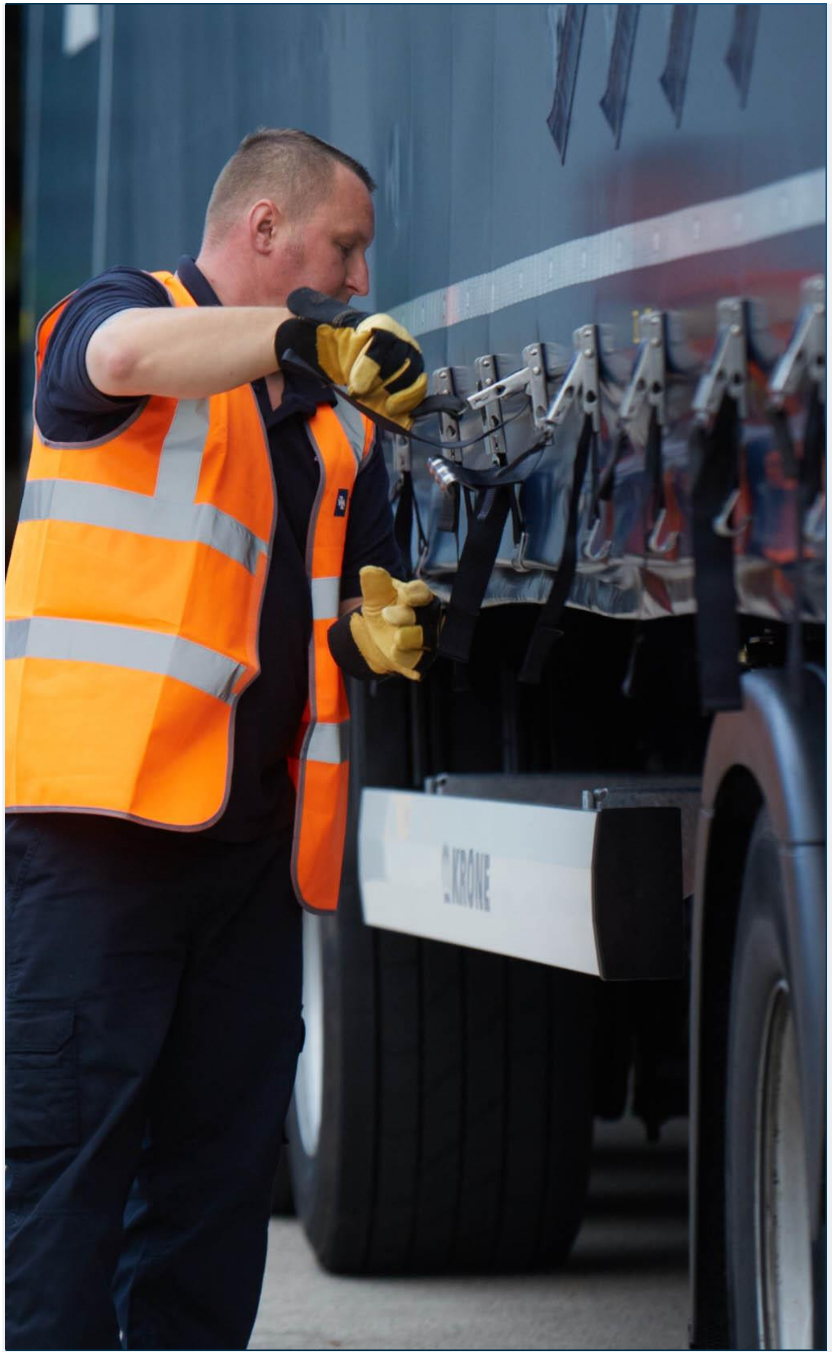
Pickup in demand faster than expected

Q2 2020

12 August 2020



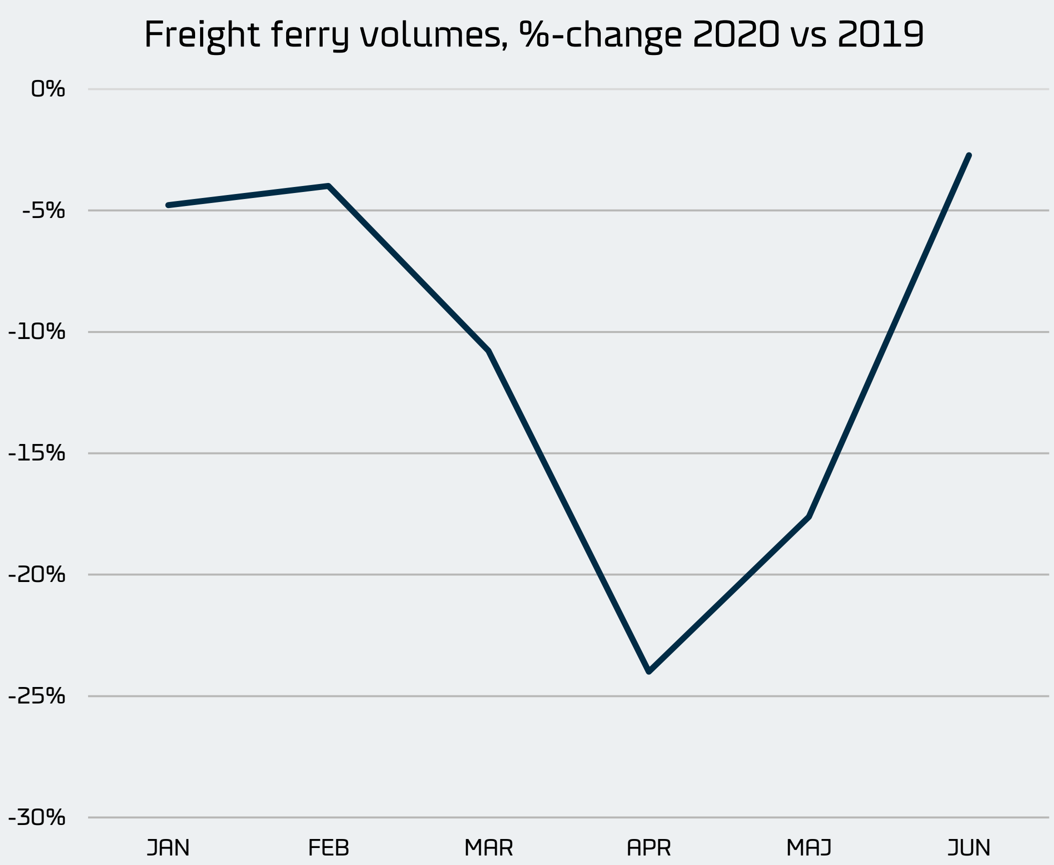
Content

- Overview
- Q2 numbers
- Major adaptations in Q2
- 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.

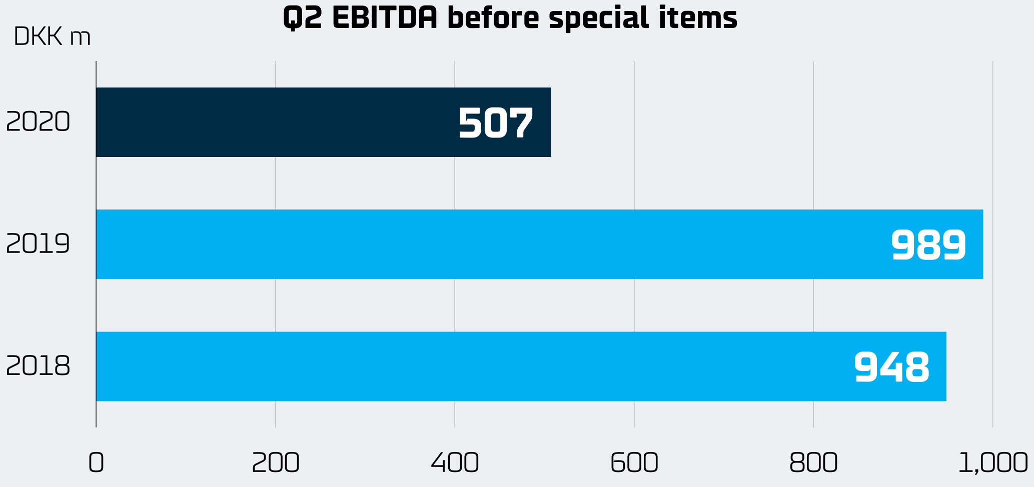
Q2 ahead of forecast as freight picked up faster than expected

- Operational locations, including ferries kept safe
- Freight volumes picked up through the quarter, particularly in June
- Encouraging passenger demand on reopened routes…but exceptional loss from passenger activities in Q2
- Cost control measures and adaptations mitigated and contained losses



Q2 earnings mainly reduced by passenger activities

- DFDS Group revenue down 34% and EBITDA down 49% vs 2019
- EBITDA reduced DKK 483m – of which DKK 366m from passenger activities
- Ferry operating leverage 'only' 39%* as layup strategy, savings and compensation programs contained losses
- Logistics down only DKK 7m vs 2019 after strong June result
- DKK 23m positive variance for Non-allocated items not yet distributed to business units



EBITDA before special items per division

DKK m	ACT Q2 19	ACT Q2 20	Δ LY	Δ LY
Ferry Division	892	393	-499	-56%
Logistics Division	101	94	-7	-7%
Non-allocated	-4	20	23	n.a.
EBITDA	**989**	**507**	**-483**	**-49%**

*Operating leverage = Change in EBITDA/ Chhange in revenue x 100.

