

Ferry & Logistics

Good start to 2022



June 2022





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- 2022 outlook

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.

Our business model

DFDS' business model combines ferry services and logistics solutions to facilitate trade and travel between people and businesses. The ferry routes are a vital part of Europe's transport infrastructure. The logistics solutions range from door-door transports to complex supply chain

management. Logistics solutions often include ferry services, and 9% of our freight ferry volumes were carried for our own Logistics Division in 2021 with a share of up to 25% on some routes.

Ferry routes



Door-door solutions

For dry goods and cold chain



Contract logistics

For dry goods and cold chain



Support



Custom solutions



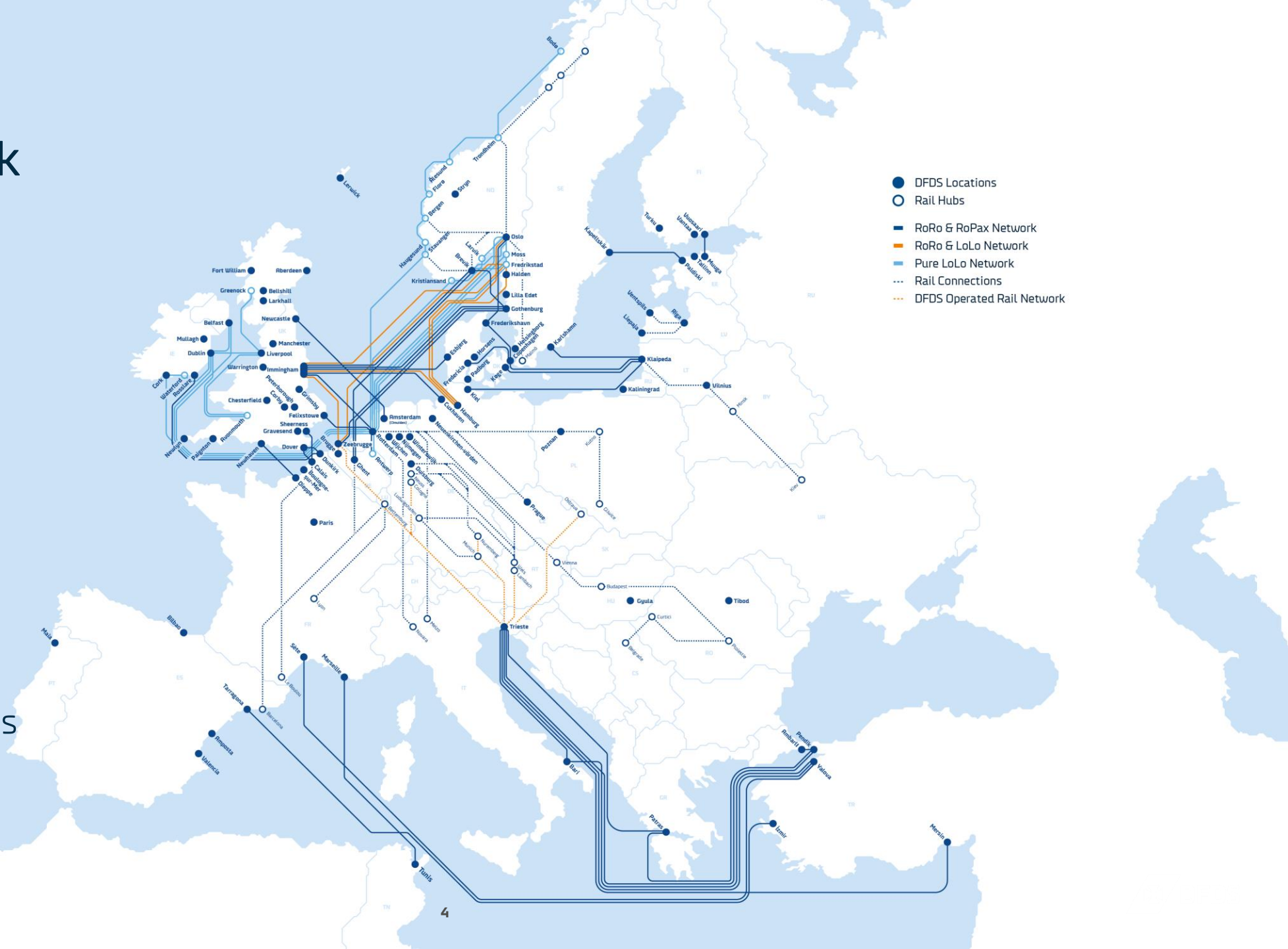
Warehouse



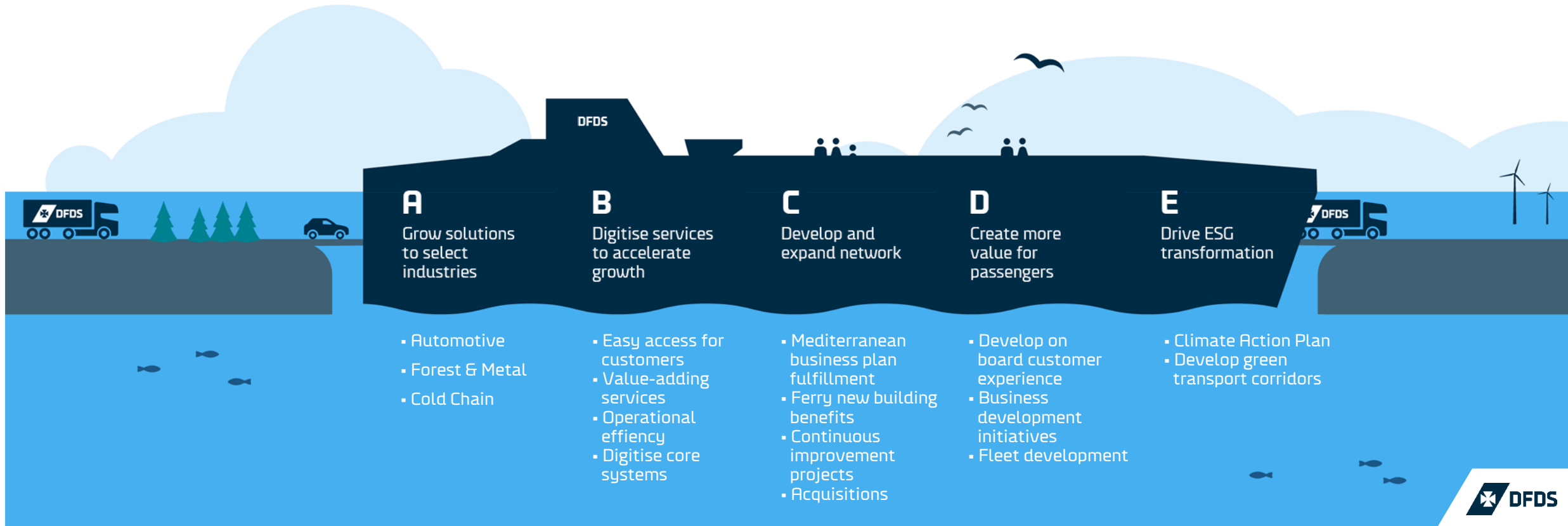
Temperature-controlled warehousing

DFDS' ferry and logistics network

- Revenue DKK 18bn
- EBITDA DKK 3.4bn
- 11,000 employees
- 26 routes – incl.
9 passenger routes
- 8 port terminals
- 60+ logistics locations



