



Financial
Statements 2018
of Kuehne + Nagel
International AG



Income Statement

CHF million	Note	2018	2017
Income			
Income from investments in Group companies	1	551	1,612
Finance income			
– Interest income on loan receivables from Group companies		8	8
– Exchange gains		57	53
– Profit on sale of treasury shares		2	3
Other operational income	2	197	-
Total income		815	1,676
Expenses			
Finance expenses			
– Interest expenses on liabilities towards Group companies		-5	-6
– Exchange losses		-54	-43
– Loss on sale of treasury shares		-	-
Other operational expenses	3	-21	-16
Total expenses		-80	-65
Earnings before tax (EBT), depreciation and impairment		735	1,611
Depreciation and impairment of investment in Group companies		-32	-157
Earnings before tax (EBT)		703	1,454
Income Taxes		-9	-14
Earnings for the year		694	1,440

Balance Sheet

CHF million	Note	Dec. 31, 2018	Dec. 31, 2017
Assets			
Cash and cash equivalents	4	113	339
Other current receivables			
– from third parties		2	6
– from Group companies	5	954	266
Total current assets		1,069	611
Long term receivables from Group companies	5	51	53
Investments	6	1,678	1,910
Non-current assets		1,729	1,963
Total assets		2,798	2,574
Liabilities and equity			
Liabilities towards Group companies	7	556	682
Current liabilities			
– from third parties		337	–
– Other provisions and accruals		7	4
– Tax provision		9	12
Current liabilities		909	698
Total liabilities		909	698
Share capital	8	120	120
Legal capital contribution reserves		6	6
Legal reserves		60	60
Free reserves			
– Retained earnings	9	1,045	293
– Earnings for the year		694	1,440
Treasury shares	10	–36	–43
Equity		1,889	1,876
Total liabilities and equity		2,798	2,574

Schindellegi, February 26, 2019

KUEHNE + NAGEL INTERNATIONAL AG

Dr. Detlef Trefzger Markus Blanka-Graff
 CEO CFO

NOTES TO THE FINANCIAL STATEMENTS 2018

GENERAL

Kuehne + Nagel International AG directly or indirectly controls companies which are consolidated in the Group Financial Statements.

The Financial Statements are based on the regulations of Swiss Code of Obligations (Art. 959c Abs. 1 OR). The regulations, which are not required by law, are specified below.

BASIS OF PREPARATION/ACCOUNTING POLICIES

Investments

The investments in subsidiaries, associates and joint ventures are recognised in the balance sheet at cost less valuation allowance.

Receivables

– *from Group companies*

The balances outstanding are recorded at their nominal value less valuation allowance at year-end.

– *other*

Other receivables are recorded at their nominal value less valuation allowance at year-end.

Treasury shares

Treasury shares are valued at acquisition costs presented as a negative position in the equity. The profit or loss from sale is accounted for in the Income statement.

Tax provision

Swiss taxes on income and capital are provided for at balance sheet date.

Liabilities

– *towards Group companies*

Liabilities towards consolidated companies are recorded at their nominal value at year-end.

NOTES TO THE INCOME STATEMENT

1 INCOME FROM INVESTMENTS IN GROUP COMPANIES

The income from investments in Group companies relates mainly to dividends received.

CHF million	2018	2017
Income from investments and others	432	1,484
Trademark fee	119	128
Total	551	1,612

2 OTHER OPERATIONAL INCOME

CHF million	2018	2017
Refund from claims Antitrust	9	-
Income of amortised paid-in surplus previously written off	188	-
Total operational income	197	-

3 OTHER OPERATIONAL EXPENSES

CHF million	2018	2017
Board of Directors fee	4	4
Trademark Marketing/IP concept	5	5
Other operational expenses	12	7
Total operational expenses	21	16

NOTES TO THE BALANCE SHEET

4 CASH AND CASH EQUIVALENTS

CHF million	Dec. 31, 2018	Dec. 31, 2017
The bank deposits are in the following currencies:		
CHF	53	158
EUR	51	135
USD	9	46
Total	113	339

