



CONSOLIDATED FINANCIAL STATEMENTS 2013  
OF THE KUEHNE + NAGEL GROUP



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### CONSOLIDATED FINANCIAL STATEMENTS 2013 OF THE KUEHNE + NAGEL GROUP

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OF THE KUEHNE + NAGEL GROUP

*Income Statement*

| CHF million                                   | Note   | 2013            | 2012 <sup>1</sup> | Variance<br>per cent |
|-----------------------------------------------|--------|-----------------|-------------------|----------------------|
| <b>Turnover</b>                               | 20     | <b>20,929</b>   | <b>20,753</b>     | <b>0.8</b>           |
| Customs duties and taxes                      |        | -3,751          | -3,633            |                      |
| <b>Net turnover</b>                           |        | <b>17,178</b>   | <b>17,120</b>     | <b>0.3</b>           |
| Net expenses for services from third parties  |        | -10,921         | -11,026           |                      |
| <b>Gross profit</b>                           | 20     | <b>6,257</b>    | <b>6,094</b>      | <b>2.7</b>           |
| Personnel expenses                            | 21     | -3,735          | -3,606            |                      |
| Selling, general and administrative expenses  | 22     | -1,562          | -1,592            |                      |
| Other operating income/expenses, net          | 23     | 2               | 24                |                      |
| Expense for EU antitrust fines                | 23/41  | -               | -65               |                      |
| <b>EBITDA</b>                                 |        | <b>962</b>      | <b>855</b>        | <b>12.5</b>          |
| Depreciation of property, plant and equipment | 27     | -143            | -146              |                      |
| Amortisation of other intangibles             | 28     | -57             | -74               |                      |
| Impairment of other intangibles               | 28     | -1              | -2                |                      |
| <b>EBIT</b>                                   |        | <b>761</b>      | <b>633</b>        | <b>20.2</b>          |
| Financial income                              | 24     | 5               | 12                |                      |
| Financial expenses                            | 24     | -6              | -5                |                      |
| Result from joint ventures and associates     | 20     | 7               | 4                 |                      |
| <b>Earnings before tax (EBT)</b>              |        | <b>767</b>      | <b>644</b>        | <b>19.1</b>          |
| Income tax                                    | 25     | -160            | -152              |                      |
| <b>Earnings for the year</b>                  |        | <b>607</b>      | <b>492</b>        | <b>23.4</b>          |
| Attributable to:                              |        |                 |                   |                      |
| Equity holders of the parent company          |        | 597             | 484               | 23.3                 |
| Non-controlling interests                     |        | 10              | 8                 |                      |
| <b>Earnings for the year</b>                  |        | <b>607</b>      | <b>492</b>        | <b>23.4</b>          |
| <br><b>Basic earnings per share in CHF</b>    | <br>26 | <br><b>4.98</b> | <br><b>4.05</b>   | <br><b>23.0</b>      |
| <b>Diluted earnings per share in CHF</b>      | 26     | <b>4.98</b>     | <b>4.05</b>       | <b>23.0</b>          |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

*Statement of Comprehensive Income*

| CHF million                                                           | Note  | 2013       | 2012 <sup>1</sup> |
|-----------------------------------------------------------------------|-------|------------|-------------------|
| <b>Earnings for the year</b>                                          |       | <b>607</b> | <b>492</b>        |
| <b>Other comprehensive income</b>                                     |       |            |                   |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |       |            |                   |
| Foreign exchange differences                                          |       | -66        | -21               |
| <b>Items that will not be reclassified to profit or loss:</b>         |       |            |                   |
| Actuarial gains/(losses) on defined benefit plans                     | 36/25 | 27         | -57               |
| Income tax on actuarial gains/(losses) on defined benefit plans       |       | -19        | 19                |
| <b>Total other comprehensive income, net of tax</b>                   |       | <b>-58</b> | <b>-59</b>        |
| <b>Total comprehensive income for the year</b>                        |       | <b>549</b> | <b>433</b>        |
| <b>Attributable to:</b>                                               |       |            |                   |
| Equity holders of the parent company                                  |       | 540        | 425               |
| Non-controlling interests                                             |       | 9          | 8                 |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

**Balance Sheet**

| CHF million                   | Note  | Dec. 31, 2013 | Dec. 31, 2012 <sup>1</sup> |
|-------------------------------|-------|---------------|----------------------------|
| <b>Assets</b>                 |       |               |                            |
| Property, plant and equipment | 27    | 1,151         | 1,134                      |
| Goodwill                      | 28    | 688           | 694                        |
| Other intangibles             | 28    | 89            | 141                        |
| Investments in joint ventures | 29    | 33            | 39                         |
| Deferred tax assets           | 25    | 172           | 195                        |
| <b>Non-current assets</b>     |       | <b>2,133</b>  | <b>2,203</b>               |
| Prepayments                   |       | 105           | 109                        |
| Work in progress              | 30    | 296           | 306                        |
| Trade receivables             | 31    | 2,426         | 2,428                      |
| Other receivables             | 32    | 107           | 116                        |
| Income tax receivables        | 32    | 52            | 34                         |
| Cash and cash equivalents     | 33/34 | 1,255         | 1,083                      |
| <b>Current assets</b>         |       | <b>4,241</b>  | <b>4,076</b>               |
| <b>Total assets</b>           |       | <b>6,374</b>  | <b>6,279</b>               |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

| CHF million                                                            | Note  | Dec. 31, 2013 | Dec. 31, 2012 <sup>1</sup> |
|------------------------------------------------------------------------|-------|---------------|----------------------------|
| <b>Liabilities and equity</b>                                          |       |               |                            |
| Share capital                                                          |       | 120           | 120                        |
| Reserves and retained earnings                                         |       | 1,820         | 1,792                      |
| Earnings for the year                                                  |       | 597           | 484                        |
| <b>Equity attributable to the equity holders of the parent company</b> |       | <b>2,537</b>  | <b>2,396</b>               |
| Non-controlling interests                                              |       | 21            | 29                         |
| <b>Equity</b>                                                          | 35    | <b>2,558</b>  | <b>2,425</b>               |
| Provisions for pension plans and severance payments                    | 36    | 340           | 357                        |
| Deferred tax liabilities                                               | 25    | 136           | 151                        |
| Finance lease obligations                                              | 39    | 24            | 32                         |
| Non-current provisions                                                 | 41    | 63            | 69                         |
| <b>Non-current liabilities</b>                                         |       | <b>563</b>    | <b>609</b>                 |
| Bank and other interest-bearing liabilities                            | 38/39 | 21            | 36                         |
| Trade payables                                                         | 40    | 1,362         | 1,337                      |
| Accrued trade expenses/deferred income                                 | 40    | 936           | 931                        |
| Income tax liabilities                                                 |       | 89            | 89                         |
| Current provisions                                                     | 41    | 78            | 68                         |
| Other liabilities                                                      | 42    | 767           | 784                        |
| <b>Current liabilities</b>                                             |       | <b>3,253</b>  | <b>3,245</b>               |
| <b>Total liabilities and equity</b>                                    |       | <b>6,374</b>  | <b>6,279</b>               |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

Schindellegi, February 28, 2014

**KUEHNE + NAGEL INTERNATIONAL AG**

Dr. Detlef Trefzger Gerard van Kesteren

CEO

CFO

*Statement of Changes in Equity*

| CHF million                                                   | Note  | 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, 2013                                 |       | 120           | 549           | -20             | -736                              | -81                      | 2,564             | 2,396                                                             | 29                        | 2,425        |
| Earnings for the year                                         |       | -             | -             | -               | -                                 | -                        | 597               | 597                                                               | 10                        | 607          |
| <b>Other comprehensive income</b>                             |       |               |               |                 |                                   |                          |                   |                                                                   |                           |              |
| Foreign exchange differences                                  |       | -             | -             | -               | -65                               | -                        | -                 | -65                                                               | -1                        | -66          |
| Actuarial gains/(losses) on defined benefit plans, net of tax | 36/25 | -             | -             | -               | -                                 | 8                        | -                 | 8                                                                 | -                         | 8            |
| <b>Total other comprehensive income, net of tax</b>           |       | -             | -             | -               | -65                               | 8                        | -                 | -57                                                               | -1                        | -58          |
| <b>Total comprehensive income for the year</b>                |       | -             | -             | -               | -65                               | 8                        | 597               | 540                                                               | 9                         | 549          |
| Purchase of treasury shares                                   | 35    | -             | -             | -24             | -                                 | -                        | -                 | -24                                                               | -                         | -24          |
| Disposal of treasury shares                                   | 35    | -             | 2             | 37              | -                                 | -                        | -                 | 39                                                                | -                         | 39           |
| Dividend paid                                                 | 35    | -             | -             | -               | -                                 | -                        | -419              | -419                                                              | -17                       | -436         |
| Expenses for share-based compensation plans                   | 37    | -             | -             | -               | -                                 | -                        | 5                 | 5                                                                 | -                         | 5            |
| <b>Total contributions by and distributions to owners</b>     |       | -             | 2             | 13              | -                                 | -                        | -414              | -399                                                              | -17                       | -416         |
| <b>Balance as of December 31, 2013</b>                        |       | <b>120</b>    | <b>551</b>    | <b>-7</b>       | <b>-801</b>                       | <b>-73</b>               | <b>2,747</b>      | <b>2,537</b>                                                      | <b>21</b>                 | <b>2,558</b> |

1 See note 3 for the impact of the application of IAS 19 (revised),

| CHF million                                                                | Note  | 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 <sup>1</sup>                                   |       | -             | -             | -               | -                                 | 1                        | -1                | -                                                                 | -                         | -            |
| <b>Restated balance as of January 1, 2012</b>                              |       | <b>120</b>    | <b>535</b>    | <b>-45</b>      | <b>-715</b>                       | <b>-43</b>               | <b>2,530</b>      | <b>2,382</b>                                                      | <b>23</b>                 | <b>2,405</b> |
| Earnings for the year <sup>1</sup>                                         |       | -             | -             | -               | -                                 | -                        | 484               | 484                                                               | 8                         | 492          |
| <b>Other comprehensive income</b>                                          |       |               |               |                 |                                   |                          |                   |                                                                   |                           |              |
| Foreign exchange differences                                               |       | -             | -             | -               | -21                               | -                        | -                 | -21                                                               | -                         | -21          |
| Actuarial gains/(losses) on defined benefit plans, net of tax <sup>1</sup> | 36/25 | -             | -             | -               | -                                 | -38                      | -                 | -38                                                               | -                         | -38          |
| <b>Total other comprehensive income, net of tax</b>                        |       | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-21</b>                        | <b>-38</b>               | <b>-</b>          | <b>-59</b>                                                        | <b>-</b>                  | <b>-59</b>   |
| <b>Total comprehensive income for the year</b>                             |       | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-21</b>                        | <b>-38</b>               | <b>484</b>        | <b>425</b>                                                        | <b>8</b>                  | <b>433</b>   |
| Purchase of treasury shares                                                | 35    | -             | -             | -20             | -                                 | -                        | -                 | -20                                                               | -                         | -20          |
| Disposal of treasury shares                                                | 35    | -             | 14            | 45              | -                                 | -                        | -                 | 59                                                                | -                         | 59           |
| Dividend paid                                                              | 35    | -             | -             | -               | -                                 | -                        | -460              | -460                                                              | -2                        | -462         |
| Expenses for share-based compensation plans                                | 37    | -             | -             | -               | -                                 | -                        | 10                | 10                                                                | -                         | 10           |
| <b>Total contributions by and distributions to owners</b>                  |       | <b>-</b>      | <b>14</b>     | <b>25</b>       | <b>-</b>                          | <b>-</b>                 | <b>-450</b>       | <b>-411</b>                                                       | <b>-2</b>                 | <b>-413</b>  |
| <b>Balance as of December 31, 2012</b>                                     |       | <b>120</b>    | <b>549</b>    | <b>-20</b>      | <b>-736</b>                       | <b>-81</b>               | <b>2,564</b>      | <b>2,396</b>                                                      | <b>29</b>                 | <b>2,425</b> |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).



**Cash Flow Statement**

| CHF million                                                                | Note | 2013       | 2012 <sup>1</sup> |
|----------------------------------------------------------------------------|------|------------|-------------------|
| <b>Cash flow from operating activities</b>                                 |      |            |                   |
| Earnings for the year                                                      |      | 607        | 492               |
| Reversal of non-cash items:                                                |      |            |                   |
| Income tax                                                                 | 25   | 160        | 152               |
| Financial income                                                           | 24   | -5         | -12               |
| Financial expenses                                                         | 24   | 6          | 5                 |
| Result from joint ventures and associates                                  |      | -7         | -4                |
| Depreciation of property, plant and equipment                              | 27   | 143        | 146               |
| Amortisation of other intangibles                                          | 28   | 57         | 74                |
| Impairment of other intangibles                                            | 28   | 1          | 2                 |
| Expenses for share-based compensation plans                                | 21   | 5          | 10                |
| Gain on disposal of property, plant and equipment and associate            | 23   | -11        | -29               |
| Loss on disposal of property, plant and equipment                          | 23   | 2          | 5                 |
| Net addition to provisions for pension plans and severance payments        |      | 8          | 8                 |
| <b>Subtotal operational cash flow</b>                                      |      | <b>966</b> | <b>849</b>        |
| (Increase)/decrease work in progress                                       |      | -6         | -38               |
| (Increase)/decrease trade and other receivables, prepayments               |      | -59        | -198              |
| Increase/(decrease) other liabilities                                      |      | -7         | 20                |
| Increase/(decrease) provisions                                             |      | 7          | -24               |
| Increase/(decrease) trade payables, accrued trade expenses/deferred income |      | 82         | 123               |
| Income taxes paid                                                          |      | -190       | -176              |
| <b>Total cash flow from operating activities</b>                           |      | <b>793</b> | <b>556</b>        |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

| CHF million                                                        | Note | 2013         | 2012 <sup>1</sup> |
|--------------------------------------------------------------------|------|--------------|-------------------|
| <b>Cash flow from investing activities</b>                         |      |              |                   |
| Capital expenditure                                                |      |              |                   |
| – Property, plant and equipment                                    | 27   | -181         | -163              |
| – Other intangibles                                                | 28   | -7           | -12               |
| Disposal of property, plant and equipment                          |      | 24           | 41                |
| Acquisition of subsidiaries, net of cash acquired                  | 43   | -            | -9                |
| Disposal of financial investments                                  | 33   | -            | 252               |
| Interest received                                                  |      | 4            | 6                 |
| (Increase)/decrease of share capital in joint ventures             | 29   | 6            | -                 |
| Disposal of associate                                              | 23   | 1            | 5                 |
| Dividend received from associates                                  |      | 7            | 5                 |
| <b>Total cash flow from investing activities</b>                   |      | <b>-146</b>  | <b>125</b>        |
| <b>Cash flow from financing activities</b>                         |      |              |                   |
| Proceeds from interest-bearing liabilities                         |      | -            | 2                 |
| Repayment of interest-bearing liabilities                          |      | -12          | -29               |
| Interest paid                                                      |      | -6           | -5                |
| Purchase of treasury shares                                        | 35   | -24          | -20               |
| Disposal of treasury shares                                        | 35   | 39           | 59                |
| Dividend paid to equity holders of parent company                  | 35   | -419         | -460              |
| Dividend paid to non-controlling interests                         |      | -17          | -2                |
| <b>Total cash flow from financing activities</b>                   |      | <b>-439</b>  | <b>-455</b>       |
| Exchange difference on cash and cash equivalents                   |      | -24          | -3                |
| <b>Increase/(decrease) in cash and cash equivalents</b>            |      | <b>184</b>   | <b>223</b>        |
| <b>Cash and cash equivalents at the beginning of the year, net</b> | 34   | <b>1,058</b> | <b>835</b>        |
| <b>Cash and cash equivalents at the end of the year, net</b>       | 34   | <b>1,242</b> | <b>1,058</b>      |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

#### 1 ORGANISATION

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

The Consolidated Financial Statements of the Company for the year ended December 31, 2013, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

#### 2 STATEMENT OF COMPLIANCE

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

#### 3 BASIS OF PREPARATION

The Consolidated Financial Statements are presented in Swiss francs (CHF) million and are based on the individual financial statements of the consolidated companies as of December 31, 2013. Those financial statements have been prepared in accordance with uniform accounting policies issued by the Group, which comply with the requirements of the International Financial Reporting Standards (IFRS) and Swiss law (Swiss Code of Obligation). The Consolidated Financial Statements 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.

The preparation of financial statements in accordance with IFRS requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 Consolidated Financial Statements and estimates with a significant risk of material adjustment in future are shown in note 51.

The accounting policies are the same as those applied in the Consolidated Financial Statements for the year ended December 31, 2012. The only exception with an impact on the opening balance sheet as of January 1, 2012, and the 2012 and 2013 income statements 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. The impacts of this change on the relevant positions in the Income Statement, Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Earnings per Share are shown below.

| Impact of application of IAS 19 (revised)<br>CHF million                      | Reported | Adjustment | Restated |
|-------------------------------------------------------------------------------|----------|------------|----------|
| <b>Income Statement 2012</b>                                                  |          |            |          |
| Personnel expenses                                                            | -3,605   | -1         | -3,606   |
| Earnings for the year                                                         | 493      | -1         | 492      |
| <b>Earnings per share 2012</b>                                                |          |            |          |
| Basic earnings per share in CHF                                               | 4.06     | -0.01      | 4.05     |
| Diluted earnings per share in CHF                                             | 4.06     | -0.01      | 4.05     |
| <b>Statement of Comprehensive Income 2012</b>                                 |          |            |          |
| Earnings for the year                                                         | 493      | -1         | 492      |
| Actuarial gains/(losses) on defined benefit plans, net of tax                 | -39      | 1          | -38      |
| <b>Balance Sheet 2012</b>                                                     |          |            |          |
| Reserves and retained earnings                                                | 1,791    | 1          | 1,792    |
| Earnings for the year attributable to equity holders<br>of the parent company | 485      | -1         | 484      |
| <b>Statement of Changes in Equity 2012</b>                                    |          |            |          |
| <b>Restated balances on opening January 1, 2012</b>                           |          |            |          |
| Actuarial gains/(losses) on defined benefit plans, net of tax                 | -44      | 1          | -43      |
| Retained earnings                                                             | 2,531    | -1         | 2,530    |
| <b>Restated balances 2012</b>                                                 |          |            |          |
| Earnings for the year attributable to equity holders<br>of the parent company | 485      | -1         | 484      |
| Actuarial gains/(losses) on defined benefit plans, net of tax                 | -39      | 1          | -38      |
| <b>Cash Flow Statement 2012</b>                                               |          |            |          |
| Earnings for the year                                                         | 493      | -1         | 492      |
| Net addition to provisions for pension plans<br>and severance payments        | 7        | 1          | 8        |

The application of IAS 19 (revised) does not have any material impact on the Kuehne + Nagel Group's financial position, on its results of operations and on its cash flows. Therefore, the presentation of a third Balance Sheet as of January 1, 2012, has not been considered necessary.

New, revised and amended standards that are effective for the 2013 reporting year other than IAS 19 (revised) are not applicable to the Group or do not have a significant impact on the Consolidated Financial Statements.

**Adoption of new and revised standards and interpretations in 2014 and later**

The following new, revised and amended standards and interpretations have been issued but are not yet effective and not applied early in the Consolidated Financial Statements of the Group. Their impact on the Consolidated Financial Statements has not yet been systematically analysed. A first assessment by the Group Management shows the expected effects as disclosed in the table below.

| Standard/interpretation                                                                             | Effective date | Planned application |
|-----------------------------------------------------------------------------------------------------|----------------|---------------------|
| Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>           | 1 January 2014 | Reporting year 2014 |
| Investment Entities<br>(Amendments to IFRS 10, IFRS 12 and IAS 27) <sup>1</sup>                     | 1 January 2014 | Reporting year 2014 |
| IFRIC Interpretation 21: Levies <sup>1</sup>                                                        | 1 January 2014 | Reporting year 2014 |
| Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) <sup>2</sup>         | 1 January 2014 | Reporting year 2014 |
| Novation of Derivatives and Continuation of Hedge Accounting<br>(Amendments to IAS 39) <sup>1</sup> | 1 January 2014 | Reporting year 2014 |
| IFRS 9 Financial Instruments <sup>1</sup>                                                           | 1 January 2015 | Reporting year 2015 |
| Defined Benefit Plans: Employee Contributions<br>(Amendments to IAS 19) <sup>1</sup>                | 1 July 2014    | Reporting year 2015 |

<sup>1</sup> No or no significant impacts are expected on the Consolidated Financial Statements.

<sup>2</sup> The impact on the Consolidated Financial Statements is expected to result in additional disclosures or changes in presentation.

