



## **FIRST QUARTER 2016 RESULTS**

Conference Call – 12 May 2016, 2.00 p.m. CET

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



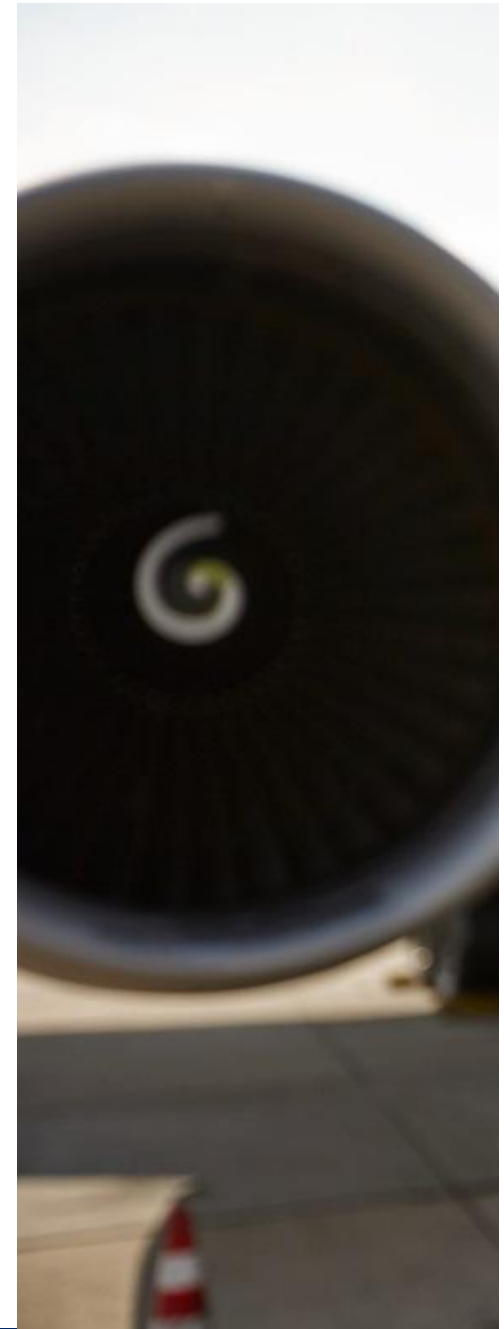
# Forward-looking statements

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 developments and results to differ materially from the expectations contained in the presentation.

# Agenda

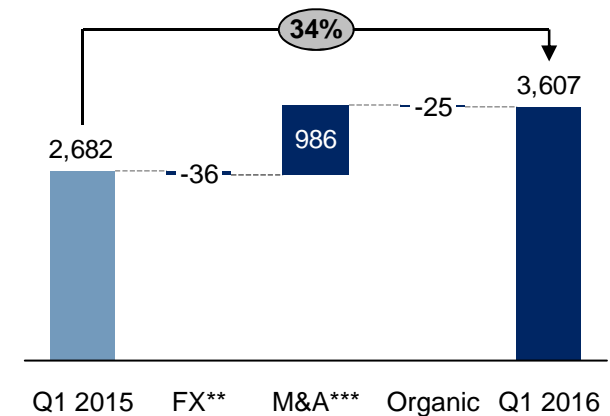
- 1 Highlights
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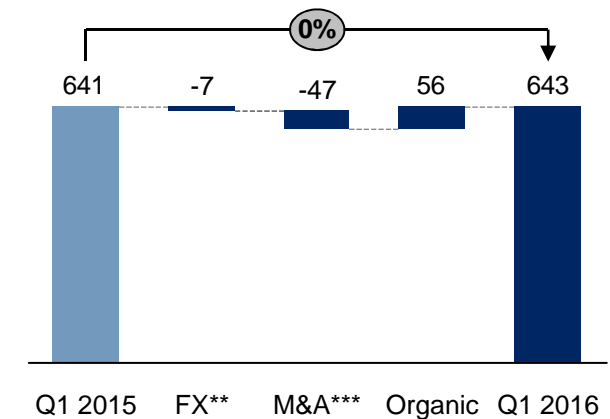
# Highlights Q1 2016

