



# HALF-YEAR 2018 RESULTS

Conference call – 1 August 2018, 11.00 am CET

Presentation available at [investor.dsv.com](http://investor.dsv.com)



# Forward-looking statements

This presentation contains forward-looking statements.

Such statements are subject to risks and uncertainties as various factors, many of which are beyond DSV A/S' control, may cause actual developments and results to differ materially from the expectations contained in the presentation.

# Highlights Q2 2018

Financial results for Q2 2018 at all-time high

**Gross profit**

**+9%** Q2-18  
(+6% YTD)

**EBIT before special items**

**+21%** Q2-18  
(+15% YTD)

**Full-year outlook for 2018 upgraded to:**  
EBIT before special items

**DKK 5,300 – 5,600 million**

Adjusted free cash flow

**DKK 4,200 million**

**New three-month share buyback programme**  
starting 2 August 2018

**DKK 1,200 million**



Growth rates  
are in constant  
currencies

# Business segments – Air & Sea

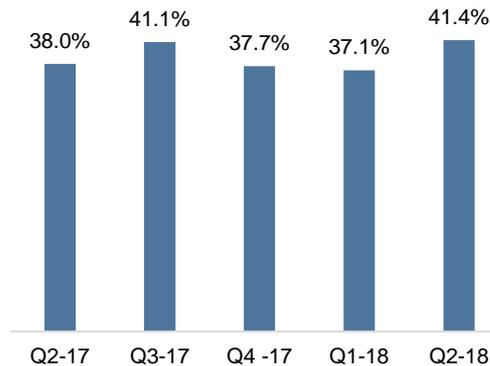
(DKKm)	Q2 2018	Q2 2017	Growth (CC)	YTD 2018	YTD 2017	Growth (CC)
Sea, gross profit	1,201	1,145	9.8%	2,281	2,228	8.5%
Air, gross profit	1,186	1,072	15.6%	2,251	2,105	13.0%
Total gross profit	2,387	2,217	12.6%	4,532	4,333	10.7%
EBIT before special items	988	843	22.9%	1,783	1,533	23.7%
Operating margin	10.9%	9.5%		10.2%	8.8%	
Conversion ratio	41.4%	38.0%		39.3%	35.4%	

Note: CC = constant currencies

## Volume development

	Q1 2018	Q2 2018	YTD 2018
TEU	4%	3%	4%
Market	3%	3%	3%
Tonnes	10%	12%	11%
Market	5%	4%	5%

## Conversion ratio (%)



## Management commentary Q2-18

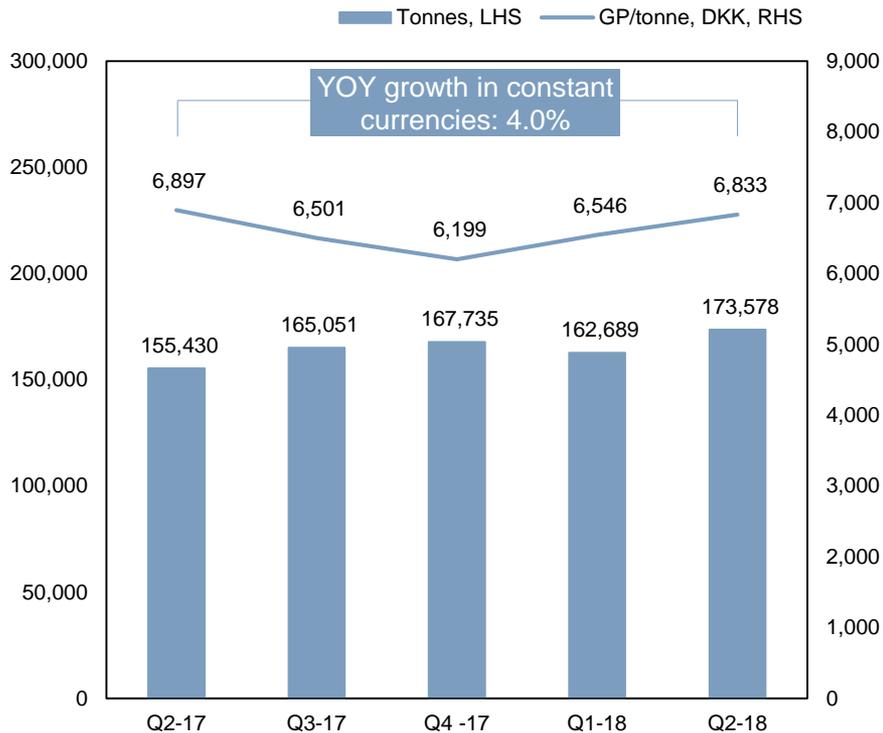
- Continued strong performance in air freight – mainly driven by export from EMEA and the Americas
- Sea freight growth was in line with the underlying market despite low market growth on Asia – Europe trade lane
- Positive yield development – focus remains on profitable growth
- All-time high conversion ratio of 41.4% for the quarter
- Continued focus on developing our digital workflows and services



