DFDS MANAGEMENT REVIEW
2013

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DFDS

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DFDS PROVIDES SHIPPING AND TRANSPORT SERVICES IN EUROPE, GENERATING ANNUAL **REVENUES OF EUR 1.6BN.**

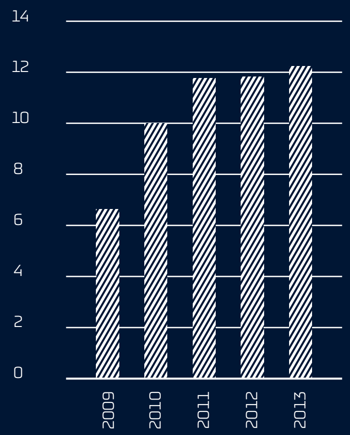
TO **OVER 8,000 FREIGHT CUSTOMERS,** WE DELIVER HIGH PERFORMANCE AND SUPERIOR RELIABILITY THROUGH SHIPPING & PORT TERMINAL SERVICES, AND TRANSPORT & LOGISTICS SOLUTIONS.

FOR MORE THAN **FIVE MILLION PASSENGERS,** MANY TRAVELLING IN THEIR OWN CARS, WE PROVIDE SAFE OVERNIGHT AND SHORT SEA FERRY SERVICES.

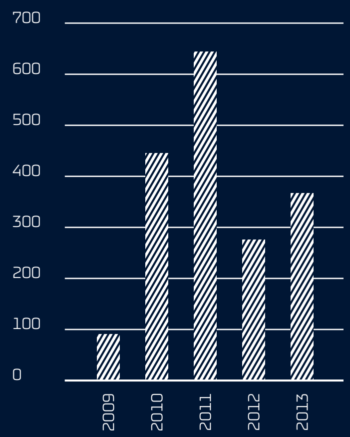
OUR **6,000 EMPLOYEES,** LOCATED IN OFFICES ACROSS 20 COUNTRIES, ARE COMMITTED TO YOUR SUCCESS.

DFDS WAS **FOUNDED IN 1866,** IS HEADQUARTERED IN COPENHAGEN, AND LISTED ON NASDAQ OMX COPENHAGEN.

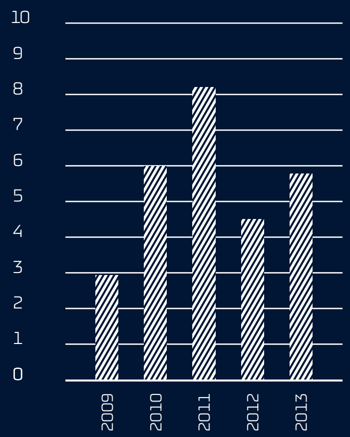
REVENUE
(DKK bn)



PROFIT BEFORE TAX AND SPECIAL ITEMS
(DKK M)



RETURN ON INVESTED CAPITAL (ROIC) BEFORE SPECIAL ITEMS
(%)



MANAGEMENT REVIEW

KEY FIGURES DFDS GROUP

KEY FIGURES

DKK m	2013 EUR m [1]	2013	2012	2011 [2]	2010 [2]	2009 [2]
Income statement						
Revenue	1,622	12,097	11,700	11,625	9,867	6,555
• Shipping Division	1,143	8,530	8,015	7,798	6,921	4,805
• Logistics Division	561	4,183	4,259	4,330	3,353	1,970
• Non-allocated items and eliminations	-82	-616	-574	-503	-407	-220
Operating profit before depreciations (EBITDA) and special items[2]	163	1,213	1,089	1,495	1,273	804
• Shipping Division	154	1,148	992	1,416	1,221	822
• Logistics Division	20	149	141	171	74	42
• Non-allocated item	-11	-84	-44	-92	-22	-60
Profit on disposal of non-current assets, net	1	6	6	26	5	18
Operating profit (EBIT) before special items	67	503	418	835	580	245
Special items, net	-2	-17	-124	91	102	-71
Operating profit (EBIT)	65	486	295	925	682	174
Financial items, net	-18	-136	-149	-183	-135	-154
Profit before tax	47	350	146	742	547	20
Profit for the year	44	327	143	735	522	89
Profit for the year exclusive minorities	44	325	144	731	509	86
Capital						
Total assets	1,650	12,311	12,313	12,795	13,849	9,298
DFDS A/S' share of equity	840	6,263	6,882	6,906	6,339	3,641
Equity	847	6,318	6,936	6,964	6,396	3,688
Net interest-bearing debt	293	2,189	1,929	2,555	3,887	4,067
Invested capital, end of period	1,147	8,555	8,896	9,564	10,341	7,997
Invested capital, average	1,157	8,633	9,207	9,691	9,061	7,762
Average number of employees	-	5,930	5,239	5,096	4,862	3,924

KEY FIGURES

DKK m	2013 EUR m [1]	2013	2012	2011 [2]	2010 [2]	2009 [2]
Cash flows						
Cash flows from operating activities, before financial items and after tax	201	1,501	905	1,419	929	836
Cash flows from investing activities	-126	-943	239	219	-1,521	-1,265
Acquistion of enterprises, activities and minorities	-13	-99	-5	-8	-1,417	-39
Other investments, net	-113	-844	244	227	-104	-1,226
Free cash flow	75	558	1,144	1,638	-592	-429
Key operating and return ratios						
Number of ships		48	49	49	57	51
Revenue growth, %		3.4	0.6	17.8	50.5 [3]	-20,0
EBITDA margin, %		10.0	9.3	12,9	12.9	12.3
Operating margin, %		4.2	3.6	7.2	5.9	3.7
Turnover, investered capital average, (times)		1.40	1.27	1.20	1.09	0.84
Return on invested capital (ROIC), %		5.7	3.4	9.0	7.2	2.1
Return on equity, %		4.9	2.1	11.0	10.2	2.4
Key capital and per share ratios						
Equity ratio, %		51.3	56.3	54.4	46.2	39.7
Interest-bearing net debt/EBITDA, times		1.80	1.77	1.71	3.05	5.06
Earnings per share (EPS), DKK		23	10	50	47	11
Dividends per share, DKK		14.0	14.0	14.0	8.0	0.0
Number of shares, end of period [4], '000		14,856	14,856	14,856	14,856	8,000
Share price at the end of the period, DKK		437	255.5	355	418	358
Market value, DKK m		5,559	3,706	5,149	6,119	2,743

[1] Applied exchange rate for euro as of 31. December 2013: 7,4603
[2] The key figures for 2009-2011 have not been restated in accordance with the amendments to IAS 19 'Emloyee benefits'.
[3] 37% relates to the acquisition of the Norfolkline-Group.
[4] A change of the number of shares to 13,330,000 was registered by the Danish Business Authority on 16 January 2014 following a statutory notice period of one month from the extraordinary general meeting's cancellation of 10.5% of the share capital on 16 December 2013

HEADING IN THE RIGHT DIRECTION

The European economy started to head in the right direction in 2013, as did DFDS in an operating environment with a continued high level of competitive pressure.

In DFDS, we are taking up the challenge, focusing on growing our top line results and making operations more efficient. We made good progress in 2013, raising EBITDA by 11% to DKK 1,213m, delivering one of the best results in our sector.

Moving closer to our customers
For the first time, we are reporting on customer satisfaction in line with our commitment to customer focus, see page 10 for results. DFDS is perceived as a quality service provider, but not yet world class. Reliability, frequency, fast communication, easy processes and proactive optimisation of customer solutions are key to delivering world class customer service. Improving customer satisfaction, in order to grow the top line, is a top priority.

Empowered people with a can-do attitude
When we say we are moving closer to our customers, it is the people of DFDS stepping up the dialogue with customers to learn more about their expectations and requirements. To enhance the dialogue over 200 DFDS sales managers went through sales training in 2013, and we expanded our HR capabilities to drive the DFDS Way of selling across the Group.

Improving performance
Our project-based strategy of operational streamlining includes four major projects in 2014 covering working capital, finance organisation, logistics and passenger system development, and procurement. Project goals and 2014 targets are reviewed on page 10. We have also initiated a group wide ROIC drive to support our target of achieving a 10% return on invested capital.

Light at the end of the Channel
The provisional findings of the UK competition authorities will be announced in mid-March 2014 and a final decision is due in early May 2014. Including processing of appeal options, we estimate that the exceptional competitive situation on the Channel will be resolved by the end 2014.

Preparing for new sulphur rules in 2015
DFDS is preparing to meet the challenge of transitioning to 40-50% more expensive low-sulphur fuel in 2015. Our plan includes a DKK 750m scrubber investment programme running until 2017, introduction of higher bunker surcharges and, most likely, consolidation of routes.

Looking ahead, we see a balanced mix of opportunities and challenges. With solid cash flows and strong relations with our stakeholders, DFDS is well positioned to make the most of opportunities, including acquisition led growth, and overcome the challenges.

Thank you to all our stakeholders for your support in 2013, not least for the hard work of our employees and the confidence shown in us by our customers.

BENT ØSTERGAARD
Chairman of the board

NIELS SMEDEGAARD
President & CEO

RELIABLE SHIPPING SERVICES, FLEXIBLE TRANSPORT SOLUTIONS...

DFDS operates the largest network of shipping routes in Northern Europe, focused on servicing the requirements of both freight customers and passengers.

The shipping services are complemented by European transport and logistics solutions.

Freight shipping services and solutions
DFDS' routes are ideally located for servicing the freight volumes of forwarding companies and manufacturers of heavy industrial goods.

Our routes operate to fixed schedules with a high level of frequency, allowing customers to precisely meet their transport service needs. Visibility is enhanced by access to online tracking of shipments.

We develop bespoke transport solutions in partnership with manufacturers of heavy goods such as automobiles, steel, paper and forest products, and chemicals.

To enhance the efficiency of our customer services, we operate our own port terminals in strategic locations, including warehousing services.

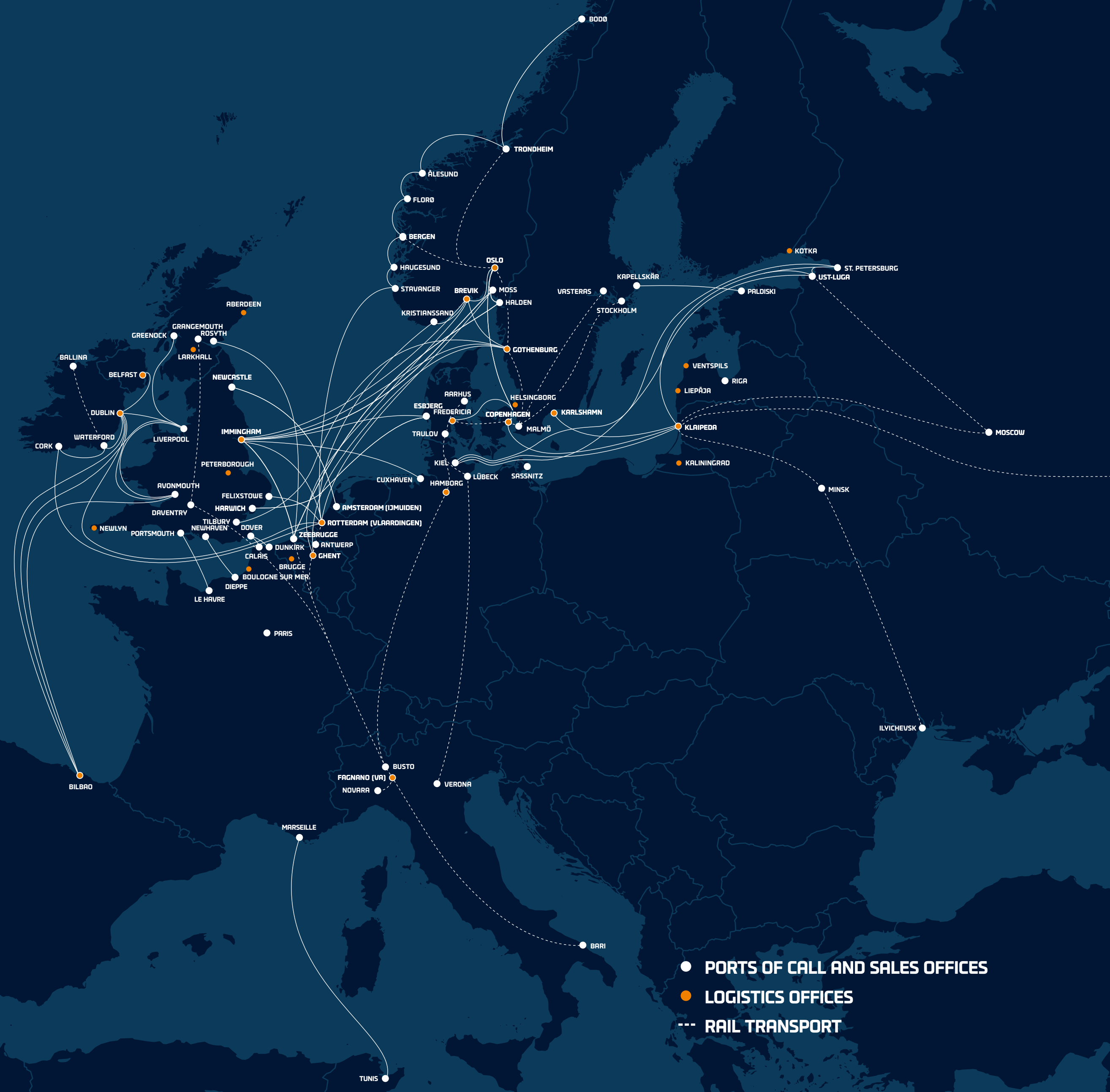
Transport and logistics solutions
We provide flexible, cost efficient and on-time, door-to-door transport solutions to producers of a wide variety of consumer and industrial goods – supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry routes.

The main activity is the transport of full and part loads, both ambient and temperature controlled.

In partnership with retailers and production companies, we develop and provide performance enhancing and cost efficient logistics solutions, including warehousing services.

Passenger ferry services
DFDS' route network offers both overnight and short crossings. Passengers can bring their own cars on all routes. The onboard facilities are adapted to each route's particular mix of passengers and their requirements for an enjoyable maritime experience.

Key facts
- 80% of total revenues are generated by freight customers and 20% by passengers
- DFDS transported 29 million lane metres of freight in 2013
- DFDS transported nearly 6 million passengers in 2013
- Our largest freight ships carry 370 trailers per sailing
- Our largest passenger ships have room for 2,000 passengers per sailing



OUR VISION, STRATEGY & PRIORITIES

VISION

DELIVERING HIGH PERFORMANCE AND SUPERIOR RELIABILITY – WHATEVER WE CARRY.

OUR PEOPLE UNDERSTAND YOUR NEEDS AND ARE COMMITTED TO YOUR SUCCESS.

We listen closely to our customers and, in most respects, DFDS is perceived as a quality service provider. We can, however, improve our customer services. The good thing is that our customers have told us exactly what we should improve to fully live up to their expectations, and exceed them.

Raising customer satisfaction levels is a top strategic priority in DFDS. The tool is our group-wide Customer Focus Initiative. See the management report on p. 10 for reporting on progress.

The vision reflects our decision to become a truly customer focused and customer driven company.

STRATEGY PRINCIPLES

DFDS' strategy is based on four drivers:

1. The DFDS Way: Customer focus and continuous improvement
2. Network strength: Expand network to leverage operating model
3. Integrated shipping and logistics operations: Optimise capacity utilisation
4. Financial strength and performance: Reliable, agile partner

The DFDS Way – our behaviours and operating model – is our platform for driving continuous improvement. Top priorities are customer focus and achievement of a higher return on invested capital.

DFDS operates in a mature market environment and our growth strategy is focused on both organic and acquisition led growth.

We expect to continue to lead the consolidation of our sector in the coming years to gain additional scale advantages.

DFDS' route network integrates freight and passenger shipping services. To support the route network's capacity utilisation, our freight services include door-to-door transport and logistics solutions deploying the routes as part of the solution. The Group revenue split between freight customers and passengers is 80/20.

PRIORITIES 2014

1. Resolve situation on Channel
2. Prepare transition to new sulphur emissions rule in 2015
3. Improve financial performance
4. Lead sector consolidation

The priorities for 2014 reflect two events with significant financial impact for DFDS: The first is the outcome of the UK merger inquiry into the Eurotunnel/SeaFrance transaction which will impact DFDS' activities on the Channel. The second is the introduction of more expensive low sulphur fuel in 2015. Preparation for the transition will be ongoing in 2014. Improved financial performance is driven by efficiency and improvement projects and a group wide ROIC drive. Both underpin DFDS' goal of continuous improvement, including the achievement of a 10% return on invested capital. Sector consolidation will continue in order to leverage DFDS' operating model and position DFDS for the future.

FOLLOW-UP ON 2013 PRIORITIES

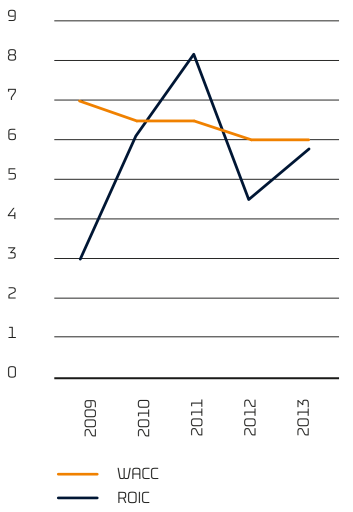
Operational efficiency: Several large scale projects initiated: One Finance (finance organisation), Project 100 (procurement), Light Capital (working capital), Blue Sky (scrubber strategy development), IT projects (passenger and logistics systems development). See detailed follow-up in the management report.

