



# FIRST QUARTER 2018 RESULTS

Conference call – 1 May 2018, 11.00 am CET

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# Forward-looking statements

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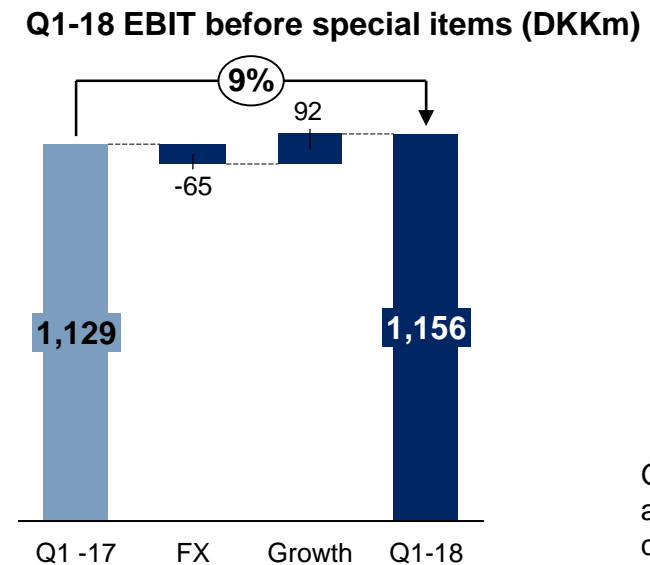
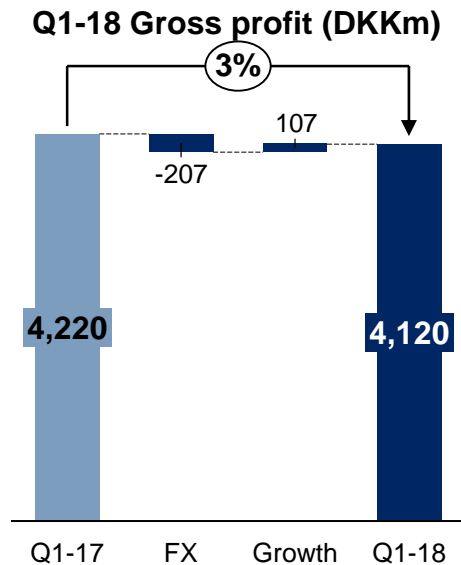
# Agenda

- 1 Highlights
- 2 Business segments
- 3 Financial review
- 4 Q&A



# Highlights Q1 2018

- Gross profit growth of 3% driven by solid volume growth
  - Fewer working days compared to Q1-17
- EBIT growth of 9%
  - Growth driven by Solutions and Air & Sea
- Full-year outlook for 2018 adjusted. EBIT range now DKK 5,100 – 5,400 million
- New three-month share buyback programme of DKK 1.1 billion launched 1 May 2018

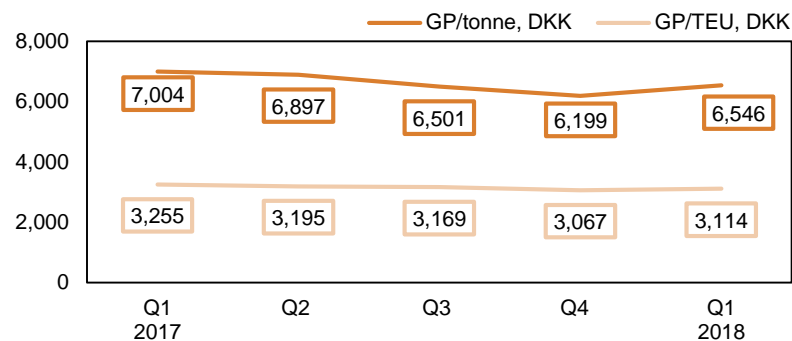


Growth rates are in constant currencies

# Business segments – Air & Sea

- Strong performance in air freight – mainly driven by export from EMEA and the Americas
- Sea freight growth slightly ahead of the underlying market
- Positive yield development in constant currencies
- EBIT growth of 24.8%
- Conversion ratio of 37.1% (up 4.5%-point YoY)