- Integration of UTi is off to a good start
- Several large UTi countries have already merged with DSV
- The old DSV has maintained momentum
- Gross profit increased 34% to DKK 3,607 million
- EBIT before special items DKK 643 million
- Financial position is solid: gearing ratio of 2.5x (NIBD/EBITDA)\*
- Outlook for 2016 reiterated

Gross profit (DKKm)



EBIT (DKKm)



\*) EBITDA of UTi included in the period from 22 January 2016 to 31 March 2016

\*\*\*) FX effect excludes UTi

\*\*\*\*) M&A is based on UTi's reported 2016 numbers

# Update on the integration of UTi

– significant progress achieved since 22 January and business case is intact

## Commercial

- Positive reactions from customers
- No material loss of customers since closing
- Rebranding to DSV well underway

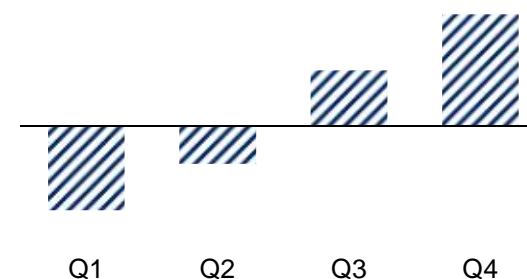
## Synergies

- Several large UTi countries have made great integration progress (US, Germany, UK, China)
- Migration to CargoWise One is on track – by the end of May 2016 approx. 1/3 of users will have been transferred
- Synergy target of DKK 1.5 billion annually is maintained – 30% of synergies are expected in 2016

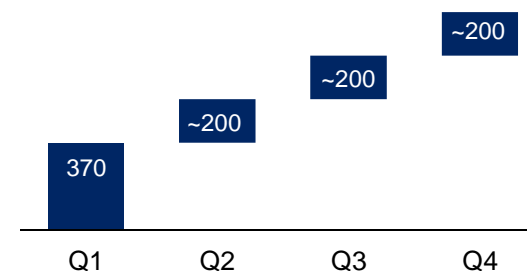
## Restructuring costs

- Tracking Management's expectations
- We expect total restructuring costs of 1.5 billion DKK – 2/3 of these are expected in 2016

Timeline – expected EBIT impact of UTi in 2016



Timeline – P&L impact of expected restructuring costs in 2016 (DKKm)

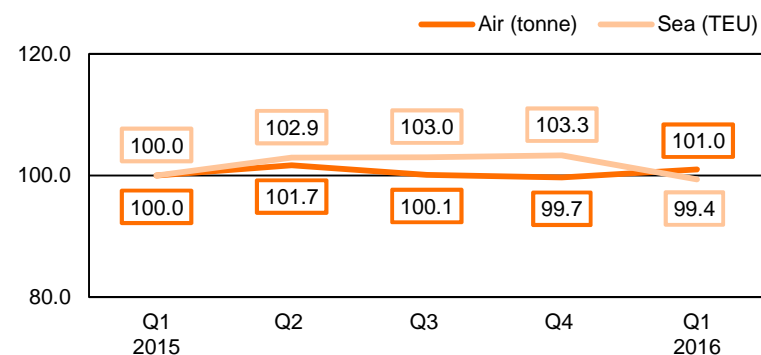




# Business segments Q1 2016 – Air & Sea

## Highlights

- +71% air volume (66% from UTi)
- +40% sea volume (36% from UTi)
- Net revenue impacted by lower freight rates
- Stable GP per unit, including UTi
- 7% EBIT growth in spite of UTi loss

