

JANUARY – SEPTEMBER 2019

CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS 2019
(UNAUDITED)



CONTENTS

INCOME STATEMENT	1
STATEMENT OF COMPREHENSIVE INCOME	2
BALANCE SHEET	3
STATEMENT OF CHANGES IN EQUITY	4
CASH FLOW STATEMENT	5
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	6
FINANCIAL CALENDAR	17

Schindellegi, October 21, 2019

INCOME STATEMENT

CHF million	January - September				July - September		
	Note	2019	2018	Variance per cent	2019	2018	Variance per cent
Net turnover	9	15,838	15,361	3.1	5,238	5,295	-1.1
Net expenses for services from third parties	9	-9,849	-9,625		-3,264	-3,365	
Gross profit	9	5,989	5,736	4.4	1,974	1,930	2.3
Personnel expenses		-3,649	-3,500		-1,202	-1,173	
Selling, general and administrative expenses		-1,034	-1,352		-326	-463	
Other operating income/expenses, net		35	22		26	4	
EBITDA		1,341	906	48.0	472	298	58.4
Depreciation of property, plant and equipment		-150	-141		-53	-48	
Depreciation of right-of-use assets	4	-361	-		-124	-	
Amortisation of other intangibles		-36	-20		-12	-6	
EBIT		794	745	6.6	283	244	16.0
Financial income		9	7		6	2	
Financial expenses		-22	-3		-8	-1	
Result from joint ventures and associates		3	4		1	2	
Earnings before tax (EBT)		784	753	4.1	282	247	14.2
Income tax		-186	-173		-68	-57	
Earnings for the period		598	580	3.1	214	190	12.6
Attributable to:							
Equity holders of the parent company		595	578	2.9	213	189	12.7
Non-controlling interests		3	2		1	1	
Earnings for the period		598	580	3.1	214	190	12.6
Basic earnings per share in CHF		4.97	4.83	2.9	1.78	1.58	12.7
Diluted earnings per share in CHF		4.96	4.82	2.9	1.78	1.58	12.7

STATEMENT OF COMPREHENSIVE INCOME

CHF million	January – September		July – September	
	2019	2018	2019	2018
Earnings for the period	598	580	214	190
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange differences	-50	-111	-16	-65
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial gains/(losses) on defined benefit plans	-59	11	-16	1
Income tax on actuarial gains/(losses) on defined benefit plans	14	-2	4	-
Total other comprehensive income, net of tax	-95	-102	-28	-64
Total comprehensive income for the period	503	478	186	126
Attributable to:				
Equity holders of the parent company	502	477	186	125
Non-controlling interests	1	1	-	1

BALANCE SHEET

CHF million	Note	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Assets				
Property, plant and equipment		1,210	1,226	1,210
Right-of-use assets	4	1,750	-	-
Goodwill		1,220	1,170	820
Other intangibles		211	215	88
Investments in joint ventures		9	7	7
Deferred tax assets		182	175	208
Non-current assets		4,582	2,793	2,333
Prepayments		228	161	216
Contract assets		211	300	431
Trade receivables		3,767	3,872	3,881
Other receivables		168	200	175
Income tax receivables		107	53	112
Cash and cash equivalents		515	499	457
Current assets		4,996	5,085	5,272
Total assets		9,578	7,878	7,605
Liabilities and equity				
Share capital		120	120	120
Reserves and retained earnings	11	1,354	1,428	1,407
Earnings for the period		595	770	578
Equity attributable to the equity holders of the parent company		2,069	2,318	2,105
Non-controlling interests		44	6	6
Equity		2,113	2,324	2,111
Provisions for pension plans and severance payments		430	377	399
Deferred tax liabilities		76	101	126
Borrowings	10	400	-	-
Non-current provisions		40	50	47
Other non-current liabilities		172	148	-
Non-current lease liabilities	4	1,300	1	2
Non-current liabilities		2,418	677	574
Bank and other interest-bearing liabilities		143	351	239
Trade payables		1,780	1,888	1,812
Contract liabilities		82	146	201
Accrued trade expenses		1,240	1,272	1,468
Income tax liabilities		203	108	163
Current provisions		67	65	64
Other current liabilities		1,067	1,044	970
Current lease liabilities	4	465	3	3
Current liabilities		5,047	4,877	4,920
Total liabilities and equity		9,578	7,878	7,605

