



# GROWTH HELD BACK BY BREXIT

DFDS GROUP

6 February 2020

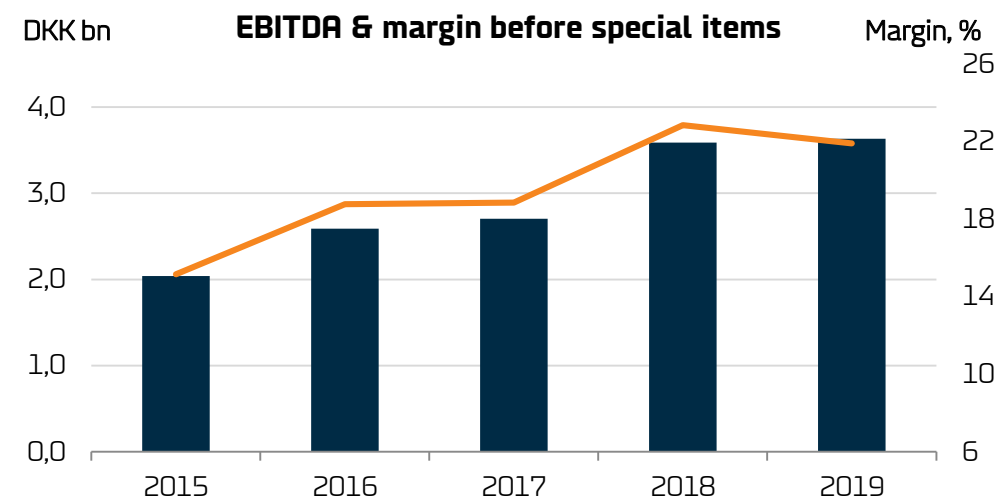
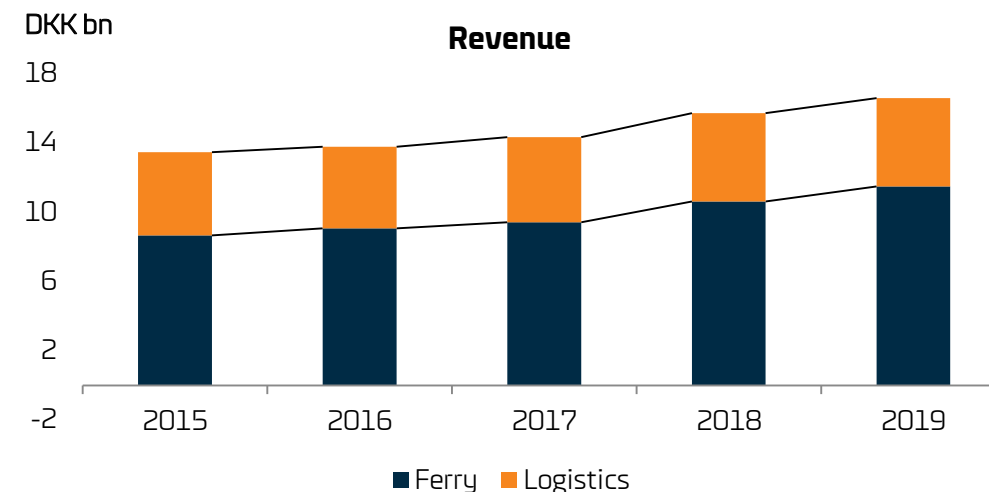


- Overview
- Q4 and FY numbers
- Capital structure
- WIN23
- Outlook and priorities 2020

The statements about the future in this announcement contain risks and uncertainties.  
This entails that actual developments may diverge significantly from statements about the future.

