

# INTERIM FINANCIAL REPORT H1 2014

Company Announcement No. 556

30 July 2014

## Selected financial and operating data for the period 1 January - 30 June 2014

(DKKm)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net revenue	12,162	11,406	23,764	22,387
Gross profit	2,608	2,553	5,073	4,957
EBIT before special items	701	680	1,247	1,189
<i>Operating margin</i>	5.8%	6.0%	5.2%	5.3%
<i>Conversion ratio</i>	26.9%	26.6%	24.6%	24.0%
Special items, net	-	23	300	25
Profit before tax	626	576	787	1,014
Adjusted earnings for the period	493	465	866	817
Adjusted free cash flow			760	674
Diluted adjusted earnings per share of DKK 1 for the period	2.83	2.60	4.92	4.57

Jens Bjørn Andersen, CEO: "We maintained the positive growth trend in number of shipments in all our business areas in the second quarter of 2014. We are gaining market share in a highly competitive market and are seeing a positive development in both earnings and cash flow despite an adverse currency effect. The earnings growth owes to our global air and sea freight activities, which reported top line growth and increased productivity. The European road freight and contract logistics markets are characterised by fierce price competition, which had an impact on our earnings in these business areas. The development in earnings and cash flow shows that the streamlining and cost management initiatives we have launched in 2014 were well-timed and will help fortify DSV's position among the most profitable global providers of freight forwarding services. We still see good possibilities for growth, both organically and through acquisitions."

DSV maintains its full-year outlook for 2014 previously announced. However, operating profit before special items is expected to be in the range of DKK 2,550 - 2,700 million against the previous outlook of DKK 2,500 - 2,700 million.

A separate company announcement about the launch of a new share buyback programme of DKK 400 million will be issued today.

### Inquiries relating to the Interim Financial Report may be addressed to:

Jens Bjørn Andersen, CEO, tel. +45 43 20 30 40

Jens H. Lund, CFO, tel. +45 43 20 30 40

Flemming Ole Nielsen, Director Investor Relations, tel. +45 43 20 33 92 or by email to [investor@dsv.com](mailto:investor@dsv.com)

This announcement is available on the Internet at [www.dsv.com](http://www.dsv.com). The announcement has been prepared in Danish and in English. In the event of discrepancies, the Danish version shall apply.

Yours sincerely,  
DSV A/S

DSV A/S, Banemarksvej 58, 2605 Brøndby, Denmark, tel. +45 43203040, CVR No. 58233528, [www.dsv.com](http://www.dsv.com).

### Global Transport and Logistics

DSV is a global supplier of transport and logistics solutions. We have offices in more than 70 countries and an international network of partners and agents, making us a truly global player that offers services worldwide. The effective, professional solutions provided by the company's 22,000 employees enabled DSV to record worldwide revenue of 6 billion euro for 2013. [www.dsv.com](http://www.dsv.com)

## Financial highlights\*

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
<b>Income statement (DKKm)</b>				
Net revenue	12,162	11,406	23,764	22,387
Gross profit	2,608	2,553	5,073	4,957
Operating profit before amortisation, depreciation and special items	832	804	1,508	1,446
Operating profit before special items (EBIT before special items)	701	680	1,247	1,189
Special items, net	-	23	300	25
Net financial expenses	75	81	160	150
Profit before tax	626	576	787	1,014
Profit for the period	464	417	583	738
Adjusted earnings for the period	493	465	866	817
<b>Balance sheet (DKKm)</b>				
DSV A/S shareholders' share of equity			6,202	5,557
Non-controlling interests			27	31
Balance sheet total			24,016	23,395
Equity			6,229	5,588
Net working capital			517	611
Net interest-bearing debt			5,728	6,528
Invested capital including goodwill and customer relationships			12,036	12,197
Gross investment in property, plant and equipment			83	131
<b>Cash flows (DKKm)</b>				
Operating activities			906	724
Investing activities			(146)	(130)
Free cash flow			760	594
Adjusted free cash flow			760	674
Financing activities (excluding dividends distributed, share buybacks and sale of treasury shares)			(271)	27
Share buybacks			(466)	(383)
Dividends distributed			(270)	(235)
Cash flow for the period			(118)	94
<b>Financial ratios (%)</b>				
Gross margin	21.4	22.4	21.3	22.1
Operating margin	5.8	6.0	5.2	5.3
Conversion ratio	26.9	26.6	24.6	24.0
Effective tax rate	25.9	27.6	25.9	27.2
ROIC before tax including goodwill and customer relationships			21.5	20.5
ROIC before tax excluding goodwill and customer relationships			73.9	67.3
Return on equity			24.1	29.2
Solvency ratio			25.8	23.8
Gearing ratio			1.8	2.2
<b>Share ratios</b>				
Earnings per share of DKK 1 for the period	2.66	2.36	3.34	4.16
Diluted earnings per share of DKK 1 for the period	2.66	2.35	3.31	4.15
Diluted adjusted earnings per share of DKK 1 for the period	2.83	2.60	4.92	4.57
Diluted adjusted earnings per share of DKK 1 for the last 12 months			10.43	9.60
Number of shares issued at 30 June ('000)			177,000	180,000
Number of treasury shares at 30 June ('000)			3,453	3,562
Average number of outstanding shares for the period ('000)	174,452	178,245	174,737	178,260
Diluted average number of outstanding shares for the period ('000)	174,489	178,608	175,902	178,864
Share price at 30 June (DKK)			177.50	139.70
<b>Staff</b>				
Number of full-time employees at 30 June			22,254	21,812

\*) For a definition of financial highlights, see p. 65 of the 2013 Annual Report.

# Management's commentary

The DSV Group reported organic gross profit growth of 3.0% and 5.9% organic growth in operating profit before special items for the first six months of 2014. Operating profit before special items came to DKK 1,247 million for the period against DKK 1,189 million for the same period of 2013. The growth for H1 2014 owes to the results of the Air & Sea Division, whereas Road and Solutions reported a slight drop in earnings. Earnings per share (diluted and adjusted) increased by 7.7% on H1 2013.

