

# Q1 ON TRACK

DFDS GROUP  
Q1 2017

11 May 2017



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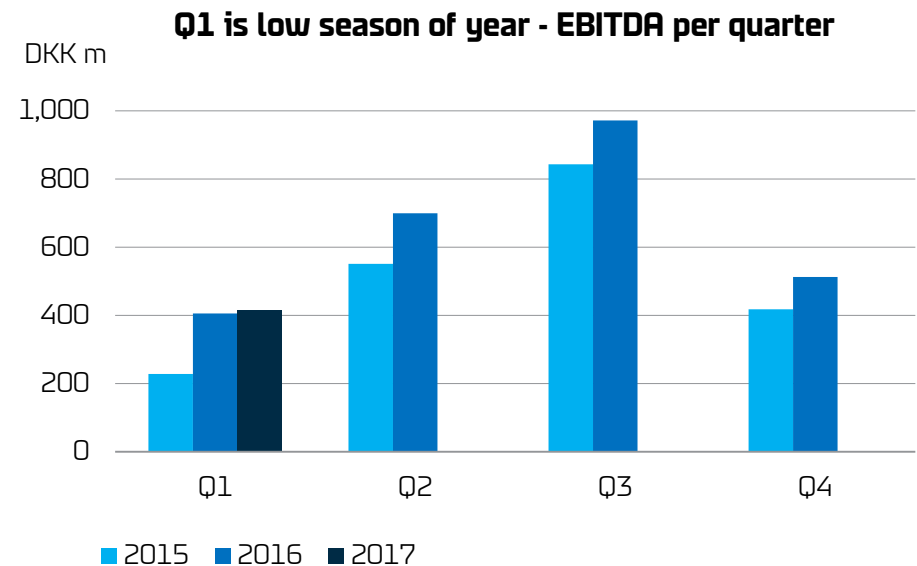
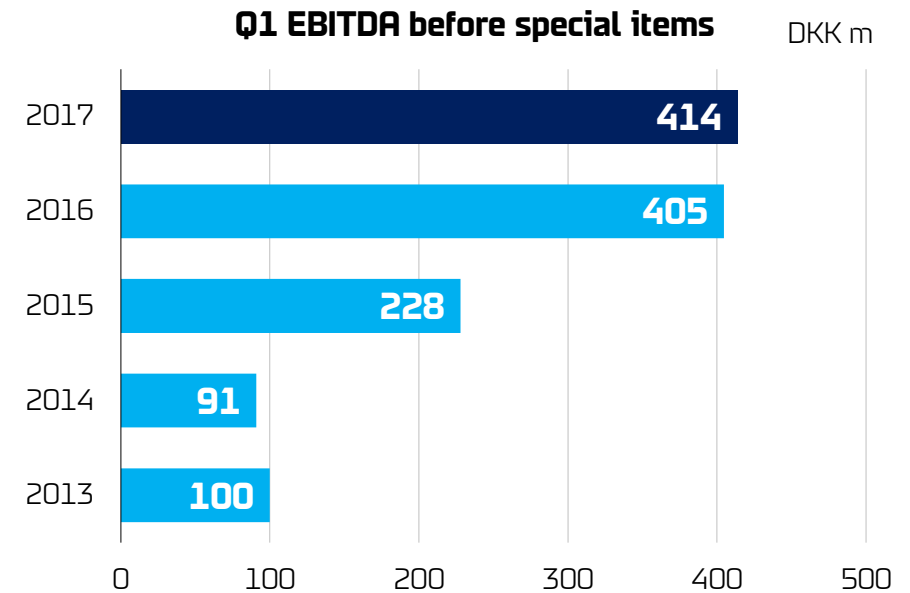
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The statements about the future in this announcement contain risks and uncertainties.  
This entails that actual developments may diverge significantly from statements about the future.

