



## DSV H1 2013 Interim Financial Report

Analyst Conference Call – 30 July 2013, 2.00 p.m. 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 A/S' control, may cause actual development and results to differ materially from the expectations contained in the presentation.

# Agenda

1. Highlights H1 2013
2. Revised market growth forecast
3. Business segments
4. Financial review H1 2013
5. Share buyback and dividend
6. M&A update
7. Q&A



# Highlights H1 2013

- H1 2013 has been characterised by markets with low growth and tough price competition
- DSV continues to win market share in most markets
  - With air freight as the exception
- Solid financial results achieved in all Divisions
  - On track with internal expectations
  - Costs remain well under control
- Integration of acquired companies progressing as planned
- Financial guidance for 2013 maintained and DKK 300 million share buyback programme initiated



## Revised market growth forecast 2013 (freight volume)

	DSV H1 2013	Market H1 2013	Full-year 2013 market growth forecast	Changes to previous market forecast
Air	-3%	0% to -2%	0%	Was 0% to +2%
Sea	+3%	0% to +2%	+2% to +3%	Was +2% to +4%
Road (Europe)	+1%	-1% to -2%	-1% to -2%	Unchanged
Solutions (Europe)	+2%	-1% to -2%	-1% to -2%	Unchanged

- Based on H1 developments, market expectations for Air & Sea volumes are revised downwards 1% to 2%
- The overall target for DSV is to gain market share in all Divisions
- Market growth is based on own estimates

## Business segments – Air & Sea

- Sea freight – satisfactory volume growth of 3% in H1 2013 and 4% in Q2 2013
  - GP per TEU remained stable, but market rate volatility continues
  - Approx. 1% of volume growth relates to acquired companies
- Air freight – volume down 3% in H1 2013 and down 3% in Q2 2013
  - Average GP per tonne was 2% up in Q2 2013 compared with Q1 2013
  - Volume development below market, mainly due to lower volume from large industrial accounts
- EBIT for H1 down 7.2% organically
  - Conversion ratio impacted by integration of acquired companies and start-up of new offices
  - Cost control and productivity remain high on the agenda

DKK million	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Organic growth Q2	H1 2012	H1 2013	Organic growth H1
Revenue	5,048	5,236	5,157	4,726	5,000	-5.7%	9,462	9,726	-1.0%
<b>Gross profit</b>	<b>1,088</b>	<b>1,106</b>	<b>1,077</b>	<b>994</b>	<b>1,090</b>	<b>-2.2%</b>	<b>2,086</b>	<b>2,084</b>	<b>-2.1%</b>
<i>Gross margin</i>	21.6%	21.1%	20.9%	21.0%	21.8%		22.0%	21.4%	
<b>EBIT</b>	<b>376</b>	<b>397</b>	<b>341</b>	<b>276</b>	<b>351</b>	<b>-6.6%</b>	<b>674</b>	<b>627</b>	<b>-7.2%</b>
<i>EBIT margin</i>	7.4%	7.6%	6.6%	5.8%	7.0%		7.1%	6.4%	
<i>Conversion ratio</i>	34.6%	35.9%	31.7%	27.8%	32.2%		32.3%	30.1%	

Growth vs. 2012	Q2 2013		H1 2013	
	DSV	Market*	DSV	Market*
Sea freight (TEUs)	+4%	-1% to +2%	+3%	0% to +2%
Air freight (tonnes)	-3%	0% to -2%	-3%	0% to -2%

