



# Kuehne + Nagel International AG

Analyst Conference – Result 2009

March 1, 2010

Zurich, Switzerland



## Agenda

- Welcome and Highlights 2009 Gerard van Kesteren
- Operating Review 2009 Reinhard Lange
- Financial Review 2009 Gerard van Kesteren
- Outlook 2010 Reinhard Lange



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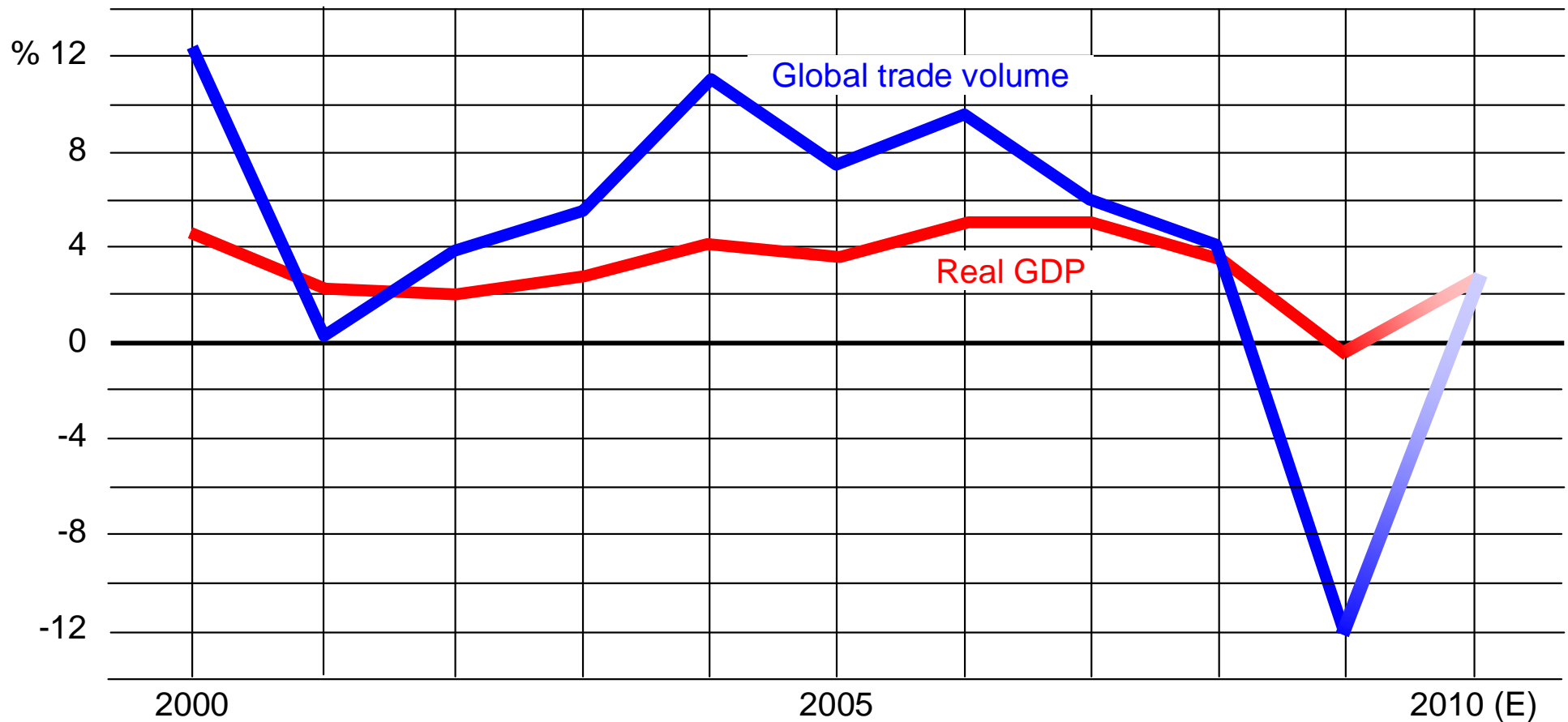


## Review 2009

- Expansion of market share in difficult economic environment
- Cost reduction in line with volume decrease
- Productivity at record level
- Investment in sales, niche products and industry-specific solutions
  - Highly satisfactory results
  - Emerging from crisis in a stronger position



## Worldwide Annual Growth of Real GDP and Trade Volume



Average multiple of global trade volume vs. real GDP growth 2.2x

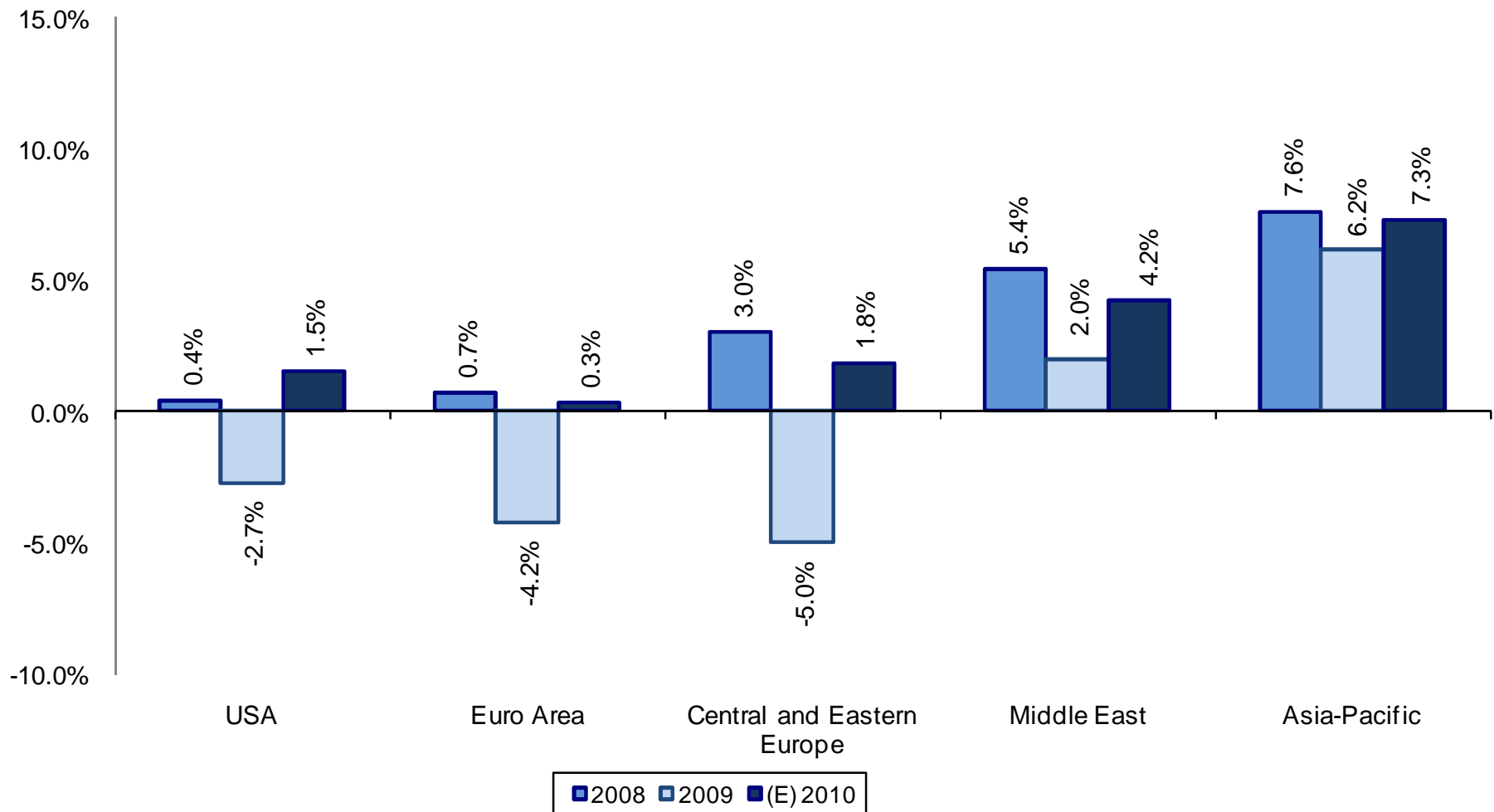
Significant decrease of trade volumes in 2009E

Slow recovery currently expected for 2010E

Source: IMF World Economic Outlook Database, October 2009



## Real GDP Growth Rate in Selected Areas



Source: IMF World Economic Outlook Database, October 2009



# Overview Financials 2009

<i>CHF million</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Gross Profit	6'014	6'253	5'863
EBITDA	1'019	1'020	885 *
Earnings for the period	539	588	471 *
Cash & Cash Equivalents	812	1'018	971
<i>Per share CHF</i>			
EPS (basic)	4.54	4.96	3.95
Equity % Total Assets	36.8	37.3	38.7
Operational Cash Flow	1'043	1'015	893
Capex	258	280	287

❖ Including provision for competition investigations and associated legal expenses of CHF 10 million in Seafreight and CHF 25 million in Airfreight.



