



# **Presentation of DSV's Q3 2012 Interim Financial Report**

Teleconference 25 October 2012, 14:00 p.m. CET

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



# Agenda

- **Highlights Q3 2012**
- **Business segments**
- **Revised expectations for market growth in 2012**
- **M&A**
- **Financial review**
- **Share buy-back and dividend**
- **Outlook 2012 – reiterated**
- **Q&A**



# Highlights Q3 2012

- EBITA of DKK 691 million for Q3 2012: 1% organic growth on Q3 2011
- Adjusted EPS growth of 19% (12 months rolling)
- Air & Sea delivers growth on all parameters in Q3
  - 4% growth in air freight volume
  - 1% growth in sea freight volume
  - Positive trend in yields
- Road continues to gain market share and improve margins in a challenging market
- Solutions delivers Q3 2012 result which is back on level with 2011
- M&A – back on the agenda
- Share buy-back programme of DKK 300 million initiated
- Guidance for 2012 is reiterated in spite of high uncertainty related to global and European economy



- 2.6% growth in gross profit and 3.9% growth in EBITA in Q3 2012
  - Growth in Americas and Asia while results in Europe are holding up
- Market share gain on air freight volume
  - Positive development in several markets – German, US and Asian exports
  - Gross profit per tonne up 4.5% on Q3 2011 – with tailwind from currencies
- Sea freight volume – catching up with a muted market
  - Challenging market, especially on Asia – Europe
  - Gross profit per TEU up 6.0% on Q3 2011 – with tailwind from currencies

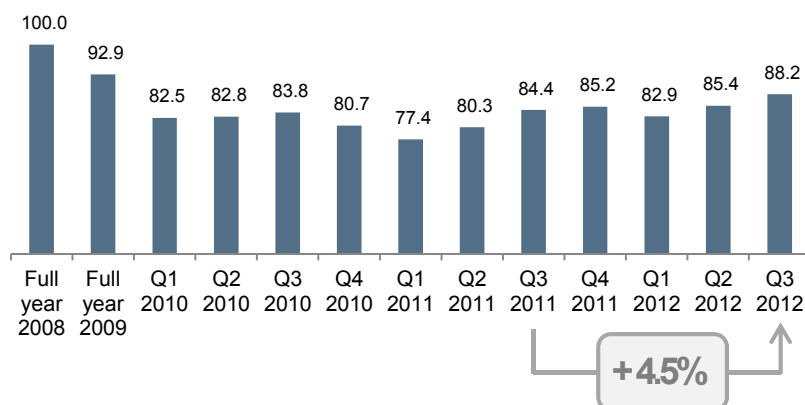
\*) DSV's estimates



# Gross profit per unit – Air & Sea

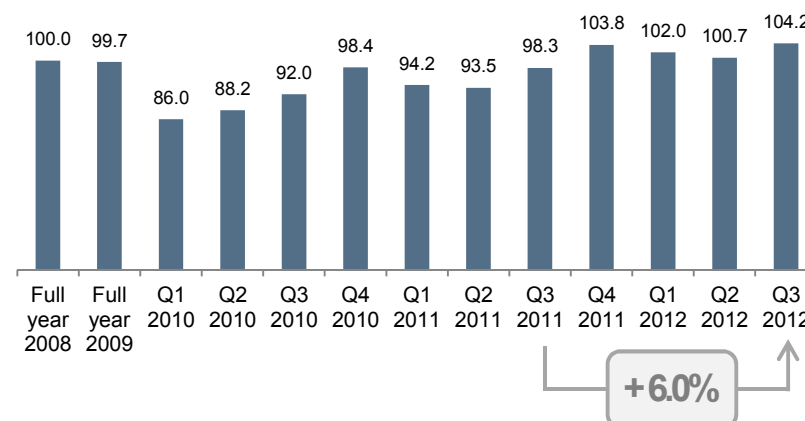
## Air

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



## Sea

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



- The development is not adjusted for exchange rate fluctuations
- Positive impact from exchange rate development in Q1-Q3 2012 is approx. 3-4% compared to same period last year



