

FERRY ROUTES & LOGISTICS

DFDS Group Overview



WHAT WE DO



**We move freight
and passengers
on ferry routes
in Europe**

- Oslo
- Kapellskär
- Hanko
- St. Petersburg
- Brevik
- Gothenburg
- Paldiski
- Newcastle
- Immingham
- Esbjerg
- Copenhagen
- Karlshamn
- Riga
- Felixstowe
- Amsterdam (IJmuiden)
- Rotterdam (Vlaardingen)
- Fredericia
- Klaipeda
- Newhaven
- Dover
- Calais
- Dunkirk
- Dieppe
- Ghent
- Cuxhaven
- Kiel

- Marseille
- Valencia
- Tunis

We also provide transport and logistics solutions to a wide range of businesses



- Logistics offices
- Container and sideport route ports
- Warehousing or other logistics operation
- Logistics office and port of call

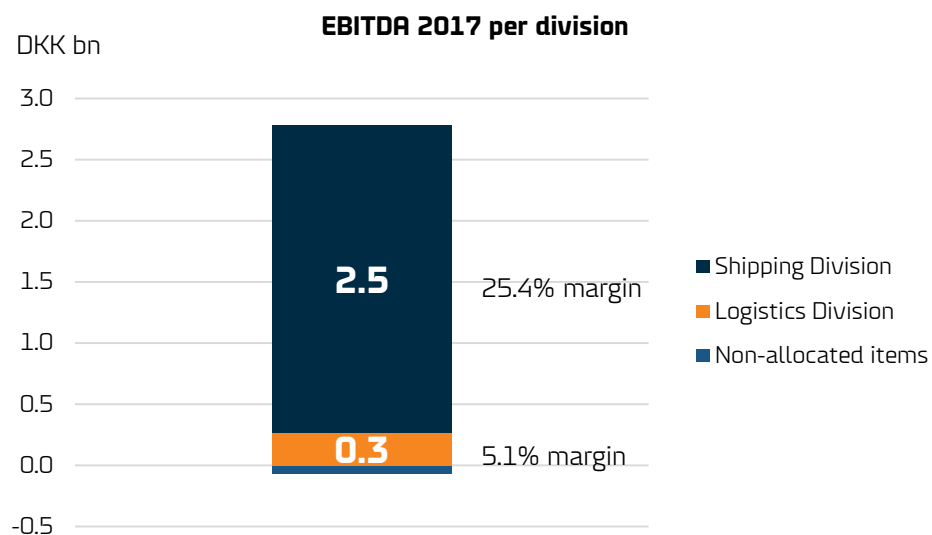
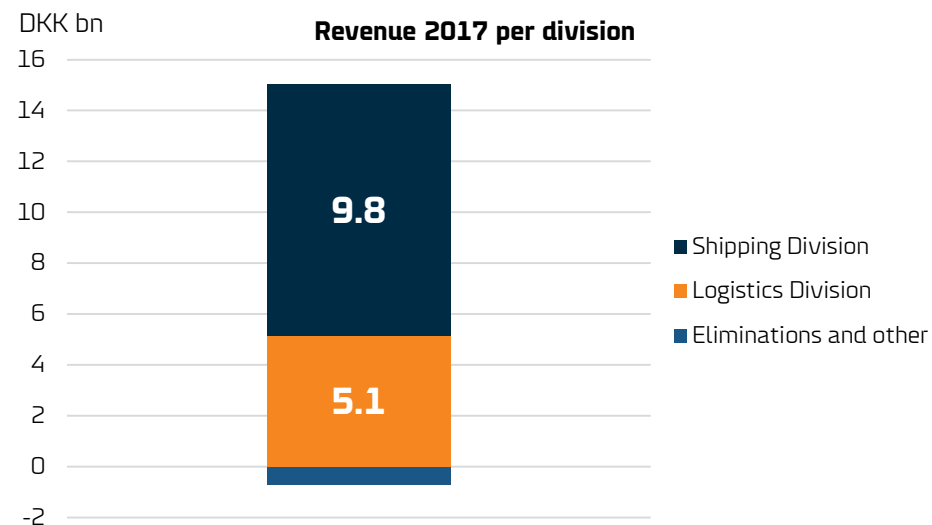
Route network now expanded to Mediterranean



DFDS structure, ownership and earnings split

DFDS Group

People & Ships	Finance
Shipping Division <ul style="list-style-type: none"> Ferry services freight and passengers Port terminals 45 ferries operated* 	Logistics Division <ul style="list-style-type: none"> Door-door transport Contract logistics 5,600 trailers and 3,500 containers
DFDS facts <ul style="list-style-type: none"> Founded in 1866 Activities in 20 European countries 7,000 employees 	Shareholder structure <ul style="list-style-type: none"> Lauritzen: 42% Free float: 54% Nasdaq Copenhagen Foreign ownership share: ~30%



Freight, logistics & pax – northern Europe & Mediterranean

Key services

Freight routes

- Trailers, unaccompanied & accompanied
- Industry solutions
- Port terminals

Logistics solutions

- Door-door full & part loads
- Contract logistics

Passenger routes

- Overnight
- Day
- Transport/holiday
- Cruise ferry

Freight

Share of Group revenue



80% freight

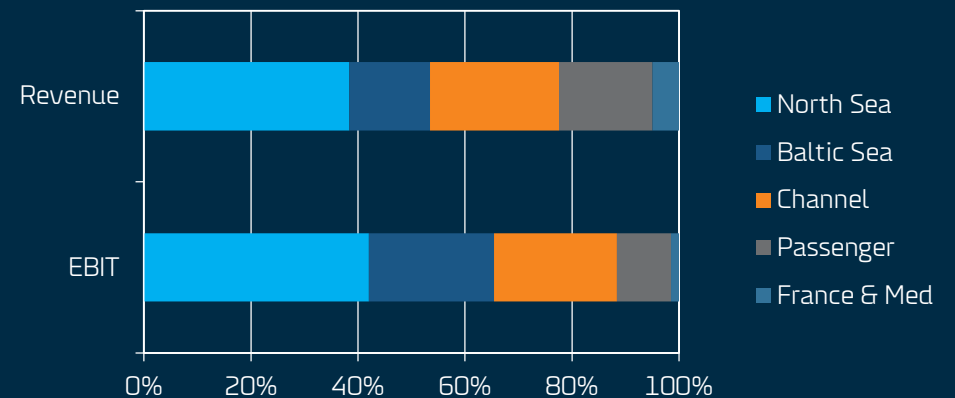
20% pax

SHIPPING

Business units & ROIC, Q1 LTM 2018

North Sea	Baltic Sea	Channel	Passenger	France & Med
16%	31%	18%	24%	57%

Q1 LTM 2018: Shipping Division





- **Ro-ro/ro-pax** shipping: roll on, roll off of **freight units** and **passenger cars**
- Routes carry both **unaccompanied** and **accompanied trailers**
- Other types of cargo, e.g. heavy industrial goods and containers, are placed on carrying equipment (mafis) and tugged on to the ship



FERRY TYPES



Day ferry (ro-pax), Channel

Freight ferry (ro-ro)



Cruise ferry



Combined freight and passenger ferry (ro-pax)



North Sea

- Only freight ferry routes (ro-ro)
- High share of industrial customers Sweden-UK/Continent
- Forwarders main customer group UK-Continent



North Sea	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
Q1 LTM 2018	3,740	675	4,109	16.0
Q1 LTM 2017	3,479	538	4,199	12.6
	Lane metres, '000	Δ vs LY Pax, '000		Δ vs LY
Q1 LTM 2018	12,880	7.0%	n.a.	n.a.
Q1 LTM 2017	12,041			

Baltic Sea

- Freight ferry (ro-ro) and combined freight and passenger ferry routes (ro-pax)
- Forwarders main freight customer group
- Russia to a large degree 'closed for business' by sanctions



Baltic Sea	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
Q1 LTM 2018	1,467	376	1,191	31.5
Q1 LTM 2017	1,391	359	1,251	28.6
	Lane metres, '000	Δ vs LY Pax, '000		Δ vs LY
Q1 LTM 2018	4,543	7.4%	251	20.2%
Q1 LTM 2017	4,229		209	

Channel

- Combined freight and passenger ferry routes (ro-pax)
- Forwarders main freight customer group
- Seasonal passenger market, Q3 high season

Channel	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
Q1 LTM 2018	2,351	369	2,040	18.0
Q1 LTM 2017	2,317	385	2,127	18.0
	Lane metres, '000	Δ vs LY Pax, '000	Pax, '000	Δ vs LY
Q1 LTM 2018	19,160	-6.4%	3,864	14.2%
Q1 LTM 2017	20,475		3,383	

Dover ●
Calais ● ●
Dunkirk

Passenger

- Cruise ferry routes, overnight crossings
- Seasonal passenger market, Q3 high season
- Increasing share of overseas passengers
- Also carries freight