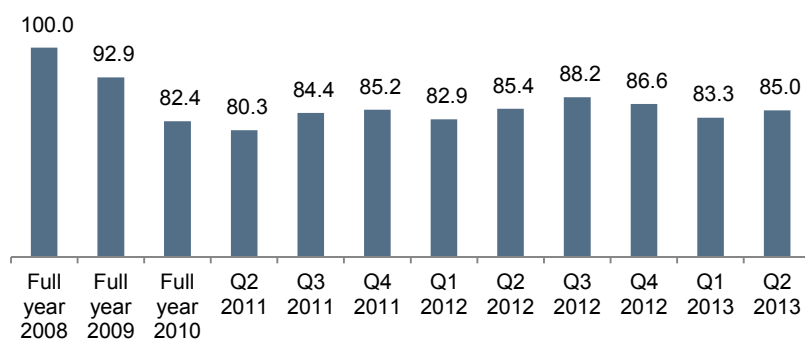
\*) DSV's estimates



# Gross profit per unit – Air & Sea

## Air

**Gross profit per tonne**  
2008 = Index 100

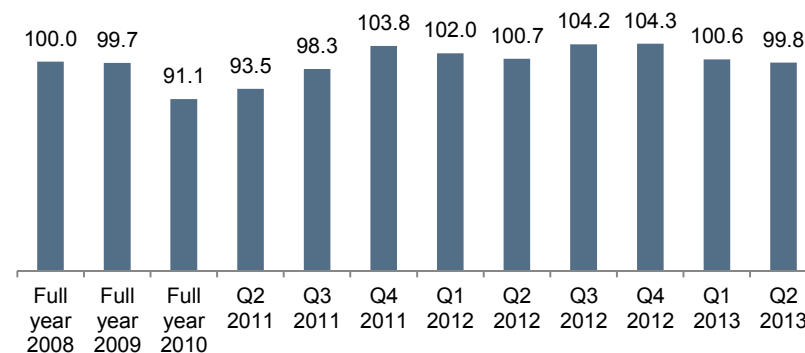


- Full-year 2012 index 85.8 (2011: 81.8)

- The graphs are not adjusted for exchange rate fluctuations. Compared with 2012, the gross profit per unit for H1 2013 is negatively impacted by lower USD/DKK rate – the estimated effect is minus 1%.

## Sea

**Gross profit per TEU**  
2008 = Index 100



- Full-year 2012 index 102.8 (2011: 97.4)





# Business segments – Road

- The Division has gained market share in most countries
  - Market remains competitive in all regions
- Gross margin under pressure compared with H1 2012, but seems to have stabilised
- Satisfactory development in conversion ratio
  - Cost control initiatives from 2012 are having the expected effect

DKK million	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Organic growth Q2	H1 2012	H1 2013	Organic growth H1
Revenue	5,756	5,494	5,619	5,666	5,800	-0.4%	11,541	11,466	-1.9%
<b>Gross profit</b>	<b>1,133</b>	<b>1,054</b>	<b>1,060</b>	<b>1,057</b>	<b>1,112</b>	<b>-2.5%</b>	<b>2,232</b>	<b>2,169</b>	<b>-3.5%</b>
<i>Gross margin</i>	19.7%	19.2%	18.9%	18.7%	19.2%		19.3%	18.9%	
<b>EBIT</b>	<b>264</b>	<b>234</b>	<b>215</b>	<b>202</b>	<b>269</b>	<b>2.3%</b>	<b>484</b>	<b>471</b>	<b>-1.7%</b>
<i>EBIT margin</i>	4.6%	4.3%	3.8%	3.6%	4.6%		4.2%	4.1%	
<i>Conversion ratio</i>	23.3%	22.2%	20.3%	19.1%	24.2%		21.7%	21.7%	

	Q2 2013	
Growth vs. 2012	DSV	Market*
Consignments	+2%	-1 to -2%

	H1 2013	
	DSV	Market*
	+1%	-1 to -2%

\*) DSV's estimates





# Business segments – Solutions

- Satisfactory trend in revenue and activity level in H1 2013
  - Marginal impact from start-up of Solutions activities in certain countries (partly transferred from Road and A&S)
- Slight decline in gross profit for H1 2013, in spite of higher activity level
  - New contracts with higher revenue but lower GP per order line and lower overall profitability
- Improved EBIT development
  - Focus remains high on productivity and cost management
  - One-off gain in Q2 2013 of DKK 10 million from sale of property

DKK million	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Organic growth Q2	H1 2012	H1 2013	Organic growth H1
Revenue	1,275	1,286	1,335	1,344	1,372	7.4%	2,560	2,716	5.7%
<b>Gross profit</b>	<b>361</b>	<b>369</b>	<b>357</b>	<b>348</b>	<b>360</b>	<b>-0.3%</b>	<b>712</b>	<b>708</b>	<b>-0.7%</b>
Gross margin	28.3%	28.7%	26.7%	25.9%	26.2%		27.8%	26.1%	
<b>EBIT</b>	<b>59</b>	<b>69</b>	<b>67</b>	<b>45</b>	<b>76</b>	<b>31.0%</b>	<b>114</b>	<b>121</b>	<b>7.1%</b>
EBIT margin	4.6%	5.4%	5.0%	3.3%	5.5%		4.5%	4.5%	
Conversion ratio	16.3%	18.7%	18.8%	12.9%	21.1%		16.0%	17.1%	

	Q2 2013		H1 2013	
Growth vs. 2012	DSV	Market*	DSV	Market*
Order lines	+3%	-1 to -2%	+2%	-1 to -2%

