

# MANAGING THROUGH COVID-19

DFDS GROUP



7 May 2020



- Overview
- Q1 numbers
- Covid-19 update
- Outlook 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.



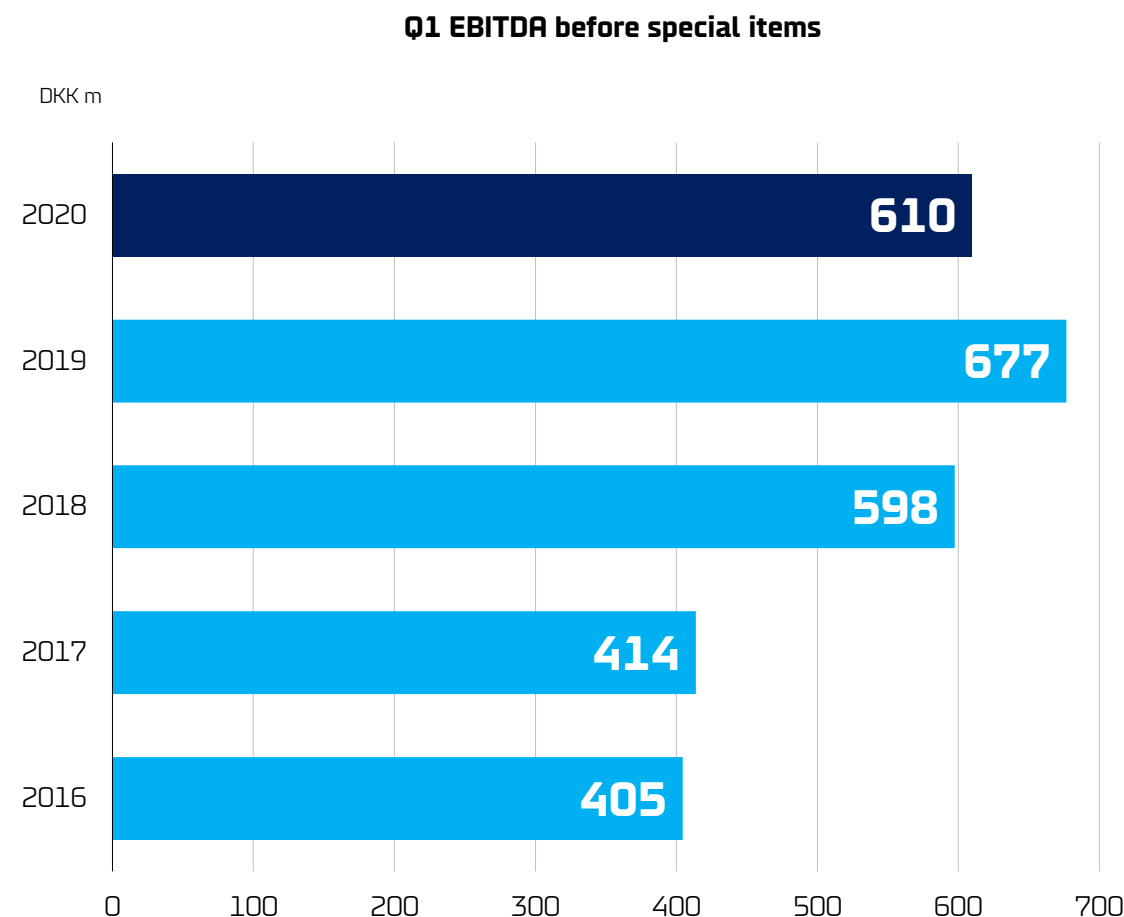
# Managing through the lower demand caused by Covid-19

- Continued delivery of reliable and efficient freight ferry and logistics services
- Strong network and highly experienced people
- Significant impact on passenger business from travel restrictions
- Financial position remains strong



