

Moving trailers & cars

Introduction to DFDS – SEB Nordic Seminar



10 January 2023





Content

- About DFDS
- Financial performance
- Business unit review
- ESG
- Strategy

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.

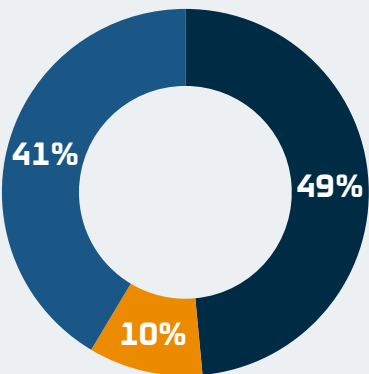
European transport & logistics network for trailers and car passengers

We move goods in trailers*
by ferry, road, & rail



We move people, mostly in cars, by ferry

90% of revenue is freight
Q3 LTM 2022



■ Freight ferry ■ Passenger ferry ■ Logistics

*And trailer equivalents, e.g. rolling cassettes for heavy industrial goods, finished vehicles

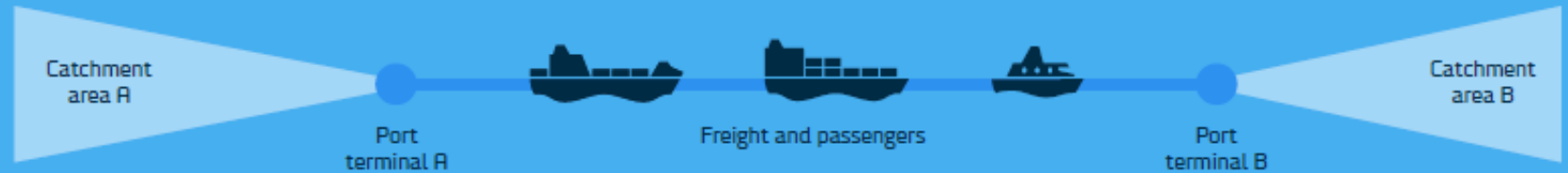


Our key customer offerings

Mix of asset-backed and asset-light business models

Ferry routes

9% own freight volumes,
up to 25% on some routes



Door-door solutions

For dry goods and cold chain



Contract logistics

For dry goods and cold chain



Support



Customs
solutions



Warehouse



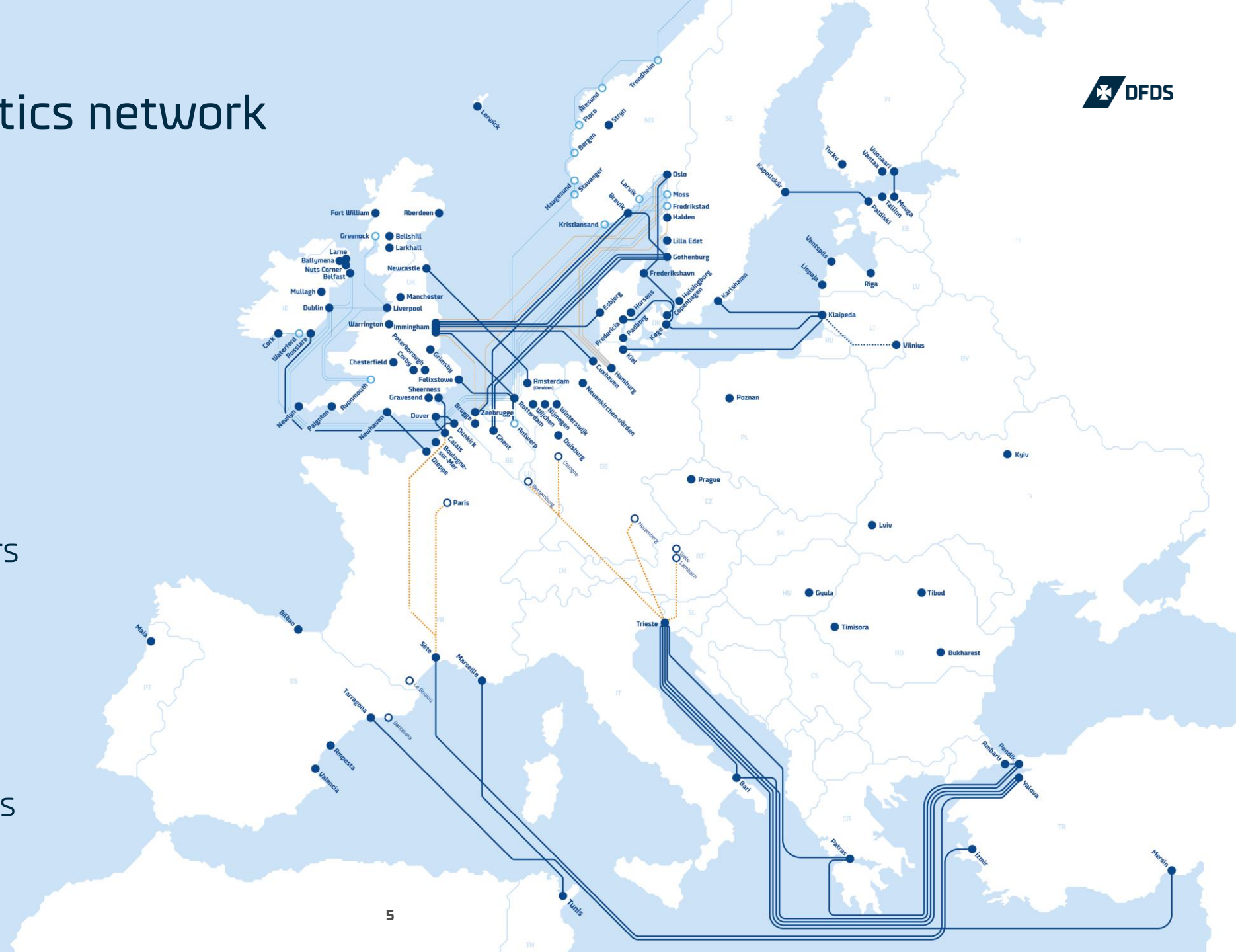
Temperature-controlled
warehousing

DFDS' ferry & logistics network



- DKK 25bn revenue*
- DKK 4.8-5.0bn EBITDA*
- 11,300 employees
- 26 ferry freight routes –
9 also carrying passengers
- 8 port terminals
- 60+ logistics locations
- 500,000+ m2 warehouses

