Report On

Impact of Foreign Exchange Fluctuations on Financial Reporting: A Study on Kuehne+Nagel Ltd.

By

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An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration

Brac Business School
Brac University

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Impact of Foreign Exchange Fluctuations on Financial Reporting: A Study on Kuehne+Nagel Ltd.

Declaration:

It is hereby declared that.

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Namin Shadman Oritro
20104076

Supervisor's Full Name & Signature:

Suman Paul Chowdhury, PhD
Associate Professor of Accounting
Brac Business School (BBS)
Brac University

Letter of Transmittal:

To

Suman Paul Chowdhury, PhD

Associate Professor of Accounting

Brac Business School (BBS)

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report for the completion of BUS401

Dear Sir,

I am delighted to present my internship report, which I wrote entirely based on my observations and experiences working in the sea freight department of KUEHNE+NAGEL Bangladesh Ltd. I would like to announce that I have finished my internship report, which was titled "Impact of Foreign Exchange Fluctuations on Financial Reporting: A Study on Kuehne+Nagel Ltd." Under your guidance, I tried my hardest to use my research and knowledge to put together this report.

Being employed by a globally recognized multinational corporation such as KUEHNE+NAGEL Bangladesh Ltd. for a whole three months (March 20–June 20) was an enormous honor for me since it allowed me to gain invaluable experience in the working world. As required by the BBA program, I finished the BUS-401 course and wrote this thorough internship report with your invaluable assistance. This paper aims to provide an overview of the observations, insights, and analysis I gained during my internship at KUEHNE+NAGEL Bangladesh Ltd.

I want to express my heartfelt appreciation for all your help and advice during the process of writing my internship report. I have made every effort to ensure that the material in this report is accurate and relevant. I hope it satisfies the requested conditions.

Sincerely yours,

Namin Shadman Oritro

ID: 20104076

BRAC Business School

BRAC University

Non-Disclosure Agreement:

This agreement was made and entered into by and between KUEHNE+NAGEL Ltd. and the undersigned student at Brac University Namin Shadman Oritro.

I, Namin Shadman Oritro, will show my proper professionalism and will not disclose any confidential information of the company even after my tenure ends with the company.

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Namin Shadman Oritro

20104076

BRAC Business School

BRAC University

Acknowledgement:

First of all, I want to express my gratitude to Almighty Allah for his blessings that have allowed me to reach this point and for providing me with the chance to work for one of the best global corporations in the world. Working as an intern at a prestigious MNC and completing my internship report in compliance with the criteria for a Bachelor of Business Administration degree was a tremendous honor. Collaborating with this firm has given me the opportunity to gain more experience. I am grateful to my internship supervisor, Suman Paul Chowdhury, PhD Sir, for helping me with my report.

Furthermore, I would like to thank my administrative supervisor, Mr. Masud Karim sir, Manager, (Operational Care, Sea freight), for his unwavering support and guidance in helping me learn as much as I can. Moreover, I would like to express my gratitude to Nazmul Islam Sir (Sea Logistics Operational Care Specialist, Export) & Mahabubul Hoque Sir (Sea Logistics Operational Care Specialist, Export) for their kind instruction and assistance in helping me get the necessary knowledge and abilities in this profession.

Executive Summary:

The freight forwarding sector in Bangladesh has grown to be a significant contributor to the country's economy in recent years. The shipping and freight forwarding industries are thriving and making more money as a result of the massive export and import that occurs via air and water. An opportunity to grow or establish a firm in the freight forwarding industry arose with the development in shipping businesses. When it comes to air and sea logistics, Kuehne + Nagel Limited is the top freight forwarding company in the whole world in current time. In this industry, they hold the top spot in the market.

My three months of work experience at Kuehne+Nagel Ltd., a global logistics company for freight forwarding, logistical integration, and international commerce, are summarized in this internship report. In order to handle the company's risk and make sensible strategic choices in a highly unpredictable global economy, my internship concentrated on the sufficiency of analysis of the impact of foreign exchange fluctuations on financial statements inside the organization.

My academic background in accounting and finance made it difficult for me to adapt to the practical character of the Sea Logistics Department when I first joined the organization as an intern. However, this separation gave me a chance to examine the logistics operation from a financial perspective, which allowed me to learn how different financial regulations, such currency and exchange rate management, impact the logistics sector. Monitoring the department and evaluating the impact of currency rates on profitability, particularly for Kuehne+Nagel Ltd. in the context of international freight, were among my responsibilities.

According to the report, fluctuations in foreign exchange have an impact on the logistic industry's revenue, cost of sales, and overall profitability. Therefore, it was feasible to determine after analyzing all the specific data that regional monetary uncertainty affected the shipping costs, the terms of trade receivables, and the firms' ultimate results. Furthermore, Kuehne+Nagel was able to manage these risks and maintain its edge through the frequent use of currency hedging and various cost management techniques.

I gained important insights into financial analysis and logistical operations from my internship, which helped me comprehend how multinational organizations handle financial risks. It also helped me to improve my analytical, problem-solving, and critical thinking abilities, which will help me in my profession, despite not majoring in them.

To sum up, this internship was a learning experience that helped me understand the differences between financial theories and how to use them in a logistical setting. The project's findings make it abundantly evident that good financial management techniques must improve exchange risk management in order to support the stability and expansion of significant global supply chain companies like Kuehne+Nagel Ltd. This report, which combines theory and real-world experience, captures all the challenges, revelations, and contributions that occurred over the internship.

Table of Contents

List of Acronyms:

S/O	Shipment Order
SI	Shipment Information
CS	Customer Service
OCC	Operational Care Center/ Operational Care Unit
CCL	Customer Care Location/ Customer Care Unit
CFS	Cargo Freight Station
CLP	Container Loading Plan
ETD	Estimated Date of Departure
KPI	Key Performance Indicator
EUR	Euro
CHF	Swiss Franc
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortization
FX	Foreign Exchange
MVA	Market Value Added
EVA	Economic Value Added
ROE	Return on Equity
SEM	Search Engine Marketing

Chapter 1: Overview of Internship

Introduction:

An overview of my experience during my internship at the global logistics company Kuehne+Nagel Ltd. is provided in this first chapter. With regard to the company's history and the context of my real assignments, this chapter aims to acquaint the reader with the purpose, goals, and limitations of the internship.

The chapter opens with a summary of important personal information, including my educational history and how this internship relates to my academic and professional objectives. Additionally, it gives details about the internship, such as the department the student will work in, the duration of the internship, and the supervisors that will oversee it. The business is a supply chain management and freight forwarding company.

The chapter also promotes grasp of my internship tasks, which included evaluating the impact of exchange rate swings on the company's financial statements. I had the finest opportunity to put the things I had learned into practice and increase my understanding of the financial operations of a global corporation thanks to these duties.

Prior to summing up, the chapter discusses the internship's goals, emphasizing how they align with both the company's and my personal development objectives. The ideas presented in this part are essential to the next chapters, which cover subjects including the organization's procedures, financial analyses, and project findings.

Student Information:

Name: Namin Shadman Oritro

ID: 20104076

Program: Bachelor of Business Administration

Major: Accounting & Finance

Internship Information:

1.1.1 Period, Company Name, Department, Address

Period: 3 Months

Company Name: Kuehne+Nagel Ltd.

Address: SKS Tower, Mohakhali Rail gate, Dhaka 1205, Bangladesh

Internship Company Supervisor's Information:

Name: Masud Karim

Designation: Manager, (Operational Care, Sea freight)

Department: Sea Freight Department

Email: masud.karim@kuehne-nagel.com

Contact No.: 01714015981

Job Scope & Responsibilities:

I first worked for Sea Freight Operations team (OCC) as an intern while studying in university. However, I had an opportunity to work with the sales team of Kuehne+Nagel Ltd. during my service there. I have really benefited from working in different divisions of this organization as well as in the freight forwarding industry. However, the following describes the work scope:

- To fulfill order, reservation and prepare all the documents required for the exports to carry out the shipping process.
- Create BL for the order based on shipper's invoice, packing list and BL draft.
- Checking the credit of potential clients
- Pursuing debt collection on the company's behalf while upholding a standard of competent behavior.
- With different softwares like the OPS, SALOG, Coreflow, ESP, and others, departure confirmations, the carriers' operation statistics, data management is exchanged.
- Retain the vessel's KPI.
- finishing the orders, reservation, and making all necessary documents required for exportation of the shipping procedures.
- Involved in/ preparing and processing of authorizations such as paperwork for shipment, confirmation of shipment, confirmation of loading etc.