Schindellegi, October 21, 2019

KUEHNE + NAGEL INTERNATIONAL AG
Dr. Detlef Trefzger Markus Blanka-Graff
CEO CFO

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, 2018	120	496	-43	-897	-130	2,775	2,321	6	2,327
Earnings for the period	-	-	-	-	-	578	578	2	580
Other comprehensive income									
Foreign exchange differences	-	-	-	-110	-	-	-110	-1	-111
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	9	-	9	-	9
Total other comprehensive income, net of tax	-	-	-	-110	9	-	-101	-1	-102
Total comprehensive income for the period	-	-	-	-110	9	578	477	1	478
Purchase of treasury shares	-	-	-12	-	-	-	-12	-	-12
Disposal of treasury shares	-	-21	21	-	-	-	-	-	-
Dividend paid ¹	-	-	-	-	-	-688	-688	-1	-689
Expenses for share-based compensation plans	-	-	-	-	-	7	7	-	7
Total contributions by and distributions to owners	-	-21	9	-	-	-681	-693	-1	-694
Balance as of September 30, 2018	120	475	-34	-1,007	-121	2,672	2,105	6	2,111
Balance as of January 1, 2019	120	477	-36	-995	-111	2,863	2,318	6	2,324
Earnings for the period	-	-	-	-	-	595	595	3	598
Other comprehensive income									
Foreign exchange differences	-	-	-	-48	-	-	-48	-2	-50
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-45	-	-45	-	-45
Total other comprehensive income, net of tax	-	-	-	-48	-45	-	-93	-2	-95
Total comprehensive income for the period	-	-	-	-48	-45	595	502	1	503
Disposal of treasury shares	-	-8	8	-	-	-	-	-	-
Dividend paid ¹	-	-	-	-	-	-718	-718	-1	-719
Expenses for share-based compensation plans	-	-	-	-	-	11	11	-	11
Total contributions by and distributions to owners	-	-8	8	-	-	-707	-707	-1	-708
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	38	38
Transaction with non-controlling interests ²	-	-	-	-	-	-44	-44	-	-44
Total transactions with owners	-	-	-	-	-	-44	-44	38	-6
Balance as of September 30, 2019	120	469	-28	-1,043	-156	2,707	2,069	44	2,113

¹ 2019: CHF 6.00 per share; 2018: CHF 5.75 per share

² The movement in retained earnings in 2019 includes a written put option for an acquisition of non-controlling interests in one of the Group's subsidiaries, see note 8.