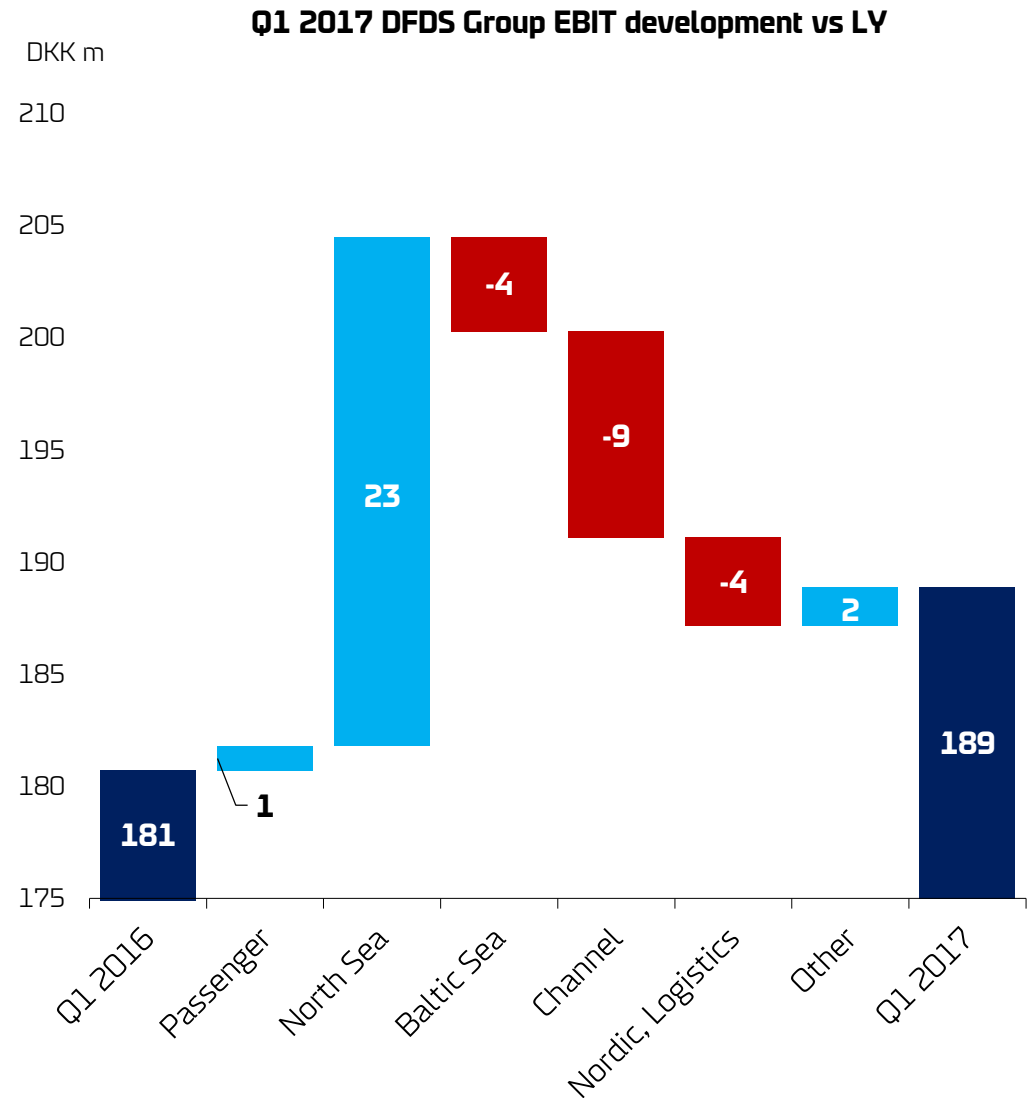
# European growth drives Q1 ahead of LY despite late Easter

- **Reported EBITDA** up by 2% to DKK 414m
- **Q1 EBITDA up by 6%** adjusted for net impact of Easter timing difference between Q1 and Q2
- **North Sea** results fuelled by 10% higher freight volumes and lower UK-costs
- **Baltic Sea** continued good performance but Q1 2016 comparison impacted by Polish-Russian border dispute
- Passenger and Channel business units impacted by **lower passenger volumes** due to Easter and depreciation of GBP
- **Logistics'** performance below 2016 due to Nordic while Continent and UK & Ireland performed in line with expectations



# North Sea and late Easter key EBIT drivers in Q1

- **Passenger +1m:** Positive variance from lower depreciations and fewer dockings offset negative Easter-impact
- **North Sea +23m:** High volumes, including positive Easter-impact, and lower UK costs offset higher costs for bunker and capacity increase. Performance of Gothenburg port terminal improved
- **Baltic Sea -4m:** Earnings boost from Polish-Russian border dispute in Q1 2016 offset continued good performance
- **Channel -9m:** Lower result due to weak passenger market, including negative Easter-impact. Freight earnings improved but some offset from shift in freight volumes from Dunkirk to Calais and extended docking of one ferry
- **Nordic -4m:** Start-up of new logistics contracts, operational issues and slow start to year in some markets outweighed good performance in key areas
- **Continent/UK & Ireland -1/0m:** Most key areas performed well offsetting lower results in Italy and Belfast



# Q1 2017 in numbers

- **3% revenue growth**, adjusted\*.  
Reported revenue up by 4%
- **EBITDA** increased to DKK 414m -  
Easter timing impact of DKK -15m
- Increased **depreciations** on mainly ships  
and IT-systems
- **Net finance cost** reduced by DKK 8m  
mainly due to lower net interest cost
- **Profit before tax** up by 10% to  
DKK 173m before special items
- **ROIC LTM\*\*** of 17.6% (FY 2016: 17.8%)  
before special items

