

JANUARY - JUNE 2016



CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS 2016

(UNAUDITED)

KUEHNE+NAGEL



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Schindellegi, July 18, 2016

1. INCOME STATEMENT

CHF million	January - June			April - June		
	2016	2015	Variance per cent	2016	2015	Variance per cent
Net turnover	8,147	8,225	-0.9	4,137	4,129	0.2
Net expenses for services from third parties	-4,890	-5,207		-2,473	-2,608	
Gross profit	3,257	3,018	7.9	1,664	1,521	9.4
Personnel expenses	-1,961	-1,814		-996	-908	
Selling, general and administrative expenses	-761	-711		-385	-351	
Other operating income/expenses, net	12	4		5	2	
EBITDA	547	497	10.1	288	264	9.1
Depreciation of property, plant and equipment	-79	-65		-43	-33	
Amortisation of other intangibles	-13	-22		-7	-11	
EBIT	455	410	11.0	238	220	8.2
Financial income	6	4		4	1	
Financial expenses	-1	-1		-1	-	
Result from joint ventures and associates	2	5		1	1	
Earnings before tax (EBT)	462	418	10.5	242	222	9.0
Income tax	-106	-92		-55	-49	
Earnings for the period	356	326	9.2	187	173	8.1
Attributable to:						
Equity holders of the parent company	355	325	9.2	187	173	8.1
Non-controlling interests	1	1		-	-	
Earnings for the period	356	326	9.2	187	173	8.1
Basic earnings per share in CHF	2.96	2.71	9.2	1.55	1.44	7.6
Diluted earnings per share in CHF	2.96	2.71	9.2	1.56	1.44	8.3

2. STATEMENT OF COMPREHENSIVE INCOME

CHF million	January - June		April - June	
	2016	2015	2016	2015
Earnings for the period	356	326	187	173
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange differences	-36	-206	-27	-26
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial gains/(losses) on defined benefit plans	-40	-2	-13	2
Income tax on actuarial gains/(losses) on defined benefit plans	9	-	3	-1
Total other comprehensive income, net of tax	-67	-208	-37	-25
Total comprehensive income for the period	289	118	150	148
Attributable to:				
Equity holders of the parent company	288	118	150	148
Non-controlling interests	1	-	-	-

3. BALANCE SHEET

CHF million	June 30, 2016	Dec. 31, 2015	June 30, 2015
Assets			
Property, plant and equipment	1,124	1,142	1,058
Goodwill	747	767	622
Other intangibles	87	98	28
Investments in joint ventures	27	31	30
Deferred tax assets	202	193	203
Non-current assets	2,187	2,231	1,941
Prepayments	167	98	146
Work in progress	235	260	265
Trade receivables	2,491	2,486	2,449
Other receivables	177	131	159
Income tax receivables	98	52	101
Cash and cash equivalents	608	841	441
Current assets	3,776	3,868	3,561
Total assets	5,963	6,099	5,502

CHF million	June 30, 2016	Dec. 31, 2015	June 30, 2015
Liabilities and equity			
Share capital	120	120	120
Reserves and retained earnings	1,344	1,325	1,252
Earnings for the period	355	676	325
Equity attributable to the equity holders of the parent company	1,819	2,121	1,697
Non-controlling interests	6	5	5
Equity	1,825	2,126	1,702
Provisions for pension plans and severance payments	427	387	400
Deferred tax liabilities	142	144	123
Finance lease obligations	9	11	13
Non-current provisions	64	59	62
Non-current liabilities	642	601	598
Bank and other interest-bearing liabilities	171	7	10
Trade payables	1,397	1,449	1,296
Accrued trade expenses/deferred income	939	919	973
Income tax liabilities	135	104	121
Current provisions	61	101	49
Other liabilities	793	792	753
Current liabilities	3,496	3,372	3,202
Total liabilities and equity	5,963	6,099	5,502

Schindellegi, July 18, 2016

KUEHNE + NAGEL INTERNATIONAL AG

Dr. Detlef Trefzger

CEO

Markus Blanka-Graff

CFO

4. STATEMENT OF CHANGES IN EQUITY

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains & losses	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2016	120	532	-19	-959	-106	2,553	2,121	5	2,126
Earnings for the period	-	-	-	-	-	355	355	1	356
Other comprehensive income									
Foreign exchange differences	-	-	-	-36	-	-	-36	-	-36
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-31	-	-31	-	-31
Total other comprehensive income, net of tax	-	-	-	-36	-31	-	-67	-	-67
Total comprehensive income for the period	-	-	-	-36	-31	355	288	1	289
Purchase of treasury shares	-	-	-8	-	-	-	-8	-	-8
Disposal of treasury shares	-	-1	6	-	-	-	5	-	5
Dividend paid ¹	-	-	-	-	-	-599	-599	-	-599
Expenses for share-based compensation plans	-	-	-	-	-	12	12	-	12
Total contributions by and distributions to owners	-	-1	-2	-	-	-587	-590	-	-590
Balance as of June 30, 2016	120	531	-21	-995	-137	2,321	1,819	6	1,825

