

Status Report 2021

Kuehne+Nagel Group key data

CHF million	2021	2020	2019	2018	2017	2016	2015
Turnover	36,699	23,812	25,295	24,825	22,220	19,985	20,283
Net turnover	32,801	20,382	21,094	20,774	18,594	16,525	16,731
Gross profit	9,896	7,475	7,981	7,709	7,023	6,550	6,251
In per cent of net turnover	30.2	36.7	37.8	37.1	37.8	39.6	37.4
EBITDA ¹	3,679	1,920	1,829	1,209	1,150	1,110	1,041
In per cent of net turnover ¹	11.2	9.4	8.7	5.8	6.2	6.7	6.2
EBIT	2,946	1,070	1,061	987	937	918	850
In per cent of net turnover	9.0	5.2	5.0	4.8	5.0	5.6	5.1
In per cent of gross profit (conversion rate)	29.8	14.3	13.3	12.8	13.3	14.0	13.6
EBT	2,945	1,059	1,047	994	955	935	878
In per cent of net turnover	9.0	5.2	5.0	4.8	5.1	5.7	5.2
Earnings for the year	2,155	789	800	772	740	720	679
In per cent of net turnover	6.6	3.9	3.8	3.7	4.0	4.4	4.1
Earnings for the year (Kuehne+Nagel share)	2,032	788	798	770	737	718	676
In per cent of net turnover	6.2	3.9	3.8	3.7	4.0	4.3	4.0
Depreciation, amortisation and impairment of assets ¹	733	850	768	222	213	192	191
In per cent of net turnover ¹	2.2	4.2	3.6	1.1	1.1	1.2	1.1
Operational cash flow ¹	3,688	1,904	1,746	1,156	1,148	1,062	1,045
In per cent of net turnover ¹	11.2	9.3	8.3	5.6	6.2	6.4	6.2
Capital expenditures for fixed assets	197	177	320	315	225	239	241
In per cent of operational cash flow	5.3	9.3	18.3	27.2	19.6	22.5	23.1
Total assets ¹	14,650	9,851	9,825	7,878	7,457	6,331	6,099
Non-current assets ¹	4,969	3,815	4,621	2,793	2,445	2,209	2,231
Equity	3,211	2,413	2,322	2,324	2,327	2,165	2,126
In per cent of total assets ¹	21.9	24.5	23.6	29.5	31.2	34.2	34.9
Total employees at year-end	78,087	78,249	83,161	81,900	75,876	70,038	67,236
FTEs of employees at year-end	73,516	72,021	78,448	77,416	71,263	65,718	63,343
FTEs at year-end including temporary staff	93,288	93,238	99,113	99,072	92,372	85,887	80,056
Personnel expenses	4,922	4,443	4,877	4,736	4,243	3,957	3,741
In per cent of net turnover	15.0	21.8	23.1	22.8	22.8	23.9	22.4
Gross profit in CHF 1,000 per FTE	106	80	81	78	76	76	78
Personnel expenses in CHF 1,000 per FTE	53	48	49	48	46	46	47
Basic earnings per share (nominal CHF 1) in CHF							
Consolidated earnings for the year (Kuehne+Nagel share) ²	16.92	6.59	6.67	6.43	6.16	5.99	5.64
Distribution in the following year	10.00	4.50	4.00	6.00	5.75	5.50	5.00
In per cent of the consolidated net income for the year	59.1	68.3	60.0	93.3	93.4	91.8	88.6
Development of share price							
SIX Swiss Exchange (high/low in CHF)	361/197	206/121	164/126	181/123	181/133	144/124	148/118
Average trading volume per day	168,174	318,423	267,260	217,865	206,266	190,820	204,420

¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

² Excluding treasury shares.

Economic environment

The Kuehne+Nagel Group (the Group) delivered a very strong result in 2021 in a business environment characterised by the uncertainties of the COVID-19 pandemic and by highly strained supply chains. The Group confirmed its global leading position in Sea Logistics with 4.6 million TEUs managed in container traffic and its leading market position in Air Logistics with 2.2 million tons where significant volume growth and improved profitability can be reported. Results in Road Logistics and Contract Logistics increased steadily over the course of the year and delivered consistently to the success of the Group.

Kuehne+Nagel's service offering is specialised in managing complex end-to-end supply chain solutions within a global network, controlled by Logistics Control Towers and executed by all Kuehne+Nagel business units. These integrated logistics solutions not only increase transparency and efficiency in the supply chain but also optimise the information flow between the service partners and customers. This allows Kuehne+Nagel to support and add value to its customers' value chain, a key factor in a highly competitive and fast growing market.

In 2021, the world economy experienced a global economic rebound with an estimated growth of 5.5 per cent after the recession caused by COVID-19 the year before (2020: -3.4 per cent growth). While the recovery was temporarily negatively impacted by local lockdowns and reduced overall activity, the global economy has gained momentum to reach pre-pandemic levels. For 2022, global growth of 4.1 per cent is forecasted. (Based on: World Bank, Global Economic Prospects, January 2022)

In 2021, the international logistics industry experienced world trade volume growth above the level of 2020 with an estimated increase of 9.3 per cent in 2021 versus -8.2 per cent in 2020. (Based on: IMF, World Economic Outlook Update, January 2022)

Logistics operations were shaped by disruptive events in global supply chains - some due to the COVID-19 pandemic and some due to operational bottlenecks in carrier, port and trucking operations. On the sea- and airfreight carrier side, the market in 2021 was characterised by a significant increase in freight rates caused by capacity shortages due to supply chain disruptions and operational inefficiencies. This drove a severe cost increase effect with respect to the Group's operational efforts to execute shipments, but also a significant expansion of gross margins.