*Outlook 2022



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



Logistics – dry and cold chain solutions

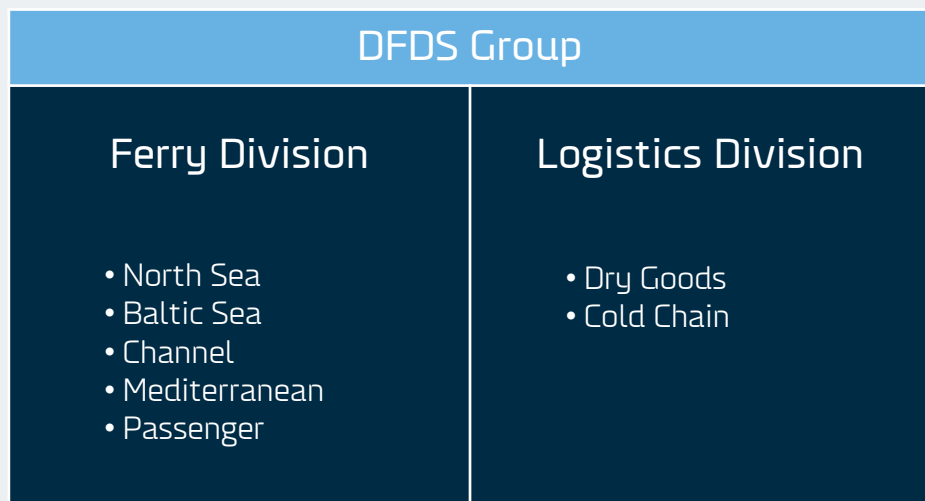


Majority of goods in our network are industry and consumer staples

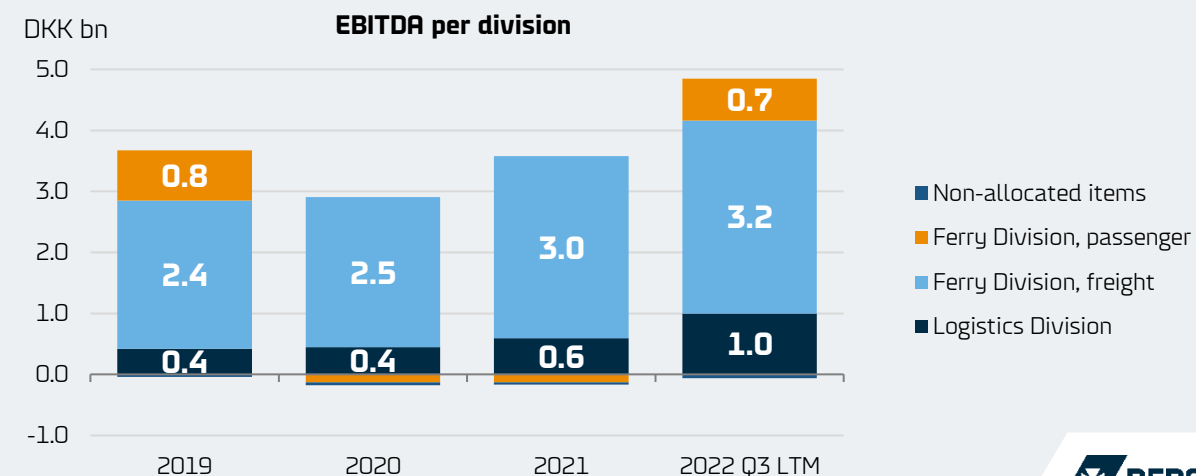
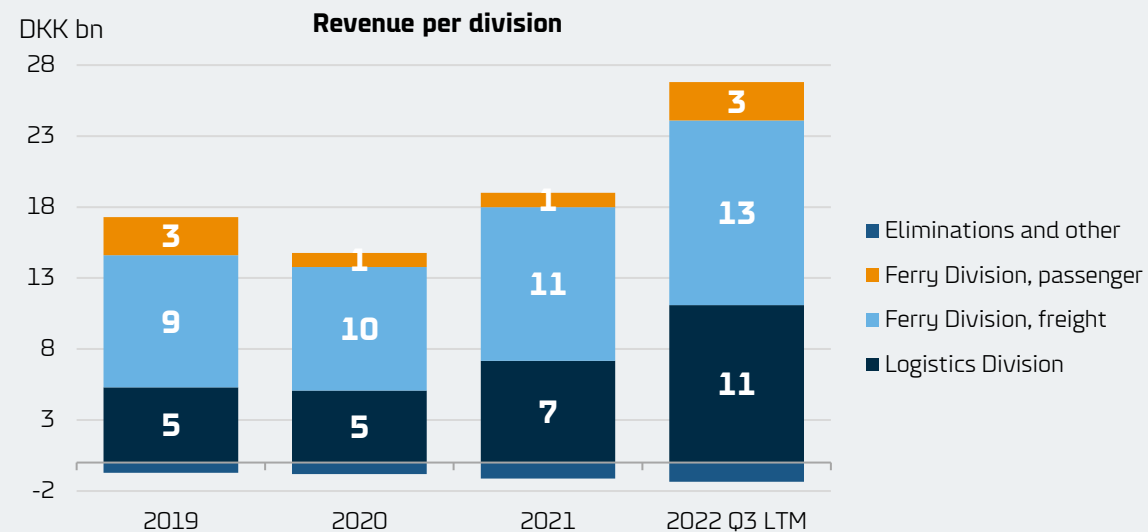
Indicative goods types and distribution in network	North Sea	Mediterranean	Channel	Baltic Sea	Dry Goods	Cold Chain
Industrial parts	X	X	X	X	X	
Automotive	X	X	X	X	X	
Forest & Metal	X			X	X	
Construction	X			X	X	
Meat, seafood & dairy	X		X			X
Other foods	X	X	X			X
FMCG		X	X		X	
High value goods			X		X	
Textiles		X				

FINANCIAL PERFORMANCE

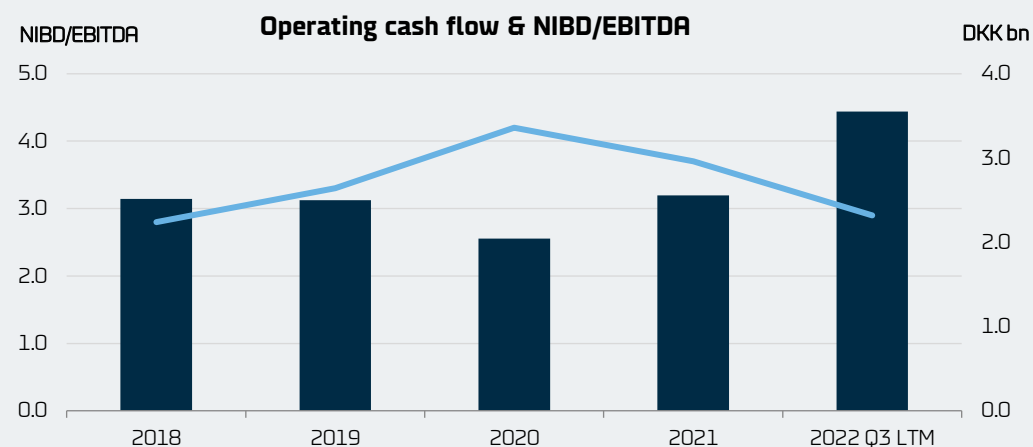
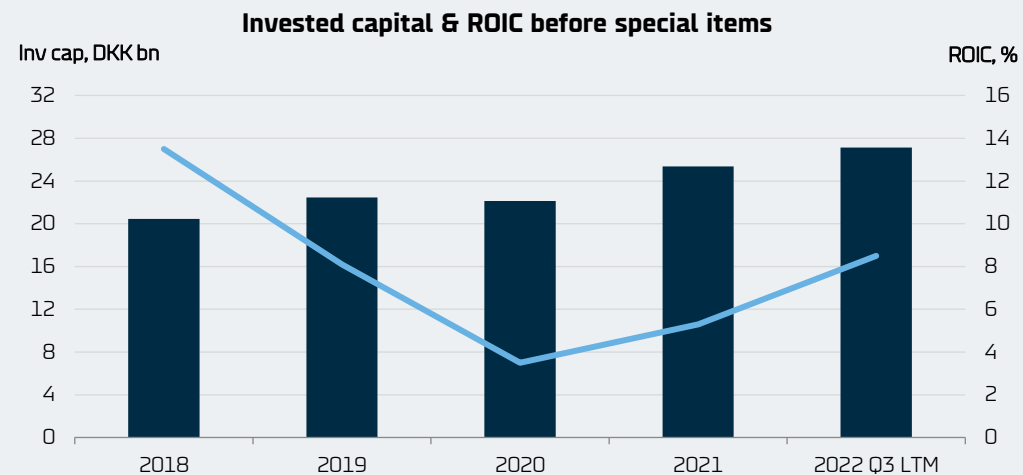
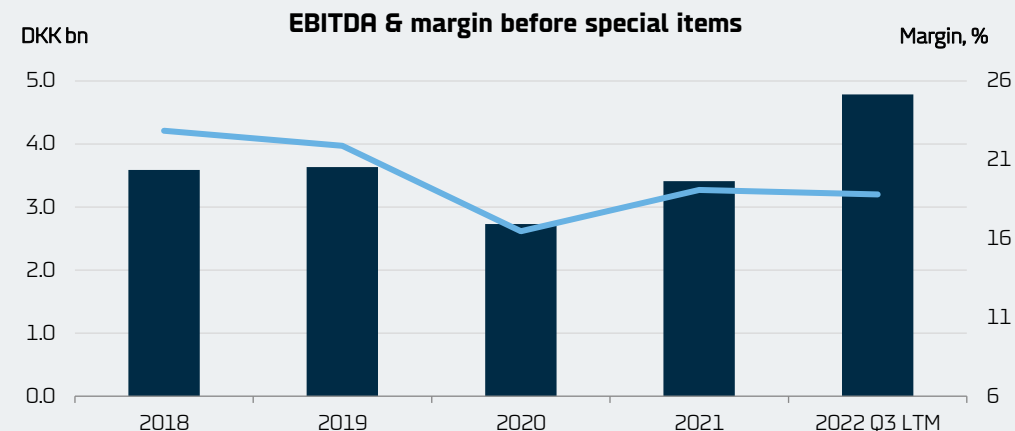
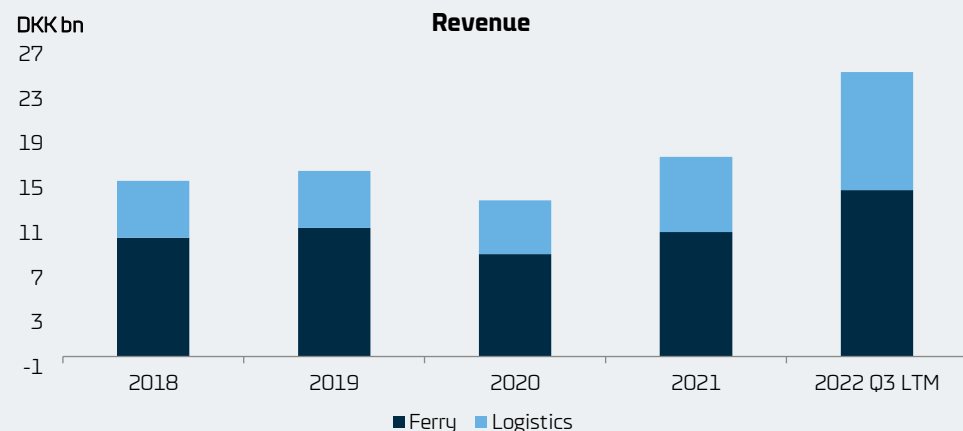
DFDS structure



