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INTERIM FINANCIAL REPORT

Q1 2019

Company Announcement No. 744

30 April 2019

Selected financial and operating data for the period 1 January - 31 March 2019

(DKKkm)	Q1 2019	Q1 2018 excl. IFRS 16
Revenue	19,979	18,380
Gross profit	5,114	4,120
Operating profit before special items	1,454	1,156
<i>Operating margin</i>	7.3%	6.3%
<i>Conversion ratio</i>	28.4%	28.1%
Profit after tax	963	769
Adjusted earnings for the period	993	786
Adjusted free cash flow	540	448
Diluted adjusted earnings per share of DKK 1 for the last 12 months	23.4	18.4

Jens Bjørn Andersen, Group CEO: " We delivered strong results in Q1 2019, with healthy top-line growth across all divisions and a 15% underlying growth in EBIT. As previously announced, we have entered into an agreement to join forces with Panalpina and we expect that this transaction will close end Q3 this year. We are very much looking forward to teaming up with Panalpina, and while preparing for the integration, we are focused on delivering good customer service and managing the day to day operations. Our Q1 report is a clear testament to this."

The financial performance for Q1 2019 fully lived up to the expectations for 2019 originally published. However, to facilitate the listing of new shares for the Exchange Offer to the shareholders of Panalpina, DSV withdraws its outlook for 2019 effective as of today. We expect to publish a new financial outlook once the combination with Panalpina is completed.

A separate company announcement about the launch of a new six-month share buyback programme of up to DKK 3,500 million will be issued today.

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Yours sincerely,
DSV A/S

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DSV – Global Transport and Logistics

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

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Forward-looking statements

This announcement contains forward-looking statements that reflect DSV's current expectations and views of future events. Some of these forward-looking statements can be identified by terms and phrases such as "estimate," "expect," "target," "plan," "project," "will" and similar expressions. These forward-looking statements include statements relating to: the expected characteristics of the combined company; expected ownership of the combined company by EGS; expected financial results and characteristics of the combined company; expected timing of the launch and closing of the proposed transaction and satisfaction of conditions precedent, including regulatory conditions; and the expected benefits of the proposed transaction, including related synergies. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. These forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. Risks and uncertainties include: the ability of DSV to integrate Panalpina into DSV's operations; the performance of the global economy; the capacity for growth in internet and technology usage; the consolidation and convergence of the industry, its suppliers and its customers; the effect of changes in governmental regulations; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; and the impact on the combined company (after giving effect to the proposed transaction with Panalpina) of any of the foregoing risks or forward-looking statements, as well as other risk factors listed from time to time in DSV's and Panalpina's public disclosures.

The forward-looking statements should be read in conjunction with the other cautionary statements that are included elsewhere, including the risk factors included in any public disclosures of DSV or Panalpina. Any forward-looking statements made in this announcement are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realised or, even if substantially realised, that they will have the expected consequences to, or effects on, us or our business or operations. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

IMPORTANT ADDITIONAL INFORMATION

This announcement does not constitute or form part of any offer to exchange or acquire, or a solicitation of an offer to exchange or acquire, Panalpina shares. This announcement is not a substitute for the (i) Swiss offer prospectus, (ii) listing prospectus for new DSV shares or (iii) the preliminary prospectus / offer to exchange expected to be included in the Registration Statement on Form F-4 (the "Registration Statement") to be filed with the SEC if a vendor placement is not implemented with respect to the holders of the Panalpina Shares who are located in the United States and are not qualified institutional buyers (as defined in Rule 144A under the Securities Act of 1933 (the "Securities Act")) ((i) to (iii) collectively, the "Offer Documents"). The Exchange Offer referenced in this announcement has not yet commenced. No offering of securities shall be made in the United States except by means of a prospectus meeting the requirements of Section 10 of the Securities Act or pursuant to a vendor placement or another applicable exception from the registration requirements pursuant to the U.S. securities laws.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE OFFER DOCUMENTS (INCLUDING, IF FILED, THE REGISTRATION STATEMENT) AND ALL OTHER RELEVANT DOCUMENTS THAT DSV OR PANALPINA HAS FILED OR MAY FILE WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY SWISS OR DANISH REGULATOR WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.

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Financial highlights

	Q1 2019	Q1 2018 excl. IFRS 16
Income statement (DKKm)		
Revenue	19,979	18,380
Gross profit	5,114	4,120
Operating profit before depreciation, amortisation and special items (Adjusted EBITDA)	2,263	1,338
Operating profit before special items (Adjusted EBIT)	1,454	1,156
Net financial expenses	173	155
Profit for the period	963	769
Adjusted earnings for the period	993	786
Balance sheet (DKKm)		
DSV A/S shareholders' share of equity	14,916	14,487
Non-controlling interests	(55)	(29)
Balance sheet total	49,649	38,522
Net working capital	2,199	1,884
Net interest-bearing debt	16,107	6,116
Invested capital	30,744	20,645
Gross investment in property, plant and equipment	198	148
Cash flows (DKKm)		
Operating activities	1,452	500
Investing activities	(177)	(52)
Free cash flow	1,275	448
Adjusted free cash flow	540	448
Financing activities	(1,294)	(243)
Share buyback	-	(691)
Dividends distributed	(423)	(380)
Cash flow for the period	(19)	205
Financial ratios (%)		
Gross margin	25.6	22.4
Operating margin	7.3	6.3
Conversion ratio	28.4	28.1
Effective tax rate	24.8	23.2
ROIC before tax*	19.5	23.1
Return on equity (ROE)	28.6	21.7
Solvency ratio	30.0	37.6
Gearing ratio*	1.7	1.1
Share ratios		
Earnings per share of DKK 1 for the last 12 months	23.2	16.6
Diluted adjusted earnings per share of DKK 1 for the last 12 months	23.4	18.4
Number of shares issued ('000)	188,000	190,000
Number of treasury shares ('000)	9,720	6,922
Average number of shares issued ('000) for the last 12 months	180,790	185,449
Average diluted number of shares ('000) for the last 12 months	183,917	188,442
Share price end of period (DKK)	550.4	474.3
Staff		
Number of full-time employees	47,281	46,767

The implementation of IFRS 16 Leases as from 1 January 2019 has a material impact on DSV's financial statements and key ratios. Comparative figures for 2018 have not been restated.

For a definition of the financial highlights, please refer to page 81 of the 2018 Annual Report.

*For the calculation of financial ratios for Q1 2019, certain pro forma adjustments have been made, please refer to note 2.