Kuehne+Nagel's volume grew in line with the market. In combination with the large increase of freight rates, net turnover was 60.9 per cent greater than in 2020. Gross profit increased by 32.4 per cent and the Group was able to increase EBIT by 175.3 per cent in 2021.

The Group continued executing in-line with its strategy Roadmap 2022 presented at the Capital Markets Day 2017 with a focus on creating additional value through customer excellence, expansion into new services and leveraging the Group's strengths to extend from supply chain to value chain services. The ambition is to create sustainable growth in gross profit with new value chain services and selective acquisitions to leverage synergies and expertise. The overall aim is to reach an EBIT to gross profit margin (conversion rate) for the entire Group in excess of 16 per cent by 2022.

In the last year, the Group had to repeatedly shift the focus to the operational challenges to ensure and deliver customer excellence. However, the Group is well on track in the program and will reach its ambitions in digitisation as a game changer for productivity and market offering, investments in new opportunities connected to value expansion, acquisitions as an accelerator and continuous service excellence for customers.

Kuehne+Nagel is transitioning to a zero carbon business model and is driving a global zero carbon future for its customers by addressing the carbon dioxide equivalent footprint (CO₂e) of the transportation services involving its suppliers: airlines, shipping lines and haulage companies. Since 2020, Kuehne+Nagel is shipping all Sea Logistics less-than-container-load (LCL) shipments CO₂e neutral by compensating through nature-based projects.

A building block in Kuehne+Nagel's business strategy is proactively addressing climate change by measuring CO₂, reducing CO₂ when possible with low-carbon fuels and compensating for CO₂e. The Group has invested in various nature-based CO₂ compensation schemes, where carbon is being removed from the atmosphere. The emission credits obtained are in accordance with the highest international standards.

The Group's sustainability report addresses in detail Kuehne+Nagel's commitment to the principles of sustainable business practices and performance for the respective calendar year.

Key financial figures

CHF million	2021	2020	Variance in per cent
Turnover	36,699	23,812	54.1
Net turnover	32,801	20,382	60.9
Gross profit	9,896	7,475	32.4
Gross profit in per cent of net turnover	30.2	36.7	
EBITDA	3,679	1,920	91.6
EBIT	2,946	1,070	175.3
In per cent of net turnover	9.0	5.2	
In per cent of gross profit	29.8	14.3	
Earnings for the year	2,155	789	173.1
Earnings for the year (Kuehne+Nagel share)	2,032	788	157.9
Earnings per share basic (in CHF)	16.92	6.59	156.8
Operational cash flow	3,688	1,904	93.7
Capital expenditures for fixed assets	197	177	11.3
Total employees at year-end	78,087	78,249	-0.2
Total full-time equivalents of employees at year-end	73,516	72,021	2.1

Kuehne+Nagel's net turnover increased by CHF 12,419 million or 60.9 per cent in 2021, and gross profit grew by CHF 2,421 million or 32.4 per cent compared to the previous year, whereof the inorganic growth was 13.9 per cent of net turnover and 5.0 per cent of gross profit.

In 2021, EBIT increased by CHF 1,876 million or 175.3 per cent. At constant exchange rates and excluding acquisitions and divestments, the increase would have been CHF 1,275 million or 119.2 per cent. Earnings for the year 2021 increased by CHF 1,366 million or 173.1 per cent compared to 2020. In constant currencies and

excluding acquisitions and divestments the Group would have increased the earnings for the year by CHF 917 million or 116.2 per cent.

Capital expenditure in fixed assets increased by CHF 20 million or 11.3 per cent to CHF 197 million compared to the previous year. In 2021, the Kuehne+Nagel Group decreased the number of employees year-on-year by 162 or 0.2 per cent from 78,249 to 78,087 employees, which includes a net reduction of 3,621 employees from business combinations. The number of full time equivalents of employees reached 73,516 versus 72,021, which is an increase of 1,495 or 2.1 per cent.

Income Statement

Turnover

In 2021, Kuehne+Nagel's turnover amounted to CHF 36,699 million representing an increase of 54.1 per cent or CHF 12,887 million compared to the previous year. Organic business growth resulted in an increase of turnover of CHF 10,165 million (42.7 per cent) while acquisitions and divestments contributed CHF 2,841 million (11.9 per cent). The exchange rate fluctuation had a negative impact of CHF 119 million (0.5 per cent).

Volumes in Sea Logistics increased by 1.9 per cent (84,000 TEUs), and turnover per TEU increased by 71.4 per cent to CHF 3,395 per TEU (2020: CHF 1,981). In Air Logistics, the volume increased by 54.9 per cent (787,000 tons), and the freight rate increased by 27.4 per cent per 100 kg to CHF 517 (2020: CHF 406).

From a regional perspective, Europe, Middle East and Africa "EMEA" (32.9 per cent), the Americas (86.1 per cent) and Asia-Pacific (96.5 per cent) all reported an increased turnover in 2021.

