

JANUARY - MARCH 2013



CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS 2013

(UNAUDITED)



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Schindellegi, April 12, 2013

1. Income Statement

CHF million	January – March		Variance per cent
	2013	2012	
Invoiced turnover	5,094	4,834	5.4
Customs duties and taxes	-912	-883	
Net invoiced turnover	4,182	3,951	5.8
Net expenses for services from third parties	-2,645	-2,449	
Gross profit	1,537	1,502	2.3
Personnel expenses	-930	-885 ¹	
Selling, general and administrative expenses	-390	-404	
Other operating income/expenses, net	2	5	
Expense for EU antitrust fine	-	-65	
EBITDA	219	153	43.1
Depreciation of property, plant and equipment	-36	-36	
Amortisation of other intangibles	-14	-17	
EBIT	169	100	69.0
Financial income	3	5	
Financial expenses	-2	-2	
Result from joint ventures and associates	1	-	
Earnings before tax (EBT)	171	103	66.0
Income tax	-37	-35	
Earnings for the period	134	68	97.1
Attributable to:			
Equity holders of the parent company	132	67	97.0
Non-controlling interests	2	1	
Earnings for the period	134	68	97.1
Basic earnings per share in CHF	1.11	0.56	98.2
Diluted earnings per share in CHF	1.11	0.56	98.2

¹ Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the quarter is less than CHF 1 million and is therefore not considered material.

2. Statement of Comprehensive Income

CHF million	January - March	
	2013	2012
Earnings for the period	134	68
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign exchange differences	23	-31
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gains/(losses) on defined benefit plans, net of tax	3	-10 ¹
Other comprehensive income, net of tax	26	-41
Total comprehensive income	160	27
Attributable to:		
Equity holders of the parent company	157	26
Non-controlling interests	3	1

¹ Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the quarter is less than CHF 1 million and is therefore not considered material.

3. Balance Sheet

CHF million	March 31, 2013	Dec. 31, 2012	March 31, 2012
Assets			
Property, plant and equipment	1,141	1,134	1,123
Goodwill	699	694	687
Other intangibles	129	141	186
Investments in joint ventures	38	39	39
Deferred tax assets	197	195	163
Non-current assets	2,204	2,203	2,198
Prepayments	141	109	133
Work in progress	262	306	263
Trade receivables	2,531	2,428	2,267
Other receivables	117	116	116
Income tax receivables	83	34	76
Financial investments	-	-	113
Cash and cash equivalents	1,161	1,083	1,101
Current assets	4,295	4,076	4,069
Total assets	6,499	6,279	6,267
Liabilities and equity			
Share capital	120	120	120
Reserves and retained earnings	2,307	1,792 ¹	2,238 ²
Earnings for the period	132	484 ¹	67 ²
Equity attributable to the equity holders of the parent company	2,559	2,396	2,425
Non-controlling interests	21	29	24
Equity	2,580	2,425	2,449
Provisions for pension plans and severance payments	360	357	307
Deferred tax liabilities	153	151	156
Finance lease obligations	30	32	41
Non-current provisions	62	69	89
Non-current liabilities	605	609	593
Bank and other interest-bearing liabilities	38	36	56
Trade payables	1,317	1,337	1,141
Accrued trade expenses/deferred income	918	931	921
Income tax liabilities	126	89	130
Current provisions	65	68	129
Other liabilities	850	784	848
Current liabilities	3,314	3,245	3,225
Total liabilities and equity	6,499	6,279	6,267

1 Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the year amounts to CHF 1 million.

2 Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the quarter is less than CHF 1 million and therefore not considered material.

