



KUEHNE+NAGEL

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ABOUT **KUEHNE+NAGEL**

Kuehne + Nagel is a global transport and logistics company that offers highly specialized services to customers worldwide.

Their business model consists in partnering with trusted providers rather than investing in property fleets.

Apart from transportation, the company offers other value-added services related to logistics management powered by their IT systems.



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ABOUT MAIN SERVICES

SEA LOGISTICS

Full container load and less-than-container load solutions for global freight forwarding.



ROAD LOGISTICS

Comprehensive overland transportation for domestic and international shipments.



AIR LOGISTICS

Time-critical air freight services supported by a robust global network.

CONTRACT LOGISTICS

Warehousing, order fulfillment, and inventory management tailored to customer needs.



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ABOUT MAIN COUNTRIES

2023

Countries	Reportable non-current assets	Net turnover
China	948	1,601
Germany	642	3,679
Switzerland	25	402
USA	1,064	4,946
Others	1,772	13,221
Total	4,451	23,849



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ABOUT 2023 AT A GLANCE

Global economic slowdown in 2023:

- Estimated growth for 2023: **2.6**
- Estimated growth for 2024: **2.4**

World trade volume growth below 2022 levels:

- Estimated increase in 2023: **0.4**
- Estimated increase in 2022: **5.2**

Continuous reduction in sea freight rates and unexpected surges in inflation

→ Increase in costs for operational efficiency

01

Financial results higher than pre-Covid figures

02

Strategic Roadmap 2026 focused on experience, digital ecosystems, ESG and market potential

03

Number one position worldwide for Sea Logistics



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FINANCIAL PERFORMANCE

KUEHNE+NAGEL

11.2023 - 11.2024

Current Market Status:

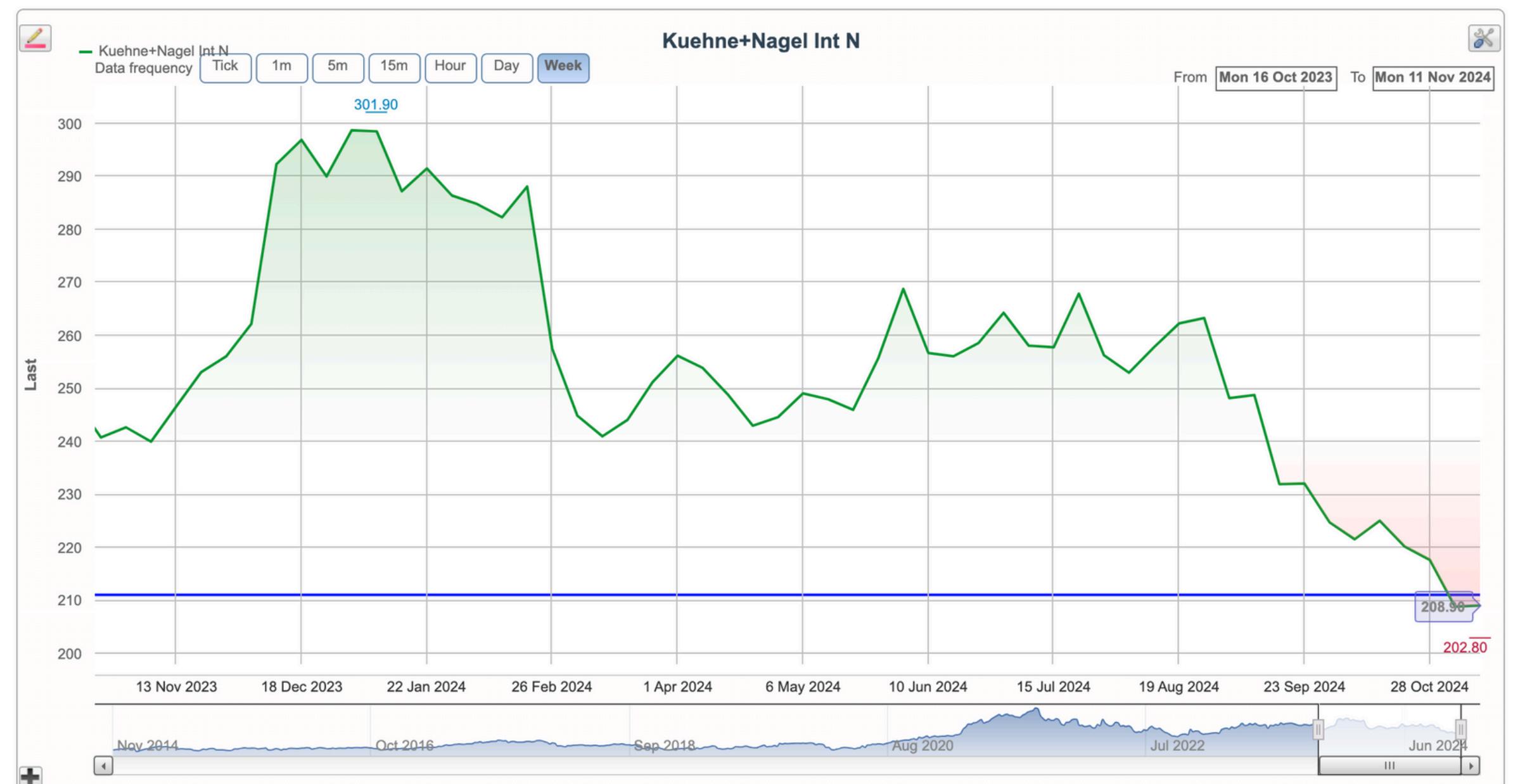
- On November 11, 2024, stock shows slight gains but remains down 29.09% YtD from CHF 289.80 (2023).