Internship Outcomes:

Contribution to the Company:

Once I felt job secure in my internship at Kuehne Nagel Ltd., Among the responsibilities bestowed to me was the responsibility to train the newer interns who joined us later. I ensured that they had adequate knowledge of the working of this unit more intently in the Sea Logistics division Operations Control Centre (OCC). First, they learned the usual working processes, and second, they got to know several optimize strategies and efficient methods that I developed during work. These short cuts enhanced effective working by simplifying not only my task but also of my other supervisors in the team.

I also made more than merely providing the input to the internship team. I was available to offer help to the regular staff of Sea Logistics department when they needed more for handling thousands of mails during busy periods. No matter if it was needed to cover the last-minute client requirements or if there were some operational issues I gladly reacted and contributed. My coworkers noticed my attempts, and often, they offered me more difficult tasks to accomplish; thereby, I acquired a clearer picture of the end logistical processes.

Besides achieving more activity efficiency, I was also able to enhance cooperation as well as create a positive work environment by going beyond call of duty. The following are the areas that I provide a positive contribution while undergoing my internship with the Kuehne Nagel Ltd.; Proactivity, thoroughness, and willingness to take up other tasks.

Benefits to the Student:

I found my internship at Kuehne+Nagel Ltd. just perfect for getting the experience about the freight forwarding since it is a completely unknown field for me. It helped me in comprehending how the freight forwarding business works also how import and export was facilitated. Besides, it also helped me acquire brand new problem-solving skills, managerial skills, and financial analytical skills. One of the ways in which I was able to challenge myself was by opting to handle several tasks at once. Finally, I learned ways of enhancing my managerial and time management skills and managed to finish all my tasks on time. Moreover, I enhanced my collaborative skills by working with several teams I found myself being part. Moreover, I received information about cultural expectations of global companies and how to approach them.

Given the circumstances, my internship improved both my technical and interpersonal abilities, such as my ability to communicate with both senior and junior coworkers and to create and alter files to better assist others comprehend the data. I believe that the abilities I have learned and developed here will be greatly beneficial to me in my profession.

Difficulties Faced during the Internship

Throughout my internship, I encountered a few challenges that I eventually overcame by improving myself. First, I was anxious about how things operated here because this was my first corporate job. I had no idea how things functioned here. I had no prior experience working in the corporate sector, so I was unaware of this culture. I overcame my anxiety and gained insight into the corporate culture of a multinational company thanks to my amiable and cooperative coworkers. Additionally, I regularly had problems with vendors who failed to deliver the required paperwork on time, which occasionally resulted in our team losing KPI. In addition, because this is a different industry, I had no knowledge of freight forwarding or the terms that were used here at work, such as BL Print, S/O, Leg Change, SI update, and Vessel creation etc.

Recommendations to the Company for Future Internships:

Based on my internship experience, I have seen several areas where the organization might use improvement. These areas are outlined below:

- As a prerequisite for creating an effective training program for students, it is important to how to ensure that the students will get enough time to properly study the job and culture. Inasmuch as the overriding aim of the training session is to demonstrate practical works, the venue must be at the port if possible. By it, the interns will be able to know in detail and will have a clue what they are going to be handling most of the internship period. Besides enabling students arrive at better internship performance, these training sessions will encourage them take up careers within the freight forwarding industry.
- Secondly, feedback sessions should be a continuous process that will assist interns to name their shortcomings and possibility to develop. It can help them know where they need help or where they should be improving – on behalf of the team and for themselves.
- Finally, although some methods may mean more work for supervisors, they should rotate their job more often in order to become familiar with every task and procedure.

Chapter 2: Organization Part

Introduction:

2.1.1 Introduction to Kuehne+Nagel Ltd.

As Kuehne+Nagel Ltd. is a logistics and transport company, there should be a proper knowledge about freight forwarding and transportation to know about this company in a detailed manner.

About Freight Forwarding:

When it comes to efficiently and quickly transferring products from one location to another, freight forwarding is essential. This results in considerable time savings. Freight forwarding businesses may assist manufacturers with their transportation needs, saving them money and time when they need to transfer their goods from one nation to another. These businesses provide various distribution services including their own warehouse in addition to transportation. In addition, they offer services by trains, roads, ships, and airplanes. The economy benefits greatly from freight forwarding as well. As an instance, the market was led by the ocean freight forwarding sector, which held at about 25.88% market share in 2023. Moreover, shipping freight accounts for 80% of Bangladesh's export and import revenue, with road and air freight accounting for the remaining 20%.

Important information about Kuehne+Nagel Ltd.:

As the largest global forwarder and logistics service provider in the Asia Pacific region with over 130 years' experience in freight forwarding. August Kuehne and Friedrich Nagel both were school friends originated from Bremen, Germany; they established Kuehne+Nagel as a shipping commission merchant. Today the company is known as Kuehne + Nagel is one of the leaders of the logistic industry level; its staff numbers are over 81000 people, the number of its offices is 1300, and the geographic presence is more than 100 countries. Sea freight market is dominated by KUEHNE + NAGEL's⌂ each of them is located in 2024. It remained on the top in the global list by achieving 27.015 bn Swiss francs of sales in the 2023 financial year which was 38 % lower as compared to same fiscal year a year ago. This is one of the largest specific shares of key KPIs, due to which the corporation has recently started to grow at the highest figure – 54% of revenues for 2021. Also, the companies headquarter is located in Schindellegi, Feusisberg, Switzerland A Brief Note on the Company Schindellegi, Feusisberg, Switzerland. Kuehne+Nagel is a winner of Multimodal 2023 'Airfreight Company of the Year.' The Multimodal Awards includes road, rail, commercial vehicle operators, scheduled airlines, and overseas freight carriers. Besides, the company has got "Sustainable Forwarder of the Year 2023" Kuehne+Nagel Ltd is a big company and it has the regional division. Majority of these companies are located in Middle East, Europe, North and South Asian and Asian countries, Africa, American and other region of the world. The company remained at the apex worldwide as it recorded 27.015 bn Swiss francs of sales in 2023 financial year, which is a 38% reduction from the prior financial year. This is one of the largest specific shares of key performance indicators, thanks to which the corporation has recently begun to develop at the highest figure – 54% of revenues for 2021. Furthermore, the companies headquarter is in Schindellegi, Feusisberg, Switzerland. Kuehne+Nagel is a proud winner of

Multimodal 2023 ‘Airfreight Company of the Year.’ The Multimodal Awards covers land transport, rail operators, aviation and international freight forwarding. In addition, the company has received “Sustainable Forwarder of the Year 2023” Kuehne+Nagel Ltd. is a large company, and it has different regional offices. Most of them are based in Middle East, Europe, North and South Asian and Asian countries, Africa, American and other parts of the world.

Figure 2: Kuehne+Nagel winning Sustainable Forwarder of the Year 2023

Company Overview:

2.2.1 History of KUEHNE + NAGEL Ltd. Bangladesh:

Kuehne+Nagel Ltd. started its business in Bangladesh in 1997. By that time there were roughly about 150 employees who belonged to the departments of air and sea logistics. Thus, there were two corporate offices one at Chittagong and another at Dhaka. Since then, among all branches of the company, the branch situated in Bangladesh is at present the Kuehne Nagel Ltd. Today it has its two corporate headquarters in Chittagong and Dhaka. Additionally, there are two warehouses which is in Uttara, Gazipur, Dhaka.

2.2.2 Mission, Vision, and Values of KUEHNE + NAGEL Ltd.:

Mission: "We shape the world of logistics with a strong determination to connect people and goods through innovative and sustainable logistics solutions."

Vision: "Becoming the most trusted supply chain partner supporting a sustainable future."

