



Status Report  
2018



## Kuehne + Nagel Group Key Data

CHF million	2018	2017	2016	2015	2014	2013	2012
Turnover	24,825	22,220	19,985	20,283	21,291	20,929	20,753
Net turnover	20,774	18,594	16,525	16,731	17,501	17,178	17,120
Gross profit	7,709	7,023	6,550	6,251	6,288	6,257	6,094
In per cent of net turnover	37.1	37.8	39.6	37.4	35.9	36.4	35.6
EBITDA	1,209	1,150	1,110	1,041	1,005	962	855
In per cent of net turnover	5.8	6.2	6.7	6.2	5.7	5.6	5.0
EBIT	987	937	918	850	819	761	633
In per cent of net turnover	4.8	5.0	5.6	5.1	4.7	4.4	3.7
In per cent of gross profit (conversion rate)	12.8	13.3	14.0	13.6	13.0	12.2	10.4
EBT	994	955	935	878	824	767	644
In per cent of net turnover	4.8	5.1	5.7	5.2	4.7	4.5	3.8
Earnings for the year	772	740	720	679	644	607	492
In per cent of net turnover	3.7	4.0	4.4	4.1	3.7	3.5	2.9
Earnings for the year (Kuehne + Nagel share)	770	737	718	676	633	597	484
In per cent of net turnover	3.7	4.0	4.3	4.0	3.6	3.5	2.8
Depreciation, amortisation and impairment of intangible assets and goodwill	222	213	192	191	186	201	222
In per cent of net turnover	1.1	1.1	1.2	1.1	1.1	1.2	1.3
Operational cash flow	1,156	1,148	1,062	1,045	1,000	966	849
In per cent of net turnover	5.6	6.2	6.4	6.2	5.7	5.6	5.0
Capital expenditures for fixed assets	315	225	239	241	186	181	163
In per cent of operational cash flow	27.2	19.6	22.5	23.1	18.6	18.7	19.2
Total assets	7,878	7,457	6,331	6,099	6,603	6,374	6,279
Non-current assets	2,793	2,445	2,209	2,231	2,175	2,133	2,203
Equity	2,324	2,327	2,165	2,126	2,453	2,558	2,425
In per cent of total assets	29.5	31.2	34.2	34.9	37.1	40.1	38.6
Total employees at year end	81,900	75,876	70,038	67,236	63,448	62,744	63,248
FTEs of employees at year end	77,416	71,263	65,718	63,343	59,484	58,575	59,273
FTEs at year end including temporary staff	99,072	92,372	85,887	80,056	74,497	72,036	72,399
Personnel expenses	4,736	4,243	3,957	3,741	3,764	3,735	3,606
In per cent of net turnover	22.8	22.8	23.9	22.4	21.5	21.7	21.1
Gross profit in CHF 1,000 per FTE	78	76	76	78	84	87	84
Personnel expenses in CHF 1,000 per FTE	48	46	46	47	51	52	50
<b>Basic earnings per share (nominal CHF 1) in CHF</b>							
Consolidated earnings for the year (Kuehne + Nagel share) <sup>1</sup>	6.43	6.16	5.99	5.64	5.28	4.98	4.05
Distribution in the following year	6.00	5.75	5.50	5.00	4.00 <sup>2</sup>	3.85 <sup>2</sup>	3.50
In per cent of the consolidated net income for the year	93.3	93.4	91.8	88.6	75.8	77.4	86.6
<b>Development of share price</b>							
SIX Swiss Exchange (high/low in CHF)	181/123	181/133	144/124	148/118	136/115	122/99	125/95
Average trading volume per day	217,865	206,266	190,820	204,420	149,896	164,482	160,403

<sup>1</sup> Excluding treasury shares.

<sup>2</sup> Excluding extraordinary dividend.

## ECONOMIC ENVIRONMENT

In 2018, Kuehne + Nagel expanded its global leading position in Seafreight with 4.7 million TEUs managed in container traffic. The Group confirmed with 1.7 million tons in Airfreight its global number 2 position, reported on significant growth and profitability improvement in Overland and gained substantial business in Contract Logistics.

Kuehne + Nagel has specialised in complex end-to-end supply chain solutions, which are managed in the global network of Logistics Control Towers and performed in cooperation with all Kuehne + Nagel business units. These integrated logistics solutions not only increase transparency and efficiency in the supply chain but also optimise information flows between the participating partners and customers. This allows Kuehne + Nagel to support its customers' value chain, a decisive factor in a highly competitive and fast growing market.

In 2018, the world economy grew by estimated 3.0 per cent (2017: 3.1 per cent) due to continued good levels of industrial activities and a robust global trade. The United States, Japan, China, and the European Union contributed to the global growth. However, the year was characterized by a slowing down growth dynamic due to first signs of the implementation of trade barriers in the second quarter and profit warnings from companies in the automotive and high tech industry that were published in the fourth quarter. This uncertainty has also impacted the outlook for 2019 that is more cautious for the growth in trade volumes based on the fear for new trade tariffs and the uncertainty of implications from Brexit.