Schindellegi, April 12, 2013

KUEHNE + NAGEL INTERNATIONAL AG
Reinhard Lange Gerard van Kesteren
CEO CFO

4. Statement of Changes in Equity

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains & losses	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2012	120	535	-45	-715	-44	2,531	2,382	23	2,405
Change in accounting policy ¹	-	-	-	-	1	-1	-	-	-
Restated balance as of January 1, 2012	120	535	-45	-715	-43	2,530	2,382	23	2,405
Earnings for the period	-	-	-	-	-	67	67	1	68
Other comprehensive income									
Foreign exchange differences	-	-	-	-31	-	-	-31	-	-31
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-10	-	-10	-	-10
Total other comprehensive income, net of tax	-	-	-	-31	-10	-	-41	-	-41
Total comprehensive income for the period	-	-	-	-31	-10	67	26	1	27
Disposal of treasury shares	-	5	9	-	-	-	14	-	14
Expenses for share-based compensation plans	-	-	-	-	-	3	3	-	3
Total transactions with owners	-	5	9	-	-	3	17	-	17
Balance as of March 31, 2012	120	540	-36	-746	-53	2,600	2,425	24	2,449
Balance as of January 1, 2013	120	549	-20	-736	-83	2,566	2,396	29	2,425
Change in accounting policy ¹	-	-	-	-	1	-1	-	-	-
Restated balance as of January 1, 2013	120	549	-20	-736	-82	2,565	2,396	29	2,425
Earnings for the period	-	-	-	-	-	132	132	2	134
Other comprehensive income									
Foreign exchange differences	-	-	-	22	-	-	22	1	23
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	3	-	3	-	3
Total other comprehensive income, net of tax	-	-	-	22	3	-	25	1	26
Total comprehensive income for the period	-	-	-	22	3	132	157	3	160
Disposal of treasury shares	-	1	2	-	-	-	3	-	3
Dividend paid	-	-	-	-	-	-	-	-11	-11
Expenses for share-based compensation plans	-	-	-	-	-	3	3	-	3
Total transactions with owners	-	1	2	-	-	3	6	-11	-5
Balance as of March 31, 2013	120	550	-18	-714	-79	2,700	2,559	21	2,580

¹ Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated.

5. Cash Flow Statement

CHF million	January – March		Variance
	2013	2012	
Cash flow from operating activities			
Earnings for the period	134	68 ¹	
Reversal of non-cash items:			
Income tax	37	35	
Financial income	-3	-5	
Financial expenses	2	2	
Result from joint ventures and associates	-1	-	
Depreciation of property, plant and equipment	36	36	
Amortisation of other intangibles	14	17	
Expenses for share-based compensation plans	3	3	
Gain on disposal of property, plant and equipment and associate	-3	-5	
Loss on disposal of property, plant and equipment	1	-	
Net addition to provisions for pension plans and severance payments	3	5 ¹	
Subtotal operational cash flow	223	156	67
(Increase)/decrease work in progress	47	7	
(Increase)/decrease trade and other receivables, prepayments	-104	-72	
Increase/(decrease) other liabilities	61	93	
Increase/(decrease) provisions	-10	58	
Increase/(decrease) trade payables, accrued trade expenses/deferred income	-63	-82	
Income taxes paid	-50	-42	
Total cash flow from operating activities	104	118	-14
Cash flow from investing activities			
Capital expenditure			
– Property, plant and equipment	-31	-32	
– Other intangibles	-1	-2	
Disposal of property, plant and equipment	4	12	
Acquisition of subsidiaries, net of cash acquired	-	-4	
Disposal of financial investments	-	139	
Interest received	3	3	
Dividend received from joint ventures and associates	1	-	
Total cash flow from investing activities	-24	116	-140
Cash flow from financing activities			
Proceeds from interest-bearing liabilities	-	2	
Repayment of interest-bearing liabilities	-3	-12	
Interest paid	-1	-1	
Disposal of treasury shares	3	14	
Dividend paid to non-controlling interests	-11	-	
Total cash flow from financing activities	-12	3	-15
Exchange difference on cash and cash equivalents	7	-7	14
Increase/(decrease) in cash and cash equivalents	75	230	-155
Cash and cash equivalents at the beginning of the period, net	1,058	835	223
Cash and cash equivalents at the end of the period, net	1,133	1,065	68

¹ Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the quarter is less than CHF 1 million and is therefore not considered material.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6.1 Organisation

Kuehne + Nagel International AG (the Company) is incorporated in Schindellegi (Feusisberg), Switzerland. The Company is one of the world's leading logistics providers. Its strong market position lies in the seafreight, airfreight, the overland and contract logistics businesses.