Management's commentary

The implementation of IFRS 16 Leases as from 1 January 2019 had a material impact on DSV's financial statements and key ratios as most contracts previously classified as operating leases have now been capitalised. On a divisional level, the impact of IFRS 16 is most significant for Solutions, less significant for Road and insignificant for Air & Sea. The 2018 financial statements have not been restated, and therefore *year-on-year growth rates have been calculated excluding IFRS 16* to illustrate the underlying development.

The Group achieved a gross profit of DKK 5,114 million for Q1 2019, compared to DKK 4,120 million for Q1 2018. In constant currencies and excluding the impact of IFRS 16, the underlying growth in gross profit was 8.5% – a solid performance driven by market share gains in a relatively low growth market.

EBIT before special items was DKK 1,454 million for Q1 2019, compared to DKK 1,156 million for the same period of 2018. In constant currencies and excluding the impact of IFRS 16, the underlying growth in EBIT before special items was 14.9%.

” DSV has performed well and gained market share across all business segments.



Profit for the period

Revenue

Revenue amounted to DKK 19,979 million for Q1 2019, compared to DKK 18,380 million for Q1 2018. Adjusted for exchange rate fluctuations (in constant currencies), growth for the period was 7.9%.

The Air & Sea division achieved a growth of 10.2%, Road 5.7% and Solutions 6.2% (constant currencies). The growth was driven by growth in freight volumes as well as higher average rates per shipment.

The freight and logistics markets have been characterised by a relatively weak start to 2019, especially for air freight where estimated market volumes were down 1%. Global sea freight volumes, the European road freight market and contract logistics market are estimated to have grown by low single digits, close to the growth in the underlying economy.

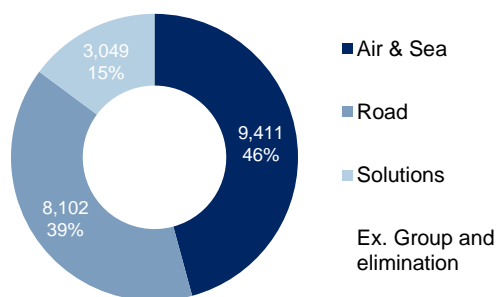
Under these market conditions DSV has performed well and gained market share across all business segments. The growth has been achieved without pricing sacrifices – in other words, gross profit has grown in line with revenue in the period.

Relative to the same period in 2018, revenue was positively impacted by a higher number of working days, due to the timing of Easter.

The continued uncertainty about tariffs and possible trade wars has most likely had a negative impact on global growth rates. DSV's direct exposure to the China-US trade lane is limited to approximately 10% of Air & Sea volumes, but sustainable and long-term solutions would be positive for the markets and for DSV.

The Brexit situation is another factor causing uncertainty and harming market growth in the EU area. While we are awaiting the outcome, we have prepared for the worst-case scenario – a hard Brexit – in close cooperation with our customers. UK represents approximately 5% of the total revenue of DSV.

REVENUE Q1 2019 (DKKm)



Gross profit

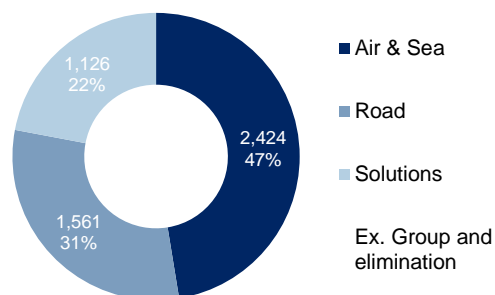
Gross profit was DKK 5,114 million for Q1 2019, compared to DKK 4,120 million for Q1 2018. IFRS 16 impacted gross profit for the period positively by DKK 596 million.

In constant currencies and excluding IFRS 16, the underlying growth in gross profit was 8.5%. The Air & Sea division achieved an underlying growth of 9.0%, Road 4.4% and Solutions 9.1%.

The Air & Sea division achieved growth in transport volumes (approximately 5% for air and 4% for sea) and at the same time gross profit per shipment (yield) improved year-on-year.

Solutions also saw a combination of higher activity and improved underlying gross margin in the quarter. For the Road division, the growth in gross profit was driven by higher activity.

GROSS PROFIT Q1 2019 (DKKm)



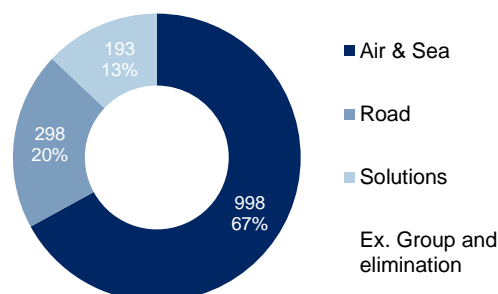
The gross margin was 25.6% for Q1 2019 compared to 22.4% for Q1 2018. Excluding IFRS 16 the gross margin came to 22.6% and was on the same level as last year.

EBIT before special items

Operating profit before special items was DKK 1,454 million for Q1 2019, compared to DKK 1,156 million for Q1 2018. IFRS 16 impacted EBIT for the period positively by DKK 96 million. In constant currencies and excluding IFRS 16, underlying growth for the period was 14.9%.

The growth in earnings in Q1 2019 was attributable to growth in all divisions, not least in the Air & Sea division. Air & Sea achieved an underlying growth of 20.5%, Road 13.6% and Solutions 3.9%.

EBIT BEFORE SPECIAL ITEMS Q1 2019 (DKKm)



Because of higher productivity, the conversion ratio was 28.4% for Q1 2019 (30.1% excluding IFRS 16), compared to 28.1% for the corresponding period of 2018. The positive margin development is a clear demonstration of DSV's scalable network and infrastructure.

The operating margin was 7.3% for Q1 2019 (6.8% excluding IFRS 16), compared to 6.3% for the same period last year.

Financial items

Financial items totalled a net expense of DKK 173 million for Q1 2019 (Q1 2018: DKK 155 million): Interest on lease liabilities of DKK 89 million (Q1 2018: DKK 3 million), other interest expenses of DKK 80 million (Q1 2018: DKK 69 million) and net exchange rate losses of DKK 7 million (Q1 2018: DKK 86 million).

(DKKm)	Q1 2018 excl. IFRS 16	Currency translation adjustments	Growth	Underlying growth*	Q1 2019 excl. IFRS 16	IFRS 16 impact	Q1 2019
Revenue	18,380	139	1,460	7.9%	19,979	-	19,979
Gross profit	4,120	45	353	8.5%	4,518	596	5,114
EBIT before special items	1,156	26	176	14.9%	1,358	96	1,454
Gross margin	22.4%				22.6%		25.6%
Operating margin	6.3%				6.8%		7.3%
Conversion ratio	28.1%				30.1%		28.4%

* Growth in constant currencies and before IFRS 16 impact

Tax on profit for the period

The effective tax rate was 24.8% for Q1 2019, compared to 23.2% for Q1 2018.