Mature economies have shown signs of a decline in growth rates in the light of these heightened policy uncertainties resulting in a slightly reduced growth rate for 2018 at 2.2 per cent versus 2.3 per cent in 2017.

Emerging markets are estimated to have grown by 4.3 per cent in 2017 and 4.2 per cent in 2018, to a large extent based on stable conditions for large commodity shippers and increased domestic consumption. (Based on: World Bank, Global Economic Prospects, January 2019)

In 2018, the international logistics industry experienced world trade volume growth below the level of 2017. The global world trade volume growth has slowed to 4.0 per cent in 2018 versus 5.3 per cent in 2017.

Advanced economies' world trade volume grew at 4.3 per cent in 2017 and is estimated at 3.2 per cent in 2018. In emerging markets and developing economies these indicators were at 7.1 per cent in 2017 and at 5.4 per cent in 2018. (Based on: IMF, World Economic Outlook Update, January 2019)

On the carrier side, the market in 2018 was characterised by volatile freight rates as a result of the continued imbalance of capacity and demand of carriers and ongoing consolidation in the shipping industry.

Kuehne + Nagel's volume growth was significantly above the market despite the changes in market growth dynamics in 2018, resulting in an overall strong turnover growth of 11.7 per cent. These gains in market share were made possible through the industry specific service offering in all business units. Against margin pressure due to consolidation in the supplier market and a more competitive market environment, the Group was able to increase gross profit by 9.8 per cent and grew its EBIT by 5.3 per cent in 2018.

The Group's strategy Roadmap 2022 was presented at the Capital Markets Day 2017 with the focus on creating superior value through customer excellence

and expansion into new services and leveraging the Group's strengths to extend from supply chain to value chain services. The ambition is formulated as growing twice as fast as the market in the Group's core business, creating substantial growth in gross profit with new value chain services and selective acquisitions to leverage synergies and know-how.

The overall aim is to reach an EBIT to gross profit margin (conversion rate) for the entire Group in excess of 16 per cent. The Group will reach this through cost control to ascertain leverage benefits, digitisation as game changer for productivity improvements, investments in new opportunities connected to value expansion and acquisitions as an accelerator for reaching the strategic goals.

## KEY FINANCIAL FIGURES

CHF million	2018	2017	Variance in per cent
Turnover	24,825	22,220	11.7
Net turnover	20,774	18,594	11.7
Gross profit	7,709	7,023	9.8
Gross profit in per cent of net turnover	37.1	37.8	
EBITDA	1,209	1,150	5.1
EBIT	987	937	5.3
EBIT in per cent of net turnover	4.8	5.0	
EBIT in per cent of gross profit	12.8	13.3	
Earnings for the year	772	740	4.3
Earnings for the year (Kuehne + Nagel share)	770	737	4.5
Earnings per share basic (in CHF)	6.43	6.16	4.5
Operational cash flow	1,156	1,148	0.7
Capital expenditures for fixed assets	315	225	40.0
Total employees at year-end	81,900	75,876	7.9
Total full-time equivalents of employees at year-end	77,416	71,263	8.6

Kuehne + Nagel's net turnover increased in 2018 by CHF 2,180 million or 11.7 per cent and gross profit increased by CHF 686 million or 9.8 per cent compared to the previous year.

In 2018, EBIT increased by CHF 50 million or 5.3 per cent. At constant exchange rates and excluding acquisitions the increase would have been CHF 44 million or 4.6 per cent. The Group increased earnings for the year 2018 by CHF 32 million or 4.3 per cent compared to 2017, in constant currencies and excluding acquisitions by CHF 30 million or 4.1 per cent.

Capital expenditure in fixed assets increased by CHF 90 million or 40.0 per cent to CHF 315 million compared to the previous year with investments related to new business and state of the art warehousing space in Contract Logistics.

In 2018, the Kuehne + Nagel Group increased the number of employees year-on-year by 6,024 or 7.9 per cent from 75,876 to 81,900 employees. The number of full time equivalents of employees reached 77,416 versus 71,263, which is an increase of 6,153 or 8.6 per cent.

## INCOME STATEMENT

### Turnover

In 2018, Kuehne + Nagel's turnover amounted to CHF 24,825 million representing an increase of 11.7 per cent or CHF 2,605 million compared to the previous year. Organic business growth resulted in an increase in turnover of CHF 2,344 million (10.5 per cent) and acquisitions contributed CHF 261 million (1.2 per cent). The turnover increase was driven by the significant volume growth in all business units and regions.

