

Q3 2022 RESULTS

DSV A/S

Conference call

25 October 2022, 11:00 am CEST



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

2 Business segments

3 Financial review

4 Upgraded outlook for 2022

5 Q&A

Highlights Q3 2022

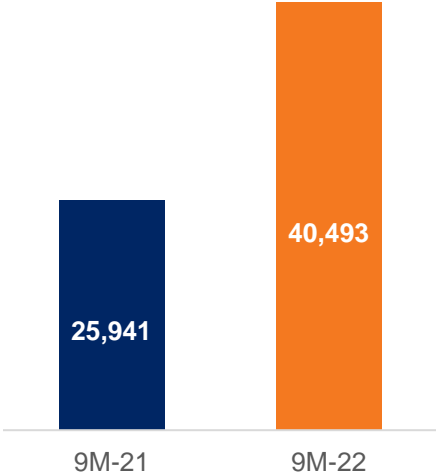
- Continued strong performance across the organisation – despite weaker demand.
- Strong cash flow and two new share buyback programmes of **DKK 3 billion and DKK 4 billion**.
- 2022 EBIT guidance upgraded to **DKK 24.5 - 25.5 billion** (previously DKK 23 - 25 billion).

Gross profit (DKKm)

+30.7%*

+49.5%*

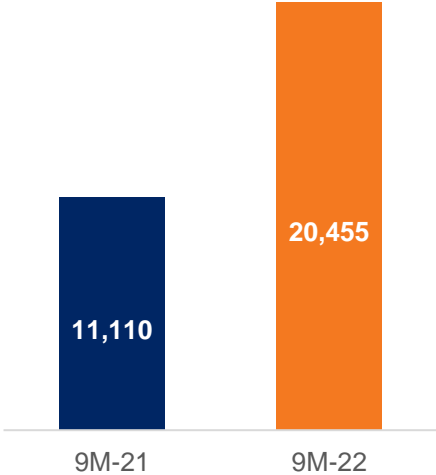
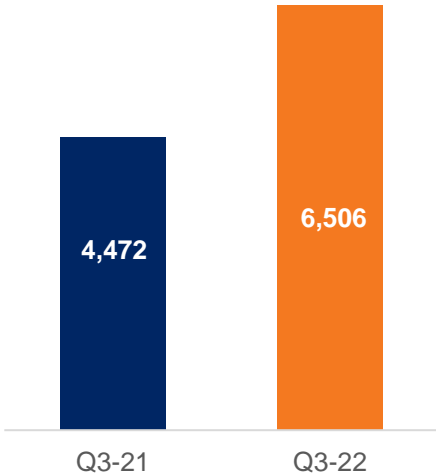
Q3-22 is the first quarter with **GIL in comparable figures** (included from 16 August 2021).



EBIT before special items (DKKm)

+ 36.9%*

+ 74.6%*



*) Growth rates are including M&A and in constant currencies.

Air & Sea

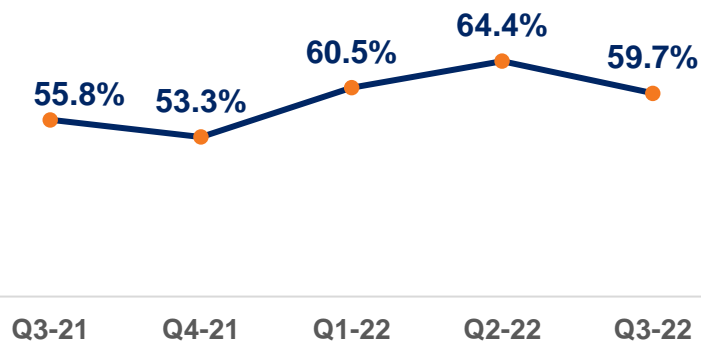
(DKKm)		Q3 2022	Q3 2021	Growth*	9M 2022	9M 2021	Growth*
Gross profit Air		4,793	3,329	34.6%	14,540	8,988	53.2%
Gross profit Sea		4,342	2,985	35.9%	12,807	7,256	66.3%
Total gross profit		9,135	6,314	35.2%	27,347	16,244	59.1%
EBIT		5,455	3,521	44.2%	16,842	8,757	80.5%

*) Growth rates are in constant currencies and including M&A.

