

INTERIM FINANCIAL REPORT

Q1 2021

Company Announcement No. 882

27 April 2021

Selected key figures and ratios for the period 1 January - 31 March 2021

(DKKm)	Q1 2021	Q1 2020
Key figures and ratios		
Revenue	33,616	27,309
Gross profit	7,785	6,684
Operating profit (EBIT) before special items	3,067	1,566
Profit after tax	2,329	331
Adjusted earnings for the period	2,390	755
Adjusted free cash flow	1,690	915
Conversion ratio	39.4%	23.4%
Diluted adjusted earnings per share of DKK 1 for the last 12 months	33.7	19.0

Jens Bjørn Andersen, Group CEO: "Today, we are proud to announce our agreement to unite with Agility's Global Integrated Logistics. The combination of our two groups is a perfect match, and Global Integrated Logistics will add around 23% to DSV Panalpina's annual revenue and strengthen our global network, especially in the Air & Sea division. On an eventful day, we are also happy to report 106% growth in EBIT before special items in the first quarter of 2021 and an upgrade of the financial outlook for full-year 2021. The strong earnings growth in Q1 was driven by good performance in all business areas, and we benefit from cost discipline and the full-year impact from Panalpina synergies. The markets in air and sea are characterised by strong demand and tight capacity, and it takes an extraordinary effort by our staff to find good solutions for our customers under these challenging market conditions."

The agreement to acquire Agility's Global Integrated Logistics business in an all-share transaction is further described in this announcement and in Company Announcement No. 881.

Outlook for 2021

Based on the strong start to the year, the full-year outlook for 2021 previously announced is upgraded as follows:

- Operating profit before special items is expected to be in the range of DKK 11,250 - 12,000 million (previously DKK 10,500-11,500 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 Global Integrated Logistics. The 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 28 July 2021 or earlier if finalised.

Contacts

Investor Relations: Flemming Ole Nielsen, tel. +45 43 20 33 92, flemming.o.nielsen@dsv.com

Investor Relations: Mads Kristian Hofmeister, tel. +45 43 20 33 88, madskristian.hofmeister@dsv.com

Media: Maiken Riise Andersen, tel. +45 43 20 30 74, maiken.r.andersen@dsv.com

Yours sincerely,
DSV Panalpina A/S

DSV Panalpina A/S, Hovedgaden 630, 2640 Hedehusene, Denmark, tel. +45 43 20 30 40, CVR No. 58233528, www.dsv.com.

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

	Q1 2021	Q1 2020
Results (DKKm)		
Revenue	33,616	27,309
Gross profit	7,785	6,684
Operating profit before amortisation and depreciation (EBITDA) before special items	4,016	2,604
Operating profit (EBIT) before special items	3,067	1,566
Special items, costs	-	511
Net financial expenses	21	597
Profit for the period	2,329	331
Adjusted earnings for the period	2,390	755
Cash flows (DKKm)		
Operating activities	2,603	1,346
Investing activities	(357)	(201)
Free cash flow	2,246	1,145
Adjusted free cash flow	1,690	915
Financing activities	(2,332)	(824)
Share buyback	(4,815)	(3,030)
Dividends distributed	(920)	(588)
Cash flow for the period	(86)	321
Financial position (DKKm)		
DSV Panalpina A/S shareholders' share of equity	45,501	46,214
Non-controlling interests	(102)	(112)
Balance sheet total	101,586	96,370
Net working capital	3,646	3,532
Net interest-bearing debt	21,992	21,257
Invested capital	66,420	67,868
Gross investment in property, plant and equipment	269	220
Financial ratios (%)*		
Gross margin	23.2	24.5
Operating margin	9.1	5.7
Conversion ratio	39.4	23.4
Effective tax rate	23.5	27.7
ROIC before tax	16.4	13.7
Return on equity (ROE)	13.6	10.0
Solvency ratio	44.8	48.0
Gearing ratio	1.5	2.0
Share ratios*		
Earnings per share of DKK 1 for the last 12 months	27.6	14.5
Diluted adjusted earnings per share of DKK 1 for the last 12 months	33.7	19.0
Number of shares issued ('000)	230,000	235,000
Number of treasury shares ('000)	7,640	8,977
Average number of shares issued ('000) for the last 12 months	226,291	210,493
Average diluted number of shares ('000) for the last 12 months	230,911	213,892
Share price end of period (DKK)	1,244.5	618.2
Non-Financials		
Number of full-time employees at 31 March	57,642	58,788

* 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 had a strong start to 2021 with growth in EBIT before special items of 106.3%. The significant growth in earnings was attributable to 21.3% growth in gross profit and improved conversion ratios in all divisions.

