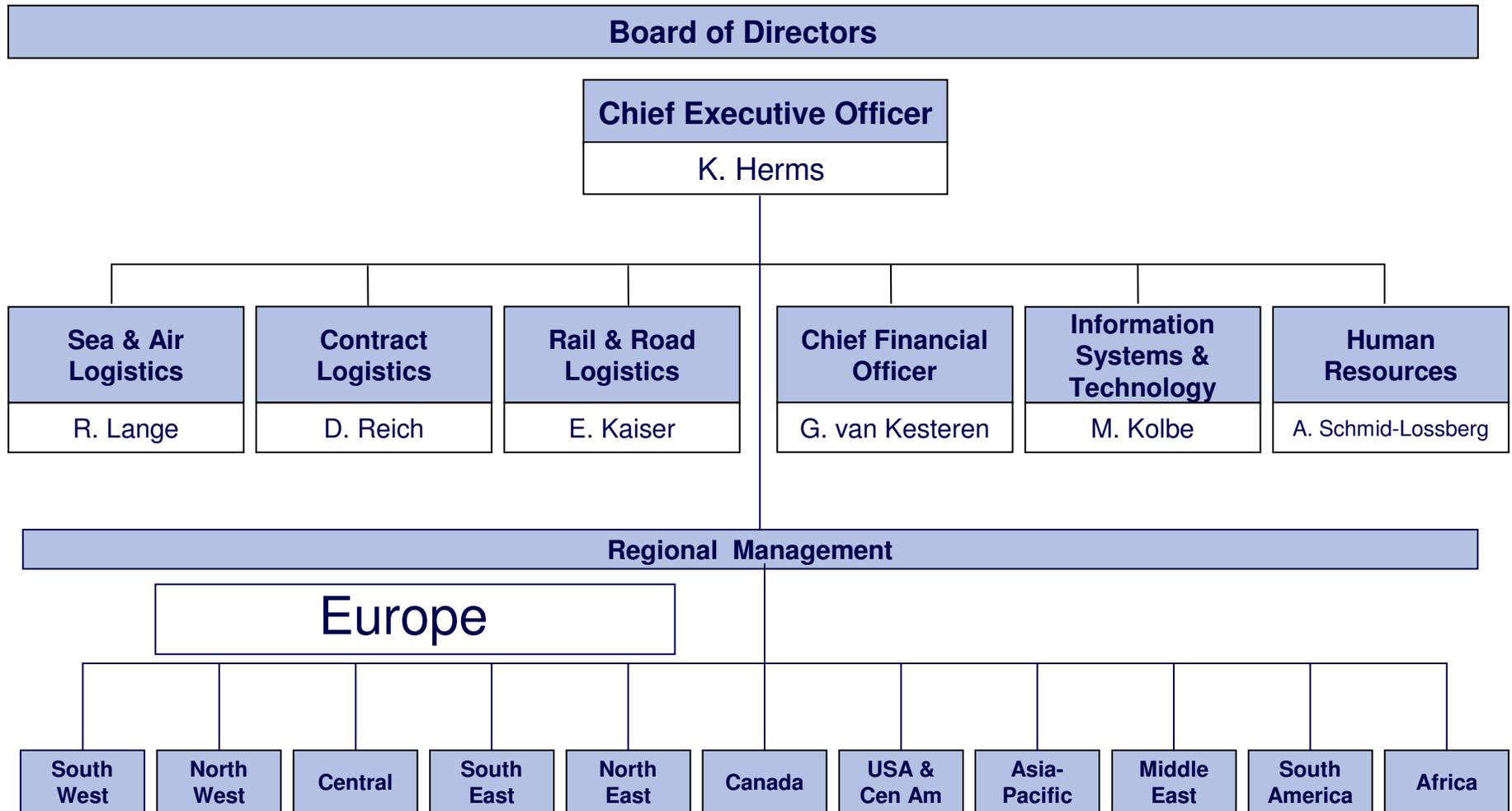
## Highlights 2006

<u>CHF million</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
- Gross Profit	2'323	2'769	5'253
- EBITDA	474	562	855
- Net earnings	238	315	458
- Cash & cash Equivalents	398	1'125	600
<b><u>Per share</u></b>			
- EPS	2.09	2.87	3.90
- Dividend	0.90	1.10	1.50
Equity % Total assets	28.2	37.9	34.6
Operational Cash Flow	488	575	857



## Shareholders Structure Kuehne + Nagel December 2006







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## Main events 2006

- Consolidation Logistics Industry
- Kuehne + Nagel



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## Consolidation in the Logistics Industry

Kuehne + Nagel	➔	ACR
DHL	➔	Exel
Schenker	➔	Bax Global
DSV	➔	Frans Maas
PWC / Agility	➔	Geologistics
Panalpina	➔	IPO
Apollo Management	➔	TNT Logistics / CEVA
Geodis	➔	TNT Freight Mgt (Ex-Wilson)



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## Key events Kuehne + Nagel 2006

### Business

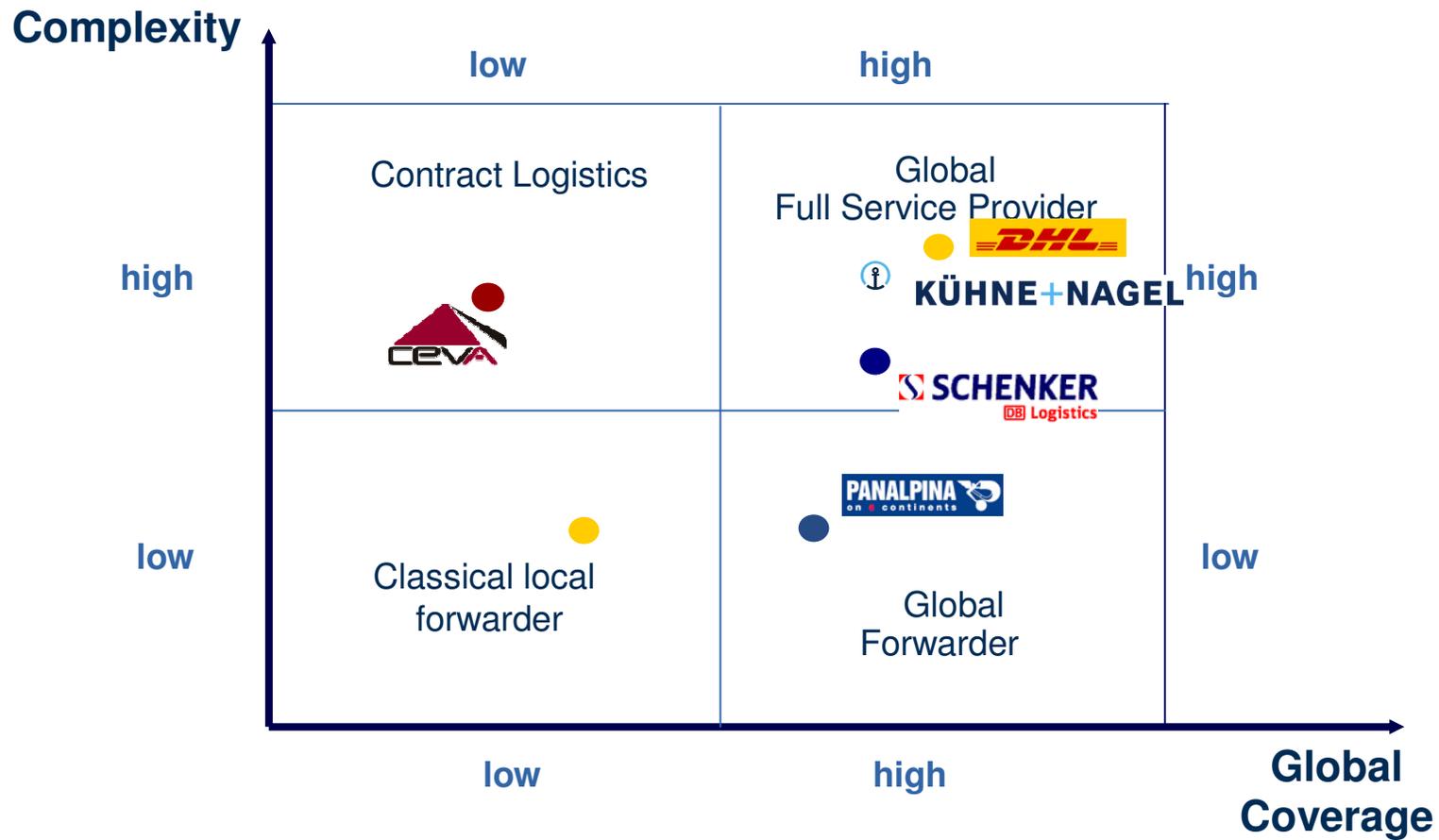
- Excellent Performance Sea & Air Logistics
- Integration ACR Acquisition successfully completed with strong organic growth in Contract Logistics
- Continued build up of European Logistics Network

