



Q2 Interim Report

ACQUISITIONS FUEL GROWTH

- Revenue up 6% to DKK 3.9bn
- EBITDA up 9% to DKK 802m
- U. N. Ro-Ro consolidated from 7 June

Highlights Q2

Q2 2018

- Continued growth in freight ferry operations
- Passenger impacted by early Easter and cost increase
- Logistics' EBITDA up 25%

Outlook 2018

- Revenue growth of around 10%
- EBITDA of DKK 3.0-3.2bn
- Investments lowered DKK 200m to DKK 5.0bn

“We are pleased to deliver a solid result for Q2. Despite the current situation in Turkey we are progressing well with the integration of the new ferry operation between Europe and Turkey and on track for completion this year. We continue to monitor other opportunities to grow and create value.”

Niels Smedegaard, CEO

In Q2, revenue increased 6% to DKK 3.9bn driven by the expansion of the route network in the Mediterranean as well as continued growth in the freight activities in northern Europe. This was also the key drivers of the increase in EBITDA before special items by 9% to DKK 802m.

The growth of freight ferry volumes was in line with expectations in both northern Europe and the Mediterranean with overall growth of 6% in Q2. Logistics volumes were up 5% in Q2 for continuing activities.

The early Easter contributed to a reduction in passenger volumes in Q2 of 1% while volumes were up 4% for the first half-year.

Outlook 2018

The earnings outlook is unchanged with a range for EBITDA before special items of DKK 3,000-3,200m (2017: DKK 2,702m). Due to the recent sharp depreciation of TRY, the outlook is associated with a higher level of uncertainty than usual. The Group's revenue is still expected to increase by around 10% in 2018.

Investments are lowered DKK 200m to DKK 5.0bn primarily due to a lower equity value price for U.N. Ro-Ro than previously expected.

See full section on Outlook on page 8-9.

KEY FIGURES

DKK m	2018	2017		2017-18	2016-17		2017
Before special items	Q2	Q2	Δ %	LTM	LTM	Δ %	FV
Revenue	3,894	3,688	5.6%	14,799	14,058	5.3%	14,328
EBITDA	802	738	8.6%	2,805	2,637	6.4%	2,702
EBIT	533	502	6.1%	1,840	1,700	8.2%	1,782
Profit before tax	494	495	-0.1%	1,758	1,668	5.4%	1,727

16 August 2018. Conference call today at 11.00am CET

Access code: 26265858# Phone numbers to the call: DK +45 70223500, US +1 646 722 4972, UK +44 20 75721187

Key figures

DKK m	2018 Q2	2017 Q2	2018 H1	2017 H1	2017-18 LTM	2017 Full year
Income statement						
Revenue	3,894	3,688	7,379	6,908	14,799	14,328
• Shipping Division	2,729	2,523	5,030	4,677	10,246	9,892
• Logistics Division	1,341	1,346	2,726	2,581	5,305	5,160
• Non-allocated items	120	97	242	195	447	400
• Eliminations	-296	-277	-619	-544	-1,199	-1,124
Operating profit before depreciation (EBITDA) and special items	802	738	1,255	1,152	2,805	2,702
• Shipping Division	715	680	1,103	1,056	2,560	2,513
• Logistics Division	91	73	171	120	314	263
• Non-allocated items	-4	-15	-19	-24	-69	-74
Profit/loss on disposal of non-current assets, net	3	1	5	5	7	7
Operating profit (EBIT) before special items	533	502	749	691	1,840	1,782
Special items, net	-63	3	-90	-2	-128	-41
Operating profit (EBIT)	470	506	659	689	1,711	1,741
Financial items, net	-39	-7	-51	-23	-82	-55
Profit before tax	431	498	608	665	1,629	1,686
Profit for the period	407	485	564	635	1,547	1,618
Profit for the period excluding non-controlling interest	407	485	563	635	1,545	1,617
Capital						
Total assets	-	-	21,454	12,941	-	13,308
DFDS A/S' share of equity	-	-	7,868	6,241	-	6,565
Equity	-	-	7,935	6,290	-	6,614
Net interest-bearing debt	-	-	8,256	2,774	-	2,352
Invested capital, end of period	-	-	16,327	9,177	-	9,099
Invested capital, average	12,746	9,179	11,530	9,188	10,599	9,178

DKK m	2018 Q2	2017 Q2	2018 H1	2017 H1	2017-18 LTM	2017 Full year
Cash flows						
Cash flows from operating activities, before financial items and after tax	872	689	1,216	1,124	2,759	2,666
Cash flows from investing activities	-3,878	-906	-4,113	-1,124	-4,553	-1,564
• Acquisition of enterprises and activities	-3,569	0	-3,638	0	-3,638	0
• Other investments, net	-309	-906	-475	-1,124	-915	-1,564
Free cash flow	-3,006	-218	-2,897	-0	-1,794	1,102
Key operating and return ratios						
Average number of employees	-	-	7,483	7,145	7,286	7,235
Number of ships	-	-	76	56	-	64
Revenue growth (reported), %	5.6	3.8	6.8	4.0	3.3	3.9
EBITDA-margin, %	20.6	20.0	17.0	16.7	19.0	18.9
Operating margin, %	13.7	13.6	10.2	10.0	12.4	12.4
Revenue, invested capital average, (times)	-	-	-	-	1.4	1.6
Return on invested capital (ROIC), %	-	-	-	-	15.7	18.6
ROIC before special items, %	-	-	-	-	16.9	19.0
Return on equity, %	-	-	-	-	21.9	24.5
Key capital and per share ratios						
Equity ratio, %	-	-	37.0	48.6	-	49.7
Net interest bearing debt/EBITDA, (times)	-	-	-	-	2.9	0.9
Earnings per share (EPS), DKK	7.29	8.70	10.20	11.31	28.02	29.08
Dividend paid per share, DKK	0.00	0.00	4.00	3.00	11.00	10.00
Number of shares, end of period, '000	-	-	58,632	57,000	-	57,000
Weighted average number of circulating shares, '000	-	-	55,230	56,129	-	55,594
Share price, DKK	-	-	407.4	346.9	-	331.3
Market value	-	-	23,290	19,226	-	18,106

Definitions on page 28.

Management review

Market overview

European growth in Q2 2018 was as expected positive but held back by periods of political unrest. A stabilisation of political issues would be supportive for growth in the second half of 2018.

UK - a major market for DFDS - continued to grow in Q2 although at a lower level than the rest of Europe. UK real GDP growth is expected to remain above 1% in 2018. Trading growth between UK and EU was flat in the first five months of the year as imports declined in Q1 and subsequently picked up while export growth declined through the period.

Turkey's real GDP increased 7% in Q1. Since Q1 the Turkish economy has been impacted by rising inflation and depreciation of TRY amid some political unrest. After Q2 the depreciation of TRY accelerated and has depreciated 22% vs DKK since the beginning of Q2. The depreciation of TRY is beneficial for export volumes that increased 17% for the first five months of 2018 while import volumes increased 3%. The sharp depreciation of TRY in August will likely reduce import volumes going forward.

The oil price continued to increase through Q2 which due to a delay of 1-2 months in surcharges created a lag in the recovery of rising fuel costs in the transport sector.

The Easter holiday in March was part of Q1 in 2018 while it was part of Q2 in 2017. When comparing Q2 2018 to the same period last year, it should be noted that in 2018 the Easter holiday timing increases freight activity and decreases passenger activity.

The average rate of GBP/DKK was 1.7% lower in the quarter compared to Q2 2017 while SEK/DKK was 6.1% lower and NOK/DKK was 1.8% lower. TRY/DKK had depreciated by 27% in June vs last year.

The demand for passenger ferry services was to some extent impacted by the soccer world cup which led to lower demand from particularly overseas customers.

Integration of U. N. Ro-Ro on track

The integration of U.N. Ro-Ro was started immediately after the completion of the transaction on 7 June 2018 as reported under Major events in Q2. The integration plan to extract synergies and align the two organisations was developed in co-operation between the organisations. The plan includes three key focus areas with a total of 18 workstreams, including:

- Commercial: Sales and customers, development of transport solutions for joint network, branding

- Platforms: IT and digital, fleet, port terminals and marine standards
- Support: Finance, procurement and HR

The integration is expected to be completed by the end of the year. The integration will, in addition, establish a platform to develop and pursue business development opportunities.

Synergies are developing with respect to enhanced fleet allocation flexibility as DFDS' fleet and new building options are being utilised to accelerate Mediterranean's fleet development. The execution of scrubber investments across the Mediterranean fleet is also supported by procurement benefits as well as extensive knowhow in DFDS' organisation with regard to both contracting and operation.

U.N. Ro-Ro is managed by a competent and experienced management team that continues unchanged under the leadership of Selçuk Boztepe, Head of Mediterranean business unit.

Major events in Q2

Mediterranean expansion - acquisition of U.N. Ro-Ro

On 12 April 2018, DFDS entered into an agreement to acquire 98.8% of U.N. Ro-Ro, Turkey's largest operator of

freight ferry routes connecting Europe and Turkey. On 7 June 2018 the acquisition was completed and is consolidated into the DFDS Group as per the same date.

