JANUARY – SEPTEMBER 2018

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2018

(UNAUDITED)

KUEHNE+NAGEL

CONTENTS

Schindellegi, October 17, 2018

INCOME STATEMENT

		January – September			July – September		
CHF million	Note	2018	2017	Variance per cent	2018	2017	Variance per cent
Net turnover	9	**15,361**	**13,525**	13.6	**5,295**	**4,710**	12.4
Net expenses for services from third parties	9	–9,625	–8,389		–3,365	–2,951	
Gross profit	9	**5,736**	**5,136**	11.7	**1,930**	**1,759**	9.7
Personnel expenses		–3,500	–3,093		–1,173	–1,062	
Selling, general and administrative expenses		–1,352	–1,207		–463	–411	
Other operating income/expenses, net		22	4		4	–	
EBITDA		**906**	**840**	7.9	**298**	**286**	4.2
Depreciation of property, plant and equipment		–141	–127		–48	–46	
Amortisation of other intangibles		–20	–28		–6	–7	
EBIT		**745**	**685**	8.8	**244**	**233**	4.7
Financial income		7	14		2	6	
Financial expenses		–3	–3		–1	–1	
Result from joint ventures and associates		4	5		2	1	
Earnings before tax (EBT)		**753**	**701**	7.4	**247**	**239**	3.3
Income tax		–173	–161		–57	–55	
Earnings for the period		**580**	**540**	7.4	**190**	**184**	3.3
Attributable to:							
Equity holders of the parent company		578	538	7.4	189	183	3.3
Non-controlling interests		2	2		1	1	
Earnings for the period		**580**	**540**	7.4	**190**	**184**	3.3
Basic earnings per share in CHF		**4.83**	**4.50**	7.3	**1.58**	**1.54**	2.6
Diluted earnings per share in CHF		**4.82**	**4.49**	7.3	**1.58**	**1.53**	3.3

STATEMENT OF COMPREHENSIVE INCOME

	January – September		July – September	
CHF million	2018	2017	2018	2017
Earnings for the period	**580**	**540**	**190**	**184**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences	–111	10	–65	46
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit plans	11	2	1	–
Income tax on actuarial gains/(losses) on defined benefit plans	–2	–	–	–
Total other comprehensive income, net of tax	**–102**	**12**	**–64**	**46**
Total comprehensive income for the period	**478**	**552**	**126**	**230**
Attributable to:				
Equity holders of the parent company	477	550	126	229
Non-controlling interests	1	2	–	1

BALANCE SHEET

CHF million	Note	Sep. 30, 2018	Dec. 31, 2017	Sep. 30, 2017
Assets				
Property, plant and equipment		1,210	1,249	1,200
Goodwill		820	849	781
Other intangibles		88	96	73
Investments in joint ventures		7	31	30
Deferred tax assets		208	220	226
Non-current assets		**2,333**	**2,445**	**2,310**
Prepayments		216	128	165
Work in progress		–	418	391
Contract assets	4	431	–	–
Trade receivables		3,881	3,537	3,233
Other receivables		175	132	149
Income tax receivables		112	77	112
Cash and cash equivalents		457	720	600
Current assets		**5,272**	**5,012**	**4,650**
Total assets		**7,605**	**7,457**	**6,960**

CHF million	Note	Sep, 30, 2018	Dec, 31, 2017	Sep, 30, 2017
Liabilities and equity				
Share capital		120	120	120
Reserves and retained earnings	10	1,407	1,464	1,405
Earnings for the period		578	737	538
Equity attributable to the equity holders of the parent company		**2,105**	**2,321**	**2,063**
Non-controlling interests		6	6	6
Equity		**2,111**	**2,327**	**2,069**
Provisions for pension plans and severance payments		399	430	431
Deferred tax liabilities		126	128	148
Finance lease obligations		2	4	5
Non-current provisions		47	58	53
Non-current liabilities		**574**	**620**	**637**
Bank and other interest-bearing liabilities		242	14	33
Trade payables		1,812	1,890	1,696
Contract liabilities	4	201	–	–
Accrued trade expenses/deferred income		1,468	1,493	1,358
Income tax liabilities		163	133	159
Current provisions		64	66	63
Other liabilities		970	914	945
Current liabilities		**4,920**	**4,510**	**4,254**
Total liabilities and equity		**7,605**	**7,457**	**6,960**

