

FERRY ROUTES & LOGISTICS

DFDS GROUP

January 2020





Disclaimer



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.

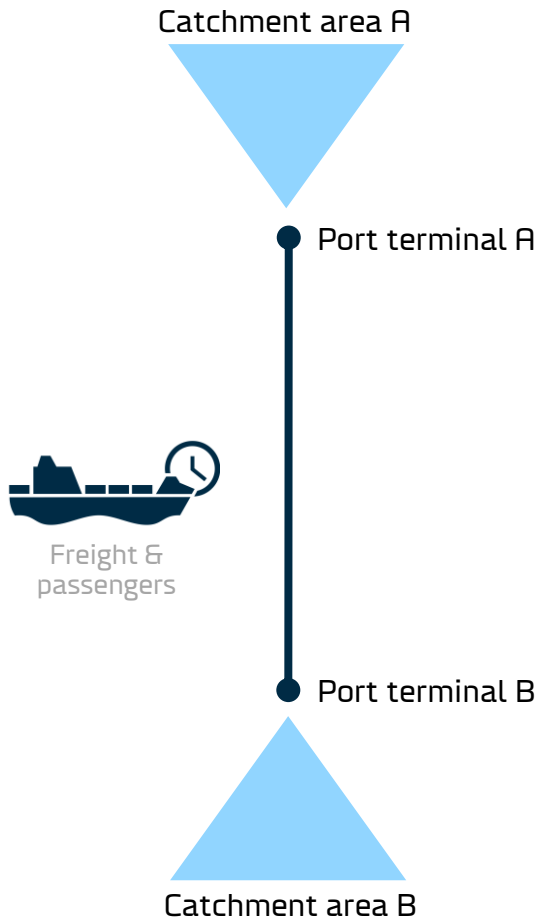


Content



- DFDS overview
- Looking ahead: Macro & Win23

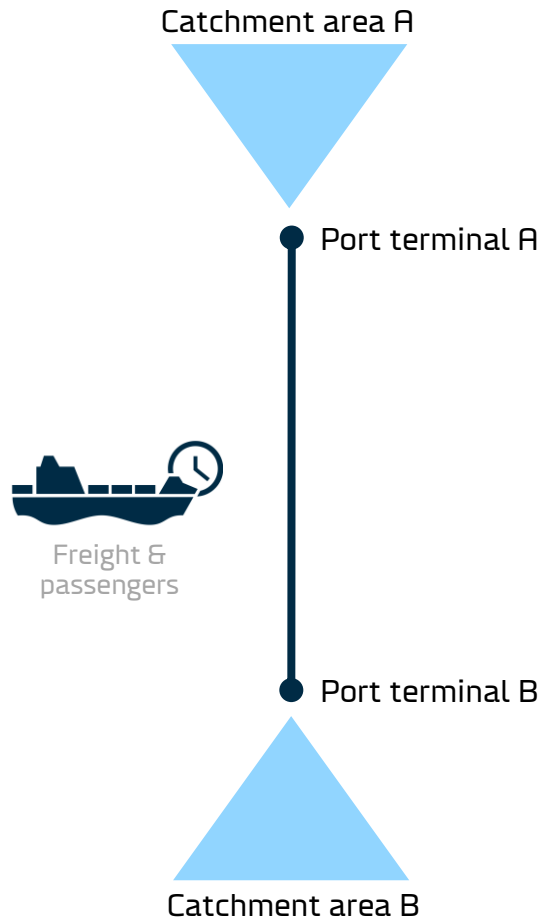
Ferry routes



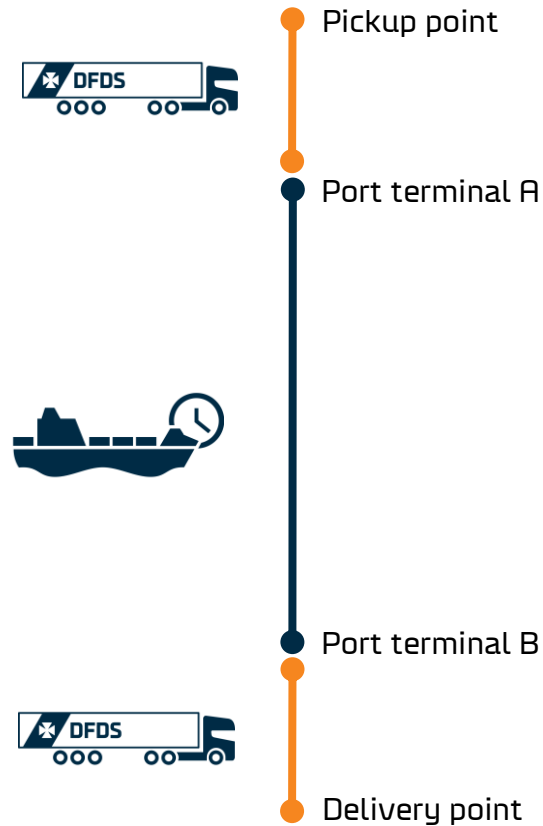
- Route **location** a key value driver
- Ferry routes part of European transport **infrastructure...**
- ...operating to **fixed** schedules
- 80%+ of carried volumes are **trailers** carrying freight for delivery within **days**
- Key **customers** are freight forwarders and manufacturers of heavy industrial goods
- 7 million **passengers** and truck drivers carried annually

DFDS' business model builds on 3 core activities

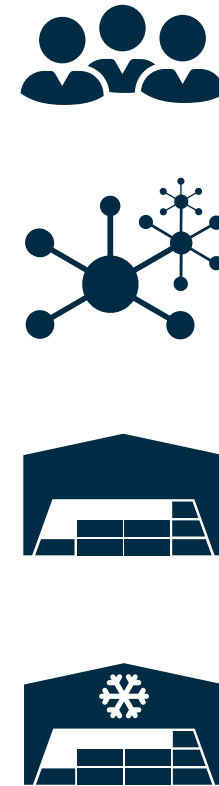
Ferry routes



Door-door solutions



Contract logistics



DFDS' ferry and logistics network

- DKK 16.5bn revenue
- DKK 3.6bn EBITDA
- 8,400 employees
- 23 ferry routes – incl.
9 passenger routes
- 8 port terminals
- 35 logistics locations



Roll on, roll off



- 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



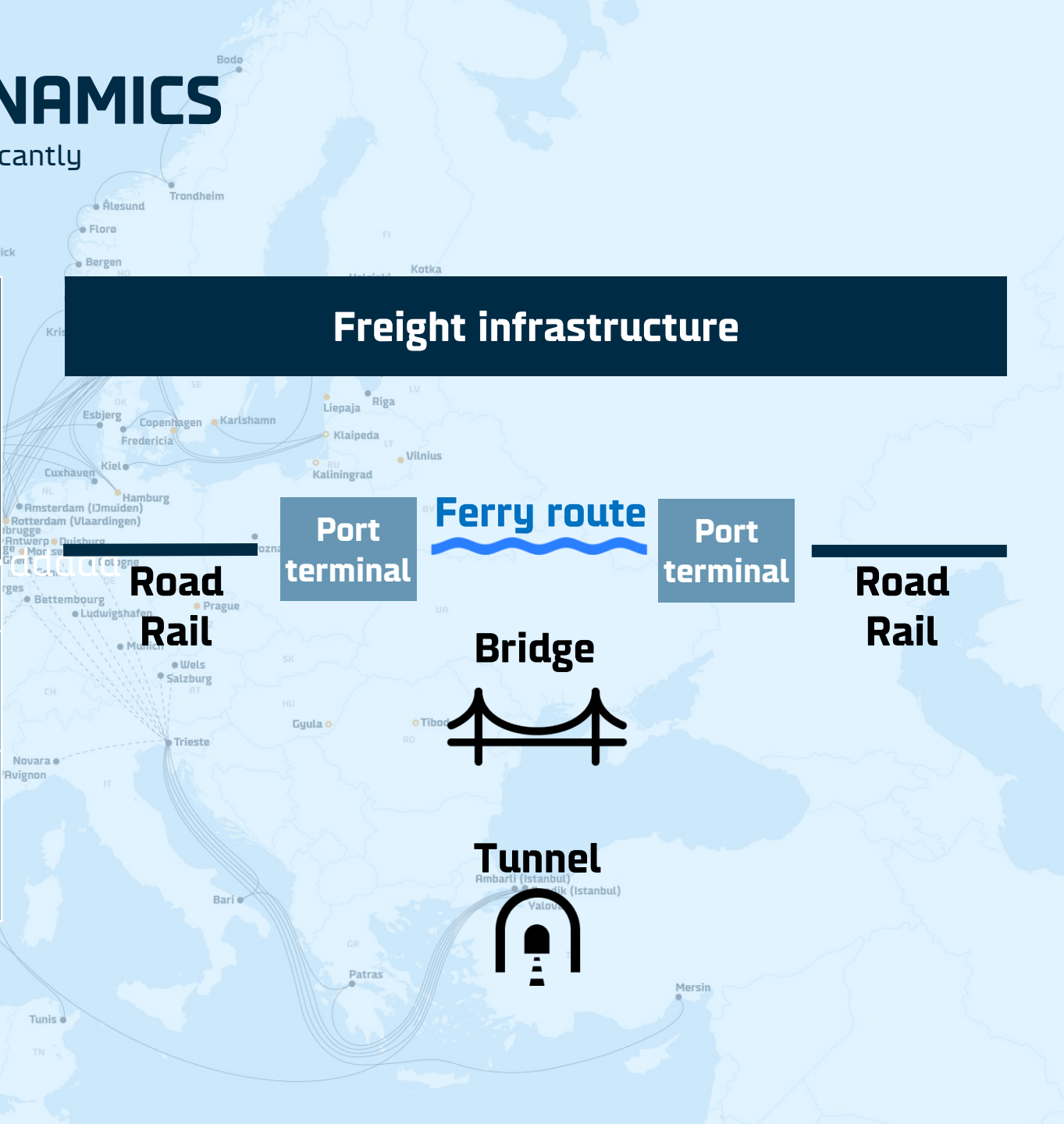
Combined freight and passenger ferry (ro-pax)

