

# Navigating challenging markets



# Q2 2024 investor call agenda

- Strategy update
- Q2 overview
- Moving to Green
- Capital distribution
- Outlook & priorities

# Moving Together Towards 2030

## Unlock network value, 2024-2026

- Protect & Grow Profits
- Standardise to simplify
- Digitise to transform
- Moving to green
- Be a great place to work

## Green transition, 2024-2030

- 45% reduction in ferry emission intensity
- Six green ferries in operation by the end of 2030
- 75% reduction of land emission intensity

## Financial ambitions, 2024-2026/27

- Annual Adjusted free cash flow of DKK 1.5bn
- Capex of DKK 1.5-2.0bn annually
- ROIC of around 10% by 2027
- NIBD/EBITDA of 2.5x by 2026



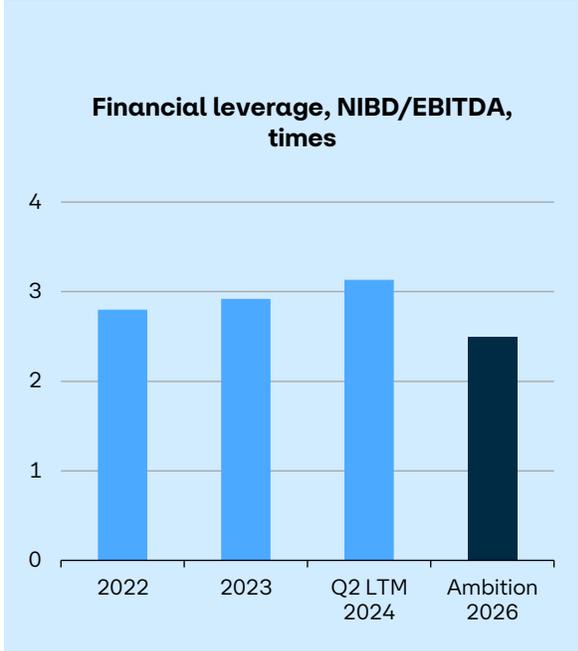
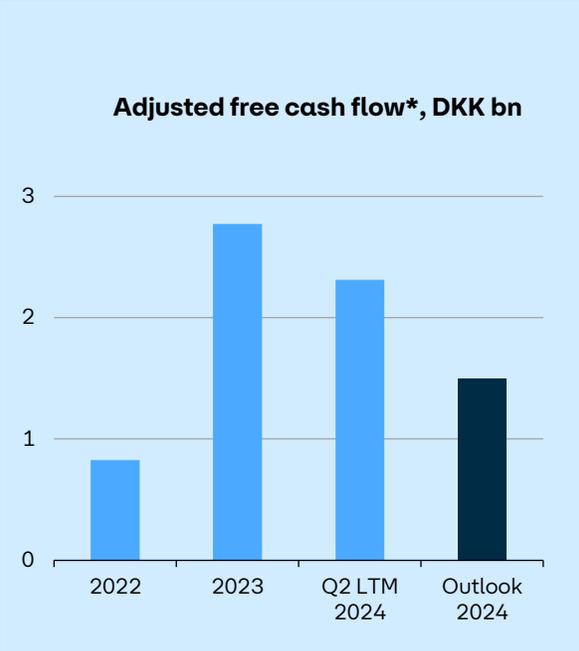
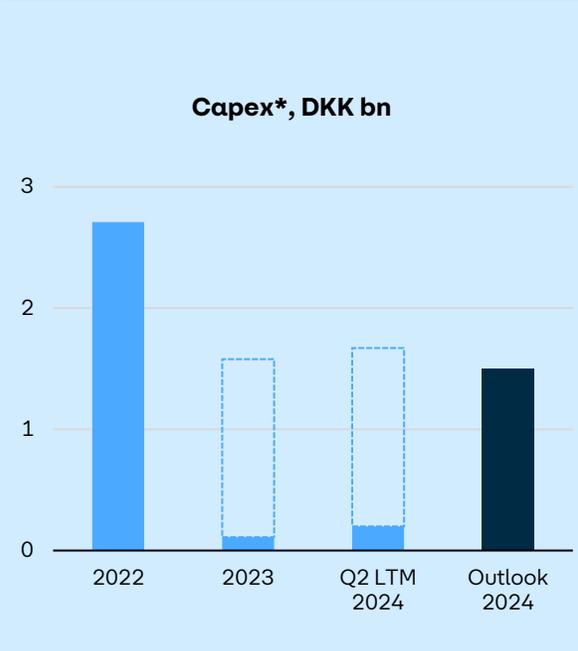
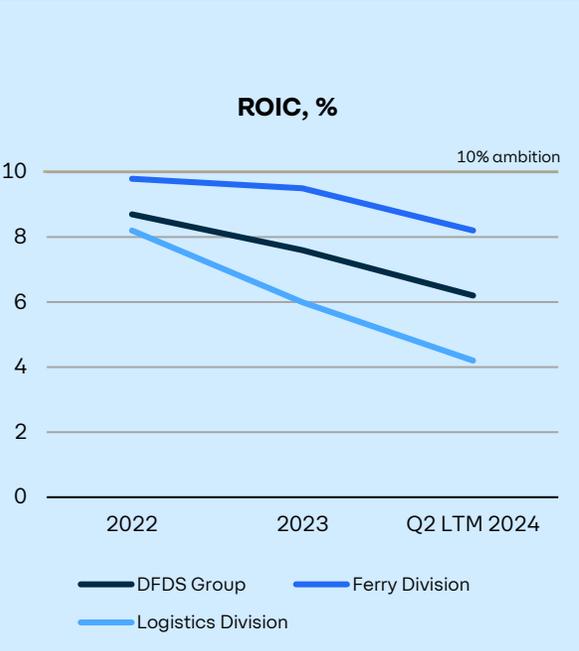
# Financial ambitions 2024-2026/27

