

MELES Insurance A/S

CVR-no. 28 29 19 57

Hvidovre

Annual report 2017

Approved at the Annual General Assembly _____

Presiding _____

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Company details

Company

MELES Insurance A/S

Central Business Registration No.: 28 29 19 57

Registered in: Hvidovre

Telephone: 36 77 79 00

Address: Helseholmen 11, DK-2650 Hvidovre.

Board of directors

Burkhard Eling (Chairman)

Niels Anker Michaelsen

Christine Petronilla Constanze Gerald

Executive Management

Uwe Lukas (CEO)

Per Lund

Auditors

Deloitte, Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 København S

Management Statement on the Annual Report

The Executive Management and Board of Directors have today considered and adopted the Annual Report of MELES Insurance A/S for 2017.

The Annual Report of MELES Insurance A/S has been prepared in accordance with the Danish Financial Business Act. In our opinion, the accounting policies applied are appropriate and accordingly, the Annual Report gives a true and fair view of the financial position at 31st December 2017 as well as of the results of the Company operations for the financial year 2017. Further, it is our opinion that the Management Report includes a fair description of the development in the Company activities and the economic circumstances as well as a description of the significant risks and uncertainties, which may affect the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hvidovre, 16th March 2018.

Executive Management

Uwe Lukas

Per Lund

Board of directors

Burkhard Eling
(Chairman)

Niels Anker Michaelsen

Christine Petronilla Constanze Gerald

Independent auditor's report

To the shareholders of MELES Insurance A/S

Opinion

We have audited the financial statements of MELES Insurance A/S for the financial year 01.01.2017 to 31.12.2017, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2017 and of its financial performance for the financial year 01.01.2017 to 31.12.2017 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the Company in accordance with the IESBA Code of Ethics for Professional Accountants and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of MELES Insurance A/S for the first time on 24.4.2012 for the financial year 2012. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 6 years up to and including the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 01.01.2017 to 31.12.2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Claims provisions</i>	<i>How the matter was addressed in our audit</i>
<p>Management's estimates of the total provision for insurance and investment contracts are based on actuarial methods and involve complex statistical methods as well as estimates of future events. Changes in methods and assumptions may result in a material impact on the size of the total provision for insurance and investment contracts. Consequently, the audit of the total provision for insurance and investment contracts is considered a key audit matter.</p> <p>The total provision for insurance and investment contracts amounts to EUR 5,465,941 at 31 December 2017 (2016: EUR 4,710 million).</p> <p>The principles established for estimation of the total provision for insurance and investment contracts have been specified in 'Accounting policies'.</p> <p>The total provision estimates for insurance and investment contracts depend on accurate and complete insurance data of current and historical claims, including the development in claims and payment patterns, as these data are used to establish the expectations for future claims for the purpose of the statistical models.</p> <p>The most important assessments and assumptions of future events relate to:</p> <ul style="list-style-type: none"> • Estimated future claims payments, which are based on the completeness and the accuracy of historical claims and payment patterns, among other things. • Determination of the margin included in Management's estimate of the claims provisions to address the uncertainty as to the actuarial estimates. 	<p>Based on our risk assessment, we have audited the total provision for insurance and investment contracts estimated by Management.</p> <p>Our audit has included the following:</p> <ul style="list-style-type: none"> • Assessment and test of controls related to the processes of claims handling and the recognition and measurement of provisions for known claims. • We have tested the accuracy and the completeness of the data that are included in the actuarial estimates of the claims provisions. • Based on our knowledge of the industry, experience and historical observations, we have assessed the statistical models applied to estimate the claims provisions and we have tested significant estimates and assumptions focusing on consistency and possible changes. • Based on the actuarial estimates of the total provision for insurance and investment contracts and analyses, we have assessed the development in the total provision for insurance and investment contracts, including run-off gains/losses and the development in the size of the margin included in Management's estimate of the total provision for insurance and investment contracts.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Solvency ratio

Management is responsible for the solvency ratio evident from note 16 to the financial statements.

