



INTERIM FINANCIAL REPORT

H1 2018

Company Announcement no. 704

1 August 2018

Selected financial and operating data for the period 1 January - 30 June 2018

(DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Net revenue	19,491	18,924	37,871	37,147
Gross profit	4,450	4,217	8,570	8,437
Operating profit (EBIT) before special items	1,449	1,240	2,605	2,369
<i>Operating margin</i>	7.4%	6.6%	6.9%	6.4%
<i>Conversion ratio</i>	32.6%	29.4%	30.4%	28.1%
Profit for the period	1,187	742	1,956	1,411
Adjusted earnings for the period	1,214	828	2,000	1,637
Adjusted free cash flow			1,671	2,038
Diluted adjusted earnings per share of DKK 1 for the period	6.5	4.4	10.7	8.7

Jens Bjørn Andersen, CEO: Our financial results for Q2 2018 are at an all-time high and I am pleased to see that all business areas have performed well. So far, the impact from trade tariffs has been limited and going into the second half of 2018 we continue to see a stable development on the global transport markets. DSV has good momentum and a strong foundation for further growth, and we upgrade our expectations for 2018."

The consolidated full-year outlook for 2018 previously announced is upgraded as follows:

- Operating profit before special items is expected to be in the range of DKK 5,300-5,600 million (previously DKK 5,100-5,400 million).
- Adjusted free cash flow is expected to approximate DKK 4,200 million (previously DKK 4,000 million).
- The effective tax rate is expected to approximate 23% (unchanged).

A separate company announcement about the launch of a new three-month share buyback programme of DKK 1,200 million will be issued today.

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This announcement has been forwarded to Nasdaq Copenhagen and to the press. It is also available at www.dsv.com.

Yours sincerely,
DSV A/S

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Global Transport and Logistics

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Financial highlights*

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Income statement (DKKm)				
Net revenue	19,491	18,924	37,871	37,147
Gross profit	4,450	4,217	8,570	8,437
Operating profit before amortisation, depreciation and special items	1,631	1,434	2,969	2,745
Operating profit (EBIT) before special items	1,449	1,240	2,605	2,369
Special items, costs	-	88	-	248
Net financial expenses	(120)	182	35	276
Profit for the period	1,187	742	1,956	1,411
Adjusted earnings for the period	1,214	828	2,000	1,637
Balance sheet (DKKm)				
DSV A/S shareholders' share of equity			15,210	14,546
Non-controlling interests			(31)	(42)
Balance sheet total			39,395	39,984
Net working capital			2,023	2,097
Net interest-bearing debt			5,454	6,523
Invested capital			20,678	21,483
Gross investment in property, plant and equipment			332	330
Cash flows (DKKm)				
Operating activities			1,699	1,804
Investing activities			(28)	(2)
Free cash flow			1,671	1,802
Adjusted free cash flow			1,671	2,038
Financing activities			(1,748)	(1,770)
Share buyback			(1,449)	-
Dividends distributed			(380)	(345)
Cash flow for the period			(77)	32
Financial ratios (%)				
Gross margin	22.8	22.3	22.6	22.7
Operating margin	7.4	6.6	6.9	6.4
Conversion ratio	32.6	29.4	30.4	28.1
Effective tax rate	24.3	23.5	23.9	23.5
ROIC before tax			24.3	20.0
Return on equity (ROE)			23.8	19.0
Solvency ratio			38.6	36.4
Gearing ratio			0.9	1.3
Share ratios				
Earnings per share of DKK 1	6.5	4.0	10.7	7.6
Earnings per share of DKK 1 for the last 12 months			19.2	13.5
Diluted adjusted earnings per share of DKK 1	6.5	4.4	10.7	8.7
Diluted adjusted earnings per share of DKK 1 for the last 12 months			20.5	16.0
Number of shares issued ('000)			188,000	190,000
Number of treasury shares ('000)			5,192	2,885
Average number of shares issued ('000) for the period	183,878	186,809	183,628	186,270
Average number of shares issued ('000) for the last 12 months			184,718	185,843
Average diluted number of shares ('000) for the period	186,831	189,257	186,517	188,526
Average diluted number of shares ('000) for the last 12 months			187,443	187,810
Share price on 30 June (DKK)			515.6	400.0
Staff				
Number of full-time employees on 30 June			47,144	44,851

*) For a definition of the financial highlights, please refer to page 81 of the 2017 Annual Report.

Management's commentary

The Group achieved a gross profit of DKK 8,570 million for the first six months of 2018 against DKK 8,437 million for the same period last year. In constant currencies, the growth in gross profit was 6%.

Operating profit before special items was DKK 2,605 million for the period against DKK 2,369 million for the same period of 2017. The growth in earnings was mainly driven by the Air & Sea and Solutions divisions. In constant currencies, growth in EBIT before special items came to 15% for the first six months of 2018.

” As a result of improved productivity, the conversion ratio was 30.4% for H1 2018 against 28.1% for the same period last year



Profit for the period

Net revenue

For the first six months of 2018, DSV recorded net revenue of DKK 37,871 million (2017: DKK 37,147 million). Adjusted for exchange rate fluctuations (constant currencies), growth for the period was 6.0%. The growth in net revenue was primarily driven by higher activity levels in all divisions. DSV gained market shares in the first six months of 2018, most significantly in air freight.

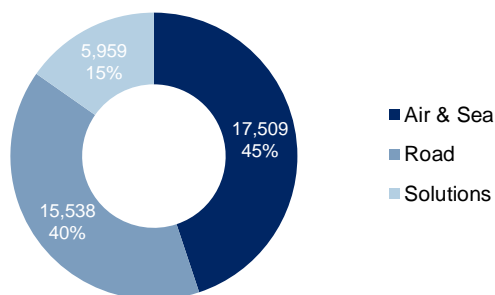
In constant currencies, the Air & Sea division achieved a growth in net revenue of 6.7%, Road 3.9% and Solutions 9.8% in the first six months of 2018.

