

# Q3 BETTER THAN EXPECTED

## Q3 REPORT 2009



12.11.09  
Copenhagen

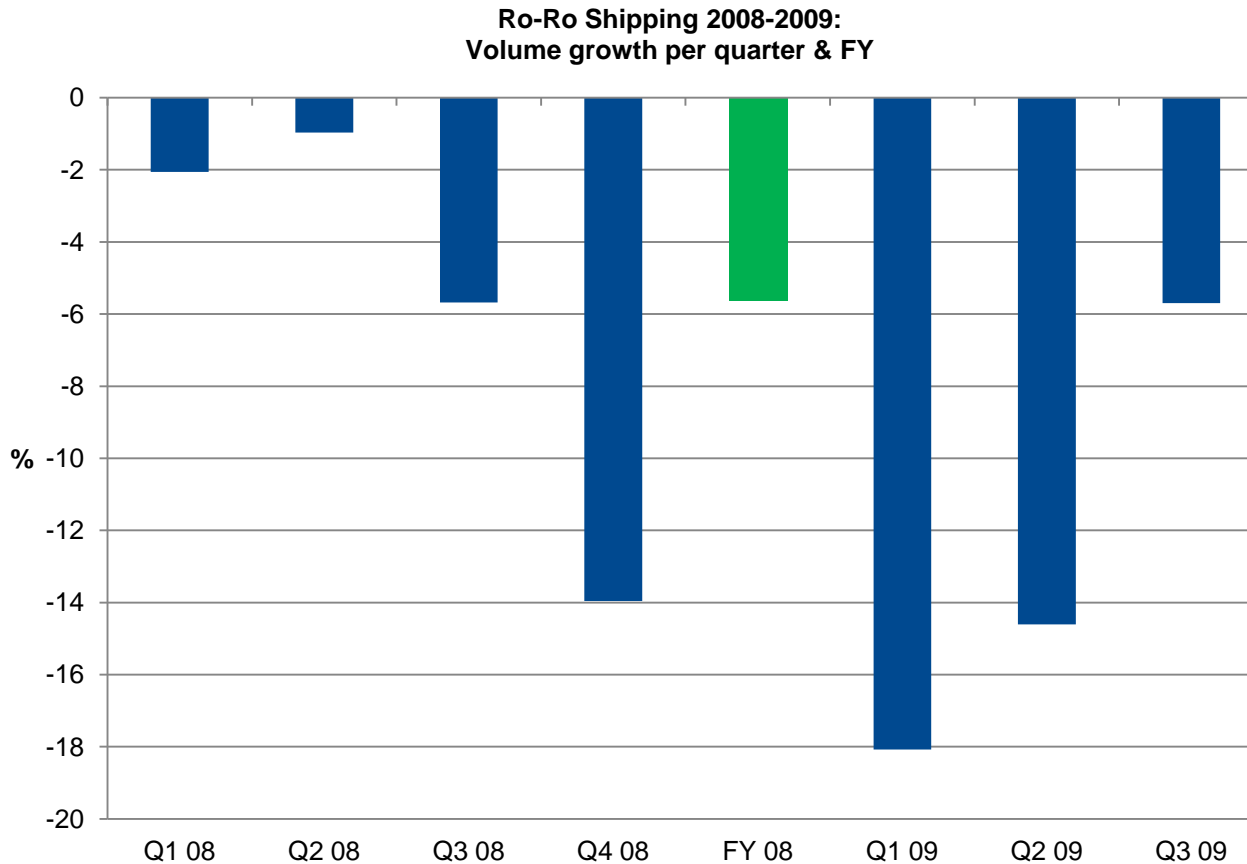


# Q3 BETTER THAN EXPECTED

- In Q3, the business areas Ro-Ro Shipping and Passenger Shipping performed above our expectations
- YTD PTP of DKK 76 mill.
- We managed to keep costs below expected levels as operational adjustments started to come through
- Market conditions are still tough, and we do not foresee an upturn in the immediate future
- We maintain our full year PTP expectation of zero as market and counter party risks/costs are expected to put some pressure on Q4 earnings
- DFDS highlights for Q3 (compared to Q3 2008):
  - Passenger Shipping improved EBITDA by DKK 23 mill.
  - Freight volume gap continues to narrow
  - Major adjustments of land and ship organisations implemented
  - Positive profit contribution from exchange rate gains of DKK 29 mill.