GP per TEU/tonne

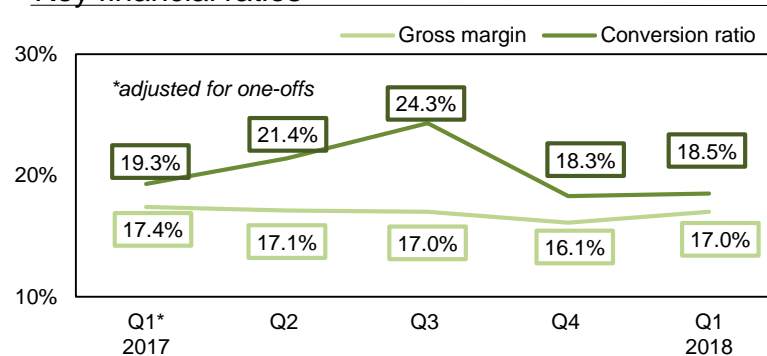


(DKKm)	Q1 2018	Q1 2017	Variance	Constant currencies
Net revenue	8,414	8,470	-0.7%	6.2%
Gross profit	2,145	2,116	1.4%	8.6%
EBIT before special items	795	690	15.2%	24.8%
<i>Operating margin</i>	9.4%	8.1%		
<i>Conversion ratio</i>	37.1%	32.6%		
Sea, total gross profit	1,080	1,083	-0.3%	6.9%
GP/TEU, DKK	3,114	3,255	-4.3%	2.9%
TEU	346,788	332,787	4.2%	
<i>Estimated market growth</i>			3-4%	
Air, total gross profit	1,065	1,033	3.1%	10.3%
GP/tonne, DKK	6,546	7,004	-6.5%	0.7%
Tonnes	162,689	147,439	10.3%	
<i>Estimated market growth</i>			5-6%	

# Business segments – Road

- Gross profit growth of 2.9% when adjusted for DKK 125 million property gain in Q1-17
- Underlying EBIT on level with Q1-17 in spite of fewer working days
- Sequential improvement of gross margin after pressure in Q4-17

Key financial ratios

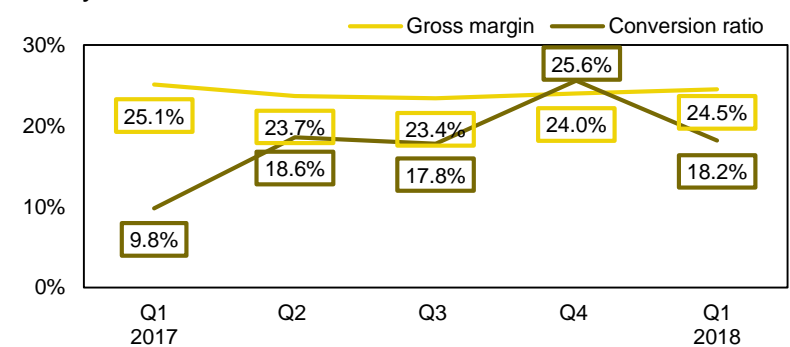


(DKKm)	Q1 2018	Q1 2017	Variance	Constant currencies
Net revenue	7,676	7,633	0.6%	3.3%
Gross profit	1,306	1,433	-8.9%	-6.3%
Gross profit (adjusted est.)	1,306	1,308	-0.2%	2.9%
EBIT before special items	241	378	-36.2%	-34.2%
EBIT before special items (adjusted est.)	241	253	-4.7%	0.0%
<i>Gross margin</i>	17.0%	18.8%		
<i>Gross margin (adjusted est.)</i>	17.0%	17.4%		
<i>Operating margin</i>	3.1%	5.0%		
<i>Operating margin (adjusted est.)</i>	3.1%	3.3%		
<i>Conversion ratio</i>	18.5%	26.4%		
<i>Conversion ratio (adjusted est.)</i>	18.5%	19.3%		
Shipments, growth	3%			
Estimated market growth	2-3%			