Q2 2020 – income statement and key figures

- **Revenue** decrease 34%. Passenger revenue down 86%
- **EBITDA-margin** decrease mainly reflects drop in passenger activity. Logistics' margin improved 0.6 ppt
- **EBITDA** down 49% driven mainly by Ferry Division
- **Depreciation** on level with 2019 as effect of ferry investments offset by redelivery of chartered ships
- **Finance** cost increase DKK 24m. Currency adjustment change of DKK -29m*. Net interest cost down DKK 2m
- **Special items** of DKK 43m include DKK 110m gain from ferry sale and DKK -67m of restructuring cost
- **Profit before tax** positive by DKK 11m

DKK m	Q2 20	Q2 19	Change vs LY	Change %
REVENUE	2,798	4,241	-1,443	-34%
EBITDA BEFORE SI	**507**	**989**	**-483**	**-49%**
margin, %	18.1	23.3	-5.2	n.a.
P/L associates	-2	6	-8	n.a.
Gain/loss asset sales	2	0	1	n.a.
Depreciations	-459	-455	-4	-1%
EBIT BEFORE SI	**48**	**541**	**-493**	**-91%**
margin, %	1.7	12.8	-11.1	n.a.
Special items	43	-29	73	n.a.
EBIT	91	512	-421	-82%
Finance	-80	-56	-24	-44%
PBT BEFORE SI	**-33**	**485**	**-518**	**-107%**
PBT	**11**	**456**	**-445**	**-98%**
EMPLOYEES avg., no.	8,355	8,395	-40	0%
INVESTED CAPITAL	22,670	21,369	1,301	6%
ROIC LTM ex. SI, %	**5.1**	**9.4**	**-4.3**	**n.a.**
NIBD	12,136	11,859	277	2%
NIBD/EBITDA, times	**3.9**	**3.2**	**0.7**	**n.a.**
SOLVENCY, %	39	36	3	n.a.

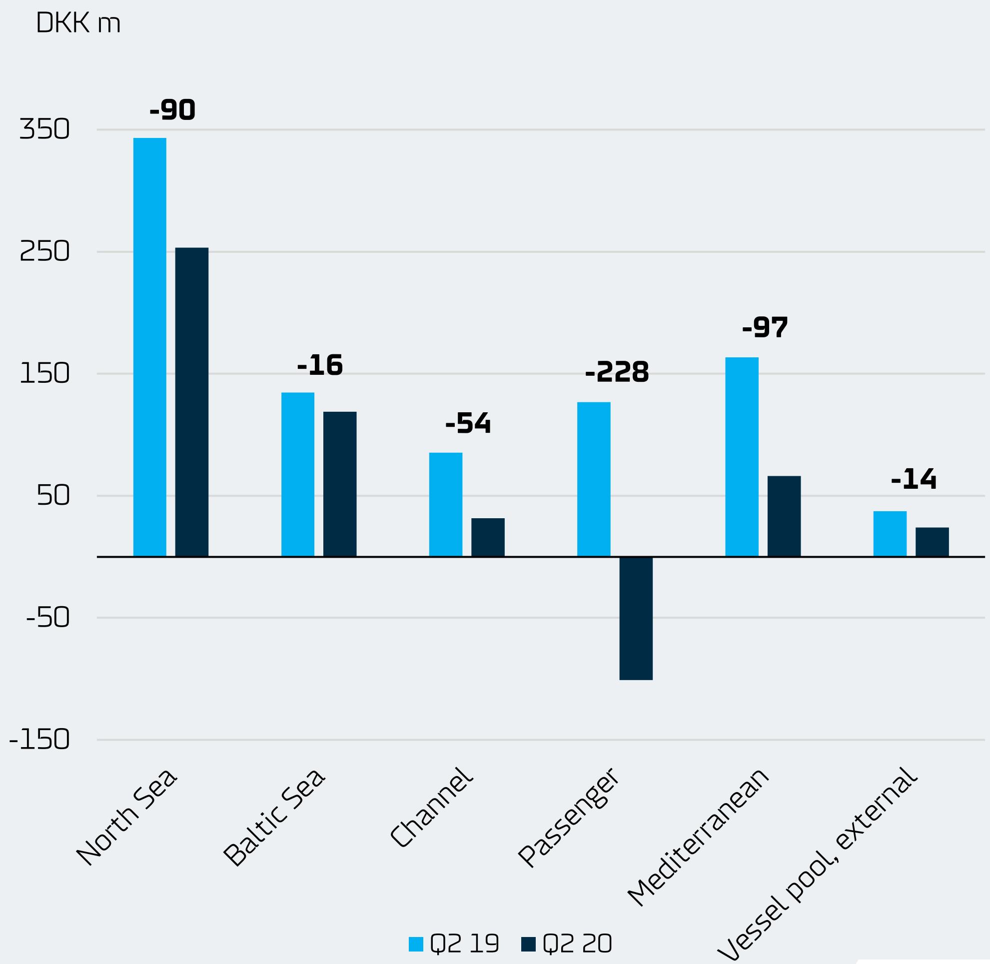
SI: Special items. PBT: Profit before tax. NIBD: Net interest-bearing debt.

