

STATUS REPORT
2016

KUEHNE+NAGEL



Kuehne + Nagel Group Key Data

| CHF million | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------|---------|-------------------|-------------------|---------|---------|
| Turnover | 19,985 | 20,283 | 21,291 | 20,929 | 20,753 | 19,596 |
| Net turnover | 16,525 | 16,731 | 17,501 | 17,178 | 17,120 | 16,218 |
| Gross profit | 6,550 | 6,251 | 6,288 | 6,257 | 6,094 | 5,898 |
| In per cent of net turnover | 39.6 | 37.4 | 35.9 | 36.4 | 35.6 | 36.4 |
| EBITDA | 1,110 | 1,041 | 1,005 | 962 | 855 | 977 |
| In per cent of net turnover | 6.7 | 6.2 | 5.7 | 5.6 | 5.0 | 6.0 |
| EBIT | 918 | 850 | 819 | 761 | 633 | 749 |
| In per cent of net turnover | 5.6 | 5.1 | 4.7 | 4.4 | 3.7 | 4.6 |
| EBT | 935 | 878 | 824 | 767 | 644 | 765 |
| In per cent of net turnover | 5.7 | 5.2 | 4.7 | 4.5 | 3.8 | 4.7 |
| Earnings for the year | 720 | 679 | 644 | 607 | 492 | 605 |
| In per cent of net turnover | 4.4 | 4.1 | 3.7 | 3.5 | 2.9 | 3.7 |
| Earnings for the year (Kuehne + Nagel share) | 718 | 676 | 633 | 597 | 484 | 600 |
| In per cent of net turnover | 4.3 | 4.0 | 3.6 | 3.5 | 2.8 | 3.7 |
| Depreciation, amortisation and impairment of intangible assets and goodwill | 192 | 191 | 186 | 201 | 222 | 228 |
| In per cent of net turnover | 1.2 | 1.1 | 1.1 | 1.2 | 1.3 | 1.4 |
| Operational cash flow | 1,062 | 1,045 | 1,000 | 966 | 849 | 978 |
| In per cent of net turnover | 6.4 | 6.2 | 5.7 | 5.6 | 5.0 | 6.0 |
| Capital expenditures for fixed assets | 239 | 241 | 186 | 181 | 163 | 207 |
| In per cent of operational cash flow | 22.5 | 23.1 | 18.6 | 18.7 | 19.2 | 21.2 |
| Total assets | 6,331 | 6,099 | 6,603 | 6,374 | 6,279 | 6,141 |
| Non-current assets | 2,209 | 2,231 | 2,175 | 2,133 | 2,203 | 2,239 |
| Equity | 2,165 | 2,126 | 2,453 | 2,558 | 2,425 | 2,405 |
| In per cent of total assets | 34.2 | 34.9 | 37.1 | 40.1 | 38.6 | 39.2 |
| Total employees at year end | 70,038 | 67,236 | 63,448 | 62,744 | 63,248 | 63,110 |
| Total full-time equivalents at year end | 85,887 | 80,056 | 74,497 | 72,036 | 72,399 | 71,884 |
| Personnel expenses | 3,957 | 3,741 | 3,764 | 3,735 | 3,606 | 3,387 |
| In per cent of net turnover | 23.9 | 22.4 | 21.5 | 21.7 | 21.1 | 20.9 |
| Gross Profit in CHF 1,000 per FTE | 76 | 78 | 84 | 87 | 84 | 82 |
| Personnel expenses in CHF 1,000 per FTE | 46 | 47 | 51 | 52 | 50 | 47 |
| Basic earnings per share (nominal CHF 1) in CHF | | | | | | |
| Consolidated earnings for the year (Kuehne + Nagel share) ¹ | 5.99 | 5.64 | 5.28 | 4.98 | 4.05 | 5.03 |
| Distribution in the following year | 5.50 | 5.00 | 4.00 ² | 3.85 ² | 3.50 | 3.85 |
| In per cent of the consolidated net income for the year | 91.8 | 88.6 | 75.8 | 77.4 | 86.6 | 76.7 |
| Development of share price | | | | | | |
| SIX Swiss Exchange (high/low in CHF) | 144/124 | 148/118 | 136/115 | 122/99 | 125/95 | 139/92 |
| Average trading volume per day | 190,820 | 204,420 | 149,896 | 164,482 | 160,403 | 170,427 |

¹ Excluding treasury shares.

