



INTERIM FINANCIAL REPORT

H1 2017

Company Announcement no. 648

2 August 2017

Selected financial and operating data for the period 1 January - 30 June 2017

(DKKm)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net revenue	18,924	17,606	37,147	32,925
Gross profit	4,217	4,214	8,437	7,821
Operating profit before special items	1,240	900	2,369	1,543
<i>Operating margin</i>	6.6%	5.1%	6.4%	4.7%
<i>Conversion ratio</i>	29.4%	21.4%	28.1%	19.7%
Special items, costs	88	341	248	711
Profit before tax	970	455	1,845	774
Adjusted earnings for the period	828	610	1,637	1,137
Adjusted free cash flow			2,038	756
Diluted adjusted earnings per share of DKK 1 for the period	4.37	3.27	8.69	6.11

Jens Bjørn Andersen, CEO: "With more than 50% growth in earnings and cash flow we are very satisfied with the Group's performance in the first half of 2017. Only 18 months after the acquisition of UTi Worldwide, our productivity and financial results are at an all-time high. On the back of a strong start to 2017, we upgrade our expectations for the year and start a new share buyback programme of one billion DKK."

The consolidated full-year outlook for 2017 previously announced is adjusted as follows:

- Operating profit before special items is expected to be in the range of DKK 4,500-4,700 million (previously DKK 4,300-4,600 million).
- Net financial expenses, excluding foreign exchange adjustments, are expected to approximate DKK 300 million (unchanged).
- Free cash flow is expected to approximate DKK 3,750 million (previously DKK 3,500 million).
- The effective tax rate is expected to be 23% (previously 25%).

A separate company announcement about the launch of a new share buyback programme of DKK 1,000 million will be issued today.

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This announcement has been forwarded to Nasdaq Copenhagen and to the press. It is also available at www.dsv.com.

Yours sincerely,
DSV A/S

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Financial highlights*

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Income statement (DKKm)				
Net revenue	18,924	17,606	37,147	32,925
Gross profit	4,217	4,214	8,437	7,821
Operating profit before amortisation, depreciation and special items	1,434	1,109	2,745	1,929
Operating profit before special items	1,240	900	2,369	1,543
Special items, costs	88	341	248	711
Net financial expenses	182	104	276	58
Profit before tax	970	455	1,845	774
Profit for the period	742	333	1,411	566
Adjusted earnings for the period	828	610	1,637	1,137
Balance sheet (DKKm)				
DSV A/S shareholders' share of equity			14,546	11,892
Non-controlling interests			(42)	7
Equity total			14,504	11,899
Balance sheet total			39,984	38,931
Net working capital			2,097	1,422
Net interest-bearing debt			6,523	8,750
Invested capital			21,483	21,590
Gross investment in property, plant and equipment			330	145
Cash flows (DKKm)				
Operating activities			1,804	652
Investing activities			(2)	(4,741)
Free cash flow			1,802	(4,089)
Adjusted free cash flow			2,038	756
Financing activities			(1,770)	1,203
Dividends distributed			(345)	(327)
Cash flow for the period			32	(2,886)
Financial ratios (%)				
Gross margin	22.3	23.9	22.7	23.8
Operating margin	6.6	5.1	6.4	4.7
Conversion ratio	29.4	21.4	28.1	19.7
Effective tax rate	23.5	26.8	23.5	26.9
ROIC before tax			20.0	18.9
Return on equity (ROE)			19.0	18.2
Solvency ratio			36.4	30.5
Gearing ratio			1.29	2.31
Share ratios				
Earnings per share of DKK 1 for the period	3.96	1.77	7.56	3.04
Earnings per share of DKK 1 for the last 12 months			13.54	9.36
Diluted adjusted earnings per share of DKK 1 for the period	4.37	3.27	8.69	6.11
Diluted adjusted earnings per share of DKK 1 for the last 12 months			16.01	13.03
Number of shares issued ('000)			190,000	190,000
Number of treasury shares ('000)			2,885	4,719
Average number of shares issued ('000) for the period	186,809	184,886	186,270	184,446
Average number of shares issued ('000) for the past 12 months			185,843	177,426
Average diluted number of shares ('000) for the period	189,257	186,736	188,526	186,232
Average diluted number of shares ('000) for the past 12 months			187,810	179,125
Share price at 30 June (DKK)			400.00	280.20
Staff				
Number of full-time employees at 30 June			44,851	43,593

*) For a definition of the financial highlights, please refer to page 81 of the 2016 Annual Report.

Management's commentary

The Group achieved a gross profit of DKK 8,437 million for the first six months of 2017 against DKK 7,821 million for the same period last year. Operating profit before special items grew 53.1% (excluding currency translation adjustments) to DKK 2,369 million for the six months under review against DKK 1,543 million for the same period of 2016.

18 months after the UTi acquisition, the Group's conversion ratio is at an all-time high of 28.1%, and at 1.29 the financial gearing ratio is within the target range.

” For Q2 2017, EBIT before special items totalled DKK 1,240 million against DKK 900 million last year



Integration of UTi Worldwide Inc.

The acquisition of UTi Worldwide Inc. was closed on 22 January 2016.

Most of the planned integration has been completed, and the remaining part mainly relates to consolidation of IT infrastructure, back-office systems and Solutions sites. The entire integration process is expected to be completed in 2017, and the financial synergies are expected to fully materialise within three years after the acquisition.

The UTi activities have been included in the existing DSV divisional structure from the date of acquisition. As the integration progressed during 2016, adjustments were made to classification of costs and allocation of activities. The reported number of full-time employees has also been impacted by differences in definitions and allocation between divisions. The changes had no material impact on reported results and no restatements have been made.