For Q2 2018, revenue amounted to DKK 19,491 million against DKK 18,924 million for the same period last year. Adjusted for exchange rate fluctuations (constant currencies), growth for the period was 6.4%.

In constant currencies, the Air & Sea division achieved a growth in net revenue of 7.2%, Road 4.6% and Solutions 9.3% in the second quarter of 2018.

The global freight and logistics markets continue to exhibit positive trends in most areas with growth rates close to the underlying GDP growth. We are closely monitoring the ongoing development around trade tariffs. So far, the impact on DSV's transport volumes has been limited.

NET REVENUE YTD 2018 (DKKm)



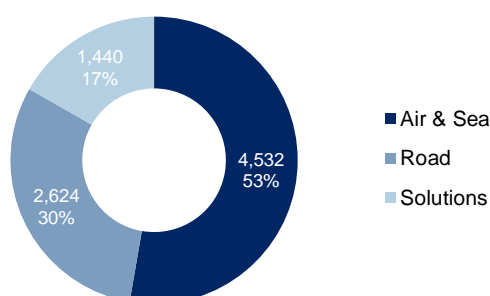
Gross profit

Gross profit was DKK 8,570 million for the first six months of the year against DKK 8,437 million for the same period of 2017. In constant currencies, the growth in gross profit was 5.9%. The growth in gross profit was primarily driven by higher activity levels in all divisions.

In H1 2018, the Air & Sea and Solutions divisions achieved growth of 10.7% and 9.2%, respectively, whereas the Road division saw a decline of 2.3% (all in constant currencies).

For Q2 2018, gross profit amounted to DKK 4,450 million against DKK 4,217 million for the same period last year. In constant currencies, the growth in gross profit was 9.0%. For the quarter, Air & Sea achieved a growth of 12.6%, Road 2.1% and Solutions 9.8%.

GROSS PROFIT YTD 2018 (DKKm)



The consolidated gross margin was 22.6% for the first six months of 2018 against 22.7% for the same period of 2017.

Operating profit before special items

Operating profit before special items was DKK 2,605 million for H1 2018 against DKK 2,369 million for the same period of 2017. In constant currencies, growth for the period was 15.1%.

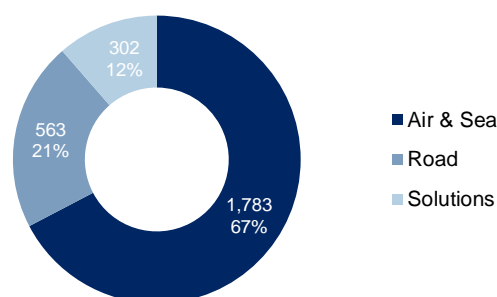
For Q2 2018, operating profit before special items amounted to DKK 1,449 million against DKK 1,240 million for the same period last year. In constant currencies, growth for the period was 20.8%.

The growth in earnings in Q2 2018 is attributable to a strong performance in all divisions. Air & Sea achieved a growth of 22.9%, Road 15.4% and Solutions 36.7%.

As a result of improved productivity, the conversion ratio was 30.4% for the six-month period against 28.1% for the corresponding period of 2017.

The operating margin (before special items) was 6.9% for the six-month period against 6.4% for the same period last year.

EBIT BEFORE SPECIAL ITEMS YTD 2018 (DKKm)



Financial items

Financial items totalled a net expense of DKK 35 million for H1 2018, including a net exchange rate gain of DKK 98 million. For H1 2017, financial items totalled a net expense of DKK 276 million, including a net exchange loss of DKK 128 million.

The exchange rate fluctuations were mainly related to intra-Group loans, which are not hedged.

GROWTH

(DKKm)	Q2 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q2 2018
Net revenue	18,924	(604)	1,171	6.4%	19,491
Gross profit	4,217	(136)	369	9.0%	4,450
EBIT before special items	1,240	(40)	249	20.8%	1,449
	YTD 2017				YTD 2018
Net revenue	37,147	(1,427)	2,151	6.0%	37,871
Gross profit	8,437	(343)	476	5.9%	8,570
EBIT before special items	2,369	(105)	341	15.1%	2,605

Tax on profit for the period

The effective tax rate of 23.9% for H1 2018 was at the expected level.

Profit for the period

Profit for the period was DKK 1,956 million for the first six months of the year against DKK 1,411 million for the same period of 2017. The growth was driven by higher operating profit, no integration costs and lower net financial expenses in 2018.

Diluted adjusted earnings per share

Diluted adjusted earnings per share was DKK 10.7 for the first six months of 2018, up 23.0% compared to the same period last year.

The 12-month figure to the end of June 2018 was DKK 20.5 per share against DKK 16.0 for the same period last year, corresponding to an increase of 28.1%.

Cash flow statement

CASH FLOW STATEMENT

(DKKm)	YTD 2018	YTD 2017
Cash flow from operating activities	1,699	1,804
Cash flow from investing activities	(28)	(2)
Free cash flow	1,671	1,802
Cash flow from financing activities	(1,748)	(1,770)
Cash flow for the period	(77)	32
Adjusted free cash flow	1,671	2,038

Cash flow from operating activities

Cash flow from operating activities was DKK 1,699 million for the first six months of 2018 against DKK 1,804 million for the same period of 2017. Operating profit before amortisation, depreciation and special items for the period was higher than last year, but fluctuations in net working capital led to a net decrease in cash flow from operating activities.

