



# INTERIM FINANCIAL REPORT

## Q3 2020

Company Announcement No. 841

29 October 2020

### Selected key figures and ratios for the period 1 January - 30 September 2020

(DKK m)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
<b>Key figures and ratios</b>				
Revenue	28,125	24,521	84,216	64,579
Gross profit	7,252	6,271	21,322	16,670
Operating profit (EBIT) before special items	2,725	1,785	6,904	4,870
Special items, costs	453	172	1,479	191
Profit after tax	1,337	1,149	3,058	3,261
Adjusted earnings for the period	1,746	1,403	4,339	3,592
Adjusted free cash flow			5,674	2,453
Operating margin	9.7%	7.3%	8.2%	7.5%
Conversion ratio	37.6%	28.5%	32.4%	29.2%
Diluted adjusted earnings per share of DKK 1 for the last 12 months			21.7	24.2

Jens Bjørn Andersen, Group CEO: "In the third quarter of 2020, all three divisions delivered results above our expectations. Market conditions have been better than anticipated across most of our markets, and at the same time we benefit from efficient cost management. We are happy to announce that all material aspects of the Panalpina integration have now been successfully completed and we can now intensify the focus on organic growth."

### Outlook for 2020

Based on the financial performance for the first nine months of 2020, guidance for full-year 2020 is updated as follows:

- Operating profit before special items is expected to be above DKK 9,250 million (in line with trading update of 9 October 2020)
- Special items, costs for 2020 are expected in the level of DKK 2,100 million (previously DKK 2,300 million)
- The effective tax rate is expected in the level of 25%

The guidance is based on assumptions of a continued gradual improvement of the freight markets with no further material disruptions of global supply chains.

### Share buyback

A separate company announcement about the launch of a new share buyback programme of up to DKK 6,000 million will be issued today. The programme will run until 30 April 2021 or earlier if finalised.

### Contacts

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Yours sincerely,  
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#### DSV Panalpina Group

We provide and manage supply chain solutions for thousands of companies every day – from the small family run business to the large global corporation. Our reach is global, yet our presence is local and close to our customers. 55,000 employees in more than 80 countries work passionately to deliver great customer experiences and high-quality services. Read more at [www.dsv.com](http://www.dsv.com)

## Financial highlights

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
<b>Results (DKKm)</b>				
Revenue	28,125	24,521	84,216	64,579
Gross profit	7,252	6,271	21,322	16,670
Operating profit before amortisation and depreciation (EBITDA) before special items	3,713	2,727	9,983	7,431
Operating profit (EBIT) before special items	2,725	1,785	6,904	4,870
Special items, costs	453	172	1,479	191
Net financial expenses	478	113	1,297	435
Profit for the period	1,337	1,149	3,058	3,261
Adjusted earnings for the period	1,746	1,403	4,339	3,592
<b>Cash flows (DKKm)</b>				
Operating activities			7,139	5,219
Investing activities			(629)	1,410
Free cash flow			6,510	6,629
Adjusted free cash flow			5,674	2,453
Financing activities			(5,394)	(4,787)
Share buyback			(3,030)	(2,466)
Dividends distributed			(588)	(423)
Cash flow for the period			1,116	1,842
<b>Financial position (DKKm)</b>				
DSV Panalpina A/S shareholders' share of equity			48,122	50,842
Non-controlling interests			(96)	(190)
Balance sheet total			94,944	99,427
Net working capital			3,402	3,719
Net interest-bearing debt			16,599	17,134
Invested capital			65,018	69,424
Gross investment in property, plant and equipment			676	693
<b>Financial ratios (%)*</b>				
Gross margin	25.8	25.6	25.3	25.8
Operating margin	9.7	7.3	8.2	7.5
Conversion ratio	37.6	28.5	32.4	29.2
Effective tax rate	25.5	23.4	25.9	23.2
ROIC before tax**			12.9	12.5
Return on equity (ROE)			7.1	12.7
Solvency ratio			50.7	51.1
Gearing ratio**			1.3	1.8
<b>Share ratios*</b>				
Earnings per share of DKK 1 for the last 12 months			15.3	22.6
Diluted adjusted earnings per share of DKK 1 for the last 12 months			21.7	24.2
Number of shares issued ('000)			230,000	241,527
Number of treasury shares ('000)			2,110	9,484
Average number of shares issued ('000) for the last 12 months			228,016	185,493
Average diluted number of shares ('000) for the last 12 months			231,787	188,099
Share price end of period (DKK)			1,037.5	651.8
<b>Non-Financials</b>				
Number of full-time employees at 30 September			56,090	61,799

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

\*\*For the calculation of financial ratios for Q3 2019, certain pro forma adjustments have been made, please refer to note 2.

# Management's commentary

EBIT before special items for the first nine months of 2020 increased by 45% to DKK 6,904 million. The growth in earnings is attributable to the Air & Sea division, which achieved a 62% growth in EBIT before special items.

The Panalpina integration is now close to complete, and synergies have been achieved faster than originally expected. The free cash flow is tracking our expectations, and, in line with our capital allocation policy, a share buyback programme of DKK 6,000 million is initiated.

## FINANCIAL DEVELOPMENT 2019 - 2020

(DKK)M	Q3 2019	Currency translation	Growth incl. M&A	Growth %*	Q3 2020
Revenue	24,521	(940)	4,544	19.3%	28,125
Gross profit	6,271	(237)	1,218	20.2%	7,252
EBIT before special items	1,785	(76)	1,016	59.4%	2,725
Gross margin (%)	25.6				25.8
Operating margin (%)	7.3				9.7
Conversion ratio (%)	28.5				37.6

(DKK)M	YTD 2019	Currency translation	Growth incl. M&A	Growth %*	YTD 2020
Revenue	64,579	(1,292)	20,929	33.1%	84,216
Gross profit	16,670	(333)	4,985	30.5%	21,322
EBIT before special items	4,870	(100)	2,134	44.7%	6,904
Gross margin (%)	25.8				25.3
Operating margin (%)	7.5				8.2
Conversion ratio (%)	29.2				32.4

\* Growth in constant currencies

## COVID-19

The negative impact from the COVID-19 crisis eased off during Q3 2020, and we estimate that the activity levels on most logistics markets – except for air freight – are close to the level in the same period last year. The air freight market is still impacted by the crisis and remains on index 80-85, as the available cargo capacity is reduced due to grounded passenger planes resulting in less belly space for cargo. This means that capacity is tight and air freight rates are significantly higher than last year.

Since the beginning of the crisis, all our business units have been able to operate through lockdowns and other restrictions. So far, the financial impact from the crisis has been less severe than we originally anticipated. Currently, the situation continues to develop, and the number of COVID-19 infections is increasing in several countries. We are following the development closely and continue to follow public health procedures and guidelines to protect the health of employees and ensure safe and reliable operations.