Customer focus: Roll-out of the Customer Focus Initiative across 30 shipping and logistics locations. Over 200 sales managers completed sales training courses.

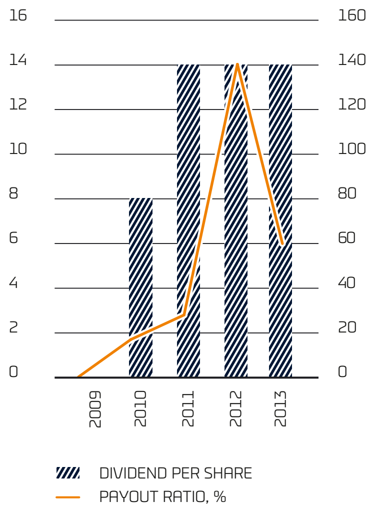
Acquisition led growth: Baltic logistics network expanded by acquisition of Swedish transport company. Participation in sales process of Scandlines; submitted bid not accepted by seller. Preparation of opportunities of which several are expected to materialise in 2014.

OUR FINANCIAL GOALS

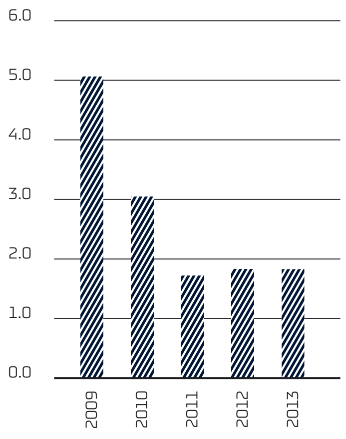
RETURN ON INVESTED CAPITAL (ROIC) BEFORE SPECIAL ITEMS AND COST OF CAPITAL
(%)



DIVIDEND AND PAYOUT RATIO
(DKK) (%)



NET INTEREST-BEARING DEBT/EBITDA BEFORE SPECIAL ITEMS
(TIMES)



10% RETURN ON INVESTED CAPITAL

In 2013, DFDS' return on invested capital was 5.8%, excluding special items, implying a gap of 4.2 ppt to the goal of a 10% return. Around 2.5 ppt of the gap was due to the extraordinary situation on the Channel. Another 1.0 ppt of the gap is driven by the shipping activities on the southern part of the North Sea. Together, the two areas account for more than 80% of the gap. A third, and upcoming, challenge is the introduction of more expensive low sulphur fuel in 2015, which is expected to initially increase DFDS' cost level. See page 13 for a review of how DFDS expects to overcome these challenges in the coming years to achieve a 10% return.

DISTRIBUTION TO SHAREHOLDERS

DFDS' distribution policy is to pay an annual dividend of DKK 14 per share. In addition, excess capital, as defined by the target capital structure, will be distributed to shareholders as an extra dividend and/or buyback of shares. Distribution of dividend and excess capital can be suspended in connection with large investments, including acquisitions, and other strategic events.

In 2013, DFDS distributed DKK 831m to shareholders, including ordinary dividends of DKK 203m and buy-back of shares of DKK 628m.

CAPITAL STRUCTURE

The capital structure is defined by the ratio of net interest-bearing debt (NIBD) to operating profit before depreciations (EBITDA). The target capital structure is a NIBD/EBITDA multiple of minimum 2.0 and maximum 3.0. This implies that excess capital will be distributed to shareholders if the multiple is below 2.0, and distribution will be reduced if the multiple exceeds 3.0.

MANAGEMENT REVIEW

- **Improved financial performance driven by recovery in North Sea region**
- **Cash flow boosted by more than DKK 300m through working capital reduction**
- **Clear policy for distribution of excess capital to shareholders adopted**

Financial performance
Profit before tax and special items was DKK 367m, an increase of 35.9% compared to 2012.

The increase was mainly driven by higher earnings from the freight and passenger activities in the North Sea region following the gradual recovery of demand in Europe during the year.

Freight and passenger volumes resumed growth during the year in the regions around the North Sea, while growth slowed down in Baltic Sea regions linked to Russia.

Revenue for the year was DKK 12.1bn, an increase of 3.4% compared to 2012, mainly driven by the full-year effect of the addition of activities acquired from the French shipping company Louis Dreyfus Armateurs (LDA) and increased activity on Dover-Calais, which opened with only one ship on the Channel during Q1 2012. Revenue from higher freight volumes was partially offset by lower revenue from bunker surcharges as the oil price declined in 2013. Adjusted for bunker surcharges, revenue growth was 5.6% which was in line with the expectation of an increase of around 5%.

Group operating profit before depreciation (EBITDA) and special items was DKK 1,213m, an increase of 11.4% compared to 2012. The Shipping Division's EBITDA before special items increased by 15.8% to DKK 1,148m while the Logistics Division's EBITDA before special items increased by 5.7% to DKK 149m. The cost of non-allocated items rose by DKK -40m to DKK -84m.

The EBITDA before special items of DKK 1,213m was in line with the most recent expectations of an EBITDA before special items of DKK 1,100-1,300m. The profit expectation announced in the annual report for 2012 was an EBITDA before special items of DKK 1,050-1,250m as the expectation was upgraded by DKK 50m in March 2012.

The Group's free cash flow from operations was positive by DKK 558m despite net investments of DKK 943m as the Light Capital project boosted the cash flow by DKK 362m through a reduction of working capital.

The ratio of net-interest-bearing debt to operating profit (EBITDA) before special items was 1.8 at year-end, which was below the target of a minimum ratio of 2.0. Consequently, a share buy-back programme will be initiated in 2014 to increase leverage. The equity ratio was 51.3% at the end of 2013 compared to 56.3% in 2012.

In 2013, the average number of employees increased by 13.2% to 5,930, primarily due to the full-year effect of the opening of a new route on the English Channel and the addition of LD Lines.

IMPORTANT EVENTS IN 2013
The most important events of the year, shown in the table on page 11, are divided into three areas: business development and competition; operations and finance; and people and the environment.

BUSINESS DEVELOPMENT AND COMPETITION

Shipping overcapacity reduced on North Sea
In March 2013, our competitor on the Sweden-UK freight trade, North Sea Ro-Ro, closed its route which had opened in January 2012.

KEY FIGURES FOR THE DFDS GROUP

DKK m	2013	2012	2011	2010	2009
Revenue	12,097	11,700	11,625	9,867	6,555
EBITDA*	1,213	1,089	1,495	1,273	804
Pre-tax profit*	367	276	651	445	91
Free cash flow	558	1,144	1,638	-592	-429
Invested capital, end of year	8,555	8,896	9,564	10,341	7,997
Net interest-bearing debt/EBITDA*, times	1.8	1.8	1.7	3.1	5.1
Return on invested capital*, %	5.8	4.5	8.1	6.1	3.0
Number of staff, average	5,930	5,239	5,096	4,862	3,924

* Before special items

Swedish customer agreement renewed
In March 2013, NTEX AB and DFDS renewed and expanded their customer agreement concerning the shipping of trailers on DFDS' route Gothenburg-Immingham/Tilbury. In January 2012, NTEX switched the majority of its volumes to the shipping company North Sea Ro-Ro. To accommodate the increase of volumes from NTEX, the swap of tonnage between Gothenburg-Immingham and Gothenburg-Ghent was reversed in May 2013.

UK competition ruling on Eurotunnel/SeaFrance merger
Since 2012, the UK competition authorities have conducted a merger inquiry into Eurotunnel's acquisition of SeaFrance following the company's bankruptcy in 2012. In the second half of that year, Eurotunnel deployed three ships between Dover and Calais under the name MyFerryLink.

The competition authorities' decision is of great importance to DFDS since Eurotunnel's entry into the Channel ferry market created overcapacity, as DFDS earlier in the year had replaced SeaFrance's capacity on the Channel.

On 6 June 2013, the UK Competition Commission (CC) ruled on the Eurotunnel/SeaFrance merger inquiry that Eurotunnel should cease ferry operations at the Port of Dover. Following the ruling, Eurotunnel and SCOP, the cooperative engaged in the operation of the ferries, appealed to the UK Competition Appeal Tribunal (CAT).

On 4 December 2013, the CAT decided that the CC should review its jurisdiction to consider the transaction, i.e. could Eurotunnel's transaction be considered to be a transfer of assets or the transfer of an enterprise. All other challenges to the CC's ruling were dismissed by the CAT.

The provisional findings of the UK competition authorities will be announced in mid-March 2014 and a final decision is due in early May 2014. Including processing of appeal options, we estimate that the exceptional competitive situation on the Channel will be resolved by the end 2014.

Baltic and Russian logistics network expanded through acquisition

DFDS completed the acquisition of the Swedish transport and logistics company Karlshamn Express Group in September 2013. The acquisition expands and develops DFDS' platform for providing transport and logistics solutions between Sweden and the Baltics, Russia and the CIS countries. Moreover, the acquisition supports DFDS' route network as the company is a major customer on DFDS' route between Karlshamn and Klaipeda.

Karlshamn Express had total revenues of SEK 225m (DKK 197m) in 2012 and 81 employees. The main activity of the company is the transport of full and part loads between Sweden and Baltics/Russia. In addition, it provides domestic transport and warehousing services. Karlshamn Express' head office and warehousing facilities are located in Karlshamn. The company also has offices in Liepaja, Ventspils, Klaipeda and Kaliningrad.

Re-organisation of Channel activities

From 1 January 2014, the two western Channel routes, Dieppe-Newhaven and Le Havre-Portsmouth, will be transferred from the Channel business area to France & Mediterranean. The latter business area has provided port terminal and agency services to Channel, and to simplify the business structure these activities will be transferred back to Channel. Reporting numbers will be restated accordingly.

OPERATIONS AND FINANCE

Market trends

After a slow start in Q1, volume growth gradually picked up during the rest of the year, apart from the Baltic area where lower activity in the Russian economy reduced volumes.

Shipped lane metres of freight increased by 20.9% in 2013, driven by the full-year impact of the Dover-Calais route and addition of two routes on the Western Channel and one route in the Mediterranean. Adjusted for the Channel and France & Mediterranean business areas, volume growth was 5.5%, of which around a third was driven by the additional volumes between Sweden and UK following the renewal and expansion of a Swedish customer agreement, as mentioned above.

Growth in the Baltic region was flat overall due to a slowdown in trade with Russia. Volumes grew in the Sweden-Lithuania/Estonia corridors while they declined in the trades relating to Russia. Organic growth was around 5% in the North Sea region, although unevenly distributed with flat growth in the Denmark/Germany-UK corridor and higher growth in the Sweden-Continent and Benelux-UK corridors.

Pricing was weak in all areas throughout the year following the recessionary environment of 2012. The growing volumes in the North Sea region are expected to contribute to a firmer pricing environment in 2014.

Volume growth in the Logistics Division was 3.2% overall. Volumes were up by 1.7% in the Nordic area, where Swedish and Danish traffic recorded strong growth which was offset by lower volumes in Norwegian traffic. Volumes were up by 2.6% in the Continent area with growth unevenly distributed as some trades achieved double digit growth while volumes declined in other areas, particularly container volumes between Ireland and the Continent as margin improvement was prioritised. Volumes were up by 6.0% in the UK & Ireland area, driven by distribution activities in Scotland and England, while volumes remained subdued in the Northern Ireland market.

As in the shipping market, pricing was weak in most areas throughout the year.

The number of passengers rose by 15.0%, primarily due to the full-year impact of the Dover-Calais route and the addition of two routes on the Western Channel. Adjusted for this, the number of passengers increased by 1.9%, with the highest growth achieved by the Amsterdam-Newcastle route.

Transition strategy to new sulphur rules

From 1 January 2015, a new set of rules will limit the sulphur emissions to 0.1% from the current limit of 1.0% in SECAs (Sulphur Emission Control Areas). These areas include the Baltic Sea, the North Sea and the Channel, which are DFDS' primary market areas.

The price of MGO (Marine Gas Oil) with a content of 0.1% sulphur is currently 40-50% higher than 1.0% bunker fuel and this price difference is expected to continue in the future. In 2013, DFDS' bunker cost was DKK 1.9bn, equal to 16% of revenue. The cost ratio was 11% net of bunker surcharges. All else being equal, a switch to MGO in 2015 entails a cost increase of around DKK 800m.

DFDS' transition strategy to overcome the considerable financial challenge of the new rules has three elements:

- Installation of scrubbers on 21 ships by 2017, a total investment of DKK 750m. See page 47 for more information on scrubbers
- Roadshows and meetings ongoing to prepare freight customers and market for a cost increase
- Consolidation of routes.

Efficiency and improvement projects

In 2013, there was a continued focus on efficiency and improvement projects:

- **Customer Focus Initiative:** Aims to strengthen DFDS' customer relations through better understanding of the context for purchasing decisions and customer satisfaction regarding DFDS' performance and services. In 2013, roll-out continued to 30 locations. During the year, we received feedback from over 3,500 freight customers and 27,000 passengers. We heard that we are doing well overall, although we can still improve our performance.

	BUSINESS DEVELOPMENT AND COMPETITION	OPERATIONS AND FINANCE	PEOPLE AND THE ENVIRONMENT
January		• Contract with Norske Skog renewed • IT integration of port terminal in Gothenburg, acquired in 2012, completed	• Channel freight sales organisation restructured
February	• UK Competition Commission published provisional findings on the Eurotunnel/SeaFrance merger inquiry • Two newbuilding contracts for ro-ro freight ships signed		• New country based organisation in DFDS Logistics, Norway
March	• Renewal and expansion of customer agreement with Swedish transport company NTEX, a major customer on the Gothenburg-Immingham route • North Sea Ro-Ro closes route between Sweden and UK	• CALAIS SEAWAYS onboard facilities refurbished • Container rail service introduced between Waterford and Ballina in Ireland • Sale of corporate bond of NOK 700m completed	• Customer Focus Initiative: Launch of roll-out to 12 new locations • DFDS' Henrik Holck appointed to Business Forum for Social Responsibility • New MD of DFDS Seaways, France
April		• Cash pool project initiated • Tonnage reshuffle between Gothenburg-Immingham and Gothenburg-Ghent	
May	• Upgrade of two passenger ships on Copenhagen-Oslo route announced	• Restructuring of routes between Germany and Russia • Country based marketing organisation for Channel finalised	• Sales training of more than 225 sales managers initiated
June	• UK Competition Commission's final report on the Eurotunnel/SeaFrance merger inquiry rules that Eurotunnel must cease ferry operations from Dover. Eurotunnel appeals decision to the UK Competition Appeal Tribunal	• CORAGGIO, renamed ATHENA SEAWAYS, chartered for a five-year period from beginning of 2014 • VILNIUS SEAWAYS chartered out to Ukrferry in the Black Sea • SIRENA SEAWAYS collided with the quay in Harwich and was out of service for two weeks	• Telematic tools deployed to reduce trucks' fuel consumption • DFDS participates in public debate organised by Business Forum for Social Responsibility on Bornholm • MD for Group finance service centre in Poland recruited • Customer Focus Initiative: Launch of roll-out to seven new locations
July	• Following the charter of VILNIUS SEAWAYS to Ukrferry, the Black Sea ferry operator, DFDS agree to explore opportunities for future cooperation	• New logistics contract finalised with Volvo Logistics and Volvo Car Corporation for logistics services to Gothenburg production plants • DFDS Logistics Ipswich office merged with office in Immingham	• Scrubber installations initiated at shipyard in Poland
August		• 200 new mega trailers delivered to DFDS Logistics	
September	• Acquisition of Swedish transport company Karlshamn Express with activities in Baltic region completed	• Turnaround project launched for port terminal in Gothenburg, Älvsborg Ro-Ro • Project 100 (procurement) launched to improve EBIT by DKK 100m by 2015 • Sassnitz-Klaipeda route closed • DFDS purchases own shares from A.P. Møller – Mærsk equal to 12.0% of the share capital for DKK 628m	• Loss prevention project launched in five port terminals • New MD DFDS Seaways, Belgium • New social media website launched, DFDS Connect • Customer Focus Initiative: Launch of roll-out to nine new locations
October		• Second ship deployed on Paldiski-Kapellskär route	• Initiation of road shows to inform customers about transition to new sulphur rules
November	• QUEEN OF SCANDINAVIA sold to charterer	• Three-year logistics contract of EUR 75m awarded by Tata Steel • Project 100: Use of procurement e-auctions launched • Clear policy on distribution of excess capital to shareholders adopted, including targets for capital structure	• CEO Niels Smedegaard elected as vice-chairman of ECSA (European Community Shipowners Associations)
December	• The UK Competition Appeal Tribunal dismisses all challenges to the UK Competition Commission's (CC) ruling except for the challenge on jurisdic-tion, which requires a further review	• Extraordinary general meeting cancels 10.5% of the share capital following DFDS' purchase of own shares from A.P. Møller – Mærsk • ONE Finance: 65 positions migrated from Belfast to Poznan, Poland • Storms impact operations, including flooding of the port terminal in Immingham • ARK FUTURA employed by Danish military in Syria mission	• Bi-annual Bearing employee survey completed • Christmas lunch for homeless people, Copenhagen and Oslo

The most often highlighted areas for improvement were communicating faster when issues occur and providing new solutions. Customer feedback is applied to develop action plans targeted to improve our performance and customer satisfaction. In 2014, customer focus continues with an annual freight survey and bi-weekly meetings at the activity level to discuss current customer service issues and how our solutions can be improved. The results of the past year have been encouraging, supporting our continuous customer focus initaitive.

