



# Q1 2020 RESULTS

DSV Panalpina A/S

Conference call – 30 April 2020, 11:00 AM CET



# Forward-looking statements



This presentation contains forward-looking statements.

Such statements are subject to risks and uncertainties as various factors, many of which are beyond DSV Panalpina A/S' control, may cause actual developments and results to differ materially from the expectations contained in the presentation.

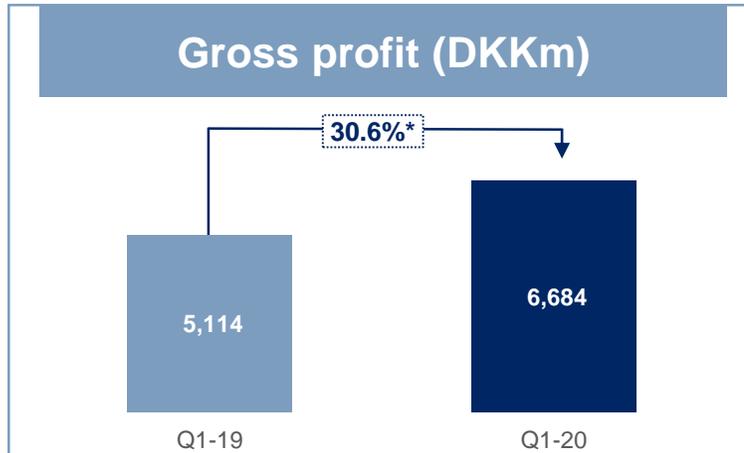


# Agenda

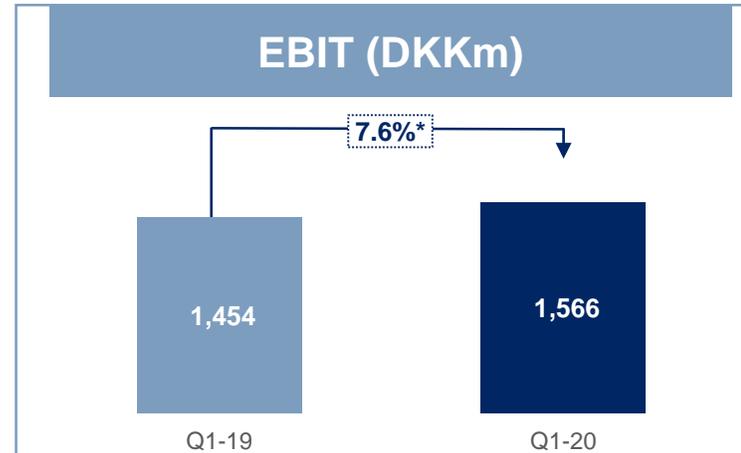


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# Highlights



\*) Growth rates are in constant currencies and including M&A impact.



### Management commentary

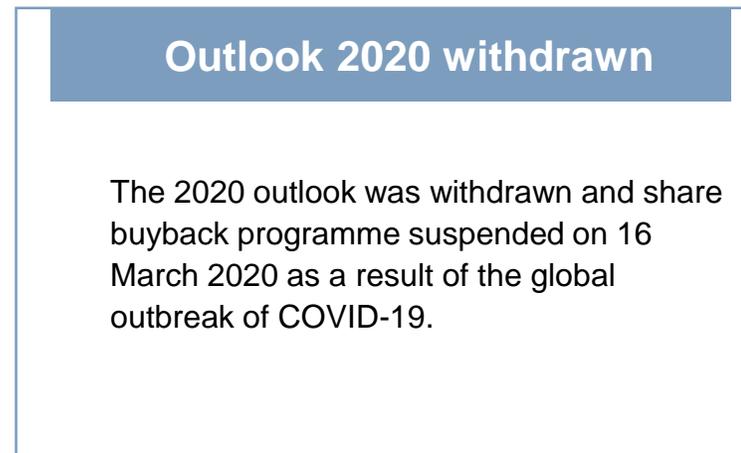
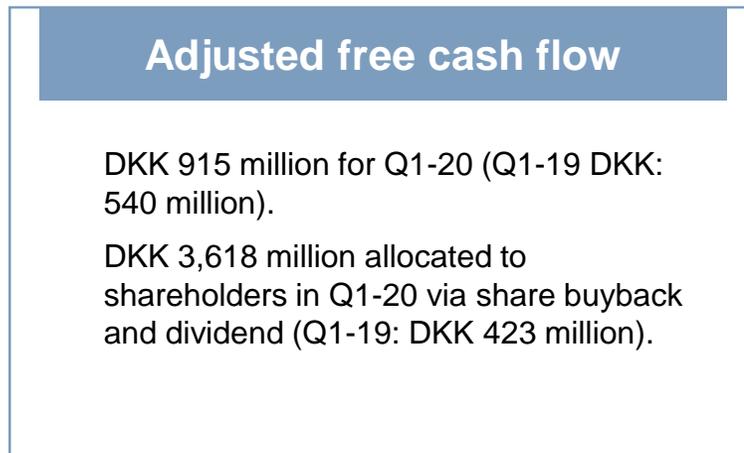
Solid performance considering the special circumstances in the quarter.