² Excluding extraordinary dividend.

ECONOMIC ENVIRONMENT

In 2016, Kuehne + Nagel expanded its global leading position in the business unit Seafreight where it exceeded the 4 million TEUs mark for the first time in container traffic. The Group extended with more than 1 million tons in Airfreight its global Number 2 position, reported on significant growth and profitability improvement in Overland and gained substantial business by large-scale projects for high-profile customers in Contract Logistics.

Kuehne + Nagel has specialised in complex end-to-end supply chain management solutions, which are managed via the global network of Logistics Control Towers and performed in cooperation with all Kuehne + Nagel business units. This one-stop offering not only increases transparency and efficiency in the supply chain but also optimises information flows between the participating partners. This allows Kuehne + Nagel to help its customers to improve customer service, a decisive factor in what is a highly competitive and volatile market environment.

With estimated 2.3 per cent global growth (2015: 2.7 per cent), 2016 marked another challenging year for the world economy. Developed economies continue to struggle with subdued growth and increasing political and economic uncertainty. Growth for these countries in 2016 is estimated to have fallen to 1.6 per cent versus 2.1 per cent in 2015. In emerging markets growth declined further from

3.5 per cent in 2015 to 3.4 per cent in 2016 due to weak investment, low external demand, and little productivity growth. (Based on: World Bank, Global Economic Prospects, January 2017)

In 2016 the international logistics industry was confronted with world trade volume growth further slowing down and reaching the lowest level since the global financial crisis 2007/2008. The estimated world trade volume growth fell to 1.9 per cent versus 2.7 per cent in 2015.

Developed economies' world trade volume growth reduced from 4.0 per cent in 2015 to estimated 2.0 per cent in 2016, whereas it increased in emerging markets from 0.3 per cent in 2015 to 1.9 per cent in 2016. (Based on: IMF, World Economic Outlook Update, January 25, 2017)

In addition, the market environment in 2016 was characterised by highly volatile freight rates as a result of the continued imbalance of capacity and demand of carriers and a fierce wave of consolidation in the shipping industry.

Above mentioned market characteristics in 2016 led to a decrease in turnover of the Kuehne + Nagel Group. However, the Group was able to increase gross profit by 4.8 per cent and improved its profitability significantly by reaching an EBIT growth of 8.8 per cent in 2016 (excluding negative currency impact of 0.8 per cent). In addition, with 5.6 per cent the Group achieved its target of 5.0 per cent EBIT in per cent of net turnover.

KEY FINANCIAL FIGURES

| CHF million | 2016 | 2015 | Variance in per cent |
|--|--------|--------|----------------------|
| Turnover | 19,985 | 20,283 | -1.5 |
| Net turnover | 16,525 | 16,731 | -1.2 |
| Gross Profit | 6,550 | 6,251 | 4.8 |
| Gross Profit in per cent of net turnover | 39.6 | 37.4 | |
| EBITDA | 1,110 | 1,041 | 6.6 |
| EBIT | 918 | 850 | 8.0 |
| EBIT in per cent of net turnover | 5.6 | 5.1 | |
| Earnings for the year | 720 | 679 | 6.0 |
| Earnings for the year (Kuehne + Nagel share) | 718 | 676 | 6.2 |
| Earnings per share (in CHF) | 5.99 | 5.64 | 6.2 |
| Operational cash flow | 1,062 | 1,045 | 1.6 |
| Capital expenditures for fixed assets | 239 | 241 | -0.8 |
| Total employees at year end | 70,038 | 67,236 | 4.2 |
| Total full-time equivalents at year end | 85,887 | 80,056 | 7.3 |

Kuehne + Nagel's net turnover decreased by CHF 206 million or 1.2 per cent and gross profit increased by CHF 299 million or 4.8 per cent compared to the previous year. At constant exchange rates net turnover would have decreased by 0.2 per cent or CHF 45 million and gross profit increased by 6.2 per cent or CHF 389 million.

