JANUARY – MARCH 2014

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2014

(UNAUDITED)

KUEHNE+NAGEL

CONTENTS

Schindellegi, April 11, 2014

1. INCOME STATEMENT

CHF million	January – March 2014	January – March 2013	Variance per cent
Net turnover [1]	**4,127**	**4,182**	–1.3
Net expenses for services from third parties	–2,595	–2,645	
Gross profit	**1,532**	**1,537**	–0.3
Personnel expenses	–915	–930	
Selling, general and administrative expenses	–382	–390	
Other operating income/expenses, net	–	2	
EBITDA	**235**	**219**	7.3
Depreciation of property, plant and equipment	–34	–36	
Amortisation of other intangibles	–11	–14	
EBIT	**190**	**169**	12.4
Financial income	1	3	
Financial expenses	–1	–2	
Result from joint ventures and associates	2	1	
Earnings before tax (EBT)	**192**	**171**	12.3
Income tax	–42	–37	
Earnings for the period	**150**	**134**	11.9
Attributable to:			
Equity holders of the parent company	147	132	11.4
Non-controlling interests	3	2	
Earnings for the period	**150**	**134**	11.9
Basic earnings per share in CHF	**1.23**	**1.11**	10.8
Diluted earnings per share in CHF	**1.22**	**1.11**	9.9

1 Refer to Note 6.3 for details to the change in presentation of turnover.

2. STATEMENT OF COMPREHENSIVE INCOME

CHF million	January – March 2014	2013
Earnings for the period	**150**	**134**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences	–18	23
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	–27	4
Income tax on actuarial gains/(losses) on defined benefit plans	6	–1
Total other comprehensive income, net of tax	**–39**	**26**
Total comprehensive income for the period	**111**	**160**
Attributable to:		
Equity holders of the parent company	108	157
Non-controlling interests	3	3

3. BALANCE SHEET

CHF million	March 31, 2014	Dec. 31, 2013	March 31, 2013
Assets			
Property, plant and equipment	1,148	1,151	1,141
Goodwill	687	688	699
Other intangibles	79	89	129
Investments in joint ventures	35	33	38
Deferred tax assets	177	172	197
Non-current assets	**2,126**	**2,133**	**2,204**
Prepayments	131	105	141
Work in progress	268	296	262
Trade receivables	2,526	2,426	2,531
Other receivables	111	107	117
Income tax receivables	102	52	83
Cash and cash equivalents	1,258	1,255	1,161
Current assets	**4,396**	**4,241**	**4,295**
Total assets	**6,522**	**6,374**	**6,499**
Liabilities and equity			
Share capital	120	120	120
Reserves and retained earnings	2,366	1,820	2,307
Earnings for the period	147	597	132
Equity attributable to the equity holders of the parent company	**2,633**	**2,537**	**2,559**
Non-controlling interests	24	21	21
Equity	**2,657**	**2,558**	**2,580**
Provisions for pension plans and severance payments	372	340	360
Deferred tax liabilities	136	136	153
Finance lease obligations	22	24	30
Non-current provisions	61	63	62
Non-current liabilities	**591**	**563**	**605**
Bank and other interest-bearing liabilities	41	21	38
Trade payables	1,271	1,362	1,317
Accrued trade expenses/deferred income	939	936	918
Income tax liabilities	117	89	126
Current provisions	69	78	65
Other liabilities	837	767	850
Current liabilities	**3,274**	**3,253**	**3,314**
Total liabilities and equity	**6,522**	**6,374**	**6,499**

Schindellegi, April 11, 2014

KUEHNE + NAGEL INTERNATIONAL AG

Dr. Detlef Trefzger
CEO

Gerard van Kesteren
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, 2013	120	549	-20	-736	-81	2,564	2,396	29	2,425
Earnings for the period	–	–	–	–	–	132	132	2	134
Other comprehensive income									
Foreign exchange differences	–	–	–	22	–	–	22	1	23
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	3	–	3	–	3
Total other comprehensive income, net of tax	**–**	**–**	**–**	**22**	**3**	**–**	**25**	**1**	**26**
Total comprehensive income for the period	**–**	**–**	**–**	**22**	**3**	**132**	**157**	**3**	**160**
Disposal of treasury shares	–	1	2	–	–	–	3	–	3
Dividend paid	–	–	–	–	–	–	–	-11	-11
Expenses for share-based compensation plans	–	–	–	–	–	3	3	–	3
Total transactions with owners	**–**	**1**	**2**	**–**	**–**	**3**	**6**	**-11**	**-5**
Balance as of March 31, 2013	**120**	**550**	**-18**	**-714**	**-78**	**2,699**	**2,559**	**21**	**2,580**
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
Other comprehensive income									
Foreign exchange differences	–	–	–	-18	–	–	-18	–	-18
Actuarial gains/(losses) on defined benefit plans, net of tax	–	–	–	–	-21	–	-21	–	-21
Total other comprehensive income, net of tax	–	–	–	-18	-21	–	-39	–	-39
Total comprehensive income for the period	**–**	**–**	**–**	**-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
Total transactions with owners	–	-1	-16	–	–	5	-12	–	-12
Balance as of March 31, 2014	120	550	-23	-819	-94	2,899	2,633	24	2,657