# Business segments – Road

- Organic EBITA growth of 1.7% in Q3 2012 and 9.6% in YTD 2012
- The Division has gained market share in most countries under difficult market conditions
  - market situation has worsened during Q3 2012
- Continued focus on strengthening network and service offerings to customers
- Cost control and productivity remain key priorities
  - Conversion ratio up from 21.4% in Q3 2011 to 22.2% in Q3 2012

DKK million	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Organic growth Q3
Revenue	5,646	5,586	5,785	5,756	5,494	(4.6%)
<b>Gross profit</b>	<b>1,058</b>	<b>1,055</b>	<b>1,099</b>	<b>1,133</b>	<b>1,054</b>	<b>(1.9%)</b>
<i>Gross margin</i>	18.7%	18.9%	19.0%	19.7%	19.2%	
<b>EBITA</b>	<b>226</b>	<b>184</b>	<b>220</b>	<b>264</b>	<b>234</b>	<b>1.7%</b>
<i>EBITA margin</i>	4.0%	3.3%	3.8%	4.6%	4.3%	
<i>Conversion ratio</i>	21.4%	17.4%	20.0%	23.3%	22.2%	

Volume 2012 versus 2011	Q3 2012	
	DSV	Market*
Consignments	1%	(1-2%)

\*) DSV's estimates

	YTD 2012	
	DSV	Market*
	1%	(1-2%)



# Business segments – Solutions

- Positive development in total activity level in Q3 2012 – but declining activity in Southern Europe
- Impact from start up costs related to implementation of new customers limited in Q3 2012
- Good operational result in a difficult market

DKK million	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Organic growth Q3
Revenue	1,231	1,271	1,285	1,275	1,286	3.0%
<b>Gross profit</b>	<b>370</b>	<b>372</b>	<b>351</b>	<b>361</b>	<b>369</b>	<b>(1.6%)</b>
<i>Gross margin</i>	30.1%	29.3%	27.3%	28.3%	28.7%	
<b>EBITA</b>	<b>71</b>	<b>73</b>	<b>55</b>	<b>59</b>	<b>69</b>	<b>(4.2%)</b>
<i>EBITA margin</i>	5.8%	5.7%	4.3%	4.6%	5.4%	
<i>Conversion ratio</i>	19.2%	19.6%	15.7%	16.3%	18.7%	

Volume 2012 versus 2011	Q3 2012		YTD 2012	
	DSV	Market*	DSV	Market*
Order lines	1%	0-1%	2%	0-1%

\*) DSVs estimates





# Revised expectations for market growth in 2012

Based on the market growth in Q1-Q3 2012 and expectations for the remainder of 2012, the full-year market growth expectations are revised



<b>Expected market growth full-year 2012 - transport volume</b>	<b>Previous estimate*</b>	<b>Revised expectations</b>
Air (tonnes) - Global market	(3 - 4 %)	(2 - 3 %)
Sea (TEUs) - Global market	3 - 4 %	1 - 3 %
Road (consignments) - Europe	0%	(1 - 2 %)
Solutions (order lines) - Europe	1 - 2 %	0 - 1 %

