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Q1 2019 RESULTS

Conference call – 30 April 2019, 11.30 am CEST



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Forward-looking statements

This announcement contains forward-looking statements that reflect DSV's current expectations and views of future events. Some of these forward-looking statements can be identified by terms and phrases such as "estimate," "expect," "target," "plan," "project," "will" and similar expressions. These forward-looking statements include statements relating to: the expected characteristics of the combined company; expected ownership of the combined company by EGS; expected financial results and characteristics of the combined company; expected timing of the launch and closing of the proposed transaction and satisfaction of conditions precedent, including regulatory conditions; and the expected benefits of the proposed transaction, including related synergies. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. These forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. Risks and uncertainties include: the ability of DSV to integrate Panalpina into DSV's operations; the performance of the global economy; the capacity for growth in internet and technology usage; the consolidation and convergence of the industry, its suppliers and its customers; the effect of changes in governmental regulations; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; and the impact on the combined company (after giving effect to the proposed transaction with Panalpina) of any of the foregoing risks or forward-looking statements, as well as other risk factors listed from time to time in DSV's and Panalpina's public disclosures.

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Agenda



- 1 Highlights
- 2 Business segments
- 3 Financial review
- 4 Update on Panalpina timeline
- 5 Q&A

Highlights

Gross profit (DKKm)

Q1-19
5,114

+8.5%*

EBIT (DKKm)

Q1-19
1,454

+14.9%*

**) Growth rates are in constant currencies and adjusted for IFRS 16 impact*

Adjusted free cashflow (DKKm)

Q1-19
540

+20.5%

Share buyback




- Up to maximum of DKK 3.500 million.
- Will run from 30 April to 8 November 2019.
- In line with capital allocation policy and target for financial gearing (below 2.0x EBITDA)



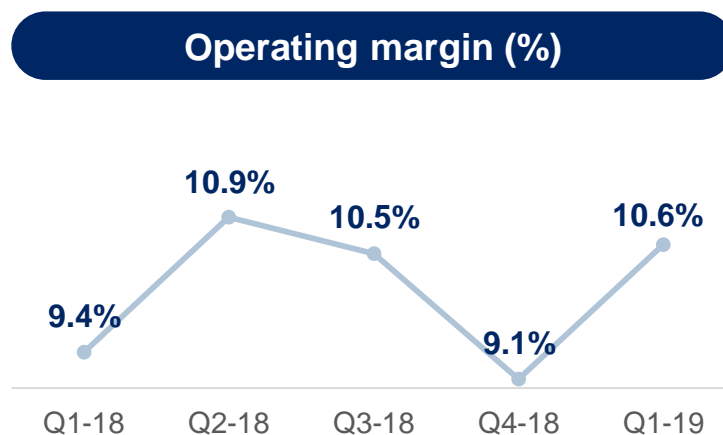
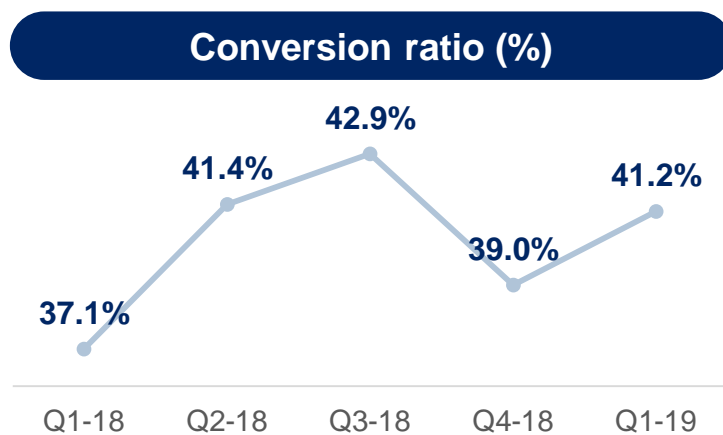
Management Commentary

- A strong start to 2019, in spite of soft transport markets.
- Solid gross profit growth of 8.5%, driven by profitable growth in network business.
- EBIT growth of 14.9% driven by all divisions – with Air & Sea as the powerhouse.
- We now expect closing of the Panalpina transaction by the end of Q3-19.
- Financial performance in Q1-19 fully meets published expectations. However, to facilitate the listing of new shares we withdraw the outlook for 2019. An update will be given once the combination with Panalpina is completed.