# 2019 as expected despite challenging Q4. Growth in 2020

- **FY:** Revenue up 6% and EBITDA up 1% to DKK 3.6bn as Brexit and Turkish recession lowered the margin
- **Q4:** EBITDA down 9% to DKK 771m as UK ferry volumes slowed further and non-comparable cost items reduced Mediterranean's result
- **2020 outlook:** Positive impact expected from Win23 strategy initiatives...
- ...cautious on UK ferry market due to continued uncertainty on Brexit and possible Coronavirus impact
- **EBITDA 2020 outlook range:** DKK 3.5-3.9bn (2019: DKK 3.6bn)



# Q4 2019 result impacted by higher capital costs

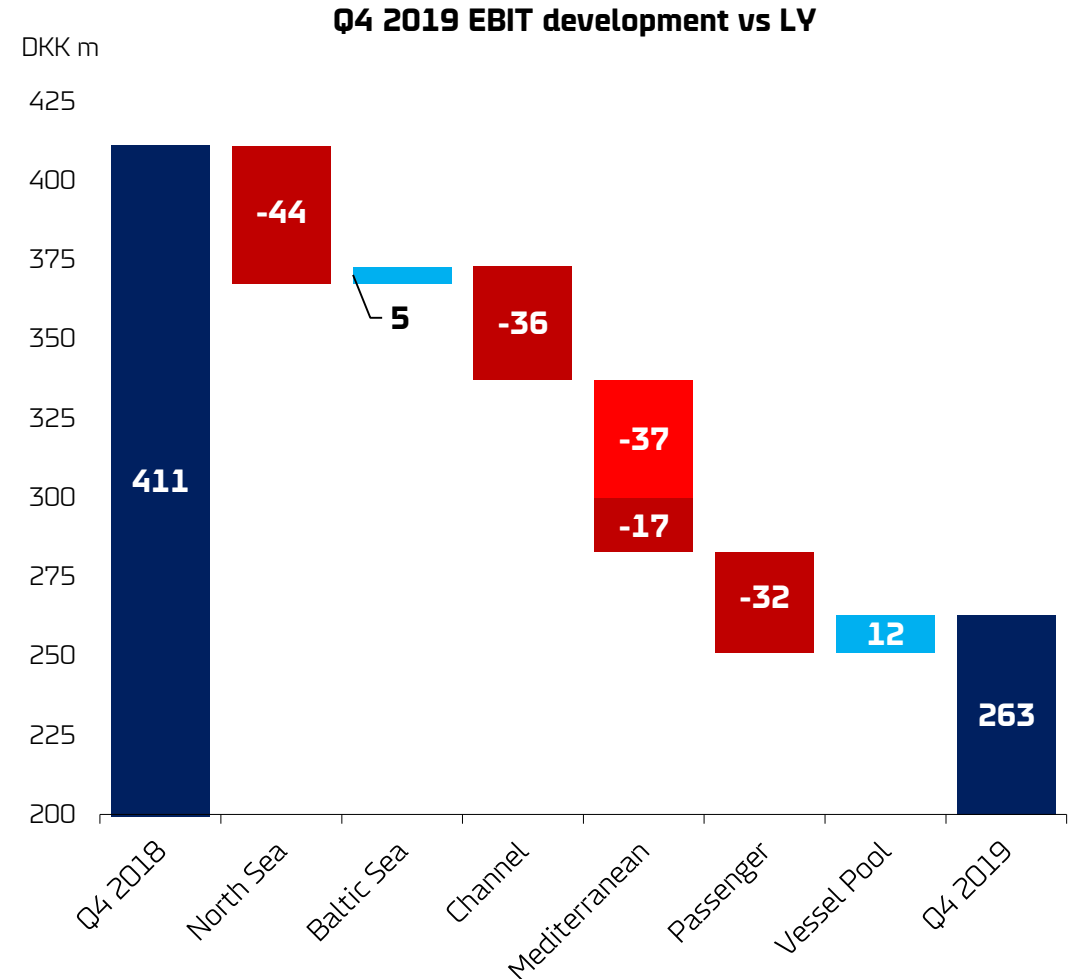
- **Revenue** growth leveling off as continued growth in Mediterranean is offset by lower UK ferry volumes
- **Depreciation** increased by additional ships in Mediterranean, Yalova port terminal agreement, chartered ships in Norway
- **EBIT** before special items down 40%
- **Special items** include cancellation cost for port terminal and agency agreements in Toulon
- **Finance** variance of DKK -72m mainly due to currency gain on appreciation of TRY in 2018