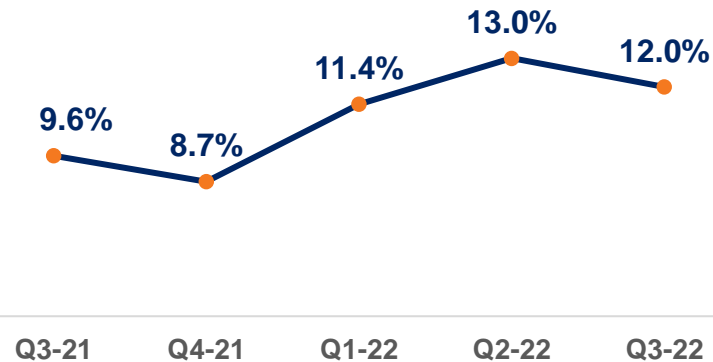
Management commentary

- EBIT growth driven by continued high gross profit yields and a strong focus on operational excellence.
- Growth across all regions and a positive impact from the addition of GIL.
- A gradual decline in yields is expected as supply chain congestion eases and rates drop. We saw the first signs of this in Q3 2022.

Conversion ratio



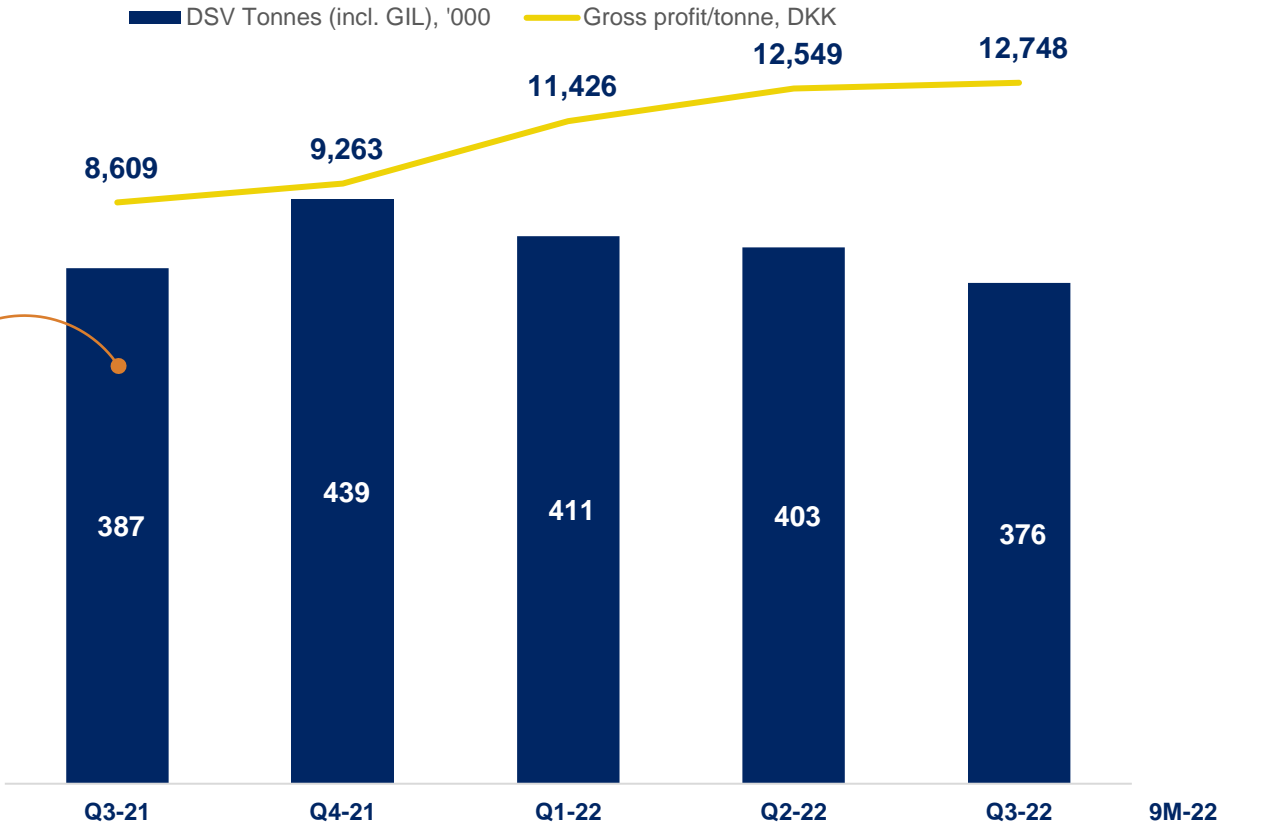
Operating margin



Air freight Q3 2022



GIL 1.5 month impact



Volume growth air

DSV including M&A	29%	35%	22%	15%	(3%)	11%
