

2018 ANNUAL REPORT

Company Announcement No. 736

"We delivered a strong set of results for 2018. Q4 2018 was in line with our expectations and we can report an EBIT of DKK 5,450 million for 2018, a 15% growth on 2017. We are on track to meet our 2020 financial targets and 2018 demonstrates our dedication to delivering quality services to our customers and growing organically. In line with our strategy, we are actively pursuing M&A opportunities and we believe that the right transactions can create value for all stakeholders," says Jens Bjørn Andersen, CEO.

Selected financial highlights for 2018 (1 January - 31 December 2018)

(DKKm)	Q4 2018	Q4 2017	Full-year 2018	Full-year 2017
Revenue	20,945	19,019	79,053	74,901
Gross profit	4,447	4,054	17,489	16,605
Operating profit before special items	1,338	1,196	5,450	4,878
Operating margin	6.4%	6.3%	6.9%	6.5%
Conversion ratio	30.1%	29.5%	31.2%	29.4%
Adjusted earnings			4,093	3,484
Adjusted free cash flow			3,916	4,835
Diluted adjusted earnings per share of DKK 1			22.1	18.40
Proposed dividend per share (DKK)			2.25	2.00
Operating profit before special items				
Air & Sea	897	789	3,693	3,225
Road	239	231	1,147	1,201
Solutions	223	185	709	494

Q4 2018 results

For Q4 2018, revenue increased by 10.6%, adjusted for exchange rate fluctuations, and amounted to DKK 20,945 million (Q4 2017: DKK 19,019 million).

Freight volume growth for the quarter was 5% for air freight, 4% for sea freight and 2% for road transport.

For Q4 2018, gross profit came to DKK 4,447 million (Q4 2017: DKK 4,054 million). In constant currencies, the growth in gross profit came to 9.9% for the Group. The Air & Sea division achieved growth of 10.4% and the Road division 4.6%, both driven by higher transport volumes and improved profit per shipment compared to Q4 2017. The Solutions division also saw a higher activity level and achieved growth in gross profit of 15.6% for the quarter.

Operating profit before special items was up by 11.9% (in constant currencies) to DKK 1,338 million for Q4 2018 (Q4 2017: DKK 1,196 million). The growth was mainly driven by the Air & Sea and Solutions divisions.

Full-year adjusted free cash flow came to DKK 3,916 million for 2018. The cash flow was impacted by an extraordinary contribution to pension plans of DKK 250 million in Q4 2018 and was otherwise in line with expectations.

Dividend

The Board of Directors proposes ordinary dividends of DKK 2.25 per share for 2018 (2017: DKK 2.00 per share).

Outlook for 2019

- Operating profit before special items is expected to be in the range of DKK 5,900-6,300 million. The operating profit before special items for 2019 is estimated to be positively impacted by DKK 300-350 million following the implementation of IFRS 16.
- Net financial expenses are expected in the range of DKK 620-650 million (excluding any gains or losses related to exchange rate adjustments). The implementation of IFRS 16 will cause an estimated increase of DKK 350-370 million compared to 2018.
- The effective tax rate of the Group is expected to be approximately 23%.
- Adjusted free cash flow is expected to be approximately DKK 4,300 million.

Investor teleconference

DSV will host an investor teleconference on 7 February 2019 at 11.00 a.m. CET. Please refer to investor.dsv.com for details.

Contacts

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Yours sincerely,
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