



M&A DEAL ANALYSIS “The Creation of the World’s Largest Logistics Company”

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DSV



SCHENKER



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Deal Analysis

Acquirer: DSV A/S
Target: DB Schenker
Deal value: €14.3 billion
Sector: Logistics
Type of M&A: Strategic
Exit multiple: n.a.
Announced date: 9/13/2024
Completed date: 4/30/2025



Acquirer details

DSV A/S
Founding year: 1976
Headquarters: Hedehusene, Denmark
CEO: Jens H. Lund
Number of employees: 73,000
Market Cap: DKK 291.2 bn
EV: DKK 290.7 bn

- LTM Revenues: DKK 167.1bn
- LTM EBITDA: DKK 21.9 bn
- LTM EBITDA margin: 13.1%
- LTM EV/EBITDA: 16.77
- LTM EV/Sales: 2.20

(All data as of 4/18/2025)

Description: Global transport and logistics services provider

Target details

DB Schenker
Founding year: 1872
Headquarters: Essen, Germany
CEO: Jochen Thewes
Number of employees: 76,000
Market Cap: n.a.
EV: €14.3 billion

- LTM Revenues: n.a.
- LTM EBITDA: n.a.
- LTM EBITDA margin: n.a.
- LTM EV/EBITDA: n.a.
- LTM EV/Sales: n.a.

(All data as of 4/18/2025)

Description: Freight forwarding and contract logistics division of Deutsche Bahn

Deal Overview

In a transformative move for the logistics industry, DSV announced in July 2024 its EUR 14.3 billion (\$15.9 billion) acquisition of DB Schenker from Deutsche Bahn - marking one of the largest freight forwarding deals in recent years (DSV, 2024). As of April 2025, all regulatory approvals have been obtained, and the transaction is set to close on 30 April 2025 (Mergermarket, 2025).

DSV, headquartered in Denmark and listed in Copenhagen, has built a global reputation through smart, scale-driven acquisitions, including Panalpina (2019) and Agility's logistics division (2021). DB Schenker brings a workforce of 76,000, operations in over 130 countries, and particular strength in European land transport and contract logistics (DSV, 2024; Reuters, 2024).

The European Commission approved the deal unconditionally under the standard merger review process, with notification submitted on 4 March and clearance granted by early April (Mergermarket, 2025). U.S. clearance also followed, completing all regulatory conditions. The deal will be financed using a mix of new debt and existing liquidity - no equity issuance is planned (DSV Investor Relations, 2024).

Once completed, the integration of Schenker into DSV is expected to take 2-3 years, with all services eventually consolidated under the DSV brand (Zawya, 2024). CEO Jens Bjørn Andersen emphasized that the transaction presents "a unique opportunity to combine two strong global networks," creating greater scale, service breadth, and long-term value (DSV, 2024).

The acquisition strengthens DSV's position in the global logistics market, particularly in warehousing and land freight - segments that complement its robust air and sea freight services. Analysts expect considerable synergies, along with increased pricing power and improved customer reach.

From Deutsche Bahn's perspective, the sale allows it to focus on core rail operations in Germany. CEO Richard Lutz stated the deal was "a good decision" for both DB Schenker and its stakeholders (Deutsche Bahn, 2024).

To reflect the acquisition's timing, DSV will publish its Q1 2025 financials on 30 April, alongside early insights into Schenker's impact (Mergermarket, 2025). If integration proceeds smoothly, the deal will mark a defining shift in the global logistics landscape.

Industry Overview

The global logistics industry is currently experiencing a trend towards consolidation. Most big players in this industry have been seeking to expand their footprint and increase the volume of services they can handle. DSV's acquisition of DB Schenker is a major example of this trend since this deal has now placed DSV globally as the largest freight forwarder. Even though this merger is very large-scale for this industry, the newly formed merged entity will only control 10% of the market. This tells us a lot about the high level of fragmentation in this industry's landscape.

