



INTERIM FINANCIAL REPORT H1 2021

Company Announcement No. 900

29 July 2021

Selected key figures and ratios for the period 1 January – 30 June 2021

(DKKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Key figures and ratios				
Revenue	37,831	28,782	71,447	56,091
Gross profit	8,333	7,386	16,118	14,070
Operating profit (EBIT) before special items	3,571	2,613	6,638	4,179
Profit after tax	2,527	1,390	4,856	1,721
Adjusted earnings for the period	2,580	1,838	4,970	2,593
Adjusted free cash flow			2,817	3,356
Conversion ratio	42.9%	35.4%	41.2%	29.7%
Diluted adjusted earnings per share of DKK 1 for the last 12 months			37.1	20.8

Jens Bjørn Andersen, Group CEO: "We are proud to report strong results for the first six months of 2021, where we deliver an EBIT result equivalent to our full-year EBIT of 2019. This is a clear testament to the successful integration of Panalpina and a strong performance by our organisation in an extraordinary market environment. The logistics markets continue to be characterised by tight capacity, congestion and low visibility, and we are doing our best to find solutions for our customers and keep their supply chains flowing.

We still expect to close the Agility Global Integrated Logistics transaction in Q3 2021. The preparations for the integration are tracking the plans, and we look forward to combining the two global networks and creating an industry leader in logistics."

Outlook for 2021

Based on the strong financial performance for the first six months of 2021 and a positive outlook for the remainder of the year, we upgrade the full-year outlook for 2021 as follows:

- EBIT before special items is expected to be in the range of DKK 12,500 - 13,000 million (previously DKK 11,750-12,500 million).
- The effective tax rate is expected to approximate 23% (unchanged).

The financial outlook for 2021 is for DSV Panalpina stand-alone and excludes the impact from the acquisition of Agility's Global Integrated Logistics business. The financial outlook will be updated upon closing, which is expected in Q3 2021.

Share buyback

A separate company announcement about the launch of a new share buyback programme of up to DKK 4,000 million will be issued today. The programme will run until 25 October 2021 or earlier if finalised.

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Yours sincerely,
DSV Panalpina A/S

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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. More than 57,000 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

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Results (DKKm)				
Revenue	37,831	28,782	71,447	56,091
Gross profit	8,333	7,386	16,118	14,070
Operating profit before amortisation and depreciation (EBITDA) before special items	4,545	3,666	8,561	6,270
Operating profit (EBIT) before special items	3,571	2,613	6,638	4,179
Special items, costs	-	515	-	1,026
Net financial expenses	253	222	274	819
Profit for the period	2,527	1,390	4,856	1,721
Adjusted earnings for the period	2,580	1,838	4,970	2,593
Cash flows (DKKm)				
Operating activities			4,491	4,373
Investing activities			(711)	(417)
Free cash flow			3,780	3,956
Adjusted free cash flow			2,817	3,356
Share buyback			(8,603)	(3,030)
Dividends distributed			(920)	(588)
Cash flow for the period			(1,912)	192
Financial position (DKKm)				
DSV Panalpina A/S shareholders' share of equity			45,029	47,326
Non-controlling interests			(94)	(97)
Balance sheet total			102,147	95,013
Net working capital			5,144	3,367
Net interest-bearing debt			23,934	18,874
Invested capital			67,690	66,546
Gross investment in property, plant and equipment			407	383
Financial ratios (%)*				
Gross margin	22.0	25.7	22.6	25.1
Operating margin	9.4	9.1	9.3	7.5
Conversion ratio	42.9	35.4	41.2	29.7
Effective tax rate	23.8	25.9	23.7	26.3
ROIC before tax			17.8	16.0
Return on equity (ROE)			16.0	10.5
Solvency ratio			44.1	49.8
Gearing ratio			1.5	1.6
Share ratios*				
Earnings per share of DKK 1 for the last 12 months			32.8	14.8
Diluted adjusted earnings per share of DKK 1 for the last 12 months			37.1	20.8
Number of shares issued ('000)			224,000	230,000
Number of treasury shares ('000)			3,451	2,738
Average number of shares issued ('000) for the last 12 months			225,035	222,381
Average diluted number of shares ('000) for the last 12 months			229,596	225,623
Share price end of period (DKK)			1,462.5	809.8
Non-Financials				
Number of full-time employees at 30 June			59,871	53,399

* For a definition of key figures and ratios, please refer to page 79 of the 2020 DSV Panalpina Annual Report.

Management's commentary

The Group achieved a gross profit of DKK 16,118 million for the first six months of 2021, a growth of 18.0% compared to the same period last year. The growth was driven by higher activity and extraordinary market conditions following COVID-19.

EBIT before special items for H1 2021 came to DKK 6,638 million, up by 64.7%. The growth was attributable to the growth in gross profit and a higher productivity, reflected in a record-high conversion ratio of 41.2% for the Group.

For the rolling 12-month period ended 30 June 2021, the Group achieved 78.4% growth in diluted and adjusted earnings per share.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q2 2020	Currency translation	Growth	Growth %*	Q2 2021
Revenue	28,782	(628)	9,677	34.4%	37,831
Gross profit	7,386	(146)	1,093	15.1%	8,333
EBIT before special items	2,613	(70)	1,028	40.4%	3,571
Gross margin (%)	25.7				22.0
Operating margin (%)	9.1				9.4
Conversion ratio (%)	35.4				42.9

(DKKm)	YTD 2020	Currency translation	Growth	Growth %*	YTD 2021
Revenue	56,091	(1,752)	17,108	31.5%	71,447
Gross profit	14,070	(413)	2,461	18.0%	16,118
EBIT before special items	4,179	(148)	2,607	64.7%	6,638
Gross margin (%)	25.1				22.6
Operating margin (%)	7.5				9.3
Conversion ratio (%)	29.7				41.2

* Growth including M&A and in constant currencies

Acquisition of Agility's Global Integrated Logistics business

On 27 April 2021, DSV Panalpina announced an agreement to acquire Agility's Global Integrated Logistics business (GIL). Closing of the transaction is subject to relevant regulatory approvals and the overall steps in combining DSV and GIL are progressing according to plan. Closing is expected in Q3 2021. DSV Panalpina will acquire GIL, the global logistics division of Agility, in an all-share transaction.