**4 SCOPE OF CONSOLIDATION**

The Group's significant subsidiaries and joint ventures are listed on pages 78 to 85. Significant changes in the scope of consolidation in 2013 relate to the following companies (for further information on the financial impact of the acquisition refer to note 43):

| Changes in the scope of consolidation<br>2013          | Capital share<br>acquired<br>in per cent<br>equals<br>voting rights | Currency | Share capital<br>in 1,000 | Acquisition/<br>incorporation<br>date |
|--------------------------------------------------------|---------------------------------------------------------------------|----------|---------------------------|---------------------------------------|
| <b>Acquisition</b>                                     |                                                                     |          |                           |                                       |
| Universal Freight Services LLC, Oman                   | 70                                                                  | OMR      | 250                       | Jan. 8, 2013                          |
| <b>Incorporations</b>                                  |                                                                     |          |                           |                                       |
| Kuehne + Nagel Logistics Services Limited,<br>Barbados | 100                                                                 | BBD      | 195                       | March 1, 2013                         |
| Kuehne + Nagel Ltd., Myanmar                           | 100                                                                 | USD      | 50                        | April 1, 2013                         |
| Kuehne + Nagel Real Estate Pty Ltd, Australia          | 100                                                                 | AUD      | –                         | Oct. 1, 2013                          |
| Kuehne + Nagel Solutions, France                       | 100                                                                 | EUR      | 10                        | Dec. 1, 2013                          |
| Nacora (Luxembourg) S.a.r.l., Luxembourg               | 100                                                                 | EUR      | 50                        | Dec. 1, 2013                          |

There were no significant divestments in 2013.

Significant changes in the scope of consolidation for the year 2012 are related to the following companies (for further information on the financial impact of the acquisitions refer to note 43):

| Changes in the scope of consolidation<br>2012     | Capital share<br>acquired<br>in per cent<br>equals<br>voting rights | Currency | Share capital<br>in 1,000 | Acquisition/<br>incorporation<br>date |
|---------------------------------------------------|---------------------------------------------------------------------|----------|---------------------------|---------------------------------------|
| <b>Acquisitions</b>                               |                                                                     |          |                           |                                       |
| Link Logistics International Pty. Ltd., Australia | 100                                                                 | AUD      | < 1                       | Feb. 2, 2012                          |
| Flowerport Logistics B.V., Netherlands            | 100                                                                 | EUR      | 2,768                     | Oct. 1, 2012                          |
| AgriAir Logistics B.V., Netherlands               | 100                                                                 | EUR      | 18                        | Oct. 1, 2012                          |
| <b>Incorporations</b>                             |                                                                     |          |                           |                                       |
| Kuehne & Nagel SAS, Morocco                       | 100                                                                 | MAD      | 300                       | March 1, 2012                         |
| Kuehne + Nagel Logistique SASU, France            | 100                                                                 | EUR      | 37                        | May 1, 2012                           |
| KN Ibrakom Logistics Services Ltd, Georgia        | 60                                                                  | GEL      | 83                        | Nov. 6, 2012                          |

There were no significant divestments in 2012.

## 5 PRINCIPLES OF CONSOLIDATION

### Business Combinations

Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, equity interests issued by the Group and the fair value of any contingent consideration. If the contingent consideration is classified as equity, it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities incurred in connection with a business combination are expensed as incurred.

**Written put options held by non-controlling shareholders**

If the Group has a potential obligation to purchase shares in a subsidiary from a non-controlling shareholder through a written put option, a liability is recognised at the present value of the redemption amount with a corresponding entry in equity. If a non-controlling shareholder still has present access to the economic benefits associated with the underlying ownership interest, the non-controlling interest in the subsidiary continues to be recognised as a separate component in equity.

The liability is re-estimated at each reporting date. Any subsequent changes in the liability's carrying amount are recognised in profit or loss.

**Acquisitions and disposals of non-controlling interests**

Changes in the parent's ownership interest in a subsidiary after having obtained control that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners, and the effect of such transactions is recognised in equity. No goodwill is recognised as a result of acquisition of non-controlling interests, and no gain or loss on disposals of non-controlling interests is recognised in profit or loss. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

**Subsidiaries**

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are companies controlled, directly or indirectly, by the Group. This control is normally evidenced if the Group owns, either directly or indirectly, more than 50 per cent of the voting rights whereby potential voting rights of a company are also considered. Subsidiaries are included in the Consolidated Financial Statements by the full consolidation method as from the date on which control is transferred to the Group until the date control ceases. The non-controlling interests in equity as well as earnings for the period are reported separately in the Consolidated Financial Statements.

**Associates and joint ventures**

Associates are companies over which the Group has significant influence but which it does not control. Significant influence is normally evidenced if the Group owns 20 per cent or more of the voting or potential voting rights. Joint ventures are contractual arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the Group's share of the profit or loss and other comprehensive income of associates and joint ventures is included in the Group's financial statements, until the date significant influence or joint control ceases.

**Transactions eliminated on consolidation**

Intra-group balances, transactions, income and expenses are eliminated in preparing the Consolidated Financial Statements.

### Foreign exchange translation

Financial statements of consolidated companies are prepared in their respective functional currencies and translated into CHF (the Group's presentation currency) as of year-end. Assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at year-end exchange rates and all items included in the income statement are translated at average exchange rates for the year, which approximate actual rates. Exchange differences originating from such translation methods have no impact on the income statement since they are recognised in other comprehensive income.

Transactions in foreign currencies in individual subsidiaries are translated into the functional currency at actual rates of the transaction day. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities that are stated at historical cost are translated at actual rates of the transaction day. Non-monetary assets and liabilities that are stated at fair value, are translated at the rate at the date the values are determined. Exchange differences arising on the translation are included in the income statement.

The major foreign currency conversion rates applied are as follows:

### *Income statement and cash flow statement* (average rates for the year)

| Currency | 2013<br>CHF | Variance<br>per cent | 2012<br>CHF |
|----------|-------------|----------------------|-------------|
| EUR 1.–  | 1.2296      | 1.9                  | 1.2062      |
| USD 1.–  | 0.9237      | -1.0                 | 0.9327      |
| GBP 1.–  | 1.4492      | -2.3                 | 1.4827      |

### *Balance sheet* (year-end rates)

| Currency | Dec. 2013<br>CHF | Variance<br>per cent | Dec. 2012<br>CHF |
|----------|------------------|----------------------|------------------|
| EUR 1.–  | 1.2252           | 1.5                  | 1.2076           |
| USD 1.–  | 0.8916           | -2.5                 | 0.9149           |
| GBP 1.–  | 1.4697           | -0.4                 | 1.4759           |

## 6 FINANCIAL ASSETS AND LIABILITIES

The accounting policy applied to financial instruments depends on their classification. The Group's financial assets and liabilities are classified into the following categories:

- The category **financial assets or liabilities at fair value through profit or loss** includes financial assets or liabilities held for trading and financial assets designated as such upon initial recognition. There are no financial liabilities that, upon initial recognition, have been designated at fair value through profit or loss.



- **Loans and receivables** are carried at amortised cost, calculated by using the effective interest rate method, less allowances for impairment.
- **Financial assets/investments available for sale** include all financial assets/investments not assigned to one of the above mentioned categories. These might include investments in affiliates that are not associates or joint ventures and investments in bonds and notes. Financial assets/investments available for sale are recognised at fair value, changes in value (after tax) are recognised directly in other comprehensive income until the assets are sold, at which time the amount reported in other comprehensive income is transferred to the income statement. As of December 31, 2013 and 2012, the Group did not have any financial assets/investments available for sale.
- **Financial liabilities** that are not at fair value through profit or loss, are carried at amortised cost calculated by using the effective interest rate method.

#### Derivatives and hedge accounting

Derivative financial instruments (foreign exchange contracts) are used to hedge the foreign exchange exposures on outstanding balances in the Group's internal clearing system, centralised at the head office. Given that the Group's hedging activities are limited to hedges of recognised foreign currency monetary items, the Group does not apply hedge accounting under IAS 39. Derivatives are carried at fair value, and all changes in fair value are recognised immediately in the income statement as part of financial income or expenses. All derivatives with a positive fair value are disclosed as derivative assets and included in the line "financial investments" on the balance sheet, while all derivatives with a negative fair value are disclosed as derivative liabilities and included in the line current "other liabilities".

#### Impairment of financial assets

If there is any indication that a financial asset (loans and receivables) or financial assets/investments available for sale may be impaired, its recoverable amount is calculated. The recoverable amount of the Group's loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

Trade receivables are reported at their anticipated recoverable amounts. The allowance for bad debts is determined based on an individual basis or on a portfolio basis, where there is objective evidence that impairment losses have been incurred. The allowance account is used to record impairment losses unless the Group is satisfied that no recovery of the amount due is possible; at that point the amount considered irrecoverable is written off against the financial assets directly.

If an asset's recoverable amount is less than its carrying amount, the asset is written down to its recoverable amount. All resultant impairment losses (after reversing previous revaluations recognised in other comprehensive income of available for sale equity securities) are recognised in the income statement.

An impairment loss in respect of a financial asset is reversed if there is a subsequent increase in recoverable amount that can be related objectively to an event occurring after the impairment loss was recognised. Reversals of impairment losses are recognised in the income statement, with the exception for reversals of impairment losses on available for sale equity securities, for which any reversals are recognised in other comprehensive income.

## 7 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Refer to note 20 for additional information about the segments in the Group.

## 8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included in the Consolidated Financial Statements at cost less accumulated depreciation and accumulated impairment losses. The depreciation is calculated on a straight line basis considering the expected useful life of the individual assets. The estimated useful lives for the major categories are:

| Category               | Years |
|------------------------|-------|
| Buildings              | 40    |
| Vehicles               | 4-10  |
| Leasehold improvements | 5     |
| Office machines        | 4     |
| IT hardware            | 3     |
| Office furniture       | 5     |

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in the income statement as an expense as incurred.

## 9 LEASES

Leases that transfer substantially all the risks and rewards of ownership of the leased asset to the Group are classified as finance leases. Other leases are classified as operating leases.

Assets leased under finance leases are included at the present value of the future minimum lease payments or their fair value if lower, less accumulated depreciation and accumulated impairment losses. If there is a reasonable certainty that the Group will obtain ownership by the end of the lease term, leased assets are depreciated over their useful life. Otherwise, leased assets are depreciated over the shorter of the lease term and their useful life. The interest portion of the lease payments is expensed through the income statement based on the effective interest rate inherent in the lease.

Operating lease payments are treated as operating cost and charged to the income statement on a straight line basis over the lease period unless another basis is more appropriate to reflect the pattern of benefits to be derived from the leased asset.

Any gain or loss from sale and lease-back transaction resulting in operating leases is taken directly to the income statement if the transaction is established at fair value. If the transaction is established below fair value, any loss that is compensated by future lease payments at below market price is deferred and amortised over the length of the period the asset is expected to be used. Any other loss is recognised in the income statement immediately. If the transaction is established above fair value the gain arising from the transaction is deferred and amortised over the period the asset is expected to be used. If the fair value at the time of the sale and lease-back transaction is less than the carrying amount of the asset, a loss equal to the difference between the carrying amount and the fair value is recognised immediately.

## 10 INTANGIBLES

### Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill arising from an acquisition represents the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Goodwill is allocated to cash-generating units.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested annually for impairment at year-end. However, if there is an indication that goodwill would be impaired at any other point in time, an impairment test is performed.

### Other intangibles

Other identifiable intangibles (i.e. software, customer lists, customer contracts, etc.) purchased from third parties or acquired in a business combination are separately recognised as intangibles, and are stated at cost less accumulated amortisation and accumulated impairment losses. Intangibles acquired in a business combination are recognised separately from goodwill if they are subject to contractual or legal rights or are separately transferable. Software is amortised over its estimated useful life, three years maximum. Other intangibles are amortised on a straight line basis over their estimated useful life (up to ten years maximum). There are no intangibles with indefinite useful life recognised in the Group's balance sheet.

## 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and in hand as well as short-term deposits and highly liquid investments with a term of three months or less from the date of acquisition that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist also of bank overdrafts that are repayable on demand as forming an integral part of the Group's cash management.

## 12 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's investments in associates and joint ventures, its intangibles and property, plant and equipment, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment every year. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

**Calculation of a recoverable amount**

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**Reversals of impairment losses**

An impairment loss recognised for goodwill is not reversed. In respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**13 SHARE CAPITAL****Shares**

Shares are classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity.

**Treasury shares**

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from the share premium.

**14 PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The provision is classified in non-current liabilities in case the expected timing of the payment of the amounts provided for is more than 1 year.

**15 PENSION PLANS, SEVERANCE PAYMENTS AND SHARE-BASED COMPENSATION PLANS**

Some consolidated companies maintain pension plans in favour of their personnel in addition to the legally required social insurance schemes. The pension plans partly exist as independent trusts and are operated either under a defined contribution or a defined benefit plan.

**Defined benefit plans**

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recorded in the Balance Sheet as net defined benefit liability or net defined benefit asset. The discount rate is the yield at the reporting date on "AA" credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which benefits are expected to be paid. The calculation is performed by an independent, qualified actuary using the projected unit credit method.

All actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **Defined contribution plans**

Obligations for contributions to defined contribution pension plans are recognised in the income statement as an expense in the periods during which services are rendered by the employees.

#### **Severance payments**

The Group provides severance benefits to employees as legally required in certain countries, which are accounted for as defined benefit plans if material.

#### **Share-based compensation plans**

##### *Share Matching Plan (SMP)*

The Company implemented a share-based compensation plan effective August 7, 2012, referred to as "Share Matching Plan" (SMP) that replaced the employee "Share Purchase and Option Plan" (SPOP) implemented in 2001. This new long-term incentive plan allows selected employees of the Group to acquire shares of the Company with a discount compared to the actual share price at a specified date; such shares are blocked for three years, give its holder immediate voting rights and rights to receive dividends.

For each purchased share, the Company will match additional shares upon completion of a three years vesting period and service condition during the same period. The level of the share match (share match ratio) is defined based on the achieved performance over the next three financial years against defined targets.

When employees purchase shares at a discounted price, the difference between the fair value of the shares at purchase date and the purchase price of the shares is recognised as a personnel expense with a corresponding increase in equity. The fair value of the shares granted is measured at the market price of the Company's shares.

The fair value of shares matched under SMP is recognised as a personnel expense with a corresponding increase in equity. The fair value of matched shares is equal to the market price at grant date reduced by the present value of the expected dividends during the vesting period and recognised as personnel expense over the relevant vesting periods. The amount expensed is adjusted to reflect actual and expected levels of vesting.

For further details about the SMP refer to note 37.

##### *Share Purchase and Option Plan (SPOP)*

The Group's previous employee share purchase and option plan was discontinued as of July 1, 2012. It allowed selected employees of the Group to acquire shares of the Company at a reduced price at a specified date; such shares are blocked for three years, give its holder immediate voting rights and rights to receive

dividends. For each share purchased under this plan, the Company granted two options to the participants. Each option entitled the participant to purchase one share of the Company at a pre-defined price upon completion of the three years vesting period and service condition during the same period.

When employees purchased shares at a discounted price, the difference between the fair value of the shares at purchase date and the purchase price of the shares was recognised as a personnel expense with a corresponding increase in equity. The fair value of the shares granted is measured at the market price of the Company's shares.

The fair value of options granted under SPOP was recognised as a personnel expense with a corresponding increase in equity. The fair value of the granted options is calculated using the lattice binomial model and is measured at grant date and recognised as personnel expense over the relevant vesting periods. The amount expensed is adjusted to reflect actual and expected levels of vesting.

For further details about the SPOP refer to note 37.

## 16 REVENUE RECOGNITION

The Company generates its revenues from five principal services: 1) Seafreight, 2) Airfreight, 3) Road & Rail Logistics, 4) Contract Logistics, and 5) Insurance Brokers. Revenues reported in each of these reportable segments include revenues generated from the principal service as well as revenues generated from services like customs clearance, export documentation, import documentation, door-to-door service, and arrangement of complex logistics supply movement, that are incidental to the principal service.

In Seafreight, Airfreight, and Road & Rail Logistics the Group generates the majority of its revenues by purchasing transportation services from direct (asset-based) carriers and selling a combination of those services to its customers. In its capacity of arranging carrier services, the Group issues to customers a contract of carriage. Revenues related to shipments are recognised based upon the terms in the contract of carriage. Revenues from other services, involving providing services at destination, are recognised when the service is rendered.

In Contract Logistics the principal services are related to customer contracts for warehousing and distribution activities. Based on the customer contracts, revenues are recognised when service is rendered.

In Insurance Brokers, the principal service is the brokerage of insurance coverage, mainly marine liability. Revenues are recognised, when a policy is issued.

A better indication of performance in the logistics industry compared to the turnover is the gross profit. The gross profit represents the difference between the turnover and the cost of services rendered by third parties for all reportable segments.

## 17 INTEREST EXPENSES AND INCOME

Interest income is recognised as it accrues using the effective interest method.

Borrowing costs that are not directly attributable to an acquisition, construction, or production of a qualifying asset are recognised in the income statement by using the effective interest method. The Group has not capitalised any borrowing costs as it does not have any qualifying assets.

## 18 INCOME TAXES

Income tax on earnings for the year comprises current and deferred tax. Both current and deferred tax are recognised in the income statement, except to the extent that the tax relates to business combinations or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable for previous years.

Deferred tax is recognised based on the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The following temporary differences are not accounted for: initial recognition of goodwill, initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset in respect of temporary differences or unused tax losses is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 19 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. The asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is updated in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the income statement. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a company acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or, if earlier, when the operation meets the criteria to be classified as held for sale.

## OTHER NOTES

### 20 SEGMENT REPORTING

#### a) Reportable segments

The Group provides integrated logistics solutions across customers' 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 decision 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 a single transportation mode within a reportable segment. In addition to common business processes and management routines, an identical main transportation mode is used within a reportable segment. For the reportable segment Contract Logistics the services performed are related to customer contracts for warehousing 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

| CHF million                                                                           | Total Group   |                   | Seafreight   |              | Airfreight   |                   | Road & Rail Logistics |              |  |
|---------------------------------------------------------------------------------------|---------------|-------------------|--------------|--------------|--------------|-------------------|-----------------------|--------------|--|
|                                                                                       | 2013          | 2012 <sup>1</sup> | 2013         | 2012         | 2013         | 2012 <sup>2</sup> | 2013                  | 2012         |  |
| <b>Turnover (external customers)</b>                                                  | <b>20,929</b> | <b>20,753</b>     | <b>8,998</b> | <b>9,059</b> | <b>4,143</b> | <b>4,063</b>      | <b>3,059</b>          | <b>3,155</b> |  |
| Inter-segment turnover                                                                | -             | -                 | 1,625        | 1,667        | 2,299        | 2,260             | 1,375                 | 1,252        |  |
| Customs duties and taxes                                                              | -3,751        | -3,633            | -2,479       | -2,416       | -662         | -658              | -253                  | -271         |  |
| <b>Net turnover</b>                                                                   | <b>17,178</b> | <b>17,120</b>     | <b>8,144</b> | <b>8,310</b> | <b>5,780</b> | <b>5,665</b>      | <b>4,181</b>          | <b>4,136</b> |  |
| Net expenses for services                                                             | -10,921       | -11,026           | -6,865       | -7,035       | -4,903       | -4,828            | -3,279                | -3,249       |  |
| <b>Gross profit</b>                                                                   | <b>6,257</b>  | <b>6,094</b>      | <b>1,279</b> | <b>1,275</b> | <b>877</b>   | <b>837</b>        | <b>902</b>            | <b>887</b>   |  |
| Total expenses <sup>1, 2</sup>                                                        | -5,295        | -5,239            | -871         | -860         | -630         | -673              | -869                  | -851         |  |
| <b>EBITDA</b>                                                                         | <b>962</b>    | <b>855</b>        | <b>408</b>   | <b>415</b>   | <b>247</b>   | <b>164</b>        | <b>33</b>             | <b>36</b>    |  |
| Depreciation of property, plant and equipment                                         | -143          | -146              | -15          | -16          | -13          | -11               | -20                   | -26          |  |
| Amortisation of other intangibles                                                     | -57           | -74               | -9           | -8           | -12          | -14               | -21                   | -26          |  |
| Impairment of other intangibles                                                       | -1            | -2                | -            | -            | -            | -1                | -                     | -            |  |
| <b>EBIT (segment profit/(loss))</b>                                                   | <b>761</b>    | <b>633</b>        | <b>384</b>   | <b>391</b>   | <b>222</b>   | <b>138</b>        | <b>-8</b>             | <b>-16</b>   |  |
| Financial income                                                                      | 5             | 12                |              |              |              |                   |                       |              |  |
| Financial expenses                                                                    | -6            | -5                |              |              |              |                   |                       |              |  |
| Result from joint ventures and associates                                             | 7             | 4                 | 3            | 1            | -            | 1                 | 3                     | 2            |  |
| <b>Earnings before tax (EBT)</b>                                                      | <b>767</b>    | <b>644</b>        |              |              |              |                   |                       |              |  |
| Income tax                                                                            | -160          | -152              |              |              |              |                   |                       |              |  |
| <b>Earnings for the year</b>                                                          | <b>607</b>    | <b>492</b>        |              |              |              |                   |                       |              |  |
| Attributable to:                                                                      |               |                   |              |              |              |                   |                       |              |  |
| Equity holders of the parent company                                                  | 597           | 484               |              |              |              |                   |                       |              |  |
| Non-controlling interests                                                             | 10            | 8                 |              |              |              |                   |                       |              |  |
| <b>Earnings for the year</b>                                                          | <b>607</b>    | <b>492</b>        |              |              |              |                   |                       |              |  |
| <b>Additional information not regularly reported to the CODM</b>                      |               |                   |              |              |              |                   |                       |              |  |
| Reportable non-current segment assets                                                 | 1,928         | 1,969             | 90           | 100          | 71           | 88                | 298                   | 321          |  |
| Segment assets                                                                        | 6,374         | 6,279             | 1,188        | 1,233        | 652          | 687               | 764                   | 822          |  |
| Segment liabilities                                                                   | 3,816         | 3,854             | 1,121        | 1,136        | 616          | 644               | 669                   | 645          |  |
| Allocation of goodwill                                                                | 688           | 694               | 43           | 47           | 39           | 42                | 214                   | 214          |  |
| Allocation of other intangibles                                                       | 89            | 141               | 12           | 19           | 13           | 25                | 48                    | 67           |  |
| Capital expenditure property, plant and equipment                                     | 181           | 163               | 15           | 16           | 14           | 14                | 20                    | 19           |  |
| Capital expenditure other intangibles                                                 | 7             | 12                | 2            | 3            | 1            | 2                 | 1                     | 1            |  |
| Property, plant and equipment, goodwill and intangibles through business combinations | -             | 16                | -            | -            | -            | 16                | -                     | -            |  |
| <b>Non-cash expenses</b>                                                              | <b>66</b>     | <b>222</b>        | <b>5</b>     | <b>22</b>    | <b>4</b>     | <b>85</b>         | <b>10</b>             | <b>30</b>    |  |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

<sup>2</sup> Total expenses in 2012 include an expense for EU commission antitrust fines of CHF 65 million in Airfreight.