Air & Sea

(DKKm)	Q1 2019	Q1 2018	Growth*
 Gross profit	1,194	1,080	+6.9%
 Gross profit	1,230	1,065	+11.6%
 EBIT	998	795	+20.5%

*In constant currencies and adjusted for IFRS 16 impact

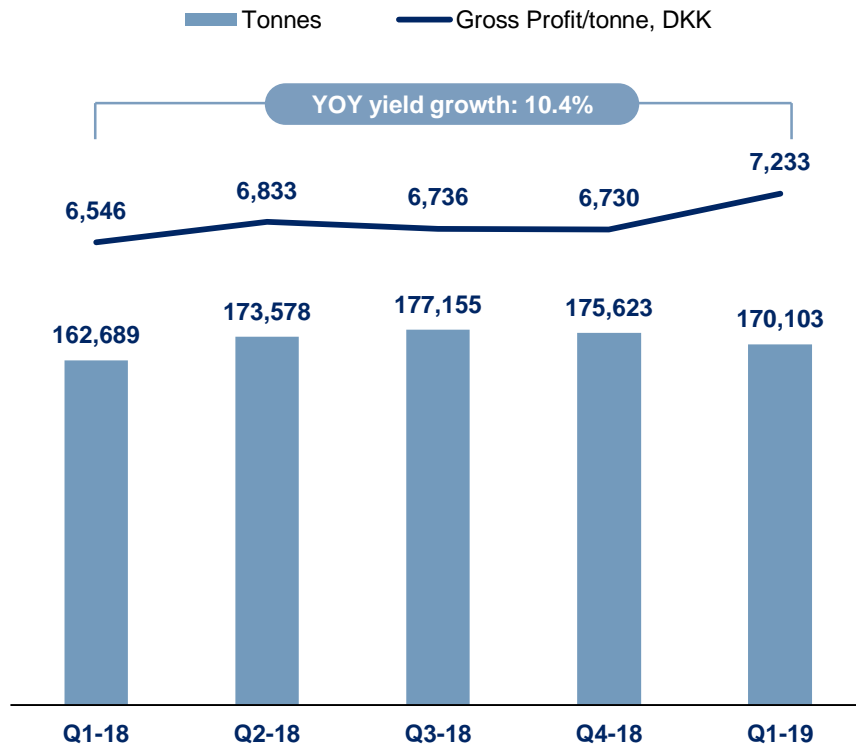


Management Commentary

- 5% growth in air freight in Q1-19 and positive yield development, mainly driven by growth in export from Americas.
- Sea freight growth of 4% in Q1-19 and positive yield development. Americas was also strongest growth driver for sea freight.
- GP growth with focus on controlled cargo which contributes to the DSV network.
- Strong growth of 20.5% in EBIT in Q1-19.
- Conversion ratio of 41.2% for Q1-19, closing in on 42.5% target.
- Very limited impact of IFRS 16.