Volumes in Seafreight increased by 7.7 per cent (+ 335,000 TEUs) whereas turnover per TEU decreased by 1.2 per cent to CHF 1,997 per TEU (2017: CHF 2,022). In Airfreight, the volume increase was 11.0 per cent (+ 173,000 Tons), and the freight rate increase was at 6.4 per cent per 100 kg to CHF 322 (2017: CHF 303). Significant volume increases were also achieved in Overland and Contract Logistics.

From a regional view, Europe, Middle East, Central Asia and Africa "EMEA" (9.1 per cent), the Americas (18.5 per cent) and Asia-Pacific (12.0 per cent) reported an increased turnover in 2018.

Exchange rate fluctuations between 2017 and 2018, based on average yearly exchange rates, led to an

increased valuation of the Euro and the British Pound by 3.9 and 2.7 per cent respectively, a decreased valuation of the US Dollar as well as dependent currencies by 0.9 per cent, against the Swiss Franc, resulting in a positive impact of CHF 181 million (0.8 per cent) on turnover.

### Net turnover

In 2018, Kuehne + Nagel's net turnover amounted to CHF 20,774 million representing an increase of 11.7 per cent or CHF 2,180 million compared to the previous year. Organic business growth resulted in an increase in net turnover of CHF 1,783 million (9.6 per cent) and acquisitions contributed CHF 261 million (1.4 per cent). The exchange rate fluctuation had a positive impact of CHF 136 million (0.7 per cent).

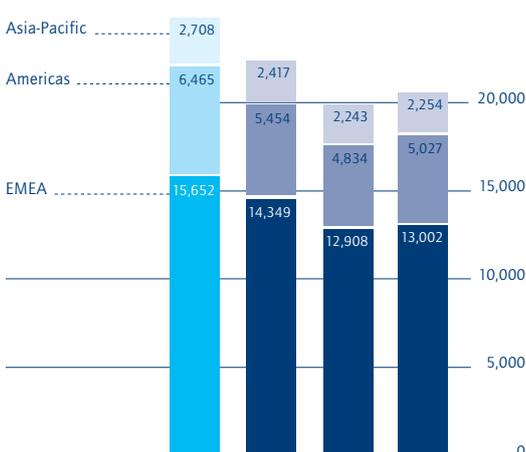
From a regional view, EMEA (9.3 per cent), the Americas (17.0 per cent) and Asia-Pacific (13.5 per cent) reported an increased net turnover in 2018.

### Gross profit

Gross profit reached CHF 7,709 million in 2018, which represents an increase of 9.8 per cent or CHF 686 million compared to the previous year. Organic business growth resulted in an increase in gross profit of CHF 528 million (7.5 per cent), mainly in the business unit Contract Logistics (+ CHF 318 million).

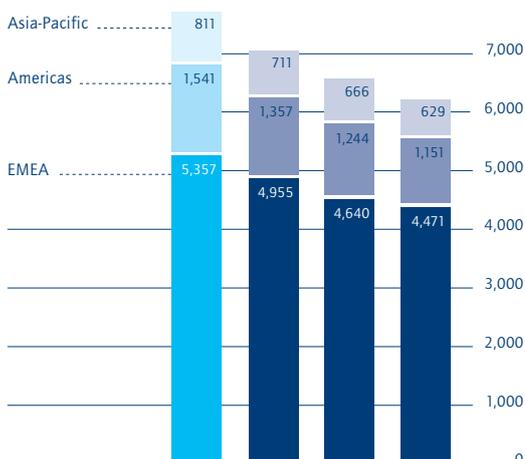
### Regional turnover

CHF million	2018	2017	2016	2015
	24,825	22,220	19,985	20,283



### Regional gross profit

CHF million	2018	2017	2016	2015
	7,709	7,023	6,550	6,251



### Operational expenses



The positive effect from volume growth in Sea and Airfreight was partially offset by lower yields in a competitive market environment with volatile supplier rates. Exchange rate fluctuation had a positive impact of CHF 96 million (1.4 per cent) and acquisitions contributed CHF 62 million (0.9 per cent).

From a regional view, EMEA (8.1 per cent), the Americas (13.6 per cent) and Asia-Pacific (14.1 per cent) reported an increased gross profit in 2018.

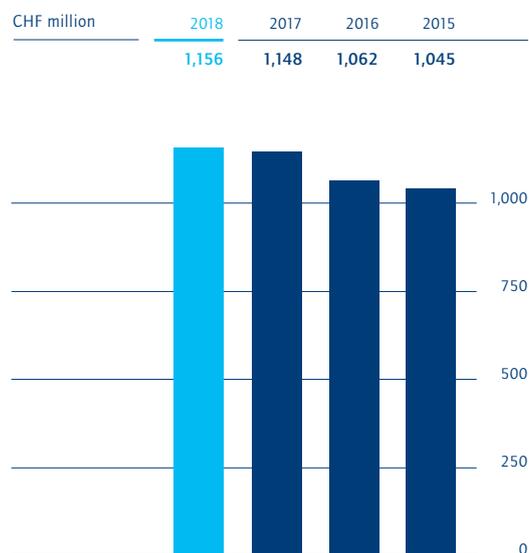
### Operational cash flow

The operational cash flow, the sum of the net income for the year plus/minus non-cash-related transactions, increased by CHF 8 million to CHF 1,156 million in 2018 (for further information, please refer to the cash flow statement in the Consolidated Financial Statements 2018 on page 43).