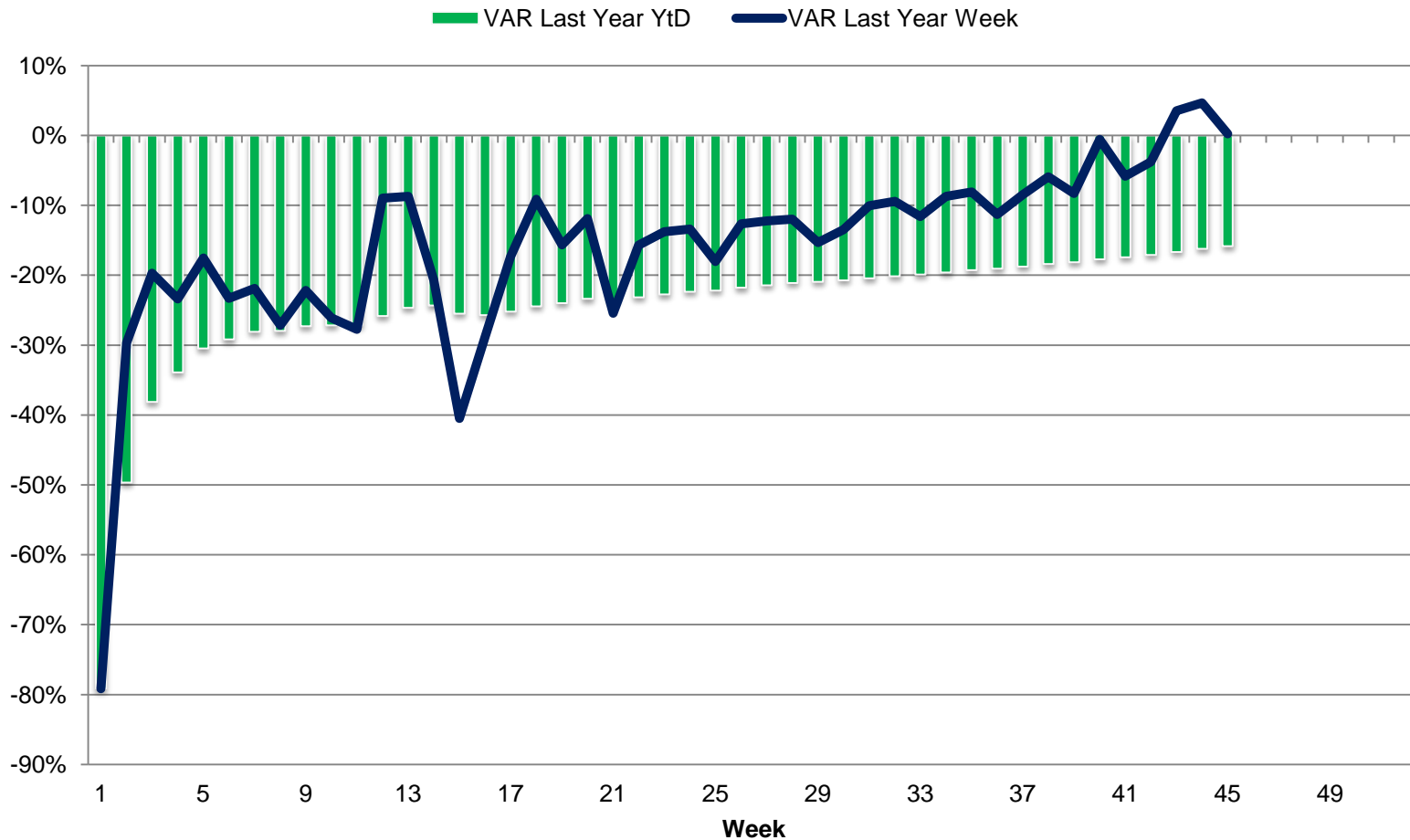
# DROP IN FREIGHT VOLUMES LEVELLING OUT

## DFDS RO-RO SHIPPING VOLUMES



- Polferries route added in September 2008 improves growth by 2-3 ppt per quarter
- Year-to-date 2009 volume is 13% below 2008

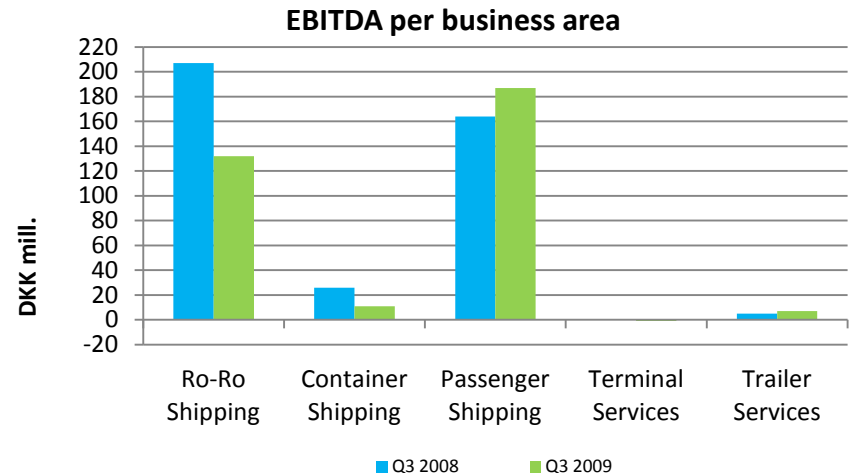
# RO-RO WEEKLY VOLUMES\* - NOW ABOVE 2008



\* Excludes volumes from Passenger Shipping/Polferries

# BUSINESS UNIT PERFORMANCE Q3 2009

- **Ro-Ro Shipping:** Volumes down 6% in Q3 vs 15% in Q2. Rate pressure persists in most regions. Transfer of pax profit from Esb-Hrw to Passenger Shipping in 2009 of DKK 18 mill.
- **Container Shipping:** Two thirds of profit decrease due to market collapse for Chartering activities. Lower paper volumes also contribute. Some recovery in other areas. Sideport route Nor-Irl closed, 1 ship redelivered.
- **Passenger Shipping:** Profit up by DKK 23 mill. from pax growth of 4% (adj for Bergen), mainly on Amsterdam. Lower costs & bunker hedge also contribute. After high season price pressure seems to be mounting, soft booking situation
- **Terminal Services:** Low level of volumes partly offset by effects of improvement projects and rationalisation in Immingham
- **Trailer Services:** Belgian operations continued to improve, offsetting weaker performance in other areas, especially Swe-UK corridor (imbalances, rates)



**EBITDA per business area**

DKK mill.	Q3 2008	Q3 2009	Change
Ro-Ro Shipping	207	132	-75
Container Shipping	26	11	-15
Passenger Shipping	164	187	23
Terminal Services	0	-1	-1
Trailer Services	5	7	2
Tramp (non-recurring)	0	0	0
Non-allocated items	-9	-8	1
<b>DFDS Group</b>	<b>393</b>	<b>328</b>	<b>-65</b>

# ONGOING OPERATIONAL ADJUSTMENTS - Q3

## ALIGNMENT OF COSTS TO LOWER ACTIVITY LEVELS

### Overall adjustments

- DFDS Seaways improvement plan
- Reduction of network capacity
- Reduction of operating costs
- Alignment of organisation
- Focus on sales activities



