Global Transport and Logistics

2016 Annual Report

Contents

FINANCIAL HIGHLIGHTS 2016

NET REVENUE

67,747

DKK million ↑33.2%

GROSS PROFIT

15,838

DKK million ↑41.4%

OPERATING PROFIT BEFORE SPECIAL ITEMS

3,475

DKK million ↑13.9%

ROIC

21.5%

(2015: 26.8%)

CONVERSION RATIO

21.9%

(2015: 27.2%)

OPERATING MARGIN

5.1%

(2015: 6.0%)

Financial highlights*

	2016	2015	2014	2013	2012
Income statement (DKKm)					
Net revenue	67,747	50,869	48,582	45,710	44,912
Gross profit	15,838	11,201	10,297	10,005	10,054
Operating profit before amortisation, depreciation and special items	4,250	3,575	3,145	3,052	3,074
Operating profit before special items	3,475	3,050	2,624	2,552	2,540
Special items, costs	1,002	58	304	129	275
Net financial expenses	184	303	306	298	246
Profit for the year	1,678	2,058	1,491	1,571	1,430
Adjusted earnings	2,506	2,211	1,835	1,788	1,745
Balance sheet (DKKm)					
DSV A/S shareholders' share of equity	13,416	11,809	6,052	6,218	5,348
Non-controlling interests	(38)	32	29	30	37
Balance sheet total	40,367	27,725	23,680	23,100	22,794
Net working capital	1,518	22	305	561	307
Net interest-bearing debt	8,299	(546)	5,859	5,949	6,561
Invested capital	21,336	10,977	11,797	12,281	11,953
Gross investment in property, plant and equipment	728	660	651	246	453
Cash flows (DKKm)					
Operating activities	1,564	3,160	1,919	1,775	1,651
Investing activities	(5,244)	(431)	(461)	(348)	(249)
Free cash flow	(3,680)	2,729	1,458	1,427	1,402
Adjusted free cash flow	1,838	2,837	1,472	1,754	1,509
Financing activities	396	1,855	(1,569)	(1,387)	(1,102)
Share buyback	-	(1,419)	(1,183)	(700)	(1,302)
Dividends distributed	(327)	(283)	(270)	(235)	(190)
Cash flow for the year	(3,284)	4,584	(111)	40	300
Financial ratios (%)					
Gross margin	23.4	22.0	21.2	21.9	22.4
Operating margin	5.1	6.0	5.4	5.6	5.7
Conversion ratio	21.9	27.2	25.5	25.5	25.3
Effective tax rate	26.7	23.5	26.0	26.1	29.2
ROIC before tax	21.5	26.8	21.8	21.1	21.2
Return on equity (ROE)	13.2	23.0	24.3	27.3	26.9
Solvency ratio	33.2	42.6	25.6	26.9	23.5
Gearing ratio	1.95	(0.15)	1.86	1.95	2.13
Share ratios					
Earnings per share of DKK 1	9.02	12.09	8.61	8.91	7.81
Diluted earnings per share of DKK 1	8.92	11.95	8.55	8.87	7.76
Diluted adjusted earnings per share of DKK 1	13.40	12.85	10.53	10.05	9.48
Number of shares issued ('000)	190,000	192,500	177,000	180,000	188,000
Number of treasury shares ('000)	4,509	8,606	7,156	4,892	9,937
Average number of shares issued ('000) for the past 12 months	184,937	169,988	173,113	176,969	182,630
Average diluted number of shares ('000) for the past 12 months	187,097	172,003	174,274	177,876	183,971
Share price at year end (DKK)	314.20	271.70	188.20	177.80	145.70
Proposed dividend per share (DKK)	1.80	1.70	1.60	1.50	1.25
Staff					
Number of full-time employees at year end	44,779	22,783	22,874	22,021	21,932

*) For a definition of the financial highlights, please refer to page 81

DSV – at a glance

WE SUPPORT OUR CUSTOMERS' ENTIRE SUPPLY CHAIN

DSV – Global transport and logistics

DSV was founded in Denmark by 10 independent hauliers in 1976. Since then, DSV has evolved to become the world's 5th largest freight forwarder with more than 40,000 employees and offices in more than 80 countries.

The acquisition of UTi Worldwide Inc. in January 2016 doubled our number of employees and significantly increased our global footprint.

Through our three divisions, we offer a full range of transport and logistics services, supporting our customers' entire supply chain.

DSV is listed on Nasdaq Copenhagen (DSV.CO).

DSV Air & Sea

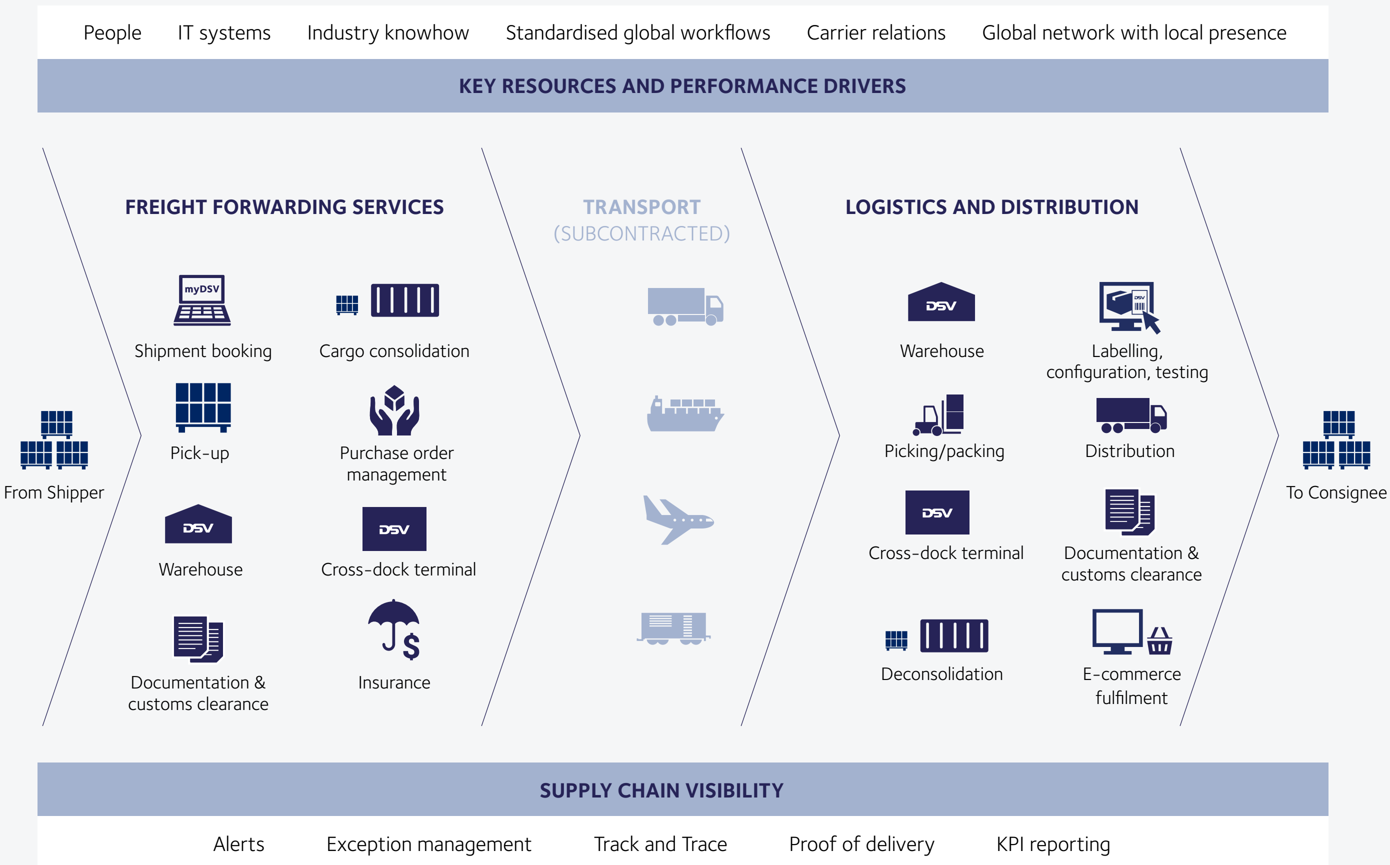
Transportation of all types of cargo by air and sea. We offer standard and industry-specific logistics solutions through our global network supplemented by a Project Department, which handles exceptionally large or complex projects.

DSV Road

One of Europe's leading providers of road freight. Furthermore, we offer distribution services in North America and South Africa. We offer both groupage, part loads and full loads as well as more specialised services, including temperature-controlled transportation.

DSV Solutions

Specialised logistics solutions, including warehousing and distribution, packaging, freight management, customs clearance, e-commerce and e-business support.



GLOBAL PRESENCE

AMERICAS
– North, Central and South America

92 offices
49 logistics & cross-dock facilities
7,100 employees

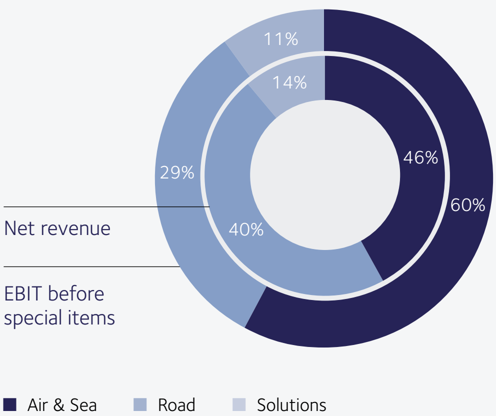
EMEA
– Europe, Middle East and Africa

452 offices
383 logistics & cross-dock facilities
31,900 employees

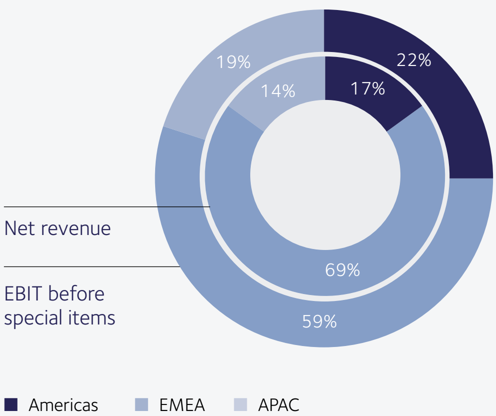
APAC
– Asia, Australia and the Pacific

108 offices
59 logistics & cross-dock facilities
5,700 employees

GROUP SEGMENTATION BY DIVISION



GROUP SEGMENTATION BY REGION



A successful integration

In 2016, we have made significant progress with the integration of UTi and delivered very satisfactory results. In the first half year, we managed to neutralise UTi's operating deficit; and by the end of 2016, we could record an operating profit before special items of DKK 3,475 million.

2016 was a record year for DSV: we achieved net revenue of DKK 67,747 million (+33%), gross profit of DKK 15,838 million (+41%) and operating profit before special items of DKK 3,475 million (+14%).

Joining forces with UTi
It is impossible to talk about 2016 without saying UTi a great many times.

It is the largest acquisition in the history of DSV. Once the deal was closed in late January, we welcomed more than 20,000 new colleagues to the DSV organisation. Our global footprint increased significantly with the addition of nine new countries, and operations in existing DSV countries were reinforced. Our operations in South Africa, China and USA in particular have grown to become strongholds. Importantly, our risk management process remains strong and the total risk assessment for DSV is unchanged after the addition of UTi.

When we announced the deal in October 2015, we said that the goal was to lift the operating margins of the combined Group towards former DSV levels by 2018; and the results of 2016 show that we are well on our way to achieving this.

Investments in IT and HR
One of the cornerstones in the UTi integration work was the establishment of a new global data centre setup to ensure effective, dependable and secure IT systems for employees and customers alike. Another major and crucial task was the transfer of former UTi colleagues and customers onto DSV's Air & Sea Transport Management System to ensure increased transparency and productivity. Both projects progressed according to plan in 2016.

To safeguard our skilled global workforce, Group HR has launched various internal and external facing initiatives to help DSV continue to attract, recruit and develop our dedicated employees – among them, a new DSV Careers universe on dsv.com and on LinkedIn, a global on-boarding programme for new employees and a global English language training programme.

The customer at the core
While we have devoted a lot of time and resources to building our new organisation in 2016, we have not lost sight of what our business is about: providing value-adding services for our customers. Throughout the integration process, our mantra has been to always keep our customers happy. And by and large, we have succeeded in retaining and combining the DSV and UTi customer bases.

With the integration of UTi and DSV, our service offering has been improved – we have a much larger network, more services and more highly skilled employees in all parts of the supply chain. This is something that we now offer customers locally and globally.

At the same time, we are focused on improving our customers' service experience. In 2016, we have continued our Customers Success Programme to ensure that we listen and act on feedback from our individual customers. Furthermore, 2016 brought the launch of our new digital customer interface *myDSV* very close to realisation – the rollout is scheduled for 2017.

A view to 2017
There is a lot of talk about digitisation of services, new entrants to the market and new technologies impacting the industry. We are already working on several digitisation projects – for example myDSV – to make sure that DSV stays on the forefront in our industry and our customers benefit from new opportunities.

New technologies surface in several different areas, and not only in the digital world. In Sweden, we have begun the transition to biofuel in cooperation with some of our major customers; and in Germany, we have started a trial with e-truck deliveries. Our facilities are also becoming more sophisticated with the latest green technology and security built into the design. Among other things, we have increased focus on automation in our terminals and warehouses, including the use of automated ground vehicles.

The integration of UTi is not yet finalised and will remain high on our agenda in the coming year. Still, we expect to be able to focus more on growing organically and taking market share in 2017. With our new enhanced global footprint and network, a skilled global workforce, and continued investments in global IT setup and systems, we are well-positioned to continue to perform successfully in 2017.

UTi is the largest acquisition in the history of DSV. The goal is to lift the operating margins of the combined Group towards former DSV levels by 2018; and the results of 2016 show that we are well on our way to achieving this.

Jens Bjørn Andersen
CEO DSV A/S

Our industry and markets

DSV is among the top five global freight forwarders, and by joining forces with UTi Worldwide Inc. we have strengthened our market position. Value-added services such as purchase order management, customs clearance and cargo insurance are becoming increasingly important to our value proposition.

More than just transportation

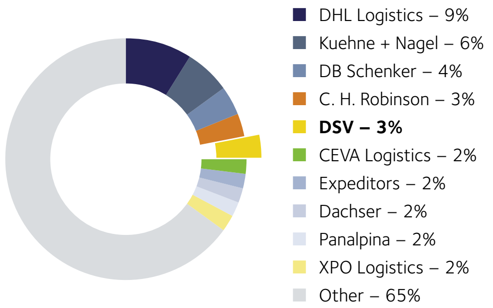
As a global freight forwarding company, we offer transport and logistics solutions based on an asset-light business model. We do not own the transport equipment, and the actual transport operations are performed by external vendors – shipping lines, airlines, trucking and railroad companies.

The physical transportation services are not the only services customers seek; they also request related services to support their supply chain, e.g., order management, pick-up, cargo consolidation, customs clearance, cargo insurance, warehousing, distribution and consultancy services.

These additional services – often referred to as value-added services – represent an increasing part of our earnings; up to 75% of DSV's gross profit stems from these services and only 25% from transportation services.

In other words, the value-added services are an important part of the value proposition for a freight forwarder. At the same time, the core transportation services, especially port-to-port, are becoming increasingly commoditised, with limited mark-up potential.

MARKET SHARES



Source: Journal of Commerce, based on 2015 revenue. DSV and UTi Worldwide Inc. combined

A global network and infrastructure

Even though we are asset light, we operate a global network of offices, warehouses and cross-dock terminals for cargo consolidation. These are all supported by skilled freight forwarders and strong and scalable IT systems.

This infrastructure is part of DSV's value proposition – and it is a barrier for entry into the industry. New electronic booking platforms are often mentioned as a potential threat to the traditional freight forwarders. We are convinced that we will see a significant technological development in the industry, and we develop our systems and services to match this trend. However, we are also convinced that our infrastructure, expertise and global network represent a significant competitive advantage to counter new, IT based start-ups.

Among the leaders in our industry

The global transport and logistics market is fragmented with a number of large players and many small, local freight forwarding companies. Even the major players control relatively modest market shares – the world's 20 largest players are estimated to have an aggregate market share of around 50%.

The estimated market share of DSV is 3%, and measured by revenue (2015) DSV ranks as number five among the world's largest freight forwarders.

Consolidation is likely to continue

For a number of years, the freight forwarding industry has been characterised by consolidation among the large players. Over the years, DSV has been one of the most active consolidators, with several large and small acquisitions.

We expect the trend to continue in the coming years and lead to further consolidation in the industry.

Low global growth and changing regional tides

Global trade and freight volumes are cyclical and sensitive to economic development. In 2016, the estimated market growth was 2-3%, which is on level with the global GDP growth.

In the coming years, we expect that market growth will continue to be in line with the underlying economic growth. The market growth will vary regionally, and certain developing countries are likely to see higher market growth than Europe and North America.

This means that the so-called "multiplier effect", i.e. the ratio of economic growth to the growth in freight volumes, is expected to be close to one. This corresponds to the level in 2016.

Exchange rate fluctuations, changes in international trade agreements and trade policies can also impact trade growth, both globally and regionally. In the current political environment, e.g., in USA and EU, such impacts are impossible to predict.

Over the years, outsourcing of production to the Far East has created significant growth in global transport. If we see a shift towards increased local production, this will have a negative impact on the demand for transportation services for certain industries. We have not yet seen a significant impact from "back-sourcing," and in general we still believe that globalisation is here to stay in some form. With our diversified service offerings, we are well positioned to pick up on regional growth, e.g. in Europe, to compensate for potential changes in international trade.

Complex supply chains and timely delivery

The global manufacturing industry is characterised by complex supply chains with different components being manufactured in different parts of the world. The automotive industry, where a car assembled in North America contains parts from all over the world, is a good example.

At the same time, companies aim to minimise funds tied up in stock. Therefore, supply chains are highly dependent on timely delivery; otherwise there is risk of production stops and empty shelves in stores.

We expect that these trends will drive an increasing demand for efficient logistics solutions where real-time status reporting and punctual delivery are crucial elements. For freight forwarders, this represents an opportunity; with our expertise, we can support the supply chain all the way from factory to high-street store.

High growth in e-commerce has been another significant change in distribution systems in recent years. As freight forwarders, we deliver solutions for e-fulfillment: receiving orders, picking and packing and handling returns. In most cases, we leave parcel distribution in the safe hands of external suppliers, e.g. local postal companies or international consolidators.

New technologies and new opportunities

As with any other service industry, there are several examples of new technologies that will impact the industry at some point.

One example is the potential impact from driverless trucks. This possible development is often mentioned in connection with our road freight activities. However, in our view, once such technology is fully developed and competitive, it will firstly be relevant for our suppliers, the external trucking companies. Over time, however, we believe it can drive down total transport costs to the benefit of the transport buyers.

An increasing focus on sustainability and CSR is also driving technology developments – currently, we see several examples in road transport, e.g. electric or gas-driven trucks. We want to take advantage of any feasible "green" technologies, and to this end we work closely with both customers and suppliers to find ways of meeting the demand for such green solutions.

If we turn to our Solutions division, 3D printing may change some production set-ups in the future, e.g. for spare parts. Since 3D printing is not yet being implemented on any large scale, the impact is still limited. Nevertheless, 3D printing is a potential business opportunity for DSV if and when printing centres can be established in warehouses/logistics hubs.

In general, freight forwarders depend heavily on innovative technology and strong IT platforms to improve service offerings to customers and increase internal productivity. This is a general industry trend that can be observed both with the traditional "old" freight forwarders and the new innovative start-ups.

In our view, what sets existing players apart from the new is scale, global networks, physical infrastructure and expertise. Still, continuous development of systems as well as services is a must to keep this competitive edge, and in some cases, cooperation may be the way forward, e.g. with a provider of a transportation e-booking platform.

Vision and strategy

Our vision and strategy remain unchanged and focused on five pillars: our customers, growth, HR, business processes and our organisation. The acquisition of UTi Worldwide Inc. was a strategic move to further consolidate DSV's market position by adding to our global footprint and strengthening our service offerings to our customers.

Customers – creating value in the supply chain
We wish to provide high-quality and competitive transport and logistics services to our customers. By focusing on developing our services and digital platforms based on our customers' needs, we add value to their supply chains. This applies to our standard products as well as our tailored solutions.

Traditionally, DSV has focused on small and medium-sized enterprises – and on expanding within this market segment. This objective is supported by targeted local sales efforts in the individual countries.

With the addition of UTi, we have strengthened our foothold and expertise within the global customer segment, and we will increase our focus on growing this market further. The acquisition of UTi has also boosted our industry-specific solutions: Our Automotive and Healthcare verticals are now among the market leading, and we also have a strong profile within Renewable energy and Retail. This provides us with a strong platform for organic growth.

Since 2015, our Customer Success Programme has been an important strategic initiative. The target is to reduce customer churn by obtaining structured feedback from customers and reacting on negative feedback.

myDSV is another important initiative centred on both customers and IT. myDSV is our new, digital customer interface, which will give the customers online access to our services. The platform has been tested during 2016, and the rollout is planned for 2017.

Growth – organic and acquisition-driven
DSV has a goal of growing its market share over time – organically and by acquisitions. From 2010-2015, the Group achieved average annual growth in net revenue of approx. 6%, mainly through organic growth. This is significantly above the underlying market growth.

Business acquisitions have played an important part in building DSV's existing market position, and the Group has a long-established track record of efficiently integrating acquired companies. We want to continue to take part in the consolidation of the industry if and when attractive and value-adding opportunities arise.

In January 2016, we acquired UTi Worldwide Inc. with the aim of achieving synergies, strengthening our service offerings and increasing our exposure to markets outside Europe.

Human resources – going global
With the continued growth of the DSV Group, HR has become an area of increased focus. Our global HR function, established in 2015, oversees a structured and targeted approach in this field and is supported by well-established local HR functions in our 80+ countries.

Global and local HR support DSV's overall goal of being recognised as an attractive workplace that focuses on motivation and training of our employees. We have a clear goal of offering attractive career opportunities and a good working environment in all countries, respecting local rules and culture.

The UTi integration process has been a major task for the HR organisation. Nevertheless, during 2016, the team has launched strategic initiatives within employer branding, recruitment, on-boarding, training and alignment of policies and practices.

DSV Academy offers training programmes in freight forwarding, sales, leadership, language training, etc. These programmes are important aspects in ensuring competency development as well as maintaining motivation and imparting knowledge about DSV's global values and culture.

CUSTOMERS
- Customer Success Programme
- myDSV – new digital platform

GROWTH
- Targeting growth above market
- Active M&A strategy

HUMAN RESOURCES
- Developing our global HR organisation
- DSV Academy – education and talent programmes

ORGANISATION
- Maintain a flat organisation with strong local ownership
- Further development of shared service centres

PROCESSES AND IT
- UTi integration
- Cargolink Way Forward – new transport management system for Road

Processes and IT ensure efficiency

Our business processes and customer services are highly dependent on IT, and it is essential that our platforms are robust and support the day-to-day operations in the best possible way. Therefore, IT system operation, development and optimisation remain high-priority areas with top management focus.

Merging UTi into the existing DSV setup has been a top priority in 2016. In order to obtain transparency and increase productivity, we have worked hard to migrate UTi's activities onto the DSV platforms and to close down any redundant systems. This process is not yet fully completed, but is progressing according to plan.

Strong governance of master data and standardised, global IT systems are key elements in DSV's IT strategy. When possible, we use standard, off-the-shelf systems with a minimum of modifications. Our global transport management system for Air & Sea is an example of such an off-the-shelf product. In Road, we are currently updating our legacy transport management system, and the new system will be a combination of standard systems and self-developed modules.

Three divisions supported by Group functions

DSV is organised into three divisions: Air & Sea, Road and Solutions. All three divisions are supported by a number of central Group functions and a global commercial organisation ensuring a coordinated approach to customers across countries and divisions.

The Group is characterised by a flat and decentralised organisational structure. The local managements are in charge of their respective operations – in accordance with the guidelines communicated by Group Management. This allows for consideration of local market conditions and enables local management to make quick decisions when needed.

The main role of Group Management is to lay down the overall strategy and ensure alignment and cooperation across countries and divisions. Furthermore, it oversees the execution of business development and streamlining of plans in order to generate the highest possible profit for the Group. Group Management is also in charge of the centralised Group functions and shared service centres. In recent years, we have centralised a number of back-office functions, and we see further potential in this area.

Outlook 2017 and long-term financial targets

For 2017, we expect growth in EBIT before special items of 21-29%. Free cash flow is expected in the level of 3,500 million DKK. Long-term financial targets are reiterated from the 2015 Annual Report.

Outlook for 2017

(DKKm)	Outlook	Actual 2016
Operating profit before special items	4,200 - 4,500	3,475
Net financial expenses	300	184
Adjusted free cash flow	3,500	1,838
Effective tax rate	25%	26.7%

This guidance assumes a stable development in the markets in which we operate. The OECD and IMF project global economic growth of around 3% in 2017, with relatively low growth rates in Europe and USA and higher growth in other regions, mainly in Asia.

We expect that the growth rates in the transport markets will be in line with the underlying economic growth and that DSV will be able to take market share in all the markets we operate in.

Furthermore, we expect a continued successful integration of UTi and realisation of expected synergies. In line with previous estimates, total restructuring costs of approx. DKK 1.5 billion are expected. DKK 1,002 million thereof were expensed in 2016, and the remaining costs are expected in 2017. The expenses are classified as special items in the income statement. Restructuring costs are non-recurring expenses, for example costs for the combination of offices and logistics facilities as well as redundancy packages.

The expectations are based on the assumption that currency exchange rates, especially the US dollar, against DKK will remain at the current level.

Long-term financial targets

DSV total	Target	Actual 2016
Operating margin	7%	5.1%
Conversion ratio	30%	21.9%
ROIC	25%	21.5%

Air & Sea	Target	Actual 2016
Operating margin	7-8%	6.7%
Conversion ratio	35%	25.7%
ROIC	25%	23.5%

Road	Target	Actual 2016
Operating margin	5%	3.7%
Conversion ratio	25%	20.6%
ROIC (minimum)	25%	35.8%

Solutions	Target	Actual 2016
Operating margin	6%	4.0%
Conversion ratio	25%	14.7%
ROIC	20%	14.0%

We retain our long-term financial targets from 2015 and expect to achieve them by 2020.

The long-term targets are based on the assumption of a stable global economic development during the period with global annual GDP growth of approx. 2% and transport market growth in line with GDP.

The main drivers for reaching the targets are above-market volume growth in all divisions and a continued successful integration of UTi.

ROIC targets are before tax.

During 2016, the acquired UTi activities have diluted DSV's financial margins, but as synergies are realised, we expect to return to pre-UTi financial ratios by 2018. In 2019-2020, we see further opportunities to improve productivity.

Capital structure and allocation

Our capital structure is designed to ensure:

- Sufficient financial flexibility to meet the strategic objectives
- A robust financial structure to maximise the return for our shareholders.

Our targeted financial gearing ratio is set at 1.0-1.5. The ratio may exceed this range in periods with significant acquisitions, as with the acquisition of UTi. In 2016, our free cash flow has been used to reduce debt relating to the acquisition, and we expect to be back within the target range in 2017.

Our free cash flow allocation strategy is unchanged from prior years:

1. Repayment of net interest-bearing debt in periods when the financial gearing ratio is above target range
2. Value-adding investments in the form of acquisitions or development of the existing business
3. Distribution to the shareholders by means of share buybacks and dividends.

Share buybacks and dividend policy

Group Management continuously monitors that the realised and expected capital structure satisfies the targets set. Any adjustments of the capital structure are determined in connection with the release of financial reports and are made primarily through share buybacks.
DSV aims to ensure that the dividend per share develops in line with the consolidated earnings per share. Proposed dividends for 2016 amount to DKK 1.80 per share (2015: DKK 1.70).

Forward-looking statements

This Annual Report includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks because many factors, some of which are beyond DSV's control, may result in actual developments differing considerably from the expectations set out in the Annual Report.

Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for DSV's services, competition in the transport sector, operational problems in one or more of DSV's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises.

Financial review

DSV delivered financial results in line with Management's guidance for 2016. All three divisions performed well and recorded growth – significantly boosted by the acquisition of UTi. This is a very satisfactory performance, especially considering the resources dedicated to the integration of the UTi business.

Acquisition of UTi Worldwide Inc.

The acquisition of UTi Worldwide Inc. was closed on 22 January 2016, as from which date the UTi results are included in the consolidated financial statements of DSV. UTi Worldwide Inc. was a US-based global logistics company. On acquisition, the company employed approx. 23,000 full-time employees in 58 countries across more than 300 offices and 200 logistics centres.

UTi had a strong presence in North America and a leading position in South Africa. The company also operated a significant network in Asia-Pacific and Europe.

Approx. 65% of UTi's activities were related to Air & Sea, 20% to Solutions and the remaining 15% to Road.

Integration status
At the end of 2016, a large part of the integration of UTi was completed. The milestones have been the gradual transfer of UTi's freight forwarding activities to DSV's transport management system, close down of the former UTi head office and the physical merger of close to 200 offices and the merger of several back-office functions and systems.

The UTi activities have been rebranded to DSV, and it is our overall impression that the transaction has been positively received by our customers.

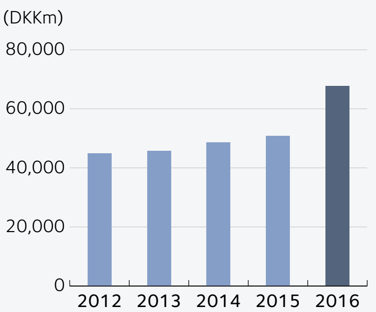
Synergies
In line with our original estimate from February 2016, we expect annual cost synergies of around DKK 1.5 billion from the integration of UTi.

We estimate that 40% of the synergies had profit and loss impact in 2016, and we expect to achieve an additional 40% of the synergies in 2017 and the final 20% in 2018.

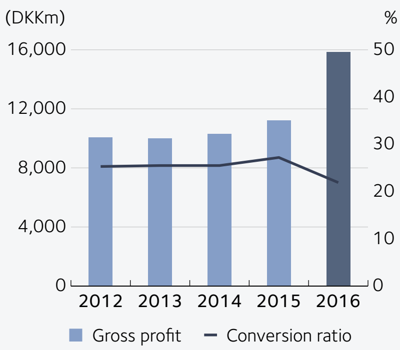
UTi was running at a significant loss at the time of the acquisition, and the merger has initially diluted DSV's conversion ratio and operating margin. Based on the integration plan, we expect that operating margins of the combined entity can be lifted back to pre-acquisition level by 2018.

