

# CAPITAL MARKETS DAY 2017

*Wednesday,  
September 20, 2017  
London*

**KUEHNE+NAGEL**



Capital Markets Day 2017 – Wednesday, September 20, 2017

# AGENDA

Time	Presentation	Room	Speaker
09.00	ARRIVAL / REGISTRATION		
09.30	WELCOME		
09.30 – 10.00	KN*NEXTGEN		<i>Detlef Trefzger, CEO</i>
10.00 – 10.30	FINANCE UPDATE		<i>Markus Blanka-Graff, CFO</i>
10.30 – 10.45	Q & A		
10.45 – 11.00	COFFEE BREAK		
11.00 – 11.45	GSK / Q & A		<i>Rob Coyle, VP, NA Pharma Supply Chain &amp; Global Logistics</i>
11.45 – 12.30	MAERSK / Q&A		<i>Soren Skou, CEO</i>
12.30 – 13.30	LUNCH		
13.30 – 14.15	SEAFREIGHT CONTRACT LOGISTICS TECHNOLOGY & DATA	Room A Room B Room C	<i>Otto Schacht, Executive Vice President</i> <i>Gianfranco Sgro, Executive Vice President</i> <i>Martin Kolbe, CIO</i>
14.15 – 14.30	COFFEE BREAK		
14.30 – 15.15	AIRFREIGHT OVERLAND TECHNOLOGY & DATA	Room A Room B Room C	<i>Yngve Ruud, Executive Vice President</i> <i>Stefan Paul, Executive Vice President</i> <i>Martin Kolbe, CIO</i>
15.15 – 16.15	ONE-ON-ONE		<i>Management / IR</i>



Capital Markets Day 2017

# Leading the Transformation

Detlef Trefzger, CEO Kuehne + Nagel International AG

September 20, 2017

London, UK



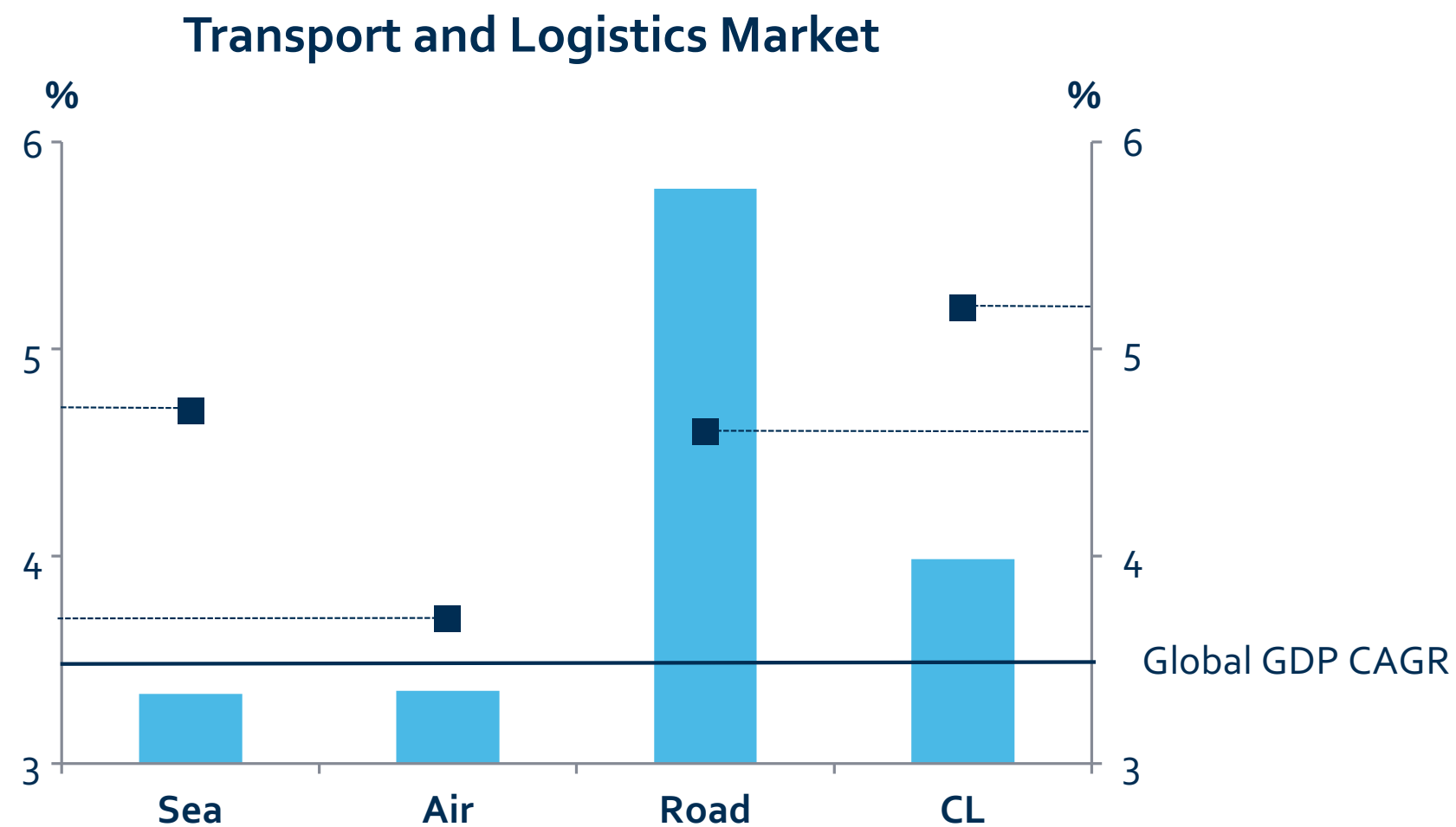


# A fast paced world *driven by* consumers ...

- The new normal of global trade
- Dissolving line between B2C and B2B
- Technology drives data
- Environment and Sustainability



