



## **Presentation of DSV's 2012 Annual Report**

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



# Forward-looking statements

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# Agenda

1. Highlights
2. Regional development
3. Business segments
4. Financial review
5. Share buy-back and dividend
6. M&A update
7. Outlook 2013
8. Financial targets
9. Q&A



# Highlights

## 2012 review

- Overall satisfactory financial performance in line with financial guidance
- Market volumes were weaker than expected on most trade lanes in 2012 – and Q4 was no exception to this trend
- Razor-sharp focus on cost management has been key to success in 2012
- Stronger DSV network in 2012 – integrations are progressing according to plan

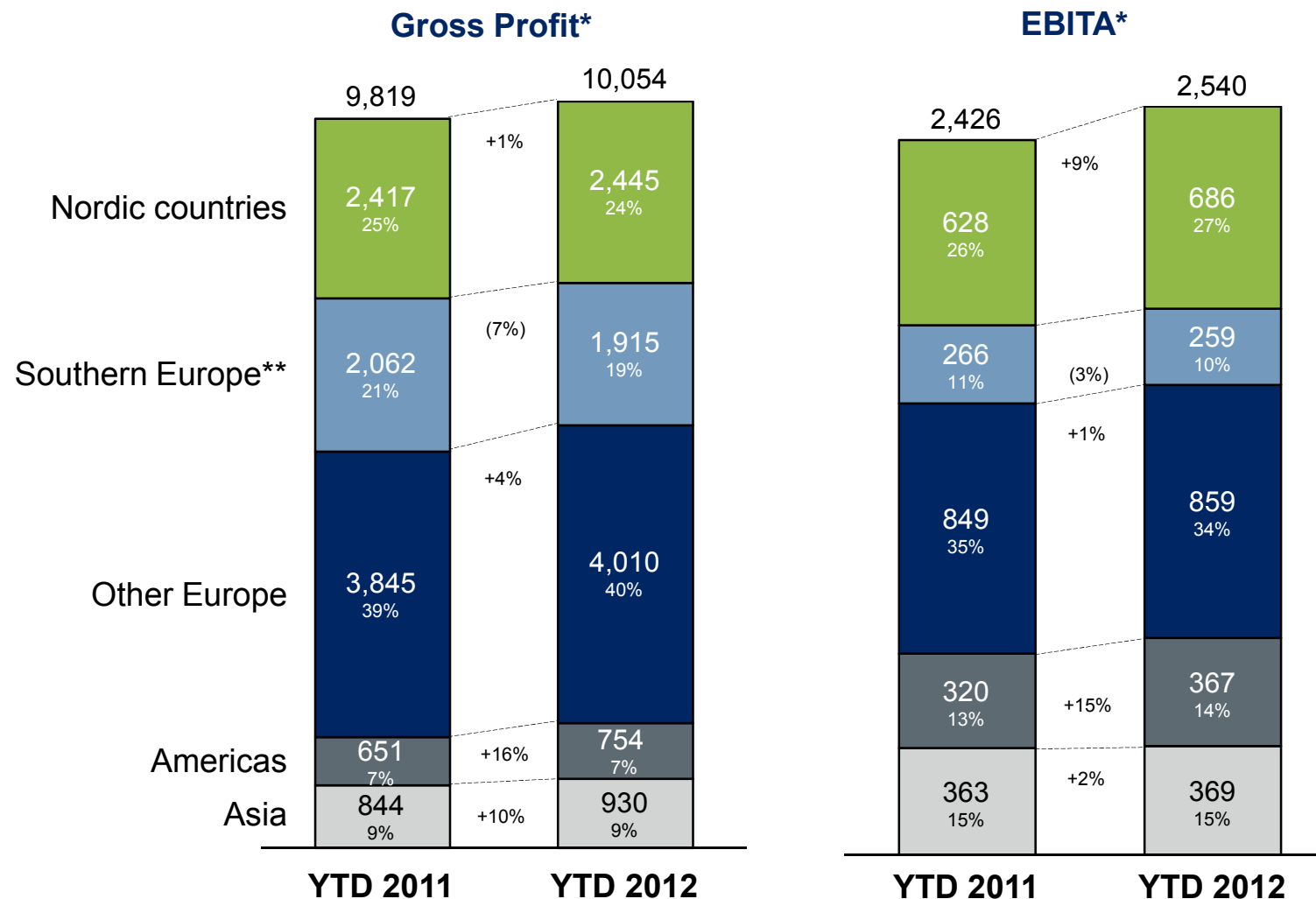
## Outlook 2013

- Gross profit **0-4% growth**  
(DKK 10,100 – 10,500 million)
- EBITA **0-8% growth**  
(DKK 2,550 – 2,750 million)
- Modest expectations for market growth