5. CASH FLOW STATEMENT

CHF million	January – March 2014	2013	Variance
Cash flow from operating activities			
Earnings for the period	150	134	
Reversal of non-cash items:			
Income tax	42	37	
Financial income	–1	–3	
Financial expenses	1	2	
Result from joint ventures and associates	–2	–1	
Depreciation of property, plant and equipment	34	36	
Amortisation of other intangibles	11	14	
Expenses for share-based compensation plans	5	3	
Gain on disposal of property, plant and equipment and associate	–2	–3	
Loss on disposal of property, plant and equipment	1	1	
Net addition to provisions for pension plans and severance payments	4	3	
Subtotal operational cash flow	**243**	**223**	**20**
(Increase)/decrease work in progress	26	47	
(Increase)/decrease trade and other receivables, prepayments	–153	–104	
Increase/(decrease) other liabilities	75	61	
Increase/(decrease) provisions	–10	–10	
Increase/(decrease) trade payables, accrued trade expenses/deferred income	–69	–63	
Income taxes paid	–65	–50	
Total cash flow from operating activities	**47**	**104**	**–57**
Cash flow from investing activities			
Capital expenditure			
– Property, plant and equipment	–43	–31	
– Other intangibles	–1	–1	
Disposal of property, plant and equipment	6	4	
Interest received	1	3	
Dividend received from joint ventures and associates	2	1	
Total cash flow from investing activities	**–35**	**–24**	**–11**
Cash flow from financing activities			
Repayment of interest-bearing liabilities	–3	–3	
Interest paid	–1	–1	
Purchase of treasury shares	–24	–	
Disposal of treasury shares	7	3	
Dividend paid to non-controlling interests	–	–11	
Total cash flow from financing activities	**–21**	**–12**	**–9**
Exchange difference on cash and cash equivalents	–8	7	–15
Increase/(decrease) in cash and cash equivalents	**–17**	**75**	**–92**
Cash and cash equivalents at the beginning of the period, net	**1,242**	**1,058**	**184**
Cash and cash equivalents at the end of the period, net	**1,225**	**1,133**	**92**

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, the overland and contract logistics businesses.

The Condensed Consolidated Interim Financial Statements of the Company for the three months ended March 31, 2014, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily also presents a balance sheet as of March 31, 2013.

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, 2013.

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 judgments, 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, 2013.

Accounting policies

The accounting policies are the same as those applied in the Consolidated Financial Statements for the year ended December 31, 2013, with the exception of the change in the income statement of not presenting anymore gross "turnover" in addition to "net turnover". Therefore the income statement for the period from January 1, 2014, to March 31, 2014, does not present gross "turnover" and deductions from "custom duties and taxes", but begins with "net turnover". In line with IAS 8, comparable figures for 2013 have been adjusted accordingly. This change has no effect on any other line-items presented in the financial statements. However, the Group considers gross "turnover" to be an important key performance indicator, especially in order to properly disclose the total credit risk it is exposed to. As such, gross "turnover" per operating segment is regularly reported to the Management Board and therefore continues to be included in the Group's Segment Reporting, as shown in Note 6.8.