- Founded in 1866
- Lauritzen Fonden Holding owns 42% of the share capital

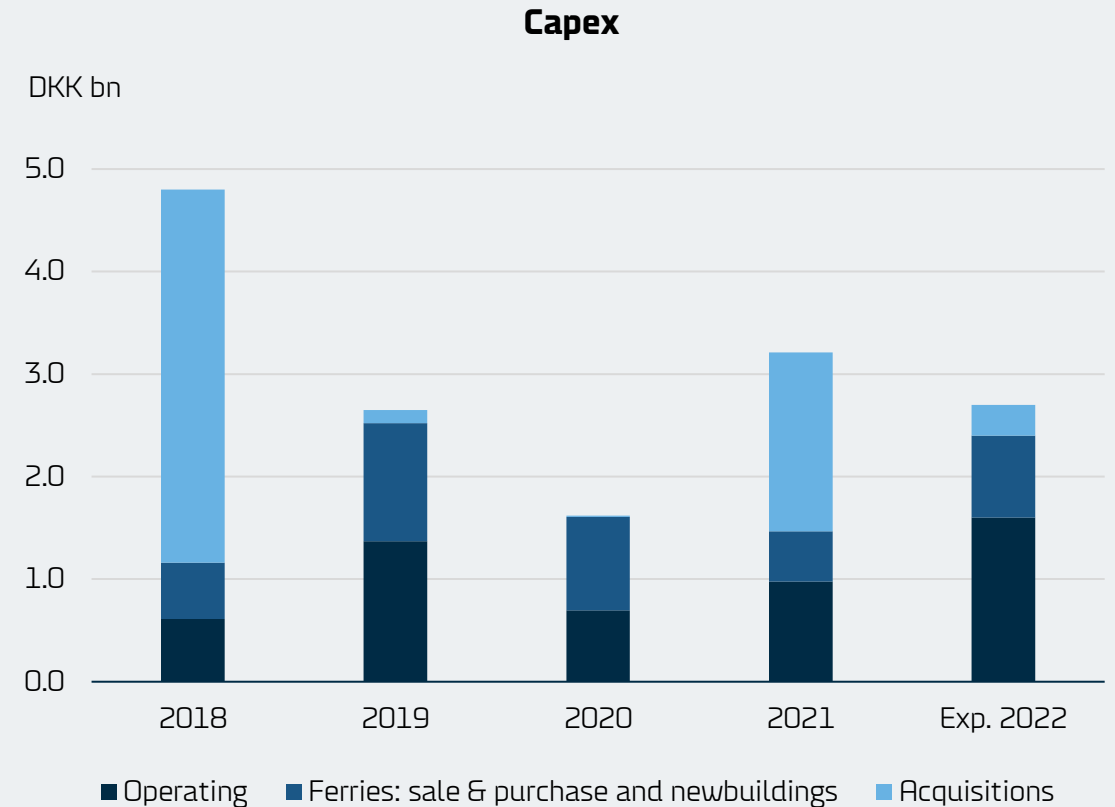


Financial performance raised after return of passengers in 2022



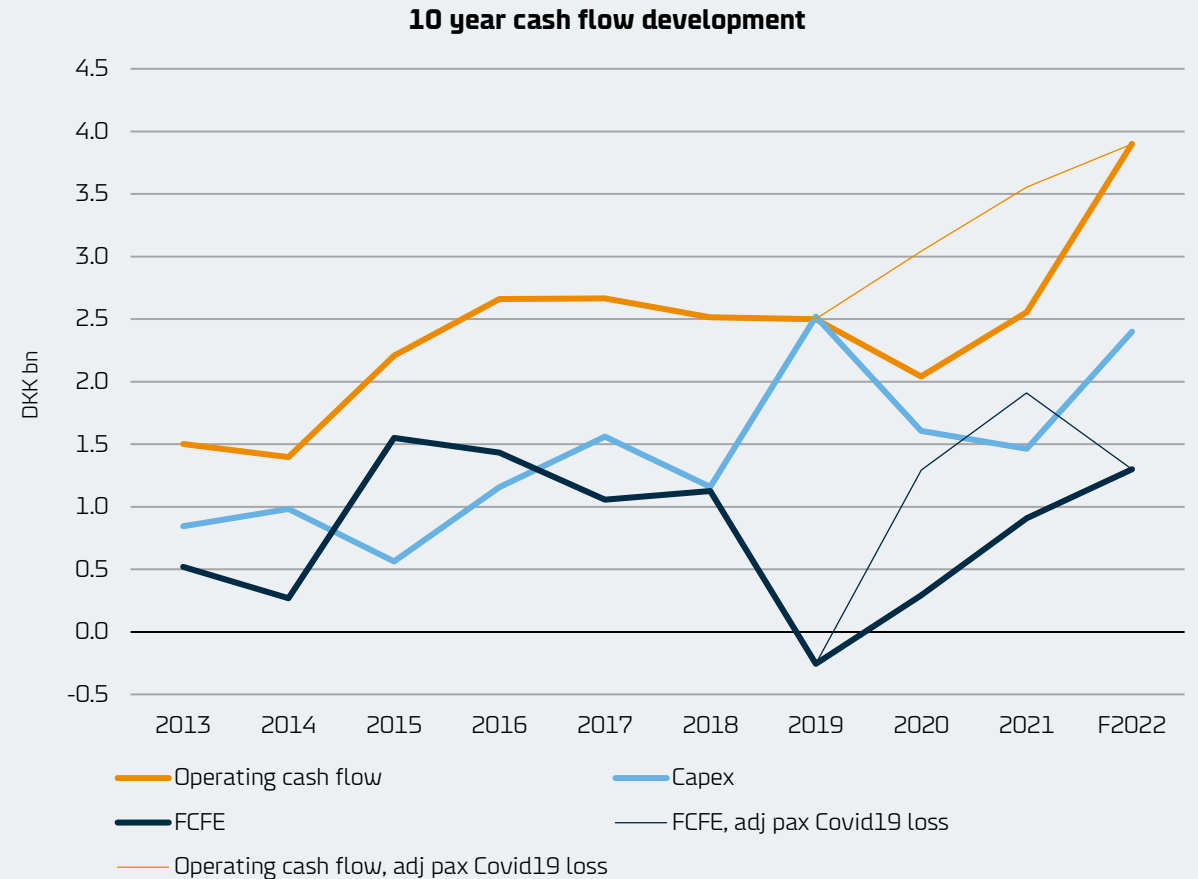
Capex set to decline following completion of newbuilding program

- 6 freight ferry newbuildings delivered 2019-2021
- 2 combined freight & passenger ferries delivered 2021-2022
- Capex set to stabilize at 7-8% capex/revenue ratio as newbuilding program completed
- Future newbuildings will gradually replace current fleet with dual fuel green ferries



Cash flow raised since 2019 by Mediterranean and return of passengers

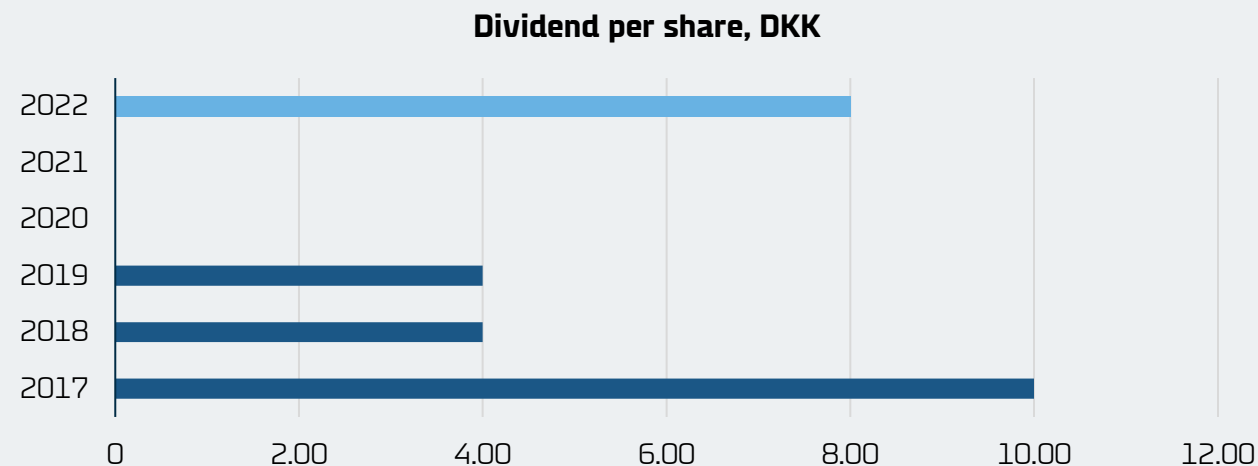
- Operating cash flow adjusted to include lease payments (IFRS16)
- Capex excludes acquisitions and other transactions
- Free cash flow, FCFE, includes net financing cost
- FCFE of DKK 1.3bn expected for 2022



Capital distribution resumed in 2022 after Covid-19 pause

- 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 of 2.9x end of Q3 2022 back in target range
- Dividend of DKK 4.00 paid in March 2022 and DKK 4.00 in August 2022

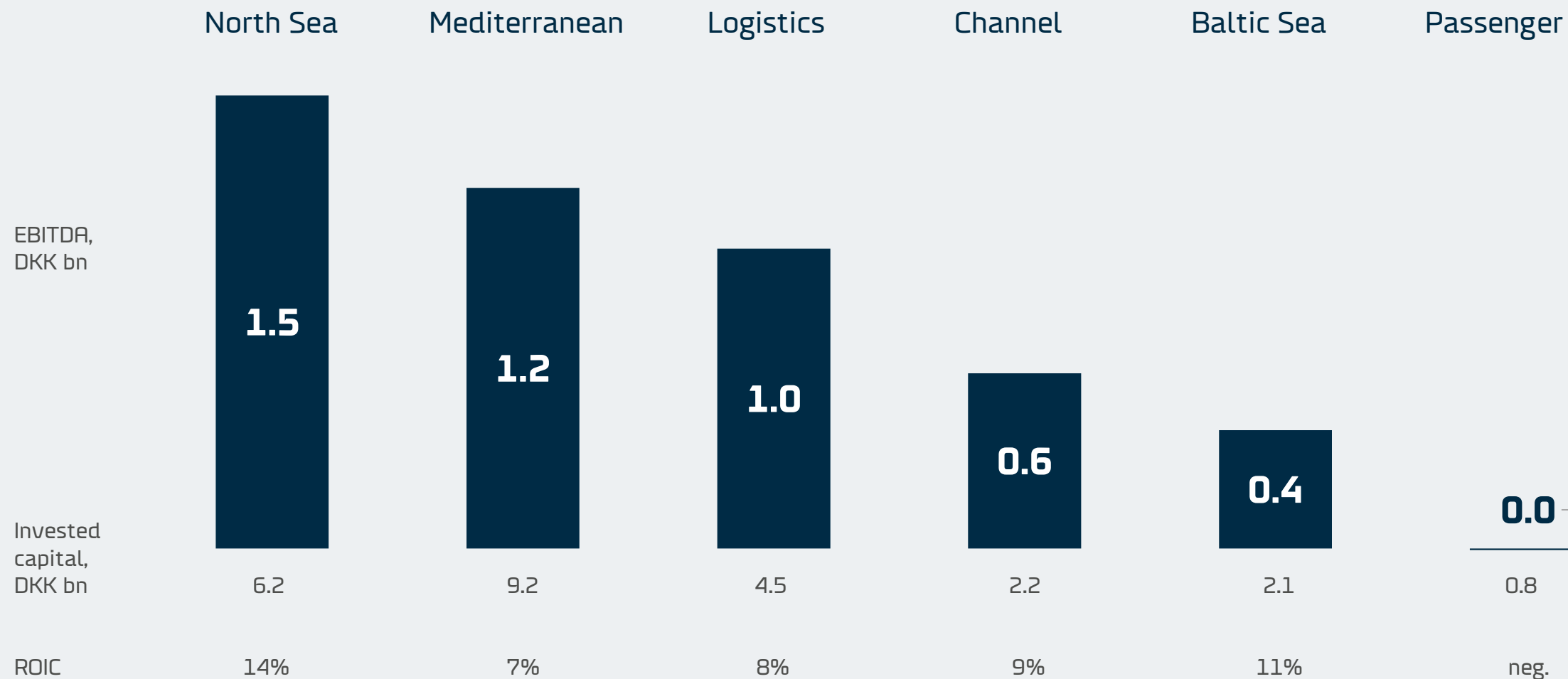
Distribution to shareholders, DKK m	2017	2018	2019	2020	2021	2022
Dividend paid per share, DKK	10.00	4.00	4.00	0	0	8.00
Total dividend paid ex. treasury shares	555	219	229	0	0	458
Buyback of shares	1,106	190	0	0	0	0
Total distribution to shareholders	1,661	409	229	0	0	458
Total distribution yield, %	9.2	2.7	1.2	0	0	n.a.