DKK m	Q1 17	Q1 16	Change vs LY	Change %
REVENUE	3,220	3,088	132	4%
<b>EBITDA BEFORE SI</b>	<b>414</b>	<b>405</b>	<b>9</b>	<b>2%</b>
margin, %	12.9	13.1	-0.2	n.a.
P/L associates	6	-1	7	n.a.
Gain/loss asset sales	4	1	3	n.a.
Depreciations	-236	-224	-12	-5%
<b>EBIT BEFORE SI</b>	<b>189</b>	<b>181</b>	<b>8</b>	<b>5%</b>
margin, %	5.9	5.9	0.0	n.a.
Special items	-6	0	-6	n.a.
EBIT	183	181	2	1%
Finance	-16	-24	8	32%
<b>PBT BEFORE SI</b>	<b>173</b>	<b>157</b>	<b>16</b>	<b>10%</b>
<b>PBT</b>	<b>167</b>	<b>157</b>	<b>9</b>	<b>6%</b>
EMPLOYEES avg., no.	7,015	6,791	224	3%
INVESTED CAPITAL	9,180	9,083	97	1%
<b>ROIC LTM ex. SI, %</b>	<b>17.6</b>	<b>15.3</b>	<b>2.3</b>	<b>n.a.</b>
NIBD	3,007	2,952	55	2%
<b>NIBD/EBITDA, times</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.1</b>	<b>n.a.</b>
SOLVENCY, %	47	46	1	n.a.

\* For currency, acquisitions, other items and excluding revenue from bunker surcharges

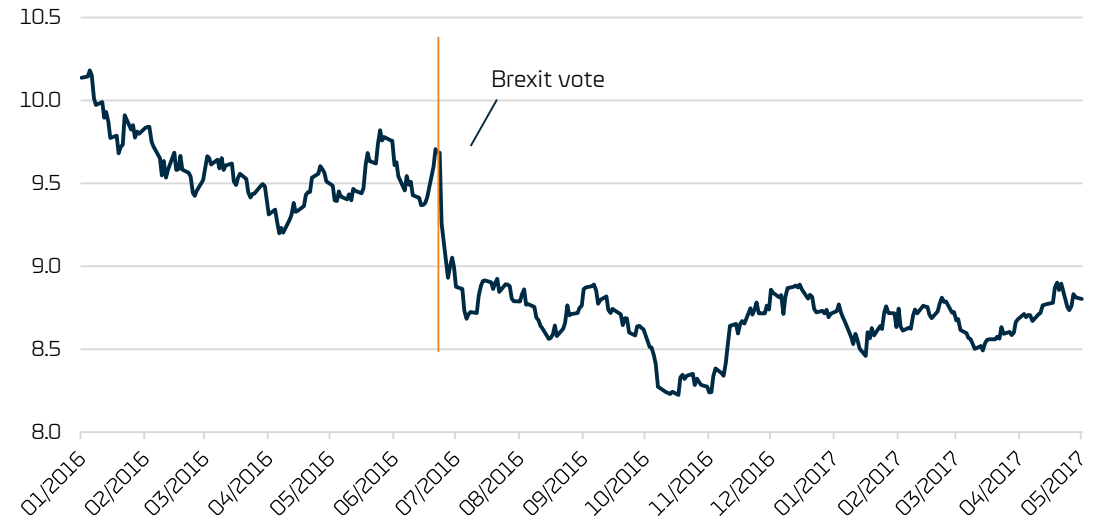
\*\*LTM: Last twelve months

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

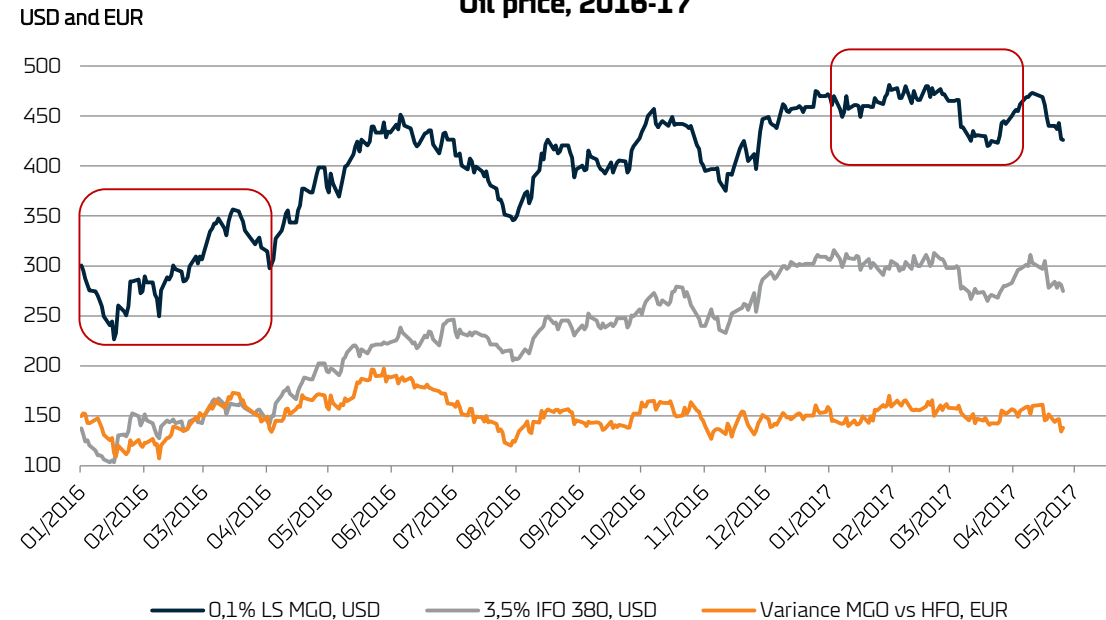
# Impact on Q1 from GBP-depreciation and oil price