EBIT increased by CHF 68 million or 8.0 per cent. At constant exchange rates the increase would have been CHF 75 million or 8.8 per cent. The Group

increased earnings for the year 2016 by CHF 41 million or 6.0 per cent compared to 2015, in constant currencies by CHF 46 million or 6.7 per cent. Capital expenditure in fixed assets in 2016 decreased by CHF 2 million or 0.8 per cent to CHF 239 compared to 2015.

The Kuehne + Nagel Group increased the number of employees year-on-year by 2,802 or 4.2 per cent from 67,236 to 70,038 employees. The number of full time equivalents reached 85,887 versus 80,056, which is an increase of 5,831 or 7.3 per cent.

INCOME STATEMENT

Turnover

In 2016 Kuehne + Nagel's turnover amounted to CHF 19,985 million representing a decrease of 1.5 per cent or CHF 298 million compared to the previous year. Organic business growth resulted in a decrease in turnover of CHF 358 million (1.7 per cent) and acquisitions contributed CHF 233 million or 1.1 per cent. The exchange rate fluctuation had a negative impact of CHF 173 million (0.9 per cent).

At a regional level, the Europe, Middle East, Central Asia and Africa "EMEA" (0.7 per cent), the Americas (3.8 per cent) and Asia-Pacific (0.5 per cent) experienced a reduced turnover.

Exchange rate fluctuations between 2015 and 2016, based on average yearly exchange rates, led to an increased valuation of the Euro and the US Dollar as well as dependent currencies of 1.4 and 3.0 per cent respectively and a decreased valuation of the British Pound of 9.0 per cent against the Swiss Franc.

Net turnover

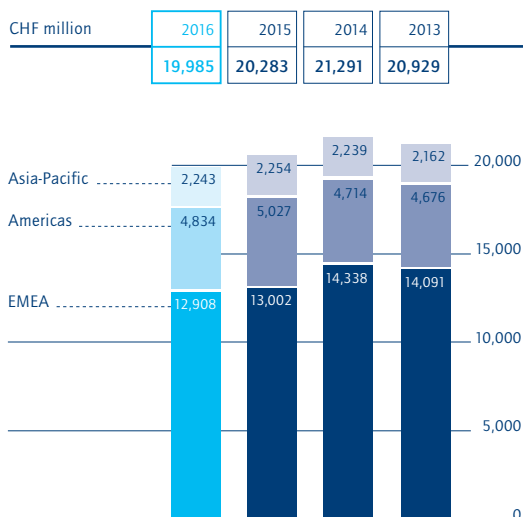
In 2016 Kuehne + Nagel's net turnover amounted to CHF 16,525 million representing a decrease of 1.2 per cent or CHF 206 million compared to the previous year. Organic business growth resulted in a decrease in net turnover of CHF 278 million (1.6 per cent) and acquisitions contributed CHF 233 million (1.4 per cent). The exchange rate fluctuation had a negative impact of CHF 161 million (1.0 per cent).

At a regional level, Asia-Pacific (1.7 per cent) region reported an increase in net turnover, whereas EMEA (1.0 per cent) and Americas (3.2 per cent) reported a decrease.

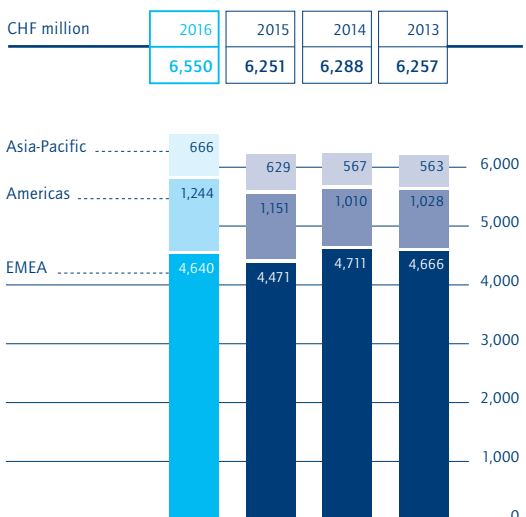
Gross profit

Gross profit, a better indicator of performance than net turnover in the logistics and forwarding industry, reached CHF 6,550 million in 2016, which represents an increase of 4.8 per cent or CHF 299 million compared to the previous year. Organic business growth resulted in an increase in gross profit of CHF 351 million (5.6 per cent) and exchange rate