GIL is a leading global transport and logistics provider with a strong footprint in emerging markets. GIL generated revenues of approximately USD 4.0 billion (DKK 26.0 billion) in 2020 and operates a global network across 100+ countries (including agents). GIL has a global workforce of approximately 17,000 people.

Based on 2020 annual revenue and headcount the combination with GIL is expected to increase DSV Panalpina's annual revenue by approximately 23%, which will rank the combined company in the freight forwarding industry top three with a pro forma revenue of approximately USD 22 billion (DKK 142 billion) and a combined workforce of more than 70,000 employees.

Transactional overview and further details of the agreement are provided in DSV Panalpina Company Announcement No. 881.

Results for the period

Revenue

For the first six months of 2021, revenue amounted to DKK 71,447 million, compared to DKK 56,091 million last year.

Revenue growth by division is specified below:

(DKKm)	Q2 2021	Growth*	YTD 2021	Growth*
Air & Sea	25,948	40.3%	48,872	42.7%
Road	8,663	23.4%	16,719	12.7%
Solutions	3,997	23.5%	7,606	16.2%
Group and eliminations	(777)		(1,750)	
Total	37,831	34.4%	71,447	31.5%

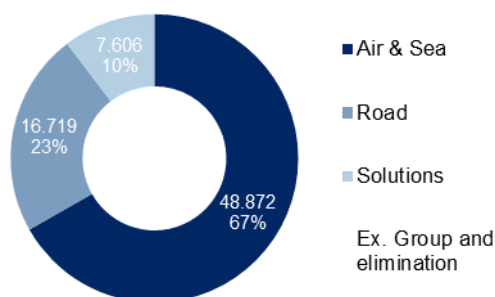
* Growth including M&A and in constant currencies

In Air & Sea the revenue growth was driven by higher freight rates and also by double-digit growth in transported volumes, especially in Q2 2021. The market was negatively impacted by COVID-19 in Q2 2020, but activity levels have recovered in most markets, most significantly on the Trans-Pacific trade lanes.

The pandemic continues to create congestion at ports and lack of equipment, which impact available capacity for both air freight and sea freight. This has led to record-high freight rates and for sea freight the situation has worsened during Q2 2021.

Road and Solutions also saw strong growth in revenue, driven by recovery of volumes after the low point in Q2 2020. Growth in Road and Solutions was also positively impacted by a couple of small acquisitions (Prime Cargo and Globeflight).

Revenue by division, H1 2021



Gross profit

For the first six months of 2021, gross profit amounted to DKK 16,118 million, compared to DKK 14,070 million last year. Gross profit growth by division is specified below:

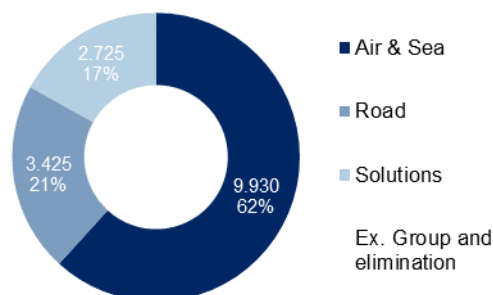
(DKKm)	Q2 2021	Growth*	YTD 2021	Growth*
Air & Sea	5,142	13.9%	9,930	21.3%
Road	1,768	22.9%	3,425	15.9%
Solutions	1,377	8.6%	2,725	9.9%
Group and eliminations	46		38	
Total	8,333	15.1%	16,118	18.0%

* Growth including M&A and in constant currencies

In Air & Sea, the growth in gross profit was driven by improved yields, mainly in sea freight, and in Q2 2021 also by growth in volumes. The yields were positively impacted by the extraordinary market conditions with tight capacity and high freight rates.

In Road and Solutions, the growth in gross profit was driven by a recovery in activity-levels after the lock-downs in 2020.

Gross profit by division, H1 2021



The gross margin was 22.6% for H1 2021, compared to 25.1% for the same period last year. The decline relates to Air & Sea and the impact from pass-through revenue where higher freight rates cause a lower gross margin.

EBIT before special items

EBIT before special items amounted to DKK 6,638 million for the first six months of 2021 compared to DKK 4,179 million last year. EBIT growth by division is specified below:

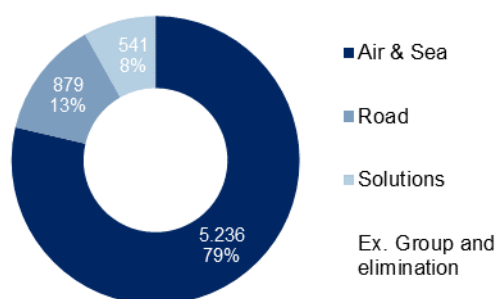
(DKKm)	Q2 2021	Growth*	YTD 2021	Growth*
Air & Sea	2,843	39.5%	5,236	69.0%
Road	476	82.4%	879	69.7%
Solutions	278	15.8%	541	37.0%
Group and eliminations	(26)		(18)	
Total	3,571	40.4%	6,638	64.7%

* Growth including M&A and in constant currencies

The growth in EBIT was driven by the increase in gross profit in all divisions combined with the effect of cost synergies and savings realised in prior periods.