So far, we have not realised any material credit losses, and we continue to closely monitor trade receivables. As part of our normal credit policy, trade receivables are covered by credit

insurance unless the customer is classified as a blue-chip company with low credit risk.

## Integration of Panalpina

The acquisition of Panalpina Welttransport (Holding) AG (Panalpina) was closed on 19 August 2019, as of which date Panalpina was included in the consolidated financial statements. The combination had a significant impact on the consolidated balance sheet and income statement for the Group in the first nine months of 2020 compared to the same period of 2019.

The operational and legal integration of Panalpina is now close to complete and has progressed slightly faster than originally expected.

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

As Panalpina's activities have been integrated into DSV's network, it is not possible to separate organic growth from acquired growth.

## Integration synergies and cost savings

The total cost savings from the integration of Panalpina and implementation of planned COVID-19 cost saving initiatives of DKK 3,700 million are expected to have full-year impact in 2021.

The integration and cost savings have progressed faster than originally expected, and the expected run-rate is as follows:

- around DKK 100 million were realised in 2019
- around DKK 2,300 million (previously DKK 2,100 million) are expected to materialise in 2020
- the remaining DKK 1,300 million (previously DKK 1,500 million) are expected in 2021

## Integration costs

Total transaction, integration and restructuring costs are expected in the level of DKK 2,900 million (previously DKK 3,100 million). These costs will all be reported as special items, of which DKK 800 million materialised in 2019 and the remaining DKK 2,100 million will materialise in 2020.

## Results for the period

### Revenue

For the first nine months of 2020, revenue amounted to DKK 84,216 million against DKK 64,579 million last year. Revenue growth by division breaks down as follows:

(DKKm)	Q3 2020	Growth*	YTD 2020	Growth*
Air & Sea	17,910	34.8%	53,728	66.9%
Road	7,521	(0.7%)	22,429	(4.1%)
Solutions	3,388	1.7%	10,085	6.5%
Group and eliminations	(694)		(2,026)	
<b>Total</b>	<b>28,125</b>	<b>19.3%</b>	<b>84,216</b>	<b>33.1%</b>

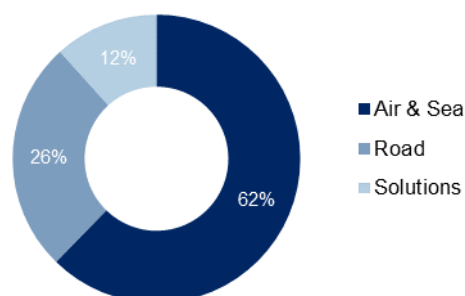
\*) Growth including M&A and in constant currencies

The transport markets were negatively impacted by the COVID-19 crisis, especially during March-May. In Q3 2020, we have seen the market activity for sea freight, road and contract logistics recovering, and we estimate that these markets were only slightly down compared to the same period last year.

In Q3 2020, the activity on the air freight market was still 15-20% below same period last year, mainly due to lack of capacity.

Revenue was negatively impacted by currency translation of DKK 940 million in Q3 2020 (YTD DKK 1,292 million), mainly due to USD and currencies floating with USD.

Revenue by division, YTD 2020



### Gross profit

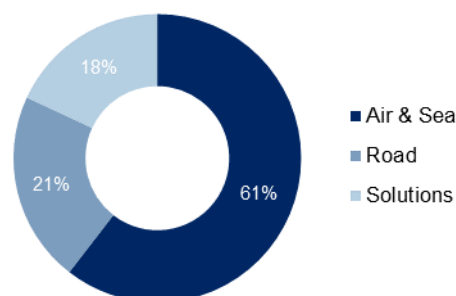
For the first nine months of 2020, gross profit amounted to DKK 21,322 million against DKK 16,670 million last year. Gross profit growth by division breaks down as follows:

(DKKm)	Q3 2020	Growth*	YTD 2020	Growth*
Air & Sea	4,303	30.8%	12,841	56.4%
Road	1,585	5.5%	4,551	(0.5%)
Solutions	1,313	9.3%	3,840	10.4%
Group and eliminations	51		90	
<b>Total</b>	<b>7,252</b>	<b>20.2%</b>	<b>21,322</b>	<b>30.5%</b>

\*) Growth including M&A and in constant currencies

The decline in transport volumes following COVID-19 was compensated by improved gross profit per shipment/activity across all business areas, most significantly in air freight. While the air freight yields have come down since the record level in Q2 2020, the air freight market is likely to remain tight for the foreseeable future. This will most likely support higher-than-normal gross profit yields in air freight.

Gross profit by division, YTD 2020



The consolidated gross margin was 25.3% for the first nine months of 2020, on level with the same period last year.

Gross profit was negatively impacted by currency translation adjustments of DKK 237 million in Q3 2020 (YTD: DKK 333 million).

## EBIT before special items

For the first nine months of 2020, EBIT before special items amounted to DKK 6,904 million against DKK 4,870 million last year. EBIT growth by division breaks down as follows:

(DKKm)	Q3 2020	Growth*	YTD 2020	Growth*
Air & Sea	1,994	71.7%	5,236	61.7%
Road	448	32.9%	970	(0.3%)
Solutions	312	36.8%	705	7.8%
Group and eliminations	(29)		(7)	
<b>Total</b>	<b>2,725</b>	<b>59.4%</b>	<b>6,904</b>	<b>44.7%</b>

\*) Growth including M&A and in constant currencies

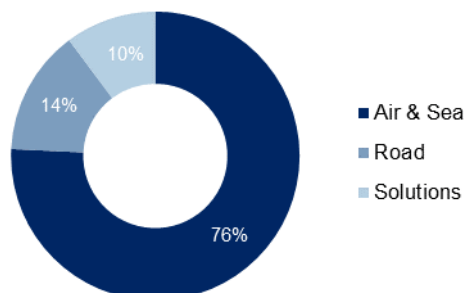
The growth in Air & Sea was driven by the Panalpina integration, cost synergies and COVID-19 savings. Furthermore, the division benefitted from the strong gross profit in air freight.

After a challenging H1 2020, Road and Solutions achieved growth in earnings in Q3 2020. This was a result of improved gross profit in both divisions as well as the effect from COVID-19 cost saving initiatives.

EBIT before special items was positively impacted by certain COVID-19 related temporary cost savings on salaries and other external expenses. We estimate that these savings amounted to DKK 150 million in Q2 and approximately DKK 100 million in Q3 2020. In Q2 2020, staff costs in several countries were lower due to reduced working hours, which returned to more normal levels in Q3 2020.

EBIT before special items was negatively impacted by currency translation adjustments of DKK 76 million in Q3 2020 (YTD: DKK 100 million).