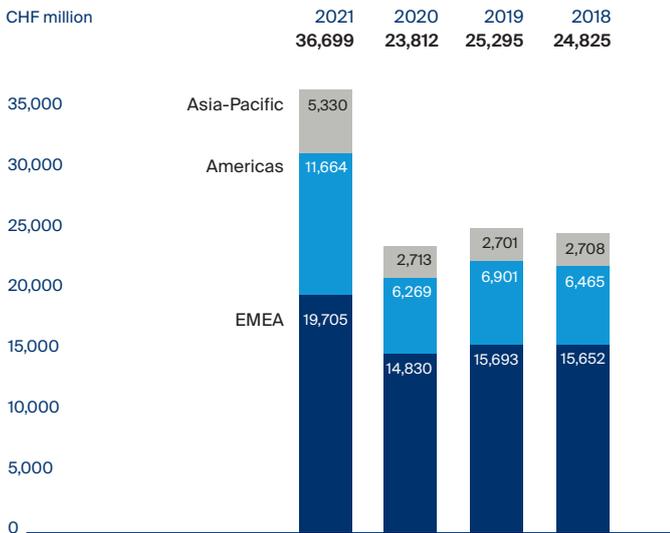
Exchange rate fluctuations between 2020 and 2021, based on average yearly exchange rates, led to an increased valuation of the Euro by 0.9 per cent and a devaluation of the US Dollar as well as dependent currencies by 3.0 per cent against the Swiss Franc, resulting in a negative impact of CHF 119 million (0.5 per cent) on turnover.

Net turnover

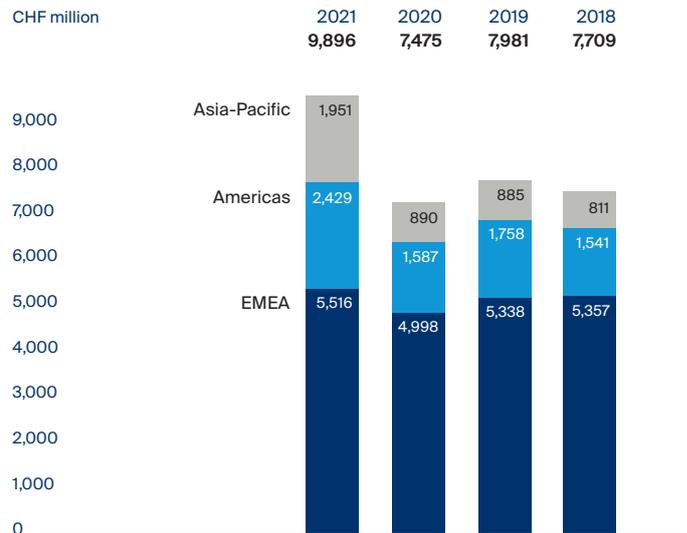
In 2021, Kuehne+Nagel's net turnover amounted to CHF 32,801 million representing an increase of 60.9 per cent or CHF 12,419 million compared to the previous year. Organic business growth resulted in an increase in net turnover of CHF 9,709 million (47.6 per cent) and acquisitions and divestments contributed CHF 2,839 million (13.9 per cent). The exchange rate fluctuation had a negative impact of CHF 129 million (0.6 per cent).

From a regional perspective, EMEA (34.8 per cent), the Americas (100.1 per cent) and Asia-Pacific (105.4 per cent) all reported an increase of net turnover in 2021.

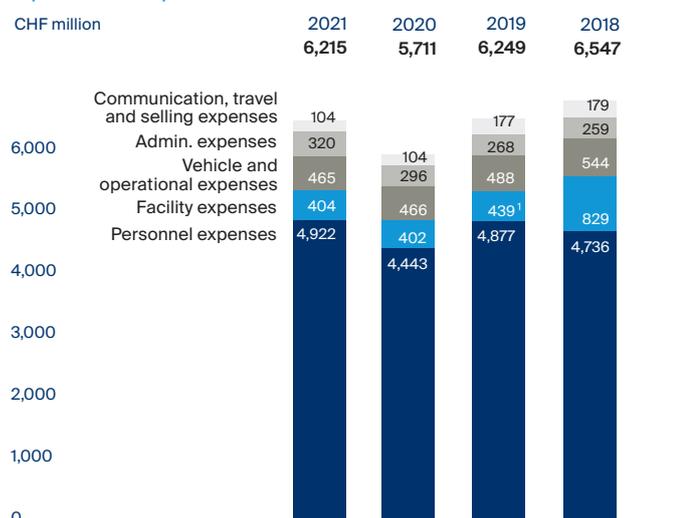
Regional turnover



Regional gross profit

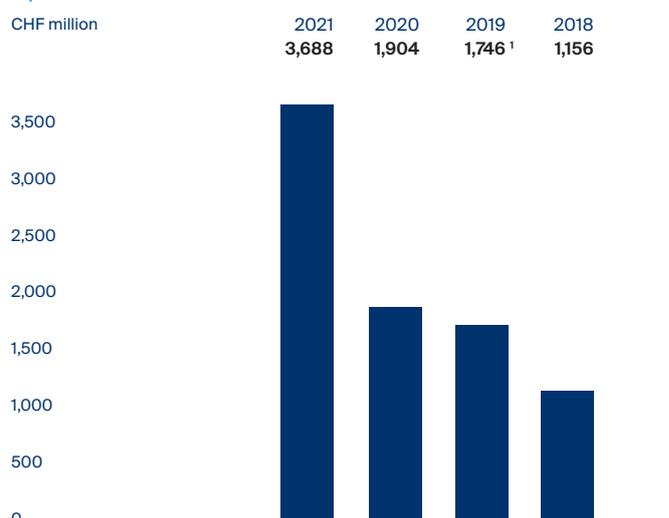


Operational expenses



¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

Operational cash flow



¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

Gross profit

Gross profit amounted to CHF 9,896 million in 2021, which represents an increase of 32.4 per cent or CHF 2,421 million compared to the previous year. Organic business growth resulted in an increase in gross profit of CHF 2,052 million (27.5 per cent). Exchange rate fluctuation had a negative impact of CHF 8 million (0.1 per cent) and acquisitions and divestments contributed CHF 377 million (5.0 per cent) positively.

