Analyst conference
Half-year 2020 results

Kuehne + Nagel International AG
Schindellegi, Switzerland

21 July 2020 (CET 14.00)

01

Overview half-year results 2020

Kuehne+Nagel manages the crisis successfully

KUEHNE+NAGEL

9,808 | **Net turnover**
CHF million
HY 2019: 10,600

→ 7.5% decrease including negative fx impact of 5.9% on the previous year

3,650 | **Gross profit**
CHF million
HY 2019: 4,015

→ 9.1% decrease on the previous year

419 | **EBIT**
CHF million
HY 2019: 511

→ Strict cost management partly compensated reduced volumes

2.58 | **EPS**
CHF
HY 2019: 3.18

→ 18.9% decrease on the previous year

Highlights half-year results 2020

KUEHNE+NAGEL

Group

- Group earnings for the period at CHF 309 million
- Strong free cash flow of CHF 383 million

Sea Logistics

- EBIT of CHF 167 million
- Shifting cargo mix

Air Logistics

- EBIT of CHF 181 million
- High demand for crisis goods

Road Logistics

- EBIT of CHF 26 million
- Europe slowly recovering
- Low volumes in Americas

Contract Logistics

- EBIT of CHF 45 million
- High demand for essential goods
- Strict cost management

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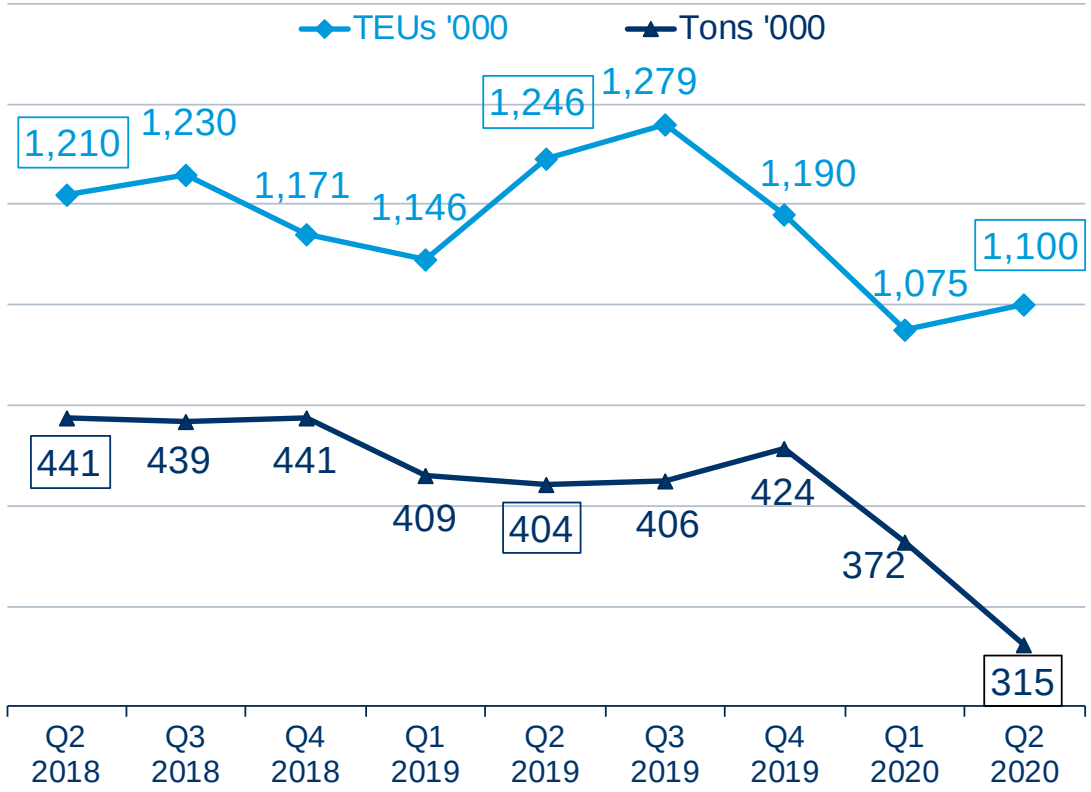
Business unit update

Sea and Air Logistics volumes



- Sea Logistics volumes HY 2020 down by 9.1% on previous year
- Air Logistics volumes HY 2020 down by 15.5% on previous year