FERRY ROUTE CAPACITY DYNAMICS

- stepwise addition of ferries on a route leverages capacity significantly

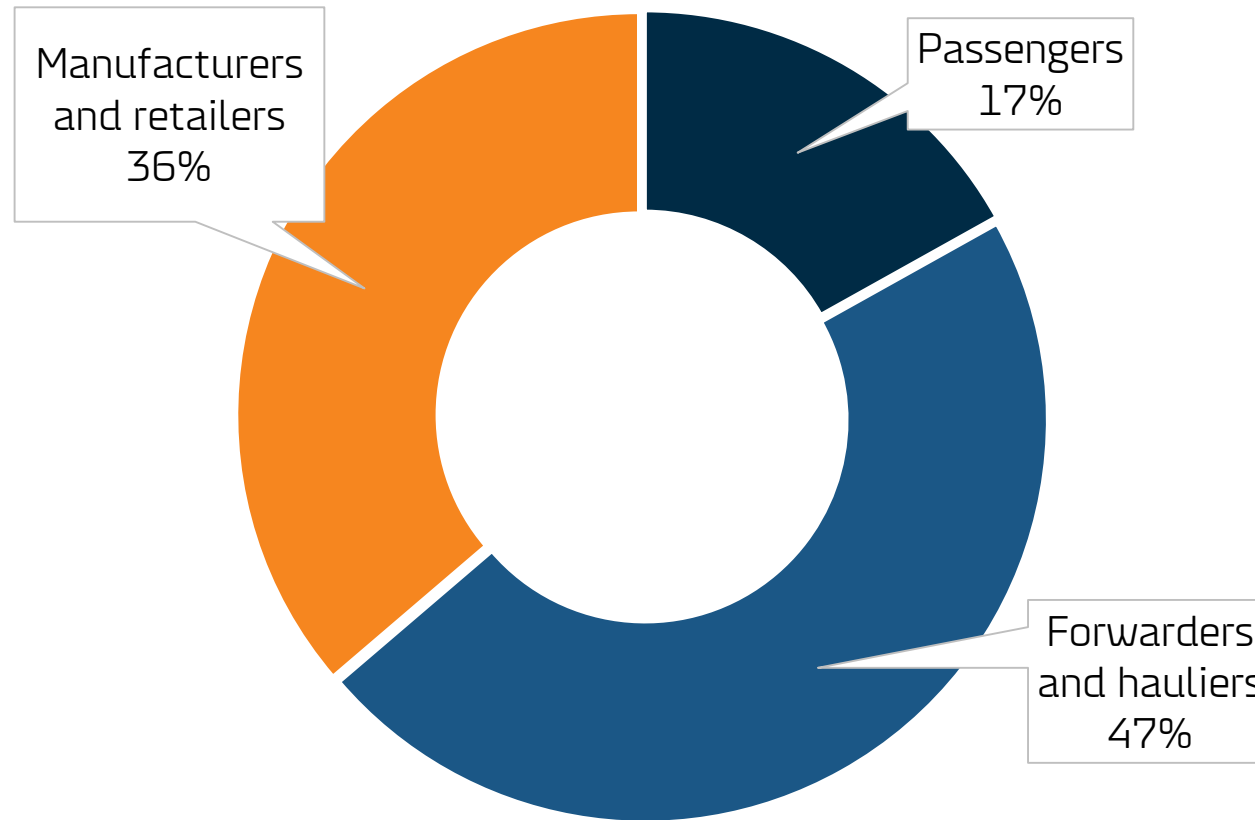
Route	No. of ferries on route today	Minimum required no. of ferries for entry	Capacity impact of entry*
Dover-Calais	8	3	38%
Gothenburg-Immingham	3	2	67%
Fredericia-Copenhagen-Klaipeda	1	1	100%

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



Our customers: Forwarders, industrials and passengers

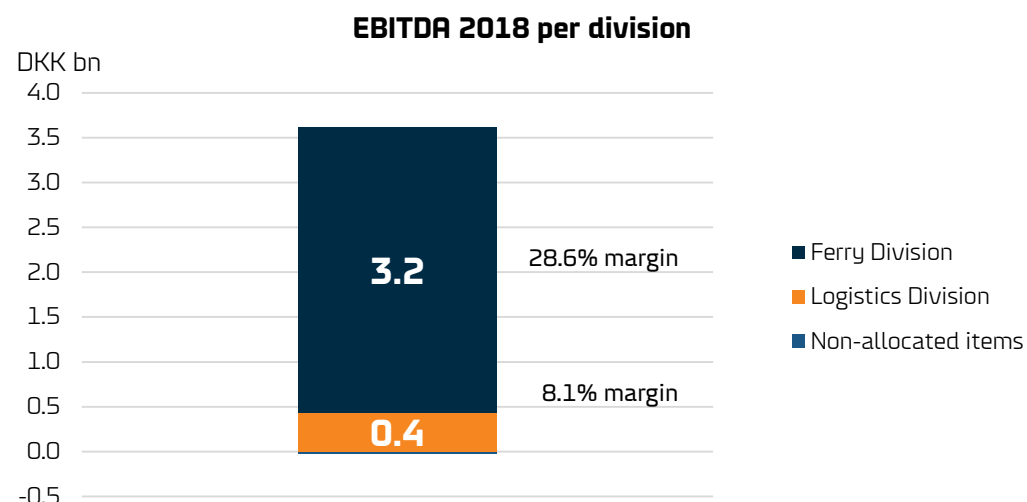
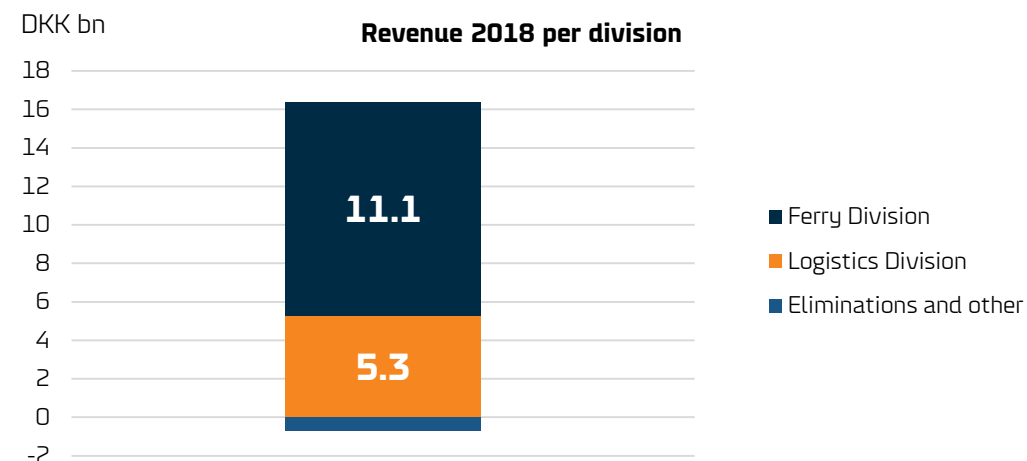
DFDS' three main customer groups, % of revenue