Similar to consolidated earnings, the adjusted free cash flow of the Group showed a positive development and amounted to DKK 760 million for the first six months of 2014 against DKK 674 million for the same period of 2013.

” Operating profit before special items increased by 4.9% and totalled DKK 1,247 million for H1 2014



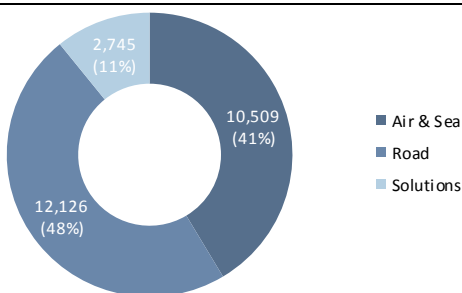
## Profit for the period

### Net revenue

For the first six months of 2014, DSV recorded revenue of DKK 23,764 million against DKK 22,387 million for the corresponding period of 2013. The organic growth was 5.5%.

For Q2 2014, revenue amounted to DKK 12,162 million against DKK 11,406 million for the same period last year. The organic growth was 6.6%.

#### NET REVENUE YTD 2014 (DKKm)



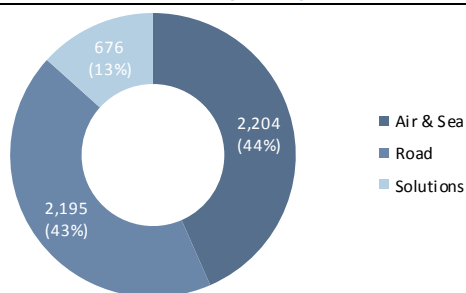
### Gross profit

Gross profit was up 2.3% and totalled DKK 5,073 million for the period. The organic growth was 3.0%.

For Q2 2014, gross profit amounted to DKK 2,608 million against DKK 2,553 million for the same period last year. The organic growth was 2.8%.

Both net revenue and gross profit were positively affected by the acquisitions made and increasing freight volumes. However, price competition also impacted negatively on gross profit.

#### GROSS PROFIT YTD 2014 (DKKm)

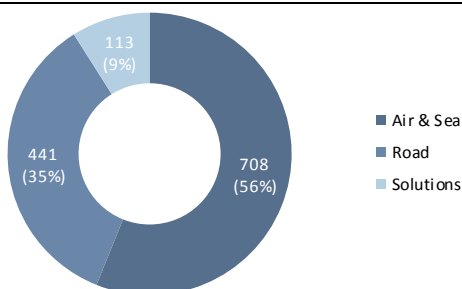


The Air & Sea and Road Divisions contributed to the high gross profit, whereas the Solutions Division reported a lower gross profit on the corresponding period of 2013.

Low exchange rates impacted negatively on gross profit by DKK 133 million, corresponding to 2.7%, in H1 2014 compared to the same period of 2013.

The consolidated gross margin for the period came to 21.3% against 22.1% for the same period of 2013.

#### Operating profit before special items YTD 2014 (DKKm)



#### Operating profit before special items

Operating profit before special items increased by 4.9% and totalled DKK 1,247 million for H1 2014. The organic growth was 5.9%.

For Q2 2014, operating profit before special items amounted to DKK 701 million against DKK 680 million for the same period last year. The organic growth was 4.3%.

Conversion ratio was 24.6% for the period against 24.0% for the same period of 2013. The high conversion ratio is attributable to the Air & Sea Division, which managed to handle a 10% volume growth without a corresponding increase in costs. The conversion ratios of Road and Solutions were slightly down on the same period last year, mainly as a result of low average earnings per consignment.

The operating margin (before special items) came to 5.2% for the first six months of 2014, which is in line with the same period last year.

#### GROWTH

(DKKm)	Q2 2013	Currency translation adjustments	Acquisitions, net	Organic growth	Organic growth	Q2 2014
Net revenue	11,406	(259)	264	751	6.6%	12,162
Gross profit	2,553	(60)	44	71	2.8%	2,608
EBIT before special items	680	(14)	6	29	4.3%	701
	YTD 2013					YTD 2014
Net revenue	22,387	(546)	677	1,246	5.5%	23,764
Gross profit	4,957	(133)	103	146	3.0%	5,073
EBIT before special items	1,189	(25)	13	70	5.9%	1,247

Low exchange rates impacted negatively on operating profit before special items by DKK 25 million, corresponding to 2.1%.

#### Special items, net

Special items netted DKK 300 million for the first six months of 2014 against DKK 25 million for the same period of 2013.

Special items for the period related to the streamlining and cost-saving initiatives launched under the project name "Operational Excellence 2.0". The programme comprises investments that relate to the establishment of DSV's international Shared Service Centre in Poland and various operational and administrative initiatives on both group, regional and local level.

The planned initiatives are expected to generate annual savings of approx. DKK 150 million, with full effect from 2015.

#### Effective tax rate

The effective tax rate was in line with expectations at 25.9% for the first six months of 2014 compared to 27.2% for the same period of 2013.

#### Profit for the period

The profit for the period was DKK 583 million against DKK 738 million for the same period of 2013. The decline was mainly due to the expenses related to the Operational Excellence 2.0 programme. Adjusted for these expenses, profit for the period would amount to DKK 805 million.

#### Diluted adjusted earnings per share

Diluted adjusted earnings per share were DKK 4.92 for the first six months of 2014, which was 7.7% higher than for the same period last year. The increase was attributable to the increase in adjusted earnings and the reduced average number of shares as a result of the share buybacks made.

The 12-month figure to the end of June 2014 was DKK 10.43 per share compared to DKK 9.60 for the same period of 2013, corresponding to an increase of 8.6%.

## Cash flows

### Working capital

The Group's funds tied up in net working capital came to DKK 517 million at 30 June 2014 against DKK 611 million at 30 June 2013. Relative to estimated full-year revenue the net working capital amounted to 1.1% at 30 June 2014 against 1.4% at 30 June 2013.

The reduced net working capital was mainly due to an increase in short-term provisions in connection with Operational Excellence 2.0. Adjusted for the short-term provisions, net working capital came to 1.6% of estimated full-year revenue, the increase mainly owing to the Air & Sea Division.

