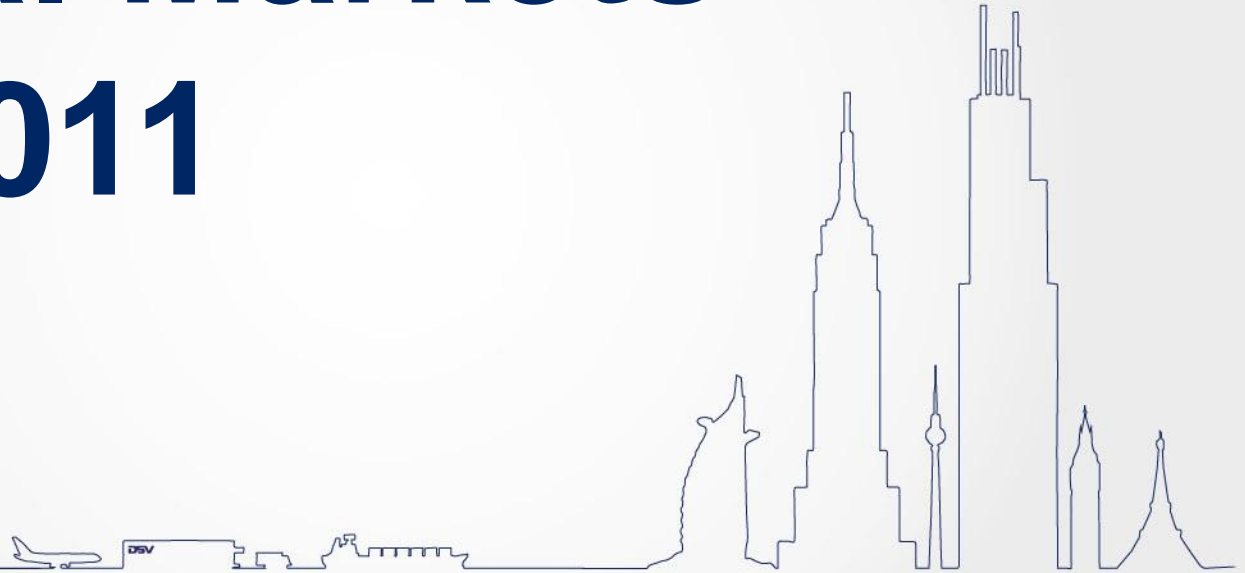


# Capital Markets Day 2011

Meet DSV  
in Action



## **DSV Germany**

**Managing Director Tobias Schmidt, DSV Air & Sea GmbH**

**Managing Director Brian Ejsing, DSV Road GmbH**

Capital Markets Day  
6 September 2011



# Agenda

- DSV Germany in general
- Air & Sea Division – Full steam ahead
- Shared Service Centre – The right thing to do
- Road Division – The way forward
- DSV Germany – focus areas
- Q&A

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# Germany and DSV Germany

- Population: about 82 million
- Expected GDP growth 2011: 3%
- Unemployment rate: 7%

DSV is present with all divisions

- Air & Sea
- Road
- Solutions

## DSV Locations



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in Action

# DSV Germany in general

## Competitive environment

- Competition is one of the strongest in Europe due to the country's leading economic role in this region and its growing requirement for outsourcing logistics
- Logistics is regarded as one of the leading business sectors in Germany
- DSV Germany is among the Top 10 Logistics Providers and is regarded as a new, innovative and fast growing brand
- Complexity in business processes is increasing which creates opportunities

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# DSV Germany in general

Europe's Top 6 companies (German companies in **Bold**)

Rank	Company	Country	Sales	Profits	Assets	Market Value
1	<b>Volkswagen Group</b>	<b>Germany</b>	<b>\$168.3 B</b>	<b>\$9.1 B</b>	<b>\$267.5 B</b>	<b>\$70.3 B</b>
2	<b>Daimler</b>	<b>Germany</b>	<b>\$130.9 B</b>	<b>\$6 B</b>	<b>\$178.7 B</b>	<b>\$70.5 B</b>
3	Nestlé	Switzerland	\$112.0 B	\$36.7 B	\$117.7 B	\$181.1 B
4	<b>Siemens</b>	<b>Germany</b>	<b>\$103.5 B</b>	<b>\$5.3 B</b>	<b>\$135 B</b>	<b>\$110.2 B</b>
5	<b>BASF</b>	<b>Germany</b>	<b>\$85.5 B</b>	<b>\$6.1 B</b>	<b>\$78.2 B</b>	<b>\$74.2 B</b>
6	<b>BMW Group</b>	<b>Germany</b>	<b>\$80,2 B</b>	<b>\$4.3 B</b>	<b>\$146.1 B</b>	<b>\$51 B</b>