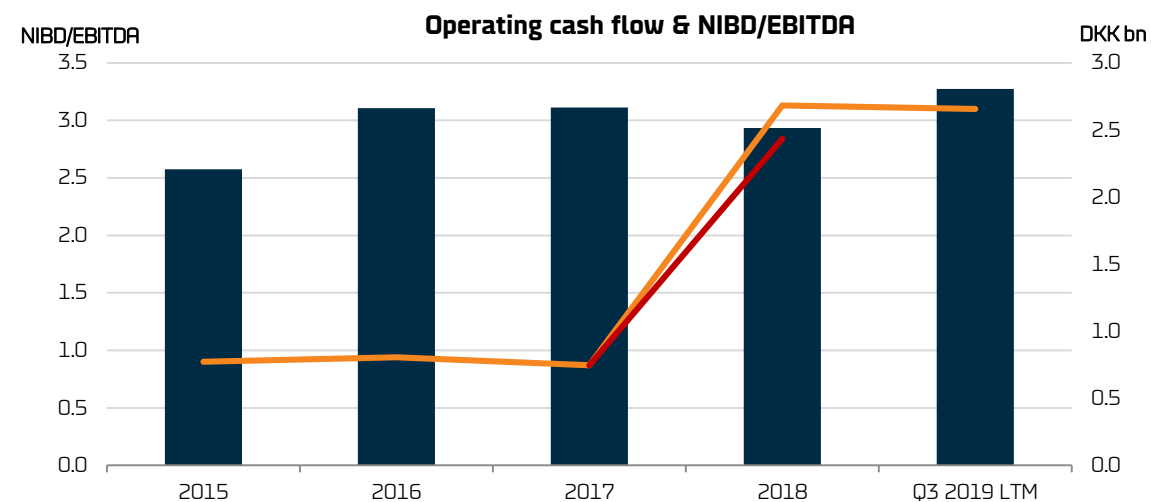
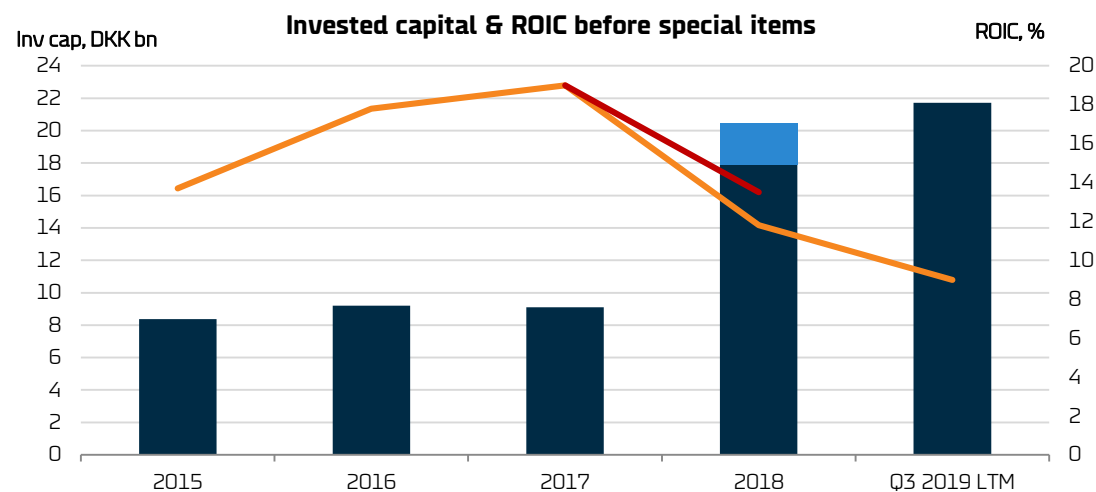
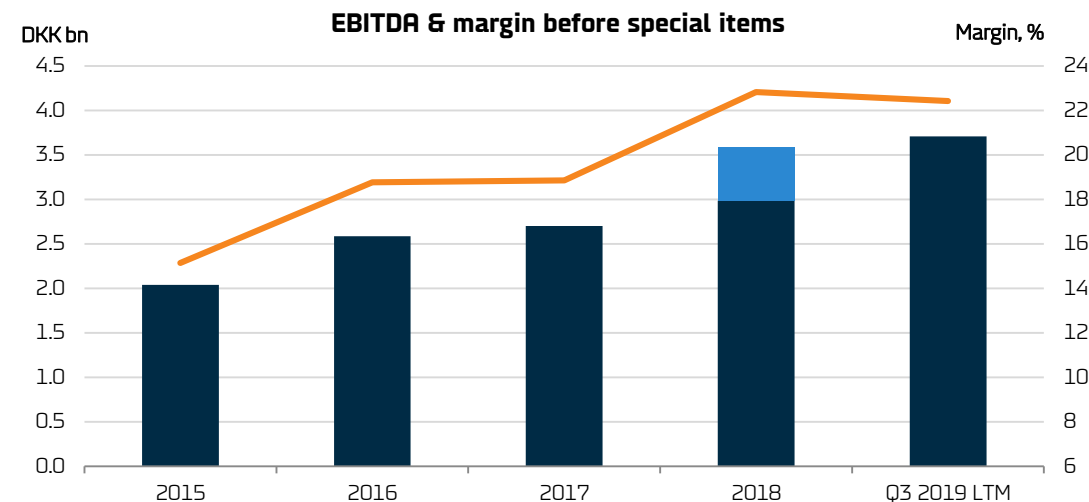
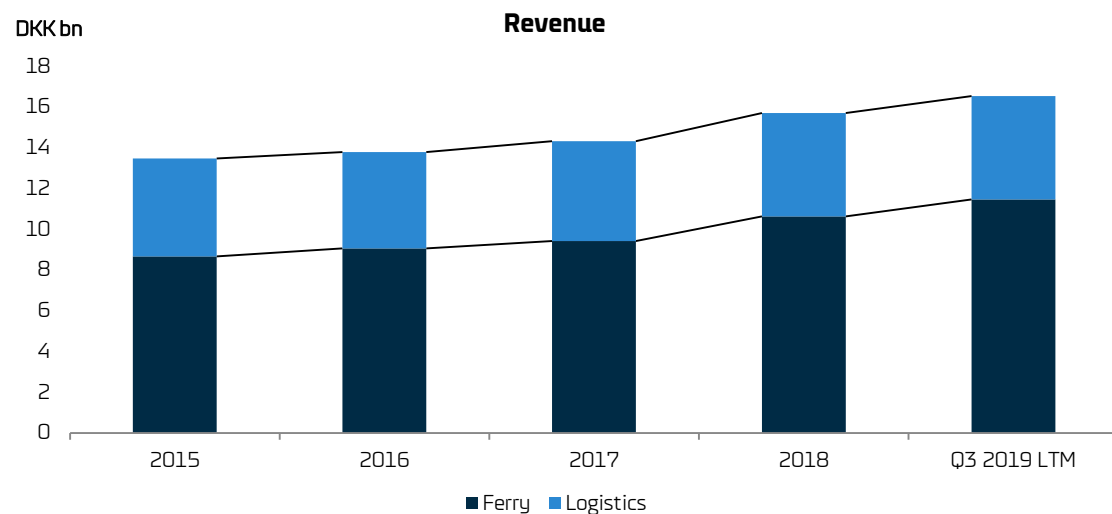
DFDS structure, ownership and earnings split

DFDS Group

DFDS Group	
People & Ships	Finance
Ferry Division <ul style="list-style-type: none"> • 23 ferry routes – freight and passengers • 57 ferries • 8 port terminals 	Logistics Division <ul style="list-style-type: none"> • Door-door transport • Contract logistics • 5,600 trailers and 3,500 containers • 2 sideport ships and VSA/SCA*
DFDS facts <ul style="list-style-type: none"> • Founded in 1866 • Activities in 20 European countries, Turkey and Tunisia • 8,400 employees 	Shareholder structure <ul style="list-style-type: none"> • Lauritzen: 42% • Free float: 56% • Nasdaq Copenhagen • Foreign ownership share: ~30%



DFDS key figures – IFRS 16 applied from 2018



LOOKING AHEAD: MACRO & WIN23

Global backdrop

- Support from central banks
 - US-China trade deal
 - World PMI turning up
- Rising commodity prices



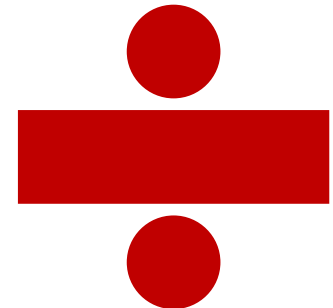
Turkey

- Current account balance positive
 - Debt levels decreasing
- Inflation/interest rate decreasing
 - Manufacturing PMI rising



Brexit trade talks

- Growth slowed through 2019, weak Q4
 - Manufacturing PMI declining
- Economy/employment held up by services sector



WIN23 – NEW AMBITIONS FOR NEXT FIVE YEARS

- **Strong** platform to grow from
- Great **opportunities** to leverage our people, skills, assets and technologies
- Financial ambition of an EBITDA of around **DKK 5.5bn in 2023**
- **Uncertainty** related to financial ambition estimated at around 10%

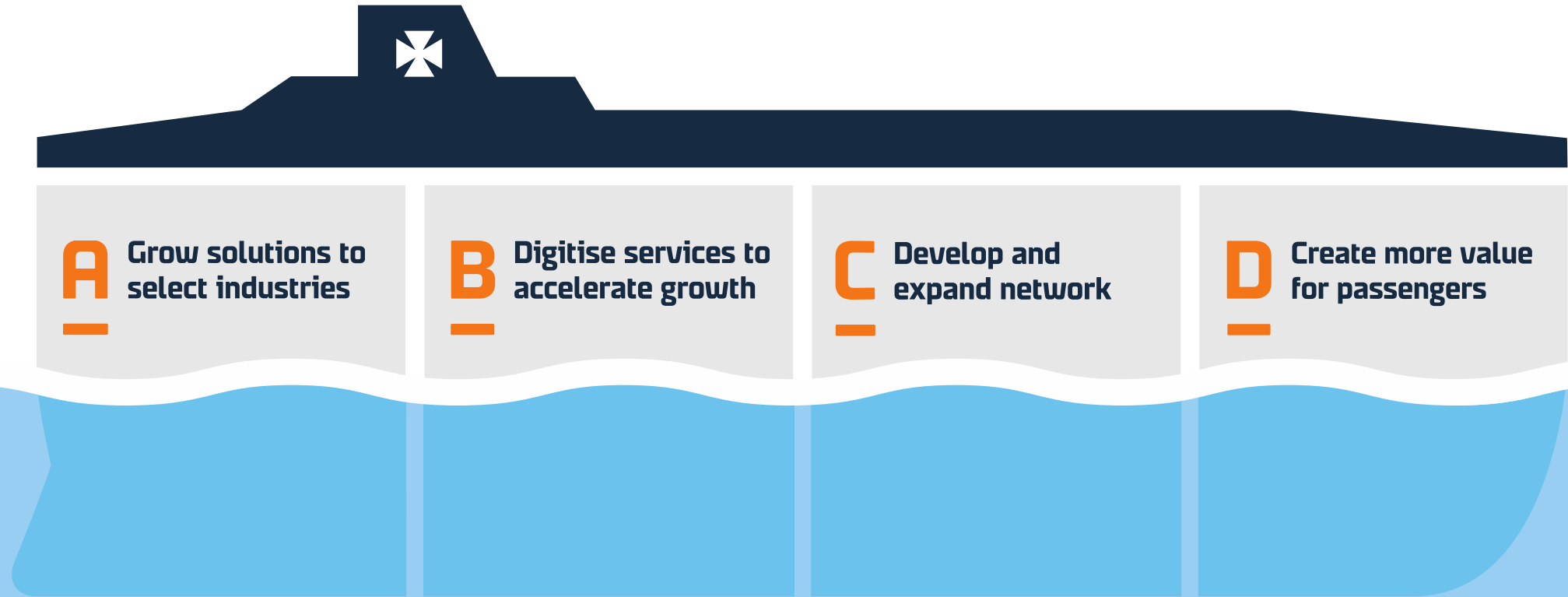


Our high-level assumptions on business environment

- Modest but positive European growth 2019-2023
- Competitive environment to remain stable
- Consolidation set to continue
- Digital requirements accelerating