Values:

- Fostering innovation
- Connecting and developing people
- Enabling entrepreneurship
- Delivering quality and excellence

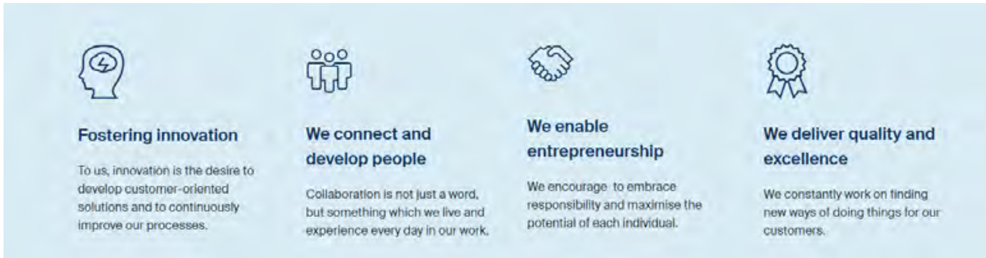

Figure 3: Kuehne+Nagel Values

2.2.3 Objectives of KUEHNE + NAGEL Ltd.:

- **Kuehne+Nagel Experience:** By providing the most reliable and innovative customer service experience in the business, they hope to gain the daily trust of their clients and staff. In addition, their clients entrust them with managing their supply chains, which is an essential part of their companyIn addition, the evidence indicates that they have reached the goal of enhancing the client satisfaction that stems from offering high quality services reliably.
- **Digital Ecosystem:** Their second goal is to increase the value-added services portfolio delivered to customers through digital medium through the effective management of data, the improvement and advancement of automation and productivity, and the development of Cloud services. Certainly, the supply chain data from each of these fields will be imported and integrated and at any one time it will be available both for their clients and them.
- **Living ESG:** Since it can help clients achieve their environmental goals, implement cost-effective and sustainable decarbonization solutions, and—this is their second business aim—source and retain the best logistical talent, companies can generate tailored

competitive advantages. This means that Kuehne+Nagel Ltd. is successfully integrating the constant change of today into usable logistics.

- **Market Potential:** Their ultimate goal is to increase their business through the creation of new industry-specific solutions, regional expansion into growing regions, and a concentration on high-margin value-added solutions.

Figure 4: Kuehne+Nagel Roadmap 2026

2.2.4 Services provided by KUEHNE + NAGEL Ltd.:

There are 5 services thet Kuehne+Nagel Ltd. provides worldwide. They are sea freight, air freight, rail freight, road transport and contract logistics etc. Road freight and contract logistics is not available at Bangladesh currently.

1. **Sea freight:** Operating system logistics is one of the main business areas of Kuehne+Nagel Ltd. A relatively high percentage of the company's total sales is generated through sea freight. In addition, flexibility is another factor that enhances the application of ocean freight in the international business since cost-effectiveness is an eye-catching characteristic. Other relevant knowledge concerns understanding that while transporting merchandise ocean freight is often cheaper than air freight. This makes it a more attractive means of transport for businesspeople who transport large volume of commodities of bulk over long distances.
2. **Air Freight:** Air freight is the fastest means of getting any product in or out of a country with least effects on the physical environment and it's timely. Moreover, through the use of air freight the corporation's goods can be shipped anywhere within the world. Besides, it comes with many benefits among them being that it is considered the safest means of transferring goods from one place to another. The main reasons that explain why air freight is desired is the speed in transit and the security.
3. **Rail Freight:** One type of transport by which goods are carried by railways is referred to as rail freight transport through rail cars. Depending on the commodities and the requirements from the shipper, the loads can be loaded in a single railcar or in a train. There

are so many varieties of specialist rail cars in existence, and they include multiple decker car transporters, container cars and coal cars for instance can individually transport rail carloads. They can convey merchandise anywhere there is rail track that connects the two points.

4. **Road Transport:** Road freight can be defined as movement of products by motor vehicles over a network of roads from one loading and unloading site to another. Commercial road freight transit refers to the movement of products by logistics firms or forwarders in business for commercial purposes. Thus, those kinds of business transports which are organized by the companies themselves and such as inter-site transports for internal production processes are excluded from the definition of commercial freight transport.

5. **Contract Logistics:** Contract logistics is a situation where the incomplete orders and the responsibility of warehousing and other logistic services are entrusted to another business organization.

Road transportation and contract logistics services are not offered in Bangladesh, even though all these services are offered globally.

Figure 5: Business Areas of Kuehne+Nagel

Management Practices at Kuehne+Nagel Ltd.:

Kuehne+Nagel Ltd. Bangladesh belongs to the global firm having its origin in Schindellegi, Feusisberg, Switzerland. Since the centralized corporate office is where most decisions are likely to be made, it relies mostly on autocratic administration. For instance, the selection of employees is conducted in the regional offices. Most important decision-making routines culminate in a direction from company headquarters. In addition, the organization employs specific management techniques that other companies do not employ. To keep discipline intact, the organization has followed a strict span of control and clear climbing hierarchy. It becomes necessary for the business to call the headquarters in order to clarify if it would be possible to employ more employees. The need for the particular department staff may be obtained if the top management agrees.

It currently employs an unconventional quality management approach known as PDCA (Plan-Do-Check-Act) to offer its customers the highest quality service. The first activity that seems crucial and essential in enhancing any offering/service or in enhancing and accelerating a process is planning. In order to complete the following stages, the goals of the company and the expectation of the client must be in tandem. They must first identify the prior issues in order to complete the phase. They then look at the pragmatic and efficient solution to achieve those goals once they have set them. Second, they perform their task considering their plan and collect a data that is available to them when they get the right direction. Then they search the data that is already there and assess it for betterment. While doing analysis, they seek for any factors that may cause an achievement of their goals and objectives to be difficult.

2.3.1 Recruitment & Selection:

For the recruiting procedure, the firm usually employs internally as the company trains the interns for roughly a year. Firstly, the firm announces the news of employment for interns who are usually recently graduates, then after completing an entrance exam few interns are picked. Following that, the interns receive six months of training while they are working as interns. An additional six months are available for the interns to extend their stay. They receive a bit more money in compensation than they did throughout their internship. The business then requests permission to appoint additional employee to any departments. They can choose to hire a new employee from among their trained interns if the corporation gives its approval. Consequently, the average job search takes a year.

2.3.2 Training and Development:

A newly chosen intern is introduced each department and staff member of the marine freight department. After that, he or she receives training next to a worker who may impart knowledge to them. After learning anything, he or she receives notes. After some time, he or she receives a laptop of their own, from which they may accompany their supervisor. Additionally, he or she receives files of their own. Thus, the course typically lasts between 10 and 15 days. Once approved by their supervisor, an individual typically needs a month to obtain their personal files.

2.3.4 Additional Compensations:

Employees at the company receive fair compensation for the duration of their job. Various amenities are offered to them while they work. They receive daily lunches, transportation services, and in also, they can access group health benefits, profit-sharing, and sick leave. In addition, they receive paternity leaves and life insurance. Throughout their tenure, they receive two bonuses in a year.

Marketing Practices:

With operations in more than one hundred nations, Kuehne Nagel Ltd. is a major force in the global economy as an MNC supplier of supply chain and logistics services. In terms of marketing, Kuehne Nagel has created a comprehensive strategy that covers both small and large companies. These marketing strategies are expertly and pro-actively overseen to maintain the company's leadership position, increase its global market presence, and stay current in the constantly changing logistics sector.

2.4.1 Marketing Strategy:

Instead of using a selected marketing strategy, Kuehne Nagel opted for a relationship marketing strategy in the marketing environment. The company's tagline, which embodies the ideas of adaptability, dependability, and innovation in services, aims to establish it as the premier logistics supplier, consistently able to manage a wide range of complex cross-border logistics operations. Kuehne Nagel concentrates on offering specialized logistics services including supply chain management, contract logistics, and international freight forwarding to maintain a high level of responsiveness to its clients.