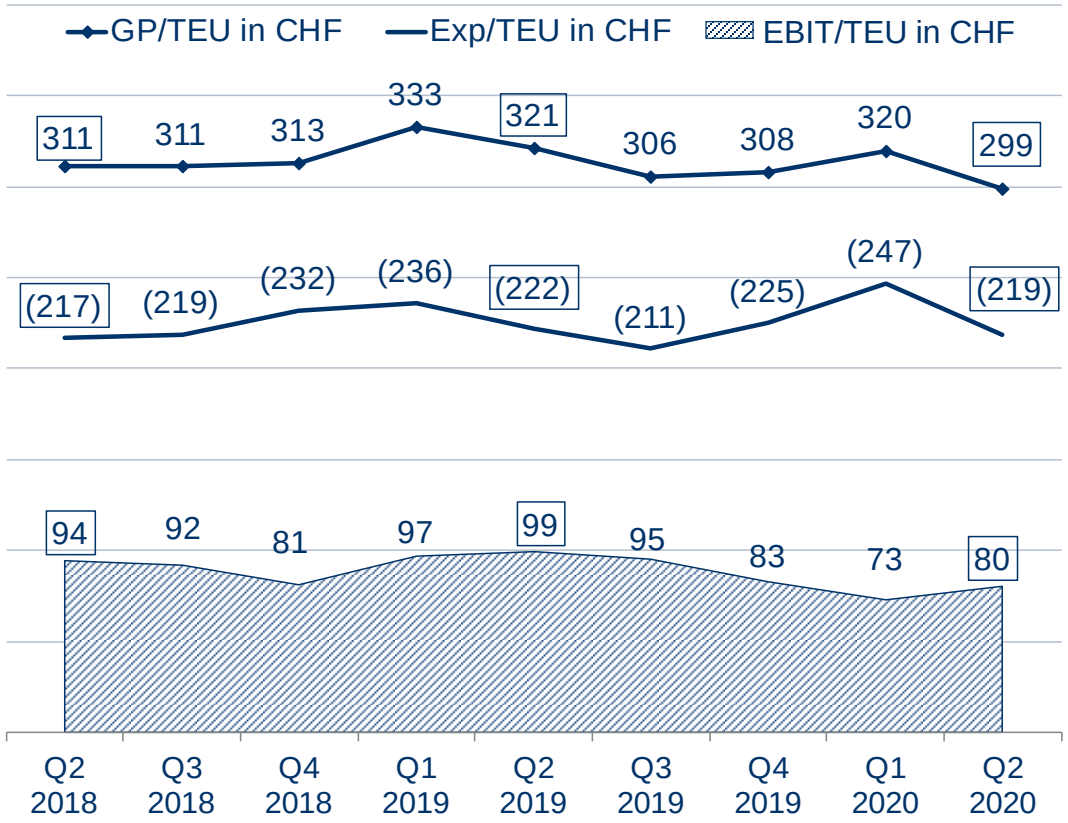
Sea Logistics

Cargo mix with lower SME volumes

Volume gains in pharma, e-commerce and reefer

Stable margin in constant currency

Sea Logistics



HY 2020:

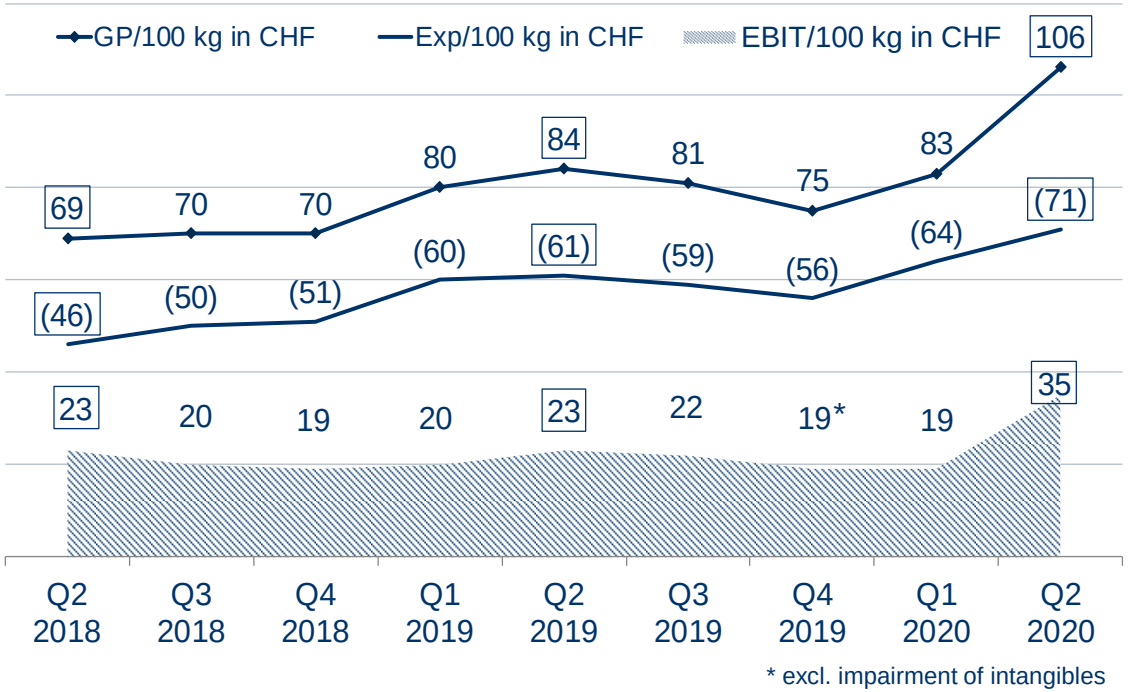
- Gross profit at CHF 673 million, 13.9% below HY 2019
- EBIT at CHF 167 million, 28.9% below HY 2019

Air Logistics

General cargo volume decline

Demand for higher yielding crisis goods

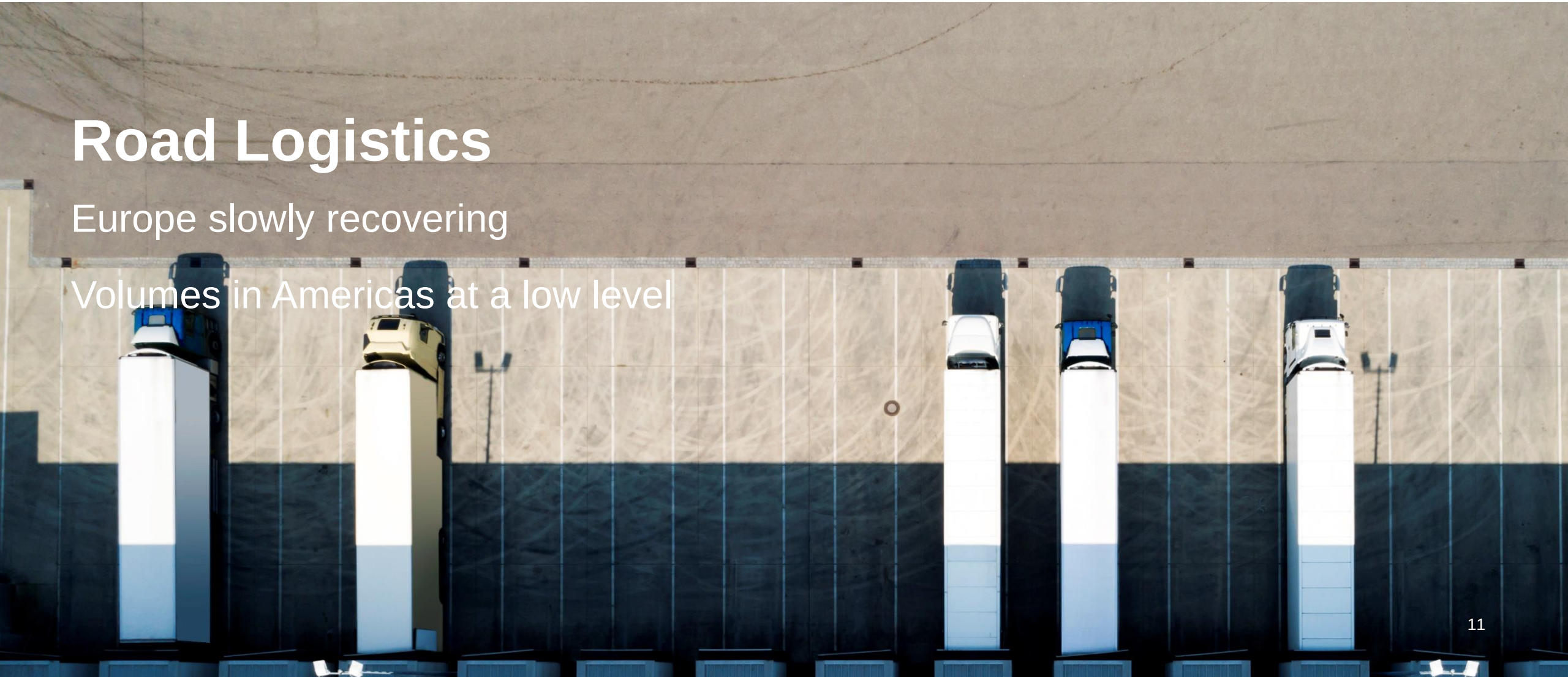
Air Logistics



* excl. impairment of intangibles

HY 2020:

- Gross profit at CHF 642 million, 3.9% below HY 2019 (in constant currencies 1.6% above)
- EBIT at CHF 181 million, 4.0% above HY 2019 (in constant currencies 10.9% above)

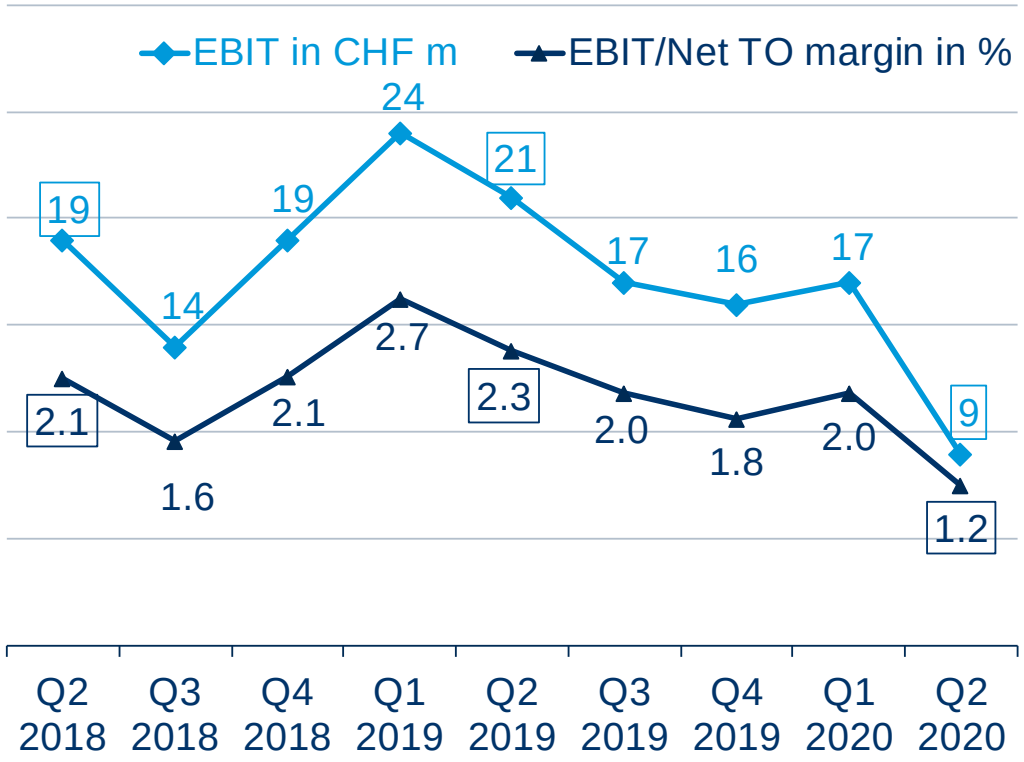


Road Logistics

Europe slowly recovering

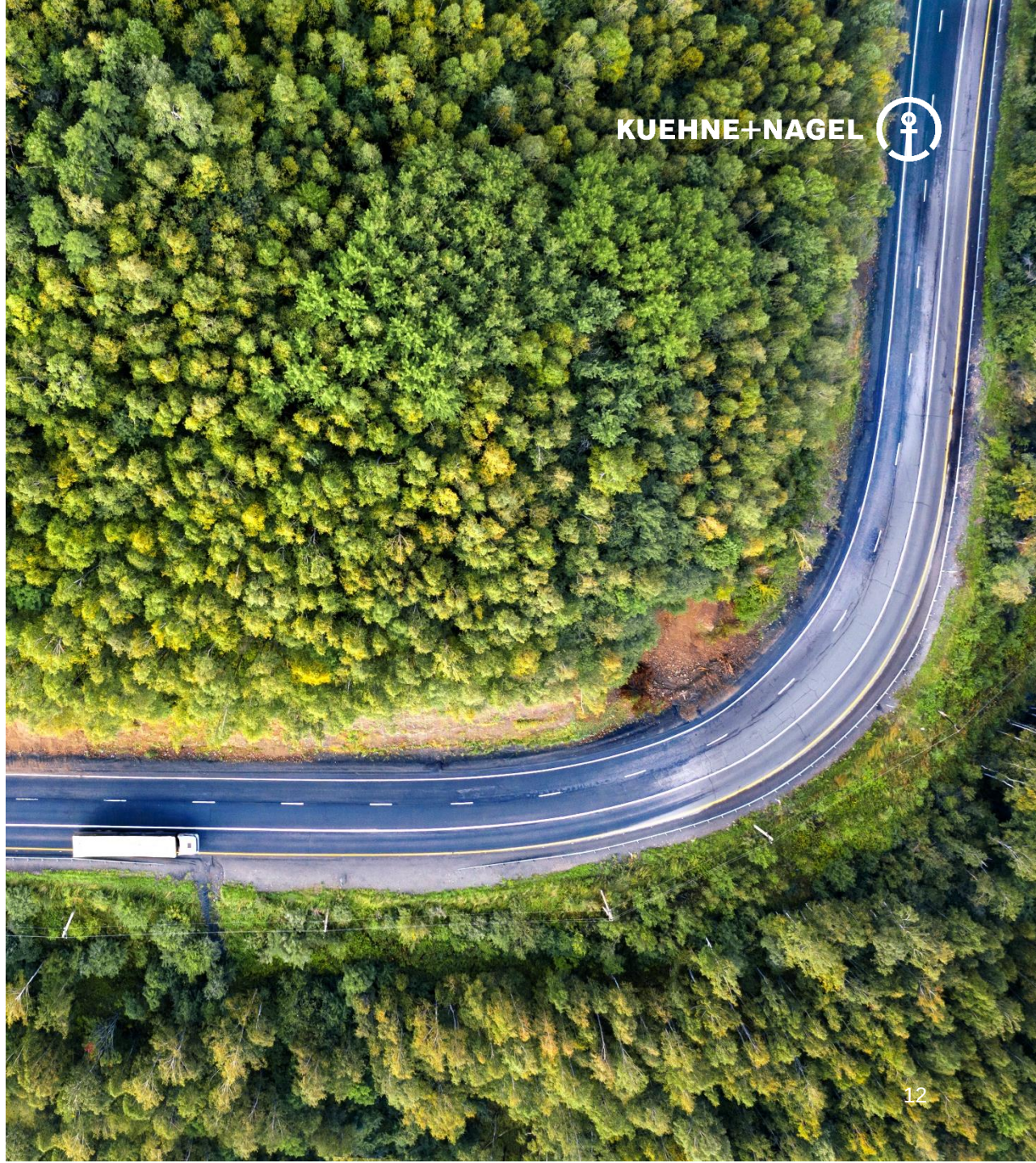
