

22 June 2020

Trading update for Q2 2020 Company Announcement No. 833

The COVID-19 crisis continues to impact the global transport and logistics markets negatively, however, we are now able to provide an update on the expected results for Q2 2020. Based on the market development, progress of the Panalpina integration and other cost measures, we expect EBIT before special items for Q2 2020 above DKK 2,300 million (Q1 2020: 1,566 million DKK).

Jens Bjorn Andersen, Group CEO: *"The quarter has developed better than we anticipated when the COVID-19 crisis started. This illustrates the strength of our business model and the skills of the DSV staff, who have been working hard to create solutions for our customers in unprecedented and difficult markets. At the same time, we have benefitted from the continued integration of Panalpina and the cost savings initiative we announced earlier this year".*

We anticipate that the market demand in Q2 2020 is down by 15-20% for sea freight and by 25-30% for air freight. Due to lack of capacity, the quarter has been characterised by high air freight rates, and this has led to a temporary improvement in the profitability of our air freight charter network. We expect that the profitability of the charter network will normalise in the second half of 2020.

In Road and Solutions, we estimate that the market demand is down by approximately 15% in Q2 2020 compared to the same period last year. There are significant differences between the markets; in Road domestic distribution has typically held up well, whereas international transports have been more negatively impacted. In Solutions we have seen strong activity for customers in the e-commerce segment whereas the activity in more traditional industries has been severely impacted.

The ongoing Panalpina integration combined with the COVID-19 retrenchments has reduced our fixed cost base. These cost saving initiatives are progressing according to earlier disclosed plans. Furthermore, Q2 2020 is impacted by certain temporary cost savings.

Given the uncertainty of demand recovery and the development in freight rates and yields in the second half of 2020, the full-year guidance on earnings remains suspended.

We expect to publish our H1 2020 interim result on 31 July 2020 as planned.

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DSV Panalpina Group

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