



# Kuehne + Nagel International

Analyst Conference – Result 2007

March 10, 2008

Zürich, Switzerland



**Klaus Herms, CEO**

**Reinhard Lange, Deputy CEO**

**Gerard van Kesteren, CFO**



## Agenda

- Welcome and Highlights 2007 Gerard van Kesteren
- Operating Review 2007 Reinhard Lange
- Financial Review 2007 Gerard van Kesteren
- Outlook 2008 Klaus Herms



## Agenda

- **Welcome and Highlights 2007** Gerard van Kesteren
- Operating Review 2007 Reinhard Lange
- Financial Review 2007 Gerard van Kesteren
- Outlook 2008 Klaus Herms



## Global Logistics Network



- Over 50'000 employees
- 830 locations in more than 100 countries
- Ownership of the global network
- Non-asset based in Seafreight, Airfreight and Road & Rail Logistics
- Contract Logistics: 10% of locations company owned out of 500 locations in 55 countries; 13% of 7 million sqm



## Key events Kuehne + Nagel 2007

### Business

- Strong double digits organic growth in all Business Fields



- Improved EBITDA margin to record high of 4.8%
- Leverage effect in Seafreight & Airfreight continued
- Strong organic growth through cross-selling in Road & Rail Logistics / Contract Logistics
- EBITDA growth of 18%

### Finance

- Capex below target and last year
- Net working capital at record low level of 2.9% of annual Invoiced turnover
- Tax rate 24%





# Income Statement

*CHF million*

	2005	2006	2007	Variance 2006/2007
<b>Invoiced turnover</b>	<b>14'049</b>	<b>18'194</b>	<b>20'975</b>	<b>15%</b>
Forwarding expenses	(11'280)	(12'942)	(14'961)	
<b>Gross profit</b>	<b>2'769</b>	<b>5'253</b>	<b>6'014</b>	<b>14%</b>
<i>Gross profit-Margin</i>	19.7%	28.9%	28.7%	
Total expenses	(2'208)	(4'397)	(5'002)	
<b>EBITDA</b>	<b>561</b>	<b>855</b>	<b>1'012</b>	<b>18%</b>
<i>EBITDA-Margin</i>	4.0%	4.7%	4.8%	
Depr. / Amort. Intangibles	(108)	(248)	(269)	
Impairment Goodwill/Intangibles	(25)	(6)	(57)	
<b>EBIT</b>	<b>429</b>	<b>601</b>	<b>686</b>	<b>14%</b>
<i>EBIT-Margin</i>	3.1%	3.3%	3.3%	
Financial Result / Joint Ventures	17	1	15	
<b>EBT</b>	<b>446</b>	<b>601</b>	<b>700</b>	<b>16%</b>
<i>EBT-Margin</i>	3.2%	3.3%	3.3%	
Tax	(128)	(142)	(167)	
<b>Earnings after tax</b>	<b>318</b>	<b>459</b>	<b>533</b>	<b>16%</b>
Minority interest	(3)	(1)	(2)	
<b>Net Earnings for the year</b>	<b>315</b>	<b>458</b>	<b>531</b>	<b>16%</b>



## Segment Reporting by Business Unit

*in CHF million*

	Turnover		%	Gross Profit		%	EBITDA		%	Volume Δ
	2006	2007		2006	2007		2006	2007		
- Seafreight	8'306	9'642	16%	1'138	1'270	12%	373	425	14%	+15%
- Airfreight	3'386	3'719	10%	599	698	16%	166	218	32%	+14%
- Road & Rail Logistics	2'474	2'821	14%	458	515	12%	37	33	(11%)	+14%
- Contract Logistics	3'916	4'666	19%	3'019	3'490	16%	188	242	28%	+19%
- Real Estate & Insurance Brokers	112	128	14%	38	41	6%	91	95	4%	-
<b>Total Group</b>	<b>18'194</b>	<b>20'975</b>	<b>15%</b>	<b>5'253</b>	<b>6'014</b>	<b>14%</b>	<b>855</b>	<b>1'012</b>	<b>18%</b>	<b>+15%</b>





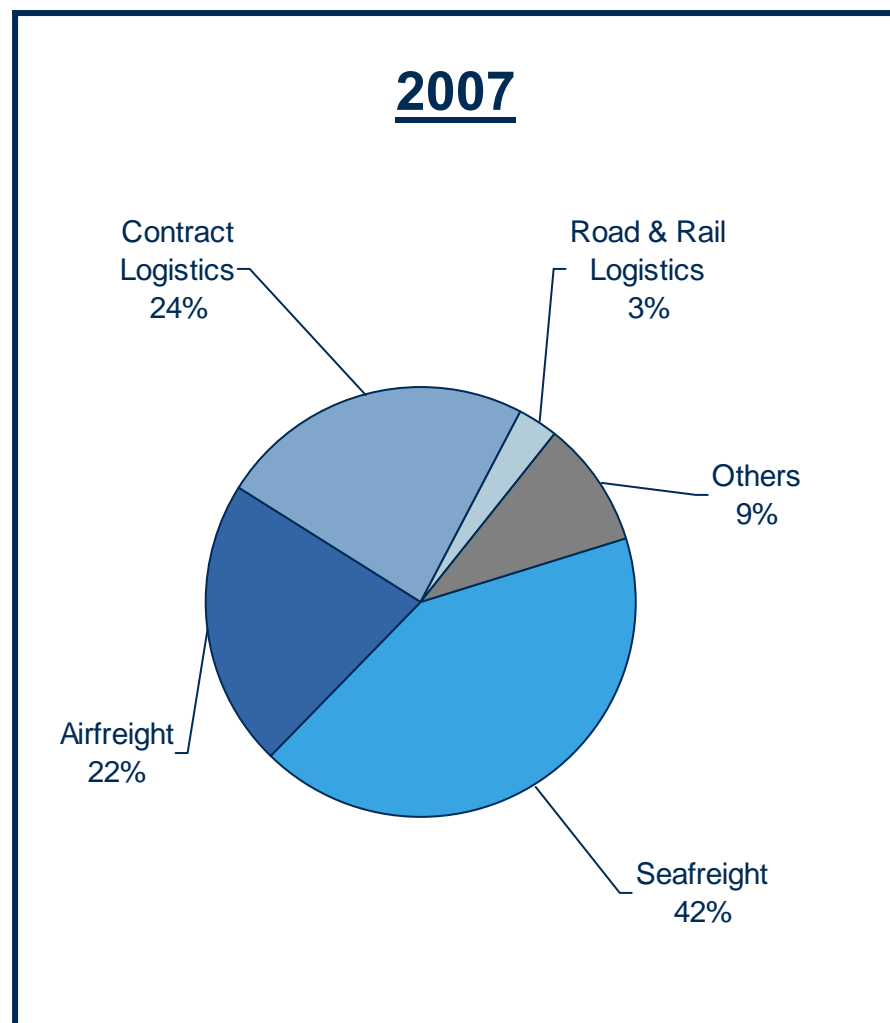
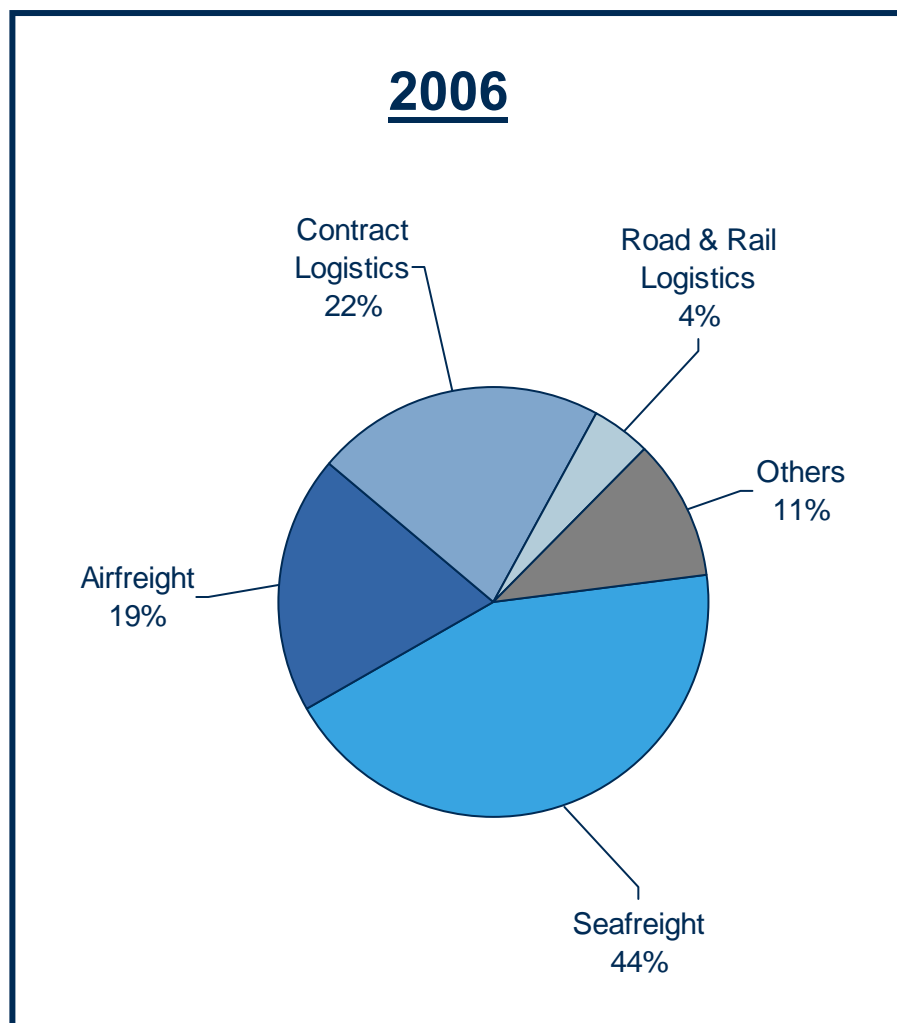
## EBITDA Development per Business Unit

*in CHF million*

	2006	2007	Variance
Seafreight	373	425	52
Airfreight	166	218	52
Road & Rail Logistics	37	33	(4)
Contract Logistics	188	242	54
Real Estate / Insurance Brokers	91	95	4
<b>TOTAL Group</b>	<b>855</b>	<b>1'012</b>	<b>157</b>

