



Analyst conference – First quarter 2020 results

Kuehne + Nagel International AG

27 April 2020 (CET 14.00) | Schindellegi, Switzerland

Forward-looking statements



This presentation contains forward-looking statements.

Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Kuehne + Nagel International AG, may cause actual development and results to differ materially from the expectations contained in the presentation.

Reference is also made to our disclaimer on the last slide of this presentation.

Kuehne + Nagel resilient in the face of crisis



Group earnings for the period at CHF 139 million;
solid free cash flow of CHF 156 million¹



EBIT in Sea Logistics of CHF 79 million;
reduced volumes in February from and to China



EBIT in Air Logistics of CHF 71 million;
significantly reduced capacity and volumes



Net turnover increase in Road Logistics of 0.6% (in
constant currencies); EBIT of CHF 17 million



Contract Logistics EBIT of CHF 17 million;
restructuring progresses

Kuehne + Nagel Group – fast response to Covid-19



Market in times of Covid-19

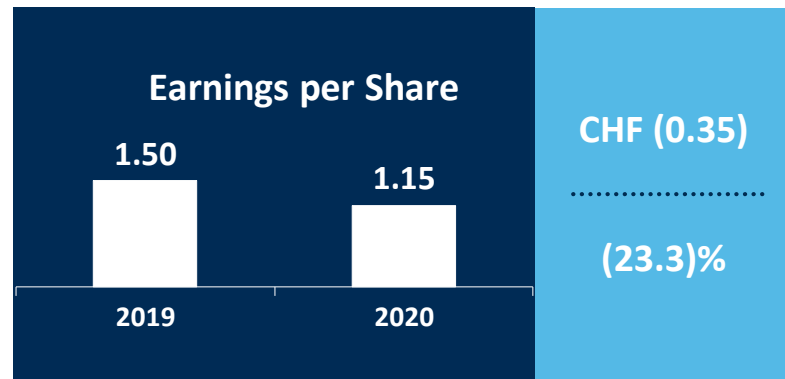
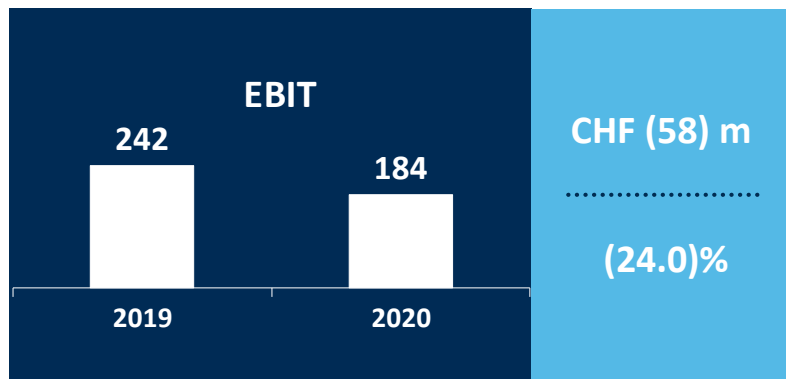
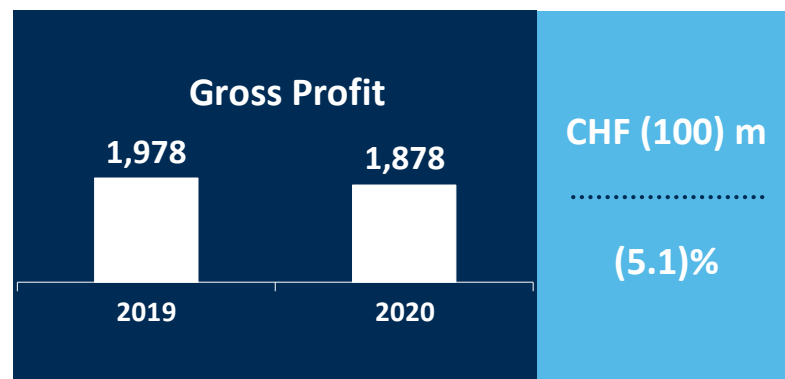
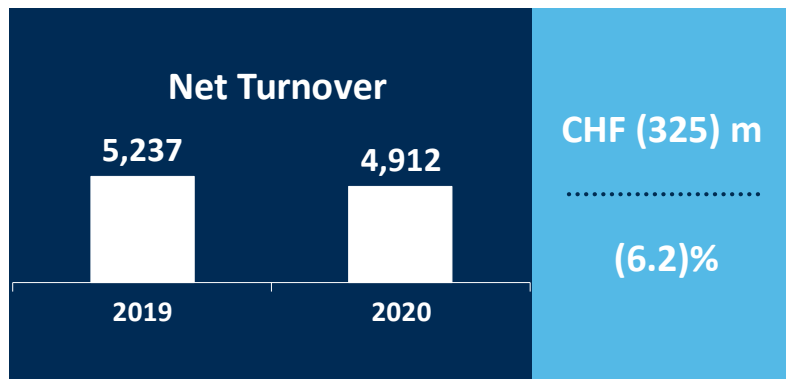
- Worldwide trades down
- Business in China started to recover in March
- Europe and Americas heavily impacted since March
- Duration and severity of the pandemic uncertain
- Decreased demand for perishables
- Increased demand for pharma and e-commerce