The Group's funds tied up in net working capital came to DKK 561 million at 31 December 2013.

### Cash flow from operating activities

Cash flow from operating activities was DKK 906 million for the first six months of 2014 against DKK 724 million for the same period of 2013. Cash flow from operating activities was mainly affected by the high operating profit and improved working capital compared to H1 2013.

### Free cash flow

Free cash flow for the period came to DKK 760 million against DKK 594 million for the same period last year.

## CASH FLOW STATEMENT

(DKKm)	YTD 2014	YTD 2013
<b>EBITDA before special items</b>	<b>1,508</b>	<b>1,446</b>
Change in net working capital	(165)	(232)
Adjustment, non-cash operating items	259	(81)
Adjustment, other operating items	(696)	(409)
<b>Cash flow from operating activities</b>	<b>906</b>	<b>724</b>
Purchase and sale of intangibles, property, plant and equipment	(157)	(46)
Acquisition and disposal of subsidiaries and activities	-	(80)
Other	11	(4)
<b>Cash flow from investing activities</b>	<b>(146)</b>	<b>(130)</b>
<b>Free cash flow</b>	<b>760</b>	<b>594</b>
Proceeds from and repayment of short-term and long-term debt	(343)	28
Allocated to shareholders	(736)	(618)
Exercised under share option scheme	129	91
Other transactions with shareholders	72	(1)
<b>Cash flow from financing activities</b>	<b>(878)</b>	<b>(500)</b>
<b>Cash flow for the period</b>	<b>(118)</b>	<b>94</b>
<b>Adjusted free cash flow</b>	<b>760</b>	<b>674</b>

## Capital allocation

In accordance with the Group's capital allocation policy, the adjusted free cash flow for the six-month period ended 30 June 2014 was distributed to the Company's shareholders through share buybacks (DKK 466 million) and dividend payments (DKK 270 million).

The Air & Sea Division acquired the remaining 67% of the shares in the DSV SWIFT companies in Africa with effect from 1 July 2014. The acquisition was a strategic initiative by which the Division has gained increased presence in the African continent. However, the transaction is expected to have no material impact on cash flows or profit for 2014.

## Capital structure and finances

### Equity

At 30 June 2014, the DSV A/S shareholders' share of equity was DKK 6,202 million. At 31 December 2013, Group equity was DKK 6,218 million.

Equity was mainly affected by the profit for the period, share buybacks and distribution of dividends.

At 30 June 2014, the Company's portfolio of treasury shares amounted to 3,452,548 shares, corresponding to 1.95% of all 177,000,000 shares issued. At 30 July 2014, the Company's portfolio of treasury shares amounts to 4,188,661 shares.

DSV reduced its share capital on 14 April 2014 through the cancellation of 3,000,000 treasury shares, in accordance with the resolution passed at the Company's Annual General Meeting.

The solvency ratio excluding non-controlling interests came to 25.8% at 30 June 2014. At 31 December 2013, the solvency ratio was 26.9%.

## DEVELOPMENT IN EQUITY

(DKKm)	YTD 2014	YTD 2013
<b>Equity at 1 January</b>	<b>6,218</b>	<b>5,348</b>
Net profit for the period	583	742
Dividends distributed	(270)	(235)
Purchase of treasury shares	(466)	(383)
Sale of treasury shares	129	91
Adjustments relating to hedging instruments	7	59
Tax on changes in equity	(4)	(32)
Other adjustments, net	5	(33)
<b>Equity at 30 June</b>	<b>6,202</b>	<b>5,557</b>

## Net interest-bearing debt

Net interest-bearing debt amounted to DKK 5,728 million at 30 June 2014 against DKK 5,949 million at 31 December 2013. At 30 June 2014, the financial gearing ratio was 1.8 and thus in line with the Group's capital structure target of a financial gearing ratio (measured as net interest-bearing debt/EBITDA before special items) of approx. 2.0. The financial gearing ratio may exceed 2.0 in extraordinary periods in case of major acquisitions made by the Group.

The long-term debt funding is structured as 50% bank loans and 50% corporate bonds.

The duration of the Group's long-term loan and credit facilities was 4.6 years at 30 June 2014 against 4.2 years at 31 December 2013.

In March 2014, DSV issued DKK 1,500 million worth of 8-year corporate bonds. The proceeds have been used to reduce the Group's long-term bank loans.

### Net financial expenses

Financial expenses netted DKK 160 million for the period against DKK 150 million for the same period of 2013.

### Invested capital including goodwill and customer relationships

The Group's invested capital including goodwill and customer relationships amounted to DKK 12,036 million at 30 June 2014 against DKK 12,281 million at 31 December 2013. The decline was mainly due to the low level of funds tied up in property, plant and equipment.

### ROIC

Return on invested capital including goodwill and customer relationships was 21.5% for the 12-month period ended 30 June 2014 against 20.5% for the 12-month period ended 30 June 2013.

### Impact from seasonality

Seasonality does not have any major impact on the activities of the Group.

### Outlook for 2014

DSV maintains the outlook for 2014 previously announced. However, operating profit before special items is expected to be in the range of DKK 2,550 - 2,700 million against the previous outlook of DKK 2,500 - 2,700 million. Consequently, the outlook is as follows:

- Gross profit is expected to be in the range of DKK 10,100 - 10,500 million
- Operating profit before special items is expected to be in the range of DKK 2,550 - 2,700 million
- Special items of approx. DKK 300 million are expected in connection with the execution of the Operational Excellence 2.0 investment programme
- Net financial expenses are expected to approximate DKK 300 million
- The effective tax rate of DSV is expected to be 26%
- Free cash flow before any acquisition or divestment of enterprises is expected to approximate DKK 1,600 million

Based on the market development in the first half of 2014 and the outlook for the remainder of the year, DSV raises its full-year expectations for market volume growth for 2014.

DSV maintains its goal of gaining market share and growing faster than the market. However, the high expectations for market growth are counterbalanced by a reduced profit per shipment, hence the full-year financial outlook remains unchanged.