### Finance

- Capex below Budget
- Improved Net Working Capital control
- Further reduction tax rate to 24%



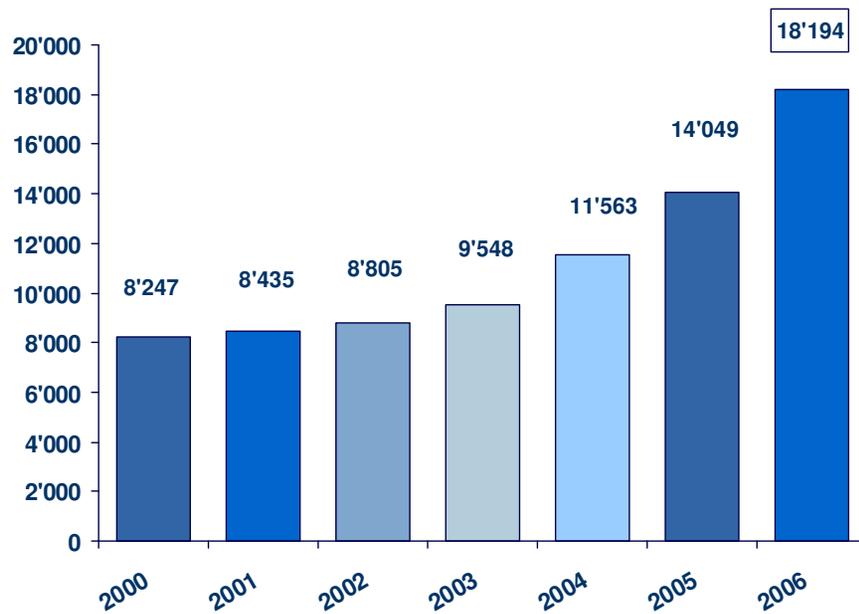
# Positioning of Logistics Providers



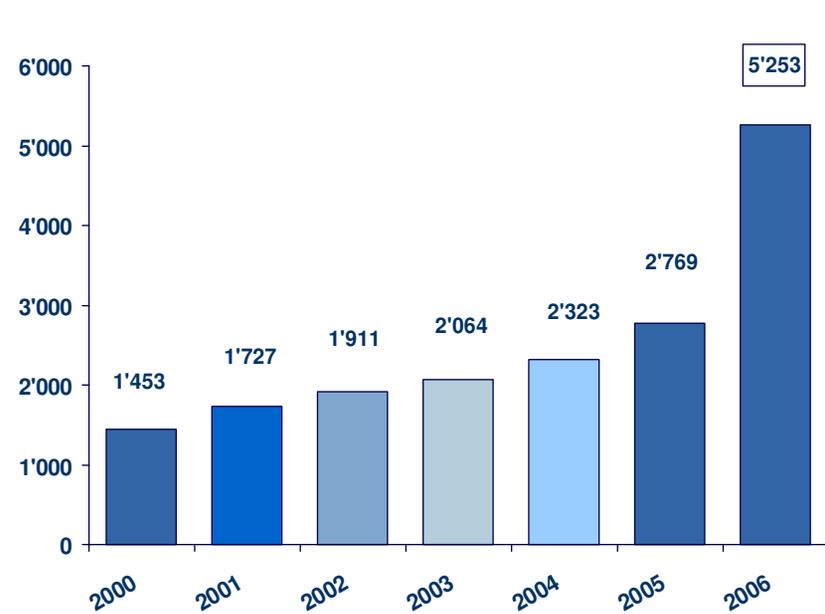


# Financial Performance 2000 – 2006 (CHF million)

## Turnover



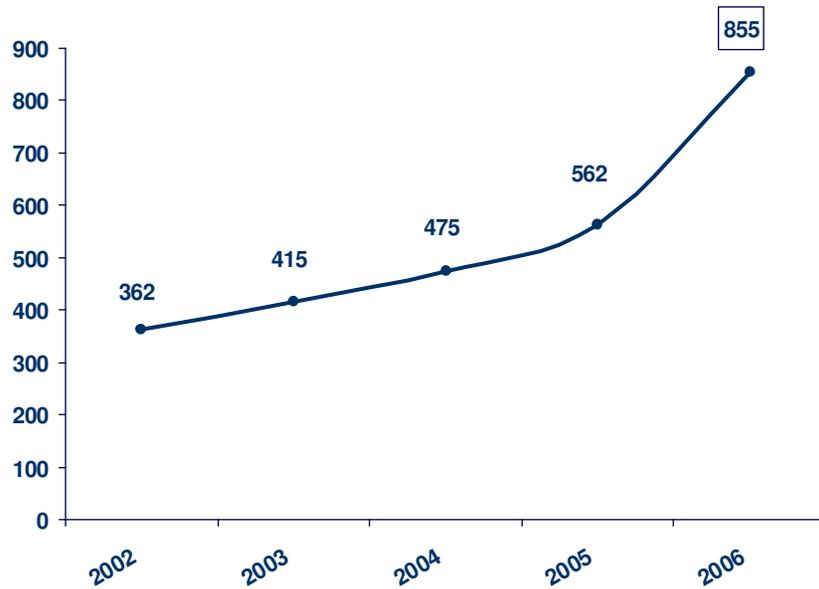
## Gross Profit



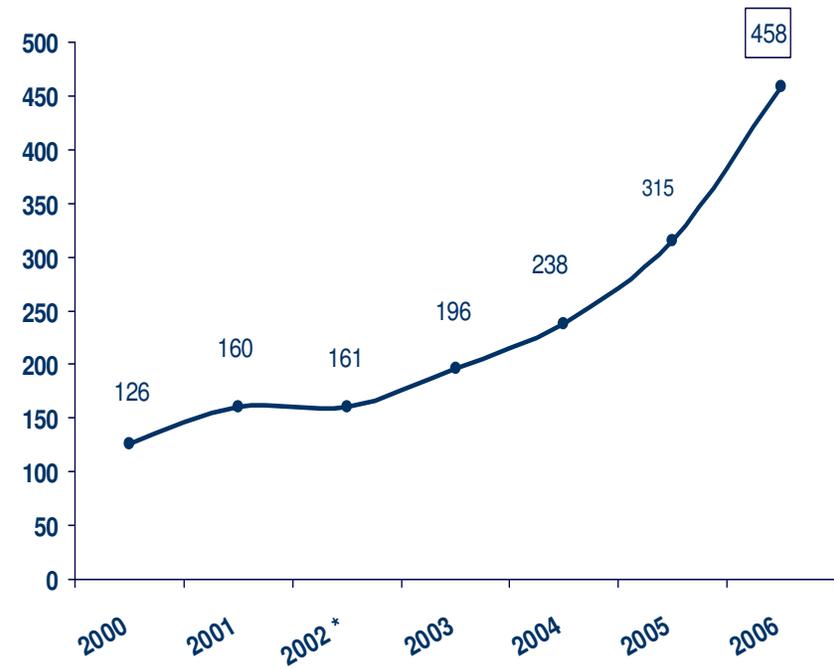


Financial Performance 2000 – 2006 (CHF million)