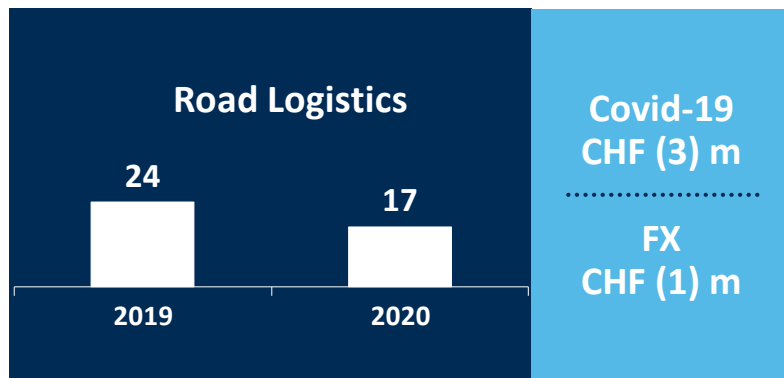
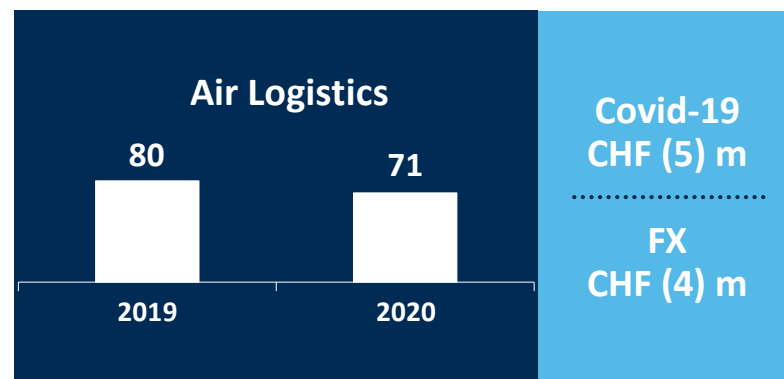
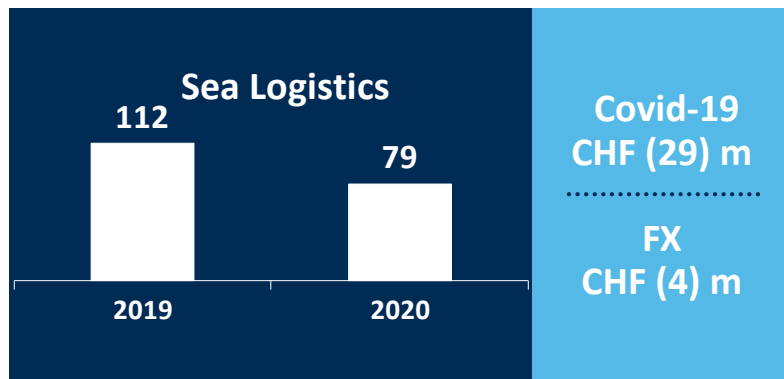
Kuehne + Nagel

- Operational in 1'400 locations in 108 countries
- 45'000 employees connected remotely
- Adapting transport capacity & cost structure
- Significantly reduced volumes in all business units
- Pharma and e-commerce volumes increased
- Solid liquidity and balance sheet

Overview Group performance Q1 2020 (in CHF million)



Impact from Covid-19 on EBIT (in CHF million)