Driven by the growth in earnings, adjusted free cash flow came to DKK 1,690 million for Q1 2021, an increase of 84.7% compared to the same period last year.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q1 2020	Currency translation	Growth	Growth %*	Q1 2021
Revenue	27,309	(1,124)	7,431	28.4%	33,616
Gross profit	6,684	(267)	1,368	21.3%	7,785
EBIT before special items	1,566	(79)	1,580	106.3%	3,067
Gross margin (%)	24.5				23.2
Operating margin (%)	5.7				9.1
Conversion ratio (%)	23.4				39.4

* Growth in constant currencies

Results for the period

Revenue

For Q1 2021, revenue amounted to DKK 33,616 million against DKK 27,309 million last year. Revenue growth by division is specified below:

(DKKm)	Q1 2021	Growth*
Air & Sea	22,924	45.5%
Road	8,056	3.0%
Solutions	3,609	9.0%
Group and eliminations	(973)	
Total	33,616	28.4%

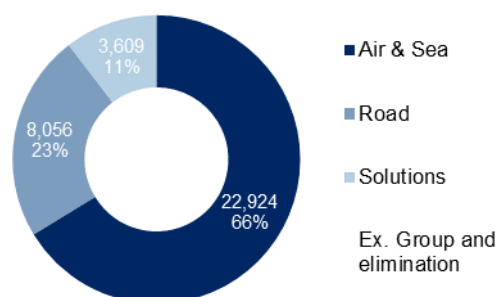
* Growth in constant currencies

The transport and logistics market volumes continue to recover after the COVID-19 crisis in 2020. For both air and sea freight, the capacity situation remains extremely tight. This is a continuation of the situation we have seen in recent quarters, which has led to record-high freight rates. The high rates were the main driver behind the growth in revenue in the Air & Sea division in Q1 2021.

The growth in the road freight and contract logistics markets accelerated during the quarter as activity picked up and comparisons from 2020 were impacted by the COVID-19 crisis. Growth in Solutions was also positively impacted by the acquisition of Prime Cargo.

Revenue was negatively impacted by currency translation of DKK 1,124 million in Q1 2021, mainly due to USD and currencies floating with USD.

Revenue by division, Q1 2021



Gross profit

For Q1 2021, gross profit amounted to DKK 7,785 million against DKK 6,684 million last year. Gross profit growth by division is specified below:

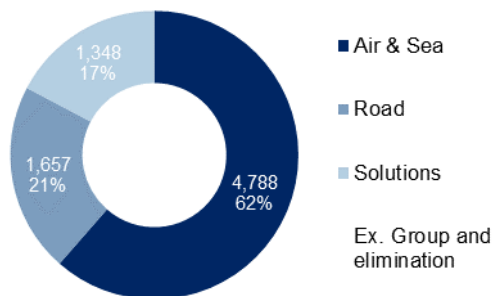
(DKKm)	Q1 2021	Growth*
Air & Sea	4,788	30.4%
Road	1,657	9.2%
Solutions	1,348	11.2%
Group and eliminations	(8)	
Total	7,785	21.3%

* Growth in constant currencies

In Air & Sea the growth in gross profit was driven by improved yields (gross profit per TEU/tonne). This was partly due to benefits from the integration of Panalpina, but also due to the special market conditions with tight capacity and historically high freight rates.

Road and Solutions realised higher gross margins than in Q1 2020. This is a continuation of the development from last year and driven by higher productivity and better utilisation of the network.

Gross profit by division, Q1 2021



The consolidated gross margin was 23.2% for Q1 2021, compared to 24.5% for Q1 2020. Both Road and Solutions achieved higher gross margins, but this was offset by a decline in Air & Sea due to the impact from pass-through revenue where higher freight rates cause lower gross margin.

Gross profit was negatively impacted by currency translation of DKK 267 million in Q1 2021.

EBIT before special items

EBIT before special items amounted to DKK 3,067 million for Q1 2021 against DKK 1,566 million last year. EBIT growth by division is specified below:

(DKKm)	Q1 2021	Growth*
Air & Sea	2,393	126.0%
Road	403	56.8%
Solutions	263	69.7%
Group and eliminations	8	
Total	3,067	106.3%

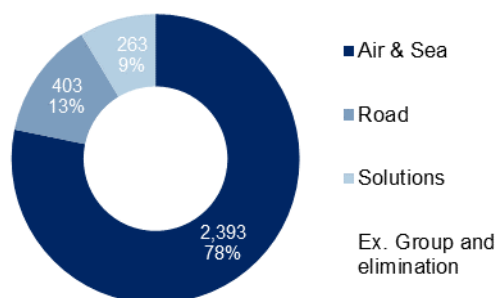
* Growth in constant currencies

The growth in EBIT was driven by the increase in gross profit in all divisions and improved conversion ratios. Q1 2021 was the first quarter with full-year impact of the Panalpina integration synergies and the permanent COVID-19 cost savings initiatives.

Across the Group, EBIT before special items for Q1 2021 was positively impacted by the extraordinary market conditions and certain temporary cost savings, e.g. due to low travel activity. It should also be noted that earnings in Q1 2020 were negatively impacted by the first effects of COVID-19.