	2013	2012
Sea – Global	2-4%	0-2%
Air – Global	0-2%	(1-3%)
Road – Europe	(1-2%)	(1-3%)

- Recipe for 2013: **Organic growth, cost management and M&A**

# Regional development 2012 (DKK million)



\* After eliminations and including Group functions - growth % includes currency effect

\*\* France, Italy, Spain, Portugal and Greece

# Business segments – Air & Sea

- Sea freight – DSV is catching up with market growth
  - Improved performance during 2012 in a weak market. Market share gains in Q4 2012.
  - In a market with highly volatile rates and tough competition, average GP per TEU remained stable
- Air freight volume on market level in Q4 2012
  - Competitive market has lead to slight decline in average GP/tonne
  - Lower volume from large industrial accounts compared to Q3 2012
- Satisfactory EBITA for Q4 2012
  - Marginal negative impact from integration of Swift Freight and DSV GL

DKK million	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Organic growth Q4	2011	2012	Organic growth FY
Revenue	4,776	4,414	5,048	5,236	5,157	2.7%	18,926	19,855	1.0%
<b>Gross profit</b>	<b>1,078</b>	<b>998</b>	<b>1,088</b>	<b>1,106</b>	<b>1,077</b>	<b>(3.2%)</b>	<b>4,090</b>	<b>4,269</b>	<b>1.2%</b>
<i>Gross margin</i>	22.6%	22.6%	21.6%	21.1%	20.9%		21.6%	21.5%	
<b>EBITA</b>	<b>363</b>	<b>298</b>	<b>376</b>	<b>397</b>	<b>341</b>	<b>(8.8%)</b>	<b>1,355</b>	<b>1,412</b>	<b>(0.5%)</b>
<i>EBITA margin</i>	7.6%	6.8%	7.4%	7.6%	6.6%		7.2%	7.1%	
<i>Conversion ratio</i>	33.7%	29.9%	34.6%	35.9%	31.7%		33.1%	33.1%	

Volume 2012 vs. 2011	Q4 2012		Full year 2012	
	DSV	Market*	DSV	Market*
Sea freight (TEUs)	0%	(1-2%)	0%	0-2%
Air freight (tonnes)	(2%)	(1-3%)	(1%)	(1-3%)

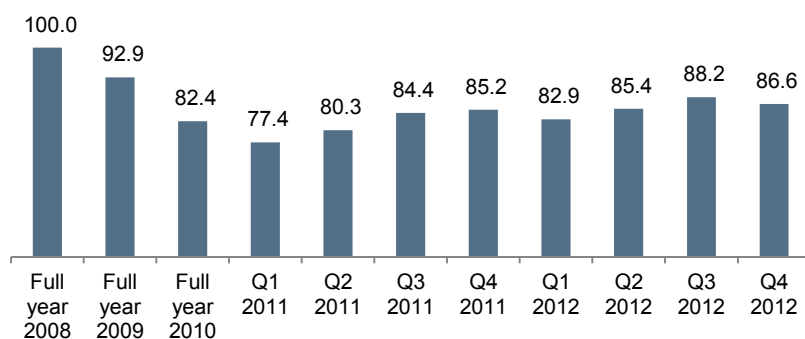
\*) DSV's estimates



# Gross profit per unit – Air & Sea

## Air

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

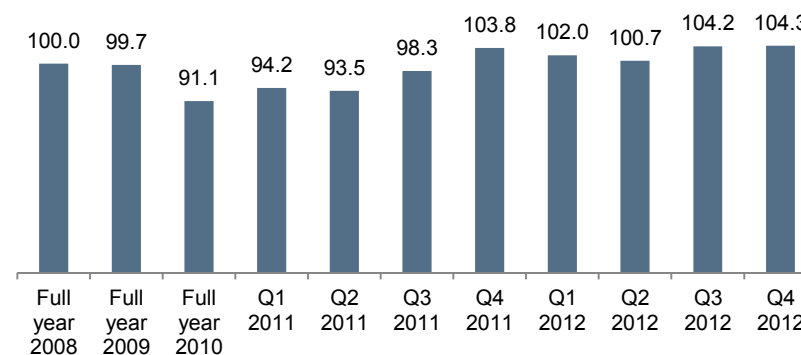


- Full year 2012 index 85.8 (2011: 82.1)