# New dynamics will continue to fuel *strong growth* in logistics



- Relative market size 2016
- CAGR 2016-2020

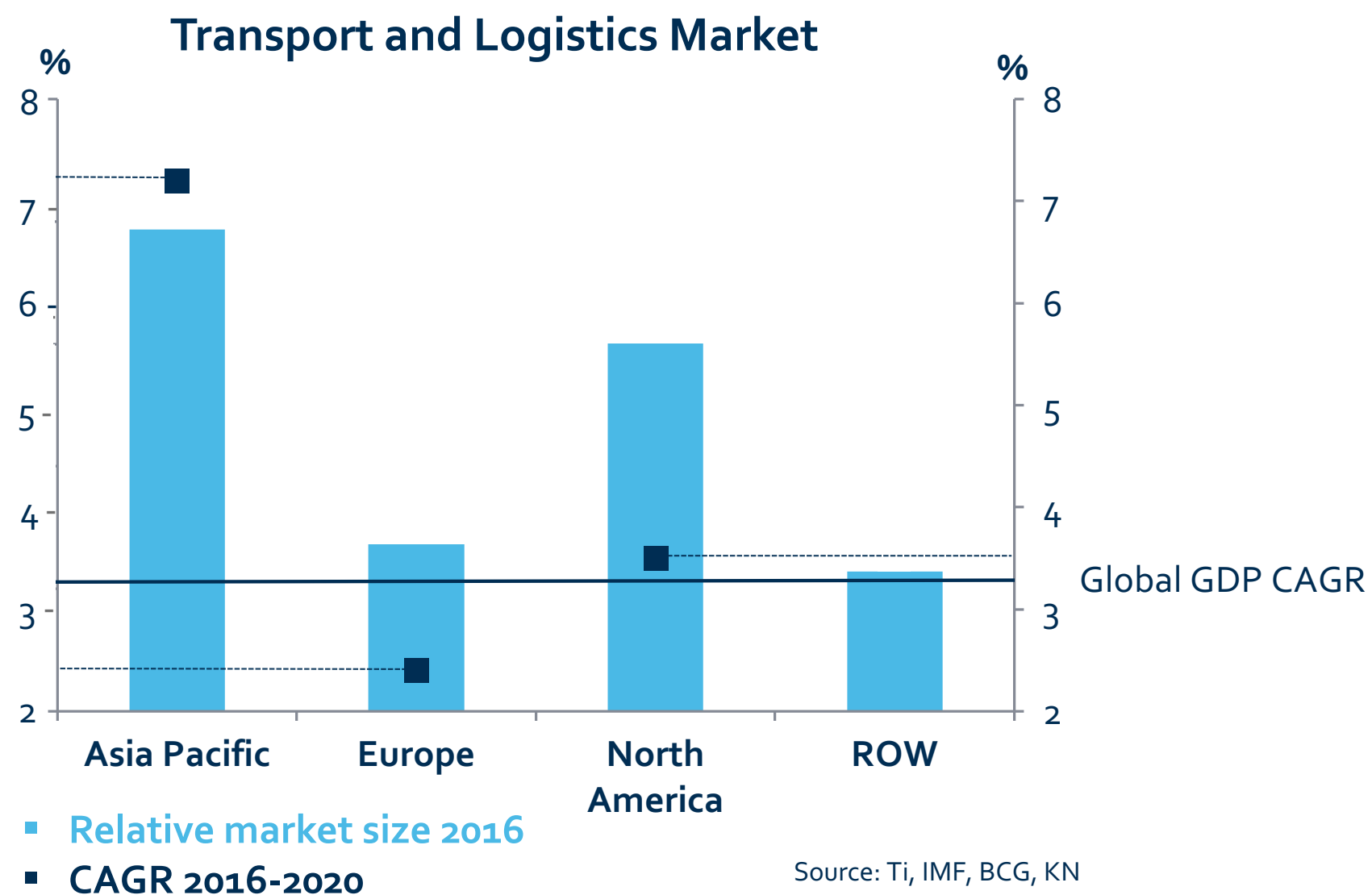
Source: Ti, IMF, BCG, KN

eCommerce

New market  
players



# New dynamics will continue to fuel *strong growth* in logistics







## Best positioned to *lead* this *transformation*

- “Focus + Excellence” successfully deployed
- Strong industry and customer expertise
- Unique global coverage across all modes of transport and logistics
- Unmatched operational execution