- 10% reduction in HQ employees (27 positions)
- Reduction of 5 employees in Lithuanian land organisation
- Closure of route between Norway and Ireland in Container Shipping
- Reduction of 25 employees in port terminal in Immingham

### Project Lightship

- Crewing
- Bunker optimisation
- Port Turn Around Time
- Maintenance
- Supply Chain Management



- New crewing plan on Danish flagged vessels reduced on board positions by 30
- New crewing plan on Lithuanian ships reduced on board positions by 23
- Other work streams developing according to plan



# FINANCIALS

Q3 2009

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# KEY FIGURES Q3

DKK mill.	Q3 2008	Q3 2009	Change 09/08	2008
<b>Revenue</b>	<b>2.259</b>	<b>1.819</b>	<b>-19%</b>	<b>8.194</b>
Costs				
Operations	820	676	-18%	3.276
<i>% of revenue</i>	<i>36,3</i>	<i>37,1</i>		<i>40,0</i>
Bunker	397	217	-45%	1.309
<i>% of revenue</i>	<i>17,6</i>	<i>11,9</i>		<i>16,0</i>
Charter	162	164	1%	690
<i>% of revenue</i>	<i>7,2</i>	<i>9,0</i>		<i>8,4</i>
Staff	365	330	-10%	1.481
<i>% of revenue</i>	<i>16,1</i>	<i>18,1</i>		<i>18,1</i>
Sales & administration	122	105	-14%	421
<i>% of revenue</i>	<i>5,4</i>	<i>5,8</i>		<i>5,1</i>
<b>Total costs</b>	<b>1.865</b>	<b>1.492</b>	<b>-20%</b>	<b>7.177</b>
<i>% of revenue</i>	<i>82,6</i>	<i>82,0</i>		<i>87,6</i>
<b>EBITDA</b>	<b>393</b>	<b>328</b>	<b>-17%</b>	<b>1.017</b>
<i>EBITDA-margin, %</i>	<i>17,4</i>	<i>18,0</i>		<i>12,4</i>
Profit from associated companies	0	0	0	-7
Profit on disposal of assets	4	-2	-5	40
Depreciations	-141	-148	-7	-594
<i>% of revenue</i>	<i>-6,3</i>	<i>-8,1</i>		
<b>Operating profit (EBIT)</b>	<b>256</b>	<b>178</b>	<b>-30%</b>	<b>456</b>
<i>EBIT-margin, %</i>	<i>11,3</i>	<i>9,8</i>		<i>5,6</i>
Financing, net	-63	-30	34	-235
<b>Pre-tax profit</b>	<b>193</b>	<b>149</b>	<b>-23%</b>	<b>221</b>

## Revenue

- Revenue impacted by lower volumes, rate pressure and restructuring of activities including closing of routes
- Negative currency impact from GBP, SEK & NOK of around 2%
- Revenue down 14% adjusted for lower BAF revenue, which was very high in Q3 2008

## Costs

- Operations: Cost decrease almost in line with revenue
- Bunker cost reduced, but impact balanced by lower BAF in freight BUs, positive impact in Passenger Shipping
- Charter cost on level, but rising cost ratio
- Reductions achieved for staff/sales/ admin.
- Margin up by 0.6 ppt, adjusted for BAF margin is 0.7 ppt lower

