

FERRY AND LOGISTICS

DFDS GROUP



4 June 2019



Disclaimer

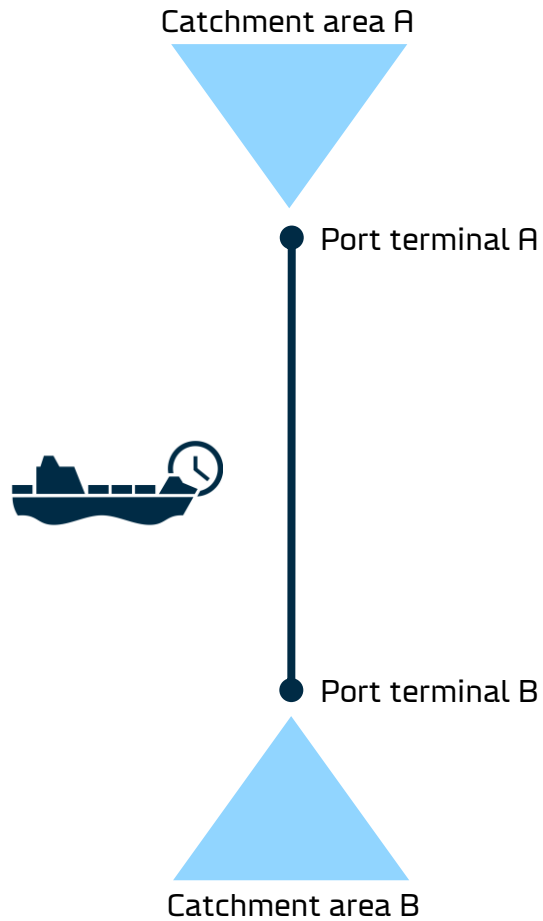


The statements about the future in this announcement contain risks and uncertainties.

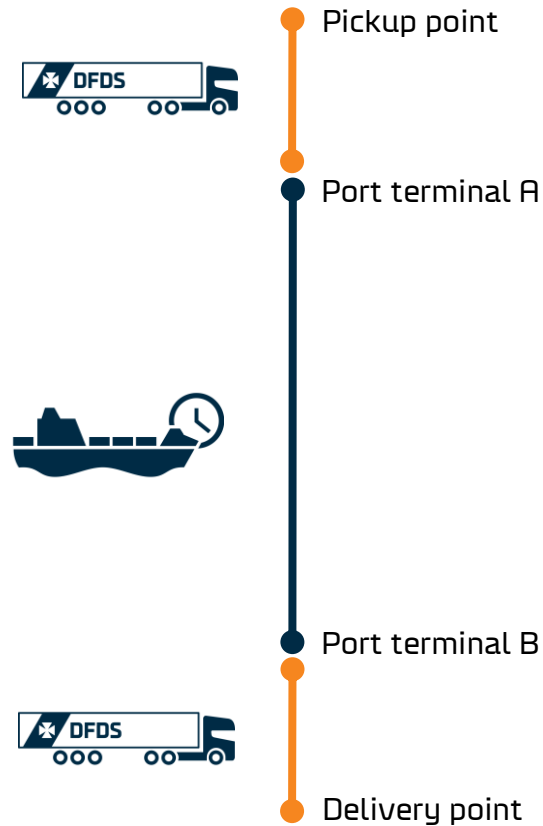
This entails that actual developments may diverge significantly from statements about the future.