BUSINESS UNIT REVIEW

Business units – EBITDA, invested capital and ROIC, 2022 Q3 LTM

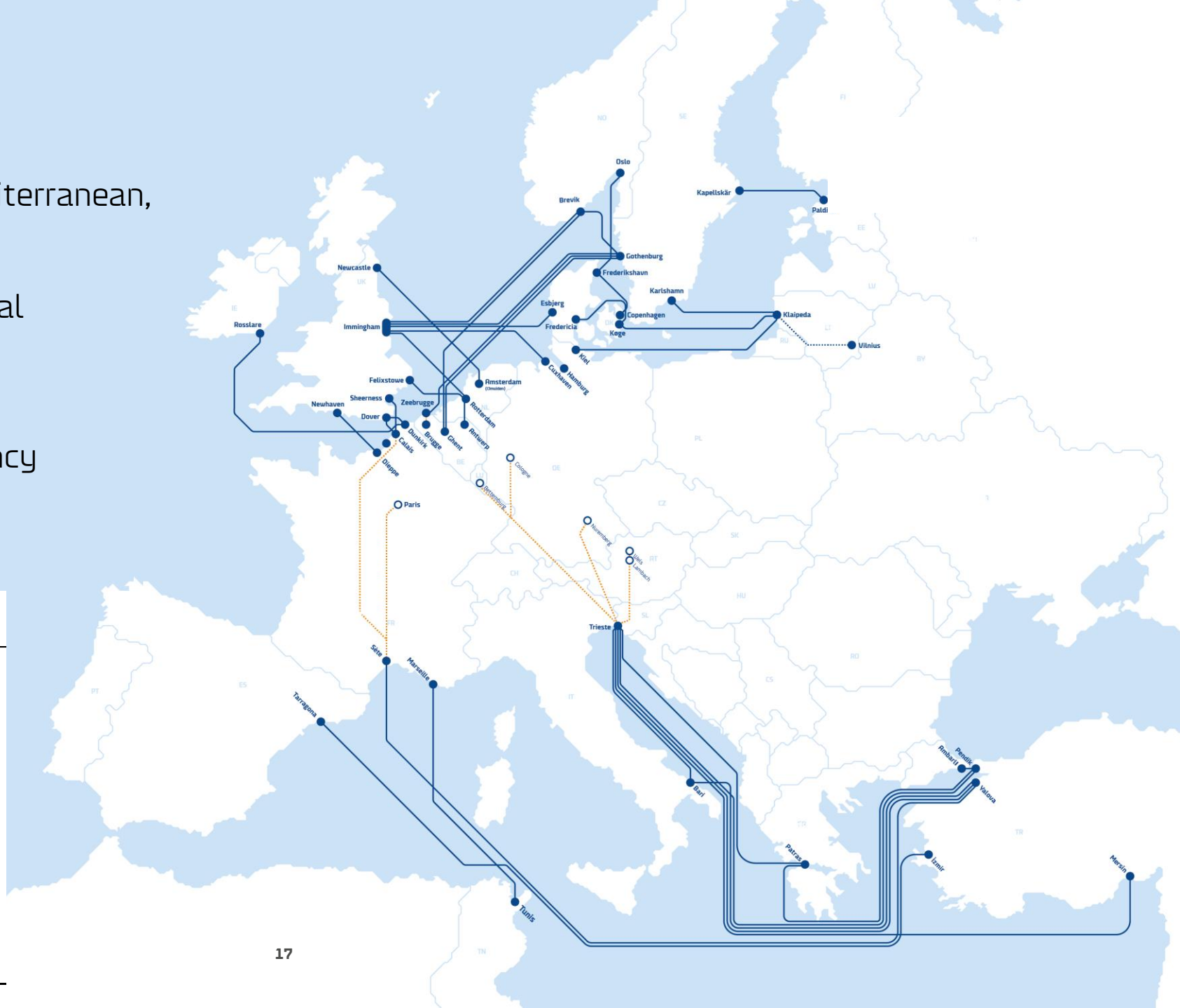
Total DFDS Group EBITDA for 2022 Q3 LTM was DKK 4.8bn before special items



Ferry Division

- Five business units – North Sea, Mediterranean, Channel, Baltic Sea, and Passenger
- Ferry routes are part of European vital transport infrastructure
- Asset-backed model – ferries & port terminals – for reliability and efficiency
- Logistics Division largest customer

DKK m	2021	2021-22
Ferry Division	Full year	Q3 LTM
Revenue	11,806	15,647
EBITDA before special items	2,852	3,852
EBIT before special items	1,160	2,024
EBIT margin before special items, %	9.8	12.9
Invested capital, average	20,442	20,689
ROIC before special items, %	5.3	9.4
Average number of employees	5,381	5,669
Lane metres, '000	43,011	43,140
Tons, '000	633	631
Passengers, '000	869	3,260



Ferry types

The route network deploys 65 ferries



Day ferry (ro-pax), Channel

Freight ferry (ro-ro)



Combined freight and passenger ferry (ro-pax)



Cruise ferry



Ferry route competitive dynamics are mostly stable

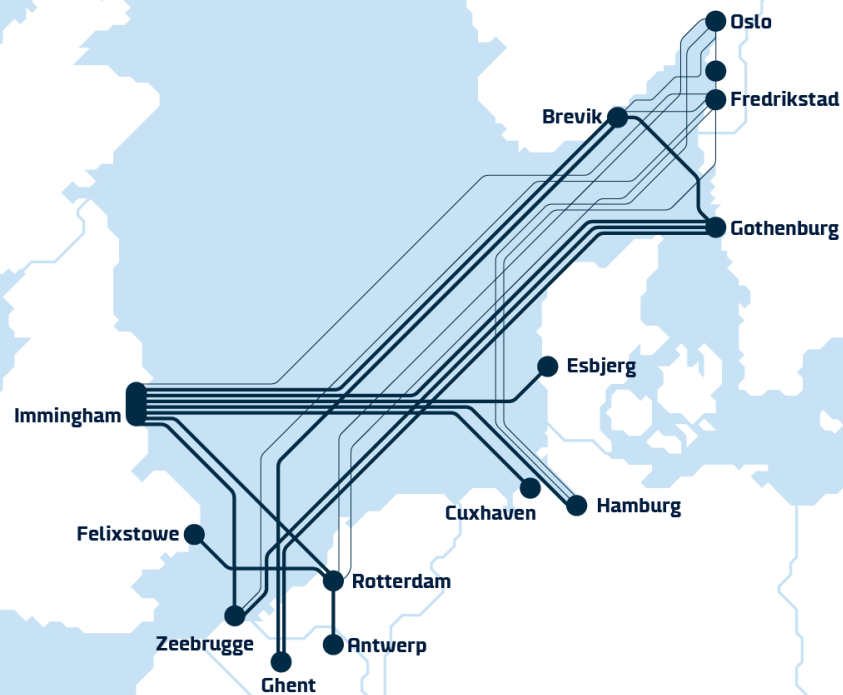
- Ferry routes typically deploy 1-3 ferries
- Stepwise addition of 1 or more ferries on a route thus increases capacity significantly
- Additional capacity only attracts marginal extra volumes, if at all
- Overcapacity untenable for longer periods due to high fixed cost share
- Overcapacity situations:
 - 2012: Gothenburg-Immingham
 - 2012-2015: Dover-Calais
 - 2022-?: Dover-Calais

Route	No. of ferries on route	Minimum required no. of ships for entry	Capacity impact of entry*
Dover-Calais	7	3	43%
Gothenburg-Immingham	3	2	67%
Fredericia-Copenhagen-Klaipeda	1	1	100%

* Assumes entered ships are identical to incumbent ships and same no. of departures per ship

North Sea

- Freight ferry routes only (ro-ro)
- Forwarders and hauliers main customer group
- High share of industrial customers Sweden-UK/Continent
- 17 freight ferries and 2 sideport ships.
Average age of owned ferries: 13 yrs
- Rotterdam port, owned. Gothenburg and Immingham, multi-year concessions
- Competitive situation stable – CLdN, Stena Line, P&O Ferries