See separate announcements for details on the acquisition.

Reporting changes following acquisition of U.N. Ro-Ro

A new business unit named 'Mediterranean' has been established comprising all Mediterranean ferry activities, including the existing route between Marseille and Tunis.

The business unit France & Mediterranean has been discontinued and the other route of this business unit between Newhaven and Dieppe has been transferred to the Channel business unit.

New comparison figures for the affected business units were released on 3 August 2018.

Changes in capital structure and distribution

Following the acquisition of U.N. Ro-Ro, DFDS' financial leverage, NIBD/ EBITDA, increased to 2.9 and to 2.4 on a pro forma basis.

In connection with the announcement of the U.N Ro-Ro acquisition on 12 April 2018, the Board of Directors cancelled the share buyback launched on 8 February 2018 and the planned dividend of DKK 7.00 in August 2018.

To maintain DFDS' financial flexibility, in view of planned fleet renewals in both DFDS and U.N. Ro-Ro and potential investment opportunities during the next 12-18 months, a

share issue of 2,631,578 new shares equal to proceeds of DKK 1.0bn was completed on 15 May 2018.

The Board of Directors will review the capital structure and distribution in connection with the reporting of Q4 2018 in February 2019.

Performance issues closed Rosyth-Zeebrugge

The freight route between Rosyth in Scotland and Zeebrugge in Belgium was closed in April 2018. The financial performance of the route, that deployed one ro-ro freight ferry for three weekly round trips, struggled to meet expectations as freight volumes are, in general, increasingly being focused on large hubs offering a high frequency of departures deploying larger ferries. The annual revenue of the route was around DKK 100m in 2017.

Channel route to be strengthened

To ensure capacity for reliably moving freight and passengers on the Channel, DFDS entered in April 2018 into a 10-year bareboat charter agreement with Stena RoRo for a new building ro-pax ferry for delivery in early 2021. The agreement includes a purchase option. The ferry will be tailored to DFDS' requirements for deployment on the Channel.

Additional freight new building ordered

On 13 June 2018, one additional freight ferry (ro-ro) new building was ordered for delivery in the first half of 2020 from the Chinese Jinling Shipyard. The new building is similar to the four previously ordered freight ferries and likewise designed to carry 6,700 lane metres of freight equivalent to around 450 trailers. The large capacity decreases

unit costs as well as the environmental impact per transported unit.

New route added in Mediterranean

The route network in Mediterranean was expanded at the end of June 2018 with initially two weekly sailings from the port of Patras in Greece. The sailings are part of the route between Istanbul and Trieste and thus connects Greece with both Turkey and Italy.

Major events after Q2

Sale of two ferries

In July 2018, the sale to Ukrferry of two combined freight and passenger ferries, Kaunas Seaways and Vilnius Seaways built in 1989 and 1987 respectively, was completed. The ferries have been on time charter to Ukrferry for several years for deployment on routes in the Black Sea. The sale of the ferries entailed a profit of around DKK 23m to be included under Special items in Q3 2018.

Additional sixth freight new building ordered

On 16 August 2018, one additional freight ferry (ro-ro) new building was ordered for delivery in the first half of 2020 from the Chinese Jinling Shipyard. The new building is similar to the five previously ordered freight ferries and likewise designed to carry 6,700 lane metres of freight equivalent to around 450 trailers.

Financial performance

Revenue

The Group's revenue in Q2 was DKK 3,894m, an increase of 5.6% compared to 2017 driven by Shipping Division as the revenue of Logistics Division was reduced by a divestment and closure of activities.

Shipping Division's revenue increased in Q2 by 8.2% to DKK 2,729m. The growth was due to the expansion of the route network in the Mediterranean through the acquisition of U. N. Ro-Ro with effect from 7 June 2018. This increased revenue by DKK 141m. In addition, freight revenue increased primarily in the North Sea and Channel business units mainly driven by higher volumes but also higher revenue per lane meter. Passenger revenue in Q2 was overall flat as lower volumes, partly due to the Easter timing difference, was balanced by increased revenue per pax. On a like-for-like basis Shipping Division's revenue was up 2.6%.

Logistics Division's revenue in Q2 decreased 0.4% to DKK 1,341m as higher revenue in Continent was offset by lower revenue in UK & Ireland. The revenue of all three business units was impacted by activity changes. The closure of the Italian activities had an impact on all business units while the divestment of the reefer activity in Belfast impacted UK & Ireland. This was offset by a mix of volume growth for continuing activities and new contracts in all business units as well as the acquisition of Special Cargo. On a like-for-like basis Logistics Division's revenue was up 4.8%.

Revenue

DKK m	Q2 2018	Q2 2017	Change, %	Change
Shipping Division	2,729	2,523	8.2	206
Logistics Division	1,341	1,346	-0.4	-5
Non-allocated items	120	97	24.3	23
Eliminations	-296	-277	-6.8	-19
DFDS Group	3,894	3,688	5.6	206

Operating profit before depreciation (EBITDA) and special items

The Group's EBITDA increased 9% to DKK 802m in Q2 driven by both divisions.

Shipping Division's EBITDA in Q2 increased 5% to DKK 715m driven by the expansion of the Mediterranean route network and continued growth in freight operations across business units. The EBITDA of the Mediterranean business unit was increased by DKK 50m due to the addition of U. N. Ro-Ro. Earnings growth was across business units dampened by a higher bunker cost due to a lag in bunker surcharges as the oil price continued to rise through Q2. The earnings growth of the Channel business unit was also limited by extra ferry maintenance costs. The result of Passenger was not satisfactory as cost increases could not be offset by revenue growth. Projects to enhance yields and onboard spending have been initiated to improve earnings.

Logistics Division's EBITDA in Q2 increased 25% to DKK 91m driven by the Nordic and Continent business units following higher volumes in most traffics and more activity for several logistics contracts as well as the addition of Special Cargo. UK & Ireland's result was below last

year due to lower volumes in Scotland and the ongoing turnaround of a cold store contract.

Depreciation and operating profit (EBIT) before special items

Depreciation in Q2 of DKK 272m increased 15% compared to 2017 mainly due to acquisitions.

The Group's EBIT before special items for Q2 increased 6% to DKK 533m.

Special items

In Q2 2018, special items were a net cost of DKK 63m of which DKK 47m was related to the acquisition of U. N. Ro-Ro. Also included is consultancy costs related to strategy development and implementation and costs for the award of anniversary shares to all employees in 2016.

The Group's EBIT after special items for Q2 decreased 7% to DKK 470m.

Financial items

The total net cost of financing in Q2 was DKK 39m, an increase of DKK 32m of which DKK 24m was related to net currency changes mainly due to changes in SEK, USD and TRY. The net interest cost increased DKK 9m mainly due to acquisition financing of U. N. Ro-Ro.

Profit before and after tax

The profit before tax for Q2 decreased 14% to DKK 431m and was on level with last year excluding special items. The profit after tax was DKK 407m following taxes of DKK 24m.

Earnings per share

Earnings per share (EPS) for the quarter decreased to DKK 7.29 from DKK 8.70 in Q2 2017, a decrease of 16%.

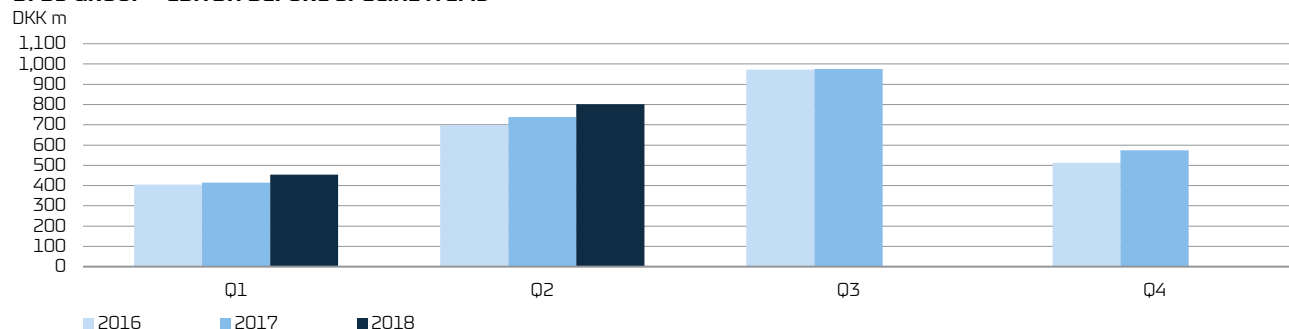
Cash flow and investments

The free cash flow (FCFF) of Q2 was DKK -3.0bn due to the acquisition of U. N. Ro-Ro for DKK 3.6bn. The free cash flow was DKK 549m excluding this acquisition but including investments of DKK 309m mainly related to ferries.

In Q2, the cash flow from financing activities was positive by DKK 3.7bn mainly due to proceeds of DKK 1.0bn from a share issue and loan financing related to the acquisition of U. N. Ro-Ro.

The net cash flow for Q2 2018 was positive by DKK 595m and at the end of Q2 cash amounted to DKK 1,185m.

DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS



Operating profit before depreciation (EBITDA) & special items

DKK m	Q2 2018	Q2 2017	Change, %	Change
Shipping Division	715	680	5.1	35
Logistics Division	91	73	24.7	18
Non-allocated items	-4	-15	72.6	11
DFDS Group	802	738	8.6	63
EBITDA-margin, %	20.6	20.0	2.8	0.6

Associates and joint ventures, profits on disposals and depreciation

DKK m	Q2 2018	Q2 2017	Change, %	Change
EBITDA before special items	802	738	8.6	63
Associates and joint ventures	1	0	n.a.	1
Profit on disposals	3	1	174.1	2
Depreciation and impairment	-272	-237	-14.9	-35
EBIT before special items	533	502	6.1	31

Financial items

DKK m	Q2 2018	Q2 2017	Change, %	Change
Interest, net	-22	-13	-71.2	-9
Foreign exchange gains/losses, net	-12	13	-195.0	-24
Other items	-5	-7	30.1	2
Total finance, net	-39	-7	439.2	-32

Capital structure

At the end of Q2 net-interest-bearing debt (NIBD) was DKK 8,256m, an increase of 251% or DKK 5,905m compared to year-end 2017 as the acquisition of U. N. Ro-Ro was partly financed by loans.

Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a multiple of 2.9 compared to 0.9 at year-end 2017. On a pro forma basis, including U. N. Ro-Ro's EBITDA for the last twelve months, NIBD/EBITDA was 2.4.

The equity ratio was 37% at the end of Q2 down from 50% at year-end 2017.

Equity

Equity amounted to DKK 7,935m at the end of Q2, including minority interests of DKK 66m. This was an increase of 20% compared to equity at year-end 2017 as total comprehensive income for H1 2018 was DKK 643m while transactions with owners increased equity by DKK 678m, including proceeds of DKK 1,000m from an issue of new shares and distribution of DKK 409m through dividend and a share buyback.

Invested capital and ROIC

Invested capital was DKK 16,327m at the end of Q2, an increase of 79% compared to year-end 2017 mainly driven by the acquisition of U. N. Ro-Ro. The average invested capital for the last twelve months increased 15% to DKK 10,599m.

OUTLOOK 2018

DKK m	New outlook 2018	Previous outlook 2018	2017
Revenue growth	10%	10%	14,328
EBITDA before special items	3,000-3,200	3,000-3,200	2,702
Per division:			
Shipping Division	2,825-2,975	2,825-2,975	2,513
Logistics Division	275-325	275-325	263
Non-allocated items	-100	-100	-74
Depreciation change	18%	18%	-933
Special items	-100	-45	-41
Investments	-5,000	-5,200	-1,564

For the last twelve months, the return on invested capital, ROIC, was 16.9% before special items compared to 19.0% for 2017.

Management shareholdings

Current holdings of DFDS shares for Niels Smedegaard, CEO, and Torben Carlsen, CFO, are available at <https://www.dfds.com/group/about/management>.

Outlook 2018

Acquisitions, new customer agreements, continuous improvement projects and some tailwind from European growth is expected to continue to underpin and drive earnings improvement.

Further investments are being made in development of digital capabilities to enhance the customer experience and gain operational efficiencies.

European real GDP growth looks set to continue at a level of around 2% in 2018. This includes growth projections for the UK economy somewhat above 1%.

Due to the recent sharp depreciation of TRY, the outlook is associated with a higher level of uncertainty than usual.

Revenue outlook

The Group's revenue is expected to increase by around 10% driven by higher activity for both ferry routes and logistics activities as well as the acquisition of U. N. Ro-Ro.

Pricing continues, as expected, to be competitive in both freight and passenger markets.

EBITDA outlook

The outlook range for EBITDA before special items is unchanged DKK 3,000-3,200m (2017: DKK 2,702m).

Special items

The net cost of Special items has been increased to around DKK -100m from previously DKK -45m following inclusion of items related to the acquisition of U.N. Ro-Ro, strategy development and implementation and the sale of two ferries.

Investments

Investments expected in 2018 are lowered DKK 200m to around DKK 5.0bn following a lower equity value price for U. N. Ro-Ro. Main investments are:

- Dockings and ferry upgrades, including two lengthenings: DKK 500m
- Freight ferry (ro-ro) new buildings: DKK 300m. A total of six freight new buildings are on order; two for delivery in beginning of 2019, two in the second half of 2019 and two for delivery in the first half of 2020
- Passenger and freight ferry (ro-pax) new buildings: DKK 200m. Two combined passenger and freight new buildings are on order for delivery in 2021
- Port terminals: DKK 150m
- Cargo carrying equipment and warehouses, mainly related to Logistics Division: DKK 150m
- Other investments, including IT and digital: DKK 100m
- Acquisition of U.N. Ro-Ro, equity value: DKK 3.6 bn.

A number of risks and uncertainties pertain to the outlook. The most important among these are possible major changes in the demand for ferry shipping and transport and logistics services. For DFDS, such demand is to a large extent linked to the level of economic activity in primarily Europe, especially northern Europe and in particular the UK following its decision to leave the EU, but also adjacent regions, including Turkey. Demand can also be impacted by competitor actions. The outlook can also be impacted by political changes, first and foremost within the EU and Turkey, as well as changes in economic variables, especially the oil price and exchange rates. Consequently, the future financial results may differ significantly from expectations.

Trieste port, Italy

Loading and unloading of freight units, primarily trailers and trucks, in the port of Trieste on the routes between Turkey and Italy.



Shipping Division

The division is organised in five business units:

- North Sea
- Baltic Sea
- Channel
- Mediterranean
- Passenger

Q2 market, activity and result trends

North Sea

Freight volumes in Q2 were 1.1% above 2017 and up 3.3% adjusted for the closure of Rosyth-Zeebrugge in April. Volume growth was robust in all corridors reflecting continued economic growth in the region. Capacity was adjusted between the two Gothenburg routes reflecting increasing demand between Sweden and UK. Volume growth between UK and the Netherlands was curbed by fewer departures to Immingham as three ferries were deployed vs four in 2017.

EBIT in Q2 increased 5% to DKK 188m mainly driven by volume growth. Earnings were reduced by a lag in the recovery of the bunker cost increase.

Shipping

DKK m	2018		2018 H1	2017 H1	2017				2017-18 LTM	2017 Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
Revenue	2,301	2,729	5,030	4,677	2,154	2,523	2,835	2,381	10,246	9,892
EBITDA before special items	388	715	1,103	1,056	376	680	926	531	2,560	2,513
Share of profit/loss of associates and joint ventures	3	1	4	6	6	0	-1	1	4	6
Profit/loss on disposal of non-current assets, net	1	0	1	0	0	0	0	0	1	1
Depreciation and impairment	-198	-228	-426	-405	-202	-203	-198	-189	-813	-792
EBIT before special items	194	488	682	658	180	478	726	343	1,752	1,727
EBIT margin before special items, %	8.4	17.9	13.6	14.1	8.4	18.9	25.6	14.4	17.0	17.5
Special items, net	-1	-45	-46	9	0	9	0	-16	-61	-7
EBIT	193	444	637	666	180	486	726	327	1,690	1,720
Invested capital, average	8,177	11,719	10,533	8,259	8,264	8,287	8,347	8,271	9,658	8,264
ROIC before special items, %	-	-	-	-	-	-	-	-	17.9	20.7
Lane metres, '000	9,536	10,046	19,582	18,982	9,395	9,588	9,654	9,781	39,017	38,418
Passengers, '000	862	1,409	2,271	2,185	756	1,428	2,144	1,020	5,435	5,349

Baltic Sea

Freight volumes in Q2 were 0.5% above 2017 reflecting continued growth on the southern routes and lower volumes on the northern routes as capacity has been increased on competing routes in this region. Volumes on the southern routes were boosted in 2017 by movement of military equipment. Passenger volumes were up 5.3% with contributions from all routes.

EBIT in Q2 was on level with last year due to a lag in the recovery of the bunker cost increase and increased competition on the northern routes.

Channel

Freight volumes in Q2 increased 2.5% compared to 2017 and by 2.9% excluding Newhaven-Dieppe that is now included in the Channel business unit. Freight volumes in the Dover Strait market were overall down 1.2% and DFDS thus gained market share in the quarter. The decline in the overall market, that entirely consists of driver-accompanied trailers, is partly linked to a continued tight supply situation for drivers.

Passenger volumes were down 0.9% in Q2 mainly due to the Easter timing difference while revenue per pax increased.

EBIT in Q2 increased 1.0% to DKK 73m as the higher contribution from both freight and passengers was offset by extra ferry maintenance costs and a lag in the recovery of the bunker cost increase.

Mediterranean

Freight volumes in Q2 increased with the expansion of the route network to 351k lane metres. The growth rate for Turkish export volumes to Europe is currently considerably higher than the growth rate for import volumes due to the depreciation of TRY. Volumes between France and Tunisia developed in line with expectations.

EBIT in Q2 increased to DKK 27m from DKK 5m in 2017 following the acquisition of U. N. Ro-Ro as per 7 June 2018.