The growth in Q1-20 was driven by the Panalpina acquisition. It is no longer possible to separate organic growth and M&A impact.

The integration continues as planned.

EBIT before special items was negatively impacted by approximately DKK 250 million following the COVID-19 outbreak.

Volumes will be significantly impacted in Q2-20 and we are taking necessary steps to adjust capacity and cost base.



# Integration update

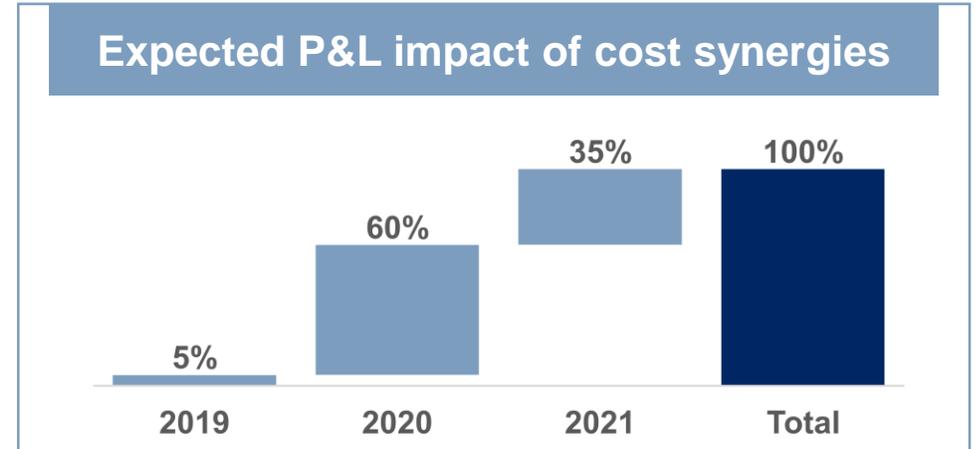
On track despite the COVID-19

## Operational integration

- The integration continues as planned and we are on track to deliver the expected synergies.
- COVID-19 has only had limited impact on the integration plans.
- By the end of March 2020, more than 30 countries have been onboarded, representing approximately 70% of Panalpina volume.
- Transfer of customers to DSV systems is progressing well and no significant service issues have emerged.

## Cost synergies and integration cost

- Cost synergy target of DKK 2,300 million and the expected timeline is maintained.
- Integration cost is expected in the level of DKK 2,300 million. The income statement was impacted by DKK 800 million in FY-19 and DKK 511 million in Q1-20, the remaining are expected in the last nine months of 2020.



# COVID-19 initiatives

Initiated to adapt to lower market activity and global restrictions

- Reducing cost base by approx. DKK 1,400 million on annual basis:
  - Rightsizing the organisation to match activity level
  - Expected to be phased in during second half of 2020
  - Postponement of non-critical projects
- The COVID-19 initiatives will come on top of the Panalpina integration synergies.
- The savings will trigger additional restructuring costs of approx. DKK 1,000 million in 2020.
- DSV Panalpina has a solid financial position and is ready to meet challenges that may arise from the COVID-19 situation.

# Air & Sea

(DKKm)	Q1 2020	Q1 2019	Growth*
 Gross profit	1,722	1,194	+43.6%
 Gross profit	2,153	1,230	+74.2%
<b>Total gross profit</b>	<b>3,875</b>	<b>2,424</b>	<b>+59.1%</b>
<b>EBIT</b>	<b>1,130</b>	<b>998</b>	<b>+12.9%</b>

\*) Growth rates are in constant currencies and including M&A impact.

## Management commentary

Strong growth driven by the acquisition of Panalpina. The integration continues as planned and it is no longer possible to separate organic growth from acquired growth.

Conversion ratio and operating margin were negatively impacted by the inclusion of Panalpina.

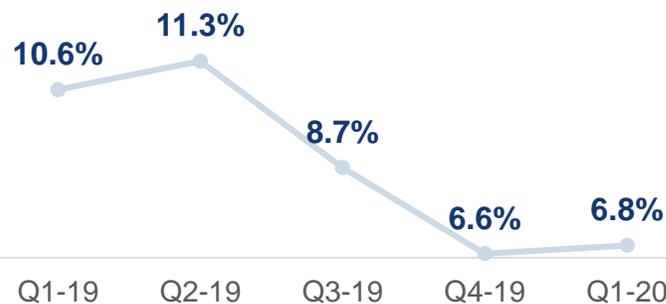
COVID-19 was primarily impacting China volumes in February, but had global impact in March.