**b) Geographical information**

| CHF million                                                                           | Total Group   |                   | Europe        |                   | Americas     |                   |  |
|---------------------------------------------------------------------------------------|---------------|-------------------|---------------|-------------------|--------------|-------------------|--|
|                                                                                       | 2013          | 2012 <sup>1</sup> | 2013          | 2012 <sup>2</sup> | 2013         | 2012 <sup>1</sup> |  |
| <b>Turnover (external customers)</b>                                                  | <b>20,929</b> | <b>20,753</b>     | <b>12,530</b> | <b>12,472</b>     | <b>4,676</b> | <b>4,572</b>      |  |
| Inter-regional turnover                                                               | -             | -                 | 3,398         | 2,979             | 757          | 737               |  |
| Customs duties and taxes                                                              | -3,751        | -3,633            | -1,973        | -1,971            | -856         | -878              |  |
| <b>Net turnover</b>                                                                   | <b>17,178</b> | <b>17,120</b>     | <b>13,955</b> | <b>13,480</b>     | <b>4,577</b> | <b>4,431</b>      |  |
| Net expenses for services                                                             | -10,921       | -11,026           | -9,518        | -9,136            | -3,549       | -3,458            |  |
| <b>Gross profit</b>                                                                   | <b>6,257</b>  | <b>6,094</b>      | <b>4,437</b>  | <b>4,344</b>      | <b>1,028</b> | <b>973</b>        |  |
| Total expenses <sup>1, 2</sup>                                                        | -5,295        | -5,239            | -3,915        | -3,870            | -844         | -813              |  |
| <b>EBITDA</b>                                                                         | <b>962</b>    | <b>855</b>        | <b>522</b>    | <b>474</b>        | <b>184</b>   | <b>160</b>        |  |
| Depreciation of property, plant and equipment                                         | -143          | -146              | -107          | -109              | -20          | -22               |  |
| Amortisation of other intangibles                                                     | -57           | -74               | -48           | -63               | -5           | -7                |  |
| Impairment of other intangibles                                                       | -1            | -2                | -1            | -2                | -            | -                 |  |
| <b>EBIT</b>                                                                           | <b>761</b>    | <b>633</b>        | <b>366</b>    | <b>300</b>        | <b>159</b>   | <b>131</b>        |  |
| Financial income                                                                      | 5             | 12                |               |                   |              |                   |  |
| Financial expenses                                                                    | -6            | -5                |               |                   |              |                   |  |
| Result from joint ventures and associates                                             | 7             | 4                 | 7             | 4                 | -            | -                 |  |
| <b>Earnings before tax (EBT)</b>                                                      | <b>767</b>    | <b>644</b>        |               |                   |              |                   |  |
| Income tax                                                                            | -160          | -152              |               |                   |              |                   |  |
| <b>Earnings for the year</b>                                                          | <b>607</b>    | <b>492</b>        |               |                   |              |                   |  |
| Attributable to:                                                                      |               |                   |               |                   |              |                   |  |
| Equity holders of the parent company                                                  | 597           | 484               |               |                   |              |                   |  |
| Non-controlling interests                                                             | 10            | 8                 |               |                   |              |                   |  |
| <b>Earnings for the year</b>                                                          | <b>607</b>    | <b>492</b>        |               |                   |              |                   |  |
| <b>Reportable non-current assets</b>                                                  | <b>1,928</b>  | <b>1,969</b>      | <b>1,592</b>  | <b>1,610</b>      | <b>195</b>   | <b>215</b>        |  |
| <b>Additional information not regularly reported to the CODM</b>                      |               |                   |               |                   |              |                   |  |
| Segment assets                                                                        | 6,374         | 6,279             | 3,339         | 3,383             | 865          | 860               |  |
| Segment liabilities                                                                   | 3,816         | 3,854             | 2,478         | 2,457             | 531          | 558               |  |
| Allocation of goodwill                                                                | 688           | 694               | 555           | 553               | 104          | 110               |  |
| Allocation of other intangibles                                                       | 89            | 141               | 74            | 118               | 9            | 15                |  |
| Capital expenditure property, plant and equipment                                     | 181           | 163               | 128           | 111               | 20           | 21                |  |
| Capital expenditure other intangibles                                                 | 7             | 12                | 7             | 11                | -            | 1                 |  |
| Property, plant and equipment, goodwill and intangibles through business combinations | -             | 16                | -             | 9                 | -            | 2                 |  |
| Non-cash expenses                                                                     | 66            | 222               | 61            | 185               | -4           | 12                |  |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

<sup>2</sup> Total expenses in 2012 include an expense for EU commission antitrust fines of CHF 48 million in Europe and CHF 17 million in Asia-Pacific.



**b) Geographical information**  
**Country information**

The following countries individually constitute more than 10 per cent of the Group's non-current assets or of its net turnover. In addition, Switzerland is reported as the country of domicile of the ultimate holding company of the Group.

| Countries<br>CHF million   | 2013                          |               | 2012                          |               |
|----------------------------|-------------------------------|---------------|-------------------------------|---------------|
|                            | Reportable non-current assets | Net turnover  | Reportable non-current assets | Net turnover  |
| France <sup>1</sup>        | 550                           | 1,458         | 559                           | 1,396         |
| Germany <sup>1</sup>       | 443                           | 3,165         | 450                           | 3,118         |
| Great Britain <sup>1</sup> | 230                           | 1,508         | 224                           | 1,569         |
| Switzerland <sup>1</sup>   | 6                             | 258           | 6                             | 250           |
| USA <sup>2</sup>           | 96                            | 1,852         | 97                            | 1,780         |
| Others                     | 603                           | 8,937         | 633                           | 9,007         |
| <b>Total</b>               | <b>1,928</b>                  | <b>17,178</b> | <b>1,969</b>                  | <b>17,120</b> |

<sup>1</sup> Part of region Europe.

<sup>2</sup> Part of region Americas.

## 21 PERSONNEL EXPENSES

| CHF million                                 | 2013         | 2012 <sup>1</sup> |
|---------------------------------------------|--------------|-------------------|
| Salaries and wages                          | 2,947        | 2,867             |
| Social expenses and employee benefits       | 667          | 629               |
| Expenses for share-based compensation plans | 5            | 10                |
| Expenses for pension plans                  |              |                   |
| – defined benefit plans                     | 23           | 22                |
| – defined contribution plans                | 57           | 53                |
| Other                                       | 36           | 25                |
| <b>Total</b>                                | <b>3,735</b> | <b>3,606</b>      |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

## 22 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

| CHF million                      | 2013         | 2012         |
|----------------------------------|--------------|--------------|
| Administration                   | 205          | 215          |
| Communication                    | 75           | 78           |
| Travel and promotion             | 75           | 76           |
| Vehicles                         | 271          | 293          |
| Operating expenses               | 236          | 231          |
| Facilities                       | 686          | 682          |
| Bad debt and collection expenses | 14           | 17           |
| <b>Total</b>                     | <b>1,562</b> | <b>1,592</b> |

## 23 OTHER OPERATING INCOME/EXPENSES, NET

| CHF million                                       | 2013     | 2012       |
|---------------------------------------------------|----------|------------|
| Gain on disposal of property, plant and equipment | 10       | 24         |
| Gain on disposal of associate <sup>1</sup>        | 1        | 5          |
| Loss on disposal of property, plant and equipment | -2       | -5         |
| Other operating expenses                          | -7       | -          |
| <b>Total other operating income/expenses, net</b> | <b>2</b> | <b>24</b>  |
| Expense for EU antitrust fines <sup>2</sup>       | -        | -65        |
| <b>Total</b>                                      | <b>2</b> | <b>-41</b> |

<sup>1</sup> During the year a disposal of one associate resulted in a cash inflow and a gain of CHF 1 million (2012: CHF 5 million).

<sup>2</sup> See also note 41.

## 24 FINANCIAL INCOME AND EXPENSES

| CHF million                 | 2013      | 2012      |
|-----------------------------|-----------|-----------|
| Interest income             | 4         | 6         |
| Exchange differences, net   | 1         | 6         |
| <b>Financial income</b>     | <b>5</b>  | <b>12</b> |
| Interest expenses           | -6        | -5        |
| <b>Financial expenses</b>   | <b>-6</b> | <b>-5</b> |
| <b>Net financial result</b> | <b>-1</b> | <b>7</b>  |

## 25 INCOME TAX

| CHF million                                               | 2013       | 2012       |
|-----------------------------------------------------------|------------|------------|
| <b>Current tax expense</b>                                |            |            |
| – in current year                                         | 175        | 190        |
| – under/(over)-provided in previous years                 | 2          | 3          |
|                                                           | <b>177</b> | <b>193</b> |
| <b>Deferred tax expense from</b>                          |            |            |
| – changes in temporary differences                        | -17        | -15        |
| – impact of deferred tax assets previously not recognised | -          | -26        |
|                                                           | <b>-17</b> | <b>-41</b> |
| <b>Income tax</b>                                         | <b>160</b> | <b>152</b> |

Income tax of CHF 19 million (2012: CHF 19 million) relating to actuarial gains and losses of CHF 27 million before tax (2012: CHF 57 million) arising from defined benefit plans is recognised in other comprehensive income.

**Reconciliation of the effective tax rate**

The contributing factors for the difference between the expected tax rate (the Group's overall expected tax rate is calculated as the weighted average tax rate based on earnings before tax of each subsidiary and can change on a yearly basis) and the effective tax are as follows:

| CHF million                                           | 2013       | per cent    | 2012       | per cent    |
|-------------------------------------------------------|------------|-------------|------------|-------------|
| Earnings before tax according to the income statement | 767        |             | 644        |             |
| <b>Income tax/expected tax rate</b>                   | <b>144</b> | <b>18.8</b> | <b>137</b> | <b>21.3</b> |
| <b>Tax effect on</b>                                  |            |             |            |             |
| – tax exempt (income)/non-deductible expenses         | 2          | 0.3         | 24         | 3.7         |
| – tax losses (utilised)/expired                       | -4         | -0.5        | -3         | -0.5        |
| – change of deferred tax assets not recognised        | -          | -           | -26        | -4.0        |
| – under/(over)-provided in previous years             | 2          | 0.3         | 3          | 0.5         |
| – unrecoverable withholding taxes                     | 16         | 2.1         | 13         | 2.0         |
| – other                                               | -          | -           | 4          | 0.6         |
| <b>Income tax/effective tax rate</b>                  | <b>160</b> | <b>21.0</b> | <b>152</b> | <b>23.6</b> |

**Deferred tax assets and liabilities**

| CHF million                                         | Assets <sup>1</sup> |               | Liabilities <sup>1</sup> |               | Net <sup>1</sup> |               |
|-----------------------------------------------------|---------------------|---------------|--------------------------|---------------|------------------|---------------|
|                                                     | Dec. 31, 2013       | Dec. 31, 2012 | Dec. 31, 2013            | Dec. 31, 2012 | Dec. 31, 2013    | Dec. 31, 2012 |
| Property, plant and equipment                       | 29                  | 33            | -64                      | -69           | -35              | -36           |
| Goodwill and other intangibles                      | 25                  | 28            | -41                      | -47           | -16              | -19           |
| Trade receivables                                   | 19                  | 17            | -1                       | -4            | 18               | 13            |
| Other receivables                                   | 3                   | 4             | -23                      | -25           | -20              | -21           |
| Finance lease obligations                           | 11                  | 13            | -                        | -             | 11               | 13            |
| Provisions for pension plans and severance payments | 21                  | 42            | -1                       | -2            | 20               | 40            |
| Other liabilities                                   | 56                  | 50            | -6                       | -4            | 50               | 46            |
| Tax value of loss carry-forwards recognised         | 8                   | 8             | -                        | -             | 8                | 8             |
| <b>Tax assets/(liabilities)</b>                     | <b>172</b>          | <b>195</b>    | <b>-136</b>              | <b>-151</b>   | <b>36</b>        | <b>44</b>     |

<sup>1</sup> of which acquired in business combinations  
(opening balance sheet)

|  |   |   |   |    |   |    |
|--|---|---|---|----|---|----|
|  | - | 1 | - | -2 | - | -1 |
|--|---|---|---|----|---|----|

The recognised deferred tax assets relating to tax losses carried forward are expected to be used by the end of the next two years at the latest.

#### *Unrecognised deferred tax assets*

| CHF million   | Dec. 31, 2013 | Dec. 31, 2012 |
|---------------|---------------|---------------|
| On tax losses | 48            | 44            |

It is not probable that future taxable profits will be available against which the unrecognised deferred tax assets can be used. CHF 43 million (2012: CHF 41 million) of unrecognised deferred tax assets is relating to tax losses that do not expire.

## 26 EARNINGS PER SHARE

The following reflects the data used in the basic and diluted earnings per share computations for the years ending December 31.

| Earnings per share                                                                                   | 2013        | 2012 <sup>1</sup> |
|------------------------------------------------------------------------------------------------------|-------------|-------------------|
| <b>Earnings for the year attributable to the equity holders of the parent company in CHF million</b> | <b>597</b>  | <b>484</b>        |
| Weighted average number of ordinary shares outstanding during the year                               | 119,813,251 | 119,511,009       |
| Dilutive effect on number of shares outstanding:                                                     |             |                   |
| Share-based compensation plans                                                                       | 130,040     | 87,265            |
| Adjusted weighted number of ordinary shares applicable to diluted earnings per share                 | 119,943,291 | 119,598,274       |
| <b>Basic earnings per share in CHF</b>                                                               | <b>4.98</b> | <b>4.05</b>       |
| <b>Diluted earnings per share in CHF</b>                                                             | <b>4.98</b> | <b>4.05</b>       |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).



## 27 PROPERTY, PLANT AND EQUIPMENT

2013

| CHF million                                           | Properties including buildings on third parties' land | Other operating and office equipment | Properties, buildings under finance leases | Other operating and office equipment under finance leases | Total        |
|-------------------------------------------------------|-------------------------------------------------------|--------------------------------------|--------------------------------------------|-----------------------------------------------------------|--------------|
| <b>Cost</b>                                           |                                                       |                                      |                                            |                                                           |              |
| Balance as of January 1, 2013                         | 827                                                   | 688                                  | 189                                        | 45                                                        | 1,749        |
| Additions                                             | 46                                                    | 135                                  | -                                          | -                                                         | 181          |
| Disposals                                             | -7                                                    | -72                                  | -                                          | -6                                                        | -85          |
| Adjustments/transfers                                 | 42                                                    | 3                                    | -45                                        | -                                                         | -            |
| Effect of movements in foreign exchange               | -6                                                    | -13                                  | 3                                          | -                                                         | -16          |
| <b>Balance as of December 31, 2013</b>                | <b>902</b>                                            | <b>741</b>                           | <b>147</b>                                 | <b>39</b>                                                 | <b>1,829</b> |
| <b>Accumulated depreciation and impairment losses</b> |                                                       |                                      |                                            |                                                           |              |
| Balance as of January 1, 2013                         | 126                                                   | 443                                  | 12                                         | 34                                                        | 615          |
| Depreciation charge for the year                      | 20                                                    | 116                                  | 3                                          | 4                                                         | 143          |
| Disposals                                             | -1                                                    | -64                                  | -                                          | -5                                                        | -70          |
| Adjustments/transfers                                 | 9                                                     | -                                    | -9                                         | -                                                         | -            |
| Effect of movements in foreign exchange               | -1                                                    | -9                                   | -                                          | -                                                         | -10          |
| <b>Balance as of December 31, 2013</b>                | <b>153</b>                                            | <b>486</b>                           | <b>6</b>                                   | <b>33</b>                                                 | <b>678</b>   |
| <b>Carrying amount</b>                                |                                                       |                                      |                                            |                                                           |              |
| As of January 1, 2013                                 | 701                                                   | 245                                  | 177                                        | 11                                                        | 1,134        |
| As of December 31, 2013                               | 749                                                   | 255                                  | 141                                        | 6                                                         | 1,151        |

Fire insurance value as of December 31, 2013: CHF 2,049 million. No restriction on the title exists except for items under finance leases as of December 31, 2013.

**2012**

| CHF million                                           | Properties including buildings on third parties' land | Other operating and office equipment | Properties buildings under finance leases | Other operating and office equipment under finance leases | Total        |
|-------------------------------------------------------|-------------------------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------------------------|--------------|
| <b>Cost</b>                                           |                                                       |                                      |                                           |                                                           |              |
| Balance as of January 1, 2012                         | 848                                                   | 622                                  | 192                                       | 44                                                        | 1,706        |
| Additions through business combinations               | -                                                     | 2                                    | -                                         | 1                                                         | 3            |
| Other additions                                       | 28                                                    | 134                                  | -                                         | 1                                                         | 163          |
| Disposals                                             | -26                                                   | -74                                  | -                                         | -4                                                        | -104         |
| Adjustments/transfers                                 | -16                                                   | 13                                   | -                                         | 3                                                         | -            |
| Effect of movements in foreign exchange               | -7                                                    | -9                                   | -3                                        | -                                                         | -19          |
| <b>Balance as of December 31, 2012</b>                | <b>827</b>                                            | <b>688</b>                           | <b>189</b>                                | <b>45</b>                                                 | <b>1,749</b> |
| <b>Accumulated depreciation and impairment losses</b> |                                                       |                                      |                                           |                                                           |              |
| Balance as of January 1, 2012                         | 120                                                   | 403                                  | 9                                         | 28                                                        | 560          |
| Depreciation charge for the year                      | 19                                                    | 115                                  | 4                                         | 8                                                         | 146          |
| Disposals                                             | -12                                                   | -66                                  | -                                         | -3                                                        | -81          |
| Adjustments/transfers                                 | -                                                     | -1                                   | -                                         | 1                                                         | -            |
| Effect of movements in foreign exchange               | -1                                                    | -8                                   | -1                                        | -                                                         | -10          |
| <b>Balance as of December 31, 2012</b>                | <b>126</b>                                            | <b>443</b>                           | <b>12</b>                                 | <b>34</b>                                                 | <b>615</b>   |
| <b>Carrying amount</b>                                |                                                       |                                      |                                           |                                                           |              |
| As of January 1, 2012                                 | 728                                                   | 219                                  | 183                                       | 16                                                        | 1,146        |
| As of December 31, 2012                               | 701                                                   | 245                                  | 177                                       | 11                                                        | 1,134        |

Fire insurance value as of December 31, 2012: CHF 1,991 million. No restriction on the title exists except for items under finance leases as of December 31, 2012.

## 28 GOODWILL AND OTHER INTANGIBLES

| 2013                                                  |            |                                |
|-------------------------------------------------------|------------|--------------------------------|
| CHF million                                           | Goodwill   | Other intangibles <sup>1</sup> |
| <b>Cost</b>                                           |            |                                |
| Balance as of January 1, 2013                         | 711        | 646                            |
| Additions                                             | -          | 7                              |
| Deletions                                             | -          | -3                             |
| Effect of movements in foreign exchange               | -10        | -2                             |
| <b>Balance as of December 31, 2013</b>                | <b>701</b> | <b>648</b>                     |
| <b>Accumulated amortisation and impairment losses</b> |            |                                |
| Balance as of January 1, 2013                         | 17         | 505                            |
| Amortisation charge for the year                      | -          | 57                             |
| Impairment loss                                       | -          | 1 <sup>2</sup>                 |
| Deletions                                             | -          | -3                             |
| Effect of movements in foreign exchange               | -4         | -1                             |
| <b>Balance as of December 31, 2013</b>                | <b>13</b>  | <b>559</b>                     |
| <b>Carrying amount</b>                                |            |                                |
| <b>As of January 1, 2013</b>                          | <b>694</b> | <b>141</b>                     |
| <b>As of December 31, 2013</b>                        | <b>688</b> | <b>89</b>                      |

<sup>1</sup> Other intangibles mainly comprise customer contracts/lists and software.