¹ CHF 5.00 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, 2015	120	547	-7	-787	-126	2,701	2,448	5	2,453
Earnings for the period	-	-	-	-	-	325	325	1	326
Other comprehensive income									
Foreign exchange differences	-	-	-	-205	-	-	-205	-1	-206
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-2	-	-2	-	-2
Total other comprehensive income, net of tax	-	-	-	-205	-2	-	-207	-1	-208
Total comprehensive income for the period	-	-	-	-205	-2	325	118	-	118
Purchase of treasury shares	-	-	-45	-	-	-	-45	-	-45
Disposal of treasury shares	-	-1	9	-	-	-	8	-	8
Dividend paid ¹	-	-	-	-	-	-839	-839	-	-839
Expenses for share-based compensation plans	-	-	-	-	-	7	7	-	7
Total contributions by and distributions to owners	-	-1	-36	-	-	-832	-869	-	-869
Balance as of June 30, 2015	120	546	-43	-992	-128	2,194	1,697	5	1,702

¹ CHF 7.00 per share

5. CASH FLOW STATEMENT

CHF million	January - June			April - June		
	2016	2015	Variance	2016	2015	Variance
Cash flow from operating activities						
Earnings for the period	356	326		187	173	
Reversal of non-cash items:						
Income tax	106	92		55	49	
Financial income	-6	-4		-4	-1	
Financial expenses	1	1		1	-	
Result from joint ventures and associates	-2	-5		-1	-1	
Depreciation of property, plant and equipment	79	65		43	33	
Amortisation of other intangibles	13	22		7	11	
Expenses for share-based compensation plans	12	7		6	4	
Gain on disposal of property, plant and equipment	-15	-3		-5	-2	
Loss on disposal of property, plant and equipment	1	1		1	1	
Net addition to provisions for pension plans and severance payments	3	3		2	2	
Subtotal operational cash flow	548	505	43	292	269	23
(Increase)/decrease work in progress	22	10		-13	-9	
(Increase)/decrease trade and other receivables, prepayments	-180	-194		-34	-51	
Increase/(decrease) other liabilities	20	45		-65	-43	
Increase/(decrease) provisions	-33	-9		-28	-1	
Increase/(decrease) trade payables, accrued trade expenses/deferred income	17	8		66	2	
Income taxes paid	-123	-88		-51	-41	
Total cash flow from operating activities	271	277	-6	167	126	41
Cash flow from investing activities						
Capital expenditure						
- Property, plant and equipment	-82	-93		-42	-51	
- Other intangibles	-4	-5		-2	-3	
Disposal of property, plant and equipment	29	4		10	-	
Dividend received from joint ventures and associates	2	5		1	1	
Interest received	2	1		1	-	
Total cash flow from investing activities	-53	-88	35	-32	-53	21
Cash flow from financing activities						
Proceeds from interest-bearing liabilities	-	2		-	-	
Repayment of interest-bearing liabilities	-3	-5		-2	-4	
Interest paid	-1	-1		-1	-	
Purchase of treasury shares	-8	-45		-5	-27	
Disposal of treasury shares	5	8		5	2	
Dividend paid to equity holders of parent company	-599	-839		-599	-839	
Acquisition of non-controlling interests	-	-1		-	-	
Total cash flow from financing activities	-606	-881	275	-602	-868	266
Exchange difference on cash and cash equivalents	-10	-34	24	-4	-6	2
Increase/(decrease) in cash and cash equivalents	-398	-726	328	-471	-801	330
Cash and cash equivalents at the beginning of the period, net	839	1,163	-324	912	1,238	-326
Cash and cash equivalents at the end of the period, net	441	437	4	441	437	4

6. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6.1 ORGANISATION

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

The Condensed Consolidated Interim Financial Statements of the Company for the six months ended June 30, 2016, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of June 30, 2015.

6.2 STATEMENT OF COMPLIANCE

The unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended December 31, 2015.

6.3 BASIS OF PREPARATION

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

The preparation of 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, 2015.

Accounting policies

The accounting policies are the same as those applied in the Consolidated Financial Statements for the year ended December 31, 2015.