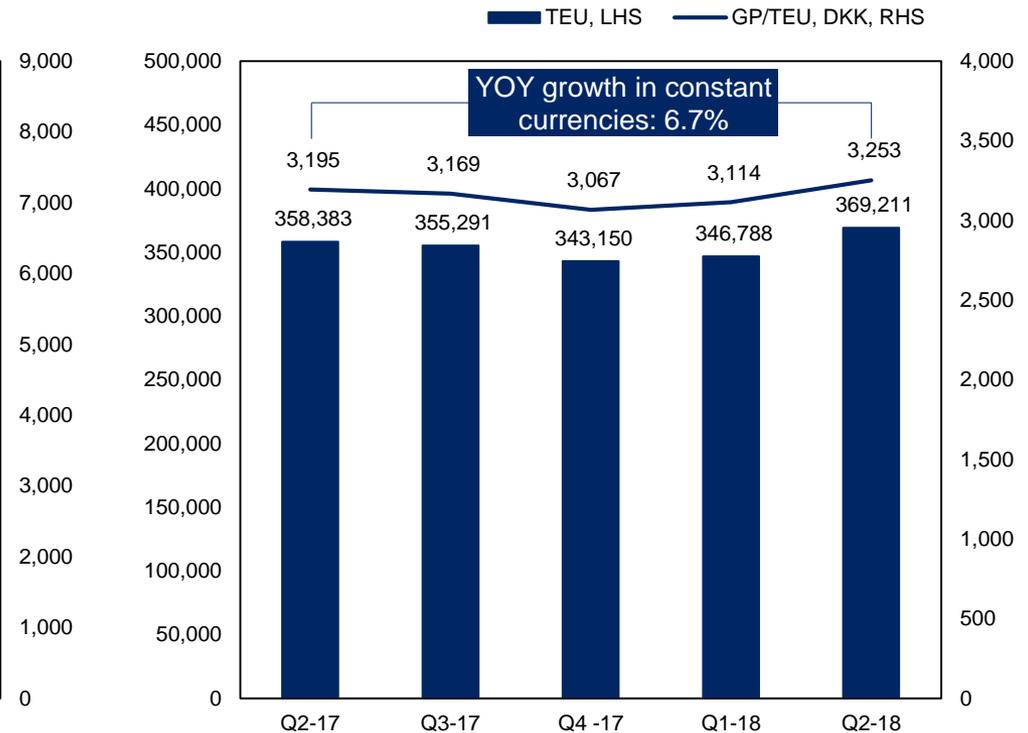
# Business segments – Air & Sea

Strong yield development

## Air



## Sea

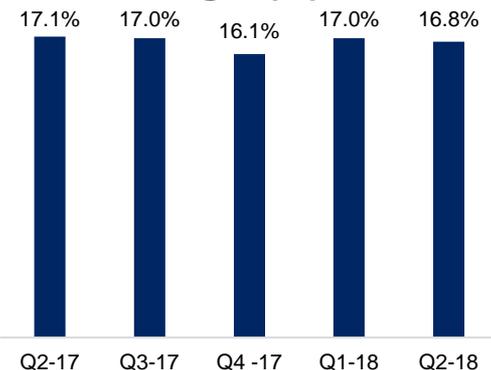


# Business segments – Road

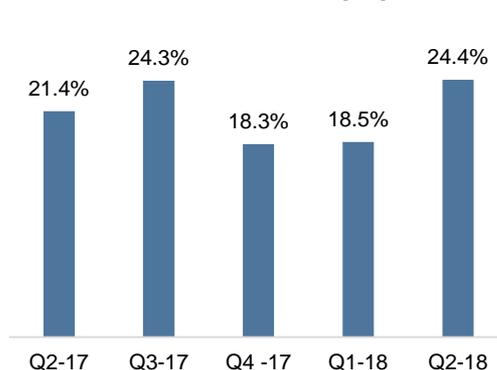
(DKKm)	Q2 2018	Q2 2017	Growth (CC)	YTD 2018	YTD 2017	Growth (CC)
Net revenue	7,862	7,684	4.6%	15,538	15,317	3.9%
Gross profit	1,318	1,316	2.1%	2,624	2,749	-2.3%
EBIT before special items	322	281	15.4%	563	659	-12.7%
Gross margin	16.8%	17.1%		16.9%	17.9%	
Operating margin	4.1%	3.7%		3.6%	4.3%	
Conversion ratio	24.4%	21.4%		21.5%	24.0%	

Note: CC = constant currencies

## Gross margin (%)



## Conversion ratio (%)



## Management commentary Q2-18

- Gained market share across the DSV Road network. Volume growth + 5% (+ 4% YTD) vs. market growth of 2-3%
- 4PL activities transferred from Road to DSV Group. Reported gross profit in Q2-18 was impacted negatively by DKK 22 million (approx. 2%)
- Gross margin is expected to stabilise around 17%
