



INTERIM FINANCIAL REPORT

Q3 2018

Company Announcement no. 720

26 October 2018

Selected financial and operating data for the period 1 January - 30 September 2018

(DKKm)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Net revenue	20,237	18,735	58,108	55,882
Gross profit	4,472	4,114	13,042	12,551
Operating profit (EBIT) before special items	1,507	1,313	4,112	3,682
<i>Operating margin</i>	7.4%	7.0%	7.1%	6.6%
<i>Conversion ratio</i>	33.7%	31.9%	31.5%	29.3%
Profit for the period	1,104	826	3,060	2,237
Adjusted earnings for the period	1,126	940	3,126	2,578
Adjusted free cash flow			2,631	3,047
Diluted adjusted earnings per share of DKK 1 for the period	6.1	5.0	16.8	13.6

Jens Bjørn Andersen, Group CEO: "We delivered strong results in the first nine months of 2018, including healthy top-line growth across all business areas and continued improvement of our margins. The implementation of trade tariffs continues to create uncertainty in our industry, but so far, we see a negligible impact on our activities. Based on our performance so far and expectations for the rest of the year, we are adjusting our earnings outlook."

The consolidated full-year outlook for 2018 previously announced is adjusted as follows:

- Operating profit before special items is expected to be in the range of DKK 5,400-5,600 million (previously DKK 5,300-5,600 million).
- Adjusted free cash flow is expected to approximate DKK 4,200 million (unchanged).
- The effective tax rate is expected to approximate 23% (unchanged).

A separate company announcement about the launch of a new share buyback programme of DKK 1,200 million will be issued today.

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This announcement has been forwarded to Nasdaq Copenhagen and to the press. It is also available at www.dsv.com.

Yours sincerely,
DSV A/S

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Global Transport and Logistics

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Financial highlights*

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Income statement (DKKm)				
Net revenue	20,237	18,735	58,108	55,882
Gross profit	4,472	4,114	13,042	12,551
Operating profit before amortisation, depreciation and special items	1,699	1,503	4,668	4,248
Operating profit (EBIT) before special items	1,507	1,313	4,112	3,682
Special items, costs	-	123	-	371
Net financial expenses	94	149	129	425
Profit for the period	1,104	826	3,060	2,237
Adjusted earnings for the period	1,126	940	3,126	2,578
Balance sheet (DKKm)				
DSV A/S shareholders' share of equity			15,327	14,524
Non-controlling interests			(33)	(34)
Balance sheet total			40,201	39,206
Net working capital			2,342	2,113
Net interest-bearing debt			5,602	6,298
Invested capital			20,912	21,183
Gross investment in property, plant and equipment			466	478
Cash flows (DKKm)				
Operating activities			2,776	2,910
Investing activities			(204)	(185)
Free cash flow			2,572	2,725
Adjusted free cash flow			2,631	3,047
Financing activities			(2,420)	(3,193)
Share buyback			(2,579)	(735)
Dividends distributed			(380)	(345)
Cash flow for the period			152	(468)
Financial ratios (%)				
Gross margin	22.1	22.0	22.4	22.5
Operating margin	7.4	7.0	7.1	6.6
Conversion ratio	33.7	31.9	31.5	29.3
Effective tax rate	21.9	20.7	23.2	22.5
ROIC before tax			25.2	21.4
Return on equity (ROE)			25.6	20.6
Solvency ratio			38.1	37.0
Gearing ratio			0.9	1.2
Share ratios				
Earnings per share of DKK 1	6.1	4.4	16.8	12.0
Earnings per share of DKK 1 for the last 12 months			20.9	15.0
Diluted adjusted earnings per share of DKK 1	6.1	5.0	16.8	13.6
Diluted adjusted earnings per share of DKK 1 for the last 12 months			21.6	17.3
Number of shares issued ('000)			188,000	190,000
Number of treasury shares ('000)			6,933	4,341
Average number of shares issued ('000) for the period	181,955	186,755	182,918	186,433
Average number of shares issued ('000) for the last 12 months			183,399	186,192
Average diluted number of shares ('000) for the period	185,117	189,648	186,095	189,153
Average diluted number of shares ('000) for the last 12 months			186,522	188,607
Share price on 30 September (DKK)			584.0	476.3
Staff				
Number of full-time employees on 30 September			48,182	45,161

*) For a definition of the financial highlights, please refer to page 81 of the 2017 Annual Report.

Management's commentary

The Group achieved a gross profit of DKK 13,042 million for the first nine months of 2018 against DKK 12,551 million for the same period last year. In constant currencies, the growth in gross profit was 7%.

EBIT before special items was DKK 4,112 million for the first nine months of 2018 against DKK 3,682 million for the same period of 2017. In constant currencies, growth in EBIT before special items came to 15% for the period.

” As a result of improved productivity, the conversion ratio was 33.7% for Q3 2018 against 31.9% for the same period last year.



Profit for the period

Net revenue

For the first nine months of 2018, DSV recorded a net revenue of DKK 58,108 million (2017: DKK 55,882 million). Adjusted for exchange rate fluctuations (constant currencies), growth for the period was 7.3%. The growth was driven by higher activity levels in all divisions, and DSV has gained market share, particularly within air freight and contract logistics.

In the first nine months of 2018, the Air & Sea division achieved a growth of 7.2%; Road 4.5%; and Solutions 14.9% (constant currencies).

For Q3 2018, revenue amounted to DKK 20,237 million against DKK 18,735 million for the same period last year. Growth for the period was 9.7% (constant currencies).