New, revised and amended standards that are effective for the 2016 reporting year are either not relevant for the Group, or do not have a material impact on the Condensed Consolidated Interim Financial Statements.

6.4 FOREIGN EXCHANGE RATES

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement

(average rates for the period)

Currency	2016 CHF	Variance per cent	2015 CHF
EUR 1.-	1.0919	2.5	1.0653
USD 1.-	0.9876	4.2	0.9480
GBP 1.-	1.4081	-3.2	1.4542

Balance sheet

(period end rates)

Currency	June 2016 CHF	Variance per cent	June 2015 CHF	Dec. 2015 CHF
EUR 1.-	1.0752	3.3	1.0408	1.0814
USD 1.-	0.9756	4.7	0.9321	0.9865
GBP 1.-	1.2986	-11.5	1.4680	1.4723

6.5 SEASONALITY

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

6.6 CHANGES IN THE SCOPE OF CONSOLIDATION

The changes in the scope of consolidation in the first six months of 2016 related to the following companies:

2016	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation date
Incorporation				
KN Shared Service Center S.A., Costa Rica	100	CRC	1	March 1, 2016
Kuehne + Nagel Logistics Solutions Inc., Philippines	100	PHP	5,000	June 1, 2016

The changes in the scope of consolidation in the first six months of 2015 related to the following companies:

2015	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation/ acquisition date
Incorporation				
Kuehne + Nagel Dominicana SAS, Dominican Republic	50	DOP	1,550	February 1, 2015
Kuehne + Nagel Insitu SASU, France	100	EUR	10	May 1, 2015
Acquisition				
Nacora Srl, Italy ¹	30	EUR	31	February 16, 2015

¹ The Group previously owned 70 per cent of the share capital and applied the full consolidation method. For further information refer to Note 6.7.

There were no significant divestments in the first six months of 2016 and 2015.

6.7 ACQUISITIONS

2016 acquisitions

There were no acquisitions of subsidiaries in the first six months of 2016.

2015 acquisitions

There were no acquisitions of subsidiaries in the first six months of 2015.

Effective February 16, 2015, the Group acquired the non-controlling interest of 30 per cent of the shares of Nacora Srl, Italy, for a purchase price of CHF 0.6 million, which has been paid in cash. The Group previously owned 70 per cent of Nacora Srl, which was founded in 1998.

6.8 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 – June

CHF million	Total Group		Seafreight		Airfreight		Overland		
	2016	2015	2016	2015	2016	2015	2016	2015	
Turnover (external customers)	9,867	9,986	3,932	4,444	1,906	1,988	1,563	1,296	
Inter-segment turnover	-	-	913	855	977	1,041	599	577	
Customs duties and taxes	-1,720	-1,761	-1,080	-1,183	-282	-285	-114	-114	
Net turnover	8,147	8,225	3,765	4,116	2,601	2,744	2,048	1,759	
Net expenses for services	-4,890	-5,207	-3,059	-3,454	-2,123	-2,299	-1,592	-1,354	
Gross profit	3,257	3,018	706	662	478	445	456	405	
Total expenses	-2,710	-2,521	-475	-445	-323	-300	-419	-374	
EBITDA	547	497	231	217	155	145	37	31	
Depreciation of property, plant and equipment	-79	-65	-8	-8	-7	-6	-11	-9	
Amortisation of other intangibles	-13	-22	-2	-5	-1	-3	-9	-8	
EBIT (segment profit)	455	410	221	204	147	136	17	14	
Financial income	6	4							
Financial expenses	-1	-1							
Result from joint ventures and associates	2	5	2	2	-	-	-	-	
Earnings before tax (EBT)	462	418							
Income tax	-106	-92							
Earnings for the period	356	326							
Attributable to:									
Equity holders of the parent company	355	325							
Non-controlling interests	1	1							
Earnings for the period	356	326							
Additional information not regularly reported to the CODM									
Allocation of goodwill	747	622	38	38	32	32	316	189	
Allocation of other intangibles	87	28	-	3	-	4	87	18	
Capital expenditure property, plant and equipment	82	93	6	7	6	5	9	22	
Capital expenditure other intangibles	4	5	2	2	1	1	-	1	