# Q1 earnings reduced by lower volumes in March

- DFDS Group revenue down 1% and EBITDA down 10% vs 2019
- Lower passenger volumes since mid-March account for around half of EBITDA decrease
- Freight ferry volumes reduced, including impact from lower automotive volumes
- Baltic Sea increased result as cost level improved and Sweden remained open for business
- Result for Special Cargo logistics reduced by trucking operation, slowdown in construction and one-off costs



\*IFRS 16 applied from 2018

# Q1 2020 result impacted by Covid-19

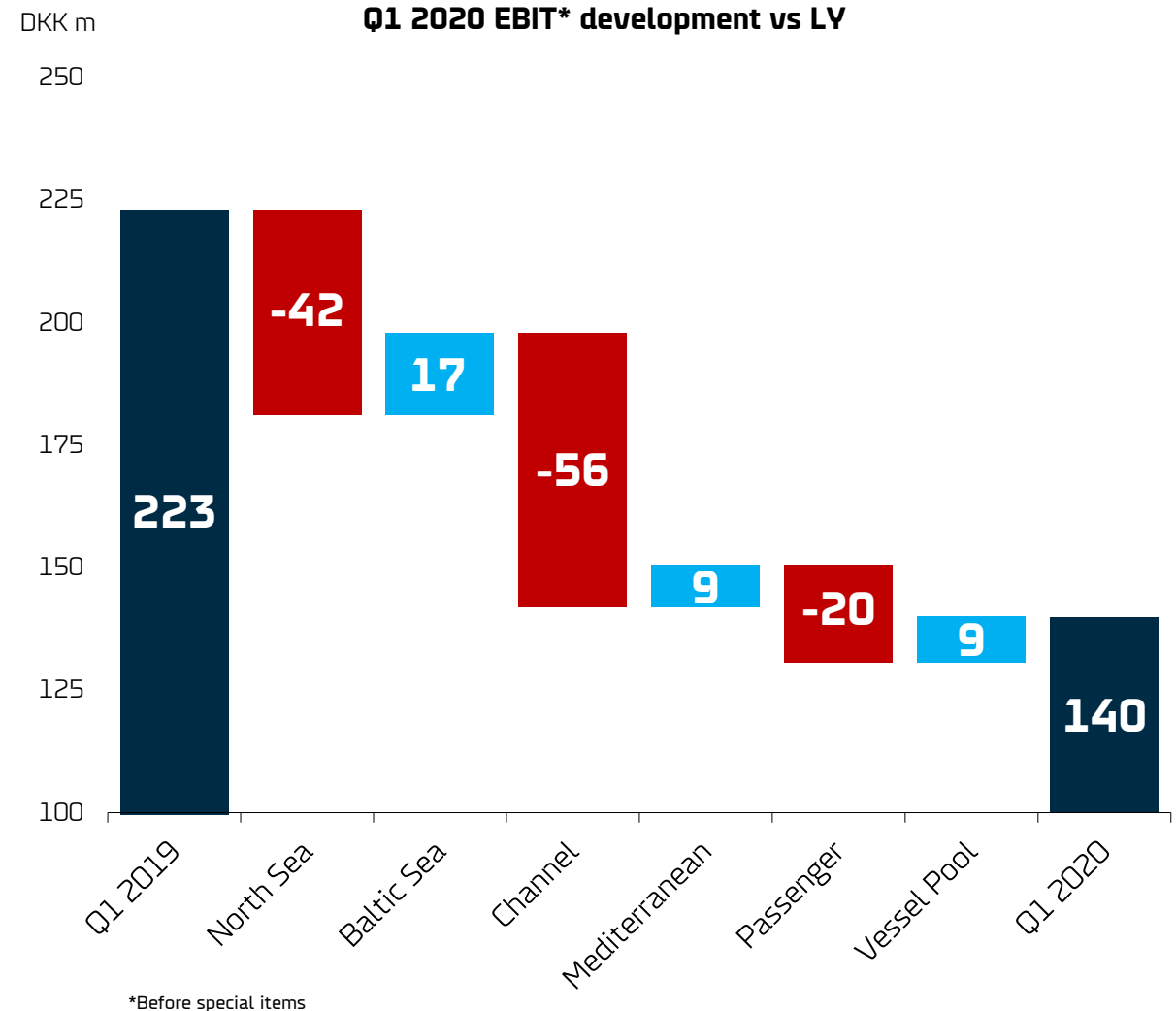
- **Revenue** down 1% as negative impact from Covid-19 was offset by acquisitions and new BAF model in Mediterranean
- **Depreciation** increased 7% mainly by newbuildings and acquisitions with high share of leased assets
- **EBIT** before special items down 43%
- **Finance** cost lowered DKK 40m from positive variance on currency adjustments, mostly from NOK and GBP vs EUR