- The graphs are not adjusted for exchange rate fluctuations. Impact from exchange rate development full year 2012 was approx. + 3-4% compared to 2011 (in Q4 2012 the impact was +2-3%).

## Sea

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



- Full year 2012 index 102.8 (2011: 97.4)





# Business segments – Road

- DSV Road has gained market share in a negative market
  - Markets in Northern Europe lost momentum in Q4 2012 and Southern Europe remained weak
- Slight decline in gross margin for Q4 2012
  - Highly competitive market leads to margin pressure
  - Higher proportion of domestic transport and distribution drives down average gross margin
- 16% organic EBITA growth in Q4 2012
  - Conversion ratio up from 17.4% in Q4 2011 to 20.3% in Q4 2012

DKK million	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Organic growth Q4	2011	2012	Organic growth
Revenue	5,586	5,785	5,756	5,494	5,619	(1.9%)	22,641	22,654	(1.0%)
<b>Gross profit</b>	<b>1,055</b>	<b>1,099</b>	<b>1,133</b>	<b>1,054</b>	<b>1,060</b>	<b>(1.4%)</b>	<b>4,280</b>	<b>4,346</b>	<b>0.6%</b>
<i>Gross margin</i>	18.9%	19.0%	19.7%	19.2%	18.9%		18.9%	19.2%	
<b>EBITA</b>	<b>184</b>	<b>220</b>	<b>264</b>	<b>234</b>	<b>215</b>	<b>16.2%</b>	<b>834</b>	<b>933</b>	<b>11.1%</b>
<i>EBITA margin</i>	3.3%	3.8%	4.6%	4.3%	3.8%		3.7%	4.1%	
<i>Conversion ratio</i>	17.4%	20.0%	23.3%	22.2%	20.3%		19.5%	21.5%	

	Q4 2012	
Volume 2012 vs. 2011	DSV	Market*
Consignments	1%	(2-3%)

	Full year 2012	
	DSV	Market*
	1%	(1-3%)

\*) DSV's estimates





# Business segments – Solutions

- The Division saw a satisfactory trend in activity level compared to market
- Decline in gross profit for Q4 2012
  - New contracts with high revenue but low GP per order line
  - Significant price pressure in Southern Europe
  - Negative impact from startup of new facilities
- Cost base has been reduced, but this did not fully compensate for the decline in gross profit

DKK million	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Organic growth Q4	2011 YTD	2012 YTD	Organic growth FY
Revenue	1,271	1,285	1,275	1,286	1,335	3.6%	5,009	5,181	2.6%
<b>Gross profit</b>	<b>372</b>	<b>351</b>	<b>361</b>	<b>369</b>	<b>357</b>	<b>(5.1%)</b>	<b>1,483</b>	<b>1,438</b>	<b>(3.7%)</b>
<i>Gross margin</i>	29.3%	27.3%	28.3%	28.7%	26.7%		29.6%	27.8%	
<b>EBITA</b>	<b>73</b>	<b>55</b>	<b>59</b>	<b>69</b>	<b>67</b>	<b>(9.5%)</b>	<b>278</b>	<b>250</b>	<b>(10.7%)</b>
<i>EBITA margin</i>	5.7%	4.3%	4.6%	5.4%	5.0%		5.6%	4.8%	
<i>EBITA to gross profit</i>	19.6%	15.7%	16.3%	18.7%	18.8%		18.7%	17.4%	