- **Light Capital:** The project successfully released more than DKK 300m of cash tied up in working capital in 2013 (inventory and trade receivables/payables). The result exceeded the project's initial goal of DKK 300m. The goal for 2014 is to release a further DKK 100m of cash.
- **ONE Finance:** Establishment of a group-wide finance service centre in Poland expected to comprise 150 positions. In December 2013, the migration of 65 positions from the former finance service centre in Belfast was completed. All migrations are expected to be completed by October 2014.

Group IT systems

The implementation of the IT strategy for introducing Group systems continued in 2013. The passenger system, Seabook, was implemented on the Channel routes in Q3 2012 and during 2013 a number of performance issues were resolved. In 2014, the roll-out will continue to the Baltic routes and in 2015 to the remaining passenger routes. The logistics system, Velocity, was successfully implemented in Brugge and Peterborough in 2013 and the system is expected to be fully implemented in the Logistics Division by the end of 2015. The Shipping Division's freight system, Phoenix, was fully implemented at the end of 2012. The onboard maintenance system, Sertica, was successfully implemented in the port workshops in Immingham, and further rollout is planned in 2014. Sertica has also been chosen as the general procurement platform, and integration with accounting systems is ongoing. Customers' online experience was improved on a number of passenger ships following installation of new communication devices.

PEOPLE AND THE ENVIRONMENT

Employees

The total average number of employees rose by 13.2% in 2013 to 5,930, primarily as a result of the full-year impact of the opening of the Dover-Calais route and the acquisition of LD Lines.

In November 2013, the bi-annual Employee Engagement Survey, Bearing, was launched, ending with a response rate of 76%, a slight increase from 2011. Overall, the survey shows satisfactory scores for job satisfaction and motivation. The survey also identifies areas for improvement. More information about HR in DFDS is available on pages 43-44 of the CR report.

CFI – sales training

In 2013, sales training for 225 sales managers across the Group was completed as part of CFI (Customer Focus Initiative). Sales training programmes will continue in 2014.

New shipping emission target

After achieving a 10% reduction of bunker consumption over a five year period, the new target is a 5% reduction to be achieved by 2017. Shipping emissions amount to more than 90% of DFDS' total emissions. For more information on the environmental impact of DFDS' activities, see pages 46–48 in the CR report.

Significant events after 2013

In January 2014, DFDS acquired STEF's logistics activities in Scotland and STEF acquired the continental distribution and handling activities of DFDS Logistics located in Boulogne.

RETURN ON INVESTED CAPITAL (ROIC) 2013

	Invested capital, average, DKK m	ROIC[1] 2013, %	Profit variance vs target[2], DKK m
DFDS Group	8,633	5.8	-363
Shipping Division	**8,077**	**6.5**	**-283**
North Sea	4,270	6.7	-141
Baltic Sea	1,232	17.9	97
Channel	1,296	-8.0	-233
Passenger	903	15.7	51
France & Mediterranean	-55	n.a.	n.a.
Non-allocated	431	0.7	-40
Logistics Division	**795**	**8.7**	**-10**
Nordic	271	6.7	-9
Continent	323	8.5	-5
UK & Ireland	183	13.1	6
Non-allocated	18	0.0	-2
Non-allocated, Group	-239	n.a.	-65

[1] ROIC excluding special items
[2] DFDS' target is a return of 10%

CUSTOMER SATISFACTION

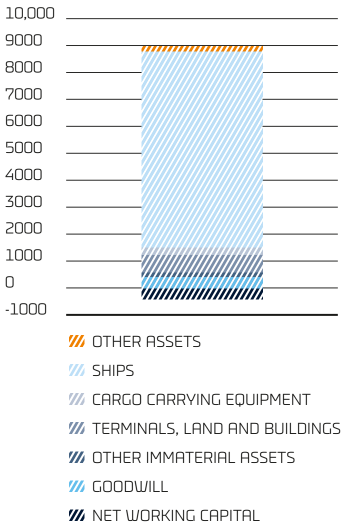
DFDS services	CSAT	NPS[3]	Scale
Freight shipping services [1]	8.0	33	Very Good
Transport & logistics solutions [1]	7.8	19	Good
Passenger services [2]	7.8	27	Good

[1] Shipping and Logistics customer scores are the simple average of all units within each Division
[2] Passenger customer scores are the simple average of all customer responses in BU Passenger
[3] Net Promoter® and NPS® are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

CSAT asks customers "How would you rate the overall performance, products and services of DFDS?" and is measured on a 10-point scale (1-Not satisfied at all; 10-Fully satisfied)

NPS asks customers "How likely would you be to recommend the products/services of DFDS?" on a 10-point scale (1-Not at all likely; 10-Extremely likely). The NPS is an aggregate score created by subtracting the percentage of detractors (those who gave scores from 1 to 6) from the percentage of promoters (those who gave scores of 9 and 10).

INVESTED CAPITAL (NET ASSETS) 2013, DKK M
(%)



FLEET OVERVIEW AND KEY FIGURES 2013

	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Container and sideport ships	Ownership share, %	Average age of owned ships, yrs
DFDS Group	59	26	17	4	12	-	-
Shipping Division[1]	41	22	15	4	-	-	-
North Sea	18	17	1	-	-	61	11
Baltic Sea	9	3	6	-	-	67	15
Channel	8	-	8	-	-	50	11
Passenger	5	-	1	4	-	100	21
France & Mediterranean	2	2	-	-	-	0	-
Logistics Division[2]	11	-	-	-	11	-	-
Nordic[2]	6	-	-	-	6	33	15
Continent[2]	5	-	-	-	5	0	-
Chartered out ships	5	2	2		1	100	17
Newbuildings[3]	2	2	-	-	-	100	-

[1] One ro-pax ship, which is shared between North Sea and Passenger is eliminated in the sum
[2] Includes VSA (vessel sharing agreements)
[3] To be delivered in 2014

On 16 January 2014, the cancellation of 10.5% of the share capital, equivalent to 1,556,081 shares, as adopted by the extraordinary general meeting in December 2013, was registered.

Financial goals
DFDS' target is a return of at least 10% on new investments and on the total invested capital.

Return on invested capital (ROIC), including special items, was 5.7% in 2013 compared to 3.4% in 2012. Before special items, the return was 5.8% in 2013, compared with 4.5% in 2012. At the start of 2014, DFDS' cost of capital was calculated at 6.0%.

DFDS Logistics' return of 8.7% in 2013 was above the cost of capital, but below the 10% target, while the Shipping Division's return of 6.4% was just above the capital cost, but below target.

In 2013, a ROIC Drive programme was launched across the Group to improve awareness and transparency of return levels in all profit units. To achieve the return target, two primary challenges must be overcome: the structural overcapacity on the Channel must be resolved and in the North Sea business area, the return of the activities between the Continent and the UK must be improved through structural changes and market growth to increase revenue per unit and capacity utilisation of assets.

Business model, assets and capital intensity
The business model encompasses both asset and non-asset based activities.

DFDS' business model combines ferry shipping and port terminal services and the provision of transport and logistics solutions. The ferry shipping and port terminal services deploy a range of assets, mainly owned and chartered ships, leased and owned port terminals, including cargo carrying equipment.

Transport and logistics solutions are provided using only owned and leased trailers as transport services mostly are subcontracted to hauliers, and rail and container shipping operators.

The shipping part of DFDS' activities is therefore asset-based while the transport and logistics solutions to a large extent are non-asset based. The turnover rate of invested capital in 2013 was 1.1 times in the Shipping Division, and 5.3 times in the Logistics Division.

The Shipping Division's ownership share of assets is determined by how specialised ships must be to fit route and customer requirements and the long lifespan of such assets. The lifespan of ro-ro-based freight and passenger tonnage is 25–35 years and the duration of port-terminal leases is typically 25–30 years.

Specialisation of ro-ro- and ro-pax-based tonnage relates to capacity requirements for passengers and freight; configuration of passenger areas; loading capacity, especially for heavy freight; hanging decks for cars; sailing speed; fuel efficiency; and ramps, including requirements for the speed of turnaround in ports.

The varying levels of asset deployment across business areas translate into differences in required EBIT margins to achieve the target of a return on invested capital of 10%. In the Shipping Division, the requirement is an EBIT margin mostly above 10%, while the requirement in the Logistics Division is an EBIT margin of 2–3%.

Composition of invested capital

In 2013, invested capital was reduced by 3.9%, mostly driven by a reduction of total net working capital of DKK 445m. The Light Capital project contributed DKK 360m of the reduction related to the change in the net working capital of inventory and trade receivables/payables.

At the end of 2013, total invested capital was DKK 8,555m, of which 85% consisted of ships and 11% consisted of port terminals, land and buildings and cargo carrying equipment. The Shipping Division's invested capital was DKK 8,002m, corresponding to 94% of the Group's total invested capital. Logistics Division's invested capital amounted to DKK 848m. The invested capital of non-allocated items was negative.

Investments in 2013 and planned future investments

In 2013, total investments amounted to DKK 943m, including the ongoing construction of two freight ships (ARK), installation of three scrubbers, the acquisition of a Swedish transport company and maintenance investments.

In 2014, total investments are expected to amount to DKK 1,100m, including the remaining investment in two freight newbuildings (ARK), installation of seven scrubbers and an upgrade of two passenger ships. Maintenance investments are expected to increase considerably in 2014 compared to an average year as a high number of ships will be docking and, in addition, several special projects are planned. Maintenance investments in port terminals, equipment and IT systems will, similarly, be higher than in an average year.

Corporate governance

DFDS A/S is subject to Danish law and listed on the NASDAQ OMX Copenhagen. Corporate governance in DFDS is based on Danish legislation and regulations, including the Danish Companies Act, the rules for listed companies on NASDAQ OMX Copenhagen, the Danish recommendations for good corporate governance and the company's articles of association, as well as other relevant rules.

Information on corporate governance at DFDS is available on www.dfdsgroup.com:

- Statutory report on corporate governance, www.dfdsgroup.com/about/governance/
- DFDS' statutes, www.dfdsgroup.com/about/governance/articles/
- Materials from DFDS' most recent AGM, www.dfdsgroup.com/investors/annualgeneralmeeting/previousagm/
- Remuneration policy, www.dfdsgroup.com/about/governance/remunerationpolicy/
- Diversity policy, www.dfdsgroup.com/About/Governance/DiversityPolicy/

Directors are elected at the Annual General Meeting for at term of one year at a time, and new Directors are elected according to the applicable rules of the Danish Companies Act. Staff representatives are elected by the employees.

Resolutions to amend the Articles of Association require announcement to the shareholders at least three weeks before a General Meeting and an ordinary majority of votes cast if at least two-thirds of the capital is represented, unless other adoption requirements are imposed by the Danish Companies Act.

Corporate Responsibility (CR)

DFDS' CR activities create value for our stakeholders and contribute to DFDS being a preferred partner. The framework and objectives for DFDS' CR activities are managed by the CR Committee, which reports to the Executive Management.

DFDS' CR report is included on pages 33–52 of this annual report. The report is also available as a separate document on www.dfdsgroup.com/about/crreport/. The report outlines strategy, objectives and policies, and reports on the activities and results of six CR focus areas.

Safety and security

The safety of our passengers, crew and freight, as well as the security of our ships and port facilities, are of paramount importance to DFDS.

Our safety and security work is regulated by international and national conventions and legislation and, moreover, by the additional objectives and requirements managed through DFDS' Safety Management Systems. As per International Safety Management (ISM) guidelines, all information regarding safety measures and conditions is regularly distributed to all ships. This includes a comprehensive reporting scheme from the ships in order to identify weak links and establish safeguards to mitigate the risk of these.

Tragically, an accident on board PATRIA SEAWAYS in November 2013 cost the life of one of our crew members. The accident occurred during repair works in an elevator shaft, and DFDS immediately informed all ships about the accident and preliminary precautions to avoid similar accidents in the future. The precautions will be evaluated as soon as the authorities have completed their report about the accident and the cause of it has been established. Psychological assistance was provided for the ship's crew following the accident. DFDS has provided the bereaved family with necessary assistance.

The report on pages 38–42 accounts for DFDS' safety and security work.

Outlook 2014

Economic growth is expected to be moderately positive in 2014 following a pick-up in activity in the second half of 2013. The sustainability and strength of the upswing remains uncertain. In addition, the overall level of capacity utilisation in the transport sector is still modest and competition continues to be intense.

DFDS' profit forecast for 2014 is therefore based on a cautiously positive growth scenario. Earnings in 2014 are also expected to be burdened by a significant loss on the Channel activities.

The Group's EBITDA before special items is expected to increase by DKK 1,250-1,400m, driven by revenue growth of around 6% and margin improvement.

The Shipping Division's EBITDA before special items is expected to increase by DKK 1,175-1,275m, equally driven by revenue growth and margin improvement. Revenue growth is restrained by a decrease of shipping capacity due to tonnage changes and extended dockings to install scrubbers. Margin is set to improve, supported by higher utilisation and lower tonnage costs.

The Logistics Division's EBITDA before special items is expected to increase by DKK 150-120m, driven partly by the full-year impact of the acquisition of Karlshamn Express made in September 2013, and partly by improved earnings of the recurring activities, particularly in the Nordic area.

Increases in oil prices and changes in exchange rates can impact the profit forecast. See pages 28–30 for a review of the exposure to financial risks.

Against this background, the Group's key figures for 2014 are expected to develop as follows:

- **Revenue:** Expected to increase by around 6%, of which 2% is driven by the full-year effect of acquisitions.
- **EBITDA before special items:** Expected to be DKK 1,250–1,400m (2013: DKK 1,213m). The expected performance per division is shown in the table to the right
- **Depreciation and impairment** are expected to increase by around 12% and the net cost of financing is expected to be on a level with 2013
- **Special items:** A cost of around DKK 35m is expected, mainly related to the One Finance project (2013: net cost of DKK 17m)
- **Investments:** In 2014, total investments are expected to be around DKK 1,100m:
  - Dockings: DKK 250m, a higher than average year due to extended dockings and a higher number of dockings
  - ARK ships: DKK 300m, remaining investment in two ships
  - Scrubbers: DKK 250m, installation of seven scrubbers
  - Upgrade: DKK 100m, upgrade of passenger ships on Copenhagen-Oslo route
  - Other: DKK 200m, cargo carrying equipment and IT system development.

OUTLOOK PER DIVISION 2014

Division	Revenue growth	Operating profit (EBITDA) before special items, DKKm
Shipping Division	Approx. 3%	1,175–1,275
Logistics Division	Approx. 10%	150-200
Non-allocated items	n/a	-75
DFDS Group total	**Approx. 6%**	**Approx. 1,250–1,400**

SHIPPING DIVISION

SHIPPING DIVISION OVERVIEW

Head of division
Peder Gellert Pedersen

Share of DFDS Group revenue 2013
71%

Business areas
- North Sea
- Baltic Sea
- Channel
- Passenger
- France & Mediterranean

SHIPPING DIVISION	2013					2012				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	1,872	2,171	2,450	2,037	8,530	1,735	2,042	2,232	2,006	8,015
Operating profit before depreciation (EBITDA) and special items	89	289	502	268	1,148	93	253	472	174	992
Share of profit of associates	-2	-1	-5	1	-7	0	0	2	2	4
Profit/loss on disposal of non-current assets	0	1	0	1	2	0	2	-1	0	1
Depreciation and impairment	-153	-165	-151	-152	-621	-140	-146	-143	-152	-581
Operating profit (EBIT) before special items	-66	124	346	118	522	-47	109	330	24	416
Operating profit margin (EBIT), %	-3.5	5.7	14.1	5.8	6.1	-2.7	5.3	14.8	1.2	5.2
Special items, net	0	0	-10	8	-2	0	-4	-2	-37	-43
Operating profit after special items (EBIT)	-66	124	336	126	520	-47	105	328	-13	373
Invested capital, average	8,147	8,026	8,045	8,031	8,077	8,756	8,725	8,498	8,269	8,556
Return on invested capital after special items (ROIC) p.a., %	-3.2	6.2	16.7	6.3	6.4	-2.1	4.8	15.4	-0.7	4.4
Lane metres, '000	6,902	7,335	7,485	7,645	29,367	5,912	5,945	6,196	6,571	24,624
Passengers, '000	1,025	1,454	2,127	1,157	5,763	819	1,334	1,865	1,114	5,132

DFDS Seaways operates the largest network of shipping routes in Northern Europe, servicing the requirements of both freight customers and passengers.

Freight shipping services
The routes are ideally located to service the freight volumes of forwarding companies and manufacturers of heavy industrial goods.

All routes operate to fixed schedules with a high level of frequency, allowing customers to precisely meet their transport service needs. Further visibility is available by access to online tracking of shipments.

