Annual Report 2006

Analyst presentation
2 March 2007

Contents

Headlines 2006

- Freight market performance above expectations led to higher profit than anticipated
- Adaptation of passenger activities to market conditions
- Market position strengthened via company acquisitions and increased capacity
- ROIC now higher than cost of capital

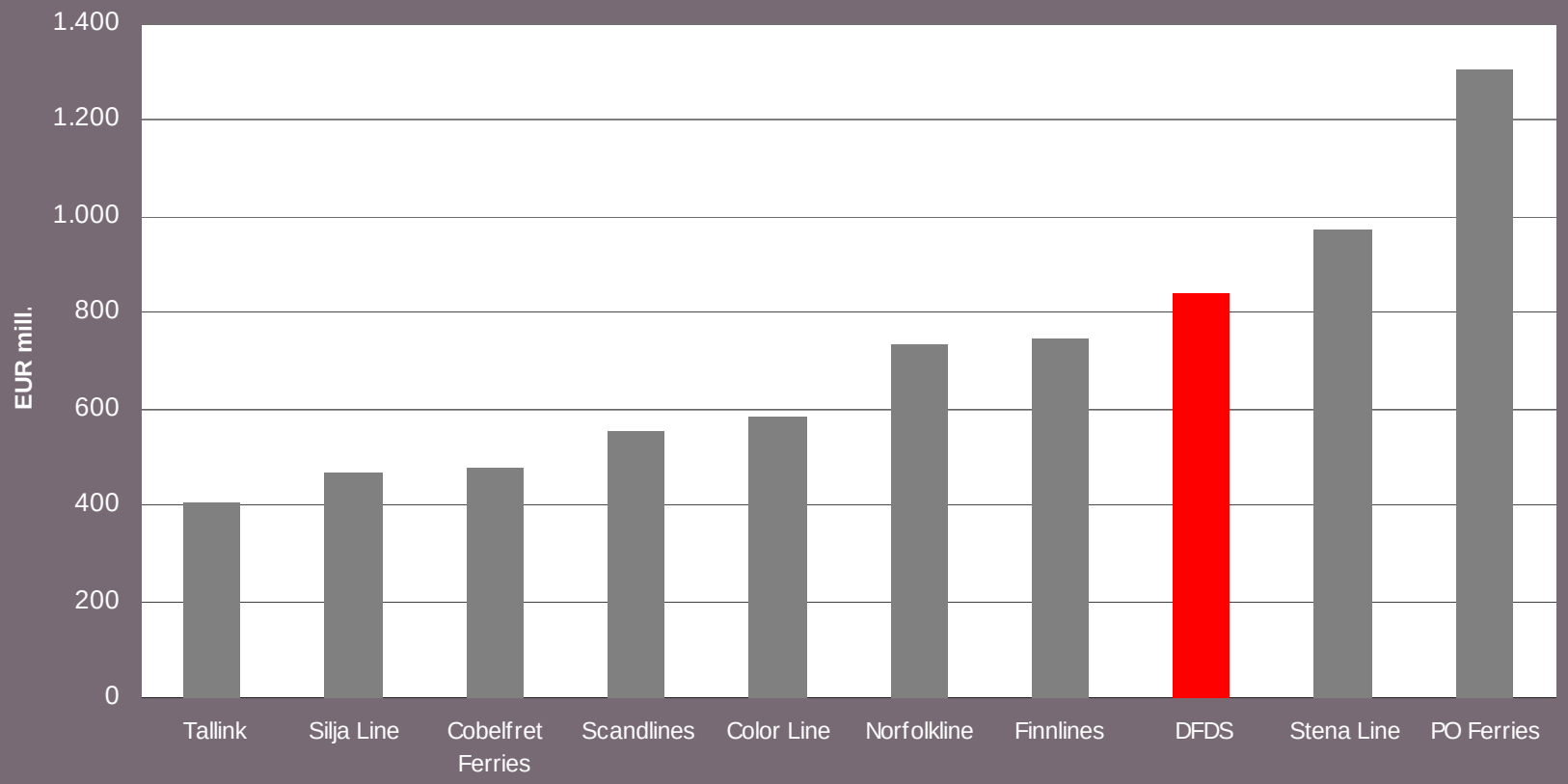
Financial performance 2006

DKK million	**2002**	**2003**	**Δ%**	**2004**	**Δ%**	**2005**	**Δ%**	**2006**	**Δ%**
Revenue	4.864	5.265	8	5.723	9	6.278	10	7.524	20
DFDS Tor Line	*2.632*	*3.196*	*21*	*3.815*	*19*	*4.478*	*17*	*5.710*	*28*
DFDS Seaways	*2.268*	*2.097*	*-8*	*1.934*	*-8*	*1.837*	*-5*	*1.838*	*0*
EBITDA	786	794	1	870	10	890	2	1.129	27
DFDS Tor Line	*425*	*516*	*21*	*571*	*11*	*674*	*18*	*937*	*39*
DFDS Seaways	*383*	*332*	*-13*	*314*	*-5*	*264*	*-16*	*241*	*-9*
Pre-tax profit	-6	157	n.a.	200	27	231	16	402	74

DFDS' situation

- Key market position in Northern Europe in ro-ro activities
- International organisation
- Favourable international economic trends
- Part of industry that has consolidation potential

Ten largest North European freight and passenger shipping companies, Revenue 2005



Three key challenges

- Reorganisation of internal management and control processes – 12-24 months
- Further improvement of profit level
- Assume leading role in consolidation process

Four strategic themes in Go Forward Plan

Win the Customer

1. Refine customer and market approach
2. Improve pricing sophistication
3. Define strategic direction

Grow business while improving margins

Operational Excellence

1. Launch Project Clear Ship
2. Initiate Tor Line strategic projects
3. Develop tools/processes to implement continuous improvement

Improve operational efficiency and employ best practice

Work as a Team

1. Restructure organisation & management
2. Integrate corporate functions and extract organisational synergies
3. Integrate relevant Seaways and Tor Line processes

Increase productivity, opportunities and excitement

Fund the Future

1. Redefine Finance function
2. Implement profitability information systems and financial metrics
3. Manage cash

Increase profits and Return on Invested Capital (ROIC)

HR – from function to driver

- Recruitment, talent cultivation and development
- Compensation/performance
- Learning/education
- Change management
- Labour market relations
- Staff satisfaction

Main strategic track unchanged

- Combined freight and passenger transport
- The freight sector will be the main platform for growth
- The geographical area for development will be Northern Europe and the Iberian Peninsula, plus Eastern Europe/Russia and the SNG countries.