	Q4 2012	
Volume 2012 vs. 2011	DSV	Market*
Order lines	1%	(1-0)%

	Full year 2012	
	DSV	Market*
	1%	0%

\*) DSV's estimates

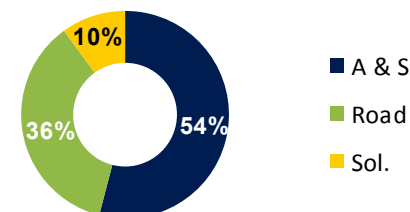


# Financial review 2012

DKK million	Q4 2011	Q4 2012	Organic growth	2011	2012	Organic growth
Revenue	10,923	11,408	0.8%	43,710	44,912	0.5%
Direct costs	7,874	8,322		31,772	32,641	
Staff costs, blue-collar	552	574		2,119	2,217	
<b>Gross profit</b>	<b>2,497</b>	<b>2,512</b>	<b>(1.8%)</b>	<b>9,819</b>	<b>10,054</b>	<b>0.3%</b>
Other external costs	563	550		2,092	2,116	
Staff costs, white-collar	1,196	1,231		4,752	4,864	
<b>EBITDA</b>	<b>738</b>	<b>731</b>		<b>2,975</b>	<b>3,074</b>	
Depr. / amortisation	149	124		549	534	
<b>EBITA, before spec. items</b>	<b>589</b>	<b>607</b>	<b>1.2%</b>	<b>2,426</b>	<b>2,540</b>	<b>1.7%</b>
Special items	-	(21)		-	275	
<b>EBIT</b>	<b>589</b>	<b>586</b>		<b>2,426</b>	<b>2,265</b>	
Net financials	124	10		431	246	
<b>Profit before tax</b>	<b>465</b>	<b>576</b>		<b>1,995</b>	<b>2,019</b>	
Tax	126	174		546	589	
<b>Net profit</b>	<b>339</b>	<b>402</b>		<b>1,449</b>	<b>1,430</b>	
Diluted, adjusted EPS, DKK				7.82	9.48	
<b>Employees - at year end</b>				<b>21,678</b>	<b>21,932</b>	
<b>KPIs</b>						
EBITA margin	5.4%	5.3%		5.6%	5.7%	
Conversion ratio	23.6%	24.2%		24.7%	25.3%	
Effective tax rate	27.1%	30.2%		27.4%	29.2%	

- Improved conversion ratio in Q4 2012. Adjusted for currency effect staff costs (white-collar) declined by approx. 1.5%
- White-collar headcount in Europe reduced by approx. 300 during 2012 (excl. M&A). Approx. 475 employees added in Q4, due to M&A
- One-off impact on net financial expenses in Q4 2012. Normalised level would be DKK 70-75 million for the quarter
- Effective tax rate for 2012 was impacted by restructuring costs and one-off payments. Going forward, an effective tax rate of 26% is expected
- Diluted adjusted EPS grew by 21% in 2012 (CAGR 2002 – 2012: 19%)

## Divisional split EBITA 2012



# Financial review – cash flow and debt

DKK million	2011	2012
<b>Cash flow statement - key figures</b>		
Profit before tax	1,995	2,019
Amortisation and depreciation	555	534
Change in NWC	(184)	(196)
Corporation tax paid	(425)	(782)
Changes in provisions etc.	(51)	76
<b>Cash flow from operating activities</b>	<b>1,890</b>	<b>1,651</b>
Cash flow from investing activities, excl. M&A	31	(155)
Cash flow from investing activities, M&A	(65)	(94)
<b>Free cash flow</b>	<b>1,856</b>	<b>1,402</b>
<b>Free cash flow, adjusted for M&amp;A</b>	<b>1,894</b>	<b>1,509</b>
<b>Net working capital</b>		
Net working capital	1	307
NWC/revenue	0.0%	0.7%
<b>Net interest-bearing debt (NIBD)</b>		
Net interest-bearing debt (NIBD)	6,585	6,561
Financial gearing (NIBD/EBITDA)	2.2x	2.1x
Average duration, long-term debt (years)	3.9	3.7
Average interest rate, long-term debt	4.2%	2.8%

- Adjusted free cash flow in Q4 was impacted by an increase in NWC due to pressure from customers to extend payment terms
- Furthermore, NWC was impacted by integration of acquired companies
- Cash flow for the year was impacted by one-off tax payments and accelerated payment of tax in certain countries
- Cash flow from investing activities for 2012 was impacted by lower proceeds from property transactions, compared to 2011