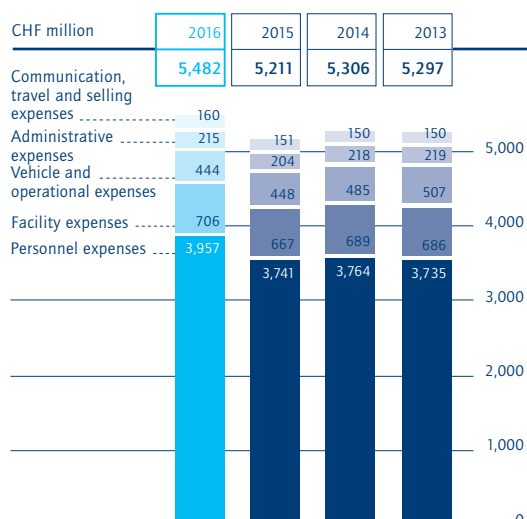
Regional turnover



Regional gross profit



Operational expenses



fluctuation had a negative impact of CHF 90 million (1.4 per cent). Acquisitions contributed CHF 38 million (0.6 per cent).

At a regional level, the EMEA (3.8 per cent), the Americas (8.1 per cent) and the Asia-Pacific (5.9 per cent) reported increases in gross profit.

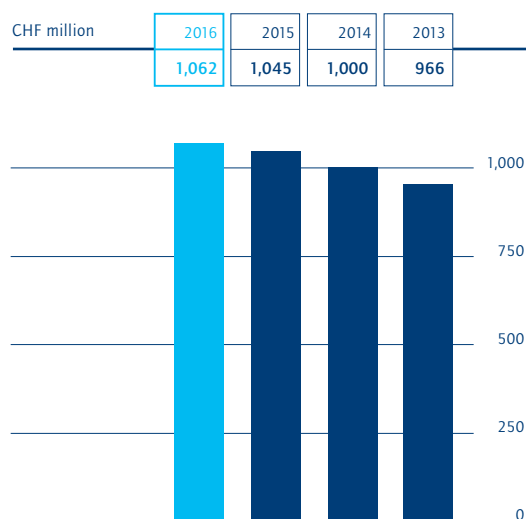
Operational cash flow

The operational cash flow, the sum of the net income for the year plus/minus non-cash-related transactions, increased by CHF 17 million to CHF 1,062 million (for further information, please refer to the cash flow statement in the Consolidated Financial Statements 2016 on page 41).

EBITDA

Earnings before interest, tax, depreciation, amortisation and impairment of property, plant and equipment, goodwill and other intangible assets increased by CHF 69 million or 6.6 per cent compared to the previous year; EBITDA of organic