Vision

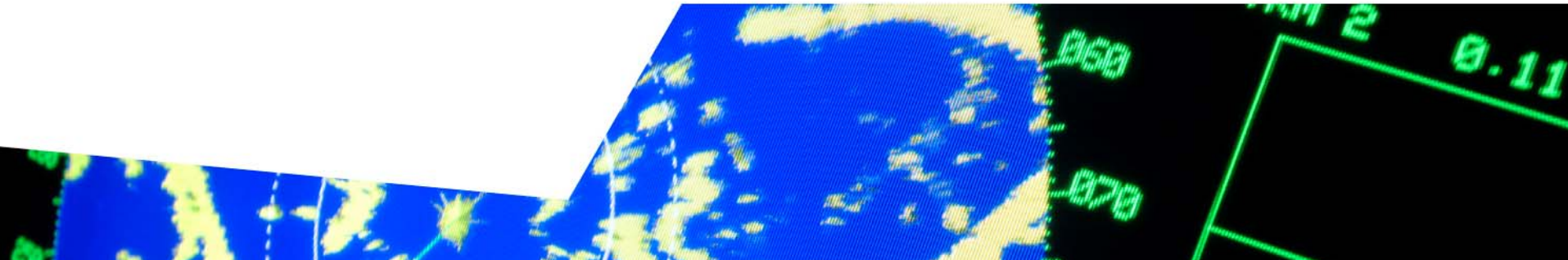
DFDS aims to expand its position as a leading freight and passenger liner shipping company in Northern Europe

Return on invested capital must increase to a level exceeding or corresponding to that of the best comparable companies.

Financial objectives

DFDS's cost of capital (WACC) at the start of 2007 was calculated at 6.6%. Return on invested capital must be increased to a level exceeding the cost of capital by 30-50%.

The target for the capital structure is an equity ratio of 35-40%.
In periods of major investment, the equity ratio may be reduced to approximately 30%.



DFDS Seaways

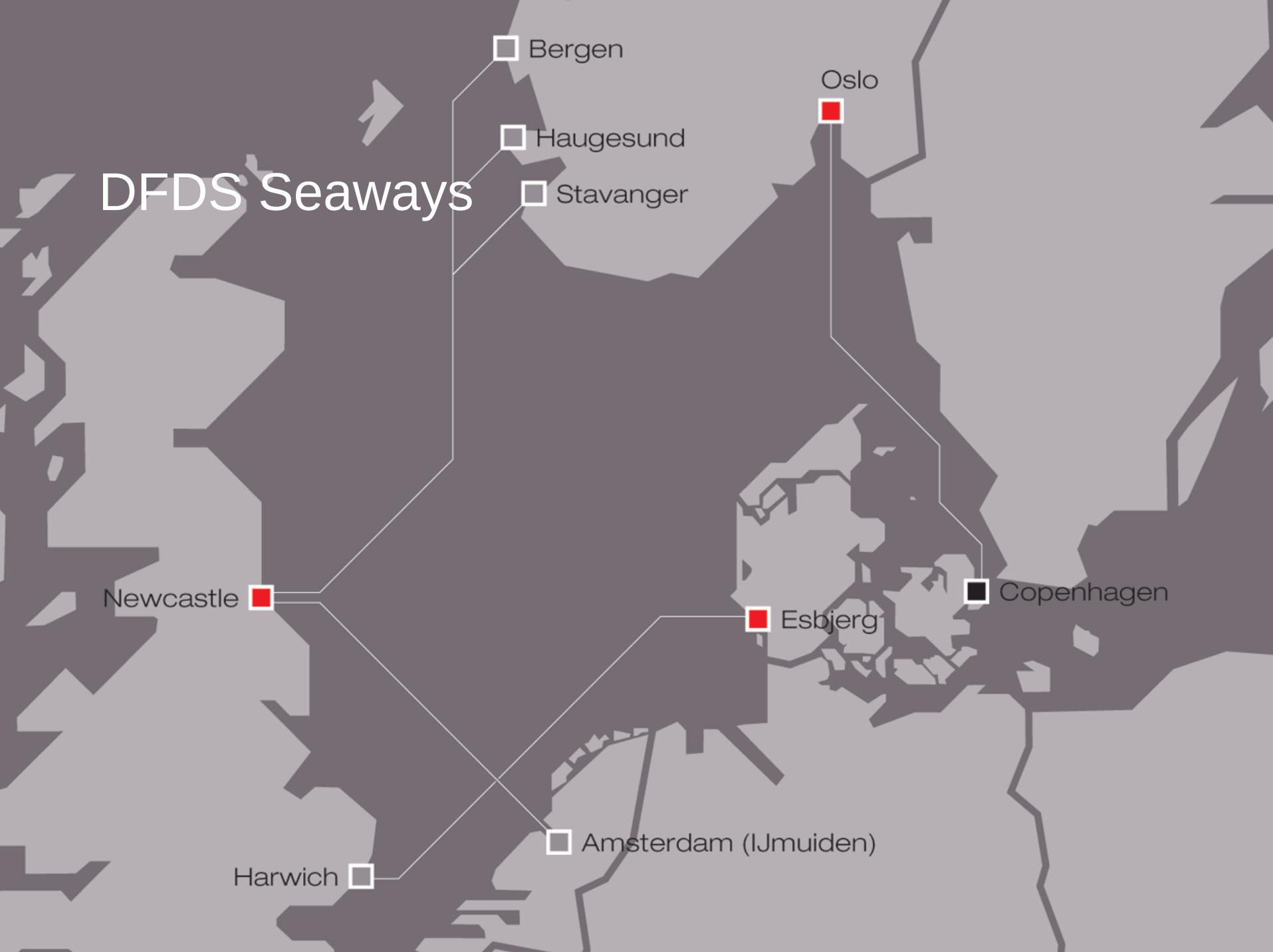
Important events, 2006

- Reorganisation of route network:
  - Capacity expanded on Amsterdam route
  - Gothenburg route closed
  - New route between West Norway and UK