Profit for the period

Profit for the period was DKK 963 million for Q1 2019, compared to DKK 769 million for the same period of 2018. The growth was primarily driven by higher operating profit in 2019. The implementation of IFRS 16 had no material impact on profit for the period.

Diluted adjusted earnings per share

The 12-month figure to the end of March 2019 was DKK 23.4 per share against DKK 18.4 for the same period last year, corresponding to an increase of 27.2%.

IFRS 16 has no material impact on earnings per share.

Cash flow statement

CASH FLOW STATEMENT

(DKKm)	Q1 2019	Q1 2018 excl. IFRS16
Cash flow from operating activities	1,452	500
Cash flow from investing activities	(177)	(52)
Free cash flow	1,275	448
Proceeds from and repayment of short-term and long-term debt	(939)	747
Allocated to shareholders	(423)	(1,071)
Exercise of share options	48	67
Other transactions with shareholders	20	14
Cash flow from financing activities	(1,294)	(243)
Cash flow for the period	(19)	205
Free cash flow	1,275	448
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	(735)	-
Adjusted free cash flow	540	448

Cash flow from operating activities

Cash flow from operating activities was DKK 1,452 million for Q1 2019, compared to DKK 500 million for Q1 2018. The increase of DKK 952 million was mainly due to IFRS 16, which had a positive impact of DKK 735 million for the quarter, as repayment of lease liabilities and interest is now reported as financing activities. The underlying improvement was DKK 233 million.

Cash flow from investing activities

Cash flow from investing was a negative DKK 177 million for Q1 2019, compared to a negative DKK 52 million for Q1 2018. The increase was mainly due to reduced proceeds from disposal of property compared to last year.

Adjusted free cash flow

Adjusted free cash flow for the period was DKK 540 million against DKK 448 million for the same period last year.

The implementation of IFRS 16 had no impact on adjusted free cash flow.

Net working capital

DSV's reported funds tied up in net working capital amounted to DKK 2,199 million on 31 March 2019, compared to DKK 1,884 million on 31 March 2018.

Relative to full-year revenue, net working capital amounted to 2.7% on 31 March 2019 (31 March 2018: 2.5%). The target for NWC is 2% of revenue by year-end, but due to seasonality NWC normally increases during the year.

Capital structure and finances

DSV A/S shareholders' share of equity

The equity interest of DSV shareholders was DKK 14,916 million on 31 March 2019 (DKK 14,561 million on 31 December 2018).

Equity was mainly affected by the profit for the period, distribution of dividends and impact from change in accounting policy.

On 31 March 2019, DSV's portfolio of treasury shares amounted to 9,720,169 shares, corresponding to 5.17% of the total number

of shares issued. On 29 April 2019, DSV's portfolio of treasury shares amounts to 7,184,669 shares.

The solvency ratio excluding non-controlling interests was 30.0% on 31 March 2019 (31 March 2018: 37.6%).

DSV reduced its share capital on 23 April 2019 through the cancellation of 2.0 million treasury shares. Consequently, the share capital of DSV has a current nominal value of DKK 186 million, corresponding to 186 million shares with a face value of DKK 1.

DEVELOPMENT IN EQUITY

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Equity at 1 January 2019 as previously reported	14,561	14,835
Impact of accounting policy change	(593)	-
Equity on 1 January	13,968	14,835
Profit for the period	971	770
Currency translation adjustments, foreign enterprises	221	(100)
Allocated to shareholders	(423)	(1,071)
Sale of treasury shares	48	67
Other equity movements	131	(14)
Equity end of period	14,916	14,487

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 16,107 million on 31 March 2019 (including IFRS 16 lease liability of DKK 10,542 million), compared to a total net interest-bearing debt of DKK 6,116 million on 31 March 2018.

Due to the impact from IFRS 16 the financial gearing ratio increased to 1.7 on 31 March 2019, compared to 1.1 last year. The implementation of IFRS 16 had no impact on DSV's agreements and terms with banks regarding long terms funding.

In line with DSV's capital allocation principles, a share buyback programme of up to DKK 3,500 million will be initiated on 30 April 2019 to bring the financial gearing ratio close to the target range (below 2x net interest-bearing debt to EBITDA). The programme will run until 25 October 2019.

The weighted average duration of DSV's bond, loan and credit facilities was 3.0 years on 31 March 2019, against 3.0 years on 31 March 2018.

Invested capital

The Group's invested capital including goodwill and customer relationships amounted to DKK 30,744 million on 31 March 2019 (including right-of-use asset of DKK 9,729 million), compared to DKK 20,645 million on 31 March 2018.

Return on invested capital (ROIC before tax)

Return on invested capital including goodwill and customer relationships was 19.5% for the 12-month period ended 31 March 2019, against 23.1% for the 12-month period ended 31 March 2018.

Subsequent events

Panalpina and DSV agree to join forces

On 1 April 2019, DSV pre-announced an all share voluntary public exchange offer for all publicly held shares in Panalpina Welttransport Holding AG (Panalpina). The public exchange offer is recommended by the board of directors of Panalpina and has the support of shareholders representing 69.9% of the registered shares of Panalpina.

Pursuant to the public exchange offer, DSV will offer 2.375 DSV shares (with a nominal value of DKK 1 per share) for one Panalpina share. Fractional DSV shares will be settled in cash. Based on the DSV closing price of DKK 550.4 and an exchange rate of DKK 1.00 = CHF 0.1498 as at 29 March 2019, the exchange offer equals an implied offer price of CHF 195.8 for each Panalpina share. The transaction has an enterprise value of approximately CHF 4.6 billion, corresponding to DKK 30.5 billion (also based on share price and exchange rate of 29 March 2019).

Public exchange offer settlement and completion of the transaction are expected in the end of Q3 2019. The offer is subject to the satisfaction of customary conditions, including but not exhaustive: acceptance of the public exchange offer by 80% of Panalpina's shareholders, approval of a capital increase at an extraordinary general meeting in DSV, approval of a listing prospectus and approval by relevant competition authorities. Transactional overview and further details are provided in Company Announcement No. 741.