*Negative adjustment in Q2 2020, mainly from SEK. Positive adjustment in Q2 2019

Ferry - Covid-19 impacted all units. Freight volumes down 15%

- **North Sea** down DKK 90m. Volumes down 19% adjusted for Gothenburg-Zeebrugge. Large drop in automotive volumes. Negative variance from DfT income in Q2 2019
- **Baltic Sea** down DKK 16m mainly due to lower passenger result. Freight volumes up 3% adjusted for restructuring of Paldiski-routes
- **Channel** down DKK 54m driven by lower passenger result. 9% freight volume decrease offset by cost savings from layup and fewer sailings
- **Passenger** down DKK 228m due to suspension of the two routes in Q2
- **Mediterranean** down DKK 97m. Significant volume drop of 34% led by automotive and textiles. Air travel for customers' truck drivers restricted

Total EBITDA* of DKK 393m vs DKK 891m in 2019



*Before special items

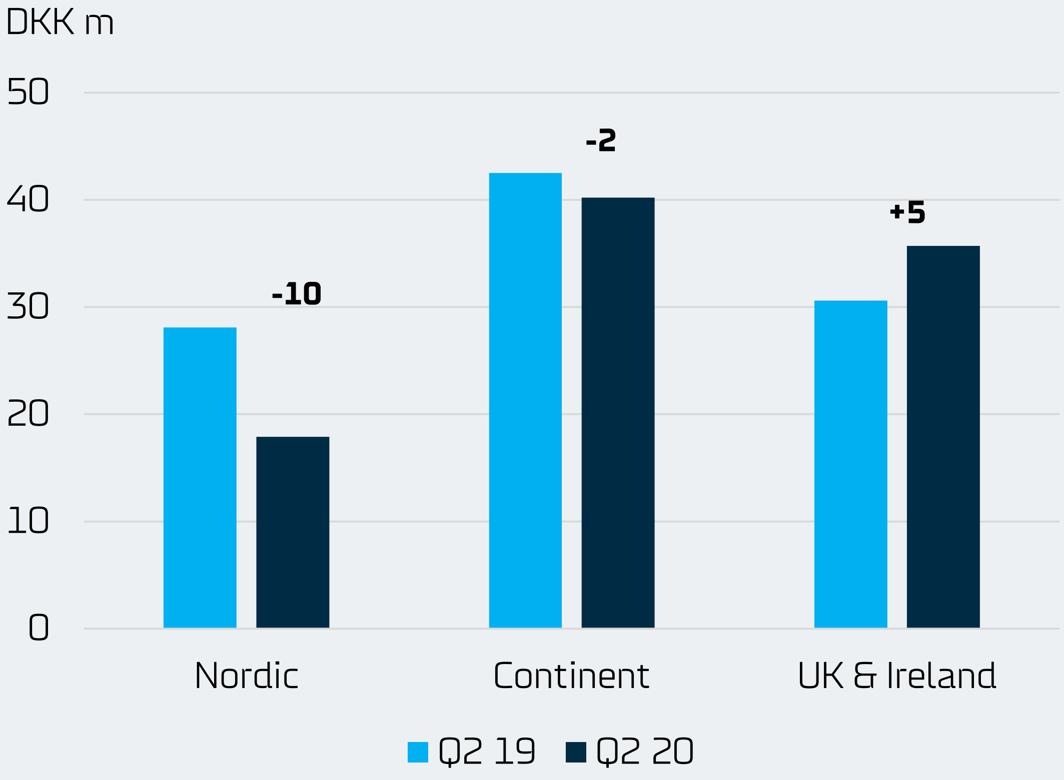
Logistics - Continent and UK & Ireland on level. Volumes down 17%

- **Nordic** down DKK 10m and DKK 3m adjusted for one-off costs. Volumes down 15%
- Lower result for all automotive activities
- Strong June result and tight cost control helped most other activities achieve results above 2019
- Finnish acquisition, Freeco, in line with expectations

- **Continent** down DKK 2m. Volumes down 20%. Strong June result for almost all activities, driven by volume recovery and tight cost control, offset negative variances in April/May
- Dutch acquisition, Huisman, in line with expectations

- **UK & Ireland** up DKK 5m. Volumes down 12%. Forwarding activities offset lower results for cold chain contract logistics.