- Group Q2 LTM ROIC at 6%
- Ferry at 8% - North Sea above ambition, Baltic/Channel impacted by overcapacity
- Logistics at 4% - H2 focus on earnings turnaround

- Q2 capex as expected
- Capex 2024 outlook reduced to DKK 1.5bn from DKK 1.75bn

- Q2 adjusted free cash flow of DKK 0.7bn
- Adjusted free cash flow outlook unchanged around DKK 1.5bn for 2024

- Q2 2024 NIBD/EBITDA reduced to 3.1x from 3.2x in Q1 2024
- Ekol Logistics acquisition set to increase leverage end Q3



\*2023 & Q2 LTM 2024 include DKK 1.5bn inflow from sale & leaseback of three freight ferries

# Navigating challenging market environments

## Challenging Q2

**Organic growth** of 3% despite challenging markets

**Financial** Q2 performance below expectations

**Ferry** impacted by volume and rate pressure, adverse cost dynamics

**Logistics** impacted by margin pressure, shifts in customer flows, under-performing business unit

## Markets set to remain challenging in H2

**European** growth rebound expectations softened

Continued **protection** of Ferry market positions

**Ferry** expected to face continued market headwinds

**Logistics'** key H2 priorities are price, warehouse volumes, and turnaround of Nordic Cold Chain

## Cash flow outlook maintained

**Top priority** to deliver on financial ambition of annual DKK 1.5bn Adjusted free cash flow

Strong Q2 **cash flow** and reduced capex in H2 maintain cash flow outlook on track

## Strategy - unlock value of expanded network

**Organic growth** ambition supported by customer pipeline

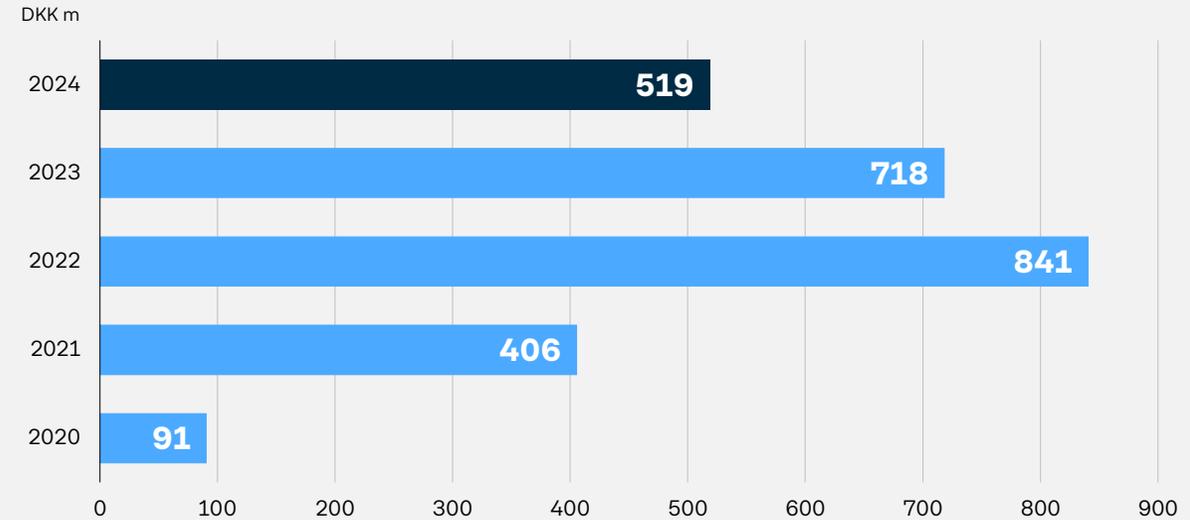
**Acquisition** of Ekol Logistics' international transport network - closing expected end Q3