The combined operations are expected to be further optimised during 2019 and 2020 with a view to achieving the long-term financial targets.

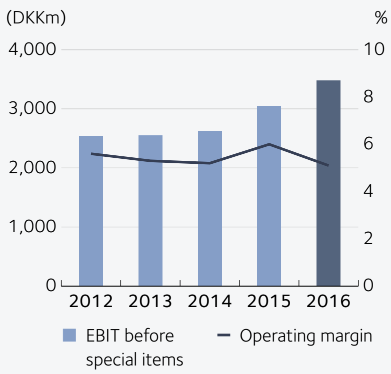
NET REVENUE



GROSS PROFIT



EBIT BEFORE SPECIAL ITEMS



Restructuring costs

The integration is expected to trigger one-off restructuring costs, etc., of around DKK 1.5 billion.

Of these costs, DKK 1,002 million, mainly related to restructuring of UTi, were expensed in 2016. The remaining costs are expected in 2017.

Allocation of activities

The UTi activities have been included in the existing DSV divisional structure based on UTi segmentation. This segmentation did not match DSV's in all cases, and minor adjustments between divisions have been made during the year.

In connection with the integration, the UTi operations, IT systems and administration are merged with DSV, and no separate reports are prepared for DSV or UTi. Therefore, the impact from the acquisition on transport volumes and financial results is not reported separately per business segment.

Profit for the year

CONDENSED INCOME STATEMENT

(DKKm)	2016	2015
Net revenue	67,747	50,869
Direct costs	51,909	39,668
Gross profit	15,838	11,201
Other external expenses	3,307	2,149
Staff costs	8,281	5,477
EBITDA before special items	4,250	3,575
Amortisation and depreciation of intangibles, property, plant and equipment	775	525
EBIT before special items	3,475	3,050

Net revenue

Consolidated revenue was up 33.2% and totalled DKK 67,747 million for 2016.

NET REVENUE 2016 VERSUS 2015

	Growth	DKKm
Net revenue 2015		50,869
Currency translation adjustments	(2.1%)	(1,063)
Growth incl. acquisitions	36.0%	17,941
Net revenue 2016	33.2%	67,747

UTi's activities have impacted all business segments, but most significantly in Air & Sea and Solutions. The Air & Sea division reported 48.0% growth in net revenue, Solutions 62.5% and Road 14.6%.

The geographical footprint of the Group has changed, with less exposure to EMEA and an increased presence in Americas and APAC.

NET REVENUE BY REGION

	2016	2015
EMEA	69%	80%
Americas	17%	10%
APAC	14%	10%

Exchange rate fluctuations impacted negatively on revenue by DKK 1,063 million. The negative impact came primarily from the translation of GBP and CNY.

Gross profit

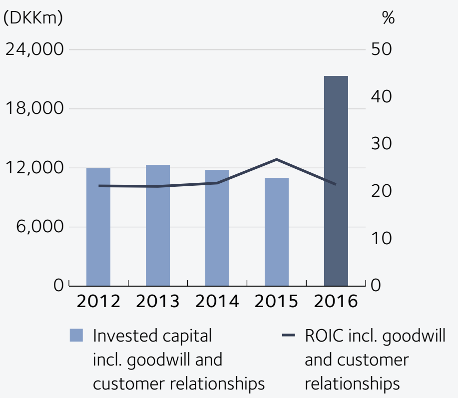
Consolidated gross profit was up 41.4% and totalled DKK 15,838 million for 2016.

GROSS PROFIT 2016 VERSUS 2015

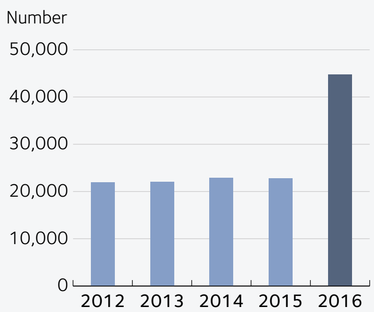
	Growth	DKKm
Gross profit 2015		11,201
Currency translation adjustments	(2.1%)	(239)
Growth incl. acquisitions	44.5%	4,876
Gross profit 2016	41.4%	15,838

The Air & Sea division reported 57.6% growth in gross profit. The growth was driven by 85% growth in air freight volume and 53% growth in sea freight volume.

ROIC AND INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS



NUMBER OF EMPLOYEES



Jens H. Lund
CFO
DSV A/S

The Road division reported growth of 13.3%, driven by new UTi activities in the USA and South Africa, but also a solid 5% growth in shipments in the European network.

The Solutions division reported growth of 84.2%, mainly due to new UTi activities in Americas, South Africa and Asia.

Exchange rate fluctuations impacted negatively on gross profit by DKK 239 million.

The gross margin was 23.4% for 2016, up from 22.0% for 2015. The Air & Sea and Solutions divisions reported higher margins, whereas Road reported a decline in gross margin.

Operating profit before special items

Consolidated operating profit before special items was DKK 3,475 million for 2016 against DKK 3,050 million for 2015.

EBIT BEFORE SPECIAL ITEMS 2016 VERSUS 2015

	Growth	DKKm
EBIT before special items 2015		3,050
Currency translation adjustments	(2.6%)	(78)
Growth incl. acquisitions	16.9%	503
EBIT before special items 2016	13.9%	3,475

The Air & Sea division reported EBIT before special items of DKK 2,143 million (2015: DKK 1,923 million).

The Road division reported EBIT before special items of DKK 1,049 million (2015: DKK 918 million).

The Solutions division reported EBIT before special items of DKK 384 million (2015: DKK 242 million).

The growth in EBIT before special items is partly due to the new UTi activities. The impact of the synergies gradually increased during the year, in pace with the integration process.

Staff costs (excluding production staff) of the Group increased by 51.2% and totalled DKK 8,281 million for 2016.

Other external expenses increased 53.9% and totalled DKK 3,307 million for 2016. Both staff costs and external expenses were significantly impacted by the addition of UTi.

The conversion ratio was 21.9% for 2016 against 27.2% for 2015. The decrease is mainly attributable to the low profitability of the UTi activities. The margin improved during the year as the integration progressed.

The operating margin was 5.1% for 2016 against 6.0% for 2015 and was also impacted by UTi.

Special items, net

Special items totalled DKK 1,002 million for 2016 (2015: DKK 58 million).

The costs mainly relate to the integration of UTi and include transaction and restructuring costs.

Financials

Financial income and expenses constituted a net expense of DKK 184 million.

Excluding a one-off foreign exchange gain of DKK 115 million the net expense amounted to DKK 299 million against DKK 303 million for 2015.

The one-off currency gain related to the acquisition of UTi and the subsequent internal restructuring process.

In 2016, the average interest rate payable for the Group's long-term loans and credit facilities including the effect of interest rate swaps was 2.0% against 2.5% in 2015.

Tax on profit for the year

The effective tax rate was 26.7% against 23.5% in 2015. The increase is mainly due to the acquisition of UTi, as certain integration costs are not fully deductible.

Diluted adjusted earnings per share

Diluted, adjusted earnings per share increased 4.3% as a result of improved adjusted earnings and came to DKK 13.40 for 2016. The increase in earnings was partly offset by an increase in the diluted, average number of shares after the capital increase in connection with the UTi acquisition.

DILUTED ADJUSTED EARNINGS PER SHARE

(DKKm)	2016	2015
Profit for the year	1,678	2,058
Non-controlling interests' share of consolidated profit for the year	10	2
DSV A/S shareholders' share of profit for the year	1,668	2,056
Amortisation of customer relationships	93	108
Share-based payments	48	37
Special items, net	1,002	58
Related tax effect	(305)	(48)
Adjusted profit for the year	2,506	2,211
Diluted average number of shares in circulation ('000)	187,097	172,003
Diluted adjusted earnings per share of DKK 1	13.40	12.85

Cash flow statement

CASH FLOW STATEMENT

(DKKm)	2016	2015
Cash flow from operating activities	1,564	3,160
Cash flow from investing activities	(5,244)	(431)
Free cash flow	(3,680)	2,729
Cash flow from financing activities	396	1,855
Cash flow for the period	(3,284)	4,584
Adjusted free cash flow	1,838	2,837

Cash flow from operating activities
Cash flow from operating activities was DKK 1,564 million for 2016 against DKK 3,160 million for 2015. The decline was mainly attributable to higher working capital and payment of integration costs.

Net working capital
The Group's funds tied up in net working capital came to DKK 1,518 million at 31 December 2016 against DKK 22 million at 31 December 2015.

The increase is partly due to the integration of UTi, which increased the Group's exposure to Air & Sea, where the level of funds tied up in working capital is traditionally higher. Furthermore, the conversion of IT systems and restructuring of business processes have a temporary adverse impact on net working capital – a situation we expect to improve during 2017. In addition, we see increasing pressure on working capital in the market in general, not least from large customers.

Relative to estimated full-year revenue, the net working capital amounted to 2.2% at 31 December 2016.

Cash flow from investing activities
Cash flow from investing activities came to DKK -5,244 million for 2016 against DKK -431 million for 2015.

Acquisition of subsidiaries and activities represented DKK 4,624 million against DKK 108 million in 2015.

Net investments in property, plant and equipment amounted to DKK 256 million for 2016 against net sales of DKK 21 million for 2015.

Free cash flow
Free cash flow came to DKK -3,680 million for 2016 against DKK 2,729 million for 2015.

Adjusted for the acquisition, normalisation of the working capital of acquirees and restructurering costs, free cash flow amounted to DKK 1,838 million in 2016 against DKK 2,837 million in 2015.

Capital structure and finances

Equity
The equity interest of DSV shareholders came to DKK 13,416 million at 31 December 2016, corresponding to a solvency ratio of 33.2%. At 31 December 2015, the equity interest of DSV shareholders came to DKK 11,809 million, corresponding to a solvency ratio of 42.6%.

The movements in equity mainly relate to net profit for the year, distribution of dividends, sale of treasury shares and actuarial adjustments on pension plans.

DEVELOPMENT IN EQUITY

(DKKm)	2016	2015
Equity at 1 January	11,809	6,052
Net profit for the period	1,668	2,056
Dividends distributed	(327)	(283)
Purchase of treasury shares	–	(1,419)
Sale of treasury shares	220	437
Capital increase	–	4,761
Actuarial gains/losses	(214)	107
Other adjustments, net	260	98
Equity at 31 December	13,416	11,809

Net interest-bearing debt
Net interest-bearing debt amounted to DKK 8,299 million at 31 December 2016 against DKK -546 million at 31 December 2015. The increase is due to the acquisition of UTi.

The financial gearing ratio (net interest-bearing debt to EBITDA before special items) was 1.95 at year end 2016. At year end 2015, the financial gearing ratio was -0.15.

Of total net interest-bearing debt, loans and credit facilities amounted to DKK 9,763 million, DKK 8,379 million of which was long-term debt.

Undrawn long-term loan and credit facilities amounted to DKK 1,531 million at 31 December 2016. At 31 December 2016, the total duration of the Group's long-term loan commitments was 2.9 years (2015: 3.7 years).

DEVELOPMENT IN NET INTEREST-BEARING DEBT

(DKKm)	2016	2015
Loans and credit facilities	6,529	1,263
Issued bonds	3,234	3,225
Finance leases	294	116
Other non-current liabilities	26	-
Total financial liabilities	10,083	4,604
Other interest-bearing receivables	70	242
Cash and cash equivalents	1,714	4,908
Total financial assets	1,784	5,150
Net interest-bearing debt	8,299	(546)

Invested capital
Invested capital amounted to DKK 21,336 million at 31 December 2016 against DKK 10,977 million at 31 December 2015. The increase was due to the acquisition of UTi.

Return on invested capital (ROIC before tax)
Return on invested capital was 21.5% in 2016 against 26.8% in 2015.

ROIC was negatively impacted by the increase in invested capital. This was partly offset by higher operating profit (EBIT before special items).

DSV Air & Sea

NET REVENUE

+48.0%

to DKK 32,100 million

GROSS PROFIT

+57.6%

to DKK 8,338 million

CONVERSION RATIO

25.7%

(2015: 36.3%)

OPERATING MARGIN

6.7%

(2015: 8.9%)

OPERATING PROFIT

+11.4%

to DKK 2,143 million

The addition of UTi has impacted Air & Sea the most, and the division achieved 57.6% growth in gross profit in 2016.

EBIT before special items increased 11.4%. Initially, the UTi Freight Forwarding activities contributed a loss, but the performance improved during the year due to an efficient integration and realisation of synergies.

Market situation and performance

The global air and sea freight markets developed in line with our expectations and followed the underlying global GDP growth. Demand picked up at the end of the year, especially in air freight. Both markets have been characterised by periods with overcapacity and intense competition, but also peaks with lack of capacity. This resulted in highly volatile freight rates.

In 2016, sea freight rates reached a historical low point, especially on the large trade lanes Asia-Europe and Trans-Pacific. However, rates increased rapidly towards the end of 2016, impacted by the ongoing consolidation of container carriers and the collapse of Hanjin, a major container carrier.

Sea freight market growth was relatively stable throughout the year, and the total market is estimated to have grown 3-4%, measured by volume. Growth was strongest on the Trans-Pacific trade (+5%) and Intra-Asia trade (+4%), whereas Asia-Europe grew by 2%.

The global air freight market grew 3-4% in 2016. Markets were off to a slow start, but gained momentum throughout the year with mid-single digit growth in the second half of the year, export from Asia being the strongest market. The market was presumably boosted by certain one-off events in the second half of 2016: disrupted supply chains following the financial collapse of Hanjin and a high activity level, especially in Asia.

With the acquisition of UTi, DSV's freight volumes for both air and sea have increased significantly – by 85% and 53%, respectively. Because of the combination of our two businesses, we are unable to decisively conclude if Air & Sea has grown organically and gained market share in 2016. During the integration process, our primary focus has been on ensuring an efficient transfer of existing UTi customers.

Results

Net revenue totalled DKK 32,100 million for 2016 (2015: DKK 21,685 million), corresponding to an increase of 48.0%.

The growth in net revenue is mainly attributable to UTi having contributed activities to the division worldwide, with USA as the single largest country, but also contributing major activities in Europe, APAC and South Africa.

Relative to 2015, the net revenue of both DSV and UTi was negatively affected by low average freight rates and exchange rates.

Gross profit totalled DKK 8,338 million for 2016 (2015: DKK 5,291 million), corresponding to an increase of 57.6%. The increase is mainly attributable to the acquisition of UTi.

Compared to 2015, we have seen a decline in gross profit per unit (tonne or container), which is partly due to exchange rate fluctuation and partly due to a change in customer mix after the addition of the UTi activities. UTi had a relatively higher share of large, global accounts, and for this customer segment the share of value-added services, and thus gross profit per unit, is normally lower than for small and mid-sized customers. At the end of 2016, we saw freight rates increasing sharply, causing a temporary pressure on gross profit per unit, mainly in air freight.

The division's gross margin was 26.0% for 2016 against 24.4% for 2015.

Exchange rate fluctuations impacted negatively on gross profit by DKK 157 million for 2016.

EBIT before special items totalled DKK 2,143 million for 2016 (2015: DKK 1,923 million), corresponding to an increase of 11.4%.

EBIT before special items increased despite the UTi activities initially running at a loss. The positive development is a result of a strong performance by the original DSV operations along with the integration process starting to impact positively on the UTi activities.

CONDENSED INCOME STATEMENT AND KEY FIGURES

(DKKm)	2016	2015
Net revenue	32,100	21,685
Direct costs	23,762	16,394
Gross profit	**8,338**	**5,291**
Other external expenses	2,177	1,045
Staff costs	3,824	2,215
EBITDA before special items	**2,337**	**2,031**
Amortisation and depreciation	130	50
Amortisation of customer relationships	64	58
EBIT before special items	**2,143**	**1,923**
Gross margin (%)	26.0	24.4
Conversion ratio (%)	25.7	36.3
Operating margin (%)	6.7	8.9
Number of employees at year end	12,891	6,754
Total invested capital	11,860	6,346
Net working capital	1,395	987
ROIC (%)	23.5	29.0

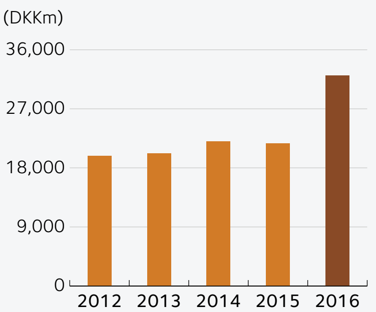
GROWTH IN FREIGHT VOLUMES

	2016 DSV	2016 Market
Sea freight – TEUs	53%	3-4%
Air freight – tonnes	85%	3-4%

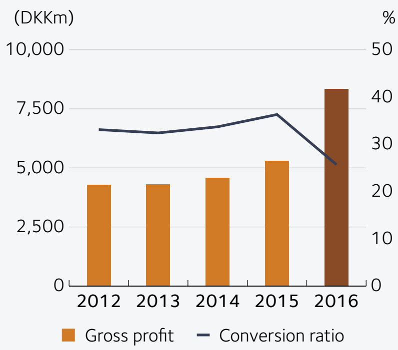
Market growth rates are based on own estimates

Conversion ratio was 25.7% for 2016 against 36.3% for the same period last year. The decline is attributable to UTi, which had an adverse effect on the division's earnings margin. The continuing integration process and realisation of synergies gradually improved the performance during 2016, and this development is expected to continue in 2017.

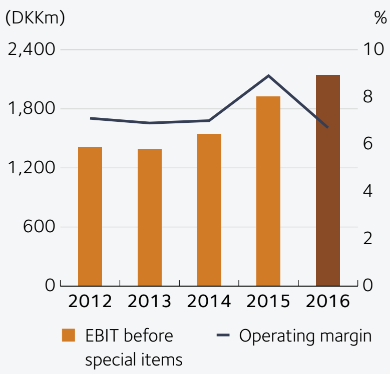
NET REVENUE



GROSS PROFIT



EBIT BEFORE SPECIAL ITEMS



AIR AND SEA SPLIT

	Sea freight		Air freight	
(DKKm)	2016	2015	2016	2015
Net revenue	16,300	12,514	15,800	9,171
Direct costs	11,953	9,457	11,809	6,937
Gross profit	**4,347**	**3,057**	**3,991**	**2,234**
Gross margin (%)	26.7	24.4	25.3	24.4
Volume (TEUs/tonnes)	1,305,594	855,319	574,644	311,193
Gross profit per unit (DKK)	3,329	3,574	6,945	7,179

The operating margin was 6.7% for 2016 against 8.9% last year and was also affected by the UTi integration.

Exchange rate fluctuations had a negative impact on EBIT before special items of DKK 61 million in 2016.

Working capital came to DKK 1,395 million at the end of 2016 against DKK 987 million at 31 December 2015. The increase is mainly attributable to the growth in activities relating to UTi. Furthermore, in certain cases, the comprehensive integration process has led to a temporary increase in billing days and other processes. We expect this situation to improve during 2017.

Return on invested capital was 23.5% in 2016 against 29.0% last year. The decrease is mainly due to higher invested capital after the addition of UTi.

Strategic and operational highlights

2016 has been a year of integration for Air & Sea. We have had all hands on deck to merge UTi's global Freight Forwarding division into DSV's global Air & Sea organisation. Teams and offices have been merged all over the world to form a new organisation of 13,000 employees and 400 offices in 81 countries. Thanks to a dedicated effort by the entire organisation, we have been able to retain key personnel and protect the business of UTi.

In addition to the physical integration, a comprehensive IT integration has been taking place across the entire organisation, migrating UTi users and customers onto DSV's Transport Management System. By the end of 2016, this migration was close to completion, leading us to conclude that our IT systems have stood up to the test of scalability. Nevertheless, going into 2017, we will still be working on educating users, optimising productivity and implementing customers.

A significantly strengthened division

With the addition of UTi, we have gained a truly global network and fortified our presence in APAC, North America and Africa. South Africa has quickly become a major trading partner in the DSV network, and India and Israel stand out as two important markets where DSV has gained a stronger market position.

We have also added Oil & Gas and Marine & Hospitality to our existing industry verticals; and we have worked hard to merge large mutual DSV and UTi customer accounts to ensure that these customers receive a consistent DSV service worldwide.

Focus areas in 2017

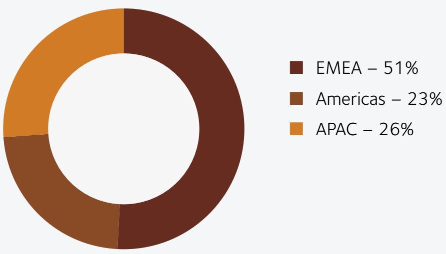
In 2017, the integration process will mainly focus on driving up productivity and optimising the organisation to the current level of business.

We will be focusing intensely on sales and organic growth, developing new trade lanes and drawing on our improved network and stronger industry verticals with the aim to achieve above-market growth in transport volumes and growth in earnings.

When managing tight and complex supply chains and planning transports it is an advantage to catch data early - right from the placing of an order. For this reason, we have seen increased demand for Purchase Order Management and Control Tower solutions with our customers. We expect this trend to continue and we will continue to develop our services in this area.

GEOGRAPHIC EXPOSURE

Division revenue can be broken down by the following geographical areas:



Carsten Trolle
Managing Director
Air & Sea Division

DSV Road

NET REVENUE

+14.6%

to DKK 28,323 million

GROSS PROFIT

+13.3%

to DKK 5,094 million

OPERATING PROFIT

+14.3%

to DKK 1,049 million

CONVERSION RATIO

20.6%

(2015: 20.4%)

OPERATING MARGIN

3.7%

(2015: 3.7%)

With the addition of UTi, DSV Road has gained activities in the USA and South Africa. The existing organisation in Europe continued to gain market share in 2016, and EBIT before special items increased by 14.3%.

Market situation and performance

The road freight markets continue to be characterised by relatively low volume growth and the presence of many competitors. This means that price is a main competition parameter.

In Europe, we estimate that the road freight market has grown 2-3%. The markets in Germany, Spain and Central and Eastern Europe stand out as the front runners, whereas the Nordics, Benelux, France and Italy have seen more modest growth. The UK's decision to leave the EU has created speculation about the potential consequences, also for our industry. So far, we have not seen any significant impact on the trade flows to and from the UK. The UK represents approx. 5% of DSV's business.

In this climate, DSV has performed well: In Europe, we have grown the number of road shipments by 5% and won market share in most countries. North America and South Africa are still new markets for DSV Road, and after the first year of activities, we are off to a good start and have the right business structure and organisation in place to develop DSV Road further.

Results

Net revenue totalled DKK 28,323 million for 2016 (2015: DKK 24,718 million), corresponding to an increase of 14.6%. Relative to 2015, net revenue was negatively affected by DKK 420 million due to low exchange rates.

Gross profit totalled DKK 5,094 million in 2016 (2015: DKK 4,497 million), corresponding to an increase of 13.3%.

The growth in both net revenue and gross profit is mainly attributable to the addition of UTi activities in USA and South Africa. The higher activity level in Europe also contributed to the growth. However, at the same time gross profit was negatively impacted by competitive pricing and change in business mix, with an increasing share of domestic distribution with lower average income per consignment.

The division's gross margin for 2016 was 18.0% (2015: 18.2%).

Exchange rate fluctuations impacted negatively on gross profit by DKK 80 million in 2016 compared to 2015.

EBIT before special items totalled DKK 1,049 million for 2016 (2015: DKK 918 million), corresponding to an increase of 14.3%. The UTi Distribution activities were profitable when we took over the company and contributed to the growth in EBIT in 2016. At the same time, the existing DSV organisation has been able to handle greater volumes without adding capacity and increasing the cost base. Standardisation of processes and services, increase in digital bookings from customers (mainly via EDI) and automated invoicing have been important drivers of this development.

Conversion ratio was 20.6% for 2016 and in line with 2015. The division's operating margin for 2016 was 3.7%, also in line with 2015.

Exchange rate fluctuations had a negative impact on EBIT before special items of DKK 18 million.

CONDENSED INCOME STATEMENT AND KEY FIGURES

(DKKm)	2016	2015
Net revenue	28,323	24,718
Direct costs	23,229	20,221
Gross profit	**5,094**	**4,497**
Other external expenses	1,224	1,049
Staff costs	2,662	2,404
EBITDA before special items	**1,208**	**1,044**
Amortisation and depreciation	145	110
Amortisation of customer relationships	14	16
EBIT before special items	**1,049**	**918**
Gross margin (%)	18.0	18.2
Conversion ratio (%)	20.6	20.4
Operating margin (%)	3.7	3.7
Number of employees at year end	12,518	9,280
Total invested capital	3,295	2,563
Net working capital	(619)	(878)
ROIC (%)	35.8	33.2

GROWTH IN FREIGHT VOLUMES

	2016 DSV	2016 Market (Europe)
Shipments	5%	2-3%

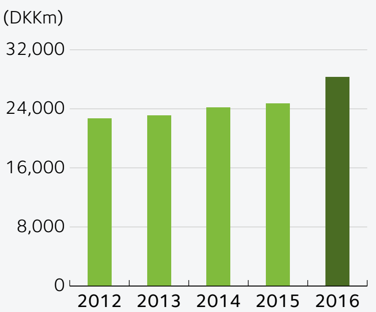
Market growth rates are based on own estimates

Working capital came to DKK -619 million at 31 December 2016 (DKK -878 million at 31 December 2015). The development is mainly attributable to UTi.

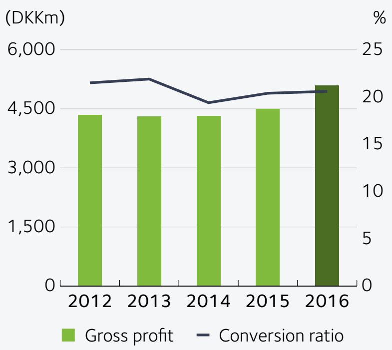
Strategic and operational highlights

With the acquisition of UTi, DSV added South Africa and North America to the Road map. In South Africa, the existing UTi Distribution activities were rebranded to DSV as of

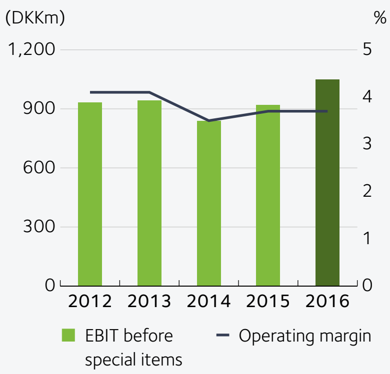
NET REVENUE



GROSS PROFIT



EBIT BEFORE SPECIAL ITEMS



1 June 2016. In North America, the UTi Distribution activities were merged with the existing DSV Road activities and rebranded to DSV as of late October 2016.

By and large, the integration of UTi's Distribution activities has been a case of adding-on: The DSV Road operations in North America have been significantly strengthened, and in South Africa we now have a significant presence and platform to work from.

The European Road operations are still by far the largest, representing close to 90% of net revenue, but there is great potential for cross-selling between the divisions. Our Automotive and Retail activities are examples of verticals where we have experienced a boost from the merger of DSV and UTi.

Focus on customers, infrastructure and training

Other focal points have been to maintain our high delivery performance and respond to increasing customer demand for shipment information and alerts with mobile devices as primary interface. For this purpose, we have updated our technology to be used by our drivers to log delivery information on the go. In time, a mobile phone app will replace other current mobile devices, e.g. handheld scanners.

To gain new and retain existing business, we have continued our work with the DSV Customer Success Programme in 2016. We have seen positive results from the programme, where we collect and follow up on feedback from customers. At the same time, we have introduced a more proactive approach to our account management where we help customers optimise their supply chain in addition to delivering on-time transportation services.

We have continued our Cargolink Way Forward project – developing and implementing our updated road transport management system. In 2016, we launched a first version in Lithuania and this pilot will continue into 2017, allowing us to gain experience and develop the system based on this. Throughout 2017, further pilots will be initiated.

One of the first achievements in the Cargolink Way Forward project was the development and implementation of a digital quote tool. The quote tool has now been operational for more than one year and is used for more than 50% of the quotes to customers in Road.

The consolidation of terminals across Europe, replacing outdated facilities with larger, highly efficient and centrally placed terminals, continues. In 2016, we inaugurated new logistics facilities in Czech Republic, Germany and the Netherlands.

Finally, we have accelerated the global implementation of Young DSV, Traffic Academy, Sales Academy, Leadership and Top Talent Training.

Focus areas in 2017

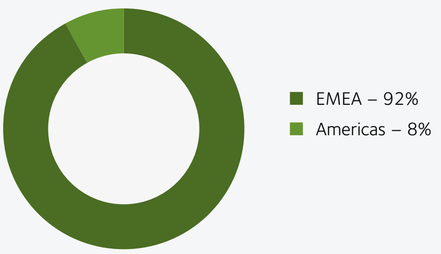
We will continue the development of Cargolink Way Forward, intensifying pilots across Europe.

In 2017, we expect to see more results from cross-selling between the divisions – especially after the merger with UTi where the new footprint in North America and South Africa provides a strong base for future growth. And we will be looking at what products and initiatives may be successfully shared between our new regions. The Customer Success Programme is one of them and so are our training programmes.

As one of the leading road freight providers in most of the markets we operate in, we have a clear target of continuing to achieve organic growth above market level in all regions.

GEOGRAPHIC EXPOSURE

Division revenue can be broken down by the following geographical areas:



Søren Schmidt
Managing Director
Road Division

DSV Solutions

NET REVENUE

+62.5%

to DKK 9,683 million

GROSS PROFIT

+84.2%

to DKK 2,616 million

OPERATING PROFIT

+58.7%

to DKK 384 million

OPERATING MARGIN

4.0%

(2015: 4.1%)

CONVERSION RATIO

14.7%

(2015: 17.0%)

In 2016, following the merger with UTi, Solutions could present a global footprint and a 100% increase in warehousing capacity to 5.0 million sqm. This also positively affected EBIT before special items, recorded at DKK 384 million in 2016 against DKK 242 million in 2015.

Market situation and performance

The global market for contract logistics was fairly stable in 2016 with no significant pressure on capacity or pricing. Russia is one of the few exceptions, where overcapacity has been an issue throughout the year due to trade embargoes.

In 2016, we saw increased activity in most regional markets and estimate that the global market grew 3-4%, with accelerating activity levels towards the end of the year. For the past few years, E-commerce has been an important growth driver in contract logistics, and 2016 was no exception. It is an area of great growth potential, which DSV Solutions intends to take an active part in.

Another prevailing trend is that the average length of customer contracts is short. This increases the need for efficient and standardised implementation of new contracts, and it means that large and efficient multi-user warehouses are preferred over smaller and dedicated warehouses.

