6 February 2015

# 2014 ANNUAL REPORT
## Company Announcement No. 581

*"2014 was a good year for DSV in many respects. We grew with our customers – existing as well as new – and we gained market share in all business areas. Not least, we delivered results in line with the expectations announced at the beginning of the year. The Air & Sea Division was the main contributor to the growth in earnings, whereas the Road Division was affected by the ever present intense competition in our industry. We have a promising outlook for 2015; the investments we have made over the past couple of years to increase our productivity give us a solid basis for harvesting the best results from global market growth,"* says Jens Bjørn Andersen, CEO.

**Selected financial highlights for the 2014 financial statements (1 January - 31 December 2014)**

| (DKKm) | Q4 2014 | Q4 2013 | YTD 2014 | YTD 2013 |
|---|---|---|---|---|
| Net revenue | 12,539 | 11,857 | 48,582 | 45,710 |
| Gross profit | 2,615 | 2,526 | 10,297 | 10,005 |
| Operating profit before special items | 649 | 672 | 2,624 | 2,552 |
| *Operating margin* | *5.2%* | *5.7%* | *5.4%* | *5.6%* |
| *Conversion ratio* | *24.8%* | *26.6%* | *25.5%* | *25.5%* |
| Adjusted earnings | | | 1,835 | 1,788 |
| Adjusted free cash flow | | | 1,472 | 1,754 |
| Diluted adjusted earnings per share of DKK 1 | | | 10.53 | 10.05 |
| Proposed dividend per share (DKK) | | | 1.60 | 1.50 |
| | | | | |
| Operating profit before special items | | | | |
| Air & Sea | 399 | 382 | 1,542 | 1,392 |
| Road | 174 | 225 | 837 | 942 |
| Solutions | 90 | 64 | 274 | 256 |

### Q4 2014 results

For Q4 2014 net revenue amounted to DKK 12,539 million against DKK 11,857 million for Q4 2013, corresponding to revenue growth of 5.8%. The increase was attributable to the Air & Sea Division in all essentials. All Divisions reported freight volume growth above the market in Q4 and delivered 8% growth in air freight, 7% in sea freight, 5% growth in Road consignments and 7% growth in order lines.

Gross profit was up by 3.5% at DKK 2,615 million for Q4 2014 against DKK 2,526 million for the same period of 2013. Air & Sea landed organic growth of 3.5% and was affected by declining gross profit per tonne air freight and other factors. Road delivered organic gross profit growth of 0.8% and was still affected by the overall price pressure in the market. Solutions recorded organic gross profit growth of 7.9%, partly owing to increased activity levels.

Operating profit before special items was DKK 649 million for the period against DKK 672 million for Q4 2013 and thus lower than the first three quarters of the year. The decline was mainly attributable to the stagnating gross profit of the Road Division. Air & Sea and Solutions both reported growth in operating profit for Q4 2014 on the same period of 2013.

### Share buyback

A separate company announcement about the launch of a share buyback programme of DKK 200 million will be issued today.

### Dividend
Based on the financial results for the year the Board of Directors proposes ordinary dividends of DKK 1.60 per share for 2014 (2013: DKK 1.50 per share).

### Outlook for 2015
- Gross profit is expected to be in the range of DKK 10,500-10,900 million
- Operating profit before special items is expected to be in the range of DKK 2,700-2,900 million
- Net financial expenses are expected to approximate DKK 300 million
- The effective tax rate of the Group is expected to be close to 25%
- The free cash flow, before any acquisition or disposal of entities, is expected to approximate DKK 2,000 million

### Investor teleconference
DSV will host an investor teleconference on 6 February 2015 at 10.00 a.m. CET. Reference is made to Company Announcement No. 579 for further details.

### Inquiries relating to the Annual Report
Questions may be addressed to:

- Jens Bjørn Andersen, CEO, tel. +45 43 20 30 40
- Jens H. Lund, CFO, tel. +45 43 20 30 40
- Flemming Ole Nielsen, Director Investor Relations, tel. +45 43 20 33 92 or by email to investor@dsv.com

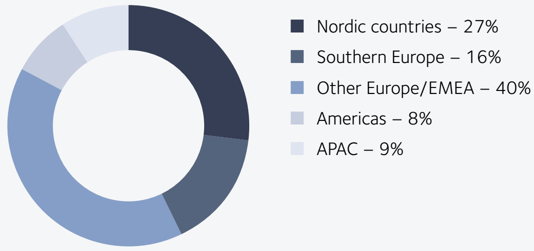
This announcement has been forwarded to Nasdaq Copenhagen and to the press. It is also available at www.dsv.com. The announcement has been prepared in Danish and in English. In the event of discrepancies, the Danish version shall apply.

Yours sincerely,
DSV A/S

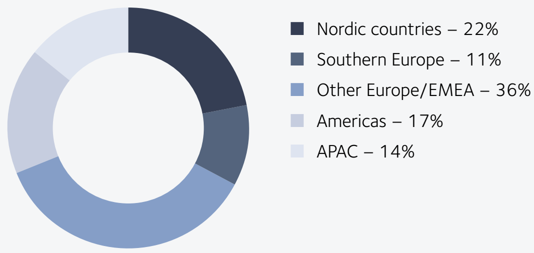
# Contents



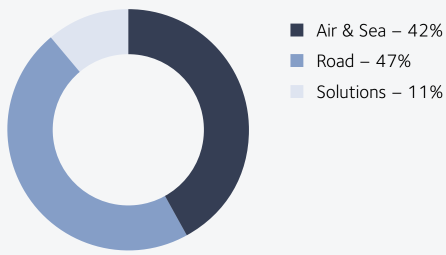
**NET REVENUE BY REGION**



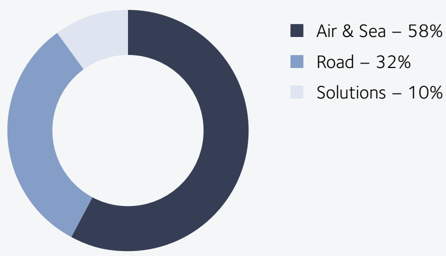

**EBIT BEFORE SPECIAL ITEMS BY REGION**




**NET REVENUE BY DIVISION**




**EBIT BEFORE SPECIAL ITEMS BY DIVISION**



## FINANCIAL HIGHLIGHTS*

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| **Income statement (DKKm)** | | | | | |
| Net revenue | 42,562 | 43,710 | 44,912 | 45,710 | 48,582 |
| Gross profit | 9,320 | 9,819 | 10,054 | 10,005 | 10,297 |
| Operating profit before amortisation, depreciation and special items | 2,721 | 2,975 | 3,074 | 3,052 | 3,145 |
| Operating profit before special items | 2,202 | 2,426 | 2,540 | 2,552 | 2,624 |
| Net special items, costs | 5 | - | 275 | 129 | 304 |
| Net financial expenses | 537 | 431 | 246 | 298 | 306 |
| Profit for the year | 1,194 | 1,449 | 1,430 | 1,571 | 1,491 |
| Adjusted earnings | 1,290 | 1,546 | 1,745 | 1,788 | 1,835 |
| **Balance sheet (DKKm)** | | | | | |
| DSV A/S shareholders' share of equity | 6,549 | 5,279 | 5,348 | 6,218 | 6,052 |
| Non-controlling interests | 36 | 30 | 37 | 30 | 29 |
| Balance sheet total | 23,085 | 22,734 | 22,794 | 23,100 | 23,680 |
| Net working capital | 70 | 1 | 307 | 561 | 305 |
| Net interest-bearing debt | 5,872 | 6,585 | 6,561 | 5,949 | 5,859 |
| Invested capital including goodwill and customer relationships | 13,046 | 12,030 | 11,953 | 12,281 | 11,797 |
| Gross investment in property, plant and equipment | 334 | 576 | 453 | 246 | 651 |
| **Cash flows (DKKm)** | | | | | |
| Operating activities | 1,663 | 1,863 | 1,651 | 1,775 | 1,919 |
| Investing activities | (151) | (34) | (249) | (348) | (461) |
| Free cash flow | 1,512 | 1,829 | 1,402 | 1,427 | 1,458 |
| Adjusted free cash flow | 1,566 | 1,894 | 1,509 | 1,754 | 1,472 |
| Financing activities | (1,398) | (1,817) | (1,102) | (1,387) | (1,569) |
| Share buyback | (397) | (2,505) | (1,302) | (700) | (1,183) |
| Dividends distributed | (52) | (105) | (190) | (235) | (270) |
| Cash flow for the year | 114 | 12 | 300 | 40 | (111) |
| **Financial ratios (%)** | | | | | |
| Gross margin | 21.9 | 22.5 | 22.4 | 21.9 | 21.2 |
| Operating margin | 5.2 | 5.6 | 5.7 | 5.6 | 5.4 |
| Conversion ratio | 23.6 | 24.7 | 25.3 | 25.5 | 25.5 |
| Effective tax rate | 28.1 | 27.4 | 29.2 | 26.1 | 26.0 |
| ROIC before tax including goodwill and customer relationships | 16.8 | 19.7 | 21.2 | 21.1 | 21.8 |
| ROIC before tax excluding goodwill and customer relationships | 53.2 | 62.5 | 71.1 | 72.0 | 77.4 |
| Return on equity (ROE) | 19.7 | 24.3 | 26.9 | 27.3 | 24.3 |
| Solvency ratio | 28.4 | 23.2 | 23.5 | 26.9 | 25.6 |
| Gearing ratio | 2.2 | 2.2 | 2.1 | 1.9 | 1.9 |
| **Share ratios** | | | | | |
| Earnings per share of DKK 1 | 5.68 | 7.34 | 7.81 | 8.91 | 8.61 |
| Adjusted earnings per share of DKK 1 | 5.65 | 7.29 | 7.76 | 8.87 | 8.55 |
| Diluted adjusted earnings per share of DKK 1 | 6.16 | 7.82 | 9.48 | 10.05 | 10.53 |
| Number of shares issued ('000) | 209,150 | 190,000 | 188,000 | 180,000 | 177,000 |
| Average number of shares issued ('000) for the past 12 months | 208,343 | 196,232 | 182,630 | 176,969 | 173,113 |
| Average diluted number of shares ('000) for the past 12 months | 209,395 | 197,613 | 183,971 | 177,876 | 174,274 |
| Share price at year end (DKK) | 123.30 | 103.00 | 145.70 | 177.80 | 188.20 |
| Proposed dividend per share (DKK) | 0.50 | 1.00 | 1.25 | 1.50 | 1.60 |
| **Staff** | | | | | |
| Number of full time employees at year end | 21,300 | 21,678 | 21,932 | 22,021 | 22,874 |

*) For a definition of the financial highlights, please refer to pages 76-77.

# DSV – at a glance

Transport and logistics services from **A–Z**

23,000
employees in 75 countries

The world's 6th largest
freight forwarder

Founded in Denmark in
1976

## DSV Air & Sea

Transportation of all types of cargo by air and sea. The Division offers conventional and industry-specific services through its global network supplemented by a Project Department, which handles exceptionally large or complex projects. The approx. 6,800 Air & Sea employees handled a total of 835,000 TEUs sea freight and 288,000 tonnes air freight in 2014.

## DSV Road

The Division is among the top three providers of road transport services in Europe, offering full and part loads as well as temperature-controlled transport and other specialised services. The service portfolio also includes solutions combining road and rail transport. With approx. 17,000 trucks on the roads every day and more than 200 terminals, the Division's roughly 9,300 employees deliver efficient, flexible and environmentally friendly transport solutions throughout Europe.

## DSV Solutions

Specialised logistics solutions, including freight management, customs clearance, warehousing and distribution, information management and e-business support. The Division also provides customers with a competitive edge by constantly developing, optimising and implementing efficient solutions covering the entire supply chain. We employ approx. 6,100 employees and cover Europe, Asia and America.

## CSR

Corporate social responsibility (CSR) is an area of intense focus at DSV. This work includes specific targets for reducing emissions and improving the working environment and also relates to a number of areas linked to business ethics and responsible behaviour.

We have in recent years focused on the implementation of and compliance with our policies covering staff as well as suppliers (Code of Conduct and Supplier Code of Conduct) and we will continue this work in the coming years. DSV wants to be a company that demonstrates social responsibility in all its activities.

THE DSV BUSINESS MODEL

## DSV

**Net revenue**
**+6.3%** to DKK 48,582 million

**Gross profit**
**+2.9%** to DKK 10,297 million

**Conversion ratio**
**25.5%** (2013: 25.5%)

**Operating profit before special items**
**+2.8%** to DKK 2,624 million

**ROIC**
**21.8%** (2013: 21.1%)

**Earnings per share**
**-3.4%** to DKK 8.61

**NIBD**
**-1.5%** to DKK 5,859 million

**Adjusted free cash flow**
**-16.1%** to DKK 1,472 million

## Air & Sea

**Net revenue**
**+8.9%** to DKK 22,001million

**Gross profit**
**+6.5%** to DKK 4,576 million

**Conversion ratio**
**33.7%** (2013: 32.4%)

**Operating profit before special items**
**+10.8%** to DKK 1,542 million

**ROIC**
**22.6%** (2013: 21.4%)

**Air freight volumes**
**+11%,** while the market grew by 3-5%

**Sea freight volumes**
**+8%,** while the market grew by 3-5%

## Road

**Net revenue**
**+4.6%** to DKK 24,169 million

**Gross profit**
**+0.3%** to DKK 4,313 million

**Conversion ratio**
**19.4%** (2013: 21.9%)

**Operating profit before special items**
**-11.1%** to DKK 837 miilion

**ROIC**
**25.0%** (2013: 25.1%)

**Number of consignments**
**+5%,** while the market grew by 1-2%

## Solutions

**Net revenue**
**+4.7%** to DKK 5,729 million

**Gross profit**
**-0.9%** to DKK 1,396 million

**Conversion ratio**
**19.6%** (2013: 18.2%)

**Operating profit before special items**
**+7.0%** to DKK 274 million

**ROIC**
**18.3%** (2013: 15.1%)

**Number of order lines**
**+5%,** while the market grew by 1-2%

## STATUS ON FULL-YEAR OUTLOOK PREVIOUSLY ANNOUNCED

| (DKKm) | 2014 Outlook | 2014 Realised | 2015 Outlook |
|---|---|---|---|
| Gross profit | 10,100-10,500 | 10,297 | 10,500-10,900 |
| Operating profit before special items | 2,600-2,700 | 2,624 | 2,700-2,900 |
| Net financial expenses | 300 | 306 | 300 |
| Effective tax rate | 26% | 26% | 25% |
| Free cash flow* | 1,600 | 1,472 | 2,000 |

* Expected free cash flow adjusted for acqusition and divestment of subsidiaries.

DSV achieved financial results for 2014 in line with the outlook announced. However, ongoing property transactions resulted in a temporary increase in funds tied up of DKK 100 million. As a result, consolidated free cash flow did not meet the Group's expectations.

## EARNINGS MARGINS AND ROIC

| | Target |
|---|---|
| Operating margin | 7% |
| Conversion ratio | 30% |
| ROIC | 25% |

Management expects that the targets are achievable within a five-year timeframe (starting from 2013).

The targets are based on the assumption of a stable economic environment in Europe and globally during the period and of DSV realising average gross profit growth of at least 3% per year.

# A solid year

**Looking at the market development over the last five years, 2014 was the best year in most respects. There was no notable shift; things have just slowly moved in the right direction. DSV was able to use that development to create growth and improve performance in 2014. And we want to continue doing that in the coming years as well.**

## Air & Sea delivered earnings growth in 2014

The Air & Sea Division in particular showed a positive development in 2014. We achieved freight volume growth considerably above the average market growth rate and thereby increased our operating profit by more than 11%. This progress did not come by itself; we can see that the implementation of our global IT platform has boosted productivity and service level.

The Road Division also delivered growth and gained market share, completely in line with our targets. However, we also have to realise that due to competition our operating profit dropped despite an increasing number of consignments. That is not satisfactory, but we are confident that as one of the strongest players on the European road freight market DSV Road will be able to turn this development around in the coming years.

Similar to DSV Road, the Solutions Division also saw a positive development in activity levels and reported earnings growth. We have designed efficient logistics solutions for our customers and improved the utilisation of our warehouses. And we have constructed new, efficient warehouse facilities in response to customer requests.

## The right strategy

Over the past year we have thoroughly reviewed our strategy and business model and have come to the conclusion that, with a few minor adjustments, we have the right strategic foundation. We will therefore continue to focus on the key strategies: growth, customer focus, business processes, organisation and human resources in our efforts to achieve our vision:

*"We want to be a leading global provider of transport and logistics solutions that meet the needs of our customers. Our goal is to achieve above-market growth and profitability to enable us to develop our company according to our own pace and direction while remaining an attractive business partner."*

Jens Bjørn Andersen
CEO
DSV A/S

## Customer feedback counts

We firmly believe that the ability to attract new and retain existing customers is key to growth and new market gains.

For that reason, we launched a Customer Success initiative in 2014 as a systematic approach to gathering customer feedback. It is a great pleasure to see that our customers are very willing to give their feedback – positive as well as negative. We must dare to hear the truth from our customers: Do we deliver on our promises? Do we provide on-time pick-up and delivery? Do we notify about delays? And above all: Do we learn from our mistakes and do it better next time?

> Measured by various key financial ratios, DSV is in the top league of our industry when it comes to efficiency

But asking for our customers' views does not do it alone. We have to create value by challenging our entire supply chain structure: Do the distribution centres have the right locations? Are production and distribution planned in the most efficient way? Are the goods to be carried by plane, ship or truck? Our new Supply Chain Innovation department, which focuses on and analyses the customers' logistics needs, is a good example of this development.

## Acquisitions and organic growth

To a large extent, the network and growth history of DSV are a result of several acquisitions through which both large and small companies have been integrated into the organisation. We have a clear intention of further expanding our network through additional acquisitions, provided that we can find the right candidates. This was a focus area in 2014 and will remain a top agenda item in the coming years. We are keeping an eye out for companies which can strengthen DSV's network outside Europe in particular.

That said, it is important to note that we will not make acquisitions at any cost. DSV has reached the size and strength to generate sound and profitable organic growth. In other words, acquisitions must make sense and match the existing business.

## Our employees are the backbone of DSV

High quality and high productivity are crucial parameters in the transport and logistics market. They make us competitive for the benefit of our customers and create value for our shareholders. Measured by various key financial ratios, DSV is in the top league of our industry when it comes to efficiency. We are proud of that; but how did we achieve this? And how do we secure this position in future?

The answer lies in our 23,000 loyal and hardworking employees, robust IT systems, effective and efficient organisation and, not least, a corporate culture where we are not afraid to measure and compare results across the organisation. For example, if DSV in China does things smarter than the DSV companies in the other countries, we share this knowledge through our global systems and thereby create value for the entire DSV Group.

We must constantly be ready for change and seize the opportunities that new technology and globalisation offer us. Our new International Shared Service Centre in Poland is a clear example of that. So far, the new department comprises 300 employees altogether, who provide a range of administrative services to the entire organisation.

## A considerate and responsible business

We run an efficient business with the aim to create growth and profitability, but we also take our social responsibility seriously. We need to have a clear CSR profile and we must take a responsible approach to the environment, safety and business ethics.

As a provider of logistics services we act as a representative of our customers in many cases, and we must always adhere to the standards we have set, e.g., in our Code of Conduct. This applies not only to our own employees, but also to our partners and suppliers. In respect of the latter group, the implementation of our Supplier Code of Conduct is an important part of our CSR work. Read more about CSR at DSV in the separate CSR Report at www.dsv.com.

## Outlook for 2015

Based on the growth estimates for 2015 we expect the market to grow at a rate similar to what we saw in 2014. The European economy will still lack behind the global economy and different international conflicts will create uncertainty. Still, we foresee a stable market development in 2015 and expect to achieve growth in consolidated earnings. The groundwork has been laid, and 23,000 DSV employees are all set.

# Strategy and financial targets

**We want to be among the world's leading freight forwarding and logistics providers – measured by service offerings as well as by growth figures and financial performance.**

## The transport and logistics market

### ASSET-LIGHT BUSINESS MODEL AND VALUE-ADDED SERVICES

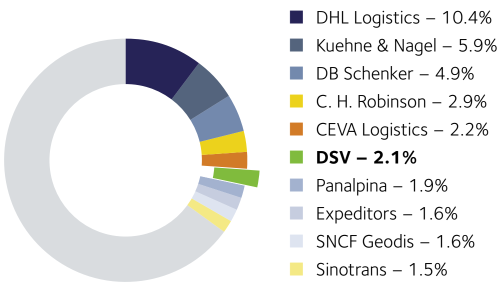
As a global freight forwarding company, we offer our customers transport and logistics solutions based on an "asset light" business model, i.e. we do not own the transport equipment. This means that the actual transport operations are performed by external hauliers, shipping companies and airlines.

In addition to physical transportation services our customers also demand various related services, such as customs clearance, cargo insurance, warehousing, distribution and supply chain management.

### DSV – THE SIXTH LARGEST FREIGHT FORWARDER IN THE WORLD

The transport and logistics market is fragmented with a number of large, global players and many small, local freight forwarding companies. Even the major, global players control relatively modest market shares, and the world's 10 largest players are estimated to have an aggregate market share of approx. 35%. The estimated market share of DSV is 2.1%, and measured by revenue (2013) DSV ranks as number six among the world's largest freight forwarders.

MARKET SHARES




Source: Journal of Commerce, based on 2013 revenue

### BASIS FOR CONTINUED MARKET GROWTH

Freight volumes are cyclical and sensitive to the global economic development. We expect that the market growth will be in in line with the underlying economic growth in the coming years.

There will be regional differences, and we expect relatively low economic growth in Europe over the next couple of years but more positive growth rates in North America, Asia and other growth markets. Increasing prosperity and consumption in Asia and South America, and in the longer term also in Africa, are expected to provide a basis for continued freight volume growth.

### INCREASING COMPLEXITY AND NEW DISTRIBUTION CHANNELS

The global manufacturing industry is typically characterised by complex supply chains with different components being manufactured in different parts of the world. We expect that this will drive an increasing demand for efficient logistics solutions where reliability and guarantee of delivery are crucial elements.

New technologies and new distribution channels, particularly within e-commerce, cause the distribution systems to change and new needs to emerge. This development will continue in the coming years, and we see it as a good opportunity to pursue growth in new activities and markets.

### THE LARGE BECOME LARGER

For a number of years, the largest transport and logistics providers have reported higher growth rates than the small players due to economies of scale and strong global networks.

This trend is expected to continue and lead to further consolidation in the industry. Growth through consolidation is therefore also a focus area for DSV.

## New vision and five key strategies

In the past year we have undergone a strategy process, verifying and further developing our original five key strategies. This process also involved formulating a vision based on the pursuit of the related strategies, values and policies set for the Group:

"We want to be a leading global provider of transport and logistics solutions that meet the needs of our customers. Our goal is to achieve above-market growth and profitability to enable us to develop our company according to our own pace and direction while remaining an attractive business partner."

We have set five key strategies to support the continued development of the Group as outlined above and which build on a set of fundamental values and policies.

**KEY STRATEGIES**

| | | | | | |
|---|---|---|---|---|---|
| STRATEGIES | GROWTH | CUSTOMER FOCUS | BUSINESS PROCESSES | ORGANISATION | HUMAN RESOURCES |
| VALUES AND POLICIES | WE REMAIN ASSET LIGHT | | | | |
| | WE USE OUR GLOBAL NETWORK TO ITS FULLEST | | | | |
| | WE DELIVER HIGH-QUALITY SERVICES | | | | |
| | WE HAVE CLEAR AND RELEVANT GOALS | | | | |
| | WE ENCOURAGE LOCAL EMPOWERMENT | | | | |

### ORGANIC GROWTH AND ACQUISITIONS

As a world leader in its field DSV must grow its market share over time.

Management aims to achieve organic growth above the market growth rate in the markets in which the Group operates through targeted sales efforts and strong products.

The organic growth is to be supplemented by growth through strategic acquisitions aimed at strengthening our Divisions and global presence. We have a positive track record in terms of the efficient and successful integration of acquirees, and Management intends to make use of this competence also in future.

The primary acquisition targets are air and sea freight providers which can strengthen the overall market position of the Air & Sea Division and increase the exposure in markets outside Europe, but also bolt-on acquisitions in DSV Road and DSV Solutions.

### CUSTOMER FOCUS THROUGH PRODUCT FOCUS

We add value to our customers' supply chains by continuously offering high quality services on competitive terms and we therefore have constant focus on optimising our service offerings. This applies to standard products as well as customised solutions. Quality, price and know-how are key concepts in this respect.

The customer segment of small and medium-sized enterprises is a strong vertical of DSV and we aim to expand our market share in this segment. This objective is supported by targeted local sales efforts in the individual countries and a continued focus on optimisation and adaptation of products and services.

In addition, DSV Global Accounts works closely together with the local business units with the aim to increase our market share among large, global customers. This customer segment in particular demands transport and logistics services that are tailored to their business. Against this background, Management has decided to target the Company's sales efforts at industries where we have great expertise.

### BUSINESS OPTIMISATION THROUGH EFFICIENT BUSINESS PROCESSES

"Operational Excellence" is a concept that characterises the entire DSV organisation. We must constantly strive to work a little bit smarter, and all countries and departments must, as far as possible, apply uniform processes.

Effective and efficient business processes are essential to achieve satisfactory earnings in a competitive market. We will therefore continuously develop and optimise our business processes and have established central functions to ensure that we make optimum use of existing and well-functioning processes across the organisation.

Our business processes are dependent on IT technology and it is paramount that IT platforms support the day-to-day operations in the best possible way. IT systems are also a pivotal element of the services we offer our customers and it is therefore crucial that the systems are reliable and meet our customers' requirements. For that reason, IT system operation, development and optimisation are high-priority areas with top management focus.

### A LARGE AND ALERT ORGANISATION

Our corporate structure builds on the three Divisions supported by strong Group functions.

In several areas, the DSV Group is characterised by a flat and decentralised structure. The individual national managements are in charge of their respective operating activities and a number of administrative functions, according to the guidelines communicated by Division and Group Managements.

The decentralised structure provides room for manoeuvring while taking account of local market conditions, culture and language. Also, the national managements are close to the local customers and able to quickly make decisions when needed.

The main role of Group Management is to lay down the overall strategy and ensure alignment across the Divisions and the execution of business development and streamlining plans in order to generate the highest possible profit for the Group.

Group Management is also in charge of the shared service functions, comprising Global Accounts, IT, Group Procurement, Finance, Compliance, Sales, Marketing and Communication, etc.

The shared service functions have grown considerably during the past couple of years, with the establishment of the corporate International Shared Service Centre in Poland as a contributing factor. This consolidation trend is expected to continue in the coming years.

### PEOPLE MAKE THE DIFFERENCE

In the freight forwarding and logistics industry people are a decisive factor – freight forwarders, warehouse workers, office staff, etc. At the same time, it is an industry which poses increasing demands on employees in terms of productivity improvements and readiness for change.

It is therefore imperative for the Group to be able to attract and retain talented employees and managers. Human resources is an area of ever increasing focus at DSV, and we have a clear goal of motivating our employees and offering them competency development opportunities.

We have offices in 75 countries with different labour market rules and different cultures. It is our goal to offer attractive terms and a good working environment in all countries.

Relevant training programmes within sales, management and IT are an important aspect in providing competency development and maintaining motivation among employees. The training programmes are conducted locally and to an increasing extent also by central Group functions.

## Long-term financial targets

The strategic objectives of the Group are translated into the following targets for freight volume growth and financial ratios:

### FREIGHT VOLUME GROWTH

DSV aims to gain market share in all markets of the Group. The Air & Sea Division is measured against the global market, whereas Road and Solutions are measured against the European market.

### EARNINGS MARGINS AND ROIC

| DSV | Target | Actual 2014 |
|---|---|---|
| Operating margin | 7% | 5.4% |
| Conversion ratio | 30% | 25.5% |
| ROIC | 25% | 21.8% |

| Air & Sea | Target | Actual 2014 |
|---|---|---|
| Operating margin | 7-8% | 7.0% |
| Conversion ratio | 35% | 33.7% |
| ROIC | 25% | 22.6% |

| Road | Target | Actual 2014 |
|---|---|---|
| Operating margin | 5% | 3.5% |
| Conversion ratio | 25% | 19.4% |
| ROIC | 25% | 25.0% |

| Solutions | Target | Actual 2014 |
|---|---|---|
| Operating margin | 7% | 4.8% |
| Conversion ratio | 25% | 19.6% |
| ROIC | 20% | 18.3% |

Management expects that the targets are achievable within a five-year timeframe (starting from 2013).

The targets are based on the assumption of a stable economic environment in Europe and globally during the period and of DSV realising average gross profit growth of at least 3% per year.

The targets are unchanged from the latest annual report of the Company.

### CAPITAL STRUCTURE

The targets set for the capital structure are:

- Sufficient financial flexibility to meet the strategic objectives.
- A solid financing structure to increase the return on invested capital.

The financial gearing ratio, i.e. net interest-bearing debt to EBITDA before special items, was 1.9 at 31 December 2014. Borrowed funds is an important part of the overall financing of the Group, and our target for the ratio of net interest-bearing debt to EBITDA before special items is approx. 2.0.

The Group's net debt to EBITDA (before special items) ratio may exceed 2.0 in certain periods due to acquisitions.

As part of the efforts to achieve the capital structure targets the long-term loan commitments of the Group are constantly monitored to maintain an adequate duration and mix of bank loans and corporate bonds. At 31 December 2014 the average duration was 4.6 years.

### CAPITAL ALLOCATION

The Group aims to spend free cash flow as follows:

1. Repayment of net interest-bearing debt in periods when the financial gearing ratio of the Group is above the capital structure target.
2. Value-adding investments in the form of acquisitions or development of the existing business.
3. Distribution to the Company's shareholders by means of share buybacks in preparation for capital reduction and dividends.