- Earnings growth in the quarter was driven by lower cost base. YTD decline was impacted by one-off gain in Q1-17

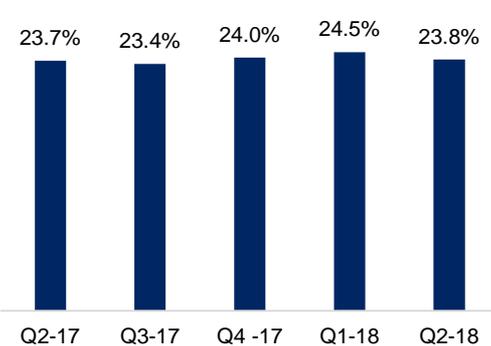


# Business segments – Solutions

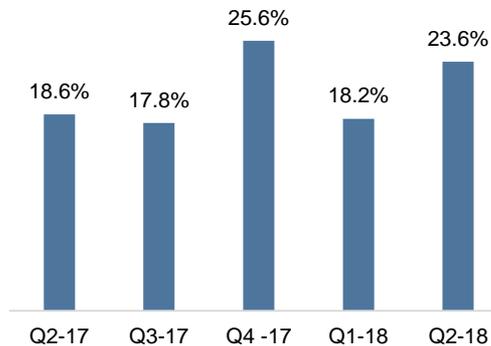
(DKKm)	Q2 2018	Q2 2017	Growth (CC)	YTD 2018	YTD 2017	Growth (CC)
Net revenue	3,111	2,913	9.3%	5,959	5,591	9.8%
Gross profit	741	690	9.8%	1,440	1,361	9.2%
EBIT before special items	175	128	36.7%	302	194	56.5%
Gross margin	23.8%	23.7%		24.2%	24.3%	
Operating margin	5.6%	4.4%		5.1%	3.5%	
Conversion ratio	23.6%	18.6%		21.0%	14.3%	

Note: CC = constant currencies

## Gross margin (%)



## Conversion ratio (%)



## Management commentary Q2-18

- Continued strong topline growth driven by retail (including e-commerce) and the automotive industry
- Stable gross margin
- Higher productivity and profitability in several locations
- Positive impact from long-term focus on consolidation and improved customer integration