Cash flow from investing activities

Cash flow from investing activities amounted to DKK -28 million for the first six months of 2018 against DKK -2 million for the same period of 2017.

Adjusted free cash flow

Adjusted free cash flow for the period was DKK 1,671 million against DKK 2,038 million for the same period last year. The variance is primarily due to the development in net working capital.

Net working capital

The Group reported funds tied up in net working capital of DKK 2,023 million on 30 June 2018 against DKK 2,097 million on 30 June 2017.

Relative to full-year revenue, the net working capital amounted to 2.7% on 30 June 2018 (30 June 2017: 2.9%). The target for NWC is 2% of net revenue by year-end, but due to seasonality NWC is higher during the year.

Capital structure and finances

DSV A/S shareholders' share of equity

The equity interest of DSV shareholders was DKK 15,210 million on 30 June 2018 (DKK 14,835 million on 31 December 2017).

Equity was mainly affected by the profit for the period, distribution of dividends and share buybacks.

On 30 June 2018, the Company's portfolio of treasury shares amounted to 5,191,877 shares, corresponding to 2.76% of the total number of shares issued. On 1 August 2018, DSV's portfolio of treasury shares amounts to 5,854,877 shares.

The solvency ratio excluding non-controlling interests was 38.6% on 30 June 2018 (30 June 2017: 36.4%).

DSV reduced its share capital on 10 April 2018 through the cancellation of 2.0 million treasury shares. Consequently, the share capital of DSV has a current nominal value of DKK 188 million, corresponding to 188 million shares with a face value of DKK 1.

DEVELOPMENT IN EQUITY

(DKKm)	YTD 2018	YTD 2017
Equity on 1 January	14,835	13,416
Profit for the period	1,965	1,408
Currency translation adjustments, foreign enterprises	(151)	(265)
Allocated to shareholders	(1,829)	(342)
Sale of treasury shares	312	253
Other equity movements	78	76
Equity on 30 June	15,210	14,546

Net interest-bearing debt

Consolidated net interest-bearing debt amounted to DKK 5,454 million on 30 June 2018 against DKK 6,523 million on 30 June 2017.

The financial gearing ratio was 0.9 on 30 June 2018 against 1.3 for the same period last year. In line with DSV's capital allocation principles, a three-month share buyback programme of DKK 1,200 million is initiated on 2 August 2018 to bring the financial gearing ratio within our target range (between 1.0 and 1.5x net interest-bearing debt to EBITDA).

The duration of the Group's long-term loan and credit facilities was 3.0 years on 30 June 2018 against 2.7 years on 30 June 2017.

Invested capital

The Group's invested capital including goodwill and customer relationships amounted to DKK 20,678 million on 30 June 2018 against DKK 21,483 million on 30 June 2017.

Return on invested capital (ROIC before tax)

Return on invested capital including goodwill and customer relationships was 24.3% for the 12-month period ended 30 June 2018 against 20.0% for the 12-month period ended 30 June 2017.

Outlook for 2018

The consolidated full-year outlook for 2018 previously announced is upgraded as follows:

- Operating profit before special items is expected to be in the range of DKK 5,300-5,600 million (previously DKK 5,100-5,400 million).
- Adjusted free cash flow is expected to approximate DKK 4,200 million (previously DKK 4,000 million).
- The effective tax rate is expected to approximate 23% (unchanged).

The upgrade is based on solid financial results in the first half of 2018, driven by both top line growth and a high conversion ratio. We expect that the good momentum will continue in the second half of 2018. Furthermore, the upgrade is impacted by the strengthening of the USD against DKK.

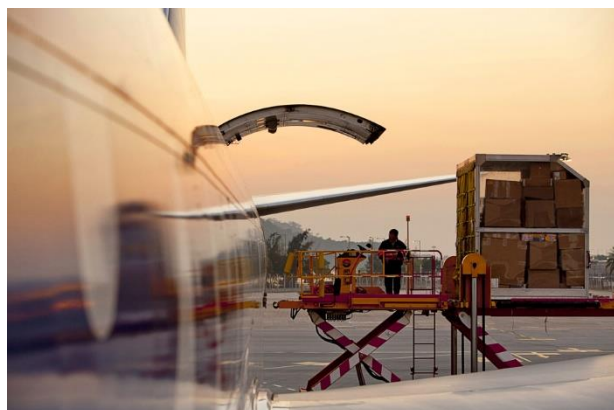
The outlook for 2018 is based on the assumption of a stable development in the markets in which the Group operates and that currency exchange rates, especially USD against DKK, will remain at the current level.

DSV Air & Sea

Activities

The Air & Sea division offers a global network and specialises in the transportation of cargo by air and sea. The division offers both conventional freight services and tailored project cargo solutions.

In H1 2018, the division reported 11% growth in air freight volumes and 4% growth for sea freight. The division reported EBIT before special items of DKK 1,783 million for H1 2018 (2017: DKK 1,533 million). The conversion ratio for the first six months of 2018 was 39.3% (2017: 35.4%).