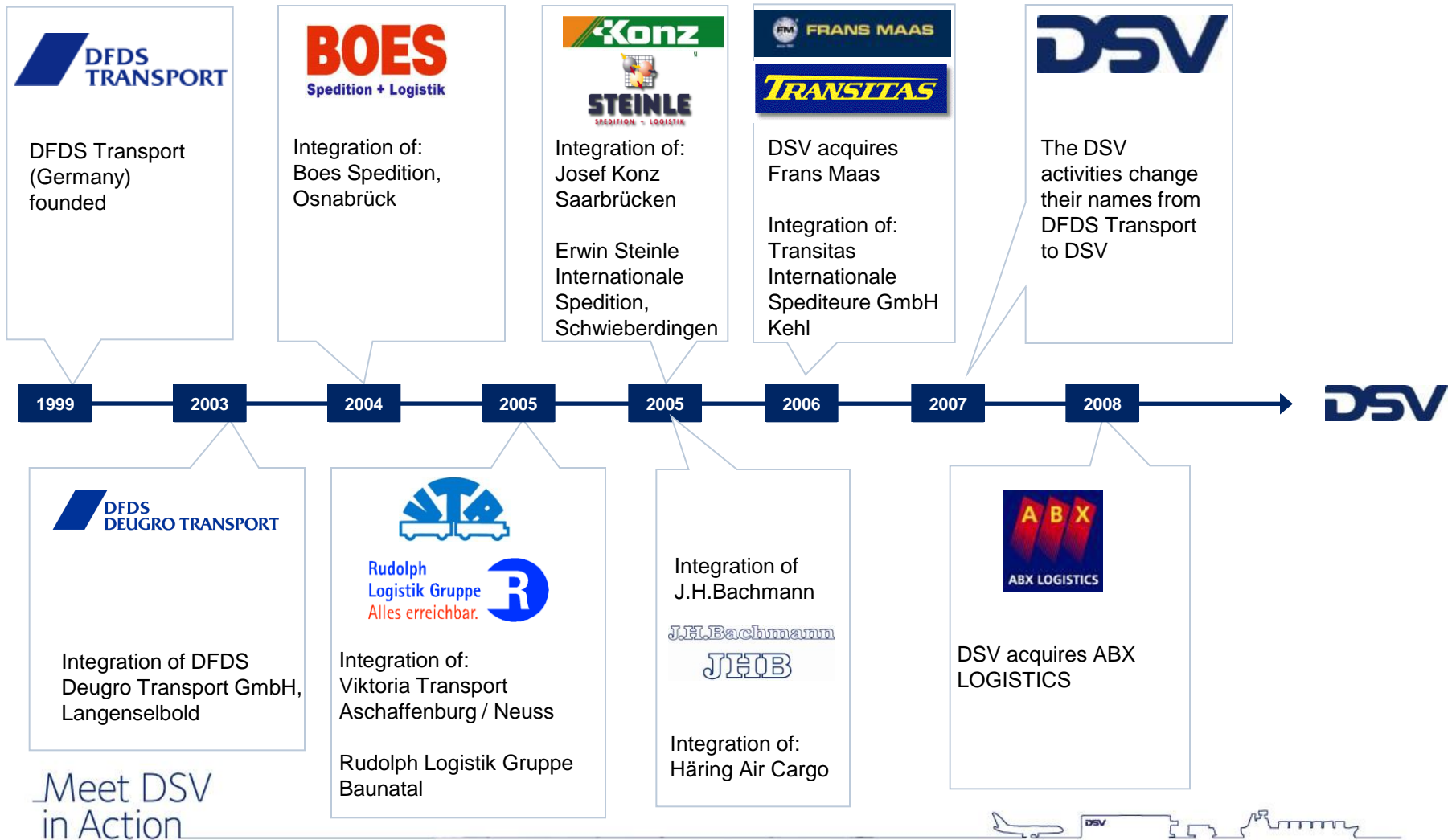
5 of the European Top 6 companies are located in Germany and served by DSV Germany on a daily basis.

Source: Forbes Global 200, only European companies outside the Energy, Oil & Gas, Communication, Insurances and Banking sectors, April 2011. Ranked by sales.

