

INTERIM FINANCIAL REPORT

First Quarter 2020

Company Announcement No. 830

30 April 2020

Selected key figures and ratios for the period 1 January - 31 March 2020

(DKKmn)	Q1 2020	Q1 2019
Financials		
Revenue	27,309	19,979
Gross profit	6,684	5,114
Operating profit (EBIT) before special items	1,566	1,454
Special items, costs	511	-
Profit after tax	331	963
Adjusted earnings for the period	755	993
Adjusted free cash flow	915	540
Ratios		
Operating margin	5.7%	7.3%
Conversion ratio	23.4%	28.4%
Diluted adjusted earnings per share of DKK 1 for the last 12 months	19.0	23.4

Jens Bjørn Andersen, Group CEO: *"When this year started, we were really looking forward to demonstrating the strength of the DSV Panalpina combination. The COVID-19 crisis has obviously changed the agenda for everybody and hit our markets in a severe way, but we have been able to continue the integration as planned. All things considered, we delivered satisfactory results in Q1 2020 and our asset-light business model has shown its strength. The crisis will have a significant impact on activity levels in the coming months, and we are taking the necessary steps to adapt while supporting the supply chains of our customers and ensuring the safety and health of our employees."*

COVID-19

16 March this year, we withdrew the financial outlook for 2020 and suspended our share buyback programme. As a result of the global outbreak of COVID-19, supply chains and the global transport and logistics markets are currently seeing a substantial negative impact, and we are unable to accurately assess the magnitude of this impact. We will provide guidance once we have more visibility.

It is estimated that lower activity following COVID-19 impacted EBIT before special items negatively by approx. DKK 250 million in Q1 2020. In response to the situation we have taken initiatives to reduce the cost base by approx. DKK 1,400 million on an annual basis. The savings will trigger restructuring costs of approx. DKK 1,000 million in 2020.

Panalpina integration

Despite the current situation with regards to COVID-19, we expect the ongoing integration of Panalpina to continue as planned.

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Yours sincerely,
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DSV Panalpina Group

We provide and manage supply chain solutions for thousands of companies every day – from the small family run business to the large global corporation.

Our reach is global, yet our presence is local and close to our customers. 60,000 employees in more than 80 countries work passionately to deliver great customer experiences and high-quality services. Read more at www.dsv.com

Financial highlights

	Q1 2020	Q1 2019
Results (DKKm)		
Revenue	27,309	19,979
Gross profit	6,684	5,114
Operating profit before amortisation and depreciation (EBITDA) before special items	2,604	2,263
Operating profit (EBIT) before special items	1,566	1,454
Special items, costs	511	-
Net financial expenses	597	173
Profit for the period	331	963
Adjusted earnings for the period	755	993
Cash flows (DKKm)		
Operating activities	1,346	1,366
Investing activities	(201)	(177)
Free cash flow	1,145	1,189
Adjusted free cash flow	915	540
Financing activities	(824)	(1,208)
Share buyback	(3,030)	-
Dividends distributed	(588)	(423)
Cash flow for the period	321	(19)
Financial position (DKKm)		
DSV Panalpina A/S shareholders' share of equity	46,214	14,916
Non-controlling interests	(112)	(55)
Balance sheet total	96,370	49,649
Net working capital	3,532	2,199
Net interest-bearing debt	21,257	16,107
Invested capital	67,868	30,744
Gross investment in property, plant and equipment	220	198
Financial ratios (%)		
Gross margin	24.5	25.6
Operating margin	5.7	7.3
Conversion ratio	23.4	28.4
Effective tax rate	27.7	24.8
ROIC before tax*	13.7	19.5
Return on equity (ROE)	10.0	28.6
Solvency ratio	48.0	30.0
Gearing ratio*	2.0	1.7
Share ratios		
Earnings per share of DKK 1 for the last 12 months	14.5	23.2
Diluted adjusted earnings per share of DKK 1 for the last 12 months	19.0	23.4
Number of shares issued ('000)	235,000	188,000
Number of treasury shares ('000)	8,977	9,720
Average number of shares issued ('000) for the last 12 months	210,493	180,790
Average diluted number of shares ('000) for the last 12 months	213,892	183,917
Share price end of period (DKK)	618.2	550.4
Non-Financials		
Number of full-time employees at 31 March	58,788	47,281

*For a definition of key figures and ratios, please refer to page 83 of the 2019 DSV Panalpina Annual Report.

Management's commentary

The Group achieved a gross profit of DKK 6,684 million for Q1 2020, compared to DKK 5,114 million for the same period last year, with growth of 30.6%.

EBIT before special items was DKK 1,566 million for Q1 2020, compared to DKK 1,454 million for the same period last year, with growth of 7.6%. The financial performance in Q1 2020 was impacted by both the integration of Panalpina and the COVID-19 situation, the latter leading to lower activity levels during the quarter.

FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q1 2019	Currency translation adjustments	Growth including M&A	Growth %*	Q1 2020
Revenue	19,979	12	7,318	36.6%	27,309
Gross profit	5,114	3	1,567	30.6%	6,684
EBIT before special items	1,454	1	111	7.6%	1,566
Gross margin (%)	25.6				24.5
Operating margin (%)	7.3				5.7
Conversion ratio (%)	28.4				23.4

* Growth in constant currencies

COVID-19

The global health crisis significantly impacted global trade in the first quarter of 2020. In February, the impact was mainly related to China and led to a decline in our Air & Sea activities. In March, the lockdowns across the globe impacted the activity level for all divisions. We estimate that the decline in activity impacted EBIT before special items negatively by DKK 250 million in Q1 2020.

All our business units continue to operate through the lockdowns, supporting critical supply chains. We are strictly following public health procedures and guidelines to protect the health of employees and ensure safe and reliable operations.

The crisis will have a significant impact on activity levels in the coming months, and we have therefore taken initiatives to adjust our capacity and cost base. We are participating in government wage and fixed cost compensation programmes; however, redundancies cannot be avoided in certain parts of the organisation.

We target annual cost savings in the level of DKK 1,400 million. The initiatives are expected to trigger restructuring costs of approx. DKK 1,000 million in 2020.

Besides the impact on activity levels and earnings, the crisis has led to higher credit risk on customers. To mitigate this risk, we have tightened our authorisation policies for approval of payment terms and are closely monitoring trade receivables and overdue balances. As part of our normal credit policy, trade receivables are covered by credit insurance unless the customer is classified as a blue-chip company with low credit risk.

DSV Panalpina has a solid financial position and is ready to meet any challenges that may arise from the COVID-19

situation. At the beginning of Q2 2020, we have undrawn committed credit facilities of more than DKK 7.5 billion as well as cash and cash equivalents of DKK 2.0 billion. As a further precaution to safeguard our strong financial position, share buybacks have been temporarily suspended.

Integration of Panalpina

The acquisition of Panalpina Weltransport (Holding) AG (Panalpina) was closed on 19 August 2019, as of which date Panalpina has been included in the consolidated financial statements.

The combination had a significant impact on the consolidated balance sheet and income statement for the Group in Q1 2020 compared to the same period of 2019.

The integration of Panalpina as initiated in Q3 2019 has progressed largely as planned into 2020, in spite of the COVID-19 situation. In line with previous announcements, we expect to achieve annual cost synergies of around DKK 2,300 million. Around 5% of the cost synergies were realised in 2019. We expect around 60% of the synergies to materialise in 2020 and the remaining 35% in 2021.

Total transaction and integration costs are expected in the level of DKK 2,300 million. DKK 800 million of these costs materialised in 2019, and we expect that the remaining will materialise in 2020.

The Panalpina acquisition has the largest impact on the Air & Sea division and only limited impact on Road and Solutions.

Due to the progress of the legal and operational integration it is no longer possible to separate organic growth from acquired growth. Therefore, all growth numbers in this report include the impact from M&A.

Results for the period

Revenue

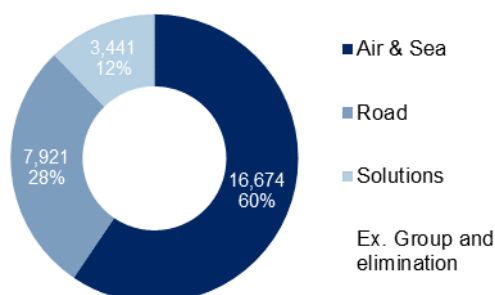
For Q1 2020, revenue amounted to DKK 27,309 million (Q1 2019: DKK 19,979 million). Adjusted for exchange rate fluctuations (in constant currencies), growth for the period was 36.6%.

In Q1 2020, the Air & Sea division achieved an increase in revenue of 76.7%, Road a 2.0% decline and Solutions a 12.6% increase, compared to the same period last year.

The growth was driven by the acquisition of Panalpina. However, activity levels in Q1 2020 were impacted by the COVID-19 situation, which led to a significant drop in freight volumes.

We estimate that the sea freight market declined by 5-7% and the air freight market declined by 8-10% in Q1 2020.

The decline in volumes was partly offset by higher freight rates, mainly in air freight.

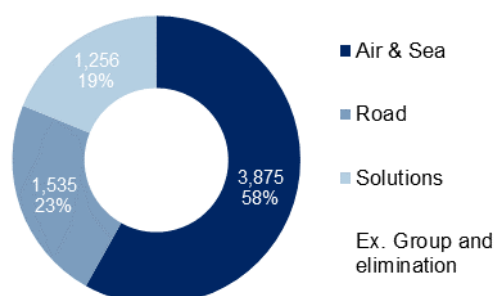


Gross profit

Gross profit was DKK 6,684 million for Q1 2020, compared to DKK 5,114 million for the same period of 2019. In constant currencies, growth in gross profit was 30.6%.

In Q1 2020, the Air & Sea division achieved an increase in gross profit of 59.1%, Road a decline of 1.3% and Solutions an increase of 11.7%, compared to the same period last year. All in constant currencies.

Similar to the development in revenue, the acquisition of Panalpina drove the increase in gross profit for Q1 2020. The decline in transport volumes following the COVID-19 situation had a negative impact on gross profit; however, this was partly offset by an increase in profit per shipment, especially in air freight.