CASH FLOW STATEMENT

CHF million	Note	January – September			July – September		
		2019	2018	Variance	2019	2018	Variance
Cash flow from operating activities							
Earnings for the period		598	580		214	190	
Reversal of non-cash items:							
Income tax		186	173		68	57	
Financial income		-9	-7		-6	-2	
Financial expenses		22	3		8	1	
Result from joint ventures and associates		-3	-4		-1	-2	
Depreciation of property, plant and equipment		150	141		53	48	
Depreciation of right-of-use assets	4	361	-		124	-	
Amortisation of other intangibles		36	20		12	6	
Expenses for share-based compensation plans		11	7		3	2	
(Gain)/loss on disposal of subsidiaries and associates	7	-1	-7		-	-	
(Gain)/loss on disposal of property, plant and equipment		-34	-15		-25	-3	
Net addition to provisions for pension plans and severance payments		6	-6		1	1	
Subtotal operational cash flow		1,323	885	438	451	298	153
(Increase)/decrease contract assets		82	-38		33	7	
(Increase)/decrease trade and other receivables, prepayments		-61	-602		-19	-155	
Increase/(decrease) provisions		-6	-9		1	-	
Increase/(decrease) other liabilities		49	91		85	43	
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		-121	248		-68	41	
Income taxes paid		-167	-173		-53	-39	
Total cash flow from operating activities		1,099	402	697	430	195	235
Cash flow from investing activities							
Capital expenditure							
- Property, plant and equipment	13	-239	-185		-79	-70	
- Other intangibles	13	-7	-6		-2	-2	
Disposal of property, plant and equipment		126	40		31	6	
Acquisition of subsidiaries, net of cash acquired	7/8	-37	-29		-23	-8	
Settlement of deferred/contingent considerations from business combinations		-29	-		-	-	
Disposal of subsidiaries and associates	7	1	7		-	-	
Capital contributions to joint ventures		-3	-		-3	-	
Dividend received from joint ventures and associates		2	3		1	2	
Interest received		6	3		3	1	
Total cash flow from investing activities		-180	-167	-13	-72	-71	-1
Cash flow from financing activities							
Proceeds from borrowings and other interest-bearing liabilities		467	-		34	-	
Repayment of other interest-bearing liabilities		-277	-3		-257	-1	
Repayment of lease liabilities	4	-348	-		-112	-	
Interest paid on borrowings and other interest-bearing liabilities		-9	-3		-6	-1	
Interest paid on lease liabilities	4	-13	-		-4	-	
Purchase of treasury shares	11	-	-12		-	-	
Dividend paid to equity holders of parent company		-718	-688		-	-	
Dividend paid to non-controlling interests		-1	-1		-1	-1	
Total cash flow from financing activities		-899	-707	-192	-346	-3	-343
Exchange difference on cash and cash equivalents		-6	-20	14	-3	-11	8
Increase/(decrease) in cash and cash equivalents		14	-492	506	9	110	-101
Cash and cash equivalents at the beginning of the period, net		488	710	-222	493	108	385
Cash and cash equivalents at the end of the period, net		502	218	284	502	218	284

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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, overland and contract logistics businesses.

The Condensed Consolidated Interim Financial Statements of the Company for the nine months ended September 30, 2019, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures.

The Group voluntarily presents a balance sheet as of September 30, 2018.

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, 2018.

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 the Condensed Consolidated Interim Financial Statements in conformity with IFRS requires the management to make judgements, 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, 2018, except for the adoption of new standards effective as of January 1, 2019.

4. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16-Leases. As of December 31, 2018, Kuehne + Nagel disclosed undiscounted lease commitments classified as operating leases and thus recorded off balance sheet of CHF 1,786 million. IFRS 16 requires the Group to recognise a majority of these lease contracts on balance sheet. The right-of-use asset is generally measured at the amount of the discounted lease liability plus initial direct costs. As of January 1, 2019, CHF 1,753 million of right-of-use assets and lease liabilities were recognised on the balance sheet. Retained earnings were not affected, as the right-of-use assets match the lease liabilities. The Group makes use of the recognition exemption for short-term leases and leases of low-value assets. Leases ending within 12 months of the date of initial application were not recognised. The Group applied the cumulative catch-up approach, adjusting balances as of January 1, 2019, without restatement of previous periods. The depreciation of right-of-use assets and interest expense on the lease liabilities also impacts reported earnings, in particular EBITDA. Based on the current lease portfolio as of September 30, 2019, EBITDA for the year is estimated to be positively impacted by approximately CHF 500 million. No material impact is expected on EBIT and Earnings after tax.

Other amendments, improvements and interpretations apply for the first time in 2019, but do not have a material impact on the Condensed Consolidated Interim Financial Statements of the Group.

5. FOREIGN EXCHANGE RATES

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement (average rates for the period)

Currency	Jan. – Sep. 2019 CHF	Variance per cent	Jan. – Sep. 2018 CHF
EUR 1.–	1.1165	-3.8	1.1601
USD 1.–	0.9934	2.4	0.9701
GBP 1.–	1.2669	-3.5	1.3126

Balance sheet (period end rates)

Currency	Sep. 2019 CHF	Variance per cent	Sep. 2018 CHF	Dec. 2018 CHF
EUR 1.–	1.0850	-4.4	1.1354	1.1292
USD 1.–	0.9884	2.4	0.9654	0.9903
GBP 1.–	1.2266	-3.4	1.2692	1.2527

6. SEASONALITY

The Group is not exposed to significant seasonal or cyclical variations in its operations.