About Panalpina

The Panalpina Group is one of the world's leading providers of supply chain solutions with its core services comprising Air Freight, Ocean Freight, and Logistics and Manufacturing. The Panalpina Group generated revenues of approximately CHF 6 billion (DKK 40 billion) in 2018 and operates a global network with some 500 offices in around 70 countries. Panalpina employs approximately 14,500 people worldwide.

Strategic rationale

The combination with Panalpina is expected to increase DSV's annual revenue by close to 50%, which will rank the combined companies in the industry top four with a pro-forma revenue of approximately DKK 118 billion and a combined workforce of more than 60,000 employees.

DSV and Panalpina is a strong match with many potential synergies because of similarities in business models, services and strategies. Additionally, scale remains one of the key competitive advantages in freight forwarding with significant operational and commercial benefits.

The Air & Sea division will be substantially strengthened and will be among the largest providers globally with close to 3 million containers (TEUs) and more than 1.5 million tons of air freight transported yearly. Contract logistics capabilities are increasingly important due to complex supply chains and changing distribution channels. The Solutions division will be strengthened as Panalpina will bring additional warehousing

capacity of more than 500,000 square meters. DSV's road network will be a strong addition to Panalpina's existing service offerings.

The combination will increase DSV's activities in the APAC and the Americas region, thereby further balancing DSV's geographical footprint.

Outlook

As previously announced, DSV intends to launch an all share exchange offer for all publicly held shares of Panalpina. In May 2019, an extraordinary general meeting will be held in DSV to pass a resolution to issue new shares for the exchange offer. To

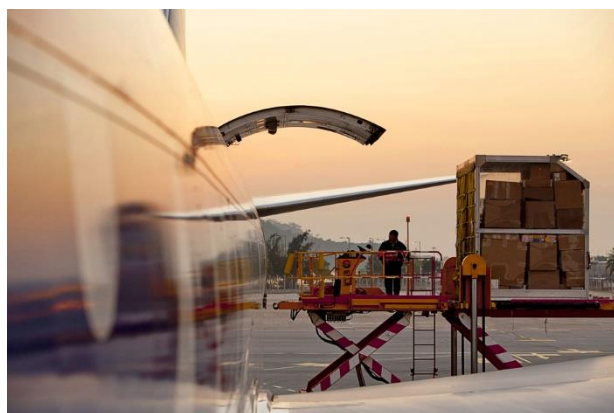
facilitate the preparation of a listing prospectus for such new shares, DSV withdraws its outlook for 2019 effective as of today. Until the combination with Panalpina has been completed, expectedly in the end of Q3 2019, DSV intends not to publish or comment on any financial forecast, guidance or outlook for DSV stand-alone or in combination with Panalpina except as required by law. Investors are cautioned that as from today DSV has no forecast, outlook or guidance outstanding, and any previous communication by DSV that implies a forecast, outlook or guidance is no longer valid. Financial targets are not and should not be construed to imply a forecast, outlook or guidance. Any forecast, outlook or guidance disseminated by others may or may not be accurate.

DSV Air & Sea

Activities

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

For Q1 2019, the division reported a 5% growth for air freight volumes and 4% growth for sea freight. In combination with improved yields, the division achieved 9.0% growth in gross profit for the quarter. The division reported EBIT before special items of DKK 998 million and underlying growth of 20.5% compared to the same period last year.



” The growth in earnings was driven by all regions, with a strong performance especially in Americas.

INCOME STATEMENT

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Divisional revenue	9,411	8,414
Direct costs	6,987	6,269
Gross profit	2,424	2,145
Other external expenses	386	457
Staff costs	943	870
EBITDA before special items	1,095	818
Depreciation of right-of-use assets	82	1
Depreciation and amortisation of owned assets	15	22
EBIT before special items	998	795

KEY PERFORMANCE INDICATORS

	Q1 2019	Q1 2018 excl. IFRS 16
Gross margin (%)	25.8	25.5
Operating margin (%)	10.6	9.4
Conversion ratio (%)	41.2	37.1
Number of full-time employees	12,072	11,996
Total invested capital (DKKm)	12,837	11,518
Net working capital (DKKm)	1,872	1,781
ROIC before tax (%)	30.4	29.2

Market development

Freight volume growth on 2019

	DSV Q1 2019	Market Q1 2019
Sea freight – TEUs	4%	1%
Air freight – tonnes	5%	(1%)

Market growth rates are based on own estimates.

The division reported an increase in sea freight volumes (TEUs) of 4% for Q1 2019. This was above estimated market growth of 1%. DSV's growth was mainly driven by growth in export volumes from Americas, whereas market conditions on the Asia-Europe trade lane continue to be weak.

In the first three months of 2019, the division reported a volume increase (tonnes) of 5% for air freight, mainly driven by strong performance on Americas exports. The air freight market declined 1% in the same period.

The growth has been achieved within the division's normal activity areas: controlled cargo which benefits the global network and provides opportunities for selling value-added services.

Divisional revenue

The division's revenue amounted to DKK 9,411 million for Q1 2019, against DKK 8,414 million for the same period last year. In constant currencies, growth for the period was 10.2%.

The increase was driven by growth in freight volumes. At the same time average freight rates were higher than in the same period last year.

Gross profit

Gross profit was DKK 2,424 million for Q1 2019, compared to DKK 2,145 million for Q1 2018. IFRS 16 impacted gross profit for the period positively by DKK 35 million. The underlying growth in gross profit was 9.0% from Q1 2018 to Q1 2019.

he division's gross margin was 25.4% for Q1 2019, compared to 25.5% for the same period last year. IFRS 16 impact on gross margin was limited.

Underlying gross profit per shipment showed a satisfactory development in the first three months of 2019 and improved for both sea freight and – most significantly – air freight. The strong yield development illustrates the division's focus on profitable growth and the continued development of core freight forwarding and value-added services.

EBIT before special items

EBIT before special items was DKK 998 million for Q1 2019, compared to DKK 795 million for Q1 2018. IFRS 16 impacted EBIT for the period positively by DKK 10 million, corresponding to an underlying growth for the period of 20.5%.

The growth in earnings was driven by all regions, with a strong performance especially in Americas.

The conversion ratio was 41.2% for Q1 2019, compared to 37.1% for the same period last year. The operating margin was 10.6%, compared to 9.4% for the same period last year. IFRS 16 impact on operating margin was limited.

The increases in operating margins were driven by continued improvement in productivity across the organisation. The division has successfully leveraged on the global network, 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 on 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 division's funds tied up in net working capital came to DKK 1,872 million on 31 March 2019, compared to DKK 1,781 million on 31 March 2018. The increase reflects the higher activity level.

