

JANUARY - MARCH 2015



CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS 2015

(UNAUDITED)



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Schindellegi, April 13, 2015

## 1. INCOME STATEMENT

CHF million	January – March		Variance per cent
	2015	2014	
<b>Net turnover</b>	<b>4,096</b>	<b>4,127</b>	<b>-0.8</b>
Net expenses for services from third parties	-2,599	-2,595	
<b>Gross profit</b>	<b>1,497</b>	<b>1,532</b>	<b>-2.3</b>
Personnel expenses	-906	-915	
Selling, general and administrative expenses	-360	-382	
Other operating income/expenses, net	2	-	
<b>EBITDA</b>	<b>233</b>	<b>235</b>	<b>-0.9</b>
Depreciation of property, plant and equipment	-32	-34	
Amortisation of other intangibles	-11	-11	
<b>EBIT</b>	<b>190</b>	<b>190</b>	<b>-</b>
Financial income	3	1	
Financial expenses	-1	-1	
Result from joint ventures and associates	4	2	
<b>Earnings before tax (EBT)</b>	<b>196</b>	<b>192</b>	<b>2.1</b>
Income tax	-43	-42	
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>	<b>2.0</b>
<b>Attributable to:</b>			
Equity holders of the parent company	152	147	3.4
Non-controlling interests	1	3	
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>	<b>2.0</b>
<b>Basic earnings per share in CHF</b>	<b>1.27</b>	<b>1.23</b>	<b>3.3</b>
<b>Diluted earnings per share in CHF</b>	<b>1.27</b>	<b>1.22</b>	<b>4.1</b>

## 2. STATEMENT OF COMPREHENSIVE INCOME

CHF million	January - March	
	2015	2014
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign exchange differences	-180	-18
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gains/(losses) on defined benefit plans	-4	-27
Income tax on actuarial gains/(losses) on defined benefit plans	1	6
<b>Total other comprehensive income, net of tax</b>	<b>-183</b>	<b>-39</b>
<b>Total comprehensive income for the period</b>	<b>-30</b>	<b>111</b>
<b>Attributable to:</b>		
Equity holders of the parent company	-30	108
Non-controlling interests	-	3

## 3. BALANCE SHEET

CHF million	March 31, 2015	Dec. 31, 2014	March 31, 2014
<b>Assets</b>			
Property, plant and equipment	1,051	1,175	1,148
Goodwill	626	695	687
Other intangibles	36	49	79
Investments in joint ventures	29	32	35
Deferred tax assets	206	224	177
<b>Non-current assets</b>	<b>1,948</b>	<b>2,175</b>	<b>2,126</b>
Prepayments	123	108	131
Work in progress	262	307	268
Trade receivables	2,459	2,600	2,526
Other receivables	154	157	111
Income tax receivables	118	86	102
Cash and cash equivalents	1,253	1,170	1,258
<b>Current assets</b>	<b>4,369</b>	<b>4,428</b>	<b>4,396</b>
<b>Total assets</b>	<b>6,317</b>	<b>6,603</b>	<b>6,522</b>
<b>Liabilities and equity</b>			
Share capital	120	120	120
Reserves and retained earnings	2,137	1,695	2,366
Earnings for the period	152	633	147
<b>Equity attributable to the equity holders of the parent company</b>	<b>2,409</b>	<b>2,448</b>	<b>2,633</b>
Non-controlling interests	5	5	24
<b>Equity</b>	<b>2,414</b>	<b>2,453</b>	<b>2,657</b>
Provisions for pension plans and severance payments	403	448	372
Deferred tax liabilities	123	135	136
Finance lease obligations	14	17	22
Non-current provisions	63	71	61
<b>Non-current liabilities</b>	<b>603</b>	<b>671</b>	<b>591</b>
Bank and other interest-bearing liabilities	23	13	41
Trade payables	1,316	1,485	1,271
Accrued trade expenses/deferred income	979	1,032	939
Income tax liabilities	132	97	117
Current provisions	49	59	69
Other liabilities	801	793	837
<b>Current liabilities</b>	<b>3,300</b>	<b>3,479</b>	<b>3,274</b>
<b>Total liabilities and equity</b>	<b>6,317</b>	<b>6,603</b>	<b>6,522</b>

