2017 Annual Report

Global Transport and Logistics

DSV – Global Transport and Logistics

We provide and manage supply chain solutions for thousands of companies every day – from the small family-run business to the large global corporation. Our reach is global, yet our presence is local and close to our customers. 45,000 employees in more than 80 countries work passionately to deliver great customer experiences and high quality services.

Read more at www.dsv.com

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Five-year overview*

Financials

Profit (DKKm)	2017	2016	2015	2014	2013
Net revenue	74,901	67,747	50,869	48,582	45,710
Gross profit	16,605	15,838	11,201	10,297	10,005
Operating profit before amortisation, depreciation and special items (EBITDA)	5,664	4,250	3,575	3,145	3,052
Operating profit before special items (EBIT)	4,878	3,475	3,050	2,624	2,552
Special items, costs	525	1,002	58	304	129
Net financial expenses	556	184	303	306	298
Profit for the year	3,012	1,678	2,058	1,491	1,571
Adjusted earnings	3,484	2,506	2,211	1,835	1,788

Cash flow (DKKm)	2017	2016	2015	2014	2013
Operating activities	4,664	1,273	3,160	1,919	1,775
Investing activities	(325)	(4,953)	(431)	(461)	(348)
Free cash flow	4,339	(3,680)	2,729	1,458	1,427
Adjusted free cash flow	4,835	1,838	2,837	1,472	1,754
Financing activities	(4,715)	396	1,855	(1,569)	(1,387)
Share buyback	(1,559)	-	(1,419)	(1,183)	(700)
Dividends distributed	(342)	(327)	(283)	(270)	(235)
Cash flow for the year	(376)	(3,284)	4,584	(111)	40

Financial position (DKKm)	2017	2016	2015	2014	2013
DSV A/S shareholders' share of equity	14,835	13,416	11,809	6,052	6,218
Non-controlling interests	(26)	(38)	32	29	30
Balance sheet total	38,388	40,367	27,725	23,680	23,100
Net working capital	1,410	1,809	22	305	561
Net interest-bearing debt	5,575	8,299	(546)	5,859	5,949
Invested capital	20,391	21,336	10,977	11,797	12,281
Gross investment in property, plant and equipment	620	728	660	651	246

Ratios

Financial ratios (%)	2017	2016	2015	2014	2013
Gross margin	22.2	23.4	22.0	21.2	21.9
Operating margin	6.5	5.1	6.0	5.4	5.6
Conversion ratio	29.4	21.9	27.2	25.5	25.5
Effective tax rate	20.7	26.7	23.5	26.0	26.1
ROIC before tax	23.4	21.5	26.8	21.8	21.1
Return on equity (ROE)	21.1	13.2	23.0	24.3	27.3
Solvency ratio	38.6	33.2	42.6	25.6	26.9
Gearing ratio	1.0	2.0	(0.2)	1.9	2.0

Share ratios	2017	2016	2015	2014	2013
Earnings per share of DKK 1	16.0	9.0	12.1	8.6	8.9
Diluted earnings per share of DKK 1	15.8	8.9	12.0	8.6	8.9
Diluted adjusted earnings per share of DKK 1	18.4	13.4	12.9	10.5	10.1
Number of shares issued ('000)	190,000	190,000	192,500	177,000	180,000
Number of treasury shares ('000)	5,917	4,509	8,606	7,156	4,892
Average number of shares issued ('000) for the past 12 months	186,028	184,937	169,988	173,113	176,969
Average diluted number of shares ('000) for the past 12 months	189,112	187,097	172,003	174,274	177,876
Share price at year-end (DKK)	488.6	314.2	271.7	188.2	177.8
Proposed dividend per share (DKK)	2.0	1.8	1.7	1.6	1.5

Non-Financials

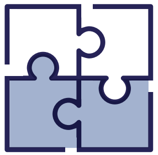
	2017	2016	2015	2014	2013
Number of full-time employees at year-end	45,636	44,779	22,783	22,874	22,021
Rate of occupational accidents (per million working hours)	4.2	4.6	5.9	5.9	8.1
CO_2e per consignment – Container shipping	6.3	6.9	6.6	7.9	9.5
CO_2e per consignment – Air transport	607.0	601.9	622.0	666.9	690.4
CO_2e per consignment – Road transport	71.5	73.9	72.0	70.9	69.6

*) For a definition of the financial highlights, please refer to page 81

Highlights 2017

Major accomplishments

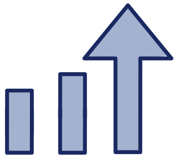
UTi integration complete



Having completed most of the work in 2016, the DSV + UTi integration was effectively completed in 2017. We successfully combined the two businesses and realised synergies ahead of schedule.

M&A remains part of our stratgy and DSV is ready to pursue new opportunities in the market.

42.5% growth in earnings



The growth in earnings was partly driven by the synergies from the integration of UTi. In addition, the increased activity levels of 2017 provided the right environment for organic growth and improved productivity across all divisions.

myDSV

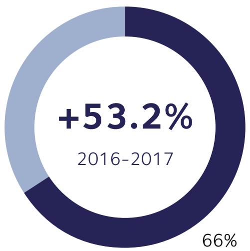
DSV's new self-service portal was launched in early 2017. At year-end, significant progress had been made in terms of customer migration from the existing DSV e-services platform. The next step is further rollout, and in time, myDSV will offer a full range of DSV self-service tools to all customers.

Growth in all divisions

DSV **Air & Sea**

In 2017, the division was able to re-focus on organic growth. As a result, DSV Air & Sea achieved 5.1% growth in gross profit in 2017 – and 53.2% growth in EBIT before special items.

Air freight volumes grew 10.6% and sea freight volumes 6.4%.

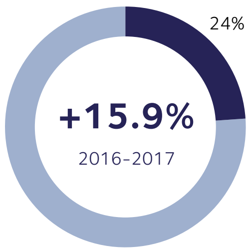


■ EBIT before special items: DKK 3,225 million (66% of group EBIT)

DSV **Road**

By successfully navigating in a growing and still competitive market, DSV Road achieved growth in gross profit of 4.5% in 2017 – and growth of 15.9% in EBIT before special items.

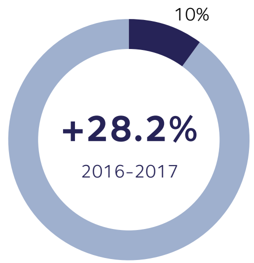
Road shipments grew 6% in 2017.



■ EBIT before special items: DKK 1,201 million (24% of group EBIT)

DSV **Solutions**

In 2017, both the traditional contract logistics market (industrial and retail) and e-commerce grew. This led DSV Solutions to achieve 3.8% growth in gross profit – and 28.2% growth in EBIT before special items.



■ EBIT before special items: DKK 494 million (10% of group EBIT)

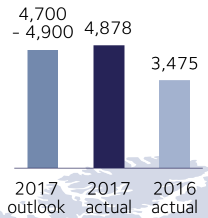
Target fulfilment

4,878 DKKm

OPERATING PROFIT BEFORE SPECIAL ITEMS

Operating profit before special items for 2017 was in line with the latest outlook.

Regionally, the Americas and APAC achieved the highest growth rates, driven by both higher activity and UTi synergies – mainly in the Air & Sea division.

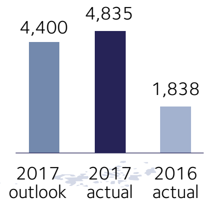


4,835 DKKm

ADJUSTED FREE CASH FLOW

Adjusted free cash flow (excluding the impact from M&A and special items) increased significantly to DKK 4,835 million in 2017 from DKK 1,838 million in 2016 driven by higher operating profit and lower net working capital.

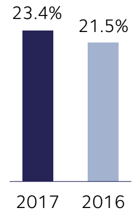
The positive deviation from the latest outlook was mainly due to better than expected performance of net working capital.



23.4%

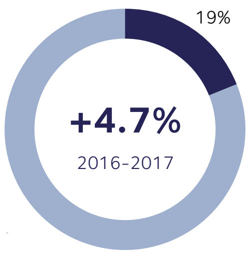
ROIC

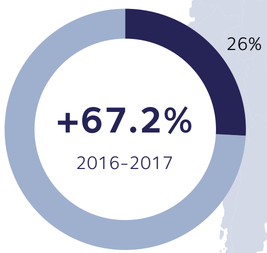
The increase in ROIC in 2017 was mainly a result of improved earnings. Invested capital amounted to DKK 20,391 million, 4.4% lower than in 2016.



Growth across all regions

Americas

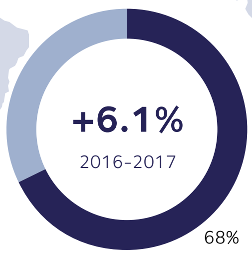


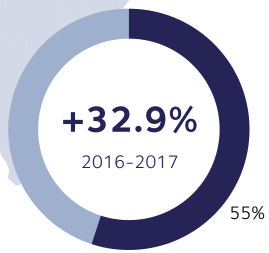


■ Gross profit: DKK 3,133 million (19% of Group gross profit)

■ EBIT before special items: DKK 1,275 million (26% of Group EBIT)

EMEA

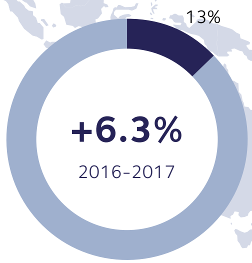


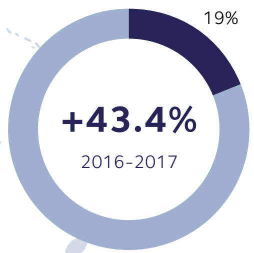


■ Gross profit: DKK 11,260 million (68% of Group gross profit)

■ EBIT before special items: DKK 2,697 million (55% of Group EBIT)

APAC





■ Gross profit: DKK 2,212 million (13% of Group gross profit)

■ EBIT before special items: DKK 906 million (19% of Group EBIT)

Performance beyond expectation

2017 was another record year for DSV. We performed better than even we thought possible.

The Air & Sea division went into turbo drive, achieving its 2020 financial targets already in 2017.

For the whole Group, we achieved net revenue of DKK 74,901 million (+11.8%), gross profit of DKK 16,605 million (+5.9%) and operating profit before special items of DKK 4,878 million (+42.5%).

A strong cash flow of DKK 4,835 million enabled us to reduce our debt and restore our financial gearing to the range of 1.0-1.5 - and we re-instigated our share buyback programme.

In 2017, DSV's share price increased by 56% and we are satisfied that we have created value for the shareholders and achieved our ambitions with the acquisition of UTi Worldwide.

Focusing on our customers

By the second half of 2017, we accelerated beyond integration mode and started to perform above market level in terms of organic growth in freight volumes.

By really focusing on our customers, selling our new combined business and activities to both new and existing customers, we were able to revert to the usual DSV strategy of organic growth and taking market share.

One of the cardinal points in this pursuit was to expand our cooperation with our large accounts; and to a large extent, we succeeded in doing just that in 2017.

Taking advantage of a positive market

Our performance is linked to the mechanisms of the global economy and the transport and logistics market. As far as markets go, 2017 was the best year since the recession years of 2008-2009. And despite warnings of possible geopolitical disturbances, protectionism and disruption, none of these negatively impacted the upturn in the market in 2017 to any significant degree.

One of the potentially disruptive themes of 2017 was the very real threat of cyber-attacks. Major players were hit and impacted, and DSV devoted huge efforts to prevention and recovery planning as well as fortifying our cyber security organisation.

Consolidation and M&A remain on the agenda

In 2018, we will keep our focus on quality and personal customer service. This will still be in demand in the digital years to come.

Operational excellence remains an integral part of our strategy and with the right tools and processes, our talented freight forwarders can do what they do best: make quick decisions based on experience and local knowledge to the benefit of our customers.

For many years, consolidation has been part of our strategy and it will remain on the agenda. We will continue to expand our shared service centres, consolidate our IT infrastructure and develop large and efficient offices and warehouses.

And while we still have potential to improve and grow DSV further, we will be ready and able to start thinking more seriously about M&A opportunities, if the right ones present themselves. In the past, acquisitions have added great value to the DSV business as well as to our shareholders, so it is a given that M&A will continue to be an active part of our strategy for growth.

Industry, market and strategy

The DSV business is interconnected with the global economy and with market and industry dynamics. Our strategy takes its cue from these dynamics and seeks to accommodate movements in the market to ensure that we remain competitive and benefit from new opportunities. In the following, we describe and discuss these interconnectivities.

Freight forwarding and value added services

DSV is a global freight forwarder offering transport and logistics services that support our customers' entire supply chain. Our business is focused on providing traditional freight services as well as a variety of value added services. We operate based on an asset light business model, which means that transportation of shipments is booked with subcontractors.

Value added services (purchase order management, pick-up and delivery, cargo consolidation, customs clearance, cargo insurance, etc.) are vital parts of modern supply chains, and they require a high level of industry knowhow. It is secure and convenient for our customers to procure these services from us, and it allows DSV to monitor the entire supply chain, which in turn enables us to provide visibility and suggest initiatives for optimisation.

Basic transport services represent approximately 25% of DSV's gross profit, whereas value added services represent approximately 75%.

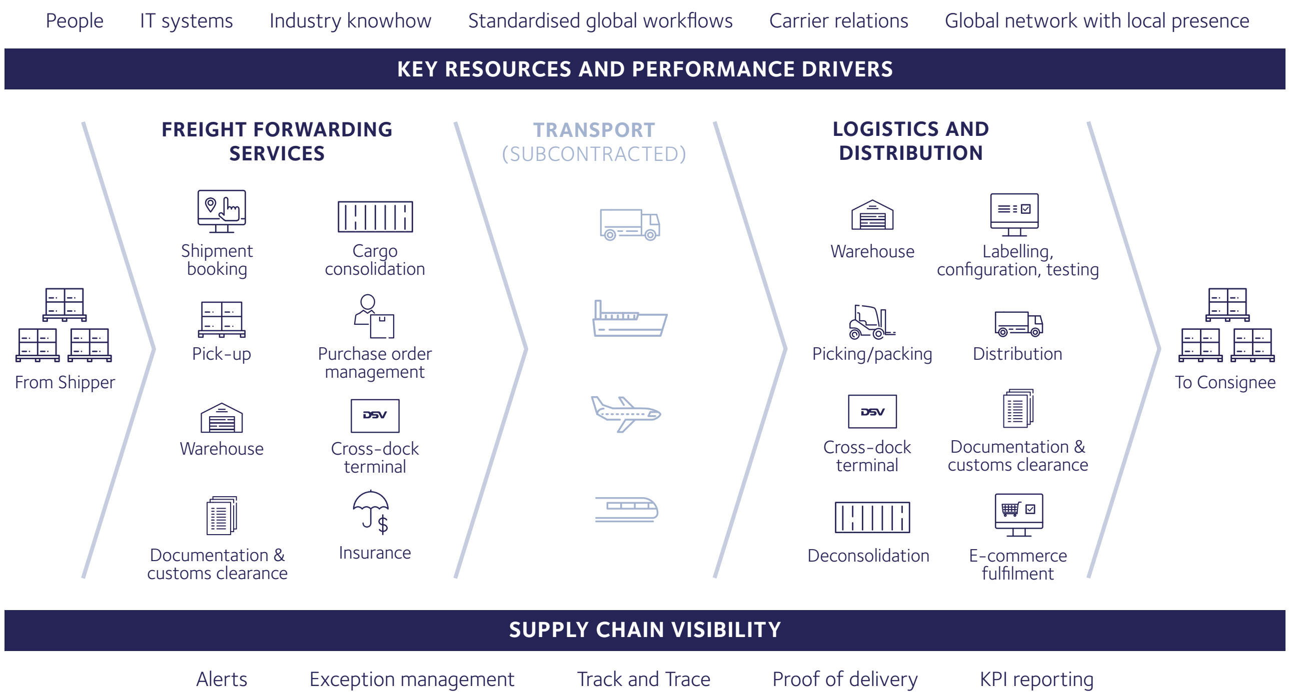
One of the big five

DSV is among the top five freight forwarders in the world, and we estimate that our market share is 2%. Together, the top 20 players control approximately 30% of the global freight forwarding market. In other words, our market is large and fragmented, and the potential for both organic and acquisitive growth is clear.

GDP sets the pace for the logistics market

DSV helps ensure the supply of goods to meet global demand and as such, our market is dependent on the global economy. In recent years, market growth in the transport and logistics sector has balanced with the underlying economic growth. This is also DSV's long-term expectation for our markets, even though 2017 stands out as a year when the upturn in the global economy resulted in higher market growth, especially for air freight.

Creating value in the transport and logistics business

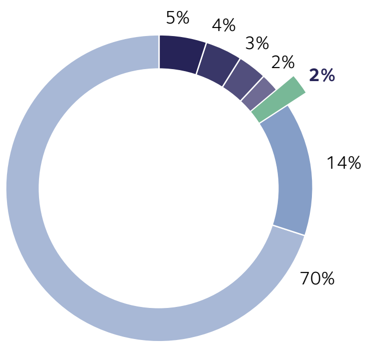


Several factors impact regional and global trade flows, i.e. changes in international trade agreements, protectionism, cost inflation in traditional low-cost countries, exchange rate fluctuations, etc., but the effects are difficult to predict both in the short and long term.

For DSV, it is important to be agile in a volatile market as we believe that global trade will continue to grow. And as a non-asset based company with a diversified geographical and business mix, we are well-positioned to pick up on any regional and segmental growth to compensate for potential declines in other areas.

Market shares

Global top 20 freight forwarders based on 2016 revenue (USD billion)



- DHL Logistics – 5%
- Kuehne + Nagel – 4%
- DB Schenker Logistics – 3%
- C. H. Robinson Worldwide – 2%
- **DSV – 2%**
- Top 6 - 20 – 14%
- Others, estimated – 70%

Source: Journal of Commerce, April 2017, and DSV estimates

Trends and emerging technologies push us forward

Like in all industries, certain trends, geopolitical changes and emerging technologies set the direction for future development and change. Several logistics trends and emerging technologies are on the DSV radar, the following being the most significant:

Complexity in supply chains
The global manufacturing industry is characterised by increasingly complex supply chains with different components being manufactured in different parts of the world. At the same time, companies aim to minimise risks related to and funds tied up in stock. For this reason, supply chains are highly dependent on timely delivery.

We expect this trend to drive an increase in demand for efficient logistics solutions where real-time status reporting and punctual delivery are crucial elements. We will continue to develop our services to match this trend.

Commoditisation of transport services
Basic transport and freight forwarding services are becoming increasingly commoditised. This has resulted in price pressure and less opportunity to differentiate services on quality. In concrete terms, customers demand more for less.

We expect this trend to intensify the competition that already characterises the transport and logistics market – and that this will further support the need for consolidation in the industry.

DSV's response to this trend is to develop our services and infrastructure by increasing the share of value added services and pursuing a high level of productivity through efficient workflows and IT systems.

Consolidation in a fragmented industry
We see scale as a clear competitive advantage in the logistics market, because operational leverage and purchasing power increase with rising freight volumes.

In addition, large volumes and a comprehensive network make it possible to optimise the use of carrier and warehouse capacity as well as IT infrastructure.

The consolidation trend is likely to be relevant for many years to come, and DSV intends to take an active part by growing organically and by pursuing an active M&A strategy.

High growth in e-commerce
In recent years, high growth in e-commerce has significantly changed the retail distribution systems and distribution centres. By all the indications, this trend will continue into 2018 and beyond.

In our capacity as freight forwarders, we deliver solutions for e-fulfilment: receiving orders, picking and packing and handling returns, whereas, in most cases, we leave parcel distribution in the safe hands of local postal companies or international consolidators.

DSV is geared for growth in e-commerce, and we are developing and standardising our e-fulfilment services further. Traditional retail distribution is negatively impacted by e-commerce.

Digitisation
Digitisation is a major driver of the development in transport and logistics. Transport management systems and electronic communication with customers have existed for several years, but the development has accelerated in recent years, especially within customer service, e.g. online booking and self-service platforms.

The development is driven by the established freight forwarders and by start-ups based solely on digital freight booking platforms. In addition, carriers and online retailers have jumped on the bandwagon and are offering digitised services across the entire supply chain. This could potentially represent a threat to traditional freight forwarders.

At DSV, we believe that established freight forwarders with a strong, consolidated IT infrastructure and a capacity for change management are well positioned to be part of and prevail through the digitisation trend.

myDSV is DSV's digital customer interface and a good example of how we adapt to change. The platform was partially rolled out in 2017 with plans for continued rollout in the years to come.

Green transportation
As a direct result of climate change and an increased focus on sustainability, CSR – especially our industry's impact on the environment – is up for debate. As a result, 2017 was another year with much focus on green transportation technologies: e-trucks and trucks running on gas and/or biofuels.

DSV's position is that we want to take advantage of relevant green technologies and that we wish to work closely with both customers and suppliers to find ways of meeting the demand for such green solutions.

Automation
Warehouse automation, including robots (automated ground vehicles and voice-pick) and robotics (process automation) used for selected back-office functions, offers opportunities for DSV to optimise workflows. At the same time, we can counter periodical manpower shortages.

Whenever it makes sense to do so, DSV implements automation and robotics. In the process, we make a careful analysis of the investment and ensure that there is a good financial business case.

Several robotics projects were initiated in 2017, both as part of our operations and our back-office functions.

Predictive analytics

By analysing available data, predictive analytics has the potential to help optimise supply chains to the benefit of both shippers and freight forwarders.

We are still in the early stages of exploring the possibilities, but in 2017, we introduced predictive analytics as part of our customer relationship management. Our account managers still play a crucial role in maintaining good customer relations, but with the new predictive analytics tool, we get an early warning of any change in customer behaviour.

Self-driving vehicles

Driverless trucks and drones have been the talk of the town for some years. And while the technology is very close to being ready to go, the infrastructure and politics governing the area are not. Full implementation of self-driving vehicles is still some years off, but it is clear that more and more tests are being conducted and that certain close-circuit routes will soon be serviced by self-driving vehicles.

As driver shortage becomes increasingly prevalent, this new technology presents a solution to a problem as well as the potential for further cost efficiencies. Establishing a safe infrastructure for free-ranging driverless vehicles, however, will presumably be costly and take a long time. DSV monitors the developments in this area closely.

Four strategic focus areas set the ambition for DSV

Our strategy is focused on four pillars that are essential to the continued success of DSV.

Customers first

We put our customers first and aim to provide services that add value to their supply chains. With a comprehensive catalogue of freight forwarding and contract logistics services as well as a wide range of related value added services, we can support the entire supply chain all the way from purchase order to final delivery.

Through our daily dialogue and Customer Success Programme, we obtain both positive and negative feedback, allowing us continuously to adjust our services to meet the customers' needs.

DSV has a diversified customer base with a large share of small and midsized as well as global accounts, representing approx. 70% and 30% of net revenue, respectively.

We will continue to pursue growth in both customer segments as well as develop vertical competences to service special industries.

Growth is a constant goal

DSV targets above-market growth – either as a result of organic growth or M&A. From 2010-2017, we achieved annual growth in gross profit of 9%, not least due to the acquisition of UTi Worldwide in 2016.

With the integration of UTi behind us, DSV is ready for another acquisition – if an attractive and value-adding opportunity arises.

M&A is an integral part of our growth strategy; DSV has a high level of experience and expertise in this area, and our organisation and infrastructure are designed with scalability in mind.

Processes and IT are standardised and scalable

As a result of DSV's strategic focus on IT, we operate a consolidated, standardised and scalable landscape based on the principle of one main system for each business area.

This supports efficient and standardised global workflows and is a prerequisite for being cost-competitive in our industry.

The constant global threat of cyber-attacks moved up the agenda in 2017, and we continue to devote significant resources to preventing cyber-attacks and being among the industry leaders when it comes to cyber security.

In 2017, we intensified our work on the last remaining system migration tasks from the UTi integration – and on ensuring strong governance of master data and standardisation of IT systems.

Efficient processes also involve physical assets – warehouses, cross-docking terminals and offices. The trend is clearly towards consolidation into large and standardised facilities, and our in-house property department manages the planning and development of these projects.

Organisation and HR make a difference

In spite of digitisation, freight forwarding is still a people's business, and managing human resources is a vital part of our strategy.

The main target is to ensure alignment and development of a HR strategy and related initiatives across the entire Group.

DSV is organised into three divisions that are supported by central Group functions, including a global commercial organisation.

The organisation is flat and decentralised – a quality that we wish to hold on to. Each division has a number of local country operations managed by Managing Directors who are in charge of and empowered to manage their country or region.

The role of Group Management is to ensure strategic alignment, business development and cooperation across the entire group.

As part of our overall strategy, a number of functions have been centralised in shared service centres, a development that we expect to continue. The centralised functions are mainly related to large-scale, back-office functions whereas commercial activities are carried out by operational staff who are close to the customer and the local market.

Outlook for 2018 and 2020 financial targets

For 2018, we expect an operating profit before special items of DKK 5,000-5,400 million. Free cash flow is expected at the level of DKK 4,000 million.

The 2020 financial targets are updated for the Air & Sea division, as the division achieved its previous targets in 2017.

Outlook for 2018

This outlook assumes stable developments in the markets in which we operate. The OECD and IMF project global economic growth at the level of 3.5-4% in 2018, with lower growth rates in Europe and USA and higher growth in emerging economies, mainly in Asia.

We expect growth rates in the freight markets to be in line with underlying economic growth and that DSV will be able to gain market share in all the markets, in which we operate.

Furthermore, we expect the remaining synergies from the UTi integration, amounting to DKK 200 million, to be realised. No further restructuring costs are expected.

The expected cash flow for 2018 is lower than 2017 in spite of the expected increase operating profit. This is mainly due to the improvement in net working capital which had a positive cash flow impact in 2017.

OUTLOOK FOR 2018

(DKKm)	Outlook 2017	Actual 2017	Outlook 2018
Operating profit before special items	4,700 - 4,900	4,878	5,000-5,400
Adjusted free cash flow	4,400	4,835	4,000
Effective tax rate	23%	20.7%	23%

Our expectations are based on the assumption that currency exchange rates, especially the USD, against the DKK will remain at the current level (8 February 2018).

Capital structure and allocation

Our capital structure is designed to ensure:

- Sufficient financial flexibility to meet the strategic objectives.
- A robust financial structure to maximise the return for our shareholders.

Our targeted financial gearing ratio is set at 1.0-1.5. The ratio may exceed this range in periods with significant acquisitions, as was the case with the acquisition of UTi. Our free cash flow allocation strategy is unchanged from previous years:

- Repayment of net interest-bearing debt in periods when the financial gearing ratio is above target range.
- Value-adding investments in the form of acquisitions or development of the existing business.
- Distribution to the shareholders by means of share buy-backs and dividends.

In 2017, our free cash flow exceeded what was needed to bring our gearing ratio within the target range, and, consequently, share buybacks were initiated.

Share buybacks and dividend policy

Group Management continuously monitors whether the realised and expected capital structure meets the targets set.

Any adjustments to the capital structure are determined in connection with the release of quarterly financial reports and are made primarily through share buybacks.

DSV aims to ensure that the dividend per share develops in line with the consolidated earnings per share.

Proposed dividends for 2017 amount to DKK 2.0 per share (2016: DKK 1.8).

2020 financial targets

The 2020 financial targets are updated for the Air & Sea division, as the division achieved its previous 2020 targets in 2017. The targets for the Group are updated to reflect this change.

For the Road and Solutions divisions, the financial targets are reiterated and expected to be achieved by 2020.

The targets are based on current IFRS standards.