DKK m	Q4 19	Q4 18	Change vs LY	Change %
REVENUE	4,008	3,955	53	1%
<b>EBITDA BEFORE SI</b>	<b>771</b>	<b>847</b>	<b>-76</b>	<b>-9%</b>
margin, %	19.2	21.4	-2.2	n.a.
P/L associates	-1	-3	2	n.a.
Gain/loss asset sales	2	0	2	n.a.
Depreciation	-515	-417	-99	-24%
<b>EBIT BEFORE SI</b>	<b>257</b>	<b>427</b>	<b>-170</b>	<b>-40%</b>
margin, %	6.4	10.8	-4.4	n.a.
Special items	-55	37	-92	n.a.
EBIT	203	464	-262	-56%
Finance	-76	-5	-72	-1523%
<b>PBT BEFORE SI</b>	<b>181</b>	<b>423</b>	<b>-242</b>	<b>-57%</b>
<b>PBT</b>	<b>126</b>	<b>460</b>	<b>-333</b>	<b>-73%</b>
EMPLOYEES avg., no.	8,367	7,791	576	7%
INVESTED CAPITAL	22,476	20,460	2,016	10%
<b>ROIC LTM ex. SI, %</b>	<b>8.0</b>	<b>11.8</b>	<b>-3.8</b>	<b>n.a.</b>
NIBD	11,954	11,251	703	6%
<b>NIBD/EBITDA, times</b>	<b>3.3</b>	<b>3.1</b>	<b>0.2</b>	<b>n.a.</b>
SOLVENCY, %	39	37	2	n.a.

SI: Special items. PBT: Profit before tax. NIBD: Net interest-bearing debt.

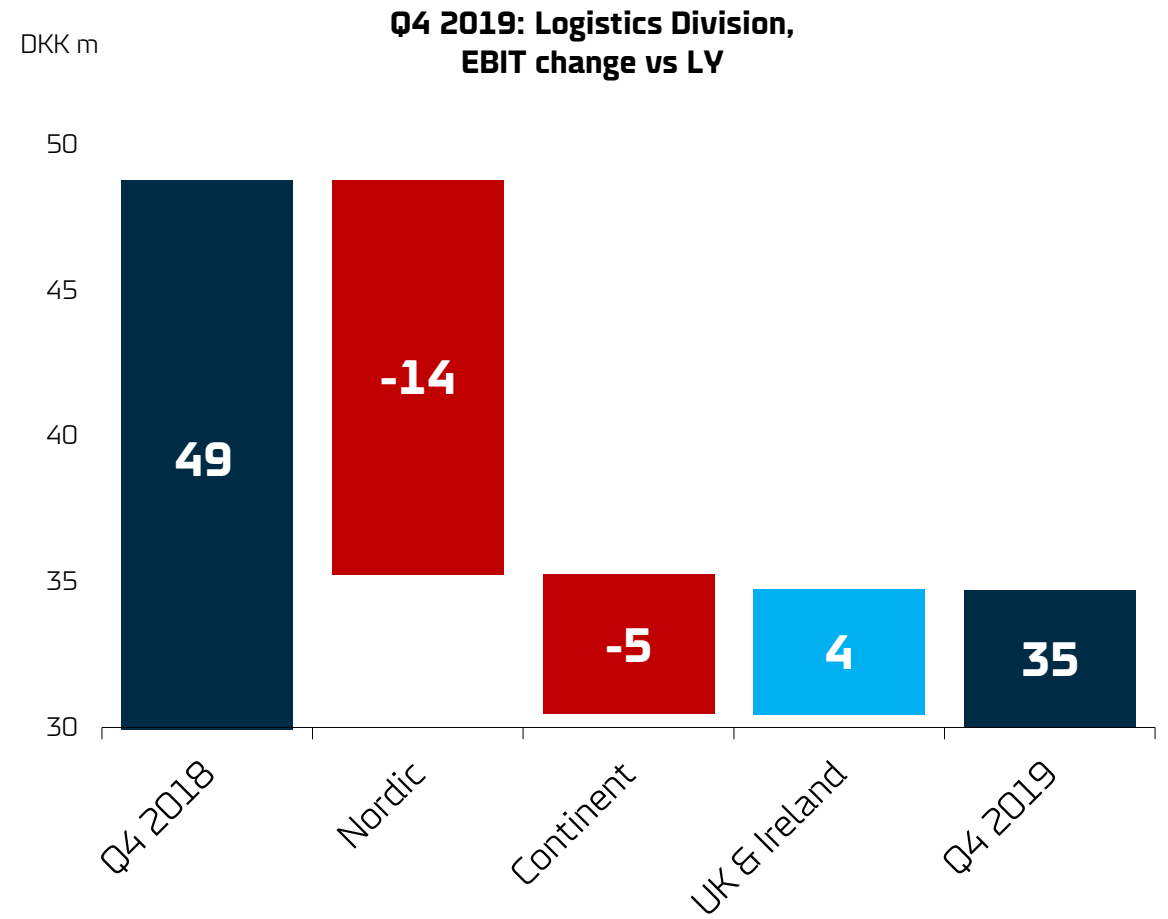
# Ferry Division: Q4 EBIT lowered by Brexit and higher costs