DFDS' business model builds on 3 core activities

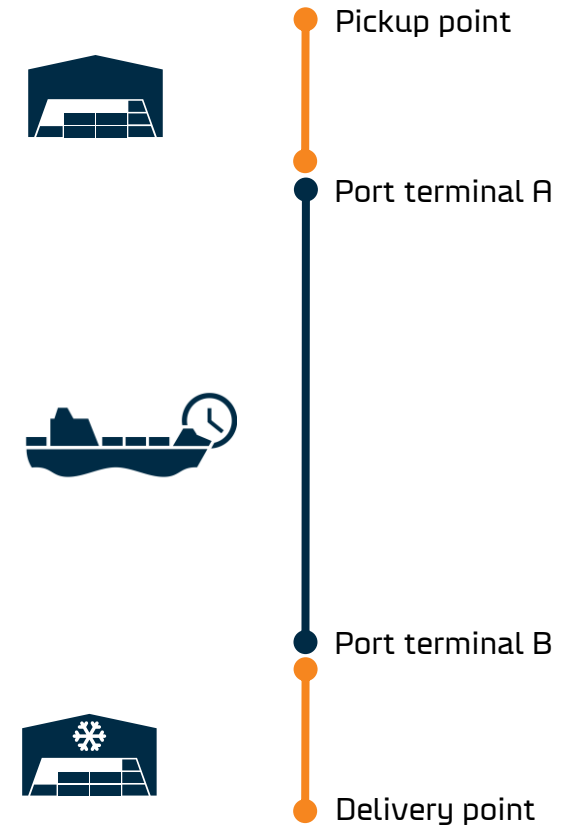
Ferry routes



Door-door solutions



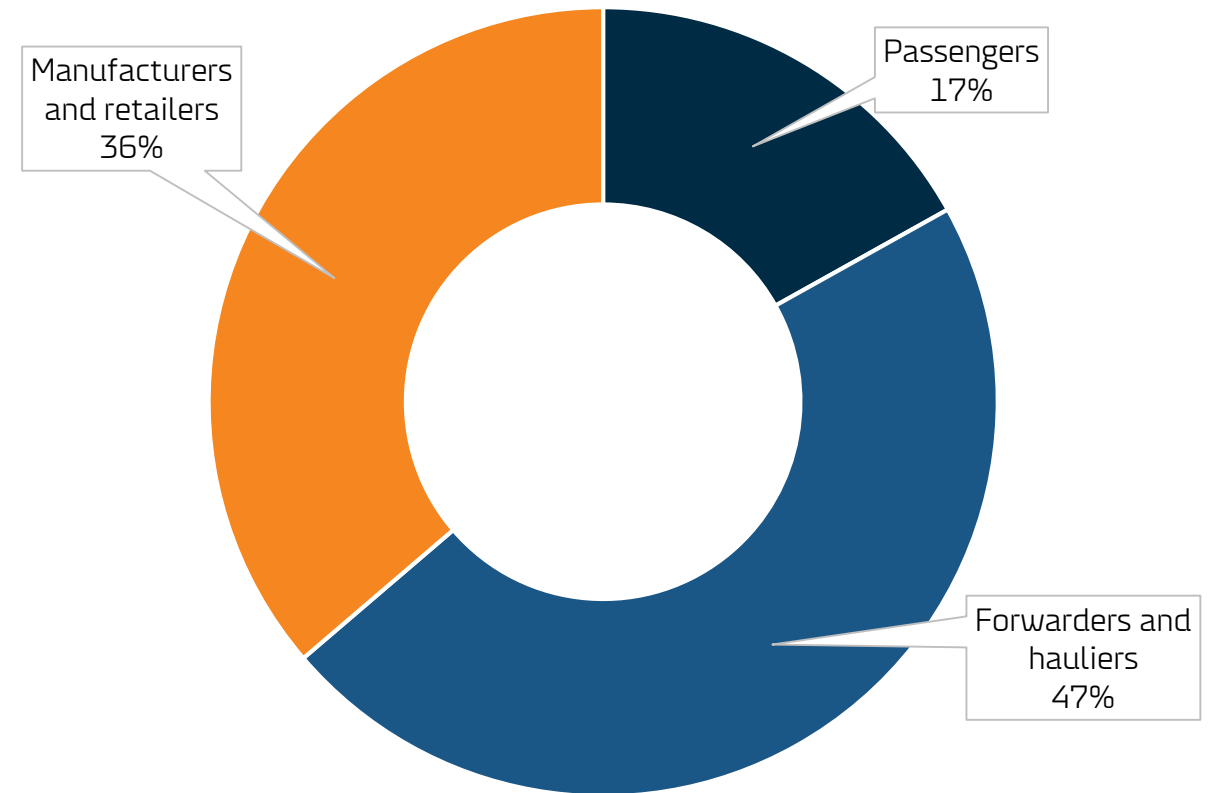
Contract logistics



Our customers: Forwarders, industrials and passengers

- Forwarders and hauliers: Ferry routes carry trailers for delivery within days
- Industrials: Logistics and ferry solutions for automotive, fresh and frozen goods, forest and paper products, metals and other
- Passengers: People travelling in own car for transport/holiday purposes, mini cruise experience

DFDS' three main customer groups, % of revenue



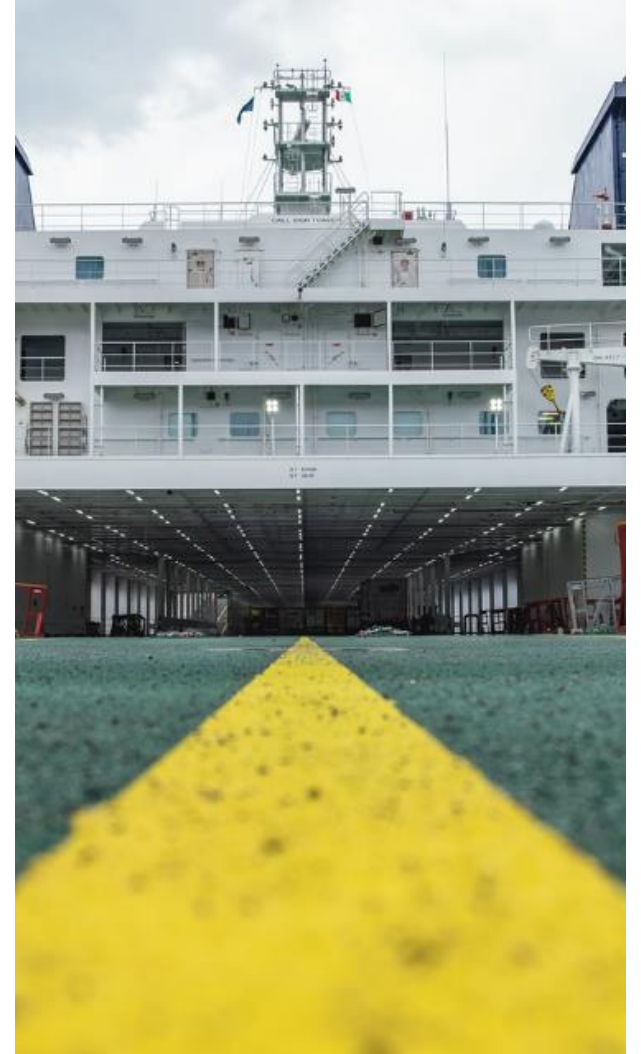
Strong network in place to develop from

- DKK 16bn revenue, 2018
- DKK 3.6bn EBITDA, 2018
- 8,000+ employees
- 23 ferry routes
- 7 port terminals
- 9,000 equipment units



Consolidation of ferry and logistics industries set to continue

- Stable competitive environment expected to go on
- Scale benefits and increasing investment requirements in development of digital solutions will drive continued consolidation
- Limited supply side risk expected for ferry industry
- European demand development is key driver and risk for DFDS
- Continued modest European growth expected



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)