DFDS' strategy

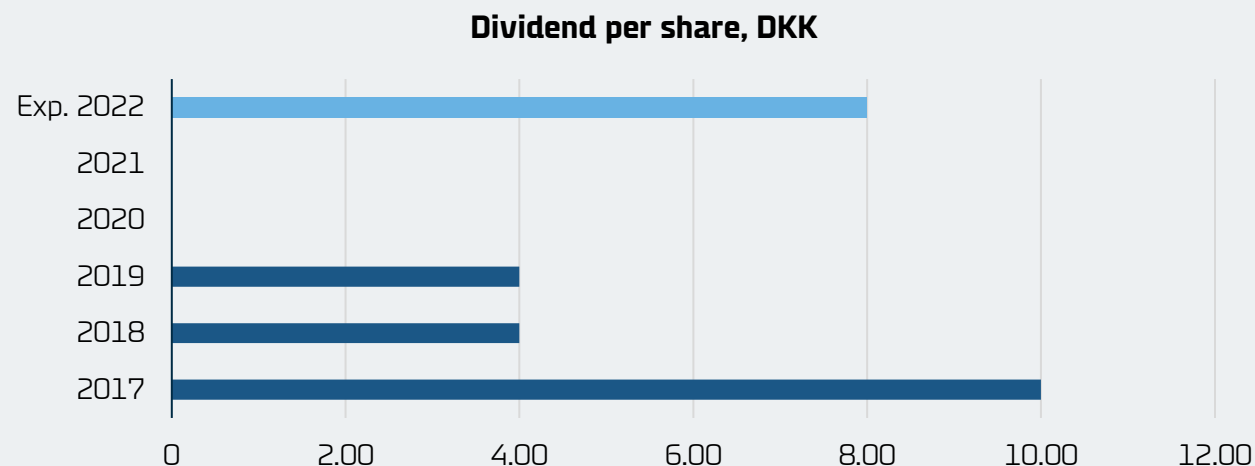


CAPEX & CAPITAL DISTRIBUTION

Capital distribution resumed in 2022 after Covid-19

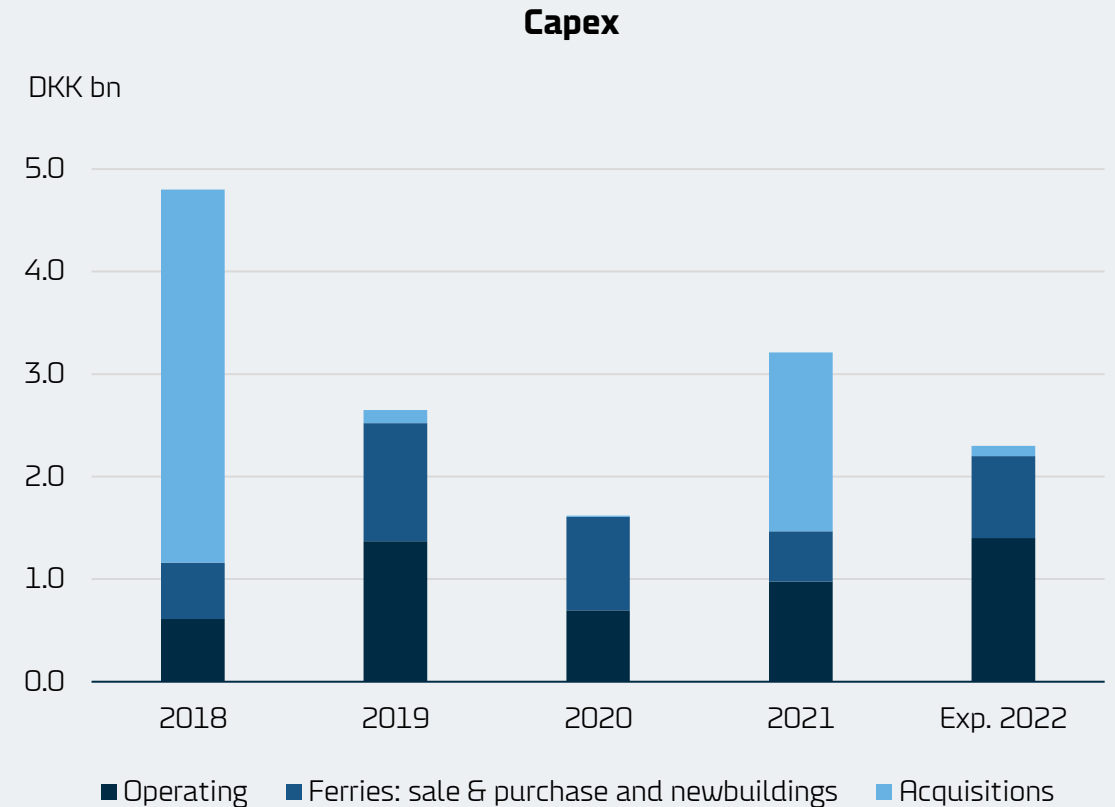
- Dividend on hold 2020-21 as Covid-19 raised NIBD/EBITDA above 4x
- Target range for NIBD/EBITDA of 2.0-3.0x
- NIBD/EBITDA expected to decrease in 2022 towards target range
- Dividend of DKK 4.00 paid in March 2022 and DKK 4.00 expected to be distributed August 2022

Distribution to shareholders, DKK m	2017	2018	2019	2020	2021
Dividend paid per share, DKK	10.00	4.00	4.00	0	0
Total dividend paid ex. treasury shares	555	219	229	0	0
Buyback of shares	1,106	190	0	0	0
Total distribution to shareholders	1,661	409	229	0	0
Total distribution yield, %	9.2	2.7	1.2	0	0



CAPEX set to decline following completion of newbuilding program

- 6 freight ferry newbuildings delivered 2019-2021
- 2 combined freight & passenger ferries delivered 2021-2022
- CAPEX set to decline next couple of years following completion of current newbuilding program
- 'Green' ferry investment expected towards 2025