Volumes in Americas at a low level

Road Logistics



HY 2020:

- Net turnover at CHF 1,584 million, 13.0% below HY 2019
- EBIT at CHF 26 million, 42.2% below HY 2019

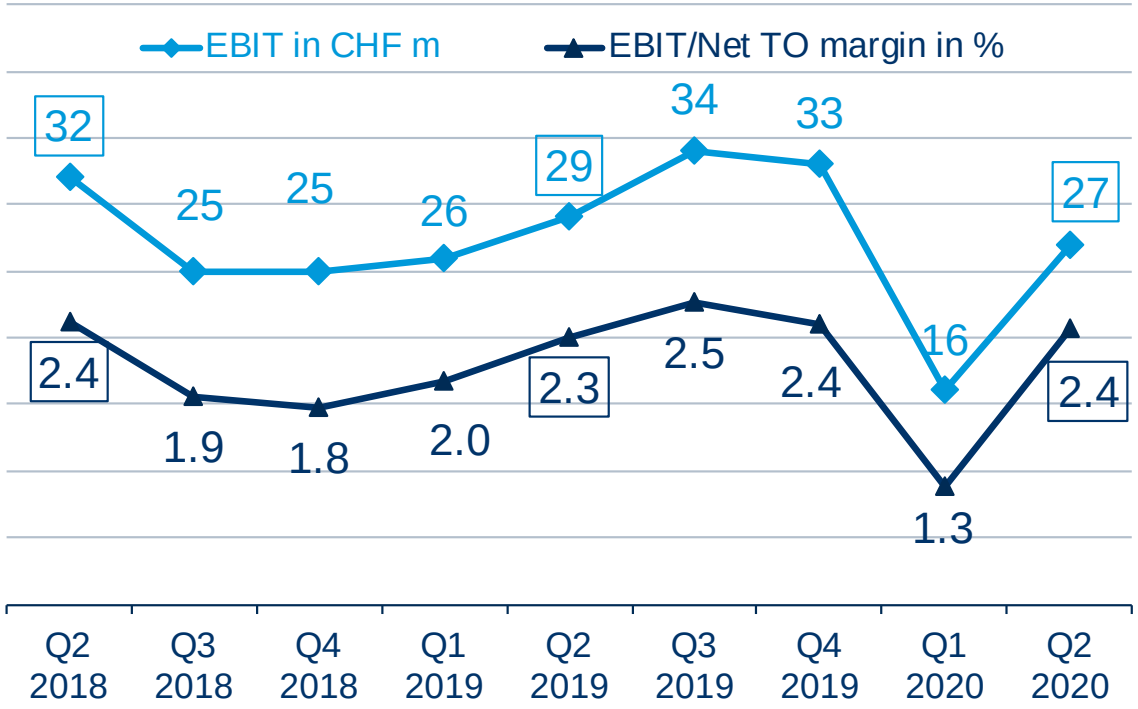


Contract Logistics

High demand for essential goods (approx. 50% of contract portfolio)