**EBITDA**



**Net Earnings**

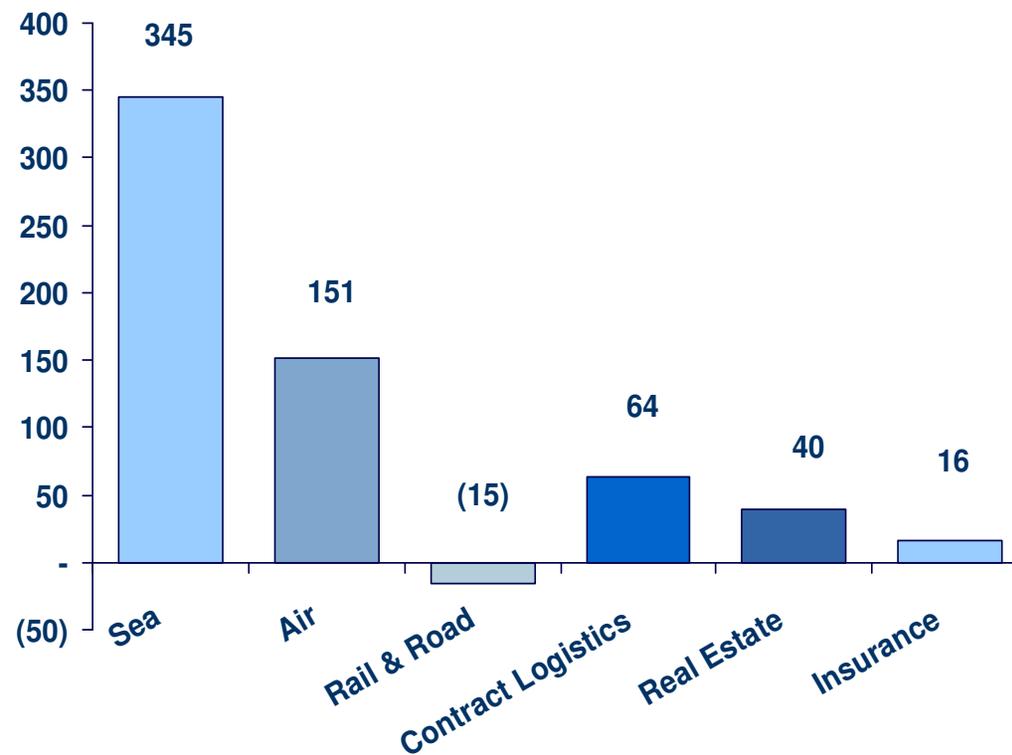


\* Excl. impairment



## Financial Performance 2006 (CHF million)

### EBIT





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## Industry Dynamics

- ➔ Accelerating Globalization
- ➔ Logistics Outsourcing
- ➔ Reallocation Production Facilities
- ➔ Consolidation via Global providers
- ➔ Continuously increased IT requirements



Competitive Environment 2006

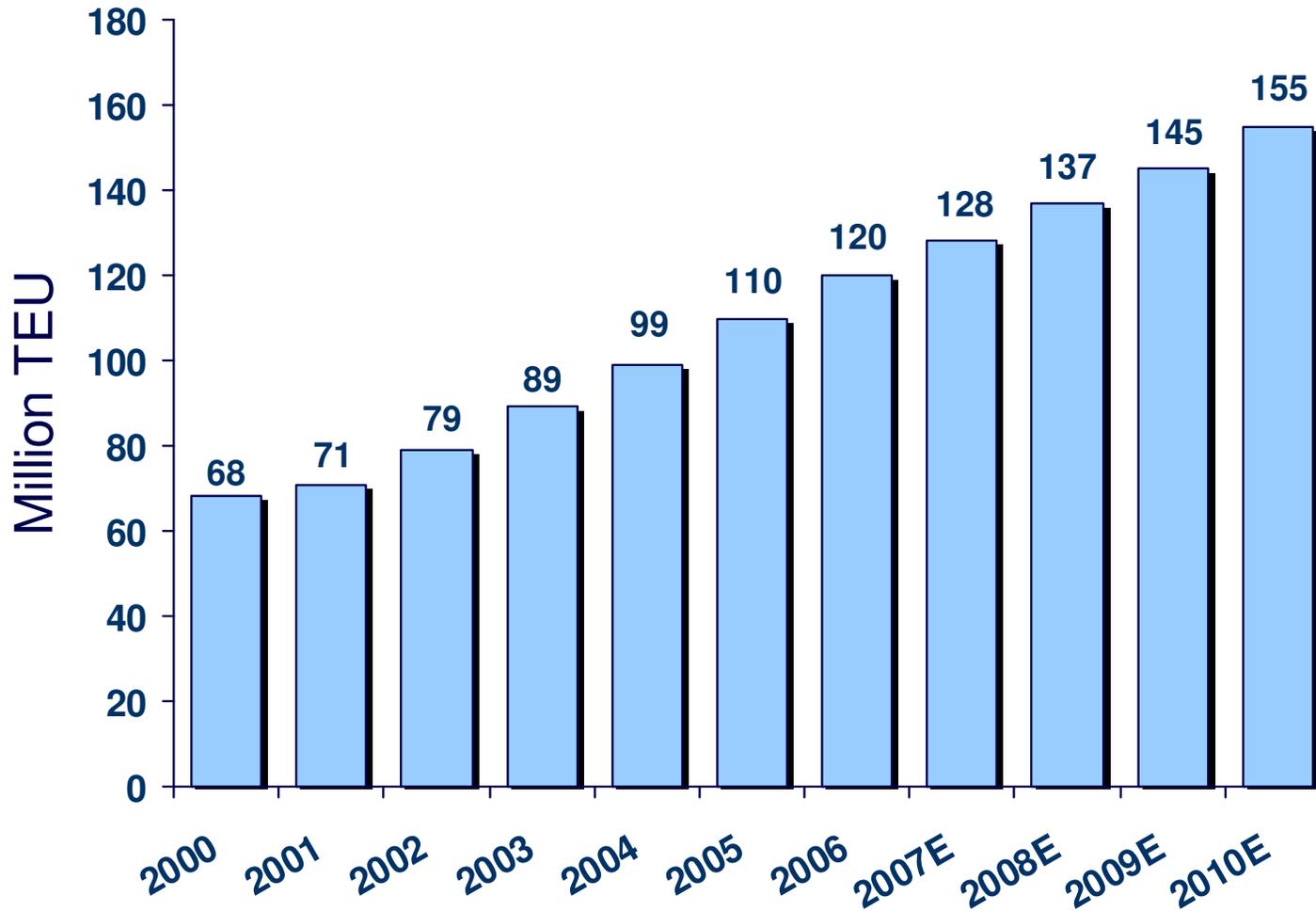
Business Field					
- Seafreight	1	2	3	4	-
- Airfreight	4	1	2	3	-
- Contract Logistics	3	1	5	-	2
- European Overland	7	2	1	-	-