Furthermore, the targets are based on the assumption of stable global economic developments during the period, with global annual GDP growth of approx. 3% and freight market growth in line with GDP.

The main drivers for reaching the targets are above-market volume growth in all divisions. With growth in transport volumes and continuous focus on operational excellence, we see opportunities to improve productivity in all divisions.

Large scale integrations may have a short-term impact on DSV's ability to achieve organic growth.

The ROIC target is before tax and the minimum target of 25% applies to all divisions.

New accounting policy for leases

The IFRS 16 accounting standard for leases will be applied from 1 January 2019 onwards. This will trigger an update of the financial targets.

The standard will have a material impact on DSV's financial statements, as off-balance operating leases will be capitalised. The estimated impact is described in note 1 (page 51).

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 2017 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 DSV's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises.

2020 TARGETS

	Actual 2017	2020 Targets
DSV – total		
Operating margin	6.5%	7.5%
Conversion ratio	29.4%	32.5%
ROIC (before tax)	23.4%	> 25.0%
Air & Sea		
Operating margin	9.2%	10.0%
Conversion ratio	37.4%	42.5%
Road		
Operating margin	3.9%	5.0%
Conversion ratio	22.7%	25.0%
Solutions		
Operating margin	4.3%	6.0%
Conversion ratio	18.1%	25.0%

Financial review

Integration of UTi Worldwide Inc.

DSV acquired UTi Worldwide in January 2016. As a consequence, the reported results for 2017 include one extra month of UTi activities compared to 2016.

At the end of 2017, the integration of UTi was completed except for a few tasks still open in relation to the consolidation of back-office and IT infrastructure. As previously announced, the total annual cost synergies amount to DKK 1.5 billion.

The integration progressed faster than originally expected in 2017, leading to faster realisation of synergies. We estimate that DKK 1.3 billion worth of annual cost synergies were achieved in 2017. The remaining full-year impact of DKK 200 million will materialise in 2018. The cost synergies are mainly related to staff costs and other external costs.

In connection with the integration process, most of UTi's activities have been transferred to DSV's IT platforms, and administrative functions have been combined. As a result, the financial statements for 2017 do not include a separate disclosure on acquisitive growth.

Results

Net revenue totalled DKK 74,901 million for 2017 (2016: DKK 67,747 million), corresponding to an increase of 10.6%.

Net revenue 2017 versus 2016

	Growth	DKKm
Net revenue 2016		67,747
Currency translation adjustments	-1.2%	-851
Growth incl. acquisitions	11.8%	8,005
Net revenue 2017	**10.6%**	**74,901**

The global transport and logistics market was characterised by increasing demand in 2017, driven by the general economic upturn. The upturn was most significant in the air freight market, but most markets and industries experienced positive trends.

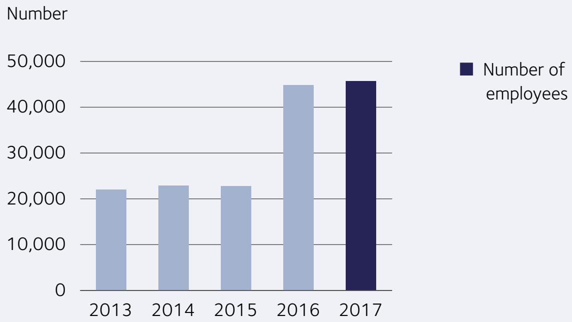
The Air & Sea division achieved net revenue growth of 11.6%, Road achieved 8.9% and Solutions 17.5% (all adjusted for currency translation).

The growth in net revenue was driven by increasing freight volumes and activity in all DSV's business areas. In addition, average freight rates and fuel prices were higher than in 2016. Revenue – primarily in Air & Sea – was negatively impacted by a DKK 851 million currency translation effect in 2017.

Condensed income statement

(DKKm)	2017	2016
Net revenue	74,901	67,747
Direct costs	58,296	51,909
Gross profit	**16,605**	**15,838**
Other external expenses	3,110	3,307
Staff costs	7,831	8,281
EBITDA before special items	**5,664**	**4,250**
Amortisation and depreciation of intangibles, property, plant and equipment	786	775
EBIT before special items	**4,878**	**3,475**

Number of employees



Gross profit totalled DKK 16,605 million for 2017 (2016: DKK 15,838 million), corresponding to an increase of 4.8%.

Gross profit 2017 versus 2016

	Growth	DKKm
Gross profit 2016		15,838
Currency translation adjustments	-1.0%	-160
Growth incl. acquisitions	5.8%	927
Gross profit 2017	**4.8%**	**16,605**

The Air & Sea division reported 5.1% growth in gross profit (adjusted for currency translation).

The Road division reported growth of 4.5% (adjusted for currency translation).

The Solutions division reported gross profit growth of 3.8% (adjusted for currency translation).

Gross profit – primarily in Air & Sea – was negatively impacted by a DKK 160 million currency translation effect in 2017.

The gross margin was 22.2% for 2017, down from 23.4% for 2016. The decline in gross margin was mainly due to higher average freight rates, which boosted both net revenue and direct costs, but had limited impact on gross profit in absolute numbers.

The growth in transport markets led to tight capacity and freight rate increases during peak periods in 2017, especially for air and road freight. This caused temporary pressure on DSV's profit per shipment, as rate increases could not be immediately passed on to customers.

Operating profit before special items (EBIT) totalled DKK 4,878 million for 2017 (2016: DKK 3,475 million), corresponding to an increase of 40.4%.

EBIT before special items 2017 versus 2016

	Growth	DKKm
EBIT before special items 2016		3,475
Currency translation adjustments	-2.1%	-74
Growth incl. acquisitions	42.5%	1,477
EBIT before special items 2017	**40.4%**	**4,878**

The Air & Sea division reported EBIT before special items of DKK 3,225 million (2016: DKK 2,143 million).

The Road division reported EBIT before special items of DKK 1,201 million (2016: DKK 1,049 million).

The Solutions division reported EBIT before special items of DKK 494 million (2016: DKK 384 million).

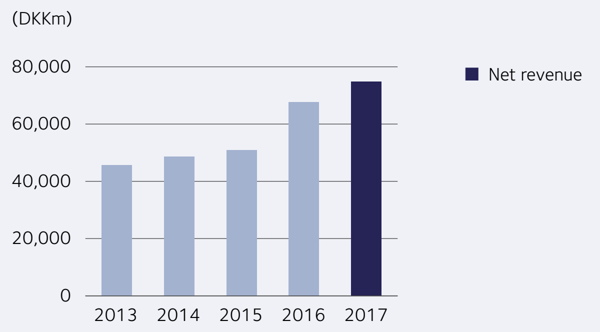
Regionally, the Americas recorded EBIT growth of 67.2%, APAC grew 43.4% and EMEA 32.9% (all adjusted for currency translation). The negative currency translation impact of DKK 74 million was primarily related to Air & Sea.

Total staff costs (excluding hourly workers) came to DKK 7,831 million for 2017 (2016: DKK 8,281 million).

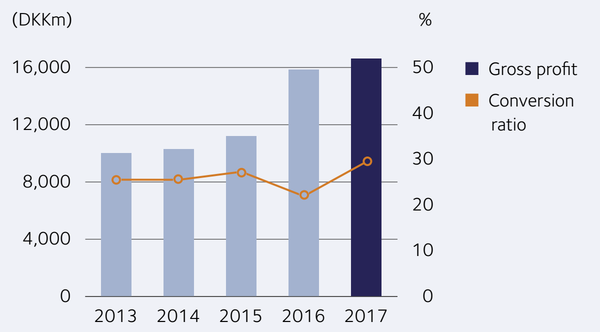
Other external expenses totalled DKK 3,110 million for 2017 (2016: DKK 3,307 million). Both staff costs and other external expenses were impacted by the cost synergies achieved from the UTi integration.

The conversion ratio was 29.4% for 2017 against 21.9% for 2016. The improvement is attributable to the UTi integration synergies, and at the same time we have achieved higher

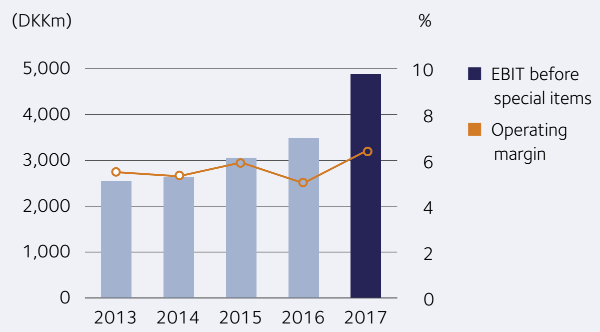
Net revenue



Gross profit



EBIT before special items



productivity, driven by a consolidated infrastructure and efficient workflows.

The operating margin was 6.5% for 2017 against 5.1% for 2016 and was impacted by the same factors as the conversion ratio.

Special items totalled DKK 525 million for 2017 (2016: DKK 1,002 million).

The costs mainly relate to the integration and restructuring of UTi and no further costs are expected.

Net financial expenses totalled DKK 556 million (2016: 184 million).

Excluding the impact from exchange rate adjustments, net financial expenses were at the same level as last year, amounting to DKK 296 million in 2017 (2016: DKK 299 million).

The average interest rate payable on the Group's long-term loans and credit facilities was 2.2% in 2017 versus 2.0% in 2016.

Net exchange rate adjustments came to a loss of DKK 260 million in 2017 (2016: a net gain of DKK 115 million). The exchange rate adjustments mainly related to intra-group loans and had no cash flow impact.

In 2017, our treasury policy was updated and, going forward, we will only hedge external net currency positions and expected short-term operational cash flows. As hedge accounting is only applied to a limited extent, this means that significant changes in currency rates, especially USD/DKK, will result in fluctuations in reported financial items.

Tax on profit for the year totalled DKK 785 million for 2017 (2016: DKK 611 million). The effective tax rate was 20.7% versus 26.7% in 2016.

The effective tax rate for 2017 was lower than 2016 as a result of the restructuring of UTi activities and a change in tax legislation in some countries in which the group operates.

The tax rate for 2016 was impacted by certain non deductible UTi integration costs.

Diluted, adjusted earnings per share increased by 37.3% to DKK 18.4 for 2017. The increase was mainly driven by higher adjusted earnings.

Cash flow statement

Cash flow from operating activities was DKK 4,664 million for 2017 versus DKK 1,273 million for 2016. The increase was mainly due to the higher EBITDA before special items and the improved working capital.

Net working capital (NWC) came to DKK 1,410 million on 31 December 2017 (2016: DKK 1,809 million).

Relative to full-year revenue, funds tied up in NWC were reduced to 1.9% on 31 December 2017 versus 2.7% at year-end 2016 .

Going forward, we expect NWC to be at maximum 2% of net revenue. Optimisation of NWC remains a priority, but increasing Air & Sea activities lead to higher NWC for the Group, compared to historical levels.

Cash flow from investing activities was a cash outflow of DKK 325 million in 2017 (2016: DKK 4,953 million). 2016 was impacted by the UTi acquisition.

Free cash flow came to DKK 4,339 million for 2017 against DKK -3,680 million for 2016.

Adjusted free cash flow (excluding the impact from M&A and special items) amounted to DKK 4,835 million in 2017 versus DKK 1,838 million in 2016.

Diluted adjusted earnings per share

(DKKm)	2017	2016
Profit for the year	3,012	1,678
Non-controlling interests' share of consolidated profit for the year	31	10
DSV A/S shareholders' share of profit for the year	2,981	1,668
Amortisation of customer relationships	41	93
Share-based payments	68	48
Special items, net	525	1,002
Related tax effect	(131)	(305)
Adjusted profit for the year	**3,484**	**2,506**
Diluted average number of shares in circulation ('000)	**189,112**	**187,097**
Diluted adjusted earnings per share of DKK 1	**18.4**	**13.4**

Cash flow statement

(DKKm)	2017	2016
Cash flow from operating activities	4,664	1,273
Cash flow from investing activities	(325)	(4,953)
Free cash flow	4,339	(3,680)
Cash flow from financing activities	(4,715)	396
Cash flow for the period	(376)	(3,284)
Adjusted free cash flow	4,835	1,838

In accordance with the capital allocation policy of the Group, the free cash flows for 2017 were used for debt reduction and distributions to shareholders.

Capital structure and finances

DSV shareholders' equity share came to DKK 14,835 million on 31 December 2017 (2016: DKK 13,416 million). The solvency ratio was 38.6% at the end of 2017 (2016: 33.2%).

Movements in equity mainly relate to net profit for the year, purchase and sale of treasury shares, distribution of dividends, and currency translation adjustments for foreign enterprises.

Net interest-bearing debt amounted to DKK 5,575 million on 31 December 2017 against DKK 8,299 million on 31 December 2016. In line with our policy, debt was reduced during 2017 until the financial gearing ratio was within the target range of 1.0-1.5 times EBITDA.

The financial gearing ratio (net interest-bearing debt to EBITDA before special items) was 1.0 at year-end 2017 (2016: 2.0).

On 31 December 2017, the total duration of the Group's long-term loan commitments was 3.2 years (2016: 2.9 years).

In 2017, DSV issued EUR 200 million worth of 7-year corporate bonds with a fixed coupon of 1.8%. The proceeds were used to repay the remaining acquisition financing facility for the purchase of UTi.

Invested capital amounted to DKK 20,391 million on 31 December 2017 (2016: DKK 21,336).

Return on invested capital (ROIC before tax) was 23.4% in 2017 versus 21.5% in 2016. The increase was mainly driven by higher operating profit (EBIT before special items).

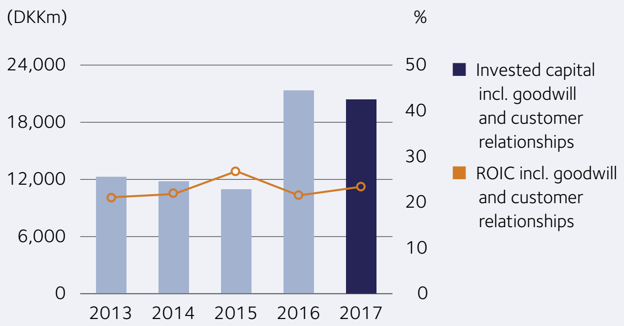
Development in equity

(DKKm)	2017	2016
Equity at 1 January	13,416	11,809
Net profit for the period	2,981	1,668
Dividends distributed	(342)	(327)
Purchase of treasury shares	(1,559)	-
Sale of treasury shares	303	220
Net exchange differences recognised in OCI	(429)	210
Other adjustments, net	465	(164)
Equity at 31 December	**14,835**	**13,416**

Development in net interest-bearing debt

(DKKm)	2017	2016
Loans and credit facilities	2,027	6,529
Issued bonds	4,713	3,234
Finance leases	217	294
Other non-current liabilities	29	26
Total financial liabilities	**6,986**	**10,083**
Other interest-bearing receivables	63	70
Cash and cash equivalents	1,348	1,714
Total financial assets	**1,411**	**1,784**
Net interest-bearing debt	**5,575**	**8,299**

ROIC and invested capital including goodwill and customer relationships



DSV Air & Sea

GROSS PROFIT

+5.1%

to DKK 8,624 million

EBIT

+53.2%

to DKK 3,225 million

CONVERSION RATIO

37.4%

(2016: 25.7%)

Although still in UTi integration mode at the beginning of the year, the division was gradually able to re-focus on increasing sales to both existing and new customers during the year. As a result, DSV Air & Sea achieved 5.1% growth in gross profit in 2017 – and 53.2% growth in EBIT before special items. 2017 included one extra month of UTi activities compared to 2016.

Market situation and performance

The air freight market recorded its strongest year since 2009, and transport volumes grew approximately 8-9%. The growth was broad-based both in terms of geography and industries and was driven by a general pick-up in the global economy as well as growth in cross-border e-commerce.

Exports from Asia Pacific (+13%) and Europe (+14%) registered the highest market growth rates, while exports from North America grew 7%.

Due to the high market growth, capacity shortage was a recurring issue during 2017, especially towards the end of the year. This, in turn, caused rates to rise significantly, especially during the peak season.

In 2017, DSV achieved 10.6% growth in airfreight volumes. DSV's growth improved throughout the year, leading to market share gains in the second half of the year.

The sea freight market grew in line with the underlying economy and recorded global growth of approximately 3-4% in 2017. The growth was relatively evenly distributed on most major trade lanes.

After record-low rates in 2016, sea freight rates increased at the beginning of 2017 with higher average rates on most trades. The rate stability reflected partly capacity adjustment, and partly consolidation and new shipping line alliances. Nevertheless, in the second half of 2017, rate volatility returned, and spot rates declined on several trade lanes.

In 2017, DSV achieved 6.4% growth in sea freight volumes. DSV's underlying organic growth was more or less in line with the market throughout the year.

Growth in freight volumes - 2017

	DSV	Market
Sea freight – TEUs	6.4%	3-4%
Air freight – tonnes	10.6%	8-9%

Market growth rates are based on own estimates

Results

Net revenue totalled DKK 35,204 million for 2017 (2016: DKK 32,100 million). Adjusted for currency translation, growth came to 11.6%.

The growth in net revenue was mainly attributable to higher freight volumes and higher average freight rates for both air freight and sea freight.

Net revenue was negatively impacted by a DKK 626 million currency translation effect in 2017.

Gross profit totalled DKK 8.624 million for 2017 (2016: DKK 8.338 million). Adjusted for currency translation, growth came to 5.1%.

The increase in gross profit was mainly driven by higher freight volumes. Compared to 2016, gross profit per unit (tonne or container) declined approximately 5%. The decline was partly due to a DKK 140 million negative currency translation effect in 2017.

The high growth in the air freight market led to tight capacity and rate increases. Towards the end of 2017, this put temporary pressure on DSV's profit per air freight shipment, as the rate increases could not immediately and consistently be passed on to customers.

Condensed income statement and key figures

(DKKm)	2017	2016
Net revenue	35,204	32,100
Direct costs	26,580	23,762
Gross profit	**8,624**	**8,338**
Other external expenses	1,798	2,177
Staff costs	3,490	3,824
EBITDA before special items	**3,336**	**2,337**
Amortisation and depreciation	88	130
Amortisation of customer relationships	23	64
EBIT before special items	**3,225**	**2,143**
Gross margin (%)	24.5	26.0
Conversion ratio (%)	37.4	25.7
Operating margin (%)	9.2	6.7
Total invested capital	11,377	11,860
Net working capital	1,539	1,395
ROIC (%)	27.8	23.5
Number of employees at year-end	12,041	12,891

Air freight

Net revenue	17,579	15,800
Direct costs	13,361	11,809
Gross profit	**4,218**	**3,991**
Gross margin (%)	24.0	25.3
Volume (tonnes)	635,655	574,644
Gross profit per unit (DKK)	**6,635**	6,945

Sea freight

Net revenue	17,625	16,300
Direct costs	13,219	11,953
Gross profit	**4,406**	**4,347**
Gross margin (%)	25.0	26.7
Volume (TEUs)	1,389,611	1,305,594
Gross profit per unit (DKK)	**3,171**	3,329

The division's gross margin was 24.5% for 2017 versus 26.0% for 2016. The main reason for the decline was higher average freight rates.

EBIT before special items totalled DKK 3,225 million for 2017 (2016: DKK 2,143 million). Adjusted for currency translation, growth amounted to 53.2%.

The growth in earnings was strongest in the Americas (+72.2%), while EMEA grew 46.5% and APAC 42.1%.

The growth in EBIT before special items was partly driven by the increase in gross profit. At the same time, the cost synergies from the UTi integration led to a lower cost base, and the IT systems and the organisation proved to be scalable, which led to continuous improvements in productivity.

The conversion ratio was 37.4% for 2017 versus 25.7% for 2016.

The operating margin was 9.2% for 2017 versus 6.7% last year.

Exchange rate fluctuations had a negative impact on EBIT before special items of DKK 59 million in 2017.

Net working capital came to DKK 1,539 million at the end of 2017 versus DKK 1,395 million at year-end 2016. The increase was mainly attributable to higher activity levels in 2017 and higher average freight rates.

Return on invested capital was 27.8% in 2017 against 23.5% in 2016. The increase was mainly due to higher operating profit.

Strategic and operational highlights

By the end of 2016, a large part of the UTi merger activities within DSV Air & Sea had been completed. This meant that, in 2017, we could concentrate on fine-tuning our organisation, systems and processes.

Geographic exposure

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

Following the successful migration of UTi users and customers to the Air & Sea transport management system (TMS), we focused heavily on improving the quality of data in our TMS to achieve the highest possible level of productivity, service and transparency.

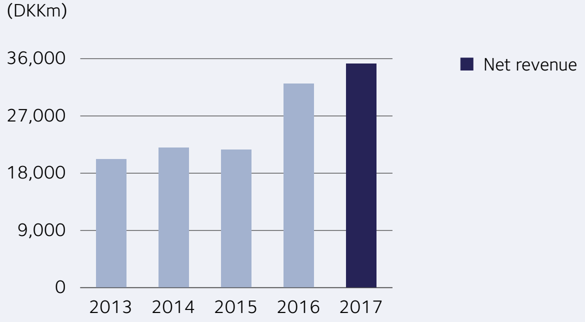
2017 was all about getting "back to basics," delivering services that meet customer requirements and fully satisfy their demands. And, as a result of this, we successfully gained new business from both existing and new customers.

We also focused on team management and performance by emphasising openness and clarity in our internal reporting and communication.

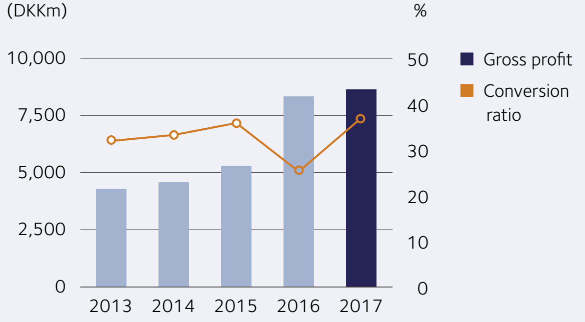
We set a clear direction with the one aim of achieving organic growth. And as 2017 unfolded, our efforts paid off, resulting in strong financial results and accelerating volume growth, especially within air freight.

In the course of the year, we also focused on developing our services and increasing the share of value added services. As an example, we successfully continued the implementation of the DSV Purchase Order Management product, providing

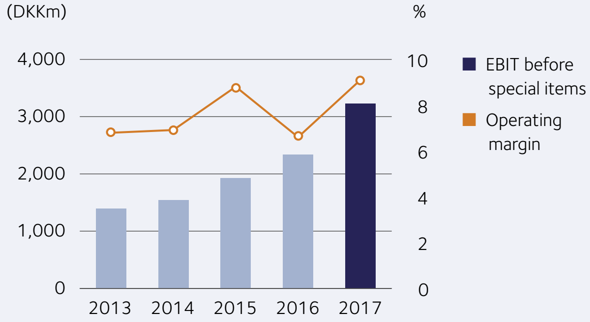
Net revenue



Gross profit



EBIT before special items



our customers with supply chain visibility throughout the inbound supply chain.

Focus areas in 2018

In 2018, we will continue to focus on winning market shares and growing earnings. This will involve further optimisation and improvement of measures primarily in relation to systems and processes.

We expect to see market growth for both air and sea in line with or slightly above the underlying economy. The very high growth in air freight volumes in 2017 is not likely to continue.

Developing and selling value added services will remain high on our agenda and we see good opportunities for growing with global accounts as well as the SME segment.

In terms of geography, we will be focusing on developing our global network and growing our existing strong markets. Furthermore, we have plans to set up operations in Panama to capitalise further on the Central American growth market and we will be looking at how to improve our operations in Sub-Saharan Africa.

With the acquisition of UTi in 2016, we established Oil & Gas and Marine & Hospitality as industry verticals. These verticals have been successfully integrated, and during 2017, we saw clear potential for further growth in 2018.

We are also developing our services within the Healthcare and Automotive industries and we see growth potential in both industries.

DSV Road

GROSS PROFIT

+4.5%

to DKK 5,287 million

EBIT

+15.9%

to DKK 1,201 million

CONVERSION RATIO

22.7%

(2016: 20.6%)

By successfully navigating a competitive market, DSV Road achieved growth in gross profit of 4.5% in 2017 and growth of 15.9% in EBIT before special items. 2017 was impacted by one extra month of UTi activities.

Market situation and performance

Europe is the main market for DSV Road, representing approximately 90% of net revenue. The European road freight market has picked up in recent years and this trend continued in 2017. Several industries, including retail, reported higher activity levels. Germany, Spain and Eastern Europe came out among the strongest markets.

The positive volume trend – combined with lack of truck drivers – led to capacity shortage as 2017 progressed. This, in turn, caused haulier rates to rise, a development that is likely to be carried into 2018.

We estimate that the European road freight market grew 3-4% in 2017.

In North America, we saw much the same situation: driver and truck shortage coupled with an overall improved economy and increased load volumes, which led to spikes in rates.

DSV Road achieved 6% growth in number of shipments in 2017 and won market shares in most markets.

Growth in freight volumes - 2017

	DSV	Market (Europe)
Shipments	6%	3-4%

Market growth rates are based on own estimates

Results

Net revenue totalled DKK 30,627 million for 2017 (2016: DKK 28,323 million). Adjusted for currency translation, growth came to 8.9%.

Growth was mainly driven by the higher activity level, but also by higher average rates, as haulier rates and fuel prices went up during 2017.

Gross profit totalled DKK 5,287 million in 2017 (2016: DKK 5,094 million). Adjusted for currency translation, growth came to 4.5%.

The increase in gross profit was attributable to the growth in number of shipments. However, the growth in shipments was partly offset by a decrease in average gross profit per shipment, especially towards the end of 2017. The increase in haulier rates and the challenging implementation of new customer contracts caused temporary pressure on margins.

Management expects this situation to improve in 2018, as customer implementation progresses and the market adapts to the higher activity level, both in terms of pricing and capacity.

The division's gross margin for 2017 was 17.3% (2016: 18.0%).

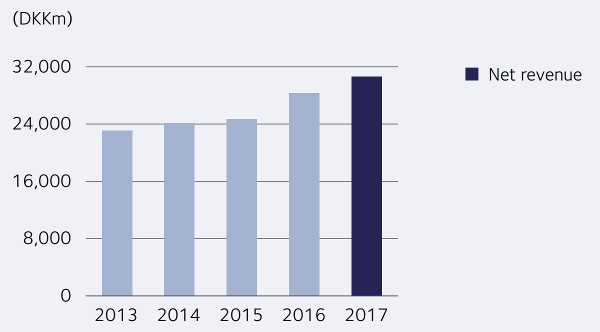
Gross profit for 2017 was positively impacted by an extraordinary net gain of approx. DKK 125 million related to property transactions.

EBIT before special items totalled DKK 1,201 million for 2017 (2016: DKK 1,049 million). Adjusted for currency translation, growth came to 15.9%.

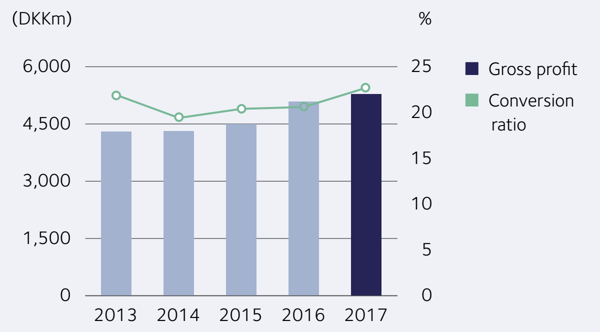
The growth in EBIT was mainly driven by the increase in activity and gross profit. Several European countries performed well and achieved growth in earnings in 2017.