## Development in GP per tonne/TEU



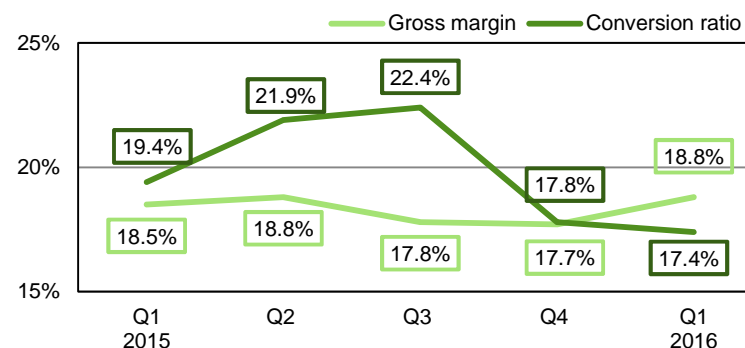
DKK million	Q1					
	2016	2015	Var.	Org.	M&A	Fx
Net revenue	7,055	5,421	30.1%	-7.0%	41.9%	-2.0%
Gross profit	1,877	1,226	53.1%	3.6%	50.0%	-2.2%
EBIT bef. special items	414	388	6.7%	29.0%	-15.5%	-1.8%
<i>Operating margin</i>	5.9%	7.2%				
<i>Conversion ratio</i>	22.1%	31.6%				
 Sea, gross profit	989	713	38.7%	<b>Market growth (est.)</b>		
TEU	285,109	204,057	39.7%	1-3%		
GP/TEU, DKK	3,470	3,492	-0.6%			
 Air, gross profit	888	513	73.1%			
Tonnes	122,817	71,749	71.2%	-1-3%		
GP/tonne, DKK	7,227	7,153	1.0%			

# Business segments Q1 2016 – Road

## Highlights

- UTi activities in US and South Africa added
- 4% growth in consignments (Europe)
- ~2 working days less in Q1-16
- Initial dilution of operating margin and conversion ratio from UTi

## Development in key financial ratios



DKK million	2016	Q1				
		2015	Var.	Growth details		
				Org.	M&A	Fx
Net revenue	6,688	6,122	9.2%	1.2%	8.8%	-0.8%
Gross profit	1,257	1,132	11.0%	-0.5%	12.5%	-0.9%
EBIT bef. special items	219	220	-0.5%	-6.4%	6.8%	-0.5%
<i>Gross margin</i>	18.8%	18.5%				
<i>Operating margin</i>	3.3%	3.6%				
<i>Conversion ratio</i>	17.4%	19.4%				
Consignments, growth (Europe)	4%			Market growth (est.) 1-2%		

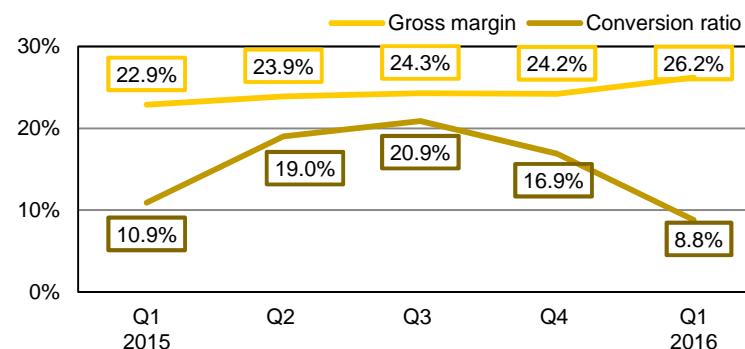


# Business segments Q1 2016 – Solutions

## Highlights

- UTi contract logistics activities added in US, South Africa, Asia and Europe – total warehouse capacity doubled
- Margins are seasonally lower in Q1
- Initial dilution of operating margins from UTi

## Development in key financial ratios



DKK million	2016	Q1				
		2015	Var.	Growth details		
				Org.	M&A	Fx
Net revenue	2,043	1,440	41.9%	0.0%	42.8%	-0.9%
Gross profit	536	330	62.4%	-3.8%	69.7%	-0.9%
EBIT bef. special items	47	36	30.6%	11.9%	19.4%	-2.8%
<i>Gross margin</i>	26.2%	22.9%				
<i>Operating margin</i>	2.3%	2.5%				
<i>Conversion ratio</i>	8.8%	10.9%				





