

# Moving trailers & cars

Danske Winter Seminar



29 November 2022



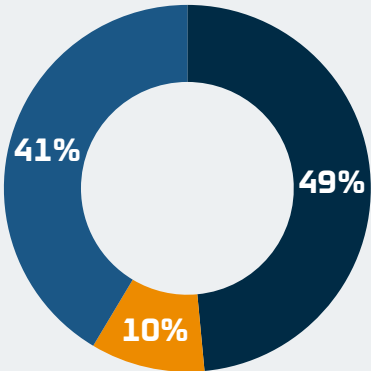
# European transport & logistics network for trailers and car passengers

We move goods in trailers  
by road, rail, & ferry



We move people in cars by ferry

90% of revenue is freight  
Q3 LTM 2022



■ Freight ferry ■ Passenger ferry ■ Logistics



# Our key customer offerings

## Ferry routes

9% own freight volumes,  
up to 25% on some routes



## Door-door solutions

For dry goods and cold chain



## Contract logistics

For dry goods and cold chain



Support



Custom  
solutions



Warehouse



Temperature-controlled  
warehousing

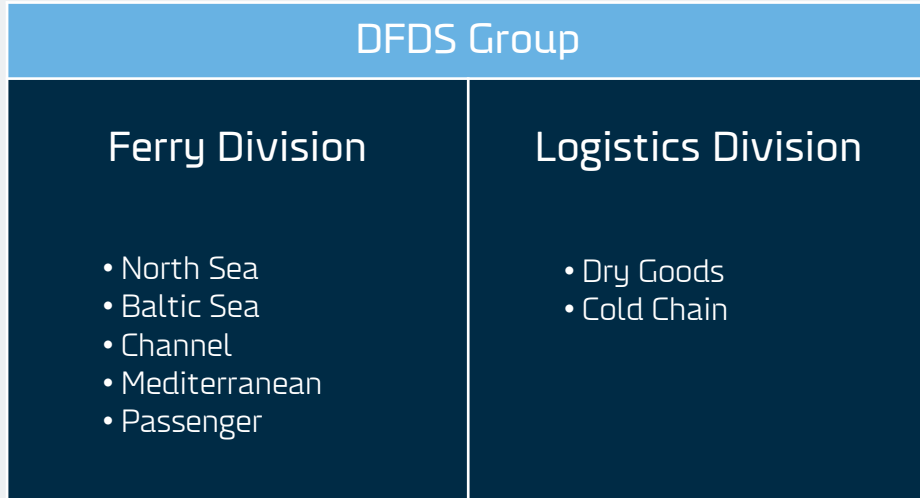
# DFDS' ferry and logistics network

- DKK 25bn revenue\*
- DKK 4.8-5.0bn EBITDA\*
- 11,300 employees
- 26 routes – incl.  
9 passenger routes
- 8 port terminals
- 60+ logistics locations

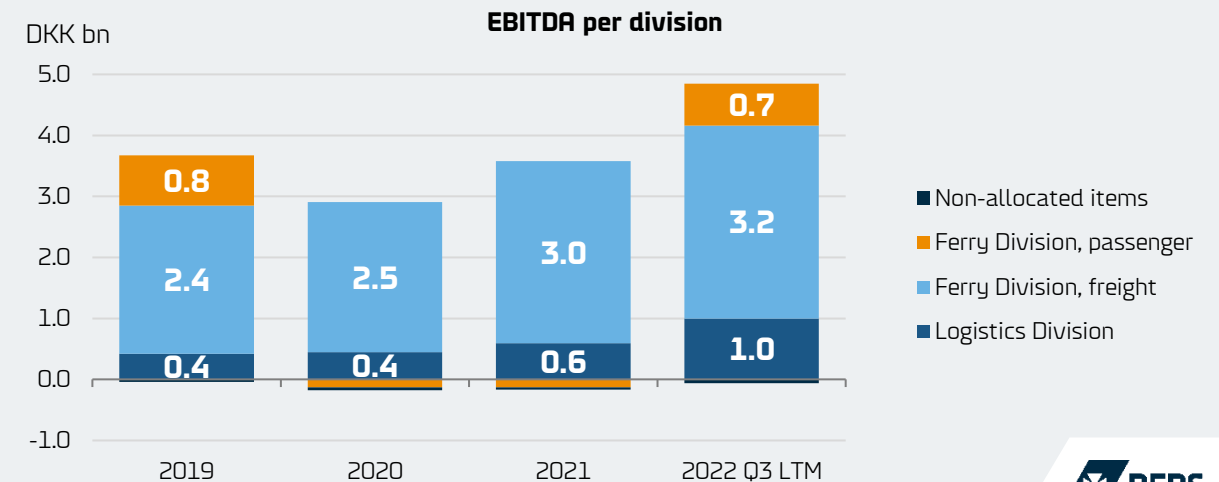
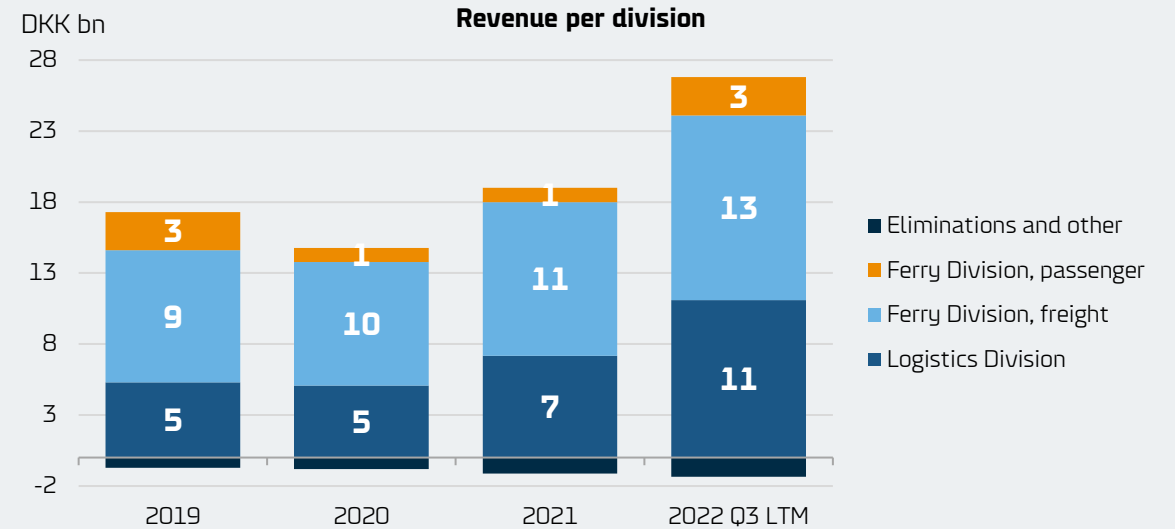




# DFDS structure



- Founded in 1866
- Lauritzen Foundation holds 42% of the share capital



# Strong Q3 moved ROIC above 8% target & leverage back in target range

- **Freight ferry** Q3 demand held steady
- **Logistics** EBITDA at DKK 1bn for Q3 LTM
- **Passenger** high season stronger than expected, Q3 result 11% above 2019
- **ROIC** of 8.4% exceeds 8.0% target
- **Outlook raised** to DKK 4.8-5.0bn (DKK 4.4-4.8bn)
- **Financial leverage** of 2.9x back in target range of 2-3x

