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# **Panalpina and DSV agree to join forces**

Creating one of the world's largest transport and logistics companies

1 April 2019



# Disclaimer

## Forward-looking statements

This announcement contains forward-looking statements that reflect DSV's current expectations and views of future events. Some of these forward-looking statements can be identified by terms and phrases such as "estimate," "expect," "target," "plan," "project," "will" and similar expressions. These forward-looking statements include statements relating to: the expected characteristics of the combined company; expected ownership of the combined company by EGS; expected financial results and characteristics of the combined company; expected timing of the launch and closing of the proposed transaction and satisfaction of conditions precedent, including regulatory conditions; and the expected benefits of the proposed transaction, including related synergies. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. These forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. Risks and uncertainties include: the ability of DSV to integrate Panalpina into DSV's operations; the performance of the global economy; the capacity for growth in internet and technology usage; the consolidation and convergence of the industry, its suppliers and its customers; the effect of changes in governmental regulations; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; and the impact on the combined company (after giving effect to the proposed transaction with Panalpina) of any of the foregoing risks or forward-looking statements, as well as other risk factors listed from time to time in DSV's and Panalpina's public disclosures.

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# Agenda



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# Strategic rationale

Creating one of the world's largest transport and logistics companies



## Best of both worlds

- Unique customer relationships and vertical expertise
- Operational excellence and efficiency 'DNA'



## Cross-selling opportunities and higher growth potential

- Creating a new global top four player in freight forwarding with significantly strengthened market position in Air & Sea
- Commercial synergies from stronger network and service offerings



## Cost structure optimisation

- Consolidation of operations, administration and logistics facilities
- Cost leadership is crucial to stay competitive and grow market share in the freight forwarding industry



## Consolidating IT infrastructure

- Leverage lessons learnt from successful UTi integration
- Higher return on future IT investments through implementation of best practices



## Attractive financial business case

- Target for transaction to be EPS accretive (diluted and adjusted) in year 2 after settlement
- Aspiration to lift operating margin of the combined entity towards DSV's existing level

# Transaction overview

## The Panalpina Board recommend the offer



### Purchase price

- DSV offers 2.375 DSV shares per Panalpina share
- Enterprise value: Approx. CHF 4.6 billion (pre-IFRS 16)
- Transaction multiple: 28.1x reported 2018 EV/EBITDA (pre-IFRS 16)
- Implied offer price of CHF 195.8 per share representing a premium of approx. 43% compared to 15 January 2019\*
- Assuming acceptance by all Panalpina shareholders, DSV will issue approx. 56 million new shares equivalent to approx. 23% of the enlarged share capital of DSV



### Offer conditionality

- The offer is subject to the satisfaction of customary conditions, including acceptance by 80% of all publicly held Panalpina shares (including the 69.9% shares already subject to an agreement to tender), receipt of all necessary regulatory approvals, approval of a capital increase at an extraordinary general meeting in DSV, approval of a listing prospectus and admittance of the new DSV shares for trading at NASDAQ Copenhagen and effectiveness of a US Registration Statement
- The offer has the support from shareholders representing 69.9% of the registered share capital in Panalpina



### Listing prospectus and settlement

- The listing prospectus (EU) is expected to be published towards the end of Q2 2019. It is currently being analysed if a US registration statement is required, or a vendor placement option is available
- Settlement and completion of the transaction is expected in Q4 2019



### Other considerations

- Following settlement DSV is expected to change its registered name to “DSV Panalpina A/S”
- An integration committee comprising of Panalpina and DSV representatives will be established to oversee the integration process
- Thorough evaluation will be carried out with the aim to maintain relevant functions and competencies in Switzerland
- DSV will recommend to its shareholders that a candidate proposed by Ernst Göhner Foundation be elected for the Board of Directors
- DSV will propose a dividend policy with a pay-out ratio to approx. 15% of the net profit (compared to approx. 10% for 2018)

