



## **Presentation of DSV's H1 2012 Interim Financial Report**

Teleconference 31 July 2012, 12:30 p.m. CET

Presentation available on [www.dsv.com](http://www.dsv.com)



# Agenda

- **Highlights Q2 2012**
- **Business segments**
- **Revised expectations for market growth in 2012**
- **Financial review**
- **Share buy-back and dividend**
- **Outlook 2012 - reiterated**
- **Q&A**



# Highlights Q2 2012

- EBITA of DKK 687 million for Q2 2012: 3% organic growth on Q2 2011
- Adjusted EPS growth of 24% (12 months rolling)
- Air & Sea has delivered another strong quarter
  - limited impact from rate increases – resilient profit per unit
  - improved sea freight growth rate compared with Q1 2012
- Road continues to perform well in a challenging market
- Improved results in Solutions compared with Q1 2012
  - still impacted by one-off costs related to the implementation of new customers and a weak market in Southern Europe
- Share buy-back programme of DKK 300 million initiated
- Uncertainty related to global and European economy remains high, but guidance for 2012 is reiterated



# Business segments – Air & Sea

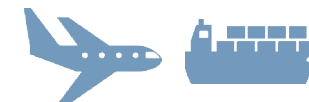


- 3.6% growth in gross profit and 3.0% growth in EBITA in Q2 2012
  - Satisfactory results in a challenging market
  - Growth in Americas and Asia, and results in Europe maintained on level with same period last year
- Air freight volume development in line with market
  - As in Q1 2012 DSV's performance was impacted by decline in full-charter volume
  - Market share gains on most other markets
- Sea freight volume development improved from Q2 2012 to Q1
  - Gross profit per TEU only marginally impacted by record high freight rate increases

DKK million	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Organic growth Q2
Revenue	4,743	4,742	4,776	4,414	5,048	2.9%
<b>Gross profit</b>	<b>1,020</b>	<b>1,027</b>	<b>1,078</b>	<b>998</b>	<b>1,088</b>	<b>3.6%</b>
<i>Gross margin</i>	21.5%	21.7%	22.6%	22.6%	21.6%	
<b>EBITA</b>	<b>345</b>	<b>356</b>	<b>363</b>	<b>298</b>	<b>376</b>	<b>3.0%</b>
<i>EBITA margin</i>	7.3%	7.5%	7.6%	6.8%	7.4%	
<i>Conversion ratio</i>	33.8%	34.7%	33.7%	29.9%	34.6%	
<b>Q2 2012</b>			<b>H1 2012</b>			
<b>Volume 2012 versus 2011</b>	<b>DSV</b>	<b>Market*</b>		<b>DSV</b>	<b>Market*</b>	
Air freight (tonnes)	(3%)	(4-5%)		(3%)	(4-5%)	
Sea freight (TEUs)	1%	3-4%		(1%)	3-4%	