However, 2017 was also impacted by underperforming countries and activities. Several initiatives were launched to restructure and improve the performance. Management expects the performance to improve going forward.

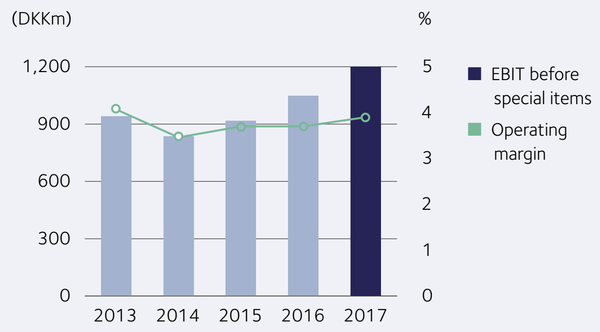
Net revenue



Gross profit



EBIT before special items



The conversion ratio was 22.7% for 2017 (2016: 20.6%). The division's operating margin for 2017 was 3.9% (2016: 3.7%).

Net working capital came to DKK -921 million on 31 December 2017 (DKK -328 million on 31 December 2016). The development was mainly attributable to higher activity and continued focus on optimisation.

Strategic and operational highlights

The road freight market remained competitive in 2017; still, our primary focus was to offer high quality logistics solutions to customers at competitive prices.

More than anything, customers asked for visibility and real time information relating to their shipments as a "need to have" service. For this reason, we focused our efforts on further developing our driver PDA (scanner) and new mobility app, piloted in several countries throughout 2017.

In 2017, we also continued our work with myDSV, a new digital self-service portal where a selection of self-service tools will eventually be made available to DSV customers. The portal was rolled out in serveral Road countries in 2017 and will be fully rolled out in 2018.

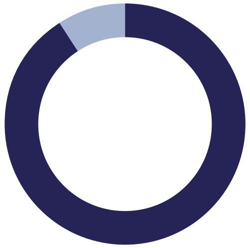
We also made progress in the development of our new transport management system – Cargolink Way Forward. The first modules were piloted in Lithuania, and we are planning two additional pilots for 2018.

The consolidation of cross-docking terminals, primarily in Europe, continued in 2017 with several new terminals built to improve efficiency and ease of operation.

In North America, four new branches were added to the Road division in the USA; and DSV Road Canada was established. Another step was taken with the establishment of a facility in Laredo to support Mexico cross-border activities.

Geographic exposure

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



EMEA, 91%   Americas, 9%

Focus areas in 2018

All of the above-mentioned projects will continue into 2018, and as such, growth, quality and efficiency will be very much on the radar in the year ahead.

We will continue to develop our core markets in Europe where the positive market – in spite of haulier capacity issues – creates good opportunities for growth for DSV Road.

In addition, we will be giving attention to developing our – still new – markets in South Africa and North America.

In the US, we will focus on the brokerage part of the business where we see good potential for growth. Four new US Road offices will be added to the existing 15 offices, and we will launch DSV Road in Mexico – a new and growing market.

DSV Road will continually strive to take market share in all regional markets.

Condensed income statement and key figures

(DKKm)	2017	2016
Net revenue	30,627	28,323
Direct costs	25,340	23,229
Gross profit	**5,287**	**5,094**
Other external expenses	1,269	1,224
Staff costs	2,672	2,662
EBITDA before special items	**1,346**	**1,208**
Amortisation and depreciation	139	145
Amortisation of customer relationships	6	14
EBIT before special items	**1,201**	**1,049**
Gross margin (%)	17.3	18.0
Conversion ratio (%)	22.7	20.6
Operating margin (%)	3.9	3.7
Number of employees at year-end	12,998	12,518
Total invested capital	4,215	3,295
Net working capital	(921)	(328)
ROIC (%)	32.0	35.8

DSV Solutions

GROSS PROFIT

+3.8%

to DKK 2,730 million

EBIT

+28.2%

to DKK 494 million

CONVERSION RATIO

18.1%

(2016: 14.7%)

In 2017, both the traditional contract logistics market (industrial and retail) and the e-commerce market grew. This led DSV Solutions to achieve 3.8% growth in gross profit – and growth of 28.2% in EBIT before special items. 2017 was impacted by one extra month of UTi activities.

Market situation and performance

The global market for contract logistics exhibited real signs of an upturn in 2017. The estimated market growth was 4-5%, driven by a stronger global economy and higher activity levels in a wide range of industries. E-commerce was the frontrunner, but the upturn was broad-based, involving several different industries.

Warehouse capacity became tight in key logistic centres, and salary costs increased in several regions due to the general economic upturn.

Results

Net revenue totalled DKK 11,362 million in 2017 (2016: DKK 9,683 million).

Adjusted for currency translation, growth amounted to 17.5%.

The division grew with both new and existing customers, mainly in the industrial, automotive and retail segments. Regionally, growth was strongest in APAC and EMEA.

Gross profit totalled DKK 2,730 million in 2017 (2016: DKK 2,616 million). Adjusted for currency translation, growth amounted to 3.8%.

The increase in gross profit for the period was attributable to higher activity levels.

The division's gross margin was 24.0% in 2017 versus 27.0% in 2016. This development partly reflected differences in calculation of gross profit between DSV and UTi. The reporting principles were fully aligned in 2017.

EBIT before special items totalled DKK 494 million in 2017 (2016: DKK 384 million). Adjusted for currency translation, growth came to 28.2%.

Growth in earnings was strongest in EMEA at +29.2%, while the Americas grew 22.8%, and APAC grew 16.1%.

Growth in earnings was primarily driven by the increase in gross profit.

While the UTi integration progressed according to plan in 2017, the cost synergies only had limited impact in Solutions. Realisation of synergies within contract logistics takes longer time, as physical infrastructure (warehouses) and long-term customer contracts are involved.

The conversion ratio was 18.1% in 2017 versus 14.7% last year. The division's operating margin was 4.3% in 2017 versus 4.0% in 2016.

Net working capital amounted to DKK 905 million on 31 December 2017 (2016: DKK 816 million).

Return on invested capital was 12.4% in 2017 versus 14.0% last year.

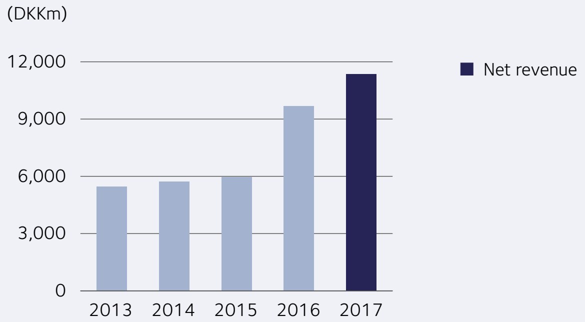
Strategic and operational highlights

Warehouse consolidation in DSV Solutions has been ongoing for several years, concurrent with the expiration of existing leases and changes in the contract logistics market. This was also a major focus area in 2017.

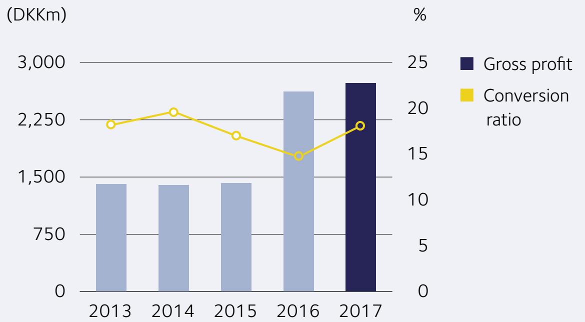
Our strategy is to move away from smaller warehouses to large, multi-customer warehouses in the right strategic locations.

DSV generally controls the property development process, enabling us to design standardised and optimised facilities. The warehouses are ultimately sold to external investors in line with our asset light strategy.

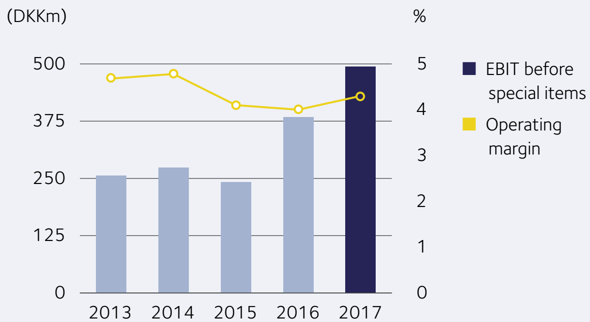
Net revenue



Gross profit



EBIT before special items



Modernisation and automation of facilities was also on the agenda in Solutions in 2017. Examples include implementation of put walls and use of voice-pick technology, which is becoming more and more prevalent.

To ensure that we can continue to grow with our customers, close to 220,000 sqm were added to our warehouse roadmap in 2017.

The implementation of our global Warehouse Management System continued to be an important element in increasing the efficiency of our operations in 2017. We more than doubled the number of customers and order lines on our WMS, and close to 60% of our locations were migrated to the system by the end of 2017. Migration will continue in the coming years.

E-commerce became even more prevalent as a growth driver. While the segment is still relatively small for DSV, we gained several new e-commerce contracts in addition to growing with existing customers. We will now focus on introducing a standardised global product for e-fulfilment.

Focus areas in 2018

All of the above-mentioned projects will run into 2018. By continuing our work on the consolidation of warehouses, systems and processes, we expect to achieve further synergies and improved productivity in 2018.

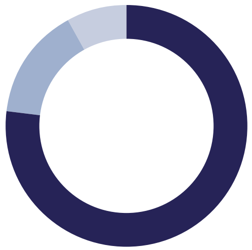
Several new facilities are planned for construction in 2018 – in the Americas, EMEA and APAC.

We will also be focusing even more on building our market position in the APAC and American markets, with focus on regional logistics hotspots.

Across all regions we strive towards improving customer satisfaction by getting closer to our customers. A key element here will be seamless implementation of new customers.

Geographic exposure

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



We maintain our goal of gaining market share and expect to be able to capitalise further on our global presence in 2018.

Condensed income statement and key figures

(DKKm)	2017	2016
Net revenue	11,362	9,683
Direct costs	8,632	7,067
Gross profit	**2,730**	**2,616**
Other external expenses	884	801
Staff costs	1,087	1,188
EBITDA before special items	**759**	**627**
Amortisation and depreciation	253	228
Amortisation of customer relationships	12	15
EBIT before special items	**494**	**384**
Gross margin (%)	24.0	27.0
Conversion ratio (%)	18.1	14.7
Operating margin (%)	4.3	4.0
Number of employees at year-end	18,382	17,432
Total invested capital	3,992	3,989
Net working capital	905	816
ROIC (%)	12.4	14.0

Risk management

Risk governance structure
In growing our business, it is vital that we continue to manage the risks inherent in our business activities and reduce the potential financial impact of these to an acceptable level.

Central to our risk management strategy is a regular and structured data collection, analysis and reporting process, which provides a strong basis for Management's decisions. This process is further strengthened by fast information flows, thorough root cause analyses and short response times accommodated by our flat organisational structure.

Our risk management approach therefore scales with our activities, enabling a timely response to issues that may have a material impact on the Group's earnings, financial position and the achievement of other financial targets.

The Board of Directors has the final responsibility for the Group's risk management and determines the overall framework for identifying and mitigating risks. The Audit Committee supervises compliance with the established framework.

The Executive Board is responsible for the day-to-day compliance with the risk management framework as well as the continuous development of the Group's risk management activities.

Risk management process
Risk management is structured as two parallel processes: ongoing reporting and follow-up on identified risks inherent in the normal day-to-day operations and a more extensive risk analysis, addressing the overall strategic risk scenario of the Group.

Every week, the Executive Board receives reports from all Group functions which form the basis of the Executive Board's reporting to the Board of Directors and the Audit Committee.

In this connection, the Executive Board notifies the Board of Directors of any actions taken to mitigate the identified risks.

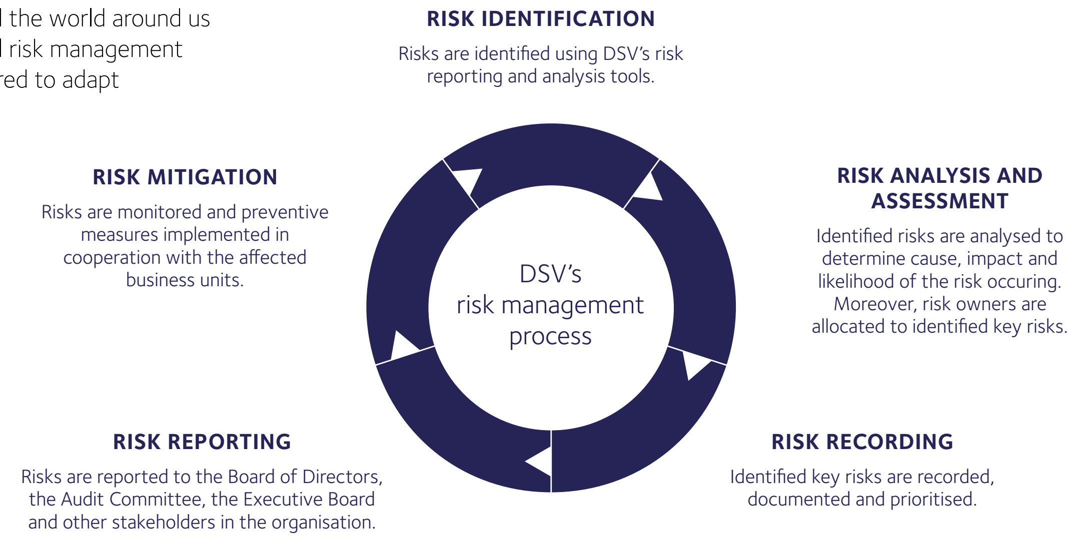
Based on the weekly operational risk reporting and general insight into markets, technology, macroeconomics, legislative development, etc. the Executive Board together with senior management assesses the key risks of the Group on an ongoing basis. This assessment is fundamental to the strategic decision-making of the Group. Status on key risk are reported to the Audit Committee at all Committee meetings, and formalised at year-end by presentation to-, and approval by the Audit Committee and the Board of Directors.

This ongoing key risk assesment is followed up every two years with an extensive Group-wide risk analysis, in which risks are assessed and quantified by key employees at all levels and from all areas of the business. Based on this work, key risk are re-evaluated, adjusted if required and finally addressed by the Executive Board, the Audit Committee and the Board of Directors.

The latest analysis of the Group's internal and external strategic risks was carried out in the last quarter of 2017. The analysis confirmed six key risks that may have a significant impact on the Group's earnings, financial position and achievement of other strategic objectives. The results of the risk analysis, including developments in the risk assessment since last year, are illustrated in the following.

Dynamic risk adaption

As our business and the world around us change, our internal risk management procedures are geared to adapt accordingly.

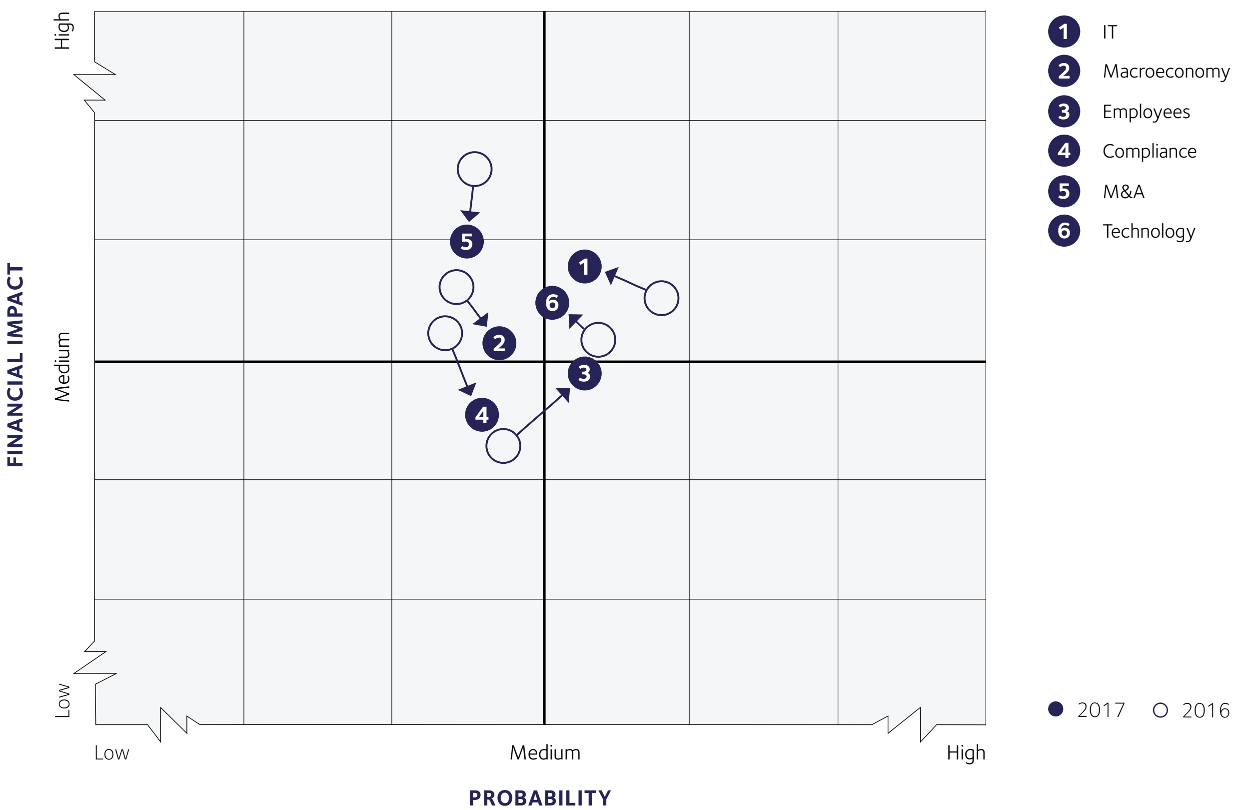


Key risk analysis

Key risks identified, preventive actions taken to mitigate these risks and the overall development tendencies since last year are described in the following.

Our day-to-day operations also involve various financial risks. These are not considered risks in line with our key risks, but they are monitored and managed by our Group Finance departments to ensure a high level of management attention on the effectiveness of our hedging strategies. For a detailed description of our financial risks, please refer to Chapter 4 of the notes to the consolidated financial statements.

Key risk



IT – SYSTEM AND PROCESS BREAKDOWNS

Risk description

IT systems, networks and related processes are crucial to our day-to-day operations - from the delivery of our core logistics services to our analytic capabilities and reporting to the financial markets.

This makes us vulnerable to system outages, cyber-attacks and failed IT implementation.

Furthermore, we rely on continuous innovation and improvement of our IT landscape to be able to offer competitive services that meet our customers' expectations, optimise our productivity and respond to new business opportunities as they arise.

Mitigation strategies

Our IT strategy comprises continued centralisation and standardisation of our systems and processes. This strategy also applies to acquired companies, which we move to DSV's operational and administrative IT platforms as quickly as possible, making the acquired systems redundant.

Our Global IT department is in charge of managing IT risks. In cooperation with the rest of the organisation, Global IT undertakes the implementation and operation of uniform systems, standards and controls, decommissioning of redundant systems and oversees the coordinated reporting on operational status, security risks, etc.

We focus on rolling out centrally managed solutions worldwide to reduce the number of software and hardware applications in use. This allows for central management and monitoring of platforms, master data, control systems and security functions.

Risk assessment 2017

In 2017 we experienced stable performance of our core IT systems – both in terms of operational stability and mitigation of cyber-attacks.

This stability has been backed by significant investments in our IT infrastructure, to a large extent focusing on IT security risks. This includes updates of our existing platforms, but also new investments in dedicated IT security staff functions and extended backup systems. Furthermore, many of our IT-related operational processes have been updated with cyber-attack mitigation in mind.

Additionally, we have succeeded in closing down most of the remaining UTi IT infrastructure acquired in 2016 and moving the remaining activity and employees to the DSV platforms. This has further reduced the overall IT risk of the Group, as the risk associated with the acquired UTi systems was considered high.

Based on the investments made, the reliable track record of our systems and the reduced exposure from acquired UTi systems, the probability of negative IT incidents occurring has been slightly reduced in the Group risk assessment for 2017.

MACROECONOMY – RECESSION AND REGIONAL EXPOSURE

Risk description

The supply of logistics services and solutions, mainly on the business-to-business market, is our core activity. An economic recession leading to stagnation or declining economic growth will therefore directly impact our activity level and consequently our financial results.

Mitigation strategies

A pivotal element of our business model is our asset-light approach and constant focus on process and cost optimisation. Combined with the close monitoring of market developments, our financial results and cash position, etc., this enables us to respond quickly to changes in activity levels.

Our asset-light approach also manifests itself in the majority of our terminals, warehouses and operational equipment being leased on short-term lease contracts.

This allows us to reduce costs and tied-up capital and quickly adapt to any potential slowdown in the individual markets. We have a history of stable earnings margins, even in periods of declining freight volumes.

To further mitigate our exposure to the European market, we have in recent years focused on organic and acquisitive growth outside Europe.

Risk assessment 2017

In 2017, the continued successful integration of UTi further diversified the Group's presence on the global logistics market, thereby lowering the exposure to regional economic fluctuations. Of total DSV earnings, 49% is now generated outside Europe compared to 36% before the acquisition.

Additionally, the overall global economy seems fairly stable and we are seeing growth in most markets in which we operate.

As a consequence of the general reduction in regional economic exposure, the potential negative impact of macroeconomic risks has been slightly reduced in the Group risk assessment for 2017.

EMPLOYEES – RETENTION AND ATTRACTION

Risk description

Employees are a vital resource to DSV. Our business operations depend on highly qualified management teams and employees with technical and operational qualifications at all organisational levels, jointly contributing to the Group's financial results.

If we fail to attract new talents or to retain existing, experienced key employees, we risk jeopardising DSV's financial potential in the long term.

Mitigation strategies

To retain and attract the right colleagues, we want to make DSV an attractive place to work.

This is achieved through several initiatives undertaken locally and by our global HR department. Examples of focus areas include training and talent development programmes targeted at all organisational levels, from trainee programmes to executive training.

We also emphasise our corporate culture, which focuses on employee empowerment and the ability to influence everyday work life, and on offering career advancing opportunities to talented employees.

Risk assessment 2017

As a consequence of the economic upturn in recent years on most markets in which we operate, hiring and retaining the right people have become slightly more challenging. As hiring the right people at the right price is mandatory to our success as a business, the risk of failed employee retention and attraction has slightly increased.

Furthermore, the UTi acquisition has highlighted the importance of having dedicated, skilled and empowered employees, who are capable of handling situations out of the ordinary and handling change management throughout the organisation. This may not always be apparent in the day-to-day operations, but it becomes clear when the organisation is hit by extraordinary situations and pressure over a prolonged period of time. Experience from the past year has suggested raising the potential financial impact of the failure to hire and retain the right people for the job.

Based on the above, the probability of occurrence and the probability of a negative impact of failed employee retention has been raised in the Group risk assessment for 2017.

COMPLIANCE – FINES, CLAIMS FOR DAMAGES, ETC.

Risk description

As a result of our global operations, we are subject to extensive national and international legislation and regulations. Statutory regulations relating to tax, customs, VAT and competition law are an area of ever-increasing scope and complexity.

DSV, including Management and staff, may risk fines, prison sentences and claims for damages in case of non-compliance. Non-compliance may also have a long-term negative impact on DSV's reputation.

Mitigation strategies

Our internal procedures and IT systems are designed to ensure compliance with relevant legislation and code of corporate conduct.

This is embedded in our manuals and business processes, which are adopted throughout the organisation and contain clear guidelines on how employees should act in relation to particularly risky issues or situations.

Our global compliance department is responsible for monitoring and managing areas of risk. Group Compliance also oversees the implementation of new legislation and ensures that employees receive training in DSV's internal guidelines and relevant national and international legislation.

Compliance is an area of great attention and continuous communication efforts are dedicated at all management levels of the organisation.

Risk assessment 2017

As part of the integration of UTi, the majority of potential compliance risks inherited from the acquisition has been dealt with. Furthermore, the transfer of UTi activities to the DSV operational systems and compliance framework has strengthened the combined organisation and reduced the risk of non-compliance.

We are, however, still facing increasing requirements and regulations from authorities and organisations. This puts pressure on our organisation, systems and procedures to mitigate the risk of non-compliance.

As a result of the progress of the UTi integration, the potential financial impact of compliance risks has been lowered, whereas the probability of compliance risks occurring has been raised in the Group risk assessment for 2017.

M&A – ACQUISITIONS AND INTEGRATION

Risk description

Growth through acquisitions is fundamental to our corporate strategy, and the current DSV network is to a large extent a result of past strategic acquisitions.

Acquisitions always entail a risk of unsuccessful integration of the acquired company, which could result in cost synergies, strategic advantages and economies of scale being delayed or not fully achieved.

Furthermore, deciding on and carrying out a wrong acquisition may be costly and take up valuable resources that could have been spent on other potential acquisition candidates.

Mitigation strategies

DSV has a history of successful integration of acquired companies and realisation of expected synergies.

The success rests on several factors. We stress the importance of potential acquirees matching DSV's existing business model, and all acquisitions are based on a thorough due diligence process. A team of managers and experts in M&A and integration are responsible for this process. Furthermore, our IT reporting and operational systems are designed to be scalable to accommodate the effective integration of new entities into the Group.

The integration work in each country is based on clear ownership, where the local management team heads the integration based on guidelines from Group Management. Furthermore, our focus on centralisation of administrative processes and systems means that we are able to integrate, adapt and support a range of services for the acquired companies from an early stage of the integration process.

Risk assessment 2017

2017 saw the continued successful integration of UTi. At year-end the integration was close to completion.

The UTi acquisition has been the largest and most complex acquisition in the history of DSV. Now – two years after the acquisition – we have successfully moved most of the acquired business to our IT platforms, integrated the business into our operational processes and welcomed the former UTi employees into our network. This has all been achieved within the initial timeframe set and with the synergies realised sooner than originally expected.

The successful UTi integration has lowered the short-term potential financial impact of failed M&A activities and further reaffirmed the capabilities of the DSV organisation to successfully carry out acquisitions and integrate businesses.

For this reason, the potential financial impact of failed M&A activities has been slightly lowered in the Group risk assessment for 2017.

TECHNOLOGY – DISRUPTION AND TECHNOLOGICAL ADAPTION

Risk description

Like other service industries, the freight forwarding industry is undergoing gradual changes due to new technologies. This development is driven both by existing players and new entrants. Digitisation and automation of processes (quoting, booking, tracking, reporting and billing) are two of the most important trends we see.

The technological development represents an opportunity to optimise workflows and increase productivity. At the same time, the development sets new and higher standards for the service level that our customers expect.

Consequently, we must continuously adapt our services, exploit new business opportunities and respond to new competition in the market. Failure to do so can lead to loss of market share and earnings reductions. It is a long-term risk, and the changes will happen gradually.

Mitigation strategies

Our overall mitigation approach is centred on constant monitoring of the logistics market, technologies, customer offerings and other processes that can potentially impact the way we do business. We consider new technologies as opportunities – not threats – and are always open to new ideas.

Based on this we focus on developing our services, systems and operational procedures to ensure that DSV has a strong and competitive product offering that fulfils our customers needs and expectations.

An indirect impact of new technology and changes in the competitive landscape is that some of the basic freight forwarding services may become commoditised, leading to increasing price pressure. To compensate for this, we continuously seek to increase the scope of value-added services towards our customers, such as purchase order management, customs clearance and cargo insurance.

Risk assessment 2017

Failure to adapt the existing DSV business model to new technologies, services or other related business opportunities remains a risk that we do not take lightly.