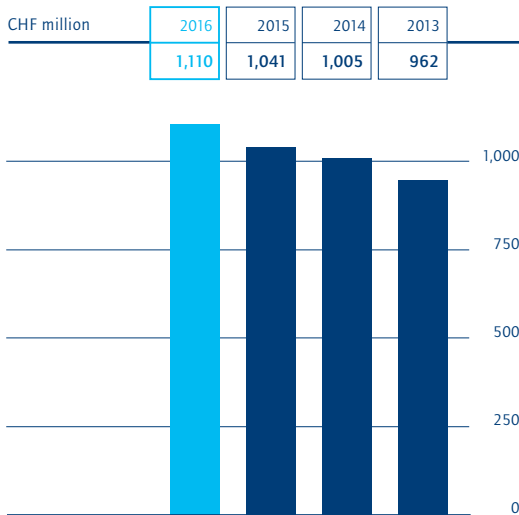
Operational cash flow



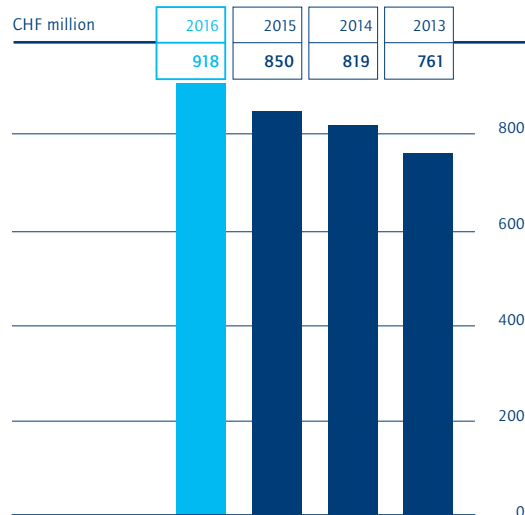
business increased by CHF 67 million, business from acquisitions contributed CHF 10 million, and the negative exchange rate development accounted for a decrease of CHF 8 million. EMEA generated the largest EBITDA contribution with CHF 647 million (58.3 per cent) followed by the Americas with CHF 245 million (22.1 per cent) and Asia-Pacific with CHF 218 million (19.6 per cent). The EBITDA margin to net turnover increased to 6.7 per cent compared to 6.2 per cent in 2015.

EBIT / Earnings for the year

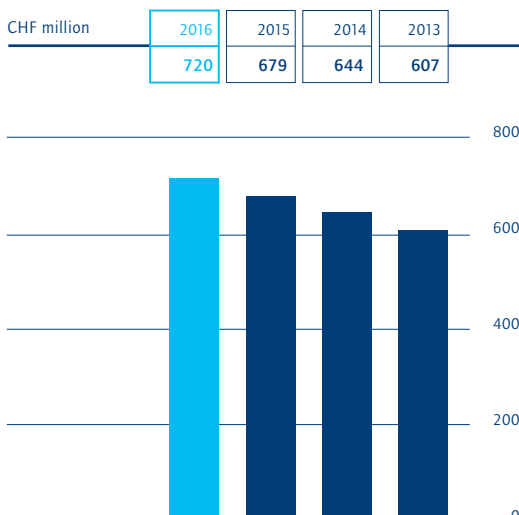
In 2016, earnings before interest and tax (EBIT) increased by CHF 68 million to CHF 918 million (2015: CHF 850 million). The increase was mainly due to higher profitability of the organic business by CHF 72 million, business from acquisitions contributed CHF 3 million whereas the exchange rate development impacted negatively by CHF 7 million. The EBIT margin to net turnover for the Group has increased to 5.6 per cent compared to 5.1 per cent in 2015.

EBITDA

The region EMEA contributed CHF 509 million (55.5 per cent) to the Group's EBIT, followed by the Americas with CHF 207 million (22.5 per cent) and Asia-Pacific with CHF 202 million (22 per cent).

EBIT

The earnings for the year increased by CHF 41 million to CHF 720 million compared to the previous year's CHF 679 million, whereby the margin increased to 4.4 per cent (in per cent of net turnover) compared to the previous year's 4.1 per cent.

Earnings for the year**FINANCIAL POSITION**

Total assets and liabilities of the Group increased by CHF 232 million to CHF 6,331 million compared to 2015. Cash and cash equivalents, net decreased by CHF 2 million. For details of changes in the balance sheet and cash flow statement, please refer to the Consolidated Financial Statements.

Trade receivables amounting to CHF 2,605 million represent the most significant asset of the Kuehne + Nagel Group. The days of trade receivables outstanding increased to 46.6 days compared to 44.4 of December 31, 2015.

The equity of the Group has increased by CHF 39 million to CHF 2,165 million; this represents an equity ratio of 34.2 per cent (2015: 34.9 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 | 2016 | 2015 | 2014 | 2013 |
|--|-------|-------|-------|-------|
| ¹ Equity ratio (in per cent) | 34.2 | 34.9 | 37.1 | 40.1 |
| ² Return on equity (in per cent) | 32.8 | 28.7 | 24.9 | 23.9 |
| ³ Debt ratio (in per cent) | 65.8 | 65.1 | 62.9 | 59.9 |
| ⁴ Short-term ratio of indebtedness (in per cent) | 55.7 | 55.3 | 52.7 | 51.0 |
| ⁵ Intensity of long-term indebtedness (in per cent) | 10.1 | 9.9 | 10.2 | 8.8 |
| ⁶ Fixed assets coverage ratio (in per cent) | 126.9 | 122.2 | 143.6 | 146.3 |
| ⁷ Working capital (in CHF million) | 595 | 496 | 949 | 988 |
| ⁸ Receivables terms (in days) | 46.6 | 44.4 | 44.4 | 43.2 |
| ⁹ Vendor terms (in days) | 60.2 | 55.1 | 54.9 | 52.6 |
| ¹⁰ Intensity of capital expenditure (in per cent) | 34.9 | 36.6 | 32.9 | 33.5 |

¹ Total equity in relation to total assets at the end of the year.