- GBP/DKK was 10.8% lower in Q1 2017 vs LY (average rate for quarter)
- Negative **revenue** currency impact of around DKK 73m in Q1 2017 vs 2016 from mainly the depreciation of GBP
- Positive **EBITDA** currency impact of around DKK 9m in Q1 2017 vs 2016 related to lower terminal and ship costs
- Expected EBITDA currency impact for rest of year not material
- **Net bunker impact on profit** of DKK -25m driven by 64% higher bunker cost per ton and higher consumption

GBP/DKK exchange rate 2016-17

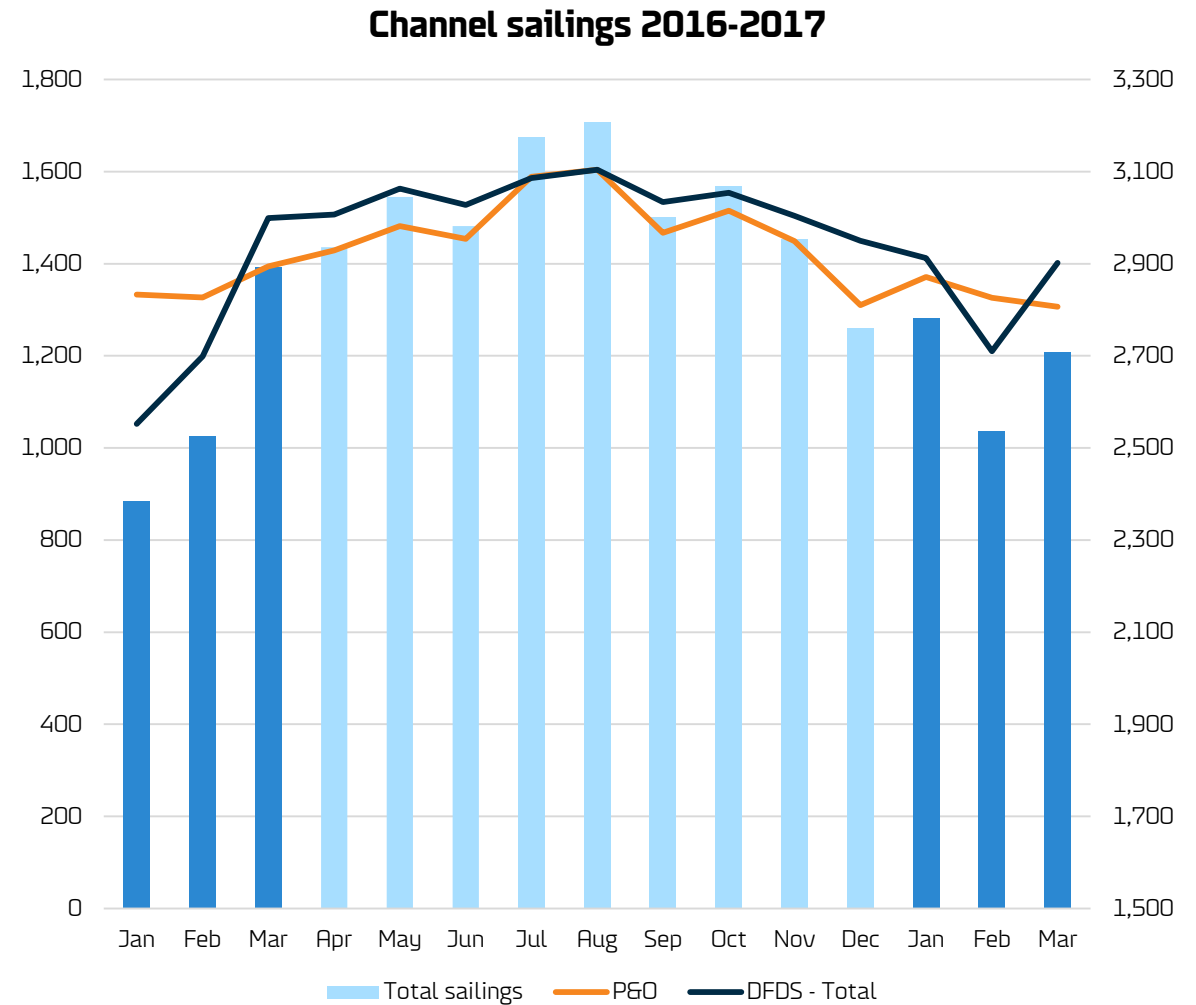


Oil price, 2016-17



# Total ferry sailings on Channel up 3% in Q1 vs LY

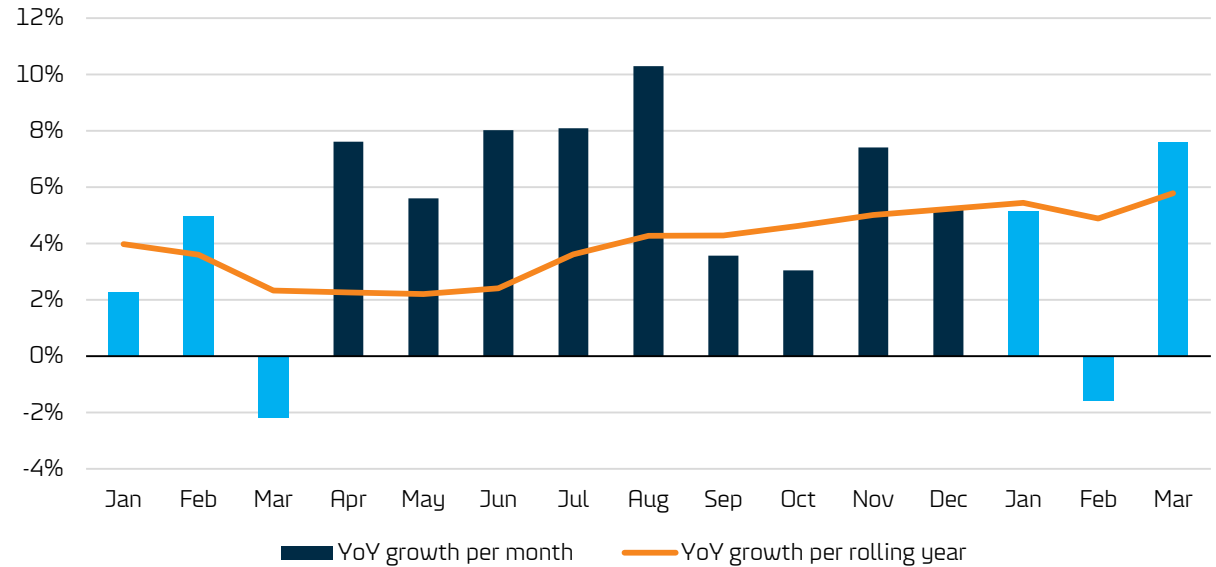
- In Q1 2017, the total number of sailings was 3% above 2016
- DFDS increased sailings by 7% while P&O decreased sailings by 1%
- DFDS and P&O had an equal number of sailings in Q1 2017



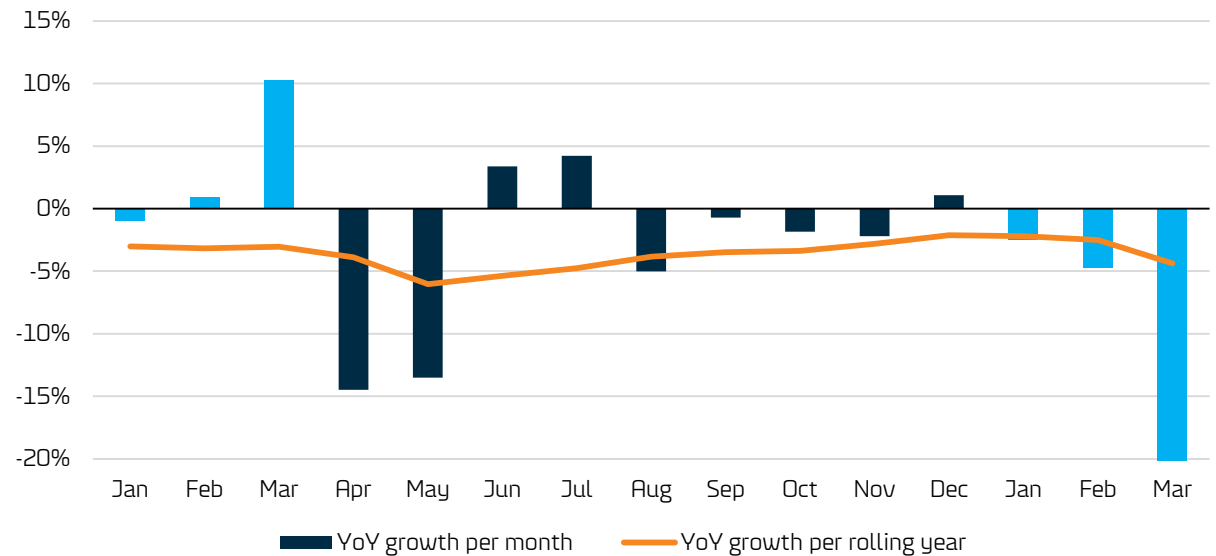
# Continued freight growth, pax reduced by Easter in Q1