New, revised and amended standards that are effective for the 2014 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, 2014, the Group changed its reportable segments by including the segment "Insurance Brokers" into the segment "Seafreight" as well as by including the segment "Real Estate" into the segment "Contract Logistics". The previous year's figures have been restated accordingly. For further details to the change of reportable segments 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	2014 CHF	Variance per cent	2013 CHF
EUR 1.–	1.2232	–0.2	1.2260
USD 1.–	0.8904	–4.1	0.9285
GBP 1.–	1.4756	2.2	1.4439

Balance sheet
(period end rates)

Currency	March 2014 CHF	Variance per cent	March 2013 CHF
EUR 1.–	1.2210	–0.1	1.2217
USD 1.–	0.8845	–6.1	0.9423
GBP 1.–	1.4635	2.1	1.4340

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 2014** related to the following companies:

Changes in the scope of consolidation 2014	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation date
Incorporations				
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

The changes in the scope of consolidation in the **first three months 2013** related to the following companies:

Changes in the scope of consolidation 2013	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Acquisition/ incorporation date
Acquisition				
Universal Freight Services LLC, Oman	70	OMR	250	January 8, 2013
Incorporation				
Kuehne + Nagel Logistics Services Limited, Barbados	100	BBD	195	March 1, 2013

There were no significant divestments in the first three months of 2014 and 2013.

6.7 ACQUISITIONS

2014 acquisitions

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

2013 acquisitions

There were no significant acquisitions of subsidiaries in the first three months 2013.

Effective January 8, 2013, the Group acquired 70 per cent of the shares of Universal Freight Services LLC, Oman, mainly specialised in Seafreight and Airfreight forwarding activities. The purchase price of CHF 0.6 million has been paid in cash.

The initial accounting for the acquisition made in the first three months of 2013 was only determined provisionally. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting.

6.8 SEGMENT REPORTING

a) Reportable Segments

The Group provides integrated logistics solutions across customer's supply chains using its global logistics network. Until December 31, 2013, the business was divided into six operating segments namely Seafreight, Airfreight, Road & Rail Logistics, Contract Logistics, Real Estate and Insurance Brokers. As of January 1, 2014, the Kuehne + Nagel Group has amended the internal management and reporting structure. The activities of the former segment Insurance Brokers are now included in the segment Seafreight due to insurance activities being mainly related to brokerage of insurance coverage for marine liability provided for the segment Seafreight. The activities of the former segment Real Estate have been included into the segment Contract Logistics due to these activities mainly being related to internal rent of facilities for the segment Contract Logistics. To facilitate comparability between the years, 2013 segment reporting data has been restated. The segment Road & Rail Logistics has been renamed to Overland.

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 "elimination" is 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 the following geographical areas: **Europe, Americas, Asia-Pacific and Middle East, Central Asia and Africa**. All products and services are provided in each of these geographical regions. The regional revenue is based on the geographical location of the customers invoiced, and regional assets are based on the geographical location of assets.

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

	Total Group		Seafreight		Airfreight		Overland	
CHF million	2014	2013	2014	2013	2014	2013	2014	2013
Turnover (external customers)	**5,029**	**5,094**	**2,154**	**2,236**	**1,002**	**1,011**	**754**	**737**
Inter-segment turnover	–	–	389	417	557	574	337	348
Customs duties and taxes	-902	-912	-582	-605	-165	-159	-62	-67
Net turnover	**4,127**	**4,182**	**1,961**	**2,048**	**1,394**	**1,426**	**1,029**	**1,018**
Net expenses for services	-2,595	-2,645	-1,642	-1,721	-1,175	-1,207	-804	-797
Gross profit	**1,532**	**1,537**	**319**	**327**	**219**	**219**	**225**	**221**
Total expenses	-1,297	-1,318	-221	-226	-151	-160	-213	-219
EBITDA	**235**	**219**	**98**	**101**	**68**	**59**	**12**	**2**
Depreciation of property, plant and equipment	-34	-36	-4	-3	-4	-3	-4	-6
Amortisation of other intangibles	-11	-14	-2	-2	-2	-3	-5	-5
EBIT (segment profit/(loss))	**190**	**169**	**92**	**96**	**62**	**53**	**3**	**-9**
Financial income	1	3						
Financial expenses	-1	-2						
Result from joint ventures and associates	2	1	1	1	–	–	–	–
Earnings before tax (EBT)	**192**	**171**						
Income tax	-42	-37						
Earnings for the period	**150**	**134**						
Attributable to:								
Equity holders of the parent company	147	132						
Non-controlling interests	3	2						
Earnings for the period	**150**	**134**						
Additional information not regularly reported to the CODM								
Allocation of goodwill	687	699	44	47	39	43	214	215
Allocation of other intangibles	79	129	11	18	11	21	43	63
Capital expenditure property, plant and equipment	43	31	2	4	3	4	9	2
Capital expenditure other intangibles	1	1	1	1	–	–	–	–