EBIT before special items was negatively impacted by currency translation of DKK 79 million in Q1 2021.

EBIT by division, Q1 2021



The conversion ratio was 39.4% for Q1 2021 (2020: 23.4%).

The improved productivity illustrates both the scalability of our internal processes and systems and strong cost management across the Group. The margin was also positively impacted by extraordinary strong yields in Air & Sea and certain temporary cost savings.

Financial items

Financial items totalled a net expense of DKK 21 million for Q1 2021, compared to DKK 597 million for the same period last year. Currency translation amounted to an income of DKK 158 million (2020: expense of DKK 407 million) and primarily relates to the currency impact from USD on intercompany loans.

(DKKm)	Q1 2021	Q1 2020
Interest on lease liabilities	119	114
Other interest cost, net	57	72
Interest on pensions	3	4
Currency translation	(158)	407
Financial expenses	21	597

Tax on profit for the period

The effective tax rate was at the expected level and came to 23.5% for Q1 2021, compared to 27.7% for Q1 2020.

Profit for the period

Profit for Q1 2021 was DKK 2,329 million, compared to DKK 331 million for the same period of 2020. The improved profit for the period was driven by higher EBIT, no special items costs (integration and restructuring) and lower net financial expenses.

Diluted adjusted earnings per share

The 12-month figure increased by 77.4% compared to last year and came to DKK 33.7 per share (2020: DKK 19.0 per share).

Cash flow

CASH FLOW STATEMENT

(DKKm)	Q1 2021	Q1 2020
Cash flow from operating activities	2,603	1,346
Cash flow from investing activities	(357)	(201)
Free cash flow	2,246	1,145
Cash flow from financing activities	(2,332)	(824)
Cash flow for the period	(86)	321
Free cash flow	2,246	1,145
Repayment of lease liabilities (IFRS 16 impact reversed)	(745)	(785)
Special items (restructuring costs)	189	555
Adjusted free cash flow	1,690	915

Cash flow from operating activities was positively affected by higher EBITDA before special items, but this effect was slightly offset by an increase in NWC due to increased activity in the quarter.

Adjusted free cash flow for the period was DKK 1,690 million and significantly above the DKK 915 million for the same period last year.

Net working capital

On 31 March 2021, the Group's net working capital was DKK 3,646 million, compared to DKK 3,532 million on 31 March 2020.

Relative to full-year revenue, the net working capital amounted to 3.0% on 31 March 2021 (31 March 2020: 3.5%).

Optimisation of NWC continues to be a priority, but we consider the level by the end of Q1 2021 to be satisfactory, considering both seasonality and the high rate levels.

Capital structure and finances

DSV Panalpina A/S shareholders' share of equity

DSV Panalpina shareholders' share of equity was DKK 45,501 million on 31 March 2021 (DKK 47,385 million on 31 December 2020). Equity was positively impacted by the result for the period and currency translation on goodwill, but this was offset by distribution to shareholders.

DSV Panalpina reduced its share capital on 15 April 2021 through the cancellation of 6,000,000 treasury shares. Please refer to Company Announcement No. 878.

On 31 March 2021, the Company's portfolio of treasury shares was 7,639,561 shares. On 26 April 2021, the portfolio of treasury shares was 2,231,604 shares.

The solvency ratio excluding non-controlling interests was 44.8% on 31 March 2021 (31 March 2020: 48.0%).

DEVELOPMENT IN EQUITY

(DKKm)	Q1 2021	Q1 2020
Equity at 1 January	47,385	49,430
Profit for the period	2,334	328
Currency translation, foreign enterprises	810	(467)
Allocated to shareholders	(5,735)	(3,618)
Sale of treasury shares	273	674
Other equity movements	434	(133)
Equity end of period	45,501	46,214

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 21,992 million on 31 March 2021, compared to DKK 21,257 million on 31 March 2020.

On 25 February 2021, it was announced that DSV Panalpina had completed a new 10-year EUR 500 million Eurobond issue (approx. DKK 3,750 million). Please refer to Company Announcement No. 869.

The financial gearing ratio (NIBD/EBITDA) was 1.5x on 31 March 2021, compared to 2.0x last year. The main reason for the decline was the higher EBITDA. A new share buyback programme of DKK 4,000 million will be initiated and we maintain the target financial gearing ratio of below 2.0x NIBD/EBITDA.

The weighted average duration of the Company's bonds, committed loans and credit facilities was 5.9 years on 31 March 2021, compared to 4.25 years on 31 March 2020.

Invested capital and ROIC

The Group's invested capital including goodwill and customer relationships amounted to DKK 66,420 million on 31 March 2021, compared to DKK 67,868 million on 31 March 2020. The decrease is mainly due to currency translation on goodwill.

Return on invested capital including goodwill and customer relationships was 16.4% for the 12-month period ended 31 March 2021, compared to 13.7% for the same period last year.

