

Outlook firmed up by solid Q3

Q3 2023 investor call



15 November 2023





Content

- Q3 2023 overview
- Results
- ESG update
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The statements about the future in this announcement contain risks and uncertainties. This entails that actual developments may diverge significantly from statements about the future.

Resilient ferry and logistics network delivers solid Q3

Continued performance above expectation

Good high-season passenger activity

Freight ferry underlying result on level with LY

Adapting capacity; cost control; pricing

Commercial wins prioritised

Freight headwinds

Channel and Karlshamn-Klaipeda overcapacity

Türkiye slowdown; Q4 leveling out expected

Oil spreads normalised

Building materials and meat flows slowdown

Price pressure from high tender activity

Network expansion

McBurney, Lucey, and McLeod on track

Estron acquisition completed September 2023

FRS Iberia/Maroc approval expected Q4

Cash flow focus

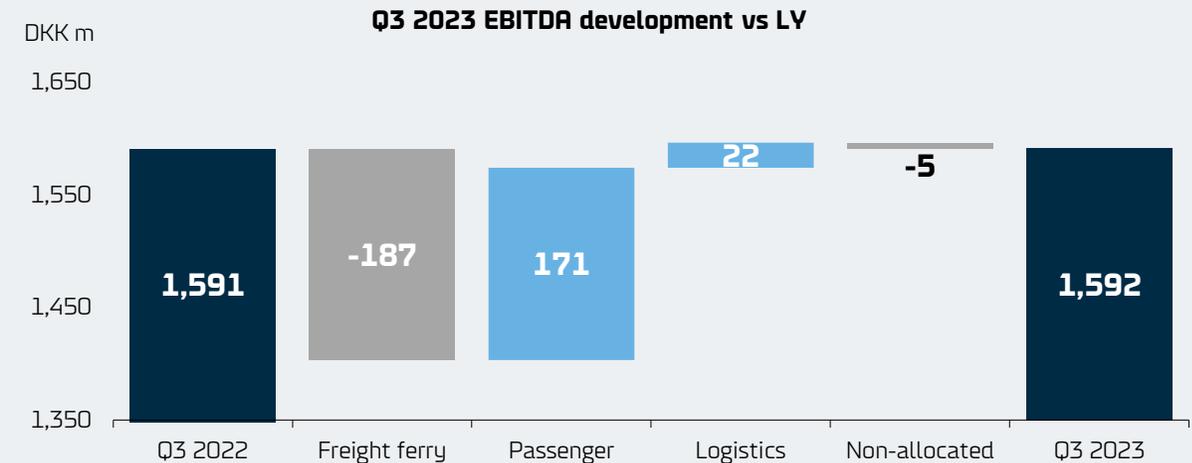
Free cash flow level further increased...

...despite interest rate increase impacting cash flow

Leverage stable – limited impact from acquisitions

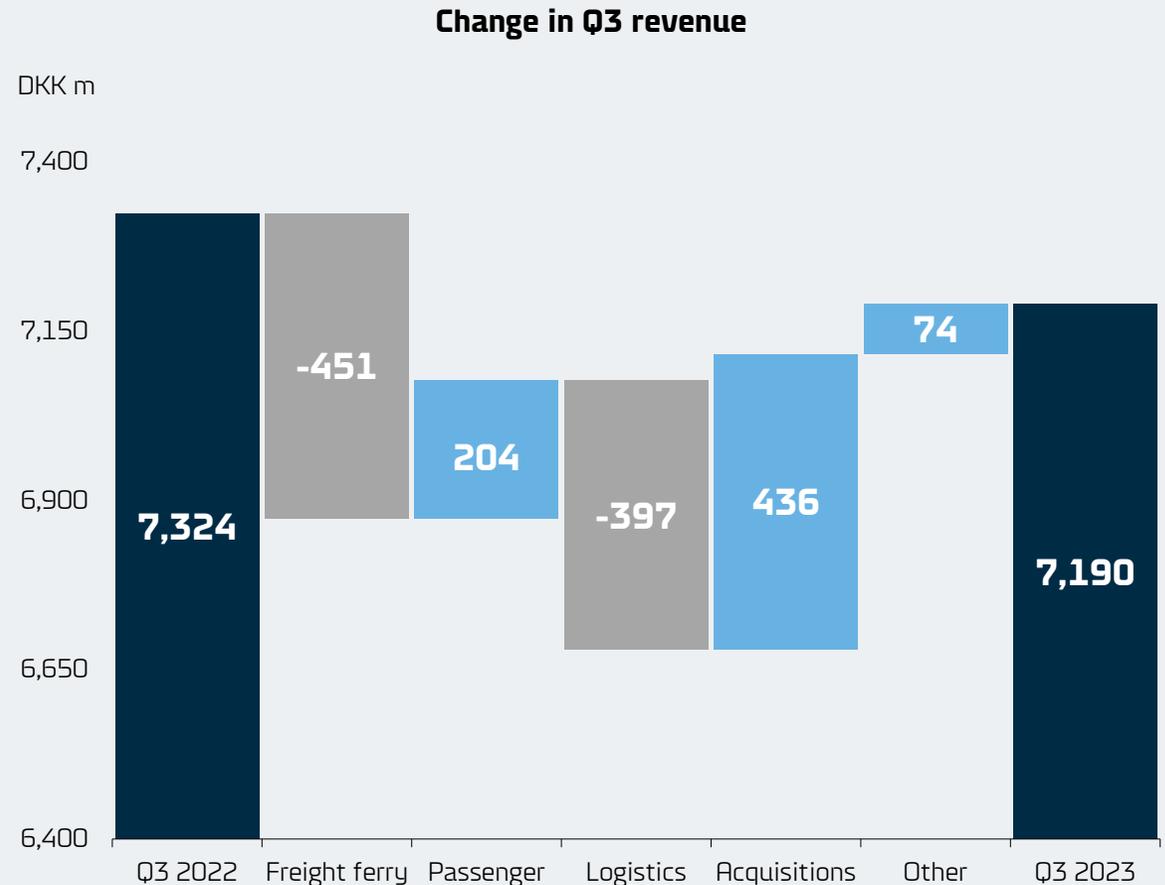
Higher passenger result and acquisitions underpin EBITDA level