EBIT by division, YTD 2020



Despite the COVID-19 crisis and the ongoing Panalpina integration, which initially has an adverse effect on the margins of the Group, the conversion ratio was 32.4% for the first nine months of 2020 (2019: 29.2%). This is a significant achievement and illustrates the successful Panalpina integration and that the higher-margin air and sea activities now represent a larger share of the consolidated EBIT.

For the first nine months of 2020, amortisation of customer relationships was DKK 156 million (2019: DKK 41 million).

## Special items, costs

Special items, costs totalled DKK 1,479 million for the first nine months of 2020 (2019: DKK 191 million) and are costs derived from the ongoing integration of Panalpina and the COVID-19 cost saving initiatives.

## Financial items

Financial items totalled a net expense of DKK 1,297 million for the first nine months of 2020, compared to DKK 435 million for the same period last year. Currency translation adjustments amounted to an expense of DKK 797 million (2019: income of DKK 61 million) and primarily relate to non-cash exchange rate adjustments on intercompany loans.

(DKKm)	YTD 2020	YTD 2019
Interest on lease liabilities	318	276
Other interest cost, net	165	206
Interest on pensions	17	14
Currency translation adjustments	797	(61)
<b>Financial expenses</b>	<b>1,297</b>	<b>435</b>

## Tax on profit for the period

The effective tax rate was 25.9% for the first nine months of 2020, compared to 23.2% for 2019. The effective tax rate is impacted by the ongoing integration of Panalpina and restructuring costs.

## Profit for the period

Profit for the first nine months of 2020 was DKK 3,058 million, compared to DKK 3,261 million for the same period of 2019. The decrease in profit for the period was due to restructuring costs expensed as special items and higher net financial costs.

## Diluted adjusted earnings per share

The 12-month figure to the end of September 2020 was DKK 21.7 per share, compared to DKK 24.2 for the same period last year, a decrease of 11.5%.

Adjusted earnings increased, but this was more than offset by the higher average number of shares issued.

## Cash flow

### CASH FLOW STATEMENT

(DKKm)	YTD 2020	YTD 2019
Cash flow from operating activities	7,139	5,219
Cash flow from investing activities	(629)	1,410
<b>Free cash flow</b>	<b>6,510</b>	<b>6,629</b>
<b>Cash flow from financing activities</b>	<b>(5,394)</b>	<b>(4,787)</b>
<b>Cash flow for the period</b>	<b>1,116</b>	<b>1,842</b>
Free cash flow	6,510	6,629
Repayment of lease liabilities (IFRS 16 impact reversed)	(2,342)	(2,256)
Net acquisition of subsidiaries and activities	-	(2,101)
Special items (restructuring costs)	1,506	181
<b>Adjusted free cash flow</b>	<b>5,674</b>	<b>2,453</b>

Cash flow from operating activities was positively affected by higher EBIT before special items, but this effect was partly offset by special items (restructuring) costs incurred.

The acquisition of Panalpina had a significant impact on the cash flow statement in 2019, and this is the main reason for the difference on investing activities.

Cash flow from financing activities was impacted by proceeds from the issuance of new bonds of EUR 500 million (approx. DKK 3,730 million) in February 2020, which were used for repayment of other loans, and distributions to shareholders of DKK 3,618 million.

Adjusted free cash flow for the period was DKK 5,674 million and significantly above the DKK 2,453 million for the same period last year, reflecting the improved EBIT before special items.

## Net working capital

On 30 September 2020, the Group's net working capital was DKK 3,402 million, compared to DKK 3,719 million on 30 September 2019.

Relative to full-year revenue, the net working capital amounted to 3.0% on 30 September 2020 (30 September 2019: 4.3%).

Optimisation of net working capital remains a priority; however, we continue to see pressure on trade receivables, and this is likely to continue, partly due to increasing business with large customers (key accounts).

## Capital structure and finances

### DSV Panalpina A/S shareholders' share of equity

DSV Panalpina shareholders' share of equity was DKK 48,122 million on 30 September 2020 (DKK 49,430 million on 31 December 2019). Equity was positively impacted by the result for the period, but this was offset by distribution to shareholders and currency translation adjustments on goodwill.

On 30 September 2020, the Company's portfolio of treasury shares was 2,110,176 shares. On 28 October 2020, the portfolio of treasury shares was 2,064,176 shares.

The solvency ratio excluding non-controlling interests was 50.7% on 30 September 2020 (30 September 2019: 51.1%).

### DEVELOPMENT IN EQUITY

(DKK m)	YTD 2020	YTD 2019
<b>Equity at 1 January</b>	<b>49,430</b>	<b>14,561</b>
Impact of accounting policy change	-	(593)
<b>Equity at 1 January</b>	<b>49,430</b>	<b>13,968</b>
Profit for the period	3,054	3,265
Currency translation adjustments, foreign enterprises	(2,344)	308
Capital increase	-	35,390
Allocated to shareholders	(3,618)	(2,889)
Sale of treasury shares	1,311	692
Other equity movements	289	108
<b>Equity end of period</b>	<b>48,122</b>	<b>50,842</b>

## Net interest-bearing debt

Net interest-bearing debt amounted to DKK 16,599 million on 30 September 2020, compared to DKK 17,134 million on 30 September 2019.

The financial gearing ratio (NIBD/EBITDA) was 1.3x on 30 September 2020. The gearing ratio has gradually been reduced as share buybacks were paused in March 2020. We have now initiated a new share buyback programme and maintain a target financial gearing ratio of below 2x.

The weighted average duration of the Company's bonds, committed loans and credit facilities was 4.4 years on 30 September 2020, compared to 2.6 years on 30 September 2019.

## Invested capital and ROIC

The Group's invested capital including goodwill and customer relationships amounted to DKK 65,018 million on 30 September 2020, compared to DKK 69,424 million on 30 September 2019. The decrease is mainly due to currency translation adjustments on goodwill and ordinary depreciations on property, plant and equipment.

Return on invested capital including goodwill and customer relationships was 12.9% for the 12-month period ended 30 September 2020, compared to 12.5% for the same period last year. The Panalpina acquisition did not have full impact on the average invested capital in September 2019.

Return on invested capital excluding goodwill and customer relationships was 49.6% for the 12-month period ended 30 September 2020, compared to 37.4% for the same period last year.

## Outlook

Based on the financial performance for the first nine months of 2020, outlook for full-year 2020 is updated as follows:

- Operating profit before special items is expected to be above DKK 9,250 million (in line with trading update of 9 October 2020)
- Special items, costs for 2020 are expected in the level of DKK 2,100 million (previously DKK 2,300 million)
- The effective tax rate is expected in the level of 25%

The outlook is based on assumptions of a continued gradual improvement of the freight markets with no further material disruptions of global supply chains.

