

Interim Q4 2020 and Full-year Report

# ANOTHER STRONG QUARTER FOR FREIGHT

- Passenger services remained restricted
- Freight earnings boosted by UK stockbuilding
- Mediterranean route network improved performance
- 2021 EBITDA outlook range of DKK 3.0-3.5bn
- Financial leverage, NIBD/EBITDA, expected to decrease in 2021



# Highlights Q4

## Q4 2020

- Q4 EBITDA on level with 2019
- Freight earnings up DKK 186m
- Free cash flow of DKK 444m
- NIBD/EBITDA lowered to 4.2

## Outlook 2021 (incl. HSF Logistics Group from 1 May)

- EBITDA of DKK 3.0-3.5bn
- Revenue growth of 20-25%
- Investments of around DKK 2.8bn
- NIBD/EBITDA to decrease around 0.5 ppt

“With the effects of Brexit and the pandemic hopefully soon behind us, our focus increasingly turns to delivering on our long-term growth ambitions.”

**Torben Carlsen, CEO**

Revenue decreased 6% to DKK 3.8bn in Q4 and EBITDA before special items of DKK 769m was on level with 2019.

The result for freight ferry and logistics activities linked to the UK was boosted by extensive stockbuilding ahead of Brexit. In addition, volumes and earnings continued to improve in the Mediterranean business unit. Total EBITDA for freight ferry and logistics activities was DKK 186m above 2019 in Q4.

Tight travel restrictions were in place throughout Q4 and passenger volumes remained subdued in the quarter. In Q4, EBITDA for passenger services was DKK 186m below 2019. This result includes the passenger services in three business units – Passenger, Channel and Baltic Sea.

## Outlook 2021

Uncertainty is elevated going into 2021 due to low visibility on the duration of travel restrictions linked to the pandemic. Longer term effects of Brexit have also yet to emerge. The acquisition of HSF Logistics Group is subject to regulatory approval but assumed consolidated from 1 May 2021.

On this background, revenue is expected to grow by 20-25% and EBITDA before special items is expected to be within a range of DKK 3.0-3.5bn (2020: DKK 2.7bn).

The outlook is detailed on page 9.

## KEY FIGURES

DKK m	2020 Q4	2019 Q4	Change, %	2020 Full year	2019 Full year	Change, %
Revenue	3,761	4,008	-6.2	13,971	16,592	-15.8
<b>EBITDA before special items</b>	<b>769</b>	<b>771</b>	<b>-0.2</b>	<b>2,732</b>	<b>3,633</b>	<b>-24.8</b>
EBIT before special items	289	257	12.5	858	1,751	-51.0
Profit before tax and special items	194	181	7.2	583	1,472	-60.4
<b>Profit before tax</b>	<b>97</b>	<b>126</b>	<b>-23.4</b>	<b>466</b>	<b>1,371</b>	<b>-66.0</b>

## 10 February 2021. Conference call today at 10.00am CET

Access code: 81772821.# Phone numbers to the call: DK +45 35445577, US +1 631 913 1422, UK +44 333 300 0804

# Key figures

DKK m	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Income statement</b>				
Revenue	3,761	4,008	13,971	16,592
• Ferry Division*	2,602	2,891	9,678	12,197
• Logistics Division*	1,382	1,303	5,069	5,116
• Non-allocated items	106	134	491	540
• Eliminations*	-328	-320	-1,268	-1,262
Operating profit before depreciation (EBITDA) and special items	769	771	2,732	3,633
• Ferry Division*	676	678	2,332	3,254
• Logistics Division*	114	112	445	421
• Non-allocated items	-21	-19	-45	-42
Profit/loss on disposal of non-current assets, net	0	2	5	6
Operating profit (EBIT) before special items	289	257	858	1,751
Special items, net	-97	-55	-117	-101
Operating profit (EBIT)	192	203	741	1,650
Financial items, net	-95	-76	-275	-278
Profit before tax	97	126	466	1,371
Profit for the period	109	128	442	1,313
Profit for the period excluding non-controlling interest	106	127	433	1,309
<b>Capital</b>				
Total assets	-	-	27,006	26,863
DFDS A/S' share of equity	-	-	10,511	10,276
Equity	-	-	10,600	10,356
Net interest-bearing debt	-	-	11,361	11,954
Invested capital, end of period	-	-	22,121	22,476
Invested capital, average	22,267	22,101	22,500	20,927

DKK m	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Cash flows</b>				
Cash flows from operating activities, before financial items and after tax	797	808	2,772	3,258
Cash flows from investing activities	-192	-777	-1,618	-2,651
• Acquisition of enterprises and activities	0	-127	-14	-131
• Other investments, net	-192	-649	-1,603	-2,519
Free cash flow	605	31	1,155	607
Repayment of lease liabilities and lease interest	-161	-209	-679	-785
Adjusted free cash flow	444	-177	475	-178
<b>Key operating and return ratios</b>				
Average number of employees	-	-	8,213	8,367
Number of ships	-	-	70	70
Fuel consumption per nautical mile (g/GT/Nm)	4.18	4.75	4.25	4.78
Revenue growth (reported), %	-6.2	1.3	-15.8	5.6
EBITDA-margin, %	20.5	19.2	19.6	21.9
Operating margin, %	7.7	6.4	6.1	10.6
Revenue/invested capital average, (times)	-	-	0.6	0.8
Return on invested capital (ROIC), %	-	-	3.0	7.6
ROIC before special items, %	-	-	3.5	8.1
Return on equity, %	-	-	4.2	13.5
<b>Key capital and per share ratios</b>				
Equity ratio, %	-	-	39.3	38.6
Net interest bearing debt/EBITDA, (times)	-	-	4.2	3.3
Earnings per share (EPS), DKK	1.85	2.21	7.56	22.88
Dividend paid per share, DKK	0.00	0.00	0.00	4.00
Number of shares, end of period, '000	-	-	58,632	58,632
Weighted average number of circulating shares, '000	-	-	57,310	57,196
Share price, DKK	-	-	275.2	325.0
Market value	-	-	15,790	18,593

\*The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

Definitions on page 29.

# Management review

## Market overview

The pickup in European freight markets that began in Q3 2020 continued into Q4. Trading of goods between UK and the rest of Europe was in addition boosted by UK stockbuilding in Q4, especially in the last two months of the quarter.

Freight volumes also continued to pick up and stabilise in the Baltic and Mediterranean regions that were not materially impacted by Brexit.

During December stockbuilding in the UK intensified. This caused congestion in and around ports as volumes exceeded the capacity of the transport sector, including shortages of drivers and equipment.

Trade volumes in January 2021 between the EU and the UK were as expected below normal levels. This reflects the extensive stockbuilding in Q4 2020, a wait-and-see approach of market participants and a number of teething issues related to implementation of new rules and processes. It will likely take some months for the market to adapt to the new rules and processes. Trading volumes in Q1 2021 are therefore expected to be considerably lower than in the same quarter last year.

Economic growth continued to pick up in Turkey through Q4 driven by higher industrial production and consumption as well as growth in both imports and exports. Turkey's currency TRY stabilised during Q4 at a low level that is supportive of growth in Turkish exports.

The European ferry travel market remained as expected subdued in Q4 2020 due to the tight travel restrictions in place.

The main changes in average exchange rates in Q4 2020 vs Q4 2019 were depreciation of TRY/DKK by 32%, NOK/DKK by 7% and GBP/DKK by 5%.

## Major events in Q4

### New 6-year agreement between DFDS and Danish Defence

DFDS and the Joint Movement and Transport Organisation (JMTO), which provides strategic transport for Danish military missions, entered on 24 November into a new agreement. Seven freight ferries (ro-ro) will be made available for the maritime transport of military materiel and equipment in connection with NATO preparedness, participation in military exercises and operations, and humanitarian crises. The agreement, concluded after the task went out to public tender, replaces an earlier

agreement between the Danish Defence and DFDS, and runs for six years.

### DFDS in partnership to develop hydrogen ferry

DFDS partnered up with a group of companies in 2020 to develop a 100% hydrogen powered ferry for initially the Oslo-Frederikshavn-Copenhagen route.

On 26 November 2020, the partnership applied for support from EU's Innovation Fund to develop a ferry powered by electricity from a hydrogen fuel cell system, capable of producing up to 23 MW, emitting only water. Green hydrogen for the ferry is envisioned to be produced by a projected offshore wind energy-powered electrolyser plant in Greater Copenhagen based on offshore wind.

### Award of shares to all employees

On 22 December 2020, each employee was awarded 50 shares in recognition of their contribution in a year with exceptional challenges. The award is exempt for managers with existing sharebased remuneration.

The 50 shares will vest over a three year period thereby incentivising employees in coming years. The total number of employees eligible for the award of shares is around 8,000 and the total value of awarded shares is around DKK 1.10m at today's share price.

### Capacity agreement with UK's Department for Transport (DfT)

In October, DFDS entered into an agreement with the UK's DfT to ensure ferry freight capacity for vital goods such as medicine and food after the Brexit transition period ends on 31 December 2020. The agreement runs for six months starting 1 January 2021. The agreement comprises the Dieppe-Newhaven and Rotterdam-Felixstowe routes.