Return on invested capital excluding goodwill and customer relationships was 62.9% for the 12-month period ended 31 March 2021, compared to 41.8% for the same period last year.

Subsequent events

DSV Panalpina to acquire Agility's Global Integrated Logistics business

DSV Panalpina and Agility Public Warehousing Company K.S.C.P. (Agility) have reached an agreement that DSV Panalpina will acquire Agility's Global Integrated Logistics business, which is the global logistics division of Agility, in an all-share transaction by issuing 19,304,348 shares of 1 DKK/share to Agility, representing approximately 8.0% of all post-transaction outstanding shares of DSV Panalpina. Based on the DSV Panalpina share closing price of DKK 1,299.5 and an exchange rate of DKK 1.00 = USD 0.163 as of 26 April 2021,

the all-share transaction has an implied equity value of Global Integrated Logistics of USD 4.1 billion. The transaction is subject to regulatory approvals and approval by Agility's shareholders.

Completion of the transaction is expected in the third quarter of 2021.

About Agility's Global Integrated Logistics

Agility's Global Integrated Logistics business is a leading global transport and logistics provider with a strong footprint in emerging markets. The group offers a mix of integrated logistics services, including air, ocean and road freight forwarding services, contract logistics and specialised logistics capabilities. Global Integrated Logistics generated revenues of approximately USD 4.0 billion (DKK 26.0 billion) in 2020 and operates a global network across 100+ countries (including agents). Global Integrated Logistics has a global workforce of approximately 17,000 people.

Strategic rationale

The combination with Global Integrated Logistics 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. The combined company will have own operations in more than 90 countries.

DSV Panalpina and Global Integrated Logistics are a strong match with many potential synergies as a result of similarities in business models, services and strategies. Scale remains one of the key competitive advantages in freight forwarding with significant operational and commercial benefits.

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

Outlook

The consolidated full-year outlook for 2021 previously announced is upgraded as specified below:

- EBIT before special items is expected to be in the range of DKK 11,250-12,000 million (previously DKK 10,500-11,500 million)
- The effective tax rate of the Group is expected to be approximately 23% (unchanged)

The upgrade is based on a strong start to the year, where all business areas have exceeded our internal expectations. The financial outlook for 2021 is for DSV Panalpina stand-alone and excludes the impact from the acquisition of Agility's Global Integrated Logistics. The outlook will be updated upon closing, which is expected in Q3 2021.

The outlook for the remaining part of 2021 assumes a continued stable development in the markets in which we operate and a continued gradual recovery of the global economy after the COVID-19 crisis. Furthermore, the outlook for 2021 assumes that the currency exchange rates, especially the US dollar against the DKK, will remain at the current level.

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.

Driven by strong profit per shipment, the division achieved 30.4% growth in gross profit and 126.0% growth in EBIT before special items for Q1 2021. The significant growth in earnings was supported by the full-year impact of Panalpina synergies and COVID-19 cost saving initiatives.

INCOME STATEMENT

(DKKm)	Q1 2021	Q1 2020
Divisional revenue	22,924	16,674
Direct costs	18,136	12,799
Gross profit	4,788	3,875
Other external expenses	753	797
Staff costs	1,445	1,679
EBITDA before special items	2,590	1,399
Amortisation and depreciation	197	269
EBIT before special items	2,393	1,130

KEY FIGURES AND RATIOS

	Q1 2021	Q1 2020
Gross margin (%)	20.9	23.2
Operating margin (%)	10.4	6.8
Conversion ratio (%)	50.0	29.2
Number of full-time employees	17,999	20,610
Total invested capital (DKKm)	44,596	46,047
Net working capital (DKKm)	4,079	3,518
ROIC before tax (%)	18.3	15.8

Market development

Freight volume growth

	DSV Q1 2021	Market Q1 2021
Sea freight – TEUs	1%	5-7%
Air freight – tonnes	(7%)	5-7%

Market growth rates are based on DSV estimates.

The demand for ocean freight continues to be strong, especially driven by export volumes from Asia to North America and Europe. The situation with capacity shortages and lack of equipment continued into Q1 2021 with continued high rates. The disruption at the Suez Canal at the end of March will only prolong the situation.

The limited availability of belly space in passenger planes continues to impact the air freight market. Demand is generally strong, especially for Asia export, and the limited capacity is keeping rates up.

The activity level in Q1 2020 was impacted by COVID-19, mainly the lock-down in China during February 2020. By the end of Q1 2021, market growth accelerated as the global transport market volumes were negatively impacted by the pandemic in 2020.

Compared to the market, DSV's volume growth in Q1 2021 was impacted by discontinued Panalpina business following the integration. However, compared to the trend in 2020, we are now closing in on the market and we expect that we will be able to gain market share again during the course of Q2 2021.

Divisional revenue

The division's revenue amounted to DKK 22,924 million for Q1 2021, compared to DKK 16,674 million for the same period last year. The growth for the period was 45.5%, driven by the significant increase in freight rates compared to Q1 2020.