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# DSV Germany in General - acquisitions



# Acquisitions – facts

- 1999** DFDS Transport (Germany) was founded 
- 2003** DFDS Deugro Transport GmbH, Langenselbold 
- 2004** Boes Spedition, Osnabrück. Revenue DKK 310 million and 200 employees 
- 2005** Viktoria Transport, Aschaffenburg/Neuss. Revenue DKK 557 million and 510 employees   
Rudolph Logistik Gruppe, Baunatal. Revenue DKK 156 million and 88 employees   
Josef Konz, Saarbrücken. Revenue DKK 223 million and 129 employees   
Erwin Steinle Internationale Spedition, HQ Schwieberdingen. Revenue DKK 1,050 million and 742 employees   
J.H.Bachmann, Bremen. Revenue DKK 820 million and 260 employees 
- 2006** Häring Aircargo, Hof. Revenue DKK 14 million and 40 employees   
Frans Maas, Nettetal. Revenue DKK 286 million and 508 employees   
Transitas Internationale Spediteure GmbH, Kehl. Revenue DKK 220 million and 225 employees 
- 2007** DSV activities change names from DFDS Transport to 
- 2008** ABX LOGISTICS, Kelsterbach. Revenue DKK 2,733 million, EBITA DKK 26 million, 913 employees 

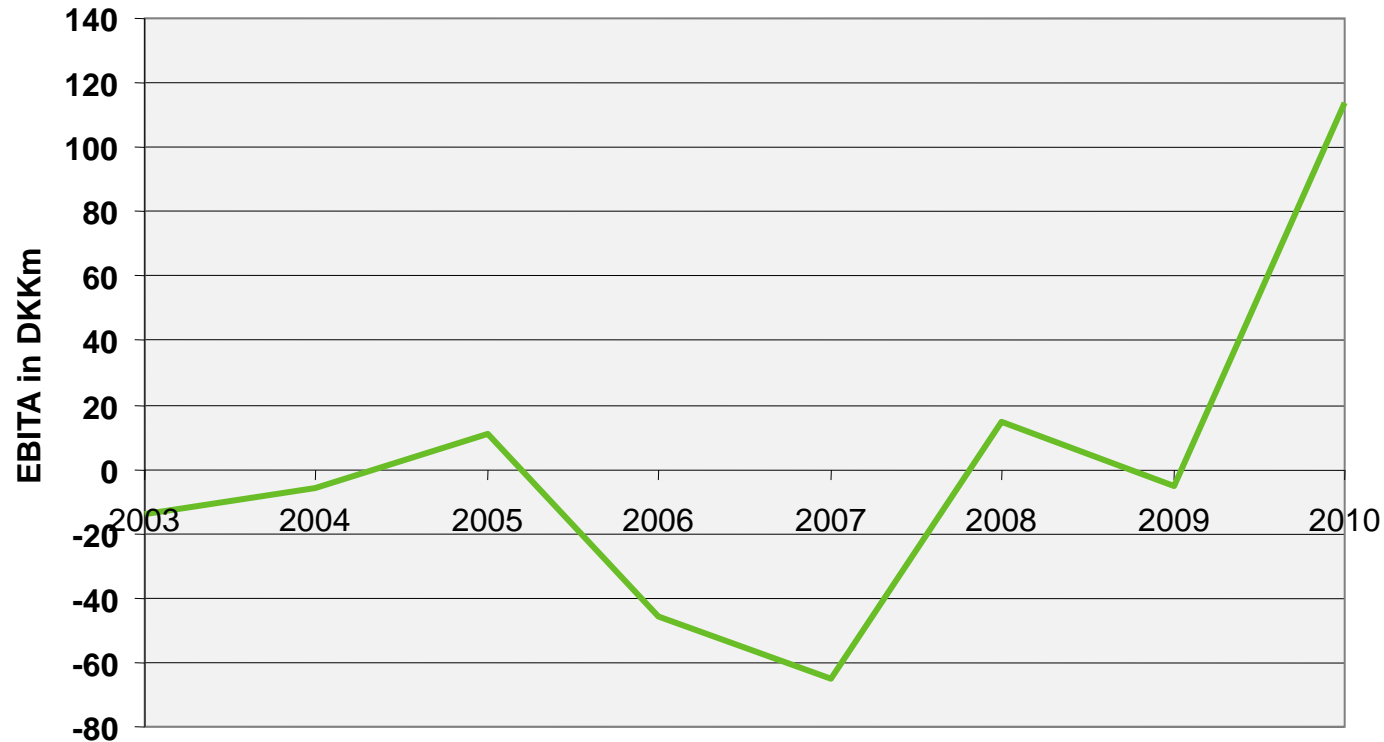
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# DSV Germany – all divisions