## Major events after Q4

### New direct ferry route between Ireland and France/ Continental Europe

To facilitate trade between Ireland and continental Europe, a new freight ferry route was opened on 2 January 2021 between Rosslare in Ireland and Dunkirk in Northern France. The route bypasses the UK to offer trucks and drivers direct and paperless transport between EU countries. The route is expected to reach revenues above DKK 300m in 2022. The route is jointly owned by DFDS and Irish interests.

### DFDS creates leading provider of cold chain logistics

On 26 January 2021, DFDS entered into an agreement to acquire 100% of HSF Logistics Group. The company is one of Europe's leading cold chain logistics providers to meat producers and other food producers that operates temperature-controlled supply chains.

The Group operates four brands with HSF Logistics a leading brand in the Netherlands, Germany and the UK. N&K Spedition and Skive Køletransport are leading brands

in Denmark and Scandinavia, together constituting around half of the revenue of the Group. Eurofresh is a brand focused on the German market.

DFDS has agreed to acquire the HSF Logistics Group for a debt-free price of DKK 2.2bn (EUR 296m). The HSF Logistics Group has revenue of DKK 2.8bn and an EBITDA of DKK 320m (before adjusting for IFRS 16). The company has 1,800 employees and operates around 700 trucks and 1,700 reefer trailers, including both owned and leased units.

The acquisition of HSF Logistics Group is aligned with DFDS' Win23 strategy of growing solutions to selected industries, including cold chain logistics customers.

Closing of the transaction is expected to take place in around three months subject to regulatory approval and completion of required employee consultation processes.

More information on the transaction is available from this link.

### Oslo-Frederikshavn-Copenhagen route suspended

In November 2020, one of the two ferries deployed on Oslo-Frederikshavn-Copenhagen was laid up and in January 2021 the second ferry was laid up due to the continued tight travel restrictions. The route will be reopened once passengers are allowed to travel again.

### Sixth and final mega freight ferry delivered

The sixth and final freight ferry newbuilding in a series arrived early February in Europe from China. The freight ferry will be deployed between Sweden and Belgium.

## Win23: Strategic and financial ambitions set for 2023

DFDS' ambition to continue growing revenue and earnings considerably over the next three years builds on the Win23 strategy that has four pillars:

- A. Grow solutions to select industries
- B. Digitise services to accelerate growth
- C. Develop and expand the ferry and logistics networks
- D. Create more value for passengers.

ROIC before special items was 4% in 2020 while DFDS' minimum return target is 8%. The financial ambition of Win23 is to reach a return on invested capital (ROIC) of 10% in 2023.

All four pillars include initiatives that will contribute to raising ROIC. Of particular importance is Pillar C's fulfillment of the business plan for the Mediterranean business unit that reported a ROIC of 2.4% in 2020 based on invested capital of DKK 9.5bn at year-end. The latter equals 43% of the Group's total invested capital.

Pillar D covers passenger services. The potential to raise ROIC linked to passenger services is considerable as this pillar is focused on regaining the drop in EBITDA of

DKK 1bn caused by Covid-19 in 2020 compared to 2019. A prerequisite for this to happen is the return of passengers in large numbers to the routes on the English Channel, between Norway and Denmark, and between the Netherlands and the UK.

## Financial performance

### Revenue

The Group's Q4 revenue was DKK 3,761m, a decrease of 6.2% compared to 2019.

Ferry Division's Q4 revenue decreased 10.0% to DKK 2,602m as travel restrictions reduced passenger revenue across business units by DKK 369m or 71.3%. Freight ferry revenue across business units was up 11.0%, excluding bunker surcharges, as freight ferry volumes were 13.3% above 2019. In the Channel and North Sea business units freight revenue was boosted by the UK stockbuilding ahead of Brexit. Moreover, Mediterranean's revenue increased 16% driven by higher volumes and higher revenue from rail services.

Logistics Division's Q4 revenue increased 6.1% to DKK 1,382m as a positive impact from acquisitions and UK stockbuilding was partly offset by a reduction in volumes linked to Covid-19, including lower automotive volumes. Q4 logistics volumes increased 2.2% compared to 2019.

The Group's full-year revenue decreased 15.8% compared to 2019 to DKK 13,971m. Ferry Division's full-year

### Revenue

DKK m	Q4 2020	Q4 2019	Change, %	Change
Ferry Division*	2,602	2,891	-10.0	-289
Logistics Division*	1,382	1,303	6.1	79
Non-allocated items	106	134	-21.2	-28
Eliminations	-328	-320	-2.7	-9
<b>DFDS Group</b>	<b>3,761</b>	<b>4,008</b>	<b>-6.2</b>	<b>-247</b>

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

revenue decreased 20.7% to DKK 9,678m and Logistics Division's full-year revenue decreased 0.9% to DKK 5,069m.

### Operating profit before depreciation (EBITDA) and special items

The Group's Q4 EBITDA of DKK 769m was on level with 2019.

Ferry Division's Q4 EBITDA of DKK 676m was on level with 2019 as higher freight earnings offset lower passenger earnings.

The freight ferry activities increased EBITDA by DKK 184m driven mainly by a positive impact on volumes from the UK stockbuilding in the North Sea and Channel business units. In addition, Mediterranean's result was improved by a combination of higher volumes and lower operating costs.

The EBITDA for the passenger activities was DKK 186m below 2019 due to the severe reduction in the number of passengers. The decrease was due to a lower result in the

Passenger and Channel business units while Baltic Sea's passenger result was on level with 2019.

Logistics Division's Q4 EBITDA increased 2% to DKK 114m. The results for the Nordic and Continent business units were both improved by a positive impacts from the UK stockbuilding and acquisitions. UK & Ireland's EBITDA was reduced by extra costs, including a one-off cost of DKK 10m related to a cold chain warehouse.

The Group's full-year EBITDA decreased 25% to DKK 2,732m following a decrease in Ferry Division's EBITDA of 28% to DKK 2,332m and an increase in Logistics Division's EBITDA of 5% to DKK 445m. Non-allocated corporate costs of DKK -45m was on level with 2019.

The Group's result includes compensations of DKK 133m from government Covid-19 programs. In Q4 2020, a fixed cost compensation of DKK 50m reported in Q2 2020 was reversed as it was decided to withdraw the application for the compensation in view of the earnings recovery in the second half of 2020.

### Depreciation and operating profit (EBIT) before special items

Depreciation in Q4 of DKK 480m decreased 7% compared to 2019 as redelivery of chartered freight ferries offset the increase in depreciation from freight ferry newbuildings. Depreciation for the full-year was DKK 1,873m, a decrease of 1% compared to 2019.

The Group's Q4 EBIT before special items increased 13% to DKK 289m. The Group's full-year EBIT before special items decreased 51% to DKK 858m.

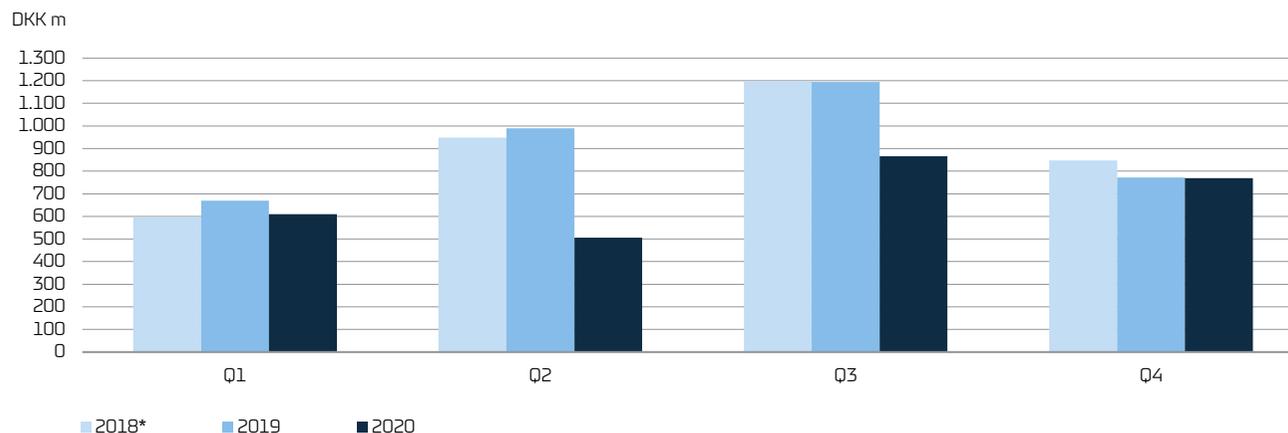
### Special items and operating profit (EBIT) after special items

In Q4 2020, special items were a net cost of DKK 97m. This includes impairments of DKK 100m related to assets deployed by the Oslo-Frederikshavn-Copenhagen route and DKK 29m related to a freight ferry held for sale. Redundancy costs of DKK 27m were reversed in the quarter as fewer employees were laid off in the Channel business unit than previously expected.

Special items for the full-year was a cost of DKK 117m. This includes the mentioned impairments in Q4, redundancy costs of DKK 102m and an accounting gain of DKK 110m on the sale of a combined freight and passenger ferry.

The Group's Q4 EBIT after special items decreased 5% to DKK 192m. The Group's full-year EBIT after special items decreased 55% to DKK 741m.

### DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS



\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

### Operating profit before depreciation (EBITDA) & special items

DKK m	Q4 2020	Q4 2019	Change, %	Change
Ferry Division*	676	678	-0.3	-2
Logistics Division*	114	112	1.8	2
Non-allocated items	-21	-19	10.8	-2
<b>DFDS Group</b>	<b>769</b>	<b>771</b>	<b>-0.2</b>	<b>-2</b>
EBITDA-margin, %	20.5	19.2	n.a.	1.2

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

### Associates and joint ventures, profits on disposals and depreciation

DKK m	Q4 2020	Q4 2019	Change, %	Change
EBITDA before special items	769	771	-0.2	-2
Associates and joint ventures	0	-1	n.a.	1
Profit on disposals	0	2	n.a.	-2
Depreciation and impairment	-480	-515	6.9	35
<b>EBIT before special items</b>	<b>289</b>	<b>257</b>	<b>12.5</b>	<b>32</b>

### Financial items

DKK m	Q4 2020	Q4 2019	Change, %	Change
Interests, net	-72	-59	-21.9	-13
Foreign exchange gains/losses, net	-18	-13	-37.5	-5
Other items, net	-5	-3	-32.8	-1
<b>Total finance, net</b>	<b>-95</b>	<b>-76</b>	<b>-25.1</b>	<b>-19</b>

### Financial items

Total finance, net in Q4 was a cost of DKK 95m which was an increase of DKK 19m compared to Q4 2019. The net interest cost increased DKK 13m above 2019 mainly due to costs related to a temporary waiver of loan covenants.

Total finance, net for the full-year was a cost of DKK 275m which was on level with 2019.

### Profit before special items and tax

The Q4 profit before special items and tax increased 7% to DKK 194m. The profit for the period decreased 15% to DKK 109m.

For the full-year, the profit before special items and tax decreased 60% to DKK 583m and the profit for the period decreased 66% to DKK 442m.

### Earnings per share

Q4 earnings per share (EPS) decreased to DKK 1.85 compared to DKK 2.21 in Q4 2019. For the full-year, earnings per share (EPS) decreased to DKK 7.56 compared to DKK 22.88 in 2019.

### Cash flow and investments

The Q4 cash flow from operating activities was DKK 796m. The full-year cash flow from operating activities was DKK 2,769m.

The Q4 free cash flow (FCFF) was DKK 605m and DKK 444m adjusted for payment of lease liabilities including interest. Net investments in Q4 amounted to a negative cash flow of DKK 192m that included DKK 169m

of ferry investments. The full-year free cash flow (FCFF) was DKK 1,155m and DKK 475m adjusted for payment of lease liabilities including interest. This included investments of DKK 1,603m of which DKK 1,422m was ferry investments with newbuildings amounting to DKK 916m.

The Q4 cash flow from financing activities was positive by DKK 6m. This included a net cash flow from loans of DKK 206m, payment of lease liabilities of DKK -141m and a cash outflow of DKK 60m due to two associated companies' withdrawal from the Group's cash pool. The Q4 net cash flow was positive by DKK 527m and cash and cash equivalents thus increased to DKK 1,261m at year-end.

### Invested capital and ROIC

Invested capital was DKK 22.1bn at the end of Q4 2020 which was 2% lower than at year-end 2019. The average invested capital in Q4 2020 increased 6% to DKK 22.3bn compared to 2019.

The return on invested capital, ROIC, for 2020 was 3.5% before special items compared to 8.1% for 2019.

### Capital structure

At the end of Q4 2020 net-interest-bearing debt (NIBD) was DKK 11.4bn, a decrease of 5% compared to year-end 2019 and a 3% decrease compared to the end of Q3 2020. Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a ratio of 4.2 compared to 3.3 at year-end 2019.

### Equity

Equity amounted to DKK 10,600m at year-end 2020, including non-controlling interests of DKK 89m. This was an increase of 2% compared to year-end 2019. Total comprehensive income for 2020 was DKK 236m. There were no material transactions with owners in 2020.

The equity ratio was 39% at year-end 2020 which was on level with year-end 2019.

## Outlook 2021

The level of visibility continues to be below normal levels for mainly two reasons: the Covid-19 pandemic and 2021 being the first year post Brexit with longer term effects of the transition yet to emerge. Uncertainty is therefore elevated going into 2021.

The outlook for 2021 builds on a number of assumptions that may change significantly as the year progresses.

### General market growth prospects

The consensus outlook for GDP-growth (Gross Domestic Product) in Europe and Turkey predicts that growth will resume in 2021 after a decrease in GDP in 2020. The consensus outlook thereby assumes that the negative impact of Covid-19 will be less in 2021 than in 2020. It also reflects continued support from EU monetary and fiscal policies.

Turkey's economy, and in particular its trading with Europe, is linked to the development in demand on European markets that is expected to grow. Turkey's export is also expected to benefit from the depreciation of TRY vs EUR. Longer term, Turkey should gradually benefit from nearshoring of manufacturing from overseas region as companies consider reducing risks of supply chain disruptions. Geopolitical issues involving Turkey could dampen the expected growth, both short and long term.

The current consensus estimate for European real GDP growth in 2021 is around 5.5%, including growth of 4.2% for UK and 4.5% for Turkey. (Source: Thomson Reuters).

### OUTLOOK 2021\*

DKK m	Outlook 2021	2020
Revenue growth	20-25%	13,971
EBITDA before special items	3,000-3,500	2,732
Per division:		
Ferry Division	2,300-2,700	2,332
Logistics Division	750-850	445
Non-allocated items	-50	-45
EBIT before special items	1,000-1,500	858
Investments	-2,800	-1,618

\*Including acquisition of HSF Logistics Group from 1 May

### Key outlook freight assumptions for 2021

As expected, 2021 has started with a considerable decrease in freight ferry and logistics volumes related to the UK following the extended stockbuilding in Q4 2020. Due to the uncertainty linked to the first year post Brexit, visibility on the earnings outlook for business units facilitating trade with the UK and trading in the UK is low. Earnings in 2021 for UK-linked activities are therefore expected to be below 2020.

The Mediterranean business unit is expected to improve earnings in 2021 driven by volume growth and more efficient operations.

In the Baltic region, freight ferry capacity and competition increased in the second half of 2020. This is expected to continue with lower earnings from ferry services in 2021 compared to 2020.

### Key outlook assumptions for HSF Logistics Group

The acquisition of HSF Logistics Group is expected to be consolidated from 1 May 2021 subject to regulatory approval. For eight months in 2021, the Group's revenue is expected to be around DKK 1.9bn and EBITDA before special items around DKK 250m.

### Key outlook passenger assumptions for 2021

The EBITDA for passenger services across business units - Passenger, Channel and Baltic Sea - was reduced by around DKK 1bn in 2020 due to travel restrictions imposed to limit the spread of Covid-19.

It is initially assumed that around 40% of the decrease in 2020 is regained in 2021. The current most likely scenario is that travel restrictions will continue to limit travel in the first half of 2021 while some easing of restrictions are expected in the second half of the year.

The high season for ferry travel is Q3 and the outlook is thus especially sensitive to the scope of restrictions in this quarter.

#### Revenue outlook

The Group's revenue is expected to increase by 20-25% compared to 2020.

The main growth drivers are the addition of HSF Logistics Group, the opening of a new route between Ireland and France and an increase in passenger volumes.

#### EBITDA outlook before special items

Based on the assumptions described above, the Group's EBITDA before special items is expected to be within a range of DKK 3.0-3.5bn (2020: DKK 2.7bn). See the outlook table for a divisional split.

#### EBIT outlook before special items

The Group's EBIT before special items is expected to be within a range of DKK 1,000-1,500m (2020: DKK 858m).

#### Investments

Investments of around DKK 2.8bn are expected in 2021 of which DKK 0.9bn is the initial payment for HSF Logistics Group.

One new freight ferry (ro-ro) was delivered in February 2021 and in Q4 the first of two new combined freight and passenger ferries (ro-pax) is scheduled for delivery. The second is planned for delivery in 2022.

Investments in 2021 are expected to comprise:

- Acquisition of HSF Logistics Group: DKK 930m
- Ferry newbuildings: DKK 800m
- Dockings and ferry upgrades: DKK 500m
- Port terminals and other equipment: DKK 200m
- Cargo carrying equipment and warehouses, mainly related to Logistics Division: DKK 250m
- Other investments, including IT and digital: DKK 150m.

Various risks and uncertainties pertain to the outlook.

The most important among these are possible major changes in the demand for ferry – freight and passengers - and logistics services. For DFDS, such demand is to a large extent linked to the level of economic activity in primarily Europe, especially northern Europe and in particular the UK, as well as adjacent regions, particularly Turkey.

Demand can also be impacted by competitor actions and extraordinary

events such as virus outbreaks. Covid-19 continues to constitute a significant risk, particularly for passenger services.

The outlook can moreover be impacted by political changes, first and foremost within EU and Turkey. The introduction of a new trade agreement between the EU and the UK constitutes an important risk.

Changes in economic variables, especially the oil price and exchange rates, can furthermore impact earnings.

Future financial results may therefore differ significantly from expectations.

**Helping customers with Brexit**

A new direct ferry link between Rosslare in Ireland and Dunkirk in France was opened on 2 January 2021 to offer customers a hassle-free alternative to driving through the UK.



# Ferry Division

## The division is organised in five business units:

- North Sea
- Baltic Sea
- Channel
- Mediterranean
- Passenger

## Q4 market, activity and result trends

Total Q4 freight volumes increased 13.3% compared to 2019 and increased by 14.7% adjusted for a structural route change in Baltic Sea.