- Fleet modernisation: two passenger vessels bought, one older vessel sold and one chartered out

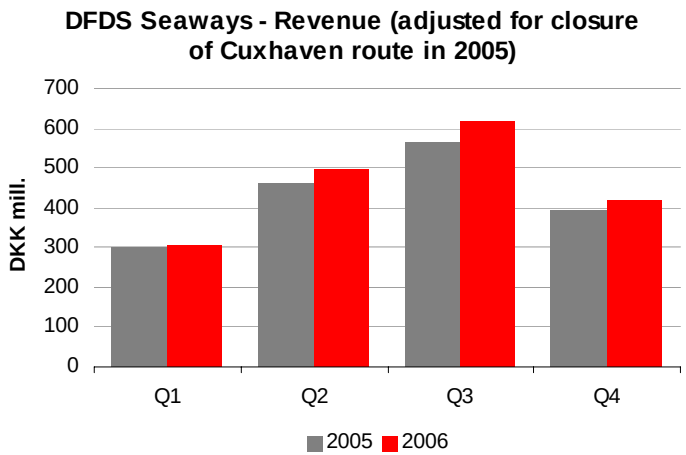
- Introduction of new, dynamic price model

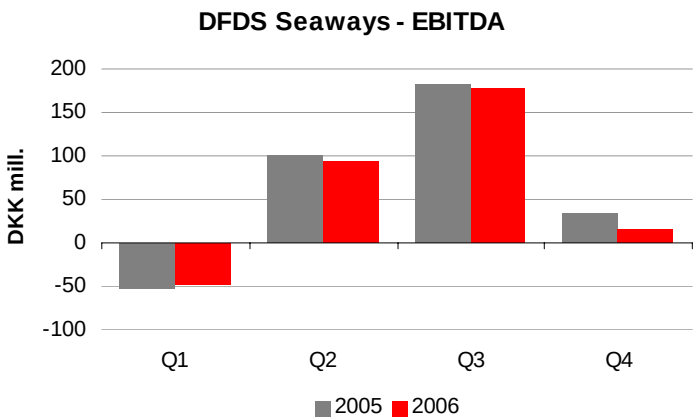
DFDS Seaways



Financial performance 2006

- Revenue on a par with 2005, despite 18% drop in departures
- 4% higher turnover on continuing routes, Oslo/Amsterdam
- Bunker costs rise by 20%
- One-off expenses of DKK 24 mill. for route reorganisation
- 7% rise in on-board revenue per passenger
- Profits on Amsterdam route failed to live up to expectations
- EBITDA 9% lower than in 2005





2007: Market trends

- Continued high level of activity expected in travel market
- Signs of increased stabilisation in price competition
- Market volume on a par with 2006 expected
- Increasing prosperity and leisure market trends expected to support continued growth in on-board spending

2007: Strategic goals

- Project “Clear Ship”: establish basis for significant profit improvement

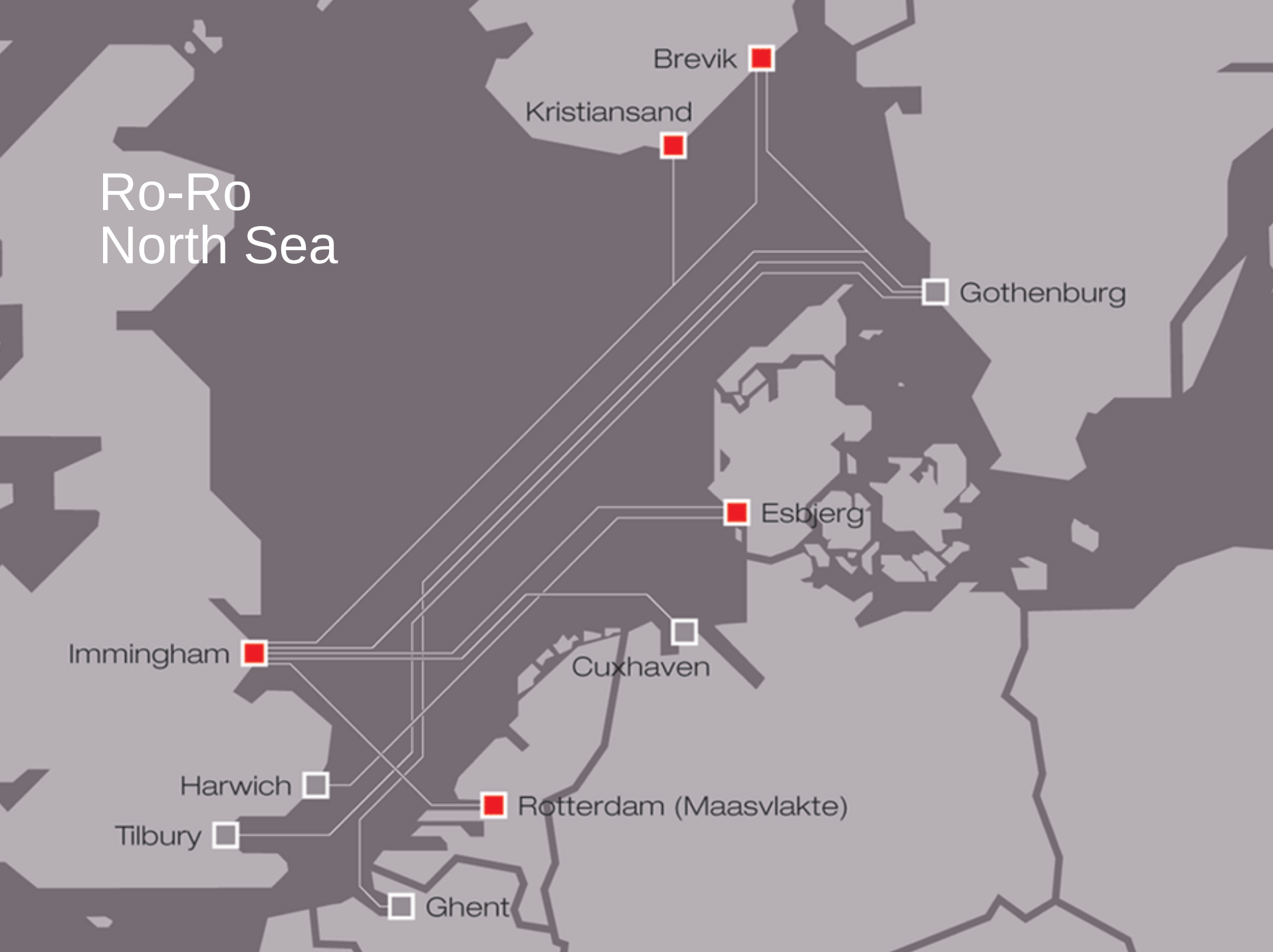
- Demonstrate viability of new platform:
  - Improve financial performance of Amsterdam route
  - Meet goals for Bergen route's first full year of operations
  - Increase on-board revenue with new restaurant and entertainment concepts

