

# DFDS MAINTAINED STRONG POSITION DESPITE HEADWIND

## ANNUAL REPORT 2012

28 February 2013  
DFDS Copenhagen





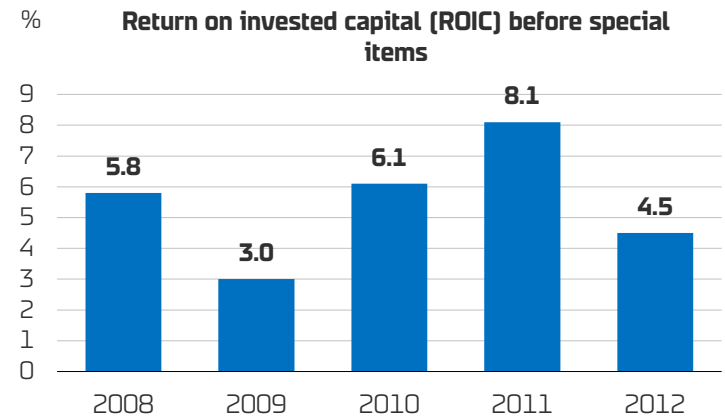
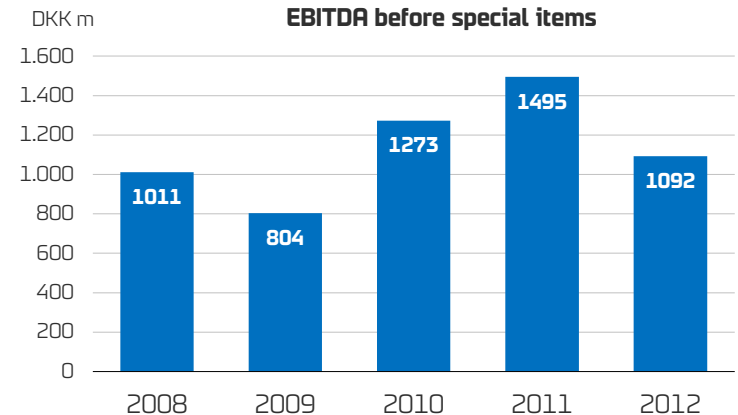
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- Overview
- Financials
- Trends and priorities
- Guidance

The statements about the future in this announcement contain an element of risk and uncertainty, both in general and specific terms, and this means that actual developments may diverge considerably from the statements about the future.

## 2012 OVERVIEW

- EBITDA of DKK 1,092m before special items, 27% down from record year 2011
- Profit impacted by:
  - Recession which created adverse trading conditions and lowered demand in main markets
  - Structural overcapacity in two business areas, North Sea/Channel
- Revenue up by 1% to DKK 11.7bn driven by expansion of network
- Cash flow was strong in 2012 – dividend proposed maintained at DKK 14 per share, 140% of net profit
- DFDS is well positioned strategically and financially to continue growth strategy



# 2012 FINANCIAL OVERVIEW

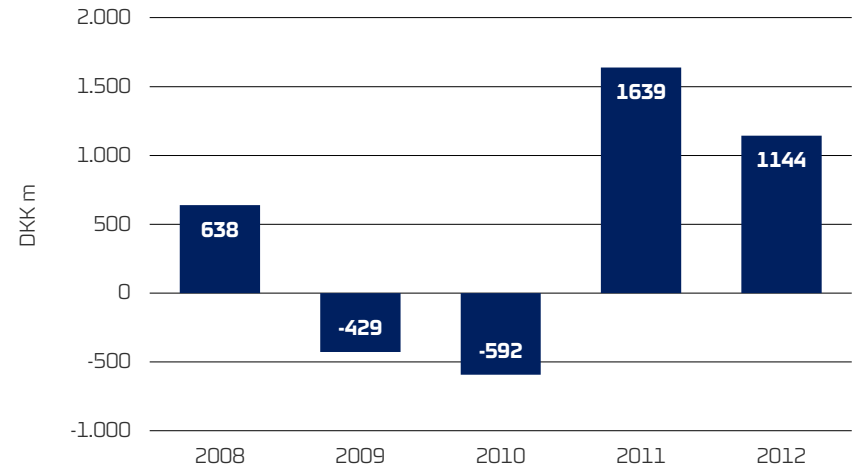
- P/L impact from LD Lines acquisition of DKK -18m after PPA adjustments
  - Cash loss covered by guarantee from Seller so no value impact to DFDS
- New special items since Q3 include a DKK -27m write-down on two passenger ships