Total Q4 passenger volumes decreased 81.2% compared to 2019 due to the tight travel restrictions that were in place throughout the quarter.

### North Sea

Q4 freight volumes were up 15.9% compared to 2019. The UK stockbuilding ahead of Brexit boosted volumes on the routes calling the UK, particularly between Netherlands and UK. Volumes peaked during December which created some congestion and extra costs in the UK ports. Volumes

## Ferry Division

DKK m	2020				2020 Full year	2019*				2019* Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Revenue	2,692	1,858	2,526	2,602	9,678	2,755	3,151	3,401	2,891	12,197
EBITDA before special items	528	393	735	676	2,332	591	892	1,093	678	3,254
Share of profit/loss of associates and joint ventures	-2	-2	-2	0	-5	2	6	-1	-1	6
Profit/loss on disposal of non-current assets, net	0	0	1	-1	0	1	0	1	0	2
Depreciation and impairment	-386	-368	-366	-391	-1,512	-370	-378	-394	-415	-1,558
EBIT before special items	140	23	367	285	815	223	520	698	263	1,704
EBIT margin before special items, %	5.2	1.2	14.5	10.9	8.4	8.1	16.5	20.5	9.1	14.0
Special items, net	0	79	-72	-105	-98	0	-6	4	-51	-53
EBIT	140	102	295	179	717	223	514	702	212	1,651
Invested capital, average **	20,214	20,235	20,275	20,259	20,222	18,895	19,318	19,598	19,901	19,421
ROIC before special items, % **	-	-	-	-	3.9	-	-	-	-	8.7
Average number of employees	-	-	-	-	5,452	-	-	-	-	5,766
Lane metres, '000	10,079	8,394	10,529	11,883	40,886	10,593	9,715	10,530	10,442	41,280
Tons, '000	194	166	138	166	664	174	185	201	205	766
Passengers, '000	579	152	578	186	1,498	732	1,390	2,004	991	5,116

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

\*\* Comparative numbers for 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

between Sweden and Belgium were also higher helped by higher automotive volumes.

Q4 EBITDA increased 12% to DKK 350m mainly driven by a positive impact from the higher volumes on both ferry routes and in port terminals. Due to the extraordinary spike in the oil price spread in Q4 2019, the net bunker cost was higher than in 2019.

### Baltic Sea

Q4 freight volumes were up 10.4% compared to 2019 adjusted for a route change. The volume increase was primarily due to an increase in capacity between Estonia

and Sweden. In the mid-Baltic market competition increased as capacity was added on competing and adjacent routes. Although passenger travel was restricted to essential travel, volumes were on level with 2019 as more passengers between Estonia and Finland offset lower volumes on other routes.

Q4 EBITDA decreased 32% to DKK 80m. Due to the extraordinary spike in the oil price spread in Q4 2019, the net bunker cost was higher than in 2019. In addition, the ferry operating costs were higher as capacity was increased on several routes.

**Channel**

Q4 freight volumes were 17.3% above 2019 as the market was boosted by the UK stockbuilding ahead of Brexit.

Some market share was gained in the quarter as competitor capacity was reduced. A new route between Rosslare, Ireland, and Dunkirk, France, targeting mainly accompanied freight was opened on 2 January 2021.

Q4 passenger volumes were down 81.1% as tight travel restrictions were upheld throughout the quarter.

Q4 EBITDA increased 37% to DKK 129m as higher freight earnings and cost savings offset a significant decrease in the passenger result. The result includes start-up costs for the new Irish route.

**Mediterranean**

Q4 freight volumes increased 7.3% driven by a general uplift in trading between Turkey and Europe helped by the depreciation of TRY that in recent months has benefited Turkish export growth. The level of activity among customers in the region surrounding the Mersin port in southern Turkey continued to improve.

The volume growth was also supported by a normalisation of customers' trucking operations as air travel restrictions for truck drivers were eased. The market share versus land transport was stable during the quarter.

Q4 EBITDA increased 85% to DKK 230m driven by a combination of higher volumes and lower ferry operating costs which in 2019 was increased by, among other things,

scrubber installations. In addition, the utilisation of rail services from Trieste was improved.

**Passenger**

Travel restrictions were tight throughout the quarter which led to a decrease in passenger volumes of 93.5%. Both ferries between Netherlands and UK remained deployed in the quarter to support freight volumes. One of two ferries were laid up on the route between Norway and Denmark as freight volumes are lower on this route.

Q4 EBITDA decreased DKK 135m to DKK -143m due to the severe drop in passenger numbers that led to a revenue decrease of DKK 298m in the quarter.

**Non-allocated items**

These items primarily include external charter activities. Q4 EBITDA decreased 20% to DKK 29m.

## Ferry Division

DKK m	2020				2020 Full year	2019				2019 Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
<b>North Sea*</b>										
Revenue	1,008	756	874	1,015	3,653	1,007	1,013	974	977	3,971
EBITDA before special items	295	253	287	350	1,185	323	343	306	312	1,284
EBIT before special items	147	122	158	196	623	189	201	145	143	679
Invested capital**	5,931	5,964	5,856	6,054	5,951	5,700	5,816	5,585	5,948	5,633
ROIC before special items, %**	-	-	-	-	10.3	-	-	-	-	11.9
Lane metres freight, '000	3,350	2,657	3,264	3,758	13,028	3,327	3,039	3,214	3,234	12,815
Tons, '000	194	166	138	166	664	174	185	201	205	766
<b>Baltic Sea</b>										
Revenue	323	307	327	310	1,268	350	389	398	335	1,472
EBITDA before special items	97	119	138	80	434	82	135	162	117	497
EBIT before special items	57	78	95	39	268	40	97	125	83	345
Invested capital**	1,712	1,642	1,646	1,844	1,625	1,322	1,272	1,322	1,283	1,384
ROIC before special items, %**	-	-	-	-	16.4	-	-	-	-	24.7
Lane metres freight, '000	1,140	1,100	1,099	1,094	4,434	1,187	1,171	1,137	1,118	4,613
Passengers, '000	39	54	69	47	209	43	68	88	47	245
<b>Channel</b>										
Revenue	512	361	573	566	2,012	571	638	846	622	2,678
EBITDA before special items	39	32	135	129	334	86	85	233	93	497
EBIT before special items	-22	-27	73	67	91	34	31	168	35	268
Invested capital**	1,811	1,779	1,677	1,573	1,713	1,979	1,854	1,845	1,727	1,830
ROIC before special items, %**	-	-	-	-	5.2	-	-	-	-	14.6
Lane metres freight, '000	4,404	3,939	5,016	5,672	19,031	4,902	4,311	4,945	4,837	18,995
Passengers, '000	367	98	406	119	989	468	936	1,490	627	3,520
<b>Mediterranean</b>										
Revenue	581	331	529	631	2,071	515	567	555	542	2,179
EBITDA before special items	147	66	188	230	631	137	164	161	125	587
EBIT before special items	55	-26	90	126	245	46	80	76	29	231
Invested capital**	9,858	9,910	9,798	9,535	9,787	9,047	9,529	9,594	9,833	9,304
ROIC before special items, %**	-	-	-	-	2.4	-	-	-	-	2.4
Lane metres freight, '000	1,087	696	1,045	1,206	4,034	1,071	1,060	1,110	1,124	4,365
<b>Passenger</b>										
Revenue	209	27	190	62	489	251	497	601	360	1,709
EBITDA before special items	-87	-101	-42	-143	-373	-67	127	194	-8	245
EBIT before special items	-130	-146	-75	-172	-524	-110	76	149	-57	59
Invested capital**	871	673	634	575	722	704	716	891	860	790
ROIC before special items, %**	-	-	-	-	-73.1	-	-	-	-	7.1
Lane metres freight, '000	99	2	104	154	359	106	133	124	129	491
Passengers, '000	173	3	104	21	300	222	386	426	317	1,351
<b>Non-allocated items</b>										
Revenue	102	111	91	132	436	107	105	96	153	461
EBITDA before special items	39	24	28	31	122	31	37	36	38	143
EBIT before special items	32	23	27	29	112	23	34	34	31	123

The invested capital in the quarter is shown as per the end of the period.

For the full year, the invested capital is shown as an average.

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1. January 2020, 2019 comparative figures have been restated accordingly.

\*\* Comparative numbers for full year 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

# Logistics Division

## The division is organised in three business units:

- Nordic
- Continent
- UK & Ireland

## Q4 market, activity and result trends

Total Q4 logistics volumes increased 2.2% compared to 2019. Higher volumes from the UK stockbuilding was partly offset by lower UK domestic volumes and other activities negatively impacted by Covid-19.

### Nordic

Q4 transported units increased 15.0% mainly due to the addition of volumes from the acquisition of a Finnish company in Q4 2019. There was an uplift in volumes from the UK stockbuilding in December but this was offset by lower activity in other areas through the quarter.

Q4 EBITDA increased 64% to DKK 41m as all key markets improved earnings. This included higher activity in specialised services, improved efficiency in the Swedish warehousing operation and a positive contribution from the Finnish company acquired in 2019.