## Other

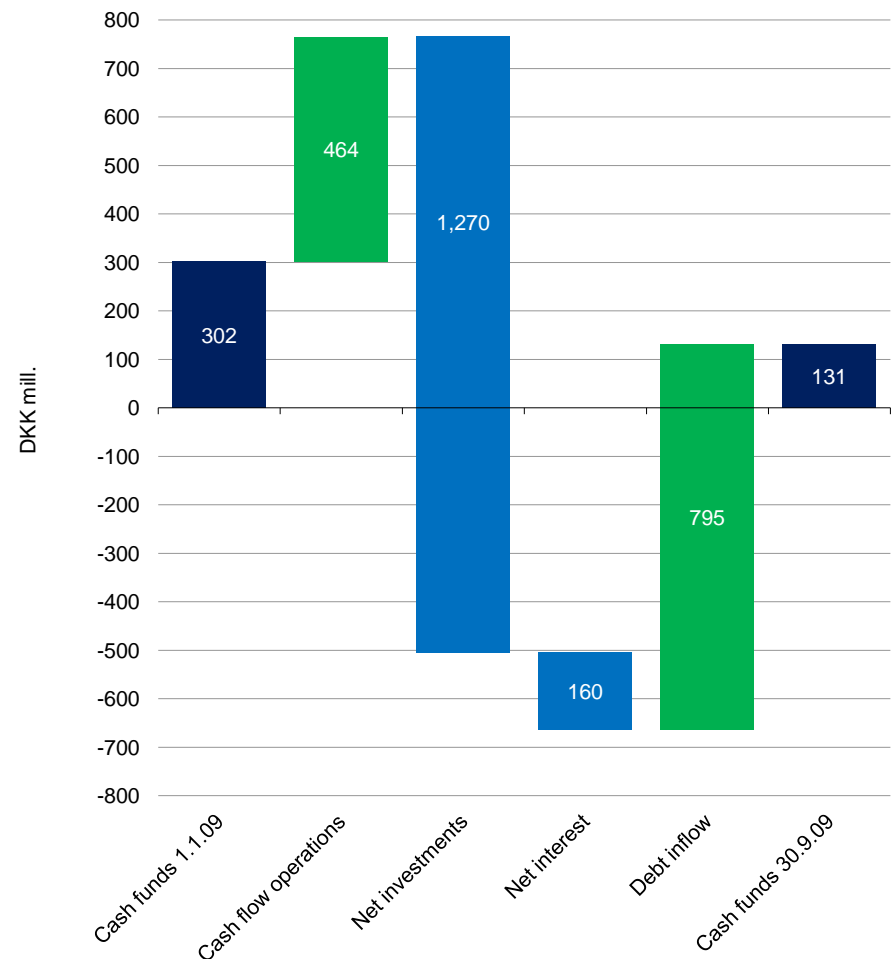
- Depreciations are higher due to delivery of three ships in H1 2009
- Finance cost halved, positive deviation of DKK 29 mill. on exchange rate gains (NOK, SEK)



# CASH FLOW & INVESTMENTS

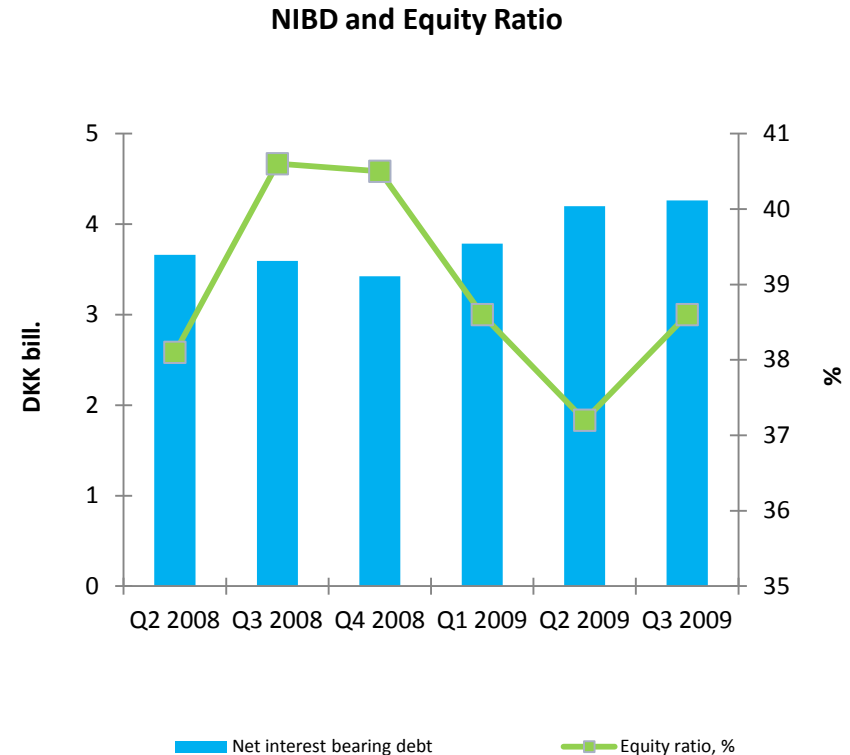
- Lower cash flow from operations due to lower earnings, but positive contribution from change in working capital compared to 2008 ( $\Delta$  DKK 118 mill.)
- Net investments of DKK 1.270 mill. including two newer ro-ro ships, a ro-pax newbuilding, lengthening of three ships and dockings
- Net debt increase of DKK 795 mill. to finance investments and net interest cost. In addition, DKK 171 mill. drawn on cash funds
- Free cash flow positive by DKK 14 mill. in Q3 as bulk of investments related to H1. Debt level has peaked during Q3
- No new major ship investments planned or committed beyond 2009

