



Message from the President

Andy Weber, President of
Kuehne + Nagel (Asia Pacific) Management Pte Ltd.



Growing local consumption coupled with the need for high quality domestic services in China and India prompt for additional offerings in the field of road logistics. By providing a wider range of overland transportation services Kuehne + Nagel's customers will be able to benefit from integrated logistics services from a single source in these markets.

To start I would like to wish you a happy and prosperous 2011. Many new opportunities and challenges are lying ahead of us.

Recovery of world economy, the positive global trend of the logistics market, and our corporate strategy have provided the basis for an exciting new year. In 2011, we will continue to provide best-in-class logistics services to our customers in the dynamic growing economies throughout Asia Pacific. To further improve our offerings we will invest into expanding both, our product portfolio and presence in the region, especially in the scope of our initiative in China "Go to West".

In international forwarding, leveraging on the Kuehne + Nagel Group's global network and multi-carrier programmes, we will further optimise our trade lane management. Increased importance will be attached to the intra-Asia and transpacific trades, with the key objective of offering customers best possible service and access to key markets.

Our strong focus on customer orientation will drive the development of our contract logistics offerings. In addition to providing industry-specific solutions, we will expand warehousing, distribution and lead logistics activities across the region.

We are very pleased that our specialisation in various niche sectors, such as aviation, hotel, beverage, reefer and perishable commodities, oil & gas, fairs and exhibitions as well as project management, has been met with a high degree of market acceptance. In 2011, we will continue to develop innovative end-to-end solutions to meet our customers' manifold requirements.

Last but not least, I extend my sincere gratitude to our customers and business partners for their trust and valuable relations. Your support combined with our capabilities make us confident to steam ahead. We look forward to partnering with you and acting as an extension of your business. ○

Visit of the Chairman

Klaus-Michael Kuehne, Chairman of the Board of Directors of Kuehne + Nagel International AG, and his wife Christine paid a visit to the Asia Pacific organisation in Singapore in December last year. They were warmly welcomed by the management team, led by Andy Weber, President of Kuehne + Nagel Asia Pacific.

The meeting was particularly interesting, not least because it was the first time for Mr. Kuehne to visit Asia since the company's headquarters was relocated to Singapore in April 2010. It also offered a good opportunity for him to personally witness the region's dynamic developments in the past.

Since 2005, for example, the regional logistics network has been extended from 100 to 150 locations; the number of employees has

grown from 3,900 to approximately 6,400. The company has earned a reputation for being a high quality integrated logistics provider. Besides international sea and airfreight, contract logistics has been rapidly expanding as one of the company's core offerings since then. At present, Kuehne + Nagel manages a total warehousing space of more than 450,000 square metres at more than 75 locations across Asia Pacific.

Kuehne + Nagel has also diversified into niche sectors. Today, it is a well-known provider of specialised services for hotels, fairs and exhibitions, the oil & gas industry, drinks logistics and project management.

The regional management team assured to Mr. Kuehne that the Asia Pacific organisation will continue to maximise the opportunities presented in the region, constantly optimising its efficiencies and providing the best service for its customers. ○



Mr. and Mrs. Kuehne (in the middle) at the Marina Bay Sands Integrated Resort in Singapore, one of the world's largest hotel logistics projects managed by Kuehne + Nagel

Transportation Management of Racing Cars



In the face of numerous challenges, the Kuehne + Nagel Korea team professionally handled the transport of racing cars and spare parts to Seoul, meeting the high expectations of its customer Wallenborn

Kuehne + Nagel Korea demonstrated its capabilities in the transportation management of racing cars in October last year, when it successfully delivered two Formula-One vehicles to Seoul.

Prior to the inaugural Korean Grand Prix, which was set to take place in Yeongam, the racing cars were being sent to Seoul for a roadshow

scheduled to mark the beginning of a landmark week of motorsports in the country.

Kuehne + Nagel in Korea was responsible for the airfreight transport of the racing cars and associated spare parts from the United Kingdom to Seoul, delivery of the units to the event site, and the return shipments back to the United Kingdom.

The transportation management was not an easy one. Kuehne + Nagel had to overcome numerous challenges, including an especially complex delivery in a busy downtown area of Se Jong Road, where heavy traffic prevailed. In a roadshow event with strict time schedule, Kuehne + Nagel Korea had to follow up and coordinate with various parties involved and to ensure prompt delivery of the essential air-ride suspension trucks.

In order to avoid any handling damages, the cars' delivery to the event site and later pick up were made by air-ride suspension trucks with the exceptional cooperation from the company's carrier partner Korean Airways.

All tasks were carried out as planned and scheduled, fully meeting the high expectations of the customer Wallenborn as well as the F1 team that attended the roadshow. ○

Warehousing Solution for Henkel in Shanghai



Merging various facilities into one shared distribution centre in Shanghai enables Henkel to align its supply chain and to improve distribution in China

Henkel (China) Investment Co., Ltd, a Fortune 500 company behind such well-known brands as Persil, Schwarzkopf and Loctite, has awarded Kuehne + Nagel a two-year contract. The global logistics provider is managing the Shanghai warehousing operation for Henkel's adhesives business.