# Financial review Q1 2016 – P&L

(DKKm)	Q1 2016	Q1 2015	Var.	Growth		
				Org.	M&A	Fx
Net revenue	15,319	12,601	21.6%	-3.4%	27.2%	-1.3%
<b>Gross profit</b>	<b>3,607</b>	<b>2,682</b>	<b>34.5%</b>	<b>-0.7%</b>	<b>36.8%</b>	<b>-1.3%</b>
Other external costs	790	543	45.5%			
Staff costs, white-collar	1,997	1,370	45.8%			
<b>EBITDA</b>	<b>820</b>	<b>769</b>	<b>6.6%</b>			
Amortisation and depreciation	177	128	38.3%			
<b>EBIT before special items</b>	<b>643</b>	<b>641</b>	<b>0.3%</b>	<b>9.5%</b>	<b>-7.3%</b>	<b>-1.1%</b>
Special items, costs	370	0				
Net financial costs	-46	72				
<b>Profit before tax</b>	<b>319</b>	<b>569</b>	<b>-43.9%</b>			
Tax on profit for the period	86	142	-39.4%			
<b>Profit for the period</b>	<b>233</b>	<b>427</b>	<b>-45.4%</b>			
<b>Key Performance Indicators</b>						
Gross margin (%)	23.5	21.3				
Operating margin (%)	4.2	5.1				
Conversion ratio (%)	17.8	23.9				
Effective tax rate (%)	27.0	25.0				
Employees, end of quarter	44,334	22,599				
Diluted adjusted EPS for the period	2.83	2.65				

- UTi reporting has been adjusted to match DSV's accounting principles – changes may occur in the coming quarters
- Net revenue impacted by lower average freight rates and fuel prices
- Operating margin and conversion ratio diluted by integration – limited impact from synergies in Q1-16
- We expect margins to return to pre UTi levels within the next 3 years
- Consolidated costs higher in Q1 16 due to UTi
- Financial items in Q1-16 were impacted by one-off internal exchange rate gain related to UTi
- Full-year effective tax rate expected in the level of 25%

# Financial review Q1 2016 – cash flow and debt

(DKKm)	Q1 2016	Q1 2015
<b>EBITDA</b>	<b>820</b>	<b>769</b>
Change in net working capital	-519	-120
Change in provisions	67	-110
Corporation tax paid and other adjustments	-202	-191
Cash flow from operating activities	166	348
Cash flow from investing activities	-4,641	-205
<b>Free cash flow</b>	<b>-4,475</b>	<b>143</b>
<b>Adjusted free cash flow (excl. M&amp;A)</b>	<b>362</b>	<b>143</b>
<b>Highlights</b>		
<i>NWC in % of revenue</i>	1.6%	0.9%
<i>Net interest-bearing debt (NIBD)</i>	9,232	6,088
<i>Financial gearing (NIBD/EBITDA)</i>	2.5	1.9
<i>Average duration, long-term loan commitments (years)</i>	3.5	4.5
<i>Intangible assets</i>	16,830	8,977
<i>Invested capital</i>	21,597	12,123
<i>ROIC before tax</i>	18.1	22.7

- Cash flow is well under control
- Adjusted free cash flow of DKK 362 million in Q1 16 against DKK 143 million last year
- NWC at 1.6% of net revenue – this is satisfactory, considering the high NWC level in UTi pre integration
- NIBD impacted by UTi acquisition
- Financial gearing at 2.5x

