

GROWTH HELD BACK BY BREXIT

DFDS GROUP

February 2020

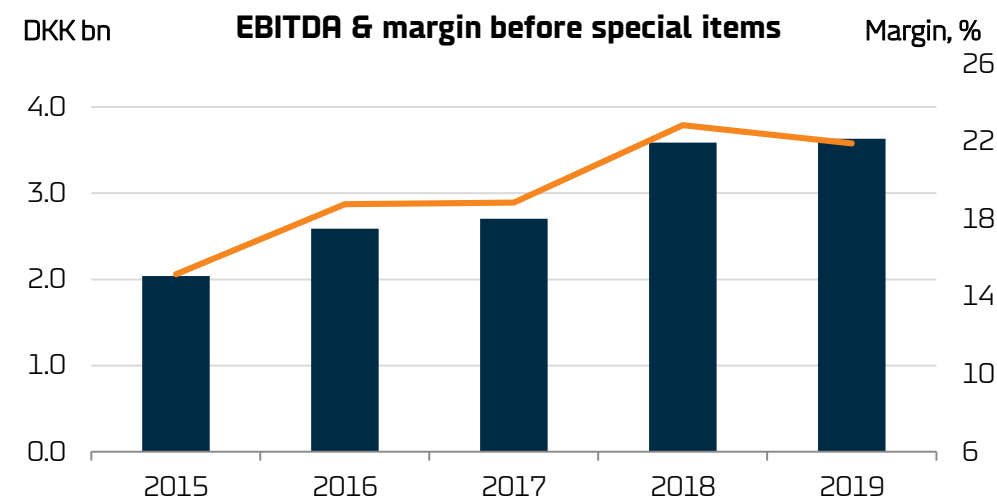
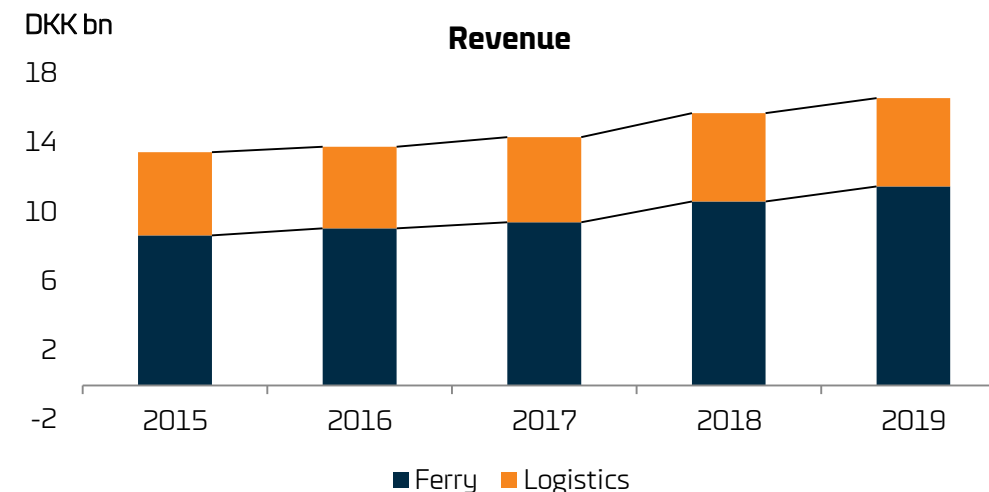


- Overview
- Q4 and FY numbers
- Capital structure
- Win23
- Outlook and priorities 2020

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.

2019 as expected despite challenging Q4. Growth in 2020

- **FY:** Revenue up 6% and EBITDA up 1% to DKK 3.6bn as Brexit and Turkish recession lowered the margin
- **Q4:** EBITDA down 9% to DKK 771m as UK ferry volumes slowed further and non-comparable cost items reduced Mediterranean's result
- **2020 outlook:** Positive impact expected from Win23 strategy initiatives...
- ...cautious on UK ferry market due to continued uncertainty on Brexit and possible Coronavirus impact
- **EBITDA 2020 outlook range:** DKK 3.5-3.9bn (2019: DKK 3.6bn)