Challenging air freight market due to drastic decline in available capacity.

### Conversion ratio

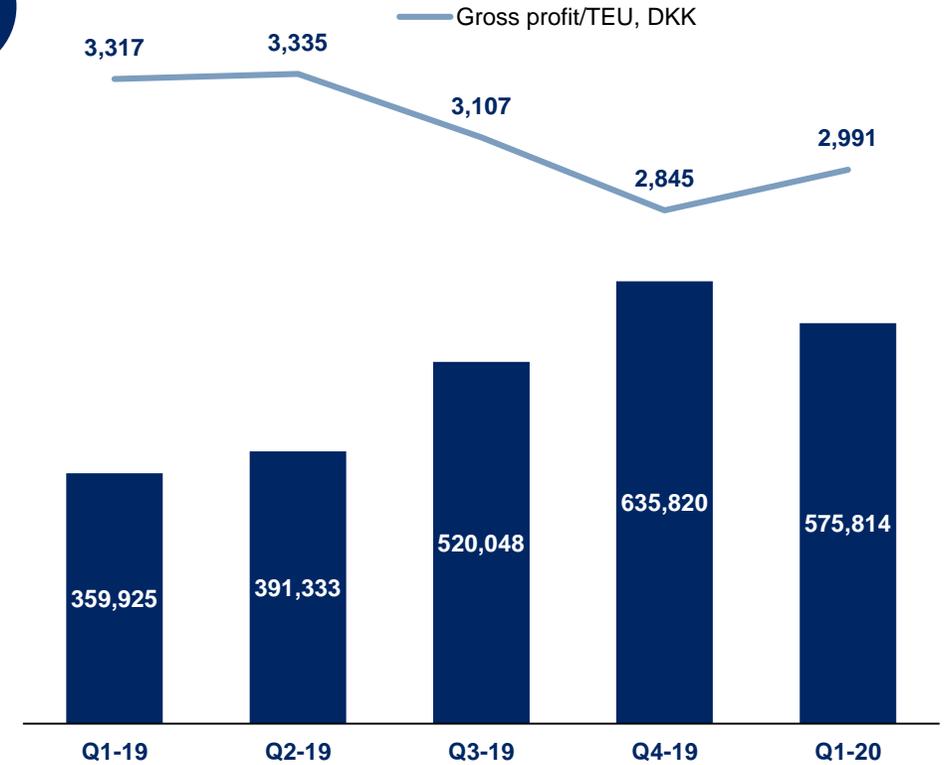
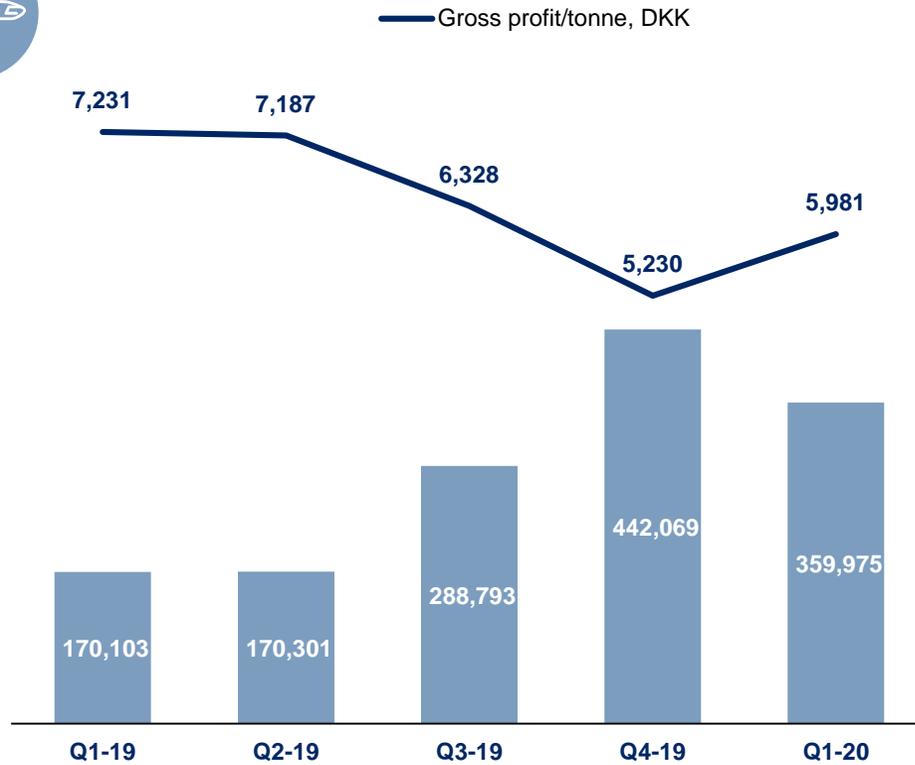