- **DFDS Group** revenue down 2%; up 7% adjusted for bunker surcharges
- **EBITDA** at DKK 1.6bn on level with Q3 2022
- **Ferry freight** EBITDA down DKK 0.2bn (26%) driven by lower oil price spreads
- **Passenger** EBITDA up 0.2bn (29%) with contributions from all markets
- **Logistics** EBITDA up 8% to DKK 0.3bn, organic result below 2022 driven by market slowdown and one-off costs



Revenue impacted by lower freight volumes and surcharges

- **Revenue reported** down 2% but up 7% adjusted for bunker surcharges (BAF)
- **Freight ferry** up 6% ex. BAF as higher Mediterranean revenue offset lower Channel and Baltic revenue
- **Passenger** up 16% driven by higher revenue in all three business units carrying passengers
- **Logistics** excluding acquisitions down 13% reflecting mainly lower volumes and lower surcharge levels
- **Acquisitions** added revenue of DKK 436m (316/McBurney, 70/Lucey, 23/MacLeod, 27/Estron)



Q3 2023 results – stable EBITDA offset by higher finance cost

- **EBITDA** on level as Passenger and Logistics earnings offset lower Freight Ferry earnings
- **Depreciation** up 12% or DKK 68m driven primarily by acquisitions and expansion of warehouse capacity
- **Finance** cost up DKK 79m, including a DKK 90m higher net interest cost and a DKK 11m positive variance from currency

DFDS Group P/L DKK m	Q3 22	Q3 23	Δ	Δ
Revenue	7,324	7,190	-134	-2%
EBITDA	1,591	1,592	1	0%
<i>Margin</i>	<i>21.7%</i>	<i>22.1%</i>	<i>0.4%</i>	
Other income/costs, net	-2	-9	-7	n.a.
Depreciation and impairment	-587	-656	-68	12%
EBITA	1,002	927	-74	-7%
<i>Margin</i>	<i>13.7%</i>	<i>12.9%</i>	<i>-0.8%</i>	
Amortisation	-34	-40	-6	18%
EBIT	968	888	-80	-8%
<i>Margin</i>	<i>13.2%</i>	<i>12.3%</i>	<i>-0.9%</i>	
Finance	-115	-195	-79	69%
Profit before tax	852	693	-160	-19%
Tax	-36	-35	1	-2%
Profit after tax	817	658	-159	-19%

Adjusted free cash flow up 85% to DKK 0.5bn

- **ROIC** before acquisition intangibles at 10.9% (11.4%) and ROIC at 8.0% (8.4%)
- **Operating cash flow** of DKK 1.1bn reduced by working capital outflow and higher finance cost
- **Operating capex** of DKK 0.4bn
- **Adjusted free cash flow** of DKK 0.5bn in Q3 and DKK 1.7bn for LTM
- **Leverage** of 2.9 unchanged from Q2 2023 as limited impact from acquisitions

DKK bn	Q3 2022	Q3 2023	Δ	Δ
Returns				
Invested capital, end	27.1	29.2	2.1	8%
ROIC BAI*	11.4%	10.9%	-0.5%	n.a.
ROIC	8.4%	8.0%	-0.4%	n.a.
Cash flows				
Operating cash flow	1.3	1.1	-0.1	-11%
<i>Capex</i>				
Operating capex	-0.4	-0.4	0.1	-14%
Ferries, sale/purchase/newbuildings	-0.3	0.0	0.3	n.a.
Acquisitions	-0.2	0.0	0.2	n.a.
Free cash flow	0.3	0.7	0.4	166%
Adjusted free cash flow	0.3	0.5	0.2	85%
Capital structure				
NIBD	14.0	15.0	1.0	7%
NIBD/EBITDA, times	2.9	2.9	0.0	n.a.