### EBITDA

In 2018, earnings before interest, tax, depreciation, amortisation and impairment of property, plant and equipment, goodwill and other intangible assets, increased by CHF 59 million or 5.1 per cent compared to the previous year; EBITDA of organic business increased by CHF 39 million, acquisitions contributed CHF 5 million, and positive exchange rate development accounted for EBITDA of CHF 15 million.

### Operational cash flow



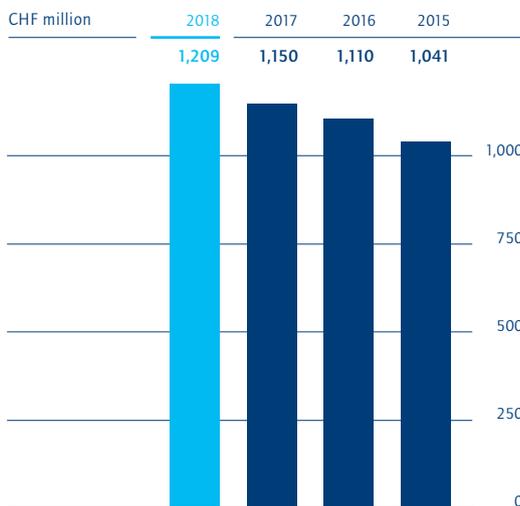
EMEA generated the largest EBITDA contribution with CHF 693 million (57.3 per cent), followed by the Americas with CHF 263 million (21.8 per cent), and Asia-Pacific with CHF 253 million (20.9 per cent).

### EBIT/ Earnings for the year

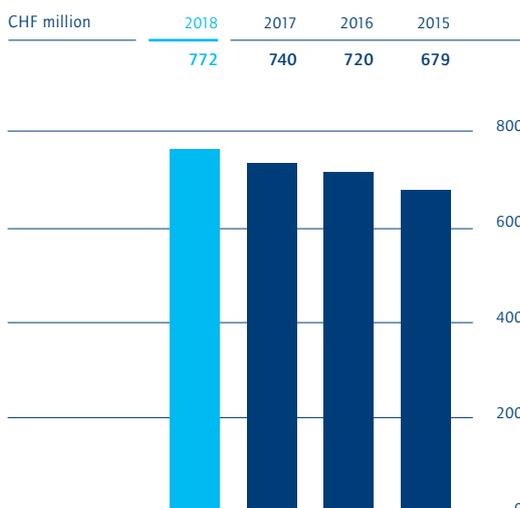
In 2018, earnings before interest and tax (EBIT) increased by CHF 50 million to CHF 987 million (2017: CHF 937 million). The increase was mainly due to higher contribution from the organic business by CHF 44 million, whereas acquired business volumes had a negative impact of CHF 5 million, after accounting for the amortisation of intangible assets of CHF 8 million; the exchange rate development had a positive impact of CHF 11 million. The EBIT margin to net turnover for the Group decreased slightly to 4.8 per cent compared to 5.0 per cent in 2017. EBIT in per cent of gross profit (conversion rate), an important KPI for the Group, decreased from 13.3 per cent in 2017 to 12.8 per cent in 2018.

In 2018, the region EMEA contributed CHF 545 million (55.2 per cent) to the Group's EBIT, followed by Asia-Pacific with CHF 232 million (23.5 per cent), and the Americas with CHF 210 million (21.3 per cent).

Earnings for the year 2018 increased by CHF 32 million to CHF 772 million compared to the

**EBITDA****EBIT**

previous year's CHF 740 million, whereby the margin decreased to 3.7 per cent (in per cent of net turnover) compared to the previous year's 4.0 per cent.

**Earnings for the year****FINANCIAL POSITION**

In 2018, total assets and liabilities of the Group increased by CHF 421 million to CHF 7,878 million compared to 2017. The amount of cash and cash equivalents decreased by CHF 221 million, mainly due to changes in working capital through strong volume growth in Sea and Airfreight and higher capital expenditure in Contract Logistics. For the acquisition of Quick International Courier, a transaction that closed on December 31, 2018, the Group has entered into a short term bank loan agreement. For details of changes in the balance sheet and cash flow statement, please refer to the Consolidated Financial Statements.