DKKm	2012	2011	Change %	Change
REVENUE	11.700	11.625	0,6	75
<b>EBITDA BEFORE SPECIAL ITEMS</b>	<b>1.092</b>	<b>1.495</b>	<b>-27,0</b>	<b>-403</b>
margin, %	9,3	12,9	n.a.	-4
Depreciations	-679	-686	-1,0	7
<b>EBIT BEFORE SPECIAL ITEMS</b>	<b>422</b>	<b>835</b>	<b>-49,5</b>	<b>-413</b>
margin, %	3,6	7,2	n.a.	-4
Special Items	-124	91	-236,3	-215
EBIT	298	925	-67,8	-627
Finance	-146	-184	-20,7	38
<b>PRE-TAX PROFIT BEFORE SPECIAL ITEMS</b>	<b>276</b>	<b>651</b>	<b>-57,6</b>	<b>-375</b>
<b>PRE-TAX PROFIT</b>	<b>152</b>	<b>742</b>	<b>-79,5</b>	<b>-590</b>
Tax	-4	-8	n.a.	4
NET PROFIT	148	734	-79,8	-586
EMPLOYEES avg., no.	5.239	5.096	2,8	143
SOLVENCY, %	56,7	54,4	4,2	2,3
<b>FREE CASH FLOW</b>	<b>1.144</b>	<b>1.639</b>	<b>-30,2</b>	<b>-495</b>
NET INTEREST-BEARING DEBT	1.929	2.555	-24,5	-626
NIBD/EBITDA, times	1,8	1,7	3,4	0,1
<b>ROIC excl. special items, %</b>	<b>4,5</b>	<b>8,1</b>	<b>-44,4</b>	<b>-3,6</b>

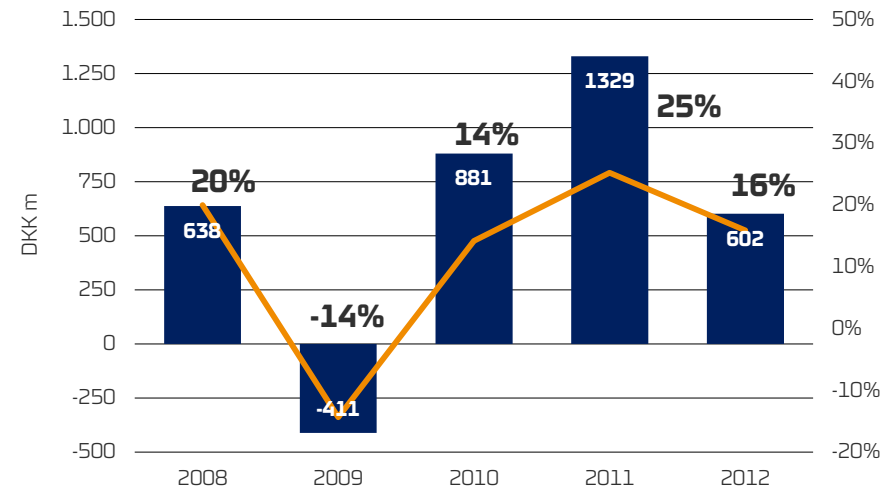
# STRONG CASH FLOW & YIELD

- Free cash flow of DKK 1,144m:
  - DKK 926m from operations
  - DKK 21m in taxes
  - Investment in assets of DKK 320m
  - Prepayments on newbuildings returned, DKK 560m
- Double digit positive adjusted FCF yield in last five years, except for 2009

