

# SOLID Q4 AND STRONG 2016

DFDS GROUP  
Q4 2016

7 February  
2017

# Contents

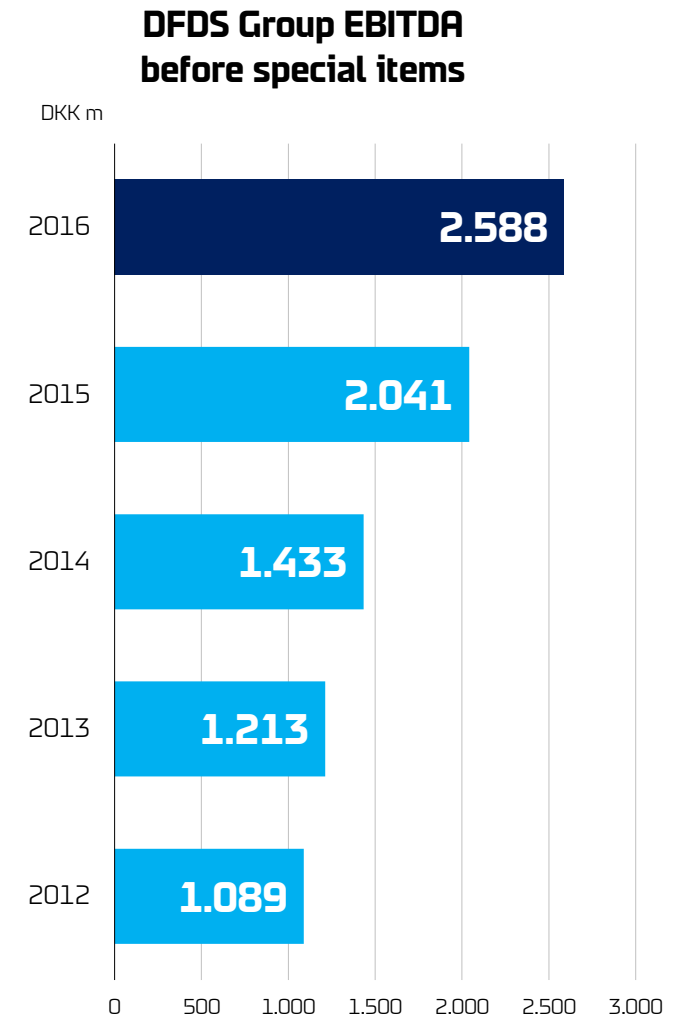
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- Overview
- Q4 and FY numbers
- Capital distribution
- Outlook 2017
- Strategic priorities 2017

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.