Results

Net revenue totalled DKK 9,683 million in 2016 (2015: DKK 5,960 million), corresponding to an increase of 62.5%. The increase is mainly attributable to UTi, but was also driven by organic growth in the existing DSV business, mainly from more business with existing customers.

Exchange rate fluctuations impacted negatively on net revenue by DKK 133 million in 2016.

Gross profit totalled DKK 2,616 million in 2016 (2015: DKK 1,420 million), corresponding to an increase of 84.2%. The increase in gross profit for the period is attributable both to UTi and growth in existing DSV activities.

The division's gross margin was 27.0% in 2016 against 23.8% in 2015. The higher gross margin mainly relates to the added UTi activities in Americas, South Africa and Asia.

Exchange rate fluctuations impacted negatively on gross profit by DKK 20 million in 2016.

EBIT before special items totalled DKK 384 million in 2016 (2015: DKK 242 million), corresponding to an increase of 58.7%. During 2016, the financial performance gradually improved, driven by increasing activity and improved productivity, especially in the last quarter of 2016. The increase in earnings is attributable to new UTi activities, especially in South Africa, Mexico and Canada. At the same time, performance improved in several existing DSV operations.

Conversion ratio was 14.7% in 2016 against 17.0% last year.

The division's operating margin was 4.0% in 2016 against 4.1% in 2015.

Working capital came to DKK 816 million at 31 December 2016 (2015: DKK 80 million). The increase is mainly attributable to UTi.

CONDENSED INCOME STATEMENT AND KEY FIGURES

(DKKm)	2016	2015
Net revenue	9,683	5,960
Direct costs	7,067	4,540
Gross profit	**2,616**	**1,420**
Other external expenses	801	486
Staff costs	1,188	540
EBITDA before special items	**627**	**394**
Amortisation and depreciation	228	117
Amortisation of customer relationships	15	35
EBIT before special items	**384**	**242**
Gross margin (%)	27.0	23.8
Conversion ratio (%)	14.7	17.0
Operating margin (%)	4.0	4.1
Number of employees at year end	17,432	5,821
Total invested capital	3,989	1,518
Net working capital	816	80
ROIC (%)	14.0	16.8

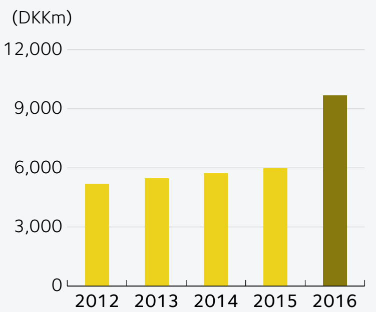
Return on invested capital was 14.0% in 2016 against 16.8% last year. The decrease is mainly due to higher invested capital after the addition of UTi.

Strategic and operational highlights

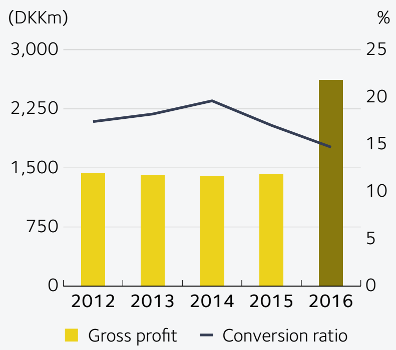
In 2015, DSV Solutions had very few activities outside Europe. In the course of 2016, with the integration of UTi's Contract Logistics activities, DSV Solutions became global – with sizeable operations in APAC, South Africa and Americas.

The addition has positioned us to offer extended services to new and existing customers. DSV Solutions can now attract global customers to a larger extent than before. New Solu-

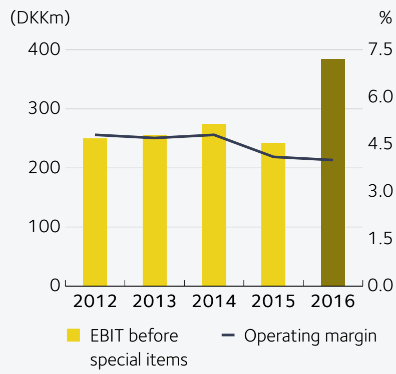
NET REVENUE



GROSS PROFIT



EBIT BEFORE SPECIAL ITEMS



tions products that we can now offer our customers include Vendor Managed Inventory, Inbound-to-Manufacturing, High Value Distribution, Inventory Scan, etc. At the same time, our existing industrial verticals – Healthcare, Consumer Products and Automotive – have been significantly strengthened.

Systems standardisation and E-commerce

Standardisation of systems, processes and infrastructure are key to running a cost-efficient operation with a high service level. The implementation of our global Warehouse Management System is an important element in this process; in 2016, we migrated a large number of sites and customers onto our global Warehouse Management System.

Finally, we have further developed our E-commerce services in accordance with demand from our customers. We will continue to invest in this area – both in IT systems and automated warehouse systems to support efficient operations.

Optimisation and consolidation of facilities

Throughout 2016, DSV Solutions has participated in the ongoing internal optimisation, automation and consolidation of DSV sites, often with all three divisions together at new centrally placed transport and logistics hubs. It is a central part of our strategy to prepare a roadmap for each country, planning the future location and size of warehouses – often large, standardised, multi-client facilities. When relevant, we develop dedicated facilities for specific customers.

In several cases, the UTi contract logistics activities are organised in small warehouses in close proximity to each other. We have already started planning the consolidation of these sites into larger and more efficient facilities.

Focus areas in 2017

With a global presence alongside DSV Air & Sea and DSV Road, the foundation for even better support of our customers' entire supply chain is in place. We will be looking at our best performing operations to learn best practice for implementation elsewhere – and we will be looking to expand our activities in growth regions such as APAC and the Americas.

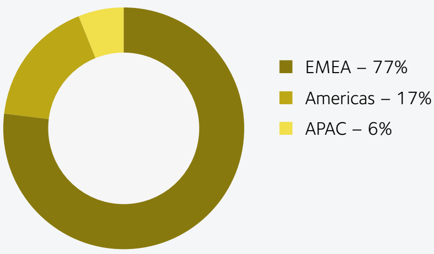
In 2017, DSV Solutions' focus will be on getting our new global footprint and service offerings across to existing and new customers and on refining our organisation and products to meet their needs. Migrating UTi customers onto DSV's Warehouse Management Systems and data centres will continue. This will improve data transparency and reporting, allowing work on business optimisation and development to begin across our new, global organisation.

To this end, we will dedicate further efforts to streamlining our processes and systems – as well as optimising capacity by establishing larger, consolidated logistics facilities.

We maintain our goal of gaining market share and expect to be able to optimise the use of our global capacity as well as capitalise on our improved value proposition in 2017.

GEOGRAPHIC EXPOSURE

Division revenue can be broken down by the following geographical areas:



Brian Ejsing
Managing Director
Solutions Division

Risk management

As our business activities increase through organic growth and strategic acquisitions, we strive to manage and adapt to the changing risk scenario in which we operate by following our key principles: transparency, root cause analysis and quick resolution of issues. The integration of UTi Worldwide Inc. has not significantly changed the risk assessment of our business.

As we grow our business, it is vital that we continue successfully managing the risks inherent in our business activities and reducing the potential financial impact of these to an acceptable level.

Central to our risk management strategy is a regular and structured data collection, analysis and reporting process, which provides a strong basis for Management's decisions. This process is further strengthened by fast information flows, thorough root cause analyses and short reaction times accommodated by our flat organisational structure.

Our risk management approach therefore scales with our activities, enabling a timely response to issues that may have a material impact on the Group's earnings, financial position and the achievement of other financial targets.

Risk governance structure

The Board of Directors has the final responsibility for the Group's risk management and determines the overall framework for identifying and mitigating risks. The Audit Committee supervises compliance with the established framework.

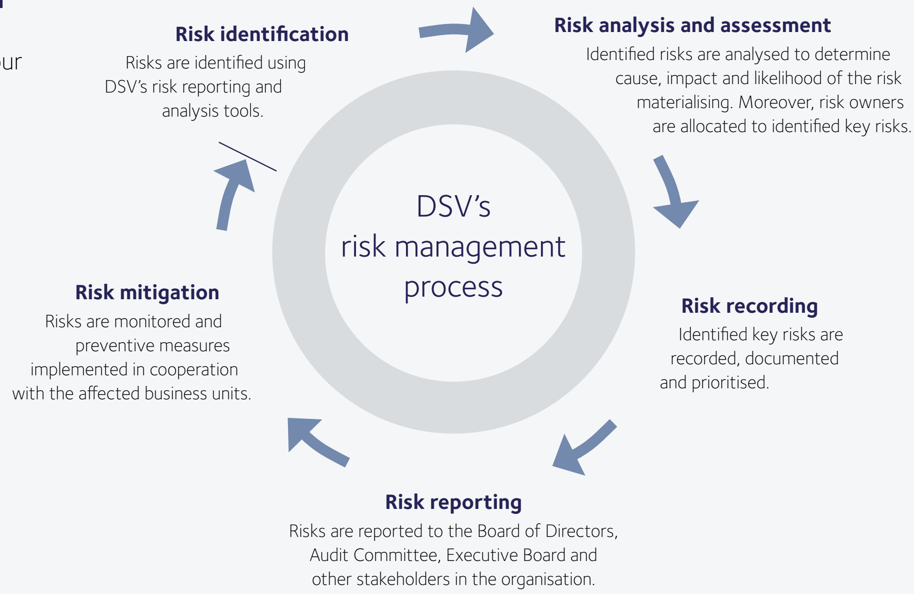
The Executive Board is responsible for the day-to-day compliance with the risk management framework as well as the continuous development of the Group's risk management activities.

Risk management process

Risk management is structured as two parallel processes: ongoing reporting and follow-up on identified risks inherent in the normal day-to-day operations and a more extensive

Dynamic risk adaption

As our business and the world around us change, our internal risk management procedures are geared to adapt accordingly.

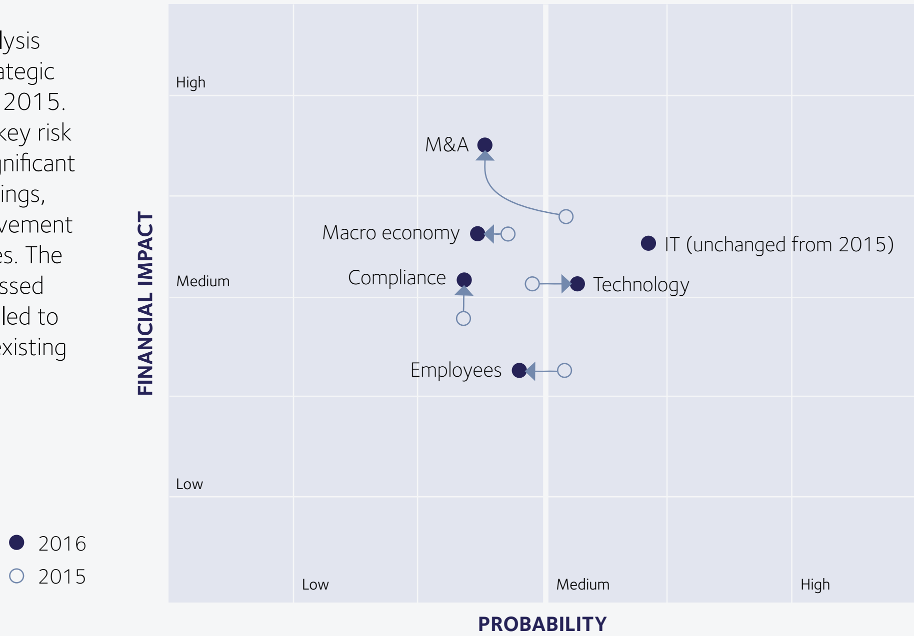


risk analysis, which addresses the overall strategic risk scenario of the Group.

Every week, the Executive Board receives reports from all Group functions which form the basis of the Executive Board's reporting to the Board of Directors and the Audit Committee. In this connection, the Executive Board notifies the Board of Directors of any actions taken to mitigate the identified risks. In addition to the regular reports, the Audit Committee also receives status reports on significant key risks at all Committee meetings.

Every two years, an extensive Group-wide risk analysis is carried out in which risks are assessed and quantified by key employees from all levels and areas of the business. Based on this work, a key risk analysis is finalised and addressed by the Executive Board, the Board of Directors and the Audit Committee. The results of the latest risk analysis are illustrated below.

Risk analysis
The latest Group-wide analysis of internal and external strategic risks was carried out in Q4 2015. The analysis confirmed six key risk factors that may have a significant impact on the Group's earnings, financial position and achievement of other strategic objectives. The identified risks were reassessed at the end of 2016, which led to minor adjustments to the existing assessment.



Key risk

Key risks identified and preventive actions taken to mitigate these risks are described on the following pages.

Our day-to-day operations furthermore carry various financial risks. These are not considered risks on level with our key risks, but are monitored and managed by our Group Finance departments ensuring a high level of management attention on the effectiveness of our hedging strategies. For a detailed description of our financial risks, please refer to Chapter 4 of the notes to the consolidated financial statements.

IT – system and process breakdowns

Description
IT systems and related processes are crucial to all aspects of our day-to-day operations – from the basic delivery of our core services to our analytic capabilities and reporting to the financial markets.

This makes us vulnerable to system outages, cyber attacks and failed IT implementations.

Furthermore, we rely on the constant innovation and improvement of our IT systems and related processes to be able to offer competitive services that meet our customers' demands and allow us to react to new business opportunities as they arise.

2016 reassessment
As we continue our focus on improving the productivity and profitability of our business through IT investments, our reliance on our IT infrastructure and the potential financial impact from system failures remain medium-high. In 2016, we have experienced robust and stable performance on our core IT systems which has been further strengthened by the addition of two new data centres. However, risk relating to the acquired legacy UTi systems remains high. We are therefore in the process of closing down the UTi IT infrastructure and moving the remaining activities to the DSV network. This work is expected to be finalised in 2017.

As a consequence, the probability of occurrence and the potential financial impact from IT-related risks are reiterated from 2015 in the Group risk reassessment for 2016.

Mitigation
Our IT strategy comprises continued centralisation and standardisation of our system platforms as well as organisational and related processes. This strategy also applies to newly acquired companies, which we move to DSV operational and financial IT platforms as quickly as possible, making the acquired systems redundant.

Our Group IT department is in charge of managing IT risks. In cooperation with the rest of the organisation, Group IT undertakes the implementation and operation of uniform systems, standards and controls, decommissioning of redundant systems and oversees the coordinated reporting on operational status, security risks, etc.

We focus on rolling out centrally managed solutions worldwide to reduce the number of software and hardware applications. This allows for central management and monitoring of platforms, master data, control systems and security functions.

Macro economy – recession and regional exposure

Description
The supply of logistics services and solutions, mainly in the business-to-business market, is our core business. An economic recession leading to declining business activity will therefore directly impact our activity level and consequently our financial results.

A large part of our revenue is generated in Europe, and economic downturn in this region may therefore have a major effect on the Group's earnings, in particular in the Road and Solutions divisions.

2016 reassessment
In line with our M&A risk mitigation strategy, the UTi acquisition has further diversified the Group's regional exposure. This has been achieved primarily through increased Air & Sea activities, but also partly via new Road activities in the Americas and Solutions activities in Africa. Thereby, 37% of total Group revenue is now generated outside Europe, compared to 22% prior to the acquisition.

As a consequence, the probability of a negative impact from macroeconomic risks has been slightly reduced in the Group risk reassessment for 2016.

Mitigation
A pivotal element of our business model is our asset-light approach and constant focus on process and cost optimisation, which, combined with close monitoring of market developments, financial results, cash situation, etc., enable us to react quickly to any changes in activity levels.

This approach allows us to reduce costs and tied-up capital and quickly adapt to any potential slowdown in individual markets. We have a history of stable earnings margins, even in periods of declining freight volumes.

To further mitigate our exposure to the European market, we operate a strategy of organic and acquisitional growth outside Europe, primarily through our Air & Sea division, which represents an increasingly larger part of the Group's earnings.

M&A – acquisitions and integration

Description
Growth through acquisitions is a fundamental element of our corporate strategy, and the current DSV network is to a large extent a result of strategic acquisitions.

A strategic acquisition entails a risk of unsuccessful integration of the acquired company, which could result in synergies, strategic advantages and economies of scale being delayed or not fully achieved.

2016 reassessment
An acquisition the size of UTi renders a potential financial impact from a failed integration a significant risk for the DSV Group. Looking back at the first year of integration, the combination of the two businesses is coming together slightly ahead of plan. However, the integration has also proven more complex than expected due to both IT systems and organisational structures. The risk of negative integration issues still remains, but the identified synergies are being realised as expected and the risk has been reduced since the takeover date in January 2016.

For this reason, the probability of a negative impact from failed M&A activities has been reduced, but the potential financial impact of failure slightly raised in the Group risk reassessment for 2016.

Mitigation
DSV has a history of successful integration of acquired companies and realisation of expected synergies.

The success rests on several factors. We stress the importance that potential acquirees match DSV's existing business model, and all acquisitions are based on a thorough due diligence process. A team of managers and experts in M&A and integration are responsible for this process. Furthermore, our IT reporting and operational systems are scalable to accommodate the effective integration of new entities into the Group.

The integration work in each country is based on clear ownership, where the local management team heads the integration based on guidelines from Group Management. Furthermore, our focus on centralisation of administrative processes means that we are able to integrate, adapt and support a range of services for the acquired companies from early on in the integration process.

Compliance – fines, claims for damages, etc.

Description
As a result of our global operations, we are subject to national and international legislation. Statutory regulation relating to tax, VAT and competition law is an area of ever-increasing scope and complexity.

DSV as well as its Management and staff may risk fines, prison sentences and claims for damages in case of non-compliance. Non-compliance may also have a long-term negative effect on DSV's reputation.

2016 reassessment
For some time, we have seen a tendency of increasing costs from settling fines and claims inherent from our normal business operations – not because the number of incidents are changing disproportionate to the growth of our activities, but rather because the base costs of initiating and settling such cases are increasing. As such, the costs of handling and settling cases of similar nature today versus a few years ago are significantly higher.

As a result, the potential financial impact from compliance risks has been slightly raised in the Group risk reassessment for 2016.

Mitigation
Our internal procedures and IT systems are designed to ensure compliance with relevant legislation and code of corporate conduct.

This is entrenched in our manuals and business processes, which are embedded throughout the organisation and contain clear guidelines on how employees should act in relation to particularly risky issues or situations.

Our global compliance department is responsible for monitoring and managing areas of risk. Group Compliance also oversees compliance with new legislation and ensures that employees receive training in DSV's internal guidelines and relevant national and international legislation.

Compliance is an area of major attention and continuous communication at all management levels of the organisation.

Employees – retention and attraction

Description
Employees are a vital resource to DSV. Our business operations depend on highly qualified management teams and employees with technical and operational qualifications at all organisational levels, jointly contributing to the Group's financial results.

If we fail to attract new talents or to retain existing, experienced key employees, we risk jeopardising DSV's financial potential in the long term.

2016 reassessment
A business combination of UTi magnitude will inherently lead to uncertainties among employees of the new, combined Group as a consequence of the reorganisations and restructurings taking place. Furthermore, significant pressure will be put on the organisation over a prolonged period of time to achieve the integration plan within the set timeframe. Such factors have the potential risk of straining key employee retention in the long run.

However, after a year of integration work we are not seeing any significant increase in turnover of key staff, which we believe confirms the success of our retention strategy.

Based on this, the probability of a negative impact from failed employee retention has been slightly reduced in the Group risk reassessment for 2016.

Mitigation
To retain and attract good employees, we want to make DSV an attractive place to work.

This is achieved through several individual initiatives undertaken locally or by our global HR department. Examples of focus areas include training programmes targeted at all organisational levels, from trainee programmes to executive training.

We also emphasise our corporate culture, which focuses on employee empowerment and the ability to influence everyday work life and on offering career advancing opportunities for talented employees.

Technology – disruption and technological adaption

Description
The freight forwarding industry, like all service industries, is gradually changing as a result of new technologies. The development is driven both by existing players and by new entrants. Digitisation and automation of processes (quoting, booking, tracking, reporting and billing) are two of the most important trends we see.

The technological development represents an opportunity to optimise workflows and increase productivity. At the same time, the development sets new and higher standards for the service level that our customers expect.

This means that we must continuously adapt our services, exploit new business opportunities and react to new competition in the market. The risk is that we fail to invest in and utilise new opportunities and thereby lose market share and earnings. It is a long-term risk, and the changes will happen gradually.

2016 reassessment
During the year, we have seen several initiatives and strategic statements related to digitisation and development of services. Besides initiatives from existing competitors and start-ups, we have also seen that shipping lines, carriers and airlines are launching initiatives to offer more traditional freight forwarding services.

This is a continuation of the development we have seen in previous years, but the probability of a negative impact has been slightly increased as part of the Group risk reassessment for 2016.

Mitigation
We must develop our customer services, systems and operational procedures to ensure that DSV has a strong and competitive service offering. We see new technologies as opportunities rather than threats. Our new digital platform for customer services, myDSV, and the ongoing development of a new IT system for the Road division are good examples of important digital/IT initiatives.

Our approach also entails monitoring of the market and being open to new opportunities – e.g. we could at some point benefit from cooperating with one of the new digital booking platforms.

An indirect impact from new technology and changes in the competitive landscape is that some of the basic freight forwarding services may become commoditised, leading to increasing price pressure. To compensate for this, we continuously seek to increase the scope of value-added services towards our customers, e.g. purchase order management, customs clearance and cargo insurance.

Corporate governance

At DSV, we apply our core management principles at all levels of the business as we grow, thereby continuing our history of accountable and transparent management while driving the business forward and ensuring that we keep delivering on our targets and strategies.

Management structure

The supreme governing body of DSV is comprised of the Board of Directors and Executive Board. The ultimate authority rests with the shareholders in general meeting. The Board of Directors supervises the development of the Group and outlines the overall visions, strategies and objectives for the development of the Group's business activities. The Executive Board is responsible for the day-to-day management and the execution of the strategy and contributes essential input to the work of the Board of Directors. The allocation of responsibilities between the Board of Directors and Executive Board is laid down in the relevant rules of procedure. The individual Division Managers are responsible for the day-to-day operations of the divisions supported by centralised Group functions.

Board of Directors

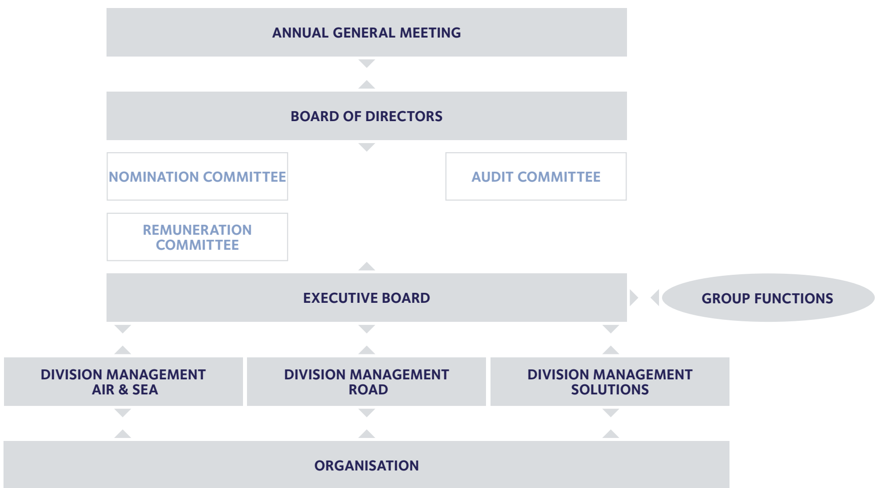
COMPOSITION AND MEETING FREQUENCY OF THE BOARD OF DIRECTORS

The Board of Directors of DSV currently has six members (Directors). According to the Company's Articles of Association, the Board of Directors must comprise at least five and not more than nine Directors. Directors are elected for a term of one year at a time, and new Directors are elected according to the applicable rules of the Danish Companies Act.

The composition of the Board is intended to ensure that it has a diverse competency profile to be able to perform its duties as effectively as possible. Reference is made to page 39 for a description of the individual Directors' special competencies in relation to the work of the Board.

The Board of Directors held 9 ordinary board meetings in 2016. The content of the meetings is partly determined by the annual cycle of the Board, thus ensuring that all important policies are reviewed. In 2016, besides the work laid down in the annual cycle, the Board was also significantly engaged in work relating to the acquisition and integration of UTi Worldwide Inc.

MANAGEMENT STRUCTURE



BOARD OF DIRECTORS SELF-EVALUATION
Once a year, the Board of Directors performs an overall self-evaluation, which focuses on the results, composition and competencies of the Board as a whole. The Chairman of the Board is in charge of the self-evaluation process, which is driven by our Group Compliance department as independent intermediary. When completed, the self-evaluation report is discussed by the Board. The result of the self-evaluation conducted in 2016 did not give rise to any significant considerations and verifies the current composition of the Board.

INDEPENDENCE OF BOARD MEMBERS
According to the Danish Recommendations on Corporate Governance, four of the six members of the Board of Directors are regarded as independent persons. Kurt K. Larsen (Chairman) and Jørgen Møller were members of the Executive Board and Division Management, respectively, until joining the Board of Directors and are therefore not regarded as independent Board members as defined in the Recommendations.

BOARD COMMITTEES
The Board of Directors has established audit, nomination and remuneration committees to perform various preparatory tasks relating to key areas of the Board's work.

AUDIT COMMITTEE
The Audit Committee consists of three members, who possess the required expertise and experience in financial accounting. Their primary task is to monitor the processes relating to the Group's financial reporting, control environment, financial resources and cash situation. The Committee also determines the framework for the external audit and assesses the independence and competencies of the auditors.

The Committee held four meetings in 2016, with special focus on risk management and hedging of any internal and external risks faced by the Group. The integration of UTi, specific accounting matters and audit of the combined Group were other focus areas of the Committee in 2016.

In 2016, the Rules of Procedure of the Audit Committee were updated to include the relevant elements of the new audit legislation adopted in Denmark. Reference is made to the Rules of Procedure available at investor.dsv.com/governance.cfm.

NOMINATION COMMITTEE
The Nomination Committee consists of three members, who focus on ensuring an optimal composition of the Board of Directors and Executive Board in view of our strategic goals and developments in society. The Committee must also present proposals on the long-term management structure of DSV.

The composition of the Board of Directors is based on an assessment of the members' competencies, knowledge and experience, and an overall evaluation of the Board with focus on the individual members is made once a year as a minimum.

The Committee held two meetings in 2016, with particular focus on the Board of Directors' self-evaluation report. The findings have formed the basis of the Committee's continued work and recommendations to the Board.

The Rules of Procedure of the Nomination Committee are available at investor.dsv.com/governance.cfm.

REMUNERATION COMMITTEE
The Remuneration Committee consists of two members, who address the general remuneration policy of DSV, including remuneration for members of the Board of Directors and Executive Board. The Committee must also ensure that the remuneration for members of the Company's supreme governing bodies is in compliance with the Remuneration Policy.

The Remuneration Policy is designed so as to always reflect the goal of being able to attract and retain a competent Management. The Remuneration Policy is discussed and approved at the Annual General Meeting of the Company and is available at investor.dsv.com/governance.cfm.

The Committee held two meetings in 2016. For more information about the Remuneration Committee, reference is made to the Rules of Procedure available at investor.dsv.com/governance.cfm.

Recommendations and reports

The Danish Recommendations issued by the Committee on Corporate Governance in May 2013, revised November 2014, are actively used by the Board of Directors in its work, and the Board regularly assesses its procedures based on the Recommendations.

For a detailed description of the Recommendations, internal controls and risk management systems in relation to financial reporting, please see the statutory report on corporate governance, cf. Article 107b of the Danish Financial Statements Act, available at investor.dsv.com/governance.cfm.

DSV has opted not to comply with three of the 47 Recommendations as described below.

2.1.6 Diversity at management levels	
Recommendation The Committee recommends that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	**Explanation** DSV complies only partially with the Recommendation on diversity at management levels. The Board of Directors discusses the Group's activities on a regular basis to ensure that the Group has optimal management teams at all management levels. The Board considers the issue of diversity, including international experience and gender, both in connection with new appointments and the evaluation of the composition of Management. However, the Board sees no clear connection between fixed levels of diversity and the optimal governance of the Group. For that reason, the Board of Directors has not found it expedient to set specific targets for diversity at management levels so far.

3.1.4 Retirement age for members of the board of directors	
Recommendation The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.	**Explanation** DSV does not comply with the Recommendation on retirement age for members of the board of directors. The Board acknowledges the Recommendation on an upper age limit for members of the board of directors, but wishes to focus on a board composition that is based on the competencies and experience of the individual members and not on age as a special consideration. The performance of the members of the Board is evaluated on an annual basis, and the composition of the Board is based on that evaluation and other parameters, but not on age.

3.4.2 Independence of board committee members	
Recommendation The Committee recommends that a majority of the members of a board committee be independent.	**Explanation** DSV complies only partially with the Recommendation on independence of board committee members. The majority of the members of the Audit and Nomination Committees are independent. However, that is not the case with the Remuneration Committee, which has two members, of which Kurt K. Larsen is not independent. The Board of Directors wants to make use of the Chairman's many years of experience and has furthermore decided that the Remuneration Committee be composed of no more than two members. Hence, the Board has decided not to comply with the Recommendation on independence of board members as regards the Remuneration Committee.

Happy 40th, DSV
In the summer of 1976, entrepreneur and co-founder Leif Tullberg and 9 independent hauliers started an asset-light "co-op" in Skuldelev, Denmark. Slowly but surely, they combined organic growth with timely acquisitions - transforming the small, local "family business" into a global logistics network.

The current composition of the Board of Directors meets the statutory gender distribution requirement under Article 99b of the Danish Financial Statements Act on target figures for the under-represented gender. Policies have been prepared for the gender-related composition of the other management levels of the Danish companies as they do not satisfy the requirement. The policies describe how the qualifications of the under-represented gender can be improved in relation to management experience. A detailed description of the policies is included in the Communication on Progress (COP) report to Global Compact, which is available at www.documents.dsv.com/dsv/995/.