# Business segments – Solutions

- Strong operational performance led to EBIT growth
- Gross profit increase of 8.5% driven by growth with large retail brands (including e-commerce) and the automotive industry
- Higher productivity and profitability in several locations
- Positive impact from long term focus on consolidation and improved customer integration

Key financial ratios



(DKKm)	Q1 2018	Q1 2017	Variance	Constant currencies
Net revenue	2,848	2,678	6.3%	10.3%
Gross profit	699	671	4.2%	8.5%
EBIT before special items	127	66	92.4%	95.4%
<i>Gross margin</i>	24.5%	25.1%		
<i>Operating margin</i>	4.5%	2.5%		
<i>Conversion ratio</i>	18.2%	9.8%		

# Financial review Q1 2018 – P&L

(DKKm)	Q1 2018	Q1 2017	Variance	Constant currencies
Net revenue	18,380	18,223	0.9%	5.6%
<b>Gross profit</b>	<b>4,120</b>	<b>4,220</b>	<b>-2.4%</b>	<b>2.7%</b>
Other external expenses	758	851	-10.9%	-5.6%
Staff costs	2,024	2,058	-1.7%	2.6%
<b>EBITDA</b>	<b>1,338</b>	<b>1,311</b>	<b>2.1%</b>	<b>8.1%</b>
Amortisation and depreciation	182	182	0.0%	4.5%
<b>EBIT before special items</b>	<b>1,156</b>	<b>1,129</b>	<b>2.4%</b>	<b>8.7%</b>
Special items, costs	0	160		
Financial items	155	94		
<b>Profit before tax</b>	<b>1,001</b>	<b>875</b>	<b>14.4%</b>	
Tax on profit for the period	232	206	12.6%	
<b>Profit for the period</b>	<b>769</b>	<b>669</b>	<b>14.9%</b>	
<b>Key Performance Indicators</b>				
Gross margin (%)	22.4	23.2		
Operating margin (%)	6.3	6.2		
Conversion ratio (%)	28.1	26.8		
Effective tax rate (%)	23.2	23.5		
Diluted adjusted EPS. 12 months (DKK)	18.4	14.9	23.5%	
Full-time employees (end of quarter)	46,767	45,112		

- Significant impact from exchange rate translation, mainly due to lower DKK/USD
- Conversion ratio improves as productivity increases
- Financial items impacted by exchange rate loss of DKK 86 million in Q1-18 (mainly intra-group with no cash flow impact)
- Effective tax rate at 23.2%, which is in line with the expected level



# Financial review Q1 2018 – cash flow and debt

(DKKm)	Q1 2018	Q1 2017
<b>EBITDA</b>	<b>1,338</b>	<b>1,311</b>
Change in net working capital	-536	-328
Change in provisions	-79	-58
Special items	0	-112
Corporation tax paid and other adjustments	-223	-250
Cash flow from operating activities	500	563
Cash flow from investing activities	-52	164
<b>Free cash flow</b>	<b>448</b>	<b>727</b>
<b>Adjusted free cash flow (excl. M&amp;A)</b>	<b>448</b>	<b>839</b>
<b>Highlights</b>		
<i>NWC in % of revenue</i>	2.5%	3.2%
<i>Net Interest Bearing Debt (NIBD)</i>	6,116	7,754
<i>Financial gearing (NIBD/EBITDA)</i>	1.1	1.6
<i>Average duration, long-term loan commitments (years)</i>	3.0	2.7
<i>Intangible assets</i>	16,478	17,234
<i>Invested capital</i>	20,645	21,831
<i>ROIC including goodwill and customer relations</i>	23.1%	18.2%
<i>ROIC excluding goodwill and customer relations</i>	90.3%	70.6%

- NWC at 2.5% of net revenue. Impacted by seasonality at the end of Q1-18
- We still expect a NWC ratio at 2% or lower by the year end but the quarterly ratio will vary
- Cash flow from investing activities in Q1-17 was positively impacted by the proceeds from property transactions
- Financial gearing ratio within target range (1.0-1.5x)
- ROIC before tax is now at 23.1%