One instance of marketing based on this approach is the company's emphasis on its advanced technology, such as real-time cargo tracking and efficient digital freight platforms. These methods assist Kuehne Nagel establish itself apart from its rivals in addition to improving client satisfaction. The business mainly focuses on the idea of supply chain visibility, assuring customers that by employing the company's services, there would be visibility in every supply chain link, enabling better decision-making.

A key component of Kuehne Nagel's worldwide marketing strategy is the steady, progressive rollout of new services together with the provision of exceptional customer service to win and retain client loyalty. They introduced the company's solid reputation in the logistics sector as dependable business partners.

2.4.2 Target Customers, Targeting and Positioning Strategy:

Kuehne Nagel's target market consists of businesses that require sophisticated supply chain and logistics services from outside providers. These clients are from the high tech, manufacturing, retail, e-commerce, automotive, and pharmaceutical/healthcare sectors. Organizations who often ship in bulk, participate in export, or import operations, or require specialist handling of products—like medications—that must be carried through temperature-sensitive environments would find it most intriguing.

Its highly segmented targeting approach enables it to tailor its services to the demands of individual customers. Based on the logistical needs of its clients, Kuehne Nagel offers both standard freight transportation solutions and full logistic solutions that are specially tailored. Sales teams manage several major accounts, particularly in the Customer Contract Logistics (CCL) sector where trained logisticians deal directly with the purchasing hierarchy.

In terms of competitive advantage, KN wants to give value by positioning itself as a premium logistics services provider with a global reach, a commitment to providing the highest caliber of service, and a utilization of cutting-edge technology. This study also examines how a corporation may get a competitive edge in the efficient and on-time delivery sectors by utilizing the good flow of logistics solutions that are offered in various nations.

2.4.3 Marketing Channels:

Kuehne Nagel uses online and direct media as its main promotional techniques when interacting with global customers. Via the vast networks of direct selling teams, a sizable portion of marketing is obtained. These teams oversee managing the accounts of current clients, as well as business development, sales, and client-focused logistical solutions. Service providers, such as the sales teams of DHL's Customer Contract Logistics (CCL), interact with customers directly to learn about their needs and then present the most cost-effective and efficient solutions.

The business has created additional special entry points in addition to the sales channel. Firstly, it has made sure it runs a productive digital platform. Customers can plan shipments, track the progress of their consignments, and manage the company's logistic channels without having to log into other interfaces thanks to the website's placement. In addition to raising the customer value added metric, it serves as a significant communication route, giving consumers visibility and convenience. It uses email marketing, targeted marketing, and search engine marketing (SEM) as additional online advertising strategies.

At Kuehne Nagel, social networking has also been embraced for client connections and information exchange via Twitter and LinkedIn. These channels help to establish the company's reputation as one of the logistics sector's leading innovators. Thirdly, in order to increase its market share and expand its reach in the logistics sector, Kuehne Nagel is involved in industry associations and events.

2.4.5 Product Development:

Almost all its services are computerized and run on proprietary software, which sets it apart from all other logistics businesses operating in Bangladesh. Kuehne+Nagel Bangladesh has implemented several software systems, including ILS, SALOG, OPS, CIEL, ESP, ASYCUDA Bangladesh, Executive System for Planning, and My Kuehne+Nagel. These software programs facilitate the company's data and logistical management procedures, which are essential to its operation.

To ensure that these software solutions are up to date and suitable for Kuehne+Nagel's global operations, they are often developed and maintained at the local or central level of the organization, such as the company's offices.

2.4.6 Branding Activities:

The company's cultural values—innovation, dependability, and globality—form the foundation of its brand. The company's branding initiatives center on its ability to deliver robust and gratifying logistics services, regardless of the process's complexity or size. Because of its technology solutions—such as supply chain transparency and shipment tracking—the firm wants clients to choose it over the competition.

In order to promote their brand, Kuehne Nagel combines physical and online branding initiatives. It accomplishes this by continuing to participate in international trade shows, industry conferences, and exhibits where it showcases its newest products and services. These occasions assist the business in attracting new customers and partners while solidifying its position as the industry leader in logistics services.

Kuehne Nagel uses articles, blogs, website advertisements, and social media promotions to maintain a digital presence on the internet. Alorica posts material on social media sites like Twitter and LinkedIn, sharing client studies, success stories, and industry news with the public. All these branding initiatives significantly contribute to Kuehne Nagel's continued strategic positioning as a forward-thinking, innovative business that closely attends to the demands of its clients.

2.4.7 Advertising and Promotion Strategies:

The goal of Kuehne Nagel's advertising and promotion is to attract new clients and raise the company's profile in the logistics industry. The organization presents ideas and advancements to large crowds at worldwide logistics and supply chains conferences. Through these conferences, Kuehne Nagel can demonstrate its ability to network with future clients and meet new individuals in the sector.

Kuehne Nagel use internet advertising in addition to traditional methods to guarantee that a wide market segment is covered. To guarantee that it shows up at the top of search results for those interested in supply chain management and logistics, the firm uses SEM. In addition, Kuehne Nagel uses additional internet marketing strategies, such paying for advertisements on websites like LinkedIn to reach decision-makers in companies that heavily depend on logistics.

Sensible marketing initiatives also include the mass mailing of new services, industry analysis, and case-study events, as well as the regular distribution of newsletters. The purpose of these campaigns is to draw in new customers and remind existing ones of the value of purchasing products and utilizing the services that Kuehne Nagel offers.

2.4.8 Critical Marketing Issues and Gaps:

Notwithstanding Kuehne Nagel's competitive and diverse service offering as a global logistics firm, the company faces the following marketing issues. One of the most important problems is multi-branding, where it is challenging to implement a unified brand message throughout all its geographic sites. Kuehne Nagel must thus make sure that its marketing tactics are considerate of the various cultures and business environments of the many countries in which the firm is located and take care not to jeopardize the company's global perspective.

A further concern is the ever-growing need for environmentally friendly logistics. Due to businesses' rising concerns about maintaining a sustainable business environment, Kuehne Nagel must consider additional strategies for expanding its green logistics offerings. As a result of this unfulfilled desire, several clients switch to logistics companies with sustainable business practices.

Financial Performance and Accounting Practices:

The purpose of this essay is to go over Kuehne+Nagel Ltd.'s financial status and accounting practices. In order to put the company in a competitive financial position relative to its competitors in the logistics sector, Kuehne+Nagel's financial management has examined the company's financial statements over the last three to five years from the perspectives of liquidity, profitability, efficiency, solvency, and leverage analysis.

2.5.1 Financial Performance:

Kuehne+Nagel Ltd.'s annual report covering the last three to five years has been examined to assess the company's financial performance. These reports provide information to the shareholders and management on the company's ability to generate profits, use assets down the line, and remain viable and liquid in often fiercely competitive markets. The company's financial health has been evaluated using a few important techniques:

- **Liquidity and Solvency:** Current ratios, quick ratios, and Kuehne+Nagel cash flow statements have all been examined in this article. Determining if the corporation has sufficient basic resources to meet its short-term obligations is made simpler by these ratios. Kuehne+Nagel's long-term solvency in repaying its obligations is evaluated using debt/equity and interest coverage ratios. In this instance, the company's solvency demonstrates its effectiveness in managing debts and sufficient revenue sources to cover interest expenses.
- **Efficiency:** Activity ratios, such as inventory and asset turn-over ratios, are used to evaluate whether Kuehne+Nagel is using its assets as efficiently as possible to produce revenue. These ratios help assess how well and effectively the business uses its resources to replenish inventories. Careful asset management is necessary to reach targeted profitability levels, particularly for assets utilized in storage and transportation by Kuehne+Nagel's supply chains and logistics.
- **Profitability:** The company's profitability threshold is a crucial component in evaluating its financial performance. To determine how profitable the company's operations are, this has been done using the gross profit margin, net profit margin, and return on equity (ROE) throughout time. The company's consistent achievement of high profitability despite fluctuating foreign currency rates and global economic volatility is one of the main characteristics that can be seen in its success.