DFDS Tor Line

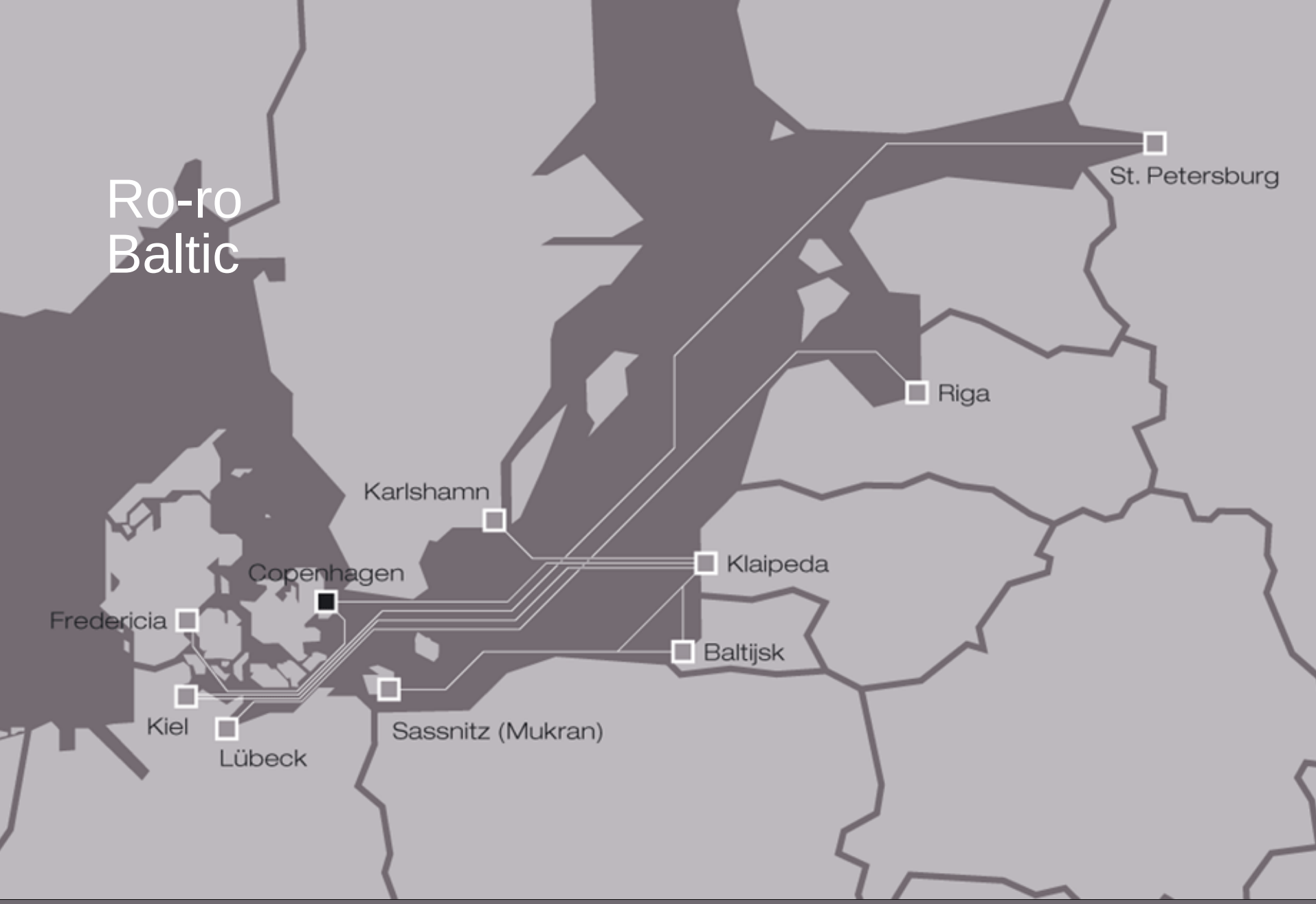
Significant events, 2006

- 50% of DFDS LISCO Line taken over from Scandlines, January
- DFDS Suardiaz Line established, March
- DFDS Container Line (formerly Norfolk Line Containers BV) acquired 100%, October
- Logistics contracts signed/renewed/extended with BMW, Volvo Logistics, Stora Enso, Flexa Gruppen
- Sixth and final ro-ro newbuilding in the series delivered
- Sale and return of older tonnage