Management continuously monitors that the realised and expected capital structure of the Group satisfy the targets set. Any adjustments of the capital structure are determined in connection with the release of financial reports and are made primarily by means of share buybacks.

We aim to ensure that the dividend per share develops in line with the consolidated earnings per share. Proposed dividends for 2014 amount to DKK 1.60 per share, corresponding to a 7% increase compared to 2013.

Reference is made to chapter 4 for a detailed description of capital structure and capital allocation.

The 65,000 m² DSV Solutions warehouse at Rubí, Barcelona. The warehouse mainly stores consumables, chemicals and pharmaceuticals and is licensed according to ISO-9001V20085/140001, GMP, GDP and dangerous goods standards.

# Financial review

**2014 was a year characterised by positive growth in shipment volumes at DSV and we managed to gain market share in all business areas. The Air & Sea Division reported the highest figures in terms of growth and financial results and Solutions achieved satisfactory results, whereas Road was affected by continued fierce competition. The DSV Group delivered a consolidated operating profit in line with the forecast.**

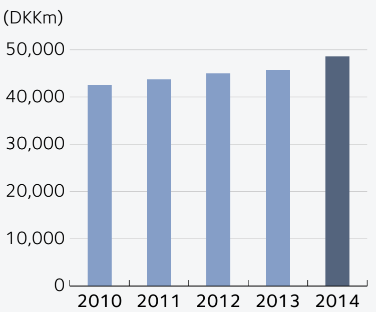
## Profit for the year

### CONDENSED INCOME STATEMENT

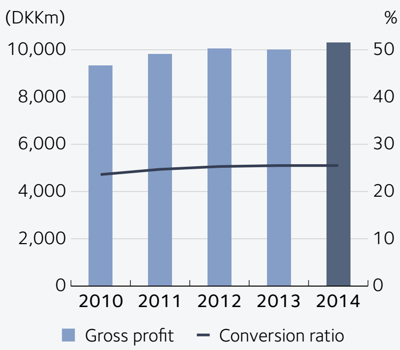
| (DKKm) | 2014 | 2013 |
|---|---|---|
| Net revenue | 48,582 | 45,710 |
| Direct costs | 38,285 | 35,705 |
| Gross profit | 10,297 | 10,005 |
| Other external expenses | 2,058 | 2,010 |
| Staff costs | 5,094 | 4,943 |
| EBITDA before special items | 3,145 | 3,052 |
| Amortisation and depreciation of intangibles, property, plant and equipment | 521 | 500 |
| EBIT before special items | 2,624 | 2,552 |

Jens H. Lund
CFO
DSV A/S

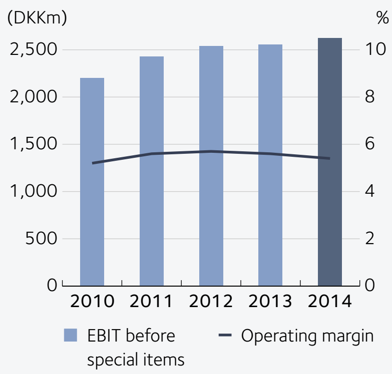
### NET REVENUE




### GROSS PROFIT




### EBIT BEFORE SPECIAL ITEMS



> Reporting organic revenue growth of 4.5% and 5.8%, respectively, the Road and Solutions Divisions saw positive development in 2014

### NET REVENUE

Consolidated revenue was up 6.3% and totalled DKK 48,582 million for 2014. Acquisitions contributed growth of 2.0%.

#### NET REVENUE 2014 VERSUS 2013

| | Growth | DKKm |
|---|---|---|
| Net revenue 2013 | | 45,710 |
| Currency translation adjustments | (1.3%) | (611) |
| Acquisition and divestment of enterprises, net | 2.0% | 932 |
| Organic growth | 5.5% | 2,551 |
| **Net revenue 2014** | **6.3%** | **48,582** |

The growth in revenue was mainly attributable to increased activity levels in all Divisions. With organic growth of 7.1% DSV Air & Sea delivered the highest revenue growth of all Divisions, partly owing to strong growth in Americas.

Reporting organic revenue growth of 4.5% and 5.8%, respectively, the Road and Solutions Divisions saw positive development in 2014, especially in view of the relatively weak macroeconomic situation in Europe.

Exchange rate fluctuations impacted negatively on revenue by DKK 611 million.

### GROSS PROFIT

Consolidated gross profit was up 2.9% and totalled DKK 10,297 million for 2014. Acquisitions contributed growth of 1.4% and organic growth totalled 3.1%.

#### GROSS PROFIT 2014 VERSUS 2013

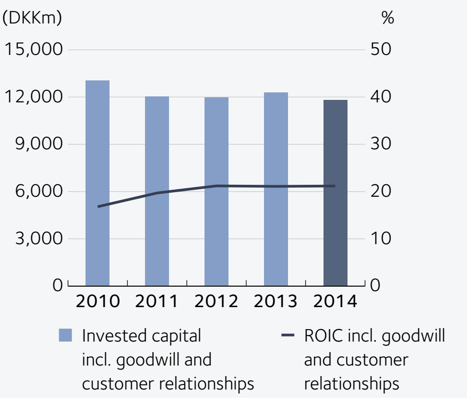
| | Growth | DKKm |
|---|---|---|
| Gross profit 2013 | | 10,005 |
| Currency translation adjustments | (1.5%) | (151) |
| Acquisition and divestment of enterprises, net | 1.4% | 137 |
| Organic growth | 3.1% | 306 |
| **Gross profit 2014** | **2.9%** | **10,297** |

The gross margin was 21.2% for 2014, down from 21.9% for 2013.

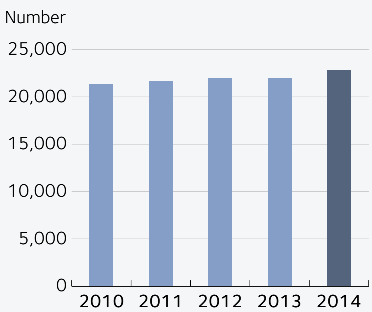
Due to fierce price competition, average earnings per shipment dropped in most markets of the Group with a negative impact on consolidated gross profit. This situation impacted on Road and Solutions in particular. Despite revenue growth, both Divisions delivered gross profits in line with 2013.

The Air & Sea Division achieved organic growth of 5.7%, partly driven by the development in Americas.

#### ROIC AND INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS




#### NUMBER OF EMPLOYEES



Exchange rate fluctuations impacted negatively on gross profit by DKK 151 million.

### OPERATING PROFIT BEFORE SPECIAEL ITEMS

Consolidated operating profit before special items was DKK 2,624 million for 2014 against DKK 2,552 million for 2013. Organic growth was 2.9%.

#### EBIT BEFORE SPECIAL ITEMS 2014 VERSUS 2013

| | Growth | DKKm |
|---|---|---|
| EBIT before special items 2013 | | 2,552 |
| Currency translation adjustments | (0.5%) | (13) |
| Acquisition and divestment of enterprises, net | 0.4% | 11 |
| Organic growth | 2.9% | 74 |
| **EBIT before special items 2014** | **2.8%** | **2,624** |

Reporting organic growth of 9.8%, the Air & Sea Division was the main contributor to the high operating profit of the Group for 2014. The Solutions Division also reported operating profit growth, whereas EBIT before special items of DSV Road dropped 9.6%.

Overall staff costs (excluding production staff) of the Group increased by 3.1% and totalled DKK 5,094 million for 2014. Other external expenses increased by 2.4% and totalled DKK 2,058 million for 2014.

Both staff costs and external expenses were affected by the general increase in costs and the integration of acquirees. In addition, costs increased in certain areas as a result of high activity levels.

Partly owing to the initiatives implemented under the Operational Excellence 2.0 programme, the overall cost base dropped in the last six months of the year and in Road and Solutions in particular. The full effect of the initiatives is expected to materialise in 2015.

The conversion ratio was 25.5% for 2014 and in line with 2013. The operating margin was 5.4% for 2014 against 5.6% for 2013.

### SPECIAL ITEMS, NET

Special items amounted to DKK 304 million for 2014 and related mainly to restructuring costs incurred in relation to the Operational Excellence 2.0 restructuring programme. A number of streamlining and cost saving initiatives have been launched under the programme, including the establishment of the Group's international Shared Service Centre in Poland and various other initiatives on both group and local level.

### TAX ON PROFIT FOR THE YEAR

The effective tax rate was 26.0% for 2014, which was in line with the forecast.


### DILUTED ADJUSTED EARNINGS PER SHARE

As a result of improved adjusted earnings and a reduced number of outstanding shares, diluted adjusted earnings per share increased 4.8% and came to DKK 10.53 for 2014.

#### DILUTED ADJUSTED EARNINGS PER SHARE

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Profit for the year | 1,491 | 1,571 |
| Non-controlling interests' share of consolidated profit for the year | 1 | (6) |
| DSV A/S shareholders' share of profit for the year | 1,490 | 1,577 |
| Amortisation of customer relationships | 116 | 113 |
| Share-based payments | 37 | 39 |
| Special items, net | 304 | 129 |
| Related tax effect | (112) | (70) |
| **Adjusted profit for the year** | **1,835** | **1,788** |
| **Diluted average number of shares in circulation ('000)** | **174,274** | **177,876** |
| **Diluted adjusted earnings per share of DKK 1** | **10.53** | **10.05** |

#### CONDENSED CASH FLOW STATEMENT

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Cash flow from operating activities | 1,919 | 1,775 |
| Cash flow from investing activities | (461) | (348) |
| Free cash flow | 1,458 | 1,427 |
| Cash flow from financing activities | (1,569) | (1,387) |
| Cash flow for the period | (111) | 40 |
| Adjusted free cash flow | 1,472 | 1,754 |

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities was DKK 1,919 million for 2014 against DKK 1,775 million for 2013. The increase was mainly attributable to the high operating profit and low net working capital.

The Group's funds tied up in net working capital came to DKK 305 million at 31 December 2014 against DKK 561 million at 31 December 2013. Our working capital is continuously under pressure when customers request longer terms of payment. This affects the Air & Sea Division in particular. To counterbalance this trend we have launched several initiatives, one of which being the use of supply chain financing.

Net working capital as a percentage of revenue was 0.6% at year end 2014 against 1.2% the year before.

#### CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was DKK 461 million for 2014 against DKK 348 million for 2013.

Acquisitions of subsidiaries and activities dropped to DKK 14 million against DKK 269 million in 2013.

Net investments in property, plant and equipment, however, increased in 2014 compared to the year before. This was a result of a reduced level of property divestments coupled with increased investments in land and buildings in connection with the consolidation of terminals and production facilities.

#### FREE CASH FLOW AND CAPITAL ALLOCATION

Free cash flow came to DKK 1,458 million for 2014 against DKK 1,427 million for 2013.

Adjusted for the acquisition and divestment of subsidiaries and activities and normalisation of the working capital of acquirees, adjusted free cash flow amounted to DKK 1,472 million in 2014 against DKK 1,754 million in 2013. The Group reported adjusted free cash flow slightly below the forecasted DKK 1.6 billion, mainly as a result of approx. DKK 100 million temporarily tied up in assets in connection with an ongoing property transaction which were not included in the outlook originally announced. This is expected to impact positively on free cash flow for 2015 by an equivalent amount.

In accordance with the capital allocation policy set for the Group, consolidated cash flows for 2014 were spent as follows:

- Distribution to the Company's shareholders through share buybacks (DKK 1,183 million) and dividend payments (DKK 270 million).
- Reduction of net interest-bearing debt (DKK 90 million)

## Capital structure and finances

#### EQUITY

The equity interest of DSV shareholders came to DKK 6,052 million at 31 December 2014, corresponding to a solvency ratio of 25.6%. The equity interest of DSV shareholders came to DKK 6,218 million at 31 December 2013, corresponding to a solvency ratio of 26.9%. Equity was mainly affected by the profit for the year, purchase and sale of treasury shares and distribution of dividends.

The Group also recorded an actuarial loss on pension schemes of DKK 323 million for 2014 attributable to changes to the assumptions used for calculating pensions obligations, i.a., as a result of low interest rates. DSV makes constant efforts to reduce the number of defined benefit pension plans, and most of the existing plans are not offered to new employees.

#### DEVELOPMENT IN EQUITY

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Equity at 1 January | 6,218 | 5,348 |
| Net profit for the period | 1,490 | 1,577 |
| Dividends distributed | (270) | (235) |
| Purchase of treasury shares | (1,183) | (700) |
| Sale of treasury shares | 178 | 162 |
| Actuarial gains/losses on pension plans | (323) | 16 |
| Adjustments relating to hedging instruments | 12 | 89 |
| Tax on changes in equity | 78 | (26) |
| Other adjustments, net | (148) | (13) |
| **Equity at 31 December** | **6,052** | **6,218** |

#### NET INTEREST-BEARING DEBT

Net interest-bearing debt amounted to DKK 5,859 million at 31 December 2014 against DKK 5,949 million at 31 December 2013.

The financial gearing ratio (net interest-bearing debt to EBITDA before special items) was 1.9 at year end 2014 and in line with our financial target. At year end 2013 the financial gearing ratio was 1.9.

Loans and credit facilities amounted to DKK 6,123 million of total net interest-bearing debt, DKK 5,554 million of which was long-term debt.

In March 2014 DSV issued 8-year bonds worth a total of DKK 1.5 billion on Nasdaq Copenhagen. The issue comprised both fixed and floating rate notes carrying a fixed coupon of 3.5% p.a. and a floating coupon of 3-month CIBOR + 1.85%, respectively. Since then DSV has issued corporate bonds totalling DKK 3.25 billion and bonds now constitute approx. 50% of the Group's financial liabilities.

Undrawn long-term loan and credit facilities amounted to DKK 2,776 million at 31 December 2014 (2013: DKK 1,791 million).

At 31 December 2014 the total duration of the Group's long-term loan commitments was 4.6 years (2013: 4.2 years).

#### DEVELOPMENT IN NIBD

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Loans and credit facilities | 2,890 | 4,596 |
| Issued bonds | 3,233 | 1,743 |
| Finance leases | 143 | 269 |
| Other non-current liabilities | 25 | 48 |
| **Total financial liabilities** | **6,291** | **6,656** |
| Cash and cash equivalents | 432 | 707 |
| **Total financial assets** | **432** | **707** |
| **Net interest-bearing debt** | **5,859** | **5,949** |

#### FINANCIALS

Financial income and expenses developed as expected in 2014 and constituted a net expense of DKK 306 million against DKK 298 million for 2013.

In 2014 the average interest rate payable for the Group's long-term loans and credit facilities including the effect of interest rate swaps was 2.9% against 2.8% in 2013.

### INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIIPS

The invested capital including goodwill and customer relationships amounted to DKK 11,797 million at 31 December 2014 against DKK 12,281 million at 31 December 2013. Invested capital declined mainly due to the reduced working capital and the increase in pension provisions.

### RETURN ON INVESTED CAPITAL (ROIC BEFORE TAX INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS)

Return on invested capital was 21.8% in 2014 against 21.1% in 2013. The increase was attributable to the higher operating profit (EBIT before special items) as well as the decrease in average invested capital.

### OUTLOOK FOR 2015

| (DKKm) | Results 2014 | Outlook 2015 | Growth |
|---|---|---|---|
| Gross profit | 10,297 | 10,500-10,900 | 1-6% |
| Operating profit befores special items | 2,624 | 2,700-2,900 | 3-11% |
| Net financial expenses | 306 | 300 | |
| Effective tax rate | 26% | 25% | |
| Free cash flow* | 1,472 | 2,000 | |

*) Expected free cash flow adjusted for acquisition and divestment of subsidiaries.

The outlook for 2015 is based on the assumption of a stable development in the markets in which the Group operates.

### MARKET GROWTH FORECAST - FREIGHT VOLUMES 2015

| | |
|---|---|
| Sea | Growth 3-5% |
| Air | Growth 3-5% |
| Road | Growth 1-2% |
| Solutions | Growth 1-2% |

The consolidated performance forecast measured in Danish kroner (DKK) is based on the average exchange rates listed below:

### EXCHANGE RATES USED FOR THE FORECAST 2015

| | |
|---|---|
| EUR | 745 |
| GBP | 970 |
| HKD | 81 |
| CNY | 100 |
| SEK | 79 |
| USD | 640 |

The separate divisional reviews provide additional information on expected market developments.

### FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks because many factors, some of which are beyond DSV's control, may result in actual developments differing considerably from the expectations set out in the Annual Report.

Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for DSV's services, competition in the transport sector, operational problems in one or more of the Group's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises.


DSV Air & Sea managers Markus Swolana and Marco Perez escorting air cargo loads all the way to gate at Frankfurt Airport, Germany.

# DSV Air & Sea

**DSV Air & Sea provides traditional air and sea freight forwarding services worldwide and handles specialised transport projects through its Project Department. With own offices in more than 70 countries and a global network of agents, DSV Air & Sea offers services across the globe. In 2014 the Division achieved considerable freight volume growth in both air and sea freight. Through increased productivity and effective cost management, the Division was able to convert the growth in activity levels into operating profit growth of 11%.**

## Strong growth for DSV in 2014

Following several years of low growth rates, the global air freight market picked up speed with an estimated growth rate of 3-5% in 2014. Likewise, the sea freight market grew by 3-5% and thereby also showed a more positive development than we have seen in recent years.

Reporting volume growth of 11% in air freight and 8% in sea freight, the Division gained significant market share in 2014. This development was driven by a combination of the influx of new customers and higher activity levels with existing customers.

Approx. 1-2% of the growth for 2014 was attributable to acquirees, and the progress achieved was thus mainly a result of organic growth.

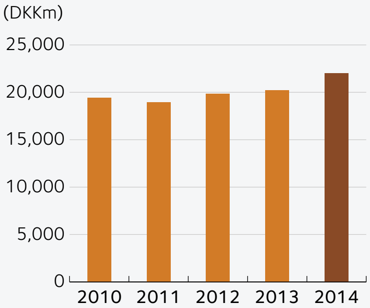
Jørgen Møller
Managing Director
Air & Sea Division

### GROWTH IN FREIGHT VOLUMES

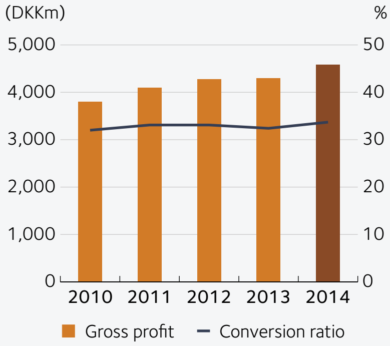
| | 2014 DSV | 2014 Market |
|---|---|---|
| Sea freight - TEUs | 8% | 3-5% |
| Air freight - tonnes | 11% | 3-5% |

Market growth rates are based on own estimates

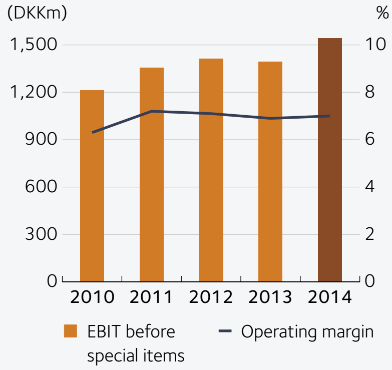
### NET REVENUE




### GROSS PROFIT




### EBIT BEFORE SPECIAL ITEMS



**EBIT before special items was up 10.8% and totalled DKK 1,542 million for 2014**

## Strategic and operational highlights

In the beginning of 2014 we completed the rollout of the Division's new Transport Management System. The rollout was carried out over a period of three years and we have now achieved our goal of operating one, global IT platform across the Division.

The new system has already yielded good results; we have achieved a higher customer service level and more efficient internal working procedures. The system is an important basis for further growth of DSV Air & Sea in the coming years.

Following the acquisition of a number of small enterprises in 2012 and 2013, the Division further strengthened its network through organic growth in the past year. New offices were opened in the USA, Mexico, Brazil, Peru and Colombia. With USA as the top performer, the Americas region showed the best development in 2014 and the DSV Air & Sea network in Latin America is growing stronger.

In Africa the integration of the Swift Freight group of companies continued, and in 2014 DSV acquired the remaining shares in the African companies. Africa is a complex, but also interesting market for the transport industry and the acquisition should therefore be looked at as a long-term investment for DSV.

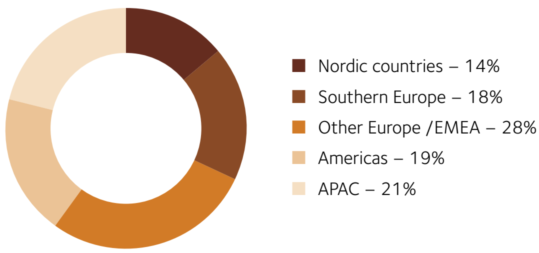
Europe is still an important part of the Division's activities and also the region with the weakest market growth and fiercest competition. Through targeted sales efforts and improved productivity, the EMEA region saw a positive development in 2014.

2014 was yet another year of large rate fluctuations for both air freight and, in particular, for sea freight. The consolidation trend among carriers also added to the turbulence in the industry.

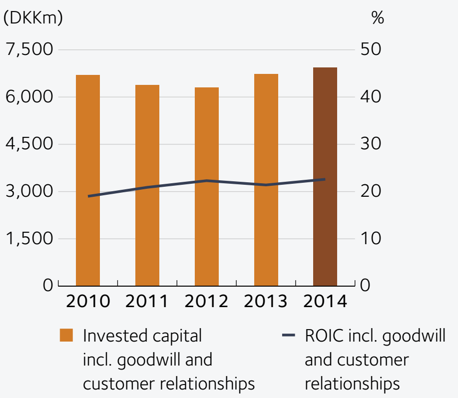
In April 2015, the Division will have a new Managing Director. Jørgen Møller has decided to retire after 14 years as Managing Director of DSV Air & Sea. Carsten Trolle, who is currently heading the American Air & Sea activities, will take over the position as Managing Director of the Air & Sea Division.

### GEOGRAPHIC EXPOSURE

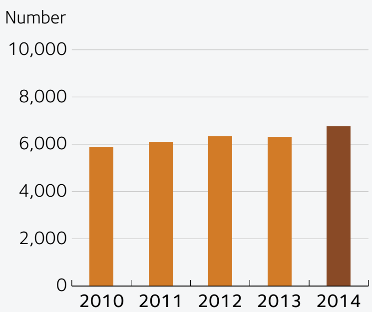
Division revenue can be broken down by the following geographical areas:




### ROIC AND INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS




### NUMBER OF EMPLOYEES



## Financial results for the year

### CONDENSED INCOME STATEMENT AND KEY FIGURES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Net revenue | 22,001 | 20,195 |
| Direct costs | 17,425 | 15,897 |
| **Gross profit** | **4,576** | **4,298** |
| Other external expenses | 971 | 917 |
| Staff costs | 1,957 | 1,883 |
| **EBITDA before special items** | **1,648** | **1,498** |
| Amortisation and depreciation | 46 | 49 |
| Amortisation of customer relationships | 60 | 57 |
| **EBIT befores special items** | **1,542** | **1,392** |
| Gross margin (%) | 20.8 | 21.3 |
| Conversion ratio (%) | 33.7 | 32.4 |
| Operating margin (%) | 7.0 | 6.9 |
| Number of employees at year end | 6,761 | 6,310 |
| Total invested capital | 6,939 | 6,734 |
| Net working capital | 1,414 | 1,185 |
| ROIC (%) | 22.6 | 21.4 |

### REVENUE AND GROSS PROFIT

Revenue was up 8.9% and totalled DKK 22,001 million for 2014. Organic growth in revenue was 7.1%.

Gross profit was up 6.5% and totalled DKK 4,576 million for 2014. The organic growth was 5.7%.

Both revenue and gross profit were positively affected by the positive volume development. At the same time, however, average earnings per unit (TEUs/tonnes) dropped slightly due to price competition.

### EBIT BEFORE SPECIAL ITEMS

EBIT before special items was up 10.8% and totalled DKK 1,542 million for 2014. The organic growth was 9.8%.

The conversion ratio was 33.7% for 2014 against 32.4% for 2013. The operating margin was 7.0% for 2014 against 6.9% for 2013.

The improved conversion ratio was attributable to increased productivity following the implementation of a new Transport Management System and continued focus on cost management and process optimisation.

The overall cost base grew due to the integration of acquirees and opening of new offices.

Total earnings from logistics projects were higher than for 2013, partly driven by a positive development in wind energy projects. However, we saw an abrupt slowdown in the oil industry in the last part of the year as well as a declining number of orders in the Ministry of Defence segment.

### AIR AND SEA SPLIT

| | Sea freight | | Air freight | |
|---|---|---|---|---|
| (DKKm) | 2014 | 2013 | 2014 | 2013 |
| Net revenue | 13,069 | 11,997 | 8,932 | 8,198 |
| Direct costs | 10,406 | 9,498 | 7,019 | 6,399 |
| **Gross profit** | **2,663** | **2,499** | **1,913** | **1,799** |
| Gross margin (%) | 20.4 | 20.8 | 21.4 | 21.9 |
| Volume (TEUs/tonnes) | 835,487 | 772,142 | 287,662 | 259,365 |
| Gross profit per unit (DKK) | 3,187 | 3,236 | 6,650 | 6,936 |

### FINANCIAL TARGETS

The following long-term financial targets have been set for the Division:

| | Target | Realised 2014 |
|---|---|---|
| Operating margin | 7-8% | 7.0% |
| Conversion ratio | 35% | 33.7% |
| ROIC | 25% | 22.6% |

### GROWTH

| (DKKm) | 2013 | Currency translation adjustments | Acquisitions, net | Organic growth | Organic growth | 2014 |
|---|---|---|---|---|---|---|
| Net revenue | 20,195 | (260) | 598 | 1,468 | 7.1% | 22,001 |
| Gross profit | 4,298 | (66) | 96 | 248 | 5.7% | 4,576 |
| EBIT before special items | 1,392 | (11) | 24 | 137 | 9.8% | 1,542 |

Transports to the Arctic are among the many specialised assignments carried out by DSV. The photo shows one of the planes used in Alaska. Read more about our services at www.dsv.com.

## Outlook for 2015

DSV expects the global air and sea freight market to grow by 3-5% in 2015.

Management expects to achieve the goal of gaining market share in the markets in which the Division operates. Converting volume growth into earnings growth is another clear goal for 2015.

**AIR & SEA SEGMENT INFORMATION**

| | Net revenue | | Gross profit | | EBIT before special items | | Operating margin | | Conversion ratio | |
|---|---|---|---|---|---|---|---|---|---|---|
| (DKKm) | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| EMEA | 15,167 | 14,191 | 2,661 | 2,551 | 749 | 672 | 4.9 | 4.7 | 28.1 | 26.3 |
| APAC | 5,227 | 4,772 | 964 | 922 | 372 | 366 | 7.1 | 7.7 | 38.6 | 39.7 |
| Americas | 4,643 | 3,705 | 930 | 800 | 460 | 390 | 9.9 | 10.5 | 49.5 | 48.8 |
| Eliminations, etc. | (3,036) | (2,473) | 21 | 25 | (39) | (36) | – | – | – | – |
| Total | 22,001 | 20,195 | 4,576 | 4,298 | 1,542 | 1,392 | 7.0 | 6.9 | 33.7 | 32.4 |

# DSV Road

**DSV Road is one of the top three largest road freight forwarders in Europe. We have a network of 200 terminals and 9,300 employees, who work to ensure that our customers' goods arrive at their destination safely and on time. For 2014 the Division delivered 5% growth in consignments and a corresponding increase in revenue. The reduced operating profit was partly caused by declining earnings per consignment; a trend that was most pronounced in the Nordic countries.**

## Increasing demand and price pressure

We saw the demand for road transport services picking up slightly in 2014 compared to what we have seen in previous years. According to our estimates, the market grew 1-2% in 2014 and most countries experienced growth.

The weak macroeconomic development in Europe is still affecting growth. The political instability surrounding the Russia-Ukraine conflict probably also had a dampening effect on growth in the last six months of 2014.

The total freight volume of the Road Division measured in consignments increased by approx. 5% on 2013.

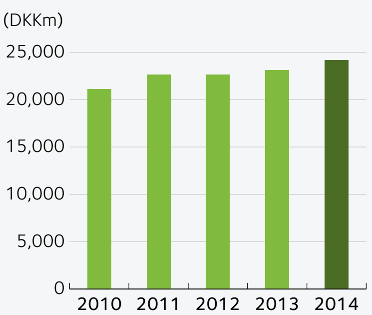
**GROWTH IN FREIGHT VOLUMES**

| | 2014 DSV | 2014 Market (Europe) |
|---|---|---|
| Consignments | 5% | 1-2% |

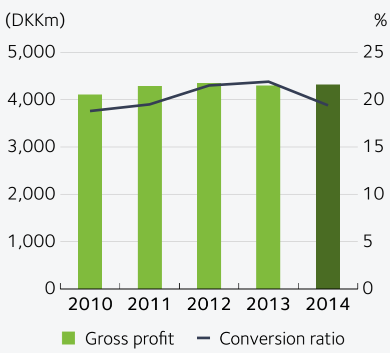
Market growth rates are based on own estimates

Søren Schmidt
Managing Director
Road Division

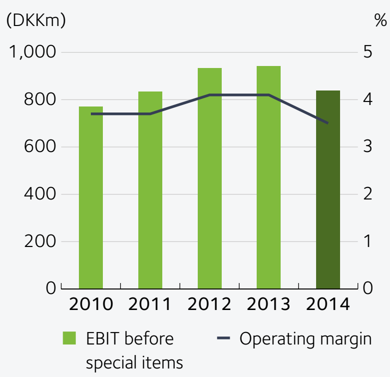
**NET REVENUE**




**GROSS PROFIT**




**EBIT BEFORE SPECIAL ITEMS**



In terms of prices, we have to acknowledge that 2014 was yet another year characterised by competitive markets and considerable pressure on prices. We estimate that reduced earnings per consignment affected the industry in general; a trend that also impacted on earnings in DSV Road.

