

PRESS INFO

Kuehne+Nagel Group

Kuehne+Nagel with higher profit in the third quarter of 2020

- **Strong improvement in key operating figures**
- **Strict cost management drove earnings growth**
- **Improved market environment supported Q3 performance**
- **Free cash flow strengthened**
- **Group ready for potential distribution of Covid-19 vaccines**

Kuehne+Nagel Group CHF million	9M 2020	9M 2019	Δ	Q3 2020	Q3 2019	Δ
Net turnover	14,839	15,838	-6.3%	5,031	5,238	-4.0%
Gross profit	5,516	5,989	-7.9%	1,866	1,974	-5.5%
Operating result (EBITDA)	1,399	1,341	4.3%	600	472	27.1%
EBIT	790	794	-0.5%	371	283	31.1%
Earnings for the period	575	598	-3.8%	266	214	24.3%
Free Cash Flow	811	617	31.4%	428	254	68.5%

Schindellegi / CH, October 20, 2020 – The Kuehne+Nagel Group demonstrated profitable growth in the third quarter of 2020, following a first half year marked by the coronavirus pandemic. On a currency-adjusted basis, the company significantly improved key operating figures in the third quarter.

Net turnover for the first nine months amounted to CHF 14.8 billion and EBIT to CHF 790 million. Currency fluctuations had a significant negative impact on both net turnover (-5.7%) and EBIT (-5.9%) for the first nine months. Free Cash Flow increased by 31.4% in the first nine months.

Dr. Detlef Trefzger, CEO of Kuehne + Nagel International AG, said: "With our motivated team, we are ready for further growth together with our customers, especially in the pharma & healthcare and e-commerce sectors. Even though we expect considerable uncertainties in the coming months, we are well prepared".

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Kuehne+Nagel is ready for distribution of Covid-19 vaccines

- Kuehne+Nagel is prepared to serve distribution services for Covid-19 vaccines, test kits and related materials
- The multimodal pharma & healthcare network with over 230 certified sites worldwide forms the basis
- The first contracts related to Covid-19 vaccine production were signed in Contract Logistics
- Distribution by Air and Road Logistics is expected to start in 2021 (subject to product approval)
- It is currently estimated that between 11 and 15 billion* vaccine doses may be needed globally

*Seabury Consulting Capacity Tracking Database (September 2020)

Sea Logistics

<i>CHF million</i>	9M 2020	9M 2019	Δ	Q3 2020	Q3 2019	Δ
Net turnover	5,163	5,633	-8.3%	1,777	1,894	-6.2%
Gross profit	1,051	1,173	-10.4%	378	391	-3.3%
EBIT	304	357	-14.8%	137	122	+12.3%

In the third quarter of 2020, the earnings development in Sea Logistics reflected a very positive reversal of trend compared to the first half of the year. The improvement is due to the recovery of demand from SME customers and the increase in imports to Europe and North America from Asia.

In the third quarter of 2020, container volume rose by 10.4% to 1.2 million TEUs compared to the second quarter. The unit's net turnover amounted to almost CHF 1.8 billion and EBIT improved by 12.3% year-on-year to CHF 137 million. The conversion rate reached 36.2%.

Process optimisation via local Customer Care Locations and central Operational Care Centres supported effective cost management and the future expansion of Kuehne+Nagel's leading market position.

Air Logistics

<i>CHF million</i>	9M 2020	9M 2019	Δ	Q3 2020	Q3 2019	Δ
Net turnover	3,703	3,503	5.7%	1,243	1,143	8.7%
Gross profit	957	997	-4.0%	315	329	-4.3%
EBIT	350	263	33.1%	169	89	89.9%
EBIT adjusted*	287	263	9.1%	106	89	19.1%

*adjusted for a positive one-off impact of net CHF 63 million in Q3 2020 due to early settlement of the contingent consideration of an acquisition in 2018.

Improved market conditions in the third quarter of 2020, including the automotive sector and perishable goods, led to a greater than normal seasonal uplift in Air Logistics volumes versus the second quarter. Crisis goods, on the other hand, increasingly shifted to alternative transport routes.

At 354,000 tonnes, air freight volume in the third quarter was 12.8% lower than in the same period of the previous year, while net turnover increased by 8.7% to CHF 1.2 billion and EBIT by 89.9% to CHF 169 million. This includes a positive one-off impact of net CHF 63 million due to early settlement of the contingent consideration of an acquisition from 2018.

In September 2020, Air Logistics opened new pharma hubs in Brussels and Johannesburg with direct tarmac access. The even faster handling of goods and the guarantee of product integrity will provide customers with considerable added value, especially for temperature-sensitive vaccines.

Road Logistics

<i>CHF million</i>	9M 2020	9M 2019	Δ	Q3 2020	Q3 2019	Δ
Net turnover	2,380	2,682	-11.3%	796	862	-7.7%
Gross profit	812	846	-4.0%	274	269	1.9%
EBIT	38	62	-38.7%	12	17	-29.4%

The third quarter of 2020 was characterised by a significant increase in shipments in the Road Logistics business unit versus the previous quarter. In particular, demand for domestic transport capacities in European countries reached pre-crisis levels. In North America, demand for all product segments – with the exception of pharma & healthcare and e-commerce – remained significantly below the previous year's level; however, an initial market revival has been evident since September.

The business unit's net turnover decreased to CHF 796 million in the third quarter and EBIT was down to CHF 12 million. The continued very

weak demand for expo and event logistics had a significant negative impact on the result.

Kuehne+Nagel is preparing – together with its customers – for the future customs clearance (export and import) between the EU and the UK with a digital solution ("Your Easy Brexit Solution").

Contract Logistics

<i>CHF million</i>	9M 2020	9M 2019	Δ	Q3 2020	Q3 2019	Δ
Net turnover	3,593	4,020	-10.6%	1,215	1,339	-9.3%
Gross profit	2,696	2,973	-9.3%	899	985	-8.7%
EBIT	98	112	-12.5%	53	55	-3.6%

Market share gains in pharma & healthcare services and in e-commerce fulfilment as well as stringent cost management led to a significant improvement in earnings in Contract Logistics in the third quarter of 2020 compared to the second quarter.

The business unit's net turnover in the third quarter was CHF 1.2 billion and EBIT was CHF 53 million. Adjusted for extraordinary income in the third quarter of 2019 and 2020 from real estate sales of CHF 21 million, and CHF 4 million respectively, EBIT increased by 44%.

The business unit is continuing to expand its e-commerce fulfilment activities which are driving a significant proportion of new business wins. In Sweden, for example, Kuehne+Nagel will operate a new distribution centre for Amazon.

About Kuehne+Nagel

With over 78,000 employees at 1,400 locations in over 100 countries, the Kuehne+Nagel Group is one of the world's leading logistics companies. Its strong market position lies in Sea Logistics, Air Logistics, Road Logistics and Contract Logistics, with a clear focus on integrated logistics solutions.