



Kuehne + Nagel International AG

Analyst Conference Call – Half-Year 2013 Results

July 15, 2013 (CET 14.00)

Schindellegi, Switzerland



Forward-looking Statements

This presentation contains forward-looking statements.

Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Kuehne + Nagel International AG, may cause actual development and results to differ materially from the expectations contained in the presentation.

Reference is also made to our disclaimer on the last slide of this presentation.



Agenda

Overview Half-Year 2013 Results

Operating Review

Financial Review

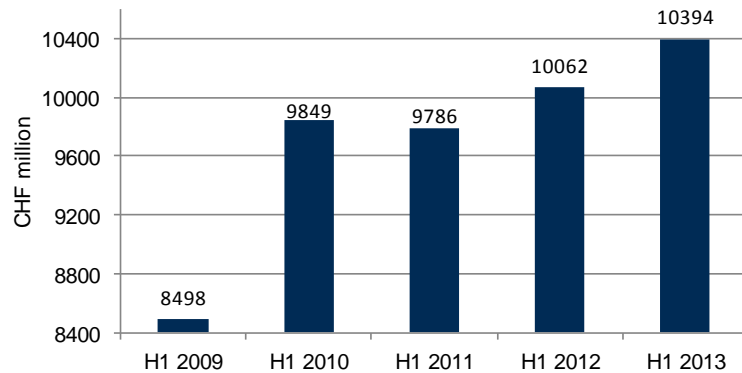
Outlook

Appendix



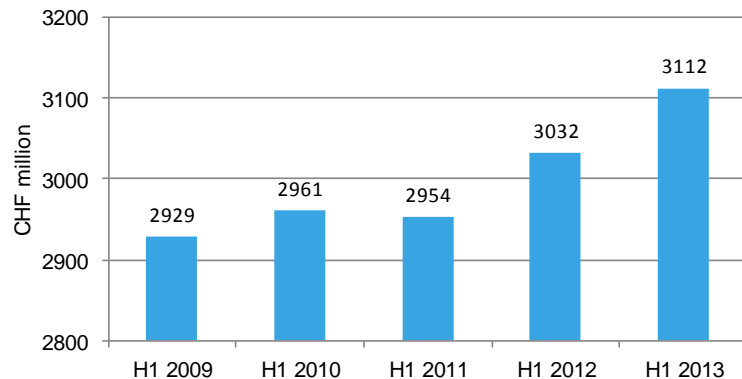
Overview Half-Year 2013 Results – Kuehne + Nagel Group

Turnover

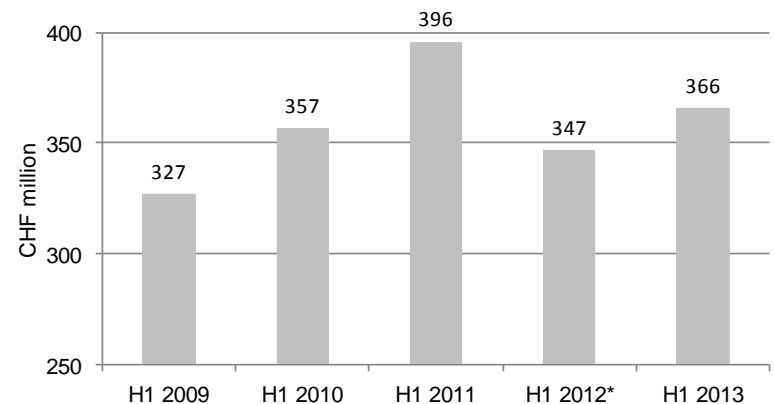


- Increased invoiced turnover by 3.3%
- Increased Gross Profit by 2.6% and EBIT by 5.5%
- Strict cost control and savings initiatives implemented; main impact in second semester
- Working capital intensity stable at 3.6%
- Effective tax rate sustainable at 21 – 22%

Gross Profit



EBIT



* Excl. EU Antitrust fine of CHF 65 million

Highlights per Business Unit

Seafreight



- Market increased by 1 - 2%
- Market rate volatility continues

Kuehne + Nagel:

- Increased volume by 3%
- Stable GP/TEU
- Conversion Rate at target of 30%

Airfreight



- Contracting market
- Rates stable, with possible rate peaks in Q3 and Q4

Kuehne + Nagel:

- Increased volume by 4%
- Increased margin GP/100kg
- Conversion Rate at target of 25%

Road & Rail



- Market decreased between 0 to -2%
- Driver shortage in Germany persists

Kuehne + Nagel:

- Net invoiced turnover of -3% (excl. FX)
- EBIT target not reached
- Q2 2013 substantially improved over Q1 2013

Contract Logistics



- Market stagnating
- Strong competitive environment

Kuehne + Nagel:

- Increased net invoiced turnover by 3% (excl. FX)
- Effects of Location Master-plan show continuous improvements of results