All regions contributed to the strong growth in revenue, but, in line with the market, the division saw the strongest growth in APAC, driven by high export activity.

Gross profit

For Q1 2021, gross profit amounted to DKK 4,788 million, compared to DKK 3,875 million for the same period last year, which corresponds to a growth of 30.4%.

Compared to Q1 2020, the division achieved improved gross profit per TEU of sea freight and per tonne of air freight. This was partly due to the benefits from the integration of Panalpina, where the combination of the two networks have provided scale benefits. All shipments are now handled on one IT platform, which improves transparency and productivity.

Similar to the trend in recent quarters, the gross profit per unit in Q1 2021 was positively impacted by the extraordinary market conditions following COVID-19 with tight capacity, low carrier reliability and historically high rates. Providing capacity and finding good logistics solutions for the customers require a significant effort by our freight forwarders, and each shipment is significantly more time consuming than normally. Scalable IT systems and efficient workflows are important, but freight forwarding is a people's business, and the good financial performance clearly reflects the skills and hard work by our teams across the globe.

The division's gross margin was 20.9% for Q1 2021, compared to 23.2% last year. The decline was mainly 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 2,393 million for Q1 2021, compared to DKK 1,130 million for the same period last year. This corresponds to a growth for the period of 126.0%.

The positive development was driven by the growth in gross profit. Furthermore, the division benefitted from the full-year impact of Panalpina synergies and the permanent COVID-19 cost savings.

All regions contributed to the strong growth in EBIT before special items.

The conversion ratio was 50.0% for Q1 2021, compared to 29.2% for the same period last year, clearly reflecting the improved productivity of the division but also impacted by the extraordinary market conditions during the quarter and certain temporary cost savings.

Net working capital

The Air & Sea division's net working capital came to DKK 4,079 million on 31 March 2021, compared to DKK 3,518 million on 31 March 2020. The development was due to the increase in revenue.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q1 2020	Currency translation	Growth	Growth %*	Q1 2021
Divisional revenue	16,674	(918)	7,168	45.5%	22,924
Gross profit	3,875	(202)	1,115	30.4%	4,788
EBIT before special items	1,130	(71)	1,334	126.0%	2,393

* Growth in constant currencies

AIR AND SEA SPLIT

(DKKm)	Sea freight		Air freight	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Divisional revenue	9,949	7,144	12,975	9,530
Direct costs	7,923	5,422	10,213	7,377
Gross profit	2,026	1,722	2,762	2,153
Gross margin (%)	20.4	24.1	21.3	22.6
Volume (TEUs/tonnes)	581,019	575,814	336,307	359,975
Gross profit per unit (DKK)	3,487	2,991	8,213	5,981

DSV Road

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

For Q1 2021, the Road division achieved 56.8% growth in EBIT before special items. The strong growth in earnings was driven by higher activity with 9.2% growth in gross profit along with continued cost discipline.

INCOME STATEMENT

(DKKm)	Q1 2021	Q1 2020
Divisional revenue	8,056	7,921
Direct costs	6,399	6,386
Gross profit	1,657	1,535
Other external expenses	258	287
Staff costs	742	757
EBITDA before special items	657	491
Amortisation and depreciation	254	232
EBIT before special items	403	259

KEY FIGURES AND RATIOS

	Q1 2021	Q1 2020
Gross margin (%)	20.6	19.4
Operating margin (%)	5.0	3.3
Conversion ratio (%)	24.3	16.9
Number of full-time employees	14,222	15,200
Total invested capital (DKKm)	9,189	10,096
Net working capital (DKKm)	(968)	(458)
ROIC before tax (%)	15.9	13.2

Market development

We estimate that the demand for road freight grew by 2-3% in Q1 2021 compared to the same period last year. Growth accelerated in March 2021, as the comparison numbers for 2020 were impacted by the first COVID-19 lockdowns. The domestic distribution markets continue to be strong, whereas parts of the market for international transports remain below normal activity levels.

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

Brexit led to an increase in activity in Q4 2020, as customer inventories built up. In Q1 2021, the activity level on traffics to and from the UK was lower, as the newly implemented customs formalities created delays and difficulties in the market. In March and April 2021, the situation improved and volumes have

gradually rebounded. The UK represent approximately 5% of DSV Road's activities.

The accelerating market growth and more equipment tied up on the UK trade lanes due to longer transit times is gradually leading to a situation where capacity is becoming tighter and rates are increasing.

Divisional revenue

The division's revenue amounted to DKK 8,056 million for Q1 2021, compared to DKK 7,921 million for the same period last year, corresponding to an increase of 3.0%.

In line with the market, the division's growth was mainly driven by strong performance in Northern and Eastern Europe, especially on domestic transports.

Similar to the development in the second half of 2020, 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 Q1 2021, gross profit totalled DKK 1,657 million, compared to DKK 1,535 million for the same period last year. This corresponds to an increase of 9.2%.