Newcastle

Oslo

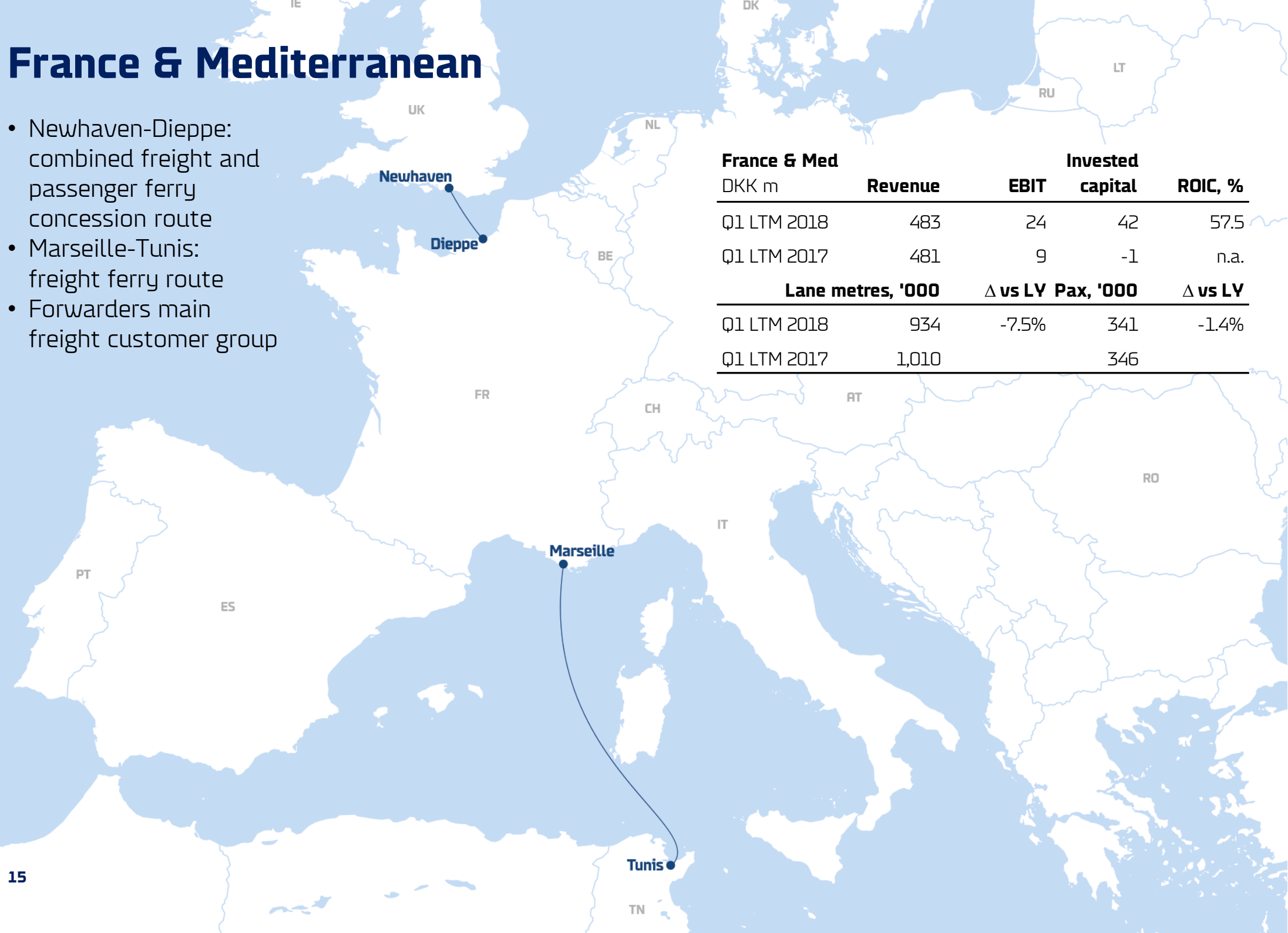
Copenhagen

Amsterdam (IJmuiden)

Passenger	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
Q1 LTM 2018	1,700	162	666	23.8
Q1 LTM 2017	1,699	255	581	42.9
	Lane metres, '000	Δ vs LY Pax, '000		Δ vs LY
Q1 LTM 2018	578	-9.6%	1,373	5.2%
Q1 LTM 2017	640		1,305	

France & Mediterranean

- Newhaven-Dieppe: combined freight and passenger ferry concession route
- Marseille-Tunis: freight ferry route
- Forwarders main freight customer group



France & Med DKK m	Revenue	EBIT	Invested capital	ROIC, %
Q1 LTM 2018	483	24	42	57.5
Q1 LTM 2017	481	9	-1	n.a.
	Lane metres, '000	Δ vs LY Pax, '000	Δ vs LY	
Q1 LTM 2018	934	-7.5%	341	-1.4%
Q1 LTM 2017	1,010		346	

**IT'S ALL
ABOUT THE
ROUTE**

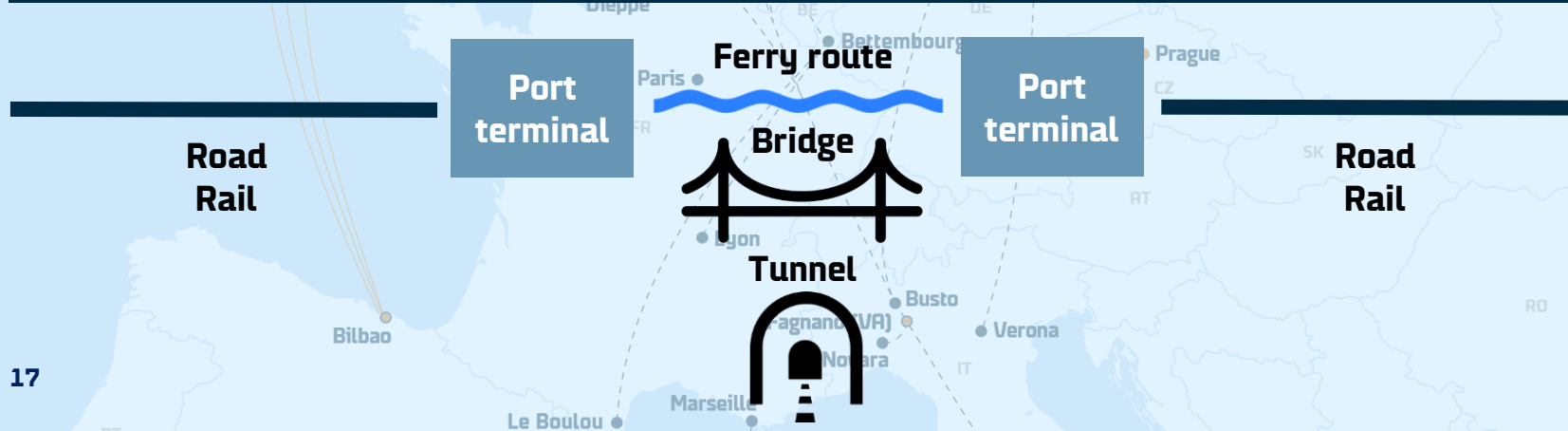
FERRY ROUTE CAPACITY DYNAMICS

- stepwise addition of ferries on a route leverages capacity significantly

Route	No. of ships on route today	Minimum required no. of ships for entry	Capacity impact of entry*
Dover-Calais	8	3	38%
Gothenburg-Immingham	3	2	67%
Fredericia- Copenhagen- Klaipeda	1	1	100%

* Assuming entered ships are identical to incumbent ships and same no. of departures per ship

