

PRESS INFO

Kuehne+Nagel Group

First half of 2020: Kuehne+Nagel manages the crisis successfully

- **Operational excellence secures global supply chains**
- **Market share gains and high quality of service**
- **Careful capacity planning and active cost management**
- **Board of Directors schedules Extraordinary General Meeting on September 2, 2020; proposal of CHF 4.00 dividend per share from 2019 retained earnings**

Kuehne+Nagel Group CHF million	H1 2020	H1 2019	Δ	Q2 2020	Q2 2019	Δ
Net turnover	9,808	10,600	-7.5%	4,896	5,363	-8.7%
Gross profit	3,650	4,015	-9.1%	1,772	2,037	-13.0%
Operating profit (EBITDA)	799	869	-8.1%	421	451	-6.7%
EBIT	419	511	-18.0%	235	269	-12.6%
Earnings for the period	309	384	-19.5%	170	203	-16.3%

Schindellegi / CH, July 21, 2020 – In light of the challenges posed by the coronavirus pandemic and the global lockdown, the Kuehne+Nagel Group achieved a good result in the second quarter of 2020. Market share gains and the cost savings initiated throughout the Group had a positive impact. Net turnover for the first half-year was CHF 9.8 billion and EBIT was CHF 419 million. Currency fluctuations had a significant negative impact on both net turnover (-5.9%) and EBIT (-5.3%) in the first half-year. Free cash flow increased by 5.5% relative to the prior year.

Dr. Detlef Trefzger, CEO of Kuehne + Nagel International AG, commented: "The crisis triggered by the coronavirus pandemic, which led to a lockdown in most countries, had profound and sudden negative impacts on international trade. We took the right measures early on and successfully managed Kuehne+Nagel under these difficult conditions. We expect the second half of the year to continue to be marked by major uncertainties, for which Kuehne+Nagel is well prepared thanks to its agile structure, rigorous cost management and high-quality service offerings."

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Dr. Joerg Wolle, Chairman of the Board of Directors of Kuehne + Nagel International AG, commented: "The strategic course we have set at Kuehne+Nagel in recent years is also having a positive effect in the midst of the coronavirus crisis. The company has been consistently digitalised and thus remained fully operational throughout the crisis. The successful performance in the second quarter is owed to the good market position of Kuehne+Nagel and the recovery of the Asian markets. The good work during these past months underlines today's high level of resilience of Kuehne+Nagel."

Sea Logistics

<i>CHF million</i>	H1 2020	H1 2019	Δ	Q2 2020	Q2 2019	Δ
Net turnover	3,386	3,739	-9.4%	1,662	1,887	-11.9%
Gross profit	673	782	-13.9%	329	400	-17.8%
EBIT	167	235	-28.9%	88	123	-28.5%

In the first half of the year, a clearly negative market environment translated to reduced shipping volumes and a decline in business for Sea Logistics. Kuehne+Nagel was able to gain market share in select, high-yielding industries including pharma, reefer transport and e-commerce. The good volume development in these areas and the cost management did not fully compensate the significant decline in the high-yielding SME customer portfolio.

In the second quarter of 2020, container volume declined by 11.7% year-on-year to 1.1 million TEU. Sea Logistics net turnover fell to almost CHF 1.7 billion and EBIT to CHF 88 million.

Customer interest in CO₂-neutral sea freight solutions remained high despite the volatile market environment. The focus was primarily on complete solutions for climate-neutral supply chains.

Air Logistics

<i>CHF million</i>	H1 2020	H1 2019	Δ	Q2 2020	Q2 2019	Δ
Net turnover	2,460	2,360	4.2%	1,369	1,190	15.0%
Gross profit	642	668	-3.9%	335	342	-2.0%
EBIT	181	174	4.0%	110	94	17.0%

A high demand for crisis goods in the second quarter 2020 led to a short-term, beneficial shift in the product mix. Furthermore, the Air Logistics business unit purchased charter capacity for its customers on a targeted basis as belly capacity on passenger flights was not available during the second quarter of 2020.

These factors, combined with active cost management, produced attractive profitability along with expanded market share. With the gradual resumption of passenger services since June, a slight normalisation of the general market conditions is visible.

At 315,000 tonnes, air freight volume in the second quarter of 2020 was 22.0% below the same period of the previous year. Net turnover rose to CHF 1.4 billion and EBIT to CHF 110 million.

Further progress was made in the automation of processes, especially in the implementation of AirLOG, Kuehne+Nagel's proprietary transport management solution and key to digitalisation.

Road Logistics

<i>CHF million</i>	H1 2020	H1 2019	Δ	Q2 2020	Q2 2019	Δ
Net turnover	1,584	1,820	-13.0%	721	919	-21.5%
Gross profit	538	577	-6.8%	257	292	-12.0%
EBIT	26	45	-42.2%	9	21	-57.1%

The months of April and May 2020 were characterised by a significant decline in Road Logistics order volume. However, demand noticeably revived since the month of June. In particular, the demand for domestic European transport has broadly improved to pre-crisis levels. In North America, demand for all product segments – with the exception of pharma and e-commerce – was significantly lower than in the previous year.

The business unit's net turnover declined to CHF 721 million in the second quarter of 2020 and EBIT was down to CHF 9 million.

Due to the high level of market acceptance, the digital booking platform eTrucknow was extended to additional countries in Asia.

Contract Logistics

<i>CHF million</i>	H1 2020	H1 2019	Δ	Q2 2020	Q2 2019	Δ
Net turnover	2,378	2,681	-11.3%	1,144	1,367	-16.3%
Gross profit	1,797	1,988	-9.6%	851	1,003	-15.2%
EBIT	45	57	-21.1%	28	31	-9.7%

In Contract Logistics, the significant reduction in demand in the second quarter of 2020 was mitigated by stringent cost management.

Essential goods and e-commerce, which now account for around half of the Contract Logistics portfolio, recorded significantly higher demand. Securing operations, even during the lockdown, resulted in market share gains.

The business unit's net turnover declined to CHF 1.1 billion and EBIT to CHF 28 million in the second quarter of 2020.

With tailor-made solutions, Contract Logistics will continue to expand its market position in the pharma and e-commerce fulfillment sectors.

Extraordinary General Meeting

The Board of Directors of Kuehne + Nagel International AG has decided to propose a dividend of CHF 4.00 per share to shareholders at an Extraordinary General Meeting on September 2, 2020.

"Management and the Board of Directors have continuously assessed and proactively addressed the developments and economic situation during the pandemic. In view of the good results, the strong resilience of the company, the stable cash flow and the available liquidity, we have decided to propose to the shareholders an appropriate participation in the company's success in 2019 with a dividend of CHF 4.00 per share," said Dr. Joerg Wolle, Chairman of the Board of Directors.

"Notwithstanding the gradual easing of the market situation, Kuehne+Nagel will continue to closely monitor the effects of the corona crisis in the second half of the year."

About Kuehne+Nagel

With over 80,000 employees at 1,400 locations in over 100 countries, the Kuehne+Nagel Group is one of the world's leading logistics companies. Its strong market position lies in sea logistics, air logistics, road logistics and contract logistics, with a clear focus on integrated logistics solutions.