

JANUARY - MARCH 2016



CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS 2016

(UNAUDITED)

KUEHNE+NAGEL



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Schindellegi, April 18, 2016

1. INCOME STATEMENT

CHF million	January - March		Variance per cent
	2016	2015	
Net turnover	4,010	4,096	-2.1
Net expenses for services from third parties	-2,417	-2,599	
Gross profit	1,593	1,497	6.4
Personnel expenses	-965	-906	
Selling, general and administrative expenses	-376	-360	
Other operating income/expenses, net	7	2	
EBITDA	259	233	11.2
Depreciation of property, plant and equipment	-36	-32	
Amortisation of other intangibles	-6	-11	
EBIT	217	190	14.2
Financial income	2	3	
Financial expenses	-	-1	
Result from joint ventures and associates	1	4	
Earnings before tax (EBT)	220	196	12.2
Income tax	-51	-43	
Earnings for the period	169	153	10.5
Attributable to:			
Equity holders of the parent company	168	152	10.5
Non-controlling interests	1	1	
Earnings for the period	169	153	10.5
Basic earnings per share in CHF	1.41	1.27	11.0
Diluted earnings per share in CHF	1.40	1.27	10.2

2. STATEMENT OF COMPREHENSIVE INCOME

CHF million	January - March	
	2016	2015
Earnings for the period	169	153
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign exchange differences	-9	-180
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gains/(losses) on defined benefit plans	-27	-4
Income tax on actuarial gains/(losses) on defined benefit plans	6	1
Total other comprehensive income, net of tax	-30	-183
Total comprehensive income for the period	139	-30
Attributable to:		
Equity holders of the parent company	138	-30
Non-controlling interests	1	-

3. BALANCE SHEET

CHF million	March 31, 2016	Dec. 31, 2015	March 31, 2015
Assets			
Property, plant and equipment	1,142	1,142	1,051
Goodwill	759	767	626
Other intangibles	92	98	36
Investments in joint ventures	29	31	29
Deferred tax assets	200	193	206
Non-current assets	2,222	2,231	1,948
Prepayments	152	98	123
Work in progress	225	260	262
Trade receivables	2,458	2,486	2,459
Other receivables	240	131	154
Income tax receivables	119	52	118
Cash and cash equivalents	914	841	1,253
Current assets	4,108	3,868	4,369
Total assets	6,330	6,099	6,317
Liabilities and equity			
Share capital	120	120	120
Reserves and retained earnings	1,974	1,325	2,137
Earnings for the period	168	676	152
Equity attributable to the equity holders of the parent company	2,262	2,121	2,409
Non-controlling interests	6	5	5
Equity	2,268	2,126	2,414
Provisions for pension plans and severance payments	417	387	403
Deferred tax liabilities	144	144	123
Finance lease obligations	10	11	14
Non-current provisions	57	59	63
Non-current liabilities	628	601	603
Bank and other interest-bearing liabilities	6	7	23
Trade payables	1,357	1,449	1,316
Accrued trade expenses/deferred income	951	919	979
Income tax liabilities	149	104	132
Current provisions	97	101	49
Other liabilities	874	792	801
Current liabilities	3,434	3,372	3,300
Total liabilities and equity	6,330	6,099	6,317

Schindellegi, April 18, 2016

KUEHNE + NAGEL INTERNATIONAL AG
Dr. Detlef Trefzger Markus Blanka-Graff
CEO 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, 2015	120	547	-7	-787	-126	2,701	2,448	5	2,453
Earnings for the period	-	-	-	-	-	152	152	1	153
Other comprehensive income									
Foreign exchange differences	-	-	-	-179	-	-	-179	-1	-180
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-3	-	-3	-	-3
Total other comprehensive income, net of tax	-	-	-	-179	-3	-	-182	-1	-183
Total comprehensive income for the period	-	-	-	-179	-3	152	-30	-	-30
Purchase of treasury shares	-	-	-18	-	-	-	-18	-	-18
Disposal of treasury shares	-	-1	7	-	-	-	6	-	6
Expenses for share-based compensation plans	-	-	-	-	-	3	3	-	3
Total contributions by and distributions to owners	-	-1	-11	-	-	3	-9	-	-9
Balance as of March 31, 2015	120	546	-18	-966	-129	2,856	2,409	5	2,414
Balance as of January 1, 2016	120	532	-19	-959	-106	2,553	2,121	5	2,126
Earnings for the period	-	-	-	-	-	168	168	1	169
Other comprehensive income									
Foreign exchange differences	-	-	-	-9	-	-	-9	-	-9
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-21	-	-21	-	-21
Total other comprehensive income, net of tax	-	-	-	-9	-21	-	-30	-	-30
Total comprehensive income for the period	-	-	-	-9	-21	168	138	1	139
Purchase of treasury shares	-	-	-3	-	-	-	-3	-	-3
Expenses for share-based compensation plans	-	-	-	-	-	6	6	-	6
Total contributions by and distributions to owners	-	-	-3	-	-	6	3	-	3
Balance as of March 31, 2016	120	532	-22	-968	-127	2,727	2,262	6	2,268