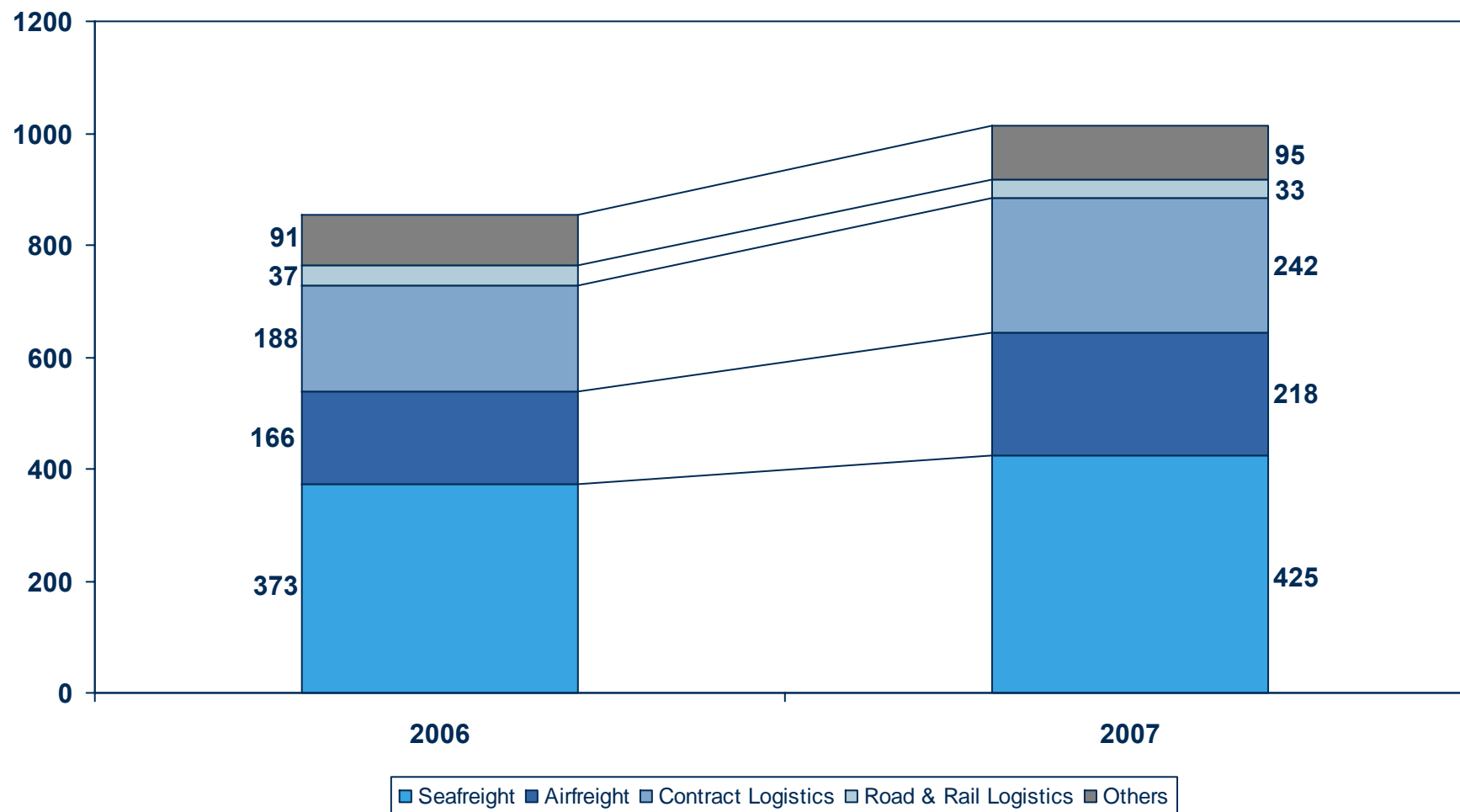


## EBITDA per Business Unit





## EBITDA per Business Unit





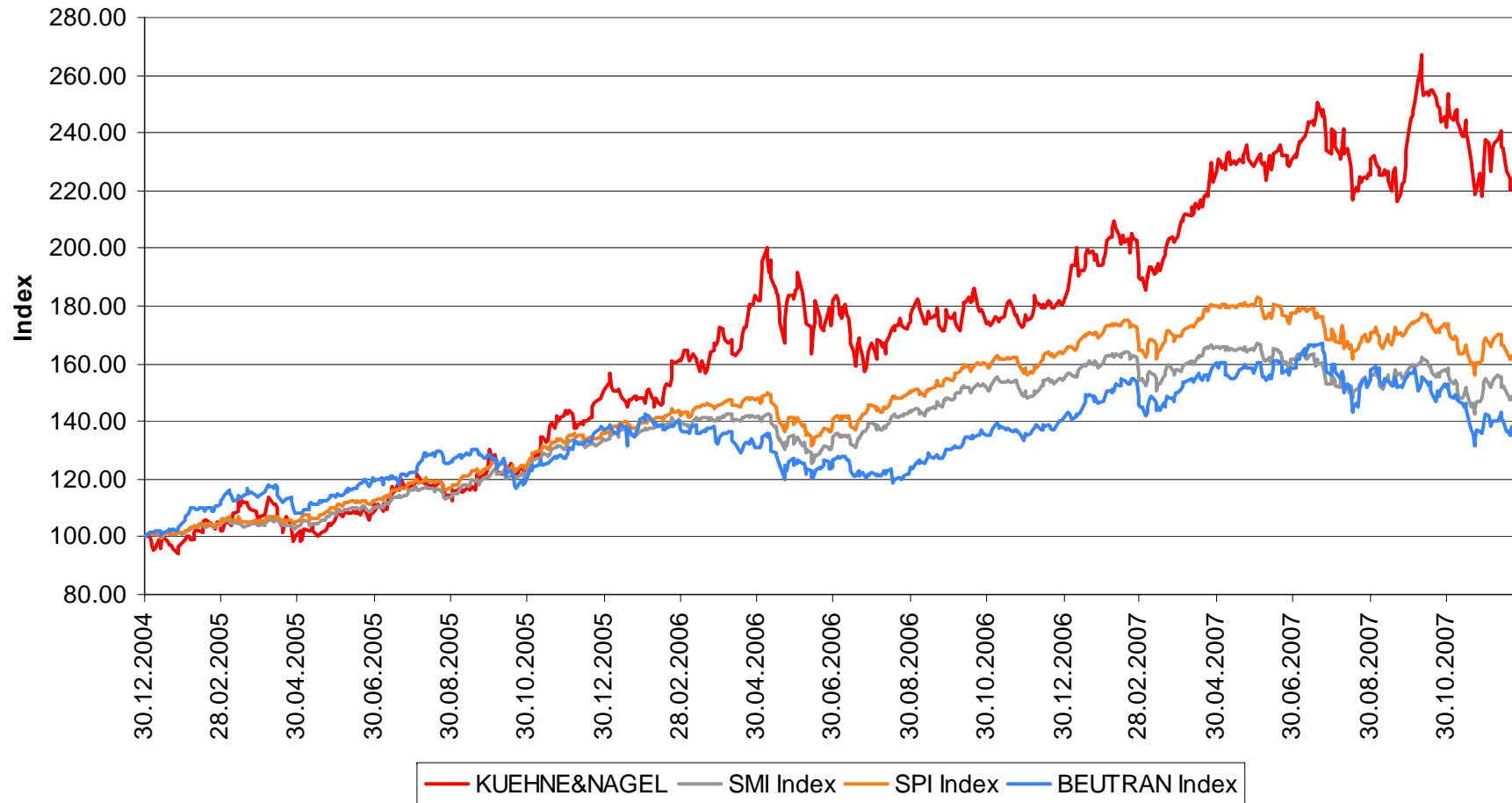
## Highlights 2007

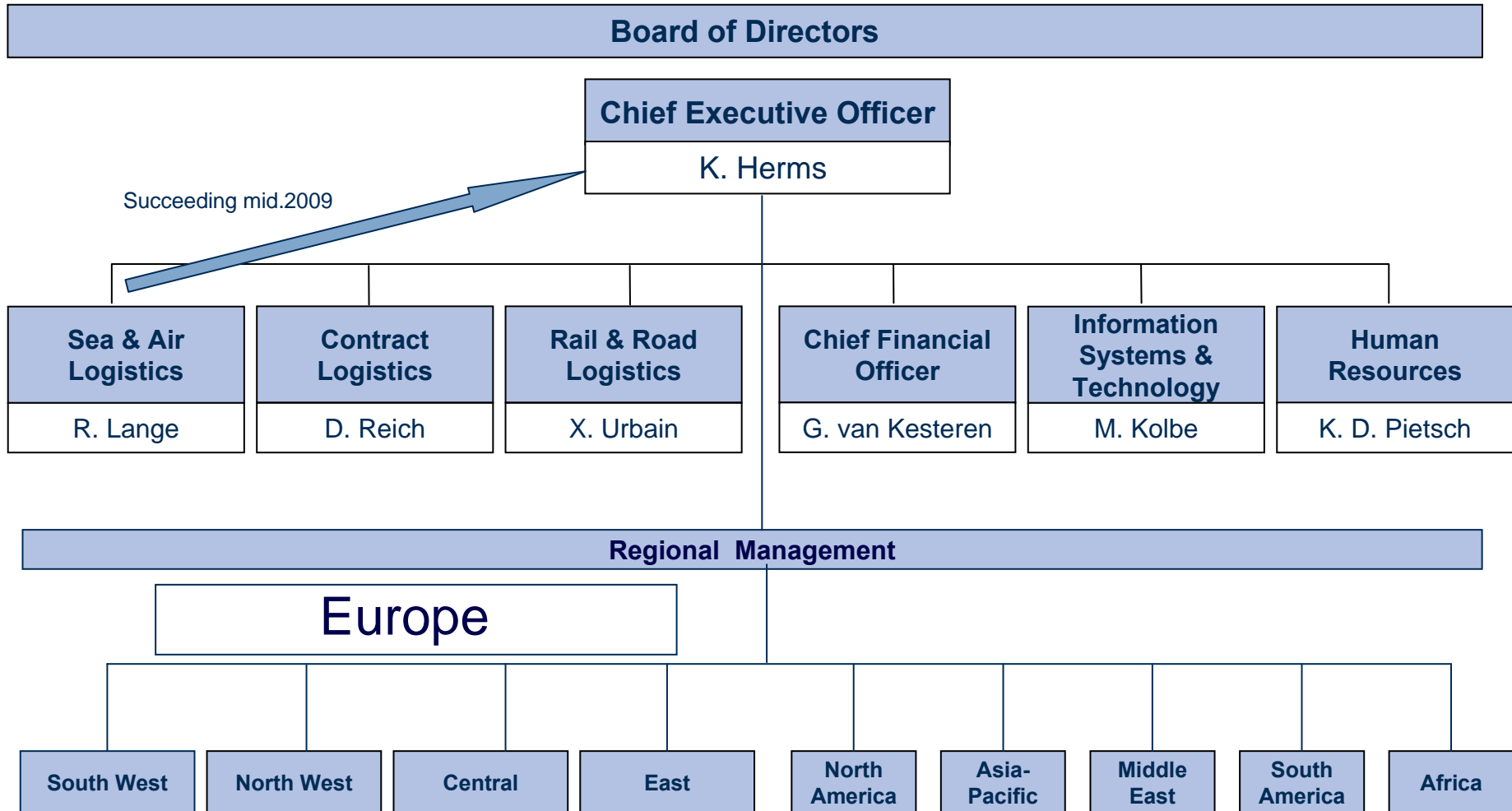
<u>CHF million</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
- Gross Profit	2'769	5'253	6'014
- EBITDA	561	855	1'012
- Net earnings	315	458	531
- Cash & Cash Equivalents	1'125	600	812
<b><u>Per share</u></b>			
- EPS (basic)	2.87	3.90	4.50
- Dividend	1.10	1.50	1.90
Equity % Total assets	37.9	34.6	36.7
Operational Cash Flow	575	857	1043