<sup>2</sup> The impairment charge of CHF 1 million relates to other intangibles pertaining to reportable segment Contract Logistics recognised upon the acquisition of ACR Group, Europe, due to loss of customer contracts.

| <b>2012</b>                                           |            |                                |
|-------------------------------------------------------|------------|--------------------------------|
| CHF million                                           | Goodwill   | Other intangibles <sup>1</sup> |
| <b>Cost</b>                                           |            |                                |
| Balance as of January 1, 2012                         | 717        | 639                            |
| Additions through business combinations               | 4          | 9                              |
| Other additions                                       | -          | 12                             |
| Deletions                                             | -          | -10                            |
| Effect of movements in foreign exchange               | -10        | -4                             |
| <b>Balance as of December 31, 2012</b>                | <b>711</b> | <b>646</b>                     |
| <b>Accumulated amortisation and impairment losses</b> |            |                                |
| Balance as of January 1, 2012                         | 21         | 443                            |
| Amortisation charge for the year                      | -          | 74                             |
| Impairment loss                                       | -          | 2 <sup>2</sup>                 |
| Deletions                                             | -          | -10                            |
| Effect of movements in foreign exchange               | -4         | -4                             |
| <b>Balance as of December 31, 2012</b>                | <b>17</b>  | <b>505</b>                     |
| <b>Carrying amount</b>                                |            |                                |
| <b>As of January 1, 2012</b>                          | <b>696</b> | <b>196</b>                     |
| <b>As of December 31, 2012</b>                        | <b>694</b> | <b>141</b>                     |

<sup>1</sup> Other intangibles mainly comprise customer contracts/lists and software.

<sup>2</sup> The impairment charge of CHF 2 million relates to other intangibles pertaining to the reportable segments Airfreight and Contract Logistics recognised upon the acquisitions of J. Martens Group, Norway, and ACR Group, Europe, due to loss of customer contracts.

### Impairment testing of goodwill

The Group has performed impairment tests of goodwill at the end of the financial years 2013 and 2012. For the purpose of impairment testing, goodwill is allocated to cash-generating units which are expected to benefit from the synergies of the corresponding business combination. The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units represented by a business unit in the respective country. The allocation of goodwill to reportable segments (business units) and geographical regions is further illustrated in note 20.

For the goodwill allocated to the cash-generating units, the impairment tests are based on calculations of value in use. Cash flow projections are based on actual operating results and three year business plans. Cash flows beyond the three year period are extrapolated by using estimated long-term growth rates. The growth rates do not exceed the long-term average growth rate for the logistics industry in which the cash generating units operate. Future cash flows are discounted based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash-generating units.

Key assumptions used for value-in-use calculations of goodwill:

| Business acquired                                 | USCO Group         | ACR Group, Europe <sup>1</sup> | Alloin Group, France  | Multiple units <sup>2</sup> | Total      |
|---------------------------------------------------|--------------------|--------------------------------|-----------------------|-----------------------------|------------|
| Year of acquisition                               | 2001               | 2006                           | 2009                  | 2004-2012                   |            |
| <b>Carrying amount of goodwill in CHF million</b> | <b>79</b>          | <b>292</b>                     | <b>88</b>             | <b>229</b>                  | <b>688</b> |
| Cash-generating unit within segment               | Contract Logistics | Contract Logistics             | Road & Rail Logistics | All Segments                |            |
| Basis for recoverable amount                      | Value in use       | Value in use                   | Value in use          | Value in use                |            |
| Pre-tax discount rate in per cent 2013            | 13.1               | 11.6-17.4                      | 13.4                  | 11.5-18.1                   |            |
| Pre-tax discount rate in per cent 2012            | 13.3               | 11.5-16.8                      | 12.6                  | 11.3-18.0                   |            |
| Projection period                                 | 3 years            | 3 years                        | 3 years               | 3 years                     |            |
| Terminal growth rate in per cent 2013             | 1.5                | 1.5                            | 1.5                   | 1.5                         |            |
| Terminal growth rate in per cent 2012             | 1.5                | 1.5                            | 1.5                   | 1.5                         |            |

<sup>1</sup> ACR Group, Europe, goodwill relates to Great Britain (CHF 98 million), France (CHF 69 million), Netherlands (CHF 57 million) and other various countries (CHF 68 million).

<sup>2</sup> Including cash generating units without significant goodwill Cordes & Simon Group, Germany (CHF 38 million), G.L. Kayser Group, Germany (CHF 36 million) and J. Martens Group, Norway (CHF 28 million), RH Group, United Kingdom (CHF 53 million), Cooltainer, New Zealand (CHF 21 million), Eichenberg Group, Brazil (CHF 17 million), J. Van de Put, Netherlands (CHF 12 million).

Key assumptions have not changed compared with the previous year with the exception of discount rates used. For both 2013 and 2012, all recoverable amounts exceeded their carrying amounts and consequently no impairment of goodwill was recognised for the years 2013 and 2012.

Management considers that it is not likely for the assumptions used to change so significantly, as to eliminate the excess of recoverable amounts. A sensitivity analysis for the three major acquisitions – USCO Group, ACR Group and Alloin Group – has been prepared with the following outcome:

**Sensitivity analysis of goodwill USCO Group**

Amount of excess (+)/necessary impairment (-) in CHF million depending on:

| CHF million  | Discount rate |               |               |               |
|--------------|---------------|---------------|---------------|---------------|
|              | 14.0 per cent | 15.0 per cent | 16.0 per cent | 17.0 per cent |
| Growth rate  |               |               |               |               |
| 0.0 per cent | 29            | 20            | 13            | 6             |
| 0.5 per cent | 33            | 24            | 15            | 8             |
| 1.0 per cent | 37            | 27            | 18            | 10            |
| 1.5 per cent | 41            | 30            | 21            | 13            |

**Sensitivity analysis of goodwill ACR Group**

Amount of excess (+)/necessary impairment (-) in CHF million depending on:

| CHF million  | Discount rate |               |               |               |
|--------------|---------------|---------------|---------------|---------------|
|              | 15.0 per cent | 16.0 per cent | 17.0 per cent | 18.0 per cent |
| Growth rate  |               |               |               |               |
| 0.0 per cent | 484           | 439           | 399           | 364           |
| 0.5 per cent | 501           | 454           | 412           | 375           |
| 1.0 per cent | 520           | 470           | 426           | 387           |
| 1.5 per cent | 540           | 487           | 441           | 400           |

**Sensitivity analysis of goodwill Alloin Group**

Amount of excess (+)/necessary impairment (-) in CHF million depending on:

| CHF million  | Discount rate |               |               |               |
|--------------|---------------|---------------|---------------|---------------|
|              | 13.0 per cent | 14.0 per cent | 15.0 per cent | 16.0 per cent |
| Growth rate  |               |               |               |               |
| 0.0 per cent | 72            | 60            | 50            | 41            |
| 0.5 per cent | 77            | 65            | 54            | 44            |
| 1.0 per cent | 82            | 69            | 57            | 48            |
| 1.5 per cent | 88            | 74            | 62            | 51            |

## 29 INVESTMENTS IN JOINT VENTURES & ASSOCIATES

As of December 31, 2013, the following investments in joint ventures are held (all with 50 per cent voting rights/KN share):

- KN-ITS S.A.L., Lebanon
- Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain
- Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain
- Sindos Railcontainer Services S.A., Greece

The table below provides a summary of financial information on joint ventures (100 per cent):

| CHF million                                   | Dec. 31, 2013 | Dec. 31, 2012 |
|-----------------------------------------------|---------------|---------------|
| Non-current assets                            | 51            | 57            |
| Current assets                                | 53            | 59            |
| <b>Total assets</b>                           | <b>104</b>    | <b>116</b>    |
| Current liabilities                           | -38           | -38           |
| Equity                                        | 66            | 78            |
| <b>Kuehne + Nagel's share of equity (50%)</b> | <b>33</b>     | <b>39</b>     |
| Net turnover                                  | 291           | 293           |
| Earnings for the year                         | -             | -             |

No significant investments in associates were held at December 31, 2013 and 2012.

## 30 WORK IN PROGRESS

This position decreased from CHF 306 million in 2012 to CHF 296 million in 2013, which represents a billing delay of 5.2 working days compared with the previous year's 5.5 working days.

## 31 TRADE RECEIVABLES

| CHF million                    | 2013         | 2012         |
|--------------------------------|--------------|--------------|
| Trade receivables              | 2,510        | 2,503        |
| Impairment allowance           | -84          | -75          |
| <b>Total trade receivables</b> | <b>2,426</b> | <b>2,428</b> |

The majority of all billing is done in the respective Group companies' own functional currencies and is mainly in EUR 43.6 per cent (2012: 42.8 per cent), USD 13.6 per cent (2012: 12.1 per cent) and GBP 9.0 per cent (2012: 8.9 per cent).

Trade receivables outstanding at year-end averaged 43.2 days (2012: 42.6 days). 94.2 per cent (2012: 95.1 per cent) of the total trade receivables were outstanding between 1 and 90 days.

No trade receivables are pledged in 2013 and 2012.

The Group has a credit insurance programme in place, covering trade receivables, focusing mainly on small and medium exposures. The credit insurance policy covers up to 80 per cent of the approved customer credit limit, excluding any items being more than 120 days past due. As a company policy, the Group excludes customers from its insurance program based on certain criteria (so-called blue chip companies).

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance of CHF 84 million (2012: CHF 75 million) are:

- specific loss component that relates to individually significant exposure
- collective loss component based on historical experience.

Trade receivables with credit insurance cover are not included in the impairment allowance. The individual impairment allowance relates to specifically identified customers representing extremely high risk of being declared bankrupt, Chapter 11 customers in the USA and customers operating with significant financial difficulties (such as negative equity). The impairment allowance for individually significant exposures is CHF 47 million at year-end 2013 (2012: CHF 44 million).

The collective impairment allowance based on overdue trade receivables is estimated considering statistical information of past payment experience. The Group has established a collective impairment allowance of CHF 37 million (2012: CHF 31 million) which represents 3.4 per cent (2012: 3.0 per cent) of total outstanding trade receivables, excluding trade receivables with insurance cover (see above) and trade receivables included in the individual impairment allowance.

The majority of the trade receivables not past due relates to customers who have good payment records with the Group and are subject to yearly credit risk assessments. Therefore, the Group does not believe that an additional impairment allowance for these trade receivables is necessary.

| CHF million           | 2013                                                           |                      |                                           | 2012                                                           |                      |                                           |
|-----------------------|----------------------------------------------------------------|----------------------|-------------------------------------------|----------------------------------------------------------------|----------------------|-------------------------------------------|
|                       | Gross (excluding insured receivables and individual allowance) | Collective allowance | Collective allowance per cent of subtotal | Gross (excluding insured receivables and individual allowance) | Collective allowance | Collective allowance per cent of subtotal |
| Not past due          | 773                                                            | –                    | –                                         | 625                                                            | –                    | –                                         |
| Past due 1–30 days    | 191                                                            | –                    | –                                         | 279                                                            | –                    | –                                         |
| Past due 31–90 days   | 72                                                             | 4                    | 5                                         | 83                                                             | 4                    | 5                                         |
| Past due 91–180 days  | 18                                                             | 2                    | 10                                        | 19                                                             | 2                    | 10                                        |
| Past due 181–360 days | 23                                                             | 23                   | 100                                       | 18                                                             | 18                   | 100                                       |
| More than 1 year      | 8                                                              | 8                    | 100                                       | 7                                                              | 7                    | 100                                       |
| <b>Total</b>          | <b>1,085</b>                                                   | <b>37</b>            | <b>3.4</b>                                | <b>1,031</b>                                                   | <b>31</b>            | <b>3.0</b>                                |



The movement in the impairment allowance during the year was as follows:

| CHF million                                  | 2013                 |                      |                 | 2012                 |                      |                 |
|----------------------------------------------|----------------------|----------------------|-----------------|----------------------|----------------------|-----------------|
|                                              | Individual allowance | Collective allowance | Total allowance | Individual allowance | Collective allowance | Total allowance |
| Balance as of January 1                      | 44                   | 31                   | 75              | 42                   | 25                   | 67              |
| Additional impairment losses recognised      | 20                   | 12                   | 32              | 21                   | 10                   | 31              |
| Reversal of impairment losses and write-offs | -17                  | -6                   | -23             | -19                  | -4                   | -23             |
| <b>Balance as of December 31</b>             | <b>47</b>            | <b>37</b>            | <b>84</b>       | <b>44</b>            | <b>31</b>            | <b>75</b>       |

### 32 OTHER RECEIVABLES

| CHF million                      | Dec. 31, 2013 | Dec. 31, 2012 |
|----------------------------------|---------------|---------------|
| Receivables from tax authorities | 26            | 29            |
| Deposits                         | 45            | 30            |
| Sundry                           | 36            | 57            |
| <b>Total other receivables</b>   | <b>107</b>    | <b>116</b>    |
| Income tax receivables           | 52            | 34            |
| <b>Total</b>                     | <b>159</b>    | <b>150</b>    |

The majority of the other receivables are held in the respective Group companies' own functional currencies, which represents EUR 52.4 per cent (2012: 54.5 per cent), USD 6.0 per cent (2012: 8.0 per cent) and GBP 0.8 per cent (2012: 0.7 per cent).

### 33 FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS

As of December 31, 2013 and 2012, no material financial investments and derivative instruments were held.

### 34 CASH AND CASH EQUIVALENTS

| CHF million                                                      | Dec. 31, 2013 | Dec. 31, 2012 |
|------------------------------------------------------------------|---------------|---------------|
| Cash in hand                                                     | 2             | 2             |
| Cash at banks                                                    | 1,095         | 919           |
| Short-term deposits                                              | 158           | 162           |
| <b>Cash and cash equivalents</b>                                 | <b>1,255</b>  | <b>1,083</b>  |
| Bank overdraft                                                   | -13           | -25           |
| <b>Cash and cash equivalents in the cash flow statement, net</b> | <b>1,242</b>  | <b>1,058</b>  |

The majority of the above mentioned cash and cash equivalents is held in commercial banks and managed centrally in order to limit currency risks. A netting system and a Group cash pool are in place which also further reduce the currency exposure. Most of the bank balances held by Group companies are in their respective functional currencies, which are mainly in CHF, EUR, USD and GBP.

### 35 EQUITY

#### Share capital and treasury shares 2013

| 2013                                         | Balance Dec. 31                                    |             |                           |                          | Jan. 1                                             |
|----------------------------------------------|----------------------------------------------------|-------------|---------------------------|--------------------------|----------------------------------------------------|
| Main shareholders                            | Registered shares<br>of nominal CHF 1<br>per share | CHF million | Capital share<br>per cent | Voting share<br>per cent | Registered shares<br>of nominal CHF 1<br>per share |
| Kuehne Holding AG, Schindellegi (Feusisberg) | 63,900,000                                         | 64          | 53.3                      | 53.3                     | 63,900,000                                         |
| Public shareholders                          | 56,038,474                                         | 56          | 46.7                      | 46.7                     | 55,834,609                                         |
| Entitled to voting rights and dividends      | 119,938,474                                        | 120         | 100.0                     | 100.0                    | 119,734,609                                        |
| Treasury shares                              | 61,526                                             | -           | -                         | -                        | 265,391                                            |
| Total                                        | 120,000,000                                        | 120         | 100.0                     | -                        | 120,000,000                                        |

In 2013 the Company sold 403,865 (2012: 628,527) treasury shares for CHF 39 million (2012: CHF 59 million) under the share-based compensation plans. The Company also purchased 200,000 (2012: 202,017) treasury shares for CHF 24 million (2012: CHF 20 million).

On December 31, 2013, the Company had 61,526 treasury shares (2012: 265,391), of which 61,526 (2012: 265,391) are reserved under the share-based compensation plans; refer to note 37 for more information.

### Dividends

The proposed dividend payment, subject to approval by the Annual General Meeting, is as follows:

| Year | per share | CHF million | Dividend               |
|------|-----------|-------------|------------------------|
| 2014 | CHF 3.85  | 462         | dividend               |
| 2014 | CHF 2.00  | 240         | extraordinary dividend |

The dividend payment 2013 to owners amounted to CHF 3.50 per share or CHF 419 million (2012: CHF 3.85 per share or CHF 460 million).

### Share capital and treasury shares 2012

| 2012                                           | Balance Dec. 31                              |             |                        |                       | Jan. 1                                       |
|------------------------------------------------|----------------------------------------------|-------------|------------------------|-----------------------|----------------------------------------------|
| Main shareholders                              | Registered shares of nominal CHF 1 per share | CHF million | Capital share per cent | Voting share per cent | Registered shares of nominal CHF 1 per share |
| Kuehne Holding AG, Schindellegi (Feusisberg)   | 63,900,000                                   | 64          | 53.3                   | 53.4                  | 63,900,000                                   |
| Public shareholders                            | 55,834,609                                   | 56          | 46.5                   | 46.6                  | 55,408,099                                   |
| <b>Entitled to voting rights and dividends</b> | <b>119,734,609</b>                           | <b>120</b>  | <b>99.8</b>            | <b>100.0</b>          | <b>119,308,099</b>                           |
| Treasury shares                                | 265,391                                      | -           | 0.2                    |                       | 691,901                                      |
| <b>Total</b>                                   | <b>120,000,000</b>                           | <b>120</b>  | <b>100.0</b>           |                       | <b>120,000,000</b>                           |

### Authorised and conditional share capital

The Annual General Meeting held on May 8, 2012, extended its approval of authorised share capital up to a maximum of CHF 20 million by another two years until May 6, 2014.

The Annual General Meeting held on May 2, 2005, approved a conditional share capital increase up to a maximum of CHF 12 million and to add a respective section in the articles of association.

The Annual General Meeting held on May 8, 2012, approved a conditional share capital increase up to a maximum of CHF 20 million for the provision of the employee share-based compensation plans of the company.

So far no use has been made of these rights. There is no resolution of the Board of Directors outstanding for further issuance of either authorised or conditional capital.

### Capital Management

The Group defines the capital managed as the Group's total equity, including non-controlling interests. The Group's main objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide services to its customers;
- To provide an adequate return to investors based on the level of risk undertaken;
- To have the necessary financial resources available to allow the Group to invest in areas that may deliver future benefits for customers and investors.

Capital is monitored on the basis of the equity ratio and its development is shown in the table below:

| CHF million              | 2013  | 2012  | 2011  | 2010  | 2009  |
|--------------------------|-------|-------|-------|-------|-------|
| Total equity             | 2,558 | 2,425 | 2,405 | 2,378 | 2,290 |
| Total assets             | 6,374 | 6,279 | 6,141 | 5,941 | 5,933 |
| Equity ratio in per cent | 40.1  | 38.6  | 39.2  | 40.0  | 38.6  |

The Group is not subject to regulatory capital adequacy requirements as known in the financial services industry.

### 36 PROVISIONS FOR PENSION PLANS AND SEVERANCE PAYMENTS

The Group maintains defined benefit pension plans as well as defined contribution plans. Retirement benefits vary from plan to plan reflecting applicable local practices and legal requirements. Retirement benefits are based on years of credited service and the compensation as defined in the respective plan.