In connection with the integration process, most of UTi's activities have been transferred to DSV's IT platforms and administrative functions have been combined. Therefore, the H1 2017 financial statements do not present separate reports on acquired growth.

Profit for the period

Net revenue

For the first six months of 2017, DSV recorded net revenue of DKK 37,147 million against DKK 32,925 million for the corresponding period of 2016. Adjusted for exchange rate fluctuations, growth for the period was 12.2%.

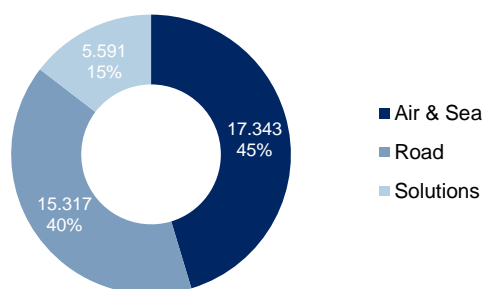
For H1 2017, the Air & Sea division achieved growth of 11.2%, Road 9.2% and Solutions 23.4% (adjusted for exchange rate fluctuations).

The growth was driven by higher activity level and higher average freight rates. Furthermore, Q1 2017 included approx. one extra month of UTi activities compared to Q1 2016.

For Q2 2017, revenue amounted to DKK 18,924 million against DKK 17,606 million for the same period last year. Adjusted for exchange rate fluctuations, growth for the period was 6.8%.

In the second quarter, the Air & Sea division achieved growth of 4.0%, Road 4.7% and Solutions 19.4% (adjusted for exchange rate fluctuations).

NET REVENUE YTD 2017 (DKKm)



Gross profit

Gross profit was DKK 8,437 million for the first six months of the year against DKK 7,821 million for the same period of 2016. Adjusted for exchange rate fluctuations, growth for the period was 7.0%.

For the first 6 months of 2017, the Air & Sea division achieved growth of 2.7%, Road 5.5% and Solutions 9.8% (adjusted for exchange rate fluctuations).

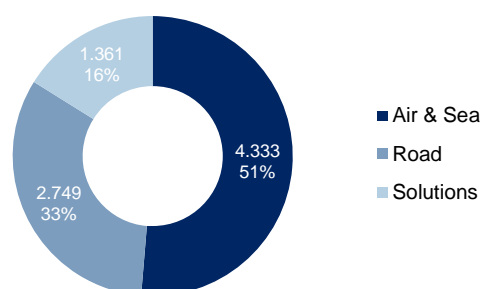
For Q2 2017, gross profit amounted to DKK 4,217 million against DKK 4,214 million for the same period last year. Adjusted for exchange rate fluctuations, growth for the period was -0.6%.

Due to differences in the operational setup and the calculation of gross profit between DSV and UTi, the reported gross profit for H1 2017 is not directly comparable to H1 2016.

Adjusted for the said differences, we estimate that the Group has achieved growth in gross profit of approx. 10% in H1 2017 and approx. 2% in Q2 2017. It should be noted that H1 2017 includes one extra month of UTi activities compared to H1 2016.

As UTi's activities were migrated to DSV's IT platform in H2 2016 the reporting principles were aligned. The differences on gross profit level had no impact on reported EBIT before special items.

GROSS PROFIT YTD 2017 (DKKm)



The consolidated gross margin was 22.7% for the first six months of 2017 against 23.8% for the same period of 2016.

Operating profit before special items

Operating profit before special items was DKK 2,369 million for the six months under review against DKK 1,543 million for the same period of 2016. Adjusted for exchange rate fluctuations, growth for the period was 53.1%.

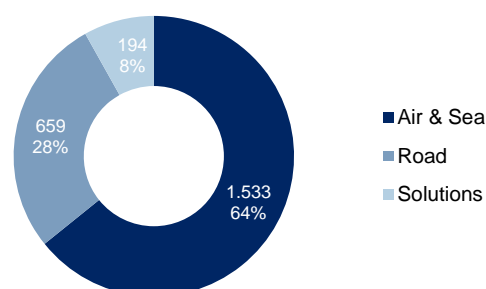
For Q2 2017, operating profit before special items amounted to DKK 1,240 million against DKK 900 million for the same period last year. Adjusted for exchange rate fluctuations, growth for the period was 37.0%.

The conversion ratio was 28.1% for the six-month period against 19.7% for the corresponding period of 2016.

The operating margin (before special items) was 6.4% for the six months under review against 4.7% for the same period last year.

The growth in earnings and significant margin improvement are mainly attributable to realisation of UTi synergies and operational performance, which have the highest impact in the Air & Sea division and on headquarter/administrative functions.

Operating profit before special items YTD 2017 (DKKm)



Special items, net

Special items totalled DKK 248 million for the first six months of 2017. The costs mainly relate to the integration of UTi. As previously announced, we expect integration costs of approx. DKK 500 million in 2017.

Financial items

Financial items totalled a net expense of DKK 276 million for H1 2017, including a net exchange rate loss of DKK 128 million. The exchange rate losses mainly related to intra-Group loans, which are not hedged externally.

Interest cost and other financial items for H1 2017 were in line with expectations.

GROWTH

(DKKm)	Q2 2016	Currency translation adjustments	Growth incl. acquisitions	Growth incl. acquisitions (%)	Q2 2017
Net revenue	17,606	128	1,190	6.8%	18,924
Gross profit	4,214	27	(24)	(0.6%)	4,217
EBIT before special items	900	7	333	37.0%	1,240
	YTD 2016				YTD 2017
Net revenue	32,925	193	4,029	12.2%	37,147
Gross profit	7,821	65	551	7.0%	8,437
EBIT before special items	1,543	6	820	53.1%	2,369

Tax on profit for the period

The effective tax rate for H1 2017 was 23.5 and lower than the expected level of 25%. The effective tax rate for the period under review was impacted by the UTi integration and property gains.