# Development Share Price Kuehne + Nagel 2005 - 2007

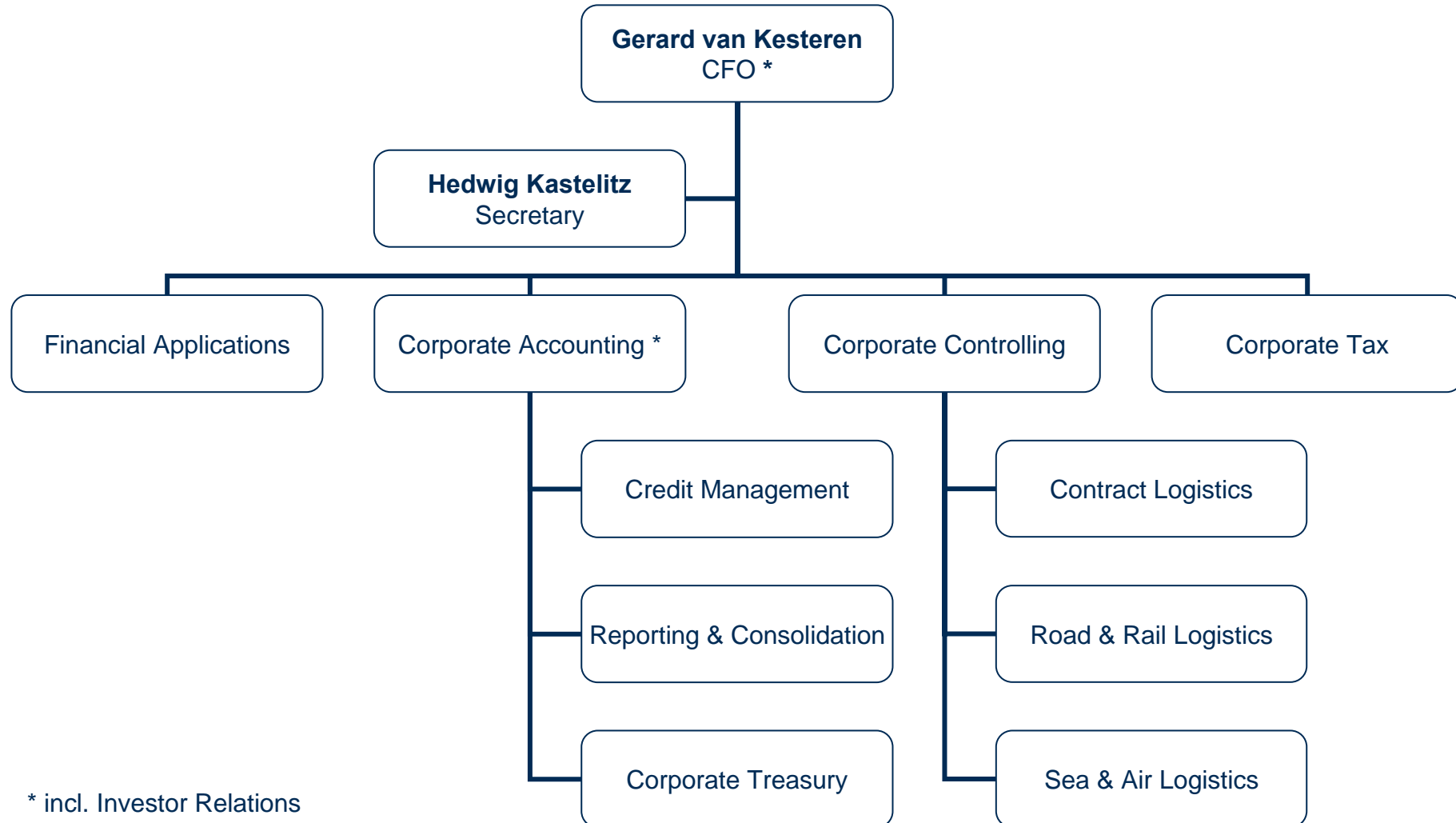
**KUEHNE & NAGEL Namen vs. SMI, SPI and Bloomberg Europe Transportation Index**







# Organisation Chart Corporate Finance 01.01.2008



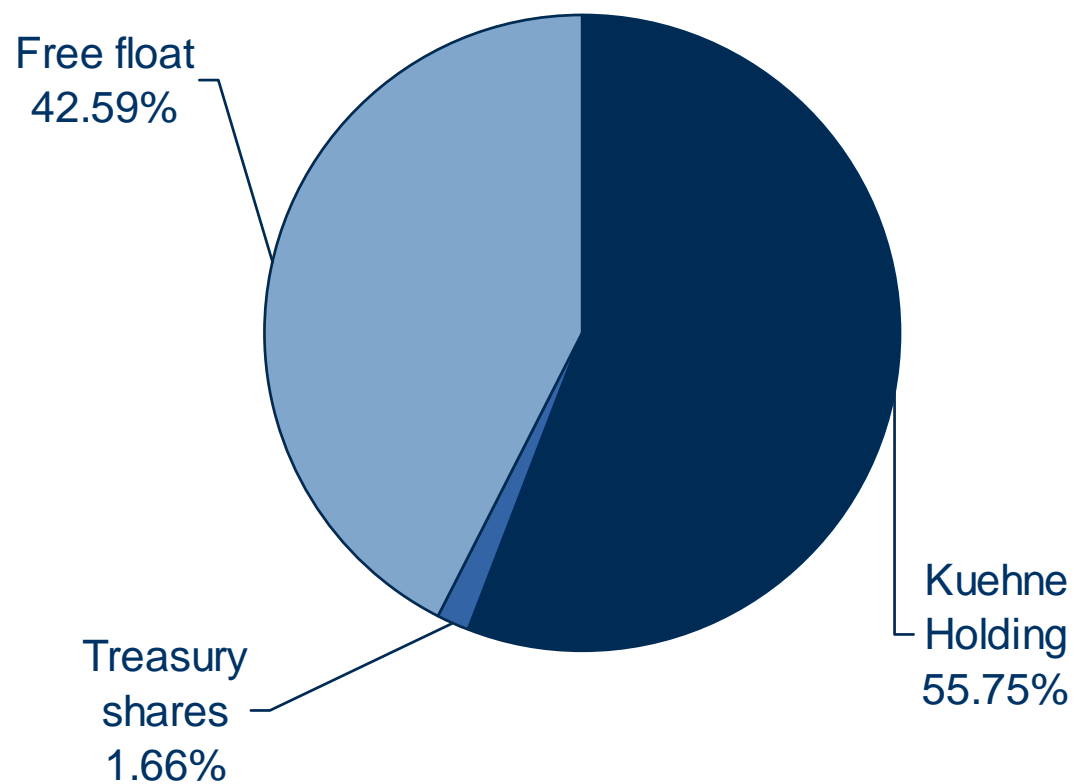
\* incl. Investor Relations





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## Shareholders Structure Kuehne + Nagel December 31, 2007





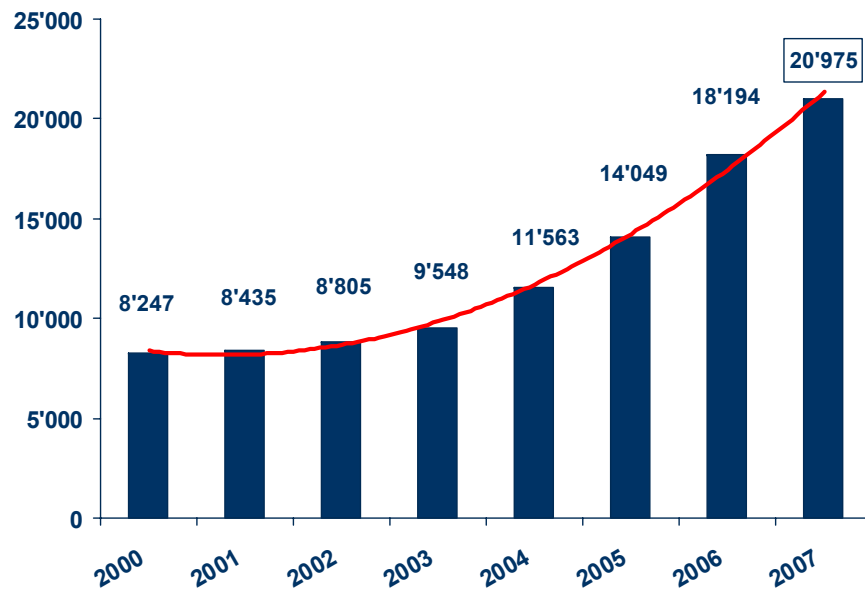
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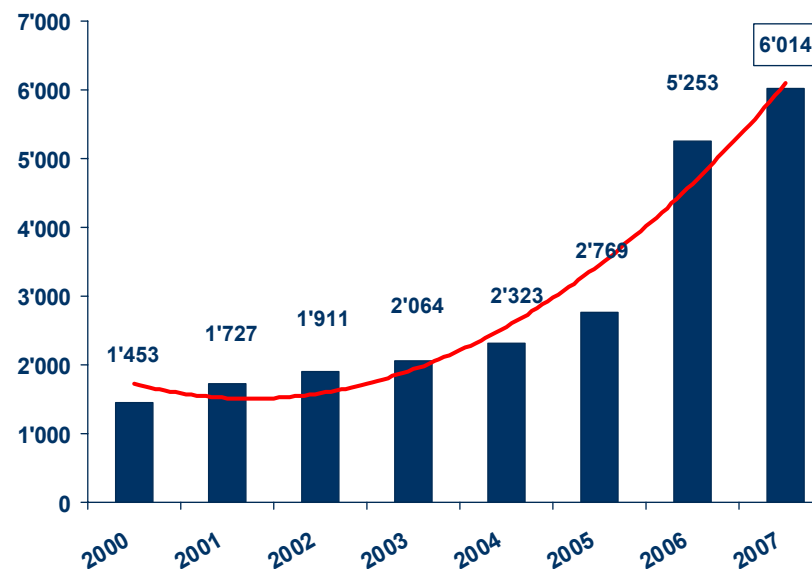