DSV organic (estimate)	16%	12%	2%	(4%)	(10%)	(5%)
Market estimate	15-20%	10-15%	0%	(7-10%)	(11-13%)	(6-8%)

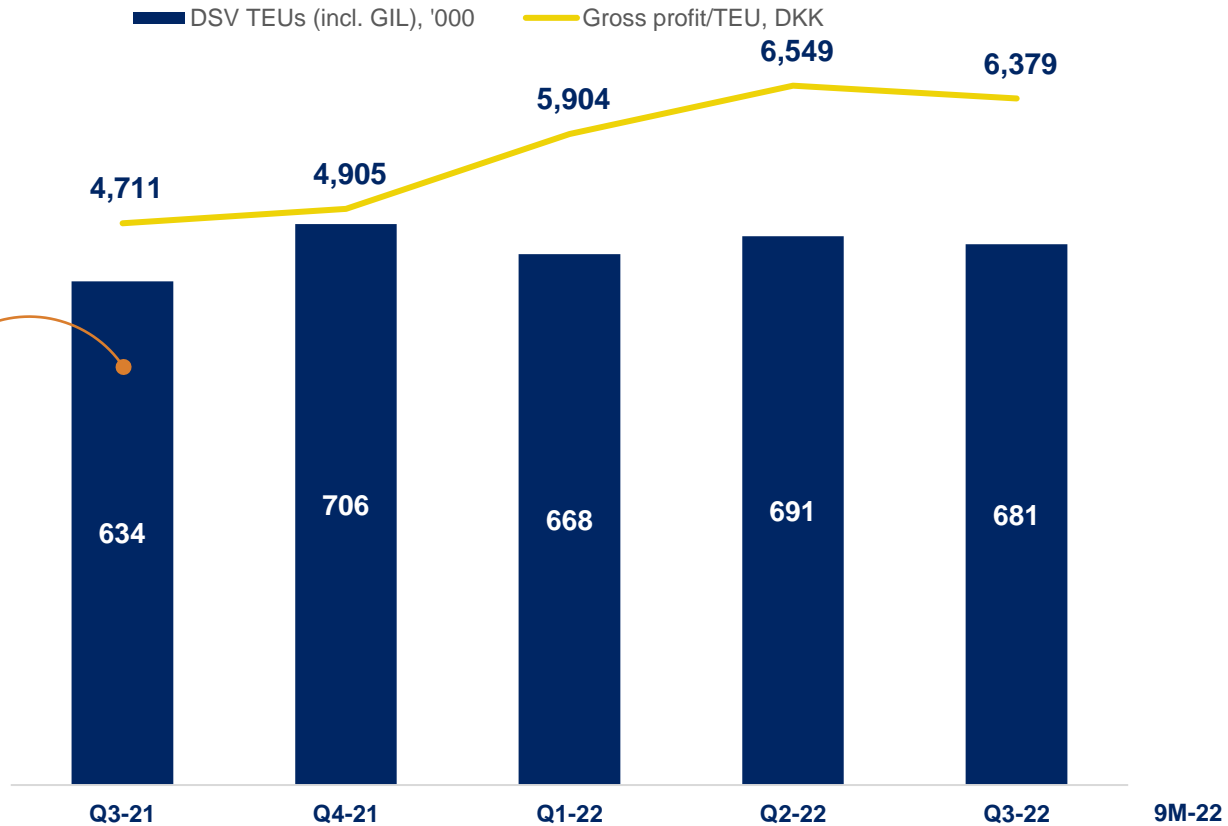
Management commentary

- Weaker demand was more than compensated by strong yields.
- Excluding GIL impact, DSV's volumes declined approx. 10% in Q3 2022. This was better than the estimated market growth.
- Available capacity has increased as belly-space capacity on passenger planes has gradually returned.
- Freight rates have declined but remain elevated, partly due to high fuel prices.

