



Kuehne + Nagel International AG

Analyst Call – Half-Year 2010 Results

July 19, 2010 (CET 14.00)

Schindellegi, Switzerland



Agenda

- Highlights Half-Year 2010 Gerard van Kesteren
- Operating Review Half-Year 2010 Reinhard Lange
- Financial Review Half-Year 2010 Gerard van Kesteren
- Full-Year Outlook 2010 Reinhard Lange



Highlights Half-Year 2010



Highlights Half-Year 2010

- Strong volume growth above market average in all business units
- Continued increases in Seafreight and Airfreight rates impacting margin
- Since March 2010 positive EBITA contribution in Road & Rail Logistics
- Further reduction of idle space in Contract Logistics, profitability impacted by new start-up's
- Expansion of working capital due to volume growth, rate increases and deteriorating of DPO
- Substantially lower Capex
- Effective tax rate 21% sustainable
- Accelerated negative forex impact in Q2; will continue impacting on 2010 results minus 4%



Income Statement January to June

CHF million					Q2 2010/2009	
	2009	2010	Variance	Excl. Forex	Variance	Excl. Forex
Invoiced turnover	8'498	9'849	15.9%	17.7%	24.7%	27.7%
Gross profit	2'929	2'961	1.1%	3.7%	2.3%	6.1%
<i>Gross profit margin</i>	34.5%	30.1%				
Total expenses	(2'463)	(2'486)				
EBITDA	466	475	1.9%	4.5%	4.7%	7.1%
<i>EBITDA margin</i>	5.5%	4.8%				
Depreciation of property, plant and equipment	(94)	(83)				
EBITA	372	392	5.4%	7.8%	19.5%	23.3%
<i>EBITA margin</i>	4.4%	4.0%				
Amort. & Impairment of goodwill / intangibles	(45)	(35)				
EBIT	327	357	9.2%	11.6%	15.9%	18.3%
<i>EBIT margin</i>	3.8%	3.6%				
Financial Result / Joint ventures	10	1				
EBT	337	358	6.2%	8.6%	13.0%	15.4%
<i>EBT margin</i>	4.0%	3.6%				
Tax	(78)	(75)				
Earnings for the period	259	283	9.3%	11.6%	16.0%	18.3%
Net earnings for the period	258	281	8.9%	11.2%	15.4%	17.7%