Board of Directors and Executive Board

The Board of Directors and Executive Board of DSV.
Standing (from left): Jens H. Lund, Jørgen Møller, Jens Bjørn Andersen, Kurt K. Larsen, Thomas Plenborg, Annette Sadolin
Sitting (from left): Birgit W. Nørgaard, Robert S. Kledal

Name	Office	Member since	Up for re-election	Born	Audit Committee	Nomination Committee	Remuneration Committee
Board of Directors							
Kurt K. Larsen	Chairman	2008	Yes	1945	Member	Chairman	Chairman
Thomas Plenborg	Deputy Chairman	2011	Yes	1967	Chairman	-	Member
Annette Sadolin	Member	2009	Yes	1947	Member	Member	-
Birgit W. Nørgaard	Member	2010	Yes	1958	-	Member	-
Robert S. Kledal	Member	2014	Yes	1969	-	-	-
Jørgen Møller	Member	2015	Yes	1950	-	-	-
Executive Board							
Jens Bjørn Andersen	CEO	2008		1966			
Jens H. Lund	CFO	2002		1969			

Kurt K. Larsen

Special competencies
- General management experience
- Group CEO of DSV A/S 2005-2008
- Managing Director of DSV A/S 1991-2005

Board positions
Chairman
- Polaris III Invest Fonden

Member
- Wrist Ship Supply A/S

Thomas Plenborg

Special competencies
- Management experience from directorships and honorary offices held
- Strategy and financial management
- Professor of accounting and auditing at Copenhagen Business School

Board positions
Chairman
- Everyday Luxury Feeling A/S

Member
- COWI A/S
- SAXO Bank A/S

Annette Sadolin

Special competencies
- General international management experience
- Acquisition and divestment of enterprises
- Experience from directorships at various large companies
- Management experience from GE Frankona München (executive board member) and Employers Reinsurance International (CEO)

Board positions
Chairman
- Østre Gasværk Theatre

Deputy chairman
- DSB A/S

Member
- Topdanmark A/S and two affiliated companies
- Kurhotel Skodsborg A/S
- Skodsborg Sundshedscenter A/S
- Ratos AB (Sweden)
- Ny Carlsberg Glyptotek (art museum)
- Blue Square Reinsurance NV

Birgit W. Nørgaard

Special competencies
- General international management experience
- Acquisition and divestment of enterprises
- Strategy and financial management
- Management experience from Grontmij NV (COO), Grontmij | Carl Bro A/S (CEO), Danisco and McKinsey

Board positions
Chairman
- Board Leadership Society in Denmark

Deputy chairman
- NNE Pharmaplan A/S
- The Danish Council for IT Projects
- Dansk Vækstkapital K/S
- Dansk Vækstkapital Komplementar ApS

Member
- IMI Plc.
- WSP Global Inc.
- Cobham Plc
- RGS 90 A/S
- Dansk Vækstkapital II K/S
- Dansk Vækstkapital II Komplementar ApS

Robert S. Kledal

Special competencies
- General international management experience
- International commercial experience
- Strategy and financial management
- Management experience from Wrist Ship Supply A/S (CEO)

Board positions
Chairman
- Wrist Europe Intership (Algeciras) S.L.
- Wrist Far East (Malaysia) SDN BHD
- Strachans Ltd.
- Saga Shipping A/S
- Cosmopolitan Champa Brothers Ptd. Ltd.
- Garrets International Limited

Member
- Member of the boards of directors of nine companies of the Wrist Group
- Marwest West Coast LLC
- Karlo Corporation

Jørgen Møller

Special competencies
- General management experience
- International commercial experience
- CEO of DSV Air & Sea Holding A/S 2002-2015
- Country manager of Dan Transport Corp., USA, 1980-2002

Shareholder information

Maintaining an open and active dialogue as well as a high and consistent level of information are fundamental principles in our dialogue with the share market. In doing so, we want to create the best possible conditions for a fair valuation of the DSV share.

The DSV share in 2016

At year end, the closing price of the DSV share on Nasdaq Copenhagen was DKK 314.20, up 16% since year end 2015. During the same period, the C20 Index declined by 13%.

The average daily trading volume on Nasdaq Copenhagen was 538,000 DSV shares in 2016, down 1% compared to 2015.

At year end 2016, the market capitalisation of DSV (ex treasury shares) was DKK 58 billion against DKK 50 billion at the end of 2015.

BASIC DATA

Number of shares of DKK 1 at 31 December 2016	190,000,000
Share classes	1
Restrictions on transferability and voting rights	None
Listed	Nasdaq Copenhagen
Trading symbol	DSV
ISIN code	DK0060079531

Dividends

The Board of Directors proposes ordinary dividends of DKK 1.80 per share for 2016 (2015: DKK 1.70).

Share capital reduction

The company reduced its share capital by a nominal value of DKK 2.5 million on 13 April 2016. The capital reduction was carried out through the cancellation of 2.5 million treasury shares in accordance with the resolution passed at the Annual General Meeting on 10 March 2016.

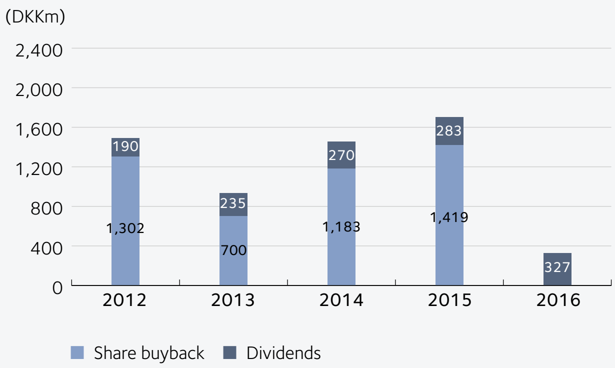
Treasury shares

On 31 December 2016, the company held 4.5 million shares as treasury shares, corresponding to 2.37% of the share capital. On 10 February 2017, the company's portfolio of treasury shares amounts to 4.4 million shares.

The portfolio of treasury shares is the result of share buyback programmes carried out in 2015. The main purpose of the share buyback was to accommodate the exercise of share options under incentive schemes and adjust the capital structure in accordance with the financial targets. The shares were acquired under the authorisation granted at the Annual General Meeting and in compliance with the Safe Harbour principles.

THE DSV SHARE IN 2016

DISTRIBUTION OF CAPITAL TO SHAREHOLDERS (DKKm)



Due to the acquisition of UTi Worldwide Inc., DSV did not buy back any shares in 2016.

Incentive schemes
At the scheduled meeting on 9 March 2017, the Board of Directors expects to authorise the Executive Board to distribute up to 3 million share options to senior staff members in accordance with the general guidelines for incentive pay for employees of DSV.

Share options are granted at the average quoted share price over the five business days preceding 31 March 2017.

Authorities
The Board of Directors is authorised by the General Meeting to increase the company's share capital by issuing up to 38 million shares. The authority remains valid until 10 March 2021. The shares can be issued with or without pre-emptive rights for existing shareholders.

The Board of Directors has been authorised by the General Meeting to issue convertible debt instruments and warrants and to make the related capital increase. The authority remains valid until 12 March 2020 and covers shares of a total nominal value of up to DKK 25 million. Existing shareholders have no pre-emptive rights if the Board of Directors exercises this authority.

The Board of Directors is authorised to acquire treasury shares by resolution at the General Meeting. The total number of shares that may be acquired under the authority is 19 million. The authority remains valid until 10 March 2021. The purchase price of treasury shares acquired under the authority may not deviate by more than 5% from the most recently quoted market price of the shares on the date of acquisition.

The authorities have been incorporated into the Company's Articles of Association. The Articles of Association are amended according to the rules of the Danish Companies Act. The latest amendment of the Articles of Association was made in connection with the share capital reduction effectuated on 13 April 2016.

Company announcements published in 2016
DSV published a total of 16 company announcements in 2016 (No. 626-641). The most important announcements in 2016 are listed below:

22 January	No. 628	DSV closes acquisition of UTi Worldwide Inc.
10 February	No. 630	2015 Annual Report
10 March	No. 632	DSV A/S Annual General Meeting 2016
12 May	No. 634	Interim Financial Report First Quarter 2016
5 August	No. 637	Interim Financial Report H1 2016
1 November	No. 640	Interim Financial Report Third Quarter 2016

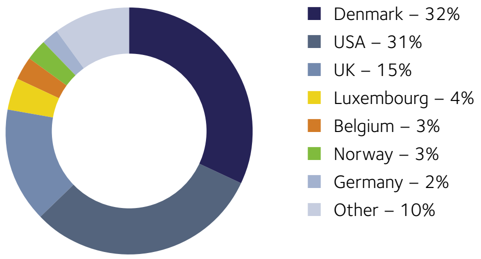
For a complete list of company announcements published in 2016, please refer to investor.dsv.com.

Shareholder composition
On 31 December 2016, registered shares in DSV A/S totalled 174 million, corresponding to 92% of the share capital. The largest 25 of these shareholders owned 30% of the entire share capital.

BlackRock, Inc., New York, USA, has informed DSV that the company holds 5.39% of DSV's share capital.

Wellington Management Group LLP, USA, has informed DSV that the company holds 5.12% of DSV's share capital.

SHAREHOLDERS – GEOGRAPHICAL DISTRIBUTION



Investor relations
We plan and structure the financial reporting and dialogue with investors and analysts with a view to ensuring a high and uniform level of information and maintaining an open and active dialogue.

As part of our financial communication, the interim and annual reports are presented by the Executive Board on a quarterly conference call. The Executive Board also participates in investor meetings and conferences in Denmark and abroad.

DSV is covered by 26 equity analysts. Reference is made to investor.com for more information about analyst coverage.

The communication with analysts, investors and other stakeholders is subject to special restrictions for a period of four weeks prior to the publication of the annual report and interim reports.

Financial calendar
The financial calendar for 2017 is as follows:

FINANCIAL CALENDAR

Activity	Date
Annual General Meeting	9 March 2017
Q1 2017 Report	2 May 2017
H1 2017 Report	2 August 2017
Q3 2017 Report	26 October 2017

Corporate social responsibility

DSV maintains its commitment to being a responsible and reliable business partner and participant in the global community. By working systematically with the United Nations Global Compact, we work to improve our impact on a wide range of CSR subjects and to report on our progress.

Our CSR activities are governed by the Board of Directors, which determines the focus areas and the future CSR strategy together with the Executive Board and our corporate CSR department. The day-to-day CSR activities are managed by the Executive Board and Group CSR, which also monitors and addresses compliance with existing targets through annual evaluations and local initiatives in the individual subsidiaries.

This section is an excerpt of our Communication on Progress (COP) under the United Nations Global Compact published 10 February 2017. It replaces the statutory corporate social responsibility reporting prescribed by section 99a of the Danish Financial Statements Act. The full report including achievements from 2016 is available at www.documents.dsv.com/dsv/995/.

Climate and carbon emissions

Being a major global provider of freight forwarding and logistics services, DSV has an impact on the environment and on global carbon emissions. We recognise this and, as a responsible company, we seek to minimise the climate impact from our daily operations in cooperation with our business partners.

As an asset-light company, we are not in a direct position to make large-scale changes to the carbon footprint of the transports we organise, as these are carried out by our subcontractors under normal competitive market conditions. Instead, we seek to lower our environmental impact and carbon emissions by the way we consolidate our transports in cooperation with our subcontractors and suppliers and by the logistics services we offer to our customers.

Consolidating our transports is a fundamental part of our core business. By planning and optimising our transports to ensure that vehicles and containers are fully loaded, fewer transports are needed to carry goods for our customers, which means lower costs and reduced fuel consumption. Efficiency through consolidation thus entails both an economic incentive and is also the most significant way in which we contribute to curtailing carbon emissions in our supply chain.

In addition, we are increasingly working with our customers to improve the carbon efficiency of their supply chains. We achieve this by consolidating our customer's transports even further and by reducing the travel distance through re-routing of cargo. This approach may lead to less flexible delivery for our customers – for example by sending fewer and more consolidated shipments, or by choosing air or ocean routes that have less frequent departures. However, when customers are open to these changes, significant carbon emission reductions are possible.

Business ethics and anti-corruption

We acknowledge that responsible conduct in the way we do business is essential in preserving a good reputation and thereby maintaining a strong presence in the global market for logistics and freight forwarding services.

It is our fundamental principle that all our operations must be conducted in a lawful and conscientious manner. As business cultures differ around the world and as DSV has to comply with national, international and industry-specific requirements and legislation, we have created the DSV Code of Conduct to guide our employees in manoeuvring and taking decisions in this environment. The Code provides information and guidance to employees on ethical behaviour towards customers, competitors and subcontractors.

In 2016, we continued our emphasis on proper conduct and business ethics across our organisation. Our high growth rate outside the European and North American markets and our acquisition of UTi Worldwide Inc., welcoming numerous new colleagues, has meant reintroduction of our business ethics policies to maintain a strong compliance culture across DSV.

Employees and working environment

Our employees are our most valuable asset. They are the foundation of our revenue generating services, whether they are freight forwarders, load or unload trucks at terminals, develop logistics solutions for our customers or contribute to the overall development of our operations.

Focusing on our employees and their workplace is therefore pivotal to our CSR strategy, ensuring an attractive, safe and stimulating environment to work in.

In this regard, we have maintained our focus on reducing the number of occupational accidents in 2016 – an objective we have had since 2010 and which is duly followed up and reported on to Group CSR.

Supply chain management

Our asset-light business model implies that more than 95% of our transport services are carried out by external hauliers, shipping and airline companies. As a consequence, a significant part of our supply chain is not within our own direct control, thus limiting our direct influence on how the transportation services are conducted. As improper conduct by our subcontractors can have legal implications and significant negative influence on the relationship with our customers and on the public opinion of DSV, this is an area of major awareness in our organisation.

To ensure proper business conduct and ethical behaviour throughout our supply chain we have clear criteria for selecting potential subcontractors, such as service quality evaluations, pricing, performance and compliance with existing legislation. In addition, subcontractors must be willing to accept close collaboration and to observe the rules and policies of our Supplier Code of Conduct and existing laws and regulations.

DSV's Supplier Code of Conduct is based on the strategic goals and values of DSV and is an integrated part of our contractual agreements with our subcontractors and other service providers. The Code emphasises what DSV considers appropriate business conduct and behaviour from our suppliers when they perform services on behalf of or supply products and services to DSV. The Code is continually communicated to our suppliers.

Charity – building up a partnership

As part of our CSR work, we have decided to adopt a global approach to charity with the Red Cross as our primary humanitarian aid partner.

DSV has committed to storing Red Cross equipment used to set up International Red Cross base camps at disaster sites around the world. The equipment and a training and workshop area occupy 2,000 sqm warehouse space, situated near Copenhagen, Denmark. When base camps need to be established, we will also transport the equipment to airport despatch as part of the agreement.

Furthermore, we are committing an additional sum to emergency aid around the world as well as rebuilding and development projects for children and will in this regard involve local DSV transport and logistics expertise.

Fossil free fuel in Sweden

In the spring of 2016, DSV obtained permission from the manufacturers of Euro 5 and 6 engines to use the non-fossil HVO 100 diesel made from abattoir waste and vegetable oils. By converting to HVO 100 – followed by thorough control of hauliers' compliance with the rules – we can significantly reduce our carbon emissions. In Sweden, we have approx. 150 vehicles running on HVO 100 or biogas in our food distribution operations.

Quarterly financial highlights*

(DKKm)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Income statement (DKKm)								
Net revenue	15,319	17,606	17,205	17,617	12,601	13,127	12,535	12,606
Gross profit	3,607	4,214	4,019	3,998	2,682	2,887	2,802	2,830
Gross profit growth**	34%	46%	43%	41%				
EBIT before special items	643	900	1,003	929	641	809	851	749
EBIT growth**	-%	11%	18%	24%				
Special items, costs	370	341	155	136	-	-	-	58
Net financial expenses	(46)	104	85	41	72	99	78	54
Profit before tax	319	455	763	752	569	710	773	637
Profit for the period	233	333	552	560	427	533	578	520
Gross margin	23.5%	23.9%	23.4%	22.7%	21.3%	22.0%	22.4%	22.4%
Operating margin	4.2%	5.1%	5.8%	5.3%	5.1%	6.2%	6.8%	5.9%
Conversion ratio	17.8%	21.4%	25.0%	23.2%	23.9%	28.0%	30.4%	26.5%
Balance sheet (DKKm)								
Net working capital	1,111	1,422	1,869	1,518	454	503	496	22
Net interest-bearing debt	9,232	8,750	8,561	8,299	6,088	5,313	5,177	(546)
Segment information								
Air & Sea								
Net revenue	7,055	8,416	8,282	8,347	5,421	5,703	5,379	5,182
Gross profit	1,877	2,308	2,123	2,030	1,226	1,352	1,367	1,346
Gross profit growth**	53%	71%	55%	51%				
EBIT before special items	414	534	626	569	388	502	541	492
EBIT growth**	7%	6%	16%	16%				
Gross margin	26.6%	27.4%	25.6%	24.3%	22.6%	23.7%	25.4%	26.0%
Operating margin	5.9%	6.3%	7.6%	6.8%	7.2%	8.8%	10.1%	9.5%
Conversion ratio	22.1%	23.1%	29.5%	28.0%	31.6%	37.1%	39.6%	36.6%
Road								
Net revenue	6,688	7,368	7,111	7,156	6,122	6,298	6,044	6,254
Gross profit	1,257	1,359	1,247	1,231	1,132	1,183	1,078	1,104
Gross profit growth**	11%	15%	16%	12%				
EBIT before special items	219	310	290	230	220	259	242	197
EBIT growth**	-%	20%	20%	17%				
Gross margin	18.8%	18.4%	17.5%	17.2%	18.5%	18.8%	17.8%	17.7%
Operating margin	3.3%	4.2%	4.1%	3.2%	3.6%	4.1%	4.0%	3.2%
Conversion ratio	17.4%	22.8%	23.3%	18.7%	19.4%	21.9%	22.4%	17.8%
Solutions								
Net revenue	2,043	2,406	2,492	2,742	1,440	1,500	1,476	1,544
Gross profit	536	669	684	727	330	358	359	373
Gross profit growth**	62%	87%	91%	95%				
EBIT before special items	47	90	105	142	36	68	75	63
EBIT growth**	31%	32%	40%	125%				
Gross margin	26.2%	27.8%	27.4%	26.5%	22.9%	23.9%	24.3%	24.2%
Operating margin	2.3%	3.7%	4.2%	5.2%	2.5%	4.5%	5.1%	4.1%
Conversion ratio	8.8%	13.5%	15.4%	19.5%	10.9%	19.0%	20.9%	16.9%

*) For a definition of the financial highlights, please refer to page 81

**) Growth including acquisitions and currency translation adjustments

Consolidated financial statements 2016

Income statement

(DKKm)	Note	2016	2015
Net revenue	2.2	67,747	50,869
Direct costs	2.3	51,909	39,668
Gross profit		**15,838**	**11,201**
Other external expenses	2.4	3,307	2,149
Staff costs	2.5	8,281	5,477
Operating profit before amortisation, depreciation and special items		**4,250**	**3,575**
Amortisation and depreciation of intangibles, property, plant and equipment	2.6	775	525
Operating profit before special items		**3,475**	**3,050**
Special items, costs	2.7	1,002	58
Financial income	2.8	222	47
Financial expenses	2.8	406	350
Profit before tax		**2,289**	**2,689**
Tax on profit for the year	5.2	611	631
Profit for the year		**1,678**	**2,058**
Profit for the year is attributable to:			
Shareholders of DSV A/S		1,668	2,056
Non-controlling interests		10	2
Earnings per share:	4.1		
Earnings per share of DKK 1		9.02	12.09
Diluted earnings per share of DKK 1		8.92	11.95

Statement of comprehensive income

(DKKm)	Note	2016	2015
Profit for the year		**1,678**	**2,058**
Items that will be reclassified to income statement when certain conditions are met:			
Currency translation differences, foreign enterprises		190	(50)
Fair value adjustments relating to hedging instruments	4.5	5	64
Fair value adjustments relating to hedging of investments	4.5	(101)	-
Fair value adjustments relating to hedging instruments transferred to financial expenses		12	29
Tax on items reclassified to income statement	5.2	10	(9)
Items that will not be reclassified to income statement:			
Actuarial gains/(losses)	3.5	(214)	107
Tax relating to items that will not be reclassified	5.2	44	(24)
Other comprehensive income, net of tax		**(54)**	**117**
Total comprehensive income		**1,624**	**2,175**
Total comprehensive income is attributable to:			
Shareholders of DSV A/S		1,634	2,173
Non-controlling interests		(10)	2
Total		**1,624**	**2,175**

Cash flow statement

(DKKm)	Note	2016	2015
Operating profit before amortisation, depreciation and special items		4,250	3,575
Adjustments:			
Share-based payments		48	37
Change in provisions		(168)	(238)
Change in working capital etc.		(867)	758
Special items		(644)	(58)
Interest received		118	50
Interest paid		(409)	(363)
Corporation tax, paid		(764)	(601)
Cash flow from operating activities		**1,564**	**3,160**
Purchase of intangible assets		(338)	(284)
Purchase of property, plant and equipment		(748)	(297)
Disposal of property, plant and equipment		492	318
Acquisition and disposal of subsidiaries and activities	5.1	(4,624)	(108)
Change in other financial assets		(26)	(60)
Cash flow from investing activities		**(5,244)**	**(431)**
Free cash flow		**(3,680)**	**2,729**
Non-current liabilities incurred		4,470	715
Repayment of non-current liabilities		(3,936)	(2,395)
Other financial liabilities incurred		(39)	(3)
Shareholders:			
Capital increase	4.1	-	4,761
Dividends distributed	4.2	(327)	(283)
Purchase of treasury shares	4.2	-	(1,419)
Sale of treasury shares		220	437
Other transactions with shareholders		8	42
Cash flow from financing activities		**396**	**1,855**
Cash flow for the year		**(3,284)**	**4,584**
Cash and cash equivalents 1 January		4,908	432
Cash flow for the year		(3,284)	4,584
Currency translation adjustments		90	(108)
Cash and cash equivalents 31 December	4.2	**1,714**	**4,908**

The cash flow statement cannot be directly derived from the balance sheet and income statement.

Statement of adjusted free cash flow		
Free cash flow	(3,680)	2,729
Net acquisition of subsidiaries and activities	4,624	108
Special items (restructuring costs)	644	-
Normalisation of working capital in subsidiaries and activities acquired	250	-
Adjusted free cash flow	**1,838**	**2,837**

Statement of enterprise value of acquirees		
Net acquisition of subsidiaries and activities*	4,624	108
Interest-bearing debt	4,919	-
Normalisation of working capital of acquired subsidiaries and activities	250	-
Enterprise value of acquirees	**9,793**	**108**

*) Fair value of total consideration excluding cash and cash equivalents.

Balance sheet

Assets

(DKKm)	Note	2016	2015
Intangible assets	3.1	17,247	8,996
Property, plant and equipment	3.2	3,334	3,568
Other receivables		317	119
Deferred tax assets	5.2	1,031	515
Total non-current assets		**21,929**	**13,198**
Trade receivables	4.4	12,338	7,799
Work in progress (services)		1,443	588
Other receivables		2,142	1,232
Cash and cash equivalents		1,714	4,908
Assets held for sale	3.2	801	-
Total current assets		**18,438**	**14,527**
Total assets		**40,367**	**27,725**

Equity and liabilities

(DKKm)	Note	2016	2015
Share capital	4.1	190	192
Reserves	4.1	13,226	11,617
DSV A/S shareholders' share of equity		**13,416**	**11,809**
Non-controlling interests		(38)	32
Total equity		**13,378**	**11,841**
Deferred tax liabilities	5.2	287	321
Pensions and similar obligations	3.5	1,488	1,226
Provisions	3.6	736	360
Financial liabilities	4.3	8,725	4,309
Total non-current liabilities		**11,236**	**6,216**
Provisions	3.6	462	270
Financial liabilities	4.3	1,358	313
Trade payables	4.4	7,010	4,997
Work in progress (services)		2,435	1,451
Other payables		3,879	2,347
Corporation tax		609	290
Total current liabilities		**15,753**	**9,668**
Total liabilities		**26,989**	**15,884**
Total equity and liabilities		**40,367**	**27,725**

Statement of changes in equity – 2016

(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 at 1 January 2016	**192**	**4,744**	**(9)**	**56**	**(289)**	**7,115**	**11,809**	**32**	**11,841**
Profit for the year						**1,668**	**1,668**	**10**	**1,678**
Currency translation adjustments, foreign enterprises	-	-	-	-	210	-	210	(20)	190
Fair value adjustments relating to hedging instruments	-	-	-	5	-	-	5	-	5
Fair value adjustments relating to hedging of investments	-	-	-	(101)	-	-	(101)	-	(101)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	12	-	-	12	-	12
Actuarial gains/(losses)	-	-	-	-	-	(214)	(214)	-	(214)
Tax on other comprehensive income	-	-	-	10	-	44	54	-	54
Other comprehensive income, net of tax	**-**	**-**	**-**	**(74)**	**210**	**(170)**	**(34)**	**(20)**	**(54)**
Total comprehensive income for the year	**-**	**-**	**-**	**(74)**	**210**	**1,498**	**1,634**	**(10)**	**1,624**
Transactions with owners:									
Share-based payments	-	-	-	-	-	48	48	-	48
Dividends distributed	-	-	-	-	-	(327)	(327)	(6)	(333)
Sale of treasury shares	-	-	2	-	-	218	220	-	220
Capital reduction	(2)	-	2	-	-	-	-	-	-
Addition of non-controlling interests	-	-	-	-	-	-	-	(51)	(51)
Dividends on treasury shares	-	-	-	-	-	14	14	-	14
Other adjustments	-	-	-	-	-	(3)	(3)	(3)	(6)
Tax on transactions with owners	-	-	-	-	-	21	21	-	21
Total transactions with owners	**(2)**	**-**	**4**	**-**	**-**	**(29)**	**(27)**	**(60)**	**(87)**
Equity at 31 December 2016	**190**	**4,744**	**(5)**	**(18)**	**(79)**	**8,584**	**13,416**	**(38)**	**13,378**

The retained earnings reserve includes the accumulated negative balance from purchase and sale of treasury shares of DKK 8,796 million (2015: a negative balance of DKK 9,014 million).

Sale of treasury shares relates to the exercise of share options in connection with incentive schemes.

Statement of changes in equity – 2015

(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 at 1 January 2015	**177**	**-**	**(7)**	**(28)**	**(239)**	**6,149**	**6,052**	**29**	**6,081**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,056**	**2,056**	**2**	**2,058**
Currency translation adjustments, foreign enterprises	-	-	-	-	(50)	-	(50)	-	(50)
Fair value adjustments relating to hedging instruments	-	-	-	64	-	-	64	-	64
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	29	-	-	29	-	29
Actuarial gains/(losses)	-	-	-	-	-	107	107	-	107
Tax on other comprehensive income	-	-	-	(9)	-	(24)	(33)	-	(33)
Other comprehensive income, net of tax	**-**	**-**	**-**	**84**	**(50)**	**83**	**117**	**-**	**117**
Total comprehensive income for the year	**-**	**-**	**-**	**84**	**(50)**	**2,139**	**2,173**	**2**	**2,175**
Transactions with owners:									
Share-based payments	-	-	-	-	-	37	37	-	37
Dividends distributed	-	-	-	-	-	(283)	(283)	-	(283)
Purchase of treasury shares	-	-	(4)	-	-	(1,415)	(1,419)	-	(1,419)
Sale of treasury shares	-	-	-	-	-	437	437	-	437
Capital increase	17	4,744	-	-	-	-	4,761	-	4,761
Capital reduction	(2)	-	2	-	-	-	-	-	-
Dividends on treasury shares	-	-	-	-	-	12	12	-	12
Other adjustments	-	-	-	-	-	(19)	(19)	1	(18)
Tax on transactions with owners	-	-	-	-	-	58	58	-	58
Total transactions with owners	**15**	**4,744**	**(2)**	**-**	**-**	**(1,173)**	**3,584**	**1**	**3,585**
Equity at 31 December 2015	**192**	**4,744**	**(9)**	**56**	**(289)**	**7,115**	**11,809**	**32**	**11,841**

Notes to the financial statements

The notes section to the consolidated financial statements is divided into five chapters, focusing on different aspects of the financial information. Each chapter contains a brief description of the correlation between the relevant notes and our business operations. The accounting policies and critical accounting estimates and judgements have been incorporated into the notes to make the note information more transparent and clear.

CHAPTER	LIST OF NOTES	

Chapter 1 – Basis of preparation of the consolidated financial statements

The 2016 Annual Report of DSV A/S has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Danish Financial Statements Act. The Annual Report of DSV A/S comprises the consolidated financial statements of DSV A/S and its subsidiaries. The Board of Directors considered and approved the 2016 Annual Report of DSV A/S on 10 February 2017. The Annual Report will be submitted to the shareholders of DSV A/S for approval at the Annual General Meeting on 9 March 2017.

Basis of measurement

Amounts in the Annual Report are stated in Danish kroner (DKK) and rounded to the nearest million. The Annual Report has been prepared under the historical cost convention with the exception of derivative financial instruments and acquisition opening balances, which are measured at fair value. Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. The accounting policies described in the notes have been applied consistently for the financial year and for the comparative figures.

Changes in accounting policies

We have implemented the standards and amendments that are effective for the financial year of 2016. The new standards and amendments did not affect DSV's recognition or measurement of financial items for 2016, nor are they expected to have any significant future impact.

Changes in significant accounting estimates

With effect from 1 January 2016, DSV has changed the amortisation method and period for measuring customer relationships. Customer relationships are now amortised over 8 years based on the reducing balance method and not as previously over 10 years using the straight-line method.

Significant accounting estimates

In preparing the consolidated financial statements, Management makes various significant 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 at the reporting date. Estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

Significant accounting estimates and judgements considered material in the preparation and understanding of the consolidated financial statements are listed below and described in more detail in the relevant notes:

- Net revenue (note 2.2)
- Special items (note 2.7)
- Impairment testing (note 3.3)
- Leases (note 3.4)
- Pension obligations (note 3.5)
- Provisions (note 3.6)
- Derivative financial instruments (note 4.5)
- Acquisition and disposal of entities (note 5.1)
- Tax (note 5.2)
- Contingent liabilities and security for debt (note 5.6)

Basis of consolidation

The consolidated financial statements include the Parent Company DSV A/S and all subsidiaries over which DSV A/S exercises control. Entities in which the Group directly or indirectly controls at least 20%, but not more than 50%, of the share capital are treated as associates and measured using the equity method. Investments with negative net asset values are recognised at DKK 0. The consolidated financial statements are prepared based on uniform accounting policies in all Group entities. Consolidation of Group entities is performed after elimination of all intra-Group transactions, balances, income and expenses.

Group composition

The Group holds interests in 314 entities and is composed as follows at 31 December 2016:

	Region			
(Number)	EMEA	Americas	APAC	Total
Subsidiaries	209	45	51	305
Associates	8	1	-	9

Foreign currency

Functional currency

A functional currency is determined for each Group entity. The functional currency is the currency used in the primary financial environment in which the individual entity operates.