**Sale of Oslo** route driven by transport network focus

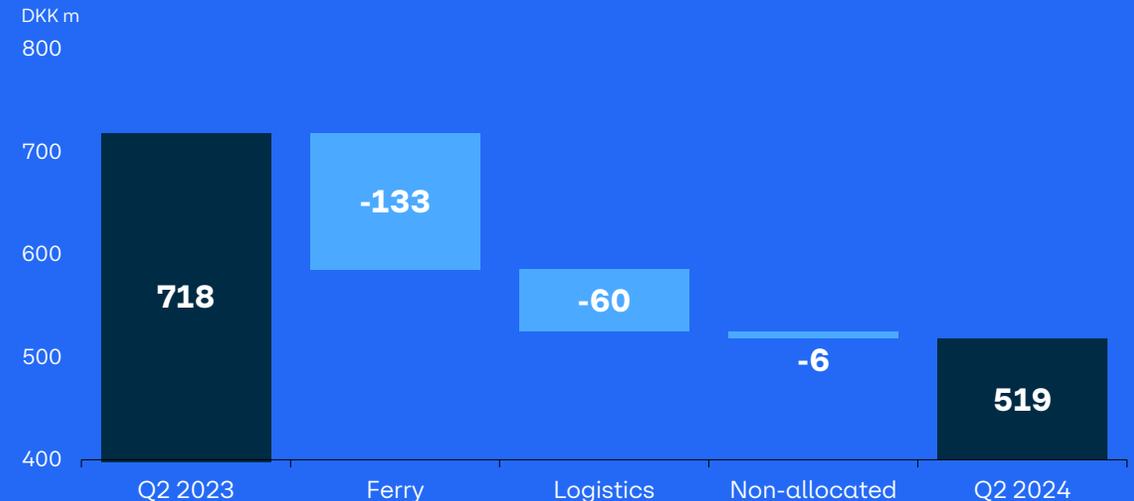
# EBIT reduced by market headwinds & cost dynamics

- **Group Q2 revenue** up 9% and up 3% adjusted for acquisitions and bunker/ETS
- **Q2 EBIT** of DKK 519m decreased 28% due to lower results in both divisions
- **Ferry** Q2 EBIT decreased 21% or DKK 133m to DKK 508m driven by lower freight result
- **Logistics** Q2 EBIT decreased 41% or DKK 60m to DKK 85m driven by margin pressures, shift in customer flows, and underperformance in Nordic Cold Chain