# Income Statement

CHF million	2007	2008	2009	Variance 2009 / 2008	
				Variance	Excl. Forex
<b>Invoiced turnover</b>	<b>20'975</b>	<b>21'599</b>	<b>17'406</b>	<b>(19.4%)</b>	<b>(13.9%)</b>
<b>Gross profit</b>	<b>6'014</b>	<b>6'253</b>	<b>5'863</b>	<b>(6.2%)</b>	<b>1.2%</b>
<i>Gross profit margin</i>	28.7%	29.0%	33.7%		
Total expenses	(4'995)	(5'233)	(4'978)		
<b>EBITDA</b>	<b>1'019</b>	<b>1'020</b>	<b>885</b>	<b>(13.2%)</b>	<b>(8.0%)</b>
<i>EBITDA margin</i>	4.9%	4.7%	5.1%		
Depreciation of property, plant and equipment	(180)	(169)	(184)		
<b>EBITA</b>	<b>839</b>	<b>851</b>	<b>701</b>	<b>(17.6%)</b>	<b>(11.4%)</b>
<i>EBITA margin</i>	14.0%	13.6%	12.0%		
Amort. & Impairment of goodwill / intangibles	(146)	(115)	(107)		
<b>EBIT</b>	<b>693</b>	<b>736</b>	<b>594</b>	<b>(19.3%)</b>	<b>(14.8%)</b>
<i>EBIT margin</i>	3.3%	3.4%	3.4%		
Financial Result / Joint ventures	15	28	16		
<b>EBT</b>	<b>708</b>	<b>764</b>	<b>610</b>	<b>(20.2%)</b>	<b>(15.7%)</b>
<i>EBT margin</i>	3.4%	3.5%	3.5%		
Tax	(169)	(176)	(139)		
<b>Earnings for the period</b>	<b>539</b>	<b>588</b>	<b>471</b>	<b>(19.9%)</b>	<b>(15.6%)</b>
<b>Net earnings for the period</b>	<b>536</b>	<b>585</b>	<b>467</b>	<b>(20.2%)</b>	<b>(15.9%)</b>

❖ Including provision for competition investigations and associated legal expenses of CHF 10 million in Seafreight and CHF 25 million in Airfreight.





## Segment Reporting by Business Unit

	Invoiced Turnover		Excl. Forex	Gross profit		Excl. Forex	EBITDA		Excl. Forex
<i>CHF million</i>	2008	2009		2008	2009		2008	2009	
Seafreight	10'032	7'572	(20.0%)	1'377	1'202	(7.6%)	458	376 *	(13.3%)
Airfreight	3'859	2'857	(21.4%)	726	635	(7.6%)	221	159 *	(24.4%)
Road & Rail Logistics	2'853	2'511	(6.1%)	590	818	47.1%	23	52	134.8%
Contract Logistics	4'732	4'345	0.0%	3'514	3'167	(1.1%)	216	201	0.0%
Insurance Brokers/ Real Estate	123	121	-	46	41	-	102	97	-
<b>Total Group</b>	<b>21'599</b>	<b>17'406</b>	<b>(13.9%)</b>	<b>6'253</b>	<b>5'863</b>	<b>1.2%</b>	<b>1'020</b>	<b>885</b>	<b>(8.0%)</b>

❖ Including provision for competition investigations and associated legal expenses of CHF 10 million in Seafreight and CHF 25 million in Airfreight.



## Segment Reporting by Region

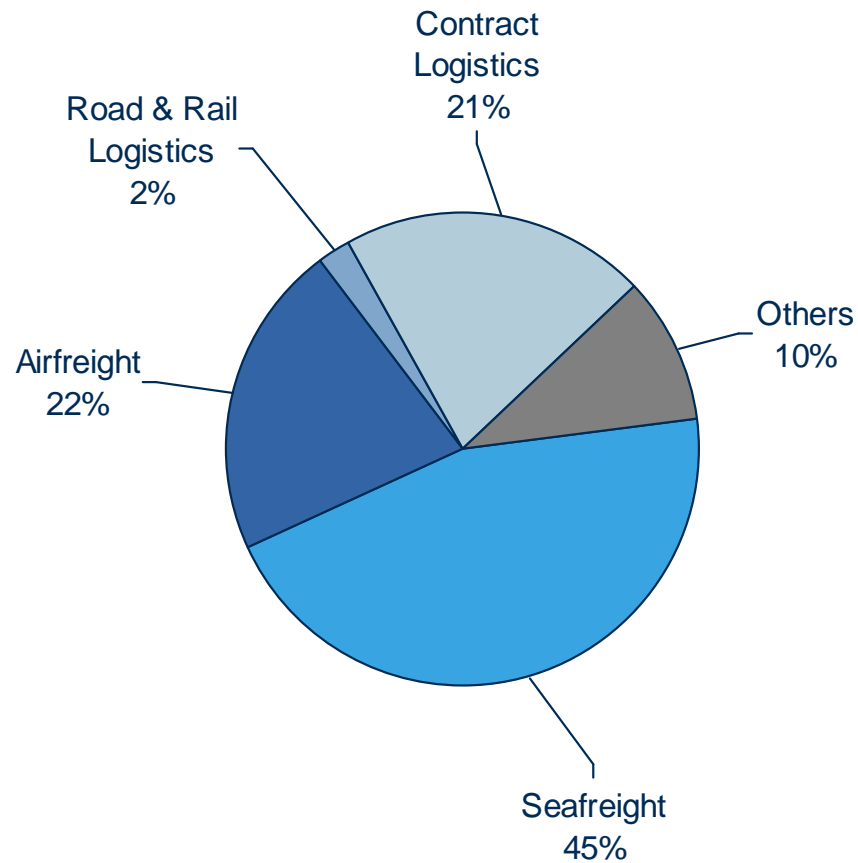
	Invoiced Turnover		Excl. Forex	Gross profit		Excl. Forex	EBITDA		Excl. Forex
<i>CHF million</i>	2008	2009		2008	2009		2008	2009	
Europe	14'216	11'582	(12.0%)	4'708	4'511	4.5%	626	579*	(1.3%)
America's	4'235	3'175	(21.4%)	907	775	(10.6%)	174	128	(21.8%)
Asia Pacific	1'862	1'442	(20.2%)	478	423	(9.6%)	182	140*	(20.9%)
Middle East, Central Asia & Africa	1'286	1'207	(0.6%)	160	154	3.8%	38	38	5.3%
<b>Total Group</b>	<b>21'599</b>	<b>17'406</b>	<b>(13.9%)</b>	<b>6'253</b>	<b>5'863</b>	<b>1.2%</b>	<b>1'020</b>	<b>885</b>	<b>(8.0%)</b>

❖ Including provision for competition investigations and associated legal expenses of CHF 8 million in Europe, CHF 7 million in Americas and CHF 20 million in Asia-Pacific.