# Financial review – P&L

(DKKm)	Q2 2018	Q2 2017	Growth (CC)	H1 2018	H1 2017	Growth (CC)
Net revenue	19,491	18,924	6.4%	37,871	37,147	6.0%
<b>Gross profit</b>	<b>4,450</b>	<b>4,217</b>	<b>9.0%</b>	<b>8,570</b>	<b>8,437</b>	<b>5.9%</b>
Other external expenses	733	769	-0.6%	1,491	1,620	-3.2%
Staff costs	2,086	2,014	6.8%	4,110	4,072	4.7%
<b>EBITDA</b>	<b>1,631</b>	<b>1,434</b>	<b>17.5%</b>	<b>2,969</b>	<b>2,745</b>	<b>13.0%</b>
Amortisation and depreciation	182	194	-4.1%	364	376	0.0%
<b>EBIT before special items</b>	<b>1,449</b>	<b>1,240</b>	<b>20.8%</b>	<b>2,605</b>	<b>2,369</b>	<b>15.1%</b>
Special items, costs	0	88		0	248	
Financial items, net costs	-120	182		35	276	
<b>Profit before tax</b>	<b>1,569</b>	<b>970</b>		<b>2,570</b>	<b>1,845</b>	
Tax on profit for the period	382	228		614	434	
<b>Profit for the period</b>	<b>1,187</b>	<b>742</b>		<b>1,956</b>	<b>1,411</b>	
<b>Key Performance Indicators</b>			<b>Growth</b>			<b>Growth</b>
Gross margin (%)	22.8	22.3		22.6	22.7	
Operating margin (%)	7.4	6.6		6.9	6.4	
Conversion ratio (%)	32.6	29.4		30.4	28.1	
Effective tax rate (%)	24.3	23.5		23.9	23.5	
Diluted adjusted EPS (DKK)	6.5	4.4	47.7%	10.7	8.7	23.0%
Full-time employees (end of quarter)				47,144	44,851	

## Management commentary

- Negative impact from exchange rate translation in H1-18
  - Neutral impact expected in H2-2018
- Conversion ratio improves as productivity increases
- Staff cost impacted by higher activity and inflationary increases
- Financial items impacted by intra-group exchange rate gain of DKK 184 million in Q2-18 (non-cash)



# Financial review – cash flow

(DKKm)	H1 2018	H1 2017
<b>EBITDA</b>	<b>2,969</b>	<b>2,745</b>
Change in net working capital	-647	30
Change in provisions	-118	-110
Special items	0	-228
Corporation tax paid and other adjustments	-505	-633
Cash flow from operating activities	1,699	1,804
Cash flow from investing activities	-28	-2
<b>Free cash flow</b>	<b>1,671</b>	<b>1,802</b>
<b>Adjusted free cash flow (excl. M&amp;A)</b>	<b>1,671</b>	<b>2,038</b>
<b>Highlights</b>		
<i>NWC in % of revenue</i>	2.7%	2.9%
<i>Net Interest Bearing Debt (NIBD)</i>	5,454	6,523
<i>Financial gearing (NIBD/EBITDA)</i>	0.9	1.3
<i>Average duration, long-term loan commitments (years)</i>	3.0	2.7
<i>Intangible assets</i>	16,614	16,802
<i>Invested capital</i>	20,678	21,483
<i>ROIC before tax (including goodwill and customer relations)</i>	24.3%	20.0%
<i>ROIC before tax (excluding goodwill and customer relations)</i>	94.0%	76.2%

## Management commentary

- NWC at 2.7% of net revenue, impacted by high activity at the end of Q2
- We target a NWC ratio of 2% at year-end but quarterly ratio will vary
- New share buyback programme initiated to ensure financial gearing within the 1 – 1.5x EBITDA target range



# Allocation to shareholders

- DKK 1,100 million share buyback programme finalised on 13 July 2018. A total of 2.1 million shares were bought back at an average price of DKK 518.11 per share
- New three-month share buyback programme of DKK 1,200 million according to safe harbour method starting 2 August 2018 and running until 24 October 2018
- The purpose of the share buyback programmes is to adjust the capital structure and meet obligations relating to the Group's share-based incentive programmes