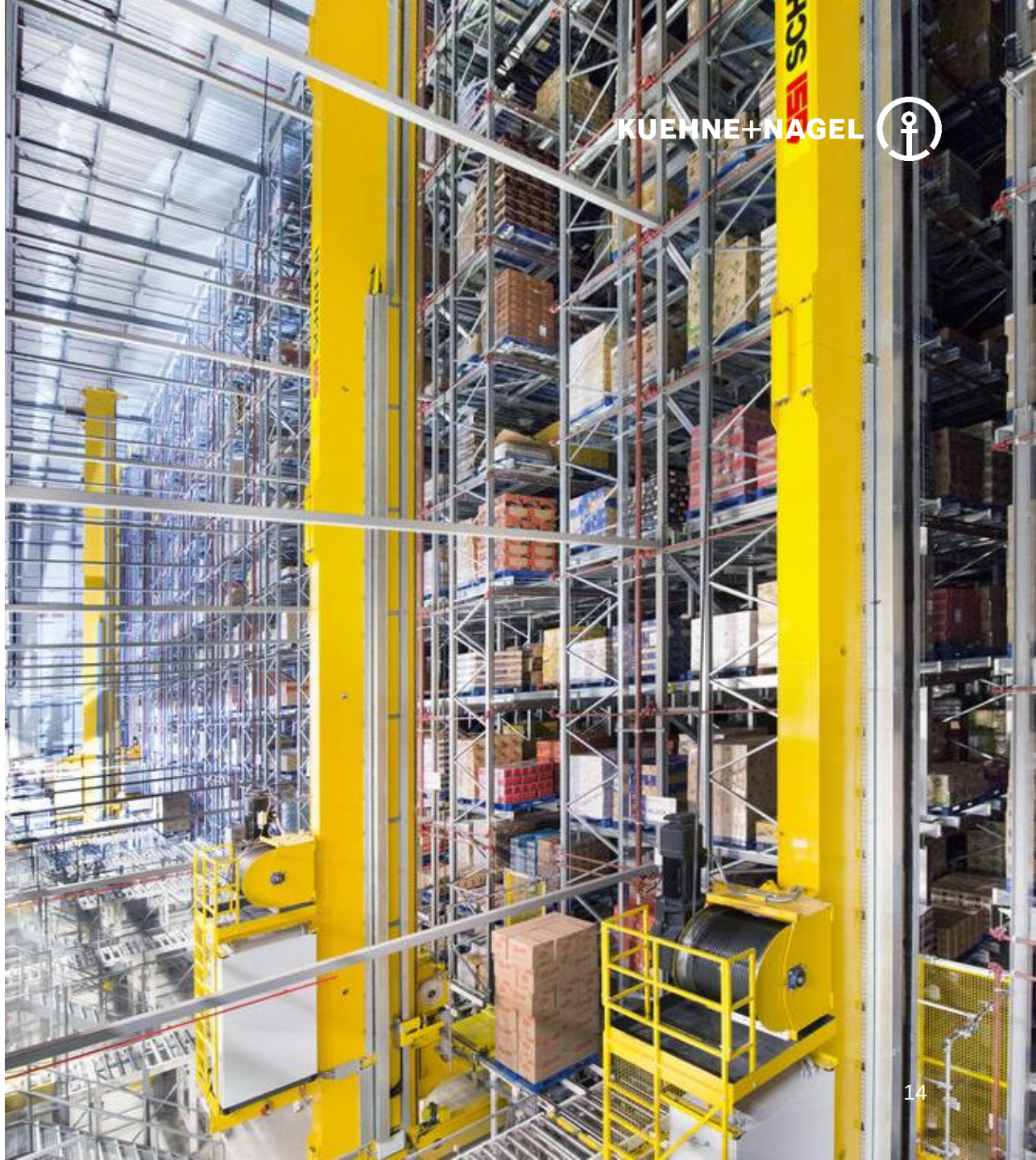
Strict cost management

Contract Logistics (excl. real estate transactions)



HY 2020:

- Net turnover at CHF 2,378 million, 11.3% below HY 2019
- In Q2 net turnover loss fully compensated by cost reductions



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Key financial figures half-year 2020

Income Statement

CHF million	2019 Q1	2019 Q2	2019 YTD	2020 Q1	2020 Q2	2020 YTD	Variance			Variance in %			
							2020/2019	Q1	Q2	2020/2019	Growth	Acquisition	Forex [1]
Net turnover	5,237	5,363	10,600	4,912	4,896	9,808	(792)	(325)	(467)	(7.5%)	(2.3%)	0.7%	(5.9%)
Gross profit	1,978	2,037	4,015	1,878	1,772	3,650	(365)	(100)	(265)	(9.1%)	(4.5%)	1.0%	(5.6%)
Gross profit margin	37.8%	38.0%	37.9%	38.2%	36.2%	37.2%							
EBITDA	418	451	869	378	421	799	(70)	(40)	(30)	(8.1%)	(2.6%)	0.3%	(5.8%)
EBITDA margin	8.0%	8.4%	8.2%	7.7%	8.6%	8.1%							
Depreciation of property, plant & equipment	(48)	(49)	(97)	(49)	(42)	(91)							
Depreciation of right-of-use assets	(115)	(122)	(237)	(134)	(120)	(254)							
Amortisation of other intangibles	(13)	(11)	(24)	(11)	(24)	(35)							
EBIT	242	269	511	184	235	419	(92)	(58)	(34)	(18.0%)	(12.6%)	(0.1%)	(5.3%)
EBIT margin to net turnover	4.6%	5.0%	4.8%	3.7%	4.8%	4.3%							
Conversion rate	12.2%	13.2%	12.7%	9.8%	13.3%	11.5%							
EBT	236	266	502	182	230	412	(90)	(54)	(36)	(17.9%)	(12.5%)	(0.2%)	(5.2%)
EBT margin to net turnover	4.5%	5.0%	4.7%	3.7%	4.7%	4.2%							
Earnings for the period	181	203	384	139	170	309	(75)	(42)	(33)	(19.5%)	(14.3%)	- %	(5.2%)

[1] Foreign currency translation impact

Foreign currency translation impact: EUR (5.4)%; USD (2.9)%; GBP (5.0)%

eTouch: positioned to fully leverage AirLog

- AirLog operating system (rolled out 2019): prerequisite for eTouch ambitions
- “Bedding down” period complete, additional efficiencies beginning to emerge
- Automation efforts: to date, traction in five of ten core process areas

Workflow area	Baseline	Progress
Document filing	●	●
Customer booking and order entry	●	●
Status updates	●	●
Carrier communication	●	●
Invoicing	●	●