Passenger

The number of passengers in Q2 decreased 2.9% compared to 2017 as volumes decreased on both routes partly due to the Easter timing difference and some slow-down in demand driven by the soccer world cup. The lower volume was partly offset by increased revenue per pax.

EBIT decreased in Q2 from DKK 88m to DKK 57m driven mainly by higher costs primarily related to bunker and ferry maintenance. The contribution from passenger operations was in addition reduced by lower volumes and mix changes.

Shipping division

DKK m	2018		2018 H1	2017 H1	2017				2017-18 LTM	2017 Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
North Sea										
Revenue	967	964	1,930	1,853	926	928	897	949	3,776	3,699
EBIT before special items	155	188	342	330	151	179	174	166	683	670
Invested capital	3,967	3,947	3,992	4,213	4,263	4,136	4,115	4,064	4,046	4,164
ROIC before special items, %	-	-	-	-	-	-	-	-	16.4	15.8
Lane metres freight, '000	3,347	3,367	6,714	6,574	3,242	3,332	3,280	3,364	13,358	13,218
Baltic Sea										
Revenue	343	392	735	722	341	382	388	355	1,478	1,465
EBIT before special items	71	105	176	179	74	105	116	84	376	379
Invested capital	1,218	1,234	1,204	1,221	1,218	1,181	1,182	1,159	1,195	1,201
ROIC before special items, %	-	-	-	-	-	-	-	-	31.4	31.5
Lane metres freight, '000	1,102	1,182	2,284	2,301	1,125	1,176	1,151	1,133	4,568	4,585
Passengers, '000	36	58	94	89	34	55	75	41	210	205
Channel										
Revenue	573	687	1,261	1,189	530	659	874	620	2,755	2,683
EBIT before special items	18	73	91	62	-10	72	218	73	382	353
Invested capital	2,025	1,872	1,919	2,047	1,994	1,966	1,928	1,860	1,930	1,956
ROIC before special items, %	-	-	-	-	-	-	-	-	19.7	18.0
Lane metres freight, '000	4,896	4,995	9,891	9,700	4,828	4,872	5,035	5,061	19,987	19,796
Passengers, '000	556	992	1,548	1,485	485	1,000	1,648	670	3,866	3,803
Mediterranean										
Revenue	31	170	200	52	25	27	22	29	251	103
EBIT before special items	3	27	30	5	0	5	1	3	34	9
Invested capital	122	7,204	2,480	33	138	129	127	115	1,539	99
ROIC before special items, %	-	-	-	-	-	-	-	-	2.2	9.3
Lane metres freight, '000	61	351	412	119	59	60	48	62	522	229
Passengers, '000	-	-	-	-	-	-	-	-	-	-
Passenger										
Revenue	298	466	764	731	272	460	586	356	1,707	1,674
EBIT before special items	-80	57	-23	29	-59	88	184	-29	132	183
Invested capital	562	479	584	652	620	711	725	712	638	678
ROIC before special items, %	-	-	-	-	-	-	-	-	20.2	26.6
Lane metres freight, '000	130	151	281	288	141	147	140	160	582	589
Passengers, '000	270	361	631	611	237	374	421	309	1,361	1,341
Non-allocated items										
Revenue	119	110	229	222	101	121	123	132	485	478
EBIT before special items	26	39	65	53	23	30	33	47	145	133

The invested capital in the quarter is shown as per the end of the period. For the full year, the invested capital is shown as an average.

Non-allocated items

These items comprise primarily external charter activities.

EBIT increased 31% to DKK 39m mainly due to a positive variance from a write-down in 2017 and higher earnings from charter activity.

Logistics Division

The division is organised in three business units:

- Nordic
- Continent
- UK & Ireland

Q2 market, activity and result trends

Nordic

The number of transported units in Q2 increased 4.3% adjusted for the closure of the Italian rail activities. The volume growth was driven by the Danish trailer operation and Baltic markets which also includes project volumes. A large logistics contract expired during the quarter in Sweden. A new contract has been entered into that is expected to commence in Q4 2018. The Norwegian market remained subdued.

EBIT increased 50% to DKK 26m driven by the Swedish activities. Several activities were impacted by a lag in the recovery of higher haulage costs.

Logistics

DKK m	2018		2018 H1	2017 H1	2017				2017-18 LTM	2017 Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
Revenue	1,385	1,341	2,726	2,581	1,235	1,346	1,261	1,318	5,305	5,160
EBITDA before special items	81	91	171	120	48	73	66	77	314	263
Profit/loss on disposal of non-current assets, net	1	2	4	3	3	1	0	1	5	5
Depreciation and impairment	-34	-33	-67	-49	-25	-24	-25	-28	-119	-102
EBIT before special items	48	60	109	75	26	49	42	50	200	166
EBIT margin before special items, %	3.5	4.5	4.0	2.9	2.1	3.6	3.4	3.8	3.8	3.2
Special items, net	-17	0	-17	0	0	0	0	-13	-30	-13
EBIT	31	60	92	75	26	49	42	37	170	153
Invested capital, average	1,147	1,223	1,185	1,128	1,123	1,127	1,139	1,129	1,167	1,128
ROIC before special items, %	-	-	-	-	-	-	-	-	14.9	13.1
Tons, '000	97.7	102.8	200.5	199.0	99.0	100.0	94.1	107.3	401.9	400.4
Units, '000	145.6	146.7	292.3	272.8	131.9	140.9	136.1	139.6	568.0	548.5

Continent

The number of transported units in Q2 increased 19.3% and by 5.2% adjusted for the acquisition of Special Cargo on 3 January 2018 (formerly Alphatrans Group) and the closure of Italy. Activity levels continued to be high in the Netherlands-UK traffics and increased in Germany.

EBIT increased 28% to DKK 22m mainly driven by the expansion into special cargo solutions. Most of the trailer operations were impacted by a lag in the recovery of higher haulage costs.

UK & Ireland

The number of transported units in Q2 decreased 8.5% and increased 5.2% adjusted for the divested Belfast reefer activity and the closure of the Italian rail activities. The level of activity was high in UK distribution although several large aquaculture customers reduced production. There was also high activity in cold stores in England and progress is being made on operating efficiency.

EBIT decreased 11% to DKK 13m as a positive impact of the divestment of the Belfast reefer activity and improved earnings in Grimsby was offset by higher haulage costs for UK transport activities and a dip in Scottish aquaculture volumes.

Logistics division

DKK m	2018		2018 H1	2017 H1	2017				2017-18 LTM	2017 Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
Nordic										
Revenue	517	485	1,002	916	429	486	461	522	1,984	1,898
EBIT before special items	26	26	52	26	9	17	13	22	87	62
Invested capital	362	306	346	338	332	360	411	371	362	359
ROIC before special items, %	-	-	-	-	-	-	-	-	23.8	16.8
Units, '000 *	37.6	34.7	72.3	66.9	31.0	35.8	32.9	35.4	140.6	135.2
Tons, '000	97.7	102.8	200.5	199.0	99.0	100.0	94.1	107.3	401.9	400.4
Continent										
Revenue	626	622	1,248	997	479	518	500	538	2,287	2,035
EBIT before special items	18	22	40	26	9	17	18	21	79	65
Invested capital	513	521	467	347	346	340	344	368	417	351
ROIC before special items, %	-	-	-	-	-	-	-	-	14.4	15.3
Units, '000	66.8	68.1	134.9	111.3	54.2	57.1	56.1	61.3	252.3	228.7
UK & Ireland										
Revenue	274	284	558	738	359	378	339	312	1,208	1,388
EBIT before special items	4	13	17	23	9	14	10	7	34	40
Invested capital	387	357	371	442	445	429	394	370	387	418
ROIC before special items, %	-	-	-	-	-	-	-	-	7.3	8.2
Units, '000	41.2	43.9	85.1	94.7	46.7	48.0	47.1	42.9	175.0	184.6
Non-allocated items										
Revenue	74	57	131	107	53	54	55	53	240	216
EBIT before special items	0	0	0	0	0	0	0	0	0	0

* Excluding volumes related to automotive Logistics contract.

The invested capital in the quarter is shown as per the end of the period. For the full year, the invested capital is shown as an average.