Schindellegi, October 17, 2018

KUEHNE + NAGEL INTERNATIONAL AG

Dr. Detlef Trefzger — CEO

Markus Blanka-Graff — CFO

STATEMENT OF CHANGES IN EQUITY

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains & losses	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2018	120	496	–43	–897	–130	2,775	2,321	6	2,327
Earnings for the period	–	–	–	–	–	578	578	2	580
Other comprehensive income									
Foreign exchange differences	–	–	–	–110	–	–	–110	–1	–111
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	9	–	9	–	9
Total other comprehensive income, net of tax	**–**	**–**	**–**	**–110**	**9**	**–**	**–101**	**–1**	**–102**
Total comprehensive income for the period	**–**	**–**	**–**	**–110**	**9**	**578**	**477**	**1**	**478**
Purchase of treasury shares	–	–	–12	–	–	–	–12	–	–12
Disposal of treasury shares	–	–21	21	–	–	–	–	–	–
Dividend paid [1]	–	–	–	–	–	–688	–688	–1	–689
Expenses for share-based compensation plans	–	–	–	–	–	7	7	–	7
Total contributions by and distributions to owners	**–**	**–21**	**9**	**–**	**–**	**–681**	**–693**	**–1**	**–694**
Balance as of September 30, 2018	**120**	**475**	**–34**	**–1,007**	**–121**	**2,672**	**2,105**	**6**	**2,111**

1 CHF 5.75 per share

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains & losses	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2017	120	511	–59	–966	–132	2,686	2,160	5	2,165
Earnings for the period	–	–	–	–	–	538	538	2	540
Other comprehensive income									
Foreign exchange differences	–	–	–	10	–	–	10	–	10
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	2	–	2	–	2
Total other comprehensive income, net of tax	**–**	**–**	**–**	**10**	**2**	**–**	**12**	**–**	**12**
Total comprehensive income for the period	**–**	**–**	**–**	**10**	**2**	**538**	**550**	**2**	**552**
Disposal of treasury shares	–	–15	16	–	–	–	1	–	1
Dividend paid [1]	–	–	–	–	–	–658	–658	–1	–659
Expenses for share-based compensation plans	–	–	–	–	–	10	10	–	10
Total contributions by and distributions to owners	**–**	**–15**	**16**	**–**	**–**	**–648**	**–647**	**–1**	**–648**
Balance as of September 30, 2017	**120**	**496**	**–43**	**–956**	**–130**	**2,576**	**2,063**	**6**	**2,069**