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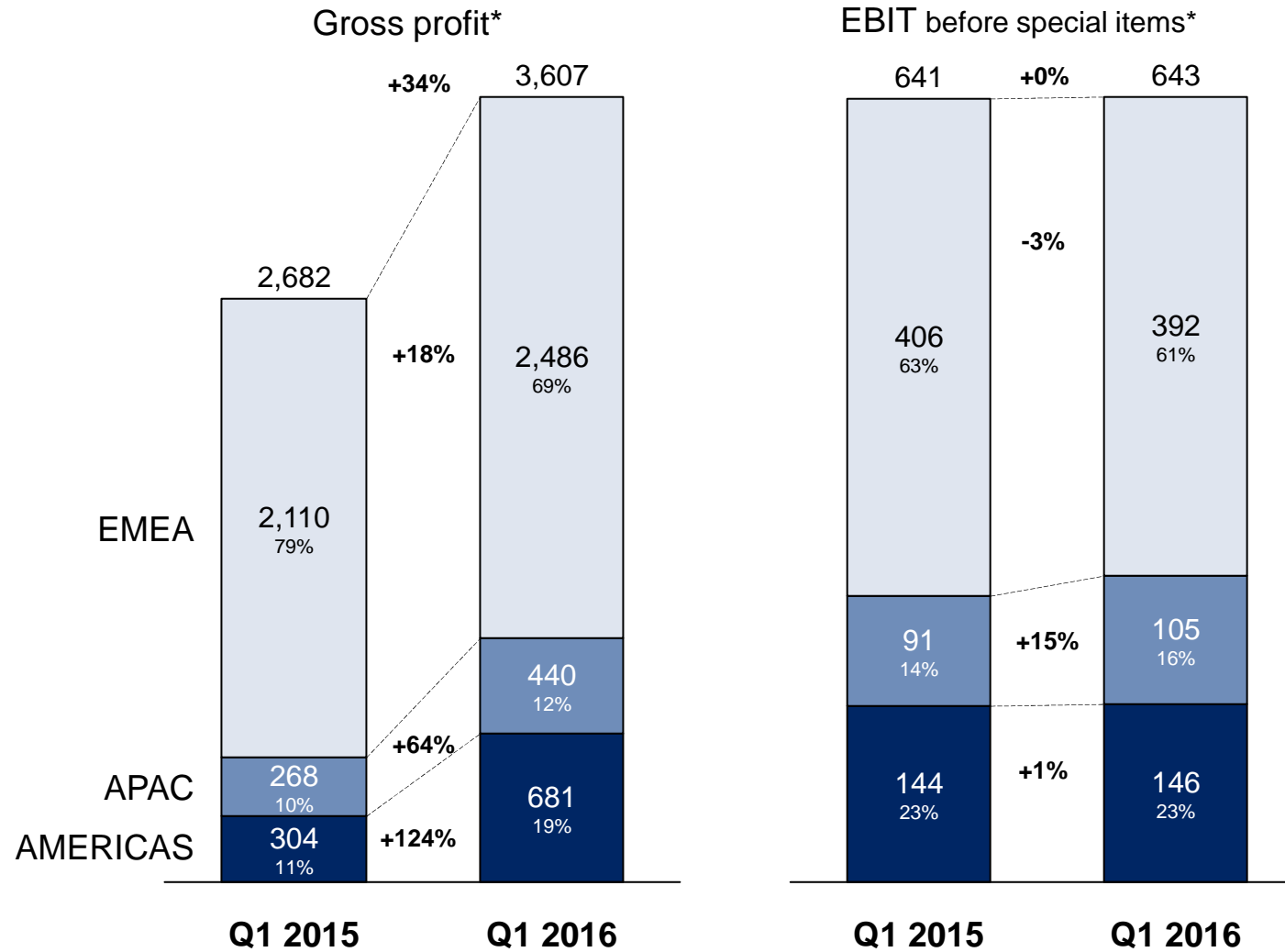