## Strategic and operational highlights

Competition plays a major role when it comes to business development at DSV Road. We must offer high-quality products and at the same time remain an industry leader in terms of efficient transport operations.

The development and streamlining of business processes and IT systems are crucial to our productivity. In 2014 we initiated the implementation of a new Transport Management System that will gradually replace our current system. This process will run over the next 2-3 years, and the new system is intented to help secure DSV's position among the most efficient players, also in future.

In line with the Operational Excellence 2.0 programme, a number of selected procedures have been centralised and loss-making activities discontinued. The full effect of those initiatives is expected to materialise in 2015.

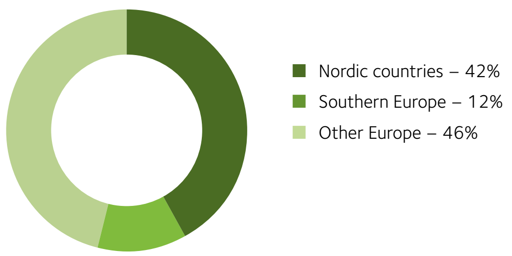
Product development is a constant focus area. In 2014 we launched DSV XPress in several countries. DSV XPress is a parcel product offered by both DSV Road and DSV Air & Sea. DSV XPress will be rolled out to more countries during 2015.

We also offer an increasing number of intermodal transport solutions combining, e.g., road and rail. These products accommodate customers' demand for transport solutions with the lowest possible carbon footprint.

We design emission reporting systems for those of our customers who make active efforts to reduce $CO^2$ emissions. The systems enable us to calculate the optimum transport route and transport mode from an emission point of view.

### GEOGRAPHIC EXPOSURE

Division revenue can be broken down by the following geographical areas:

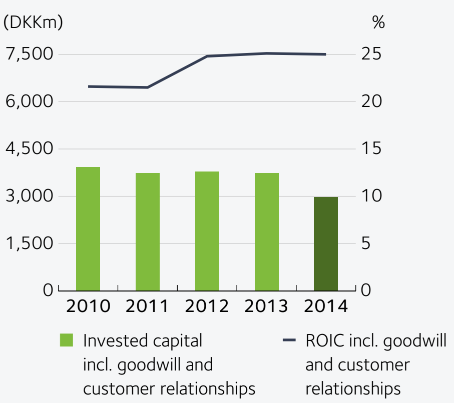



## Financial results for the year

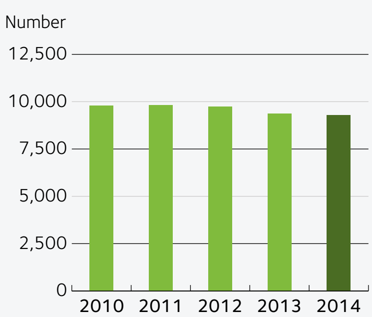
### CONDENSED INCOME STATEMENT AND KEY FIGURES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Net revenue | 24,169 | 23,117 |
| Direct costs | 19,856 | 18,818 |
| **Gross profit** | **4,313** | **4,299** |
| Other external expenses | 1,025 | 975 |
| Staff costs | 2,319 | 2,284 |
| **EBITDA before special items** | **969** | **1,040** |
| Amortisation and depreciation | 112 | 79 |
| Amortisation of customer relationships | 20 | 19 |
| **EBIT befores special items** | **837** | **942** |
| Gross margin (%) | 17.8 | 18.6 |
| Conversion ratio (%) | 19.4 | 21.9 |
| Operating margin (%) | 3.5 | 4.1 |
| Number of employees at year end | 9,292 | 9,372 |
| Total invested capital | 2,975 | 3,733 |
| Net working capital | (694) | (346) |
| ROIC (%) | 25.0 | 25.1 |

### ROIC AND INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS




### NUMBER OF EMPLOYEES



### REVENUE AND GROSS PROFIT

Revenue was up 4.6% and totalled DKK 24,169 million for 2014. Organic growth was 4.5%.

Gross profit was DKK 4,313 million for the period and in line with 2013. The gross margin was 17.8% for 2014 against 18.6% for 2013. The reduced gross margin was largely a result of the competitive situation and reduced earnings per consignment in the industry in general.

However, a number of more specific factors also affected the gross profit. Part of the growth achieved by the Division in 2014 was attributable to new Automotive contracts and gradual implementation of large, global customers. The said activities contributed with relatively low gross margins in 2014, but Management expects earnings from these contracts to increase during 2015.

The rapid drop in fuel prices in the last part of 2014 had a negative impact on the gross margin as the fuel surcharges we charge to our customers are adjusted more quickly than the surcharges we pay the hauliers. This is expected to normalise during 2015.

### EBIT BEFORE SPECIAL ITEMS

EBIT before special items was down 11.1% and totalled DKK 837 million for 2014.

The conversion ratio was 19.4% for 2014 against 21.9% for 2013. The operating margin was 3.5% for 2014 against 4.1% for 2013.

The stagnating gross profit was the main reason for the low earnings margins. Cost management was also a focus area in 2014, but the Division has not been able to maintain a stable cost base due to overall cost-push inflation and increasing activity levels.

A number of countries reported higher operating profits for 2014 than last year. The reduced earnings were mainly a result of the Nordic countries, and turning this development is a key focus issue for Management.

The integration of Ontime Logistics, which was acquired in 2013, has proven more difficult than anticipated. Ontime Logistics impacted negatively on opereting profit throughout 2014, particularly in Norway. A gradual improvement is expected in 2015.

"We must offer high-quality products and remain an industry leader in terms of efficient transport operations

### FINANCIAL TARGETS

| | Target | Realised 2014 |
|---|---|---|
| Operating margin | 5% | 3.5% |
| Conversion ratio | 25% | 19.4% |
| ROIC | 25% | 25,0% |

## Outlook for 2015

DSV expects the European road freight market to grow by 1-2% compared to 2014.

The Division will continue to use its strong market position and service offerings to achieve our goal of gaining additional market share. However, we do not foresee any significant change in competition and the pressure on earnings per consignment is expected to continue.

The Division will maintain its focus on productivity optimisation and adjustment of overheads, and Management expects that the Division will deliver operating profit growth in 2015.

### GROWTH

| (DKKm) | 2013 | Currency translation adjustments | Acquisitions, net | Organic growth | Organic growth | 2014 |
|---|---|---|---|---|---|---|
| Net revenue | 23,117 | (318) | 333 | 1,037 | 4.5% | 24,169 |
| Gross profit | 4,299 | (43) | 40 | 17 | 0.4% | 4,313 |
| EBIT before special items | 942 | (3) | (13) | (89) | (9.6%) | 837 |


A 25-metre DSV road train. In comparison, a traditional truck with trailer measures 18.75 metres. Due to its size, only certain routes can be used, but the high transport volume capacity offers financial as well as environmental benefits.

# DSV Solutions

**DSV Solutions specialises in logistics solutions across the entire supply chain, including freight management, customs clearance, warehousing and distribution, information management and e-business support. The Division reported 5% growth in activity levels (order lines) and operating profit growth of 7% for 2014.**

## A growing market share in a difficult market

With estimated growth of 1-2%, the logistics services market saw a better development in 2014 than in the past years. However, some markets are still affected by surplus capacity, which often gives rise to fierce price competition in connection with the renegotiation of contracts and participation in tenders.

Reporting 5% growth in order lines, DSV Solutions gained market share in 2014.

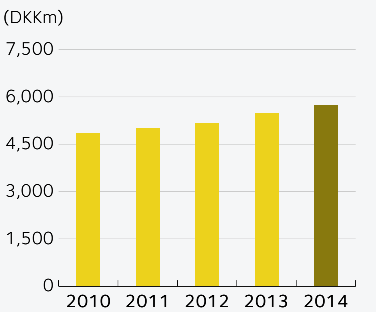
GROWTH IN LOGISTICS VOLUMES

| | 2014 DSV | 2014 Market (Europe) |
|---|---|---|
| Order lines | 5% | 1-2% |

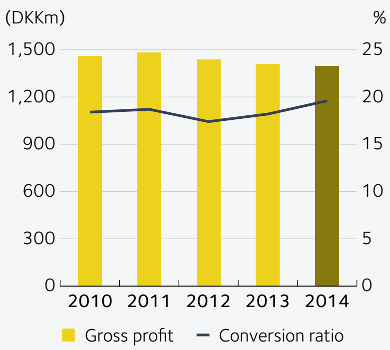
Market growth rates are based on own estimates

Brian Ejsing
Managing Director
Solutions Division

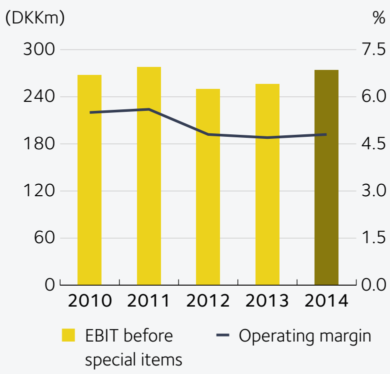
NET REVENUE




GROSS PROFIT




EBIT BEFORE SPECIAL ITEMS



> In 2014 DSV Solutions established new logistics facilities in China, Thailand, Denmark and Germany

## Strategic and operational highlights

The Division mainly operates in Europe, but our international customers express an increasing need for our services outside Europe as well. As a result, we have in recent years established operations in Asia and the USA.

We continued this process in 2014 with the opening of new logistics facilities in Asia (China and Thailand) and have planned a new location in the USA. The new locations are driven by a specific demand from existing customers, thus securing a solid foundation from the start.

Over the past year the Division also established new warehouses in Europe, including Denmark and Germany. The erection of new facilities is often coordinated with the discontinuation of old and less profitable locations. As a general rule, the Division operates with leased warehouse facilities, etc., in line with the asset light business model of DSV.

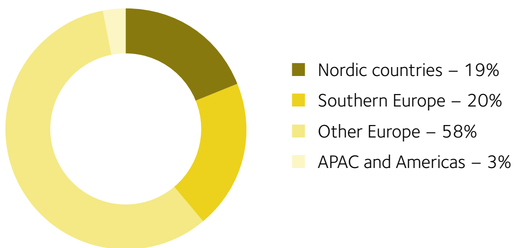
The development of industry specific solutions is a central element of the growth strategy of DSV Solutions. We offer logistics solutions for a range of sectors, such as the automotive, healthcare, chemical and retail industries.

Expanding the customer portfolios within healthcare and e-commerce was a main focus area in 2014, as we see a major growth potential in these segments. Finland and Sweden are examples of new DSV countries that offer warehouse and logistics solutions for the healthcare industry.

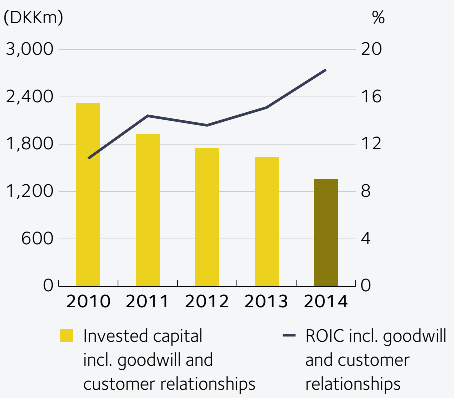
Optimisation of internal processes, including training and IT systems, continued in 2014 with special focus on the transition to one, global IT system.

### GEOGRAPHIC EXPOSURE

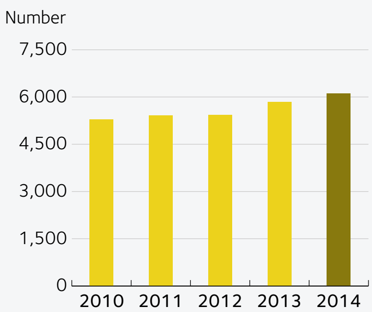
Division revenue can be broken down by the following geographical areas:




### ROIC AND INVESTED CAPITAL INCLUDING GOODWILL AND CUSTOMER RELATIONSHIPS




### NUMBER OF EMPLOYEES



## Financial results for the year

### CONDENSED INCOME STATEMENT AND KEY FIGURES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Net revenue | 5,729 | 5,470 |
| Direct costs | 4,333 | 4,061 |
| Gross profit | 1,396 | 1,409 |
| | | |
| Other external expenses | 420 | 444 |
| Staff costs | 540 | 541 |
| EBITDA before special items | 436 | 424 |
| | | |
| Amortisation and depreciation | 127 | 133 |
| Amortisation of customer relationships | 35 | 35 |
| EBIT befores special items | 274 | 256 |
| | | |
| Gross margin (%) | 24.4 | 25.8 |
| Conversion ratio (%) | 19.6 | 18.2 |
| Operating margin (%) | 4.8 | 4.7 |
| | | |
| Number of employees at year end | 6,110 | 5,838 |
| | | |
| Total invested capital | 1,362 | 1,631 |
| Net working capital | (15) | 56 |
| ROIC (%) | 18.3 | 15.1 |

### REVENUE AND GROSS PROFIT

Revenue was up 4.7% and totalled DKK 5,729 million for 2014. The organic growth was 5.8%.

Gross profit was DKK 1,396 million for the period and in line with 2013. The gross margin was 24.4% for 2014 against 25.8% for 2013.

The reduced gross margin was attributable to continued price pressure and the low rate of utilisation at some of the Division's locations in 2014. However, performance picked up in the last quarter of the year, partly owing to improved activity levels.

Some of the initiatives launched under the Operational Excellence 2.0 programme had a positive effect on gross profit, including the discontinuation of a loss-making location. This initiative mainly affected Q4; the full effect is expected in 2015.

### EBIT BEFORE SPECIAL ITEMS

EBIT before special items was up 7.0% and totalled DKK 274 million for 2014. The organic growth was 7.0%.

The operating margin was 4.8% for 2014 and in line with 2013. The conversion ratio was 19.6% for 2014, up from 18.2% in 2013.

Cost base adjustments and improved utilisation of capacity also played a key role in maintaining our earnings level in 2014. The reduced cost level owes partly to the initiatives implemented under the Operational Excellence 2.0 project.

### FINANCIAL TARGETS

| | Target | Realised 2014 |
|---|---|---|
| Operating margin | 7% | 4.8% |
| Conversion ratio | 25% | 19.6% |
| ROIC | 20% | 18.3% |

## Outlook for 2015

The European logistics services market is expected to grow by 1-2% in 2015. We estimate that fierce competition and structural overcapacity in some markets will continue to affect price levels in 2015.

The Division maintains its goal of gaining market share and expects to further improve capacity utilisation.

Through activity growth coupled with a higher utilisation rate and cost saving initiatives, Management expects to achieve operating profit growth for 2015.

### GROWTH

| (DKKm) | 2013 | Currency translation adjustments | Acquisitions, net | Organic growth | Organic growth | 2014 |
|---|---|---|---|---|---|---|
| Net revenue | 5,470 | (57) | - | 316 | 5.8% | 5,729 |
| Gross profit | 1,409 | (8) | - | (5) | (0.4%) | 1,396 |
| EBIT before special items | 256 | - | - | 18 | 7.0% | 274 |

DSV's new 168,000 m² logistics centre at Krefeld, Germany, is expected to be ready for use in June 2015. The new location will also include 50,000 m² warehouse and logistics facilities for DSV Solutions. Watch the film about the Krefeld project at www.dsv.com.

# Risk management

**DSV applies an established process for the effective management of risks. Key risks that may have an impact on the Group's operations are identified and assessed to provide a proper basis for decision-making by Management.**

Effective risk management is an integral aspect of our work. The identification and assessment of key risks support the decision-making processes of Management, enabling it to respond timely to issues that may have a material impact on the Group's earnings and financial position and the achievement of other financial targets.

## All business operations involve risks

The transport and logistics market, industry regulation and customer demands are constantly changing. DSV needs to remain agile and ready to exploit any new opportunities arising as a result of changes.

Decisions regarding the adaptation and development of services and entry into new markets are therefore made based on calculated risks. Risks are inevitable in achieving our strategic objectives, drive growth and ensure successful operations in the future.

Hence, the objective of the Company's risk management procedures is to ensure adequate identification and management of all key risks and avoid taking any unnecessary risks.

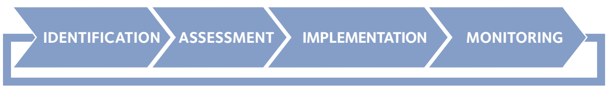
## Risk management at DSV

The Board of Directors has the ultimate responsibility and lays down the overall framework for the risk management process. The duty of monitoring compliance with Group risk management policies has been delegated to the DSV Audit Committee to a predominant extent. The Executive Board is responsible for identifying and addressing key risks on a day-to-day basis and to develop the risk management procedures of the Group.

## Thorough risk management process

DSV's risk management process consists of procedures, guidelines and key control systems established to ensure that key risks are monitored, identified and managed in an optimal manner:

**RISK MANAGEMENT PROCESS**




Risk management at DSV is an ongoing process which first and foremost focuses on the identification, assessment and registration of risks. The responsibility of implementing and supervising any initiatives to mitigate the risks is then allocated to the relevant organisational level.

This is done on a continuous basis as well as through scheduled risk mapping analyses at regular intervals, but always according to the same structure.

The risk mapping process provides an exhaustive charting and assessment of the Group's risks and involves relevant employees from all business areas. The process includes a thorough review of known risks and identification of any unknown risks.

## Reporting and follow-up

Central Group functions prepare regular reports of any identified risks and submit the reports to the Executive Board. The Executive Board notifies the Board of Directors on a weekly basis of any relevant matters and initiatives and of any risk mitigation measures taken.

The ongoing dialogue with the Board of Directors and the Audit Committee and regular reports from the Executive Board on the development in key risk factors provide an adequate risk management framework. In addition to the regular reports, the Audit Committee also receives status reports on the key risks at all Committee meetings.

## Risk assessment

The most recent analysis of internal and external risks which may potentially affect the Group's earnings and financial position did not result in any significant changes from last year. The six main risks identified for the Group, and which have our primary attention, are listed overleaf:

## Key risks and exposures

| RISK FACTORS | DESCRIPTION |
|---|---|
| **MACROECONOMIC TRENDS** | |
| A decline in global production and demand will have a direct, adverse effect on the demand for transport and logistics services and consequently on our financial results | DSV is a global enterprise with operations on several geographical markets. We expect our main markets to remain stable in 2015, however we also recognise that economic predictions are uncertain in the various markets. The majority of Group revenue is generated in the European market, for which reason developments in this region in particular may affect earnings. However, the share of consolidated earnings generated outside Europe has increased over the last couple of years mainly as a result of DSV's strategic focus on growth in the Air & Sea Division.<br>To mitigate the risks described we will maintain an asset light business model coupled with a continued focus on cost base adjustments. We have a history of stable earnings margins, even in periods of declining freight volumes. This is to a large extent a result of a systematic monitoring of activity levels, operating results, cash situation, customer payment behaviour, etc., and a quick response to any deviations. |
| **CONSOLIDATION IN THE TRANSPORT INDUSTRY** | |
| The transport and logistics industry is characterised by a strong consolidation trend, which may affect our competitive position. | The consolidation trend in the fragmented logistics industry will continue in the coming years, and large acquisitions and amalgamations among our competitors may have an impact on competition. We have, however, seen a declining number of major transactions in recent years.<br>We regard the consolidation trend as an attractive, strategic opportunity for DSV rather than a threat. It is a central element of our corporate strategy to play an active part in the consolidation process with the aim to strengthen our competitive position.<br>Any acquisitions made by DSV involve a risk that the integration process cannot be completed as planned, which may have a negative impact on consolidated earnings. A strong and structured pre- and post-merger integration process has been implemented to mitigate this risk. |
| **IT** | |
| Like most other companies, DSV's operations depend on IT systems. System outages and functionality or implementation errors may have a serious impact on our operations and control of our business. | The Group is still highly dependent on IT and we maintain focus on the development and implementation of new IT systems. However, the implementation of critical IT systems entails an increased risk of system outages and thereby a risk of a negative impact on the Group's performance.<br>Optimisation of IT security is an ongoing process at DSV and we have established various minimum service level requirements. Several key control systems have also been set up to monitor compliance with the required service levels for our IT applications. |
| **REGULATIONS AND EMBARGOES** | |
| Authorities and organisations enforce increasingly strict regulations relating to tax, VAT and competition law. Furthermore, several countries and organisations are subject to embargoes. | Developments in this area affect DSV's activities and increase the risk of violating set rules and regulations. Violations may entail substantial fines and may therefore have a negative impact on our financial results.<br>To mitigate this risk, IT systems and procedures are designed so as to ensure compliance with relevant legislation and alignment with internal CSR policies. These policies include clear guidelines on how employees should act in relation to particularly risky issues or situations. The Group applies customer and supplier screening systems to ensure that all embargoes are observed.<br>We have a clear corporate policy that current legislation must be observed and Management has communicated a very clear message that no derogation from established policies is accepted. Management monitors the development in this field closely and provides any new competencies required. |

## Key risks and exposures

| RISK FACTORS | DESCRIPTION |
|---|---|
| **TRANSPORT AGREEMENTS AND DAMAGE TO CARGO, ETC.** | |
| In carrying out our business activities, we risk incurring liability or other losses as a result of damage, non-conformity, etc. | DSV contracts with many different subcontractors to perform the actual transport assignments for our customers. The Group may suffer a loss due to errors or legal violations committed by a subcontractor. In addition, new customer agreements may be concluded which impose liability for damage or non-conformity on DSV.<br>Policies on the conclusion of contracts have been implemented which provide rules and guidelines on powers of authorisation, terms and conditions, maximum potential liability of DSV and insurance coverage, if relevant. Key customer agreements are reviewed and approved by DSV's Group Legal department and senior management team.<br>Efforts are also made to minimise the risk of DSV suffering a loss due to subcontractors by regularly communicating our Supplier Code of Conduct and checking subcontractors and thereby making sure that our business partners apply satisfactory quality and safety standards. |
| **FINANCIAL RISKS** | |
| As a global group of companies, DSV is exposed to financial risks. | The financial risks are managed and mitigated on corporate level on an ongoing basis. This concerns interest rate, exchange rate, credit, financing and liquidity risks.<br>For a detailed description of financial risks, reference is made to Chapter 4 of the consolidated financial statements. |


Safety is a high-priority issue at our global terminals and warehouses. This photo was taken at the DSV warehouse at Tianjin, China, which offers warehousing as well as repackaging and relabelling services.


Alex Herrero, DSV Distribution Driver, at work at Port Olímpic Barcelona, Spain.

# Corporate governance

**Corporate governance, a strong control environment and updated IT platforms are fundamental elements in DSV's business operations. In 2014 we strengthened the decision-making power of the Company's Board of Directors and Executive Board by setting up nomination and remuneration committees.**

## Management structure

The supreme governing body of DSV is comprised by a board of directors and an executive board. The ultimate authority rests with the shareholders in general meeting. The Board of Directors supervises the development of the Group and outlines the overall visions, strategies and objectives for the development of the Group's business activities. The Executive Board is responsible for the day-to-day management and execution of the strategy and contributes essential input to the work of the Board of Directors. The allocation of responsibilities between the Board of Directors and Executive Board is laid down in the relevant Rules of Procedure. The individual Division Managers are responsible for the day-to-day operations of the Divisions with support from the centralised Group functions.

## Board of Directors

### COMPOSITION AND MEETING FREQUENCY OF THE BOARD OF DIRECTORS

The Board of Directors of DSV currently has six members (Directors). According to the Articles of Association of the Company, the Board of Directors must comprise at least five and not more than nine Directors.

The composition of the Board is intended to ensure that it has a diverse competency profile to be able to perform its duties as effectively as possible. Reference is made to page 37 for a description of the individual Directors' special competencies in relation to the work of the Board.

Directors are elected for a term of one year at a time, and new Directors are elected according to the applicable rules of the Danish Companies Act. The upper age limit for Directors stipulated in the Company's Articles of Association implies that Directors must retire at the first annual general meeting after having attained the age of 70. At the next General Meeting, the Board of Directors expects to propose that the existing age limit be abolished. The proposal is based on the general social conditions and concerns of ensuring a proper recruitment base of candidates for the Company's Board of Directors. The Board acknowledges the concerns behind the Danish Recommendations on Corporate Governance, which recommend that companies set an upper age limit. However, the Board wishes to expand the recruitment base to facilitate the future work of the Board.

The Board of Directors held nine ordinary board meetings in 2014. The content of the meetings is partly determined by the annual cycle of the Board, thus ensuring that all important policies are reviewed.

### BOARD OF DIRECTORS SELF-EVALUATION

The Board of Directors conducts an overall performance evaluation of the Board as a whole once a year. The Chairman of the Board is in charge of the self-evaluation, but may retain an external consultant to assist in connection with this process. The self-evaluation report is discussed by the Board of Directors and has not given rise to any further initiatives.

### INDEPENDENCE OF BOARD MEMBERS

According to the Recommendations on Corporate Governance, four of the six members of the Board of Directors are regarded as independent persons. Kurt K. Larsen (Chairman) was a member of the Executive Board until he joined the Board of Directors and is therefore not regarded as an independent Board member. Erik B. Pedersen is not regarded as an independent person as he has been a Director for more than 12 years.

### BOARD COMMITTEES

The Board of Directors has established audit, nomination and remuneration committees to perform various preparatory tasks relating to key areas of the Board's work.

### AUDIT COMMITTEE

The primary task of the Audit Committee is to monitor the processes relating to the Group's financial reporting, control environment, financial resources and cash situation and to determine the framework for the external audit.

The Rules of Procedure of the Audit Committee are available at investor.dsv.com/governance.cfm. The Committee held three meetings in 2014.

### NOMINATION COMMITTEE

In 2014 the Board established a nomination committee, which is to ensure an optimal composition of DSV's Board of Directors and Executive Board in view of our strategic goals and the developments in the outside world. The composition is based on an overall assessment of the competencies, knowledge and experience of the two bodies. Once a year as a minimum an evaluation is made of the composition with focus on the individual members.

The Committee must also present proposals on the long-term management structure of DSV.

The Rules of Procedure of the Nomination Committee are available at investor.dsv.com/governance.cfm. The Committee held one meeting in 2014.

### REMUNERATION COMMITTEE

In 2014 the Board of Directors established a remuneration committee, which is to determine the general remuneration policy of DSV, including remuneration for members of the Board of Directors and Executive Board. The Committee must also ensure that the remuneration for members of the Company's supreme governing bodies is in compliance with the Remuneration Policy.

The Remuneration Policy is designed to always reflect the goal of being able to attract and retain a competent Management. The Remuneration Policy is discussed and approved at the annual general meeting of the Company and is available at investor.dsv.com/governance.cfm.

### MANAGEMENT STRUCTURE


The Rules of Procedure of the Remuneration Committee are available at investor.dsv.com/governance.cfm. The Committee held one meeting in 2014.

## Recommendations on Corporate Governance

The Recommendations issued by the Committee on Corporate Governance in May 2013 are actively used by the Board of Directors in its work, and the Board regularly assesses its procedures according to the Recommendations. For a detailed description of our position on the Recommendations reference is made to investor.dsv.com/governance.cfm.
The Recommendations are available in their entirety at www.corporategovernance.dk.

DSV has opted to derogate from two of the 47 Recommendations:

1) parts of the Recommendation on diversity at management levels; and
2) parts of the Recommendation on independence of Board committee members.

### DIVERSITY AT MANAGEMENT LEVELS

The Board of Directors discusses the Group's activities on a regular basis to ensure that the Group has optimal management teams at all management levels.

As the Board of Directors meets the gender-related composition requirement according to the Danish Companies Act, DSV has not set specific goals in this respect. In the event that the Board of Directors no longer meets the statutory gender distribution requirement DSV has a legal obligation to set target figures for the under-represented gender and we intend to comply with this requirement.

The Board considers the issue of diversity, including international experience and gender, in relation to the Company's activities, both in connection with new appointments and the evaluation of the composition of Management. However, the Board sees no clear connection between fixed levels of diversity and the best possible governance of the Group. For that reason, the Board of Directors has not found it expedient to set specific targets for diversity at management levels so far.

### INDEPENDENCE OF BOARD COMMITTEE MEMBERS

The Company's Board of Directors has established three Board committees, as described in this chapter. The majority of the members of the Audit Committee and Nomination Committee are independent. The Remuneration Committee consists of Kurt K. Larsen and Erik B. Pedersen, and the Recommendation on the independence of committee members has therefore not been complied with. The Board of Directors has decided to derogate from the Recommendation to enable the Board to make use of the members' knowledge and experience.

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

For a description of the main elements of our internal control and risk management systems of relevance to our financial reporting please refer to investor.dsv.com/governance.cfm.

# The Board of Directors and the Executive Board

The Board of Directors and Executive Board of DSV.
Standing (from left): Thomas Plenborg, Jens H. Lund, Jens Bjørn Andersen, Kurt K. Larsen, Erik B. Pedersen, Robert S. Kledal.
Sitting (from left): Annette Sadolin, Birgit W. Nørgaard.