The Condensed Consolidated Interim Financial Statements of the Company for the three months ended March 31, 2013, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily also presents a balance sheet as at March 31, 2012.

6.2 Statement of compliance

The unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended December 31, 2012.

6.3 Basis of preparation

The Condensed Consolidated Interim Financial Statements are presented in Swiss francs (CHF) million. They are prepared on a historical cost basis except for certain financial instruments which are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

Income statement and cash flow statement (average rates for the period)

Currency	2013 CHF	Variance per cent	2012 CHF
EUR 1.–	1.2260	1.3	1.2102
USD 1.–	0.9285	1.8	0.9122
GBP 1.–	1.4439	0.2	1.4415

6.5 Seasonality

The Group is not exposed to significant seasonal or cyclical variations in its operations.

The preparation of Condensed Consolidated Interim Financial Statements in conformity with IFRS requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgments made by the management in the application of IFRS that have a significant effect on the Condensed Consolidated Interim Financial Statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the Consolidated Financial Statements for the year ended December 31, 2012.

Accounting policies

The accounting policies are the same as those applied in the Consolidated Financial Statements for the year ended December 31, 2012. The only exception is the adoption of IAS 19 (revised) as of January 1, 2013. The interest costs and expected return on plan assets used in the previous version of IAS 19 have been replaced with a net interest amount which is calculated by multiplying the discount rate with the net defined benefit obligation. This change has a negative impact on the expenses for defined benefit plans of CHF 1 million for the year 2012.

The other new, revised and amended standards that are effective for the 2013 reporting year are either not relevant for the Group, or do not have a material impact on the Condensed Consolidated Interim Financial Statements.

6.4 Foreign exchange rates

The major foreign currency exchange rates applied are as follows:

Balance sheet (period end rates)

Currency	March 2013 CHF	Variance per cent	March 2012 CHF
EUR 1.–	1.2217	1.3	1.2061
USD 1.–	0.9423	4.3	0.9037
GBP 1.–	1.4340	-0.6	1.4430

6.6 Changes in the scope of consolidation

The changes in the scope of consolidation in the **first three months 2013** related to the following companies:

Changes in the scope of consolidation 2013	Capital share acquired in per cent equals voting rights	Currency	Share capital in 1,000	Acquisition/ incorporation date
Acquisition				
Universal Freight Services LLC, Oman	70	OMR	250	January 8, 2013
Incorporation				
Kuehne + Nagel Logistics Services Limited, Barbados	100	BBD	195	March 1, 2013

The changes in the scope of consolidation in the **first three months 2012** related to the following companies:

Changes in the scope of consolidation 2012	Capital share acquired in per cent equals voting rights	Currency	Share capital in 1,000	Acquisition/ incorporation date
Acquisitions				
Link Logistics International Pty. Ltd, Australia	100	AUD	< 1	February 2, 2012
Incorporations				
Kuehne + Nagel SAS, Morocco	100	MAD	300	March 1, 2012

There were no significant divestments in the first three months of 2013 and 2012.

6.7 Acquisitions

2013 acquisitions

There were no significant acquisitions of subsidiaries in the first three months 2013.

Effective January 8, 2013, the Group acquired 70 per cent of the shares of Universal Freight Services LLC, Oman, mainly specialised in Seafreight and Airfreight forwarding activities. The purchase price of CHF 0.6 million has been paid in cash.

2012 acquisitions

The acquisition of a subsidiary in the first three months of 2012 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	1
Other intangibles	6
Trade receivables	7
Subtotal assets	14
Trade payables	-5
Other current liabilities	-1
Non-current liabilities	-2
Total identifiable assets and liabilities	6
Goodwill	-
Total consideration	6
Contingent consideration	-2
Purchase price, paid in cash	4
Acquired cash and cash equivalents	-
Net cash outflow	4

Effective February 2, 2012, the Group acquired Link Logistics International Pty. Ltd, an Australian freight forwarder specialised in perishables logistics. The purchase price of CHF 5.4 million includes a contingent consideration of CHF 1.8 million depending on the financial performance of the acquired business until December 2013. CHF 3.6 million has been paid in cash.