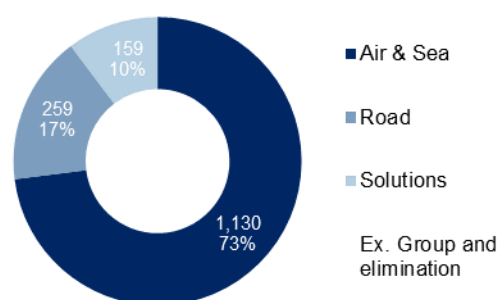
The consolidated gross margin was 24.5% for Q1 2020, compared to 25.6% for Q1 2019.

EBIT before special items

EBIT before special items was DKK 1,566 million for Q1 2020, compared to DKK 1,454 million for the same period of 2019. In constant currencies, growth for the period was 7.6%.

In Q1 2020, the Air & Sea division achieved an increase in EBIT before special items of 12.9%, Road a decline of 12.8% and Solutions a 17.2% decline, compared to the same period last year. All in constant currencies. EBIT before special items in all divisions was negatively impacted by the COVID-19 situation.

The growth in Air & Sea was driven by the Panalpina integration and cost synergies, which have been achieved in line with expectations in the quarter. The synergy impact is expected to increase in the coming quarters.



The conversion ratio was 23.4% for Q1 2020, compared to 28.4% for the corresponding period of 2019.

The decline was attributable to the Panalpina integration, which initially has an adverse effect on the margins of the Group. As the integration progresses and synergies are realised, margins are expected to increase. Furthermore, the conversion ratio was negatively impacted by the lower activity levels following the COVID-19 situation.

For Q1 2020, amortisation of customer relationships was DKK 50 million (Q1 2019: DKK 5 million).

Special items, costs

Special items, costs totalled DKK 511 million in Q1 2020 (2019: DKK 0 million) and are costs derived from the ongoing integration of Panalpina.

Financial items

Financial items totalled a net expense of DKK 597 million for Q1 2020, compared to DKK 173 million for the same period last year. The increase was mainly due to non-cash exchange rate adjustments, primarily on intercompany loans, of DKK 407 million in Q1 2020 (Q1 2019: DKK 7 million).

(DKK m)	Q1 2020	Q1 2019
Interest on lease liabilities	114	89
Other interest cost, net	72	72
Interest on pensions	4	5
Exchange rate adjustments	407	7
Financial expenses	597	173

Tax on profit for the period

The effective tax rate was 27.7% for Q1 2020, compared to 24.8% in Q1 2019. The effective tax rate is impacted by the ongoing integration of Panalpina and restructuring costs.

Profit for the period

Profit for Q1 2020 was DKK 331 million, compared to DKK 963 million for the same period of 2019. The decrease in profit was primarily driven by restructuring costs from the ongoing business combination and higher net financial costs.

Furthermore, the profit for the period was negatively impacted by COVID-19.

Diluted adjusted earnings per share

Diluted adjusted earnings per share were DKK 1.4 for Q1 2020, compared to DKK 5.4 for the same period last year.

The reason for the decline in diluted adjusted earnings per share was a combination of lower adjusted earnings for the period and the higher number of shares issued.

The 12-month figure to the end of March 2020 was DKK 19.0 per share, compared to DKK 23.4 for the same period last year, corresponding to a decrease of 18.8%.

Cash flow statement

CASH FLOW STATEMENT

(DKK)m	Q1 2020	Q1 2019
Cash flow from operating activities	1,346	1,366
Cash flow from investing activities	(201)	(177)
Free cash flow	1,145	1,189
Cash flow from financing activities	(824)	(1,208)
Cash flow for the period	321	(19)
Free cash flow	1,145	1,189
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	(785)	(649)
Special items (restructuring costs)	555	-
Adjusted free cash flow	915	540

Cash flow from operating activities was positively affected by higher EBIT before special items, but this impact was offset by integration costs incurred during Q1 2020.

Although cash flow from financing activities was significantly impacted by proceeds from the issuance of new bonds of EUR 500 million (approx. DKK 3,750 million), this was offset by share buyback and distribution of dividend of DKK 3,618 million.

Adjusted free cash flow for the period was DKK 915 million, compared to DKK 540 million in Q1 2019.

Net working capital

On 31 March 2020, the Group's net working capital was DKK 3,532 million, compared to DKK 2,199 million on 31 March 2019. Optimisation of net working capital remains a priority; however, we see increasing pressure from customers to extend payment terms and the COVID-19 crisis is likely to put further pressure on

net working capital.

Relative to full-year revenue, the net working capital amounted to 3.5% on 31 March 2020 (31 March 2019: 2.7%).

Capital structure and finances

DSV Panalpina A/S shareholders' share of equity

DSV Panalpina shareholders' share of equity was DKK 46,214 million on 31 March 2020 (DKK 49,430 million on 31 December 2019). The development was primarily due to allocations to shareholders during the quarter in the form of share buyback and dividend.

The previously announced share buyback programme of a maximum value of DKK 6,000 million running from 7 February has been suspended. Please refer to Company Announcement No. 825 of 16 March 2020 for further details.

DSV Panalpina reduced its share capital on 16 April 2020 through the cancellation of 5,000,000 treasury shares. Please refer to Company Announcement No. 829.

On 31 March 2020, the Company's portfolio of treasury shares was 8,977,441 shares. On 29 April 2020, the portfolio of treasury shares was 3,732,441 shares.