## Appendix

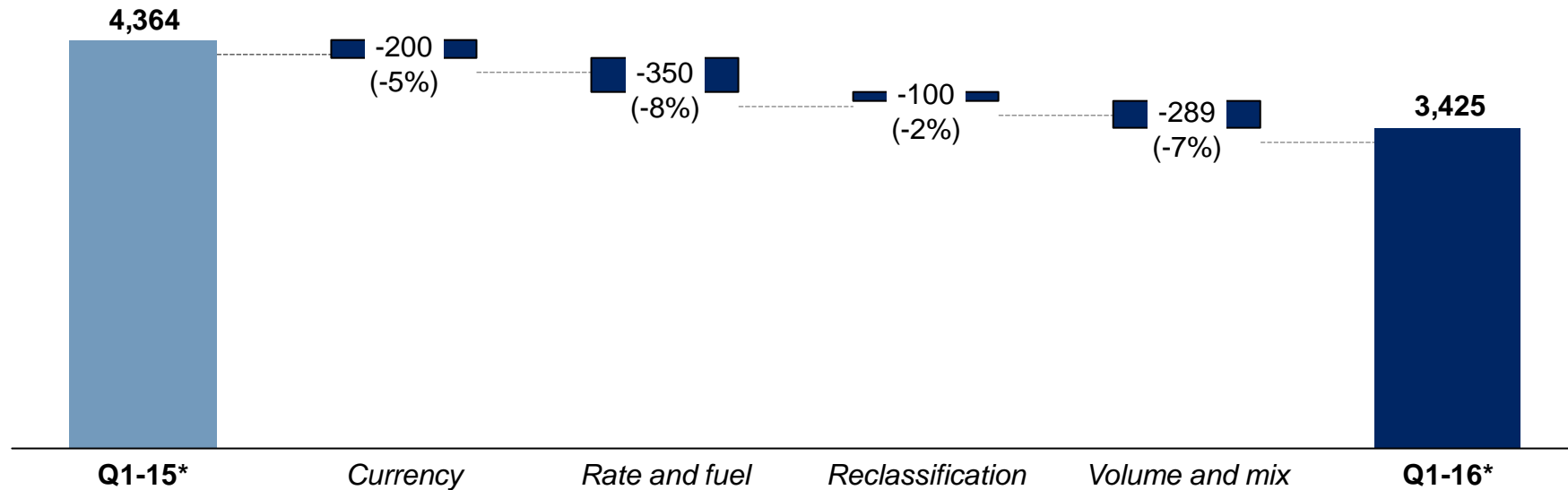


# Regional development Q1 2016 (DKKm)



\*) Growth % includes effect of M&A and currency

## UTi revenue development (DKKm)



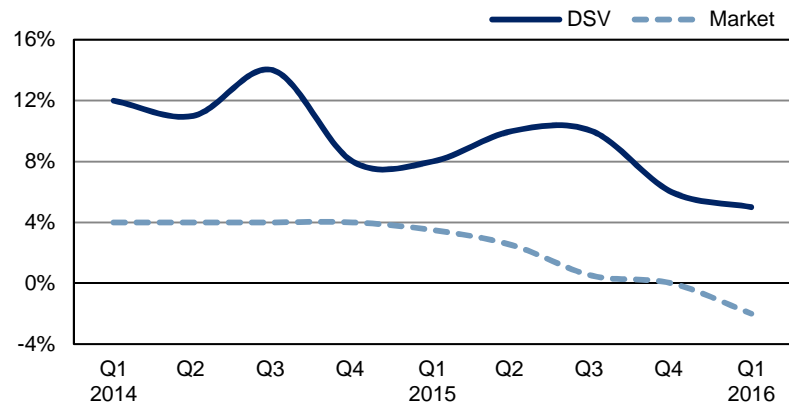
- In Q1 2016 UTi activities contributed with net revenue of DKK 3.4 billion (approx. 2 months)
- In the same period of 2015 UTi reported revenue of approx. DKK 4.4 billion (US GAAP)
- Lower freight rates and fuel prices had an estimated impact of minus 8%
- Negative currency impact primarily relates to South African Rand and Brazilian Real
- Reclassification relates to activities which are not recognised as revenue under DSV's accounting principles

\*Q1-15 and Q1-16 represents the period from 22 January to 31 March

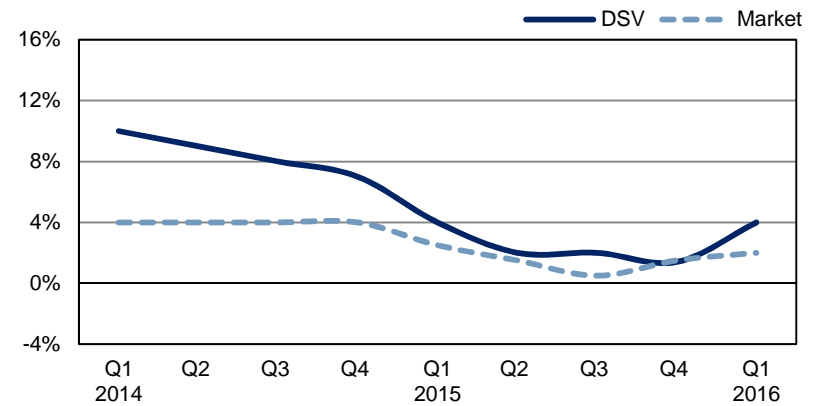
# Market share gains in a competitive market