Sea freight Q3 2022



GIL 1.5 month impact



Volume growth sea

	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	9M-22
DSV including M&A	12%	29%	15%	20%	7%	14%
DSV organic (estimate)	0%	1%	(7%)	(5%)	(4%)	(5%)
Market estimate	0%	(3-0%)	(3-7%)	(3-5%)	(4-6%)	(3-5%)

Management commentary

- Also for sea freight, the weaker demand was compensated by continued strong yields.
- No real peak-season in Q3 2022. Soft volumes on Asia-Europe and Asia-North America trade lanes.
- Excluding estimated GIL impact, DSV volumes declined approx. 4% in Q3 2022 and were on level with the estimated market development.
- Weaker demand and easing port-congestion have led to over-capacity and declining spot-rates.

Road

(DKKm)		Q3 2022	Q3 2021	Growth*	9M 2022	9M 2021	Growth*
Revenue		10,406	8,783	16.9%	31,429	25,502	22.1%
Gross profit		1,989	1,745	12.9%	6,001	5,170	15.3%
EBIT		525	465	12.2%	1,589	1,344	17.5%

*) Growth rates are in constant currencies and including M&A.

Management commentary

- Growth in GP, driven by higher activity levels and the addition of GIL.
- DSV Road has performed well across most markets and is gaining market share.
- Stable conversion ratio, despite inflationary pressure on cost base.
- Decline in business-to-consumer and retail shipments compared to the high activity levels in 2021.

Gross margin

19.9% 19.4% 19.0% 19.1% 19.1%

Q3-21 Q4-21 Q1-22 Q1-22 Q3-22

Conversion ratio

26.6% 26.6% 25.7% 27.3% 26.4%

Q3-21 Q4-21 Q1-22 Q1-22 Q3-22

Operating margin

5.3% 5.2% 4.9% 5.2% 5.0%

Q3-21 Q4-21 Q1-22 Q1-22 Q3-22

Solutions

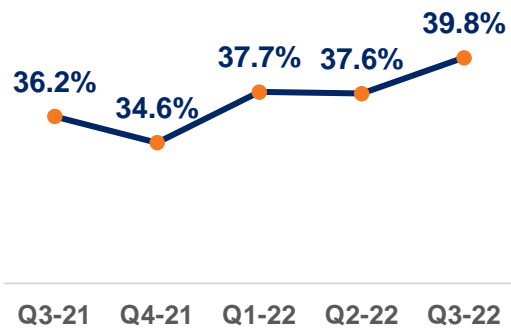
(DKKm)		Q3 2022	Q3 2021	Growth*	9M 2022	9M 2021	Growth*
Revenue		5,841	4,739	18.1%	18,185	12,345	42.2%
Gross profit		2,325	1,717	29.5%	6,971	4,442	51.4%
EBIT		613	486	22.4%	2,155	1,027	104.3%

*) Growth rates are in constant currencies and including M&A.

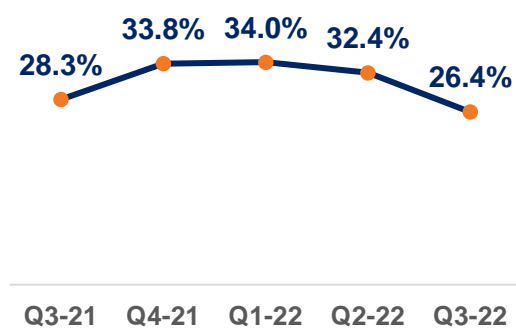
Management commentary

- The division continues to benefit from consolidation of IT systems and the multi-client campus strategy.
- Growth across all regions.
- Strong contribution from GIL activities.
- Increasing impact from cost inflation.