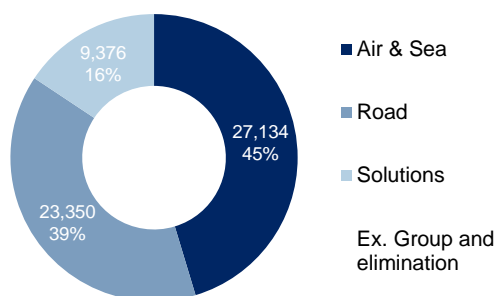
The Air & Sea division achieved a growth of 8.3%; Road 5.5%; and Solutions 25.0% in the third quarter of 2018 (constant currencies).

The global freight and logistics markets continue to trend upwards in most areas with growth rates close to the underlying GDP growth.

After a two-year period where the growth in global air freight volumes have outpaced the underlying economy we have now seen a normalisation and estimate that both the airfreight and seafreight markets will grow 3-4% in 2018.

The recent introduction of further protectionist measures, primarily between the US and China, have not yet had any material impact on DSV's transport volumes. We continue to monitor this development closely.

NET REVENUE YTD 2018 (DKKm)



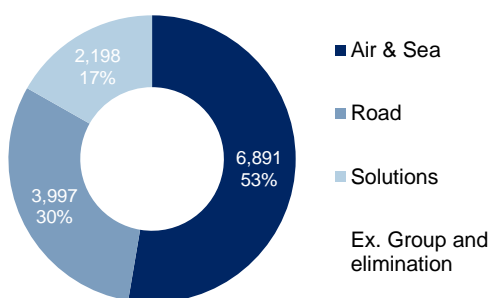
Gross profit

Gross profit was DKK 13,042 million for the first nine months of the year against DKK 12,551 million for the same period of 2017. In constant currencies, the growth in gross profit was 7.3%. The growth was primarily driven by higher activity levels in all divisions, and improved gross profit per shipment in the Air & Sea and Road divisions.

In the first nine months of 2018, the Air & Sea division achieved a growth of 10.0%; Road 1.2%; and Solutions 12.3% (constant currencies).

For Q3 2018, gross profit amounted to DKK 4,472 million against DKK 4,114 million for the same period last year. The growth was 10.1%. Air & Sea achieved a growth of 8.7%; Road 8.8%; and Solutions 18.6% (constant currencies).

GROSS PROFIT YTD 2018 (DKKm)



The gross margin was 22.4% for the first nine months of 2018 against 22.5% for the same period of 2017.

EBIT before special items

Operating profit before special items was DKK 4,112 million for the first nine months of 2018 against DKK 3,682 million for the same period of 2017. In constant currencies, growth for the period was 15.3%.

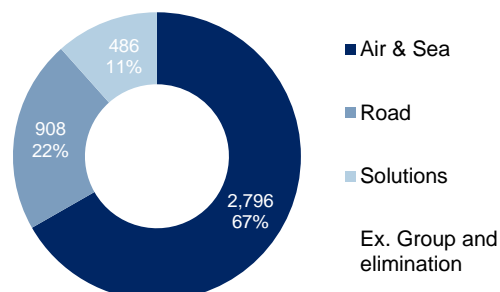
For Q3 2018, operating profit before special items amounted to DKK 1,507 million against DKK 1,313 million for the same period last year. In constant currencies, growth for the period was 15.7%.

GROWTH

(DKKm)	Q3 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q3 2018
Net revenue	18,735	(283)	1,785	9.7%	20,237
Gross profit	4,114	(51)	409	10.1%	4,472
EBIT before special items	1,313	(10)	204	15.7%	1,507
	YTD 2017				YTD 2018
Net revenue	55,882	(1,709)	3,935	7.3%	58,108
Gross profit	12,551	(394)	885	7.3%	13,042
EBIT before special items	3,682	(116)	546	15.3%	4,112

The growth in earnings in Q3 2018 is attributable to a strong performance in all divisions, not least in the Solutions division. Air & Sea achieved a growth of 13.1%; Road 11.7%; and Solutions 61.4%.

EBIT BEFORE SPECIAL ITEMS YTD 2018 (DKKm)



As a result of improved productivity, the conversion ratio was 31.5% for the nine-month period against 29.3% for the corresponding period of 2017.

The operating margin (before special items) was 7.1% for the nine-month period against 6.6% for the same period last year.

Based on a strategic road-map DSV is continuously investing in and developing the digital platforms across the organisation. A major digital milestone was reached in Q3-18 when our self-service portal myDSV was fully rolled out in the Road division. The portal is also well underway in the Air & Sea division.

Financial items

Financial items totalled a net expense of DKK 129 million for the first nine months of 2018: net interest expenses of DKK 199 million and net exchange rate gains of DKK 70 million.

For the first nine months of 2017, financial items totalled a net expense of DKK 425 million: net interest expenses of DKK 230 million and net exchange rate losses of DKK 195 million.

The exchange rate fluctuations were mainly related to intra-Group loans, which are not hedged.

Tax on profit for the period

The effective tax rate of 23.2% for the first nine months of 2018 was at the expected level.

Profit for the period

Profit for the period was DKK 3,060 million for the first nine months of the year against DKK 2,237 million for the same period of 2017. The growth was driven by higher operating profit, lower net financial expenses – and the absence of integration costs (special items) in 2018.

Diluted adjusted earnings per share

Diluted adjusted earnings per share was DKK 16.8 for the first nine months of 2018, up 23.5% compared to the same period last year.

The 12-month figure to the end of September 2018 was DKK 21.6 per share against DKK 17.3 for the same period last year, corresponding to an increase of 24.9%.

Cash flow statement

CASH FLOW STATEMENT

(DKKm)	YTD 2018	YTD 2017
Cash flow from operating activities	2,776	2,910
Cash flow from investing activities	(204)	(185)
Free cash flow	2,572	2,725
Cash flow from financing activities	(2,420)	(3,193)
Cash flow for the period	152	(468)
Adjusted free cash flow	2,631	3,047

Cash flow from operating activities

Cash flow from operating activities was DKK 2,776 million for the first nine months of 2018 against DKK 2,910 million for the same period of 2017. Operating profit before amortisation, depreciation and special items for the period was higher than last year, but fluctuations in net working capital led to a net decrease in cash flow from operating activities.