Diluted adjusted earnings per share

Diluted adjusted earnings per share were DKK 8.69 for the first six months of 2017, up 42.2% compared to the same period last year.

The 12-month figure to the end of June 2017 was DKK 16.01 per share against DKK 13.03 for the same period last year, corresponding to an increase of 22.9%.

Cash flow statement

CASH FLOW STATEMENT

(DKKm)	YTD 2017	YTD 2016
EBITDA before special items	2,745	1,929
Change in net working capital	30	(359)
Adjustment, non-cash operating items	(79)	(114)
Adjustment, other operating items	(892)	(804)
Cash flow from operating activities	1,804	652
Purchase and sale of intangibles, property, plant and equipment	(42)	(146)
Acquisition and disposal of subsidiaries and activities, excluding creditors	(8)	(4,595)
Other	48	-
Cash flow from investing activities	(2)	(4,741)
Free cash flow	1,802	(4,089)
Proceeds from and repayment of short-term and long-term debt	(1,682)	1,330
Allocated to shareholders	(345)	(327)
Exercise of share options	253	200
Other transactions with shareholders	4	-
Cash flow from financing activities	(1,770)	1,203
Cash flow for the period	32	(2,886)
Adjusted free cash flow	2,038	756

Cash flow from operating activities

Cash flow from operating activities was DKK 1,804 million for the first six months of 2017 against DKK 652 million for the same period of 2016. The increase is mainly due to the higher EBITDA before special items.

Net working capital

The Group reported funds tied up in net working capital of DKK 2,097 million at 30 June 2017 against DKK 1,422 million at 30 June 2016.

Relative to full-year revenue, the net working capital amounted to 2.9% at 30 June 2017 (30 June 2016: 2.0%).

The optimisation of funds tied up in working capital is a high priority, but the conversion of IT systems and restructuring of business processes have a temporary adverse impact.

In addition, we see increasing pressure on working capital in the market in general, not least from large customers and customs clearance activities. Furthermore, the Group has tied up more capital in property projects.

Cash flow from investing activities

Cash flow from investing activities was impacted by sale of property and amounted to DKK -2 million for the first six months of 2017 against DKK -4,741 million for the same period of 2016. 2016 was impacted by the UTi acquisition.

Adjusted free cash flow

Adjusted free cash flow for the period was DKK 2,038 million against DKK 756 million for the same period last year.

Capital structure and finances

Equity

The equity interest of DSV shareholders was DKK 14,546 million at 30 June 2017 (DKK 13,416 million at 31 December 2016).

Equity was mainly affected by the profit for the period and distribution of dividends.

At 30 June 2017, the Company's portfolio of treasury shares amounted to 2,884,748 shares, corresponding to 1.52% of the total number of shares issued. At 2 August 2017, the Company's portfolio of treasury shares amounts to 2,865,248 shares.

The solvency ratio excluding non-controlling interests was 36.4% at 30 June 2017 (30 June 2016: 30.5%).

DEVELOPMENT IN EQUITY

(DKKm)	YTD 2017	YTD 2016
Equity at 1 January	13,416	11,809
Net profit for the period	1,408	560
Dividends distributed	(342)	(327)
Sale of treasury shares	253	192
Adjustments relating to hedging instruments	39	(127)
Tax on changes in equity	37	54
Actuarial gains/(losses)	(40)	(220)
Other adjustments, net	(225)	(49)
Equity at 30 June	14,546	11,892

Net interest-bearing debt

Consolidated net interest-bearing debt amounted to DKK 6,523 million at 30 June 2017 against DKK 8,750 million at 30 June 2016.

The financial gearing ratio was 1.29 at 30 June 2017 against 2.31 for the same period last year. This means that the gearing ratio is within the 1.0 - 1.5x EBITDA target range, and, in line with the capital allocation policy of the Group, a share buyback programme is initiated.

The duration of the Group's long-term loan and credit facilities was 2.7 years at 30 June 2017 against 3.3 years at 30 June 2016.

Invested capital

The Group's invested capital including goodwill and customer relationships amounted to DKK 21,483 million at 30 June 2017 against DKK 21,590 million at 30 June 2016.

Return on invested capital (ROIC before tax)

Return on invested capital including goodwill and customer relationships was 20.0% for the 12-month period ended 30 June 2017 against 18.9% for the 12-month period ended 30 June 2016.

Outlook for 2017

The consolidated full-year outlook for 2017 previously announced is adjusted as follows:

- Operating profit before special items is expected to be in the range of DKK 4,500-4,700 million (previously DKK 4,300-4,600 million).
- Net financial expenses, excluding foreign exchange adjustments, are expected to approximate DKK 300 million (unchanged).
- Free cash flow is expected to approximate DKK 3,750 million (previously DKK 3,500 million).
- Adjusted free cash flow is expected to approximate DKK 4,250 million (previously DKK 4,000 million).
- The effective tax rate is expected to be 23% (previously 25%).

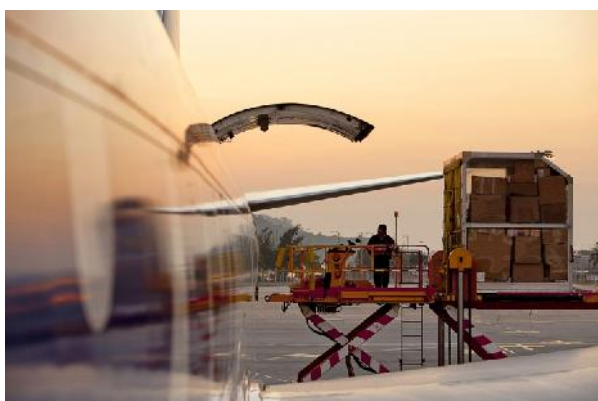
The outlook for 2017 is based on the assumption of a stable development in the markets in which the Group operates and that currency exchange rates will remain at the current level.