Ro-Ro
North Sea



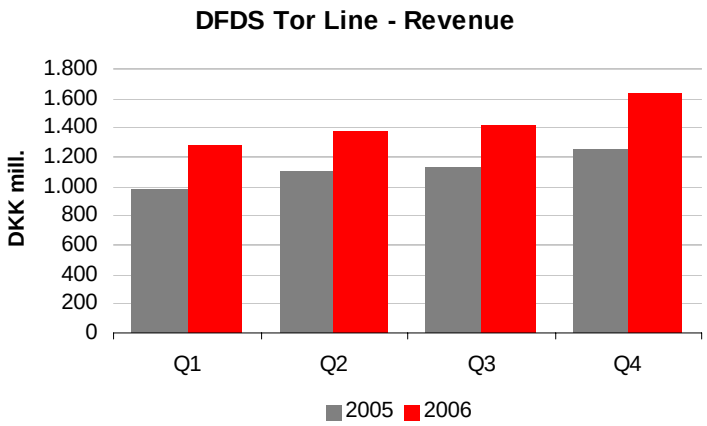
Ro-ro Baltic

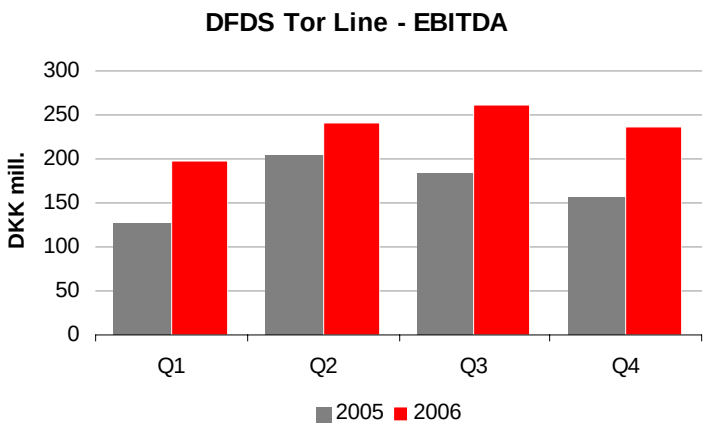

St. Petersburg
Riga
Karlshamn
Klaipeda
Copenhagen
Fredericia
Baltijsk
Kiel
Lübeck
Sassnitz (Mukran)

Lo-lo activities

Financial performance 2006

- Revenue rose by 28%
- Approx. 60% of the rise attributable to company acquisitions
- The remainder broadly related to traffic areas
- EBITDA rose by 39% to DKK 937 million
- Greatly improved profits for ro-ro route network, increased capacity utilisation
- Good growth in lo-lo activities





2007: Market trends

- Organic growth is generally expected to be lower than in 2006 ...
- ... but the market remains positive
- Continued positive influence from shortage of drivers, road taxes, tighter regulations for driving hours and rest periods, and bottlenecks in road traffic
- Stable, high level of activity in Eastern Europe/Russia/SNG countries expected to continue
- Greater growth in Germany will support growth in both the North Sea and the Baltic
- Continued tight market for ro-ro tonnage

2007: Strategic goals

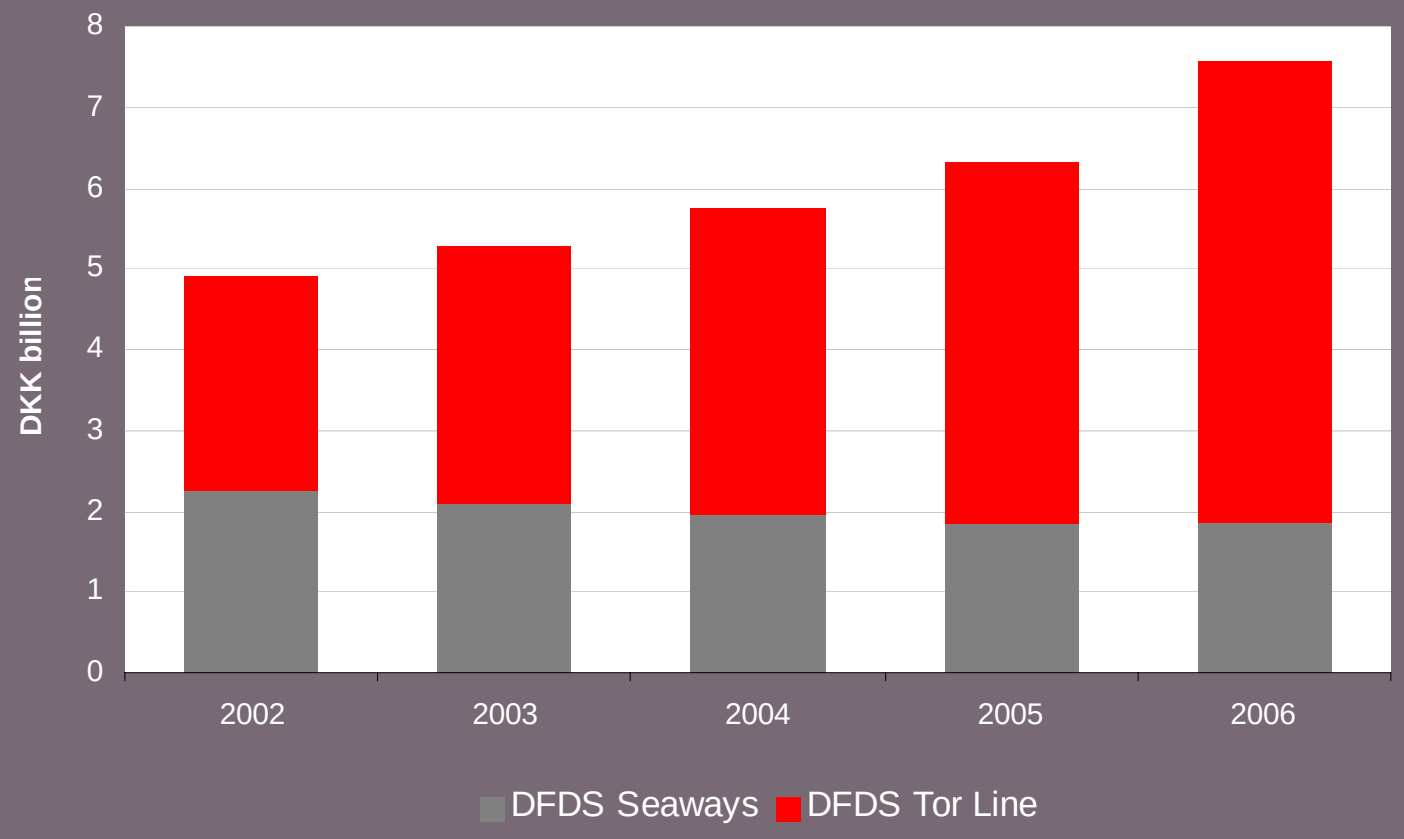
- Integration of DFDS Container Line and extraction of associated synergies
- Integration of trailer operators
- Introduction of “Best Practice” across the boundaries of activities
- Benchmarking of terminal operations
- Fleet development and planning