The acquisitions (including the part of 2011 acquisitions that completes a twelve months period since the date of acquisition) contributed CHF 140 million of invoiced turnover and CHF 1 million of loss to the consolidated invoiced turnover and earnings respectively for the first three months of 2012. If the acquisition had occurred on January 1, 2012, the Group's invoiced turnover would have been CHF 4,838 million and consolidated earnings for the period would have been CHF 66 million.

The trade receivables comprise gross contractual amounts due of CHF 7 million, and all amounts are expected to be collectible.

Other intangibles of CHF 6 million recognised on this acquisition represent non-contractual customer lists having a useful life of up to three years. The acquisition did not result in any goodwill.

The initial accounting for the acquisition made in the first three months of 2012 was only determined provisionally. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting.

6.8 Segment Reporting

a) Reportable Segments

The Group provides integrated logistics solutions across customer's supply chains using its global logistics network. The business is divided into six operating segments namely **Seafreight, Airfreight, Road & Rail Logistics, Contract Logistics, Real Estate and Insurance Brokers**. These six reportable segments reflect the internal management and reporting structure to the Management Board (the chief operating deci-

sion maker, CODM) and are managed through specific organisational structures. The CODM reviews internal management reports on a monthly basis. Each segment is a distinguishable business unit and is engaged in providing and selling discrete products and services.

The discrete distinction between Seafreight, Airfreight and Road & Rail Logistics is the usage of the same transportation mode within a reportable segment. In addition to common business processes and management routines, a single main transportation mode is used within a reportable segment. For the reportable segment Contract Logistics the services performed are related to customer contracts for warehouse and distribution activities, whereby services performed are storage, handling and distribution. In the reportable segment Real Estate, activities mainly related to internal rent of facilities are reported. Under Insurance Brokers, activities exclusively related to brokerage of insurance coverage, mainly marine liability, are reported.

Pricing between segments is determined on an arm's length basis. The accounting policies of the reportable segments are the same as applied in the Consolidated Financial Statements.

Information about the reportable segments is presented on the next pages. Segment performance is based on EBIT as reviewed by the CODM. The column "elimination" is eliminations of turnover and expenses between segments. All operating expenses are allocated to the segments and included in the EBIT.

b) Geographical information

The Group is operating on a worldwide basis in the following geographical areas: **Europe, Americas, Asia-Pacific and Middle East, Central Asia and Africa**. All products and services are provided in each of these geographical regions. The segment revenue is based on the geographical location of the customers invoiced, and segment assets are based on the geographical location of assets.

c) Major Customers

There is no single customer who represents more than 10 per cent of the Group's total revenue.

a) Reportable Segments

January – March

CHF million	Total Group		Seafreight		Airfreight		Road & Rail Logistics		
	2013	2012	2013	2012	2013	2012 ¹	2013	2012	
Invoiced turnover (external customers)	5,094	4,834	2,204	2,031	1,011	967	737	744	
Invoiced inter-segment turnover	-	-	399	385	574	510	348	332	
Customs duties and taxes	-912	-883	-605	-583	-159	-160	-67	-71	
Net invoiced turnover	4,182	3,951	1,998	1,833	1,426	1,317	1,018	1,005	
Net expenses for services from third parties	-2,645	-2,449	-1,680	-1,519	-1,207	-1,113	-797	-780	
Gross profit	1,537	1,502	318	314	219	204	221	225	
Total expenses ¹	-1,318	-1,349	-222	-219	-160	-215	-219	-211	
EBITDA	219	153	96	95	59	-11	2	14	
Depreciation of property, plant and equipment	-36	-36	-3	-4	-3	-3	-6	-7	
Amortisation of other intangibles	-14	-17	-2	-2	-3	-3	-5	-6	
EBIT (segment profit/(loss))	169	100	91	89	53	-17	-9	1	
Financial income	3	5							
Financial expenses	-2	-2							
Result from joint ventures and associates	1	-	1	-	-	-	-	-	
Earnings before tax (EBT)	171	103							
Income tax	-37	-35							
Earnings for the period	134	68							
Attributable to:									
Equity holders of the parent company	132	67							
Non-controlling interests	2	1							
Earnings for the period	134	68							
Additional information not regularly reported to the CODM									
Allocation of goodwill	699	687	47	46	43	39	215	214	
Allocation of other intangibles	129	186	18	24	21	30	63	86	
Capital expenditure property, plant and equipment	31	32	4	4	4	4	2	3	
Capital expenditure other intangibles	1	2	1	1	-	-	-	-	
Property, plant and equipment, goodwill and intangibles through business combinations	-	7	-	-	-	7	-	-	