*Overview of provisions for pension plans and severance payments*

| CHF million                                                       | Pension plans | Severance payments | Total      |
|-------------------------------------------------------------------|---------------|--------------------|------------|
| <b>Balance as of January 1, 2012</b>                              | <b>261</b>    | <b>35</b>          | <b>296</b> |
| Provisions made                                                   | 21            | 7                  | 28         |
| Provisions used                                                   | -17           | -5                 | -22        |
| Actuarial (gains)/losses recognised in other comprehensive income | 58            | -                  | 58         |
| Effect of movements in foreign exchange                           | -3            | -                  | -3         |
| <b>Balance as of December 31, 2012</b>                            | <b>320</b>    | <b>37</b>          | <b>357</b> |
| Provisions made                                                   | 24            | 5                  | 29         |
| Provisions used                                                   | -16           | -5                 | -21        |
| Actuarial (gains)/losses recognised in other comprehensive income | -27           | -                  | -27        |
| Effect of movements in foreign exchange                           | 3             | -1                 | 2          |
| <b>Balance as of December 31, 2013</b>                            | <b>304</b>    | <b>36</b>          | <b>340</b> |

**a) Defined benefit plans**

The Group has a number of defined benefit plans. For a description and detailed information of the major defined benefit plans in Germany, the USA and Switzerland, please refer to letter b) of this note.

| CHF million                                                     | 2013         |                |            | 2012         |                |            |
|-----------------------------------------------------------------|--------------|----------------|------------|--------------|----------------|------------|
|                                                                 | Funded plans | Unfunded plans | Total      | Funded plans | Unfunded plans | Total      |
| <b>Net liability for defined benefit obligations</b>            |              |                |            |              |                |            |
| Present value of obligations                                    | 174          | 269            | 443        | 181          | 271            | 452        |
| Fair value of plan assets                                       | -139         | -              | -139       | -132         | -              | -132       |
| Present value of net obligations                                | 35           | 269            | 304        | 49           | 271            | 320        |
| <b>Recognised net liability for defined benefit obligations</b> | <b>35</b>    | <b>269</b>     | <b>304</b> | <b>49</b>    | <b>271</b>     | <b>320</b> |

| CHF million                      | 2013       | per cent     | 2012       | per cent     |
|----------------------------------|------------|--------------|------------|--------------|
| <b>Allocation of plan assets</b> |            |              |            |              |
| Debt securities                  | 78         | 56.1         | 79         | 59.8         |
| Equity securities                | 36         | 25.9         | 30         | 22.7         |
| Property                         | 10         | 7.2          | 8          | 6.1          |
| Others                           | 15         | 10.8         | 15         | 11.4         |
| <b>Total</b>                     | <b>139</b> | <b>100.0</b> | <b>132</b> | <b>100.0</b> |

The pension plan assets are held in multi-employer funded plans. The Group is not in a position to state whether the funded plans contain any investments in shares of Kuehne + Nagel International AG or in any property occupied by the Group.

| CHF million                                            | 2013         | 2012 <sup>1</sup> |
|--------------------------------------------------------|--------------|-------------------|
|                                                        | Funded plans | Funded plans      |
| <b>Movements of fair value of plan assets</b>          |              |                   |
| Opening fair value of plan assets                      | 132          | 118               |
| Employer contribution                                  | 6            | 8                 |
| Employee contribution                                  | 4            | 4                 |
| Return on plan assets, excluding interest              | 2            | 3                 |
| Interest on plan assets                                | 3            | 4                 |
| Benefits paid by the plan                              | -7           | -5                |
| Effect of movements in foreign exchange                | -1           | -                 |
| <b>Closing fair value of plan assets</b>               | <b>139</b>   | <b>132</b>        |
| Expected payments to defined benefit plan in next year | 6            | 7                 |
| Actual return on plan assets for the year              | 6            | 7                 |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

| CHF million                                                              | 2013         |                |            | 2012 <sup>1</sup> |                |            |
|--------------------------------------------------------------------------|--------------|----------------|------------|-------------------|----------------|------------|
|                                                                          | Funded plans | Unfunded plans | Total      | Funded plans      | Unfunded plans | Total      |
| <b>Movements of present value of defined benefit obligations</b>         |              |                |            |                   |                |            |
| Opening liability for defined benefit obligations                        | 181          | 271            | 452        | 161               | 218            | 379        |
| Current service costs                                                    | 6            | 5              | 11         | 6                 | 4              | 10         |
| Interest costs                                                           | 5            | 9              | 14         | 6                 | 10             | 16         |
| Employee contribution                                                    | 4            | -              | 4          | 4                 | -              | 4          |
| Actuarial (gains)/losses recognised in other comprehensive income:       |              |                |            |                   |                |            |
| – due to changes in financial assumptions                                | -13          | -11            | -24        | 14                | 53             | 67         |
| – due to experience adjustments                                          | -3           | 2              | -1         | -5                | -2             | -7         |
| Benefits paid by the plan                                                | -6           | -10            | -16        | -5                | -9             | -14        |
| Past service costs – amendments                                          | 1            | -              | 1          | -                 | -              | -          |
| Effect of movements in foreign exchange                                  | -1           | 3              | 2          | -                 | -3             | -3         |
| <b>Closing liability for defined benefit obligations</b>                 | <b>174</b>   | <b>269</b>     | <b>443</b> | <b>181</b>        | <b>271</b>     | <b>452</b> |
| <b>Expense recognised in the income statement</b>                        |              |                |            |                   |                |            |
| Service costs                                                            | 7            | 5              | 12         | 6                 | 4              | 10         |
| Net interest on the net defined benefit liability                        | 2            | 9              | 11         | 2                 | 10             | 12         |
| <b>Expense recognised in personnel expenses (refer to note 21)</b>       | <b>9</b>     | <b>14</b>      | <b>23</b>  | <b>8</b>          | <b>14</b>      | <b>22</b>  |
| <b>Actuarial gains/(losses) recognised in other comprehensive income</b> |              |                |            |                   |                |            |
| Cumulative amount as of January 1                                        | -41          | -57            | -98        | -35               | -6             | -41        |
| Recognised during the year                                               | 18           | 9              | 27         | -6                | -51            | -57        |
| Effect of movements in foreign exchange                                  | 1            | -1             | -          | -                 | -              | -          |
| <b>Cumulative amount as of December 31</b>                               | <b>-22</b>   | <b>-49</b>     | <b>-71</b> | <b>-41</b>        | <b>-57</b>     | <b>-98</b> |

<sup>1</sup> See note 3 for the impact of the application of IAS 19 (revised).

| Plan participants                                       | Active |        | Deferred |       | Retired |       | Total  |        |
|---------------------------------------------------------|--------|--------|----------|-------|---------|-------|--------|--------|
|                                                         | 2013   | 2012   | 2013     | 2012  | 2013    | 2012  | 2013   | 2012   |
| Number of plan participants                             | 14,572 | 15,182 | 1,933    | 2,027 | 1,994   | 1,934 | 18,499 | 19,143 |
| <b>Present value of the defined benefit obligations</b> |        |        |          |       |         |       |        |        |
| In CHF million                                          | 241    | 251    | 57       | 62    | 145     | 139   | 443    | 452    |
| Share in per cent                                       | 54.3   | 55.6   | 12.9     | 13.7  | 32.8    | 30.7  | 100.0  | 100.0  |
| Duration in years                                       | 18.5   | 19.5   | 13.4     | 14.2  | 10.0    | 10.3  | 15.0   | 15.9   |

The duration in years corresponds to the average weighted period.

#### Weighted actuarial assumptions at the balance sheet date

| Per cent                 | 2013         |                |       | 2012         |                |       |
|--------------------------|--------------|----------------|-------|--------------|----------------|-------|
|                          | Funded plans | Unfunded plans | Total | Funded plans | Unfunded plans | Total |
| Discount rate            | 3.3          | 3.6            | 3.5   | 2.9          | 3.3            | 3.2   |
| Future salary increases  | 1.2          | 2.0            | 1.9   | 1.0          | 2.0            | 1.6   |
| Future pension increases | 0.2          | 1.8            | 1.6   | 0.2          | 1.8            | 1.2   |

#### Sensitivities of significant actuarial assumptions

The discount rate and the future salary increases were identified as significant actuarial assumptions. An increase/decrease of 0.25 per cent in the respective assumption would have the following impact on the defined benefit obligation:

| CHF million                                | 2013         |                |       |
|--------------------------------------------|--------------|----------------|-------|
|                                            | Funded plans | Unfunded plans | Total |
| Reasonably possible change +/- in per cent | 0.25         | 0.25           | 0.25  |
| <b>Discount Rate</b>                       |              |                |       |
| Increase of defined benefit obligation     | 7            | 8              | 15    |
| Decrease of defined benefit obligation     | -7           | -8             | -15   |
| <b>Future salary increases</b>             |              |                |       |
| Increase of defined benefit obligation     | 1            | 1              | 2     |
| Decrease of defined benefit obligation     | -1           | -1             | -2    |



The sensitivity analysis is based on reasonably possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analysed separately as part of the test. Interdependencies between individual assumptions were not taken into account.

#### b) Major defined benefit plans

The Group maintains significant defined benefit pension plans in Germany, the USA and in Switzerland constituting 86 per cent (2012: 86 per cent) of the defined benefit obligations and 80 per cent (2012: 79 per cent) of the plan assets.

##### Germany

There is one major defined benefit pension plan in Germany that provides retirement and disability benefits to employees and their dependants. This plan is based on an internal pension scheme (Versorgungsordnung), with the employers' retirement benefits law (Betriebsrentengesetz) specifying the minimum benefits to be provided. The plan is entirely funded by Kuehne + Nagel. Risks in relation to guarantees provided, such as investment risk, asset volatility, salary increase and life expectancy, are borne by the Group.

Contributions are based on the salary of the employee. Pensions are calculated as a percentage of contributory base salary multiplied with the years of service. Normal retirement age for the plan is 65. Members can draw retirement benefits early with a proportionate reduction of the pension.

The plan is closed to new entrants, who instead can participate in a defined contribution plan.

| CHF million                                                     | 2013       | 2012       |
|-----------------------------------------------------------------|------------|------------|
| <b>Net liability for defined benefit obligations</b>            |            |            |
| Present value of obligations                                    | 245        | 246        |
| Fair value of plan assets                                       | -          | -          |
| Present value of net obligations                                | 245        | 246        |
| <b>Recognised net liability for defined benefit obligations</b> | <b>245</b> | <b>246</b> |

| CHF million                                       | 2013      | 2012      |
|---------------------------------------------------|-----------|-----------|
| <b>Expense recognised in the income statement</b> |           |           |
| Service costs                                     | 4         | 3         |
| Net interest on the net defined benefit liability | 8         | 9         |
| <b>Expense recognised in personnel expenses</b>   | <b>12</b> | <b>12</b> |

| Plan participants                                       | 2013  | 2012  |
|---------------------------------------------------------|-------|-------|
| Number of plan participants                             | 3,882 | 3,941 |
| <b>Present value of the defined benefit obligations</b> |       |       |
| In CHF million                                          | 245   | 246   |
| Duration in years                                       | 15.3  | 16.0  |

The duration in years corresponds to the average weighted period.

**Weighted actuarial assumptions at the balance sheet date**

| Per cent                 | 2013                  | 2012                  |
|--------------------------|-----------------------|-----------------------|
| Discount rate            | 3.5                   | 3.3                   |
| Future salary increases  | 2.0                   | 2.0                   |
| Future pension increases | 2.0                   | 2.0                   |
| Mortality table          | Dr. K. Heubeck 2005 G | Dr. K. Heubeck 2005 G |

## USA

The US pension plan is a defined benefit pension plan that provides retirement and disability benefits to employees and their dependents. The various insurance benefits are governed by regulations. The US plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law, there are plan fiduciaries that are responsible for the governance of the plan. Fiduciaries also are responsible for the investment of the plan's assets, which are held in a pension trust that is legally separate from the employer. The plan is entirely funded by Kuehne + Nagel. Risks in relation to guarantees provided, such as investment risk, asset volatility, salary increase and life expectancy, are borne by the Group.

Contributions are based on the salary of the employee. Normal retirement age is 65, with a minimum of 5 years of service. The plan provides a lifetime pension at normal retirement, which is based on a percentage of the highest average monthly compensation over a five-year period (limited to USD 100'000), multiplied by credited service under the plan. Members can draw retirement benefits early, with a proportionate reduction of the pension, at the age of 55 if the employee has a minimum of 10 years of service.

The plan is closed to new entrants and its benefits are frozen. New employees are instead covered by a defined contribution plan.

| CHF million                                                     | 2013     | 2012      |
|-----------------------------------------------------------------|----------|-----------|
| <b>Net liability for defined benefit obligations</b>            |          |           |
| Present value of obligations                                    | 49       | 55        |
| Fair value of plan assets                                       | -41      | -37       |
| Present value of net obligations                                | 8        | 18        |
| <b>Recognised net liability for defined benefit obligations</b> | <b>8</b> | <b>18</b> |

| CHF million                      | 2013      | per cent     | 2012      | per cent     |
|----------------------------------|-----------|--------------|-----------|--------------|
| <b>Allocation of plan assets</b> |           |              |           |              |
| Debt securities                  | 14        | 34.1         | 18        | 48.6         |
| Equity securities                | 25        | 61.0         | 19        | 51.4         |
| Property                         | 2         | 4.9          | -         | -            |
| Others                           | -         | -            | -         | -            |
| <b>Total</b>                     | <b>41</b> | <b>100.0</b> | <b>37</b> | <b>100.0</b> |

| CHF million                                            | 2013 | 2012 |
|--------------------------------------------------------|------|------|
| Actual return on plan assets for the year              | 5    | 4    |
| Expected payments to defined benefit plan in next year | 1    | 2    |

| CHF million                                       | 2013     | 2012     |
|---------------------------------------------------|----------|----------|
| <b>Expense recognised in the income statement</b> |          |          |
| Service costs                                     | -        | -        |
| Net interest on the net defined benefit liability | 1        | 1        |
| <b>Expense recognised in personnel expenses</b>   | <b>1</b> | <b>1</b> |

| Plan participants                                       | 2013  | 2012  |
|---------------------------------------------------------|-------|-------|
| Number of plan participants                             | 1,896 | 1,936 |
| <b>Present value of the defined benefit obligations</b> |       |       |
| In CHF million                                          | 49    | 55    |
| Duration in years                                       | 14.4  | 15.9  |

The duration in years corresponds to the average weighted period.

#### *Weighted actuarial assumptions at the balance sheet date*

| Per cent                 | 2013                                                                        | 2012                                                                        |
|--------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Discount rate            | 4.9                                                                         | 4.0                                                                         |
| Future salary increases  | -                                                                           | -                                                                           |
| Future pension increases | -                                                                           | -                                                                           |
| Mortality table          | IRS PPA 2013 Non-Annuitant (pre retirement) and Annuitant (post retirement) | IRS PPA 2012 Non-Annuitant (pre retirement) and Annuitant (post retirement) |

### Switzerland

The Swiss pension plans are defined benefit plans that provide retirement and disability benefits to employees and their dependents. Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivor's and Disability Pension Plans (BVG), which stipulates that pension plans have to be managed by independent, legally autonomous units. A pension plan's governing body (Board of Trustees) is responsible for the investment of the plan's assets and must be composed of equal numbers of employee's and employer's representatives. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. As a consequence, there are a number of guarantees provided within the pension funds which expose them to the risks of underfunding and may require the Group to provide re-financing. Such risks include mainly investment risks (as there is a guaranteed return on account balances), asset volatility and life expectancy.

The monthly contributions to the pension plans are paid by the employees as well as by the employer. The contributions are calculated as a percentage of the contributory salary and vary depending on the age of the employee. The pension plans provide a lifetime pension to members at the ordinary retirement age as defined in the Swiss Pension law. The pension is calculated as a percentage of the individual plan participant's pension account at retirement date. A portion of the benefit, up to the full amount under certain conditions, can be taken as lump sum payment at retirement. Members can draw retirement benefits early from the age of 58, with a proportionate reduction of the pension.

| CHF million                                                     | 2013      | 2012      |
|-----------------------------------------------------------------|-----------|-----------|
| <b>Net liability for defined benefit obligations</b>            |           |           |
| Present value of obligations                                    | 87        | 88        |
| Fair value of plan assets                                       | -70       | -67       |
| Present value of net obligations                                | 17        | 21        |
| <b>Recognised net liability for defined benefit obligations</b> | <b>17</b> | <b>21</b> |

| CHF million                      | 2013      | per cent     | 2012      | per cent     |
|----------------------------------|-----------|--------------|-----------|--------------|
| <b>Allocation of plan assets</b> |           |              |           |              |
| Debt securities                  | 56        | 80.0         | 53        | 79.1         |
| Equity securities                | 3         | 4.3          | 3         | 4.5          |
| Property                         | 8         | 11.4         | 8         | 11.9         |
| Others                           | 3         | 4.3          | 3         | 4.5          |
| <b>Total</b>                     | <b>70</b> | <b>100.0</b> | <b>67</b> | <b>100.0</b> |

| CHF million                                            | 2013 | 2012 |
|--------------------------------------------------------|------|------|
| Actual return on plan assets for the year              | -    | -    |
| Expected payments to defined benefit plan in next year | 4    | 4    |

| CHF million                                       | 2013     | 2012     |
|---------------------------------------------------|----------|----------|
| <b>Expense recognised in the income statement</b> |          |          |
| Service costs                                     | 7        | 6        |
| Net interest on the net defined benefit liability | -        | -        |
| <b>Expense recognised in personnel expenses</b>   | <b>7</b> | <b>6</b> |

| Plan participants                                       | 2013 | 2012 |
|---------------------------------------------------------|------|------|
| Number of plan participants                             | 551  | 559  |
| <b>Present value of the defined benefit obligations</b> |      |      |
| In CHF million                                          | 87   | 88   |
| Duration in years                                       | 18.2 | 19.6 |

The duration in years corresponds to the average weighted period.

**Weighted actuarial assumptions at the balance sheet date**

| Per cent                 | 2013                  | 2012                  |
|--------------------------|-----------------------|-----------------------|
| Discount rate            | 2.2                   | 1.8                   |
| Future salary increases  | 1.5                   | 1.5                   |
| Future pension increases | -                     | -                     |
| Mortality table          | BVG 2010 Generational | BVG 2010 Generational |

### 37 EMPLOYEE SHARE-BASED COMPENSATION PLANS

#### *Share Matching Plan (SMP)*

During 2012 the Company implemented a share-based compensation plan referred to as a "Share Matching Plan" (SMP) that replaced the employee "Share Purchase and Option Plan" (SPOP) implemented in 2001. This new long-term incentive plan allows selected employees of the Group to acquire shares of the Company with a discount compared to the actual share price at a specified date; such shares are blocked for three years and give its holder immediate voting rights and rights to receive dividends.

For each purchased share as per above, the Company will match additional shares upon completion of a three years vesting period and service condition during the same period. The level of the share match (share match ratio) is dependant on the achievement of performance over the next three financial years against defined targets. The maximum matching of one share for each share purchased by the employee (minimum investment is 75 shares) can be obtained by exceeding the defined target by more than 15 per cent. A guaranteed return per purchased share is granted through a minimum matching of 0.2 shares after the vesting period. Should the number of allocated shares be a fraction of shares, then the number of shares is rounded up to the next whole number.

The terms and conditions of the shares allocated under the SMP are as follows:

| Share matching plan                                               | 2013                      | 2012                      |
|-------------------------------------------------------------------|---------------------------|---------------------------|
| Grant date                                                        | Aug 3, 2013               | Aug 7, 2012               |
| Performance period                                                | Jan 2013–Dec 2015         | Jan 2012–Dec 2014         |
| Vesting, service and blocking period                              | Aug 3, 2013–June 30, 2016 | Aug 7, 2012–June 30, 2015 |
| Fair value of shares at grant date in CHF per share               | 115.40                    | 111.50                    |
| Purchase price of shares in CHF per share                         | 94.60                     | 100.00                    |
| Number of shares granted at grant date                            | 252,894                   | 232,077                   |
| Number of shares to be matched                                    | 252,894                   | 220,204                   |
| Expected share match ratio                                        | 0.6                       | 0.5                       |
| Fair value of shares to be matched at grant date in CHF per share | 103.20                    | 98.60                     |

#### *Share Purchase and Option Plan (SPOP)*

In 2001 the Company implemented an employee "Share Purchase and Option Plan" (SPOP). The plan allowed selected employees of the Group to acquire shares of the Company. The employees were able

to buy shares at a reduced price compared to the actual share price at a specified date. The price of the shares offered was 90 to 96.5 per cent of the share price corresponding to the average closing price of one share at the SIX Swiss Exchange during the months April to June. There are no vesting conditions. The shares are restricted for a period of three years before being released to the employees.

For each share purchased under this plan, the Company granted two options to the participants. Each option entitles the participant to purchase one share of the Company at a specified price. The exercise price is 100 per cent of the share price corresponding to the average closing price of one share at the SIX Swiss Exchange during the months April to June. The options vest three years after the grant date and can be exercised during the three-year period starting on the vesting date. The options cannot be settled in cash. The options granted under this plan continue until they vest and until the exercise period for the options issued in 2012 will expire on June 30, 2018.

The fair value of the shares granted is measured at the market price of the Company's shares, adjusted to take into consideration the conditions upon which the shares will be granted, such as blocking periods. Since the SPOP was discontinued as of July 1, 2012, no shares were granted in 2013 (2012: 1,645 shares).

| CHF per share                                    | 2013       | 2012   |
|--------------------------------------------------|------------|--------|
|                                                  | not        |        |
| Fair value of shares granted at measurement date | applicable | 101.90 |

The terms and conditions of the options granted are as follows:

| Grant date    | Exercise period            | Number issued    | Exercise price CHF | Number outstanding as of Dec. 31, 2013 | Number outstanding as of Dec. 31, 2012 |
|---------------|----------------------------|------------------|--------------------|----------------------------------------|----------------------------------------|
| June 30, 2007 | July 1, 2010–June 30, 2013 | 605,990          | 110.71             | –                                      | 280,110                                |
| June 30, 2008 | July 1, 2011–June 30, 2014 | 25,756           | 107.27             | 7,626                                  | 17,968                                 |
| June 30, 2009 | July 1, 2012–June 30, 2015 | 307,802          | 82.12              | 68,783                                 | 136,883                                |
| June 30, 2010 | July 1, 2013–June 30, 2016 | 447,398          | 111.37             | 311,365                                | 394,272                                |
| June 30, 2011 | July 1, 2014–June 30, 2017 | 37,374           | 131.15             | 31,374                                 | 37,374                                 |
| June 30, 2012 | July 1, 2015–June 30, 2018 | 3,290            | 113.40             | 3,290                                  | 3,290                                  |
| <b>Total</b>  |                            | <b>1,427,610</b> |                    | <b>422,438</b>                         | <b>869,897</b>                         |



The vesting condition is service during the three-year vesting period. The number and weighted average exercise prices of options are as follows:

| Options                               | 2013                                  |                   | 2012                                  |                   |
|---------------------------------------|---------------------------------------|-------------------|---------------------------------------|-------------------|
|                                       | Weighted average exercise price (CHF) | Number of options | Weighted average exercise price (CHF) | Number of options |
| Options outstanding as of January 1   | 107.31                                | 869,897           | 102.18                                | 1,283,575         |
| Options granted during the year       | n/a                                   | n/a               | 113.40                                | 3,290             |
| Options cancelled during the year     | 114.99                                | -32,150           | 113.50                                | -22,163           |
| Options expired during the year       | 110.71                                | -268,720          | -                                     | -                 |
| Options exercised during the year     | 97.38                                 | -146,589          | 90.32                                 | -394,805          |
| Options outstanding as of December 31 | 108.01                                | 422,438           | 107.31                                | 869,897           |
| Options exercisable as of December 31 |                                       | 387,774           |                                       | 434,961           |

The weighted average life of the options outstanding at December 31, 2013, is 2.4 years (2012: 2.4 years).