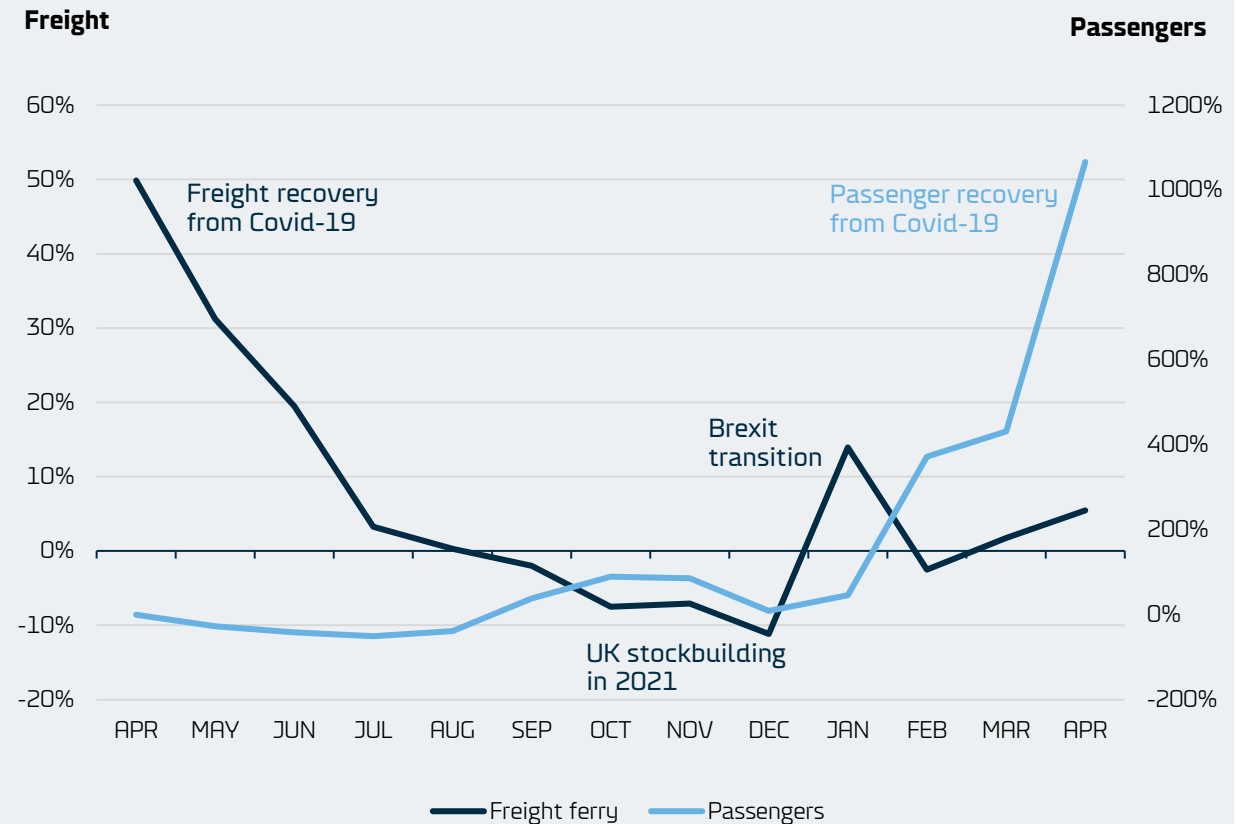


Q1 2022

Well under way to raise earnings more than 20% in 2022

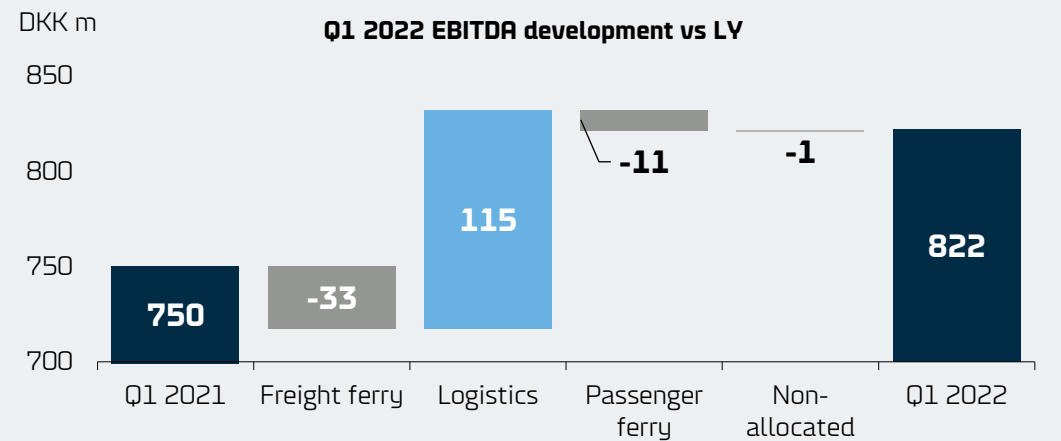
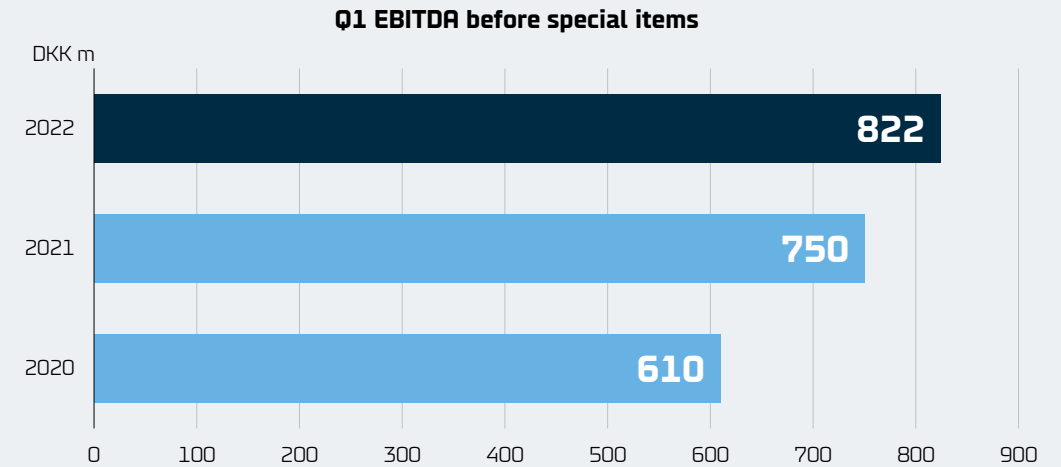
- **Q1 results** in line with expectations
- **Logistics** EBITDA doubled by HSF Logistics Group and higher margins
- **Ferry's** underlying EBITDA growth positive adjusted for DKK 80m income from Q1 2021 Brexit standby agreements
- **Passenger** recovery ahead of expectations
- **War in Ukraine** direct impact on Baltic activities and indirect impacts on energy pricing and supply chain shortages

Ferry volumes, y/y-change - 2022-21



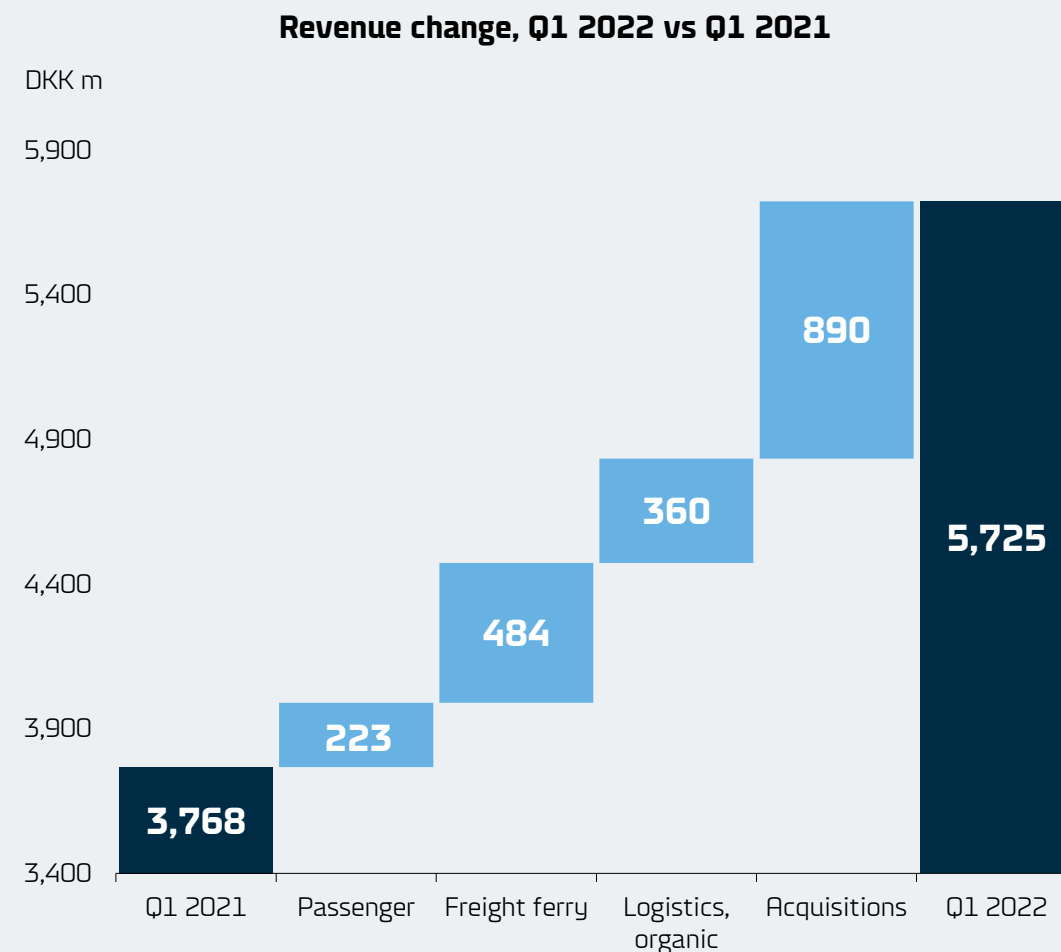
Q1 2022 – earnings growth held back by 2021 Brexit standby income

- **DFDS Group** revenue up 52% and EBITDA up 9% to DKK 822m
- Profit conversion impacted by Oslo-Frederikshavn-Copenhagen re-opening, rising oil surcharges, and Brexit standby income
- **Ferry freight** EBITDA of DKK 702m down 4% due to war in Ukraine and Brexit standby income in 2021
- **Passenger** EBITDA of DKK -104m down 12% due to Oslo-route re-opening
- **Logistics** EBITDA more than doubled from HSF plus growth and higher margins