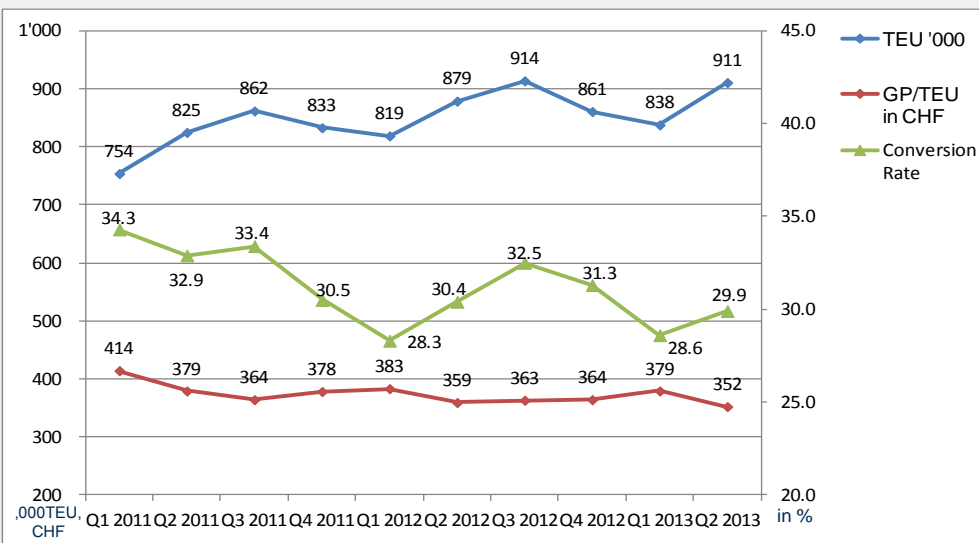


Income Statement

<i>CHF million</i>	2012 Q1	2012 Q2	HY1 2012	2013 Q1	2013 Q2	HY1 2013	Variance Q1	Variance Q2	Variance HY1
Invoiced turnover	4'834	5'228	10'062	5'094	5'300	10'394	260	72	332
Gross profit	1'502	1'530	3'032	1'537	1'575	3'112	35	45	80
<i>Gross profit margin</i>	31.1%	29.3%	30.1%	30.2%	29.7%	29.9%			
EBITDA	218	236	454	219	247	466	1	11	12
<i>EBITDA margin</i>	4.5%	4.5%	4.5%	4.3%	4.7%	4.5%			
EBITA	182	200	382	183	212	395	1	12	13
<i>EBITA margin</i>	3.8%	3.8%	3.8%	3.6%	4.0%	3.8%			
EBIT	165	182	347	169	197	366	4	15	19
<i>EBIT margin</i>	3.4%	3.5%	3.4%	3.3%	3.7%	3.5%			
EBT	168	185	353	171	200	371	3	15	18
<i>EBT margin</i>	3.5%	3.5%	3.5%	3.4%	3.8%	3.6%			
Earnings for the period (excl. one-off)	133	146	279	134	155	289	1	9	10
One-off	(65)	-	(65)	-	-	-	65	-	65
Earnings for the period	68	146	214	134	155	289	66	9	75

Seafreight – Performance of Business Unit

Income Statement in CHF million	HY1 2012	HY1 2013	Variance
Invoiced Turnover	4'314	4'483	3.9%
Gross profit	630	639	1.4%
EBITDA	196	198	1.0%
EBIT	185	187	1.1%
EBIT in % of GP	29.4%	29.3%	

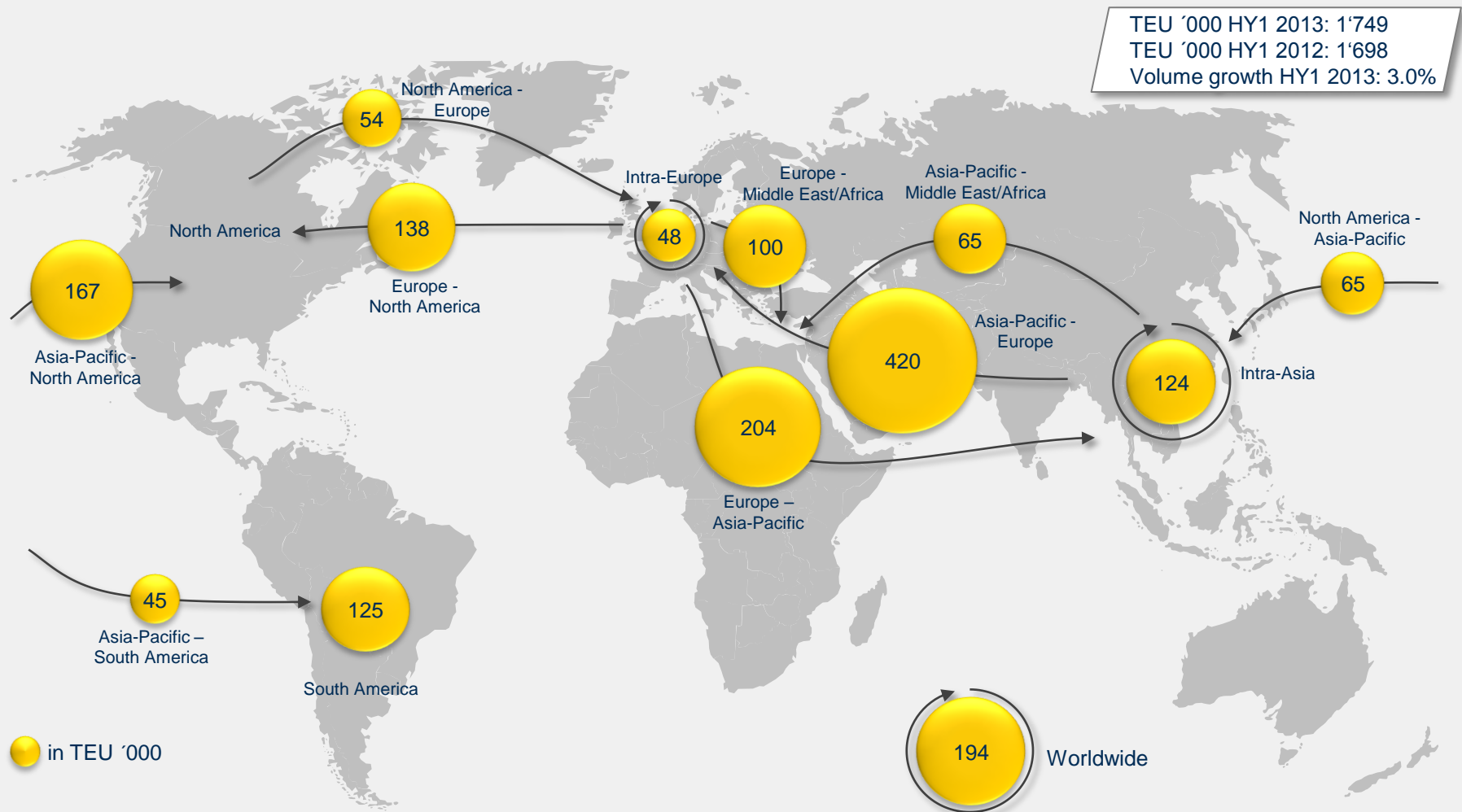


Highlights Half-Year 2013

- Volume growth of 3.0%
- Gross Profit increased by 1.4%
- Higher EBIT/Gross Profit conversion rate in second quarter of 29.9% vs. 28.6% in first quarter 2013
- Continuous high focus on productivity improvement and Return on Sales investment