However, even though new technologies and related new ways of doing business continue to emerge, we are still to see new innovations that will have the potential to impact the DSV core business in any significant way in the foreseeable future.

Consequently, the probability of occurrence has been slightly reduced and the potential financial impact slightly increased in the Group risk assessment for 2017.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Corporate governance

Management structure

Together, the Board of Directors and the Executive Board constitute the governing body of DSV. The ultimate authority rests with the shareholders in general meeting.

The Board of Directors supervises 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 the execution of the strategy, and further more contributes essential input to the work of the Board of Directors.

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.

The allocation of responsibilities between the Board of Directors and the 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 supported by centralised Group functions.

Board of Directors

Composition

The Board of Directors of DSV currently has six members (Directors). According to the Company's Articles of Association, the Board of Directors must comprise at least five and not more than nine Directors. 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 composition of the Board of Directors is intended to ensure the diversity of the Board's competency profile and that the Board is able to perform its duties as effectively as possible. Reference is made to page 37 for a description of the individual Directors' skills and experience in relation to the work of the Board.

Board meetings

The Board of Directors held nine ordinary board meetings in 2017. The content of the meetings is partly determined by the annual cycle of the Board, thus ensuring that all important policies are reviewed. Besides the work laid down in the annual cycle, the Board also focused on the integration of UTi Worldwide Inc.

Board of Directors self-evaluation

Once a year, the Board of Directors performs an overall self-evaluation, which focuses on the results, composition and competencies of the Board as a whole. The Chairman of the Board is in charge of the self-evaluation process, which is driven by our Group Compliance department acting as an independent intermediary. When completed, the self-evaluation report is discussed by the Board.

The result of the self-evaluation conducted in 2017 did not give rise to any significant considerations and supports the current composition of the Board.

Independence of Board members

According to the Danish Recommendations on Corporate Governance, four of the six members of the Board of Directors are regarded as independent. Kurt K. Larsen (Chairman) and Jørgen Møller were members of the Executive Board and Division Management, respectively, until joining the Board of Directors and are therefore not regarded as independent Board members as defined in the Recommendations.

Board committees

Audit Committee

The Audit Committee consists of three members, with expertise and experience in financial accounting.

The overall tasks of the Audit Committee are:

- to monitor and report on the statutory audit and financial reporting processes, including compliance with legislation, standards and regulations;
- to monitor internal controls and risk management systems;
- to monitor auditor independence and reporting, and to facilitate the auditor selection processes.

The Committee held four meetings in 2017. Besides the work laid down in the annual cycle, the change of auditors, the integration of UTi, the adoption of new IFRS standards and other specific accounting matters were focus areas in 2017.

The Rules of Procedure of the Audit Committee are available at investor.dsv.com/policies.cfm.

Nomination Committee

The Nomination Committee consists of four members, who focus on ensuring an optimal composition of the Board of Directors and the Executive Board.

The overall tasks of the Nomination Committee are:

- to define the competencies required of candidates for the Board of Directors and the Executive Board, including considerations on the balancing of skills, knowledge and experience of the two management bodies;
- to evaluate once a year the structure, size, composition and performance of the Board of Directors and the Executive Board, including the skills, knowledge and experience of the individual members;
- to identify and suggest new candidates for the Board of Directors and the Executive Board.

The Committee held two meetings in 2017, mainly focusing on the self-evaluation process of the Board of Directors, talent management and succession planning processes of DSV.

The Rules of Procedure of the Nomination Committee are available at iinvestor.dsv.com/policies.cfm.

Remuneration Committee

The Remuneration Committee consists of two members, who address the general remuneration policy of DSV.

The overall tasks of the Remuneration Committee are:

- to make recommendations on DSV remuneration policies;
- to make proposals on the remuneration of members of the Board of Directors and the Executive Board;
- to ensure compliance with DSV remuneration policies for members of the Board of Directors and the Executive Board.

The Committee held two meetings in 2017, focusing among other issues on the implications of the European Union Shareholders Rights Directive for the DSV remuneration policies and reporting.

The Rules of Procedure of the Remuneration Committee are available at investor.dsv.com/policies.cfm.

Remuneration of the Board of Directors and the Executive Board

Remuneration of the Board of Directors and the Executive Board is carried out in accordance with DSV remuneration policies as adopted by the Annual General Meeting.

The Remuneration Policy is designed to ensure that DSV is always able to attract and retain a qualified Management team to support the long-term value creation for our shareholders.

The current DSV Remuneration Policy and the guidelines for incentive pay are available at investor.dsv.com/policies.cfm.

Components of the remuneration of the Board of Directors and the Executive Board are summarised in the following. For details on payments made in 2017 and the DSV share option schemes, please refer to notes 5.3 and 5.4 of the consolidated financial statements.

Remuneration

	Board of Directors	Executive Board
Fee	✓	-
Salary	-	✓
Pension	-	✓
Cash bonus schemes	-	✓
Share option schemes	-	✓
Other benefits	-	✓
Severance terms	-	✓

Fee
Fees to the Board of Directors consist of a standard fee determined by the board position assumed and additional fees for participation in the Board committees. All fees are fixed and assessed annually based on peer group remuneration surveys, ensuring that the remuneration of the Board of Directors is on market level. Any changes to Board fees are approved by the Annual General Meeting.

Salary
Salaries paid to the Executive Board are based on individual contracts negotiated with the Chairman of the Board of Directors on behalf of the whole Board of Directors. Once a year, salaries are adjusted based on individual performance and peer group remuneration surveys. The surveys are carried out to ensure competitive remuneration of the Executive Board supporting long-term retention of the members.

Pension
Pensions paid to the Executive Board are based on individual contracts and are an integral part of the base salary package. Pensions are negotiated and adjusted annually alongside the base salary as described above.

Cash bonus schemes
Cash bonuses constitute the short-term element of the Executive Board incentive scheme and cannot exceed 50% of the annual salary. The bonus is determined once a year based on various performance indicators ranging from the overall performance and development of DSV to the performance of the individual members.

The purpose of cash bonus schemes is to provide a direct hands-on incentive to guide and emphasise the achievement of specific targets that the Board of Directors finds significant and on which the company must succeed. The cash bonus scheme also contributes to aligning the interests of the Board of Directors and the shareholders of DSV with those of the Executive Board.

Share option schemes
Share options constitute the long-term element of the Executive Board incentive scheme and cannot exceed 10% of the annual share options issued. The award of share options is determined once a year based on negotiations with the individual members.

The purpose of the share option schemes is to provide a long-term performance incentive and to align the interests of the Executive Board and DSV shareholders in terms of increasing the value of the company.

Other benefits
Members of the Executive Board are entitled to a company car.

Severance terms
Members of the Executive Board have up to 24 months' notice of termination.

Reporting on Corporate Governance

Recommendations on Corporate Governance cf. article 107b of the Danish Financial Statements Act

In managing DSV the Board of Directors actively uses the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance in May 2013, revised November 2014.

This implies using the recommendations for defining management structures and procedures and acting in accordance with the principal intention of the recommendations. The Board regularly assesses its procedures based on the Recommendations.

DSV has opted to derogate from three of the 47 Recommendations: 2.1.6 Diversity at management levels, 3.1.4 Retirement age for members of the Board of Directors and 3.4.2 Independence of board committee members.

On 23 November 2017, the Committee on Corporate Governance has updated the existing Recommendations, with effect from 1 January 2018. We are currently assessing the revised Recommendations with the intention of including them in our work on Corporate Governance in the coming financial year.

Our adoption of the Recommendations, including descriptions of internal controls and risk management systems in relation to financial reporting, is reported separately in accordance with article 107b of the Danish Financial Statements Act.

The statutory report on Corporate Governance 2017 is available at investor.dsv.com/corporate-governance-document.cfm.

Board of Directors and Executive Board

Board of Directors

CM = Chairman DC = Deputy Chairman ME = Member

KURT K. LARSEN

Office	Chairman
Member since	2008
Up for re-election	Yes
Born	1945
Audit Committee	Member
Nomination Committee	Chairman
Remuneration Committee	Chairman

Skills and experience
- General management experience
- Group CEO of DSV A/S 2005-2008
- Managing Director of DSV A/S 1991-2005

Other Board positions
CM Polaris III Invest Fonden
ME Wrist Ship Supply Holding A/S and one affiliated company

THOMAS PLENBORG

Office	Deputy Chairman
Member since	2011
Up for re-election	Yes
Born	1967
Audit Committee	Chairman
Nomination Committee	-
Remuneration Committee	Member

Skills and experience
- Management experience from directorships and honorary offices
- Strategy and financial management
- Professor of accounting and auditing at Copenhagen Business School

Other Board positions
CM Everyday Luxury Feeling A/S
ME COWI Holding A/S
ME SAXO Bank A/S

JØRGEN MØLLER

Office	Member
Member since	2015
Up for re-election	Yes
Born	1950
Audit Committee	-
Nomination Committee	Member
Remuneration Committee	-

Skills and experience
- General management experience
- International commercial experience
- CEO of DSV Air & Sea Holding A/S 2002-2015

ANNETTE SADOLIN

Office	Member
Member since	2009
Up for re-election	Yes
Born	1947
Audit Committee	Member
Nomination Committee	Member
Remuneration Committee	-

Skills and experience
- General international management experience
- Acquisition and divestment of enterprises
- Management experience from GE Frankona München (executive board member) and Employers Reinsurance International (CEO)

Other Board positions
DC DSB
DC Topdanmark A/S and two affiliated companies
ME Ratos AB
ME Blue Square Re N.V.
ME KNI A/S

BIRGIT W. NØRGAARD

Office	Member
Member since	2010
Up for re-election	Yes
Born	1958
Audit Committee	
Nomination Committee	Member
Remuneration Committee	-

Skills and experience
- General international management experience
- Acquisition and divestment of enterprises
- Strategy and financial management
- Management experience from Grontmij NV (COO), Grontmij | Carl Bro A/S (CEO), Danisco and McKinsey

Other Board positions
DC NNE A/S
DC Dansk Vækstkapital I
ME Dansk Vækstkapital II
ME NCC AB
ME IMI Plc.
ME WSP Global Inc.
ME RGS Nordic A/S
ME Cobham Plc (retiring)

ROBERT STEEN KLEDAL

Office	Member
Member since	2014
Up for re-election	Yes
Born	1969
Audit Committee	-
Nomination Committee	-
Remuneration Committee	-

Skills and experience
- General international management experience
- International commercial experience
- Strategy and financial management
- Management experience from Wrist Ship Supply A/S (CEO)

Other Board positions
CM Chairman of the boards of directors of 21 companies in the Wrist Ship Supply Holding A/S Group
ME Member of the boards of directors of five companies in the Wrist Ship Supply Holding A/S Group
ME SkawPilot ApS

Executive Board

JENS BJØRN ANDERSEN

Office	CEO
Member since	2008
Born	1966

JENS H. LUND

Office	CFO
Member since	2002
Born	1969

Shareholder information

Maintaining an open and active dialogue as well as a high and consistent level of information are fundamental principles in our communication with the stock market. In doing so, we want to create the best possible conditions for a fair valuation of DSV shares.

DSV shares in 2017

At year-end, the closing price of DSV shares on Nasdaq Copenhagen was DKK 488.60, up 56% since year-end 2016. During the same period, the C20 Index increased by 16%.

The total trading in DSV shares on Nasdaq Copenhagen amounted to DKK 45 billion in 2017, up 13% compared to 2016.

At year-end 2017, the market capitalisation of DSV (excluding treasury shares) was DKK 90 billion against DKK 58 billion at the end of 2016.

Dividends

The Board of Directors proposes ordinary dividends of DKK 2.00 per share for 2017 (2016: DKK 1.80).

Treasury shares

In 2017, DSV acquired 3.3 million treasury shares at a total purchase price of DKK 1,559 million. On 31 December 2017, the company held 5.9 million shares as treasury shares, corresponding to 3.11% of the share capital. On 7 February 2018, the company's portfolio of treasury shares amounted to 6.7 million shares.

The purpose of the DSV's share buyback programmes is to accommodate the exercise of share options under incentive schemes and adjust the capital structure in accordance with the financial targets.

The shares were acquired under the authorisation granted at the Annual General Meeting and in compliance with the Safe Harbour principles.

Share capital reduction

Following the acquisition of treasury shares the Board of Directors plans to propose a reduction of the share capital by a nominal value of DKK 2 million at the next General Meeting.

Incentive schemes

At the scheduled meeting on 8 March 2018, the Board of Directors plans to authorise the Executive Board to distribute up to 3 million share options to senior staff members in accordance with the general guidelines for incentive pay for employees of DSV.

Share options are granted at the average quoted share price over the five business days preceding 31 March 2018.

Authorities granted to the Board

The Board of Directors has been authorised by the General Meeting to increase the Company's share capital by issuing up to 38 million shares. The authority remains valid until 10 March 2021. The shares can be issued with or without pre-emptive rights for existing shareholders.

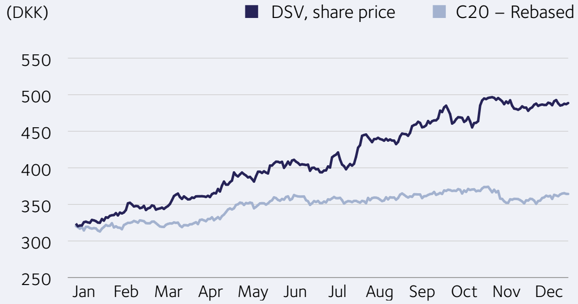
The Board of Directors has been authorised by the General Meeting to issue convertible debt instruments and warrants and to make the related capital increase. The authority remains valid until 12 March 2020 and covers shares of a total nominal value of up to DKK 25 million. Existing shareholders have no pre-emptive rights if the Board of Directors exercises this authority.

The Board of Directors is authorised to acquire treasury shares by resolution at the General Meeting. The total num-

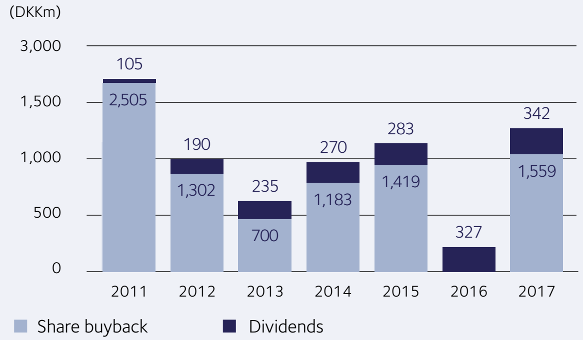
Basic data

Number of shares of DKK 1 at 31 December 2017	190,000,000
Share classes	1
Restrictions on transferability and voting rights	None
Listed	Nasdaq Copenhagen
Trading symbol	DSV
ISIN code	DK0060079531

DSV shares in 2017



Distribution of capital to shareholders



ber of shares that may be acquired under the authority are 19 million. The authority remains valid until 10 March 2021. At the next General Meeting, the Board of Directors plans to propose a new five-year authority to acquire up to 18.8 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 on the date of acquisition.

The authorities granted to the Board have been incorporated into the Company's Articles of Association. The Articles of Association are amended in accordance with the rules of the Danish Companies Act. The latest amendment of the Articles of Association was adopted at the Annual General Meeting held on 9 March 2017.

Shareholder composition

On 31 December 2017, the registered shares of DSV A/S totalled 161.4 million, corresponding to 85% of the share capital. The largest 25 of these shareholders owned 34% of the entire share capital.

BlackRock, Inc., New York, USA, has informed DSV that the company holds 5.39% of DSV's share capital.

Investor relations

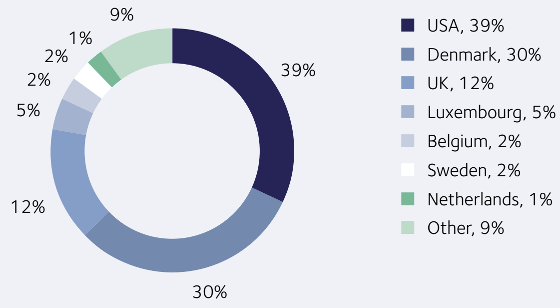
The department plans and structures the financial reporting and dialogue with investors and analysts with a view to ensuring a high and uniform level of information and maintaining an open and active dialogue.

As part of the financial communication, the interim and annual reports are presented by the Executive Board on quarterly conference calls. The Executive Board also participates in investor meetings and conferences in Denmark and abroad.

DSV is covered by 29 equity analysts. For more information about analyst coverage, please visit investor.dsv.com.

The communication with 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.

Shareholders – geographical distribution



Company announcements published in 2017

DSV published a total of 31 company announcements in 2017 (No. 642-672). The most important announcements in 2017 are listed below:

10 February	No. 643	2016 Annual Report
9 March	No. 645	DSV A/S Annual General Meeting
2 May	No. 646	Interim Financial Report First Quarter 2017
2 August	No. 648	Interim Financial Report H1 2017
26 October	No. 663	Interim Financial Report Third Quarter 2017

For a complete list of company announcements published in 2017, please refer to investor.dsv.com.

Financial calendar 2018

Activity	Date
Annual General Meeting	8 March 2018
Q1 2018 Report	1 May 2018
H1 2018 Report	1 August 2018
Q3 2018 Report	26 October 2018

Corporate social responsibility

DSV is committed to being a responsible and reliable business partner as well as an active participant in the global community.

By working systematically within the framework of the United Nations Global Compact, we report and improve on a wide range of related CSR matters. This chapter is a summary of our Communication on Progress (COP) under the United Nations Global Compact. The summary highlights our major CSR focus areas and achievements in 2017.

Environment and climate
As a freight forwarder, DSV is not in a position to directly influence and reduce the carbon footprint of the transports we organise. Our transports are mostly performed by subcontractors who operate their equipment on market terms.

What we can do is to facilitate two kinds of significant environmental improvements: 1) consolidate goods and routes to achieve a higher degree of efficiency and 2) launch cooperative CO2 reduction initiatives together with some of our large, long-standing customers.

Whenever feasible, we discuss alternate transport modes, including green transport options, with our customers. To this end, we make a point of keeping abreast of green technology developments, such as e-trucks, hybrid trucks and biofuelled trucks.

Prevention of occupational accidents
Since 2010, DSV has focused intensively on preventing and avoiding occupational accidents.

At Group level, we gather incident reports from all DSV companies. The data lead to best practices that are communicated to the entire Group, with special attention paid to countries with a relatively high frequency of occupational accidents.

In 2017, no fatal workplace accidents were reported. The rate of all occupational accidents has declined by more than 28% since 2015.

Working with the Red Cross | Red Crescent
In 2016, DSV adopted a more global approach to community engagement and selected the Red Cross | Red Crescent as our primary humanitarian aid partner.

The partnership includes the donation of warehouse space for storage of emergency relief equipment near Copenhagen (DK). Furthermore, DSV donates transportation of disaster relief equipment to the nearest port or airport in Denmark whenever base camps need to be established in disaster-struck areas around the world.

A year into the partnership, DSV was able to provide support in the form of logistics services as well as financial support in connection with the deployment of base camp equipment.

This included transportation and logistics support when the Red Cross | Red Crescent needed to set up camps to provide relief for the victims of hurricanes Irma and Maria in the Caribbean.

In addition, DSV provided financial support for two of the Danish Red Cross' international projects in Togo and Malawi. DSV attended the Danish Red Cross delegation trip to the Malawi projects in November 2017.

Reporting on Corporate Social Responsibility

Reporting on Corporate Social Responsibility cf. article 99a of the Danish Financial Statements Act
We report separately on corporate social responsibility in the DSV CSR Report in accordance with article 99a of the Danish Financial Statements Act. The DSV CSR Report is our communication on progress (COP) under the United Nations Global Compact.

The DSV CSR Report 2017 is available at www.dsv.com/about-dsv/csr/csr-reports.

Reporting on management gender composition cf. article 99b of the Danish Financial Statements Act
The current composition of the Board of Directors satisfies the statutory gender distribution requirement under Article 99b of the Danish Financial Statements Act on target figures for the under-represented gender.

We report separately on gender composition and related policies in the DSV CSR Report in accordance with article 99b of the Danish Financial Statements Act, to which reference is made.

The DSV CSR Report 2017 is available at www.dsv.com/about-dsv/csr/csr-reports.

Quarterly financial highlights*

(DKKm)	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Full year	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
Income statement (DKKm)										
Net revenue	18,223	18,924	18,735	19,019	74,901	15,319	17,606	17,205	17,617	67,747
Gross profit	4,220	4,217	4,114	4,054	16,605	3,607	4,214	4,019	3,998	15,838
EBIT before special items	1,129	1,240	1,313	1,196	4,878	643	900	1,003	929	3,475
Special items (net costs)	160	88	123	154	525	370	341	155	136	1,002
Financial items (net costs)	94	182	149	131	556	(46)	104	85	41	184
Profit before tax	875	970	1,041	911	3,797	319	455	763	752	2,289
Profit for the period	669	742	826	775	3,012	233	333	552	560	1,678
Segment information										
Air & Sea										
Net revenue	8,470	8,873	9,044	8,817	35,204	7,055	8,416	8,282	8,347	32,100
Gross profit	2,116	2,217	2,199	2,092	8,624	1,877	2,308	2,123	2,030	8,338
EBIT before special items	690	843	903	789	3,225	414	534	626	569	2,143
Road										
Net revenue	7,633	7,684	7,514	7,796	30,627	6,688	7,368	7,111	7,156	28,323
Gross profit	1,433	1,316	1,279	1,259	5,287	1,257	1,359	1,247	1,231	5,094
EBIT before special items	378	281	311	231	1,201	219	310	290	230	1,049
Solutions										
Net revenue	2,678	2,913	2,757	3,014	11,362	2,043	2,406	2,492	2,742	9,683
Gross profit	671	690	646	723	2,730	536	669	684	727	2,616
EBIT before special items	66	128	115	185	494	47	90	105	142	384

*) For a definition of the financial highlights, please refer to page 81

Consolidated financial statements 2017

Income statement

(DKKm)	Note	2017	2016
Net revenue	2.2	74,901	67,747
Direct costs	2.3	58,296	51,909
Gross profit		**16,605**	**15,838**
Other external expenses	2.4	3,110	3,307
Staff costs	2.5	7,831	8,281
Operating profit before amortisation, depreciation and special items		**5,664**	**4,250**
Amortisation and depreciation of intangibles, property, plant and equipment	2.7	786	775
Operating profit before special items		**4,878**	**3,475**
Special items, costs	2.6	525	1,002
Financial income	2.8	94	222
Financial expenses	2.8	650	406
Profit before tax		**3,797**	**2,289**
Tax on profit for the year	5.2	785	611
Profit for the year		**3,012**	**1,678**
Profit for the year attributable to:			
Shareholders of DSV A/S		2,981	1,668
Non-controlling interests		31	10
Earnings per share:	4.1		
Earnings per share of DKK 1		16.0	9.0
Diluted earnings per share of DKK 1		15.8	8.9

Statement of comprehensive income

(DKKm)	Note	2017	2016
Profit for the year		**3,012**	**1,678**
Items that will be reclassified to income statement when certain conditions are met:			
Net exchange differences recognised in OCI		(430)	190
Fair value adjustments relating to hedging instruments	4.5	28	5
Fair value adjustments relating to hedging of investments		-	(101)
Fair value adjustments relating to hedging instruments transferred to financial expenses		3	12
Tax on items reclassified to income statement	5.2	6	10
Items that will not be reclassified to income statement:			
Actuarial gains/(losses)	3.6	179	(214)
Tax relating to items that will not be reclassified	5.2	(42)	44
Other comprehensive income, net of tax		**(256)**	**(54)**
Total comprehensive income		**2,756**	**1,624**
Total comprehensive income attributable to:			
Shareholders of DSV A/S		2,726	1,634
Non-controlling interests		30	(10)
Total		**2,756**	**1,624**

Cash flow statement

(DKKm)	Note	2017	2016
Operating profit before amortisation, depreciation and special items		5,664	4,250
Adjustments:			
Share-based payments		68	48
Change in provisions		(279)	(168)
Change in working capital etc.		944	(1,158)
Special items		(488)	(644)
Interest received		110	118
Interest paid		(386)	(409)
Corporation tax, paid		(969)	(764)
Cash flow from operating activities		**4,664**	**1,273**
Purchase of intangible assets		(393)	(338)
Purchase of property, plant and equipment		(620)	(457)
Disposal of property, plant and equipment		636	492
Acquisition and disposal of subsidiaries and activities	5.1	(8)	(4,624)
Change in other financial assets		60	(26)
Cash flow from investing activities		**(325)**	**(4,953)**
Free cash flow		**4,339**	**(3,680)**
Proceeds from borrowings		1,488	4,470
Repayment of borrowings		(4,517)	(3,936)
Other financial liabilities incurred		(69)	(39)
Shareholders:			
Dividends distributed	4.2	(342)	(327)
Purchase of treasury shares	4.2	(1,559)	-
Sale of treasury shares		303	220
Other transactions with shareholders		(19)	8
Cash flow from financing activities		**(4,715)**	**396**
Cash flow for the year		**(376)**	**(3,284)**

(DKKm)	Note	2017	2016
Cash flow for the year – continued		**(376)**	**(3,284)**
Cash and cash equivalents 1 January		1,714	4,908
Cash flow for the year		(376)	(3,284)
Currency translation adjustments		10	90
Cash and cash equivalents 31 December	4.2	**1,348**	**1,714**

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

Statement of adjusted free cash flow			
Free cash flow		4,339	(3,680)
Net acquisition of subsidiaries and activities		8	4,624
Special items (restructuring costs)		488	644
Normalisation of working capital in subsidiaries and activities acquired		-	250
Adjusted free cash flow		**4,835**	**1,838**

Balance sheet

Assets

(DKKm)	Note	2017	2016
Intangible assets	3.2	16,573	17,247
Property, plant and equipment	3.3	2,431	3,334
Other receivables		257	317
Deferred tax assets	5.2	965	1,031
Total non-current assets		**20,226**	**21,929**
Trade receivables	4.4	12,557	12,338
Work in progress (services and inventories)	3.4	1,762	2,026
Other receivables		1,778	1,850
Cash and cash equivalents		1,348	1,714
Assets held for sale	3.3	717	510
Total current assets		**18,162**	**18,438**
Total assets		**38,388**	**40,367**

Equity and liabilities

(DKKm)	Note	2017	2016
Share capital	4.1	190	190
Reserves	4.1	14,645	13,226
DSV A/S shareholders' share of equity		**14,835**	**13,416**
Non-controlling interests		(26)	(38)
Total equity		**14,809**	**13,378**
Deferred tax liabilities	5.2	82	287
Pensions and similar obligations	3.6	1,124	1,488
Provisions	3.7	706	736
Financial liabilities	4.3	6,491	8,725
Total non-current liabilities		**8,403**	**11,236**
Provisions	3.7	383	462
Financial liabilities	4.3	495	1,358
Trade payables	4.4	7,477	7,010
Work in progress (services)	3.4	2,539	2,435
Other payables		3,953	3,879
Corporation tax		329	609
Total current liabilities		**15,176**	**15,753**
Total liabilities		**23,579**	**26,989**
Total equity and liabilities		**38,388**	**40,367**

Statement of changes in equity – 2017

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity at 1 January	**190**	**4,744**	**(5)**	**(18)**	**(79)**	**8,584**	**13,416**	**(38)**	**13,378**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,981**	**2,981**	**31**	**3,012**
Net exchange differences recognised in OCI	-	-	-	-	(429)	-	(429)	(1)	(430)
Fair value adjustments relating to hedging instruments	-	-	-	28	-	-	28	-	28
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	3	-	-	3	-	3
Actuarial gains/(losses)	-	-	-	-	-	179	179	-	179
Tax on other comprehensive income	-	-	-	6	-	(42)	(36)	-	(36)
Other adjustment	-	-	-	(54)	-	54	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**(17)**	**(429)**	**191**	**(255)**	**(1)**	**(256)**
Total comprehensive income for the year	**-**	**-**	**-**	**(17)**	**(429)**	**3,172**	**2,726**	**30**	**2,756**
Transactions with owners:									
Share-based payments	-	-	-	-	-	68	68	-	68
Dividends distributed	-	-	-	-	-	(342)	(342)	(13)	(355)
Purchase of treasury shares	-	-	(3)	-	-	(1,556)	(1,559)	-	(1,559)
Sale of treasury shares	-	-	2	-	-	301	303	-	303
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	(14)	(14)
Dividends on treasury shares	-	-	-	-	-	7	7	-	7
Other adjustments	-	-	-	-	-	(4)	(4)	9	5
Tax on transactions with owners	-	-	-	-	-	220	220	-	220
Total transactions with owners	**-**	**-**	**(1)**	**-**	**-**	**(1,306)**	**(1,307)**	**(18)**	**(1,325)**
Equity at 31 December	**190**	**4,744**	**(6)**	**(35)**	**(508)**	**10,450**	**14,835**	**(26)**	**14,809**

Statement of changes in equity – 2016

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Translation reserve	Retained earnings	DSV A/S shareholders' share of equity	Non-controlling interests	Total equity
Equity at 1 January	**192**	**4,744**	**(9)**	**56**	**(289)**	**7,115**	**11,809**	**32**	**11,841**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,668**	**1,668**	**10**	**1,678**
Net exchange differences recognised in OCI	-	-	-	-	210	-	210	(20)	190
Fair value adjustments relating to hedging instruments	-	-	-	5	-	-	5	-	5
Fair value adjustments relating to hedging of investments	-	-	-	(101)	-	-	(101)	-	(101)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	12	-	-	12	-	12
Actuarial gains/(losses)	-	-	-	-	-	(214)	(214)	-	(214)
Tax on other comprehensive income	-	-	-	10	-	44	54	-	54
Other comprehensive income, net of tax	**-**	**-**	**-**	**(74)**	**210**	**(170)**	**(34)**	**(20)**	**(54)**
Total comprehensive income for the year	**-**	**-**	**-**	**(74)**	**210**	**1,498**	**1,634**	**(10)**	**1,624**
Transactions with owners:									
Share-based payments	-	-	-	-	-	48	48	-	48
Dividends distributed	-	-	-	-	-	(327)	(327)	(6)	(333)
Sale of treasury shares	-	-	2	-	-	218	220	-	220
Capital reduction	(2)	-	2	-	-	-	-	-	-
Addition/disposal of non-controlling interests	-	-	-	-	-	-	-	(51)	(51)
Dividends on treasury shares	-	-	-	-	-	14	14	-	14
Other adjustments	-	-	-	-	-	(3)	(3)	(3)	(6)
Tax on transactions with owners	-	-	-	-	-	21	21	-	21
Total transactions with owners	**(2)**	**-**	**4**	**-**	**-**	**(29)**	**(27)**	**(60)**	**(87)**
Equity at 31 December	**190**	**4,744**	**(5)**	**(18)**	**(79)**	**8,584**	**13,416**	**(38)**	**13,378**

Notes to the consolidated financial statements

Table of contents

Chapter 1

Basis of preparation of the consolidated financial statements

Introduction
The 2017 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 further requirements in the Danish Financial Statements Act.