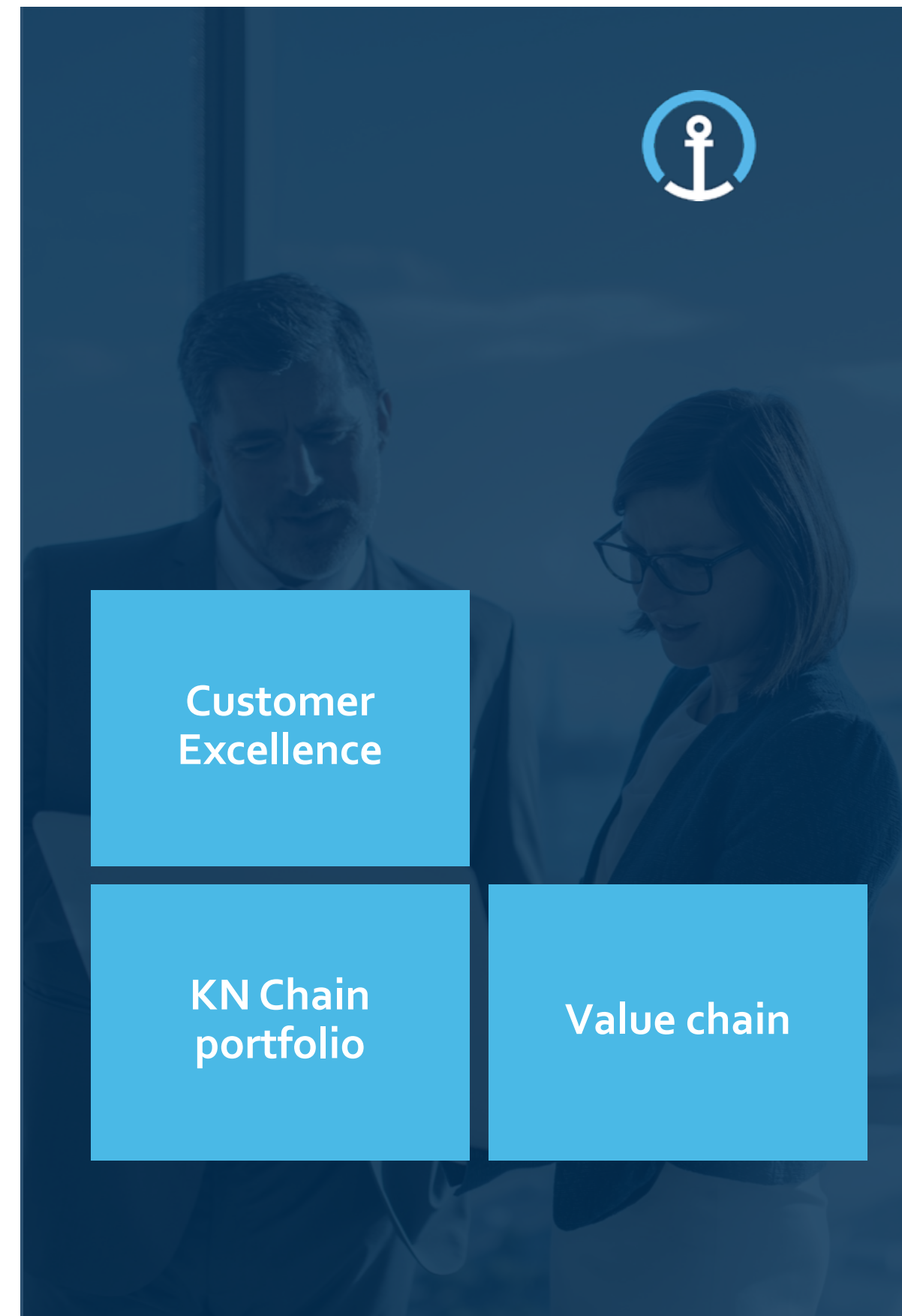


# KN<sup>+</sup> NextGen



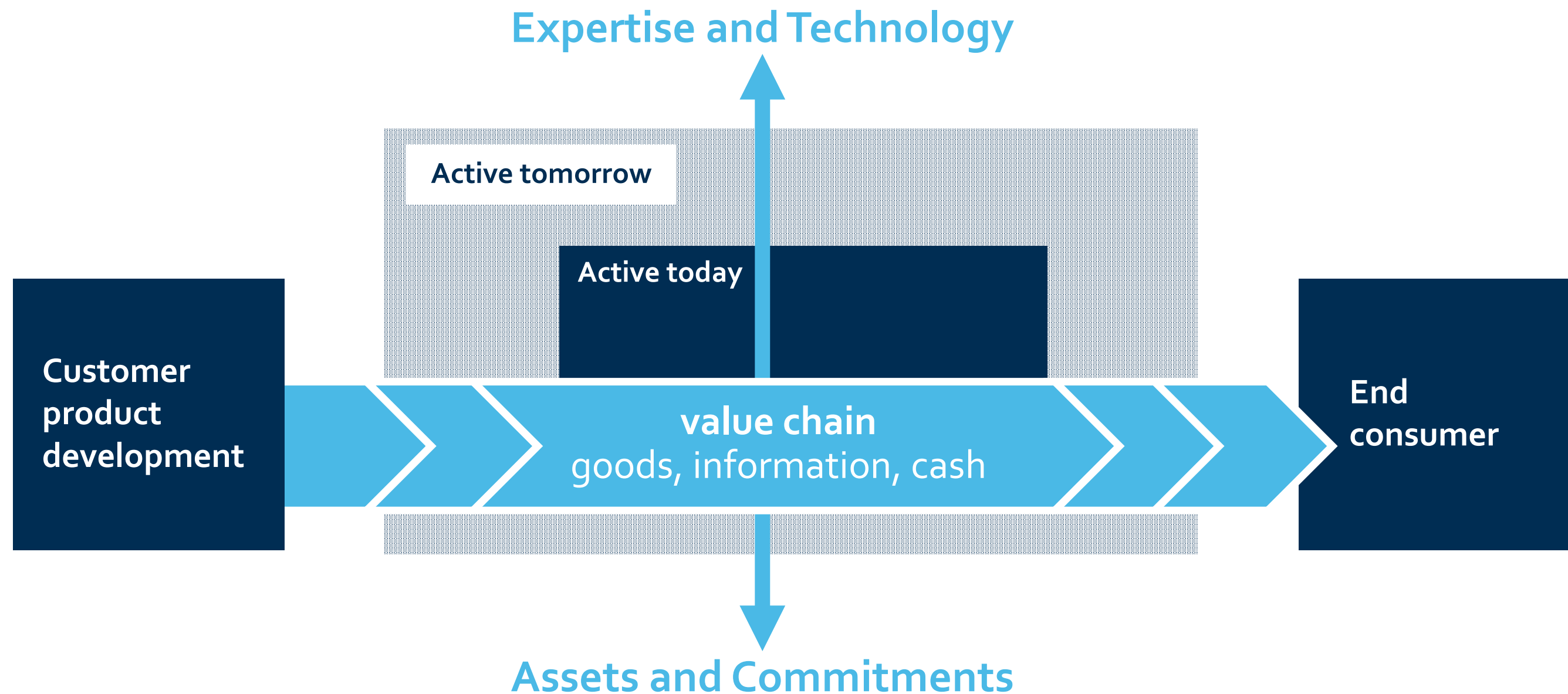
# Customer

Create superior value through  
*customer excellence* and  
expand into *new services*