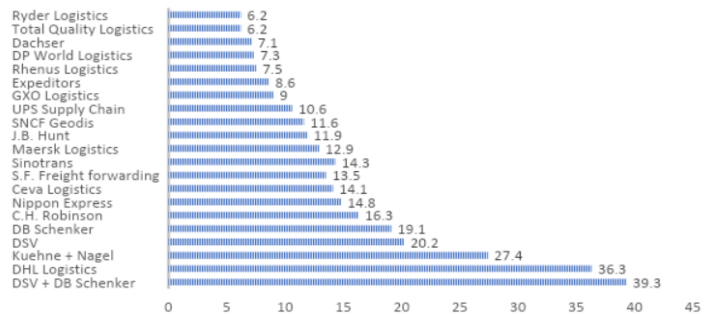
Industry Fragmentation:

The global logistics market is very fragmented, and this can be seen by how the top 20 firms only represent 30-40% of the market share. This extreme fragmentation makes it hard for the industry to maintain efficiency.

Consequences of Fragmentation:

As a consequence of this extreme fragmentation, we can see the aforementioned trend in consolidation in order to increase efficiency, to then be able to compete against larger firms such as DHL. Customers are now demanding more integrated, end-to-end supply chain services, and the only way to provide this at a profit is to significantly increase efficiency within the industry. The DSV-DB Schenker deal follows similar strategic moves by competitors like CMA CGM, which recently acquired Bollore Logistics. This acquisition alone will see the merged entity take 7% of the market share. This trend in consolidation will probably not stop here, as smaller firms are bound to also seek deals such as the DB Schenker acquisition to compete with the top industry players.

Revenue (eur Billion) of top 20 logistics companies

**New Industry Expectations:**

Geopolitical tensions and wars such as the ongoing one in Ukraine have forced firms in this industry to begin to diversify their networks to minimize risk and ensure their customers with more secure routing options and the ability to adapt whenever a global shock hits. Moreover, there is a massive movement towards new tech such as AI routing and warehouse automation, causing firms such as DSV and DB Schenker to invest heavily in new logistics tech to increase efficiency and customer satisfaction. In addition to the recent trends in technology integration, there is a strong move for sustainability and ESG within the industry. Customers and regulatory agencies are increasingly demanding greener logistics, and the trend of consolidation gives firms the size to fund new sustainable supply chains.

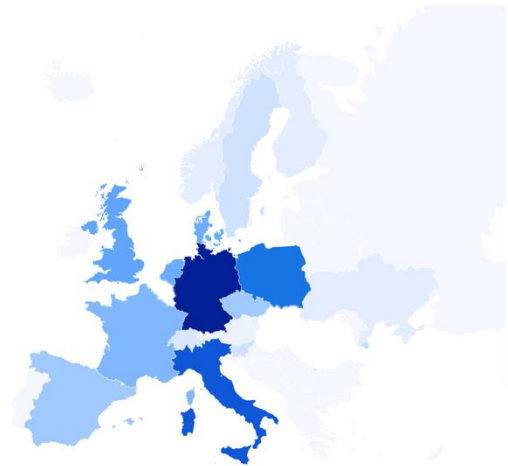
Deal rationaleRevenue synergies:

With a combined revenue of €39.3 billion, DSV will increase its share in global operations to 7%, forming the largest finished-vehicle logistics operator in Europe, with 12.8 million annual movements. In particular, Schenker's businesses will undergo a three year integration process across DSV's three key divisions: Air & Sea, Road and Solutions.

In the Air & Sea division, where more than 75% of DSV's revenue is generated, the integration will create a combined network handling together 4.3 million containers and 2.4 million tons of air freight each year, while the Road division will benefit from the strong position of Schenker in Germany, adding significant commercial and operational synergies. Moreover, Schenker's inland distribution facilities will complement DSV's roll-on/roll-off shipping capabilities, where both companies have a dominant position in the market, respectively of 22 and 15 per cent. This represents new potential for cross-selling of the different product lines, as well as bundling opportunities.

The Solution division, instead, will be provided with 8.5 million square metres in additional warehouse capacity, which after the deal execution will total 17.5 million square metres in more than 60 countries. In addition, DB Schenker will bring to the table its warehouse automation expertise and its contract logistics capabilities, contributing to DSV's commitment to Supply Management and other B2B services.