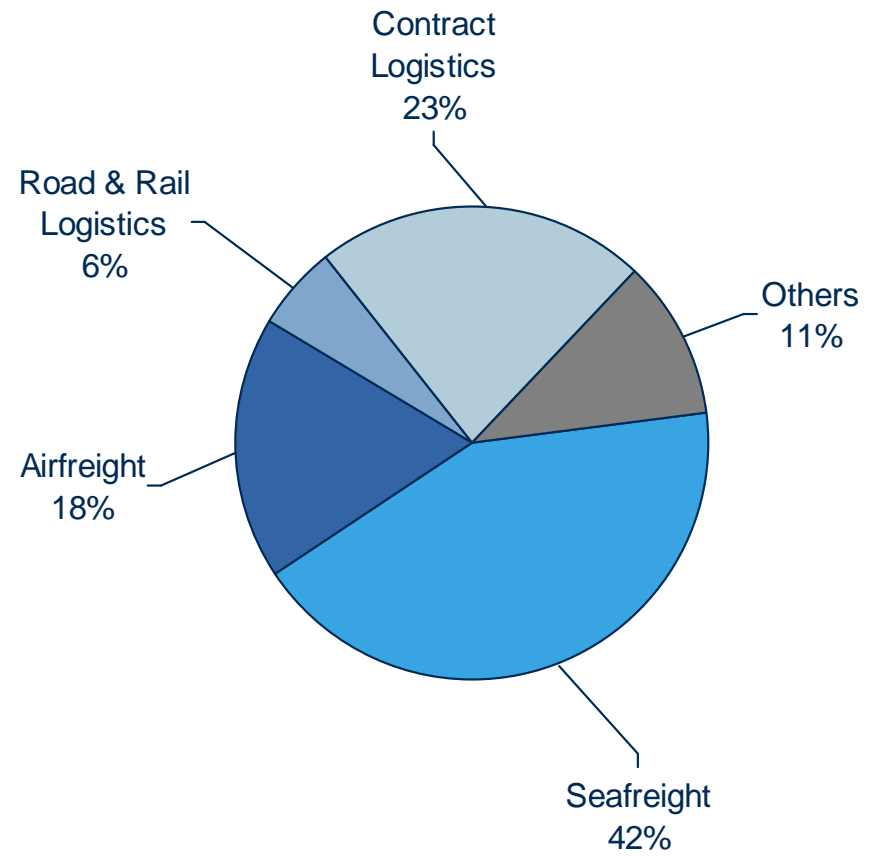


## EBITDA by Business Unit

**2008**



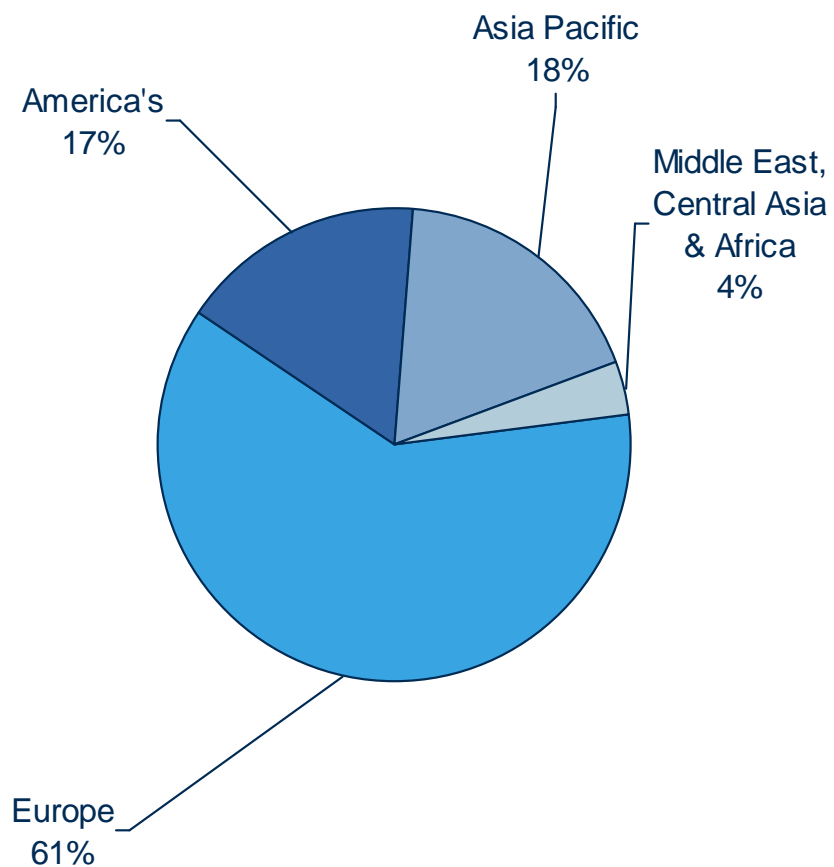
**2009**



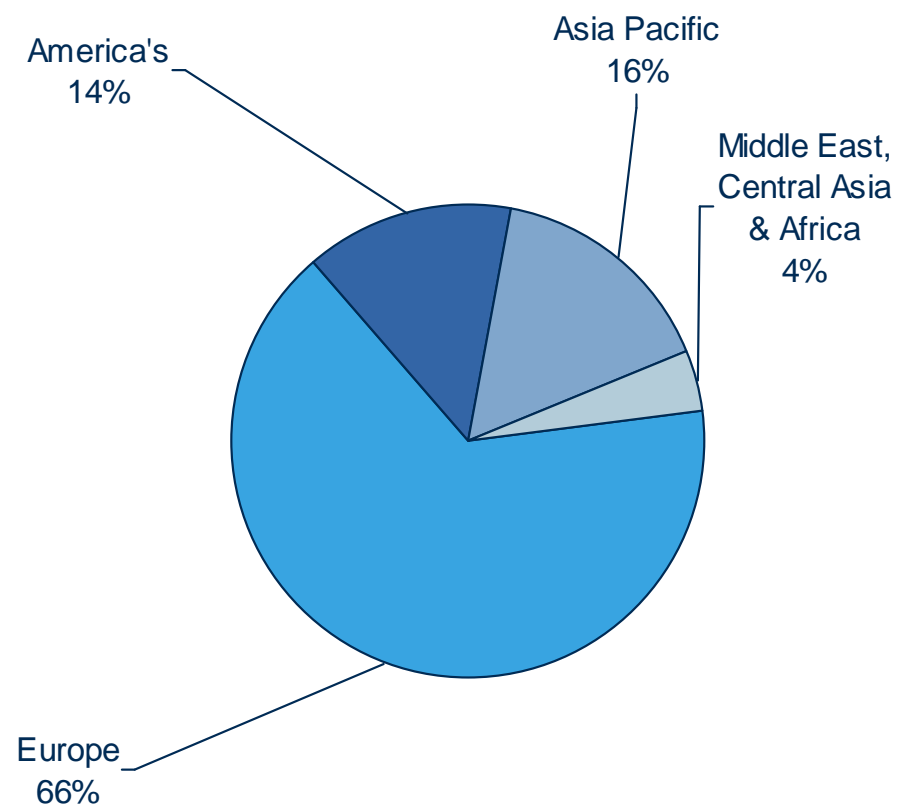


## EBITDA by Regions

**2008**

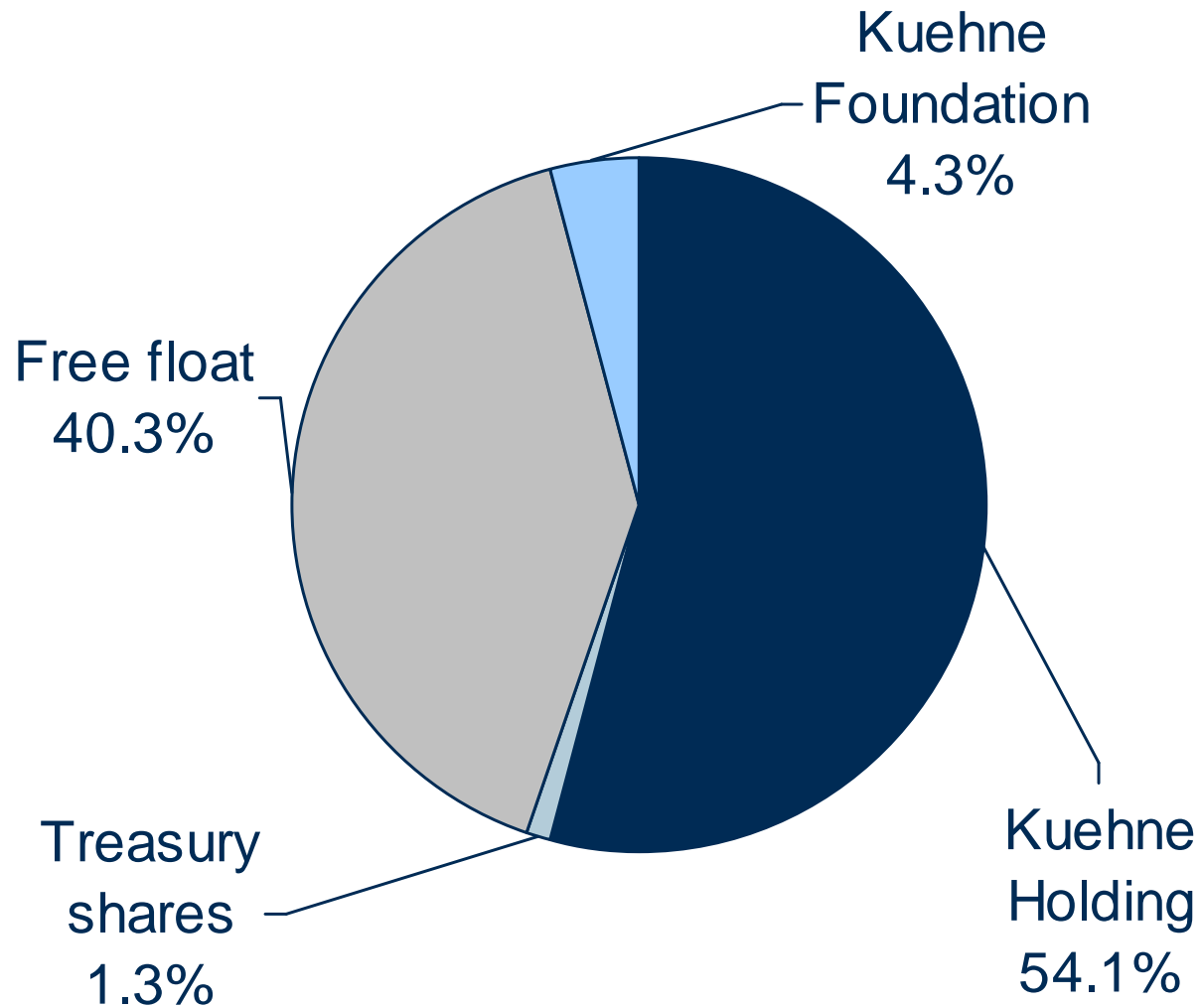


**2009**





## Shareholders Structure December 31, 2009





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# Economic Development and Market Dynamics