The division's gross margin was 20.6% for Q1 2021, compared to 19.4% for the same period last year. The improvement was mainly driven by improved productivity and improved utilisation of the network.

EBIT before special items

EBIT before special items was DKK 403 million for Q1 2021, compared to DKK 259 million for the same period last year. This corresponds to a growth for the period of 56.8%.

The growth in EBIT before special items for Q1 2021 was driven by the growth in gross profit and lower cost base due to COVID-19 savings initiatives.

The conversion ratio was 24.3% for Q1 2021, compared to 16.9% for the same period last year.

In line with market trends, the growth in earnings in Q1 2021 was mainly driven by Northern and Eastern Europe.

Net working capital

The Road division's net working capital was negative by DKK 968 million on 31 March 2021, compared to a negative DKK 458 million on 31 March 2020. The development is primarily related to the higher activity level.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q1 2020	Currency translation	Growth	Growth %*	Q1 2021
Divisional revenue	7,921	(101)	236	3.0%	8,056
Gross profit	1,535	(18)	140	9.2%	1,657
EBIT before special items	259	(2)	146	56.8%	403

* Growth in constant currencies

DSV Solutions

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

For Q1 2021, the Solutions division achieved 11.2% growth in gross profit and 69.7% growth in EBIT before special items.

INCOME STATEMENT

(DKKm)	Q1 2021	Q1 2020
Divisional revenue	3,609	3,441
Direct costs	2,261	2,185
Gross profit	1,348	1,256
Other external expenses	281	289
Staff costs	377	385
EBITDA before special items	690	582
Amortisation and depreciation	427	423
EBIT before special items	263	159

KEY FIGURES AND RATIOS

	Q1 2021	Q1 2020
Gross margin (%)	37.4	36.5
Operating margin (%)	7.3	4.6
Conversion ratio (%)	19.5	12.7
Number of full-time employees	22,188	20,079
Total invested capital (DKKm)	12,073	11,416
Net working capital (DKKm)	1,008	887
ROIC before tax (%)	10.8	9.8

Market development

We estimate that the market for contract logistics grew approximately 2-4% in Q1 2021. Activity levels within the e-commerce segment and pharmaceuticals have been growing following COVID-19, and activity levels in traditional industries are close to pre-COVID-19 levels.

We continue to see strong demand for modern and efficient warehousing solutions, and new facilities are generally filling up faster than expected.

Divisional revenue

The division's revenue was DKK 3,609 million for Q1 2021, compared to DKK 3,441 million for the same period of 2020. Growth for the period was 9.0%.

Approximately 4% of the growth in Q1 2021 was due to the acquisition of Prime Cargo, which was included from 1 January

2021. Prime Cargo has added competencies within e-commerce in the Nordic region.

Regionally, Europe and APAC were the main drivers behind the growth in Q1 2021, and also organically the growth was strongest in the e-commerce segment.

Gross profit

For Q1 2021, gross profit was DKK 1,348 million, compared to DKK 1,256 million for the same period of 2020. Growth for the period was 11.2%.

The division's gross margin was 37.4% for Q1 2021, compared to 36.5% for the same period last year. The increase reflects that the division is consolidating the physical infrastructure, replacing small and less efficient warehouses with large, multiuser facilities. Automation of processes in the new warehouses is also driving up productivity.

EBIT before special items

EBIT before special items was DKK 263 million for Q1 2021, compared to DKK 159 million for the same period of 2020, corresponding to an increase of 69.7%.

Growth in EBIT before special items for the quarter was driven by higher gross profit and reduced cost base due to the permanent COVID-19 cost savings.

The growth in EBIT before special items was driven by all regions, but was strongest in Europe.

The conversion ratio was 19.5% for Q1 2021, compared to 12.7% for the same period last year.

Net working capital

The division's net working capital came to DKK 1,008 million on 31 March 2021, compared to DKK 887 million on 31 March 2020.

FINANCIAL DEVELOPMENT 2020 - 2021

(DKKm)	Q1 2020	Currency translation	Growth	Growth %*	Q1 2021
Divisional revenue	3,441	(129)	297	9.0%	3,609
Gross profit	1,256	(44)	136	11.2%	1,348
EBIT before special items	159	(4)	108	69.7%	263

* Growth in constant currencies

Interim financial statements

Income statement

(DKKm)	Q1 2021	Q1 2020
Revenue	33,616	27,309
Direct costs	25,831	20,625
Gross profit	7,785	6,684
Other external expenses	849	867
Staff costs	2,920	3,213
Operating profit before amortisation and depreciation (EBITDA) before special items	4,016	2,604
Amortisation and depreciation	949	1,038
Operating profit (EBIT) before special items	3,067	1,566
Special items, costs	-	511
Financial income	208	65
Financial expenses	229	662
Profit before tax	3,046	458
Tax on profit for the period	717	127
Profit for the period	2,329	331
<i>Profit for the period attributable to:</i>		
Shareholders of DSV Panalpina A/S	2,334	328
Non-controlling interests	(5)	3
<i>Earnings per share:</i>		
Earnings per share of DKK 1 for the period	10.4	1.4
Diluted earnings per share of DKK 1 for the period	10.2	1.4