The Annual Report of DSV A/S comprises the consolidated financial statements of DSV A/S and its subsidiaries.

The Board of Directors considered and approved the 2017 Annual Report of DSV A/S on 8 February 2018. The Annual Report will be submitted to the shareholders of DSV A/S for approval at the Annual General Meeting on 8 March 2018.

Basis of measurement
All 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 of derivative financial instruments and acquisition opening balances, which are measured at fair value. Non-current assets held for sale are measured at the lower of their carrying amount 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 amendments that are effective for the financial year 2017. The new standards and amendments have not affected DSV's recognition or measurement of financial items for 2017, nor are they expected to have any significant future impact.

Effective from 1 January 2017, DSV has changed its accounting policies in terms of accounting for sale of land and buildings held for the purpose of sale in the ordinary course of business (property projects). These are now accounted for as inventory in accordance with IAS 2 rather than property, plant and equipment in accordance with IAS 16. This policy change has been adopted in order to provide a better understanding of the inherent effects of these transaction types on the financial statements. The basis for the revised accounting policy is disclosed in notes 2.2, 2.3 and 3.4 to the consolidated financial statements.

Reclassifications
Minor reclassifications have been made to the balance sheet relating to the revised accounting policy for property projects. These are now classified as inventories (under work in progress) rather than assets held for sale (DKK 291 million) and other receivables (DKK 292 million). Reclassifications amounted to DKK 583 million at 31 December 2016. The cash flow statement for 2016 has been adjusted accordingly.

The revised accounting policy has no material effect on profit for the year or equity in 2016 and 2017. No restatement has been applied to net revenue and direct costs in 2016.

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

Accounting estimates and judgements considered significant in 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 2.6)
- Impairment testing (note 3.1)
- Leases (note 3.5)
- Pension obligations (note 3.6)
- Provisions (note 3.7)

- Derivative financial instruments (note 4.5)
- Acquisition and disposal of entities (note 5.1)
- Tax (note 5.2)
- Contingent liabilities and security for debt (note 5.7)

Basis of consolidation
The consolidated financial statements include the Parent company (DSV A/S) and all 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 accounted for as associates and measured 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.

Group composition
The Group holds interests in 300 entities and was composed as follows at 31 December 2017:

	Region			
(Number)	**EMEA**	**Americas**	**APAC**	**Total**
Subsidiaries	203	39	49	291
Associates	8	1		9

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 Group 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 currency translation 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 currency translation 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 rate 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 net investment are recognised directly in other comprehensive income. Foreign exchange differences arising 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 adjustments are presented under a separate translation reserve in equity.

Cash flow statement
The cash flow statement is prepared using the indirect method based on operating profit before amortisation, depreciation and special items. The cash flow statement cannot be derived directly from the balance sheet and income statement.

Materiality in financial reporting
In preparing the Annual Report, Management seeks to improve the information value of the consolidated financial statements, the notes to the statements and other measures disclosed by presenting the information in a way that supports the understanding of the Group's performance in the reporting period.

This objective is achieved by presenting fair transactional aggregation levels on line items and other financial information, emphasising information that is considered of material importance to the user and making relevant rather than generic descriptions throughout the Annual Report.

All disclosures are made in compliance with the International Financial Reporting Standards, the Danish Financial Statements Act and other relevant regulations, ensuring a true and fair view throughout the Annual Report.

Presentation of line items and subtotals
The presentation of line items and subtotals is based on separate classification of material groups of similar items. In the income statement, income and expense items are classified based on the nature of expense method in accordance with IAS 1. Furthermore, the use of special items is applied to improve the transparency and understanding of the Group's financial statements by separating the core performance of the Group from exceptional items. For a definition and reconciliation of Group results before and after special items, please see note 2.6 Special items.

New accounting regulations
The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2017 consolidated financial statements. The most significant of these are listed in the following, however only IFRS 16 Leases is expected to have a significant impact on the consolidated financial statements when implemented. DSV expects to implement these standards when they take effect.

IFRS 9 Financial instruments
IFRS 9 will take effect on 1 January 2018. The standard introduces several changes to IAS 39 - including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications and measurement of financial assets and liabilities.

Impact assessments of the standard have been finalised. Based on these, the standard is not expected to have any significant impact on the financial statements of the Group. The standard will result in only minor changes to existing accounting practices, mainly in the form of changes to existing credit loss and impairment models applied.

IFRS 9 will be applied following the standard retrospective approach, with the practical expedients permitted under the standard.

IFRS 15 Revenue from contracts with customers
IFRS 15 will take effect on 1 January 2018. The standard introduces a new framework for revenue recognition and measurement.

Impact assessments of current logistics and freight forwarding services offered by DSV have been finalised. Based on these, the standard is not expected to have any significant impact on the financial statements or the timing of revenue recognition of services delivered, as our services for the most part are straightforward in nature with short delivery times. The standard will result in only minor changes to existing accounting practices, mainly in the form of extended external reporting disclosure requirements.

IFRS 15 will be applied following the modified retrospective approach with any cumulative effects recognised in retained earnings as of 1 January 2018 and with no restatement of the comparison period.

IFRS 16 Leases
IFRS 16 Leases will take effect on 1 January 2019 and will be applied following the retrospective approach with full restatement for the comparison period, when implemented in 2019.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a material impact on DSV's financial statements, as off-balance operating leases will be capitalised and accounted for similar to our current finance lease accounting policies. Reported operating profit will increase, as operating lease expenses will be replaced by depreciation and interest expenses. The impact on net profit will be neutral over time, but a timing effect will occur due to frontloading of interest expenses. Reported cash flow from operating activities will increase but be offset by an increased cash outflow from financing activities, and, accordingly, there will be no change in the underlying cash flow for the year.

Impact assessments and implementation strategies are being adapted as the implementation progresses. Based on current estimates, the standard will have an effect on the Group's consolidated balance sheet at 1 January 2018, where the leased assets are expected to increase by around DKK 6.5-7.5 billion, and the lease liabilities are expected to increase by around DKK 7.5-8.5 billion. The estimated impact on the consolidated income statement for 2018 is an expected increase in operating profit before amortisation, depreciation and special items of around DKK 2.4-2.9 billion, an expected increase in operating profit before special items of around DKK 0.2-0.4 billion, and an expected increase in financial expenses of around DKK 0.4-0.6 billion. The estimated effects are provisional and subject to significant uncertainties, and are based on analysis of our current contract portfolio and therefore do not take any future significant changes in activities or contracts in 2018 into account.

We continue our work with the implementation of the standard as well as the underlying accounting processes and will follow up on the impact assessment during 2018.

Adoption of IFRS 16 will not imply any major changes to our existing accounting policies for finance leases. In addition to our existing policies, we have elected not to recognise right-of-use assets, lease liabilities for leases with a lease term of 12 month or less or leases of low-value assets. Furthermore, any gains recognised on sale and leaseback transactions will be partly deferred and recognised over the duration of the lease as a reduction of depreciation expenses.

Chapter 2

Profit for the year

This chapter includes disclosures on components of consolidated profit for the year. The consolidated profit is based on the combined results of our three operating segments – Air & Sea, Road and Solutions as described in the following.

Further reference is also made to the comments on the profit performance of the Group and the divisions in Management's commentary.

2.1 Segment information

Accounting policies

Operating segments are defined by the operational and management structure of DSV, which is derived from the types of services we deliver and our geographical presence on the world market. As such, our operating segments reflect our divisional and Group reporting used for management decision-making.

Operating segments

Our business operations are carried out by three divisions, forming the basis for our segment reporting.

Air & Sea
The Air & Sea division provides air and sea freight services across the globe.

Road
The Road division provides road freight services across Europe, the US and South Africa.

Solutions
The Solutions division offers contract logistics services, incl. warehousing and inventory management across the globe.

Measurement of earnings by segment
Our business segments are measured and reported until operating profit before special items. Segment results are accounted for in the same way as in the consolidated financial statements. Segment income/expenses and assets/liabilities 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 at Group level. These items are not included in the statement of segment information, but are presented under "Non-allocated items and eliminations".

Financial position of business segments
Assets and liabilities are included in the segmental reporting to the extent they are used for the operation of the segment. Assets and liabilities that cannot be attributed to any of the three segments on a reliable basis are presented under "Non-allocated items and eliminations".

Geographical information

DSV operates in most parts of the world and has activities in more than 80 countries, which are divided into the following geographical regions in our management reporting:

- EMEA: Europe, 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 according to 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. Inter-segment transactions are made on an arm's length basis.

Major customers

DSV is not reliant on any major customers as no single external customer exceeds 5% of combined Group revenue.

2.1 Segment information – continued

Segment information

(DKKm)	Air & Sea 2017	Air & Sea 2016	Road 2017	Road 2016	Solutions 2017	Solutions 2016	Non-allocated items and eliminations 2017	Non-allocated items and eliminations 2016	Total 2017	Total 2016
Condensed income statement										
Revenue	35,204	32,100	30,627	28,323	11,362	9,683	2,074	1,724	79,267	71,830
Intercompany revenue	(617)	(716)	(1,395)	(1,189)	(394)	(375)	(1,960)	(1,803)	(4,366)	(4,083)
Net revenue	34,587	31,384	29,232	27,134	10,968	9,308	114	(79)	74,901	67,747
Amortisation and depreciation of intangibles, property, plant and equipment	111	194	145	159	265	243	265	179	786	775
Operating profit before special items	3,225	2,143	1,201	1,049	494	384	(42)	(101)	4,878	3,475
Condensed balance sheet										
Total gross investments	111	586	167	529	299	630	432	8,258	1,009	10,003
Total assets	21,132	20,128	15,971	15,327	6,751	7,218	(5,466)	(2,306)	38,388	40,367
Total liabilities	24,396	26,585	9,296	9,107	6,752	7,286	(16,865)	(15,989)	23,579	26,989

Geographical information

Net revenue

(DKKm)	2017	2016
EMEA	53,392	48,579
Americas	13,790	12,096
APAC	7,719	7,072
Total	**74,901**	**67,747**
USA	10,899	9,583
Germany	7,608	6,626
Denmark	7,052	6,549
Sweden	5,037	4,766
Italy	4,314	4,189
Other	39,991	36,034
Total	**74,901**	**67,747**

Non-current assets*

(DKKm)	2017	2016
EMEA	3,241	3,954
Americas	396	517
APAC	165	310
Total	**3,802**	**4,781**
USA	235	308
Germany	155	182
Denmark	1,201	1,119
Sweden	172	177
Italy	314	776
Other	1,725	2,219
Total	**3,802**	**4,781**

* Non-current assets less tax assets and goodwill.

2.2 Net revenue

Accounting policies

Net revenue comprises services delivered in the financial year as well as changes in the completion of services 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.

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

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

Management judgements

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

Net revenue

(DKKm)	2017	2016
Sale of services	74,460	67,402
Other operating income	441	345
Total net revenue	**74,901**	**67,747**

In addition to revenue from freight forwarding services, sale of services includes income from sale of property projects. Other operating income includes income from insurance contracts, rental income from terminals and buildings leases, and gains from disposal of non-current assets.

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, airlines, etc. Direct costs also include staff costs relating to hourly workers used for fulfilling orders and other direct costs of operation such as rental of logistics facilites and costs of property projects. Direct costs break down as follows:

(DKKm)	2017	2016
Cost of carriers	48,948	44,018
Staff costs, hourly workers	4,456	3,960
Other costs of operation	4,892	3,931
Direct costs	**58,296**	**51,909**

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, less costs transferred to direct costs.

(DKKm)	2017	2016
Other external expenses	8,002	7,238
Transferred to direct costs	(4,892)	(3,931)
Total other external expenses	**3,110**	**3,307**

2.5 Staff costs

Accounting policies

Staff costs include wages and salaries, pensions, social security costs and other staff costs for salaried employees, but exclude staff costs for hourly workers which are recognised 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 periods in which they are earned.

Reference is made to note 3.6 for detailed information on pension plans, note 5.3 for detailed information on the Group's share option schemes and shares held by Management and note 5.4 for detailed information on remuneration of Management and.

Staff costs

(DKKm)	2017	2016
Salaries and wages, etc.	10,408	10,290
Defined contribution pension plans	399	417
Defined benefit pension plans	(82)	77
Other social security costs	1,494	1,409
Share-based payments	68	48
	12,287	12,241
Transferred to direct costs	(4,456)	(3,960)
Total staff costs	**7,831**	**8,281**
Weighted average number of full-time employees	45,154	42,566
Number of full-time employees at year-end	45,636	44,779

2.6 Special items

Accounting policies

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

Special items comprise:

- Restructuring costs, impairment costs, etc. relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals.
- Transaction and restructuring costs relating to acquisition and divestment of enterprises.

Management judgements

In the classification of special items, a high level of Management attention is applied to ensure that only exceptional items not associated with the ordinary operations of the Group are included.

Special items

Special items for the year predominantly relate to the UTi acquisition and break down as follows:

Special items

(DKKm)	2017	2016
Restructuring costs relating to the acquisition of UTi	447	658
Impairment and other costs relating to reorganisations	78	268
Transaction costs relating to the acquisition of UTi	-	76
Special items, costs	**525**	**1,002**

Special items reconciliation

Special items reconcile to the income statement line items as follows:

	2017			2016		
(DKKm)	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
Net revenue	74,901	-	74,901	67,747	-	67,747
Direct costs	58,296	24	58,320	51,909	103	52,012
Gross profit	**16,605**	**(24)**	**16,581**	**15,838**	**(103)**	**15,735**
Other external expenses	3,110	256	3,366	3,307	243	3,550
Staff costs	7,831	170	8,001	8,281	440	8,721
Operating profit before amortisation and depreciation	**5,664**	**(450)**	**5,214**	**4,250**	**(786)**	**3,464**
Amortisation and depreciation of intangibles, property, plant and equipment	786	75	861	775	216	991
Operating profit	**4,878**	**(525)**	**4,353**	**3,475**	**(1,002)**	**2,473**
Special items, costs	525	(525)	-	1,002	(1,002)	-
Financial income	94	-	94	222	-	222
Financial expenses	650	-	650	406	-	406
Profit before tax	**3,797**	**-**	**3,797**	**2,289**	**-**	**2,289**

2.7 Amortisation and depreciation for the year

Accounting policies

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets (see notes 3.2 and 3.3).

Amortisation and depreciation for the year

(DKKm)	2017	2016
Customer relationships	41	93
Software and other intangible assets	243	208
Buildings	163	151
Other plant and operating equipment	339	323
Total amortisation and depreciation of intangibles, property, plant and equipment	**786**	**775**

2.8 Financial income and expenses

Accounting policies

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

Financial income

(DKKm)	2017	2016
Interest income	91	101
Share of associates' profit, net of tax	3	6
Exchange differences recognised in PL	-	115
Total financial income	**94**	**222**

Interest income includes interest on financial assets measured at amortised cost of DKK 91 million (2016: DKK 101 million).

Financial expenses

(DKKm)	2017	2016
Interest expenses	358	373
Calculated interest on pension obligations, see note 3.6	32	33
Exchange differences recognised in PL	260	-
Total financial expenses	**650**	**406**

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 358 million (2016: DKK 373 million).

Chapter 3

Operating assets and liabilities

This chapter includes notes disclosures on the Group's invested capital that forms the basis of our business activities. Invested capital represents the Group's property, plant and equipment, intangible assets and net working capital in the form of operating assets and liabilities.

Invested capital is structured based on our asset-light business model, including our focus on minimising funds tied up in working capital to optimise the generation of available free cash flow. Invested capital also comprises significant intangible assets mainly relating to acquired goodwill from business combinations carried out over the years.

3.1 Impairment testing

Accounting policies

Goodwill

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

Impairment testing is performed for each cash-generating unit to which consolidated goodwill is allocated, as defined by our divisional management and operational structure. The cash-generating units thereby follow our divisional structure: Air & Sea, Road and Solutions.

Goodwill is written down to its 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 cash-generating unit to which the goodwill relates. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual cash-generating units, such as geographical and financial exposure.

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 tests show 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 the asset less the expected costs to sell and its value in use.

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

Management judgements

For goodwill impairment testing, a number of estimates are made of the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on an assessment of current and future developments in the three cash-generating units and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Material value drivers affecting the future net cash flows of the three cash-generating units are as follows:

Air & Sea

The Air & Sea division operates globally, so developments in the global economy and world trade therefore have a material impact on the division's future net cash flow. Developments in gross profit per shipment, 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 on the European market, which means that the division's future net cash flow is affected by the growth rate in this region. Developments in gross profit per shipment, including truck and terminal utilisation rates, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Solutions

The Solutions division operates globaly, so developments in the global economy and world trade therefore have a material impact on the division's future net cash flow. Developments in warehouse lease costs and costs of related services, utilisation of warehouse facilities, cost management initiatives and development in internal productivity (number of order lines per employee) also affect the division's cash flows.

3.1 Impairment testing – continued

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2018 and projections for subsequent years up to and including 2022. From 2022 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 has been tested for impairment at 31 December 2017. The tests did not result in any impairment of the carrying amounts.

The assumptions used, including a sensitivity analysis, are stated in the following. The pre-tax discount rate is calculated in accordance with IAS 36.

The sensitivity analysis assesses the impact of changes in cash flows and discount rates on the impairment test results. The analysis concluded that even negative changes that are remotely likely to occur will not result in impairment of goodwill in any of the three cash-generating units.

The sensitivity analysis shows the lowest possible growth rate or highest possible discount rate in percentage points by which the assumptions used can change before goodwill becomes impaired.

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

Other non-current assets have also been tested for impairment together with goodwill at 31 December 2017. Similar to goodwill, no indication of impairment was identified in connection with these tests.

Goodwill impairment test at 31 December 2017

(DKKm)	Air & Sea	Road	Solutions
Carrying amount of goodwill	8,987	4,053	2,419
Budget period			
Annual revenue growth	4.0%	3.0%	5.0%
Operating margin	9.0%	5.0%	6.0%
Terminal period			
Growth	2.5%	2.5%	2.5%
Pre-tax discount rate	8.9%	7.0%	8.9%
Sensitivity analysis			
Growth in budget period- allowed decline %points	25.8%	35.7%	18.7%
Discount rate - allowed increase %points	10.2%	18.8%	9.8%

Goodwill impairment test at 31 December 2016

(DKKm)	Air & Sea	Road	Solutions
Carrying amount of goodwill	9,815	3,649	2,653
Budget period			
Annual revenue growth	4.0%	3.0%	4.0%
Operating margin	7.5%	3.7%	4.5%
Terminal period			
Growth	2.0%	2.0%	2.0%
Pre-tax discount rate	9.8%	8.6%	8.6%
Sensitivity analysis			
Growth in budget period - allowed decline %points	29.1%	23.7%	16.9%
Discount rate - allowed increase %points	17.6%	13.0%	15.1%

3.2 Intangible assets

Accounting policies

Goodwill
Only goodwill arising from business combinations is recognised in the financial statements. Goodwill is measured as the difference between the total of the fair value of the consideration transferred, the value of non-controlling interests and any equity investments previously held in the acquiree, compared to the fair value of identifiable net assets on the date of acquisition. Goodwill is not amortised, but is tested for impairment on a regular basis.

Customer relationships
On initial recognition, customer relationships identified from business combinations 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 over a period of 8 years using the diminishing balance method.

Computer software and software in progress
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. Cost comprises payments for the software and other directly attributable expenses of preparing the software for its intended use. After commissioning, software is amortised on a straight-line basis over its expected useful life. The amortisation period is 1-10 years.

Intangible assets

	2017					2016				
(DKKm)	Goodwill	Customer relation-ships	Software	Software in progress	Total	Goodwill	Customer relation-ships	Software	Software in progress	Total
Cost at 1 January	**16,125**	**1,346**	**1,585**	**506**	**19,562**	**8,020**	**1,174**	**1,429**	**237**	**10,860**
Additions from business combinations/previous period adjustments	(43)	-	128	(128)	(43)	7,846	163	87	4	8,100
Additions for the year	-	-	177	216	393	-	-	53	298	351
Disposals at cost	-	-	(95)	(67)	(162)	-	-	(22)	(1)	(23)
Reclassifications	-	-	258	(240)	18	-	-	32	(32)	-
Currency translation adjustments	(621)	(35)	(12)	1	(667)	259	9	6	-	274
Total cost at 31 December	**15,461**	**1,311**	**2,041**	**288**	**19,101**	**16,125**	**1,346**	**1,585**	**506**	**19,562**
Total amortisation and impairment at 1 January	**8**	**1,207**	**1,100**	**-**	**2,315**	**10**	**954**	**900**	**-**	**1,864**
Amortisation for the year	-	41	243	-	284	-	248	208	-	456
Amortisation of assets disposed of	-	-	(52)	-	(52)	-	-	(10)	-	(10)
Reclassification	-	-	15	-	15					
Currency translation adjustment	(6)	(22)	(6)	-	(34)	(2)	5	2	-	5
Total amortisation and impairment at 31 December	**2**	**1,226**	**1,300**	**-**	**2,528**	**8**	**1,207**	**1,100**	**-**	**2,315**
Carrying amount at 31 December	**15,459**	**85**	**741**	**288**	**16,573**	**16,117**	**139**	**485**	**506**	**17,247**

3.3 Property, plant and equipment

Accounting policies

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

The cost comprises the acquisition price and other directly attributable expenses of preparing the asset for its intended use. The present value of estimated expenses for dismantling and disposing of the asset as well as restoration expenses are added to the cost if such expenses are recognised as a provision. Material borrowing costs directly attributable to the production of the individual asset are also added to 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, subcontractors, 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. The internal rate of return of the lease, or an alternative borrowing rate, is used as the discount rate for the calculation of present value.

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. The carrying amount of the replaced parts is derecognised from the balance sheet and recognised in the income statement.

Property, plant and equipment

	2017				2016			
(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	**3,229**	**2,389**	**68**	**5,686**	**3,850**	**1,726**	**176**	**5,752**
Additions from business combinations	-	-	-	-	338	472	14	824
Additions for the year	144	419	57	620	106	396	226	728
Disposals at cost	(200)	(318)	-	(518)	(622)	(215)	(119)	(956)
Transferred to assets held for sale	(819)	-	-	(819)	(506)	-	(216)	(722)
Reclassification	(93)	(70)	(58)	(221)	10	13	(13)	10
Currency translation adjustments	(62)	(82)	(2)	(146)	53	(3)	-	50
Total cost at 31 December	**2,199**	**2,338**	**65**	**4,602**	**3,229**	**2,389**	**68**	**5,686**
Total depreciation and impairment at 1 January	**1,070**	**1,282**	**-**	**2,352**	**1,044**	**1,140**	**-**	**2,184**
Depreciation for the year	155	339	-	494	177	323	-	500
Depreciation of assets disposed of	(109)	(247)	-	(356)	(154)	(159)	-	(313)
Transferred to assets held for sale	(145)	-	-	(145)	(1)	-	-	(1)
Reclassification	(21)	(84)	-	(105)	13	(3)	-	10
Currency translation adjustments	(30)	(39)	-	(69)	(9)	(19)	-	(28)
Total depreciation and impairment at 31 December	**920**	**1,251**	**-**	**2,171**	**1,070**	**1,282**	**-**	**2,352**
Carrying amount at 31 December	**1,279**	**1,087**	**65**	**2,431**	**2,159**	**1,107**	**68**	**3,334**
Of which finance leased assets	**98**	**153**	**-**	**251**	**198**	**79**	**-**	**277**

3.3 Property, plant and equipment – continued

Depreciation is carried out 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 basis of depreciation 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. Depreciation will be halted if the residual value exceeds the carrying amount of the asset.

Assets are transferred to assets held for sale if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use. Assets held for sale, which amount to DKK 717 million at 31 December 2017 (2016: DKK 510 million), are measured at the lower of their carrying amount and fair value less costs to sell. The net gain is included in other operating income.

Management judgements

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

3.4 Work in progress

Accounting policies

Work in progress includes accrued revenue and accrued costs of services in progress at 31 December 2017. Accrued revenue is estimated and recognised when a sales transaction fulfils the criteria for revenue recognition but no final invoice has yet been issued to the customer for the reporting period. Accrued costs are estimated and recognised when supplier invoices relating to recognised revenue for the reporting period have yet to be received.