The outlook is based on the assumption that currency exchange rates – especially USD – will remain at the current level.

Due to the COVID-19 situation, it must be stressed that the basic assumptions behind the outlook are more uncertain than normal.



# 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.

Based on a successful integration of Panalpina and strong cost management, the division achieved 56% growth in gross profit and 62% growth in EBIT before special items for the first nine months of 2020. Freight volumes were negatively impacted by the COVID-19 crisis, but this was compensated by strong gross profit per shipment, especially in air freight.

## INCOME STATEMENT

(DKKm)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Divisional revenue	17,910	13,981	53,728	33,074
Direct costs	13,607	10,538	40,887	24,678
<b>Gross profit</b>	<b>4,303</b>	<b>3,443</b>	<b>12,841</b>	<b>8,396</b>
Other external expenses	692	594	2,225	1,404
Staff costs	1,394	1,442	4,603	3,320
<b>EBITDA before special items</b>	<b>2,217</b>	<b>1,407</b>	<b>6,013</b>	<b>3,672</b>
Amortisation and depreciation	223	187	777	361
<b>EBIT before special items</b>	<b>1,994</b>	<b>1,220</b>	<b>5,236</b>	<b>3,311</b>

## KEY FIGURES AND RATIOS

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Gross margin (%)	24.0	24.6	23.9	25.4
Operating margin (%)	11.1	8.7	9.7	10.0
Conversion ratio (%)	46.3	35.4	40.8	39.4
Number of full-time employees			18,067	22,824
Total invested capital (DKKm)			44,085	48,113
Net working capital (DKKm)			3,612	3,117
ROIC before tax (%)			14.0	13.9

## Market development

### Freight volume growth

	DSV Q3 2020	Market Q3 2020	DSV YTD 2020	Market YTD 2020
Sea freight – TEUs	9%	(0-3%)	30%	(4-7%)
Air freight – tonnes	4%	(14-17%)	51%	(15-19%)

Market growth rates are based on DSV estimates.

DSV's volume growth in 2020 was driven by the acquisition of Panalpina, which was included from 19 August 2019. The integration entails a gradual move of Panalpina volumes to the DSV transport management system. By the end of Q3 2020, close to 100% of Panalpina's volumes had been transferred, and we are no longer able to separate organic growth from acquired growth.

With effect from 1 July 2020, DSV Air & Sea sold Airflo, which was part of the legacy Panalpina perishables activities. The Airflo activities represented approximately 5% of total air freight volumes, but less than 2% of air freight revenue and gross profit.

The air freight market is still significantly impacted by the COVID-19 crisis, with market volumes still 15-20% below last year. As most passenger planes are grounded, the belly-hold capacity is missing and total available capacity is more than 20% below pre-COVID-19 levels. The demand for air freight exceeds available capacity on most trade lanes, leading to higher-than-normal freight rates.

We expect that the air freight market will remain challenging in the foreseeable future. It may take 2-3 years before intercontinental passenger traffic is back at 2019 levels, and the market will continue to rely on freighter aircraft capacity. Currently, the demand is strongest for exports out of Asia, but other trade lanes are also picking up. When a COVID-19

vaccine is ready for distribution, this is likely to create further pressure on the air freight market.

The sea freight market has recovered faster than the air freight market, and in Q3 2020 volumes were close to Q3 2019 levels. Due to the relatively strong demand and efficient capacity management by the carriers, container rates are at record-high levels on several trade lanes.

The sea freight market saw the strongest development on the Trans-Pacific trade lane, where volumes were higher than same period last year. However, volumes on the Trans-Atlantic trade lane remains below last year. Due to the Group's European footprint, DSV Air & Sea has a relatively high exposure to European imports and exports and less exposure to the Trans-Pacific and Intra-Asia traffics.

## Divisional revenue

The division's revenue amounted to DKK 53,728 million for the first nine months of 2020, compared to DKK 33,074 million for the same period last year. The growth in revenue for the first nine months was 66.9%.

For Q3 2020, revenue amounted to DKK 17,910 million, compared to DKK 13,981 million for the same period last year. Growth for the quarter was 34.8%.

The increase in revenue was mainly attributable to the acquisition of Panalpina. Revenue was negatively impacted by lower volumes following COVID-19, but this was partly compensated by higher freight rates.

The division achieved the highest growth rate in the APAC region, reflecting that both volumes and freight rates have been strongest on trade lanes related to export from this region.

We have seen the best development within consumer goods and in the pharmaceutical sector, whereas industrial cargo, especially automotive, picked up during Q3 2020 but remains below 2019 levels.

## Gross profit

Gross profit was DKK 12,841 million for the first nine months of 2020, compared to DKK 8,396 million for the same period last year. This corresponds to a growth of 56.4% for the period.

For Q3 2020, gross profit amounted to DKK 4,303 million, compared to DKK 3,443 million for the same period last year, which corresponds to a growth of 30.8%.

Similar to revenue, the growth in gross profit for the first nine months of 2020 was mainly driven by the acquisition of Panalpina.

The negative volume impact from COVID-19 was compensated by strong air freight yields. The air freight yields declined from the extraordinary high level in Q2 2020, but are still above the

2019 level. This development can be attributed to the high rates and improved profitability of our air charter network. Furthermore, the disposal of Airflo in Q3 2020 led to a better activity mix with less low-margin perishables volumes.

The legacy Panalpina air charter network consists of longer-term charters (typically 12 months) of air freight capacity. The air charter network represents a relatively small part of the total volume handled, but DSV Air & Sea has increased the capacity and number of destinations in the network.

As the integration of Panalpina has progressed during the last 12 months, yields for both air and sea have gradually improved. This is due to scale benefits, optimised planning and better combinations of cargo.

The division's gross margin was 23.9% for the first nine months of 2020, compared to 25.4% last year. The decline is due mainly to the difference in activity mix between legacy DSV and Panalpina and, secondly, a negative 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 nine months of 2020, compared to DKK 3,311 million for the same period last year. This corresponds to a growth for the period of 61.7%.

For Q3 2020, EBIT before special items was DKK 1,994 million, compared to DKK 1,220 million for the same period last year, which corresponds to a growth of 71.7%.

The positive development was mainly a result of the inclusion of Panalpina, the realisation of synergies and the impact from the COVID-19 cost savings. Furthermore, the high gross profit in air freight had a direct impact on EBIT before special items.

All regions achieved growth in EBIT before special items, but, driven by strong gross profit, the APAC region achieved the highest growth both in Q3 and the first nine months of 2020.

The conversion ratio was 40.8% for the first nine months of 2020 (2019: 39.4%). The conversion ratio has steadily improved during 2020 as integration synergies and cost savings are realised.

For the first nine months of 2020, amortisation of customer relationships was DKK 135 million (2019: DKK 23.0 million).