Freight Infrastructure

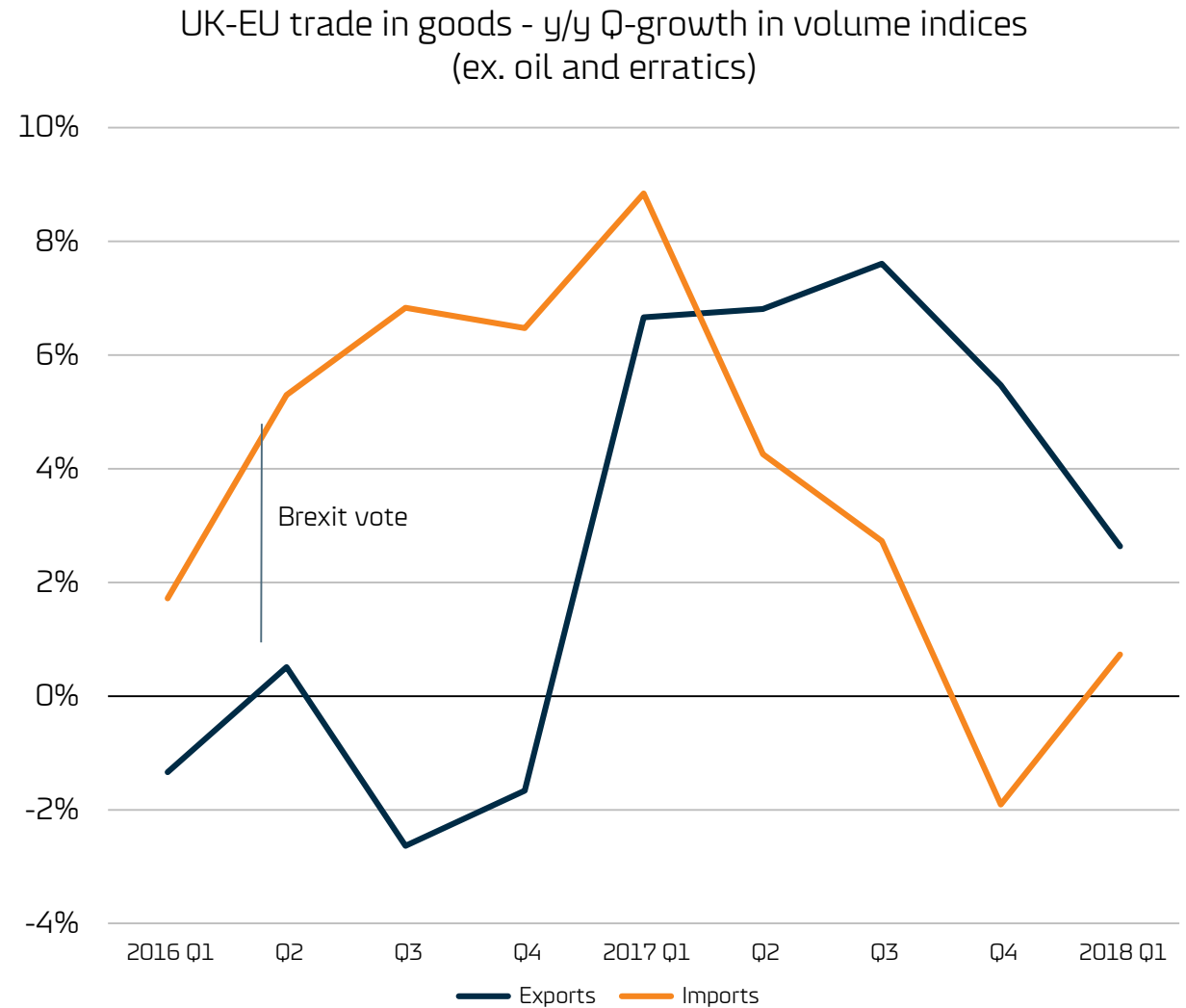


KEY NORTHERN EUROPEAN FERRY COMPANIES



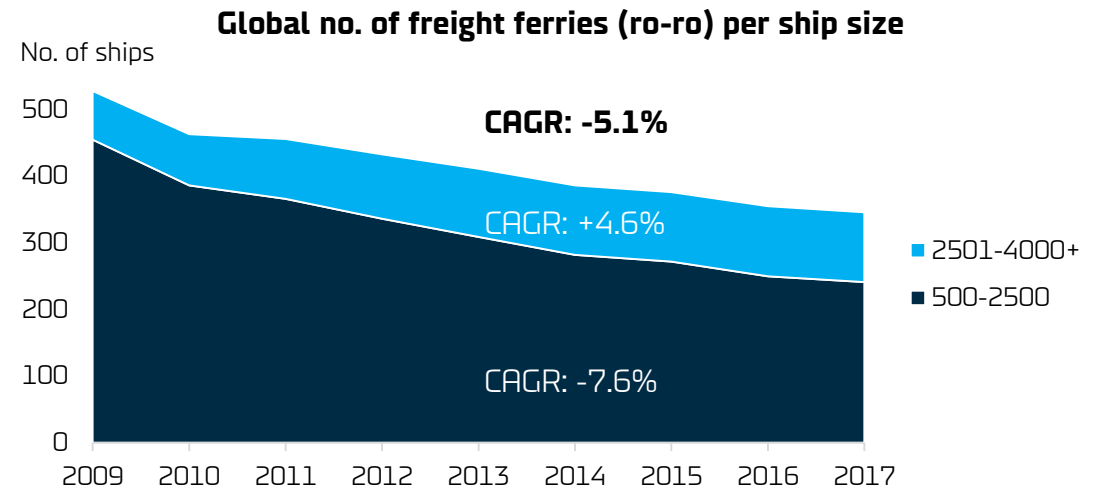
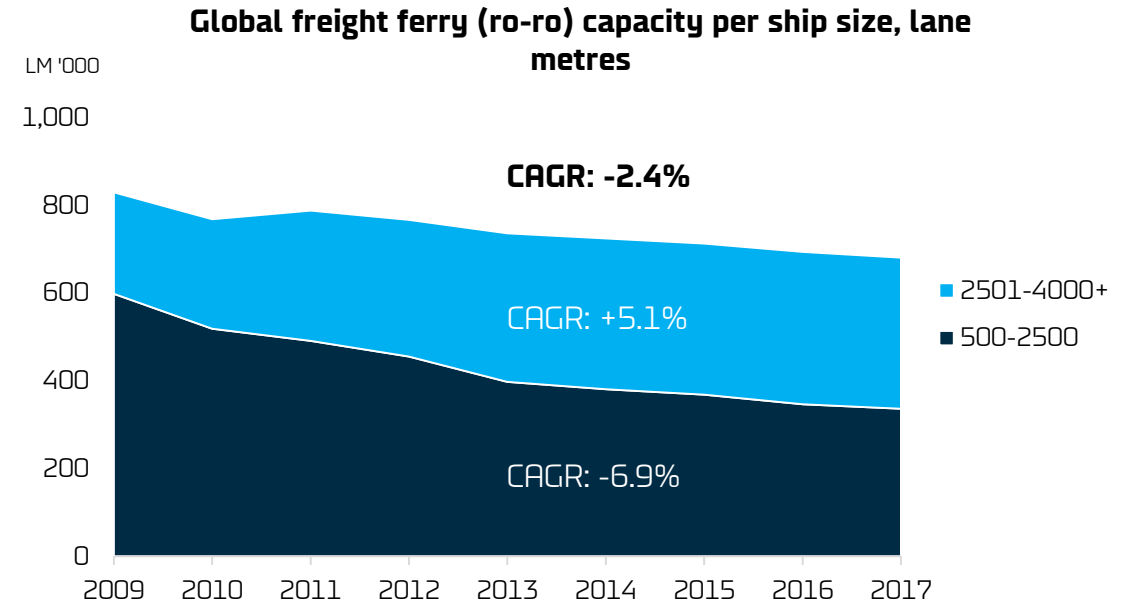
GDP growth of 2.0% expected for EU, 1.5% expected for UK

- **EU's growth scenario** expected to mitigate uncertainty from Brexit
- UK export growth to EU continues, import growth reduced by lower car imports in Q4 2017
- Current EU-UK trading model in place until Dec 2020
- **Volume growth divergence** between North Sea and Channel likely to narrow but continue in 2018



Freight ferry capacity (ro-ro) – total down, large ships growing

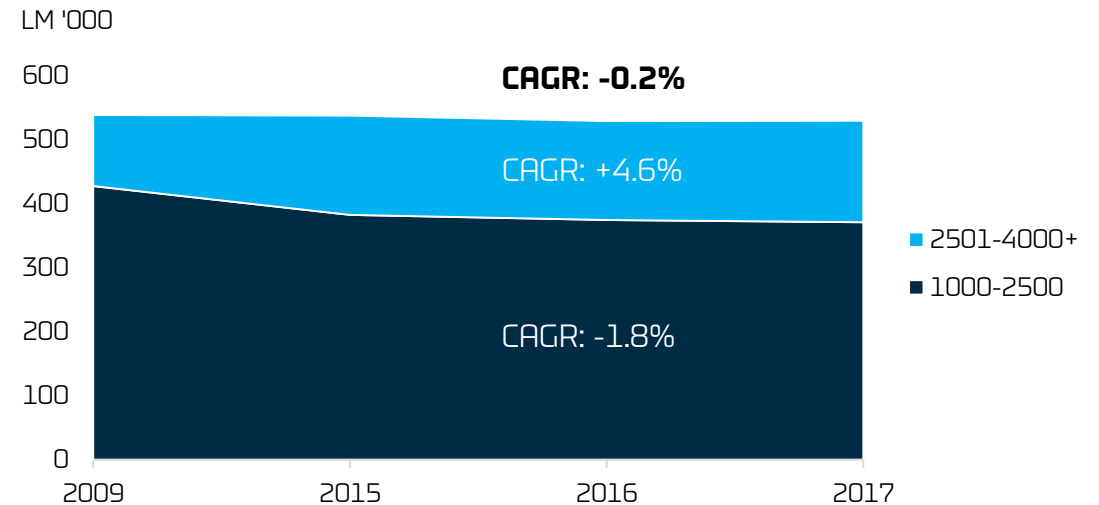
- Freight ferry (ro-ro) capacity expected to decrease 2% in 2017 driven by smaller ships
- CAGR of -2.4% in global LM capacity since 2009 due to:
 - Consolidation of volumes around hubs
 - Increased utilization on large ships
 - Large ships with lower unit costs replace smaller ships
 - Ongoing scrapping of older and smaller ships
- Number of ships likewise declining as is availability of ferries for potential ‘speculative’ entrants
- Order book consists primarily of orders from Cobelfret and DFDS



