WHAT WE DO
We move freight and passengers on 23 ferry routes in Europe and Turkey.
It’s all about the routes – and their location
Routes are part of Europe’s and Turkey’s infrastructure
And part of business supply chains
We mainly move fast moving freight for delivery same day, next day or day after (A,B,C). 85% of carried volumes are trailers.
Our key freight customers are forwarders and hauliers

Manufacturers of heavy goods are also important customers
On 9 routes we move freight and passengers together
People travelling by car are our key customers as is cruise passengers. Both for holiday and transport purposes.
We also provide transport and logistics solutions to a wide range of businesses.
## Freight, logistics & pax – northern Europe & Mediterranean

### Key services

<table>
<thead>
<tr>
<th>Freight routes</th>
<th>Logistics solutions</th>
<th>Passenger routes</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Trailers, unaccompanied</td>
<td>▪ Door-door full &amp; part loads</td>
<td>▪ Overnight</td>
</tr>
<tr>
<td>&amp; accompanied</td>
<td>▪ Contract logistics</td>
<td>▪ Day</td>
</tr>
<tr>
<td>▪ Industry solutions</td>
<td></td>
<td>▪ Transport/holiday</td>
</tr>
<tr>
<td>▪ Port terminals</td>
<td></td>
<td>▪ Cruise ferry</td>
</tr>
</tbody>
</table>

### Share of Group revenue

- **Freight**: 80% freight
- **Passenger**: 20% pax

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**80% freight**

**20% pax**
• Ro-ro/ro-pax shipping: roll on, roll off of freight units and passenger cars

• Routes carry both unaccompanied and accompanied trailers

• Other types of cargo, e.g. heavy industrial goods and containers, are placed on carrying equipment (mafis) and tugged on to the ship
FERRY TYPES

Day ferry (ro-pax), Channel

Freight ferry (ro-ro)

Cruise ferry

Combined freight and passenger ferry (ro-pax)
**DFDS structure, ownership and earnings split**

### DFDS Group

<table>
<thead>
<tr>
<th>People &amp; Ships</th>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shipping Division</strong></td>
<td><strong>Logistics Division</strong></td>
</tr>
<tr>
<td>• 23 ferry routes - freight and passengers</td>
<td>• Door-door transport</td>
</tr>
<tr>
<td>• 45 ferries</td>
<td>• Contract logistics</td>
</tr>
<tr>
<td>• 7 port terminals</td>
<td>• 5,600 trailers and 3,500 containers</td>
</tr>
<tr>
<td></td>
<td>• 2 sideport ships and VSA/SCA*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DFDS facts</th>
<th>Shareholder structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Founded in 1866</td>
<td>• Lauritzen: 42%</td>
</tr>
<tr>
<td>• Activities in 20 European countries and Turkey</td>
<td>• Free float: 56%</td>
</tr>
<tr>
<td>• 8,000 employees</td>
<td>• Nasdaq Copenhagen</td>
</tr>
<tr>
<td></td>
<td>• Foreign ownership share: ~30%</td>
</tr>
</tbody>
</table>

*Vessel sharing agreements/slot charter agreements on container ships*
DFDS key figures – impact from UNRR acquisition in 2018

Revenue

![Revenue chart](chart1)

**Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>DKK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>9</td>
</tr>
<tr>
<td>2015</td>
<td>12</td>
</tr>
<tr>
<td>2016</td>
<td>15</td>
</tr>
<tr>
<td>2017</td>
<td>12</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>15</td>
</tr>
</tbody>
</table>

**Revenue** includes the following divisions:

- **Shipping Division**
- **Logistics Division**

EBITDA & margin before special items

![EBITDA & margin chart](chart2)

**EBITDA & margin before special items**

<table>
<thead>
<tr>
<th>Year</th>
<th>DKK bn</th>
<th>Margin, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.5</td>
<td>6</td>
</tr>
<tr>
<td>2015</td>
<td>2.0</td>
<td>8</td>
</tr>
<tr>
<td>2016</td>
<td>2.5</td>
<td>10</td>
</tr>
<tr>
<td>2017</td>
<td>3.0</td>
<td>12</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>3.5</td>
<td></td>
</tr>
</tbody>
</table>

Margin, %

Inv cap, DKK bn

![Inv cap chart](chart3)

**Inv cap, DKK bn**

<table>
<thead>
<tr>
<th>Year</th>
<th>Inv cap, DKK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>8</td>
</tr>
<tr>
<td>2015</td>
<td>8</td>
</tr>
<tr>
<td>2016</td>
<td>8</td>
</tr>
<tr>
<td>2017</td>
<td>8</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>20</td>
</tr>
</tbody>
</table>

ROIC, %

![ROIC chart](chart4)