Conversion ratio for the Group reached 41.2% for H1 2021 against 29.7% for the same period last year. The increase was driven by the full-year impact of synergies and cost savings but is also impacted by the current extraordinary market conditions.

EBIT by division, H1 2021



The improvement reflects the full-year impact of the Panalpina integration synergies and the Group's ability to navigate the current extraordinary market conditions. This is a result of a

highly skilled organisation, scalability of internal processes and systems as well as strong cost management.

Financial items

Financial items totalled a net expense of DKK 274 million for H1 2021, compared to DKK 819 million for the same period last year.

Foreign exchange adjustments amounted to an income of DKK 82 million (H1 2020: expense of DKK 487 million) and was primarily related to intercompany loans and had no cash impact.

(DKKm)	YTD 2021	YTD 2020
Interest on lease liabilities	227	209
Other interest cost, net	122	114
Interest on pensions	7	9
Foreign exchange adjustments	(82)	487
Financial expenses	274	819

Tax on profit for the period

The effective tax rate was at the expected level and came to 23.7% for H1 2021, compared to 26.3% for H1 2020. The level of around 23% is a normalised level in a year without special items (related to integrations or restructuring programmes) or other non-recurring items.

Profit for the period

Profit for the first six months of 2021 was DKK 4,856 million, compared to DKK 1,721 million for the same period of 2020. The improved profit for the period was driven by higher EBIT, no special items and lower net financial expenses.

Diluted adjusted earnings per share

The rolling 12-month figure increased by 78.4% compared to last year and came to DKK 37.1 per share (2020: DKK 20.8 per share).

Cash flow

CASH FLOW STATEMENT

(DKKm)	YTD 2021	YTD 2020
Cash flow from operating activities	4,491	4,373
Cash flow from investing activities	(711)	(417)
Free cash flow	3,780	3,956
Cash flow from financing activities	(5,692)	(3,764)
Cash flow for the period	(1,912)	192
Free cash flow	3,780	3,956
Repayment of lease liabilities (IFRS 16 impact reversed)	(1,481)	(1,564)
Net acquisition of subsidiaries and activities	193	-
Special items (restructuring costs)	325	964
Adjusted free cash flow	2,817	3,356

Cash flow from operating activities was positively affected by higher EBITDA before special items, but this was offset by an increase in NWC due to higher revenue during H1 2021.

During 2021, DSV acquired Globeflight, a Road freight business based in South Africa.

Net working capital

On 30 June 2021, the Group's net working capital was DKK 5,144 million, compared to DKK 3,367 million on 30 June 2020.

Relative to full-year revenue, the net working capital amounted to 3.9% on 30 June 2021 (30 June 2020: 3.0%). Q2-20 was impacted by extended payment-terms on VAT, duties and other payments to authorities in certain countries.

During H1 2021 NWC has been impacted by higher activity across all divisions, but also by changes in the activity mix. Driven by higher volumes and rate increases, the Air & Sea division achieved the highest growth rate in H1 2021 and the division generally has a higher NWC than the other divisions.

Furthermore, funds tied up in a specific property development have temporarily increased our NWC with approximately DKK 900 million on 30 June 2021. The facility will be divested in Q4 2021 and adjusted for the above the underlying NWC would be 3.2% of full-year revenue.

Capital structure and finances

DSV Panalpina A/S shareholders' share of equity

DSV Panalpina shareholders' share of equity was DKK 45,029 million on 30 June 2021 (DKK 47,385 million on 31 December 2020). Equity decreased due to distribution to shareholders which was partly offset by profit for the period and currency translation.

On 30 June 2021, the Company's portfolio of treasury shares was 3,450,769 shares. On 28 July 2021, the portfolio of treasury shares was 4,326,844 shares.

On 15 April 2021, the share capital was reduced to DKK 224 million through the cancellation of 6 million treasury shares of DKK 1.

The solvency ratio excluding non-controlling interests was 44.1% on 30 June 2021 (30 June 2020: 49.8%).

DEVELOPMENT IN EQUITY

(DKKm)	YTD 2021	YTD 2020
Equity at 1 January	47,385	49,430
Profit for the period	4,854	1,713
Currency translation, foreign enterprises	864	(1,347)
Allocated to shareholders	(9,523)	(3,618)
Sale of treasury shares	649	1,098
Other equity movements	800	50
Equity end of period	45,029	47,326

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 23,934 million on 30 June 2021, compared to DKK 18,874 million on 30 June 2020.

On 25 February 2021, a 10-year EUR 500 million Eurobond (approximately DKK 3,750) million was issued.

On 30 June 2021, a 12-year EUR 600 million Eurobond (approximately DKK 4,400 million) was issued. The proceeds from this bond were received on 5 July 2021.

The financial gearing ratio (NIBD/EBITDA) was 1.5x on 30 June 2021, compared to 1.6x last year. A new share buyback programme of DKK 4,000 million will be initiated, and we maintain the financial gearing ratio target of: below 2.0x NIBD/EBITDA.

The weighted average duration of the Company's long-term bonds, drawn- and undrawn credit facilities and committed loans, was 5.0 years on 30 June 2021, compared to 5.4 years on 30 June 2020. Including the new 12-year Eurobond received 5 July 2021 the weighted average duration is 6.6 years.

Invested capital and ROIC

The invested capital including goodwill and customer relationships amounted to DKK 67,690 million on 30 June 2021, compared to DKK 66,546 million on 30 June 2020. The increase is mainly due to higher net working capital.