Sea Logistics



No. 1 worldwide

Reduced volumes
from and to China in February 2020

Negative cargo mix due to lower SME volumes

Air Logistics

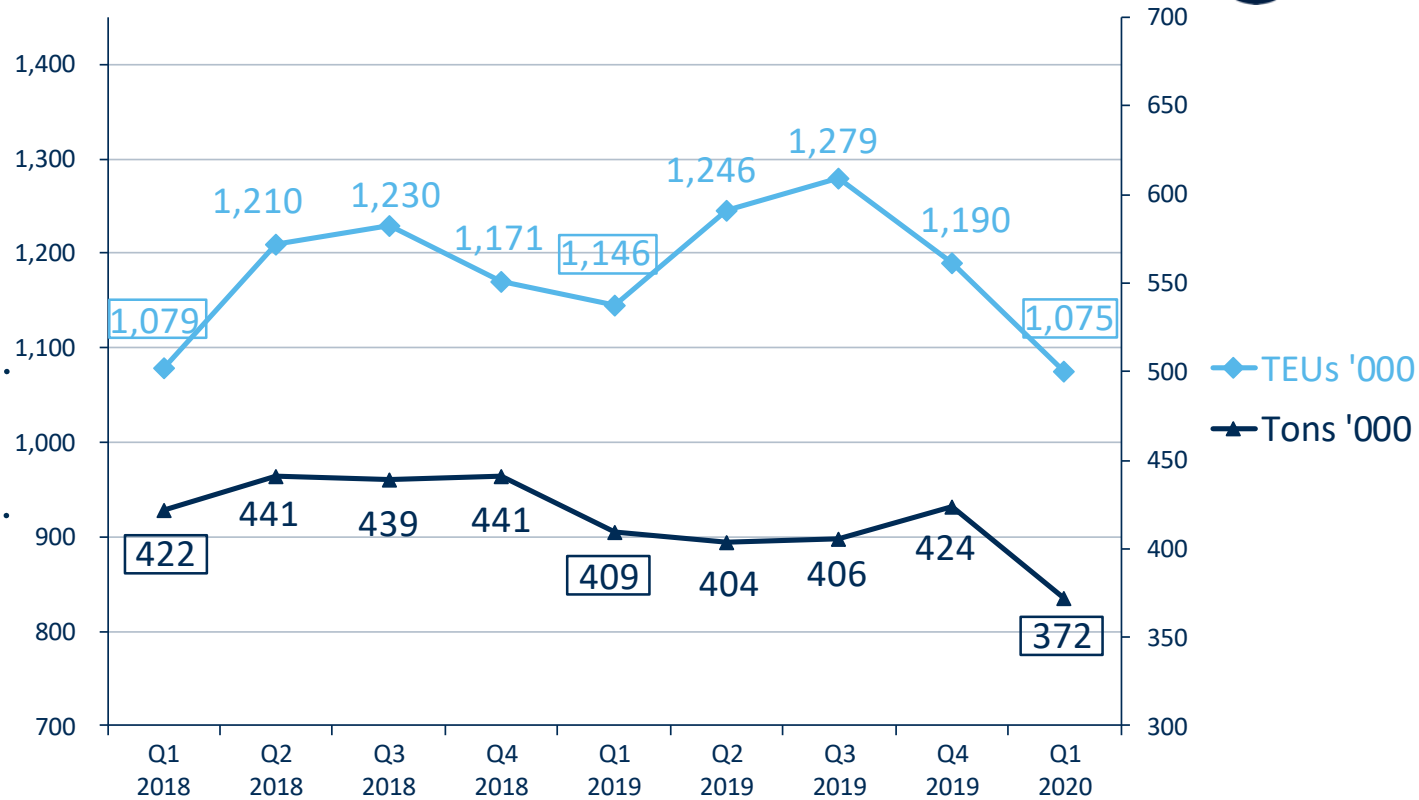


No. 2 worldwide

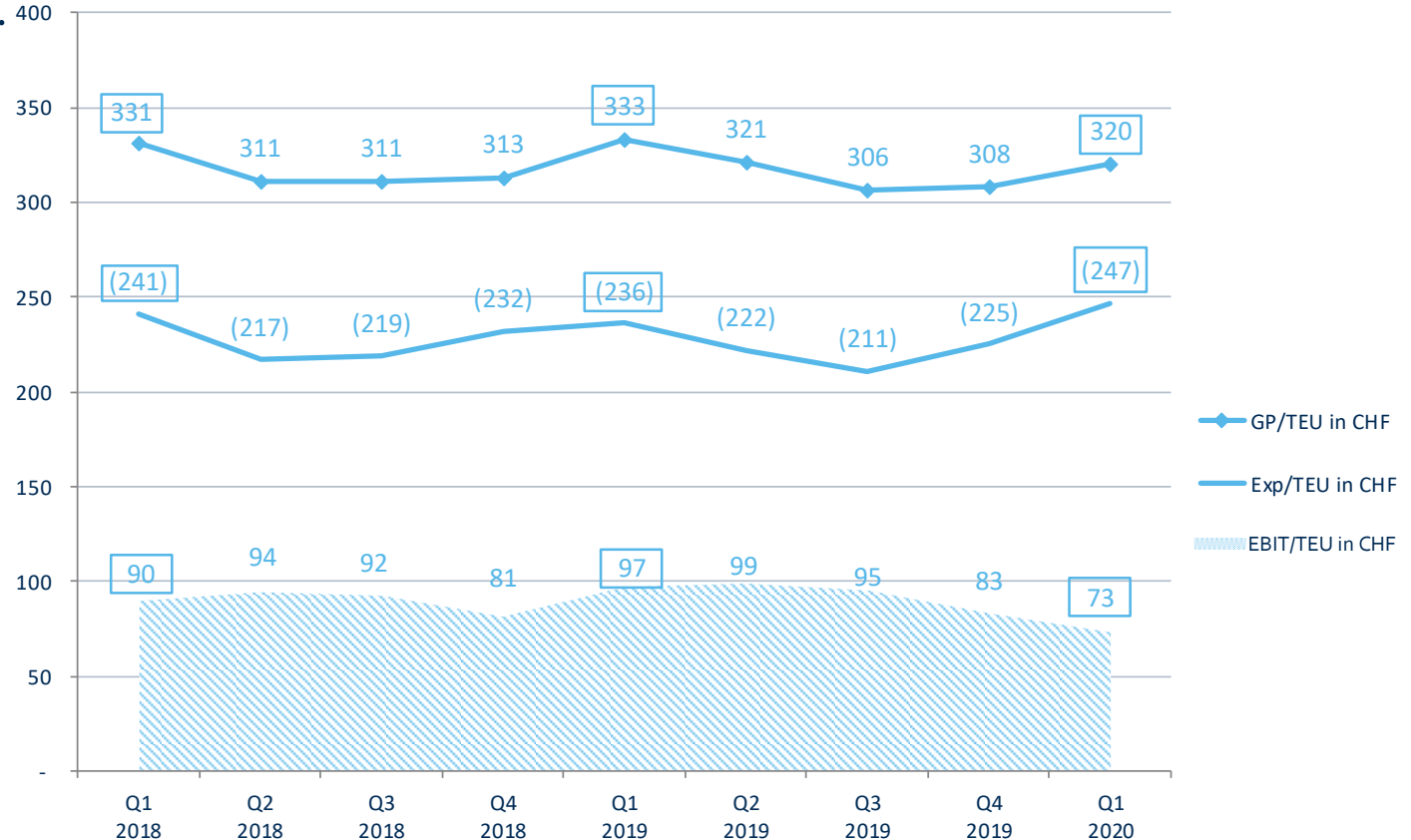
Business continuity mitigates market decline