Foreign currency translation
On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate ruling at the transaction dates. Foreign currency translation differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financials. Monetary items denominated in a foreign currency are translated at the exchange rate ruling at the reporting date. The difference between the exchange rates at the reporting date and the transaction date or the exchange rate used in the latest annual report is recognised in the income statement under financials. Foreign currency translation differences arising on the translation of non-monetary items, such as investments in associates, are recognised directly in other comprehensive income.

Recognition in the consolidated financial statements
On preparation of the consolidated financial statements, the income statements of entities with a functional currency different from DKK are translated at the average exchange rates for the period, and balance sheet items are translated at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation of the equity of foreign entities and on translation of receivables considered part of the net investment are recognised directly in other comprehensive income. Foreign exchange differences on the translation of income statements from the average exchange rate for the period to the exchange rate ruling at the reporting date are also recognised in other comprehensive income. The adjustments are presented under a separate translation reserve in equity.

Cash flow statement
The cash flows statement is prepared using the indirect method based on the operating profit before amortisation, depreciation and special items. The cash flow statement cannot be directly derived from the balance sheet and income statement.

Materiality in financial reporting
In preparing the Annual Report, Management seeks to improve the information value of the consolidated financial statements, notes to the statements and other measures disclosed by presenting the information in a way that supports the understanding of the Group's performance in the reporting period.

This objective is achieved by presenting fair transactional aggregation levels on line items and other financial information, emphasising information that is considered of material importance to the user and making relevant rather than generic descriptions throughout the Annual Report.

All disclosures are made in compliance with the International Financial Reporting Standards, Danish Financial Statements Act and other relevant regulations, ensuring a true and fair view throughout the Annual Report.

Presentation of line items and subtotals
The presentation of line items and subtotals is based on separate classification of material groups of similar items. In the income statement, income and expense items are classified based on the nature of expense method in accordance with IAS 1, and the use of special items is applied to improve transparency and understanding of the Group's financial performance. For a definition and reconciliation of Group results before and after special items, please see note 2.7 Special items.

New accounting regulations
The IASB has issued a number of new standards and amendments, which are not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2016 consolidated financial statements. The most significant of these are listed below, however only IFRS 16 Leases is expected to have significant impact on the consolidated financial statements when implemented. DSV expects to implement these standards when they take effect.

IFRS 9 Financial instruments
IFRS 9 will take effect on 1 January 2018. The standard 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. Impact assessments and implementation strategies are currently underway. Based on these assessments, the standard is not expected to have any significant impact on the financial statements of the Group – in this regard, it should be noted that the final future impact will depend on economic conditions, the composition of financial instruments of the Group as well as accounting choices and judgements made at the time of implementation.

IFRS 15 Revenue from contracts with customers
IFRS 15 will take effect on 1 January 2018. The standard introduces a new framework for revenue recognition and measurement. Impact assessments on current logistics and freight forwarding services offered by DSV have been finalised, and more detailed implementation analyses are currently underway. Based on these, the standard is not expected to have any significant impact on our financial statements or timing of revenue recognition of services delivered, as our services for the most part are straightforward in nature with short delivery times. The main impact from the standard will be in the form of extended disclosure requirements for external reporting.

IFRS 16 Leases
IFRS 16 Leases will take effect on 1 January 2019 and has yet to be endorsed by the EU. The standard broadens the criteria for recognition of lease assets and liabilities and is expected to impact our financial statements, as most of our off-balance operating leases will have to be capitalised and treated similar to finance leases. Impact assessments and implementation strategies are currently underway and are being adapted as the implementation progresses. Leases are disclosed in note 3.4.

Chapter 2 – Profit for the year

This chapter provides a description of the components of consolidated profit for the year. The consolidated profit is based on our three business segments described below. Reference is also made to the comments on the profit development of the Group and divisions in Management's commentary on pp. 14-29.

2.1 Segment information

Accounting policies
The presentation of business segments is based on the applicable management reporting to the division and Group Managements and on the type and geographical distribution of the services that we provide.

Business segments
Our business operations are divided into three divisions, which form the basis of our business segmental reporting.

Air & Sea
The Air & Sea division provides air and sea freight services through its global network.

Road
The Road division provides road freight services across Europe, US and South Africa.

Solutions
The Solutions division offers contract logistics, incl. warehousing and inventory management.

Measurement of earnings by segment
Our business segments are measured and reported until operating profit before special items. Segment results are accounted for in the same way as the consolidated financial statements. Segment income/expenses and assets/liabilities comprise the items directly attributable to the individual segment as well as the items that may be allocated to the individual segment on a reliable basis.

Income and expenses relating to Group functions, investing activities, corporation tax, special items, etc. are managed on Group level. These items are not included in the statement of segment performance, but are presented under "Other activities, non-allocated items and eliminations".

Financial position of business segments
Assets are included in the segmental reporting to the extent they are used for the operation of the segment. Similarly, liabilities are included to the extent they are related to the operation of the segment. Assets and liabilities which cannot be attributed to any of the three segments

SEGMENT INFORMATION

	Air & Sea		Road		Solutions		Other activities, non-allocated items and elimination		Total	
(DKKm)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Condensed income statement										
Revenue	32,100	21,685	28,323	24,718	9,683	5,960	1,724	941	71,830	53,304
Intercompany revenue	(716)	(408)	(1,189)	(1,018)	(375)	(156)	(1,803)	(853)	(4,083)	(2,435)
Net revenue	31,384	21,277	27,134	23,700	9,308	5,804	(79)	88	67,747	50,869
Amortisation and depreciation of intangibles, property, plant and equipment	194	108	159	126	243	152	179	139	775	525
Operating profit before special items	2,143	1,923	1,049	918	384	242	(101)	(33)	3,475	3,050
Condensed balance sheet										
Total gross investments	586	86	529	259	630	394	8,258	291	10,003	1,030
Total assets	20,128	13,169	15,327	13,128	7,218	3,164	(2,306)	(1,736)	40,367	27,725
Total liabilities	26,585	10,976	9,107	7,396	7,286	3,295	(15,989)	(5,783)	26,989	15,884

on a reliable basis are presented under "Other activities, non-allocated items and eliminations".

Geographical information

DSV operates in most parts of the world and has activities in more than 80 countries, which are divided into the following geographical regions in our management reporting:

- EMEA: Europe, Middle East and Africa
- Americas: North and South America
- APAC: Asia, Australia and the Pacific

Revenue and non-current assets are allocated to the geographical areas according to the country in which the individual consolidated entity is based. The corporate headquarters of DSV is located in Denmark, which is included in the EMEA segment. Inter-segment transactions are made on an arm's length basis.

GEOGRAPHICAL INFORMATION

	2016		2015	
(DKKm)	Net revenue	Non-current assets*	Net revenue	Non-current assets*
EMEA	48,579	11,725	41,662	12,429
Americas	12,096	8,733	5,217	53
APAC	7,072	440	3,990	201
Total	**67,747**	**20,898**	**50,869**	**12,683**

	2016		2015	
(DKKm)	Net revenue	Non-current assets*	Net revenue	Non-current assets*
USA	9,583	308	4,059	21
Germany	6,626	919	6,037	997
Denmark	6,549	7,484	6,238	7,594
Sweden	4,766	421	4,942	697
Italy	4,189	776	4,304	1,147
Other	36,034	10,990	25,289	2,227
Total	**67,747**	**20,898**	**50,869**	**12,683**

*) Non-current assets less tax assets.

Major customers

DSV is not reliant on any major customers as no single external customer exceeds 5% of combined Group revenue.

2.2 Net revenue

Accounting policies

Net revenue comprises services delivered in the financial year as well as changes in the completion of services in progress.

Revenue is recognised when the agreed freight forwarding service is considered delivered and control of the cargo has passed to the customer or another logistics services provider. The time of recognition varies depending on the service provided.

Discounts are offset against net revenue. Net revenue is measured excluding VAT and other tax collected on behalf of third parties.

Significant accounting estimates

At the close of accounting periods, significant accounting estimates and judgements are made regarding services in progress, including accrual of income and pertaining direct costs. These estimates are based on experience and continuous follow-up on provisions for services in progress relative to subsequent invoicing.

NET REVENUE

(DKKm)	2016	2015
Sale of services	67,402	50,492
Other operating income	345	377
Total net revenue	**67,747**	**50,869**

Other operating income comprises income from insurance contracts, rental income from terminals and buildings leases, and income from sale and leaseback transactions on property projects.

2.3 Direct costs

Accounting policies

Direct costs comprise costs paid to generate the revenue for the year. Direct costs include settlement of accounts with haulage contractors, shipping companies, airlines, etc. Direct costs also include other direct costs, including staff costs relating to own staff used for fulfilling orders and rental of logistics facilities, as well as other operating costs.

2.4 Other external expenses

Accounting policies

Other external expenses include expenses relating to marketing, IT, other rent, training and education, office premises, travelling, communications as well as other selling costs and administrative expenses.

2.5 Staff costs

Accounting policies

Staff costs include wages and salaries, pensions, social security costs and other staff costs, but excluding staff costs recorded as direct costs.

Staff costs are recognised in the financial year in which the employee renders the related service. Costs related to long-term employee benefits, e.g. share-based payments, are recognised in the periods in which they are earned.

Reference is made to note 3.5 for detailed information on pension plans, note 5.3 for detailed information on remuneration of Management and note 5.4 for detailed information on the Group's share option schemes and shares held by Management.

STAFF COSTS

(DKKm)	2016	2015
Salaries and wages etc.	10,290	6,333
Defined contribution pension plans	417	303
Defined benefit pension plans	77	84
Other social security costs	1,409	1,019
Share-based payments	48	37
	12,241	7,776
Transferred to direct costs	(3,960)	(2,299)
Total staff costs	**8,281**	**5,477**
Weighted average number of full-time employees	42,566	22,612
Number of full-time employees at year end	44,779	22,783

2.6 Amortisation and depreciation for the year

Accounting policies

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets (see notes 3.1 and 3.2).

AMORTISATION AND DEPRECIATION FOR THE YEAR

(DKKm)	2016	2015
Customer relationships	93	108
Software and other intangible assets	208	134
Buildings	151	125
Other plant and operating equipment	323	158
Total amortisation and depreciation of intangibles, property, plant and equipment	**775**	**525**

2.7 Special items

Accounting policies

Special items are used in connection with the presentation of the profit or loss for the year to distinguish the consolidated operating profit from exceptional items, which by their nature are not related to the Group's ordinary operations or investment in future activities.

Special items comprise:

- Restructuring costs, impairment costs etc. relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals.
- Transaction and restructuring costs relating to acquisition and divestment of enterprises.

Significant accounting estimates

In the classification of special items, a high level of Management attention is applied to ensure that only exceptional items not associated with the ordinary operations of the Group are included.

Special items

Special items for the year predominantly relate to the UTi acquisition and break down as follows:

(DKKm)	2016	2015
Restructuring costs relating to the acquisition of UTi	658	-
Impairment and other costs relating to reorganisations	268	3
Transaction costs relating to the acquisition of UTi	76	55
Special items, costs	**1,002**	**58**

Special items reconciliation

Special items reconcile to the income statement line items as follows:

	2016			2015		
(DKKm)	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
Net revenue	67,747		67,747	50,869	-	50,869
Direct costs	51,909	103	52,012	39,668	-	39,668
Gross profit	**15,838**	**(103)**	**15,735**	**11,201**	**-**	**11,201**
Other external expenses	3,307	243	3,550	2,149	3	2,152
Staff costs	8,281	440	8,721	5,477	-	5,477
Operating profit before amortisation and depreciation	**4,250**	**(786)**	**3,464**	**3,575**	**(3)**	**3,572**
Amortisation and depreciation of intangibles, property, plant and equipment	775	216	991	525	-	525
Operating profit	**3,475**	**(1,002)**	**2,473**	**3,050**	**(3)**	**3,047**
Special items, costs	1,002	(1,002)	-	58	(58)	-
Financial income	222	-	222	47	-	47
Financial expenses	406	-	406	350	55	405
Profit before tax	**2,289**	**-**	**2,289**	**2,689**	**-**	**2,689**

2.8 Financial income and expenses

Accounting policies

Financial income and expenses include interest, share of associates' profit/loss, foreign currency gains and losses and impairment of securities, payables and foreign currency transactions as well as amortisation of financial assets and liabilities, including finance lease obligations. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

FINANCIAL INCOME

(DKKm)	2016	2015
Interest income	101	45
Share of associates' profit, net of tax	6	2
Currency translation adjustments, net	115	-
Total financial income	**222**	**47**

Interest income includes interest on financial assets measured at amortised cost of DKK 101 million (2015: DKK 45 million).

FINANCIAL EXPENSES

(DKKm)	2016	2015
Interest expenses	373	295
Calculated interest on pension obligations, see note 3.5	33	29
Currency translation adjustments, net	-	26
Total financial expenses	**406**	**350**

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 373 million (2015: DKK 295 million).

Chapter 3 – Operating assets and liabilities

This chapter describes the Group's invested capital that forms the basis of our business activities. Invested capital represents the Group's property, plant and equipment, intangible assets and net working capital in the form of operating assets and liabilities.

Invested capital is structured based on our asset-light business model, including our focus on minimising funds tied up in working capital to optimise the generation of available free cash flow. Invested capital also comprises significant intangible assets, mainly relating to acquired goodwill from business combinations carried out over the years.

3.1 Intangible assets

Accounting policies

Goodwill

Only goodwill arising from business combinations is recognised and is measured as the difference between the total of the fair value of the consideration transferred, value of non-controlling interests and any equity investments previously held in the acquiree, compared to the fair value of identifiable net assets on the date of acquisition. Goodwill is not amortised, but is tested for impairment on a regular basis.

Customer relationships

On initial recognition, customer relationships identified from business combinations are recognised in the balance sheet at fair value. Subsequently, customer relationships are measured at fair value less accumulated amortisation and impairment losses. Customer relationships are amortised over a period of 8 years using the diminishing balance method.

Computer software and software in progress

Computer software bought or developed for internal use is measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount. Cost comprises payments for the software and other directly attributable expenses of preparing the software for its intended use. After commissioning, software is amortised on a straight-line basis over its expected useful life. The amortisation period is 1-10 years.

INTANGIBLE ASSETS

	2016					2015				
(DKKm)	Goodwill	Customer relation-ships	Software	Software in progress	Total	Goodwill	Customer relation-ships	Software	Software in progress	Total
Cost at 1 January	**8,020**	**1,174**	**1,429**	**237**	**10,860**	**7,992**	**1,163**	**1,231**	**183**	**10,569**
Additions from business combinations/previous period adjustments	7,846	163	87	4	8,100	35	-	-	-	35
Additions for the year	-	-	53	298	351	-	-	174	110	284
Disposals at cost	-	-	(22)	(1)	(23)	(12)	-	(34)	-	(46)
Reclassification	-	-	32	(32)	-	-	-	56	(56)	-
Currency translation adjustments	259	9	6	-	274	5	11	2	-	18
Total cost at 31 December	**16,125**	**1,346**	**1,585**	**506**	**19,562**	**8,020**	**1,174**	**1,429**	**237**	**10,860**
Total amortisation and impairment at 1 January	**10**	**954**	**900**	**-**	**1,864**	**10**	**838**	**793**	**-**	**1,641**
Amortisation for the year	-	248	208	-	456	-	108	134	-	242
Amortisation of assets disposed of	-	-	(10)	-	(10)	-	-	(28)	-	(28)
Currency translation adjustments	(2)	5	2	-	5	-	8	1	-	9
Total amortisation and impairment at 31 December	**8**	**1,207**	**1,100**	**-**	**2,315**	**10**	**954**	**900**	**-**	**1,864**
Carrying amount at 31 December	**16,117**	**139**	**485**	**506**	**17,247**	**8,010**	**220**	**529**	**237**	**8,996**

2016 explanatory note
Goodwill and customer relationships additions for the year relate to the acquisition of UTi Worldwide Inc. Please see note 5.1 for further details on the acquisition and intangible assets recognised. Software in progress mainly relates to the development of new or improved financial and operational IT platforms complementing or superseding existing systems when finalised.

3.2 Property, plant and equipment

Accounting policies

Land and buildings and other plant and operating equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and other directly attributable expenses of preparing the asset for its intended use. The present value of estimated expenses for dismantling and disposing of the asset as well as restoration expenses are added to the cost if such expenses are recognised as a provision. Material borrowing costs directly attributable to the production of the individual asset are also added to cost. If the individual components of an asset have different useful lives, each component will be depreciated separately.

The cost of self-constructed assets comprises direct and indirect costs for materials, components, subcontractors, wages and salaries. Costs for self-constructed assets are recognised as property, plant and equipment in progress on an ongoing basis until the assets are ready for use.

The cost of assets under finance leases is determined as the lower of the fair value of the assets and the present value of the future minimum lease payments. The internal rate of return of the lease, or an alternative borrowing rate, is used as the discount rate in the calculation of the present value.

Subsequent costs, such as partial replacement of property, plant and equipment, are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits. The carrying amount of the replaced parts is derecognised from the balance sheet and recognised in the income statement.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

- Terminals and administration buildings 40-60 years
- Other buildings and building elements 10-25 years
- Technical plant and machinery 6-10 years
- Other plant and operating equipment 3-8 years
- Land is not depreciated

The basis of depreciation takes into account the residual value of assets and is reduced by any impairment losses. The residual value is calculated on the date of acquisition and reassessed once a year. If the residual value exceeds the carrying amount of the asset, depreciation will no longer be provided.

PROPERTY, PLANT AND EQUIPMENT

	2016				2015			
(DKKm)	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total
Cost at 1 January	**3,850**	**1,726**	**176**	**5,752**	**4,108**	**1,560**	**345**	**6,013**
Additions from business combinations	338	472	14	824	50	1	-	51
Additions for the year	106	396	226	728	232	266	162	660
Disposals at cost	(622)	(215)	(119)	(956)	(592)	(111)	(330)	(1,033)
Transferred to assets held for sale	(506)	-	(216)	(722)	-	-	-	-
Reclassification	10	13	(13)	10	(3)	8	(1)	4
Currency translation adjustments	53	(3)	-	50	55	2	-	57
Total cost at 31 December	**3,229**	**2,389**	**68**	**5,686**	**3,850**	**1,726**	**176**	**5,752**
Total depreciation and impairment at 1 January	**1,044**	**1,140**	**-**	**2,184**	**1,026**	**1,059**	**1**	**2,086**
Depreciation for the year	177	323	-	500	125	158	-	283
Depreciation of assets disposed of	(154)	(159)	-	(313)	(111)	(86)	-	(197)
Transferred to assets held for sale	(1)	-	-	(1)	-	-	-	-
Reclassification	13	(3)	-	10	(5)	5	(1)	(1)
Currency translation adjustments	(9)	(19)	-	(28)	9	4	-	13
Total depreciation and impairment at 31 December	**1,070**	**1,282**	**-**	**2,352**	**1,044**	**1,140**	**-**	**2,184**
Carrying amount at 31 December	**2,159**	**1,107**	**68**	**3,334**	**2,806**	**586**	**176**	**3,568**
Of which finance leased assets	**198**	**79**	**-**	**277**	**237**	**6**	**-**	**243**

Assets are transferred to assets held for sale if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The net gain is included in other operating income.

Accounting estimates

The depreciation period is determined based on estimates of the expected life and future residual value of the assets. The estimates are based on historical experience. A reassessment is made once every year to ascertain that the depreciation basis reflects the expected life and future residual value of the assets.

3.3 Impairment testing

Accounting policies

Goodwill

The carrying amount of goodwill is tested for impairment at least once a year together with other non-current assets of the Group.

Impairment testing is performed for each cash-generating unit to which consolidated goodwill is allocated, as defined by our divisional management and operational structure. The cash-generating units thereby follow our divisional structure: Air & Sea, Road and Solutions.

Goodwill is written down to its recoverable amount through the income statement if lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the cash-generating unit to which the goodwill relates. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual cash-generating units, such as geographical and financial exposure.

Other non-current intangible assets, property, plant and equipment

The carrying amount of other non-current assets is tested for impairment at least once a year in connection with the impairment test of goodwill. If the tests show evidence of impairment, the asset is written down to the recoverable amount through the income statement if lower than the carrying amount. The recoverable amount is the higher of the fair value of an asset less the expected costs to sell and the value in use.

The value in use is calculated as the present value of expected future cash flow from the asset or the division of which the asset forms part.

Significant accounting estimates

For the goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on assessments of the current and future development in the three cash-generating units and are based on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Material value drivers affecting the future net cash flows of the three cash-generating units are as follows:

Air & Sea

The Air & Sea division operates globally, and the development in the global economy and world trade therefore has a material impact on the division's future net cash flow. The development in gross profit per shipment, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Road

The Road division mainly operates in the European market, which means that the division's future net cash flow is affected by the growth rate in this region. The development in gross profit per shipments, including truck and terminal utilisation rates, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Solutions

The Solutions division operates globally, and the development in the global economy and world trade therefore has a material impact on the division's future net cash flow. The development in warehouse lease costs and costs of related services, utilisation of warehouse facilities, cost management initiatives and development in internal productivity (number of order lines per employee) also affect the division's cash flows.

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2017 and projections for subsequent years up to and including 2021. From 2021 and onwards, DSV expects the growth rate to remain in line with the expected long-term average growth rate for the industry.

Impairment test

Goodwill

Goodwill has been tested for impairment at 31 December 2016. The tests did not result in any impairment of the carrying amounts.

For the impairment testing, a sensitivity analysis has been carried out assessing the impact of changes in cash flows and discount rates on the testing results. The analysis concluded that even negative changes in the fundamental assumptions that are remotely likely to become a reality will not result in impairment of goodwill in any of the three cash-generating units.

The assumptions used and the outcome of the sensitivity analysis are stated below. The pre-tax discount rate is calculated in accordance with IAS 36.

The sensitivity analysis shows the lowest possible growth rate or highest possible discount rate in percentage points by which the assumptions used can change before goodwill becomes impaired.

Other non-current intangible assets, property, plant and equipment

Other non-current assets have also been tested for impairment together with goodwill at 31 December 2016. Similar to goodwill, no indication of impairment was identified in connection with these tests.

GOODWILL IMPAIRMENT TEST AT 31 DECEMBER 2016

		Budget period		Terminal period		Sensitivity analysis	
(DKKm)	Carrying amount of goodwill	Annual revenue growth	Operating margin	Growth	Pre-tax discount rate	Growth – allowed decline	Discount rate – allowed increase %points
Air & Sea	9,815	4.0%	7.5%	2.0%	9.8%	29.1%	17.6%
Road	3,649	3.0%	3.7%	2.0%	8.6%	23.7%	13.0%
Solutions	2,653	4.0%	4.5%	2.0%	8.6%	16.9%	15.1%

GOODWILL IMPAIRMENT TEST AT 31 DECEMBER 2015

		Budget period		Terminal period		Sensitivity analysis	
(DKKm)	Carrying amount of goodwill	Annual revenue growth	Operating margin	Growth	Pre-tax discount rate	Growth – allowed decline	Discount rate – allowed increase %points
Air & Sea	4,417	5.0%	8.1%	2.0%	9.6%	52.7%	77.6%
Road	2,510	3.0%	3.8%	2.0%	9.0%	26.3%	17.1%
Solutions	1,083	4.0%	4.5%	2.0%	8.8%	28.9%	75.0%

3.4 Leases

Accounting policies

Leases are classified as either operating or finance leases. Leases where the predominant risk and reward of ownership is retained by DSV are classified as finance leases. Otherwise, leases are classified as operating leases.

Finance leases are recognised at inception as lease assets and lease liabilities in the balance sheet at the lower of fair value or present value of the future minimum lease payments calculated using the interest rate implicit in the lease. Subsequently, the capitalised residual lease liability is measured at amortised cost and the lease asset less accumulated depreciations.

Lease payments on operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Significant accounting estimates

The Group has entered into leases on mainly terminals, warehouses and other operating equipment. Significant estimates are made in determining the classification of these contracts as either finance or operating leases.

Operating leases

LAND AND BUILDINGS

Maturity

(DKKm)	2016	2015
0-1 year	1,701	1,402
1-5 years	4,353	3,198
> 5 years	2,173	1,990
Total	**8,227**	**6,590**

Land and buildings normally have a lease term of up to 10 years.

In 2016, operating lease costs of DKK 1,667 million relating to land and buildings were recognised in the income statement (2015: DKK 1,274 million).

OTHER PLANT AND OPERATING EQUIPMENT

Maturity

(DKKm)	2016	2015
0-1 year	638	521
1-5 years	903	681
> 5 years	32	1
Total	**1,573**	**1,203**

Other plant and operating equipment normally have a lease term of up to 5 years.

In 2016, operating lease costs of DKK 779 million relating to other plant and operating equipment were recognised in the income statement (2015: DKK 643 million).

Finance leases

LAND AND BUILDINGS

Maturity

2016 (DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	3	-	3
1-5 years	69	2	67
> 5 years	2	-	2
Total	**74**	**2**	**72**

2015 (DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	3	1	2
1-5 years	111	7	104
> 5 years	1	-	1
Total	**115**	**8**	**107**

Land and buildings normally have a lease term of up to 10 years.

OTHER PLANT AND OPERATING EQUIPMENT

Maturity

2016 (DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	69	12	57
1-5 years	156	31	125
> 5 years	42	2	40
Total	**267**	**45**	**222**

2015 (DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	2	-	2
1-5 years	6	-	6
> 5 years	-	-	-
Total	**8**	**-**	**8**

Other plant and operating equipment normally have a lease term of up to 5 years.

3.5 Pension obligations

Accounting policies

Pension obligations relating to defined contribution plans, under which the Group pays regular pension contributions to independent pension funds, are recognised in the income statement for the period in which they are earned. Contributions payable are recognised in the balance sheet under other current liabilities.

In regards to defined benefit plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated based on various assumptions, including the future development in wage/salary levels, interest rates, inflation and mortality. The value in use is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the value in use less the fair value of assets under the plan is recognised in the balance sheet under pension obligations. Pension costs for the year are recognised in the income statement based on actuarial estimates and financial outlook at the beginning of the year.

Differences between the calculated development in pension assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains or losses.

Changes in the benefits payable for employees' past services to the company result in an adjustment of the actuarial calculation of the value in use, which is classified as past service costs. Past service costs are charged to the income statement immediately if the employees have already earned the right to the adjusted benefits. Otherwise, they will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Significant accounting estimates

In determining the pension obligation, the Group makes use of external and independent actuaries. The actuarial assumptions used in calculations and valuations vary from country to country owing to national economic and social conditions.

Pension obligations

Net obligations at 31 December can be specified as follows:

(DKKm)	2016	2015
Present value of defined benefit plans	4,008	3,369
Fair value of pension plan assets	2,520	2,143
Pension obligations, net	**1,488**	**1,226**

Of these obligations, DKK 949 million relate to unfunded pension obligations (2015: DKK 900 million) and DKK 539 million relate to partly funded obligations (2015: DKK 326 million).

Total pension costs for the year

In 2016, net costs of DKK 527 million relating to the Group's pension plans were recognised in the income statement (2015: DKK 416 million) and break down as follows:

2016 (DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff costs	417	77	494
Financial expenses	-	33	33
Total costs recognised	**417**	**110**	**527**

2015 (DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff costs	303	84	387
Financial expenses	-	29	29
Total costs recognised	**303**	**113**	**416**

Defined benefit pension obligations

Development in the present value of defined benefit obligations breaks down as follows:

(DKKm)	2016	2015
Obligations at 1 January	**3,369**	**3,501**
Current service cost	73	84
Past service cost from plan amendments, curtailments and gains/losses on settlements	-	(5)
Calculated interest on obligations	103	92
Actuarial gains/losses arising from changes in financial assumptions	394	(248)
Actuarial gains/losses arising from changes in demographic assumptions	(8)	(21)
Actuarial gains/losses arising from experience adjustments	(8)	(4)
Payments from the plan	(135)	(103)
Additions from business combinations	356	-
Currency translation adjustments	(136)	73
Obligations at 31 December	**4,008**	**3,369**

The expected average duration of the obligations is 20 years.

Expected maturity of pension obligations:

(DKKm)	2016	2015
0-1 year	92	80
1-5 years	398	346
> 5 years	3,518	2,943
Total obligations recognised	**4,008**	**3,369**

Pension plan assets

Development in the fair value of pension plan assets breaks down as follows:

(DKKm)	2016	2015
Pension plan assets at 1 January	**2,143**	**2,190**
Calculated interest on plan assets	70	63
Return on plan assets excluding calculated interest	164	(162)
Contributions to the plan	121	106
Payments from the plan	(146)	(97)
Additions from business combinations	278	(3)
Currency translation adjustments	(110)	46
Pension plan assets at 31 December	**2,520**	**2,143**

DSV expects to contribute DKK 101 million to defined benefit plan assets in 2017.

Composition of pension plan assets

(DKKm)	2016	2015
Shares	17%	17%
Bonds	6%	7%
Insurance contracts	77%	76%
Total	**100%**	**100%**

Sensitivity analysis

The table illustrates the change in the gross obligation relating to defined benefit plans from a change in the key actuarial assumptions. The analysis is based on fairly probable changes, provided that the other parameters remain unchanged.

(DKKm)	2016
Defined benefit obligation	4,008
Discount rate	
Increase of 0.5%point	3,639
Decrease of 0.5%point	4,435
Future wage/salary increase	
Increase of 0.5%point	4,070
Decrease of 0.5%point	3,952
Inflation	
Increase of 0.5%point	4,283
Decrease of 0.5%point	3,769
Life expectancy	
Life expectancy increase of 1 year	4,137
Life expectancy decrease of 1 year	3,878

Significant pension plans

The most significant defined benefit plans of the Group relate to Europe, with Sweden representing 27% (2015: 31%), Germany 25% (2015: 30%) and the Netherlands 20% (2015: 17%) of the total net obligation of DKK 1,488 million (2015: DKK 1,226 million).

The most significant individual defined benefit plans of the Group are present in Sweden, Germany and the Netherlands. No other countries have individual defined benefit plans of significance. The plan in Sweden is a final pay scheme which covers all salaried employees born in or before 1978 and is based on a collective labour agreement. Salaried employees born in or after 1979 are covered by a defined contribution plan. The plan in Germany covers both salaried and blue-collar employees. Under this plan, employees earn a fixed amount for each year in service. The plan is closed for new employees since 1994. The pension plan in the Netherlands refers to several pension plans (average pay and final pay) and a jubilee plan. The pension plans are funded through insurance contracts, whereas the jubilee plan is unfunded.