” For Q2 2018, EBIT before special items totalled DKK 988 million against DKK 843 million last year

INCOME STATEMENT

(DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Divisional net revenue	9,095	8,873	17,509	17,343
Direct costs	6,708	6,656	12,977	13,010
Gross profit	2,387	2,217	4,532	4,333
Other external expenses	485	451	942	942
Staff costs	893	895	1,763	1,799
EBITDA before special items	1,009	871	1,827	1,592
Amortisation and depreciation of intangibles, property, plant and equipment	21	28	44	59
EBIT before special items	988	843	1,783	1,533

KEY OPERATING DATA

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Gross margin (%)	26.2	25.0	25.9	25.0
Conversion ratio (%)	41.4	38.0	39.3	35.4
Operating margin (%)	10.9	9.5	10.2	8.8
Number of full-time employees on 30 June			12,065	12,282
Total invested capital (DKKm)			10,971	11,260
Net working capital (DKKm)			1,554	1,207
ROIC before tax (%)			31.3	24.1

Market development

Freight volume growth on 2017

	DSV Q2 2018	Market Q2 2018	DSV YTD 2018	Market YTD 2018
Sea freight – TEUs	3%	3%	4%	3%
Air freight – tonnes	12%	4%	11%	5%

Market growth rates are based on own estimates.

The division reported an increase in sea freight volumes (TEUs) of 4% for H1 2018. This is estimated to be slightly above the underlying market. DSV's growth was mainly driven by export from the EMEA region.

In H1 2018, the division reported a volume increase (tonnes) of 11% for air freight, mainly driven by strong performance on EMEA and Americas export. It is estimated that the market grew 5% in the same period.

Divisional net revenue

The division's net revenue amounted to DKK 17,509 million for the first six months of 2018 against DKK 17,343 million for the same period last year. In constant currencies, growth for the period was 6.7%.

For Q2 2018, net revenue amounted to DKK 9,095 million against DKK 8,873 million for the same period last year, corresponding to a growth in constant currencies of 7.2%.

The increase was mainly driven by the growth in freight volumes in both air and sea freight.

Gross profit

Gross profit was DKK 4,532 million for H1 2018 against DKK 4,333 million for the same period of 2017. In constant currencies, growth for the period was 10.7%.

For Q2 2018, gross profit amounted to DKK 2,387 million against DKK 2,217 million for the same period last year, corresponding to a growth in constant currencies of 12.6%.

The division's gross margin was 25.9% for H1 2018 against 25.0% for the same period last year.

Gross profit per shipment showed a satisfactory development in H1 2018 and improved both for air and sea, when adjusted for the currency headwind.

EBIT before special items

EBIT before special items was DKK 1,783 million for the first six months of 2018 against DKK 1,533 million for the same period last year. In constant currencies, growth for the period was 23.7%.

For Q2 2018, EBIT before special items totalled DKK 988 million against DKK 843 million for the same period last year, corresponding to a growth in constant currencies of 22.9%.

Geographically, the growth in earnings was driven by all regions with a strong performance across EMEA, the Americas and APAC.

The conversion ratio was 39.3% for H1 2018 against 35.4% for the same period last year. The operating margin was 10.2% against 8.8% for the same period last year.

For Q2 2018, the conversion ratio was 41.4% against 38.0% for the same period last year. The operating margin was 10.9% compared to 9.5% for Q2 2017.

The record high margins were driven by continued improvement in productivity across the organisation. At the same time, the remaining synergies from the UTi integration have now been realised.

Several strategic initiatives to further digitise workflows and improve customer services are in progress. These initiatives include roll-out of a mobile IOD (information of delivery) app, implementation of software robotics and use of predictive analytics. Furthermore, the division continues to develop customer services, e.g. within purchase order management.

Net working capital

The Air & Sea division's funds tied up in net working capital came to DKK 1,554 million on 30 June 2018 against DKK 1,207 million on 30 June 2017.

GROWTH

(DKKm)	Q2 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q2 2018
Divisional net revenue	8,873	(386)	608	7.2%	9,095
Gross profit	2,217	(98)	268	12.6%	2,387
EBIT before special items	843	(39)	184	22.9%	988
	YTD 2017				YTD 2018
Divisional net revenue	17,343	(930)	1,096	6.7%	17,509
Gross profit	4,333	(239)	438	10.7%	4,532
EBIT before special items	1,533	(92)	342	23.7%	1,783

AIR AND SEA SPLIT

(DKKm)	Sea freight				Air freight			
	Q2 2018	Q2 2017	YTD 2018	YTD 2017	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Divisional net revenue	4,485	4,662	8,693	9,104	4,610	4,211	8,816	8,239
Direct costs	3,284	3,517	6,412	6,876	3,424	3,139	6,565	6,134
Gross profit	1,201	1,145	2,281	2,228	1,186	1,072	2,251	2,105
Gross margin (%)	26.8	24.6	26.2	24.5	25.7	25.5	25.5	25.5
Volume (TEUs/tonnes)	369,211	358,383	715,999	691,170	173,578	155,430	336,267	302,869
Gross profit per unit (DKK)	3,253	3,195	3,186	3,224	6,833	6,897	6,694	6,950

DSV Road

Activities

DSV Road is among the market leaders in Europe and, furthermore the division has operations in North America and South Africa. The division offers full load, part load and groupage services through a strong network of more than 200 terminals and operates more than 20,000 trucks daily.

In H1 2018, DSV Road continued to gain market share and reported 4% growth in shipments. EBIT before special items was DKK 563 million for H1 2018 against DKK 659 million for the same period of 2017. H1 2017 was impacted by a gain on property transactions of DKK 125 million.