7. CHANGES IN THE SCOPE OF CONSOLIDATION

Major changes in the scope of consolidation in the first nine months of 2019 related to the following companies:

2019	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation/ acquisition date
Incorporation				
Modern Office Pte Ltd, Singapore	100	SGD	676	January 1, 2019
Acquisitions				
KN Sincero Logistics Co. Ltd., China (formerly Shanghai Ruichun Logistics Co., Ltd.) ¹	51	CNY	30,000	January 1, 2019
Zhejiang Jiajin Logistics Co. Ltd., China ¹	51	CNY	10,000	January 1, 2019
Wuhan Zhisheng Logistics Co. Ltd., China ¹	51	CNY	10,000	January 1, 2019
Shenzhen Hua Tie Xun Logistics Co. Ltd., China ¹	51	CNY	5,000	January 1, 2019
JOELOG Beteiligungs GmbH, Austria ¹	100	EUR	100	September 10, 2019
Jöbstl Gesellschaft mbH., Austria ¹	100	EUR	800	September 10, 2019
Jöbstl Holding GmbH, Austria ¹	100	EUR	100	September 10, 2019
Kurt Jöbstl Transport Gesellschaft m.b.H., Austria ¹	100	EUR	110	September 10, 2019
SLM Spedition & Logistik Gesellschaft m.b.H., Austria ¹	100	EUR	35	September 10, 2019
Jöbstl doo, Slovenia ¹	100	EUR	83	September 10, 2019

¹ Refer to note 8 for details to the acquisition of subsidiaries.

There were no significant divestments in the first nine months of 2019.

Major changes in the scope of consolidation in the first nine months of 2018 related to the following companies:

2018	Capital share in per cent equals voting rights	Currency	Share capital in 1,000	Incorporation/ acquisition/ divestment date
Incorporations				
Nacora Sigorta Brokerligi Anonim Sirketi, Turkey	100	TRL	300	January 1, 2018
Kuehne + Nagel Shared Service Centre d.o.o., Serbia	100	RSD	15,000	February 1, 2018
Kuehne + Nagel LLC, Azerbaijan	100	AZN	42	February 1, 2018
Kuehne + Nagel LLC, Kazakhstan	100	KZT	7,100	June 1, 2018
Acquisitions				
Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain ¹	50	GBP	6,123	February 26, 2018
Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain ¹	50	GBP	877	February 26, 2018
Divestments				
Transeich Armazens Gerais S.A., Brazil ²	100	BRL	2,479	March 1, 2018
Transeich Assessoria e Transportes S.A., Brazil ²	100	BRL	17,918	March 1, 2018

¹ The Group previously owned 50 per cent of the share capital and applied the equity method. For further information refer to note 8.

² Effective March 1, 2018, the Group signed a sale and purchase agreement to sell 100 per cent of the shares of Transeich Armazens Gerais S.A. and Transeich Assessoria e Transportes S.A., Brazil. The profit on the sale amounts to CHF 7 million.

8. ACQUISITIONS

2019 Acquisitions

The acquisition of subsidiaries in the first nine months 2019 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	3
Other intangibles	26
Trade receivables	6
Other current assets	3
Acquired cash and cash equivalents (net)	7
Subtotal assets	45
Non-current liabilities	-5
Other current liabilities	-4
Trade payables	-5
Total identifiable assets and liabilities, net	31
Goodwill	75
Total assets and liabilities, net	106
Fair value of non-controlling interest	-38
Purchase price for the ownership acquired	68
Thereof deferred consideration	-13
Thereof contingent consideration	-11
Purchase price, paid in cash	44
Acquired cash and cash equivalents (net)	-7
Net cash outflow	37

Effective January 1, 2019, the Group acquired 51 per cent of the shares of Shanghai Ruichun Logistics Co., Ltd., China, a new company established to conduct the business of the partnership with Sincero, a Chinese automotive logistics group, to focus on contract logistics business for the automotive sector. With more than 800 employees, it operates close to 120,000 sqm of logistics space in Central, Southern and Western China and generates annual revenues of approximately CHF 60 million.