Key assumptions on the most significant pension plans are as follows:

2016

(DKKm)	Sweden	Germany	The Netherlands	Other	Weighted average
Discount rate	3.00%	1.80%	2.20%	1.00%-7.50%	2.41%
Future wage/salary increase	2.00%	2.10%	1.60%	0.93%-9.00%	2.15%
Future rate of inflation	1.50%	1.60%	1.60%	0.93%-2.45%	1.75%
Mortality prognosis table	DUS14 w-c	Heubeck 2005G	AG Prognosis 2016		

2015

(DKKm)	Sweden	Germany	The Netherlands	Other	Weighted average
Discount rate	3.50%	2.10%	2.70%	1.80% - 3.95%	2.99%
Future wage/salary increase	3.00%	2.25%	1.75%	1.75% - 3.30%	2.33%
Future rate of inflation	1.50%	1.75%	1.75%	1.50% - 2.30%	1.86%
Mortality prognosis table	DUS14 w-c	Heubeck 2005G	AG Prognosis 2014		

3.6 Provisions

Accounting policies

Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation and it is probable that the Group will have to give up future economic benefits to meet the obligation.

Provisions are measured on the basis of Management's best estimate of the anticipated expenditure for settlement of the relevant obligation and are discounted if deemed material.

Significant accounting estimates

Management continually assesses provisions, contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are by nature uncertain. Management includes judgements by external legal experts and existing case law in assessing the probable outcome of material legal proceedings, tax issues, etc.

Provisions have not been discounted, as the effect hereof is immaterial.

Provisions are expected to be settled within 1-2 years in all material respects.

Restructuring costs

Restructuring costs relate mainly to the integration of acquirees and the restructuring plans previously announced, which consist mainly of termination benefits and costs under terminated leases.

Disputes and legal actions

Provisions for disputes and legal actions relate mainly to probable liabilities taken over at the acquisition of enterprises.

Other provisions

Other provisions relate mainly to restoration obligations in connection with property leases and onerous contracts mainly relating to business combinations.

PROVISIONS

(DKKm)	Restructuring costs	Disputes and legal actions	Other	Total
Provisions at 1 January 2016	**115**	**191**	**324**	**630**
Additions for the year	191	32	211	434
Additions from acquisitions	35	193	343	571
Used for the year	(105)	(69)	(252)	(426)
Adjustment of provisions made in previous years	(12)	(1)	(16)	(29)
Currency translation adjustments	(4)	1	21	18
Provisions at 31 December 2016	**220**	**347**	**631**	**1,198**
Provisions as recognised in the balance sheet:				
Non-current liabilities	100	243	393	736
Current liabilities	120	104	238	462
Provisions at 31 December 2016	**220**	**347**	**631**	**1,198**

Chapter 4 – Capital structure and finances

This chapter describes the financial basis and exposures of the Group's activities as illustrated by our capital structure and net working capital.

The capital structure is linked to our long-term financial target of a gearing ratio of approx. 1-1.5 and the related application of the Group's free cash flow. In order of priority, the free cash flow is used to reduce the Group's net interest-bearing debt in periods when the gearing ratio exceeds the target, for investments and business combinations and for share buybacks or distribution to the Company's shareholders.

4.1 Equity

Accounting policies

Share capital
At year end 2016, the share capital of DSV A/S amounted to 190 million shares with a nominal value of DKK 1 each. All shares are fully paid up. In 2016, DSV A/S reduced its share capital by a nominal value of DKK 2.5 million through cancellation of treasury shares of a nominal value of DKK 2.5 million.

Share premium
The share premium represents positive differences between the nominal share capital and the amount paid by shareholders for newly issued shares. Share premium is a distributable reserve.

Treasury share reserve
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value plus dividends on treasury shares are recognised directly as retained earnings in equity. Treasury shares are bought back to meet obligations under the Company's incentive schemes and adapt its capital structure. The reserve is a distributable reserve.

Hedging reserve
The hedging reserve comprises the fair value of hedging instruments qualifying for hedge accounting.
Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

Translation reserve
The reserve comprises foreign currency translation adjustments arising on the translation of net investments and related hedging in entities with a functional currency other than DKK. The reserve is dissolved upon disposal of entities or if hedge accounting is no longer relevant.

TREASURY SHARES

	Market value (DKKm)	% of share capital 1 January	% of share capital 31 December	2016 Million shares of DKK 1 (Nominal value)	2015 Million shares of DKK 1 (Nominal value)
Portfolio, beginning of year	**2,338**	**4.48%**	**4.53%**	**8.6**	**7.2**
Cancellation of treasury shares	(518)	(1.31%)	(1.32%)	(2.5)	(2.0)
Portfolio of treasury shares less cancelled shares	1,820	3.17%	3.21%	6.1	5.2
Purchased during the year	-	-	-	-	6.1
Sold during the year	(331)	(0.83%)	(0.84%)	(1.6)	(2.7)
Value adjustment	(72)	-	-	-	-
Portfolio, end of year	**1,417**	**2.34%**	**2.37%**	**4.5**	**8.6**

Earnings per share

(DKKm)	2016	2015
Profit for the year	1,678	2,058
Non-controlling interests' share of consolidated profit for the year	10	2
DSV A/S shareholders' share of profit for the year	1,668	2,056
Amortisation of customer relationships	93	108
Share-based payment	48	37
Special items, net	1,002	58
Related tax effect	(305)	(48)
Adjusted profit for the year	**2,506**	**2,211**
('000 shares)		
Total average number of shares	190,714	177,386
Average number of treasury shares	(5,777)	(7,398)
Average number of shares in circulation	184,937	169,988
Average dilutive effect of outstanding share options under incentive schemes	2,160	2,015
Diluted average number of shares in circulation	**187,097**	**172,003**
Earnings per share of DKK 1	9.02	12.09
Diluted earnings per share of DKK 1	8.92	11.95
Adjusted earnings per share of DKK 1	13.55	13,01
Diluted adjusted earnings per share of DKK 1	13.40	12.85

Diluted average number of shares

Diluted earnings per share and diluted adjusted earnings per share have been calculated excluding out-of-the-money share options. The number of out-of-the-money share options was 0 in 2016 (2015: 0).

4.2 Capital structure and capital allocation

Capital structure

The capital structure of DSV is intended to ensure financial stability for the purpose of reducing the Company's cost of capital and maintaining sufficient financial stability to reach its strategic objectives. The target gearing ratio is in the 1-1.5 range, but may deviate under extraordinary circumstances, e.g. as a consequence of acquisitions made.

The gearing ratio was 1.95 at 31 December 2016 (2015: -0.15).

Capital allocation

The Group aims to spend its free cash flow as follows:

- Repayment of net interest-bearing debt in periods when the financial gearing ratio is above target.
- Value-adding investments in the form of acquisitions or development of the existing business.
- Distribution to the Company's shareholders by means of share buybacks and dividends.

Repayment of net interest-bearing debt

Adjusted for proceeds from capital increase and sale of treasury shares of DKK 4,949 million in 2015 in connection with the UTi acquisition, net interest-bearing debt increased by DKK 3,896 million in 2016 (2015: a reduction of DKK 1,456 million). The increase in net interest-bearing debt mainly relates to funding of acquired debt from the UTi acquisition.

Acquisitions

DSV spent DKK 4,624 million on business combinations in the financial year 2016 (2015: DKK 108 million).

Distribution to the Company's shareholders

In 2016, the Group spent DKK 0 million on the purchase of treasury shares (2015: DKK 1,419 million), and the share capital was reduced by 2.5 million shares with a nominal value of DKK 1 each (2015: 2 million shares of nominally DKK 1 each).

DSV A/S paid DKK 327 million as dividends (including treasury shares) on 15 March 2016, corresponding to DKK 1.70 per share (2015: DKK 283 million, corresponding to DKK 1.60 per share). It is proposed to distribute a dividend of DKK 1.80 per share for 2016 (2015: DKK 1.70).

Capital restrictions

Of the total cash and cash equivalents, DKK 1,379 million (2015: DKK 463 million) are located in countries with foreign exchange control or other restrictions which imply that the cash is not readily available for general use or distribution by the Group.

4.3 Financial liabilities

Accounting policies

The financial liabilities of the Group are divided into four financing categories:

- Bank loans and credit facilities
- Issued bonds
- Finance leases
- Other financial liabilities

Bank loans and other borrowings and loans obtained through the issuance of bonds are recognised initially at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Lease obligations relating to finance leases are described in further detail in note 3.4.

Other liabilities are measured at amortised cost, which in all essentials corresponds to the net realisable value.

Financial liabilities

(DKKm)	2016	2015
Loans and credit facilities	6,529	1,263
Issued bonds	3,234	3,225
Finance leases	294	116
Other non-current liabilities	26	18
Total financial liabilities	**10,083**	**4,622**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	8,725	4,309
Current liabilities	1,358	313
Financial liabilities at 31 December	**10,083**	**4,622**

4.4 Financial risks

Liquidity risk

The cash readiness of the Group is ensured through short- and long-term credit facilities from the main banks of the Group and through the issuance of bonds. The purpose of issuing bond loans is to diversify the Group's long-term debt, making the Group less dependent on bank loans.

The Group's bank and bond loans are subject to standard clauses, according to which the Group's debt must be repaid in case of a change of control. The long-term credit facilities with banks and the DKK 750 million bond loan maturing on 23 November 2020 are furthermore subject to one covenant. The covenant relates to the gearing ratio of the Group and is reported on every quarter. The covenant has not been breached in 2016.

The total duration of the Group's long-term loan commitments and the amounts drawn on its credit lines at 31 December 2016 are shown in the table below. Furthermore, a maturity analysis has been provided based on contractual cash flows, including estimated interest payments. The amounts have not been discounted and as such do not reconcile directly to the balance sheet.

List of commitments and amounts drawn on long-term credit facilities at 31 December 2016:

Loan facilities	Amount (EURm)	Amount (DKKm)	Expiry of commitments	Duration (years)	Undrawn
Long-term loan I	180	1,338	31-12-2018	2.0	-
Long-term loan II	250	1,859	15-09-2019	2.7	924
Long-term loan III	370	2,751	22-01-2019	2.1	-
Bond loan I	101	750	23-11-2020	3.9	-
Bond loan II	135	1,000	24-06-2020	3.5	-
Bond loan III	202	1,500	18-03-2022	5.2	-
Convertible	9	68	01-03-2019	2.2	-
Long-term credit facility	100	743	20-04-2019	2.3	607
Total and weighted duration	**1,347**	**10,009**		**2.9**	**1,531**

The Group's financial liabilities fall due as follows:

2016 (DKKm)	Carrying amount	Total cash flow, including interest	0-1 year	1-5 years	> 5 years
Loans and credit facilities	6,529	6,833	1,559	5,274	-
Issued bonds	3,234	3,582	82	1,991	1,509
Finance leases	294	341	72	225	44
Trade payables	7,010	7,010	7,010	-	-
Interest rate derivatives	76	80	15	54	11
Total	**17,143**	**17,846**	**8,738**	**7,544**	**1,564**

2015 (DKKm)	Carrying amount	Total cash flow, including interest	0-1 year	1-5 years	> 5 years
Loans, credit facilities	1,263	1,295	321	974	-
Issued bonds	3,225	3,837	110	2,171	1,556
Finance leases	116	123	43	80	-
Trade payables	4,997	4,997	4,997	-	-
Interest rate derivatives	54	63	16	40	7
Total	**9,655**	**10,315**	**5,487**	**3,265**	**1,563**

Foreign currency risk

Due to its global activities, the Group is exposed to exchange rate fluctuations to a certain extent. DSV seeks to eliminate foreign currency risks by hedging currency exposures centrally via the Group's Treasury department. The risk exposure is managed on a net basis, primarily by using foreign exchange forward contracts. The Group's foreign subsidiaries are not affected where trading income and costs are denominated in the local functional currency, which applies to a large part of the Group's subsidiaries. Furthermore, a large proportion of the income and expenses of the Group are denominated in EUR. The total foreign currency risk is therefore limited.

The Group is also exposed to foreign currency risks, partly on the translation of debt denominated in foreign currency other than the functional currency and partly on the translation of net investments in enterprises with a functional currency other than Danish kroner. The former risk affects profit before tax. However, where debt is classified as hedging of net investments in foreign subsidiaries, fair value adjustments are recognised directly in equity under other comprehensive income. On recognition of net investments in foreign subsidiaries, the Group is exposed to a translation risk when the profit or loss and equity of foreign subsidiaries are translated into DKK at the reporting date based on the average rates of exchange and the closing rates. The need to hedge the Parent's net investments in subsidiaries is assessed on a regular basis. It is DSV Group policy to reduce net investments in Group subsidiaries on an ongoing basis by distributing the subsidiaries' profits as dividends.

In general, the Group does not hedge euro positions as it expects that the official Danish fixed exchange-rate policy against the euro will continue.

The below sensitivity analysis of foreign currency exposures shows the effect of a 5% change in average exchange rates for the year on profit/loss and the effect of a 5% change in year-end closing rates on other comprehensive income. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Main currency exposures:

(DKKm)	Net position 2016	Net position 2015	Exchange rate fluctuation	Impact on profit/loss 2016	Impact on profit/loss 2015	Impact on other comprehensive income 2016	Impact on other comprehensive income 2015
CNY/DKK	(6)	(26)	+/- 5%	15	10	13	10
GBP/DKK	20	(2)	+/- 5%	10	15	8	6
HKD/DKK	(1)	(1)	+/- 5%	8	7	11	5
SEK/DKK	5	(21)	+/- 5%	9	11	25	30
USD/DKK	670	164	+/- 5%	26	29	353	66
ZAR/DKK	2	2	+/- 5%	8	-	-	-
Total			**+/- 5%**	**76**	**72**	**410**	**117**

Interest rate risk

The most significant interest rate risk relates to the long-term floating-rate loans raised by the Parent. These loans are converted to fixed-rate loans by using mainly interest rate swaps with a duration of up to 120 months.

The Group's loans and credit facilities break down as follows:

(DKKm)	Expiry	Fixed/ floating interest rate	Carrying amount 2016	2015
Bank loans EUR	2018-19	Floating	5,008	938
Bank loans other	2016-19	Fixed	–	21
Bond loans	2020-22	Fixed/ floating	3,234	3,225
Convertible bonds	2019	Fixed	68	-
Long-term credit facility	2019	Floating	137	-
Overdraft facility	2017	Floating	1,316	304
Loans and credit facilities at 31 December			**9,763**	**4,488**
Loans and credit facilities as recognised in the balance sheet:				
Non-current liabilities			8,447	4,184
Current liabilities			1,316	304
Loans and credit facilities at 31 December			**9,763**	**4,488**

The Group is also exposed to interest rate risks on leases. The interest rates on the majority of the leases are fixed on an ongoing basis for periods of 24 to 48 months.

It is DSV Group policy that the average period of fixed interest rates on the Group's net borrowings must be at least 8 months, but not more than 45 months at any time.

At year end 2016, duration of hedges relating to net borrowings of the Group was 33 months (2015: 37 months).

The weighted average interest rate on the Group's loans and credit facilities including the effect of interest rate swaps was 2.0% in 2016 (2015: 2.5%).

An increase in interest rates of 1 percentage point would reduce profit for the year by DKK 25 million (2015: DKK 20 million) and impact other comprehensive income by DKK 132 million (2015: DKK 108 million), based on average NIBD for 2016. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Credit risk

The Group's credit risks mainly relate to trade receivables. The Group is not dependent on particular customer segments or any specific customers, and all customers are subjected to individual credit assessments and credit limits in accordance with the Group Credit Policy. As a result, the credit risk of the Group is generally considered insignificant.

The Group mainly hedges credit risks through the use of credit insurance.

DSV is exposed to a counterparty credit risk when entering into derivative financial instruments. In order to reduce this risk, DSV only enters into derivative financial instruments with the existing banks of the Group whose credit rating from Standard & Poor's is long-term A or higher. As a general rule, the Group only makes short-term deposits with banks rated short-term A-2 or higher by Standard & Poor's and/or as P-2 or higher by Moody's.

Impairment of trade receivables

As set out in the Group Credit Policy, trade receivables are assessed on an ongoing basis and insurance policies taken out for the majority of the receivables. At 31 December 2016, credit insurance policies amounted to DKK 8,144 million, corresponding to 66% of total trade receivables (2015: DKK 5.906 million or 76%). The decline in insurance cover is due to the integration of UTi. We expect the cover to increase in 2017.

Provisions for doubtful trade receivables are booked on a case-by-case basis based on Group credit assessment policies and break down as follows:

(DKKm)	2016	2015
Impairment at 1 January	**185**	**204**
Impairment for the year	389	84
Impairment losses recognised for receivables	(77)	(66)
Reversal of impairments	(131)	(36)
Currency translation adjustments	(1)	(1)
Impairment at 31 December	**365**	**185**

Impairment losses on trade receivables for 2016 amounted to DKK 77 million, corresponding to 0.11% of consolidated revenue (2015: DKK 66 million, or 0.13%).

Overdue trade receivables not provided for break down as follows:

(DKKm)	2016	2015
Overdue for 1-30 days	1,724	1,104
Overdue for 31-120 days	837	374
Overdue for more than 120 days	7	63

The credit quality of unimpaired receivables is considered to have a high creditworthiness with a low risk of loss.

4.5 Derivative financial instruments

Accounting policies

Derivative financial instruments are recognised on the trade date and are measured at fair value. Positive and negative fair values are included in other current receivables or other current payables in the balance sheet. Positive and negative fair values are only offset if the Group has a right and an intention to settle several financial instruments net (by means of settlement of differences). The fair value is determined based on generally accepted valuation methods using available observable market data.

Fair value changes which are classified as and fulfil the criteria for recognition as a fair value hedge are recognised in the income statement together with changes in the value of the part of the asset or liability that has been hedged.

Fair value changes in the part of the derivative which is classified as and qualify for recognition as a future cash flow hedge and which effectively hedges against changes in the value of the hedged item are recognised in other comprehensive income as a separate hedging reserve.

When the underlying hedged item is realised, any gain or loss on the hedging transaction is transferred from equity and recognised together with the hedged item. In connection with hedging of proceeds from future loans, however, gains or losses on such hedging transactions are transferred from equity over the term of the loan.

Fair value changes not meeting the criteria for treatment as hedging instruments are recognised on an ongoing basis in the income statement under financials.

Foreign currency risk hedging

The Group mainly uses foreign exchange forward contracts to hedge foreign currency risks. The main currencies hedged are CNY, GBP, SEK, USD and ZAR. The foreign exchange forward contracts are used as fair value hedges of currency exposures relating to balance sheet assets and liabilities.

A loss on hedging instruments of DKK 118 million was recognised in the income statement for 2016 (2015: a loss of DKK 212 million). In the same period, a gain of DKK 92 million was recognised relating to the hedged items (2015: a gain of DKK 186 million).

Interest rate risk hedging

The Group has obtained long-term loans on a floating rate basis, which implies that the Group is exposed to interest rate fluctuations. The Group mainly uses interest rate swaps to hedge future cash flow relating to interest rate risks. Thereby floating-rate loans are refinanced as fixed-rate loans.

The weighted average effective interest rate for existing interest rate instruments used as hedges of long-term loans was 0.2% at the reporting date (2015: 0.7%).

Significant accounting estimates

When entering into contracts for financial instruments, an assessment is made of whether the instrument qualifies for hedge accounting, including whether the instrument hedges recognised assets and liabilities or net investments in foreign entities. The effectiveness of recognised financial instruments is assessed on a monthly basis, and any ineffectiveness is recognised in the income statement.

External hedging instruments at 31 December 2016

(DKKm)	Currency instruments	Interest rate instruments	Total
Contractual value	14,527	5,002	19,529
Maturity (year)	2017	2017-2023	
Fair value	4	(76)	(72)
Of which recognised in income statement	4	(1)	3
Of which recognised in other comprehensive income	-	(75)	(75)

External hedging instruments at 31 December 2015

(DKKm)	Currency instruments	Interest rate instruments	Total
Contractual value	17,968	4,763	22,731
Maturity (year)	2016	2016-2023	
Fair value	93	(54)	39
Of which recognised in income statement	39	(5)	34
Of which recognised in other comprehensive income	54	(49)	5

4.6 Financial instruments – fair value hierarchy

Fair value hierarchy by category

DSV has no financial instruments measured at fair value based on level 1 input (quoted active market prices) or level 3 input (non-observable market data).

All financial instruments measured at fair value are based on level 2 input (input other than quoted prices that are observable either directly or indirectly) and can be classified by category as follows:

(DKKm)	2016 Carrying amount	2015 Carrying amount
Financial assets:		
Currency derivatives	4	93
Trade receivables	12,338	7,799
Other receivables	2,142	1,232
Cash and cash equivalents	1,714	4,908
Total cash and receivables	16,194	13,939
Financial assets available for sale	7	8
Financial liabilities:		
Interest rate derivatives	76	54
Issued bonds measured at amortised cost	3,234	3,225
Loans and credit facilities	6,529	1,263
Finance lease liabilities	294	116
Trade payables	7,010	4,997
Financial liabilities measured at amortised cost	17,067	9,601

Derivative financial instruments
The fair value of currency and interest rate derivatives is determined based on generally accepted valuation methods using available observable market data. Calculated fair values are verified against comparable external market quotes on a monthly basis.

Financial liabilities measured at amortised cost
The carrying value of financial liabilities measured at amortised cost is not considered to differ significantly from fair value.

Trade receivables, trade payables and other receivables
Receivables and payables pertaining to operating activities and with short churn ratios are considered to have a carrying value equal to fair value.

Chapter 5 – Other notes

This chapter contains other statutory notes not directly related to the ordinary operating activities of the Group. The chapter describes the acquisition and disposal of entities during the year, tax on activities, contingent liabilities and security for debt, and transactions with Group Management, auditors and other related parties.

5.1 Acquisition and disposal of entities

Accounting policies
When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Acquirees are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which DSV obtains control of the company. Entities disposed of are recognised in the consolidated financial statements until the date of disposal. The date of disposal is the date on which DSV surrenders control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognised at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. The effects of cross-period measurement period adjustments are recognised in equity at the beginning of the financial year, and comparative figures are restated. After the end of the measurement period, goodwill is no longer adjusted.

Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Goodwill and fair value adjustments arising from the acquisition of an acquiree whose functional currency differs from the presentation currency of the DSV Group are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

Other than cross-period measurement period adjustments, comparative figures are not adjusted when acquiring or disposing entities.

Significant accounting estimates
In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, deferred tax, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

Acquisition and disposal of subsidiaries, non-controlling interests and activities in 2016
On 22 January 2016, DSV acquired UTi Worldwide Inc. No other material acquisitions or disposals were made in 2016.

About UTi Worldwide Inc.
UTi Worldwide Inc. was a US-based global supply chain services and logistics company. UTi employed approx. 23,000 full-time employees in 58 countries across more than 300 offices and 200 logistics centres and offered complete supply chain services and solutions, including air, sea, distribution, customs clearance and contract logistics. UTi

had a strong geographical presence in North America and a leading position in South Africa and also operated a network in Asia-Pacific and Europe.

Strategic rationale and synergies
The combined company is now one of the world's strongest transport and logistics networks, spanning more than 80 countries and with more than 40,000 employees.

The acquisition has significantly strengthened the Air & Sea division, and DSV has increased its industry-specific capabilities across all divisions. Furthermore, DSV has become truly global in contract logistics and has expanded into road freight activities outside Europe, enabling the company to offer its customers a broader range of services.

The DSV and UTi business combination provides a strong match with several potential synergies as a result of similarities in business models and services. This includes commercial synergies from a stronger network and service offerings, consolidation and optimisation of offices, logistics facilities and IT infrastructure and a stronger buying power.

Consideration transferred
The consideration paid for UTi comprises a cash purchase of 100% of the shares in the company at a price of USD 7.10 per ordinary share. The total consideration transferred amounted to DKK 6,588 million. Adjusted for the fair value of cash and cash equivalents acquired of DKK 1,996 million, the net cash outflow amounted to DKK 4,592 million.

Earnings impact
As a consequence of the combination of the UTi and DSV activities, disclosing revenue and profit for the year contribution from the acquisition is impracticable as no financial reporting capabilities are maintained that provide detailed consolidated financial data on the separate pre-acquisition groups.

The UTi acquisition is estimated to have contributed revenue in the range of DKK 16.0-16.5 billion to the Group for the period 22 January to 31 December 2016. The impact on operating profit before special items is estimated at approx. DKK 0.2 billion, including the effect of realised synergies.

As the acquisition of UTi occurred on 22 January 2016, the estimated pro forma revenue of the Group is not significantly different from the actual year-to-date result.

Transaction costs
Total transaction costs relating to the UTi acquisition amount to DKK 131 million, of which DKK 55 million were recognised in the 2015 financial statements.

Fair value of acquired net assets and recognised goodwill
The fair value of identified net assets and goodwill arising from the acquisition has been recognised as follows:

(DKKm)	Fair value at date of acquisition
Intangible assets	254
Property, plant and equipment	824
Trade receivables	3,716
Work in progress (services)	552
Deferred tax assets	322
Other receivables	1,054
Cash and cash equivalents	1,996
Total assets	**8,718**
Provisions	571
Financial liabilities	4,919
Pensions and similar obligations	78
Trade payables	1,838
Work in progress (services)	596
Deferred tax liabilities	29
Corporation tax	292
Other payables	1,678
Total liabilities	**10,001**
Non-controlling interests' share of acquired net assets	51
Acquired net assets	**(1,232)**
Fair value of total consideration	6,588
Goodwill arising from the acquisition	**7,820**

The fair value of acquired trade receivables, work in progress and other receivables amounted to DKK 5,322 million. Collectability of receivables has been assessed based on Group credit assessment policies – in total DKK 201 million has been provided for as doubtful trade receivables.

Contingent liabilities recognised are presented within the provisions line item and further described in note 3.6.

Goodwill mainly relates to the expertise and insight of the acquired workforce and expected synergies from the integration into the DSV Group. Recognised goodwill is non-deductible for tax purposes.

Fair value measurement

Acquired material net assets for which significant accounting estimates have been applied are recognised using the following valuation techniques:

Property, plant and equipment

Fair value of property, plant and equipment relating to material individual assets is measured based on external market valuations carried out by professional appraisers.

Customer relationships

Customer relationships have been measured using a Multi-Period Excess Earnings model (MPEE) in which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition is valuated. In total, customer relationships amounting to DKK 163 million have been included in the opening balance.

The main input value drivers in the MPEE model are the estimated future retention rate and net cash flow of the acquired customer base. These have been estimated based on Management's professional judgement from an analysis of the acquired customer base, historical data and general business insight.

In assessing the value of the customer relations, a number of subjective factors have been considered and Management has performed substantial accounting estimates. The most important estimates in the valuation are:

Share of the revenue in UTi coming from recurring customer contracts

The logistics business is to a large extent driven by the competitive environment of many players with limited market share. The market is highly influenced by price competition and to a large degree based on spot pricing. When evaluating recurrence in customer contracts, Management has made an assessment of the part of revenue arising from customer relationships resulting in recurring revenue and price competition. Based on an assessment of the individual customer segments, an interval of 35-55% has been used with 45% being the weighted average of recurring customers.

Expected future EBIT from acquired customer relations

As part of the acquisition process, UTi made efforts to identify acquisition offers competitive to that of DSV, but did not succeed. However, for the assessment of expected future EBIT from the acquired customer relations, Management has applied an established peer group including some of the large players in the industry.

A major value driver in the UTi acquisition is the realisation of significant synergies in the back-office and infrastructure setup. Private equity funds are therefore not included in the peer group.

Another primary assumption for making a profitable business case of UTi was a change of operating system in the Freight Forwarding business. It is our assessment that only existing players in the industry would be capable of creating the necessary increased profitability.

Based on the above, it is Management's assessment that, from a market participant view, the acquired customer base could have been expected to generate an EBIT margin of 0.5% in 2016 increasing to 3.0% in 2021 and onwards. Please note that this is strictly from a market participant view and does not reflect DSV's expected synergies from the integration or DSV's long-term financial targets.

Weighted average cost of capital

Management has assessed the WACC of the UTi acquisition using a peer-group WACC of 9% as post-tax discount rate (9.5% pre-tax).

The amortised customer relations asset would have been calculated at a different value if Management had used different assumptions. Different assumptions for the recurring customers and future EBIT percentage would have the following effect on the customer relations asset recognised in the opening balance:

	Customer retention rate		
Margin 2016	35%	45% (DKKm)	55%
0.25%	87	112	136
0.50%	126	163	199
0.75%	166	213	261

Using the applied assumptions, a +/- 1% change in WACC will result in a change of approx. DKK 8 million to the recognised customer relationships.

Trade receivables and trade payables

Fair value of trade receivables and trade payables has been measured at the expected receivable or payable amounts. The amounts have not been discounted, as the effect is considered immaterial. In valuating trade receivables, the collectability is addressed.

Financial liabilities

Fair value of acquired debt has been measured using a discounted cash flow model in which present value of the debt has been determined based on the future cash flows and a DSV borrowing rate. The DSV borrowing rate has been applied as DSV vouches for the acquired debt, and as such the credit enhancement of the Group is applied for the valuation.

5.2 Tax

Accounting policies

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income for previous years and for prepaid tax.

Deferred tax is recognised based on temporary differences between the carrying amount and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to amortisation or depreciation of goodwill, properties and other items disallowed for tax purposes if, except at the acquisition of enterprises, such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different taxation rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction. Deferred tax assets and tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously. Deferred tax is adjusted for elimination of unrealised intra-Group gains and losses. Deferred tax is measured on the basis of the tax rules and tax rates of the relevant countries that will be effective under current legislation at the reporting date on which the deferred tax is expected to crystallise as current tax.

Tax for the year comprises current tax and deferred tax relating to the profit or loss for the year, interest expenses related to pending tax disputes and adjustments to previous years, including adjustments due to tax rulings. Tax for the year is recognised in the income statement, unless the tax expense relates directly to items included in other comprehensive income or equity.

Significant accounting estimates

The Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if it is estimated that there will be sufficient future taxable income against which the temporary differences and unutilised tax losses can be utilised. This assessment is based on budgets and business plans for the following years, including planned business initiatives.

Deferred tax assets are tested annually and are only recognised if they are likely to be utilised.