Q3 revenue up

64%

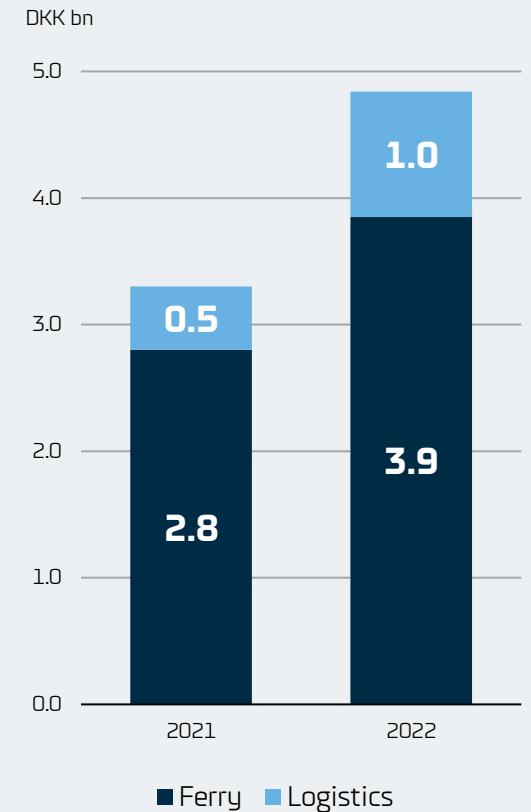
to DKK 7.2bn

Q3 EBITDA up

88%

to DKK 1.6bn

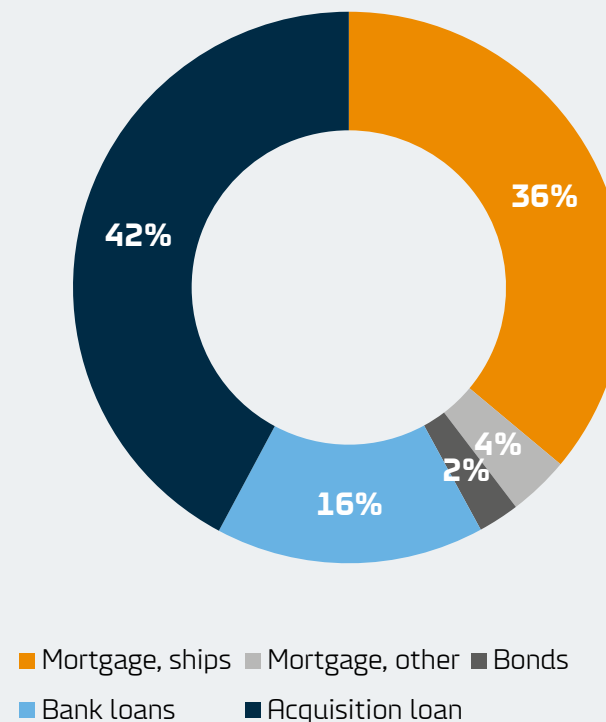
Earnings raised significantly  
EBITDA, LTM Q3



# Debt refinancing ongoing

- **Interest-bearing debt** of DKK 11.6bn, excluding IFRS 16 lease liabilities
- Debt with **fixed interest** around 40% of total
- **Bond** financing expired in Q3 2022, replaced with bridge until end 2023
- Investment grade **rating** obtained
- UNRR **acquisition loan\*** of DKK 4.9bn expiring in Q2 2023, refinancing ongoing with existing bank syndicate

Interest-bearing debt, excl. lease liabilities, Q3 2022

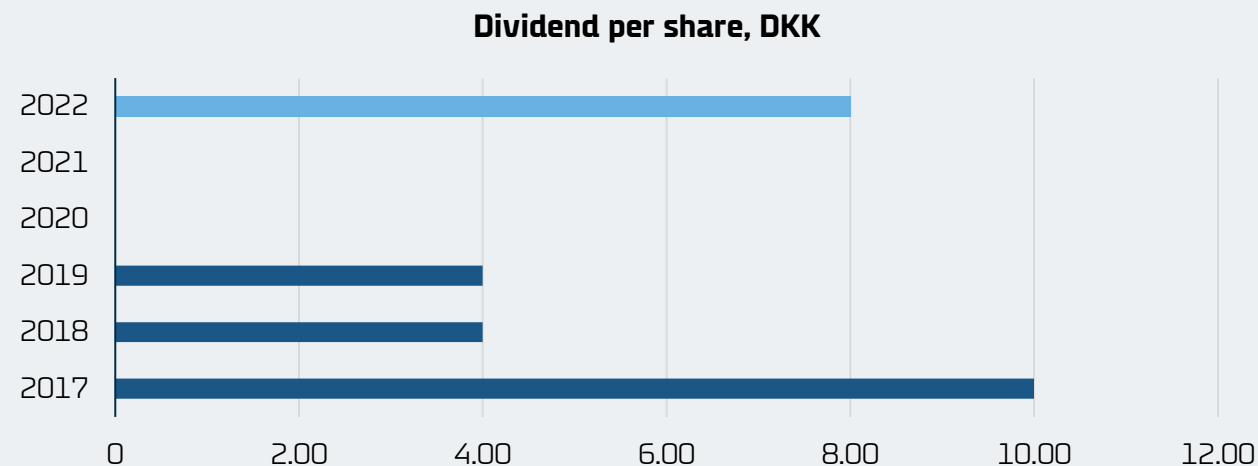


\*Reported as short-term in Q3 2022

# Capital distribution resumed in 2022 after Covid-19

- Dividend on hold 2020-21 as Covid-19 raised NIBD/EBITDA above 4x
- Target range for NIBD/EBITDA of 2.0-3.0x
- NIBD/EBITDA of 2.9x end of Q3 2022 back in target range
- Dividend of DKK 4.00 paid in March 2022 and DKK 4.00 in August 2022

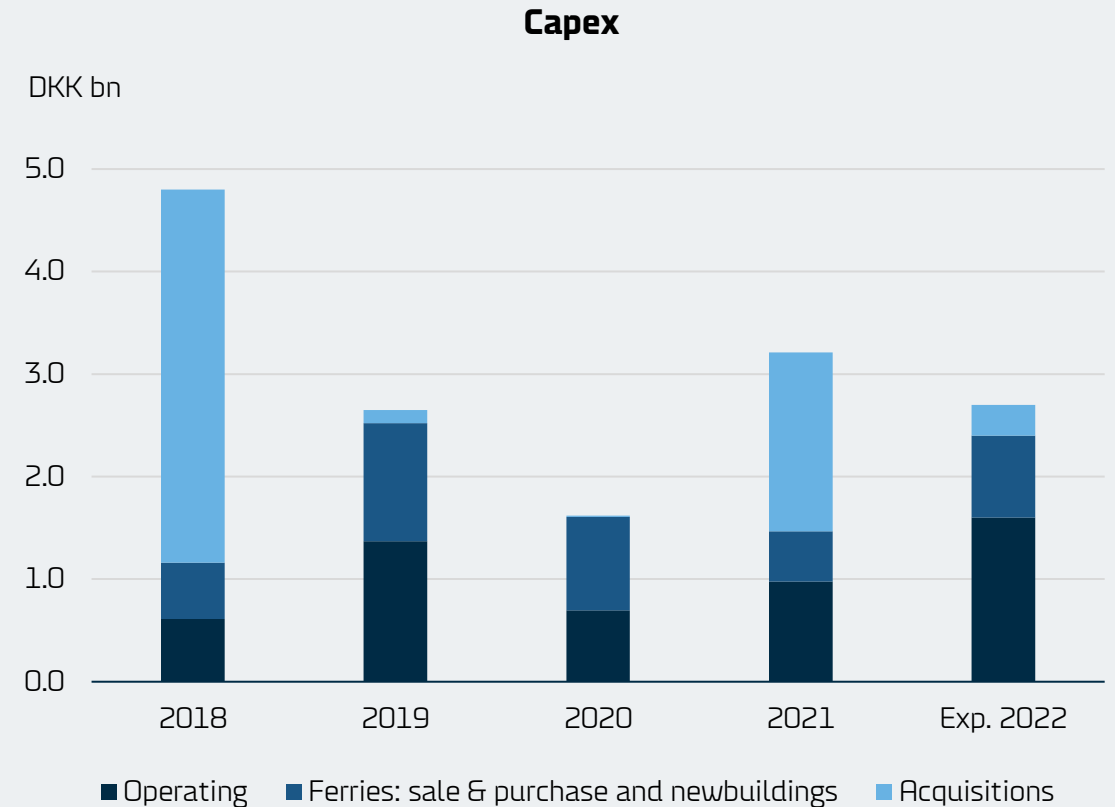
Distribution to shareholders, DKK m	2017	2018	2019	2020	2021	2022
Dividend paid per share, DKK	10.00	4.00	4.00	0	0	8.00
Total dividend paid ex. treasury shares	555	219	229	0	0	458
Buyback of shares	1,106	190	0	0	0	0
Total distribution to shareholders	1,661	409	229	0	0	458
Total distribution yield, %	9.2	2.7	1.2	0	0	n.a.