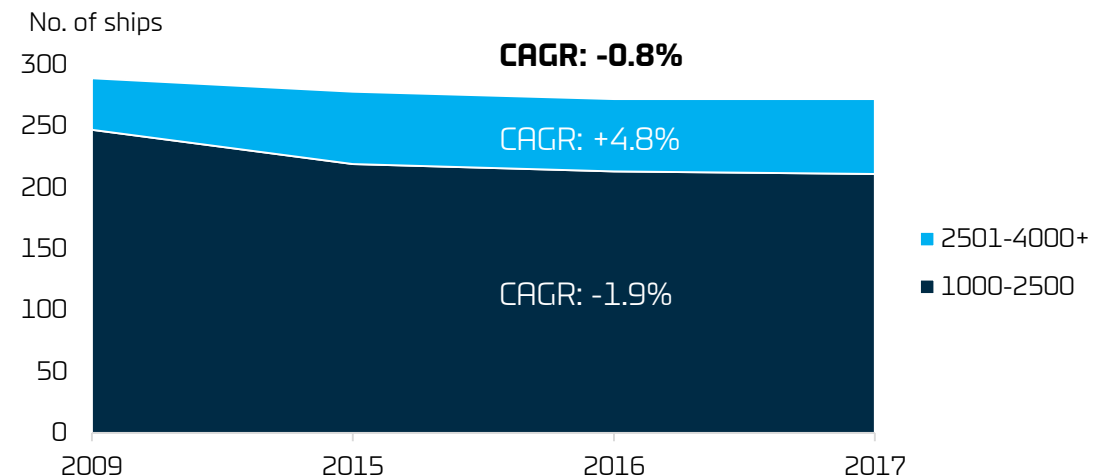
Ferry capacity (ro-pax) – stable, large ships growing

- Ferry (ro-pax) capacity expected to remain flat in 2017 as increase in capacity of large ships is balanced by decrease for smaller ships
- CAGR of -0.8% in global LM capacity since 2009 due to:
 - Same drivers as for freight ferries...
 - ...mitigated by a positive impact from ro-pax ferries with large freight capacity replacing traditional ferries aimed at passenger market
- Decline in number of ships exceeds capacity decline due to growth of large ships
- Order book consists primarily of orders from Stena Line

Global ro-pax capacity per ship size, lane metres



Global no. of ferries (ro-pax) per ship size



Orders for own routes set to maintain stable ferry market

- Trend towards larger ships set to continue as ferry operators order ships for own route networks
- New build prices at low point
- DFDS requirements for 2018-2022 for ongoing renewal, efficiency and capacity growth to accommodate demand:
 - North Sea: 4 ro-ros
 - Baltic Sea: 2 ro-paxes
 - Channel: 1 day ferry ro-pax
 - Passenger: decision on 4 ships for either further life extension or purchase and rebuild of secondhand ships (new builds a possibility beyond 2022)
- Financing of freight ferries and ro-paxes can be ownership or BB-charter

Shipping Division: Fleet overview 2016

	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Ownership share, %	Average age of owned ships, yrs
Shipping Division	41	23	14	4	-	-
North Sea	19	19	-	-	68	12
Baltic Sea ¹	9	2	7	-	67	15
Channel	6	-	6	-	67	14
Passenger	4	-	-	4	100	27
France & Med ¹	3	2	1	-	33	20

¹ Includes VSAs (vessel sharing agreements) and SCAs (slot charter agreements)

Dry-cargo¹ newbuilding price index



Source: Clarksons Platou

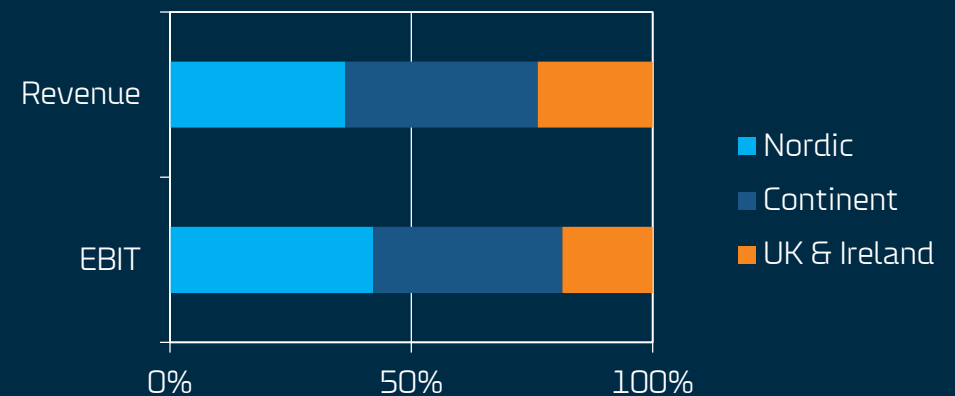
¹ Dry cargo includes containerships, multi purpose vessels, ro-ro and pure car carriers

LOGISTICS

Business units & ROIC, Q1 LTM 2018

Nordic	Continent	UK & Ireland
21%	15%	8%

Q1 LTM 2018 Logistics Division



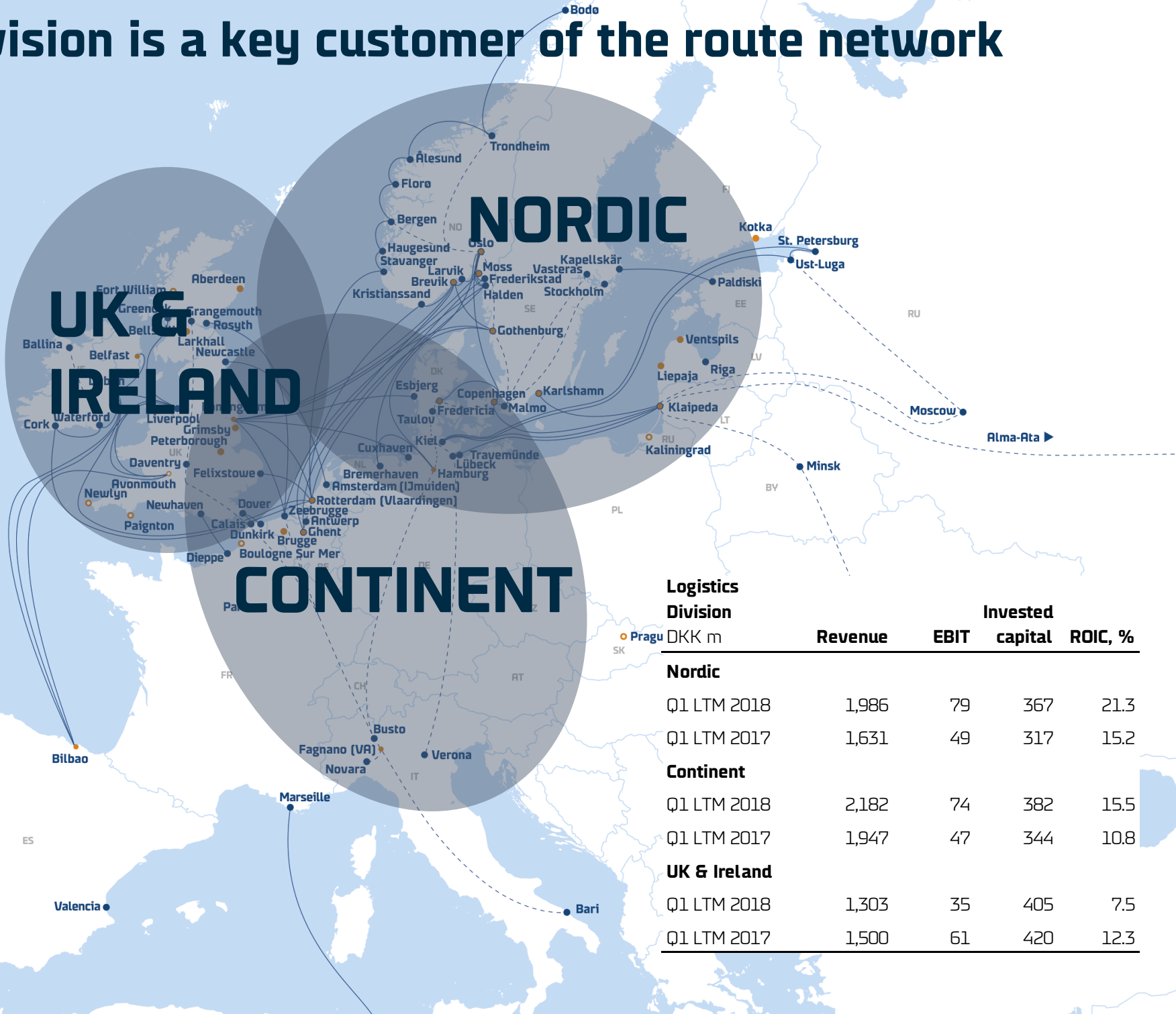
Logistics Division: Growing share of contract logistics