WIN23 strategy - 4 strategic pillars to drive growth next 5 years

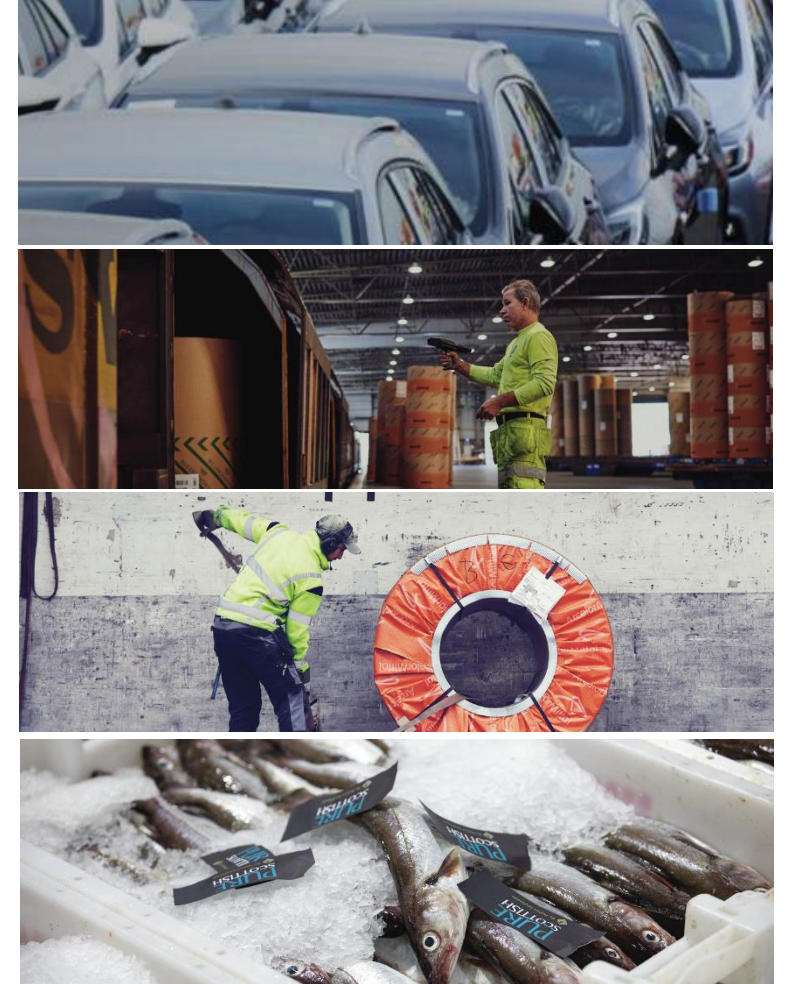


Grow solutions to select industries

DOUBLE THE BUSINESS

A

- Automotive
- Forest & Metals
- Cold Chain

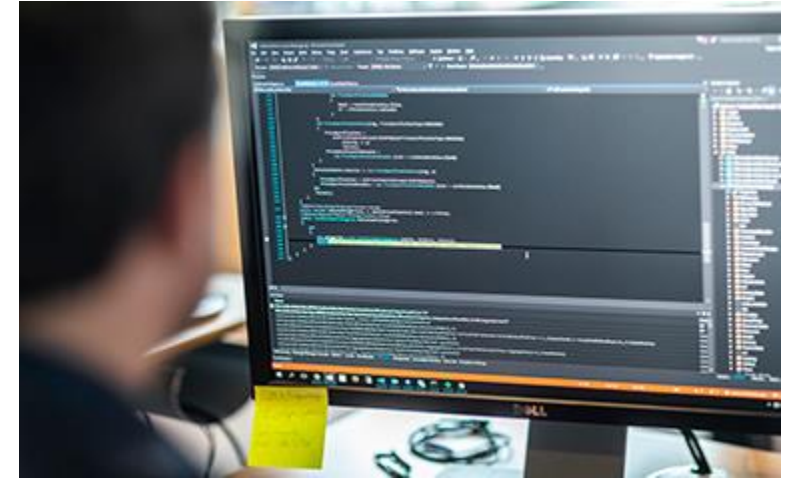


Digitise services to accelerate growth

REDEFINE THE PLAYING FIELD

B
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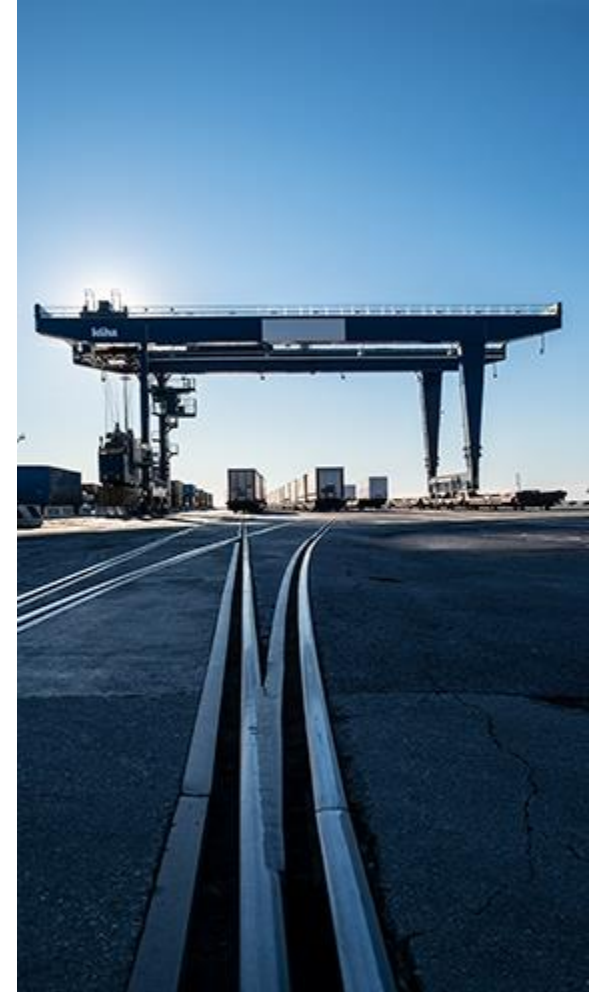
- Easy access for customers
- Value-adding services
- Operational efficiency
- Digitise core systems



Develop and expand network

BOLD MOVES: GEOGRAPHY, EQUIPMENT

- Mediterranean business plan fulfillment
- Ferry new building benefits
- Continuous improvement projects
- Acquisitions



Create more value for passengers

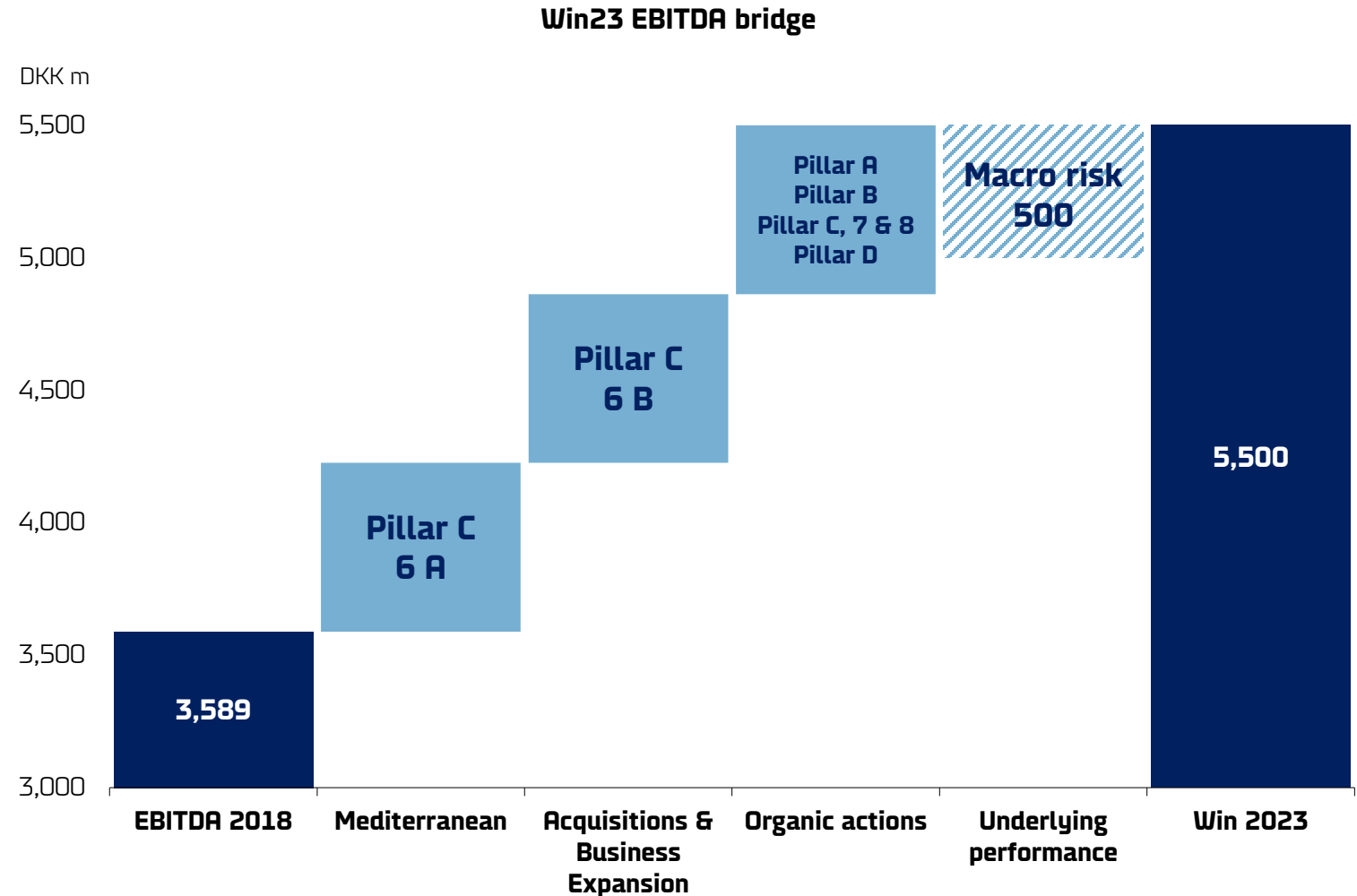
FROM TRANSACTIONS TO RELATIONSHIPS

D
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- Develop on board customer experience
- Business development initiatives
- Fleet development