- **Leverage:** To ascertain how much Kuehne+Nagel uses debt in its operations, debt usage ratios such as total debt to equity and total debt to total assets are utilized. Even if the firm does not use a high leverage strategy, having the correct amount of debt improves its capacity to make investments in modern technology and build global networks. The extent to which debt is a component of a company's capital structure is a crucial subject that affects both the stability of the financial condition and the allure of new business prospects.
- **Market Value and Trend Analysis:** Kuehne+Nagel's market value has been calculated using the stock price and market capitalization in addition to the liquidity, profitability, and efficiency ratios. Understanding the dynamics of a company's revenue and growth rates, as well as the indicators that demonstrate the impact of the external environment on the company's performance—specifically, shifts in global trade flows and cycles—can be gained by analyzing patterns over the last several years.

To obtain a comprehensive picture of Kuehne+Nagel's financial performance, several advanced analytical tools, such as Du-Pont analysis, have been employed. By breaking down return on equity (ROE) into its constituent parts, the Du-Pont framework goes one step further in illuminating how the business's activities create value, how it is funded, and how this affects profitability. Furthermore, the company's financial performance has been assessed using Market Value Added (MVA) and Economic Value Added (EVA). By achieving a return higher than the cost of capital, they aid in determining if Kuehne+Nagel is providing value for shareholders. It is noteworthy that these advanced valuation models provide a thorough understanding of Kuehne+Nagel's health and future development potential.

2.5.2 Accounting Practices:

Kuehne+Nagel uses International Financial Reporting norms (IFRS) to prepare its accounts, which adhere to international accounting norms. They improve reporting uniformity and transparency and aid in comparing the company's financial statements across operating regions. Notable features of the business's accounting procedures include the following:

- **Core Accounting Standards:** Kuehne+Nagel operates in compliance with several accounting standards, including revenue recognition, matching, and full disclosure. These guidelines aid in creating financial statements that accurately depict the company's financial status. For example, Kuehne+Nagel uses IFRS 15: Revenue from Contracts with Customers to measure revenue, which is the amount that the firm may recover from the client.
- **Accounting Method:** Kuehne+Nagel employs the accrual basis of accounting because accounting principles mandate that income be recorded as soon as it is received and costs be recorded as soon as it is incurred, regardless of when the cash transactions take place. This approach is more realistic as it depicts the business's financial activities within the reporting period.
- **Accounting Cycle:** By utilizing journals, general ledgers, trial balances, account adjustment, and financial statement preparation, the organization embraces the idea of a systematic accounting cycle. Additionally, the cycle guarantees that all financial data is accurately documented and published on schedule.
- **Depreciation Methods:** Kuehne+Nagel adopts a standard approach for depreciating all these fixed assets, including cars, warehouses, and IT systems. The straight-line technique, which spreads out the depreciation charge throughout the asset's useful life,

is used to write down most the company's fixed assets. To maintain user responsibility, the company's depreciation computation policy is disclosed in the financial statements' notes.

- **Accounting Disclosures:** All IFRS disclosures are met by the data shown in this company's financial statements. These include lease accounting, foreign exchange, risks and hedging, revenue recognition, and pensions. Because of how well the firm discloses its information, investors and analysts are better able to make decisions as a result.

Accounting at Kuehne+Nagel is eager to make sure that they are adhering to international best practices while also providing its stakeholders with useful information about the company. Each of these procedures contributes to the improvement of the company's overall financial transactional credibility and the credibility of its financial reporting.

Operations Management and Information System Practices:

Kuehne+Nagel Ltd. uses information technology systems to oversee logistics effectively. In order to support the seamless operation of its networks globally, these systems are crucial for data gathering, processing, and distribution to its stakeholders.

2.6.1 Information Systems for Data Management:

The Kuehne+Nagel firm is trusted by CIEL, SALOG, OPS, and ESP to monitor shipments, inventory, and resource allocation. These technologies provide precise data that may be utilized to make choices instantly, improving the transparency of operations and customer interactions. Because customers may receive real-time information on their shipments, shipment tracing improves service dependability.

2.6.2 Database and Office Management Software:

Kuehne+Nagel's office products and database management software ensure that logistical data is stored and accessible across several offices located in various parts of the world. These methods encourage better coordination of work processes and order in the distribution of tasks across teams.

2.6.3 Quality Management and Resource Allocation:

It is essential that the business realizes how valuable information systems are to meeting and improving service quality while maximizing resource utilization. Electronic systems also help Kuehne+Nagel to discover problems in a timely way while eliminating chances of downtime so that their clients are given the finest service. Unable to scale: Depending on the need, resources like transportation and warehousing are used appropriately.

2.6.4 Scheduling and Operations Management:

One of the most important success criteria in today's business world, particularly for Kuehne+Nagel, is the management of the work schedule. To prevent needless delays, the organization uses the tools to track shipping timetables as well as other real-time events and changes that it encounters. This sees to it that operation is well programmed, and that shipment is well done according to the set time, hence maintaining a high operations efficiency.

Industry and Competitive Analysis:

Kuehne+Nagel Ltd. operates internationally in the very crowded logistics and supply chain industry. Although the corporation had a competitive edge at first, it continues to adapt to the needs of its industry rivals and update the market. An evaluation of Kuehne+Nagel's industry may be conducted using SWOT analysis and the Porter Five Forces model.

2.7.1 Porter’s Five Forces Analysis:

- **Threat of New Entrants:** The logistics sector has strong hurdles to entry due to the infrastructure needed, global linkages, and substantial startup costs. New-entry industry companies that share some well-established market participants, such as Kuehne+Nagel, which serves more than 100 nations and clients, are the cause of this expected competition.
- **Suppliers' Bargaining Power:** Kuehne+Nagel depends on shipping lines, airlines, and trucking businesses for transportation services because it is a transportation provider for a variety of shippers. Even while certain suppliers have more negotiating strength than others, Kuehne+Nagel has more negotiating leverage with these suppliers due to long-term agreements, positive working relationships, and the extensive network of connections that have been built.
- **Customers' negotiating Power:** Due to the abundance of service providers in the market, particularly for the huge conglomerate client base, particularly from the international customer base, buyers in the logistics sector have significant negotiating power. Despite the risk, Kuehne+Nagel lowers it by offering high-quality, customer-focused services, earning clients' confidence through service tracking, and utilizing innovative technology to deliver market-unique solutions.
- **Danger of Substitutes:** While there are not many direct alternatives for logistics services, new automated technologies like drones and driverless cars might pose a danger in the future. Through internal investments in innovative technology and ongoing service improvements, Kuehne+Nagel manages these risks.
- **Industry Rivalry:** The logistics sector is home to several enormous companies, including UPS, DHL, and DB Schenker. It is a delicate and competitive business. Kuehne+Nagel's

broad worldwide reach, comprehensive contact network, and use of technology to deliver high-quality services help it to sustain its competitive edge.