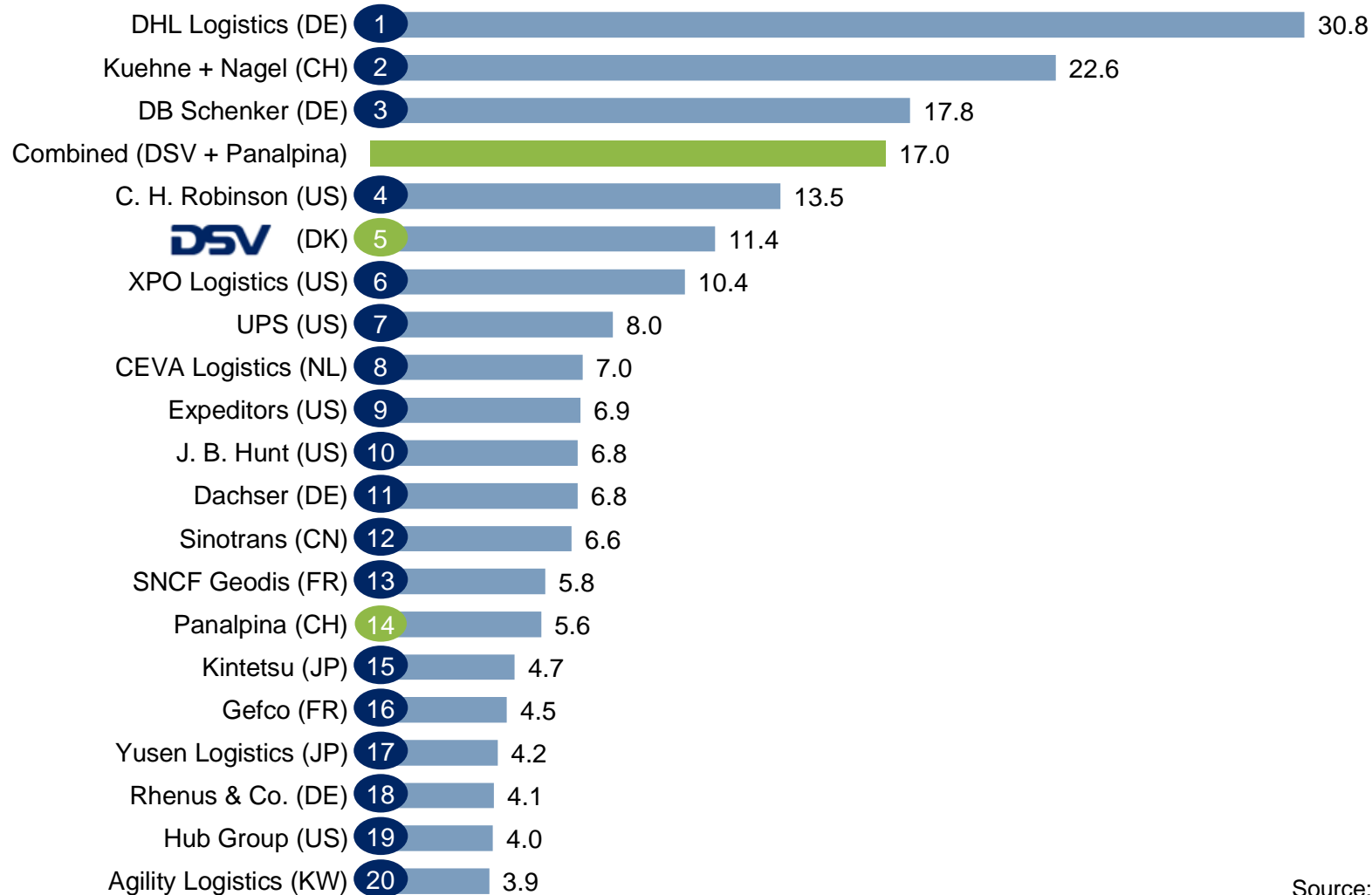
\*) date prior to publication of DSV's initial proposal)