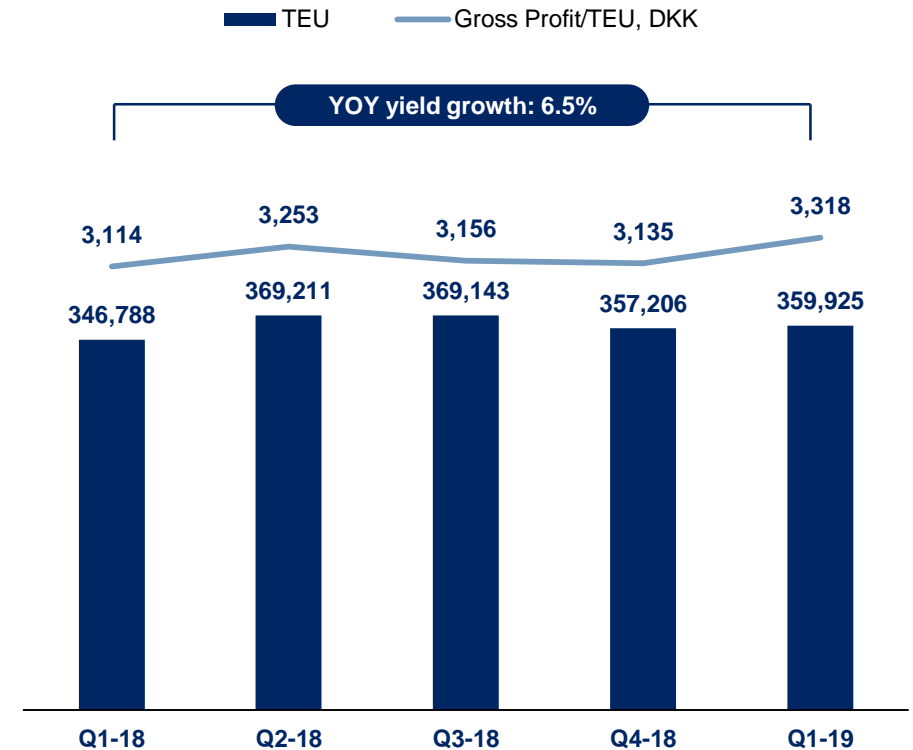
Air & Sea

Volume growth and positive yield development in Q1-19



Volume growth



DSV	10%	12%	7%	5%	5%
Market (est.)	5%	4%	3%	2%	(-1%)



Volume growth

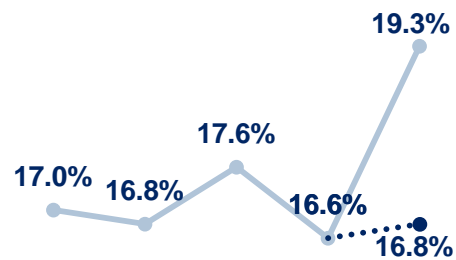
DSV	4%	3%	4%	4%	4%
Market (est.)	3%	3%	3%	3%	1%

Road

(DKKm)	Q1 2019	Q1 2018	Growth*
 Revenue	8,102	7,676	+5.7%
 Gross profit	1,561	1,306	+4.4%
 EBIT	298	241	+13.6%

*In constant currencies and adjusted for IFRS 16 impact

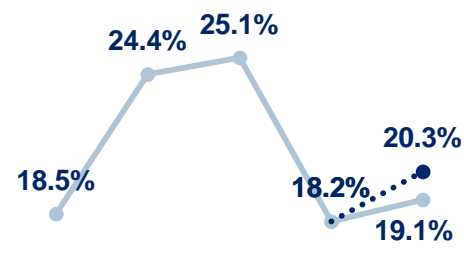
Gross margin (%)



Q1-18 Q2-18 Q3-18 Q4-18 Q1-19

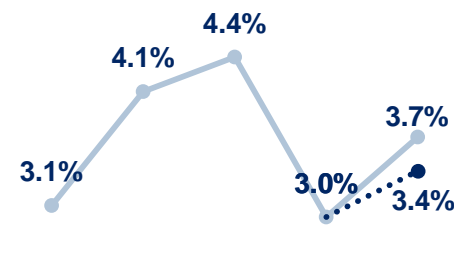
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Conversion ratio (%)



Q1-18 Q2-18 Q3-18 Q4-18 Q1-19

Operating margin (%)






Q1-18 Q2-18 Q3-18 Q4-18 Q1-19



Management Commentary

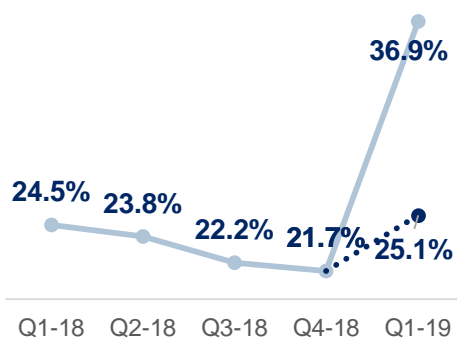
- 5.7% revenue growth reflecting a higher activity level and a slight increase in rates.
- Positive impact from higher number of working days in Q1-19.
- 4.4% underlying growth in gross profit and 13.6% underlying growth in EBIT in Q1-19.
- Improvement in underlying conversion ratio and operating margin.
- IFRS 16 impacted reported gross profit positively by DKK 200 million and EBIT positively by DKK 22 million in Q1-19.

