Q2 better than expected

Q2 2023 investor call

15 August 2023

Content

- Q2 2023 overview
- Results
- ESG update
- 2023 outlook

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 better than expected as we navigate(d) challenging markets

Continued performance above expectations

Operational performance...

...adapting capacity, costs, and pricing...

...customer focus prioritised

Despite headwind in some areas

Channel overcapacity

War in Ukraine

Türkiye slowdown

Freight volumes mostly down – with bright and stable spots

Oil spread normalisation

Recent acquisitions doing well

McBurney and Lucey performing as expected

Estron acquisition expected closing August

Cash flow focus

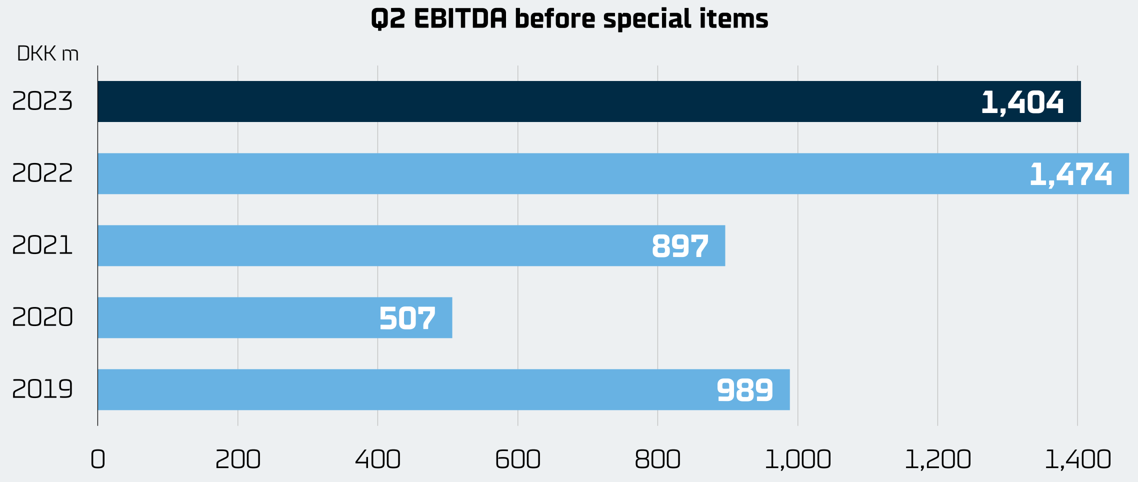
Finance cost doubled by higher interest rates