The solvency ratio excluding non-controlling interests was 48.0% on 31 March 2020 (31 March 2019: 30.0%). The increase was primarily due to the capital increase in connection with the Panalpina transaction.

DEVELOPMENT IN EQUITY

(DKK)m	Q1 2020	Q1 2019
Equity at 1 January	49,430	14,561
Impact of accounting policy change	-	(593)
Equity on 1 January	49,430	13,968
Profit for the period	328	971
Currency translation adjustments, foreign enterprises	(467)	221
Allocated to shareholders	(3,618)	(423)
Sale of treasury shares	674	48
Other equity movements	(133)	131
Equity end of period	46,214	14,916

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 21,257 million on 31 March 2020, compared to a total net interest-bearing debt of DKK 16,107 million on 31 March 2019.

On 21 February 2020, it was announced that DSV had completed a new 7-year EUR 500 million Eurobond issue (approx. DKK 3,750 million). Standard & Poor's rated the bonds at BBB+, in line with the rating of DSV Panalpina A/S.

On 3 April 2020, DSV signed new credit facilities of EUR 600 million. At the beginning of April 2020, DSV has undrawn credit facilities, net of more than DKK 7,500 million.

The weighted average duration of the Company's bonds, committed loans and credit facilities was 4.25 years on 31 March 2020, compared to 3.0 years on 31 March 2019.

Invested capital and ROIC

The Group's invested capital including goodwill and customer relationships amounted to DKK 67,868 million on 31 March 2020, compared to DKK 30,744 million on 31 March 2019.

Return on invested capital including goodwill and customer relationships was 13.7% for the 12-month period ended 31 March 2020, compared to 19.5% for the same period last year. The development was primarily due to the Panalpina transaction.

Return on invested capital excluding goodwill and customer relationships was 41.8% for the 12-month period ended 31 March 2020, compared to 39.7% for the same period last year.

Outlook

Due to the current coronavirus pandemic, the financial outlook for 2020 was withdrawn in Q1 2020, please refer to Company Announcement No. 825.

DSV Air & Sea

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

The performance in Q1 2020 was positively impacted by the integration of Panalpina, which has progressed according to plan, but negatively impacted by the COVID-19 situation, which caused the global freight markets to decline year-on-year. The division achieved 59.1% growth in gross profit for the quarter. EBIT before special items was DKK 1,130 million for Q1 2020 (2019: DKK 998 million).

INCOME STATEMENT

(DKKm)	Q1 2020	Q1 2019
Divisional revenue	16,674	9,411
Direct costs	12,799	6,987
Gross profit	3,875	2,424
Other external expenses	797	386
Staff costs	1,679	943
EBITDA before special items	1,399	1,095
Amortisation and depreciation	269	97
EBIT before special items	1,130	998

KEY PERFORMANCE INDICATORS

	Q1 2020	Q1 2019
Gross margin (%)	23.2	25.8
Operating margin (%)	6.8	10.6
Conversion ratio (%)	29.2	41.2
Number of full-time employees	20,610	12,072
Total invested capital (DKKm)	46,047	12,837
Net working capital (DKKm)	3,518	1,872
ROIC before tax (%)	15.8	30.4

Market development

Freight volume growth

	DSV Q1 2020	Market Q1 2020
Sea freight – TEUs	60%	-5 to -7%
Air freight – tonnes	112%	-8 to -10%

Market growth rates are based on own estimates.

For Q1 2020, the division reported a total growth in sea freight volumes (TEUs) of 60%.

For air freight, the division reported total volume (tonnes) growth of 112% for Q1 2020.

The growth was driven by the acquisition of Panalpina, but was negatively impacted by lower activity following COVID-19.

The ongoing integration of Panalpina entails a gradual move of Panalpina volumes to the DSV transport management system. By the end of Q1 2020, close to 70% of Panalpina's volumes have been transferred and as integration progresses it will no longer be possible to separate organic growth from acquired growth.

Divisional revenue

The division's revenue amounted to DKK 16,674 million for Q1 2020, compared to DKK 9,411 million for the same period last year.

In constant currencies, the growth in revenue for the quarter was 76.7%. The increase in revenue was mainly attributable to the acquisition of Panalpina. However, the increase was offset by a negative impact from COVID-19 in February and March. In February, the COVID-19 impact was mainly related to export

from and import to China. In March 2020, production in China gradually came back, nearing normal levels; however, the lockdowns across the globe significantly impacted the activity levels during March.

The lower volumes in Q1 2020 were partly offset by higher average air freight rates. Following the COVID-19 situation, available belly space in passenger planes has declined, leading to lack of air freight capacity and rate increases. Most air cargo is now moved on cargo planes.

Gross profit

Gross profit was DKK 3,875 million for Q1 2020, compared to DKK 2,424 million for the same period in 2019. This corresponds to a growth in constant currencies of 59.1% for the period.

The growth in gross profit for Q1 2020 was mainly driven by the acquisition of Panalpina.

The negative volume impact from COVID-19 was partly compensated by strong yields (profit per shipment), especially for air freight.

The reported gross profit per unit (TEU/tonne) for Q1 2020 declined, compared to the same period last year, which is a result of Panalpina having a different activity mix (including perishables), with lower average gross profit per unit.