Solutions

(DKKm)	Q1 2019	Q1 2018	Growth*
 Revenue	3,049	2,848	+6.2%
 Gross profit	1,126	699	+9.1%
 EBIT	193	127	+3.9%

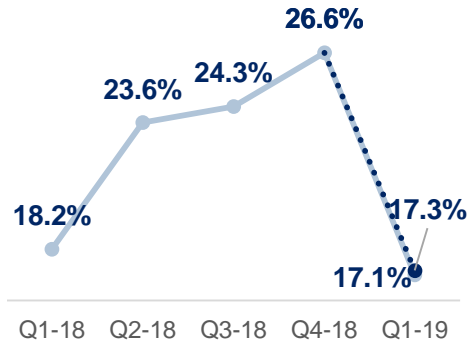
*In constant currencies and adjusted for IFRS 16 impact

Gross margin (%)

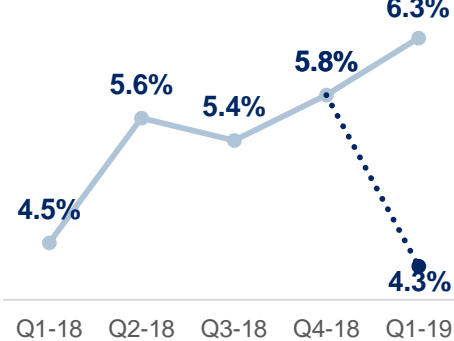


..... excl. IFRS 16

Conversion ratio (%)



Operating margin (%)



Management Commentary

- 6.2% revenue growth reflecting a higher activity level – retail and industrials are main growth drivers.
- 9.1% underlying growth in gross profit and 3.9% underlying growth in EBIT in Q1-19
- Cost base impacted by IT migration and implementation of new technology in warehouses.
- IFRS 16 impacted reported gross profit positively by DKK 362 million and EBIT positively by DKK 61 million in Q1-19.

P&L

(DKK M)

	Q1 2019	IFRS 16 impact Increase, decrease (-)	Q1 2019 (excl. IFRS 16)	Q1 2018 (excl. IFRS 16)	Underlying growth*
Revenue	19,979		19,979	18,380	7.9%
Direct costs	14,865	(596)	15,461	14,260	7.7%
Gross profit	5,114	596	4,518	4,120	8.5%
Other external expenses	656	(125)	781	758	2.4%
Staff costs	2,195		2,195	2,024	7.8%
EBITDA	2,263	721	1,542	1,338	12.9%
Depreciation of right-of-use assets	632	625	7	7	0.0%
Amortisation and depreciation of owned assets	177		177	175	0.4%
EBIT before special items	1,454	96	1,358	1,156	14.9%
Financial income	22		22	15	
Financial expenses - lease liabilities	89	87	2	3	
Financial expenses	106		106	155	
Profit before tax	1,281	9	1,272	1,001	
Tax on profit for the period	318	2	316	232	
Profit for the period	963	7	956	769	
Key Performance Indicators					Growth
Gross margin (%)	25.6		22.6%	22.4	
Operating margin (%)	7.3		6.8%	6.3	
Conversion ratio (%)	28.4		30.1%	28.1	
Effective tax rate (%)	24.8			23.2	
Diluted adjusted EPS (DKK)	23.4			18.4	27.2%
Full-time employees (end of quarter)	47,281			46,767	

*In constant currencies and adjusted for IFRS 16 impact



Management Commentary

- Gross profit growth of 8.5%, driven by all business segments.
- EBIT growth of 14.9%, driven by all business segments.
- Incremental conversion ratio of 51% in Q1 2019, reflecting overall increasing productivity.
- Financial items and tax at expected level.
- IFRS 16 impact in line with the estimates we gave in the 2018 Annual Report.

Cash flow

(DKKm)	Q1 2019	Q1 2018 (excl. IFRS 16)	Variance
EBIT	1,454	1,156	298
Depreciation of right-of-use assets	632	7	625
Depreciation and amortisation of owned assets	177	175	2
EBITDA	2,263	1,338	925
Share based payments	24	18	6
Change in working capital etc.	(495)	(536)	41
Change in provisions	(34)	(79)	45
Interest	(91)	(100)	9
Corporation tax paid and other adjustments	(215)	(141)	(74)
Change in other financial assets	(9)	(3)	(6)
Cash flow from investing activities	(177)	(52)	(125)
Free cash flow	1,275	448	827
Statement of adjusted free cash flow			
Free cash flow	1,275	448	827
Repayment of lease liabilities (IFRS 16 impact reversed)	(649)	-	(649)
Repayment of lease interest (IFRS 16 impact reversed)	(86)	-	(86)
Adjusted free cash flow (excl. M&A)	540	448	92
Highlights			
<i>NWC in % of revenue</i>	2.7%	2.5%	
<i>Net Interest Bearing Debt (NIBD)</i>	16,107	6,116	
<i>Gearing ratio</i>	1.7	1.1	
<i>Average duration, long-term loan commitments (years)</i>	3.0	3.0	
<i>Invested capital</i>	30,744	20,645	