\*) Estimates from the H1 2012 interim report





## M&A – on the agenda again

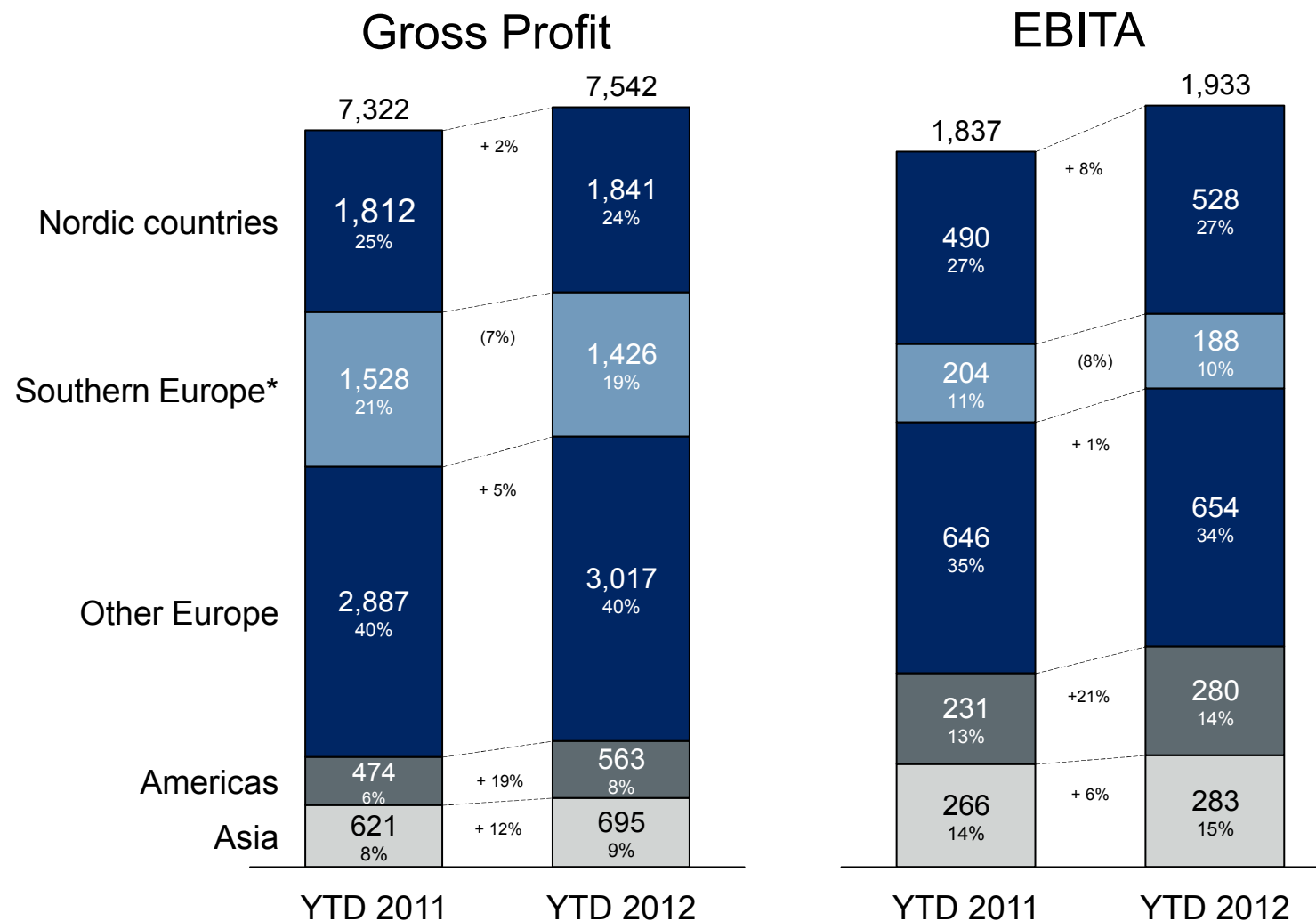
	Status	Annual revenue (DKK million)	Area	Division
 <b>Čechofracht</b> (Activity)	Announced and closed	225	Czech Republic	Road Air & Sea Solutions
 (Shares)	Announced	400	Africa, Middle East, Asia	Air & Sea
<b>South America</b>	It is a short term target to establish own network via a combination of M&A and green field establishment			