The division's gross margin was 23.2% for Q1 2020, compared to 25.8% last year. The decline is mainly due to the difference in activity mix between DSV and Panalpina.

EBIT before special items

EBIT before special items was DKK 1,130 million for Q1 2020, compared to DKK 998 million for the same period last year. This corresponds to a growth for the period of 12.9%.

The positive development is a result of the inclusion of Panalpina and the gradual realisation of synergies.

The conversion ratio was 29.2% for Q1 2020, compared to 41.2% for the same period last year. The operating margin was 6.8%, compared to 10.6% for the same period last year.

The decline in margins is attributable to the acquisition of Panalpina, which initially has an adverse effect on the margins. As the integration progresses and the synergies are realised, margins are expected to increase again.

For Q1 2020, amortisation of customer relationships was DKK 43 million (Q1 2019: DKK 3 million).

Net working capital

The Air & Sea division's net working capital came to DKK 3,518 million on 31 March 2020, compared to DKK 1,872 million on 31 March 2019.

The increase is mainly due to the inclusion of Panalpina.

FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q1 2019	Currency translation adjustments	Growth including M&A	Growth %*	Q1 2020
Divisional revenue	9,411	28	7,235	76.7%	16,674
Gross profit	2,424	11	1,440	59.1%	3,875
EBIT before special items	998	3	129	12.9%	1,130
Gross margin (%)	25.8				23.2
Operating margin (%)	10.6				6.8
Conversion ratio (%)	41.2				29.2

* Growth in constant currencies

AIR AND SEA SPLIT

(DKKm)	Sea freight		Air freight	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Divisional revenue	7,144	4,813	9,530	4,598
Direct costs	5,422	3,619	7,377	3,368
Gross profit	1,722	1,194	2,153	1,230
Gross margin (%)	24.1	24.8	22.6	26.8
Volume (TEUs/tonnes)	575,814	359,925	359,975	170,103
Gross profit per unit (DKK)	2,991	3,317	5,981	7,231

DSV Road

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

For Q1 2020, the division reported a negative 2.0% growth in revenue and negative 1.3% growth in gross profit. EBIT before special items came to DKK 259 million with negative growth of 12.8%, compared to the same period last year. While January and February were in line with expectations, the activity in March was significantly impacted by lockdowns in several countries.

INCOME STATEMENT

(DKKm)	Q1 2020	Q1 2019
Divisional revenue	7,921	8,102
Direct costs	6,386	6,541
Gross profit	1,535	1,561
Other external expenses	287	300
Staff costs	757	719
EBITDA before special items	491	542
Amortisation and depreciation	232	244
EBIT before special items	259	298

KEY PERFORMANCE INDICATORS

	Q1 2020	Q1 2019
Gross margin (%)	19.4	19.3
Operating margin (%)	3.3	3.7
Conversion ratio (%)	16.9	19.1
Number of full-time employees	15,200	13,181
Total invested capital (DKKm)	10,096	8,242
Net working capital (DKKm)	(458)	(637)
ROIC before tax (%)	13.2	15.4

Divisional revenue

The division's revenue amounted to DKK 7,921 million for Q1 2020, compared to DKK 8,102 million for the same period last year. Growth for the period was negative by 2.0%.

Revenue was impacted positively by the acquisition of Panalpina, but negatively by a small divestment in the USA.

Activity in January and February was in line with expectations, but in March 2020 the COVID-19 situation led to a slowdown in several industries following the lockdowns throughout our network. Border restrictions have caused delays, but, in general, we have been able to service customers with both international and domestic transportation.

Gross profit

For Q1 2020, gross profit totalled DKK 1,535 million, compared to DKK 1,561 million for the same period last year. Growth for the period was negative by 1.3%.

Similar to revenue, the gross profit was impacted by M&A and COVID-19.

The division's gross margin was 19.4% for Q1 2020, which was on level with the same period last year

EBIT before special items

EBIT before special items was DKK 259 million for Q1 2020, compared to DKK 298 million for the same period last year. Growth for the period was negative by 12.8%.

EBIT before special items was negatively impacted by lower activity following COVID-19.

The conversion ratio was 16.9% for Q1 2020, compared to 19.1% for the same period last year. The operating margin was 3.3%, compared to 3.7% for the same period last year.

Net working capital

The Road division's net working capital was negative by DKK 458 million on 31 March 2020, compared to a negative DKK 637 million on 31 March 2019.

FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q1 2019	Currency translation adjustments	Growth including M&A	Growth %*	Q1 2020
Divisional revenue	8,102	(21)	(160)	(2.0%)	7,921
Gross profit	1,561	(5)	(21)	(1.3%)	1,535
EBIT before special items	298	(1)	(38)	(12.8%)	259
Gross margin (%)	19.3				19.4
Operating margin (%)	3.7				3.3
Conversion ratio (%)	19.1				16.9

* Growth in constant currencies

DSV Solutions

The Solutions division offers warehousing and logistics services globally and controls more than 400 logistics facilities. The service portfolio includes freight management, customs clearance, order management and e-commerce solutions.