Q4 2019 result impacted by higher capital costs

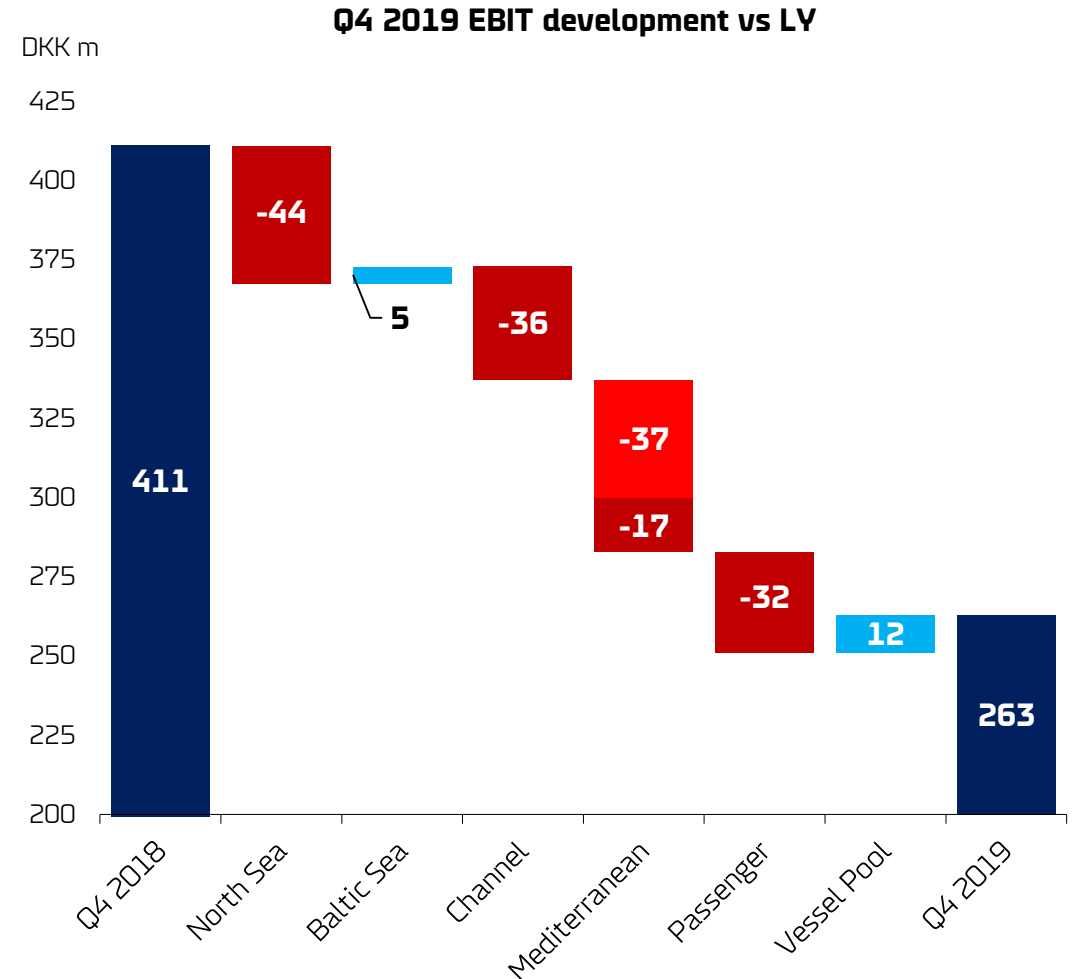
- **Revenue** growth leveling off as continued growth in Mediterranean is offset by lower UK ferry volumes
- **Depreciation** increased by additional ships in Mediterranean, Yalova port terminal agreement, chartered ships in Norway
- **EBIT** before special items down 40%
- **Special items** include cancellation cost for port terminal and agency agreements in Toulon
- **Finance** variance of DKK -72m mainly due to currency gain on appreciation of TRY in 2018

DKK m	Q4 19	Q4 18	Change vs LY	Change %
REVENUE	4,008	3,955	53	1%
EBITDA BEFORE SI	771	847	-76	-9%
margin, %	19.2	21.4	-2.2	n.a.
P/L associates	-1	-3	2	n.a.
Gain/loss asset sales	2	0	2	n.a.
Depreciation	-515	-417	-99	-24%
EBIT BEFORE SI	257	427	-170	-40%
margin, %	6.4	10.8	-4.4	n.a.
Special items	-55	37	-92	n.a.
EBIT	203	464	-262	-56%
Finance	-76	-5	-72	-1523%
PBT BEFORE SI	181	423	-242	-57%
PBT	126	460	-333	-73%
EMPLOYEES avg., no.	8,367	7,791	576	7%
INVESTED CAPITAL	22,476	20,460	2,016	10%
ROIC LTM ex. SI, %	8.0	11.8	-3.8	n.a.
NIBD	11,954	11,251	703	6%
NIBD/EBITDA, times	3.3	3.1	0.2	n.a.
SOLVENCY, %	39	37	2	n.a.

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

Ferry Division: Q4 EBIT lowered by Brexit and higher costs

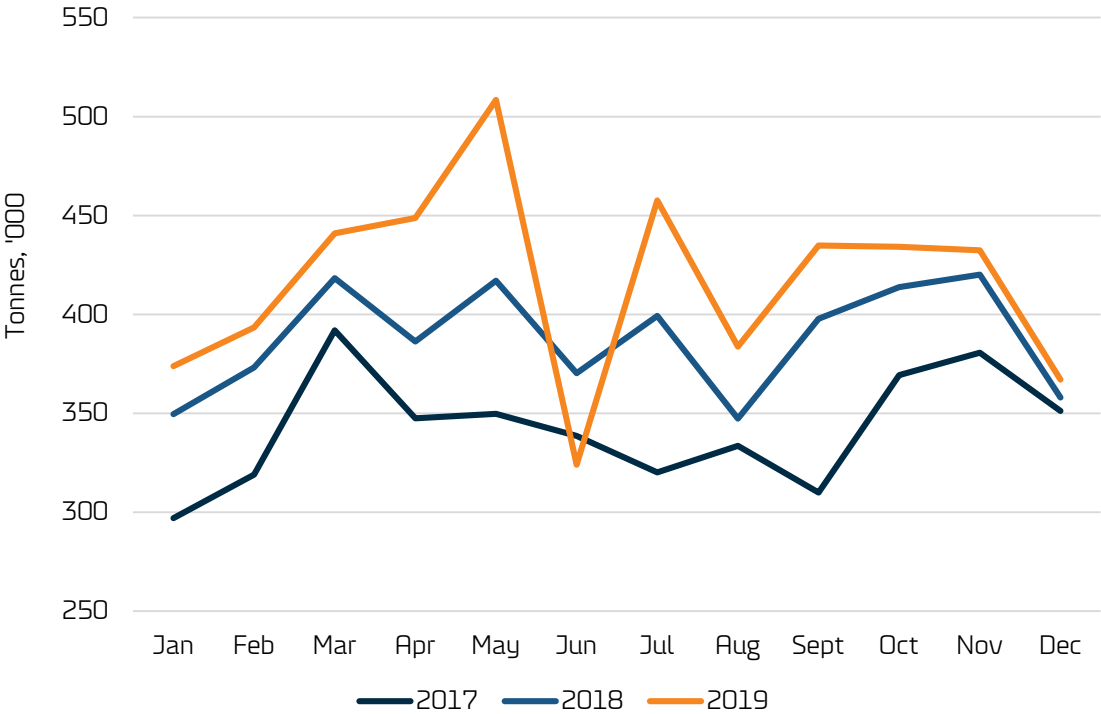
- **North Sea** down DKK 44m mainly due to 6.5%* lower volumes
 - **Channel** down DKK 36m due to a lower freight contribution and ferry cost increase
 - **Mediterranean** topline and contribution up 13% but EBIT down DKK 54m mainly due to a change of accounting for maintenance/spare part costs**
- Further, peak port congestion in Trieste reduced utilisation of freight trains from the port
- **Passenger** contribution up but offset by higher costs from one-off costs, general cost increases and depreciation