DSV Air & Sea

Activities

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

DSV Air & Sea reported EBIT before special items of DKK 1,533 million for the six months under review against DKK 948 million for the same period of 2016. Driven by high productivity and integration synergies, the conversion ratio came to 35.4% in H1 2017 against 22.7% last year.



” For Q2 2017, EBIT before special items totalled DKK 843 million against DKK 534 million last year

INCOME STATEMENT

(DKKm)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Divisional net revenue	8,873	8,416	17,343	15,471
Direct costs	6,656	6,108	13,010	11,286
Gross profit	2,217	2,308	4,333	4,185
Other external expenses	451	640	942	1,119
Staff costs	895	1,078	1,799	2,015
EBITDA before special items	871	590	1,592	1,051
Amortisation and depreciation of intangibles, property, plant and equipment	28	56	59	103
EBIT before special items	843	534	1,533	948

KEY OPERATING DATA

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Gross margin (%)	25.0	27.4	25.0	27.1
Conversion ratio (%)	38.0	23.1	35.4	22.7
Operating margin (%)	9.5	6.3	8.8	6.1
Number of employees at 30 June			12,282	15,016
Total invested capital (DKKm)			11,260	11,336
Net working capital (DKKm)			1,207	1,628
ROIC before tax (%)			24.1	22.1

Market development

Freight volume growth

	DSV Q2 2017	Market Q2 2017	DSV YTD 2017	Market YTD 2017
Sea freight – TEUs	4%	4%	10%	4%
Air freight – tonnes	3%	10%	10%	8%

DSV growth includes acquired and organic growth. Market growth rates are based on own estimates.

DSV's YTD growth is impacted by one extra month of UTi activities in H1 2017 compared to H1 2016.

The Air & Sea division reported a 10% increase in sea freight volumes (TEUs) for the first six months of 2017 compared to the same period of 2016. For Q2 2017, growth was 4%.

For air freight, the division reported a volume increase (tonnes) of approx. 10% for the period. In Q2 2017, growth was 3%.

In H1 2017, the market has been characterised by high activity levels – especially in air freight – and several trade lanes have been impacted by periodic lack of capacity and changes among carriers. This has led to increasing freight rates and a challenging pricing environment.

Since the acquisition of UTi, DSV has focused on the integration of the new activities and in certain cases also on improving profits on low margin business. We estimate that approx. 5% of UTi's original business has been taken out during the integration process. The organisation has now intensified its focus on sales and gaining market share, which is expected to materialise in the course of H2 2017. We have already seen an acceleration of DSV's growth at the end of Q2 2017, especially in air freight.

Divisional net revenue

For H1 2017, net revenue totalled DKK 17,343 million against DKK 15,471 million for the same period last year.

For Q2 2017, net revenue amounted to DKK 8,873 million against DKK 8,416 million for the same period last year.

The increase in net revenue is partly attributable to higher number of shipments and higher average freight rates. Furthermore, Q1 2017 included approx. one extra month of UTi activities compared to the same period of 2016.

Gross profit

Reported gross profit was DKK 4,333 million for H1 2017 against DKK 4,185 million for the same period of 2016. For Q2 2017, gross profit amounted to DKK 2,217 million against DKK 2,308 million for the same period last year.

Due to differences in the operations and calculation of gross profit between DSV and UTi, the reported gross profit for H1 2017 is not directly comparable to H1 2016.

For this reason, the reported decline in gross profit for Q2 2017 (negative 4.6% excluding currency translation) does not reflect the underlying development. Adjusted for the said differences, we estimate that the division has achieved organic growth in gross profit of approx. 3% in Q2 2017.

For H1 2017, we estimate that the adjusted growth was approx. 9% against the reported 2.7%. It should be noted that H1 2017 includes one extra month of UTi activities compared to H1 2016. As UTi's activities were migrated to DSV's IT platform in H2 2016 the principles were aligned.

The division's gross margin for H1 2017 was 25.0% against 27.1% for the same period last year. The decrease is mainly attributable to higher average freight rates compared to the same period last year.

Gross profit per unit was down approx. 7% for sea freight and 5% for air freight in H1 2017 compared to the same period last year. The decline was mainly due to the above-mentioned differences in calculation of gross profit between UTi and DSV.

The underlying gross profit per shipment was relatively stable, however sudden increases in freight rates and a competitive pricing environment have caused a temporary margin squeeze, which is estimated at 1-2%.

EBIT before special items

EBIT before special items was DKK 1,533 million for the first six months of 2017 against DKK 948 million for the same period last year. For Q2 2017, EBIT before special items totalled DKK 843 million against DKK 534 million for the same period last year.

The positive development is largely the result of the continued successful integration of UTi's activities, with synergies being realised according to schedule. The growth was driven by regions and countries where UTi had a strong presence, in particular North America, China, South Africa and Germany.

The conversion ratio for the first six months of 2017 was 35.4% against 22.7% for the same period last year.

The operating margin for H1 2017 was 8.8% against 6.1% for the same period last year and was also affected by the UTi integration.

Working capital

The Air & Sea division's funds tied up in net working capital came to DKK 1,207 million at 30 June 2017 against DKK 1,628 million at 30 June 2016.