#### MARKET GROWTH FORECAST – FREIGHT VOLUMES, 2014

	Previous	Adjusted
Sea freight	3-5% growth	3-5% growth
Air freight	1-3% growth	2-4% growth
Road	1-2% growth	1-3% growth
Solutions	1-2% growth	1-3% growth

The consolidated performance forecast is based on the exchange rates listed below:

#### EXCHANGE RATES

EUR	746
GBP	896
HKD	70
CNY	91
SEK	86
USD	550

By their nature, the expectations stated above are uncertain and involve various risks. Critical factors may influence actual results. Such factors include, but are not limited to, unforeseen changes in economic and political conditions, changes in the demand for DSV's services, consolidation in the industry and impact from the acquisition and divestment of enterprises, and other material factors, including interest rate and exchange rate fluctuations. These factors may result in the actual development and results of the Group differing from the expectations set out in this Report.

# DSV Air & Sea

## Activities

DSV Air & Sea organises transportation of cargo by air and sea. The Division offers conventional freight services through its global network supplemented by a Project Department.



” The Division reported a 9% increase in sea freight volumes and 11% in air freight for H1 2014

## INCOME STATEMENT

(DKKm)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net revenue	5,485	5,000	10,509	9,726
Direct costs	4,335	3,910	8,305	7,642
<b>Gross profit</b>	<b>1,150</b>	<b>1,090</b>	<b>2,204</b>	<b>2,084</b>
Other external expenses	234	234	470	466
Staff costs	491	479	972	939
<b>EBITDA before special items</b>	<b>425</b>	<b>377</b>	<b>762</b>	<b>679</b>
Amortisation and depreciation	12	12	24	25
Amortisation of customer relationships	15	14	30	27
<b>EBIT before special items</b>	<b>398</b>	<b>351</b>	<b>708</b>	<b>627</b>

## KEY OPERATING DATA

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Gross margin (%)	21.0	21.8	21.0	21.4
Conversion ratio (%)	34.6	32.2	32.1	30.1
Operating margin (%)	7.3	7.0	6.7	6.4
Number of full-time employees at 30 June			6,352	6,140
Total invested capital (DKKm)			6,755	6,472
Net working capital (DKKm)			1,202	1,058
ROIC (%)			22.3	22.0

## Market development

### Freight volume growth on H1 2013

	DSV Q2 2014	Market* Q2 2014	DSV YTD 2014	Market* YTD 2014
Sea freight – TEUs	9%	3-5%	9%	3-5%
Air freight – tonnes	11%	2-4%	11%	2-4%

\*) Market growth rates are based on own estimates.

The Air & Sea Division reported an increase in sea freight volumes (TEUs) of approx. 9% for H1 2014 compared to the same period of 2013 and is estimated to have gained market share. Acquirees contributed approx. 3% to the volume growth for the period.

The air freight volumes (tonnes) of the Division grew by 11% in the first six months of 2014 compared to the same period of 2013, and the Division is estimated to have gained market share also in this segment. Acquirees contributed approx. 2% to the volume growth for the period.

### Net revenue

Net revenue was up 8.1% and totalled DKK 10,509 million for the first six months of the year. The organic growth was 7.3%.

Revenue was up 9.7% in the second quarter of the year and totalled DKK 5,485 million. The organic growth was 10.5%.

The high net revenue mainly owes to the growth in freight volumes. However, net revenue was also negatively affected by low exchange rates and continued fierce competition in the main markets of the Division.

### Gross profit

Gross profit was up 5.8% and totalled DKK 2,204 million for the first six months of 2014. The organic growth was 6.6%.

Gross profit was up 5.5% in the second quarter of the year and totalled DKK 1,150 million. The organic growth was 6.7%.

Gross profit was positively affected by the growth in freight volumes, whereas gross profit per shipment declined for both sea freight and air freight compared to the same period last year. The low gross profit per shipment was mainly due to low exchange rates (the USD rate in particular) and the increased competition.

### EBIT before special items

EBIT before special items increased by 12.9% and totalled DKK 708 million for the first six months of 2014. The organic growth was 13.8%.

EBIT before special items increased 13.4% in Q2 2014 and totalled DKK 398 million. The organic growth was 15.4%. Conversion ratio for Q2 2014 was 34.6% against 32.2% for the same period last year.

Conversion ratio for the period under review was 32.1% against 30.1% for the same period last year.

The positive development in conversion ratio mainly relates to the high gross profit, coupled with stable overheads despite the integration of acquirees. The Division handled approx. 10% more volume with unchanged capacity, and the improved productivity was partly a result of continued business process optimisation and supported by a robust IT platform.

The Division's operating margin for the period under review was 6.7% against 6.4% for the same period last year.

### Working capital

The Air & Sea Division's funds tied up in net working capital came to DKK 1,202 million at 30 June 2014 against DKK 1,058 million at 30 June 2013. The increase was partly due to the high activity level and a change in payment behaviour.

## GROWTH

(DKKm)	Q2 2013	Currency translation adjustments	Acquisitions, net	Organic growth	Organic growth	Q2 2014
Net revenue	5,000	(174)	139	520	10.5%	5,485
Gross profit	1,090	(40)	28	72	6.7%	1,150
EBIT before special items	351	(16)	10	53	15.4%	398
(DKKm)	YTD 2013					YTD 2014
Net revenue	9,726	(355)	423	715	7.3%	10,509
Gross profit	2,084	(83)	67	136	6.6%	2,204
EBIT before special items	627	(25)	20	86	13.8%	708



## AIR & SEA SEGMENT INFORMATION

(DKKm)	Net revenue		Gross profit		EBIT before special items		Operating margin		Conversion ratio	
	YTD 2014	YTD 2013	YTD 2014	YTD 2013	YTD 2014	YTD 2013	YTD 2014	YTD 2013	YTD 2014	YTD 2013
EMEA	7,279	6,933	1,301	1,259	344	304	4.7	4.4	26.4	24.1
APAC	2,435	2,223	458	452	178	173	7.3	7.8	38.9	38.3
Americas	2,114	1,720	437	368	212	172	10.0	10.0	48.5	46.7
Eliminations, etc.	(1,319)	(1,150)	8	5	(26)	(22)	-	-	-	-
<b>Total</b>	<b>10,509</b>	<b>9,726</b>	<b>2,204</b>	<b>2,084</b>	<b>708</b>	<b>627</b>	<b>6.7</b>	<b>6.4</b>	<b>32.1</b>	<b>30.1</b>