## Logistics Division

DKK m	2020				2020 Full year	2019*			2019*	
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Full year
Revenue	1,330	1,097	1,259	1,382	5,069	1,302	1,267	1,245	1,303	5,116
EBITDA before special items	91	94	145	114	445	101	101	106	112	421
Profit/loss on disposal of non-current assets, net	2	2	0	0	4	1	0	1	2	4
Depreciation and impairment	-73	-73	-73	-69	-289	-57	-57	-62	-80	-256
EBIT before special items	20	22	72	45	159	45	45	45	35	170
EBIT margin before special items, %	1.5	2.0	5.7	3.3	3.1	3.5	3.5	3.6	2.7	3.3
Special items, net	0	-4	-7	-1	-12	0	-6	0	0	-7
EBIT	20	18	65	45	147	45	38	45	35	163
Invested capital, average **	1,737	1,727	1,584	1,465	1,613	1,473	1,466	1,442	1,562	1,503
ROIC before special items, % **	-	-	-	-	7.7	-	-	-	-	9.2
Average number of employees	-	-	-	-	2,112	-	-	-	-	1,954
Units, '000	136	114	134	142	525	133	133	135	139	540

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

\*\* Comparative numbers for 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

### Continent

Q4 transported units increased 4.8% driven mainly by stockbuilding volumes from Netherlands and Germany to UK as well as improved performance of the special cargo operations. In Belgium, volumes were below last year due to a decrease in volumes from sectors exposed to Covid-19, including automotive and airline catering. The door-door container solutions between Netherlands and Ireland were somewhat disrupted by capacity issues during the quarter.

Q4 EBITDA increased 30% to DKK 39m due to improved performance of the special cargo operation and a positive impact from one-off costs in Belgium in 2019. Extra costs were incurred to handle the UK stockbuilding volumes which reduced the earnings impact. The addition of a

Dutch company acquired in 2019 also contributed to the increase.

### UK & Ireland

Q4 transported units decreased 7.2% driven by lower volumes in parts of the cold chain activities, including a reduction in warehousing volumes and lower seafood volumes to the catering sector. Scottish aquaculture volumes were above 2019.

Q4 EBITDA decreased 40% or DKK 23m to DKK 34m. The result includes a provision of DKK 10m related to a warehouse taken over in Liverpool earlier in the year. In Q4 2019, the result included a positive one-off adjustment. In addition, extra transport costs were incurred as the stockbuilding created shortages in the market.

## Logistics Division

DKK m	2020				2020 Full year	2019				2019 Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
<b>Nordic *</b>										
Revenue	444	359	378	445	1,625	412	407	365	397	1,581
EBITDA before special items	33	18	39	41	131	31	28	27	25	111
EBIT before special items	12	-2	18	21	50	16	12	12	8	48
Invested capital**	465	409	372	379	399	348	333	280	368	359
ROIC before special items, %**	-	-	-	-	10.3	-	-	-	-	11.4
Units, '000 ***	27.7	23.1	26.7	31.4	108.9	28.2	27.3	26.0	27.3	108.8
<b>Continent</b>										
Revenue	625	516	597	653	2,391	643	609	612	618	2,483
EBITDA before special items	26	40	53	39	159	41	43	45	30	159
EBIT before special items	-4	12	28	13	49	14	17	16	3	50
Invested capital**	799	710	625	588	711	655	679	694	833	691
ROIC before special items, %**	-	-	-	-	5.2	-	-	-	-	5.7
Units, '000	58.4	48.0	56.5	61.6	224.5	62.4	60.3	59.4	58.7	240.9
<b>UK &amp; Ireland</b>										
Revenue	356	322	381	385	1,444	330	328	342	361	1,361
EBITDA before special items	32	36	53	34	155	29	31	33	57	151
EBIT before special items	11	12	26	11	61	15	15	18	24	72
Invested capital**	527	544	507	458	504	487	432	467	483	453
ROIC before special items, %**	-	-	-	-	9.3	-	-	-	-	12.8
Units, '000	49.9	42.6	50.3	49.0	191.8	42.3	45.3	50.0	52.8	190.5
<b>Non-allocated items</b>										
Revenue	27	26	20	15	89	24	26	23	21	94
EBITDA before special items	0	0	0	0	0	0	0	0	0	0
EBIT before special items	0	0	0	0	0	0	0	0	-1	0

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

\*\* Comparative numbers for full year 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

\*\*\* Excluding volumes related to automotive Logistics contract.

The invested capital in the quarter is shown as per the end of the period. For the full year, the invested capital is shown as an average.

# Management statement

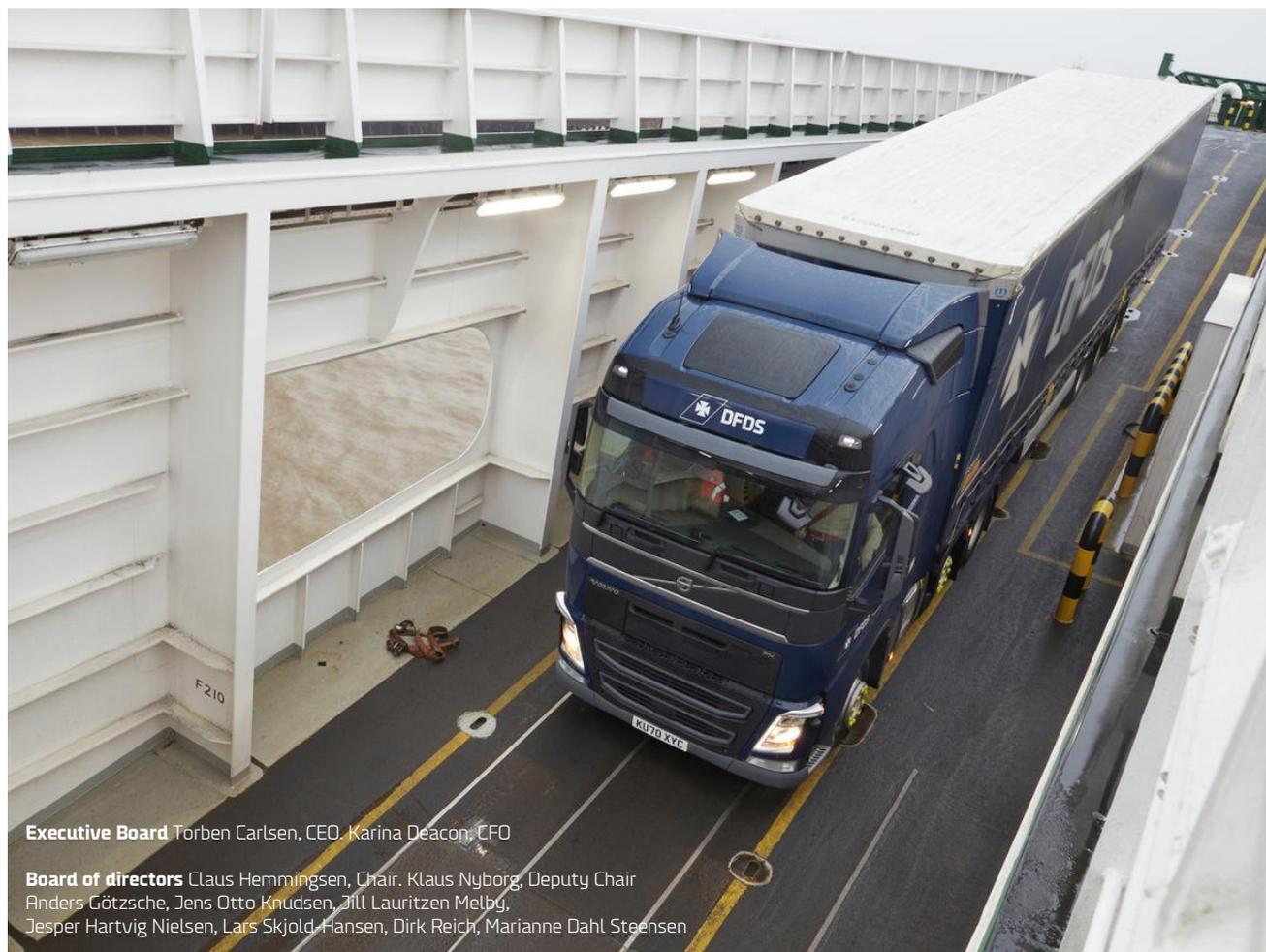
The Board of Directors and the Executive Board have reviewed and approved the interim report of DFDS A/S for the period 1 January – 31 December 2020.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the DFDS Group's assets, liabilities and financial position at 31 December 2020 and of the results of the DFDS Group's operations and cash flow for the period 1 January – 31 December 2020.

Further, in our opinion, the Management review p. 1-16 gives a true and fair review of the development in the Group's operations and financial matters, the result of the DFDS Group's operations for the period and the financial position as a whole.