Financial Performance 2000 – 2007 (in CHF million)

Turnover



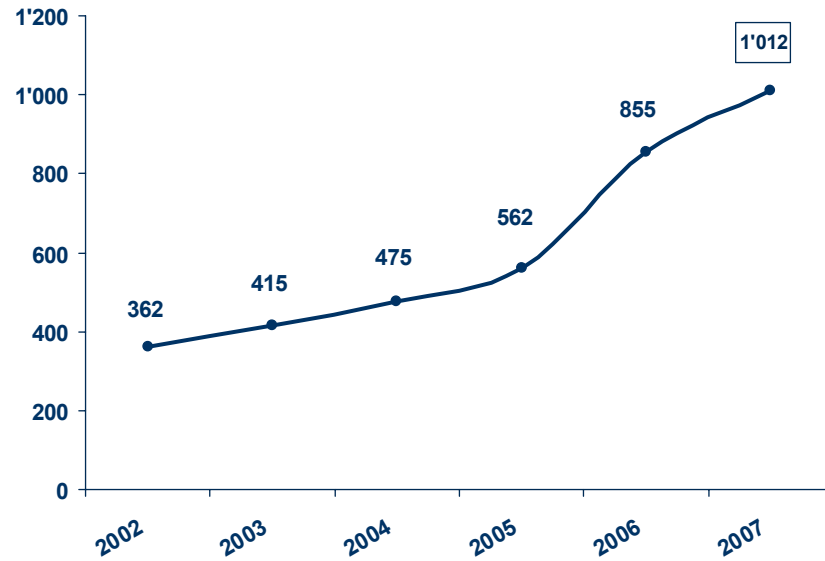
Gross Profit



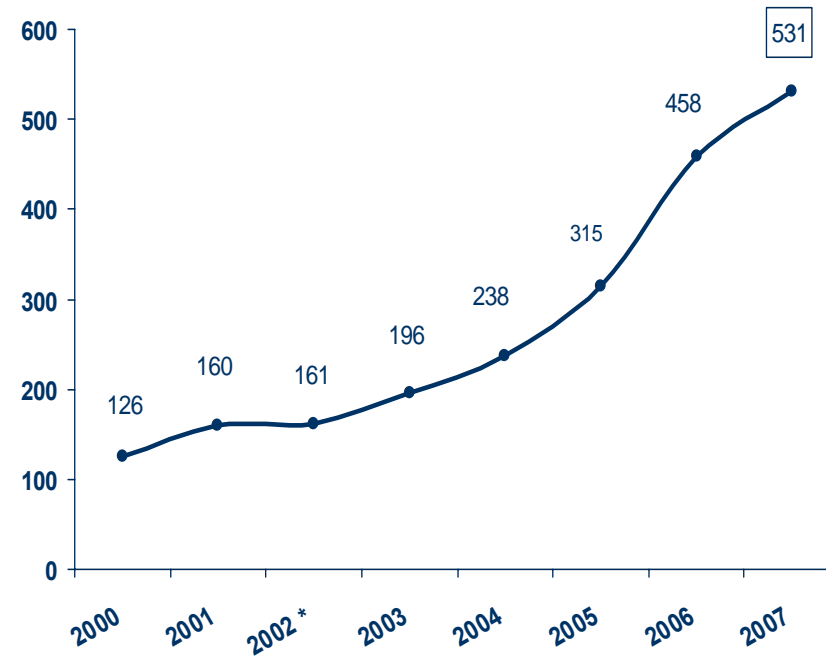


Financial Performance 2000 – 2007 *(in CHF million)*

**EBITDA**



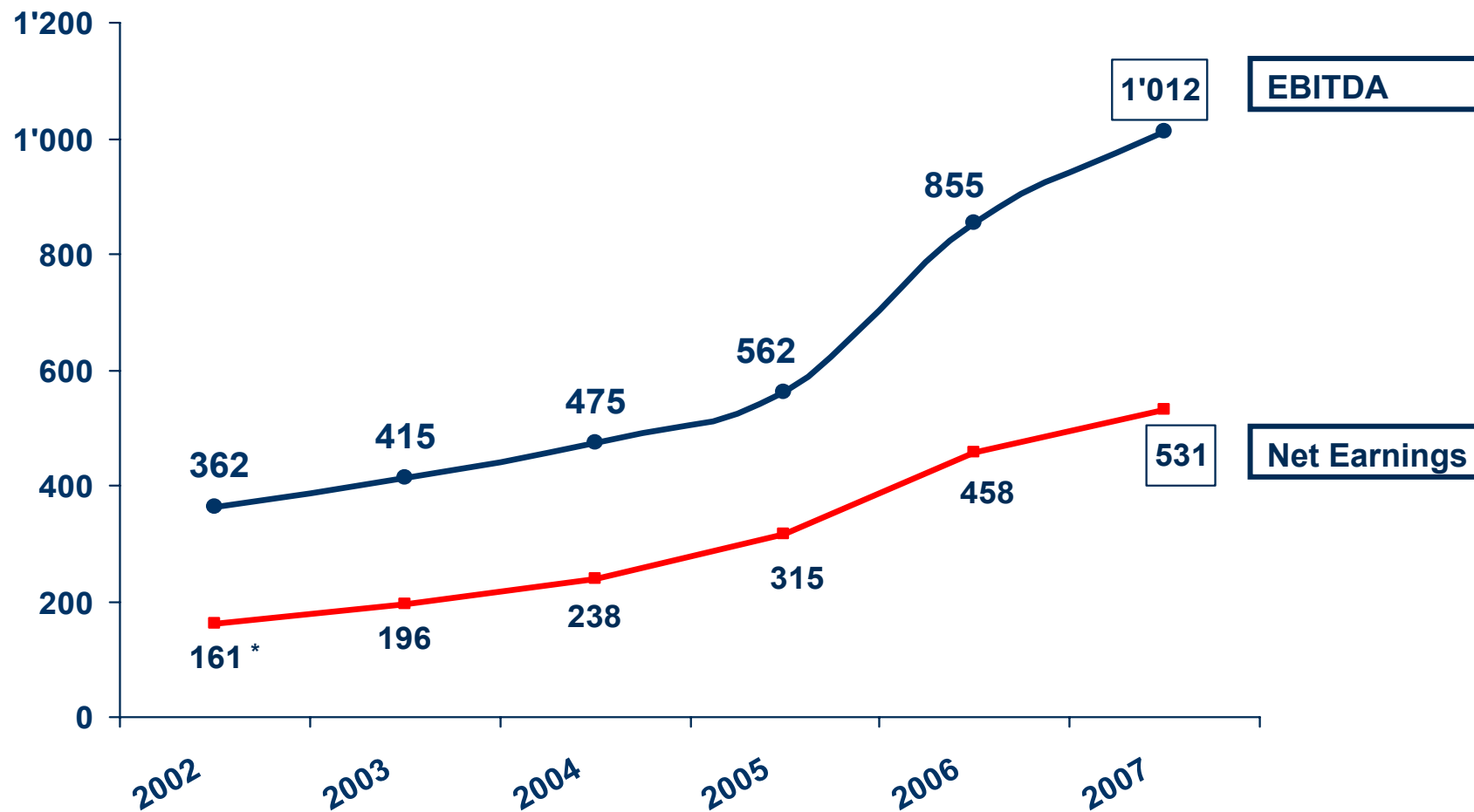
**Net Earnings**



\* Excl. impairment goodwill USCO



Financial Performance 2000 – 2007 (in CHF million)