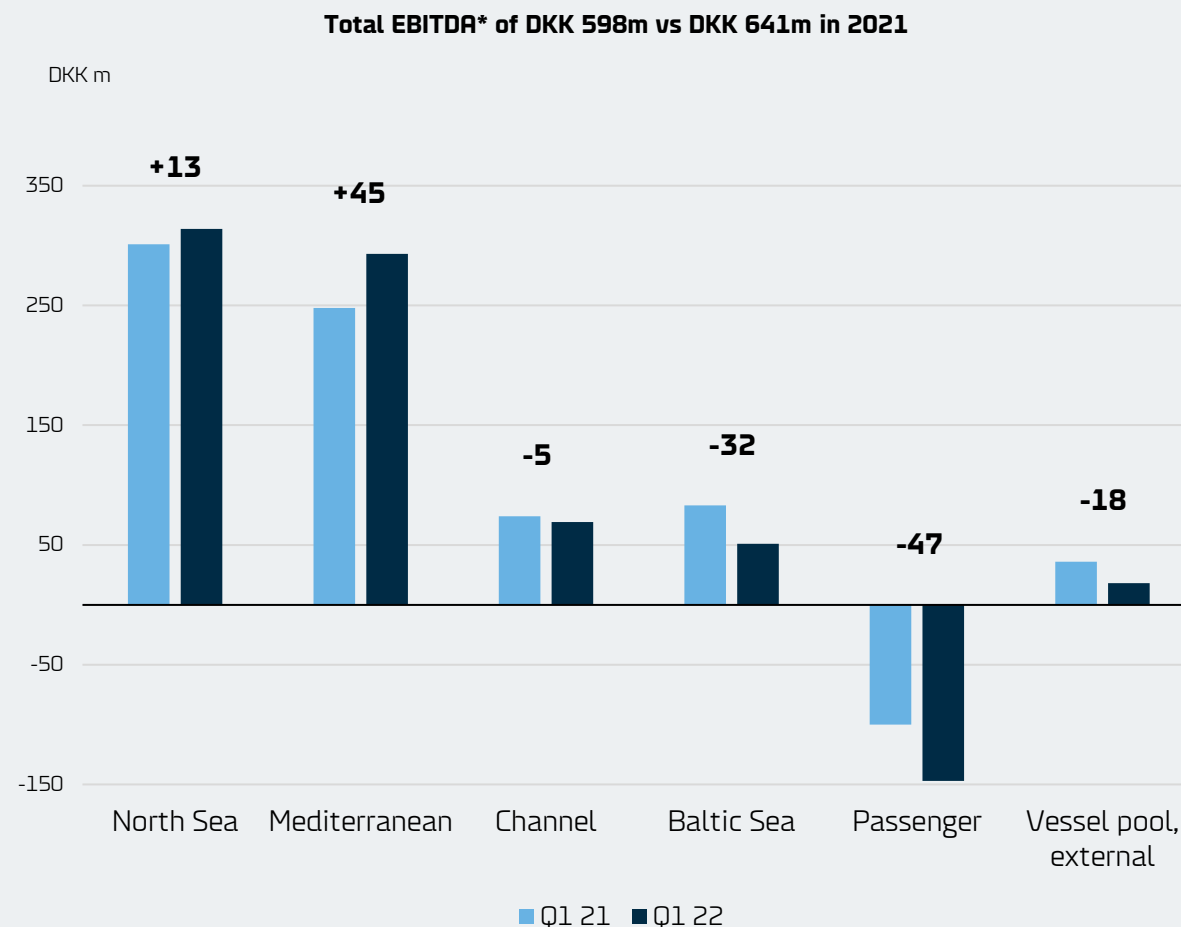
Revenue growth boosted by acquisitions and passenger recovery

- **Revenue** up 52% driven by:
 - Recovery of **passenger** volumes, including re-opening of Oslo-Frederikshavn-CPH
 - **Freight ferry** volume growth plus considerable oil surcharge increase as low-sulphur price (MGO) was up 99%
 - **Logistics organic** growth from higher prices and surcharges, including fuel and EU Mobility package
 - **Acquisitions:** HSF Logistics Group and ICT Logistics



Ferry Division – positive underlying development

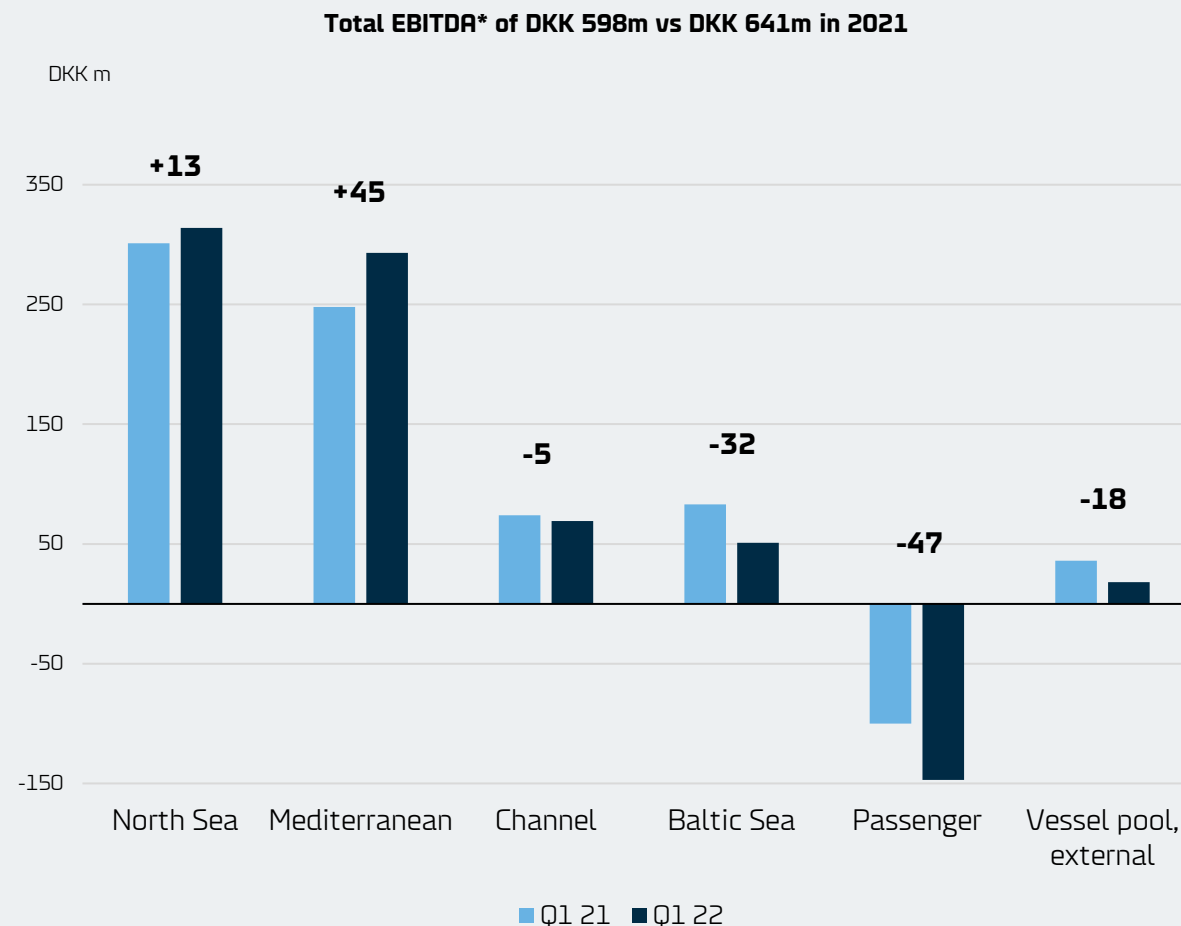
- **North Sea** up DKK 13m despite Brexit standby agreement income in Q1 2021. Underlying improvement driven by 5% higher volumes and RPM growth
- **Mediterranean** up DKK 45m driven by 12% higher volumes and more revenue from terminal and rail services. Capacity expanded with three ferries
- **Channel** down DKK 5m; ahead of LY adjusted for Brexit standby agreement Q1 2021
- Increase from passenger recovery
- Freight impacted by overcapacity on Dover routes. Temporary suspension of one competitor's operations from 17 March