\*) DSV's estimates

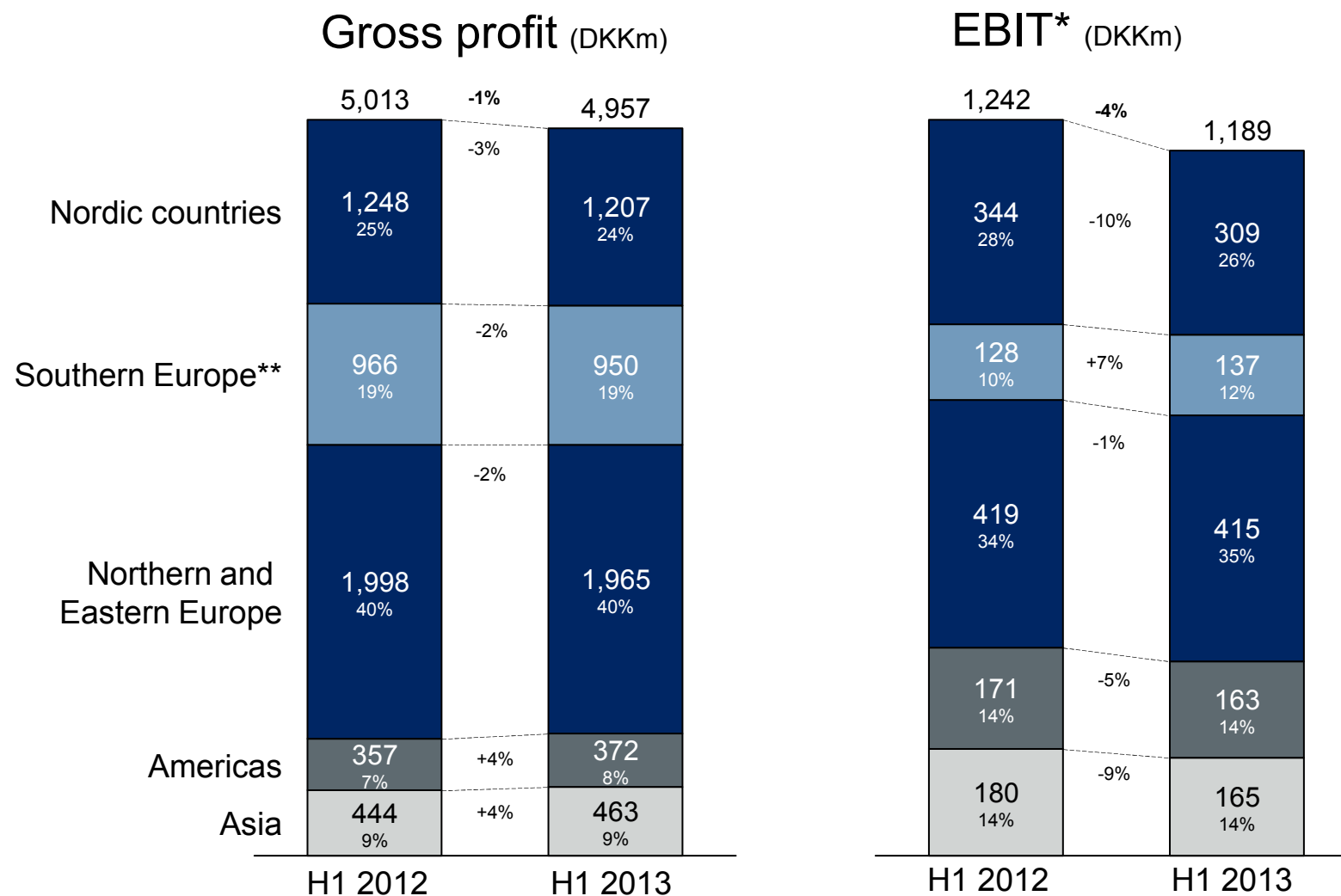


# Financial review H1 2013

DKK million	Q2 2012	Q2 2013	Organic growth	H1 2012	H1 2013	Organic growth
Revenue	11,372	11,406	-2.5%	22,191	22,387	-1.4%
Direct costs	8,241	8,298		16,078	16,320	
Staff costs, blue-collar	553	555		1,100	1,110	
<b>Gross profit</b>	<b>2,578</b>	<b>2,553</b>	<b>-2.1%</b>	<b>5,013</b>	<b>4,957</b>	<b>-2.1%</b>
Other external costs	521	504		1,036	1,024	
Staff costs, white-collar	1,238	1,245		2,468	2,487	
<b>EBITDA</b>	<b>819</b>	<b>804</b>		<b>1,509</b>	<b>1,446</b>	
Depreciation and amortisation	132	124		267	257	
<b>EBIT, before special items</b>	<b>687</b>	<b>680</b>	<b>-0.4%</b>	<b>1,242</b>	<b>1,189</b>	<b>-3.9%</b>
Special items	0	23		251	25	
<b>EBIT</b>	<b>687</b>	<b>657</b>		<b>991</b>	<b>1,164</b>	
Net financials	75	81		156	150	
<b>Profit before tax</b>	<b>612</b>	<b>576</b>		<b>835</b>	<b>1,014</b>	
Tax	182	159		243	276	
<b>Net profit</b>	<b>430</b>	<b>417</b>		<b>592</b>	<b>738</b>	
Diluted, adjusted EPS, DKK (period)	2.47	2.60		4.48	4.57	
Diluted, adjusted EPS, DKK (12 months)				8.61	9.60	
Employees - at 30 June				21,433	21,812	
<b>KPIs</b>						
EBIT-margin, before special items	6.0%	6.0%		5.6%	5.3%	
Conversion ratio	26.6%	26.6%		24.8%	24.0%	
Effective tax rate	29.7%	27.6%		29.1%	27.2%	