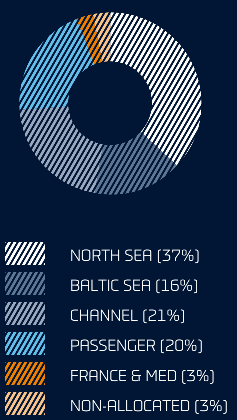
We develop bespoke shipping logistics solutions in partnership with manufacturers of heavy goods such as automobiles, metals, paper and forest products, and chemicals.

To enhance the efficiency of customer services, we operate own port terminals in strategic locations, including warehousing services.

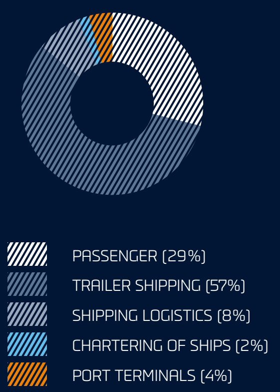
Passenger ferry services
The route network offers both overnight and short crossings on which passengers can bring their own cars. The onboard facilities are adapted to each route's particular mix of passengers and their requirements for an enjoyable maritime experience.

THE SHIPPING DIVISION'S REVENUE INCREASED BY 6.4% TO DKK 8.5BN IN 2013

SHIPPING DIVISION: REVENUE PER BUSINESS AREA 2013

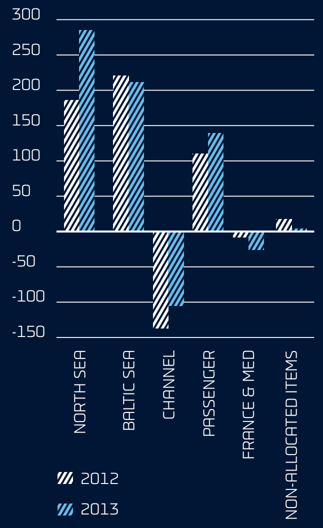


SHIPPING DIVISION: REVENUE PER ACTIVITY 2013

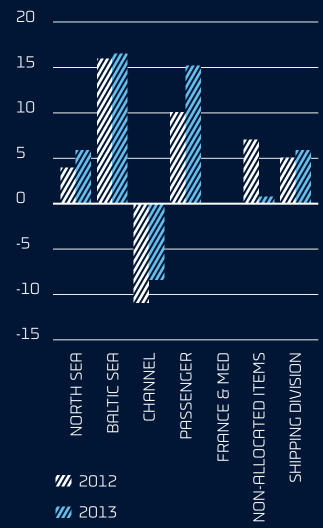


THE SHIPPING DIVISION'S EBIT BEFORE SPECIAL ITEMS INCREASED BY 25.6% TO DKK 522M IN 2013

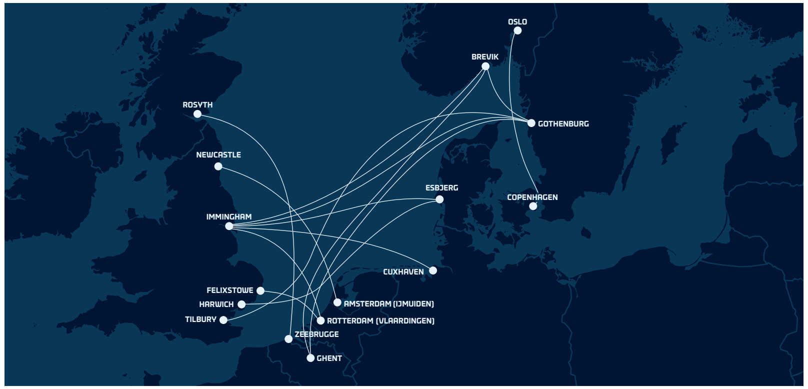
EBIT BEFORE SPECIAL ITEMS PER BUSINESS AREA
(DKKm)



ROIC PER BUSINESS AREA, 2013
(%)



NORTH SEA



Head of business area	Kell Robdrup (South) Morgan Olausson (North)
Share of Shipping Division revenue 2013	37%
Routes	• Gothenburg-Brevik/Immingham • Gothenburg-Tilbury • Gothenburg-Brevik/Ghent • Esbjerg-Immingham • Esbjerg-Harwich • Cuxhaven-Immingham • Vlaardingen-Felixstrowe • Vlaardingen-Immingham • Rosyth-Zeebrugge
Ships	• 17 ro-ro ships • 1 ro-pax ship
Port terminals	• Gothenburg • Esbjerg • Vlaardingen • Immingham • Ghent
Customer segments	• Forwarding companies & hauliers • Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals)
Primary market areas	• Sweden • Great Britain • Denmark • Germany • Benelux • Norway
Main competitors	• Stena Line • Cobelfret • P&O Ferries • Road and rail transport

NORTH SEA			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	807	841	815	832	3,295	843	828	797	807	3,275
EBIT before special items	47	67	67	103	284	58	41	37	50	186
Invested capital	4,449	4,217	4,178	3,979	4,270	4,645	4,425	4,561	4,538	4,382
ROIC before special items p.a., %	4.2	6.4	6.4	10.4	6.7	5.0	3.7	3.2	4.4	4.2
Lane metres freight, '000	2,517	2,682	2,648	2,666	10,513	2,482	2,411	2,428	2,474	9,795

- **Sweden-UK volumes boosted by major customer agreement**
- **Overcapacity on Sweden-UK reduced by closure of competitor route in March**
- **Capacity reduced on Gothenburg-Tilbury**
- **Turnaround of port terminal in Gothenburg launched**
- **Total EBIT up by 53% to DKK 284m**

Market and activity trends

Freight volumes increased by 7.3% in 2013, mainly driven by higher volumes in three corridors: Holland-UK, Sweden-UK and Sweden-Belgium. As the UK economy resumed growth during 2013, and a route was closed by a competitor in late 2012, volumes rebounded on Vlaardingen-Felixstowe. On Gothenburg-Immingham, volumes were boosted by the return of all volumes from a major Swedish freight forwarder in March, where a competing route was closed. This growth was balanced by lower volumes on Gothenburg-Tilbury as one of two ships was removed from the route due to lower paper volumes. High volume growth was achieved on Gothenburg-Ghent from both new and existing customers, primarily in the automotive sector.

Volumes between Denmark and UK declined slightly following outsourcing of production to other regions and increasing competition from road transport and low ferry rates on the Channel.

The pricing environment was weak on all routes as the overall capacity utilisation of freight carriers in the North Sea region was relatively subdued during the year.

Port terminal operations benefited from the increase in volumes, although earnings at Immingham and Gothenburg were below return requirements. In September 2013, a turnaround project in Gothenburg was initiated which is expected to improve earnings considerably in 2014.

Outlook

Overall volume growth is expected to be flat in 2014 as capacity is reduced on three routes following rotation of ships and deployment of the new ARK ships, plus the impact of extended dockings for three scrubber installations. The pricing environment is forecast to remain weak as the overall capacity utilisation of carriers in the region is expected to remain subdued in 2014 and price competition is, therefore, expected to continue to be strong.

BALTIC SEA

Head of business area	Anders Refsgaard
Share of Shipping Division revenue 2013	16%
Routes	• Fredericia/Copenhagen-Klaipeda • Karlshamn-Klaipeda • Kiel-Klaipeda • Kiel-St. Petersburg/Ust Luga • Kapellskär-Paldiski • Sassnitz-Klaipeda (discontinued 30/9-2013)
Ships	• 3 ro-ro ships • 6 ro-pax ships
Customer segments	• Forwarding companies & hauliers • Manufacturers of heavy industrial goods (automotive, forest products, metals) • Passengers, mainly travelling in their own cars
Primary market areas	• Germany • Sweden • Denmark • Benelux • Russia • Baltic States
Main competitors	• Stena Line • Tallink • Transrussia Express • Transfennica • Road and rail transport

BALTIC SEA			2013					2012		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	318	357	368	326	1,369	321	373	395	333	1,422
EBIT before special items	33	54	83	50	220	31	56	93	48	228
Invested capital	1,260	1,184	1,150	1,291	1,232	1,322	1,323	1,314	1,312	1,236
ROIC before special items p.a., %	10.5	18.2	28.9	15.5	17.9	9.4	16.9	28.3	14.6	18.4
Lane metres freight, '000	822	876	869	879	3,446	808	884	897	845	3,434
Passengers, '000	64	85	108	70	327	66	87	104	69	326

- **Continued growth on routes out of Sweden**
- **Russian slowdown reduced volumes on other routes**
- **Capacity increased on Kapellskär-Paldiski in Q4**
- **Sassnitz-Klaipeda closed at the end of Q3**
- **Total EBIT down by 4% to DKK 220m**

Market and activity trends

Overall freight volume growth was flat in 2013 as eastbound volumes were impacted by a slowdown in the Russian economy, increasing competition from road transport and other ferry operators. Pricing was under pressure on all routes following continued yield pressure in the door-to-door transport market.

Volumes out of Sweden continued to grow in 2013 and a second ship was introduced in Q4 on Paldiski-Kapellskär which added one weekly roundtrip and improved the schedule. The ship was transferred from Sassnitz-Klaipeda which was closed at the end of Q3 due to reduced rail volumes. Most of the route's volumes moved to Klaipeda-Kiel. The German corridor faced increasing competition from other ferry operators and some shift of volumes to Polish highways.

The two routes to Russia were merged during the year to one route following the continued slowdown in the Russian economy. In Q4, volumes improved as a competitor lowered capacity on the Russian corridor. Lower Danish exports reduced volumes between Denmark and Lithuania.

Passenger volumes grew by 2.0% as growth on Paldiski-Kapellskär more than offset the closure of Sassnitz-Klaipeda. The passenger organisation was restructured in 2013 to improve customer service levels and sales.

Outlook

Financial performance in 2014 is expected to be on a level with 2013. To support continued growth on Karlshamn-Klaipeda, capacity was increased by replacement of one ship with a larger chartered ship in January 2014. Demand is expected to continue to be subdued on the German, Russian and Danish corridors in 2014.

CHANNEL

Head of business area	Carsten Jensen
Share of Shipping Division revenue 2013	21%
Routes	• Dover-Dunkirk • Dover-Calais • Portsmouth-Le Havre • Dieppe-Newhaven
Ships	• 3 short sea ferries • 5 ro-pax ships
Port terminals	• Dunkirk
Customer segments	• Forwarding companies & hauliers • Car passengers • Coach operators
Primary market areas	• Great Britain • Continental Europe
Main competitors	• Eurotunnel • P&O Ferries • MyFerryLink • Brittany Ferries

CHANNEL			2013					2012		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	374	456	600	428	1,858	237	321	442	386	1,386
EBIT before special items	-61	-46	42	-39	-104	-39	-45	49	-97	-132
Invested capital	1,278	1,302	1,339	1,280	1,296	1,146	1,123	1,288	1,257	1,292
ROIC before special items p.a., %	-19.1	-14.1	12.5	-12.2	-8.0	-13.6	-16.0	15.2	-30.9	-10.2
Lane metres freight, '000	3,366	3,543	3,764	3,876	14,549	2,480	2,500	2,716	3,039	10,735
Passengers, '000	697	1,003	1,575	778	4,053	501	879	1,334	735	3,449

- **Significant loss due to continued overcapacity in ferry market**
- **Full-year impact from Dover-Calais start-up and acquisition of LD Lines**
- **Total EBIT improved by DKK 28m to DKK -104m**

Market and activity trends

Freight volumes increased by 35.5%, and 25.6% adjusted for the full-year impact of the addition of Le Havre-Portsmouth and Dieppe-Newhaven in Q4 2012. The adjusted volume growth was entirely driven by Dover-Calais as volumes on Dover-Dunkirk were 4.4% lower in 2013, partly due to 3.4% fewer sailings. Volumes on Dover-Calais increased by 159.5% in 2013, driven by the full-year impact of the ramp up of capacity since the start of operations in February 2012 and achievement of a market share of just above 10% in 2013. DFDS' total freight market share on the Dover Strait was 24% at the end of 2013, up from 19% in 2012.

The total freight market rose by 4.7% in 2013.

Passenger volumes increased by 18.4% and 8.3% adjusted for the full-year impact of the addition of the two Western Channel routes. The adjusted volume growth was likewise entirely driven by Dover-Calais as volumes on Dover-Dunkirk were 8.2% lower in 2013. Volumes on Dover-Calais increased by 57.0% in 2013, driven by the full-year impact of the ramp up of capacity and achievement of a market share of 6% in 2013. DFDS' total passenger car market share on the Dover Strait was reduced to 19% at the end of 2013 from 20% in 2012 due to the loss of market share on Dover-Dunkirk. The total passenger car market rose by 2.8% in 2013.

The operation of the concession route Dieppe-Newhaven was in line with expectations in 2013, while performance on Le Havre-Portsmouth was not satisfactory.

The pricing environment for both freight and passengers was weakened by overcapacity, particularly on the Dover-Calais corridor. The business area's operating loss was primarily driven by the overcapacity on the Dover-Calais corridor. See page 9 for a review of the extraordinary competition circumstances impacting ferry operations on the Channel.

Outlook

The operating loss will continue as long as the overcapacity on the Dover Strait persists. The financial outlook for 2014 is, therefore, contingent on when the UK Competition Commission's Eurotunnel/SeaFrance merger inquiry is finalised and the outcome of the inquiry. Provisional findings are planned to be published in mid-March 2014 and a final decision is planned for early May 2014. Allowing time for appeal options, DFDS expects a final decision to be implemented by the end of 2014.

FRANCE & MEDITERRANEAN

Head of business area	Peder Gellert Pedersen
Share of Shipping Division revenue 2013	3%
Routes	• Marseille-Tunis
Ships	• 2 ro-ro ships
Customer segments	• Forwarding companies & hauliers
Primary market areas	• Tunisia • France
Main competitors	• Cotunav • SNCM

FRANCE & MEDITERRANEAN			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	50	69	56	56	231	n.a.	n.a.	1	30	31
EBIT before special items	-5	-3	-8	-8	-24	n.a.	n.a.	-1	-2	-3
Invested capital	-13	-12	-61	-48	-55	n.a.	n.a.	5	-16	-39
ROIC before special items p.a., %	n.a	n.a	n.a	n.a	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
Lane metres freight, '000	58	60	44	57	219	n.a.	n.a.	3	50	53

- **Capacity increased on Marseille-Tunis**
- **Total EBIT down by DKK 21m to DKK -24m**

Market and activity trends

The operation and results of the route were satisfactory, taking the continued weakness of the Mediterranean economies into consideration. The route is operated in a VSA (vessel sharing agreement) with CMA-CGM, with each part providing one ship.

The operating loss of the business area reflects the full-year impact of the acquisition of LD Lines in September 2012 and insufficient coverage, including higher costs than expected, of the internal port terminal and agency services provided to the activities of the Channel business area.

Outlook

The business model of Marseille-Tunis is planned to be expanded with shipping logistics solutions for customers in the automotive sector in 2014.

In 2014, the two western routes on the Channel, Le Havre-Portsmouth and Dieppe-Newhaven, will be transferred to this business area. Internal port terminal and agency services provided to Channel will be transferred back to this business area in order to simplify the business structure.

The concession period of Dieppe-Newhaven ends in 2014. The final outcome of the renewal process of the concession has yet to be announced.

PASSENGER

Head of business area	Brian Thorsted Hansen
Share of Shipping Division revenue 2013	20%
Routes	• Copenhagen-Oslo • Amsterdam-Newcastle • Esbjerg-Harwich
Ships	• 1 ro-pax ship • 4 passenger ships
Port terminals	• Copenhagen
Customer segments	• Mini Cruise • Passengers with cars • Business conferences • Forwarding companies/hauliers
Primary market areas	• Denmark • Sweden • Norway • Great Britain • Benelux • Germany • Overseas markets
Main competitors	• Color Line • P&O Ferries • Stena Line • Airlines and road transport

PASSENGER			2013					2012		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	304	472	606	376	1,758	296	474	595	396	1,761
EBIT before special items	-84	53	160	13	142	-106	57	147	14	112
Invested capital	903	834	848	851	903	1,041	1,073	1,024	1,082	950
ROIC before special items p.a., %	-37.2	25.4	75.5	6.1	15.7	-40.7	21.2	57.4	5.2	11.7
Lane metres freight, '000	139	174	160	168	641	142	150	152	163	607
Passengers, '000	264	366	444	309	1,383	252	368	427	310	1,357

- **Record passenger volumes on Amsterdam-Newcastle**
- **Growth in overseas passengers on Copenhagen-Oslo**
- **Unplanned docking on Esbjerg-Harwich in high season**
- **Savings of 15% on bunker cost**
- **Total EBIT up by 27% to DKK 142m**

Market and activity trends

Overall passenger volumes grew by 1.9%, although with an uneven distribution across markets and routes. The Dutch and German markets experienced solid growth leading to 4.6% volume growth on Amsterdam-Newcastle. The growth in the number of passengers from overseas markets was also solid and was the main driver of 1.2% volume growth on Copenhagen-Oslo. Volumes in the UK, Danish and Norwegian markets were on a level with 2012. Passenger volumes were reduced by a two-week docking of DANA SIRENA on Esbjerg-Harwich in June following a quay collison in Harwich.

Yields on Amsterdam-Newcastle were supported by solid growth in the high-yield car market which offset a negative impact from a decline in the pound sterling. On Copenhagen-Oslo, yields were reduced by a continued high level of competition, a higher share of lower-yielding segments in the passenger mix and a large decline in the Norwegian krone. Income from onboard sales increased driven by the higher volume, targeted price increases and a higher sales margin following cost reductions.