Cash flow from investing activities

Cash flow from investing activities amounted to DKK -204 million for the first nine months of 2018 against DKK -185 million for the same period of 2017.

Adjusted free cash flow

Adjusted free cash flow for the period was DKK 2,631 million against DKK 3,047 million for the same period last year. The difference is primarily due to the development in net working capital.

Net working capital

DSV's reported funds tied up in net working capital of DKK 2,342 million on 30 September 2018 against DKK 2,113 million on 30 September 2017.

Relative to full-year revenue, the net working capital amounted to 3.0% on 30 September 2018 (30 September 2017: 2.9%). The target for NWC is 2% of net revenue by year-end, but due to seasonality NWC is normally higher during the year.

Capital structure and finances

DSV A/S shareholders' share of equity

The equity interest of DSV shareholders was DKK 15,327 million on 30 September 2018 (DKK 14,835 million on 31 December 2017).

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

On 30 September 2018, the DSV's portfolio of treasury shares amounted to 6,933,377 shares, corresponding to 3.69% of the total number of shares issued. On 26 October 2018, DSV's portfolio of treasury shares amounts to 7,650,377 shares.

The solvency ratio excluding non-controlling interests was 38.1% on 30 September 2018 (30 September 2017: 37.0%).

DEVELOPMENT IN EQUITY

(DKKm)	YTD 2018	YTD 2017
Equity on 1 January	14,835	13,416
Profit for the period	3,072	2,228
Currency translation adjustments, foreign enterprises	(191)	(487)
Allocated to shareholders	(2,959)	(1,077)
Sale of treasury shares	366	282
Other equity movements	204	162
Equity on 30 September	15,327	14,524

Net interest-bearing debt

Consolidated net interest-bearing debt amounted to DKK 5,602 million on 30 September 2018 against DKK 6,298 million on 30 September 2017.

The financial gearing ratio was 0.9 on 30 September 2018 against 1.2 for the same period last year. In line with DSV's capital allocation principles, a share buyback programme of DKK 1,200 million will be initiated on 26 October 2018 to bring the financial gearing ratio within our target range (between 1.0 and 1.5x net interest-bearing debt to EBITDA). The programme will run until 1 February 2019.

The duration of DSV's bond, loan and credit facilities was 2.6 years on 30 September 2018 against 3.4 years on 30 September 2017.

On 19 September 2018, S&P Global Ratings assigned a BBB+ long-term issuer credit rating to DSV A/S with a stable outlook. It is the expectation that the rating obtained will further strengthen DSV's financing platform and reduce funding costs.

Invested capital

The Group's invested capital including goodwill and customer relationships amounted to DKK 20,912 million on 30 September 2018 against DKK 21,183 million on 30 September 2017.

Return on invested capital (ROIC before tax)

Return on invested capital including goodwill and customer relationships was 25.2% for the 12-month period ended on 30 September 2018 against 21.4% for the 12-month period ended on 30 September 2017.

Subsequent events

In company announcements number 718 and 719 from 11 and 23 October 2018, we informed that we have made two private proposals to acquire CEVA Logistics AG. The proposals were rejected by CEVA's Board of Directors and DSV has no further dialogue with CEVA.

Outlook for 2018

The consolidated full-year outlook for 2018 previously announced is upgraded as follows:

- Operating profit before special items is expected to be in the range of DKK 5,400-5,600 million (previously DKK 5,300-5,600 million).
- Adjusted free cash flow is expected to approximate DKK 4,200 million (unchanged).
- The effective tax rate is expected to approximate 23% (unchanged).

The upgrade is based on solid financial results in the first nine months, driven by both top line growth and a high conversion ratio.

We expect this good momentum will continue in the rest of 2018.

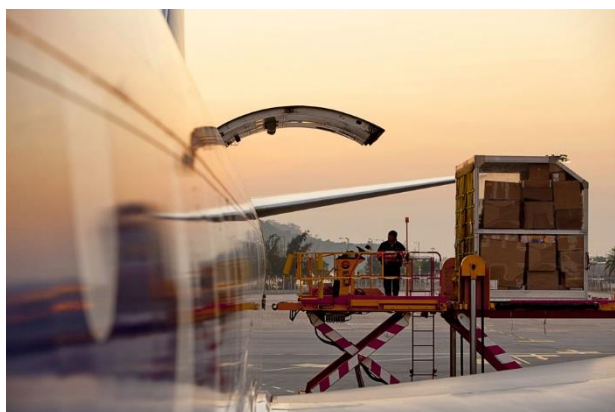
The outlook for 2018 is based on the assumption of a stable development in the markets in which the Group operates and that currency exchange rates, especially USD against DKK, will remain at the current level.

DSV Air & Sea

Activities

The Air & Sea division operates through a global network and specialises in the transportation of cargo by air and sea. The division offers both conventional freight services and tailored project cargo solutions.

For the first nine months of 2018, the division reported a 10% growth in air freight volumes and a 4% growth for sea freight. The division reported EBIT before special items of DKK 2,796 million for the first nine months of 2018 (2017: DKK 2,436 million). The conversion ratio for the first nine months of 2018 was 40.6% (2017: 37.3%).



” For Q3 2018, EBIT before special items totalled DKK 1,013 million against DKK 903 million last year.