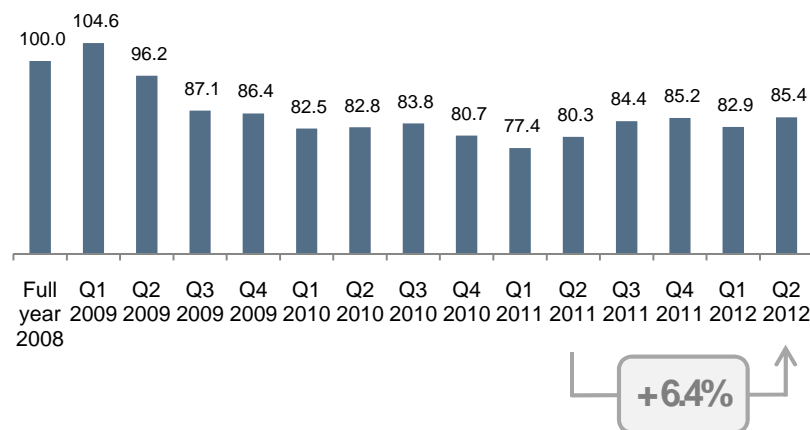
\*) DSV's estimates

# Gross profit per unit – Air & Sea



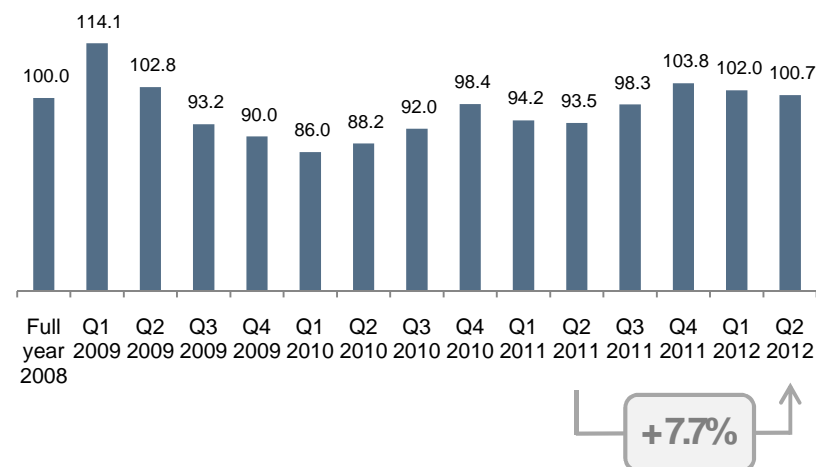
## Air

### Gross profit per tonne 2008 = Index 100



## Sea

### Gross profit per TEU 2008 = Index 100



- The development is not adjusted for foreign exchange rate changes
- Estimated positive impact from exchange rate development in Q1 and Q2 2012 is approx. 2-3% compared to same period last year

# Business segments – Road



- Organic EBITA growth of 7.8% in Q2 2012 and 13.9% in H1 2012
- The division has gained market shares in most countries under difficult market conditions
- Continued focus on improving the planning of transports and utilisation of transport equipment
- Cost control and productivity remain key priorities
  - Conversion ratio up from 21.9% in Q2 2011 to 23.3% in Q2 2012
- Improved results in most countries in H1 2012 compared with same period last year

DKK million	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Organic growth Q2
Revenue	5,815	5,646	5,586	5,785	5,756	(1.2%)
<b>Gross profit</b>	<b>1,120</b>	<b>1,058</b>	<b>1,055</b>	<b>1,099</b>	<b>1,133</b>	<b>1.0%</b>
<i>Gross margin</i>	19.3%	18.7%	18.9%	19.0%	19.7%	
<b>EBITA</b>	<b>245</b>	<b>226</b>	<b>184</b>	<b>220</b>	<b>264</b>	<b>7.8%</b>
<i>EBITA margin</i>	4.2%	4.0%	3.3%	3.8%	4.6%	
<i>Conversion ratio</i>	21.9%	21.4%	17.4%	20.0%	23.3%	

Volume 2012 versus 2011	Q2 2012		H1 2012	
	DSV	Market*	DSV	Market*
Consignments	1%	(1-2%)	2%	(1-2%)

\*) DSV's estimates

# Business segments – Solutions



- Positive development in total activity levels in H1 2012 – but declining activity in Southern Europe
- Gross profit for Q2 2012 was affected by planned start-up costs related to new customers and new facilities – but development has improved compared with the previous quarter
- EBITA is directly impacted by the decline in gross profit

DKK million	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Organic growth Q2
Revenue	1,259	1,231	1,271	1,285	1,275	1.0%
<b>Gross profit</b>	<b>372</b>	<b>370</b>	<b>372</b>	<b>351</b>	<b>361</b>	<b>(3.2%)</b>
<i>Gross margin</i>	29.5%	30.1%	29.3%	27.3%	28.3%	
<b>EBITA</b>	<b>65</b>	<b>71</b>	<b>73</b>	<b>55</b>	<b>59</b>	<b>(9.2%)</b>
<i>EBITA margin</i>	5.2%	5.8%	5.7%	4.3%	4.6%	
<i>Conversion ratio</i>	17.5%	19.2%	19.6%	15.7%	16.3%	

Volume 2012 versus 2011	Q2 2012		H1 2012	
	DSV	Market*	DSV	Market*
Order lines	1%	1-2%	2%	1-2%

\*) DSV's estimates

# Revised expectations for market growth in 2012

Expected market growth full-year 2012 - transport volume	Previous estimate	Revised expectations
Air (tonnes)	0%	(3 - 4%)
Sea (TEUs)	4 - 5%	3 - 4 %
Road (consignments)	1 - 2%	0%
Solutions (order lines)	1 - 2%	1 - 2 %

- Based on the market growth in H1 2012 and expectations for the rest of 2012, the full-year market growth expectations are revised
- For DSV the lower projected growth in volume is expected to be compensated by higher gross profit per unit
  - This has been the trend in the first half of 2012
- It is still DSV's long-term target to grow faster than the market
  - For sea freight the short-term target is to catch up with market growth
  - Weak European imports have lead to a negative market volume development on the Asia-Europe tradelane in H1 2012