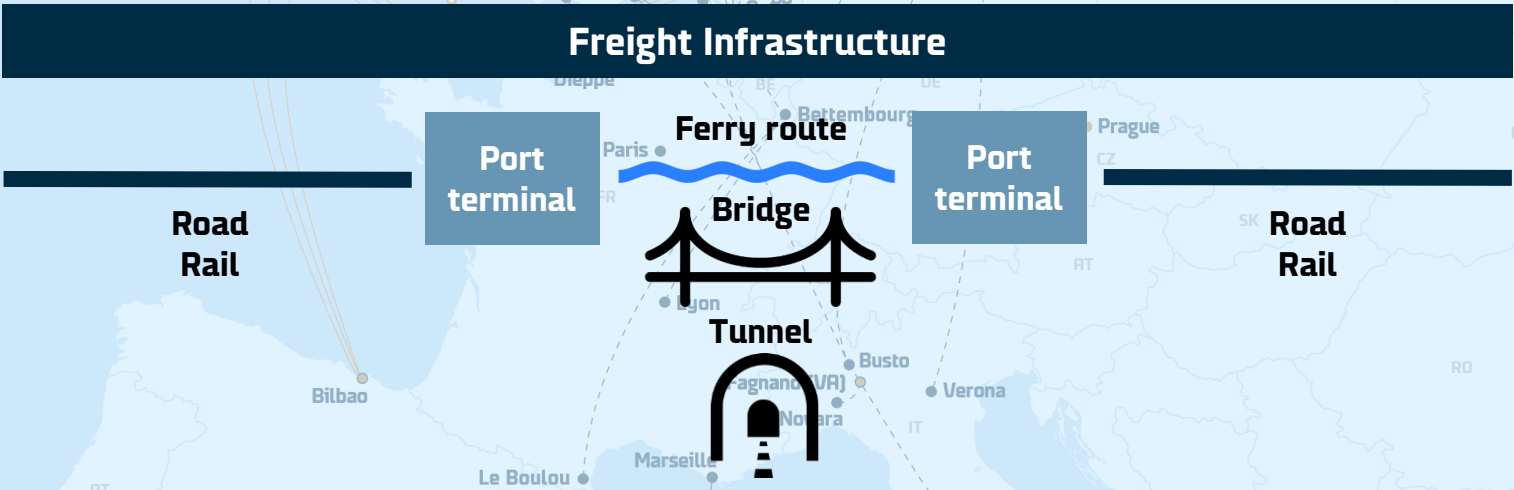
**IT'S ALL
ABOUT THE
ROUTE**

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

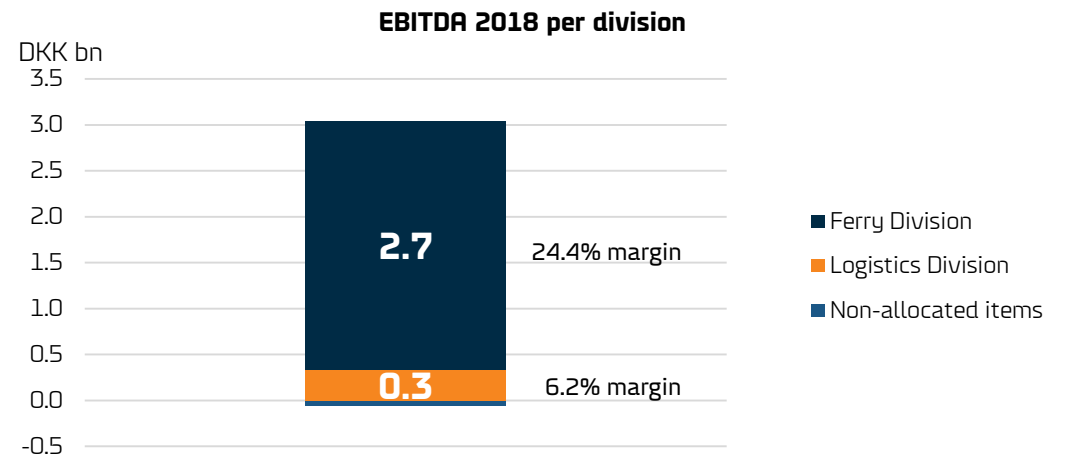
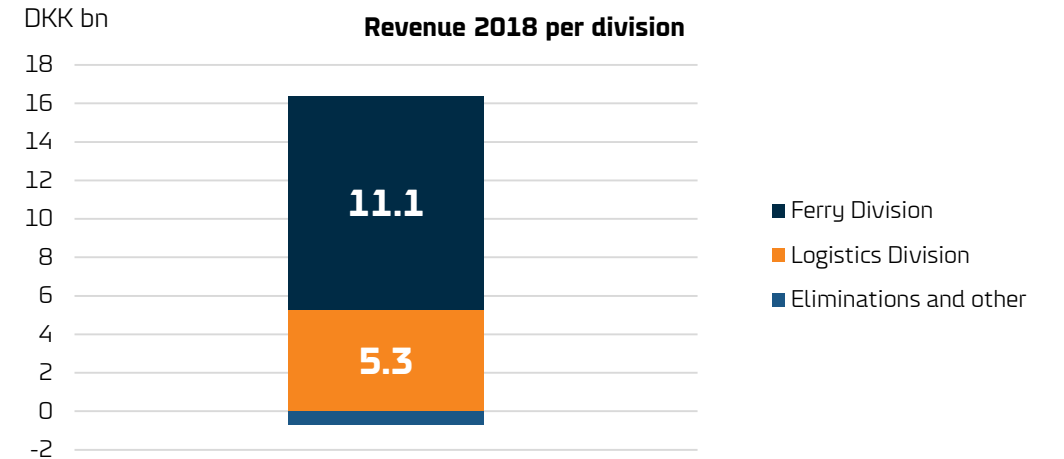