## Positioning of Top Competitors

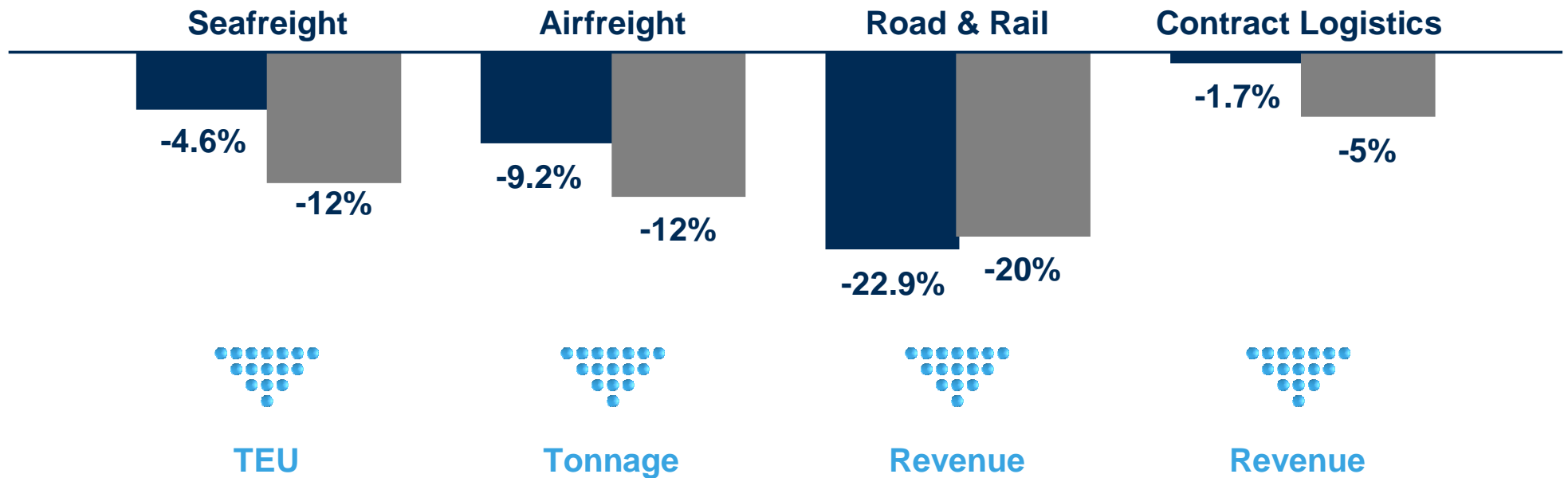
Competitor	SEA	AIR	ROAD & RAIL	CONTRACT LOGISTICS
<b>Kühne + Nagel</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>3</b>
DHL	2	1	2	1
DB Schenker Logistics	3	2	1	6
CEVA	> 10	5	-	2
Panalpina	4	4	-	-
DSV	> 10	> 10	3	> 10