DKK m	Q1 20	Q1 19	Change vs LY	Change %
REVENUE	3,813	3,870	-57	-1%
<b>EBITDA BEFORE SI</b>	<b>610</b>	<b>677</b>	<b>-67</b>	<b>-10%</b>
margin, %	16.0	17.5	-1.5	n.a.
P/L associates	-2	2	-4	n.a.
Gain/loss asset sales	2	1	1	n.a.
Depreciations	-477	-446	-31	-7%
<b>EBIT BEFORE SI</b>	<b>133</b>	<b>234</b>	<b>-101</b>	<b>-43%</b>
margin, %	3.5	6.0	-2.5	n.a.
Special items	-2	-15	13	n.a.
EBIT	131	219	-87	-40%
Finance	-35	-75	40	53%
<b>PBT BEFORE SI</b>	<b>98</b>	<b>159</b>	<b>-61</b>	<b>-38%</b>
<b>PBT</b>	<b>96</b>	<b>144</b>	<b>-48</b>	<b>-33%</b>
EMPLOYEES avg., no.	8,577	8,222	355	4%
INVESTED CAPITAL	22,822	21,159	1,663	8%
<b>ROIC LTM ex. SI, %</b>	<b>7.3</b>	<b>10.5</b>	<b>-3.2</b>	<b>n.a.</b>
NIBD	12,308	11,979	329	3%
<b>NIBD/EBITDA, times</b>	<b>3.5</b>	<b>3.3</b>	<b>0.2</b>	<b>n.a.</b>
SOLVENCY, %	39	35	4	n.a.

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

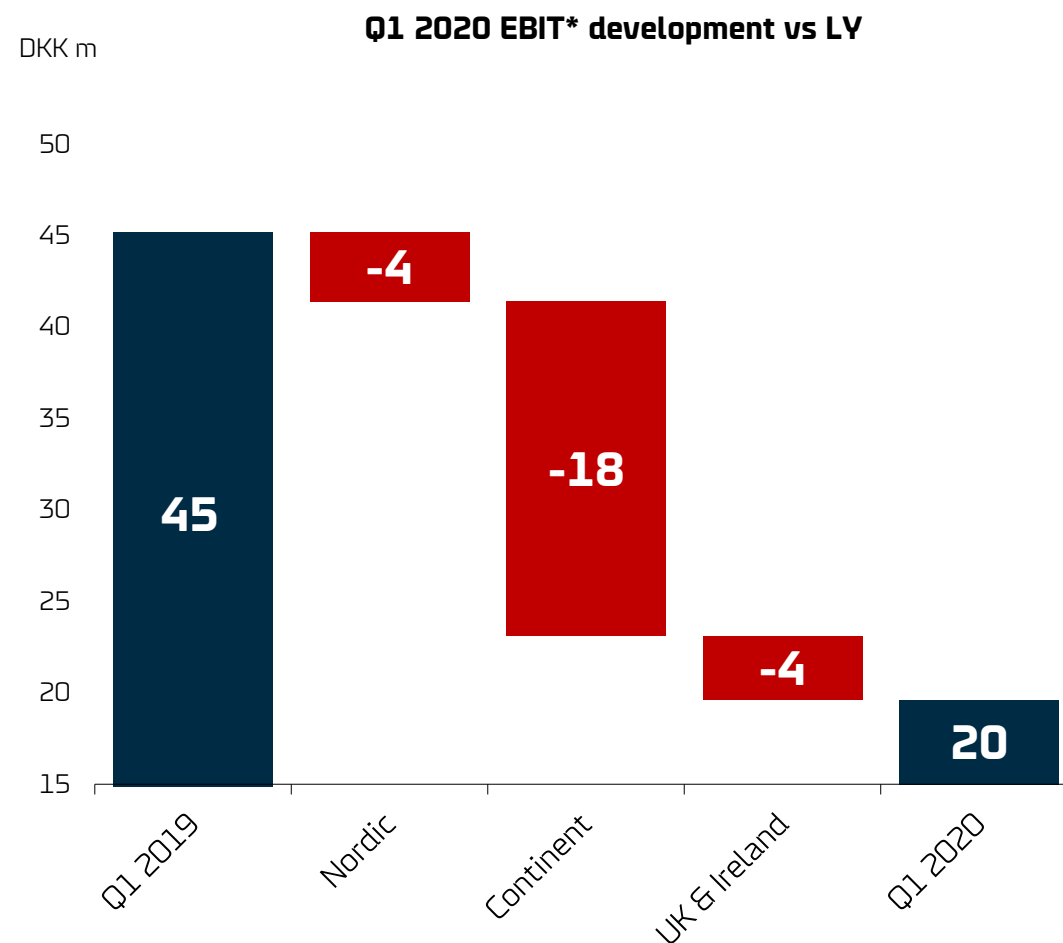
# Ferry BU overview – Baltic & Med up vs 2019