INCOME STATEMENT

(DKKm)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Divisional net revenue	9,625	9,044	27,134	26,387
Direct costs	7,266	6,845	20,243	19,855
Gross profit	2,359	2,199	6,891	6,532
Other external expenses	439	431	1,381	1,373
Staff costs	886	839	2,649	2,638
EBITDA before special items	1,034	929	2,861	2,521
Amortisation and depreciation of intangibles, property, plant and equipment	21	26	65	85
EBIT before special items	1,013	903	2,796	2,436

KEY OPERATING DATA

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Gross margin (%)	24.5	24.3	25.4	24.8
Conversion ratio (%)	42.9	41.1	40.6	37.3
Operating margin (%)	10.5	10.0	10.3	9.2
Number of full-time employees on 30 September			12,090	12,177
Total invested capital (DKKm)			10,884	11,109
Net working capital (DKKm)			1,611	1,296
ROIC before tax (%)			32.6	26.0

Market development

Freight volume growth on 2017

	DSV Q3 2018	Market Q3 2018	DSV YTD 2018	Market YTD 2018
Sea freight – TEUs	4%	3%	4%	3%
Air freight – tonnes	7%	3%	10%	4%

Market growth rates are based on own estimates.

The division reported an increase in sea freight volumes (TEUs) of 4% for the first nine months of 2018. This is estimated to be slightly above the underlying market. DSV's growth was mainly driven by growth in export volumes from EMEA and Americas.

In the first nine months of 2018, the division reported a volume increase (tonnes) of 10% for air freight, mainly driven by strong performance on EMEA and Americas exports. The market grew an estimated 4% in the same period.

The recent introduction of further protectionist measures, primarily between the US and China, has created uncertainty for global trade. So far, the direct impact from the initial tariffs is limited, however there is a risk of potentially larger impact in the future. The trade lanes between China and US represent approx. 10-12% of DSV's air and sea volumes.

Divisional net revenue

The division's net revenue amounted to DKK 27,134 million for the first nine months of 2018 against DKK 26,387 million for the same period last year. In constant currencies, growth for the period was 7.2%.

For Q3 2018, net revenue amounted to DKK 9,625 million against DKK 9,044 million for the same period last year, corresponding to a growth in constant currencies of 8.3%.

The increase was mainly driven by the growth in freight volumes in both air and sea freight.

Gross profit

Gross profit was DKK 6,891 million for the first nine months of 2018 against DKK 6,532 million for the same period of 2017. In constant currencies, growth for the period was 10.0%.

For Q3 2018, gross profit amounted to DKK 2,359 million against DKK 2,199 million for the same period last year, corresponding to a growth in constant currencies of 8.7%.

The division's gross margin was 25.4% for the first nine months of 2018 against 24.8% for the same period last year.

Gross profit per shipment showed a satisfactory development in the first nine months of 2018 and improved for both air and sea, when adjusted for the currency headwind.

EBIT before special items

EBIT before special items was DKK 2,796 million for the first nine months of 2018 against DKK 2,436 million for the same period last year. In constant currencies, growth for the period was 19.6%.

For Q3 2018, EBIT before special items totalled DKK 1,013 million against DKK 903 million for the same period last year, corresponding to a growth in constant currencies of 13.1%.

The growth in earnings was driven by all regions with a strong performance across EMEA, the Americas and APAC.

The conversion ratio was 40.6% for the first nine months of 2018 against 37.3% for the same period last year. The operating margin was 10.3% against 9.2% for the same period last year.

For Q3 2018, the conversion ratio was 42.9% against 41.1% for the same period last year. The operating margin was 10.5% compared to 10.0% for Q3 2017.

The increases in operating margins were driven by continued improvement in productivity across the organisation. The division has successfully leveraged on the global network and efficient IT infrastructure and back office functions.

Several initiatives to further digitalise workflows and improve customer services are in progress. These initiatives include roll-out of a mobile IOD (information of delivery) app, and implementation of software robotics. Furthermore, the division continues to develop customer services, e.g. within purchase order management.

Net working capital

The Air & Sea division's funds tied up in net working capital came to DKK 1,611 million on 30 September 2018 against DKK 1,296 million on 30 September 2017.

GROWTH

(DKKm)	Q3 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q3 2018
Divisional net revenue	9,044	(157)	738	8.3%	9,625
Gross profit	2,199	(28)	188	8.7%	2,359
EBIT before special items	903	(7)	117	13.1%	1,013
	YTD 2017				YTD 2018
Divisional net revenue	26,387	(1,087)	1,834	7.2%	27,134
Gross profit	6,532	(267)	626	10.0%	6,891
EBIT before special items	2,436	(99)	459	19.6%	2,796

AIR AND SEA SPLIT

(DKKm)	Sea freight				Air freight			
	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Divisional net revenue	4,731	4,594	13,425	13,698	4,894	4,450	13,709	12,689
Direct costs	3,566	3,468	9,978	10,344	3,700	3,377	10,265	9,511
Gross profit	1,165	1,126	3,447	3,354	1,194	1,073	3,444	3,178
Gross margin (%)	24.6	24.5	25.7	24.5	24.4	24.1	25.1	25.0
Volume (TEUs/tonnes)	369,143	355,291	1,085,141	1,046,461	177,155	165,051	513,422	467,920
Gross profit per unit (DKK)	3,156	3,169	3,177	3,205	6,736	6,501	6,707	6,792

DSV Road

Activities

DSV Road is among the market leaders in Europe and, furthermore the division has operations in North America and South Africa. The division offers full load, part load and groupage services through a strong network of more than 200 terminals and operates approximately 20,000 trucks.

In the first nine months of 2018, DSV Road continued to gain market share and reported 4% growth in shipments. EBIT before special items was DKK 908 million for the first nine months of 2018 against DKK 970 million for the same period of 2017. 2017 was impacted by a gain on property transactions of DKK 125 million.



” For Q3 2018, EBIT before special items totalled DKK 345 million against DKK 311 million last year.