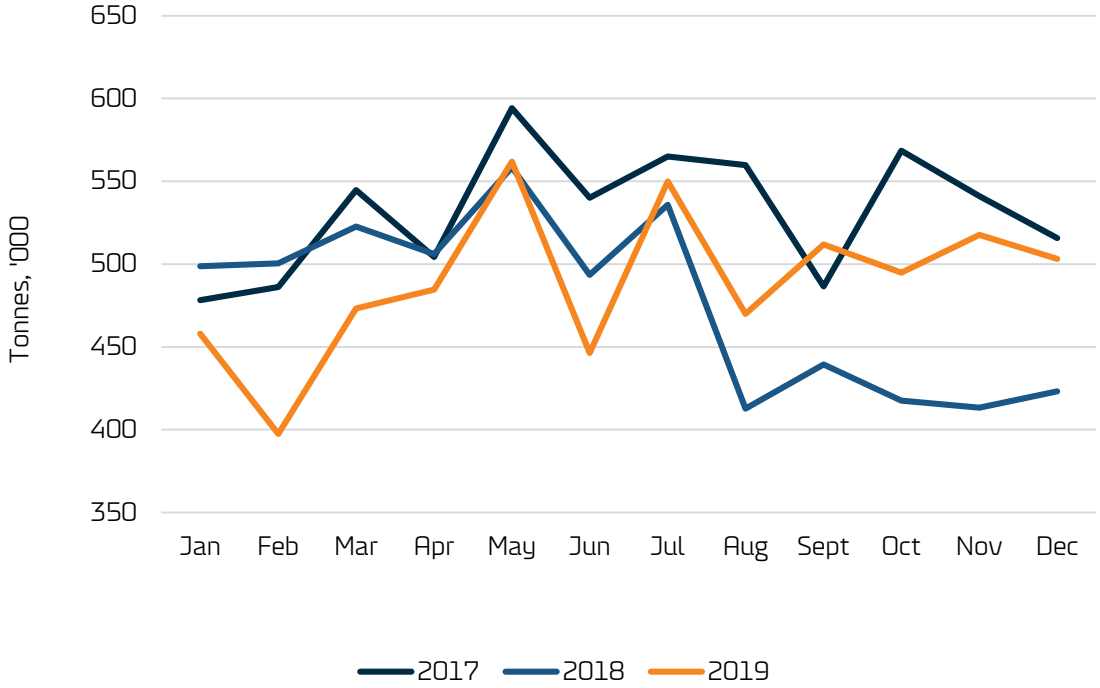
Turkey-EU trade of goods continues recovery



Turkey exports to DFDS' EU target markets
(source: Drewry)



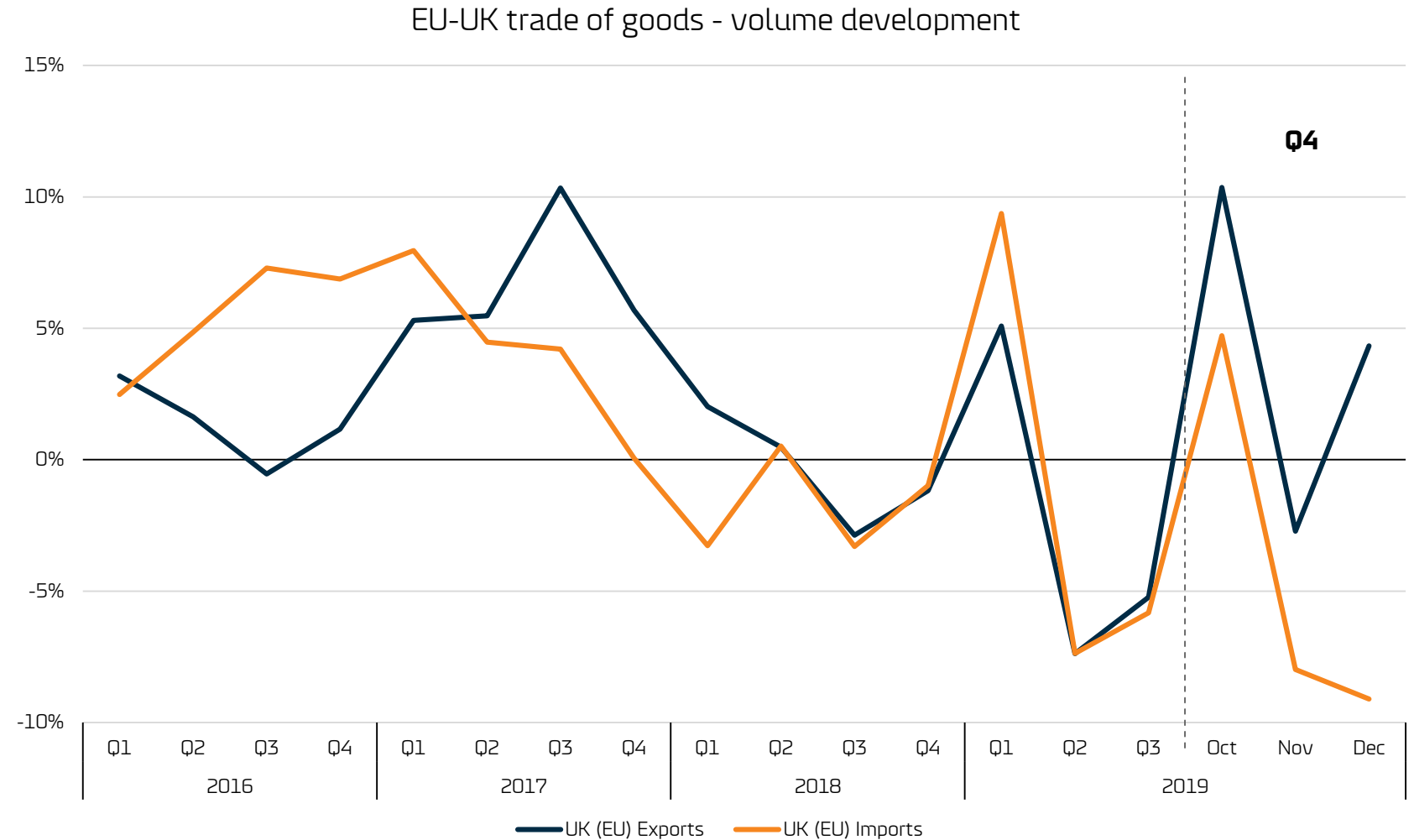
Turkey imports from DFDS' EU target markets
(source: Drewry)