Accounts 2006

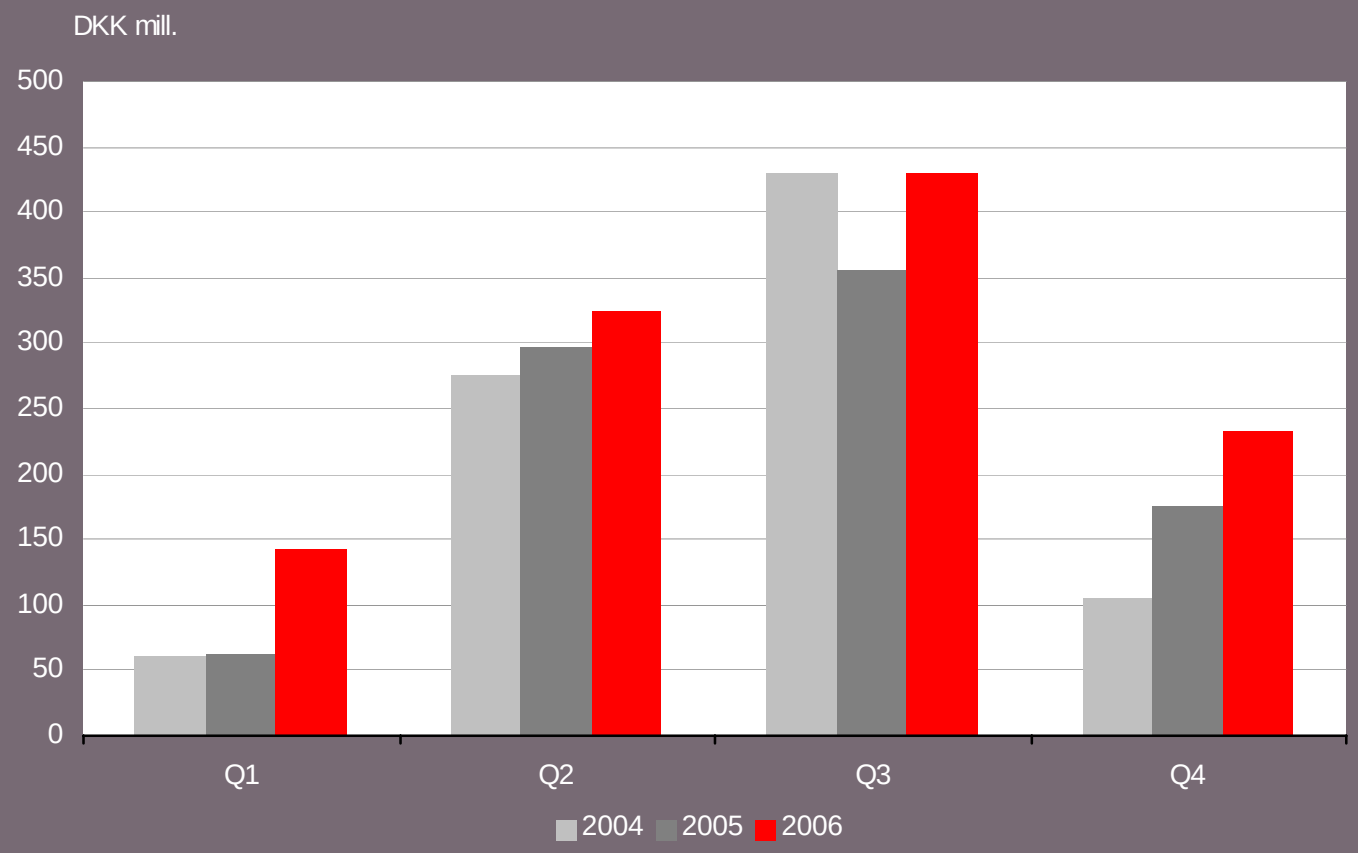
Profit and loss account

DKK mill.	2005	2006	Change, %	In % of revenue	
Revenue	**6.278**	**7.524**	***19,8***	*n.a.*	*n.a.*
Ship operating costs	3.154	4.007	*27,0*	*50,2*	*53,3*
Charter costs	526	533	*1,4*	*8,4*	*7,1*
Staff costs	1.292	1.406	*8,9*	*20,6*	*18,7*
Other costs	417	449	*7,8*	*6,6*	*6,0*
Operating profit before depreciations (EBITDA)	**890**	**1.129**	***26,8***	***14,2***	***15,0***
Profit/loss on sale of ships, buildings & terminals	29	33	*16,4*	*0,5*	*0,4*
Depreciations	487	565	*16,1*	*7,8*	*7,5*
Operating profit (EBITA)	**432**	**597**	***n.a.***	***6,9***	***7,9***
Profit share, associated companies	1	-1	*n.a.*	*0,0*	*0,0*
Value adjustment goodwill/badwill	1	-10	*n.a.*	*0,0*	*-0,1*
Financial items, net	202	184	*-8,9*	*3,2*	*2,5*
Pre-tax profit	**231**	**402**	***n.a.***	***3,7***	***5,3***
Tax	37	39	*4,3*	*0,6*	*0,5*
Profit for the period	**193**	**364**	***n.a.***	***3,1***	***4,8***