Free cash flow, unadjusted



FCF yield and FCF adjusted for special items & acquisition cost of Norfolkline



## 2012 ROIC OF 4.5% REFLECTS CYCLE & SPECIAL EVENTS

- A ROIC of 4.5% equals a profit gap of app. DKK 500m in earnings vs 10% ambition
- Cycle in main markets close to or at bottom, UK/Continent recession has particularly impacted North Sea
- North Sea & Channel impacted by overcapacity & recession
- Other areas overall close to ambition target of 10%

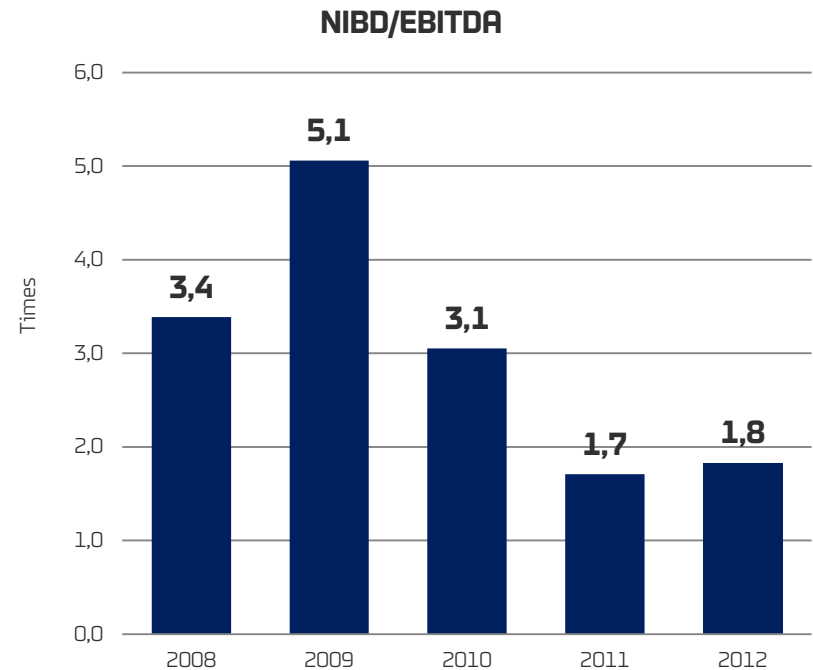
<b>ROIC 2012</b>	<b>Invested capital, DKK m</b>	<b>ROIC 2012<sup>1</sup>, %</b>	<b>Profit variance vs ambition<sup>2</sup>, DKK m</b>
DFDS Group	8.942	4,5	-492
Shipping Division	8.269	4,9	-422
North Sea	4.538	4,1	-268
Baltic Sea	1.312	17,0	92
Channel	1.257	-10,8	-261
Passenger	1.082	10,3	3
Logistics Division	746	7,2	-21
Non-allocated, Group	-73	n.a.	-50

1 ROIC excluding special items

2 DFDS' ambition is a return of 10%

# CAPITAL STRUCTURE & CASH DISTRIBUTION

- NIBD/EBITDA at 1.8 end of 2012, and equity ratio at 57%
- Financing strategy:
  - New bond issue planned in H1 2013
- Investments:
  - Asset investments in 2013 est. at DKK 950m:
    - DKK 560m, ARK newbuildings
    - DKK 100m, scrubbers
    - DKK 275m, maintenance
  - Possible smaller acquisitions
- Dividend proposed at DKK 14 per share equal to 140% of net profit



# MARKET TRENDS & OUR PRIORITIES 2013

- Base case macro scenario for 2013 is flat
- We foresee that market demand in the Baltic regions will remain stable
- Continued weakness is expected in North Sea regions, Scandinavia-UK & UK-Continent
- Passenger markets are expected to be flat in most areas

## Strategic priorities 2013

1. Customer focus
2. Improve profitability through more efficient operations
3. Strengthen & expand network





# 1. CUSTOMER FOCUS INITIATIVE (CFI)

- Top line initiative CFI started the pilot roll out June 2012
- As of February 2013, 10 locations have been covered
- Third wave will kick off in March covering another 6 units
- All operations included by Q2 2014
- Specialized sales training of Unit/ Sales Managers and Sales Staff to commence Q2
- Regular customer surveys to monitor Customer Satisfaction Scores and Net Promotor Scores per unit
- Impact visible in pilot units