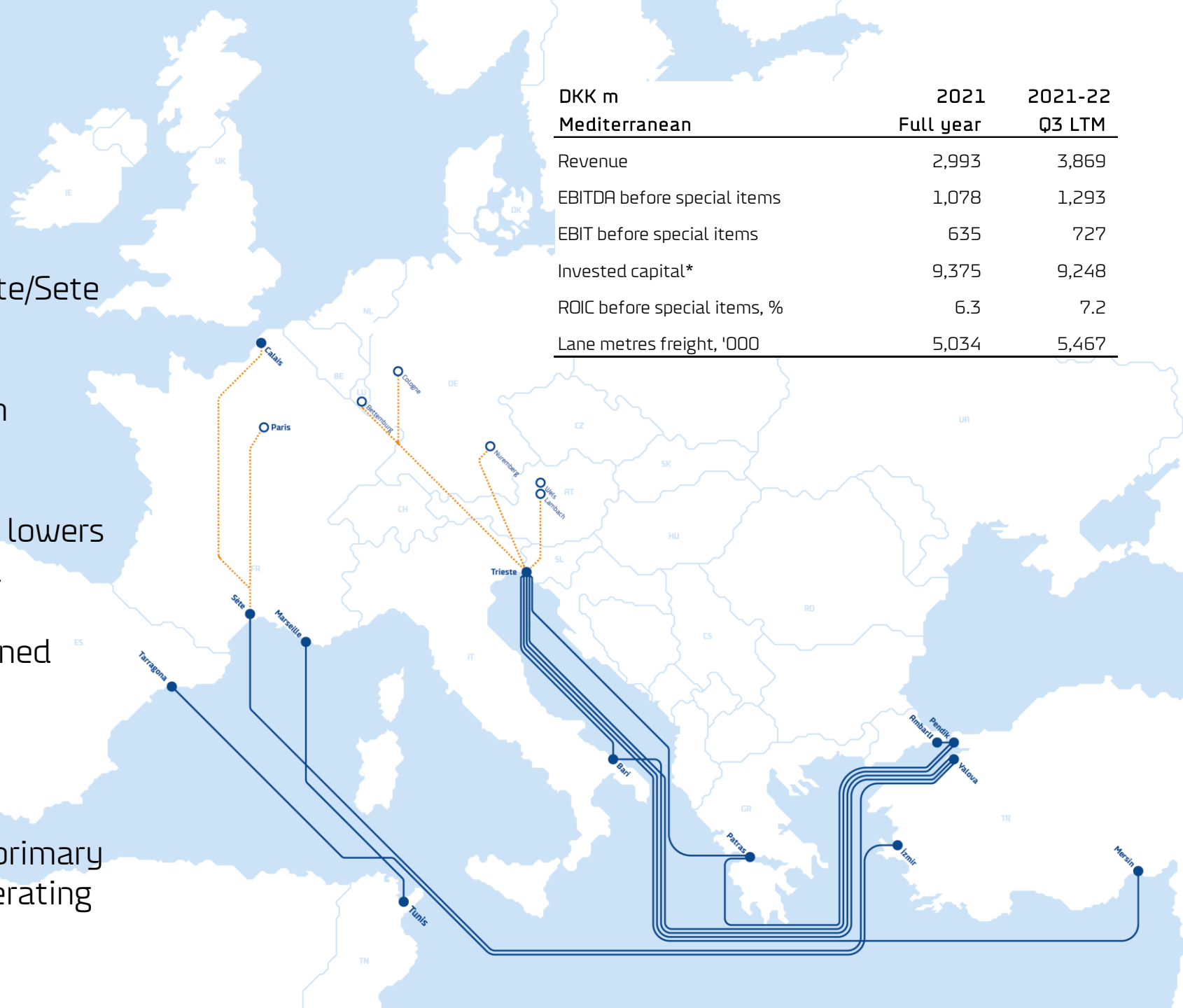


DKK m North Sea	2021 Full year	2021-22 Q3 LTM
Revenue	4,161	4,938
EBITDA before special items	1,287	1,508
EBIT before special items	690	908
Invested capital*	6,362	6,169
ROIC before special items, %	10.6	14.4
Lane metres freight, '000	13,769	13,890
Tons, '000	633	631

Mediterranean

- Freight ferry routes only (ro-ro)
- ~40% of cargo continuing from Trieste/Sete with train
- Turkish forwarders and hauliers main customer group – EUR business
- Key value proposition: ferry solution lowers no. of trucks/drivers required vs road
- 21 freight ferries. Average age of owned ferries: 14 yrs
- Pendik and Trieste ports, owned
- Competitive situation stable – road primary competitor, one ferry competitor operating from Izmir to Trieste

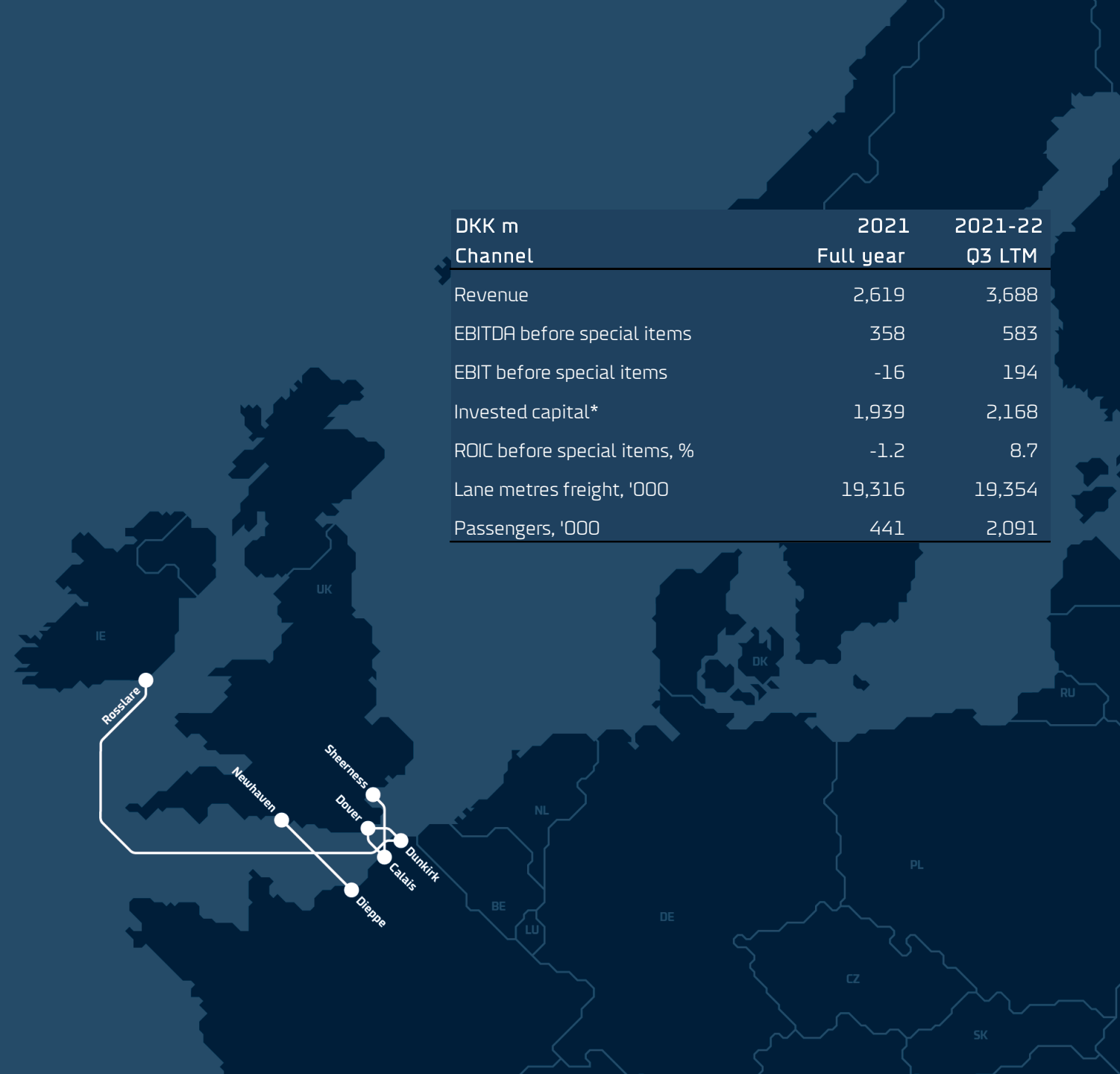
DKK m	2021	2021-22
Mediterranean	Full year	Q3 LTM
Revenue	2,993	3,869
EBITDA before special items	1,078	1,293
EBIT before special items	635	727
Invested capital*	9,375	9,248
ROIC before special items, %	6.3	7.2
Lane metres freight, '000	5,034	5,467



Channel

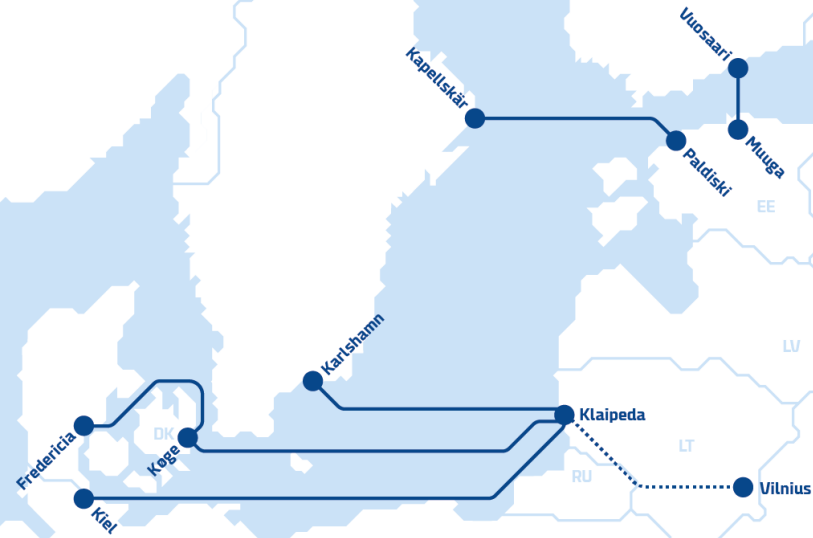
- Primarily combined freight and passenger routes (ro-pax); one freight only route (ro-ro)
- Forwarders and hauliers main freight customer group, +60% revenue share
- Car passengers ~40% revenue share, duty-free sales introduced from beg. 2021
- 10 ro-pax ferries, 1 ro-ro. Average age of owned ferries: 17 yrs
- Concession agreement Dunkirk
- Competitive situation unstable due to ferry overcapacity from entry of third operator mid-2021 – P&O Ferries, Irish Ferries (ICG), Eurotunnel (Getlink)

DKK m	2021	2021-22
Channel	Full year	Q3 LTM
Revenue	2,619	3,688
EBITDA before special items	358	583
EBIT before special items	-16	194
Invested capital*	1,939	2,168
ROIC before special items, %	-1.2	8.7
Lane metres freight, '000	19,316	19,354
Passengers, '000	441	2,091