*Trading data for goods relevant for unitised transport

Brexit uncertainty has lowered UK-EU trade

- Trading of goods between UK and EU decreased further in Q4
- Some catch-up in October
- Large drop in import volumes in Nov/Dec
- Export volumes included a high level of precious metals in Nov/Dec

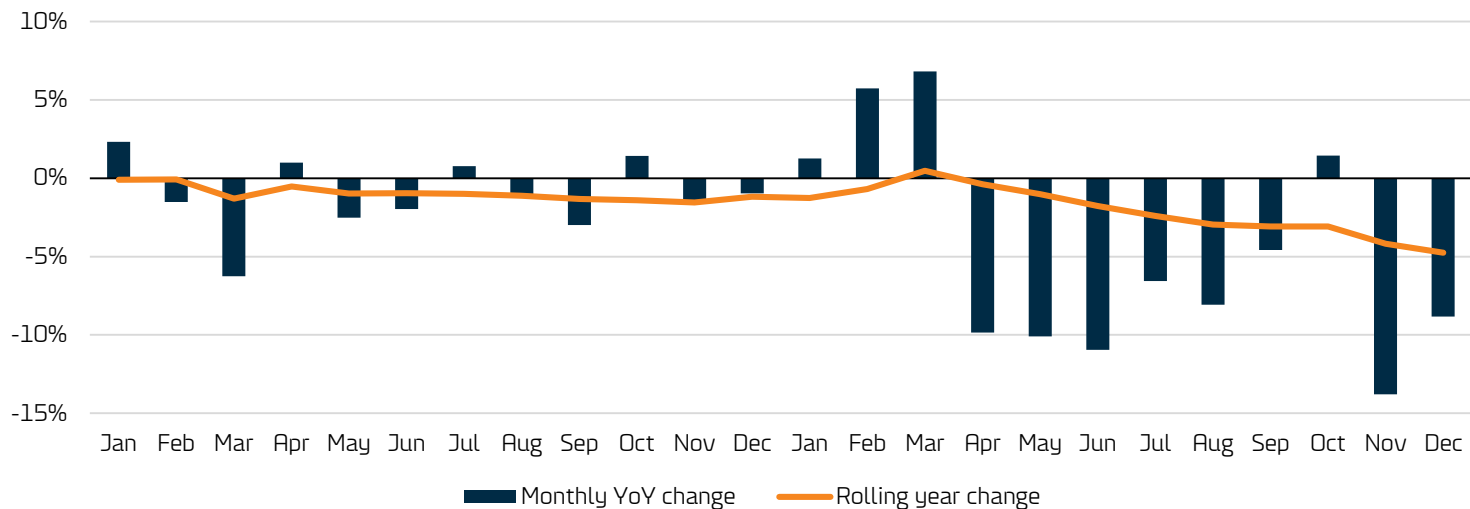


Channel freight volumes lowered by UK slowdown

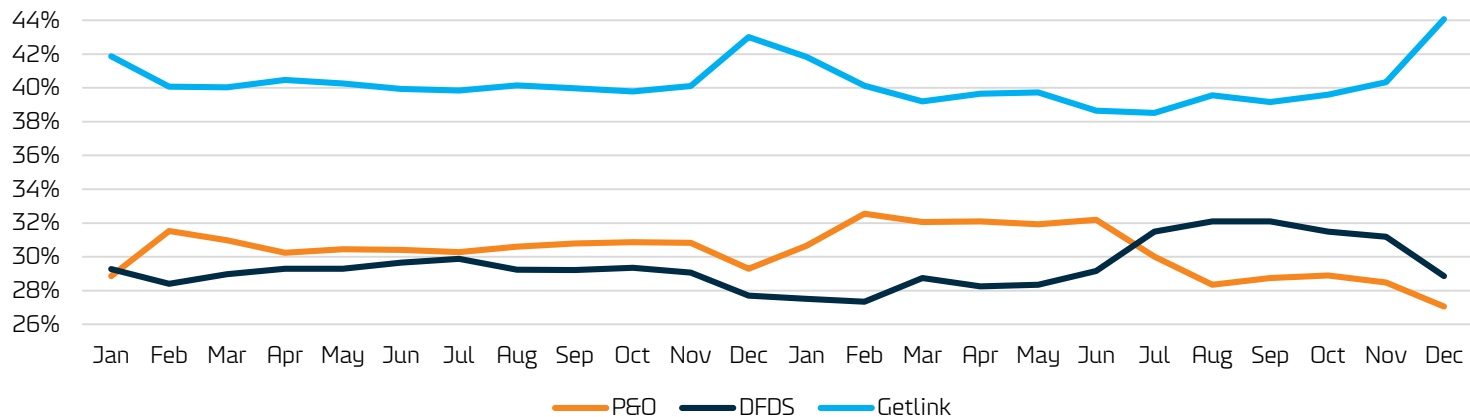


- Total Q4 volumes down 6.9% and YTD down 4.7%
- Rolling FY change was -4.7% end Q4
- DFDS Q4 volumes down 0.8% and YTD down 2.9%
- DFDS' share of ferry market was 49.5% for 2019