From a regional perspective, EMEA (10.4 per cent), the Americas (53.1 per cent) and Asia-Pacific (119.2 per cent) all reported a higher gross profit in 2021.

Operational cash flow

The operational cash flow increased by CHF 1,784 million to CHF 3,688 million in 2021 (for further information, please refer to the cash flow statement in the consolidated financial statements 2021 on page 51).

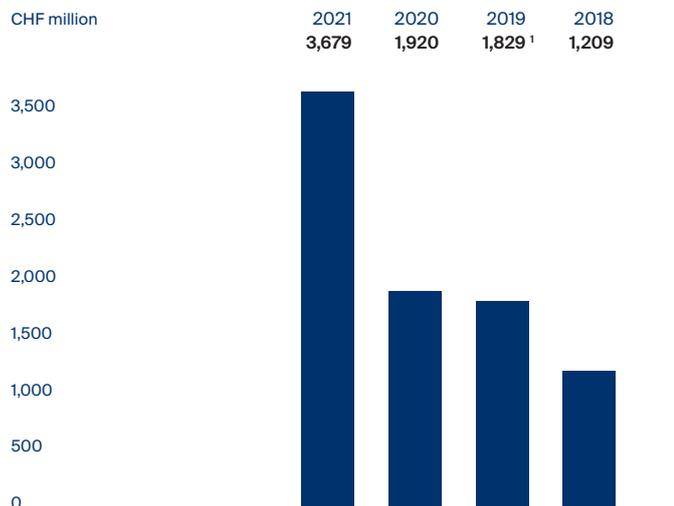
EBITDA

In 2021, earnings before interest, tax, depreciation, amortisation and impairment of property, plant and equipment, goodwill and other intangible assets, increased by CHF 1,759 million or 91.6 per cent to CHF 3,679 million compared to the previous year's CHF 1,920 million; EBITDA of organic business increased by CHF 1,223 million (63.7 per cent), acquisitions and divestments contributed CHF 537 million (28.0 per cent), and the exchange rate development had a negative impact of CHF 1 million (0.1 per cent).

EMEA generated the largest EBITDA contribution with CHF 1,562 million (42.5 per cent), followed by the Asia-Pacific with CHF 1,145 million (31.1 per cent) and Americas with CHF 972 million (26.4 per cent).

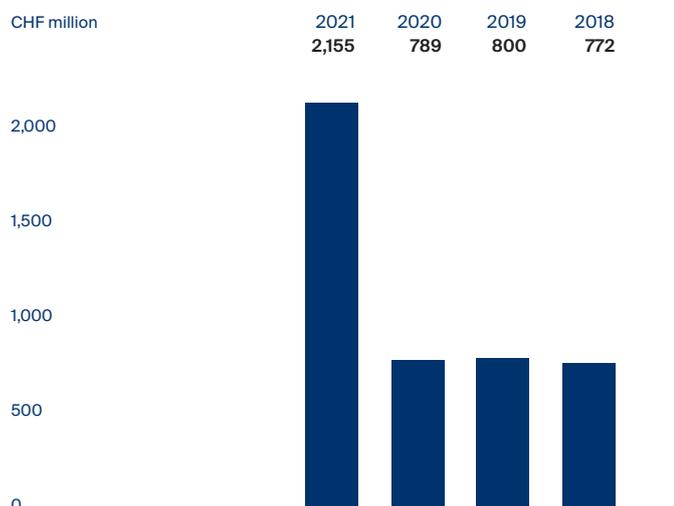
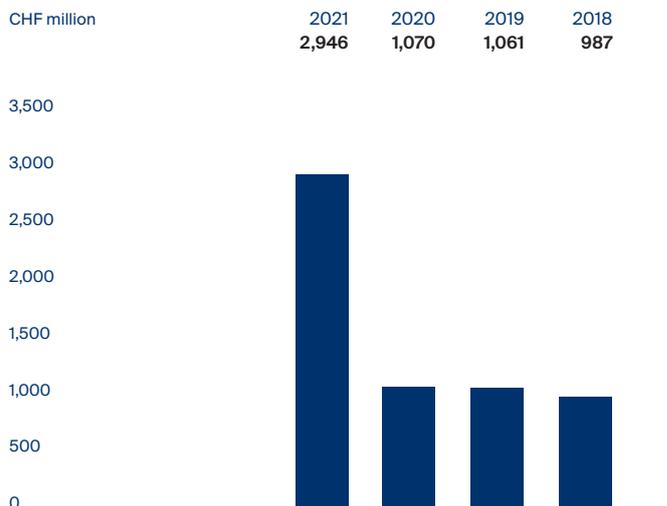
EBIT/Earnings for the year

In 2021, earnings before interest and tax (EBIT) increased by CHF 1,876 million to CHF 2,946 million (2020: CHF 1,070 million).

EBITDA

¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

The increase was mainly due to higher contribution from the organic business by CHF 1,275 million (119.2 per cent), whereas acquired and divested business had a positive impact of CHF 603 million (56.3 per cent), the exchange rate development had a negative impact of CHF 2 million (0.2 per cent). The EBIT margin to net turnover for the Group increased to 9.0 per cent compared to 5.2 per cent in 2020. EBIT in per cent of gross profit (conversion

Earnings for the year**EBIT**

rate), an important KPI for the Group, increased from 14.3 per cent in 2020 to 29.8 per cent in 2021.

