
Kuehne + Nagel posts strong 2017 results

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The Kuehne + Nagel Group increased its growth momentum from quarter to quarter in 2017 and achieved new record highs in turnover, gross profit and earnings for the year.

Dr. Detlef Trefzger, CEO, Kuehne + Nagel International AG: “2017 was another successful year for the Kuehne + Nagel Group. The consistent implementation of our business strategies resulted in strong volume growth and a clear increase in gross profit.

Once again, our integrated business model has shown its strength: The effects of difficult market conditions in one business unit were more than compensated by increased profitability in the other divisions. With our digital solutions we further increased efficiency and improved customer value at the same time.

Highlights from the past business year include the seamless integration of four acquisitions which strengthen our leading position in perishables as well as pharma and healthcare logistics. Our new strategic programme is setting the course for the future success of our Group with technology- and data-based solutions”.

Development of the business units

Seafreight

In seafreight, Kuehne + Nagel increased volumes by 7.5 per cent and further extended its market share. The company handled 4.4 million TEU, about 300,000 more than in the previous year, confirming its leading global position. Kuehne + Nagel realised particularly strong volume increases in the intra-Asian and US trade lanes. Other growth drivers were the reefer container business with a rise in volumes of 25 per cent, and the Less-than-Container Load (LCL) operations, where for the first time over 2 million cubic metres were handled. Consolidation in the container shipping market once again accelerated in 2017. In many trade lanes rate increases occurred, which could only be passed on to the customers partly and with delay, especially in the first two quarters. Kuehne + Nagel’s growth in volume and productivity did not fully compensate for the margin pressure. EBIT declined by 7.0 per cent in comparison to the previous year, whereby the EBIT-to-gross profit margin (conversion rate) was

maintained at an industry leading high level with 29.2 per cent.

Airfreight

Airfreight delivered an outstanding performance in 2017. Kuehne + Nagel increased tonnage by 20.4 per cent, growing twice as fast as the overall market, which itself showed the highest increase since 2010 at around 10 per cent. Kuehne + Nagel's industry-specific airfreight solutions, for example for the pharma and healthcare or the aerospace sectors, generated significant growth.

The company strengthened its leading global market position in perishables logistics with the acquisition and integration of two national market leaders in Kenya and the USA. Strong volume growth in combination with strict cost control and higher productivity resulted in an increase in EBIT by 5.0 per cent. With 30.2 per cent, the conversion rate remained at the previous year's high level.

Overland

The consistent implementation of Kuehne + Nagel's market strategy in overland led again to excellent results. Net turnover increased by 7.6 per cent and gross profit by 6.4 per cent. EBIT improved by 75.0 per cent compared to the previous year. The high volume increases in groupage, full truckload and intermodal operations as well as the specific services for customers from the pharma and healthcare industry and the e-commerce market contributed to the strong improvement in results.

Contract Logistics

Specialised, scalable end-to-end solutions and data-driven processes across complex supply chains again proved to be key success factors in contract logistics in 2017. Kuehne + Nagel gained significant new business and expanded the scope of services for customers particularly from the automotive, high-tech, aerospace, pharma and healthcare industries and e-commerce.

The acquisition and integration of two leading pharma logistics providers in Italy and Turkey increased growth momentum in Kuehne + Nagel's pharma logistics sector.

New record highs were set: Net turnover increased by 7.8 per cent, gross profit by 10.5 per cent and EBIT improved by 9.5 per cent. Kuehne + Nagel has 10.6 million square metres of warehousing and logistics space under management, 600,000 more than in the previous year.

Net Turnover

The Kuehne + Nagel Group achieved a net turnover of CHF 18,594 million in 2017, an increase of 12.5 per cent compared to the previous year. This was due to rate

increases in sea and airfreight and strong volume growth across all business units.

Net turnover increased by 14.2 per cent in the Americas, by 12.9 per cent in Asia-Pacific and by 11.8 per cent in EMEA.

Gross Profit

Gross profit, the better performance indicator for a logistics company than turnover, was at CHF 7,023 million, 7.2 per cent higher than in the previous year.

Gross profit improved by 9.1 per cent in the Americas, by 6.8 per cent in Asia-Pacific and by 6.8 per cent in EMEA.

EBITDA

Earnings before interest, tax, depreciation, amortisation and impairment of property, plant and equipment, goodwill and other intangible assets (EBITDA) increased by 3.6 per cent to CHF 1,150 million compared to the previous year.

EMEA generated the largest EBITDA contribution with CHF 675 million (58.7 per cent), followed by the Americas with CHF 246 million (21.4 per cent) and Asia-Pacific with CHF 229 million (19.9 per cent).

EBIT

In 2017, earnings before interest and tax (EBIT) improved by CHF 19 million to CHF 937 million. The Group's EBIT margin was at 5.0 per cent. EMEA contributed CHF 523 million (55.8 per cent) to the Group's EBIT, followed by the Americas with a contribution of CHF 204 million (21.8 per cent) and Asia-Pacific with CHF 210 million (22.4 per cent).

Dividend

The Board of Directors will propose a dividend per share of CHF 5.75 (previous year: CHF 5.50) to the Annual General Meeting on May 8, 2018.

Dr. Joerg Wolle, Chairman of the Board of Directors of Kuehne + Nagel International AG: "In a demanding and rapidly changing economic environment the Kuehne + Nagel Group has strengthened its position as a leading logistics provider and improved results. The again favourable development in 2017 demonstrates that it is worthwhile to invest in our company. The dynamic market and competitive situation requests the full attention of the Board of Directors and the Management Board. The performance strength and innovative power of the Kuehne + Nagel Group makes us confident for the 2018 business year."