1 CHF 5.50 per share

CASH FLOW STATEMENT

		January – September			July – September		
CHF million	Note	2018	2017	Variance	2018	2017	Variance
Cash flow from operating activities							
Earnings for the period		580	540		190	184	
Reversal of non-cash items: Income tax		173	161		57	55	
Financial income		–7	–14		–2	–6	
Financial expenses		3	3		1	1	
Result from joint ventures and associates		–4	–5		–2	–1	
Depreciation of property, plant and equipment		141	127		48	46	
Amortisation of other intangibles		20	28		6	7	
Expenses for share-based compensation plans		7	10		2	3	
Gain on disposal of subsidiary	7	–7	–		–	–	
Gain on disposal of property, plant and equipment		–17	–6		–4	–2	
Loss on disposal of property, plant and equipment		2	2		1	2	
Net addition to provisions for pension plans and severance payments		–6	5		1	–	
Subtotal operational cash flow		**885**	**851**	**34**	**298**	**289**	**9**
(Increase)/decrease work in progress/contract assets		–38	–86		7	–22	
(Increase)/decrease trade and other receivables, prepayments		–602	–616		–155	–206	
Increase/(decrease) provisions		–9	–21		–	92	
Increase/(decrease) other liabilities		91	84		43	–9	
Increase/(decrease) trade payables, accrued trade expenses, deferred income and contract liabilities		248	465		41	201	
Income taxes paid		–173	–183		–39	–50	
Total cash flow from operating activities		**402**	**494**	**–92**	**195**	**295**	**–100**
Cash flow from investing activities							
Capital expenditure							
– Property, plant and equipment	12	–185	–148		–70	–60	
– Other intangibles	12	–6	–7		–2	–2	
Disposal of property, plant and equipment		40	75		6	3	
Acquisition of subsidiaries, net of cash acquired	7/8	–29	–22		–8	–15	
Disposal of subsidiary	7	7	–		–	–	
Dividend received from joint ventures and associates		3	3		2	1	
Interest received		3	4		1	1	
Total cash flow from investing activities		**–167**	**–95**	**–72**	**–71**	**–72**	**1**
Cash flow from financing activities							
Repayment of interest-bearing liabilities		–3	–3		–1	–1	
Interest paid		–3	–3		–1	–1	
Purchase of treasury shares	10	–12	–		–	–	
Disposal of treasury shares		–	1		–	–	
Dividend paid to equity holders of parent company		–688	–658		–	–	
Dividend paid to non-controlling interests		–1	–1		–1	–1	
Acquisition of non-controlling interests		–	–3		–	–	
Total cash flow from financing activities		**–707**	**–667**	**–40**	**–3**	**–3**	**–**
Exchange difference on cash and cash equivalents		–20	2	–22	–11	10	–21
Increase/(decrease) in cash and cash equivalents		**–492**	**–266**	**–226**	**110**	**230**	**–120**
Cash and cash equivalents at the beginning of the period, net		**710**	**837**	**–127**	**108**	**341**	**–233**
Cash and cash equivalents at the end of the period, net		**218**	**571**	**–353**	**218**	**571**	**–353**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 ORGANISATION

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

The Condensed Consolidated Interim Financial Statements of the Company for the nine months ended September 30, 2018, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of September 30, 2017.

2 STATEMENT OF COMPLIANCE

The unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended December 31, 2017.

3 BASIS OF PREPARATION

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

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRS requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of IFRS that have a significant effect on the Condensed Consolidated Interim Financial Statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the Consolidated Financial Statements for the year ended December 31, 2017.

4 ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

As of January 1, 2018, the Group applies, for the first time, IFRS 15-Revenue from Contracts with Customers. IFRS 15 requires Kuehne + Nagel to recognise revenue for rendering of forwarding and logistics services at the time of receipt of the services by the counterparty, which generally occurs on delivery of the services performed by the Group and is determined by the agreed terms of service. This is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18.

Kuehne + Nagel applied the modified retrospective method upon adoption of IFRS 15 on January 1, 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings. As described above, this effect is not material for the Group. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard, IAS 18.

IFRS 15 requires contract assets and liabilities to be presented separately in the Consolidated Financial Statements. Accordingly, Kuehne + Nagel has presented the CHF 431 million amount of contract assets and the CHF 201 million amount of contract liabilities as of September 30, 2018, on a separate balance sheet line. In prior periods, the corresponding amounts are included in work in progress and accrued trade expenses/deferred income, respectively.

As of January 1, 2018, the Group applies, for the first time, IFRS 9-Financial Instruments, which changes the classification and measurement of financial instruments. The new standard requires impairments to be based on a forward-looking model, changes the approach to hedging financial exposures and related documentation, changes the recognition of certain fair value changes and amends disclosures requirements.

The impairment of financial assets, mainly trade receivables, is now assessed using an expected credit loss model, whereas previously the incurred loss model was used. The Group had no material impact to its impairment allowances from this change.

As the Group does not apply hedge accounting and continues measuring at fair value all financial assets currently held at fair value, there was no impact from these changes.

Kuehne + Nagel applied the modified retrospective method upon adoption of IFRS 9 on January 1, 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 9 to retained earnings and not to restate prior years. For the reasons described above, the effect from the adoption of the new standard is not material for the Group.

Other amendments, improvements and interpretations apply for the first time in 2018, but do not have a material impact on the Condensed Consolidated Interim Financial Statements of the Group.