# Allocation to shareholders

- DKK 1.25 billion share buyback programme finalised on 23 March 2018. A total of 2.6 million shares were bought back at an average price of DKK 484.27 per share
- New three-month share buyback programme of DKK 1.1 billion according to safe harbour method starting 1 May 2018 and running until 27 July 2018
- The purpose of the share buyback programmes is to adjust the capital structure and meet obligations relating to the Group's share-based incentive programmes

<b>Announced allocations to shareholders 2018 (DKKm)</b>	<b>Q1-18</b>	<b>Q2-18</b>	<b>Q3-18</b>	<b>Q4 -18</b>	<b>Total</b>
Dividend	380	-	-	-	380
Share buyback - 1,250 (remaining part)	691	-	-	-	691
Share buyback - 1,100 (estimated quarterly split)	-	740	360	-	1,100
<b>Total announced allocations 2018</b>	<b>1,071</b>	<b>740</b>	<b>360</b>	<b>-</b>	<b>2,171</b>

# Outlook for 2018 adjusted

(DKKm)	2017 actual	2018 outlook previous	2018 outlook adjusted
Operating profit before special items	4,878	5,000-5,400	5,100-5,400
Effective tax rate	21%	23%	23%
Adjusted free cash flow	4,835	4,000	4,000

- In constant currencies we expect growth in operating profit before special items of 8-14%
- The adjusted range for EBIT before special items should be seen in the light of a good start to 2018 and overall positive transport markets
- The expected cash flow for 2018 is lower than for 2017. This is mainly due to the positive impact from improved net working capital in 2017

## Other assumptions

- Global freight markets will grow in line with GDP and DSV will be able to gain market shares
- Full year impact of the remaining DKK 200 million UTi cost synergies
- Negative currency translation impact on operating profit before special items of DKK 150 million for the full year
- Financial expenses, excluding the impact from exchange rate losses or gains, of around DKK 300 million
- Effective tax rate of 23%

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Danish participants

**+ 45 35 44 55 83**

International participants

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## Appendix

# Quarterly P&L details

## DSV

(DKKm)	Q1 2016	Q2 2016	Q 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018
Net revenue	15,319	17,606	17,205	17,617	67,747	18,223	18,924	18,735	19,019	74,901	18,380
Direct costs	11,712	13,392	13,186	13,619	51,909	14,003	14,707	14,621	14,965	58,296	14,260
<b>Gross profit</b>	<b>3,607</b>	<b>4,214</b>	<b>4,019</b>	<b>3,998</b>	<b>15,838</b>	<b>4,220</b>	<b>4,217</b>	<b>4,114</b>	<b>4,054</b>	<b>16,605</b>	<b>4,120</b>
Other external expenses	790	877	786	854	3,307	851	769	722	768	3,110	758
Staff costs	1,997	2,228	2,027	2,029	8,281	2,058	2,014	1,889	1,870	7,831	2,024
<b>EBITDA before special items</b>	<b>820</b>	<b>1,109</b>	<b>1,206</b>	<b>1,115</b>	<b>4,250</b>	<b>1,311</b>	<b>1,434</b>	<b>1,503</b>	<b>1,416</b>	<b>5,664</b>	<b>1,338</b>
Amortisation and depreciation	177	209	203	186	775	182	194	190	220	786	182
<b>EBIT before special items</b>	<b>643</b>	<b>900</b>	<b>1,003</b>	<b>929</b>	<b>3,475</b>	<b>1,129</b>	<b>1,240</b>	<b>1,313</b>	<b>1,196</b>	<b>4,878</b>	<b>1,156</b>
Special items, net costs	370	341	155	136	1,002	160	88	123	154	525	-
Financial costs, net costs	(46)	104	85	41	184	94	182	149	131	556	155
<b>Profit before tax</b>	<b>319</b>	<b>455</b>	<b>763</b>	<b>752</b>	<b>2,289</b>	<b>875</b>	<b>970</b>	<b>1,041</b>	<b>911</b>	<b>3,797</b>	<b>1,001</b>
Tax on profit for the period	86	122	211	192	611	206	228	215	136	785	232
<b>Profit for the period</b>	<b>233</b>	<b>333</b>	<b>552</b>	<b>560</b>	<b>1,678</b>	<b>669</b>	<b>742</b>	<b>826</b>	<b>775</b>	<b>3,012</b>	<b>769</b>
<i>Gross margin, %</i>	23.5	23.9	23.4	22.7	23.4	23.2	22.3	22.0	21.3	22.2	22.4
<i>Operating margin, %</i>	4.2	5.1	5.8	5.3	5.1	6.2	6.6	7.0	6.3	6.5	6.3
<i>Conversion ratio, %</i>	17.8	21.4	25.0	23.2	21.9	26.8	29.4	31.9	29.5	29.4	28.1
<i>Tax percentage</i>	27.0	26.8	27.7	25.5	26.7	23.5	23.5	20.7	14.9	20.7	23.2
<i>Blue collar costs (included in direct costs)</i>	812	993	1,034	1,121	3,960	1,081	1,103	1,123	1,149	4,456	1,155
Number of full time employees	44,334	43,593	45,395	44,779	44,779	45,112	44,851	45,161	45,636	45,636	46,767