To align its supply chain in China and to improve distribution, Henkel Adhesive Technologies decided to consolidate its warehousing activities in Shanghai. Kuehne + Nagel merges various existing facilities into one shared distribution centre in Shanghai's Putuo District. The new 8,000-sqm building includes a designated area for temperature sensitive and dangerous goods and provides room for future extension.

Kuehne + Nagel's comprehensive service package for Henkel consists of receiving goods, quality inspection, storage and picking & packing. In addition, the international logistics provider will be in charge of returns handling, as well as the shipment of full pallets, boxes and sales units. The value-added services for Henkel encompass re-packing and re-labeling.

"In Kuehne + Nagel we have found a partner who can ensure full inventory visibility throughout the entire supply chain to improve forecast accuracy and inventory rotation," said Patrick Westkamp, APAC leader for Logistics Purchasing at Henkel Adhesive Technologies.

"This new contract is a confirmation of our contract logistics expertise and we are delighted that Henkel has entrusted us with their warehousing operation in Shanghai," said Jens Drewes, Managing Director Central & North China at Kuehne + Nagel.

Kuehne + Nagel already manages warehousing operations for Henkel in Malaysia, Canada, and France. ○

Oversized Steel Structures – Not a Problem!

Kuehne + Nagel Vietnam has recently completed a large shipment of over 20,000 cubic metres of steel structures from Hai Phong, Vietnam to Mackay, Australia, on behalf of its customer FAM Magdeburger Foerderanlagen und Baumaschinen GmbH.

Due to its gigantic size, the shipment was loaded in three batches, with the dimension of the largest items reaching 36 metres long, 8 metres wide, and 5 metres high. The shallow draft of Hai Phong Port further added to the complexity of the transport. To overcome this, the company arranged barging from

Hai Phong Port to an anchorage point in Ha Long Bay for loading.

Despite unexpected changes, including a last-minute change of production plan as well as port congestion, Kuehne + Nagel managed to complete the task successfully. Kuehne + Nagel Vietnam once again exhibited its strength in project management, applying local knowledge and logistics expertise. ○



On a barge at Hai Phong Port



Loading at anchorage in Ha Long Bay

Go for Green

Kuehne + Nagel is committed to offering environmentally sound, sustainable and innovative supply chain solutions that have a continually reduced impact on the environment. The company has implemented a global environmental policy aiming to become the leading logistics provider taking action on sustainability issues.

The cornerstone of various sustainability initiatives is the group-wide introduction of

the Global Facility Carbon Calculator (GFCC), a tool developed solely by Kuehne + Nagel. The GFCC is a detailed reporting system to record the exact local energy, fuel and water consumption and waste volumes within the Kuehne + Nagel facilities, providing a reliable basis for the prioritisation and performance monitoring of economy programmes. The reductions achieved have demonstrated the potential for savings in the organisation as a whole.

The Asia Pacific region is clearly included in this proactive exercise. By the end of Q2 2011, ten countries in the region will have implemented the GFCC. Furthermore, the company has launched the Global Transport Carbon Calculator (GTCC), which is technically designed to be one of the most powerful tools in the industry for the measurement and accounting of carbon emissions of transports.

In addition to the above, the Asia Pacific organisation has rolled out its first carbon

emissions trading programme. Customers have bought climate tickets worth almost 120,000 US dollars, compensating for 75,000 tons of carbon emissions. The resources collected were used to support a power and heat biomass project in India. This project reduces the uncontrolled burning of agricultural waste and thus prevents harmful emissions and the pollution of groundwater. After the waste has been incinerated in the power plant, the ash is used as fertilizer. Farmers who purchase the fertilizer are then encouraged to practice organic farming.

On top of these ongoing initiatives, the company is committed to introducing green features at every new site developed across the region. For example, in 2010, major warehouse sites in Japan and Australia were ISO14000-certified.

At Kuehne + Nagel, environmental considerations form an integral part of decision making and the formulation of strategy. We look forward to building a greener future together. Let's go for green! ○

Top Awards for Logistics Excellence

Kuehne + Nagel was named "Seafreight Forwarder of the Year" and was honoured with a second award for its environmentally friendly "Green Supply Chain" at the Supply Chain Asia Logistics Awards held in Hong Kong in November last year.

The leading industry event is organised annually by the Supply Chain Asia Magazine and recognises the contributions of organisations as well as individuals in logistics and supply chain excellence in Asia. Finalists in the 17 categories are chosen in a 2-step nomination process, whereby the magazine's readers and community members select the nominees and an independent panel of judges then votes for the winners.

Kuehne + Nagel received the "Green Supply

Chain Award" due to its implementation of a global corporate environment policy. Under this policy the Group has introduced an effective carbon management programme which sets annual emissions reduction targets and focuses on minimising natural resource consumption. "The Seafreight Forwarder of the Year Award" recognises Kuehne + Nagel's relentless efforts to ensure customer-oriented, efficient and cost-effective transport management solutions.

"We are honoured to have received these two prestigious awards. It is a strong acknowledgement of our logistics expertise and demonstrates that we offer best-in-class seafreight services and at the same time strive to provide environmentally sound, sustainable supply chain solutions", said Andy Weber, President of Kuehne + Nagel Asia Pacific. ○



Joerg Bull (left), Managing Director of Kuehne + Nagel Hong Kong, Macau and South China, receiving the Supply Chain Asia Logistics Awards



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