Seafreight

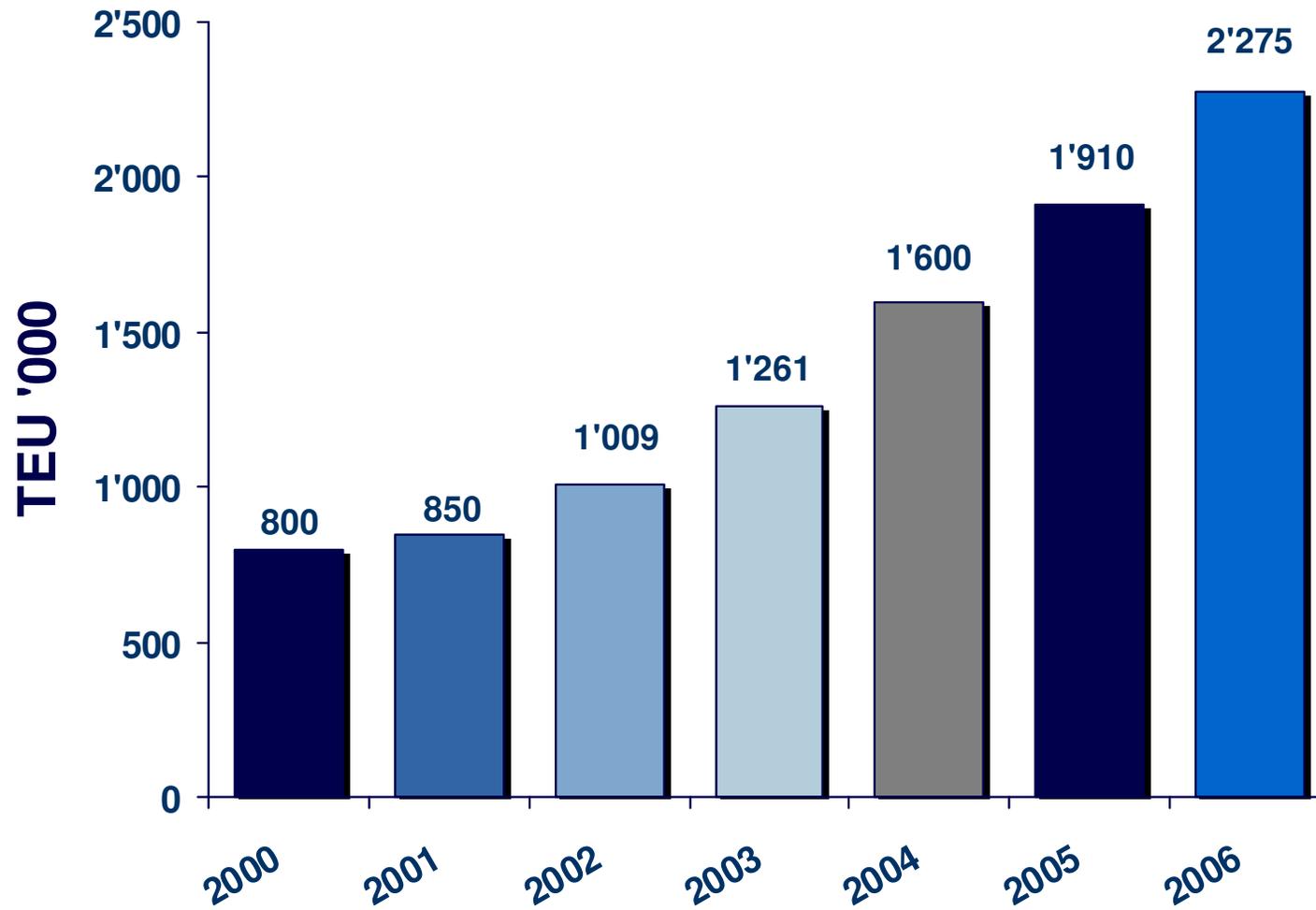


## World Container Traffic





## Seafreight TEU performance 2000-2006





## Performance Business Field Seafreight

<i>CHF million</i>	2004	2005	2006	Change 05/06
<b>Invoiced turnover</b>	6'111	7'503	8'305	11%
Forwarding expenses	(5'330)	(6'559)	(7'167)	
<b>Gross profit</b>	781	944	1'138	21%
<i>Gross profit-Margin</i>	12.8%	12.6%	13.7%	
Total expenses	(577)	(680)	(765)	
<b>EBITDA</b>	204	264	373	41%
<i>EBITDA-Margin</i>	3.3%	3.5%	4.5%	
Depreciation	(17)	(15)	(18)	
Amortisation Intangibles	(7)	(6)	(10)	
<b>EBIT</b>	180	243	345	42%
<i>EBIT-Margin</i>	2.9%	3.2%	4.2%	
EBIT / GP Margin	23.0%	25.7%	30.3%	
<b>TEU '000's</b>	1'600	1'910	2'275	19%



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## Performance Business Field Seafreight

### 2006 Review

- Growth double the market (19% vs 9%), while maintaining Gross Profit Margin
- Ongoing cost management reflects material leverage effect, resulting in EBIT margin at record level of 4.2%

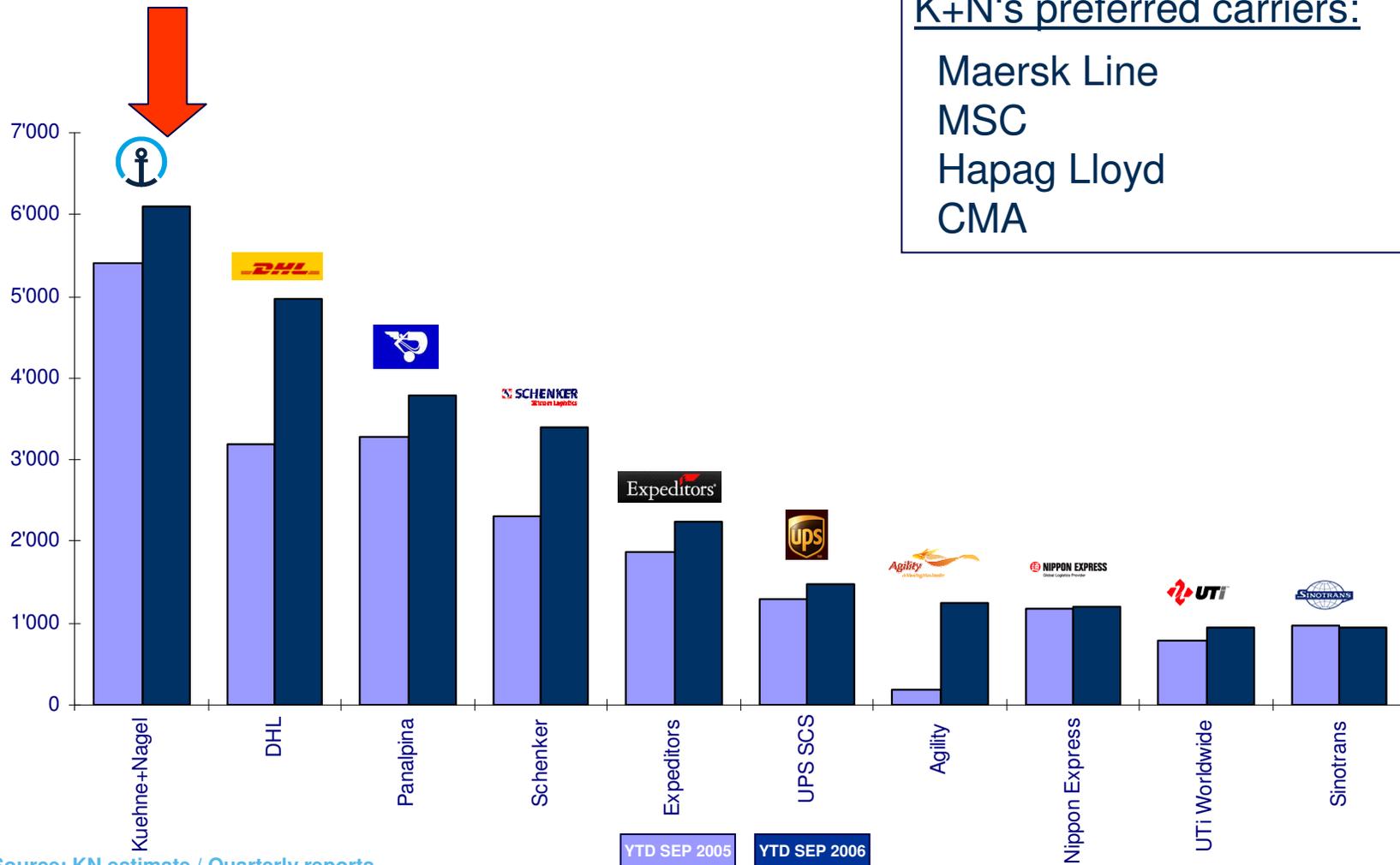
### 2007 Outlook

- Continued imbalanced Trade lane esp. ASIA-EUR-ASIA and ASIA-America-ASIA
- Capacity increase of 13%
- Rate development Asia Trade stable or up; Transatlantic and South America difficult environment