For Q1 2020, the division reported a 12.6% growth in revenue and 11.7% growth in gross profit. EBIT before special items came to DKK 159 million for Q1 2020 with negative growth of 17.2%, compared to the same period last year. Activity in January and February was relatively unaffected by COVID-19; however, in March the number of order lines declined sharply.

INCOME STATEMENT

(DKKm)	Q1 2020	Q1 2019
Divisional revenue	3,441	3,049
Direct costs	2,185	1,923
Gross profit	1,256	1,126
Other external expenses	289	264
Staff costs	385	306
EBITDA before special items	582	556
Amortisation and depreciation	423	363
EBIT before special items	159	193

KEY PERFORMANCE INDICATORS

	Q1 2020	Q1 2019
Gross margin (%)	36.5	36.9
Operating margin (%)	4.6	6.3
Conversion ratio (%)	12.7	17.1
Number of full-time employees	20,079	19,862
Total invested capital (DKKm)	11,416	8,589
Net working capital (DKKm)	887	1,028
ROIC before tax (%)	9.8	10.6

Divisional revenue

The division's revenue was DKK 3,441 million for Q1 2020, compared to DKK 3,049 million for the same period of 2019. Growth for the period was 12.6%.

The development was positively impacted by the integration of Panalpina, but negatively impacted by the COVID-19 situation. As in Road, the impact in January and February was limited, but in March we saw a significant decline in order lines. The automotive industry was severely impacted by COVID-19, as production was shut down in several locations.

During the quarter, we have seen an increase in the activity for e-commerce and pharma/healthcare.

Gross profit

Gross profit was DKK 1,256 million for Q1 2020, compared to DKK 1,126 million for the same period of 2019. Growth for the period was 11.7%.

The division's gross margin was 36.5% for Q1 2020, which was on level with the same period last year.

EBIT before special items

EBIT before special items was DKK 159 million for Q1 2020, compared to DKK 193 million for the same period of 2019. Growth for the period was a negative 17.2%.

EBIT for the quarter was negatively impacted by the COVID-19 crisis. Furthermore, the division was impacted by one-off costs

related to specific customer contracts and start-up cost for new distribution centres.

The conversion ratio was 12.7% for Q1 2020, compared to 17.1% for the same period last year.

The division's operating margin was 4.6% for Q1 2020, compared to 6.3% for the same period last year.

Net working capital

The division's net working capital came to DKK 887 million on 31 March 2020, compared to DKK 1,028 million on 31 March 2019.

FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q1 2019	Currency translation adjustments	Growth including M&A	Growth %*	Q1 2020
Divisional revenue	3,049	6	386	12.6%	3,441
Gross profit	1,126	(2)	132	11.7%	1,256
EBIT before special items	193	(1)	(33)	(17.2%)	159
Gross margin (%)	36.9				36.5
Operating margin (%)	6.3				4.6
Conversion ratio (%)	17.1				12.7

* Growth in constant currencies

Interim financial statements

Income statement

(DKKm)	Q1 2020	Q1 2019
Revenue	27,309	19,979
Direct costs	20,625	14,865
Gross profit	6,684	5,114
Other external expenses	867	656
Staff costs	3,213	2,195
Operating profit before amortisation and depreciation (EBITDA) before special items	2,604	2,263
Amortisation and depreciation	1,038	809
Operating profit (EBIT) before special items	1,566	1,454
Special items, costs	511	-
Net financial expenses	597	173
Profit before tax	458	1,281
Tax on profit for the period	127	318
Profit for the period	331	963
<i>Profit for the period attributable to:</i>		
Shareholders of DSV Panalpina A/S	328	971
Non-controlling interests	3	(8)
<i>Earning per share:</i>		
Earnings per share of DKK 1 for the period	1.4	5.5
Diluted earnings per share of DKK 1 for the period	1.4	5.4

Statement of comprehensive income

(DKKm)	Q1 2020	Q1 2019
Profit for the period	331	963
<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
Net exchange differences recognised in OCI	(470)	221
Fair value adjustments relating to hedging instruments	(6)	3
Fair value adjustments relating to hedging instruments transferred to financial expenses	(6)	1
Tax on items reclassified to income statement	-	-
<i>Items that will not be reclassified to income statement:</i>		
Actuarial gains/(losses)	(36)	(75)
Tax relating to items that will not be reclassified	11	18
Other comprehensive income, net of tax	(507)	168
Total comprehensive income	(176)	1,131
<i>Total comprehensive income attributable to:</i>		
Shareholders of DSV Panalpina A/S	(176)	1,139
Non-controlling interests	-	(8)
Total	(176)	1,131