## Net working capital

The Air & Sea division's net working capital came to DKK 3,612 million on 30 September 2020, compared to DKK 3,117 million on 30 September 2019. The increase is mainly due to increased activity with large key accounts with long credit terms.



## FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q3 2019	Currency translation	Growth incl. M&A	Growth %*	Q3 2020
Divisional revenue	13,981	(699)	4,628	34.8%	17,910
Gross profit	3,443	(153)	1,013	30.8%	4,303
EBIT before special items	1,220	(59)	833	71.7%	1,994

(DKKm)	YTD 2019	Currency translation	Growth incl. M&A	Growth %*	YTD 2020
Divisional revenue	33,074	(877)	21,531	66.9%	53,728
Gross profit	8,396	(186)	4,631	56.4%	12,841
EBIT before special items	3,311	(73)	1,998	61.7%	5,236

\* Growth in constant currencies

## AIR AND SEA SPLIT

(DKKm)	Sea freight				Air freight			
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Divisional revenue	7,614	6,629	21,845	16,560	10,296	7,352	31,883	16,514
Direct costs	5,889	5,013	16,750	12,446	7,718	5,525	24,137	12,232
<b>Gross profit</b>	<b>1,725</b>	<b>1,616</b>	<b>5,095</b>	<b>4,114</b>	<b>2,578</b>	<b>1,827</b>	<b>7,746</b>	<b>4,282</b>
Gross margin (%)	22.7	24.4	23.3	24.8	25.0	24.9	24.3	25.9
Volume (TEUs/tonnes)	568,130	520,048	1,656,082	1,271,305	300,147	288,793	947,574	629,197
Gross profit per unit (DKK)	3,036	3,107	3,077	3,236	8,589	6,326	8,175	6,806

# 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.

During Q3 2020, the road markets picked up and the activity level is now close to the level in 2019. Driven by growth in gross profit and strong cost management, the division achieved a record-high EBIT before special items of DKK 448 million for Q3 2020.

## INCOME STATEMENT

(DKKm)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Divisional revenue	7,521	7,698	22,429	23,633
Direct costs	5,936	6,170	17,878	19,009
<b>Gross profit</b>	<b>1,585</b>	<b>1,528</b>	<b>4,551</b>	<b>4,624</b>
Other external expenses	251	261	780	793
Staff costs	650	679	2,093	2,123
<b>EBITDA before special items</b>	<b>684</b>	<b>588</b>	<b>1,678</b>	<b>1,708</b>
Amortisation and depreciation	236	245	708	729
<b>EBIT before special items</b>	<b>448</b>	<b>343</b>	<b>970</b>	<b>979</b>

## KEY FIGURES AND RATIOS

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Gross margin (%)	21.1	19.8	20.3	19.6
Operating margin (%)	6.0	4.5	4.3	4.1
Conversion ratio (%)	28.3	22.4	21.3	21.2
Number of full-time employees			14,090	13,493
Total invested capital (DKKm)			9,172	9,776
Net working capital (DKKm)			(909)	(411)
ROIC before tax (%)			13.1	13.6

## Market development

We estimate that the demand for road freight was down by approximately 3-5% in Q3 2020 and by 10% for the first nine months of 2020. The domestic distribution market has been strong, whereas the market for international transports has only partly recovered, and some industries, especially the automotive industry, remain below normal activity levels.

Geographically, the Southern European and South African markets have been more impacted by the COVID-19 crisis than Northern/Eastern Europe and North America.

The overall decline in demand led to overcapacity in some parts of the market during Q2 and Q3 2020, mainly for international transports.

## Divisional revenue

The division's revenue amounted to DKK 22,429 million for the

first nine months of 2020, compared to DKK 23,633 million for the same period last year, corresponding to a decline of 4.1%.

For Q3 2020, revenue amounted to DKK 7,521 million, compared to DKK 7,698 million for the same period last year, corresponding to a decline of 0.7%.

The activity picked up since the low-point in Q2 2020, and, in line with the general market, our domestic distribution activities (e.g. distribution to supermarkets and do-it-yourself markets) achieved the strongest performance, whereas international activity remains below last year.

In a challenging market, DSV Road has benefitted from scale and a strong network, enabling the division to offer a high service level to customers, also on trade lanes with lower-than-normal activity.

## Gross profit

For the first nine months of 2020, gross profit totalled DKK 4,551 million, compared to DKK 4,624 million for the same period last year. This corresponds to a decline of 0.5%.

For Q3 2020, gross profit amounted to DKK 1,585 million, compared to DKK 1,528 million in Q3 2019, which is an increase of 5.5%.

During 2020, the division has improved the gross margin, which came to 20.3% for the first nine months of 2020, compared to 19.6% last year. The improvement was mainly driven by lower rates from external hauliers and improved productivity on road terminals.

## EBIT before special items

EBIT before special items was DKK 970 million for the first nine months of 2020, which is on level with the same period last year.

For Q3 2020, EBIT before special items totalled DKK 448 million, compared to DKK 343 million for the same period last year, which corresponds to a growth of 32.9%.

The growth in EBIT before special items for Q3 2020 was driven by the growth in gross profit and lower cost base due to savings from COVID-19 initiatives. The division achieved a record-high conversion ratio of 28.3% for Q3 2020 (YTD 2020: 21.3%).

In line with market trends, the growth in earnings in Q3 2020 was mainly driven by Northern Europe.

## Net working capital

The Road division's net working capital was negative by DKK 909 million on 30 September 2020, compared to a negative DKK 411 million on 30 September 2019.

### FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q3 2019	Currency translation	Growth incl. M&A	Growth %*	Q3 2020
Divisional revenue	7,698	(127)	(50)	(0.7%)	7,521
Gross profit	1,528	(25)	82	5.5%	1,585
EBIT before special items	343	(6)	111	32.9%	448

(DKKm)	YTD 2019	Currency translation	Growth incl. M&A	Growth %*	YTD 2020
Divisional revenue	23,633	(249)	(955)	(4.1%)	22,429
Gross profit	4,624	(50)	(23)	(0.5%)	4,551
EBIT before special items	979	(6)	(3)	(0.3%)	970

\* Growth in constant currencies

# DSV Solutions

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

Market conditions improved during Q3 2020, and, driven by growth in gross profit and strong cost management, the division achieved 37% growth in EBIT before special items for the quarter.