*Before acquisition intangibles

Ferry Division overview – overall robust result despite headwinds

- **Revenue** reported down 5% and up 10% adjusted for BAF surcharges
- **Q3 EBITDA** decreased 1% to DKK 1.3bn as higher passenger more or less offset lower freight result
- **Ferry Freight result** down 26% or DKK 0.2bn to 0.5bn driven by higher net bunker cost
- **Underlying Ferry Freight result on level** with Q3 2022 despite 5% lower volumes
- **Passenger result** up 29% or DKK 0.2bn driven by 6% more passengers, higher spend, bunker saving, and release of a Covid-19 related provision

DKK m	Q3 22	Q3 23	Δ	Δ
Revenue	4,753	4,506	-247	-5%
<i>Freight ferry</i>	<i>3,503</i>	<i>3,052</i>	<i>-451</i>	<i>-13%</i>
<i>Passenger</i>	<i>1,250</i>	<i>1,454</i>	<i>204</i>	<i>16%</i>
EBITDA	1,310	1,294	-16	-1%
<i>Margin</i>	<i>27.6%</i>	<i>28.7%</i>	<i>1.2%</i>	
<i>Freight ferry</i>	<i>722</i>	<i>535</i>	<i>-187</i>	<i>-26%</i>
<i>Passenger</i>	<i>587</i>	<i>758</i>	<i>171</i>	<i>29%</i>
Other income/costs, net	-5	-14	-9	n.a.
Depreciation	-441	-457	-16	n.a.
EBITA	862	822	-40	-5%
<i>Margin</i>	<i>18.1%</i>	<i>18.2%</i>	<i>0.1%</i>	
ROIC BAI*, %	11.9	12.4	0.5	n.a.
ROIC, %	9.4	9.9	0.5	n.a.
Lane metres, '000	9,915	9,455	-460	-5%
Passengers	1,704	1,812	108	6%

*Before acquisition intangibles

Logistics Division – headwind from one-off costs and lower volumes

- **Revenue** reported up 1% and down 13% adjusted for acquisitions
- **Q3 EBITDA** up 8% to DKK 0.3bn and down DKK 61m (21%) adjusted for acquisitions
- **Half of organic decrease due to one-off costs** related to closure of Bruges cold chain operation and a bad debt provision
- **Underlying result** stable for contract logistics. Decline in road transport, meat market volumes, and premium transports
- **Price pressure** increasing as customers seek to benefit from overcapacity in market

DKK m	Q3 22	Q3 23	Δ	Δ
Revenue	2,947	2,985	39	1%
<i>Dry Goods</i>	<i>1,553</i>	<i>1,506</i>	<i>-47</i>	<i>-3%</i>
<i>Cold Chain</i>	<i>1,388</i>	<i>1,484</i>	<i>96</i>	<i>7%</i>
Gross profit	902	1,121	219	24%
<i>Margin</i>	<i>30.6%</i>	<i>37.6%</i>	<i>7.0%</i>	
EBITDA	297	319	22	8%
<i>Margin</i>	<i>10.1%</i>	<i>10.7%</i>	<i>0.6%</i>	
Other income/costs, net	3	-2	-5	n.a.
Depreciation	-135	-190	-54	40%
EBITA	165	135	-30	-18%
<i>Margin</i>	<i>5.6%</i>	<i>4.5%</i>	<i>-1.1%</i>	
ROIC BAI*, %	14.3	12.9	-1.4	n.a.
ROIC, %	7.2	6.5	-0.7	n.a.

*Before acquisition intangibles

Key Q3 ESG actions – continued decrease of emission intensity

- **Ferry** CO2 emission intensity reduced 4% across route network driven by schedule optimisation and vessel upgrades
- **E-trucks:** 50 of 125 ordered trucks deployed end Q3
- **Female representation** improved 3 ppt to 19% for all managers. Acquisitions impacting total workforce ratios
- **Safety** Q3 ratios improved for both sea and land operations



2023 OUTLOOK

Outlook range for 2023 firmed up

- **EBITDA outlook** range narrowed to DKK 4.9-5.2bn from DKK 4.8-5.2bn
- **Ferry Division** outlook raised after good passenger high season. Q4 freight volumes expected to be on level with 2022
- **Logistics Division** outlook reduced due to softer activity levels and one-off costs
- **Revenue outlook** unchanged
- **Operating capex outlook** reduced to DKK 0.1bn due to sale of three freight ferries announced in October 2023

DKK m	New outlook 2023	Previous outlook 2023	2022
Revenue growth	On level	On level	26,873
EBITDA	4,900-5,200	4,800-5,200	4,955
<i>Per division:</i>			
Ferry Division	3,775-3,975	3,650-3,900	3,966
Logistics Division	1,250-1,350	1,250-1,400	1,066
Non-allocated items	-125	-100	-76
Investments	-1,300	-2,800	2,989
<i>Types:</i>			
Operating	-1,600	-1,600	-1,838
Ferries: sale & purchase, newbuildings	1,500	0	-871
Acquisitions	-1,200	-1,200	-280

Key current priorities for 2023

- **Capacity management** - continuous focus on alignment to demand development
- Ongoing execution of **cost adaptation** initiatives
- **Attract volumes** to network
- **Move green** transformation projects forward
- **Social** – rollout of new Health & Safety system
- **Approval** of FRS Iberia Maroc acquisition



Q&A