STRUCTURE & PERFORMANCE

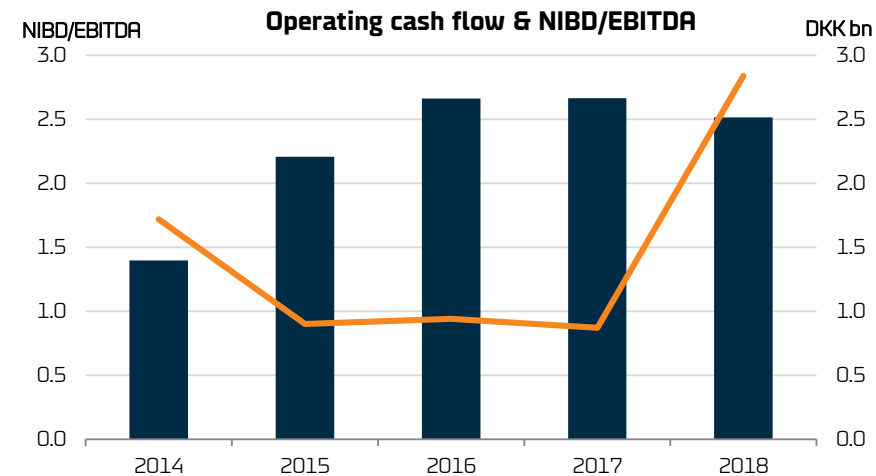
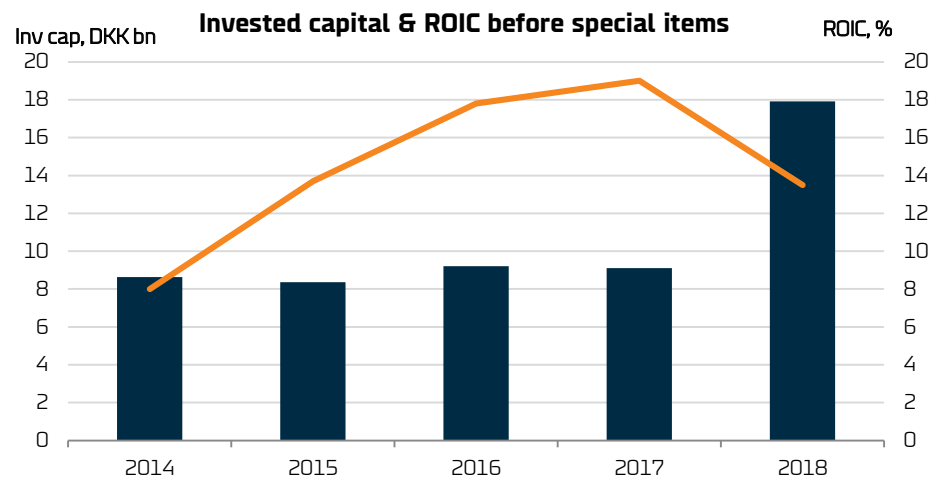
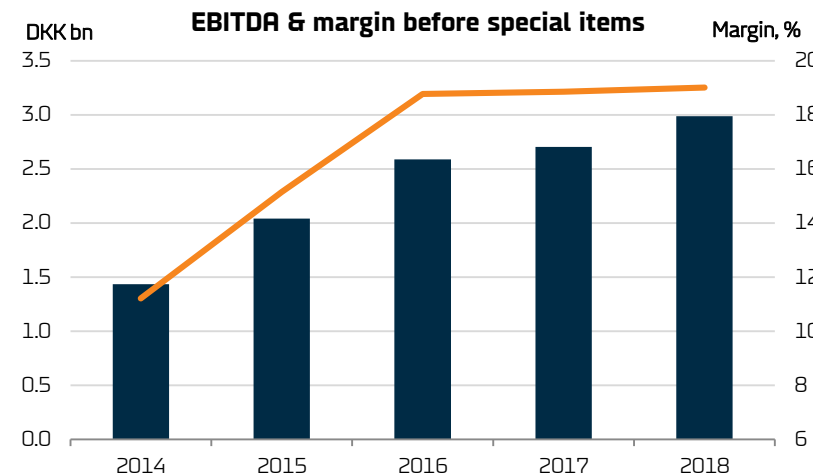
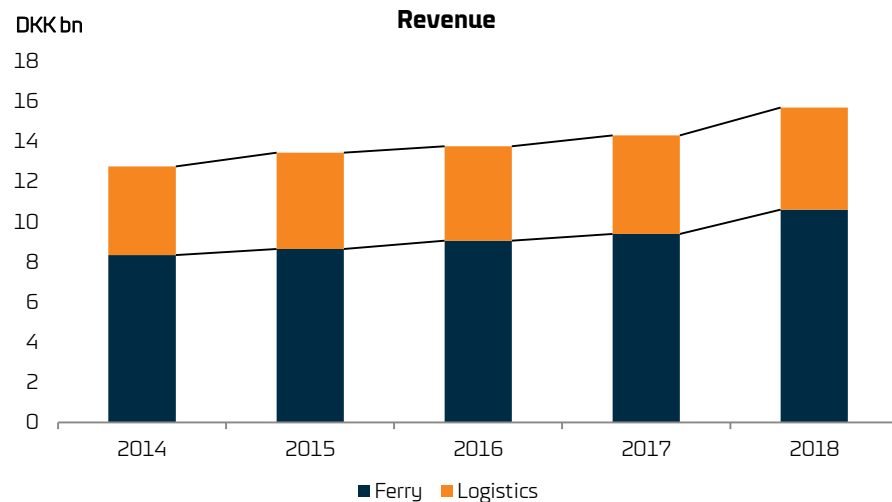
DFDS structure, ownership and earnings split

DFDS Group

DFDS Group	
People & Ships	Finance
Ferry Division <ul style="list-style-type: none"> • 23 ferry routes – freight and passengers • 55 ferries • 7 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 and Turkey • 8,000 employees 	Shareholder structure <ul style="list-style-type: none"> • Lauritzen: 42% • Free float: 56% • Nasdaq Copenhagen • Foreign ownership share: ~30%