# Market Position Seafreight

Revenue in CHF million



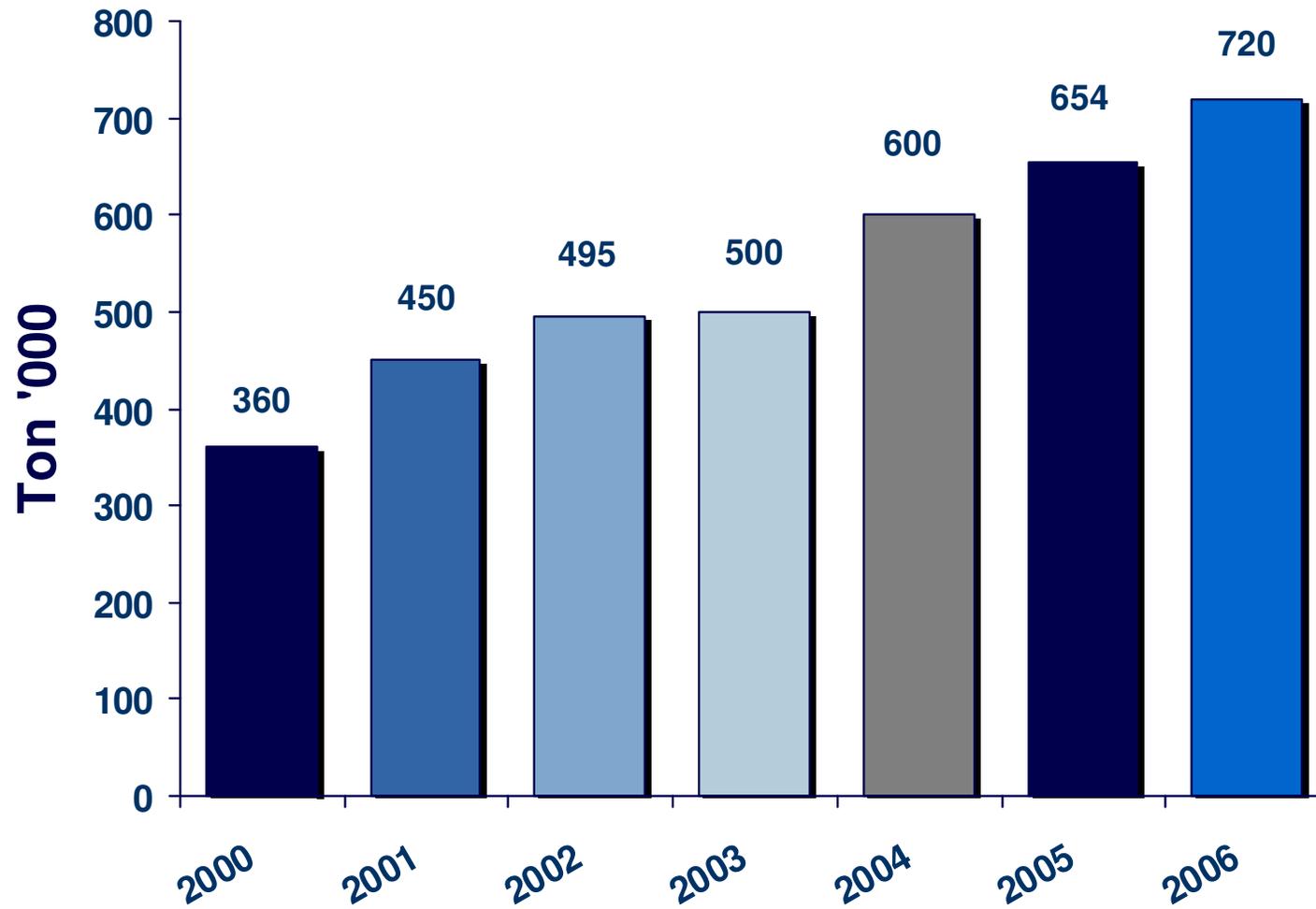
Source: KN estimate / Quarterly reports



Airfreight



## Airfreight Ton performance 2000-2006





## Performance Business Field Airfreight

<i>CHF million</i>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Change 05/06</b>
<b>Invoiced turnover</b>	<b>2'601</b>	<b>3'010</b>	<b>3'386</b>	<b>13%</b>
Forwarding expenses	(2'125)	(2'483)	(2'788)	
<b>Gross profit</b>	<b>476</b>	<b>527</b>	<b>598</b>	<b>14%</b>
<i>Gross profit-Margin</i>	18.3%	17.5%	17.7%	
Total expenses	(350)	(388)	(433)	
<b>EBITDA</b>	<b>126</b>	<b>139</b>	<b>165</b>	<b>19%</b>
<i>EBITDA-Margin</i>	4.8%	4.6%	4.9%	
Depreciation	(9)	(9)	(5)	
Amortisation Intangibles	(8)	(6)	(9)	
<b>EBIT</b>	<b>109</b>	<b>124</b>	<b>151</b>	<b>22%</b>
<i>EBIT-Margin</i>	4.2%	4.1%	4.5%	
EBIT / GP Margin	22.9%	23.5%	25.3%	
<b>Volume Ton '000's</b>	<b>600</b>	<b>654</b>	<b>720</b>	<b>10%</b>



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## Performance Business Field Airfreight

### 2006 Review

- Growth double the market (10% vs. 4.6%) with stable Gross Profit margin
- Via ongoing cost management, EBIT margin at record level of 4.5%

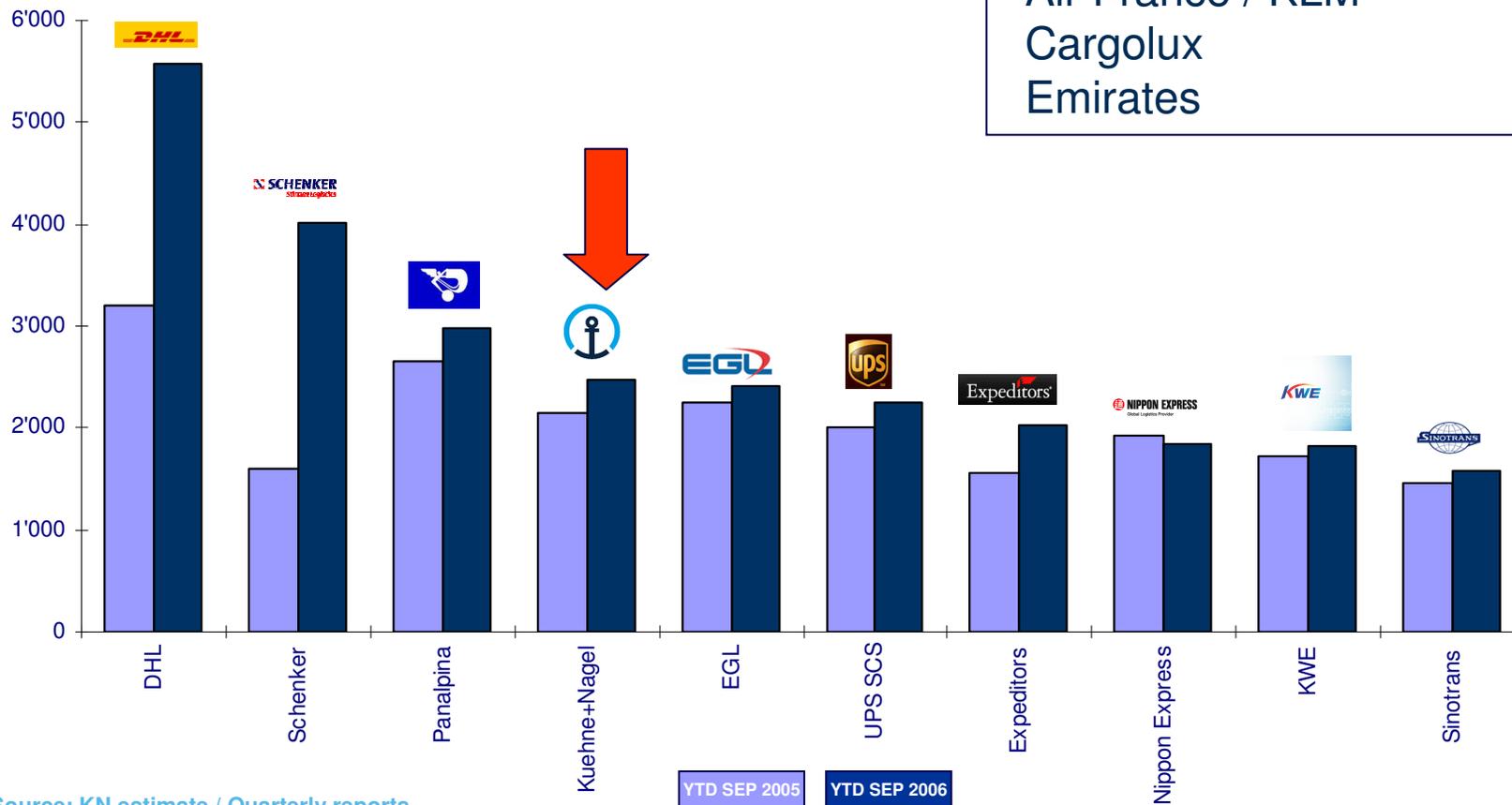
### 2007 Outlook

- Market Growth 5%
- Overall difficult rate environment



Market Position Airfreight  
Revenue in CHF million

K+N's preferred carriers:  
Lufthansa  
Air France / KLM  
Cargolux  
Emirates



Source: KN estimate / Quarterly reports

**KUEHNE+NAGEL**



**Rail & Road Logistics**



## Performance Business Field Rail & Road Logistics

<i>CHF million</i>	2004	2005	2006	Change 05/06
<b>Invoiced turnover</b>	<b>1'588</b>	<b>2'094</b>	<b>2'474</b>	<b>18%</b>
Forwarding expenses	(1'311)	(1'694)	(2'016)	
<b>Gross profit</b>	<b>277</b>	<b>400</b>	<b>458</b>	<b>14%</b>
<i>Gross profit-Margin</i>	17.4%	19.1%	18.5%	
Total expenses	(236)	(371)	(421)	
<b>EBITDA</b>	<b>41</b>	<b>29</b>	<b>37</b>	<b>25%</b>
<i>EBITDA-Margin</i>	2.6%	1.4%	1.5%	
Depreciation	(10)	(14)	(12)	
Amortisation Intangibles	(24)	(29)	(40)	
<b>EBIT</b>	<b>7</b>	<b>(14)</b>	<b>(15)</b>	
<i>EBIT-Margin</i>	0.4%	(0.7%)	(0.6%)	