- **North Sea** down DKK 44m mainly due to 6.5%\* lower volumes
  - **Channel** down DKK 36m due to a lower freight contribution and ferry cost increase
  - **Mediterranean** topline and contribution up 13% but EBIT down DKK 54m mainly due to a change of accounting for maintenance/spare part costs\*\*
- Further, peak port congestion in Trieste reduced utilisation of freight trains from the port
- **Passenger** contribution up but offset by higher costs from one-off costs, general cost increases and depreciation



# Logistics Division: Q4 EBIT down vs high Nordic 2018 earnings

- **Nordic** down DKK 14m mostly due to lower activity for Specialised services that peaked in Q4 2018
- **Continent** down DKK 5m mainly due to UK slowdown reduced volumes. Extra workshop costs in Belgium
- **UK & Ireland** up DKK 4m as most activities improved earnings. Some offset from reduced scope of logistics contract in Peterborough



# Full-year 2019 overview

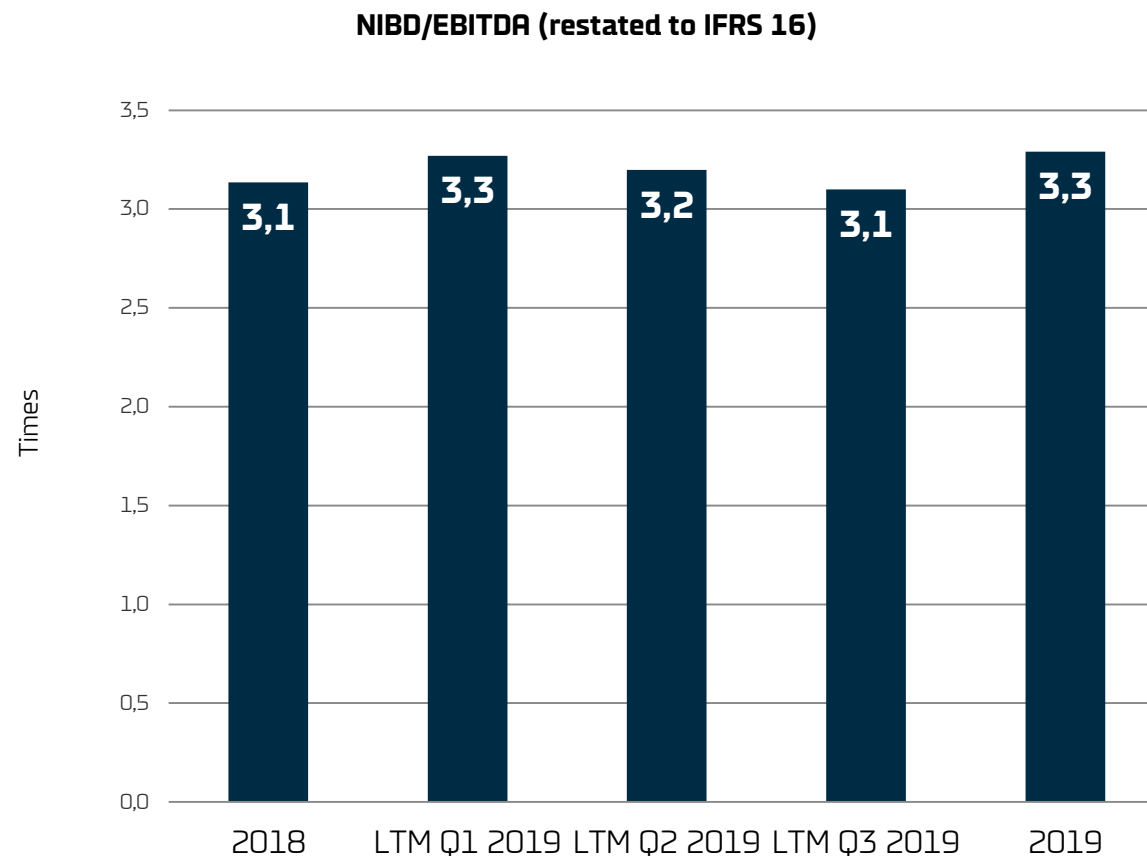
- **Revenue** growth in line with latest outlook of around 6% growth and **EBITDA** in line with outlook range of DKK 3.55-3.75bn