# CAPEX set to decline following completion of newbuilding program

- 6 freight ferry newbuildings delivered 2019-2021
- 2 combined freight & passenger ferries delivered 2021-2022
- CAPEX set to decline next couple of years following completion of current newbuilding program
- 'Green' ferry investments expected towards 2025



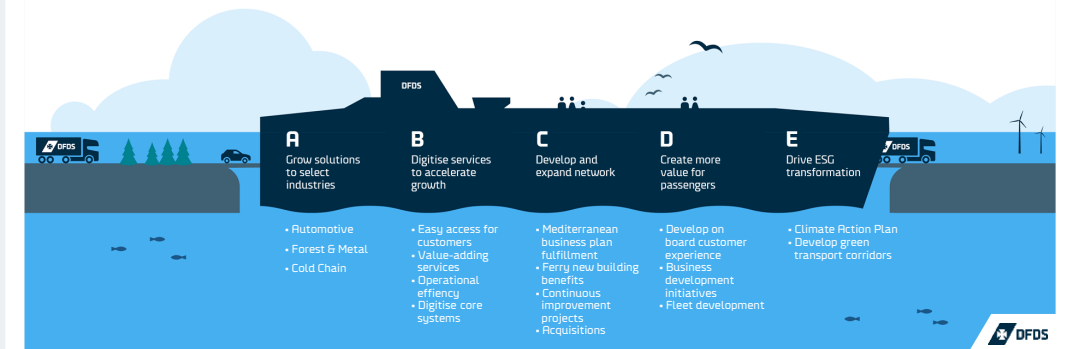
# Majority of goods in our network are industry and consumer staples

	North Sea	Mediterranean	Channel	Baltic Sea	Dry Goods	Cold Chain
Industrial parts	X	X	X	X	X	
Automotive	X	X	X		X	
Forest & Metal	X			X	X	
Construction	X			X	X	
Meat, seafood & dairy	X		X			X
Other foods	X	X	X			X
FMCG			X		X	
High value goods			X		X	
Textiles		X				

# Key challenges and opportunities

- **Freight ferry** volume growth – headwind from slowdown, tailwind from nearshoring
- **Passenger** volumes historically resilient in slowdowns
- **Truck driver** supply/demand balance expected to remain fragile
- Ferry **competition** overall stable - Channel overcapacity
- Continued **consolidation** of logistics sector
- **Expand** customer offerings through acquisitions and other initiatives
- Continued focus on **green** transformation

## DFDS strategy



# Recent key ESG actions

- **Ferry** CO2 emissions reduced 4% in Q3 across the ferry network
- Sailing schedules adapted to allow for further **slow steaming**
- First batch of **biofuel** (B100) being tested on Vlaardingen-Immingham
- 2 **eTrucks** running in Ghent and Got. 20 additional eTrucks in Dec/Jan
- 1m kWh of **clean electricity** produced by warehouse solar panels in 2022