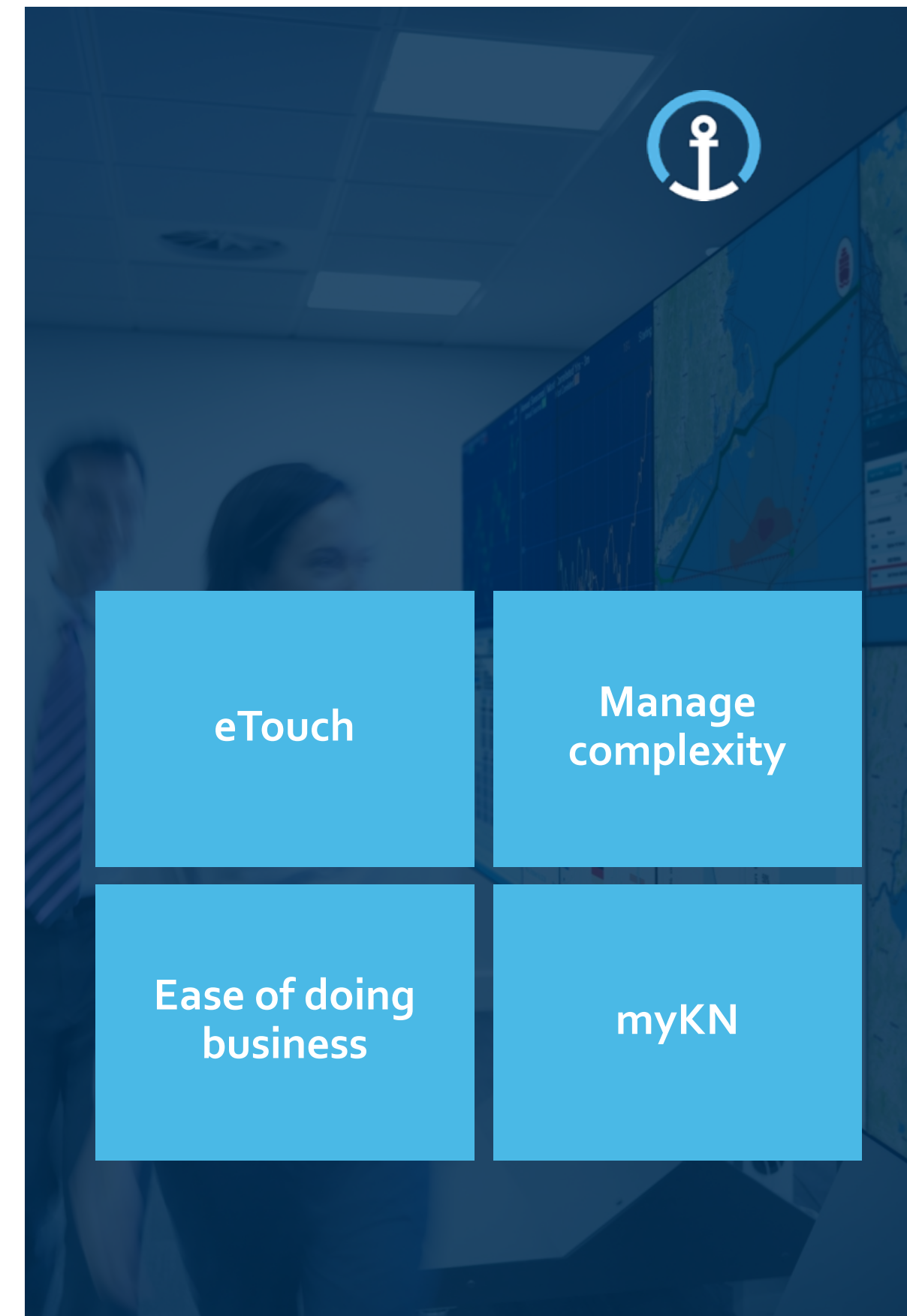


# Leveraging our strengths to *extend* from *supply chain* to *value chain services*



# Technology

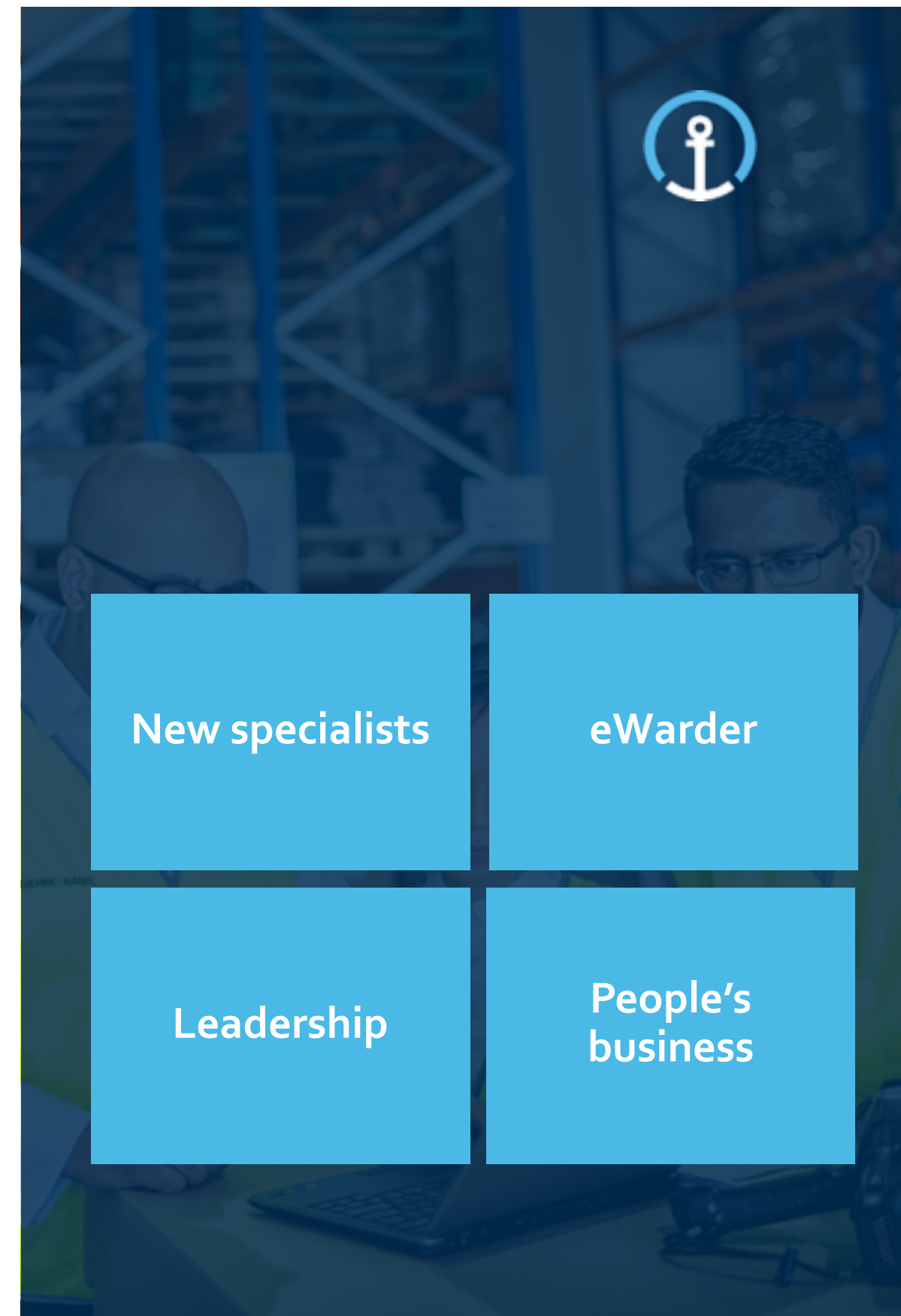
The *game changer* for productivity improvements, user experience and customer excellence





# People

*Transformation* is driven  
by our *people* at all levels



# *Our ambition*

Core business

New value chain services

Acquisitions

Grow double the market

Create substantial GP growth

Footprint. Synergies. Know-how



# Leading the transformation

# KN<sup>+</sup> NextGen

Customer + Technology + People



Customer  
Excellence

eTouch  
myKN

Acquisitions

People's  
business



Capital Markets Day 2017

# Leading the Transformation

Markus Blanka-Graff, CFO Kuehne + Nagel International AG

September 20, 2017

London, UK



# Performance of the Kuehne + Nagel Group 2014 - 2016

In CHF million

**Gross profit**  
**+ 262**  
**+ 4.2%**

**EBIT in % of  
net turnover**  
**4.7% - 5.6%**

**EBIT**  
**+ 99**  
**+ 12.1%**

**EBIT in % of  
gross profit**  
**13% - 14%**

# Performance of the Business Units 2014 - 2016

In CHF million

## Seafreight

EBIT 445  
+ 12%  
CR 28 - 36%

