INDUSTRIALS

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MARKET NEWS

DSV ACQUIRES DB SCHENKER FOR €14.3 BILLION

WHAT IS HAPPENING?

DSV has acquired 100% of Schenker AG from Deutsche Bahn, Germany's state-owned rail operator. The transaction closed on 30th April 2025, following approval from the European Commission earlier that month. Both DSV and Schenker had globally ranked third and fourth in logistics, and together, they became the first by revenue.

The deal was structured as a 100% cash acquisition and marks the largest deal in DSV's history. The combined group is expected to generate approximately €43 billion in annual revenue and operate across more than 130 countries, employing 147,000 people.

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FOR DSV

The acquisition enhances DSV’s strategic position in European road freight and contract logistics, supporting a more balanced modal mix and complementing DSV’s core strength in air and sea freight.

Management has identified approximately €1.2 billion in annual synergies by 2028 through operational consolidation and procurement efficiencies. The acquisition also aligns with DSV’s long-term approach of acquiring underperforming assets and improving margins through disciplined integration.

DSV beat rival bidder CVC Capital Partners not just on price, but on positioning. While CVC proposed a government-backed structure with a partial reinvestment by the German state, DSV was perceived as a long-term industrial owner, a key differentiator in winning stakeholder support.

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FOR DEUTSCHE BAHN

For Deutsche Bahn, the sale of DB Schenker is both a financial and strategic decision, since it allows it to refocus on rail and also reduce its €33 billion+ debt burden. Initially, it expects profit to fall by around 70%, but after the sale, interest payments on debt will fall, improving DB's cash position. Effectively, DB is trading short term profitability for long term capital flexibility.

While Schenker accounted for a significant share of DB's profit, it was increasingly seen as non-core. The net proceeds of approximately €11 to €12 billion will be directed toward debt reduction and funding the €45 billion upgrade programme for Germany's domestic rail network.

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FINANCIAL STRUCTURE

The acquisition was funded through a mix of equity and debt. DSV raised approximately €5.5 billion in new equity in late 2024 to support the transaction with shares issued at 12.3% of DSV's market cap, with the remaining funds secured through a bank syndicate and bond markets, including BNP Paribas, Danke, HSBC, JPMorgan, and Nordea.
This structure enabled DSV to preserve its A3 credit rating from Moody's, maintaining financial flexibility for future M&A. The deal was priced at 7.5x 2024 forecast EBITDA and 0.77 times trailing revenue, below peer average multiples. Management expects the deal to contribute positively to earnings within two years, driven by cost and network synergies.

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INTEGRATION CHALLENGES

This is DSV's largest integration to date, involving the absorption of around 70,000 Schenker employees, a huge challenge. Between 1600 and 1900 redundancies are planned in Germany, prompting significant political and union scrutiny.

Deutsche Bahn's supervisory board narrowly approved the sale: 10 in favour, 9 against, and 1 abstention, with the main opponents being unions such as the railway union EVG. In response, DSV committed to investment and employment guarantees, pledging €10 million in transitional compensation and committing €1 billion in investment within Germany over 3-5 years.

While DSV has a strong track record of integration following acquisitions such as Panalpina and Agility GIL, this deal introduces new complexities around employment law, brand transition, and reputational optics

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SECTOR CONTEXT

The global logistics sector remains fragmented. The top 5 players are DSV (including DB Schenker) (~6.5% market share), DHL Global Forwarding and Supply Chain (~6.2%), Kuehne + Nagel (~6.0%), UPS Supply Chain Solutions (~2.4%), and Expeditors International (~1.4%), which hold only around 22-24% of the global market.

Sellers such as Deutsche Bahn are increasingly divesting non-core assets to refocus on infrastructure and national priorities. The relatively low acquisition multiple suggests that buyers with operational credibility can still acquire quality assets without overpaying.

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FROM THE EXPERT

Ali Bhojani, an HSBC analyst, shares his take:
"Supporting one side of this highly competitive dual-track process offered a front-row view into how pricing dynamics are evolving in the logistics sector. A key challenge was finding the right balance on normalised EBITDA margins. COVID had temporarily inflated profitability, and both buyers and sellers had to recalibrate expectations around sustainable earnings.
Ultimately, this deal wasn't just about valuation, but about strategic fit, stakeholder trust, and long-term industrial logic. Initial valuation talk towards the end of 2023 was in the €18–20 billion range, but the final transaction closed closer to €13 billion. That reset reflected more grounded assumptions about earnings quality and the sustainability of post-COVID EBITDA margins."

CONCLUSION

This acquisition highlights the intersection of industrial logic and financial discipline.

For DSV, the deal supports long-term growth while maintaining balance sheet strength and operational focus. If integration is successful, it could transform Schenker into a margin-accretive contributor to group earnings.

For Deutsche Bahn, the decision reflects a pivot toward national infrastructure renewal, albeit at the cost of short-term profitability.

More broadly, the deal illustrates how M&A can unlock value through separation and focus, not just expansion, a lesson increasingly relevant across industries.