5 FOREIGN EXCHANGE RATES

Conversion rates of major foreign currencies are applied as follows:

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

Currency	2018 CHF	Variance per cent	2017 CHF
EUR 1.–	1.1601	6.1	1.0935
USD 1.–	0.9701	–1.4	0.9836
GBP 1.–	1.3126	4.6	1.2548

Balance sheet
(period end rates)

Currency	Sep. 2018 CHF	Variance per cent	Sep. 2017 CHF	Dec. 2017 CHF
EUR 1.–	1.1354	–0.8	1.1446	1.1746
USD 1.–	0.9654	–0.4	0.9691	0.9883
GBP 1.–	1.2692	–2.7	1.3043	1.3240

6 SEASONALITY

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

7 CHANGES IN THE SCOPE OF CONSOLIDATION

Major changes in the scope of consolidation **in the first nine months of 2018** related to the following companies:

2018	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Acquisition/ incorporation/ divestment date
Acquisitions				
Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain [1]	50	GBP	6,123	February 26, 2018
Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain [1]	50	GBP	877	February 26, 2018
Incorporations				
Nacora Sigorta Brokerligi Anonim Sirketi, Turkey	100	TRL	300	January 1, 2018
Kuehne + Nagel Shared Service Centre d.o.o., Serbia	100	RSD	15,000	February 1, 2018
Kuehne + Nagel LLC, Azerbaijan	100	AZN	42	February 1, 2018
Kuehne + Nagel LLC, Kazakhstan	100	KZT	7,100	June 1, 2018
Divestments				
Transeich Armazens Gerais S.A., Brazil [2]	100	BRL	2,479	March 1, 2018
Transeich Assessoria e Transportes S.A., Brazil [2]	100	BRL	17,918	March 1, 2018

1 The Group previously owned 50 per cent of the share capital and applied the equity method. For further information refer to Note 8.
2 Effective March 1, 2018, the Group signed a sale and purchase agreement to sell 100 per cent of the shares of Transeich Armazens Gerais S.A. and Transeich Assessoria e Transportes S.A, Brazil. The profit on the sale amounts to CHF 7 million.

Major changes in the scope of consolidation **in the first nine months of 2017** related to the following companies:

2017	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation/ acquisition date
Incorporations				
Kuehne + Nagel IT Service Centre AS, Estonia	100	EUR	25	June 12, 2017
Kuehne + Nagel Shared Service Center Ltd., Philippines	100	PHP	10,000	September 1, 2017
Acquisitions				
Amex Ltd., Israel [1]	3	ILS	–	February 23, 2017
Ferlito Pharma S.r.l., Italy [2]	100	EUR	1,000	April 21, 2017
Zet Farma Lojistik Hizmetleri Sanayi ve Ticaret A.Ş., Turkey [2]	100	TRL	2,000	April 26, 2017
Trillvane Ltd., Kenya [2]	100	KES	750	September 7, 2017

1 The Group previously owned 87.5 per cent of the share capital and applied the full consolidation method. For further information refer to Note 8.
2 Refer to Note 8 for details to the acquisition of subsidiaries.

There were no significant divestments in the first nine months of 2017.

8 ACQUISITIONS

2018 Acquisitions

The acquisition of subsidiaries and businesses in the first nine months 2018 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	27
Other intangibles	9
Deferred tax assets	1
Trade receivables	40
Other current assets	10
Acquired cash and cash equivalents (net)	2
Subtotal assets	**89**
Other current liabilities	–18
Trade payables	–17
Total identifiable assets and liabilities (net)	**54**
Purchase price, paid in cash	**31**
Acquired cash and cash equivalents (net)	–2
Net cash outflow	**29**

Effective March 1, 2018, the Group acquired 50 per cent of the shares of Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain, a business pertaining to the segment Contract Logistics. The Group previously already owned 50 per cent of the shares at a fair value of CHF 23 million immediately before the acquisition date and applied the equity method. The gain recognised as a result of remeasuring to fair value the equity interest the Group held before the acquisition, was below CHF 1 million. The purchase price of CHF 23 million was paid in cash.

Effective August 1, 2018, the Group acquired the business of Panatlantic Logistics S.A., Ecuador, one of the market leaders in the country in airfreight transportation of perishable products. The purchase price of CHF 8 million includes a contingent consideration of CHF 3 million depending on the financial performance of the company until the year 2022.