## Airfreight

EBIT 298  
+ 25%  
CR 25 - 31%

## Overland

EBIT 28  
CR 0 - 6%

## Contract Logistics

EBIT 147  
CR 3 - 6%

CR Conversion rate



# Balance Sheet and Working Capital – KPIs



In CHF million

Balance Sheet	31.12.2016	Working Capital	2014 - 2016
Equity ratio	34.2%	Working Capital intensity	3.0 - 3.1%
Trade receivables	2,605	DSO	44.4 - 46.6
Cash and cash equivalents, net	837	DPO	54.9 - 60.2
<b>Balance sheet total</b>	<b>6,331</b>	<b>DSO/DPO spread</b>	<b>10.5 - 13.6</b>

# Shareholder value 2014 - 2017

In CHF

**Share price**

**+ 49%**

**Market  
capitalisation**

**14 → 21 bn**

**Return on  
equity**

**+ 30%**

**Dividend  
paid**

**> 2 bn**



# Facing *industry realities*

- The *commodity* part of the current business is structurally under margin pressure
- The *service* business offers attractive financials
- *Digitalisation* opens new business activities



# Leading the *transformation*

- Strong *organic growth* to leverage efficiency
- *New solutions* to safeguard and expand margins in *service* business
- M+A is an *accelerator* for knowledge acquisition and service development
- M+A is a key element to *capitalise* on operational excellence through *synergies*