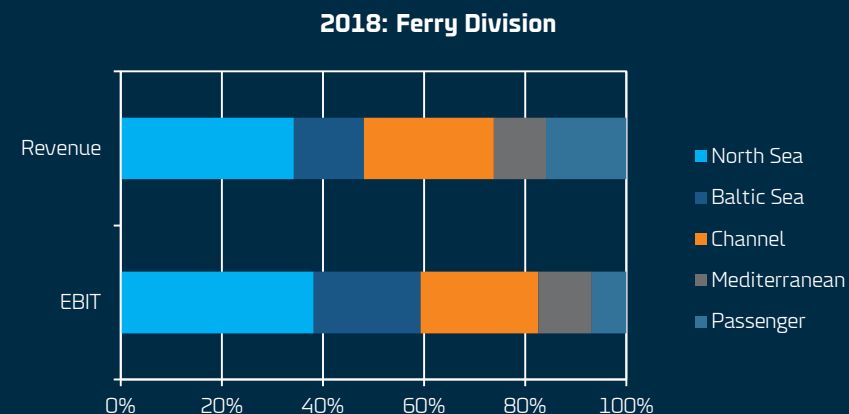


DFDS key figures

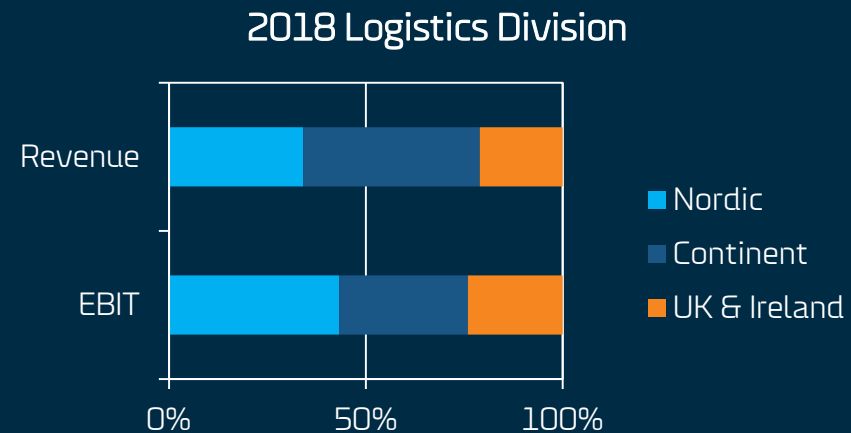
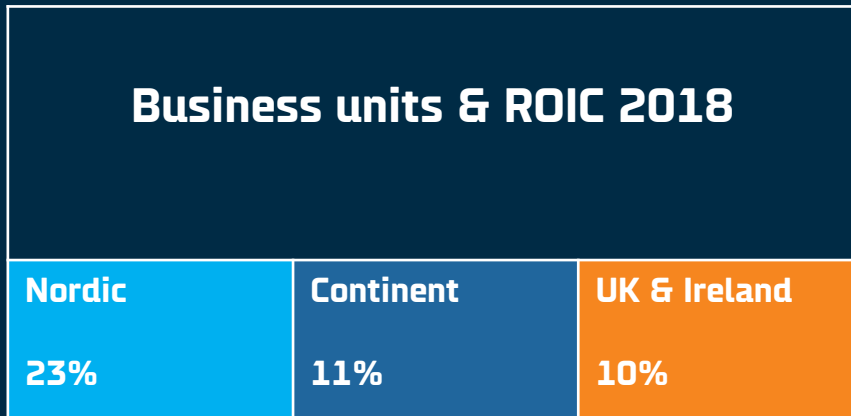


FERRY DIVISION

Business units & ROIC, 2018				
North Sea	Baltic Sea	Channel	Mediterranean	Passenger
17%	29%	21%	4%	18%



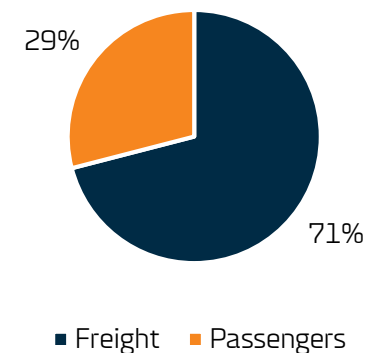
LOGISTICS DIVISION



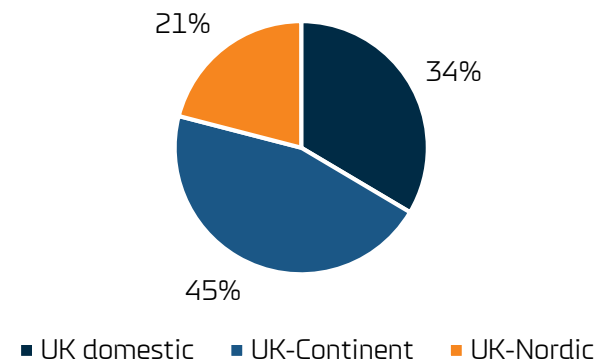
BREXIT

- **Ferry** routes connecting UK to Continent and Scandinavia (business units Channel and North Sea plus Amsterdam-Newcastle)
- Revenue of around DKK 5.3bn with average operating leverage of 65%
- **Logistics:** UK & Ireland business unit mainly domestic. Traffics between Nordic and Continent
- Revenue of around DKK 3.4bn with average operating leverage of 15%
- **Mitigating** factors and actions:
 - Large cost base in GBP
 - Capacity adjustment: fewer departures, ferry reallocation, number of ferries
 - Cost cutting
 - **Assets, processes and expertise**
 - Duty-free sales

Ferry routes: UK-Continent/Scandinavia LTM
revenue: DKK 5.3bn



Logistics: UK-Domestic/Continent/Nordic LTM
revenue: DKK 3.4bn

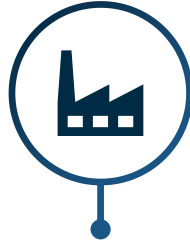




Customs processes and people



AEO¹ status obtained or about to be in key areas
Last AEO application processes being finalized
Customs employees being hired or trained to handle volume



Prepared to sustain operations



Processes, plans and teams ready
Manual processes identified where IT will not be ready
Focus on challenges in Channel
More space in terminals



IT core functionalities operational



IT automation secured
24/7 support for new functionalities
EDI connections developed for key customers



Brexit communication in place



Customers informed of post-Brexit procedures
Both digital and traditional channels leveraged

DFDS's agreement with DfT currently assumed to start as planned Mar 29, despite delay until April 12 of potential hard Brexit

¹, AEO: authorized economic operator, status to ease customs processes between the EU and the UK after Brexit

SUSTAIN ABILITY



Environmental footprint

- Support **marine environment**
- Be a **good and responsible neighbour**
- Improve **air quality**