” For Q2 2018, EBIT before special items totalled DKK 322 million against DKK 281 million last year

INCOME STATEMENT

(DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Divisional net revenue	7,862	7,684	15,538	15,317
Direct costs	6,544	6,368	12,914	12,568
Gross profit	1,318	1,316	2,624	2,749
Other external expenses	275	309	622	641
Staff costs	687	688	1,373	1,374
EBITDA before special items	356	319	629	734
Amortisation and depreciation of intangibles, property, plant and equipment	34	38	66	75
EBIT before special items	322	281	563	659

KEY OPERATING DATA

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Gross margin (%)	16.8	17.1	16.9	17.9
Conversion ratio (%)	24.4	21.4	21.5	24.0
Operating margin (%)	4.1	3.7	3.6	4.3
Number of full-time employees on 30 June			13,160	12,706
Total invested capital (DKKm)			4,287	5,200
Net working capital (DKKm)			(748)	(108)
ROIC before tax (%)			23.3	25.4

Market development

Freight volume growth on 2017

	DSV Q2 2018	Market Q2 2018	DSV YTD 2018	Market YTD 2018
Shipments	5%	2-3%	4%	2-3%

Market growth rates are based on own estimates.

With shipment growth of 4% in the first six months of 2018 compared to the same period last year, Management estimates that the Road division has gained market share in most markets.

Divisional net revenue

The division's net revenue amounted to DKK 15,538 million for the first six months of 2018 against DKK 15,317 million for the same period last year. In constant currencies, growth for the period was 3.9%.

For Q2 2018, net revenue amounted to DKK 7,862 million against DKK 7,684 million for the same period last year, corresponding to a growth in constant currencies of 4.6%.

The increase was mainly attributable to the growth in number of shipments.

Gross profit

For the first six months of 2018, gross profit totalled DKK 2,624 million against DKK 2,749 million for the same period last year. Gross profit in Q1 2017 was impacted by a net gain of approx. DKK 125 million on property transactions resulting in a negative growth from H1 2017 to H1 2018 of 2.3% measured in constant currencies.

For Q2 2018, gross profit amounted to DKK 1,318 million against DKK 1,316 million for the same period last year, corresponding to a growth in constant currencies of 2.1%.

The division's gross margin was 16.9% for H1 2018 compared to an underlying gross margin of 17.1% for H1 2017 when adjusted for property transactions. The gross margin for Q2 2018 was 16.8% compared to 17.1% for Q2 2017.

Following haulier rate increases in the second half of 2017, the division has been able to increase prices toward customers in the beginning of 2018. However, the market remains highly competitive, and this has led to pressure on the gross margin, which going forward is expected to be around 17%.

EBIT before special items

EBIT before special items was DKK 563 million for the first six months of 2018 against DKK 659 million for the same period last year. A net gain of approx. DKK 125 million on property transactions impacted Q1 2017 positively.

For Q2 2018, EBIT before special items totalled DKK 322 million against DKK 281 million for the same period last year.

The conversion ratio was 21.5% for H1 2018 against 24.0% for the same period last year. The operating margin was 3.6% against 4.3% for the same period last year.

For Q2 2018, the conversion ratio was 24.4% against 21.4% for the same period last year. The operating margin was 4.1% compared to 3.7% for Q2 2017. The growth in earnings in Q2 2018 was driven by a lower cost base.

The Road division continues to focus on strategic projects. These include an update of the TMS (transport management system), which is currently being tested in a pilot, and roll-out of the online platform myDSV.

Net working capital

The Road division reported funds tied up in net working capital of DKK -748 million on 30 June 2018 against DKK -108 million on 30 June 2017.

GROWTH

(DKKm)	Q2 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q2 2018
Divisional net revenue	7,684	(167)	345	4.6%	7,862
Gross profit	1,316	(25)	27	2.1%	1,318
EBIT before special items	281	(2)	43	15.4%	322
	YTD 2017				YTD 2018
Divisional net revenue	15,317	(368)	589	3.9%	15,538
Gross profit	2,749	(63)	(62)	(2.3%)	2,624
EBIT before special items	659	(14)	(82)	(12.7%)	563

DSV Solutions

Activities

DSV Solutions specialises in contract logistics – logistics and warehousing solutions that support customers' entire supply chains. In addition to traditional warehousing and distribution services, the division's service portfolio also includes freight management, customs clearance, order management and e-commerce solutions.

DSV Solutions reported EBIT before special items of DKK 302 million for the first six months of 2018 against DKK 194 million for the same period of 2017.



” For Q2 2018, EBIT before special items totalled DKK 175 million against DKK 128 million last year

INCOME STATEMENT

(DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Divisional net revenue	3,111	2,913	5,959	5,591
Direct costs	2,370	2,223	4,519	4,230
Gross profit	741	690	1,440	1,361
Other external expenses	226	220	461	456
Staff costs	286	274	564	583
EBITDA before special items	229	196	415	322
Amortisation and depreciation of intangibles, property, plant and equipment	54	68	113	128
EBIT before special items	175	128	302	194

KEY OPERATING DATA

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Gross margin (%)	23.8	23.7	24.2	24.3
Conversion ratio (%)	23.6	18.6	21.0	14.3
Operating margin (%)	5.6	4.4	5.1	3.5
Number of full-time employees on 30 June			19,584	17,692
Total invested capital (DKKm)			4,335	3,937
Net working capital (DKKm)			1,165	822
ROIC before tax (%)			14.6	12.6

Market development

The contract logistics market is estimated to have grown by 3-4% in H1 2018. After a period with stable growth, the market is relatively balanced and warehouse utilisation is high in most regions.

As seen in previous years, growth was strongest in the e-commerce sector, but we continue to see good momentum in other more conventional industries.

Measured by divisional net revenue, the division achieved growth of 9.8% in H1 2018 with retail (incl. e-commerce) and automotive industries as the main growth drivers.

Divisional net revenue

The division's net revenue was DKK 5,959 million for H1 2018 against DKK 5,591 million for the same period of 2017. In constant currencies, growth for the period was 9.8%.

For Q2 2018, net revenue amounted to DKK 3,111 million against DKK 2,913 million for the same period last year, corresponding to a growth in constant currencies of 9.3%.