### Operating margin



# Air & Sea volumes

Growth driven by Panalpina acquisition, strong yield development in Q1-20



## Volume growth air

DSV	5%	(2%)	63%	152%	112%
Market (negative)	(2%)	(5%)	(4%)	(4%)	(8 - 10%)

## Volume growth sea

DSV	4%	6%	41%	78%	60%
Market (negative)	1%	2%	2%	2%	(5 - 7%)

# Road

(DKKm)	Q1 2020	Q1 2019	Growth*
 <b>Revenue</b>	7,921	8,102	(2.0%)
 <b>Gross profit</b>	1,535	1,561	(1.3%)
 <b>EBIT</b>	259	298	(12.8%)

\*) Growth rates are in constant currencies and including M&A impact.

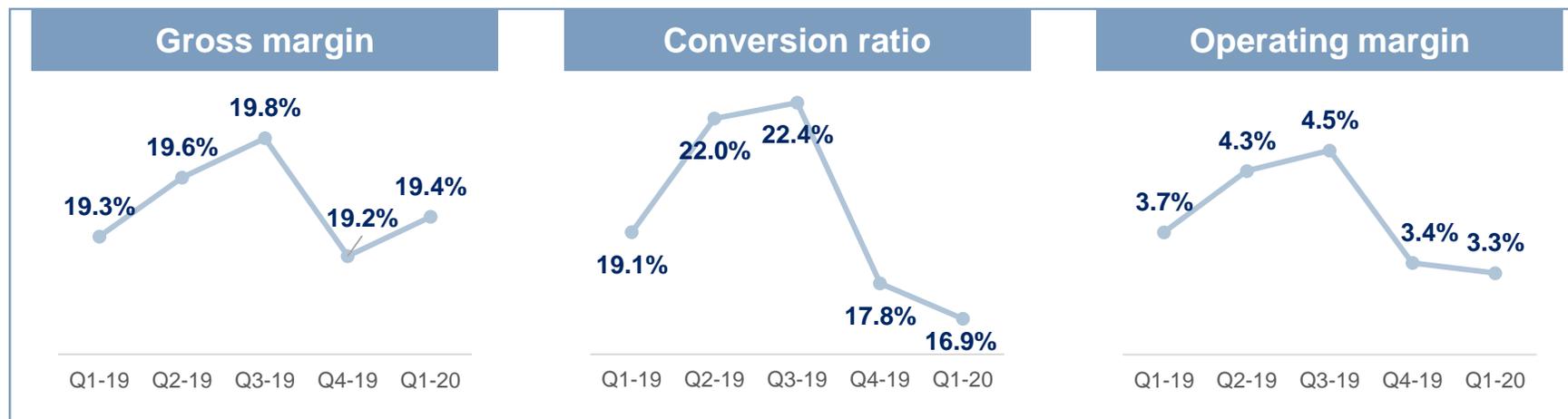
## Management commentary

In January and February, the activity level was as expected for the division.

March normally has the highest activity level, but was significantly impacted by COVID-19, leading to a decline in EBIT for the quarter.

COVID-19 has heavily impacted the automotive industry and certain parts of retail, whereas distribution to grocery stores and pharma/healthcare has been holding up.

Despite lockdowns and closed borders, we have been able to carry out international transports – although with some delays.



# Solutions

(DKKm)	Q1 2020	Q1 2019	Growth*
 <b>Revenue</b>	3,441	3,049	+12.6%
 <b>Gross profit</b>	1,256	1,126	+11.7%
 <b>EBIT</b>	159	193	(17.2%)

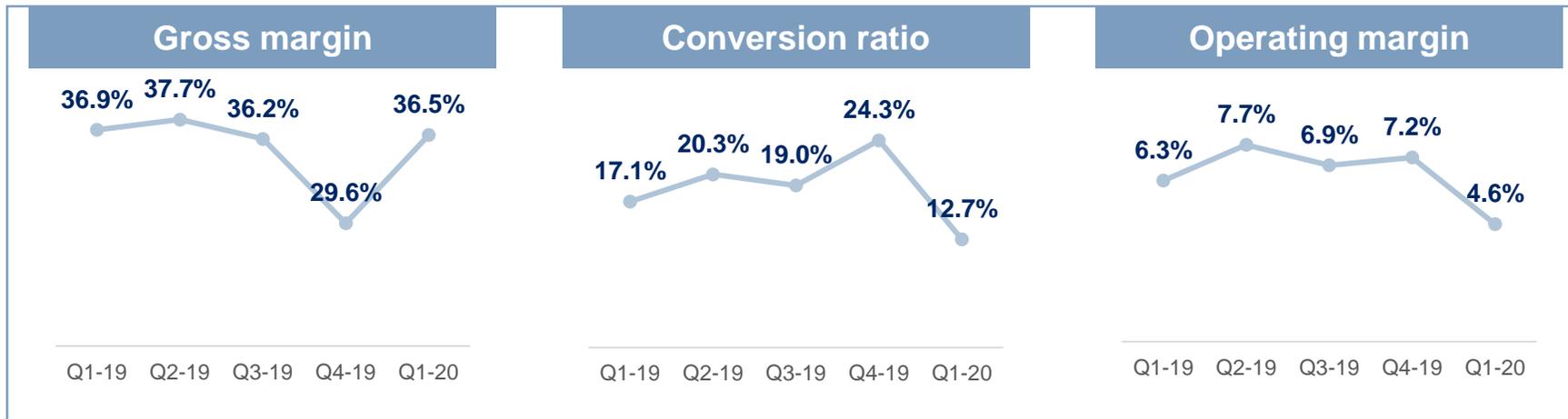
\*) Growth rates are in constant currencies and including M&A impact.