TAX FOR THE YEAR

(DKKm)	2016	2015
Tax for the year is disaggregated as follows:		
Tax on profit for the year	611	631
Tax on other changes in equity	(21)	(58)
Tax on other comprehensive income	(54)	33
Total tax for the year	**536**	**606**
Tax on profit for the year is calculated as follows:		
Current tax	756	665
Deferred tax	(150)	4
Tax adjustment relating to previous years	5	(38)
Total tax on profit for the year	**611**	**631**
Tax on profit for the year breaks down as follows:		
Calculated tax on profit for the year before tax	22.0%	23.5%
Adjustment of calculated tax in foreign Group enterprises relative to 22.0%	10.4%	2.2%
Change in deferred tax from change in corporation tax rate	0.8%	0.5%
Tax effect of:		
Non-deductible expenses/ non-taxable income	(2.3%)	(0.9%)
Non-deductible losses/ non-taxable gains on shares	0.0%	0.0%
Tax adjustment relating to previous years	0.2%	(1.4%)
Tax asset valuation adjustments, net	(7.7%)	(3.0%)
Other taxes and adjustments	3.3%	2.6%
Effective tax rate	**26.7%**	**23.5%**
Tax on other comprehensive income:		
Fair value adjustment of hedging instruments	10	(9)
Actuarial gains/(losses)	44	(24)
Total	**54**	**(33)**

DEFERRED TAX

Deferred tax assets recognised in the balance sheet

(DKKm)	2016	2015
Deferred tax at 1 January	**(194)**	**(122)**
Deferred tax for the year	(150)	4
Tax adjustment relating to previous years	(8)	(48)
Tax on changes in equity	(65)	(30)
Additions from business combinations	(293)	-
Other adjustments	(34)	2
Deferred tax at 31 December	**(744)**	**(194)**

The acquisition of UTi Worldwide Inc. has resulted in an increase in existing deferred tax assets of DKK 293 million.

Deferred tax assets not recognised in the balance sheet

(DKKm)	2016	2015
Temporary differences	153	31
Tax loss carryforwards	986	977
Total tax assets not recognised	**1,139**	**1,008**

Of tax loss carryforwards, DKK 784 million may be carried forward indefinitely. The remaining DKK 202 million can be carried forward for up to 16 years.

The deferred tax assets and liabilities recognised are allocated to the following items:

2016 (DKKm)	Beginning of year	Recognised in profit/loss	Recognised in equity	Additions from business combinations	Other adjustments	Currency translation adjustments	End of year	Deferred tax assets	Deferred tax liabilities
Intangible assets	263	42	-	(19)	(136)	(2)	148	(98)	(50)
Property, plant and equipment	84	137	-	16	(3)	-	234	11	(245)
Provisions	(332)	(78)	(44)	(116)	(9)	4	(575)	453	122
Other liabilities	59	(26)	(21)	(81)	8	(2)	(63)	191	(128)
Tax base of tax loss carryforwards	(268)	(233)	-	(93)	108	(2)	(488)	474	14
Total	**(194)**	**(158)**	**(65)**	**(293)**	**(32)**	**(2)**	**(744)**	**1,031**	**(287)**

2015 (DKKm)	Beginning of year	Recognised in profit/loss	Recognised in equity	Additions from business combinations	Other adjustments	Currency translation adjustments	End of year	Deferred tax assets	Deferred tax liabilities
Intangible assets	269	(7)	-		-	1	263	26	(289)
Property, plant and equipment	109	(27)	-		-	2	84	-	(84)
Provisions	(306)	(47)	24		-	(3)	(332)	332	-
Other liabilities	40	71	(54)		1	1	59	38	(97)
Tax base of tax loss carryforwards	(234)	(34)	-		-	-	(268)	268	-
Offsets	-	-	-		-	-	-	(149)	149
Total	**(122)**	**(44)**	**(30)**		**1**	**1**	**(194)**	**515**	**(321)**

5.3 Remuneration of the Executive Board and the Board of Directors

Executive Board

The members of the Executive Board are subject to a notice period of up to 24 months. Remuneration of the members of the Executive Board and the Board of Directors complies with the principles of the Company's Remuneration Policy.

The aggregate remuneration for the members of the Executive Board for 2016 was DKK 27.4 million (2015: DKK 22.1 million). The remuneration of the Executive Board breaks down as follows:

	Jens Bjørn Andersen		Jens H. Lund	
(DKKm)	2016	2015	2016	2015
Fixed salary	8.2	6.9	6.0	4.7
Pension	2.0	1.4	1.4	0.8
Bonus	3.5	3.0	2.7	2.2
Share-based payment	2.1	1.8	1.5	1.3
Total	**15.8**	**13.1**	**11.6**	**9.0**

Board of Directors

The aggregate remuneration for the Board of Directors of DSV A/S for 2016 was DKK 4.9 million (2015: DKK 4.9 million). The remuneration of the Board of Directors breaks down as follows:

(DKK '000)	2016	2015
Kurt K. Larsen, Chairman	1,803	1,803
Thomas Plenborg	1,100	1,050
Annette Sadolin	700	675
Birgit W. Nørgaard	500	500
Robert S. Kledal	400	400
Jørgen Møller (elected 2015)	400	300
Erik B. Pedersen (resigned 2015)	-	175
Total remuneration of the Board of Directors of the Parent	**4,903**	**4,903**

5.4 Share option schemes and shares held by Management

Accounting policies
The value of the employee services received in exchange for the share options granted corresponds to the fair value of the share options at the date of grant. The fair value of equity-settled share-based payment schemes is measured at the grant date and recognised in the income statement as staff costs over the period until the share options are vested. The offsetting item is recognised directly in equity.

The fair value of the options granted is estimated on the basis of the Black & Scholes valuation model. The estimate takes into account the terms and conditions applicable to the grant of share options and Management's expectations of the development in the elements on which the valuation model is based. On initial recognition, an estimate is made of the number of share options that the employees are expected to earn. The estimated number of share options is adjusted subsequently to reflect the actual number of share options earned.

Accounting estimates
The fair value of each equity-settled share-based payment scheme is calculated based on the Black & Scholes valuation model. The assumptions used are based on Management's estimates. The estimated volatility is based on the historical volatility over the preceding 3 years adjusted for any unusual circumstances during the period.

The valuation of the share options granted in 2016 and 2015 is based on the following assumptions:

Assumptions	2016	2015
Share price	274.25	215.00
Volatility	19.00%	15.5%
Risk-free interest rate	0.20%	0.30%
Expected dividends	1.25%	1.25%
Expected remaining life (years)	3.50	3.50

Share option schemes
DSV has launched incentive share-based payment schemes with the purpose of motivating and retaining senior staff and members of the Executive Board. The schemes are also intended to align the interests of staff and shareholders. All exercise prices are set on the basis of the quoted market price at the date of grant. The share options can be exercised by the employees by cash purchase of shares only. The obligation relating to the schemes is partly covered by the Company's treasury shares.

The share options were granted pursuant to the procedures laid down in the Group's Remuneration Policy applicable in the relevant year.

A total of 1,697 employees held share options at 31 December 2016.

CURRENT SHARE OPTION SCHEMES

Scheme	Number of employees	Options granted	Exercise price	Market value at date of grant (DKKm)
2012	1,035	1,964,500	128.00	38.0
2013	1,059	1,996,000	142.00	31.5
2014	1,128	2,119,500	166.75	39.9
2015	1,164	2,168,000	215.00	39.7
2016	1,546	2,702,000	274.25	76.5

INCENTIVE SCHEMES AT 31 DECEMBER 2016

	Exercise period	Board of Directors	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding share options of 2012 scheme	01.04.15 - 31.03.17	-	-	153,000	153,000	128.00
Outstanding share options of 2013 scheme	02.04.16 - 29.03.18	-	170,000	556,000	726,000	142.00
Outstanding share options of 2014 scheme	31.03.17 - 29.03.19	32,000	170,000	1,762,000	1,964,000	166.75
Outstanding share options of 2015 scheme	03.04.18 - 31.03.20	32,000	170,000	1,878,500	2,080,500	215.00
Outstanding share options of 2016 scheme	01.04.19 - 31.03.21	-	190,000	2,457,500	2,647,500	274.25
Outstanding at 31 December 2016		**64,000**	**700,000**	**6,807,000**	**7,571,000**	**214.44**
Exercise period open at 31 December 2016		**-**	**170,000**	**709,000**	**879,000**	**139.56**
Life (years)		2.75	2.79	3.12	3.09	
Market value (DKKm)		7.7	79.6	685.3	772.6	

OUTSTANDING SHARE OPTIONS

	Board of Directors [1]	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding at 1 January 2015	**-**	**510,000**	**6,132,009**	**6,642,009**	**143.45**
Granted	-	170,000	1,998,000	2,168,000	215.00
Transferred [1]	128,000	-	(128,000)	-	-
Exercised	(32,000)	(170,000)	(1,779,509)	(1,981,509)	125.97
Options waived/expired	-	-	(196,000)	(196,000)	163.12
Outstanding at 31 December 2015	**96,000**	**510,000**	**6,026,500**	**6,632,500**	**171.47**
Granted	-	190,000	2,512,000	2,702,000	274.25
Exercised	(32,000)	-	(1,565,500)	(1,597,500)	137.93
Options waived/expired	-	-	(166,000)	(166,000)	207.35
Outstanding at 31 December 2016	**64,000**	**700,000**	**6,807,000**	**7,571,000**	**214.44**

[1)] Options of member of the Board of Directors, previously received in the Director's former capacity as senior staff member at DSV.

The average share price for options exercised in the financial year was DKK 289.68 per share at the date of exercise.

Outstanding share options for Executive Board members were granted to Jens Bjørn Andersen (410,000 options) and Jens H. Lund (290,000 options).

SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

	Shares at beginning of year	Shares purchased in 2016	Shares sold in 2016	Shares at year end	Market value (DKKm)
Jens Bjørn Andersen [1]	50,000	-	-	50,000	15.7
Jens H. Lund [2]	39,335	-	-	39,335	12.4
Kurt K. Larsen [3]	157,590	14,720	-	172,310	54.1
Annette Sadolin	6,635	-	-	6,635	2.1
Robert S. Kledal	2,000	-	-	2,000	0.6
Jørgen Møller	-	32,000	(32,000)	-	0.0
Thomas Plenborg	-	5,099	-	5,099	1.6
Total	**255,560**	**51,819**	**(32,000)**	**275,379**	**86.5**

[1)] Of which 50,000 shares are held in a custody account in the name of a related party.

[2)] Of which 31,200 shares are held in a custody account in the name of a related party.

[3)] Of which 70,500 shares are held in a custody account in the name of a related party.

5.5 Fees to auditors appointed at the Annual General Meeting

(DKKm)	2016	2015
Statutory audit	21	14
Tax and VAT advisory services	2	4
Other services	4	4
Total fees to auditors appointed at the Annual General Meeting	**27**	**22**
Audit, tax and other services	19	9
Others, total fees	**19**	**9**
Total fees	**46**	**31**

5.6 Contingent liabilities and security for debt

Contingent liabilities

Accounting policies
Contingent liabilities comprise liabilities which have not yet been confirmed and which may result in a drain on the Group's resources or constructive liabilities that cannot be reliably measured.

Contingent liabilities 2016
As an international transport service provider, DSV is regularly involved in tax and VAT disputes and other legal proceedings and receives inquiries from competition authorities. The effects of some of these cases are recognised based on Management's assessment of their expected outcome. Management believes that these cases will have no material impact on the financial position of the Group.

Security for debt

Bank guarantees
As part of its ordinary operations, DSV has provided bank guarantees to authorities, suppliers, etc. The counterparties may claim appropriation of collateral if DSV fails to pay any amount due.

At the reporting date, all liabilities relating to the bank guarantees provided were recognised in the balance sheet or described in note 3.4 as operating lease obligations.

Pledges
At 31 December 2016, property, plant and equipment with a carrying amount of DKK 277 million were pledged as security. The carrying amount of debt secured by pledges amounted to DKK 294 million.

Contracts
DSV has concluded IT service contracts. The costs related to these contracts are recognised as the services are provided.

5.7 Related-party transactions

DSV has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and the Executive Board.

Related-party transactions

Board of Directors and Executive Board
No transactions were made in 2016 other than ordinary remuneration, as described in notes 5.3 and 5.4.

Associated companies
DSV holds ownership interests in 9 associates (2015: 7 associates). The Group's share of associates' profit for the year amounted to DKK 6 million (2015: DKK 2 million). The carrying amount of the investment for the year was DKK 32 million at 31 December 2016 (2015: DKK 28 million).

The Group had the following transactions with associates:

(DKKm)	2016	2015
Sale of services	78	103
Purchase of services	174	171

The Group had the following outstanding balances with associates at 31 December 2016:

(DKKm)	2016	2015
Receivables	66	5
Liabilities	18	15

Definition of financial highlights

Key figures, financial and share ratios are calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society, except for financial ratios marked with * as these are either derived or not included in the Recommendations. Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Key figures

Net interest-bearing debt (NIBD)	=	Interest-bearing debt less interest-bearing assets and cash and cash equivalents
Net working capital (NWC)	=	Receivables and other current operating assets less trade payables and other payables and other current operating liabilities
Invested capital	=	NWC + property, plant and equipment, intangible assets including goodwill and customer relationships less long-term provisions
Adjusted earnings	=	The DSV A/S shareholders' share of profit for the reporting period adjusted for amortisation and impairment of goodwill and customer relationships, costs related to share-based payments and special items. The tax effect of the adjustments has been taken into account

Financial ratios

Gross margin $= \dfrac{\text{Gross profit * 100}}{\text{Net revenue}}$

Operating margin $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Net revenue}}$

Conversion ratio $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Gross profit}}$

Effective tax rate* $= \dfrac{\text{Tax on profit for the year}}{\text{Profit before tax}}$

ROIC before tax $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Average invested capital}}$

Return on equity (ROE) $= \dfrac{\text{Profit attributable to the shareholders of DSV A/S * 100}}{\text{Average equity excluding non-controlling interests}}$

Solvency ratio $= \dfrac{\text{Equity excluding non-controlling interests * 100}}{\text{Total assets}}$

Gearing ratio* $= \dfrac{\text{Net interest-bearing debt}}{\text{Operating profit before amortisation, impairment of goodwill and special items}}$

Share ratios

Earnings per share $= \dfrac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares}}$

Earnings per share diluted $= \dfrac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares diluted}}$

Adjusted earnings per share diluted $= \dfrac{\text{Adjusted earnings}}{\text{Average number of shares diluted}}$

Number of shares	=	Total number of shares outstanding excluding treasury shares at the reporting date
Average number of shares	=	Average number of shares outstanding during the reporting period
Average number of shares diluted	=	Average number of shares outstanding during the reporting period including share options, but excluding out-of-the-money options measured relative to the average share price for the period

Group structure

The overview below is a list of active companies of the DSV Group at 31 December 2016 and shows the companies by segment and not by legal structure.

	Country	Ownership share	Air & Sea	Road	Solutions
Parent					
DSV A/S	Denmark	-			
Subsidiaries					
Europe					
DSV Österreich Spedition GmbH	Austria	100%	x	x	
DSV Transport Ltd.	Belarus	100%		x	
ABX Worldwide Holdings NV/SA	Belgium	100%			
DSV Air & Sea NV	Belgium	100%	x		
Maartens Art Packers and Shippers B.V.B.A.	Belgium	100%	x		
DSV Road Holding NV	Belgium	100%		x	
DSV Solutions N.V.	Belgium	100%	x		x
DSV Logistics N.V.	Belgium	100%			x
DSV Road N.V.	Belgium	100%		x	
Marine Cargo Insurance (MCI) Agents N.V.	Belgium	100%		x	
DSV Air & Sea OOD	Bulgaria	100%	x		
DSV Road EOOD	Bulgaria	100%		x	x
DSV Hrvatska d.o.o.	Croatia	100%		x	
DSV Air & Sea s.r.o.	Czech Republic	100%	x		
UTi (CZ) s.r.o.	Czech Republic	100%	x		x
DSV Road a.s.	Czech Republic	100%		x	x
DSV Air & Sea A/S	Denmark	100%	x		
DSV Ocean Transport A/S	Denmark	100%	x		
DSV Solutions A/S	Denmark	100%			x
DSV Road A/S	Denmark	100%		x	
Ejendomsselskabet Hedensted ApS	Denmark	100%		x	
DSV Insurance A/S	Denmark	100%			
DSV Group Services A/S	Denmark	100%			
DSV Property ApS	Denmark	100%			
DSV FS A/S	Denmark	100%			
GP0615 ApS	Denmark	100%			
DSV Air & Sea Holding A/S	Denmark	100%	x		
DSV Solutions Holding A/S	Denmark	100%			x
DSV Road Holding A/S	Denmark	100%		x	
DSV Transport AS	Estonia	100%	x	x	
DSV Air & Sea Oy	Finland	100%	x		
UTi Logistics (Finland) Oy	Finland	100%	x		
DSV Solutions Oy	Finland	100%			x
DSV Road Oy	Finland	100%		x	
Haxlog Silver Oy	Finland	100%			x
Haxlog Silver Real Estate Oy	Finland	100%			x
DSV Air & Sea SAS	France	100%	x		
UTi Logistics France S.A.R.L.	France	100%	x		
DSV Solutions SAS	France	100%			x
DSV Road SAS	France	100%		x	
ING REEIF WATTRELOS	France	100%		x	
PORTIMMO	France	100%		x	
DSV Road Holding S.A.	France	100%		x	
DSV Air & Sea GmbH	Germany	100%	x		
UTi Deutschland GmbH	Germany	100%	x		
POP Gesellschaft für Prozesslogistik mbH	Germany	100%			x
UTi Logistik Deutschland GmbH – Hungary Branch	Germany	100%			x
DSV Solutions GmbH	Germany	100%			x
DSV Stuttgart GmbH & Co. KG	Germany	100%		x	x

	Country	Ownership share	Air & Sea	Road	Solutions
Europe (continued)					
DSV Stuttgart Verwaltung GmbH	Germany	100%			x
Administration & Accounting Service GmbH	Germany	100%		x	
Jolkos Grundstücksverwaltungsgesellschaft mbH	Germany	94%		x	
DSV Road GmbH	Germany	100%		x	
DSV Immobilien GmbH	Germany	100%		x	
Verwaltung Habacker Property 32 GmbH	Germany	100%		x	
GP0615 ApS & Co. Am Zunderbaum KG	Germany	100%		x	x
DSV Real Estate Bochum ApS & Co. KG	Germany	100%		x	
DSV Real Estate Peine ApS & Co. KG	Germany	100%		x	
DSV Solutions Group GmbH	Germany	100%			x
DSV HELLAS S.A.	Greece	100%	x	x	
UTi Networks Limited	Guernsey	100%	x		
UTi (Hungary) Kft	Hungary	100%			x
DSV Hungaria Kft.	Hungary	100%	x	x	
DSV Air & Sea Limited	Ireland	100%	x		
UTi Ireland Ltd.	Ireland	100%	x		
DSV Solutions Ltd.	Ireland	100%			x
UTI Inventory Management Solutions Limited	Ireland	100%			x
DSV Road Limited	Ireland	100%		x	
DSV Air & Sea S.r.L.	Italy	100%	x		
DSV S.p.A.	Italy	99.1%	x	x	x
UTi Italy SrL	Italy	100%	x		
DSV Road S.p.A.	Italy	100%		x	
Saima Caspian LLC	Kazakhstan	100%	x		
UTi Kazakhstan LLP	Kazakhstan	100%	x		
DSV Transport SIA	Latvia	100%	x	x	
DSV Transport UAB	Lithuania	100%	x	x	
XB Luxembourg Holdings 1 SA	Luxembourg	100%			
XB Luxembourg Holdings 2 SARL	Luxembourg	100%			
DSV Air & Sea B.V.	Netherlands	100%	x		
DSV Air & Sea Nederland B.V.	Netherlands	100%	x		
Active Airline Representatives BV	Netherlands	100%	x		
Russia Logistics B.V.	Netherlands	100%	x		
DSV Solutions Nederland B.V.	Netherlands	100%			x
VTS Beheer B.V.	Netherlands	100%			x
DSV Solutions (Dordrecht) B.V.	Netherlands	100%			x
DSV Solutions (Moerdijk) B.V.	Netherlands	100%			x
DSV Solutions 's Heerenberg B.V.	Netherlands	100%			x
Haxlog Holding B.V.	Netherlands	100%			x
DSV Road B.V.	Netherlands	100%		x	
ABX LOGISTICS (Nederland) B.V.	Netherlands	100%	x		
African Investments BV	Netherlands	100%	x		
UTi (Netherlands) Holdings BV	Netherlands	100%	x		
UTi Global Services BV	Netherlands	100%			
UTi International Networks BV	Netherlands	100%	x		
DSV Solutions Holding B.V.	Netherlands	100%			x
IMS Holdings BV	Netherlands	100%			x
DSV Road Holding N.V.	Netherlands	100%			
DSV Air & Sea AS	Norway	100%	x		
DSV Solutions AS	Norway	100%			x
DSV Road AS	Norway	100%		x	
DSV Air & Sea Sp. z o.o.	Poland	100%	x		
UTi Poland Sp. Zo. o.	Poland	100%	x		
DSV Road Sp. z.o.o.	Poland	100%		x	
DSV Solutions Sp. z.o.o.	Poland	100%			x
DSV International Shared Services Sp. z o.o.	Poland	100%			

	Country	Ownership share	Air & Sea	Road	Solutions
Europe (continued)					
DSV Real Estate Warsaw Sp. z o.o.	Poland	100%			
UTi Portugal LDA	Portugal	100%	x		
DSV Solutions, Lda.	Portugal	100%		x	
DSV Transitarios, Lda.	Portugal	100%	x	x	
DSV SGPS, Lda.	Portugal	100%		x	
UTi Logisitics Romania S.R.L.	Romania	100%	x		
DSV Solutions S.R.L.	Romania	100%	x	x	x
DSV Solutions OOO	Russia	100%			x
DSV Road OOO	Russia	100%	x	x	
OOO DSV Transport	Russia	100%		x	
DSV Road d.o.o.	Serbia	100%		x	
UTi Slovakia s.r.o.	Slovakia	100%	x		
UTi Logistics Slovakia s.r.o.	Slovakia	100%	x		x
DSV Slovakia S.R.O.	Slovakia	100%	x	x	x
DSV Transport d.o.o.	Slovenia	100%	x	x	
Tacisa Transitaria S.L.	Spain	100%	x		
Techicos Asesores De Serguros Brokers Corredure, S.A.	Spain	100%	x		
DSV Solutions Spain S.A.U.	Spain	100%			x
Servicios Logisticos Integrados SLI, S.A.	Spain	100%	x		x
DSV Road Spain S.A.U.	Spain	100%		x	
DSV Air & Sea, S.A.U.	Spain	100%	x		
DSV Holding Spain S.L.	Spain	100%		x	
DSV Air & Sea AB	Sweden	100%	x		
UTi Logistics AB	Sweden	100%	x		
DSV Solutions AB	Sweden	100%			x
DSV Road AB	Sweden	100%		x	
Sverige Ontime Logistics AB	Sweden	100%		x	
Göinge Frakt EK	Sweden	100%		x	
DSV Road Property Holding AB	Sweden	100%		x	
DSV Group AB	Sweden	100%		x	
DSV Logistics S.A.	Switzerland	100%	x	x	x
DSV Air & Sea A.S.	Turkey	100%	x		
DSV Road & Solutions A.S.	Turkey	100%		x	x
DSV Logistics LLC	Ukraine	100%	x	x	
DSV Air & Sea Limited	United Kingdom	100%	x		
UTi Worldwide (UK) Ltd.	United Kingdom	100%	x		
Virtualized Logistics Ltd.	United Kingdom	100%	x		
SBS Worldwide Ltd.	United Kingdom	100%	x		
S. Black Ltd.	United Kingdom	100%	x		
DSV Commercials Ltd.	United Kingdom	100%		x	
DSV Road Ltd.	United Kingdom	100%		x	
DSV Pension Trustees Ltd.	United Kingdom	100%		x	
DSV Solutions Ltd.	United Kingdom	100%			x
DFDS Transport Ltd.	United Kingdom	100%		x	
UTi (UK) Holdings Ltd.	United Kingdom	100%	x		
SBS Worldwide (Holdings) Ltd.	United Kingdom	100%	x		
DSV Road Holding Ltd.	United Kingdom	100%		x	
North America					
DSV Air & Sea Inc.	Canada	100%	x	x	
DSV Solutions Inc.	Canada	100%			x
DSV Air & Sea, S.A. de C.V.	Mexico	100%	x		
UTi Services S.A. de C.V.	Mexico	100%	x		
UTi Admin Services S.A. de C.V.	Mexico	100%	x		
DSV Solutions S.A. de C.V.	Mexico	100%			x
DSV Air & Sea Inc.	United States	100%	x	x	

	Country	Ownership share	Air & Sea	Road	Solutions
North America (continued)					
UTi United States LLC	United States	100%	x		
DSV Solutions Inc.	United States	100%			x
DSV Solutions, LLC	United States	100%			x
UTi Inventory Management Solutions Inc.	United States	100%			x
Market Transport, Ltd.	United States	100%		x	
Sammons Transportation, Inc.	United States	100%		x	
DSV Road, Inc.	United States	100%		x	
Market Logistics Services, Ltd.	United States	100%		x	
DSV Air & Sea Holding Inc.	United States	100%	x		
UTi, Services, Inc.	United States	100%	x		
Market Industries, Ltd.	United States	100%		x	
South America					
DSV Air & Sea S.A.	Argentina	100%	x		
UTi Logistics Argentina S.A.	Argentina	100%	x		
DSV Air & Sea Logística Ltda.	Brazil	100%	x		
UTi do Brasil Limitada	Brazil	100%	x		
UTi do Brasil Logistica Transporte e Armazenagem Ltda	Brazil	100%	x		
UTi Worldwide Inc.	British Virgin Islands	100%			
Goddard Company Limited	British Virgin Islands	100%			
UTi International Inc.	British Virgin Islands	100%			
Pyramid Freight (Proprietary) Limited	British Virgin Islands	100%			
Corrib Limited	British Virgin Islands	100%	x		
UTi Logistics (Proprietary) Limited	British Virgin Islands	100%			
Thomas International Freight Auditors Limited	British Virgin Islands	100%			
UTi Asia Pacific Limited	British Virgin Islands	100%			
UTi Kazakhstan Investments Ltd	British Virgin Islands	100%			
UTi Africa Services Limited	British Virgin Islands	100%	x		
DSV Air & Sea (Latin America) S.A.	Chile	100%	x		
DSV Air & Sea S.A.	Chile	100%	x		
UTi Chile S.A.	Chile	100%	x		
DSV Air & Sea S.A.S.	Colombia	100%	x		
UTi Transporte Internacional S.A.	Colombia	100%	x		
UTi Colombia S.A. SIA	Colombia	100%	x		
DSV Air & Sea S.A.	Costa Rica	100%	x		
UTi (NA) Holdings NV	Curacao	100%			
DSV Air & Sea S.A.	Peru	100%	x		
UTi del Peru S.A.	Peru	100%	x		
UTi, United States, Inc.	Puerto Rico	100%	x		
UTi Uruguay SA	Uruguay	100%	x		
Asia					
DSV Air & Sea Ltd.	Bangladesh	100%	x		
ABX LOGISTICS (Bangladesh) Ltd.	Bangladesh	100%	x		
UTI Perships (Pvt) Limited - Bangladesh Branch (BDT)	Bangladesh	100%	x		
DSV Air & Sea Co., Ltd.	Cambodia	100%	x		
UTi Worldwide Co. Ltd. - Cambodia Branch (USD)	Cambodia	100%	x		
DSV Air & Sea Co., Ltd.	China	100%	x		
BaltShip (China) Co. Ltd.	China	100%	x		
DSV Logistics Co., Ltd.	China	100%			x
UTi (China) Limited	China	100%	x		
UTi Logistics (Shanghai) Company Ltd.	China	100%			x
DSV Air & Sea Ltd.	Hong Kong	100%	x		x
ABX LOGISTICS (Hong Kong) Ltd.	Hong Kong	100%	x		
UTi (HK) Limited	Hong Kong	100%	x		x
S-CHP Investments (Hong Kong) Ltd.	Hong Kong	100%	x		

	Country	Ownership share	Air & Sea	Road	Solutions
Asia (continued)					
Air and Sea Union Holdings Ltd.	Hong Kong	100%	x		
DSV Air & Sea Pvt. Ltd.	India	100%	x		
Swift Shipping and Freight Logistics Private Limited	India	100%	x		
IndAir Carriers Pvt. Ltd.	India	100%	x		
UT Worldwide (India) Pvt. Limited	India	100%	x		x
PT. DFDS Transport Indonesia	Indonesia	100%	x		
PT J.H. Bachmann (Indonesia)	Indonesia	100%	x		
PT ABX LOGISTICS (Indonesia)	Indonesia	100%	x		
PT Union Trans Internusa	Indonesia	80%	x		
DSV Air & Sea Co., Ltd.	Japan	100%	x		x
DSV Air & Sea Ltd.	Korea	100%	x		
DSV Air & Sea Sdn. Bhd.	Malaysia	100%	x		
DSV Logistics Sdn. Bhd.	Malaysia	100%	x		
UTi Worldwide (M) Sdn Bhd	Malaysia	100%	x		
UTi Inventory Management Solutions Sdn Bhd	Malaysia	100%			x
UTi Pakistan (SMC-Private) Limited	Pakistan	100%	x		
DSV Air & Sea Inc.	Philippines	100%	x		
ABX LOGISTICS Holding Philippines Inc	Philippines	98%	x		
UTi (Global Logistics) Inc.	Philippines	100%	x		
UTi Global Services B.V. - Shared Services Manila - ROHQ	Philippines	100%	x		
DSV Air & Sea Pte. Ltd.	Singapore	100%	x		x
ABX LOGISTICS Singapore PTE LTD	Singapore	100%	x		
DSV Solutions Pte Ltd.	Singapore	100%	x		x
UTi Technology Services Pte. Ltd.	Singapore	100%	x		
Inventory Solutions (Singapore) Pte. Ltd	Singapore	100%			x
UTi Pership (Pvt) Limited	Sri Lanka	51%	x		
DSV Air & Sea Co. Ltd.	Taiwan	100%	x		
DSV Solutions Co., Ltd.	Taiwan	100%			x
UTi Holding Co., Ltd.	Taiwan	100%	x		
DSV Air & Sea Ltd.	Thailand	100%	x		
DSV Solutions Ltd.	Thailand	100%	x		x
DSV Air & Sea Co., Ltd.	Vietnam	100%	x		
UTi Worldwide Vietnam Co. Ltd.	Vietnam	100%	x		
Middle East					
UTi Logistics Israel Ltd.	Israel	100%	x		
UTi Logistics Israel (Finance) 2008 Ltd	Israel	100%	x		
Trans Betah	Israel	50%	x		
Hermes Exhibition & Projects Limited	Israel	50%	x		
Carma Conveying & Carriage Limited	Israel	50%	x		
Gerlach Art Packers and Shippers Israel Ltd.	Israel	50%	x		
UTi M.P.L. Ltd	Israel	100%			x
U.T.I.-Inventory Management Solutions Limited partnership	Israel	100%			x
UTi Jordan Ltd.	Jordan	100%	x		
DSV Air & Sea (LLC)	United Arab Emirates	100%	x		x
UTi Nederland B.V. - Dubai Branch	United Arab Emirates	100%	x		
Oceania					
DSV Air & Sea Pty. Ltd.	Australia	100%	x		x
UTi (Aust) Pty Limited	Australia	100%	x		
DSV Air & Sea Limited	New Zealand	100%	x		
UTi New Zealand Ltd.	New Zealand	100%	x		
Africa					
Frans Maas Algerie S.a.r.l.	Algeria	100%		x	
DSV Air & Sea Limited	Botswana	100%	x		