Activity	Nordic	Continent	UK & Ireland
Door-door full & part loads (trailers, containers & rail)	<ul style="list-style-type: none"> Scandinavia-UK/Baltics/Continent 	<ul style="list-style-type: none"> Continent-Scandinavia/UK/Ireland 	<ul style="list-style-type: none"> Northern Ireland-UK Ireland/UK-Spain UK domestic
Contract logistics	<ul style="list-style-type: none"> Automotive, Gothenburg 	<ul style="list-style-type: none"> Automotive, Germany-UK, Belgium 	<ul style="list-style-type: none"> Temperature controlled, Scotland, England Retail, Northern Ireland
Paper shipping logistics	<ul style="list-style-type: none"> Norway-Continent/UK 		



Logistics Division is a key customer of the route network

- Top 3 customer of Shipping Division
- 8% of total shipping volumes
- 10-20% volume target on individual routes



Logistics Division	DKK m	Revenue	EBIT	Invested capital	ROIC, %
Nordic					
Q1 LTM 2018		1,986	79	367	21.3
Q1 LTM 2017		1,631	49	317	15.2
Continent					
Q1 LTM 2018		2,182	74	382	15.5
Q1 LTM 2017		1,947	47	344	10.8
UK & Ireland					
Q1 LTM 2018		1,303	35	405	7.5
Q1 LTM 2017		1,500	61	420	12.3

HOW WE RUN DFDS

3 key strategic demands and supporting initiatives

1. Top line focus



Continuous improvement projects



IT systems development



Digital



DFDS WAY 2.0

2. Increase efficiency and reduce cost base

3. Acquisitions and investments for future growth



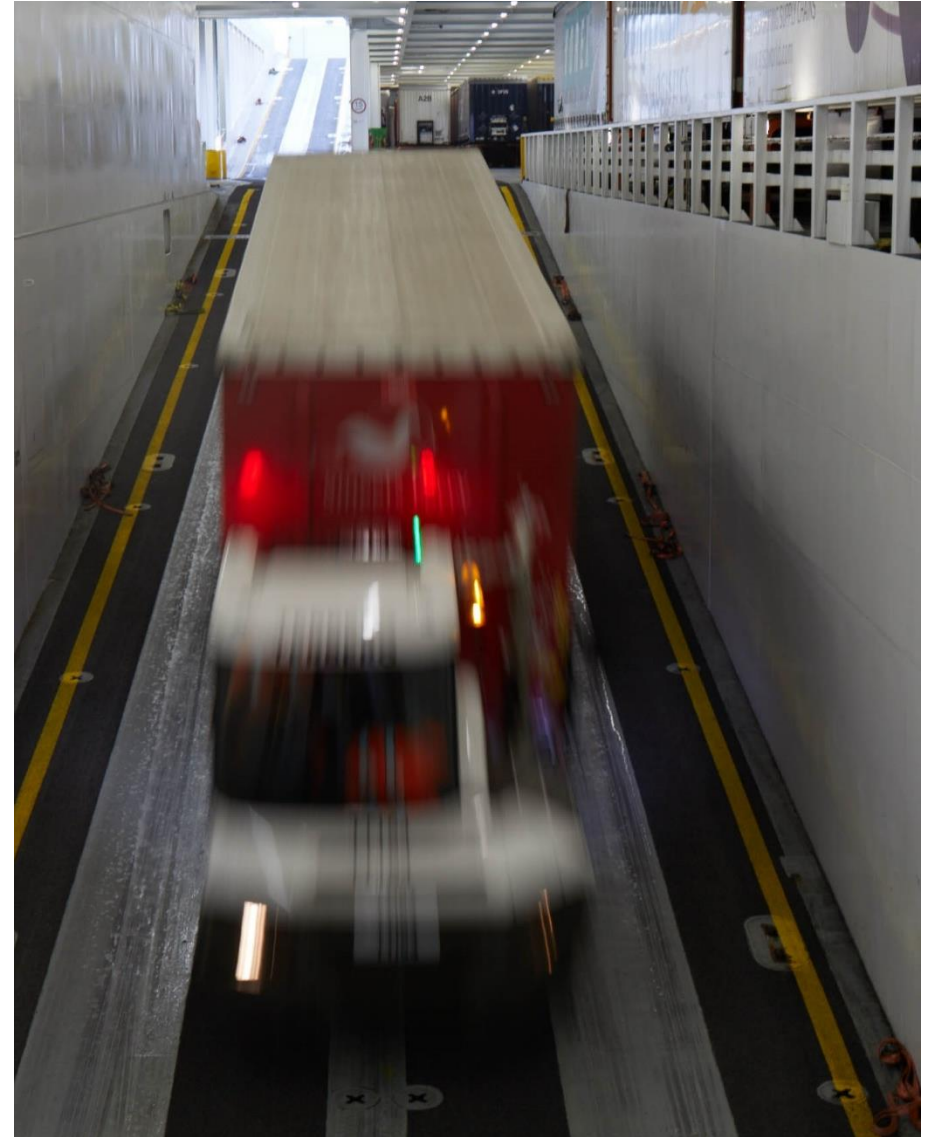
M&A



Fleet strategy

Continuous improvement projects to increase efficiency

- **Pricing & yield:** improve revenue growth through enhanced capacity utilisation on both freight and passenger routes
- **Starlight:** improve on board experience and performance of the two cruise ferry routes
- **Carpe Momentum:** completion of project to improve on board sales and spend per passenger on Channel routes
- **Italy** profit improvement project, Logistics - **COMPLETED**



3 key strategic demands

1. Top line focus



Continuous improvement projects



IT systems development



Digital

2. Increase efficiency and reduce cost base

3. Acquisitions and investments for future growth



M&A



Fleet strategy



DFDS WAY 2.0

Our digital vision

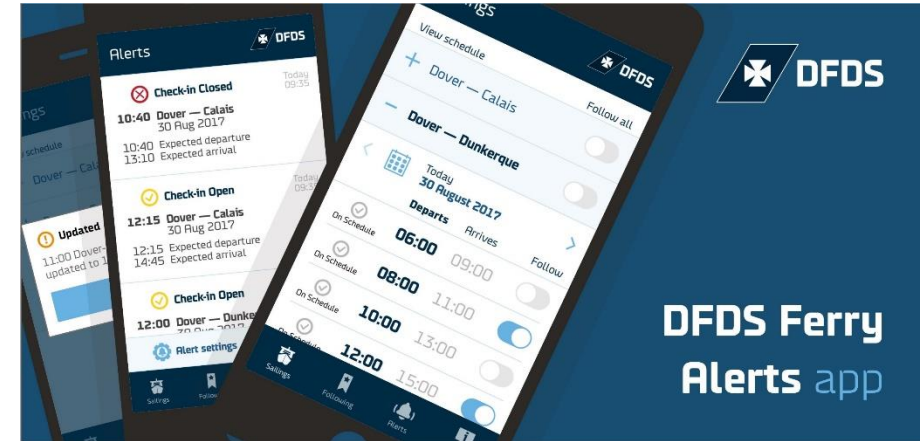
A **best-in-industry digital customer experience**

generating tangible business benefits for **customers and DFDS**

Support businesses to gain **deep insights into customers' needs** to **catalyse business change** for sustained relevance

Digital capabilities, new business models & technologies

- **New** digital and IT operating model launched in 2017
- **Time-to-market** and **scalability** being improved through architectural changes
- Unified digital **customer experience** platform to launch in Q2 2018
- User-experience, innovation and smart data teams expanded
- Increasing assessment and experimentation with **new business models and technologies**
- Additional digital/IT cost of **DKK 100m** expected in 2018 vs 2017