## AIR AND SEA SPLIT

(DKKm)	Sea freight				Air freight			
	Q2 2014	Q2 2013	YTD 2014	YTD 2013	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net revenue	3,233	2,992	6,251	5,803	2,252	2,008	4,258	3,923
Direct costs	2,560	2,352	4,962	4,585	1,775	1,558	3,343	3,057
<b>Gross profit</b>	<b>673</b>	<b>640</b>	<b>1,289</b>	<b>1,218</b>	<b>477</b>	<b>450</b>	<b>915</b>	<b>866</b>
Gross margin (%)	20.8	21.4	20.6	21.0	21.2	22.4	21.5	22.1
Volume (TEUs/Tonnes)	216,044	198,612	412,014	376,624	70,109	63,235	136,763	122,878
Gross profit (TEUs/Tonnes)	3,116	3,224	3,128	3,239	6,795	7,107	6,693	7,039

# DSV Road

## Activities

With a complete European network, DSV Road is among the top three transport companies in Europe. The Division offers full load, part load and groupage services through a strong network of more than 200 terminals across Europe.



” The Division reported 5% growth in number of consignments for H1 2014

## INCOME STATEMENT

(DKKm)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net revenue	6,102	5,800	12,126	11,466
Direct costs	4,986	4,688	9,931	9,297
<b>Gross profit</b>	<b>1,116</b>	<b>1,112</b>	<b>2,195</b>	<b>2,169</b>
Other external expenses	253	239	507	483
Staff costs	589	574	1,182	1,153
<b>EBITDA before special items</b>	<b>274</b>	<b>299</b>	<b>506</b>	<b>533</b>
Amortisation and depreciation	27	26	55	53
Amortisation of customer relationships	5	4	10	9
<b>EBIT before special items</b>	<b>242</b>	<b>269</b>	<b>441</b>	<b>471</b>

## KEY OPERATING DATA

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Gross margin (%)	18.3	19.2	18.1	18.9
Conversion ratio (%)	21.7	24.2	20.1	21.7
Operating margin (%)	4.0	4.6	3.6	4.1
Number of full-time employees at 30 June			9,313	9,251
Total invested capital (DKKm)			3,375	3,843
Net working capital (DKKm)			(575)	(280)
ROIC (%)			25.3	23.8

## Market development

### Freight volume growth on H1 2013

	DSV Q2 2014	Market* Q2 2014	DSV YTD 2014	Market* YTD 2014
Consignments	4%	2-3%	5%	2-3%

\*) Market growth rates are based on own estimates.

With an increase in number of consignments of 5% in the first six months of 2014 on the same period last year, Management estimates that the Road Division has gained market share in most markets. Acquirees are estimated to have contributed approx. 1% to the volume growth in the period under review.

### Net revenue

Net revenue was up 5.8% and totalled DKK 12,126 million for the first six months of the year. The organic growth was 5.1%.

Revenue was up 5.2% in the second quarter of the year and totalled DKK 6,102 million. The organic growth was 4.5%.

Net revenue was mainly influenced by the growth in number of consignments.

### Gross profit

Gross profit was up 1.2% and totalled DKK 2,195 million for the first six months of 2014. The organic growth was 1.0%.

For Q2 2014, gross profit amounted to DKK 1,116 million and was thus largely unchanged from the same period last year.

The Division's gross margin for the period under review was down at 18.1% against 18.9% for the same period last year. The

European road freight market is still a competitive market with fierce price competition, which is reflected in the low gross margin.

Also, both net revenue and gross profit were negatively affected by low exchange rates in some of the Division's main markets.

### EBIT before special items

EBIT before special items dropped 6.4% and totalled DKK 441 million for the first six months of 2014. Organic growth was a negative 4.3%. Conversion ratio for the period under review was 20.1% against 21.7% for the same period last year.

EBIT before special items dropped 10.0% in Q2 2014 and totalled DKK 242 million. Conversion ratio for Q2 2014 was 21.7% against 24.2% for the same period last year.

The conversion ratio declined mainly as a result of an increase in overheads. Other external expenses and staff costs were affected by the general increase in costs and integration of acquirees, with the integration of Ontime Logistics in the Nordic countries involving an overall loss in the first six months of 2014.

We expect to see the effect in H2 2014 of the cost-saving initiatives launched under the Operational Excellence 2.0 programme.

The Division's operating margin for the period under review was 3.6% against 4.1% for the same period last year.

### Working capital

The Road Division's funds tied up in net working capital came to a negative DKK 575 million at 30 June 2014 compared to a negative DKK 280 million at 30 June 2013.

## GROWTH

(DKKm)	Q2 2013	Currency translation adjustments	Acquisitions, net	Organic growth	Organic growth	Q2 2014
Net revenue	5,800	(86)	125	263	4.5%	6,102
Gross profit	1,112	(12)	15	1	0.1%	1,116
EBIT before special items	269	-	(6)	(21)	(8.0%)	242
(DKKm)	YTD 2013					YTD 2014
Net revenue	11,466	(185)	254	591	5.1%	12,126
Gross profit	2,169	(29)	34	21	1.0%	2,195
EBIT before special items	471	(1)	(9)	(20)	(4.3%)	441

# DSV Solutions

## Activities

DSV Solutions specialises in logistics solutions across the entire supply chain, including freight management, customs clearance, warehousing and distribution, information management and e-business support.