Performance Challenges:

- 25.24% decline since January 2024; reflects market volatility despite a 4.81% dividend yield.

Key Strategies:

- Roadmap 2026 focuses on stabilizing growth amid weakened demand and economic headwinds.



Graph: Evolution of the stock price for the time period 2023-2024. Source: TradeDirect

FINANCIAL PERFORMANCE

KUEHNE+NAGEL

11.2019 - 11.2024

Pandemic Impact:

- 2021-2022 saw record growth due to surging logistics demand during COVID-19.

2023 Decline:

- 39.5% drop in net turnover, 49.4% reduction in EBIT as global freight rates normalized.

Recovery Efforts:

- Strategic initiatives maintained volume stability and positioned for future recovery.



Graph: Evolution of the stock price for the time period 2019-2024. Source: TradeDirect

FINANCIAL PERFORMANCE

KUEHNE+NAGEL

11.2014 - 11.2024

Long-Term Growth:

- Steady expansion post-2014, driven by strategic acquisitions (e.g., Apex Logistics in 2021).

Peak and Correction:

- Pandemic-fueled surge in 2020-2022, followed by recalibration in 2023.

Future Outlook:

- Investments in tech and sustainability aim to bolster resilience and long-term growth.



Graph: Evolution of the stock price for the time period 2014-2024. Source: TradeDirect

FINANCIAL PERFORMANCE

KUEHNE+NAGEL

2023 & 2022

EARNINGS PER SHARE

Earnings per share	2023	2022
Earnings attributable to the equity holders of the parent company in CHF million	1,431	2,644
Weighted average number of ordinary shares outstanding during the year	118,624,421	119,394,642
Dilutive effect on number of shares outstanding:		
Share-based compensation plans and contingent considerations	413,602	636,076
Adjusted weighted number of ordinary shares applicable to diluted earnings per share	119,038,023	120,030,718
Basic earnings per share in CHF	12.06	22.15
Diluted earnings per share in CHF	12.02	22.03

Source: K&N 2023 Consolidated Financial Statements Report, P. 67.

Note: The data used in the basic and diluted earnings per share computations for the years ending December 31.

FINANCIAL PERFORMANCE RATIOS 2023

RETURN ON EQUITY

Shows if the shareholders' investment has been properly utilized to generate profit.

40,1%

43,48%

RETURN ON CAPITAL EMPLOYED

Shows the optimal utilization of operational assets, especially compared to low debt.

56,6%

12,06

PROFIT MARGIN

Shows if the core operations of the company are profitable.

EARNINGS PER SHARE

Shows how much profit the company makes for each share of its stock (as per data on prior slide).



EARNINGS

TOTAL GROUP VS SEA LOGISTICS

Segment wise	Total Group		Sea Logistics		% comparison	% comparison
	CHF Million	2023	2022	2023	2022	2023
Turnover (external customers)	26649	43034	9934	20608	37.28%	48%
Net Turnover(External Customers)	23849	39398	8601	18753	36.06%	48%
Gross profit	8787	11109	2320	3479	26.40%	31%
EBITDA	2678	4532	1042	2062	38.91%	45%
EBIT(Segment Profit)	1903	3763	1015	2021	53.34%	54%
Earning Before Tax	1956	3808				
Earnings	1464	2810				



RISK ANALYSIS

MATERIAL AND FINANCIAL RISKS

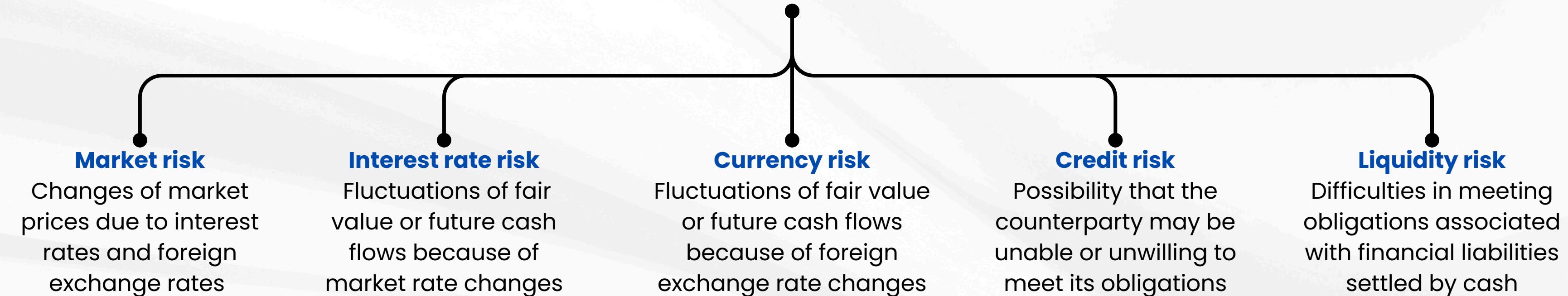
Uncertainty of global economic development