BRIDGE 2018-2019

(DKKm)	Q1 2018 excl. IFRS 16	Currency translation adjustments	Growth	Underlying growth*	Q1 2019 excl. IFRS 16	IFRS 16 impact	Q1 2019
Divisional revenue	8,414	128	869	10.2%	9,411	-	9,411
Gross profit	2,145	46	198	9.0%	2,389	35	2,424
EBIT before special items	795	25	168	20.5%	988	10	998
Gross margin	25.5%				25.4%		25.8%
Operating margin	9.4%				10.5%		10.6%
Conversion ratio	37.1%				41.4%		41.2%

* Growth in constant currencies and before IFRS 16 impact

AIR AND SEA SPLIT

(DKKm)	Sea freight		Air freight	
	Q1 2019	Q1 2018 excl. IFRS 16	Q1 2019	Q1 2018 excl. IFRS 16
Divisional revenue	4,813	4,208	4,598	4,206
Direct costs	3,619	3,128	3,368	3,141
Gross profit	1,194	1,080	1,230	1,065
Gross margin (%)	24.8	25.7	26.8	25.3
Volume (TEUs/tonnes)	359,925	346,788	170,103	162,689
Gross profit per unit (DKK)	3,317	3,114	7,231	6,546

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 network of more than 200 terminals and operates approximately 20,000 trucks.

For Q1 2019, the division reported a 5.7% growth in revenue and 4.4% underlying growth in gross profit. EBIT before special items came to DKK 298 million with underlying growth of 13.6% compared to the same period last year.



” The improvement in EBIT and operating margins was driven by better performance in several countries across the division.

INCOME STATEMENT

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Divisional revenue	8,102	7,676
Direct costs	6,541	6,370
Gross profit	1,561	1,306
Other external expenses	300	347
Staff costs	719	686
EBITDA before special items	542	273
Depreciation of right-of-use assets	218	3
Depreciation and amortisation of owned assets	26	29
EBIT before special items	298	241

KEY PERFORMANCE INDICATORS

	Q1 2019	Q1 2018 excl. IFRS 16
Gross margin (%)	19.3	17.0
Operating margin (%)	3.7	3.1
Conversion ratio (%)	19.1	18.5
Number of full-time employees	13,181	13,047
Total invested capital (DKKm)	8,242	4,312
Net working capital (DKKm)	(637)	(665)
ROIC before tax (%)	15.4	24.9

Market development

The European road market is estimated to be growing in line with the European economy, approximately 1-2%. With an underlying growth in revenue of 5.7%, it is management's assessment that the Road division has gained market share in the first quarter of 2019.

The Road division will no longer report growth in shipments. This is due to the fact that the term "shipment" is not a precise or standardised measure, and changes in business mix can have a significant impact on the number of shipments handled.

Divisional revenue

The division's revenue amounted to DKK 8,102 million for Q1 2019, compared DKK 7,676 million for the same period last year. This corresponds to an underlying growth for the period of 5.7%.

The increase was attributable to higher activity level and higher average prices.

Relative to the same period in 2018, revenue was positively impacted by a higher number of working days due to the timing of Easter.

Gross profit

Gross profit was DKK 1,561 million for Q1 2019, compared to DKK 1,306 million for Q1 2018. IFRS 16 impacted gross profit

for the period positively by DKK 200 million. The underlying growth in gross profit was 4.4%.

The division's gross margin was 19.3% for Q1 2019, compared to 17.0 % for Q1 2018. Excluding IFRS 16, the gross margin came to 16.8% and was close to last year's level.

EBIT before special items

EBIT before special items was DKK 298 million for Q1 2019, compared to DKK 241 million for Q1 2018. IFRS 16 impacted EBIT for the period positively by DKK 22 million. The underlying growth for the period was 13.6%.

The conversion ratio was 19.1% for Q1 2019 (20.3% before IFRS 16), compared to 18.5% for the same period last year. The operating margin for Q1 2019 was 3.7% (3.4% before IFRS 16), compared to 3.1% for the same period last year.

The improvement in EBIT and operating margins was driven by better performance in several countries across the division.

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.

Net working capital

The Road division reported funds tied up in net working capital of a negative DKK 637 million on 31 March 2019 compared to a negative DKK 665 million on 31 March 2018.

BRIDGE 2018-2019

(DKKm)	Q1 2018 excl. IFRS 16	Currency translation adjustments	Growth	Underlying growth*	Q1 2019 excl. IFRS 16	IFRS 16 impact	Q1 2019
Divisional revenue	7,676	(10)	436	5.7%	8,102	-	8,102
Gross profit	1,306	(2)	57	4.4%	1,361	200	1,561
EBIT before special items	241	2	33	13.6%	276	22	298
Gross margin	17.0%				16.8%		19.3%
Operating margin	3.1%				3.4%		3.7%
Conversion ratio	18.5%				20.3%		19.1%

* Growth in constant currencies and before IFRS 16 impact

DSV Solutions

Activities

DSV Solutions offers 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.

For Q1 2019, the division reported a 6.2% growth in revenue and 9.1% underlying growth in gross profit. EBIT before special items came to DKK 193 million with underlying growth of 3.9% compared to the same period last year.



” The growth in earnings was mainly driven by strong performance in the Americas region.

INCOME STATEMENT

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Divisional revenue	3,049	2,848
Direct costs	1,923	2,149
Gross profit	1,126	699
Other external expenses	264	235
Staff costs	306	278
EBITDA before special items	556	186
Depreciation of right-of-use assets	314	3
Depreciation and amortisation of owned assets	49	56
EBIT before special items	193	127

KEY PERFORMANCE INDICATORS

	Q1 2019	Q1 2018 excl. IFRS 16
Gross margin (%)	36.9	24.5
Operating margin (%)	6.3	4.5
Conversion ratio (%)	17.1	18.2
Number of full-time employees	19,862	19,534
Total invested capital (DKKm)	8,589	4,166
Net working capital (DKKm)	1,028	1,067
ROIC before tax (%)	10.6	13.4

Market development

The contract logistics market grew by an estimated 2-3% in Q1 2019. As in previous years, growth is strong in the e-commerce sector, whereas growth for other, more conventional industries is more in line with the underlying economic growth.

Measured by divisional revenue, the division achieved growth of 6.2% for Q1 2019, with retail/omni-channel (incl. e-commerce) and general industrials as the main growth drivers.

Divisional revenue

The division's revenue was DKK 3,049 million for Q1 2019, compared to DKK 2,848 million for the same period of 2018. In constant currencies, growth for the period was 6.2%.