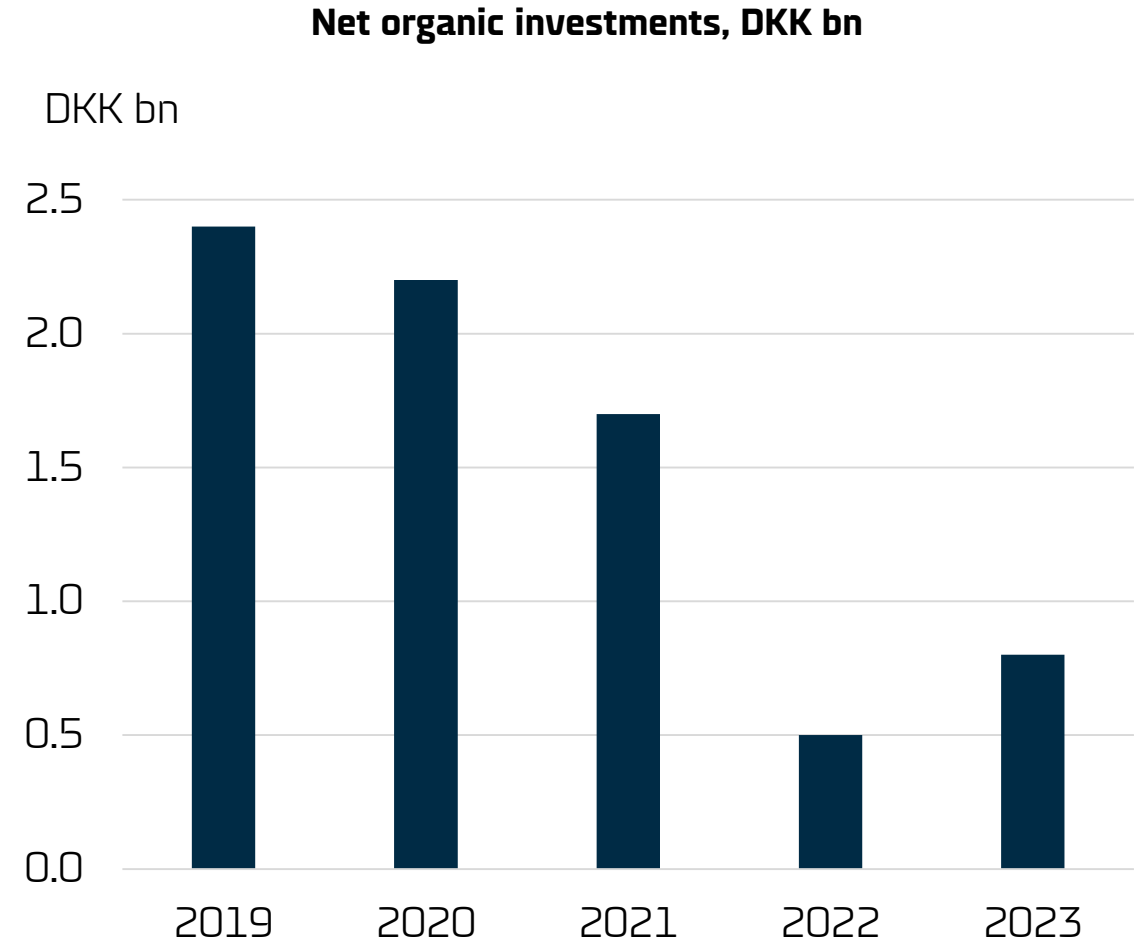


- 4 pillars contain 10 key initiatives
- Three financial drivers – high share within own control
- 10% macro risk – currently negative due to Brexit slowdown



Investment forecast for 2019-2023

- Ferry new buildings delivered in 2019-2021
- Only 'maintenance' investments expected in 2022-2023
- Acquisitions not included in forecast
- Significant free cash flow projected before acquisitions



CSR strategy: Large potential to reduce emissions

- Exploring different strategies
- New fuel types – investment in MASH Energy, bio fuel developer
- ZEEDS (Zero Emission Energy Distribution at Sea) project – collaboration

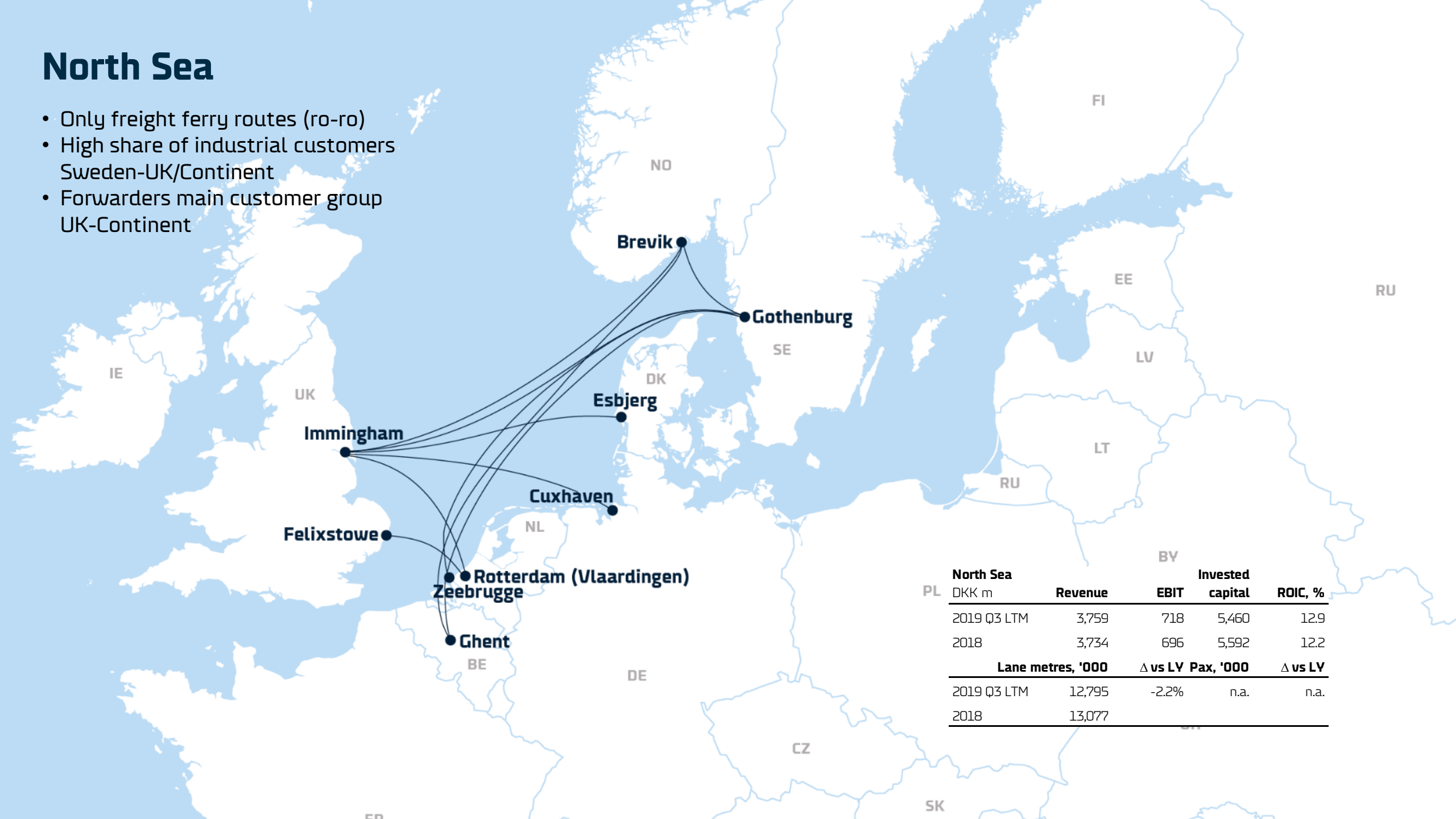


Q&A



North Sea

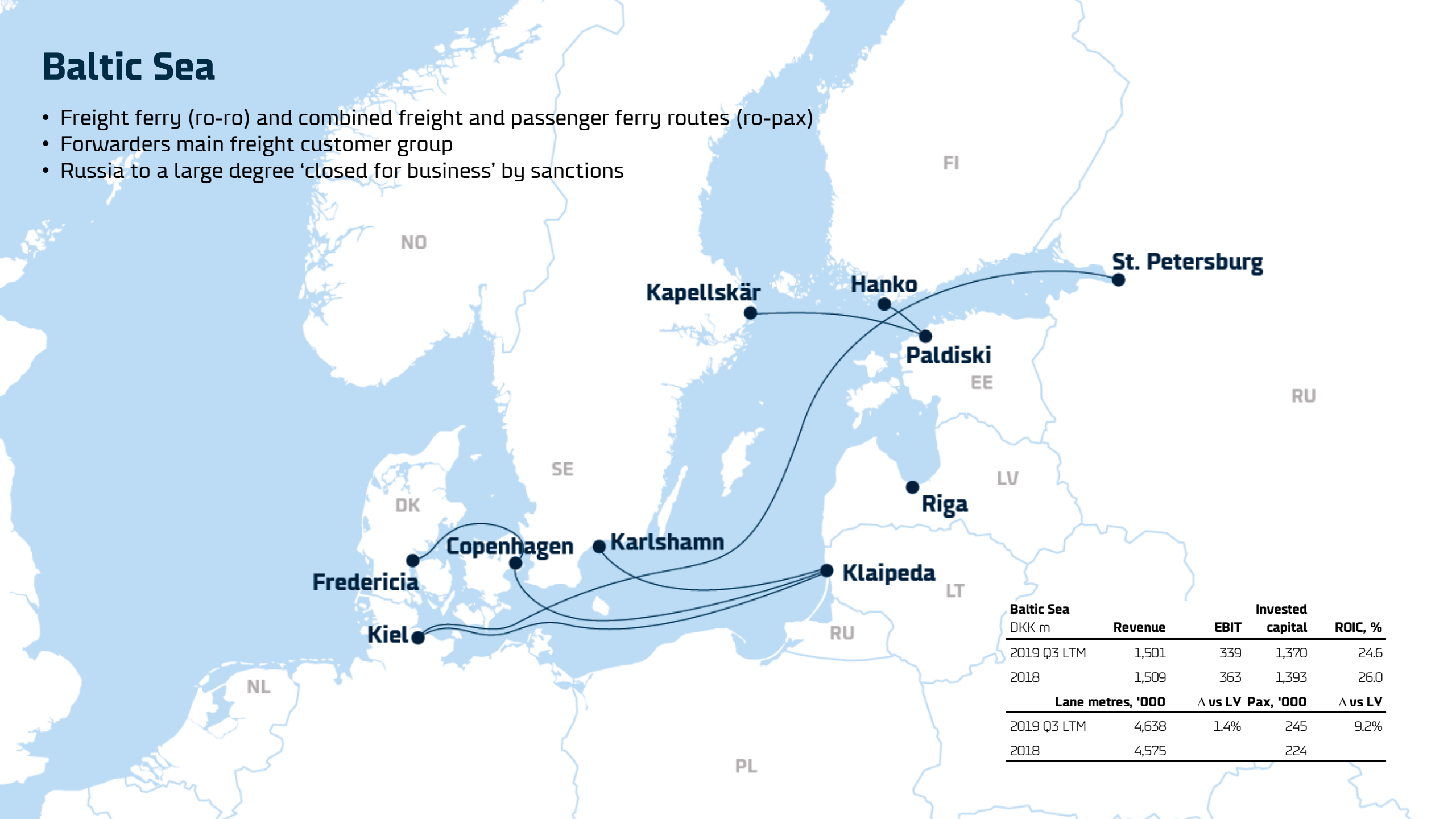
- Only freight ferry routes (ro-ro)
- High share of industrial customers Sweden-UK/Continent
- Forwarders main customer group UK-Continent