Schindellegi, April 13, 2015

**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, 2014	120	551	-7	-801	-73	2,747	2,537	21	2,558
Earnings for the period	-	-	-	-	-	147	147	3	150
<b>Other comprehensive income</b>									
Foreign exchange differences	-	-	-	-18	-	-	-18	-	-18
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-21	-	-21	-	-21
<b>Total other comprehensive income, net of tax</b>	-	-	-	-18	-21	-	-39	-	-39
<b>Total comprehensive income for the period</b>	-	-	-	-18	-21	147	108	3	111
Purchase of treasury shares	-	-	-24	-	-	-	-24	-	-24
Disposal of treasury shares	-	-1	8	-	-	-	7	-	7
Expenses for share-based compensation plans	-	-	-	-	-	5	5	-	5
<b>Total contributions by and distributions to owners</b>	-	-1	-16	-	-	5	-12	-	-12
<b>Balance as of March 31, 2014</b>	<b>120</b>	<b>550</b>	<b>-23</b>	<b>-819</b>	<b>-94</b>	<b>2,899</b>	<b>2,633</b>	<b>24</b>	<b>2,657</b>
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
<b>Other comprehensive income</b>									
Foreign exchange differences	-	-	-	-179	-	-	-179	-1	-180
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-3	-	-3	-	-3
<b>Total other comprehensive income, net of tax</b>	-	-	-	-179	-3	-	-182	-1	-183
<b>Total comprehensive income for the period</b>	-	-	-	-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
<b>Total contributions by and distributions to owners</b>	-	-1	-11	-	-	3	-9	-	-9
<b>Balance as of March 31, 2015</b>	<b>120</b>	<b>546</b>	<b>-18</b>	<b>-966</b>	<b>-129</b>	<b>2,856</b>	<b>2,409</b>	<b>5</b>	<b>2,414</b>

## 5. CASH FLOW STATEMENT

CHF million	January - March		Variance
	2015	2014	
<b>Cash flow from operating activities</b>			
Earnings for the period	153	150	
Reversal of non-cash items:			
Income tax	43	42	
Financial income	-3	-1	
Financial expenses	1	1	
Result from joint ventures and associates	-4	-2	
Depreciation of property, plant and equipment	32	34	
Amortisation of other intangibles	11	11	
Expenses for share-based compensation plans	3	5	
Gain on disposal of property, plant and equipment and associate	-1	-2	
Loss on disposal of property, plant and equipment	-	1	
Net addition to provisions for pension plans and severance payments	1	4	
<b>Subtotal operational cash flow</b>	<b>236</b>	<b>243</b>	<b>-7</b>
(Increase)/decrease work in progress	19	26	
(Increase)/decrease trade and other receivables, prepayments	-143	-153	
Increase/(decrease) other liabilities	88	75	
Increase/(decrease) provisions	-8	-10	
Increase/(decrease) trade payables, accrued trade expenses/deferred income	6	-69	
Income taxes paid	-47	-65	
<b>Total cash flow from operating activities</b>	<b>151</b>	<b>47</b>	<b>104</b>
<b>Cash flow from investing activities</b>			
Capital expenditure			
- Property, plant and equipment	-42	-43	
- Other intangibles	-2	-1	
Disposal of property, plant and equipment	4	6	
Interest received	1	1	
Dividend received from joint ventures and associates	4	2	
<b>Total cash flow from investing activities</b>	<b>-35</b>	<b>-35</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Proceeds from interest-bearing liabilities	2	-	
Repayment of interest-bearing liabilities	-1	-3	
Interest paid	-1	-1	
Purchase of treasury shares	-18	-24	
Disposal of treasury shares	6	7	
Acquisition of non-controlling interests	-1	-	
<b>Total cash flow from financing activities</b>	<b>-13</b>	<b>-21</b>	<b>8</b>
Exchange difference on cash and cash equivalents	-28	-8	-20
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>75</b>	<b>-17</b>	<b>92</b>
Cash and cash equivalents at the beginning of the period, net	1,163	1,242	-79
Cash and cash equivalents at the end of the period, net	1,238	1,225	13

## 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, 2015, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of March 31, 2014.

### 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, 2014.

### 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 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, 2014.

### Accounting policies

The accounting policies are the same as those applied in the Consolidated Financial Statements for the year ended December 31, 2014.

New, revised and amended standards that are effective for the 2015 reporting year are either not relevant for the Group, or do not have a material impact on the Condensed Consolidated Interim Financial Statements.

As of January 1, 2015, the Group changed its geographical information by presenting the former regions 'Europe' and 'Middle East, Central Asia and Africa' as one region 'EMEA'. The previous year's figures have been restated accordingly. For further details to the change of geographical information refer to note 6.8.