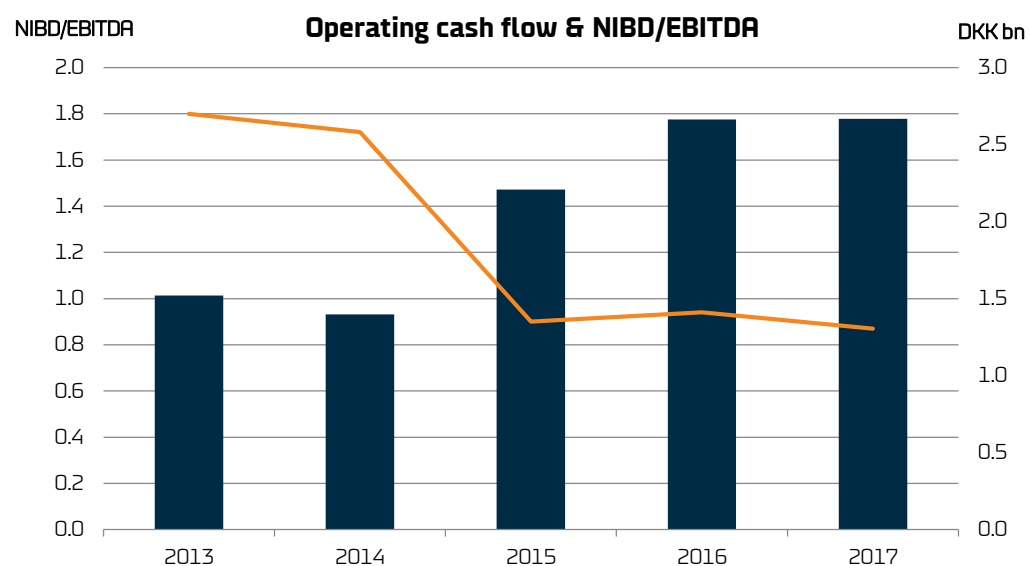
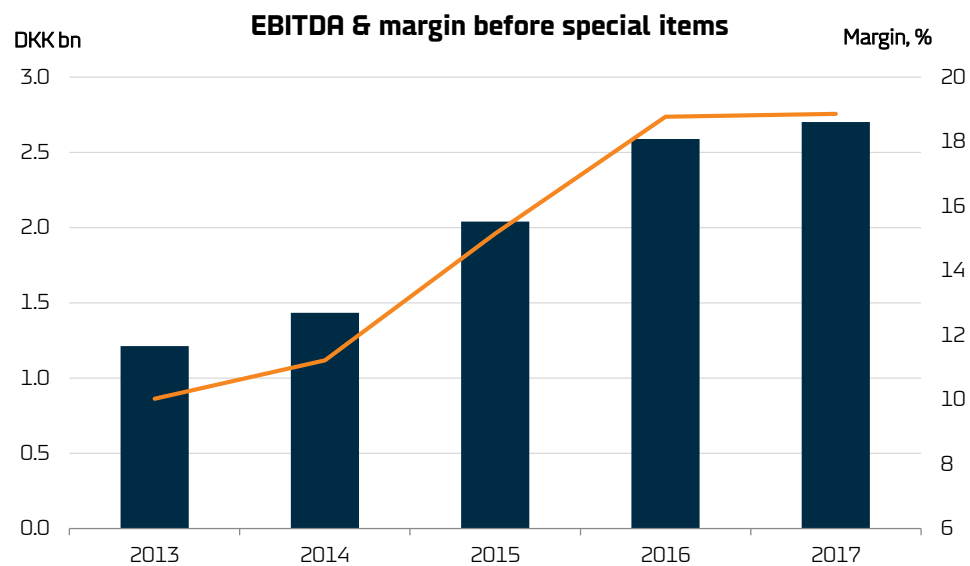
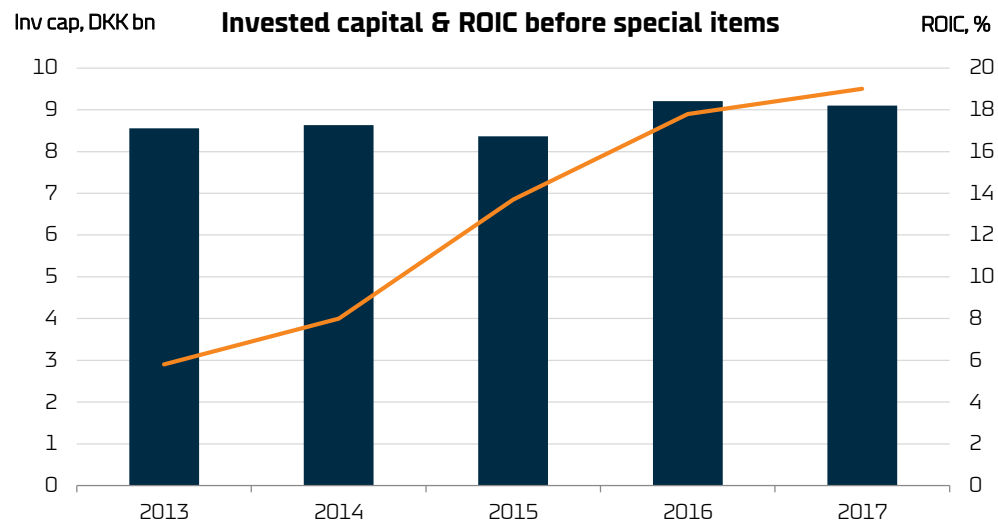
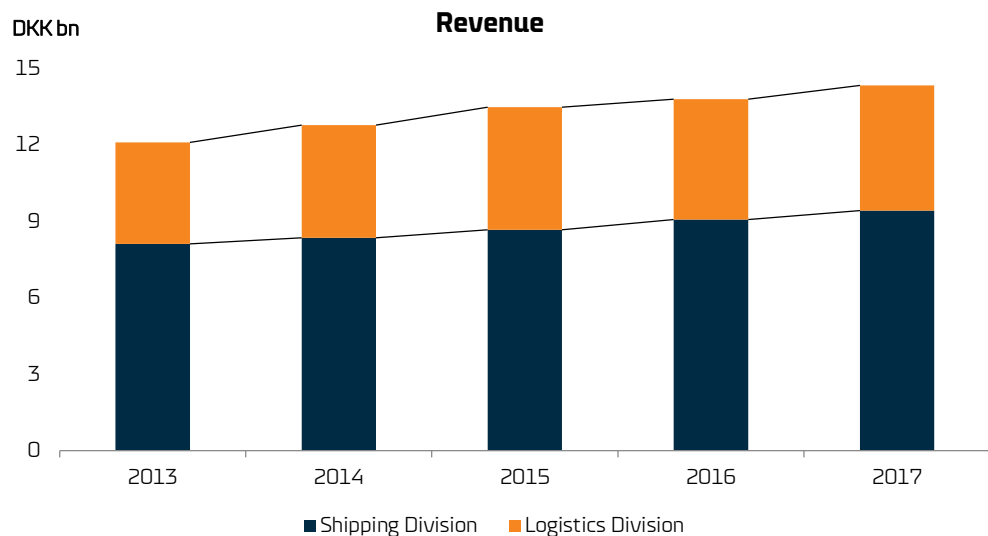
Creating value from operational and strategic synergies

- Focus on both **transformational** and **bolt-on** acquisitions
- **Ferry routes:**
 - Expand European network
 - Overlapping operations
 - Tonnage flexibility
 - Leverage operating model
- **Transport & logistics:**
 - Expand and connect European network
 - Increased value-added services
 - Leverage operating model
- **Transactions 2016-18:**
 - Hanko-Paldiski route
 - Shetland Transport
 - Italcargo
 - Alphatrans
 - U.N. Ro-Ro

	Revenue 2017, DKK bn	Routes	Regions	Major activity
DFDS	14	27	9	Across Northern Europe, Mediterranean (incl. sideport/container)
Stena Line	10	23	6	Across Northern Europe
P&O Ferries	8	8	3	UK-Continent
Tallink	7	6	1	Baltic Sea North
Cobelfret	4	7	4	Benelux-UK, Sweden-Belgium
Color Line	4	4	1	Norway-DK/Germany
Viking Line	4	3	1	Baltic Sea North
Finnlines	4	8	7	Finland-Continent/UK, Baltic Sea South
Scandlines	4	2	1	Denmark-Germany
Brittany Ferries	3	7	3	UK-France/Spain
ICG	2	4	1	Ireland-UK/Continent
Transfennica	n.a.	3	6	Finland-Continent/UK
Eckerö	2	3	1	Baltic Sea North
Seatruck	n.a.	3	1	Ireland-UK
TT-Line	1	2	1	Sweden-Germany/Poland
Polferries	n.a.	2	1	Poland-Sweden
Unity Line	n.a.	2	1	Poland-Sweden