Gross profit

Gross profit was DKK 1,440 million for the first six months of 2018 against DKK 1,361 million for the same period of 2017. In constant currencies, growth for the period was 9.2%.

For Q2 2018, gross profit amounted to DKK 741 million against DKK 690 million for the same period last year, corresponding to a growth in constant currencies of 9.8%.

The division's gross margin was 24.2% for H1 2018 against 24.3% for the same period last year. The gross margin for Q2 2018 was 23.8% compared to 23.7% for Q2 2017.

EBIT before special items

EBIT before special items was DKK 302 million for the first six months of 2018 against DKK 194 million for the same period of 2017. In constant currencies, growth came to 56.5%.

For Q2 2018, EBIT before special items totalled DKK 175 million against DKK 128 million for the same period last year. In constant currencies, growth came to 36.7%.

Regionally, growth was mainly driven by a strong performance in the EMEA region.

The conversion ratio was 21.0% for H1 2018 against 14.3% for the same period last year. The division's operating margin was 5.1% for H1 2018 against 3.5% for the same period last year.

For Q2 2018, the conversion ratio was 23.6% against 18.6% for the same period last year. The operating margin was 5.6% compared to 4.4% for Q2 2017.

The improvement in margins was driven by higher gross profit and a stable cost base compared to the same period last year. The division has managed to improve productivity and profitability in several locations.

The division continues to focus on increasing productivity via automation of warehouses, development of larger and more efficient warehouses and roll-out of the divisions global warehouse management system.

Net working capital

The division reported funds tied up in net working capital of DKK 1,165 million on 30 June 2018 against DKK 822 million on 30 June 2017.

GROWTH

(DKKm)	Q2 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q2 2018
Divisional net revenue	2,913	(67)	265	9.3%	3,111
Gross profit	690	(15)	66	9.8%	741
EBIT before special items	128	-	47	36.7%	175
	YTD 2017				YTD 2018
Divisional net revenue	5,591	(164)	532	9.8%	5,959
Gross profit	1,361	(42)	121	9.2%	1,440
EBIT before special items	194	(1)	109	56.5%	302

Interim financial statements

Income statement

(DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Net revenue	19,491	18,924	37,871	37,147
Direct costs	15,041	14,707	29,301	28,710
Gross profit	4,450	4,217	8,570	8,437
Other external expenses	733	769	1,491	1,620
Staff costs	2,086	2,014	4,110	4,072
Operating profit before amortisation, depreciation and special items	1,631	1,434	2,969	2,745
Amortisation and depreciation of intangibles, property, plant and equipment	182	194	364	376
Operating profit before special items	1,449	1,240	2,605	2,369
Special items, costs	-	88	-	248
Financial items	(120)	182	35	276
Profit before tax	1,569	970	2,570	1,845
Tax on profit for the period	382	228	614	434
Profit for the period	1,187	742	1,956	1,411
Profit for the period is attributable to:				
Shareholders of DSV A/S	1,195	740	1,965	1,408
Non-controlling interests	(8)	2	(9)	3
Earnings per share:				
Earnings per share of DKK 1	6.5	4.0	10.7	7.6
Diluted earnings per share of DKK 1 for the period	6.4	3.9	10.5	7.5

Statement of comprehensive income

(DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Profit for the period	1,187	742	1,956	1,411
Items that will be reclassified to income statement when certain conditions are met:				
Currency translation adjustments, foreign enterprises	(44)	(369)	(146)	(265)
Fair value adjustment relating to hedging instruments	(9)	30	(20)	38
Fair value adjustment relating to hedging instruments transferred to financials	1	(1)	1	1
Tax on items reclassified to income statement	(1)	(4)	-	(7)
Items that will not be reclassified to income statement:				
Actuarial gains/(losses)	19	(1)	(15)	(40)
Tax relating to items that will not be reclassified	(6)	-	1	10
Other comprehensive income (OCI), net of tax	(40)	(345)	(179)	(263)
Total comprehensive income	1,147	397	1,777	1,148
Total comprehensive income is attributable to:				
Shareholders of DSV A/S	1,148	393	1,781	1,145
Non-controlling interests	(1)	4	(4)	3
Total	1,147	397	1,777	1,148

Cash flow statement

(DKK m)	YTD 2018	YTD 2017
Operating profit before amortisation, depreciation and special items	2,969	2,745
<i>Adjustments:</i>		
Share-based payments	43	31
Change in provisions	(118)	(110)
Change in working capital, etc.	(647)	30
Special items	-	(228)
Interest received	37	57
Interest paid	(126)	(246)
Corporation tax, paid	(459)	(475)
Cash flow from operating activities	1,699	1,804
Purchase of intangible assets	(221)	(130)
Purchase of property, plant and equipment	(332)	(329)
Disposal of property, plant and equipment	555	417
Acquisition and disposal of subsidiaries and activities	-	(8)
Change in other financial assets	(30)	48
Cash flow from investing activities	(28)	(2)
Free cash flow	1,671	1,802
Proceeds from and repayment of short-term and long-term debt	(201)	(1,641)
Other financial liabilities incurred	(43)	(41)
<i>Shareholders:</i>		
Dividends distributed	(380)	(345)
Purchase of treasury shares	(1,449)	-
Sale of treasury shares	312	253
Other transactions with shareholders	13	4
Cash flow from financing activities	(1,748)	(1,770)
Cash flow for the period	(77)	32
Cash and cash equivalents on 1 January 2018	1,348	1,714
Cash flow for the period	(77)	32
Currency translation adjustments	(46)	70
Cash and cash equivalents on 30 June 2018	1,225	1,816
The cash flow statement cannot be directly derived from the balance sheet and income statement.		
<i>Statement of adjusted free cash flow</i>		
Free cash flow	1,671	1,802
Net acquisition of subsidiaries and activities	-	8
Special items (restructuring costs)	-	228
Adjusted free cash flow	1,671	2,038