The highest growth rates were achieved in the Americas and APAC.

Gross profit

Gross profit was DKK 1,126 million for Q1 2019, compared to DKK 699 million for Q1 2018. IFRS 16 impacted gross profit for the period positively by DKK 362 million. This corresponds to an underlying growth in gross profit of 9.1% from Q1 2018 to Q1 2019.

The division's gross margin was 36.9% for Q1 2019, compared to 24.5% for Q1 2018. Excluding IFRS 16, the gross margin came to 25.1%, slightly above last year's level.

EBIT before special items

EBIT before special items was DKK 193 million for Q1 2019, compared to DKK 127 million for Q1 2018. IFRS 16 impacted EBIT for the period positively by DKK 61 million. In constant currencies and excluding IFRS 16, underlying growth for the period was 3.9%.

The growth in earnings was mainly driven by strong performance in the Americas region.

The cost base in Q1 2019 was impacted by increased cost for IT migration and implementation of new technology (automation) in warehouses. This had a slightly negative impact on the conversion ratio, which came to 17.1% for Q1 2019 (17.3% before IFRS 16) compared to 18.2% for the same period last year.

The division's operating margin was 6.3% for Q1 2019 (4.3% before IFRS 16), compared to 4.5% in Q1 2018.

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

Net working capital

The division reported funds tied up in net working capital of DKK 1,028 million on 31 March 2019, which was on level with the same period last year.

BRIDGE 2018-2019

(DKKm)	Q1 2018 excl. IFRS 16	Currency translation adjustments	Growth	Underlying growth*	Q1 2019 excl. IFRS 16	IFRS 16 impact	Q1 2019
Divisional revenue	2,848	22	179	6.2%	3,049	-	3,049
Gross profit	699	1	64	9.1%	764	362	1,126
EBIT before special items	127	-	5	3.9%	132	61	193
Gross margin	24.5%				25.1%		36.9%
Operating margin	4.5%				4.3%		6.3%
Conversion ratio	18.2%				17.3%		17.1%

* Growth in constant currencies and before IFRS 16 impact

Interim financial statements

Income statement

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Revenue	19,979	18,380
Direct costs	14,865	14,260
Gross profit	5,114	4,120
Other external expenses	656	758
Staff costs	2,195	2,024
Operating profit before depreciation, amortisation and special items	2,263	1,338
Depreciation of right-of-use assets	632	7
Depreciation and amortisation of owned assets	177	175
Operating profit before special items	1,454	1,156
Financial income	22	15
Financial expenses, lease liabilities	89	3
Financial expenses, other	106	167
Profit before tax	1,281	1,001
Tax on profit for the period	318	232
Profit for the period	963	769
Profit for the period attributable to:		
Shareholders of DSV A/S	971	770
Non-controlling interests	(8)	(1)
Earnings per share of DKK 1 for the period	5.5	4.2
Diluted earnings per share of DKK 1 for the period	5.4	4.1

Statement of comprehensive income

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Profit for the period	963	769
Items that will be reclassified to income statement when certain conditions are met:		
Net exchange differences recognised in OCI	221	(102)
Fair value adjustment relating to hedging instruments	3	(11)
Fair value adjustments relating to hedging instruments transferred to financial expenses	1	-
Tax on items reclassified to income statement	-	1
Items that will not be reclassified to income statement:		
Actuarial gains/(losses)	(75)	(34)
Tax relating to items that will not be reclassified	18	7
Other comprehensive income, net of tax	168	(139)
Total comprehensive income	1,131	630
Total comprehensive income attributable to:		
Shareholders of DSV A/S	1,139	633
Non-controlling interests	(8)	(3)
Total	1,131	630

Cash flow statement

(DKKm)	Q1 2019	Q1 2018 excl. IFRS 16
Operating profit before depreciation, amortisation and special items	2,263	1,338
<i>Adjustments:</i>		
Share-based payments	24	18
Change in provisions	(34)	(79)
Change in working capital, etc.	(495)	(536)
Interest received	22	15
Interest paid	(113)	(115)
Corporation tax, paid	(215)	(141)
Cash flow from operating activities	1,452	500
Purchase of intangible assets	(68)	(113)
Purchase of property, plant and equipment	(198)	(148)
Disposal of intangible assets, property, plant and equipment	98	212
Change in other financial assets	(9)	(3)
Cash flow from investing activities	(177)	(52)
Free cash flow	1,275	448
Proceeds from borrowings	1,239	783
Repayment of borrowings	(1,469)	-
Interests paid on lease liabilities	(86)	-
Repayment of lease liabilities	(649)	-
Other financial liabilities incurred	26	(36)
<i>Shareholders:</i>		
Dividends distributed	(423)	(380)
Purchase of treasury shares	-	(691)
Sale of treasury shares	48	67
Other transactions with shareholders	20	14
Cash flow from financing activities	(1,294)	(243)
Cash flow for the period	(19)	205
Cash and cash equivalents 1 January	1,158	1,348
Cash flow for the period	(19)	205
Currency translation adjustments	43	5
Cash and cash equivalents end of period	1,182	1,558
The cash flow statement cannot be directly derived from the balance sheet and income statement.		
<i>Statement of adjusted free cash flow</i>		
Free cash flow	1,275	448
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	(735)	-
Adjusted free cash flow	540	448

Balance sheet – Assets

(DKKm)	31.03.2019	31.12.2018 excl. IFRS 16	31.03.2018 excl. IFRS 16
Intangible assets	16,882	16,742	16,478
Right-of-use assets	9,922	193	226
Property, plant and equipment	2,415	2,297	2,207
Other receivables	301	291	260
Deferred tax assets	1,136	851	1,020
Total non-current assets	30,656	20,374	20,191
Trade receivables	13,286	13,252	12,569
Contract assets	2,023	1,554	1,467
Inventories	792	718	488
Other receivables	1,657	1,662	1,723
Cash and cash equivalents	1,182	1,158	1,558
Assets held for sale	53	94	526
Total current assets	18,993	18,438	18,331
Total assets	49,649	38,812	38,522