PL	North Sea		BY		ROIC, %
	DKK m	Revenue	EBIT	Invested capital	
	2019 Q3 LTM	3,759	718	5,460	12.9
	2018	3,734	696	5,592	12.2
Lane metres, '000		Δ vs LY Pax, '000		Δ vs LY	
	2019 Q3 LTM	12,795	-2.2%	n.a.	n.a.
	2018	13,077			

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 DKK m	Revenue	EBIT	Invested capital	ROIC, %
2019 Q3 LTM	1,501	339	1,370	24.6
2018	1,509	363	1,393	26.0
Lane metres, '000		Δ vs LY Pax, '000	Δ vs LY	
2019 Q3 LTM	4,638	1.4%	245	9.2%
2018	4,575		224	

Channel

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

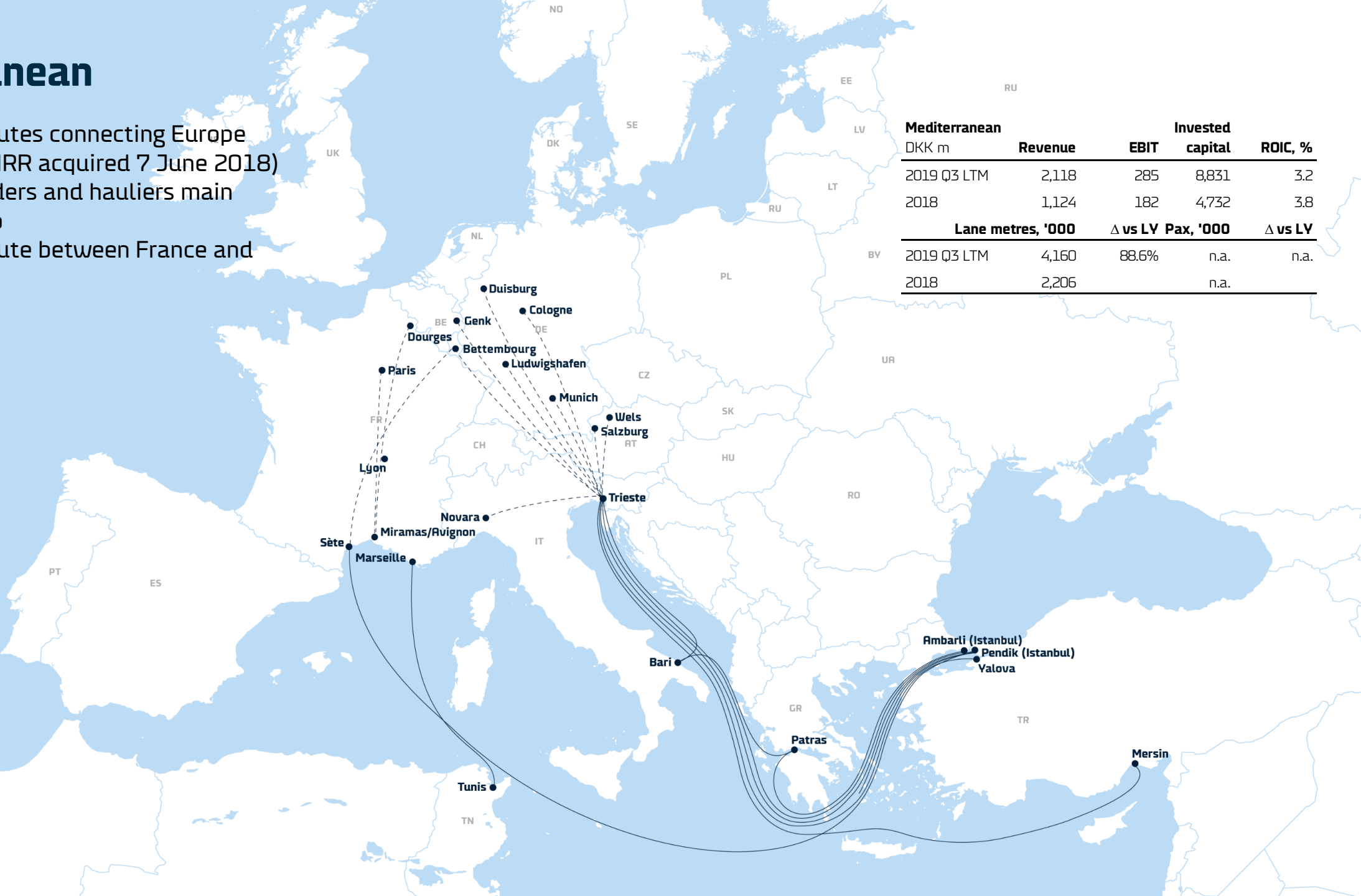
Channel			Invested	
DKK m	Revenue	EBIT	capital	ROIC, %
2019 Q3 LTM	2,702	304	1,842	16.5
2018	2,803	397	1,866	21.2
	Lane metres, '000	Δ vs LY Pax, '000		Δ vs LY
2019 Q3 LTM	19,025	-3.2%	3,537	-8.1%
2018	19,663		3,850	



Mediterranean

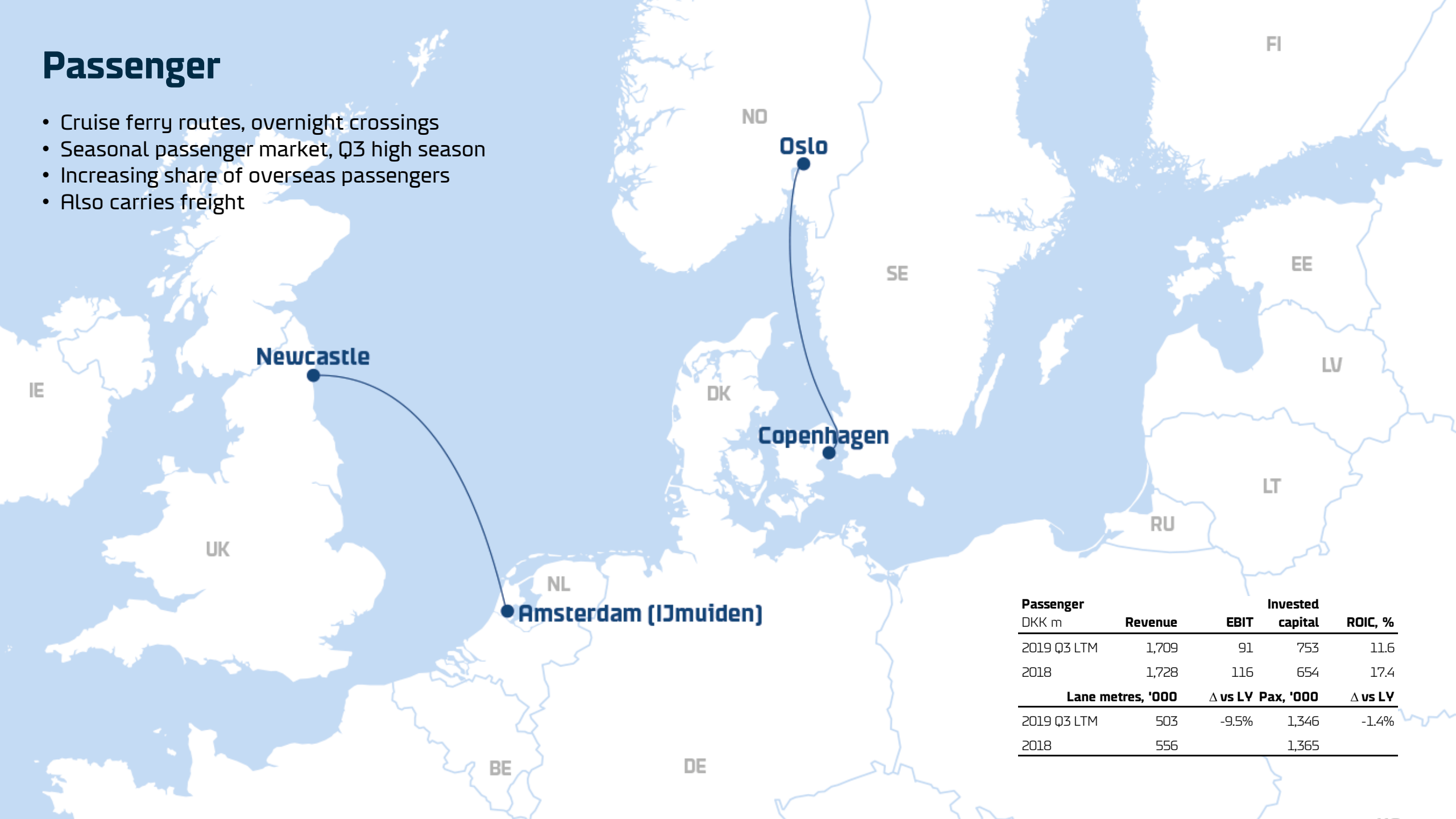
- Freight ferry routes connecting Europe and Turkey (UNRR acquired 7 June 2018)
- Turkish forwarders and hauliers main customer group
- Freight ferry route between France and Tunisia

Mediterranean DKK m	Revenue	EBIT	Invested capital	ROIC, %
2019 Q3 LTM	2,118	285	8,831	3.2
2018	1,124	182	4,732	3.8
Lane metres, '000		Δ vs LY	Pax, '000	Δ vs LY
2019 Q3 LTM	4,160	88.6%	n.a.	n.a.
2018	2,206		n.a.	