Geopolitical instability

Volatile currency fluctuations

Inflation

Financial markets



RISK ANALYSIS RELATED TO SEA LOGISTICS



FREIGHT RATE

Fluctuations due to external events, which affect the company if rates are locked in long-term agreements with providers.



CURRENCY EXCHANGE

International transactions in multiple currencies other than CHF (USD and EUR) which could change unfavorably.



FUEL PRICES

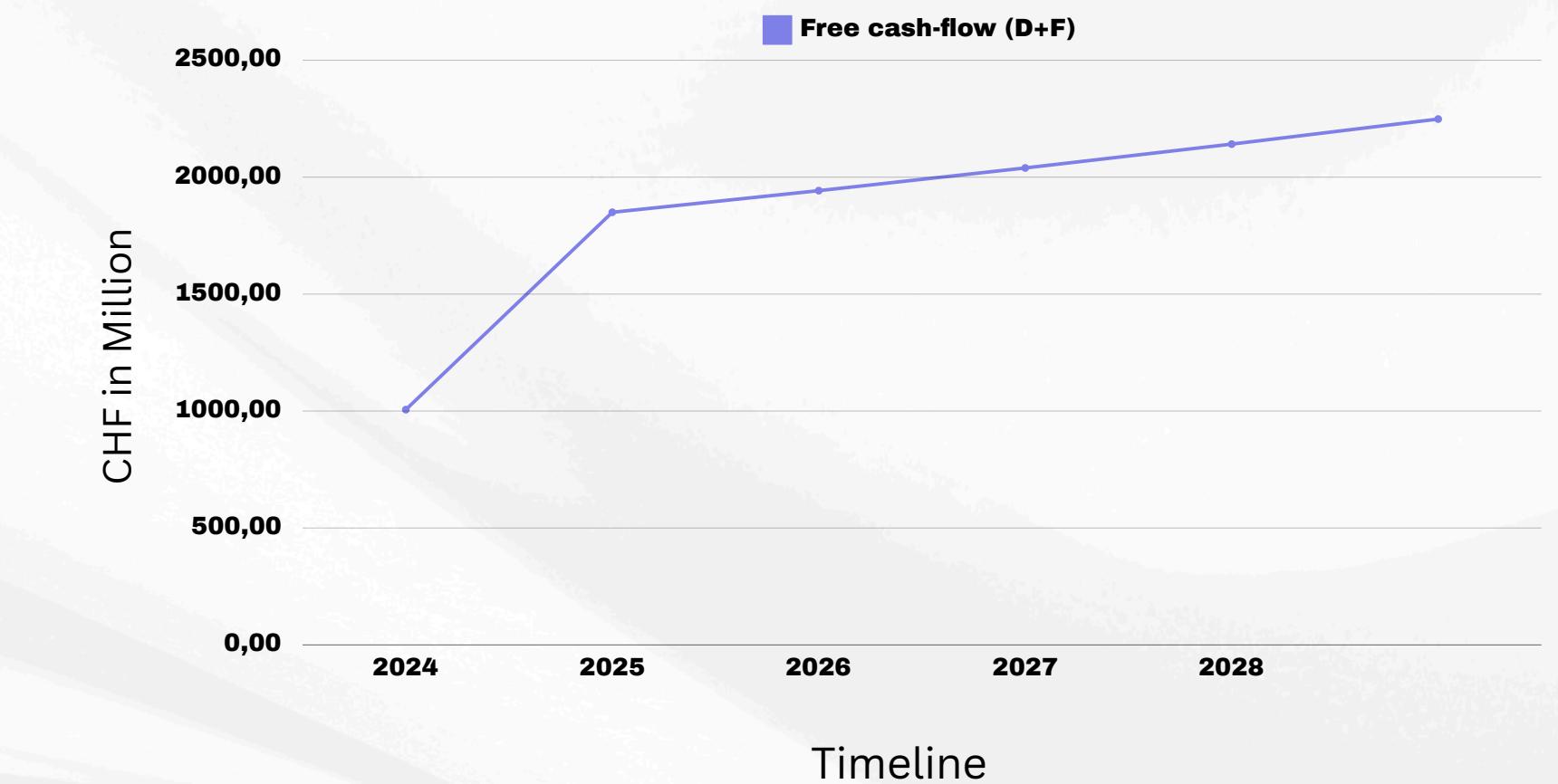