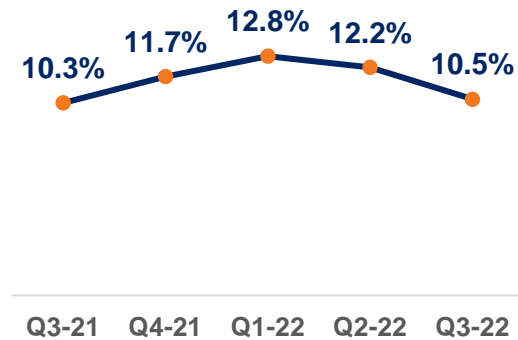
Gross margin



Conversion ratio



Operating margin



P&L 9M 2022

(DKKm)	Q3 2022	Q3 2021	Growth*	9M 2022	9M 2021	Growth*
Headlines						
Revenue	60,560	49,557	15.5%	184,434	121,004	45.9%
Gross profit	13,538	9,823	30.7%	40,493	25,941	49.5%
EBIT before special items	6,506	4,472	36.9%	20,455	11,110	74.6%
Profit for the period	4,426	3,161		13,882	8,017	
P&L items						
Cost base (staff, other ext., depreciations)	7,032	5,351		20,038	14,831	
Special items, costs	456	154		1,117	154	
Financial items, FX adj. (non-cash, intra-group)	(167)	(66)		126	(148)	
Net financial costs, other	273	231		825	587	
KPIs						
Gross margin (%)	22.4	19.8		22.0	21.4	
Operating margin (%)	10.7	9.0		11.1	9.2	
Conversion ratio (%)	48.1	45.5		50.5	42.8	
Effective tax rate (%)	25.5	23.9		24.5	23.8	
Employees (end of period)				76,715	79,325	
Diluted adjusted EPS 12 months				78.8	43.9	79.5%

Management commentary

- Solid GP growth in Q3 2022. Growth rates declined, as we met higher comparable figures in 2021.
- Conversion at very satisfactory level despite increasing inflationary pressure on cost base.
- Foreign exchange adjustments on intra-group loans were impacted by the integration process. No cash impact.
- Effective tax rate expected to end up around 24% level for the full year.
- EPS growth of 79.5%.

*) Growth rates are in constant currencies and including M&A.

Cash flow 9M 2022

(DKKm)	9M 2022	9M 2021	Variance
EBITDA before special items	24,151	14,077	10,074
Change in working capital	12	(5,416)	5,428
Tax, interest, change in provisions, etc.	(4,147)	(1,839)	(2,308)
Special items	(523)	(551)	28
Cash flow from operating activities	19,493	6,271	13,222
Cash flow from investing activities	(495)	788	(1,283)
Free cash flow	18,998	7,059	11,939
Cash flow from financing activities	(15,024)	(3,320)	(11,704)
Calculation of adjusted free cash flow:			
Free cash flow	18,998	7,059	
Acquisition of subsidiaries and activities reversed	-	(1,631)	
Special items reversed	523	551	
Repayment of lease liabilities	(2,758)	(2,261)	
Adjusted free cash flow	16,763	3,718	13,045
KPIs			
Net working capital (NWC)	8,636	8,815	
NWC in % of revenue (pro-forma)	3.5	3.6	
Net interest-bearing debt (NIBD)	27,277	28,316	
Gearing ratio (NIBD/EBITDA before special items)	0.9x	1.6x	
ROIC before tax (%)	24.7	16.6	
ROIC before tax (excl. goodwill and customer relationships, %)	98.7	62.7	

Management commentary

- Significant growth in adjusted free cash flow driven by earnings growth and a stable NWC.
- Absolute NWC remained high due to the high average freight rates. We expect a lower NWC as freight rates decline.
- Gearing ratio at 0.9x and new share buyback programmes initiated.
- 8.5 years weighted average duration on long-term bonds and drawn credit facilities.

Share buyback and dividend

Management commentary

- Due to low liquidity in the stock market, the recent share buyback programme did not reach the maximum target.
- We will now start two new programmes:
 - Up to DKK 3.0 billion starting 25 October 2022 and running until 14 November 2022 (outside of Safe Harbour Regulation).
 - Up to DKK 4.0 billion starting 15 November 2022 and running until 1 February 2023 (Safe Harbour).
- On 25 October 2022, the portfolio of treasury shares was 12.0 million shares (representing 5,11% of the share capital).
- We plan to reduce the share capital and renew the authorisation to acquire treasury shares on an EGM on 22 November 2022.