## Executive Board

**JENS BJØRN ANDERSEN**

**CEO**
Born: 22 March 1966
Member of the Executive Board since: 2008

**JENS H. LUND**

**CFO**
Born: 8 November 1969
Member of the Executive Board since: 2002

# Board of Directors

| | BOARD POSITIONS | SPECIAL COMPETENCIES |
|---|---|---|
| **KURT K. LARSEN** | | |
| **Chairman**<br>Born: 17 September 1945<br>Board member since: 2008<br>Elected until: 2015<br><br>**Board committees**<br>Chairman of the Nomination Committee<br>Chairman of the Remuneration Committee<br>Member of the Audit Committee | **Chairman**<br>• Polaris III Invest Fonden<br><br>**Member**<br>• Wrist Ship Supply A/S | • General management experience<br>• CEO of DSV A/S 2005-2008<br>• Group CEO of DSV A/S 1991-2005 |
| **ERIK B. PEDERSEN** | | |
| **Deputy chairman**<br>Born: 13 June 1948<br>Board member since: 1989<br>Elected until: Not up for re-election<br><br>**Board committees**<br>Member of the Remuneration Committee | | • General management experience<br>• Sector-specific production experience<br>• Independent haulier 1976-2012 |
| **THOMAS PLENBORG** | | |
| **Member of the board**<br>Born: 23 January 1967<br>Board member since: 2011<br>Elected until: 2015<br><br>**Board committees**<br>Chairman of the Audit Committee<br>Member of the Nomination Committee | **Chairman**<br>• Everyday Luxury Feeling A/S<br><br>**Member**<br>• COWI A/S<br>• SAXO Bank A/S | • Management experience from directorships and honorary offices held<br>• Strategy and financial management<br>• Professor of accounting and auditing at Copenhagen Business School |
| **ROBERT S. KLEDAL** | | |
| **Member of the board**<br>Born: 4 February 1969<br>Board member since: 2014<br>Elected until: 2015 | **Chairman**<br>• Wrist Europe Intership (Algeciras) S.L.<br>• Wrist Far East (Malaysia) SDN BHD<br><br>**Member**<br>• Member of the boards of directors of nine companies of the Wrist Group<br>• Marwest West Coast LLC<br>• Strachans Ltd.<br>• Karlo Corporation | • General international management experience<br>• International commercial experience<br>• Strategy and financial management<br>• Management experience from Wrist Ship Supply A/S (CEO) |
| **ANNETTE SADOLIN** | | |
| **Member of the board**<br>Born: 4 January 1947<br>Board member since: 2009<br>Elected until: 2015<br><br>**Board committees**<br>Member of the Audit Committee | **Chairman**<br>• Østre Gasværk Theatre<br><br>**Deputy chairman**<br>• DSB A/S<br><br>**Member**<br>• Topdanmark A/S and two affiliated companies<br>• KNI A/S<br>• Skodsborg Health Centre A/S<br>• Kurhotel Skodsborg A/S<br>• Ratos AB, (Sweden)<br>• Ny Carlsberg Glyptotek (art museum)<br>• Blue Square Reinsurance NV | • General international management experience<br>• Acquisition and divestment of enterprises<br>• Experience from directorships at various large companies<br>• Management experience from GE Frankona (executive board member) and Employers Reinsurance International (CEO) |
| **BIRGIT W. NØRGAARD** | | |
| **Member of the board**<br>Born: 9 July 1958<br>Board member since: 2010<br>Elected until: 2015<br><br>**Board committees**<br>Member of the Nomination Committee | **Chairman**<br>• Board Leadership Society in Denmark<br><br>**Deputy chairman**<br>• NNE Pharmaplan A/S<br>• The Danish IT Project Council<br><br>**Member**<br>• Dansk Vækstkapital K/S<br>• Dansk Vækstkapital Komplementar ApS<br>• Lindab International AB<br>• IMI plc<br>• WSP Global Inc.<br>• Cobham plc<br>• Kværner ASA | • General international management experience<br>• Acquisition and divestment of enterprises<br>• Strategy and financial management<br>• Management experience from Grontmij NV (COO), Grontmij \| Carl Bro A/S (CEO), Danisco and McKinsey |

# Shareholder information

**Maintaining an open and active dialogue and a high and uniform level of information are fundamental principles in our dialogue with the share market. In doing so, we want to create the best possible pricing conditions for a fair valuation of the DSV share.**

## The DSV share in 2014

The average daily trading volume on Nasdaq Copenhagen was 460,000 shares in 2014, up 2% compared to 2013. Nasdaq Copenhagen is the main trading market of the DSV share, but the share is also increasingly traded at alternative trading platforms.

At year end the closing price of the DSV share on Nasdaq Copenhagen was DKK 188.2. The DSV share was up by 5.8% in 2014. During the same period the C20 (CAP) Index rose by 17.6%.

At year end 2014 the market capitalisation of DSV (ex treasury shares) was DKK 32 billion against DKK 31.1 billion last year.

### BASIC DATA

| | |
|---|---|
| Number of shares of DKK 1 at 31 December 2014 | 177,000,000 |
| Share classes | 1 |
| Restrictions on transferability and voting rights | None |
| Listed | NASDAQ OMS Copenhagen |
| Trading symbol | DSV |
| ISIN-kode | DK0060079531 |

## Dividends

The Board of Directors proposes ordinary dividends of DKK 1.60 per share for 2014. Dividends of DKK 1.50 per share were distributed for 2013.

## Share buyback

In the financial year of 2014 DSV acquired 6.8 million own shares at a total purchase price of DKK 1,183 million.

The average price of the repurchased shares was DKK 174.50, and the total number of shares repurchased corresponds to 3.8% of the Company's share capital at the beginning of the financial year.

The purpose of the share buyback was to meet the exercise of share options under incentive schemes and adjust the capital structure in accordance with the financial targets. The shares were bought back under the powers granted at the Annual General Meeting of DSV on 21 March 2013 using the Safe Harbour Method.

At 31 December 2014 the Company held 7.2 million shares as treasury shares, corresponding to 4.0% of the share capital. As at 6 February 2015 the Company's portfolio of treasury shares amounts to 7.5 million shares.

### SHARE RATIOS

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Earnings per share, diluted (DKK) | 5.68 | 7.34 | 7.81 | 8.91 | 8.61 |
| Earnings per share, diluted and adjusted (DKK) | 6.16 | 7.82 | 9.48 | 10.05 | 10.53 |
| Equity value per share, diluted (DKK) | 31.71 | 28.44 | 30.03 | 35.51 | 35.63 |
| Dividend per share (DKK) | 0.50 | 1.00 | 1.25 | 1.50 | 1.60 |
| Payout ratio (DKK) | 0.29 | 1.81 | 1.05 | 0.59 | 0.98 |
| Dividend rate | 4% | 7% | 13% | 15% | 18% |
| Dividend at year end (DKK) | 123.30 | 103.00 | 145.70 | 177.80 | 188.20 |
| Number of shares at year end (million) | 207 | 186 | 178 | 175 | 170 |

*) For a definition of financial ratios, please refer to pp. 76-77

## Capital reduction

Following the acquisition of treasury shares in 2013 the Company reduced its share capital. The share capital of DSV A/S was reduced by a nominal value of DKK 3 million on 14 April 2014. The capital reduction was carried out through the cancellation of 3 million treasury shares in accordance with the resolution passed at the Annual General Meeting on 14 March 2014.

At the next General Meeting, the Board of Directors expects to propose a further reduction of the Company's share capital of a nominal value of DKK 2 million.

## Incentive schemes

At its meeting on 12 March 2015 the Board of Directors expects to authorise the Executive Board to distribute up to 3 million share options to senior staff members in accordance with the guidelines for incentive pay.

The allocation will be made at the average quoted price on the five trading days preceding 31 March 2015.

## Authority

The Board of Directors is authorised by the General Meeting to increase the Company's share capital. The total number of shares that may be purchased under the authority is 37.6 million. The authority is valid until 21 March 2017.

The Board of Directors has also been authorised by the General Meeting to issue convertible debt instruments and warrants and to make the related capital increase. This authority is valid until 26 March 2015 and covers shares of a total nominal value of up to DKK 25 million. Shareholders have no pre-emptive rights if the Board of Directors exercises the said authorities.

At the Company's next General Meeting the Board of Directors expects to propose the granting of a new and similar authority covering shares of a nominal value of DKK 25 million and valid until 12 march 2020 to replace the current authority, which will lapse.

The General Meeting also authorised the Board of Directors on 21 March 2013 to buy back a maximum of 18.0 million shares in the Company. The authority is valid until 21 March 2018. At 6 February 2015 the remaining number of shares that may be purchased under the authority is 5.8 million.

The Board of Directors expects to propose at the next General Meeting that the Board be granted authority to purchase up to 17.7 million treasury shares.

The purchase price of treasury shares acquired under the authority may not deviate by more than 5% from the most recently quoted market price of the shares at the date of acquisition. The authorities have been incorporated into the Company's Articles of Association.

The Articles of Association are amended according to the rules of the Danish Companies Act. The latest amendment of the Articles of Association was made in connection with the Annual General Meeting on 14 March 2014.

## Company announcements published in 2014

DSV published a total of 55 company announcements in 2014 (Nos. 524-576). The most important announcements in 2014 are listed below:

| | | |
|---|---|---|
| 6 February | No. 525 | 2013 Annual Report |
| 11 March | No. 533 | DSV A/S issues senior unsecured notes |
| 14 March | No. 534 | Minutes of DSV's Annual General Meeting 2014 |
| 30 April | No. 541 | Interim Financial Report First Quarter 2014 |
| 30 July | No. 556 | Interim Financial Report H1 2014 |
| 29 October | No. 568 | Interim Financial Report Third Quarter 2014 |

Other company announcements concerned share buybacks and insiders' trading in all essentials. For a complete list of company announcements published in 2014 please refer to investor.dsv.com/releases.cfm.

## Shareholder composition

At 31 December 2014 registered shares in DSV A/S totalled 162 million, corresponding to 91% of the share capital. The largest 25 of these shareholders owned 39% of the entire share capital.

Of the registered shareholders, approx. 15% are private investors and 85% institutional investors.

**SHAREHOLDERS – GEOGRAPHICAL DISTRIBUTION**

| Category | Shares (%) |
|---|---|
| Denmark | 34 |
| Foreign countries | 53 |
| Treasury shares | 4 |
| Not registered | 9 |
| **Total** | **100** |

Wellington Management Company, LLP, Boston, USA, has informed DSV that the company holds 5.01% of DSV's share capital (see Company Announcement 553 of 17 July 2014).

LIST OF ANALYSTS

| | |
|---|---|
| ABG Sundal Collier | Jyske Bank |
| Alm. Brand Markets | Macquarie |
| Bank of America Merrill Lynch | Mainfirst |
| Barclays Capital | Morgan Stanley |
| Carnegie Bank | Nomura International |
| Credit Suisse | Nordea Markets |
| Danske Markets | Nykredit Markets |
| Davy Research | RBC Markets |
| Deutsche Bank | SEB Enskilda Equities |
| Goldman Sachs | Sydbank A/S |
| Handelsbanken Capital Markets | Thompson Davis & Co. Inc. |
| Jefferies | UBS AG |

## Investor relations – open and active dialogue

We plan and structure the Group's financial reports to the market and dialogue with investors and analysts with a view to ensuring a high and uniform level of information and an open and active dialogue.

The aim of our investor relations activities is to ensure that the development in the DSV share price always reflects the financial and operational development of the Company.

As part of our communication with investors, equity analysts and other stakeholders, the Company's interim and annual reports are webcast. The DSV Management also participates in investor meetings and conferences in Denmark and abroad.

The investor relations pages at investor.dsv.com/index.cfm are intended to function as a complete source of information for existing and potential investors. Our investor site therefore features all our annual reports, interim reports, investor presentations and other company announcements of the past five years.

Questions concerning investor relations may be addressed to investor@dsv.com.

The communication between DSV and analysts, investors and other stakeholders is subject to special restrictions for a period of four weeks prior to the publication of the annual report and interim reports.

## Financial calendar

The financial calendar for 2015 is as follows:

FINANCIAL CALENDAR

| Activity | Date |
|---|---|
| Annual General Meeting | 12 March 2015 |
| Q1 2015 Report | 30 April 2015 |
| H1 2015 Report | 4 August 2015 |
| Q3 2015 Report | 28 October 2015 |

Jens Bjørn Andersen, CEO, at the Company's Annual General Meeting in 2014. In 2015 the Annual General Meeting will be held at our new headquarters at Hedehusene, outside Copenhagen.


On 1 September, 750 DSV employees moved into the Group's new corporate headquarters at Hedehusene, outside Copenhagen. The premises accommodate all three Divisions and Group functions as well as a 12,000 m² state-of-the-art Road terminal.

# Corporate social responsibility

**In 2009 DSV joined the United Nations Global Compact initiative and worded what was to form the basis of the strategy for a more systematic implementation and integration of corporate social responsibility into business processes and our global organisation. We have systematically improved the Group's approach to corporate social responsibility ever since.**

The UN Global Compact's ten principles have set the direction for the CSR activities performed by the DSV Group and continue to be the solid foundation of those activities. The Global Compact principles have been adapted to the reality and the primary issues faced by DSV as an international logistics provider. Having combined this starting point with an assessment of materiality to the DSV organisation and our stakeholders, we now have a plan for the CSR activities focusing on three areas: environment and climate, business ethics and anti-corruption, and employees and working environment.

Our CSR activities are driven in part by our own ambitions, but also just as much by the dialogue with customers and investors showing an interest for this field. We emphasise investments in CSR activities within the areas with the greatest potential to both DSV, our customers and investors.

This section is an excerpt from our Communication on Progress (COP) under the United Nations Global Compact dated 6 February 2015. It replaces the statutory CSR report prescribed by section 99a of the Danish Financial Statements Act. The full report is available on our website at www.dsv.com/About-DSV/csr.

## Environment and climate

Our stakeholders expect our business activities to be environmentally sound and sustainable in the long run. We have therefore set an ambitious target of improving energy efficiency by 15% against 2010 in 2015. This target comprises not only direct emissions from our own commercial activities, but also greenhouse gases generated by our transport suppliers.

### EFFICIENT SEA TRANSPORT

The shipping companies used by DSV have made targeted efforts for several years to improve their energy efficiency. By building larger ships, reducing the speed of ships and making various technical improvements it has been possible to reduce carbon emissions per container shipped. DSV can contribute to higher energy efficiency by improving capacity utilisation even more and loading more cargo into the containers carried for us by the shipping companies.

The combination of those initiatives improved the energy efficiency in 2014 by almost 17% on the year before. Together with our subcontractors, we accordingly succeeded in achieving a 33% improvement since the base year (2010), which means that the target has been reached within this field.

### GREEN BUILDINGS

The amalgamation of small units into larger ones has long been a focus area for DSV. In addition to making our network stronger and more efficient, this development also makes it possible for us to construct new buildings which are far more energy-efficient. We have done so in countries like Germany, France, Sweden and Denmark.

### EXTENDED SERVICES TO CUSTOMERS

As from 2015 we will enhance the data provided on carbon emissions to satisfy the demands made for such data by ever more customers. We will calculate the carbon emissions from sea, air and road transport services at consignment level. It will become possible for our customers to see how much carbon was emitted in connection with the transportation of a particular consignment. Such data may be used to calculate whether emissions can be reduced even more by use of alternative routes or modes of transport.

## Business ethics and anti-corruption

Management is committed to defining and communicating our corporate Code of Conduct. A comprehensive training programme was conducted in 2014 to build solid awareness of our business ethics standards. The training programme was targeted at all managers of the DSV Group, and 93% of all managers successfully completed the programme, corresponding to nearly 2,000 persons all over the world.

Pipat Panyakrong, Warehouse Manager at the TPARK Warehouse, Thailand.

**IMPLEMENTATION OF SUPPLIER CODE OF CONDUCT**

Due to the DSV business model, we use a large number of subcontractors to perform the actual transportation for our customers. In collaboration with our subcontractors, we make thousands of shipments every day. This means that our services are also affected by their conduct.

It is therefore essential for DSV to inform all suppliers of the expected standard of services. In the year under review, we therefore made targeted efforts to communicate our Supplier Code of Conduct to a total of 77% of our suppliers.

**CONTINUED EFFORTS AT COMBATING FACILITATION PAYMENTS**

In recent years, DSV has focused on identifying practices and analysing the scope of facilitation payments made by selected subsidiaries. This made us revise our Code of Conduct and introduce a more clear approach to the use of facilitation payments. Unfortunately, the demand for facilitation payments is a common practice in certain areas of the world, but we are making targeted efforts at eliminating any such payments.

**GUIDELINES SHOW THE WAY**

To support local employees in minimising facilitation payments, we have collected experiences from a number of DSV subsidiaries which have succeeded in reducing the use of facilitation payments. These experiences have been translated into guidelines, which have been shared with other subsidiaries which regularly encounter demands for facilitation payments. The guidelines offer more concrete experiences in ways to minimise such payments when dealing with various authorities.

## Employees and working environment

Since 2010 DSV has focused increasingly on preventing and avoiding occupational accidents. Experience has been collected at Group level from all subsidiaries. Good practices have since been spread to other Group entities, focusing particularly on countries with a relatively high frequency of occupational accidents. One of the initiatives taken was a mapping and analysis of occupational accidents reported to assess local practices and prevent occupational accidents.

**SUCCESSFUL EFFORTS TO REDUCE ACCIDENTS**

DSV has succeeded in considerably reducing the number of occupational accidents through various local initiatives. Accordingly, the frequency of occupational accidents was reduced by 40% on 2013 and by 57% on 2010. Group Management is very satisfied with these efforts, which are to be continued to reduce the rate of occupational accidents year on year.

# Consolidated financial statements 2014

## INCOME STATEMENT

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Net revenue | 2.2 | 48,582 | 45,710 |
| Direct costs | 2.3 | 38,285 | 35,705 |
| **Gross profit** | | **10,297** | **10,005** |
| Other external expenses | 2.4 | 2,058 | 2,010 |
| Staff costs | 2.5 | 5,094 | 4,943 |
| **Operating profit before amortisation, depreciation and special items** | | **3,145** | **3,052** |
| Amortisation and depreciation of intangibles, property, plant and equipment | 2.6 | 521 | 500 |
| **Operating profit before special items** | | **2,624** | **2,552** |
| Net special items, costs | 2.7 | 304 | 129 |
| Financing income | 4.4 | 46 | 39 |
| Financing expenses | 4.4 | 352 | 337 |
| **Profit before tax** | | **2,014** | **2,125** |
| Tax on profit for the year | 5.2 | 523 | 554 |
| **Profit for the year** | | **1,491** | **1,571** |
| Profit for the year is attributable to: | | | |
| Shareholders of DSV A/S | | 1,490 | 1,577 |
| Non-controlling interests | | 1 | (6) |
| Earnings per share: | 4.1 | | |
| Earnings per share of DKK 1 | | 8.61 | 8.91 |
| Diluted earnings per share of DKK 1 | | 8.55 | 8.87 |

## STATEMENT OF COMPREHENSIVE INCOME

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| **Profit for the year** | | **1,491** | **1,571** |
| **Items that will be reclassified to income statement when certain conditions are met:** | | | |
| Currency translation differences, foreign enterprises | | (195) | (60) |
| Fair value adjustment for the year relating to hedging instruments | 4.5 | (45) | 34 |
| Fair value adjustment relating to hedging instruments transferred to financials | | 57 | 55 |
| Tax on items reclassified to income statement | 5.2 | (2) | (20) |
| **Items that will not be reclassified to income statement:** | | | |
| Actuarial gains/(losses) | 3.5 | (323) | 16 |
| Tax on items that will not be reclassified to income statement | 5.2 | 64 | (9) |
| **Other comprehensive income, net of tax** | | **(444)** | **16** |
| **Total comprehensive income** | | **1,047** | **1,587** |
| Total comprehensive income is attributable to: | | | |
| Shareholders of DSV A/S | | 1,046 | 1,593 |
| Non-controlling interests | | 1 | (6) |
| **Total** | | **1,047** | **1,587** |

## CASH FLOW STATEMENT

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Operating profit before amortisation, depreciation and special items | | 3,145 | 3,052 |
| *Adjustment, non-cash operating items etc.:* | | | |
| Share-based payments | | 37 | 39 |
| Change in provisions | | 96 | (174) |
| Change in net working capital | | (280) | (217) |
| Special items | | (296) | (129) |
| Interest received | | 50 | 32 |
| Interest paid | | (306) | (292) |
| Corporation tax, paid | | (527) | (536) |
| **Cash flow from operating activities** | | **1,919** | **1,775** |
| Purchase of intangible assets | | (230) | (177) |
| Purchase of property, plant and equipment | | (373) | (226) |
| Disposal of property, plant and equipment | | 169 | 314 |
| Acquisition of subsidiaries and activities | 5.1 | (14) | (269) |
| Change in other financial assets | | (13) | 10 |
| **Cash flow from investing activities** | | **(461)** | **(348)** |
| **Free cash flow** | | **1,458** | **1,427** |
| Other non-current liabilities incurred | | 1,489 | 2,485 |
| Repayment of loans and credits | | (1,692) | (3,003) |
| Other financial liabilities incurred | | (128) | (58) |
| *Shareholders:* | | | |
| Dividends distributed | 4.2 | (270) | (235) |
| Purchase of treasury shares | 4.2 | (1,183) | (700) |
| Sale of treasury shares, exercise of share options | | 178 | 162 |
| Other transactions with shareholders | | 37 | (38) |
| **Cash flow from financing activities** | | **(1,569)** | **(1,387)** |
| **Cash flow for the year** | | **(111)** | **40** |
| Cash and cash equivalents 1 January | | 707 | 552 |
| Cash flow for the year | | (111) | 40 |
| Currency translation adjustments | | (164) | 115 |
| **Cash and cash equivalents 31 December*** | | **432** | **707** |

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

| Statement of adjusted free cash flow | | 2014 | 2013 |
|---|---|---|---|
| Free cash flow | | 1,458 | 1,427 |
| Net acquisition of subsidiaries and activities | | 14 | 269 |
| Normalisation of working capital in subsidiaries and activities acquired | | – | 58 |
| **Adjusted free cash flow** | | **1,472** | **1,754** |

*) Cash and cash equivalents comprised DKK 308 million (2013: DKK 359 million) relating to subsidiaries' cash and cash equivalents in countries with foreign exchange control or other restrictions which imply that the cash is not readily available for general use by the Group.

## BALANCE SHEET, ASSETS

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Intangible assets | 3.1 | 8,928 | 8,982 |
| Property, plant and equipment | 3.2 | 3,927 | 3,883 |
| Other receivables | | 297 | 147 |
| Deferred tax asset | 5.2 | 488 | 430 |
| **Total non-current assets** | | **13,640** | **13,442** |
| Trade receivables | 4.4 | 7,854 | 7,469 |
| Work in progress (services) | | 744 | 676 |
| Other receivables | | 985 | 794 |
| Cash and cash equivalents | | 432 | 707 |
| Assets held for sale | | 25 | 12 |
| **Total current assets** | | **10,040** | **9,658** |
| **Total assets** | | **23,680** | **23,100** |

## BALANCE SHEET, EQUITY AND LIABILITIES

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Share capital | 4.1 | 177 | 180 |
| Reserves | 4.1 | 5,875 | 6,038 |
| **DSV A/S shareholders' share of equity** | | **6,052** | **6,218** |
| Non-controlling interests | | 29 | 30 |
| **Total equity** | | **6,081** | **6,248** |
| Deferred tax | 5.2 | 366 | 411 |
| Pensions and similar obligations | 3.5 | 1,311 | 1,034 |
| Provisions | 3.6 | 328 | 361 |
| Financial liabilities | 4.3 | 5,702 | 6,066 |
| **Total non-current liabilities** | | **7,707** | **7,872** |
| Provisions | 3.6 | 474 | 242 |
| Financial liabilities | 4.3 | 589 | 590 |
| Trade payables | 4.4 | 4,782 | 4,537 |
| Work in progress (services) | | 1,377 | 1,252 |
| Other payables | | 2,458 | 2,115 |
| Corporation tax | | 212 | 244 |
| **Total current liabilities** | | **9,892** | **8,980** |
| **Total liabilities** | | **17,599** | **16,852** |
| **Total equity and liabilities** | | **23,680** | **23,100** |

## STATEMENT OF CHANGES IN EQUITY – 2014

| (DKKm) | Share capital | Reserve for treasury shares | Hedging reserve | Translation reserve | Retained earnings | DSV A/S shareholders' share of equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at 1 January 2014** | **180** | **(5)** | **(38)** | **(44)** | **6,125** | **6,218** | **30** | **6,248** |
| **Profit for the year** | **-** | **-** | **-** | **-** | **1,490** | **1,490** | **1** | **1,491** |
| Currency translation adjustments, foreign enterprises | - | - | - | (195) | - | (195) | - | (195) |
| Fair value adjustments for the year relating to hedging instruments | - | - | (45) | - | - | (45) | - | (45) |
| Fair value adjustments relating to hedging instruments transferred to financial expenses | - | - | 57 | - | - | 57 | - | 57 |
| Actuarial gains/(losses) | - | - | - | - | (323) | (323) | - | (323) |
| Tax on other comprehensive income | - | - | (2) | - | 64 | 62 | - | 62 |
| **Other comprehensive income, net of tax** | **-** | **-** | **10** | **(195)** | **(259)** | **(444)** | **-** | **(444)** |
| **Total comprehensive income for the period** | **-** | **-** | **10** | **(195)** | **1,231** | **1,046** | **1** | **1,047** |
| Transactions with owners: | | | | | | | | |
| Share-based payments | - | - | - | - | 37 | 37 | - | 37 |
| Dividends distributed | - | - | - | - | (270) | (270) | - | (270) |
| Purchase of treasury shares | - | (5) | - | - | (1,178) | (1,183) | - | (1,183) |
| Sale of treasury shares | - | - | - | - | 178 | 178 | - | 178 |
| Capital reduction | (3) | 3 | - | - | - | - | - | - |
| Dividends on treasury shares | - | - | - | - | 8 | 8 | - | 8 |
| Other adjustments | - | - | - | - | 2 | 2 | (2) | - |
| Tax on transactions with owners | - | - | - | - | 16 | 16 | - | 16 |
| **Total transactions with owners** | **(3)** | **(2)** | **-** | **-** | **(1,207)** | **(1,212)** | **(2)** | **(1,214)** |
| **Equity at 31 December 2014** | **177** | **(7)** | **(28)** | **(239)** | **6,149** | **6,052** | **29** | **6,081** |

The retained earnings reserve at 31 December 2014 comprised a negative balance between the purchase and sale of treasury shares of DKK 8,036 million (2013: a negative balance of DKK 7,036 million).

Sale of treasury shares relate to the exercise of share options in connection with incentive schemes.

## STATEMENT OF CHANGES IN EQUITY – 2013

| (DKKm) | Share capital | Reserve for treasury shares | Hedging reserve | Translation reserve | Retained earnings | DSV A/S shareholders' share of equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at 1 January 2013** | **188** | **(10)** | **(107)** | **16** | **5,261** | **5,348** | **37** | **5,385** |
| **Profit for the year** | **-** | **-** | **-** | **-** | **1,577** | **1,577** | **(6)** | **1,571** |
| Currency translation adjustments, foreign enterprises | - | - | - | (60) | - | (60) | - | (60) |
| Fair value adjustments for the year relating to hedging instruments | - | - | 34 | - | - | 34 | - | 34 |
| Fair value adjustments relating to hedging instruments transferred to financial expenses | - | - | 55 | - | - | 55 | - | 55 |
| Actuarial gains/(losses) | - | - | - | - | 16 | 16 | - | 16 |
| Tax on other comprehensive income | - | - | (20) | - | (9) | (29) | - | (29) |
| **Other comprehensive income, net of tax** | **-** | **-** | **69** | **(60)** | **7** | **16** | **-** | **16** |
| **Total comprehensive income for the period** | **-** | **-** | **69** | **(60)** | **1,584** | **1,593** | **(6)** | **1,587** |
| Transactions with owners: | | | | | | | | |
| Share-based payments | - | - | - | - | 39 | 39 | - | 39 |
| Dividends distributed | - | - | - | - | (235) | (235) | - | (235) |
| Purchase of treasury shares | - | (3) | - | - | (697) | (700) | - | (700) |
| Sale of treasury shares | - | - | - | - | 162 | 162 | - | 162 |
| Capital reduction | (8) | 8 | - | - | - | - | - | - |
| Dividends on treasury shares | - | - | - | - | 12 | 12 | - | 12 |
| Other adjustments | - | - | - | - | (4) | (4) | (1) | (5) |
| Tax on transactions with owners | - | - | - | - | 3 | 3 | - | 3 |
| **Total transactions with owners** | **(8)** | **5** | **-** | **-** | **(720)** | **(723)** | **(1)** | **(724)** |
| **Equity at 31 December 2013** | **180** | **(5)** | **(38)** | **(44)** | **6,125** | **6,218** | **30** | **6,248** |

# Notes to the financial statements:

The notes section to the consolidated financial statements is divided into five chapters, focusing on different aspects of the financial information. Each chapter contains a brief description of the correlation between the relevant notes and our business operations. The accounting policies and critical accounting estimates and judgements have been incorporated into the notes to make the note information more transparent and clear.

| CHAPTER | LIST OF NOTES | | |
|---|---|---|---|

# Chapter 1 – Basis of preparation of the consolidated financial statements

The 2014 Annual Report of DSV A/S has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and Danish disclosure requirements for listed companies. The Annual Report of DSV A/S comprises the consolidated financial statements of DSV A/S and its subsidiaries and separate financial statements of DSV A/S. The Board of Directors considered and approved the 2014 Annual Report of DSV A/S on 6 February 2015. The Annual Report will be submitted to the shareholders of DSV A/S for approval at the Annual General Meeting on 12 March 2015.

**Basis of measurement**
Amounts in the Annual Report are stated in Danish kroner (DKK) and rounded to the nearest million. The Annual Report has been prepared under the historical cost convention, with the exception that derivative financial instruments are measured at fair value. Non-current assets held for sale are measured at the lower of carrying amount before the change in classification and fair value less costs to sell. The accounting policies described in the notes have been applied consistently for the financial year and for the comparative figures.

**Changes in accounting policies**
We have implemented the standards and interpretations that are effective for the financial year of 2014.

In accordance with IFRS 10, the principles of control of an investee is specified in view of determining when consolidation must be made. Based on the said principles we have reassessed our investments which did not give rise to any changes in the scope of consolidation.

The new standards and implementations did not affect DSV's recognition and measurement of financial items for 2014 nor are they expected to have any future impact.