Earnings on all routes were supported by a 15% lower bunker cost.

Outlook

The upgrade of the two passenger ships on Copenhagen-Oslo in January and March 2014 is expected to support increased sales in the Family and Business Conference segments in 2014. On Amsterdam-Newcastle, the positive trend of 2013 is expected to continue underpinned by further focus on the car market, including new markets in Belgium and France. Likewise on Esbjerg-Harwich, where the focus will increasingly be on the car market as competition in other segments continues to strengthen.

LOGISTICS DIVISION

LOGISTICS DIVISION OVERVIEW

Head of division
Eddie Green

Share of DFDS Group revenue 2013
35%

Business areas
- Nordic
- Continent
- UK & Ireland

LOGISTICS DIVISION	2013					2012				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	992	1,046	1,028	1,117	4,183	1,083	1,066	1,082	1,028	4,259
Operating profit before depreciation (EBITDA) and special items	33	37	33	46	149	36	43	32	30	141
Share of profit of associates	0	0	0	1	1	0	0	0	0	0
Profit/loss on disposal of non-current assets	2	0	3	-1	4	1	3	1	1	6
Depreciation and impairment	-15	-13	-15	-18	-61	-16	-18	-16	-18	-68
Operating profit (EBIT) before special items	20	24	21	28	93	21	28	17	13	79
Operating profit margin (EBIT), %	2.0	2.3	2.0	2.5	2.2	1.9	2.6	1.6	1.3	1.9
Special items, net	0	0	0	0	0	0	-79	-1	0	-80
Operating profit after special items (EBIT)	20	24	21	28	93	21	-51	16	13	-1
Invested capital, average	757	765	806	847	795	885	853	806	774	826
Return on invested capital after special items (ROIC) p.a., %	8.0	9.5	7.5	9.9	8.7	7.3	-18.0	6.0	4.8	-0.1
Units, '000	87.7	93.5	94.0	101.5	376.7	90.8	91.2	90.7	90.4	363.1
Tons, '000	108.2	104.7	103.1	106.8	422.8	240.8	182.5	175.8	184.6	783.7

DFDS Logistics provides flexible, cost efficient and on-time, door-to-door transport solutions to producers of a wide variety of consumer and industrial goods. The main activity is the transport of full and part loads, both ambient and temperature controlled.

In partnership with retailers and production companies, performance enhancing and cost efficient logistics solutions are developed and provided, including warehousing services.

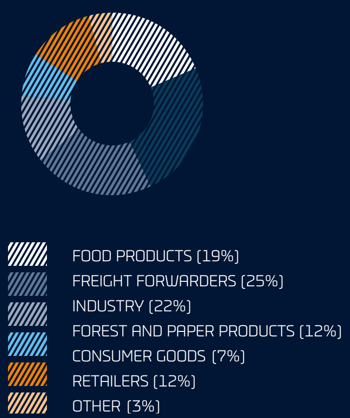
All solutions are supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry routes. If required, the carrier network is supplemented with our own drivers and trucks.

The business model ensures flexible solutions that fit customer requirements and allows for fast reactions to changes in market conditions.

REVENUE DECREASED BY 1.8% TO DKK 4.2BN IN 2013

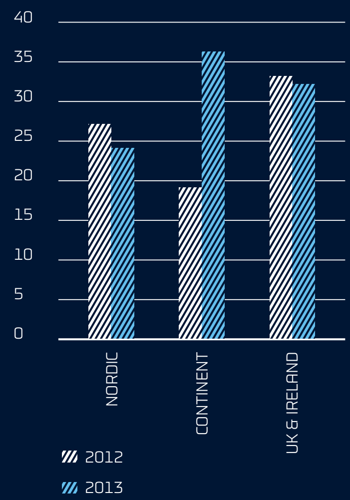
LOGISTICS DIVISION: REVENUE PER BUSINESS AREA 2013

DFDS LOGISTICS: CUSTOMER SPLIT PER INDUSTRY

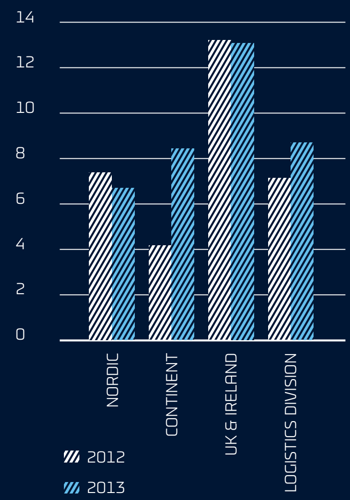


EBIT BEFORE SPECIAL ITEMS INCREASED BY 17.1% TO DKK 93M IN 2013

EBIT BEFORE SPECIAL ITEMS PER BUSINESS AREA
(DKKm)



ROIC PER BUSINESS AREA
(%)



NORDIC

Head of business area	Eddie Green
Share of Logistics Division's revenue, 2013	31%
Main Activities	**Door-to-door full & part load transport solutions:** • Sweden/Denmark/Norway-UK • Sweden-Baltic/Russia **Paper shipping logistics, incl. containers:** • Norway-Hamburg-Immingham-Norway • Norway-Zeebrügge-Immingham-Norway **Door-to-door container transport solutions:** • Norway-UK • Norway-Continent **Door-to-door rail transport solutions:** • UK/Nordic-Italy
Equipment	• 3 sideport ships • VSAs on four container ships operated by other shipping companies • Joint Nordic/Continent equipment pool: – 2,350 trailers – 90 tractor units – 3,750 containers – 850 swap bodies
Warehouses	• Gothenburg • Karlshamn • Moss
Sales offices	• Oslo • Gothenburg • Hamina • Copenhagen • Moss • Brevik • Fredericia • Helsingborg
Customer segments	• Industrial producers (automotive, paper) • Producers of consumer goods • Producers of temperature controlled goods • Retailers • 3rd party containers
Primary competitors	• NTEX • DSV • Schenker • Blue Water • Lo-Lo, container & sideport carriers • Tschudi Line

NORDIC			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	305	320	314	383	1,322	368	348	345	351	1,411
EBIT before special items	7	6	3	9	25	11	10	5	2	27
Invested capital	257	246	261	329	271	309	240	232	261	276
ROIC before special items p.a., %	8.1	7.3	2.9	7.8	6.7	10.6	11.9	6.0	2.2	7.4
Units, '000	19.3	21.0	20.8	28.1	89.2	22.9	22.0	21.6	21.3	87.8
Tons, '000	108.2	104.7	103.1	106.7	422.7	240.8	182.5	175.8	184.6	783.7

- **Strong volume growth in Swedish and Danish traffic**
- **Market coverage expanded to CIS and Baltic countries**
- **Full-year negative impact of sideport route restructuring**
- **Total EBIT down by 7% to DKK 25m**

Market and activity trends

Adjusted for the acquisition of the Karlshamn Express Group, volumes decreased by 5.7% in 2013 due to the full-year impact of the restructuring of the sideport route network and the loss of some key Norwegian customers in 2012. Volumes out of Sweden and Denmark increased by 11.3% driven by new customer contracts and market growth.

Rail volumes between Scandinavia and Italy declined in 2013 driven by a slowdown of Italian exports, loss of Norwegian paper volumes and delays caused by landslides and storms. The Norway-UK container traffic continued to perform well in 2013.

The acquisition of the Karlshamn Express Group, completed in September 2013, has extended the geographical coverage to the CIS and Baltic countries. In Gothenburg, a new contract was entered into in July 2013 covering just-in-time logistics between Volvo production plants in Gothenburg.

Outlook

Financial performance in 2014 will be positively impacted by a full-year effect of the acquisition of the Karlshamn Express Group, continued expansion in the CIS and Baltic countries, as well as the Volvo contract. Similarly, the performance of rail transport solutions and the Norwegian activities is expected to improve in 2014.

CONTINENT

Head of business area	Jens Antonsen
Share of Logistics Division's revenue, 2013	46%
Main Activities	**Door-to-door full & part load transport solutions:** • Holland-UK/Ireland • Germany-UK/Italy • Belgium-UK/Scandinavia • France-Scandinavia **Door-to-door container transport solutions:** • Ireland-Continent **Door-to-door rail transport solutions:** • Italy-UK/Germany/Benelux • Warehousing UK & Italy • 4PL contracts
Equipment	Joint Nordic/Continent equipment pool: • 2,350 trailers • 75 tractor units • 3,750 containers • 850 swap bodies • VSAs on two container ships operated by other shipping companies
Warehouses	• Vlaardingen • Immingham • Milano • Rotterdam
Sales offices	• Hamburg • Vlaardingen • Ghent • Brugge • Immingham • Rotterdam • Milano • Dublin
Customer segments	• Industrial producers (automotive, paper) • Producers of high value goods • Producers of temperature controlled goods • Retailers • 3rd party containers
Primary competitors	• Cobelfret • P&O Ferrymasters • LKW Walter • European trailer operators • Samskip • Lo-Lo carriers

CONTINENT			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	482	500	490	494	1,966	496	493	494	481	1,964
EBIT before special items	8	10	12	7	37	0	6	5	7	19
Invested capital	325	335	293	324	323	330	344	307	339	336
ROIC before special items p.a., %	7.7	9.0	11.8	6.0	8.5	0.1	5.4	5.1	6.3	4.2
Units, '000	47.0	50.4	48.2	48.2	193.8	47.6	48.1	47.7	45.6	188.9

- **Strong turnaround of profitability**
- **Full-year impact of non-vessel, door-to-door container solutions on Ireland-Continent**
- **High growth of UK-Continent full loads**
- **Rail solutions impacted by inconsistent service delivery of carriers**
- **Total EBIT up by 95% to DKK 37m**

Market and activity trends

Volumes increased by 2.6% in 2013 driven by high growth of the full load activities between Holland/Northern Germany/Italy and UK. Margins for these activities were also improved in 2013 as cost control measures became more efficient. The margin for the container activity between Holland and Ireland likewise improved following the move to operate as a NVOCC (non-vessel operating container carrier) at the end of 2012. Although this reduced volumes, the greater focus on customer solutions increased profitability.

Volume growth was flat for the full load activity between Belgium and UK and balance issues and fierce competition lowered margins. For the Belgium-Scandinavia trade, market conditions were more stable and a higher result was achieved.

The rail activities between UK and Italy were reorganised during the year, including the closure and relocation of the Ipswich office to Immingham, to improve future transport planning. The combination of a weak Italian economy and inconsistent service delivery of the rail carriers reduced the result.

Outlook

Following the successful restructuring in 2013 of the Ireland-Continent container trade, financial performance in 2014 is expected to be on a level with 2013. Focus will be on further development of customer solutions and continuous improvement of operations, particularly the rail activities and the Belgium-UK traffic.

UK AND IRELAND

Head of business area	Steve Macaulay
Share of Logistics Division's revenue, 2013	23%
Main Activities	**Door-to-door full & part load transport solutions:** • Northern Ireland-UK **Logistics solutions:** • UK/Ireland domestic • UK-Continent • Northern Ireland retail distribution • Seafood distribution • Warehousing • 4PL Contracts **Door-to-door container transport solutions:** • Ireland/UK-Spain
Equipment	• 750 trailers • 55 tractor units • 1 chartered container ship and VSAs on two container ships operated by other shipping companies
Warehouses	• Peterborough • Larkhall • Belfast
Sales offices	• Aberdeen • Peterborough • Larkhall • Belfast • Boulogne Sur Mer • Dublin
Customer segments	• Temperature controlled and ambient cargo for retailers/ manufacturers • Aquaculture producers • Contract management
Primary competitors	• McBurney Transport • Montgomery Transport • STEF-TFE Tradimar • MacAndrews

UK AND IRELAND	2013					2012				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	233	252	264	270	1,019	234	247	255	271	1,007
EBIT before special items	5	8	6	13	32	10	12	7	4	33
Invested capital	184	190	189	199	183	205	185	211	156	189
ROIC before special items p.a., %	8.2	12.9	9.7	19.3	13.1	15.2	19.3	10.9	6.5	13.2
Units, '000	21.4	22.1	25.0	25.0	93.5	20.7	21.2	21.6	23.5	87.0

- **Logistics solutions delivered continued strong profitability**
- **Weak markets and balance issues impacted Northern Ireland-UK full loads**
- **Temperature-controlled logistics out of Scotland expanded in 2014 by acquisition**
- **Total EBIT down by 3% to DKK 32m**

Market and activity trends

Volumes increased by 7.5% in 2013, mainly driven by an expansion of logistics solutions for producers of fresh fruit and increasing distribution activities for retailers in England. Key customers' seafood volumes distributed out of Scotland were lower than expected in the first half of the year, but recovered during the latter months of 2013.

The full load activity between Ireland and UK continues to operate in fiercely competitive market conditions. Profitability deteriorated through the year as changes in the trade balance resulted in more empty shipments. In Q4, rate increases were successfully implemented. The managed contracts controlled in Ireland were in line with expectations in 2013.

The container trade between UK/Ireland and Spain was operated by one own chartered ship and a VSA (vessel sharing agreement) comprising two ships. Volumes and margins were in line with expectations.

In January 2014, DFDS acquired STEF's logistics activities in Scotland and STEF acquired the continental distribution and handling activities of DFDS Logistics located in Boulogne. The transaction is expected to result in substantial operational synergies through the integration of DFDS' and STEF's operations in Scotland, including a turnaround of the acquired activities. STEF's logistics activities in Scotland include an owned temperature-controlled storage facility in Bellshill and rented facilities in Aberdeen and Newlyn with total revenue of around DKK 90m and 32 employees.

Outlook

Focus in 2014 will be on integrating the acquired activities from STEF and extracting the planned synergies. In Northern Ireland, focus will be on improving the full load activity's profitability. The service excellence of the logistics solutions in Scotland and England will be further developed and profitability is expected to be stable in 2014.

RISK FACTORS

RISK MANAGEMENT IS AN INTEGRAL PART OF THE MANAGEMENT OF DFDS. RISKS AND OPPORTUNITIES ARE REVIEWED REGULARLY AND REPORTED TO THE BOARD OF DIRECTORS TO ENABLE APPROPRIATE RESPONSES AND ACTIONS.

GENERAL AND SPECIFIC OPERATIONAL RISKS

Macro-economic and market risks
Risks of major fluctuations in earnings caused by changes in market and economic conditions are highest for the Group's shipping activities and lowest for the transport and logistics activities. The difference in risk profile is due to a high proportion of fixed costs in shipping as opposed to a low share of fixed costs in transport and logistics.

The market for shipping of freight and passengers is impacted by changes in customer demand, which in turn is governed by the general state of the economy. Decreasing demand can lead to overcapacity, which can only be remedied by deployment of a ship(s) with less capacity or by removal of a ship from a route or, ultimately, by route closure. Overcapacity tends to increase downward pressure on prices and, hence, a risk of lower profitability.

Partly in order to counteract cyclical demand risk, part of the freight fleet consists of chartered vessels. DFDS aims to charter a certain share of the fleet on contracts of less than a year with options for extensions, which facilitates opportunities for redelivery of ships at a few months' notice. All passenger ships in the fleet are owned by DFDS, which limits the options for adapting passenger capacity in the short term. DFDS' container activities deploy chartered ships through vessel sharing agreements with other shipping companies, which provides flexibility. DFDS' logistics activities to a large extent lease equipment and subcontract haulage. This results in a high proportion of variable costs and, therefore, less cyclical risk.

DFDS' geographic diversification across Northern Europe, including activities focussed on Russia and the surrounding countries, reduces dependence on trends in the different regions. In addition, a large number of routes and other activities balances commercial risks, including opportunities for reallocation of ships between routes.

The freight- and passenger-shipping markets are also impacted by industry-specific market conditions, including changes in market conditions faced by competing forms of transport such as road, rail and air – the latter of which mainly impacts the passenger sector. In addition, markets are impacted by changes in local and regional competition, such as the opening of competing routes and capacity increases on existing routes.

On a few routes, a significant proportion of freight volumes are derived from a few industrial customers. The risk inherent in such relationships is mitigated by entering into contracts with a duration of several years.

Risks associated with business development and investment
DFDS' growth strategy embodies business development and investment risks related to organic growth driven by acquisition of tonnage and growth driven by acquisition of companies and activities. The most important risk associated with organic growth is related to expansion of capacity on a route by deployment of a larger ship, or ships. The acquisition of companies and activities involves significant risks, which are proportionate to the size of the investment and the complexity of a subsequent integration process.

Risks associated with business development ventures are managed by thorough planning and decision-making processes governed by internal policies and guidelines for investment decisions, including a required rate of return.

The shipping charter market
DFDS mainly charters freight ships for varying periods. Such charters are subject to price risks (charter rates) and risks concerning availability of ships that fit operational requirements. Similar risks, including counterparty risks, are relevant when chartering out excess tonnage. In addition, there is a price risk related to acquiring or ordering ships at cycle peaks. In connection with the ordering of ships, there is a default risk related to the shipyard, which can lead to additional costs, including delayed delivery.

Due to the ongoing process of replacing and renewing the DFDS fleet, the sale of tonnage or the cancellation of contracts may result in gains, losses and costs that are not included in annual profit forecasts.