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

Work in progress recognised in the balance sheet (Assets)

(DKKm)	2017	2016
Services in progress	1,352	1,443
Property projects in progress	410	583
Total	**1,762**	**2,026**

In total, DKK 890 million relating to property projects has been recognised as an expense in 2017 (2016: DKK 0 million).

Work in progress on the liabilities side of the balance sheet exclusively relates to services in progress.

3.5 Leases

Accounting policies

Leases are classified as either operating or finance leases. Leases where the predominant risk and reward of ownership is retained by DSV are classified as finance leases. Otherwise leases are classified as operating leases.

Finance leases are recognised at inception as lease assets and lease liabilities in the balance sheet at the lower of fair value or present value of the future minimum lease payments calculated using the interest rate implicit in the lease.

Subsequently, the capitalised residual lease liability is measured at amortised cost and the lease asset less accumulated depreciations.

Lease payments on operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Management judgements

The Group has entered into leases on mainly terminals, warehouses and other operating equipment. Judgement is applied in determining the classification of these contracts as either finance or operating leases.

Leases 2017

Land and buildings normally have a lease term of up to 10 years. Other plant and operating equipment normally have a lease term of up to 5 years.

In 2017, operating lease costs of DKK 1,997 million relating to land and buildings were recognised in the income statement (2016: DKK 1,667 million).

In 2017, operating lease costs of DKK 905 million relating to other plant and operating equipment were recognised in the income statement (2016: DKK 779 million).

Finance leases

Land and buildings

Maturity

2017

(DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	5	1	4
1-5 years	31	-	31
> 5 years	-	-	-
Total	**36**	**1**	**35**

2016

(DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	3	-	3
1-5 years	69	2	67
> 5 years	2	-	2
Total	**74**	**2**	**72**

Other plant and operating equipment

Maturity

2017

(DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	62	12	50
1-5 years	156	24	132
> 5 years	-	-	-
Total	**218**	**36**	**182**

2016

(DKKm)	Future minimum lease payments	Interest	Present value of minimum lease payments
0-1 year	69	12	57
1-5 years	156	31	125
> 5 years	42	2	40
Total	**267**	**45**	**222**

Operating leases

Land and buildings

Maturity

(DKKm)	2017	2016
0-1 year	1,847	1,701
1-5 years	4,791	4,353
> 5 years	2,141	2,173
Total	**8,779**	**8,227**

Other plant and operating equipment

Maturity

(DKKm)	2017	2016
0-1 year	685	638
1-5 years	922	903
> 5 years	12	32
Total	**1,619**	1,573

3.6 Pension obligations

Accounting policies

Pension obligations relating to defined contribution 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. Contributions payable are recognised in the balance sheet under other current liabilities.

In regards to 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 based on various assumptions, including the future development in wage/salary levels, interest rates, inflation and mortality. 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 assets under the plan is recognised in the balance sheet under pension obligations. Pension costs for the year are recognised in the income statement based on actuarial estimates and the 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 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, they will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Management judgements

In determining the pension obligation, the Group makes use of external and independent actuaries. The actuarial assumptions used in calculations and valuations vary from country to country owing to national economic and social conditions.

Pension obligations

Net obligations at 31 December are specified as follows:

(DKKm)	2017	2016
Present value of defined benefit plans	2,234	4,008
Fair value of pension plan assets	1,110	2,520
Pension obligations, net	**1,124**	**1,488**

Of these obligations, DKK 961 million relate to unfunded pension obligations (2016: DKK 949 million) and DKK 163 million relate to partly funded obligations (2016: DKK 539 million).

Total pension costs for the year

In 2017, net costs of DKK 349 million relating to the Group's pension plans were recognised in the income statement (2016: DKK 527 million) and break down as follows:

2017 (DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff costs	399	(82)	317
Financial expenses	-	32	32
Total costs recognised	**399**	**(50)**	**349**

2016 (DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff costs	417	77	494
Financial expenses	-	33	33
Total costs recognised	**417**	**110**	**527**

Defined benefit pension obligations

Development in the present value of defined benefit obligations break down as follows:

(DKKm)	2017	2016
Obligations at 1 January	**4,008**	**3,369**
Current service cost	61	73
Past service cost from plan amendments, curtailments and gains/losses on settlements	(143)	-
Calculated interest on obligations	94	103
Actuarial gains/losses arising from changes in financial assumptions	(52)	394
Actuarial gains/losses arising from changes in demographic assumptions	(6)	(8)
Actuarial gains/losses arising from experience adjustments	(185)	(8)
Payments from the plan	(1,493)	(135)
Additions from business combinations	-	356
Currency translation adjustments	(50)	(136)
Obligations at 31 December	**2,234**	**4,008**

The expected average duration of the obligations is 18 years.

3.6 Pension obligations – continued

Expected maturity of pension obligations

(DKKm)	2017	2016
0-1 year	140	92
1-5 years	348	398
> 5 years	1,746	3,518
Total obligations recognised	**2,234**	**4,008**

Pension plan assets

Development in the fair value of pension plan assets break down as follows:

(DKKm)	2017	2016
Pension plan assets at 1 January	**2,520**	**2,143**
Calculated interest on plan assets	62	70
Return on plan assets excluding calculated interest	(64)	164
Contributions to the plan	91	121
Payments from the plan	(1,468)	(146)
Additions from business combinations	-	278
Currency translation adjustments	(31)	(110)
Pension plan assets at 31 December	**1,110**	**2,520**

DSV expects to contribute DKK 73 million to defined benefit plan assets in 2018.

Composition of pension plan assets

(DKKm)	2017	2016
Shares	53%	17%
Bonds	2%	6%
Insurance contracts	45%	77%
Total	**100%**	**100%**

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 other parameters remain unchanged.

(DKKm)	2017
Defined benefit obligation	2,234
Discount rate	
Increase of 0.5%point	2,061
Decrease of 0.5%point	2,424
Future wage/salary increase	
Increase of 0.5%point	2,287
Decrease of 0.5%point	2,186
Inflation	
Increase of 0.5%point	2,410
Decrease of 0.5%point	2,074
Life expectancy	
Life expectancy increase of 1 year	2,304
Life expectancy decrease of 1 year	2,170

Significant pension plans

The most significant defined benefit plans of the Group relate to Europe, with Sweden representing 37% (2016: 27%) and Germany 32% (2016: 25%) of the total net obligation of DKK 1,124 million (2016: DKK 1,488 million).

The most significant individual defined benefit plans of the Group are present in Sweden and Germany. No other countries have individual defined benefits plans of significance. The plan in Sweden is a final pay scheme, which covers all salaried employees born in or before 1978 and is based on a collective labour agreement. Salaried employees born in or after 1979 are covered by a defined contribution plan. The plan in Germany covers both salaried and hourly workers employees. Under this plan, employees earn a fixed amount for each year in service. The plan has been closed for new employees since 1994.

We continuously work to change our defined benefit plans in DSV into defined contribution plans for the benefit of the Group and the employees. In 2017, we have implemented changes in some larger countries which have reduced the pension plan assets as well as liabilities. The cost of defined benefit plans was also impacted in 2017.

Key assumptions of the most significant pension plans are as follows:

	Discount rate	Future wage/ salary increase	Future rate of inflation
Sweden	2.8%	2.0%	1.5%
Germany	1.8%	2.0%	1.5%
Other	1.0%-6.8%	1.0%-9.0%	1.0%-2.5%
Weighted average	2.4%	2.2%	1.8%

Mortality prognosis table	
Sweden	DUS14 w-c
Germany	Heubeck 2005G

3.7 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.

Management judgements
Management continually assesses provisions, including 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, etc.

Provisions have not been discounted as the effect thereof is immaterial.

Provisions are expected to be settled within 2 years in all material respects.

Restructuring costs
Restructuring costs relate 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 relate mainly to probable liabilities taken over at the acquisition of enterprises.

Other provisions
Other provisions relate mainly to restoration obligations in connection with property leases and onerous contracts mainly relating to business combinations.

Provisions

(DKKm)	Restructuring costs	Disputes and legal actions	Other	Total
Provisions at 1 January 2017	**220**	**347**	**631**	**1,198**
Additions for the year	162	135	179	476
Used for the year	(225)	(90)	(146)	(461)
Adjustment of provisions made in previous years	(14)	(35)	(31)	(80)
Currency translation adjustments	(7)	(15)	(22)	(44)
Provisions at 31 December 2017	**136**	**342**	**611**	**1,089**
Provisions as recognised in the balance sheet:				
Non-current liabilities	29	268	409	706
Current liabilities	107	74	202	383
Provisions at 31 December 2017	**136**	**342**	**611**	**1,089**

Chapter 4

Capital structure and finances

This chapter includes disclosures on the financial basis and exposures of the Group's activities as illustrated by our capital structure and net working capital.

The capital structure is linked to our long-term financial target of a gearing ratio of approx. 1.0 -1.5 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 gearing ratio exceeds the target, for investments and business combinations and for share buybacks or distribution to the Company's shareholders.

4.1 Equity

Accounting policies

Share capital

At year-end 2017, the share capital of DSV A/S amounted to 190 million shares with a nominal value of DKK 1 each. DSV shares consist of only one share class and include no special rights, preferences or restrictions. All shares are fully paid up.

Share premium

The share premium represents positive differences between the nominal share capital and the amount paid by shareholders for newly issued shares. The share premium is a distributable reserve.

Treasury share reserve

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 is recognised directly as retained earnings in equity. Treasury shares are bought back to meet obligations under the Company's incentive schemes and to adapt the 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.

Translation reserve

The reserve comprises foreign 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 entities or if hedge accounting is no longer relevant.

Treasury shares

				2017	2016
	Market value (DKKm)	**% of share capital 1 January**	**% of share capital 31 December**	**Million shares of DKK 1 (Nominal value)**	**Million shares of DKK 1 (Nominal value)**
Portfolio, beginning of year	**1,417**	**2.4%**	**2.4%**	**4.5**	**8.6**
Cancellation of treasury shares					(2.5)
Portfolio of treasury shares less cancelled shares	1,417	2.4%	2.4%	4.5	6.1
Purchased during the year	1,559	1.7%	1.7%	3.3	-
Sold during the year	(419)	-1.0%	-1.0%	(1.9)	(1.6)
Value adjustment	334	-	-	-	-
Portfolio, end of year	**2,891**	**3.1%**	**3.1%**	**5.9**	**4.5**

4.1 Equity - continued

Earnings per share

(DKKm)	2017	2016
Profit for the year	3,012	1,678
Non-controlling interests' share of consolidated profit for the year	31	10
DSV A/S shareholders' share of profit for the year	2,981	1,668
Amortisation of customer relationships	41	93
Share-based payments	68	48
Special items, net	525	1,002
Related tax effect	(131)	(305)
Adjusted profit for the year	**3,484**	**2,506**
('000 shares)		
Total average number of shares	190,000	190,714
Average number of treasury shares	(3,972)	(5,777)
Average number of shares in circulation	186,028	184,937
Average dilutive effect of outstanding share options under incentive schemes	3,084	2,160
Diluted average number of shares in circulation	**189,112**	**187,097**
Earnings per share of DKK 1	16.0	9.0
Diluted earnings per share of DKK 1	15.8	8.9
Adjusted earnings per share of DKK 1	18.7	13.6
Diluted adjusted earnings per share of DKK 1	18.4	13.4

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 was 0 in 2017 (2016: 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 maintaining sufficient financial stability to reach its strategic objectives. The target gearing ratio is in the 1.0 -1.5 range but may deviate under extraordinary circumstances, e.g. as a consequence of acquisitions made.

The gearing ratio was 1.0 at 31 December 2017 (2016: 2.0).

Capital allocation

The Group aims to spend its free cash flow as follows:

- Repayment of net interest-bearing debt in periods when the financial gearing ratio is above 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 and dividends.

Repayment of net interest-bearing debt

The Group reduced its net interest-bearing debt by DKK 2,724 million in 2017 (2016: increase of DKK 3,896 million when adjusted for proceeds from capital increase and sale of treasury shares in connection with the UTi acquisition).

Acquisitions

DSV spent DKK 8 million on business combinations in the financial year 2017 (2016: DKK 4,624 million).

Distribution to the Company's shareholders

In 2017, the Group spent DKK 1,559 million on the purchase of treasury shares (2016: DKK 0 million).

DSV A/S paid DKK 342 million as dividends (including treasury shares) on 9 March 2017, corresponding to DKK 1.8 per share (2016: DKK 327 million, corresponding to DKK 1.7 per share). It is proposed to distribute a dividend of DKK 2.0 per share for 2017 (2016: DKK 1.8).

Cash and capital restrictions

Cash and cash equivalents comprise cash on hand and short-term liquid assets that are readily convertible to cash.

Of total cash and cash equivalents, DKK 1,017 million (2016: DKK 1,379 million) are located in countries with foreign exchange controls or other restrictions which imply that the cash is not readily available for general use or distribution by the Group.

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 initially recognised 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.

Lease obligations relating to finance leases are described in further detail in note 3.5.

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

Financial liabilities

			Non-cash change		
(DKKm)	**2016**	**Cash flow**	**Foreign exchange movement**	**Fair value change**	**2017**
Loans and credit facilities	6,529	(4,517)	15	-	2,027
Issued bonds	3,234	1,488	1	(10)	4,713
Finance leases	294	(77)	-	-	217
Total liabilities from financing activities	**10,057**				**6,957**
Other non-current liabilities	26				29
Total financial liabilities	**10,083**				**6,986**
Financial liabilities as recognised in the balance sheet:					
Non-current liabilities	8,725				6,491
Current liabilities	1,358				495
Financial liabilities at 31 December	**10,083**				**6,986**

4.4 Financial risks

Liquidity risk

The cash readiness of the Group is ensured through short and long-term credit facilities from the main banks of the Group and through the issuance of bonds. The purpose of issuing bond loans is to diversify the Group's long-term debt, making the Group less dependent on bank loans. Following this strategy, a new EUR 200 million 7-year bond was issued in September 2017. The proceeds were used to repay the remaining UTi acquisition financing facility from the Group's corporate banks

The Group's bank and bond loans are subject to standard clauses, according to which the Group's debt must be repaid in case of a change of control. The long-term credit facilities with banks and the DKK 750 million bond loan maturing on 23 November 2020 are furthermore subject to one covenant. The covenant relates to the gearing ratio of the Group and is reported on every quarter. The covenant has not been breached in 2017.

The total duration of the Group's long-term loan commitments and the amounts drawn on its credit lines at 31 December 2017 are shown in the accompanying table. Furthermore, a maturity analysis has been provided based on contractual cash flows, including estimated interest payments. The amounts have not been discounted and as such do not reconcile directly to the balance sheet.

Foreign currency risk

Due to its global 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 local functional currency. This applies to a large part of the Group's subsidiaries. Furthermore, a large proportion

4.4 Financial risks - continued

List of commitments and amounts drawn on long-term credit facilities at 31 December 2017:

Loan facilities	Amount (EURm)	Amount (DKKm)	Expiry of commitments	Duration (years)	Undrawn
Long-term loan I	180	1,340	31-12-2019	2.0	744
Long-term loan II	250	1,861	15-09-2019	1.7	925
Bond loan I	101	750	23-11-2020	2.9	-
Bond loan II	134	1,000	24-06-2020	2.5	-
Bond loan III	201	1,500	18-03-2022	4.2	-
Bond loan IV	200	1,489	20-09-2024	6.7	-
Convertible loan	6	47	01-03-2019	1.2	-
Long-term credit facility	100	745	20-04-2019	1.3	745
Total and weighted duration	**1,172**	**8,732**		**3.2**	**2,415**

The Group's financial liabilities fall due as follows:

2017 **(DKKm)**	Carrying amount	Total cash flow, inclu-ding interest	0-1 year	1-5 years	> 5 years
Loans and credit facilities	2,027	2,051	463	1,588	-
Issued bonds	4,713	5,265	133	3,598	1,534
Finance leases	217	254	67	187	-
Trade payables	7,477	7,477	7,477	-	-
Interest rate derivatives	37	41	8	30	3
Total	**14,471**	**15,088**	**8,148**	**5,403**	**1,537**

2016 **(DKKm)**	Carrying amount	Total cash flow, inclu-ding interest	0-1 year	1-5 years	> 5 years
Loans and credit facilities	6,529	6,833	1,559	5,274	-
Issued bonds	3,234	3,582	82	1,991	1,509
Finance leases	294	341	72	225	44
Trade payables	7,010	7,010	7,010	-	-
Interest rate derivatives	76	80	15	54	11
Total	**17,143**	**17,846**	**8,738**	**7,544**	**1,564**

of the income and expenses of the Group are denominated in EUR, and the total foreign currency risk is therefore limited.

The Group is also exposed to foreign currency risks, partly on the translation of debt denominated in foreign currency other than the functional currency 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.

The acquisition of UTi has led to a changed group structure and changes in the underlying cash flows. This has impacted the foreign currency exposure, especially towards USD, and as a consequence we have adjusted our policy regarding hedging.

Going forward, we will only hedge external net currency positions and expected short-term operational cash flows.

As hedge accounting is only applied to a limited extent and we do not hedge currency exposure related to intra group balances with no underlying cash flow impact, significant changes in currency rates, especially USD/DKK, will result in more fluctuations in reported financial items.

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

4.4 Financial risks – continued

The below sensitivity analysis of foreign currency exposures shows the effect of a 5% change in average exchange rates for the year on profit/loss (EBIT) and the effect of a 5% change in year-end closing rates on other comprehensive income. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Main currency exposures at 31 December 2017

		Sensitivity analysis	
(DKKm)	**Net position**	**Impact on profit/loss**	**Impact on OCI**
CNY/DKK	(647)	21	17
GBP/DKK	229	11	3
HKD/DKK	2	10	4
SEK/DKK	(743)	18	31
USD/DKK	3,151	50	285
ZAR/DKK	57	11	34
Total		**121**	**374**

Main currency exposures at 31 December 2016

		Sensitivity analysis	
(DKKm)	**Net position**	**Impact on profit/loss**	**Impact on OCI**
CNY/DKK	(6)	15	13
GBP/DKK	20	10	8
HKD/DKK	(1)	8	11
SEK/DKK	5	9	25
USD/DKK	670	26	353
ZAR/DKK	2	8	-
Total		**76**	**410**

Interest rate risk

The most significant interest rate risk relates to the long-term floating-rate loans raised by the Parent. These loans are converted 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 break down as follows:

Loan and credit facilities at 31 December 2017

(DKKm)	**Expiry**	**Fixed/ floating interest rate**	**Carrying amount**
Bank loans EUR	2019	Floating	1,532
Bond loans	2020-24	Fixed/ floating	4,713
Convertible bonds	2019	Fixed	47
Long-term credit facility	2019	Floating	-
Overdraft facility	2018	Floating	448
Loans and credit facilities at 31 December			**6,740**
Current/non-current classification:			
Non-current liabilities			6,292
Current liabilities			448

Loan and credit facilities at 31 December 2016

(DKKm)	**Expiry**	**Fixed/ floating interest rate**	**Carrying amount**
Bank loans EUR	2018-19	Floating	5,008
Bank loans other	2016-19	Fixed	-
Bond loans	2020-22	Fixed/ floating	3,234
Convertible bonds	2019	Fixed	68
Long-term credit facility	2019	Floating	137
Overdraft facility	2017	Floating	1,316
Loans and credit facilities at 31 December			**9,763**
Current/non-current classification:			
Non-current liabilities			8,447
Current liabilities			1,316

The Group is also exposed to interest rate risks on leases. The interest rates on the majority of the leases 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 the Group's net borrowings must be at least 8 months, but not more than 45 months at any time.

At year-end 2017, duration of hedges relating to net borrowings of the Group was 38 months (2016: 33 months).

The weighted average interest rate on the Group's loans and credit facilities including the effect of interest rate swaps was 2.2% in 2017 (2016: 2.0%).

An increase in interest rates of 1 percentage point would reduce profit for the year by DKK 18 million (2016: DKK 25 million) and impact other comprehensive income by DKK 56 million (2016: DKK 132 million), based on average NIBD for 2017. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Credit risk

The Group's credit risks mainly relate to trade receivables. The Group is not dependent on any particular customer segments or specific customers, and all customers are subjected to individual credit assessments and credit limits in accordance with the Group Credit Policy. As a result, the credit risk of the Group is generally considered insignificant.

The Group mainly hedges credit risks through the use of credit insurance.

DSV is exposed to 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 ratings from Standard & Poor's is long-term A or higher. As a general rule, the Group only makes short-term deposits with banks rated short-term A-2 or higher by Standard & Poor's and/or as P-2 or higher by Moody's.

4.4 Financial risks – continued

Impairment of trade receivables
As set out in the Group Credit Policy, trade receivables are assessed on an ongoing basis and insurance policies taken out for the majority of the receivables. At 31 December 2017, credit insurances amounted to DKK 9,398 million, corresponding to 75% of total trade receivables (2016: DKK 8,144 million or 66%).

Provisions for doubtful trade receivables are booked on a case-by-case basis based on Group's credit assessment policies and break down as follows:

(DKKm)	2017	2016
Impairment at 1 January	**365**	**185**
Impairment for the year	194	389
Impairment losses recognised for receivables	(112)	(77)
Reversal of impairments	(201)	(131)
Currency translation adjustments	(19)	(1)
Impairment at 31 December	**227**	**365**

Impairment losses on trade receivables for 2017 amounted to DKK 112 million, corresponding to 0.2% of consolidated revenue (2016: DKK 77 million, or 0.1%).

Overdue trade receivables not provided for break down as follows:

(DKKm)	2017	2016
Overdue for 1-30 days	2,019	1,724
Overdue for 31-120 days	790	837
Overdue for more than 120 days	12	7

Unimpaired receivables is considered to have high creditworthiness with a low risk of loss.

4.5 Derivative financial instruments

Accounting policies
Derivative financial instruments are recognised on the trade date and are measured at fair value. Positive and negative fair values are included in other current receivables or other current payables in the balance sheet. 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). Fair value is determined based on generally accepted valuation methods using available observable market data.

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

Fair value changes in the part of the derivative which is classified as and qualifies for recognition as a future cash flow hedge and which effectively hedges against changes in the value of the hedged item are recognised in other comprehensive income as a separate hedging reserve.

When the underlying hedged item is realised, any gain or loss on the hedging transaction is transferred from equity and recognised together with the hedged item.

Fair value changes that do not meet 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 CNY, GBP, SEK and USD. The foreign exchange forward contracts are used as fair value hedges of currency exposures relating to balance sheet assets and liabilities.

A gain on hedging instruments of DKK 354 million was recognised in the income statement for 2017 (2016: a loss of DKK 118 million). In the same period, a loss of DKK 614 million was recognised relating to recognised assets and liabilities (2016: a gain of DKK 92 million).

Interest rate risk hedging
The Group has obtained long-term loans on a floating rate basis, implying that the Group is exposed to interest rate fluctuations. The Group mainly uses interest rate swaps to hedge future cash flows relating to interest rate risks. Thereby, floating-rate loans are converted to fixed-rate financing.

The weighted average effective interest rate for existing interest rate instruments used as hedges of long-term loans was 0.6% at the reporting date (2016: 0.2%).

Management judgements
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.

4.5 Derivative financial instruments – continued

External hedging instruments at 31 December 2017

(DKKm)	Currency instruments	Interest rate instruments	Total
Contractual value	21,707	2,347	24,054
Maturity (year)	2018-2020	2018-2023	
Fair value	24	(37)	(13)
Of which recognised in income statement	30	(2)	28
Of which recognised in other comprehensive income	(6)	(35)	(41)

External hedging instruments at 31 December 2016

(DKKm)	Currency instruments	Interest rate instruments	Total
Contractual value	14,527	5,002	19,529
Maturity (year)	2017	2017-2023	
Fair value	4	(76)	(72)
Of which recognised in income statement	4	(1)	3
Of which recognised in other comprehensive income	-	(75)	(75)

4.6 Financial instruments – fair value hierarchy

Fair value hierarchy by category

DSV has no financial instruments measured at fair value based on level 1 input (quoted active market prices) or level 3 input (non-observable market data).

All financial instruments are measured based on level 2 input (input other than quoted prices that are observable either directly or indirectly) and can be classified by category as follows:

(DKKm)	2017 Carrying amount	2016 Carrying amount
Financial assets:		
Currency derivatives	24	4
Trade receivables	12,557	12,338
Other receivables	1,778	1,850
Cash and cash equivalents	1,348	1,714
Total cash and receivables	15,683	15,902
Financial assets available for sale	6	7
Financial liabilities:		
Interest rate derivatives	37	76
Issued bonds measured at amortised cost	4,713	3,234
Loans and credit facilities	2,027	6,529
Finance lease liabilities	217	294
Trade payables	7,477	7,010
Financial liabilities measured at amortised cost	14,434	17,067

Derivative financial instruments
The fair value of currency and interest rate derivatives is determined based on generally accepted valuation methods using available observable market data. Calculated fair values are verified against comparable external market quotes on a monthly basis.

Financial liabilities measured at amortised cost
The carrying value of financial liabilities measured at amortised cost is considered not to differ significantly from fair value.

Trade receivables, trade payables and other receivables
Receivables and payables pertaining to operating activities and with short churn ratios are considered to have a carrying value equal to fair value.

Chapter 5

Other notes

This chapter includes disclosures on other statutory information not directly related to the 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

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Acquirees are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which DSV obtains control of the company. Entities disposed of are recognised in the consolidated financial statements until the date of disposal. The date of disposal is the date on which DSV surrenders control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognised at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. The effects of cross-period measurement period adjustments are recognised in equity at the beginning of the financial year, and comparative figures are restated. After the end of the measurement period, goodwill is no longer adjusted.

Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Goodwill and fair value adjustments arising from the acquisition of an acquiree whose functional currency differs from the presentation currency of the DSV Group are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

Other than cross period measurement period adjustments, comparative figures are not adjusted when acquiring or disposing of entities.

Management judgements

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

5.1 Acquisition and disposal of entities – continued

More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, deferred tax, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

Acquisition and disposal of subsidiaries, non-controlling interests and activities in 2017

No material enterprises, non-controlling interests or activities were acquired or sold in 2017.

Acquisition and disposal of subsidiaries, non-controlling interests and activities in 2016

On 22 January 2016, DSV acquired UTi Worldwide Inc. No other material acquisitions or disposals were made in 2016.

UTi Worldwide Inc. was a US based global supply chain services and logistics company. UTi employed approx. 23,000 full-time employees in 58 countries across more than 300 offices and 200 logistics centres and offered complete supply chain services and solutions, including air, sea, distribution, customs clearance and contract logistics.

The acquisition significantly strengthened the Air & Sea division, and contributed to increasing the industri-specific capabilities of DSV across all divisions. Furthermore, the acquisition contributed to making DSV truely global in contract logistics and expanding into road freight activities outside Europe.

The consideration paid for UTi Worldwide Inc. comprised a cash purchase of 100% of the shares in the company at a price of USD 7.1 per ordinary share. The total consideration transferred amounted to DKK 6,588 million. Adjusted for the fair value of cash and cash equivalents acquired of DKK 1,996 million, the net cash outflow amounted to DKK 4,592 million.