**Significant accounting estimates**
In the preparation of the consolidated financial statements of DSV A/S, Management makes various significant accounting estimates and judgements that may affect the reported amounts of assets, liabilities, income, expenses, cash flow and related information at the reporting date. The significant estimates are based on historical experience and other factors deemed reasonable in the circumstances. By their nature, such estimates are subject to some uncertainty and the actual results may deviate from these estimates. The estimates are continually evaluated and the effect of any changes is recognised in the relevant period.

The significant accounting estimates and judgements deemed by Management to be material for the preparation and understanding of the consolidated financial statements are listed below and described in more detail in the relevant notes:

- Net revenue (note 2.2)
- Special items (note 2.7)
- Impairment testing (note 3.3)
- Operating lease obligations (note 3.4)
- Pension obligations (note 3.5)
- Provisions (note 3.6)
- Derivative financial instruments (note 4.5)
- Tax (note 5.2)
- Contingent liabilities and security for debt (note 5.6)

**Basis of consolidation**
The consolidated financial statements include the Parent, DSV A/S, and the subsidiaries over which DSV A/S exercises control. Entities in which the Group directly or indirectly controls at least 20%, but not more than 50%, of the share capital are treated as associates and measured by using the equity method. Investments with negative net asset values are recognised at DKK 0. The consolidated financial statements are prepared based on uniform accounting policies in all Group entities. Consolidation of Group entities is performed after elimination of all intra-group transactions, balances, income and expenses.

**Foreign currency**
**Functional currency**
A functional currency is determined for each Group entity. The functional currency is the currency used in the primary financial environment in which the individual entity operates.

**Foreign currency translation**
On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate ruling at the transaction dates. Foreign exchange differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financials. Monetary items denominated in a foreign currency are translated at the exchange rate ruling at the reporting date. The difference between the exchange

rates at the reporting date and the transaction date or the exchange rate used in the latest annual report is recognised in the income statement under financials. Foreign exchange differences arising on the translation of non-monetary items, such as investments in associates, are recognised directly in other comprehensive income.

**Recognition in the consolidated financial statements**
On preparation of the consolidated financial statements the income statements of entities with a functional currency different from DKK are translated at the average exchange rates for the period and balance sheet items are translated at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation of the equity of foreign entities and on translation of receivables considered part of the net investment are recognised directly in other comprehensive income. Foreign exchange differences on the translation of income statements from the average exchange rate for the period to the exchange rate ruling at the reporting date are also recognised in other comprehensive income. The adjustment is presented under a separate translation reserve in equity.

### Cash flow statement
The cash flows are calculated using the indirect method based on the operating profit before special items. The cash flow statement cannot be directly derived from the balance sheet and income statement.

### Materiality in financial reporting
For the preparation of the Annual Report, Management considers the optimum way of presenting the financial statements. It is important that the content is material to the user. This objective is pursued by making relevant rather than generic descriptions in the Management's Commentary and only including descriptions of risks, the mitigation thereof and value drivers, etc., that may have or had a material influence on the achievement of the Group's targets.

A judgement is made of whether more detailed specifications are necessary in the presentation of the Group's assets, liabilities, financial position and results or whether an aggregation of less material amounts is preferred. The notes to the financial statements are prepared with focus on ensuring that the content is relevant and the presentations clear. All judgements are made with due consideration of legislation, international accounting standards and guidelines and of the Annual Report as a whole presenting a true and fair view.

### New accounting regulations
A number of new standards and interpretations have been issued which had not become mandatory at the preparation of the 2014 Annual Report. None of these are expected to have any significant impact on the consolidated financial statements of DSV.

# Chapter 2 – Operating profit

This chapter provides a description of consolidated operating profit including special items. The consolidated operating profit is based on our three business segments described below. Reference is also made to the comments on the profit development of the Group and Divisions in Management's commentary on pp. 12-28.

## 2.1 SEGMENT INFORMATION

### Accounting policies

The presentation of business segments is based on the applicable management reporting to the Division and Group Managements and on the type and geographical distribution of the services that we provide.

### Business segments

Our business operations are divided into three divisions, forming the basis of our business segmental reporting.

### Air & Sea

The Air & Sea Division provides air and sea freight services through a global network.

### Road

The Road Division provides road freight services across Europe.

### Solutions

The Solutions Division offers contract logistics, incl. warehousing and inventory management.

**Segment information**

| (DKKm) | Air & Sea 2014 | Air & Sea 2013 | Road 2014 | Road 2013 | Solutions 2014 | Solutions 2013 | Other activities, non-allocated items and elimination 2014 | Other activities, non-allocated items and elimination 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Condensed income statement** | | | | | | | | | | |
| Revenue | 22,001 | 20,195 | 24,169 | 23,117 | 5,729 | 5,470 | 841 | 718 | 52,740 | 49,500 |
| Intercompany revenue | (971) | (839) | (2,073) | (2,005) | (345) | (287) | (769) | (659) | (4,158) | (3,790) |
| Net revenue | 21,030 | 19,356 | 22,096 | 21,112 | 5,384 | 5,183 | 72 | 59 | 48,582 | 45,710 |
| Amortisation and depreciation of intangibles, property, plant and equipment | 106 | 106 | 132 | 98 | 162 | 168 | 121 | 128 | 521 | 500 |
| Operating profit before special items | 1,542 | 1,392 | 837 | 942 | 274 | 256 | (29) | (38) | 2,624 | 2,552 |
| **Condensed balance sheet** | | | | | | | | | | |
| Total gross investments | 102 | 350 | 72 | 205 | 132 | 103 | 563 | 183 | 869 | 841 |
| Total assets | 13,924 | 13,444 | 10,407 | 11,082 | 3,821 | 3,557 | (4,472) | (4,983) | 23,680 | 23,100 |
| Total liabilities | 9,807 | 10,009 | 7,773 | 7,092 | 3,568 | 3,302 | (3,548) | (3,551) | 17,599 | 16,852 |

| **Geographical information** | EMEA 2014 | EMEA 2013 | Americas 2014 | Americas 2013 | APAC 2014 | APAC 2013 | | | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net revenue | 40,995 | 39,178 | 4,003 | 3,109 | 3,584 | 3,423 | | | 48,582 | 45,710 |
| Non-current assets* | 10,650 | 10,791 | 1,813 | 1,605 | 689 | 616 | | | 13,152 | 13,012 |

| **Geographical information** | Denmark 2014 | Denmark 2013 | Germany 2014 | Germany 2013 | Sweden 2014 | Sweden 2013 | Italy 2014 | Italy 2013 |
|---|---|---|---|---|---|---|---|---|
| Net revenue | 6,582 | 6,505 | 5,819 | 5,455 | 4,617 | 4,561 | 4,397 | 4,420 |
| Non-current assets* | 2,098 | 2,109 | 1,695 | 1,473 | 1,857 | 1,992 | 1,223 | 1,294 |

Inter-segment transactions are made on an arm's length basis.
*) Non-current assets less tax assets.

### Measurement of earnings by segment

Our business segments are measured by operating profit before special items. Segment results are accounted for in the same way as the consolidated financial statements. Income/expenses and assets/liabilities in the segments comprise the items directly attributable to the individual segment as well as the items that may be allocated to the individual segment on a reliable basis.

Income and expenses relating to Group functions, investing activities, corporation tax, special items, etc. are managed on group level. These items are not included in the statement of segment performance. The items are presented under "Other activities, non-allocated items and eliminations".

### Financial position of business segments

Assets are included in the segmental reporting to the extent they are used for the operation of the segment. Similarly, liabilities are included to the extent they are related to the operation of the segment. Assets and liabilities which cannot be attributed to any of the three segments on a reliable basis are presented under "Other activities, non-allocated items and eliminations".

### Geographical information

DSV operates in almost all parts of the world and has activities in 75 countries in the following geographical regions:

- *EMEA*: Europe, the Middle East and Africa*
- *Americas: North and South America*
- *APAC: Asia, Australia and the Pacific*

Revenue and non-current assets are allocated to the geographical areas based on the country in which the individual consolidated entity is based. The corporate headquarters of DSV is located in Denmark, which is included in the EMEA segment.

*) In Management's commentary EMEA is presented as:

- Nordic countries: Denmark, Sweden, Norway and Finland
- Southern Europe: Italy, Spain, France, Portugal and Greece
- Other Europe/EMEA: Other European countries, the Middle East and Africa

## 2.2 NET REVENUE

### Accounting policies

Net revenue comprises the services provided in the financial year as well as changes in the value of work in progress.

Revenue is recognised when the agreed freight forwarding service is considered delivered and control of the cargo has passed to the customer or another logistics services provider. The time of recognition varies depending on the service provided.

All kinds of discounts are offset against net revenue. Net revenue is measured excluding VAT and other tax collected on behalf of third parties.

### Significant accounting estimates

At the close of accounting periods significant accounting estimates and judgements are made regarding work in progress, including accrual of income and pertaining direct costs. These estimates are based on experience and continuous follow-up on provisions for work in progress relative to subsequent invoicing.

## 2.3 DIRECT COSTS

### Accounting policies

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

## 2.4 OTHER EXTERNAL EXPENSES

### Accounting policies

Other external expenses include expenses relating to marketing, IT, other rent, training and education, office premises, travelling, communications as well as other selling costs and administrative expenses.

## 2.5 STAFF COSTS

### Accounting policies

Staff costs include wages and salaries, pensions, social security costs and other staff costs, but excluding staff costs recorded as direct costs.

Staff costs are recognised in the financial year in which the employee renders the related service. Costs related to long-term employee benefits, e.g. share-based payments, are recognised in the period to which they relate. Reference is made to note 3.5 for detailed information on pension plans, note 5.3 for detailed information on remuneration of Management and note 5.4 for detailed information on the Group's share option schemes and shared held by Management.

### Staff costs

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Salaries and wages etc. | 5,989 | 5,793 |
| Defined contribution pension plans | 291 | 282 |
| Defined benefit pension plans | 41 | 33 |
| Other social security costs | 1,057 | 1,026 |
| Share-based payments | 37 | 39 |
| | 7,415 | 7,173 |
| Transferred to direct costs | (2,321) | (2,230) |
| **Total staff costs** | **5,094** | **4,943** |
| Average number of full-time employees | 22,485 | 21,865 |
| Number of full-time employees at year end | 22,874 | 22,021 |

## 2.6 AMORTISATION AND DEPRECIATION FOR THE YEAR

### Accounting policies

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles determined for the assets (see notes 3.1 and 3.2). The net gain or loss on the sale of property, plant and equipment and intangible assets is included in total amortisation and depreciation.

### Amortisation and depreciation for the year

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Software and other intangible assets | 120 | 131 |
| Customer relationships | 116 | 113 |
| Buildings | 133 | 140 |
| Other plant and operating equipment | 150 | 172 |
| Net gain on sale of assets | 2 | (56) |
| **Total amortisation and depreciation of intangibles, property, plant and equipment** | **521** | **500** |

## 2.7 SPECIAL ITEMS

### Accounting policies

Special items are used in connection with the presentation of the profit or loss for the year to distinguish the consolidated operating profit from exceptional items which by their nature are not related to the Group's ordinary operations or otherwise related to the maintenance or development of our business concept.

Special items consist of:

- Restructuring costs relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals.
- Restructuring costs relating to acquisition and divestment of enterprises.
- Adjustments to fair value of equity investments in connection with step acquisitions.

### Significant accounting estimates

In connection with the use of special items it is crucial that they are significant items not directly attributable to the ordinary operating activities of the Group.

### Special items

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Restructuring costs relating to acquisition and disposal of enterprises | (1) | 101 |
| Restructuring costs | 305 | 28 |
| **Net special items, total costs** | **304** | **129** |

Costs relating to the acquisition and divestment of enterprises were mainly non-recurring expenses in connection with acquisitions. Restructuring costs include non-recurring expenses defrayed by the Group for the purpose of streamlining business processes and adjusting overheads.

# Chapter 3 – Operating assets and liabilities

This chapter describes the Group's invested capital that forms the basis of our activities. The invested capital represents the Group's property, plant and equipment and intangible assets and the Group's net working capital in the form of operating assets and liabilities.

The Group's invested capital is structured based on our Asset Light approach in our business operations, including our focus on minimising funds tied up in working capital with a view to optimising the consolidated free cash flow. The Group's invested capital also comprises significant intangible assets in the form of goodwill relating to acquisitions made over the years.

## 3.1 INTANGIBLE ASSETS

### Accounting policies

**Goodwill**

Only goodwill arising from business combinations is recognised and is stated as the difference between the consideration paid for the acquiree, including the value of any remaining non-controlling interests and previously held interests, and the fair value of net assets identified on the date of acquisition. Goodwill is not amortised, but tested for impairment on a regular basis.

**Customer relationships**

On initial recognition customer relationships identified from business acquisitions are recognised in the balance sheet at fair value. Subsequently, customer relationships are measured at fair value less accumulated amortisation and impairment losses. Customer relationships are amortised on a straight-line basis over the expected duration of these relations, which is estimated to be 10 years.

**Computer software**

Computer software bought or developed for internal use is measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount.

**Intangible assets**

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| (DKKm) | Goodwill | Customer relationships | Software | Total | Goodwill | Customer relationships | Software | Total |
| **Cost at 1 January** | **8,038** | **1,161** | **1,214** | **10,413** | **7,788** | **1,098** | **1,054** | **9,940** |
| Additions from acquisition of enterprises/ adjustments to previous periods | (10) | - | - | (10) | 322 | 81 | - | 403 |
| Additions for the year | - | - | 228 | 228 | - | - | 179 | 179 |
| Disposals at cost | (11) | - | (10) | (21) | - | - | (12) | (12) |
| Transferred to assets held for sale | - | - | (16) | (16) | - | - | - | - |
| Currency translation adjustments | (25) | 2 | (2) | (25) | (72) | (18) | (7) | (97) |
| **Total cost at 31 December** | **7,992** | **1,163** | **1,414** | **10,569** | **8,038** | **1,161** | **1,214** | **10,413** |
| **Total amortisation and impairment at 1 January** | **10** | **720** | **701** | **1,431** | **10** | **619** | **588** | **1,217** |
| Amortisation for the year | - | 116 | 120 | 236 | - | 113 | 131 | 244 |
| Amortisation of assets disposed of | - | - | (9) | (9) | - | - | (11) | (11) |
| Transferred to assets held for sale | - | - | (16) | (16) | - | - | - | - |
| Currency translation adjustments | - | 2 | (3) | (1) | - | (12) | (7) | (19) |
| **Total amortisation and impairment at 31 December** | **10** | **838** | **793** | **1,641** | **10** | **720** | **701** | **1,431** |
| **Carrying amount at 31 December** | **7,982** | **325** | **621** | **8,928** | **8,028** | **441** | **513** | **8,982** |

Cost is calculated as costs, salaries and amortisation directly or indirectly attributable to software. After commissioning software is amortised on a straight-line basis over its expected useful life. The amortisation period is 1-8 years.

Additions to goodwill from business combinations were DKK 40 million for 2014 (2013: DKK 302 million). However, goodwill was written down by DKK 50 million in connection with opening balance sheet adjustments relating to previous acquisitions.

## 3.2 PROPERTY, PLANT AND EQUIPMENT

**Accounting policies**
Land and buildings, other plant and operating equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and costs directly associated with the acquisition until the time when the asset is ready for use. The present value of estimated costs for dismantling and disposing of the asset as well as restoration costs are added to cost if such costs are recognised as a provision. Material borrowing costs directly attributable to the production of the individual asset are also added to the cost. If the individual components of an asset have different useful lives, each component will be depreciated separately.

The cost of self-constructed assets comprises direct and indirect costs for materials, components, sub-contractors, wages and salaries. Costs for self-constructed assets are recognised as property, plant and equipment in progress on an ongoing basis until the assets are ready for use.

The cost of assets under finance leases is determined as the lower of the fair value of the assets and the present value of the future minimum lease payments. When the present value is calculated, the internal rate of return of the lease, or an alternative borrowing rate, is applied as the discount rate.

Subsequent costs, such as partial replacement of property, plant and equipment, are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits for the Group. The carrying amount of the replaced parts is derecognised from the balance sheet and recognised in the income statement.

**Property, plant and equipment**

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| (DKKm) | Land and buildings | Other plant and operating equipment | Property, plant and equipment in progress | Total | Land and buildings | Other plant and operating equipment | Property, plant and equipment in progress | Total |
| **Cost at 1 January** | **4,300** | **1,684** | **62** | **6,046** | **4,193** | **1,639** | **474** | **6,306** |
| Additions from acquisitions | - | - | - | - | 8 | 5 | - | 13 |
| Additions for the year | 116 | 166 | 369 | 651 | 28 | 124 | 94 | 246 |
| Disposals at cost | (285) | (124) | - | (409) | (231) | (114) | (48) | (393) |
| Transferred to assets held for sale | (30) | (56) | - | (86) | - | - | - | - |
| Reclassification | 70 | (12) | (86) | (28) | 368 | 72 | (440) | - |
| Currency translation adjustments | (63) | (98) | - | (161) | (66) | (42) | (18) | (126) |
| **Total cost at 31 December** | **4,108** | **1,560** | **345** | **6,013** | **4,300** | **1,684** | **62** | **6,046** |
| **Total depreciation and impairment at 1 January** | **961** | **1,182** | **20** | **2,163** | **895** | **1,130** | **20** | **2,045** |
| Depreciation for the year | 133 | 150 | - | 283 | 140 | 172 | - | 312 |
| Depreciation of assets disposed of | (90) | (99) | - | (189) | (48) | (91) | - | (139) |
| Transferred to assets held for sale | (3) | (41) | - | (44) | - | - | - | - |
| Reclassification | 35 | (42) | (19) | (26) | - | - | - | - |
| Currency translation adjustments | (10) | (91) | - | (101) | (26) | (29) | - | (55) |
| **Total depreciation and impairment at 31 December** | **1,026** | **1,059** | **1** | **2,086** | **961** | **1,182** | **20** | **2,163** |
| **Carrying amount at 31 December** | **3,082** | **501** | **344** | **3,927** | **3,339** | **502** | **42** | **3,883** |
| Of which finance leased assets | 253 | 7 | - | 260 | 376 | 12 | - | 388 |

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

- Terminals and administration buildings 40-60 years
- Other buildings and building elements 10-25 years
- Technical plant and machinery 6-10 years
- Other plant and operating equipment 3-8 years
- Land is not depreciated

The depreciation basis takes into account the residual value of assets and is reduced by any impairment losses. The residual value is calculated on the date of acquisition and reassessed once a year. If the residual value exceeds the carrying amount of the asset, depreciation will no longer be provided.

Gains and losses on the disposal of property, plant and equipment are recognised in the income statement under amortisation, depreciation and impairment losses.

**Accounting estimates**
The depreciation period is determined based on estimates of the expected lives and future residual value of the assets. The estimates are based on historical experience. A reassessment is made once every year to ascertain that the depreciation basis reflects the expected life and future residual value of the assets.

At 31 December 2014, the carrying amount of property, plant and equipment in progress comprised DKK 330 million (2013: 0 million) relating to construction of property projects. Property projects are construction projects made in view of a future transfer of property through sale and lease back arrangements, but where a final agreement may not have been made at the reporting date.

## 3.3 IMPAIRMENT TESTING

**Accounting policies**
**Goodwill**
The carrying amount of goodwill is tested for impairment at least once a year together with the other non-current assets of the Group.

The tests are made for the cash-generating units to which consolidated goodwill is allocated based on the management structure and system of internal financial control. The structure of the cash-generating units thereby follow our divisional structure: Air & Sea, Road and Solutions.

Goodwill is written down to the recoverable amount through the income statement if lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the Division to which the goodwill relates. The calculation of the present value of discounted net cash flow applies discount rates reflecting the risk-free interest rate with the addition of the risks related to the individual cash-generating units, including geographical location and financial risk.

**Other non-current intangible assets, property plant and equipment**
The carrying amount of other non-current assets is tested for impairment at least once a year in connection with the impairment test of goodwill. If the test shows evidence of impairment the asset is written down to the recoverable amount through the income statement if lower than the carrying amount. The recoverable amount is the higher of the fair value of an asset less the expected costs to sell and the value in use.

The value in use is calculated as the present value of expected future cash flow from the asset or the Division of which the asset forms part.

**Significant accounting estimates**
In connection with the goodwill impairment test a number of estimates are made of revenue development, gross profit, operating margin, future capital expenditure, discount rate and growth expectations in the terminal period. The estimates build on assessments of the three Divisions and are determined based on historical experience and assumptions of expected market developments, including expected long-term average market growth rates.

Material factors of relevance to the future net cash flow of the three Divisions:

**Air & Sea**
The Air & Sea Division operates globally; accordingly developments in global economic growth and world trade have a material impact on the Division's future net cash flow. The development in gross profit per shipment, Division cost management initiatives and development in internal productivity (number of shipments per employee) also affect the Division's cash flow.

**Road**
The Road Division mainly operates in the European market, which means that the Division's future net cash flow is affected by the growth rates in this region in particular. The development in gross profit per consignment, including truck and terminal utilisation rates, Division cost management initiatives and development in internal productivity (number of consignments per employee) also affect the Division's cash flow.

**Solutions**

The Solutions Division operates in the global market, however most of its revenue generating activities are located in Europe and developments in this region therefore have a material impact on the Division's future net cash flow. The development in warehouse lease costs and costs of related services, utilisation of warehouse facilities, Division cost management initiatives and development in internal productivity (number of order lines per employee) also affect the Division's cash flows.

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2015 and projections for subsequent years up to and including 2019. From 2019 and onwards DSV expects the growth rate to remain in line with the expected long-term average growth rate for the industry.

**Impairment test**

**Goodwill**

Goodwill was tested for impairment at 31 December 2014. The tests did not result in any impairment of the carrying amounts.

In that connection a sensitivity analysis was performed to assess whether changes in cash flows or discount rate will result in any impairment loss. The analysis showed that probable changes in the fundamental assumptions will not make the carrying amount of goodwill exceed the recoverable amount.

The assumptions used and the outcome of the sensitivity analysis are stated below. The sensitivity analysis shows the lowest possible growth rate or highest possible discount rate by which the assumptions used can be changed, measured in percentage points, without resulting in any impairment loss.

**Other non-current intangible assets, property plant and equipment**

Other non-current assets were also tested for impairment together with goodwill at 31 December 2014. No indication of impairment was identified in connection with the tests.

**Goodwill impairment test at 31 December 2014**

| | | Budget period | | Terminal period | | Sensitivity analysis | |
|---|---|---|---|---|---|---|---|
| (DKKm) | Carrying amount of goodwill | Annual revenue growth | Operating margin | Growth | Pre-tax discount rate | Growth - allowed decline | Discount rate - allowed increase |
| Air & Sea | 4,417 | 5.0% | 7.0% | 2.0% | 9.6% | 28.4% | 13.8% |
| Road | 2,482 | 3.0% | 3.4% | 2.0% | 9.6% | 33.0% | 20.8% |
| Solutions | 1,083 | 4.0% | 4.3% | 2.0% | 9.6% | 18.4% | 11.7% |

**Goodwill impairment test at 31 December 2013**

| | | Budget period | | Terminal period | | Sensitivity analysis | |
|---|---|---|---|---|---|---|---|
| (DKKm) | Carrying amount of goodwill | Annual revenue growth | Operating margin | Growth | Pre-tax discount rate | Growth - allowed decline | Discount rate - allowed increase |
| Air & Sea | 4,393 | 5.0% | 7.3% | 2.0% | 10.3% | 29.4% | 15.2% |
| Road | 2,551 | 4.0% | 4.4% | 2.0% | 10.3% | 30.0% | 17.0% |
| Solutions | 1,084 | 5.0% | 5.1% | 2.0% | 10.2% | 11.5% | 6.1% |

## 3.4 OPERATING LEASE OBLIGATIONS

**Accounting policies**
Lease payments are recognised on a straight-line basis over the term of the lease.

**Significant accounting estimates**
The Group has concluded arm's length leases for buildings, including terminals and warehouses, and other operating equipment. Based on individual assessments of the leases, an estimate is made as to whether the leases are to be considered finance or operating leases in the financial statements.

**Land and buildings**
*Maturity*

| (DKKm) | 2014 | 2013 |
|---|---|---|
| 0-1 year | 1,173 | 1,180 |
| 1-5 years | 2,613 | 2,712 |
| > 5 years | 1,742 | 2,023 |
| **Total** | **5,528** | **5,915** |

The leases have an average term of 4 years (2013: 4 years).

The Group has concluded back-to-back leases with several customers, securing future activity at some of its premises leased under operating leases. Of the lease obligations, approx. DKK 0.6 billion relate to back-to-back leases (2013: DKK 0.6 billion).

Operating lease costs of DKK 1,232 million relating to land and buildings were recognised in the income statement for 2014 (2013: DKK 1,140 million).

**Other plant and operating equipment**
*Maturity*

| (DKKm) | 2014 | 2013 |
|---|---|---|
| 0-1 year | 465 | 416 |
| 1-5 years | 688 | 616 |
| > 5 years | 2 | 5 |
| **Total** | **1,155** | **1,037** |

Leases of other plant and operating equipment typically have a term of up to 5 years.

Operating lease costs of DKK 604 million relating to other plant and operating equipment were recognised in the income statement for 2014 (2013: DKK 558 million).

## 3.5 PENSION OBLIGATIONS

**Accounting policies**
Obligations relating to defined contribution pension plans under which the Group pays regular pension contributions to independent pension funds are recognised in the income statement for the period in which they are earned, and contributions payable are recognised in the balance sheet under other current liabilities.

As regards defined benefit plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated on the basis of the assumptions of future development in wage/salary level, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations. Pension costs of the year are recognised in the income statement based on actuarial estimates and financial outlook at the beginning of the year.

Differences between the calculated development in pension assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains or losses.

Changes in the benefits payable for employees' past services to the company result in an adjustment of the actuarial calculation of the value in use, which is classified as past service costs. Past service costs are charged to the income statement immediately if the employees have already earned the right to the adjusted benefits. Otherwise, the benefits will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

**Significant accounting estimates**
The actuarial assumptions used in calculations and valuations vary from country to country owing to national economic and social conditions. In the European countries, which have the most significant pension plans, the following assumptions are used:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| (DKKm) | Spread | Weighted average | Spread | Weighted average |
| Discount rate | 1.80% - 3.70% | 2.62% | 2,85% - 4,50% | 3.88% |
| Future wage/ salary increase | 1.75% - 3.00% | 2.45% | 2,00% - 3,80% | 2.95% |
| Future rate of inflation | 1.50% - 2.50% | 1.97% | 1,75% - 2,50% | 2.10% |

Life expectancy is based on relevant statistics available on the individual countries included in the calculation.

In determining the obligation, the Group makes use of external and independent actuaries.

### Pension obligations

Net obligations at 31 December

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Present value of defined benefit plans | 3,501 | 2,726 |
| Fair value of pension plan assets | 2,190 | 1,692 |
| **Pensions obligations, net** | **1,311** | **1,034** |

Of pensions and similar obligations, DKK 926 million relate to unfunded pension obligations (2013: DKK 828 million) and DKK 385 million relate to partly funded obligations (2013: DKK 206 million).

### Total pension costs for the year

Net costs of DKK 367 million relating to the Group's pension plans were recognised in the income statement for the financial year of 2014 (2013: DKK 352 million).

Net pension plan costs are recognised in the income statement as follows:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Staff costs | 332 | 315 |
| Financial expenses | 35 | 37 |
| **Total costs recognised** | **367** | **352** |

Of this amount costs of DKK 76 million related to defined benefit plans (2013: DKK 70 million), DKK 41 million were recognised as staff costs (2013: DKK 33 million) and DKK 35 million as financial expenses (2013: DKK 37 million). Net costs relating to defined benefit plans may be specified as follows:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Pension costs relating to current financial year | 41 | 33 |
| Calculated interest on obligations | 105 | 102 |
| Calculated interest on plan assets | (70) | (65) |
| **Total recognised for defined benefit plans** | **76** | **70** |

In addition, DKK 291 million relating to defined contribution plans were recognised for 2014 and included in staff costs (2013: DKK 282 million).

### Actuarial adjustments

Cumulative actuarial losses including social security benefits are recognised in other comprehensive income. Actuarial losses for the year increased by DKK 323 million (2013: down DKK 16 million).

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Accumulated actuarial losses | (806) | (483) |
| Social security costs relating to actuarial losses | (11) | (11) |
| **Total** | **(817)** | **(494)** |

### Pension obligations

Developments in the present value of obligations relating to defined benefit plans:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Obligations at 1 January | 2,726 | 2,606 |
| Currency translation adjustments | 26 | (25) |
| Pension costs relating to current financial year | 41 | 33 |
| Calculated interest on obligations | 105 | 102 |
| Actuarial losses arising from changes in economic conditions | 692 | 73 |
| Adjustment relating to change in pension plan | - | 22 |
| Benefits paid | (89) | (85) |
| **Obligations at 31 December** | **3,501** | **2,726** |

The expected average duration of the obligations is 21 years. The Group mainly offers defined benefit plans in Sweden, Germany, The Netherlands, Italy, The UK and Belgium.

Maturity of pension obligations:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| 0-1 year | 85 | 78 |
| 1-5 years | 231 | 311 |
| > 5 years | 3,185 | 2,337 |
| **Total obligations recognised** | **3,501** | **2,726** |

### Pension plan assets

Developments in the present value of pension plan assets:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Pension plan assets at 1 January | 1,692 | 1,528 |
| Currency translation adjustments | 33 | (19) |
| Calculated return on plan assets | 70 | 65 |
| Actuarial gains/losses | 369 | 89 |
| Paid up | 115 | 114 |
| Benefits paid | (89) | (85) |
| **Pension plan assets at 31 December** | **2,190** | **1,692** |

DSV expects to contribute DKK 102 million to defined benefit plan assets in 2015.