As disclosed in note 16 to the financial statements, the solvency ratio is exempt from the requirement to be audited. Consequently, our opinion on the financial statements does not cover the solvency ratio, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to consider whether the solvency ratio is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on this, we conclude that the solvency ratio is materially misstated, we are required to report on this. We have nothing to report in this respect.

Copenhagen, 16th March 2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Kronow
State-Authorised Public Accountant
MNE no 19708

Management Report

Main activities

MELES Insurance A/S have a license for direct insurance and reinsurance for the insurance classes 7 (transport insurance) and 13 (liability insurance).

Claims development

The claims payments and provisions have increased to € 7.077 M in 2017 from € 5.550 M in 2016. The number of claims incurred and reported to MELES Insurance A/S in 2017 were 7,692. This is an increase in claims in comparison with 2016 of 349 claims which correspond to the increased activities of the company.

Development in activities and finances

The result after tax of € 1.176 M is considered as being satisfactory, when taking into consideration the increase of claims payments and provisions as stated in the above section “Claims development”. The positive result is affected by reversed claims bonus. As end of 2016 MELES Insurance A/S expected to have a profit in 2017 in a range of € 1.000 M. to 1.500 M.

The liquidity of the company has been satisfactory for the year.

The minimum capital requirement as of 31st December 2017, according to the rules from the Danish Financial Supervisory Authority, amounted to € 3.700 M, which is covered by a capital of € 12.803 M. Consequently, the requirement from the Danish Financial Supervisory Authority for the minimum capital requirement is complied with 3.46 times.

The solvency capital requirement (SCR) as of 31st December 2017, has been calculated to be € 4.746 M (2016: € 4.128 M) according to the solvency II standard model. The solvency capital requirement is complied with 2.70 (2016: 3.03) times.

When calculating the solvency capital requirement, capital is held for covering underwriting risks of € 4.139 M, counterparty risks of € 0.602 M and market- and operational risks of € 0.275 M.

For 2018, a positive result after tax is expected within the range of € 0.8 M to €1.3 M.

Dividend

For the accounting year 2017, the Board of Directors of MELES Insurance A/S have decided to provide the company shareholder DACHSER SE with a final dividend payment of € 1.2 M.

Risk information

MELES Insurance A/S purchase reinsurance on the international reinsurance market. Large claims will therefore only have limited effect on the company's finances. The company's reinsurance contract consists of one contract covering transport and liability. The capacity of the contract is €16M with one reinstatement where self-insured retention is €0.25M. The Board of Directors approves the reinsurance structure each year.

MELES is acting as broker for the DACHSER Group, the income for 2017 is € 0.563 M.

It is company policy to invest in assets with a low risk profile. The company's investment assets have, in 2017, mainly been invested in bonds with limited duration period and bank deposits. The company is matching its risk with the duration of the investments and the investments risk approach. Both the liability and the transport cover are short tailed insurance classes. The Board of Directors have implemented policies in order to manage the Company's investments. No special uncertainties relating to recognition and measurement have occurred.

The activities in the branch office in Germany in 2017 were claims handling and placement of insurances for companies in the DACHSER Group.

Unusual Circumstances

There were no unusual circumstances for the company during 2017.

Events after the balance sheet date

No events occurred after the balance sheet date which would influence the evaluation of this report.

Audit committee

The functions of the Audit Committee are performed by the Board of Directors.

Participation in Boards and Management

The members of the Board of Directors and Management participate as board members and management in the following companies.

Burkhard Eling:

As board member in:

Papp Italia S.R.L.

DACHSER Netherlands B.V.

DACHSER Czech Republic a.s.

DACHSER Denmark A/S

Liegel & DACHSER Szállítmányozási és Logisztikai Kft.

DACHSER France S.A.S.

As managing director in:

DACHSER Americas Air & Sea Logistics Corp.

DACHSER Spain S.A.

DACHSER Logistics Consulting AG

DACHSER SE

DACHSER Verwaltungs-SE

DACHSER Group SE & Co. KG (Vertreten durch den persönlich haftenden Gesellschafter: Dachser Verwaltungs-SE)

DACHSER Far East Limited

DACHSER Gesellschaft m.B.H.