## Development in EBITA from 2003 to 2010

Development DSV Germany (all divisions)



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# DSV Germany – All Divisions

Development in revenue, GP & EBITA from 2003 to 2010. ABX LOGISTICS is included in the figures from 1 October 2008

DKKm	2003	2004	2005	2006	2007	2008	2009	2010	1H 2011
Revenue	272	528	2,269	4,573	4,521	5,147	5,216	6,046	3,138
GP	39	65	339	679	621	742	882	974	544
EBITA	(14)	(6)	11	(46)	(65)	15	(5)	114	114
GP%	14%	12%	15%	15%	14%	14%	17%	16%	17%
EBITA %	-5%	-1%	0%	-1%	-1%	0%	0%	2%	4%
Conversion ratio	-36%	-9%	3%	-7%	-10%	2%	-1%	12%	21%
Employees	168	325	2,013	2,997	2,658	3,442	2,715	2,725	2,745
NWC	1	12	93	18	(105)	(167)	(180)	(204)	(160)

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# DSV Germany – All Divisions

Revenue, GP & EBITA for 2010 and H1 2011 by division on 55 locations

DKKm	2010 full year			H1 2011		
	Road	Air & Sea	Solutions	Road	Air & Sea	Solutions
Revenue	3,265	2,464	317	1,747	1,270	171
GP	501	397	76	275	226	43
EBITA	24	96	-6	33	78	3
GP%	15%	16%	24%	16%	18%	25%
EBITA %	1%	4%	-2%	2%	6%	2%
Conversion ratio	5%	24%	-8%	12%	35%	7%

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in Action



# Agenda

- Germany – all Divisions and where it all started
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# DSV Air & Sea

Merger of cultures in DSV (J.H. Bachmann) and ABX LOGISTICS

- J.H. Bachmann
  - old-fashioned culture, high rates, inexpedient customer mix
- ABX LOGISTICS
  - effective company but little focus on profitability
- Reduction of 130 employees

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# DSV Air & Sea

Since the acquisition of ABX LOGISTICS DSV has closed/merged the following branches:

## One closure:

Ulm

## Eight mergers:

Hamburg, Bremen, Cologne, Düsseldorf, Stuttgart, Munich, Frankfurt and Nuremberg

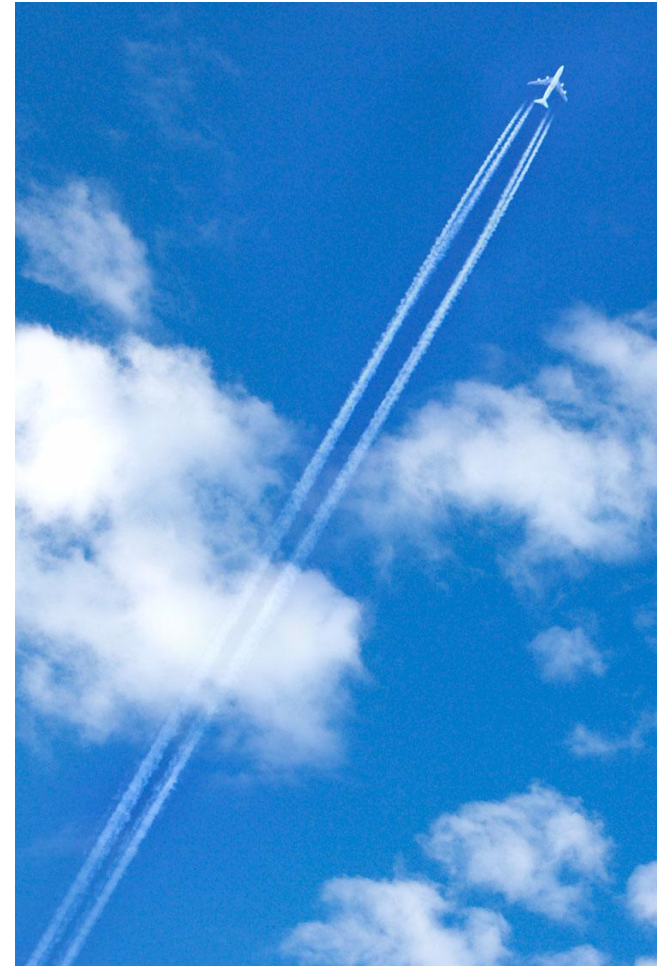


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# DSV Air & Sea

## Integration challenges

- Limited transparency and KPIs
- Merger of branches and IT systems
- Building new management structure
- Central decision-making process
- Changing from revenue focus to EBITA and cash flow focus
- Gateway or get-away