Balance sheet – Equity and liabilities

(DKKm)	31.03.2019	31.12.2018 excl. IFRS 16	31.03.2018 excl. IFRS 16
Share capital	188	188	190
Reserves and retained earnings	14,728	14,373	14,297
DSV A/S shareholders' share of equity	14,916	14,561	14,487
Non-controlling interests	(55)	(29)	(29)
Total equity	14,861	14,532	14,458
Lease liabilities	8,145	132	129
Borrowings	6,127	6,461	6,326
Pensions and similar obligations	989	915	1,140
Provisions	644	627	644
Deferred tax liabilities	162	188	189
Total non-current liabilities	16,067	8,323	8,428
Lease liabilities	2,608	60	88
Borrowings	582	485	1,185
Trade payables	7,384	7,646	7,141
Accrued cost of services	3,221	2,813	2,655
Provisions	363	412	384
Other payables	4,015	4,087	3,812
Corporation tax	548	454	371
Total current liabilities	18,721	15,957	15,636
Total liabilities	34,788	24,280	24,064
Total equity and liabilities	49,649	38,812	38,522

Statement of changes in equity – 1 January - 31 March 2019

(DKKkm)	Share capital	Reserves	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity 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 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
Transactions with owners:						
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
Other adjustments	-	-	(1)	(1)	(2)	(3)
Tax on transactions with owners	-	-	139	139	-	139
Total transactions with owners	-	-	(191)	(191)	(2)	(193)
Equity 31 March 2019	188	(478)	15,206	14,916	(55)	14,861

*Cumulative effect of applying IFRS 16 Leases - see Note 1 to the Interim Financial Statements

Statement of changes in equity – 1 January - 31 March 2018

(DKKkm)	Share capital	Reserves	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity 1 January 2018	190	4,195	10,450	14,835	(26)	14,809
Profit for the period	-	-	770	770	(1)	769
Other comprehensive income, net of tax	-	(100)	(37)	(137)	(2)	(139)
Total comprehensive income for the period	-	(100)	733	633	(3)	630
Transactions with owners:						
Share-based payments	-	-	18	18	-	18
Dividends distributed	-	-	(380)	(380)	-	(380)
Purchase of treasury shares	-	-	(691)	(691)	-	(691)
Sale of treasury shares	-	(1)	68	67	-	67
Dividends on treasury shares	-	-	14	14	-	14
Other adjustments	-	-	3	3	-	3
Tax on transactions with owners	-	-	(12)	(12)	-	(12)
Total transactions with owners	-	(1)	(980)	(981)	-	(981)
Equity 31 March 2018	190	4,094	10,203	14,487	(29)	14,458

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 2018 Annual Report. The 2018 Annual Report provides a full description of DSV 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 2019 as adopted by the European Union.

Of the standards and amendments implemented only IFRS 16 Leases has had material impact on the Group's Financial Statements.

IFRS 16 Leases

IFRS 16 Leases has been implemented as of 1 January 2019. Implementation of IFRS 16 has had a material impact on DSV's financial statements as most contracts previously classified as off-balance operating leases under IAS 17 have now been capitalised, recognising right-of-use assets and lease liabilities similar to previous practices for finance leases.

Consequently, reported operating profits have increased, as previous operating lease expenses have been replaced by depreciation and interest expenses. However, the impact on profit for the period is neutral over time, but a timing effect does occur due to frontloading of interest expenses.

Reported cash flow from operating activities has increased, but is offset by an increased cash outflow from financing activities. Accordingly, total cash flow for the period is unchanged.

Application and practical expedients applied

IFRS 16 has been applied following the modified retrospective approach with the cumulative effect of applying the standard recognised in the opening balance of retained earnings.

Comparatives have not been restated and are presented in accordance with the previous IFRS standard on leases (IAS 17 and IFRIC 4) – as disclosed in the Annual Report 2018. Right-of-use assets and lease liabilities have been presented as separate line-items in the balance sheet, which has led to minor restatements of comparative figures.

For existing leases classified as operating leases under IAS 17, lease liabilities have been measured at the present value of the remaining lease payments discounted using an appropriate incremental borrowing rate at 1 January 2019. Right-of-use assets have been measured as if IFRS 16 had been applied since the lease commencement date and discounted using an appropriate incremental borrowing rate at 1 January 2019.

The weighted average incremental borrowing rate applied at 1 January 2019 was 3.43% for assets classified as land and buildings and 2.57% for assets classified as other plant and operating equipment.

For existing leases classified as finance leases under IAS 17, the carrying amount of lease liabilities and right-of-use assets at 1 January 2019 equals the carrying amount of lease liabilities and lease assets at 31 December 2018.

The following practical expedients have been applied in implementing the standard:

- Existing assessments of whether a contract contains a lease in accordance with IAS 17 and IFRIC 4 have been maintained. No reassessment of existing lease contracts has been made at the commencement date.
- Contracts not previously determined to contain a lease in accordance with IAS 17 and IFRIC 4 have not been reassessed at the commencement date.
- A single discount rate has been applied to appropriate groups of leases with similar characteristics.
- Existing assessments of whether leases are onerous have been applied.

The following practical expedients have not been applied:

- Allowing not to recognise right-of-use assets and related lease liabilities for existing leases ending within 12 months of 1 January 2019.
- Exclusion of initial direct costs from the right-of-use asset measurement.
- The use of hindsight.

Implementation impact

Implementation of the standard has impacted the 2019 opening balance as outlined below:

(DKKm)	31 December 2018 (IAS 17)	Increase (+) Decrease (-)	Change
<i>Implementation impact :</i>			
Right-of-use assets	193	+	9,991
Deferred tax assets	851	+	138
Reserves and retained earnings	14,373	-	(593)
Lease liabilities	192	+	10,704
Other receivables	1,662	-	(26)
Other payables	4,087	-	(8)
<i>Reclassifications of financial leased assets (IAS 17):</i>			
Property, plants and equipment	2,490	-	193
Borrowings	7,138	-	192

Recognised right-of-use assets have been classified within the following asset categories:

(DKKm)	1 January 2019
Land and buildings	8,893
Other plant and operating equipment	1,098
Total right of use assets recognised	9,991

Invested capital came to DKK 30,744 million and increased by DKK 10,099 million compared to last year, of which DKK 9,729 million relates to right-of-use assets. Invested capital came to DKK 20,381 million at year-end 2018.

Net interest-bearing debt came to DKK 16,107 million and increased by DKK 9,991 million compared to last year, of which DKK 10,542 million relate to lease liabilities (NIBD came to DKK 5,831 million at year-end 2018).