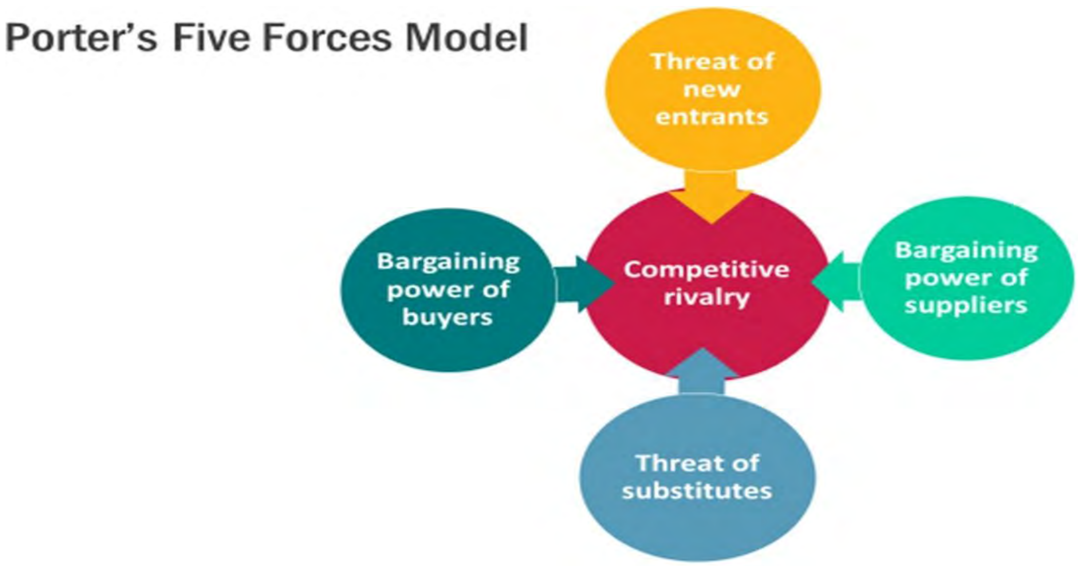

Figure 6: Porter's Five Forces

2.7.2 SWOT Analysis:

- **Strengths**: Kuehne+Nagel's global network reach, strong brand image, and use of their proprietary smashing technology, which enables them to provide a wide range of technological solutions to clients, are the primary sources of competitive advantage. In order to solidify its place in the market, investments like real-time tracking and complete supply chain visibility are also valuable.
- **Weaknesses:** The traditional emphasis on traditional forms of transportation, which are susceptible to fluctuating fuel prices and new and existing environmental regulations, may be the biggest risk factor. The company's size may also work against it in terms of competition and speedy reaction to specialized and/or altered market segments.

- **Opportunities:** They contend that by seeing a greater and growing need for green supply chain services, there is a greater chance to expand its green logistics offerings. Additionally, the SMB market offers a plethora of additional opportunities for the growth of the e-commerce industry.
- **Threats:** The implementation of strategies and the absence of essential resources required to conduct company plans are examples of internal threats. Furthermore, if the company is unable to produce a fresh strategy, it will be exposed to pressure from new competitors due to the rapid advancement of technology and the rise of creative fresh players.

Figure 7: SWOT Analysis

Summary and Conclusions:

International logistics firm Kuehne+Nagel Ltd. provides high-quality, specialized services by utilizing a variety of networks and cutting-edge technologies. Given operational market realities, effective operations management, and smart marketing techniques, the company's steady and strong financial success serves as evidence of this. However, Kuehne+Nagel still must embrace new trends like sustainability and digitization and enhance several areas of its offerings.

Recommendations:

- Investing in green logistics to meet the growing demands of sustainability is a perfect strategy to achieve long-term sustainable innovation.
- Use AI and other innovative technology to improve operations and customer connections.
- Investing in learning will pay off for the firm in the future; make sure staff members receive training on emerging technology.
- Analyze rivals and look for new collaboration options considering the industry's transformation to offer competitive advantages.

Chapter 3: Impact of Foreign Exchange Fluctuations on Financial Reporting: A Study on Kuehne+Nagel Ltd.

Introduction:

Multinational corporations that operate in several geographic places are impacted by the genuine problem of foreign exchange volatility. These are caused by fluctuations in interest rates, inflation rates, political instability, and the value of currencies, which are always subject to change owing to a variety of global events. A top logistics company like Kuehne+Nagel Ltd.'s financial stability, performance, and results reporting are all directly impacted by these swings.

With operations in over 100 nations, Kuehne+Nagel Ltd. conducts business in top currencies, including the US dollar (USD), Swiss franc (CHF), British pound (GBP), and euro (EUR). Due to its extensive operational scope, the business is also vulnerable to several risks, including currency mismatches, which occur when revenues and expenses are reported in multiple currencies. For example, market swings caused the Euro to USD exchange ratio to decline by 5% in 2022, according to rate fluctuations. The consolidated statements of Kuehne+Nagel were impacted since the group's revenues from Euro-denominated territories were lower when converted into USD.

Furthermore, logistics firms are impacted by changes in foreign exchange in several ways. They set the top line, increase operational costs, and, in the worst-case scenario, make budget planning for the upcoming years difficult. In chapter three, the author examines the Kuehne+Nagel balance sheet considering these currency swings and offers an examination of the company's risk management strategies, including operational diversity, hedging tools, and the natural currency matching approach.

3.1.1 Literature Review:

A major factor in influencing the financial performance of businesses with international operations is exchange rate volatility. For example, businesses that operate in multiple countries, like Kuehne+Nagel Ltd., frequently send and receive payments in various currencies. As such, businesses are susceptible to significant fluctuations in their earnings, costs, and ultimately, their total profitability.

According to earlier research, foreign exchange risk is a legitimate worry for international business operations. Research indicates that there are three main ways in which businesses might be impacted by currency exchange rate volatility: Transaction, translation, and economic exposure are the three fundamental areas under which transaction exposure falls. When a company entity engages in foreign currency transactions, transaction exposure arises. On the other side, translation exposure refers to the effects of currency translations when the company's accounts are later restated in the parent company's reporting currency. Finally, trends brought about by exchange rate changes that erode a company's long-term competitiveness are included in economic vulnerability.

This essay has discussed some methods that have been put out in the literature to control foreign exchange risks. These include currency swaps, options, and forward contracts, to mention a few, which are used to control potential currency risks. Natural hedging, in which a business has offsetting revenue and expenses in the same foreign currency, is also utilized in the case of international corporations.

Therefore, foreign exchange risk has the potential to harm any business, but it is particularly significant in the case of Kuehne+Nagel Ltd. The literature on how foreign exchange fluctuations affect accounting is reviewed in this section to compare Kuehne+Nagel's handling of these problems.

3.1.2 Objective:

Investigating how Kuehne+Nagel Ltd. handles exchange risks in its international operations and the impact of exchange rate fluctuations on the company are the focus of this project. The objectives are:

- Quantitative evaluation of the monetary impact of fluctuations in foreign exchange rates on the profitability, operating expenditure, and revenues of Kuehne+Nagel.
- To evaluate how Kuehne+Nagel Ltd.'s financial status and disclosures are affected by fluctuations in foreign exchange.
- To evaluate the company's viewpoint on the matter and the effectiveness of its FX risk management strategies in lowering financial volatility.
- To acknowledge the modern strategies the business employs to control foreign exchange risk and other risk-hedging techniques.
- To suggest actions for the logistics sector's FX risk management strategies to be improved practically.
- To evaluate how well Kuehne+Nagel Ltd.'s foreign currency risk management is protecting the company's finances.

3.1.3 Significance:

Since Kuehne+Nagel Ltd. is an international company, the firms should understand foreign exchange changes because they have an impact on revenues and financial statements. Currency exchange rate fluctuations can have a significant effect on a company's stability, profitability, and all its operations. The following factors make this project very important:

- **Financial Stability:** It places a strong emphasis on the objective of managing foreign exchange risks, as exchange volatility may pose a risk to the company's financial stability. Efficient risk management guarantees the company's profitability and can contribute to improved financial reporting.
- **Making Strategic Decisions:** The analysis in this paper can help with budgeting, pricing, and international investment decisions. Improved competitiveness assessment can be incorporated into Kuehne+Nagel's sustainable decision-making process based on the effects of exchange rate fluctuations.
- **Risk Management Practices:** The study helps to comprehend possible best practices for managing foreign exchange risks. The project is beneficial for both business managers and finance managers because most of these experiences are general and applicable to many industries, particularly those involved in the global MARK-SP Peter May market.
- **Contribution to Literature:** By offering insight into how a multinational logistics company handles changes in the foreign exchange market in its operations, it adds to the body of knowledge already available on foreign exchange management.

Considering these factors, the study emphasizes how important foreign exchange management is to helping multinational corporations generate healthy financial returns.

Methodology:

The research method used to examine how Kuehne+Nagel Ltd.'s performance is impacted by variable foreign currency rates is described in depth in this article. Thus, both qualitative and quantitative data and analytic methods were employed in the study.