5 RECEIVABLES FROM GROUP COMPANIES

Current receivables

CHF million	Dec. 31, 2018	Dec. 31, 2017
Kuehne + Nagel Ltd., Nairobi	19	19
Kuehne + Nagel Ltd., Bogota	6	4
Kuehne + Nagel Ltd., Amman	1	1
Kuehne + Nagel Ltd., Antwerp	4	1
Kuehne + Nagel Ltd., Bahrain	4	6
Kuehne + Nagel Ltd., Bermuda	11	-
Kuehne + Nagel Ltd., Buenos Aires	7	3
Kuehne + Nagel Ltd., Copenhagen	2	1
Kuehne + Nagel Ltd., Costa Rica	1	-
Kuehne + Nagel Ltd., Doha	1	2
Kuehne + Nagel Ltd., Dublin	12	-
Kuehne + Nagel Ltd., Dubai	2	1
Kuehne + Nagel Ltd., Kuwait	-	1
Kuehne + Nagel Ltd., Lima	1	1
Kuehne + Nagel AG, Luxembourg	4	4
Kuehne + Nagel Investment S.a.r.l., Luxembourg	16	16
Kuehne + Nagel Ltd., Mexico	-	11
Kuehne + Nagel Investment Inc., New York	148	-
Kuehne + Nagel Pty., Panama	1	2
Kuehne + Nagel N.N., Rotterdam	7	9
Kuehne + Nagel Investment B.V., Rotterdam	339	-
Kuehne + Nagel Ltd. Santiago	6	3
Kuehne + Nagel AB, Stockholm	-	1
Kuehne + Nagel d.o.o., Zagreb	-	1
Kuehne + Nagel Real Estate Holding AG, Schindellegi	36	39
Kuehne + Nagel Liegenschaften AG, Schindellegi	19	20
Kuehne + Nagel AS, Oslo	-	1
Kuehne + Nagel AG, Zurich	19	6
Kuehne + Nagel (AG & Co.) KG, Hamburg	74	33
Kuehne + Nagel Services Ltd., Vancouver	210	80
Other Group companies	4	-
Total	954	266

Long term receivables

CHF million	Dec. 31, 2018	Dec. 31, 2017
Kuehne + Nagel Pte. Ltd., Singapore	51	53
Total	51	53

6 DEVELOPMENT OF INVESTMENTS

CHF million	Investments in consolidated companies	Investments in affiliated companies	Total
Cost			
Balance as of January 1, 2018	2316	2	2,318
Additions	69	-	69
Repayment	-487	-	-487
Disposals	-2	-	-2
Balance as of December 31, 2018	1,896	2	1,898
Cumulative amortisation			
Balance as of January 1, 2018	406	2	408
Additions	-	-	-
Disposals	-188	-	-188
Balance as of December 31, 2018	218	2	220
Carrying amount			
As of January 1, 2018	1,910	-	1,910
As of December 31, 2018	1,678	-	1,678

The movements of investments are mainly related to repayments of paid-in surplus of subsidiaries. Part of the investments related hereto have been amortised in the past. The repayment required subsequently the add-back in the cumulative amortisation, reported as disposals.

A schedule of the Group's main direct and indirect subsidiaries and Kuehne + Nagel's share in the respective equity is shown in the list of significant consolidated subsidiaries and Joint Ventures in the Consolidated Financial Statements.