The fair value of identified net assets and goodwill arising from the acquisition of UTi Worldwide Inc. was recognised as follows:

(DKKm)	Fair value at date of acquisition
Intangible assets	254
Property, plant and equipment	824
Trade receivables	3,716
Work in progress (services)	552
Deferred tax assets	322
Other receivables	1,054
Cash and cash equivalents	1,996
Total assets	**8,718**
Provisions	571
Financial liabilities	4,919
Pensions and similar obligations	78
Trade payables	1,838
Work in progress (services)	596
Deferred tax liabilities	29
Corporation tax	292
Other payables	1,678
Total liabilities	**10,001**
Non-controlling interests' share of acquired net assets	51
Acquired net assets	**(1,232)**
Fair value of total consideration	6,588
Goodwill arising from the acquisition	**7,820**

For further details on the UTi Worldwide Inc. acquisition, please refer to note 5.1 of the DSV Annual Report 2016.

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 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, 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 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.

Management judgements

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.

Management's estimates of the likely outcome of disputes on taxes and duties are based on the knowledge available of the actual substance of the disputes and legal assessments, if available. The resolution of disputes can take several years and the outcome is subject to considerable uncertainty.

Tax for the year

(DKKm)	2017	2016
Tax for the year is disaggregated as follows:		
Tax on profit for the year	785	611
Tax on other changes in equity	(220)	(21)
Tax on other comprehensive income	36	(54)
Total tax for the year	**601**	**536**
Tax on profit for the year is calculated as follows:		
Current tax	946	756
Deferred tax	(57)	(150)
Tax adjustment relating to previous years	(104)	5
Total tax on profit for the year	**785**	**611**

Tax for the year – continued

(DKKm)	2017	2016
Tax on profit for the year breaks down as follows:		
Calculated tax on profit for the year before tax	22.0%	22.0%
Adjustment of calculated tax in foreign Group enterprises relative to 22%	3.4%	10.4%
Change in deferred tax from change in corporation tax rate	6.8%	0.8%
Tax effect of:		
Non-deductible expenses/ non-taxable income	(2.8%)	(2.3%)
Tax adjustment relating to previous years	(2.8%)	0.2%
Tax asset valuation adjustments, net	(8.2%)	(7.7%)
Other taxes and adjustments	2.3%	3.3%
Effective tax rate	**20.7%**	**26.7%**
Tax on other comprehensive income:		
Fair value adjustment of hedging instruments	6	10
Actuarial gains/(losses)	(42)	44
Total	**(36)**	**54**

5.2 Tax - continued

Deferred tax

Net deferred tax assets recognised in the balance sheet

(DKKm)	2017	2016
Deferred tax at 1 January	**744**	**194**
Deferred tax for the year	57	150
Tax adjustment relating to previous years	179	8
Tax on changes in equity	178	65
Additions from business combinations	-	293
Other adjustments	(275)	34
Deferred tax at 31 December	**883**	**744**

Deferred tax assets not recognised in the balance sheet

(DKKm)	2017	2016
Temporary differences	138	153
Tax loss carryforwards	803	986
Total tax assets not recognised	**941**	**1,139**

Of tax loss carryforwards, DKK 588 million may be carried forward indefinitely. The remaining DKK 215 million can be carried forward for up to 15 years.

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

2017 (DKKm)	Beginning of year	Recognised in profit/loss	Recognised in equity	Additions from business combinations	Other adjustments	Currency translation adjustments	End of year	Deferred tax assets	Deferred tax liabilities
Intangible assets	(148)	(9)	-	-	(12)	(1)	(170)	(165)	(5)
Property, plant and equipment	(234)	15	-	-	12	1	(206)	10	(216)
Provisions	575	135	(42)	-	38	(7)	699	493	206
Other liabilities	63	(230)	220	-	(16)	(12)	25	122	(97)
Tax base of tax loss carryforwards	488	325	-	-	(260)	(18)	535	505	30
Total	**744**	**236**	**178**	**-**	**(238)**	**(37)**	**883**	**965**	**(82)**

2016 (DKKm)	Beginning of year	Recognised in profit/loss	Recognised in equity	Additions from business combinations	Other adjustments	Currency translation adjustments	End of year	Deferred tax assets	Deferred tax liabilities
Intangible assets	(263)	(42)	-	19	136	2	(148)	(98)	(50)
Property, plant and equipment	(84)	(137)	-	(16)	3	-	(234)	11	(245)
Provisions	332	78	44	116	9	(4)	575	453	122
Other liabilities	(59)	26	21	81	(8)	2	63	191	(128)
Tax base of tax loss carryforwards	268	233	-	93	(108)	2	488	474	14
Total	**194**	**158**	**65**	**293**	**32**	**2**	**744**	**1,031**	**(287)**

5.3 Share option schemes

Accounting policies
The value of employee services received in exchange for share options granted corresponds to the fair value of the share options at the date of grant. The fair value of equity-settled share-based payment schemes is measured at the grant date and recognised in the income statement as staff costs over the period until the share options vest. The offsetting item is recognised directly in equity.

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. On initial recognition, 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.

Management judgements
The fair value of each equity-settled share-based payment scheme is calculated based on 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 2017 and 2016 is based on the following assumptions:

Assumptions	2017	2016
Share price	357.0	274.3
Volatility	17.0%	19.0%
Risk-free interest rate	0.2%	0.2%
Expected dividends	1.0%	1.3%
Expected remaining life (years)	3.5	3.5

Current share option schemes

Scheme	Options granted	Exercise period	Exercise price	Number of employees	Market value at date of grant (DKKm)
2013	1,996,000	02.04.2016 - 29.03.2018	142.0	1,059	31.5
2014	2,119,500	31.03.2017 - 29.03.2019	166.8	1,128	39.9
2015	2,168,000	03.04.2018 - 31.03.2020	215.0	1,164	39.7
2016	2,702,000	01.04.2019 - 31.03.2021	274.3	1,546	76.5
2017	2,723,500	01.04.2020 - 31.03.2022	357.0	1,574	101.8

Share option schemes at 31 December 2017

Scheme	Board of Directors	Executive Board	Senior staff	Total	Average exercise price per option
2013	-	-	185,500	185,500	142.0
2014	-	170,000	552,500	722,500	166.8
2015	32,000	170,000	1,826,700	2,028,700	215.0
2016	-	190,000	2,377,500	2,567,500	274.3
2017	-	190,000	2,479,000	2,669,000	357.0
Outstanding at 31 December 2017	**32,000**	**720,000**	**7,421,200**	**8,173,200**	**274.1**
Exercise period open at 31 December 2017	-	170,000	738,000	908,000	161.7
Life (years)	2.3	2.8	3.1	3.1	
Market value (DKKm)	8.6	163.6	1,540.1	1,712.3	

5.3 Share option schemes – continued

Share option schemes
DSV has launched incentive share-based payment schemes with the purpose of motivating and retaining senior staff and members of the Executive Board.

Retention is motivated by requiring continued service for a period covering the vesting period as a minimum. The schemes are also intended to align the interests of employees and shareholders.

All active programmes entail a three-year vesting period and a two-year exercise period. In case of a change of control, all outstanding share options will vest. Exercise prices are set based on the quoted market prices leading up to the date of grant. The share options can be exercised by cash purchase of shares only. The obligation relating to the schemes is partly covered by the Company's treasury shares.

Share options are granted pursuant to the procedures laid down in the Group's Remuneration Policy applicable in the relevant year.

A total of 1,847 employees held share options at 31 December 2017.

Total costs recognised in 2017 for services received not recognised as an asset amounted to DKK 68 million (2016: DKK 48 million).

The average share price for options exercised in the financial year was DKK 383.3 per share at the date of exercise.

Outstanding share options for Executive Board members were granted to Jens Bjørn Andersen (420,000 options) and Jens H. Lund (300,000 options).

Outstanding share options

	Board of Directors [1]	Executive Board	Senior staff	Total	Average exercise price per option
Outstanding at 1 January 2016	**96,000**	**510,000**	**6,026,500**	**6,632,500**	**171.5**
Granted	-	190,000	2,512,000	2,702,000	274.3
Exercised	(32,000)	-	(1,565,500)	(1,597,500)	137.9
Options waived/expired	-	-	(166,000)	(166,000)	207.4
Outstanding at 31 December 2016	**64,000**	**700,000**	**6,807,000**	**7,571,000**	**214.4**
Granted	-	190,000	2,533,500	2,723,500	357.0
Exercised	(32,000)	(170,000)	(1,732,000)	(1,934,000)	156.8
Options waived/expired	-	-	(187,300)	(187,300)	280.6
Outstanding at 31 December 2017	**32,000**	**720,000**	**7,421,200**	**8,173,200**	**274.1**

[1] A member of the Board of Directors has previously received share options in the Director's former capacity as senior staff member at DSV.

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

	Shares at beginning of year	Shares purchased in 2017	Shares sold in 2017	Shares at year-end	Market value (DKKm)
Jens Bjørn Andersen [1]	50,000	100,000	(100,000)	50,000	24.4
Jens H. Lund [2]	39,335	70,000	(70,000)	39,335	19.2
Kurt K. Larsen [3]	172,310	-	-	172,310	84.2
Thomas Plenborg	5,099	-	-	5,099	2.5
Annette Sadolin	6,635	2,868	-	9,503	4.6
Robert S. Kledal	2,000	-	-	2,000	1.0
Jørgen Møller	-	32,000	(32,000)	-	-
Birgit W. Nørgaard	-	1,150	-	1,150	0.6
Total	**275,379**	**206,018**	**(202,000)**	**279,397**	**136.5**

[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.

5.4 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 complies with the principles of the Company's Remuneration Policy.

The aggregate remuneration for the members of the Executive Board for 2017 was DKK 29.4 million (2016: DKK 28.2 million).

The remuneration of the Executive Board breaks down as follows:

	2017	
(DKKm)	**Jens Bjørn Andersen**	**Jens H. Lund**
Fixed salary	8.2	6.0
Pension	2.4	1.8
Bonus	3.5	2.7
Share-based payment	2.8	2.0
Total	**16.9**	**12.5**

	2016	
(DKKm)	**Jens Bjørn Andersen**	**Jens H. Lund**
Fixed salary	8.2	6.0
Pension	2.4	1.8
Bonus	3.5	2.7
Share-based payment	2.1	1.5
Total	**16.2**	**12.0**

Board of Directors

The aggregate remuneration for the Board of Directors of DSV A/S for 2017 was DKK 5.6 million (2016: DKK 4.9 million). The remuneration of the Board of Directors breaks down as follows:

(DKK '000)	**2017**	**2016**
Kurt K. Larsen, Chairman	2,028	1,803
Thomas Plenborg, Deputy Chairman	1,238	1,100
Annette Sadolin	787	700
Birgit W. Nørgaard	563	500
Robert S. Kledal	450	400
Jørgen Møller (elected 2015)	534	400
Total remuneration of the Board of Directors of the Parent	**5,600**	**4,903**

5.5 Fees to auditors appointed at the Annual General Meeting

(DKKm)	**2017**	**2016**
Statutory audit	21	21
Tax and VAT advisory services	1	2
Other services	1	4
Total fees to auditors appointed at the Annual General Meeting	**23**	**27**
Statutory audit	4	12
Tax and VAT advisory services	7	5
Other services	2	2
Others, total fees	**13**	**19**
Total fees	**36**	**46**

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 0m and consists mainly of sundry tax and advisory services.

5.6 Related-party transactions

DSV has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and the Executive Board.

Related party transactions

Board of Directors and Executive Board

No transactions were made in 2017 other than ordinary remuneration, as described in notes 5.3 and 5.4.

Associated companies

DSV holds ownership interests in 9 associates (2016: 9 associates). The Group's share of associates' profit for the year amounted to DKK 2 million (2016: DKK 6 million). The carrying amount of the investment for the year was DKK 35 million at 31 December 2017 (2016: DKK 32 million).

The Group had the following transactions with associates:

(DKKm)	**2017**	**2016**
Sale of services	221	78
Purchase of services	32	174

The Group had the following balances with associates at 31 December 2017:

(DKKm)	**2017**	**2016**
Receivables	50	66
Liabilities	2	18

5.7 Contingent liabilities and security for debt

Contingent liabilities

Accounting policies

Contingent liabilities comprise possible obligations which have not yet been confirmed, are uncertain or cannot be measured reliably, but which may if realised result in a drain on the Group's resources. Obligations are recognised in the financial statements only to the extent that the criteria for recognising a provision is met.

Contingent liabilities 2017

As an international transport service provider, DSV is regularly involved in tax and VAT disputes, legal proceedings or inquiries from competition authorities. Management believes that current identified cases will have no material impact on the financial position of the Group.

A detailed disclosure of individual contingent liabilities is considered impracticable to disclose and has therefore not been included in the notes to the financial statements.

Security for debt

Bank guarantees

As part of its ordinary operations, DSV has provided bank guarantees 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 3.5 as operating lease obligations.

Pledges

At 31 December 2017, property, plant and equipment with a carrying value of DKK 251 million were pledged as security (2016: DKK 277 million). The carrying amount of debt secured by pledges amounted to DKK 217 million (2016: DKK 294 million).

Contracts

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

Definition of financial highlights

Key figures, financial and share ratios are calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society, except for financial ratios marked with * as these are either derived or not included in the Recommendations. Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Key figures

Net interest-bearing debt (NIBD)	=	Interest-bearing debt less interest-bearing assets and cash and cash equivalents
Net working capital (NWC)	=	Receivables and other current operating assets less trade payables and other payables and other current operating liabilities
Invested capital	=	NWC + property, plant and equipment, intangible assets including goodwill and customer relationships less long-term provisions
Adjusted earnings	=	The DSV A/S shareholders' share of profit for the reporting period 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

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

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

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

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

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

$$\text{Return on equity (ROE)} = \frac{\text{Profit attributable to the shareholders of DSV A/S * 100}}{\text{Average equity excluding non-controlling interests}}$$

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

$$\text{Gearing ratio*} = \frac{\text{Net interest-bearing debt}}{\text{Operating profit before amortisation, impairment of goodwill and special items}}$$

Share ratios

$$\text{Earnings per share} = \frac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares}}$$

$$\text{Earnings per share diluted} = \frac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares diluted}}$$

$$\text{Adjusted earnings per share diluted} = \frac{\text{Adjusted earnings}}{\text{Average number of shares diluted}}$$

Number of shares	=	Total number of shares outstanding excluding treasury shares at the reporting date
Average number of shares	=	Average number of shares outstanding during the reporting period
Average number of shares diluted	=	Average number of shares outstanding during the reporting period including share options, but excluding out-of-the-money options measured relative to the average share price for the period

Group structure

The overview below is a list of active companies of the DSV Group at 31 December 2017 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 Österreich Spedition GmbH	Austria	100%	x	x	
DSV Transport Ltd.	Belarus	100%		x	
DSV Air & Sea NV	Belgium	100%	x		
Maartens Art Packers and Shippers B.V.B.A.	Belgium	100%	x		
ABX Worldwide Holdings NV/SA	Belgium	100%			
DSV Road Holding NV	Belgium	100%		x	
DSV Solutions N.V.	Belgium	100%			x
DSV Logistics N.V.	Belgium	100%			x
Edda21 N.V.	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	x
DSV Hrvatska d.o.o.	Croatia	100%		x	
DSV Air & Sea s.r.o.	Czech Republic	100%	x		
DSV Road a.s.	Czech Republic	100%		x	x
DSV Insurance A/S	Denmark	100%			
DSV Group Services A/S	Denmark	100%			
DSV Property ApS	Denmark	100%			
DSV FS A/S	Denmark	100%			
GP0615 ApS	Denmark	100%			
Anpartselskabet af 25. januar 2017	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	
Europe (continued)					
Ejendomsselskabet Hedensted ApS	Denmark	100%			x
DSV Transport AS	Estonia	100%	x	x	
DSV Air & Sea Oy	Finland	100%	x		
UTi Logistics (Finland) Oy	Finland	100%	x		
DSV Solutions Oy	Finland	100%			x
Haxlog Silver Oy	Finland	100%			x
Haxlog Silver Real Estate Oy	Finland	100%			x
DSV Road Oy	Finland	100%		x	
DSV Air & Sea SAS	France	100%	x		
DSV Solutions SAS	France	100%			x
DSV Road Holding S.A.	France	100%		x	
DSV Road SAS	France	100%		x	
ING REEIF WATTRELOS	France	100%		x	
PORTIMMO	France	100%		x	
DSV Air & Sea GmbH	Germany	100%	x		
UTi Logistik Deutschland GmbH – Hungary Branch	Germany	100%			x
DSV Solutions Group GmbH	Germany	100%			x
DSV Solutions GmbH	Germany	100%			x
DSV Stuttgart GmbH & Co. KG	Germany	100%		x	x
DSV Stuttgart Verwaltung GmbH	Germany	100%			x
Administration & Accounting Service GmbH	Germany	100%		x	
Jolkos Grundstücksverwaltungsgesellschaft mbH	Germany	94%		x	
DSV Road GmbH	Germany	100%		x	
DSV Immobilien GmbH	Germany	100%		x	
GP0615 ApS & Co. Am Zunderbaum KG	Germany	100%		x	x
DSV Real Estate Bochum ApS & Co. KG	Germany	100%		x	
DSV Real Estate Peine ApS & Co. KG	Germany	100%		x	
DSV HELLAS S.A.	Greece	100%	x	x	
UTi Networks Limited	Guernsey	100%	x		
DSV Solutions Hungary Kft.	Hungary	100%			x
DSV Hungaria Kft.	Hungary	100%	x	x	
DSV Air & Sea Limited	Ireland	100%	x		
UTi Ireland Ltd.	Ireland	100%	x		

Europe (continued)

	Country	Ownership share	Air & Sea	Road	Solutions
DSV Solutions Ltd.	Ireland	100%			x
UTI Inventory Management Solutions Limited	Ireland	100%			x
DSV Road Limited	Ireland	100%		x	
DSV S.p.A.	Italy	99%	x	x	x
UTi Italy SrL	Italy	100%	x		
DSV Road S.p.A.	Italy	100%		x	
Saima Caspian LLC	Kazakhstan	100%	x		
UTi Kazakhstan LLP	Kazakhstan	100%	x		
DSV Transport SIA	Latvia	100%	x	x	
DSV Transport UAB	Lithuania	100%	x	x	
XB Luxembourg Holdings 1 SA	Luxembourg	100%			
XB Luxembourg Holdings 2 SARL	Luxembourg	100%			
DSV ROAD DOOEL Skopje	Macedonia	100%		x	
DSV Air & Sea B.V.	Netherlands	100%	x		
ABX LOGISTICS (Nederland) B.V.	Netherlands	100%	x		
African Investments BV	Netherlands	100%	x		
UTi (Netherlands) Holdings BV	Netherlands	100%	x		
DSV Air & Sea Nederland B.V.	Netherlands	100%	x		
DSV Shared Services B.V.	Netherlands	100%			
Active Airline Representatives BV	Netherlands	100%	x		
UTi International Networks BV	Netherlands	100%	x		
Russia Logistics B.V.	Netherlands	100%	x		
DSV Solutions Holding B.V.	Netherlands	100%			x
DSV Solutions Nederland B.V.	Netherlands	100%			x
IMS Holdings BV	Netherlands	100%			x
VTS Beheer B.V.	Netherlands	100%			x
DSV Solutions (Dordrecht) B.V.	Netherlands	100%			x
DSV Solutions (Moerdijk) B.V.	Netherlands	100%			x
Haxlog Holding B.V.	Netherlands	100%			x
DSV Real Estate Logistiekweg Venlo B.V.	Netherlands	100%			x
DSV Road Holding N.V.	Netherlands	100%			
DSV Road B.V.	Netherlands	100%		x	
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 Real Estate Warsaw Sp. z o.o.	Poland	100%			
DSV Real Estate Warsaw Sp. z o.o.	Poland	100%			
DSV Air & Sea Sp. z o.o.	Poland	100%	x		
UTi Poland Sp. Zo. o.	Poland	100%	x		
DSV Services 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 Air & Sea Portugal, LDA	Portugal	100%	x		
DSV Solutions, Lda.	Portugal	100%		x	
DSV SGPS, Lda.	Portugal	100%		x	
DSV Transitarios, 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 Road d.o.o.	Serbia	100%		x	
UTi Slovakia s.r.o.	Slovakia	100%	x		
DSV Solutions Slovakia s.r.o.	Slovakia	100%			x
DSV Slovakia S.R.O.	Slovakia	100%	x	x	
DSV Transport d.o.o.	Slovenia	100%	x	x	
Tacisa Transitaria S.L.	Spain	100%	x		
Techicos Asesores De Serguros Brokers Corredure, S.A.	Spain	100%	x		
DSV Solutions Spain S.A.U.	Spain	100%			x
Servicios Logisticos Integrados SLI, S.A.	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 AB	Sweden	100%	x		
UTi Logistics AB	Sweden	100%	x		
DSV Solutions AB	Sweden	100%			x
DSV Group AB	Sweden	100%		x	
DSV Road AB	Sweden	100%		x	
Sverige Ontime Logistics AB	Sweden	100%		x	
DSV Road Property 1:31 AB	Sweden	100%		x	

	Country	Ownership share	Air & Sea	Road	Solutions
Europe (continued)					
Göinge Frakt EK	Sweden	100%		x	
DSV Road Property Holding AB	Sweden	100%		x	
DSV Logistics S.A.	Switzerland	100%	x	x	x
DSV Air & Sea A.S.	Turkey	100%	x		
DSV Road & Solutions A.S.	Turkey	100%		x	x
DSV Logistics LLC	Ukraine	100%	x	x	
DSV Air & Sea Limited	United Kingdom	100%	x		
UTi (UK) Holdings Ltd.	United Kingdom	100%	x		
UTi Worldwide (UK) Ltd.	United Kingdom	100%	x		
SBS Worldwide (Holdings) Ltd.	United Kingdom	100%	x		
Virtualized Logistics Ltd.	United Kingdom	100%	x		
SBS Worldwide Ltd.	United Kingdom	100%	x		
S. Black Ltd.	United Kingdom	100%	x		
DSV Road Holding Ltd.	United Kingdom	100%		x	
DSV Commercials Ltd.	United Kingdom	100%		x	
DSV Road Ltd.	United Kingdom	100%		x	
DSV Pension Trustees Ltd.	United Kingdom	100%		x	
DSV Solutions Ltd.	United Kingdom	100%			x
DFDS Transport Ltd.	United Kingdom	100%		x	
North America					
DSV Air & Sea Inc.	Canada	100%	x	x	
DSV Solutions Inc.	Canada	100%			x
DSV Air & Sea, S.A. de C.V.	Mexico	100%	x		
UTi Services S.A. de C.V.	Mexico	100%	x		
DSV Solutions S.A. de C.V.	Mexico	100%			x
DSV Air & Sea Holding Inc.	United States	100%	x		
DSV Air & Sea Inc.	United States	100%	x	x	
UTi United States LLC	United States	100%	x		
UTi, Services, Inc.	United States	100%			
DSV Solutions, LLC	United States	100%			x
UTi Inventory Management Solutions Inc.	United States	100%			x
Market Industries LLC	United States	100%		x	
Market Transport, Ltd.	United States	100%		x	
Sammons Transportation, Inc.	United States	100%		x	

	Country	Ownership share	Air & Sea	Road	Solutions
North America (continued)					
DSV Road, Inc.	United States	100%		x	
Market Logistics Services, Ltd.	United States	100%		x	
South America					
DSV Air & Sea S.A.	Argentina	100%	x		
UTi Logistics Argentina S.A.	Argentina	100%	x		
DSV UTI Air & Sea Agenciamento de Transportes Ltda.	Brazil	100%	x		
UTi Worldwide Inc.	British Virgin Islands	100%			
Goddard Company Limited	British Virgin Islands	100%			
UTi International Inc.	British Virgin Islands	100%			
Pyramid Freight (Proprietary) Limited	British Virgin Islands	100%			
UTi Africa Services Limited	British Virgin Islands	100%	x		
UTi Logistics (Proprietary) Limited	British Virgin Islands	100%			
Thomas International Freight Auditors Limited	British Virgin Islands	100%			
UTi Asia Pacific Limited	British Virgin Islands	100%			
UTi Kazakhstan Investments Ltd	British Virgin Islands	100%			
DSV Air & Sea (Latin America) S.A.	Chile	100%	x		
DSV Air & Sea S.A.	Chile	100%	x		
UTi Chile S.A.	Chile	100%	x		
DSV Air & Sea S.A.S.	Colombia	100%	x		
UTi Transporte Internacional S.A.	Colombia	100%	x		
UTi Colombia S.A. SIA	Colombia	100%	x		
DSV Air & Sea S.A.	Costa Rica	100%	x		
UTi (NA) Holdings NV	Curacao	100%			
DSV Air & Sea S.A.	Peru	100%	x		
DSV Air & Sea Inc.	Puerto Rico	100%	x		
UTi Uruguay SA	Uruguay	100%	x		
Asia					
DSV Air & Sea Ltd.	Bangladesh	100%	x		
ABX LOGISTICS (Bangladesh) Ltd.	Bangladesh	100%	x		
UTI Pership (Pvt) Limited – Bangladesh Branch (BDT)	Bangladesh	100%	x		
DSV Air & Sea Co., Ltd.	Cambodia	100%	x		

	Country	Ownership share	Air & Sea	Road	Solutions
Asia (continued)					
UTi Worldwide Co. Ltd. - Cambodia Branch (USD)	Cambodia	100%	x		
DSV Air & Sea Co., Ltd.	China	100%	x		
DSV Logistics Co., Ltd.	China	100%			x
UTi (China) Limited	China	100%	x		
UTi Logistics (Shanghai) Company Ltd.	China	100%			x
DSV Air & Sea Ltd.	Hong Kong	100%	x		
S-CHP Investments (Hong Kong) Ltd.	Hong Kong	100%	x		
UTi (HK) Limited	Hong Kong	100%			x
Air and Sea Union Holdings Ltd.	Hong Kong	100%	x		
DSV Air & Sea Pvt. Ltd.	India	100%	x		
Swift Shipping and Freight Logistics Private Limited	India	100%	x		
IndAir Carriers Pvt. Ltd.	India	100%	x		
UT Worldwide (India) Pvt. Limited	India	100%	x		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		x
DSV Air & Sea Ltd.	Korea	100%	x		
DSV Air & Sea Sdn. Bhd.	Malaysia	100%	x		
DSV Logistics Sdn. Bhd.	Malaysia	100%	x		
UTi Worldwide (M) Sdn Bhd	Malaysia	100%	x		
UTi Inventory Management Solutions Sdn Bhd	Malaysia	100%			x
UTi Pakistan (SMC-Private) Limited	Pakistan	100%	x		
DSV Air & Sea Inc.	Philippines	100%	x		
ABX LOGISTICS Holding Philippines Inc	Philippines	98%	x		
UTi (Global Logistics) Inc.	Philippines	100%			x
DSV SHARED SERVICES MANILA (ROHQ)	Philippines	100%			
DSV Air & Sea Pte. Ltd.	Singapore	100%	x		
ABX LOGISTICS Singapore PTE LTD	Singapore	100%	x		
DSV Solutions Pte Ltd.	Singapore	100%			x
UTi Technology Services Pte. Ltd.	Singapore	100%			
Inventory Solutions (Singapore) Pte. Ltd	Singapore	100%			x
UTi Pership (Pvt) Limited	Sri Lanka	51%	x		
DSV Air & Sea Co. Ltd.	Taiwan	100%	x		
UTi Holding Co., Ltd.	Taiwan	100%	x		