Cash flow statement

(DKKm)	Q1 2020	Q1 2019
Operating profit before amortisation and depreciation (EBITDA) before special items	2,604	2,263
<i>Adjustments:</i>		
Share-based payments	30	24
Change in provisions	(55)	(34)
Change in working capital, etc.	(355)	(495)
Special items	(555)	-
Interest received	65	22
Interest, paid	(292)	(199)
Corporation tax, paid	(96)	(215)
Cash flow from operating activities	1,346	1,366
Purchase of intangible assets	(70)	(68)
Purchase of property, plant and equipment	(221)	(198)
Disposal of intangible assets, property, plant and equipment	70	98
Change in other financial assets	20	(9)
Cash flow from investing activities	(201)	(177)
Free cash flow	1,145	1,189
Proceeds from borrowings	4,483	1,239
Repayment of borrowings	(1,006)	(1,469)
Repayment of lease liabilities	(785)	(649)
Other financial liabilities incurred	(18)	26
<i>Transactions with shareholders:</i>		
Dividends distributed	(588)	(423)
Purchase of treasury shares	(3,030)	-
Sale of treasury shares	122	48
Other transactions with shareholders	(2)	20
Cash flow from financing activities	(824)	(1,208)
Cash flow for the period	321	(19)
Cash and cash equivalents 1 January	2,043	1,158
Cash flow for the period	321	(19)
Currency translation adjustments	(385)	43
Cash and cash equivalents end of period	1,979	1,182
The cash flow statement cannot be directly derived from the balance sheet and income statement.		
Statement of adjusted free cash flow	Q1 2020	Q1 2019
Free cash flow	1,145	1,189
Special items (restructuring costs)	555	-
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	(785)	(649)
Adjusted free cash flow	915	540

Balance sheet – Assets

(DKKm)	31.03.2020	31.12.2019	31.03.2019
Intangible assets	51,444	51,988	16,882
Right-of-use assets	11,065	11,671	9,922
Property, plant and equipment	2,998	3,022	2,415
Other receivables	474	494	301
Deferred tax assets	1,895	2,164	1,136
Total non-current assets	67,876	69,339	30,656
Trade receivables	18,836	18,252	13,286
Contract assets	3,616	3,054	2,023
Inventories	1,487	1,324	792
Other receivables	2,458	3,410	1,657
Cash and cash equivalents	1,979	2,043	1,182
Assets held for sale	118	135	53
Total current assets	28,494	28,218	18,993
Total assets	96,370	97,557	49,649

Balance sheet – Equity and liabilities

(DKKm)	31.03.2020	31.12.2019	31.03.2019
Share capital	235	235	188
Reserves and retained earnings	45,979	49,195	14,728
DSV Panalpina A/S shareholders' share of equity	46,214	49,430	14,916
Non-controlling interests	(112)	(111)	(55)
Total equity	46,102	49,319	14,861
Lease liabilities	8,676	9,227	8,145
Borrowings	9,965	6,464	6,127
Pensions and similar obligations	1,496	1,494	989
Provisions	1,227	1,282	644
Deferred tax liabilities	405	455	162
Total non-current liabilities	21,769	18,922	16,067
Lease liabilities	3,273	3,385	2,608
Borrowings	1,495	1,520	582
Trade payables	9,550	9,783	7,384
Accrued cost of services	6,030	5,330	3,221
Provisions	1,005	1,157	363
Other payables	6,279	7,201	4,015
Corporation tax	867	940	548
Total current liabilities	28,499	29,316	18,721
Total liabilities	50,268	48,238	34,788
Total equity and liabilities	96,370	97,557	49,649

Statement of changes in equity at 31 March 2020

Attributable to shareholders of DSV Panalpina A/S

(DKKm)	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2020	235	(265)	49,460	49,430	(111)	49,319
Profit for the period	-	-	328	328	3	331
Other comprehensive income, net of tax	-	(486)	(18)	(504)	(3)	(507)
Total comprehensive income for the period	-	(486)	310	(176)	-	(176)
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	30	30	-	30
Tax on share-based payments	-	-	(126)	(126)	-	(126)
Dividends distributed	-	-	(588)	(588)	(1)	(589)
Purchase of treasury shares	-	(5)	(3,025)	(3,030)	-	(3,030)
Sale of treasury shares	-	2	672	674	-	674
Dividends on treasury shares	-	-	23	23	-	23
Tax on other transactions with owners	-	-	-	-	-	-
Other adjustments	-	-	(23)	(23)	-	(23)
Total transactions with shareholders	-	(3)	(3,037)	(3,040)	(1)	(3,041)
Equity at 31 March 2020	235	(754)	46,733	46,214	(112)	46,102

Statement of changes in equity at 31 March 2019

Attributable to shareholders of DSV Panalpina A/S

(DKKm)	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2019 as previously reported	188	(704)	15,077	14,561	(29)	14,532
Impact of accounting policy change*	-	-	(593)	(593)	(16)	(609)
Equity at 1 January 2019	188	(704)	14,484	13,968	(45)	13,923
Profit for the period	-	-	971	971	(8)	963
Other comprehensive income, net of tax	-	226	(58)	168	-	168
Total comprehensive income for the period	-	226	913	1,139	(8)	1,131
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	24	24	-	24
Dividends distributed	-	-	(423)	(423)	-	(423)
Sale of treasury shares	-	-	48	48	-	48
Dividends on treasury shares	-	-	22	22	-	22
Tax on transactions with shareholders	-	-	139	139	-	139
Other adjustments	-	-	(1)	(1)	(2)	(3)
Total transactions with shareholders	-	-	(191)	(191)	(2)	(193)
Equity at 31 March 2019	188	(478)	15,206	14,916	(55)	14,861

*Cumulative effect of applying IFRS 16 Leases.

Notes

1 Accounting policies

This 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 2019 DSV Panalpina Annual Report. The 2019 DSV Panalpina Annual Report provides a full description of the Group's accounting policies.