Copenhagen, 10 February 2021



**Executive Board** Torben Carlsen, CEO, Karina Deacon, CFO

**Board of directors** Claus Hemmingsen, Chair, Klaus Nyborg, Deputy Chair  
Anders Göttsche, Jens Otto Knudsen, Jill Lauritzen Melby,  
Jesper Hartvig Nielsen, Lars Skjold-Hansen, Dirk Reich, Marianne Dahl Steensen

## DFDS Group Income statement

DKK m	Note	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Revenue	3	3,761	4,008	13,971	16,592
<b>Costs</b>					
Ferry and other ship operation and maintenance		-675	-900	-2,569	-3,667
Freight handling		-662	-612	-2,383	-2,521
Transport solutions		-815	-766	-2,905	-2,994
Employee costs		-719	-788	-2,862	-3,077
Costs of sales and administration		-120	-171	-520	-699
<b>Operating profit before depreciation (EBITDA) and special items</b>		<b>769</b>	<b>771</b>	<b>2,732</b>	<b>3,633</b>
Share of profit/loss of associates and joint ventures		0	-1	-5	6
Profit/loss on disposal of non-current assets, net		0	2	5	6
Depreciation, ferries and other ships		-291	-320	-1,153	-1,225
Depreciation, other non-current assets		-190	-190	-721	-662
Impairment losses, other non-current assets		0	-6	0	-7
<b>Operating profit (EBIT) before special items</b>		<b>289</b>	<b>257</b>	<b>858</b>	<b>1,751</b>
Special items, net	4	-97	-55	-117	-101
<b>Operating profit (EBIT)</b>		<b>192</b>	<b>203</b>	<b>741</b>	<b>1,650</b>
Financial income		1	2	5	6
Financial costs		-97	-78	-280	-284
<b>Profit before tax</b>		<b>97</b>	<b>126</b>	<b>466</b>	<b>1,371</b>
Tax on profit		12	1	-24	-59
<b>Profit for the period</b>		<b>109</b>	<b>128</b>	<b>442</b>	<b>1,313</b>
Attributable to:					
Equity holders of DFDS A/S		106	127	433	1,309
Non-controlling interests		2	1	9	4
<b>Profit for the period</b>		<b>109</b>	<b>128</b>	<b>442</b>	<b>1,313</b>
<b>Earnings per share</b>					
Basic earnings per share (EPS) of DKK 20, DKK		1.85	2.21	7.56	22.88
Diluted earnings per share (EPS-D) of DKK 20, DKK		1.85	2.21	7.56	22.80

## DFDS Group – statement of Comprehensive income

	2020	2019	2020	2019
DKK m	Q4	Q4	Full year	Full year
Profit for the period	109	128	442	1,313
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to the Income statement:				
Remeasurement of defined benefit pension obligations	-29	106	-59	106
<b>Items that will not be reclassified subsequently to the Income statement</b>	<b>-29</b>	<b>106</b>	<b>-59</b>	<b>106</b>
Items that are or may be reclassified subsequently to the Income statement:				
Value adjustment of hedging instruments:				
Value adjustment for the period	-73	-38	-103	169
Value adjustment transferred to operating costs	0	8	6	12
Value adjustment transferred to financial costs	4	4	17	20
Value adjustment transferred to non-current tangible assets	-7	-39	-38	-113
Tax on items that may be reclassified to the Income statement	4	-19	9	-15
Foreign exchange adjustments, subsidiaries	71	59	-37	42
<b>Items that are or may be reclassified subsequently to the Income statement</b>	<b>-1</b>	<b>-24</b>	<b>-147</b>	<b>116</b>
<b>Total other comprehensive income after tax</b>	<b>-30</b>	<b>81</b>	<b>-206</b>	<b>222</b>
<b>Total comprehensive income</b>	<b>79</b>	<b>209</b>	<b>236</b>	<b>1,535</b>
<b>Attributable to:</b>				
Equity holders of DFDS A/S	76	208	227	1,530
Non-controlling interests	2	1	9	5
<b>Total comprehensive income</b>	<b>79</b>	<b>209</b>	<b>236</b>	<b>1,535</b>

## DFDS Group - Balance sheet

### Assets

DKK m	2020 Full year	2019 Full year
Goodwill	3,434	3,440
Other non-current intangible assets	1,174	1,227
Software	239	241
Development projects in progress	55	25
<b>Non-current intangible assets</b>	<b>4,901</b>	<b>4,934</b>
Land and buildings	183	201
Terminals	720	741
Ships	11,220	10,950
Equipment, etc.	723	742
Assets under construction and prepayments	887	1,034
Right-of-use assets	3,133	3,337
<b>Non-current tangible assets</b>	<b>16,867</b>	<b>17,006</b>
Investments in associates, joint ventures and securities	49	53
Receivables	17	29
Prepaid costs	337	129
Deferred tax	57	47
Derivative financial instruments	76	242
<b>Other non-current assets</b>	<b>536</b>	<b>500</b>
<b>Non-current assets</b>	<b>22,304</b>	<b>22,440</b>
Inventories	169	219
Trade receivables	2,014	2,409
Receivables from associates and joint ventures	28	46
Other receivables	589	422
Prepaid costs	309	336
Derivative financial instruments	149	75
Cash	1,261	840
<b>Current assets</b>	<b>4,520</b>	<b>4,347</b>
Assets classified as held for sale	182	76
<b>Total current assets</b>	<b>4,702</b>	<b>4,423</b>
<b>Assets</b>	<b>27,006</b>	<b>26,863</b>

## Equity and liabilities

DKK m	2020 Full year	2019 Full year
Share capital	1,173	1,173
Reserves	-274	-120
Retained earnings	9,613	8,988
Proposed dividends	0	235
<b>Equity attributable to equity holders of DFDS A/S</b>	<b>10,511</b>	<b>10,276</b>
Non-controlling interests	89	80
<b>Equity</b>	<b>10,600</b>	<b>10,356</b>
Interest-bearing liabilities	9,313	9,186
Lease liabilities	2,407	2,556
Deferred tax	217	213
Pension and jubilee liabilities	197	160
Other provisions	46	47
Derivative financial instruments	149	69
<b>Non-current liabilities</b>	<b>12,329</b>	<b>12,231</b>
Interest-bearing liabilities	415	480
Lease liabilities	519	552
Trade payables	2,090	2,292
Payables to associates and joint ventures	51	109
Other provisions	78	38
Corporation tax	61	30
Other payables	674	581
Derivative financial instruments	52	19
Prepayments	136	172
<b>Current liabilities</b>	<b>4,077</b>	<b>4,275</b>
<b>Liabilities</b>	<b>16,406</b>	<b>16,506</b>
<b>Equity and liabilities</b>	<b>27,006</b>	<b>26,863</b>

## DFDS Group - Statement of changes in equity 1 January - 31 December 2020

DKK m	Reserves						Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2020	1,173	-357	266	-28	8,988	235	10,276	80	10,356
<b>Comprehensive income for the period</b>									
Profit for the period					433		433	9	442
<b>Other comprehensive income</b>									
Items that will not be reclassified subsequently to the Income statement:									
Remeasurement of defined benefit pension obligations					-59		-59		-59
<b>Items that will not subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-59</b>	<b>0</b>	<b>-59</b>	<b>0</b>	<b>-59</b>
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			-103				-103		-103
Value adjustment transferred to operating costs			6				6		6
Value adjustment transferred to financial costs			17				17		17
Value adjustment transferred to non-current tangible assets			-38				-38		-38
Tax on items that will be reclassified to the Income statement					9		9		9
Foreign exchange adjustments, subsidiaries		-37					-37	0	-37
<b>Items that are or may subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>-37</b>	<b>-119</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>-147</b>	<b>0</b>	<b>-147</b>
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>-37</b>	<b>-119</b>	<b>0</b>	<b>-50</b>	<b>0</b>	<b>-206</b>	<b>0</b>	<b>-206</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>-37</b>	<b>-119</b>	<b>0</b>	<b>383</b>	<b>0</b>	<b>227</b>	<b>9</b>	<b>236</b>
<b>Transactions with owners</b>									
Acquisition, non-controlling interests					0		0	-1	0
Cancellation of proposed dividend at year-end 2019*					235	-235	0		0
Vested share-based payments					5		5		5
Sale of treasury shares				0	2		2		2
Cash from sale of treasury shares related to exercise of share options				3	-2		1		1
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>239</b>	<b>-235</b>	<b>8</b>	<b>-1</b>	<b>8</b>
<b>Equity at 31 December 2020</b>	<b>1,173</b>	<b>-394</b>	<b>147</b>	<b>-25</b>	<b>9,611</b>	<b>0</b>	<b>10,511</b>	<b>89</b>	<b>10,600</b>

\* DFDS' annual general meeting (AGM) was held on 4 June 2020. In view of the reduced operational and financial visibility, the Board of Directors' proposal to not pay a dividend was approved at the general meeting.