- **North Sea** down DKK 42m. Volumes down 6% adjusted for Gothenburg-Zeebrugge. Negative variance from earnings in Q1 2019 from UK stockpiling and Covid-19
- **Baltic Sea** up DKK 17m mainly due to lower costs as Q1 2019 included one-off docking costs
- **Channel** down DKK 56m due to drop in market and Covid-19 travel restrictions. Around two thirds of decrease from freight, including impact from UK stockpiling comparison
- **Mediterranean** up DKK 9m as improved result for Jan-Feb offset lower result in March that was impacted by Covid-19
- **Passenger** down DKK 20m mainly due to lower result in March following suspension of routes



# Logistics BU overview – Continent reduced by Special Cargo

- **Nordic's** EBIT down DKK 4m due to specialised services that peaked in 2019. Lower trailer volumes in all key corridors. Good start for Finnish acquisition (Freeco)
- **Continent's** EBIT down DKK 18m of which Special Cargo accounted for DKK 17m, incl. one-off costs of DKK 8m. Trailer result lower due to UK stockpiling last year and Covid-19. Good start for Dutch acquisition (Huisman)
- **UK & Ireland's** EBIT down DKK 4m due to negative impact from seafood logistics following lockdown impact on catering and adverse weather. Improved results in all other areas



\*Before special items

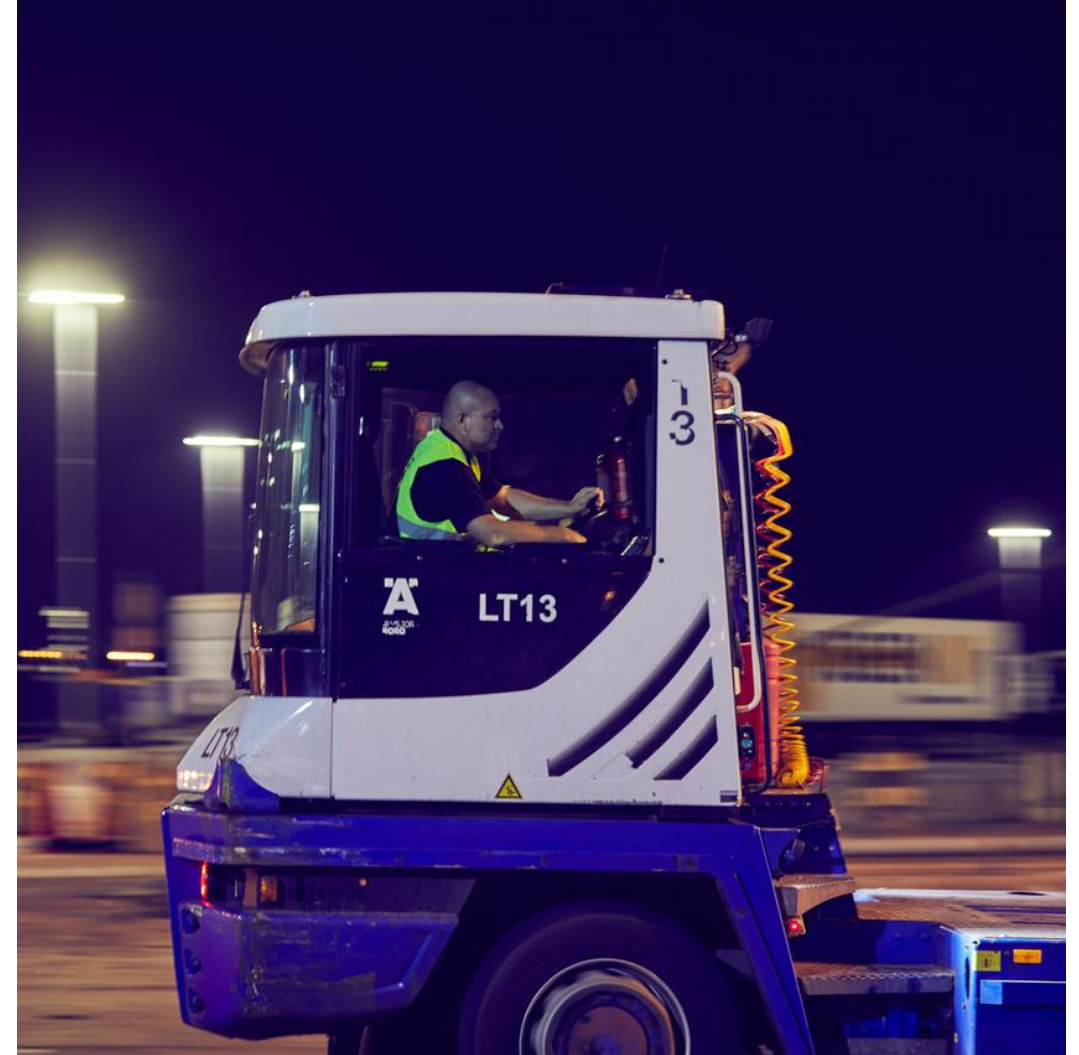