INCOME STATEMENT

(DKKm)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Divisional net revenue	7,812	7,514	23,350	22,831
Direct costs	6,439	6,235	19,353	18,803
Gross profit	1,373	1,279	3,997	4,028
Other external expenses	357	294	979	935
Staff costs	639	641	2,012	2,015
EBITDA before special items	377	344	1,006	1,078
Amortisation and depreciation of intangibles, property, plant and equipment	32	33	98	108
EBIT before special items	345	311	908	970

KEY OPERATING DATA

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Gross margin (%)	17.6	17.0	17.1	17.6
Conversion ratio (%)	25.1	24.3	22.7	24.1
Operating margin (%)	4.4	4.1	3.9	4.2
Number of full-time employees on 30 September			13,345	12,788
Total invested capital (DKKm)			4,579	5,291
Net working capital (DKKm)			(473)	36
ROIC before tax (%)			23.1	25.5

Market development

Freight volume growth on 2017

	DSV Q3 2018	Market Q3 2018	DSV YTD 2018	Market YTD 2018
Shipments	4%	2-3%	4%	2-3%

Market growth rates are based on own estimates.

With shipment growth of 4% in the first nine months of 2018 compared to the same period last year, Management estimates that the Road division has gained market share in most markets.

Divisional net revenue

The division's net revenue amounted to DKK 23,350 million for the first nine months of 2018 against DKK 22,831 million for the same period last year. In constant currencies, growth for the period was 4.5%.

For Q3 2018, net revenue amounted to DKK 7,812 million against DKK 7,514 million for the same period last year, corresponding to a growth in constant currencies of 5.5%.

The increase was attributable to the growth in number of shipments and higher average prices.

Gross profit

For the first nine months of 2018, gross profit totalled DKK 3,997 million against DKK 4,028 million for the same period last year. Gross profit in Q1 2017 was impacted by a net gain of approx. DKK 125 million on property transactions. Adjusted for this growth in the first nine months was 4.6% measured in constant currencies.

For Q3 2018, gross profit amounted to DKK 1,373 million against DKK 1,279 million for the same period last year, corresponding to a growth in constant currencies of 8.8%. The growth was driven by both higher volumes and better pricing.

The division's gross margin was 17.1% for the first nine months of 2018 compared to an underlying gross margin of 17.1% for the same period last year (when adjusted for property transactions in Q1-17). The gross margin for Q3 2018 was 17.6% compared to 17.0% for Q3 2017.

The gross margin reached a satisfactory level in Q3 2018. The market, however, remains highly competitive and haulage capacity is tight in most markets.

EBIT before special items

EBIT before special items was DKK 908 million for the first nine months of 2018 against DKK 970 million for the same period last year. A net gain of approx. DKK 125 million on property transactions positively impacted Q1 2017.

For Q3 2018, EBIT before special items totalled DKK 345 million against DKK 311 million for the same period last year.

The conversion ratio was 22.7% for the first nine months of 2018 against 24.1% for the same period last year. The operating margin was 3.9% against 4.2% for the same period last year.

For Q3 2018, the conversion ratio was 25.1% against 24.3% for the same period last year. The operating margin was 4.4% compared to 4.1% for Q3 2017. The improvement was primarily driven by efficient operations.

The Road division continues to focus on several IT and digitalisation projects. These include an upgrade of the Road transport management system, which is currently live in two pilot countries, and rollout of the online platform myDSV, which has now fully replaced DSV's legacy e-services systems.

Net working capital

The Road division reported funds tied up in net working capital of DKK -473 million on 30 September 2018 against DKK 36 million on 30 September 2017.

GROWTH

(DKKm)	Q3 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q3 2018
Divisional net revenue	7,514	(108)	406	5.5%	7,812
Gross profit	1,279	(17)	111	8.8%	1,373
EBIT before special items	311	(2)	36	11.7%	345
	YTD 2017				YTD 2018
Divisional net revenue	22,831	(476)	995	4.5%	23,350
Gross profit	4,028	(80)	49	1.2%	3,997
EBIT before special items	970	(16)	(46)	(4.8%)	908

DSV Solutions

Activities

DSV Solutions specialises in contract logistics – logistics and warehousing solutions that support our customers' entire supply chains. In addition to traditional warehousing and distribution services, the division's service portfolio includes freight management, customs clearance, order management and e-commerce solutions.

DSV Solutions reported EBIT before special items of DKK 486 million for the first nine months of 2018 against DKK 309 million for the same period of 2017.



” For Q3 2018, EBIT before special items totalled DKK 184 million against DKK 115 million last year.

INCOME STATEMENT

(DKKm)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Divisional net revenue	3,417	2,757	9,376	8,348
Direct costs	2,659	2,111	7,178	6,341
Gross profit	758	646	2,198	2,007
Other external expenses	235	204	696	660
Staff costs	283	264	847	847
EBITDA before special items	240	178	655	500
Amortisation and depreciation of intangibles, property, plant and equipment	56	63	169	191
EBIT before special items	184	115	486	309

KEY OPERATING DATA

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Gross margin (%)	22.2	23.4	23.4	24.0
Conversion ratio (%)	24.3	17.8	22.1	15.4
Operating margin (%)	5.4	4.2	5.2	3.7
Number of full-time employees on 30 September			20,384	17,946
Total invested capital (DKKm)			4,445	3,960
Net working capital (DKKm)			1,204	862
ROIC before tax (%)			16.0	12.6

Market development

The contract logistics market has grown by an estimated 3-4% in the first nine months of 2018. Warehouse utilisation is high in most regions, and there is high demand for new and efficient warehouses in the right strategic locations.

As seen in previous years, growth is strong in the e-commerce sector, and we continue to see good momentum in other more conventional industries as well.