The options outstanding at December 31, 2013, have an exercise price in the range of CHF 82.12 to CHF 131.15 (2012: CHF 82.12 to CHF 131.15).

| CHF                                               | 2013 | 2012    |
|---------------------------------------------------|------|---------|
| Fair value of options granted at measurement date | n/a  | 22.28   |
| Share price                                       | n/a  | 101.90  |
| Exercise price                                    | n/a  | 113.4   |
| Expected volatility in per cent                   | n/a  | 33.6    |
| Expected option life                              | n/a  | 5 years |
| Dividend yield in per cent                        | n/a  | 2.2     |
| Risk-free interest rate in per cent               | n/a  | 0.04    |

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. The share options are granted under a service condition. Service conditions are not taken into account in the grant date fair value measurement of the services received.

| CHF million                                                         | 2013 | 2012 |
|---------------------------------------------------------------------|------|------|
| Total personnel expense for employee share-based compensation plans | 5    | 10   |

### 38 BANK LIABILITIES AND OTHER INTEREST-BEARING LIABILITIES

| CHF million       | Dec. 31, 2013 | Dec. 31, 2012 |
|-------------------|---------------|---------------|
| Less than 1 year  | 21            | 36            |
| Between 1–5 years | –             | –             |
| <b>Total</b>      | <b>21</b>     | <b>36</b>     |

The current bank and other interest-bearing liabilities include finance lease liabilities due for payment within one year of CHF 8 million (2012: CHF 11 million). Current bank and other interest-bearing liabilities also include bank overdrafts of CHF 13 million (2012: CHF 25 million), which are included in cash and cash equivalents for the purpose of the consolidated cash flow statement.

All loans and bank overdrafts are held in the respective Group companies' own functional currencies, which mainly is in EUR 40.7 per cent (2012: 34.8 per cent), GBP 2.6 per cent (2012: 7.8 per cent) and USD 1.7 per cent (2012: 7.1 per cent) on terms of the prevailing market conditions. The majority of bank overdraft facilities are repayable upon notice or within one year of the contractual term. The applicable interest rates are at prime interest rates of the respective country.

The non-current portion of finance lease liabilities amounts to CHF 24 million (2012: CHF 32 million) and is presented separately on the face of the balance sheet.

### 39 FINANCE LEASE OBLIGATIONS

| CHF million       | 2013      |          |               | 2012      |          |               |
|-------------------|-----------|----------|---------------|-----------|----------|---------------|
|                   | Payments  | Interest | Present value | Payments  | Interest | Present value |
| Less than 1 year  | 9         | 1        | 8             | 12        | 1        | 11            |
| Between 1–5 years | 21        | 1        | 20            | 27        | 2        | 25            |
| After 5 years     | 5         | 1        | 4             | 7         | –        | 7             |
| <b>Total</b>      | <b>35</b> | <b>3</b> | <b>32</b>     | <b>46</b> | <b>3</b> | <b>43</b>     |

### 40 TRADE PAYABLES/ACCRUED TRADE EXPENSES/DEFERRED INCOME

| CHF million            | Dec. 31, 2013 | Dec. 31, 2012 |
|------------------------|---------------|---------------|
| Trade payables         | 1,362         | 1,337         |
| Accrued trade expenses | 786           | 801           |
| Deferred income        | 150           | 130           |
| <b>Total</b>           | <b>2,298</b>  | <b>2,268</b>  |

The majority of all trade payables is in the respective Group companies' own functional currencies, which is in EUR 46.9 per cent (2012: 48.6 per cent), USD 9.7 per cent (2012: 9.0 per cent) and GBP 10.2 per cent (2012: 9.7 per cent).

#### 41 PROVISIONS

The movements in provisions were as follows:

| CHF million                             | Claim provisions <sup>1</sup> | Provision for deductible of transport liability insurance <sup>2</sup> | Others <sup>3</sup> | Total provision |
|-----------------------------------------|-------------------------------|------------------------------------------------------------------------|---------------------|-----------------|
| Balance as of January 1, 2012           | 75                            | 30                                                                     | 56                  | 161             |
| Provisions used                         | -108                          | -11                                                                    | -16                 | -135            |
| Provisions reversed                     | -12                           | -                                                                      | -12                 | -24             |
| Provisions made                         | 100                           | 7                                                                      | 29                  | 136             |
| Effect of movements in foreign exchange | -                             | -                                                                      | -1                  | -1              |
| <b>Balance as of December 31, 2012</b>  | <b>55</b>                     | <b>26</b>                                                              | <b>56</b>           | <b>137</b>      |
| of which                                |                               |                                                                        |                     |                 |
| – Current portion                       | 26                            | 11                                                                     | 31                  | 68              |
| – Non-current portion                   | 29                            | 15                                                                     | 25                  | 69              |
| <b>Total provisions</b>                 | <b>55</b>                     | <b>26</b>                                                              | <b>56</b>           | <b>137</b>      |
| Balance as of January 1, 2013           | 55                            | 26                                                                     | 56                  | 137             |
| Provisions used                         | -14                           | -9                                                                     | -21                 | -44             |
| Provisions reversed                     | -6                            | -                                                                      | -9                  | -15             |
| Provisions made                         | 23                            | 8                                                                      | 33                  | 64              |
| Effect of movements in foreign exchange | -1                            | -                                                                      | -                   | -1              |
| <b>Balance as of December 31, 2013</b>  | <b>57</b>                     | <b>25</b>                                                              | <b>59</b>           | <b>141</b>      |
| of which                                |                               |                                                                        |                     |                 |
| – Current portion                       | 28                            | 9                                                                      | 41                  | 78              |
| – Non-current portion                   | 29                            | 16                                                                     | 18                  | 63              |
| <b>Total provisions</b>                 | <b>57</b>                     | <b>25</b>                                                              | <b>59</b>           | <b>141</b>      |

<sup>1</sup> Some Group companies are involved in legal proceedings on various issues (disputes about logistics services, antitrust etc.). Some legal proceedings have been settled in the reporting period, and corresponding payments have been made.

Since October 2007 various competition authorities have investigated certain antitrust allegations against international freight forwarding companies, inter alia against Kuehne + Nagel. A number of these investigations have been concluded meanwhile. The competent US court has meanwhile also confirmed the out of court settlement in a US class action lawsuit which is related to a previously settled antitrust investigation of the Department of Justice. The Group has appealed the decision of the EU Commission according to which Kuehne + Nagel had to pay a fine of CHF 65 million (EUR 53.7 million) at the European Court of Justice in 2012. The case is still pending. (see also notes 23 and 45).

<sup>2</sup> An additional provision for deductibles in case of transport liability has been recognised for the current year's exposure.

<sup>3</sup> Other provisions mainly consist of provisions for dilapidation costs amounting to CHF 23 million (2012: CHF 28 million) and of provisions for onerous contracts amounting to CHF 12 million (2012: CHF 14 million).

## 42 OTHER LIABILITIES

| CHF million                                    | Dec. 31, 2013 | Dec. 31, 2012 |
|------------------------------------------------|---------------|---------------|
| Personnel expenses (including social security) | 456           | 443           |
| Other tax liabilities                          | 72            | 71            |
| Other operating expenses                       | 185           | 203           |
| Sundry                                         | 54            | 67            |
| <b>Total</b>                                   | <b>767</b>    | <b>784</b>    |

## 43 ACQUISITION OF BUSINESSES/SUBSIDIARIES

### 2013 Acquisitions

There were no significant acquisitions of subsidiaries in 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 businesses and subsidiaries, each individually immaterial, had the following effect on the Group's assets and liabilities in 2012:

| CHF million                           | Recognised fair values |
|---------------------------------------|------------------------|
| Property, plant and equipment         | 3                      |
| Other intangibles                     | 9                      |
| Other non-current assets              | 1                      |
| Trade receivables                     | 10                     |
| <b>Subtotal assets</b>                | <b>23</b>              |
| Trade payables                        | -7                     |
| Other current liabilities             | -3                     |
| Non-current liabilities               | -2                     |
| <b>Total identifiable net assets</b>  | <b>11</b>              |
| Goodwill                              | 4                      |
| <b>Total consideration</b>            | <b>15</b>              |
| Contingent and deferred consideration | -6                     |
| <b>Purchase price, paid in cash</b>   | <b>9</b>               |
| Acquired cash and cash equivalents    | -                      |
| <b>Net cash outflow</b>               | <b>9</b>               |

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.

Effective July 3, 2012, the Group acquired the perishable logistics business (mainly a customer list) of Perishables International Transportation Inc., a Canadian independent freight forwarder, specialising in handling and transportation of fresh and frozen perishable goods. The purchase price of CHF 2.2 million includes a contingent consideration of CHF 0.7 million depending on the financial performance of the acquired business until June 2014. CHF 1.5 million has been paid in cash.

Effective October 1, 2012, the Group acquired the companies Flowerport Logistics B.V. and AgriAir Logistics B.V., Netherlands, both specialised in handling airfreight of perishables. The purchase price of CHF 7.0 million includes a deferred consideration of CHF 3.3 million to be paid in three instalments until October 2015. CHF 3.7 million is paid in cash.

The acquisitions (including the part of 2011 acquisitions that completes a twelve months period since the date of acquisition) contributed CHF 287 million of turnover and CHF 9 million of loss to the consolidated turnover and earnings respectively for the year 2012. If the acquisitions had occurred on January 1, 2012, the Group's turnover would have been CHF 20,790 million and consolidated earnings for the period would have been CHF 480 million.

The trade receivables comprise gross contractual amounts due of CHF 10 million, and all amounts are expected to be collectible.

Goodwill of CHF 4 million arose on these acquisitions because certain intangible assets did not meet the IFRS 3 criteria for the recognition as intangible assets at the date of acquisition. These assets mainly consist of management expertise and workforce. Other intangibles of CHF 9 million recognised on these acquisitions represent non-contractual customer lists having a useful life of one year.

The accounting for the acquisitions made in 2012 was initially determined provisionally only. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting.

#### 44 PERSONNEL

| Number                               | Dec. 31, 2013 | Dec. 31, 2012 |
|--------------------------------------|---------------|---------------|
| Europe                               | 43,887        | 44,360        |
| Americas                             | 9,214         | 9,073         |
| Asia-Pacific                         | 6,809         | 6,989         |
| Middle East, Central Asia and Africa | 2,834         | 2,826         |
| <b>Total employees (unaudited)</b>   | <b>62,744</b> | <b>63,248</b> |
| <b>Full-time equivalent</b>          | <b>72,036</b> | <b>72,399</b> |

Employees within the Group are defined as persons with valid employment contracts as of December 31, on payroll of the Group.

Full-time equivalent as disclosed in the table above, is defined as all persons working for the Kuehne + Nagel Group including part-time (monthly, weekly, daily or hourly) working persons with or without permanent contract of which all expenses are recorded in the personnel expenses. Pro rata temporis employment, has been recalculated into the number of full-year employees.

#### 45 CONTINGENT LIABILITIES

As of year-end the following contingent liabilities existed:

| CHF million                                  | Dec. 31, 2013 | Dec. 31, 2012 |
|----------------------------------------------|---------------|---------------|
| Guarantees in favour of customers and others | 21            | 8             |
| Contingency under unrecorded claims          | 3             | 1             |
| <b>Total</b>                                 | <b>24</b>     | <b>9</b>      |

Some Group companies are defendants in various legal proceedings. Based on respective legal advice, the management is of the opinion that the outcome of those proceedings will have no effect on the financial situation of the Group beyond the existing provision for pending claims (refer to note 41) of CHF 57 million (2012: CHF 55 million).

Antitrust cases in various jurisdictions, amongst them proceedings in Brazil, New Zealand, France and Austria, are still ongoing. It is currently not possible to reliably estimate a potential financial impact of these cases. Consequently, no provision or quantification of the contingent liability for these cases was made in the Consolidated Financial Statements 2013.

#### 46 OTHER FINANCIAL COMMITMENTS

The Group operates a number of warehouse facilities under operating lease contracts. The lease contracts run for a fixed period and none of the lease contracts includes contingent rentals.

As of year-end the following financial commitments existed in respect of non-cancellable long-term operating leases and rental contracts:

##### As of December 31, 2013

| CHF million  | Properties and buildings | Operating and office equipment | Total        |
|--------------|--------------------------|--------------------------------|--------------|
| 2014         | 351                      | 84                             | 435          |
| 2015–2018    | 665                      | 116                            | 781          |
| Later        | 249                      | 1                              | 250          |
| <b>Total</b> | <b>1,265</b>             | <b>201</b>                     | <b>1,466</b> |

##### As of December 31, 2012

| CHF million  | Properties and buildings | Operating and office equipment | Total        |
|--------------|--------------------------|--------------------------------|--------------|
| 2013         | 334                      | 80                             | 414          |
| 2014–2017    | 618                      | 119                            | 737          |
| Later        | 241                      | 3                              | 244          |
| <b>Total</b> | <b>1,193</b>             | <b>202</b>                     | <b>1,395</b> |

The expense for operating leases recognised in the income statement amounts to CHF 579 million (2012: CHF 585 million).

#### 47 CAPITAL COMMITMENTS

As of year-end the following capital commitments existed in respect of non-cancellable purchase contracts.

| CHF million   | Dec. 31, 2013 | Dec. 31, 2012 |
|---------------|---------------|---------------|
| Australia     | 19            | –             |
| Great Britain | –             | 1             |
| Italy         | 1             | –             |
| New Zealand   | –             | 2             |
| <b>Total</b>  | <b>20</b>     | <b>3</b>      |

## 48 RISK MANAGEMENT, OBJECTIVES AND POLICIES

### Group risk management

Risk management is a fundamental element of the Group's business practice on all levels and is embedded into the business planning and controlling processes of the Group. Material risks are monitored and regularly discussed with the Risk and Compliance Committee and the Audit Committee of the Board of Directors.

The Risk and Compliance Committee led by the CEO comprising the members of the Management Board and heads of central Internal Audit, Legal and Compliance departments, monitor the risk profile of the Group, and the development of essential internal controls to mitigate these risks.

In accordance with Article 663b of the Swiss Code of Obligations, the Group carries out an annual risk assessment. In conformity with the Swiss Code of Best Practice for Corporate Governance, the Group's risk management system covers both financial and operational risks.

A risk is defined as the possibility of an adverse event which has a negative impact on the achievement of the Group's objectives.

### Risk management as an integral part of the Internal Control System

Risk management is incorporated within the Internal Control System (ICS). Preventive, risk-mitigating measures to control risks are proactively taken at different levels and are an integral part of management responsibility.

### Risk assessment in 2013

An independent risk assessment procedure was adopted for operational risks. Regional Management was interviewed with reference to a risk assessment overview. Strategic risks and the countermeasures were discussed with Management Board members. Within the framework of the corporate governance process, the updated risk assessment was then presented to the Audit Committee of the Board of Directors. Financial risks analysis and assessment was carried out by the finance and accounting department.

The following risk areas have been identified amongst others and mitigating actions are implemented as follows:

- Financial risks such as development of interest rates, credit and financial markets and currency risks, which are all constantly monitored and controlled by the finance and accounting department.
- The continuing challenges of the global economic development as well as the uncertainties in the financial markets are of essential importance from the risk-policy point of view. These are managed by appropriate risk diversification and avoidance of regional and industry clustering.
- Risks related to the IT network availability, IT data and security are managed by the permanent monitoring of systems, redundant infrastructure as well as interlinked data centers with back-up structures and business continuity plans.
- Organised crime and terrorism, and also an increase of regulations, growing complexity and customer expectations have led to rising security requirements and risks; such risks and requirements are considered in the planning of supply chain solutions and worldwide operation.
- Legal and compliance risks such as fraud, intentional and unintentional violations of the law or compliance to export regulations are counteracted by comprehensive staff training and the worldwide network of compliance officers at regional and national levels.



- Reputation and image risks with respect to communication with capital markets as well as in connection with compliance-related issues, are taken into consideration by a centralised approach towards corporate communications.

#### **Organisation of risk management**

A continuous dialogue between the Management Board, Risk Management and the Audit Committee is maintained in order to assure the Group's effectiveness in this area. The risk management system is governed by the Risk Assessment Guideline defining the structure and the process of risk assessments. The risk catalogue is reviewed regularly and critical analysis ensures a continuous development of the risk management system.

#### **Summarised assessment of the risk situation**

In the 2013 business year no significant risks were identified that would have the potential to substantially negatively impact the Group and its future development.

The most material risk remains the uncertainty of the global economic development and the financial markets, thus being in the constant focus of management.

#### **Financial risk management**

The Group is exposed to various financial risks arising from its underlying operations and finance activities. The Group is primarily exposed to market risk (i.e. interest rate and currency risk) and to credit and liquidity risk.

Financial risk management within the Group is governed by policies and guidelines approved by the senior management. These policies and guidelines cover interest rate risk, currency risk, credit risk and liquidity risk. Group policies and guidelines also cover areas such as cash management, investment of excess funds and the raising of short and long-term debt. Compliance with the policies and guidelines is managed by segregated functions within the Group. The objective of financial risk management is to contain, where deemed appropriate, exposures to the various types of financial risks mentioned above in order to limit any negative impact on the Group's results and financial position.

In accordance with its financial risk policies, the Group manages its market risk exposures by using financial instruments when deemed appropriate. It is the Group's policy and practice neither to enter into derivative transactions for trading or speculative purposes, nor for any purpose unrelated to the underlying business.

#### **Market risk**

Market risk is the risk that market prices change due to interest rates and foreign exchange rates risk affecting the Group's income or the value of its financial instruments.

### Interest rate risk

Interest rate risk arises from movements in interest rates which could have effects on the Group's net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans and investments at variable interest rates expose the Group to cash flow interest rate risk. Loans and investment at fixed interest rates expose the Group to fair value interest rate risk in case they are measured at fair value.

#### Exposure

The Group's exposure to interest rate risk relates primarily to the Group's bank loans and finance lease liabilities and to the Group's investments of its excess funds. The Group's exposure to changes in interest rates is limited due to the short-term nature of investments of excess funds and borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk in respect of investments of excess funds or loans.

#### Profile

At the reporting date, the interest profile of the Group's interest-bearing financial assets and liabilities was as follows:

#### Fair value sensitivity analysis – fixed rate instruments

As of December 31, 2013 and 2012, the Group does not hold significant investments in fixed rate instruments. A change of 100 basis points in interest rates would not have increased or decreased profit or loss significantly.

#### Cash flow sensitivity analysis – variable rate instruments

A change of 100 basis points in interest rates on December 31, 2013, would have increased or decreased profit or loss by CHF 12 million (2012: CHF 10 million) due to changed interest payments on variable rate interest-bearing liabilities and assets. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

| CHF million                                         | Carrying amount |              |
|-----------------------------------------------------|-----------------|--------------|
|                                                     | 2013            | 2012         |
| <b>Variable rate instruments</b>                    |                 |              |
| Cash and cash equivalents                           | 1,253           | 1,081        |
| Current bank and other interest-bearing liabilities | -21             | -36          |
| Non-current finance lease obligations               | -24             | -32          |
| <b>Total</b>                                        | <b>1,208</b>    | <b>1,013</b> |

### Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

#### Exposure

The Group operates on a worldwide basis and, as a result, is exposed to movements in foreign currency exchange rates of mainly EUR, USD and GBP on sales, purchases, investments in debt securities and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. Monthly intercompany payments are conducted through a Group clearing system in EUR and USD which facilitates monitoring and control of the group-wide foreign exchange rate exposures.

Derivative financial instruments (foreign exchange contracts) are, to a limited extent, in use to hedge the foreign exchange exposure on outstanding balances in the Group's internal clearing system centralised at the head office. Given that the Group's hedging activities are limited to hedges of recognised foreign currency monetary items, hedge accounting under IAS 39 is not applied. As of the 2013 and 2012 year-end there were no material derivative instruments outstanding. Investments in foreign subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

The Group's exposure to foreign currency risk was as follows as of year-end:

| CHF million                         | 2013       |            |          | 2012       |            |          |
|-------------------------------------|------------|------------|----------|------------|------------|----------|
|                                     | EUR        | USD        | GBP      | EUR        | USD        | GBP      |
| Cash and cash equivalents           | 117        | 90         | 1        | 121        | 75         | 1        |
| Trade receivables                   | 34         | 228        | 1        | 33         | 288        | 2        |
| Interest-bearing liabilities        | -          | -2         | -        | -          | -          | -        |
| Trade payables                      | -32        | -78        | -1       | -27        | -83        | -1       |
| <b>Gross balance sheet exposure</b> | <b>119</b> | <b>238</b> | <b>1</b> | <b>127</b> | <b>280</b> | <b>2</b> |

The majority of all trade related billings and payments as well as all payments of interest-bearing liabilities are made in the respective functional currencies of the Group entities.