# Pursuit of improvement continues on back of higher earnings

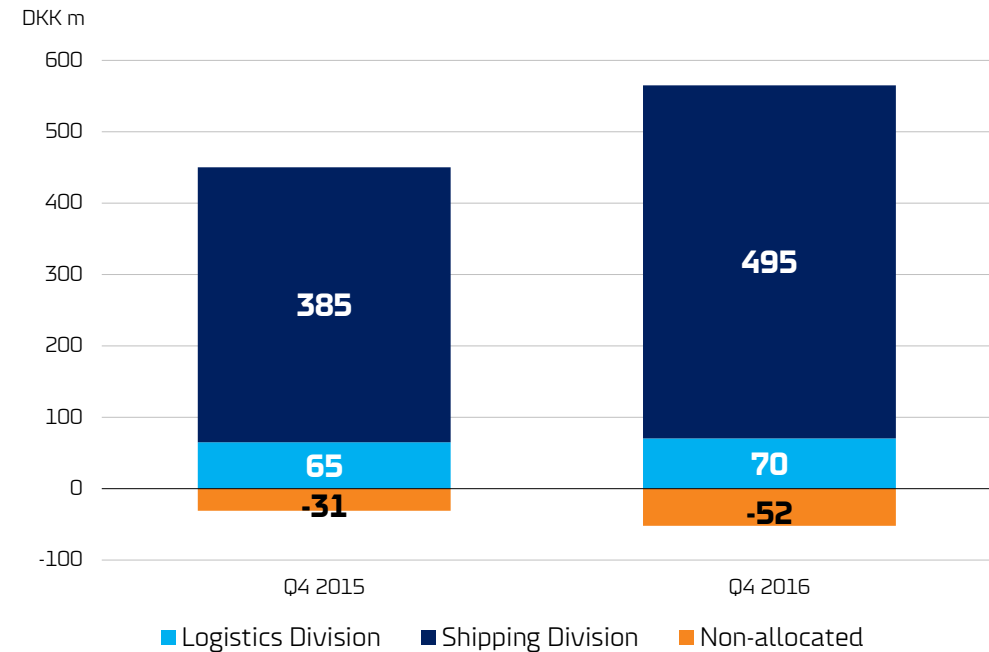
- Earnings level raised considerably in 2016 – **EBITDA up by 27% to DKK 2.6bn**
- ‘Normalisation’ of **Channel** and full-year impact of more efficient **Baltic** route network were key drivers of the improved performance
- **North Sea** and **Passenger** also improved performance on backdrop of moderate economic growth in Europe
- **Logistics** continued to raise margins supported by additional contract logistics activities
- Route network and logistics **well positioned** supported by ongoing efficiency and improvement projects
- **Continued GDP-growth** of European macro outlook supportive for continued volume growth



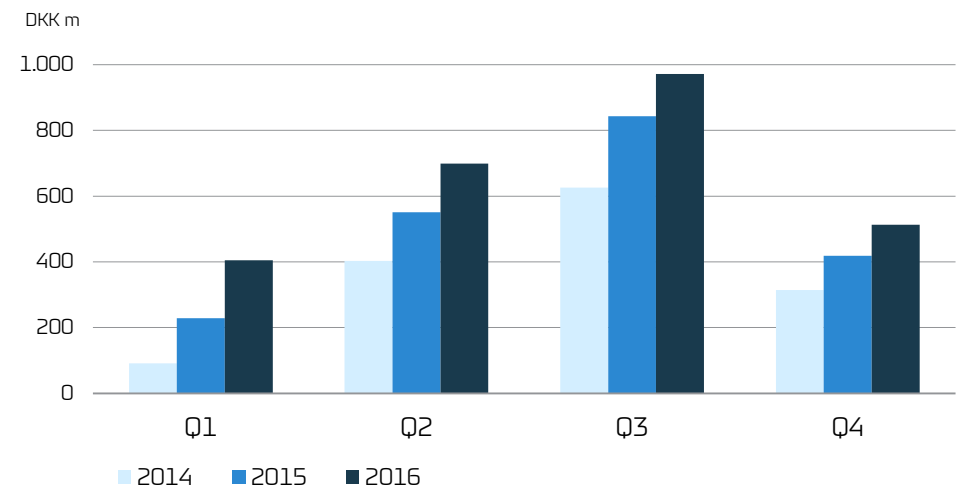
# Solid Q4

- **EBITDA** increased by 23% to DKK 513m in Q4
- Some slowdown of activity going into Q4, strong pick-up in last half of Q4 that has continued into 2017
- UK economy impacted by lower GBP in usual ways – no Brexit impact apparent
- **Freight volumes** increased by 17% in Q4 and by 8% excluding Channel and Hanko-Paldiski acquired in October
- **Pax volumes** up by 6% in Q4 and up by 2% excluding Channel and Hanko-Paldiski