Trade receivables amounting to CHF 3,872 million represent the most significant asset of the Kuehne + Nagel Group. The days of trade receivables outstanding remained stable with 54.2 days of December 2018, compared to 53.9 of December 2017.

As of December 31, 2018, the equity of the Group remained largely unchanged at CHF 2,324 million compared to CHF 2,327 million as of December 31, 2017, which represents an equity ratio of 29.5 per cent (2017: 31.2 per cent).

Developments of other key financial indicators on capital structure are shown in the following table:

### Kuehne + Nagel Group key figures on capital structure

Key figures on capital structure	2018	2017	2016	2015	2014
<sup>1</sup> Equity ratio (in per cent)	29.5	31.2	34.2	34.9	37.1
<sup>2</sup> Return on equity (in per cent)	32.4	32.1	32.8	28.7	24.9
<sup>3</sup> Debt ratio (in per cent)	70.5	68.8	65.8	65.1	62.9
<sup>4</sup> Short-term ratio of indebtedness (in per cent)	61.9	60.5	55.7	55.3	52.7
<sup>5</sup> Intensity of long-term indebtedness (in per cent)	8.6	8.3	10.1	9.9	10.2
<sup>6</sup> Fixed assets coverage ratio (in per cent)	107.4	120.5	126.9	122.2	143.6
<sup>7</sup> Working capital (in CHF million)	206	502	595	496	949
<sup>8</sup> Receivables terms (in days)	54.2	53.9	46.6	44.4	44.4
<sup>9</sup> Vendor terms (in days)	61.5	69.0	60.2	55.1	54.9
<sup>10</sup> Intensity of capital expenditure (in per cent)	35.5	32.8	34.9	36.6	32.9

<sup>1</sup> Total equity in relation to total assets at the end of the year.

<sup>2</sup> Net earnings for the year in relation to share capital + reserves + retained earnings as of January 1 of the current year less dividend paid during the current year as of the date of distribution + capital increase (incl. share premium) as of the date of payment.

<sup>3</sup> Total liabilities - equity in relation to total assets.

<sup>4</sup> Short-term liabilities in relation to total assets.

<sup>5</sup> Long-term liabilities in relation to total assets.

<sup>6</sup> Total equity (including non-controlling interests) + long-term liabilities in relation to non-current assets.

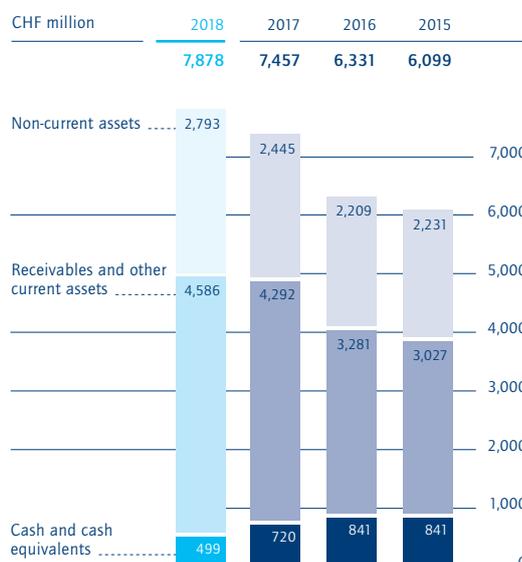
<sup>7</sup> Total current assets less current liabilities.

<sup>8</sup> Turnover in relation to receivables outstanding at the end of the current year.

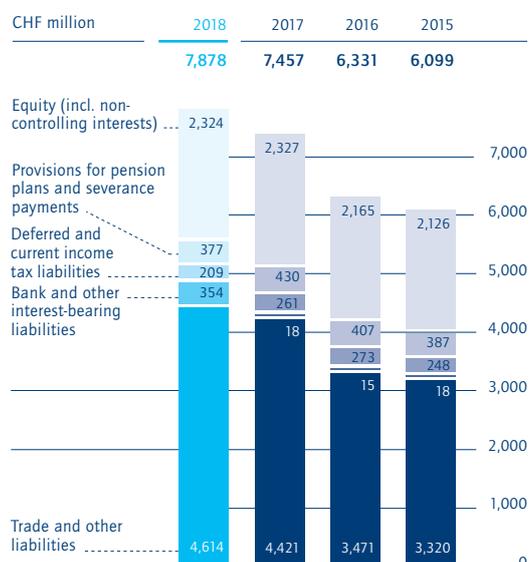
<sup>9</sup> Expenses for services from third parties in relation to trade liabilities/accrued trade expenses at the end of the current year.

<sup>10</sup> Non-current assets in relation to total assets.