Channel freight volume growth YOY, 2018-2019



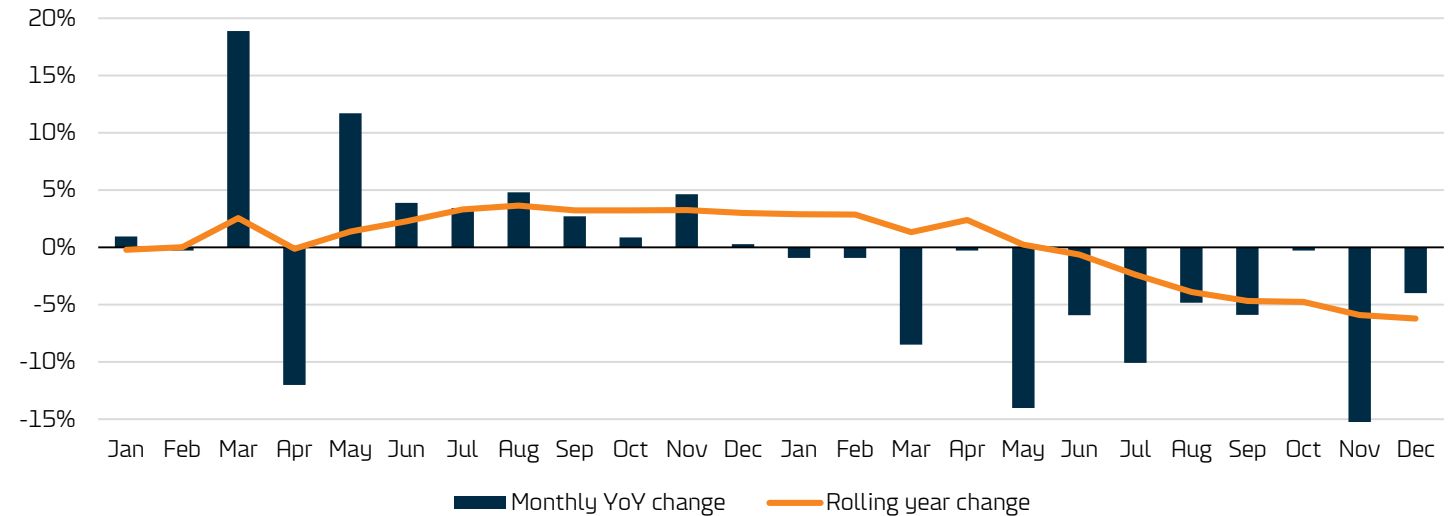
Channel freight market shares, 2018-2019



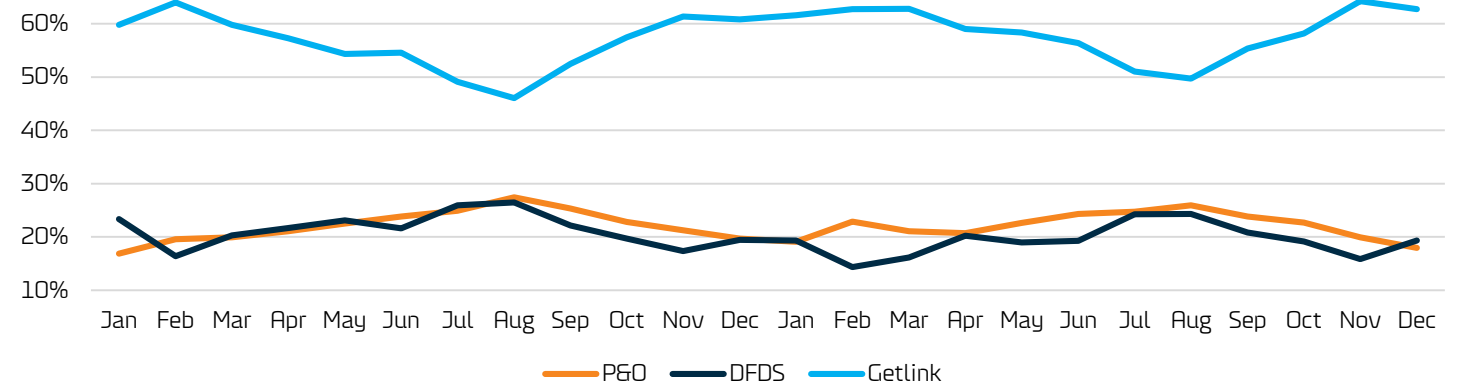
Channel passenger volumes likewise lowered by UK slowdown

- Total Q4 volumes down 6.1% and YTD down 6.2%
- Rolling FY change was -6.2% end Q4
- DFDS Q4 volumes down 8.8% and YTD down 14.8%
- DFDS' share of ferry market was 47% for 2019