Source: Annual Reports, Kuehne + Nagel Estimates; Rank based on Turnover 2008



# Economic Development and Market Dynamics

## Volume Development 2009



■ Kuehne + Nagel

■ Market\*

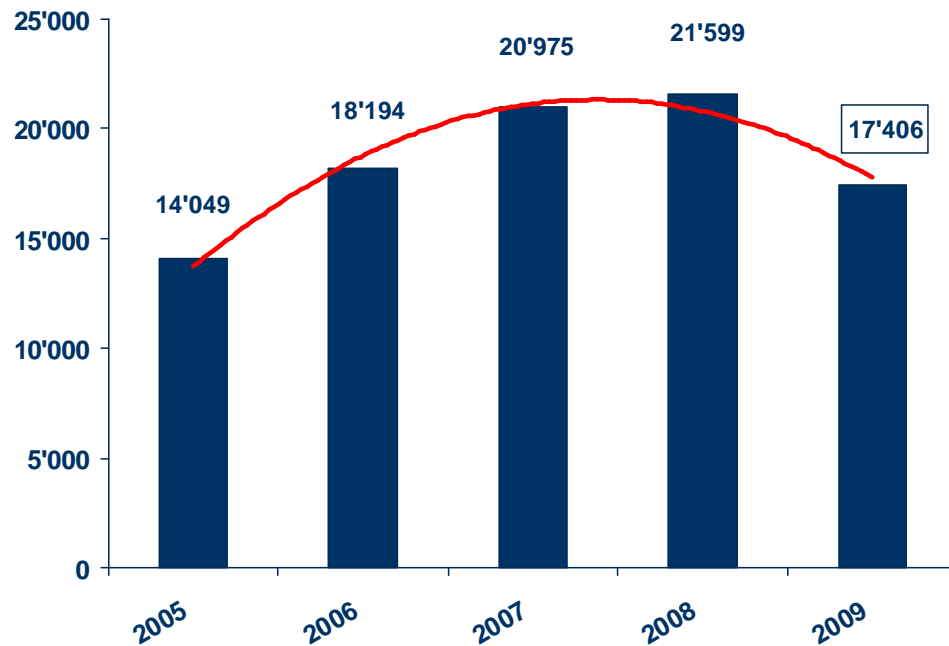
\* Kuehne + Nagel estimate



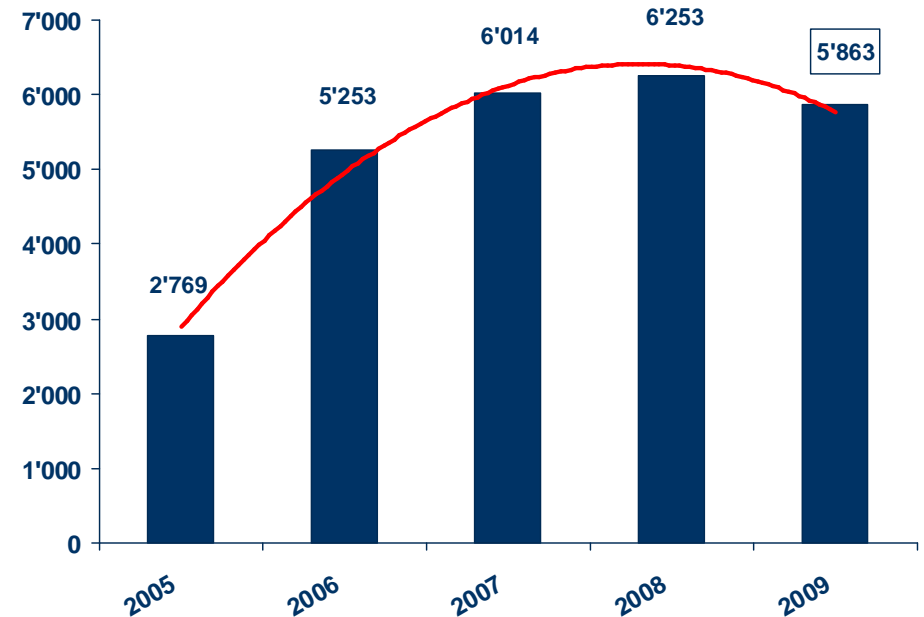


## Financial Performance 2005–2009 (in CHF million)

### Turnover

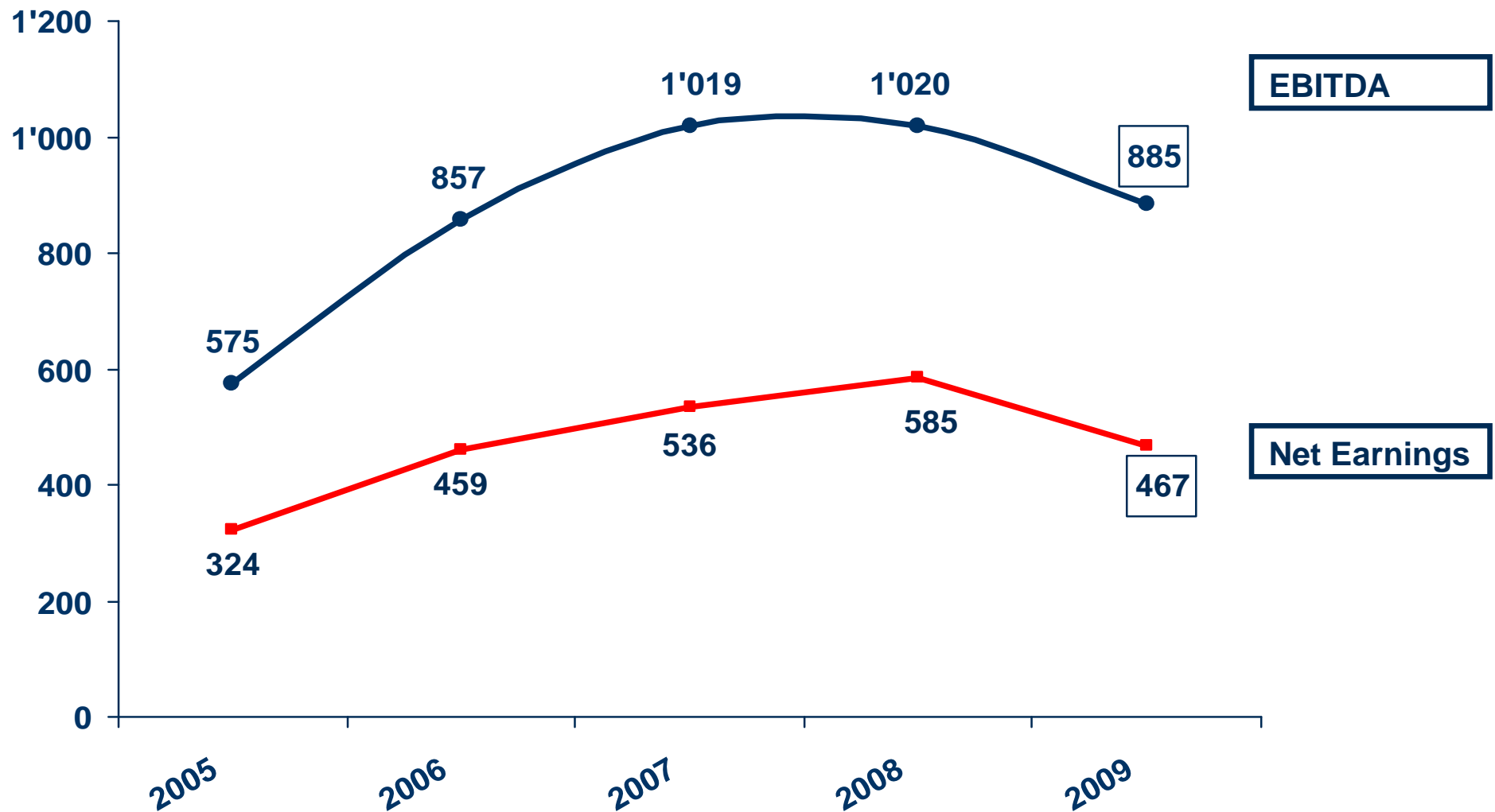


### Gross Profit



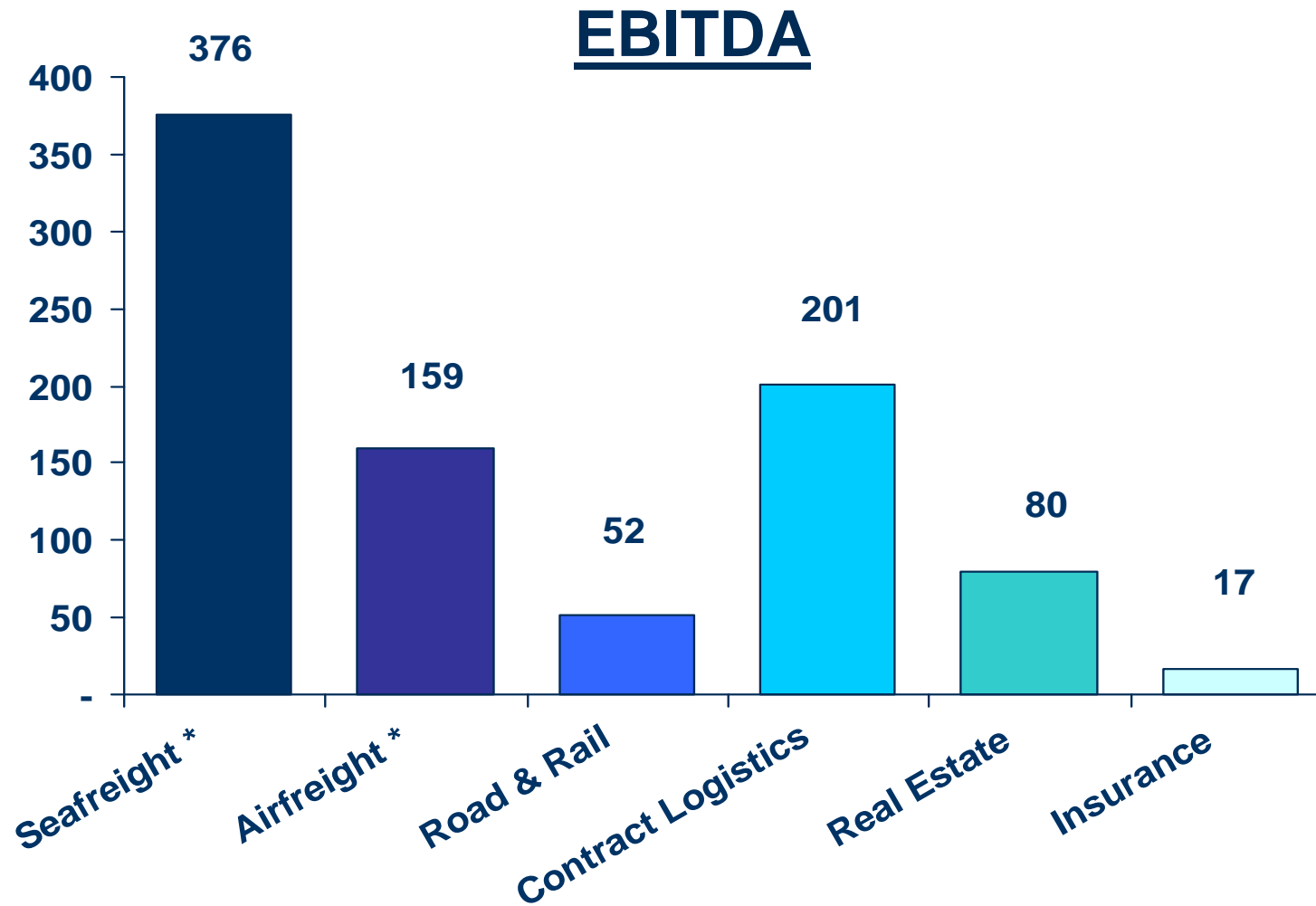


## Financial Performance 2005–2009 (in CHF million)





## Financial Performance 2009 (in CHF million)



❖ Including provision for competition investigations and associated legal expenses of CHF 10 million in Seafreight and CHF 25 million in Airfreight.



## Update on Anti-trust Investigation

- On October 10, 2007 various Kuehne + Nagel organizations have been inspected.
- Full cooperation with respective authorities.
- Proceedings have been closed in Australia and Canada.
- A provision for potential claims and fines from the US Department of Justice has been included in the Income Statement 2009, amounting to CHF 35 million including legal expenses. Final settlement expected during first semester 2010.
- Received statement of objections from EU anti-trust authorities
  - Not possible to reliably estimate a potential financial impact
  - No provision included in the Income Statement 2009