	Contract Logistics		Total reportable segments		Eliminations	
	2016	2015	2016	2015	2016	2015
	2,466	2,258	9,867	9,986	-	-
	66	78	2,555	2,551	-2,555	-2,551
	-244	-179	-1,720	-1,761	-	-
	2,288	2,157	10,702	10,776	-2,555	-2,551
	-671	-651	-7,445	-7,758	2,555	2,551
	1,617	1,506	3,257	3,018	-	-
	-1,493	-1,402	-2,710	-2,521	-	-
	124	104	547	497	-	-
	-53	-42	-79	-65	-	-
	-1	-6	-13	-22	-	-
	70	56	455	410	-	-
	-	3	2	5	-	-
	361	363	747	622	-	-
	-	3	87	28	-	-
	61	59	82	93	-	-
	1	1	4	5	-	-

b) Geographical information

January – June

CHF million	Total Group		EMEA		Americas		
	2016	2015	2016	2015	2016	2015	
Turnover (external customers)	9,867	9,986	6,451	6,461	2,335	2,435	
Inter-regional turnover	-	-	1,707	1,613	422	444	
Customs duties and taxes	-1,720	-1,761	-1,201	-1,186	-348	-393	
Net turnover	8,147	8,225	6,957	6,888	2,409	2,486	
Net expenses for services	-4,890	-5,207	-4,633	-4,709	-1,801	-1,946	
Gross profit	3,257	3,018	2,324	2,179	608	540	
Total expenses	-2,710	-2,521	-2,007	-1,885	-487	-437	
EBITDA	547	497	317	294	121	103	
Depreciation of property, plant and equipment	-79	-65	-60	-47	-12	-11	
Amortisation of other intangibles	-13	-22	-5	-18	-8	-3	
EBIT	455	410	252	229	101	89	
Financial income	6	4					
Financial expenses	-1	-1					
Result from joint ventures and associates	2	5	2	5	-	-	
Earnings before tax (EBT)	462	418					
Income tax	-106	-92					
Earnings for the period	356	326					
Attributable to:							
Equity holders of the parent company	355	325					
Non-controlling interests	1	1					
Earnings for the period	356	326					
Additional information not regularly reported to the CODM							
Allocation of goodwill	747	622	492	499	233	102	
Allocation of other intangibles	87	28	7	24	80	2	
Capital expenditure property, plant and equipment	82	93	59	66	11	10	
Capital expenditure other intangibles	4	5	3	4	1	1	

	Asia-Pacific		Eliminations	
	2016	2015	2016	2015
	1,081	1,090	-	-
	426	494	-2,555	-2,551
	-171	-182	-	-
	1,336	1,402	-2,555	-2,551
	-1,011	-1,103	2,555	2,551
	325	299	-	-
	-216	-199	-	-
	109	100	-	-
	-7	-7	-	-
	-	-1	-	-
	102	92	-	-
	-	-	-	-
	22	21	-	-
	-	2	-	-
	12	17	-	-
	-	-	-	-

6.9 EQUITY

In the first six months of 2016, the Company sold 47,280 treasury shares (2015: 69,925 treasury shares) for CHF 5 million (2015: CHF 8 million) under the share-based compensation plans. The Company also purchased 65,000 treasury shares for

CHF 8 million (2015: 354,500 treasury shares for CHF 45 million). The dividend payment for the year 2015 paid in 2016 amounted to CHF 5.00 per share or CHF 599 million (2015: CHF 7.00 per share or CHF 839 million).

6.10 EMPLOYEES

Number	June 30, 2016	June 30, 2015
EMEA	49,965	48,339
Americas	10,289	9,392
Asia-Pacific	7,542	6,986
Total employees	67,796	64,717
Full-time equivalent	79,762	76,476

6.11 CAPITAL EXPENDITURE

The capital expenditure (excluding other intangible assets and property, plant and equipment from acquisitions) from January to June 2016 was CHF 86 million (2015: CHF 98 million).

6.12 LEGAL CLAIMS

The status of proceedings, disclosed in notes 40 and 44 to the Consolidated Financial Statements for the year ended December 31, 2015, has not changed materially. As disclosed in note 51 to the Consolidated Financial Statements 2015, on February 29, 2016, the European General Court in first instance upheld the decision of the European Commission regarding the subject matter of Kuehne + Nagel's appeal against the antitrust fine of

CHF 65 million (EUR 53.7 million) imposed in 2012. On May 10, 2016, Kuehne + Nagel filed an appeal to the European Court of Justice.

6.13 POST BALANCE SHEET EVENTS

These unaudited Condensed Consolidated Interim Financial Statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on July 18, 2016.

There have been no material events between June 30, 2016, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

7. FINANCIAL CALENDAR

October 18, 2016	Nine-months 2016 results
March 1, 2017	Full year 2016 results
April 20, 2017	Three-months 2017 results
May 9, 2017	Annual General Meeting
July 18, 2017	Half-year 2017 results
October 16, 2017	Nine-months 2017 results

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