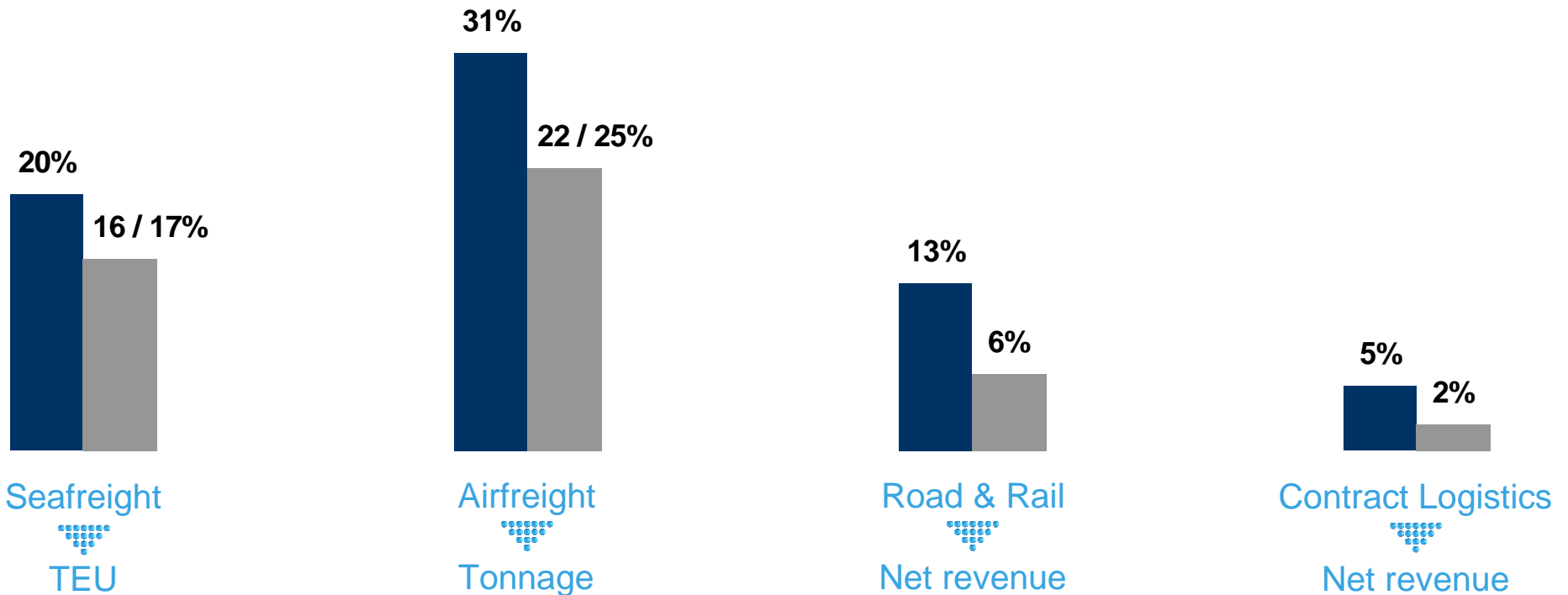


Operating Review Half-Year 2010



Economic Development and Market Dynamics

Volume Development Half-Year 2010



■ Kuehne + Nagel
 ■ Market (Kuehne + Nagel estimate)



Segment Reporting by Business Unit January to June

	Invoiced Turnover			Gross profit			EBITDA		
	2009	2010	Variance %	2009	2010	Variance %	2009	2010	Variance %
<i>CHF million</i>									
Seafreight	3'731	4'305	15.4%	607	591	(2.6%)	204	204	-
Airfreight	1'328	1'940	46.1%	324	359	10.8%	98	105	7.1%
Road & Rail Logistics	1'225	1'370	11.8%	409	423	3.4%	19	29	52.6%
Contract Logistics	2'153	2'165	0.6%	1'568	1'566	(0.1%)	100	92	(8.0%)
Insurance Brokers/ Real Estate	61	69	13.1%	21	22	4.8%	45	45	-
Total Group	8'498	9'849	15.9%	2'929	2'961	1.1%	466	475	1.9%



Performance of Business Unit **Seafreight** January to June

<i>CHF million</i>	2009	2010	Variance	Excl. Forex
Invoiced turnover	3'731	4'305	15.4%	16.0%
Gross profit	607	591	(2.6%)	(1.6%)
EBITDA	204	204	-	-
EBIT	184	190	3.3%	4.3%
EBITDA / Turnover margin	5.5%	4.7%		
EBIT / Turnover margin	4.9%	4.4%		
EBIT / GP margin	30.3%	32.1%		
Volume Growth	(11.2%)	20.0%		



- Freight rates substantially up in first semester 2010, resulting in margin pressure. Rates and margin expected to stabilise in Q4 2010.
- Productivity at record level; higher amount of FTE to be expected to operate increased volumes.



Performance of Business Unit **Airfreight** January to June

<i>CHF million</i>	2009	2010	Variance	Excl. Forex
Invoiced turnover	1'328	1'940	46.1%	47.5%
Gross profit	324	359	10.8%	12.7%
EBITDA	98	105	7.1%	10.2%
EBIT	89	97	9.0%	11.2%
EBITDA / Turnover margin	7.4%	5.4%		
EBIT / Turnover margin	6.7%	5.0%		
EBIT / GP margin	27.5%	27.0%		
Volume Growth	(19.0%)	31.0%		



- Highest ever volume per quarter in Q2 2010.
- Pressure on margin due to tight space.
- Highest productivity.



Performance of Business Unit Road & Rail Logistics January to June

<i>CHF million</i>	2009	2010	Variance	Excl. Forex
Invoiced turnover	1'225	1'370	11.8%	15.8%
Net invoiced turnover	1'153	1'261	9.4%	13.3%
Gross profit	409	423	3.4%	7.8%
EBITDA	19	29	52.6%	63.2%
EBITA	(2)	11	-	-
EBIT	(16)	-	-	-
EBITDA / Turnover margin	1.6%	2.1%		
EBIT / Turnover margin	(1.3%)	-		

- Accelerated volume growth in Q2 2010.
- Further strengthening of European Network.