	Contract Logistics		Total Reportable Segments		Eliminations	
	2014	2013	2014	2013	2014	2013
	1,119	**1,110**	**5,029**	**5,094**	–	–
	55	36	1,338	1,375	–1,338	–1,375
	–93	–81	–902	–912	–	–
	1,081	**1,065**	**5,465**	**5,557**	**–1,338**	**–1,375**
	–312	–295	–3,933	–4,020	1,338	1,375
	769	**770**	**1,532**	**1,537**	–	–
	–712	–713	–1,297	–1,318	–	–
	57	**57**	**235**	**219**	–	–
	–22	–24	–34	–36	–	–
	–2	–4	–11	–14	–	–
	33	**29**	**190**	**169**	–	–
	1	–	2	1	–	–
	390	394	687	699	–	–
	14	27	79	129	–	–
	29	21	43	31	–	–
	–	–	1	1	–	–

b) Geographical information

January – March

CHF million	Total Group 2014	Total Group 2013	Europe 2014	Europe 2013	Americas 2014	Americas 2013
Turnover (external customers)	**5,029**	**5,094**	**3,057**	**3,104**	**1,066**	**1,119**
Inter-regional turnover	–	–	860	835	184	185
Customs duties and taxes	–902	–912	–488	–504	–191	–199
Net turnover	**4,127**	**4,182**	**3,429**	**3,435**	**1,059**	**1,105**
Net expenses for services	–2,595	–2,645	–2,324	–2,330	–820	–860
Gross profit	**1,532**	**1,537**	**1,105**	**1,105**	**239**	**245**
Total expenses	–1,297	–1,318	–967	–978	–199	–208
EBITDA	**235**	**219**	**138**	**127**	**40**	**37**
Depreciation of property, plant and equipment	–34	–36	–24	–27	–5	–6
Amortisation of other intangibles	–11	–14	–9	–12	–1	–1
EBIT	**190**	**169**	**105**	**88**	**34**	**30**
Financial income	1	3				
Financial expenses	–1	–2				
Result from joint ventures and associates	2	1	2	1	–	–
Earnings before tax (EBT)	**192**	**171**				
Income tax	–42	–37				
Earnings for the period	**150**	**134**				
Attributable to:						
Equity holders of the parent company	147	132				
Non-controlling interests	3	2				
Earnings for the period	**150**	**134**				
Additional information not regularly reported to the CODM						
Allocation of goodwill	687	699	553	553	103	114
Allocation of other intangibles	79	129	66	107	8	14
Capital expenditure property, plant and equipment	43	31	25	22	5	3
Capital expenditure other intangibles	1	1	1	1	–	–

	Asia-Pacific		Middle East, Central Asia and Africa		Eliminations	
	2014	2013	2014	2013	2014	2013
	518	**505**	**388**	**366**	–	–
	232	283	62	72	–1,338	–1,375
	–86	–66	–137	–143	–	–
	664	**722**	**313**	**295**	**–1,338**	**–1,375**
	–532	–589	–257	–241	1,338	1,375
	132	**133**	**56**	**54**	–	–
	–89	–91	–42	–41	–	–
	43	**42**	**14**	**13**	–	–
	–3	–2	–2	–1	–	–
	–1	–1	–	–	–	–
	39	**39**	**12**	**12**	–	–
	–	–	–	–	–	–
	25	26	6	6	–	–
	5	8	–	–	–	–
	12	4	1	2	–	–
	–	–	–	–	–	–

6.9 EQUITY

In the first three months of 2014, the Company sold 68,156 treasury shares (2013: 33,450 treasury shares) for CHF 7 million (2013: CHF 3 million) under the share-based compensation plans. The Company also purchased 196,660 treasury shares for CHF 24 million (2013: none).

6.10 EMPLOYEES

Number	March 31, 2014	March 31, 2013
Europe	44,077	44,302
Americas	9,070	9,064
Asia-Pacific	6,766	6,919
Middle East, Central Asia and Africa	2,850	2,819
Total Employees	**62,763**	**63,104**
Full-time equivalent	**71,510**	**71,335**

6.11 CAPITAL EXPENDITURE

The capital expenditure (excluding other intangible assets and property, plant and equipment from acquisitions) from January to March 2014 was CHF 44 million (2013: CHF 32 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, 2013, 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 11, 2014.

There have been no material events between March 31, 2014, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

7. FINANCIAL CALENDAR

May 6, 2014	Annual General Meeting
May 13, 2014	Dividend Payment for 2013
July 14, 2014	Half-year 2014 results
October 13, 2014	Nine-months 2014 results

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