DFDS Group - Q2 EBIT



Q2 2024 EBIT development vs LY



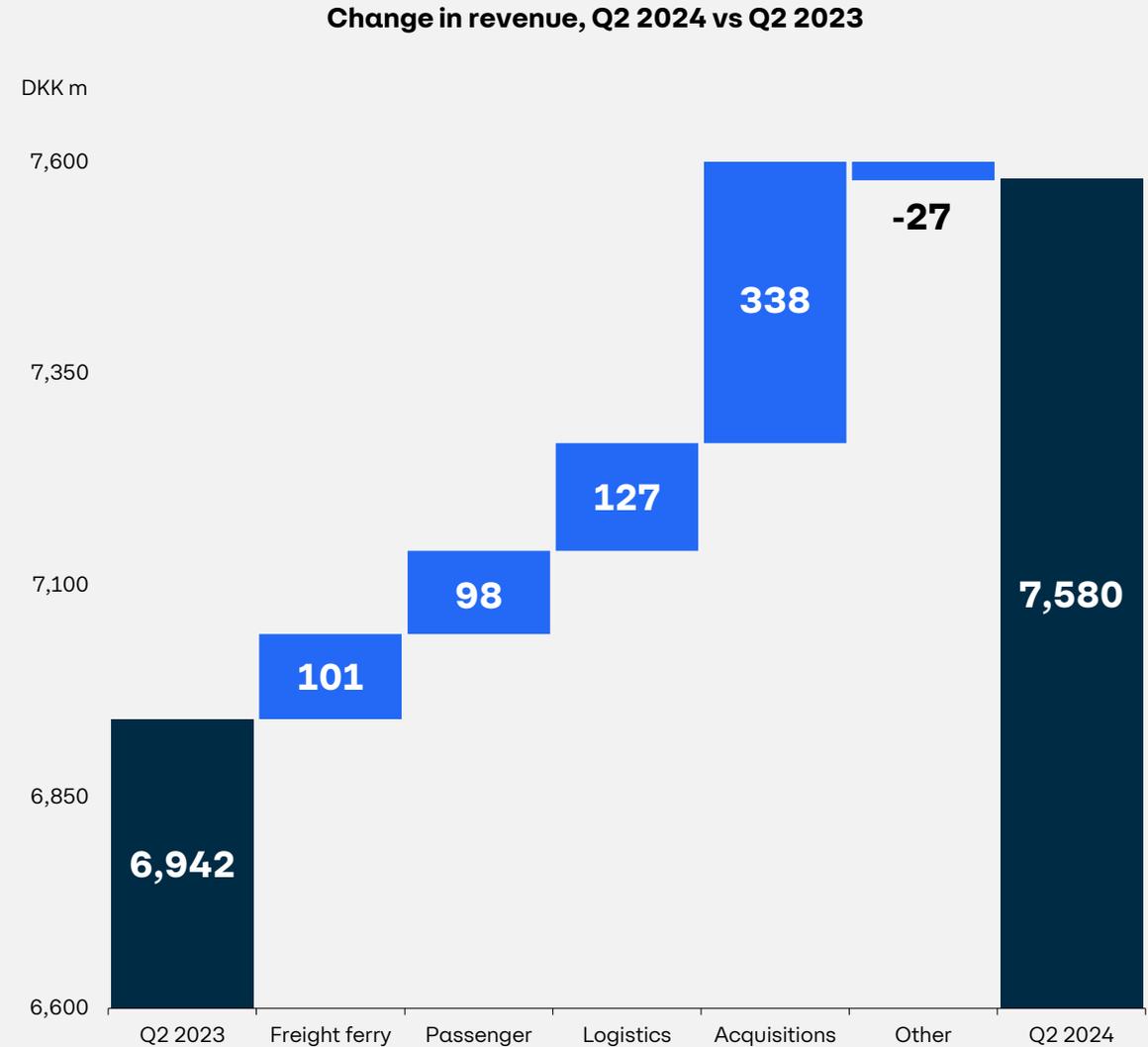
# Q2 2024 income statement

- **Revenue** growth of 9% detailed on next slide
- **EBITDA** decreased 10% or DKK 137m following lower results in both the Ferry Division and the Logistics Division
- **Depreciation** increased 11% or DKK 68m driven by DKK 49m higher Ferry depreciation and DKK 22m higher Logistics depreciation
- **Amortisation** increased DKK 7m due to acquisitions
- **Finance cost** increased DKK 41m driven by higher interest rate level and higher leasing debt

DFDS Group, DKK m	Q2 23	Q2 24	Δ	Δ
Revenue	6,942	7,580	638	9%
<b>EBITDA</b>	<b>1,370</b>	<b>1,232</b>	<b>-137</b>	<b>-10%</b>
<i>Margin</i>	<i>19.7%</i>	<i>16.3%</i>	<i>-3.5%</i>	
Other income/costs, net	-4	8	12	n.a.
Depreciation and impairment	-600	-668	-68	11%
EBITA	765	572	-193	-25%
<i>Margin</i>	<i>11.0%</i>	<i>7.5%</i>	<i>-3.5%</i>	
Amortisation	-47	-53	-7	14%
<b>EBIT</b>	<b>718</b>	<b>519</b>	<b>-200</b>	<b>-28%</b>
<i>Margin</i>	<i>10.3%</i>	<i>6.8%</i>	<i>-3.5%</i>	
<i>Ferry Division</i>	<i>641</i>	<i>508</i>	<i>-133</i>	<i>-21%</i>
<i>Logistics Division</i>	<i>146</i>	<i>85</i>	<i>-60</i>	<i>-41%</i>
<i>Non-allocated</i>	<i>-69</i>	<i>-75</i>	<i>-6</i>	<i>9%</i>
Finance	-160	-202	-41	26%
<b>Profit before tax</b>	<b>558</b>	<b>317</b>	<b>-241</b>	<b>-43%</b>
Tax	-21	-29	-7	34%
<b>Profit after tax</b>	<b>537</b>	<b>288</b>	<b>-249</b>	<b>-46%</b>