- **Freight** market volumes were up by 3.8% in Q1 2017
- The YOY growth per rolling full-year was after March at 5.8%
- **Car** market volumes were down by 9.8% in Q1 2017
- Main negative impact from Easter timing difference
- Travel market for UK residents still impacted by depreciation of GBP and no material offset from Continental passengers benefiting from low GBP in low season Q1
- Easter passenger traffic above expectations for DFDS

Channel **freight** volume growth YOY, 2016-2017



Channel **car** volume growth YOY, 2016-2017

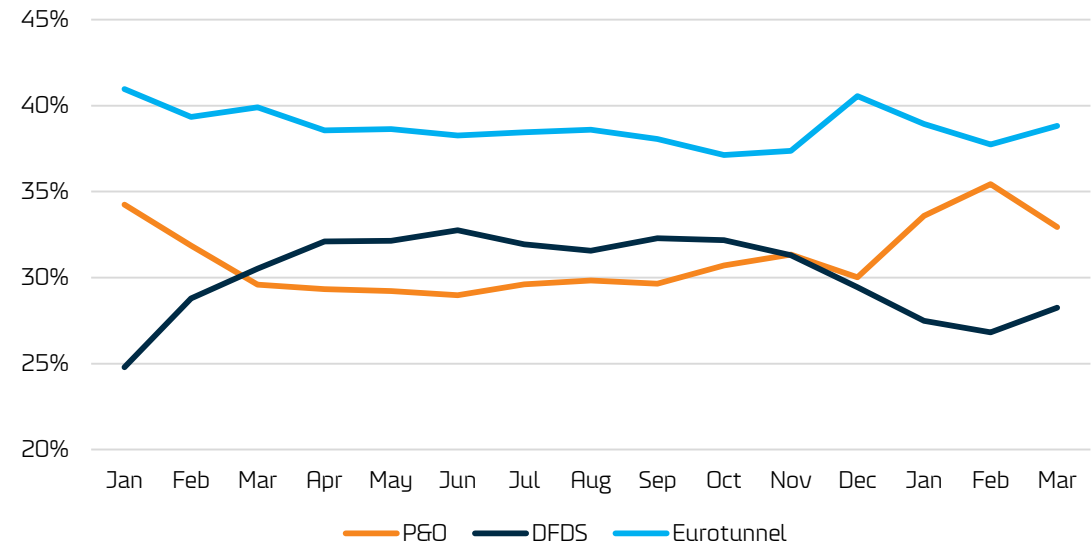




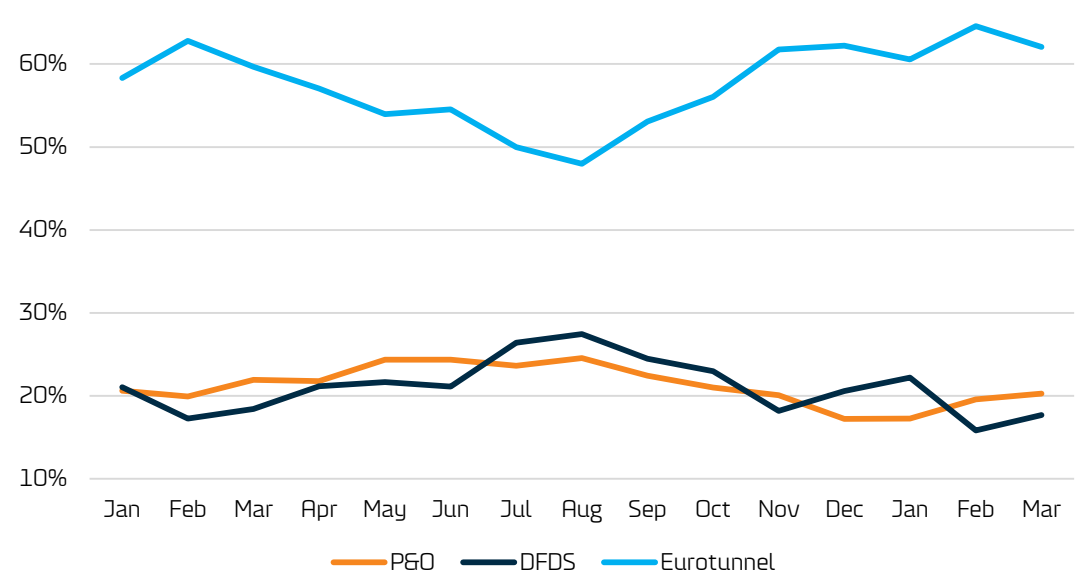
# DFDS lost freight and car market share in Q1