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in Action



# DSV Air & Sea

## Initiatives taken

- Focus on improving EBITA – and cash flow
- Lean Management Team
- Merge and initiate full entrepreneurship in Branches
- Elimination of non-profitable business
- Strong and continuous investment in sales
- Re-organising gateways
- Focus on process management and productivity
- Cross-selling, sales initiatives and training
- Create an attractive network partner
- Introduce DSV as a new upcoming and innovative brand

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in Action



# DSV Air & Sea

Development in revenue/GP/EBITA/conversion ratio/employees of the 20 locations as per 30 June each year:

DKKm	2008	2009	2010	2011
Revenue	1,385	795	1,153	1,270
GP	207	174	187	226
EBITA	25	15	44	78
GP %	15%	22%	16%	18%
EBITA %	2%	2%	4%	6%
Conversion ratio	12%	9%	24%	35%
Employees	736	615	606	635
Consignments/FTE - Index	100.00	91.50	124.78	128.38

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# Shared Service Centre

## Shared Service Centre

Provides administrative services to the three divisions within controlling & finance, HR, credit control, marketing etc.

DSV has bought and integrated 36 entities in Germany since 2004 and the establishment of the Shared Service centre has been an important part of the integration process.

- Saving more than 100 full time employees (bookkeeping, IT and payroll)
- Closing of 14 accounting offices and migration of 22 accounting systems
- Migration and closing of 14 TMS systems
- Building uniform KPI system from scratch
- Integrating focus on cash flow in branches e.g. NWC and invoicing speed is part of individual target programme

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in Action



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in Action



# DSV Road

Development in revenue/GP/EBITA/conversion ratio/employees of 17 locations as per 30 June each year:

DKKm	2008	2009	2010	2011
Revenue	2,175	1,670	1,602	1,747
GP	299	232	249	276
EBITA	(8)	(47)	11	34
GP %	14%	14%	16%	16%
EBITA %	0%	-3%	1%	2%
Conversion ratio	-3%	-20%	4%	12%
Employees	2,252	1,789	1,568	1,655
Consignment/FTE index	100	102	112	112

\* **ABX LOGISTICS** is included in the 2008 figures

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# DSV Road

After the acquisition of Frans Maas in 2006 and ABX LOGISTICS in 2008 we had

- Too many terminals in the same area
- Branches that could not continue due to IDS co-operation
- Potential reduction of 600 employees
- Potential fixed cost savings of DKK 193 million

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in Action



# DSV Road

Since 2006 DSV has closed/merged the following branches:

## Three closures:

Hanover, Magdeburg x2, Munich

## 11 mergers:

Kassel, Mettmann, Bischofsheim, Dietzenbach, Langenselbold, Stuttgart, Ludwigsburg, Kehl, Lübeck, Nettetal, Straelen



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# DSV Road

## Integration challenges

- Merger of 10 different cultures
- Old-fashioned management style with wrong structure
- Cooperation between offices was limited to National Groupage
- 'Problem children' making significant losses
- No KPI culture
- EBITA responsibility only on aggregate level
- One product strategy in most of the locations



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in Action



# DSV Road

## Initiatives taken

- Focus on improving EBITA – and cash flow
- Exporting 'DSV DNA' to Germany by moving Danish managers to key positions in Germany
- Building management structure with regional and product responsibility
- Setting up Export Gateway system, competence centres and LTL Network
- Changing of managements in problem branches
- Defining and introducing KPIs and setting up bonus system to support it
- Setting up systems to measure EBITA on detailed level, and delegating responsibility downwards in the organisation
- Increasing focus on more products and 'own production'
- Hiring business development team in Automotive sector

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# DSV Germany - Focus areas

- Logistics Index still looking favourable at 3-4% for the next three years
- Push cross-selling
- Increase productivity
- Staff training / education
- Consolidation of Road, Solutions and Air & Sea in shared facilities to improve efficiency
- Increase market share in Automotive, Logistics and Aerospace
- Branding of DSV

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# Q&A



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