Measured by divisional net revenue, the division achieved a growth of 14.9% for the first nine months of 2018 with retail (incl. e-commerce) and automotive industries as the main growth drivers.

To further boost the DSV's capabilities within e-commerce, DSV acquired Dutch based S&H Product fulfilment B.V., which holds a leading position in multi-channel fulfilment in the Benelux region. The company employees approximately 120 people and continues as a stand-alone company under the name of DSV Multi-channel Fulfilment. The company was acquired in September 2018 and did not have any material impact on the activity or financial results in Q3 2018.

Divisional net revenue

The division's net revenue was DKK 9,376 million for the first nine months of 2018 against DKK 8,348 million for the same period of 2017. In constant currencies, growth for the period was 14.9%.

For Q3 2018, net revenue amounted to DKK 3,417 million against DKK 2,757 million for the same period last year, corresponding to a growth in constant currencies of 25.0%.

The growth has been boosted by the addition of new warehouse capacity and replacement of existing, smaller and less efficient sites.

Gross profit

Gross profit was DKK 2,198 million for the first nine months of 2018 against DKK 2,007 million for the same period of 2017. In constant currencies, growth for the period was 12.3%.

For Q3 2018, gross profit amounted to DKK 758 million against DKK 646 million for the same period last year, corresponding to a growth in constant currencies of 18.6%.

The division's gross margin was 23.4% for the first nine months of 2018 against 24.0% for the same period last year. The gross margin for Q3 2018 was 22.2% compared to 23.4% for Q3 2017.

EBIT before special items

EBIT before special items was DKK 486 million for the first nine months of 2018 against DKK 309 million for the same period of 2017. In constant currencies, growth came to 58.3%.

For Q3 2018, EBIT before special items totalled DKK 184 million against DKK 115 million for the same period last year. In constant currencies, growth came to 61.4%.

Growth was mainly driven by a strong performance in the EMEA region.

The conversion ratio was 22.1% for the first nine months of 2018 against 15.4% for the same period last year. The division's operating margin was 5.2% for the first nine months of 2018 against 3.7% for the same period last year.

For Q3 2018, the conversion ratio was 24.3% against 17.8% for the same period last year. The operating margin was 5.4% compared to 4.2% for Q3 2017.

The improvement in margins was driven by higher gross profit and improved productivity and profitability in several locations.

The division continues to focus on increasing productivity via automation of warehouses, development of larger and more efficient warehouses and roll-out of the divisions global warehouse management system.

Net working capital

The division reported funds tied up in net working capital of DKK 1,204 million on 30 September 2018 against DKK 862 million on 30 September 2017.

GROWTH

(DKKm)	Q3 2017	Currency translation adjustments	Growth	Growth in constant currencies	Q3 2018
Divisional net revenue	2,757	(24)	684	25.0%	3,417
Gross profit	646	(7)	119	18.6%	758
EBIT before special items	115	(1)	70	61.4%	184
	YTD 2017				YTD 2018
Divisional net revenue	8,348	(188)	1,216	14.9%	9,376
Gross profit	2,007	(50)	241	12.3%	2,198
EBIT before special items	309	(2)	179	58.3%	486

Interim financial statements

Income statement

(DKK m)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Net revenue	20,237	18,735	58,108	55,882
Direct costs	15,765	14,621	45,066	43,331
Gross profit	4,472	4,114	13,042	12,551
Other external expenses	769	722	2,260	2,342
Staff costs	2,004	1,889	6,114	5,961
Operating profit before amortisation, depreciation and special items	1,699	1,503	4,668	4,248
Amortisation and depreciation of intangibles, property, plant and equipment	192	190	556	566
Operating profit before special items	1,507	1,313	4,112	3,682
Special items, costs	-	123	-	371
Financial items	94	149	129	425
Profit before tax	1,413	1,041	3,983	2,886
Tax on profit for the period	309	215	923	649
Profit for the period	1,104	826	3,060	2,237
Profit for the period is attributable to:				
Shareholders of DSV A/S	1,107	820	3,072	2,228
Non-controlling interests	(3)	6	(12)	9
Earnings per share:				
Earnings per share of DKK 1	6.1	4.4	16.8	12.0
Diluted earnings per share of DKK 1 for the period	6.0	4.3	16.5	11.8

Statement of comprehensive income

(DKK m)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Profit for the period	1,104	826	3,060	2,237
Items that will be reclassified to income statement when certain conditions are met:				
Currency translation adjustments, foreign enterprises	(39)	(219)	(185)	(484)
Fair value adjustment relating to hedging instruments	19	(10)	(1)	28
Fair value adjustment relating to hedging instruments transferred to financials	(2)	2	(1)	3
Tax on items reclassified to income statement	-	2	-	(5)
Items that will not be reclassified to income statement:				
Actuarial gains/(losses)	-	1	(15)	(39)
Tax relating to items that will not be reclassified	(1)	-	-	10
Other comprehensive income (OCI), net of tax	(23)	(224)	(202)	(487)
Total comprehensive income	1,081	602	2,858	1,750
Total comprehensive income is attributable to:				
Shareholders of DSV A/S	1,083	593	2,864	1,738
Non-controlling interests	(2)	9	(6)	12
Total	1,081	602	2,858	1,750