Total EBITDA* of DKK 94m vs DKK 101m in 2019



*Before special items

MAJOR ADAPTATIONS IN Q2

DFDS

Two-phased adaptation to market situation post Covid-19

- First phase: Initial response to rapid change in customer demand in both freight and passenger markets

- CAPEX reduction of 30% included in first phase

- Second phase: Adaptation with a longer perspective to restore long term growth and efficiency

Phase 1 adaptation

- Operational sites and offices kept safe
- Suspension mid-March of two passenger routes, Copenhagen-Oslo and Amsterdam-Newcastle
- Channel and Baltic Sea reduced to only essential travel
- Freight capacity reduced by layups and reduced sailings
- Reduction of logistics capacity for certain sectors
- Participation in government salary and fixed cost compensation programs
- Up to 2,800 employees on paid leave within such programs in Q2
- Immediate cost saving and postponement initiatives, including hiring freeze.

Phase two adaptation – commercially stronger and leaner

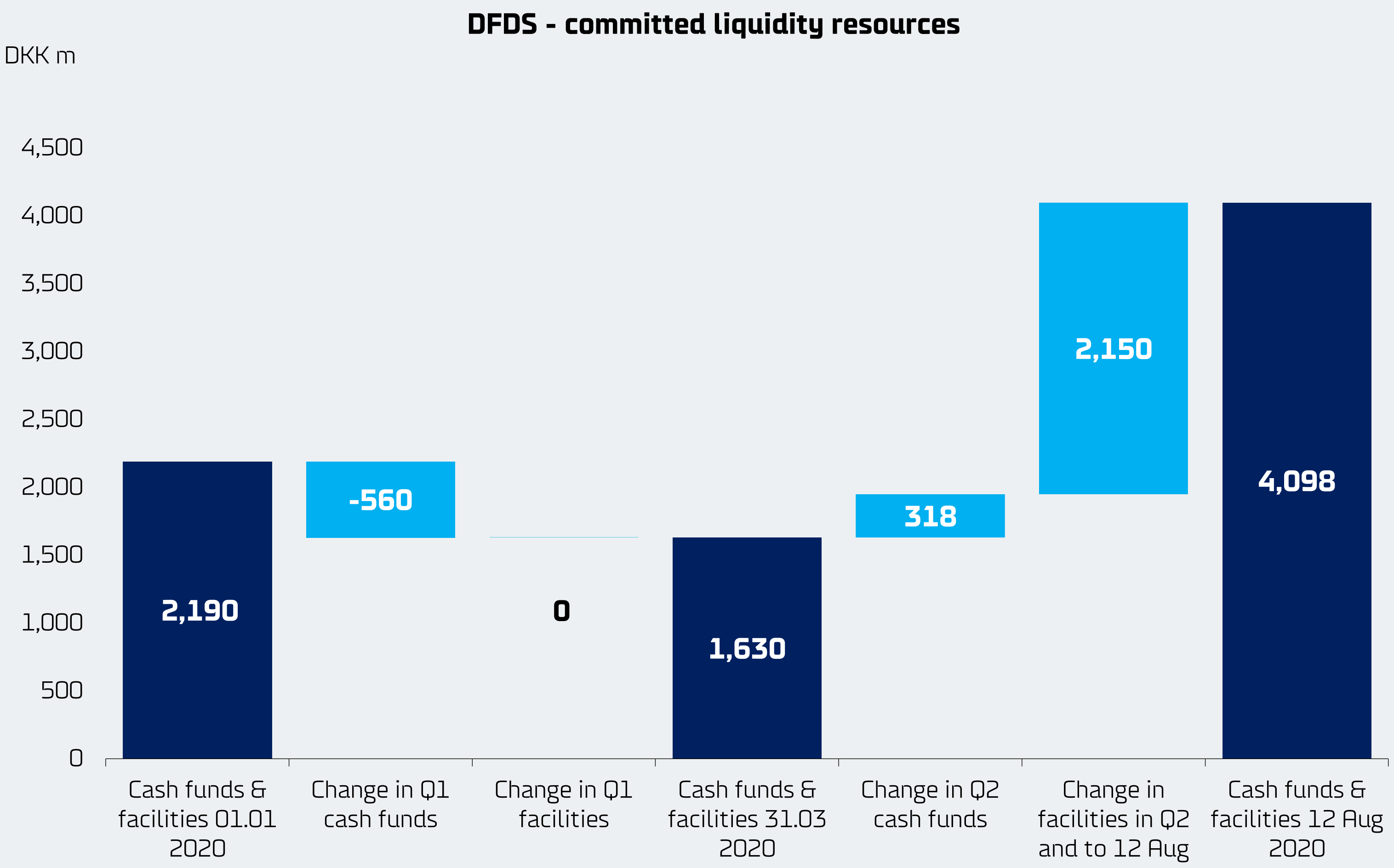
- Business structure simplified and commercial focus strengthened
- Annual cost savings of DKK 250m expected – of which DKK 50-75m in 2020
- Around 650 employees made redundant, particularly driven by change in passenger markets (8,600 employees before change)
- One-off redundancy cost of around DKK 100m expected in 2020 – DKK 67m included in Q2