## Performance Business Field Rail & Road Logistics

### 2006 Review

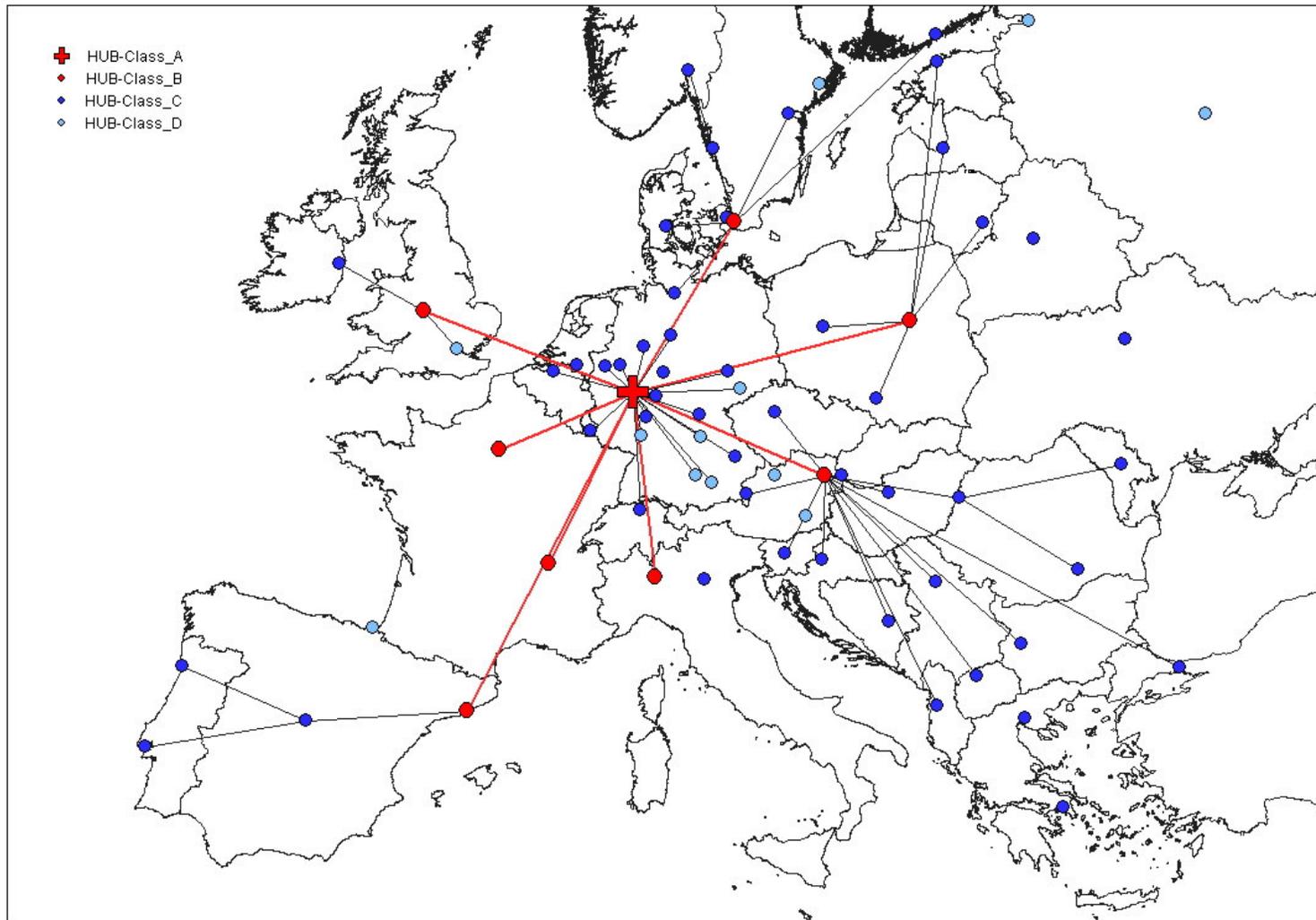
- Volume / Revenue Growth 18% of which forex 2%, Acquisition 8% and organic growth 8%
- Slight improvement of EBITDA margin to 1.5%
- Accelerated amortisation of intangibles of € 40 million

### 2007 Outlook

- Hub system connecting 80 K+N stations in place as of 1/3/07
- Continued growth via combination of acquisitions and organic growth
- Elimination Agents and transferred to K+N network; remaining 8 countries
- Reduction amortisation on existing intangibles to € 15 million
- Roll-out of standard IT application



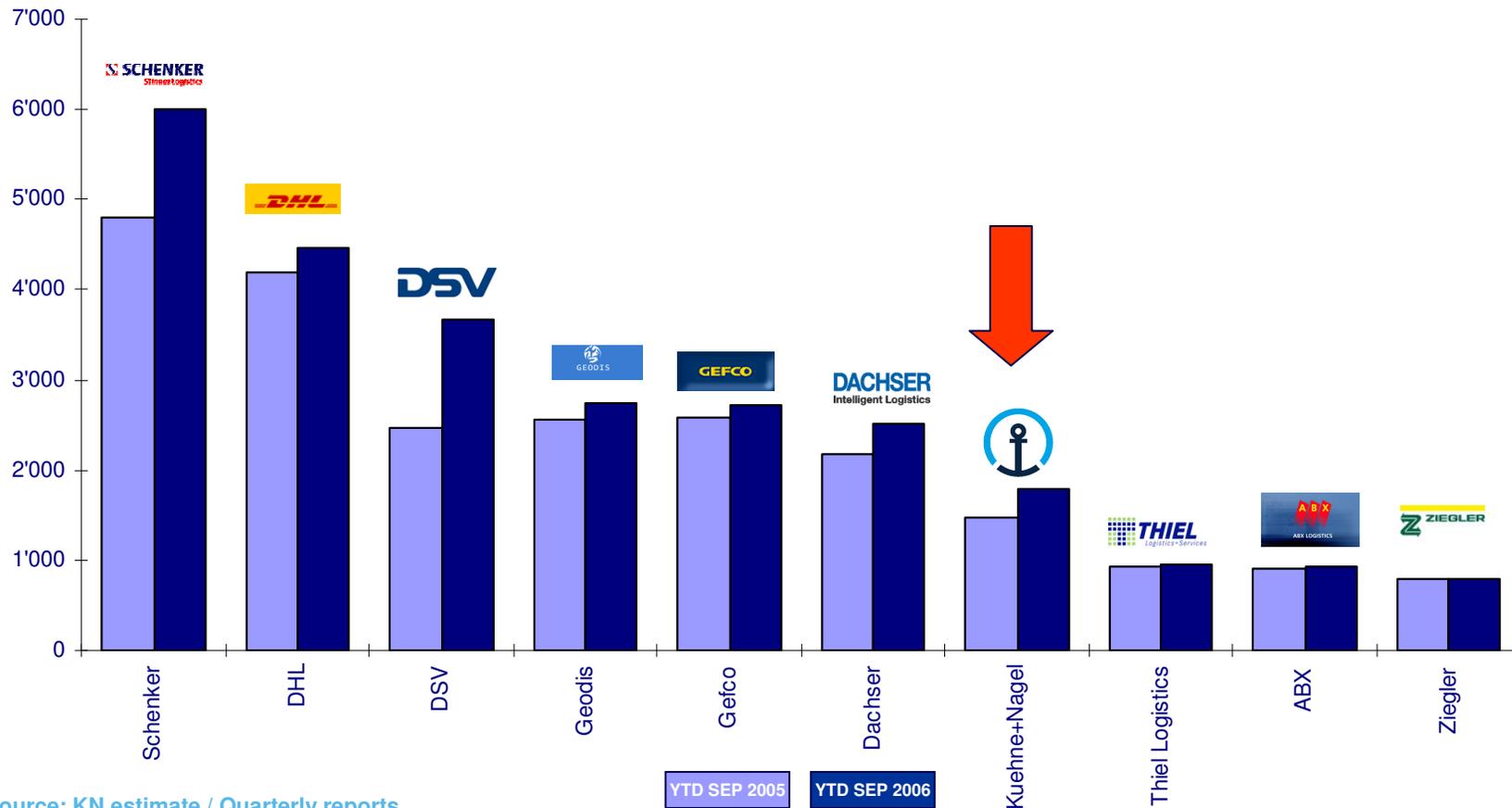
# Hub Concept





# Market Position Rail & Road Logistics

Revenue in CHF million



Source: KN estimate / Quarterly reports



## Contract Logistics



## Performance Business Field Contract Logistics

<i>CHF million</i>	2005	2006	Change
<b>Invoiced turnover</b>	<b>1'333</b>	<b>3'916</b>	<b>194%</b>
Forwarding expenses	(468)	(898)	
<b>Gross profit</b>	<b>865</b>	<b>3'018</b>	<b>249%</b>
<i>Gross profit-Margin</i>	64.9%	77.1%	
Total expenses	(795)	(2'830)	
<b>EBITDA</b>	<b>70</b>	<b>188</b>	<b>169%</b>
<i>EBITDA-Margin</i>	5.3%	4.8%	
Depreciation	(28)	(84)	
Amortisation Intangibles	(9)	(40)	
<b>EBIT</b>	<b>33</b>	<b>64</b>	<b>93%</b>
<i>EBIT-Margin</i>	2.5%	1.6%	
<i>EBIT-Margin (excl Amortisation/incl Real Estate)</i>	5.6%	3.8%	



## Performance Business Field Contract Logistics

### 2006 Review

- ACR integration as per plan
- 15% organic growth of traditional K+N business with impact on short term profitability
- Material part of 2006 growth realised with existing customers moving into new markets
- EBIT margin excl. amortisation / incl. Real Estate within plan (3.8%)