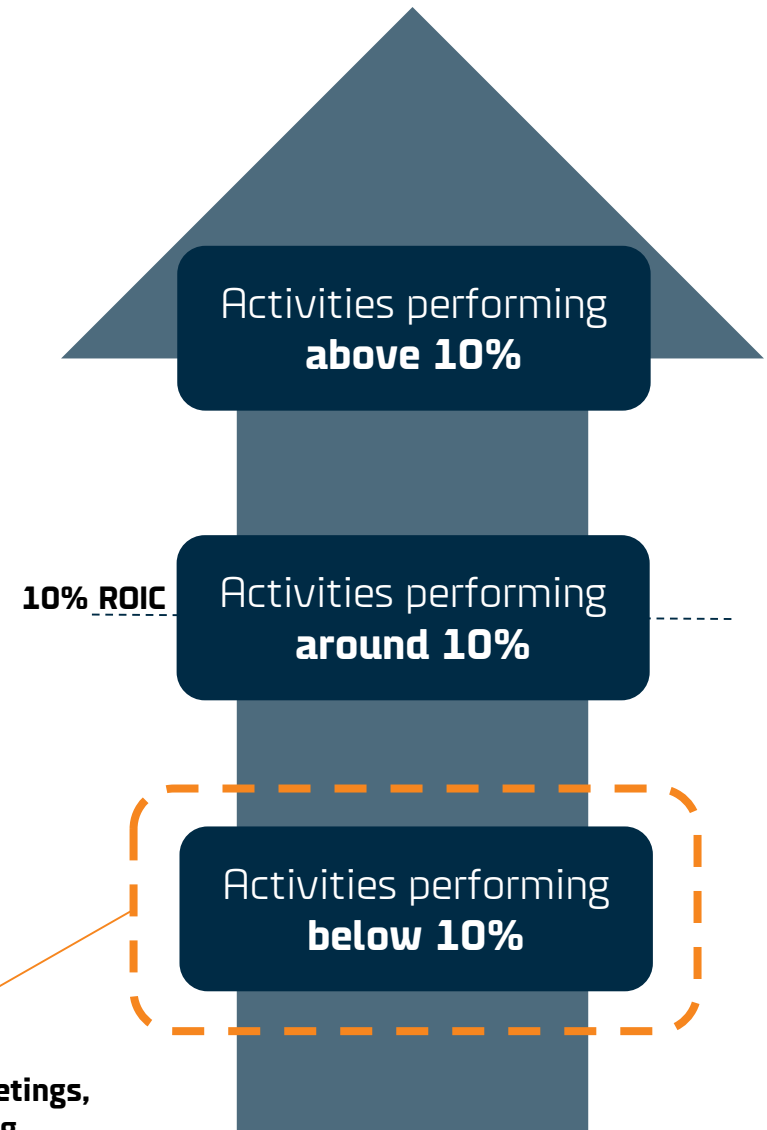
HOW WE PERFORM

EBITDA increased to DKK 2.7bn – ROIC now at 19%



ROIC Drive – activity by activity performance benchmark

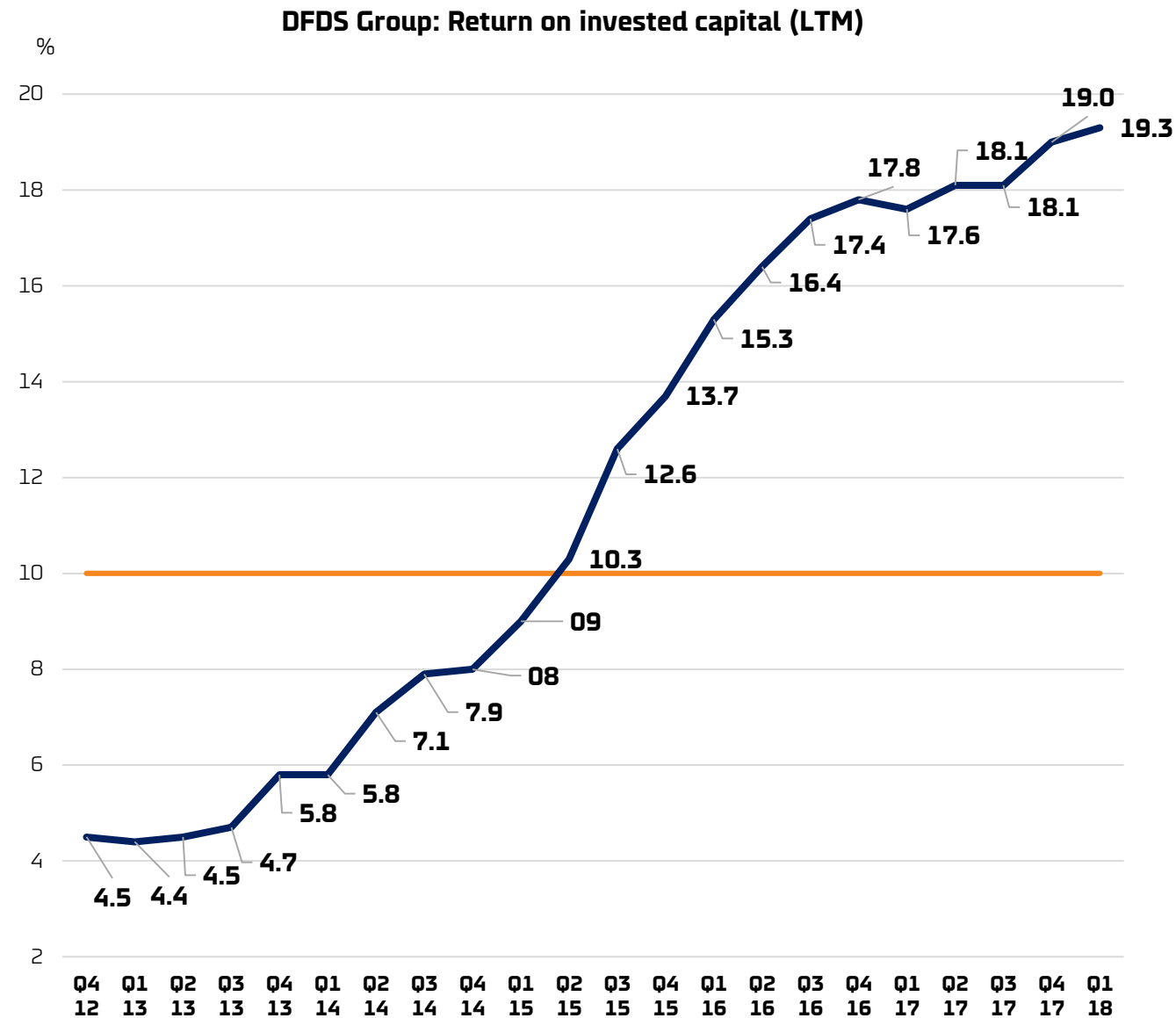
- Around 90 profit-generating activities covered by programme
- Simple ROIC scorecard makes programme accessible for activity managers
- 3-year high-level rolling business plans, review meetings with top management
- Internal performance ranking and benchmarking
- Threshold rate of 10% for investments, including acquisitions



Key focus areas for ROIC meetings, business plans, benchmarking and structural solutions

Steady ROIC improvement

- **Major challenges resolved:**
 - Gothenburg-Immingham
 - Russian market sanctions
 - Channel turnaround
 - Closure of 3 routes end 2014
 - Successful transition to new Sulphur rules
- **Continuous improvement projects, > 3 every year**
- **ROIC Drive** programme
- Tailwind from moderate **pick-up in EU growth** since 2011



Capital distribution

- Total distribution to shareholders was **DKK 1.7bn in 2017** equal to 9.2% yield on equity market value
- The NIBD/EBITDA multiple was 0.9 at the end of 2017, on level with 2016

2018

- Dividend of DKK 4.00 paid in March
- Planned dividend in August suspended
- Share buyback launched in February cancelled
- Board will reassess capital structure in February 2019 and hence capital distribution

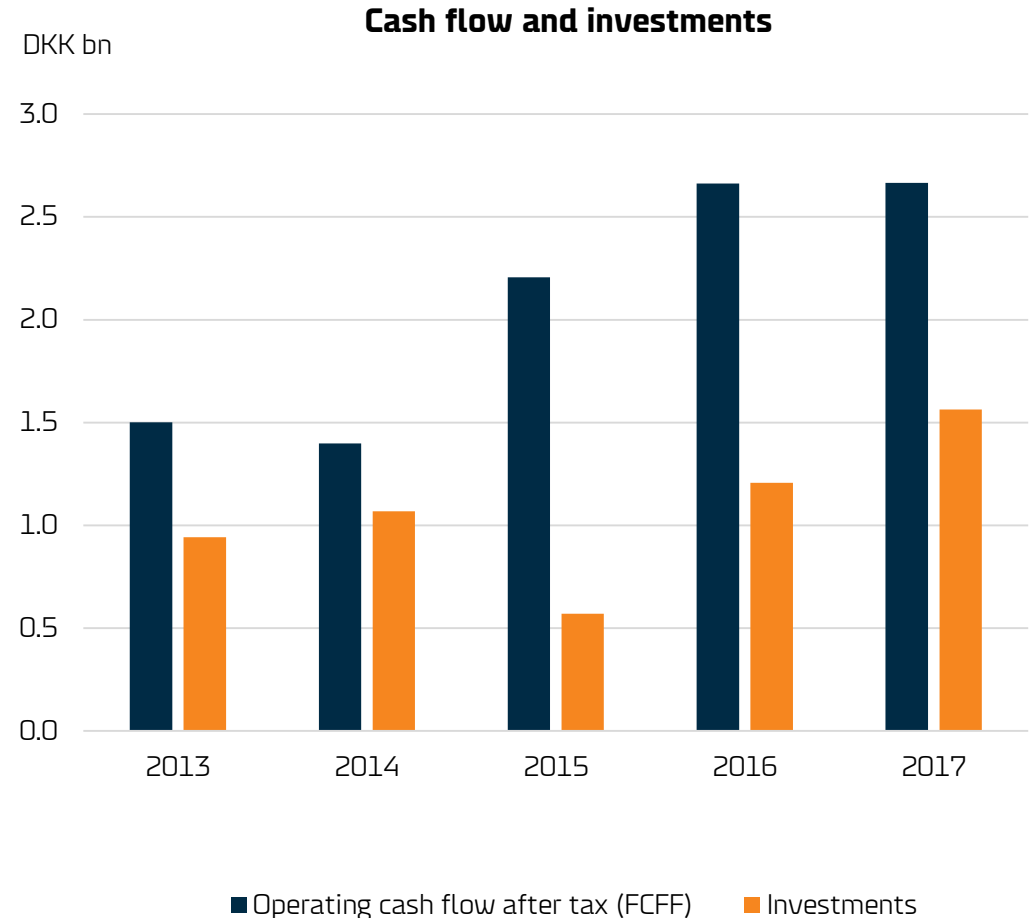
Capital distribution overview

DKK m	2015	2016	2017
	Actual	Actual	Actual
Dividend per share, DKK	5.40	6.00	10.00
Dividend, Mar	218	175	168
Dividend, Aug	108	174	387
Total dividend*	326	349	555
Buyback, auction	-	400	478
Buybacks, other	401	514	628
Total share buybacks	401	914	1,106
Total distribution	727	1,263	1,661