Revenue by division



EBITDA per financial quarter



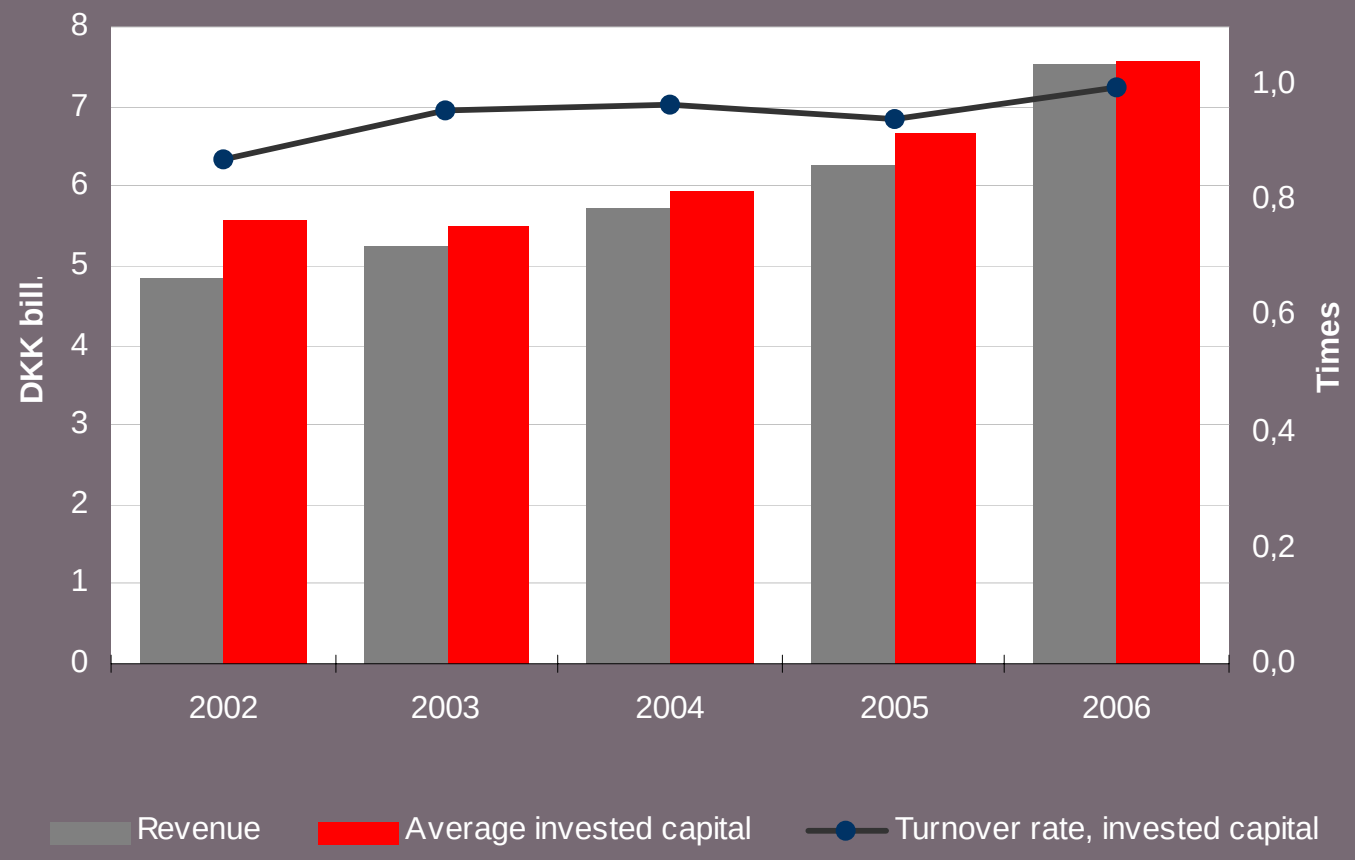
Bunkers

- Total bunker costs rose by 33% to DKK 940 million
- Hedging via price-adjustment agreements in the freight sector
- Volume effect influences bunker costs per unit
- Oil price surcharge for passengers ceased at the end of 2006
- Regulation via ticket prices in 2007