Phase 2 adaptation

- Merger of industry sales of large freight customer solutions, involving both ferry and logistics operations, into one unit to drive industry sales across the DFDS organisation
- Ferry Division to focus commercially on delivering reliable and cost-efficient services to freight forwarders and hauliers
- Other freight and logistics operations adapted to new market conditions
- Passenger concepts aligned to changes in travel market dynamics with a higher share of passengers that primarily travel for transport purposes
- Improvement and efficiency projects that simplify and focus business support functions

Financial position adapted and solid

- Committed facilities expanded post Covid-19 outbreak in March
- Current committed facilities >3.5bn and cash funds of DKK 0.6bn
- Covenants of U. N. Ro-Ro acquisition loan adapted to reflect uncertainty caused by Covid-19
- No other loan agreements contain relevant covenant risks



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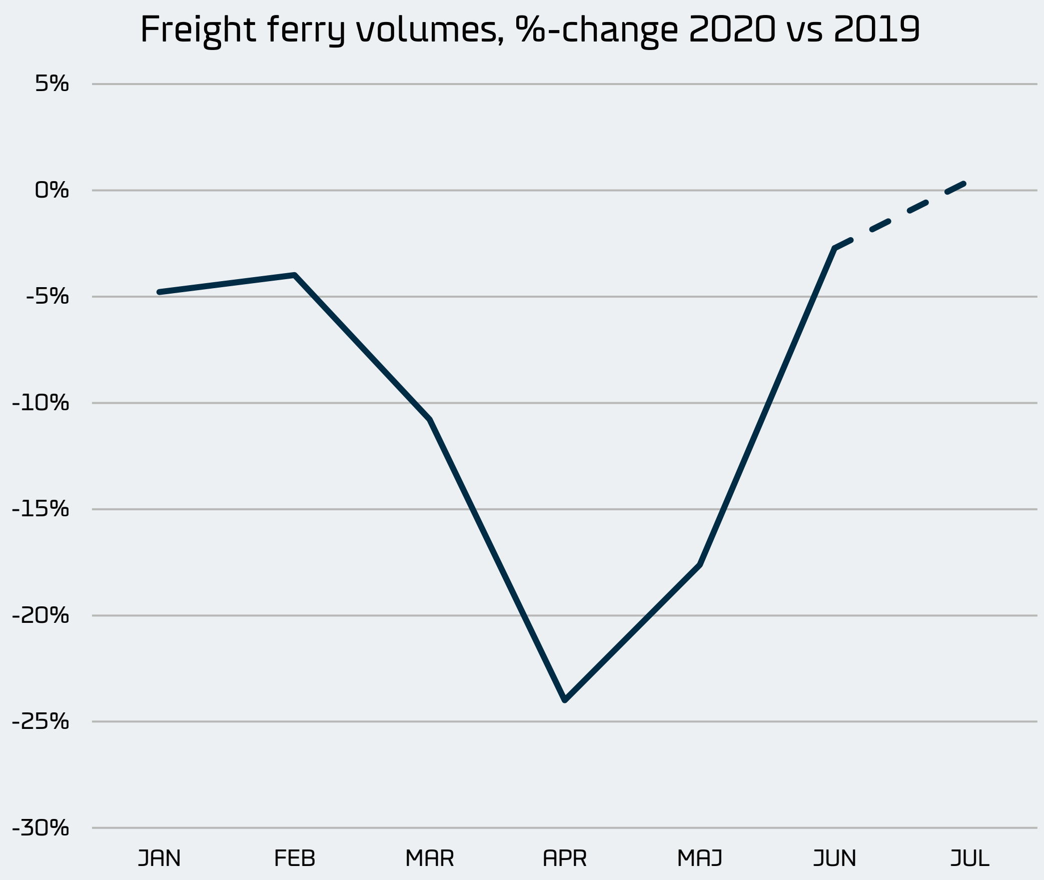
OUTLOOK

Freight volumes – is current pickup sustainable?