Beneficial cargo mix

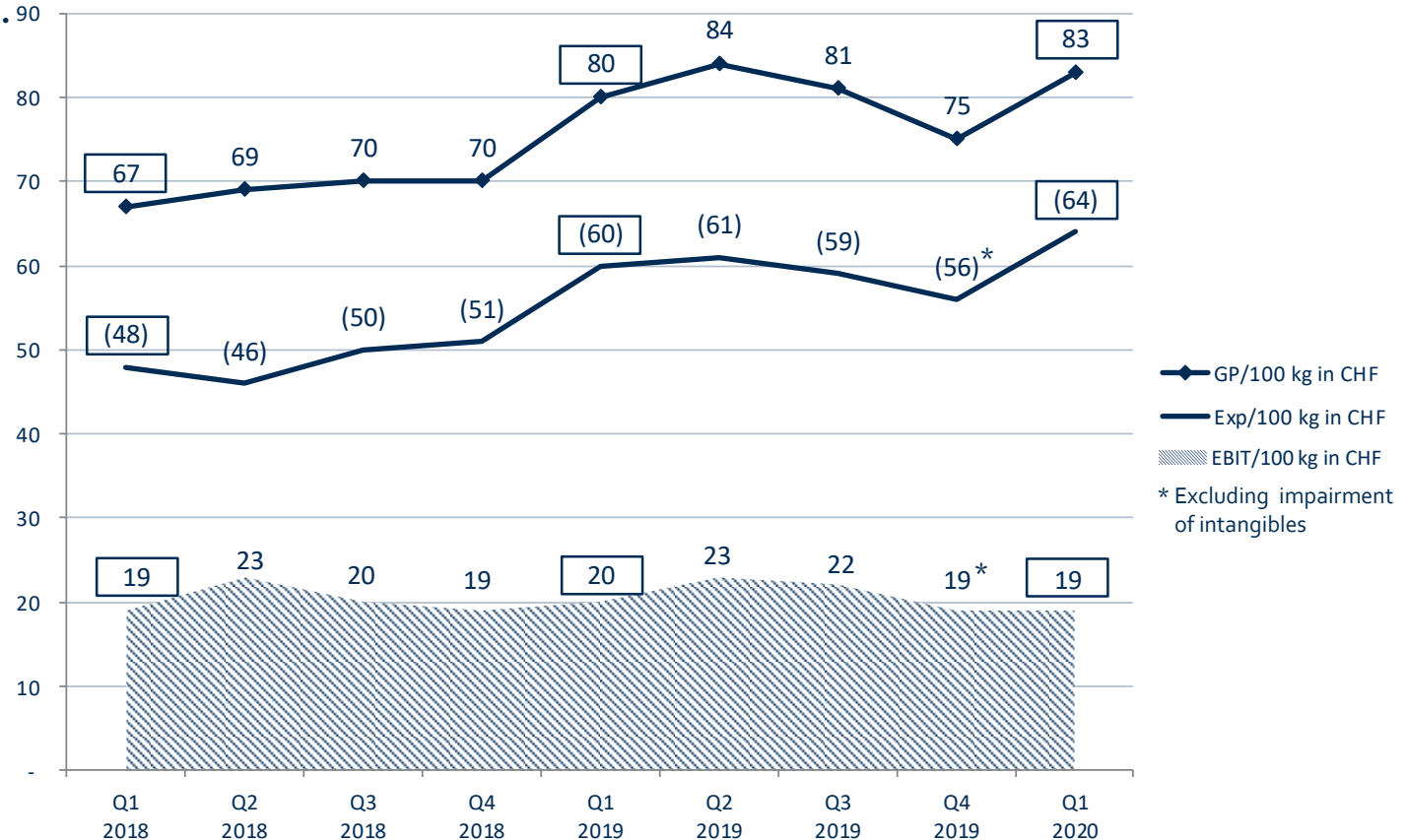
Sea and Air Logistics – volumes decline, more so in Air