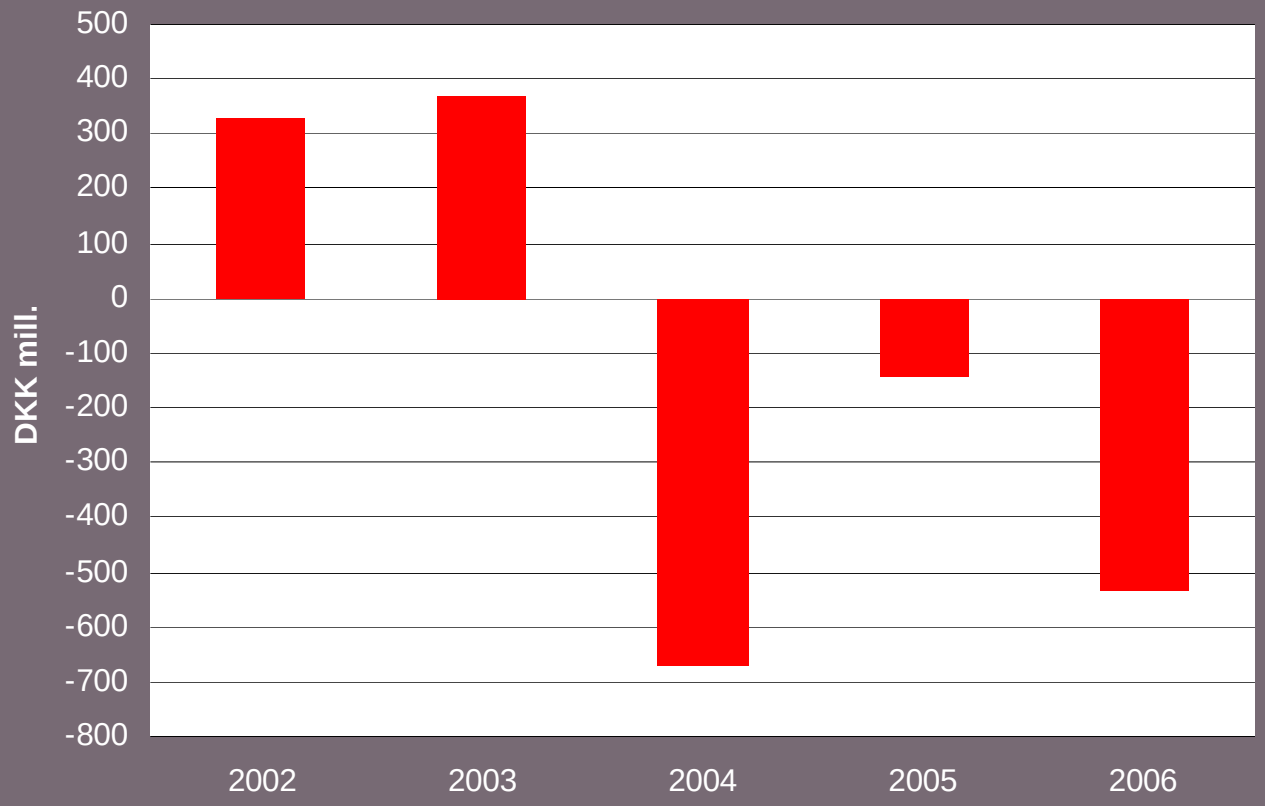
Balance & free cash flow

DKK mill.	2005	2006	Change, %	In % of revenue	
Intangible assets	292	493	*69,2*	*3,4*	*4,9*
Tangible assets	6.735	7.756	*15,2*	*79,6*	*77,6*
Other non-current assets	148	121	*-18,4*	*1,8*	*1,2*
Current assets	1.282	1.621	*26,4*	*15,2*	*16,2*
Total assets	**8.457**	**9.991**	***18,1***	***100,0***	***100,0***
Equity	2.904	3.265	*12,5*	*34,3*	*32,7*
Non-current liabilities	3.902	4.742	*21,5*	*46,1*	*47,5*
Current liabilities	1.651	1.984	*20,2*	*19,5*	*19,9*
Total liabilities	**8.457**	**9.991**	***18,1***	***100,0***	***100,0***
Cash flow from operations after tax	711	1.167	*64,2*		
Cash from investments	-855	-1.698	*98,7*		
Free cash flow from operations	**-144**	**-531**	***268,8***		

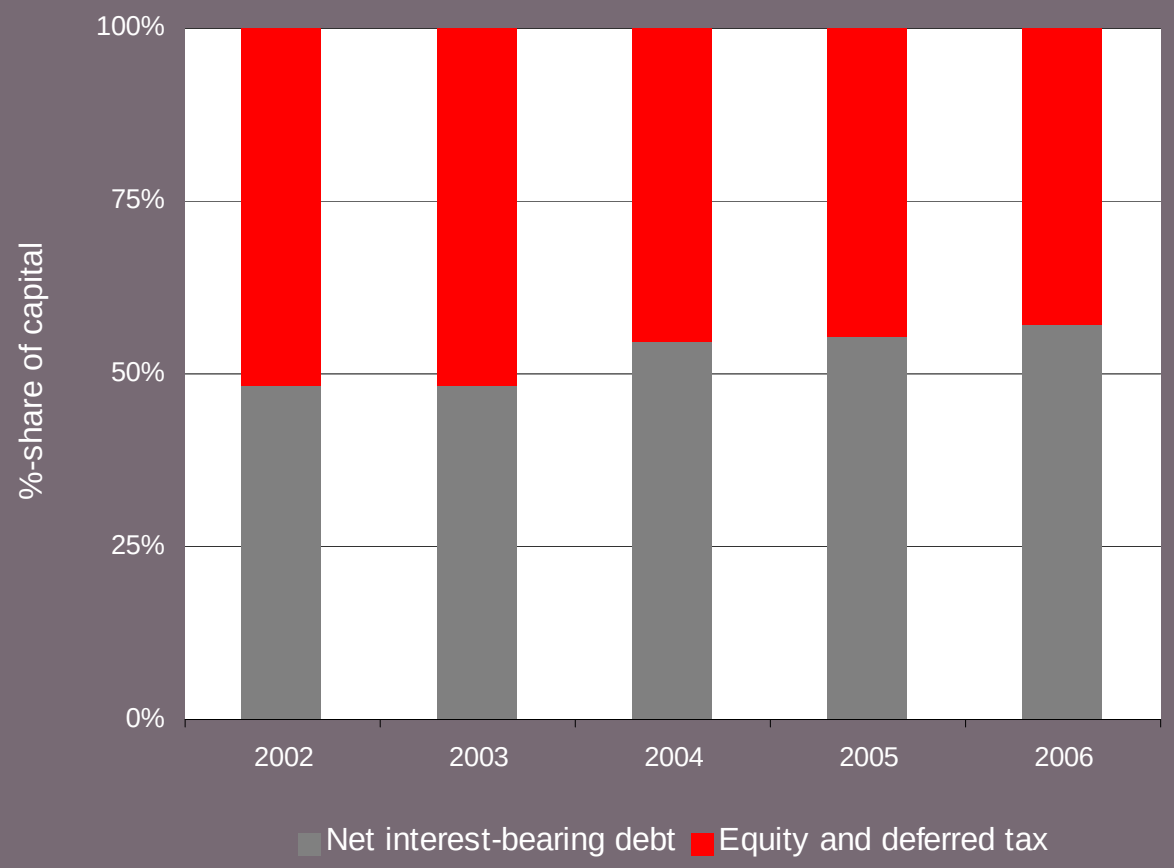
Turnover rate, invested capital



Free cash flow from operations



Capital structure



Forecast 2007

Revenue

- Total growth of 8-10%
- Approx. 80% of growth attributable to whole-year effect of DFDS Container Line
- Restructuring of activities in DFDS Lys Line reduces revenue
- Continued growth in Ro-Ro route network; lower organic growth however expected than in 2006
- Some contribution from route reorganisation in DFDS Seaways

EBITA per division, 2007

- DFDS Tor Line:
  - One-off income of DKK 26 million in 2006
  - Adjusted for this, EBITA is expected to rise by 5-7%

- DFDS Seaways:
  - One-off expenses of DKK 24 million in 2006
  - One-off income of DKK 7 million in 2006
  - Adjusted for this, EBITA is expected to rise by approx. 30%.

- Non-allocated items are expected to be on a par with 2006.

Bunkers, currency & finance

- Approx. 20% of bunker consumption unhedged. Effect on profits is DKK 1.5 million for 1% price alteration, on the basis of USD 255 per ton
- Main currencies hedged, except NOK
- Net revenues of DKK 29 million from exchange rate adjustments in 2006
- Net interest expenditure expected to rise by approx. 7%

Low level of investment

- As a point of departure, investment of around DKK 150 million is expected.
- Need for investment in ro-pax tonnage for the Baltic.
- Company acquisitions may occur
- Considerable positive free cash flow

Profit forecast, 2007

- Against this background, the DFDS Group expects a pre-tax profit in 2007 of approximately DKK 425 million.
- Adjusted profit growth rate of 16%

Strategic goals, 2007

- Initiate reorganisation of management and control processes ...
- ... and specific profit improvement projects
- Consolidate capital structure after period of high levels of investment
- Develop foundation for future growth strategy

Annual Report 2006

Thank you for your attention!