Channel car volume growth YOY, 2018-2019

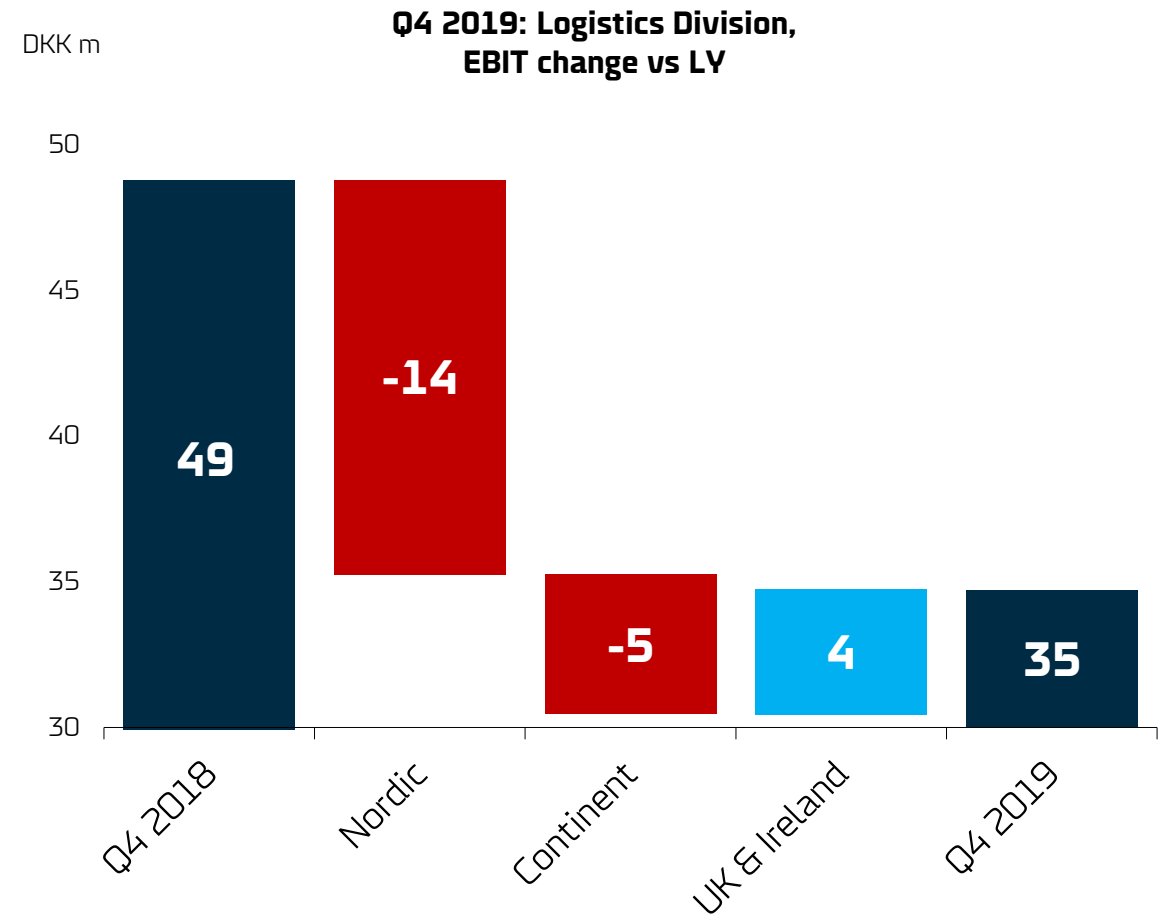


Channel car market shares, 2017-2018



Logistics Division: Q4 EBIT down vs high Nordic 2018 earnings

- **Nordic** down DKK 14m mostly due to lower activity for Specialised services that peaked in Q4 2018
- **Continent** down DKK 5m mainly due to UK slowdown reduced volumes. Extra workshop costs in Belgium
- **UK & Ireland** up DKK 4m as most activities improved earnings. Some offset from reduced scope of logistics contract in Peterborough



Full-year 2019 overview

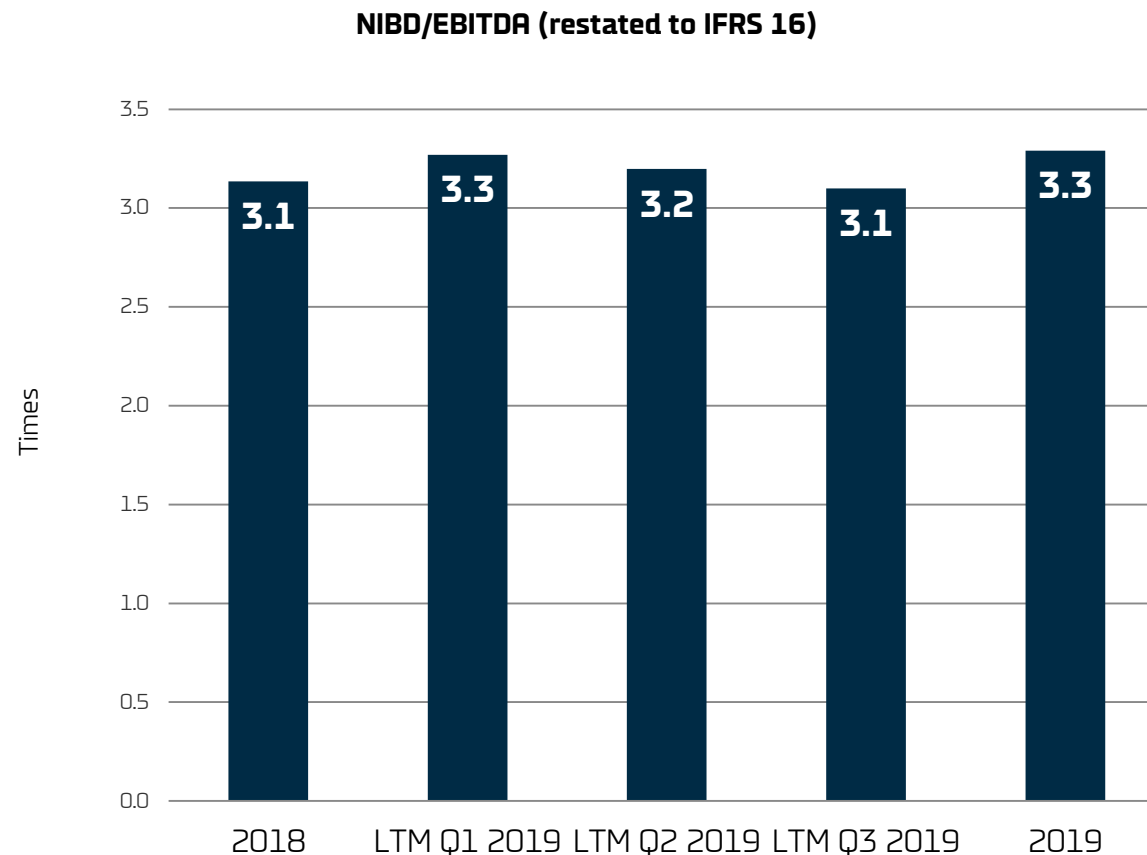
- **Revenue** growth in line with latest outlook of around 6% growth and **EBITDA** in line with outlook range of DKK 3.55-3.75bn
- Increase in **depreciation** vs 2018 mainly driven by additional IFRS 16 adjustments and FY impact of Mediterranean
- **ROIC** of 8% on level with minimum target adjusted for IFRS 16 impact on capital structure
- **ROIC** was 12% adjusted for Mediterranean