Allocations to shareholders 2022 (DKKm)	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Expected 2022
Dividend (DKK 5.50 per share)	1,320				1,320
Share buyback – rest of 2021 programme	1,163				1,163
Share buyback – 2.5 billion	2,383	117			2,500
Share buyback – 6.0 billion		4,652	954		5,606
Share buyback – 7.0 billion			3,886	1,352	5,238
Share buyback – 3.0 billion				3,000	3,000
Share buyback – 4.0 billion (partly in Q1 2023)				2,400	2,400
Total allocations	4,866	4,769	4,840	6,752	21,227

Upgraded outlook 2022

(DKKm)	Updated outlook	Previous outlook	Actual 2021
EBIT before special items	24,500-25,500	23,000-25,000	16,223
Effective tax rate	24.0%	23.0%	24.5%

Main assumptions

- Based on our strong performance in the first nine months of 2022 and our expectations for Q4.
- We expect that the global logistics markets will continue to be negatively impacted by the slowdown in the global economy.
- We expect a gradual decline in gross profit yields for air and sea as congestion continues to ease and freight rates decline.
- EBIT impact from GIL of at least DKK 2,550 million for the full year.
- Uncertainty regarding the macro environment remains elevated and changes to the outlook may occur.

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DSV

P&L details

DSV Group

(DKKm)	FY 2018	FY 2019	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	YTD 2022
Revenue	79,053	94,701	115,932	33,616	37,831	49,557	61,302	182,306	61,125	62,749	60,560	184,434
Direct costs	61,564	70,947	87,398	25,831	29,498	39,734	49,628	144,691	48,248	48,671	47,022	143,941
Gross profit	17,489	23,754	28,534	7,785	8,333	9,823	11,674	37,615	12,877	14,078	13,538	40,493
Other external expenses	3,036	3,133	3,291	849	818	1,030	1,476	4,173	1,289	1,338	1,431	4,058
Staff costs	8,241	10,329	11,684	2,920	2,970	3,277	3,858	13,025	3,912	4,039	4,333	12,284
EBITDA before special items	6,212	10,292	13,559	4,016	4,545	5,516	6,340	20,417	7,676	8,701	7,774	24,151
Depreciation of right-of-use assets	-	2,734	2,990	752	730	771	891	3,144	892	912	942	2,746
Amortisation and depreciation of owned assets	762	904	1,049	197	244	273	336	1,050	288	336	326	950
EBIT before special items	5,450	6,654	9,520	3,067	3,571	4,472	5,113	16,223	6,496	7,453	6,506	20,455
Special Items, net costs	-	800	2,164	-	-	154	324	478	404	257	456	1,117
Financial income	-	131	254	208	(16)	119	(105)	206	67	76	83	226
Financial expenses - lease liabilities	-	383	434	119	108	125	143	495	162	175	181	518
Financial expenses	249	606	1,549	110	129	159	154	552	234	417	8	659
Profit before tax	5,201	4,996	5,627	3,046	3,318	4,153	4,387	14,904	5,763	6,680	5,944	18,387
Tax on profit for the period	1,213	1,290	1,369	717	791	992	1,150	3,650	1,377	1,610	1,518	4,505
Profit for the period	3,988	3,706	4,258	2,329	2,527	3,161	3,237	11,254	4,386	5,070	4,426	13,882
<i>Gross margin, %</i>	22.1	25.1	24.6	23.2	22.0	19.8	19.0	20.6	21.1	22.4	22.4	22.0
<i>Operating margin, %</i>	6.9	7.0	8.2	9.1	9.4	9.0	8.3	8.9	10.6	11.9	10.7	11.1
<i>Conversion ratio, %</i>	31.2	28.0	33.4	39.4	42.9	45.5	43.8	43.1	50.4	52.9	48.1	50.5
<i>Effective tax rate, %</i>	23.3	25.8	24.3	23.5	23.8	23.9	26.2	24.5	23.9	24.1	25.5	24.5
<i>Blue-collar costs (included in direct costs)</i>	4,791	5,299	5,274	1,405	1,457	1,553	1,865	6,280	1,802	1,882	1,942	5,625
Number of full-time employees	47,394	61,216	56,621	57,642	59,871	79,325	77,958	77,958	77,358	76,071	76,715	76,715