DACHSER Iberia Holding S.L.

DACHSER Iberia Real Estate S.L.

DACHSER Speditions- und Transport GmbH

DACHSER Logistikzentrum Karlsruhe GmbH & Co. KG (Vertreten durch den persönlich haftenden Gesellschafter: DACHSER Speditions- und Transport GmbH)

Niels Anker Michaelsen:

As board member in:

Trolle Advokatfirma, Advokatpartnerselskab

Komplementarselskabet Vesterballevej 25 ApS

Jysk Skilager ApS

Christine Gerald:

As board member in:

DACHSER Czech Republic a.s.

DACHSER Logistics Consulting AG

PT DACHSER Indonesia

DACHSER Netherlands B.V.

As managing director in:

DACHSER Grundstücksvermietung Objekt Mannheim GmbH

Enprovis GmbH

F.J. Meyer GmbH

Per Lund:

As board member in:

DACHSER Sweden AB

DACHSER Norway AS

As director in:

DACHSER Denmark A/S

Income statement for 1st January 2017 – 31st December 2017

	Note	2017 €	2016 €('000)
Gross premiums	1	9,229,191	8,864
Insurance premiums ceded		<u>(494,900)</u>	<u>(505)</u>
Total premium income net of reinsurance		<u>8,734,291</u>	<u>8,359</u>
Technical interest	2	<u>(13,875)</u>	<u>(28)</u>
Claims paid		(6,386,894)	(6,149)
Change in claims provisions		(697,324)	553
Change in risk margin		<u>(42,222)</u>	<u>45</u>
Total costs of claims net of reinsurance	3	<u>(7,126,440)</u>	<u>(5,551)</u>
Bonus and rebates		<u>647,166</u>	<u>(381)</u>
Administration expenses	4	<u>(1,869,737)</u>	<u>(1,730)</u>
Total operating expenses		<u>(1,869,737)</u>	<u>(1,730)</u>
Technical profit or loss		<u>371,405</u>	<u>669</u>
Interest income and dividends etc.		210,501	177
Value adjustments		(233,961)	(211)
Interest expenses		<u>(396)</u>	<u>(1)</u>
Total investment income	5	<u>(23,856)</u>	<u>(35)</u>
Interest on technical provisions		<u>13,875</u>	<u>28</u>
Investment result after technical interest		<u>(9,981)</u>	<u>(7)</u>
Other income	6	<u>1,162,323</u>	<u>1,026</u>
Profit or loss before tax		<u>1,523,747</u>	<u>1,688</u>
Tax	7	<u>(347,289)</u>	<u>(379)</u>
Profit or loss for the year		<u><u>1,176,458</u></u>	<u><u>1,309</u></u>

	<u>Note</u>	<u>2017</u> €	<u>2016</u> €('000)
Statement of comprehensive income			
Profit or loss for the year		1,176,458	1,309
Other comprehensive income		<u>0</u>	<u>0</u>
Total comprehensive profit of loss for the year		<u>1,176,458</u>	<u>1,309</u>
Proposed profit appropriation			
Dividends		<u>1,200,000</u>	<u>900</u>
Transferred profit or loss		<u>(23,542)</u>	<u>409</u>

Balance sheet per 31st December 2017

ASSETS	<u>Note</u>	<u>2017</u> €	<u>2016</u> €('000)
Loan to group undertakings		9,000,000	9,000
Investments in group undertakings		9,000,000	9,000
Bonds	8	6,016,540	6,235
Money Market Funds		630,303	632
Total other financial investment assets		6,646,843	6,867
Amounts receivable from policy holders		897,438	1,007
Other amounts receivable		477,746	592
Total amounts receivable		1,375,184	1,599
Cash at bank		3,156,275	2,830
Total other assets		3,156,275	2,830
Interest receivable		185,315	187
Total accruals and deferred income		185,315	187
TOTAL ASSETS		20,363,617	20,483