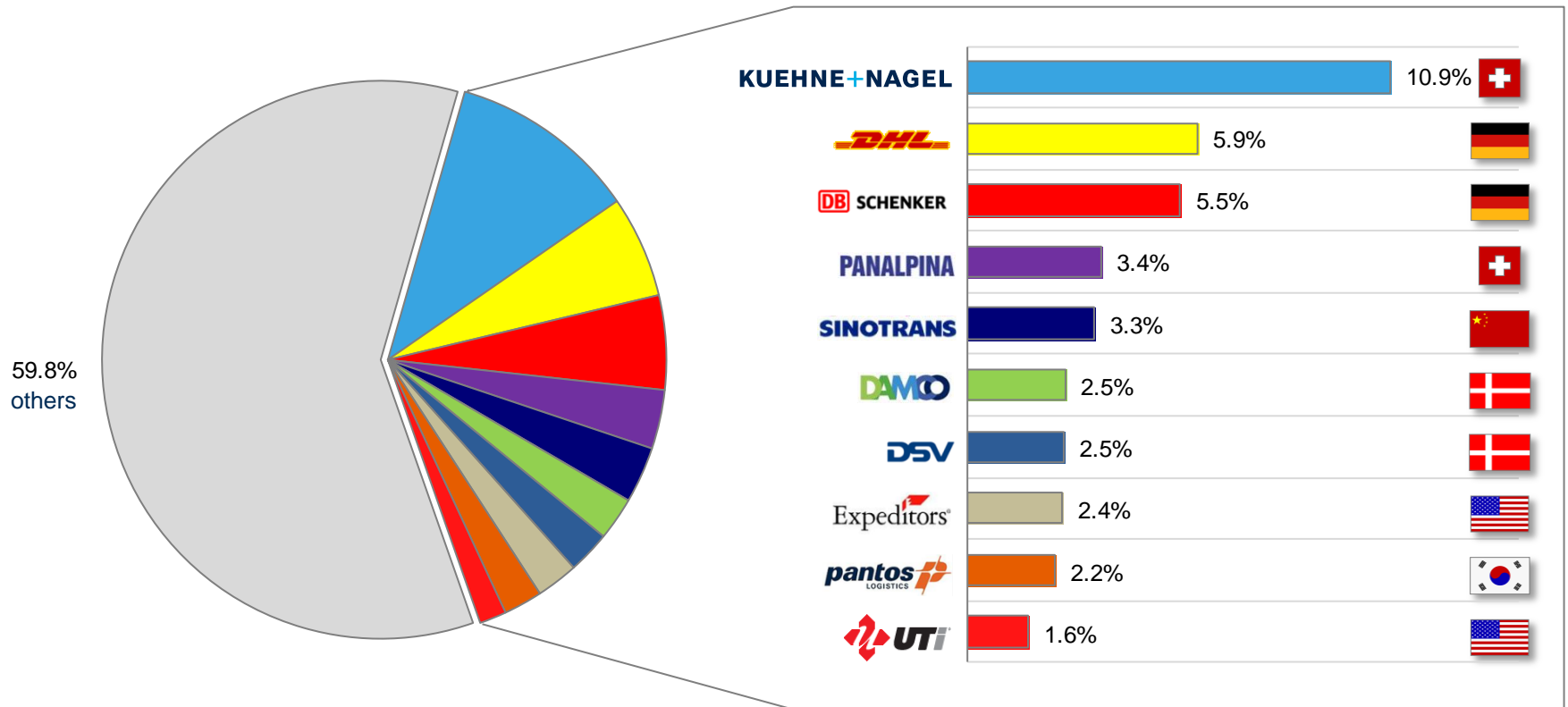
Seafreight – Volume per Tradelane





10 World's Largest Seafreight Forwarders 2012

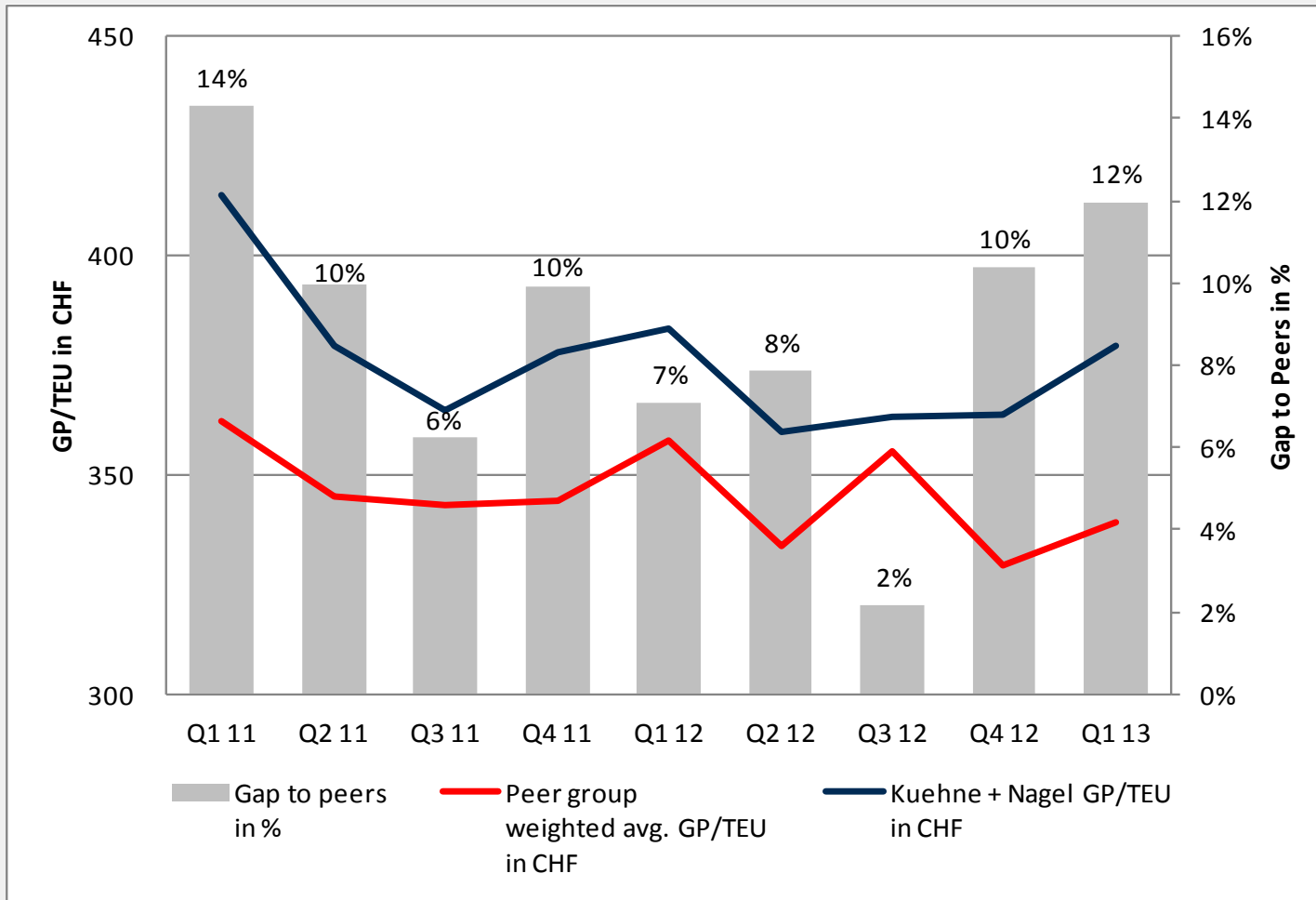
Market Share (by Revenue) – excl. carriers