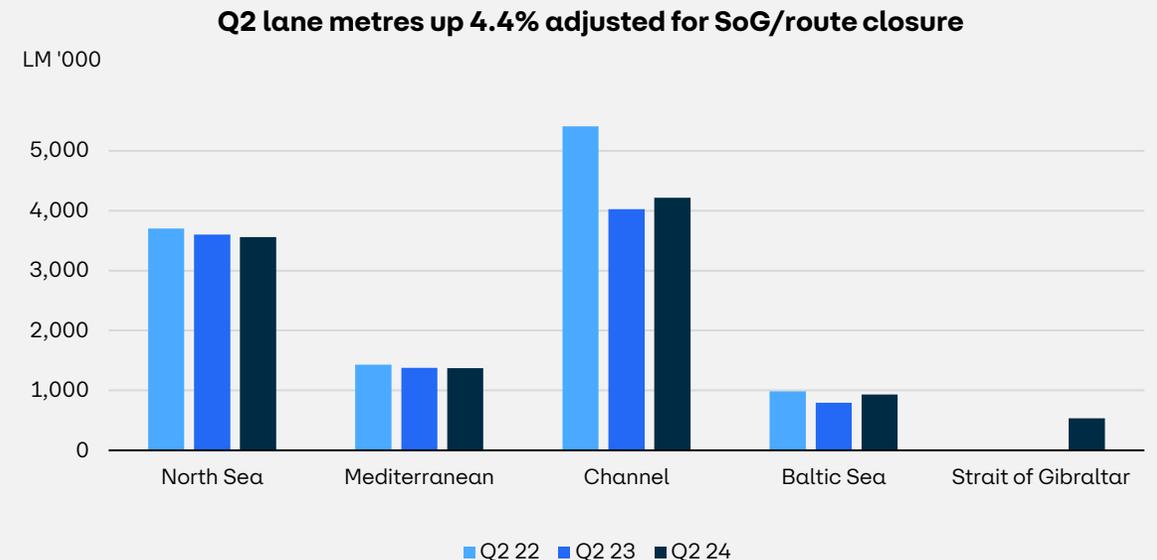
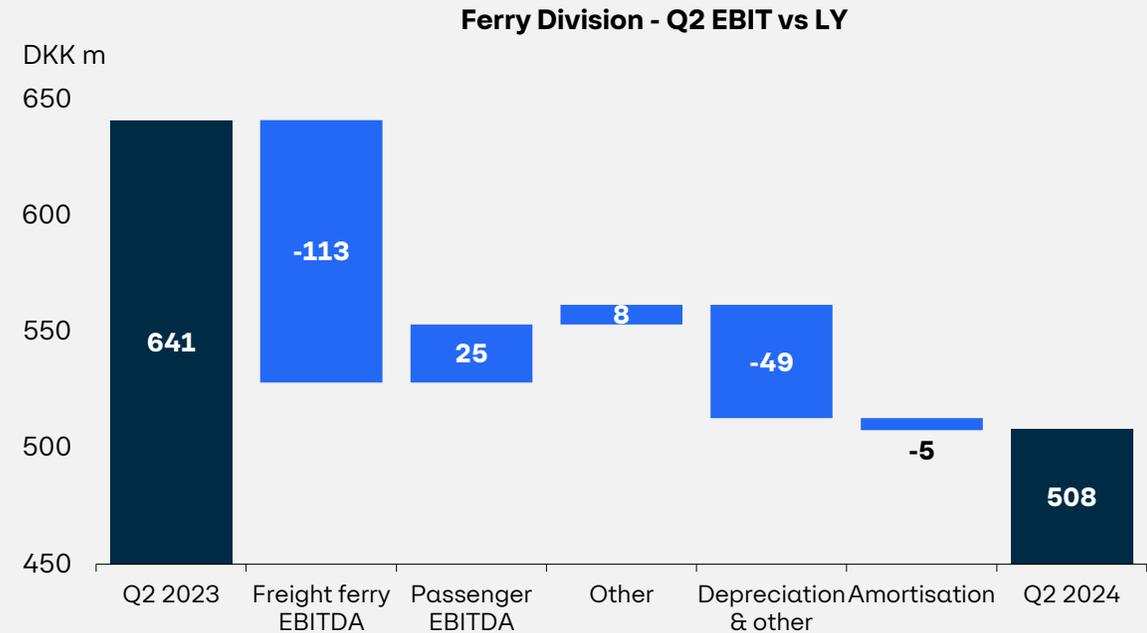
# 3% organic revenue growth in Q2

- **Freight ferry** on level with 2023 excluding BAF/ETS – volume growth offset by rates
- **Passenger** up DKK 98m driven primarily by Channel
- **Logistics** up 4% from Nordic and UK&I – Continent reduced
- **Acquisitions** added revenue of DKK 338m (Strait of Gibraltar (SoG), Estron, DR MacLeod)