Balance sheet per 31st December 2017

EQUITY AND LIABILITIES	Note	2017 €	2017 €('000)
Share capital	9	3,140,000	3,140
Proposed dividend		1,200,000	900
Profit or loss brought forward		<u>8,463,578</u>	<u>8,487</u>
Total Equity		<u>12,803,578</u>	<u>12,527</u>
Claims provisions		5,140,423	4,427
Risk margin on insurance contracts		<u>325,518</u>	<u>283</u>
Total provision for insurance and investment contracts		<u>5,465,941</u>	<u>4,710</u>
Amounts payable in connection with direct business		1,334,706	1,421
Current tax liabilities		315,076	306
Other amounts payable	10	<u>286,532</u>	<u>1,415</u>
Total amounts payable		<u>1,936,314</u>	<u>3,142</u>
Total accruals		<u>157,784</u>	<u>104</u>
TOTAL EQUITY AND LIABILITIES		<u><u>20,363,617</u></u>	<u><u>20,483</u></u>

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Equity statement per 31st December 2017

	Share Capital	Retained earnings	Proposed Dividend	Total
	€('000)	€('000)	€('000)	€('000)
Equity 1 st January 2017	3,140	8,487	900	12,527
Paid dividend	0	0	(900)	(900)
Result of the year	0	(24)	1,200	1,176
Other comprehensive income	0	0	0	0
Total income for the year	0	(24)	1,200	1,176
Equity 31st December 2017	3,140	8,463	1,200	12,803
Equity 1 st January 2016	3,140	8,078	2,000	13,218
Paid dividend	0	0	(2,000)	(2,000)
Result of the year	0	409	900	1,309
Other comprehensive income	0	0	0	0
Total income for the year	0	409	900	1,309
Equity 31st December 2016	3,140	8,487	900	12,527

Notes

Sensitivity information

<u>Event</u>	<u>Effect on equity</u>
Interest increase at 0,7 percent point	€ (15,555)
Interest decline at 0,7 percent point	€ 15,555
Decline in shares at 12 percent	€ 0
Decline in real estate prices at 8 percent	€ 0
Exchange rate risk (Var 99,5)	€ 0
Counter party losses at 8 percent	€ 0

	<u>2017</u>	<u>2016</u>
	€	€('000)
1. Gross premiums		
Denmark	27,897	25
Other EU-countries	9,182,010	8,821
Other countries	19,291	18
	<u>9,229,198</u>	<u>8,864</u>

	2017 €	
	Transport	Liability
Gross Premiums	5,587,240	3,641,951
Gross premium income	5,587,240	3,641,951
Gross claim costs	(4,010,920)	(3,115,520)
Gross operating expenses	(1,131,917)	(737,820)
Profit or loss of ceded business	(296,940)	(197,960)
Technical interest	(8,400)	(5,475)
Bonus and rebates	723,261	(76,095)
Technical result	862,324	(490,919)

	2016 €('000)	
	Transport	Liability
Gross Premiums	5,234	3,630
Gross premium income	5,234	3,630
Gross claim costs	(3,712)	(1,839)
Gross operating expenses	(1,022)	(709)
Profit or loss of ceded business	(275)	(230)
Technical interest	(16)	(11)
Bonus and rebates	(225)	(156)
Technical result	(16)	685

	<u>2017</u> €	<u>2016</u> €('000)
2. Technical interest at own account		
Insurance technical interest is calculated as -0.35% (-0,31% for 2016) of the average of gross claims provisions and premium provisions for 2017.		
Insurance technical interest -0.35%	(13,875)	(28)
Technical interest	(13,875)	(28)
3. Total costs of Claims		
Claims paid	(6,386,894)	(6,149)
Change in claims provisions – technical	(697,324)	553
Change in risk margin	(42,222)	45
	(7,126,440)	(5,551)
Run off result – gross	1,258,768	1,111
Run off result at own account	1,258,768	1,111
Number of incurred claims	7,692	7,343
Average claims payment on incurred claims	600	567
Paid claims frequency	100	100
4. Administrative expenses		
There are no employees who have a significant influence on the risk profile of the company.		
Salaries and remuneration for the Management, Uwe Lukas		
Fixed salary	(160,000)	(142)
Pension	(4,480)	(4)
Total salary	(164,480)	(146)
There are no salaries paid to Per Lund in his capacity as managing director.		
The Management is not comprised by any form of incentive programme.		
Staff costs:		
Salaries	(931,708)	(890)
Pension contribution	(6,206)	(8)
Social security expenses etc.	(160,235)	(152)
Total staff costs	(1,098,149)	(1,050)
Other administration expenses	(771,588)	(681)
Administration expenses	(1,098,149)	(1,050)
Total administration expenses	(1,869,737)	(1,731)