In 2021, the region EMEA contributed CHF 1,102 million (37.4 per cent) to the Group's EBIT, followed by Asia-Pacific with CHF 1,039 million (35.3 per cent), and the Americas with CHF 805 million (27.3 per cent).

Earnings for the year 2021 increased by CHF 1,366 million to CHF 2,155 million compared to the previous year's CHF 789 million, whereby the margin increased to 6.6 per cent (in per cent of net turnover) compared to the previous year's 3.9 per cent.

Financial position

In 2021, total assets and liabilities of the Group increased by CHF 4,799 million to CHF 14,650 million compared to 2020. The amount of cash and cash equivalents increased by CHF 608 million to CHF 2,305 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 6,404 million represent the most significant asset of the Kuehne+Nagel Group. The days of trade receivables outstanding improved to 49.2 days as of December 2021 compared to the previous year's 50.5 days.

As of December 31, 2021, the equity of the Group increased by CHF 798 million to CHF 3,211 million compared to CHF 2,413 million as of December 31, 2020, which represents an equity ratio of 21.9 per cent (2020: 24.5 per cent).

Developments of other key financial indicators on capital structure are shown in the following table:

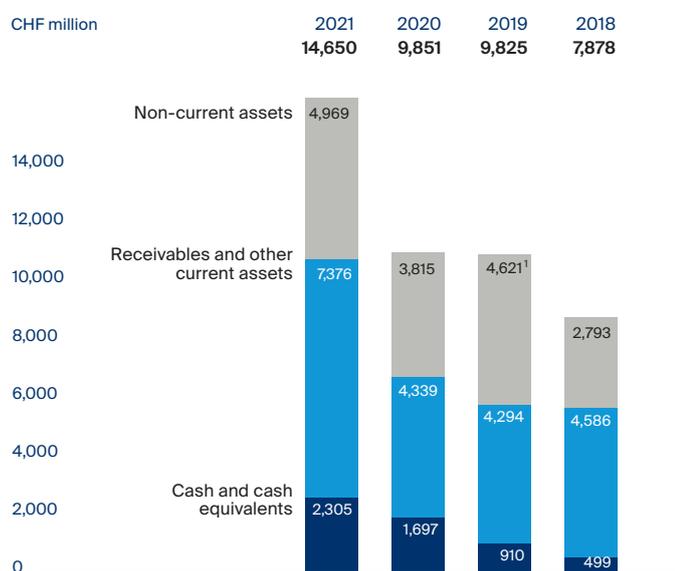
Kuehne+Nagel Group key figures on capital structure

Key figures on capital structure	2021	2020	2019	2018	2017
1 Equity ratio (in per cent) *	21.9	24.5	23.6	29.5	31.2
2 Return on equity (in per cent)	69.5	32.8	33.6	32.4	32.1
3 Debt ratio (in per cent) *	78.1	75.5	76.4	70.5	68.8
4 Short-term ratio of indebtedness (in per cent)*	56.8	53.9	50.1	61.9	60.5
5 Intensity of long-term indebtedness (in per cent)*	21.3	21.6	26.2	8.6	8.3
6 Fixed assets coverage ratio (in per cent)	127.5	119.1	106.0	107.4	120.5
7 Working capital (in CHF million)	1,365	727	275	208	502
8 Receivables terms (in days)	49.2	50.5	52.5	54.2	53.9
9 Vendor terms (in days)	53.2	66.6	63.7	61.5	69.0
10 Intensity of capital expenditure (in per cent)*	33.9	38.7	47.0	35.5	32.8

* Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

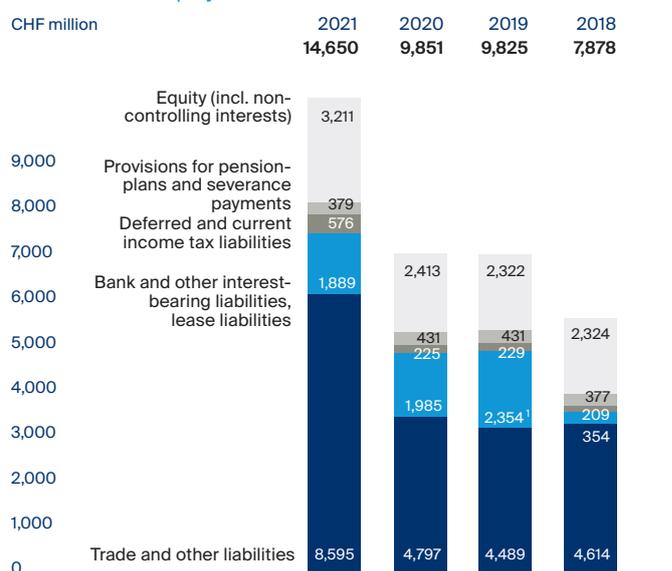
- 1 Total equity in relation to total assets at the end of the year.
- 2 Net earnings for the year in relation to share capital plus reserves plus retained earnings as of January 1 of the current year minus dividend paid during the current year as of the date of distribution plus capital increase (incl. share premium) as of the date of payment.
- 3 Total liabilities minus 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) plus long-term liabilities in relation to non-current assets.
- 7 Total current assets minus 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



¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

Liabilities and equity



¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

Investments and depreciation

Property, plant and equipment

The Group continues to operate an asset-light business model and invests only into strategically important locations with high demand for state of the art or industry-specific logistics space.