– DSV freight volumes versus market

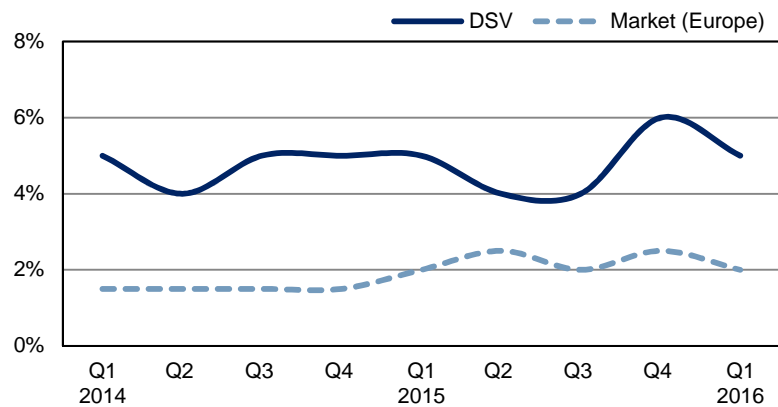
## Air



## Sea



## Road



# Quarterly P&L details

(DKKm)	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016
Revenue	48,582	12,601	13,127	12,535	12,606	50,869	15,319
Direct costs	38,285	9,919	10,240	9,733	9,776	39,668	11,712
<b>Gross profit</b>	<b>10,297</b>	<b>2,682</b>	<b>2,887</b>	<b>2,802</b>	<b>2,830</b>	<b>11,201</b>	<b>3,607</b>
Other external expenses	2,058	543	550	505	551	2,149	790
Staff costs	5,094	1,370	1,398	1,319	1,390	5,477	1,997
<b>EBITDA before special items</b>	<b>3,145</b>	<b>769</b>	<b>939</b>	<b>978</b>	<b>889</b>	<b>3,575</b>	<b>820</b>
Amortisation and depreciation	521	128	130	127	140	525	177
<b>EBIT before special items</b>	<b>2,624</b>	<b>641</b>	<b>809</b>	<b>851</b>	<b>749</b>	<b>3,050</b>	<b>643</b>
Special Items, net costs	304	0	0	0	58	58	370
Financial costs, net costs	306	72	99	78	54	303	-46
<b>Profit before tax</b>	<b>2,014</b>	<b>569</b>	<b>710</b>	<b>773</b>	<b>637</b>	<b>2,689</b>	<b>319</b>
Tax on profit for the period	523	142	177	195	117	631	86
<b>Profit for the period</b>	<b>1,491</b>	<b>427</b>	<b>533</b>	<b>578</b>	<b>520</b>	<b>2,058</b>	<b>233</b>
<i>Gross margin (%)</i>	21.2	21.3	22.0	22.4	22.4	22.0	23.5
<i>Profit margin (%)</i>	5.4	5.1	6.2	6.8	5.9	6.0	4.2
<i>Conversion ratio (%)</i>	25.5	23.9	28.0	30.4	26.5	27.2	17.8
<i>Tax percentage</i>	26.0	25.0	24.9	25.2	18.4	23.5	27.0
<i>Blue-collar costs (included in direct costs)</i>	2,321	568	558	554	619	2,299	812
Number of full-time employees	22,874	22,599	22,467	22,773	22,784	22,784	44,334