# Share buy-back and dividend 2012

- A total of DKK 1.5 billion was allocated to shareholders in 2012 (2011: DKK 2.5 billion)
- In 2012 DSV bought back 10.4 million shares (5.5% of outstanding shares) at an average price of DKK 125 (2011: 21.8 million shares at an average price of DKK 115)
- 8 million treasury shares are expected to be cancelled at the AGM on 21 March 2013
- Proposed dividend for 2012: DKK 1.25 per share (2011: DKK 1.00)
- Share buy-back remains an essential part of DSV's capital allocation policy, but cash flow in Q1 2013 will be allocated to dividend and M&A, and therefore no share buy-back programme will be launched in Q1 2013

<b>Allocations to shareholders 2012 (DKK million)</b>	<b>Total prog.</b>	<b>Q4 2011</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>	<b>Total 2012</b>
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				249	51	300
Share buy-back 25 October 2012	300					300	300
<b>Total allocated to shareholders 2012 - YTD</b>			<b>437</b>	<b>341</b>	<b>363</b>	<b>351</b>	<b>1,492</b>

# Capital structure and capital allocation





## Target for financial gearing (Net interest-bearing debt/EBITDA)

- Target for financial gearing ratio: less than 2.0 x EBITDA
- At the end of 2012, the financial gearing ratio was 2.1x . The gearing ratio will be reduced to just below 2.0x during 2013
  - The target has been adjusted to strengthen the financial rating of DSV
  - No material change to DSV's approach to capital structure. Borrowed funds will remain an essential part of the capital structure
- The financial gearing ratio may exceed 2.0x EBITDA in periods with M&A activity

## Capital allocation

- Priority for use of free cash flow is unchanged
  1. Repayment of debt, if financial gearing ratio is above target
  2. Acquisitions
  3. Allocation to shareholders via share buy-back and dividend
- For 2013, the guided free cash flow is DKK 1,750 million. Capacity for allocation to shareholders in 2013 depends on M&A activity.

# M&A update

	Status	Annual revenue (DKK million)	Area	Division	Date
 Čechofracht (Activity)	Announced and closed	225	Czech Republic	Road Air & Sea Solutions	1 October 2012
 (Shares)	Announced and closed	400 (of which app. 70% consolidated)	Africa, Middle East, Asia	Air & Sea	1 October 2012
 (shares – rest of joint venture)	Announced and closed	190	Argentina, Chile, Peru	Air & Sea	7 November 2012
 (Shares)	Announced (not closed and therefore not included in financial guidance for 2013)	1,000	Denmark / Global	Air & Sea, Project Road Solutions	1 April 2013

- In 2013 DSV will pursue further M&A opportunities

# Outlook 2013

DKK million	Actual 2012	Outlook 2013	Growth %
Gross profit	10,054	10,100 - 10,500	0 - 4%
Operating profit before special items	2,540	2,550 - 2,750	0 - 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 - 3%)	0 - 2%
Sea	0 - 2%	2 - 4%
Road	(1 - 3%)	(1 - 2%)
Solutions	0%	(1 - 2%)

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



# Long-term financial targets

	Targets	Actual 2012
<b>DSV - total</b>		
EBITA margin	7%	5.7%
Conversion ratio	30%	25.3%
ROIC (pre tax)	25%	21.2%
<b>Air &amp; Sea</b>		
EBITA margin	7-8%	7.1%
Conversion ratio	35%	33.1%
ROIC (pre tax)	25%	22.3%
<b>Road</b>		
EBITA margin	5%	4.1%
Conversion ratio	25%	21.5%
ROIC (pre tax)	25%	24.8%
<b>Solutions</b>		
EBITA margin	7%	4.8%
Conversion ratio	25%	17.4%
ROIC (pre tax)	20%	13.6%

Financial targets were last updated in the 2011 Financial Report.

Conversion ratio = EBITA as % of gross profit

- Targets are mid/long-term (3-4 years)
- Effective tax rate of 26% is expected from 2013 and onwards
- Net Working Capital is expected below 1% of revenue
- CAPEX is expected in the level of 0.5-1.0% of revenue



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