# Panalpina at a glance (2018)

Global Player			Top 4 Global Freight Forwarding Company	Contract Logistics and Energy Solutions
 <p>~ CHF <b>6.0</b> bn. revenue</p>	 <p>Direct presence in more than <b>70 countries</b></p>	 <p>One of the world's leading providers of supply chain solutions</p>	 <p><b>1,000,000 tonnes</b> (approx. 20% of volume is perishables and approx. 5% is customer controlled)</p>	 <p>Manages ~ <b>0.5m sqm.</b> warehouse space across multiple continents</p>
 <p>Long-standing customer relationships with large multinational companies</p>	 <p><b>14,500</b> Dedicated employees</p>	 <p>Special competencies and know-how in air freight</p>	 <p><b>1,500,000 TEUs</b> (approx. 35% of volume is related to freight management services/non-NVOCC)</p>	 <p>Energy Logistic Services with 5 specialised competence centers globally</p>

# DSV and Panalpina

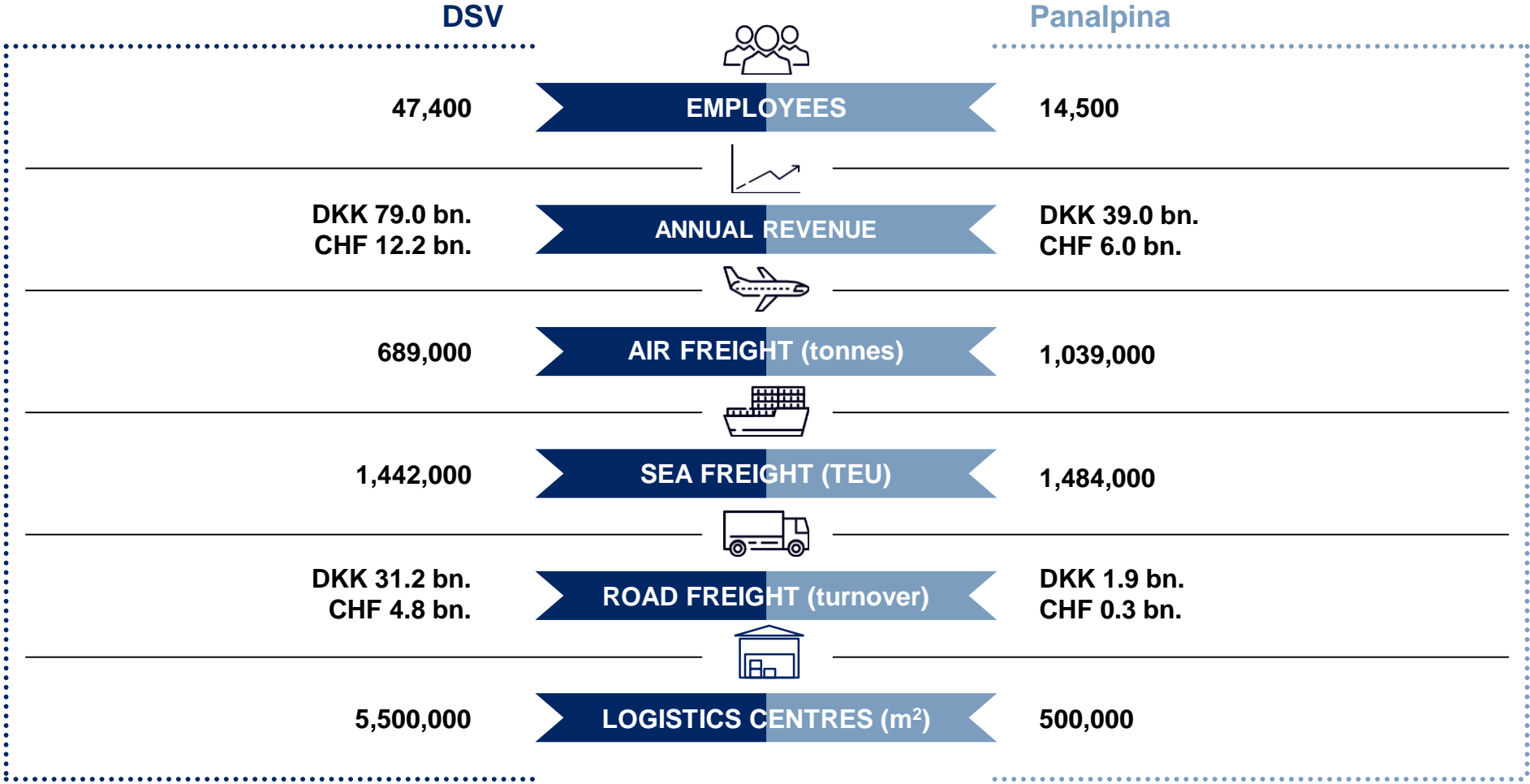
Global top 20 freight forwarders based on 2017 revenue (billion USD)