Baltic Sea

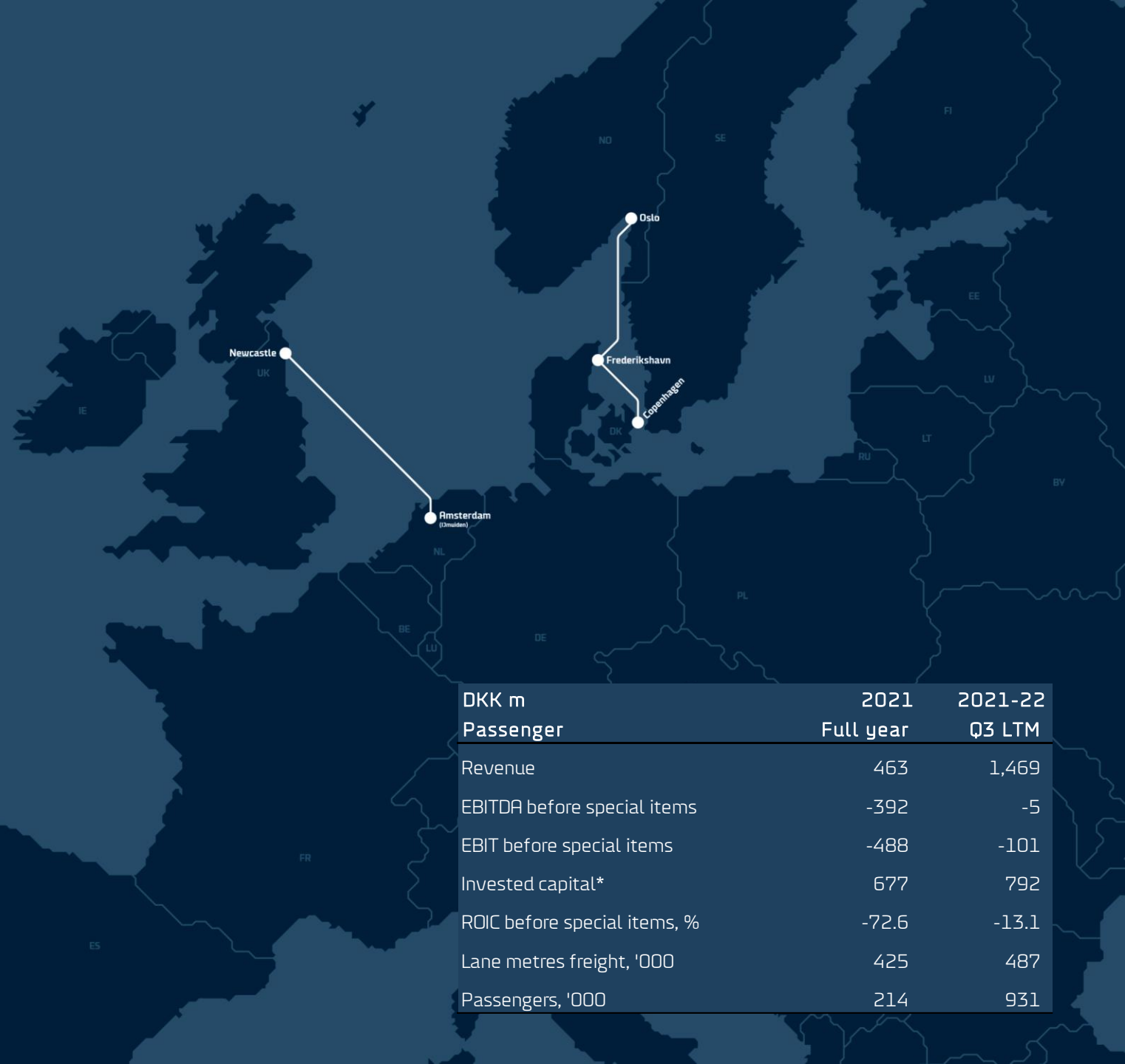
- Combined freight and passenger routes (ro-pax) and freight only routes (ro-ro)
- Forwarders and hauliers main customer group on all routes
- High share of passengers are migrant workers
- Negative impact from war in Ukraine, mostly between Germany and Lithuania
- 7 ro-pax ferries, 2 ro-ro. Average age of owned ferries: 19 yrs
- Competitive situation stable – TT Line, Stena Line, Finnlines, Tallink



DKK m	2021	2021-22
Baltic Sea	Full year	Q3 LTM
Revenue	1,381	1,520
EBITDA before special items	391	394
EBIT before special items	226	235
Invested capital*	1,600	2,108
ROIC before special items, %	14.0	11.0
Lane metres freight, '000	4,467	3,942
Passengers, '000	214	238

Passenger

- Two cruise ferry routes
- 90% passenger revenue
- Mix of holiday/transport, leisure, and conference segments
- 4 passenger ferries. Average age of owned ferries: 33 yrs
- Competitive situation stable – Color Line, Stena Line, P&O Ferries



DKK m	2021	2021-22
Passenger	Full year	Q3 LTM
Revenue	463	1,469
EBITDA before special items	-392	-5
EBIT before special items	-488	-101
Invested capital*	677	792
ROIC before special items, %	-72.6	-13.1
Lane metres freight, '000	425	487
Passengers, '000	214	931

Logistics Division

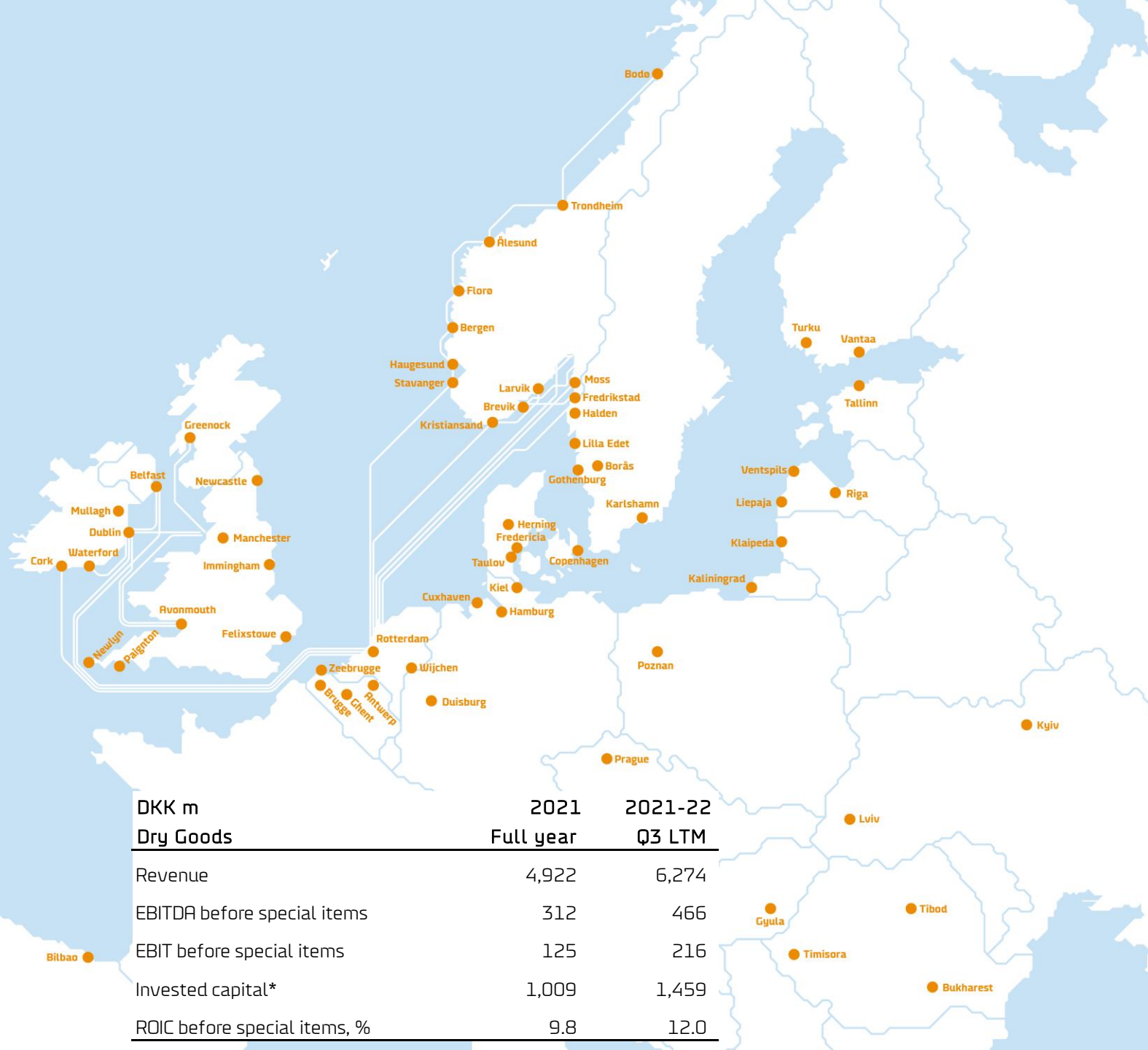
- Two business units – Dry Goods and Cold Chain
- Focused strategy on trailer full- and part-loads, warehousing, distribution centres, and contract logistics (no groupage, air/sea, parcels)
- Ferry Division's largest forwarder customer

DKK m	2021	2021-22
Logistics Division	Full year	Q3 LTM
Revenue	7,155	11,132
EBITDA before special items	593	998
EBIT before special items	269	438
EBIT margin before special items, %	3.8	3.9
Invested capital, average	2,520	4,532
ROIC before special items, %	8.6	7.5
Average number of employees	2,774	3,659