DKK m	2019	2018	Change vs LY	Change vs LY %
REVENUE	16,592	15,717	875	5.6
EBITDA BEFORE SI	3,633	3,589	44	1.2
margin, %	21.9	22.8	-0.9	n.a.
P/L associates	6	1	6	n.a.
Sale of assets	6	7	-1	n.a.
Depreciation	-1894	-1631	-263	16.1
EBIT BEFORE SI	1,751	1,965	-214	-10.9
margin, %	10.6	12.5	-2.0	n.a.
Special Items	-101	-49	-51	n.a.
EBIT	1,650	1,916	-266	-13.9
Finance	-278	-222	-57	25.7
PBT BEFORE SI	1,472	1,744	-271	-15.6
PBT	1,371	1,694	-323	-19.0
Tax	-59	-56	-3	5.6
NET PROFIT	1,313	1,638	-326	-19.9
EMPLOYEES avg., no.	8,367	7,791	576	7.4
ROIC ex. SI, %	8.0	11.8	-3.8	n.a.
NIBD/EBITDA, times	3.3	3.1	0.2	n.a.
SOLVENCY, %	39	37	1.8	n.a.

SI: Special items. PBT: Profit before tax

Capital structure – leverage increased in Q4

- **NIBD/EBITDA**-ratio of 3.3x end of 2019
- Two acquisitions and fleet renewal contribute to increase in leverage – total investments of DKK 2.65bn in 2019
- **Dividend** of DKK 4.00 per share proposed to AGM in March

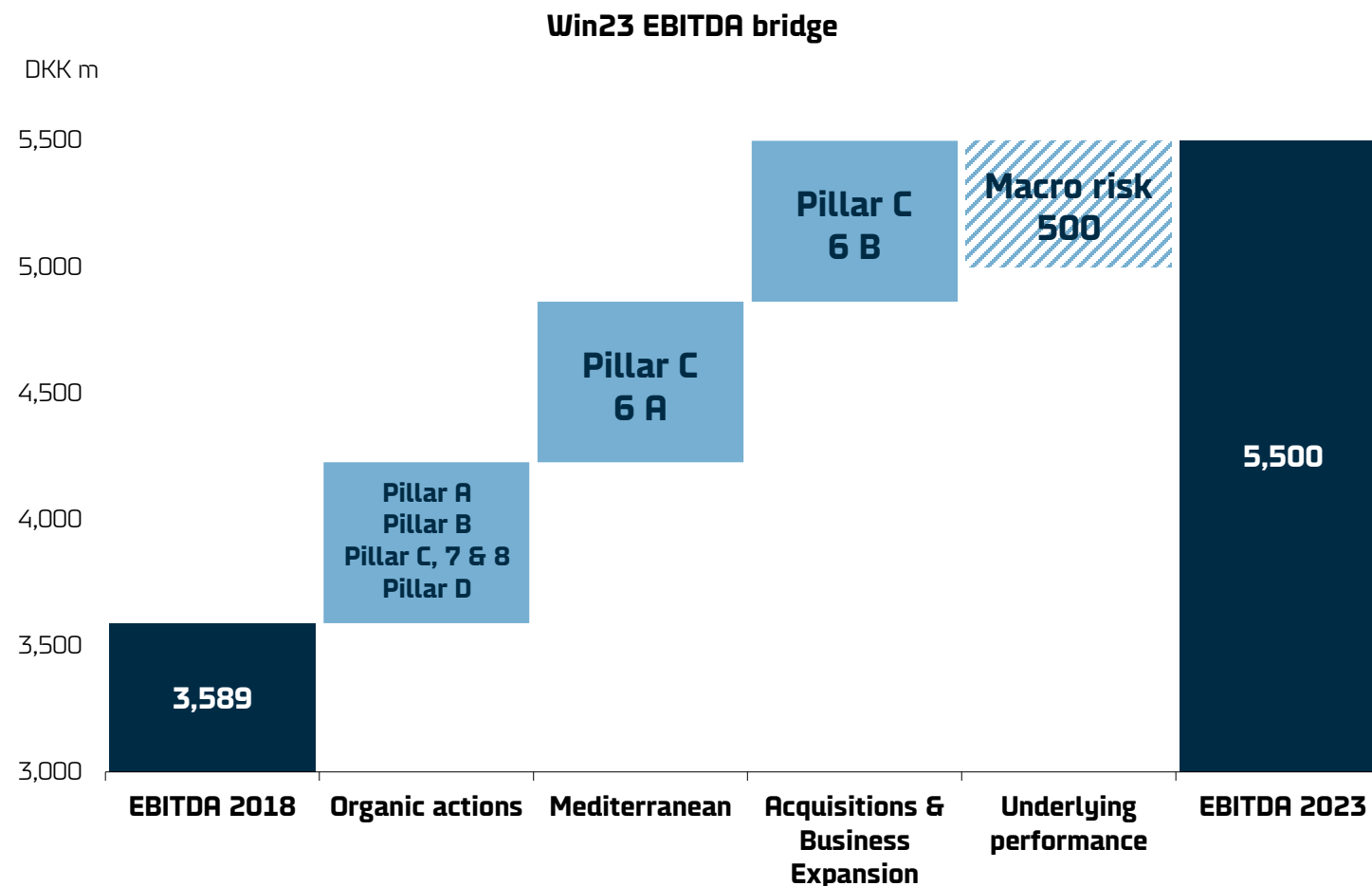


Win23 EBITDA drivers – positive impact continues in 2020

- **Key drivers in 2020:**

- Mediterranean
- Gothenburg-Zeebrugge space charter
- Two 2019 logistics acquisitions
- 2 mega ferries replace 3 ferries between UK-NL
- Passenger projects