GROWTH

(DKKm)	Q2 2016	Currency translation adjustments	Growth incl. acquisitions	Growth incl. acquisitions (%)	Q2 2017
Divisional net revenue	8,416	121	336	4.0%	8,873
Gross profit	2,308	15	(106)	(4.6%)	2,217
EBIT before special items	534	7	302	56.6%	843
	YTD 2016				YTD 2017
Divisional net revenue	15,471	143	1,729	11.2%	17,343
Gross profit	4,185	36	112	2.7%	4,333
EBIT before special items	948	15	570	60.1%	1,533

AIR AND SEA SPLIT

(DKKm)	Sea freight				Air freight			
	Q2 2017	Q2 2016	YTD 2017	YTD 2016	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Divisional net revenue	4,662	4,309	9,104	8,141	4,211	4,107	8,239	7,330
Direct costs	3,517	3,118	6,876	5,961	3,139	2,990	6,134	5,325
Gross profit	1,145	1,191	2,228	2,180	1,072	1,117	2,105	2,005
Gross margin (%)	24.6	27.6	24.5	26.8	25.5	27.2	25.5	27.4
Volume (TEUs/tonnes)	358,383	345,808	691,170	630,917	155,430	151,562	302,869	274,379
Gross profit per unit (DKK)	3,195	3,443	3,224	3,456	6,897	7,371	6,950	7,307

DSV Road

Activities

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

The division reported EBIT before special items of DKK 659 million for the first six months of 2017 against DKK 529 million for the same period of 2016.



” For Q2 2017, EBIT before special items totalled DKK 281 million against DKK 310 million last year

INCOME STATEMENT

(DKKm)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Divisional net revenue	7,684	7,368	15,317	14,056
Direct costs	6,368	6,009	12,568	11,440
Gross profit	1,316	1,359	2,749	2,616
Other external expenses	309	314	641	646
Staff costs	688	691	1,374	1,361
EBITDA before special items	319	354	734	609
Amortisation and depreciation of intangibles, property, plant and equipment	38	44	75	80
EBIT before special items	281	310	659	529

KEY OPERATING DATA

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Gross margin (%)	17.1	18.4	17.9	18.6
Conversion ratio (%)	21.4	22.8	24.0	20.2
Operating margin (%)	3.7	4.2	4.3	3.8
Number of employees at 30 June			12,706	11,931
Total invested capital (DKKm)			5,200	4,082
Net working capital (DKKm)			(108)	(432)
ROIC before tax (%)			25.4	27.5

Market development

Freight volume growth

	DSV Q2 2017	Market Q2 2017	DSV YTD 2017	Market YTD 2017
Shipments	5%	3%	8%	3%

Market growth rates are based on own estimates.

DSV's YTD growth is impacted by one extra month of UTi activities in H1 2017 compared to H1 2016.

With shipment growth of 5% in Q2 2017, the division continues to take market share.

Divisional net revenue

For H1 2017, net revenue totalled DKK 15,317 million against DKK 14,056 million for the same period last year.

For Q2 2017, net revenue amounted to DKK 7,684 million against DKK 7,368 million for the same period last year.

The increase in net revenue is mainly attributable to the growth in number of shipments.

Gross profit

For the first six months of 2017, gross profit totalled DKK 2,749 million against DKK 2,616 million for the same period last year. As highlighted in the Q1 2017 Interim Financial Report, net revenue and gross profit for Q1 2017 were positively impacted by an extraordinary net gain of approx. DKK 125 million related to property transactions.

For Q2 2017, gross profit amounted to DKK 1,316 million against DKK 1,359 million for the same period last year.

The quarter was negatively impacted by the lower number of working days compared to last year as Easter fell in Q2 2017.

The freight market still characterised by fierce competition and price pressure, the division's gross margin for H1 2017 was 17.9% (17.1% adjusted for property gain in Q1 2017) against 18.6% for the same period last year. The development is partly due to differences in calculation of gross profit between UTi and DSV.

EBIT before special items

EBIT before special items was DKK 659 million for the first six months of 2017 against DKK 529 million for the same period last year. An extraordinary net gain related to property transactions impacted Q1 2017 positively by approx. DKK 125 million.

For Q2 2017, EBIT before special items totalled DKK 281 million against DKK 310 million for the same period last year.

The decline in EBIT before special items in Q2 2017 compared to the same period last year is partly due to adverse working day effect.

The conversion ratio for the first six months of 2017 was 24.0% against 20.2% for the same period last year.

The division's operating margin for H1 2017 was 4.3% against 3.8% for the same period last year.

Working capital

The Road division reported funds tied up in net working capital of DKK -108 million at 30 June 2017 against DKK -432 million at 30 June 2016.

GROWTH

(DKKm)	Q2 2016	Currency translation adjustments	Growth incl. acquisitions	Growth incl. acquisitions (%)	Q2 2017
Divisional net revenue	7,368	(29)	345	4.7%	7,684
Gross profit	1,359	(3)	(40)	(2.9%)	1,316
EBIT before special items	310	(1)	(28)	(9.0%)	281
	YTD 2016				YTD 2017
Divisional net revenue	14,056	(33)	1,294	9.2%	15,317
Gross profit	2,616	(10)	143	5.5%	2,749
EBIT before special items	529	(13)	143	27.0%	659

DSV Solutions

Activities

DSV Solutions specialises in contract logistics – logistics and warehousing solutions that support customers' entire supply chain. In addition to traditional warehousing and distribution services, the division's service portfolio also includes freight management, customs clearance, order management and e-commerce solutions.

DSV Solutions reported EBIT before special items of DKK 194 million for the first six months of 2017 against DKK 137 million for the same period of 2016.