- **Data collection:** The study examines how fluctuations in foreign exchange impact Kuehne+Nagel Ltd.'s financial performance using a variety of trustworthy data sources. Data on revenue, cost structure, and financial stability are taken from the company's annual reports for 2021–2022, which also included information on its exposures in monetary units. To assess current and long-term currency market movements, exchange rate data was gathered from Statista, Bloomberg, OANDA, and other financial databases. Comparative analysis and an assessment of the impact of exchange rate fluctuation on profitability were made feasible by the collection of data from many sources. Important performance measures were employed in the numerical evaluation of financial outcomes to give detailed information about revenue trends, profit adjustments, and company stability. Possible suggestions to improve foreign exchange risk management systems were generated by the analysis, which decreased financial vulnerabilities brought on by changes in the currency market.
- **Quantitative Analysis:** In order to assess the effects of foreign exchange on Kuehne+Nagel Ltd., financial data from revenue streams, expenses, and operational performance were analyzed. This allowed for the identification of both expanding and contracting business sectors. Multiple currency analysis and financial data over time were utilized to ascertain the impact of rate changes on business operations. We examined

profitability, foreign exchange exposure, and financial stability through the analysis of financial data in order to monitor changes in income and expenses and determine the effects of currency volatility. The researchers found crucial information through this methodical numerical analysis, which prompted them to offer suggestions for reducing exposures to currency exchange risk.

When combined with the quantitative element of the study, this method offers a comprehensive understanding of the mechanisms that affected Kuehne+Nagel Ltd.'s financial reporting changes because of foreign exchange rate fluctuations. It also evaluates the efficacy of the company's risk management.

Findings and Analysis:

This section presents the study's findings and goes into detail about how Kuelne+Nagel Ltd.'s reporting and performance have been impacted by fluctuations in foreign exchange. The results also evaluate how well the company's strategies and procedures for managing foreign exchange risks are working.

3.3.1 Impact of Revenue Analysis:

One important piece of financial data that is directly related to a company's performance or capacity to sell its goods is sales revenue. Thus, for Kuehne+Nagel Ltd., revenue tracking indicates competitiveness, market demand, and operational performance.

Kuehne+Nagel Ltd.'s overall group revenue increased by 20.1% to CHF 39,398 million in the fiscal year 2022 from CHF 32,801 million in the previous year. Given how important sea freight and air freight are to the company's offerings, it was evident that they caused growth. However, currency rates, primarily impacted by the weakening of the Euro relative to the Swiss Franc, have had a detrimental impact on revenue figures.

Adjusted Revenue= Total Turnover (1- Change in FX Rate)

If 30% of the revenue was denominated in Euros:

Adjusted Revenue (Euro) = 39,398,000,000 × 0.30 = 11,819,400,000 CHF

Adjusting a 5% depreciation in EUR:

Adjusting Euro Revenue = 11,819,400,000× (1-0.05) = 11,228,430,000 CHF

This indicates that CHF 590.97 million in income has been lost due to foreign exchange volatility.

3.3.2 Impact in Gross Profit Margin

One of the most important profit margin indicators of a business is, as is well known, the gross profit margin. This indicates how effectively a business manages its operational or production expenses. The gross profit increased by 12.3% from CHF 9.896 billion in 2021 to CHF 11.109 billion in 2022. However, because of higher operating costs and foreign exchange, the gross profit margin somewhat decreased.

In the year of 2022,

Gross Profit Margin = $(\frac{Gross\ Profit}{Net\ Turnover}) \times 100$

$= \left(\frac{11{,}109{,}000{,}000}{39{,}398{,}000{,}000}\right) \times 100$

=28.2%

On the other hand, in the year of 2021,

Gross Profit Margin = $(\frac{Gross\ Profit}{Net\ Turnover}) \times 100$

$= \left(\frac{9{,}896{,}000{,}000}{31{,}801{,}000{,}000}\right) \times 100$

= 30.02%

The drop from 30.02% to 28.2% of gross profit indicates that operational expenses are significant, and that the currency franca is not working in their favor. It is noticeable that the gross profit margin has somewhat decreased because of both currency fluctuations and the intense strain of growing costs.

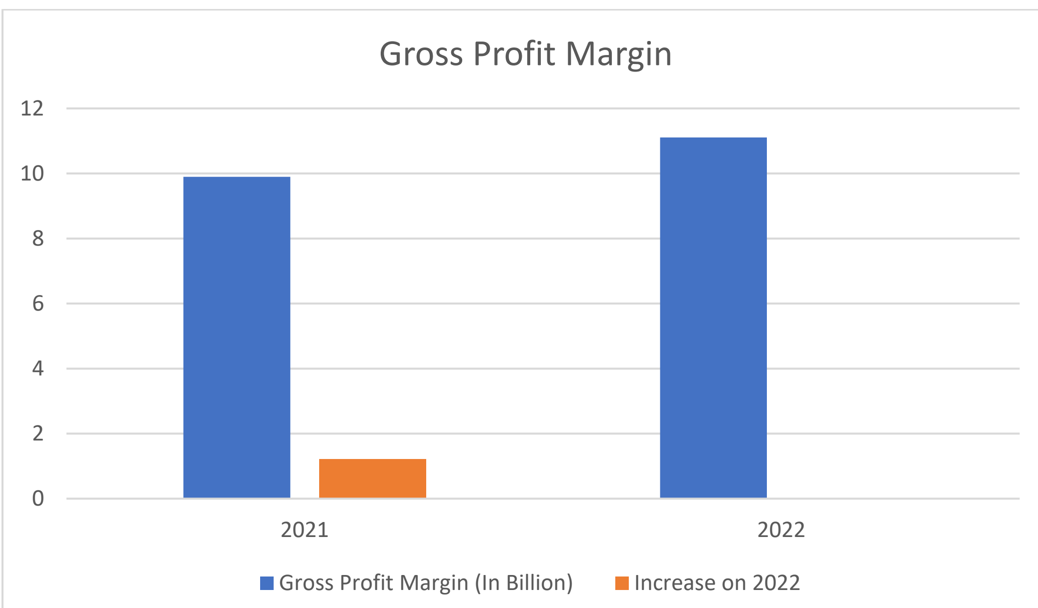

Figure 8: Gross Profit Margin

3.3.3 Impact in Foreign Exchange

In 2021, currency differences increased comprehensive income by CHF 16 million, but in 2022, they reduced it by a net CHF 193 million. Which shows that appropriate measures of hedging and risk management should be implemented for such a financial instrument and demonstrates the wide range of currency rates and how they affect the financial statements of Kuehne+Nagel Ltd. Both the overall amount of comprehensive revenue and different operational impacts are strongly correlated with foreign exchange rates.

3.3.4 Impact in EBITDA and EBIT

Earnings Before Interest and Taxes (EBITDA) and Earnings Before Interest and Taxes (EBIT) are the two most often used metrics to evaluate operational performance.

EBITDA growth = $\left(\frac{4.532-3.679}{3679}\right) \times 100$

= 23.2%

In the equation it can be depicted that EBITDA climbed to CHF 4.532 billion, up CHF 853 million, or 23.2%, from CHF 3.679 billion the previous year. In a similar vein, the company's EBIT rose 27.7% to CHF 3.763 billion, confirming operational efficacy despite worldwide setbacks.

3.3.5 Overview of Financial Trends (2019-2022)

Kuehne+Nagel Ltd. saw strategic shifts in sales and profit from 2019 to 2022, along with an increase in performance measures. The research demonstrates how the company's financial performance evolved during this time period, as well as how it adjusted to changes in the economy, currency fluctuations, and operational advancements.