Operational, security and environmental risks
The main operational risks are associated with ships and port terminals. Technical problems and accidents may lead to unplanned periods in dock, interruption of schedules, and loss of revenue. Replacement tonnage can usually be deployed at short notice through chartering. In order to minimise operational risks, DFDS has a systematic and comprehensive maintenance programme in place for all ships, including periods in dock at regular intervals. In addition, extreme weather conditions can cause delays and cancellations, and strikes in ports can also disrupt services.

DFDS uses freight and passenger ships, port terminals, warehouses and cargo-carrying equipment, all of which are subject to the usual safety risks associated with equipment of this type. These risks are controlled and minimised partly through compliance with safety requirements and routines, as well as preventative work, and partly through insurance against risk. See pages 38-42 for reporting on health and safety.

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as rules and regulations and customer requirements. Changes in these factors can increase costs. The Group is insured against environmental risks as far as possible, and participates in preparatory legislative procedures through industry organisations.

The CR report on pages 33-52 gives details of these safety and environmental risks, as well as DFDS' control and prevention measures.

Political and legal risks

DFDS' activities are impacted by changes in rules and regulations governing the shipping and transport sector, as well as changes in the overall conditions concerning Europe's infrastructure. In addition to political bodies, DFDS is subject to International Maritime Organization (IMO) conventions. The IMO is the UN body responsible for maritime issues, primarily safety and environment.

Changes in the above rules and regulations can have negative consequences, including higher costs and changes in the flow of passengers and freight, e.g. between sea and land. Currently, the most important change with a potentially significant impact is the introduc-

	Risks	Policies	Hedging 2013
Bunker	• Increase in oil price • Expected bunker consumption in 2014: 490,000 tons • Total bunker costs in 2013: DKK 1,869m	• Hedging of fluctuations in oil prices of 55–90% of anticipated consumption for the next four quarters • The oil price risk is hedged by bunker surcharges to freight customers and passengers and financial instruments • DFDS Bunker Committee monitors hedging levels on a monthly basis	• A change in oil prices of 1% compared to the price level at the end of December 2013 would have an estimated impact on financial performance of approximately DKK 7.3m • Total hedging of oil consumption: 55%: – The commercial hedging level is around 45% – Financial hedging constitutes 10%
Interest rates	• Increase in interest rate levels • When calculating the fixed-interest proportion, long-term charter contracts are included as fixed-interest loans	• Duration 9–36 months • Fixed-interest proportion 40–70% • Implicitly includes fixed-interest for long-term charter contracts • The target for risk is calculated as a net position (net of cash and deposits)	• Duration at the end of 2013: 13 months • Fixed-interest proportion: 60% (proportion of fixed-interest loans, including interest-rate swaps and charter contracts, compared to net-interest-bearing debt) • An increase in interest rates of 1% compared to the level at the end of December 2013 would have an estimated negative impact on financial performance of approximately DKK 13m
Currency	• Translation risks are related to changes in exchange rates that affect the income statement due to changes in the value of monetary assets and liabilities in foreign currencies	• Positions are hedged by matching the currencies for assets and liabilities • Net positions in excess of SEK 200m, NOK 100m, USD 25m and GBP 20m are hedged using price adjustment agreements	• Primary net currency balance positions at the end of 2013 were: – SEK: DKK 298m – GBP: DKK -7m – NOK: DKK 20m – USD: DKK 2m • SEK exposure has subsequently reduced to below SEK 200m
	• Transaction risks relate to changes in exchange rates, which have an impact on earnings when revenues and expenses are not incurred in the same currency	• At Group level, subsidiaries' exposures are aggregated to facilitate mutual hedging • Risk is also reduced by adjusting prices and cost structures in local currencies • Financial hedging is applied as required	• Approximately 85% of DFDS' revenue is invoiced in foreign currency • Primary net currency cash flow positions in 2014 were: – SEK (income): DKK 27m – GBP (cost): DKK -10m – NOK (income): DKK 127m – USD (cost): DKK -38m • Transaction risks have not been hedged, apart from bunker costs in USD
Liquidity	• Liquidity risks relating to payments	• Sufficient liquidity is guaranteed by maintaining a minimum level of cash reserves and drawing rights of DKK 400m	• Liquidity risks are not quantifiable • The total liquidity contingency amounted to DKK 1,484m at the end of 2013 consisting of cash funds and liquid net holdings of DKK 1,004m and drawing rights of DKK 480m
	• Counterparty risks with financial institutions	• The limits for placing liquidity in banks are determined by the credit ratings of the banks concerned	• Counterparty risk is hedged by complying with fixed limits
Solvency	• Risks associated with high financial leverage	• Capital structure target is a net interest-bearing debt (NIBD)/EBITDA before special items ratio of minimum 2.0x and maximum 3.0x, which is considered an appropriate leverage range given current performance and financial projections	• If the NIBD/EBITDA ratio were to exceed 3.0x, distribution of dividends would be reduced and leverage reduced to within policy range

tion of a new set of rules in 2015 that reduces the sulphur content in bunkers from 1.0% to 0.1% in the Baltic Sea, the North Sea and the Channel. Bunker with a sulphur content of 0.1% is presently around 40-50% more expensive than bunker with a 1.0% sulphur content.

There are considerable risks related to the transition to the use of 0.1% MGO (Marine Gas Oil) and these are detailed in the CR report on pages 33-52.

Other significant political risks concern changes to taxation arrangements for staff at sea, abolition of duty-free sales in Norway if the country were to join the EU, cancellation of VAT exemption on tickets and on-board sales, and changes of tonnage tax schemes.

DFDS actively monitors these issues, including by participating in industry organisations.

Financial risks
DFDS is exposed to a range of financial risks. The primary risks relate to changes in oil prices, exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and counterparty risk. Managing financial risk is based on Group policies and guidelines for the respective risk areas. Risk is managed centrally, as per Group policy. The Executive Board regularly receives reports on financial positions and discusses financial risks. The Board of Directors also receives reporting on the management of financial risks.

Following the first issue of corporate bonds in 2012, DFDS continued to diversify the loan portfolio through an issue of five-year unsecured NOK-denominated bonds in 2013 (2012: NOK 500m with four-year maturity). The bonds are listed on the Oslo Stock Exchange and were sold at a value of NOK 700m to a number of institutional investors in Norway, Sweden and Denmark. The issue was an additional supplement to, and partial replacement of, existing bank debt and ship loans. To support the ongoing diversification of the loan portfolio, DFDS expects to issue corporate bonds on a regular basis, and the market for corporate bonds is therefore closely monitored. In connection with DFDS' focus on streamlining the cash management set-up, new drawing rights were negotiated to maintain sufficient liquidity and maintain cash pool facilities.

DFDS' shipping activities are asset-based and involve a relatively high level of capital intensity. At the same time, the demand for transport services is to some extent cyclical. This entails a risk of significant fluctuations in earnings, and financial flexibility is maintained through a solid capital structure. A target capital structure has been adopted of a net interest-bearing debt/EBITDA before special items ratio between a minimum of 2.0x and a maximum of 3.0x. DFDS owns several unpledged ships and, given the opportunity of issuing additional corporate bonds, refinancing risks are considered to be limited.

The table on page 29 accounts in greater detail for DFDS' financial risk exposure. Please also refer to notes 26 and 27 for more detail regarding financial risks. For the individual areas of risk, the following can be highlighted:

- **Bunker:** The freight industry is very dependent on the oil price and it is therefore characterized by a high level of oil price hedging. The hedging level is affected by capacity utilisation, such that higher utilisation implies a higher level of hedging. It is estimated that a price change of 1% compared to the price level at the end of 2013 (approximately USD 608 per ton) would entail a negative impact on financial performance of approximately DKK 7.3m.

- **Interest:** At the end of December 2013, the proportion of net fixed-interest loans was 60%, which is consistent with the objective of a hedging level of 40–70%. When calculating interest rate risks, long-term charter contracts are included under fixed-interest loans. It is estimated that an increase in interest rates of 1%, compared to the level at the end of December 2013, would have a negative impact on financial performance of approximately DKK 13m.

- **Currency:** Transaction risks have not been hedged. They primarily concern SEK, NOK, GBP and USD. Due to some instability in the Eurozone, EUR risks are monitored continuously, but not hedged. USD risk is hedged in connection with hedging of bunker.

- **Liquidity:** DFDS systematically and regularly conducts internal credit assessments of all financial counterparts. The internal credit assessment is based on ratings from international credit rating agencies. The Board of Directors approve general limits on deposits, etc. with DFDS' counterparts on this basis. At present, the risks are estimated to be limited.

THE DFDS SHARE AND SHAREHOLDERS

THE TOTAL RETURN IN 2013 WAS 74%

Share capital
DFDS has one class of shares. At the end of 2013, the share capital* was DKK 1,330m distributed on 13,300,000 shares, each with a nominal value of DKK 100.

On 16 December 2013, 10.5% of the share capital was cancelled, equivalent to 1,556,081 shares, by an extraordinary general meeting. The cancelled shares were treasury shares acquired as part of DFDS' purchase of 12.0% of the share capital from A.P. Møller – Mærsk in September 2013.

Stock exchange trade
The DFDS share is listed on NASDAQ OMX Copenhagen. On this exchange, 3.5m DFDS shares were traded in 2013, excluding A.P. Møller – Mærsk's sale of 4.7m DFDS shares or 31.3% of the share capital, in September 2013. The annual turnover was DKK 1.3bn, also excluding A.P. Møller – Mærsk's sale of DFDS shares.

A.P. Møller – Mærsk's sale of its holding in DFDS increased trading in the DFDS share. For the full year 2013, the average number of trades per day was 163 with an average daily turnover of DKK 5.3m. In Q4 2013, the average number of trades per day increased to 274 with an average daily turnover of DKK 9.1m.

Share price performance
DFDS' share price rose by 71% to DKK 437 in 2013, equal to an increase in DFDS' market value of DKK 1,853m to a total market value of DKK 5,559m, excluding treasury shares. By comparison, the Danish stock market's all share index rose by 27% in 2013, while DFDS' peer group index rose by 10%.

DFDS' peer group index includes DSV (DK), Finnlines (FIN), Irish Continental Group (IE), Tallink (ES) and Viking Line (FIN).

The total return on the DFDS share was 74% in 2013, including dividends.

Distribution policy and dividend
DFDS' distribution policy is to pay an annual dividend of DKK 14 per share. In addition, excess capital, as defined by the target capital structure, will be distributed to shareholders as an extra dividend and/or a buy-back of shares. Distribution of dividend and excess capital can be suspended in connection with large investments, including acquisitions, and other strategic events.

The capital structure is defined by the ratio of net interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA). The target capital structure is a NIBD/EBITDA multiple of minimum 2.0 and maximum 3.0. Excess capital will thus be distributed to shareholders if the multiple is below 2.0, and distribution will be reduced if the multiple exceeds 3.0.

For 2013, the Board of Directors proposes to the 2014 annual general meeting (AGM) payment of a dividend of DKK 14 per share.

Buy-back of shares
At the AGM in March 2012, the Board of Directors received a mandate to purchase treasury shares totalling a maximum of 20% of the share capital.

In 2013, DFDS distributed DKK 628m to shareholders by buying 1,782,730 treasury shares, equivalent to 12.0% of the share capital. For 2014, DFDS has announced a share buy-back programme of DKK 200m.

Shareholders
At the end of 2013, DFDS had 15,869 registered shareholders that owned 92.6% of the share capital. Most of the share capital was owned by Danish shareholders, 79.4%, while 13.2% was owned by international shareholders. At the end of 2013, the Lauritzen Foundation was the largest shareholder with a holding of 42.8%.

SHARE RELATED KEY FIGURES

	2013	2012	2011	2010	2009
Earnings per share, DKK	23	10	50	47	11
Dividend per share, DKK	14	14	14	8	0
Dividend payout ratio, %	60	140	28	17	0
Dividend yield, %	3.2	5.5	3.9	1.9	0.0
P/E ratio, times	19	26	7	9	33
Equity per share, DKK	492	475	476	433	475
Price/book value, times	0.89	0.52	0.73	0.95	0.72
Share price, DKK:					
Price at year-end	437.0	255.5	355.0	418.0	358.0
Price high	455.5	386.0	480.0	423.0	416.0
Price low	262.0	258.0	353.0	309.0	250.0
Market value, DKK m	5,559	3,706	5,149	6,119	2,743
No. of shares* at year-end, m	13.3	14.9	14.9	14.9	8.0

ANALYSTS COVERING THE DFDS SHARE

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OWNERSHIP STRUCTURE, END OF 2013	% OF SHARE CAPITAL
Lauritzen Foundation [1]	42.8
Institutional and financial investors	36.4
Other registered shareholders	8.9
Own shares	4.4
Non-registered shareholders	7.5
Total	**100.0**

[1] Based in Copenhagen

SHAREHOLDER DISTRIBUTION

NO. OF SHARES	NO. OF SHARE HOLDERS	% OF SHARE CAPITAL
1-10	4,966	0.3 %
11-100	8,011	2.3 %
101-1,000	2,589	4.9 %
1,001-10,000	226	5.1 %
10,001-	77	80.0 %
Total [1]	**15,869**	**92.6 %**

[1] Total of registered shareholders

* The share capital of DKK 1.33bn was registered by the Danish Business Authority on 16 January 2014 following a statutory notice period of one month from the extraordinary general meeting's cancellation of 10.5% of the share capital on 16 December 2013. In this shareholder section, all figures are based on a share capital of DKK 1.33bn.

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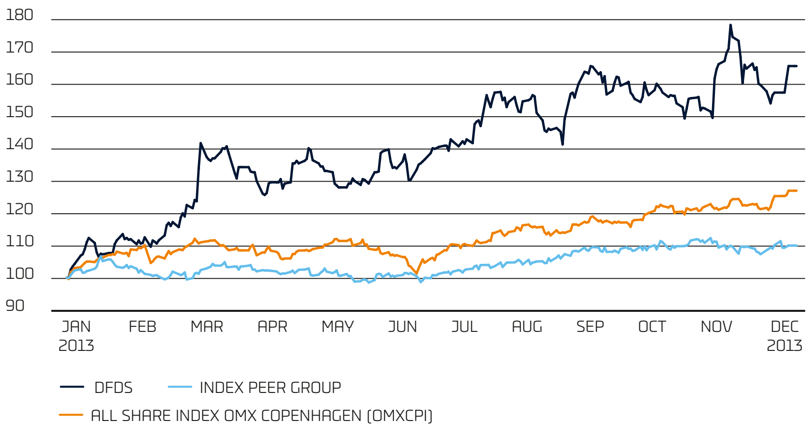
Financial calendar
Annual General Meeting
26 March 2014 at 14:00

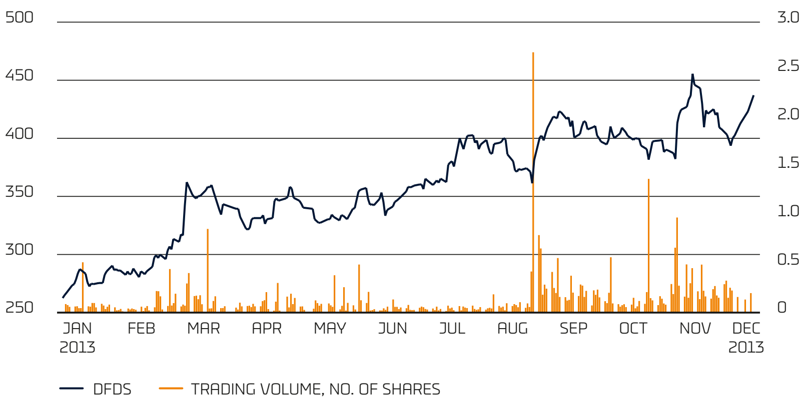
Radisson SAS Falconer Hotel
and Conference Centre
Falkoner Allé 9
DK-2000 Frederiksberg, Denmark

Reporting 2014
Q1, 23 May
H1, 21 August
Q3, 21 November

INDEXED PRICE DEVELOPMENT FOR DFDS AND INDEX, 2013
(INDEX)



DFDS SHARE: PRICE DEVELOPMENT AND TRADING, 2013
(SHARE PRICE, DKK) (NO. OF SHARES, 1,000)



COMPANY ANNOUNCEMENTS 2013/2014

Updated	Heading
25-02-2014	Postponement of UK Competition Commission's timeline
18-02-2014	Award of share options
31-01-2014	DFDS Logistics expansion through acquisition in Scotland
09-01-2014	Timeline for UK Competition Commission remittal announced
07-01-2014	Tribunal's judgment not appealed
17-12-2013	Financial calender 2014
16-12-2013	Summary of extraordinary general meeting
04-12-2013	Tribunal requires further review of UK Competition Commission's ruling
02-12-2013	Ruling concerning the channel to be announced on 4 December
20-11-2013	Notice of extraordinary general meeting
20-11-2013	Progress continued in Q3
20-11-2013	DFDS to distribute excess capital to shareholders
09-09-2013	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
06-09-2013	Purchase of own shares from A.P. Møller – Maersk completed
05-09-2013	DFDS commits to buy own shares from A.P. Møller – Maersk
22-08-2013	DFDS made progress in Q2
11-07-2013	Baltic & Russian logistics network expanded through acquisition
24-06-2013	DFDS no longer part of Scandlines sales process
06-06-2013	Ruling by UK Competition Commission
23-05-2013	Upgrade of Copenhagen-Oslo route in 2014
22-05-2013	Result as expected in stagnating market
17-05-2013	Logistics Division: new comparison figures 2012
03-05-2013	Information concerning a possible transaction
22-03-2013	DFDS A/S – summary of annual general meeting, 22 March 2013
15-03-2013	DFDS A/S – election of employee representatives to the Board of Directors
12-03-2013	New corporate bond issue of NOK 700m completed
11-03-2013	DFDS contemplates bond issue
07-03-2013	Renewal & expansion of Swedish customer agreement
28-02-2013	Notice to convene the annual general meeting of DFDS A/S
28-02-2013	DFDS maintains strong position despite headwind
15-02-2013	Two newbuilding contracts finalized
05-02-2013	Award of share options
03-01-2013	Negotiations on newbuilding contracts ongoing

FINANCIAL REVIEW

CASH FLOW FROM OPERATIONS OF DKK 1,520M BOOSTED BY REDUCTION OF WORKING CAPITAL

Introduction
DFDS' activities are organised in two divisions: the Shipping Division, operating within five business areas, and the Logistics Division, operating within three business areas. Non-allocated items consists of corporate costs not allocated to either division.