Cash flow items Q1-3 2009



# CAPITAL STRUCTURE

- Total assets up by DKK 0.9 bill. or 11% from Q4 2008 to Q3 2009 due to purchase of ships
- Average invested capital was DKK 7.7 bill. in Q1-3 2009
- Net-interest bearing debt rose 24% to DKK 4.3 bill. at end of Q3 2009 from end of 2008 and is expected further reduced in Q4
- Equity ratio was 38.6% end of Q3 2009 and is expected to increase slightly in Q4
- Beyond 2009, no refinancing risk envisaged due to positive cash flow from operations and only maintenance investment level



# GOING FORWARD

Q3 2009

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# MARKET OUTLOOK 2009

- Drop in freight volumes are leveling out compared to 2008, but full year 2009 volume will still be down by approx 15% compared to 2008
- In general, operators are therefore left with a significant gap between capacity and utilization - combined with lower rates, this is increasing pressure on operators and owners
- Although freight volumes in some market areas have reached weekly 2008 levels, no further immediate upturn is apparent
- We continue to believe a slow and protracted recovery is the most likely future scenario as demand side is not showing convincing signs of recovery
- Passenger markets are so far more resilient, but after the high season price pressure seems to be rising as operators require volumes to boost capacity utilization
- On a positive note, the challenging market conditions provide opportunities to gain market share and acts as a trigger for industry consolidation
- Even though our 2009 result is far from satisfactory, we compare favorably with our peer group

# BUSINESS UNIT EXPECTATIONS 2009

Change compared to 2008

Business unit	Revenue	EBITDA	Focus
Ro-Ro Shipping	-20%	Considerably lower	Adjustment of capacity to market development
Container Shipping	-30%	Considerably lower	Adjustment of capacity to market development
Passenger Shipping	-8%	Considerably higher	Achieve goals for improvement plan
Terminal Services	-15%	Considerably higher	Improve earnings for port terminal in England
Trailer Services	-20%	Higher	Improve earnings for Belgian unit
Non-allocated items	n.a.	Level	Continue process improvement

# DFDS GROUP EXPECTATIONS 2009

- EBITDA still expected to decrease by around 20% compared to 2008
- A pre-tax profit of around zero expected

## Assumptions:

- Market visibility still low and price pressure persists in most market areas
- Counter party risks on three ro-ro vessels and break cost for redelivery of 2 side-port ships at year-end
- Revenue: Set to decrease around 20% through lower volumes/rates, reduction of capacity and lower BAF income
- Investments: DKK 1.3 bill. covering ro-pax newbuilding, two newer ro-ro-ships and lengthening of three ro-ro-ships + maintenance
- No major ship investments planned or committed beyond 2009

# PREPARED FOR CHALLENGING 2009

Q&A