Source: Journal of Commerce, Transport Intelligence, DSV estimates

# Complete service offering across the globe

DSV and Panalpina

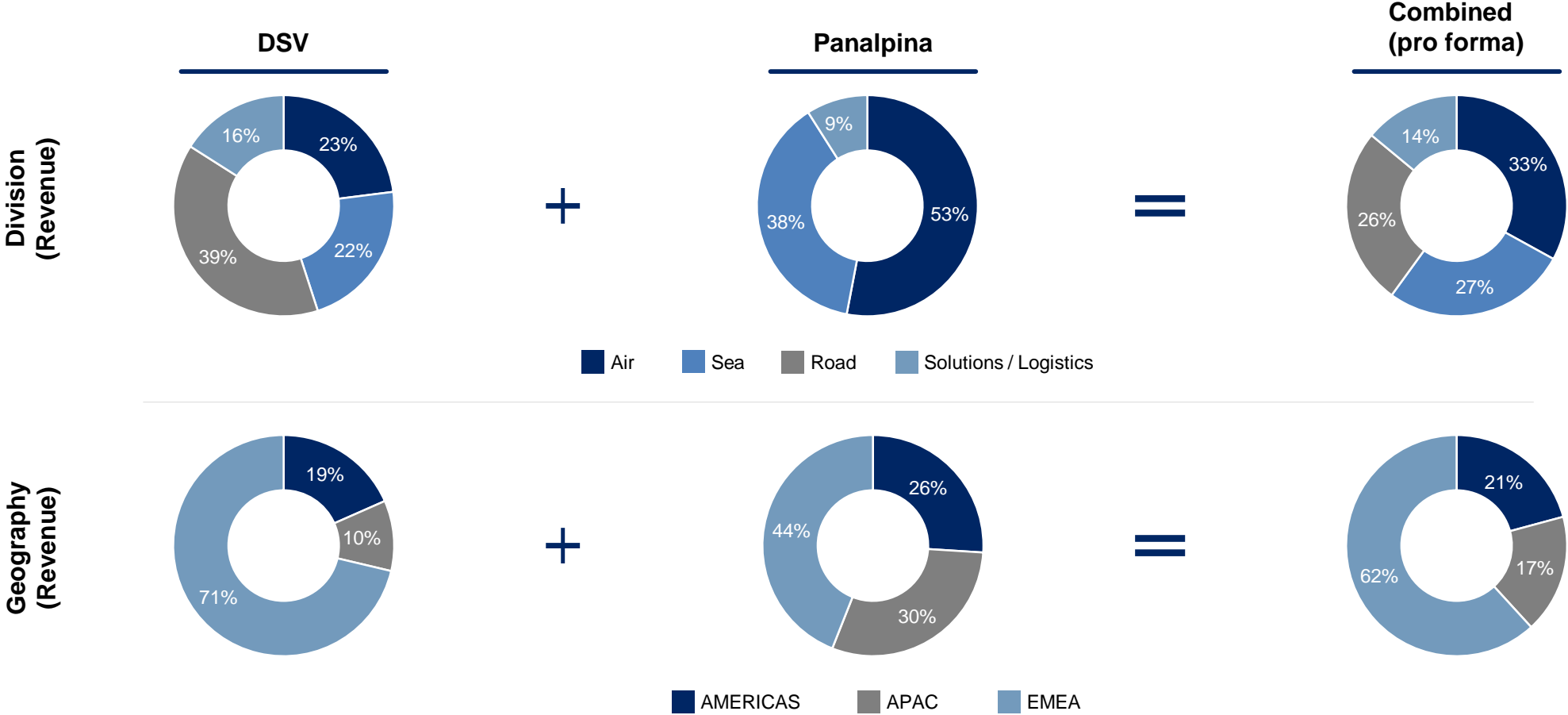