Dry Goods

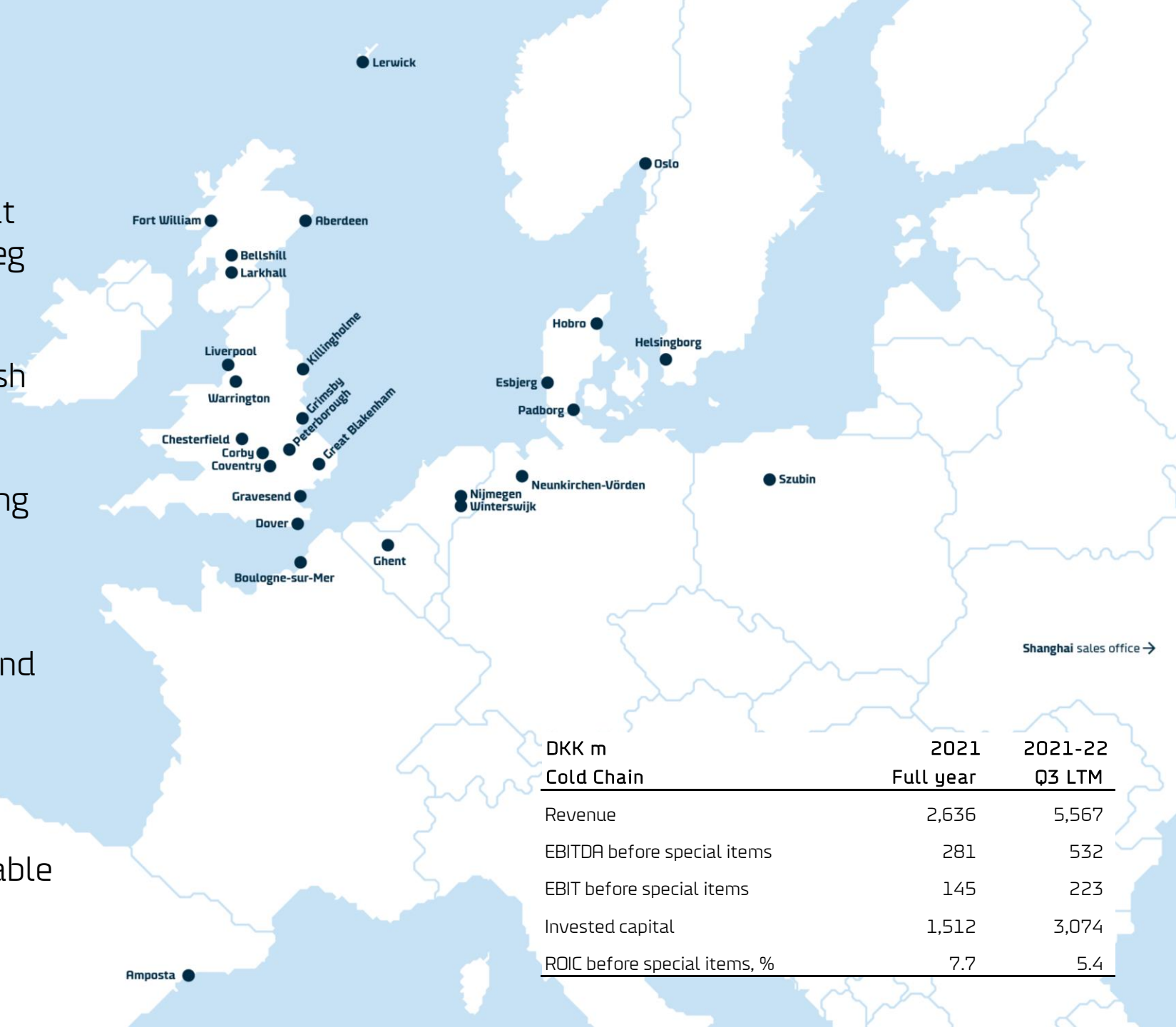
- Forwarding for full- and part-loads, warehousing, contract logistics, and customs clearance
- Key trade lanes overlap with own ferry routes
- Significant automotive contracts
- Asset-light operating model, haulage mostly subcontracted
- Multiple owned and leased warehouses
- 4,500+ trailers, 2,300 containers, 250 trucks



DKK m	2021	2021-22
Dry Goods	Full year	Q3 LTM
Revenue	4,922	6,274
EBITDA before special items	312	466
EBIT before special items	125	216
Invested capital*	1,009	1,459
ROIC before special items, %	9.8	12.0

Cold Chain

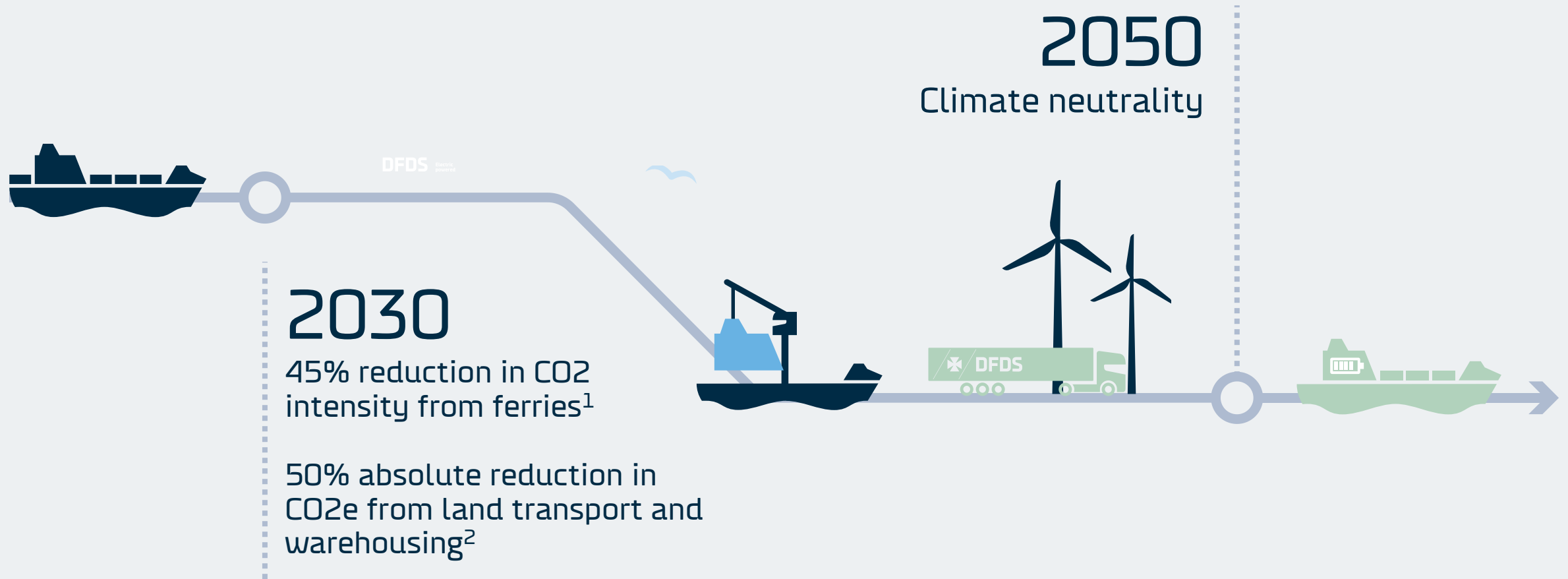
- Supply chain solutions for mainly meat and seafood, frozen foods plus fruit/veg backloads from southern Europe
- Significant contracts with meat and fish producers, dairies, fruit & vegetables
- High share of inhouse haulage, including own drivers, to ensure reliability
- Large, owned distribution centres in Nijmegen, Winterswijk, and Larkhall and other locations
- Multiple cold stores in UK
- 2000+ trailers, 900 trucks, 175k reusable "dolavs" (plastic boxes)



DKK m	2021	2021-22
Cold Chain	Full year	Q3 LTM
Revenue	2,636	5,567
EBITDA before special items	281	532
EBIT before special items	145	223
Invested capital	1,512	3,074
ROIC before special items, %	7.7	5.4

ESG STRATEGIES AND TARGETS

DFDS' Climate Action Plan sets both short- and long-term targets



1. Relative scope 1 TtW CO2 emission from vessels from 2008 baseline (measured as CO2 per g/Gross Tonnage/Nautical Mile) i.e. ~32% reduction from 2019. Targets for road transport and warehousing from 2019 baseline, will be revised during 2022 and 2023 as data coverage improves.

Key green development and transformation actions

Short term

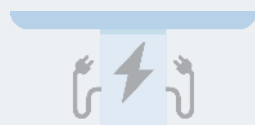
Medium term

Long term

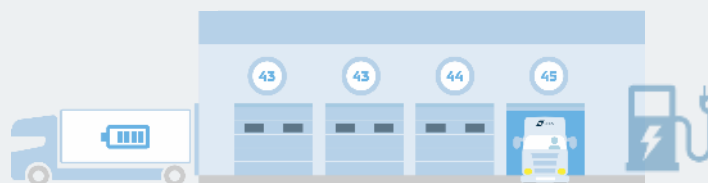
Alternative fuels
Fuel efficiency



Electric trucks and trailers



Warehouse electrification



Hydrogen trucks



Renewable energy
sourcing & production



Terminal electrification



Electric barges

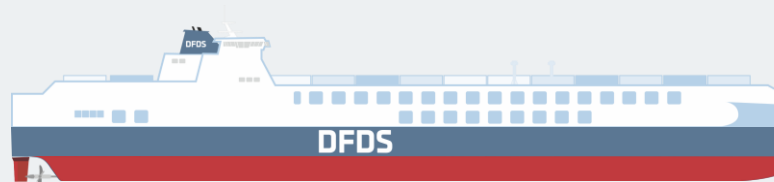


Route optimization

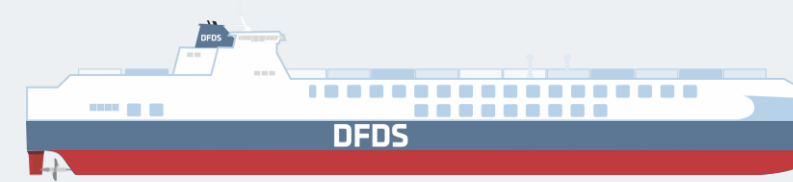
Biofuel
Optimisation & efficiency
Shore power