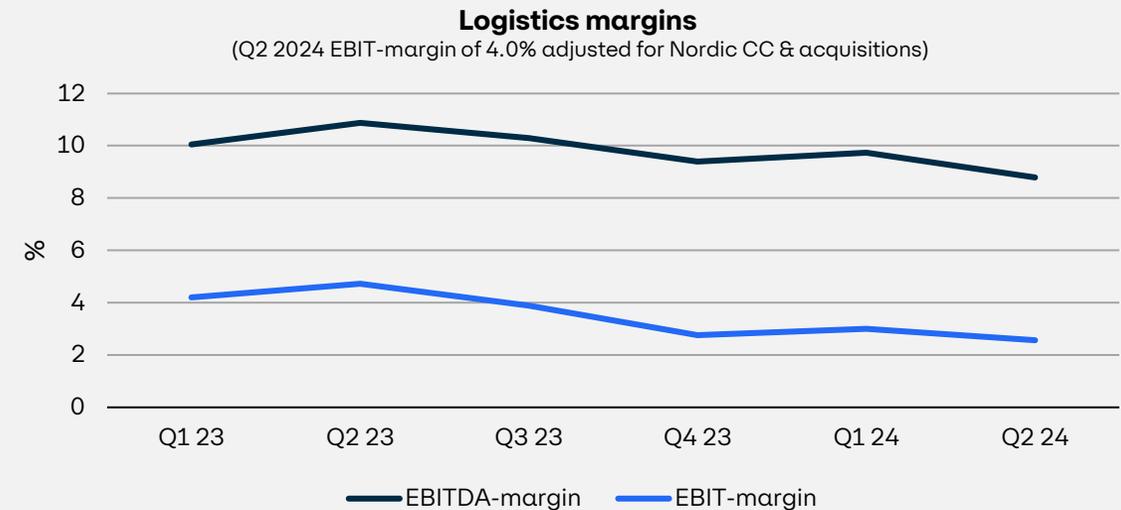
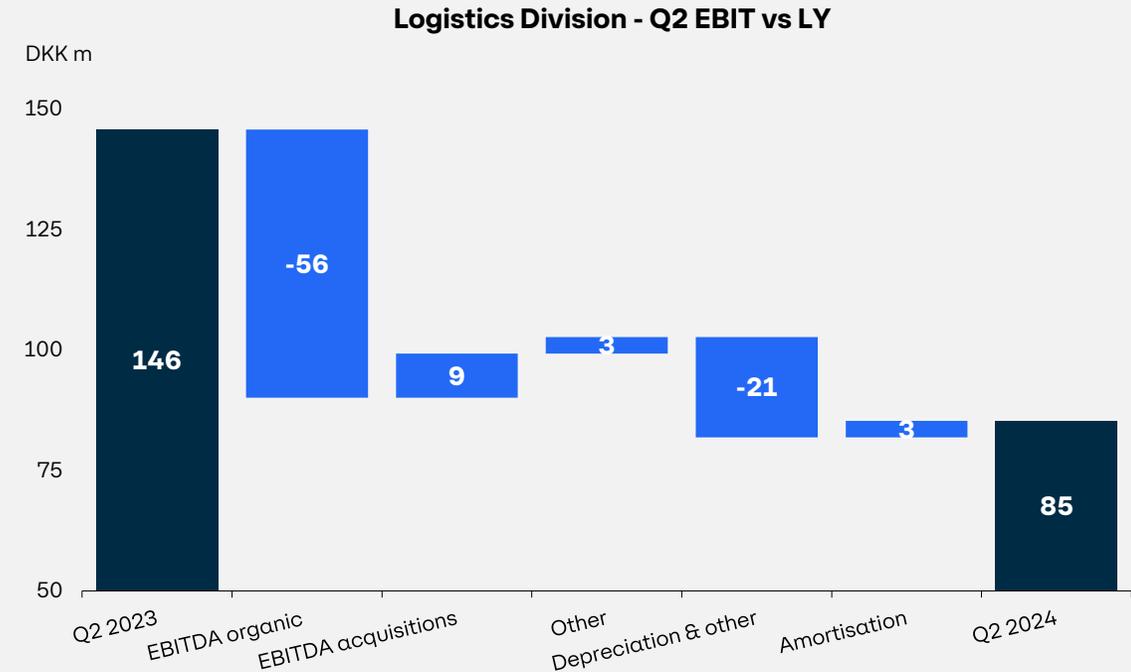
# Ferry Division – key positions protected

- **Freight Ferry EBITDA** down 8% or DKK 60m excluding DKK 54m decrease in oil spread hedging income. Organic decrease driven by rate pressures and adverse cost development
- **Passenger EBITDA** up DKK 25m due to higher volumes and spending in Channel offsetting negative SoG contribution due to season
- **Depreciation** increase of DKK 49m (including DKK 33m impairment reversal) due to higher cost of dockings, sale & leaseback impact, and SoG acquisition



# Logistics Division – mixed results in challenging quarter

- **EBITDA organic** decrease of DKK 56m driven by 20% of revenue with margin pressure, shift in trade flows, and Nordic Cold Chain underperformance
- EBITDA for remaining 80% of revenue was flat from general margin pressure offset by improved performance in mainly Sweden contract logistics, Special Cargo, and UK Cold Chain
- **EBITDA from acquisitions** of DKK 9m
- **Depreciation** increased DKK 21m of which DKK 8m from acquisitions



# Cash flows & capital

- **Operating cash flow** up 32% to DKK 1.3bn driven by positive working capital impact
- **Operating capex** of DKK -0.3bn as expected
- **Adjusted free cash flow** of DKK 0.7bn in Q2
- LTM Adjusted free cash flow of DKK 2.3bn includes inflow of DKK 1.5bn from Q4 2023 sale/leaseback of three freight ferries
- **Leverage**, NIBD/EBITDA, lowered to 3.1x from 3.2x at end Q1 2024