Cash flow statement

(DKK m)	YTD 2018	YTD 2017
Operating profit before amortisation, depreciation and special items	4,668	4,248
<i>Adjustments:</i>		
Share-based payments	68	49
Change in provisions	(70)	(172)
Change in working capital, etc.	(1,024)	101
Special items	-	(314)
Interest received	37	74
Interest paid	(228)	(339)
Corporation tax, paid	(675)	(737)
Cash flow from operating activities	2,776	2,910
Purchase of intangible assets	(332)	(212)
Purchase of property, plant and equipment	(466)	(454)
Disposal of property, plant and equipment	630	431
Acquisition and disposal of subsidiaries and activities	(59)	(8)
Change in other financial assets	23	58
Cash flow from investing activities	(204)	(185)
Free cash flow	2,572	2,725
Proceeds from and repayment of short-term and long-term debt	159	(2,340)
Other financial liabilities incurred	1	(48)
<i>Shareholders:</i>		
Dividends distributed	(380)	(345)
Purchase of treasury shares	(2,579)	(735)
Sale of treasury shares	366	282
Other transactions with shareholders	13	(7)
Cash flow from financing activities	(2,420)	(3,193)
Cash flow for the period	152	(468)
Cash and cash equivalents on 1 January 2018	1,348	1,714
Cash flow for the period	152	(468)
Currency translation adjustments	(51)	84
Cash and cash equivalents on 30 September	1,449	1,330
The cash flow statement cannot be directly derived from the balance sheet and income statement.		
Statement of adjusted free cash flow		
Free cash flow	2,572	2,725
Net acquisition of subsidiaries and activities	59	8
Special items (restructuring costs)	-	314
Adjusted free cash flow	2,631	3,047

Balance sheet - Assets

(DKKm)	30.09.2018	31.12.2017	30.09.2017
Intangible assets	16,687	16,573	16,547
Property, plant and equipment	2,395	2,431	2,640
Other receivables	235	257	260
Deferred tax assets	1,067	965	1,034
Total non-current assets	20,384	20,226	20,481
Trade receivables	13,795	12,557	12,936
Work in progress (services and inventories)	2,727	1,762	2,079
Other receivables	1,617	1,778	1,777
Cash and cash equivalents	1,449	1,348	1,330
Assets held for sale	229	717	603
Total current assets	19,817	18,162	18,725
Total assets	40,201	38,388	39,206

Balance sheet – Equity and liabilities

(DKKm)	30.09.2018	31.12.2017	30.09.2017
Share capital	188	190	190
Reserves	15,139	14,645	14,334
DSV A/S shareholders' share of equity	15,327	14,835	14,524
Non-controlling interests	(33)	(26)	(34)
Total equity	15,294	14,809	14,490
Deferred tax liabilities	187	82	168
Pensions and similar obligations	1,125	1,124	1,496
Provisions	658	706	688
Financial liabilities	6,200	6,491	7,253
Total non-current liabilities	8,170	8,403	9,605
Provisions	376	383	315
Financial liabilities	940	495	438
Trade payables	7,470	7,477	6,957
Work in progress (services)	2,905	2,539	2,663
Other payables	4,613	3,953	4,251
Corporation tax	433	329	487
Total current liabilities	16,737	15,176	15,111
Total liabilities	24,907	23,579	24,716
Total equity and liabilities	40,201	38,388	39,206

Statement of changes in equity – 1 January - 30 September 2018

(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 on 1 January 2018	190	4,744	(6)	(35)	(508)	10,450	14,835	(26)	14,809
Profit for the period	-	-	-	-	-	3,072	3,072	(12)	3,060
Net exchange differences recognised in OCI	-	-	-	-	(191)	-	(191)	6	(185)
Fair value adjustments relating to hedging instruments	-	-	-	(1)	-	-	(1)	-	(1)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	(1)	-	-	(1)	-	(1)
Actuarial gains/(losses)	-	-	-	-	-	(15)	(15)	-	(15)
Tax on other comprehensive income	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	(2)	(191)	(15)	(208)	6	(202)
Total comprehensive income for the period	-	-	-	(2)	(191)	3,057	2,864	(6)	2,858
Transactions with owners:									
Share-based payments	-	-	-	-	-	68	68	-	68
Dividends distributed	-	-	-	-	-	(380)	(380)	(1)	(381)
Purchase of treasury shares	-	-	(5)	-	-	(2,574)	(2,579)	-	(2,579)
Sale of treasury shares	-	-	2	-	-	364	366	-	366
Capital reduction	(2)	-	2	-	-	-	-	-	-
Dividends on treasury shares	-	-	-	-	-	14	14	-	14
Tax on transactions with owners	-	-	-	-	-	139	139	-	139
Total transactions with owners	(2)	-	(1)	-	-	(2,369)	(2,372)	(1)	(2,373)
Equity on 30 September 2018	188	4,744	(7)	(37)	(699)	11,138	15,327	(33)	15,294

Statement of changes in equity – 1 January - 30 September 2017

(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 on 1 January 2017	190	4,744	(5)	(18)	(79)	8,584	13,416	(38)	13,378
Profit for the period	-	-	-	-	-	2,228	2,228	9	2,237
Net exchange differences recognised in OCI	-	-	-	-	(487)	-	(487)	3	(484)
Fair value adjustments relating to hedging instruments	-	-	-	28	-	-	28	-	28
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	3	-	-	3	-	3
Actuarial gains/(losses)	-	-	-	-	-	(39)	(39)	-	(39)
Other adjustments	-	-	-	(47)	-	47	-	-	-
Tax on other comprehensive income	-	-	-	(5)	-	10	5	-	5
Other comprehensive income, net of tax	-	-	-	(21)	(487)	18	(490)	3	(487)
Total comprehensive income for the period	-	-	-	(21)	(487)	2,246	1,738	12	1,750
Transactions with owners:									
Share-based payments	-	-	-	-	-	49	49	-	49
Dividends distributed	-	-	-	-	-	(342)	(342)	(3)	(345)
Purchase of treasury shares	-	-	(1)	-	-	(734)	(735)	-	(735)
Sale of treasury shares	-	-	2	-	-	280	282	-	282
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	(14)	(14)
Dividends on treasury shares	-	-	-	-	-	7	7	-	7
Other adjustments	-	-	-	-	-	(4)	(4)	9	5
Tax on transactions with owners	-	-	-	-	-	113	113	-	113
Total transactions with owners	-	-	1	-	-	(631)	(630)	(8)	(638)
Equity on 30 September 2017	190	4,744	(4)	(39)	(566)	10,199	14,524	(34)	14,490

Notes

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, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2017 Annual Report. The 2017 Annual Report provides a full description of Group accounting policies.