### 6.4 FOREIGN EXCHANGE RATES

The major foreign currency exchange rates applied are as follows:

#### Income statement and cash flow statement

(average rates for the period)

Currency	Jan. - March 2015 CHF	Variance per cent	Jan. - March 2014 CHF
EUR 1.-	1.0859	-11.2	1.2232
USD 1.-	0.9502	6.7	0.8904
GBP 1.-	1.4498	-1.8	1.4756

#### Balance sheet

(period end rates)

Currency	March 2015 CHF	Variance per cent	March 2014 CHF	Dec. 2014 CHF
EUR 1.-	1.0465	-14.3	1.2210	1.2028
USD 1.-	0.9612	8.7	0.8845	0.9877
GBP 1.-	1.4301	-2.3	1.4635	1.5375

### 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**

The 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
<b>Incorporation</b>				
Kuehne + Nagel Dominicana SAS, Dominican Republic	50	DOP	1,550	February 1, 2015
<b>Acquisition</b>				
Nacora Srl, Italy <sup>1</sup>	30	EUR	31	February 16, 2015

<sup>1</sup> 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.

The changes in the scope of consolidation in the **first three months of 2014** related to the following companies:

2014	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation date
<b>Incorporations</b>				
Nacora Japan Insurance Solutions Ltd., Japan	100	JPY	9,900	February 1, 2014
Kuehne & Nagel Information Center Ltd., China	100	CNY	1,000	March 1, 2014

There were no significant divestments in the first three months of 2015 and 2014.

## 6.7 ACQUISITIONS

### 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.

### 2014 acquisitions

There were no acquisitions of subsidiaries in the first three months of 2014.

## 6.8 SEGMENT REPORTING

### a) Reportable Segments

The Group provides integrated logistics solutions across customer's 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 several geographical areas. Until December 31, 2014, the geographical information of the Group was divided into four regions namely Europe, Americas, Asia-Pacific and Middle East, Central Asia and Africa. As of January 1, 2015, the Kuehne + Nagel Group has amended the reporting structure. The former regions Europe and Middle East, Central Asia and Africa are now reported as one region EMEA.

All products and services are provided in each of these three regions **EMEA**, **Americas** and **Asia-Pacific**. The regional revenue is based on the geographical location of the customers invoiced, and regional assets are based on the geographical location of assets.

To facilitate comparability between the years, 2014 geographical information has been restated.

### 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		
	2015	2014	2015	2014	2015	2014	2015	2014	
<b>Turnover (external customers)</b>	<b>4,988</b>	<b>5,029</b>	<b>2,244</b>	<b>2,154</b>	<b>999</b>	<b>1,002</b>	<b>644</b>	<b>754</b>	
Inter-segment turnover	-	-	418	389	534	557	288	337	
Customs duties and taxes	-892	-902	-605	-582	-144	-165	-57	-62	
<b>Net turnover</b>	<b>4,096</b>	<b>4,127</b>	<b>2,057</b>	<b>1,961</b>	<b>1,389</b>	<b>1,394</b>	<b>875</b>	<b>1,029</b>	
Net expenses for services	-2,599	-2,595	-1,733	-1,642	-1,168	-1,175	-675	-804	
<b>Gross profit</b>	<b>1,497</b>	<b>1,532</b>	<b>324</b>	<b>319</b>	<b>221</b>	<b>219</b>	<b>200</b>	<b>225</b>	
Total expenses	-1,264	-1,297	-222	-221	-149	-151	-188	-213	
<b>EBITDA</b>	<b>233</b>	<b>235</b>	<b>102</b>	<b>98</b>	<b>72</b>	<b>68</b>	<b>12</b>	<b>12</b>	
Depreciation of property, plant and equipment	-32	-34	-5	-4	-2	-4	-4	-4	
Amortisation of other intangibles	-11	-11	-3	-2	-2	-2	-4	-5	
<b>EBIT (segment profit/(loss))</b>	<b>190</b>	<b>190</b>	<b>94</b>	<b>92</b>	<b>68</b>	<b>62</b>	<b>4</b>	<b>3</b>	
Financial income	3	1							
Financial expenses	-1	-1							
Result from joint ventures and associates	4	2	1	1	-	-	-	-	
<b>Earnings before tax (EBT)</b>	<b>196</b>	<b>192</b>							
Income tax	-43	-42							
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>							
<b>Attributable to:</b>									
Equity holders of the parent company	152	147							
Non-controlling interests	1	3							
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>							
<b>Additional information not regularly reported to the CODM</b>									
Allocation of goodwill	626	687	40	44	33	39	189	214	
Allocation of other intangibles	36	79	4	11	5	11	22	43	
Capital expenditure property, plant and equipment	42	43	5	2	4	3	4	9	
Capital expenditure other intangibles	2	1	2	1	-	-	-	-	