It is an essential part of DSV's strategy to pursue further M&A opportunities

# Financial review Q3 2012

DKK million	Q3 2011	Q3 2012	Change	YTD 2011	YTD 2012	Change
Revenue	10,905	11,313	3.7%	32,787	33,504	2.2%
Direct costs	7,939	8,241	3.8%	23,898	24,319	1.8%
Staff costs, blue-collar	516	543	5.2%	1,567	1,643	4.9%
<b>Gross profit</b>	<b>2,450</b>	<b>2,529</b>	<b>3.2%</b>	<b>7,322</b>	<b>7,542</b>	<b>3.0%</b>
Other external expenses	518	530	2.3%	1,529	1,566	2.4%
Staff costs, white-collar	1,146	1,165	1.7%	3,556	3,633	2.2%
<b>EBITDA</b>	<b>786</b>	<b>834</b>	<b>6.1%</b>	<b>2,237</b>	<b>2,343</b>	<b>4.7%</b>
Depreciation and amortisation	132	143	8.3%	400	410	2.5%
<b>EBITA, before special items</b>	<b>654</b>	<b>691</b>	<b>5.7%</b>	<b>1,837</b>	<b>1,933</b>	<b>5.2%</b>
Special items	-	(3)		-	(254)	
<b>EBIT</b>	<b>654</b>	<b>688</b>	<b>5.2%</b>	<b>1,837</b>	<b>1,679</b>	<b>(8.6%)</b>
Net financial expenses, etc.	93	80	(14.0%)	307	236	(23.1%)
<b>Profit before tax</b>	<b>561</b>	<b>608</b>	<b>8.4%</b>	<b>1,530</b>	<b>1,443</b>	<b>(5.7%)</b>
Tax	154	172	11.7%	420	415	(1.2%)
<b>Net profit</b>	<b>407</b>	<b>436</b>	<b>7.1%</b>	<b>1,110</b>	<b>1,028</b>	<b>(7.4%)</b>
Adjusted earnings	432	466	7.9%	1,182	1,300	10.0%
<b>Diluted, adjusted EPS, DKK (12 months)</b>				<b>7.47</b>	<b>8.92</b>	<b>19.4%</b>
Employees - at 30 September				21,705	21,579	(0.6%)
<b>KPIs</b>						
Gross margin	22.5%	22.4%		22.3%	22.5%	
EBITA margin	6.0%	6.1%		5.6%	5.8%	
Conversion ratio (EBITA/gross profit)	26.7%	27.3%		25.1%	25.6%	
Effective tax rate	28.0%	29.7%		27.4%	29.1%	

# Geographical split Q1 – Q3 2012 (DKK million)



\* After eliminations and including group functions

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

# Financial review – cash flow and debt

DKK million	YTD 2011	YTD 2012
<b>Cash flow statement - key figures</b>		
Profit before tax	1,530	1,443
Amortisation and depreciation	400	410
Change in NWC	(144)	(126)
Company tax paid	(352)	(675)
Changes in provisions etc.	(93)	84
<b>Cash flow from operating activities</b>	<b>1,341</b>	<b>1,136</b>
Cash flow from Investing activities	190	(42)
<b>Free cash flow</b>	<b>1,531</b>	<b>1,094</b>
<b>Net working capital</b>		
Net working capital	101	210
NWC/revenue (12 months rolling)	0.2%	0.5%
<b>Net interest-bearing debt (NIBD)</b>		
Net interest-bearing debt (NIBD)	6,445	6,478
Financial gearing (EBITDA/NIBD)	2.2x	2.1x

- Cash flow in line with expectations, on track to meet full-year guidance (free cash flow 1.6-1.8 billion DKK, excluding M&A)
- Cash flow from operating activities impacted by one-off tax payments and accelerated payment of tax in certain countries
- Net working capital remains on satisfactory level
- Weighted average duration of long-term debt: 3.6 years

# Share buy-back and dividend

- DKK 300 million programme completed on 16 October 2012
- New DKK 300 million programme launched on 25 October and running until 21 December 2012
- The majority of treasury shares (7.9 million shares corresponding to 4.2% of shares issued as per 16 October 2012) will be cancelled at next AGM
- Status of allocations to shareholders in 2012:

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				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>	<b>1,500 - 2,000</b>

Q1-Q3: DKK 1,141 million

# Financial outlook 2012 reiterated

Financial guidance for 2012 is reiterated.

Effective tax rate for 2012 is expected at 29%, 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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