Performance of Business Unit **Contract Logistics** January to June

<i>CHF million</i>	2009	2010	Variance	Excl. Forex
Invoiced turnover	2'153	2'165	0.6%	3.7%
Net invoiced turnover	2'062	2'094	1.6%	4.7%
Gross profit	1'568	1'566	(0.1%)	2.9%
EBITDA	100	92	(8.0%)	(3.0%)
EBITA	25	26	4.0%	-
EBIT	36	38	5.6%	13.9%
EBITDA / Turnover margin	4.6%	4.2%		
EBIT / Turnover margin	1.7%	1.8%		

- Further reduction of idle space.
- Additional start-up's impacting EBITDA development.



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 delayed to second semester 2010.
- Received statement of objections from EU anti-trust authorities:
 - First hearing finished in first week of July 2010.
 - Not possible to reliably estimate a potential financial impact.
 - No provision included in the Income Statement first semester 2010.



Financial Review Half-Year 2010



Financial Overview

January to June

<i>CHF million</i>	2009	2010
Gross Profit	2'929	2'961
EBITDA	466	475
Earnings for the period	258	281
Cash & Cash Equivalents	639	792
<i>Per share CHF</i>		
EPS (basic)	2,19	2,38
Equity % Total Assets	37,6	37,2
Operational Cash Flow	445	472
Capex	164	58



Balance Sheet

<i>CHF million</i>	Jun. 30, 2010	Dec. 31, 2009	Jun. 30, 2009
Assets			
Property, plant and equipment	1'179	1'301	1'321
Goodwill	644	681	701
Other intangibles	225	273	329
Investments in joint ventures	11	11	11
Deferred tax assets	175	190	205
Non-current assets	2'234	2'456	2'567
Prepayments	144	92	161
Work in progress	270	224	185
Trade receivables	2'359	2'004	1'933
Other receivables	185	176	158
Cash and cash equivalents	802	981	686
Asset held for sale	-	-	-
Current assets	3'760	3'477	3'123
Total assets	5'994	5'933	5'690

<i>CHF million</i>	Jun. 30, 2010	Dec. 31, 2009	Jun. 30, 2009
Liabilities and equity			
Share capital	120	120	120
Reserves and retained earnings	1'815	1'693	1'754
Earnings for the period	281	467	258
Equity attributable to the equity holders of the parent company	2'216	2'280	2'132
Non-controlling interests	13	10	9
Total equity	2'229	2'290	2'141
Provision for pension plans and severance payment	280	307	270
Deferred tax liabilities	205	220	235
Bank liabilities	1	1	17
Finance lease obligations	116	107	170
Non-current provisions	65	71	72
Non-current liabilities	667	706	764
Bank and other interest bearing liabilities	10	55	48
Trade payables	1'146	1'123	989
Accrued trade expenses / deferred income	1'046	856	848
Current tax liabilities	121	102	114
Provisions	86	87	60
Other liabilities	689	714	726
Current liabilities	3'098	2'937	2'785
Total liabilities and equity	5'994	5'933	5'690



Cash Flow Statement January to June

<i>CHF million</i>	2010	2009	Variance
Operational cash flow	472	445	27
Changes in working capital	(254)	48	(302)
Income taxes paid	(70)	(108)	38
Cash flow from operating activities	148	385	(237)
Cash flow from investing activities	(39)	(425)	386
Cash flow from financing activities	(288)	(354)	66
Exchange difference on cash and cash equivalents	-	15	(15)
Increase/(decrease) in cash and cash equivalents	(179)	(379)	200
Cash and cash equivalents at the beginning of the period, net	971	1'018	(47)
Cash and cash equivalents at the end of the period, net	792	639	153