In 2021, the Kuehne+Nagel Group invested a total of CHF 197 million (2020: CHF 177 million) in fixed assets. Investments in properties and buildings amounted to CHF 7 million (2020: CHF 16 million). CHF 190 million (2020: CHF 161 million) were invested in other fixed assets, operating and office equipment.

Depreciation of property, plant and equipment for the year 2021 amounted to CHF 192 million (2020: CHF 185 million). Refer to note 26 of the consolidated financial statements for further details.

All capital expenditure in 2021 was financed through operational cash flow.

In 2021, the following major investments were made in properties and buildings:

Location	CHF million	Centres
Gebze, Turkey	2	Installation of solar panels
Villefranche, France	1	Reconstruction of a logistics facility
Luxembourg	1	Construction of a temperature controlled cross-dock area
Others	3	
Total Group	7	

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

CHF million	2021	2020
Operating equipment	82	69
Vehicles	17	10
Leasehold improvements	49	40
IT hardware	34	33
Office furniture and equipment	8	9
Total Group	190	161

The allocation by region is as follows:

CHF million	2021	2020
EMEA	141	118
Americas	27	27
Asia-Pacific	22	16
Total Group	190	161

The allocation by business unit is as follows:

CHF million	2021	2020
Sea Logistics	30	13
Air Logistics	20	16
Road Logistics	30	19
Contract Logistics	110	113
Total Group	190	161

Right-of-use assets

A total of CHF 455 million (2020: CHF 512 million) was invested in right-of-use assets. The allocation of investments in right-of-use assets is as follows:

CHF million	2021	2020
Buildings	360	418
Operating equipment	56	46
Vehicles	39	48
Total Group	455	512

The allocation by region is as follows:

CHF million	2021	2020
EMEA	305	394
Americas	73	68
Asia-Pacific	77	50
Total Group	455	512

The allocation by business unit is as follows:

CHF million	2021	2020
Sea Logistics	43	31
Air Logistics	35	24
Road Logistics	32	30
Contract Logistics	345	427
Total Group	455	512

Depreciation of right-of-use assets amounted to CHF 485 million (2020: CHF 506 million). Refer to note 27 of the consolidated financial statements for further details.

Acquisitions

Effective May 11, 2021 the Group legally acquired 79.3 per cent of the shares of Apex International Corporation (Apex) and obtained present access to a further 9.1 per cent of Apex shares contractually agreed to be transferred over the next three years. Therefore, the Group accounts for an 88.4 per cent ownership stake at acquisition.

Apex is one of the leading Asian freight forwarders, especially in the transpacific and intra-Asia. The group of companies is a renowned specialist for air logistics services, founded in China in 2001 and headquartered in Shanghai and Hong Kong. Apex has operations in 13 countries in various locations in China, Hong Kong, USA, Vietnam, Taiwan, Korea, Singapore, Canada, Mexico, Australia, New Zealand, Netherlands and Germany. The acquisition of Apex is in line with the Group's strategic growth ambition in Asia. With approximately 1,800 employees, Apex generated a turnover in excess of CHF 2.1 billion in 2020.

Divestments

Effective January 1, 2021 Kuehne+Nagel sold a major part of its contract logistics portfolio in the United Kingdom to XPO Logistics, Inc. (NYSE: XPO). The scope of the transaction includes the

drinks logistics, food services and retail & technology businesses, whereby the pharma & healthcare businesses are retained.

Effective August 12, 2021 Kuehne+Nagel sold a 24.9 per cent equity stake in Apex International Corporation for a cash consideration of CHF 372 million to Partners Group (SWX: PGHN), a leading global private markets firm. The parties also entered into call and put arrangements.

Refer to note 40 of the consolidated financial statements for further details.

Business units

The main contributor to the Group's result are the business units Sea and Air Logistics. In 2021, major profitability improvements were generated in the both Sea and Air Logistics business units.

Sea Logistics

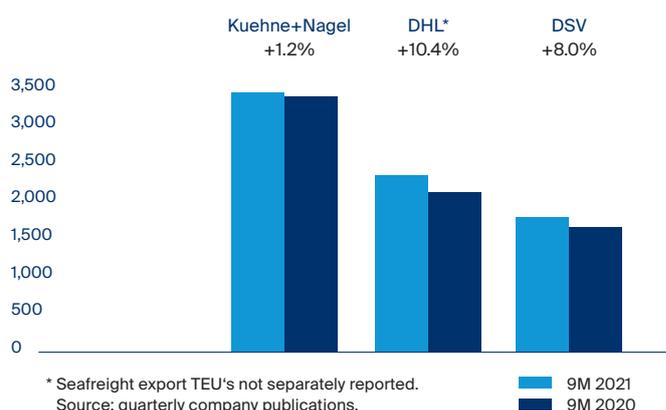
Sea Logistics volumes increased by 1.9 per cent to 4,613,000 TEUs. Specialised services for temperature controlled cargo in reefer containers, pharma and e-commerce have significantly contributed to the result. In an uncertain and volatile market environment during COVID-19 pandemic Kuehne+Nagel maintained its global leading position in Sea Logistics. From a regional perspective, the volume increase of imports in Europe and North America from Asia has continued in 2021. Despite the challenges in capacity availability and high service intensity for all shipments

due to extended and unreliable supply chains, a favorable service mix and operational efficiency under the difficult circumstances contributed to significantly increased margins. In 2021, the absolute amount of EBIT increased by 261.5 per cent compared to the previous year, while the ratio of EBIT to gross profit (conversion rate) increased to 55.5 per cent (2020: 29.9 per cent).

