



Kuehne + Nagel Group

Analyst Call – Half-Year 2009 Results

July 20, 2009 (CET 14.00)

Schindellegi, Switzerland



Agenda: Half-Year 2009 Results

- Welcome and Highlights Gerard van Kesteren
- Operating Review Reinhard Lange
- Financial Review Gerard van Kesteren
- Update on Antitrust Investigation/
Outlook 2009 Reinhard Lange



Highlights of First Half-Year 2009

- **Strong execution of dual strategy**
 - ➔ Cost management
 - ➔ Market share gain

- **Despite volume reduction:**

	<u>KN</u>	<u>Market*</u>	
- Seafreight	- 11 %	- 17 %	➔ TEU
- Airfreight	- 19 %	- > 20 %	➔ Tonnage
- Road & Rail	- 25 %	- > 29 %	➔ Volume / Price
- Contract Logistics	0 %	- 5 %	➔ Volume

Solid results:

EBITDA	CHF 466 Mio	(excluding forex - 10.3 %)
EBIT	CHF 327 Mio	(excluding forex - 10.3 %)
EAT	CHF 258 Mio	(excluding forex - 8.6 %)

- **Continuous good Working Capital Management resulting in strong balance sheet**

* Kuehne + Nagel estimate



Income Statement – January - June

<i>CHF million</i>	2007	2008	2009	Variance 2009 / 2008			
				Variance	Growth	Acq.	Forex Impact
Invoiced turnover	9'968	10'700	8'498	(20.6%)	(15.3%)	3.1%	(8.3%)
Forwarding expenses	(7'052)	(7'561)	(5'569)				
Gross profit	2'916	3'139	2'929	(6.7%)	(3.8%)	6.3%	(9.2%)
<i>Gross profit margin</i>	29.3%	29.3%	34.5%				
Total expenses	(2'444)	(2'609)	(2'463)				
EBITDA	472	530	466	(12.1%)	(10.3%)	4.2%	(5.9%)
<i>EBITDA margin</i>	4.7%	5.0%	5.5%				
Depreciation of property, plant and equipment	(83)	(84)	(94)				
Amortisation of Intangibles	(39)	(52)	(45)				
EBIT	350	394	327	(17.0%)	(10.3%)	(1.8%)	(4.9%)
<i>EBIT margin</i>	3.5%	3.7%	3.8%				
Financial Result / Joint ventures	8	9	10				
EBT	358	403	337	(16.4%)	(8.3%)	(3.0%)	(5.1%)
<i>EBT margin</i>	3.6%	3.8%	4.0%				
Tax	(88)	(93)	(78)				
Earnings after tax	270	310	259	(16.5%)	(8.8%)	(3.2%)	(4.4%)
Minority interest	(1)	(2)	(1)				
Net earnings for the period	269	308	258	(16.2%)	(8.6%)	(3.2%)	(4.4%)



Currency Development CHF

	Jun 2008	Jun 2009	Variance %	Impact Net Earning
Income Statement				
Euro	1.6171	1.5088	(6.7%)	} (4%)
US Dollar	1.0630	1.1187	5.2%	
British Pound	2.1061	1.6675	(20.8%)	
Forecast for 2009 - Income Statement	2008	2009	Variance %	Impact Net Earning
Euro	1.5883	1.5000	(5.6%)	} (3.0%)
US Dollar	1.0851	1.1000	1.4%	
British Pound	2.0024	1.7500	(12.6%)	



Dual Strategy to Lead through the Economic Downturn

- **Business development**
 - 15 % increase sales force (+400 FTE)
 - Mergers & acquisitions opportunities

- **Cost control**
 - Reduction of operational cost in line with volume development
 - Targeted travel cost reduction by 50 % vs. 2008
 - Targeted overhead reduction by 10 % vs. 2008

- **Cash control**
 - Prudent asset management to safeguard cash & cash equivalents
 - Tight working capital control, having approximately 60 % receivables insured
 - Restrictive capex



Segment Reporting by Business Unit January–June

<u>CHF million</u>	Invoiced Turnover				Gross profit				EBITDA			
	2008	2009	Variance	Excl. Forex	2008	2009	Variance	Excl. Forex	2008	2009	Variance	Excl. Forex
- Seafreight	4'859	3'731	(23.2%)	(15.9%)	662	607	(8.3%)	(2.1%)	211	204	(3.3%)	(0.0%)
- Airfreight	1'924	1'328	(31.0%)	(23.5%)	367	324	(11.7%)	(5.9%)	117	98	(16.2%)	(11.3%)
- Road & Rail Logistics	1'481	1'225	(17.3%)	(9.1%)	308	409	32.8%	40.5%	25	19	(24.0%)	(10.4%)
- Contract Logistics	2'369	2'153	(9.1%)	1.4%	1'779	1'568	(11.9%)	(0.6%)	131	100	(23.7%)	(15.4%)
- Insurance Brokers/Real Estate	67	61	(9.0%)	-	23	21	(8.7%)	-	46	45	(2.2%)	-
Total Group	10'700	8'498	(20.6%)	(12.3%)	3'139	2'929	(6.7%)	2.5%	530	466	(12.1%)	(6.2%)