1 32



Source: DSV Global

DSV's current warehouses distribution in Europe

Cost synergies: Economy of Scale exploitation

Cost synergies are projected to an annual amount of €980 million to be achieved by 2027, with many factors contributing to reach this target.

In the Air & Sea segment, DSV-Schenker will account for 9.2% of the global market, with volumes of 2.5 million tons per year. Specifically, the new charter network will operate 47 freighters, including 12 additional Boeing 777 conversions scheduled in 2026. The larger scale will bring significantly more bargaining power in the renegotiation of bellyhold contracts with major airlines, with a major effect on Asia-Europe routes, controlled by the new entity for 14% of total transport capacity.

In terms of labor, the integration plan comprises an important cut plan in Schenker's employee base in Germany, where the synergies in back-office functions create an overlap in about 1,600-1,900 jobs in the country. However, DSV anticipated that within five years the combined workforce of both companies will surpass current headcount, thanks to €1 billion investment that will enhance long-term growth, modernize workplaces and create new job opportunities.

Cost synergies: IT integration and AI implementation

The larger scope achieved by DSV will also be strategic in leveraging an integrated, more cost-effective IT infrastructure. DB Schenker's 62 legacy IT systems will migrate to DSV's cloud-based platform following a €230 million project which will be completed within 30 months after deal completion. During this process, customs clearance platforms will be reconciled, while real-time tracking systems will be integrated.

In addition, AI-powered predictive logistics from DSV will be implemented in overall operations, optimizing routes of over 85,000 daily truck movements and improving facilities usage. As a result, the achievement projected is that of a significant 23% reduction in overlapping air and ocean freight routes.

Deal Structure

In September 2024, DSV signed an agreement to acquire 100% of Schenker AG and its global affiliates from Deutsche Bahn AG. The transaction has an enterprise value of €14.3 billion, with a total potential sales value of up to €14.8 billion when considering projected interest income till completion. This allcash transaction was funded using a balanced method that aimed to maintain DSV's excellent financial position and investment-grade credit rating.

To finance the transaction, in October 2024, an equity share offering to institutional investors raised around €5 billion, with the issuance of 26.4 million additional shares at DKK 1,410.50 each. Major investors in this transaction included BlackRock, who committed roughly USD 1.1 billion, and the Canadian Pension Plan Investment Board, which contributed approximately €600 million. In parallel, DSV raised €5.4 billion with a multi-tranche bond offer that drew an €29 billion in orders, making it one of Europe's largest corporate bond issuances of the year. The remaining €4 to €5 billion was secured by bank commitments from major financial institutions like BNP Paribas, Danske Bank, HSBC, and Nordea. This diverse financing strategy enabled DSV to keep its target net debt-to-EBITDA ratio under 3x post-acquisition.

Risks and Implications:

Short Term:

While the acquisition establishes the world's largest freight forwarder, it also entails considerable risks and consequences, both immediate and long term. In the immediate aftermath of the transaction, the key difficulty will be combining two enormous multinational organizations with operations in over 90 countries. Each company has its own IT systems, operational processes, and corporate cultures, making integration difficult despite DSV's prior merger experience. This complexity enhances the risk of operational friction and potential service disruptions, which could damage customer satisfaction, especially among small and medium-sized firms (SMEs), who may feel deprioritized throughout the change.

Workforce integration is another significant short-term difficulty. Despite job security guarantees for German employees until 2027, worldwide restructuring and redundancies are likely. Managing staff morale and retaining key Schenker personnel, notably executives with extensive industry experience, will be critical to ensuring operational continuity. Furthermore, customer retention will be a top priority, since competitors like Kuehne+Nagel and DHL are likely to seek Schenker's clients during this moment of uncertainty. According to industry estimates, 12 to 15% of overlapping customers may defect due to contractual exit provisions or service continuity concerns.