- Other external costs and staff costs have developed in line with expectations
- The total cost base is impacted by integration of acquired companies
- Increase in total headcount of approx. 500 from M&A (year-on-year)
- Effective tax rate of 26% still expected for full-year 2013

# Gross Profit and EBIT – regional development H1 2013



\*)EBIT before special items

\*\*) Southern Europe: France, Italy, Spain, Portugal and Greece

# Financial review H1 2013 – cash flow and debt

DKK million	H1 2012	H1 2013
<b>Cash flow statement - key figures</b>		
Profit before tax	835	1,014
Amortisation and depreciation	267	257
Change in NWC	126	-232
Corporation tax paid	-581	-230
Changes in provisions etc.	82	-85
<b>Cash flow from operating activities</b>	<b>729</b>	<b>724</b>
Cash flow from investing activities, excl. M&A	-213	-50
Cash flow from investing activities, M&A	12	-80
<b>Free cash flow</b>	<b>528</b>	<b>594</b>
<b>Free cash flow, adjusted for M&amp;A</b>	<b>516</b>	<b>674</b>
<b>Net working capital (NWC)</b>		
NWC	96	611
NWC/revenue	0.2%	1.4%
<b>Net interest-bearing debt (NIBD)</b>		
Net interest-bearing debt (NIBD)	6,713	6,528
Financial gearing (NIBD/EBITDA)	2.2x	2.2x
Average duration, long-term debt (years)	4.0	4.4


- Cash flow for H1 2013 is on expected level
- Increase in net working capital, especially in Air & Sea, as a result of pressure from both customers and vendors. Also impact from M&A
- Furthermore, NWC is impacted by seasonality – due to a high level of activity Q2 and Q3 are traditionally high
- Target for NWC remains at 1% of revenue
- Proceeds from DKK 1.0 billion / 7 year corporate bond in Q2 2013 were used for refinancing of bank debt

# Share buyback and dividend 2013

- Share buyback programme of DKK 400 million was concluded on 2 July 2013
- Share buyback programme of DKK 300 million announced on 30 July 2013, running until 24 October 2013
- As per 30 July 2013, the portfolio of treasury shares amounted to 3.5 million shares (corresponding to 2.0% of shares issued)
- YTD 2013 DSV has bought back 2.9 million shares, corresponding to 1.6% of shares issued (in 2012, the total share buyback for the year corresponded to 5.5% of shares issued)

<b>Announced allocations to shareholders (DKK million)</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>H2 2013</b>	<b>Total 2013</b>
Dividend	235			235
Share buyback 30 April 2013		383	17	400
Share buyback 30 July 2013			300	300
<b>Total allocated to shareholders 2013 - YTD</b>	<b>235</b>	<b>383</b>	<b>317</b>	<b>935</b>

# M&A update

	Status	Annual revenue (DKK million)	Area	Division	Included in DSV Group from
	Announced and closed	225	Czech Republic	Road Air & Sea Solutions	October 2012
	Announced and closed	400 (of which app. 70% consolidated)	Africa, Middle East, Asia	Air & Sea	October 2012
	Announced and closed	190	Argentina, Chile, Peru	Air & Sea	November 2012
	Announced and closed	1,000	Denmark / Global	Air & Sea, Project Road Solutions	April 2013
	Announced and closed	45	Columbia	Air & Sea	July 2013
	Announced	600	Denmark, Norway, Sweden	Road	Exp. September 2013

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To ask questions press “\* 1”





## Appendix



# Outlook 2013

DKK million	Actual 2012	Outlook 2013	Growth %
Gross profit	10,054	10,100 - 10,500	0% to +4%
Operating profit before special items	2,540	2,550 - 2,750	0% to +8%
Net financial expenses	246	300	
Effective tax rate	29.2%	26%	
Free cash flow - before M&A	1,509	1,750	

The financial outlook is based on the following assumptions for market growth in 2013:

Market growth - transport volume	Actual 2012	Expected 2013*
Air	-1% to -3%	0%
Sea	0% to -2%	+2% to +3%
Road	-1% to -3%	-1% to -2%
Solutions	0%	-1% to -2%

\*) revised in July 2013

**DSV has a target of gaining market share in all markets of the Group**