	Contract Logistics		Total Reportable Segments		Eliminations	
	2015	2014	2015	2014	2015	2014
	1,101	1,119	4,988	5,029	-	-
	49	55	1,289	1,338	-1,289	-1,338
	-86	-93	-892	-902	-	-
	1,064	1,081	5,385	5,465	-1,289	-1,338
	-312	-312	-3,888	-3,933	1,289	1,338
	752	769	1,497	1,532	-	-
	-705	-712	-1,264	-1,297	-	-
	47	57	233	235	-	-
	-21	-22	-32	-34	-	-
	-2	-2	-11	-11	-	-
	24	33	190	190	-	-
	3	1	4	2	-	-
	364	390	626	687	-	-
	5	14	36	79	-	-
	29	29	42	43	-	-
	-	-	2	1	-	-

**b) Geographical information**

January – March

CHF million	Total Group		EMEA <sup>1</sup>		Americas		
	2015	2014	2015	2014	2015	2014	
<b>Turnover (external customers)</b>	<b>4,988</b>	<b>5,029</b>	<b>3,270</b>	<b>3,445</b>	<b>1,186</b>	<b>1,066</b>	
Inter-regional turnover	-	-	831	922	215	184	
Customs duties and taxes	-892	-902	-617	-625	-189	-191	
<b>Net turnover</b>	<b>4,096</b>	<b>4,127</b>	<b>3,484</b>	<b>3,742</b>	<b>1,212</b>	<b>1,059</b>	
Net expenses for services	-2,599	-2,595	-2,391	-2,581	-951	-820	
<b>Gross profit</b>	<b>1,497</b>	<b>1,532</b>	<b>1,093</b>	<b>1,161</b>	<b>261</b>	<b>239</b>	
Total expenses	-1,264	-1,297	-950	-1,009	-216	-199	
<b>EBITDA</b>	<b>233</b>	<b>235</b>	<b>143</b>	<b>152</b>	<b>45</b>	<b>40</b>	
Depreciation of property, plant and equipment	-32	-34	-24	-26	-5	-5	
Amortisation of other intangibles	-11	-11	-9	-9	-1	-1	
<b>EBIT</b>	<b>190</b>	<b>190</b>	<b>110</b>	<b>117</b>	<b>39</b>	<b>34</b>	
Financial income	3	1					
Financial expenses	-1	-1					
Result from joint ventures and associates	4	2	4	2	-	-	
<b>Earnings before tax (EBT)</b>	<b>196</b>	<b>192</b>					
Income tax	-43	-42					
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>					
<b>Attributable to:</b>							
Equity holders of the parent company	152	147					
Non-controlling interests	1	3					
<b>Earnings for the period</b>	<b>153</b>	<b>150</b>					
<b>Additional information not regularly reported to the CODM</b>							
Allocation of goodwill	626	687	497	559	105	103	
Allocation of other intangibles	36	79	30	66	3	8	
Capital expenditure property, plant and equipment	42	43	26	26	5	5	
Capital expenditure other intangibles	2	1	2	1	-	-	

<sup>1</sup> 2014 geographical information is restated due to the change in regions as explained on page 10.

[illegible]

## 6.9 EQUITY

In the first three months of 2015, the Company sold 56,425 treasury shares (2014: 68,156 treasury shares) for CHF 6 million (2014: CHF 7 million) under the share-based compensation

plans. The Company also purchased 154,500 treasury shares for CHF 18 million (2014: 196,660 treasury shares for CHF 24 million).

## 6.10 EMPLOYEES

Number	March 31, 2015	March 31, 2014
EMEA	47,557	46,927
Americas	9,061	9,070
Asia-Pacific	6,960	6,766
<b>Total Employees</b>	<b>63,578</b>	<b>62,763</b>
<b>Full-time equivalent</b>	<b>74,638</b>	<b>71,510</b>

## 6.11 CAPITAL EXPENDITURE

The capital expenditure (excluding other intangible assets and property, plant and equipment from acquisitions) from January to March 2015 was CHF 44 million (2014: CHF 44 million).

## 6.12 LEGAL CLAIMS

The status of proceedings, disclosed in notes 41 and 45 to the Consolidated Financial Statements for the year ended December 31, 2014, 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 13, 2015.

There have been no material events between March 31, 2015, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

## 7. FINANCIAL CALENDAR

May 5, 2015	Annual General Meeting
May 12, 2015	Dividend Payment for 2014
July 14, 2015	Half-year 2015 results
October 13, 2015	Nine-months 2015 results



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