- Increase in **depreciation** vs 2018 mainly driven by additional IFRS 16 adjustments and FY impact of Mediterranean
- **ROIC** of 8% on level with minimum target adjusted for IFRS 16 impact on capital structure
- **ROIC** was 12% adjusted for Mediterranean

DKK m	2019	2018	Change vs LY	Change vs LY %
REVENUE	16,592	15,717	875	5.6
<b>EBITDA BEFORE SI</b>	<b>3,633</b>	<b>3,589</b>	<b>44</b>	<b>1.2</b>
margin, %	21.9	22.8	-0.9	n.a.
P/L associates	6	1	6	n.a.
Sale of assets	6	7	-1	n.a.
Depreciation	-1894	-1631	-263	16.1
<b>EBIT BEFORE SI</b>	<b>1,751</b>	<b>1,965</b>	<b>-214</b>	<b>-10.9</b>
margin, %	10.6	12.5	-2.0	n.a.
Special Items	-101	-49	-51	n.a.
EBIT	1,650	1,916	-266	-13.9
Finance	-278	-222	-57	25.7
<b>PBT BEFORE SI</b>	<b>1,472</b>	<b>1,744</b>	<b>-271</b>	<b>-15.6</b>
<b>PBT</b>	<b>1,371</b>	<b>1,694</b>	<b>-323</b>	<b>-19.0</b>
Tax	-59	-56	-3	5.6
NET PROFIT	1,313	1,638	-326	-19.9
EMPLOYEES avg., no.	8,367	7,791	576	7.4
<b>ROIC ex. SI, %</b>	<b>8.0</b>	<b>11.8</b>	<b>-3.8</b>	<b>n.a.</b>
<b>NIBD/EBITDA, times</b>	<b>3.3</b>	<b>3.1</b>	<b>0.2</b>	<b>n.a.</b>
SOLVENCY, %	39	37	1.8	n.a.