Statement of comprehensive income

(DKKm)	Q1 2021	Q1 2020
Profit for the period	2,329	331
<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
Net exchange differences recognised in OCI	805	(470)
Fair value adjustments relating to hedging instruments	(14)	(6)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	(6)
Tax on items reclassified to income statement	2	-
<i>Items that will not be reclassified to income statement:</i>		
Actuarial gains/(losses)	147	(36)
Tax relating to items that will not be reclassified	(38)	11
Other comprehensive income, net of tax	902	(507)
Total comprehensive income	3,231	(176)
<i>Total comprehensive income attributable to:</i>		
Shareholders of DSV Panalpina A/S	3,241	(176)
Non-controlling interests	(10)	-
Total	3,231	(176)

Cash flow statement

(DKK m)	Q1 2021	Q1 2020
Operating profit before amortisation and depreciation (EBITDA) before special items	4,016	2,604
<i>Adjustments:</i>		
Share-based payments	34	30
Change in provisions	(48)	(55)
Change in working capital, etc.	(798)	(355)
Special items	(189)	(555)
Interest received	50	65
Interest paid on lease liabilities	(124)	(122)
Interest paid, other	(105)	(170)
Income tax paid	(233)	(96)
Cash flow from operating activities	2,603	1,346
Purchase of intangible assets	(59)	(70)
Purchase of property, plant and equipment	(269)	(221)
Disposal of intangible assets, property, plant and equipment	12	70
Change in other financial assets	(41)	20
Cash flow from investing activities	(357)	(201)
Free cash flow	2,246	1,145
Proceeds from borrowings	3,835	4,483
Repayment of borrowings	(43)	(1,006)
Repayment of lease liabilities	(745)	(785)
Other financial liabilities incurred	55	(18)
<i>Transactions with shareholders:</i>		
Dividends distributed	(920)	(588)
Purchase of treasury shares	(4,815)	(3,030)
Sale of treasury shares	273	122
Other transactions with shareholders	28	(2)
Cash flow from financing activities	(2,332)	(824)
Cash flow for the period	(86)	321
Cash and cash equivalents 1 January	4,060	2,043
Cash flow for the period	(86)	321
Currency translation	192	(385)
Cash and cash equivalents end of period	4,166	1,979
<i>The cash flow statement cannot be directly derived from the balance sheet and income statement.</i>		
Statement of adjusted free cash flow	Q1 2021	Q1 2020
Free cash flow	2,246	1,145
Special items (restructuring costs)	189	555
Repayment of lease liabilities (IFRS 16 impact reversed)	(745)	(785)
Adjusted free cash flow	1,690	915

Balance sheet – Assets

(DKKm)	31.03.2021	31.12.2020	31.03.2020
Intangible assets	49,434	48,665	51,444
Right-of-use (ROU) assets	11,195	11,111	11,065
Property, plant and equipment	3,247	3,014	2,998
Other receivables	413	372	474
Deferred tax assets	2,658	2,536	1,895
Total non-current assets	66,947	65,698	67,876
Trade receivables	21,875	19,038	18,836
Contract assets	3,835	3,283	3,616
Inventories	1,823	1,426	1,487
Other receivables	2,839	2,635	2,458
Cash and cash equivalents	4,166	4,060	1,979
Assets held for sale	101	110	118
Total current assets	34,639	30,552	28,494
Total assets	101,586	96,250	96,370

Balance sheet – Equity and liabilities

(DKKm)	31.03.2021	31.12.2020	31.03.2020
Share capital	230	230	235
Reserves and retained earnings	45,271	47,155	45,979
DSV Panalpina A/S shareholders' share of equity	45,501	47,385	46,214
Non-controlling interests	(102)	(88)	(112)
Total equity	45,399	47,297	46,102
Lease liabilities	9,656	9,428	8,676
Borrowings	9,938	7,696	9,965
Pension obligations	1,086	1,219	1,496
Provisions	1,190	1,253	1,227
Deferred tax liabilities	216	243	405
Total non-current liabilities	22,086	19,839	21,769
Lease liabilities	2,787	2,850	3,273
Borrowings	2,786	1,185	1,495
Trade payables	11,491	9,926	9,550
Accrued cost of services	6,957	5,913	6,030
Provisions	1,335	1,525	1,005
Other payables	6,944	6,316	6,279
Tax payables	1,801	1,399	867
Total current liabilities	34,101	29,114	28,499
Total liabilities	56,187	48,953	50,268
Total equity and liabilities	101,586	96,250	96,370