Long term

Long-term, the purchase strengthens DSV's market leadership, putting the combined business above of competitors such as Kuehne+Nagel, with pro forma 2023 revenues of €39.3 billion and around 147,000 people. While this greatly improves DSV's competitive position in all logistical areas, the worldwide market remains fragmented, with the new firm owning an estimated 6-7% share. The combination will also result in an improved network and service offering, combining DSV's efficiency with Schenker's strong regional (particularly Germany/Europe, Asia-Pacific) and vertical footprints, benefiting significant customers. This mega-merger promotes industry consolidation, potentially influencing pricing dynamics over time, though market fragmentation may mitigate this. Perhaps the most crucial long-term difficulty is combining the two cultures. Blending DSV's centralized,

performance-focused culture with Schenker's perhaps more traditional structure, while preserving service quality, especially for SMEs, within a much larger business, will be critical for long-term success.

Market Reaction

Stock Reaction

On announcement day, DSV's Copenhagen-listed shares jumped 7.8 percent to DKK 1,346.50, showing strong investor confidence in the strategic value of the transaction. After a temporary fall in mid-September, driven by rumors of rival bidders, the stock never looked back, closing 2024 solidly above its pre-announcement level. By April 2025, DSV's share price had increased around 28.6 percent since the original announcement, showing steady bullish sentiment. Credit-rating agencies, generally positive about DSV's integration track record and cash-flow strength, issued a warning. S&P Global maintained the "A-" rating but revised its outlook to Negative, citing pro-forma net debt/EBITDA rising from 1.1× to approximately 2.8× following the deal. Moody's and Fitch also reflected concerns about higher leverage, even as they acknowledged the firm's strong free-cash-flow profile.

Competitor's reaction

The competitors reacted differently to the takeover of DSV-DB Schenker, boding strategic change in the logistics industry. Kuehne+Nagel acknowledged the consolidation trend but renewed its commitment to organic, profitable growth, stressing customer and employee requirements above size, aspiring to be "better, not necessarily bigger" via service excellence, niche expertise, and digital innovation, thus placing itself to perhaps win over worried clients with a large, new merger organization. Although DHL released no official announcement, its CEO allegedly welcomed DB Schenker customers possibly unsettled by the merger as an approach to profit from competitor integration uncertainty. Smaller freight forwarders responded variably as well: some were concerned about increased competition and pricing pressure from the merged behemoth, while others saw opportunities to win customers, particularly SMEs, who sought more customized service, flexibility, or choice to an established market leader, especially during the integration phase. Industry observers predict major competitors like DHL and Kuehne+Nagel to respond tactically, perhaps in the form of niche market focus, focusing on digital competency, or going in for their own alliances or acquisitions. Overall, Kuehne+Nagel's strategy of differentiation, the various viewpoints of niche players signaling market reshaping opportunities for specialists, and market leaders' expected strategic reactions all highlight dynamic adjustment in the logistics sector as a result of this massive consolidation.

Reaction in Germany

For Deutsche Bahn, the sale of Schenker was at the center of its new "Strong Rail" drive. The deal is expected to free up some €8 billion into the treasury, which would be invested in refurbishing worn-out rail infrastructure and retiring debt. Although DB had posted a net loss of €1.8 billion in 2024, managers hope that Schenker revenues will end the slide cycle by 2027. Nevertheless, the deal did not sail through without opposition. Labor unions, led by Verdi and EVG, demanded ironclad job guarantees for Schenker's 33,000 German employees, warning that foreign ownership must not put local jobs at risk. The DB supervisory board finally sanctioned the deal by a hair's breadth 10 - 9 vote (with one abstention), revealing the deep divisions it caused among Germany's transport and political elites.

Advisory Teams

- DSV Financing: BNP Paribas, Danske Bank, HSBC and Nordea structured and underwrote the €14.3 billion debt-equity package, with Clifford Chance advising all financing documentation.
- DSV Legal Counsel: Freshfields Bruckhaus Deringer, and Copenhagen's Moalem Weitemeyer, acted on cross-border M&A, antitrust and regulatory issues.
- DB (Seller): Morgan Stanley Europe SE led the advisory role of finance - following initial rounds by Goldman Sachs and Deutsche Bank. Hengeler Mueller advised on antitrust, tax and public-law issues.

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