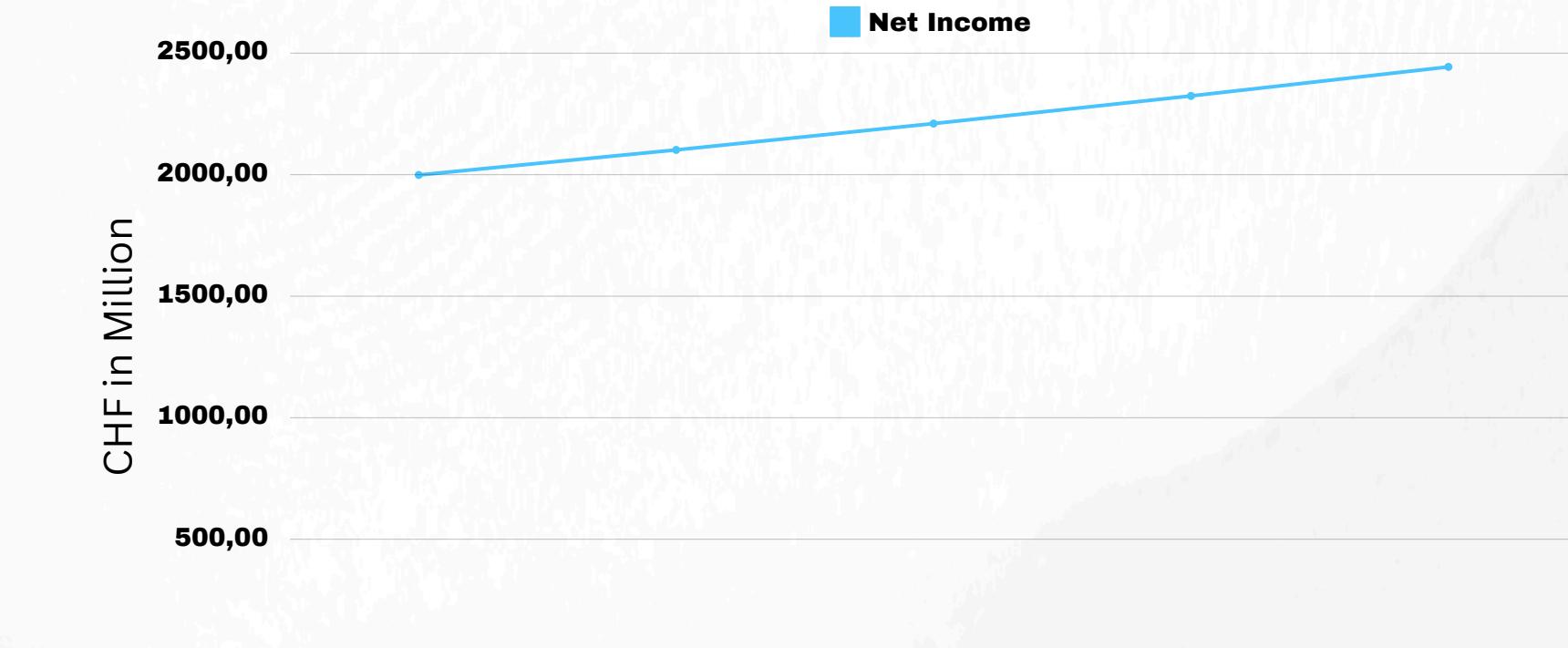
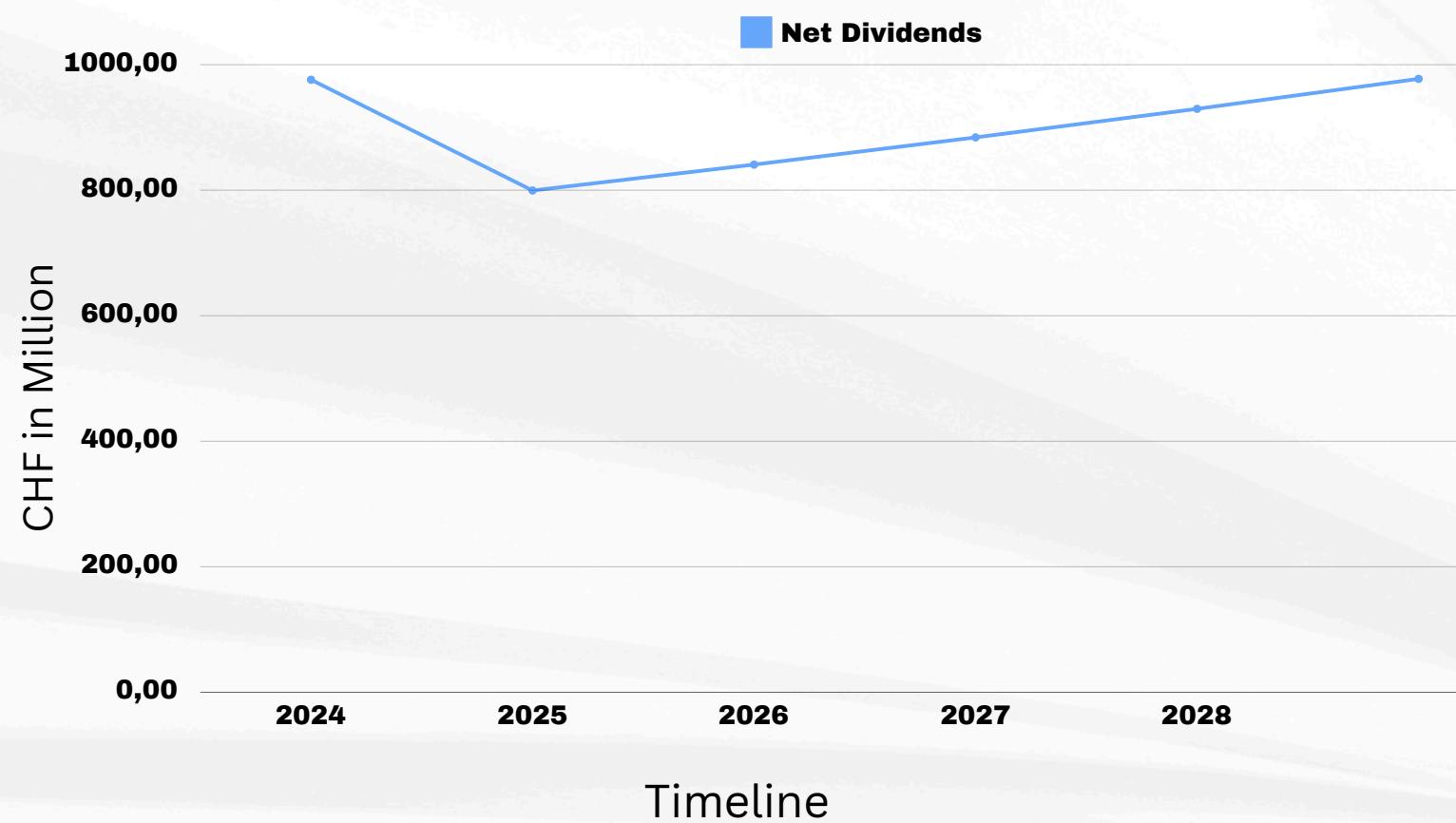
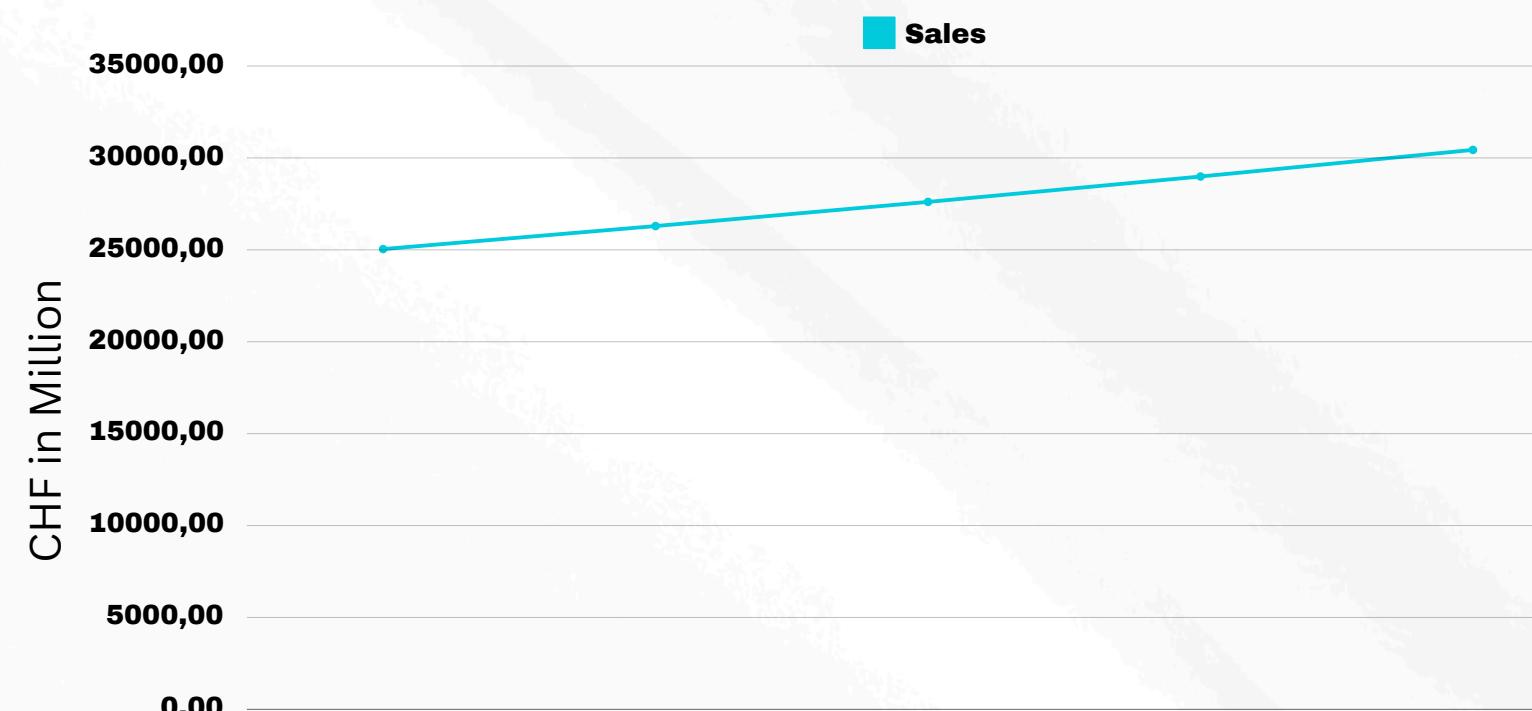
Rising fuel costs increase operational expenses, reducing margins if those costs cannot be transferred to customers.