*Before special items

Ferry Division – Baltic impacted by war in Ukraine

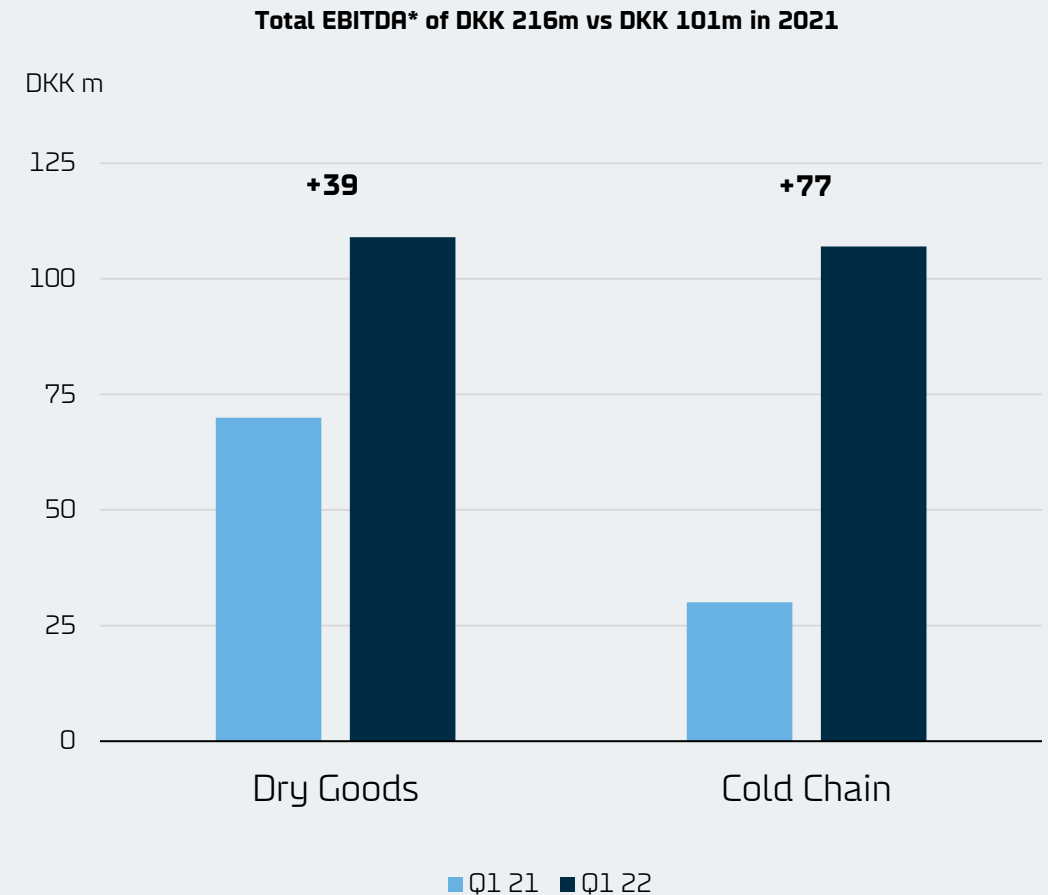
- **Baltic Sea** down DKK 32m as war in Ukraine reduced freight volumes between mainly Germany and Lithuania
- Ferry running costs increased by high number of dockings and deployment of replacement ferries to maintain capacity
- **Passenger** down DKK 47m
- Positive impact from increase in passengers outweighed by re-opening of Oslo-Frederikshavn-Copenhagen in low season market with volumes still recovering from Covid-19
- Bunker cost increased



*Before special items

Logistics - earnings lifted by HSF and higher Dry Goods margin

- **Dry Goods** up DKK 39m driven by improved cost coverage from increased prices and surcharges related to fuel and EU Mobility Package
- Performance improved across Nordic, Continent and UK & Ireland regions
- Start-up of Borås warehouse and DFDS Professionals
- **Cold Chain** up DKK 77m driven by addition of HSF Logistics Group
- Initial negative impact from EU Mobility Package and truck driver shortages in DK/NO
- UK cold chain activities impacted by seafood harvesting issues in Scotland



Integration of HSF Logistics Group on track

- **HSF** Logistics Group consolidated from 14 September
- DKK 75m of synergies expected with full run-rate impact from end 2023
- Five integration focus areas:
 - Commercial
 - Operations
 - Procurement
 - IT
 - Business support



2022 OUTLOOK

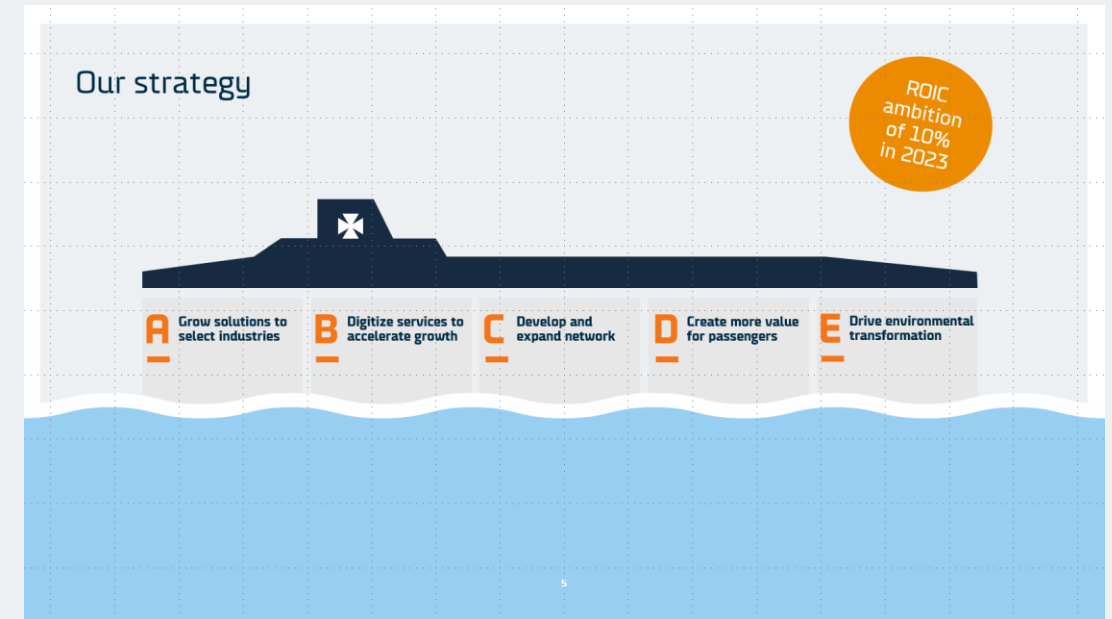
Outlook 2022 – revenue growth raised to around 30%

- **Revenue** growth raised to around 30% from previously 23-27%
- Increase mainly due to significantly higher revenue from oil surcharges
- **Passenger** EBITDA: 60% of Covid-19 earnings decrease expected regained – up from previously 50%
- **Baltic** activities negatively impacted by war in Ukraine
- **Channel** positively impacted by temporary suspension of a competitor's sailings

DKK m	Outlook 2022	2021
Revenue growth	Around 30%	17,869
EBITDA before special items	3,900-4,400	3,411
<i>Per division:</i>		
Ferry Division	3,050-3,450	2,853
Logistics Division	900-1,000	593
Non-allocated items	-50	-35
Investments	-2,300	-3,210
<i>Types:</i>		
Operating	-1,400	-975
Ferries: sale & purchase and new-buildings	-800	-490
Acquisitions	-100	-1,745

Key current priorities

- **Cost** coverage
- Adapt to EU **Mobility** Package
- Monitor **haulage supply** and plan for possible bottlenecks
- **Passenger** recovery: Regain volumes, duty-free sales, optimise new concepts
- **Baltic** Sea newbuilding deployment
- **ESG** - environmental transformation, safety, diversity & inclusion



Key ESG focus areas in 2022

- Choice of **fuel type** for first generation green freight ferries
- Ferry **engine technology** development
- Green **fuel availability** – partnerships and commitments
- Deployment of **electric trucks**
- Raise **female gender ratio** further, especially for specific job types
- New strengthened **Health & Safety** organisation to improve awareness and enforce preventive actions



Q&A



DFDS strategic profile summary

UNIQUE FERRY INFRASTRUCTURE AND LOGISTICS SOLUTIONS

- **Transport corridors** combining ferry infrastructure and logistics solutions
- Strategic **port terminal** hubs and **rail** connections
- Logistics solutions for **dry goods and cold chain**
- **Passenger** ferry services in corridors with travel demand

CREATING VALUE THROUGH GROWTH

- Organic GDP **growth**, commercial initiatives and M&A
- Business model **scaling**: network, people, assets & systems
- **ROIC** mindset, capital discipline
- Excess **capital** to shareholders
- **Well invested** asset base ahead of de-carbonisation

PRIORITISING ESG

- **Zero-emission** 2050 footprint ambition
- 45% emission **reduction** by 2030
- **Diversity & Inclusion** key priorities in Caring Employer strategy
- **Transparency**, compliance and code of conduct driven



Our key freight and passenger offerings

Freight

-  Ferry transport of freight units, accompanied and unaccompanied
-  Port terminal services
-  Rail Solutions
-  Special Cargo