7 LIABILITIES TOWARDS GROUP COMPANIES

CHF million	Dec. 31, 2018	Dec. 31, 2017
Kuehne + Nagel Ltd., Dublin	2	2
Kuehne + Nagel S.a.r.l., Luxembourg	23	11
Kuehne + Nagel S.A.S., Paris	128	106
Kuehne + Nagel N.V., Rotterdam	2	-
Kuehne + Nagel NV/SA, Antwerp	1	-
Kuehne + Nagel A/S, Copenhagen	1	-
Kuehne + Nagel GmbH, Vienna	1	13
Kuehne + Nagel Ltd., London	1	1
Kuehne + Nagel S.r.l., Milano	1	-
Kuehne + Nagel Ltd., Singapore	1	2
Kuehne + Nagel Management Ltd., Singapore	-	1
Kuehne + Nagel (AG & Co.) KG, Hamburg	4	-
Kuehne + Nagel Sp.z.o.o., Poznan	-	1
Kuehne + Nagel Real Estate Sp.z.o.o., Poznan	-	6
Kuehne + Nagel Ltd., Bermuda	-	12
Kuehne + Nagel Ltd., Hongkong	1	1
Kuehne + Nagel Ltd., Auckland	2	3
Kuehne + Nagel Kft., Budapest	-	3
Kuehne + Nagel Ltd., Sydney	1	1
Kuehne + Nagel Ltd., Shanghai	28	45
Kuehne + Nagel s.r.o., Bratislava	1	-
Kuehne + Nagel Investment SL, Madrid	50	92
Kuehne + Nagel Investment AB, Stockholm	17	31
Kuehne + Nagel Inc., New York	26	79
Kuehne + Nagel Management AG, Schindellegi	148	181
Nacora Insurance Brokers AG, Zurich	1	1
Kuehne + Nagel Finance AG, Schindellegi	12	-
Nacora Holding AG, Schindellegi	18	21
Nacora Agencies AG, Schindellegi	82	62
Kuehne + Nagel LLC, Dubai	-	3
Other	4	4
Total	556	682

8 SHARE CAPITAL

Share capital	Registered shares at nominal value of CHF 1 each	CHF million
Balance as of December 31, 2018	120,000,000	120

Authorised and conditional share capital

The Annual General Meeting held on May 8, 2018, extended its approval of the maintenance of the authorised share capital for a two years term until May 8, 2020.

The Annual General Meeting held on May 2, 2005, approved a conditional share capital increase up to a maximum of CHF 12 million and to add a respective section in the Articles of Association.

The Annual General Meeting held on May 5, 2015, approved a conditional share capital up to a maximum of CHF 2 million for the provision of the employee share-based compensation plans of the Company.

So far no use has been made of these rights. There is no resolution of the Board of Directors outstanding for further issuance of either authorised or conditional capital.

9 RETAINED EARNINGS

Retained earnings	CHF million
Balance as of January 1, 2017 (before earnings for the year)	293
Earnings for the year 2017	1,440
Retained earnings as of December 31, 2017 (prior to appropriation of available earnings)	1,733
Distribution to the shareholders (representing CHF 5.75 per share)	-688
Subtotal (before earnings for the year)	1,045
Earnings for the year 2018	694
Balance as of December 31, 2018	1,739

Capital contribution reserves	CHF million
Capital contribution reserves as of December 31, 2018	6
Balance capital contribution reserves as of December 31, 2018	6

10 TREASURY SHARES

Own Shares	Number of transactions	All time low in CHF during the year	Maximum rate in CHF during the year	Average price of transactions in CHF	Number of shares	CHF million
Balance as of January 1, 2018					330,964	43
Purchases of own shares	11	147.70	159.73	154.98	80,000	12
Sale of own shares	9	113.40	178.30	147.53	-145,495	-19
Closing balance as of December 31, 2018					265,469	36

Treasury shares are valued at average cost.

OTHER NOTES

11 PERSONNEL

The company has no employees and therefore utilises the central services of Kuehne + Nagel Management AG, Schindellegi (Feusisberg) for its administrative requirements. The respective costs are included in other operational expenses.

12 SHAREHOLDING OF MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

Shareholdings of members of the Board of Directors

As of December 31, 2018, the following number of shares were held by members of the Board of Directors and/or parties closely associated with them.