Changes in accounting policies

The DSV Panalpina Group has implemented the latest amendments to the International Financial Reporting Standards (IFRS) effective as of 1 January 2020 as adopted by the European Union.

None of the amendments implemented have had any material impact on the Group's financial statements, nor or they expected to have so in the foreseeable future.

2 Management judgements and estimates

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 are based on professional experience, historical data and other factors available to Management.

By nature, a degree of uncertainty is involved when carrying out these judgements and estimates, hence actual results may deviate from the assessments made at the reporting date. Judgements and estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

Primary financial statement line items in which more significant accounting estimates are applied are listed in Chapter 1 of the Notes to the 2019 DSV Panalpina Financial Statements to which is referred.

3 New accounting regulations

The IASB has issued several new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Q1 2020 Interim Financial Report.

None of these are currently expected to carry any significant impact on the DSV Panalpina Financial Statements when implemented.

4 Segment information

(DKKm)	Air & Sea		Road		Solutions		Non-allocated items and eliminations		Total	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Condensed income statement										
Revenue	16,479	9,263	7,469	7,735	3,347	2,965	14	16	27,309	19,979
Intercompany revenue	195	148	452	367	94	84	(741)	(599)	-	-
Divisional revenue	16,674	9,411	7,921	8,102	3,441	3,049	(727)	(583)	27,309	19,979
Direct costs	12,799	6,987	6,386	6,541	2,185	1,923	(745)	(586)	20,625	14,865
Gross profit	3,875	2,424	1,535	1,561	1,256	1,126	18	3	6,684	5,114
Other external expenses	797	386	287	300	289	264	(506)	(294)	867	656
Staff costs	1,679	943	757	719	385	306	392	227	3,213	2,195
Operating profit before amortisation, depreciation (EBITDA) before special items	1,399	1,095	491	542	582	556	132	70	2,604	2,263
Amortisation and depreciation	269	97	232	244	423	363	114	105	1,038	809
Operating profit (EBIT) before special items	1,130	998	259	298	159	193	18	(35)	1,566	1,454
Condensed balance sheet										
Total assets	50,254	23,762	20,554	20,154	13,542	12,716	12,020	(6,983)	96,370	49,649
Total liabilities	50,337	25,694	13,868	13,925	11,502	11,538	(25,439)	(16,369)	50,268	34,788

5 Revenue

Sale of services and geographical segmentation are specified as follows:

(DKKm)	EMEA		Americas		APAC		Total	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Air services	4,133	2,028	3,093	1,584	2,304	986	9,530	4,598
Sea services	4,501	2,968	2,237	1,305	406	540	7,144	4,813
Road services	7,306	7,387	615	715	-	-	7,921	8,102
Solutions services	2,355	2,253	757	539	329	257	3,441	3,049
Total	18,295	14,636	6,702	4,143	3,039	1,783	28,036	20,562
Non-allocated items and eliminations							(727)	(583)
Total revenue							27,309	19,979

6 Special items

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

Special items for the first quarter of 2020 totalled DKK 511 million comprising restructuring and reorganisation costs related to the acquisition of Panalpina.

The costs are part of the total integration costs of approximately DKK 2,300 million expected to be recognised in relation to the acquisition during 2019 and 2020.

In response to the COVID-19 situation, further initiatives have been taken with the aim to reduce the cost base by approx. DKK 1,400 million on an annual basis. The savings will trigger additional restructuring costs of approx. DKK 1,000 million in 2020.

7 Share options schemes

DSV Panalpina has launched a new 2020 share-based payment incentive scheme with the purpose of motivating and retaining senior staff and members of the Executive Board. The scheme is also intended to align the interests of staff and shareholders.

Share options are granted pursuant to the current remuneration policies and guidelines of the Group approved by the Annual General Meeting and the Board of Directors.

The share options are equity-settled and can be exercised by cash purchase of shares only during the exercise period. The obligation relating to the share options scheme is covered by the Company's treasury shares.

Outstanding share options schemes

The fair value at 31 March 2020 of the 2020 share options scheme amounts to DKK 155 million and has been determined based on the Black & Scholes valuation model. The assumptions applied are listed in the following table:

Share options scheme 2020	
Vesting period	31.03.2020 - 31.03.2023
Exercise period	31.03.2023 - 31.03.2025
Number of employees included	1,998
<i>Number of options granted</i>	
Executive Board	190,000
Senior staff	2,890,750
Total	3,080,750
<i>Value assumptions:</i>	
Exercise price	560
Volatility (%)	16
Risk-free interest rate (%)	0

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 Panalpina A/S for the three-month period ended 31 March 2020.

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.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's assets, equity, liabilities and financial position on 31 March 2020 and of the results of the Group's activities and the cash flow for the three-month period ended 31 March 2020.

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. Over and above the disclosures in the Interim Financial Report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2019.

Hedehusene, 30 April 2020

Executive Board:

Jens Bjørn Andersen
CEO

Jens H. Lund
CFO

Board of Directors:

Thomas Plenborg
Chairman

Jørgen Møller
Deputy Chairman

Anette Sadolin

Birgit W. Nørgaard

Marie-Louise Aamund

Beat R. Walti

Niels Smedegaard