From March to September 2018, the acquisitions contributed CHF 48 million of net turnover and a loss of CHF 1 million, including the amortisation of other intangibles of CHF 2 million, to the consolidated financial statements. If the acquisitions had occurred on January 1, 2018, the Group's net turnover would have been CHF 15,386 million and consolidated earnings for the period would have been CHF 580 million.

The trade receivables comprise gross contractual amounts due of CHF 41 million, of which CHF 1 million were expected to be uncollectible at the acquisition date.

Other intangibles of CHF 9 million recognised on the acquisitions represent a customer contract and customer lists having a useful life between one and three years.

The initial accounting for the acquisitions made in the first nine months of 2018 has only been determined provisionally.

Agreed-upon future transactions

On August 24, 2018, the Group entered into an agreement to acquire 51 per cent of the shares of Shanghai Ruichun Logistics Co., Ltd., China, a new company established to conduct the business of the partnership with Sincero, a Chinese automotive logistics group, to focus on contract logistics business for the automotive sector. With more than 800 employees, it operates close to 120,000 sqm of logistics space in Central, Southern and Western China and generates annual revenues of approximately CHF 60 million. The transaction, which is subject to the approval of the relevant antitrust authorities and closing conditions, is expected to close in the fourth quarter 2018.

On September 28, 2018, the Group entered into an agreement to acquire the logistics operations of PT Wira Logitama Saksama, an Indonesian logistics company. The acquisition is enabling the Group to establish a nationwide logistics and distribution network to provide fully integrated end-to-end logistics solutions across Indonesia. The business generates annual revenues of approximately CHF 8 million. The transaction, which is subject to customary closing conditions, is expected to close in the fourth quarter 2018.

2017 Acquisitions

The acquisitions of subsidiaries in the first nine months 2017 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	4
Other intangibles	14
Trade receivables	7
Acquired cash and cash equivalents (net)	4
Subtotal assets	**29**
Non current liabilities	–3
Other current liabilities	–3
Trade payables	–4
Total identifiable assets and liabilities	**19**
Goodwill	11
Total consideration	30
Contingent consideration	–4
Purchase price, paid in cash	**26**
Acquired cash and cash equivalents (net)	–4
Net cash outflow	**22**

Effective April 21, 2017, the Group acquired 100 per cent of the shares of Ferlito Pharma S.r.l., Italy. Ferlito is a major player in pharma logistics, offering GxP compliant warehousing and forwarding services including local distribution. The purchase price of CHF 6 million included a contingent consideration of CHF 2 million depending on the financial performance of the company until the year 2017 which was paid in 2018.

Effective April 26, 2017, the Group acquired 100 per cent of the shares of Zet Farma Lojistik Hizmetleri Sanayi ve Ticaret A.Ş a market leader in the Turkish pharma logistics. The business includes ambient and cool storage, packaging and distribution. With approximately 400 employees the company manages around 50,000 square meters of storage space. The purchase price of CHF 8 million includes a contingent consideration of CHF 2 million depending on the financial performance of the company until the year 2018.

Effective September 5, 2017, the Group acquired 100 per cent of the shares of Trillvane Limited, a market leader in the Kenyan perishable logistics, exporting flowers and vegetables. The purchase price of CHF 16 million was paid in cash.

The acquisitions contributed CHF 15 million of net turnover and CHF 6 million of loss, including the amortisation of other intangibles of CHF 7 million, to the consolidated net turnover and earnings respectively for the first nine months of 2017. If the acquisitions had occurred on January 1, 2017, the Group's net turnover would have been CHF 13,553 million and consolidated earnings for the period would have been CHF 541 million.

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

Goodwill of CHF 11 million arose on the acquisitions and represents management expertise and workforce which do not meet the definition of an intangible asset to be recognised separately. Goodwill is not expected to be deductible for tax purposes. Other intangibles of CHF 14 million recognised on these acquisitions represent customer contracts and non-contractual customer lists having a useful life between one and ten years.