#### Composition of pension plan assets

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Shares | 20% | 20% |
| Bonds | 14% | 16% |
| Insurance contracts | 66% | 64% |
| **Total** | **100%** | **100%** |

### Return on pension plan assets

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Calculated return on plan assets | 70 | 65 |
| Actuarial gains/losses on plan assets | 369 | 89 |
| **Total actual return on plan assets** | **439** | **154** |

### Sensitivity analysis

The table below illustrates the change in the gross obligation relating to defined benefit plans from a change in the key actuarial assumptions. The analysis is based on fairly probable changes, provided that the other parameters remain unchanged.

| (DKKm) | 2014 |
|---|---|
| Reported obligation | 3,501 |
| Discount rate | |
| Increase of 0.5% | 3,171 |
| Decrease of 0.5% | 3,881 |
| Future wage/salary increase | |
| Increase of 0.5% | 3,578 |
| Decrease of 0.5% | 3,445 |
| Inflation | |
| Increase of 0.5% | 3,755 |
| Decrease of 0.5% | 3,278 |
| Life expectancy | |
| Life expectancy increase of 1 year | 3,596 |
| Life expectancy decrease of 1 year | 3,407 |

## 3.6 PROVISIONS

### Accounting policies

Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation and it is probable that the Group will have to give up future economic benefits to meet the obligation.

Provisions are measured on the basis of Management's best estimate of the anticipated expenditure for settlement of the relevant obligation and are discounted if deemed material.

### Significant accounting estimates

Management continually assesses provisions, contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are by nature uncertain. Management includes judgements by external legal experts and existing case law in assessing the probable outcome of material legal proceedings, tax issues, etc.

### Provisions

| (DKKm) | Re-structuring costs | Disputes and legal actions | Other | Total |
|---|---|---|---|---|
| **Provisions at 1 January 2014** | **179** | **206** | **218** | **603** |
| Additions from acquisitions | - | - | 7 | 7 |
| Applied for the year | (222) | (108) | (64) | (394) |
| Provisions for the year | 323 | 12 | 177 | 512 |
| Adjustment of provisions made in previous years | (9) | 60 | 23 | 74 |
| Currency translation adjustments | (3) | (1) | 4 | - |
| **Provisions at 31 December 2014** | **268** | **169** | **365** | **802** |
| Provisions as recognised in the balance sheet: | | | | |
| Non-current liabilities | 80 | 67 | 181 | 328 |
| Current liabilities | 188 | 102 | 184 | 474 |
| **Provisions at 31 December 2014** | **268** | **169** | **365** | **802** |

Provisions are not discounted because the resulting effect is immaterial.

Provisions are expected to be settled within 1-2 years.

### Restructuring costs

Restructuring costs related mainly to the integration of acquirees and the restructuring plans previously announced, which consist mainly of termination benefits and costs under terminated leases.

### Disputes and legal actions

Provisions for disputes and legal actions related mainly to probable liabilities taken over at the acquisition of enterprises.

### Other provisions

Other provisions related mainly to restoration obligations in connection with property leases and onerous contracts mainly relating to acquisitions. Other provisions also comprise provisions attributable to earn-out agreements and ordinary complaints.

# Chapter 4 – Capital structure and finances

This chapter describes the financial basis of the Group's activities. The financing of our activities is illustrated by our capital structure which is defined by the mix of funds generated from operations and debt financing and the components of the two, including related financial risks.

The capital structure is linked to our long-term financial target of a financial gearing ratio of approx. 2.0 and the related application of the Group's free cash flow. In order of priority, the free cash flow is used to reduce the Group's net interest-bearing debt in periods when the financial gearing exceeds the target, for investments and business acquisitions and for share buybacks or distribution to the Company's shareholders.

## 4.1 EQUITY

### Accounting policies

**Share capital**
At year end 2014 the share capital of DSV A/S amounted to 177 million shares with a nominal value of DKK 1 each. All shares are fully paid up. In 2014 DSV A/S cancelled treasury shares of a nominal value of DKK 3 million.

**Reserve for treasury shares**
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value plus dividends on treasury shares are recognised directly as retained earnings in equity. Treasury shares are bought back to meet obligations under the Company's incentive schemes and adapt its capital structure. The reserve is a distributable reserve.

**Hedging reserve**
The hedging reserve comprises the fair value of hedging instruments qualifying for hedge accounting.

Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

**Currency translation reserve**
The reserve comprises DSV A/S shareholders' share of currency translation adjustments arising on the translation of net investments and related hedging in entities with a functional currency other than DKK. The reserve is dissolved upon disposal of the entity or if hedge accounting is no longer relevant.

### Treasury shares

| | Market value (DKKm) | % of share capital before cancellation | % of share capital after cancellation | 2014 Million shares of DKK 1 (Nominal value) | 2013 Million shares of DKK 1 (Nominal value) |
|---|---|---|---|---|---|
| **Portfolio, beginning of year** | **870** | **2.72%** | **2.76%** | **4.9** | **9.9** |
| Cancellation of treasury shares | (440) | (1.67%) | (1.69%) | (3.0) | (8.0) |
| Portfolio of treasury shares less cancelled shares | 430 | 1.05% | 1.07% | 1.9 | 1.9 |
| Purchased during the year | 1,183 | 3.76% | 3.83% | 6.8 | 4.9 |
| Sold during the year | (231) | (0.84%) | (0.85%) | (1.5) | (1.9) |
| Value adjustment | (35) | - | - | - | - |
| **Portfolio, end of year** | **1,347** | **3.97%** | **4.04%** | **7.2** | **4.9** |

### Earnings per share

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Profit for the year | 1,491 | 1,571 |
| Non-controlling interests' share of consolidated profit for the year | 1 | (6) |
| DSV A/S shareholders' share of profit for the year | 1,490 | 1,577 |
| Amortisation of customer relationships | 116 | 113 |
| Share-based payment | 37 | 39 |
| Special items, net | 304 | 129 |
| Related tax effect | (112) | (70) |
| **Adjusted profit for the year** | **1,835** | **1,788** |
| ('000 shares) | | |
| Total average number of shares | 177,855 | 182,367 |
| Average number of treasury shares | (4,742) | (5,398) |
| Average number of shares in circulation | 173,113 | 176,969 |
| Average dilutive effect of outstanding share options under incentive schemes | 1,161 | 907 |
| **Diluted average number of shares in circulation** | **174,274** | **177,876** |
| Earnings per share of DKK 1 | 8.61 | 8.91 |
| Diluted earnings per share of DKK 1 | 8.55 | 8.87 |
| Adjusted earnings per share of DKK 1 | 10.60 | 10.10 |
| Diluted adjusted earnings per share of DKK 1 | 10.53 | 10.05 |

### Diluted average number of shares

Diluted earnings per share and diluted adjusted earnings per share have been calculated excluding out-of-the-money share options. The number of out-of-the-money share options were 0 in 2014 (2013: 0).

## 4.2 CAPITAL STRUCTURE AND CAPITAL ALLOCATION

### Capital structure

The capital structure of DSV is intended to ensure financial stability for the purpose of reducing the Company's cost of capital and maintain sufficient financial stability to reach its strategic goals. The target for the Group's capital structure states that the ratio of net interest-bearing debt to EBITDA (operating profit before amortisation, depreciation and special items) must be around 2.0. The net interest-bearing debt to EBITDA ratio may exceed 2.0 in extraordinary periods due to acquisitions made by the Group.

The gearing ratio, i.e. net interest-bearing debt to EBITDA, was 1.9 at 31 December 2014 (2013: 1.9).

### Capital allocation

The Group aims to spend free cash flow as follows:

- Repayment of net interest-bearing debt in periods when the financial gearing ratio of the Group is above the capital structure target.
- Value-adding investments in the form of acquisitions or development of the existing business.
- Distribution to the Company's shareholders by means of share buybacks in preparation for capital reduction and dividends.

### Repayment of net interest-bearing debt

The Group has reduced its debt by DKK 90 million (2013: DKK 612 million).

### Acquisitions

DSV spent DKK 14 million (2013: DKK 269 million) of consolidated free cash flow on acquisitions in the financial year 2014. See note 5.1 for more information.

### Distribution to the Company's shareholders

In 2014 DSV spent DKK 1,183 on the purchase of treasury shares (2013: DKK 700 million) and reduced the share capital by 3 million shares with a nominal value of DKK 1 each (2013: 8 million shares of nominally DKK 1 each).

DSV A/S paid DKK 270 million as dividends on 20 March 2014, corresponding to DKK 1.50 per share (2013: DKK 235 million, corresponding to DKK 1.25 per share).

It is proposed to distribute a dividend of DKK 1.60 per share (2013: DKK 1.50).

## 4.3 FINANCIAL LIABILITIES

### Accounting policies

The financial liabilities of the Group are divided into four financing categories:

- Bank loans and credit facilities
- Issued bonds
- Finance leases
- Other financial liabilities

Bank loans and other borrowings and loans obtained through the issuance of bonds are recognised initially at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Capitalised residual lease obligations are recognised as finance lease obligations.

Other liabilities are measured at amortised cost, which corresponds to the net realisable value in all essentials.

**Financial liabilities**

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Loans and credit facilities | 2,890 | 4,596 |
| Issued bonds | 3,233 | 1,743 |
| Finance leases | 143 | 269 |
| Other non-current liabilities | 25 | 48 |
| **Total financial liabilities** | **6,291** | **6,656** |
| Financial liabilities as recognised in the balance sheet: | | |
| Non-current liabilities | 5,702 | 6,066 |
| Current liabilities | 589 | 590 |
| **Financial liabilities at 31 December** | **6,291** | **6,656** |

## 4.4 FINANCIAL RISKS

### Liquidity risk

We ensure that the Group has sufficient cash on demand in the form of short-term credit facilities and long-term credit lines from the main banks of the Group and through the issuance of bonds. The total duration of the Group's long-term loan commitments and the amounts drawn on its credit lines at 31 December 2014 are shown in the table below.

In Q1 2014 DSV A/S issued a DKK 750 million corporate bond with a fixed coupon of 3.5% plus a credit spread of 1.75% and a DKK 750 million floating rate bond with a credit spread of 1.85%. Both bond issues are 8-year bullet loans. The purpose of the bond loans was to further diversify the Group's long-term debt to make the Group less dependent on bank loans and utilise the historically low interest rate level. The proceeds have been used to reduce the Group's long-term bank loans.

The Group's bank loans and the bond loan maturing on 23 November 2020 are subject to a covenant. The covenant is related to the ratio of the Group's net interest-bearing debt to operating profit before amortisation, depreciation and special items. Quarterly reporting on the development of the covenant is made to the Company's providers of funding. The covenant was observed in 2014.

The loan agreements of the Group are subject to standard covenants, according to which the Group's debt must be repaid in case of a change in control of the Company.

List of commitments and amounts drawn on long-term credit facilities at 31 December 2014:

| Loan facilities | Amount (EURm) | Amount (DKKm) | Expiry of commitments | Duration (years) | Undrawn |
|---|---|---|---|---|---|
| Long-term loan I | 127 | 946 | 31/12/2016 | 2.0 | - |
| Long-term loan II | 300 | 2,233 | 15/09/2019 | 4.7 | 1,437 |
| Long-term loan III | 100 | 744 | 15/09/2019 | 4.7 | 372 |
| Bond loan I | 101 | 750 | 23/11/2020 | 5.9 | - |
| Bond loan II | 134 | 1,000 | 24/06/2020 | 5.5 | - |
| Bond loan III | 202 | 1,500 | 18/03/2022 | 7.2 | - |
| Long-term credit facility I * | 59 | 441 | 31/12/2015 | 1.0 | 332 |
| Long-term credit facility II | 100 | 744 | 20/04/2016 | 1.3 | 635 |
| **Total and weighted duration** | **1,123** | **8,358** | | **4.6** | **2,776** |

* Credit facilities expiring in 2015 with 12 months' notice at any time.

The Group's financial liabilities fall due as follows:

| | | | 2014 | | |
|---|---|---|---|---|---|
| (DKKm) | Carrying amount | Total cash flows including, interest | 0-1 year | 1-5 years | > 5 years |
| Loans, credit facilities and issued bonds | 6,123 | 6,952 | 819 | 2,737 | 3,396 |
| Finance leases | 143 | 167 | 36 | 122 | 9 |
| Trade payables | 4,782 | 4,782 | 4,782 | - | - |
| Currency derivatives | 76 | 76 | 77 | (1) | - |
| Interest rate derivatives | 100 | 116 | 71 | 33 | 12 |
| **Total** | **11,224** | **12,093** | **5,785** | **2,891** | **3,417** |

| (DKKm) | Carrying amount | Total cash flows including, interest | 2013<br>0-1 year | 1-5 years | > 5 years |
|---|---|---|---|---|---|
| Loans, credit facilities and issued bonds | 6,339 | 7,114 | 848 | 4,384 | 1,882 |
| Finance leases | 269 | 326 | 53 | 240 | 33 |
| Trade payables | 4,537 | 4,537 | 4,537 | - | - |
| Interest rate derivatives | 117 | 121 | 85 | 39 | (3) |
| **Total** | **11,262** | **12,098** | **5,523** | **4,663** | **1,912** |

The analysis of expected maturity is based on contractual cash flows, including estimated interest payments. Amounts have not been discounted for which reason they cannot necessarily be reconciled to the related items of the balance sheet.

**Foreign currency risk**

Due to its operating activities, the Group is exposed to exchange rate fluctuations to a certain extent. DSV seeks to eliminate foreign currency risks by hedging currency exposures centrally via the Group's Treasury Department. The risk exposure is managed on a net basis primarily by using foreign exchange forward contracts. The Group's foreign subsidiaries are not affected where trading income and costs are denominated in the functional currency. This applies to a large part of the Group's subsidiaries. Furthermore, a large proportion of the income and expenses of the Group are denominated in EUR and USD. The aggregate currency risk is therefore limited.

The Group is also exposed to foreign currency risks, partly on the translation of debt denominated in a foreign currency other than the functional currency of the relevant company, and partly on the translation of net investments in enterprises with a functional currency other than DKK. The former risk affects profit before tax. However, where debt is classified as hedging of net investments in foreign subsidiaries, fair value adjustments are recognised directly in equity under other comprehensive income. On recognition of net investments in foreign subsidiaries, the Group is exposed to a translation risk when the profit or loss and equity of foreign subsidiaries are translated into DKK at the reporting date based on the average rates of exchange and the closing rates. The need to hedge the Parent's net investments in subsidiaries is assessed on a regular basis. It is DSV Group policy to reduce net investments in Group subsidiaries on an ongoing basis by distributing the subsidiaries' profits as dividends.

In general, the Group does not hedge euro positions as it expects the official Danish fixed exchange-rate policy against the euro to continue.

Main currency exposures:

| | Net position | | Exchange rate | Impact on profit/loss | | Impact on other comprehensive income | |
|---|---|---|---|---|---|---|---|
| (DKKm) | 2014 | 2013 | fluctuation | 2014 | 2013 | 2014 | 2013 |
| CNY/DKK | (30) | 4 | +/- 5% | 7 | 7 | 9 | 7 |
| GBP/DKK | (1) | 19 | +/- 5% | 10 | 10 | 9 | 16 |
| HKD/DKK | (17) | (15) | +/- 5% | 5 | 5 | 5 | 5 |
| SEK/DKK | 20 | 13 | +/- 5% | 9 | 12 | 42 | 46 |
| USD/DKK | 34 | 74 | +/- 5% | 21 | 18 | 66 | 63 |
| **Total** | | | **+/- 5%** | **52** | **52** | **131** | **137** |

The effect of foreign currency translation has been calculated based on the effect of a 5% change in average rates for 2013 and 2014. The effect on other comprehensive income has been calculated on the basis of the effect of a 5% change in year-end closing rates of exchange for 2013 and 2014. The method applied for the sensitivity analysis is unchanged compared to previous years.

### Interest rate risk

The major interest rate risk relates to the long-term floating-rate loans raised by the Parent. These loans are refinanced to fixed-rate loans by using mainly interest rate swaps with a duration of up to 120 months.

The Group's loans and credit facilities:

| (DKKm) | Expiry | Fixed/ floating Interest rate | Carrying amount 2014 | 2013 |
|---|---|---|---|---|
| Bank loans DKK | 2016 | Floating | 741 | 742 |
| Bank loans EUR | 2016 - 2019 | Floating | 1,362 | 2,854 |
| Bank loans other | 2015 | Floating | 5 | 4 |
| Bond loan | 2020 - 2022 | Fixed/ floating | 3,233 | 1,743 |
| Mortgage loans | 2015 | Fixed | 4 | 51 |
| Long-term credit facility | 2015 - 2016 | Floating | 218 | 413 |
| Overdraft facility | 2015 | Floating | 560 | 532 |
| **Loans and credit facilities at 31 December** | | | **6,123** | **6,339** |
| Loans and credit facilities as recognised in the balance sheet: | | | | |
| Non-current liabilities | | | 5,554 | 5,807 |
| Current liabilities | | | 569 | 532 |
| **Loans and credit facilities at 31 December** | | | **6,123** | **6,339** |

The weighted average interest rate on loans and credit facilities was 2.4% (2013: 2.1%).

The Group is also exposed to an interest rate risk in connection with the finance and operating leases concluded. The majority of these interest rates are fixed on an ongoing basis for periods of 24 to 48 months.

It is DSV Group policy that the average period of fixed interest rates on all net bank borrowings must be at least 8 months, but not more than 45 months at any time.

At year end 2014 duration of the hedges relating to the bank and bond loans of the Group was 42 months (2013: 36 months).

The weighted average interest rate on the Group's loans and credit facilities including the effect of interest rate swaps was 2.9% in 2014 (2013: 2.8%).

A 1 percentage point increase in interest rates would reduce profit for the year by DKK 8 million (2013: DKK -10 million) and impact on other comprehensive income by DKK 99 million (2013: DKK 94 million). The method applied for the sensitivity analysis is unchanged compared to previous years.

### Financial items

#### Accounting policies

Financials include interest, share of associates' profit/loss, exchange gains and losses on and impairment of securities, payables and foreign currency transactions as well as amortisation of financial assets and liabilities, including obligations under finance leases. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

### Financial items

#### Financial income

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Interest income | 45 | 32 |
| Share of associates' profit, net of tax | 1 | 7 |
| **Total financial income** | **46** | **39** |

#### Financial expenses

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Interest expenses | 310 | 289 |
| Calculated interest on pension obligations, see note 3.5 | 35 | 37 |
| Currency translation adjustments, net | 7 | 11 |
| **Total financial expenses** | **352** | **337** |

### Credit risk

The Group's credit risks relate mainly to trade receivables. The Group has no particular customer segment and is not dependent on any specific customers. The credit risk of the Group is therefore deemed not material. In a number of situations, DSV receives security in the form of financial guarantees or charges for sales on credit, and the security provided is included in the assessment of the need to write down doubtful trade receivables. At 31 December 2014 credit insurance had been taken out for DKK 5,035 million of all trade receivables. The reported losses on receivables for the year were DKK 79 million, corresponding to 0.2% of consolidated revenue (2013: DKK 72 million, or 0.2%).

DSV is exposed to a counterparty credit risk when entering into derivative financial instruments. In order to reduce this risk, DSV only enters into derivative financial instruments with the existing banks of the Group whose credit rating from Standard & Poor's is long-term A or higher. As a general rule, the Group only makes short-term deposits with banks rated as short-term A-2 or higher by Standard & Poor's and/or as P-2 or higher by Moody's.

### Write-down of receivables

The Group has issued an internal credit limit for each debtor. As set out in the Group Credit Policy, trade receivables are rated on an ongoing basis. Insurance policies are taken out with a credit insurance company for the majority of the Group's receivables. Based on the internal credit policy and the risk assessment procedures of the Group, the credit quality of unimpaired receivables is assessed to have, to a very great extent, a high quality and imply a low risk of loss.

### Impairment losses for the year

Impairment losses relating to doubtful trade receivables break down as follows:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| **Impairment at 1 January** | **224** | **226** |
| Impairment for the year | 95 | 72 |
| Impairment losses recognised for receivables | (79) | (57) |
| Reversal of impairments | (43) | (14) |
| Currency translation adjustments | 7 | (3) |
| **Impairment at 31 December** | **204** | **224** |

Provision is made for expected losses on a case-by-case basis.

Overdue trade receivables not written down break down as follows:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Overdue for 1-30 days | 1,246 | 1,209 |
| Overdue for 31-120 days | 421 | 445 |
| Overdue for more than 120 days | 33 | 38 |

## 4.5 DERIVATIVE FINANCIAL INSTRUMENTS

### Accounting policies

Derivative financial instruments are recognised as from the trade date and are measured at fair value. Positive and negative fair values of derivative financial instruments are included in other current receivables or other current payables. Positive and negative fair values are only offset if the Group has a right and an intention to settle several financial instruments net (by means of settlement of differences). The fair value of derivative financial instruments is calculated on the basis of market data and recognised valuation models.

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the value of the part of the asset or liability that has been hedged.

Changes in the part of the fair value of derivative financial instruments which are classified as and qualify for recognition as a future cash flow hedge and which effectively hedge against changes in the value of the hedged item are recognised in other comprehensive income as a separate hedging reserve. When a hedged transaction is carried out, any gain or loss on such hedging transaction is transferred from equity and recognised in the same item as the hedged item. In connection with hedging of proceeds from future loans, however, gains or losses on such hedging transactions are transferred from equity over the term of the loan.

Changes in the fair value of derivative financial instruments not meeting the criteria for treatment as hedging instruments are recognised on an ongoing basis in the income statement under financials.

### Foreign currency risk hedging

The Group mainly uses foreign exchange forward contracts to hedge foreign currency risks. The main currencies hedged are SEK, NOK, GBP, CNY and USD. The foreign exchange forward contracts are used as fair value hedges of currency exposures relating to balance sheet assets and liabilities.

A loss on hedging instruments of DKK 174 million was recognised in the income statement for the financial year of 2014 (2013: a gain of DKK 116 million).

For the same period, hedged risks were recognised in the income statement by a gain of DKK 167 million (2013: a loss of DKK 127 million).

### Interest rate risk hedging

The Group has obtained long-term loans on a floating rate basis, which implies that the Group is exposed to interest rate fluctuations. The Group mainly uses interest rate swaps to hedge future cash flow relating to interest rate risks. Thereby floating-rate loans are refinanced as fixed-rate loans.

The weighted average effective interest rate for existing interest rate instruments used as hedges of long-term loans was 1.5% at the reporting date (2013: 1.9%).

### Significant accounting estimates

When entering into contracts for financial instruments, an assessment is made of whether the instrument qualifies for hedge accounting, including whether the instrument hedges recognised assets and liabilities or net investments in foreign entities. The effectiveness of recognised financial instruments is assessed on a monthly basis and any ineffectiveness is recognised in the income statement.

### External hedging instruments at 31 December 2014

| (DKKm) | Currency instruments | Interest rate instruments | Total |
|---|---|---|---|
| Contractual value | 6,689 | 6,666 | 13,355 |
| Maturity | 2015-2016 | 2015-2023 | |
| Fair value | (76) | (100) | (176) |
| Of which recognised in income statement | (79) | (13) | (92) |
| Of which recognised in other comprehensive income | 3 | (87) | (84) |

### External hedging instruments at 31 December 2013

| (DKKm) | Currency instruments | Interest rate instruments | Total |
|---|---|---|---|
| Contractual value | 6,113 | 6,730 | 12,843 |
| Maturity | 2014 | 2014-2020 | |
| Fair value | 27 | (117) | (90) |
| Of which recognised in income statement | 27 | (21) | 6 |
| Of which recognised in other comprehensive income | - | (96) | (96) |

## 4.6 FINANCIAL INSTRUMENTS

### Financial instruments by category

| (DKKm) | 2014 Carrying amount | 2013 Carrying amount |
|---|---|---|
| Financial assets: | | |
| Currency derivatives | - | 27 |
| Trade receivables | 7,854 | 7,469 |
| Other receivables | 985 | 794 |
| Cash and cash equivalents | 432 | 707 |
| Total cash and receivables | 9,271 | 8,970 |
| Financial assets available for sale | 9 | 7 |
| Financial liabilities: | | |
| Interest rate derivatives | 100 | 117 |
| Currency derivatives | 76 | - |
| Issued bonds measured at amortised cost | 3,233 | 1,743 |
| Loans and credit facilities | 2,890 | 4,596 |
| Finance lease liabilities | 143 | 269 |
| Trade payables | 4,782 | 4,537 |
| Financial liabilities measured at amortised cost | 11,048 | 11,145 |

**Fair value hierarchy**

**Derivative financial instruments – level 2**

The fair value of derivatives is determined based on observable market data using generally accepted methods. Internally calculated fair values are used and these are compared to external market quotes on a monthly basis.

**Financial liabilities measured at amortised cost**

The fair value of financial liabilities measured at amortised cost does not differ significantly from the carrying amount.

**Receivables**

The carrying amount of trade and other receivables corresponds to estimated fair value.

DSV has no financial instruments measured at fair value on the basis of level 1 input (measured at fair value) or level 3 input (non-observable market data).

# Chapter 5 – Other notes

This chapter contains other statutory notes not directly related to the ordinary operating activities of the Group. The chapter describes the acquisition and disposal of entities during the year, tax on activities, contingent liabilities and security for debt, and transactions with Group Management, auditors and other related parties.

## 5.1 ACQUISITION AND DISPOSAL OF ENTITIES

**Accounting policies**

Newly acquired or established entities are recognised in the consolidated financial statements from the date of start-up or acquisition. Entities disposed of or otherwise ceasing to be subsidiaries or associates are recognised in the consolidated income statement until the date of disposal. On acquisition of entities over which the Parent obtains control the purchase method is applied.

Identifiable assets, liabilities and contingent liabilities of the acquirees are measured at fair value on acquisition.

Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for the revaluation.

The date of acquisition is the date on which DSV A/S or a DSV subsidiary actually obtains control of the acquiree.

The date of disposal is the date on which DSV A/S or a DSV subsidiary actually surrenders control of the entity disposed of or otherwise ceasing to be a subsidiary or an associate.

The consideration for acquirees consists of the fair value of the agreed consideration in the form of assets and liabilities transferred and equity instruments issued. If part of the consideration is subject to future events or the performance of contractual obligations, such part of the consideration is recognised at fair value on acquisition. Costs attributable to business combinations are recognised directly in the income statement when incurred.

Comparative figures are not adjusted for entities recently acquired, disposed of or otherwise ceasing to be subsidiaries or associates.

Positive differences (goodwill) between, on the one side, the consideration, the value of non-controlling interests in the acquiree and the fair value of any equity investments previously acquired and, on the other, the fair value of identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangibles.

Goodwill and fair value adjustments related to the acquisition of a foreign entity whose functional currency differs from the presentation currency of the DSV Group are treated as assets and liabilities belonging to the foreign entity and are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

If, on acquisition, there is uncertainty connected with measurement of the identifiable assets, liabilities and contingent liabilities acquired, the first recognition is made on the basis of a preliminary calculation of fair value. If the allocation of acquisition price is considered preliminary and it subsequently turns out that the identifiable assets, liabilities and contingent liabilities had another fair value on acquisition than first assumed, goodwill may be adjusted for up to 12 months following the date of acquisition.

After that, goodwill is not adjusted. Any change in estimated contingent consideration is recognised in the income statement.

**Acquisition and disposal of subsidiaries and activities in 2014**

With effect from 2 July 2014 the Group acquired the remaining ownership interest in the DSV Swift companies, which are based in 12 African countries. The initial 33% of the shares were acquired in October 2012 and we have thereby fortified our position in the air and sea transportation market on the African continent.

The Group recorded goodwill of DK 40 million from the acquisition of the remaining shares and recognised a loss of DKK 5.8 million in the income statement due to adjustments to previously recognised equity investments. The effect on revenue, gross profit and operating profit is insignificant.

**Non-controlling interests**

The Group acquired no material non-controlling interests and sold no material equity interests and sold no equity interests to non-controlling shareholders in 2014 or 2013.

## 5.2 TAX

### Accounting policies

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income for previous years and for prepaid tax.

Deferred tax is recognised based on temporary differences between the carrying amount and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to amortisation or depreciation of goodwill, office properties and other items disallowed for tax purposes if, except at the acquisition of enterprises, such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different taxation rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction. Deferred tax assets and tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously. Deferred tax is adjusted for elimination of unrealised intra-Group gains and losses. Deferred tax is measured on the basis of the tax rules and tax rates of the relevant countries that will be effective under current legislation at the reporting date on which the deferred tax is expected to crystallise as current tax.

Tax for the year comprises current tax and deferred tax relating to the profit or loss for the year, interest expenses related to pending tax disputes and adjustments to previous years, including adjustments due to tax rulings. Tax for the year is recognised in the income statement, unless the tax expense relates directly to items included in other comprehensive income or equity.

### Significant accounting estimates

The Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if it is estimated that there will be sufficient future taxable income against which the temporary differences and unutilised tax losses can be utilised. This assessment is based on budgets and business plans for the following years, including planned business initiatives.

Deferred tax assets are tested annually and are only recognised if they are likely to be utilised.