Balance sheet - Assets

(DKKm)	30.06.2018	31.12.2017	30.06.2017
Intangible assets	16,614	16,573	16,802
Property, plant and equipment	2,455	2,431	3,012
Other receivables	287	257	269
Deferred tax assets	1,003	965	1,049
Total non-current assets	20,359	20,226	21,132
Trade receivables	13,495	12,557	12,929
Work in progress (services and inventories)	2,337	1,762	1,998
Other receivables	1,755	1,778	1,796
Cash and cash equivalents	1,225	1,348	1,816
Assets held for sale	224	717	313
Total current assets	19,036	18,162	18,852
Total assets	39,395	38,388	39,984

Balance sheet – Equity and liabilities

(DKKm)	30.06.2018	31.12.2017	30.06.2017
Share capital	188	190	190
Reserves	15,022	14,645	14,356
DSV A/S shareholders' share of equity	15,210	14,835	14,546
Non-controlling interests	(31)	(26)	(42)
Total equity	15,179	14,809	14,504
Deferred tax liabilities	190	82	244
Pensions and similar obligations	1,119	1,124	1,503
Provisions	607	706	716
Financial liabilities	5,855	6,491	7,258
Total non-current liabilities	7,771	8,403	9,721
Provisions	384	383	368
Financial liabilities	880	495	1,139
Trade payables	7,628	7,477	6,861
Work in progress (services)	2,794	2,539	2,657
Other payables	4,398	3,953	4,260
Corporation tax	361	329	474
Total current liabilities	16,445	15,176	15,759
Total liabilities	24,216	23,579	25,480
Total equity and liabilities	39,395	38,388	39,984

Statement of changes in equity – 1 January - 30 June 2018

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity on 1 January 2018	190	4,744	(6)	(35)	(508)	10,450	14,835	(26)	14,809
Profit for the period	-	-	-	-	-	1,965	1,965	(9)	1,956
Net exchange differences recognised in OCI	-	-	-	-	(151)	-	(151)	5	(146)
Fair value adjustments relating to hedging instruments	-	-	-	(20)	-	-	(20)	-	(20)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	1	-	-	1	-	1
Actuarial gains/(losses)	-	-	-	-	-	(15)	(15)	-	(15)
Tax on other comprehensive income	-	-	-	-	-	1	1	-	1
Other comprehensive income, net of tax	-	-	-	(19)	(151)	(14)	(184)	5	(179)
Total comprehensive income for the period	-	-	-	(19)	(151)	1,951	1,781	(4)	1,777
Transactions with owners:									
Share-based payments	-	-	-	-	-	43	43	-	43
Dividends distributed	-	-	-	-	-	(380)	(380)	(1)	(381)
Purchase of treasury shares	-	-	(3)	-	-	(1,446)	(1,449)	-	(1,449)
Sale of treasury shares	-	-	2	-	-	310	312	-	312
Capital reduction	(2)	-	2	-	-	-	-	-	-
Dividends on treasury shares	-	-	-	-	-	14	14	-	14
Other adjustments	-	-	-	-	-	3	3	-	3
Tax on transactions with owners	-	-	-	-	-	51	51	-	51
Total transactions with owners	(2)	-	1	-	-	(1,405)	(1,406)	(1)	(1,407)
Equity on 30 June 2018	188	4,744	(5)	(54)	(659)	10,996	15,210	(31)	15,179

Statement of changes in equity – 1 January - 30 June 2017

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity on 1 January 2017	190	4,744	(5)	(18)	(79)	8,584	13,416	(38)	13,378
Profit for the period	-	-	-	-	-	1,408	1,408	3	1,411
Net exchange differences recognised in OCI	-	-	-	-	(265)	-	(265)	-	(265)
Fair value adjustments relating to hedging instruments	-	-	-	38	-	-	38	-	38
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	1	-	-	1	-	1
Actuarial gains/(losses)	-	-	-	-	-	(40)	(40)	-	(40)
Other adjustments	-	-	-	(55)	-	55	-	-	-
Tax on other comprehensive income	-	-	-	(7)	-	10	3	-	3
Other comprehensive income, net of tax	-	-	-	(23)	(265)	25	(263)	-	(263)
Total comprehensive income for the period	-	-	-	(23)	(265)	1,433	1,145	3	1,148
Transactions with owners:									
Share-based payments	-	-	-	-	-	31	31	-	31
Dividends distributed	-	-	-	-	-	(342)	(342)	(3)	(345)
Sale of treasury shares	-	-	2	-	-	251	253	-	253
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	(4)	(4)
Dividends on treasury shares	-	-	-	-	-	7	7	-	7
Other adjustments	-	-	-	-	-	2	2	-	2
Tax on transactions with owners	-	-	-	-	-	34	34	-	34
Total transactions with owners	-	-	2	-	-	(17)	(15)	(7)	(22)
Equity on 30 June 2017	190	4,744	(3)	(41)	(344)	10,000	14,546	(42)	14,504

Notes

1 Accounting policies

The Interim Financial Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and Danish disclosure requirements for listed companies.

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2017 Annual Report. The 2017 Annual Report provides a full description of Group accounting policies.

Changes in accounting policies

DSV A/S has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2018 as adopted by the European Union.

Implementation of the standards and amendments have not had any material impact on the Group's Financial Statements and are likewise not expected to have any significant future impact.