EBITDA BEFORE SPECIAL ITEMS, Q4



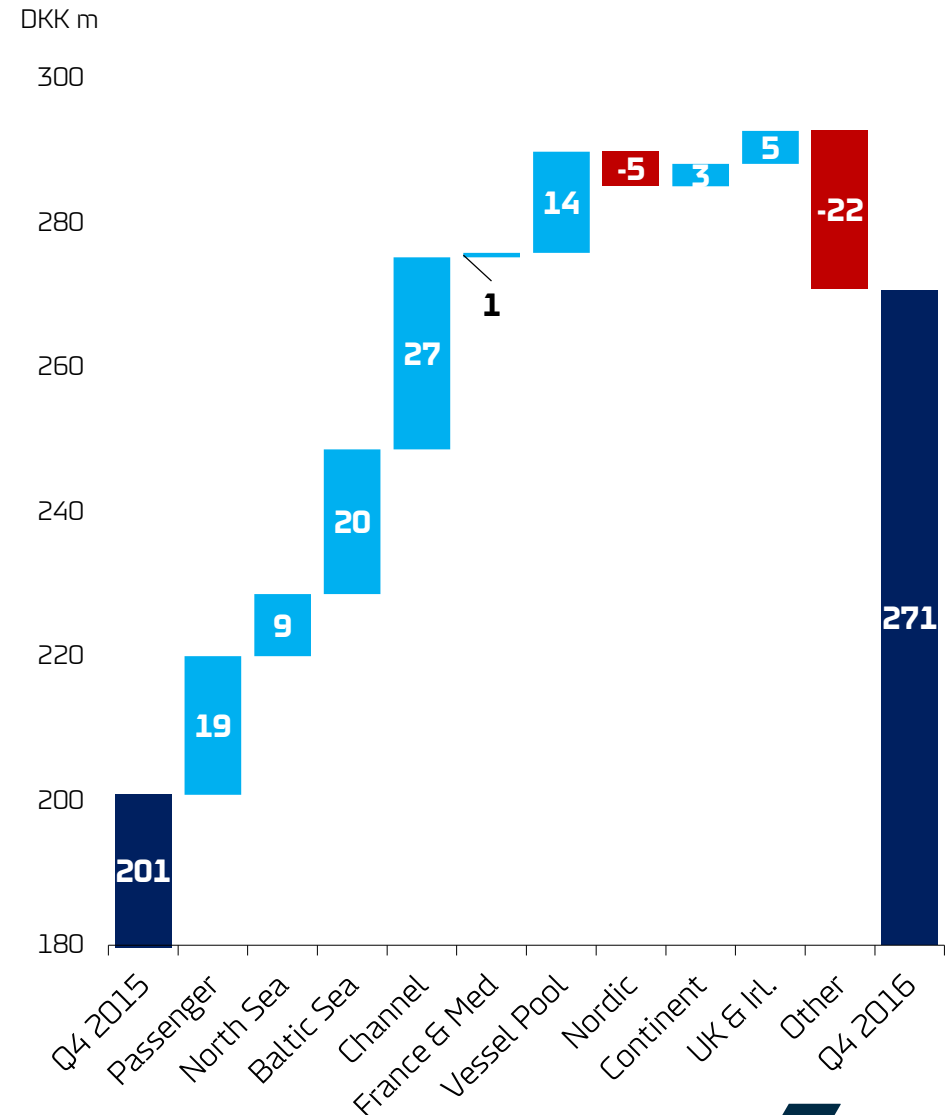
DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS PER QUARTER



# Main EBIT drivers in Q4

- **Passenger +19m:** positive impact from lower bunker costs and other cost savings
- **North Sea +9m:** increase mainly driven by volume growth of 7%
- **Baltic Sea +20m:** result lifted by volume growth of 12% supported by extra capacity. Start-up cost for Paldiski-Hanko
- **Channel +27m:** result was flat adjusted for redelivery costs in 2015. Costs of additional capacity balanced by freight volume growth of 21%
- **Nordic -5m:** impact from lower activity and balance changes. DKK 2m income from previous years in 2015
- **Continent/UK & Ireland +8m:** improved performance achieved for several activities in both units