Source: Transport Intelligence (June 2013)



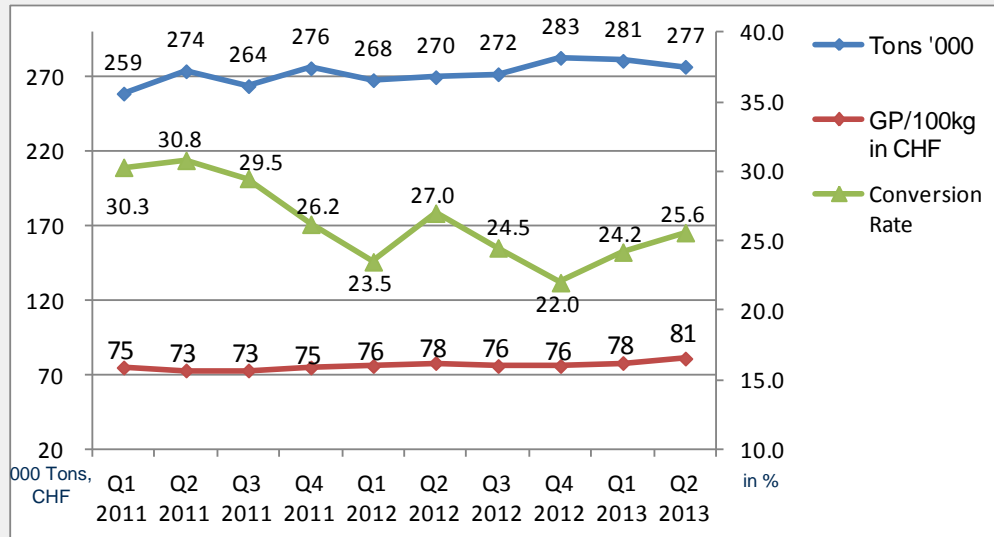
GP per TEU in CHF - Gap to Peers



Peer group: DHL, DSV, Panalpina; Remark: Other competitors do not publish comparable data; Source of data: Company reports; Applied exchange rates: YTD average rate per quarter.

Airfreight – Performance of Business Unit

Income Statement in CHF million	HY1 2012	HY1 2013	Variance
Invoiced Turnover	1'981	2'058	3.9%
Gross profit	415	442	6.5%
EBITDA excl. one-off item	115	124	7.8%
EBIT excl. one-off item	105	110	4.8%
One-off item	(65)	-	(100.0%)
EBIT	40	110	175.0%
EBIT in % of GP	25.3%	24.9%	

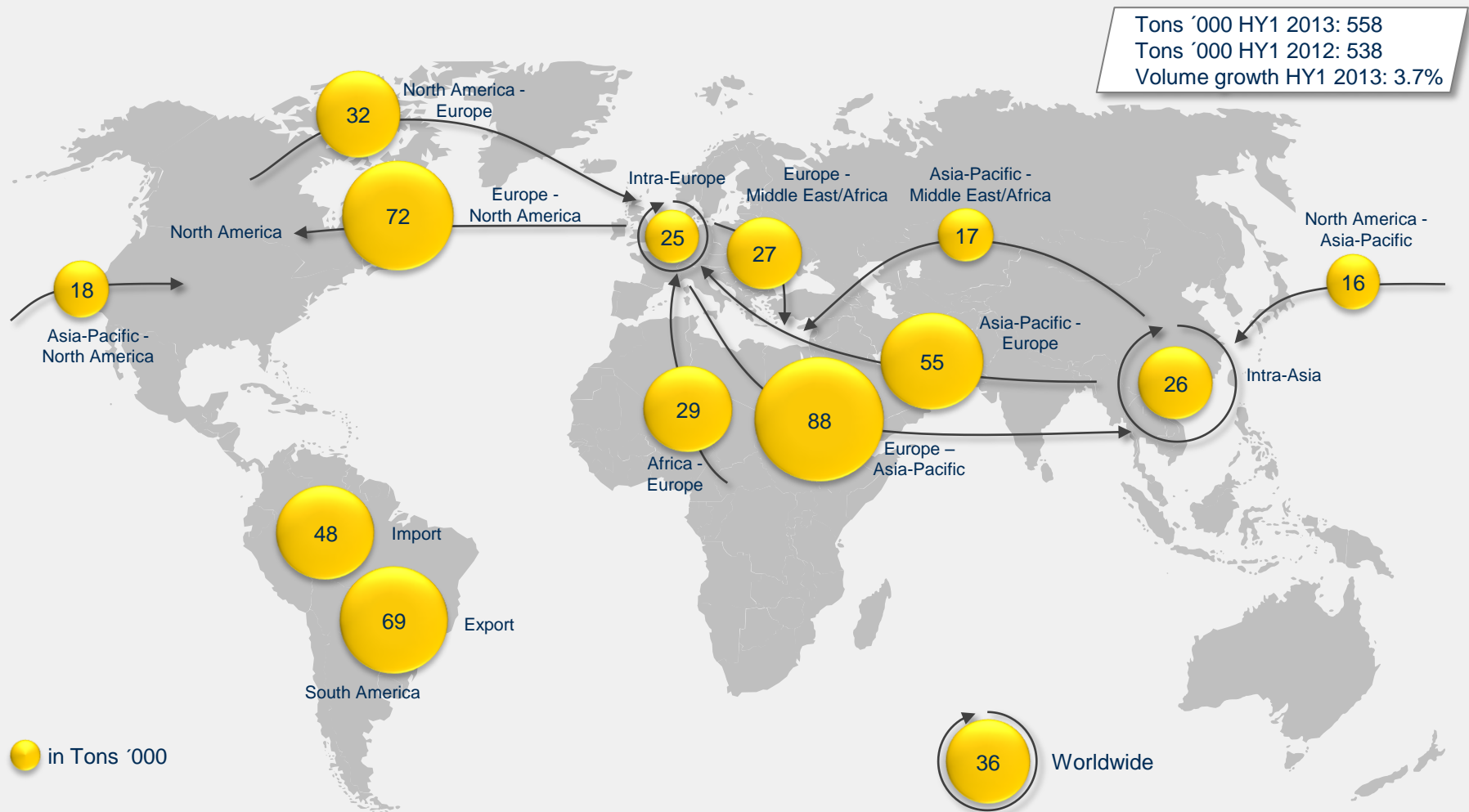


Highlights Half-Year 2013

- Volume growth of 3.7%
- Gross Profit increased by 6.5%
- Higher EBIT/Gross Profit conversion ratio in second quarter of 25.6% vs. 24.2% in first quarter 2013
- Continuous high focus on productivity improvement and Return on Sales investment