DFDS Group Income statement

DKK m	Note	2018 Q2	2017 Q2	2018 H1	2017 H1	2017-18 LTM	2017 Full year
Revenue	3	3,894.2	3,688.2	7,379.1	6,908.3	14,798.6	14,327.8
Costs							
Ship operation and maintenance		-826.4	-713.5	-1,586.7	-1,405.9	-3,069.7	-2,888.9
Freight handling		-623.0	-571.1	-1,213.8	-1,132.5	-2,343.4	-2,262.0
Transport solutions		-790.1	-828.8	-1,609.4	-1,590.8	-3,147.1	-3,128.4
Employee costs		-696.1	-671.0	-1,370.6	-1,309.7	-2,721.6	-2,660.7
Costs of sales and administration		-156.7	-165.2	-343.3	-317.0	-711.7	-685.4
Operating profit before depreciation (EBITDA) and special items		801.9	738.5	1,255.2	1,152.4	2,805.1	2,702.3
Share of profit/loss of associates and joint ventures		1.0	-0.1	4.3	6.2	3.6	5.6
Profit/loss on disposal of non-current assets, net		2.7	1.0	5.1	5.3	6.7	7.0
Depreciation, ships		-203.0	-188.8	-387.4	-375.9	-756.7	-745.3
Depreciation, other non-current assets		-69.0	-48.3	-127.6	-97.0	-227.9	-197.3
Impairment losses, ships and other non-current assets		-0.5	-0.0	-0.5	0.0	8.8	9.3
Operating profit (EBIT) before special items		533.0	502.2	749.0	691.1	1,839.6	1,781.7
Special items, net	4	-63.2	3.5	-89.9	-2.4	-128.2	-40.7
Operating profit (EBIT)		469.8	505.6	659.1	688.7	1,711.4	1,741.0
Financial income		1.1	13.2	2.0	17.8	11.3	27.0
Financial costs		-39.8	-20.4	-52.6	-41.0	-93.2	-81.7
Profit before tax		431.0	498.4	608.5	665.4	1,629.4	1,686.3
Tax on profit		-23.9	-13.5	-44.5	-30.3	-82.6	-68.3
Profit for the period		407.1	485.0	563.9	635.1	1,546.9	1,618.0
Attributable to:							
Equity holders of DFDS A/S		407.2	484.6	563.4	634.9	1,545.3	1,616.8
Non-controlling interests		-0.0	0.4	0.5	0.3	1.6	1.3
Profit for the period		407.1	485.0	563.9	635.1	1,546.9	1,618.0
Earnings per share							
Basic earnings per share (EPS) of DKK 20, DKK		7.29	8.70	10.20	11.31	28.02	29.08
Diluted earnings per share (EPS-D) of DKK 20, DKK		7.27	8.64	10.15	11.21	27.84	28.83

DFDS Group – statement of Comprehensive income

DKK m	2018 Q2	2017 Q2	2018 H1	2017 H1	2017-18 LTM	2017 Full year
Profit for the period	407.1	485.0	563.9	635.1	1,546.9	1,618.0
Other comprehensive income						
Items that will not be reclassified subsequently to the Income statement:						
Remeasurement of defined benefit pension obligations	0.0	0.0	0.0	0.0	57.9	57.9
Tax on items that will not be reclassified to the Income statement	0.0	0.7	0.0	1.4	-1.4	0.0
Items that will not be reclassified subsequently to the Income statement	0.0	0.7	0.0	1.4	56.5	57.9
Items that are or may be reclassified subsequently to the Income statement:						
Value adjustment of hedging instruments:						
Value adjustment for the period	213.6	-80.2	289.4	-98.1	254.8	-132.7
Value adjustment transferred to operating costs	-1.8	-2.7	-2.4	-6.4	-5.6	-9.6
Value adjustment transferred to financial costs	-8.5	30.8	-101.5	42.7	-115.1	29.1
Value adjustment transferred to non-current tangible assets	-4.1	-0.2	0.6	-0.2	6.9	6.2
Tax on items that will be reclassified to the Income statement	-40.9	0.0	-40.7	0.0	-39.6	1.1
Foreign exchange adjustments, subsidiaries	-22.8	-39.6	-66.3	-35.8	-90.7	-60.1
Items that are or may be reclassified subsequently to the Income statement	135.5	-91.8	79.1	-97.7	10.8	-166.1
Total other comprehensive income after tax	135.5	-91.1	79.1	-96.3	67.3	-108.2
Total comprehensive income	542.6	393.9	643.1	538.8	1,614.1	1,509.8
Attributable to:						
Equity holders of DFDS A/S	542.5	393.5	642.5	538.6	1,612.4	1,508.5
Non-controlling interests	0.2	0.4	0.6	0.3	1.6	1.3
Total comprehensive income	542.6	393.9	643.1	538.8	1,614.1	1,509.8

Balance Sheet Assets

DKK m	2018 H1	2017 H1	2017 Full year
Goodwill	1,745.6	551.7	554.5
Other non-current intangible assets	2,095.3	34.8	29.4
Software	242.9	230.2	235.3
Development projects in progress	9.2	10.6	14.8
Non-current intangible assets	4,093.0	827.3	834.0
Land and buildings	161.2	141.3	148.8
Terminals	733.4	496.3	480.4
Ships	10,597.8	7,841.0	7,505.4
Equipment, etc.	739.3	576.1	615.7
Assets under construction and prepayments	610.8	87.1	307.8
Non-current tangible assets	12,842.5	9,141.8	9,058.0
Investments in associates and joint ventures and securities	45.0	44.1	42.8
Receivables	137.7	135.8	135.7
Deferred tax	68.5	76.1	63.6
Derivative financial instruments	113.7	0.4	0.0
Other non-current assets	364.9	256.3	242.1
Non-current assets	17,300.3	10,225.5	10,134.1
Inventories	205.3	125.2	155.8
Trade receivables including work in progress services	2,256.9	1,837.0	1,687.5
Receivables from associates and joint ventures	66.3	60.9	74.1
Other receivables	188.7	110.3	129.2
Prepaid costs	162.4	119.8	90.7
Derivative financial instruments	32.5	4.0	3.8
Cash	1,185.0	458.0	1,033.2
Current assets	4,097.2	2,715.1	3,174.3
Assets classified as held for sale	56.9	0.0	0.0
Total current assets	4,154.1	2,715.1	3,174.3
Assets	21,454.5	12,940.6	13,308.4

Equity and liabilities

DKK m	2018 H1	2017 H1	2017 Full year
Share capital	1,172.6	1,140.0	1,140.0
Reserves	-317.6	-370.1	-455.0
Retained earnings	7,013.3	5,072.5	5,651.6
Proposed dividends	0.0	399.0	228.0
Equity attributable to equity holders of DFDS A/S	7,868.3	6,241.4	6,564.6
Non-controlling interests	66.5	48.1	49.0
Equity	7,934.8	6,289.5	6,613.7
Interest-bearing liabilities	8,438.2	2,081.4	2,931.6
Deferred tax	204.8	189.7	197.1
Pension and jubilee liabilities	377.9	443.8	378.6
Other provisions	41.8	45.9	42.4
Derivative financial instruments	23.0	19.6	94.8
Non-current liabilities	9,085.7	2,780.4	3,644.5
Interest-bearing liabilities	1,012.3	1,013.6	343.9
Trade payables	2,392.5	1,798.6	1,847.0
Payables to associates and joint ventures	31.6	41.8	40.1
Other provisions	71.0	36.6	35.1
Corporation tax	64.9	36.6	23.8
Other payables	526.0	463.6	489.6
Derivative financial instruments	19.0	173.0	111.3
Prepayments from customers	316.8	307.0	159.3
Current liabilities	4,434.0	3,870.7	3,050.2
Liabilities	13,519.7	6,651.1	6,694.7
Equity and liabilities	21,454.5	12,940.6	13,308.4

DFDS GROUP - Statement of changes in equity 1 January - 30 June 2018

DKK m	Reserves							Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2018	1,140.0	-339.7	-68.4	0.1	-47.0	5,651.6	228.0	6,564.6	49.0	6,613.7
Change in accounting policies*				-0.1		0.1		0.0		0.0
Restated equity at 1 January 2018	1,140.0	-339.7	-68.4	0.0	-47.0	5,651.7	228.0	6,564.6	49.0	6,613.7
Comprehensive income for the period										
Profit for the period						563.4		563.4	0.5	563.9
Other comprehensive income										
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment of hedging instruments for the period			289.4					289.4		289.4
Value adjustment transferred to operating costs			-2.4					-2.4		-2.4
Value adjustment transferred to financial costs			-101.5					-101.5		-101.5
Value adjustment transferred to non-current tangible assets			0.6					0.6		0.6
Tax on items that will be reclassified to the Income statement						-40.7		-40.7		-40.7
Foreign exchange adjustments, subsidiaries		-66.4						-66.4	0.1	-66.3
Items that are or may be reclassified subsequently to the Income statement	0.0	-66.4	186.2	0.0	0.0	-40.7	0.0	79.1	0.1	79.1
Total other comprehensive income after tax	0.0	-66.4	186.2	0.0	0.0	-40.7	0.0	79.1	0.1	79.1
Total comprehensive income	0.0	-66.4	186.2	0.0	0.0	522.7	0.0	642.5	0.6	643.1
Transactions with owners										
Acquisition, non-controlling interests						1.0		1.0	-1.3	-0.4
Addition related to acquisition								0.0	18.2	18.2
Dividend paid							-218.9	-218.9		-218.9
Dividend on treasury shares						9.1	-9.1	0.0		0.0
Vested share-based payments						12.2		12.2		12.2
Purchase of treasury shares					-11.0	-179.1		-190.2		-190.2
Cash from sale of treasury shares related to exercise of share options					8.8	50.5		59.2		59.2
Reduction of share capital by cancellation of treasury shares	-20.0				20.0			0.0		0.0
Increase of capital	52.6					947.4		1,000.0		1,000.0
Other adjustments						-2.2		-2.2		-2.2
Transactions with owners H1 2018	32.6	0.0	0.0	0.0	17.7	838.8	-228.0	661.2	16.8	678.0
Equity at 30 June 2018	1,172.6	-406.1	117.8	0.0	-29.3	7,013.3	0.0	7,868.3	66.5	7,934.8

* According to the new IFRS 9 changes in Fair value of securities are recognised via the Income Statement.