Q4 2016: DFDS Group EBIT development vs LY



# Q4 2016 in numbers

- **6% revenue growth** excluding revenue from bunker surcharges and adjusted for currency changes. Reported revenue up by 1%
- EBITDA-margin increased in both divisions. Group **EBITDA-margin** increased to 15%
- Increase in **depreciations** mainly due to a write-down of economy packs for two ships
- **Net finance cost** includes a gain of DKK 25m from sale of shares in Danish ship Finance
- **Profit before tax** up by 67% to DKK 262m
- **Invested capital** increased mainly due to addition of Channel ferries in Q1 and purchase of a ro-pax ship in Q2
- **ROIC LTM\*** increased to 17.8% (2015: 13.7%) before special items

DKK m	Q4 16	Q4 15	Change	Change %
REVENUE	3,351	3,324	27	1%
<b>EBITDA BEFORE SI</b>	<b>513</b>	<b>418</b>	<b>94</b>	<b>23%</b>
margin, %	15.3	12.6	2.7	n.a.
P/L associates	0	0	0	n.a.
Gain/loss asset sales	2	3	-1	-25%
Depreciations	-244	-220	-24	11%
<b>EBIT BEFORE SI</b>	<b>271</b>	<b>201</b>	<b>70</b>	<b>35%</b>
margin, %	8.1	6.0	2.0	n.a.
Special Items	-6	-21	15	n.a.
EBIT	265	180	85	47%
Finance	-3	-23	20	n.a.
<b>PBT BEFORE SI</b>	<b>268</b>	<b>178</b>	<b>89</b>	<b>50%</b>
<b>PBT</b>	<b>262</b>	<b>157</b>	<b>105</b>	<b>67%</b>
EMPLOYEES avg., no.	7,065	6,616	449	7%
INVESTED CAPITAL	9,205	8,363	842	10%
<b>ROIC LTM ex. SI, %</b>	<b>17.8</b>	<b>13.7</b>	<b>4.1</b>	<b>n.a.</b>
NIBD	2,424	1,773	651	37%
<b>NIBD/EBITDA, times</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>n.a.</b>
SOLVENCY, %	51	52	-1	n.a.

SI: Special items. PBT: Profit before tax. NIBD: Net interest-bearing debt.

# Full-year 2016 in numbers

- **Revenue growth of 8%** excluding revenue from bunker surcharges and adjusted for currency changes. Reported revenue up by 2%
- EBITDA includes a negative impact of DKK 65m from currency changes, mainly GBP
- All Shipping business units improved performance
- 75% of the Division's EBIT increase of DKK 433m was driven by Channel with DKK 196m and Baltic Sea with DKK 132m
- Channel was boosted by capacity expansion, market share growth and price increases
- Baltic Sea was boosted by border conflict, more efficient operations as well as volume and price growth
- **Logistics Division's** EBIT for 2016 increased by DKK 18m compared to 2015. Margin increased to 3.3%

DKKm	2016	2015	Change	Change %
REVENUE	13,790	13,474	317	2%
<b>EBITDA BEFORE SI</b>	<b>2,588</b>	<b>2,041</b>	<b>547</b>	<b>27%</b>
margin, %	18.8	15.1	3.6	n.a.
P/L associates	-3	-12	9	-75%
Sale of assets	9	5	4	70%
Depreciations	-950	-835	-115	14%
<b>EBIT BEFORE SI</b>	<b>1,644</b>	<b>1,199</b>	<b>445</b>	<b>37%</b>
margin, %	11.9	8.9	3.0	n.a.
Special Items	-13	-36	23	-64%
EBIT	1,631	1,164	467	40%
Finance	-43	-121	78	-64%
<b>PBT BEFORE SI</b>	<b>1,600</b>	<b>1,078</b>	<b>522</b>	<b>48%</b>
<b>PBT</b>	<b>1,588</b>	<b>1,043</b>	<b>545</b>	<b>52%</b>
Tax	-39	-32	-7	23%
NET PROFIT	1,548	1,011	538	53%
EMPLOYEES avg., no.	7,065	6,616	449	7%
<b>FREE CASH FLOW</b>	<b>1,455</b>	<b>1,637</b>	<b>-182</b>	<b>-11%</b>
<b>ROIC ex. SI, %</b>	<b>17.8</b>	<b>13.7</b>	<b>4.1</b>	<b>n.a.</b>
<b>NIBD/EBITDA, times</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0%</b>
SOLVENCY, %	51	52	-1.0	n.a.