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COMPANY FORECASTING



Note: Detailed explanation regarding the ratios presented on this slide may be found in the annex 7 (pt 1,2,3,4).

RECOMMENDATIONS

Economic downturn will continue, negatively affecting the logistics sector:

- Since Sea Logistics is a polluting activity, invest in a **supply chain sustainability strategy** for their sea freight partners.
- Since personnel expenses are essential for the company, focus on **strategic personnel** and automation for non-strategic personnel.



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ANNEX 1

SWOT ANALYSIS PT. 1

Strengths:

1. **Strong Global Presence:** Kuehne+Nagel operates in 100 countries with 1300 locations worldwide, approximately 80000+ professionals and around 400,000 customers(1). It has a vast network of business places and logistics facilities. This global presence allows the company to offer comprehensive, integrated supply chain solutions across various parts of the world(2).
2. **Extensive Service Portfolio:** Kuehne+Nagel offers a wide range of services, including transportation (sea, air, road), fulfillment, warehousing, distribution, supply chain management, industry specific logistic supplies, digital solution and other services like e-commerce, insurance, custom clearance and project logistics. (5,6,7,8,9)
3. **Sustainability Logistics:** The Company has a significant focus on sustainability practice and has adopted various environment friendly practices. With the mission to reduce Scope 3 emissions, they have invested in maritime biofuels and sustainable aviation fuels (SAF). In the year 2022, they were able to achieve 100% renewable energy across all its contract logistic warehouses. They aim to be carbon neutral and Reduce CO2 emissions by 33% by 2030. (10,11,12)

Weaknesses:

1. **Complex Supply Chain Risks:** The logistics industry faces a range of challenges, including supply chain disruptions, security concerns, and volatility in transportation costs, all of which can negatively impact Kuehne+Nagel's performance.
2. **Integration and Coordination Challenges:** With the reach in 100 countries, more than 80000 employees, broad services and multiple departments within those services, it becomes quite challenging to coordinate and integrate the operations. The organization structure must be rigid in order to avoid inefficiencies in such an environment. (13)

ANNEX 1

SWOT ANALYSIS PT. 2

Opportunities:

1. **Industry Growth:** Due to the boom in e-commerce, Kuehne+Nagel can benefit from increasing globalization by leveraging its extensive network and providing innovative solutions to meet evolving customer demands. There are significant opportunities for growth in emerging markets like Asia, Latin America, and Africa.
2. **Technological Integration:** Kuehne+Nagel focuses on innovation and technology and invests a lot for the enhancement of it. By using Electronic Data Interchange (EDI) and Application Programming Interfaces (APIs) they create direct and secure data and offer solutions.
3. **Strategic Acquisitions and Partnerships:** The company can pursue acquisitions and partner with emerging technology firms to strengthen its technological capabilities, expand its service offerings, and increase its market penetration.

Threats:

1. **Highly dependent on global trade and external factors:** It can be influenced by disruptions, recession and headwinds on global trading policies like Covid-19 and Brexit. In the current scenario, the war between Russia and Ukraine has led to supply chain disruption leading to global supply chain adjustment. They have very limited to no control over the political situation like labor cost, fuel pricing and international shipping regulations which impact the business greatly. (14, 15, 16)
2. **Competition from Low-Cost Providers:** The logistics industry is highly competitive, with numerous global and regional players vying for market share. Due to the availability of large numbers of providers, the logistics industry is highly competitive. There are competitors who play on lower prices especially in the local markets as they have local focus. For example, companies like Alibaba which sells itself as a "Cheapest Logistic Company". (17, 18)