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

Effective February 23, 2017, the Group acquired the non-controlling interest of 3 per cent of the shares of Amex Ltd, Israel for a purchase price of CHF 2.5 million which has been paid in cash. The Group previously already owned 87.5 per cent of the shares of Amex Ltd. and applied the full consolidation method.

9 SEGMENT REPORTING

a) Reportable Segments

The Group provides integrated logistics solutions across customers' supply chains using its global logistics network.

The four reportable segments, **Seafreight, Airfreight, Overland** and **Contract Logistics**, 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 Overland is the usage of the same transportation mode within a reportable segment. In addition to common business processes and management routines, a single main transportation mode is used within a reportable segment. For the reportable segment Contract Logistics the services performed are related to customer contracts for warehouse and distribution activities, whereby services performed are storage, handling and distribution.

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 "eliminations" shows the 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 operates on a worldwide basis in the following geographical areas: **EMEA, Americas** and **Asia-Pacific**. All products and services are provided in each of these geographical regions. The regional revenue is based on the geographical location of the customers invoiced, and regional assets are based on the geographical location of assets.

c) Major Customers

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

a) Reportable segments

January – September

CHF million	Total Group 2018	Total Group 2017	Seafreight 2018	Seafreight 2017	Airfreight 2018	Airfreight 2017	Overland 2018	Overland 2017
Turnover (external customers)	**18,287**	**16,208**	**6,868**	**6,546**	**4,138**	**3,380**	**2,978**	**2,442**
Customs duties and taxes	-2,926	-2,683	-1,618	-1,677	-540	-497	-348	-179
Net turnover (external customers)	**15,361**	**13,525**	**5,250**	**4,869**	**3,598**	**2,883**	**2,630**	**2,263**
Inter-segment turnover	–	–	1,831	1,672	2,398	1,964	1,125	957
Net expenses for services	-9,625	-8,389	-5,965	-5,488	-5,101	-4,098	-2,942	-2,517
Gross profit	**5,736**	**5,136**	**1,116**	**1,053**	**895**	**749**	**813**	**703**
Total expenses	-4,830	-4,296	-775	-729	-605	-509	-725	-636
EBITDA	**906**	**840**	**341**	**324**	**290**	**240**	**88**	**67**
Depreciation of property, plant and equipment	-141	-127	-16	-14	-14	-11	-21	-18
Amortisation of other intangibles	-20	-28	-1	-2	-5	-2	-10	-13
EBIT (segment profit)	**745**	**685**	**324**	**308**	**271**	**227**	**57**	**36**
Financial income	7	14						
Financial expenses	-3	-3						
Result from joint ventures and associates	4	5						
Earnings before tax (EBT)	**753**	**701**						
Income tax	-173	-161						
Earnings for the period	**580**	**540**						
Attributable to:								
Equity holders of the parent company	578	538						
Non-controlling interests	2	2						
Earnings for the period	**580**	**540**						
Additional information not regularly reported to the CODM								
Allocation of goodwill	820	781	37	40	95	44	319	324
Allocation of other intangibles	88	73	–	–	36	7	52	66
Capital expenditure property, plant and equipment	185	148	15	10	11	10	22	20
Capital expenditure other intangibles	6	7	1	2	1	1	1	1
Property, plant and equipment, goodwill and intangibles through business combinations	36	29	–	–	8	19	–	–

	Contract Logistics		Total reportable segments		Eliminations	
	2018	2017	2018	2017	2018	2017
	4,303	**3,840**	**18,287**	**16,208**	**–**	**–**
	–420	–330	–2,926	–2,683	–	–
	3,883	**3,510**	**15,361**	**13,525**	**–**	**–**
	206	143	5,560	4,736	–5,560	–4,736
	–1,177	–1,022	–15,185	–13,125	5,560	4,736
	2,912	**2,631**	**5,736**	**5,136**	**–**	**–**
	–2,725	–2,422	–4,830	–4,296	–	–
	187	**209**	**906**	**840**	**–**	**–**
	–90	–84	–141	–127	–	–
	–4	–11	–20	–28	–	–
	93	**114**	**745**	**685**	**–**	**–**
	369	373	820	781	–	–
	–	–	88	73	–	–
	137	108	185	148	–	–
	3	3	6	7	–	–
	28	10	36	29	–	–