ROIC including goodwill and customer relationships was 17.8% for the rolling 12-month period ended 30 June 2021, compared to 16.0% for the same period last year.

Excluding goodwill and customer relationships ROIC was 66.9% for the rolling 12-month period ended 30 June 2021 compared to 49.4% for the same period last year.

Outlook

Based on the strong financial performance for the first six months of 2021 and a positive outlook for the remainder of the year, we upgrade the full-year outlook for 2021 as follows:

- EBIT before special items is expected to be in the range of DKK 12,500 - 13,000 million (previously DKK 11,750-12,500 million).
- The effective tax rate is expected to approximate 23% (unchanged).

The financial outlook for 2021 is for DSV Panalpina stand-alone and excludes the impact from the acquisition of Agility's Global Integrated Logistics business. The financial outlook will be updated upon closing, which is expected in Q3 2021.

The upgraded outlook for 2021 is based on the assumption that the current situation in the transport markets with strong demand, tight capacity and high rates will continue for the remainder of 2021 and that currency exchange rates will remain at current levels.

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 division achieved 21.3% growth in gross profit and 69.0% growth in EBIT before special items for H1 2021. The strong growth in earnings was driven by growth in transported volumes and high gross profit per unit and was further supported by the full-year effect of Panalpina synergies and cost savings.

INCOME STATEMENT

(DKKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Divisional revenue	25,948	19,144	48,872	35,818
Direct costs	20,806	14,481	38,942	27,280
Gross profit	5,142	4,663	9,930	8,538
Other external expenses	663	736	1,416	1,533
Staff costs	1,435	1,530	2,880	3,209
EBITDA before special items	3,044	2,397	5,634	3,796
Amortisation and depreciation	201	285	398	554
EBIT before special items	2,843	2,112	5,236	3,242

KEY FIGURES AND RATIOS

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Gross margin (%)	19.8	24.4	20.3	23.8
Operating margin (%)	11.0	11.0	10.7	9.1
Conversion ratio (%)	55.3	45.3	52.7	38.0
Number of full-time employees			18,067	18,723
Total invested capital (DKKm)			46,431	45,364
Net working capital (DKKm)			5,582	3,864
ROIC before tax (%)			19.7	19.6

Market development

Freight volume growth

	DSV Q2 2021	Market Q2 2021	DSV YTD 2021	Market YTD 2021
Sea freight – TEUs	12%	10-15%	6%	10-13%
Air freight – tonnes	26%	25-30%	11%	15-18%

Market growth rates are based on DSV estimates. Airfreight is adjusted for discontinued activities.

Global supply chains continue to be impacted by inefficiencies caused by the pandemic, impacting both the demand and available capacity. For both air and sea, the volume development must be seen in light of the Pandemic, which had a negative impact on volumes, especially in Q2 2020. The market has recovered, and, overall, volumes are back at or above 2019 levels.

The sea freight market continues to be characterised by robust demand and tight capacity due to port congestion and lack of equipment/containers. Freight rates are record high, schedule reliability is low, and during Q2 2021 the challenges have only increased.

DSV achieved 12% volume growth in sea freight in Q2 2021 (6% YTD 2021), and considering our relatively low exposure to the high-growth Trans-Pacific trade lane, we estimate that we have been able to gain market share on our main markets in Q2 2021. Securing additional capacity has been a main obstacle to gaining new customers during 2021 as we prioritise existing customers.

In air freight, limited belly space capacity in passenger planes continues to impact the available capacity and is keeping rates high. The rollout of vaccinations is starting to show a positive capacity impact due to more belly capacity entering the market, although this is primarily relevant for regional and domestic

passenger flights, and we only expect a gradual return of long-haul passenger flights.

On a like for like basis (adjusted for disposal of Airflo perishables activities as per 1 July 2020), DSV achieved growth of approximately 26% in Q2 2021 (YTD 2021: 11%) which is in line with market growth.

Divisional revenue

The division's revenue amounted to DKK 48,872 million for the first six months of 2021, compared to DKK 35,818 million for the same period last year. The growth for the period was 42.7%.

For Q2 2021, revenue amounted to DKK 25,948 million, compared to DKK 19,144 for the same period last year. Growth for the quarter was 40.3%.

The growth in revenue in H1 2021 was driven by the elevated freight rates and during Q2 2021 also by double digit growth in volumes, for both air and sea.

All regions contributed to the strong growth in revenue for the first six months of 2021, and in line with market trends, the division saw the strongest growth in APAC and Americas, where the China-US trade is growing at a high pace. The growth in APAC was, however, also impacted by the exceptional surge in demand for higher yielding goods, incl. PPE, in Q2 2020. This market has now normalised, and as a consequence, the division saw a decline in gross profit from air freight in Q2 2021 compared to the same period last year.

Gross profit

For the first six months of 2021, gross profit amounted to DKK 9,930 million, compared to DKK 8,538 million for the same period last year, which corresponds to a growth of 21.3%.

For Q2 2021, gross profit amounted to DKK 5,142 million, compared to DKK 4,663 million for the same period last year, which corresponds to a growth of 13.9%.

The growth in the first six months of 2021 was driven by strong yields per unit in both air & sea, and in Q2 2021 also by double-digit volume growth.

The market conditions with tight capacity, congestion and disruption on the global logistics markets continue to have a positive impact on gross profit per TEU (sea freight) and per tonne (air freight). Our skilled freight forwarders, scale and strong carrier relationships enable us to find transport solutions for our customers, despite the disruption caused by the pandemic. At the same time, disruptions impact the time consumption per shipment as our freight forwarders work hard to find the most optimal solutions for our customers.