### 2007 Outlook

- Organic growth through innovative solutions
- Globalisation in Contract Logistic started; K+N in 50 countries represented



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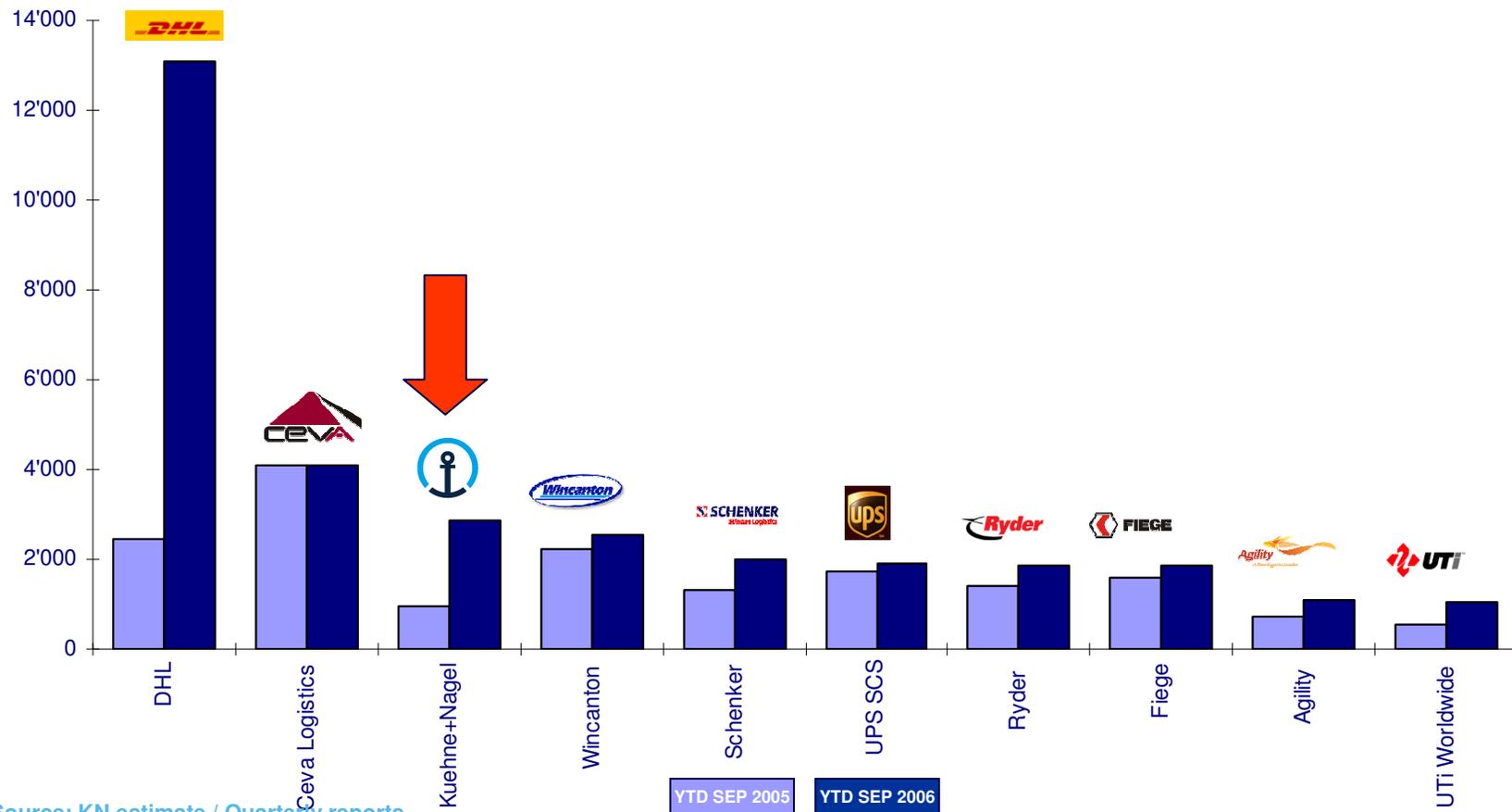
## Update ACR Integration

- Integration of this complementary acquisition covering Contract Logistics in 11 european countries with app. 15'000 staff finalised
- No main customer / key staff left
- New customer contracts have been signed with ACR customers outside the 11 country territory and a further material contract with Scottish Newcastle was signed.



# Market Position Contract Logistics

Revenue in CHF million



Source: KN estimate / Quarterly reports



## Performance Business Field Real Estate

<i>CHF million</i>	<b>2005</b>	<b>2006</b>	<b>Change</b>
<b>Invoiced turnover</b>	6	4	<b>(33%)</b>
Forwarding expenses	0	0	
<b>Gross profit</b>	6	4	<b>(33%)</b>
Total expenses	42	71	
<b>EBITDA</b>	48	75	<b>56%</b>
Depreciation	(16)	(30)	
Amortisation Intangibles	0	(5)	
<b>EBIT</b>	32	40	<b>25%</b>



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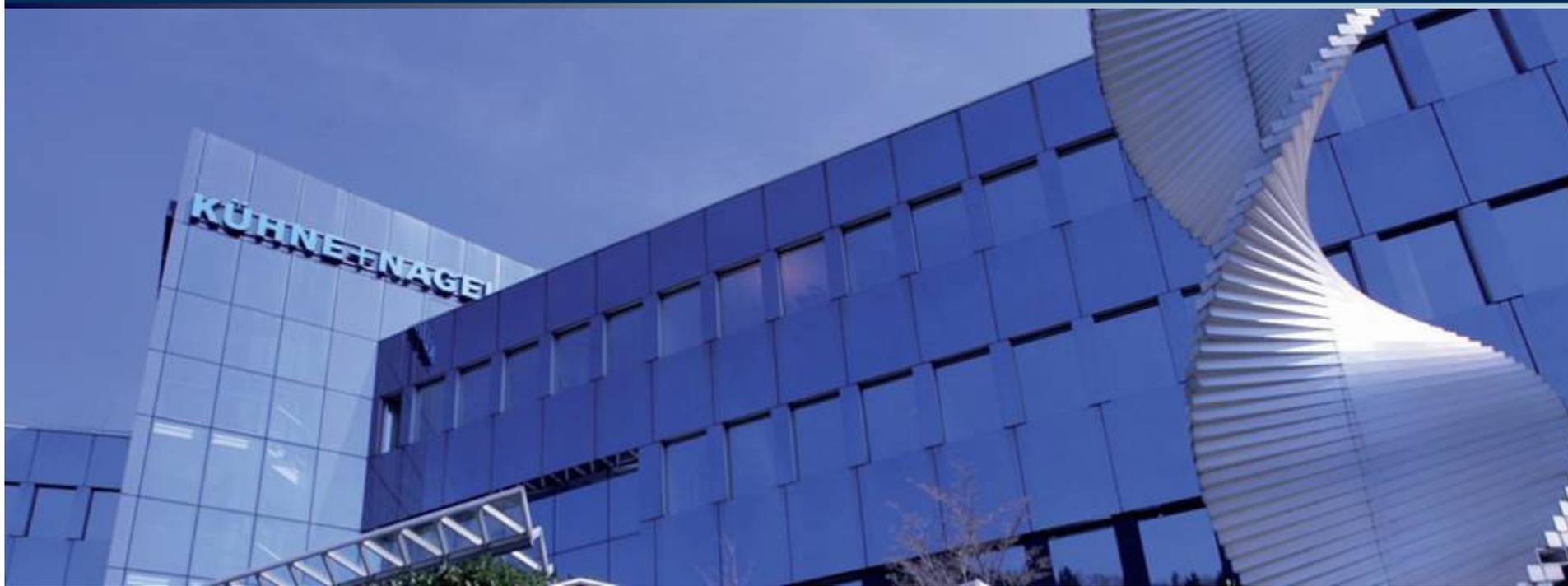
## Performance Business Field Real Estate

### 2006 Review

- New business field as of 2006, with comparable figures 2005
- Objective to create more transparency and secure arm-length intercompany pricing
- Capital employed of app. CHF 850 million represents ownership of 18% of logistic units

### 2007 Outlook

- possible sale and lease back of 25 locations to upgrade the Real Estate portfolio



## Consolidated Financial Statements 2006



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## Basis for Consolidation 2006

- As per International Reporting Standards (IFRS)
- Income statement and cash flow at average rates
- Balance sheet at year-end rates
- Impairment intangibles CHF 6.4 million
- IFRS 3 “Business Combinations” adopted since 2004