5. CASH FLOW STATEMENT

CHF million	January - March		Variance
	2016	2015	
Cash flow from operating activities			
Earnings for the period	169	153	
Reversal of non-cash items:			
Income tax	51	43	
Financial income	-2	-3	
Financial expenses	-	1	
Result from joint ventures and associates	-1	-4	
Depreciation of property, plant and equipment	36	32	
Amortisation of other intangibles	6	11	
Expenses for share-based compensation plans	6	3	
Gain on disposal of property, plant and equipment	-10	-1	
Net addition to provisions for pension plans and severance payments	1	1	
Subtotal operational cash flow	256	236	20
(Increase)/decrease work in progress	35	19	
(Increase)/decrease trade and other receivables, prepayments	-146	-143	
Increase/(decrease) other liabilities	85	88	
Increase/(decrease) provisions	-5	-8	
Increase/(decrease) trade payables, accrued trade expenses/deferred income	-49	6	
Income taxes paid	-72	-47	
Total cash flow from operating activities	104	151	-47
Cash flow from investing activities			
Capital expenditure			
- Property, plant and equipment	-40	-42	
- Other intangibles	-2	-2	
Disposal of property, plant and equipment	19	4	
Dividend received from joint ventures and associates	1	4	
Interest received	1	1	
Total cash flow from investing activities	-21	-35	14
Cash flow from financing activities			
Proceeds from interest-bearing liabilities	-	2	
Repayment of interest-bearing liabilities	-1	-1	
Interest paid	-	-1	
Purchase of treasury shares	-3	-18	
Disposal of treasury shares	-	6	
Acquisition of non-controlling interests	-	-1	
Total cash flow from financing activities	-4	-13	9
Exchange difference on cash and cash equivalents	-6	-28	22
Increase/(decrease) in cash and cash equivalents	73	75	-2
Cash and cash equivalents at the beginning of the period, net	839	1,163	-324
Cash and cash equivalents at the end of the period, net	912	1,238	-326

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 three months ended March 31, 2016, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of March 31, 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 the 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	Jan. - March 2016 CHF	Variance per cent	Jan. - March 2015 CHF
EUR 1.-	1.0910	0.5	1.0859
USD 1.-	0.9922	4.4	0.9502
GBP 1.-	1.4218	-1.9	1.4498

Balance sheet

(period end rates)

Currency	March 2016 CHF	Variance per cent	March 2015 CHF	Dec. 2015 CHF
EUR 1.-	1.0909	4.2	1.0465	1.0814
USD 1.-	0.9761	1.6	0.9612	0.9865
GBP 1.-	1.3842	-3.2	1.4301	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

Major changes in the scope of consolidation in the **first three 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

Major changes in the scope of consolidation in the **first three 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
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 three months of 2016 and 2015.

6.7 ACQUISITIONS

2016 acquisitions

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

2015 acquisitions

There were no acquisitions of subsidiaries in the first three 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 – March

CHF million	Total Group		Seafreight		Airfreight		Overland		
	2016	2015	2016	2015	2016	2015	2016	2015	
Turnover (external customers)	4,865	4,988	1,972	2,244	944	999	749	644	
Inter-segment turnover	-	-	455	418	482	534	296	288	
Customs duties and taxes	-855	-892	-542	-605	-139	-144	-54	-57	
Net turnover	4,010	4,096	1,885	2,057	1,287	1,389	991	875	
Net expenses for services	-2,417	-2,599	-1,537	-1,733	-1,052	-1,168	-771	-675	
Gross profit	1,593	1,497	348	324	235	221	220	200	
Total expenses	-1,334	-1,264	-236	-222	-158	-149	-205	-188	
EBITDA	259	233	112	102	77	72	15	12	
Depreciation of property, plant and equipment	-36	-32	-4	-5	-4	-2	-6	-4	
Amortisation of other intangibles	-6	-11	-1	-3	-	-2	-5	-4	
EBIT (segment profit)	217	190	107	94	73	68	4	4	
Financial income	2	3							
Financial expenses	-	-1							
Result from joint ventures and associates	1	4	1	1	-	-	-	-	
Earnings before tax (EBT)	220	196							
Income tax	-51	-43							
Earnings for the period	169	153							
Attributable to:									
Equity holders of the parent company	168	152							
Non-controlling interests	1	1							
Earnings for the period	169	153							
Additional information not regularly reported to the CODM									
Allocation of goodwill	759	626	38	40	32	33	320	189	
Allocation of other intangibles	92	36	-	4	-	5	92	22	
Capital expenditure property, plant and equipment	40	42	3	5	2	4	4	4	
Capital expenditure other intangibles	2	2	2	2	-	-	-	-	