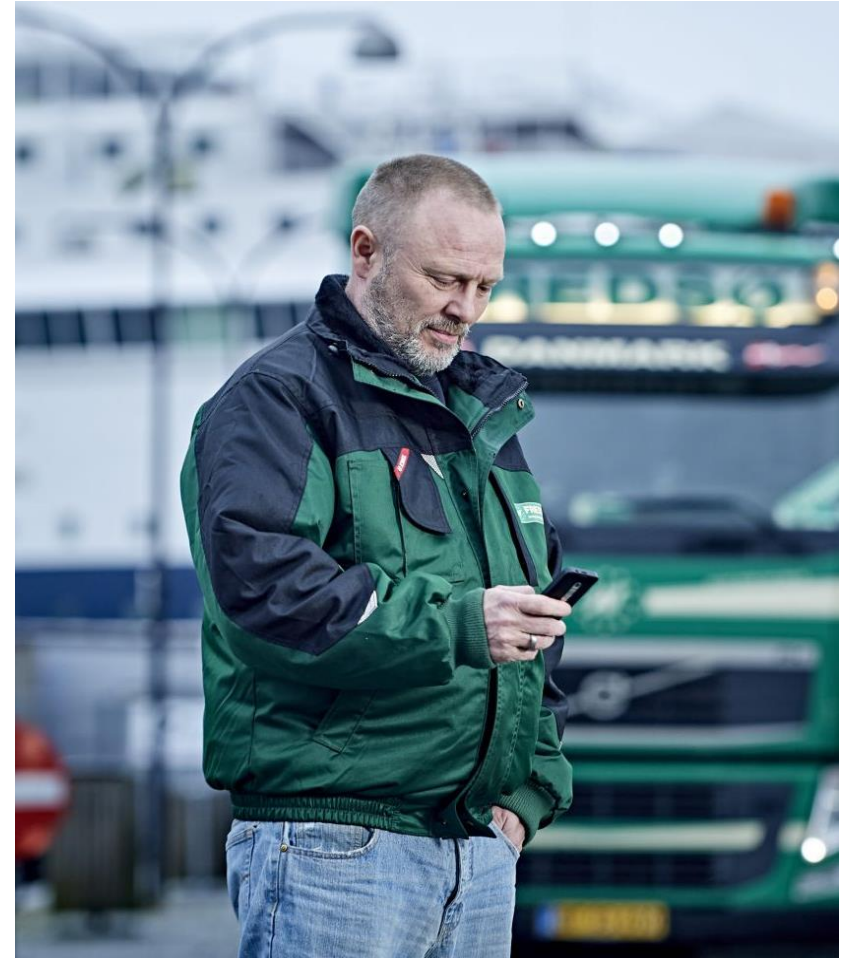
Caring employer

- Focus on **wellbeing** for all employees
- Support an **inclusive** workplace
- Provide **opportunities to do good** in communities and society



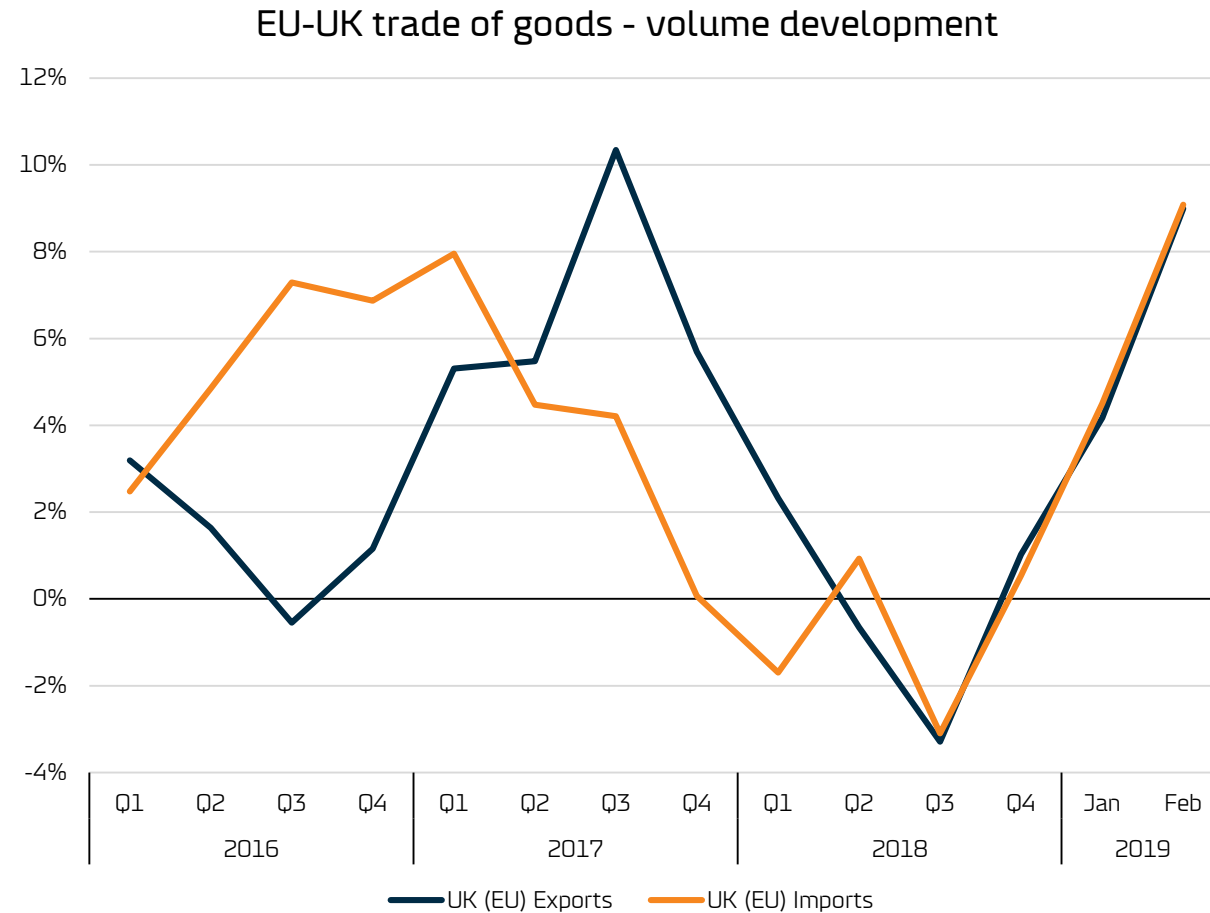
DIGITAL

- **Digital go-to-market**
 - Web development
 - Marketing automation
 - Easier access for smaller freight customer
- **Digitising the core**
 - Improve decision making through data
 - Optimise operations through automation
 - Prepare for autonomy through innovation and partnerships
- **IT foundation**
 - Cybersecurity
 - New data centre in Istanbul
 - Composable architecture



North Sea benefited from UK stockpiling

- North Sea Q1 volumes up 1.4%...
- ...and 6.2% adjusted for Gothenburg-Ghent where large contract peaked volumes in Q1 2018
- DfT contract began 29 March. Termination on 1 May by DfT