In order to make data comparable, large non-recurring items are recognised as special items in the income statement.

Revenue
Revenue increased by 3.4% to DKK 12,097m in 2013, driven by higher revenue in the Shipping Division, while revenue decreased in the Logistics Division.

The Shipping Division's revenue increased by 6.4% to DKK 8,530m, driven by an increase of DKK 471m in Channel and DKK 200m in France & Mediterranean. Channel's revenue increase comprises the full-year impact of the acquisition of LD Lines in September 2012, the full-year impact of the ramp up of capacity on Dover-Calais, after the route opened in February 2012, and market share growth in 2013. The revenue increase of France & Mediterranean solely reflects the full-year impact of the acquisition of LD Lines in September 2012. Lower income from bunker surcharges reduced revenue in North Sea and Baltic Sea offsetting higher revenue from volume growth in North Sea, while revenue in Baltic Sea was further reduced by route changes.

The Logistics Division's revenue decreased by 1.8% to DKK 4,183m in 2013, driven by the full-year impact of the restructuring of the sideport route network in the Nordic business area. Revenue of the Continent and UK & Ireland business areas was on a level with 2012 as overall modest volume growth was offset by lower revenue per unit and a lower pound sterling.

EBITDA before special items
Operating profit before depreciation (EBITDA) and special items increased by 11.4% to DKK 1,213m, mainly driven by higher earnings in the Shipping Division.

The Shipping Division's EBITDA increased by 15.7% to DKK 1,148m as earnings improved in the North Sea, Channel and Passenger business areas. North Sea's profit improvement was mainly due to volume growth as the UK economy came out of recession during 2013 and the return of volume from a major Swedish freight forwarder. Channel's loss was reduced in 2013, mainly due to the addition of activities from LD Lines. Passenger's profit was improved by a lower bunker cost and higher passenger volumes between UK and the Continent. Baltic Sea's result was reduced in 2013, primarily due to a slowdown of activity in the Russian economy during the year.

The Logistics Division's EBITDA increased by 5.7% to DKK 149m, mainly as a result of higher earnings in the Continent business area which offset lower profits in Nordic. Continent's performance was driven by high volume growth for the full load activities between Holland/Northern Germany/Italy and UK and improved margins as cost control measures became more efficient. The margin of the container activity between Holland and Ireland similarly improved following the move to operate as a NVOCC (non-vessel operating container carrier) at the end of 2012. Nordic's performance was adversely affected by the full-year impact of the restructuring of the sideport route network and the loss of some key Norwegian customers in 2012. Rail volumes between Scandinavia and Italy also declined in 2013 as Italian exports slowed down. UK & Ireland's result was on a par with 2012.

REVENUE

DKK m	2013	2012	Δ %	Δ
Shipping Division	8,530	8,015	6.4	515
Logistics Division	4,183	4,259	-1.8	-76
Eliminations etc.	-616	-574	n.a.	-42
DFDS Group	12,097	11,700	3.4	397

OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) AND SPECIAL ITEMS

DKK m	2013	2012	Δ %	Δ
Shipping division	1,148	992	15.7	156
Logistics division	149	141	5.7	8
Non-allocated items	-84	-44	n.a.	-40
DFDS Group	1,213	1,089	11.4	124
EBITDA-margin, %	10.0	9.3	n.a.	0.7

SPECIAL ITEMS

DKK m	2013
Customer Focus Initiative	-2
Reversal of provision for earn-out agreement related to the purchase of Kapellskär-Paldiski	16
Project ONE Finance costs	-24
Reimbursement of credit insurance premium related to ARK newbuildings	22
Write down on property for sale in Scheveningen	-12
Impairment of goodwill related to LD Lines activities	-18
Total	**-17**

Non-allocated items amounted to a cost of DKK 84m compared to a cost of DKK 44m in 2012. The higher cost level is attributable to an income in 2012 from a reversal of a provision for jubilee liabilities and higher costs in 2013 for bonus schemes, several large acquisition projects and other projects undertaken during the year.

Associates and profit on sale of assets

The share of loss in associates was DKK -6m as operations of the Älvsborg port terminal in Gothenburg were lossmaking in 2013. Profit on the sale of non-current assets amounted to DKK 6m, mainly from the sale of cargo-carrying equipment.

Depreciation, impairment and EBIT

Total depreciation and write-downs increased by 4.6% to DKK 710m, driven by DKK 37m higher ship depreciations in the Shipping Division.

Operating profit (EBIT) before special items was DKK 503m, an increase of 20.3%.

Special items

Special items in 2013 were a net cost of DKK -17m. The individual items are shown on page 53. See also note 7.

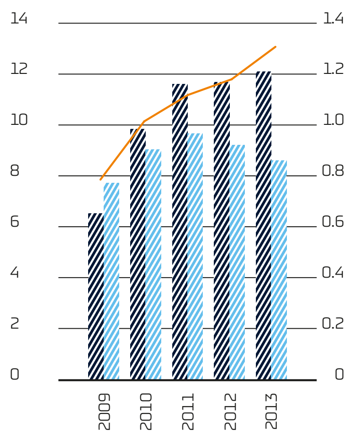
Operating profit (EBIT) after special items was DKK 486m, an increase of 64.8% as special items in 2012 was a net cost of DKK -124m.

Financing

The net cost of financing was reduced by 8.5% to DKK 136m, primarily due to a reduction in the net interest cost of DKK 9m as the average net interest-bearing debt decreased by 12.9%. A financial receivable related to the sale of a passenger ship, was written down by DKK 7m but more than offset by a positive variance on other financial items.

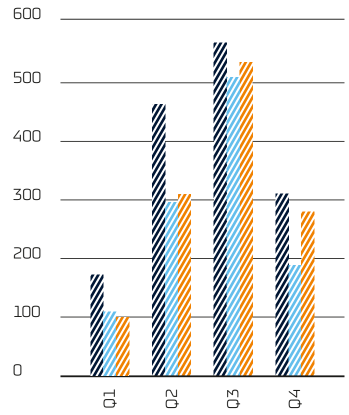
DFDS GROUP			**2013**					**2012**		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	2,713	3,051	3,339	2,994	12,097	2,674	2,971	3,169	2,886	11,700
Operating profit before depreciation (EBITDA) and special items	100	307	529	277	1,213	109	293	503	184	1,089
Share of profit of associates	-2	-1	-5	2	-6	-2	0	3	2	3
Profit/loss on disposal of non-current assets	2	2	2	0	6	2	3	1	0	6
Depreciation and impairment	-173	-185	-175	-177	-710	-163	-171	-167	-178	-679
Operating profit (EBIT) before special items	-73	123	351	102	503	-54	125	340	8	418
Operating profit margin (EBIT), %	-2.7	4.0	10.5	3.4	4.2	-2.0	4.2	10.7	0.3	3.6
Special items, net	-1	-1	-16	1	-17	0	-67	-30	-27	-124
Operating profit (EBIT)	-74	122	335	103	486	-54	58	310	-19	295
Profit before tax	-118	93	307	68	350	-98	22	272	-50	146
Invested capital, average	8,687	8,549	8,619	8,587	8,633	9,452	9,356	9,118	8,898	9,207
Return on invested capital (ROIC) p.a., %	-3.4	5.6	15.5	5.0	5.7	-2.3	3.0	13.7	-0.8	3.4

REVENUE AND INVESTED CAPITAL
(DKKm) (TIMES)



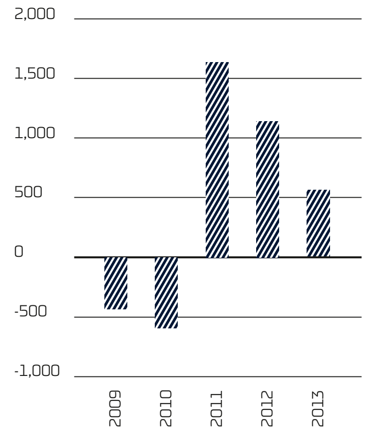
REVENUE
AVERAGE INVESTED CAPITAL
TURNOVER RATE, INVESTED CAPITAL

DFDS GROUP – EBITDA BEFORE SPECIAL ITEMS PER QUARTER
(DKK M)

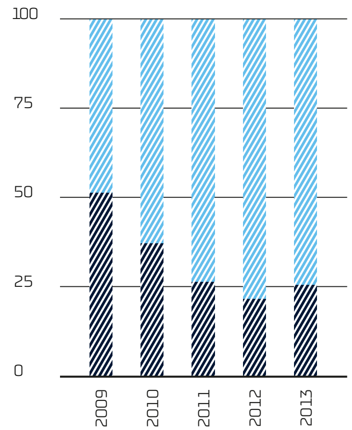


2011 2012 2013

FREE CASH FLOW
(DKK M)



CAPITAL STRUCTURE
(%-SHARE OF CAPITAL)



NET INTEREST-BEARING DEBT
EQUITY AND DEFERRED TAX

Tax and the annual result
Profit before tax was DKK 350m. The shipping activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania, England and France. Tax on the annual profit amounted to DKK 23m, of which DKK 18m consisted of tax for the year, while DKK 4m consisted of deferred tax. Adjustment for previous years' taxes amounted to an income of DKK 13m and changes to the rate of corporation tax generated a cost of DKK 5m. Deferred tax assets were written down by DKK 2m in 2013.

The net annual result was DKK 327m compared to DKK 143m in 2012.

Investments
Net investments in 2013 amounted to DKK 943m.

Gross investments in tangible assets amounted to DKK 822m, of which DKK 731m was related to ships. Main investments were DKK 398m in the construction of ARK ships, DKK 120m in scrubber installations and DKK 201m in docking and upgrade of ships. Other gross investments in tangible assets of DKK 91m were mainly cargo-carrying equipment. Investments in intangible assets amounted to DKK 38m, mainly IT systems.

Acquisitions amounted to investments of DKK 99m, primarily related to the acquisition of Karlshamn Express Group. See note 31 for further details.

Assets, invested capital and return
Total assets were on a level with 2012 at the end of the year as investments in newbuildings, scrubbers and a company acquisition were balanced by depreciation of assets and lower other non-current assets and cash funds.

Net working capital, defined as inventory and trade receivables minus trade payables, was reduced by DKK 362m from DKK 606m in 2012 to DKK 244m as a result of project Light Capital started in 2012. The project's goal of a reduction of DKK 300m was thus exceeded. The primary driver of the reduction was an increase of trade payables.

At the end of 2013, invested capital was DKK 8,555m, a reduction of 3.8% compared to the end of 2012. Calculated as an average, invested capital was DKK 8,633m in 2013, a decrease of 6.2% compared to 2012. The average return on invested capital was 5.7% in 2013 and 5.8% adjusted for special items.

Financing and capital structure
At year-end 2013, interest-bearing debt was DKK 3,398m compared to DKK 3,233m at the end of 2012. The loan portfolio was further diversified during 2013 as a second corporate bond of NOK 700m was issued increasing the share of bond loans in the portfolio to 31.2% from 15.7%. The other major component of the portfolio is mortgaged ship loans.

Compared to the year-end of 2012, net interest-bearing debt increased by 13.5% to DKK 2,189m while the average net interest-bearing debt decreased by 12.9% in 2013.

At the end of 2013, the ratio of net interest-bearing debt to operating profit (EBITDA) before special items was 1.8.

Cash flow
Gross cash flow from operations increased by 64.1% to DKK 1,520m due to a higher operating profit (EBITDA) and a release of cash of DKK 381m from changes in total working capital. The latter includes a contribution of DKK 362m generated by the Light Capital project. Cash flow from investment activities amounted to DKK -943m. The free cash flow was DKK 559m.

The positive free cash flow and proceeds of DKK 927m from ship mortgage loans and corporate bonds were applied to fund repayment of debt of DKK 693m, a net cost of financing of DKK 137m, buy-back of shares of DKK 628m and a dividend payment of DKK 203m. The cash flow from financing activities was negative by DKK 462m in 2013.

Impairment test
Based on the impairment tests completed in 2013 for the cash-generating units, no write-downs or reversals of prior years' write-downs are deemed necessary.

VILNIUS SEAWAYS and the former Norfolkline domicile in Scheveningen are classified as held for sale and therefore measured individually at the lower of the carrying amount and the fair value less selling costs. Based on independent ship broker valuations, VILNIUS SEAWAYS has been written down by DKK 3.0m. Based on a real estate broker valuation, the property in Scheveningen has been written down by DKK 11.8m. The write-down of the ship is recognised in the income statement as 'Impairment losses of ships and other non-current assets', whereas the write-down of the property is recognised as 'Special items'.

The impairment tests conducted are described in greater detail in note 37.

Equity
DFDS' equity decreased by DKK 619m to DKK 6,263m at the end of 2013. The decrease was mainly due to the purchase of DKK 628m of own shares in September 2013. The transfer of the profit for the year of DKK 327m was balanced by currency and other adjustments and a dividend payment of DKK 203m. Including minority interests of DKK 55m, equity amounted to DKK 6,318m at the end of 2013.

The equity ratio at the end of the year was 51.3%, a decrease of 5.0 ppt compared to 2012.

Parent company key figures
Parent company, DFDS A/S, revenues were DKK 6,335m in 2013 and the profit for the year was DKK 313m. Total assets at the end of the year amounted to DKK 11,268m and the equity was DKK 4,648m.

FLEET LIST (PER 31.12.2013)

FREIGHT SHIPS (RO-RO)

	Year built	Gross tons	Lanemeter	TEU [4]	Deployment
Ficaria Seaways	2006/09	37,939	4,650		Gothenburg-Brevik-Immingham
Freesia Seaways	2005/09	37,722	4,650		Gothenburg-Brevik-Gent
Begonia Seaways	2004/09	37,722	4,650		Gothenburg-Brevik-Immingham
Magnolia Seaways	2003	32,523	3,831		Gothenburg-Brevik-Gent
Petunia Seaways	2004	32,523	3,831		Gothenburg-Brevik-Immingham
Primula Seaways	2004	32,289	3,831		Gothenburg-Brevik-Gent
Selandia Seaways	1998	24,803	2,772		Vlaardingen-Immingham
Suecia Seaways	1999/11	24,196	2,772	180	Vlaardingen-Felixstowe
Britannia Seaways	2000/11	24,196	2,772	180	Esbjerg-Immingham
Ark Futura	1996/00	18,725	2,308	246	On charter
Flandria Seaways	2000	13,073	1,692		Vlaardingen-Felixstowe
Anglia Seaways	2000	13,073	1,692		On charter
Botnia Seaways	2000	11,530	1,899		Kiel-Karlshamn-St. Petersburg
Finlandia Seaways	2000	11,530	1,899		Kiel-Karlshamn-St. Petersburg
Corona Seaways [2]	2008	25,609	3,322		Fredericia-Copenhagen-Klaipeda
Hafnia Seaways [2]	2008	25,609	3,322		Vlaardingen-Felixstowe
Fionia Seaways [2]	2009	25,609	3,322		Vlaardingen-Immingham
Jutlandia Seaways [2]	2010	25,609	3,322		Esbjerg-Immingham
Clementine [2]	1997	23,986	2,307		Cuxhaven-Immingham
Longstone [2]	2003	23,235	2,606		Zeebrügge-Rosyth
Beachy Head [2]	2003	23,235	2,606		Marseilles-Tunis
Mont Ventoux [6]	1996	18,469	2,025		Marseilles-Tunis
Transpulp [2]	2006	23,128	2,774		Gothenburg-Tilbury
Clipper Point [2]	2008	14,759	1,830		Cuxhaven-Immingham

FREIGHT SHIPS (RO-RO) FOR DELIVERY IN 2014

	Year built	Gross tons	Lanemeter	TEU [4]
Stralsund NB 500 (Ark Germania)	2014	33,300	3,000	342
Stralsund NB 501 (Ark Dania)	2014	33,300	3,000	342

RO-PAX SHIPS [3]