Methanol conversion



Ammonia or Methanol new-buildings



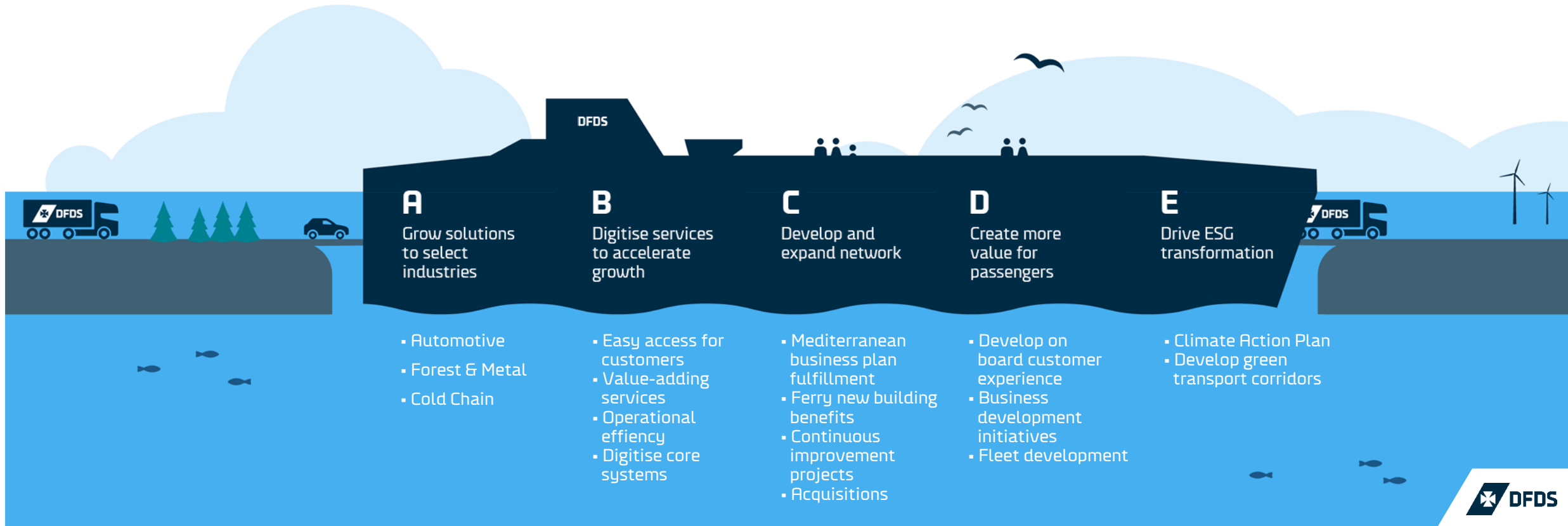
Recent key ESG actions

- **Ferry** CO2 emissions reduced 4% in Q3 across the ferry network
- Sailing schedules adapted to allow for further **slow steaming**
- First batch of **biofuel** (B100) being tested on Vlaardingen-Immingham
- 2 **eTrucks** running in Ghent and Got. 20 additional eTrucks in Jan
- 1m kWh of **clean electricity** produced by warehouse solar panels in 2022



STRATEGY, OUTLOOK, MANAGEMENT

DFDS strategy



Outlook 2022 – EBITDA and revenue growth raised, again

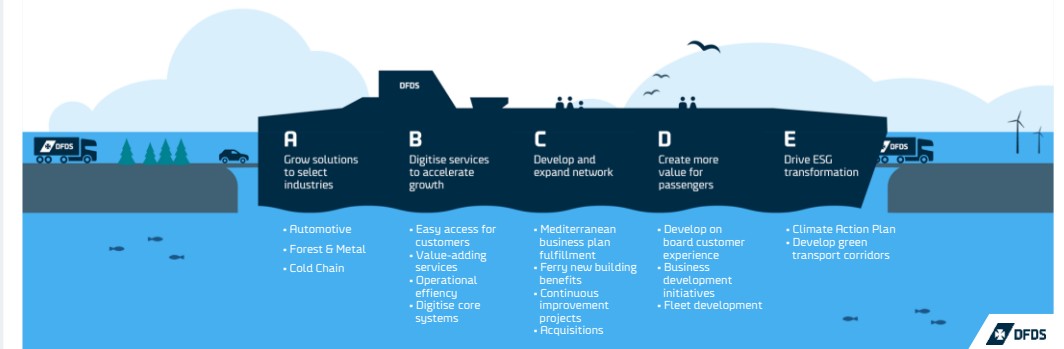
- **Revenue** growth raised to around 45% (previously around 40%)
- Raise mainly due to higher revenue from oil surcharges
- **EBITDA** range raised to DKK 4.8-5.0bn by stronger than expected Q3 result
- **Investments** unchanged

DKK m	Outlook 2022	Previous	2021
Revenue growth	Around 45%	Around 40%	17,869
EBITDA before special items	4,800-5,000	4,400-4,800	3,411
<i>Per division:</i>			
Ferry Division	3,900-4,000	3,500-3,800	2,853
Logistics Division	950-1,050	950-1,050	593
Non-allocated items	-50	-50	-35
Investments	-2,700	-2,700	-3,210
<i>Types:</i>			
Operating	-1,500	-1,600	-975
Ferries: sale & purchase, newbuildings	-900	-800	-490
Acquisitions	-300	-300	-1,745

Current challenges and opportunities

- **Freight ferry** volume growth – headwind from anticipated slowdown, tailwind from nearshoring
- **Passenger** volumes historically resilient in slowdowns; not fully recovered from Covid
- Ferry **competition** overall stable - Channel overcapacity
- Continued **consolidation** in Logistics
- **Supply chain security** increases warehousing demand. Haulage market expected to remain tight
- **Expand** customer offerings through acquisitions and other initiatives
- Continued focus on **green** transformation

DFDS strategy



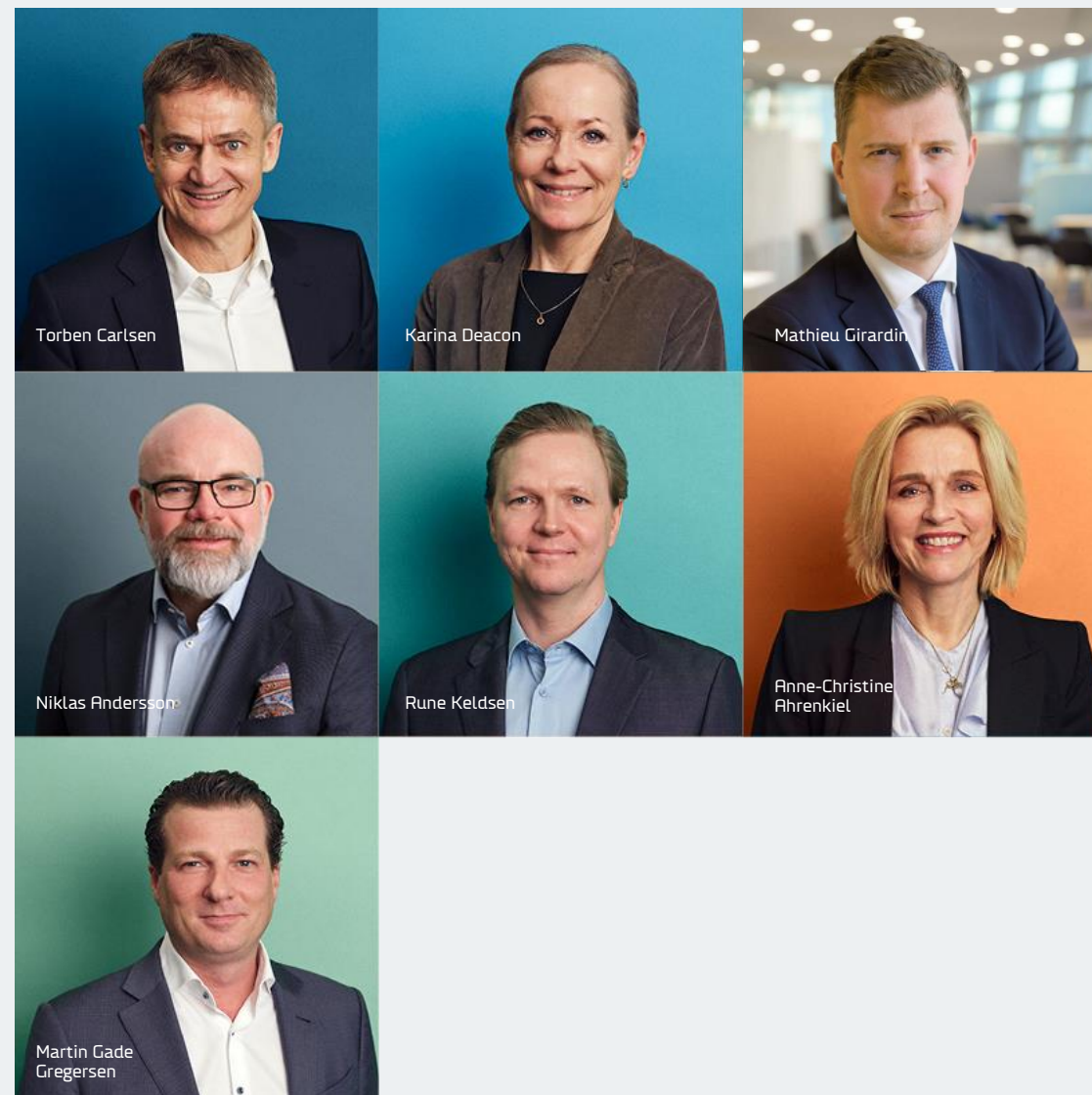
Executive Management Team (EMT)

Executive Board:

- Torben Carlsen, CEO
- Karina Deacon, CFO

Extended management team:

- Mathieu Girardin, Head of Ferry Division
- Niklas Andersson, Head of Logistics Division
- Martin Gade Gregersen, deputy Head of Logistics Division
- Anne-Christine Ahrenkiel, Chief People Officer
- Rune Keldsen, Chief Technology Officer





Q&A