Passenger

-  Short sea ferry
-  Overnight ferry
-  Mini cruise
-  Packaged breaks
-  Groups & events
-  Conferences at sea



Our key logistics offerings

Dry Goods



Door-door forwarding, full & part loads



Warehousing and cross-docking



Distribution



Just-in-sequence transport to assembly lines



Supply chain management



Focused industry solutions to Automotive and Forest & Metal



Customs clearance

Cold Chain



Door-door forwarding, full & part loads



Storage and cross-docking



Distribution centres



Rental and cleaning of reusable packaging



Customs clearance

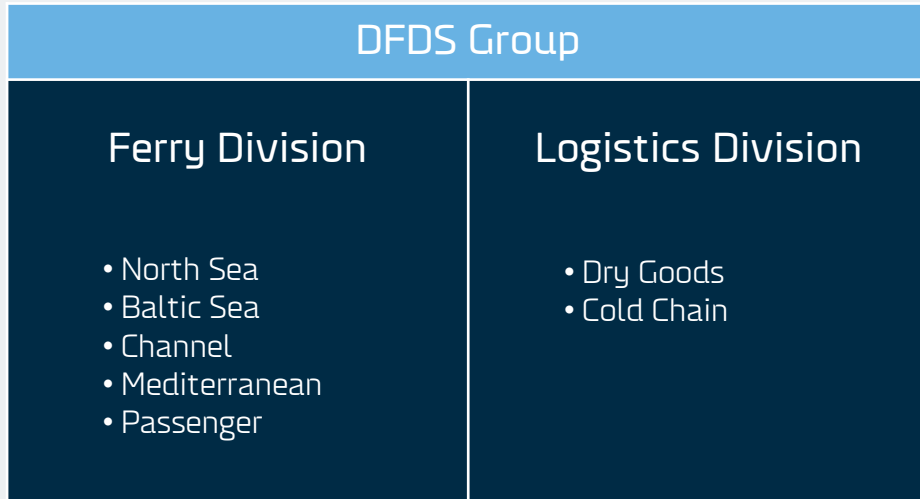
Roll on, roll off – freight ferry business model



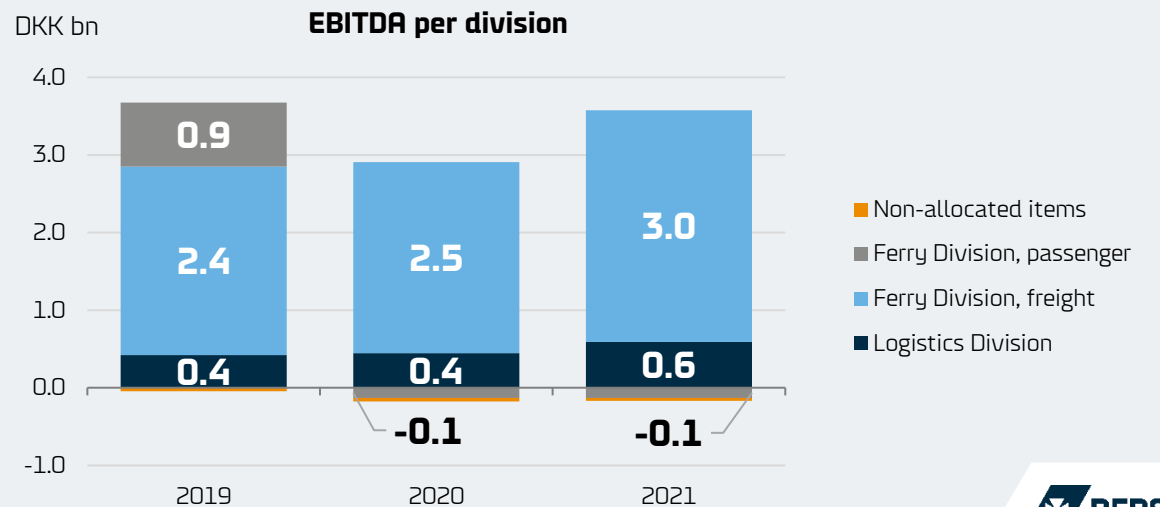
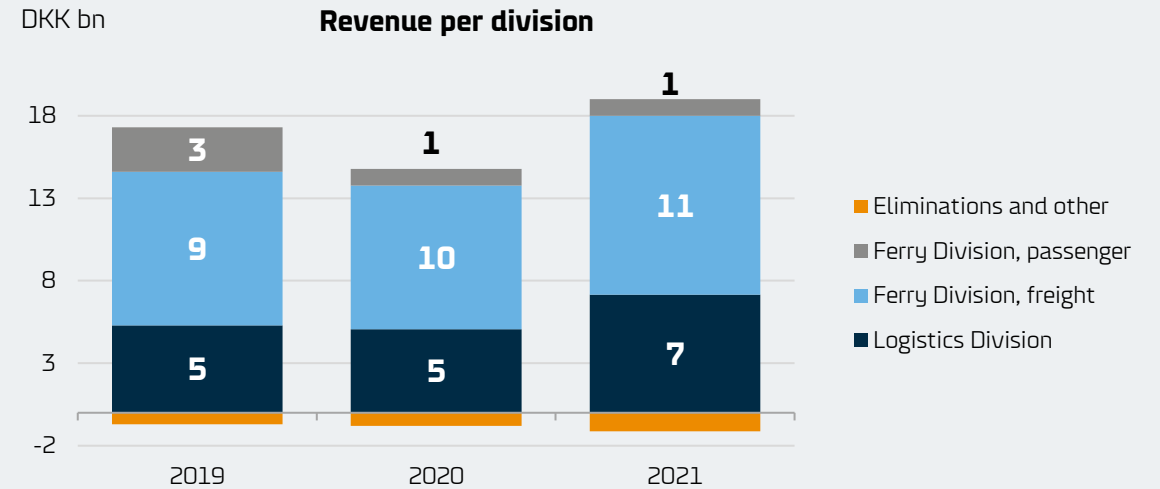
- Ro-ro/ro-pax shipping: roll on, roll off of freight units and passenger cars
- Routes carry both unaccompanied and accompanied trailers
- Our largest freight ferries can carry 450 trailers equal to 6.5 km of deck length



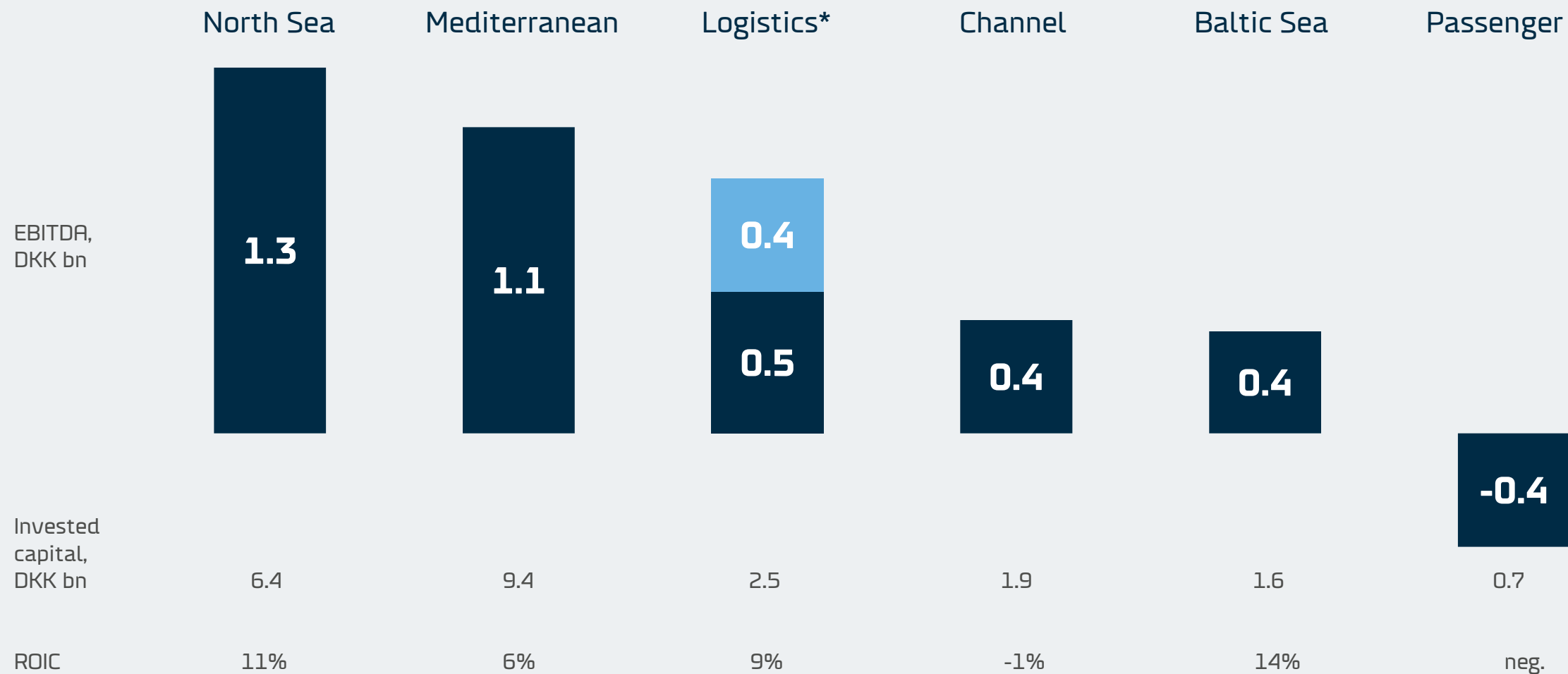
DFDS structure, ownership and earnings split