It remains the Group's target to achieve volume growth that is above the market and thereby gaining market shares. Nevertheless, the Group is committed to developing its sustainability solutions towards a zero carbon future. With its focus on maintaining excellent relationship with carriers and cooperating on joint developments for a zero carbon future, the Group adds to its ambition on the Sea and Air Logistics profitability and continuous efficiency improvements.

Sea Logistics volumes: Market growth ~ +6%

TEUs '000



Performance Sea Logistics

CHF million	2021	2020	2019
Turnover	15,662	8,973	9,751
Net turnover	13,706	7,091	7,457
Gross profit	2,754	1,417	1,539
EBITDA	1,561	451	485
EBIT	1,529	423	456
EBIT in per cent of gross profit (conversion rate)	55.5	29.9	29.6
Number of operating staff	11,806	10,393	10,535
TEUs '000	4,613	4,529	4,861

Air Logistics

Global Air Logistics volumes have increased in 2021 and in combination with the acquired volumes from Apex, the Group recorded higher volumes by 54.9 per cent, totalling 2,220,000 tons, maintaining a leading position in the global airfreight market.

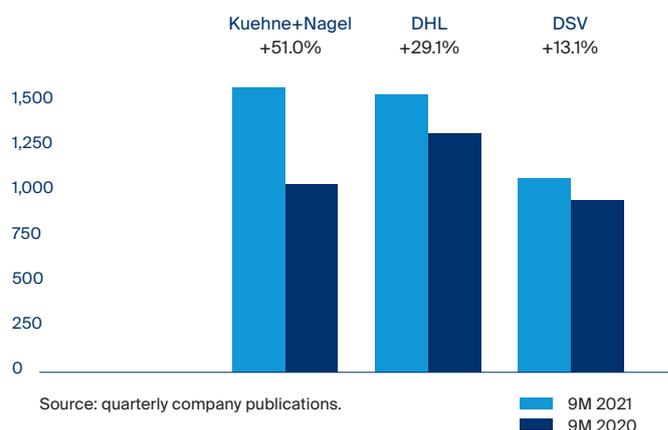
EBIT-to-gross-profit margin increased to 45.7 per cent in 2021 (2020: 37.9 per cent). EBIT increased by 131.1 per cent compared to the previous year.

In 2021, the increased demand for air transport services was generated from a solid economic rebound but also from challenges in seafreight supply chains; this in combination with an extended period of low availability of belly capacity due to low frequency of passenger travel has led also in the airfreight market to capacity shortage and high freight rates. Similar to the situation in seafreight, a favorable service mix, strong development in the trans-pacific market, unprecedented access to charter capacity and operational efficiency under the difficult circumstances contributed to significantly increased margins.

The Group has entered into cooperation and agreements with world class carriers to jointly strive towards carbon emissions reduction using sustainable aviation fuel (SAF).

Air Logistics volumes: Market growth ~ +18 to 20%

Tons '000



Performance Air Logistics

CHF million	2021	2020	2019
Turnover	11,480	5,817	5,465
Net turnover	10,810	5,194	4,653
Gross profit	2,556	1,331	1,317
EBITDA	1,230	600	394
EBIT	1,167	505	329
EBIT in per cent of gross profit (conversion rate)	45.7	37.9	25.0
Number of operating staff	10,793	7,845	8,115
Tons '000	2,220	1,433	1,643

Road Logistics

Road Logistics had an increase in net turnover by 14.5 per cent in 2021, due to the economic recovery after the Covid-19 pandemic measures with increased land transport activities in Europe.

The Group continued to expand its service offering through the Europe-wide road transportation network. The key performance indicator EBITDA to net turnover margin improved to 4.3 per cent from previous year's 3.7 per cent. EBIT increased to CHF 94 million (2020: CHF 62 million).

During the entire year 2021, Road Logistics operation in Europe was impacted by a significant shortage of drivers and capacity, whereas the demand for national transport capacities in Europe was regaining pre-crisis level. In North America, demand for all

product segments, with the emphasis on pharma & healthcare and e-commerce, was well above the previous year.

With the consistent operational performance even in volatile markets and the expansion of services to industry-specific solutions, Road Logistics continues its contribution to the success of the Group's integrated logistics offering.

Kuehne+Nagel has launched several initiatives and projects to determine best solutions for reducing emissions for its customers on short- and long-haul including evaluating alternative energies such as bio-fuels (HVO), battery electric vehicles (BEV) and other technologies.

Performance Road Logistics

CHF million	2021	2020	2019
Turnover	4,390	3,633	4,102
Net turnover	3,689	3,222	3,586
Gross profit	1,253	1,089	1,121
EBITDA	157	119	136
EBIT	94	62	78
EBIT in per cent of gross profit (conversion rate)	7.5	5.7	7.0
Number of operating staff	9,723	9,363	8,781

Contract Logistics

After the successful completion of the restructuring program that has focused on a high quality customer portfolio that allows leveraging the other business units and makes use of scalable and sustainable logistics solutions in 2020 and that has led to the reshaping of business size in some European countries, Contract Logistics continuously increases its contribution to the Group's results.

The focus on specialised end-to-end solutions for industries such as high-tech, consumer goods, pharmaceuticals, healthcare, and e-commerce fulfilment led to numerous new customer contracts.