## 2. MORE EFFICIENT OPERATIONS

- Efficiency and improvement projects part of strategy and culture
- Light Capital – working capital reduction
- One Finance – streamlining of finance organization
- Alignment of IT systems
- Contingency measures, adapting to mixed growth outlook

## 2. CHANNEL UPDATE

- Channel now operates four routes:
  - Dover-Dunkirk
  - Dover-Calais
  - Newhaven-Dieppe
  - Portsmouth-Le Havre
- Significant EBIT loss in 2012 on Dover-Calais
- Channel's EBIT include a net impact of DKK -15m related to addition of routes from LD Lines
- Preliminary Competition Commission findings conclude that Eurotunnel should divest MyFerryLink
- Final ruling on 14 April from Competition Commission
- Continued focus on Channel performance

### Channel actions

1. New tonnage performing well
2. UK (global) passenger sales organisation restructured
3. New organization onboard vessels with increased customer focus
4. Concerted freight sales across DFDS BUs

## 2. FREIGHT SWEDEN-UK

- Ro-ro freight market Sweden-UK dropped by around 6% in 2012
- New competitor added 30% to capacity in January 2012
- Schedule with high frequency and customer service have proven resilient and competitive...
- ...but lower volume & yield resulted in EBIT impact of up to DKK -100m

### Sweden-UK actions

1. Tonnage reshuffle optimised cost & capacity structure
2. Meeting competition – superior schedule & systems
3. Improving port terminal efficiency of Älvsborg for customers
4. Concerted sales across DFDS BUs



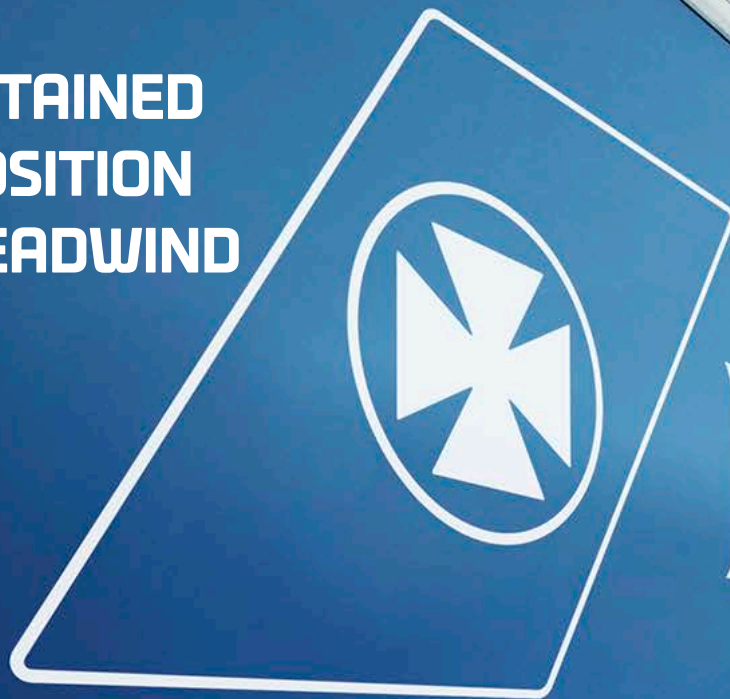
## GUIDANCE 2013

- Revenue growth of app. 5% driven by full-year impact of network expansion in 2012
- EBITDA of DKK 1,050-1,250m
- Net investments of DKK 950m:
  - ARK ships: DKK 560m
  - Scrubbers: DKK 100m
  - Maintenance: DKK 275m

DKK m	Expectations 2013	2012
Revenue	+5%	11,700
EBITDA before special items	1,050-1,250	1,092
	Shipping Division: 1,000-1,200 Logistics Division: 150 Non-allocated: -100	Shipping Division: 992 Logistics Division: 140 Non-allocated: -40
Depreciation	Level with 2012	-679
Finance cost, net	Level with 2012	-146
Special items	0	-124
Investments	-950	+239

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DESPITE HEADWIND**

Q&A



**DFDS**

**28 February 2013**  
DFDS Copenhagen