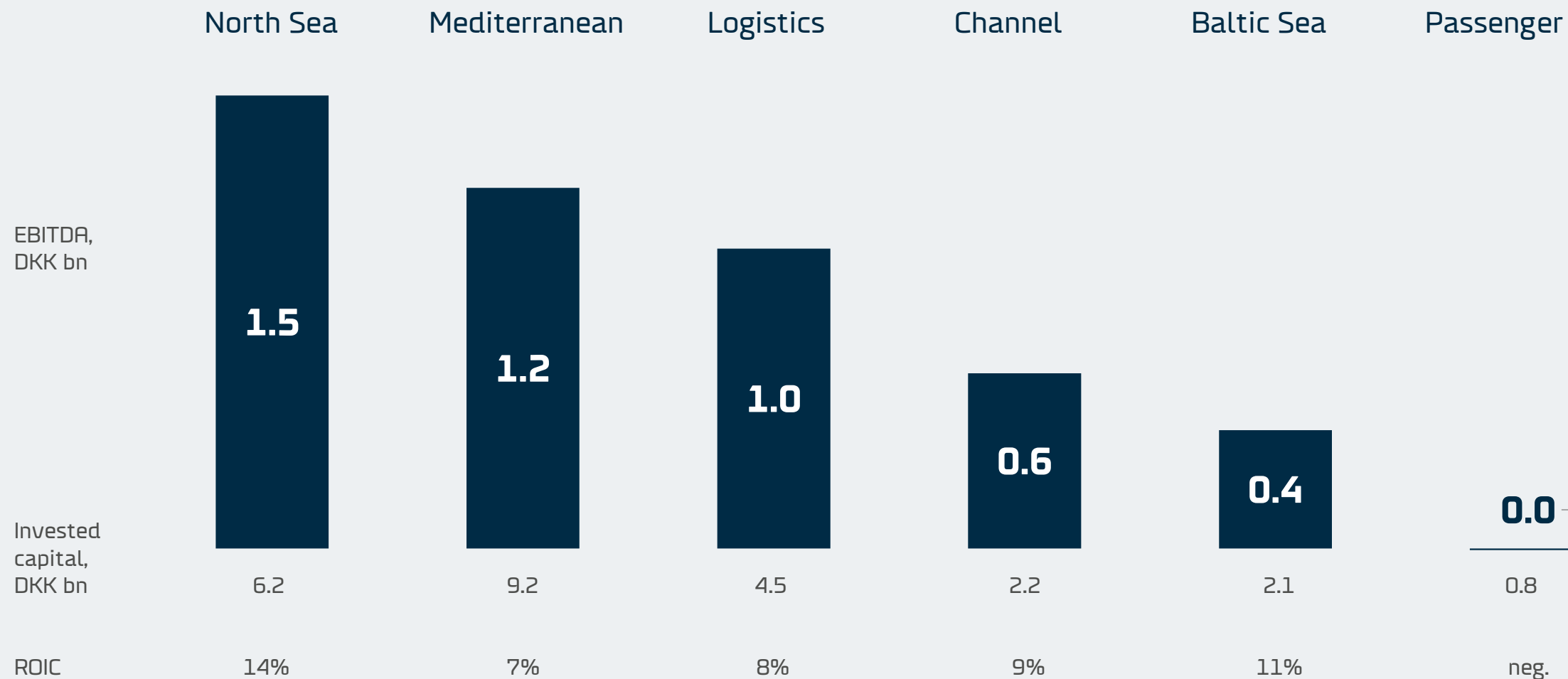




Q&A



# Business units – EBITDA, invested capital and ROIC, 2022 Q3 LTM

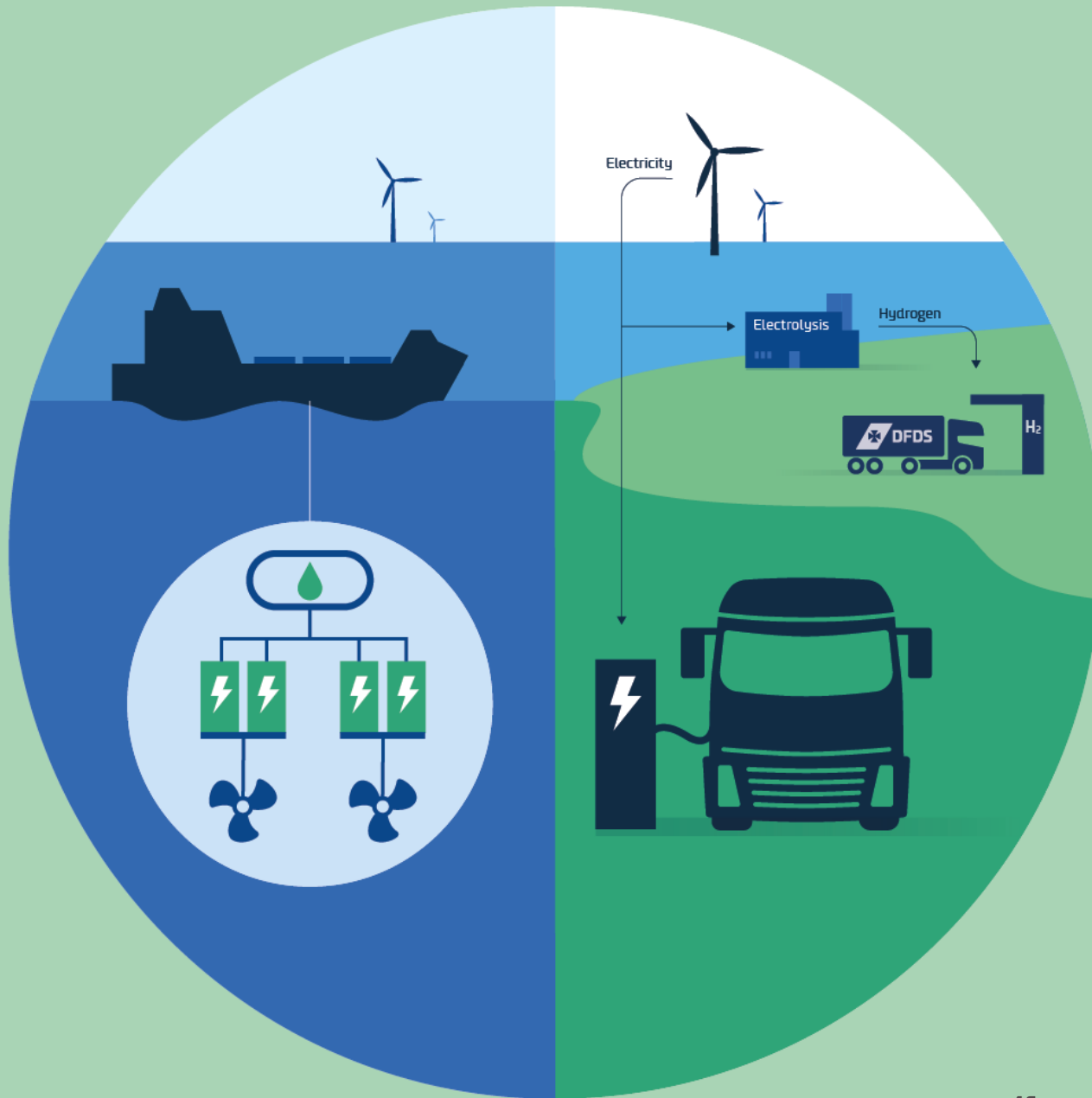




# Outlook 2022 – EBITDA and revenue growth raised, again

- **Revenue** growth raised to around 45% (previously around 40%)
- Increase mainly due to higher revenue from oil surcharges
- **EBITDA** range raised to DKK 4.8-5.0bn by stronger than expected Q3 result
- **Investments** unchanged

DKK m	Outlook 2022	Previous	2021
Revenue growth	Around 45%	Around 40%	17,869
<b>EBITDA before special items</b>	<b>4,800-5,000</b>	<b>4,400-4,800</b>	<b>3,411</b>
<i>Per division:</i>			
Ferry Division	3,900-4,000	3,500-3,800	2,853
Logistics Division	950-1,050	950-1,050	593
Non-allocated items	-50	-50	-35
Investments	-2,700	-2,700	-3,210
<i>Types:</i>			
Operating	-1,500	-1,600	-975
Ferries: sale & purchase, newbuildings	-900	-800	-490
Acquisitions	-300	-300	-1,745



## Ferry ESG

- More shore power
- First biofuel Q4
- Green ferry 2025
- Green barge 2023

# Logistics ESG

- 50% reduction by 2030 of road & warehousing emissions
- Trial of 200 hydrogen trucks in 2024/25
- 12 warehouses with solar panel systems planned
- First E-trucks in Gothenburg Q4
- E-trailers in Denmark plus UK 'sunswap' trailers





# Our key freight and passenger offerings

## Freight



Ferry transport of freight units, accompanied and unaccompanied



Port terminal services



Rail Solutions



Special Cargo

## Passenger



Short sea ferry



Overnight ferry



Mini cruise



Packaged breaks



Groups & events



Conferences at sea



# Roll on, roll off – freight ferry business model



- Ro-ro/ro-pax shipping: roll on, roll off of freight units and passenger cars
- Routes carry both unaccompanied and accompanied trailers
- Our largest freight ferries can carry 450 trailers equal to 6.5 km of deck length





# Ferry types

The route network deploys 65 ferries



Day ferry (ro-pax), Channel

Freight ferry (ro-ro)



Combined freight and passenger ferry (ro-pax)



Cruise ferry





# Freight ferry

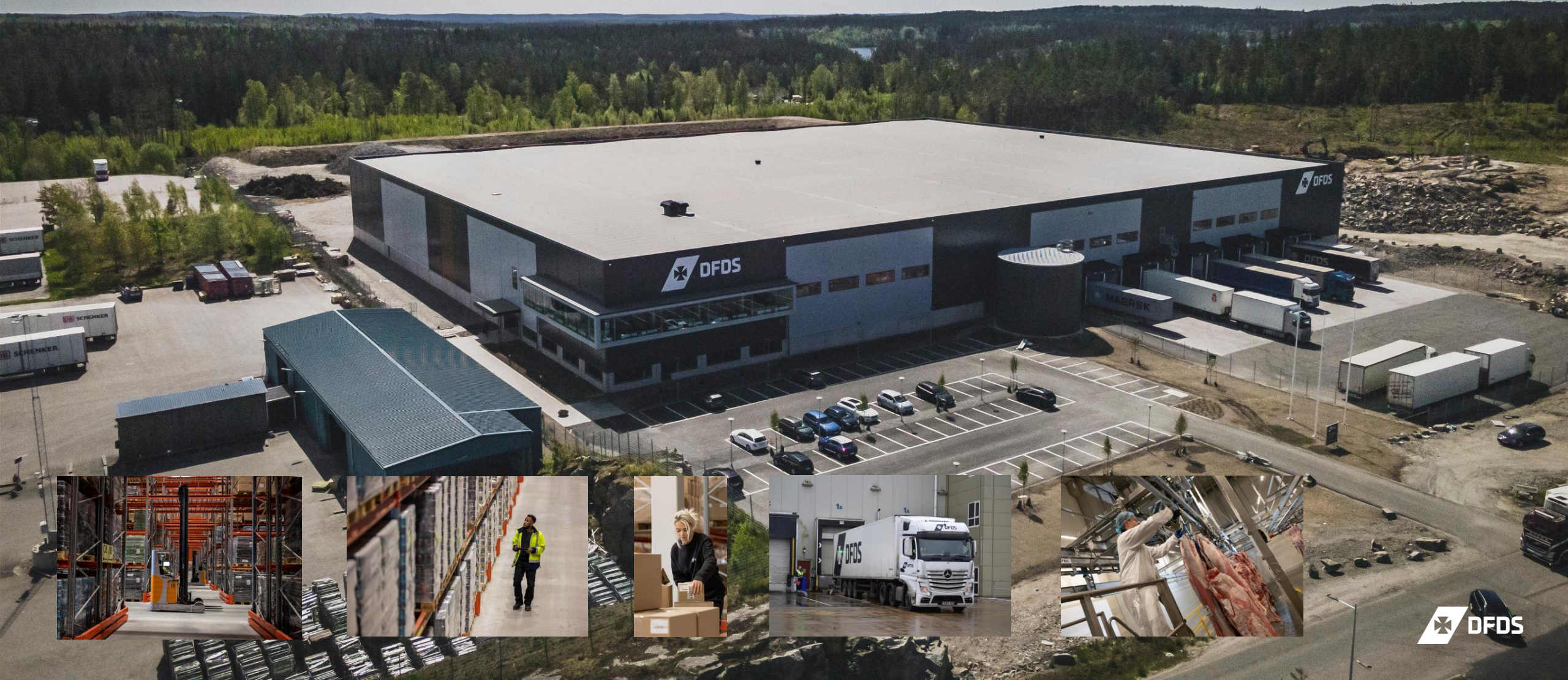


- Our largest freight ferries carry 450 trailers equal to 6.5 km of deck length
- Turnaround time in port of 7 to 9 hours
- Crew of around 15
- Newbuildings lower bunker consumption by 30% when fully utilised