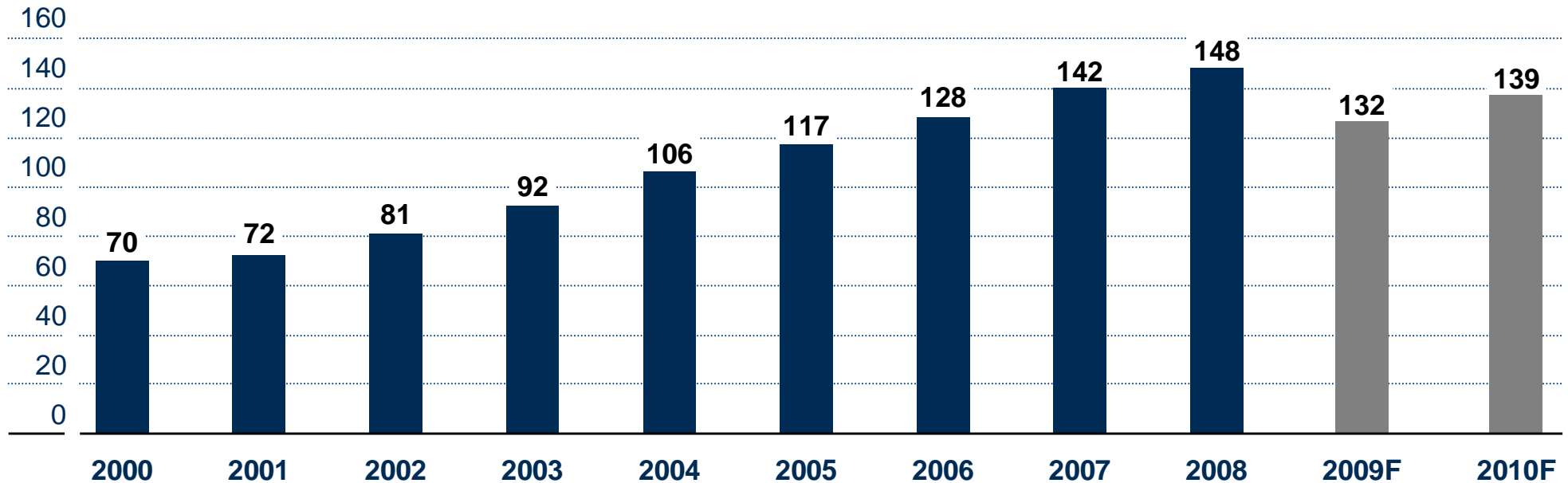
Seafreight



# Global Volume Development

## World Container Traffic

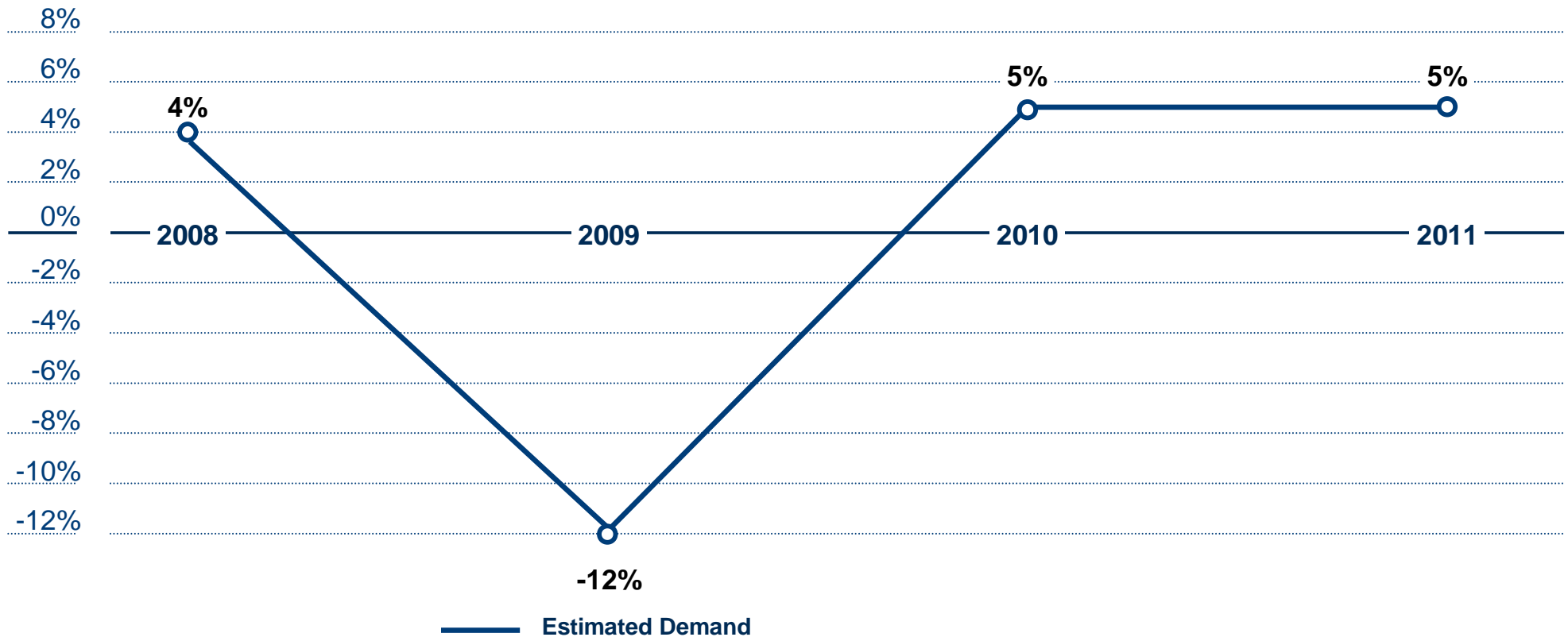
in million TEU



Estimates by Drewry and by Kuehne + Nagel in million TEU



# Global Container Demand





# Performance of Business Unit Seafreight 2007 – 2009

January - December

<i>CHF million</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Variance</b>	<b>Excl. Forex</b>
Invoiced turnover	9'641	10'032	7'572	(24.5%)	(20.0%)
Gross profit	1'270	1'377	1'202	(12.7%)	(7.6%)
EBITDA	427	458	376 *	(17.9%)	(13.3%)
EBIT	388	414	339 *	(18.1%)	(13.8%)
EBITDA / Turnover margin	4.4%	4.6%	5.0%		
EBIT / Turnover margin	4.0%	4.1%	4.5%		
EBIT / GP margin	30.6%	30.1%	28.2%		
Operating exp. / GP	66.0%	67.0%	69.0%		
TEU's'000	2'618	2'670	2'546		
GP / TEU in CHF	485	516	472		
EBIT / TEU in CHF	148	155	133		

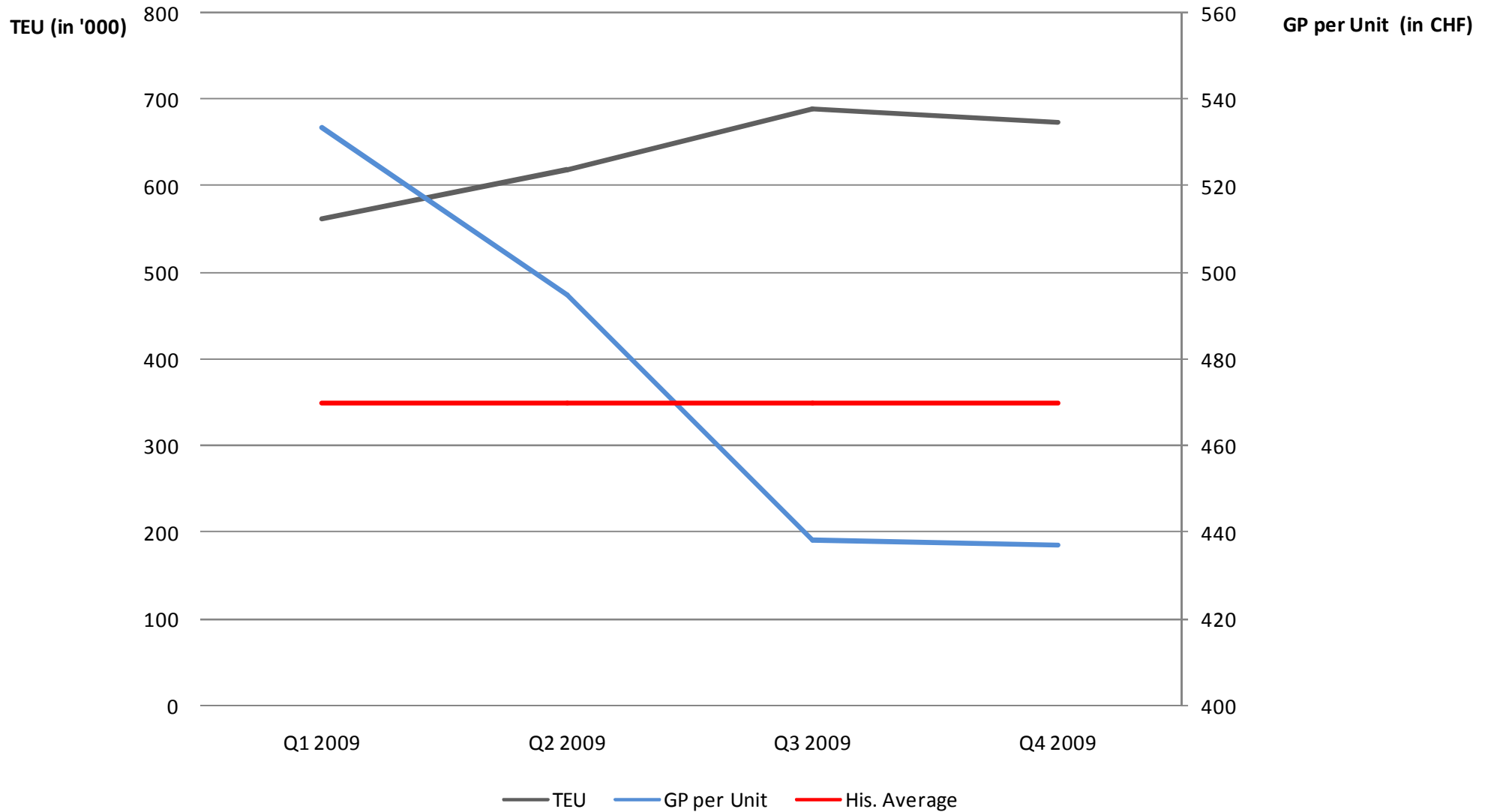


❖ Including provision for competition investigations and associated legal expenses of CHF 10 million in Seafreight.