- Founded in 1866
- Lauritzen Foundation holds 42% of the share capital



Business units – EBITDA, invested capital and ROIC, 2021



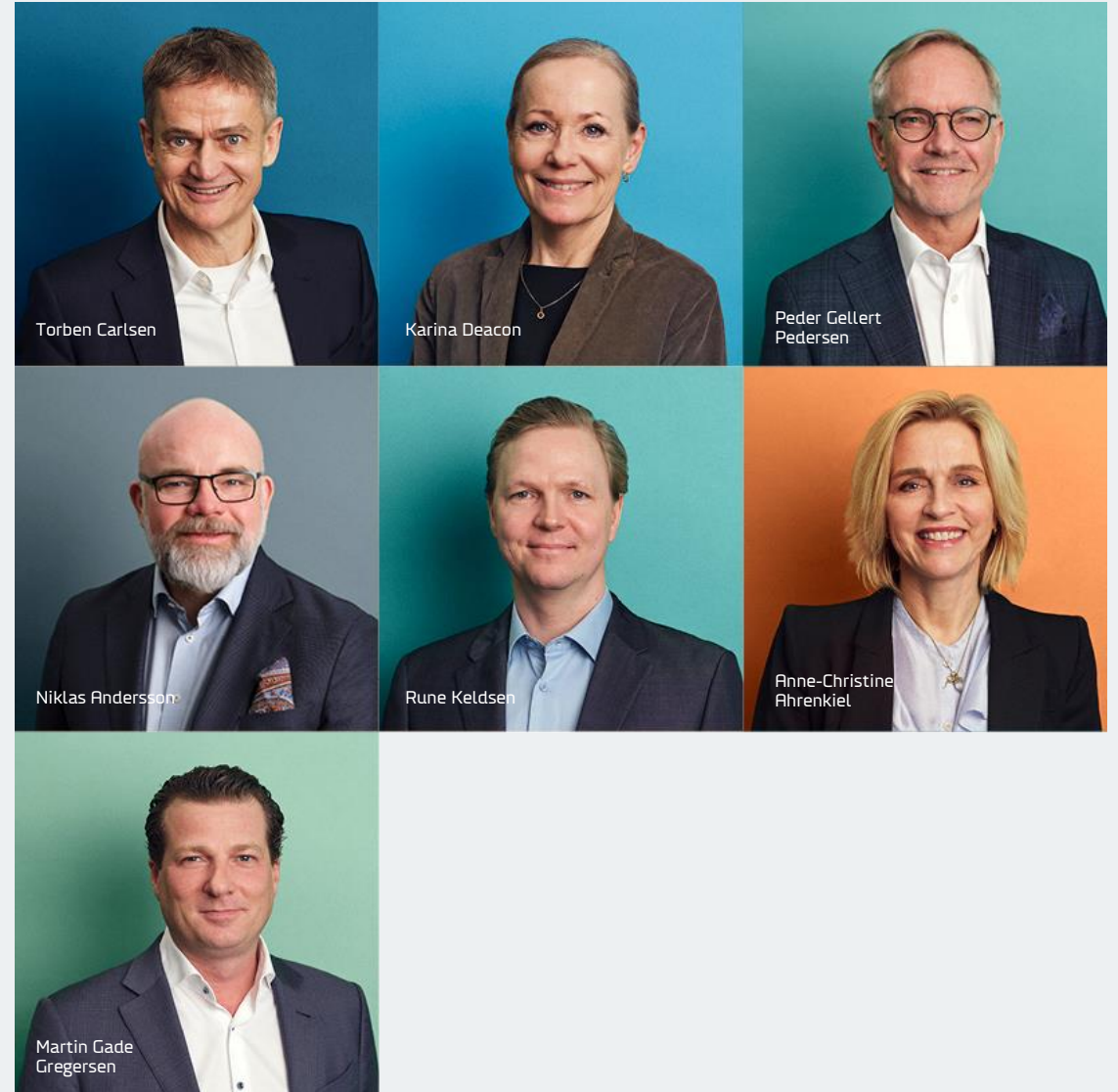
Executive Management Team (EMT)

Executive Board:

- Torben Carlsen, CEO
- Karina Deacon, CFO

Extended management team:

- Peder Gellert Pedersen, Head of Ferry Division
- Niklas Andersson, Head of Logistics Division
- Martin Gade Gregersen, Co-Head of Logistics Division
- Anne-Christine Ahrenkiel, Chief People Officer
- Rune Keldsen, Chief Technology Officer



Q1 2022 income statement

- **EBITDA** up 9% driven by freight. Revenue components with no or negative profit conversion: Oil/fuel surcharges, passenger revenue due to OFC re-opening, Brexit standby revenue
- Margin further diluted by increase in Logistics' share of revenue
- **Depreciation** up DKK 138m. Half from HSF, remainder driven by more leased ferry and logistics capacity
- **Finance** cost reduced DKK 9m by positive variance on currency adjustments

DFDS Group P/L DKK m	Q1 21	Q1 22	Δ	Δ
Revenue	3,768	5,725	1,957	52%
EBITDA*	750	822	71	9%
<i>Margin</i>	<i>19.9%</i>	<i>14.4%</i>	<i>-5.6%</i>	
<i>Ferry Division</i>	<i>641</i>	<i>598</i>	<i>-44</i>	<i>-7%</i>
<i>Logistics Division</i>	<i>101</i>	<i>216</i>	<i>115</i>	<i>114%</i>
<i>Non-allocated</i>	<i>8</i>	<i>7</i>	<i>-1</i>	<i>n.a.</i>
P/L associates	-3	-4	-1	n.a.
Gain/loss on assets	1	4	4	458%
Depreciation	-470	-608	-138	29%
EBIT*	278	214	-64	-23%
<i>Margin</i>	<i>7.4%</i>	<i>3.7%</i>	<i>2.9%</i>	
Finance	-77	-68	9	-12%
Profit before tax*	202	147	-55	-27%
Tax	-20	-34	-15	74%
Profit after tax*	182	112	-70	-38%
Special items	-10	2	12	n.a.