### Tax for the year

| (DKKm) | 2014 | 2013 |
|---|---|---|
| The tax for the year is disaggregated as follows: | | |
| Tax on profit for the year | 523 | 554 |
| Tax on other changes in equity | (16) | (3) |
| Tax on other comprehensive income | (62) | 29 |
| **Total tax for the year** | **445** | **580** |
| | | |
| Tax on profit for the year is calculated as follows: | | |
| Current tax | 506 | 574 |
| Deferred tax | 40 | (4) |
| Tax adjustment relating to previous years | (23) | (16) |
| **Total tax on profit for the year** | **523** | **554** |
| | | |
| The tax on profit for the year breaks down as follows: | | |
| Calculated tax on profit for the year before tax | 24.5% | 25.0% |
| Adjustment of calculated tax in foreign Group enterprises relative to 24.5% | 2.5% | 2.2% |
| Change in deferred tax from change in corporation tax rate | 0.1% | (0.3%) |
| Tax effect of: | | |
| Non-deductible expenses/ non-taxable income | (3.2%) | 0.2% |
| Non-deductible losses/ non-taxable gains on shares | (0.1%) | (0.2%) |
| Tax adjustment relating to previous years | (1.1%) | (0.7%) |
| Tax asset valuation adjustments, net | 1.2% | (2.8%) |
| Other taxes and adjustments | 2.1% | 2.7% |
| **Effective tax rate** | **26.0%** | **26.1%** |

**Tax on other comprehensive income**

| | 2014 | 2013 |
|---|---|---|
| Fair value adjustment of hedging instruments | (2) | (20) |
| Actuarial gains/(losses) | 64 | (9) |
| **Total** | **62** | **(29)** |

### Deferred tax

#### Deferred tax assets recognised in the balance sheet

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Deferred tax at 1 January | (19) | 2 |
| Deferred tax for the year | 40 | (4) |
| Tax adjustment relating to previous years | (25) | (16) |
| Tax on changes in equity | (75) | 4 |
| Other adjustments | (43) | (5) |
| **Deferred tax at 31 December** | **(122)** | **(19)** |

Other adjustments comprised DKK 36 million relating to a deferred tax asset incurred as a result of the acquisition of Ontime Logistics in 2013.

#### Deferred tax assets not recognised in the balance sheet

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Temporary differences | 16 | 13 |
| Tax assets not recognised | 1,070 | 1,074 |
| **Total tax assets not recognised** | **1,086** | **1,087** |

**The deferred tax assets and liabilities recognised are allocated to the following items:**

2014

| (DKKm) | Beginning of year | Recognised in profit/loss | Recognised in equity | Other adjustments | Currency translation adjustments | End of year | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | 183 | 86 | - | - | - | 269 | 22 | (291) |
| Property, plant and equipment | 188 | (72) | - | (7) | - | 109 | 1 | (110) |
| Provisions | (176) | (65) | (64) | - | (1) | (306) | 306 | - |
| Other liabilities | 9 | 42 | (11) | - | - | 40 | 41 | (81) |
| Tax base of tax loss carryforwards | (223) | 24 | - | (36) | 1 | (234) | 234 | - |
| Offsets | - | - | - | - | - | - | (116) | 116 |
| **Total** | **(19)** | **15** | **(75)** | **(43)** | **-** | **(122)** | **488** | **(366)** |

2013

| (DKKm) | Beginning of year | Recognised in profit/loss | Recognised in equity | Other adjustments | Currency translation adjustments | End of year | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | 198 | (28) | - | 15 | (2) | 183 | 32 | (215) |
| Property, plant and equipment | 237 | (39) | - | (7) | (3) | 188 | - | (188) |
| Provisions | (194) | 17 | 6 | (6) | 1 | (176) | 176 | - |
| Other liabilities | 5 | 9 | (2) | (4) | 1 | 9 | 72 | (81) |
| Tax base of tax loss carryforwards | (244) | 21 | - | (2) | 2 | (223) | 220 | 3 |
| Offsets | - | - | - | - | - | - | (70) | 70 |
| **Total** | **2** | **(20)** | **4** | **(4)** | **(1)** | **(19)** | **430** | **(411)** |

Of the unrecognised tax assets, DKK 858 million may be carried forward indefinitely. The remaining DKK 212 million can be carried forward for up to 18 years.

## 5.3 REMUNERATION OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

### Executive Board

The members of the Executive Board are subject to a notice period of up to 24 months. Remuneration of the members of the Executive Board and the Board of Directors is calculated using the principles of the Company's Remuneration Policy.

The aggregate remuneration for the members of the Executive Board was DKK 22.6 million (2013: DKK 20.3 million). The remuneration of the Executive Board breaks down as follows:

| | Jens Bjørn Andersen | | Jens H. Lund | |
|---|---|---|---|---|
| (DKKm) | 2014 | 2013 | 2014 | 2013 |
| Fixed salary | 6.7 | 6.5 | 4.6 | 4.6 |
| Pension | 1.1 | 1.0 | 0.6 | 0.5 |
| Bonus | 3.0 | 2.5 | 2.2 | 1.8 |
| Share-based payment | 2.6 | 2.0 | 1.8 | 1.4 |
| **Total** | **13.4** | **12.0** | **9.2** | **8.3** |

### Board of Directors

The aggregate remuneration for the Board of Directors of DSV A/S for 2014 was DKK 4.6 million (2013: DKK 4.2 million).

| (DKK '000) | 2014 | 2013 |
|---|---|---|
| Kurt K. Larsen, Chairman | 1,600 | 1,400 |
| Erik B. Pedersen, Deputy Chairman | 650 | 600 |
| Kaj Christiansen (resigned 2014) | 100 | 400 |
| Annette Sadolin | 600 | 600 |
| Birgit W. Nørgaard | 450 | 400 |
| Thomas Plenborg | 850 | 800 |
| Robert S. Kledal (elected 2014) | 300 | - |
| **Total remuneration of the Board of Directors of the Parent** | **4,550** | **4,200** |

## 5.4 SHARE OPTION SCHEMES AND SHARES HELD BY MANAGEMENT

### Accounting policies

The value of the employee services received in exchange for the grant of share options corresponds to the fair value of the share options at the date of grant. The fair value of equity-settled share-based schemes is measured at the grant date and recognised in the income statement as staff costs over the period until the share options are vested.

The offsetting item is recognised directly in equity. On initial recognition of such share-based schemes an estimate is made of the number of share options that the employees are expected to earn.

The estimated number of share options is adjusted subsequently to reflect the actual number of share options earned. The fair value of the options granted is estimated on the basis of the Black & Scholes valuation model. The estimate takes into account the terms and conditions applicable to the grant of share options and Management's expectations of the development in the elements on which the valuation model is based.

**Accounting estimates**
The market value is calculated according to the Black & Scholes valuation model. The assumptions used are based on Management's estimates. The estimated volatility is based on the historical volatility over the preceding 3 years adjusted for any unusual circumstances during the period.

The valuation of the share options granted in 2014 and 2013 is based on the following assumptions:

| | Scheme | |
|---|---|---|
| Assumptions | 2014 | 2013 |
| Share price | 166.75 | 142.00 |
| Volatility | 20.0% | 20.0% |
| Risk-free interest rate | 0.92% | 0.75% |
| Expected dividends | 1.50% | 1.50% |
| Expected remaining life (years) | 3.51 | 3.51 |

**Share option schemes**
DSV has launched incentive share option schemes with a view to motivating and retaining staff, senior staff and members of the Executive Board. The schemes are also intended to make staff and shareholders identify with the same interests. All exercise prices are set on the basis of the quoted market price at the date of grant. The share options can be exercised by the employees by cash purchase of shares only. The obligation relating to the schemes is partly covered by the Company's treasury shares.

The share options were granted pursuant to the procedures laid down in the Remuneration Policy of the Group applicable in the relevant year.

A total of 1,294 employees held share options at 31 December 2014.

**Current share option schemes**

| Scheme | Number of employees | Options granted | Exercise price | Market value at date of grant (DKKm) |
|---|---|---|---|---|
| 2010 | 1,003 | 1,983,000 | 98.50 | 41.2 |
| 2011 | 1,011 | 1,977,000 | 129.90 | 46.9 |
| 2012 | 1,035 | 1,964,500 | 128.00 | 38.0 |
| 2013 | 1,059 | 1,996,000 | 142.00 | 31.5 |
| 2014 | 1,128 | 2,119,500 | 166.75 | 39.9 |

**Incentive share option schemes at 31 December 2014**

| | Exercise period | Executive Board | Senior staff | Total | Average exercise price per option |
|---|---|---|---|---|---|
| Outstanding share options of 2010 scheme | 02.04.13 - 31.03.15 | - | 190,500 | 190,500 | 98.50 |
| Outstanding share options of 2011 scheme | 01.04.14 - 01.04.16 | - | 682,009 | 682,009 | 129.90 |
| Outstanding share options of 2012 scheme | 01.04.15 - 31.03.17 | 170,000 | 1,629,000 | 1,799,000 | 128.00 |
| Outstanding share options of 2013 scheme | 02.04.16 - 29.03.18 | 170,000 | 1,726,500 | 1,896,500 | 142.00 |
| Outstanding share options of 2014 scheme | 31.03.17 - 29.03.19 | 170,000 | 1,904,000 | 2,074,000 | 166.75 |
| **Outstanding at 31 December 2014** | | **510,000** | **6,132,009** | **6,642,009** | **143.45** |
| **Exercise period open at 31 December 2014** | | **-** | **872,509** | **872,509** | **123.04** |
| Life (years) | | 3.25 | 2.98 | 3.00 | |
| Market value (DKKm) | | 23.1 | 290.0 | 313.1 | |

### Outstanding share options

| | Board of Directors | Executive Board | Senior staff | Total | Average exercise price per option |
|---|---|---|---|---|---|
| Outstanding at 1 January 2013 | 90,000 | 680,000 | 5,520,500 | 6,290,500 | 111.43 |
| Granted in 2013 | - | 170,000 | 1,826,000 | 1,996,000 | 142.00 |
| Exercised in 2013 | (90,000) | (340,000) | (1,471,395) | (1,901,395) | 85.21 |
| Options waived/expired | - | - | (151,500) | (151,500) | 126.66 |
| **Outstanding at 31 December 2013** | **-** | **510,000** | **5,723,605** | **6,233,605** | **128.84** |
| Granted in 2014 | - | 170,000 | 1,949,500 | 2,119,500 | 166.75 |
| Exercised in 2014 | - | (170,000) | (1,340,596) | (1,510,596) | 117.74 |
| Options waived/expired | - | - | (200,500) | (200,500) | 129.50 |
| **Outstanding at 31 December 2014** | **-** | **510,000** | **6,132,009** | **6,642,009** | **143.45** |

The average consideration paid for share options exercised in the financial year was DKK 178.28 per share at the date of exercise.
Outstanding share options for Executive Board members were granted to Jens Bjørn Andersen (300,000 options) and Jens H. Lund (210,000 options).

### Shares held by members of the Executive Board and the Board of Directors

| | Shares at beginning of year | Shares purchased in 2014 | Shares sold in 2014 | Shares at year end | Market value (DKKm) |
|---|---|---|---|---|---|
| Jens Bjørn Andersen [1] | 50,000 | 100,000 | 100,000 | 50,000 | 9.4 |
| Jens H. Lund [2] | 39,335 | 70,000 | 70,000 | 39,335 | 7.4 |
| Kurt K. Larsen [3] | 157,590 | - | - | 157,590 | 29.7 |
| Erik B. Pedersen | 275,000 | - | 40,000 | 235,000 | 44.2 |
| Kaj Christiansen | 1,000 | 1,000 | - | 2,000 | 0.4 |
| Annette Sadolin | 3,885 | 2,750 | - | 6,635 | 1.2 |
| **Total** | **526,810** | **173,750** | **210,000** | **490,560** | **92.3** |

[1] Of which 50,000 shares are held in a custody account in the name of a related party

[2] Of which 31,200 shares are held in a custody account in the name of a related party

[3] Of which 70,500 shares are held in a custody account in the name of a related party. The opening shareholding position was adjusted by 75,000 shares to 157,590 shares due to a discrepancy between the shareholding registered for 2013 and the actual shareholding later established. The adjustment related to a related party's sale of shares, see Company Announcement No. 489, which had subsequently been registered incorrectly.

## 5.5 FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Statutory audit | 15 | 16 |
| Tax and VAT advisory services | 2 | 5 |
| Other services | 2 | 5 |
| Total fees to auditors appointed at the Annual General Meeting | 19 | 26 |
| Audit, tax and other services | 6 | 2 |
| Others, total fees | 6 | 2 |
| **Total fees** | **25** | **28** |

## 5.6 CONTINGENT LIABILITIES AND SECURITY FOR DEBT

### Contingent liabilities

#### Accounting policies

Contingent liabilities comprise probable liabilities which have not yet been confirmed and which may result in a drain on the Group's resources or constructive liabilities which cannot be reliably measured.

#### Contingent liabilities 2014

As an international transport provider, DSV receives notifications and inquiries from the competition authorities from time to time. Management believes that these cases will have no material impact on the financial position of the Group.

As an international transport provider, DSV is regularly involved in tax and VAT disputes and other legal proceedings. The effects of some of these cases are recognised based on Management's assessment of their expected outcome. Other cases are expected to have no material impact on the future financial results of the Group.

### Security for debt

#### Bank guarantees

As part of its ordinary operations DSV has provided bank guarantees relative to authorities, suppliers, etc. The counterparties may claim appropriation of collateral if DSV fails to pay any amount due. At the reporting date all liabilities relating to the bank guarantees provided were recognised in the balance sheet or described in note 3.4 as operating lease obligations.

#### Property, plant and equipment provided as security

As at 31 December 2014, land and buildings with a carrying amount of DKK 101 million (2013: DKK 183 million) were pledged as security to mortgage banks.

Mortgage debt amounted to DKK 4 million at 31 December 2014 (2013: DKK 51 million).

#### Contracts

DSV has concluded IT service contracts. The costs related to these contracts are recognised as the services are provided.

## 5.7 RELATED-PARTY TRANSACTIONS

DSV has no related parties with control.

Related parties of DSV with significant influence comprise associates, members of the associates' boards of directors, executive boards and senior staff as well as family members of those persons. Related parties also comprise companies in which the aforementioned persons have significant interests.

### Associated companies

DSV holds ownership interests in 10 associates (2013: 22 associates). The Group's share of associates' profit for the year amounted to DKK 1 million (2013: DKK 7 million). The carrying amount of the investment for the year was DKK 30 million at 31 December 2014 (2013: DKK 25 million).

The Group had the following transactions with associates:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Sale of services | 107 | 96 |
| Purchase of services | 172 | 243 |

The Group had the following outstanding balances with associates at 31 December 2014:

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Receivables | 22 | 44 |
| Liabilities | 24 | 2 |

### Board of Directors, Executive Board and senior staff

No transactions were made in 2014 other than ordinary remuneration, as described in notes 5.3 and 5.4.

## DEFINITION OF FINANCIAL HIGHLIGHTS

**Key figures**

| | | |
|---|---|---|
| Net interest-bearing debt (NIBD) | = | Interest-bearing debt at year end less interest-bearing assets at year end |
| Net working capital (NWC) | = | Receivables and other current operating assets less trade payables and other payables and other current operating liabilities |
| Invested capital including goodwill and customer relationships | = | NWC + property, plant and equipment, intangible assets including goodwill and customer relationships and assets held for sale less long-term provisions and pension obligations |
| Adjusted earnings | = | The DSV A/S shareholders' share of profit for the year adjusted for amortisation and impairment of goodwill and customer relationships, costs related to share-based payments and special items. The tax effect of the adjustments has been taken into account |

**Financial ratios**

Gross margin $= \dfrac{\text{Gross profit * 100}}{\text{Net revenue}}$

Operating margin $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Net revenue}}$

Conversion ratio* $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Gross profit}}$

Effective tax rate* $= \dfrac{\text{Tax on profit for the year}}{\text{Profit before tax}}$

ROIC before tax including goodwill and customer relationships $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Average invested capital including goodwill and customer relationships}}$

ROIC before tax excluding goodwill and customer relationships $= \dfrac{\text{Operating profit before impairment of goodwill and special items * 100}}{\text{Average invested capital excluding goodwill and customer relationships}}$

Return on equity (ROE) $= \dfrac{\text{DSV A/S shareholders' share of profit for the year * 100}}{\text{Average equity excluding non-controlling interests}}$

Solvency ratio $= \dfrac{\text{Equity excluding non-controlling interests * 100}}{\text{Total assets}}$

Financial gearing* $= \dfrac{\text{Interest-bearing debt at year end - interest-bearing assets at year end}}{\text{Operating profit before amortisation, impairment of goodwill and special items}}$

**Share ratios**

$$\text{Earnings per share} = \frac{\text{DSV A/S shareholders' share of profit for the year}}{\text{Average number of shares}}$$

$$\text{Diluted earnings per share} = \frac{\text{DSV A/S shareholders' share of profit for the year}}{\text{Diluted average number of shares}}$$

$$\text{Diluted adjusted earnings per share} = \frac{\text{Adjusted earnings}}{\text{Diluted average number of shares}}$$

$$\text{Equity value per share} = \frac{\text{Equity excluding non-controlling interests}}{\text{Number of shares at year end}}$$

$$\text{Total payout ratio} = \frac{\text{Dividends + total share buybacks * 100}}{\text{Profit for the period excluding non-controlling interests}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividends * 100}}{\text{Profit for the period excluding non-controlling interests}}$$

Number of shares at year end = Total number of shares outstanding at year end excluding treasury shares

Diluted average number of shares = Average number of shares during the year including share options, but excluding out-of-the-money options measured relative to the average share price for the year

Earnings per share and diluted earnings per share are calculated pursuant to IAS 33. The other financial ratios are calculated in accordance with Recommendations & Financial Ratios 2010 published by the Danish Society of Financial Analysts, except for financial ratios marked with * as those ratios are not included in the Recommendations.

# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of DSV A/S for the financial year 2014.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and Danish disclosure requirements for listed companies.

It is our opinion that the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2014 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2014.

In our opinion, the Management's Commentary includes a fair review of the development in the Group's and Parent Company's operations and financial conditions, the results for the year, cash flow and financial position as well as a description of the significant risks and uncertainty factors that the Group and the Parent Company face.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hedehusene, 6 February 2015

**Executive Board:**

| | |
|---|---|
| Jens Bjørn Andersen<br>CEO | Jens H. Lund<br>CFO |

**Board of Directors:**

| | | |
|---|---|---|
| Kurt K. Larsen<br>Chairman | Erik B. Pedersen<br>Deputy Chairman | Robert S. Kledal |
| Annette Sadolin | Birgit W. Nørgaard | Thomas Plenborg |

# Independent auditors' report

## To the shareholders of DSV A/S

**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS**

We have audited the consolidated financial statements and the Parent Company financial statements of DSV A/S for the financial year 1 January - 31 December 2014. The consolidated financial statements and the Parent Company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the Parent Company. The consolidated financial statements and the Parent Company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS**

Management is responsible for the preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the consolidated financial statements and the Parent Company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the Parent Company financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent Company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the Parent Company financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

**OPINION**

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2014 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

**STATEMENT ON THE MANAGEMENT'S COMMENTARY**

Pursuant to the Danish Financial Statements Act, we have read the Management's Commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the Parent Company financial statements. On this basis, it is our opinion that the information provided in the Management's Commentary is consistent with the consolidated financial statements and the Parent Company financial statements.

Copenhagen, 6 February 2015

**ERNST & YOUNG**
Godkendt Revisionspartnerselskab

Jesper Koefoed
State Authorised
Public Accountant

Michael Groth Hansen
State Authorised
Public Accountant

## GROUP STRUCTURE

The overview below is a list of active companies of the DSV Group at 31 December 2014 and shows the companies by segment and not by legal structure.

| | Country | Ownership share | Air & Sea | Road | Solutions |
|---|---|---|---|---|---|
| **Parent** | | | | | |
| DSV A/S | Denmark | - | | | |
| **Subsidiaries** | | | | | |
| **Europe** | | | | | |
| DSV Air & Sea NV | Belgium | 100% | x | | |
| ABX Worldwide Holdings NV/SA | Belgium | 100% | x | | |
| DSV Road Holding NV | Belgium | 100% | | x | |
| DSV Solutions NV | Belgium | 100% | | | x |
| DSV Road N.V. | Belgium | 100% | | x | |
| Marine Cargo Insurance (MCI) Agents N.V. | Belgium | 100% | | x | |
| DSV Air & Sea OOD | Bulgaria | 100% | x | | |
| DSV Road EOOD | Bulgaria | 100% | | x | |
| DSV Insurance A/S | Denmark | 100% | | | |
| DSV Group Services A/S | Denmark | 100% | | | |
| DSV FS A/S | Denmark | 100% | | | |
| DSV Air & Sea Holding A/S | Denmark | 100% | x | | |
| DSV Air & Sea A/S | Denmark | 100% | x | | |
| DSV Ocean Transport A/S | Denmark | 100% | x | | |
| DSV Solutions Holding A/S | Denmark | 100% | | | x |
| DSV Solutions A/S | Denmark | 100% | | | x |
| DSV Road Holding A/S | Denmark | 100% | | x | |
| DSV Road A/S | Denmark | 100% | | x | |
| DSV Transport AS | Estonia | 100% | x | x | |
| DSV Air & Sea Oy | Finland | 100% | x | | |
| Ab Wasa Logistics Ltd Oy | Finland | 100% | x | | |
| DSV Solutions Oy | Finland | 100% | | | x |
| DSV Road Oy | Finland | 100% | | x | |
| Uudenmaan Pikakuljetus OY | Finland | 100% | | x | |
| DSV Road Holding S.A. | France | 100% | | x | |
| ING Reeif Wattrelos | France | 100% | | x | |
| Frans Maas Holding France S.A. | France | 100% | | x | |
| DSV Air & Sea SAS | France | 100% | x | | |
| DSV Solutions SAS | France | 100% | | | x |
| DSV Road SAS | France | 100% | | x | |
| DSV HELLAS S.A. | Greece | 100% | x | x | |
| DSV Air & Sea B.V. | The Netherlands | 100% | x | | |
| ABX LOGISTICS (Nederland) B.V. | The Netherlands | 100% | x | | |
| VTS Beheer B.V. | The Netherlands | 100% | | | x |
| DSV Solutions (Moerdijk) B.V. | The Netherlands | 100% | | | x |
| DSV Solutions Holding B.V. | The Netherlands | 100% | | | x |
| Vastgoed Oostrum C.V. | The Netherlands | 100% | | | x |
| DSV Solutions Nederland B.V. | The Netherlands | 100% | | | x |
| DSV Solutions (Dordrecht) B.V. | The Netherlands | 100% | | | x |
| DSV Road Holding NV | The Netherlands | 100% | | x | |
| DSV Road B.V. | The Netherlands | 100% | | x | |
| DSV Transport Ltd. | Belarus | 100% | | x | |
| DSV Air & Sea Limited | Ireland | 100% | x | | |
| DSV Solutions Ltd. | Ireland | 100% | | | x |
| DSV Road Limited | Ireland | 100% | | x | |
| Saima Avandero SpA | Italy | 99.1% | x | x | x |
| DSV Air & Sea S.r.L. | Italy | 100% | x | | |
| Logimek SRL | Italy | 100% | | | x |
| DSV Road S.p.A. | Italy | 100% | | x | |
| Saima Caspian LLC | Kazakhstan | 100% | x | | |
| DSV Hrvatska d.o.o. | Croatia | 100% | | x | |
| DSV Transport SIA | Latvia | 100% | x | x | |
| DSV Transport UAB | Lithuania | 100% | x | x | |
| XB Luxembourg Holdings 1 SA | Luxemburg | 100% | | | |
| XB Luxembourg Holdings 2 SARL | Luxemburg | 100% | | | |
| DSV Road S.A. | Luxemburg | 100% | | x | |

| | Country | Ownership share | Air & Sea | Road | Solutions |
|---|---|---|---|---|---|
| **Europe (continued)** | | | | | |
| DSV Air & Sea AS | Norway | 100% | x | | |
| DSV Solutions AS | Norway | 100% | | | x |
| DSV Road AS | Norway | 100% | | x | |
| DSV International Shared Services Sp. z o.o. | Poland | 100% | | | |
| DSV Air & Sea Sp. z o.o. | Poland | 100% | x | | |
| DSV Road Sp. z.o.o. | Poland | 100% | | x | |
| DSV Solutions Sp.z o.o. | Poland | 100% | | | x |
| DSV Solutions, Lda. | Portugal | 100% | | x | |
| DSV Transitarios, Lda. | Portugal | 100% | x | x | |
| DSV SGPS, Lda. | Portugal | 100% | | x | |
| DSV Solutions S.R.L. | Romania | 100% | x | x | x |
| DSV Solutions OOO | Russia | 100% | | | x |
| DSV Road OOO | Russia | 100% | x | x | |
| OOO DSV Transport | Russia | 100% | | x | |
| DSV Logistics SA | Switzerland | 100% | x | x | x |
| DSV Road d.o.o. | Serbia | 100% | | x | |
| DSV Slovakia S.R.O. | Slovakia | 100% | x | x | x |
| DSV Transport d.o.o. | Slovenia | 100% | x | x | |
| DSV Solutions Spain S.A.U | Spain | 100% | | | x |
| DSV Road Spain S.A.U | Spain | 100% | | x | |
| DSV Holding Spain S.L. | Spain | 100% | | x | |
| DSV Air & Sea S.A.U | Spain | 100% | x | | |
| DSV Air & Sea Limited | Great Britain | 100% | x | | |
| SBS Worldwide (Holdings) Ltd. | Great Britain | 100% | x | | |
| Virtualized Logistics Ltd. | Great Britain | 100% | x | | |
| SBS Worldwide Ltd. | Great Britain | 100% | x | | |
| DSV Commercials Ltd. | Great Britain | 100% | | x | |
| DSV Road Ltd. | Great Britain | 100% | | x | |
| DSV Solutions Ltd. | Great Britain | 100% | | | x |
| S. Black Ltd. | Great Britain | 100% | x | | |
| Campbell Freight Agencies Limited | Great Britain | 100% | x | | |
| Warth Park (No.1) Limited | Great Britain | 100% | | | x |
| DSV Road Holding Ltd. | Great Britain | 100% | | x | |
| DSV Pension Trustees Ltd. | Great Britain | 100% | | x | |
| DFDS Transport Ltd. | Great Britain | 100% | | x | |
| DSV Air & Sea AB | Sweden | 100% | x | | |
| DSV Solutions AB | Sweden | 100% | | | x |
| DSV Road AB | Sweden | 100% | | x | |
| DSV Road Property Holding AB | Sweden | 100% | | x | |
| DSV Group AB | Sweden | 100% | | x | |
| Sverige Ontime Logistics AB | Sweden | 100% | | x | |
| Gamla Industrologistik Hisingsbacka AB | Sweden | 100% | | x | |
| Göinge Frakt EK | Sweden | 100% | | x | |
| DSV Air & Sea s.r.o. | Czech Republic | 100% | x | | |
| DSV Road a.s. | Czech Republic | 100% | | x | x |
| DSV Air & Sea A.S. | Turkey | 100% | x | | |
| DSV Road & Solutions A.S. | Turkey | 100% | | x | x |
| DSV Air & Sea GmbH | Germany | 100% | x | | |
| DSV Solutions Group GmbH | Germany | 100% | | | x |
| DSV Solutions GmbH | Germany | 100% | | | x |
| DSV Stuttgart GmbH & Co. KG | Germany | 100% | | x | |
| DSV Road GmbH | Germany | 100% | | x | |
| POP Gesellschaft für Prozesslogistik mbH | Germany | 100% | | | x |
| DSV Stuttgart Verwaltung GmbH | Germany | 100% | | | x |
| Collico Verpackungslogistik und Service GmbH | Germany | 100% | | | x |
| Administration & Accounting Service GmbH | Germany | 100% | | x | |
| Jolkos Grundstücksverwaltungsgesellschaft mbH | Germany | 94% | | x | |
| DSV Immobilien GmbH | Germany | 100% | | x | |
| DSV Logistics LLC | Ukraine | 100% | x | x | |
| DSV Hungaria Kft. | Hungary | 100% | x | x | |
| DSV Österreich Spedition GmbH | Austria | 100% | x | x | |
| ABX LOGISTICS (Austria) GmbH | Austria | 100% | | x | |

| | Country | Ownership share | Air & Sea | Road | Solutions |
|---|---|---|---|---|---|
| **North America** | | | | | |
| DSV Air & Sea Inc. | Canada | 100% | x | x | |
| DSV Air & Sea, S.A. de C.V. | Mexico | 100% | x | | |
| DSV Air & Sea Inc. | USA | 100% | x | x | |
| DSV Solutions Inc. | USA | 100% | | | x |
| DSV Air & Sea Holding Inc. | USA | 100% | x | | |
| ABX LOGISTICS (USA) Inc. | USA | 100% | x | | |
| SBS Worldwide Inc. | USA | 100% | x | | |
| **South America** | | | | | |
| ABX LOGISTICS (Argentina) SA | Argentina | 100% | x | | |
| DSV Air & Sea S.A. | Argentina | 100% | x | | |
| DSV Air & Sea Logística Ltda. | Brazil | 100% | x | | |
| DSV Air & Sea S.A. | Chile | 100% | x | | |
| DSV Air & Sea (Latin America) Holding S.A. | Chile | 100% | x | | |
| DSV-GL Peru S.A. | Peru | 100% | x | | |
| DSV Air & Sea S.A.S. | Colombia | 100% | x | | |
| **Asia** | | | | | |
| DSV Air & Sea Ltd. | Bangladesh | 100% | x | | |
| ABX LOGISTICS (Bangladesh) Ltd. | Bangladesh | 100% | x | | |
| DSV Air & Sea (LLC) | United Arab Emirates | 100% | x | | |
| Swift Freight International LLC | United Arab Emirates | 100% | x | | |
| DSV Air & Sea Inc. | The Philippines | 100% | x | | |
| ABX LOGISTICS Holding Philippines Inc | The Philippines | 97.6% | x | | |
| DSV Air & Sea Ltd. | Hong Kong | 100% | x | | x |
| ABX LOGISTICS (Hong Kong) Ltd. | Hong Kong | 100% | x | | |
| Swift Global Logistics Limited | Hong Kong | 100% | x | | |
| S-CHP Investments (Hong Kong) Ltd. | Hong Kong | 100% | x | | |
| DSV Air & Sea Pvt. Ltd. | India | 100% | x | | |
| Swift Shipping and Freight Logistics Private Limited | India | 100% | x | | |
| PT. DFDS Transport Indonesia | Indonesia | 100% | x | | |
| PT J.H. Bachmann (Indonesia) | Indonesia | 100% | x | | |
| PT ABX LOGISTICS (Indonesia) | Indonesia | 100% | x | | |
| DSV Air & Sea Co., Ltd. | Japan | 100% | x | | |
| DSV Air & Sea Co., Ltd. | China | 100% | x | | |
| BaltShip (China) Co. Ltd. | China | 100% | x | | |
| DSV Logistics Co., Ltd. | China | 100% | | | x |
| DSV Air & Sea Ltd. | Korea | 100% | x | | |
| DSV Air & Sea Sdn Bhd | Malaysia | 100% | x | | |
| DSV Logistics Sdn. Bhd. | Malaysia | 49% | x | | |
| DSV Air & Sea Pte. Ltd. | Singapore | 100% | x | | |
| BaltShip (Singapore) Pte.Ltd. | Singapore | 100% | x | | |
| ABX LOGISTICS Singapore PTE LTD | Singapore | 100% | x | | |
| DSV Air & Sea Co. Ltd. | Taiwan | 100% | x | | |
| DSV Air & Sea Ltd. | Thailand | 100% | x | | |
| ABX Holding (Thailand) Co.Ltd. | Thailand | 100% | x | | |
| ABX LOGISTICS (Thailand) Ltd. | Thailand | 99.6% | x | | |
| DSV Air & Sea Co., Ltd. | Vietnam | 100% | x | | |
| **Oceania** | | | | | |
| DSV Air & Sea Pty Ltd. | Australia | 100% | x | | |
| DSV Air & Sea Limited | New Zealand | 100% | x | | |
| BaltShip (NZ) Ltd. | New Zealand | 100% | x | | |

| | Country | Ownership share | Air & Sea | Road | Solutions |
|---|---|---|---|---|---|
| **Africa** | | | | | |
| Frans Maas Algerie S.a.r.l. | Algeria | 100% | | x | |
| Swift Freight International Burundi SA | Burundi | 100% | x | | |
| Swift Freight DRC SPRL | DR Congo | 100% | x | | |
| Swift Freight International | Ethiopia | 100% | x | | |
| Swift Erfmann Logistics Ghana Limited | Ghana | 100% | x | | |
| Swift Global Logistics | Kenya | 100% | x | | |
| DSV Transport Int'l S.A | Morocco | 100% | x | | |
| Terminal Handling Company | Morocco | 100% | x | | |
| Swift Global Logistics | Mozambique | 100% | x | | |
| Saima Nigeria Ltd. | Nigeria | 40% | x | | |
| Nationwide Clearing & Forwarding Ltd. | Nigeria | 36.6% | x | | |
| Swift Freight International Nigeria Limited | Nigeria | 100% | x | | |
| Swift Freight International Rwanda Limited | Rwanda | 100% | x | | |
| DSV Air and Sea (Proprietary) Limited | South Africa | 100% | x | | |
| Swift Global Logistics Limited | Tanzania | 100% | x | | |
| Swift Global Logistics Ltd. | Togo | 100% | x | | |
| Swift Freight International (Uganda) Limited | Uganda | 100% | x | | |
| Swift Freight International (Zambia) Ltd. | Zambia | 100% | x | | |
| **Associates** | | | | | |
| ABX-Penske Air & Sea Logistica Ltda | Brazil | 50% | x | | |
| DSV Air & Sea LLC | Egypt | 20% | x | | |
| DDT Brokerage Inc. | The Philippines | 100% | x | | |
| GT Stevedores Oy | Finland | 25.5% | | x | |
| FRANCE AIR GROUPAGE SA | France | 49.6% | x | | |
| Sama Al Imad General Transport LLC | Iraq | 30% | x | | |
| MGM Lines Srl | Italy | 30% | x | | |
| DSV Air & Sea (PVT) Limited. | Pakistan | 20% | x | | |
| KM Logistik GmbH | Germany | 35% | | x | |
| IDS Logistik GmbH | Germany | 29.2% | | x | |

According to agreement, control of DDT Brokerage Inc. has been transferred to a third party and the company is therefore treated as an associate.