P&L details

Air & Sea												
(DKKm)	FY 2018	FY 2019	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	YTD 2022
Divisional revenue	36,972	51,151	73,689	22,924	25,948	36,861	46,168	131,901	45,887	47,282	45,339	138,508
Direct costs	27,779	38,634	56,780	18,136	20,806	30,547	38,643	108,132	37,250	37,707	36,204	111,161
Gross profit	9,193	12,517	16,909	4,788	5,142	6,314	7,525	23,769	8,637	9,575	9,135	27,347
Other external expenses	1,854	2,267	2,870	753	663	814	1,136	3,366	1,076	1,028	1,097	3,201
Staff costs	3,560	5,093	6,048	1,445	1,435	1,698	2,020	6,598	2,033	2,082	2,276	6,391
EBITDA before special items	3,779	5,157	7,991	2,590	3,044	3,802	4,369	13,805	5,528	6,465	5,762	17,755
Depreciation of right-of-use assets	-	484	679	136	144	189	239	708	220	216	217	653
Amortisation and depreciation of owned assets	86	167	286	61	57	92	119	329	84	86	90	260
EBIT before special items	3,693	4,506	7,026	2,393	2,843	3,521	4,011	12,768	5,224	6,163	5,455	16,842
<i>Gross margin, %</i>	<i>24.9</i>	<i>24.5</i>	<i>22.9</i>	<i>20.9</i>	<i>19.8</i>	<i>17.1</i>	<i>16.3</i>	<i>18.0</i>	<i>18.8</i>	<i>20.3</i>	<i>20.1</i>	<i>19.7</i>
<i>Operating margin, %</i>	<i>10.0</i>	<i>8.8</i>	<i>9.5</i>	<i>10.4</i>	<i>11.0</i>	<i>9.6</i>	<i>8.7</i>	<i>9.7</i>	<i>11.4</i>	<i>13.0</i>	<i>12.0</i>	<i>12.2</i>
<i>Conversion ratio, %</i>	<i>40.2</i>	<i>36.0</i>	<i>41.6</i>	<i>50.0</i>	<i>55.3</i>	<i>55.8</i>	<i>53.3</i>	<i>53.7</i>	<i>60.5</i>	<i>64.4</i>	<i>59.7</i>	<i>61.6</i>
Number of full-time employees	12,130	21,516	18,008	17,999	18,067	25,742	24,675	24,675	23,700	23,292	23,225	23,225
<i>Air</i>												
Revenue, DKKm	18,892	27,134	44,756	12,975	14,197	18,399	25,275	70,846	24,207	25,032	22,499	71,738
Gross profit, DKKm	4,627	6,594	10,275	2,762	2,897	3,329	4,063	13,051	4,695	5,052	4,793	14,540
Air freight, tonnes	689,045	1,071,266	1,272,405	336,307	349,210	386,702	438,614	1,510,833	410,911	402,594	375,990	1,189,495
GP/tonne, DKK	6,715	6,155	8,075	8,213	8,296	8,609	9,263	8,638	11,426	12,549	12,748	12,224
<i>Sea</i>												
Revenue, DKKm	18,080	24,017	28,933	9,949	11,751	18,462	20,893	61,055	21,680	22,250	22,840	66,770
Gross profit, DKKm	4,566	5,923	6,634	2,026	2,245	2,985	3,462	10,718	3,942	4,523	4,342	12,807
Sea freight, TEUs	1,442,348	1,907,126	2,204,902	581,019	573,385	633,690	705,857	2,493,951	667,653	690,621	680,683	2,038,957
GP/TEU, DKK	3,166	3,106	3,009	3,487	3,915	4,711	4,905	4,298	5,904	6,549	6,379	6,281