¹ Total expenses in 2012 include a provision for EU antitrust fines of CHF 65 million in Airfreight.

Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the quarter is less than CHF 1 million and is therefore not considered material.

b) Geographical information

January – March

CHF million	Total Group		Europe		Americas		
	2013	2012	2013	2012 ¹	2013	2012	
Invoiced turnover (external customers)	5,094	4,834	3,104	3,001	1,119	1,023	
Invoiced inter-regional turnover	–	–	835	759	185	170	
Customs duties and taxes	–912	–883	–504	–503	–199	–197	
Net invoiced turnover	4,182	3,951	3,435	3,257	1,105	996	
Net expenses for services from third parties	–2,645	–2,449	–2,330	–2,172	–860	–765	
Gross profit	1,537	1,502	1,105	1,085	245	231	
Total expenses ¹	–1,318	–1,349	–978	–1,002	–208	–196	
EBITDA	219	153	127	83	37	35	
Depreciation of property, plant and equipment	–36	–36	–27	–26	–6	–6	
Amortisation of other intangibles	–14	–17	–12	–14	–1	–1	
EBIT	169	100	88	43	30	28	
Financial income	3	5					
Financial expenses	–2	–2					
Result from joint ventures and associates	1	–	1	–	–	–	
Earnings before tax (EBT)	171	103					
Income tax	–37	–35					
Earnings for the period	134	68					
Attributable to:							
Equity holders of the parent company	132	67					
Non-controlling interests	2	1					
Earnings for the period	134	68					
Additional information not regularly reported to the CODM							
Allocation of goodwill	699	687	553	549	114	111	
Allocation of other intangibles	129	186	107	151	14	20	
Capital expenditure property, plant and equipment	31	32	22	18	3	4	
Capital expenditure other intangibles	1	2	1	2	–	–	
Property, plant and equipment, goodwill and intangibles through business combinations	–	7	–	–	–	–	

¹ Total expenses in 2012 include a provision for EU antitrust fines of CHF 48 million in Europe and CHF 17 million in Asia-Pacific.

Since January 1, 2013, the Group applies IAS 19 (revised). This change in accounting policy was recognised retrospectively and comparatives have been restated. The impact for the quarter is less than CHF 1 million and is therefore not considered material.

6.9 Equity

In the first three months of 2013, the Company sold 33,450 treasury shares (2012: 137,533 treasury shares) for CHF 3 million (2012: CHF 14 million) under the share-based compensation plans.

6.10 Employees

CHF million	March 31, 2013	March 31, 2012
Europe	44,302	43,818
Americas	9,064	9,202
Asia-Pacific	6,919	7,268
Middle East, Central Asia and Africa	2,819	2,841
Total Employees	63,104	63,129
Full-time equivalent	71,335	71,468

6.11 Capital expenditure

The capital expenditure (excluding other intangible assets and property, plant and equipment from acquisitions) from January to March 2013 was CHF 32 million (2012: CHF 34 million).

6.12 Legal claims

The status of proceedings, disclosed in notes 41 and 45 to the Consolidated Financial Statements for the year ended December 31, 2012, has not changed materially.

6.13 Post balance sheet events

These unaudited Condensed Consolidated Interim Financial Statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on April 12, 2013.

There have been no material events between March 31, 2013, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

7. Financial Calendar

May 7, 2013	Annual General Meeting
May 14, 2013	Dividend payment for 2012
July 15, 2013	Half-year 2013 results
October 15, 2013	Nine-months 2013 results

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