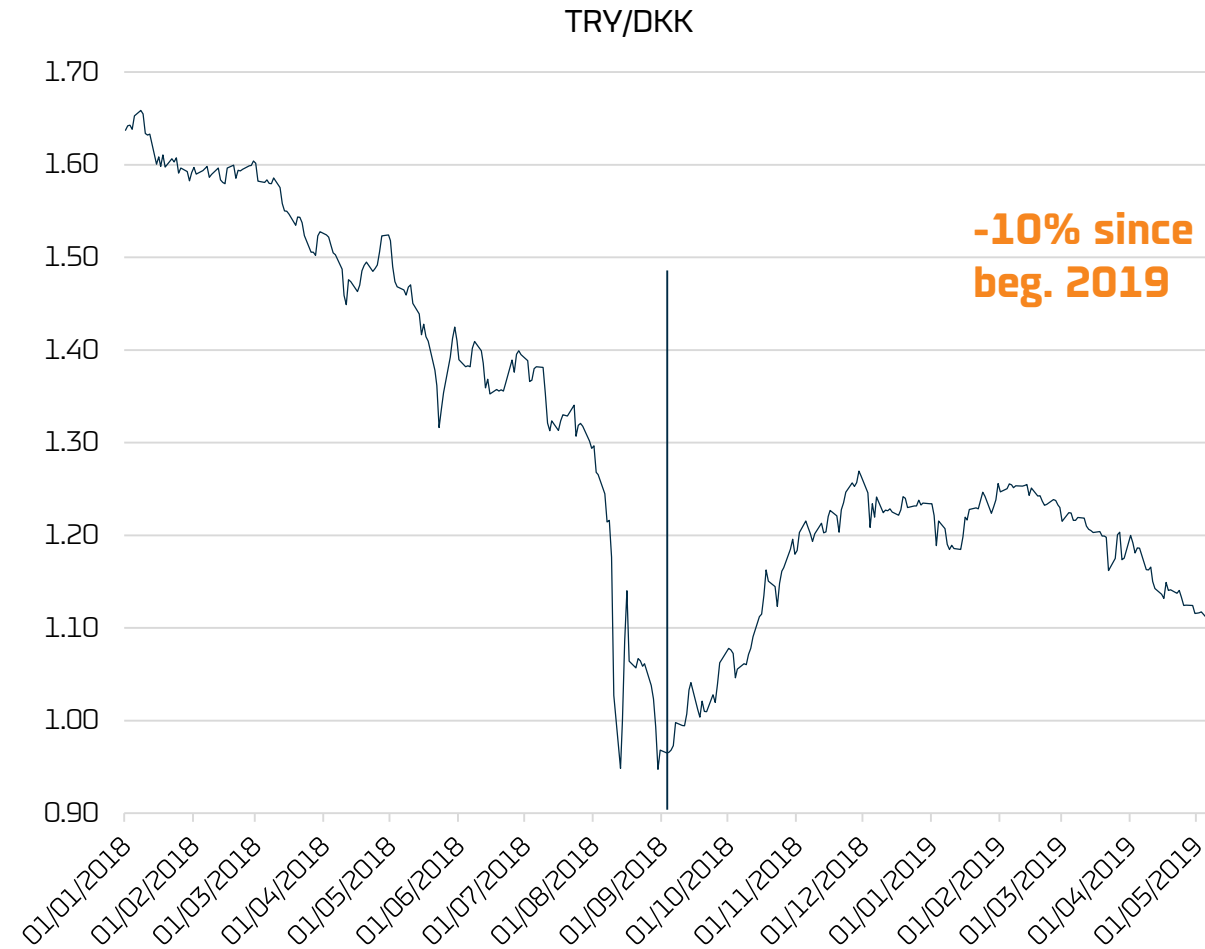
Stora Enso agreement & new route Sweden-Belgium

- **5-year agreement** to carry 700,000 tons of paper and board products between Gothenburg and Zeebrugge
- DFDS opens **new route**
- **Three** freight ferries to be deployed on route
- **Purchase** of two ferries from 3rd party owner for DKK 270m
- One ferry to **transfer** from Gothenburg-Ghent which aligns capacity better to demand
- **Route operation** expected to start mid June. Revenue in excess of DKK 300m in 2020



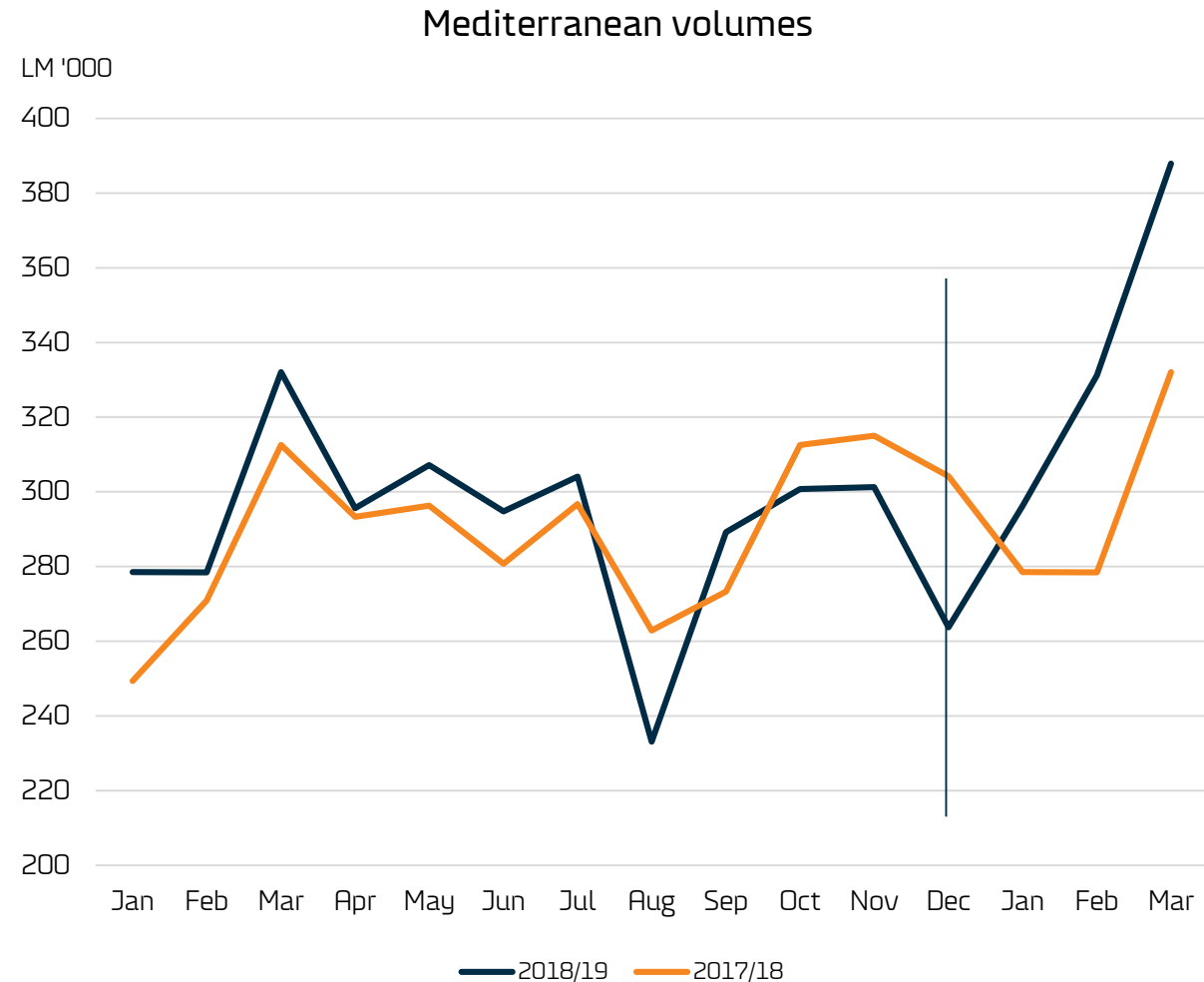
TRY recently weakened – receivable risk resolved