# COVID-19 UPDATE



# Extensive measures taken to keep employees & DFDS healthy



- **Employee health:** Keeping operational sites and offices safe and reliable
- **Adaptation of capacity**
- **Costs & CAPEX:** Cost saving and postponement initiatives, including hiring freeze. CAPEX reduced 30%
- **Government compensation:** Participation in government wage and fixed cost compensation programs across Europe
- Around 2,800 employees on paid leave
- **Secured sufficient liquidity**



# Freight ferry – capacity adapted to lower demand

- All 20 ferry routes that mainly carry freight are operating
- Volumes impacted since mid-March
- Capacity and costs reduced by fewer sailings and lay up of ferries
- 12 of 50 ferries currently laid up
- Capacity utilisation and frequency on routes maintained at reasonable levels

Lane metres, '000	Jan-Feb			Mar			Q1		
	2019	2020	Δ %	2019	2020	Δ %	2019	2020	Δ %
North Sea*	2,108	2,024	-4%	1,220	1,099	-10%	3,328	3,124	-6%
Baltic Sea*	759	717	-6%	417	423	2%	1,175	1,140	-3%
Channel	3,099	2,840	-8%	1,803	1,565	-13%	4,902	4,404	-10%
Mediterranean	662	726	10%	409	361	-12%	1,071	1,087	1%
Passenger	64	71	10%	41	28	-33%	106	99	-7%
<b>Ferry Division</b>	<b>6,692</b>	<b>6,378</b>	<b>-5%</b>	<b>3,890</b>	<b>3,475</b>	<b>-11%</b>	<b>10,582</b>	<b>9,853</b>	<b>-7%</b>