- **10% macro risk** – currently negative impact mostly due to Brexit slowdown

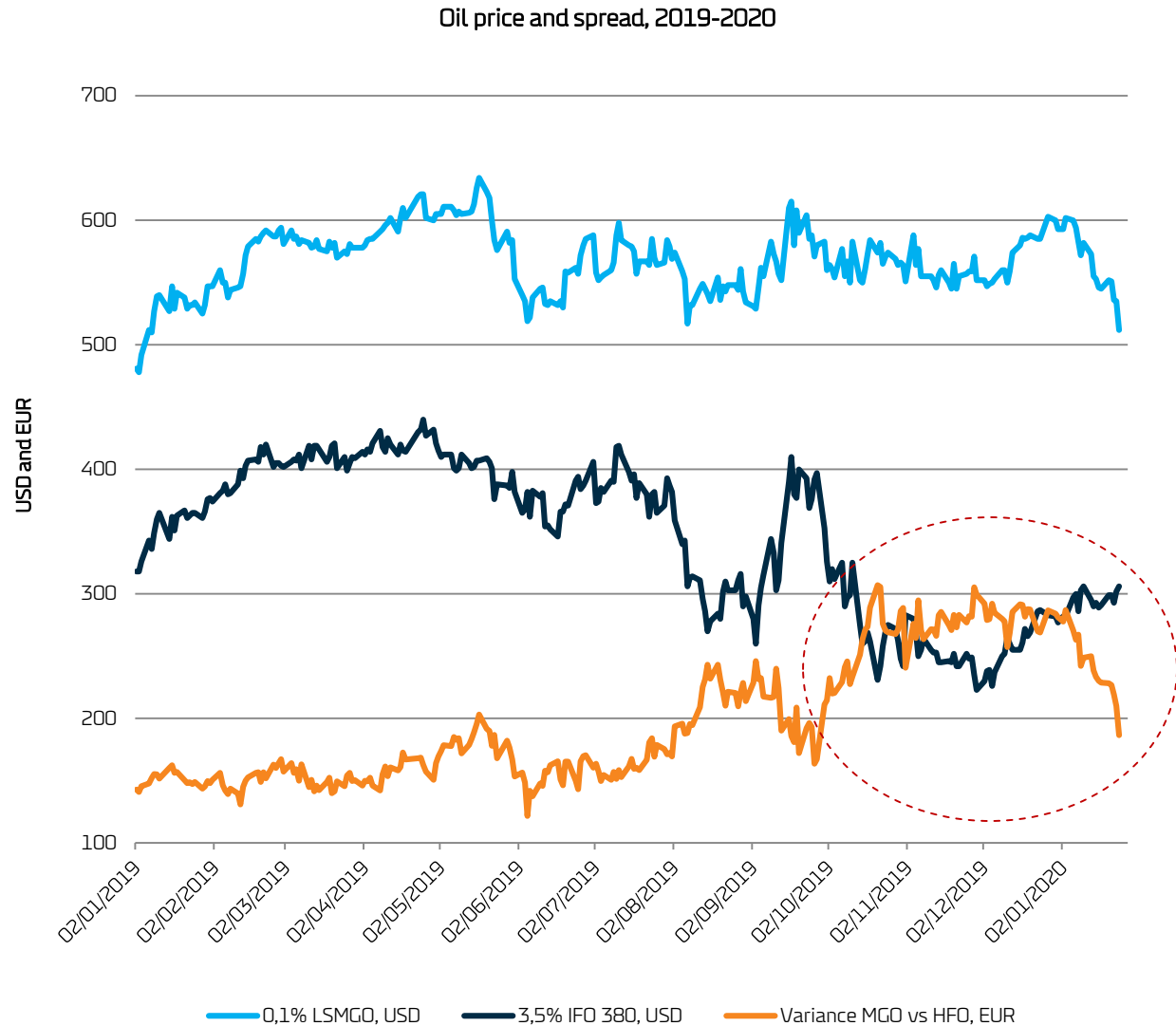


2020: key performance drivers

Certain/Likely	Expected	Uncertain	Macro drivers
<ul style="list-style-type: none">• Positive impact from Win23 strategy initiatives• Mediterranean: Operational improvements, completion of scrubber installation• New space charter agreement on Gothenburg-Zeebrugge• Two logistics acquisitions adds revenue and profit• Loss of DfT contract	<ul style="list-style-type: none">• Volume growth for freight between Turkey and Europe• Continued ‘flattish’ volume environment in most northern European markets (excl. UK)• More ferry competition in Baltic Sea region	<ul style="list-style-type: none">• Brexit impact on UK freight and passenger market development• Oil price spread development (MGO/HFO)• Coronavirus impact on:<ul style="list-style-type: none">• Inflow of Asian ferry passengers (Cph-Oslo)• Delay of newbuildings from China• Competitive pricing environment	<ul style="list-style-type: none">• Positive global growth• Turkey’s economy resumes growth• UK growth held back by Brexit uncertainty• Changes in oil price and exchange rates

IMO transition 1 Jan 2020 – initial widening of oil price spread

- Global transition to 0.5% sulphur limit (northern Europe transitioned to 0.1% limit in 2015)
- Price spread between low (MGO) and high sulphur oils (HFO) widened in October 2019 to just below EUR 300 per ton
- Current spread below EUR 200 per ton



CSR strategy: Large potential to reduce emissions



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



- **Revenue** growth of around 4% - continued growth in Mediterranean, FY impact acquisitions and Win23 organic actions
- **Positive** earnings impact expected from Win23 strategy initiatives
- **Negative** earnings impact expected from continued Brexit uncertainty
- **EBITDA** range of DKK 3.5-3.9bn
- **Investments** of DKK 2.3bn includes DKK 1.4bn for ferry newbuildings

OUTLOOK 2020

- Revenue growth of around 4%
(2019: 6%)
- EBITDA range of DKK 3.5-3.9bn
(2019: DKK 3.6bn)
 - Ferry Division: DKK 3,075-3,425m
(2019: DKK 3,205m)
 - Logistics Division: DKK 475-525m
(2019: DKK 470m)
 - Non-allocated items: DKK -50m
(2019: DKK -42m)
- Investments of DKK 2.3bn

- Continue delivering on **Win23** strategy's financial ambition
- Monitor and pursue opportunities to adjust activities to **UK** market development
- **CSR** – continue to invest in fuel solutions to decarbonise



Q&A