## Total announced allocation to shareholders in 2018 (DKKm)

	Q1-18	Q2-18	Q3-18	Q4 -18	Total
Dividend	380	-	-	-	380
Share buyback - 1,250 (remaining part)	691	-	-	-	691
Share buyback - 1,100	-	758	342	-	1,100
Share buyback - 1,200 (estimated quarterly split)	-	-	800	400	1,200
<b>Total</b>	<b>1,071</b>	<b>758</b>	<b>1,142</b>	<b>400</b>	<b>3,371</b>

# Outlook for 2018 upgraded

(DKKm)	2018 outlook new	2018 outlook previous	2017 actual	Comments
<b>Operating profit before special items</b>	5,300 - 5,600	5,100 - 5,400	4,878	<ul style="list-style-type: none"> <li>The expected cash flow for 2018 is lower than for 2017. This is mainly due to the positive impact from improved net working capital in 2017</li> </ul>
<b>Adjusted free cash flow</b>	4,200	4,000	4,835	<p><b>Main assumptions</b></p> <ul style="list-style-type: none"> <li>Stable development in the markets in which the Group operates</li> <li>A negative currency translation impact on operating profit before special items of approx. DKK 100 million for the full year (based on currency rates at the beginning of August 2018)</li> <li>Financial expenses, excluding the impact from exchange rate losses or gains, of around DKK 300 million</li> </ul>
<b>Effective tax rate</b>	23%	23%	21%	

**To attend the teleconference,  
please dial one of the following phone numbers:**

**Danish participants**

+ 45 35 44 55 83

**International participants**

+44 (0) 203 194 0544

**US participants**

+1 855 269 2604

**To ask questions press "0" and then "1"**





## Appendix

# Quarterly P&L details

## DSV

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018
Net revenue	15,319	17,606	17,205	17,617	67,747	18,223	18,924	18,735	19,019	74,901	18,380	19,491
Direct costs	11,712	13,392	13,186	13,619	51,909	14,003	14,707	14,621	14,965	58,296	14,260	15,041
<b>Gross profit</b>	<b>3,607</b>	<b>4,214</b>	<b>4,019</b>	<b>3,998</b>	<b>15,838</b>	<b>4,220</b>	<b>4,217</b>	<b>4,114</b>	<b>4,054</b>	<b>16,605</b>	<b>4,120</b>	<b>4,450</b>
Other external expenses	790	877	786	854	3,307	851	769	722	768	3,110	758	733
Staff costs	1,997	2,228	2,027	2,029	8,281	2,058	2,014	1,889	1,870	7,831	2,024	2,086
<b>EBITDA before special items</b>	<b>820</b>	<b>1,109</b>	<b>1,206</b>	<b>1,115</b>	<b>4,250</b>	<b>1,311</b>	<b>1,434</b>	<b>1,503</b>	<b>1,416</b>	<b>5,664</b>	<b>1,338</b>	<b>1,631</b>
Amortisation and depreciation	177	209	203	186	775	182	194	190	220	786	182	182
<b>EBIT before special items</b>	<b>643</b>	<b>900</b>	<b>1,003</b>	<b>929</b>	<b>3,475</b>	<b>1,129</b>	<b>1,240</b>	<b>1,313</b>	<b>1,196</b>	<b>4,878</b>	<b>1,156</b>	<b>1,449</b>
Special items, net costs	370	341	155	136	1,002	160	88	123	154	525	-	-
Financial costs, net costs	(46)	104	85	41	184	94	182	149	131	556	155	(120)
<b>Profit before tax</b>	<b>319</b>	<b>455</b>	<b>763</b>	<b>752</b>	<b>2,289</b>	<b>875</b>	<b>970</b>	<b>1,041</b>	<b>911</b>	<b>3,797</b>	<b>1,001</b>	<b>1,569</b>
Tax on profit for the period	86	122	211	192	611	206	228	215	136	785	232	382
<b>Profit for the period</b>	<b>233</b>	<b>333</b>	<b>552</b>	<b>560</b>	<b>1,678</b>	<b>669</b>	<b>742</b>	<b>826</b>	<b>775</b>	<b>3,012</b>	<b>769</b>	<b>1,187</b>
<i>Gross margin, %</i>	23.5	23.9	23.4	22.7	23.4	23.2	22.3	22.0	21.3	22.2	22.4	22.8
<i>Operating margin, %</i>	4.2	5.1	5.8	5.3	5.1	6.2	6.6	7.0	6.3	6.5	6.3	7.4
<i>Conversion ratio, %</i>	17.8	21.4	25.0	23.2	21.9	26.8	29.4	31.9	29.5	29.4	28.1	32.6
<i>Tax percentage</i>	27.0	26.8	27.7	25.5	26.7	23.5	23.5	20.7	14.9	20.7	23.2	24.3
<i>Blue collar costs (included in direct costs)</i>	812	993	1,034	1,121	3,960	1,081	1,103	1,123	1,149	4,456	1,155	1,184
Number of full time employees	44,334	43,593	45,395	44,779	44,779	45,112	44,851	45,161	45,636	45,636	46,767	47,144