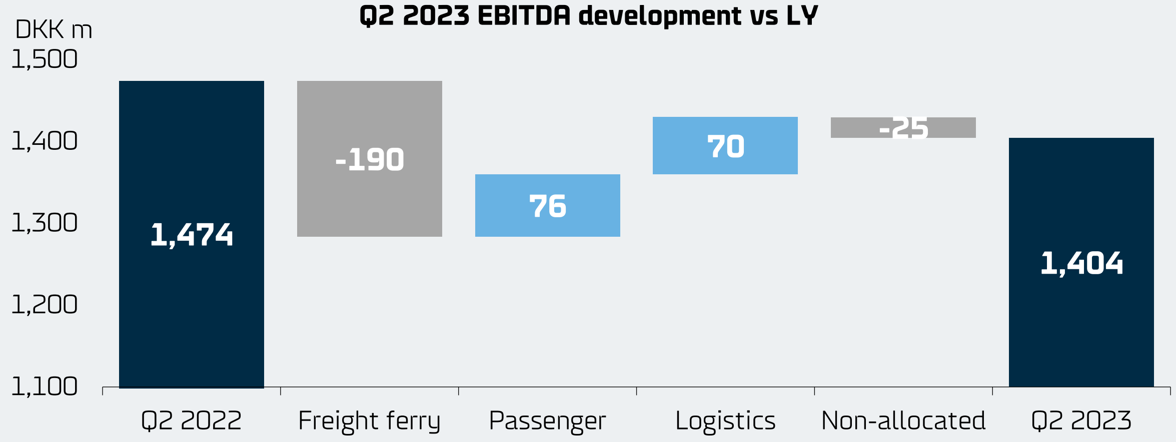
Free cash flow level increased

Leverage unchanged despite acquisitions

Q2 vs LY: higher passenger & logistics results offset by freight ferry

- **DFDS Group** EBITDA down 5% to DKK 1.4bn
- **Q2 2022 comparison** impacted by elevated Channel earnings from P&O suspension
- **Ferry freight** EBITDA down 20% due to lower volumes, Channel 2022-boost, and oil price spread normalisation
- **Passenger** EBITDA up 28% driven by higher volumes
- **Logistics** EBITDA up 26% including positive impact from acquistions



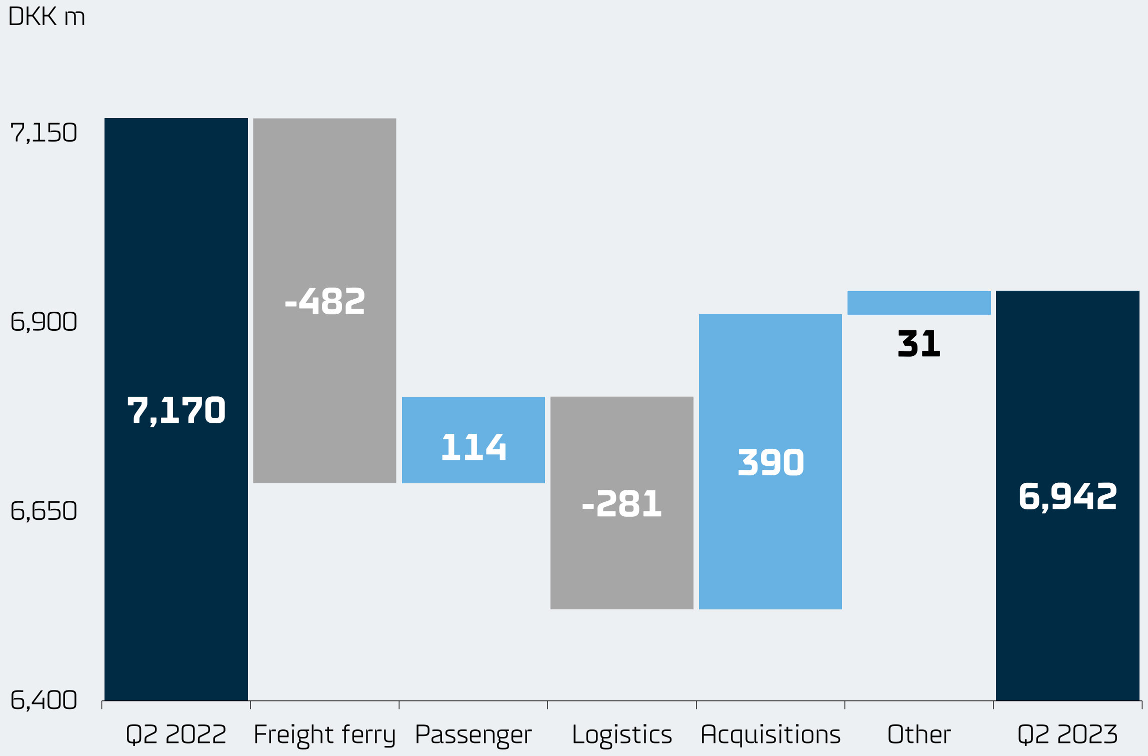


DFDS

Revenue reduced by surcharges and lower freight volumes

- **Revenue reported** down 3.2% but up 2.5% adjusted for bunker surcharges
- **Freight ferry** decrease mainly due to lower bunker surcharges
- **Passenger** up DKK 114m driven by 24% higher volumes
- **Logistics** ex. acquisitions down 9% or DKK 281m from lower surcharges and volumes, plus activity closure in Norway
- **Acquisitions** added revenue of DKK 390m (306/McBurney, 74/Lucey, 10/MacLeod)