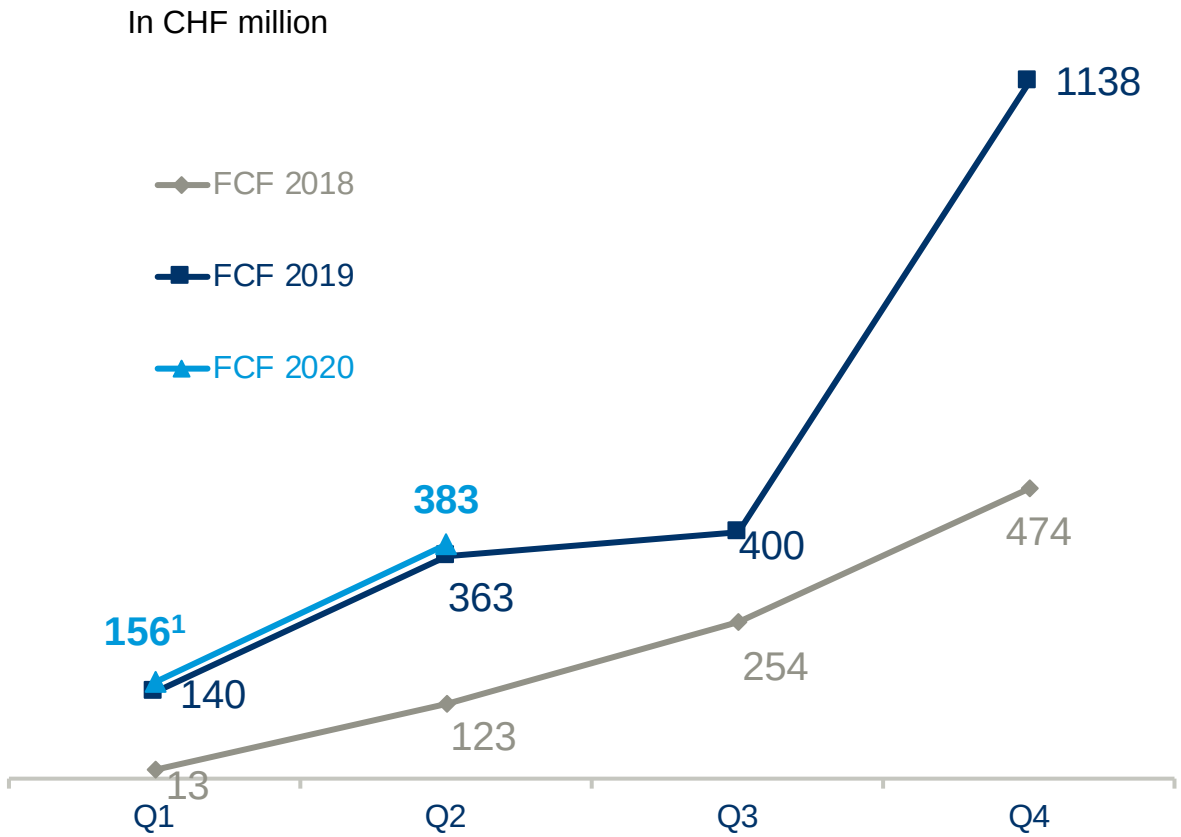
Balance Sheet

KUEHNE+NAGEL

CHF million	December 31, 2019	June 30, 2020		December 31, 2019	June 30, 2020
Assets			**Liabilities and equity**		
			Equity attributable to the equity holders of the parent company	**2,316**	**2,475**
Property, plant and equipment	1,089	978			
Right-of-use assets	1,899	1,596	Non-controlling interests	6	6
Goodwill	1,220	1,179	**Total equity**	**2,322**	**2,481**
Other intangibles	185	170	Non-current lease liabilities	1,432	1,175
Others	228	217	Others	1,142	1,105
Non-current assets	**4,621**	**4,140**	**Non-current liabilities**	**2,574**	**2,280**
			Trade payables	1,890	1,591
			Contract liabilities	74	95
Assets held for sale	-	404	Liabilities associated to assets held for sale	-	304
Trade receivables	3,601	3,273	Accrued trade expenses/deferred income	1,190	1,164
Contract assets	223	228	Bank and other interest-bearing liabilities	12	12
Cash and cash equivalents	910	1,169	Current lease liabilities	510	464
Others	470	375	Others	1,253	1,198
Current assets	**5,204**	**5,449**	**Current liabilities**	**4,929**	**4,828**
Total assets	**9,825**	**9,589**	**Total liabilities and equity**	**9,825**	**9,589**

Cash / Free Cash Flow

CHF million	HY 2019	HY 2020	Variance
Cash and cash equivalents January 1, net	**488**	**904**	**416**
Operational cash flow	**872**	**804**	**(68)**
Changes in working capital	(89)	(141)	(52)
Income taxes paid	(114)	(111)	3
Cash flow from operating activities	**669**	**552**	**(117)**
Cash flow from investing activities	**(108)**	**44**	**152**
Cash flow from financing activities	**(553)**	**(312)**	**241**
Exchange difference on cash and cash equivalents	(3)	(29)	(26)
Increase/(decrease) in cash and cash equivalents	5	255	250
Cash and cash equivalents June 30, net	**493**	**1,159**	**666**



[1] FCF reported is CHF 84 million, which includes CHF 72 million from a prepayment of withholding tax, refund received in Q2 2020

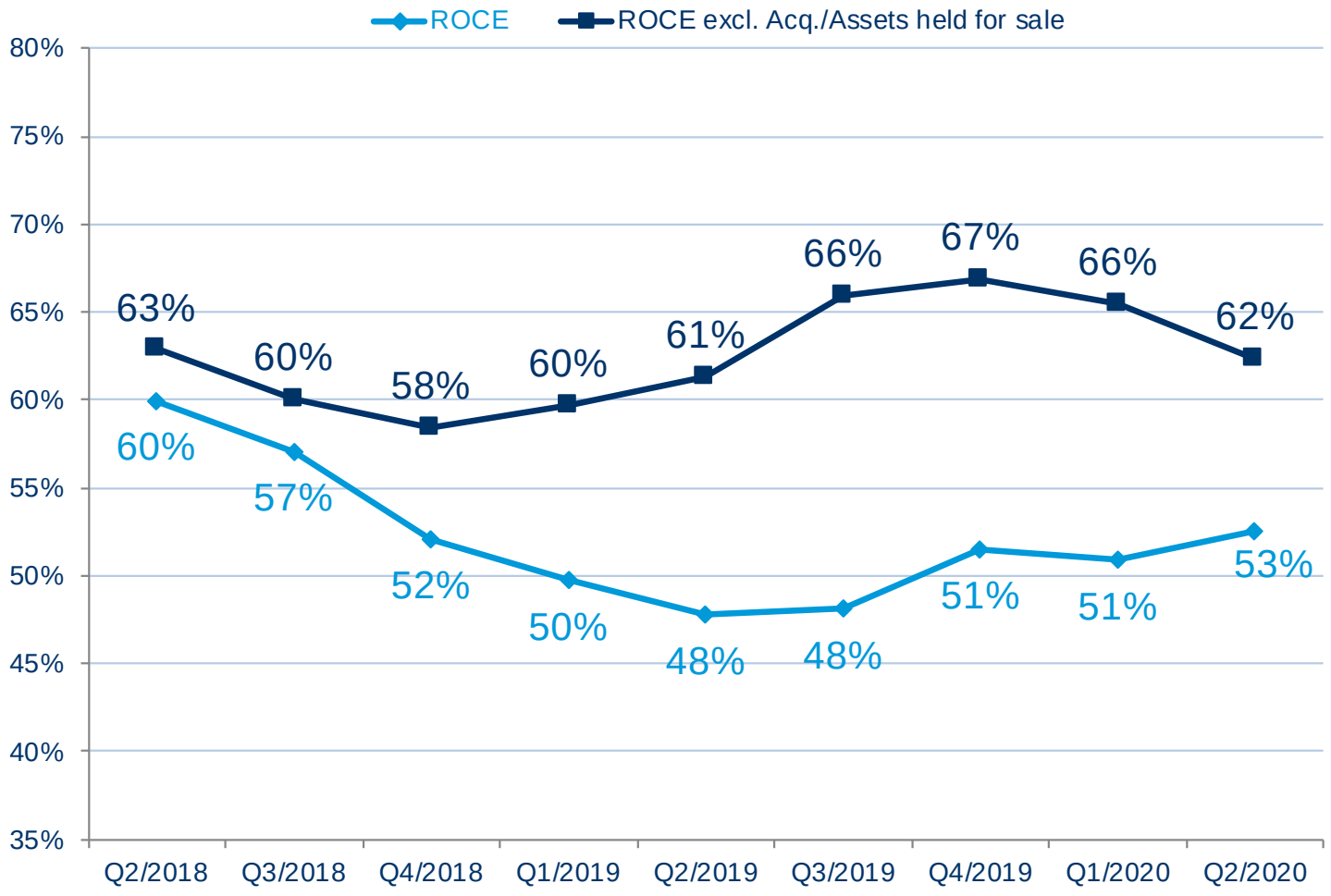
The Kuehne+Nagel Group has successfully extended the revolving credit facility of CHF 750 million by one more year until 24.04.2023