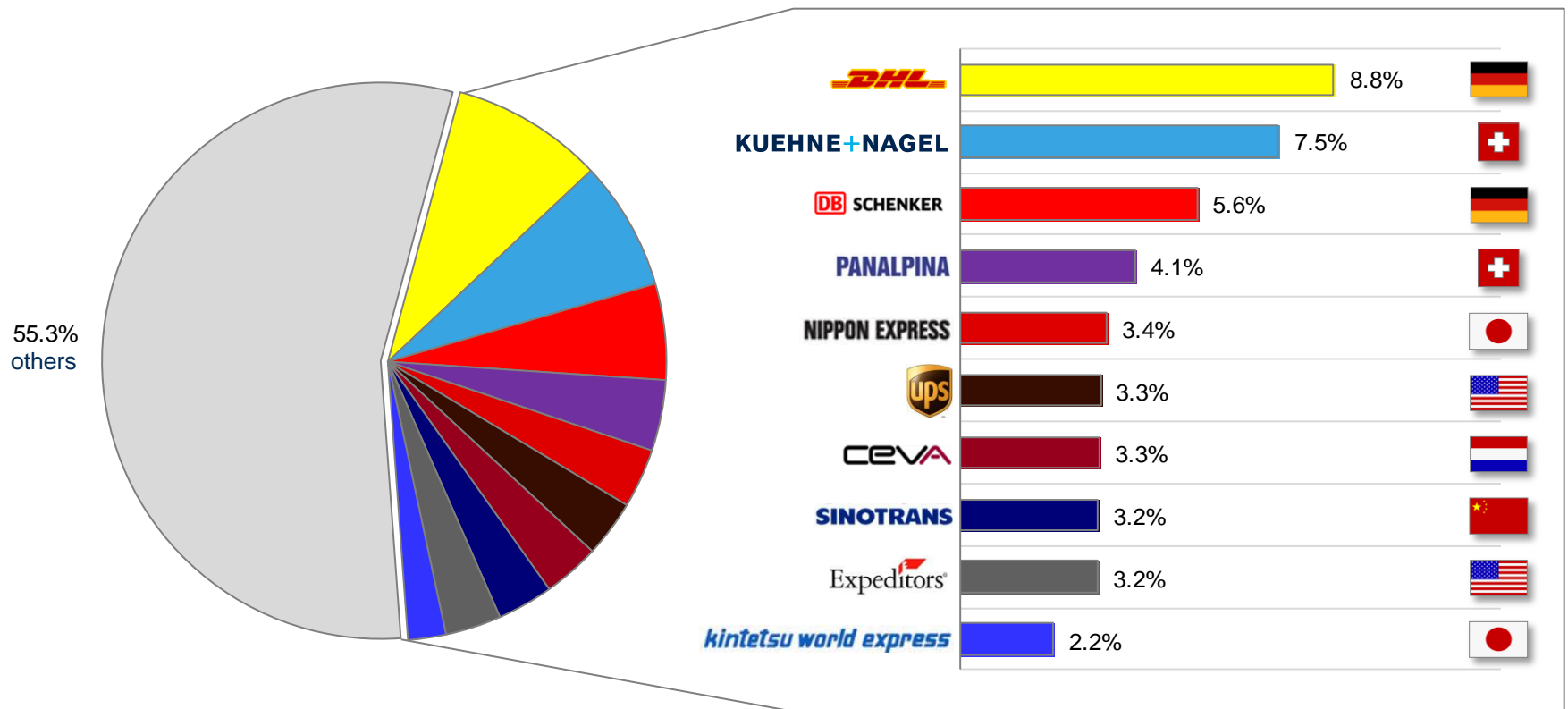
Airfreight – Volume per Tradelane





10 World's Largest Airfreight Forwarders 2012

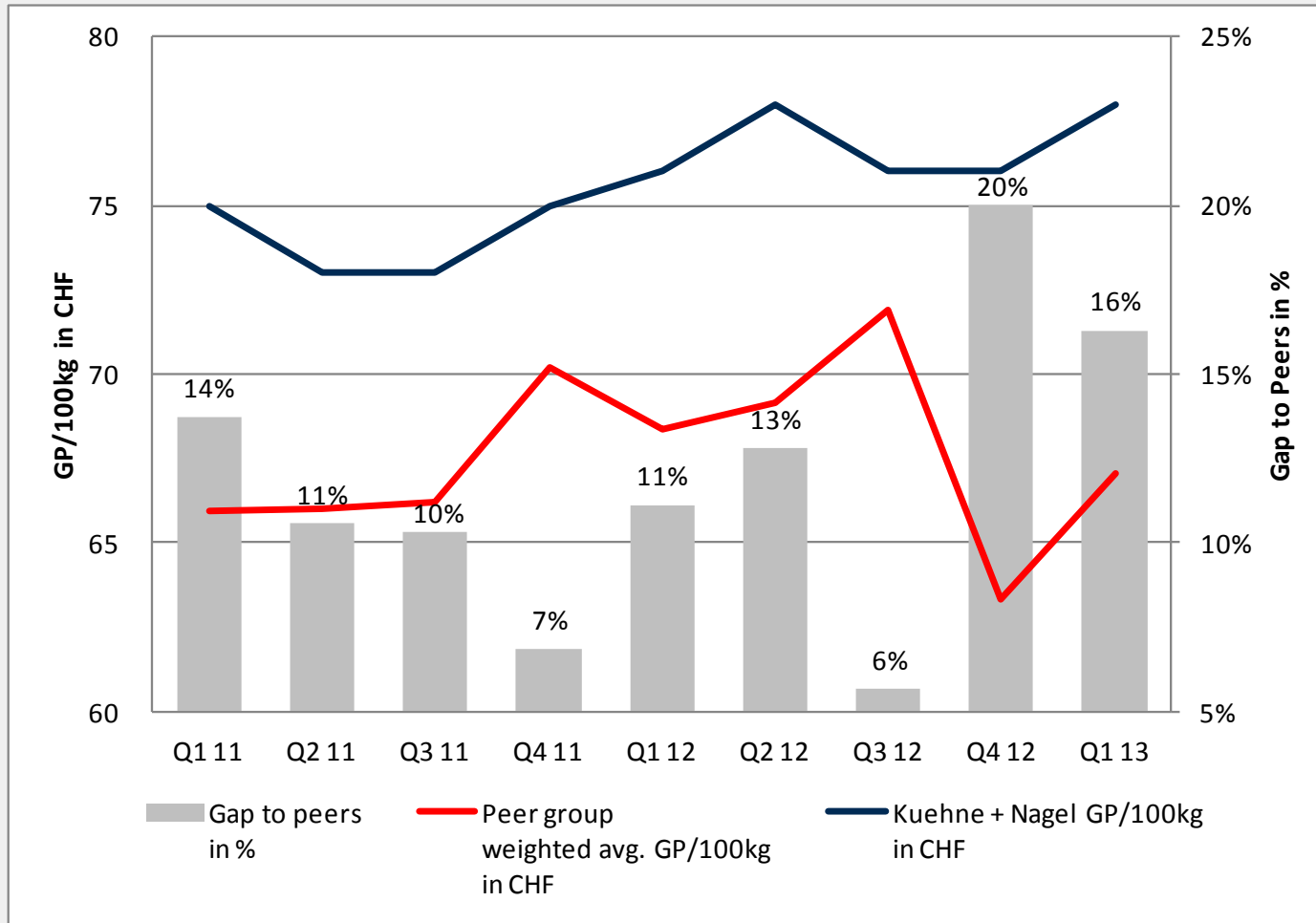
Market Share (by Revenue)