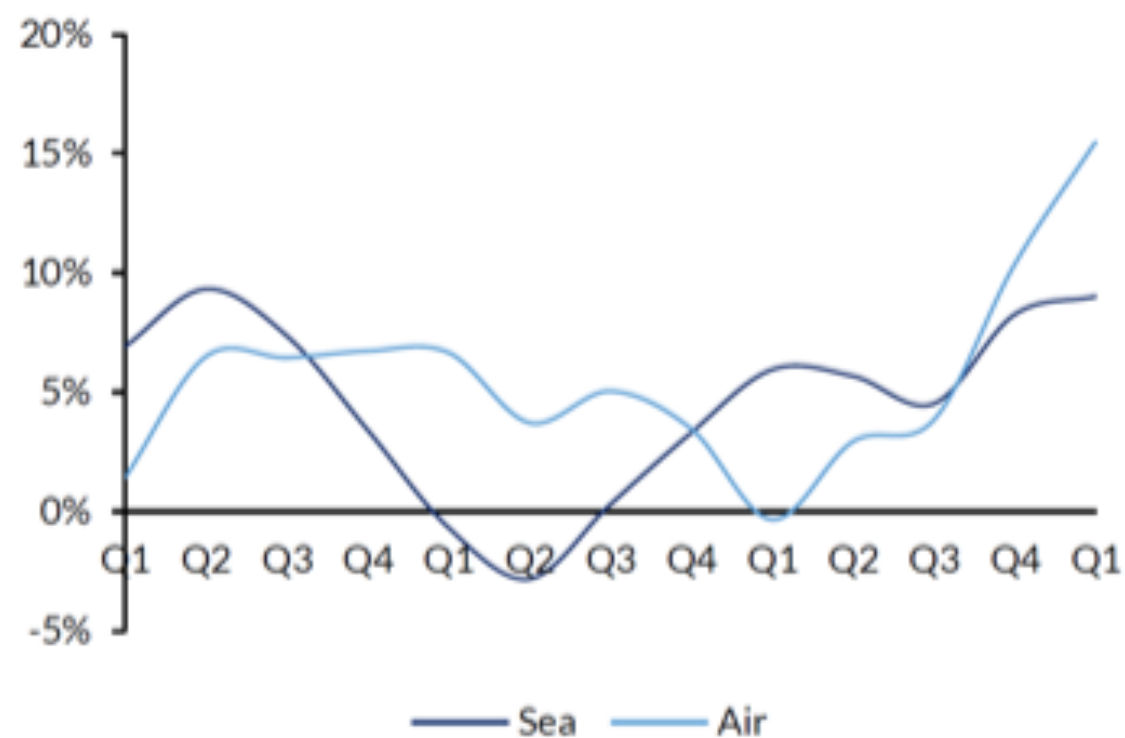




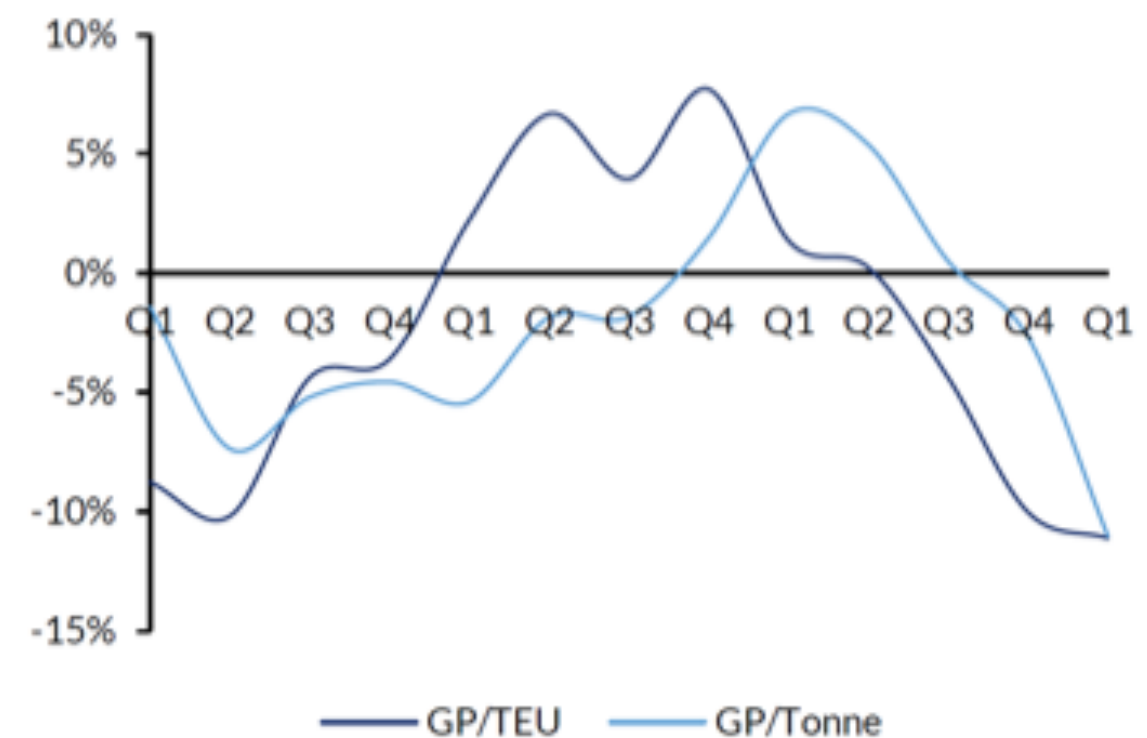
# Mechanics of *growth*



Volume growth at twice the market rate 2016/2017



GP/Unit YOY 2016/2017 change in %



Source: Kepler Cheuvreux