Change in revenue, Q2 2023 vs Q2 2022



DFDS

Q2 2023 income statement

- **EBITDA** down 5% driven by freight ferry
- **Depreciation** up 6% or DKK 35m due to Logistics acquisitions
- **EBITA** down 13% to DKK 765m, margin reduced 1.2 ppt to 11.0%
- Amortisation up DKK 14m from acquisitions
- **Finance** cost up DKK 77m due to higher interest rate and debt increase
- **Effective tax rate** of 4% lowered by prior year adjustments

DFDS Group P/L **DKK m**	**Q2 22**	**Q2 23**	**Δ**	**Δ**
Revenue	**7,170**	**6,942**	**-228**	**-3%**
EBITDA	**1,474**	**1,404**	**-69**	**-5%**
Margin	*20.6%*	*20.2%*	*-0.3%*	
Other income/costs, net	2	-3	-5	n.a.
Depreciation and impairment	-601	-636	-35	6%
EBITA	**874**	**765**	**-110**	**-13%**
Margin	*12.2%*	*11.0%*	*-1.2%*	
Amortisation	-33	-47	-14	41%
EBIT	**841**	**718**	**-123**	**-15%**
Margin	*11.7%*	*10.3%*	*-1.4%*	
Finance	-81	-158	-77	95%
Profit before tax	**760**	**560**	**-200**	**-26%**
Tax	-56	-21	34	-62%
Profit after tax	**704**	**539**	**-166**	**-24%**

Leverage unchanged due to higher cash flow generation

- **ROIC** before acquisition intangibles increased to 11.4% (8.5%) and ROIC to 8.4% (6.3%)
- **Operating cash flow** of DKK 1.0bn reduced by working capital increase and higher finance cost
- **Operating capex** of DKK 0.2bn comprising regular maintenance only
- **Adjusted free cash flow** of DKK 0.6bn and LTM cash flow at DKK 1.5bn
- **Leverage** of 2.9 unchanged despite acquisition

DKK bn	Q2 2022	Q2 2023	Δ	Δ
Returns				
Invested capital, end	26.1	28.9	2.7	10%
ROIC before acquisition intangibles	8.5%	11.4%	2.9%	n.a.
ROIC	6.3%	8.4%	2.1%	n.a.
Cash flows				
Operating cash flow	1.5	1.0	-0.4	-29%
Capex				
Operating capex	-0.5	-0.2	0.3	-59%
Ferries, sale/purchase/newbuildings	0.0	0.0	0.0	n.a.
Free cash flow	0.9	0.8	-0.1	-14%
Adjusted free cash flow	0.7	0.6	-0.1	n.a.
Capital structure				
NIBD	13.6	15.2	1.5	11%
NIBD/EBITDA, times	3.3	2.9	-0.4	n.a.

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Ferry Division – good passenger result offset by lower freight volumes

- **Freight revenue** down 2% adjusted for bunker surcharges as higher unit revenue partly offset 15% lower volumes
- **Freight EBITDA** down 20% driven by the lower volumes, elevated Q2 2022 Channel earnings, and higher net bunker cost
- **Passenger revenue** up 14% mostly from more Channel passengers and higher onboard spend
- **Passenger EBITDA** up 28% following higher volumes/spend and bunker saving