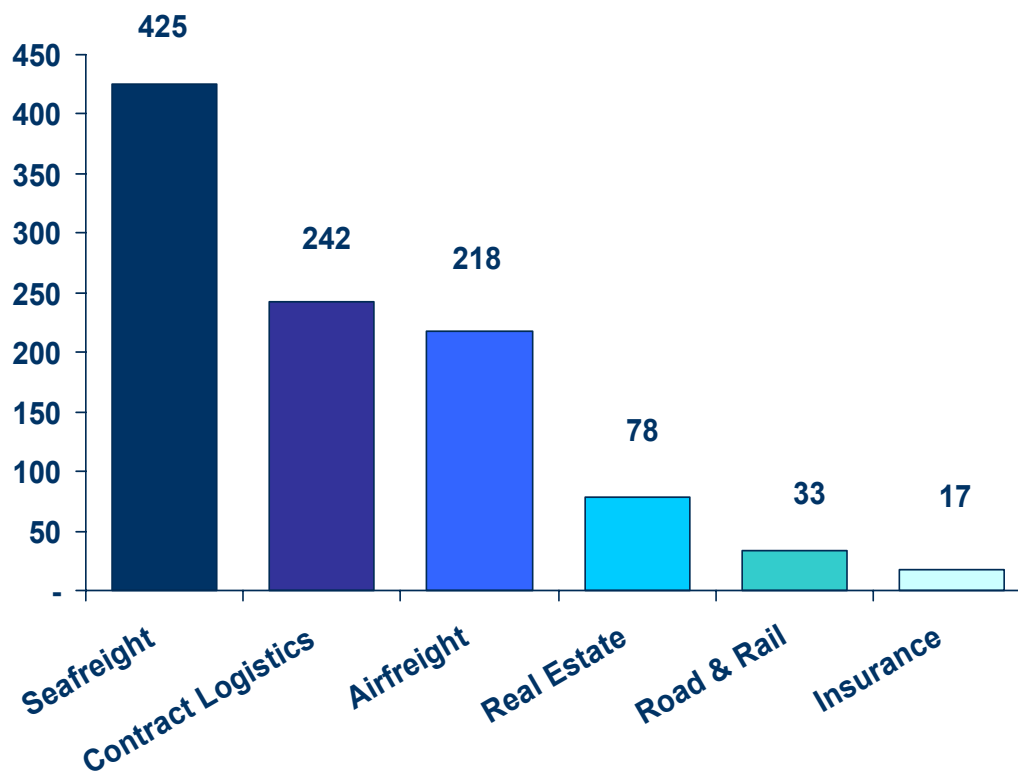


\* Excl. impairment goodwill USCO



Financial Performance 2007 *(in CHF million)*

**EBITDA**





## Performance Business Unit Seafreight 2005 - 2007

<i>CHF million</i>	2005	2006	2007	2006/2007	TEU's '000	EBIT/ TEU	
				%			
<b>Invoiced turnover</b>	<b>7'503</b>	<b>8'306</b>	<b>9'642</b>	<b>16%</b>	<b>2005</b>	<b>1'910</b>	<b>127</b>
<b>Gross profit</b>	<b>944</b>	<b>1'138</b>	<b>1'270</b>	<b>12%</b>	<b>2006</b>	<b>2'275</b>	<b>152</b>
<b>EBITDA</b>	<b>264</b>	<b>373</b>	<b>425</b>	<b>14%</b>	<b>2007</b>	<b>2'618</b>	<b>148</b>
<b>EBIT</b>	<b>243</b>	<b>345</b>	<b>386</b>	<b>12%</b>			
<b>EBIT / Revenue margin</b>	<b>3.2%</b>	<b>4.2%</b>	<b>4.0%</b>				
<b>EBIT / GP Margin</b>	<b>25.8%</b>	<b>30.3%</b>	<b>30.4%</b>				

- Solid volume growth in all major traffic lanes resulted in an 15% increase vs. last year (market growth: 8%)
- EBITDA margin at 4,4% slightly below last year (4,5%)
- US imports from all trade lanes slowed down but were compensated by strong growth of imports from Asia to Europe, Latin America and Middle East.



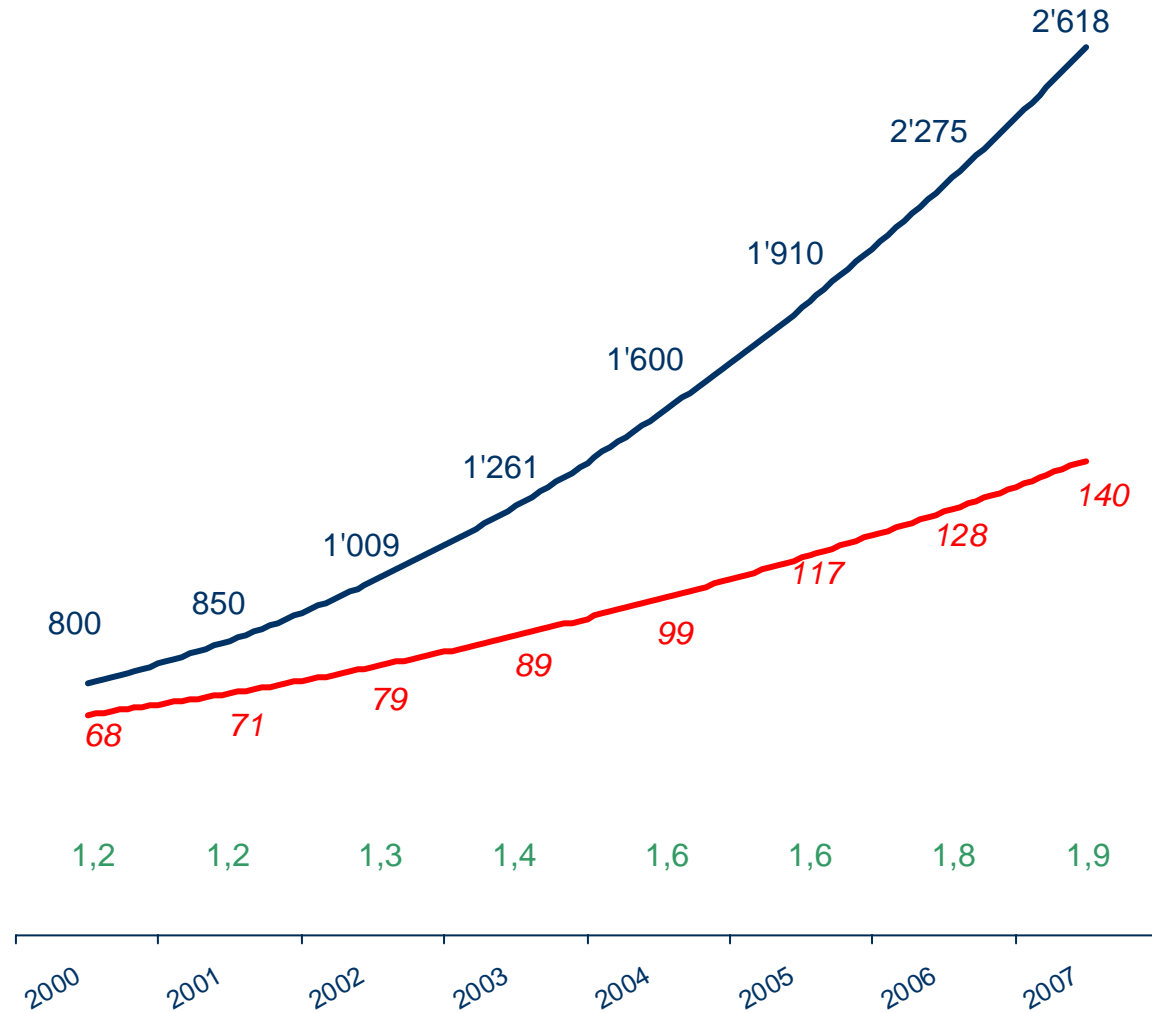


# Seafreight Performance 2000 - 2007

Volume Development  
Kuehne + Nagel  
in `000 TEU

Volume Development  
Seafreight worldwide  
in Mio. TEU

Market Share  
Kuehne + Nagel  
in %

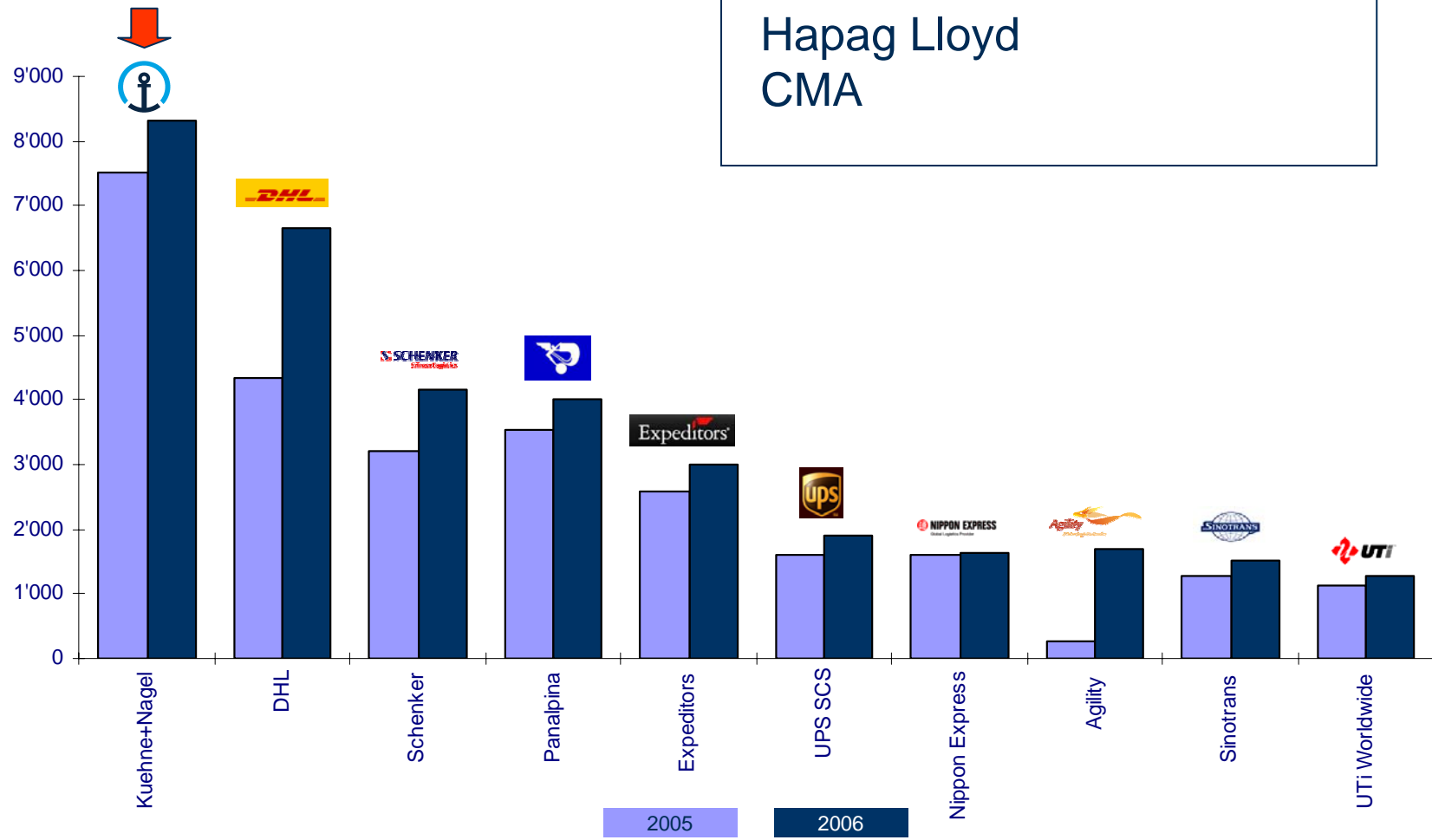




# Market Position Seafreight

Revenue in CHF million (2006)