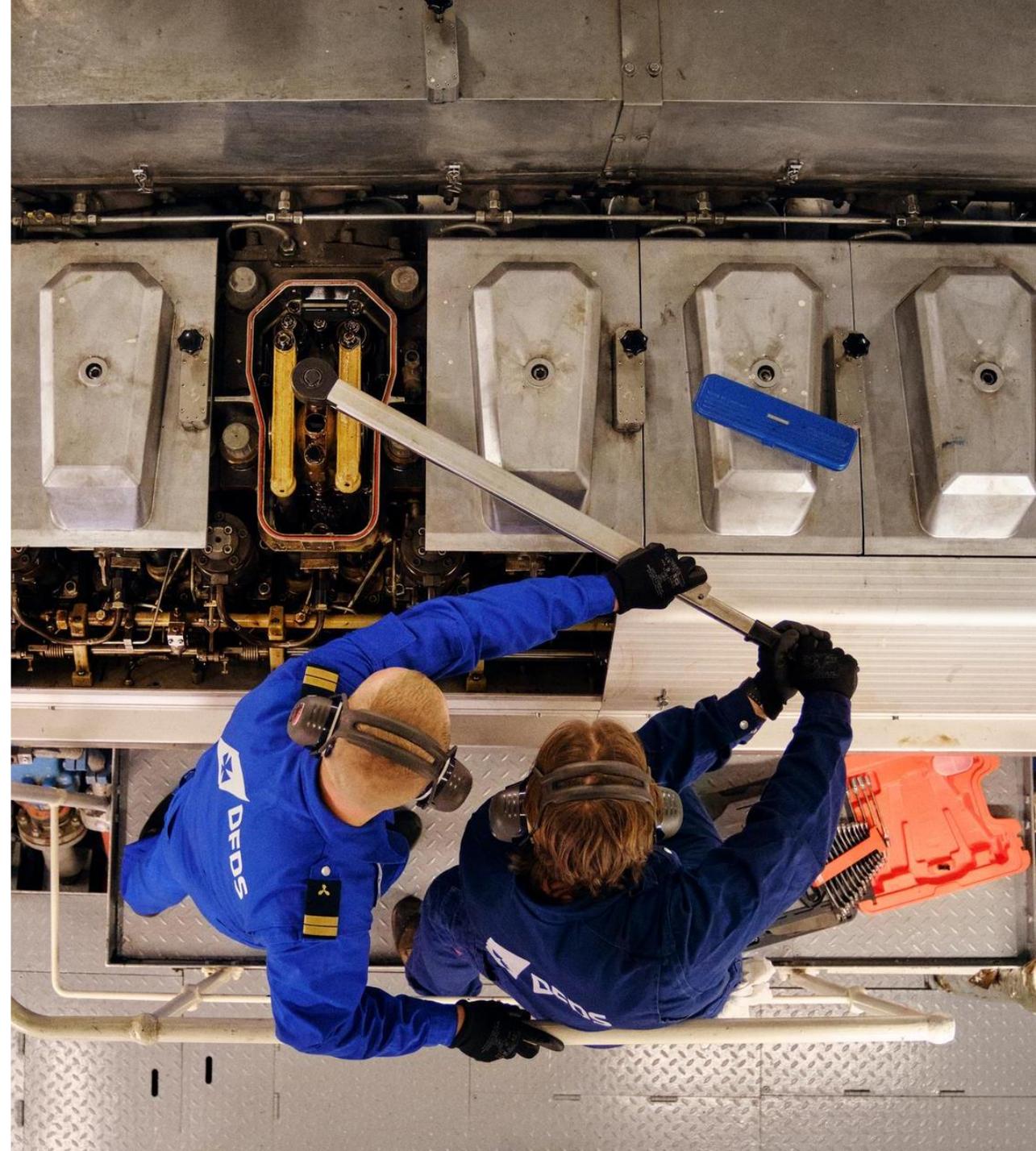
DKK bn	Q2 2023	Q2 2024	Δ	Δ	Q2 LTM 2024-23
<b>Cash flows</b>					
Operating cash flow	1.0	1.3	0.3	32%	3.5
<i>Capex</i>					
Operating capex	-0.2	-0.3	-0.1	50%	-1.7
Ferries*	0.0	0.0	0.0	n.a.	1.5
Acquisitions	0.0	0.0	0.0	n.a.	-1.2
Free cash flow	0.8	1.0	0.2	30%	2.1
Adjusted free cash flow	0.6	0.7	0.1	21%	2.3
<b>Capital structure</b>					
NIBD	15.0	15.7	0.7	5%	n.a.
NIBD/EBITDA, times	2.9	3.1	0.2	n.a.	n.a.
Equity ratio	38%	38%	0%	n.a.	n.a.