# Parent 2014

### Financial statements



### Notes – Financial statements



### Notes – Income statement



### Notes – Balance sheet



### Notes – Supplementary information

## INCOME STATEMENT

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Intra-group charges | 2 | 635 | 578 |
| **Gross profit** | | **635** | **578** |
| Other external expenses | 3 | 316 | 281 |
| Staff costs | 4 | 237 | 203 |
| **Operating profit before amortisation, depreciation and special items** | | **82** | **94** |
| Amortisation and depreciation of intangibles, property, plant and equipment | | 120 | 126 |
| **Operating profit before special items** | | **(38)** | **(32)** |
| Special items | 5 | 22 | - |
| Financial income | 6 | 2,000 | 912 |
| Financial expenses | 7 | 265 | 243 |
| **Profit before tax** | | **1,675** | **637** |
| Tax on profit for the year | 9 | 8 | 8 |
| **Profit for the year** | | **1,667** | **629** |
| **Proposed distribution of profit** | | | |
| Proposed dividend per share is DKK 1.60 (2013: DKK 1.50 per share) | | 283 | 270 |
| Retained earnings | | 1,384 | 359 |
| **Total distribution** | | **1,667** | **629** |

## STATEMENT OF COMPREHENSIVE INCOME

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| **Profit for the year** | | **1,667** | **629** |
| **Items that will be reclassified to income statement when certain conditions are met:** | | | |
| Fair value adjustment for the year relating to hedging instruments | | (50) | 23 |
| Fair value adjustment relating to hedging instruments transferred to financials | | 57 | 54 |
| Tax on other comprehensive income | | (2) | (19) |
| **Other comprehensive income net of tax** | | **5** | **58** |
| **Total comprehensive income** | | **1,672** | **687** |

## CASH FLOW STATEMENT

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Operating profit before amortisation, depreciation and special items | | 82 | 94 |
| *Adjustment, non-cash operating items etc.:* | | | |
| Share-based payments | | 7 | 7 |
| Change in net working capital | | (345) | 67 |
| Special items | | (22) | - |
| Interest received | | 2,000 | 912 |
| Interest paid | | (281) | (243) |
| Corporation tax, paid | | (37) | 26 |
| **Cash flow from operating activities** | | **1,404** | **863** |
| Purchase of intangible assets | 10 | (213) | (168) |
| Purchase of property, plant and equipment | | (16) | (14) |
| Change in other financial assets | | 91 | 21 |
| **Cash flow from investing activities** | | **(138)** | **(161)** |
| **Free cash flow** | | **1,266** | **702** |
| Other non-current liabilities incurred | | 1,490 | 1,723 |
| Repayment of loans and credits | | (1,601) | (1,739) |
| *Shareholders:* | | | |
| Dividends distributed | | (270) | (235) |
| Dividends on treasury shares | | 8 | 12 |
| Purchase of treasury shares | | (1,183) | (700) |
| Sale of treasury shares | | 258 | 238 |
| Other transactions with shareholders | | 29 | - |
| **Cash flow from financing activities** | | **(1,269)** | **(701)** |
| **Cash flow for the year** | | **(3)** | **1** |
| Cash at 1 January | | - | - |
| Cash flow for the year | | (3) | 1 |
| Currency translation adjustments | | 3 | (1) |
| **Cash at 31 December** | | **-** | **-** |

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

## BALANCE SHEET, ASSETS

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Intangible assets | 10 | 591 | 489 |
| Property, plant and equipment | | 23 | 16 |
| Investments in Group entities | 11 | 5,602 | 5,602 |
| Other receivables | | 692 | 783 |
| **Total non-current assets** | | **6,908** | **6,890** |
| Receivables from Group entities and other receivables | 12 | 8,511 | 8,333 |
| Corporation tax | | 20 | - |
| **Total current assets** | | **8,531** | **8,333** |
| **Total assets** | | **15,439** | **15,223** |

## BALANCE SHEET, EQUITY AND LIABILITIES

| (DKKm) | Note | 2014 | 2013 |
|---|---|---|---|
| Equity | | | |
| Share capital | | 177 | 180 |
| Reserves | | 3,727 | 3,229 |
| **Total equity** | | **3,904** | **3,409** |
| Deferred tax | 13 | 88 | 89 |
| Financial liabilities | 14 | 5,399 | 5,564 |
| **Total non-current liabilities** | | **5,487** | **5,653** |
| Financial liabilities | 14 | 520 | 466 |
| Corporation tax | | - | 8 |
| Payables to Group entities and other payables | 15 | 5,528 | 5,687 |
| **Total current liabilities** | | **6,048** | **6,161** |
| **Total liabilities** | | **11,535** | **11,814** |
| **Total equity and liabilities** | | **15,439** | **15,223** |

## STATEMENT OF CHANGES IN EQUITY – 2014

| (DKKm) | Share capital | Reserve for treasury shares | Hedging reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Equity at 1 January 2014** | **180** | **(5)** | **36** | **3,198** | **3,409** |
| **Profit for the year** | **-** | **-** | **-** | **1,667** | **1,667** |
| Fair value adjustments for the year relating to hedging instruments | - | - | (50) | - | (50) |
| Fair value adjustments relating to hedging instruments transferred to financial expenses | - | - | 57 | - | 57 |
| Tax on other comprehensive income | - | - | (2) | - | (2) |
| **Other comprehensive income** | **-** | **-** | **5** | **-** | **5** |
| **Total comprehensive income for the year** | **-** | **-** | **5** | **1,667** | **1,672** |
| Share-based payments | - | - | - | 7 | 7 |
| Dividends distributed | - | - | - | (270) | (270) |
| Purchase of treasury shares | - | (5) | - | (1,178) | (1,183) |
| Sale of treasury shares | - | - | - | 258 | 258 |
| Dividends on treasury shares | - | - | - | 8 | 8 |
| Capital reduction | (3) | 3 | - | - | - |
| Other adjustments | - | - | - | 3 | 3 |
| **Total transactions with owners** | **(3)** | **(2)** | **-** | **(1,172)** | **(1,177)** |
| **Equity at 31 December 2014** | **177** | **(7)** | **41** | **3,693** | **3,904** |

The retained earnings reserve at 31 December 2014 comprised a negative balance between the purchase and sale of treasury shares of DKK 7,693 million (2013: a negative balance of DKK 6,773 million). For a more detailed outline of movements in treasury shares, reference is made to note 4.1 of the consolidated financial statements.

## STATEMENT OF CHANGES IN EQUITY – 2013

| (DKKm) | Share capital | Reserve for treasury shares | Hedging reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Equity at 1 January 2013** | **188** | **(10)** | **(22)** | **3,245** | **3,401** |
| **Profit for the year** | **-** | **-** | **-** | **629** | **629** |
| Fair value adjustments for the year relating to hedging instruments | - | - | 23 | - | 23 |
| Fair value adjustments relating to hedging instruments transferred to financial expenses | - | - | 54 | - | 54 |
| Tax on other comprehensive income | - | - | (19) | - | (19) |
| **Other comprehensive income** | **-** | **-** | **58** | **-** | **58** |
| **Total comprehensive income for the year** | **-** | **-** | **58** | **629** | **687** |
| Share-based payments | - | - | - | 7 | 7 |
| Dividends distributed | - | - | - | (235) | (235) |
| Purchase of treasury shares | - | (3) | - | (697) | (700) |
| Sale of treasury shares | - | - | - | 238 | 238 |
| Dividends on treasury shares | - | - | - | 12 | 12 |
| Capital reduction | (8) | 8 | - | - | - |
| Other adjustments | - | - | - | (1) | (1) |
| **Total transactions with owners** | **(8)** | **5** | **-** | **(676)** | **(679)** |
| **Equity at 31 December 2013** | **180** | **(5)** | **36** | **3,198** | **3,409** |

## NOTE 1 – SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

For the preparation of the Annual Report of DSV A/S, Management makes various accounting estimates and judgements and determines the assumptions to be used as the basis for the recognition and measurement of assets and liabilities, contingent assets and liabilities and the income and costs reported. The estimates made and assumptions used are based on historical experience and other factors deemed by Management to be reasonable in the circumstances, but in the nature of things such experience and factors are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unforeseen events or circumstances may arise. Moreover, the organisation is subject to risks and uncertainties that may result in outcomes deviating from the estimates.

Management deems the following estimates and the pertaining judgements as well as the estimates and judgements stated in the consolidated financial statements to be essential for the preparation of the financial statements of the Parent.

**Investments in subsidiaries**
Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If so, the investments will be tested for impairment in the same way as Group goodwill. In the assessment of Management, there was no such indication at 31 December 2014 and therefore investments in subsidiaries have not been tested for impairment.

## NOTE 2 – INTRA-GROUP CHARGES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Intra-group charges | 635 | 578 |
| **Total revenue** | **635** | **578** |

Management fees invoiced by Group entities comprise remuneration for members of the executive boards of the subsidiaries.

## NOTE 3 – FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Statutory audit | 3 | 2 |
| Tax and VAT advisory services | 1 | 2 |
| **Total fees to auditors appointed at the Annual General Meeting** | **4** | **4** |
| **Total fees** | **4** | **4** |

## NOTE 4 – STAFF COSTS

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Remuneration of the Board of Directors | 5 | 4 |
| Salaries etc. | 216 | 184 |
| Defined contribution pension plans | 16 | 15 |
| **Total staff costs** | **237** | **203** |
| Average number of full-time employees | 311 | 293 |

For information on the remuneration of the Executive Board and the Board of Directors, please refer to note 5.3 of the consolidated financial statements.

## NOTE 5 – SPECIAL ITEMS

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Restructuring costs | (22) | - |
| **Net special items, total costs** | **(22)** | **-** |

## NOTE 6 – FINANCIAL INCOME

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Interest income | 30 | 24 |
| Interest income from Group entities | 282 | 302 |
| Currency translation adjustments, net | 15 | - |
| Dividends from subsidiaries | 1,673 | 586 |
| **Total financial income** | **2,000** | **912** |

Interest income relates to interest from cash included at amortised cost.

## NOTE 7 – FINANCIAL EXPENSES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Interest expenses | 250 | 217 |
| Interest expenses for Group enterprises | 15 | 20 |
| Currency translation adjustments, net | - | 6 |
| **Total financial expenses** | **265** | **243** |

Interest income relates to interest from loans included at amortised cost.

## NOTE 8 – SHARE OPTION SCHEMES

DSV A/S has issued share options to staff, senior staff and members of the Executive Board of the Company. Please refer to note 5.4 of the consolidated financial statements for a calculation of market values and a list of current incentive share option schemes.

### Incentive schemes at 31 December 2014

| | Exercise period | Executive Board | Senior staff | Total | Average exercise price per share option |
|---|---|---|---|---|---|
| Outstanding share options of 2010 scheme | 02.04.13 - 31.03.15 | - | 17,000 | 17,000 | 98.50 |
| Outstanding share options of 2011 scheme | 01.04.14 - 01.04.16 | - | 44,058 | 44,058 | 129.90 |
| Outstanding share options of 2012 scheme | 01.04.15 - 31.03.17 | 170,000 | 91,500 | 261,500 | 128.00 |
| Outstanding share options of 2013 scheme | 02.04.16 - 29.03.18 | 170,000 | 113,000 | 283,000 | 142.00 |
| Outstanding share options of 2014 scheme | 31.03.17 - 29.03.19 | 170,000 | 138,500 | 308,500 | 166.75 |
| **Outstanding at 31 December 2014** | | **510,000** | **404,058** | **914,058** | **144.96** |
| **Exercise period open at 31 December 2014** | | **-** | **61,058** | **61,058** | **121.16** |
| Life (years) | | 3.25 | 3.02 | 3.15 | |
| Market value (DKKm) | | 23.1 | 18.9 | 42.0 | |

### Development in outstanding options

| | Board of Directors | Executive Board | Senior staff | Total | Average exercise price per share option |
|---|---|---|---|---|---|
| Outstanding at 1 January 2013 | 90,000 | 680,000 | 352,000 | 1,122,000 | 101.23 |
| Granted in 2013 | - | 170,000 | 135,500 | 305,500 | 142.00 |
| Exercised in 2013 | (90,000) | (340,000) | (102,395) | (532,395) | 72.95 |
| Options waived/expired | - | - | (21,000) | (21,000) | 135.33 |
| **Outstanding at 31 December 2013** | **-** | **510,000** | **364,105** | **874,105** | **131.88** |
| Granted in 2014 | - | 170,000 | 149,500 | 319,500 | 166.75 |
| Exercised in 2014 | - | (170,000) | (72,047) | (242,047) | 127.61 |
| Options waived/expired | - | - | (37,500) | (37,500) | 137.87 |
| **Outstanding at 31 December 2014** | **-** | **510,000** | **404,058** | **914,058** | **144.96** |

The average consideration paid for share options exercised in the financial year was DKK 178.87 per share at the date of exercise.

## NOTE 9 – TAX FOR THE YEAR

| (DKKm) | 2014 | 2013 |
|---|---|---|
| The tax for the year is disaggregated as follows: | | |
| Tax on profit for the year | 8 | 8 |
| Tax on other comprehensive income | 2 | 19 |
| **Total tax for the year** | **10** | **27** |
| Tax on profit for the year is calculated as follows: | | |
| Current tax | 7 | 11 |
| Deferred tax | - | 6 |
| Tax adjustment relating to previous years | 1 | (9) |
| **Total tax on profit for the year** | **8** | **8** |
| The tax on profit for the year breaks down as follows: | | |
| Calculated tax on profit for the year before tax | 24.5% | 25.0% |
| Tax effect of: | | |
| Non-deductible expenses/ non-taxable income | (24.1%) | (22.3%) |
| Tax adjustment relating to previous years | 0.1% | (1.4%) |
| **Effective tax rate** | **0.5%** | **1.3%** |

## NOTE 10 – INTANGIBLE ASSETS

| | Computer software | |
|---|---|---|
| (DKKm) | 2014 | 2013 |
| **Cost at 1 January** | **971** | **803** |
| Additions for the year | 213 | 168 |
| **Total cost at 31 December** | **1,184** | **971** |
| **Total amortisation and impairment at 1 January** | **482** | **362** |
| Amortisation and impairment for the year | 111 | 120 |
| **Total amortisation and impairment at 31 December** | **593** | **482** |
| **Carrying amount at 31 December** | **591** | **489** |

## NOTE 11 – INVESTMENTS IN GROUP ENTITIES

DSV A/S owns the following subsidiaries, all of which are included in the consolidated financial statements:

| | Ownership share 2014 | Ownership share 2013 | Registered office | Subsidiary share capital (DKKm) |
|---|---|---|---|---|
| DSV Road Holding A/S | 100% | 100% | Hedehusene, Denmark | 100 |
| DSV Air & Sea Holding A/S | 100% | 100% | Hedehusene, Denmark | 50 |
| DSV Solutions Holding A/S | 100% | 100% | Hedehusene, Denmark | 100 |
| DSV Insurance A/S | 100% | 100% | Hedehusene, Denmark | 25 |
| DSV Group Services A/S | 100% | 100% | Hedehusene, Denmark | 5 |
| DSV FS A/S | 100% | 100% | Hedehusene, Denmark | 0.5 |

## NOTE 12 – RECEIVABLES FROM GROUP ENTITIES AND OTHER RECEIVABLES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Receivables from Group entities | 8,412 | 8,237 |
| Fair value of derivative financial instruments | - | 42 |
| Other receivables etc. | 99 | 54 |
| **Receivables from Group entities and other receivables at 31 December** | **8,511** | **8,333** |

## NOTE 13 – DEFERRED TAX

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Deferred tax at 1 January | 89 | 84 |
| Deferred tax for the year | - | 6 |
| Adjustments relating to previous years | (1) | (1) |
| **Deferred tax at 31 December** | **88** | **89** |
| Deferred tax at 31 December | | |
| Intangible assets | 96 | 92 |
| Current assets | (1) | (1) |
| Provisions | (7) | (2) |
| **Deferred tax at 31 December** | **88** | **89** |
| Breakdown of deferred tax: | | |
| Deferred tax liability | 88 | 89 |
| **Deferred tax at 31 December** | **88** | **89** |

## NOTE 14 – FINANCIAL LIABILITIES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Issued bonds | 3,233 | 1,743 |
| Loans and credit facilities | 2,686 | 4,287 |
| **Total financial liabilities** | **5,919** | **6,030** |
| Financial liabilities as recognised in the balance sheet: | | |
| Non-current liabilities | 5,399 | 5,564 |
| Current liabilities | 520 | 466 |
| **Financial liabilities at 31 December** | **5,919** | **6,030** |

**Loans and credit facilities**

| (DKKm) | Expiry | Fixed/ floating | Carrying amount 2014 | 2013 |
|---|---|---|---|---|
| Bank loans (DKK) | 2016 | Floating | 741 | 742 |
| Bank loans (EUR) | 2016-2019 | Floating | 770 | 2,258 |
| Bond loan | 2020-2022 | Fixed/ floating | 3,233 | 1,743 |
| Other | 2015 | Fixed | 9 | 13 |
| Cash | 2015-2016 | Floating | 1,166 | 1,274 |
| **Loans and credit facilities at 31 December** | | | **5,919** | **6,030** |

Bank loans are subject to standard trade covenants. All financial ratio covenants were observed during the year.

The weighted average interest rate was 2.6% (2013: 2.2%).

## NOTE 15 – PAYABLES TO GROUP ENTITIES AND OTHER PAYABLES

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Payables to Group entities | 5,090 | 5,439 |
| Fair value of derivative financial instruments | 176 | 126 |
| Other payables | 262 | 122 |
| **Payables to Group entities and other payables at 31 December** | **5,528** | **5,687** |

## NOTE 16 – OPERATING LEASE OBLIGATIONS

| (DKKm) | 2014 | 2013 |
|---|---|---|
| Operating lease obligations relating to operating equipment fall due: | | |
| 0-1 year | 38 | 50 |
| 1-5 years | 21 | 13 |
| **Total** | **59** | **63** |
| The following is recognised in the income statement: | | |
| Operating leases relating to operating equipment | 27 | 23 |
| **Total** | **27** | **23** |

DSV A/S leases operating equipment under operating leases with an average lease term of 3.3 years (2013: 3.5 years).

## NOTE 17 – SECURITY FOR DEBT AND OTHER FINANCIAL LIABILITIES

**Parent company guarantees**

DSV A/S has guaranteed for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities, etc., in the amount of DKK 3,473 million (2013: DKK 3,624 million).

Moreover, DSV A/S has issued several declarations of intent relating to outstanding balances between subsidiaries and third parties.

**Joint and several liability**

DSV A/S and the other Danish Group entities registered jointly for VAT purposes are jointly and severally liable for the VAT liabilities.

DSV A/S is assessed jointly for Danish tax purposes with the other domestic Group entities. DSV A/S is the administration company of the joint taxation arrangement and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. Corporation tax and withholding tax receivables under the joint taxation arrangement amounted to DKK 20 million (2013: corporation tax and withholding tax payables of DKK 8 million), which is included in the financial statements of DSV A/S.

## NOTE 18 – DERIVATIVE FINANCIAL INSTRUMENTS

### Hedging instruments at 31 December 2014

| Currency (DKKm) | Contractual value | Maturity | Fair value | Of which recog-nised in income state-ment | Of which recog-nised in equity |
|---|---|---|---|---|---|
| Currency instruments | 8,078 | 2015-2016 | (76) | (79) | 3 |
| Interest rate instruments | 6,666 | 2015-2023 | (100) | (13) | (86) |
| **Total** | | | **(176)** | **(92)** | **(83)** |

The weighted average effective interest rate for existing interest rate instruments was 1.5% at the reporting date (2013: 1.8%).

### Hedging instruments at 31 December 2013

| Currency (DKKm) | Contractual value | Maturity | Fair value | Of which recog-nised in income state-ment | Of which recog-nised in equity |
|---|---|---|---|---|---|
| Currency instruments | 7,236 | 2014 | 27 | 27 | - |
| Interest rate instruments | 6,461 | 2014-2020 | (111) | (18) | (93) |
| **Total** | | | **(84)** | **9** | **(93)** |

### Foreign currency risk hedging

DSV A/S mainly uses foreign exchange forward contracts to hedge foreign currency risks. The main currencies hedged are SEK, NOK, GBP and USD. DSV A/S is exposed to a low foreign currency risk. Foreign exchange forward contracts used to hedge net investments and satisfying the conditions of hedge accounting are recognised directly in equity. Other fair value adjustments are recognised in the income statement under financials.

### Interest rate risk hedging

DSV A/S uses interest rate swaps to hedge interest rate risks. Thereby floating-rate loans are refinanced as fixed-rate loans. Interest rate swaps satisfying the conditions of hedge accounting are recognised directly in equity. Interest rate swaps not satisfying the conditions of hedge accounting as well as accrued interest are recognised in the income statement under financials.

## NOTE 19 – FINANCIAL RISKS

The liabilities of DSV A/S fall due as listed below:

### 2014

| (DKKm) | 0-1 year | 1-5 years | > 5 years | Contractual cash flows, incl. interest |
|---|---|---|---|---|
| Loans and credit facilities | 767 | 2,555 | 3,398 | 6,720 |
| Other payables | 262 | - | - | 262 |
| Payables to Group entities | 5,090 | - | - | 5,090 |
| Currency derivatives | 77 | (1) | - | 76 |
| Interest rate derivatives | 71 | 33 | 12 | 116 |
| **Total** | **6,267** | **2,587** | **3,410** | **12,264** |

### 2013

| (DKKm) | 0-1 year | 1-5 years | > 5 years | Contractual cash flows, incl. interest |
|---|---|---|---|---|
| Loans and credit facilities | 757 | 4,449 | 1,858 | 7,064 |
| Other payables | 122 | - | - | 122 |
| Payables to Group entities | 5,439 | - | - | 5,439 |
| Interest rate derivatives | 82 | 39 | (3) | 118 |
| **Total** | **6,400** | **4,488** | **1,855** | **12,743** |

The analysis of expected maturity is based on contractual cash flows, including estimated interest payments. Amounts have not been discounted for which reason they cannot necessarily be reconciled to the related items of the balance sheet.

### Financial instruments by category

| | 2014 Carrying amount | 2013 Carrying amount |
|---|---|---|
| Financial assets: | | |
| Derivative financial instruments | - | 27 |
| Loans and receivables | 9,203 | 9,116 |
| Financial liabilities: | | |
| Derivative financial instruments | 176 | 111 |
| Issued bonds measured at amortised cost | 3,233 | 1,743 |
| Loans and credit facilities | 2,686 | 4,286 |
| Payables to Group entities etc. | 5,090 | 5,561 |
| **Total financial liabilities measured at amortised cost** | **11,009** | **11,590** |

The fair value of financial assets and liabilities does not differ significantly from the carrying amount.

The valuation of financial instruments measured at fair value is based on other observable inputs than prices quoted in active markets (level 2). Interest rate swaps and foreign exchange forward contracts are valued using generally accepted valuation techniques based on relevant observable data.

In March 2014 DSV issued 8-year bonds worth a total of DKK 1.5 billion on Nasdaq Copenhagen. The issue comprised both fixed and floating rate notes carrying a fixed coupon of 3.5% p.a. and a floating coupon of 3-month CIBOR + 1.85%, respectively.

Since then DSV has issued corporate bonds totalling DKK 3.25 billion.

## NOTE 20 – RELATED PARTIES

DSV has no related parties with control. Related parties of DSV A/S with significant influence comprise members of the companies' boards of directors, executive boards and senior staff as well as family members of those persons. Related parties also comprise companies in which the aforementioned persons have significant interests.

**Board of Directors, Executive Board and senior staff**
No transactions were made in 2014 other than ordinary remuneration, as described in notes 5.3 and 5.4 to the consolidated financial statements. The Group had no other outstanding balances with the Board of Directors, Executive Board or senior staff.

**Intra-group transactions**
No transactions were made in 2014 other than as stated in the income statement and notes.

## NOTE 21 – DIVIDENDS

See note 4.2 to the consolidated financial statements for more information.

## NOTE 22 – ACCOUNTING POLICIES

The accounting policies of the Parent, DSV A/S, are identical with the policies for the consolidated financial statements, except for the following:

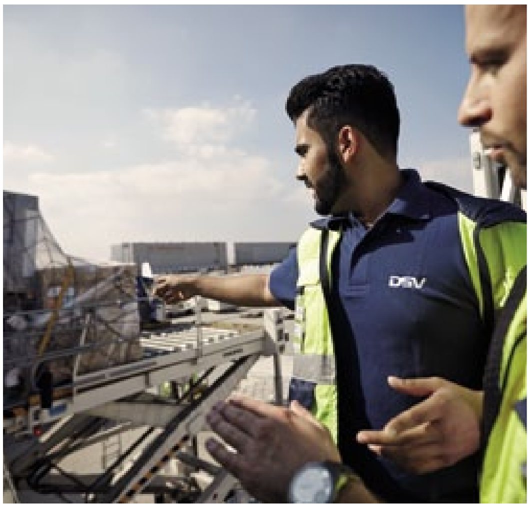
**Dividends from investments in subsidiaries**
Dividends from investments in subsidiaries are recognised as income in the Parent's income statement under financial income in the financial year in which the dividends are declared.

**Investments in subsidiaries in the Parent's financial statements**
Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

**Currency translation**
Foreign currency adjustments of balances considered part of the total net investment in enterprises which have a functional currency other than Danish kroner are recognised in the income statement of the Parent under financials.

Global Transport and Logistics









**DSV A/S**
Hovedgaden 630
2640 Hedehusene
Denmark

Tel. +45 43 20 30 40
www.dsv.com

CVR-No 58 23 35 28
38th financial year
Consolidated Annual Report for the
year ended 31 December 2014
Published 6 February 2015

The Annual Report has been prepared in Danish and English.
In case of discrepancies, the Danish version shall apply.

Graphic production: MeyerBukdahl