Numbers based on FY2018; CHF/DKK = 6.457 (average 2018)



# DSV and Panalpina

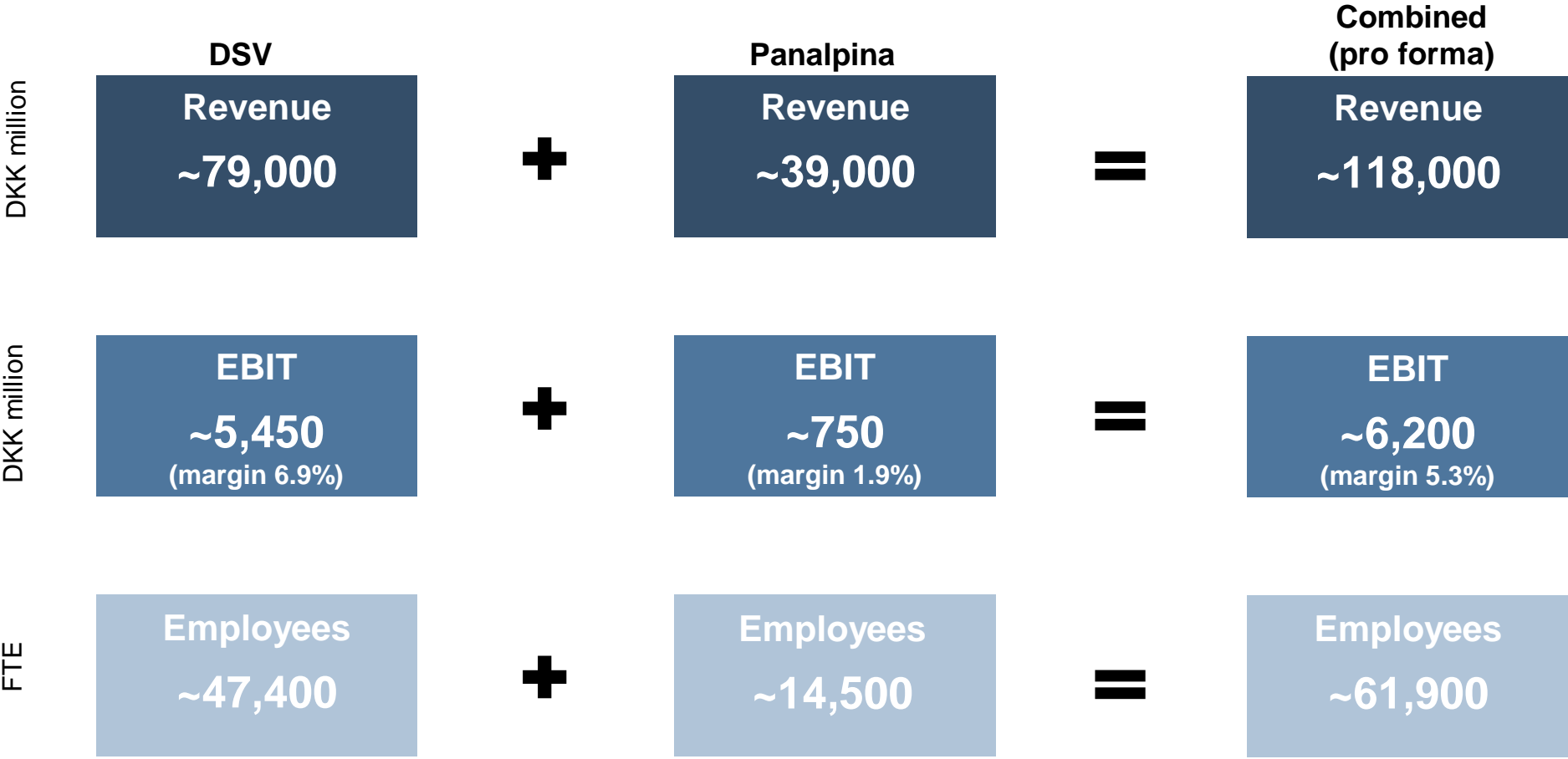
## Diversification of business mix and geography