# Logistics – dry and cold chain solutions





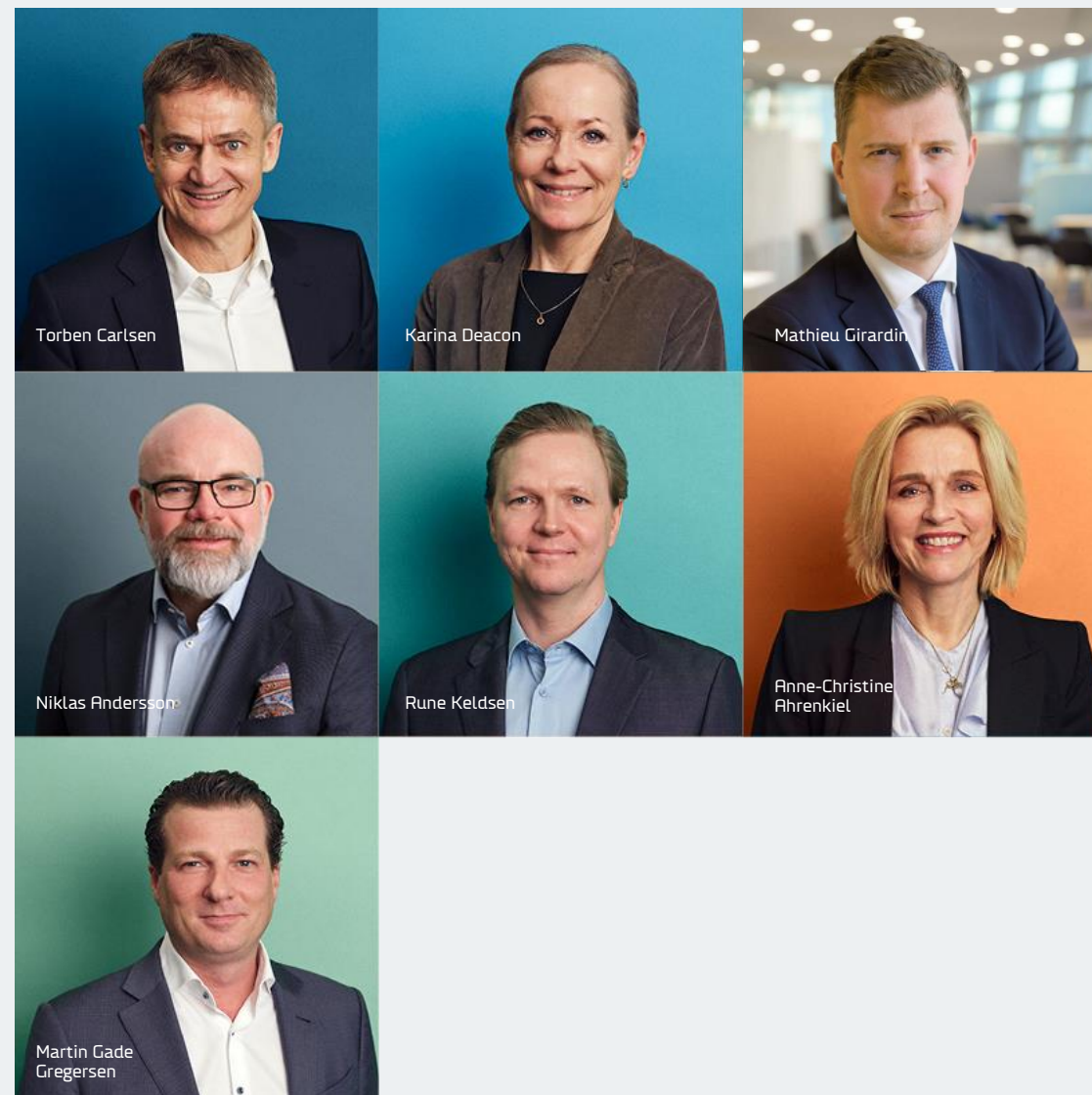
# Executive Management Team (EMT)

## Executive Board:

- Torben Carlsen, CEO
- Karina Deacon, CFO

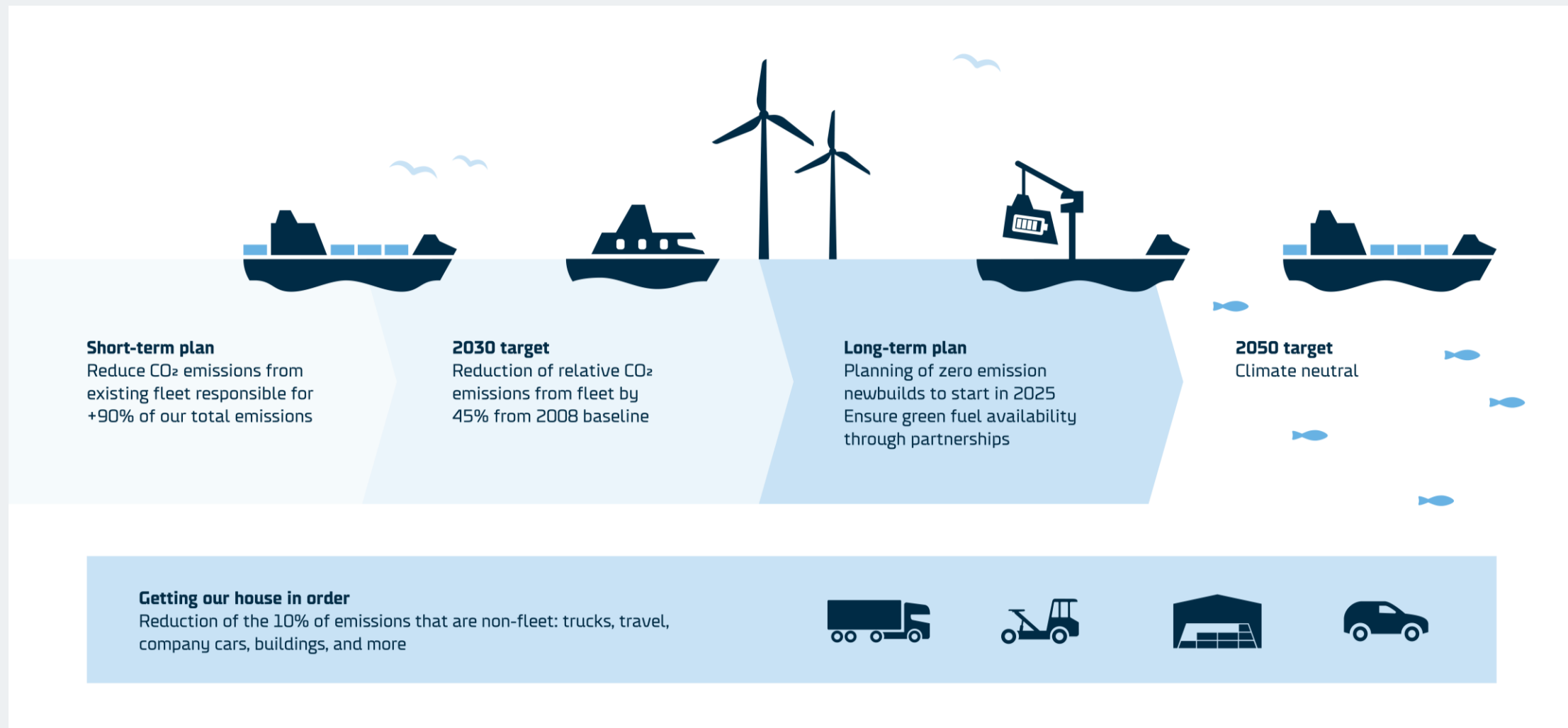
## Extended management team:

- Mathieu Girardin, Head of Ferry Division\*
- Niklas Andersson, Head of Logistics Division
- Martin Gade Gregersen, Co-Head of Logistics Division
- Anne-Christine Ahrenkiel, Chief People Officer
- Rune Keldsen, Chief Technology Officer