Source: Transport Intelligence (June 2013)



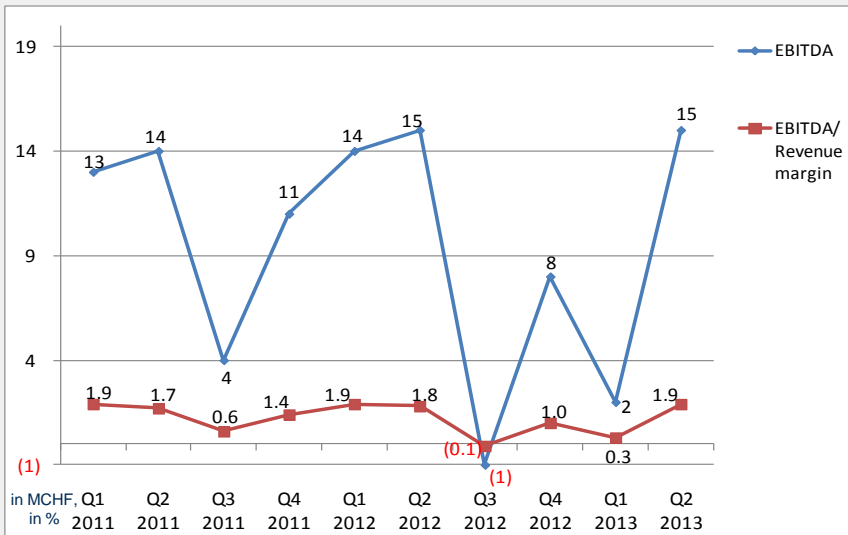
GP per 100 kg in CHF - Gap to Peers



Peer group: DHL, DSV, Panalpina; Remark: Other competitors do not publish comparable data; Source of data: Company reports; Applied exchange rates: YTD average rate per quarter.

Road & Rail – Performance of Business Unit

Income Statement in CHF million	HY1 2012	HY1 2013	Variance
Invoiced Turnover	1'558	1'527	(2.0%)
Net Invoiced Turnover	1'421	1'396	(1.8%)
Gross profit	456	456	-
EBITDA	29	17	(41.4%)
EBITA	15	5	(66.7%)
EBIT	2	(5)	n/a
EBITDA / Revenue margin	1.9%	1.1%	
EBIT / Revenue margin	0.1%	(0.3%)	
EBIT / GP margin	0.4%	(1.1%)	

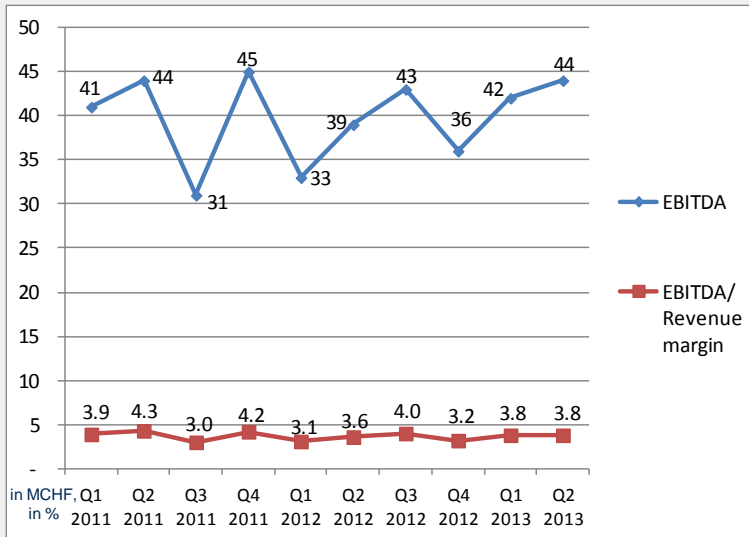


Highlights Half-Year 2013

- Net invoiced turnover YoY -3% (excl. FX)...
- ...but increase of net invoiced turnover from Q1 to Q2 2013 by 8.4%
- Target of break-even not reached yet, but Q2 2013 EBIT positive
- Domestic network optimisation launched

Contract Logistics – Performance of Business Unit

Income Statement in CHF million	HY1 2012	HY1 2013	Variance
Invoiced Turnover	2'150	2'259	5.1%
Net Invoiced Turnover	2'009	2'085	3.8%
Gross profit	1'512	1'554	2.8%
EBITDA	72	86	19.4%
EBITA	38	52	36.8%
EBIT	25	45	80.0%
EBITDA / Revenue margin	3.3%	3.8%	
EBIT / Revenue margin	1.2%	2.0%	
EBIT / GP margin	1.7%	2.9%	



Highlights Half-Year 2013

- Increase of net invoiced turnover by 3% (excl. FX)
- Reduction of loss making locations/customers is showing positive effects
- Selective growth with global customers and minimum yield targets