	Country	Ownership share	Air & Sea	Road	Solutions
Asia (continued)					
DSV Solutions Co., Ltd.	Taiwan	100%			x
DSV Air & Sea Ltd.	Thailand	100%	x		
DSV Solutions Ltd.	Thailand	100%			x
DSV Holding (Thailand) Co., Ltd.	Thailand	100%	x		
DSV Air & Sea Co., Ltd.	Vietnam	100%	x		
UTi Worldwide Vietnam Co. Ltd.	Vietnam	100%	x		
Middle East					
DSV Air & Sea Ltd.	Israel	100%	x		
DSV Marine Insurance Agency Ltd.	Israel	100%	x		
Hermes Exhibition & Projects Limited	Israel	50%	x		
Carma Conveying & Carriage Limited	Israel	50%	x		
DSV - E-COMMERCE LTD.	Israel	100%	x		
DSV Solutions Ltd	Israel	100%			x
U.T.I.-Inventory Management Solutions Limited partnership	Israel	100%			x
UTI IMS Ltd.	Israel	100%			x
UTi Jordan Ltd.	Jordan	100%	x		
DSV Air & Sea (LLC)	United Arab Emirates	100%	x		x
Oceania					
DSV Air & Sea Pty. Ltd.	Australia	100%	x		x
UTi (Aust) Pty Limited	Australia	100%	x		
DSV Air & Sea Limited	New Zealand	100%	x		x
UTi New Zealand Ltd.	New Zealand	100%	x		
Africa					
Frans Maas Algerie S.a.r.l.	Algeria	100%		x	
DSV Air & Sea (PTY) Limited	Botswana	100%	x		
Swift Freight International Burundi SA	Burundi	100%	x		
UTi Burundi S.A.R.L.	Burundi	100%	x		
Swift Freight DRC SPRL	DR Congo	100%	x		
DSV-UTI Egypt Ltd.	Egypt	100%	x		x
DSV Air & Sea Limited	Ghana	100%	x		
DSV Air & Sea Limited	Kenya	100%	x		

	Country	Ownership share	Air & Sea	Road	Solutions
Africa (continued)					
DSV Air & Sea LIMITED	Malawi	100%	x		
DSV Air & Sea Limited	Mauritius	100%	x		
UTi Holdings (Mauritius) Limited	Mauritius	100%	x		
DSV Transport Int'l S.A	Morocco	100%	x		
Terminal Handling Company	Morocco	100%	x		
DSV – Swift Freight Mozambique Limitada	Mozambique	100%	x		
DSV Air & Sea Limitada	Mozambique	100%	x		
Pyramid Freight (PTY) Limited	Namibia	100%	x		
Saima Nigeria Ltd.	Nigeria	40%	x		
Nationwide Clearing & Forwarding Ltd.	Nigeria	37%	x		
DSV Freight International Limited	Nigeria	100%	x		
DSV Air & Sea Ltd.	Rwanda	100%	x		
DSV Air and Sea (Proprietary) Limited	South Africa	100%	x		
Pyramid Freight (Pty) Limited	South Africa	100%	x		
DSV South Africa (Pty) Ltd.	South Africa	75%	x		
DSV Shared Services (Pty) Ltd.	South Africa	100%			
UTi Logistics (Proprietary) Limited – SC OCS Division	South Africa	100%		x	
DSV AFRICA HOLDING (Pty) Ltd.	South Africa	100%	x		
Scorpion Share Block (Pty) Ltd.	South Africa	100%		x	
Marine Link (Pty) Ltd.	South Africa	100%	x		
Sisonke Partnership	South Africa	100%			x
DSV Solutions (Pty) Ltd.	South Africa	100%			x
DSV Assembly Services (Pty) Ltd.	South Africa	65%			x
Chilli Pepper Investments (Pty) Ltd.	South Africa	100%			x
Imithi Distributors (Pty) Ltd.	South Africa	100%			x
Chronic Medicine Dispensary (Pty) Ltd.	South Africa	100%			x
DSV Mounties (Pty) Ltd.	South Africa	100%			x
DSV Road (Pty) Ltd.	South Africa	100%		x	
DSV Air & Sea Limited	Tanzania	100%	x		
Swift Global Logistics	Togo	100%	x		
DSV Air & Sea Limited	Uganda	100%	x		
Swift Freight International (Zambia) Ltd.	Zambia	100%	x		
DSV Air & Sea Limited	Zambia	100%	x		
DSV Air & Sea (Private) Limited	Zimbabwe	100%	x		

	Country	Ownership share	Air & Sea	Road	Solutions
Associates					
DSV Air & Sea LLC	Egypt	20%			
GT Stevedores Oy	Finland	26%			
KM Logistik GmbH	Germany	35%			
IDS Logistik GmbH	Germany	28%			
Sama Al Imad General Transport LLC	Iraq	30%			
MGM Lines Srl	Italy	30%			
Beavor Investments	South Africa	25%	x		
Union Temporal de Empres as LEY 18/1982	Spain	15%			x
Key Logistics, Inc.	United States	49%			x

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 2017.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and further requirements in the Danish Financial Statements Act.

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 2017 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 2017.

In our opinion, the Management's commentary includes a fair review of the development in the Group's and the 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 Parent Company and the Group face.

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

Hedehusene, 8 February 2018

Executive Board:

Jens Bjørn Andersen CEO	Jens H. Lund CFO

Board of Directors:

Kurt K. Larsen Chairman	Thomas Plenborg Deputy Chairman	Annette Sadolin
Birgit W. Nørgaard	Robert S. Kledal	Jørgen Møller

Independent Auditors' report

To the shareholders of DSV A/S

Our 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 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements and Parent Company Financial Statements of DSV A/S for the financial year 1 January to 31 December 2017 comprise income statement and statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
We were first appointed auditors of DSV A/S on 9 March 2017 for the financial year 2017.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2017. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and work in progress
The Group's revenue consists primarily of services, i.e. transportation of goods between destinations, which by nature is rendered over a period of time. The determination of timing of revenue recognition is dependent on the application of the Group's accounting policies and terms in customer contracts.

We focused on this area because the process of accruing for services rendered around the balance sheet date (work in progress) is complex and dependent on Management estimates and relevant IT controls in certain operational systems.

Reference is made to notes 2.2 and 3.4 to the Consolidated Financial Statements

How our audit addressed the key audit matter
Our audit procedures included assessing the accounting policies for revenue recognition applied by Management and comparing these to applicable financial reporting standards.

Moreover, we tested relevant internal controls, including IT controls, concerning the timing of revenue recognition and evaluated whether these were designed in line with the Group's accounting policies.

We also selected a sample of revenue transactions during the year and traced these to underlying evidence.

In addition, we used data auditing tools to identify non-standard transactions and examined these.

For revenue and cost accruals, we examined reports concerning work in progress and challenged the estimates made by Management in this regard.

Provisions
Following the acquisition of the former 'UTi' and as part of ongoing business optimisation, the Group has accrued for various restructuring expenses, i.e. termination benefits and costs under terminated leases. In addition, the Group has provided for onerous contracts regarding building leases and is part in a number of legal disputes arising from usual business activities.

We focused on this area because provisions for restructuring, onerous contracts and legal disputes involve significant Management estimates.

Reference is made to note 3.7 to the Consolidated Financial Statements.

How our audit addressed the key audit matter
Our audit procedures included an assessment of whether provisions recorded at the balance sheet date were in accordance with applicable financial reporting standards.

We evaluated procedures and internal controls concerning provisions, i.e. to capture and assess legal cases and restructurings.

In addition, we evaluated the assumptions applied when measuring the accruals made. For provisions for legal disputes, this included an evaluation of possible outcomes. Moreover, we obtained opinions from internal and external legal counsels regarding disputes and compared with assumptions and estimates applied by Management.

Further, we evaluated whether disclosures in the Financial Statements were adequate and in line with applicable financial reporting standards.

Deferred tax assets and income tax positions
The Group operates in many territories and is, consequently, subject to local laws and cross-border transfer pricing legislation, which complicates tax matters of the Group as a whole.

In addition, the Group carries significant deferred tax assets that consist primarily of tax on provisions made at the balance sheet date and tax loss carry forwards. The utilisation of tax losses and tax amortisation balances is, inherently, uncertain, as it is dependent on the financial development of business activities in certain countries and regions.

We focused on this area because the valuation of deferred tax assets and income tax positions involves significant Management estimates.

Reference is made to note 5.2 to the Consolidated Financial Statement

How our audit addressed the key audit matter
Our audit procedures included assessing the Group's accounting policies and valuation models within the tax accounting area and comparing these to applicable financial reporting standards.

We also assessed Management's process for identifying and assessing complex income tax transactions as well as deferred tax assets that might not be recoverable.

Moreover, we tested provisions made in the tax accounting. As part of this, we reviewed correspondence with tax authorities and discussed assumptions made by Management with internal corporation tax specialists.

In addition, we tested management assessment of the recoverability over the carrying value of deferred tax assets arising from temporary differences and tax loss carry forwards on the basis of internal forecasts of future taxable income and evaluated the assumptions made by Management in this connection.

Statement on Management's commentary
Management is responsible for Management's commentary (pages 1-41).

Our opinion on the Financial Statements does not cover Management's commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's commentary and, in doing so, consider whether Management's commentary is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's commentary includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's commentary is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's commentary.

Management's responsibilities for the 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 further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 8 February 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Kim Füchsel	Lars Baungaard
State Authorised	State Authorised
Public Accountant	Public Accountant
mne9291	mne23331

Parent Company financial statements 2017

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Income statement

(DKKm)	Note	2017	2016
Net revenue	4	1,473	1,114
Gross profit		**1,473**	**1,114**
Other external expenses	5	745	613
Staff costs	6	543	415
Operating profit before amortisation, depreciation and special items		**185**	**86**
Amortisation and depreciation of intangibles, property, plant and equipment		257	156
Operating profit before special items		**(72)**	**(70)**
Special items, costs	8	70	178
Financial income	9	2,045	1,666
Financial expenses	10	270	278
Profit before tax		**1,633**	**1,140**
Tax on profit for the year	11	43	33
Profit for the year		**1,590**	**1,107**
Proposed distribution of profit			
Proposed dividend per share is DKK 2.0 (2016: DKK 1.8 per share)		380	342
Transferred to equity reserves		1,210	765
Total distribution		**1,590**	**1,107**

Statement of comprehensive income

(DKKm)	2017	2016
Profit for the year	**1,590**	**1,107**
Items that will be reclassified to income statement when certain conditions are met:		
Fair value adjustments relating to hedging instruments	2	(40)
Fair value adjustments relating to hedging instruments transferred to financial expenses	24	12
Tax on items reclassified to income statement	(6)	5
Other comprehensive income, net of tax	**20**	**(23)**
Total comprehensive income	**1,610**	**1,084**

Cash flow statement

(DKKm)	Note	2017	2016
Operating profit before amortisation, depreciation and special items		185	86
Adjustments:			
Share-based payments		11	8
Change in working capital etc.		1,597	2,124
Special items		41	(124)
Dividend received		1,481	1,146
Interest received		542	520
Interest paid		(265)	(288)
Corporation tax, paid		(34)	(32)
Cash flow from operating activities		**3,558**	**3,440**
Purchase of intangible assets	12	(365)	(390)
Purchase of property, plant and equipment		(69)	(42)
Acquisition of subsidiaries and activities		(2)	-
Change in other financial assets		349	(11,789)
Cash flow from investing activities		**(87)**	**(12,221)**
Free cash flow		**3,471**	**(8,781)**
Non-current liabilities incurred		1,488	5,030
Repayment of non-current liabilities		(3,635)	(376)
Shareholders:			
Dividends distributed		(342)	(327)
Dividends on treasury shares		7	-
Purchase of treasury shares		(1,559)	-
Sale of treasury shares		674	447
Other transactions with shareholders		-	16
Cash flow from financing activities		**(3,367)**	**4,790**
Cash flow for the year		**104**	**(3,991)**

(DKKm)	Note	2017	2016
Cash flow for the year - continued		**104**	**(3,991)**
Cash and cash equivalents 1 January		1	3,995
Cash flow for the year		104	(3,991)
Currency translation adjustments		2	(3)
Cash and cash equivalents 31 December		**107**	**1**

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

Balance sheet

Assets

(DKKm)	Note	2017	2016
Intangible assets	12	973	939
Property, plant and equipment		84	50
Investments in Group entities	13	5,602	5,602
Non-current receivables from Group entities and other non-current receivables		14,837	15,186
Total non-current assets		**21,496**	**21,777**
Receivables from Group entities and other receivables	14	4,498	6,004
Corporation tax		23	-
Cash and cash equivalents		107	1
Total current assets		**4,628**	**6,005**
Total assets		**26,124**	**27,782**

Equity and liabilities

(DKKm)	Note	2017	2016
Share capital		190	190
Reserves		9,898	9,432
Total equity		**10,088**	**9,622**
Deferred tax liabilities	15	91	112
Financial liabilities	16	5,350	7,511
Total non-current liabilities		**5,441**	**7,623**
Financial liabilities	16	71	370
Corporation tax		-	14
Payables to Group entities and other payables	17	10,524	10,153
Total current liabilities		**10,595**	**10,537**
Total liabilities		**16,036**	**18,160**
Total equity and liabilities		**26,124**	**27,782**

Statement of changes in equity – 2017

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Develop-ment costs reserve	Retained earnings	Total equity
Equity at 1 January	**190**	**4,744**	**(5)**	**46**	**245**	**4,402**	**9,622**
Profit for the year	**-**	**-**	**-**	**-**	**111**	**1,479**	**1,590**
Fair value adjustments relating to hedging instruments	-	-	-	2	-	-	2
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	24	-	-	24
Tax on other comprehensive income	-	-	-	(6)	-	-	(6)
Other adjustments	-	-	-	(105)	-	105	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**(85)**	**-**	**105**	**20**
Total comprehensive income for the year	**-**	**-**	**-**	**(85)**	**111**	**1,584**	**1,610**
Transactions with owners:							
Share-based payments	-	-	-	-	-	11	11
Dividends distributed	-	-	-	-	-	(342)	(342)
Purchase of treasury shares	-	-	(3)	-	-	(1,556)	(1,559)
Sale of treasury shares	-	-	2	-	-	672	674
Dividends on treasury shares	-	-	-	-	-	7	7
Other adjustments	-	-	-	-	-	65	65
Total transactions with owners	**-**	**-**	**(1)**	**-**	**-**	**(1,143)**	**(1,144)**
Equity at 31 December	**190**	**4,744**	**(6)**	**(39)**	**356**	**4,843**	**10,088**

Statement of changes in equity – 2016

(DKKm)	Share capital	Share premium	Treasury share reserve	Hedging reserve	Develop-ment costs reserve	Retained earnings	Total equity
Equity at 1 January	**192**	**4,744**	**(9)**	**69**	**-**	**3,398**	**8,394**
Profit for the year	**-**	**-**	**-**	**-**	**245**	**862**	**1,107**
Fair value adjustments relating to hedging instruments	-	-	-	(40)	-	-	(40)
Fair value adjustments relating to hedging instruments transferred to financial expenses	-	-	-	12	-	-	12
Tax on other comprehensive income	-	-	-	5	-	-	5
Other comprehensive income, net of tax	**-**	**-**	**-**	**(23)**	**-**	**-**	**(23)**
Total comprehensive income for the year	**-**	**-**	**-**	**(23)**	**245**	**862**	**1,084**
Transactions with owners:							
Share-based payments	-	-	-	-	-	8	8
Dividends distributed	-	-	-	-	-	(327)	(327)
Sale of treasury shares	-	-	2	-	-	445	447
Dividends on treasury shares	-	-	-	-	-	14	14
Capital reduction	(2)	-	2	-	-	-	-
Other adjustments	-	-	-	-	-	2	2
Total transactions with owners	**(2)**	**-**	**4**	**-**	**-**	**142**	**144**
Equity at 31 December	**190**	**4,744**	**(5)**	**46**	**245**	**4,402**	**9,622**

1 Accounting policies

As Parent company of the DSV Group, the financial statements of DSV A/S are separate financial statements disclosed as required by the Danish Financial Statements Act.

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act.

The accounting policies of the Parent 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 the 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 DKK are recognised in the income statement of the Parent under financials.

2 Management judgements

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

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 2017, and therefore investments in subsidiaries have not been tested for impairment.

3 New accounting regulations

Reference is made to Chapter 1 of the Notes to the consolidated financial statements. None of the standards and interpretations referred to are expected to materially affect the financial statements of the Parent.

4 Net revenue

(DKKm)	2017	2016
Intra-Group charges	1,473	1,114
Total net revenue	**1,473**	**1,114**

5 Fees to auditors appointed at the Annual General Meeting

(DKKm)	2017	2016
Statutory audit	3	3
Tax and VAT advisory services	0	1
Other services	0	2
Total fees	**3**	**6**

6 Staff costs

(DKKm)	2017	2016
Remuneration of the Board of Directors	6	5
Salaries etc.	514	390
Defined contribution pension plans	23	20
Total staff costs	**543**	**415**
Average number of full-time employees	380	336

For information on remuneration of the Executive Board and the Board of Directors, please see notes 5.3 and 5.4 to the consolidated financial statements.

7 Share option schemes

DSV A/S has issued share options to senior staff and members of the Executive Board of the Company. Please see note 5.3 to the consolidated financial statements for a list of current incentive share option schemes and a description of the assumptions used for the valuation of the share options granted in 2017 and 2016.

Total costs recognised in 2017 for services received not recognised as an asset amounted to DKK 11 million (2016: DKK 8 million).

The average share price for options exercised in the financial year was DKK 378.4 per share at the date of exercise.

Share option schemes at 31 December 2017

Scheme	Exercise period	Board of Directors	Executive Board	Senior staff	Total	Average exercise price per option
2013	02.04.2016 - 29.03.2018			7,000	7,000	142.0
2014	31.03.2017 - 29.03.2019		170,000	25,500	195,500	166.8
2015	03.04.2018 - 31.03.2020	32,000	170,000	141,500	343,500	215.0
2016	01.04.2019 - 31.03.2021		190,000	215,500	405,500	274.3
2017	01.04.2020 - 31.03.2022		190,000	250,000	440,000	357.0
Outstanding at 31 December 2017		**32,000**	**720,000**	**639,500**	**1,391,500**	**270.0**
Exercise period open at 31 December 2017		-	170,000	32,500	202,500	165.9
Life (years)		2.3	2.8	3.3	3.0	
Market value (DKKm)		8.6	163.6	125.1	297.3	

Development in outstanding options

	Board of Directors [1]	Executive Board	Senior staff	Total	Average exercise price per share option
Outstanding at 1 January 2016	**96,000**	**510,000**	**432,500**	**1,038,500**	**174.9**
Granted	-	190,000	239,500	429,500	274.3
Exercised	(32,000)	-	(93,000)	(125,000)	139.1
Options waived/expired	-	-	(11,500)	(11,500)	228.6
Outstanding at 31 December 2016	**64,000**	**700,000**	**567,500**	**1,331,500**	**209.9**
Granted	-	190,000	263,000	453,000	357.0
Exercised	(32,000)	(170,000)	(145,000)	(347,000)	151.6
Options waived/expired	-	-	(46,000)	(46,000)	279.0
Outstanding at 31 December 2017	**32,000**	**720,000**	**639,500**	**1,391,500**	**270.0**

[1] A member of the Board of Directors has previously received share options in the Director's former capacity as senior staff member at DSV.

8 Special items

(DKKm)	2017	2016
Impairment and other costs relating to reorganisations	70	102
Transaction costs relating to the acqusition of UTi	-	76
Special items, costs	**70**	**178**

9 Financial income

(DKKm)	2017	2016
Interest income	28	17
Interest income from Group entities	514	503
Currency translation adjustments, net	22	-
Dividends from subsidiaries	1,481	1,146
Total financial income	**2,045**	**1,666**

Interest income includes interest on financial assets measured at amortised cost of DKK 28 million (2016: DKK 17 million).

10 Financial expenses

(DKKm)	2017	2016
Interest expenses	227	243
Interest expenses for Group entities	43	29
Currency translation adjustments, net	-	6
Total financial expenses	**270**	**278**

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 227 million (2016: DKK 243 million).

11 Tax for the year

(DKKm)	2017	2016
Tax for the year is disaggregated as follows:		
Tax on profit for the year	43	33
Tax on other comprehensive income	6	(5)
Total tax for the year	**49**	**28**
Tax on profit for the year is calculated as follows:		
Current tax	23	24
Deferred tax	21	8
Tax adjustment relating to previous years	(1)	1
Total tax on profit for the year	**43**	**33**
Tax on profit for the year breaks down as follows:		
Calculated tax on profit for the year before tax	22.0%	22.0%
Tax effect of:		
Non-deductible expenses/non-taxable income	(19.4%)	(19.4%)
Tax adjustment relating to previous years	0.0%	(0.1%)
Effective tax rate	**2.6%**	**2.5%**

12 Intangible assets

2017

(DKKm)	Software	Software in progress	Total
Cost at 1 January	**1,372**	**437**	**1,809**
Additions for the year	156	209	365
Disposals at cost	(70)	(67)	(137)
Reclassification	258	(258)	-
Total cost at 31 December	**1,716**	**321**	**2,037**
Total amortisation and impairment at 1 January	**826**	**44**	**870**
Amortisation and impairment for the year	225	-	225
Amortisation of assets disposed of	(31)	-	(31)
Total amortisation and impairment at 31 December	**1,020**	**44**	**1,064**
Carrying amount at 31 December	**696**	**277**	**973**

Total value of financial lease assets amounted to DKK 6.1 million (2016: DKK 9.6 million).

12 Intangible assets – continued

2016

(DKKm)	Software	Software in progress	Total
Cost at 1 January	**1,196**	**237**	**1,433**
Additions for the year	63	327	390
Disposals at cost	(14)	-	(14)
Reclassification	127	(127)	-
Total cost at 31 December	**1,372**	**437**	**1,809**
Total amortisation and impairment at 1 January	**694**	**-**	**694**
Amortisation and im-pairment for the year	136	44	180
Amortisation of assets disposed of	(4)	-	(4)
Total amortisation and impairment at 31 December	**826**	**44**	**870**
Carrying amount at 31 December	**546**	**393**	**939**

13 Investments in Group entities

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

	Owner-ship share 2017	Owner-ship share 2016	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
UTi (NA) Holdings NV	100%	100%	Willemstad, Curacao	0

14 Receivables from Group entities and other receivables

(DKKm)	2017	2016
Receivables from Group entities	4,310	5,865
Fair value of derivative financial instruments	31	4
Other receivables etc.	157	135
Receivables from Group entities and other receivables at 31 December	**4,498**	**6,004**

15 Deferred tax

(DKKm)	2017	2016
Deferred tax at 1 January	**112**	**103**
Deferred tax for the year	26	8
Tax adjustments relating to previous years	(4)	1
Tax on changes in equity	(43)	-
Deferred tax at 31 December	**91**	**112**
Deferred tax as recognised in the balance sheet:		
Deferred tax liabilities	91	112
Deferred tax, net	**91**	**112**
Specification of deferred tax:		
Intangible assets	153	120
Current assets	(5)	(4)
Provisions	(57)	(4)
Deferred tax at 31 December	**91**	**112**

16 Financial liabilities

(DKKm)	2017	2016
Loans and credit facilities	649	4,647
Issued bonds	4,713	3,234
Other financial liablities	59	-
Total financial liabilities	**5,421**	**7,881**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	5,350	7,511
Current liabilities	71	370
Financial liabilities at 31 December	**5,421**	**7,881**

(DKKm)	Expiry	Fixed/ floating interest rate	Carrying amount 2017	2016
Bank loans (EUR)	2019	Floating	596	4,073
Bond loans	2020-2024	Fixed/ floating	4,713	3,234
Other	2018-2020	Fixed	64	67
Cash	2018	Floating	48	507
Loans and credit facilities at 31 December			**5,421**	**7,881**

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

The weighted average interest rate was 2.5% (2016: 1.7%).

17 Payables to Group entities and other payables

(DKKm)	2017	2016
Payables to Group entities	10,076	9,790
Fair value of derivative financial instruments	-	15
Other payables	448	348
Payables to Group entities and other payables at 31 December	**10,524**	**10,153**

18 Contingent liabilities and security for debt

Contingent liabilities

DSV A/S and the other Danish Group entities are registered jointly for VAT purposes and 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 23 million (2016: corporation tax and withholding tax payable of DKK 14 million), which is included in the financial statements of DSV A/S.

Parent Company guarantees

DSV A/S has provided guarantees for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities, etc., in the amount of DKK 6,999 million (2016: DKK 6,750 million).

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

19 Operating lease obligations

(DKKm)	2017	2016
Operating lease obligations relating to operating equipment fall due:		
0-1 year	70	44
1-5 years	65	38
> 5 years	-	-
Total	**135**	**82**

DSV A/S has concluded leases with an average term of 3.0 years (2016: 3.5 years).

Operating lease costs of DKK 68 million relating to other plant and operating equipment were recognised in the income statement for 2017 (2016: DKK 45 million).

20 Derivative financial instruments

(DKKm)	2017 Contractual value	2017 Maturity	2017 Fair value	2017 Of which recognised in income statement	2017 Of which recognised in OCI	2016 Contractual value	2016 Maturity	2016 Fair value	2016 Of which recognised in income statement	2016 Of which recognised in OCI
Currency instruments	24,607	2018-2020	9	23	(14)	17,197	2017	4	4	-
Interest rate instruments	2,347	2018-2023	(37)	(2)	(35)	5,002	2017-2023	(76)	(1)	(75)
Total			**(28)**	**21**	**(49)**			**(72)**	**3**	**(75)**

The weighted average effective interest rate for existing interest rate instruments was 0.6% at the reporting date (2016: 0.2%).

A gain on hedging instruments of DKK 231 million was recognised in the income statement for the financial year of 2017 (2016: a loss of DKK 6 million).

For the same period, hedged risks were recognised in the income statement by a loss of DKK 209 million (2016: a loss of DKK 38 million).

For more information on foreign currency and interest rate risk hedging, please see notes 4.4 and 4.5 to the consolidated financial statements.

21 Financial risks

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

(DKKm)	2017 0-1 year	2017 1-5 years	2017 > 5 years	2017 Total cash flow, incl. interest	2016 0-1 year	2016 1-5 years	2016 > 5 years	2016 Total cash flow, incl. interest
Loans, credit facilities and issued bonds	189	4,201	1,534	5,924	511	6,351	1,509	8,371
Other payables	448	-	-	448	348	-	-	348
Payables to Group entities	10,076	-	-	10,076	9,790	-	-	9,790
Currency derivatives	(17)	8	-	(9)				
Interest rate derivatives	8	30	3	41	15	54	11	80
Total	**10,704**	**4,239**	**1,537**	**16,480**	**10,664**	**6,405**	**1,520**	**18,589**

The analysis of expected maturity is based on contractual cash flows, including estimated interest payments. No amounts have been discounted, for which reason they cannot necessarily be reconciled to the related items of the balance sheet.

21 Financial risks - continued

Financial instruments by category

(DKKm)	2017 Carrying amount	2016 Carrying amount
Financial assets:		
Derivative financial instruments	31	4
Receivables	4,498	6,004
Other receivables	14,837	15,186
Cash and cash equivalents	107	1
Total cash and receivables	19,442	21,191
Financial liabilities:		
Interest rate derivatives	37	76
Currency derivatives	22	-
Issued bonds measured at amortised cost	4,713	3,234
Loans and credit facilities	649	4,647
Payables to Group entities etc.	10,524	10,153
Financial liabilities measured at amortised cost	15,886	18,034

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 input 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.

22 Related parties

DSV A/S has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and Executive Board.

Related-party transactions
Board of Directors and Executive Board
No transactions were made in the financial year of 2017 other than ordinary remuneration, as described in notes 5.3 and 5.4 to the consolidated financial statements.

Intra-Group transactions
No transactions were made in 2017 other than as stated in the income statement and the notes.

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