*Before special items

Q1 capital overview – last ferry newbuilding delivered

- **Assets** increased DKK 4.6bn mainly due to HSF consolidation and newbuildings
- **Operating cash flow** up 59% to DKK 0.9bn. Investments of DKK 1.0bn includes DKK 0.5bn for last Ro-pax newbuilding
- **NIBD** up 28% to DKK 14.6bn mostly due to acquisitions and newbuildings
- NIBD/EBITDA-ratio at 4.0* expected to decrease towards target range in 2022
- **ROIC** (LTM)** of 4.5% includes significant negative impact from lack of passengers

DKK m	Q1 21	Q1 22	Δ	Δ
Non-current intangible assets	4,899	6,267	1,368	28%
Non-current tangible assets	16,971	20,158	3,188	19%
Total assets	27,820	32,450	4,630	17%
Working capital	375	-46	-420	n.a.
Cash flow				
Operating cash flow	538	858	320	59%
Investments, total	-347	-953	-606	175%
<i>Operating</i>	-151	-429	-278	185%
<i>Ferries, sale/purchase/newbuildings</i>	-196	-489	-293	149%
<i>Acquisitions</i>	n.a.	-35	n.a.	n.a.
Adjusted free cash flow	-50	-500	-450	n.a.
Key figures				
Average no. of employees	7,965	10,832	2,867	36%
ROIC before special items	4.2%	4.5%	0.3%	n.a.
NIBD	11,435	14,638	3,203	28%
NIBD/EBITDA, times	4.0	4.0	0.0	n.a.
Equity ratio	39.1%	35.3%	-3.8%	n.a.
Invested capital, avg.	22,291	25,897	3,606	16%

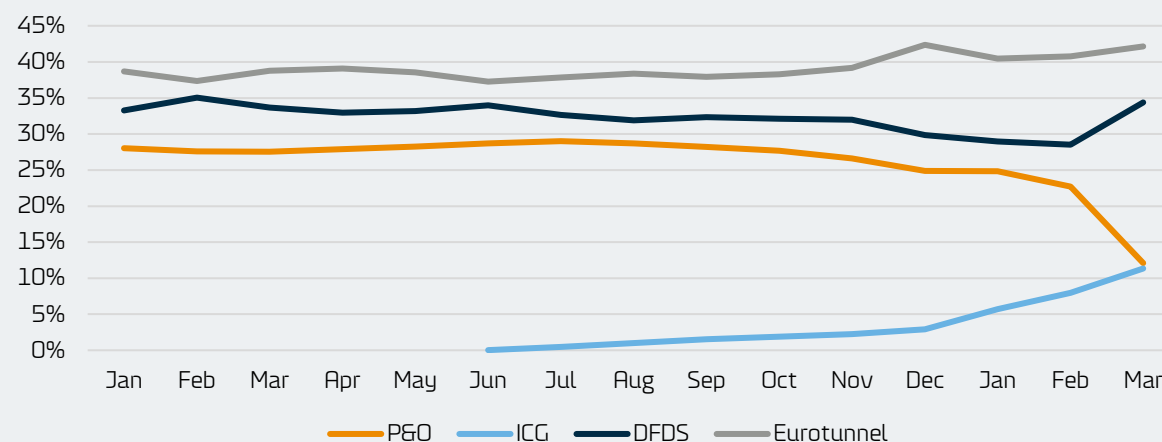
*Including HSF pro forma EBITDA for LTM

**Before special items

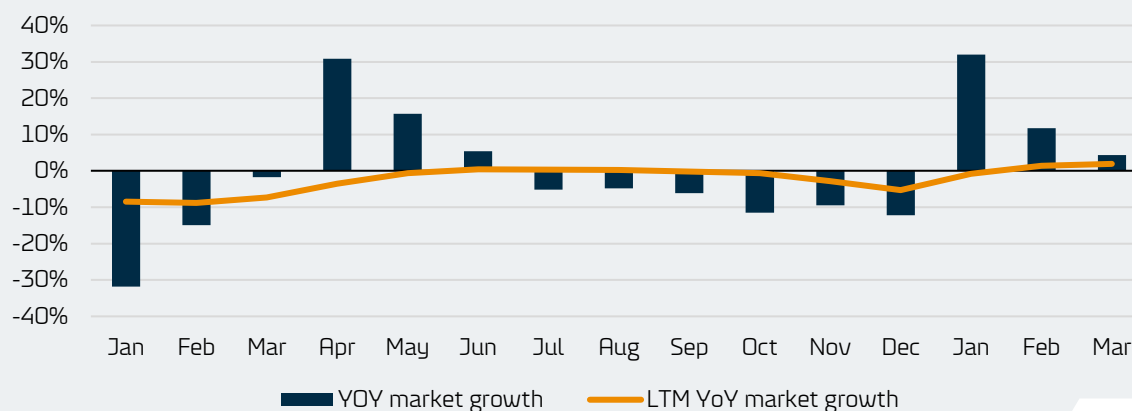
Channel – freight market share development

- Total Q1 freight volumes up 14.3%
- Market shares impacted from March 17 by P&O Ferries' suspension of sailings
- P&O Ferries and Irish Ferries both currently operating two ferries

Channel freight market shares, 2021-2022



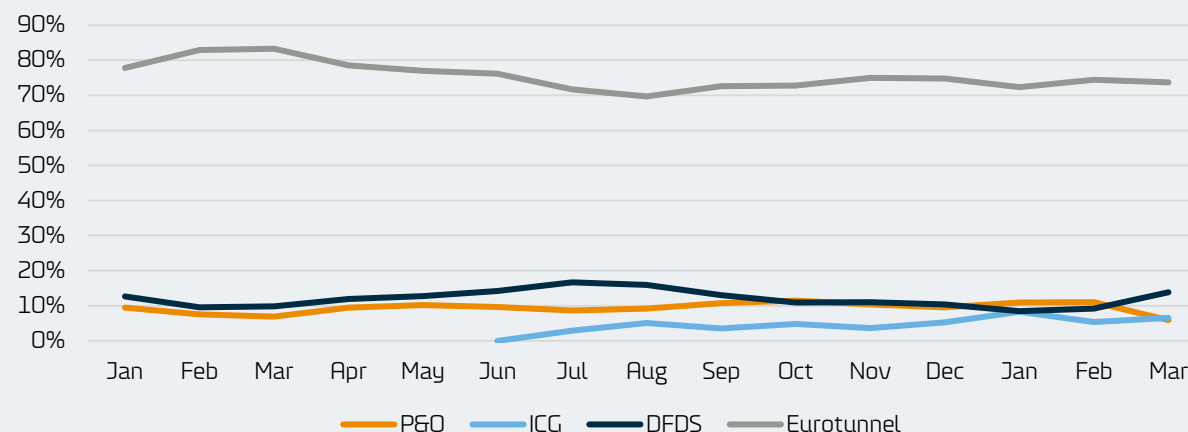
Channel freight volume growth YOY, 2021-2022



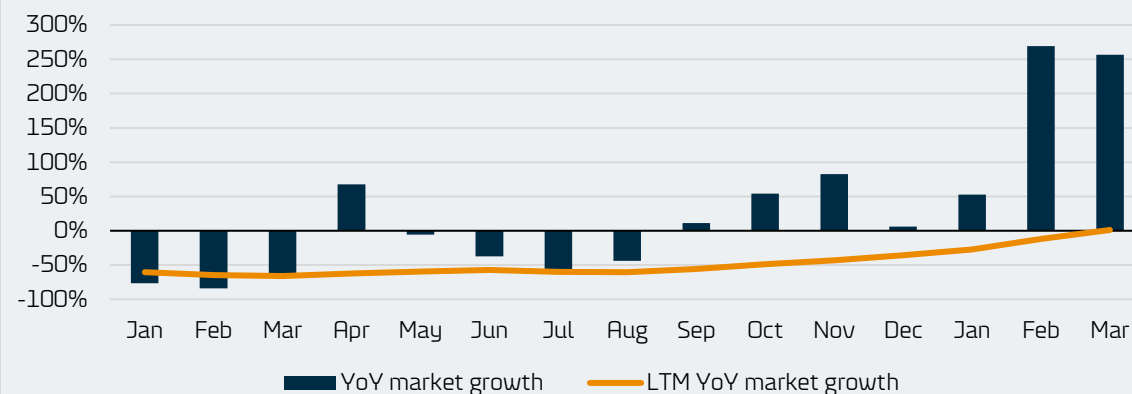
Channel – passenger car market share development

- Total Q1 passenger car volumes up 175.2%
- Market shares likewise impacted from March 17 by P&O Ferries' suspension of sailings
- Eurotunnel's market share above historic level of around 60%

Channel car market shares, 2020-2021



Channel car volume growth YOY, 2021-2022



Normalisation of passenger travel and volumes

- Three passenger activities key for normalisation:
 - Oslo-Frederikshavn-Copenhagen (OFC)
 - Amsterdam-Newcastle (AN)
 - Channel
- **OFC** - mix of holiday and leisure, of which around 125k overseas passengers in 2019
- **AN** - mix of holiday and transport
- **Channel** - mix of transport and holiday