The division's gross margin was 20.3% for H1 2021, compared to 23.8% last year. The decline was due to the impact from pass-through revenue, where higher freight rates cause lower gross margin.

EBIT before special items

EBIT before special items came to DKK 5,236 million for the first six months of 2021, compared to DKK 3,242 million for the same period last year. This corresponds to a growth for the period of 69.0%.

For Q2 2021, EBIT before special items was DKK 2,843 million, compared to DKK 2,112 million for the same period last year, which corresponds to a growth of 39.5%.

The strong EBIT before special items was driven by the growth in gross profit, and, further supported by the full-year impact of cost saving initiatives and realised synergies.

All regions contributed to the strong growth in EBIT before special items with Americas and EMEA delivering the highest growth rates.

The conversion ratio was 52.7% for H1 2021, compared to 38.0% for the same period last year, clearly reflecting the high productivity of the staff, scalability of the systems and cost discipline.

Net working capital

The Air & Sea division's net working capital came to DKK 5,582 million on 30 June 2021, compared to DKK 3,864 million on 30 June 2020.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q2 2020	Currency translation	Growth	Growth %*	Q2 2021
Divisional revenue	19,144	(643)	7,447	40.3%	25,948
Gross profit	4,663	(147)	626	13.9%	5,142
EBIT before special items	2,112	(74)	805	39.5%	2,843

(DKKm)	YTD 2020	Currency translation	Growth	Growth %*	YTD 2021
Divisional revenue	35,818	(1,561)	14,615	42.7%	48,872
Gross profit	8,538	(349)	1,741	21.3%	9,930
EBIT before special items	3,242	(144)	2,138	69.0%	5,236

* Growth including M&A and in constant currencies

AIR AND SEA SPLIT

(DKKm)	Sea freight				Air freight			
	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Divisional revenue	11,751	7,087	21,700	14,231	14,197	12,057	27,172	21,587
Direct costs	9,506	5,439	17,429	10,861	11,300	9,042	21,513	16,419
Gross profit	2,245	1,648	4,271	3,370	2,897	3,015	5,659	5,168
Gross margin (%)	19.1	23.3	19.7	23.7	20.4	25.0	20.8	23.9
Volume (TEUs/tonnes)	573,385	512,138	1,154,404	1,087,952	349,210	287,452	685,517	647,427
Gross profit per unit (DKK)	3,915	3,218	3,700	3,098	8,296	10,489	8,255	7,982

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 H1 2021, the Road division achieved 69.7% growth in EBIT before special items. The strong growth in earnings was driven by higher activity with 15.9% growth in gross profit and an improved conversion ratio.

INCOME STATEMENT

(DKKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Divisional revenue	8,663	6,987	16,719	14,908
Direct costs	6,895	5,556	13,294	11,942
Gross profit	1,768	1,431	3,425	2,966
Other external expenses	272	242	530	529
Staff costs	779	686	1,521	1,443
EBITDA before special items	717	503	1,374	994
Amortisation and depreciation	241	240	495	472
EBIT before special items	476	263	879	522

KEY FIGURES AND RATIOS

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Gross margin (%)	20.4	20.5	20.5	19.9
Operating margin (%)	5.5	3.8	5.3	3.5
Conversion ratio (%)	26.9	18.4	25.7	17.6
Number of full-time employees			15,503	13,408
Total invested capital (DKKm)			9,407	9,250
Net working capital (DKKm)			(813)	(941)
ROIC before tax (%)			18.7	13.3

Market development

We estimate that the market growth grew by 7-10% in H1 2021 compared to the same period last year. The growth accelerated in Q2 2021 due to the timing impact of COVID-19 lockdowns in 2020.

During H1 2021 international transport activity levels have been close to pre COVID-19 levels whereas we continue to see strong momentum in domestic distribution.

Geographically, activity in Northern Europe remained strong while Southern Europe activity is recovering. UK import and export have largely adapted to the new trade conditions and have stabilised after a turbulent Q1 2021.

The high activity levels are starting to impact the capacity situation and rates are increasing for road freight in Europe.

Divisional revenue

The division's revenue amounted to DKK 16,719 million for the first six months of 2021, compared to DKK 14,908 million for the same period last year, corresponding to an increase of 12.7%.

For Q2 2021, revenue amounted to DKK 8,663 million, compared to DKK 6,987 million for the same period last year, a growth of 23.4%, as the activity in Q2 2020 was impacted by lockdowns.

Geographically, all regions achieved growth in the first six months of 2021, but Southern Europe and South Africa delivered the highest growth rates compared to 2020, as they were severely impacted by COVID-19 in Q2 2020.

Approximately 2% of the growth in Q2 2021 was due to the acquisition of Globeflight, which was included from 1 May 2021. Globeflight has added competencies within courier express services in South Africa.

Gross profit

For the first six months of 2021, gross profit totalled DKK 3,425 million, compared to DKK 2,966 million for the same period last year. This corresponds to an increase of 15.9%.

For Q2 2021, gross profit amounted to DKK 1,768 million, compared to DKK 1,431 million in Q2 2020, which is an increase of 22.9%.

The division's gross margin was 20.5% for H1 2021, compared to 19.9% for the same period last year. The division continues to benefit from increased productivity and utilisation of the network. Our scale and strong network enable us to find efficient transport solutions for the customers despite the disruptions caused by the pandemic.

EBIT before special items

EBIT before special items was DKK 879 million for the first six months of 2021, compared to DKK 522 million for the same period last year. This corresponds to a growth for the period of 69.7%. The growth in EBIT before special items for H1 2021 was driven by the growth in gross profit and an improved conversion ratio.

For Q2 2021, EBIT before special items totalled DKK 476 million

compared to DKK 263 million for the same period last year, which corresponds to a growth of 82.4%.