# Quarterly P&L details

## Air & Sea

(DKKm)	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016
Revenue	22,001	5,421	5,703	5,379	5,182	21,685	7,055
Direct costs	17,425	4,195	4,351	4,012	3,836	16,394	5,178
<b>Gross profit</b>	<b>4,576</b>	<b>1,226</b>	<b>1,352</b>	<b>1,367</b>	<b>1,346</b>	<b>5,291</b>	<b>1,877</b>
Other external expenses	971	264	257	258	266	1,045	479
Staff costs	1,957	545	565	544	561	2,215	937
<b>EBITDA before special items</b>	<b>1,648</b>	<b>417</b>	<b>530</b>	<b>565</b>	<b>519</b>	<b>2,031</b>	<b>461</b>
Amortisation and depreciation	106	29	28	24	27	108	47
<b>EBIT before special items</b>	<b>1,542</b>	<b>388</b>	<b>502</b>	<b>541</b>	<b>492</b>	<b>1,923</b>	<b>414</b>
<i>Gross margin (%)</i>	20.8	22.6	23.7	25.4	26.0	24.4	26.6
<i>Profit margin (%)</i>	7.0	7.2	8.8	10.1	9.5	8.9	5.9
<i>Conversion ratio (%)</i>	33.7	31.6	37.1	39.6	36.6	36.3	22.1
Number of full-time employees	6,761	6,796	6,804	6,790	6,754	6,754	16,686

## Road

(DKKm)	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016
Revenue	24,169	6,122	6,298	6,044	6,254	24,718	6,688
Direct costs	19,856	4,990	5,115	4,966	5,150	20,221	5,431
<b>Gross profit</b>	<b>4,313</b>	<b>1,132</b>	<b>1,183</b>	<b>1,078</b>	<b>1,104</b>	<b>4,497</b>	<b>1,257</b>
Other external expenses	1,025	274	273	238	264	1,049	332
Staff costs	2,319	606	619	568	611	2,404	670
<b>EBITDA before special items</b>	<b>969</b>	<b>252</b>	<b>291</b>	<b>272</b>	<b>229</b>	<b>1,044</b>	<b>255</b>
Amortisation and depreciation	132	32	32	30	32	126	36
<b>EBIT before special items</b>	<b>837</b>	<b>220</b>	<b>259</b>	<b>242</b>	<b>197</b>	<b>918</b>	<b>219</b>
<i>Gross margin (%)</i>	17.8	18.5	18.8	17.8	17.7	18.2	18.8
<i>Profit margin (%)</i>	3.5	3.6	4.1	4.0	3.1	3.7	3.3
<i>Conversion ratio (%)</i>	19.4	19.4	21.9	22.4	17.8	20.4	17.4
Number of full-time employees	9,292	9,206	9,167	9,251	9,280	9,280	11,581

# Quarterly P&L details

## Solutions

(DKKm)	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016
Revenue	5,729	1,440	1,500	1,476	1,544	5,960	2,043
Direct costs	4,333	1,110	1,142	1,117	1,171	4,540	1,507
<b>Gross profit</b>	<b>1,396</b>	<b>330</b>	<b>358</b>	<b>359</b>	<b>373</b>	<b>1,420</b>	<b>536</b>
Other external expenses	420	125	117	113	131	486	165
Staff costs	540	133	136	132	139	540	273
<b>EBITDA before special items</b>	<b>436</b>	<b>72</b>	<b>105</b>	<b>114</b>	<b>103</b>	<b>394</b>	<b>98</b>
Amortisation and depreciation	162	36	37	39	40	152	51
<b>EBIT before special items</b>	<b>274</b>	<b>36</b>	<b>68</b>	<b>75</b>	<b>63</b>	<b>242</b>	<b>47</b>
<i>Gross margin (%)</i>	24.4	22.9	23.9	24.3	24.2	23.8	26.2
<i>Profit margin (%)</i>	4.8	2.5	4.5	5.1	4.1	4.1	2.3
<i>Conversion ratio (%)</i>	19.6	10.9	19.0	20.9	16.9	17.0	8.8
Number of full-time employees	6,110	5,690	5,650	5,844	5,821	5,821	15,057

# Investor contact information

## Share information



DSV shares are listed on the stock exchange in Copenhagen under the symbol 'DSV'.  
For further company information, please visit DSV's website at: [www.dsv.com](http://www.dsv.com)

## Financial calendar 2016



5 Aug 2016 Interim Financial Report, H1 2016  
1 Nov 2016 Interim Financial Report, Third Quarter 2016

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