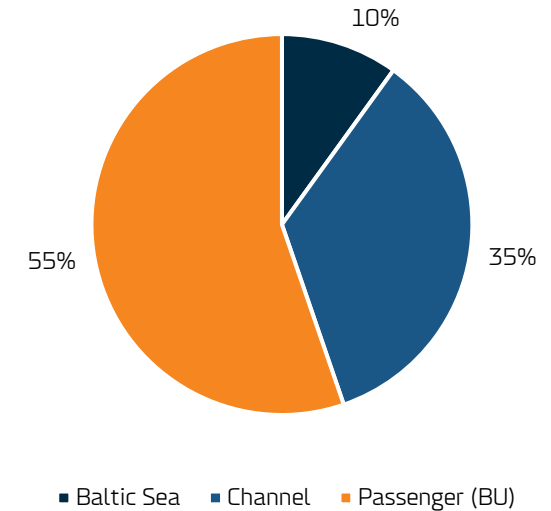
\*Adjusted for route changes (Gothenburg-Zeebrugge, Kiel-St. Petersburg)

Ferries (freight) currently laid up	
North Sea	5
Channel	1
Mediterranean	6

# Passenger activities assumed to resume from August

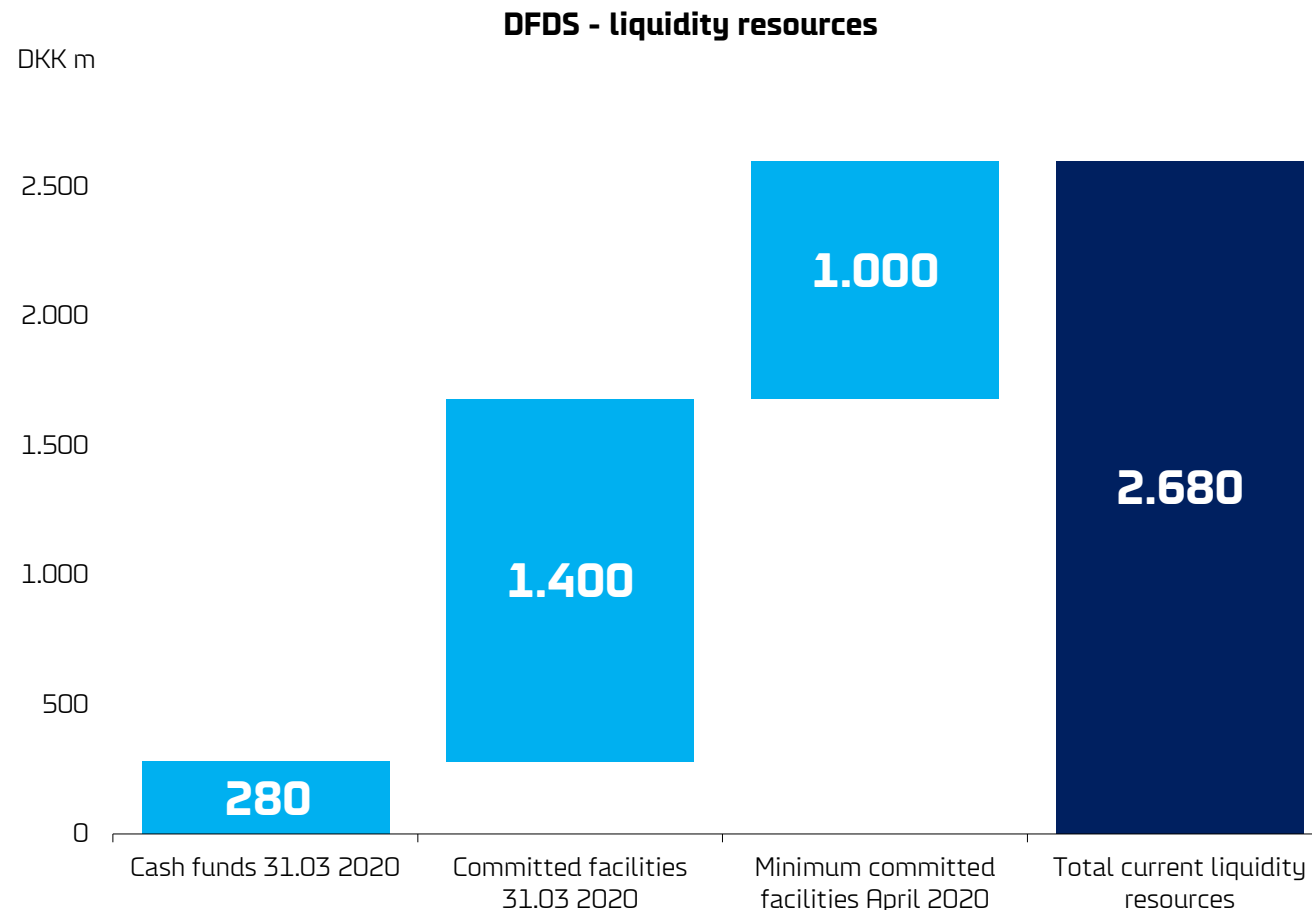
- **Suspension of two routes** with overweight of passengers from mid-March – Copenhagen-Oslo and Amsterdam-Newcastle
- Passenger capacity still in place in Channel and Baltic Sea (ro-pax routes) but only for essential travel
- Some return of passengers assumed from August on all routes that can carry passengers
- **Significant financial impact** of lower passenger activity - may amount to more than 60% of EBITDA outlook decrease