# Seafreight – TEU and GP-per-Unit Development

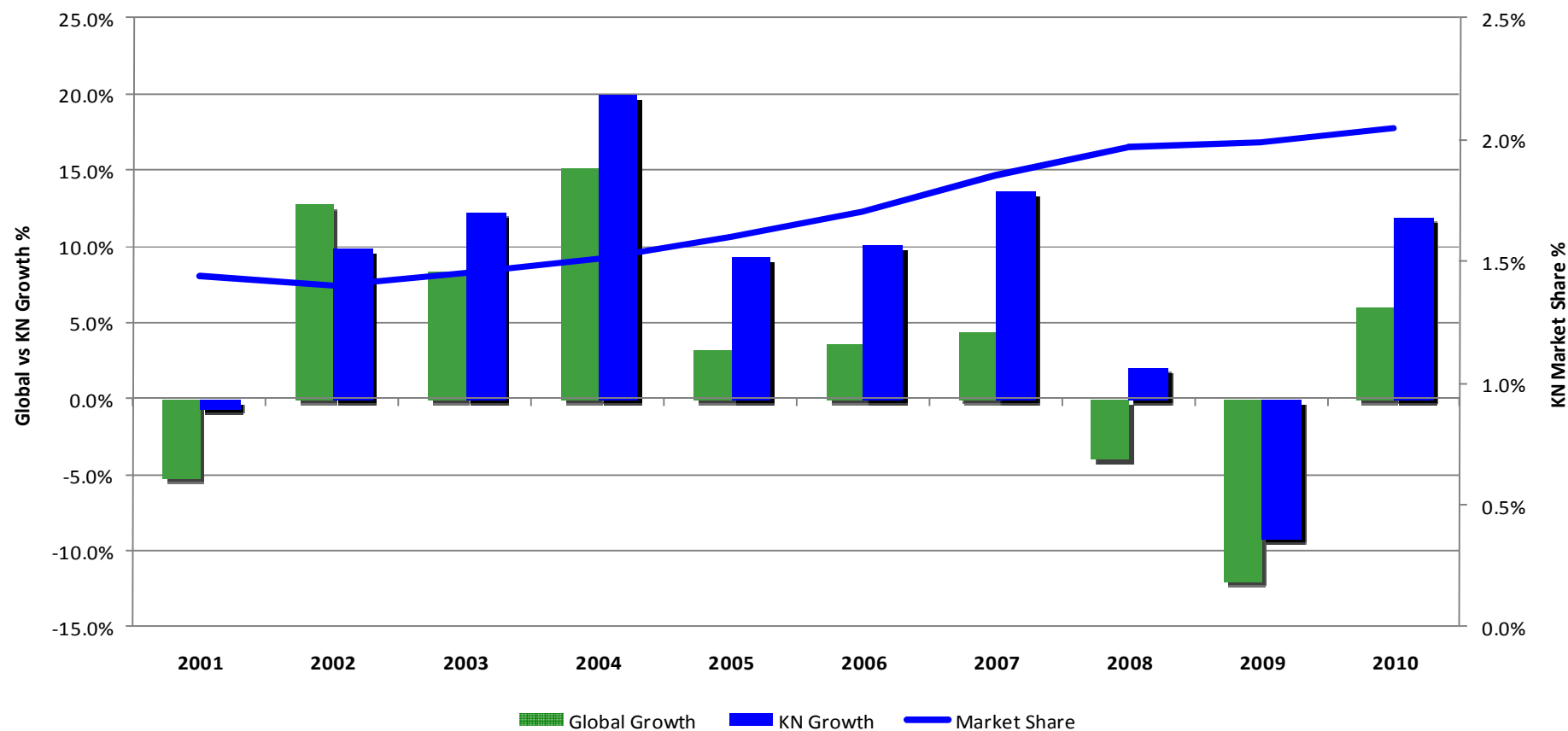




Airfreight



# Global Volume Development





## Performance of Business Unit Airfreight 2007–2009

January - December

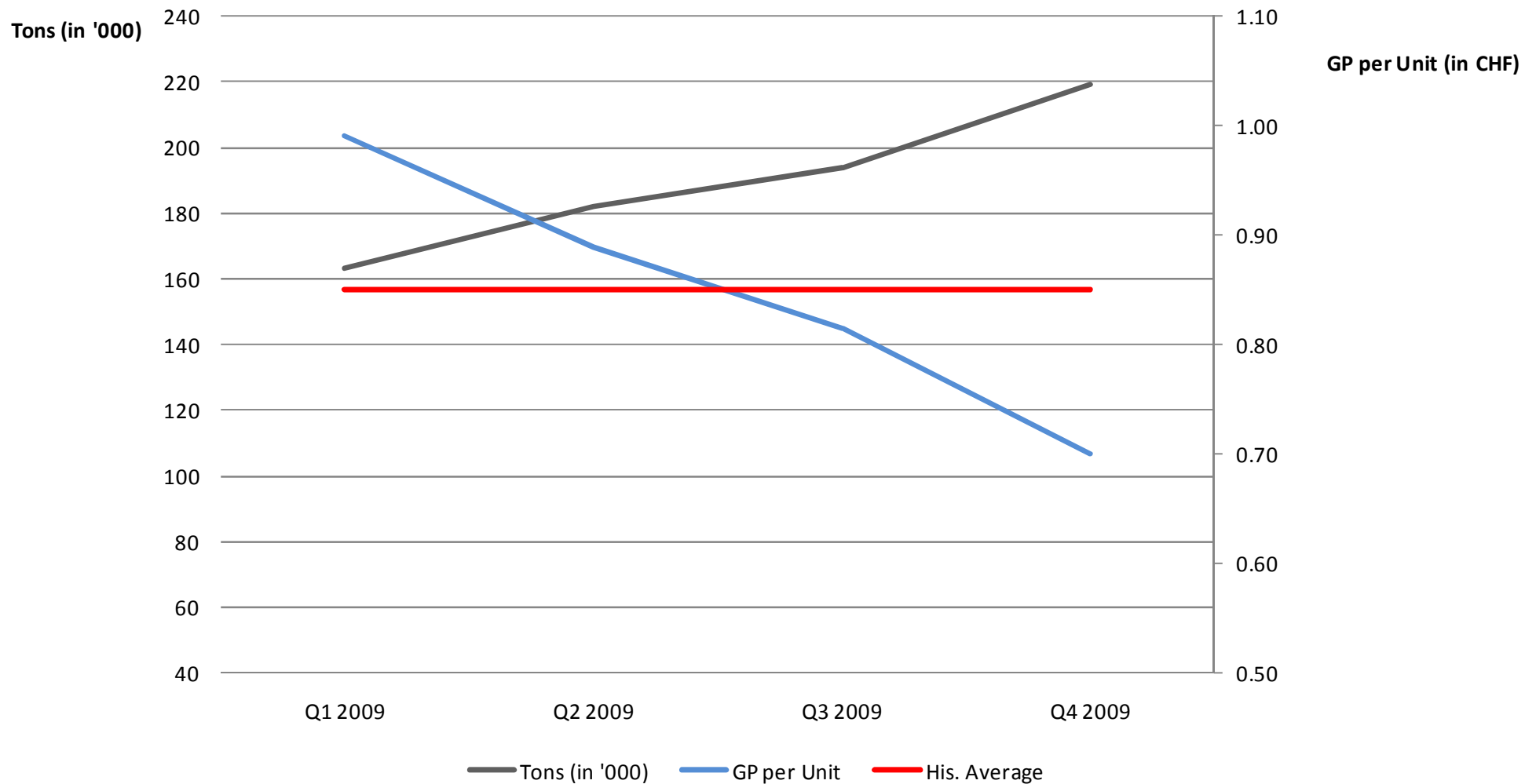
CHF million	2007	2008	2009	Variance	Excl. Forex
Invoiced turnover	3'719	3'859	2'857	(26.0%)	(21.4%)
Gross profit	698	726	635	(12.5%)	(7.6%)
EBITDA	219	221	159 *	(28.1%)	(24.4%)
EBIT	197	198	139 *	(29.8%)	(25.8%)
EBITDA / Turnover margin	5.9%	5.7%	5.6%		
EBIT / Turnover margin	5.3%	5.1%	4.9%		
EBIT / GP margin	28.2%	27.3%	21.9%		
Operating exp. / GP	69.0%	70.0%	75.0%		
TONs'000	818	835	758		
GP / Kg. in CHF	0.85	0.87	0.84		
EBIT / Kg. in CHF	0.24	0.24	0.18		



❖ Including provision for competition investigations and associated legal expenses of CHF 25 million in Airfreight.



# Airfreight – Tons and GP-per-Unit Development





## Road & Rail Logistics



## Highlights of Business Unit Road & Rail Logistics 2009

- Successful integration of Alloin Group
- Market share gains in FTL/LTL business
- Cost reduction and productivity increase through optimisation of processes
- European road transport market contracted by approximately 20%
- Creating synergies by combining responsibility of Road & Rail Logistics with Contract Logistics



# Performance of Business Unit Road & Rail Logistics 2007 – 2009

January - December							
CHF million	2007	2008	2009	Variance	Forex	Acquisitions	Growth
Invoiced turnover	2'821	2'853	2'511	(12.0%)	(5.9%)	15.6%	(21.6%)
Net invoiced turnover	2'523	2'693	2'360	(12.4%)	(5.9%)	16.4%	(22.9%)
Gross profit	515	590	818	38.6%	(8.5%)	55.3%	(8.1%)
EBITDA	34	23	52	126.1%	(8.7%)	100.0%	34.8%
EBITA	20	9	10	-	-	-	-
EBIT	(54)	(10)	(22)	-	-	-	-
EBITDA / Turnover margin	1.2%	0.8%	2.1%				
EBIT / Turnover margin	(1.9%)	(0.4%)	(0.9%)				





## Network Overview

 **38 countries**

 **170 locations**

 **6849 employees**





## Contract Logistics



## Highlights of Business Unit Contract Logistics 2009

- Reduced demand of large customers resulting in idle space in 1st half of 2009
- Increase of utilisation rate through new business wins in 2nd half of 2009
- Start of worldwide implementation of KN Production System leads to significant cost reductions



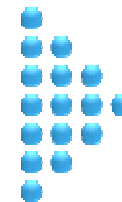
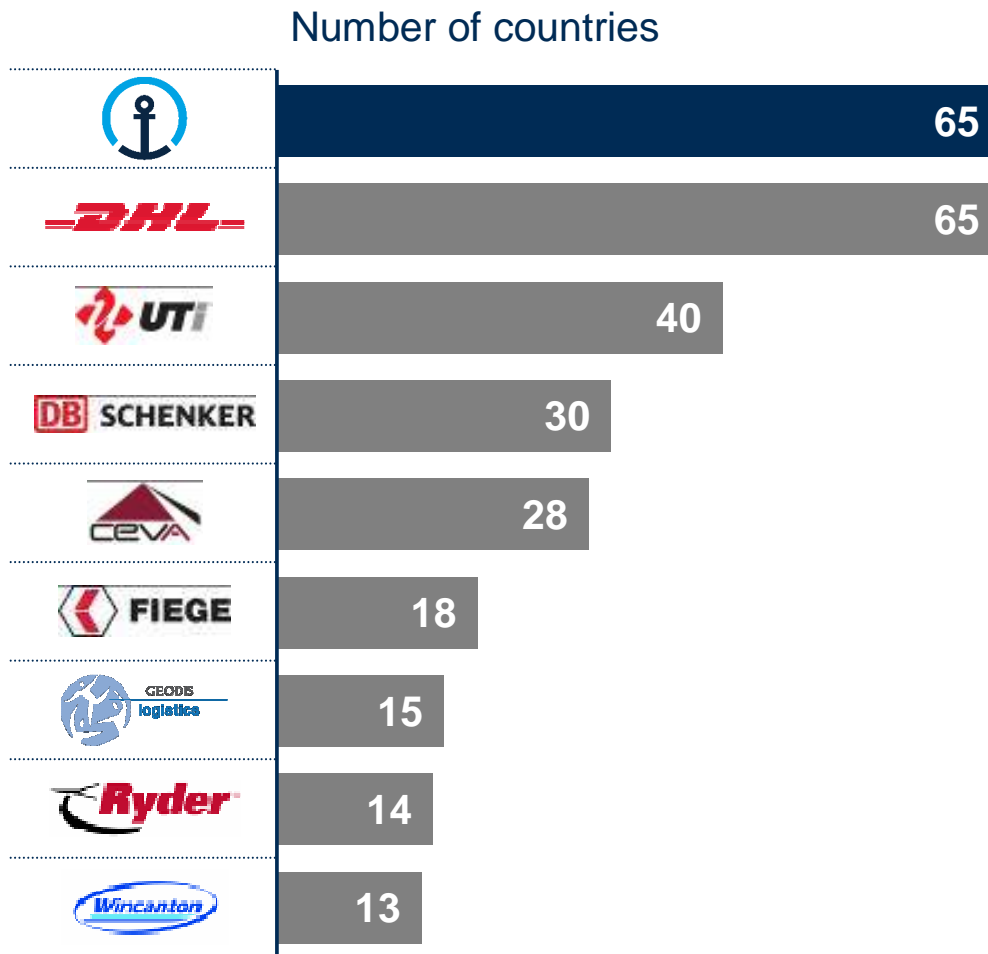
# Performance Business Unit Contract Logistics 2007 – 2009