- **New invoicing model** introduced per beginning 2019
- Incentives offered for payment in euros, cash or early payment
- **More than 90%** of customers now paying in euros or cash

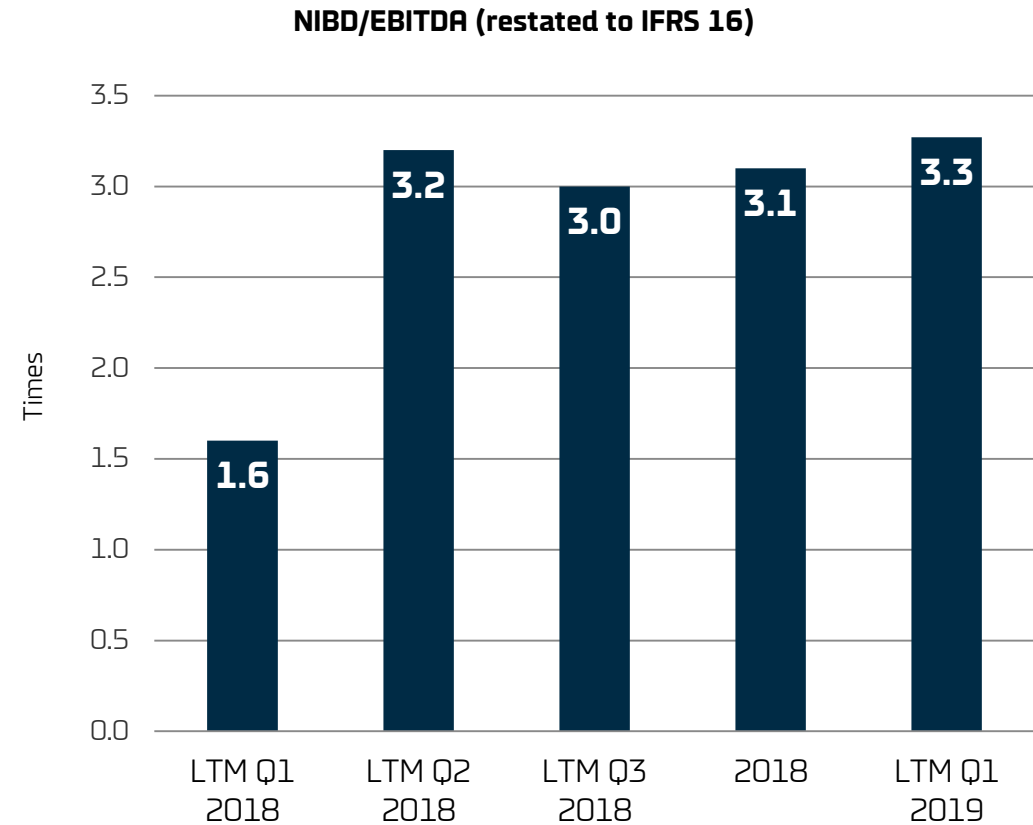


Mediterranean volumes boosted by Ekol agreement

- Q1* volumes up 14.2%
- Istanbul-Trieste volume growth of 30% in Q1. Ekol added and recurring volumes stable
- Greater impact on Istanbul-Toulon and Mersin-Trieste by downturn
- Drewry volume growth for target markets, Dec-Feb:
 - Exports +2.5%
 - Imports -13.8%



- **Dividend** of DKK 4.00 per share paid in March
- **NIBD/EBITDA**-multiple was 3.3x end of Q1 2019
- Leverage expected to decrease to around 2.8x end 2019, including investment in two freight ferries for new route between Sweden and Belgium



Priorities going into 2019 – unchanged earnings outlook

- **Adapting** to market changes:
 - Continue Brexit preparation
 - Optimise capacity utilization in Mediterranean
- Opening of **new route**, Gothenburg-Zeebrugge
- Delivering on our 5 DFDS **performance** drivers
- **Topline growth**
- Pursue value-creating **M&A**

OUTLOOK 2019

- Revenue growth of 10-12%
- EBITDA range of DKK 3,800-4,000m (2018: restated DKK 3,589m)
 - Ferry Division: DKK 3,425-3,600m (2018: DKK 3,179m)
 - Logistics Division: DKK 425-450m (2018: DKK 431m)
 - Non-allocated items: DKK -50m (2018: DKK -21m)
- Investments of DKK 2.8bn

Q&A