	Country	Ownership share	Air & Sea	Road	Solutions
Africa (continued)					
Swift Freight International Burundi SA	Burundi	100%	x		
UTi Burundi S.A.R.L.	Burundi	100%	x		
Swift Freight DRC SPRL	DR Congo	100%	x		
UTi Egypt Limited	Egypt	100%	x		
DSV Air & Sea Limited	Ghana	100%	x		
DSV Air & Sea Limited	Kenya	100%	x		
UTK Union Transport (Kenya) Ltd.	Kenya	100%	x		
DSV Air & Sea LIMITED	Malawi	100%	x		
DSV Air & Sea Limited	Mauritius	100%	x		
UTi Holdings (Mauritius) Limited	Mauritius	100%	x		
DSV Transport Int'l S.A	Morocco	100%	x		
Terminal Handling Company	Morocco	100%	x		
DSV - Swift Freight Mozambique Limitada	Mozambique	100%	x		
DSV Air & Sea Limitada	Mozambique	100%	x		
Pyramid Freight (PTY) Limited	Namibia	100%	x		
Saima Nigeria Ltd.	Nigeria	40%	x		
Nationwide Clearing & Forwarding Ltd.	Nigeria	37%	x		
DSV Freight International Limited	Nigeria	100%	x		
DSV Air & Sea Ltd.	Rwanda	100%	x		
DSV Air and Sea (Proprietary) Limited	South Africa	100%	x		
Pyramid Freight (Pty) Limited	South Africa	100%	x		
DSV South Africa (Pty) Ltd.	South Africa	75%	x		
Ilanga Freight (Pty) Limited	South Africa	100%	x		
UTi Shared Services (Pty) Ltd.	South Africa	100%	x		
UTi Logistics (Proprietary) Limited - SC OCS Division	South Africa	100%		x	
DSV South Africa (Pty) Ltd. - UTi South Africa Region Div	South Africa	100%	x		
Scorpion Share Block (Pty) Ltd.	South Africa	100%		x	
Marine Link (Pty) Ltd.	South Africa	100%	x		
Sisonke Partnership	South Africa	100%			x
Co-ordinated Investment Holdings (Pty) Ltd.	South Africa	100%			x
Co-ordinated Materials Handling (Pty) Ltd.	South Africa	100%			x
UTi CMH Sub Assembly (Pty) Ltd.	South Africa	75%			x
Chilli Pepper Investments (Pty) Ltd.	South Africa	100%			x
Imithi Distributors (Pty) Ltd.	South Africa	100%			x
Chronic Solutions Company (Pty) Ltd.	South Africa	100%			x
Chronic Medicine Dispensary (Pty) Ltd.	South Africa	100%			x
DSV South Africa (Pty) Ltd. - SC Mounties Division	South Africa	100%			x
DSV South Africa (Pty) Ltd. - SC South Africa Division	South Africa	100%		x	
DSV South Africa (Pty) Ltd. - PLC Division	South Africa	100%		x	
DSV Air & Sea Limited	Tanzania	100%	x		
Swift Global Logistics	Togo	100%	x		
DSV Air & Sea Limited	Uganda	100%	x		
Swift Freight International (Zambia) Ltd.	Zambia	100%	x		
DSV Air & Sea Limited	Zambia	100%	x		
DSV Air & Sea (Private) Limited	Zimbabwe	100%	x		
Associates					
DSV Air & Sea LLC	Egypt	20%			
GT Stevedores Oy	Finland	25.5%			
KM Logistik GmbH	Germany	35%			
IDS Logistik GmbH	Germany	29.2%			
Sama Al Imad General Transport LLC	Iraq	30%			
MGM Lines Srl	Italy	30%			
Beavor Investments	South Africa	25%	x		
Union Temporal de Empres as LEY 18/1982	Spain	15.25%			x
Key Logistics, Inc.	United States	49%			x

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of DSV A/S for the financial year 2016.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2016.

In our opinion, the Management's commentary includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cash flow and financial position as well as a description of the significant risks and uncertainty factors that the Parent Company and the Group face.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hedehusene, 10 February 2017

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

Independent auditors' report

To the shareholders of DSV A/S

OPINION

We have audited the consolidated financial statements and the Parent Company financial statements of DSV A/S for the financial year 1 January – 31 December 2016, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the Parent Company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements and the Parent Company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the Parent Company financial statements for the financial year 2016. These matters were addressed in the context of our audit of the consolidated financial statements and the Parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditors' responsibilities for the audit of the consolidated financial statements and the Parent Company financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and the Parent Company financial statements.

ACCOUNTING FOR THE ACQUISITION OF UTI WORLDWIDE INC. IN THE CONSOLIDATED FINANCIAL STATEMENTS

On 22 January 2016, UTi Worldwide Inc. was acquired by the Group for a total consideration of DKK 6,588 million. Management has assessed the fair value of assets and liabilities acquired in the business combination. As there is a significant level of judgement involved in estimating the fair value of especially the intangible assets and provisions, we considered the fair value assessment of most significance in our audit.

Reference is made to note 5.1 to the consolidated financial statements.

In response to this risk, we assessed the assumptions and methodology used by Management to calculate the fair value of intangible assets against normally applied valuation methodologies. We considered the approach taken by Management, assessed key assumptions and obtained corroborative evidence for the explanations provided by comparing key assumptions to market data, where available, underlying accounting records, past performance of the acquired business, our past experience of similar transactions and Management's forecasts supporting the acquisition. We also considered the adequacy of the disclosures provided by Management related to the acquisition of UTi Worldwide Inc., including the fair value of acquired intangible assets and provisions, compared to applicable accounting standards.

NET REVENUE, DIRECT COSTS AND RELATED WORKING CAPITAL BALANCES

The Group generates Net revenue from three principal services: Air & Sea, Road and Solutions. Net revenue and Direct costs are recognised according to the terms in the contract, i.e. at the time the service is rendered. Given the significance of Net revenue and Direct costs and related working capital balances, such as Trade receivables and Work in progress, we considered these balances of most significance in our audit.

Reference is made to notes 2.1, 2.2, 2.3 and 4.4 to the consolidated financial statements.

Our procedures in relation to revenue recognition, trade receivables and work in progress included, amongst others, considering Management's revenue recognition accounting policies and assessing compliance with these policies in terms of applicable accounting standards. We identified, assessed and tested key internal controls, including IT controls in the operational systems for Air & Sea and Road, on the timing of revenue recognition and measurement of trade receivables and work in progress. On a sample basis, we tested sales transactions taking place at either side of the balance sheet date as well as credit notes issued after year end to assess whether those transactions were recognised in the correct period. We assessed the key assumptions applied by Management regarding work in progress based on our knowledge of the business and by reviewing the supporting documentation prepared by Management. We further evaluated the disclosures provided by Management in the financial statements compared to applicable accounting standards.

PROVISIONS AND CONTINGENCIES, INCLUDING LITIGATION AND INCOME TAX POSITIONS

The Group and Parent Company have engaged in an organisational restructuring following the acquisition of UTi Worldwide Inc. and have incurred significant restructuring costs. Additionally, the Group and the Parent Company are defendants in legal proceedings and/or subject to investigations by authorities, such as tax authorities. The ultimate outcome of those proceedings and investigations cannot be predicted with certainty and the amounts involved are, or may be, material to the financial statements as a whole. On this basis, we consider the audit of estimates made by Management in connection with recognition and measurement of provisions, including tax provisions, of most significance in our audit.

Reference is made to notes 3.6, 5.2 and 5.6 to the consolidated financial statements and notes 15 and 18 to the Parent Company financial statements.

In response to these risks, our procedures included, amongst others, an assessment of the measurement and timely recognition of costs and provisions in accordance with applicable accounting standards. Additionally, we evaluated legal and tax advice obtained by Management and read Board minutes to assess developments in legal proceedings and claims and tax inspections. We also obtained confirmations from the external and internal legal counsels in order to compare their expert opinions to Management's estimates used in recognition and measurement of material provisions and contingencies, as well as income tax positions. We further evaluated the disclosures provided by Management compared to applicable accounting standards.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the Parent Company financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the Parent Company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the Parent Company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we concluded that the Management's review is in accordance with the consolidated financial statements and the Parent Company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the Parent Company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the Parent Company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the Parent Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and Parent Company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the Parent Company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements and the Parent Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the Parent Company financial statements, including the disclosures, and whether the consolidated financial statements and the Parent Company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the Parent Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 10 February 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Jesper Koefoed State Authorised Public Accountant	Michael Groth Hansen State Authorised Public Accountant

Parent Company financial statements 2016

Financial statements

Notes – Basis of preparation of the financial statements of the Parent

Notes – Income statement

Notes – Balance sheet

Notes – Supplementary information

Income statement

(DKKm)	Note	2016	2015
Net revenue	4	1,114	688
Gross profit		**1,114**	**688**
Other external expenses	5	613	332
Staff costs	6	415	262
Operating profit before amortisation, depreciation and special items		**86**	**94**
Amortisation and depreciation of intangibles, property, plant and equipment		156	138
Operating profit before special items		**(70)**	**(44)**
Special items, costs	8	178	5
Financial income	9	1,666	1,087
Financial expenses	10	278	254
Profit before tax		**1,140**	**784**
Tax on profit for the year	11	33	-
Profit for the year		**1,107**	**784**
Proposed distribution of profit			
Proposed dividend per share is DKK 1.80 (2015: DKK 1.70 per share)		342	327
Transferred to equity reserves		765	457
Total distribution		**1,107**	**784**

Statement of comprehensive income

(DKKm)	2016	2015
Profit for the year	**1,107**	**784**
Items that will be reclassified to income statement when certain conditions are met:		
Fair value adjustments relating to hedging instruments	(40)	8
Fair value adjustments relating to hedging instruments transferred to financial expenses	12	29
Tax on items reclassified to income statement	5	(9)
Other comprehensive income, net of tax	**(23)**	**28**
Total comprehensive income	**1,084**	**812**

Cash flow statement

(DKKm)	Note	2016	2015
Operating profit before amortisation, depreciation and special items		86	94
Adjustments:			
Share-based payments		8	6
Change in working capital etc.		2,124	1,630
Special items		(124)	(5)
Interest received		1,666	1,087
Interest paid		(288)	(264)
Corporation tax, paid		(32)	30
Cash flow from operating activities		**3,440**	**2,578**
Purchase of intangible assets	12	(390)	(272)
Purchase of property, plant and equipment		(42)	(19)
Change in other financial assets		(11,789)	691
Cash flow from investing activities		**(12,221)**	**400**
Free cash flow		**(8,781)**	**2,978**
Non-current liabilities incurred		5,030	373
Repayment of non-current liabilities		(376)	(3,057)
Shareholders:			
Capital increase		-	4,761
Dividends distributed		(327)	(283)
Purchase of treasury shares		-	(1,419)
Sale of treasury shares		447	603
Other transactions with shareholders		16	42
Cash flow from financing activities		**4,790**	**1,020**
Cash flow for the year		**(3,991)**	**3,998**
Cash and cash equivalents 1 January		3,995	-
Cash flow for the year		(3,991)	3,998
Currency translation adjustments		(3)	(3)
Cash and cash equivalents 31 December		**1**	**3,995**

The cash flow statement cannot be directly derived from the balance sheet and income statement.

Balance sheet

Assets

(DKKm)	Note	2016	2015
Intangible assets	12	939	739
Property, plant and equipment		50	28
Investments in Group entities	13	5,602	5,602
Non-current receivables from Group entities and other non-current receivables		15,186	3,397
Total non-current assets		**21,777**	**9,766**
Receivables from Group entities and other receivables	14	6,004	4,598
Corporation tax		-	5
Cash and cash equivalents		1	3,995
Total current assets		**6,005**	**8,598**
Total assets		**27,782**	**18,364**

Equity and liabilities

(DKKm)	Note	2016	2015
Share capital		190	192
Reserves		9,432	8,202
Total equity		**9,622**	**8,394**
Deferred tax liabilities	15	112	103
Financial liabilities	16	7,511	3,235
Total non-current liabilities		**7,623**	**3,338**
Financial liabilities	16	370	-
Corporation tax		14	-
Payables to Group entities and other payables	17	10,153	6,632
Total current liabilities		**10,537**	**6,632**
Total liabilities		**18,160**	**9,970**
Total equity and liabilities		**27,782**	**18,364**

Statement of changes in equity – 2016

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Development costs reserve	Retained earnings	Total equity
Equity at 1 January 2016	**192**	**4,744**	**(9)**	**69**	**-**	**3,398**	**8,394**
Profit for the year	**-**	**-**	**-**	**-**	**245**	**862**	**1,107**
Fair value adjustments relating to hedging instruments	-	-	-	(40)	-	-	(40)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	12	-	-	12
Tax on other comprehensive income	-	-	-	5	-	-	5
Other comprehensive income, net of tax	**-**	**-**	**-**	**(23)**	**-**	**-**	**(23)**
Total comprehensive income for the year	**-**	**-**	**-**	**(23)**	**245**	**862**	**1,084**
Transactions with owners:							
Share-based payments	-	-	-	-	-	8	8
Dividends distributed	-	-	-	-	-	(327)	(327)
Sale of treasury shares	-	-	2	-	-	445	447
Capital reduction	(2)	-	2	-	-	-	-
Dividends on treasury shares	-	-	-	-	-	14	14
Other adjustments	-	-	-	-	-	2	2
Total transactions with owners	**(2)**	**-**	**4**	**-**	**-**	**142**	**144**
Equity at 31 December 2016	**190**	**4,744**	**(5)**	**46**	**245**	**4,402**	**9,622**

The retained earnings reserve at 31 December 2016 comprised a negative balance between the purchase and sale of treasury shares of DKK 8,059 million (2015: a negative balance of DKK 8,506 million). For a more detailed outline of movements in treasury shares and dividends, reference is made to notes 4.1 and 4.2 to the consolidated financial statements.

Statement of changes in equity – 2015

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2015	**177**	**-**	**(7)**	**41**	**3,693**	**3,904**
Profit for the year	**-**	**-**	**-**	**-**	**784**	**784**
Fair value adjustments relating to hedging instruments	-	-	-	8	-	8
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	29	-	29
Tax on other comprehensive income	-	-	-	(9)	-	(9)
Other comprehensive income, net of tax	**-**	**-**	**-**	**28**	**-**	**28**
Total comprehensive income for the year	**-**	**-**	**-**	**28**	**784**	**812**
Transactions with owners:						
Share-based payments	-	-	-	-	6	6
Dividends distributed	-	-	-	-	(283)	(283)
Purchase of treasury shares	-	-	(4)	-	(1,415)	(1,419)
Sale of treasury shares	-	-	-	-	603	603
Capital increase	17	4,744	-	-	-	4,761
Capital reduction	(2)	-	2	-	-	-
Dividends on treasury shares	-	-	-	-	12	12
Other adjustments	-	-	-	-	(2)	(2)
Total transactions with owners	**15**	**4,744**	**(2)**	**-**	**(1,079)**	**3,678**
Equity at 31 December 2015	**192**	**4,744**	**(9)**	**69**	**3,398**	**8,394**

Note 1 – Accounting policies

As Parent Company of the DSV Group, the financial statements of DSV A/S are separate financial statements disclosed as required by the Danish Financial Statements Act.

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Danish Financial Statements Act.

The accounting policies of the Parent are identical with the policies for the consolidated financial statements, except for the following:

Dividends from investments in subsidiaries

Dividends from investments in subsidiaries are recognised as income in the Parent's income statement under financial income in the financial year in which the dividends are declared.

Investments in subsidiaries in the Parent's financial statements

Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

Currency translation

Foreign currency adjustments of balances considered part of the total net investment in enterprises which have a functional currency other than Danish kroner are recognised in the income statement of the Parent under financials.

Note 2 – Significant accounting estimates and judgements

For the preparation of the Annual Report of DSV A/S, Management makes various accounting estimates and judgements and determines the assumptions to be used as the basis for the recognition and measurement of assets and liabilities, contingent assets and liabilities and the income and costs reported. The estimates made and assumptions used are based on historical experience and other factors deemed by Management to be reasonable in the circumstances, but, by their nature, such experience and factors are uncertain and unpredictable. The estimates are continually evaluated, and the effect of any changes is recognised in the relevant period.

Management deems the following estimates and the pertaining judgements, as well as the estimates and judgements stated in the consolidated financial statements, to be essential for the preparation of the financial statements of the Parent.

Investments in subsidiaries

Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If so, the investments will be tested for impairment in the same way as Group goodwill. In the assessment of Management, there was no such indication at 31 December 2016, and therefore investments in subsidiaries have not been tested for impairment.

Note 3 – New accounting regulations

Reference is made to Chapter 1 of the notes to the consolidated financial statements. None of the standards or interpretations referred to are expected to affect the financial statements of the Parent.

Note 4 – Net revenue

(DKKm)	2016	2015
Intra-Group charges	1,114	688
Total net revenue	**1,114**	**688**

Note 5 – Fees to auditors appointed at the Annual General Meeting

(DKKm)	2016	2015
Statutory audit	3	2
Tax and VAT advisory services	1	1
Other services	2	2
Total fees	**6**	**5**

Note 6 – Staff costs

(DKKm.)	2016	2015
Remuneration of the Board of Directors	5	5
Salaries etc.	390	239
Defined contribution pension plans	20	18
Total staff costs	**415**	**262**
Average number of full-time employees	336	310

For information on remuneration of the Executive Board and the Board of Directors, please see note 5.3 to the consolidated financial statements.

Note 7 – Share option schemes

DSV A/S has issued share options to senior staff and members of the Executive Board of the Company. Please see note 5.4 to the consolidated financial statements for a list of current incentive share option schemes and a description of the assumptions used for the valuation of the share options granted in 2016 and 2015.

INCENTIVE SCHEMES AT 31 DECEMBER 2016

	Exercise period	Board of Directors	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding share options of 2012 scheme	01.04.15 - 31.03.17	-	-	2,500	2,500	128.00
Outstanding share options of 2013 scheme	02.04.16 - 29.03.18	-	170,000	45,500	215,500	142.00
Outstanding share options of 2014 scheme	31.03.17 - 29.03.19	32,000	170,000	129,500	331,500	166.75
Outstanding share options of 2015 scheme	03.04.18 - 31.03.20	32,000	170,000	156,000	358,000	215.00
Outstanding share options of 2016 scheme	01.04.19 - 31.03.21	-	190,000	234,000	424,000	274.25
Outstanding at 31 December 2016		**64,000**	**700,000**	**567,500**	**1,331,500**	**209.88**
Exercise period open at 31 December 2016		**-**	**170,000**	**48,000**	**218,000**	**141.84**
Life (years)		2.75	2.79	3.26	2.99	
Market value (DKKm)		7.7	79.6	54.0	141.3	

OUTSTANDING SHARE OPTIONS

	Board of Directors [1]	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding at 1 January 2015	**-**	**510,000**	**404,058**	**914,058**	**144.96**
Granted	-	170,000	164,500	334,500	215.00
Transferred [1]	128,000	-	-	128,000	-
Exercised	(32,000)	(170,000)	(122,558)	(324,558)	126.68
Options waived/expired	-	-	(13,500)	(13,500)	184.06
Outstanding at 31 December 2015	**96,000**	**510,000**	**432,500**	**1,038,500**	**174.94**
Granted	-	190,000	239,500	429,500	274.25
Exercised	(32,000)	-	(93,000)	(125,000)	139.05
Options waived/expired	-	-	(11,500)	(11,500)	228.64
Outstanding at 31 December 2016	**64,000**	**700,000**	**567,500**	**1,331,500**	**209.88**

1) Options of new member of the Board of Directors, previously received in the Director's former capacity as senior staff member at another DSV company.

The average share price for options exercised in the financial year was DKK 294.23 per share at the date of exercise.

Note 8 – Special items

(DKKm)	2016	2015
Impairment and other costs relating to reorganisations	102	(10)
Transaction costs relating to the acqusition of UTi	76	15
Special items, costs	**178**	**5**

Note 9 – Financial income

(DKKm)	2016	2015
Interest income	17	14
Interest income from Group entities	503	282
Currency translation adjustments, net	-	35
Dividends from subsidiaries	1,146	756
Total financial income	**1,666**	**1,087**

Interest income includes interest on financial assets measured at amortised cost of DKK 17 million (2015: DKK 14 million).

Note 10 – Financial expenses

(DKKm)	2016	2015
Interest expenses	243	237
Interest expenses for Group entities	29	17
Currency translation adjustments, net	6	-
Total financial expenses	**278**	**254**

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 243 million (2015: DKK 237 million).

Note 11 – Tax for the year

(DKKm)	2016	2015
Tax for the year is disaggregated as follows:		
Tax on profit for the year	33	-
Tax on other comprehensive income	(5)	9
Total tax for the year	**28**	**9**
Tax on profit for the year is calculated as follows:		
Current tax	24	(9)
Deferred tax	8	16
Tax adjustment relating to previous years	1	(7)
Total tax on profit for the year	**33**	**-**
Tax on profit for the year breaks down as follows:		
Calculated tax on profit for the year before tax	22.0%	23.5%
Tax effect of:		
Non-deductible expenses/ non-taxable income	(19.4%)	(22.6%)
Tax adjustment relating to previous years	(0.1%)	(0.9%)
Effective tax rate	**2.5%**	**0.0%**

Note 12 – Intangible assets

2016

(DKKm)	Software	Software in progress	Total
Cost at 1 January	**1,196**	**237**	**1,433**
Additions for the year	63	327	390
Disposals at cost	(14)	-	(14)
Reclassification	127	(127)	-
Total cost at 31 December	**1,372**	**437**	**1,809**
Total amortisation and impairment at 1 January	**694**	**-**	**694**
Amortisation and impairment for the year	136	44	180
Amortisation of assets disposed of	(4)	-	(4)
Total amortisation and impairment at 31 December	**826**	**44**	**870**
Carrying amount at 31 December	**546**	**393**	**939**

Total value of financial lease assets amounted to DKK 9.6 million (2015: DKK 13.1 million).

2015

(DKKm)	Software	Software in progress	Total
Cost at 1 January	**1,002**	**182**	**1,184**
Additions for the year	161	111	272
Disposals at cost	(23)	-	(23)
Reclassification	56	(56)	-
Total cost at 31 December	**1,196**	**237**	**1,433**
Total amortisation and impairment at 1 January	**593**	**-**	**593**
Amortisation and impairment for the year	117	-	117
Amortisation of assets disposed of	(16)	-	(16)
Total amortisation and impairment at 31 December	**694**	**-**	**694**
Carrying amount at 31 December	**502**	**237**	**739**

Note 13 – Investments in Group entities

DSV A/S owns the following subsidiaries, all of which are included in the consolidated financial statements:

	Ownership share 2016	Ownership share 2015	Registered office	Subsidiary share capital (DKKm)
DSV Road Holding A/S	100%	100%	Hedehusene, Denmark	100
DSV Air & Sea Holding A/S	100%	100%	Hedehusene, Denmark	50
DSV Solutions Holding A/S	100%	100%	Hedehusene, Denmark	100
DSV Insurance A/S	100%	100%	Hedehusene, Denmark	25
DSV Group Services A/S	100%	100%	Hedehusene, Denmark	5
DSV FS A/S	100%	100%	Hedehusene, Denmark	0.5
UTi (NA) Holdings NV	100%	0%	Willemstad, Curacao	6,219

Note 14 – Receivables from Group entities and other receivables

(DKKm)	2016	2015
Receivables from Group entities	5,865	4,414
Fair value of derivative financial instruments	4	91
Other receivables etc.	135	93
Receivables from Group entities and other receivables at 31 December	**6,004**	**4,598**

Note 15 – Deferred tax

(DKKm)	2016	2015
Deferred tax at 1 January	103	**88**
Deferred tax for the year	8	16
Tax adjustments relating to previous years	1	(1)
Deferred tax at 31 December	**112**	**103**
Deferred tax as recognised in the balance sheet:		
Deferred tax liabilities	112	103
Deferred tax assets	-	-
Deferred tax, net	**112**	**103**
Specification of deferred tax:		
Intangible assets	120	110
Current assets	(4)	(3)
Provisions	(4)	(4)
Deferred tax at 31 December	**112**	**103**

Note 16 – Financial liabilities

(DKKm)	2016	2015
Loans and credit facilities	4,647	10
Issued bonds	3,234	3,225
Total financial liabilities	**7,881**	**3,235**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	7,511	3,235
Current liabilities	370	-
Financial liabilities at 31 December	**7,881**	**3,235**

(DKKm)	Expiry	Fixed/ floating interest rate	Carrying amount 2016	Carrying amount 2015
Bank loans (EUR)	2018-2019	Floating	4,073	-
Bond loan	2022-2022	Fixed/ floating	3,234	3,225
Other	2017-2019	Fixed	67	10
Cash	2017-2019	Floating	507	-
Loans and credit facilities at 31 December			**7,881**	**3,235**

Bank loans are subject to standard trade covenants. All financial ratio covenants were observed during the year.

The weighted average interest rate was 1.7% (2015: 3.2%).

Note 17 – Payables to Group entities and other payables

(DKKm)	2016	2015
Payables to Group entities	9,790	6,295
Fair value of derivative financial instruments	15	54
Other payables	348	283
Payables to Group entities and other payables at 31 December	**10,153**	**6,632**

Note 18 – Contingent liabilities and security for debt

Contingent liabilities

DSV A/S and the other Danish Group entities are registered jointly for VAT purposes and are jointly and severally liable for the VAT liabilities.

DSV A/S is assessed jointly for Danish tax purposes with the other domestic Group entities. DSV A/S is the administration company of the joint taxation arrangement and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. Corporation tax and withholding tax payables under the joint taxation arrangement amounted to DKK 14 million (2015: corporation tax and withholiding tax receivables of DKK 5 million), which is included in the financial statements of DSV A/S.

Parent Company guarantees

DSV A/S has guaranteed for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities, etc., in the amount of DKK 6,750 million (2015: DKK 4,468 million).

Moreover, DSV A/S has issued several declarations of intent relating to outstanding balances between subsidiaries and third parties.

Note 19 – Operating lease obligations

(DKKm)	2016	2015
Operating lease obligations relating to operating equipment fall due:		
0-1 year	44	36
1-5 years	38	40
> 5 years	-	-
Total	**82**	**76**

DSV A/S has concluded leases with an average term of 3.5 years (2015: 3.5 years).

Operating lease costs of DKK 45 million relating to other plant and operating equipment were recognised in the income statement for 2016 (2015: DKK 33 million).

Note 20 – Derivative financial instruments

Hedging instruments at 31 December 2016

(DKKm)	Contract-ual value	Maturity	Fair value	Of which recog-nised in income state-ment	Of which recog-nised in other com-prehensive income
Currency instruments	17,197	2017	4	4	-
Interest rate instruments	5,002	2017-2023	(76)	(1)	(75)
Total			**(72)**	**3**	**(75)**

Hedging instruments at 31 December 2015

(DKKm)	Contract-ual value	Maturity	Fair value	Of which recog-nised in income state-ment	Of which recog-nised in other com-prehensive income
Currency instruments	19,907	2016-2017	91	91	-
Interest rate instruments	4,763	2016-2023	(54)	(4)	(50)
Total			**37**	**87**	**(50)**

The weighted average effective interest rate for existing interest rate instruments was 0.2% at the reporting date (2015: 0.7%).

A loss on hedging instruments of DKK 6 million was recognised in the income statement for the financial year of 2016 (2015: a loss of DKK 212 million).

For the same period, hedged risks were recognised in the income statement by a loss of DKK 38 million (2015: a gain of DKK 247 million).

For more information on foreign currency and interest rate risk hedging, please see to notes 4.4 and 4.5 to the consolidated financial statements.

Note 21 – Financial risks

The liabilities of DSV A/S fall due as listed below:

2016 (DKKm)	0-1 year	1-5 years	> 5 years	Total cash flow, incl. interest
Loans, credit facilities and issued bonds	511	6,351	1,509	8,371
Other payables	348	-	-	348
Payables to Group entities	9,570	-	-	9,570
Interest rate derivatives	15	54	11	80
Total	**10,444**	**6,405**	**1,520**	**18,369**

2015 (DKKm)	0-1 year	1-5 years	> 5 years	Total cash flow, incl. interest
Loans, credit facilities and issued bonds	201	2,171	1,556	3,928
Other payables	337	-	-	337
Payables to Group entities	6,295	-	-	6,295
Interest rate derivatives	17	36	7	60
Total	**6,850**	**2,207**	**1,563**	**10,620**

The analysis of expected maturity is based on contractual cash flows, including estimated interest payments. Amounts have not been discounted, for which reason they cannot necessarily be reconciled to the related items of the balance sheet.

Financial instruments by category

(DKKm)	2016 Carrying amount	2015 Carrying amount
Financial assets:		
Derivative financial instruments	4	91
Receivables	6,004	4,598
Other receivables	15,186	3,397
Cash and cash equivalents	1	3,995
Total cash and receivables	21,191	11,990
Financial liabilities:		
Interest rate derivatives	76	54
Currency derivatives	-	-
Issued bonds measured at amortised cost	3,234	3,225
Loans and credit facilities	4,647	10
Payables to Group entities etc.	10,153	6,632
Financial liabilities measured at amortised cost	18,034	9,867

The fair value of financial assets and liabilities does not differ significantly from the carrying amount.

The valuation of financial instruments measured at fair value is based on other observable input than prices quoted in active markets (level 2). Interest rate swaps and foreign exchange forward contracts are valued using generally accepted valuation techniques based on relevant observable data.

Note 22 – Related parties

DSV has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and Executive Board.

Related-party transactions

Board of Directors and Executive Board
No transactions were made in the financial year of 2016 other than ordinary remuneration, as described in notes 5.3 and 5.4 to the consolidated financial statements.

Intra-Group transactions
No transactions were made in 2016 other than as stated in the income statement and notes.

DSV

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