Sea Logistics – swift drop in demand hits unit profit



Air Logistics – unit performance supported by cargo mix



Road Logistics



Solid volumes through early March 2020

Significantly reduced volumes in Europe
and the USA as of March 2020 due to Covid-19

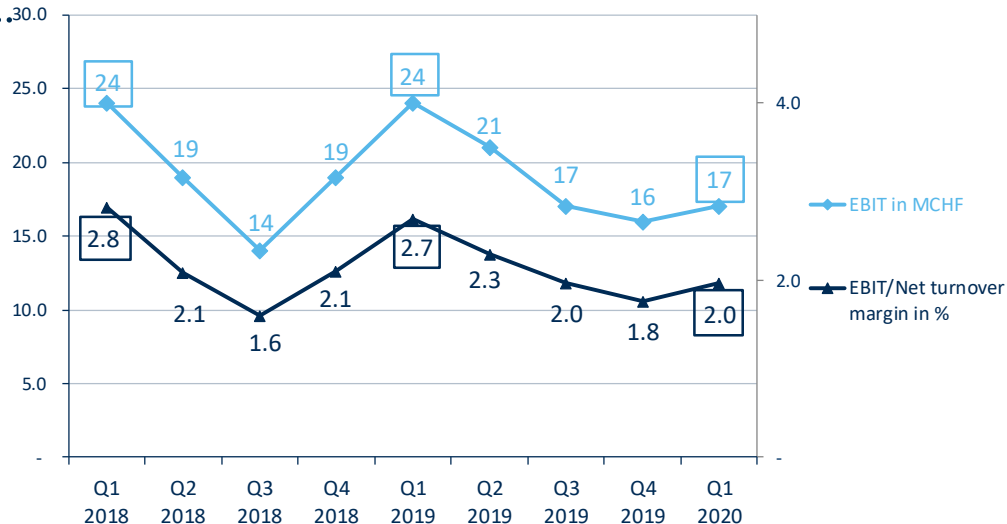
Road Logistics – trade collapsed in late Q1; acquisitions accretive



Income statement in CHF million

	YTD 2019	YTD 2020	Variance			
			2020/2019	Growth	Acquisition	Forex ¹
Net turnover	901	863	(4.2%)	(4.3%)	4.9%	(4.8%)
Gross profit	285	281	(1.4%)	(2.6%)	6.1%	(4.9%)
EBITDA	36	32	(11.1%)	(13.8%)	8.3%	(5.6%)
EBIT	24	17	(29.2%)	(28.7%)	3.7%	(4.2%)
EBITDA / Net turnover margin	4.0%	3.7%				
EBIT / Net turnover margin	2.7%	2.0%				

¹ Foreign currency translation impact



Contract Logistics



Automotive and industrial business down;
e-commerce & pharma with growing demand

50% of portfolio linked to essential goods

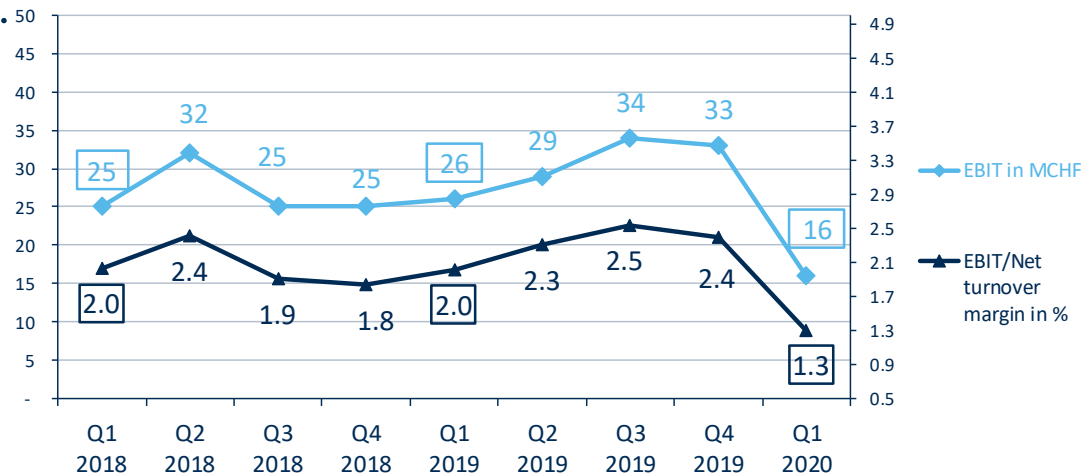
Contract Logistics – weaker trading mitigated by cost cuts

(excl. real estate transactions)



Income statement in CHF million	YTD 2019	YTD 2020	Variance		
			2020/2019	Growth	Forex ¹
Net turnover	1,314	1,234	(6.1%)	(1.2%)	(4.9%)
Gross profit	985	946	(4.0%)	1.1%	(5.1%)
EBITDA	170	177	4.1%	9.4%	(5.3%)
EBIT	26	16	(38.5%)	(34.7%)	(3.8%)
EBITDA / Net turnover margin	12.9%	14.3%			
EBIT / Net turnover margin	2.0%	1.3%			