**ROIC, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROIC, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>10</td>
</tr>
<tr>
<td>2015</td>
<td>12</td>
</tr>
<tr>
<td>2016</td>
<td>14</td>
</tr>
<tr>
<td>2017</td>
<td>16</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>20</td>
</tr>
</tbody>
</table>

Operating cash flow & NIBD/EBITDA

![Operating cash flow chart](chart5)

**Operating cash flow & NIBD/EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>NIBD/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>1.0</td>
</tr>
<tr>
<td>2016</td>
<td>1.5</td>
</tr>
<tr>
<td>2017</td>
<td>1.5</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**DKK bn**

<table>
<thead>
<tr>
<th>Year</th>
<th>DKK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>2.0</td>
</tr>
<tr>
<td>2016</td>
<td>2.5</td>
</tr>
<tr>
<td>2017</td>
<td>3.0</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>3.5</td>
</tr>
</tbody>
</table>

- **NIBD/EBITDA**
- **Operating cash flow**

DKK bn

<table>
<thead>
<tr>
<th>Year</th>
<th>DKK bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3.0</td>
</tr>
<tr>
<td>2015</td>
<td>2.5</td>
</tr>
<tr>
<td>2016</td>
<td>2.0</td>
</tr>
<tr>
<td>2017</td>
<td>1.5</td>
</tr>
<tr>
<td>2018 Q2 LTM</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Business units & ROIC, Q2 LTM 2018

- North Sea: 16%
- Baltic Sea: 31%
- Channel: 20%
- Mediterranean: 2%
- Passenger: 20%
LOGISTICS

Business units & ROIC, Q2 LTM 2018

Nordic: 24%
Continent: 14%
UK & Ireland: 7%

Q2 LTM 2018 Logistics Division

Revenue

EBIT
BREXIT
• **EU growth scenario** continues to mitigate uncertainty related to Brexit

• Lift in UK export growth to EU post Brexit vote leveling off but still above pre-Brexit level

• **Volume growth divergence** between North Sea and Channel is continuing in 2018 due in part to shortage of drivers
DFDS is planning for two scenarios

**Hard Brexit**
March 19, 2019

- UK departs the EU at 11pm UK time
- UK gives up full access to the single market and full access of the custom union with the EU
- Likely fall back on World Trade Organisation (WTO) rules for trade with its former EU partners

**Transition period Brexit**
December 31, 2020

- Transition period to allow UK to get most in place and allow businesses and others to prepare for the new post-Brexit rules between the UK and the EU (31 Dec, 2020)
- Free movement will continue during the transition

“UK could stay in EU customs union for years after Brexit transition”
- [https://www.politico.eu](https://www.politico.eu) quoting senior UK and EU officials
Actions to mitigate possible Brexit impacts

- **Key risk** is development of UK GDP growth as trading volumes are linked to GDP
- **UK supply chains** closely integrated with Continental Europe
- Freight customers are asking for advice
- Import customers are considering to **increase stocks** in UK ahead of March 2019...
- ...vice versa for UK exporters
- **Upside** from new services – customs clearance, standage and duty-free

### Possible hard Brexit impacts
- Cumbersome customs process
- Congestion in ports
- Reduction in trade volumes
- Increase in unaccompanied trailer volumes

### DFDS actions
- Cost recovery, pass-through agreements
- Increasing staff with customs clearance expertise
- Offer customs clearance services
- Upgrading IT customs systems
- Expanding port terminals in Vlaardingen, Felixstowe and Immingham
- Dover/Calais options under review
- Offer duty-free sales
MEDITERRANEAN
Mediterranean expansion through acquisition of U.N. Ro-Ro

- **Leading freight company** with 34% market share of ferry & road market and 60% market share of ferry market

- **High growth** region

- Similar unaccompanied ferry business model and fleet create opportunities for synergies

- Increased flexibility of fleet deployment in route network as well as **synergies** in vessel investments

- **Profitable company** with expected EBITDA of around EUR 97m in 2018
(1) U.N. Ro-Ro owns 60% of Port of Trieste's operator (Samer Seaports Company), owns the company that has the concession agreement

(2) Pendik port is fully owned

Source: U.N. Ro-Ro
U.N. Ro-Ro overview

Business overview

- Established 1994, #1 freight ferry operator in Turkey in terms of market share, number and capacity of vessels

- 5 routes between Turkey and France/Italy with a fleet of 12 modern Ro-Ro vessels

- U.N. Ro-Ro’s operation is based on an intermodal setup, combining land, sea and railways for trucks

- The Company caters to the international transport companies, importers and exporters in Turkey

Business is EUR denominated, minimising exposure to the volatility in Turkish Lira

Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>195,1</td>
<td>192,8</td>
<td>185,2</td>
<td>224,7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>72,9</td>
<td>84,4</td>
<td>81,2</td>
<td>94,3</td>
</tr>
<tr>
<td>Margin</td>
<td>37%</td>
<td>44%</td>
<td>44%</td>
<td>42%</td>
</tr>
<tr>
<td>EBIT</td>
<td>31,2</td>
<td>46,2</td>
<td>47,0</td>
<td>66,6</td>
</tr>
<tr>
<td>Margin</td>
<td>16%</td>
<td>24%</td>
<td>25%</td>
<td>30%</td>
</tr>
</tbody>
</table>

- In 2013 the largest customer (EKOL Logistics) started own ro-ro service and switched all its captive cargo to own ships
- Slight underperformance in 2016 due to two engine break-downs

(1) Owns company that has the concession agreement for Trieste port
Source: U.N. Ro-Ro Corporate Presentation, Company data and press releases
Ferry expected to continue to gain market share vs road

- **Truck investment needs** for forwarders and hauliers reduced by using unaccompanied ferry solution

- **Ferry also competitive vs driving** through Balkan region:
  - Transit time and costs
  - Border crossings and customs formalities
  - Security issues
  - Permit and visa issues
  - Limited investment in road infrastructure
  - Congestion

- Ferry’s **market share** increased from 49% in 2013 to 55% in 2017

Source: Economist Intelligence Unit (EIU) 2018
EU is important and balanced trade partner with Turkey

Turkey’s top trade partners (2017)

Source: Macro Advisory Partners 2018
Turkey - inflation and exchange rate development of TRY

- TRY depreciation is linked to high inflation rates in Turkey:
  - 2016: 8%
  - 2017: 11%
  - 2018 ytd: 16%
- Turkey’s real GDP was up 7% in Q1
- FY GDP forecast at around 4% before TRY dropped in August

Diplomatic rift with Washington drives Turkish lira to fresh low
Currency down 31.5% in 2018 as US meeting delivers no progress on sanctions dispute
Turkey – impact of TRY depreciation on DFDS finance items

• Finance items impacted by ‘one-off’ currency loss on debtors

• Mediterranean’s **prices are set in EUR** to protect revenue development

• Invoicing in TRY implies, however, **currency risk** in 60 day payment period for debtors

• **TRY exposure** on debtors of around DKK 300m

• ‘One-off’ currency loss in Finance items of around DKK 114m incurred until 30 Aug:
  
  • June: DKK 6m
  • July: DKK 27m
  • August 30: DKK 81m

![Graph showing TRY/DKK exchange rate](image-url)
Turkey trading, indexed import/export **ro-ro volumes**, and exchange rate TRY/EUR

**Crisis 1**
Banking led crisis starting in Nov 2000
- 5.7% drop in GDP in 2001
- EUR/TRY depreciated 91% in 2001

**Crisis 2**
Global financial crisis
- EUR/TRY depreciated 7% in 2008 and 13% in 2009

**Crisis 3**
Political unrest 2013-14
- EUR/TRY depreciated 9% in 2013 and 15% in 2014

**Crisis 4**
Depreciation sparked by conflict with USA

Turkey trade historically resilient in face of TRY depreciation
Turkey – impact of TRY depreciation on trading

- **Export volumes** increased 17% Jan-May 2018 while import volumes were up 3%

- **Currency depreciation** is impacting import volumes – once TRY is stabilised imports are expected to resume but likely at a lower level until domestic demand recovers

- **Export volume growth** expected to mitigate impact from imbalance/reduced import volumes

- Also mitigation from import of **semi-manufactured goods** used as parts in Turkish manufacturing plants – such imports comprise more than 50% of import volumes carried on DFDS routes

- With the current visibility, EBITDA outlook **unchanged** based on the ‘early’ consolidation of UNRR as of 7 June

![Turkey-Europe cargo split](chart.png)

- Exports: Industry, chemical, plastic, metal, glass, paper
KEY FOCUS AREAS 2018
Key growth and efficiency events shaping 2018 & beyond

| Growth from acquisitions | • Special Cargo: operator of flatbed trailers in Europe, consolidated 3 January 2018  
|                         | • U.N. Ro-Ro: freight ferry routes connecting Europe and Turkey, completed 7 June 2018  
|                         |   • Integration expected to be completed in 2018  
|                         | • Financial flexibility maintained to pursue further opportunities  
| Growth from ferry new building orders | • 6 freight ferries (ro-ro), from early 2019  
|                                               | • 2 combined freight and passenger ferries (ro-pax), from 2021  
|                                               | • 1 Channel ferry, 10-year bareboat charter, from 2021  
| Operational efficiency | • Italian logistics activities restructured  
|                                               | • Boost projects for challenged logistics activities  
|                                               | • Corporate functions restructured  
|                                               | • Rosyth-Zeebrugge route closed  
|                                               | • Starlight: On board customer service and revenue project  
| Digital | • Ongoing investment in digital customer solutions  
|                                               | • Realise long-term digital strategy  