## INCOME STATEMENT

(DKKm)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Divisional revenue	3,388	3,465	10,085	9,661
Direct costs	2,075	2,209	6,245	6,093
<b>Gross profit</b>	<b>1,313</b>	<b>1,256</b>	<b>3,840</b>	<b>3,568</b>
Other external expenses	255	278	788	796
Staff costs	344	341	1,094	951
<b>EBITDA before special items</b>	<b>714</b>	<b>637</b>	<b>1,958</b>	<b>1,821</b>
Amortisation and depreciation	402	398	1,253	1,148
<b>EBIT before special items</b>	<b>312</b>	<b>239</b>	<b>705</b>	<b>673</b>

## KEY FIGURES AND RATIOS

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Gross margin (%)	38.8	36.2	38.1	36.9
Operating margin (%)	9.2	6.9	7.0	7.0
Conversion ratio (%)	23.8	19.0	18.4	18.9
Number of full-time employees			21,039	22,521
Total invested capital (DKKm)			11,290	11,471
Net working capital (DKKm)			869	1,483
ROIC before tax (%)			9.2	9.2

## Market development

We estimate that the market for contract logistics was down by approximately 3-5% in Q3 2020 and by 8-10% for the first nine months of 2020. Activity levels within the e-commerce segment and pharmaceuticals have been growing following COVID-19, and activity levels in traditional industries are also close to pre-COVID-19 levels. Automotive activity picked up during Q3 2020, but remains below normal levels.

In general, we see a strong demand for modern and efficient warehousing solutions, and new facilities are quickly filled up.

## Divisional revenue

The division's revenue was DKK 10,085 million for the first nine months of 2020, compared to DKK 9,661 million for the same period of 2019. Growth for the period was 6.5%.

For Q3 2020, revenue amounted to DKK 3,388 million, compared to DKK 3,465 million for the same period last year.

Growth for the quarter was 1.7% (adjusted for negative currency translation effect).

The development in revenue was positively impacted by the integration of Panalpina, but negatively impacted by COVID-19, especially during Q2 2020.

Since Q2 2020, we have seen an increase in activity for most industries, both with existing and new customers.

## Gross profit

Gross profit was DKK 3,840 million for the first nine months of 2020, compared to DKK 3,568 million for the same period of 2019. Growth for the period was 10.4%.

For Q3 2020, gross profit amounted to DKK 1,313 million, compared to DKK 1,256 million for the same period last year, which corresponds to a growth of 9.3%.

The growth in gross profit was driven by an improved gross margin, which reflects a higher productivity and utilisation of warehousing capacity. Furthermore, performance on certain low-margin contracts has improved or the contracts have been terminated.

The division's gross margin was 38.1% for the first nine months of 2020, compared to 36.9% for the same period last year. The gross margin for Q3 2020 was 38.8%, compared to 36.2% for Q3 2019.

### EBIT before special items

EBIT before special items was DKK 705 million for the first nine months of 2020, compared to DKK 673 million for the same period of 2019, corresponding to an increase of 7.8%.

For Q3 2020, EBIT before special items totalled DKK 312

million, compared to DKK 239 million for the same period last year.

Growth in EBIT before special items for the quarter was driven by higher gross profit and reduced cost base due to the COVID-19 cost savings. The growth was driven by strong performance in Europe and improved results in APAC. Panalpina added scale to the division in APAC, and the region has achieved good development both in activity and EBIT during 2020.

Driven by strong cost management, the conversion ratio came close to a record high of 23.8% in Q3 2020 (YTD 2020: 18.4%).

### Net working capital

The division's net working capital came to DKK 869 million on 30 September 2020, compared to DKK 1,483 million on 30 September 2019.

## FINANCIAL DEVELOPMENT 2019 - 2020

(DKKm)	Q3 2019	Currency translation	Growth incl. M&A	Growth %*	Q3 2020
Divisional revenue	3,465	(133)	56	1.7%	3,388
Gross profit	1,256	(55)	112	9.3%	1,313
EBIT before special items	239	(11)	84	36.8%	312

(DKKm)	YTD 2019	Currency translation	Growth incl. M&A	Growth %*	YTD 2020
Divisional revenue	9,661	(193)	617	6.5%	10,085
Gross profit	3,568	(89)	361	10.4%	3,840
EBIT before special items	673	(19)	51	7.8%	705

\* Growth in constant currencies

# Interim financial statements

## Income statement

(DKKm)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenue	28,125	24,521	84,216	64,579
Direct costs	20,873	18,250	62,894	47,909
<b>Gross profit</b>	<b>7,252</b>	<b>6,271</b>	<b>21,322</b>	<b>16,670</b>
Other external expenses	831	817	2,493	2,115
Staff costs	2,708	2,727	8,846	7,124
<b>Operating profit before amortisation and depreciation (EBITDA) before special items</b>	<b>3,713</b>	<b>2,727</b>	<b>9,983</b>	<b>7,431</b>
Amortisation and depreciation	988	942	3,079	2,561
<b>Operating profit (EBIT) before special items</b>	<b>2,725</b>	<b>1,785</b>	<b>6,904</b>	<b>4,870</b>
Special items, costs	453	172	1,479	191
Net financial expenses	478	113	1,297	435
<b>Profit before tax</b>	<b>1,794</b>	<b>1,500</b>	<b>4,128</b>	<b>4,244</b>
Tax on profit for the period	457	351	1,070	983
<b>Profit for the period</b>	<b>1,337</b>	<b>1,149</b>	<b>3,058</b>	<b>3,261</b>
<i>Profit for the period attributable to:</i>				
Shareholders of DSV Panalpina A/S	1,341	1,141	3,054	3,265
Non-controlling interests	(4)	8	4	(4)
<i>Earnings per share:</i>				
Earnings per share of DKK 1 for the period	5.9	5.6	13.4	17.4
Diluted earnings per share of DKK 1 for the period	5.8	5.5	13.2	17.2



## Statement of comprehensive income

(DKKm)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
<b>Profit for the period</b>	<b>1,337</b>	<b>1,149</b>	<b>3,058</b>	<b>3,261</b>
<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
Net exchange differences recognised in OCI	(991)	181	(2,340)	309
Fair value adjustments relating to hedging instruments	22	(13)	17	(20)
Fair value adjustments relating to hedging instruments transferred to financial expenses	16	9	16	9
Tax on items reclassified to income statement	(4)	2	(3)	4
<i>Items that will not be reclassified to income statement:</i>				
Actuarial gains/(losses)	(89)	(15)	(181)	(139)
Tax relating to items that will not be reclassified	16	-	42	30
<b>Other comprehensive income, net of tax</b>	<b>(1,030)</b>	<b>164</b>	<b>(2,449)</b>	<b>193</b>
<b>Total comprehensive income</b>	<b>307</b>	<b>1,313</b>	<b>609</b>	<b>3,454</b>
<i>Total comprehensive income attributable to:</i>				
Shareholders of DSV Panalpina A/S	305	1,303	601	3,457
Non-controlling interests	2	10	8	(3)
<b>Total</b>	<b>307</b>	<b>1,313</b>	<b>609</b>	<b>3,454</b>