Due to immaterial effects from implementing IFRS 9 and IFRS 15, the 1 January 2018 Equity has not been restated except for DKK 0.1m which under IFRS 9 has been reclassified within the Equity (see above).

DFDS GROUP - Statement of changes in equity 1 January - 30 June 2017

DKK m	Reserves							Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2017	1,200.0	-279.6	38.8	0.1	-58.9	5,556.1	180.0	6,636.4	48.2	6,684.6
Comprehensive income for the period										
Profit for the period						634.9		634.9	0.3	635.1
Other comprehensive income										
Items that will not subsequently be reclassified to the income statement:										
Tax on items that will not be reclassified to the Income statement						1.4		1.4		1.4
Items that will not subsequently be reclassified to the Income statement	0.0	0.0	0.0	0.0	0.0	1.4	0.0	1.4	0.0	1.4
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment of hedging instruments for the period			-98.1					-98.1		-98.1
Value adjustment transferred to operating costs			-6.4					-6.4		-6.4
Value adjustment transferred to financial costs			42.7					42.7		42.7
Value adjustment transferred to non-current tangible assets			-0.2					-0.2		-0.2
Foreign exchange adjustments, subsidiaries		-35.8						-35.8	0.0	-35.8
Items that are or may be reclassified subsequently to the Income statement	0.0	-35.8	-62.0	0.0	0.0	0.0	0.0	-97.7	0.0	-97.7
Total other comprehensive income after tax	0.0	-35.8	-62.0	0.0	0.0	1.4	0.0	-96.3	0.0	-96.3
Total comprehensive income	0.0	-35.8	-62.0	0.0	0.0	636.3	0.0	538.6	0.3	538.8
Transactions with owners										
Acquisition, non-controlling interests						0.3		0.3	-0.4	-0.1
Dividend paid							-167.9	-167.9		-167.9
Dividend on treasury shares						12.1	-12.1	0.0		0.0
Proposed extraordinary dividend						-399.0	399.0	0.0		0.0
Vested share-based payments						13.2		13.2		13.2
Purchase of treasury shares					-45.2	-788.9		-834.1		-834.1
Cash from sale of treasury shares related to exercise of share options					12.6	42.7		55.3		55.3
Reduction of share capital by cancellation of treasury shares	-60.0				60.0			0.0		0.0
Other adjustments						-0.4		-0.4		-0.4
Transactions with owners H1 2017	-60.0	0.0	0.0	0.0	27.4	-1,119.9	219.0	-933.6	-0.4	-933.9
Equity at 30 June 2017	1,140.0	-315.4	-23.2	0.1	-31.5	5,072.5	399.0	6,241.4	48.1	6,289.5

DFDS Group – Statement of cash flows

DKK m	2018 Q2	2017 Q2	2018 H1	2017 H1	2017-18 LTM	2017 Full year
Operating profit before depreciation (EBITDA) and special items	801.9	738.5	1,255.2	1,152.4	2,805.1	2,702.3
Cash flow effect from special items related to operating activities	-28.9	0.0	-39.8	0.0	-39.8	0.0
Adjustments for non-cash operating items, etc.	0.2	4.3	2.5	7.4	13.9	18.8
Change in working capital	111.5	-12.6	53.6	17.7	78.3	42.5
Payment of pension liabilities and other provisions	-7.7	-37.4	-21.7	-44.9	-40.5	-63.7
Cash flow from operating activities, gross	877.0	692.8	1,249.7	1,132.6	2,817.0	2,699.9
Interest etc. received	36.3	29.1	66.4	46.3	138.7	118.7
Interest etc. paid	-114.8	-40.8	-154.1	-87.1	-229.8	-162.8
Taxes paid	-5.1	-4.1	-33.6	-8.9	-58.2	-33.5
Cash flow from operating activities, net	793.4	677.1	1,128.4	1,083.0	2,667.6	2,622.2
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-282.5	-814.9	-419.9	-1,005.0	-714.8	-1,299.8
Investments in other non-current tangible assets	-32.8	-73.1	-63.1	-114.4	-163.2	-214.4
Sale of other non-current tangible assets	6.0	1.6	11.7	27.9	19.4	35.6
Investments in non-current intangible assets	-6.5	-12.8	-13.1	-24.1	-40.1	-51.1
Acquisition of enterprises, associates, joint ventures and activities	-3,568.7	0.0	-3,638.4	0.0	-3,638.4	0.0
Sale of activities etc.	1.4	0.0	2.0	0.0	2.0	0.0
Other investing cash flows	5.5	-7.1	7.8	-8.7	-17.9	-34.4
Cash flow to/from investing activities, net	-3,877.7	-906.3	-4,113.0	-1,124.2	-4,553.0	-1,564.2
Cash flow before financing activities, net	-3,084.3	-229.2	-2,984.6	-41.2	-1,885.4	1,058.0
Proceed from bank loans and loans secured by mortgage in ships	5,608.0	750.9	5,608.0	950.9	5,359.3	702.2
Repayment and instalments of bank loans and loans secured by mortgage in ships	-148.2	-54.3	-166.6	-67.2	-264.8	-165.4
Proceed from issuance of corporate bonds	0.0	0.0	0.0	0.0	990.5	990.5
Repayment of corporate bonds incl. settlement of cross currency swap	0.0	0.0	-202.8	0.0	-707.7	-504.9
Change in other non-current investments, net	0.0	0.0	0.4	0.0	0.4	0.0
Payment of loan in acquired entity	-2,756.3	0.0	-2,756.3	0.0	-2,756.3	0.0
Payment of financial lease liabilities	-1.2	-12.7	-1.8	-33.7	-5.1	-37.1
Acquisition of treasury shares	-29.5	-175.5	-190.2	-834.1	-461.9	-1,105.8
Other non-current receivable	0.0	-111.0	0.0	-111.0	0.0	-111.0
Cash received from exercise of share options	0.2	0.0	59.2	55.3	59.2	55.3
Government grants received related to purchase of assets	6.0	11.9	6.0	11.9	6.0	11.9
Other financing cash flows	-0.1	-0.1	-0.4	-0.1	-0.4	-0.2
Proceed from increase of share capital	1,000.0	0.0	1,000.0	0.0	1,000.0	0.0
Dividends paid	0.0	0.0	-218.9	-167.9	-606.4	-555.3
Cash flow to/from financing activities, net	3,678.9	409.1	3,136.8	-195.8	2,612.9	-719.7
Net increase (decrease) in cash and cash equivalents	594.7	179.9	152.2	-237.0	727.5	338.3
Cash and cash equivalents at beginning of period	591.1	279.0	1,033.2	695.6	458.0	695.6
Foreign exchange and value adjustments of cash and cash equivalents	-0.7	-0.9	-0.3	-0.5	-0.5	-0.7
Cash and cash equivalents at end of period *	1,185.0	458.0	1,185.0	458.0	1,185.0	1,033.2

* At 30 June 2018 DKK 42.2m of the cash was deposited on restricted bank accounts.

The statement of cash flows cannot directly be derived from the Income Statement and the Balance Sheet.

Note 1 Accounting policies

Basis of reporting

This section provides an overview of our principal accounting policies and new and amended IFRS standards and interpretations.

Accounting policies

This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the same accounting policies, judgements and estimates as for the annual report for 2017 except as described below.

Implementation of new or changed accounting standards and interpretations

DFDS has adopted IFRS 9 – "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities" and IFRS 15 – "Revenue from Contracts with Customers" and all other new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2018. Comparative figures are not restated due to either no impact or insignificant impact on the financial statements.

IFRS 9 Financial Instruments

IFRS 9 introduces a new impairment loss model for financial assets by replacing IAS 39's "incurred loss model" approach with a more forward-looking "expected credit loss model". Under the new model it is no longer necessary that a credit event has occurred before a credit loss is recognised. For DFDS the new credit loss model primarily apply to trade receivables. In recent years DFDS' realised losses on trade receivables have been insignificant, and the implementation of the new credit loss model has not had any significant impact on DFDS' credit loss provisions and accordingly, no restatement of equity is made as of 1 January 2018.

Under IFRS 9, investments in equity instruments are measured at "Fair value through profit loss" (FVTPL), or alternatively at "Fair value through Other comprehensive income without recycling to profit loss" provided that the equity instrument is not held for trading. DFDS'

present holding of securities, comprising a minor holding of equity instruments in unlisted enterprises and other investments, was under the replaced IAS 39 classified as "Available for sale" implying that unrealised value adjustments were recognised in Other comprehensive income and attributed to a separate reserve in equity. Following the adoption of IFRS 9 DFDS will from 1 January 2018 recognise its present holding of securities at FVTPL, which implies that the "Revaluation of securities" reserve under equity will be transferred to "Retained earnings".

IFRS 15 Revenue from contracts with customers

On January 2018, the IFRS 15, "Revenue from Contract with Customers", which replaces IAS 11, IAS 18 and associated interpretations, were implemented.