*For a major market player, price elasticity of demand is a factor*

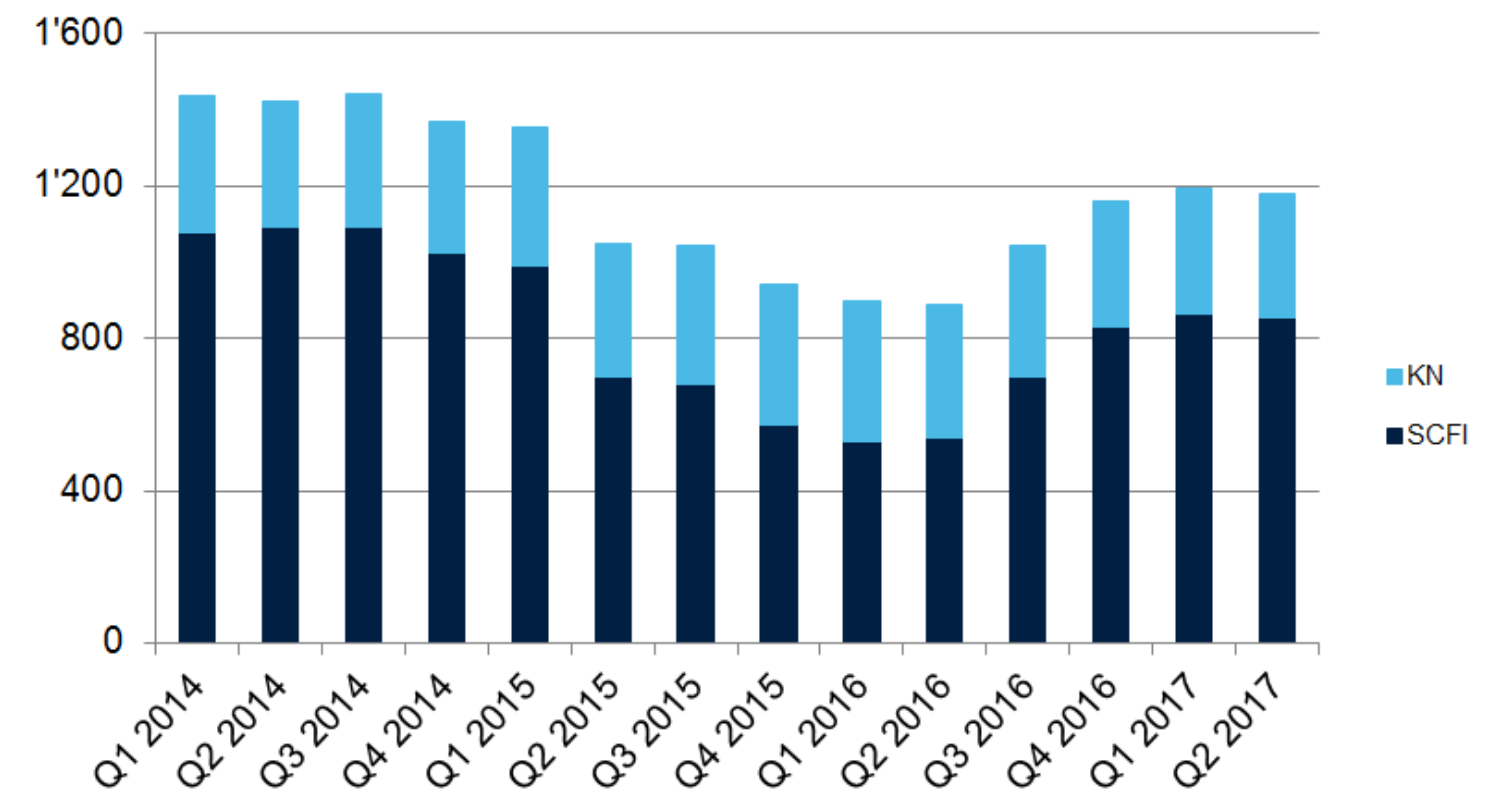


# *KN margin* drivers



- *Stable* Gross Profit/Unit
- Margin largely *independent* of rate levels
- Margin is earned through *supply* and *value chain* services