DKK m	Q2 22	Q2 23	Δ	Δ
Revenue	**4,544**	**4,176**	**-368**	**-8%**
Freight ferry	*3,752*	*3,270*	*-482*	*-13%*
Passenger	*793*	*907*	*114*	*14%*
EBITDA	**1,218**	**1,103**	**-114**	**-9%**
Margin	*26.8%*	*26.4%*	*-0.4%*	
Freight ferry	*944*	*754*	*-190*	*-20%*
Passenger	*274*	*350*	*76*	*28%*
EBITA	**760**	**651**	**-109**	**-14%**
Margin	*16.7%*	*15.6%*	*-1.1%*	
ROIC before acquisition intangibles, %	8.5	12.7	4.2	n.a.
ROIC, %	6.6	10.1	3.5	n.a.
Lane metres, '000	11,523	9,795	-1,728	-15%
Passengers	984	1,205	221.0	22%

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Logistics Division – lower volumes, organic earnings protected

- **Dry Goods revenue** down 2% and 7% adjusted for acquisitions as volumes and surcharges decreased
- **Cold Chain revenue** up 10% and down 12% adjusted for acquisitions driven by lower volumes, especially meat, and surcharges, plus closure of air/sea in Norway
- **Q2 EBITDA** up 26% to DKK 345m and down 3% adjusted for acquisitions
- Dry Goods on level with 2022, Cold Chain includes cost for closure of Bruges office

DKK m	Q2 22	Q2 23	Δ	Δ
Revenue	**2,979**	**3,088**	**109**	**4%**
Dry Goods	*1,618*	*1,586*	*-32*	*-2%*
Cold Chain	*1,349*	*1,487*	*138*	*10%*
Gross profit	**894**	**1,172**	**278**	**31%**
Margin	*30.0%*	*38.0%*	*7.9%*	
EBITDA	**274**	**345**	**71**	**26%**
Margin	*9.2%*	*11.2%*	*2.0%*	
EBITA	**143**	**169**	**26**	**18%**
Margin	*4.8%*	*5.5%*	*0.7%*	
ROIC before acquisition intangibles, %	15.2	14.6	-0.6	n.a.
ROIC, %	7.8	7.5	-0.3	n.a.

Key Q2 ESG actions

- **Ferry** CO_2 emission intensity reduced 8% across route network
- **E-trucks:** 45 of 125 ordered trucks deployed end Q2
- **DFDS Decarbonisation Solution** platform launched for customers to purchase CO_2 reduction certificates linked to use of biofuel/electricity in ferry/land transport
- **Rollout of new Health & Safety** system launched for port terminals and logistics locations

2023 OUTLOOK

Outlook for 2023 raised

- **EBITDA outlook** raised by H1 financial performance above expectations
- Commercial and operational initiatives expected to support H2 performance
- **Ferry Division** managed lower volumes and fuel spread normalisation during Q2. Volume decline set to level off in H2
- **Logistics Division** protected Q2 EBITDA despite lower volumes and surcharges. Initiatives expected to continue to help safeguard H2 earnings
- **Revenue outlook** unchanged
- **Capex outlook** unchanged

DKK m	New outlook 2023	Previous outlook 2023	2022
Revenue growth	On level	On level	26,873
EBITDA	**4,800-5,200**	**4,500-5,000**	**4,955**
Per division:			
Ferry Division	3,650-3,900	3,350-3,650	3,966
Logistics Division	1,250-1,400	1,200-1,400	1,066
Non-allocated items	-100	-50	-76
Investments	-2,800	-2,800	2,989
Types:			
Operating	-1,600	-1,600	-1,838
Ferries: sale & purchase, newbuildings	0	0	-871
Acquisitions	-1,200	-1,200	-280

Key current priorities for 2023

- **Capacity management** - continuous focus vs demand development
- Ongoing execution of **cost adaptation** initiatives
- **Attract volumes** to network through customer focus
- **Growth** through M&A and other initiatives to continously strengthen the network
- **Move green** transformation projects forward
- **Social** - intensified drive to improve gender split at sea. Continued safety improvements


Turkish Chief Engineer and female cadets in Assos Seaways' engine room

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Q&A