

Results at a record level

- Net earnings of CHF 196 million achieved
- Operational result improved by 14.1 per cent to CHF 316 million
- Net cash position increased from CHF 271 million to CHF 433 million
- Equity ratio of 37.2 per cent
- Dividend increased

Schindellegi / CH, March 29, 2004 – The globally operating logistics group, Kuehne & Nagel, achieved an excellent result for 2003. Despite an economically inconsistent and partly difficult market environment, the operational result (EBITA) of CHF 316 million exceeded the previous year's high level (CHF 277 million) by 14.1 per cent. Net earnings of CHF 196 million represent a 21.5 per cent increase in comparison with last year's result before the extraordinary amortisation of goodwill. The improved net cash position of CHF 433 million against CHF 271 million for the previous year and an equity ratio of 37.2 per cent underline the financial strength of the company.

Corporate Communications

Kuehne & Nagel
International AG
P.O. Box 67
CH-8834 Schindellegi SZ
Switzerland

Inquiries:
Inge Lauble-Meffert

Tel. +41 (1) 786 96 78
Fax +41 (1) 786 96 90
inge.lauble@
kuehne-nagel.com



in CHF million	2003	2002	2001
Kuehne & Nagel Group			
Turnover	9,548	8,805	8,435
Gross profit	2,064	1,911	1,727
EBITA	316	277*	244*
Extraordinary amortisation of goodwill	---	206	---
EBT	286	5	228
Net earnings	196	0	160
*Restated for comparison purpose			
Kuehne & Nagel International AG			
Dividend per share in CHF	3.50*	3.00	2.90
*Recommendation to the Annual General Meeting			

“2003 was a challenging but at the same time very successful year for the Kuehne & Nagel Group. The last two quarters in particular contributed substantially to the positive result development, reaching a record level. The main objectives were achieved: continued global growth and profitability in International Forwarding, stabilisation of the contract logistics business in North America, and realisation of further steps to extend European overland activities,” commented Klaus Herms, CEO of Kuehne & Nagel International AG, about the business year 2003.

In particular, Kuehne & Nagel’s business fields air- and seafreight benefited from China’s continued economic growth as well as the trend to increasingly relocate manufacturing and production facilities to Asia and Eastern Europe, and recorded a significant increase in volumes to the advantage of the Group worldwide. Comprehensive restructuring measures, contract extensions and new business contributed to the improved profitability of contract logistics activities, especially in North America. In Europe, earnings were stable at the previous year’s level and overall margins were raised from 2.0 to 2.6 per cent.

Dividend

Based on the above average development of results, the Board of Directors of Kuehne & Nagel International AG has decided to recommend to the Annual General Meeting on May 12, 2004, the allocation of an increased dividend of CHF 3.50 per share (previous year: CHF 3.00).

Turnover

In 2003, overall turnover increased by 8.4 per cent to CHF 9,548 million, including a negative currency impact of 3.8 per cent.

The business unit International Forwarding recorded a 10.2 per cent rise in turnover, and in Contract Logistics turnover was up 0.9 per cent from the previous year.

Gross profit

Gross profit, which in the forwarding and logistics industry provides a better indication of performance than turnover, grew by 8.0 per cent versus the previous year to CHF 2,064 million. This includes a negative currency impact of 5.7 per cent.

In seafreight, the decline in margins and adverse currency effects were

compensated by a considerable 25 per cent growth in volumes. This led to a 7.5 per cent increase in gross profit. In airfreight, gross profit was up by 5.8 per cent due to a distinct improvement in volumes and margins. At 50.8 per cent, air- and seafreight made the largest contribution to overall gross profit, followed by Contract Logistics with a respectable 37.7 per cent share.

Operational result (EBITA)

Thanks to an increase in market shares, higher productivity and stringent cost management, the operational result was improved by 14.1 per cent to CHF 316 million.

In International Forwarding, EBITA grew by 15.5 per cent. In seafreight, the strong growth in volumes was managed by a significant increase in productivity. This had a positive effect on the operational result, which improved by 15.9 per cent. In airfreight, the 23,2 per cent increase in profitability is remarkable and was mainly achieved by cost optimisation due to process improvements.

Despite margin pressures and fierce competition, Kuehne & Nagel extended its market position in road transportation and improved operational profit by 21.6 per cent. With the acquisition of Pracht Spedition + Logistik GmbH, Germany, as of January 1, 2004, and a stake in the WM Group, Germany, Kuehne & Nagel initiated further important steps towards strengthening this business field.

In the European rail business, start-up costs for a new product turned out higher than anticipated and negatively affected the operational result.

The business unit Contract Logistics realised an operational result of CHF 31 million, 34.5 per cent above the previous year. The turnaround in North America as well as the stable performance in Europe accounted for this improvement. IT and process standardisation that was initiated in 2003 raised productivity and subsequent cost reductions.

In 2003 again, the development of results of the insurance broker, under the Nacora brand, was particularly pleasing. The operational profit increased by 12.4 per cent to CHF 15 million against the previous year.

Although exposed to different economic cycles, all regions improved their respective operational results for 2003. Europe showed an 8.3 per cent increase (CHF 167 million against CHF 154 million for 2002) and Asia Pacific improved EBITA by 13.5 per cent (CHF 95 million against CHF 84

million for 2002). North, Central and South America recorded a 39.5 per cent rise of the operational result to CHF 47 million (previous year: CHF 33 million). In the Middle East, Central Asia and Africa the flexible adaptation of business structures to the respective market conditions were of advantage and led to a 33.3 per cent increase (CHF 7 million compared with CHF 5 million for 2002).

The finance result amounted to CHF 5 million for 2003 compared with a loss of CHF 13 million the previous year. This improvement was primarily realised by the elimination of exchange losses. Goodwill charges were also significantly lower.

Outlook

It remains Kuehne & Nagel's unchanged strategic goal to provide high-value integrated services based on its worldwide network. The continuous alignment of its industry-specific service offering to meet up-to-date logistics and quality requirements of customers in industry and trade is as much a competitive advantage as is the ongoing optimisation of its IT-based information management. In International Forwarding, especially in air- and seafreight, Kuehne & Nagel again aims to achieve above market growth in 2004. Global expansion will be continued. Furthermore, the development of the contract logistics and European overland transportation businesses will be pursued, receiving further impetus from network expansion and acquisitions.

"The Kuehne & Nagel Group clearly demonstrated its strength and stability in 2003, which is all the more remarkable given the highly competitive environment and inconsistent global economy," said Klaus-Michael Kuehne, Executive Chairman of the Board of Directors of Kuehne & Nagel International AG. "In 2004 again, we will maximise on the economic growth in global markets and new business opportunities. On the basis of the first two months' results, we are confident to continue the positive development in volumes and earnings."

About Kuehne & Nagel

With more than 19,000 employees at 600 locations in 96 countries, the Kuehne & Nagel Group is one of the world's leading logistics companies. Its strong market position lies in the sea-, airfreight and contract logistics businesses, with a clear focus on providing IT-based supply chain management services.

Further information can be found at www.kuehne-nagel.com.