## Currency Development CHF

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Feb</u> <u>2007</u>
<b><u>Balance Sheet</u></b>					
<b>Euro</b>	1.56	1.54	1.56	1.61	
<b>US Dollar</b>	1.24	1.13	1.32	1.22	
<b><u>Income Statement</u></b>					
<b>Euro</b>	1.52	1.55	1.55	1.58	1.62
<b>US Dollar</b>	1.34	1.24	1.24	1.26	1.23



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## Main Changes in Consolidation Scope 2006

- ACR Group of companies mainly allocated to Contract Logistics
- Greece now 100% Kuehne + Nagel subsidiary
- Baltic / E.M. Trans
- Cuba / Flete Caribe SA



## Income Statement

<i>CHF million</i>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	$\Delta$
Turnover	11'563	14'049	18'194	30%
Gross profit	2'323	2'769	5'253	90%
EBITDA	474	562	855	52%
EBIT *	318	429	601	40%
Net earnings	238	315	458	46%
% Turnover	2.1%	2.2%	2.5%	
* incl. amort. intangibles / goodwill	64	50	104	



# Segment Reporting

## By Business Unit

<i>CHF million</i>	<u>Turnover</u>		<u>Gross Profit</u>		<u>EBITDA</u>		<u>Variance</u>
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
- Seafreight	7'503	8'306	944	1'138	264	373	41%
- Airfreight	3'011	3'386	527	599	139	166	19%
- Rail & Road Logistics	2'095	2'474	400	458	29	37	26%
- Contract Logistics	1'333	3'916	865	3'019	70	188	170%
- Real Estate	5	4	6	4	48	75	54%
- Insurance Brokers	102	108	28	34	11	16	50%
<b>Total Group</b>	<b>14'049</b>	<b>18'194</b>	<b>2'770</b>	<b>5'252</b>	<b>562</b>	<b>855</b>	<b>52%</b>



## Segment Reporting

### By Region

<i>CHF million</i>	<u>Turnover</u>		<u>Gross Profit</u>		<u>EBITDA</u>		<u>Variance</u>
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
- Europe	8'578	12'092	1'613	3'924	291	529	82%
- Americas	3'297	3'601	729	824	123	154	25%
- Asia Pacific	1'344	1'541	322	386	125	155	24%
- Middle East, Africa	829	960	105	119	22	17	(22%)
<b>Total Group</b>	<b>14'049</b>	<b>18'194</b>	<b>2'769</b>	<b>5'253</b>	<b>562</b>	<b>855</b>	<b>52%</b>



## Reconciliation (CHF Mio.)

	<u>2005</u>	<u>Forex</u>	<u>Acq.</u>	<u>Organic Growth</u>	<u>2006</u>
Turnover	<b>14'049</b>	316	2'580	1'249	<b>18'194</b>
Gross profit	<b>2'769</b>	97	1'933	453	<b>5'253</b>
<b>EBITDA</b>	<b>562</b>	15	151	128	<b>855</b>
<b>EBIT</b>	<b>429</b>	9	42	121	<b>601</b>
<b>EBT</b>	<b>446</b>				<b>602</b>
<b>Net earnings</b>	<b>315</b>				<b>458</b>
<b>Staff</b>	<b>25'607</b>	-	14'105	6'578	<b>46'290</b>



## Impact Acquisitions 2006 (CHF Mio.)

	<u>Sea</u>	<u>Air</u>	<u>Rail &amp; Road</u>	<u>Contract Logistics</u>	<u>Real Estate</u>	<u>Total</u>
Turnover	22	6	170	2'383	0	<b>2'580</b>
Gross profit	2	1	27	1'902	0	<b>1'932</b>
<b>EBITDA</b>	1	0	7	112	31	<b>151</b>
Depreciation	0	0	0	(47)	(8)	<b>(55)</b>
Amortisation	(3)	0	(14)	(31)	(5)	<b>(53)</b>
<b>EBIT</b>	<b>(2)</b>	0	<b>(8)</b>	34	18	<b>42</b>
<b>Staff</b>	19	10	297	13'779	0	<b>14'105</b>



## Development Working Capital Kuehne + Nagel Group

<i>CHF Mio</i>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
A/R	1'277	1'713	2'259
Work in progress	211	271	283
Subtotal	1'488	1'984	2'542
A/P	(619)	(830)	(1'111)
Accrued Expenses	(498)	(626)	(853)
Net Working Capital	<u>371</u>	<u>528</u>	<u>578</u>
% of Revenue	3.2%	3.8%	3.2%
<u>KPI's</u>			
- DSO	35.6	38.8	41.4
- DPO	38.4	41.1	51.2
- Work in progress	5.6	5.8	5.5



## Capital Expenditure in fixed assets

<i>CHF Mio</i>	<u>2004</u>	<u>2005</u>	<u>2006</u>
- Europe	85	163	189
- Americas	10	14	38
- Asia Pacific	5	7	15
- Middle East/Central Asia and Africa	8	5	5
<b>Total fixed assets</b>	<u><b>107</b></u>	<u><b>189</b></u>	<u><b>246</b></u>
Sea	11	15	13
Air	10	13	5
Rail & Road	20	23	24
Contract Logistics	15	38	92
Real Estate	51	100	112
<b>Total fixed assets</b>	<u><b>107</b></u>	<u><b>189</b></u>	<u><b>246</b></u>



## Return on Capital Employed 2006

	CHF mio		ROCE
	EBIT	Capital Employed	
• Seafreight	345	135	> 100%
• Airfreight	151	157	96.3%
• Rail & Road	(15)	(24)	-
• Contract Logistics	64	542	11.8%
• Real Estate	40	851	4.7%
• Insurance Brokers	16	15	> 100%
<b>TOTAL</b>	<b>601</b>	<b>1'677</b>	<b>35.8%</b>



## Concept Amortisation of Intangibles

IFRS 3 “Business Combination” applicable as of 1-4-2004 does not allow any more to amortise Goodwill over a number of years. However Goodwill, representing the Purchase Price minus Net Asset Value of a Target, can be (partly) allocated as Intangible Assets and amortised over it’s useful life. K+N, as one of the exceptions in the industry, is adopting this rule since then.



## Amortisation of Intangibles

<u>CHF mio</u>	Actual		Plan
	2005	2006	2007 *
- Seafreight	6	10	10
- Airfreight	6	9	6
- Rail & Road	29	40	15
- Contract Logistics	9	40	35
- Real Estate	-	5	5
<b>TOTAL</b>	<b>50</b>	<b>104</b>	<b>71</b>

\* without impact of new acquisitions



## Corporation Tax

<u>CHF Mio</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
- Earnings before Tax	344	445	601
- Tax charge	103	127	142
- Effective Tax Rate	30%	28%	24%



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## Financial Targets 2007

- Continue to distribute 40% as Dividend
- Net Working Capital at app. 3.5% of Revenue
- Capex capped at Depreciation/Amortisation current year
- Tax rate 26 - 27%



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## Corporate Timetable 2007

### Date

12.03.2007	- Press Conference 2006 result - Analyst Conference 2006 result
23.04.2007	Q1 2007 result
02.05.2007	Annual General Meeting
10.05.2007	Dividend payout
24.07.2007	Q2 2007 result
23.10.2007	Q3 2007 result



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Next Main Events:

- 23.04.07 → Q1 2007 result
- 27.04.07 → Kühne + Nagel Investor's day



## Investor's Day, Friday 27. April 2007 UBS Conference Center London

<b>Time</b>	<b>Presentation</b>	<b>Speaker</b>
09:30	Registration and Welcome Coffee	
10:00	General Introduction	Klaus Herms / Gerard van Kesteren
10:30	Customer presentation: Scottish New castle	Guest Speaker
11:00	Refreshment Break	
11:20	Rail & Road Logistics	Ewald Kaiser
12:00	Case Study IT - key value driver in global logistic business	Otto Schacht
12:30	Buffet Lunch	
13:30	Customer presentation: Hewlett Packard	Guest Speaker
14:00	Contract Logistic	Dirk Reich
14:30	Sea & Air Logistics	Reinhard Lange
15:00	Refreshment Break	
15:15	Case study ACR integration	Gerard van Kesteren / Peter Ulber
15:30	Q&A	Klaus Herms
16:00	Cocktail and canape reception	
17:00	End of Investor Day	



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## Outlook 2007

### General

- Focus specifically on “BRIC” countries (Brazil, Russia, India, China)
- Utilize the cross selling potential between the Business Units
- Continue to implement Kuehne+Nagel’s IT strategy

### Sea & Air Logistics

- Double the market growth with stabil operating margins

### Rail & Road Logistics

- Continue to implement Kuehne+Nagel’s strategy to reach a Revenue level of CHF 5 bln in the next two to three years

### Contract Logistics

- Organic Growth of 8%; maintaining operating margins



## Disclaimer

### **Investing in the shares of Kuehne + Nagel International Ltd. involves risks.**

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

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