Passenger

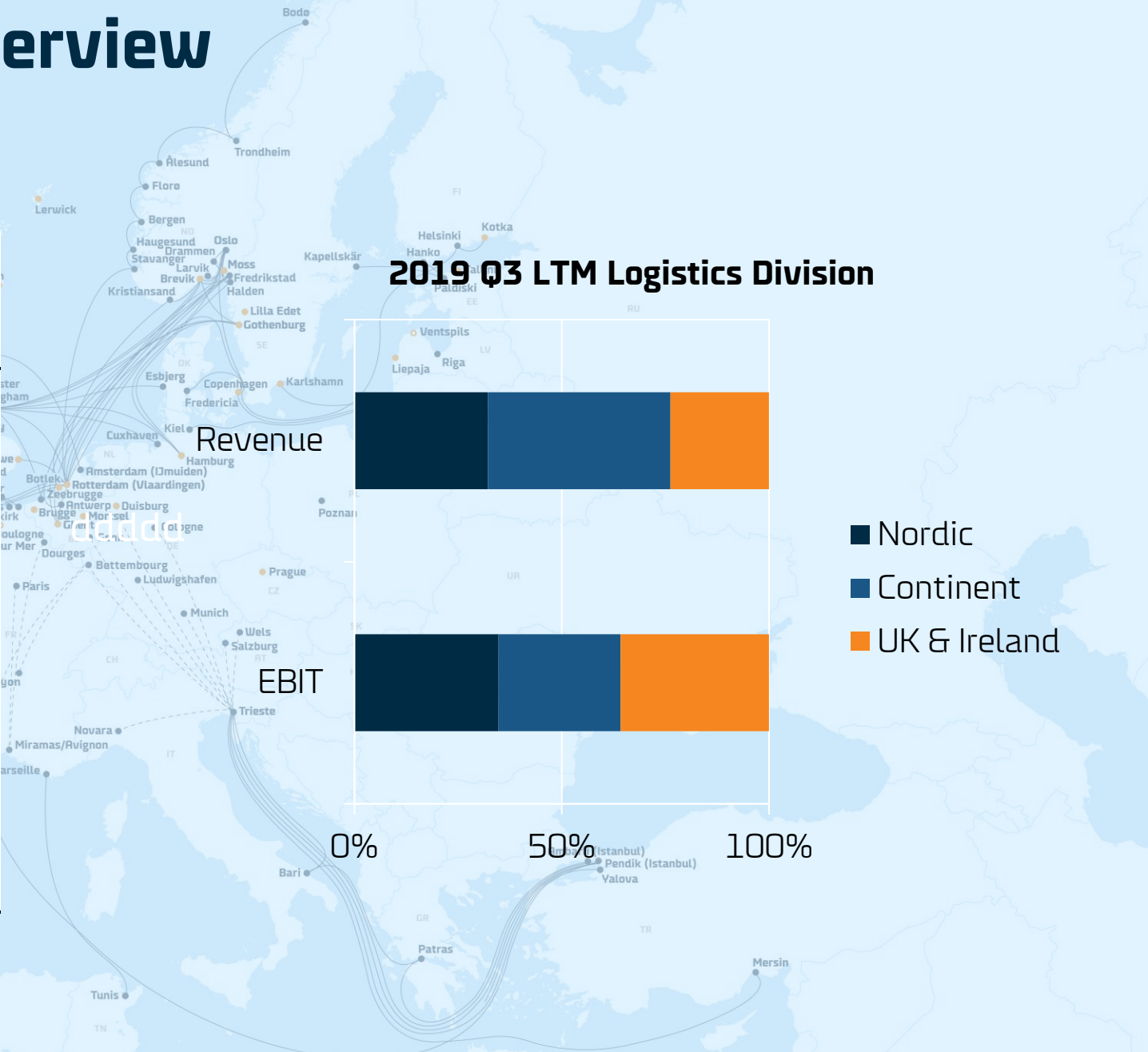
- Cruise ferry routes, overnight crossings
- Seasonal passenger market, Q3 high season
- Increasing share of overseas passengers
- Also carries freight



Passenger	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
2019 Q3 LTM	1,709	91	753	11.6
2018	1,728	116	654	17.4
Lane metres, '000		Δ vs LY Pax, '000		Δ vs LY
2019 Q3 LTM	503	-9.5%	1,346	-1.4%
2018	556		1,365	

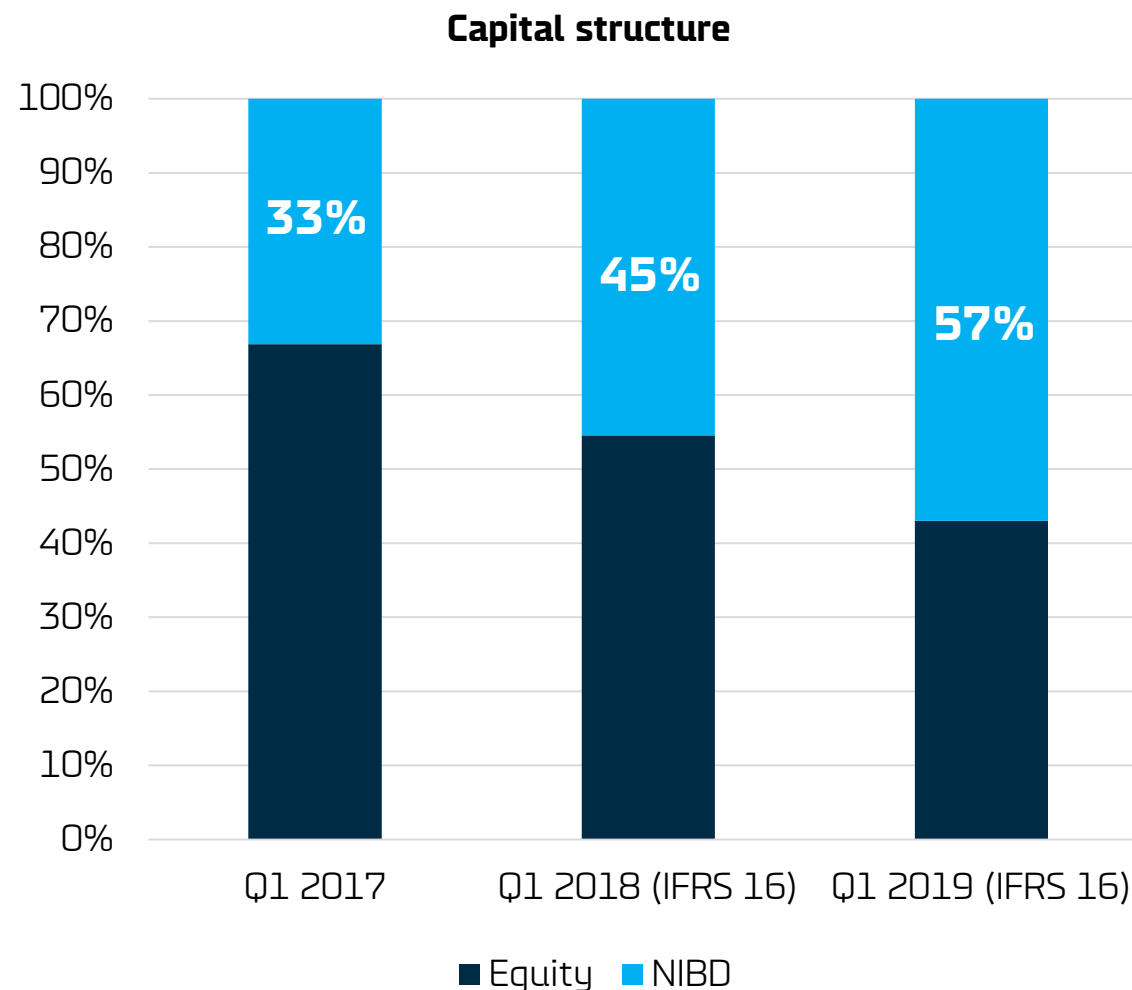
Logistics business units overview

Logistics Division	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
Nordic				
2019 Q3 LTM	1,757	65	442	13.2
2018	1,866	90	456	17.8
Continent				
2019 Q3 LTM	2,403	55	639	7.1
2018	2,458	67	545	10.1
UK & Ireland				
2019 Q3 LTM	1,296	67	442	12.1
2018	1,154	50	416	9.2