SI: Special items. PBT: Profit before tax

# Capital structure – leverage increased in Q4

- **NIBD/EBITDA**-ratio of 3.3x end of 2019
- Two acquisitions and fleet renewal contribute to increase in leverage – total investments of DKK 2.65bn in 2019
- **Dividend** of DKK 4.00 per share proposed to AGM in March



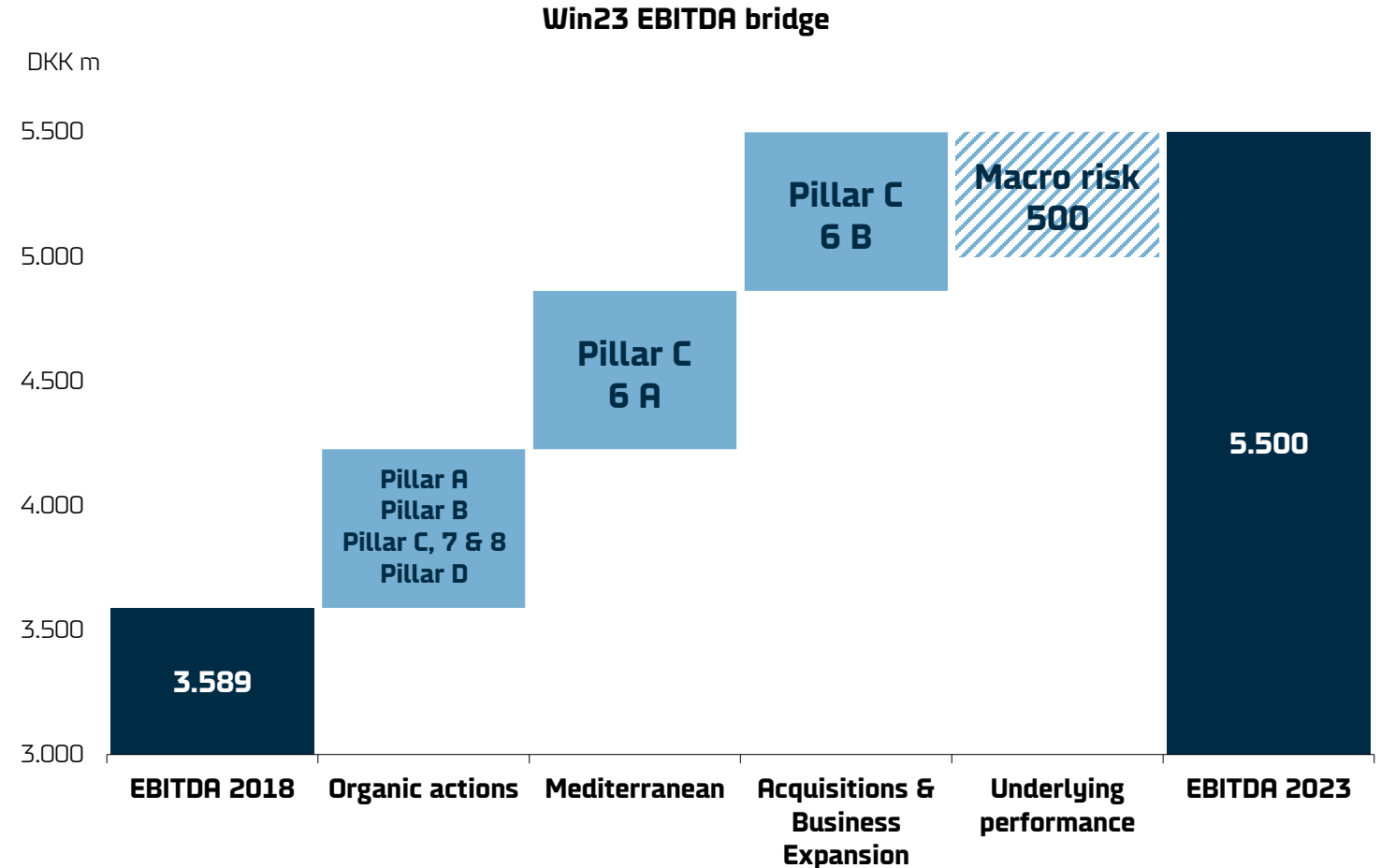


# Win23 EBITDA drivers – positive impact continues in 2020

- **Key drivers in 2020:**

- Mediterranean
- Gothenburg-Zeebrugge space charter
- Two 2019 logistics acquisitions
- 2 mega ferries replace 3 ferries between UK-NL
- Passenger projects