## Cash flow statement

(DKKkm)	YTD 2020	YTD 2019
<b>Operating profit before amortisation and depreciation (EBITDA) before special items</b>	9,983	7,431
<i>Adjustments:</i>		
Share-based payments	100	86
Change in provisions	(66)	(71)
Change in working capital, etc.	(206)	(1,155)
Special items	(1,506)	(181)
Interest received	214	47
Interest paid	(727)	(195)
Corporation tax, paid	(653)	(743)
<b>Cash flow from operating activities</b>	<b>7,139</b>	<b>5,219</b>
Purchase of intangible assets	(166)	(223)
Purchase of property, plant and equipment	(828)	(693)
Disposal of intangible assets, property, plant and equipment	302	288
Acquisition and disposal of subsidiaries and activities	-	2,101
Change in other financial assets	63	(63)
<b>Cash flow from investing activities</b>	<b>(629)</b>	<b>1,410</b>
<b>Free cash flow</b>	<b>6,510</b>	<b>6,629</b>
Proceeds from borrowings	2,395	623
Repayment of borrowings	(2,593)	(826)
Repayment of lease liabilities	(2,342)	(2,256)
Other financial liabilities incurred	12	-
<i>Transactions with shareholders:</i>		
Dividends distributed	(588)	(423)
Purchase of treasury shares	(3,030)	(2,466)
Sale of treasury shares	758	692
Other transactions with shareholders	(6)	(131)
<b>Cash flow from financing activities</b>	<b>(5,394)</b>	<b>(4,787)</b>
<b>Cash flow for the period</b>	<b>1,116</b>	<b>1,842</b>
Cash and cash equivalents 1 January	2,043	1,158
Cash flow for the period	1,116	1,842
Currency translation adjustments	(250)	(19)
<b>Cash and cash equivalents end of period</b>	<b>2,909</b>	<b>2,981</b>

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

Statement of adjusted free cash flow	YTD 2020	YTD 2019
Free cash flow	6,510	6,629
Net acquisition of subsidiaries and activities	-	(2,101)
Special items (restructuring costs)	1,506	181
Repayment of lease liabilities (IFRS 16 impact reversed)	(2,342)	(2,256)
<b>Adjusted free cash flow</b>	<b>5,674</b>	<b>2,453</b>

## Balance sheet – Assets

(DKKm)	30.09.2020	31.12.2019	30.09.2019
Intangible assets	49,180	51,988	52,211
Right-of-use assets	10,466	11,671	11,679
Property, plant and equipment	3,131	3,022	3,088
Other receivables	432	494	496
Deferred tax assets	2,305	2,164	1,791
<b>Total non-current assets</b>	<b>65,514</b>	<b>69,339</b>	<b>69,265</b>
Trade receivables	18,994	18,252	20,181
Contract assets	3,170	3,054	2,955
Inventories	1,557	1,324	1,597
Other receivables	2,697	3,410	2,407
Cash and cash equivalents	2,909	2,043	2,981
Assets held for sale	103	135	41
<b>Total current assets</b>	<b>29,430</b>	<b>28,218</b>	<b>30,162</b>
<b>Total assets</b>	<b>94,944</b>	<b>97,557</b>	<b>99,427</b>

## Balance sheet – Equity and liabilities

(DKKm)	30.09.2020	31.12.2019	30.09.2019
Share capital	230	235	242
Reserves and retained earnings	47,892	49,195	50,600
<b>DSV Panalpina A/S shareholders' share of equity</b>	<b>48,122</b>	<b>49,430</b>	<b>50,842</b>
Non-controlling interests	(96)	(111)	(190)
<b>Total equity</b>	<b>48,026</b>	<b>49,319</b>	<b>50,652</b>
Lease liabilities	8,570	9,227	9,198
Borrowings	8,107	6,464	7,002
Pensions and similar obligations	1,481	1,494	1,845
Provisions	1,204	1,282	1,246
Deferred tax liabilities	331	455	348
<b>Total non-current liabilities</b>	<b>19,693</b>	<b>18,922</b>	<b>19,639</b>
Lease liabilities	2,892	3,385	3,291
Borrowings	102	1,520	806
Trade payables	9,198	9,783	10,078
Accrued cost of services	5,937	5,330	6,034
Provisions	1,231	1,157	936
Other payables	6,650	7,201	6,927
Corporation tax	1,215	940	1,064
<b>Total current liabilities</b>	<b>27,225</b>	<b>29,316</b>	<b>29,136</b>
<b>Total liabilities</b>	<b>46,918</b>	<b>48,238</b>	<b>48,775</b>
<b>Total equity and liabilities</b>	<b>94,944</b>	<b>97,557</b>	<b>99,427</b>

## Statement of changes in equity at 30 September 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	-	-	3,054	3,054	4	3,058
Other comprehensive income, net of tax	-	(2,320)	(133)	(2,453)	4	(2,449)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(2,320)</b>	<b>2,921</b>	<b>601</b>	<b>8</b>	<b>609</b>
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	100	100	-	100
Dividends distributed	-	-	(588)	(588)	(2)	(590)
Purchase of treasury shares	-	(5)	(3,025)	(3,030)	-	(3,030)
Sale of treasury shares	-	2	1,309	1,311	-	1,311
Capital reduction	(5)	5	-	-	-	-
Addition/disposal of non-controlling interests	-	-	-	-	1	1
Dividends on treasury shares	-	-	23	23	-	23
Tax on other transactions with owners	-	-	318	318	-	318
Other adjustments	-	-	(43)	(43)	8	(35)
<b>Total transactions with shareholders</b>	<b>(5)</b>	<b>2</b>	<b>(1,906)</b>	<b>(1,909)</b>	<b>7</b>	<b>(1,902)</b>
<b>Equity at 30 September 2020</b>	<b>230</b>	<b>(2,583)</b>	<b>50,475</b>	<b>48,122</b>	<b>(96)</b>	<b>48,026</b>

## Statement of changes in equity at 30 September 2019

### Attributable to shareholders of DSV Panalpina A/S

(DKKm)	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2019 as previously reported	188	(704)	15,077	14,561	(29)	14,532
Impact of accounting policy change*	-	-	(593)	(593)	(16)	(609)
<b>Equity at 1 January 2019</b>	<b>188</b>	<b>(704)</b>	<b>14,484</b>	<b>13,968</b>	<b>(45)</b>	<b>13,923</b>
Profit for the period	-	-	3,265	3,265	(4)	3,261
Other comprehensive income, net of tax	-	296	(104)	192	1	193
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>296</b>	<b>3,161</b>	<b>3,457</b>	<b>(3)</b>	<b>3,454</b>
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	86	86	-	86
Tax on share-based payments	-	-	276	276	-	276
Dividends distributed	-	-	(423)	(423)	(1)	(424)
Purchase of treasury shares	-	(4)	(2,462)	(2,466)	-	(2,466)
Sale of treasury shares	-	3	689	692	-	692
Capital increase	56	-	35,334	35,390	(16)	35,374
Capital reduction	(2)	2	-	-	-	-
Addition/disposal of non-controlling interests	-	-	-	-	(125)	(125)
Dividends on treasury shares	-	-	22	22	-	22
Other adjustments	-	-	(160)	(160)	-	(160)
<b>Total transactions with shareholders</b>	<b>54</b>	<b>1</b>	<b>33,362</b>	<b>33,417</b>	<b>(142)</b>	<b>33,275</b>
<b>Equity at 30 September 2019</b>	<b>242</b>	<b>(407)</b>	<b>51,007</b>	<b>50,842</b>	<b>(190)</b>	<b>50,652</b>

\*Cumulative effect of applying IFRS 16 Leases.