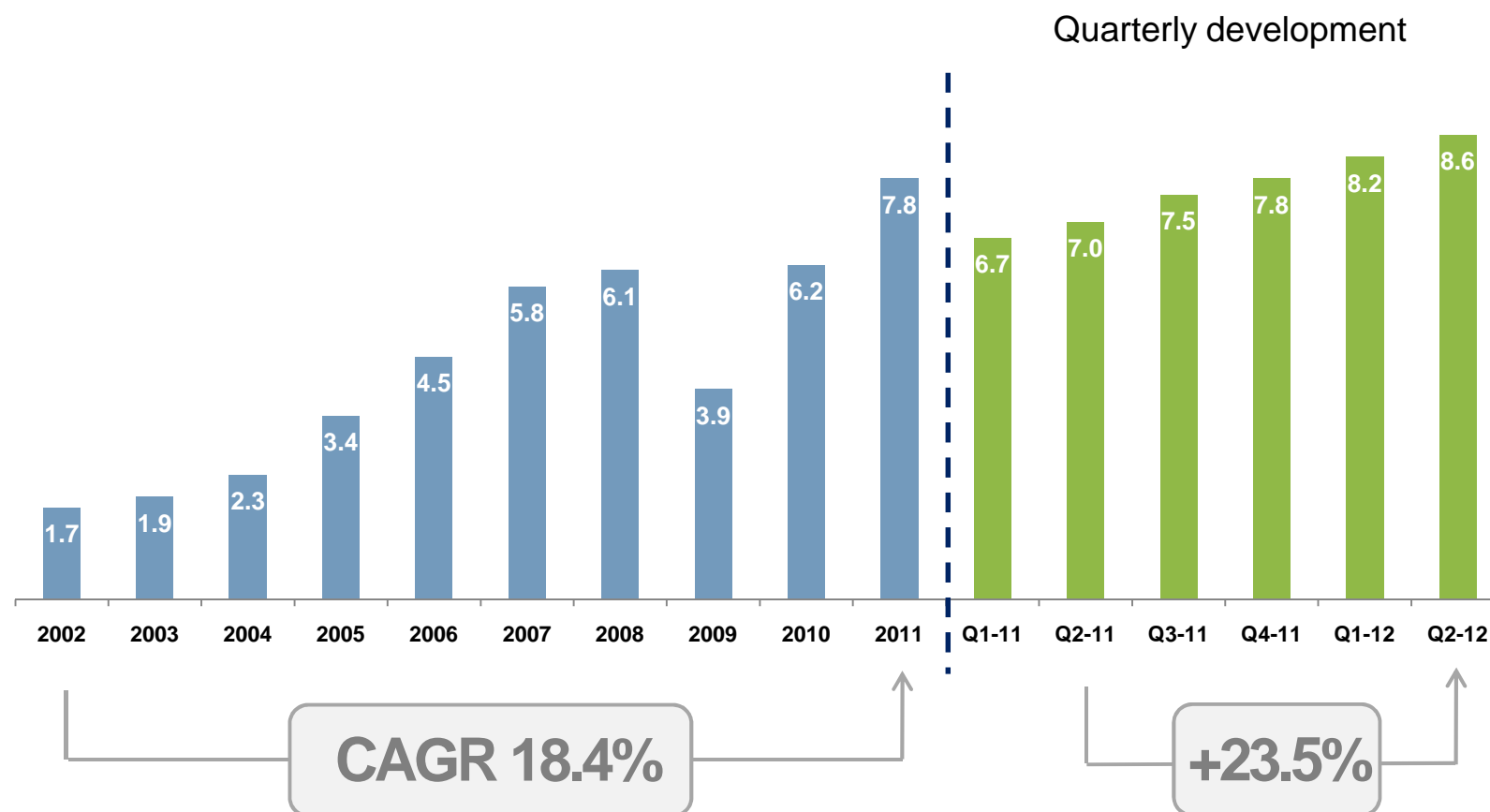


# Financial review H1 2012

DKK million	Q2 2011	Q2 2012	Change	H1 2011	H1 2012	Change
Revenue	11,089	11,372	2.6%	21,882	22,191	1.4%
Direct costs	8,589	8,794	2.4%	17,010	17,178	1.0%
<b>Gross profit</b>	<b>2,500</b>	<b>2,578</b>	<b>3.1%</b>	<b>4,872</b>	<b>5,013</b>	<b>2.9%</b>
Other external expenses	510	521	2.2%	1,011	1,036	2.5%
Staff costs, white-collar	1,206	1,238	2.7%	2,410	2,468	2.4%
<b>EBITDA</b>	<b>784</b>	<b>819</b>	<b>4.5%</b>	<b>1,451</b>	<b>1,509</b>	<b>4.0%</b>
Depreciation and amortisation	135	132	(2.2%)	268	267	(0.4%)
<b>EBITA, before special items</b>	<b>649</b>	<b>687</b>	<b>5.9%</b>	<b>1,183</b>	<b>1,242</b>	<b>5.0%</b>
Special items	-	-		-	(251)	
<b>EBIT</b>	<b>649</b>	<b>687</b>	<b>5.9%</b>	<b>1,183</b>	<b>991</b>	<b>(16.2%)</b>
Net financial expenses, etc.	107	75	(29.9%)	214	156	(27.1)
<b>Profit before tax</b>	<b>542</b>	<b>612</b>	<b>12.9%</b>	<b>969</b>	<b>835</b>	<b>(13.8%)</b>
Tax	152	182	19.7%	266	243	(8.6%)
<b>Net profit</b>	<b>390</b>	<b>430</b>	<b>10.3%</b>	<b>703</b>	<b>592</b>	<b>(15.8%)</b>
Adjusted earnings	413	458	10.9%	750	834	11.2%
Diluted, adjusted EPS, DKK (12 months)				6.97	8.61	23.5%
Employees - at 30 June				21,405	21,433	0.1%
<b>KPIs</b>						
Gross margin	22.5%	22.7%		22.3%	22.6%	
EBITA margin	5.9%	6.0%		5.4%	5.6%	
Conversion ratio (EBITA/gross profit)	26.0%	26.6%		24.3%	24.8%	
Effective tax rate	28.0%	29.7%		27.4%	29.1%	

# Financial review – EPS

Diluted adjusted earnings per share, DKK (12 months rolling)



# Financial review H1 2012 – cash flow and debt

DKK million	H1 2011	H1 2012
<b>Cash flow statement - key figures</b>		
Cash flow from operating activities before change in net working capital and tax	1,395	1,366
Cash flow from operating activities	703	729
Cash flow from Investing activities	376	(201)
<b>Free cash flow</b>	<b>1,079</b>	<b>528</b>
<b>Net working capital</b>		
Net working capital	241	96