- **10% macro risk** – currently negative impact mostly due to Brexit slowdown

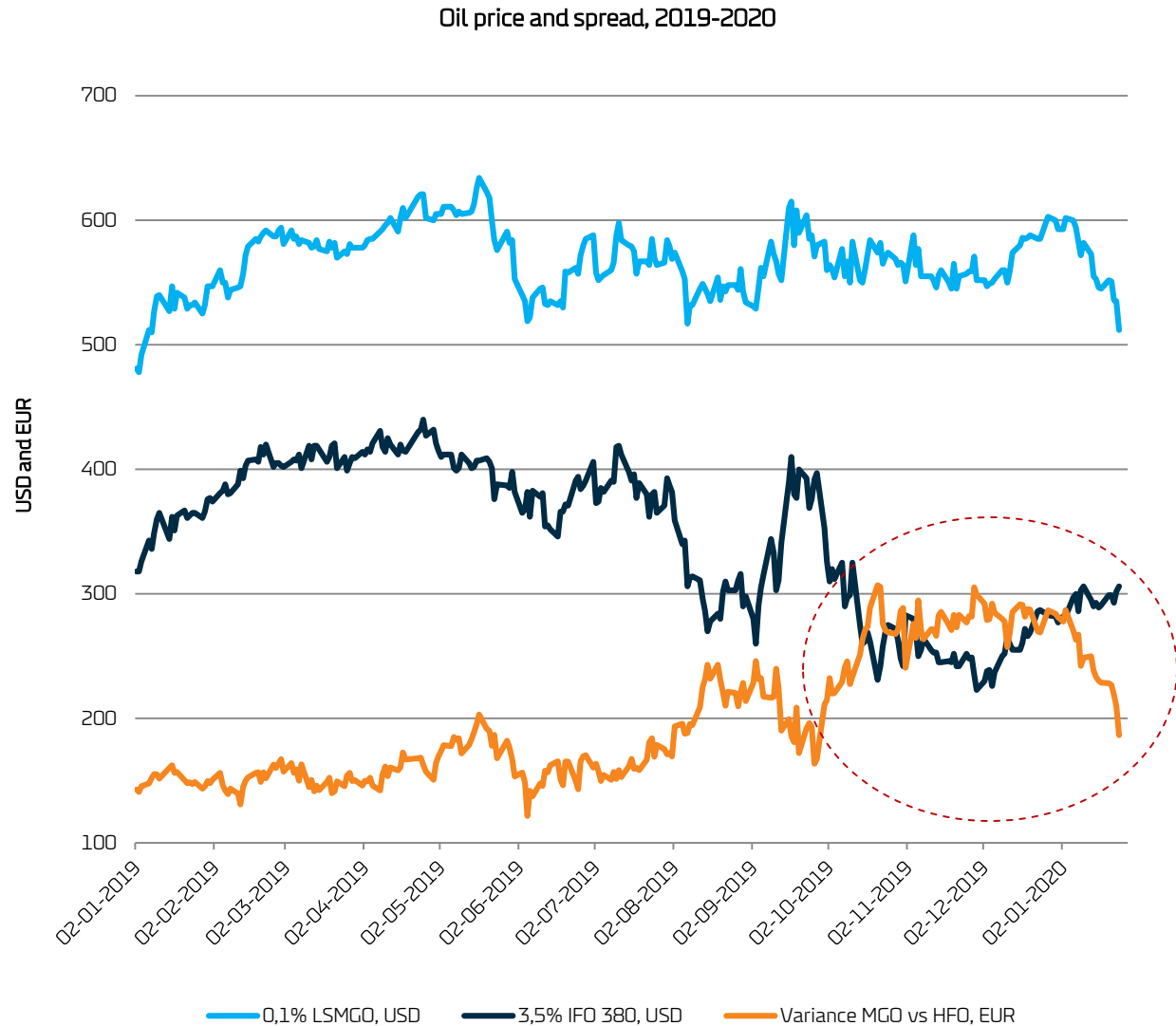


# 2020: key performance drivers

Certain/Likely	Expected	Uncertain	Macro drivers
<ul style="list-style-type: none"><li>• Positive impact from <b>Win23</b> strategy initiatives</li><li>• <b>Mediterranean</b>: Operational improvements, completion of scrubber installation</li><li>• New space charter agreement on <b>Gothenburg-Zeebrugge</b></li><li>• Two logistics <b>acquisitions</b> adds revenue and profit</li><li>• Loss of <b>DfT</b> contract</li></ul>	<ul style="list-style-type: none"><li>• Volume growth for freight between <b>Turkey</b> and Europe</li><li>• Continued <b>‘flattish’</b> volume environment in most northern European markets (excl. UK)</li><li>• More <b>ferry competition</b> in Baltic Sea region</li></ul>	<ul style="list-style-type: none"><li>• <b>Brexit</b> impact on UK freight and passenger market development</li><li>• <b>Oil price spread</b> development (MGO/HFO)</li><li>• <b>Coronavirus</b> impact on:<ul style="list-style-type: none"><li>• Inflow of Asian ferry passengers (Cph-Oslo)</li><li>• Delay of newbuildings from China</li></ul></li><li>• Competitive <b>pricing</b> environment</li></ul>	<ul style="list-style-type: none"><li>• Positive <b>global</b> growth</li><li>• <b>Turkey’s</b> economy resumes growth</li><li>• <b>UK</b> growth held back by Brexit uncertainty</li><li>• Changes in <b>oil price</b> and <b>exchange rates</b></li></ul>