P&L details

Road

(DKKm)	FY 2018	FY 2019	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	YTD 2022
Divisional revenue	31,243	31,621	30,395	8,056	8,663	8,783	9,914	35,416	10,188	10,835	10,406	31,429
Direct costs	25,935	25,465	24,257	6,399	6,895	7,038	7,989	28,321	8,250	8,761	8,417	25,428
Gross profit	5,308	6,156	6,138	1,657	1,768	1,745	1,925	7,095	1,938	2,074	1,989	6,001
Other external expenses	1,326	1,060	1,021	258	272	282	310	1,122	341	373	342	1,056
Staff costs	2,706	2,864	2,799	742	779	761	867	3,149	871	904	895	2,670
EBITDA before special items	1,276	2,232	2,318	657	717	702	748	2,824	726	797	752	2,275
Depreciation of right-of-use assets	-	862	828	236	220	196	206	858	205	202	193	600
Amortisation and depreciation of owned assets	129	119	100	18	21	41	29	109	23	29	34	86
EBIT before special items	1,147	1,251	1,390	403	476	465	513	1,857	498	566	525	1,589
<i>Gross margin, %</i>	17.0	19.5	20.2	20.6	20.4	19.9	19.4	20.0	19.0	19.1	19.1	19.1
<i>Operating margin, %</i>	3.7	4.0	4.6	5.0	5.5	5.3	5.2	5.2	4.9	5.2	5.0	5.1
<i>Conversion ratio, %</i>	21.6	20.3	22.6	24.3	26.9	26.6	26.6	26.2	25.7	27.3	26.4	26.5
Number of full-time employees	12,850	13,644	14,003	14,222	15,503	16,942	16,888	16,888	17,001	16,484	16,496	16,496
Solutions												
Divisional revenue	13,229	14,390	14,608	3,609	3,997	4,739	6,389	18,734	6,162	6,182	5,841	18,185
Direct costs	10,194	9,421	9,239	2,261	2,620	3,022	4,178	12,081	3,840	3,858	3,516	11,214
Gross profit	3,035	4,969	5,369	1,348	1,377	1,717	2,211	6,653	2,322	2,324	2,325	6,971
Other external expenses	955	1,088	1,089	281	297	348	412	1,338	461	405	448	1,276
Staff costs	1,141	1,306	1,449	377	377	418	492	1,664	525	552	600	1,677
EBITDA before special items	939	2,575	2,831	690	703	951	1,307	3,651	1,374	1,367	1,277	4,018
Depreciation of right-of-use assets	-	1,326	1,422	369	359	378	440	1,546	461	486	525	1,472
Amortisation and depreciation of owned assets	230	236	248	58	66	87	119	330	124	128	139	391
EBIT before special items	709	1,013	1,161	263	278	486	748	1,775	789	753	613	2,155
<i>Gross margin, %</i>	22.9	34.5	36.8	37.4	34.5	36.2	34.6	35.5	37.7	37.6	39.8	38.3
<i>Operating margin, %</i>	5.4	7.0	7.9	7.3	7.0	10.3	11.7	9.5	12.8	12.2	10.5	11.9
<i>Conversion ratio, %</i>	23.4	20.4	21.6	19.5	20.2	28.3	33.8	26.7	34.0	32.4	26.4	30.9
Number of full-time employees	20,025	22,777	21,478	22,188	22,814	32,007	31,866	31,866	31,845	31,730	32,588	32,588

Investor Relations

Share information



DSV A/S is listed on the Copenhagen stock exchange under the symbol 'DSV'.

For further company information, please visit: www.dsv.com

Financial calendar 2023



02 Feb. 2023 Annual Report, 2022

16 Mar. 2023 Annual General Meeting 2023

27 Apr. 2023 Interim Financial Report, Q1 2023

25 Jul. 2023 Interim Financial Report, H1 2023

24 Oct. 2023 Interim Financial Report, Third Quarter 2023

Investor Relations contacts



DSV A/S

Hovedgaden 630, 2640 Hedehusene, Denmark

investor@dsv.com

Flemming Ole Nielsen

EVP, Head of IR

+45 4320 3392

flemming.o.nielsen@dsv.com

Alexander Plenborg

IR Officer

+45 4320 3373

alexander.plenborg@dsv.com

Sebastian Rosborg

IR Officer

+45 4320 3387

sebastian.rosborg@dsv.com

Veronica Pontoppidan

IR Coordinator

+45 4111 0646

veronica.pontoppidan@dsv.com