All regions contributed to the growth in earnings, and in line with revenue, the growth in earnings in H1 2021 was highest in regions that were heavily impacted by COVID-19 and lockdowns last year.

The conversion ratio was 25.7% for H1 2021, compared to 17.6% for the same period last year. The division benefits from cost saving initiatives implemented in 2020; however, compared to H1 2020, the cost base in 2021 was impacted by a general increase in activity and cost inflation across the division and certain extra costs related to Brexit.

The number of full-time employees increased by 24% compared to June 2020. The growth was mainly related to blue collar employees and driven by higher activity, Brexit and the acquisition of Globeflight.

Net working capital

The Road division's net working capital was negative by DKK 813 million on 30 June 2021, compared to a negative DKK 941 million on 30 June 2020.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q2 2020	Currency translation	Growth	Growth %*	Q2 2021
Divisional revenue	6,987	31	1,645	23.4%	8,663
Gross profit	1,431	8	329	22.9%	1,768
EBIT before special items	263	(2)	215	82.4%	476

(DKKm)	YTD 2020	Currency translation	Growth	Growth %*	YTD 2021
Divisional revenue	14,908	(70)	1,881	12.7%	16,719
Gross profit	2,966	(10)	469	15.9%	3,425
EBIT before special items	522	(4)	361	69.7%	879

* Growth including M&A and 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 H1 2021, the Solutions division achieved 9.9% growth in gross profit which was translated to 37.0% growth in EBIT before special items.

INCOME STATEMENT

(DKKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Divisional revenue	3,997	3,256	7,606	6,697
Direct costs	2,620	1,985	4,881	4,170
Gross profit	1,377	1,271	2,725	2,527
Other external expenses	297	244	578	533
Staff costs	377	365	754	750
EBITDA before special items	703	662	1,393	1,244
Amortisation and depreciation	425	428	852	851
EBIT before special items	278	234	541	393

KEY FIGURES AND RATIOS

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Gross margin (%)	34.5	39.0	35.8	37.7
Operating margin (%)	7.0	7.2	7.1	5.9
Conversion ratio (%)	20.2	18.4	19.9	15.6
Number of full-time employees			22,814	18,428
Total invested capital (DKKm)			11,969	11,560
Net working capital (DKKm)			1,145	807
ROIC before tax (%)			11.1	9.7

Market development

It is our estimate that the market for contract logistics have grown approximately 8-11% in H1 2021 compared to the same period last year. The growth was highest in Q2 2021, as COVID-19 lockdowns had significant effect during most of Q2 2020.

In general, there is good momentum in the market in 2021 with growth across most industries.

Divisional revenue

The division's revenue was DKK 7,606 million for the first six months of 2021, compared to DKK 6,697 million for the same period of 2020. Growth for the period was 16.2%.

Approximately, 3% of the growth in revenue for H1 2021 was due to the acquisition of Prime Cargo, which was included from January 2021.

Regionally, EMEA was the main driver behind the growth in H1 2021 due to implementation of new customers and the general

recovery after COVID-19. The division operates with high utilisation of the warehouses, and demand for new and efficient warehouses continues to be high globally.

Gross profit

For the first six months of 2021, gross profit was DKK 2,725 million, compared to DKK 2,527 million for the same period of 2020. Growth for the period was 9.9%.

For Q2 2021, gross profit amounted to DKK 1,377 million, compared to DKK 1,271 million for the same period last year, which corresponds to a growth of 8.6%.

The division's gross margin was 35.8% for H1 2021, compared to 37.7% for the same period last year. The decrease in gross margin is partly due to costs related to customer implementations, mainly during Q2 2021, as well as the fact that gross margin in 2020 was positively impacted by temporary cost savings due to COVID-19.

EBIT before special items

EBIT before special items was DKK 541 million for the first six months of 2021, compared to DKK 393 million for the same period of 2020, corresponding to an increase of 37.0%.

For Q2 2021, EBIT before special items totalled DKK 278 million, compared to DKK 234 million for the same period last year, which corresponds to a growth of 15.8%.

The growth in EBIT before special items was driven by higher gross profit, and at the same time the division continues to exercise cost discipline and drive up productivity.

The conversion ratio was 19.9% for Q2 2021, compared to

15.6% for the same period last year. The increase is driven by improved productivity and the full-year impact of COVID-19 cost saving initiatives.

The number of full-time employees increased by 24% compared to June 2020. The growth was mainly related to blue collar employees and was driven by higher activity and the acquisition of Prime Cargo.

Net working capital

The division's net working capital came to DKK 1,145 million on 30 June 2021, compared to DKK 807 million on 30 June 2020.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q2 2020	Currency translation	Growth	Growth %*	Q2 2021
Divisional revenue	3,256	(20)	761	23.5%	3,997
Gross profit	1,271	(3)	109	8.6%	1,377
EBIT before special items	234	6	38	15.8%	278

(DKKm)	YTD 2020	Currency translation	Growth	Growth %*	YTD 2021
Divisional revenue	6,697	(149)	1,058	16.2%	7,606
Gross profit	2,527	(47)	245	9.9%	2,725
EBIT before special items	393	2	146	37.0%	541