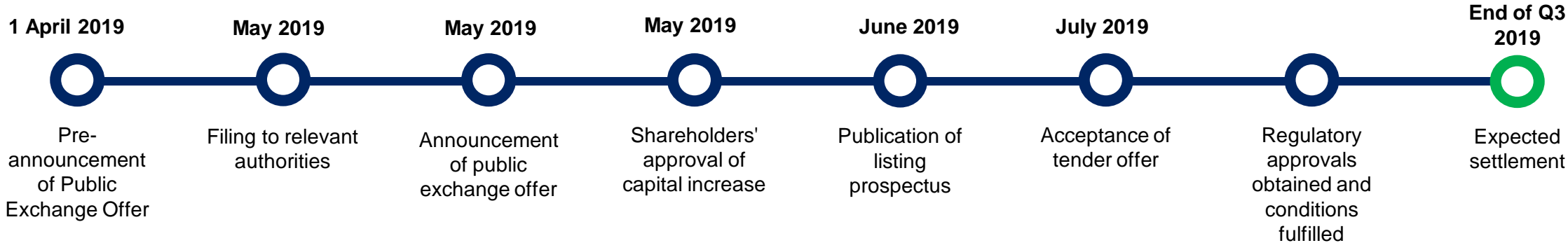


Management Commentary

- NWC at 2.7% of net revenue – at expected level considering seasonality.
- Revised target for gearing ratio (after IFRS 16): Below 2.0x EBITDA.
- IFRS 16 impact is neutral on adjusted free cash flow.
- Gearing ratio came to 1.7x EBITDA (target: below 2x EBITDA). For the calculation of financial gearing, EBITDA for 2018 has been adjusted for IFRS 16 impact on a pro forma basis.
- NIBD and invested capital are impacted by approx. DKK 10 billion related to IFRS 16.

Panalpina and DSV to join forces

Expected timeline



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Appendix

IFRS 16 impact - divisions

(DKK)m Air & Sea	Q1 2019	IFRS 16 impact Increase, decrease (-)	Q1 2019 (excl. IFRS 16)	Q1 2018 (excl. IFRS 16)
Revenue	9,411	-	9,411	8,414
Direct costs	6,987	(35)	7,022	6,269
Gross profit	2,424	35	2,389	2,145
Other external expenses	386	(57)	443	457
Staff costs	943	-	943	870
EBITDA	1,095	92	1,003	818
Depreciation of right-of-use assets	82	82	-	1
Amortisation and depreciation of owned assets	15	-	15	22
EBIT before special items	998	10	988	795
Key Performance Indicators				
Gross margin (%)	25.8%		25.4%	25.5%
Operating margin (%)	10.6%		10.5%	9.4%
Conversion ratio (%)	41.2%		41.4%	37.1%

IFRS 16 impact - divisions

(DKK)m Road	Q1 2019	IFRS 16 impact Increase, decrease (-)	Q1 2019 (excl. IFRS 16)	Q1 2018 (excl. IFRS 16)
Revenue	8,102	-	8,102	7,676
Direct costs	6,541	(200)	6,741	6,370
Gross profit	1,561	200	1,361	1,306
Other external expenses	300	(37)	337	347
Staff costs	719		719	686
EBITDA	542	237	305	273
Depreciation of right-of-use assets	218	215	3	3
Amortisation and depreciation of owned assets	26	-	26	29
EBIT before special items	298	22	276	241
Key Performance Indicators				
Gross margin (%)	19.3%		16.8%	17.0%
Operating margin (%)	3.7%		3.4%	3.1%
Conversion ratio (%)	19.1%		20.3%	18.5%

IFRS 16 impact - divisions

(DKK)m Solutions	Q1 2019	IFRS 16 impact Increase, decrease (-)	Q1 2019 (excl. IFRS 16)	Q1 2018 (excl. IFRS 16)
Revenue	3,049	-	3,049	2,848
Direct costs	1,923	(362)	2,285	2,149
Gross profit	1,126	362	764	699
Other external expenses	264	(10)	274	235
Staff costs	306		306	278
EBITDA	556	372	184	186
Depreciation of right-of-use assets	314	311	3	3
Amortisation and depreciation of owned assets	49	-	49	56
EBIT before special items	193	61	132	127
Key Performance Indicators				
Gross margin (%)	36.9%		25.1%	24.5%
Operating margin (%)	6.3%		4.3%	4.5%
Conversion ratio (%)	17.1%		17.3%	18.2%