The most important changes resulting from IFRS 15 are:

- the model for recognition of revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the product or services transferred to the customer
- more detailed guidelines for how elements in a contract of sale are identified, and how the individual components will be recognised and measured
- more detailed guidance for recognition of revenue over time.

The change in the recognition of revenue from transfer of the risks and rewards to the transfer of control, and the additional guidelines for how elements in the contracts are identified and how the individual components will be recognised and measured has only had an insignificant effect.

The Group has concluded that the impact is insignificant and it is assessed that the current accounting policy for variable considerations, such as volume rebates, is consistent with IFRS 15.

In conclusion the adoption of IFRS 9, IFRS 15 and all other new, amended or revised accounting standards and interpretations (IFRSs) have either had no impact or insignificant impact on the Group's Financial Statements and accordingly, the equity as of 1 January 2018 has not been restated, except for the holding of securities, which has been transferred from "Revaluation of securities" under equity to "Retained earnings". However, the new standards have led to additional disclosures in the interim report.

Note 2 Segment Information

DKK m	Shipping Division	Logistics Division	Non-allocated	Total
H1 2018				
External revenue	4,656.7	2,711.1	11.3	7,379.1
Intragroup revenue	373.4	14.9	230.6	618.8
Total revenue	5,030.1	2,726.0	241.8	7,997.9
Operating profit (EBIT) before special items	682.1	108.6	-41.7	749.0
Operating profit after special items (EBIT)	636.6	91.9	-69.4	659.1

DKK m	Shipping Division	Logistics Division	Non-allocated	Total
H1 2017				
External revenue	4,330.1	2,570.3	7.9	6,908.3
Intragroup revenue	346.9	10.3	186.8	544.0
Total revenue	4,677.0	2,580.6	194.7	7,452.3
Operating profit (EBIT) before special items	657.5	74.8	-41.3	691.1
Operating profit after special items (EBIT)	666.1	74.8	-52.3	688.7

Note 3 Revenue

DKK m	H1 2018			
	Shipping Division	Logistics Division	Non-allocated	Total
Geographical markets				
North Sea	2,523.7	0.0	0.0	2,523.7
Baltic Sea	694.0	0.0	0.0	694.0
English Channel	1,088.9	0.0	0.0	1,088.9
Continent	0.0	1,184.7	0.0	1,184.7
Nordic	0.0	1,009.8	0.0	1,009.8
UK/Ireland	0.0	516.6	0.0	516.6
Mediterranean	350.0	0.0	0.0	350.0
Other	0.0	0.0	11.3	11.3
Total	4,656.7	2,711.1	11.3	7,379.1
Product and services				
Seafreight and shipping logistics solutions	2,980.6	47.9	0.0	3,028.6
Transport solutions	5.8	2,631.4	0.0	2,637.3
Passenger seafare and on board sales	1,123.8	0.0	0.0	1,123.8
Terminal services	201.6	18.1	0.0	219.7
Charters	208.2	0.0	0.0	208.2
Agency and other revenue	136.6	13.6	11.3	161.6
Total	4,656.7	2,711.1	11.3	7,379.1

All material revenue is recognised when each separate obligation in the customer contract is fulfilled following the “over-time principle”. Most transports carried out by the Shipping Division are characterised by short delivery time (Most sailings are less than 30 hours while sailings to/from Turkey are up to 60 hours). Transports carried out by Logistics Division can take delivery over a longer period, but the impact is insignificant.

On board sales (5.9% of total revenue) is recognised at “a point in time”.

Revenue from leasing activities (3.6% of total revenue) is not within the scope of IFRS 15, however, the leasing revenue is insignificant and is therefore not excluded in the above table.

Note 4 Special items

DKK m	2018 H1	2017 H1
Adjustment of estimated earn-out to the sellers regarding the acquisition of the route Hanko-Paldiski acquired in 2016 and Kapellskär-Paldiski acquired in 2011 (earn-out settled in 2018).	2.9	8.6
Accrual of the total estimated costs (estimated fair value) related to the DFDS shares awarded to DFDS employees as a special one-off award in connection with DFDS' 150 years anniversary in December 2016. The costs accrue from December 2016 to February 2020.	-9.8	-11.0
Costs related to restructuring of Italian rail business.	-15.0	0.0
Costs related to restructuring of headquarter functions.	-7.2	0.0
Consultancy costs in connection with strategy development and implementation	-13.5	0.0
Costs related to the acquisition of U.N. Ro-Ro	-47.3	0.0
Special items, net	-89.9	-2.4

Note 5 Acquisition of enterprises and sale of activities

2018

Acquisition

On 7 June 2018 the acquisition of the Turkish company U.N. Ro-Ro headquartered in Istanbul was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 98.8% ownership of the acquired company and the acquired company is consolidated as from this date.

The acquisition is 100% made by the newly established subsidiary DFDS Turkey Denizcilik ve Tasi Yati AS and the acquired company is after the acquisition included in the Mediterranean Business Unit.

DFDS paid DKK 3,765m for the acquired company. Cash in the acquired company amounted to DKK 209m and accordingly the liquidity effect in Q2 2018 was DKK 3,556m.

U.N. Ro-Ro's estimated revenue for 2018 is DKK 1,879m. Transaction and acquisition costs amounts to DKK 47m which are included under Special items.

The preliminary high-level purchase price allocation show the following:

DKK m	Preliminary fair value at acquisition date
Non-current assets	5,867.3
Current assets	655.0
Total assets	6,522.3
Non-current liabilities	3,192.2
Current liabilities	721.6
Total liabilities	3,913.8
Non-controlling interests' share of acquired net assets	18.2
Fair value of acquired net assets	2,590.4
Total purchase price	
Cash consideration	3,764.5
Fair value of the purchase price	3,764.5
Preliminary goodwill at acquisition	1,174.2

Due to the acquisition date being 7 June 2018 the above purchase price allocation is preliminary and high level. Accordingly, changes may occur during H2 2018.

Acquisition

On 3 January 2018 the acquisition of the Dutch company Alphatrans Group BV headquartered in Rotterdam was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 100% ownership of the acquired company and the acquired company is consolidated as from this date.

The acquisition is 100% made by the subsidiary DFDS Holding B.V. and the acquired company is after the acquisition included in the Continent Business Unit.

DFDS paid DKK 116m for the acquired company of which DKK 14m was a deferred payment at the acquisition date. Cash in the acquired company amounted to DKK 32m and accordingly the liquidity effect in Q1 2018 was DKK 70m. In addition an earn-out agreement was entered into according to which seller is entitled to additional payment based on the Alphatrans Group's financial performance combined for 2017 and 2018.

Alphatrans Group's estimated revenue for 2018 is DKK 350m. Transaction costs incurred were insignificant and were expensed in 2017 as part of Administration costs.

The preliminary purchase price allocation show the following.

DKK m	Preliminary fair value at acquisition date
Non-current assets	116,4
Current assets	113,4
Total assets	229,8
Non-current liabilities	41,3
Current liabilities	79,5
Total liabilities	120,7
Fair value of acquired net assets	109,1
Total purchase price	
Cash consideration	101,9
Deferred consideration	13,6
Estimated value of earn-out	20,4
Fair value of the purchase price	136,0
Preliminary goodwill at acquisition	26,9

2017

Disposals

On 1 November 2017 the divestment of DFDS' Logistics loss making reefer activities in Belfast to Manfreight Ltd. was completed. For further details of this disposal, refer to the annual report for 2017.

Note 6 Fair value measurement of financial instruments

The table discloses fair value and carrying amount of financial instruments measured at fair value in the balance sheet. Furthermore, categorisation of the valuation method according to the fair value hierarchy is stated.

Transfers between levels of the fair value hierarchy are considered to have occurred at the date of the event or change in circumstances that caused the transfer.

There were no transfers between the levels in the fair value hierarchy in 2018.

Techniques for calculating fair values

Derivatives

DFDS' usage of derivatives includes interest rate swaps, bunker swaps, forward exchange contracts and currency swaps. The fair values on interest rate swaps have been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated on the basis of a swap interest curve, which is calculated based on a wide spread of market interest rates. The fair value on forward exchange contracts are based on interest curve calculations in DFDS' Treasury system. Calculations are based on a spread of market interest rates in the various currencies. Calculation on bunker swaps are based on quoted forward curve from various financial institutions.

DKK m	H1 2018		H1 2017	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Derivatives (Level 2)	146.2	146.2	4.4	4.4
Securities (Level 3)*	9.5	9.5	0.0	0.0
Financial liabilities				
Derivatives (Level 2)	41.9	41.9	192.6	192.6

* In 2017 securities were measured at cost reduced by write-downs, if any, and consequently, they were not included in the fair value hierarchy. Following the implementation of IFRS 9 the securities must be measured at fair value.

Note 7 Supplementary financial information on the Parent company

As a result of DFDS A/S' issuance of corporate bonds on Oslo Stock Exchange there is a requirement to provide certain supplementary financial information on the Parent Company. The following financial information has been prepared using the same accounting policies as for the Annual report for 2017. However, DFDS has adopted all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2018. For further description reference is made to note 1 Accounting policies.