	<u>2017</u>	<u>2016</u>
Average number of employees	14	13
13 out of 14 employees are employed at the branch office in Germany.		
Audit fee		
In the administration costs is included the fee for the General Assembly elected auditors		
	<u>2017</u>	<u>2016</u>
	€	€('000)
Deloitte fee is divided into:		
Mandatory audit	24,375	23
Other declaration tasks	3,625	3
	<u>28,000</u>	<u>26</u>
5. Investment result		
Earned interests	210,450	177
Interest expense	(396)	(1)
Realized losses on investment assets	(13,811)	(6)
Foreign exchange value adjustment	(220,150)	(205)
	<u>(23,907)</u>	<u>(35)</u>
6. Other income		
Received commission from placing of insurances for the DACHSER Group	1,162,323	1,026
	<u>1,162,323</u>	<u>1,026</u>
7. Tax on profit for the year		
Current tax	(347,289)	(379)
	<u>(347,289)</u>	<u>(379)</u>
Corporation tax, 22 %	(337,534)	(364)
Other tax adjustments	(9,755)	(15)
	<u>(347,289)</u>	<u>(379)</u>
Effective tax rate	22,8 %	22,4 %
8. Bonds		
Bonds – actual value	6,016,450	6,235
	<u>6,016,450</u>	<u>6,235</u>

9. Share capital

The share capital consists of 3,140 shares at €1,000. The shares have not been divided into classes.

	<u>2017</u>	<u>2016</u>
	€	€('000)
10. Other payables		
Other payables	120,013	116
Trade liabilities	130,429	393
Other provisions	36,090	906
	<u>286,532</u>	<u>1,415</u>

11. Commitments and guarantees

According to the legislation about registration of assets in insurance companies, a value of € 6,162,506 (DKK 45,879,241) have been registered to cover insurance liabilities.

12. Contracts of guarantee and contingent liabilities

The company does not have any contracts of guarantee and contingent liabilities.

13. Related parties

Related parties with a controlling interest in MELES Insurance A/S:

- DACHSER SE, Thomas-Dachser-Str. 2, D-87439 Kempten

Other related parties whom MELES Insurance A/S has had transactions with in 2017:

- DACHSER Group SE & Co. KG
- Companies within the DACHSER Group

Administrative and management assistance fees have been charged on an arm's length basis in 2017, and this also applies to assistance in connection with placement of insurances for companies within the DACHSER Group.

14. Ownership

The following shareholders are registered as holding more than 5% of the voting share capital or more than 5% of the nominal value of the share capital:

- DACHSER SE

15. Group structure

MELES Insurance A/S is a subsidiary owned by DACHSER SE, which is in turn owned by DACHSER Group SE & Co. KG (100%).

16. 5 years summary

€('000)	2017	2016	2015	2014	2013
Gross Premium income	9,229	8,864	8,639	7,969	6,350
Gross claims	(7,126)	(5,551)	(5,103)	(5,581)	(4,011)
Total operating costs	(1,870)	(1,730)	(1,589)	(1,442)	(1,344)
Total insurance operating costs	(788)	(704)	(269)	(214)	(164)
Profit or loss of ceded business	(495)	(505)	(485)	(435)	(475)
Technical insurance profit or loss	371	668	1,147	250	323
Investment return after technical interest	(10)	(7)	52	174	134
Profit or loss for the year	1,176	1,309	1,716	1,115	1,132
Run-off profit or loss	1,259	1,111	605	68	481
Total Insurance technical provisions	5,466	4,710	5,307	4,340	2,710
Total insurance assets	897	1,007	886	716	447
Total equity	12,803	12,527	13,218	13,227	13,244
Total assets	20,363	20,483	20,554	19,911	19,052

