

Approvals from Europe, US among last hurdles in DSV's takeover of DB Schenker



DSV reported above-market growth in both air and ocean volume in 2024. Photo credit: Trygve Finkelsen / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Feb 4, 2025, 11:33 AM EST

Regulatory approval from the US and European Commission (EC) stands in the way of DSV's \$16 billion acquisition of DB Schenker, but DSV CFO Michael Ebbe is confident the takeover will be finalized by the end of the second quarter.

So far, approvals from 33 regulatory bodies have been received, with the US and EC two of the three jurisdictions that are still outstanding. All 36 must give the green light before the lengthy integration process of DSV's largest acquisition to date can begin.

"I don't think that they get rewarded to do things fast, but we are in a very good dialogue with [the US and European Commission] and have frequent virtual and physical meetings to answer any questions," Ebbe told analysts during an earnings call

Tuesday following the release of the forwarder's 2024 annual results. "They have many questions, but we answer them."

Solid growth in volumes and air and ocean revenue through the fourth quarter allowed Denmark-based DSV to end the year with group revenue rising almost 12% year over year to \$23 billion. However, the ongoing normalizing of markets and cost pressures saw gross profit decline 1.2% to \$5.9 billion and earnings before interest and taxes (EBIT) drop 8.4% to \$2.2 billion. Net profit for the year was down 18% compared with the previous year at \$1.4 billion.

DSV said it captured market share in both the air and ocean trades — the growth is estimated at 3% to 4% for 2024 — as its air freight tonnage increased 7% to 1.4 million tons and ocean freight also grew 7% to 2.68 million TEUs.

The forwarder expects its 2025 volume growth to be near 3%, in line with the global GDP forecast, despite the current macroeconomic and geopolitical uncertainties. Although DSV has targeted above-market growth in profit and volume, the global uncertainty was reflected in its financial expectations for 2025, with \$300 million separating the upper and lower ends of its EBIT forecast of between \$2.1 billion and \$2.4 billion.

Two-year integration process

DB Schenker is the largest acquisition made by DSV, which also acquired 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.

DSV CEO Jens Lund said the size of the Schenker acquisition meant it could take up to two years before the two companies were fully integrated into the world's largest forwarder.

"Given the fact that Schenker is somewhat larger than the last acquisition of GIL, it will probably take more than 12 months this time because there's more countries and more customers and more activity, but I don't think it will take more than two years," Lund said on the earnings call.

The global forwarding market is so fragmented that the combined DSV-DB Schenker operation will still only have a market share of 6% to 7%. The top 20 forwarders have an estimated global market share of 30% to 40% combined, with the rest of the market consisting of multiple regional and local players.

While DSV prepares for the DB Schenker integration, a more immediate concern for Lund is the restructuring of ocean networks that are disrupting major trade lanes, as

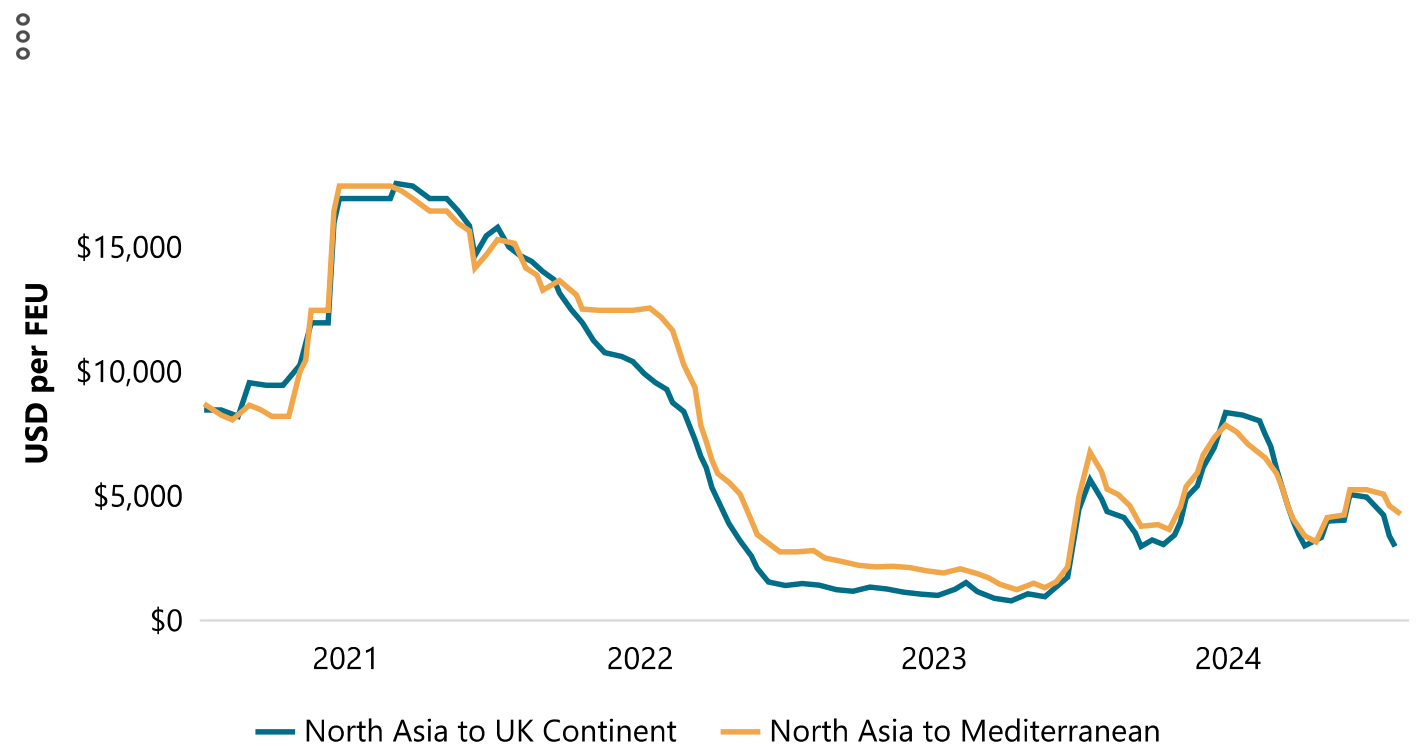
well as threatened US tariffs and ongoing Red Sea diversions that are creating an increasingly uncertain outlook.

The Gemini Cooperation, Premier Alliance and Mediterranean Shipping Co. with its standalone operation all launched their new networks on Feb. 1 and are jostling for business, Lund told analysts.

“It’s a very competitive situation at this moment where everybody wants to make sure that in the new situation, they get the volume allocations they need,” he said. “They are competing to fill up their vessels ... that’s been driving the [lower] rate levels.”

Asia-Europe rate slide continues into February

North Asia to Europe and Mediterranean container short-term rates in USD per FEU



Source: Platts, S&P Global

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Average spot rates from North Asia to the US West Coast were at \$3,700 per FEU on Monday, down from \$5,250/FEU at the beginning of January, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. Current Asia-US East Coast rates of \$5,500/FEU were \$2,200 lower than the beginning of the year.

It was a similar picture on Asia-North Europe, where the rate of \$3,000/FEU this week was down from \$5,000 in the first week of January, while the current Asia-Mediterranean rate of \$4,300/FEU has slipped \$1,000.

“It’s hard to predict where [the rate slide] ends,” Lund said. “Customers are contracting a little bit shorter because they don’t want to get caught out on a long-term arrangement.”

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