Preferred carriers:  
 Maersk Line  
 MSC  
 Hapag Lloyd  
 CMA





## Performance Business Unit Airfreight 2005 - 2007

<i>CHF million</i>	2005	2006	2007	2006/2007			
				%	TONs '000	EBIT/ kg	
Invoiced turnover	3'011	3'386	3'719	10%	2005	654	0.19
Gross profit	527	599	698	16%	2006	720	0.21
EBITDA	139	166	218	32%	2007	818	0.24
EBIT	124	151	196	29%			
<b>EBIT / Revenue margin</b>	<b>4.1%</b>	<b>4.5%</b>	<b>5.3%</b>				
<b>EBIT / GP Margin</b>	<b>23.5%</b>	<b>25.2%</b>	<b>28.0%</b>				

- Remarkable strong volume growth of 14% in 2007 vs. last year (market growth only 4%), especially strong performance from Europe to Far East +23%
- Increased margin per unit resulted in a Gross profit improvement of 17%
- EBITDA margin of 5.9% (last year 4.9%) at record level

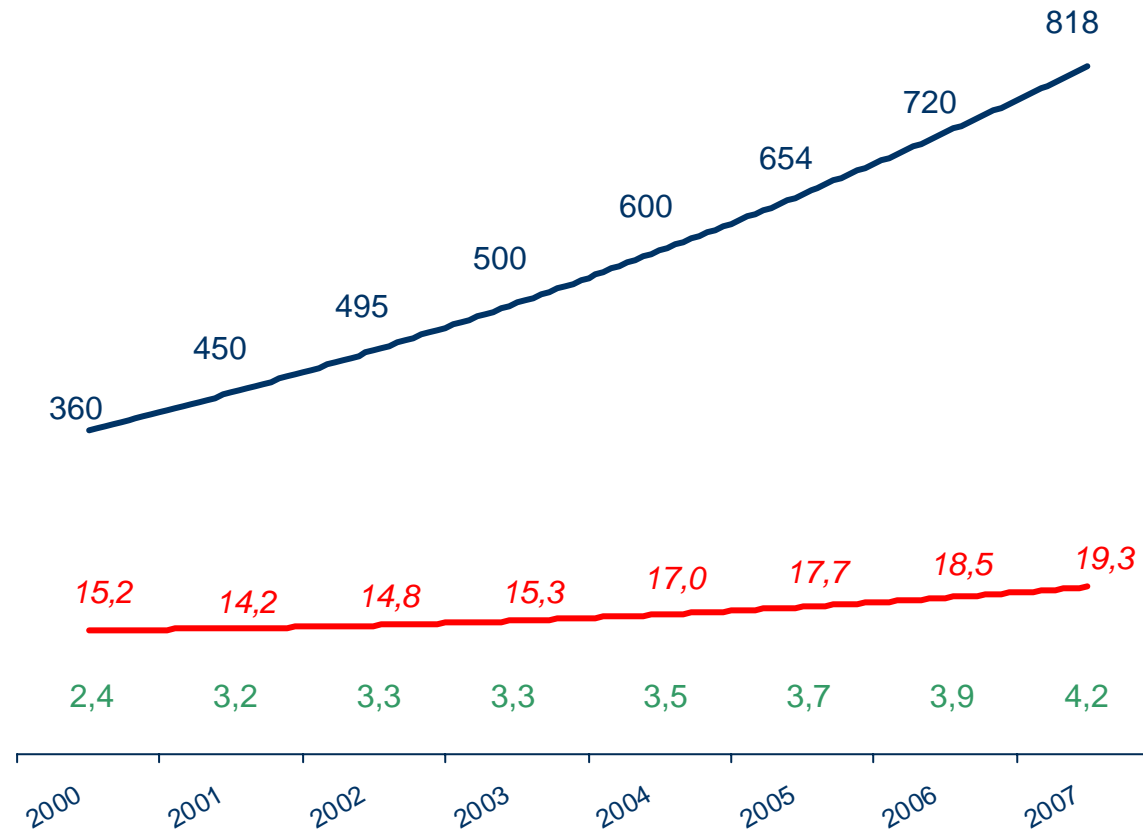


## Airfreight Performance 2000 - 2007

Volume Development  
Kuehne + Nagel  
in `000 Tons

Volume Development  
Airfreight worldwide  
in Mio. Tons

Market share  
Kuehne + Nagel  
in %

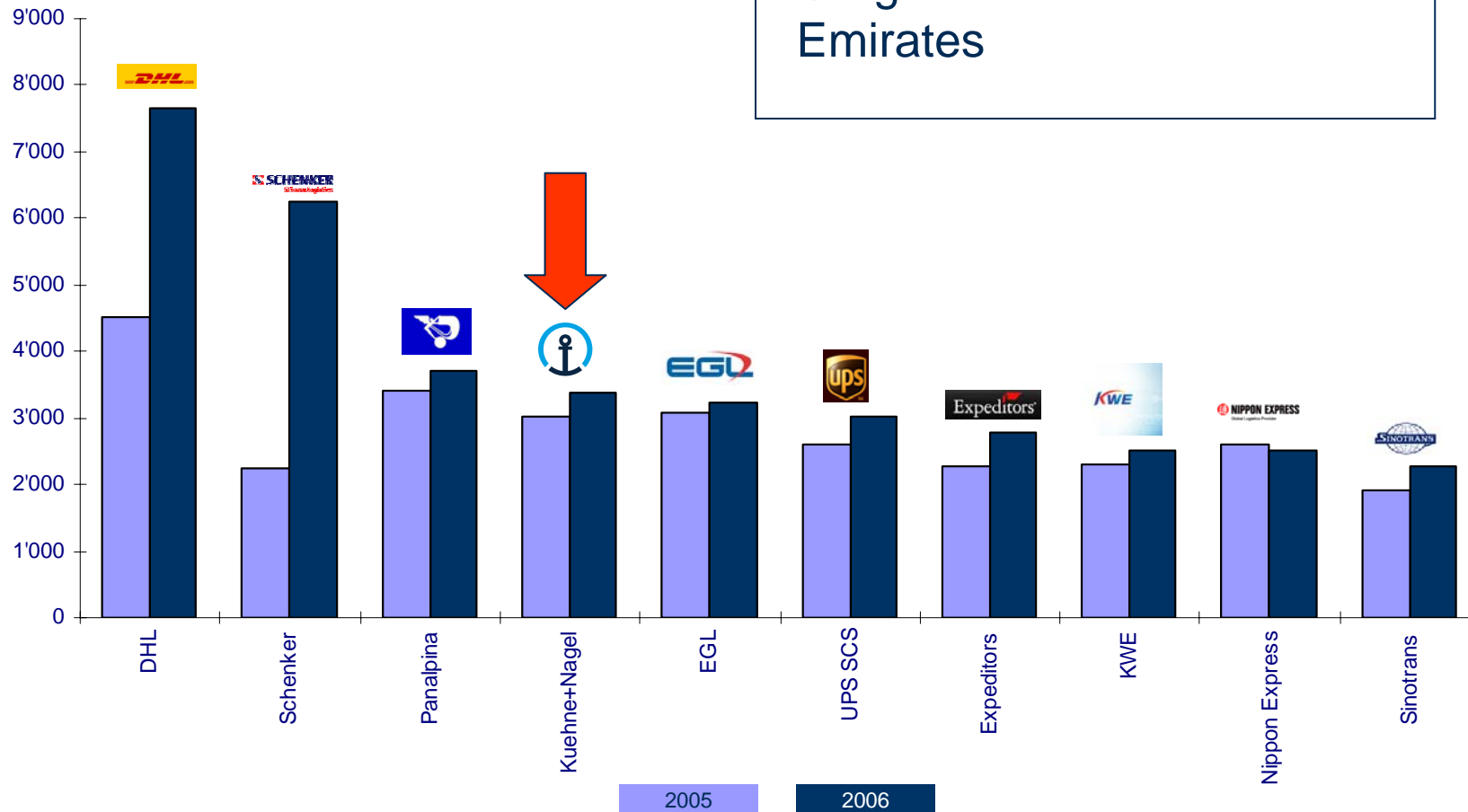




**Market Position Airfreight**  
Revenue in CHF million (2006)

Preferred carriers:

- Lufthansa
- Air France / KLM
- Cargolux
- Emirates





## Performance Business Unit Road & Rail Logistics 2005 - 2007

<i>CHF million</i>	2005	2006	2007	2006/2007
				%
<b>Invoiced turnover</b>	2'095	2'474	2'821	14%
<b>Gross profit</b>	400	458	515	12%
<b>EBITDA</b>	29	37	33	(11%)
<b>EBIT</b>	(14)	(15)	(55)	-
<b>EBITDA / Revenue margin</b>	1.4%	1.5%	1.2%	

- Volume / Revenue growth of 14% (0.5% acquisition driven) versus market growth of 4%.
- Gross profit increase by 12% as a result of further network expansion.
- EBITDA margin at 1.2% is in line with target for 2007.
- Strategic goal remains to obtain revenue of 5 bln CHF with EBIT margin at 2,5 % during the next 2 years (excl. intangibles asset amortisation).