¹ Foreign currency translation impact



Agreed-upon divestment of major part of the Contract Logistics business in the UK



- Binding agreement to sell a major part of the Contract Logistics portfolio in the UK to XPO Logistics
- Drinks logistics, food services and retail & technology businesses will be sold; the pharma & healthcare businesses will be retained
- Key figures of the divested business in 2019: Turnover CHF 750 million, earnings for the year CHF 2 million, net assets of approx. CHF 100 million
- Q1 2020: Turnover and earnings for the period with negative impact from Covid-19 on the drinks business, as pubs in the UK are closed since March 21, 2020
- Closing expected in HY2 2020, customary closing conditions and approval from competition authorities



Income Statement

CHF million	2019	2020	Variance	Variance in %			
	Q1	Q1	2020/2019	2020/2019	Growth	Acquisition	Forex ¹
Net turnover	5,237	4,912	(325)	(6.2%)	(2.1%)	0.9%	(5.0%)
Gross profit	1,978	1,878	(100)	(5.1%)	(1.0%)	0.9%	(5.0%)
<i>Gross profit margin</i>	<i>37.8%</i>	<i>38.2%</i>					
EBITDA	418	378	(40)	(9.6%)	(5.5%)	0.7%	(4.8%)
<i>EBITDA margin</i>	<i>8.0%</i>	<i>7.7%</i>					
Depreciation of property, plant & equipment	(48)	(49)					
Depreciation of right-of-use assets	(115)	(134)					
Amortisation of other intangibles	(13)	(11)					
EBIT	242	184	(58)	(24.0%)	(20.2%)	0.3%	(4.1%)
<i>EBIT margin to net turnover</i>	<i>4.6%</i>	<i>3.7%</i>					
<i>Conversion rate</i>	<i>12.2%</i>	<i>9.8%</i>					
EBT	236	182	(54)	(22.9%)	(19.5%)	0.4%	(3.8%)
<i>EBT margin to net turnover</i>	<i>4.5%</i>	<i>3.7%</i>					
Earnings for the period	181	139	(42)	(23.2%)	(19.9%)	0.6%	(3.9%)

¹ Foreign currency translation impact

- FX impact: EUR (5.4%); USD (2.5%); GBP (3.6%); impact on earnings for the period (3.9)%
- GP reduction partly offset by cost reduction



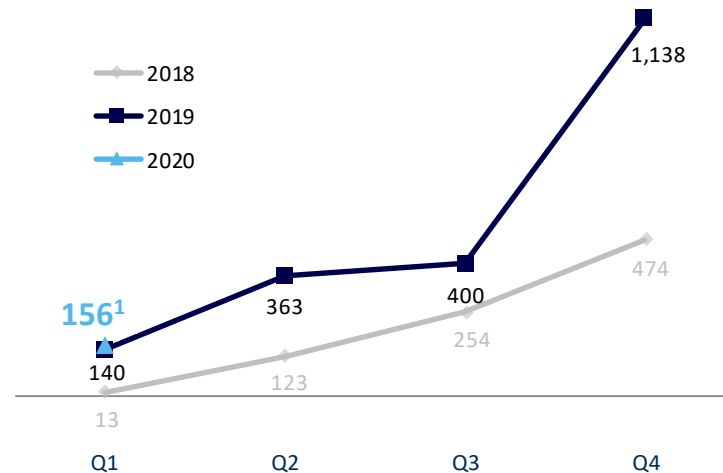
Balance Sheet

CHF million	December 31, 2019	March 31, 2020		December 31, 2019	March 31, 2020
Assets			Liabilities and equity		
Property, plant and equipment	1,089	983	Equity attributable to the equity holders of the parent company	2,316	2,325
Right-of-use assets	1,899	1,649	Non-controlling interests	6	6
Goodwill	1,220	1,178	Total equity	2,322	2,331
Other intangibles	185	179	Non-current lease liabilities	1,432	1,222
Others	228	203	Others	1,142	1,057
Non-current assets	4,621	4,192	Non-current liabilities	2,574	2,279
Assets held for sale	-	415	Trade payables	1,890	1,624
Trade receivables	3,601	3,304	Contract liabilities	74	80
Contract assets	223	201	Liabilities associated to assets held for sale	-	315
Cash and cash equivalents	910	903	Accrued trade expenses/deferred income	1,190	1,100
Others	470	433	Bank and other interest-bearing liabilities	12	28
Current assets	5,204	5,256	Current lease liabilities	510	467
Total assets	9,825	9,448	Others	1,253	1,224
			Current liabilities	4,929	4,838
			Total liabilities and equity	9,825	9,448