” In the first six months of 2014, the Division’s activity level measured in order lines increased by approx. 2%

## INCOME STATEMENT

(DKKm)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net revenue	1,400	1,372	2,745	2,716
Direct costs	1,054	1,012	2,069	2,008
<b>Gross profit</b>	<b>346</b>	<b>360</b>	<b>676</b>	<b>708</b>
Other external expenses	100	110	205	229
Staff costs	140	138	280	279
<b>EBITDA before special items</b>	<b>106</b>	<b>112</b>	<b>191</b>	<b>200</b>
Amortisation and depreciation	30	27	60	61
Amortisation of customer relationships	9	9	18	18
<b>EBIT before special items</b>	<b>67</b>	<b>76</b>	<b>113</b>	<b>121</b>

## KEY OPERATING DATA

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Gross margin (%)	24.7	26.2	24.6	26.1
Conversion ratio (%)	19.4	21.1	16.7	17.1
Operating margin (%)	4.8	5.5	4.1	4.5
Number of full-time employees at 30 June			5,973	5,937
Total invested capital (DKKm)			1,652	1,722
Net working capital (DKKm)			142	135
ROIC (%)			14.7	13.8

## Market development

### Activity growth on H1 2013

	DSV Q2 2014	Market* Q2 2014	DSV YTD 2014	Market* YTD 2014
Order lines	2%	2-3%	2%	2-3%

\*) Market growth rates are based on own estimates.

Division volumes measured in order lines increased by approx. 2% in the first six months of 2014 compared to the same period of 2013, which is estimated to be in line with market growth.

### Net revenue

Net revenue was up 1.1% and totalled DKK 2,745 million for the first six months of the year. The organic growth was 2.3%.

Revenue was up 2.0% in the second quarter of the year and totalled DKK 1,400 million. The organic growth was 3.2%.

Net revenue increased mainly due to the increase in order lines.

### Gross profit

Gross profit was down 4.5% and totalled DKK 676 million for the period. Organic growth was a negative 3.8%. The gross margin for the period under review was 24.6% against 26.1% for the same period last year.

Gross profit dropped 3.8% in Q2 2014 and totalled DKK 346 million. Organic growth was a negative 3.1%. The gross margin for Q2 2014 was 24.7% against 26.2% for the same period last year.

The logistics services market is affected by surplus capacity in several countries, which is causing price pressure in a competitive market. Moreover, the rate of utilisation was too low at some Solutions locations, and the unutilised capacity impacted negatively on gross profit.

### EBIT before special items

EBIT before special items was DKK 113 million for the period against DKK 121 million for the same period of 2013. Conversion ratio for the period under review was 16.7% against 17.1% for the same period last year.

For Q2 2014, EBIT before special items dropped to DKK 67 million against DKK 76 million for the same period of 2013. Conversion ratio was 19.4% for Q2 2014 against 21.1% for the same period last year.

The low conversion ratio mainly owed to the low gross profit, which was not fully counterbalanced by cost-saving initiatives. Process optimisation and cost management remain a key focus area of the Division and these efforts will be further intensified under the Operational Excellence 2.0 programme, the effect of which is expected to materialise in H2 2014.

### Working capital

The Solutions Division's funds tied up in net working capital came to DKK 142 million at 30 June 2014 compared to DKK 135 million at 30 June 2013.

## GROWTH

(DKKm)	Q2 2013	Currency translation adjustments	Acquisitions, net	Organic growth	Organic growth	Q2 2014
Net revenue	1,372	(15)	-	43	3.2%	1,400
Gross profit	360	(3)	-	(11)	(3.1%)	346
EBIT before special items	76	-	-	(9)	(11.8%)	67
(DKKm)	YTD 2013					YTD 2014
Net revenue	2,716	(34)	-	63	2.3%	2,745
Gross profit	708	(5)	-	(27)	(3.8%)	676
EBIT before special items	121	-	-	(8)	(6.6%)	113

# Interim financial statements

## INCOME STATEMENT

(DKKm)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net revenue	12,162	11,406	23,764	22,387
Direct costs	9,554	8,853	18,691	17,430
<b>Gross profit</b>	<b>2,608</b>	<b>2,553</b>	<b>5,073</b>	<b>4,957</b>
Other external expenses	497	504	1,009	1,024
Staff costs	1,279	1,245	2,556	2,487
<b>Operating profit before amortisation, depreciation and special items</b>	<b>832</b>	<b>804</b>	<b>1,508</b>	<b>1,446</b>
Amortisation and depreciation of intangibles, property, plant and equipment	131	124	261	257
<b>Operating profit before special items</b>	<b>701</b>	<b>680</b>	<b>1,247</b>	<b>1,189</b>
Special items, net	-	23	300	25
Financial expenses, net	75	81	160	150
<b>Profit before tax</b>	<b>626</b>	<b>576</b>	<b>787</b>	<b>1,014</b>
Tax on profit for the period	162	159	204	276
<b>Profit for the period</b>	<b>464</b>	<b>417</b>	<b>583</b>	<b>738</b>
<b>Profit for the period is attributable to:</b>				
Shareholders of DSV A/S	464	420	583	742
Non-controlling interests	-	(3)	-	(4)
<b>Earnings per share:</b>				
Earnings per share of DKK 1 for the period (DKK)	2.66	2.36	3.34	4.16
Diluted earnings per share of DKK 1 for the period (DKK)	2.66	2.35	3.31	4.15
<b>Supplementary information:</b>				
Diluted adjusted earnings per share of DKK 1 for the period	2.83	2.60	4.92	4.57
Diluted adjusted earnings per share of DKK 1 for the last 12 months			10.43	9.60

## STATEMENT OF COMPREHENSIVE INCOME

(DKKm)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
<b>Profit for the period</b>	<b>464</b>	<b>417</b>	<b>583</b>	<b>738</b>
<b>Items that will be reclassified to income statement when certain conditions are met:</b>				
Currency translation adjustments, foreign enterprises	(26)	(66)	(22)	(62)
Fair value adjustment relating to hedging instruments	47	23	35	29
Fair value adjustment relating to hedging instruments transferred to financial expenses	(45)	15	(28)	30
Tax on items reclassified to income statement	-	(10)	-	(15)
<b>Other comprehensive income, net of tax</b>	<b>(24)</b>	<b>(38)</b>	<b>(15)</b>	<b>(18)</b>
<b>Total comprehensive income</b>	<b>440</b>	<b>379</b>	<b>568</b>	<b>720</b>
<b>Statement of comprehensive income is allocated to:</b>				
Shareholders of DSV A/S	440	383	568	725
Non-controlling interests	-	(4)	-	(5)
<b>Total</b>	<b>440</b>	<b>379</b>	<b>568</b>	<b>720</b>