² 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.

³ Total liabilities - equity in relation to total assets.

⁴ Short-term liabilities in relation to total assets.

⁵ Long-term liabilities in relation to total assets.

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

⁷ Total current assets less current liabilities.

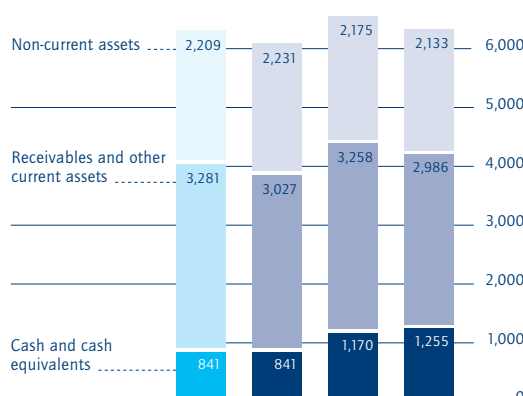
⁸ Turnover in relation to receivables outstanding at the end of the current year.

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

¹⁰ Non-current assets in relation to total assets.

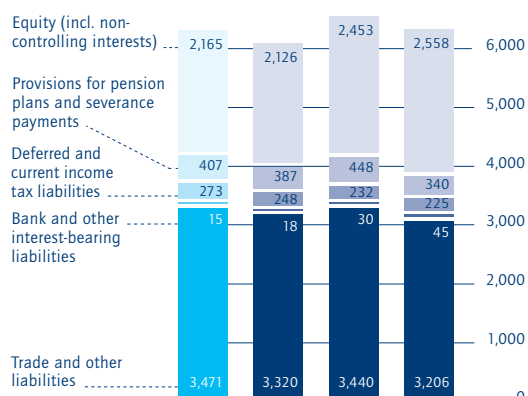
Assets

| CHF million | 2016 | 2015 | 2014 | 2013 |
|-------------|-------|-------|-------|-------|
| | 6,331 | 6,099 | 6,603 | 6,374 |



Liabilities

| CHF million | 2016 | 2015 | 2014 | 2013 |
|-------------|-------|-------|-------|-------|
| | 6,331 | 6,099 | 6,603 | 6,374 |



INVESTMENTS, DEPRECIATION AND AMORTISATION

In 2016, the Kuehne + Nagel Group invested a total of CHF 239 million (2015: CHF 241 million) in fixed assets. Investments in properties and buildings amounted to CHF 42 million (2015: CHF 85 million), and CHF 197 million (2015: CHF 156 million) were invested in other fixed assets, operating and office equipment.

All capital expenditure in 2016 was financed by the operational cash flow of CHF 1,062 million generated during 2016.

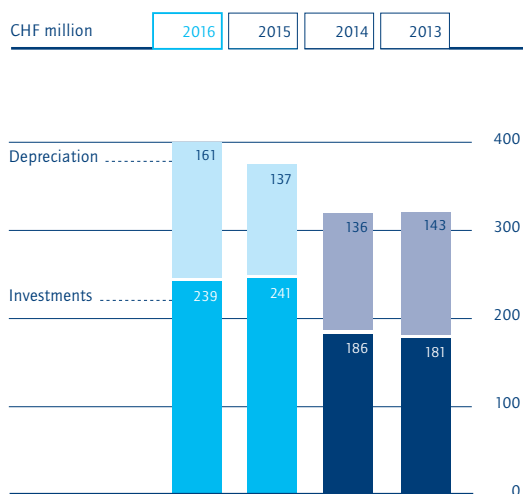
In 2016 the following major investments were made in properties and buildings:

| Location | CHF million | Centres |
|----------------------|-------------|--|
| Mississauga, Canada | 10 | Construction of a built-to-suit warehouse |
| Singapore | 5 | Completion of a built-to-suit logistics centre |
| Chemnitz, Germany | 2 | Completion of a cross dock facility |
| Bremen, Germany | 3 | Construction of an office building |
| Moehlin, Switzerland | 10 | Land plot for a planned warehouse facility |
| Various locations | 12 | Improvement of existing logistics and distribution centres |
| Total | 42 | |