SI: Special items. PBT: Profit before tax. NIBD: Net interest-bearing debt.

# Increased distribution of capital

- Total of **DKK 1.26bn** distributed in 2016 to shareholders
- **Dividend** per share proposed to be paid in 2017 increased by 33% to DKK 8.00 per share
- **Two new share buybacks** of DKK 800m will start on 8 February 2017
- **Auction** buyback increased to DKK 500m from DKK 400m in 2016
- Planned distribution currently **DKK 1.33bn against DKK 1.00bn** at the same time last year

## Capital distribution overview

DKK m	2015	2016	2017
	Actual	Actual	Current plan
<b>Dividend per share, DKK</b>	<b>5.40</b>	<b>6.00</b>	<b>8.00</b>
Dividend, Apr	218	175	170
Dividend, Aug	108	174	280
<b>Total dividend</b>	<b>326</b>	<b>349</b>	<b>450</b>
Buyback, auction	-	400	500
Buybacks, other	401	514	386
<b>Total share buybacks</b>	<b>401</b>	<b>914</b>	<b>886</b>
<b>Total distribution</b>	<b>727</b>	<b>1,263</b>	<b>1,336</b>

Dividends exclude treasury shares

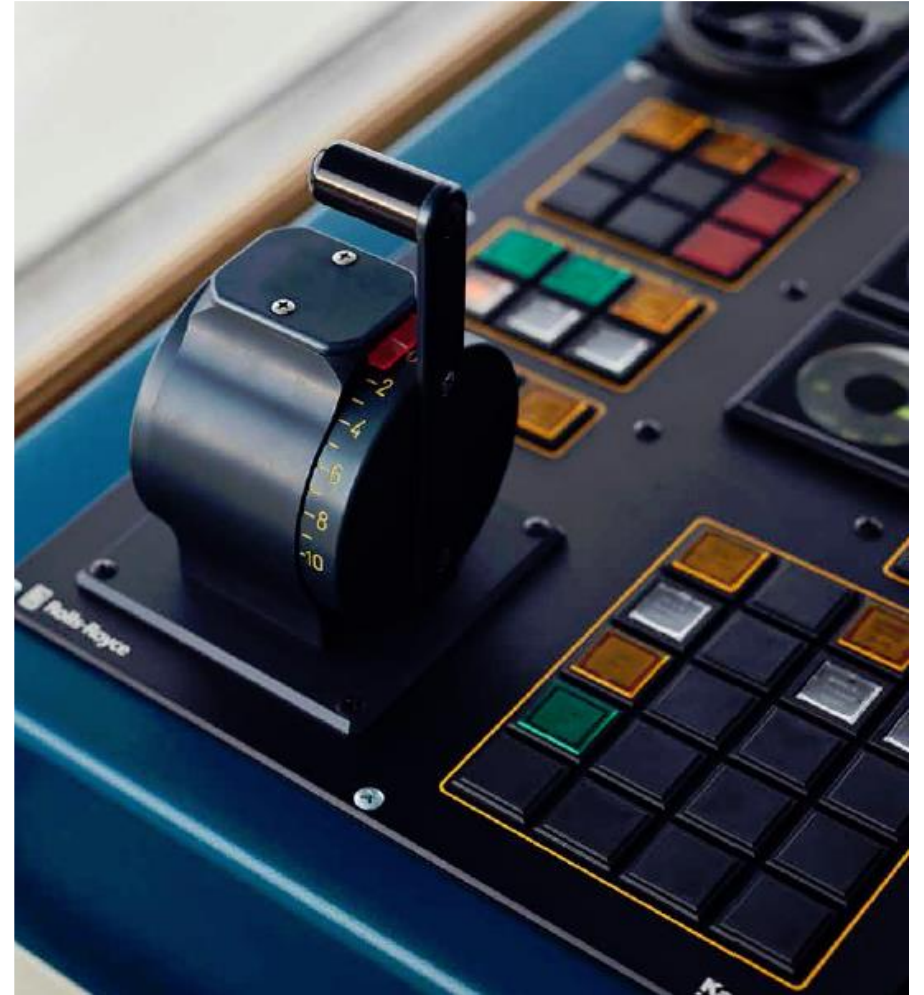
# 2017: major performance drivers for DFDS