Dividends exclude treasury shares

Cash generation and CAPEX

- **Cash conversion** of 99% in 2017
- Cash flow boosted by **Light Capital** project started in 2013 to reduce working capital
- **Limited tax** payments due to European tonnage tax regime
- Investments expected to stay below operating cash flow for next cycle of asset investments
- Planned major **CAPEX**:
 - 2018, outlook of DKK 5.2bn:
 - DKK 350m: dockings/ship upgrades
 - DKK 200m: port terminals
 - DKK 500m: new buildings
 - DKK 150m: logistics equipment
 - DKK 100m: IT-systems and other
 - DKK 3.7bn: U.N. Ro-Ro equity value
 - DKK 200m: U.N. Ro-Ro lengthenings
 - 2019: delivery of 2 freight new buildings
 - 2020: delivery of 2 freight new buildings
 - 2021: delivery of 2 ro-pax new buildings



KEY FOCUS AREAS 2018

Key growth and efficiency events shaping 2018 & beyond

Growth from acquisitions

- Special Cargo: operator of flatbed trailers in Europe, consolidated 3 January 2018
- U.N. Ro-Ro: freight ferry routes connecting Europe and Turkey, closing expected June 2018
 - Currently planning for integration
 - Integration to start immediately after closing
- Financial flexibility maintained to pursue further opportunities

Growth from ferry new building orders

- 4 freight ferries (ro-ro), from early 2019
- 2 combined freight and passenger ferries (ro-pax), from 2021
- 1 Channel ferry, 10-year bareboat charter, from 2021
- Further options available

Operational efficiency

- Italian logistics activities restructured
- Boost projects for challenged logistics activities
- Corporate functions restructured
- Rosyth-Zeebrugge route closed
- Starlight: On board customer service and revenue project

Digital

- Ongoing investment in digital customer solutions
- Realise long-term digital strategy

EBITDA outlook for 2018 of DKK 3,000-3,200m

- **European GDP** growth still expected to be around 2% in 2018
- Growth projections for **UK economy** of around 1.5%
- **Revenue growth** outlook raised to 4% excl. U.N. Ro-Ro and to 10% incl. U.N. Ro-Ro
- **EBITDA range** of DKK 2,650-2,850m excl. U.N. Ro-Ro changed to DKK 3,000-3,200m incl. U.N. Ro-Ro
- Development of **digital and IT** capabilities progressing as planned
- **Investments** forecast at DKK 5.2bn incl. U.N. Ro-Ro's equity value of DKK 3.7bn and lengthening of two U.N. Ro-Ro freight ferries

OUTLOOK 2018 – including U.N. Ro-Ro

- Revenue growth of around 10%
- EBITDA range of DKK 3,000-3,200m
 - Shipping Division: DKK 2,825-2,975m
 - Logistics Division: DKK 275-325m
 - Non-allocated items: DKK -100m
- Investments of DKK 5.2bn

Priorities 2018

- Integrate **U.N. Ro-Ro**
- Realise our next steps in **digital strategy**
- **Customer** satisfaction – grow the topline
- Continue push for **efficiency** improvements
- Improve performance of **Passenger** business unit
- Pursue new **logistics** contracts
- Preparing for delivery beginning 2019 of two freight **new buildings** (ro-ro)
- Succeed with value-creating **M&A**



Q&A



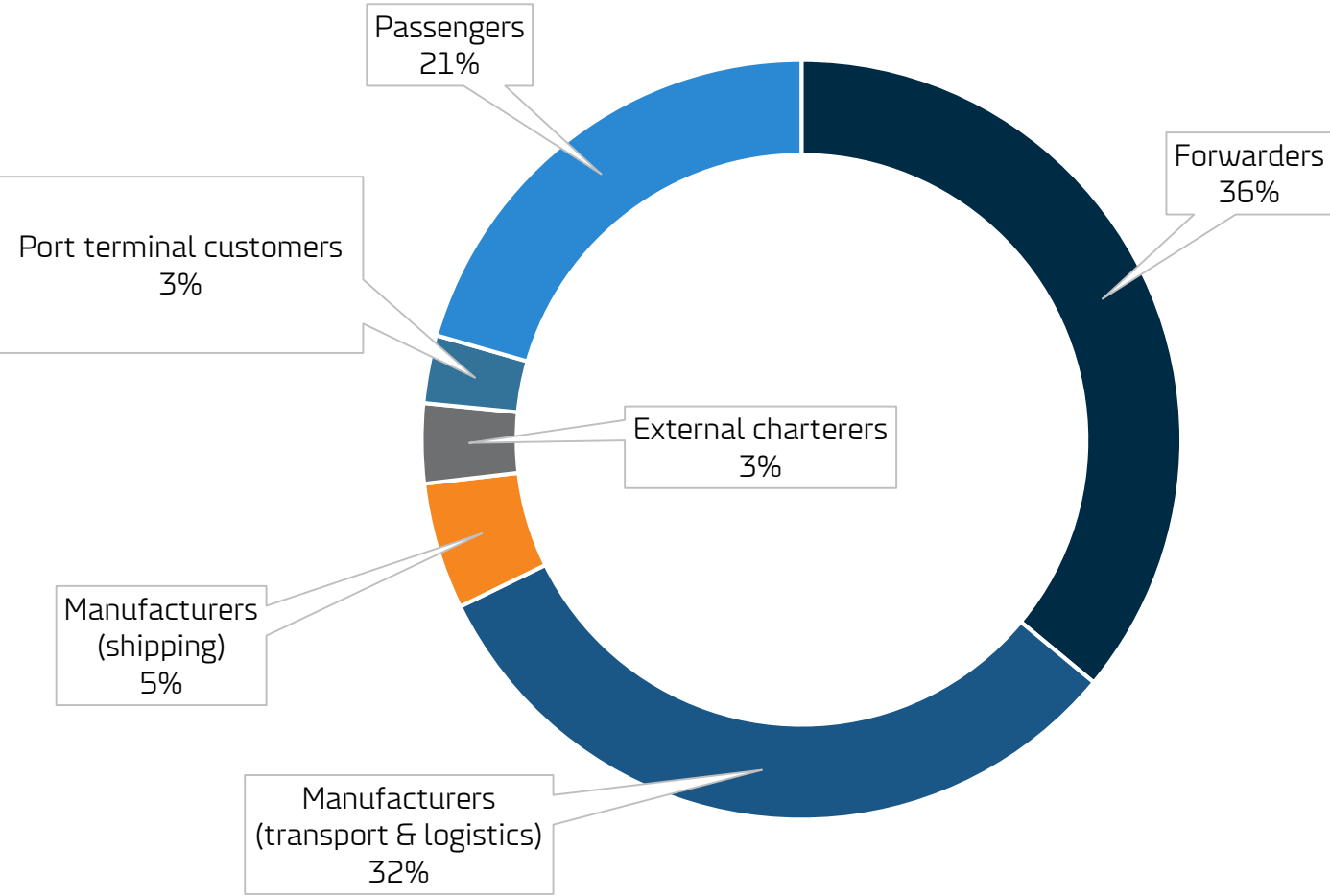
APPENDICES

DFDS fleet overview and key figures 2017

	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Container and sideport ships	Ownership share, %	Average age of owned ships, yrs
DFDS Group	64	22	18	4	20	-	-
Shipping Division	40	22	14	4	-	-	-
North Sea	18	18	-	-	-	72	13
Baltic Sea ¹	9	2	7	-	-	67	16
Channel	6	-	6	-	-	100	15
Passenger	4	-	-	4	-	100	28
France & Mediterranean ¹	3	2	1	-	-	33	17
Logistics Division¹	20	-	-	-	20	-	-
Nordic ¹	6	-	-	-	6	33	19
Continent ¹	14	-	-	-	14	0	-
Chartered out ships	3	-	3	-	-	100	23
Laid-up ships	1	-	1	-	-	0	-

¹ Includes VSAs (vessel sharing agreements) and SCAs (slot charter agreements)

Diverse customer base: forwarders, manufacturers & passengers



Percent of total revenue per customer segment



DFDS' freight business model integrates routes and logistics

- DFDS' logistics activities have a narrow scope of full/part load solutions
- Own logistics provides access to market intelligence and ability to allot volumes between own and external routes for capacity optimisation
- Around 20% of routes' freight revenue from own shipping logistics and full/part load solutions