The purchase price of CHF 40 million for the ownership acquired includes a deferred consideration of CHF 13 million due in 2019 and a contingent consideration of CHF 11 million depending on yearly profitability targets until 2021.

Effective July 1, 2019, the Group acquired the business of World-wide Perishables Canada Co., specialized in seafood logistics. With a strong footprint on the East Coast, the business will strengthen the existing Kuehne + Nagel perishables network in Canada. The purchase price of CHF 5 million was paid in cash.

Effective September 10, 2019, the Group acquired 100 per cent of the shares of Jöbstl Group, a medium-sized logistics group of companies headquartered in Wundschuh, Austria. The Jöbstl Group offers international and domestic groupage, and full-truckload and less-than-truckload services mainly in Eastern Europe to customers in Austria and Slovenia. The purchase price of CHF 23 million was paid in cash.

Acquisition-related costs (included in the line item "selling, general and administrative expenses" in the income statement) are below CHF 1 million.

Other intangibles of CHF 26 million recognised on the acquisitions represent contractual and non-contractual customer lists having a useful life of one to six years.

Goodwill of CHF 75 million arose on the acquisitions and represents management expertise and workforce which do not meet the definition of an intangible asset to be recognised separately. Goodwill is not expected to be tax deductible.

If the acquisitions had occurred on January 1, 2019, the Group's net turnover would have been CHF 15,892 million and consolidated earnings for the period would have been CHF 599 million.

Kuehne + Nagel has a potential obligation to purchase the non-controlling interest of 49 per cent of the shares of Shanghai Ruichun Logistics Co., Ltd, China, in the year 2022. The option is triggered if certain financial targets are met. The exercise price is determined by a multiplier of the net profit of the year 2021. As of September 30, 2019, the Group recognised a redemption liability of CHF 43 million in the line "other non-current liabilities". The initial accounting for the acquisitions made in the last twelve months has only been determined provisionally. The fair values of the acquired assets and liabilities may need to be adjusted subsequently, with a corresponding adjustment in goodwill. As of September 30, 2019, no material adjustments to the values previously reported were deemed necessary.

2018 Acquisitions

The acquisition of subsidiaries in the first nine months 2018 had the following effect on the Group's assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	27
Other intangibles	9
Deferred tax assets	1
Trade receivables	40
Other current assets	10
Acquired cash and cash equivalents (net)	2
Subtotal assets	89
Other current liabilities	-18
Trade payables	-17
Total identifiable assets and liabilities, net	54
Fair value of previously held interest	-23
Purchase price for the ownership acquired	31
Acquired cash and cash equivalents (net)	-2
Net cash outflow	29

Effective March 1, 2018, the Group acquired 50 per cent of the shares of Kuehne + Nagel Drinkflow Logistics (Holdings) Ltd., Great Britain, a business pertaining to the segment Contract Logistics. The Group previously already owned 50 per cent of the shares at a fair value of CHF 23 million immediately before the acquisition date and applied the equity method. The gain recognised as a result of remeasuring to fair value the equity interest the Group held before the acquisition, was below CHF 1 million. The purchase price of CHF 23 million was paid in cash.

Effective August 1, 2018, the Group acquired the business of Panatlantic Logistics S.A., Ecuador, one of the market leaders in the country in airfreight transportation of perishable products. The purchase price of CHF 8 million includes a contingent consideration of CHF 3 million depending on the financial performance of the company until the year 2022.

From March to September 2018, the acquisitions contributed CHF 48 million of net turnover and a loss of CHF 1 million, including the amortisation of other intangibles of CHF 2 million, to the consolidated financial statements. If the acquisitions had occurred on January 1, 2018, the Group's net turnover would have been CHF 15,386 million and consolidated earnings for the period would have been CHF 580 million.

The trade receivables comprise gross contractual amounts due of CHF 41 million, of which CHF 1 million were expected to be uncollectible at the acquisition date.

Other intangibles of CHF 9 million recognised on the acquisitions represent a customer contract and customer lists having a useful life between one and three years.

The initial accounting for the acquisitions made in the first nine months of 2018 was initially determined provisionally only. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting.