” For Q2 2017, EBIT before special items totalled DKK 128 million against DKK 90 million for the same period last year

INCOME STATEMENT

(DKKm)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Divisional net revenue	2,913	2,406	5,591	4,449
Direct costs	2,223	1,737	4,230	3,244
Gross profit	690	669	1,361	1,205
Other external expenses	220	192	456	357
Staff costs	274	322	583	595
EBITDA before special items	196	155	322	253
Amortisation and depreciation of intangibles, property, plant and equipment	68	65	128	116
EBIT before special items	128	90	194	137

KEY OPERATING DATA

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Gross margin (%)	23.7	27.8	24.3	27.1
Conversion ratio (%)	18.6	13.5	14.3	11.4
Operating margin (%)	4.4	3.7	3.5	3.1
Number of employees at 30 June			17,692	14,598
Total invested capital (DKKm)			3,937	3,087
Net working capital (DKKm)			822	163
ROIC before tax (%)			12.6	11.6

Market development

The contract logistics market is estimated to have grown by 3% in H1 2017, in line with the growth level for road freight. After a period with stable growth, the market is relatively balanced and warehouse utilisation is high in most regions.

Measured by divisional net revenue, the division achieved growth of 23.4% in H1 2017. DSV's YTD growth is impacted by one extra month of UTi activities in H1 2017 compared to H1 2016.

Divisional net revenue

Net revenue was DKK 5,591 million for H1 2017 against DKK 4,449 million for the same period of 2016.

For Q2 2017, net revenue amounted to DKK 2,913 million against DKK 2,406 million for the same period last year.

The increase in divisional revenue is mainly attributable to organic growth.

Gross profit

Gross profit totalled DKK 1,361 million for the first six months of 2017 against DKK 1,205 million for the same period of 2016.

For Q2 2017, gross profit amounted to DKK 690 million against DKK 669 million for the same period last year. The quarter was characterised by a high activity level and stable operations.

The gross margin for H1 2017 was 24.3% against 27.1% for the same period last year. The development was partly due to differences in calculation of gross profit between UTi and DSV.

EBIT before special items

EBIT before special items was DKK 194 million for the first six months of 2017 against DKK 137 million for the same period of 2016.

For Q2 2017, EBIT before special items totalled DKK 128 million against DKK 90 million for the same period last year.

Conversion ratio was 14.3% for the six months under review against 11.4% for the same period of 2016.

Working capital

The division reported funds tied up in net working capital of DKK 822 million at 30 June 2017 against DKK 163 million at 30 June 2016.

GROWTH

(DKKm)	Q2 2016	Currency translation adjustments	Growth incl. acquisitions	Growth incl. acquisitions (%)	Q2 2017
Divisional net revenue	2,406	41	466	19.4%	2,913
Gross profit	669	14	7	1.0%	690
EBIT before special items	90	2	36	40.0%	128
	YTD 2016				YTD 2017
Divisional net revenue	4,449	100	1,042	23.4%	5,591
Gross profit	1,205	38	118	9.8%	1,361
EBIT before special items	137	4	53	38.7%	194

Interim financial statements

Income statement

(DKKm)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net revenue	18,924	17,606	37,147	32,925
Direct costs	14,707	13,392	28,710	25,104
Gross profit	4,217	4,214	8,437	7,821
Other external expenses	769	877	1,620	1,667
Staff costs	2,014	2,228	4,072	4,225
Operating profit before amortisation, depreciation and special items	1,434	1,109	2,745	1,929
Amortisation and depreciation of intangibles, property, plant and equipment	194	209	376	386
Operating profit before special items	1,240	900	2,369	1,543
Special items, costs	88	341	248	711
Financial items	182	104	276	58
Profit before tax	970	455	1,845	774
Tax on profit for the period	228	122	434	208
Profit for the period	742	333	1,411	566
Profit for the period is attributable to:				
Shareholders of DSV A/S	740	327	1,408	560
Non-controlling interests	2	6	3	6
Earnings per share:				
Earnings per share of DKK 1 for the period	3.96	1.77	7.56	3.04
Diluted earnings per share of DKK 1 for the period	3.91	1.75	7.47	3.01
Supplementary information:				
Diluted adjusted earnings per share of DKK 1 for the period	4.37	3.27	8.69	6.11
Diluted adjusted earnings per share of DKK 1 for the last 12 months			16.01	13.03

Statement of comprehensive income

(DKKm)	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Profit for the period	742	333	1,411	566
Items that will be reclassified to income statement when certain conditions are met:				
Currency translation adjustments, foreign enterprises	(369)	5	(265)	(95)
Fair value adjustment relating to hedging instruments	30	58	38	(136)
Fair value adjustment relating to hedging instruments transferred to financials	(1)	4	1	9
Tax on items reclassified to income statement	(4)	(36)	(7)	15
Items that will not be reclassified to income statement:				
Actuarial gains/(losses)	(1)	(90)	(40)	(220)
Tax relating to items that will not be reclassified	-	20	10	53
Other comprehensive income, net of tax	(345)	(39)	(263)	(374)
Total comprehensive income	397	294	1,148	192
Total comprehensive income is attributable to:				
Shareholders of DSV A/S	393	295	1,145	192
Non-controlling interests	4	(1)	3	-
Total	397	294	1,148	192