*Sensitivity analysis*

A 10 per cent strengthening of the CHF against the following currencies on December 31, would have reduced profit by the amounts shown below. A 10 per cent weakening of the CHF against the following currencies on December 31, would have had the equal but opposite effect on the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| <b>2013</b>                                   |           |           |           |           |           |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| CHF million                                   | 1 CHF/EUR | 1 CHF/USD | 1 GBP/EUR | 1 GBP/USD | 1 USD/EUR |
| Reasonably possible change +/-<br>in per cent | 10.0      | 10.0      | 10.0      | 10.0      | 10.0      |
| Negative effect on P/L                        | -11.9     | -23.8     | -8.1      | -16.2     | -13.4     |
| Positive effect on P/L                        | 11.9      | 23.8      | 8.1       | 16.2      | 13.4      |

The impact on the profit or loss is mainly a result of foreign exchange gains or losses arising from translation of trade receivables, trade payables and cash and cash equivalents in foreign currencies. Significant fluctuations of foreign currency exchange rates would not result in an impact on other comprehensive income as the Group does not have any securities classified as available for sale or applies cash flow hedge accounting.

| <b>2012</b>                                   |           |           |           |           |           |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| CHF million                                   | 1 CHF/EUR | 1 CHF/USD | 1 GBP/EUR | 1 GBP/USD | 1 USD/EUR |
| Reasonably possible change +/-<br>in per cent | 10.0      | 10.0      | 10.0      | 10.0      | 10.0      |
| Negative effect on P/L                        | -12.7     | -28.0     | -8.6      | -19.0     | -13.9     |
| Positive effect on P/L                        | 12.7      | 28.0      | 8.6       | 19.0      | 13.9      |

*Foreign currency exchange rates applied*

The major foreign currency exchange rates applied during the year are as explained in note 5 (principles of consolidation).

**Credit risk**

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations, causing a financial loss to the Group. Credit risk arises primarily from the Group's trade receivables.

*Exposure*

At the balance sheet date, the maximum exposure to credit risk from financial assets without taking into account any collateral held or other credit enhancements was:

| CHF million               | 2013         | 2012         |
|---------------------------|--------------|--------------|
| Trade receivables         | 2,426        | 2,428        |
| Other receivables         | 60           | 83           |
| Cash and cash equivalents | 1,253        | 1,081        |
| <b>Total</b>              | <b>3,739</b> | <b>3,592</b> |

*Trade receivables*

Trade receivables are subject to a policy of active risk management which focusses on the assessment of country risk, credit availability, ongoing credit evaluation, and account monitoring procedures. There are no significant concentrations of credit risk due to the Group's large number of customers and their wide geographical spread. For a large part of credit exposures in critical countries, the Group has obtained credit insurance from first-class insurance companies (for further details refer to note 31).

The maximum exposure to credit risk for trade receivables at the reporting date by geographical area was:

| CHF million                        | 2013         | 2012         |
|------------------------------------|--------------|--------------|
| Europe                             | 1,474        | 1,467        |
| Americas                           | 548          | 527          |
| Asia-Pacific                       | 224          | 232          |
| Middle East, Central Asia & Africa | 180          | 202          |
| <b>Total</b>                       | <b>2,426</b> | <b>2,428</b> |

It is considered that the credit insurance is sufficient to cover potential credit risk concentrations (for additional information refer to note 31).

*Investments of excess funds*

The Group considers its credit risk to be minimal in respect of investments made of excess funds invested in short-term deposits (with a maturity of less than three months) and in debt securities with first-class financial institutions and countries with the close coordination and management of Centralised Corporate Treasury function. The Group does not invest in equity securities.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Group companies require sufficient availability of cash to meet their obligations. Individual companies are generally responsible for their own cash management, including the short-term investment of cash surplus and the raising of loans to cover cash deficits subject to guidance by the Group and, in certain cases, to approval at Group level. The Group maintains sufficient reserves of cash to meet its liquidity requirements at all times.

The following are the contractual maturities of financial liabilities (undiscounted), including interest payments and excluding the impact of netting agreements:

| <b>2013</b>                                 |                  |                       |                |             |             |
|---------------------------------------------|------------------|-----------------------|----------------|-------------|-------------|
| CHF million                                 | Carrying amounts | Contractual cash flow | Up to 6 months | 6-12 months | Over 1 year |
| Bank and other interest-bearing liabilities | 21               | 23                    | 18             | 5           | -           |
| Trade payables                              | 1,362            | 1,362                 | 1,362          | -           | -           |
| Accrued trade expenses                      | 786              | 786                   | 786            | -           | -           |
| Other liabilities                           | 231              | 231                   | 231            | -           | -           |
| Finance lease obligations (non-current)     | 24               | 26                    | -              | -           | 26          |
| <b>Total</b>                                | <b>2,424</b>     | <b>2,428</b>          | <b>2,397</b>   | <b>5</b>    | <b>26</b>   |

  

| <b>2012</b>                                 |                  |                       |                |             |             |
|---------------------------------------------|------------------|-----------------------|----------------|-------------|-------------|
| CHF million                                 | Carrying amounts | Contractual cash flow | Up to 6 months | 6-12 months | Over 1 year |
| Bank and other interest-bearing liabilities | 36               | 39                    | 33             | 6           | -           |
| Trade payables                              | 1,337            | 1,337                 | 1,337          | -           | -           |
| Accrued trade expenses                      | 801              | 801                   | 801            | -           | -           |
| Other liabilities                           | 262              | 262                   | 236            | 26          | -           |
| Finance lease obligations (non-current)     | 32               | 34                    | -              | -           | 34          |
| <b>Total</b>                                | <b>2,468</b>     | <b>2,473</b>          | <b>2,407</b>   | <b>32</b>   | <b>34</b>   |

It is not expected that the cash flow included in the above maturity analysis could occur at significantly different points in time or at significantly different amounts.

#### 49 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities carried at amortised cost are approximately equal to the carrying amounts.

Cash and cash equivalents with a carrying amount of CHF 1,255 million (2012: CHF 1,083 million) as well as financial assets with a carrying amount of CHF 2,486 million (2012: CHF 2,511 million) classified as loans and receivables carried at amortised cost, are all classified as current assets.

The Group has financial liabilities with a carrying amount of CHF 2,424 million (2012: CHF 2,468 million) carried at amortised cost. The majority of these financial liabilities are current liabilities. At year-end 2013 and 2012 there were no non-current fixed rate interest-bearing loans and other liabilities.

As of December 31, 2013 and 2012, the Group holds no debt instruments designated as financial assets at fair value through profit or loss and no significant derivative instruments.

The Group's financial instruments measured at fair value have been categorised into below mentioned levels, reflecting the significance of inputs used in estimating fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: Input other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly,
- Level 3: Valuation techniques using significant unobservable inputs.

The fair value of the derivative instruments (forward foreign exchange contracts) is determined based on current and available market data. Pricing models commonly used in the market are used, taking into account relevant parameters such as forward rates, spot rates, discount rates, yield curves and volatility.

#### 50 RELATED PARTIES AND TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint ventures and with its Board of Directors and Management Board.

##### Subsidiaries and Joint Ventures

The Group's operations involve operating activities between the parent company and its subsidiaries and between the subsidiaries themselves due to the nature of business. Overheads are to a certain extent also charged to the subsidiaries based on their use of services provided. All these transactions are eliminated upon consolidation. There were no significant transactions between the Group and its joint ventures and other related parties.

Transactions with related parties are conducted at arm's length.

### Board of Directors and Management Board

The total compensation and remuneration paid to and accrued for the members of the Board of Directors and the Management Board of Kuehne + Nagel International AG, Schindellegi, Switzerland, amounted to:

- Board of Directors: CHF 5.9 million (2012: CHF 4.7 million)
- Management Board: CHF 14.5 million (2012: CHF 11.3 million)

As of December 31, 2013, no loans or any other commitments were outstanding towards members neither of the Board of Directors nor of the Management Board. Members of the Board of Directors and the Management Board control 53.6 per cent (2012: 53.7 per cent) of the voting shares of the Company.

The following compensation and remuneration has been paid to and accrued for the Board of Directors and the Management Board:

| CHF million                                            | Management Board |             | Board of Directors |            |
|--------------------------------------------------------|------------------|-------------|--------------------|------------|
|                                                        | 2013             | 2012        | 2013               | 2012       |
| Wages, salaries and other short-term employee benefits | 11.7             | 10.1        | 4.9                | 4.3        |
| Post-employment benefits                               | 0.5              | 0.4         | 0.2                | 0.2        |
| Share-based compensation                               | 2.3              | 0.8         | 0.8                | 0.2        |
| <b>Total compensation</b>                              | <b>14.5</b>      | <b>11.3</b> | <b>5.9</b>         | <b>4.7</b> |

Refer to pages 152 to 157; note 12 of the Financial Statements of Kuehne + Nagel International AG for disclosure requirements according to the Swiss law (Article 663b/c CO). For other related parties refer to note 35 outlining the shareholder's structure, and pages 78 to 85 listing the Group's significant subsidiaries and joint ventures.

## 51 ACCOUNTING ESTIMATES AND JUDGMENTS

The management has carefully considered the development, selection and disclosure of the Group's critical accounting policies and estimates as well as the application of these policies and estimates.

### Acquisition accounting

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable. The Group has separately recognised customer lists and customer contracts based on contractual agreements in acquisitions made (see note 28).



The fair value of these acquired intangible assets is based on valuation techniques, which require input based on assumptions about the future. The management uses its best knowledge to estimate fair value of acquired intangible assets as of the acquisition date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired (see below). The management must also make assumptions about the useful life of the acquired intangible assets which might be affected by external factors such as increased competition.

#### **Carrying amount of goodwill, other intangibles and property, plant and equipment**

The group tests its goodwill with a total carrying amount of CHF 688 million (2012: CHF 694 million) for impairment every year as disclosed in note 12. No impairment loss on goodwill was recognised in 2013 and 2012. The Group also assesses annually whether there is any indication that other intangible assets or property, plant and equipment may be impaired. In such a case, the assets are tested for impairment. An impairment loss on other intangible assets of CHF 1 million was recognised in 2013 (2012: CHF 2 million). The carrying amount of other intangibles is CHF 89 million (2012: CHF 141 million), and of property, plant and equipment CHF 1,151 million (2012: CHF 1,134 million).

Impairment tests are based on value-in-use calculations, which involve a variety of assumptions such as estimates of future cash inflows and outflows and choice of a discount rate. Actual cash flows might, for example, differ significantly from management's current best estimate. Changes in market environment, evolution of technologies, etc. might have an impact on future cash flows and result in recognition of impairment losses.

#### **Defined benefit pension plans**

The Group has recognised a liability for defined benefit pension plans in the amount of CHF 304 million (2012: CHF 320 million). A number of assumptions are made in order to calculate the liability, including discount rate and future salary increases. A relatively minor change in any of these assumptions can have a significant impact on the carrying amount of the defined benefit obligation.

#### **Share-based compensation plans**

Judgment and estimates are required when determining the expected share match ratio. The variance between estimated and actual share match ratio might have an impact on the amount recognised as personnel expense (see note 37 for more information).

**Accrued trade expenses and deferred income**

Freight forwarding transactions which are completed and for which the costs are not fully received, are accrued for expected costs based on best estimate. For transactions which are not complete on account of pending service at cut-off date or transactions for which revenue is earned and relevant costs can not be estimated, the related revenue is deferred. The Group management's judgment is involved in the estimate of costs and deferral of revenue and their completeness.

**Income tax**

Judgement and estimates are required when determining deferred as well as current tax assets and liabilities. The management believes that its estimates, based on, for example, interpretation of tax laws, are reasonable. Changes in tax laws and rates, interpretations of tax laws, earnings before tax, taxable profit etc. might have an impact on the amounts recognised as tax assets and liabilities.

The Group has recognised a net deferred tax asset of CHF 36 million (2012: Net deferred tax asset of CHF 44 million). Furthermore, the Group has unrecognised deferred tax assets relating to unused tax losses of CHF 48 million (2012: CHF 44 million). Based on estimates of the probability of realising these tax benefits, available taxable temporary differences, periods of reversals of such differences etc., the management does not believe that the criteria to recognise deferred tax assets are met (see note 25).

**Provisions and contingent liabilities**

The Group has recognised provisions for an amount of CHF 141 million (2012: CHF 137 million) related to legal claims and other exposures in the freight forwarding and logistics operations (see note 41). The provisions represent the best estimate of the risks, but the final amount required is subject to uncertainty.

**52 POST BALANCE SHEET EVENTS**

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

**53 RESOLUTION OF THE BOARD OF DIRECTORS**

The Consolidated Financial Statements of the Group were authorised for issue by the Board of Directors on February 28, 2014. A resolution to approve the Consolidated Financial Statements will be proposed at the Annual General Meeting on May 6, 2014.

## REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE GENERAL MEETING OF SHAREHOLDERS OF KUEHNE + NAGEL INTERNATIONAL AG, SCHINDELLEGI, SWITZERLAND

As statutory auditor, we have audited the accompanying consolidated financial statements of Kuehne + Nagel International AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the consolidated financial statements on the pages 4 to 75 for the year ended December 31, 2013.

### *Board of Directors' Responsibility*

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well

as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2013, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

*Other matter*

The consolidated financial statements of Kuehne + Nagel International AG for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on March 1, 2013.

**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

**Ernst & Young Ltd**

**Alessandro Miolo**  
Licensed Audit Expert  
(Auditor in Charge)

**Christian Krämer**  
Licensed Audit Expert

Zurich, February 28, 2014

*Holding and Management Companies*

| Country            | Name of the company                   | Location     | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|--------------------|---------------------------------------|--------------|----------|-----------------------------|----------------------------------|
| <b>Switzerland</b> | Kuehne + Nagel International AG       | Schindellegi | CHF      | 120,000                     | 100                              |
|                    | Kuehne + Nagel Management AG          | Schindellegi | CHF      | 1,000                       | 100                              |
|                    | Kuehne + Nagel Liegenschaften AG      | Schindellegi | CHF      | 500                         | 100                              |
|                    | Nacora Holding AG                     | Schindellegi | CHF      | 500                         | 100                              |
|                    | Nacora Agencies AG                    | Schindellegi | CHF      | 400                         | 100                              |
|                    | Kuehne + Nagel Real Estate Holding AG | Schindellegi | CHF      | 100                         | 100                              |

*Operating Companies*
**Western Europe**

| Country        | Name of the company                     | Location     | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|----------------|-----------------------------------------|--------------|----------|-----------------------------|----------------------------------|
| <b>Belgium</b> | Kuehne + Nagel NV                       | Antwerp      | EUR      | 6,338                       | 100                              |
|                | Kuehne + Nagel Logistics NV             | Geel         | EUR      | 5,206                       | 100                              |
|                | Nacora Insurance Brokers NV             | Brussels     | EUR      | 155                         | 100                              |
|                | Logistics Kontich BVBA                  | Antwerp      | EUR      | 50                          | 100                              |
|                | Logistics Nivelles SA                   | Nivelles     | EUR      | 1,521                       | 100                              |
| <b>Denmark</b> | Kuehne + Nagel A/S                      | Copenhagen   | DKK      | 5,200                       | 100                              |
|                | Kuehne + Nagel Holding Denmark A/S      | Copenhagen   | DKK      | 750                         | 100                              |
| <b>Finland</b> | Oy Kuehne + Nagel Ltd                   | Helsinki     | EUR      | 200                         | 100                              |
| <b>France</b>  | Kuehne + Nagel SAS                      | Ferrières    | EUR      | 17,380                      | 100                              |
|                | Kuehne + Nagel France Immobilier SCI    | Ferrières    | EUR      | 4                           | 100                              |
|                | Kuehne + Nagel Parts SAS                | Trappes      | EUR      | 87                          | 100                              |
|                | Kuehne + Nagel DSIA SAS                 | Nantes       | EUR      | 360                         | 100                              |
|                | Kuehne + Nagel Management SAS           | Ferrières    | EUR      | 570                         | 100                              |
|                | Nacora Courtage d'Assurances SAS        | Paris        | EUR      | 40                          | 100                              |
|                | Kuehne + Nagel Aerospace & Industry SAS | Ferrières    | EUR      | 37                          | 100                              |
|                | Logistique Distribution Gasocogne SAS   | Ferrières    | EUR      | 37                          | 100                              |
|                | Kuehne + Nagel Road SAS                 | Villefranche | EUR      | 4,000                       | 100                              |
|                | I.M. Alloin SARL                        | Villefranche | EUR      | 8                           | 100                              |
|                | Almeca SNC                              | Villefranche | EUR      | 32                          | 100                              |
|                | Kuehne + Nagel Participations Sarl      | Ferrières    | EUR      | 203,630                     | 100                              |
|                | K Logistics Sarl                        | Le Meux      | EUR      | 91                          | 100                              |
|                | Kuehne + Nagel Logistique SASU          | Bresles      | EUR      | 37                          | 100                              |
|                | Kuehne + Nagel Solutions                | Saint Vulbas | EUR      | 10                          | 100                              |

| Country                | Name of the company                                         | Location         | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|------------------------|-------------------------------------------------------------|------------------|----------|-----------------------------|----------------------------------|
| <b>Germany</b>         | Kuehne + Nagel (AG & Co.) KG                                | Bremen           | EUR      | 15,000                      | 100                              |
|                        | KN Airlift GmbH                                             | Frankfurt        | EUR      | 256                         | 100                              |
|                        | Stute Logistics (AG & Co.) KG                               | Bremen           | EUR      | 1,023                       | 100                              |
|                        | CS Parts Logistics GmbH                                     | Bremen           | EUR      | 426                         | 50                               |
|                        | Kuehne + Nagel Euroshipping GmbH                            | Regensburg       | EUR      | 256                         | 51                               |
|                        | Pact GmbH                                                   | Hamburg          | EUR      | 50                          | 100                              |
|                        | SPS Zweite Vermögensverwaltungs GmbH                        | Hamburg          | EUR      | 25                          | 90                               |
|                        | Cargopack Verpackungsgesellschaft für<br>Industriegüter mbH | Bremen           | EUR      | 307                         | 100                              |
|                        | Aircraft Production Logistics GmbH                          | Hamburg          | EUR      | 25                          | 100                              |
|                        | Kuehne + Nagel Beteiligungs-AG                              | Bremen           | EUR      | 10,277                      | 100                              |
|                        | Nacora Versicherungsmakler GmbH                             | Hamburg          | EUR      | 79                          | 100                              |
|                        | Gustav. F. Huebener GmbH                                    | Hamburg          | EUR      | 31                          | 100                              |
|                        | Kuehne + Nagel Logistics<br>Langenau GmbH                   | Langenau         | EUR      | 25                          | 100                              |
|                        | Carl Drude GmbH & Co. KG                                    | Hauneck          | EUR      | 250                         | 100                              |
|                        | Gebr. Mönkemöller<br>Speditionsgesellschaft mbH             | Bielefeld        | EUR      | 300                         | 100                              |
| <b>United Kingdom</b>  | Kuehne + Nagel (UK) Limited                                 | Uxbridge         | EUR      | 8,000                       | 100                              |
|                        | Kuehne + Nagel Limited                                      | Uxbridge         | GBP      | 8,867                       | 100                              |
|                        | Nacora Insurance Brokers Limited                            | Uxbridge         | GBP      | 150                         | 100                              |
|                        | Kuehne + Nagel Drinks<br>Logistics Limited                  | Milton<br>Keynes | GBP      | -                           | 100                              |
|                        | *Kuehne + Nagel Drinkflow<br>Logistics Limited              | Milton<br>Keynes | GBP      | 877                         | 50                               |
|                        | *Kuehne + Nagel Drinkflow Logistics<br>Holdings Limited     | Milton<br>Keynes | GBP      | 6,123                       | 50                               |
| <b>Ireland</b>         | Kuehne & Nagel (Ireland) Limited                            | Dublin           | EUR      | 500                         | 100                              |
| <b>Italy</b>           | Kuehne + Nagel Srl                                          | Milan            | EUR      | 4,589                       | 100                              |
|                        | Nacora Srl                                                  | Milan            | EUR      | 104                         | 70                               |
| <b>Luxembourg</b>      | Kuehne + Nagel S.a.r.l.                                     | Contern          | EUR      | 5,750                       | 100                              |
|                        | Kuehne und Nagel AG                                         | Contern          | EUR      | 31                          | 100                              |
|                        | Kuehne + Nagel Investments S.a.r.l.                         | Contern          | EUR      | 200                         | 100                              |
|                        | Nacora (Luxembourg) S.a.r.l.                                | Contern          | EUR      | 50                          | 100                              |
| <b>Malta</b>           | Kuehne + Nagel Limited                                      | Hamrun           | EUR      | 14                          | 100                              |
| <b>Morocco</b>         | Kuehne + Nagel SAS                                          | Casablanca       | MAD      | 300                         | 100                              |
| <b>The Netherlands</b> | Kuehne + Nagel N.V.                                         | Rotterdam        | EUR      | 3,325                       | 100                              |
|                        | Kuehne + Nagel Investments B.V.                             | Rotterdam        | EUR      | 50                          | 100                              |
|                        | Nacora Assurantiekantoor B.V.                               | Rotterdam        | EUR      | 45                          | 100                              |
|                        | Kuehne + Nagel Logistics B.V.                               | Veghel           | EUR      | 63                          | 100                              |
|                        | Kuehne + Nagel Transport B.V.                               | Schiphol         | EUR      | 18                          | 100                              |