### Assets



### Liabilities



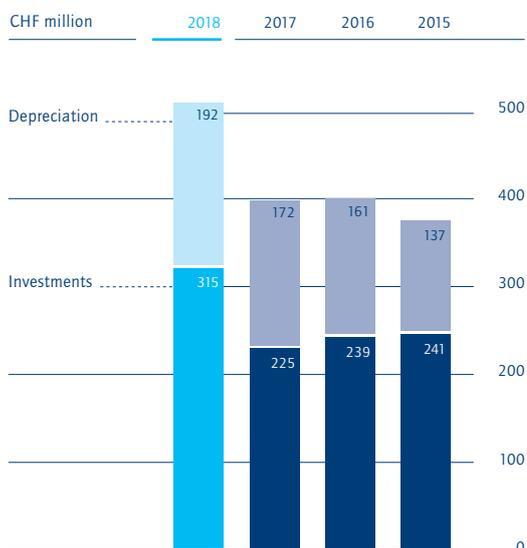
## INVESTMENTS, DEPRECIATION AND AMORTISATION

In 2018, the Kuehne + Nagel Group invested a total of CHF 315 million (2017: CHF 225 million) in fixed assets. Investments in properties and buildings amounted to CHF 73 million (2017: CHF 48 million), of which the most substantial amount into a new large-scale pharma logistics facility in Moehlin, Switzerland and into the construction of a new office building in Bremen, Germany. CHF 242 million (2017: CHF 177 million) were invested in other fixed assets, operating and office equipment.

All capital expenditure in 2018 was financed through operational cash flow.

In 2018, the following major investments were made in properties and buildings:

### Investments in fixed assets/depreciation



Location	CHF million	Centres
Moehlin, Switzerland	19	Construction of a large-scale pharma logistics facility
Bremen, Germany	17	Construction of a new office building
Dubai, UAE	6	Extension of a logistics centre
Derrimut, Australia	4	Extension of a logistics facility
Others	27	
<b>Total</b>	<b>73</b>	

The allocation of investments in other fixed assets, operating and office equipment by category is as follows:

CHF million	2018	2017
Operating equipment	78	74
Vehicles	27	13
Leasehold improvements	83	46
IT hardware	38	34
Office furniture and equipment	16	10
<b>Total Group</b>	<b>242</b>	<b>177</b>

The allocation by region is as follows:

CHF million	2018	2017
EMEA	147	116
Americas	68	40
Asia-Pacific	27	21
<b>Total Group</b>	<b>242</b>	<b>177</b>

The allocation by business unit is as follows:

CHF million	2018	2017
Seafreight	26	19
Airfreight	22	18
Overland	34	23
Contract Logistics	160	117
<b>Total Group</b>	<b>242</b>	<b>177</b>

Depreciation and amortisation in 2018 amounted to CHF 222 million and was allocated in the income statement as indicated in notes 26 and 27 to the Consolidated Financial Statements.

The Group continued to operate an asset-light business model and invests only into strategically important locations with high demand for state of the art logistics space.

## SHAREHOLDER RETURN

### Dividend

For 2018, the Board of Directors is proposing a dividend amounting to CHF 6.00 per share for approval at the Annual General Meeting. If the dividend proposal is approved by the shareholders, the dividend payment on the shares will amount to CHF 718 million (2017: CHF 688 million) result-

ing 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. Based on the share price at year-end 2018 the dividend yield on the Kuehne + Nagel share is 4.6 per cent (2017: 3.2 per cent).

### Share price and market capitalisation (December 31)

Share price and market capitalisation	2018	2017	2016	2015	2014
Share price (in CHF)	126.35	172.50	134.60	137.80	135.30
Market capitalisation (in CHF million)	15,162	20,700	16,152	16,536	16,236

### Total shareholder return development

in CHF	2018	2017	2016	2015	2014
Increase/(decrease) of share price year over year	-46.15	37.90	-3.20	2.50	18.20
Dividend per share	5.75	5.50	5.00	7.00	5.85
Total return	-40.40	43.40	1.80	9.50	24.05
Dividend yield in per cent	4.55	3.19	3.71	5.08	4.32

### Dividend per share



### Dividend yield



## RISK MANAGEMENT, OBJECTIVES AND POLICIES

### Group risk management

Risk management is a fundamental element of the Group's business practice on all levels and is embedded into the business planning and controlling processes of the Group. Material risks are monitored and regularly discussed within the Risk and Compliance Committee and the Audit Committee of the Board of Directors.

The Risk and Compliance Committee headed by the CEO and having the CFO, the Chief Compliance Officer, the Head of Internal Audit, and the Group General Counsel as members, monitors the risk profile of the Group and the development of essential internal controls to mitigate these risks.

A risk is defined as the possibility of an adverse event which has a negative impact on the achievement of the Group's objectives.

The Group carries out an annual risk assessment and in conformity with the Swiss Code of Best Practice for Corporate Governance, the Group's risk management system covers both financial and operational risks.