Whilst the net turnover (net of currency impact) fell by 5.9 per cent against 2020, which is entirely attributable to the divested business activities, the business was able to gain market share in pharma & healthcare services and in e-commerce fulfilment. As a result, the EBITDA to net turnover margin improved to 15.9 per cent versus 15.4 per cent in 2020.

With its renewable energy strategy, Kuehne+Nagel is successfully moving its indirect emissions (scope 2 of the Greenhouse Gas Protocol) away from traditional sourcing. In 2021, renewable energy accounted for 78% of the total energy consumption.

Performance Contract Logistics

CHF million	2021	2020	2019
Turnover	5,167	5,389	5,977
Net turnover	4,596	4,875	5,398
Gross profit	3,333	3,638	4,004
EBITDA	731	750	814
EBIT	156	80	198
EBIT in per cent of gross profit (conversion rate)	4.7	2.2	4.9
Number of operating staff	34,309	39,360	43,661
Warehousing and logistics space in sqm	10,206,925	11,343,955	11,388,643
Idle space in sqm	277,661	227,889	336,696
Idle space in per cent	2.7	2.0	3.0

Shareholder return

Dividend

For 2021, the Board of Directors is proposing a dividend amounting to CHF 10.00 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 1,203 million

(2020: CHF 538 million) resulting in a payout ratio of 59.1 per cent (2020: 68.3 per cent) of the earnings for the year attributable to the equity holders of the Company. Based on the share price at year-end 2021, the dividend yield on the Kuehne+Nagel share is 1.5 per cent (2020: 2.0 per cent).

Share price and market capitalisation (December 31)

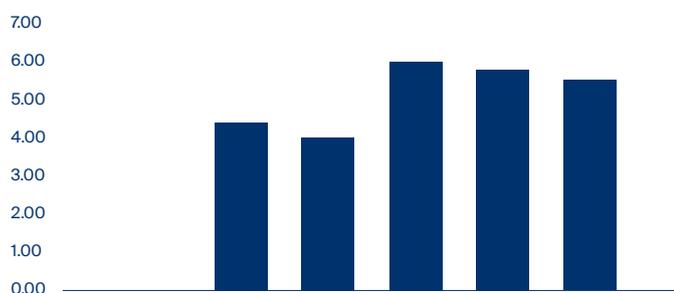
Share price and market capitalisation	2021	2020	2019	2018	2017
Share price (in CHF)	294.40	200.80	163.20	126.35	172.50
Market capitalisation (in CHF million)	35,550	24,096	19,584	15,162	20,700

Total shareholder return development

in CHF per share	2021	2020	2019	2018	2017
Increase/(decrease) of share price year over year	93.60	37.60	36.85	-46.15	37.90
Dividend per share paid	4.50	4.00	6.00	5.75	5.50
Total return	98.10	41.60	42.85	-40.40	43.40
Dividend yield in per cent	1.5	2.0	3.7	4.6	3.2

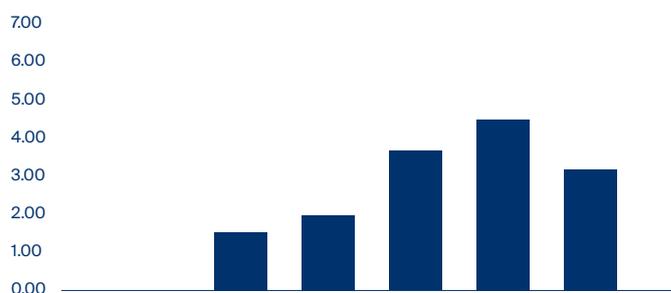
Dividend per share paid

in CHF



Dividend yield

in per cent



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 strategy, 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 headed by the CEO and 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.

A risk is defined as the possibility of an adverse event which has a negative impact on the achievement of the Group's objectives.

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

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 2021

An independent risk assessment procedure is implemented for operational risks review. The Regional Management is interviewed on a regular basis in order to assess the risks for each country in their respective region. In addition, each Management Board member assesses the overall strategic risk exposure of the Group. Within the framework of the Corporate Governance process, the updated risk assessment is presented to the Audit Committee of the Board of Directors.

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

The following risk areas have been identified amongst others for which mitigating actions have been 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.

- Risks of unstable macroeconomic developments as well as the uncertainties in the financial markets. These risks are mitigated by appropriate risk diversification and avoidance of regional and industry clustering.
- Risks of political instability, civil war and pandemic or epidemic spread of diseases is constantly monitored and assessed for impact on the business model as well as on the staff. The group keeps back-up structures and business continuity plans updated.
- 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.
- The increase of regulations, growing complexity and customer expectations have led to rising security requirements and risks; such risks and requirements are considered in the planning of supply chain solutions and worldwide operation.
- Organised crime, terrorism, 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 ensures the Group's effective risk management. The risk management system is governed by the Risk Assessment Guideline defining 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

Based on the risk assessment, the most material risks remain the uncertainty of the global economic development, in particular in relation to the COVID-19 measures, the geopolitical instability, volatile currency fluctuations and the financial markets, thus all of those factors being in focus of the management.

Since the overall development of the COVID-19 pandemic is still unforeseeable, predictions remain difficult. The impact of the COVID-19 outbreak and containment measures taken by various governments are considered and assessments for the future are based on various scenarios. The Kuehne+Nagel Group has precautionary measures in place to provide safe working environments for its employees and maintain business continuity. Further details regarding the impact from COVID-19 pandemic are described in the consolidated financial statements on pages 54 to 55.

In 2021 the Group successfully managed and partially mitigated the above risks and demonstrated high levels of resilience resulting in strong financial performance.

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