Cash flow statement

(DKKm)	YTD 2017	YTD 2016
Operating profit before amortisation, depreciation and special items	2,745	1,929
<i>Adjustments:</i>		
Share-based payments	31	22
Change in provisions	(110)	(136)
Change in working capital, etc.	30	(359)
Special items	(228)	(265)
Interest received	57	159
Interest paid	(246)	(241)
Corporation tax, paid	(475)	(457)
Cash flow from operating activities	1,804	652
Purchase of intangible assets	(130)	(102)
Purchase of property, plant and equipment	(329)	(145)
Disposal of property, plant and equipment	417	101
Acquisition and disposal of subsidiaries and activities	(8)	(4,595)
Change in other financial assets	48	-
Cash flow from investing activities	(2)	(4,741)
Free cash flow	1,802	(4,089)
Proceeds from and repayment of short-term and long-term debt	(1,641)	1,379
Other financial liabilities incurred	(41)	(49)
<i>Shareholders:</i>		
Dividends distributed	(345)	(327)
Sale of treasury shares	253	192
Other transactions with shareholders	4	8
Cash flow from financing activities	(1,770)	1,203
Cash flow for the period	32	(2,886)
Cash and cash equivalents at 1 January	1,714	4,908
Cash flow for the period	32	(2,886)
Currency translation adjustments	70	44
Cash and cash equivalents at 30 June	1,816	2,066
The cash flow statement cannot be directly derived from the balance sheet and income statement.		
Statement of adjusted free cash flow		
Free cash flow	1,802	(4,089)
Net acquisition of subsidiaries and activities	8	4,595
Special items (restructuring costs)	228	-
Normalisation of working capital of acquired subsidiaries and activities	-	250
Adjusted free cash flow	2,038	756

Balance sheet

Assets

(DKKm)	30.06.2017	31.12.2016	30.06.2016
Intangible assets	16,802	17,247	16,859
Property, plant and equipment	3,012	3,334	4,071
Other receivables	269	317	292
Deferred tax assets	1,049	1,031	714
Total non-current assets	21,132	21,929	21,936
Trade receivables	12,929	12,338	11,815
Work in progress (services and inventories)	1,998	2,026	1,583
Other receivables	1,796	1,850	1,531
Cash and cash equivalents	1,816	1,714	2,066
Assets held for sale	313	510	-
Total current assets	18,852	18,438	16,995
Total assets	39,984	40,367	38,931

Equity and liabilities

(DKKm)	30.06.2017	31.12.2016	30.06.2016
Share capital	190	190	190
Reserves	14,356	13,226	11,702
DSV A/S shareholders' share of equity	14,546	13,416	11,892
Non-controlling interests	(42)	(38)	7
Total equity	14,504	13,378	11,899
Deferred tax liabilities	244	287	460
Pensions and similar obligations	1,503	1,488	1,492
Provisions	716	736	735
Financial liabilities	7,258	8,725	9,328
Total non-current liabilities	9,721	11,236	12,015
Provisions	368	462	507
Financial liabilities	1,139	1,358	1,542
Trade payables	6,861	7,010	6,314
Work in progress (services)	2,657	2,435	2,196
Other payables	4,260	3,879	4,167
Corporation tax	474	609	291
Total current liabilities	15,759	15,753	15,017
Total liabilities	25,480	26,989	27,032
Total equity and liabilities	39,984	40,367	38,931

Statement of changes in equity – 1 January - 30 June 2017

(DKK)m	Share capital	Share premium	Treasury share reserve	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity at 1 January 2017	190	4,744	(5)	(18)	(79)	8,584	13,416	(38)	13,378
Profit for the period	-	-	-	-	-	1,408	1,408	3	1,411
Currency translation adjustments, foreign enterprises	-	-	-	-	(265)	-	(265)	-	(265)
Fair value adjustments relating to hedging instruments	-	-	-	38	-	-	38	-	38
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	1	-	-	1	-	1
Actuarial gains/(losses)	-	-	-	-	-	(40)	(40)	-	(40)
Tax on other comprehensive income	-	-	-	(7)	-	10	3	-	3
Other adjustments	-	-	-	(55)	-	55	-	-	-
Other comprehensive income, net of tax	-	-	-	(23)	(265)	25	(263)	-	(263)
Total comprehensive income for the period	-	-	-	(23)	(265)	1,433	1,145	3	1,148
Transactions with owners:									
Share-based payments	-	-	-	-	-	31	31	-	31
Dividends distributed	-	-	-	-	-	(342)	(342)	(3)	(345)
Sale of treasury shares	-	-	2	-	-	251	253	-	253
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	(4)	(4)
Dividends on treasury shares	-	-	-	-	-	7	7	-	7
Other adjustments	-	-	-	-	-	2	2	-	2
Tax on transactions with owners	-	-	-	-	-	34	34	-	34
Total transactions with owners	-	-	2	-	-	(17)	(15)	(7)	(22)
Equity at 30 June 2017	190	4,744	(3)	(41)	(344)	10,000	14,546	(42)	14,504

Statement of changes in equity – 1 January - 30 June 2016

(DKK)m	Share capital	Share premium	Treasury share reserve	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity at 1 January 2016	192	4,744	(9)	56	(289)	7,115	11,809	32	11,841
Profit for the period	-	-	-	-	-	560	560	6	566
Currency translation adjustments, foreign enterprises	-	-	-	-	(89)	-	(89)	(6)	(95)
Fair value adjustments relating to hedging instruments	-	-	-	(136)	-	-	(136)	-	(136)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	9	-	-	9	-	9
Actuarial gains/(losses)	-	-	-	-	-	(220)	(220)	-	(220)
Tax on other comprehensive income	-	-	-	15	-	53	68	-	68
Other comprehensive income, net of tax	-	-	-	(112)	(89)	(167)	(368)	(6)	(374)
Total comprehensive income for the period	-	-	-	(112)	(89)	393	192	-	192
Transactions with owners:									
Share-based payments	-	-	-	-	-	22	22	-	22
Dividends distributed	-	-	-	-	-	(327)	(327)	-	(327)
Sale of treasury shares	-	-	2	-	-	190	192	-	192
Capital reduction	(2)	-	2	-	-	-	-	-	-
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	(15)	(15)
Dividends on treasury shares	-	-	-	-	-	14	14	-	14
Other adjustments	-	-	-	-	-	4	4	(10)	(6)
Tax on transactions with owners	-	-	-	-	-	(14)	(14)	-	(14)
Total transactions with owners	(2)	-	4	-	-	(111)	(109)	(25)	(134)
Equity at 30 June 2016	190	4,744	(5)	(56)	(378)	7,397	11,892	7	11,899

Notes

1 Accounting policies

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

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2016 Annual Report. The 2016 Annual Report provides a full description of Group accounting policies.