## Management commentary

The growth in revenue and gross profit was mainly driven by the Panalpina acquisition.

Similar to the Road division, the COVID-19 impact came in March with a sharp decline in order lines. Automotive and fashion were the worst hit industries. E-commerce and pharma/healthcare saw a positive development in the quarter.

EBIT in Q1-20 was impacted by one-off costs related to specific customer contracts and start-up costs for new distribution centres.



# P&L Q1 2020

(DKK m)	Q1 2020	Q1 2019	Growth*
Revenue	27,309	19,979	36.6%
Direct costs	20,625	14,865	
<b>Gross profit</b>	<b>6,684</b>	<b>5,114</b>	<b>30.6%</b>
Other external expenses	867	656	
Staff costs	3,213	2,195	
<b>EBITDA before special items</b>	<b>2,604</b>	<b>2,263</b>	
Depreciation of right-of-use assets	798	632	
Depreciation and amortisation of owned assets	240	177	
<b>EBIT before special items</b>	<b>1,566</b>	<b>1,454</b>	<b>7.6%</b>
Special items, costs	511	-	
Financial items, exchange rate adjustments	407	7	
Financial items, other	190	166	
<b>Profit before tax</b>	<b>458</b>	<b>1,281</b>	
Tax on profit for the period	127	318	
<b>Profit for the period</b>	<b>331</b>	<b>963</b>	
Gross margin (%)	24.5	25.6	
Operating margin (%)	5.7	7.3	
Conversion ratio (%)	23.4	28.4	
Effective tax rate (%)	27.7	24.8	
Diluted adjusted EPS for the last 12 months (DKK)	19.0	23.4	
Full-time employees	58,788	47,281	

\*) Growth rates are in constant currencies and including M&A impact.

## Management commentary

Significant impact from the Panalpina acquisition and decline in activity following COVID-19.

Operating margin and conversion ratio are initially diluted by Panalpina. Cost synergies are being realised according to plan.

Special items were related to the integration.

The increase in financial items was mainly due to non-cash currency rate adjustments on intra-group loans.

Effective tax rate of 27.7% was impacted by the integration and restructuring costs.

EPS was impacted by the capital increase in connection with the Panalpina transaction.

# Cash flow Q1 2020

(DKKm)	Q1 2020	Q1 2019	Variance
<b>EBITDA before special items</b>	<b>2,604</b>	<b>2,263</b>	<b>341</b>
Change in working capital etc.	(355)	(495)	140
Tax, interest, change in provisions etc.	(348)	(402)	54
Special items, paid	(555)	-	(555)
<b>Cash flow from operating activities</b>	<b>1,346</b>	<b>1,366</b>	<b>20</b>
<b>Cash flow from investing activities</b>	<b>(201)</b>	<b>(177)</b>	<b>(24)</b>
<b>Free cash flow</b>	<b>1,145</b>	<b>1,189</b>	<b>(44)</b>
<b>Statement of adjusted free cash flow</b>			
Free cash flow	1,145	1,189	(44)
Special items (restructuring costs)	555	-	555
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	(785)	(649)	(136)
<b>Adjusted free cash flow</b>	<b>915</b>	<b>540</b>	<b>375</b>
<b>KPIs</b>			
<i>Net working capital (NWC)</i>	3,532	2,199	
<i>NWC in % revenue</i>	3.5%	2.7%	
<i>Net interest-bearing debt (NIBD)</i>	21,257	16,107	
<i>Gearing ratio</i>	2.0	1.7	
<i>Average duration, long-term loan commitments (years)</i>	4.3	3.0	
<i>Invested capital</i>	67,868	30,744	
<i>ROIC before tax (including goodwill and customer relations)</i>	13.7%	19.5%	
<i>ROIC before tax (excluding goodwill and customer relations)</i>	41.8%	39.7%	

## Management commentary

Cash flow from operating activities was impacted by payment of restructuring costs.