Working Capital

CHF million	June 30, 2019	June 30, 2020	Better/(worse) 2020 vs. 2019
Trade receivables/Contract assets/Work in progress	4,127	3,716	411
Trade payables/Contract liabilities/Accrued trade expenses	(3,094)	(2,829)	(265)
Net working capital	**1,033**	**887**	**146**
KPIs:			
Working capital intensity	**4.0%**	**3.9%[1]**	**0.1%**
DSO	54.5	54.9	(0.4)
DPO	63.2	64.3	1.1
Δ	8.7	9.4	0.7

[1] Net working capital intensity excluding contribution from assets held for sale equals 3.7%

Return on capital employed (ROCE)



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, cash and cash equivalents

- **Covid-19 effect:**

  Sudden decrease of profitability on similar asset base leads to lower ROCE

- **Acquisition effect:**

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

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

KUEHNE+NAGEL

Dividend proposal
CHF 4.00 per share

The Board of Directors of Kuehne + Nagel International AG has decided to propose the distribution of a dividend of CHF 4.00 per share from the retained earnings 2019 to be approved by the shareholders in an extraordinary general meeting on September 2, 2020

Financial targets

KUEHNE+NAGEL

Group

	HY 2020	Targets 2022
Conversion rate	11%	16%
ROCE (excl. acq.)	62%	70%
Effective tax rate	25%	24 - 26%
Working capital intensity	4%	3 - 5%

Assumptions targets 2022: conversion rate target based on 2016 business unit mix, stable macro-economic environment, no acquisition impacts considered

Volume growth

KN HY 2020	(9)%
Market 2020	No update provided due to exceptionally high uncertainty

Volume growth

KN HY 2020	(15)%
Market 2020	No update provided due to exceptionally high uncertainty

Net turnover growth[1]

KN HY 2020	(8)%
Market 2020	No update provided due to exceptionally high uncertainty

Net turnover growth[1]

KN HY 2020	(6)%
Market 2020	No update provided due to exceptionally high uncertainty

1 in constant currency

“My thanks go to all colleagues for their extraordinary commitment.”

Dr. Detlef Trefzger
CEO Kuehne + Nagel International AG

Inspire. Empower. Deliver.

KUEHNE+NAGEL

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Upcoming events

06. – 20.10.2020 20.10.2020	Closed period Nine-months 2020 results
04.01. – 03.03.2021 03.03.2021	Closed period Full-year 2020 results
07. – 26.04.2021 26.04.2021	Closed period Three-months 2021 results
04.05.2021	Annual General Meeting
07. – 20.07.2021 20.07.2021	Closed period Half-year 2021 results

Quarter over Quarter 2020/2019

KUEHNE+NAGEL

CHF million	2020			2019			Change in %			Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
1. Sea Logistics												
A) Income Statement												
Turnover	2,235	2,095	4,330	2,437	2,453	4,890	(8.3)	(14.6)	(11.5)	(202)	(358)	(560)
Net Turnover	1,724	1,662	3,386	1,852	1,887	3,739	(6.9)	(11.9)	(9.4)	(128)	(225)	(353)
Gross Profit	344	329	673	382	400	782	(9.9)	(17.8)	(13.9)	(38)	(71)	(109)
Opex	(258)	(235)	(493)	(263)	(271)	(534)	+1.9	+13.3	+7.7	5	36	41
EBITDA	86	94	180	119	129	248	(27.7)	(27.1)	(27.4)	(33)	(35)	(68)
Depreciation and Amortisation	(7)	(6)	(13)	(7)	(6)	(13)	-	-	-	-	-	-
EBIT	79	88	167	112	123	235	(29.5)	(28.5)	(28.9)	(33)	(35)	(68)
B) KPI												
EBIT / GP conversion ratio	23.0%	*26.7%*	*24.8%*	29.3%	*30.8%*	*30.1%*						
Volume (TEU's '000)	1,075	1,100	2,175	1,146	1,246	2,392	(6.2)	(11.7)	(9.1)	(71)	(146)	(217)
GROSS PROFIT (CHF per TEU)	320	299	309	333	321	327	(3.9)	(6.9)	(5.5)	(13)	(22)	(18)
EXPENSES (CHF per TEU)	(247)	(219)	(232)	(236)	(222)	(229)	(4.7)	+1.4	(1.3)	(11)	3	(3)
EBIT	73	80	77	97	99	98	(24.7)	(19.2)	(21.4)	(24)	(19)	(21)
2. Air Logistics												
A) Income Statement												
Turnover	1,285	1,515	2,800	1,372	1,389	2,761	(6.3)	+9.1	+1.4	(87)	126	39
Net turnover	1,091	1,369	2,460	1,170	1,190	2,360	(6.8)	+15.0	+4.2	(79)	179	100
Gross Profit	307	335	642	326	342	668	(5.8)	(2.0)	(3.9)	(19)	(7)	(26)
Opex	(225)	(215)	(440)	(233)	(235)	(468)	+3.4	+8.5	+6.0	8	20	28
EBITDA	82	120	202	93	107	200	(11.8)	+12.1	+1.0	(11)	13	2
Depreciation and Amortisation	(11)	(10)	(21)	(13)	(13)	(26)	+15.4	+23.1	+19.2	2	3	5
EBIT	71	110	181	80	94	174	(11.3)	+17.0	+4.0	(9)	16	7
B) KPI												
EBIT / GP conversion ratio	23.1%	32.8%	28.2%	24.5%	27.5%	26.0%						
Volume (TON's '000)	372	315	687	409	404	813	(9.0)	(22.0)	(15.5)	(37)	(89)	(126)
GROSS PROFIT (CHF per 100kg)	83	106	93	80	84	82	+3.8	+26.2	+13.4	3	22	11
EXPENSES (CHF per 100kg)	(64)	(71)	(67)	(60)	(61)	(61)	(6.7)	(16.4)	(9.8)	(4)	(10)	(6)
EBIT	19	35	26	20	23	21	(5.0)	+52.2	+23.8	(1)	12	5