# IMO transition 1 Jan 2020 – initial widening of oil price spread

- Global transition to 0.5% sulphur limit (northern Europe transitioned to 0.1% limit in 2015)
- Price spread between low (MGO) and high sulphur oils (HFO) widened in October 2019 to just below EUR 300 per ton
- Current spread below EUR 200 per ton



- **Revenue** growth of around 4% - continued growth in Mediterranean, FY impact acquisitions and Win23 organic actions
- **Positive** earnings impact expected from Win23 strategy initiatives
- **Negative** earnings impact expected from continued Brexit uncertainty
- **EBITDA** range of DKK 3.5-3.9bn
- **Investments** of DKK 2.3bn includes DKK 1.4bn for ferry newbuildings

## OUTLOOK 2020

- Revenue growth of around 4%  
(2019: 6%)
- EBITDA range of DKK 3.5-3.9bn  
(2019: DKK 3.6bn)
  - Ferry Division: DKK 3,075-3,425m  
(2019: DKK 3,205m)
  - Logistics Division: DKK 475-525m  
(2019: DKK 470m)
  - Non-allocated items: DKK -50m  
(2019: DKK -42m)
- Investments of DKK 2.3bn



- Continue delivering on **Win23** strategy's financial ambition
- Monitor and pursue opportunities to adjust activities to **UK** market development
- **CSR** – continue to invest in fuel solutions to decarbonise





# Q&A