Certain/Likely	Expected	Uncertain	Macro drivers
<ul style="list-style-type: none"> <li>Capacity expansion on selected routes</li> <li>Deployment of two ro-ro new buildings on Vlaardingen-Immingham</li> <li>Full-year impact of revenue and earnings from acquisitions and new logistics contracts</li> <li>Significantly increased IT and digital spending</li> </ul>	<ul style="list-style-type: none"> <li>Some freight shipping volume growth</li> <li>Some growth in prices</li> <li>Bunker cost increase in Passenger</li> </ul>	<ul style="list-style-type: none"> <li>Passenger volume growth</li> <li>Changes in competitive landscape</li> <li>MGO/HFO spread</li> </ul>	<ul style="list-style-type: none"> <li>Impact of Brexit process on UK economy and trading volumes</li> <li>Continued moderate growth in most EU economies</li> <li>Weak Norwegian economy</li> <li>Russian trade sanctions expected to stay</li> <li>Changes in oil price and exchange rates</li> </ul>

# Continuous improvement projects

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- **Toplight** – simplified rate structure and preparing for digital customer solutions and efficiency gains in freight shipping
- **Carpe Momentum** – improve on board sales and spend per passenger on Channel routes
- **Haulage Drive** – improve efficiency of subcontracted haulage
- **DFDS WAY 2.0** – further development of operating model



# Increased operational agility

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- **Faster** adaptation of capacity to changes in volumes
- Capacity increased on routes in Baltic Sea, North Sea South and Channel to accomodate higher volumes
- Capacity decreased between UK and Sweden
- **Adjustment options** for freight routes to reduce fixed costs:
  - Changed frequency of schedule
  - Rotation of larger/smaller ships between routes
  - Number of ships, including charter of ships or redelivery of chartered ships
- **Logistics** operations has high share of variable costs and can be adapted within months to market changes



# EBITDA outlook for 2017 is DKK 2.6-2.8bn

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- **Moderate growth** in Europe expected to continue in 2017
- Adjusted revenue growth of 4% includes growth driven by full-year impact of new activities of around 1.5%
- EBITDA range reflects moderate outlook for European economic growth
- Outlook for **investments** of DKK 1.7bn includes expected payment of around DKK 750m for two Channel-ferries

## OUTLOOK 2017

- Revenue growth of around 4%, excluding revenue from bunker surcharges
- EBITDA expected to increase to DKK 2.6-2.8m
  - Shipping Division: DKK 2,450-2,600m
  - Logistics Division: DKK 250-300m
  - Non-allocated items: DKK -100m
- Investments of DKK 1.7bn

# Strategic priorities 2017

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- **Customer focus – growing the topline**
- **Continuous improvement:** achieve benefits from programmes
- **Fleet renewal:** deployment of two freight ship (ro-ro) new buildings and further decisions on fleet strategy
- **Digital:** significant spending boost in digital and IT capabilities – up DKK 80m versus 2016



**Q&A**