COVID-19 is likely to increase pressure on NWC. We monitor the situation closely.

Financial gearing ratio at target level.

Total committed undrawn credit facilities of more than EUR 1,000 million. New credit facilities of EUR 600 million signed in April 2020.

New EUR 500 million 7-year Eurobond issued in February. The bond is BBB+ rated.

Invested capital and ROIC were impacted by the Panalpina transaction.

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## Appendix

# Quarterly P&L details

## DSV Group

(DKKm)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
Revenue	18,380	19,491	20,237	20,945	79,053	19,979	20,079	24,521	30,122	94,701	27,309
Direct costs	14,260	15,041	15,765	16,498	61,564	14,865	14,794	18,250	23,038	70,947	20,625
<b>Gross profit</b>	<b>4,120</b>	<b>4,450</b>	<b>4,472</b>	<b>4,447</b>	<b>17,489</b>	<b>5,114</b>	<b>5,285</b>	<b>6,271</b>	<b>7,084</b>	<b>23,754</b>	<b>6,684</b>
Other external expenses	758	733	769	776	3,036	656	642	817	1,018	3,133	867
Staff costs	2,024	2,086	2,004	2,127	8,241	2,195	2,202	2,727	3,205	10,329	3,213
<b>EBITDA before special items</b>	<b>1,338</b>	<b>1,631</b>	<b>1,699</b>	<b>1,544</b>	<b>6,212</b>	<b>2,263</b>	<b>2,441</b>	<b>2,727</b>	<b>2,861</b>	<b>10,292</b>	<b>2,604</b>
Depreciation of right-of-use assets						632	626	680	796	2,734	798
Amortisation and depreciation of owned assets	182	182	192	206	762	177	184	262	281	904	240
<b>EBIT before special items</b>	<b>1,156</b>	<b>1,449</b>	<b>1,507</b>	<b>1,338</b>	<b>5,450</b>	<b>1,454</b>	<b>1,631</b>	<b>1,785</b>	<b>1,784</b>	<b>6,654</b>	<b>1,566</b>
Special Items, net costs	-	-	-	-	-	-	19	172	609	800	511
Financial income						22	25	85	(1)	131	65
Financial expenses - lease liabilities						89	91	96	107	383	114
Financial expenses	155	(120)	94	120	249	106	83	102	315	606	548
<b>Profit before tax</b>	<b>1,001</b>	<b>1,569</b>	<b>1,413</b>	<b>1,218</b>	<b>5,201</b>	<b>1,281</b>	<b>1,463</b>	<b>1,500</b>	<b>752</b>	<b>4,996</b>	<b>458</b>
Tax on profit for the period	232	382	309	290	1,213	318	314	351	307	1,290	127
<b>Profit for the period</b>	<b>769</b>	<b>1,187</b>	<b>1,104</b>	<b>928</b>	<b>3,988</b>	<b>963</b>	<b>1,149</b>	<b>1,149</b>	<b>445</b>	<b>3,706</b>	<b>331</b>
<i>Gross Margin, %</i>	22.4	22.8	22.1	21.2	22.1	25.6	26.3	25.6	23.5	25.1	24.5
<i>Operating Margin, %</i>	6.3	7.4	7.4	6.4	6.9	7.3	8.1	7.3	5.9	7.0	5.7
<i>Conversion Ratio, %</i>	28.1	32.6	33.7	30.1	31.2	28.4	30.9	28.5	25.2	28.0	23.4
<i>Tax percentage</i>	23.2	24.3	21.9	23.8	23.3	24.8	21.5	23.4	40.8	25.8	27.7
<i>Blue collar costs (included in direct costs)</i>	1,155	1,184	1,181	1,271	4,791	1,218	1,231	1,313	1,537	5,299	1,411
Number of full time employees	46,767	47,144	48,182	47,394	47,394	47,281	47,552	61,799	61,216	61,216	58,788