ANNEX 1

SWOT ANALYSIS PT. 3

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ANNEX 1

SWOT ANALYSIS PT. 4

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ANNEX 2

EARNING ACROSS ALL DIVISIONS

ANNEX 3

BALANCE SHEET



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Assets			Liabilities & S.E.		
CHF in Million	2023	2022		2023	2022
Cash and cash equivalents	2011	3778	Bank and other interest-bearing liabilities	3	8
Trade receivables	3634	5291	Trade payables	2012	2731
Prepayments	130	112	Contract liabilities	154	280
Contract assets	267	540	Accrued trade expenses	1072	1976
Other receivables	161	215	Income tax liabilities	244	493
Income tax receivables	114	22	Current provisions	108	118
Current assets	6317	9958	Other current liabilities	1162	1738
			Current lease liabilities	487	466
			Current liabilities	5242	7810
			Borrowings	200	200
			Non-current provisions	54	59
			Deferred tax liabilities	88	98
			Other non-current liabilities	830	1159
Property, plant and equipment	762	739	Non-current lease liabilities	1128	1026
Right-of-use assets	1534	1418	Provisions	270	252
Other intangibles	121	180	Non-current liabilities	2570	2794
Investments in joint ventures and associates	28	37	Share capital	121	121
Goodwill	2034	2199	Reserves and retained earnings	1601	1375
Deferred tax assets	175	220	Earnings	1431	2644
Non-current assets	4654	4793	Non-controlling interests	6	7
			Shareholders' Equity	3159	4147
Total assets	10971	14751	Total liabilities & S.E.	10971	14751



ANNEX 4

INCOME STATEMENT

CHF in Million	2023	2022
Net turnover	23849	39398
Net expenses	-15062	-28289
Gross Profit	8787	11109
Personnel expenses	-4866	-5144
Selling, general and administrative expenses	-1294	-1454
Other operating income	51	21
EBITDA	2678	4532
Depreciation of property, plant and equipment	-177	-192
Depreciation of right-of-use assets	-544	-511
Amortisation	-54	-66
EBIT	1903	3763
Financial income	73	59
Financial expenses	-25	-20
Result from joint ventures and associates	5	6
Earnings before taxes (EBT)	1956	3808
Income taxes	-492	-998
Net profit	1464	2810

Profit Margin measures the percentage of revenue that remains as profit after all expenses are deducted. It reflects a company's ability to convert sales into net income.

Formula:

Profit Margin=Net Income/Revenue×100



ANNEX 5, PT1

CALCULATION- CAPITAL EMPLOYED

Operating Asset	2023	2022
Trade receivables	3634	5291
Prepayments	130	112
Contract assets	267	540
Other receivables	161	215
Income tax receivables	114	22
Property, plant & equipments	762	739
Right-of-use assets	1534	1418
Other intangibles	121	180
Investments in joint ventures and associates	28	37
Goodwill	2034	2199
Deferred tax assets	175	220
Total Operating Asset	8960	10973
<hr/>		
Operating Liabilities		
Trade payables	2012	2731
Contract liabilities	154	280
Accrued trade expenses	1072	1976
Income tax liabilities	244	493
Current provisions	108	118
Other current liabilities	1162	1738
Non-current provisions	54	59
Def. Tax liabilities	88	98
Other non-current liabilities	830	1159
Provisions	270	252
Total Operating Liabilities	5994	8904

Capital employed is the total capital the companies employed in order to generate the profit.

Capital Employed=Total Operating Asset- Total Operating Liabilities

Capital Employed 2023=8960-5994=2966

Capital Employed 2022= 10973-8904=2069

Capital Employed (Average)= (2966+2069)/2= **2517,5**

ANNEX 5, PT2

CALCULATION- NET DEBT

Financial Assets	2023	2022
Cash and cash equivalent	2011	3778
Total	2011	3778
Financial Liabilities		
Bank and other interest-bearing liabilities	3	8
Current lease liabilities	487	466
Borrowings	200	200
Non-current lease liabilities	1128	1026
Total	1818	1700

Net debt is the liquidity metric which determines the company's ability to pay back its debt.

Net Debt=Total Financial Liabilities- Total Financial Assets

Net Debt 2023=1818-2011=-198

Net Debt 2022= 1700-3778=-2078

Net Debt (Average)= (-198-2078)/2= **1135,5**

This shows that Kuehne+Nagel does not have the debt and can utilize their free cash-flow to invest in the area that is profitable in the future.

ANNEX 5, PT3

CALCULATION- NET OPERATING PROFIT AFTER TAX (NOPAT)

To Calculate NOPAT

Estimate the tax =IncomeTax/ EBT=25.15%

Value of tax as per estimate tax=Tax rate * EBIT=478,60

NOPAT= EBIT-Tax = 1424,3955

NOPAT measures a company's profitability from operations. It reflects the earnings generated purely from the company's core operating activities.

Formula: NOPAT=EBIT×(1–Tax Rate)



ANNEX 5, PT4

CALCULATION- OPERATING PROFIT

Operating Profit=Net debt+NOPAT=288,896

Operating Profit is what a company earns from its core business operations, excluding any income from non-operating activities and before accounting for interest and taxes.