## Impairment Road & Rail Logistics 2007

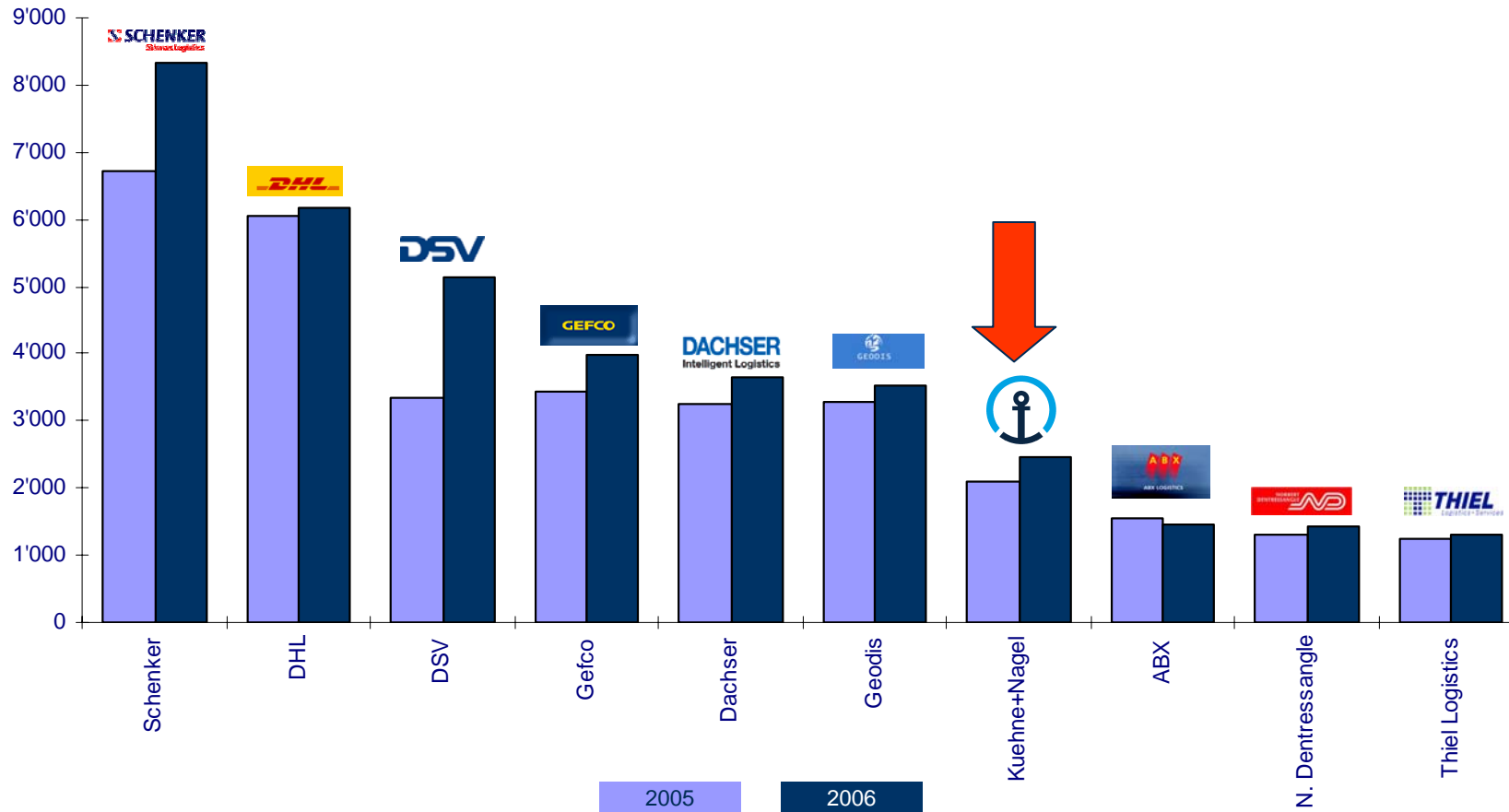
Anticipated level of profitability not achieved in some specific acquisition targets (mainly Greece / Germany) leading to an impairment of the carrying amount of goodwill CHF 31 Mio. and the respective intangible assets of CHF 26 Mio.





# Market Position Rail & Road Logistics

Revenue in CHF million (2006)





## Performance Business Unit Contract Logistics 2005 - 2007

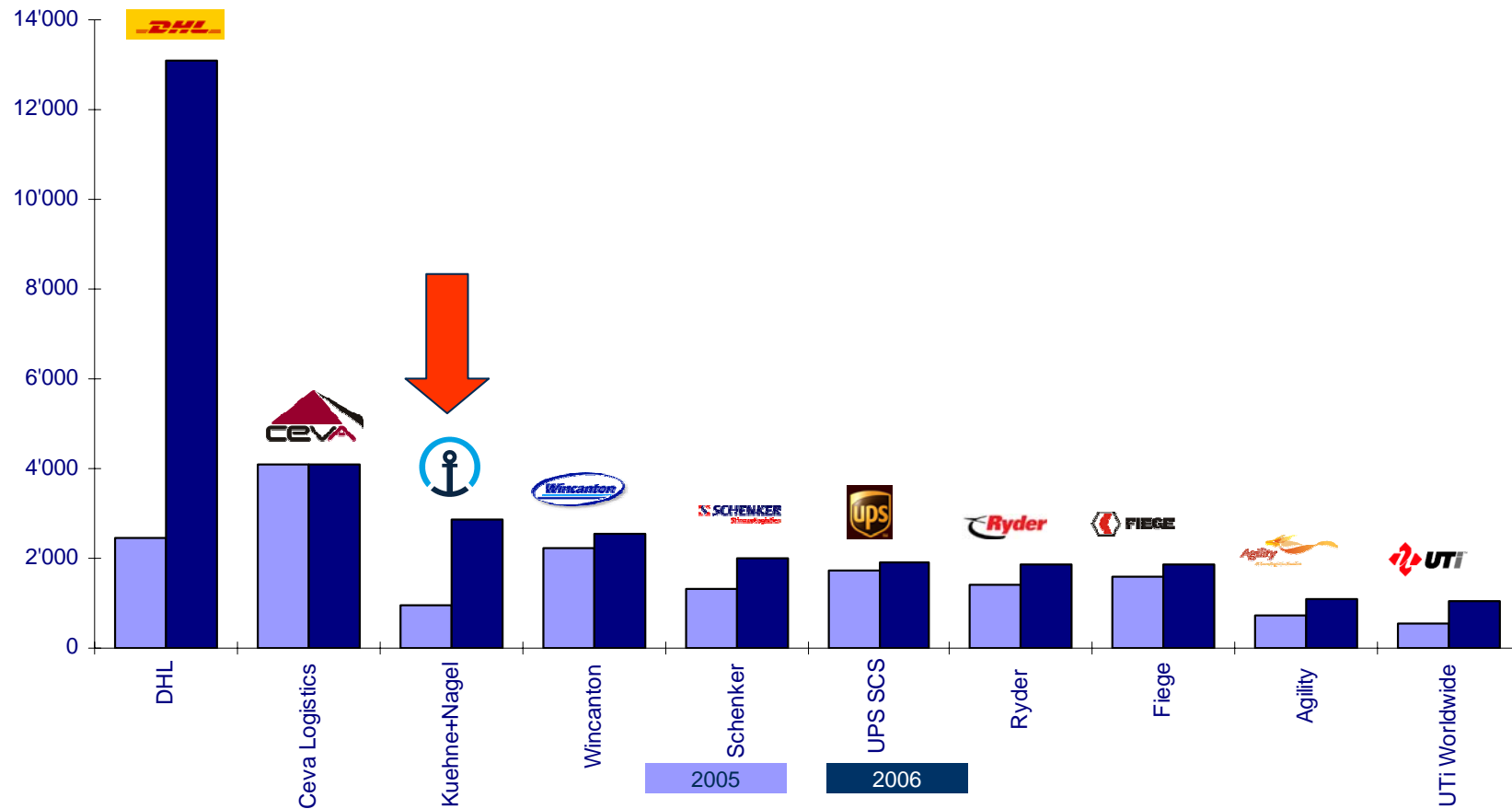
<i>CHF million</i>	2005	2006	2007	2006/2007
				%
<b>Invoiced turnover</b>	<b>1'333</b>	<b>3'916</b>	<b>4'666</b>	<b>19%</b>
<b>Gross profit</b>	<b>865</b>	<b>3'019</b>	<b>3'490</b>	<b>16%</b>
<b>EBITDA</b>	<b>70</b>	<b>188</b>	<b>242</b>	<b>28%</b>
<b>EBIT</b>	<b>33</b>	<b>64</b>	<b>101</b>	<b>57%</b>
<b>EBIT / Revenue margin</b>	<b>2.5%</b>	<b>1.6%</b>	<b>2.2%</b>	
<b>EBIT / GP Margin</b>	<b>3.9%</b>	<b>2.1%</b>	<b>2.9%</b>	

- Strong organic volume growth of 19% vs. last year (market growth: 8%).
- Cost in line with volume development resulted in an EBIT margin at 2.2% (2006: 1.6%)
- EBITDA margin further improved to 5.2% (2006: 4.8%).



# Market Position Contract Logistics

Revenue in CHF million (2006)





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## Divestment Real Estate Project

### Issue

Sale of 22 warehouse locations partly acquired with ACR/Häring in 5 European countries and leased back at an average 5 years period, leaving approx 50 locations i.e. 10% in Kuehne + Nagel ownership (13% out of 7million sqm).

### Objective

Optimize Real Estate portfolio in respect of location and quality.

### Impact

- EBITDA:                      **→** zero
- Capital Employed:        **→** reduction of app 20%

### Cash

Net proceeds of approx CHF 285 Mio available for acquisitions to secure further growth in all business fields



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## Basis for Consolidation 2007

- As per International Reporting Standards (IFRS)
- Income statement and cash flow at average rates
- Balance sheet at year-end rates
- Impairment goodwill & intangibles CHF 57 Mio
- Only organic growth in 2007