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

| CHF million | 2016 |
|--------------------------------|------------|
| Operating equipment | 93 |
| Vehicles | 16 |
| Leasehold improvements | 43 |
| IT hardware | 34 |
| Office furniture and equipment | 11 |
| Total | 197 |

Investments in fixed assets/depreciation



The allocation by region is as follows:

| CHF million | 2016 |
|--------------|------------|
| EMEA | 151 |
| Americas | 26 |
| Asia-Pacific | 20 |
| Total | 197 |

Depreciation and amortisation in 2016 amounted to CHF 192 million and was allocated in the income statement as indicated in notes 26 and 27 to the Consolidated Financial Statements.

Development of capital expenditure and depreciation of fixed and intangible assets over a period of four years

| CHF million | 2016 | 2015 | 2014 | 2013 |
|--|------------|------------|------------|------------|
| Capital expenditure | | | | |
| Fixed Assets | | | | |
| Properties and buildings | 42 | 85 | 49 | 46 |
| Operating and office equipment | 197 | 156 | 137 | 135 |
| Intangible assets | | | | |
| Goodwill in consolidated companies | - | 127 | - | - |
| Other intangibles through acquisitions | - | 93 | - | - |
| IT software | 13 | 12 | 10 | 7 |
| Total | 252 | 473 | 196 | 188 |
| Depreciation and amortisation | | | | |
| Fixed assets | | | | |
| Buildings | 30 | 22 | 23 | 23 |
| Operating and office equipment | 131 | 115 | 113 | 120 |
| Intangible assets | | | | |
| Amortisation/impairment of other intangible assets | 31 | 54 | 50 | 58 |
| Total | 192 | 191 | 186 | 201 |

SHAREHOLDER RETURN

Dividend

For 2016 the Board of Directors is proposing a dividend amounting to CHF 5.50 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 658 million (2015: CHF 599 million)

resulting in a payout ratio of 91.6 per cent (2015: 88.6 per cent) of the earnings for the year attributable to the equity holders of the Company. Based on the share price at year-end 2016 the dividend yield on the Kuehne + Nagel share is 3.7 per cent (2015: 5.1 per cent).

Share price and market capitalisation (December 31)

| Share price and market capitalisation | 2016 | 2015 | per cent change |
|--|--------|--------|-----------------|
| Share price (in CHF) | 134.60 | 137.80 | -2.3 |
| Market capitalisation (in CHF million) | 16,152 | 16,536 | -2.3 |

Total shareholder return development

| in CHF | 2016 | 2015 |
|---|-------|------|
| Increase/(decrease) of share price year over year | -3.20 | 2.50 |
| Dividend per share | 5.00 | 7.00 |
| Total return | 1.80 | 9.50 |

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 led by the CEO and comprising 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.

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

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 2016

An independent risk assessment procedure was adopted for operational risks. The Regional Management was interviewed in order to assess the risks for each country in their respective region. In addition, Management Board members assessed the overall strategic risk exposure of the Group. Within the framework of the corporate governance process, the updated risk assessment was then presented to the Audit Committee of the Board of Directors.

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

The following risk areas have been identified amongst others and mitigating actions are 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.
- The continuing challenges of the global and macroeconomic developments as well as the uncertainties in the financial markets are of essential importance from a risk-policy point of view. These are managed 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.
- Organised crime and terrorism, and also an increase of regulations, growing complexity and customer expectations have led to rising security require-

ments and risks; such risks and requirements are considered in the planning of supply chain solutions and worldwide operation.

- 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 is maintained in order to assure the Group's effectiveness in this area. The risk management system is governed by the Risk Assessment Guideline defining the 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 the 2016 business year 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 being in the constant focus of the management.

BUSINESS UNITS

The main contributor to the Group's result remains the business unit Seafreight, whereby in 2016 the major improvements of the profitability were generated in the Airfreight, Overland, and Contract Logistics business units with 12.5, 300 and 23.5 per cent EBIT growth, respectively.