- Some transfer of **freight** volumes from Dunkirk after shutdown of 'jungle' in Calais. As P&O operate six ferries on Dover-Calais vs DFDS' three ferries, DFDS' freight market share was reduced
- Dunkirk-impact amplified by DFDS' docking of one ferry on Dover-Calais from mid-February to end-March plus 12 docking days of other two ferries in February
- Market share also impacted by tougher market environment following rate increases
- DFDS' **car market share** also lowered in Q1 by Dunkirk-impact and extended docking as above

Channel **freight** market shares, 2016-2017



Channel **car** market shares, 2016-2017



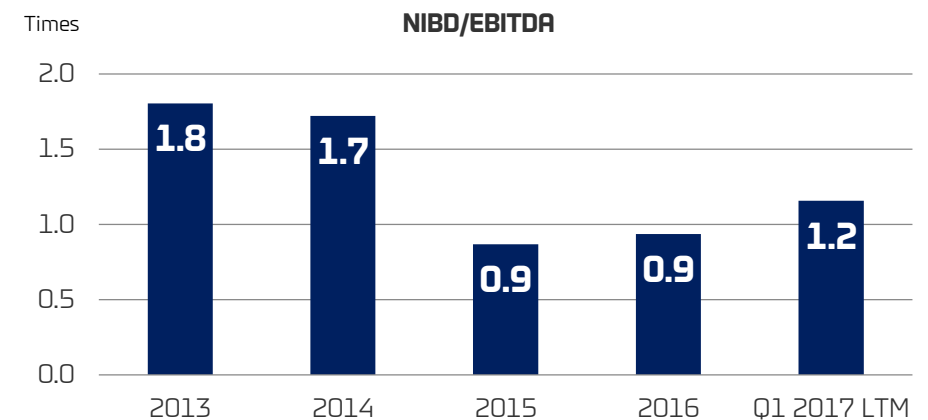
# Increased distribution of capital to shareholders

- DKK 826m distributed through share buybacks and dividend in Q1
- The expected total distribution to shareholders is currently at DKK 1.3bn for 2017
- Higher capital distribution and investments increased NIBD to DKK 3.0bn at end of Q1 2017 up from DKK 2.4bn at year-end 2016
- NIBD/EBITDA multiple increased to 1.2 at the end of Q1 2017 up from 0.9 at year-end 2016

## Capital distribution overview

DKK m	2015	2016	2017
	Actual	Actual	Current plan
<b>Dividend per share, DKK</b>	<b>5.40</b>	<b>6.00</b>	<b>8.00</b>
Dividend, Mar	218	175	168
Dividend, Aug	108	174	280
<b>Total dividend</b>	<b>326</b>	<b>349</b>	<b>448</b>
Buyback, auction	-	400	478
Buybacks, other	401	514	386
<b>Total share buybacks</b>	<b>401</b>	<b>914</b>	<b>864</b>
<b>Total distribution</b>	<b>727</b>	<b>1,263</b>	<b>1,312</b>

Dividends exclude treasury shares



# 2017: Q1 update on major performance drivers for DFDS

Certain/Likely	Expected	Uncertain	Macro drivers
<ul style="list-style-type: none"><li>Capacity expansion on selected routes</li><li>Deployment of two ro-ro new buildings on Vlaardingen-Immingham – <b>June/September</b></li><li>Full-year impact of revenue and earnings from acquisitions and new logistics contracts – <b>some extra start-up costs</b></li><li>Significantly increased IT and digital spending</li></ul>	<ul style="list-style-type: none"><li>Some freight shipping volume growth – <b>slightly ahead of expectations</b></li><li>Some growth in prices – <b>continued competitive pressure</b></li><li>Bunker cost increase in Passenger – <b>Q1 offset by hedging</b></li></ul>	<ul style="list-style-type: none"><li>Passenger volume growth – <b>slightly weaker than expected</b></li><li>Changes in competitive landscape – <b>stable</b></li><li>MGO/HFO spread – <b>stable</b></li></ul>	<ul style="list-style-type: none"><li>Impact of Brexit process on UK economy and trading volumes</li><li>Continued moderate growth in most EU economies</li><li>Weak Norwegian economy</li><li>Russian trade sanctions expected to stay</li><li>Changes in oil price and exchange rates</li></ul>