Performance Business Unit Seafreight 2007–2009

	January - June			Variance	Excl. Forex
	2007	2008	2009		
<i>CHF million</i>					
Invoiced turnover	4'530	4'859	3'731	(23.2%)	(15.9%)
Gross profit	603	662	607	(8.3%)	(2.1%)
EBITDA	188	211	204	(3.3%)	(0.0%)
EBIT	172	193	184	(4.7%)	-
EBITDA / Turnover margin	4.2%	4.3%	5.5%		
EBIT / Turnover margin	3.8%	4.0%	4.9%		
EBIT / GP margin	28.5%	29.2%	30.3%		
Operating exp. / GP	69.0%	68.0%	66.0%		



- Volume in Q2 10% over Q1 2009; market 17% down in 2009
- Reduced gross profit per unit
- Main critical issue remains rates / GP development per unit
- Further cost reduction in line with volume reduction where applicable



Performance Business Unit Airfreight 2007–2009

	January - June			Variance	Excl. Forex
	2007	2008	2009		
<i>CHF million</i>					
Invoiced turnover	1'722	1'924	1'328	(31.0%)	(23.5%)
Gross profit	333	367	324	(11.7%)	(5.9%)
EBITDA	97	117	98	(16.2%)	(11.3%)
EBIT	86	104	89	(14.4%)	-
EBITDA / Turnover margin	5.6%	6.1%	7.4%		
EBIT / Turnover margin	5.0%	5.4%	6.7%		
EBIT / GP margin	25.8%	28.3%	27.5%		
Operating exp. / GP	71.0%	68.0%	70.0%		



- Volume in Q1 10% over Q1 2009; market in excess of 20% down versus last year
- Non sustainable gross profit per kg
- Further manpower reduction planned in line with volume development



Performance Business Unit Road & Rail Logistics 2007–2009

	January - June			2008/2009 %	Forex	Acquisitions	Growth
	2007	2008	2009				
<i>CHF million</i>							
Invoiced turnover	1'384	1'481	1'225	(17.3%)	(8.2%)	15.5%	(24.6%)
Net invoiced turnover	1'236	1'407	1'153	(18.1%)	(8.2%)	16.3%	(26.2%)
Gross profit	253	308	409	32.8%	(7.7%)	55.2%	(14.7%)
EBITDA	23	25	19	(24.0%)	(13.6%)	56.0%	(66.4%)
EBITA	16	17	(2)	-	-	-	-
EBIT	8	7	(16)	-	-	-	-
EBITDA / Turnover margin	1.7%	1.7%	1.6%				
EBIT / Revenue margin	0.6%	0.5%	(1.3%)				

- Volume reduction vs. last year 26.2%
- Alloin included as of January 1, 2009



Performance Business Unit Contract Logistics 2007–2009

	January - June			2008/2009 %	Forex	Acquisitions	Growth
	2007	2008	2009				
<i>CHF million</i>							
Invoiced turnover	2'264	2'369	2'153	(9.1%)	(10.5%)	0.5%	0.9%
Net invoiced turnover	2'172	2'300	2'062	(10.3%)	(10.7%)	0.5%	(0.2%)
Gross profit	1'706	1'779	1'568	(11.9%)	(11.3%)	0.5%	(1.1%)
EBITDA	118	131	100	(23.7%)	(8.3%)	(1.5%)	(13.8%)
EBIT	55	57	36	(36.8%)	-	-	-
EBITDA / Turnover margin	5.2%	5.5%	4.6%				
EBIT / Turnover margin	2.4%	2.4%	1.7%				

- Lost volume compensated with new business.
- Productivity improvement in place
- Strong sales pipeline



Development of Working Capital

CHF Mio

	<u>Jun 2007</u>	<u>Jun 2008</u>	<u>June 2009</u>
Trade receivables	2'469	2'541	2'027
Work in progress	303	304	185
Subtotal	2'771	2'845	2'212
Trade payables	(1'120)	(1'126)	(989)
Accrued trade expenses	(880)	(914)	(736)
Net Working Capital	772	805	487

in % of annualised Revenue	3.9%	3.8%	2.9%
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KPI

- DSO	43.6	42.4	43.4
- DPO	49.6	48.0	57.1
- Work in progress	5.7	5.3	4.6



➤ **Capex:** Actual capex Jan / Jun 2009: CHF 164 million, full year approx. CHF 275 million, which does not exceed 2009 depreciation / amortization charge