# Quarterly P&L details

## Air & Sea

(DKKm)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
Divisional revenue	8,414	9,095	9,625	9,838	36,972	9,411	9,682	13,981	18,077	51,151	16,674
Direct costs	6,269	6,708	7,266	7,536	27,779	6,987	7,153	10,538	13,956	38,634	12,799
<b>Gross profit</b>	<b>2,145</b>	<b>2,387</b>	<b>2,359</b>	<b>2,302</b>	<b>9,193</b>	<b>2,424</b>	<b>2,529</b>	<b>3,443</b>	<b>4,121</b>	<b>12,517</b>	<b>3,875</b>
Other external expenses	457	485	439	473	1,854	386	424	594	863	2,267	797
Staff costs	870	893	886	911	3,560	943	935	1,442	1,773	5,093	1,679
<b>EBITDA before special items</b>	<b>818</b>	<b>1,009</b>	<b>1,034</b>	<b>918</b>	<b>3,779</b>	<b>1,095</b>	<b>1,170</b>	<b>1,407</b>	<b>1,485</b>	<b>5,157</b>	<b>1,399</b>
Depreciation of right-of-use assets						82	61	127	214	484	211
Amortisation and depreciation of owned assets	23	21	21	21	86	15	16	60	76	167	58
<b>EBIT before special items</b>	<b>795</b>	<b>988</b>	<b>1,013</b>	<b>897</b>	<b>3,693</b>	<b>998</b>	<b>1,093</b>	<b>1,220</b>	<b>1,195</b>	<b>4,506</b>	<b>1,130</b>
<i>Gross margin, %</i>	<i>25.5</i>	<i>26.2</i>	<i>24.5</i>	<i>23.4</i>	<i>24.9</i>	<i>25.8</i>	<i>26.1</i>	<i>24.6</i>	<i>22.8</i>	<i>24.5</i>	<i>23.2</i>
<i>Operating margin, %</i>	<i>9.4</i>	<i>10.9</i>	<i>10.5</i>	<i>9.1</i>	<i>10.0</i>	<i>10.6</i>	<i>11.3</i>	<i>8.7</i>	<i>6.6</i>	<i>8.8</i>	<i>6.8</i>
<i>Conversion ratio, %</i>	<i>37.1</i>	<i>41.4</i>	<i>42.9</i>	<i>39.0</i>	<i>40.2</i>	<i>41.2</i>	<i>43.2</i>	<i>35.4</i>	<i>29.0</i>	<i>36.0</i>	<i>29.2</i>
Number of full time employees	11,996	12,065	12,090	12,130	12,130	12,072	12,103	22,824	21,516	21,516	20,610
<b>Air</b>											
Revenue	4,206	4,610	4,894	5,182	18,892	4,598	4,564	7,352	10,620	27,134	9,530
Gross profit	1,065	1,186	1,194	1,182	4,627	1,230	1,224	1,827	2,313	6,594	2,153
<b>Airfreight, ton</b>	<b>162,689</b>	<b>173,578</b>	<b>177,155</b>	<b>175,623</b>	<b>689,045</b>	<b>170,103</b>	<b>170,301</b>	<b>288,793</b>	<b>442,069</b>	<b>1,071,266</b>	<b>359,975</b>
<b>GP/ton, DKK</b>	<b>6,546</b>	<b>6,833</b>	<b>6,736</b>	<b>6,730</b>	<b>6,715</b>	<b>7,231</b>	<b>7,187</b>	<b>6,328</b>	<b>5,226</b>	<b>6,155</b>	<b>5,981</b>
<b>Sea</b>											
Revenue	4,208	4,485	4,731	4,656	18,080	4,813	5,118	6,629	7,457	24,017	7,144
Gross profit	1,080	1,201	1,165	1,120	4,566	1,194	1,305	1,616	1,808	5,923	1,722
<b>TEU</b>	<b>346,788</b>	<b>369,211</b>	<b>369,143</b>	<b>357,206</b>	<b>1,442,348</b>	<b>359,925</b>	<b>391,333</b>	<b>520,048</b>	<b>635,820</b>	<b>1,907,126</b>	<b>575,814</b>
<b>GP/TEU, DKK</b>	<b>3,114</b>	<b>3,253</b>	<b>3,156</b>	<b>3,135</b>	<b>3,166</b>	<b>3,317</b>	<b>3,335</b>	<b>3,107</b>	<b>2,846</b>	<b>3,106</b>	<b>2,991</b>

# Quarterly P&L details

## Road

(DKKm)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
Divisional revenue	7,676	7,862	7,812	7,893	31,243	8,102	7,833	7,698	7,988	31,621	7,921
Direct costs	6,370	6,544	6,439	6,582	25,935	6,541	6,298	6,170	6,456	25,465	6,386
<b>Gross profit</b>	<b>1,306</b>	<b>1,318</b>	<b>1,373</b>	<b>1,311</b>	<b>5,308</b>	<b>1,561</b>	<b>1,535</b>	<b>1,528</b>	<b>1,532</b>	<b>6,156</b>	<b>1,535</b>
Other external expenses	347	275	357	347	1,326	300	232	261	267	1,060	287
Staff costs	686	687	639	694	2,706	719	725	679	741	2,864	757
<b>EBITDA before special items</b>	<b>273</b>	<b>356</b>	<b>377</b>	<b>270</b>	<b>1,276</b>	<b>542</b>	<b>578</b>	<b>588</b>	<b>524</b>	<b>2,232</b>	<b>491</b>
Depreciation of right-of-use assets						218	213	212	219	862	206
Amortisation and depreciation of owned assets	32	34	32	31	129	26	27	33	33	119	26
<b>EBIT before special items</b>	<b>241</b>	<b>322</b>	<b>345</b>	<b>239</b>	<b>1,147</b>	<b>298</b>	<b>338</b>	<b>343</b>	<b>272</b>	<b>1,251</b>	<b>259</b>
<i>Gross margin, %</i>	<i>17.0</i>	<i>16.8</i>	<i>17.6</i>	<i>16.6</i>	<i>17.0</i>	<i>19.3</i>	<i>19.6</i>	<i>19.8</i>	<i>19.2</i>	<i>19.5</i>	<i>19.4</i>
<i>Operating margin, %</i>	<i>3.1</i>	<i>4.1</i>	<i>4.4</i>	<i>3.0</i>	<i>3.7</i>	<i>3.7</i>	<i>4.3</i>	<i>4.5</i>	<i>3.4</i>	<i>4.0</i>	<i>3.3</i>
<i>Conversion ratio, %</i>	<i>18.5</i>	<i>24.4</i>	<i>25.1</i>	<i>18.2</i>	<i>21.6</i>	<i>19.1</i>	<i>22.0</i>	<i>22.4</i>	<i>17.8</i>	<i>20.3</i>	<i>16.9</i>
Number of full time employees	13,047	13,160	13,345	12,850	12,850	13,181	13,134	13,493	13,644	13,644	15,200