9. SEGMENT REPORTING

a) Reportable segments

The Group provides integrated logistics solutions across customers' supply chains using its global logistics network.

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 "eliminations" shows the 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: **EMEA**, **Americas** and **Asia-Pacific**. 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 – September

CHF million	Total Group		Seafreight		Airfreight		Overland	
	2019	2018	2019	2018	2019	2018	2019	2018
Turnover (external customers)	18,998	18,287	7,370	6,868	4,090	4,138	3,073	2,978
Customs duties and taxes	-3,160	-2,926	-1,737	-1,618	-587	-540	-391	-348
Net turnover (external customers)	15,838	15,361	5,633	5,250	3,503	3,598	2,682	2,630
Inter-segment turnover	-	-	1,967	1,831	1,853	2,398	1,140	1,125
Net expenses for services	-9,849	-9,625	-6,427	-5,965	-4,359	-5,101	-2,976	-2,942
Gross profit	5,989	5,736	1,173	1,116	997	895	846	813
Total expenses	-4,648	-4,830	-795	-775	-695	-605	-744	-725
EBITDA	1,341	906	378	341	302	290	102	88
Depreciation of property, plant and equipment	-150	-141	-17	-16	-17	-14	-20	-21
Depreciation of right-of-use assets	-361	-	-2	-	-2	-	-10	-
Amortisation of other intangibles	-36	-20	-2	-1	-20	-5	-10	-10
EBIT (segment profit)	794	745	357	324	263	271	62	57
Financial income	9	7						
Financial expenses	-22	-3						
Result from joint ventures and associates	3	4						
Earnings before tax (EBT)	784	753						
Income tax	-186	-173						
Earnings for the period	598	580						
Attributable to:								
Equity holders of the parent company	595	578						
Non-controlling interests	3	2						
Earnings for the period	598	580						
Additional information not regularly reported to the CODM								
Allocation of goodwill	1,220	820	36	37	438	95	325	319
Allocation of other intangibles	211	88	-	-	152	36	49	52
Capital expenditure property, plant and equipment	239	185	12	15	11	11	36	22
Capital expenditure right-of-use assets	411	-	14	-	12	-	44	-
Capital expenditure other intangibles	7	6	2	1	2	1	1	1
Property, plant and equipment, goodwill and intangibles through business combinations	104	36	-	-	5	8	20	-

b) Geographical information

January – September

CHF million	Total Group		EMEA		Americas	
	2019	2018	2019	2018	2019	2018
Turnover (external customers)	18,998	18,287	11,716	11,668	5,269	4,626
Customs duties and taxes	-3,160	-2,926	-2,161	-2,093	-825	-636
Net turnover (external customers)	15,838	15,361	9,555	9,575	4,444	3,990
Inter-regional turnover	-	-	3,276	3,638	944	945
Net expenses for services	-9,849	-9,625	-8,849	-9,207	-4,046	-3,801
Gross profit	5,989	5,736	3,982	4,006	1,342	1,134
Total expenses	-4,648	-4,830	-3,221	-3,491	-1,014	-928
EBITDA	1,341	906	761	515	328	206
Depreciation of property, plant and equipment	-150	-141	-99	-102	-34	-26
Depreciation of right-of-use assets	-361	-	-245	-	-75	-
Amortisation of other intangibles	-36	-20	-6	-7	-27	-13
EBIT	794	745	411	406	192	167
Financial income	9	7				
Financial expenses	-22	-3				
Result from joint ventures and associates	3	4				
Earnings before tax (EBT)	784	753				
Income tax	-186	-173				
Earnings for the period	598	580				
Attributable to:						
Equity holders of the parent company	595	578				
Non-controlling interests	3	2				
Earnings for the period	598	580				
Additional information not regularly reported to the CODM						
Allocation of goodwill	1,220	820	508	518	630	281
Allocation of other intangibles	211	88	12	5	189	83
Capital expenditure property, plant and equipment	239	185	160	141	45	29
Capital expenditure right-of-use assets	411	-	252	-	106	-
Capital expenditure other intangibles	7	6	5	6	1	-
Property, plant and equipment, goodwill and intangibles through business combinations	104	36	20	28	5	8

10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As of September 30, 2019, cash and cash equivalents with a carrying amount of CHF 515 million (December 31, 2018: CHF 499 million) as well as financial assets with a carrying amount of CHF 3,870 million (December 31, 2018: CHF 4,007 million), thereof CHF 3,868 million measured at amortised cost (December 31, 2018: CHF 4,006 million) and CHF 2 million measured at fair value through profit and loss (December 31, 2018: CHF 1 million), are all classified as current assets.