Cash

CHF million	Q1 2019	Q1 2020	Variance
Cash and cash equivalents January 1, net	488	904	416
Operational cash flow	419	380	(39)
Changes in working capital	(113)	(208)	(95)
Income taxes paid	(43)	(66)	(23)
Cash flow from operating activities	263	106	(157)
Cash flow from investing activities	(20)	79	99
Cash flow from financing activities	(115)	(174)	(59)
Exchange difference on cash and cash equivalents	8	(27)	(35)
Increase/(decrease) in cash and cash equivalents	136	(16)	(152)
Cash and cash equivalents March 31, net	624	888	264

Free cash flow



¹ FCF reported is CHF 84 million, which includes CHF 72 million from a prepayment of withholding tax, reversal is expected in Q2 2020

The Kuehne + Nagel Group has successfully extended the revolving credit facility of CHF 750 million by one year until 24.04.2023

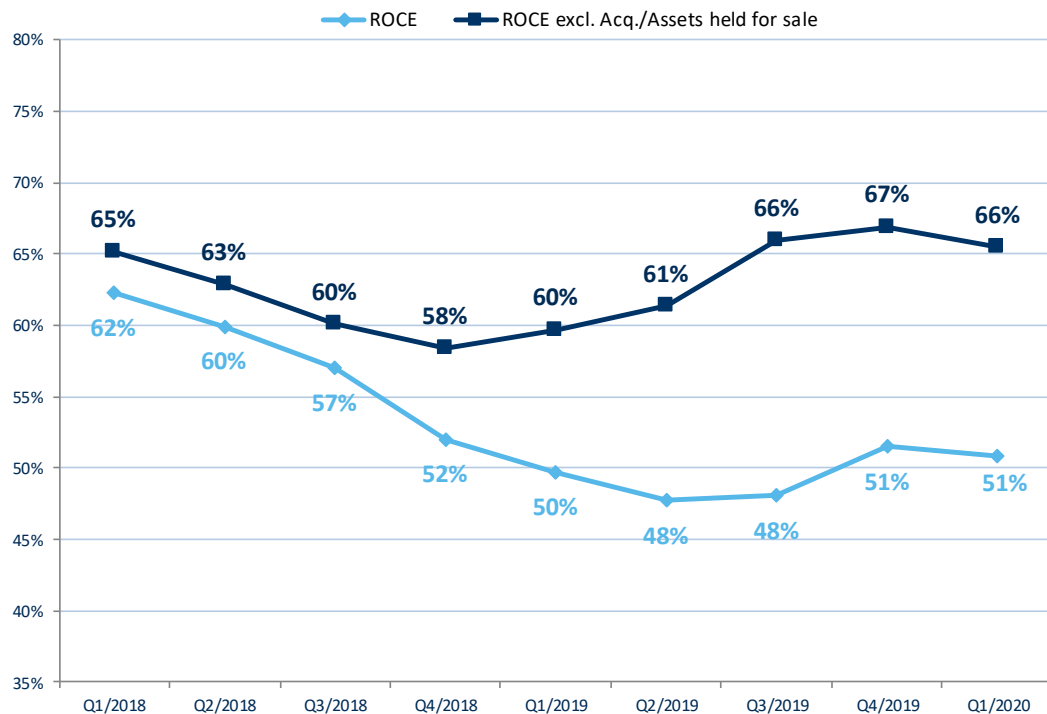
Working Capital



CHF million	March 31, 2019	March 31, 2020	Better/(worse) 2020 vs. 2019
Trade receivables/Contract assets/Work in progress	4,298	3,711	587
Trade payables/Contract liabilities/Accrued trade expenses	(3,157)	(2,798)	(359)
Net working capital	1,141	913	228
KPIs:			
Working capital intensity	4.5%	3.9%¹	0.6%
DSO	57.3	53.9	3.4
DPO	64.5	62.9	(1.6)
Δ	7.2	9.0	1.8

¹ Net working capital intensity excluding contribution from assets held for sale equals 3.8%

Return on capital employed (EBIT)



Calculation: last four quarters EBIT (rolling EBIT) divided by the average of the last four quarters capital employed (rolling capital employed); capital employed: assets and liabilities excluding investments in joint ventures and associates, deferred tax assets and liabilities, income tax receivables and liabilities, borrowings and cash and cash equivalents

- **Mix effect:**

Stronger growth in Contract Logistics leads to higher asset allocation in proportion to Sea and Airfreight


- **Acquisition effect:**

Acquisition impact of one year due to assets added and full EBIT included only after one year

Effect assets held for sale:
Divesture of major part of the UK Contract Logistics business





Financial targets



	YTD Q1 2020	Targets 2022
CHF million		
 GROUP		
Conversion rate	9.8%	16%
ROCE (excl. acquisitions)	66%	70%
Effective tax rate	23.6%	~ 24%
Working capital intensity	3.9%	3.5 - 4.5%
Cash and cash equivalents, net	888	
Capex property, plant and eq.	48	

Assumptions target 2022:

- Conversion rate target based on 2016 business unit mix
- Stable macro-economic environment
- No acquisition impacts considered