Changes in accounting policies

DSV A/S has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2018 as adopted by the European Union.

Implementation of the standards and amendments have not had any material impact on the Group's Financial Statements and are likewise not expected to have any significant future impact.

Of the new standards and amendments implemented the most significant are as follows:

IFRS 9 Financial Instruments

IFRS 9 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.

The standard has resulted in only minor changes to existing accounting practices, mainly affecting credit-loss and impairment models applied. The most significant change has been applied to impairment assessments of trade receivables as these are now considered based on IFRS 9's expected credit-loss model, where previously an incurred-loss model was applied. This revised approach has not resulted in any materially different impairment assessment of trade receivables compared to prior practices and as such has carried no retrospective adjustment to equity. Additionally, the new standard has not carried any significant changes to classifications of financial assets or financial liabilities.

IFRS 9 has been applied following the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of the comparison period.

IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a new framework for revenue recognition and measurement.

The standard has resulted in only minor changes to existing accounting practices, mainly relating to extended external reporting disclosure requirements. IFRS 15 has been applied following the modified retrospective approach with any cumulative effects recognised in retained earnings as of 1 January 2018 and with no restatement of the comparison period.

2 Accounting estimates and judgements

In preparing the Interim Financial Statements, management makes various 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 on the reporting date. Estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

3 New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2018 Interim Financial Statements.

The most significant of these is IFRS 16 Leases, which is also currently the only standard expected to have a significant impact on the DSV financial statements when implemented 1 January 2019.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a material impact on DSV's financial statements, as off-balance operating leases will be capitalised and accounted for, in a way similar to our current finance lease accounting practices.

The expected impact of implementing the standard on the DSV financial statements remains unchanged from the assessment disclosed in chapter 1 of the DSV Annual Report 2017.

4 Segment information

(DKKkm)	Air & Sea		Road		Solutions		Other activities, non-allocated items and eliminations		Total	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Condensed income statement										
Divisional net revenue	27,134	26,387	23,350	22,831	9,376	8,348	1,759	1,590	61,619	59,156
Intercompany revenue	(452)	(430)	(1,149)	(1,053)	(238)	(281)	(1,672)	(1,510)	(3,511)	(3,274)
Net revenue	26,682	25,957	22,201	21,778	9,138	8,067	87	80	58,108	55,882
Gross profit	6,891	6,532	3,997	4,028	2,198	2,007	(44)	(16)	13,042	12,551
Other external expenses	1,381	1,373	979	935	696	660	(796)	(626)	2,260	2,342
Staff costs	2,649	2,638	2,012	2,015	847	847	606	461	6,114	5,961
Amortisation and depreciation of intangibles, property, plant and equipment	65	85	98	108	169	191	224	182	556	566
Operating profit before special items	2,796	2,436	908	970	486	309	(78)	(33)	4,112	3,682
Condensed balance sheet										
Total assets	21,760	21,184	15,964	16,083	8,159	6,699	(5,682)	(4,760)	40,201	39,206
Total liabilities	24,657	25,569	9,840	9,516	6,895	6,710	(16,485)	(17,079)	24,907	24,716

5 Net revenue

Net revenue comprises freight forwarding services, income from property projects and other related services delivered in the financial period as well as changes in the completion of services in progress.

Net revenue from freight forwarding services are recognised following the over-time recognition principle. Most freight forwarding services and related services are characterised by

short delivery time with the exception of sea services, which usually take longer due to the nature of the transport service delivered.

Our major service deliveries – Air & Sea services, Road services and Solutions services – follow our divisional structure as presented in note 4 Segment information. Geographical segmentation of net revenue breaks down as follows:

(DKKkm)	EMEA		Americas		APAC		Total	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Air & Sea services	4,780	4,595	2,580	2,251	2,265	2,198	9,625	9,044
Road services	7,108	6,878	704	636	-	-	7,812	7,514
Solutions services	2,667	2,122	492	408	258	227	3,417	2,757
Divisional net revenue	14,555	13,595	3,776	3,295	2,523	2,425	20,854	19,315
Non-allocated items and eliminations							(617)	(580)
Total net revenue							20,237	18,735

(DKKkm)	EMEA		Americas		APAC		Total	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Air & Sea services	13,754	13,347	7,078	6,631	6,302	6,409	27,134	26,387
Road services	21,352	20,868	1,998	1,963	-	-	23,350	22,831
Solutions services	7,275	6,440	1,391	1,251	710	657	9,376	8,348
Divisional net revenue	42,381	40,655	10,467	9,845	7,012	7,066	59,860	57,566
Non-allocated items and eliminations							(1,752)	(1,684)
Total net revenue							58,108	55,882

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Interim Financial Report of DSV A/S for the nine-month period ended on 30 September 2018.

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 additional requirements in accordance with the Danish Financial Statements Act. Apart from the implementation of IFRS 9 and IFRS 15, the accounting policies remain unchanged from the 2017 Annual Report.

In our opinion, the Interim Financial Statements give a true and fair view of the DSV Group's assets, equity, liabilities and financial position on 30 September 2018 and of the results of the Group's activities and the cash flow for the nine-month period ended on 30 September 2018.

We also find that the management's commentary provides a fair statement of development 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. Except as disclosed in the Interim Financial Report, no changes in the major risks and elements of uncertainty faced by the Group have occurred relative to the disclosures in the 2017 Annual Report.

Hedehusene, 26 October 2018

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