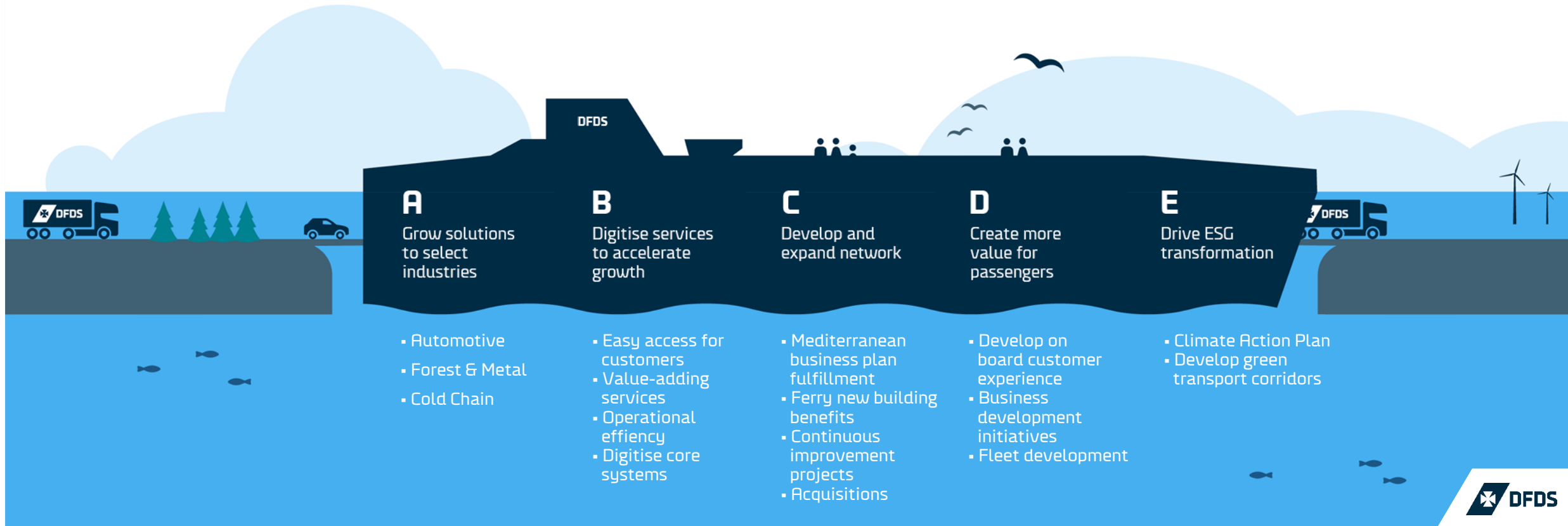


\* From October 2022

# DFDS Climate Action Plan – climate neutral in 2050



# DFDS strategy



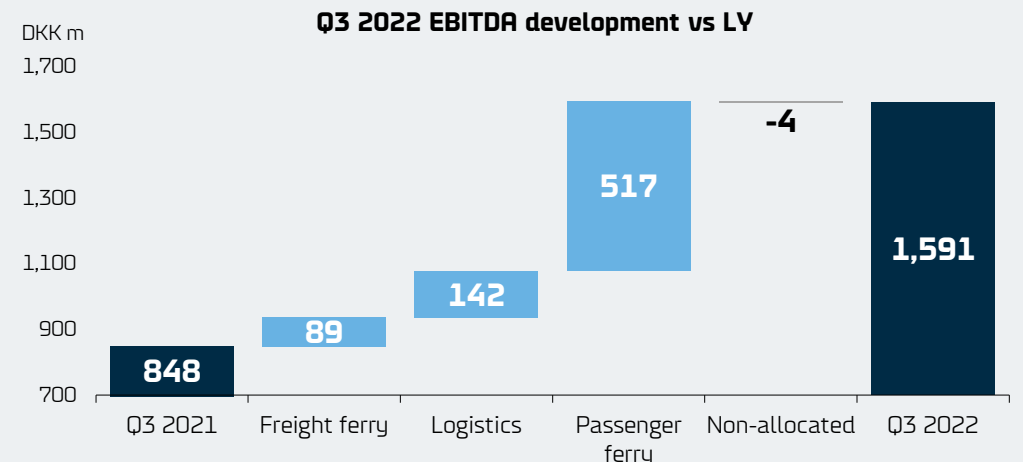
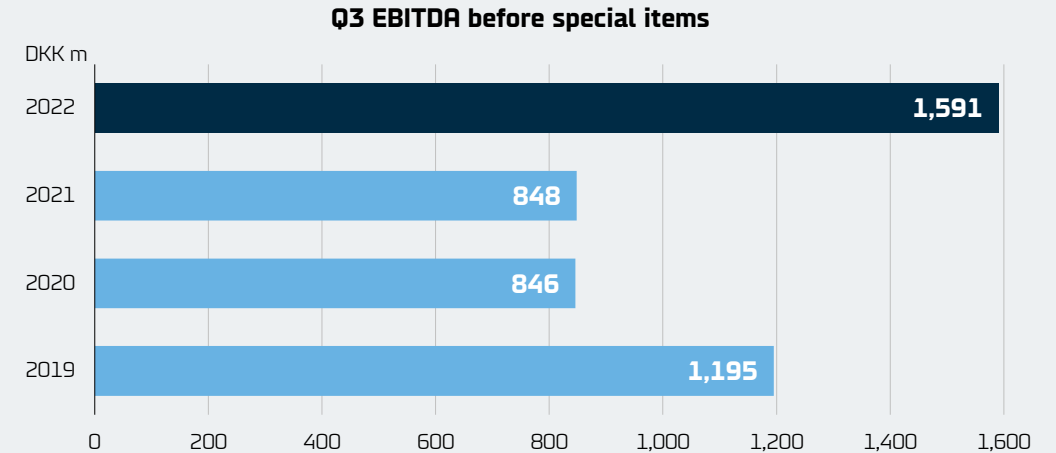


Q3 2022



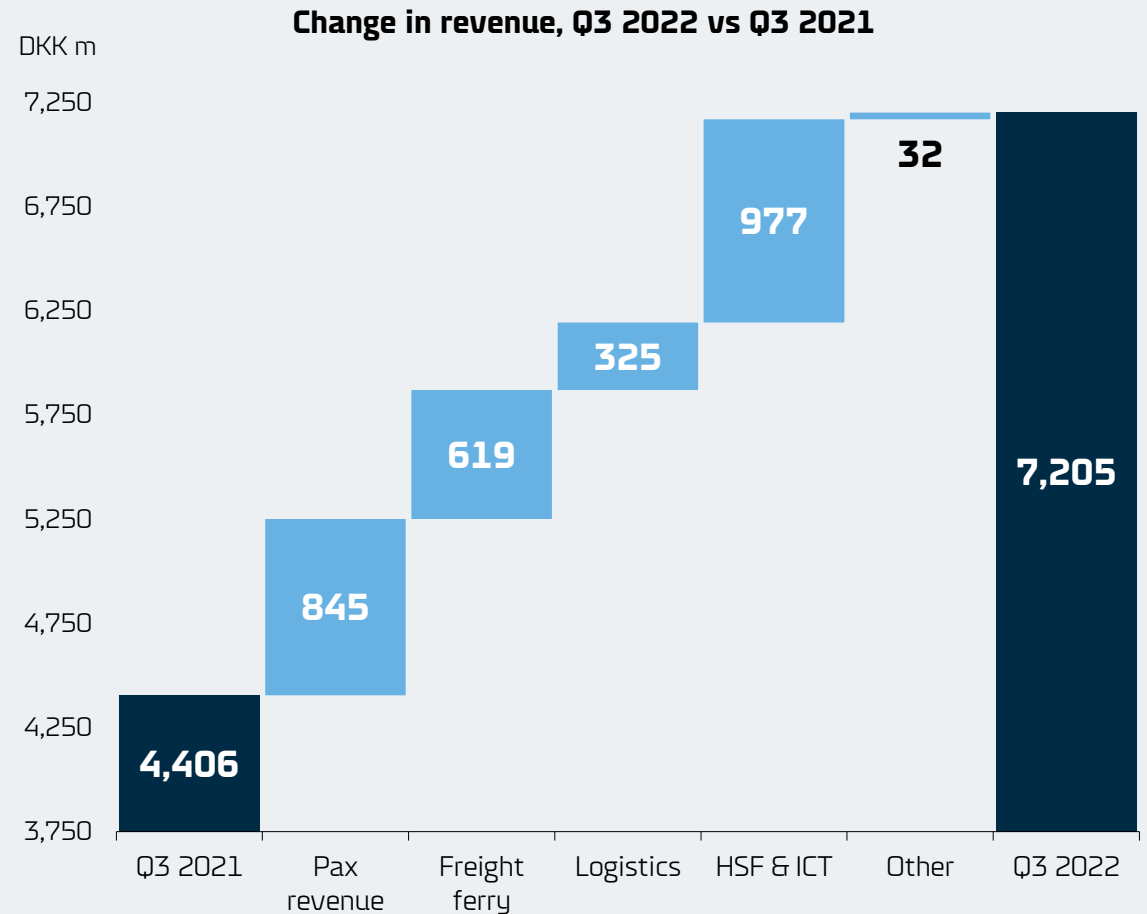
# Q3 EBITDA boosted by passenger recovery and improved logistics result