* Growth including M&A and in constant currencies

Interim financial statements

Income statement

(DKKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	37,831	28,782	71,447	56,091
Direct costs	29,498	21,396	55,329	42,021
Gross profit	8,333	7,386	16,118	14,070
Other external expenses	818	795	1,667	1,662
Staff costs	2,970	2,925	5,890	6,138
Operating profit before amortisation and depreciation (EBITDA) before special items	4,545	3,666	8,561	6,270
Amortisation and depreciation	974	1,053	1,923	2,091
Operating profit (EBIT) before special items	3,571	2,613	6,638	4,179
Special items, costs	-	515	-	1,026
Financial income	(16)	91	192	156
Financial expenses	237	313	466	975
Profit before tax	3,318	1,876	6,364	2,334
Tax on profit for the period	791	486	1,508	613
Profit for the period	2,527	1,390	4,856	1,721
<i>Profit for the period attributable to:</i>				
Shareholders of DSV Panalpina A/S	2,520	1,385	4,854	1,713
Non-controlling interests	7	5	2	8
<i>Earnings per share:</i>				
Earnings per share of DKK 1 for the period	11.4	6.1	21.8	7.5
Diluted earnings per share of DKK 1 for the period	11.1	6.0	21.4	7.4

Statement of comprehensive income

(DKKm)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Profit for the period	2,527	1,390	4,856	1,721
<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
Net exchange differences recognised in OCI	56	(879)	861	(1,349)
Fair value adjustments relating to hedging instruments	1	1	(13)	(5)
Fair value adjustments relating to hedging instruments transferred to financial expenses	2	6	2	-
Tax on items reclassified to income statement	(3)	1	(1)	1
<i>Items that will not be reclassified to income statement:</i>				
Actuarial gains/(losses)	26	(56)	173	(92)
Tax relating to items that will not be reclassified	(3)	15	(41)	26
Other comprehensive income, net of tax	79	(912)	981	(1,419)
Total comprehensive income	2,606	478	5,837	302
<i>Total comprehensive income attributable to:</i>				
Shareholders of DSV Panalpina A/S	2,597	472	5,838	296
Non-controlling interests	9	6	(1)	6
Total	2,606	478	5,837	302

Cash flow statement

(DKK m)	YTD 2021	YTD 2020
Operating profit before amortisation and depreciation (EBITDA) before special items	8,561	6,270
<i>Adjustments:</i>		
Share-based payments	76	65
Change in provisions	(33)	(88)
Change in working capital, etc.	(2,509)	(227)
Special items	(325)	(964)
Interest received	110	126
Interest paid on lease liabilities	(227)	(209)
Interest paid, other	(240)	(261)
Income tax paid	(922)	(339)
Cash flow from operating activities	4,491	4,373
Purchase of intangible assets	(165)	(119)
Purchase of property, plant and equipment	(407)	(535)
Disposal of intangible assets, property, plant and equipment	100	203
Acquisition of subsidiaries and activities	(193)	-
Change in other financial assets	(46)	34
Cash flow from investing activities	(711)	(417)
Free cash flow	3,780	3,956
Proceeds from borrowings	4,591	3,527
Repayment of borrowings	(229)	(2,610)
Repayment of lease liabilities	(1,481)	(1,564)
Other financial liabilities incurred	274	(39)
<i>Transactions with shareholders:</i>		
Dividends distributed	(920)	(588)
Purchase of treasury shares	(8,603)	(3,030)
Sale of treasury shares	649	545
Other transactions with shareholders	27	(5)
Cash flow from financing activities	(5,692)	(3,764)
Cash flow for the period	(1,912)	192
Cash and cash equivalents 1 January	4,060	2,043
Cash flow for the period	(1,912)	192
Currency translation	(114)	(284)
Cash and cash equivalents end of period	2,034	1,951

The cash flow statement cannot be directly derived from the balance sheet and income statement.

	YTD 2021	YTD 2020
Statement of adjusted free cash flow		
Free cash flow	3,780	3,956
Acquisition of subsidiaries and activities	193	-
Special items (restructuring costs)	325	964
Repayment of lease liabilities (IFRS 16 impact reversed)	(1,481)	(1,564)
Adjusted free cash flow	2,817	3,356

Balance sheet – Assets

(DKKm)	30.06.2021	31.12.2020	30.06.2020
Intangible assets	49,512	48,665	50,469
Right-of-use (ROU) assets	10,802	11,111	10,858
Property, plant and equipment	3,243	3,014	3,091
Other receivables	419	372	461
Deferred tax assets	2,726	2,536	2,099
Total non-current assets	66,702	65,698	66,978
Trade receivables	23,358	19,038	19,087
Contract assets	5,000	3,283	3,247
Inventories	2,337	1,426	1,276
Other receivables	2,624	2,635	2,369
Cash and cash equivalents	2,034	4,060	1,951
Assets held for sale	92	110	105
Total current assets	35,445	30,552	28,035
Total assets	102,147	96,250	95,013

Balance sheet – Equity and liabilities

(DKKm)	30.06.2021	31.12.2020	30.06.2020
Share capital	224	230	230
Reserves and retained earnings	44,805	47,155	47,096
DSV Panalpina A/S shareholders' share of equity	45,029	47,385	47,326
Non-controlling interests	(94)	(88)	(97)
Total equity	44,935	47,297	47,229
Lease liabilities	9,308	9,428	8,836
Borrowings	10,386	7,696	8,801
Pension obligations	1,060	1,219	1,390
Provisions	1,092	1,253	1,283
Deferred tax liabilities	246	243	364
Total non-current liabilities	22,092	19,839	20,674
Lease liabilities	2,739	2,850	3,065
Borrowings	2,567	1,185	295
Trade payables	11,964	9,926	8,710
Accrued cost of services	7,331	5,913	5,800
Provisions	1,318	1,525	1,169
Other payables	7,562	6,316	6,933
Tax payables	1,639	1,399	1,138
Total current liabilities	35,120	29,114	27,110
Total liabilities	57,212	48,953	47,784
Total equity and liabilities	102,147	96,250	95,013