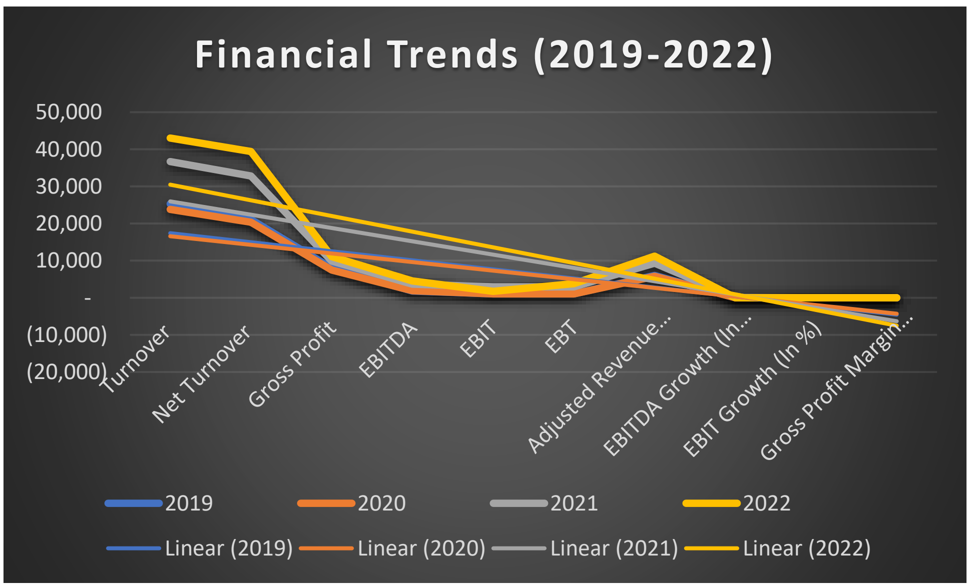

Figure 9: Overview if Financial Trends

Revenue and Profitability Trends

Overview	2019	2020	2021	2022
Turnover	25,295	23,812	36,699	43,034
Net Turnover	21,094	20,382	32,801	39,398

The turnover for Kuehne+Nagel Ltd. was CHF 25,295 million in 2019, CHF 23,812 million in 2020, CHF 36,699 million in 2021, and an even higher CHF 43,034 million in 2022. The company's recent notable expansion in 2021 and 2022 shows a strong post-pandemic recovery as well as a wider market reach.

Similar trends were seen in net turnover, which fell to CHF 20,382 million in 2020 before rising to CHF 32,801 million in 2021 and CHF 39,398 million in 2022. Roche's gross profit figures have seen substantial changes, rising from CHF 7,981 million in 2019 to CHF 7,475 million in 2020 and then to CHF 11,109 million in 2022.

EBITDA and EBIT Growth Analysis

Overview	2019	2020	2021	2022
EBITDA	1,829	1,920	3,679	4,532
EBIT	1,061	1,070	2,946	1,763
EBT	1,047	1,059	2,945	3,808
Adjusted Revenue (EURO)	6011.790	5808.870	9348.185	11228.430
EBITDA Growth (In %)	51.282	4.975	91.615	23.186
EBIT Growth (In %)	5.332%	1.146%	178.093%	29.304%
Gross Profit Margin (In Percentage)	37.835%	36.675%	30.170%	28.197%

Before exhibiting remarkable improvement in 2021 (CHF 3,679 million) and 2022 (CHF 4,532 million), respectively, the business claims that EBITDA showed a minor increase from CHF 1,920 million in 2020 compared to CHF 1,829 million in 2019. EBITDA showed improved operational efficiency and increased revenue with streamlined expenses, growing at a rate of 4.975% in 2020 before rebounding spectacularly the following year at 91.615%. After pursuing fast expansions over that time, EBITDA growth dropped to 23.186% in 2022.

EBIT (Earnings Before Interest and Taxes) remained stable during the course of these two years, ranging from CHF 1,061 million to CHF 1,070 million. EBIT's financial performance showed a notable uptick in 2021, reaching CHF 2,946 million, and then continued to rise to CHF 3,763 million in 2022. After a modest growth rate of 1.146% in 2020, EBIT expansion jumped to 178.093% between 2020 and 2021 but fell to 29.304% in 2022.

Decline in Gross Profit Margin

Overview	2019	2020	2021	2022
Gross Profit	7,981	7,475	9,896	11,109

After falling from 37.835% in 2019 to 36.675% in 2020, the gross profit ratio reached 30.170% in 2021 and then leveled out at 28.197% in 2022. The business had improved sales and profitability during this time, but margin performance suffered from ongoing cost pressures and greater operating expenses.

3.3.6 Industry Survey on FX Risk Management:

The logistics firms DHL and DB Schenker face significant foreign exchange risks because of their wide-ranging international activities. Businesses must continue to handle foreign exchange risks sustainably to preserve their financial stability and competitiveness in the market. The following section assesses the strategies that DHL and DB Schenker have used to manage foreign exchange risks.

- **DB Schenker:** During its time as a member of Deutsche Bahn AG, the national railroad of Germany. Logistics, passenger and freight transportation, and other services are offered by this state-owned company. DB Schenker oversees global business activities that are subject to fluctuations in currency exchange rates. Public information on DB Schenker's comprehensive FX risk management strategies is limited, but the business lowers shipping risks by giving trade compliance procedures priority. DB Schenker helps customers with regulatory compliance issues and international shipping to reduce their financial risks, including exchange rate swings, in an indirect manner.

- **DHL:** As a member of the Deutsche Post DHL Group, DHL manages FX risks using a methodical approach. Due to known and anticipated future transactions, conducting business internationally exposes the organization to currency risks. The self-regulating bank business of Deutsche Post AG continues to incorporate all significant currency risks that impact the company's on-balance sheet value. Before Deutsche Post DHL Group performs external hedges based on established value-at-risk criteria, Corporate Treasury builds up a comprehensive position by accumulating risks across different currencies. During the reporting period, the whole portfolio's currency value at risk balance was €4 million, staying below the €5 million cap. To reduce their on-balance sheet currency risks, French corporations employed €3,562 million in notional quantities through currency futures and swaps. The financial institution records derivatives as trading derivatives as it does not employ hedge accounting.

  Additionally, DHL uses spot contracts, foreign currency accounts, and derivatives as strategies to guard against adverse fluctuations in currency exchange rates. DHL employs futures contracts, which are standardized agreements that enable businesses to commit to trading currencies at preset rates on future dates via stock markets. These technologies are especially useful for companies that need both standardized risk management and liquidity.

Comparison and Insights:

Despite serving sizable international markets and being exposed to currency-based hazards, DHL handles foreign exchange risks more thoroughly and methodically than DB Schenker. Structured proactive currency exposure management is demonstrated by DHL's centralized system of risk aggregating and hedging in conjunction with a variety of financial instruments. Public records from DB Schenker show general strategies for reducing the risk of international commerce, but they provide very little information on techniques for large-scale FX risk management. The adoption of efficient FX risk management procedures is essential to the financial health of international logistics companies. DHL’s total approach demonstrates industry leadership by showing how central risk systems combined with financial tools produce protection against volatile currencies.

Summary & Conclusion:

In this report, we examined the impact of foreign exchange on the consolidation of the global logistics firm Kuehne+Nagel Ltd. The findings show that, primarily as a result of its activities in many international markets, currency has a significant impact on its sales, profitability, and expenses. The impact of foreign currencies, such as the CHF and the euro, on the business is greater than normal because exchange rate fluctuations impact its capacity to produce total revenues and manage total costs.

In order to manage foreign exchange risks, the corporation employs both cash flow and financial hedges. Techniques like currency swaps, options, and forward contracts have shown to be highly helpful in regulating the profit margin and managing cash flows. In addition to preventing a direct impact on currency fluctuation, matching revenues with corresponding costs in the same currency has been crucial in providing the business with operational flexibility.

Thus, the analysis concluded that Kuehne+Nagel's foreign exchange risk management has been effective in giving the business financial stability despite fluctuations in foreign exchange. In addition to helping the business maintain profitability, the functional methods enable it to take advantage of the external economic environment's instability. Due to the growing risk implications in the global business environment, a successful foreign currency risk management system is essential for international logistics companies like Kuehne+Nagel.

Recommendations:

The following problems can be resolved with suggestions for the business:

- To hedge Forex risks, use currency swaps, forward contracts, and futures more often than is now the case.
- Take proactive steps to minimize exposure by matching lucrative locations for business with more expensive ones.
- Integrate predictive analysis with contemporary FX tracking techniques to monitor changes in exchange rates.
- To reduce the impact of foreign exchange, increase geographical diversification by spreading the company over regions with stable currencies.

- Improve business expenses by using technology and automation to achieve maximum efficiency.
- To improve financial reporting, governments should mandate comprehensive disclosures on the effects of foreign exchange and risk management strategies.
- Employees should get training on managing foreign exchange risk, which will increase the organization's understanding of challenging circumstances.
- Ensure that staff members have the skills and resources necessary to implement the activity's focal points, which include analytics and digital technology.

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