January - December							
<i>CHF million</i>	2007	2008	2009	Variance	Forex	Acquisitions	Growth
Invoiced turnover	4'666	4'732	4'345	(8.2%)	(8.2%)	0.4%	(0.4%)
Net invoiced turnover	4'480	4'599	4'163	(9.5%)	(8.2%)	0.5%	(1.7%)
Gross profit	3'490	3'514	3'167	(9.9%)	(8.8%)	0.4%	(1.5%)
EBITDA	246	216	201	(6.9%)	(6.9%)	(1.4%)	1.4%
EBIT	105	54	65	20.4%	(5.6%)	(11.1%)	37.1%
EBITDA / Turnover margin	5.3%	4.6%	4.6%				
EBIT / Turnover margin	2.3%	1.1%	1.5%				



# Strategic Goals

## Network Expansion: Driving Globalisation of Contract Logistics



Kuehne + Nagel has  
the widest global reach

Source: Company reports and Kuehne + Nagel estimates



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# Currency Development CHF

	Dec 2008	Dec 2009	Variance %	Impact Net Earning
<b>Balance Sheet</b>				
Euro	1.5033	1.4899	(0.9%)	
US Dollar	1.0714	1.0355	(3.4%)	
British Pound	1.5660	1.6544	5.6%	
<b>Income Statement</b>				
Euro	1.5883	1.5099	(4.9%)	} (5%)
US Dollar	1.0851	1.0811	(0.4%)	
British Pound	2.0024	1.6774	(16.2%)	



# Reconciliation

<i>CHF million</i>	2008	Forex	Acquisitions	Organic Growth	2009
Invoiced turnover	21'599	(1'198)	650	(3'645)	17'406
Gross profit	6'253	(466)	382	(306)	5'863
EBITDA	1'020	(53)	40	(122)	885
EBIT	736	(33)	(17)	(92)	594
EBT	764				610
Net Earnings	588				471
FTE	59'012	-	3'108	(1'582)	60'538





## Amortisation & Impairment of Intangibles & Goodwill (including software)

<i>CHF million</i>	<b>Actual 2008</b>	<b>Actual 2009</b>	<b>of which impairment</b>	<b>Forecast 2010</b>
Seafreight	24	19	-	13
Airfreight	12	7	-	8
Road & Rail Logistics	19	31	-	25
Contract Logistics	59	50	9	34
Real Estate	1	-	-	-
Insurance Broker	-	-	-	-
<b>TOTAL GROUP</b>	<b>115</b>	<b>107</b>	<b>9</b>	<b>80</b>



## Development of Working Capital

<i>CHF million</i>	Dec 2007	Dec 2008	Dec 2009
Trade receivables & Work in progress	2'928	2'483	2'300
Trade payables & Accrued trade expenses	(2'309)	(1'893)	(1'844)
<b>Net Working Capital</b>	<b>619</b>	<b>590</b>	<b>456</b>
in % of annualised Revenue	2.9%	2.7%	2.6%
KPI			
DSO	41.9	37.6	40.6
DPO	51.4	44.0	53.9
Work in progress	5.4	4.7	4.8



# Capital Expenditure of Fixed Assets

<i>CHF million</i>	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Actual 2009</b>	<b>Forecast 2010</b>
Europe	150	198	204	125
America's	28	23	49	15
Asia Pacific	33	8	3	15
Middle East, Central Asia & Africa	20	16	8	5
<b>Total Fixed Assets</b>	<b>231</b>	<b>245</b>	<b>264</b>	<b>160</b>
Sea & Air Logistics	38	16	13	30
Road & Rail Logistics	20	9	28	15
Contract Logistics	115	107	51	65
Real Estate	58	113	172	50
<b>Total Fixed Assets</b>	<b>231</b>	<b>245</b>	<b>264</b>	<b>160</b>



## Return on Capital Employed

<i>CHF million</i>	<b>EBIT</b>		<b>Capital Employed *</b>		<b>ROCE in %</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Seafreight	414	339	99	36	> 100 %	
Airfreight	198	139	28	(54)	> 100 %	
Road & Rail Logistics	(10)	(22)	44	131	-	-
Contract Logistics	54	65	541	509	10%	13%
Others	80	73	822	794	10%	9%
<b>TOTAL</b>	<b>736</b>	<b>594</b>	<b>1'532</b>	<b>1'416</b>	<b>48%</b>	<b>42%</b>

\* Average beginning / end of the year as per Segment Reporting (see note 41)



## Corporation Tax

<i>CHF million</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Earning before Tax	708	764	610
Tax charge	169	176	139
Effective Tax Rate	24%	23%	23% *
Estimated effective Tax Rate for 2010			21%

❖ 21 % excluding provision for competition investigations and associated legal expenses of CHF 35 million.



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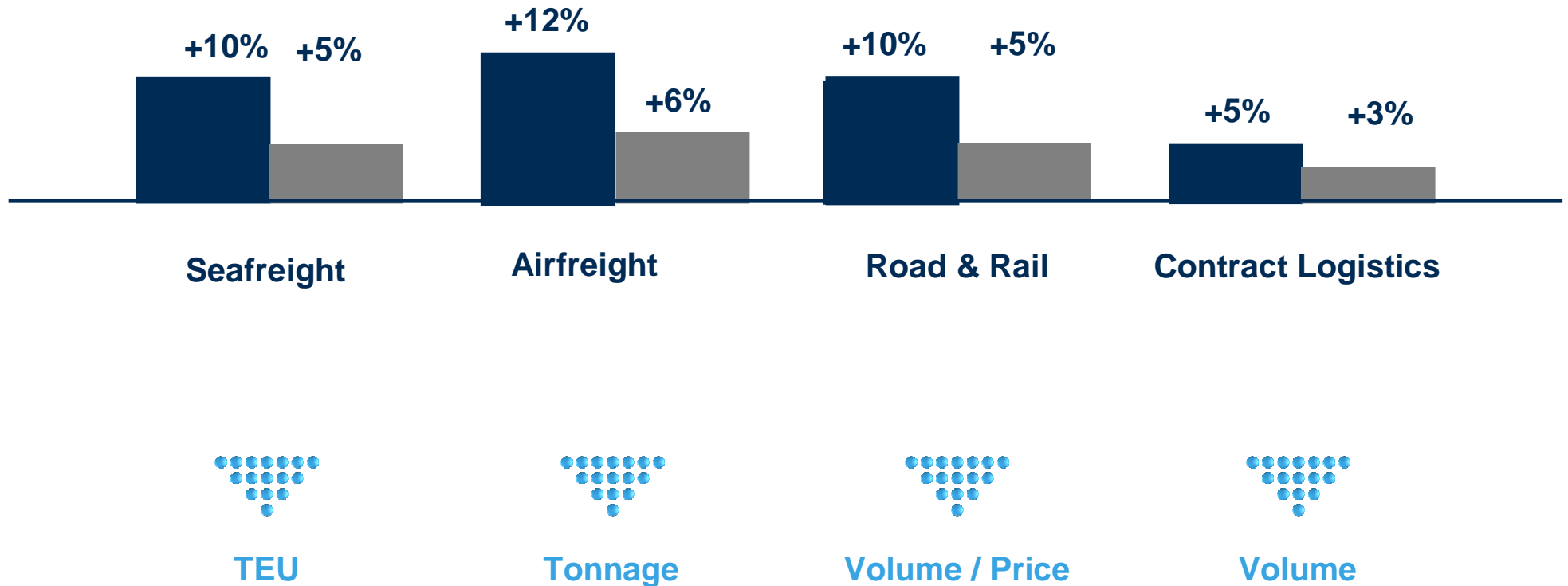


## Outlook 2010

- In general, an improvement of the economic situation is expected, but on a low level.
- Still substantial risks of a fall-back of economy
  - Government debts
  - Unemployment
  - Carriers financial situation



## Outlook 2010 – Volume Growth



- Kuehne + Nagel targets 2010
- Market estimate 2010





## Outlook 2010 – Evaluation of Situation

### **Sustainability of growth**

- Hold back on FTE adjustment until end Q1 2010

### **Margin pressure Sea & Air**

- Expected normalisation of GP / Unit as soon as freight rates stabilise



## Success Factors for a Leading Global Position Strategy

-  Focus on providing **integrated logistics** solutions
-  Continue **global expansion**, with the target to balance trade lanes
-  Continue **profitable growth above market average** in all business units
-  Continue expansion of **European overland** operations
-  **Maximise** business opportunities through **cross-selling**



## Corporate Timetable 2010

April 19, 2010	First quarter 2010 results
May 18, 2010	Annual General Meeting
May 26, 2010	Dividend distribution 2009
July 19, 2010	Half-year 2010 results
September 24, 2010	Investors Day
October 18, 2010	Nine-months 2010 results

## Q & A





Thank you for your attention.



## Disclaimer

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

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

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