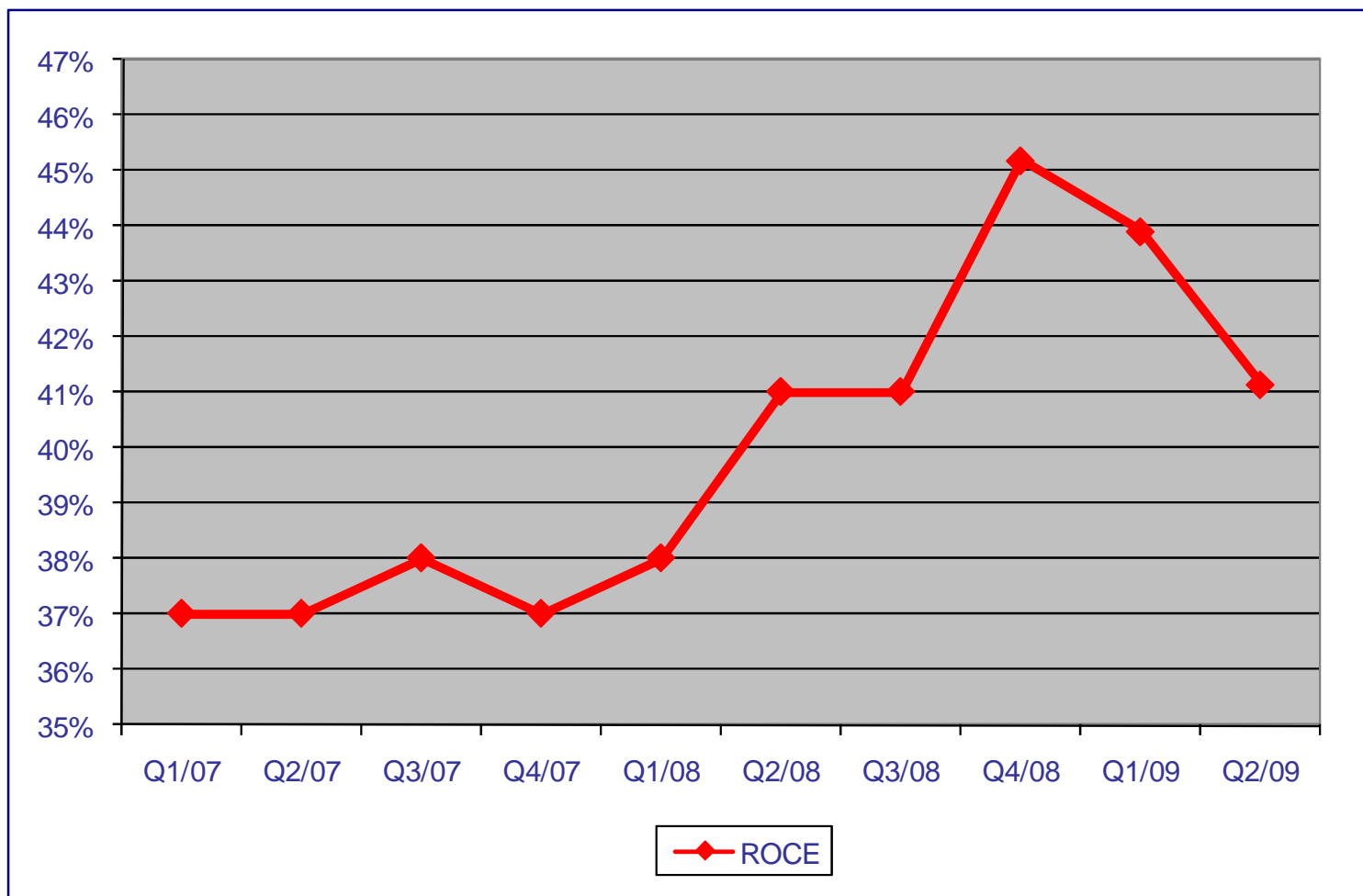
➤ **Cash Flow:** Reduction of Cash & cash equivalent in the first 6 months of CHF 379 Mio.
on account of :

	<u>CHF Mio.</u>
- Operational cash flow	CHF 385
- Payment of Dividend	CHF (272)
- Acquisitions	CHF (292)
- Capex	CHF (164)
- Other	<u>CHF (36)</u>
TOTAL	<u>CHF (379)</u>

➤ **Tax Rate:** 23% sustainable for 2009



Return on Capital Employed





Update on Antitrust Investigation

- On October 10, 2007, various Kuehne + Nagel organizations have been inspected.
- Class A action lawsuits were filed in the USA.
- Full co-operation with respective authorities.
- No decisions have been received from the respective authorities.
- No provision created.
- Dedicated compliance concept in place.



Outlook 2009

“The Management Board of Kuehne + Nagel International AG does not anticipate a substantial short-term improvement in the global economy and markets. The company will therefore continue its focused dual strategy of disciplined cost management and market share expansion.”

Reinhard Lange, CEO



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