	2017	2016	2015	2014	2013
Gross claims ratio	77,2%	62,6%	59,1%	70,0%	63,2%
Gross insurance expense ratio	8,5%	7,9%	3,1%	2,7%	2,6%
Combined ratio	91,1%	76,3%	67,8%	78,2%	73,2%
Operating ratio	91,3%	76,5%	67,9%	78,1%	73,0%
Relative run-off profit or loss	26,7%	16,4%	13,9%	2,5%	16,0%
Return on equity in percent	9,3%	10,1%	13,0%	8,4%	8,9%
Solvency ratio*	2.70	3.03	2.91	3.25	3.55

*The solvency ratio is exempt from the auditing requirement pursuant to Executive Order No. 937 of 27 July 2016

on financial reports for insurance companies and multi-employer occupational pension funds, and accordingly has not been audited.

Gross insurance expense ratio: (Total insurance operating expenses / total premium income) *100

Combined ratio: (Claims ratio + insurance expense ratio + net reinsurance ratio)

Operating ratio: (Combined ratio where the allocated return on investments is added to the premium income when calculating the ratios)

Relative run off results: (Run off results compared to provisions as at 1 January)

Return on equity: (Results for the year/the average equity)*100

Solvency ratio: (Base capital/capital requirement)

17. Risk information

MELES Insurance A/S is a captive insurance company for the DACHSER Group. MELES Insurance A/S is used as an instrument for risk management and optimization of insurances. The target for MELES Insurance A/S is to contribute to the overall risk of the DACHSER Group, including offering and developing products that satisfy the need for insurance coverage of selected risks by using competitive premium rates and terms.

MELES Insurance A/S have a license for direct insurance and reinsurance for the following insurance classes:

7 – transport insurance

13 – liability insurance

Risks occurring from the business model are all monitored and assessed. For MELES Insurance A/S the risks are mainly related to insurance risks, financial risks and operational risks.

Insurance risks

Insurance risks are limited, as MELES Insurance A/S purchase reinsurance in order to protect the business model. The risk in the captive is € 0.25 M per event. The Board of Directors approves the reinsurance protection at renewal each year. The claims portfolio is characterized by many smaller claims which creates high frequency / low severity claims. Due to the extensive reinsurance protection, this risk is limited and well managed.

The Board of Directors determined the overall risk strategy through the issuance of various policies such as the “Business Model”, and “Policy for insurance risks”. The Management is responsible for the implementation and compliance thereto.

Financial risks

The risks represent the risk of losses due to changes in the market value of the company’s assets and liabilities as a result of changes in market conditions. Investment risks includes changes in market value of investments, interest rate and currency risks.

The investment policy sets out guidelines for the level of financial risks occurring from investments that MELES Insurance A/S finds acceptable. Investment risks are constantly monitored by MELES Insurance A/S.

Credit risks

Credit risk is the risk of losses caused by one or more counterparties’ breach of their payment obligations. The company is exposed to credit risk in both its insurance and investment business.

In respect of insurance, the company does not place any business with (re)insurance companies with a Standard and Poor’s or equivalent financial strength rating of less than A-.

To limit the risk in the investment business, the investments are made by granting a loan to a DACHSER Group company and in bonds and assets of high credit rating.

Operational risk

Operational risk is the risk of incurring a loss due to insufficient or faulty procedures or human or systemic errors. Operational risk includes the risk of breakdowns in the IT systems. For all main areas there are established procedures in place within the DACHSER Group.

18. Accounting Policies

The annual report is presented in accordance with the Danish Financial Business Act and the accounting regulations stipulated for insurance companies. The annual report covers the period 1st January 2017 – 31st December 2017 and is presented in € and in the English language. The annual report is presented according to the same accounting policies as in previous years.