# Quarterly P&L details

## Air & Sea

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018
Divisional net revenue	7,055	8,416	8,282	8,347	32,100	8,470	8,873	9,044	8,817	35,204	8,414
Direct costs	5,178	6,108	6,159	6,317	23,762	6,354	6,656	6,845	6,725	26,580	6,269
<b>Gross profit</b>	<b>1,877</b>	<b>2,308</b>	<b>2,123</b>	<b>2,030</b>	<b>8,338</b>	<b>2,116</b>	<b>2,217</b>	<b>2,199</b>	<b>2,092</b>	<b>8,624</b>	<b>2,145</b>
Other external expenses	479	640	550	508	2,177	491	451	431	425	1,798	457
Staff costs	937	1,078	898	911	3,824	904	895	839	852	3,490	870
<b>EBITDA before special items</b>	<b>461</b>	<b>590</b>	<b>675</b>	<b>611</b>	<b>2,337</b>	<b>721</b>	<b>871</b>	<b>929</b>	<b>815</b>	<b>3,336</b>	<b>818</b>
Amortisation and depreciation	47	56	49	42	194	31	28	26	26	111	23
<b>EBIT before special items</b>	<b>414</b>	<b>534</b>	<b>626</b>	<b>569</b>	<b>2,143</b>	<b>690</b>	<b>843</b>	<b>903</b>	<b>789</b>	<b>3,225</b>	<b>795</b>
<i>Gross margin, %</i>	26.6	27.4	25.6	24.3	26.0	25.0	25.0	24.3	23.7	24.5	25.5
<i>Operating margin, %</i>	5.9	6.3	7.6	6.8	6.7	8.1	9.5	10.0	8.9	9.2	9.4
<i>Conversion ratio, %</i>	22.1	23.1	29.5	28.0	25.7	32.6	38.0	41.1	37.7	37.4	37.1
Number of full time employees	16,686	15,016	13,799	12,891	12,891	12,648	12,282	12,177	12,041	12,041	11,996