KN GP/TEU and Shanghai Containerized Freight Index  
in CHF

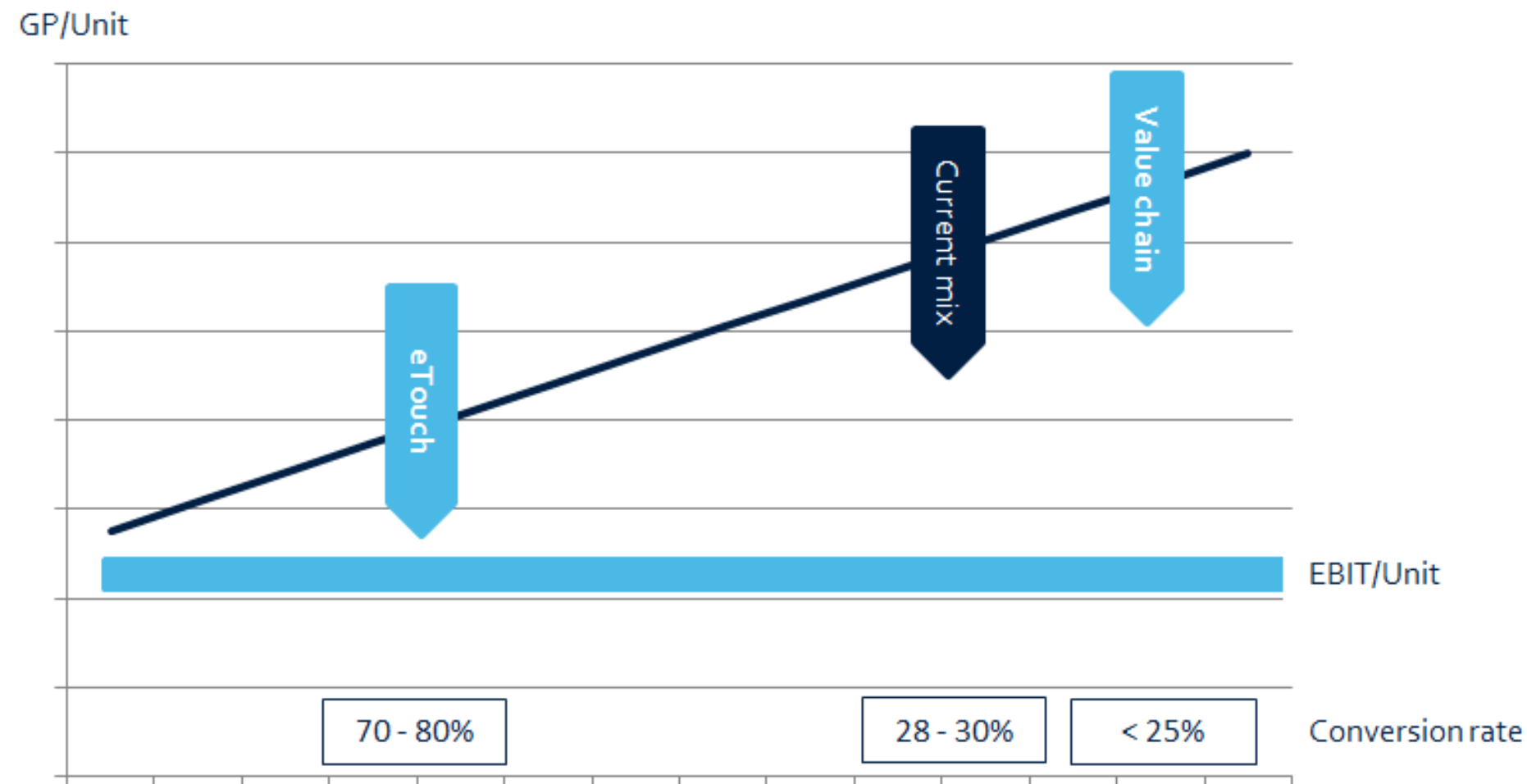


Source: Bloomberg, Shanghai Export Containerized Freight index

*Focus on cost leadership in commodity and value creation in service business*

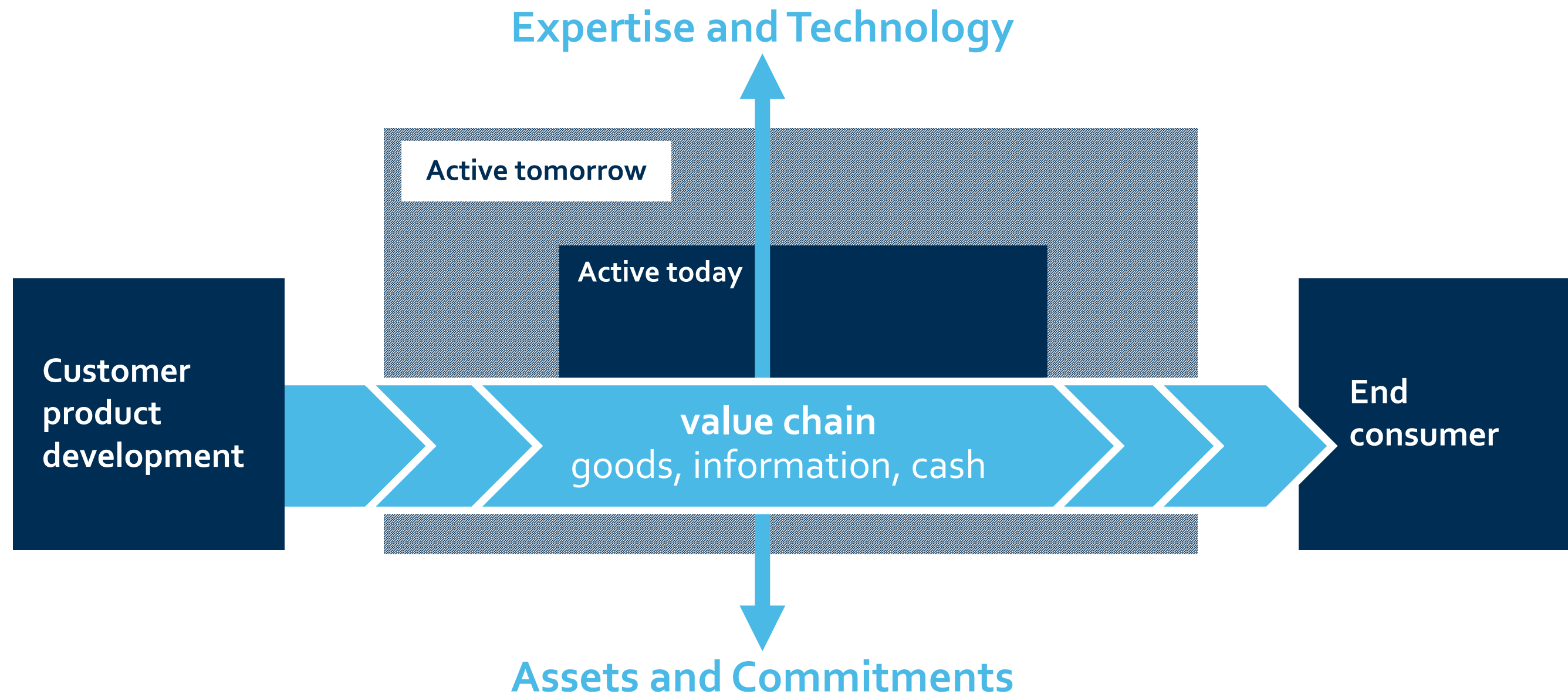
# *Commodity* business and *service* business

An illustrative example



*eTouch volume potential 20 – 40%*

# Expansion of *service offering*





## Expansion of *finance solutions*

- *Supply Chain Finance* solution in collaboration with Tradeshift and Citibank for a fully integrated, one channel and seamless invoice-to-cash platform
- *FinanceChain* management of information and cash flows along the value chain without tapping into our Balance Sheet

### Adam Smith Awards

- SWIFT solution 2016
- Supply Chain Finance 2017

- *Cost control* to ascertain *leverage* benefits
- *Digitisation* as game changer for productivity improvements
- Investing in new opportunities connected to *value expansion*
- *Acquisitions* as an *accelerator* for our strategy

**Ambition**

Group conversion rate:

**> 16%**



Leading the transformation

**KN<sup>+</sup> NextGen**

**Customer + Technology + People**





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## Sources

Slide 3 and 4: Transport Intelligence, International Monetary Fund, Boston Consulting Group, Kuehne+Nagel, 18.09.2017

Slide 20 both charts: Q&A Report Kuehne + Nagel, June 9, 2017, page 13, Kepler Cheuvreux Equity Research

Slide 21 chart: Bloomberg, Shanghai Export Containerized Freight index, SHSPSCFI Index, per quarter, in CHF, 15.09.2017

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