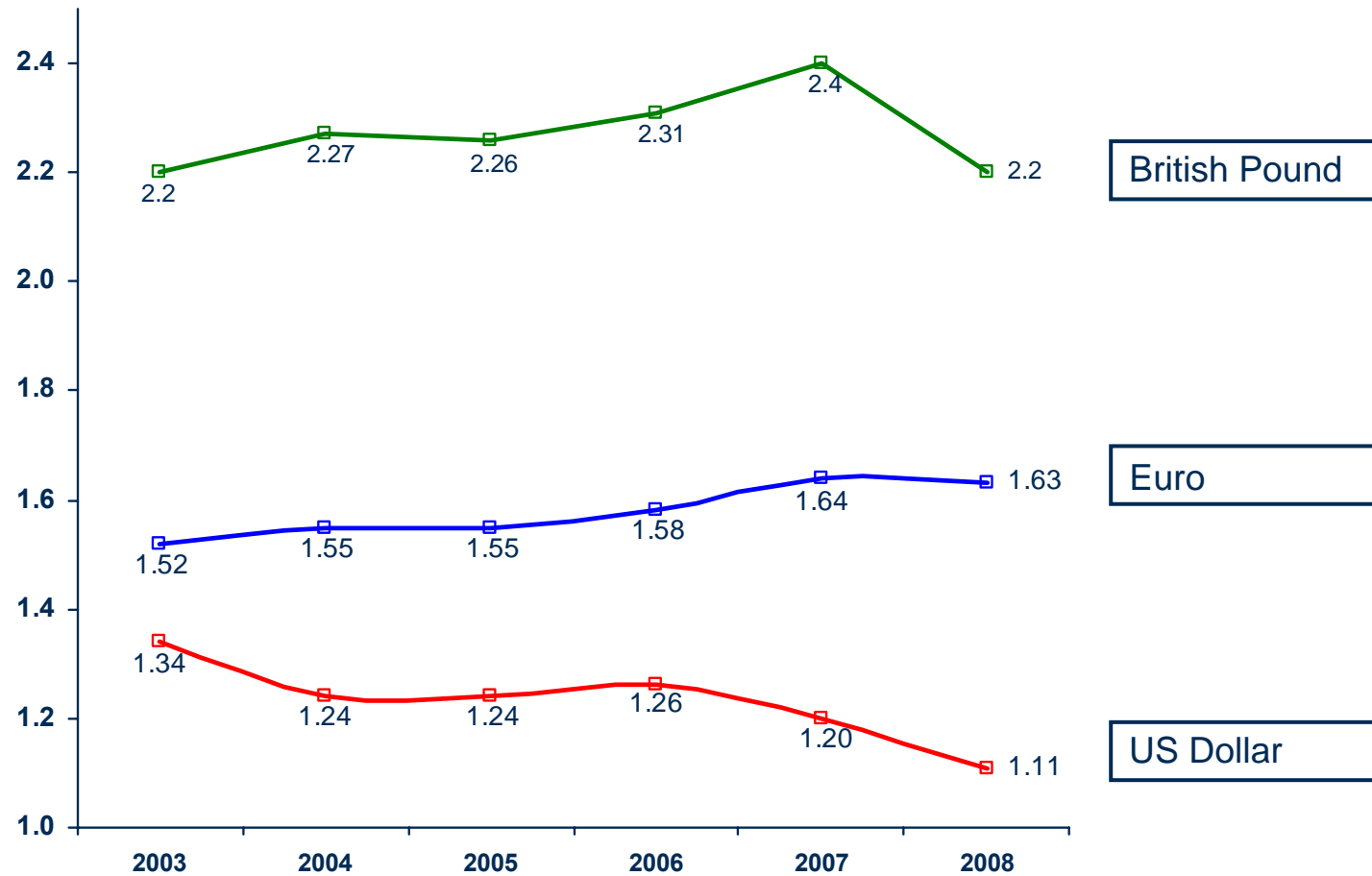


## Currency Development CHF

	2005	2006	2007	2008
<b><u>Balance Sheet</u></b>				
Euro	1.56	1.61	1.67	
US Dollar	1.32	1.22	1.16	
British Pound	2.26	2.40	2.29	
<b><u>Income Statement</u></b>				
Euro	1.55	1.58	1.64	1.63
US Dollar	1.24	1.26	1.20	1.11
British Pound	2.26	2.31	2.40	2.20



# Currency Development CHF Income Statement







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## Main Changes in Consolidation Scope 2007

### **New Companies**

- Kuehne + Nagel Ltd., Trinidad & Tobago
- Kuehne + Nagel L.L.C., Qatar

### **Acquisitions**

- 50% JV Orient Transport Company Ltd., Saudi-Arabia
- 30% minority Nakufreight Ltd., Cyprus
- 40% minority PACT Benelux B.V., Netherlands
- G.L. Kayser / Cordes & Simon, Germany



## Income Statement

<i>CHF million</i>	<u>2005</u>	<u>2006</u>	<u>2007</u>	Δ
Invoiced turnover	14'049	18'194	20'975	15%
Gross profit	2'769	5'253	6'014	14%
EBITDA	561	855	1'012	18%
EBIT *	429	601	686	14%
Net earnings	315	458	531	16%
% Invoiced turnover	2.2%	2.5%	2.5%	
* incl. amort. intangibles / goodwill	51	103	146	



## Segment Reporting by Business Unit

*in CHF million*

	Turnover		%	Gross Profit		%	EBITDA		%	Volume Δ
	2006	2007		2006	2007		2006	2007		
- Seafreight	8'306	9'642	16%	1'138	1'270	12%	373	425	14%	+15%
- Airfreight	3'386	3'719	10%	599	698	16%	166	218	32%	+14%
- Road & Rail Logistics	2'474	2'821	14%	458	515	12%	37	33	(11%)	+14%
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- Real Estate & Insurance Brokers	112	128	14%	38	41	6%	91	95	4%	-
<b>Total Group</b>	<b>18'194</b>	<b>20'975</b>	<b>15%</b>	<b>5'253</b>	<b>6'014</b>	<b>14%</b>	<b>855</b>	<b>1'012</b>	<b>18%</b>	<b>+15%</b>



## Segment Reporting by Region

*in CHF million*

	Turnover		%	Gross Profit		%	EBITDA		%
	2006	2007		2006	2007		2006	2007	
- Europe	12'092	14'128	17%	3'924	4'532	15%	529	633	20%
- Americas	3'601	3'958	10%	824	885	7%	154	170	10%
- Asia Pacific	1'541	1'767	15%	386	455	18%	155	180	16%
- Middle East / Central Asia / Africa	960	1'122	17%	119	142	19%	17	29	68%
<b>Total Group</b>	<b>18'194</b>	<b>20'975</b>	<b>15%</b>	<b>5'253</b>	<b>6'014</b>	<b>14%</b>	<b>855</b>	<b>1'012</b>	<b>18%</b>



## Amortisation & Impairment of Intangibles & Goodwill (including software)

*in CHF Mio.*

	Actual 2006	Actual 2007	of which Impairment	Estimate 2008
Seafreight	10	16	-	19
Airfreight	9	8	-	14
Road & Rail Logistics	40	74	55	19
Contract Logistics	40	43	3	49
Real Estate	4	5	-	4
Insurance Brokers	-	1	-	-
<b>TOTAL Group</b>	<b>103</b>	<b>146</b>	<b>57</b>	<b>105</b>



## Reconciliation (CHF Mio.)

	2006	Forex	Acq.	Organic Growth	2007
Invoiced turnover	18'194	404	80	2'297	20'975
Gross profit	5'253	142	13	606	6'014
<b>EBITDA</b>	<b>855</b>	15	1	140	<b>1'012</b>
<b>EBIT</b>	<b>601</b>	5	(1)	81	<b>686</b>
<b>EBT</b>	<b>601</b>				<b>700</b>
<b>Net earnings</b>	<b>459</b>				<b>534</b>
<b>Staff</b>	<b>46'290</b>	-	1'359	3'426	<b>51'075</b>



## Development Working Capital Kuehne + Nagel

<u>CHF Mio</u>	<u>Dec 2005</u>	<u>Dec 2006</u>	<u>Dec 2007</u>
Trade receivables	1'713	2'228	2'606
Work in progress	271	283	322
<b>Subtotal</b>	<b>1'984</b>	<b>2'511</b>	<b>2'928</b>
Trade payables	(830)	(1'111)	(1'329)
Accrued trade expenses	(626)	(853)	(980)
<b>Net Working Capital</b>	<b>528</b>	<b>547</b>	<b>619</b>
Invoiced turnover	14'049	18'194	20'975
in % of Invoiced turnover	3.8%	3.0%	2.9%
<b>KPI's</b>			
- DSO	38.8	40.9	41.9
- DPO	41.1	51.2	51.4
- DTE	5.8	5.5	5.4



## Capital Expenditure in fixed assets

<i>CHF Mio</i>	<b>2005</b>	<b>2006</b>	<b>2007</b>
- Europe	163	189	150
- Americas	14	38	28
- Asia Pacific	7	15	33
- Middle East/Central Asia and Africa	5	5	20
<b>Total fixed assets</b>	<b>189</b>	<b>246</b>	<b>231</b>
Sea & Air Logistics	28	18	37
Road & Rail Logistics	23	24	20
Contract Logistics	38	92	115
Real Estate	100	112	58
<b>Total fixed assets</b>	<b>189</b>	<b>246</b>	<b>231</b>





## Return on Capital Employed

	CHF Mio				ROCE in %	
	EBIT		Capital Employed *			
	2006	2007	2006	2007	2006	2007
- Seafreight	345	386	135	125	>100%	>100%
- Airfreight	151	196	157	129	96%	>100%
- Road & Rail	(15)	(55)	(24)	19	-	-
- Contract Logistics	64	101	597	565	11%	18%
- Other	56	58	866	940	6%	6%
<b>TOTAL</b>	<b>601</b>	<b>686</b>	<b>1'731</b>	<b>1'778</b>	<b>35%</b>	<b>39%</b>

\* Average beginning / end of the year as per Segment Reporting (see note 40)



## Corporation Tax

<u>CHF Mio</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
- Earnings before Tax	445	601	700
- Tax charge	127	142	167
- Effective Tax Rate	28%	24%	24%



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## Financial Targets 2008

- Continue to a pay-out ratio in excess of 40% as dividend
- Net Working Capital at approx 3.5% of Invoiced turnover
- Capex capped at Depreciation / Amortisation Intangibles current year level i.e. app at CHF 290 mio
- Tax rate max. 24%



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- Operating Review 2007 Reinhard Lange
- Financial Review 2007 Gerard van Kesteren
- **Outlook 2008** **Klaus Herms**



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## Update on Antitrust Investigation

- After October 10, 2007, no further contact to WEKO / competition authorities
- Full co-operation announced
- Internal investigation ongoing
- Dedicated Compliance Officer at Corporate Headoffice
- No provision (see note 43 of Annual Report) in 2007



## Outlook 2008

### General

Strong start of the year, however anticipated impact of economic slowdown in second half of 2008 difficult to quantify.

### Volumes

	Market-Growth		KN	Margin
	2007	2008		
- Seafreight	9%	8%	} above market	} 2007 level
- Airfreight	4%	4%		
- Contract Logistics	8%	6%		} above 2007
- Road & Rail Logistics	3%	3%		



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## Corporate Timetable 2008

### **a) Investors Day 2008**

08.05.2008                      Investors Day in Hamburg

### **b) Company Timetable 2008**

10.03.2008	Press Conference / Analyst Conference result 2007
21.04.2008*	Q1 2008 result
30.04.2008	Annual General Meeting
05.05.2008	Dividend payout
21.07.2008*	Q2 2008 result
20.10.2008*	Q3 2008 result

\* Analyst Conference Call at 2pm CET



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