Development of Working Capital

<i>CHF million</i>	Dec 2008	Jun 2009	Dec 2009	Jun 2010
Trade receivables & Work in progress	2'483	2'212	2'300	2'702
Trade payables & Accrued trade expenses	(1'893)	(1'725)	(1'844)	(2'024)
Net Working Capital	590	487	456	678
Turnover (annualised)	21'599	16'996	17'406	19'698
in % of annualised Turnover	2.7%	2.9%	2.6%	3.4%
KPI				
DSO	37.6	43.4	40.6	41.7
DPO	44.0	57.1	53.9	49.8
Work in progress	4.7	4.6	4.8	4.9

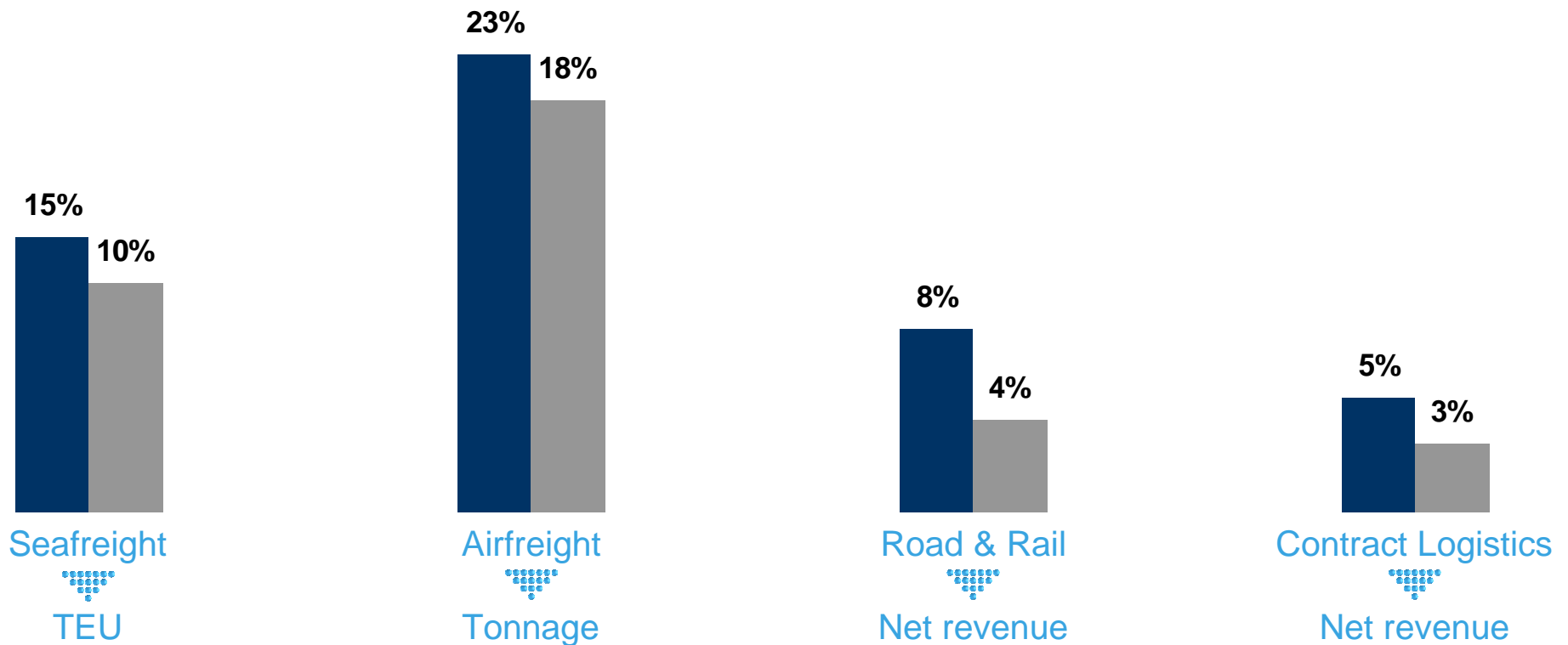
➤ Expansion of working capital due to volume growth and rate increases



Full-Year Outlook 2010



Outlook Full-Year 2010 – Volume Growth



➤ Substantial improvement of net earnings over 2009

- Kuehne + Nagel targets 2010
- Market estimate 2010



Thank you for your attention.



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