**Western Europe**

| Country     | Name of the company                       | Location  | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|-------------|-------------------------------------------|-----------|----------|-----------------------------|----------------------------------|
| Norway      | Kuehne + Nagel AS                         | Oslo      | NOK      | 3,100                       | 100                              |
| Portugal    | Kuehne + Nagel Lda                        | Porto     | EUR      | 165                         | 100                              |
| Spain       | Kuehne & Nagel S.A.U.                     | Madrid    | EUR      | 60                          | 100                              |
|             | Kuehne Nagel Investments S.L.U.           | Madrid    | EUR      | 3                           | 100                              |
|             | Nacora Correduria de Seguros S.A          | Madrid    | EUR      | 150                         | 100                              |
| Sweden      | Kuehne & Nagel AB                         | Stockholm | SEK      | 500                         | 100                              |
|             | Kuehne & Nagel Investment AB              | Stockholm | EUR      | 112                         | 100                              |
|             | Nacora International Insurance Brokers AB | Stockholm | SEK      | 100                         | 100                              |
| Switzerland | Kuehne + Nagel AG                         | Opfikon   | CHF      | 3,000                       | 100                              |
|             | Nacora Insurance Brokers AG               | Opfikon   | CHF      | 100                         | 100                              |

**Eastern Europe**

| Country                | Name of the company               | Location     | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|------------------------|-----------------------------------|--------------|----------|-----------------------------|----------------------------------|
| Albania                | Transalbania Sh.p.k               | Tirana       | ALL      | 41,725                      | 51                               |
| Austria                | Kuehne + Nagel Eastern Europe AG  | Vienna       | EUR      | 1,090                       | 100                              |
|                        | Kuehne + Nagel GmbH               | Vienna       | EUR      | 1,820                       | 100                              |
|                        | Nacora Insurance Brokers GmbH     | Vienna       | EUR      | 35                          | 100                              |
| Belarus                | Kuehne + Nagel FPE                | Minsk        | BYR      | 286,000                     | 100                              |
| Bosnia and Herzegovina | Kuehne + Nagel doo                | Sarajevo     | BAM      | 95                          | 100                              |
| Bulgaria               | Kuehne + Nagel EOOD               | Sofia        | BGN      | 365                         | 100                              |
| Croatia                | Kuehne + Nagel d.o.o.             | Zagreb       | HRK      | 4,300                       | 100                              |
| Cyprus                 | Nakufreight Limited               | Nicosia      | EUR      | 17                          | 100                              |
| Czech Republic         | Kuehne + Nagel spol. s r.o.       | Prague       | CZK      | 21,000                      | 100                              |
| Estonia                | Kuehne + Nagel AS                 | Tallinn      | EUR      | 26                          | 100                              |
| Greece                 | Kuehne + Nagel AE                 | Athens       | EUR      | 6,648                       | 100                              |
|                        | Arion SA                          | Athens       | EUR      | 411                         | 100                              |
|                        | Nacora Brokins International AE   | Athens       | EUR      | 60                          | 60                               |
|                        | *Sindos Railcontainer Services AE | Thessaloniki | EUR      | 3,038                       | 50                               |

| Country          | Name of the company             | Location   | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|------------------|---------------------------------|------------|----------|-----------------------------|----------------------------------|
| <b>Hungary</b>   | Kuehne + Nagel Kft              | Budapest   | HUF      | 134,600                     | 100                              |
| <b>Latvia</b>    | Kuehne + Nagel SIA              | Riga       | LVL      | 100                         | 100                              |
| <b>Lithuania</b> | Kuehne & Nagel UAB              | Vilnius    | LTL      | 800                         | 100                              |
| <b>Macedonia</b> | Kuehne + Nagel d.o.o.e.l.       | Skopje     | MKD      | 8,232                       | 100                              |
| <b>Poland</b>    | Kuehne + Nagel Poland sp.z o.o. | Poznan     | PLN      | 104,416                     | 100                              |
| <b>Romania</b>   | Kuehne + Nagel SRL              | Bucharest  | RON      | 2,543                       | 100                              |
| <b>Russia</b>    | OOO Kuehne + Nagel              | Moscow     | RUR      | 1,228,036                   | 100                              |
|                  | OOO Kuehne & Nagel Sakhalin     | Sakhalin   | RUR      | 500                         | 100                              |
|                  | OOO Nakutrans                   | Moscow     | RUR      | 278                         | 100                              |
| <b>Serbia</b>    | Kuehne + Nagel d.o.o.           | Belgrade   | RSD      | 3,039                       | 100                              |
| <b>Slovakia</b>  | Kuehne + Nagel s r.o.           | Bratislava | EUR      | 470                         | 100                              |
| <b>Slovenia</b>  | Kuehne + Nagel d.o.o.           | Ljubljana  | EUR      | 10                          | 100                              |
| <b>Ukraine</b>   | Kuehne + Nagel Ltd.             | Kiev       | UAH      | 30,903                      | 100                              |

**North America**

| Country        | Name of the company                                   | Location     | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|----------------|-------------------------------------------------------|--------------|----------|-----------------------------|----------------------------------|
| <b>Bermuda</b> | Kuehne + Nagel Ltd.                                   | Hamilton     | EUR      | 12                          | 100                              |
| <b>Canada</b>  | Kuehne + Nagel Ltd.                                   | Toronto      | CAD      | 2,910                       | 100                              |
|                | Nacora Insurance Brokers Ltd.                         | Toronto      | CAD      | -                           | 100                              |
|                | Kuehne + Nagel Real Estate Ltd.                       | Toronto      | CAD      | -                           | 100                              |
|                | Kuehne + Nagel Services Ltd.                          | Vancouver    | USD      | -                           | 100                              |
| <b>Mexico</b>  | Kuehne + Nagel S.A. de C.V.                           | México' D.F. | MXN      | 24,447                      | 100                              |
|                | Kuehne + Nagel Servicios Administrativos S.A. de C.V. | México' D.F. | MXN      | 50                          | 100                              |
|                | Agente de Seguros S.A. de C.V.                        | México' D.F. | MXN      | 50                          | 100                              |
| <b>USA</b>     | Kuehne + Nagel Investment Inc.                        | Jersey City  | USD      | 1,400                       | 100                              |
|                | Kuehne + Nagel Inc.                                   | Jersey City  | USD      | 1,861                       | 100                              |
|                | Nacora Insurance Brokers Inc.                         | Jersey City  | USD      | 25                          | 100                              |
|                | Kuehne + Nagel Special Logistics Inc.                 | Dulles       | USD      | 30                          | 100                              |
|                | Kuehne + Nagel Real Estate USA Inc.                   | Jersey City  | USD      | -                           | 100                              |



**South America**

| Country            | Name of the company                       | Location     | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|--------------------|-------------------------------------------|--------------|----------|-----------------------------|----------------------------------|
| <b>Argentina</b>   |                                           | Buenos Aires | ARS      | 3,208                       | 100                              |
|                    | Kuehne + Nagel S.A.                       |              |          |                             |                                  |
|                    | Nacora S.A.                               | Buenos Aires | ARS      | 20                          | 100                              |
| <b>Barbados</b>    | Kuehne + Nagel Logistics Services Limited | Bridgetown   | BBD      | 195                         | 100                              |
| <b>Bolivia</b>     | Kuehne + Nagel Ltda.                      | Santa Cruz   | BOB      | 260                         | 100                              |
| <b>Brazil</b>      | Kuehne + Nagel Serviços Logísticos Ltda.  | Sao Paulo    | BRL      | 143,629                     | 100                              |
|                    | Nacora Corretagens de Seguros Ltda.       | Sao Paulo    | BRL      | 1,094                       | 100                              |
|                    | Transeich Armazens Gerais S.A.            | Porto Alegre | BRL      | 2,479                       | 100                              |
|                    | Transeich Assessoria e Transportes S.A.   | Porto Alegre | BRL      | 17,918                      | 100                              |
| <b>Chile</b>       | Kuehne + Nagel Ltda.                      | Santiago     | CLP      | 575,000                     | 100                              |
| <b>Colombia</b>    | Kuehne + Nagel S.A.S.                     | Bogotá       | COP      | 5,184,600                   | 100                              |
|                    | Agencia De Aduanas                        |              |          |                             |                                  |
|                    | KN Colombia S.A.S. Nivel 2                | Bogotá       | COP      | 595,000                     | 100                              |
|                    | Nacora Ltda. Agencia de Seguros           | Bogotá       | COP      | 20,000                      | 100                              |
| <b>Costa Rica</b>  | Kuehne + Nagel S.A.                       | San Jose     | CRC      | -                           | 100                              |
| <b>Cuba</b>        | Kuehne Nagel Logistic Services S.A.       | Havana       | CUC      | -                           | 100                              |
| <b>Ecuador</b>     | Kuehne + Nagel S. A.                      | Quito        | USD      | 7                           | 100                              |
|                    | Kuehne + Nagel                            | San          |          |                             |                                  |
| <b>El Salvador</b> | S.A. DE C.V.                              | Salvador     | USD      | 69                          | 100                              |
| <b>Guatemala</b>   | Kuehne + Nagel S.A.                       | Guatemala    | GTQ      | 4,245                       | 100                              |
|                    |                                           | San Pedro    |          |                             |                                  |
| <b>Honduras</b>    | Kuehne + Nagel S.A.                       | Sula         | HNL      | 25                          | 100                              |
| <b>Nicaragua</b>   | Kuehne + Nagel S.A.                       | Managua      | NIO      | 10                          | 100                              |

| Country                      | Name of the company            | Location      | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|------------------------------|--------------------------------|---------------|----------|-----------------------------|----------------------------------|
| <b>Panama</b>                | Kuehne + Nagel S.A.            | Colon         | USD      | 1                           | 100                              |
|                              | Kuehne + Nagel Management S.A. | Colon         | USD      | 10                          | 100                              |
| <b>Peru</b>                  | Kuehne + Nagel S.A.            | Lima          | PEN      | 12,896                      | 100                              |
| <b>Trinidad &amp; Tobago</b> | Kuehne + Nagel Ltd.            | Port of Spain | TTD      | 31                          | 100                              |
| <b>Uruguay</b>               | Kuehne + Nagel S.A.            | Montevideo    | UYU      | 3,908                       | 100                              |
| <b>Venezuela</b>             | Kuehne + Nagel S.A.            | Caracas       | VEF      | 1,000                       | 100                              |
|                              | KN Venezuela Aduanas C.A.      | Caracas       | VEF      | 2                           | 100                              |
|                              | Nacora S.A.                    | Caracas       | VEF      | 60                          | 100                              |

**North Asia-Pacific**

| Country       | Name of the company                     | Location  | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|---------------|-----------------------------------------|-----------|----------|-----------------------------|----------------------------------|
| <b>China</b>  | Kuehne & Nagel Ltd.                     | Shanghai  | CNY      | 22,072                      | 100                              |
|               | Kuehne & Nagel Logistics Co Ltd.        | Shanghai  | CNY      | 5,515                       | 100                              |
|               | Kuehne & Nagel Information Company Ltd. | Guangzhou | CNY      | 1,008                       | 100                              |
|               | Kuehne & Nagel Ltd.                     | Hong Kong | HKD      | 1,560                       | 100                              |
|               | Transpac Container System Ltd.          | Hong Kong | HKD      | 100                         | 100                              |
|               | Nacora Insurance Brokers Ltd.           | Hong Kong | HKD      | 500                         | 70                               |
| <b>Macao</b>  | Kuehne & Nagel Ltd.                     | Macao     | HKD      | 971                         | 100                              |
|               | Nacora Insurance Brokers Ltd.           | Macao     | HKD      | 53                          | 51                               |
| <b>Taiwan</b> | Kuehne + Nagel Ltd.                     | Taipei    | TWD      | 20,000                      | 100                              |
|               | Nacora Insurance Brokers Ltd.           | Taipei    | TWD      | 6,000                       | 100                              |

**South Asia-Pacific**

| Country            | Name of the company                                | Location     | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|--------------------|----------------------------------------------------|--------------|----------|-----------------------------|----------------------------------|
| <b>Afghanistan</b> | Kuehne + Nagel Ltd                                 | Kabul        | USD      | 6                           | 100                              |
| <b>Australia</b>   | Kuehne & Nagel Pty Ltd                             | Melbourne    | AUD      | 2,900                       | 100                              |
|                    | Nacora Insurance Services Pty Ltd                  | Melbourne    | AUD      | -                           | 100                              |
|                    | Cooltainer Australia Pty Limited                   | Sydney       | AUD      | -                           | 75                               |
|                    | Kuehne + Nagel Real Estate Pty Ltd                 | Melbourne    | AUD      | -                           | 100                              |
| <b>Bangladesh</b>  | Kuehne + Nagel Limited                             | Dhaka        | BDT      | 10,000                      | 100                              |
| <b>Cambodia</b>    | Kuehne + Nagel Limited                             | Phnom Penh   | USD      | 5                           | 100                              |
| <b>India</b>       | Kuehne + Nagel Pvt. Ltd.                           | New Delhi    | INR      | 30,000                      | 100                              |
| <b>Indonesia</b>   | PT. KN Sigma Trans                                 | Jakarta      | IDR      | 1,730,100                   | 95                               |
| <b>Japan</b>       | Kuehne + Nagel Ltd.                                | Tokyo        | JPY      | 80,000                      | 100                              |
| <b>Korea</b>       | Kuehne + Nagel Ltd.                                | Seoul        | KRW      | 500,000                     | 100                              |
| <b>Malaysia</b>    | Kuehne + Nagel Sdn. Bhd.                           | Kuala Lumpur | MYR      | 1,000                       | 100                              |
|                    | Nacora (Malaysia) Sdn. Bhd.                        | Kuala Lumpur | MYR      | 100                         | 100                              |
| <b>Maldives</b>    | Kuehne + Nagel Private Limited                     | Male         | USD      | 1                           | 100                              |
| <b>Myanmar</b>     | Kuehne + Nagel Ltd.                                | Yangon       | USD      | 50                          | 100                              |
| <b>New Zealand</b> | Kuehne + Nagel Limited                             | Auckland     | NZD      | 200                         | 100                              |
|                    | Nacora Insurance Services Limited                  | Auckland     | NZD      | 10                          | 100                              |
|                    | Cooltainer New Zealand Limited                     | Christchurch | NZD      | 1,200                       | 75                               |
| <b>Pakistan</b>    | Kuehne + Nagel (Private) Limited.                  | Karachi      | PKR      | 9,800                       | 100                              |
| <b>Philippines</b> | Kuehne + Nagel Inc.                                | Manila       | PHP      | 5,000                       | 100                              |
|                    | KN Subic Logistics Inc.                            | Manila       | PHP      | 1,875                       | 100                              |
| <b>Singapore</b>   | Kuehne + Nagel Pte. Ltd.                           | Singapore    | SGD      | 500                         | 100                              |
|                    | Nacora Insurance Agency Pte. Ltd.                  | Singapore    | SGD      | 100                         | 100                              |
|                    | Kuehne + Nagel (Asia Pacific) Management Pte. Ltd. | Singapore    | SGD      | 200                         | 100                              |
| <b>Sri Lanka</b>   | Kuehne & Nagel (Pvt) Ltd.                          | Colombo      | LKR      | 2,502                       | 100                              |
| <b>Thailand</b>    | Kuehne + Nagel Limited                             | Bangkok      | THB      | 20,000                      | 100                              |
|                    | Consolidation Transport Limited                    | Bangkok      | THB      | 100                         | 100                              |

**Middle East and Africa**

| Country        | Name of the company                      | Location | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|----------------|------------------------------------------|----------|----------|-----------------------------|----------------------------------|
| <b>Angola</b>  | Kuehne & Nagel (Angola) Transitarios Lda | Luanda   | AON      | 7,824                       | 100                              |
| <b>Bahrain</b> | Kuehne + Nagel WLL                       | Manama   | BHD      | 200                         | 100                              |
| <b>Egypt</b>   | Kuehne + Nagel Ltd.                      | Cairo    | EGP      | 1,000                       | 100                              |

| Country      | Name of the company                                                     | Location          | Currency | Share capital<br>(in 1,000) | KN voting share<br>(in per cent) |
|--------------|-------------------------------------------------------------------------|-------------------|----------|-----------------------------|----------------------------------|
| Georgia      | KN Ibrakom Logistics Services Ltd                                       | Tbilisi           | GEL      | 83                          | 60                               |
| Iran         | Kala Navegan Shargh Co. Ltd.                                            | Tehran            | IRR      | 2,000                       | 60                               |
|              | Caspian Terminal<br>Services Qeshm Co.Ltd.                              | Bandar<br>Abbas   | IRR      | 200,000                     | 57                               |
| Iraq         | Jawharat Al-Sharq Co. for General Transportation & Support Services Ltd | Baghdad           | USD      | 85                          | 100                              |
|              | Kuehne + Nagel for General Transportation and Logistics Services L.L.C. | Erbil             | USD      | 45                          | 100                              |
| Israel       | Amex Ltd.                                                               | Holon             | ILS      | 2                           | 87.5                             |
| Jordan       | Kuehne and Nagel Jordan LLC                                             | Amman             | JOD      | 300                         | 100                              |
| Kazakhstan   | KN Ibrakom L.L.P.                                                       | Almaty            | KZT      | 140,000                     | 60                               |
| Kenya        | Kuehne + Nagel Limited                                                  | Nairobi           | KES      | 63,995                      | 100                              |
| Kuwait       | Kuehne + Nagel Company W.L.L.                                           | Kuwait            | KWD      | 150                         | 100                              |
| Lebanon      | *KN-ITS SAL                                                             | Beirut            | LBP      | 113,000                     | 50                               |
| Mauritius    | KN (Mauritius) Limited                                                  | Port Louis        | MUR      | 4,000                       | 100                              |
| Mozambique   | Kuehne & Nagel Mocambique Lda.                                          | Maputo            | MZN      | 133                         | 100                              |
| Namibia      | Kuehne and Nagel (Pty) Ltd.                                             | Windhoek          | NAD      | 340                         | 100                              |
| Nigeria      | Kuehne & Nagel (Nigeria) Limited                                        | Lagos             | NGN      | 10,000                      | 100                              |
| Oman         | Universal Freight Services LLC                                          | Muscat            | OMR      | 250                         | 70                               |
| Qatar        | Kuehne + Nagel L.L.C.                                                   | Doha              | QAR      | 1,900                       | 100                              |
| Saudi Arabia | Kuehne and Nagel Limited                                                | Jeddah            | SAR      | 1,000                       | 100                              |
| South Africa | Kuehne + Nagel<br>(Proprietary) Limited                                 | Johannes-<br>burg | ZAR      | 1,651                       | 75                               |
|              | Nacora Insurance<br>Brokers (Proprietary) Limited                       | Johannes-<br>burg | ZAR      | 35                          | 100                              |
| Tanzania     | Kuehne + Nagel Limited                                                  | Dar Salaam        | TZS      | 525,000                     | 100                              |
| Turkey       | Kuehne + Nagel Nakliyat Sti.                                            | Istanbul          | TRY      | 5,195                       | 100                              |
|              | KN Ibrakom Lojistik Hizmetleri Ltd. Sti.                                | Istanbul          | TRY      | 945                         | 60                               |
| UAE          | Kuehne + Nagel L.L.C.                                                   | Dubai             | AED      | 1,000                       | 100                              |
|              | Kuehne + Nagel L.L.C.                                                   | Abu Dhabi         | AED      | 1,000                       | 100                              |
|              | Kuehne + Nagel DWC L.L.C.                                               | Dubai             | AED      | 13,000                      | 100                              |
|              | Kuehne + Nagel Management ME FZE                                        | Dubai             | AED      | 1,000                       | 100                              |
|              | Ibrakom FZCO                                                            | Jebel Ali         | USD      | 273                         | 60                               |
|              | Ibrakom Cargo LLC                                                       | Jebel Ali         | USD      | 82                          | 60                               |
|              | Lloyds Maritime & Trading Limited                                       | Jebel Ali         | USD      | -                           | 60                               |
| Uganda       | Kuehne + Nagel Limited                                                  | Kampala           | UGX      | 827,500                     | 100                              |
| Uzbekistan   | Kuehne + Nagel Ibrakom Tashkent Ltd.                                    | Tashkent          | UZS      | 14,000                      | 60                               |

|                  |                            |
|------------------|----------------------------|
| 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   |