b) Geographical information

January – September

	Total Group		EMEA		Americas	
CHF million	2018	2017	2018	2017	2018	2017
Turnover (external customers)	**18,287**	**16,208**	**11,668**	**10,505**	**4,626**	**3,950**
Customs duties and taxes	–2,926	–2,683	–2,093	–1,920	–636	–565
Net turnover (external customers)	**15,361**	**13,525**	**9,575**	**8,585**	**3,990**	**3,385**
Inter-regional turnover	–	–	3,638	3,085	945	769
Net expenses for services	–9,625	–8,389	–9,207	–8,044	–3,801	–3,170
Gross profit	**5,736**	**5,136**	**4,006**	**3,626**	**1,134**	**984**
Total expenses	–4,830	–4,296	–3,491	–3,131	–928	–807
EBITDA	**906**	**840**	**515**	**495**	**206**	**177**
Depreciation of property, plant and equipment	–141	–127	–102	–94	–26	–20
Amortisation of other intangibles	–20	–28	–7	–19	–13	–9
EBIT	**745**	**685**	**406**	**382**	**167**	**148**
Financial income	7	14				
Financial expenses	–3	–3				
Result from joint ventures and associates	4	5				
Earnings before tax (EBT)	**753**	**701**				
Income tax	–173	–161				
Earnings for the period	**580**	**540**				
Attributable to:						
Equity holders of the parent company	578	538				
Non-controlling interests	2	2				
Earnings for the period	**580**	**540**				
Additional information not regularly reported to the CODM						
Allocation of goodwill	820	781	518	525	281	233
Allocation of other intangibles	88	73	5	9	83	64
Capital expenditure property, plant and equipment	185	148	141	108	29	28
Capital expenditure other intangibles	6	7	6	5	–	1
Property, plant and equipment, goodwill and intangibles through business combinations	36	29	28	29	8	–

	Asia-Pacific		**Eliminations**	
	2018	2017	2018	2017
	1,993	**1,753**	**–**	**–**
	–197	–198	–	–
	1,796	**1,555**	**–**	**–**
	977	882	–5,560	–4,736
	–2,177	–1,911	5,560	4,736
	596	**526**	**–**	**–**
	–411	–358	–	–
	185	**168**	**–**	**–**
	–13	–13	–	–
	–	–	–	–
	172	**155**	**–**	**–**
	21	23	–	–
	–	–	–	–
	15	12	–	–
	–	1	–	–
	–	–	–	–

10 EQUITY

In the first nine months of 2018, the Company sold 2,895 and matched 142,500 treasury shares (2017: 10,686 sold and 110,688 treasury shares matched) for less than CHF 1 million (2017: CHF 1 million) under the share-based compensation plans. The Company purchased 80,000 treasury shares for CHF 12 million (2017: the company did not purchase any treasure shares). The dividend payment for the year 2017 paid in 2018 amounted to CHF 5.75 per share or CHF 688 million (2017: CHF 5.50 per share or CHF 658 million).

11 EMPLOYEES

Number	Sep. 30, 2018	Sep. 30, 2017
EMEA	56,862	54,091
Americas	13,994	11,863
Asia-Pacific	8,824	8,139
Total employees	**79,680**	**74,093**
Full-time equivalent	**75,115**	**69,407**

12 CAPITAL EXPENDITURE

The capital expenditure (excluding other intangible assets and property, plant and equipment from acquisitions) from January to September 2018 was CHF 191 million (2017: CHF 155 million).

13 LEGAL CLAIMS

The status of proceedings, disclosed in the notes 40 and 44 to the Consolidated Financial Statements for the year ended December 31, 2017, has not changed materially.

14 POST BALANCE SHEET EVENTS

These unaudited Condensed Consolidated Interim Financial Statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on October 17, 2018.

There have been no material events between September 30, 2018, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

7. FINANCIAL CALENDAR

February 27, 2019	Full-year 2018 results
May 7, 2019	Annual General Meeting
May 13, 2019	Dividend payment for 2018
July 23, 2019	Half-year 2019 results
October 22, 2019	Nine-months 2019 results

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