Quarter over Quarter 2020/2019

KUEHNE+NAGEL

CHF million	2020			2019			Change in %			Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
3. Road Logistics												
A) Income Statement												
Turnover	975	829	1,804	1,037	1,040	2,077	(6.0)	(20.3)	(13.1)	(62)	(211)	(273)
Net Turnover	863	721	1,584	901	919	1,820	(4.2)	(21.5)	(13.0)	(38)	(198)	(236)
Gross Profit	281	257	538	285	292	577	(1.4)	(12.0)	(6.8)	(4)	(35)	(39)
Opex	(249)	(235)	(484)	(249)	(256)	(505)	-	+8.2	+4.2	-	21	21
EBITDA	32	22	54	36	36	72	(11.1)	(38.9)	(25.0)	(4)	(14)	(18)
Depreciation and Amortisation	(15)	(13)	(28)	(12)	(15)	(27)	(25.0)	+13.3	(3.7)	(3)	2	(1)
EBIT	17	9	26	24	21	45	(29.2)	(57.1)	(42.2)	(7)	(12)	(19)
B) KPI												
EBITDA / Net turnover	3.7%	3.1%	3.4%	4.0%	3.9%	4.0%						
EBIT / GP conversion rate	6.0%	3.5%	4.8%	8.4%	7.2%	7.8%						
EBIT / Net turnover	2.0%	1.2%	1.6%	2.7%	2.3%	2.5%						
4. Contract Logistics												
A) Income Statement												
Turnover	1,365	1,274	2,639	1,477	1,522	2,999	(7.6)	(16.3)	(12.0)	(112)	(248)	(360)
Net turnover	1,234	1,144	2,378	1,314	1,367	2,681	(6.1)	(16.3)	(11.3)	(80)	(223)	(303)
Gross Profit	946	851	1,797	985	1,003	1,988	(4.0)	(15.2)	(9.6)	(39)	(152)	(191)
Opex	(768)	(666)	(1,434)	(815)	(824)	(1,639)	+5.8	+19.2	+12.5	47	158	205
EBITDA	178	185	363	170	179	349	+4.7	+3.4	+4.0	8	6	14
Depreciation and Amortisation	(161)	(157)	(318)	(144)	(148)	(292)	(11.8)	(6.1)	(8.9)	(17)	(9)	(26)
EBIT	17	28	45	26	31	57	(34.6)	(9.7)	(21.1)	(9)	(3)	(12)
B) KPI												
EBITDA / Net turnover	14.4%	16.2%	15.3%	12.9%	13.1%	13.0%						
EBIT / GP conversion rate	1.8%	3.3%	2.5%	2.6%	3.1%	2.9%						
EBIT / Net turnover	1.4%	2.4%	1.9%	2.0%	2.3%	2.1%						

Quarter over Quarter 2020/2019

KUEHNE+NAGEL

CHF million	2020			2019			Change in %			Change in mCHF		
	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL	Q1	Q2	TOTAL
5. Kuehne+Nagel Group												
A) Income Statement												
Turnover	5,860	5,713	11,573	6,323	6,404	12,727	(7.3)	(10.8)	(9.1)	(463)	(691)	(1,154)
Customs duties and taxes	(948)	(817)	(1,765)	(1,086)	(1,041)	(2,127)	+12.7	+21.5	+17.0	138	224	362
Net Turnover	4,912	4,896	9,808	5,237	5,363	10,600	(6.2)	(8.7)	(7.5)	(325)	(467)	(792)
Net expenses for services from 3rd parties	(3,034)	(3,124)	(6,158)	(3,259)	(3,326)	(6,585)	+6.9	+6.1	+6.5	225	202	427
Gross Profit	1,878	1,772	3,650	1,978	2,037	4,015	(5.1)	(13.0)	(9.1)	(100)	(265)	(365)
Opex	(1,500)	(1,351)	(2,851)	(1,560)	(1,586)	(3,146)	+3.8	+14.8	+9.4	60	235	295
EBITDA	378	421	799	418	451	869	(9.6)	(6.7)	(8.1)	(40)	(30)	(70)
Depreciation and Amortisation	(194)	(186)	(380)	(176)	(182)	(358)	(10.2)	(2.2)	(6.1)	(18)	(4)	(22)
EBIT	184	235	419	242	269	511	(24.0)	(12.6)	(18.0)	(58)	(34)	(92)
Result from finance and associates	(2)	(5)	(7)	(6)	(3)	(9)	(66.7)	+66.7	(22.2)	4	(2)	2
EBT	182	230	412	236	266	502	(22.9)	(13.5)	(17.9)	(54)	(36)	(90)
Income tax	(43)	(60)	(103)	(55)	(63)	(118)	+21.8	+4.8	+12.7	12	3	15
Earnings for the period	139	170	309	181	203	384	(23.2)	(16.3)	(19.5)	(42)	(33)	(75)
Non-controlling interests	(1)	-	(1)	(1)	(1)	(2)				-	1	1
Net Earnings	138	170	308	180	202	382	(23.3)	(15.8)	(19.4)	(42)	(32)	(74)
B) KPIs												
EBIT / GP conversion rate	9.8%	13.3%	11.5%	12.2%	13.2%	12.7%						
GP / Net turnover	38.2%	36.2%	37.2%	37.8%	38.0%	37.9%						
EBITDA / Net turnover	7.7%	8.6%	8.1%	8.0%	8.4%	8.2%						
EBIT / Net turnover	3.7%	4.8%	4.3%	4.6%	5.0%	4.8%						
EBT / Net turnover	3.7%	4.7%	4.2%	4.5%	5.0%	4.7%						
Earnings for the period / Net turnover	2.8%	3.5%	3.2%	3.5%	3.8%	3.6%						

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