# Notes

## 1 Accounting policies

This Interim Financial Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and Danish disclosure requirements for listed companies.

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2019 DSV Panalpina Annual Report. The 2019 DSV Panalpina Annual Report provides a full description of the Group's accounting policies.

### Changes in accounting policies

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

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

## 2 Adjusted financial ratios Q3 2019

Due to the impact of IFRS 16, the following financial ratios for Q3 2019 have been adjusted on a pro forma basis:

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

Gearing ratio: EBITDA for 3 months of 2018 has been raised by DKK 715 million (corresponding to a full-year pro forma EBITDA impact of DKK 2,860 million).

## 5 Segment information

(DKKm)	Air & Sea		Road		Solutions		Non-allocated items and eliminations		Total	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
<b>Condensed income statement</b>										
Revenue	53,212	32,606	20,976	22,485	9,820	9,413	208	75	84,216	64,579
Intercompany revenue	516	468	1,453	1,148	265	248	(2,234)	(1,864)	-	-
<b>Divisional revenue</b>	<b>53,728</b>	<b>33,074</b>	<b>22,429</b>	<b>23,633</b>	<b>10,085</b>	<b>9,661</b>	<b>(2,026)</b>	<b>(1,789)</b>	<b>84,216</b>	<b>64,579</b>
Direct costs	40,887	24,678	17,878	19,009	6,245	6,093	(2,116)	(1,871)	62,894	47,909
<b>Gross profit</b>	<b>12,841</b>	<b>8,396</b>	<b>4,551</b>	<b>4,624</b>	<b>3,840</b>	<b>3,568</b>	<b>90</b>	<b>82</b>	<b>21,322</b>	<b>16,670</b>
Other external expenses	2,225	1,404	780	793	788	796	(1,300)	(878)	2,493	2,115
Staff costs	4,603	3,320	2,093	2,123	1,094	951	1,056	730	8,846	7,124
<b>Operating profit before amortisation, depreciation (EBITDA) before special items</b>	<b>6,013</b>	<b>3,672</b>	<b>1,678</b>	<b>1,708</b>	<b>1,958</b>	<b>1,821</b>	<b>334</b>	<b>230</b>	<b>9,983</b>	<b>7,431</b>
Amortisation and depreciation	777	361	708	729	1,253	1,148	341	323	3,079	2,561
<b>Operating profit (EBIT) before special items</b>	<b>5,236</b>	<b>3,311</b>	<b>970</b>	<b>979</b>	<b>705</b>	<b>673</b>	<b>(7)</b>	<b>(93)</b>	<b>6,904</b>	<b>4,870</b>
<b>Condensed balance sheet</b>										
Total assets	52,810	35,439	21,311	18,116	14,364	13,406	6,459	32,466	94,944	99,427
Total liabilities	50,372	36,471	15,071	13,370	12,299	12,046	(30,824)	(13,112)	46,918	48,775

## 3 Management judgements and estimates

In preparing the Interim Financial Statements, Management makes various accounting estimates and judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These are based on professional experience, historical data and other factors available to Management.

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

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

## 4 New accounting regulations

The IASB has issued several new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Q3 2020 Interim Financial Report.

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

## 6 Revenue

Sale of services and geographical segmentation are specified as follows:

(DKKm)	EMEA		Americas		APAC		Total	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Air services	4,258	3,036	2,518	2,197	3,520	2,119	10,296	7,352
Sea services	3,652	3,569	2,533	1,815	1,429	1,245	7,614	6,629
Road services	6,950	7,051	571	647	-	-	7,521	7,698
Solutions services	2,347	2,480	697	675	344	310	3,388	3,465
<b>Total</b>	<b>17,207</b>	<b>16,136</b>	<b>6,319</b>	<b>5,334</b>	<b>5,293</b>	<b>3,674</b>	<b>28,819</b>	<b>25,144</b>
Non-allocated items and eliminations							(694)	(623)
<b>Total revenue</b>							<b>28,125</b>	<b>24,521</b>

(DKKm)	EMEA		Americas		APAC		Total	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Air services	12,526	6,683	8,260	5,284	11,097	4,547	31,883	16,514
Sea services	11,009	8,971	6,575	4,487	4,261	3,102	21,845	16,560
Road services	20,696	21,638	1,733	1,995	-	-	22,429	23,633
Solutions services	6,960	7,019	2,113	1,789	1,012	853	10,085	9,661
<b>Total</b>	<b>51,191</b>	<b>44,311</b>	<b>18,681</b>	<b>13,555</b>	<b>16,370</b>	<b>8,502</b>	<b>86,242</b>	<b>66,368</b>
Non-allocated items and eliminations							(2,026)	(1,789)
<b>Total revenue</b>							<b>84,216</b>	<b>64,579</b>

## 7 Special items

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

Special items YTD 2020 totalled DKK 1,479 million, comprising integration and restructuring costs related to the acquisition of Panalpina and COVID-19 initiatives. Integrations and restructuring costs mainly comprise staff costs and other external expenses.

Restructuring costs related to the two programmes are expected to be approximately DKK 2,100 million in 2020.



# 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 nine-month period ended 30 September 2020.

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and additional requirements in accordance with the Danish Financial Statements Act.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's assets, equity, liabilities and financial position on 30 September 2020 and of the results of the Group's activities and the cash flow for the nine-month period ended 30 September 2020.

We also find that the Management's commentary provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group and a description of the major risks and elements of uncertainty faced by the Group. Over and above the disclosures in the Interim Financial Report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2019.

Hedehusene, 29 October 2020

## Executive Board:

Jens Bjørn Andersen  
CEO

Jens H. Lund  
CFO

## Board of Directors:

Thomas Plenborg  
Chairman

Jørgen Møller  
Deputy Chairman

Anette Sadolin

Birgit W. Nørgaard

Marie-Louise Aamund

Beat R. Walti

Niels Smedegaard