Total DFDS passenger revenue 2019 - DKK 2.7bn



# Financial position remains strong

- Committed facilities expanded in April and May 2020
- Covenants of U. N. Ro-Ro acquisition loan adapted to reflect uncertainty caused by Covid-19
- No other loan agreements contain relevant covenant risks



# OUTLOOK



# EBITDA 2020 likely to be reduced towards DKK 2bn

- Outlook temporarily suspended since 18 March
- **Updated outlook** solely focused on consolidated EBITDA for the DFDS Group and investments
- Outlook builds on a number of important assumptions especially freight volumes and travel restrictions on passenger route operations
- FY freight ferry volume growth assumed to be -15%
- Passenger volumes assumed to slowly ramp up from August
- **EBITDA** before special items likely to be reduced towards DKK 2bn in 2020
- **Investment** outlook of DKK 1.6bn reduced DKK 0.7bn from initial outlook of DKK 2.3bn

Lane metres, '000	Q1			Apr 2020		FY 2020	
	2019	2020	Δ %	2019	2020	Δ %	Δ %
North Sea*	3,328	3,124	-6%	970	692	-29%	n.a.
Baltic Sea*	1,175	1,140	-3%	387	357	-8%	n.a.
Channel	4,902	4,404	-10%	1,368	1,110	-19%	n.a.
Mediterranean	1,071	1,087	1%	336	188	-44%	n.a.
Passenger	106	99	-7%	43	n.a.	n.a.	n.a.
<b>Ferry Division</b>	<b>10,582</b>	<b>9,853</b>	<b>-7%</b>	<b>3,104</b>	<b>2,347</b>	<b>-24%</b>	<b>-15%</b>

\*Adjusted for route changes (Gothenburg-Zeebrugge, Kiel-St. Petersburg)

*Due to the current exceptionally high uncertainty, the outlook and its assumptions may change significantly as the year progresses*

# Well positioned to meet challenges and opportunities

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- Fast adaptation to new situation
- Organisation responding well to challenges
- New opportunities can arise from structural market changes



# Q&A