Quarterly P&L details

DSV Group

(DKKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
Revenue	18,223	18,924	18,735	19,019	74,901	18,380	19,491	20,237	20,945	79,053	19,979
Direct costs	14,003	14,707	14,621	14,965	58,296	14,260	15,041	15,765	16,498	61,564	14,865
Gross profit	4,220	4,217	4,114	4,054	16,605	4,120	4,450	4,472	4,447	17,489	5,114
Other external expenses	851	769	722	768	3,110	758	733	769	776	3,036	656
Staff costs	2,058	2,014	1,889	1,870	7,831	2,024	2,086	2,004	2,127	8,241	2,195
EBITDA before special items	1,311	1,434	1,503	1,416	5,664	1,338	1,631	1,699	1,544	6,212	2,263
Depreciation of right-of-use assets						7				7	632
Amortisation and depreciation of owned assets	182	194	190	220	786	175	182	192	206	755	177
EBIT before special items	1,129	1,240	1,313	1,196	4,878	1,156	1,449	1,507	1,338	5,450	1,454
Special items, net costs	160	88	123	154	525	-	-	-	-	-	-
Financial income											22
Financial expenses - lease liabilities											89
Financial expenses	94	182	149	131	556	155	(120)	94	120	249	106
Profit before tax	875	970	1,041	911	3,797	1,001	1,569	1,413	1,218	5,201	1,281
Tax on profit for the period	206	228	215	136	785	232	382	309	290	1,213	318
Profit for the period	669	742	826	775	3,012	769	1,187	1,104	928	3,988	963
<i>Gross margin, %</i>	23.2	22.3	22.0	21.3	22.2	22.4	22.8	22.1	21.2	22.1	25.6
<i>Operating margin, %</i>	6.2	6.6	7.0	6.3	6.5	6.3	7.4	7.4	6.4	6.9	7.3
<i>Conversion ratio, %</i>	26.8	29.4	31.9	29.5	29.4	28.1	32.6	33.7	30.1	31.2	28.4
<i>Tax percentage</i>	23.5	23.5	20.7	14.9	20.7	23.2	24.3	21.9	23.8	23.3	24.8
<i>Blue collar costs (included in direct costs)</i>	1,081	1,103	1,123	1,149	4,456	1,155	1,184	1,181	1,271	4,791	1,218
Number of full time employees	45,112	44,851	45,161	45,636	45,636	46,767	47,144	48,182	47,394	47,394	47,281

Quarterly P&L details

Air & Sea (DKKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
Divisional revenue	8,470	8,873	9,044	8,817	35,204	8,414	9,095	9,625	9,838	36,972	9,411
Direct costs	6,354	6,656	6,845	6,725	26,580	6,269	6,708	7,266	7,536	27,779	6,987
Gross profit	2,116	2,217	2,199	2,092	8,624	2,145	2,387	2,359	2,302	9,193	2,424
Other external expenses	491	451	431	425	1,798	457	485	439	473	1,854	386
Staff costs	904	895	839	852	3,490	870	893	886	911	3,560	943
EBITDA before special items	721	871	929	815	3,336	818	1,009	1,034	918	3,779	1,095
Depreciation of right-of-use assets											82
Amortisation and depreciation of owned assets	31	28	26	26	111	23	21	21	21	86	15
EBIT before special items	690	843	903	789	3,225	795	988	1,013	897	3,693	998
<i>Gross margin, %</i>	<i>25.0</i>	<i>25.0</i>	<i>24.3</i>	<i>23.7</i>	<i>24.5</i>	<i>25.5</i>	<i>26.2</i>	<i>24.5</i>	<i>23.4</i>	<i>24.9</i>	<i>25.8</i>
<i>Operating margin, %</i>	<i>8.1</i>	<i>9.5</i>	<i>10.0</i>	<i>8.9</i>	<i>9.2</i>	<i>9.4</i>	<i>10.9</i>	<i>10.5</i>	<i>9.1</i>	<i>10.0</i>	<i>10.6</i>
<i>Conversion ratio, %</i>	<i>32.6</i>	<i>38.0</i>	<i>41.1</i>	<i>37.7</i>	<i>37.4</i>	<i>37.1</i>	<i>41.4</i>	<i>42.9</i>	<i>39.0</i>	<i>40.2</i>	<i>41.2</i>
Number of full time employees	12,648	12,282	12,177	12,041	12,041	11,996	12,065	12,090	12,130	12,130	12,072
Air, revenue	4,028	4,211	4,450	4,890	17,579	4,206	4,610	4,894	5,182	18,892	4,598
Air, total gross profit	1,033	1,072	1,073	1,040	4,218	1,065	1,186	1,194	1,182	4,627	1,230
Tonnes	147,439	155,430	165,051	167,735	635,655	162,689	173,578	177,155	175,623	689,045	170,103
GP/tonne (DKK)	7,004	6,897	6,501	6,199	6,635	6,546	6,833	6,736	6,730	6,715	7,231
Sea, revenue	4,442	4,662	4,594	3,927	17,625	4,208	4,485	4,731	4,656	18,080	4,813
Sea, total gross profit	1,083	1,145	1,126	1,052	4,406	1,080	1,201	1,165	1,120	4,566	1,194
TEU	332,787	358,383	355,291	343,150	1,389,611	346,788	369,211	369,143	357,206	1,442,348	359,925
GP/TEU (DKK)	3,255	3,195	3,169	3,067	3,171	3,114	3,253	3,156	3,135	3,166	3,317