- Positive volume recovery trend continued in July
- Volume pickup slower for automotive sector – uncertainty remains high
- Ferry capacity from competitors returning
- TRY-weakness increases uncertainty about Turkish market outlook
- EU-UK Brexit deal uncertain
- Freight ferry volumes expectation 2020: Less than 10% below 2019 (previously: -15%)



Encouraging pickup in demand from passengers, but...

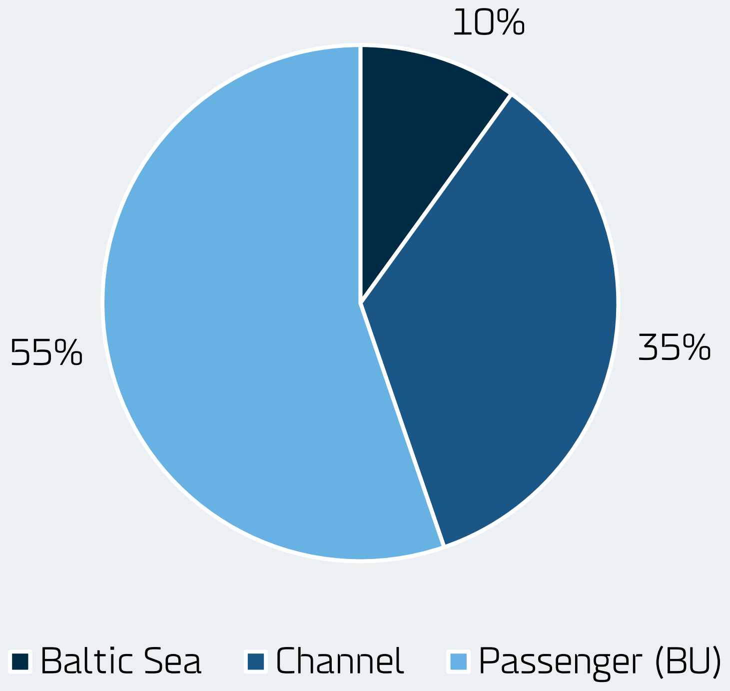
- All passenger services have resumed
  - Copenhagen-Oslo, 25 June
  - Channel, 10 July
  - Amsterdam-Newcastle, 15 July

- Initial positive development for Oslo-Frederikshavn-Copenhagen route - vulnerable to Covid outbreaks

- Channel pax capacity strongly restricted. Limit raised to 380 pax on 17 July (normal max.: 810-1,330). Competitive disadvantage vs the tunnel

- Bookings made with very short notice. Tourism volumes to/from UK subdued by Covid-19 concerns

Total DFDS passenger revenue 2019 - DKK 2.7bn



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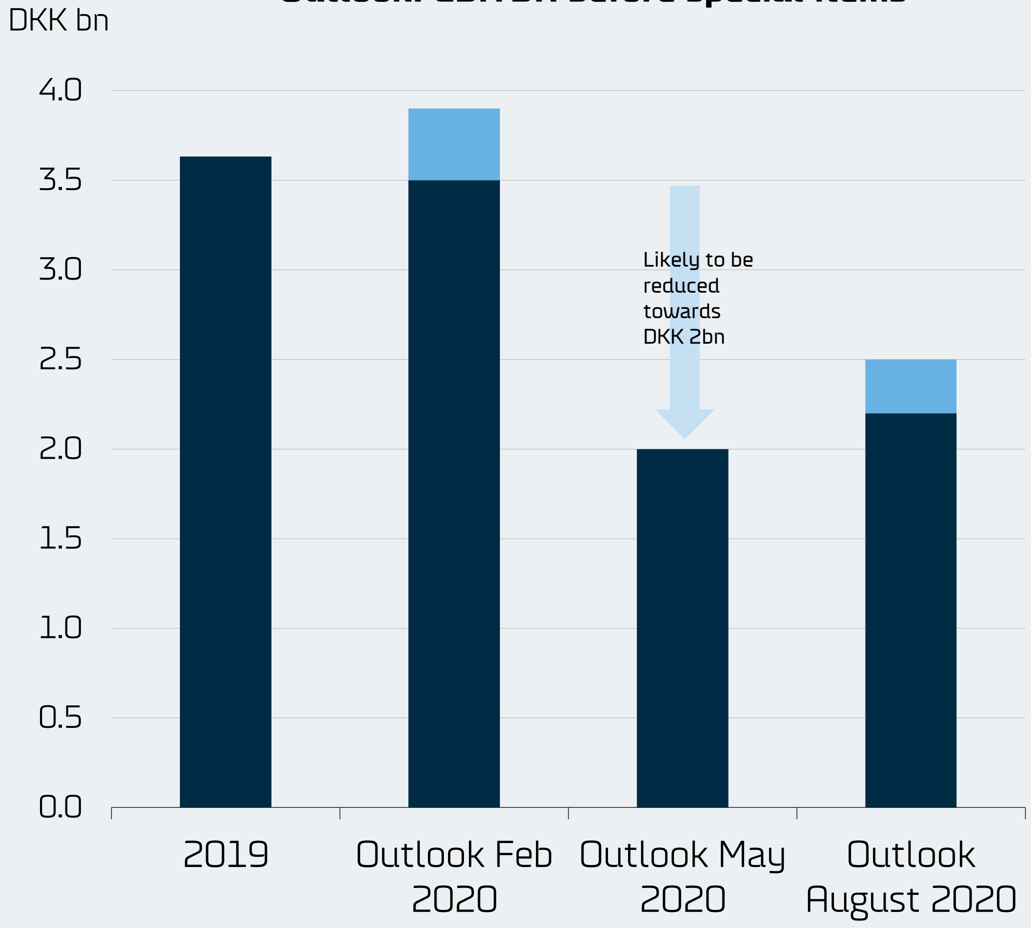
EBITDA outlook firmed up