- **DFDS Group** revenue up 64%; EBITDA up 88% to DKK 1.59bn
- **Ferry freight** EBITDA increased 13% to DKK 741m driven by North Sea and Mediterranean; Channel lower
- **Passenger** recovery increased EBITDA to DKK 569m from DKK 52m in 2021
- **Logistics** EBITDA up 91% to DKK 297m from improved cost cover-age, performance, and acquisitions



# Revenue lifted by acquisitions, passenger recovery, BAF & logistics

- **Passenger** up DKK 845m driven by Passenger and Channel
- **Freight ferry** increase mainly due to pass-through of bunker costs
- **Logistics** growth reflects price increases, surcharges, solutions growth, and customs revenue
- **Acquisition** revenue of DKK 977m, of which DKK 905m from HSF and DKK 72m from ICT



# Q3 2022 income statement – margins improved

- **EBITDA** up 88% primarily driven by passenger recovery, improved logistics results, and addition of HSF Logistics Group
- **Depreciation** up DKK 106m of which around 60% from acquisitions. Remainder mostly due to newbuildings
- **EBIT** almost tripled to DKK 968m and margin increased 5.9 ppt to 13.4%
- **Finance** cost up DKK 46m as net interest cost increased DKK 14m. Negative variance on currency adjustments of DKK 32m
- **Profit before tax** up 224% to DKK 853m

DFDS Group P/L DKK m	Q3 21	Q3 22	Δ	Δ
<b>Revenue</b>	<b>4,406</b>	<b>7,205</b>	<b>2,799</b>	<b>64%</b>
<b>EBITDA*</b>	<b>848</b>	<b>1,591</b>	<b>742</b>	<b>88%</b>
<i>Margin</i>	<i>19.3%</i>	<i>22.1%</i>	<i>2.8%</i>	
<i>Ferry Division</i>	<i>705</i>	<i>1,310</i>	<i>605</i>	<i>86%</i>
<i>Logistics Division</i>	<i>155</i>	<i>297</i>	<i>142</i>	<i>91%</i>
<i>Non-allocated</i>	<i>-12</i>	<i>-16</i>	<i>-4</i>	<i>n.a.</i>
P/L associates	-3	-2	1	n.a.
Gain/loss on assets	1	1	-1	-54%
Depreciation	-514	-621	-106	21%
<b>EBIT*</b>	<b>332</b>	<b>968</b>	<b>636</b>	<b>191%</b>
<i>Margin</i>	<i>7.5%</i>	<i>13.4%</i>	<i>5.9%</i>	
Finance	-69	-115	-46	66%
<b>Profit before tax*</b>	<b>263</b>	<b>853</b>	<b>590</b>	<b>224%</b>
Tax	-49	-36	13	-27%
<b>Profit after tax*</b>	<b>214</b>	<b>817</b>	<b>603</b>	<b>282%</b>
Special items	28	0	-28	n.a.

\*Before special items

# Financial leverage reduced to 2.9x - back in target range

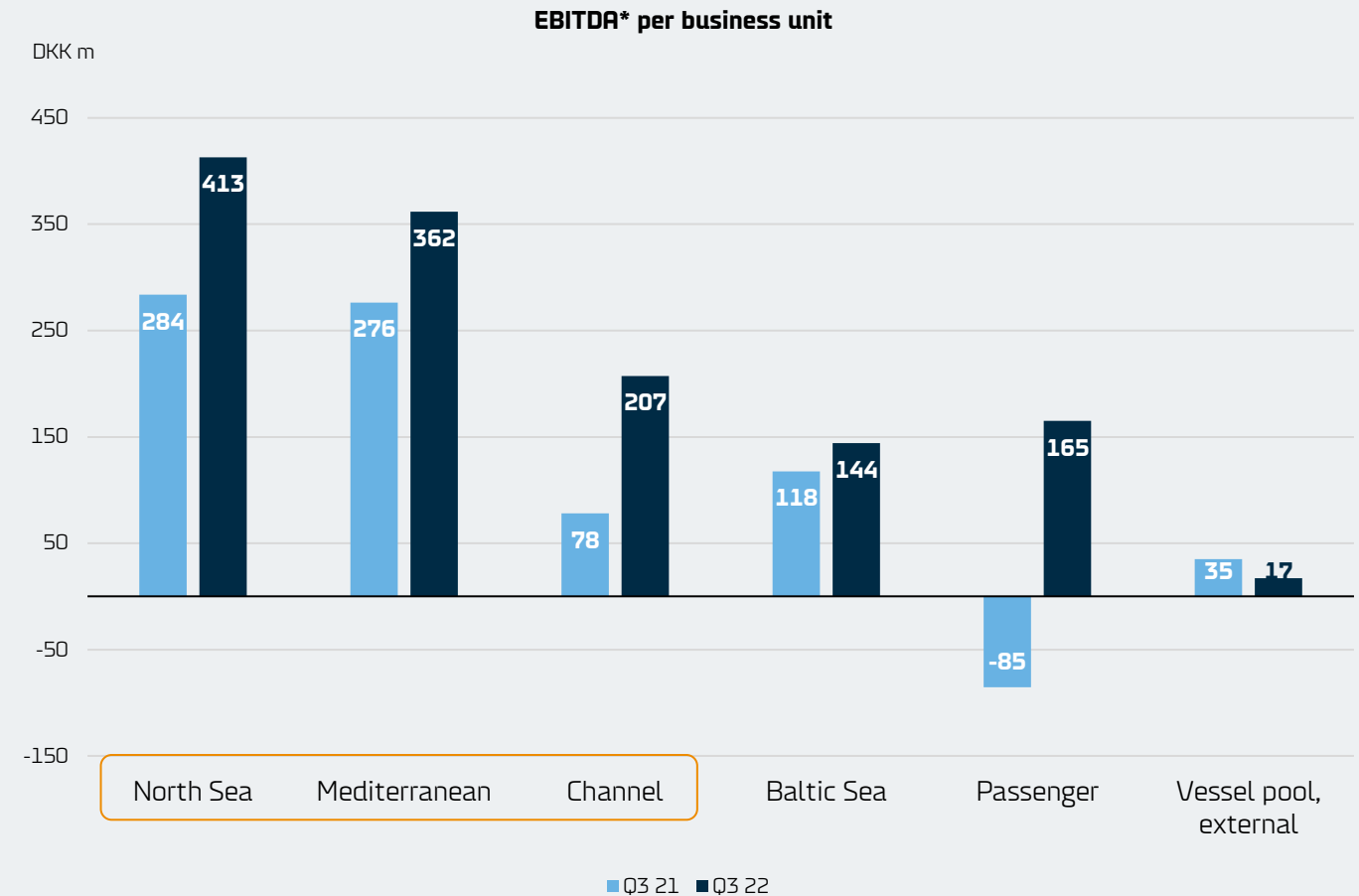
- **Operating cash flow** up 16% to DKK 1.3bn despite seasonal negative cash impact from working capital
- **Capex** includes DKK 0.3bn for a freight ferry purchase
- **ROIC** increased to 8.4% by passenger high season and higher freight earnings
- **NIBD** up 15% to DKK 14.0bn mostly due to acquisitions, incl. Lucey, and newbuildings
- NIBD/EBITDA-ratio reduced to 2.9x\*, hence back in 2.0-3.0x target range

DKK m	Q3 21	Q3 22	Δ	Δ
<b>Cash flow</b>				
Operating cash flow	1,147	1,335	188	16%
Investments, total	-1,106	-987	119	-11%
<i>Operating</i>	-190	-436	-246	129%
<i>Ferries, sale/purchase/newbuildings</i>	46	-325	-371	-807%
<i>Acquisitions</i>	-962	-226	n.a.	n.a.
Adjusted free cash flow	-192	85	277	-144%
<b>Key figures</b>				
Invested capital, end	23,795	27,125	3,330	14%
ROIC before special items	5.6%	8.4%	2.8%	n.a.
Return on equity	7.7%	15.8%	8.1%	n.a.
NIBD	12,226	14,038	1,812	15%
NIBD/EBITDA, times	3.6	2.9	-0.7	n.a.
Equity ratio	36.8%	37.3%	0.5%	n.a.