# Quarterly P&L details

## Air & Sea

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018
Divisional net revenue	7,055	8,416	8,282	8,347	32,100	8,470	8,873	9,044	8,817	35,204	8,414	9,095
Direct costs	5,178	6,108	6,159	6,317	23,762	6,354	6,656	6,845	6,725	26,580	6,269	6,708
<b>Gross profit</b>	<b>1,877</b>	<b>2,308</b>	<b>2,123</b>	<b>2,030</b>	<b>8,338</b>	<b>2,116</b>	<b>2,217</b>	<b>2,199</b>	<b>2,092</b>	<b>8,624</b>	<b>2,145</b>	<b>2,387</b>
Other external expenses	479	640	550	508	2,177	491	451	431	425	1,798	457	485
Staff costs	937	1,078	898	911	3,824	904	895	839	852	3,490	870	893
<b>EBITDA before special items</b>	<b>461</b>	<b>590</b>	<b>675</b>	<b>611</b>	<b>2,337</b>	<b>721</b>	<b>871</b>	<b>929</b>	<b>815</b>	<b>3,336</b>	<b>818</b>	<b>1,009</b>
Amortisation and depreciation	47	56	49	42	194	31	28	26	26	111	23	21
<b>EBIT before special items</b>	<b>414</b>	<b>534</b>	<b>626</b>	<b>569</b>	<b>2,143</b>	<b>690</b>	<b>843</b>	<b>903</b>	<b>789</b>	<b>3,225</b>	<b>795</b>	<b>988</b>
<i>Gross margin, %</i>	26.6	27.4	25.6	24.3	26.0	25.0	25.0	24.3	23.7	24.5	25.5	26.2
<i>Operating margin, %</i>	5.9	6.3	7.6	6.8	6.7	8.1	9.5	10.0	8.9	9.2	9.4	10.9
<i>Conversion ratio, %</i>	22.1	23.1	29.5	28.0	25.7	32.6	38.0	41.1	37.7	37.4	37.1	41.4
Sea, total gross profit	989	1,191	1,124	1,043	4,347	1,083	1,145	1,126	1,052	4,406	1,080	1,201
TEU	285,109	345,808	345,463	329,214	1,305,594	332,787	358,383	355,291	343,150	1,389,611	346,788	369,211
GP/TEU	3,470	3,443	3,254	3,168	3,329	3,255	3,195	3,169	3,067	3,171	3,114	3,253
Air, total gross profit	888	1,117	999	987	3,991	1,033	1,072	1,073	1,040	4,218	1,065	1,186
Tonnes	122,817	151,562	147,744	152,521	574,644	147,439	155,430	165,051	167,735	635,655	162,689	173,578
GP/tonne	7,227	7,371	6,762	6,471	6,945	7,004	6,897	6,501	6,199	6,635	6,546	6,833
Number of full time employees	16,686	15,016	13,799	12,891	12,891	12,648	12,282	12,177	12,041	12,041	11,996	12,065