As of September 30, 2019, the Group has financial liabilities with a carrying amount of CHF 4,138 million (December 31, 2018: CHF 3,990 million), thereof CHF 3,954 million measured at amortised cost (December 31, 2018: CHF 3,802 million) and CHF 184 million (December 31, 2018: CHF 188 million) measured at fair value through profit and loss (FVPL).

As of September 30, 2019, financial liabilities in the amount of CHF 3,566 (December 31, 2018: CHF 3,841 million) are classified as current liabilities, thereof bank loans of CHF 128 million (USD 129 million; 2018: none) from a revolving credit facility of CHF 750 million. The credit facility has a contract period of 3 years with two 1-year extension options and no covenants. Bank loans can be drawn with a tenor of one, three and nine months.

On June 18, 2019, the Kuehne + Nagel Group issued a CHF 200 million public bond with a nominal interest rate of 0.02 per cent due on November 18, 2022, and a CHF 200 million public bond with a nominal interest rate of 0.2 per cent due on June 18, 2025, both with redemption at par. There are no other non-current fixed rate interest-bearing loans or other liabilities outstanding (December 31, 2018: none).

The fair values of financial assets and liabilities carried at amortised cost are approximately equal to the carrying amounts.

No significant impact resulted from the remeasurement of the liabilities measured at FVPL in the first nine months 2019 and 2018. The Group's financial instruments measured at fair value have been categorised into below mentioned levels, reflecting the significance of inputs used in estimating fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: Input other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly,
- Level 3: Valuation techniques using significant unobservable inputs.

The fair value of the derivative instruments (forward foreign exchange contracts) is determined based on current and available market data. Pricing models commonly used in the market are used, taking into account relevant parameters such as forward rates, spot rates, discount rates, yield curves and volatility.

Contingent considerations, resulting from business combinations, are valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Management has reassessed the estimated performance targets (significant unobservable input, level 3) resulting in no significant change compared to December 31, 2018.

Level 3 fair values

CHF million	Contingent liabilities
Balance as of January 1, 2019	184
Additions through business combinations	11
Utilised for settlements	-7
Effects of movements in foreign exchange	-6
Balance as of September 30, 2019	182

11. EQUITY

In the first nine months of 2019, the Company sold 679 and matched 58,509 treasury shares for less than CHF 1 million (2018: 2,895 treasury shares sold and 142,500 matched for less than CHF 1 million) under the share-based compensation plans. The Company did not purchase any treasury shares (2018: 80,000 treasury shares purchased for CHF 12 million). The dividend payment for the year 2018 paid in 2019 amounted to CHF 6.00 per share or CHF 718 million (2018: CHF 5.75 per share or CHF 688 million).

12. EMPLOYEES

Number	Sep. 30, 2019	Sep. 30, 2018
EMEA	57,465	56,862
Americas	15,936	13,994
Asia-Pacific	9,369	8,824
Total employees	82,770	79,680
Full-time equivalent of employees	77,890	75,115

13. CAPITAL EXPENDITURE

From January to September 2019, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 239 million (2018: CHF 185 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 411 million (2018: none).

14. LEGAL CLAIMS

The status of proceedings, disclosed in the notes 37 and 43 to the Consolidated Financial Statements for the year ended December 31, 2018, has not changed materially.

15. 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 October 21, 2019.

There have been no material events between September 30, 2019, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements or disclosure.

FINANCIAL CALENDAR

February 27, 2020	Full-year 2019 results
April 27, 2020	Three-months 2020 results
May 5, 2020	Annual General Meeting
May 11, 2020	Dividend payment for 2019
July 21, 2020	Half-year 2020 results
October 20, 2020	Nine-months 2020 results

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