Of the new standards and amendments implemented the most significant are as follows:

IFRS 9 Financial Instruments

IFRS 9 introduces several changes to IAS 39 - including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications and measurement of financial assets and liabilities.

The standard has resulted in only minor changes to existing accounting practices, mainly affecting credit-loss and impairment models applied. The most significant change has been applied to impairment assessments of trade receivables as these are now considered based on IFRS 9's expected credit-loss model, where previously an incurred-loss model was applied. This revised approach has not resulted in any materially different impairment assessment of trade receivables compared to prior practices. Additionally, the new standard has not carried any significant changes to classifications of financial assets or financial liabilities.

IFRS 9 has been applied following the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of the comparison period.

IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a new framework for revenue recognition and measurement.

The standard has resulted in only minor changes to existing accounting practices, mainly relating to extended external reporting disclosure requirements. IFRS 15 has been applied following the modified retrospective approach with any cumulative effects recognised in retained earnings as of 1 January 2018 and with no restatement of the comparison period.

2 Accounting estimates and judgements

In preparing the Interim Financial Statements, Management makes various accounting estimates and judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These estimates are based on professional judgement, historical data and other factors available to Management. By their nature, estimates include a degree of uncertainty, and actual results may therefore deviate from the estimates on the reporting date. Estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

3 New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2018 interim financial statements.

The most significant of these is IFRS 16 Leases which is also currently the only standard expected to have a significant impact on the DSV financial statements when implemented 1 January 2019.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a material impact on DSV's financial statements, as off-balance operating leases will be capitalised and accounted for, similar to our current finance lease accounting practices.

The expected impact of implementing the standard on the DSV financial statements remains unchanged from the assessment disclosed in chapter 1 of the DSV Annual Report 2017.

4 Segment information

(DKKkm)	Air & Sea		Road		Solutions		Other activities, non-allocated items and eliminations		Total	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Condensed income statement										
Divisional net revenue	17,509	17,343	15,538	15,317	5,959	5,591	1,166	1,074	40,172	39,325
Intercompany revenue	(293)	(288)	(742)	(690)	(160)	(184)	(1,106)	(1,016)	(2,301)	(2,178)
Net revenue	17,216	17,055	14,796	14,627	5,799	5,407	60	58	37,871	37,147
Gross profit	4,532	4,333	2,624	2,749	1,440	1,361	(26)	(6)	8,570	8,437
Other external expenses	942	942	622	641	461	456	(534)	(419)	1,491	1,620
Staff costs	1,763	1,799	1,373	1,374	564	583	410	316	4,110	4,072
Amortisation and depreciation of intangibles, property, plant and equipment	44	59	66	75	113	128	141	114	364	376
Operating profit before special items	1,783	1,533	563	659	302	194	(43)	(17)	2,605	2,369
Condensed balance sheet										
Total assets	21,184	21,553	16,094	15,931	7,664	7,000	(5,547)	(4,500)	39,395	39,984
Total liabilities	24,247	26,765	10,116	9,510	7,024	6,976	(17,171)	(17,771)	24,216	25,480

5 Net revenue

Net revenue comprises freight forwarding services, income from property projects and other related services delivered in the financial period as well as changes in the completion of services in progress.

Net revenue from freight forwarding services are recognised following the over-time recognition principle. Most freight forwarding services and related services are characterised by

short delivery time with the exception of sea services, which usually take longer due to the nature of the transport service delivered.

Our major service deliveries – Air & Sea services, Road services and Solutions services – follow our divisional structure as presented in note 4 Segment information. Geographical segmentation of net revenue breaks down as follows:

(DKKkm)	EMEA		Americas		APAC		Total	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Air & Sea services	4,553	4,474	2,418	2,204	2,124	2,195	9,095	8,873
Road services	7,187	7,019	675	665	-	-	7,862	7,684
Solutions services	2,417	2,287	461	407	233	219	3,111	2,913
Divisional net revenue	14,157	13,780	3,554	3,276	2,357	2,414	20,068	19,470
Non-allocated items and eliminations							(577)	(546)
Total net revenue							19,491	18,924

(DKKkm)	EMEA		Americas		APAC		Total	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Air & Sea services	8,974	8,752	4,498	4,380	4,037	4,211	17,509	17,343
Road services	14,244	13,990	1,294	1,327	-	-	15,538	15,317
Solutions services	4,608	4,318	899	843	452	430	5,959	5,591
Divisional net revenue	27,826	27,060	6,691	6,550	4,489	4,641	39,006	38,251
Non-allocated items and eliminations							(1,135)	(1,104)
Total net revenue							37,871	37,147

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Interim Financial Report of DSV A/S for the six-month period ended on 30 June 2018.

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and additional requirements in accordance with the Danish Financial Statements Act. Apart from the implementation of IFRS 9 and IFRS 15, the accounting policies remain unchanged from the 2017 Annual Report.

In our opinion, the Interim Financial Statements give a true and fair view of the DSV Group's assets, equity, liabilities and financial position on 30 June 2018 and of the results of the Group's activities and the cash flow for the six-month period ended on 30 June 2018.

We also find that the Management's commentary provides a fair statement of development in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group and a description of the major risks and elements of uncertainty faced by the Group. Except as disclosed in the Interim Financial Report, no changes in the major risks and elements of uncertainty faced by the Group have occurred relative to the disclosures in 2017 Annual Report.

Hedehusene, 1 August 2018

Executive Board:

Jens Bjørn Andersen
CEO

Jens H. Lund
CFO

Board of Directors:

Kurt K. Larsen
Chairman

Thomas Plenborg
Deputy Chairman

Annette Sadolin

Birgit W. Nørgaard

Robert S. Kledal

Jørgen Møller