## DFDS Group - Statement of changes in equity 1 January - 31 December 2019

DKK m	Reserves						Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2019	1,173	-398	177	-29	8,019	235	9,175	80	9,255
Change in accounting policies*					-231		-231	-1	-232
Restated equity at 1 January 2019	1,173	-398	177	-29	7,788	235	8,944	79	9,022
<b>Comprehensive income for the period</b>									
Profit for the period					1,309		1,309	4	1,313
<b>Other comprehensive income</b>									
Items that will not subsequently be reclassified to the income statement:									
Remeasurement of defined benefit pension obligations					106		106		106
<b>Items that will not subsequently be reclassified to the income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106</b>	<b>0</b>	<b>106</b>	<b>0</b>	<b>106</b>
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			169				169		169
Value adjustment transferred to operating costs			12				12		12
Value adjustment transferred to financial costs			20				20		20
Value adjustment transferred to non-current tangible assets			-113				-113		-113
Tax on items that will be reclassified to the Income statement					-15		-15		-15
Foreign exchange adjustments, subsidiaries		42					42	1	42
<b>Items that are or may subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>42</b>	<b>89</b>	<b>0</b>	<b>-15</b>	<b>0</b>	<b>115</b>	<b>1</b>	<b>116</b>
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>42</b>	<b>89</b>	<b>0</b>	<b>91</b>	<b>0</b>	<b>221</b>	<b>1</b>	<b>222</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>42</b>	<b>89</b>	<b>0</b>	<b>1,399</b>	<b>0</b>	<b>1,530</b>	<b>5</b>	<b>1,535</b>
<b>Transactions with owners</b>									
Dividend paid						-229	-229	-3	-232
Dividend on treasury shares					6	-6	0		0
Proposed dividend at year-end					-235	235	0		0
Vested share-based payments					25		25		25
Cash from sale of treasury shares related to exercise of share options				1	6		7		7
Other adjustments					-1		-1		-1
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>-198</b>	<b>0</b>	<b>-197</b>	<b>-3</b>	<b>-201</b>
<b>Equity at 31 December 2019</b>	<b>1,173</b>	<b>-357</b>	<b>266</b>	<b>-28</b>	<b>8,988</b>	<b>235</b>	<b>10,276</b>	<b>80</b>	<b>10,356</b>

\*Impact from implementation of IFRS 16.

## DFDS Group – Statement of cash flows

DKK m	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Operating profit before depreciation (EBITDA) and special items</b>	<b>769</b>	<b>771</b>	<b>2,732</b>	<b>3,633</b>
Cash flow effect from special items related to operating activities	-22	-32	-125	-78
Adjustments for non-cash operating items, etc.	27	7	45	26
Change in working capital	30	79	148	-224
Payment of pension liabilities and other provisions	-8	-9	-31	-52
<b>Cash flow from operating activities, gross</b>	<b>796</b>	<b>816</b>	<b>2,769</b>	<b>3,304</b>
Interest received, etc.	2	2	3	6
Interest paid, etc.	-87	-92	-276	-266
Taxes paid	1	-8	3	-46
<b>Cash flow from operating activities, net</b>	<b>712</b>	<b>718</b>	<b>2,499</b>	<b>2,997</b>
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-169	-531	-1,422	-2,120
Sale of ships including prepayment received on ship held for sale	0	23	202	117
Investments in other non-current tangible assets	-28	-121	-195	-467
Sale of other non-current tangible assets	4	4	27	13
Investments in non-current intangible assets	-20	-22	-70	-66
Acquisition of enterprises, associates, joint ventures and activities	0	-127	-14	-131
Other investing cash flows	21	-2	-146	4
<b>Cash flow to/from investing activities, net</b>	<b>-192</b>	<b>-777</b>	<b>-1,618</b>	<b>-2,651</b>
<b>Cash flow before financing activities, net</b>	<b>520</b>	<b>-59</b>	<b>882</b>	<b>346</b>
Proceed from bank loans and loans secured by mortgage in ships	351	880	1,992	1,658
Repayment and instalments of bank loans and loans secured by mortgage in ships	-146	-248	-1,791	-799
Proceed from issuance of corporate bonds	0	0	0	304
Repayment of corporate bonds incl. settlement of cross currency swap	0	0	0	-500
Payment of lease liabilities	-141	-198	-602	-706
Proceeds from sale of treasury shares	2	0	2	0
Cash received from exercise of share options	0	1	1	7
Other financing cash flows	-60	-3	-60	-3
Dividends paid to equity holders of DFDS A/S	0	0	0	-229
<b>Cash flow to/from financing activities, net</b>	<b>6</b>	<b>433</b>	<b>-458</b>	<b>-268</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>527</b>	<b>373</b>	<b>424</b>	<b>79</b>
Cash and cash equivalents at beginning of period	735	466	840	761
Foreign exchange and value adjustments of cash and cash equivalents	0	0	-2	0
<b>Cash and cash equivalents at end of period *</b>	<b>1,261</b>	<b>840</b>	<b>1,261</b>	<b>840</b>

\* At 31 December 2020 DKK 147m (31 December 2019: DKK 108m) of the cash was deposited on restricted bank accounts.

## Note 1 Accounting policies and significant estimates

### Basis of reporting

This section provides an overview of our principal accounting policies and new and amended IFRS standards and interpretations.

### Accounting policies

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the same accounting policies, judgements and estimates as for the annual report for 2019 except as described below.

### Implementation of new or changed accounting standards and interpretations

DFDS has adopted all new, amended, or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2020 none of which has had material impact on the Group's Financial Statements.

### Significant estimates and Covid-19

In the view of Management, the areas where accounting estimates and assessments are significant remain the same as per DFDS' latest annual report. However, considering Covid-19 certain significant estimates have been updated during 2020 compared to year-end 2019, particularly related to passenger traffic that have been impacted by increased travel restrictions, especially in Q4-2020, imposed across the network.

In the preparation of the Interim Report, Management undertakes several accounting estimates and assessments, and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company. These estimates, assessments and assumptions are based on historical experience and other factors which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments, and assumptions.

### General impact of the Covid-19 virus

A description of the general impact of the Covid-19 virus on our business and segments can be found in the management review, pages 4-10.

### Impairment considerations due to Covid-19

Impairment testing is undertaken once a year unless indications of impairment occur. The consequences of Covid-19 are considered such an indication and consequently, DFDS has revisited its impairment tests from year-end 2019, on a quarterly basis in 2020.

While the current Covid19 situation is an impairment indicator, it is reasonable to assume that the situation from a long-term perspective is temporary, though DFDS passengers' traffic, mainly Oslo-Frederikshavn-Copenhagen route, still suffers significantly from the travel restriction applied during Q4-2020. DFDS' main assets have a long lifetime and the impairment tests at year-end 2019 showed significant headroom without any growth in the forecasting period. However on basis of the Q4-2020 impairment test DFDS has recognised an impairment loss for Oslo-Frederikshavn-Copenhagen route of DKK 100m end of Q4-2020. The impairment loss is recognised in the income statement under special items. Management concludes that the long-term assumptions applied at year-end 2019 remains valid for all other CGUs' than Oslo-Frederikshavn-Copenhagen route. During Q3 and Q4 freight activities have almost recovered to prior levels. However, in the long run management expects passenger activity to resume as well, but in a more restrained pace.

### Receivables

The practice for recognising expected credit losses etc. remains the same as at year-end 2019. Presently, the changes in payment pattern is insignificant compared to year-end 2019 albeit the Covid-19 situation is monitored closely.

### Liquidity risks

There are no changes to the risk described in the Annual Report 2019 on pages 42-45 nor are there any significant changes to the financial risks described in the notes on pages 97-100. The current cash resource is DKK 4.9bn (year-end 2019 DKK 2.3bn) of which undrawn committed credit facilities amounts to around DKK 3.6bn (year-end 2019 DKK 1.4bn).

### Other areas

DFDS has taken part in various government compensation schemes following Covid-19.

Wage compensation is reducing the staff costs in the income statement.

### Note 2 Segment Information

DKK m	Ferry Division	Logistics Division	Non-allocated	Total
<b>Full year 2020</b>				
External revenue	8,923	5,030	18	13,971
Intragroup revenue	755	39	474	1,268
Total revenue	9,678	5,069	491	15,238
<b>Operating profit (EBITDA) before special items</b>	<b>2,332</b>	<b>445</b>	<b>-45</b>	<b>2,732</b>
<b>Operating profit (EBIT) before special items</b>	<b>815</b>	<b>159</b>	<b>-117</b>	<b>858</b>
<b>Operating profit after special items (EBIT)</b>	<b>717</b>	<b>147</b>	<b>-124</b>	<b>741</b>
<b>Invested capital, average</b>	<b>20,222</b>	<b>1,613</b>	<b>665</b>	<b>22,500</b>

DKK m	Ferry Division*	Logistics Division*	Non-allocated	Total
<b>Full year 2019</b>				
External revenue	11,475	5,095	21	16,592
Intragroup revenue	721	22	519	1,262
Total revenue	12,197	5,116	540	17,853
<b>Operating profit (EBITDA) before special items</b>	<b>3,254</b>	<b>421</b>	<b>-42</b>	<b>3,633</b>
<b>Operating profit (EBIT) before special items</b>	<b>1,704</b>	<b>170</b>	<b>-123</b>	<b>1,751</b>
<b>Operating profit after special items (EBIT)</b>	<b>1,651</b>	<b>163</b>	<b>-164</b>	<b>1,650</b>
<b>Invested capital, average</b>	<b>18,964</b>	<b>1,464</b>	<b>500</b>	<b>20,927</b>

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

## Note 3 Revenue

DKK m	Full year 2020			Total
	Ferry Division	Logistics Division	Non-allocated	
<b>Geographical markets</b>				
North Sea	3,692	-	0	3,692
Baltic Sea	1,207	-	0	1,207
English Channel	1,972	-	0	1,972
Mediterranean	2,052	-	0	2,052
Continent	-	2,280	0	2,280
Nordic	-	1,507	0	1,507
UK/Ireland	-	1,243	0	1,243
Other	0	0	18	18
<b>Total</b>	<b>8,923</b>	<b>5,030</b>	<b>18</b>	<b>13,971</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	6,750	0	0	6,750
Transport solutions	24	4,981	0	5,005
Passenger seafare and on board sales	968	0	0	968
Terminal services	664	2	0	667
Charters	317	0	0	317
Agency and other revenue	199	47	17	264
<b>Total</b>	<b>8,923</b>	<b>5,030</b>	<b>18</b>	<b>13,971</b>

All material revenue is recognised when each separate obligation in the customer contract is fulfilled following the “over-time principle”. Most transports carried out by the Ferry Division are characterised by short delivery time (most sailings are less than 30 hours while sailings to/from Turkey are up to 72 hours). Transports carried out by Logistics Division can take delivery over a longer period, but the impact is insignificant.