Quarterly P&L details

Road

(DKKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
Divisional revenue	7,633	7,684	7,514	7,796	30,627	7,676	7,862	7,812	7,893	31,243	8,102
Direct costs	6,200	6,368	6,235	6,537	25,340	6,370	6,544	6,439	6,582	25,935	6,541
Gross profit	1,433	1,316	1,279	1,259	5,287	1,306	1,318	1,373	1,311	5,308	1,561
Other external expenses	332	309	294	334	1,269	347	275	357	347	1,326	300
Staff costs	686	688	641	657	2,672	686	687	639	694	2,706	719
EBITDA before special items	415	319	344	268	1,346	273	356	377	270	1,276	542
Depreciation of right-of-use assets											218
Amortisation and depreciation of owned assets	37	38	33	37	145	32	34	32	31	129	26
EBIT before special items	378	281	311	231	1,201	241	322	345	239	1,147	298
<i>Gross margin, %</i>	18.8	17.1	17.0	16.1	17.3	17.0	16.8	17.6	16.6	17.0	19.3
<i>Operating margin, %</i>	5.0	3.7	4.1	3.0	3.9	3.1	4.1	4.4	3.0	3.7	3.7
<i>Conversion ratio, %</i>	26.4	21.4	24.3	18.3	22.7	18.5	24.4	25.1	18.2	21.6	19.1
Number of full time employees	12,576	12,706	12,788	12,998	12,998	13,047	13,160	13,345	12,850	12,850	13,181

Solutions

(DKKm)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
Divisional revenue	2,678	2,913	2,757	3,014	11,362	2,848	3,111	3,417	3,853	13,229	3,049
Direct costs	2,007	2,223	2,111	2,291	8,632	2,149	2,370	2,659	3,016	10,194	1,923
Gross profit	671	690	646	723	2,730	699	741	758	837	3,035	1,126
Other external expenses	236	220	204	224	884	235	226	235	259	955	264
Staff costs	309	274	264	240	1,087	278	286	283	294	1,141	306
EBITDA before special items	126	196	178	259	759	186	229	240	284	939	556
Depreciation of right-of-use assets											314
Amortisation and depreciation of owned assets	60	68	63	74	265	59	54	56	61	230	49
EBIT before special items	66	128	115	185	494	127	175	184	223	709	193
<i>Gross margin, %</i>	25.1	23.7	23.4	24.0	24.0	24.5	23.8	22.2	21.7	22.9	36.9
<i>Operating margin, %</i>	2.5	4.4	4.2	6.1	4.3	4.5	5.6	5.4	5.8	5.4	6.3
<i>Conversion ratio, %</i>	9.8	18.6	17.8	25.6	18.1	18.2	23.6	24.3	26.6	23.4	17.1
Number of full time employees	17,651	17,692	17,946	18,382	18,382	19,534	19,584	20,384	20,025	20,025	19,862

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

Financial calendar 2019



31 Jul. 2019 Interim Financial Report, H1 2019

25 Oct. 2019 Interim Financial Report, Third Quarter 2019

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