ANNEX 5, PT5

CALCULATION- RETURN ON EQUITY (ROE)

Return on Equity (ROE)= Net Profit/ Shareholder's
Equity=0,401

Return on Equity measures a company's profitability relative to shareholders' equity. It indicates how effectively the company is using investors' funds to generate profits.



ANNEX 5, PT6

CALCULATION- RETURN ON CAPITAL EMPLOYED

Return on Capital Employed (ROCE)=
 $\text{NOPAT} / \text{Capital Employed} = 0,566$

Return on Capital Employed evaluates a company's profitability and efficiency in using its total capital. It measures the returns generated from all capital employed, including equity and debt.



ANNEX 5, PT7

CALCULATION- FINANCIAL LEVERAGE

Financial Leverage=Net Debt/Shareholders
Equity =-0,311

Financial Leverage measures the extent to which a company uses debt to finance its operations. It reflects the relationship between a company's total net debt and its equity.



ANNEX 5, PT8

CALCULATION- COST OF DEBT

To Calculate Cost of Debt

Net Interest Income=Financial Income+Financial
Expense= 48

Tax=Net Interest Income*Estimated Tax
percentage=12,072

Net Interest Income (After Tax)= Net Interest Income-
Tax-= 35,928

Cost of Debt=Net Interest Income (After Tax)/Net
Debt=0,31%

Cost of Debt is the effective rate a company pays on its borrowed funds. It represents the cost of financing through debt, typically expressed as an after-tax percentage.



ANNEX 6

EARNING PER SHARE

Net income of Last Year	2810000000
Number of outstanding shares	120753783
Earning/shares	23,27049249

Earning Per Share measures the portion of a company's profit allocated to each outstanding share of common stock. It indicates profitability on a per-share basis.



ANNEX 7, PT1

FORECASTING

YEARS	2022	2023	2024	2025	2026	2027	2028
Income statement							
Sales		23849,00	25041,45	26293,52	27608,20	28988,61	30438,04
Operating expenses		6884	23043,30	24195,47	25405,24	26675,50	28009,28
Operating income		1903,00	1998,15	2098,06	2202,96	2313,11	2428,76
Net Interest Expenses		-6,475048	-0,601388	-3,88	-7,32	-10,94	-14,75
Net Income		1909,48	1998,75	2101,93	2210,28	2324,05	2443,52
Balance Sheet							
Capital Employed	2069,00	2966,00	3114,30	3270,02	3433,52	3605,19	3785,45
Net Financial Debts	-2078,00	-193,00	-1243,95	-2349,40	-3512,06	-4734,82	-6020,67
Shareholders' Equity	4147,00	3159,00	4358,25	5619,41	6945,58	8340,01	9806,12
Cash-Flow statement							
Operating Income		1903,00	1998,15	2098,06	2202,96	2313,11	2428,76
Change in Capital Employed		897,00	148,30	155,72	163,50	171,68	180,26
Free cash-flow (C-I)		1006,00	1849,85	1942,34	2039,46	2141,43	2248,50



ANNEX 7, PT2

FORECASTING

YEARS	2023	2024	2025	2026	2027	2028
Net Dividends	976,00	799,50	840,77	884,11	929,62	977,41
Debt Financing	30,00	1050,35	1101,57	1155,35	1211,81	1271,10
Free cash-flow (D+F)	1006,00	1849,85	1942,34	2039,46	2141,43	2248,50
EVA = NOPAT - WACC x CE		1661,81	1744,90	1832,14	1923,75	2019,94
Present values		1492,55	1407,56	1327,41	1251,82	1180,54
Sum	6659,89					
Terminal value						33453,18
Present value	19551,56					
Value	29370,44					
PV of FCF		1661,44	1566,84	1477,62	1393,48	1314,13
Sum	7413,50					
Terminal value						37238,63
Present values	21763,95					
Value	29370,44					



ANNEX 7, PT3 **FORECASTING**

Kd=	0,31%
Sales Growth=	5%
CE turnover ratio =	8,4428355
Profit margin =	7,98%
Dividend payout =	40%
WACC =	11%

ANNEX 7, PT4

FORECASTING

YEARS	2023	2022	2021	2020	2019	2018	2017
Sales	23849	39398	32801	20382	21094	20744	18594
Sales Growth	-0,3946647	0,2011219	0,6093121	-0,033754	0,0168723	0,1156287	
Sales Growth (%)	-39,46647	20,112192	60,931214	-3,375367	1,6872349	11,56287	
Average Sales Growth	8,58						

Industrial Growth rate is at 3.6 and 4%, hence we decided to forecast the growth of Kuehne+Nagel on an average of company's growth and industrial growth which is 5%



ANNEX 8

OTHER RATIOS

Ratios	2023
Current Ratio	1,205074399
Cash Ratio	0,383632201
Debt to asset Ratio	0,124010914
Interest Coverage Ratio	76,12