# Quarterly P&L details

## Road

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018
Divisional net revenue	6,688	7,368	7,111	7,156	28,323	7,633	7,684	7,514	7,796	30,627	7,676	7,862
Direct costs	5,431	6,009	5,864	5,925	23,229	6,200	6,368	6,235	6,537	25,340	6,370	6,544
<b>Gross profit</b>	<b>1,257</b>	<b>1,359</b>	<b>1,247</b>	<b>1,231</b>	<b>5,094</b>	<b>1,433</b>	<b>1,316</b>	<b>1,279</b>	<b>1,259</b>	<b>5,287</b>	<b>1,306</b>	<b>1,318</b>
Other external expenses	332	314	304	274	1,224	332	309	294	334	1,269	347	275
Staff costs	670	691	612	689	2,662	686	688	641	657	2,672	686	687
<b>EBITDA before special items</b>	<b>255</b>	<b>354</b>	<b>331</b>	<b>268</b>	<b>1,208</b>	<b>415</b>	<b>319</b>	<b>344</b>	<b>268</b>	<b>1,346</b>	<b>273</b>	<b>356</b>
Amortisation and depreciation	36	44	41	38	159	37	38	33	37	145	32	34
<b>EBIT before special items</b>	<b>219</b>	<b>310</b>	<b>290</b>	<b>230</b>	<b>1,049</b>	<b>378</b>	<b>281</b>	<b>311</b>	<b>231</b>	<b>1,201</b>	<b>241</b>	<b>322</b>
<i>Gross margin, %</i>	18.8	18.4	17.5	17.2	18.0	18.8	17.1	17.0	16.1	17.3	17.0	16.8
<i>Operating margin, %</i>	3.3	4.2	4.1	3.2	3.7	5.0	3.7	4.1	3.0	3.9	3.1	4.1
<i>Conversion ratio, %</i>	17.4	22.8	23.3	18.7	20.6	26.4	21.4	24.3	18.3	22.7	18.5	24.4
Number of full time employees	11,581	11,931	12,710	12,518	12,518	12,576	12,706	12,788	12,998	12,998	13,047	13,160

## Solutions

(DKKm)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018
Divisional net revenue	2,043	2,406	2,492	2,742	9,683	2,678	2,913	2,757	3,014	11,362	2,848	3,111
Direct costs	1,507	1,737	1,808	2,015	7,067	2,007	2,223	2,111	2,291	8,632	2,149	2,370
<b>Gross profit</b>	<b>536</b>	<b>669</b>	<b>684</b>	<b>727</b>	<b>2,616</b>	<b>671</b>	<b>690</b>	<b>646</b>	<b>723</b>	<b>2,730</b>	<b>699</b>	<b>741</b>
Other external expenses	165	192	202	242	801	236	220	204	224	884	235	226
Staff costs	273	322	311	282	1,188	309	274	264	240	1,087	278	286
<b>EBITDA before special items</b>	<b>98</b>	<b>155</b>	<b>171</b>	<b>203</b>	<b>627</b>	<b>126</b>	<b>196</b>	<b>178</b>	<b>259</b>	<b>759</b>	<b>186</b>	<b>229</b>
Amortisation and depreciation	51	65	66	61	243	60	68	63	74	265	59	54
<b>EBIT before special items</b>	<b>47</b>	<b>90</b>	<b>105</b>	<b>142</b>	<b>384</b>	<b>66</b>	<b>128</b>	<b>115</b>	<b>185</b>	<b>494</b>	<b>127</b>	<b>175</b>
<i>Gross margin, %</i>	26.2	27.8	27.4	26.5	27.0	25.1	23.7	23.4	24.0	24.0	24.5	23.8
<i>Operating margin, %</i>	2.3	3.7	4.2	5.2	4.0	2.5	4.4	4.2	6.1	4.3	4.5	5.6
<i>Conversion ratio, %</i>	8.8	13.5	15.4	19.5	14.7	9.8	18.6	17.8	25.6	18.1	18.2	23.6
Number of full time employees	15,057	14,598	16,854	17,432	17,432	17,651	17,692	17,946	18,382	18,382	19,534	19,584