On board sales is recognised according to the “a point in time” principle and amount to DKK 313m (2019: DKK 1,124m).

Revenue includes revenue recognised from contracts with customers in accordance with IFRS 15 and other revenue (leasing activities). Revenue from leasing activities amounts to DKK 348m (2019: DKK 382m).

DKK m	Full year 2019			Total
	Ferry Division*	Logistics Division*	Non-allocated	
<b>Geographical markets</b>				
North sea*	5,280	-	0	5,280
Baltic sea	1,406	-	0	1,406
English Channel	2,632	-	0	2,632
Mediterranean	2,158	-	0	2,158
Continent	-	2,349	0	2,349
Nordic*	-	1,473	0	1,473
UK/Ireland	-	1,273	0	1,273
Other	0	0	21	21
<b>Total</b>	<b>11,475</b>	<b>5,095</b>	<b>21</b>	<b>16,592</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	7,579	0	0	7,579
Transport solutions	23	5,072	0	5,094
Passenger seafare and on board sales	2,664	0	0	2,663
Terminal services	643	3	0	646
Charters	347	0	0	347
Agency and other revenue	221	21	21	262
<b>Total</b>	<b>11,475</b>	<b>5,095</b>	<b>21</b>	<b>16,592</b>

\* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

## Note 4 Special items

DKK m	2020 Full year	2019 Full year
Accounting gain on sale of Liverpool Seaways	110	0
Accounting gain on sale of Anglia Seaways	0	30
Impairment of a passenger ferry and a terminal in the business unit Passenger	-100	0
Impairment of a freight ferry made in connection with reclassification to asset held for sale	-29	0
Accrual of the total estimated costs (estimated fair value) related to the DFDS shares awarded to DFDS employees as a special one-off award in connection with DFDS' 150 years anniversary in December 2016. The costs accrue from December 2016 to February 2020	4	-19
Termination cost in connection with restructuring	-102	-22
Accounting loss and costs related to disposal of two associated companies	0	-8
Transaction and integration costs regarding the acquisition and integration of U.N. Ro-Ro, including costs related to the closure of Toulon port etc.	0	-82
<b>Special items, net</b>	<b>-117</b>	<b>-101</b>

## Note 5 Acquisition of enterprises and sale of activities

### 2021

On the 26 January 2021 DFDS has entered into an agreement to acquire HSF Logistics Group.

### 2020

There has been no significant acquisitions nor disposals in 2020.

### 2019

On 9 December 2019 the acquisition of the Dutch company Huisman Group BV headquartered in Wijchen was completed.

On 19 December 2019 the acquisition of the Finnish company Freeco Logistics headquartered in Turku was completed.

For further details of these acquisitions, refer to the annual report for 2019.

## Note 6 Fair value measurement of financial instruments

The table discloses fair value and carrying amount of financial instruments measured at fair value in the balance sheet. Furthermore, categorisation of the valuation method according to the fair value hierarchy is stated.

Transfers between levels of the fair value hierarchy are considered to have occurred at the date of the event or change in circumstances that caused the transfer.

There were no transfers between the levels in the fair value hierarchy in 2020.

### Techniques for calculating fair values

#### Derivatives

DFDS' usage of derivatives includes interest rate swaps, bunker swaps, forward exchange contracts and currency swaps. The fair values on interest rate swaps have been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated on the basis of a swap interest curve, which is calculated based on a wide spread of market interest rates. The fair value on forward exchange contracts are based on interest curve calculations in DFDS' Treasury system. Calculations are based on a spread of market interest rates in the various currencies. Calculation on bunker swaps are based on quoted forward curve from various financial institutions.

DKK m	Full year 2020		Full year 2019	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Derivatives (Level 2)	226	226	317	317
Securities (Level 3)	10	10	10	10
<b>Financial liabilities</b>				
Derivatives (Level 2)	201	201	88	88

## Note 7 Supplementary financial information on the Parent company

As a result of DFDS A/S' issuance of corporate bonds on Oslo Stock Exchange there is a requirement to provide certain supplementary financial information on the Parent Company. The following financial information has been prepared using the same accounting policies as for the Annual Report for 2019.

The Parent Company's revenue decreased by DKK 2,372m, equivalent to 24%. Operating profit before depreciation and special items (EBITDA) decreased from DKK 2,727m to DKK 1,758m, equivalent to a decrease of 36%. The negative development is entirely due to travel restrictions and lockdowns related to Covid-19. Included in Financial items, net is dividend received from subsidiaries of DKK 243m.

Profit before tax decreased from DKK 1,052m in 2019 to DKK 135m in 2020.

The Parent Company's net interest-bearing debt increased from DKK 3,701m at 31 December 2019 to DKK 4,718m at 31 December 2020.

DKK m	2020 Full year	2019 Full year
<b>Income statement</b>		
Revenue	7,385	9,757
Operating profit before depreciation (EBITDA) and special items	1,758	2,727
Operating profit (EBIT) before special items	104	1,011
Special items, net	-172	106
Operating profit (EBIT)	-68	1,117
Financial items, net	203	-65
Profit before tax	135	1,052
<b>Profit for the period</b>	<b>140</b>	<b>1,049</b>
<b>Assets</b>		
Non-current intangible assets	400	368
Non-current tangible assets	5,458	4,872
Right-of-use assets	1,404	1,839
Investments in affiliated companies, associates and joint ventures	6,760	5,924
Non-current receivables from affiliated companies	261	715
Other non-current assets	110	243
Non-current assets	14,393	13,961
Current receivables from affiliated companies	699	1,199
Receivables from associates and joint ventures	27	46
Cash	735	656
Other current assets	1,381	1,234
Current assets	2,842	3,135
<b>Assets</b>	<b>17,236</b>	<b>17,095</b>
<b>Equity and liabilities</b>		
Equity	9,382	9,339
Non-current liabilities	3,093	3,069
Current liabilities to affiliated companies	2,139	1,919
Other current liabilities	2,622	2,769
Current liabilities	4,762	4,687
<b>Equity and liabilities</b>	<b>17,236</b>	<b>17,095</b>
Equity ratio, %	54.4%	54.6%
Net interest-bearing debt	4,718	3,701

# Definitions

<b>Operating profit before depreciation (EBITDA)</b>	Profit before depreciation and impairment on non-current assets
<b>Operating profit (EBIT)</b>	Profit after depreciation and impairment on non-current intangible and tangible assets
<b>Operating margin</b>	$\frac{\text{Operating profit (EBIT) before special items}}{\text{Revenue}} \times 100$
<b>Net operating profit after taxes (NOPAT)</b>	Operating profit (EBIT) minus payable tax for the period adjusted for the tax effect of net finance cost
<b>Invested capital</b>	Net working capital (non-interest bearing current assets minus non-interest bearing current liabilities) plus non-current intangible and tangible assets minus pension and jubilee liabilities and other provisions
<b>Net Interest-bearing debt</b>	Interest-bearing liabilities (excluding provision for pensions) minus interest-bearing assets minus cash and securities
<b>LTM</b>	Last twelve months
<b>Return on invested capital (ROIC)</b>	$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$
<b>Free cash flow (FCFF)</b>	Cash flow from operating activities excluding net interest received and paid minus cash flow from net investments
<b>Return on equity</b>	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$
<b>Equity ratio</b>	$\frac{\text{Equity at end of period}}{\text{Total assets}} \times 100$
<b>Earnings per share (EPS)</b>	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Weighted average number of ordinary shares in circulation}} \times 100$
<b>P/E ratio</b>	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share (EPS)}} \times 100$
<b>Dividend per share</b>	$\frac{\text{Dividend for the year}}{\text{Number of shares at the end of the period}} \times 100$
<b>Market value</b>	Number of shares, ex. treasury shares, end of period times share price end of period
<b>No. of ships</b>	Owned and chartered ships, including slot charter and vessel sharing agreements
<b>Unit</b>	In the Logistics Business, a reported Unit is generally defined as a loaded trailer or container transported along a traffic route. One loaded trailer or container counts as one unit irrespective of whether these are carrying a full loads or multiple part load consignments. In addition, Logistics reports revenue from multiple value-add activities where volume units are not reported. These being Warehousing activities, Managed Contracts, Workshops, Customs departments and Handling fees.

Roundings may in general cause variances in sums and percentages in this report.

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**Disclaimer**

The statements about the future in this announcement contain risks and uncertainties and actual developments may therefore diverge significantly from the statements about the future.

**About DFDS**

DFDS provides ferry and transport services in Europe and Turkey, generating annual revenues of EUR 2.3bn.

To over 10,000 freight customers, we deliver high performance and superior reliability through ferry & port terminal services, and transport & logistics solutions.

For more than five million passengers, we provide safe overnight and short sea ferry services.

Our 8,000 employees are located on ferries and in offices across 20 countries. DFDS was founded in 1866, is headquartered in Copenhagen, and listed on NASDAQ Copenhagen.