## Solutions

(DKKm)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
Divisional revenue	2,848	3,111	3,417	3,853	13,229	3,049	3,147	3,465	4,729	14,390	3,441
Direct costs	2,149	2,370	2,659	3,016	10,194	1,923	1,961	2,209	3,328	9,421	2,185
<b>Gross profit</b>	<b>699</b>	<b>741</b>	<b>758</b>	<b>837</b>	<b>3,035</b>	<b>1,126</b>	<b>1,186</b>	<b>1,256</b>	<b>1,401</b>	<b>4,969</b>	<b>1,256</b>
Other external expenses	235	226	235	259	955	264	254	278	292	1,088	289
Staff costs	278	286	283	294	1,141	306	304	341	355	1,306	385
<b>EBITDA before special items</b>	<b>186</b>	<b>229</b>	<b>240</b>	<b>284</b>	<b>939</b>	<b>556</b>	<b>628</b>	<b>637</b>	<b>754</b>	<b>2,575</b>	<b>582</b>
Depreciation of right-of-use assets						314	335	329	348	1,326	364
Amortisation and depreciation of owned assets	59	54	56	61	230	49	52	69	66	236	59
<b>EBIT before special items</b>	<b>127</b>	<b>175</b>	<b>184</b>	<b>223</b>	<b>709</b>	<b>193</b>	<b>241</b>	<b>239</b>	<b>340</b>	<b>1,013</b>	<b>159</b>
<i>Gross margin, %</i>	<i>24.5</i>	<i>23.8</i>	<i>22.2</i>	<i>21.7</i>	<i>22.9</i>	<i>36.9</i>	<i>37.7</i>	<i>36.2</i>	<i>29.6</i>	<i>34.5</i>	<i>36.5</i>
<i>Operating margin, %</i>	<i>4.5</i>	<i>5.6</i>	<i>5.4</i>	<i>5.8</i>	<i>5.4</i>	<i>6.3</i>	<i>7.7</i>	<i>6.9</i>	<i>7.2</i>	<i>7.0</i>	<i>4.6</i>
<i>Conversion ratio, %</i>	<i>18.2</i>	<i>23.6</i>	<i>24.3</i>	<i>26.6</i>	<i>23.4</i>	<i>17.1</i>	<i>20.3</i>	<i>19.0</i>	<i>24.3</i>	<i>20.4</i>	<i>12.7</i>
Number of full time employees	19,534	19,584	20,384	20,025	20,025	19,862	20,146	22,521	22,777	22,777	20,079

# Specification of amortisation and depreciation

(DKKm)	Q1 2020					Q1 2019				
	Air & Sea	Road	Solutions	Group	Total	Air&Sea	Road	Solutions	Group	Total
Right of-use-assets	211	206	364	17	<b>798</b>	82	218	314	18	<b>632</b>
Owned assets	15	23	55	97	<b>190</b>	12	25	48	87	<b>172</b>
Customer relationships	43	3	4	-	<b>50</b>	3	1	1	-	<b>5</b>
<b>Total</b>	<b>269</b>	<b>232</b>	<b>423</b>	<b>114</b>	<b>1,038</b>	<b>97</b>	<b>244</b>	<b>363</b>	<b>105</b>	<b>809</b>

# Investor contact information

## Share information



DSV Panalpina A/S is listed on the Copenhagen stock exchange under the symbol 'DSV'.

For further company information, please visit: [www.dsv.com](http://www.dsv.com)

## Financial calendar 2020



31 Jul. 2020 Interim Financial Report, H1 2020

29 Oct. 2020 Interim Financial Report, Third Quarter 2020

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