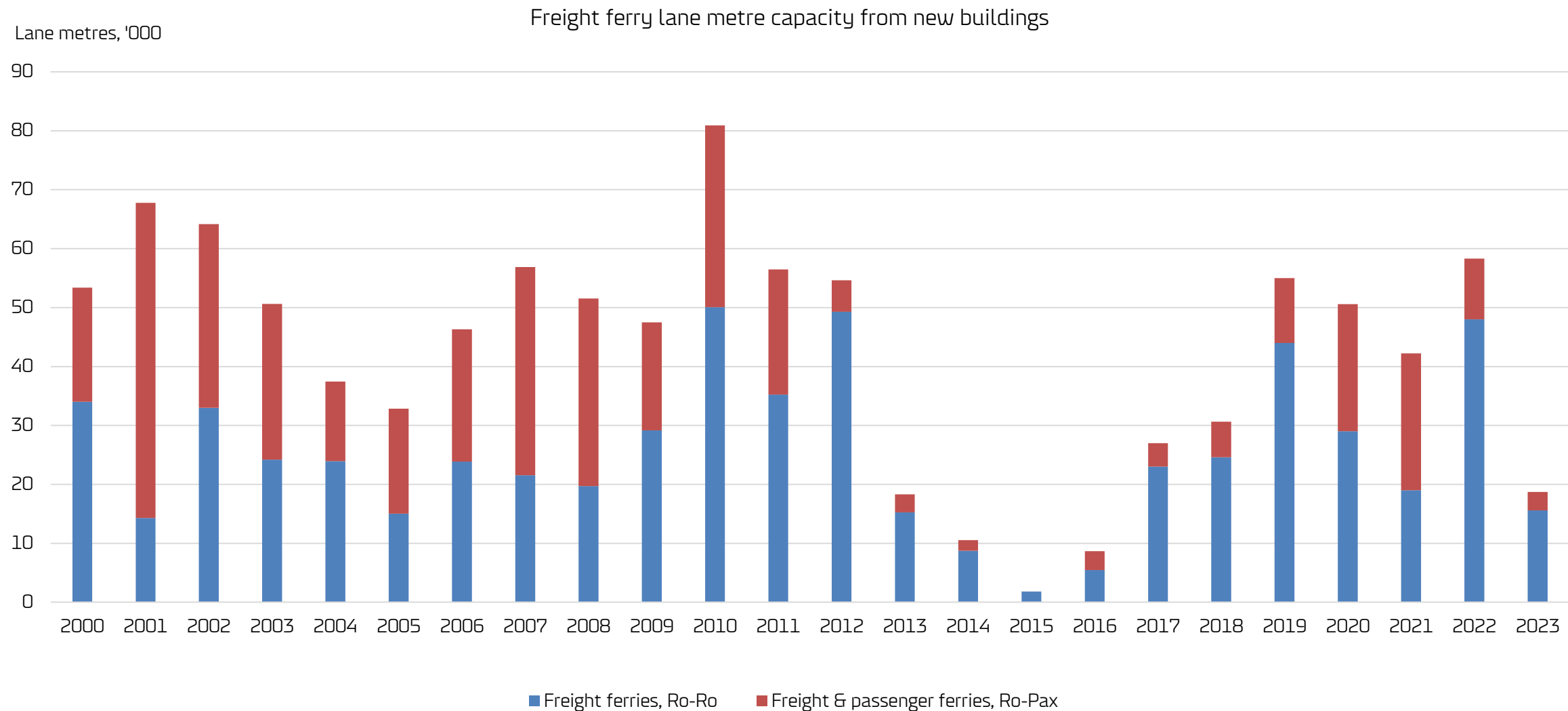


Significant change in financial leverage resets ROIC target

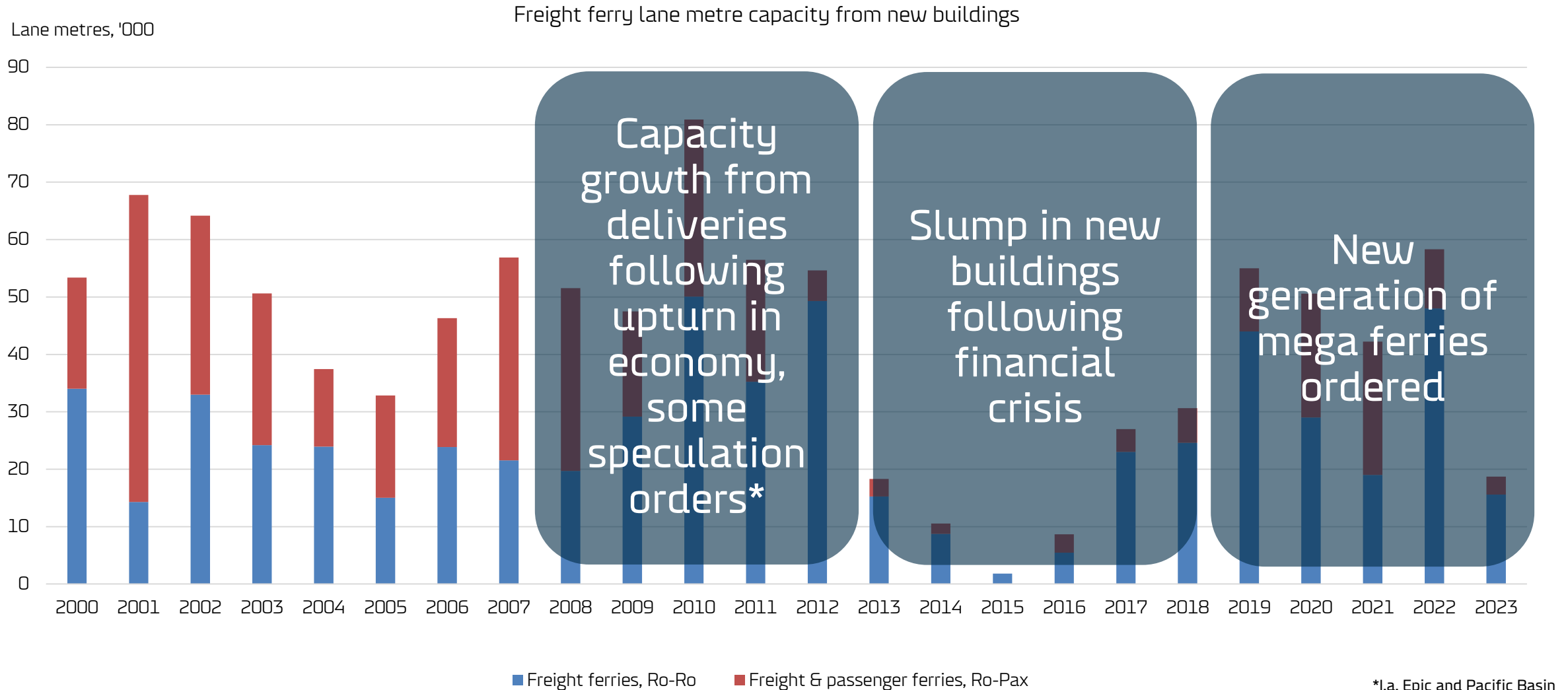
- WACC reduced by significant increase in leverage following UNRR acquisition
- ROIC minimum target reset to 8% from previously 10%
- EBITDA-ambition of DKK 5.5bn equals ROIC of 13-14%
- WACC currently calculated at 5.0%



New building deliveries – ro-ro and ro-pax



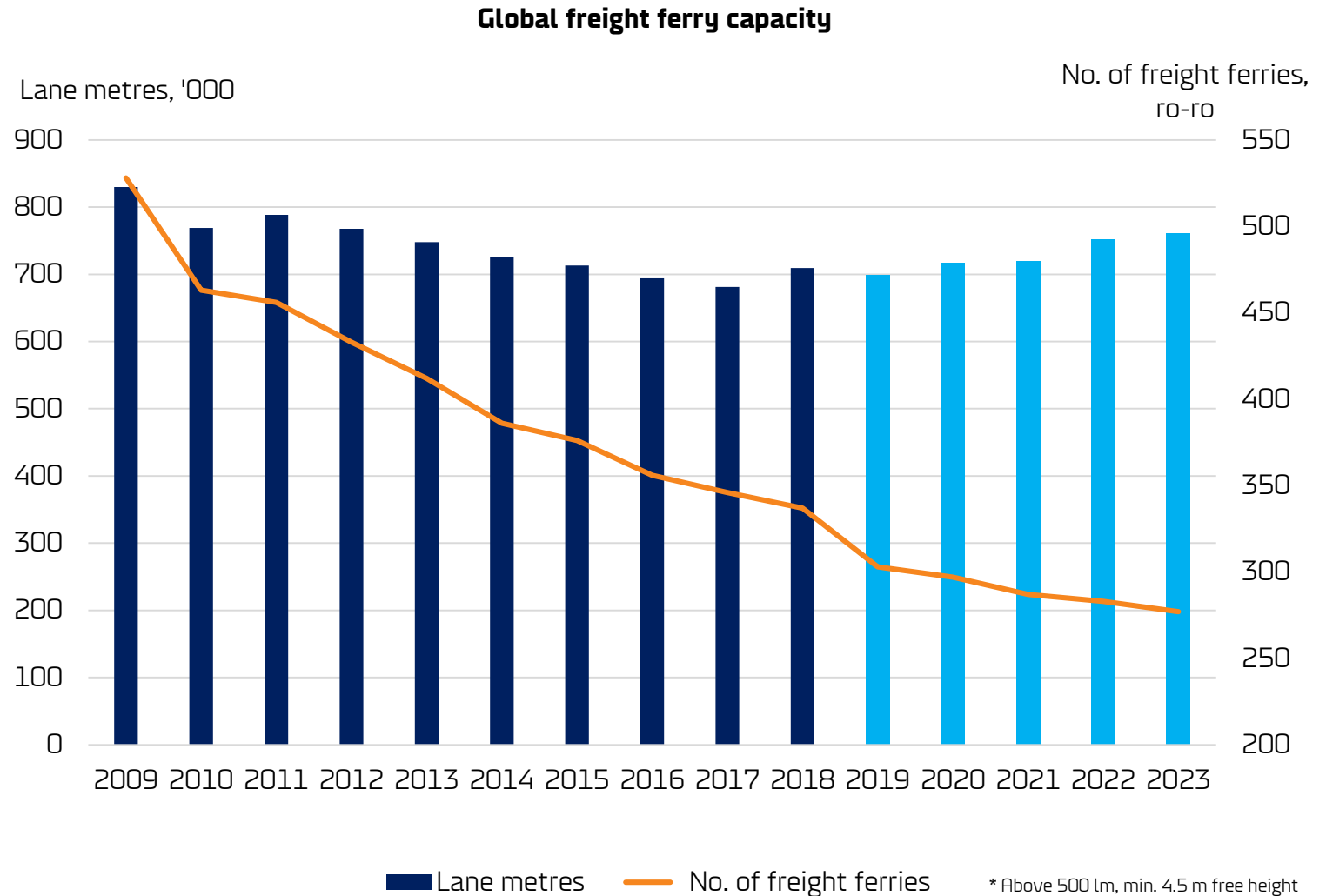
New building deliveries – ro-ro and ro-pax



*I.a. Epic and Pacific Basin

Growth of global freight ferry capacity* - ro-ro

- LM CAGR 2009-2018: -1.7%
- Forecast for LM CAGR 2019-2023: +1.4%
- No. of freight ferries forecast to be halved in 2023 vs 2009
- Forecast assumes ferries above 30 years scrapped



* Above 500 lm, min. 4.5 m free height on main deck, straight stern ramp and SOLAS compliant