Statement of changes in equity at 31 March 2021

Attributable to shareholders of DSV Panalpina A/S

(DKK m)	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	-	-	2,334	2,334	(5)	2,329
Other comprehensive income, net of tax	-	804	103	907	(5)	902
Total comprehensive income for the period	-	804	2,437	3,241	(10)	3,231
<i>Transactions with shareholders:</i>						
Share-based payments	-	-	34	34	-	34
Tax on share-based payments	-	-	266	266	-	266
Dividends distributed	-	-	(920)	(920)	(1)	(921)
Purchase of treasury shares	-	(5)	(4,810)	(4,815)	-	(4,815)
Sale of treasury shares	-	1	272	273	-	273
Dividends on treasury shares	-	-	28	28	-	28
Other adjustments	-	-	9	9	(3)	6
Total transactions with shareholders	-	(4)	(5,121)	(5,125)	(4)	(5,129)
Equity at 31 March 2021	230	(2,036)	47,307	45,501	(102)	45,399

Statement of changes in equity at 31 March 2020

Attributable to shareholders of DSV Panalpina A/S

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

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 Q1 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	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Condensed income statement										
Revenue	22,526	16,479	7,565	7,469	3,499	3,347	26	14	33,616	27,309
Intercompany revenue	398	195	491	452	110	94	(999)	(741)	-	-
Divisional revenue	22,924	16,674	8,056	7,921	3,609	3,441	(973)	(727)	33,616	27,309
Direct costs	18,136	12,799	6,399	6,386	2,261	2,185	(965)	(745)	25,831	20,625
Gross profit	4,788	3,875	1,657	1,535	1,348	1,256	(8)	18	7,785	6,684
Other external expenses	753	797	258	287	281	289	(443)	(506)	849	867
Staff costs	1,445	1,679	742	757	377	385	356	392	2,920	3,213
Operating profit before amortisation, depreciation (EBITDA) before special items	2,590	1,399	657	491	690	582	79	132	4,016	2,604
Amortisation and depreciation	197	269	254	232	427	423	71	114	949	1,038
Operating profit (EBIT) before special items	2,393	1,130	403	259	263	159	8	18	3,067	1,566
Condensed balance sheet										
Total assets	55,264	50,254	22,542	20,554	16,915	13,542	6,865	12,020	101,586	96,370
Total liabilities	53,182	50,337	16,379	13,868	13,154	11,502	(26,528)	(25,439)	56,187	50,268

5 Revenue

Sale of services and geographical segmentation specify as follows:

(DKKm)	EMEA		Americas		APAC		Total	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Air services	4,888	4,133	3,657	3,093	4,430	2,304	12,975	9,530
Sea services	5,280	4,501	2,861	2,237	1,808	406	9,949	7,144
Road services	7,458	7,306	598	615	-	-	8,056	7,921
Solutions services	2,592	2,355	688	757	329	329	3,609	3,441
Total	20,218	18,295	7,804	6,702	6,567	3,039	34,589	28,036
Non-allocated items and eliminations							(973)	(727)
Total revenue							33,616	27,309

6 Share options schemes

DSV Panalpina has launched a new 2021 share-based payment incentive scheme with the purpose of motivating and retaining senior staff and members of the Executive Board. The scheme is also intended to align the interests of staff and shareholders.

Share options are granted pursuant to the current DSV Panalpina Remuneration Policy as approved by the Annual General Meeting and the Board of Directors.

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

The fair value at 31 March 2021 of the 2021 share options granted amounts to DKK 205 million and has been determined based on a Black & Scholes valuation model. The assumptions applied are listed in the following table:

Vesting period	01.04.2021-31-03.2024
Exercise period	01.04.2024-31.03.2026
Number of employees included	2,201
<i>Number of options granted:</i>	
Executive Board	156,750
Senior staff	2,281,550
Total	2,438,300
<i>Value assumptions:</i>	
Exercise price	1,325
Volatility (%)	18
Risk-free interest rate (%)	-0.1

7 Events after the reporting date

On 27 April 2021, DSV Panalpina A/S and Agility Public Warehousing Company K.S.P.C. (Agility) have reached an agreement for DSV Panalpina to acquire 100% of the shares in Agility's Global Integrated Logistics business which is the global logistics division of Agility.

The consideration will be made in DSV Panalpina shares by offering 19,304,348 shares of 1 DKK/share to Agility. The transaction has an enterprise value of approximately USD 4.2 billion (approximately DKK 26.0 billion).

The closing date is expected to occur in the third quarter of 2021, subject to regulatory approvals and approval by Agility's shareholders.

Transactional overview and further details of the agreement are provided in DSV Panalpina Company Announcement No. 881 and on pages 5-6 of the Q1 2021 Interim Financial Report.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Interim Financial Report of DSV Panalpina A/S for the three-month period ended 31 March 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 31 March 2021 and of the results of the Group's activities and the cash flow for the three-month period ended 31 March 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, 27 April 2021

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 Walti

Niels Smedegaard