## CASH FLOW STATEMENT

(DKKm)	YTD 2014	YTD 2013
Operating profit before amortisation, depreciation and special items	1,508	1,446
<i>Adjustment, non-cash operating items etc.:</i>		
Share-based payments	19	20
Change in provisions	240	(101)
<b>Cash flow from operating activities before special items, change in net working capital and tax</b>	<b>1,767</b>	<b>1,365</b>
Change in net working capital, excluding changes in provisions for corporation tax and current portion of provisions, etc.	(165)	(232)
Special items	(300)	(25)
Net financial expenses	(176)	(154)
Corporation tax, paid	(220)	(230)
<b>Cash flow from operating activities</b>	<b>906</b>	<b>724</b>
Purchase of intangible assets	(93)	(90)
Purchase of property, plant and equipment	(81)	(132)
Disposal of property, plant and equipment	17	176
Acquisition of subsidiaries and activities	-	(80)
Change in other financial assets	11	(4)
<b>Cash flow from investing activities</b>	<b>(146)</b>	<b>(130)</b>
<b>Free cash flow</b>	<b>760</b>	<b>594</b>
Proceeds from and repayment of short-term and long-term debt	(318)	48
Other financial liabilities incurred	(25)	(20)
Shareholders:		
Dividends distributed	(270)	(235)
Purchase of treasury shares	(466)	(383)
Sale of treasury shares, exercise of share options	129	91
Other transactions with shareholders	72	(1)
<b>Cash flow from financing activities</b>	<b>(878)</b>	<b>(500)</b>
<b>Cash flow for the period</b>	<b>(118)</b>	<b>94</b>
Cash and cash equivalents at 1 January	707	552
Cash flow for the period	(118)	94
Currency translation adjustments	(36)	34
<b>Cash and cash equivalents at 30 June</b>	<b>553</b>	<b>680</b>
The cash flow statement cannot be directly derived from the balance sheet and income statement.		
Statement of adjusted free cash flow		
Free cash flow	760	594
Net acquisition of subsidiaries and activities	-	80
<b>Adjusted free cash flow</b>	<b>760</b>	<b>674</b>

**BALANCE SHEET, ASSETS**

(DKKm)	30.06.2014	30.06.2013	31.12.2013
Intangible assets	8,961	8,773	8,982
Property, plant and equipment	3,735	4,041	3,883
Other receivables	136	161	147
Deferred tax asset	462	411	430
<b>Total non-current assets</b>	<b>13,294</b>	<b>13,386</b>	<b>13,442</b>
Trade receivables	8,121	7,942	7,469
Work in progress (services)	886	580	676
Other receivables	1,145	795	794
Cash and cash equivalents	553	680	707
Assets held for sale	17	12	12
<b>Total current assets</b>	<b>10,722</b>	<b>10,009</b>	<b>9,658</b>
<b>Total assets</b>	<b>24,016</b>	<b>23,395</b>	<b>23,100</b>

**BALANCE SHEET, EQUITY AND LIABILITIES**

(DKKm)	30.06.2014	30.06.2013	31.12.2013
Share capital	177	180	180
Reserves	6,025	5,377	6,038
<b>DSV A/S shareholders' share of equity</b>	<b>6,202</b>	<b>5,557</b>	<b>6,218</b>
Non-controlling interests	27	31	30
<b>Total equity</b>	<b>6,229</b>	<b>5,588</b>	<b>6,248</b>
Deferred tax	429	433	411
Pensions and similar obligations	1,022	1,058	1,034
Provisions	403	390	361
Financial liabilities	5,566	5,951	6,066
<b>Total non-current liabilities</b>	<b>7,420</b>	<b>7,832</b>	<b>7,872</b>
Provisions	479	241	242
Financial liabilities	715	1,257	590
Trade payables	4,650	4,549	4,537
Work in progress (services)	1,473	1,132	1,252
Other payables	2,803	2,544	2,115
Corporation tax	247	252	244
<b>Total current liabilities</b>	<b>10,367</b>	<b>9,975</b>	<b>8,980</b>
<b>Total liabilities</b>	<b>17,787</b>	<b>17,807</b>	<b>16,852</b>
<b>Total equity and liabilities</b>	<b>24,016</b>	<b>23,395</b>	<b>23,100</b>



**STATEMENT OF CHANGES IN EQUITY – 1 JANUARY - 30 JUNE 2014**

(DKKm)	Share capital	Treasury shares	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
<b>Equity at 1 January 2014</b>	<b>180</b>	<b>(5)</b>	<b>(38)</b>	<b>(44)</b>	<b>6,125</b>	<b>6,218</b>	<b>30</b>	<b>6,248</b>
<b>Profit for the period</b>	-	-	-	-	<b>583</b>	<b>583</b>	-	<b>583</b>
Currency translation adjustments, foreign enterprises	-	-	-	(22)	-	(22)	-	(22)
Fair value adjustments relating to hedging instruments	-	-	35	-	-	35	-	35
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	(28)	-	-	(28)	-	(28)
<b>Other comprehensive income, net of tax</b>	-	-	<b>7</b>	<b>(22)</b>	-	<b>(15)</b>	-	<b>(15)</b>
<b>Total comprehensive income for the period</b>	-	-	<b>7</b>	<b>(22)</b>	<b>583</b>	<b>568</b>	-	<b>568</b>
Transactions with owners:								
Share-based payments	-	-	-	-	19	19	-	19
Dividends distributed	-	-	-	-	(270)	(270)	-	(270)
Purchase and sale of treasury shares, net	-	(1)	-	-	(336)	(337)	-	(337)
Capital reduction	(3)	3	-	-	-	-	-	-
Dividends on treasury shares	-	-	-	-	8	8	-	8
Other adjustments	-	-	-	-	-	-	(3)	(3)
Tax on transactions with owners	-	-	-	-	(4)	(4)	-	(4)
<b>Total transactions with owners</b>	<b>(3)</b>	<b>2</b>	-	-	<b>(583)</b>	<b>(584)</b>	<b>(3)</b>	<b>(587)</b>
<b>Equity at 30 June 2014</b>	<b>177</b>	<b>(3)</b>	<b>(31)</b>	<b>(66)</b>	<b>6,125</b>	<b>6,202</b>	<b>27</b>	<b>6,229</b>