### Risk management as an integral part of the Internal Control System (ICS) for financial reporting

Risk management is incorporated within the ICS. Preventive, risk-mitigating measures to control risks are proactively taken at different levels and are an integral part of management responsibility.

### Risk assessment in 2018

An independent risk assessment procedure is implemented for operational risks review. The Regional Management is interviewed in order to assess the risks for each country in their respective region. In addition, each Management Board member assesses

the overall strategic risk exposure of the Group. Within the framework of the Corporate Governance process, the updated risk assessment is presented to the Audit Committee of the Board of Directors.

Financial risks analysis and assessment are carried out by the finance and accounting department.

The following risk areas have been identified amongst others for which mitigating actions have been implemented:

- Financial risks such as development of interest rates, credit and financial markets and currency risks are constantly monitored and controlled by the corporate finance and accounting department.
- Risks of unstable macroeconomic developments as well as the uncertainties in the financial markets. These risks are mitigated by appropriate risk diversification and avoidance of regional and industry clustering.
- Risks related to IT network availability, IT data and security are managed by the permanent monitoring of systems, redundant infrastructure as well as interlinked data centers with back-up structures and business continuity plans.
- The increase of regulations, growing complexity and customer expectations have led to rising security requirements and risks; such risks and requirements are considered in the planning of supply chain solutions and worldwide operation.
- Organised crime, terrorism, legal and non-compliance risks such as fraud, intentional and unintentional violations of the law and internal regulations are counteracted by comprehensive and worldwide staff training and a network of compliance officers at regional and national levels.

#### Organisation of risk management

A continuous dialogue between the Management Board, Risk and Compliance Committee and Audit Committee ensures the Group's effective risk management. The risk management system is governed by the Risk Assessment Guideline defining risk groups and sub-groups, the structure and the process of risk assessments. The risk catalogue is reviewed regularly and critical analysis ensures a continuous development of the risk management system.

#### Summarised assessment of the risk situation

In 2018, no significant risks were identified that would have the potential to substantially negatively impact the Group and its future development. The most material risks remain the uncertainty of the global economic development, the geopolitical instability, volatile currency fluctuations and the financial markets, thus all of those factors being in focus of the management.

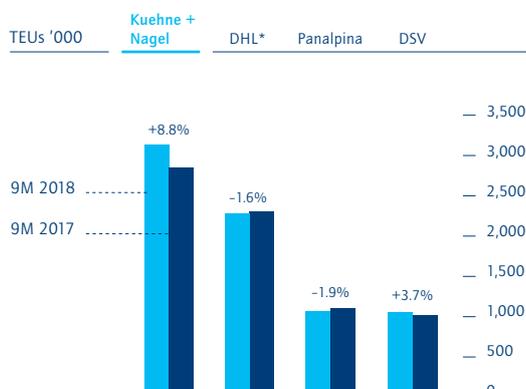
#### BUSINESS UNITS

The main contributor to the Group's result is the business unit Seafreight. In 2018, major profitability improvements were generated in the Airfreight and Overland business units. In Contract Logistics strong growth has been achieved with e-commerce fulfilment customers, but expenses for the implementation of a new Warehouse Management System and various other technological improvements have put pressure on the results in 2018, which remained below last years' achievements.

#### Seafreight

Seafreight volumes increased by 7.7 per cent to 4,690,000 TEUs significantly exceeding the market growth in 2018 and thereby further expanding the Group's global leadership position in Seafreight. Services for temperature controlled cargo in reefer containers and order management business have significantly contributed to the growth. Customers from the pharma and healthcare industry use Kuehne + Nagel to handle temperature-sensitive products. The exports from Asia to Europe and the US as well as the intra-Asia trade contributed to the strong volume growth. In 2018, EBIT increased by 1.0 per cent compared to the previous year, while the ratio of EBIT to gross profit (conversion rate) declined slightly to 28.2 per cent (2017: 29.2 per cent).

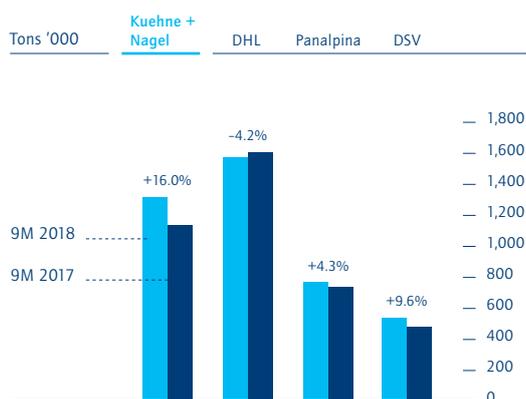
It remains the Group's target to achieve volume growth rates that are substantially above the market and thereby gaining market shares. Simultaneously, the Group's focus is on the Sea and Airfreight profitability and continuous efficiency gains through productivity improvements.