Name	2018	2017
Klaus-Michael Kuehne (Honorary Chairman)	64,080,000	63,980,000
Dr. Joerg Wolle (Chairman)	58,000	58,000
Karl Gernandt (Vice Chairman)	87,185	74,880
Dr. Renato Fassbind	1,700	1,700
Juergen Fitschen	-	-
Hans Lerch	2,500	2,500
Dr. Thomas Staehelin	10,000	10,000
Hauke Stars	-	-
Dr. Martin C. Wittig	-	-
Total	64,239,385	64,127,080

Shareholdings by members of the Management Board

As of December 31, 2018, the following number of the shares were held by members of the Management Board and/or parties closely associated with them:

Name	2018	2017
Dr. Detlef Trefzger, Chief Executive Officer	46,543	40,943
Markus Blanka-Graff, Chief Financial Officer	14,559	13,750
Lothar Harings, Chief Human Resources Officer	23,289	19,089
Martin Kolbe, Chief Information Officer	32,255	27,685
Stefan Paul, Executive Vice President Overland	15,038	10,778
Horst Joachim Schacht, Executive Vice President Seafreight	35,529	31,329
Yngve Ruud, Executive Vice President Airfreight	31,150	28,350
Gianfranco Sgro, Executive Vice President Contract Logistics	7,850	5,900
Total	206,213	177,824

13 MAJOR SHAREHOLDER

Detailed information in the Corporate Governance Report.

14 CONTINGENT LIABILITIES

For further information regarding contingent liabilities refer to note 43 of the Consolidated Financial Statements.

15 PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING MAY 7, 2019, REGARDING THE APPROPRIATION OF THE AVAILABLE EARNINGS

For 2018 the Board of Directors is proposing a regular dividend amounting to CHF 6.00 per share for approval at the Annual General Meeting. If the dividend proposal is approved by shareholders, dividend payments will amount to CHF 718 million (2017: CHF 688 million) towards regular dividend resulting in a payout ratio of 93.3 per cent (2017: 93.4 per cent) of the earnings for the year attributable to the equity holders of the Company.

Available earnings	CHF million
Balance as of January 1, 2018 (before income for the year)	1,045
Earnings for the year 2018	694
Available earnings as of December 31, 2018	1,739
Distribution to the shareholders (representing CHF 6.00 per share) ¹	-718
Retained earnings as of December 31, 2018 (after appropriation of available earnings)	1,021

¹ The total dividend amount covers all outstanding shares (as per December 31, 2018: 119,734,531 shares). However, shares held in treasury on the date of the dividend declaration are not eligible for dividend payments. As a consequence, and if required, the reported total dividend amount is adjusted accordingly.

REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF KUEHNE + NAGEL INTERNATIONAL AG, SCHINDELLEGI (FEUSISBERG), SWITZERLAND

As statutory auditor, we have audited the financial statements of Kuehne + Nagel International AG, which comprise the income statement, balance sheet and notes on the pages 117 to 126 for the year ended December 31, 2018.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments and related income statement accounts

Area of focus As of December 31, 2018, the Company's investments amounted to CHF 1,678 million and accounted for 60% of total assets.

Investments are recorded at cost less economically necessary valuation allowances. At every balance sheet date, the carrying value of each investment is compared to its equity balance as of that date. In those cases where the equity value is below the carrying value, management tests the investment for impairment. The impairment assessment depends on the estimation of future earnings and the discount rates applied.

Due to the significance of the carrying values of the investments and the judgment involved in performing the impairment tests, this matter was considered to be significant to our audit. Further details on the Company's investments in subsidiaries are disclosed in note 6 to the financial statements.

The accounting policies regarding investments applied by the Group are explained in the notes to the consolidated financial statements in the section "Basis of Preparation / Accounting Policies".

Our audit response We assessed the difference between the carrying amounts of the investments in subsidiaries and their equity balances. Further we examined the Company's valuation model and evaluated management's key assumptions.

Our audit procedures did not lead to any reservations concerning the valuation of investments in subsidiaries.


Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christian Krämer
Licensed audit expert
(Auditor in charge)

Philipp Baumann
Licensed audit expert

Zurich, February 26, 2019

April 25, 2019	Three-months 2019 results
May 7, 2019	Annual General Meeting
May 13, 2019	Dividend payment for 2018
July 23, 2019	Half-year 2019 results
October 22, 2019	Nine-months 2019 results
February 27, 2020	Full-year 2019 results

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