Statement of changes in equity at 30 June 2021

Attributable to shareholders of DSV Panalpina A/S

(DKKm)	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2021	230	(2,836)	49,991	47,385	(88)	47,297
Profit for the period	-	-	4,854	4,854	2	4,856
Other comprehensive income, net of tax	-	866	118	984	(3)	981
Total comprehensive income for the period	-	866	4,972	5,838	(1)	5,837
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	76	76	-	76
Tax on share-based payments	-	-	573	573	-	573
Dividends distributed	-	-	(920)	(920)	(1)	(921)
Purchase of treasury shares	-	-	(8,603)	(8,603)	-	(8,603)
Sale of treasury shares	-	-	649	649	-	649
Capital reduction	(6)	6	-	-	-	-
Dividends on treasury shares	-	-	28	28	(1)	27
Other adjustments	-	-	3	3	(3)	-
Total transactions with shareholders	(6)	6	(8,194)	(8,194)	(5)	(8,199)
Equity at 30 June 2021	224	(1,964)	46,769	45,029	(94)	44,935

Statement of changes in equity at 30 June 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	-	-	1,713	1,713	8	1,721
Other comprehensive income, net of tax	-	(1,356)	(61)	(1,417)	(2)	(1,419)
Total comprehensive income for the period	-	(1,356)	1,652	296	6	302
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	65	65	-	65
Tax on share-based payments	-	-	76	76	-	76
Dividends distributed	-	-	(588)	(588)	(1)	(589)
Purchase of treasury shares	-	(5)	(3,025)	(3,030)	-	(3,030)
Sale of treasury shares	-	3	1,095	1,098	-	1,098
Capital reduction	(5)	5	-	-	-	-
Dividends on treasury shares	-	-	23	23	-	23
Other adjustments	-	-	(44)	(44)	9	(35)
Total transactions with shareholders	(5)	3	(2,398)	(2,400)	8	(2,392)
Equity at 30 June 2020	230	(1,618)	48,714	47,326	(97)	47,229

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 2020 DSV Panalpina Annual Report. The 2020 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 2021 as adopted by the European Union.

None of the amendments implemented has had any material impact on the Group's financial statements, nor are 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 items in which more significant accounting estimates are applied are listed in Chapter 1 of the Notes to the 2020 DSV Panalpina Annual Report to which is referred.

3 New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Q2 2021 Interim Financial Report.

None of these are currently expected to carry any significant impact on the financial statements of the DSV Panalpina Group when implemented.

4 Segment information

(DKKm)	Air & Sea		Road		Solutions		Non-allocated items and eliminations		Total	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Condensed income statement										
Revenue	48,347	35,457	15,666	13,899	7,370	6,581	64	154	71,447	56,091
Intercompany revenue	525	361	1,053	1,009	236	116	(1,814)	(1,486)	-	-
Divisional revenue	48,872	35,818	16,719	14,908	7,606	6,697	(1,750)	(1,332)	71,447	56,091
Direct costs	38,942	27,280	13,294	11,942	4,881	4,170	(1,788)	(1,371)	55,329	42,021
Gross profit	9,930	8,538	3,425	2,966	2,725	2,527	38	39	16,118	14,070
Other external expenses	1,416	1,533	530	529	578	533	(857)	(933)	1,667	1,662
Staff costs	2,880	3,209	1,521	1,443	754	750	735	736	5,890	6,138
Operating profit before amortisation, depreciation (EBITDA) before special items	5,634	3,796	1,374	994	1,393	1,244	160	236	8,561	6,270
Amortisation and depreciation	398	554	495	472	852	851	178	214	1,923	2,091
Operating profit (EBIT) before special items	5,236	3,242	879	522	541	393	(18)	22	6,638	4,179
Condensed balance sheet										
Total assets	56,962	51,942	23,075	21,186	15,030	14,605	7,080	7,280	102,147	95,013
Total liabilities	55,595	51,784	18,789	15,133	12,545	12,487	(29,717)	(31,620)	57,212	47,784

5 Revenue

Sale of services and geographical segmentation specify as follows:

(DKKm)	EMEA		Americas		APAC		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Air services	5,220	4,135	4,114	2,649	4,863	5,273	14,197	12,057
Sea services	6,265	2,856	3,475	1,805	2,011	2,426	11,751	7,087
Road services	7,989	6,440	674	547	-	-	8,663	6,987
Solutions services	2,920	2,258	723	659	354	339	3,997	3,256
Total	22,394	15,689	8,986	5,660	7,228	8,038	38,608	29,387
Non-allocated items and eliminations							(777)	(605)
Total revenue							37,831	28,782

(DKKm)	EMEA		Americas		APAC		Total	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Air services	10,108	8,268	7,771	5,742	9,293	7,577	27,172	21,587
Sea services	11,545	7,357	6,336	4,042	3,819	2,832	21,700	14,231
Road services	15,447	13,746	1,272	1,162	-	-	16,719	14,908
Solutions services	5,512	4,613	1,411	1,416	683	668	7,606	6,697
Total	42,612	33,984	16,790	12,362	13,795	11,077	73,197	57,423
Non-allocated items and eliminations							(1,750)	(1,332)
Total revenue							71,447	56,091

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 six-month period ended 30 June 2021.

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 30 June 2021 and of the results of the Group's activities and the cash flow for the six-month period ended 30 June 2021.

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 2020.

Hedehusene, 29 July 2021

Executive Board:

Jens Bjørn Andersen
CEO

Jens H. Lund
CFO

Board of Directors:

Thomas Plenborg
Chairman

Jørgen Møller
Deputy Chairman

Annette Sadolin

Birgit W. Nørgaard

Marie-Louise Aamund

Beat Walti

Niels Smedegaard