Note: Illustrative purposes only  
 Note: CHF / DKK = 6.638; Geographic and business segments split based on fiscal year 2018 for Panalpina and DSV

# DSV and Panalpina

Adding 50% to DSV's annual revenue



**Notes:**  
 For illustrative purposes only, DSV and Panalpina FY2018, CHF/DKK = 6.457 (average 2018), EBIT for DSV and Panalpina is before special items and all numbers are pre-IFRS 16

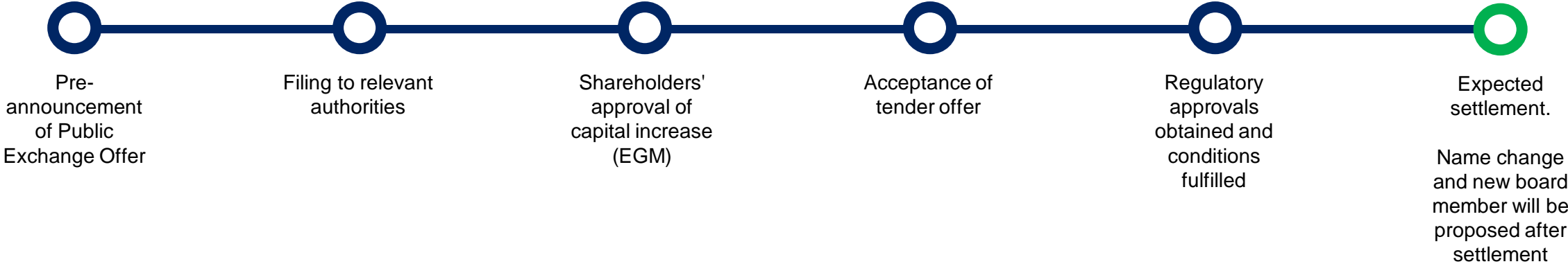


# Next steps

## Expected timeline

1 April 2019

Q4 2019



# Key takeaways

Offer recommended by board of directors of Panalpina and irrevocably supported by 69.9% of shareholders, including Ernst Göhner Foundation



Unique customer relationships and vertical expertise combined with operational excellence and efficiency 'DNA'



Commercial synergies and cross-selling opportunities from stronger network and service offerings, new competencies and skills



Consolidation of operations, administration and logistics facilities



Joint IT infrastructure and further leverage on future investments in digitalisation



Target to be EPS accretive\* in year 2 after settlement. Aspiration to lift operating margin towards DSV's existing level

\* diluted and adjusted

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please dial one of the following phone numbers:**

**Danish participants**

+ 45 35 44 55 83

**International participants**

+44 (0) 203 194 0544

**US participants**

+1 855 269 2604

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