Recognition and measurement

Assets are accounted for in the balance, when it is likely, that future financial advantages will flow to the company, and the values of the asset can be measured in a reliable way. Liabilities are accounted for in the balance, when the company has a legal or actual liability, as the consequence of an earlier occurrence, and when it is likely, that the company will deduct future financial benefits, and the value of the liability can be measured in a reliable way. Income is accounted for in the income statement when it is earned, whereas costs are accounted for with the amounts, which can be related to this accounting year. Value adjustments of financial assets and liabilities are accounted for in the income statement, unless otherwise stated above.

Income statement

Income is recognized in the income statement when earned, whereas costs are recognized by the amount attributable to this financial year.

Premium income at own account

Premium income are the premiums which the company in the accounting period has received, paid or has posted as receivables and payables for direct and indirect insurance contracts, and reinsurance contracts, where the insurance period has started before the end of the accounting year with deduction of premiums ceded to reinsurance companies. Changes in premium provision are part of this.

Claims expense at own accounts

Claims expenses are calculated as the paid claims for the year with added internal and external expenses for claims handling and other direct and indirect expenses in connection with claims surveys with deduction of reinsurance companies' share. Changes in claims provisions are part of this.

Bonus and premium rebates

Includes bonus to customers who have had positive claims ratios for the period. The criteria are set and based on percentages of net premiums less claims incurred. These criteria are set prior to the accounting period or at purchase of the insurance. If the criteria set are not fulfilled, the bonus is reversed.

Administration costs

Administration costs are the costs, which are held in relation to the renewing and handling of the insurance portfolio. The administration costs are accounted on an accrual basis.

Investment income

Investment income is a split of insurance and investment income. Herein are realized and unrealized gains, losses and interest income.

Insurance technical interest at own account

Part of total results of financial operation relates to insurance operations and has been transferred to that part of the income statement.

The transfer is a calculated yield of average total technical reserves at own account for the year. For 2017 the average interest of -0,35 % p.a. (2016: -0,31%) has been used as set by Finanstilsynet.

Tax

Tax for the period, which consists of current tax for the period is recognized in the income statement by the portion attributable to the profit / loss for the year and recognized directly on equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this period's taxable income adjusted for prepaid tax.

The actual tax is distributed between the jointly taxed Danish subsidiaries in relation to their taxable income (full distribution with reimbursement of taxable losses). The jointly taxed companies are part of the on account tax system.

Balance sheet**Deposits credit institutions / Cash at bank**

All assets are placed in own bank accounts and deposits and are fully separated from the parent company. These comply with separate instructions accepted by the Board. Deposits comprise investments in Money Market Accounts.

Bonds

Bonds are recognized on the settlement date and includes listed bonds measured at fair value on initial recognition and at the balance sheet date.

Receivables

Receivables are measured at amortized cost usually equaling nominal value less provisions for bad debts.

Provision for premiums

Provisions for premiums are provided to cover obligations and amounts for unexpired risk periods for insurance contracts in force. All insurance contracts in-force expired at year-end, but are automatically renewed if not cancelled before end September.

According to the new order on accounting procedures the premium provision will still cover compensation for damages that have not yet occurred, but where the company has accepted the risk. However, that part of the provision that can be attributed to the expected future earnings of the premium provision should be shown as profit margin.

Claims provisions

Provision for claims is the amount for covering claims and costs on insurance events occurred in the accounting year or prior to that year. The claims reserves are calculated as the sum of the amounts, which the company to the best of its knowledge, expects to be liable to pay in connection with the insurance events occurred until the day of the balance exceeding the amounts that have already been paid in connection with these insurance events.

The claims reserves also do contain amounts, which the company to the best of its knowledge, expects to pay for direct and indirect costs in connection with incurred but not yet reported claims. This also applies to direct and indirect costs concerning claims. The claims reserves are not discounted, as the claims reserves for each year are expected to be settled within 1 – 3 years after the time of notification.

Risk margin

The risk margin covers the risk of discrepancies between the best estimate for provisions and the final settlement of the future cash flows. The risk margin is the risk premium / risk allowance that a third party will require for taking over the technical provisions in order to not incur a loss.

Provision for bonus and rebates

Provision for bonus and rebates are agreed for transport insurance only and includes bonus to customers, which have had positive claims ratios.