Group Key Data

Financial Overview HY1 2013

<i>CHF million</i>	2012	2013
Invoiced Turnover	10,062	10,394
Gross Profit	3,032	3,112
EBITDA	389*	466
Net earnings for the period	211*	285
EPS (basic) in CHF	176	2.38
Total Assets	6,206	6,146
Equity	2,153	2,294
Equity % of Total Assets	34.7%	37.3%
Cash & Cash Equivalents, net	785	815
Operational Cash Flow	387*	474
Capex	75	79

* incl. EU antitrust fine of CHF 65 million

Financial targets

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%



Balance Sheet

<i>CHF million</i>	31 December 2012	30 June 2013
Assets		
Property, plant and equipment	1'134	1'142
Goodwill	694	694
Intangibles	141	114
Others	234	229
Non-current assets	2'203	2'179
Trade receivables	2'428	2'507
Cash and cash equivalents	1'083	838
Others	565	622
Current assets	4'076	3'967
Total assets	6'279	6'146

<i>CHF million</i>	31 December 2012	30 June 2013
Liabilities and equity		
Equity attributable to the equity holders of the parent company	2'396	2'272
Non-controlling interests	29	22
Total equity	2'425	2'294
Non-current liabilities	609	568
Trade payables	1'337	1'344
Accrued trade expenses / deferred income	931	934
Bank and other interest-bearing liabilities	36	33
Others	941	973
Current liabilities	3'245	3'284
Total liabilities and equity	6'279	6'146



Cash Flow Half-Year





<i>CHF million</i>	2012	2013	Better/(Worse)
Operational cash flow	387	474	87
Changes in working capital	(138)	(115)	23
Increase of provision for antitrust fine	65	-	(65)
Income taxes paid	(97)	(105)	(8)
Cash flow from operating activities	217	254	37
Cash flow from investing activities	200	(61)	(261)
Cash flow from financing activities	(474)	(435)	39
Exchange difference on cash and cash equivalents	7	(1)	(8)
Increase/(decrease) in cash and cash equivalents	(50)	(243)	(193)
Cash and cash equivalents at the beginning of the period, net	835	1'058	223
Cash and cash equivalents at the end of the period, net	785	815	30



Net Working Capital Development

<i>CHF million</i>	June 2012	Dec 2012	March 2013	June 2013	Variance June 13 vs. Dec 12
Trade receivables & Work in progress	2'917	2'809	2'870	2'867	(58)
Trade payables & Accrued trade expenses	(2'171)	(2'138)	(2'108)	(2'120)	(18)
Net Working Capital	746	671	762	747	(76)
KPI's:					
Working Capital Intensity	3.7%	3.2%	3.7%	3.6%	0.4%
DSO	44.9	42.6	46.1	43.9	(1.3)
DPO	53.2	50.4	53.5	50.7	0.3
Δ	8.3	7.8	7.4	6.8	(1.0)

Outlook Volume Development 2013

	Business unit	Kuehne + Nagel 2012	Kuehne + Nagel HY1 2013	2013 Estimate	
				Kuehne + Nagel	Market
	Seafreight [TEU]	+ 6 %	+ 3 %	+ 4 to 6 %	+ 2 to 3 %
	Airfreight [Ton]	+ 2 %	+ 4 %	+ 1 to 3 %	+ 0 to - 2 %
	Road & Rail [net inv'd TO]	+ 7 %	- 3 %	+ 0 to 2 %	+ 0 to - 2 %
	Contract Logistics [net inv'd TO]	+ 4 %	+ 3 %	+ 0 to 2 %	+ 0 %



Appendix



Upcoming Events

September 18, 2013	Capital Markets Day, London
October 15, 2013	Nine-months 2013 results
March 3, 2014	Full year 2013 results
April 14, 2014	First quarter 2014 results
May 6, 2014	Annual General Meeting
May 13, 2014	Dividend payment for 2013
July 14, 2014	Half-year 2014 results
October 13, 2014	Nine-months 2014 results



Development Main Exchange Rates vs. CHF

Income Statement (average rates)	EUR	USD	GBP
Full-year			
2011	1.2350	0.8908	1.4226
2012	1.2062	0.9327	1.4827
HY1			
2012	1.2066	0.9252	1.4622
2013	1.2289	0.9363	1.4476
Better/(Worse)	1.8%	1.2%	(1.0%)

0.9%

Net earnings impact



Quarter over Quarter HY1 2013 - 2012

CHF million

	2013			2012			2013/2012 Change in %			Variance in CHF million 2013/2012		
	Q1	Q2	Total	Q1	Q2	Total	Q1	Q2	Total	Q1	Q2	Total
Seafreight												
Turnover	2'204	2'279	4'483	2'031	2'283	4'314	+8.5	(0.2)	+3.9	173	(4)	169
Gross Profit	318	321	639	314	316	630	+1.3	+1.6	+1.4	4	5	9
Total Expenses	(222)	(219)	(441)	(219)	(215)	(434)	(1.4)	(1.9)	(1.6)	(3)	(4)	(7)
EBITDA	96	102	198	95	101	196	+1.1	+1.0	+1.0	1	1	2
EBIT	91	96	187	89	96	185	+2.2	+0.0	+1.1	2	0	2
GP / Turnover	14.4%	14.1%	14.3%	15.5%	13.8%	14.6%						
EBITDA / Turnover	4.4%	4.5%	4.4%	4.7%	4.4%	4.5%						
EBIT / GP	28.6%	29.9%	29.3%	28.3%	30.4%	29.4%						
Volume (TEU's '000)	838	911	1'749	819	879	1'698	+2.3	+3.6	+3.0	19	32	51
GP	379	352	365	383	359	371	(1.0)	(1.9)	(1.6)	(4)	(7)	(6)
EXPENSES per TEU	(271)	(247)	(258)	(275)	(250)	(262)	+1.5	+1.2	+1.5	4	3	4
EBIT	108	105	107	108	109	109	0.0	(3.7)	(1.8)	0	(4)	(2)
Airfreight												
Turnover	1'011	1'047	2'058	967	1'014	1'981	+4.6	+3.3	+3.9	44	33	77
Gross Profit	219	223	442	204	211	415	+7.4	+5.7	+6.5	15	12	27
Total Expenses (excl. one-off item)	(160)	(158)	(318)	(150)	(150)	(300)	(6.7)	(5.3)	(6.0)	(10)	(8)	(18)
EBITDA	59	65	124	54	61	115	+9.3	+6.6	+7.8	5	4	9
EBIT	53	57	110	48	57	105	+10.4	+0.0	+4.8	5	0	5
GP / Turnover	21.7%	21.3%	21.5%	21.1%	20.8%	20.9%						
EBITDA / Turnover	5.8%	6.2%	6.0%	5.6%	6.0%	5.8%						
EBIT / GP	24.2%	25.6%	24.9%	23.5%	27.0%	25.3%						
Volume (TON's '000)	281	277	558	268	270	538	+4.9	+2.6	+3.7	13	7	20
GP	78	81	79	76	78	77	+2.6	+3.8	+2.6	2	3	2
EXPENSES	(59)	(60)	(59)	(58)	(57)	(58)	(1.7)	(5.3)	(1.7)	(1)	(3)	(1)
EBIT	19	21	20	18	21	19	+5.6	+0.0	5.3	1	0	1