The Parent Company's revenue increased by DKK 167.5m, equivalent to 3.7%. Operating profit before depreciation and special items (EBITDA) decreased from DKK 806.4m to DKK 708.2m, equivalent to a decrease of 12.2%.

Profit before tax decreased from DKK 659.0m in Q2 2017 to DKK 435.4m in Q2 2018.

The Parent Company's net interest-bearing debt increased from DKK 3,321.8m at 31 December 2017 to DKK 3,514.3m at 30 June 2018.

DKK m	2018 H1	2017 H1	2017-18 LTM	2017 Full year
Income statement				
Revenue	4,704.0	4,536.5	9,683.4	9,515.9
Operating profit before depreciation (EBITDA) and special items	708.2	806.4	1,718.3	1,816.6
Operating profit (EBIT) before special items	463.4	545.4	1,247.9	1,329.9
Special items, net	-17.9	113.2	-37.0	94.1
Operating profit (EBIT)	445.5	658.6	1,210.9	1,424.0
Financial items, net	-10.1	0.4	445.2	455.7
Profit before tax	435.4	659.0	1,656.0	1,879.7
Profit for the period	435.2	657.8	1,655.6	1,878.2
Assets				
Non-current intangible assets	358.2	359.5		367.1
Non-current tangible assets	4,424.8	4,236.5		4,292.9
Investments in affiliated companies, associates and joint ventures	5,127.1	3,904.1		3,951.3
Other non-current assets	234.5	121.0		120.7
Non-current assets	10,144.5	8,621.1		8,732.0
Current receivables from affiliated companies	921.7	1,149.1		963.5
Receivables from associates and joint ventures	52.0	53.8		53.4
Cash	661.5	378.1		937.6
Other current assets	1,145.9	947.8		939.1
Current assets	2,781.1	2,528.8		2,893.6
Assets	12,925.6	11,150.0		11,625.5
Equity and liabilities				
Equity	6,192.2	4,411.6		4,961.5
Non-current liabilities	1,835.4	1,492.6		2,438.8
Current liabilities to affiliated companies	2,598.4	2,806.8		2,507.8
Other current liabilities	2,299.6	2,439.0		1,717.3
Current liabilities	4,898.0	5,245.8		4,225.2
Equity and liabilities	12,925.6	11,150.0		11,625.5
Equity ratio, %	47.9%	39.6%		42.7%
Net interest-bearing debt	3,514.3	3,866.9		3,321.8

Definitions

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 intangible and tangible assets
Operating profit margin	$\frac{\text{Operating profit (EBIT) before special items}}{\text{Revenue}} \times 100$
Net operating profit after taxes (NOPAT)	Operating profit (EBIT) minus payable tax for the period adjusted for the tax effect of net finance cost
Invested capital	Net working capital (non-interest bearing current assets minus non-interest bearing current liabilities) plus non-current intangible and tangible assets minus pension and jubilee liabilities and other provisions
Net Interest-bearing debt	Interest-bearing liabilities (excluding provision for pensions) minus interest-bearing assets minus cash and securities
LTM	Last twelve months
Return on invested capital (ROIC)	$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$
Free cash flow (FCFF)	Cash flow from operating activities excluding net interest received and paid minus cash flow from net investments
Return on equity	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$
Equity ratio	$\frac{\text{Equity at end of period}}{\text{Total assets}} \times 100$
Earnings per share (EPS)	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Weighted average number of ordinary shares in circulation}} \times 100$
P/E ratio	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share (EPS)}} \times 100$
Dividend per share	$\frac{\text{Dividend for the year}}{\text{Number of shares at the end of the period}} \times 100$
Market value	Number of shares, ex. treasury shares, end of period times share price end of period
No. of ships	Owned and chartered ships, including slot charter and vessel sharing agreements

Roundings may in general cause variances in sums and percentages in this report.

Management statement

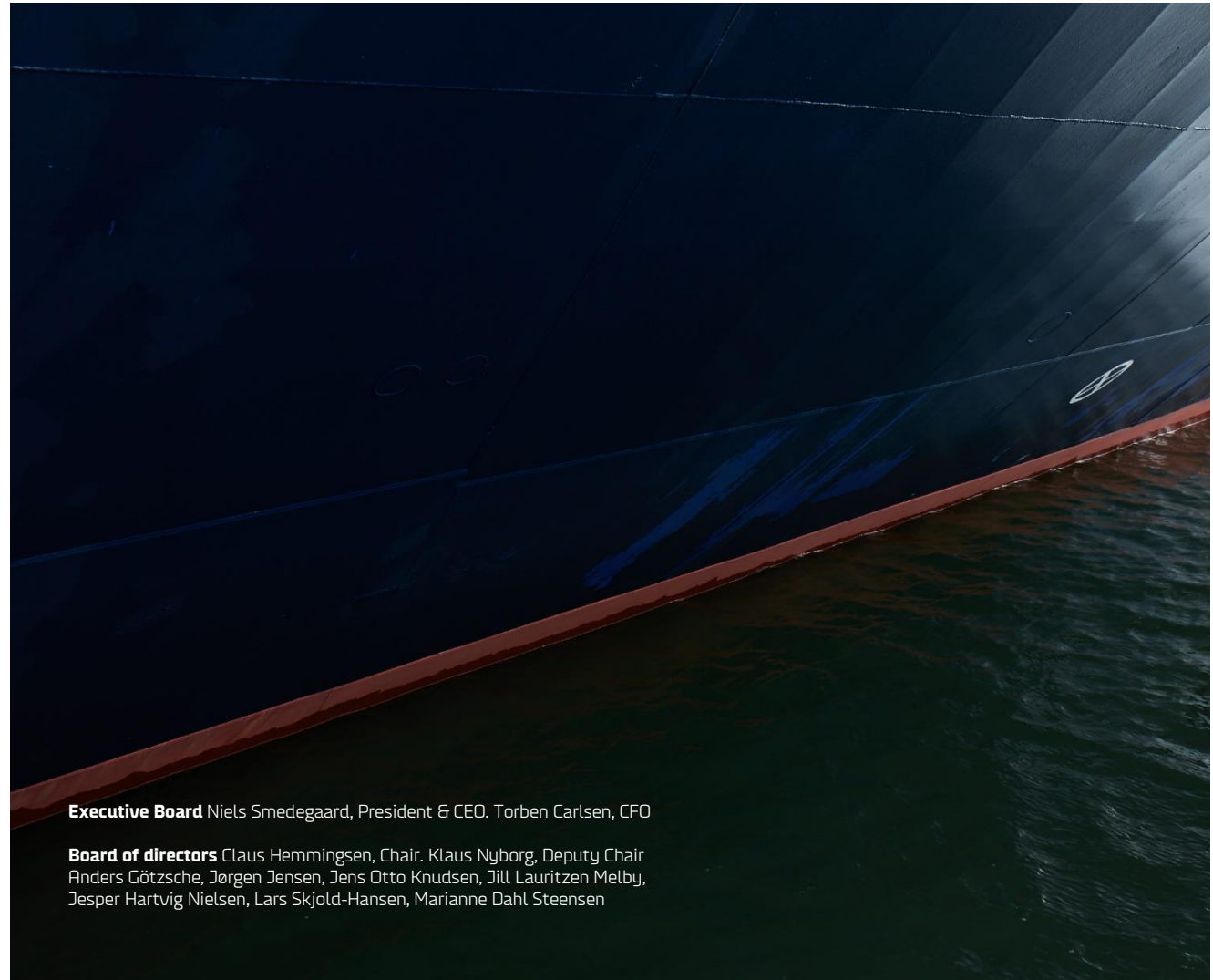
The Board of Directors and the Executive Board have reviewed and approved the interim report of DFDS A/S for the period 1 January – 30 June 2018.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the DFDS Group's assets, liabilities and financial position at 30 June 2018 and of the results of the DFDS Group's operations and cash flow for the period 1 January – 30 June 2018.

Further, in our opinion, the Management review p. 1-15 gives a true and fair review of the development in the Group's operations and financial matters, the result of the DFDS Group's operations for the period and the financial position as a whole.

Copenhagen, 16 August 2018



Executive Board Niels Smedegaard, President & CEO. Torben Carlsen, CFO

Board of directors Claus Hemmingsen, Chair. Klaus Nyborg, Deputy Chair
Anders Götzsche, Jørgen Jensen, Jens Otto Knudsen, Jill Lauritzen Melby,
Jesper Hartvig Nielsen, Lars Skjold-Hansen, Marianne Dahl Steensen

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16 August 2018

Company announcement no.: 49/2018

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Disclaimer

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

Financial calendar 2018

Reporting 2018:
Q3, 13 November

About DFDS

DFDS provides ferry and transport services in Europe and Turkey, generating annual revenues of EUR 2.2bn.

To over 8,000 freight customers, we deliver high performance and superior reliability through ferry & port terminal services, and transport & logistics solutions.

For more than five million passengers, we provide safe overnight and short sea ferry services.

Our 8,000 employees are located on ferries and in offices across 20 countries. DFDS was founded in 1866, is headquartered in Copenhagen, and listed on NASDAQ Copenhagen.