

# Kuehne + Nagel = Profit

BY KATHLEEN HICKEY

**Freight forwarder reports increases at all units; credits new markets, sharper sales efforts**

**S**wiss-based freight forwarder Kuehne + Nagel Group last week added its good financial news to the reports of others in the industry showing that freight forwarders and third-party logistics providers are reaping the benefits from shippers outsourcing their supply chains.

The company, located in 96 countries, reported increased revenue for the first half of the year. From January to June 2004, Kuehne + Nagel had gross revenue of \$4.3 billion, net revenue of \$3.3 billion and net earnings of \$75 million. For the same period in 2003 the company had gross revenue of \$3.5 billion, net revenue of \$2.8 billion and net earnings of \$64 million. Revenue increased by 20.5 percent and net earnings increased by 16.7 percent.

The company attributed its growth to its increased global sales organization, concentration on new markets and improved operational efficiencies. Klaus Herms, CEO, expects further growth in the second half of the year.

"Based on the favorable six months' results we are confident regarding the full business year," Herms said. "Progressing globalization will, in addition, be of advantage for the business development. We expect further growth in the second half of the year."

Revenue was up at all business units. The sea and air logistics units' revenue increased 19 percent to \$3.2 billion from \$2.7 billion in the year ago period. Sea freight revenue rose 16 percent to \$2.2 billion compared with \$1.9 billion a year ago, while air freight revenue was \$931 million, a 20 percent increase over \$778 million in 2003.

Rail and road logistics revenue was \$601 million, up from \$378 million, a 59 percent increase. Contract logistics had revenue of \$455 million for the half-year, up from \$431 million, and its insurance broker unit posted revenue of \$38 million, up from

\$33.7 million for the same period in 2003.

Kuehne + Nagel attributed its gains in airfreight to increased sales and marketing efforts for technology, strong demand for international road transportation solutions and increased use by customers of intermodal solutions. The

over 40 percent," said the company. "Good progress was made in the trans-Atlantic trade lanes. With volumes up 12 percent, growth was above market average."

In Europe, revenue increased to \$2.6 billion, up from 2 billion for the first half of 2003. In the Americas revenue increased to \$1 billion, up from \$972 million for the same period a year ago. Revenue for Asia Pacific was \$423 mil-



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**KUEHNE + NAGEL'S  
HERMS**

company said it also increased its margins by improving utilization of its European warehousing, expanding its distribution activities and optimizing its business processes.

The 3PL had increases across all regions. "Container traffic to and from Asia alone saw a growth in volumes of

lion compared with \$362 million in the year ago period while revenue for the Middle East, Central Asia and Africa region was \$237 million, up from \$222 million.

The European division had the largest revenue increase, rising 30 percent. Asia Pacific at 17 percent had the second-largest increase. The Middle East, Central Asia and Africa revenue grew by 7 percent and the Americas' revenue by 3 percent.

"In all regions, growth rates above the market average were generated," the company said. "Furthermore, the close cooperation with selected carriers allowed for setting up new business initiatives. Efficient cost management and productivity improvements supported the rise of the operational result by 46.2 percent." ●

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