Quarter over Quarter HY1 2013 - 2012

	2013			2012			2013/2012 Change in %			Variance in CHF million 2013/2012		
	Q1	Q2	Total	Q1	Q2	Total	Q1	Q2	Total	Q1	Q2	Total
<i>CHF million</i>												
Road & Rail Logistics												
Turnover	737	790	1'527	744	814	1'558	(0.9)	(2.9)	(2.0)	(7)	(24)	(31)
Gross Profit	221	235	456	225	231	456	(1.8)	+1.7	0.0	(4)	4	0
Total Expenses	(219)	(220)	(439)	(211)	(216)	(427)	(3.8)	(1.9)	(2.8)	(8)	(4)	(12)
EBITDA	2	15	17	14	15	29	(85.7)	+0.0	(41.4)	(12)	0	(12)
EBIT	(9)	4	(5)	1	1	2	(1'000.0)	(300.0)	+350.0	(10)	3	(7)
GP / Turnover	30.0%	29.7%	29.9%	30.2%	28.4%	29.3%						
EBITDA / Turnover	0.3%	1.9%	1.1%	1.9%	1.8%	1.9%						
EBIT / Turnover	(1.2%)	0.5%	(0.3%)	0.1%	0.1%	0.1%						
Contract Logistics												
Turnover	1'110	1'149	2'259	1'064	1'086	2'150	+4.3	+5.8	+5.1	46	63	109
Gross Profit	770	784	1'554	750	762	1'512	+2.7	+2.9	+2.8	20	22	42
Total Expenses	(728)	(740)	(1'468)	(717)	(723)	(1'440)	(1.5)	(2.4)	(1.9)	(11)	(17)	(28)
EBITDA	42	44	86	33	39	72	+27.3	+12.8	+19.4	9	5	14
EBIT	20	25	45	11	14	25	+81.8	+78.6	+80.0	9	11	20
GP / Turnover	69.4%	68.2%	68.8%	70.5%	70.2%	70.3%						
EBITDA / Turnover	3.8%	3.8%	3.8%	3.1%	3.6%	3.3%						
EBIT / Turnover	1.8%	2.2%	2.0%	1.0%	1.3%	1.2%						



Quarter over Quarter HY1 2013 - 2012

	2013			2012			2013/2012 Change in %			Variance in CHF million 2013/2012		
	Q1	Q2	Total	Q1	Q2	Total	Q1	Q2	Total	Q1	Q2	Total
<i>CHF million</i>												
Real Estate												
Turnover	-	1	1	-	1	1						
Gross Profit	-	1	1	-	1	1						
Total Expenses	15	15	30	18	14	32	(16.7)	+7.1	(6.3)	(3)	1	(2)
EBITDA	15	16	31	18	15	33	(16.7)	+6.7	(6.1)	(3)	1	(2)
EBIT	9	10	19	12	9	21	(25.0)	+11.1	(9.5)	(3)	1	(2)
Insurance Broker												
Turnover	32	34	66	28	30	58	+14.3	+13.3	+13.8	4	4	8
Gross Profit	9	11	20	9	9	18	+0.0	+22.2	+11.1	0	2	2
Total Expenses	(4)	(6)	(10)	(5)	(4)	(9)	20.0	(50.0)	(11.1)	1	(2)	(1)
EBITDA	5	5	10	4	5	9	+25.0	+0.0	+11.1	1	0	1
EBIT	5	5	10	4	5	9	+25.0	+0.0	+11.1	1	0	1
GP / Turnover	28.1%	32.4%	30.3%	32.1%	30.0%	31.0%						
EBITDA / Turnover	15.6%	14.7%	15.2%	14.3%	16.7%	15.5%						
EBIT / Turnover	15.6%	14.7%	15.2%	14.3%	16.7%	15.5%						
TOTAL GROUP												
Turnover	5'094	5'300	10'394	4'834	5'228	10'062	+5.4	+1.4	+3.3	260	72	332
Gross Profit	1'537	1'575	3'112	1'502	1'530	3'032	+2.3	+2.9	+2.6	35	45	80
Total Expenses	(1'318)	(1'328)	(2'646)	(1'284)	(1'294)	(2'578)	(2.6)	(2.6)	(2.6)	(34)	(34)	(68)
EBITDA (excl. one-off item)	219	247	466	218	236	454	+0.5	+4.7	+2.6	1	11	12
EBIT (excl. one-off item)	169	197	366	165	182	347	+2.4	+8.2	+5.5	4	15	19
EBT (excl. one-off item)	171	200	371	168	185	353	+1.8	+8.1	+5.1	3	15	18
Earnings for the period (excl. one-off item)	134	155	289	133	146	279	+0.8	+6.2	+3.6	1	9	10
EU antitrust fine	0	0	0	(65)	0	(65)				65	0	65
Non-controlling interests	(2)	(2)	(4)	(1)	(2)	(3)	+100.0	+0.0	+33.3	(1)	0	(1)
Net Earnings	132	153	285	67	144	211	+97.0	+6.3	+35.1	65	9	74
GP / Turnover	30.2%	29.7%	29.9%	31.1%	29.3%	30.1%						
EBITDA (excl. one-off item) / Turnover	4.3%	4.7%	4.5%	4.5%	4.5%	4.5%						
EBIT (excl. one-off item) / Turnover	3.3%	3.7%	3.5%	3.4%	3.5%	3.4%						
EBT (excl. one-off item) / Turnover	3.4%	3.8%	3.6%	3.5%	3.5%	3.5%						
Earnings for the period (excl.) / Turnover	2.6%	2.9%	2.8%	2.8%	2.8%	2.8%						



Thank you for your attention.



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