	KN Q1 2020	KN 2020	Market 2020
 SEA LOGISTICS			
Volume growth	(6.2)%		
 AIR LOGISTICS			
Volume growth	(9.0)%		
 ROAD LOGISTICS			
Net turnover growth ¹	0.6%		
 CONTRACT LOGISTICS			
Net turnover growth ¹	(1.2)%		

¹ in constant currency

No update provided due to exceptionally high uncertainty



Upcoming events 2020/2021



05.05.2020

Annual General Meeting



07.-21.07.2020
21.07.2020

Close period
Half-year 2020 results



06.-20.10.2020
20.10.2020

Close period
Nine-months 2020 results



04.01.-03.03.2021
03.03.2021

Close period
Full-year 2020 results

Quarter over Quarter 2020/2019



CHF million	2020	2019	Change in	Change in
	Q1	Q1	% Q1	mCHF Q1
1. Sea Logistics				
A) Income Statement				
Turnover	2,235	2,437	(8.3)	(202)
Net Turnover	1,724	1,852	(6.9)	(128)
Gross Profit	344	382	(9.9)	(38)
Opex	(258)	(263)	+1.9	5
EBITDA	86	119	(27.7)	(33)
Depreciation and Amortisation	(7)	(7)	-	-
EBIT	79	112	(29.5)	(33)
B) KPI				
EBIT / GP conversion ratio	23.0%	29.3%		
Volume (TEU's 'ooo)	1,075	1,146	(6.2)	(71)
GROSS PROFIT	320	333	(3.9)	(13)
EXPENSES	(247)	(236)	(4.7)	(11)
EBIT	73	97	(24.7)	(24)
2. Air Logistics				
A) Income Statement				
Turnover	1,285	1,372	(6.3)	(87)
Net turnover	1,091	1,170	(6.8)	(79)
Gross Profit	307	326	(5.8)	(19)
Opex	(225)	(233)	+3.4	8
EBITDA	82	93	(11.8)	(11)
Depreciation and Amortisation	(11)	(13)	+15.4	2
EBIT	71	80	(11.3)	(9)
B) KPI				
EBIT / GP conversion ratio	23.1%	24.5%		
Volume (TON's 'ooo)	372	409	(9.0)	(37)
GROSS PROFIT	83	80	+3.8	3
EXPENSES	(64)	(60)	(6.7)	(4)
EBIT	19	20	(5.0)	(1)

Quarter over Quarter 2020/2019



CHF million	2020 Q1	2019 Q1	Change in % Q1	Change in mCHF Q1
3. Road Logistics				
A) Income Statement				
Turnover	975	1,037	(6.0)	(62)
Net Turnover	863	901	(4.2)	(38)
Gross Profit	281	285	(1.4)	(4)
Opex	(249)	(249)	-	-
EBITDA	32	36	(11.1)	(4)
Depreciation and Amortisation	(15)	(12)	(25.0)	(3)
EBIT	17	24	(29.2)	(7)
B) KPI				
EBITDA / Net turnover	3.7%	4.0%		
EBIT / GP conversion rate	6.0%	8.4%		
EBIT / Net turnover	2.0%	2.7%		
4. Contract Logistics				
A) Income Statement				
Turnover	1,365	1,477	(7.6)	(112)
Net turnover	1,234	1,314	(6.1)	(80)
Gross Profit	946	985	(4.0)	(39)
Opex	(768)	(815)	+5.8	47
EBITDA	178	170	+4.7	8
Depreciation and Amortisation	(161)	(144)	(11.8)	(17)
EBIT	17	26	(34.6)	(9)
B) KPI				
EBITDA / Net turnover	14.4%	12.9%		
EBIT / GP conversion rate	1.8%	2.6%		
EBIT / Net turnover	1.4%	2.0%		

Quarter over Quarter 2020/2019



CHF million	2020 Q1	2019 Q1	Change in % Q1	Change in mCHF Q1
5. Kuehne + Nagel Group				
A) Income Statement				
Turnover	5,860	6,323	(7.3)	(463)
Customs duties and taxes	(948)	(1,086)	+12.7	138
Net Turnover	4,912	5,237	(6.2)	(325)
Net expenses for services from 3rd parties	(3,034)	(3,259)	+6.9	225
Gross Profit	1,878	1,978	(5.1)	(100)
Opex	(1,500)	(1,560)	+3.8	60
EBITDA	378	418	(9.6)	(40)
Depreciation and Amortisation	(194)	(176)	(10.2)	(18)
EBIT	184	242	(24.0)	(58)
Result from finance and associates	(2)	(6)	(66.7)	4
EBT	182	236	(22.9)	(54)
Income tax	(43)	(55)	+21.8	12
Earnings for the period	139	181	(23.2)	(42)
Non-controlling interests	(1)	(1)		-
Net Earnings	138	180	(23.3)	(42)
B) KPIs				
EBIT / GP conversion rate	9.8%	12.2%		
GP / Net turnover	38.2%	37.8%		
EBITDA / Net turnover	7.7%	8.0%		
EBIT / Net turnover	3.7%	8.0%		
EBT / Net turnover	3.7%	4.6%		
Earnings for the period / Net turnover	2.8%	4.5%		



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