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DSV takeover signals end to 150 years of DB Schenker brand

A combined DSV-DB Schenker entity will be the world's largest forwarder. Photo credit: DSV.

Greg Knowler, Senior Editor Europe | Sep 19, 2024, 1:54 PM EDT

The DB Schenker brand that two years ago celebrated its 150th anniversary will be absorbed by DSV, which last week acquired the Essen, Germany-based company for €14.3 billion ($15.9 billion).

While there are still regulatory hurdles to clear — and reports of rival bidder CVC Capital Partners urging DB Schenker to reconsider its intention to sell to the Denmark-based forwarder — a spokesperson for DSV told the *Journal of Commerce* that "going forward, the combined company will continue under the DSV brand."

That's a path followed by the three major acquisitions DSV has made over the past decade — acquiring UTi in 2015 for $1.35 billion, Panalpina in 2019 for $4.6 billion and

Agility's Global Integrated Logistics (GIL) in 2021 for $4.2 billion.

Schenker & Co. was founded in 1872 by Gottfried Schenker in Vienna and has developed into a global forwarder with approximately 75,000 employees. A combined DSV-DB Schenker entity will have close to 150,000 employees around the world with a 50/50 split.

The size of the workforce featured prominently during takeover negotiations, with the final two bidders both pledging to limit redundancies. DSV included social commitments to DB Schenker jobs in the acquisition agreement as well as a pledge to invest €1 billion in Germany over the next three to five years, "which will contribute to ensuring long-term growth and job creation."

DSV noted in its acquisition statement last week that Germany "will be a key market for DSV with a substantial impact on the future organization." The forwarder said "various central functions" of DB Schenker would remain in Germany, including the Schenker head office in Essen.

Michael Clover, head of commercial development at consultancy Transport Intelligence (Ti), said DSV's commitment to Germany in the final bidding stages appears to have been made to get the deal over the line with the federal government, while the jobs guarantee was aimed at placating German unions.

"The German logistics industry is obviously enormous, but with German manufacturing down at the moment logistics growth is struggling in the country," Clover told the *Journal of Commerce*.

"Ti forecasts show that German freight forwarding will grow at a compound annual growth rate [CAGR] of 3.2% from 2023 to 2028, contract logistics at a CAGR of 1% and road freight at a 1.5%," he added. "So, you could argue that the commitment to Germany for the next two years was all about securing the deal rather than about the growth opportunities in Germany."

Germany's United Services Union, known as ver.di, had a wait-and-see attitude when contacted by the *Journal of Commerce* after the deal was signed last week. "For us, it is essential that as many jobs as possible are retained at the end of the sales process," a union spokesperson said.

World's largest forwarder

In global revenue terms, a combined DSV-DB Schenker will be the world's largest forwarder with revenue of $39.3 billion based on 2023 results, according to DSV.

Figures by market research firm Armstrong & Associates put DHL Global Forwarding in second place globally at $33.8 billion and Kuehne + Nagel third with $31.6 billion.

In terms of global ocean volume, Kuehne + Nagel remains at the top with 4.34 million TEUs against DSV-DB Schenker's 4.30 million TEUs, with DHL Global Forwarding third at 3 million TEUs.

DSV-DB Schenker is clearly ahead in air freight volume, handling a combined 2.45 million tons in 2023 against Kuehne + Nagel's 1.9 million tons and DHL Global Forwarding's 1.67 million tons.

While the three Europe-based companies dominate the global forwarding market, it is a different picture on the trans-Pacific. Through the first eight months of this year, Kuehne + Nagel held the largest ocean market share of the three European forwarders, at 3.01% and 180,049 TEUs, but that was only good enough for fourth place, according to data from PIERS, a sister company of the *Journal of Commerce* within S&P Global. California-based Kerry Apex led with a 5.21% share of the trans-Pacific market and volume of 312,195 TEUs.

After the first eight months of 2024, DSV was at 21st place on the trans-Pacific with 53,193 TEUs and 0.89% of the market. The latest available data for DB Schenker is for January to August 2023, when it handled just 6,167 TEUs.

"The combined entity will be a large player on the trans-Pacific, and this will be a benefit of the deal to help get DSV more exposure to this key trade lane, but not the driving rationale," Clover noted.

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