\*Sale/purchase/new-buildings

# Moving to Green

# Continued progress on green and social targets

- **Ferry CO2** emission intensity reduced 3% for own fleet and 2% across route network
- **Channel electrification** – first deployment of battery ferries expected by 2029
- **Green RoRo** corridor project – capex/opex funding application submitted to EU
- **E-trucks:** 115 e-trucks in operation – 10 added in Germany plus 300kW charging facility in Vlaardingen/Rotterdam
- **Women's** representation in management positions increased to 20% for H1 2024 from 17% in 2023
- **Safety** (LTIF) continued to improve for land-based activities

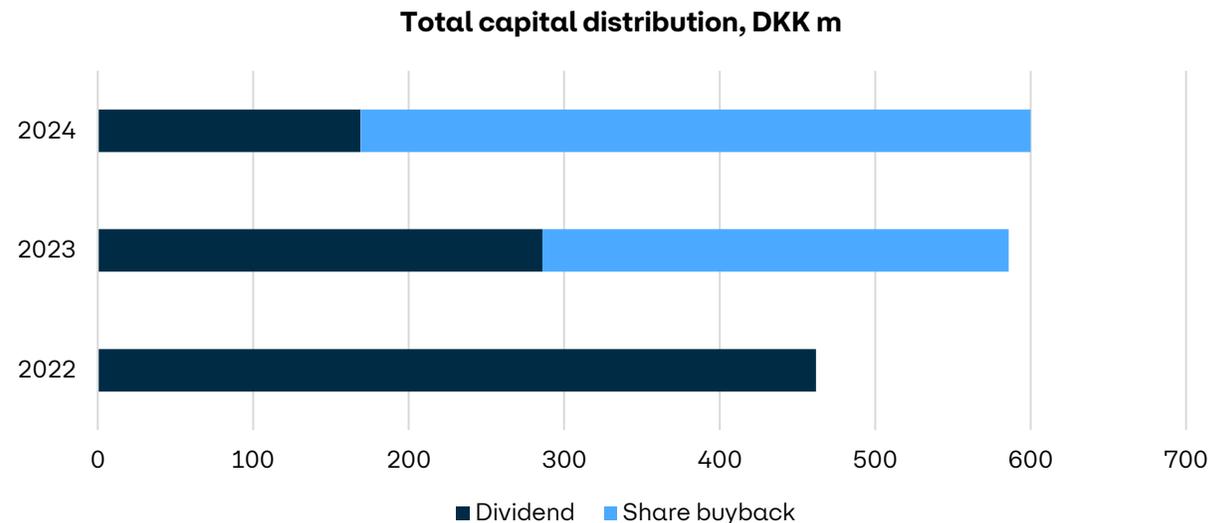


# Capital distribution, outlook & priorities

# Total capital distribution of DKK 600m on track

- **Capital distribution** total of DKK 600m equal to DKK 10.67 per share (ex. own shares)
- **Dividend** of DKK 168m paid in March equal to DKK 3.00 per share (ex. own shares)
- **Share buyback** of DKK 431m under Safe Harbour rules running from 12 February to 31 December 2024
- 1,308k shares bought for DKK 268m on 9 August 2024

Distribution to shareholders, DKK m	2022	2023	2024
Dividend per share, DKK	8.00	5.00	3.00
Dividend, ex. treasury shares	462	286	168
Buyback of shares	0	300	431
Total distribution to shareholders	462	586	599
Total distribution yield, %	3.1	4.6	n.a.



# Outlook 2024 – more challenging year than previously expected

- **European** growth rebound not expected before Q4
- **Freight ferry** rate pressure expected to continue in H2
- **Road transport** margin pressure expected to ease in H2 as haulage overcapacity started to reverse end Q2
- **Passenger** market overall stable – Baltic impacted by softer demand



# Cash flow outlook unchanged, EBIT range lowered

- **Revenue** growth outlook of 8-11% unchanged – includes expected addition of Ekol Logistics end Q3
- **EBIT** outlook range lowered to DKK 1.7-2.1bn from DKK 2.0-2.4bn
- **Operating capex** reduced to DKK 1.5bn from DKK 1.75bn
- **Adjusted free cash flow** of around DKK 1.5bn unchanged

DKK m	Outlook 2024	Previous outlook 2024	2023
Revenue growth	8-11%	8-11%	27,304
EBIT	1,700-2,100	2,000-2,400	2,326
<i>Per division:</i>			
Ferry Division	1,525-1,850	1,675-1,975	2,098
Logistics Division	375-450	525-625	469
Non-allocated items	-200	-200	-242
Capex	-1,500	-1,750	-115
<i>Types:</i>			
Operating	-1,500	-1,750	-1,581
Ferries: sale & purchase, new-buildings	0	0	1,466
Adjusted free cash flow	Around 1,500	Around 1,500	2,773

# Key priorities for H2 2024

## - protect & deliver

- **Organic growth** focus - protect key ferry market positions, add enterprise accounts, fill warehouses
- **Turn Logistics'** earnings trend around - price/cost, Nordic Cold Chain
- **Green transition** - continue to deliver on short- and long-term targets
- **Strait of Gibraltar** integration and performance
- **Ekol Logistics** integration kick-off



# Q&A