## Road

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018
Divisional net revenue	6,688	7,368	7,111	7,156	28,323	7,633	7,684	7,514	7,796	30,627	7,676
Direct costs	5,431	6,009	5,864	5,925	23,229	6,200	6,368	6,235	6,537	25,340	6,370
<b>Gross profit</b>	<b>1,257</b>	<b>1,359</b>	<b>1,247</b>	<b>1,231</b>	<b>5,094</b>	<b>1,433</b>	<b>1,316</b>	<b>1,279</b>	<b>1,259</b>	<b>5,287</b>	<b>1,306</b>
Other external expenses	332	314	304	274	1,224	332	309	294	334	1,269	347
Staff costs	670	691	612	689	2,662	686	688	641	657	2,672	686
<b>EBITDA before special items</b>	<b>255</b>	<b>354</b>	<b>331</b>	<b>268</b>	<b>1,208</b>	<b>415</b>	<b>319</b>	<b>344</b>	<b>268</b>	<b>1,346</b>	<b>273</b>
Amortisation and depreciation	36	44	41	38	159	37	38	33	37	145	32
<b>EBIT before special items</b>	<b>219</b>	<b>310</b>	<b>290</b>	<b>230</b>	<b>1,049</b>	<b>378</b>	<b>281</b>	<b>311</b>	<b>231</b>	<b>1,201</b>	<b>241</b>
<i>Gross margin, %</i>	18.8	18.4	17.5	17.2	18.0	18.8	17.1	17.0	16.1	17.3	17.0
<i>Operating margin, %</i>	3.3	4.2	4.1	3.2	3.7	5.0	3.7	4.1	3.0	3.9	3.1
<i>Conversion ratio, %</i>	17.4	22.8	23.3	18.7	20.6	26.4	21.4	24.3	18.3	22.7	18.5
Number of full time employees	11,581	11,931	12,710	12,518	12,518	12,576	12,706	12,788	12,998	12,998	13,047

# Quarterly P&L details

## Solutions

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018
Divisional net revenue	2,043	2,406	2,492	2,742	9,683	2,678	2,913	2,757	3,014	11,362	2,848
Direct costs	1,507	1,737	1,808	2,015	7,067	2,007	2,223	2,111	2,291	8,632	2,149
<b>Gross profit</b>	<b>536</b>	<b>669</b>	<b>684</b>	<b>727</b>	<b>2,616</b>	<b>671</b>	<b>690</b>	<b>646</b>	<b>723</b>	<b>2,730</b>	<b>699</b>
Other external expenses	165	192	202	242	801	236	220	204	224	884	235
Staff costs	273	322	311	282	1,188	309	274	264	240	1,087	278
<b>EBITDA before special items</b>	<b>98</b>	<b>155</b>	<b>171</b>	<b>203</b>	<b>627</b>	<b>126</b>	<b>196</b>	<b>178</b>	<b>259</b>	<b>759</b>	<b>186</b>
Amortisation and depreciation	51	65	66	61	243	60	68	63	74	265	59
<b>EBIT before special items</b>	<b>47</b>	<b>90</b>	<b>105</b>	<b>142</b>	<b>384</b>	<b>66</b>	<b>128</b>	<b>115</b>	<b>185</b>	<b>494</b>	<b>127</b>
<i>Gross margin, %</i>	26.2	27.8	27.4	26.5	27.0	25.1	23.7	23.4	24.0	24.0	24.5
<i>Operating margin, %</i>	2.3	3.7	4.2	5.2	4.0	2.5	4.4	4.2	6.1	4.3	4.5
<i>Conversion ratio, %</i>	8.8	13.5	15.4	19.5	14.7	9.8	18.6	17.8	25.6	18.1	18.2
Number of full time employees	15,057	14,598	16,854	17,432	17,432	17,651	17,692	17,946	18,382	18,382	19,534



# 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 2018



1 Aug. 2018 Interim Financial Report, H1 2018  
26 Oct. 2018 Interim Financial Report, Third Quarter 2018

## Investor Relations contacts



DSV A/S  
Hovedgaden 630, 2640 Hedehusene, Denmark

[investor@dsv.com](mailto:investor@dsv.com)

Flemming Ole Nielsen +45 4320 3392

[flemming.o.nielsen@dsv.com](mailto:flemming.o.nielsen@dsv.com)

Ronni Funch Olsen +45 4320 3193

[ronni.f.olsen@dsv.com](mailto:ronni.f.olsen@dsv.com)

Helle K. Hansen +45 4320 3358

[helle.k.hansen@dsv.com](mailto:helle.k.hansen@dsv.com)

Frederikke Anna Linde +45 4320 3195

[frederikke.a.linde@dsv.com](mailto:frederikke.a.linde@dsv.com)