	Contract Logistics		Total reportable segments		Eliminations	
	2016	2015	2016	2015	2016	2015
	1,200	1,101	4,865	4,988	-	-
	54	49	1,287	1,289	-1,287	-1,289
	-120	-86	-855	-892	-	-
	1,134	1,064	5,297	5,385	-1,287	-1,289
	-344	-312	-3,704	-3,888	1,287	1,289
	790	752	1,593	1,497	-	-
	-735	-705	-1,334	-1,264	-	-
	55	47	259	233	-	-
	-22	-21	-36	-32	-	-
	-	-2	-6	-11	-	-
	33	24	217	190	-	-
	-	3	1	4	-	-
	369	364	759	626	-	-
	-	5	92	36	-	-
	31	29	40	42	-	-
	-	-	2	2	-	-

b) Geographical information

January – March

CHF million	Total Group		EMEA		Americas		
	2016	2015	2016	2015	2016	2015	
Turnover (external customers)	4,865	4,988	3,183	3,270	1,144	1,186	
Inter-regional turnover	-	-	860	831	208	215	
Customs duties and taxes	-855	-892	-597	-617	-170	-189	
Net turnover	4,010	4,096	3,446	3,484	1,182	1,212	
Net expenses for services	-2,417	-2,599	-2,309	-2,391	-884	-951	
Gross profit	1,593	1,497	1,137	1,093	298	261	
Total expenses	-1,334	-1,264	-991	-950	-237	-216	
EBITDA	259	233	146	143	61	45	
Depreciation of property, plant and equipment	-36	-32	-28	-24	-5	-5	
Amortisation of other intangibles	-6	-11	-2	-9	-4	-1	
EBIT	217	190	116	110	52	39	
Financial income	2	3					
Financial expenses	-	-1					
Result from joint ventures and associates	1	4	1	4	-	-	
Earnings before tax (EBT)	220	196					
Income tax	-51	-43					
Earnings for the period	169	153					
Attributable to:							
Equity holders of the parent company	168	152					
Non-controlling interests	1	1					
Earnings for the period	169	153					
Additional information not regularly reported to the CODM							
Allocation of goodwill	759	626	505	497	232	105	
Allocation of other intangibles	92	36	8	30	83	3	
Capital expenditure property, plant and equipment	40	42	32	26	6	5	
Capital expenditure other intangibles	2	2	2	2	-	-	

	Asia-Pacific		Eliminations	
	2016	2015	2016	2015
	538	532	-	-
	219	243	-1,287	-1,289
	-88	-86	-	-
	669	689	-1,287	-1,289
	-511	-546	1,287	1,289
	158	143	-	-
	-106	-98	-	-
	52	45	-	-
	-3	-3	-	-
	-	-1	-	-
	49	41	-	-
	-	-	-	-
	22	24	-	-
	1	3	-	-
	2	11	-	-
	-	-	-	-

6.9 EQUITY

In the first three months of 2016, the Company sold 3,490 (2015: 56,425 treasury shares) for CHF 0.4 million (2015: CHF 6 million) under the share-based compensation plans. The Company also

purchased 25,000 treasury shares for CHF 3 million (2015: 154,500 treasury shares for CHF 18 million).

6.10 EMPLOYEES

Number	March 31, 2016	March 31, 2015
EMEA	49,598	47,557
Americas	10,245	9,061
Asia-Pacific	7,340	6,960
Total employees	67,183	63,578
Full-time equivalent	78,695	74,638

6.11 CAPITAL EXPENDITURE

The capital expenditure (excluding other intangible assets and property, plant and equipment from acquisitions) from January to March 2016 was CHF 42 million (2015: CHF 44 million).

6.12 LEGAL CLAIMS

The status of proceedings, disclosed in notes 40, 44 and 51 to the Consolidated Financial Statements for the year ended December 31, 2015, has not changed materially.

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 April 18, 2016.

There have been no material events between March 31, 2016, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

7. FINANCIAL CALENDAR

May 3, 2016	Annual General Meeting
May 9, 2016	Dividend payment for 2015
July 19, 2016	Half-year 2016 results
October 18, 2016	Nine-months 2016 results
March 1, 2017	Full year 2016 results

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