NWC/revenue	0.5%	0.2%
<b>Net interest-bearing debt (NIBD)</b>		
Net interest-bearing debt (NIBD)	6,018	6,713
Financial gearing (EBITDA/NIBD)	2.1x	2.2x

- H1 2012 cash flow in line with expectations
- Cash flow from operating activities impacted by one-off tax payments and accelerated payment of tax in certain countries
- Net working capital on very satisfactory level
- Cash flow from investing activities in H1 2011 was impacted by sale of property
- Weighted average duration of long-term debt: 4 years

# Share buy-back and dividend

- DKK 400 million programme completed on 30 July 2012
- New DKK 300 million programme launched on 31 July and running until 16 October 2012
- Current status on allocations to shareholders:

DKK million	Total prog.	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Total 2012 YTD	Guided range 2012
Share buy-back 26 Oct. 2011	400	298	102				102	
Share buy-back 21 Feb. 2012	200		145	55			200	
Dividend 2011	-		190				190	
Share buy-back 27 April 2012	400			286	114		400	
Share buy-back 31 July 2012	300						300	
<b>Total allocated to shareholders 2012 - YTD</b>			<b>437</b>	<b>341</b>			<b>1,192</b>	<b>1,500 - 2,000</b>

# Financial outlook 2012 reiterated

Financial guidance for 2012 is reiterated, except for the expected effective tax rate.

Effective tax rate for 2012 is expected at 29% (previously 27%), primarily due to one-off tax payments in connection with internal transfers of companies/activities and non-deductible restructuring costs.

An effective tax rate of 27% is still expected for the following years.

DKK million	Actual 2011	Outlook 2012	Growth %
Gross profit	9,819	10,000 - 10,500	2 - 7%
Operating profit before special items	2,426	2,500 - 2,700	3 - 11%
Special items	0	250	
Net financial expenses	431	300	
Effective tax rate	27.4%	29.0%	
Adjusted free cash flow	1,894	1,600 - 1,800	

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