**Seafreight volumes: Market growth ~3%**

\* Seafreight export TEUs not separately reported  
Source: quarterly Company publications

**Airfreight**

Airfreight increased volumes by 11.0 per cent to 1,743,000 tons, confirming the Group's position as the number two global airfreight provider. Acquisitions, including Commodity Forwarders Inc. (CFI), a company based in Los Angeles (USA), which was consolidated as of October 2017, contributed 7.6 per cent to the year-to-date volume growth. The focus on industry-specific Airfreight services like KN EngineChain, a specialised service for production, spare parts, and maintenance of aircraft engines for the aerospace industry, has significantly contributed to this success. The strategic direction to invest into such industry specific services has been consistently pursued with the acquisition of Quick International Courier as of December 31, 2018. Quick is a global

**Airfreight volumes: Market growth ~3%**

Source: quarterly Company publications

**Performance Seafreight**

CHF million	2018	2017	2016
Turnover	9,366	8,805	7,981
Net turnover	7,129	6,583	5,814
Gross profit	1,482	1,416	1,416
EBITDA	441	437	465
EBIT	418	414	445
EBIT in per cent of gross profit (conversion rate)	28.2	29.2	31.4
Number of operating staff	10,025	9,543	9,154
TEUs '000	4,690	4,355	4,053

market leader in time critical shipments and serves mainly the pharma and healthcare as well as the aerospace industry. Substantial new business has been gained through Kuehne + Nagel's state of the art services for temperature-sensitive goods, pharmaceutical and perishables products. EBIT-to-gross-profit margin remained at an industry leading 29.5 per cent in 2018 (2017: 30.2 per cent). EBIT improved by 13.4 per cent compared to the previous year.

The Group has developed world class expertise in industry- and product-specific supply chain services through various strategic programs. Organic growth in areas such as perishables, pharma, and aerospace logistics, together with selected bolt-on acquisitions, continue to ascertain the Group's leading position.

**Performance Airfreight**

CHF million	2018	2017	2016
Turnover	5,620	4,759	3,935
Net turnover	4,870	4,080	3,347
Gross profit	1,202	1,036	964
EBITDA	380	333	315
EBIT	355	313	298
EBIT in per cent of gross profit (conversion rate)	29.5	30.2	30.9
Number of operating staff	7,412	6,693	5,734
Tons '000	1,743	1,570	1,304

## Overland

Overland increased its net turnover by 13.1 per cent in 2018, with a strong performance of its land transport activities in Europe. The key performance indicator EBITDA to net turnover margin improved to 3.3 per cent from the previous year's 3.0 per cent.

EBIT increased to CHF 76 million (2017: CHF 49 million). With the expansion of services to industry-specific solutions, Overland has significantly contributed to the success of the Group's integrated logistics offering.

### Performance Overland

CHF million	2018	2017	2016
Turnover	4,009	3,356	3,130
Net turnover	3,526	3,117	2,898
Gross profit	1,088	952	895
EBITDA	118	92	70
EBIT	76	49	28
EBIT in per cent of gross profit (conversion rate)	7.0	5.1	3.1
Number of operating staff	8,456	8,040	7,894

## Contract Logistics

The focus on specialised end-to-end solutions for industries such as automotive, high-tech, consumer goods, aerospace, pharmaceuticals, healthcare, and e-commerce fulfilment led to numerous new customer contracts. This resulted in a (net of currency impact) net turnover growth of 7.1 per cent for 2018. More than 100 new logistics projects were implemented for customers in 2018, enabling the Company to manage 11.6 million square meters of warehouse and logistics space worldwide. Expenses for the implementation of a new global Warehouse Management system and deployment of technology supported operational enhancements in 2018 led to

a decrease of the EBITDA to net turnover margin to 5.1 per cent versus 6.0 per cent in 2017 and a decrease of EBIT by 14.3 per cent.

Kuehne + Nagel further strengthened its global leading position in the field of integrated logistics. The Group offers specialised end-to-end supply chain management solutions, which are managed from Logistics Control Towers and performed in seamless operation with other business units, supporting customers to improve their value chain. Integrated Logistics experts develop, implement and manage solutions that streamline the customer's supply chain to make it lean, agile and demand-driven.

### Performance Contract Logistics

CHF million	2018	2017	2016
Turnover	5,830	5,300	4,939
Net turnover	5,249	4,814	4,466
Gross profit	3,937	3,619	3,275
EBITDA	270	288	260
EBIT	138	161	147
EBIT in per cent of gross profit (conversion rate)	3.5	4.4	4.5
Number of operating staff	43,694	39,957	35,866
Warehousing and logistics space in sqm	11,587,597	10,631,779	10,021,688
Idle space in sqm	343,081	283,690	364,035
Idle space in per cent	3.0	2.7	3.6

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