**STATEMENT OF CHANGES IN EQUITY – 1 JANUARY - 30 JUNE 2013**

(DKKm)	Share capital	Treasury shares	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
<b>Equity at 1 January 2013</b>	<b>188</b>	<b>(10)</b>	<b>(107)</b>	<b>16</b>	<b>5,261</b>	<b>5,348</b>	<b>37</b>	<b>5,385</b>
<b>Profit for the period</b>	-	-	-	-	<b>742</b>	<b>742</b>	<b>(4)</b>	<b>738</b>
Currency translation adjustments, foreign enterprises	-	-	-	(61)	-	(61)	(1)	(62)
Fair value adjustments relating to hedging instruments	-	-	29	-	-	29	-	29
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	30	-	-	30	-	30
Tax on other comprehensive income	-	-	(15)	-	-	(15)	-	(15)
<b>Other comprehensive income, net of tax</b>	-	-	<b>44</b>	<b>(61)</b>	-	<b>(17)</b>	<b>(1)</b>	<b>(18)</b>
<b>Total comprehensive income for the period</b>	-	-	<b>44</b>	<b>(61)</b>	<b>742</b>	<b>725</b>	<b>(5)</b>	<b>720</b>
Transactions with owners:								
Share-based payments	-	-	-	-	20	20	-	20
Dividends distributed	-	-	-	-	(235)	(235)	-	(235)
Purchase and sale of treasury shares, net	-	(1)	-	-	(291)	(292)	-	(292)
Capital reduction	(8)	8	-	-	-	-	-	-
Dividends on treasury shares	-	-	-	-	12	12	-	12
Other adjustments	-	-	-	-	(4)	(4)	(1)	(5)
Tax on transactions with owners	-	-	-	-	(17)	(17)	-	(17)
<b>Total transactions with owners</b>	<b>(8)</b>	<b>7</b>	-	-	<b>(515)</b>	<b>(516)</b>	<b>(1)</b>	<b>(517)</b>
<b>Equity at 30 June 2013</b>	<b>180</b>	<b>(3)</b>	<b>(63)</b>	<b>(45)</b>	<b>5,488</b>	<b>5,557</b>	<b>31</b>	<b>5,588</b>

# Notes

## NOTE 1 – ACCOUNTING POLICIES

The Interim Financial Report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union and Danish disclosure requirements for listed companies.

Except as stated below, the accounting policies applied are consistent with those applied in the 2013 consolidated financial statements. The 2013 consolidated financial statements provide a full description of the accounting policies applied.

### Changes in accounting policies

DSV A/S has implemented the standards and interpretations effective as from 1 January 2014. None of the changes are expected to affect DSV’s recognition and measurement of financial items.

Certain reclassifications have been made to the income statement which are not critical and which have not affected operating profit before special items or profit for the period.

## NOTE 2 – ACCOUNTING ESTIMATES AND JUDGEMENTS

For the preparation of the Interim Financial Report, Management makes various accounting estimates and judgements that affect the application of accounting policies and the recognition of assets, liabilities and income and expense items. Actual operating results may deviate from such estimates.

Critical accounting estimates and judgements are consistent with those applied in the 2013 consolidated financial statements.

## NOTE 3 – SEGMENT INFORMATION

Condensed income statement (DKKm)	Air & Sea		Road		Solutions		Other activities, non-allocated items and eliminations		Total	
	YTD 2014	YTD 2013	YTD 2014	YTD 2013	YTD 2014	YTD 2013	YTD 2014	YTD 2013	YTD 2014	YTD 2013
Revenue	10,509	9,726	12,126	11,466	2,745	2,716	412	348	25,792	24,256
Intercompany revenue	(458)	(404)	(1,020)	(985)	(168)	(149)	(382)	(331)	(2,028)	(1,869)
<b>Net revenue</b>	<b>10,051</b>	<b>9,322</b>	<b>11,106</b>	<b>10,481</b>	<b>2,577</b>	<b>2,567</b>	<b>30</b>	<b>17</b>	<b>23,764</b>	<b>22,387</b>
<b>Gross profit</b>	<b>2,204</b>	<b>2,084</b>	<b>2,195</b>	<b>2,169</b>	<b>676</b>	<b>708</b>	<b>(2)</b>	<b>(4)</b>	<b>5,073</b>	<b>4,957</b>
Other external expenses	470	466	507	483	205	229	(173)	(154)	1,009	1,024
Staff costs	972	939	1,182	1,153	280	279	122	116	2,556	2,487
Amortisation and depreciation of intangibles, property, plant and equipment	54	52	65	62	78	79	64	64	261	257
<b>EBIT before special items</b>	<b>708</b>	<b>627</b>	<b>441</b>	<b>471</b>	<b>113</b>	<b>121</b>	<b>(15)</b>	<b>(30)</b>	<b>1,247</b>	<b>1,189</b>
Total assets	14,182	13,175	10,530	10,853	3,690	3,663	(4,386)	(4,296)	24,016	23,395
Total liabilities	10,383	10,205	7,975	7,204	3,503	3,471	(4,074)	(3,073)	17,787	17,807

# Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and adopted the Interim Financial Report of DSV A/S for the six-month period ended 30 June 2014.

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and Danish disclosure requirements for interim financial reports of listed companies.

In our opinion, the Interim Financial Report gives a true and fair view of the DSV Group's assets, equity, liabilities and financial position at 30 June 2014 and of the results of the Group's activities and the cash flow for the six-month period ended 30 June 2014.

We also find that the Management's commentary provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group and a description of the major risks and elements of uncertainty faced by the Group.

Brøndby, 30 July 2014

## Executive Board:

Jens Bjørn Andersen  
CEO

Jens H. Lund  
CFO

## Board of Directors:

Kurt K. Larsen  
Chairman

Erik B. Pedersen  
Deputy Chairman

Annette Sadolin

Birgit W. Nørgaard

Thomas Plenborg

Robert Steen Kledal