	Year built	Gross tons	Lanemeter	Passengers	Deployment
Victoria Seaways	2009	25,518	2,496	515	Kiel-Klaipeda
Regina Seaways [1]	2010/11	25,518	2,496	515	Kiel-Klaipeda
Athena Seaways [1]	2007	25,993	2,593	550	Karlshamn-Klaipeda
Optima Seaways	1999	25,206	2,300	328	Karlshamn-Klaipeda
Sirena Seaways	2002/03	22,382	2,056	610	Esbjerg-Harwich
Liverpool Seaways	1997	21,856	2,200	335	On charter
Patria Seaways	1991	18,332	1,710	250	Paldiski-Kapellskär
Kaunas Seaways	1989/94	25,606	1,539	250	Paldiski-Kapellskär
Vilnius Seaways	1987/93	22,341	1,700	132	On charter
Dunkerque Seaways [5]	2005	35,923	2,000	944	Dover-Dunkirk
Delft Seaways [5]	2006	35,923	2,000	944	Dover-Dunkirk
Dover Seaways [5]	2006	35,923	2,000	944	Dover-Dunkirk
Calais Seaways	1991/92/99	28,833	1,850	1,222	Dover-Calais
Dieppe Seaways [5]	2002	30,551	1,891	1,200	Dover-Calais
Norman Voyager [5]	2008	26,904	2,250	762	Portsmouth-Le Havre
Côte d'Albâtre [1]	2006	18,425	1,270	600	Newhaven-Dieppe
Seven Sisters [1]	2006	18,425	1,270	600	Newhaven-Dieppe

[1] Chartered tonnage (bareboat charter)
[2] Chartered tonnage (time charter)
[3] Ro-pax: Combined ro-ro and passenger ship
[4] TEU: 20 foot container unit
[5] Short-sea ferries
[6] VSA: Ship operated in a vessel sharing agreement with owner/charterer

PASSENGER SHIPS

	Year built	Gross tons	Lanemeter	Passengers	Deployment
Pearl Seaways	1989/01/05	40,039	1,482	1,870	Copenhagen-Oslo
Crown Seaways	1994/05	35,498	1,370	1,790	Copenhagen-Oslo
King Seaways	1987/93/06	31,788	1,410	1,325	Amsterdam-Newcastle
Princess Seaways	1986/93/06	31,356	1,410	1,250	Amsterdam-Newcastle

SIDEPORT SHIPS

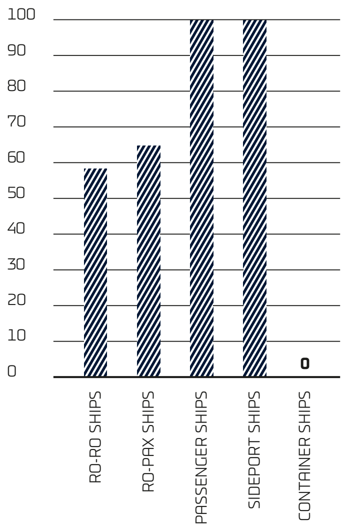
	Year built	Gross tons	TEU[4]	Deployment
Lysvik Seaways	1998/04	7,409	160	Oslo Fjord-Continent/UK
Lysbris	1999/04	7,409	160	Oslo Fjord-Continent/UK
Lysblink Seaways	2000/03	7,409	160	On charter

CONTAINER SHIPS

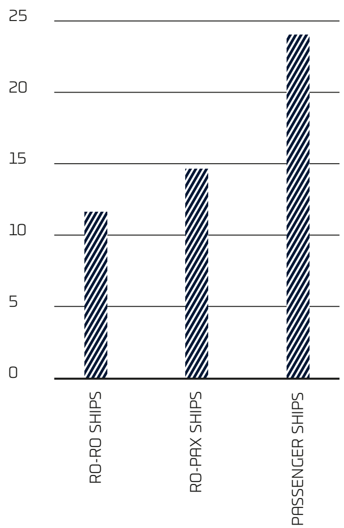
	Year built	Gross tons	TEU[4]	Deployment
Endeavor[2]	2005	7,642	750	UK-Ireland-Spain
Encounter[6]	2004	7,642	750	UK-Ireland-Spain
Philipp[6]	2008	8,971	917	UK-Ireland-Spain
Spica J[6]	2007	8,246	962	Oslo Fjord-Rotterdam
Kristin Schepers[6]	2008	7,852	812	Oslo Fjord-Rotterdam
Hanse Vision[6]	2005	7,713	809	Oslo Fjord-Rotterdam
Hanse Spirit[6]	2005	7,713	809	Oslo Fjord-Rotterdam
Samskip Endeavour[6]	2011	7,852	812	Rotterdam-Ireland/Northern Ireland
Samskip Express[6]	2006	7,852	803	Rotterdam-Ireland/Northern Ireland

1 Chartered tonnage (bareboat charter)
2 Chartered tonnage (time charter)
3 Ro-pax: Combined ro-ro and passenger ship
4 TEU: 20 foot container unit
5 Short-sea ferries
6 VSA: Ship operated in a vessel sharing agreement with owner/charterer

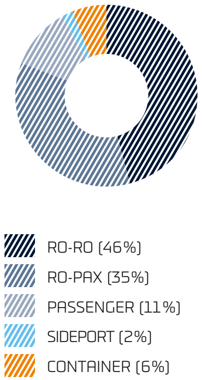
OWNERSHIP SHARES OF FLEET, END 2013
(%)



OWNED SHIPS, AVERAGE AGE END 2013
(YEARS)



FLEET IN GROSS TONS, OWNED, CHARTER & VSA SHIPS, END 2013
(GROSS TONS)



COMMERCIAL DUTIES

COMMERCIAL DUTIES OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD AS OF 28 FEBRUARY 2014

BOARD OF DIRECTORS

Bent Østergaard, Chairman
- Date of birth: 5 October 1944
- Joined the Board: 1 April 2009
- Re-elected: 2010–2013
- Period of office ends: 26 March 2014
- Chairman of the Nomination Committee and the Remuneration Committee
- Position: President, Lauritzen Fonden & LF Investment ApS
- Chairman: J. Lauritzen A/S, Frederikshavn Maritime Erhvervspark A/S, NanoNord A/S, Cantion A/S
- Board member: Mama Mia Holding A/S, Meabco Holding A/S, Meabco A/S, Royal Arctic Line A/S, With Fonden, Durisol UK, Desmi A/S, Comenxa A/S
- Shareholding: 2,833

The Board is of the opinion that Bent Østergaard possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in shipping and finance.

As a result of his executive functions for the company's principal shareholder, the Lauritzen Foundation, Bent Østergaard cannot be considered independent as per the recommendations on corporate governance.

Vagn Sørensen, Deputy Chairman
- Date of birth: 12 December 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007–2013
- Period of office ends: 26 March 2014
- Member of the Nomination Committee, the Audit Committee and the Remuneration Committee
- Position: Director, GFKJUS 611 ApS
- Chairman: E-Force A/S, FLSmidth A/S, FLSmidth & Co. A/S, Scandic Hotels AB, Select Service Partner Ltd., TDC A/S, Automic Software GmbH
- Board member: Air Canada Inc., Braganza A/S, CP Dyvig & Co A/S, Lufthansa Cargo AG, Royal Caribbean Cruises Ltd, Nordic Aviation Capital A/S
- Shareholding: 1,333

The Board is of the opinion that Vagn Sørensen possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in aviation and service companies.

Claus Hemmingsen, Deputy Chairman
- Date of birth: 15 September 1962
- Joined the Board: 29 March 2012
- Re-elected: 2013
- Period of office ends: 26 March 2014
- Position: CEO of Maersk Drilling and member of the Executive Board, A.P. Møller - Mærsk A/S
- Chairman: Denmark Hong Kong Trade Association
- Deputy chairman: The Danish Shipowners' Association
- Board member: Egyptian Drilling Company, International Association of Drilling Contractors, IADC, (Executive Committee member), Danish Chinese Business Forum, EU Hong Kong Business Co-operation Committee
- Shareholding: 142

The Board is of the opinion that Claus Hemmingsen possesses the following special competences: international management experience and expertise in offshore activities and shipping.

Ingar Skaug, member of the Board of Directors
- Date of birth: 28 September 1946
- Joined the Board: 16 April 1998
- Re-elected: 1999–2013
- Period of office ends: 26 March 2014
- Chairman: Center for Creative Leadership, Ragni Invest AS, Environor AS, Performance Leadership AS, Vectura AS, Deputy chairman of board: J. Lauritzen A/S
- Board member: PGS, Berg-Hansen AS, Miros AS, Bery Maritime AS, AGM/ANB (Adjaristqali Georgia LLC/Adjaristqali Netherlands BV)
- Shareholding: 0

The Board is of the opinion that Ingar Skaug possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in shipping, logistics, aviation and service companies. Ingar Skaug has been a Board member for more than 12 years. According to the recommendations on corporate governance, he therefore cannot be considered independent.

Jill Lauritzen Melby, member of the Board of Directors
- Date of birth: 6 December 1958
- Joined the Board: 18 April 2001
- Re-elected: 2002–2013
- Period of office ends: 26 March 2014
- Member of the Audit Committee
- Position: Team Leader Finance, BASF A/S
- Shareholding: 266

The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: expertise in financial control.

Due to family relations to the company's principal shareholder, the Lauritzen Foundation (Vesterhavet Holding A/S), Jill Lauritzen Melby cannot be considered independent according to the recommendations on corporate governance.

Lene Skole, member of the Board of Directors
- Date of birth: 28 April 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007–2013
- Period of office ends: 26 March 2014
- Chairman of the Audit Committee
- Position: EVP & CFO, Coloplast A/S
- Board member: Coloplast Danmark A/S, Coloplast Ejendomme A/S, Tryg A/S
- Shareholding: 470

The Board is of the opinion that Lene Skole possesses the following special competences: international management experience, including from a listed company, and expertise in finance and accounting.

Annette Bjerre Bjerregaard, staff representative
- Date of birth: 16 August 1974
- Joined the Board: 13 April 2011
- Re-elected: 2013
- Period of office ends: 26 March 2014
- Position: Shipping agent
- Shareholding: 10

Annette Bjerre Bjerregaard has no managerial or executive positions in other companies.

Jens Otto Knudsen, staff representative
- Date of birth: 8 August 1958
- Joined the Board: 13 April 2011
- Re-elected: 2013
- Period of office ends: 26 March 2014
- Position: Captain
- Shareholding: 0

Jens Knudsen has no managerial or executive positions in other companies.

Kent Vildbæk, staff representative
- Date of birth: 15 February 1964
- Joined the Board: 13 April 2011
- Re-elected: 2013
- Period of office ends: 26 March 2014
- Position: Commercial Head
- Shareholding: 0

Kent Vildbæk has no managerial or executive positions in other companies.

Lars Skjold-Hansen, staff representative
- Date of birth: 23 August 1965
- Joined the Board: 22 March 2013
- Re-elected: n.a.
- Period of office ends: 26 March 2014
- Position: Captain
- Shareholding: 0

Lars Skjold-Hansen has no managerial or executive positions in other companies.

EXECUTIVE BOARD

Niels Smedegaard, President & CEO
- Date of birth: 22 June 1962
- Appointed: 1 January 2007
- Chairman: Interferry
- Deputy chairman: ECSA (European Community Shipowners' Association)
- Board member: The Denmark-America Foundation, the Danish Trade Council, the Danish Shipowners' Association, Den Danske Banks Advisory Board, Bikuben Fonden
- Shareholding: 1,506

Torben Carlsen, EVP & CFO
- Date of birth: 5 March 1965
- Appointed: 1 June 2009
- Chairman: Crendo Fastighetsförvaltning AB, SEM Invest A/S, SEM Stålindustri A/S
- Shareholding: 2,166

BOARD OF DIRECTORS

BENT ØSTERGAARD

ANNETTE BJERRE BJERREGAARD

VAGN SØRENSEN

CLAUS HEMMINGSEN

INGAR SKAUG

KENT VILDBÆK

JILL LAURITZEN MELBY

LENE SKOLE

LARS SKJOLD-HANSEN

JENS OTTO KNUDSEN

EXECUTIVE MANAGEMENT

NIELS SMEDEGAARD (1962)
- President & CEO
- Msc. Finance
- Employed by DFDS since 2007

EDDIE GREEN (1957)
- Executive Vice President, Logistics Division
- BA (Hons) Economics
- Employed by DFDS since 2010

HENRIK HOLCK (1961)
- Executive Vice President, People & Ships
- Msc. Psych
- Employed by DFDS since 2007

PEDER GELLERT PEDERSEN (1958)
- Executive Vice President, Shipping Division
- Ship broker, HD (O)
- Employed by DFDS since 1994

TORBEN CARLSEN (1965)
- Executive Vice President & CFO
- Msc. Finance
- Employed by DFDS since 2009

DEFINITIONS & GLOSSARY

Operating profit before depreciation (EBITDA)	Profit before depreciation and impairment on non-current assets
Operating profit (EBIT)	Profit after depreciation and impairment on non-current assets
Operating profit margin	Operating profit (EBIT) before special items x 100 / Revenue
Net operating profit after taxes (NOPAT)	Operating profit (EBIT) minus payable tax for the period, adjusted for the tax effect of net interest costs
Invested capital	Non-current intangible and tangible assets plus net current assets (non-interest bearing current assets minus non-interest bearing liabilities) minus pension and jubilee liabilities and other provisions
Return on invested capital (ROIC)	Net operating profit after taxes (NOPAT) x 100 / Average invested capital
Weighted average cost of capital (WACC)	Average capital cost for liabilities and equity, weighted according to the capital structure
Free cash flow	Cash flow from operating activities, net, excluding interest received and paid minus cash flow from investing activities
Return on equity p.a.	Profit for the year excluding non-controlling interests x 100 / Average equity excluding non-controlling interests
Equity ratio	Equity x 100 / Total assets
Net interest-bearing debt	Interest-bearing non-current and current liabilities minus interest-bearing non-current and current assets
Earnings per share (EPS)	Profit for the year excluding non-controlling interests / Weighted average number of shares
P/E ratio	Share price at year-end / Earnings per share (EPS)
Dividend per share	Dividend for the year / Number of shares at year-end
Dividend payout ratio	Dividend for the year / Profit for the year excluding non-controlling interests
Dividend yield	Dividend per share / Share price at year-end
Book value per share	Equity excluding non-controlling interests at year-end / Number of shares at year-end
Market-to-book value (M/B)	Share price at year-end / Book value per share at year-end

Bareboat charter: Lease of a ship without crew, for an agreed period.

Bunker: Oil-based fuel used in shipping.

Chartering: Lease of a ship.

Chartering-out: Leasing out of a ship.

Door-to-door transport: Transportation of goods from origin to final destination by a single freight forwarder. The freight forwarder typically uses third-party suppliers, such as a haulage contractor, for the actual transportation.

Intermodal: Transport using several different types of transport (road, rail and sea), typically for containers.

Lane metre: An area of ship deck one lane wide and one metre long. Used to measure freight volumes.

Logistics: Sea and land-based transport, storage and distribution of freight, and associated information processing.

Lo-lo: Lift on-lift off: Type of ship for which cargo is lifted on and off.

Non-allocated items: Central costs which are not distributed to divisions.

Northern Europe: The Nordic countries, Benelux, the United Kingdom, Ireland, Germany, Poland, the Baltic countries, Russia and other CIS countries.

Production partnership (Vessel Sharing Agreement): Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity.

Ro-pax: Combined ro-ro freight and passenger ship.

Ro-ro: Roll on-roll off: Type of ship for which freight is driven on and off.

Short sea: Shipping between destinations in a defined geographic area. The converse is deep-sea shipping, i.e. sailing between continents.

Sideport ships: Type of ship in which loading/unloading takes place via ports in the ship's side.

Space charter: Third-party lease of space on a ship deck.

Stevedoring: Loading and unloading of ships.

Time charter: Lease of a ship with crew, for an agreed period.

Tonnage tax: Taxation levied on ships according to ship displacement.

Trailer: An unpowered vehicle pulled by a powered vehicle for the transport of goods.

THE HISTORY OF DFDS

DFDS was founded in 1866, the result of an initiative by C.F. Tietgen to merge the three largest Danish steamship companies of the day.

In the beginning, DFDS was involved in domestic as well as international shipping, carrying both freight and passengers. The international services covered the North Sea and the Baltic, later expanding to the Mediterranean. Towards the end of the 19th century, routes were also established to the USA and South America. The passenger routes to the USA were closed in 1935.

As land-based transport volumes increased, haulage and logistics became integral parts of DFDS' strategy. From the mid-60s, considerable land activities were developed, extending the route network.

In 1982, a passenger route was opened between New York and Miami. However, the route failed to live up to expectations and was discontinued at great cost in 1983. Subsequently, the DFDS Group was restructured, including divestment of activities in the Mediterranean and routes to the USA and South America.

Haulage and logistics activities were developed organically and by acquisitions. Following the acquisition of Dan Transport in 1998, the business area became one of the largest overland transport companies in Northern Europe. To focus the Group's resources, a new strategy was adopted with emphasis on shipping and the transport and logistics activities, DFDS Dan Transport, were consequently divested in 2000.

DFDS' route network for passengers and freight has been continuously developed via organic capacity growth and acquisitions. Following a number of smaller acquisitions, a transformational acquisition was made in 2010 as DFDS acquired Norfolkline, making DFDS the largest combined shipping and logistics company in Northern Europe.

EDITING
DFDS A/S

DESIGN & LAYOUT
KONTRAPUNKT A/S

PHOTO
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