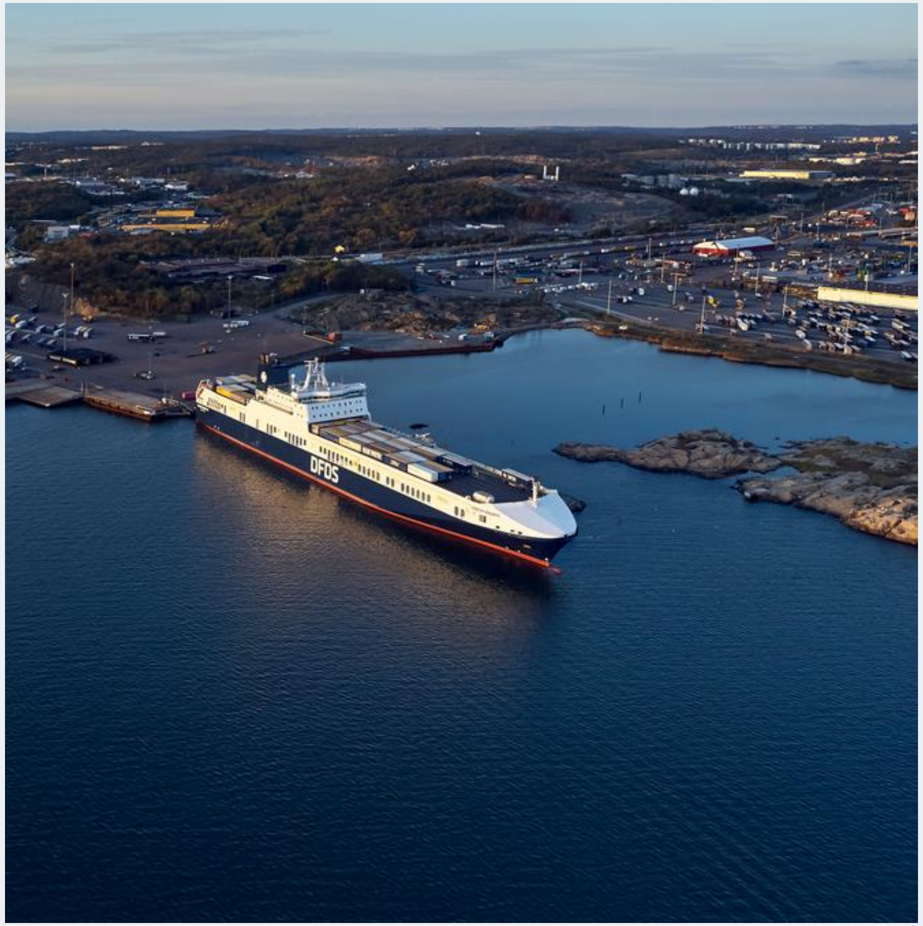
- **Q2 EBITDA** was ahead of forecast and positive volume trend continued in July
- Uncertainty remains elevated due to a number of risks:
  - Reversal of current rebound as job losses hit demand
  - Lower passenger demand after high season
  - Brexit transition
  - Surge in Covid-19 cases
- EBITDA range of DKK 2.2-2.5bn (previously: EBITDA likely to be reduced towards DKK 2bn)
- **Investment** outlook of DKK 1.6bn unchanged
- *The outlook and its assumptions can change significantly as uncertainty remains very high*

Outlook: EBITDA before special items



Well positioned to meet challenges and opportunities

- Major adaptations completed
- Freight network shows resilience
- Passenger activities in recovery phase – still vulnerable to development in Covid-19
- New opportunities can arise from structural market changes



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Q&A

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