Seafreight

Seafreight volumes increased by 6.1% to 4,053,000 TEUs which represents a growth of about twice as strong as the overall market and further solidified the global leadership in Seafreight. The successful expansion of the reefer container and the Full Container (FCL) business contributed significantly. Customers from the pharmaceutical and healthcare industries rely on Kuehne + Nagel to handle tempe-

perature-sensitive products. However, the effects of the continuing crisis in the shipping industry resulting in record low freight rates, margin pressure and the insolvency of a large Asian shipping company, also impacted Kuehne + Nagel negatively. Despite productivity increases, EBIT declined by 3.1 per cent compared to the previous year, while the ratio of EBIT to gross profit (conversion rate) was maintained at 31.4 per cent, a leading level in the industry.

Performance Seafreight

| CHF million | 2016 | 2015 |
|----------------------------------|-------|-------|
| Turnover | 7,981 | 8,739 |
| Net turnover | 5,814 | 6,406 |
| Gross Profit | 1,416 | 1,381 |
| EBITDA | 465 | 485 |
| EBIT | 445 | 459 |
| EBIT in per cent of Gross Profit | 31.4 | 33.2 |
| Number of operating staff | 9,154 | 8,792 |
| TEUs '000 | 4,053 | 3,820 |

Airfreight

In a volatile international airfreight market which showed growth only in the fourth quarter of 2016, Airfreight increased volumes by 4.3 per cent to 1,304,000 tons, thus strengthening the Group's position as the number two global airfreight provider. The focus on industry-specific Airfreight services like KN EngineChain, a specialized service for production, spare parts logistics, and maintenance of aircraft engines for the Aerospace Industry

has significantly contributed to this success. Kuehne + Nagel's leading offer for temperature-sensitive goods, pharmaceutical and perishable products, led to substantial new business. Profitability improvements were achieved through efficiency gains and margin expansion resulting in a conversion rate that increased from 29.3 per cent in the previous year to 30.9 per cent. The EBIT improved by 12.5 per cent compared to the previous year.

Performance Airfreight

| CHF million | 2016 | 2015 |
|----------------------------------|-------|-------|
| Turnover | 3,935 | 4,014 |
| Net turnover | 3,347 | 3,424 |
| Gross Profit | 964 | 904 |
| EBITDA | 315 | 286 |
| EBIT | 298 | 265 |
| EBIT in per cent of Gross Profit | 30.9 | 29.3 |
| Number of operating staff | 5,734 | 5,563 |
| Tons '000 | 1,304 | 1,250 |

Overland

Overland increased its net turnover by 11.9 per cent with strong expansion of land transport activities within Europe and the integration of ReTrans, a company that has been part of the Group since 2015, providing intermodal transports to Kuehne + Nagel's

North American customers. The key performance indicator EBITDA to net turnover margin was with 2.4 per cent above the previous year's 1.9 per cent (which includes the antitrust fine with a net impact of CHF 12 million imposed by the French Competition Authority in Q4 2015).

Performance Overland

| CHF million | 2016 | 2015 |
|---------------------------|-------|-------|
| Turnover | 3,130 | 2,825 |
| Net turnover | 2,898 | 2,589 |
| Gross Profit | 895 | 834 |
| EBITDA | 70 | 50 |
| EBIT | 28 | 7 |
| Number of operating staff | 7,894 | 8,186 |

Contract Logistics

The focus on specialized end-to-end solutions for industries such as automotive, e-commerce, high-tech, consumer goods, aerospace, and pharmaceuticals and healthcare led to new customer business in 2016 and resulted in a net of currency impact net turnover growth of 5.7 per cent. A total of more than 100 new logistics projects were implemented

for customers in 2016, enabling the company to manage more than 10 million square meters of warehouse and logistics space worldwide. Continuous process improvements led to a significant increase of EBITDA to net turnover margin at 5.8 per cent versus 5.1 per cent in 2015 and an increase of EBIT by 23.5 per cent.

Performance Contract Logistics

| CHF million | 2016 | 2015 |
|--|------------|-----------|
| Turnover | 4,939 | 4,705 |
| Net turnover | 4,466 | 4,312 |
| Gross Profit | 3,275 | 3,132 |
| EBITDA | 260 | 220 |
| EBIT | 147 | 119 |
| Number of operating staff | 35,866 | 33,925 |
| Warehousing and logistics space in sqm | 10,021,688 | 9,556,477 |

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