# EBITDA outlook for 2017 of DKK 2.6-2.8bn confirmed

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- **Continued positive outlook** for Europe in 2017
- Outcome of French presidential election expected to add stability and support continued growth in Europe
- Brexit-process ongoing – so far no impact on freight volumes
- Outlook unchanged for revenue growth, EBITDA range and investments

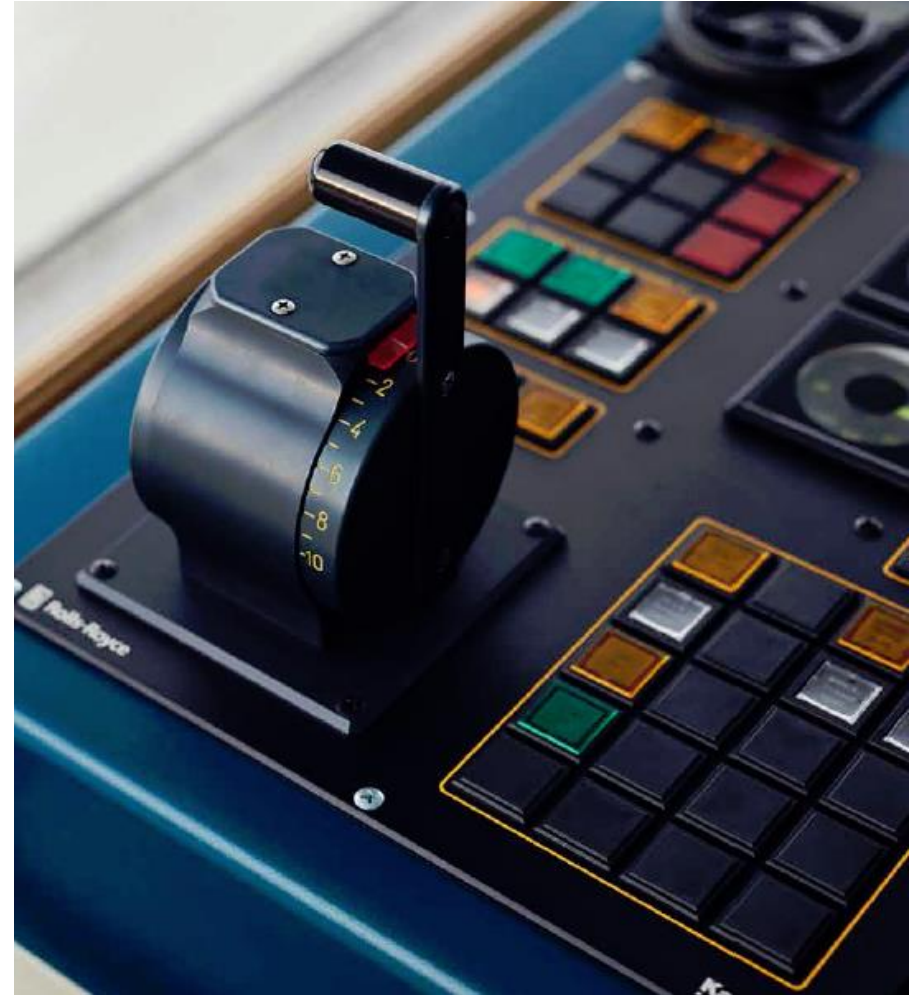
## OUTLOOK 2017

- Revenue growth of around 4%, excluding revenue from bunker surcharges
- EBITDA expected to increase to DKK 2.6-2.8m
  - Shipping Division: DKK 2,450-2,600m
  - Logistics Division: DKK 250-300m
  - Non-allocated items: DKK -100m
- Investments of DKK 1.7bn

# Continuous improvement projects

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- **Toplight** – simplified rate structure and preparing for digital customer solutions and efficiency gains in freight shipping
- **Carpe Momentum** – improve on board sales and spend per passenger on Channel routes
- **Haulage Drive** – improve efficiency of subcontracted haulage
- **DFDS WAY 2.0** – further development of operating model



# Strategic priorities 2017

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- **Customer focus – growing the topline**
- **Continuous improvement:** achieve benefits from programmes
- **Fleet renewal:** deployment of two freight ship (ro-ro) new buildings and further decisions on fleet strategy
- **Digital:** significant spending boost in digital and IT capabilities – up DKK 80m versus 2016
- **M&A** opportunities



Q&A