Changes in accounting policies

DSV A/S has implemented amendments to existing International Financial Reporting Standards (IFRS) effective as of 1 January 2017 as adopted by the European Union. The amendments have not impacted the Group's Financial Statements and are not expected to have any significant future impact.

Effective from 1 January 2017, DSV A/S has changed its accounting policies in terms of accounting for sale of land and buildings held for the purpose of sale in the ordinary course of business (property projects). These are now accounted for as inventory in accordance with IAS 2 rather than property, plant and equipment in accordance with IAS 16. This policy change has been adopted in order to provide a better understanding of the inherent effects of these transaction types on the financial statements. The basis for the revised accounting policy is disclosed in notes 4, 5 and 7 to the Interim Financial Statements.

Reclassifications

Minor reclassifications have been made to the balance sheet relating to the revised accounting policy on property projects. These are now classified as inventories (under work in progress) rather than assets held for sale and other receivables. Reclassifications amount to DKK 583 million at 31 December 2016.

The revised accounting policy has no material effect on the income statement and as such no restatement has been applied to net revenue and direct costs.

2 Accounting estimates and judgements

In preparing the Interim Financial Statements, Management makes various accounting estimates and judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These estimates are based on professional judgement, historical data and other factors available to Management. By their nature, estimates include a degree of uncertainty, and actual results may therefore deviate from the estimates at the reporting date. Estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period.

3 Segment information

(DKKm)	Air & Sea		Road		Solutions		Other activities, non-allocated items and eliminations		Total	
	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016
Condensed income statement										
Divisional net revenue	17,343	15,471	15,317	14,056	5,591	4,449	1,074	658	39,325	34,634
Intercompany revenue	(288)	(447)	(690)	(545)	(184)	(137)	(1,016)	(580)	(2,178)	(1,709)
Net revenue	17,055	15,024	14,627	13,511	5,407	4,312	58	78	37,147	32,925
Gross profit	4,333	4,185	2,749	2,616	1,361	1,205	(6)	(185)	8,437	7,821
Other external expenses	942	1,119	641	646	456	357	(419)	(455)	1,620	1,667
Staff costs	1,799	2,015	1,374	1,361	583	595	316	254	4,072	4,225
Amortisation and depreciation of intangibles, property, plant and equipment	59	103	75	80	128	116	114	87	376	386
Operating profit before special items	1,533	948	659	529	194	137	(17)	(71)	2,369	1,543
Condensed balance sheet										
Total assets	21,553	25,773	15,931	15,964	7,000	7,012	(4,500)	(9,818)	39,984	38,931
Total liabilities	26,765	28,844	9,510	8,822	6,976	6,171	(17,771)	(16,805)	25,480	27,032

4 Net revenue

Net revenue mainly comprises services provided in the financial year as well as changes in the completion of services in progress.

Revenue from services rendered is recognised when the agreed freight forwarding service is considered rendered and control of the cargo has passed to the customer or another logistics services provider. The time of recognition varies depending on the service rendered. Discounts are offset against net revenue. Net revenue is measured excluding VAT and other tax collected on behalf of third parties.

Net revenue furthermore comprises income from sale of property projects in the form of sale of land and buildings acquired, constructed and held for the purpose of sale in the ordinary course of business and gains from sale and leaseback transactions on office, terminal and warehouse facilities recognised as fixed assets. Revenue from property projects is recognised at the date of sale, when the significant risk, reward of ownership and managerial control are transferred to the buyer.

5 Direct costs

Direct costs comprise costs paid to generate the revenue for the year. Direct costs include settlement of accounts with haulage contractors, shipping companies, airlines, etc. Direct costs also include costs of property projects in the form of cost of land and buildings and other direct costs, including staff costs relating to own staff used for fulfilling orders and rental of logistics facilities, as well as other operating costs.

6 Special items

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

Special items for the first six months of 2017 totalled DKK 248 million (30 June 2016 DKK 711 million) and mainly relate to restructuring costs in connection with the acquisition of UTi.

7 Work in progress (inventories)

Work in progress includes inventories of land and buildings held for the purpose of sale in the ordinary course of business. Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all cost of purchase, processing and other costs incurred in bringing the inventories to their present condition. Write-downs on inventories to net realisable value are recognised as direct costs in the income statement.

At 30 June 2017, inventories relating to land and buildings held for sale amounted to DKK 563 million.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Interim Financial Report of DSV A/S for the six-month period ended 30 June 2017.

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 Danish disclosure requirements for interim financial reports of listed companies.

In our opinion, the Interim Financial Statements give a true and fair view of the DSV Group's assets, equity, liabilities and financial position at 30 June 2017 and of the results of the Group's activities and the cash flow for the six-month period ended 30 June 2017.

We also find that the Management's commentary provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group and a description of the major risks and elements of uncertainty faced by the Group.

Hedehusene, 2 August 2017

Executive Board:

Jens Bjørn Andersen
CEO

Jens H. Lund
CFO

Board of Directors:

Kurt K. Larsen
Chairman

Thomas Plenborg
Deputy Chairman

Annette Sadolin

Birgit W. Nørgaard

Robert S. Kledal

Jørgen Møller