Differences between the operating lease commitments at 31 December 2018 disclosed in the 2018 Annual Report and lease liabilities recognised in the opening balance at 1 January 2019 in accordance with IFRS 16 specify as follows:

(DKKm)	
Operating lease commitments 31 December 2018	12,020
Discounted using incremental borrowing rate at 1 January 2019	(1,135)
Finance lease liabilities recognised at 31 December 2018	223
Short-term and low-value leases recognised as an expense on a straight line basis	(404)
Lease liabilities recognised 1 January 2019	10,704
<i>Current /non-current classification:</i>	
Non-current liabilities	8,135
Current liabilities	2,569

2 Adjusted financial ratios

Due to the impact of IFRS 16 the following financial ratios for Q1 2019 have been adjusted on a pro forma basis:

ROIC before tax: DKK 9,500 million has been added to invested capital at the beginning of the period.

Gearing ratio: EBITDA for 9 months of 2018 has been increased by DKK 2,145 million (corresponding to a full-year pro forma EBITDA impact of DKK 2,860 million).

Other financial highlights are presented in line with the definition on page 81 in the 2018 Annual Report.

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

By their nature, management judgements and estimates include a degree of uncertainty, and actual results may therefore deviate from the judgements and estimates at the reporting date.

Judgements and estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

4 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 2019 Interim Financial Statements.

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

5 Segment information

(DKKkm)	Air & Sea		Road		Solutions		Other activities, non-allocated items and eliminations		Total	
	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16
Condensed income statement										
Revenue	9,263	8,276	7,735	7,319	2,965	2,777	16	8	19,979	18,380
Intercompany revenue	148	138	367	357	84	71	(599)	(566)	-	-
Divisional revenue	9,411	8,414	8,102	7,676	3,049	2,848	(583)	(558)	19,979	18,380
Direct costs	6,987	6,269	6,541	6,370	1,923	2,149	(586)	(528)	14,865	14,260
Gross profit	2,424	2,145	1,561	1,306	1,126	699	3	(30)	5,114	4,120
Other external expenses	386	457	300	347	264	235	(294)	(281)	656	758
Staff costs	943	870	719	686	306	278	227	190	2,195	2,024
Operating profit before depreciation, amortisation and special items	1,095	818	542	273	556	186	70	61	2,263	1,338
Depreciation of right-of-use assets	82	1	218	3	314	3	18	-	632	7
Depreciation and amortisation of owned assets	15	22	26	29	49	56	87	68	177	175
Operating profit before special items	998	795	298	241	193	127	(35)	(7)	1,454	1,156
Condensed balance sheet										
Total assets	23,762	20,968	20,154	15,995	12,716	6,908	(6,983)	(5,349)	49,649	38,522
Total liabilities	25,694	23,629	13,925	9,284	11,538	6,876	(16,369)	(15,725)	34,788	24,064

6 Revenue

Sale of services and geographical segmentation are specified in the table below:

(DKKkm)	EMEA		Americas		APAC		Total	
	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16	Q1 2019	Q1 2018 excl. IFRS16
Air services	2,153	1,897	1,690	1,227	984	980	4,827	4,104
Sea services	2,788	2,715	1,223	998	573	597	4,584	4,310
Road services	7,387	7,057	715	619	-	-	8,102	7,676
Solutions services	2,253	2,191	539	438	257	219	3,049	2,848
Divisional revenue	14,581	13,860	4,167	3,282	1,814	1,796	20,562	18,938
Non-allocated items and eliminations							(583)	(558)
Total revenue							19,979	18,380

7 Leases

Accounting policies

Whether a contract contains a lease is assessed at contract inception. For identified leases a right-of-use asset and corresponding lease liability are recognised at the lease commencement date.

At initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs including dismantling and restoration costs. The lease liability is

measured at the present value of lease payments discounted using the interest rate implicit in the lease contract. In cases

where the implicit interest rate cannot be determined an appropriate incremental DSV borrowing rate is used instead.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciations and impairment losses and adjusted for any remeasurements of the lease liability. Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest. The lease liability is measured at

amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following same principal.

Leases 2019

Right-of-use assets classified as land and buildings mainly relate to leases of warehouses, terminals and office buildings, whereas assets recognised as other plant and operating equipment mainly relate to leases of trailers, trucks, company cars, IT hardware and other office equipment.

Land and buildings leases normally have a lease term of up to 10 years, whereas leases of other plant and operating equipment normally have a lease term of up to 5 years.

Classification of right-of-use assets:

(DKKm)	Q1 2019		
	Land & Buildings	Other plant and operating equipment	Total
Opening balance 1 January 2019	14	179	193
Impact of accounting policy change	8,893	1,098	9,991
Addition for the period	332	86	418
Disposals for the period	(3)	(12)	(15)
Depreciations for the period	(490)	(128)	(618)
Currency translation adjustments	(45)	(2)	(47)
Carrying amount at 31 March 2019	8,701	1,221	9,922

8 Share option schemes

DSV has launched a new 2019 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 Remuneration policy of DSV as adopted at the Annual General Meeting of the Company on 15 March 2019. The grant date of the share options was 29 March 2019.

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

Outstanding share option schemes

The aggregate market value of all outstanding share option schemes of the Group at 31 March 2019 amounts to DKK 1,800 million, of which DKK 171 million relates to share options held by members of the Executive Board.

The fair value of the share option scheme is measured using the Black & Scholes valuation model. The assumptions used are based on Management's judgements as outlined below:

	Assumptions - Share option scheme 2019
Vesting period	29.03.2019 - 29.03.2022
Exercise period	29.03.2022 - 27.03.2024
Number of employees	1,624
Number of options granted	
Executive Board	190,000
Senior staff	2,545,000
Total	2,735,000
Market value at date of grant	
Market value (DKKm)	157
Exercise price	545
Volatility (%)	16
Risk-free interest rate (%)	-

9 Events after the reporting date

On 1 April 2019, DSV A/S (DSV) and Panalpina Welttransport Holding AG (Panalpina) entered into an agreement for DSV to acquire 100% of the shares in Panalpina.

The consideration will be made in DSV shares by offering 2,375 DSV shares (with a nominal value of DKK 1 per share) for one Panalpina share. The transaction has an enterprise value of approximately CHF 4.6 billion (approximately DKK 30.5 billion).

The closing date is expected to occur in the third quarter of 2019 after successful completion of the various elements of the transaction – including but not exhaustive: acceptance of the public exchange offer by Panalpina's shareholders and various regulatory approvals.

Transactional overview and further details of the agreement are provided in DSV Company Announcement No. 744 and on page 6 of the Q1 2019 Interim Financial Report.

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 three-month period ended 31 March 2019.

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 DSV Group's assets, equity, liabilities and financial position at 31 March 2019 and of the results of the Group's activities and the cash flow for the three-month period ended 31 March 2019.

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.

Hedehusene, 30 April 2019

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

Marie-Louise Aamund