\*Including LTM pro forma EBITDA for acquisitions

# All Ferry business units increased EBITDA

- **North Sea** up 45% driven by higher revenue from rates and standage fees in port terminals and lower operating costs
- **Mediterranean** up 31% driven by 7% volume growth that was lowered by fires in Trieste region
- **Channel** up 166% as recovery of passenger volumes and duty-free sales offset a lower freight result

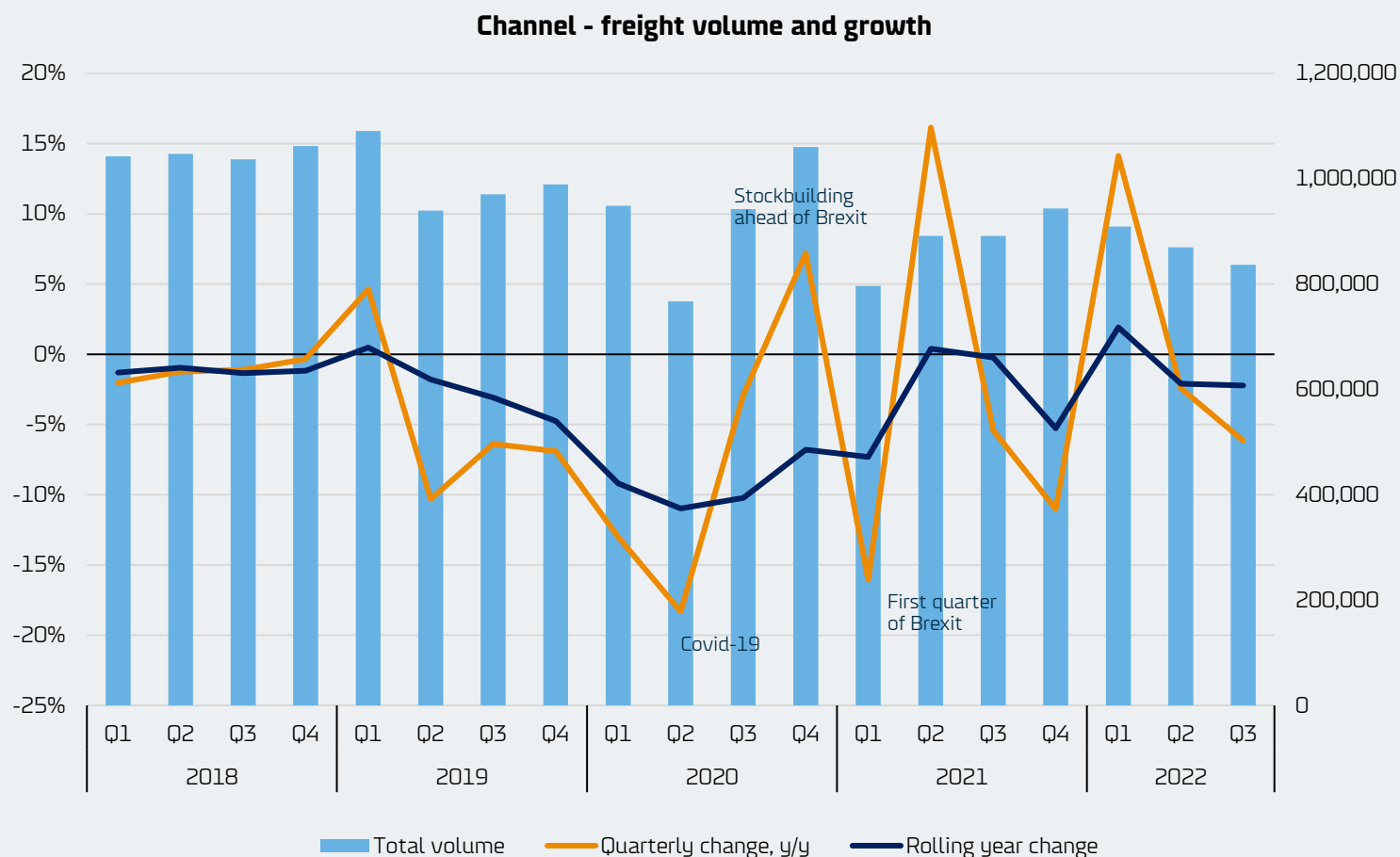


\*Before special items



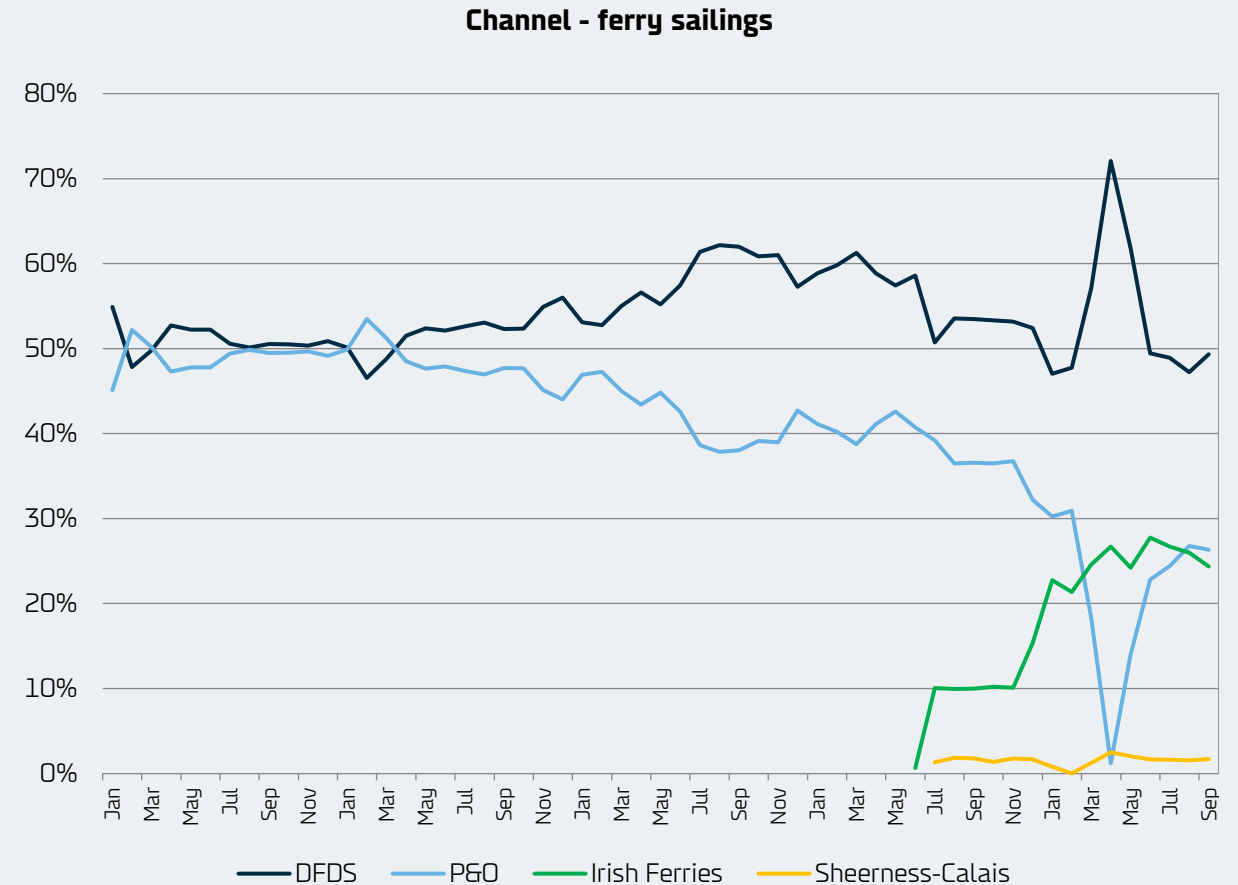
# Channel\* freight volumes – growth trending down in 2022

- Channel volumes recovered through 2021 post Covid-19 and Brexit
- Declining trend in 2022 continued in Q3 with a 6% decrease vs Q3 2021
- YTD 2022 still 1.4% above 2021 due to increase of 14% in Q1 2022



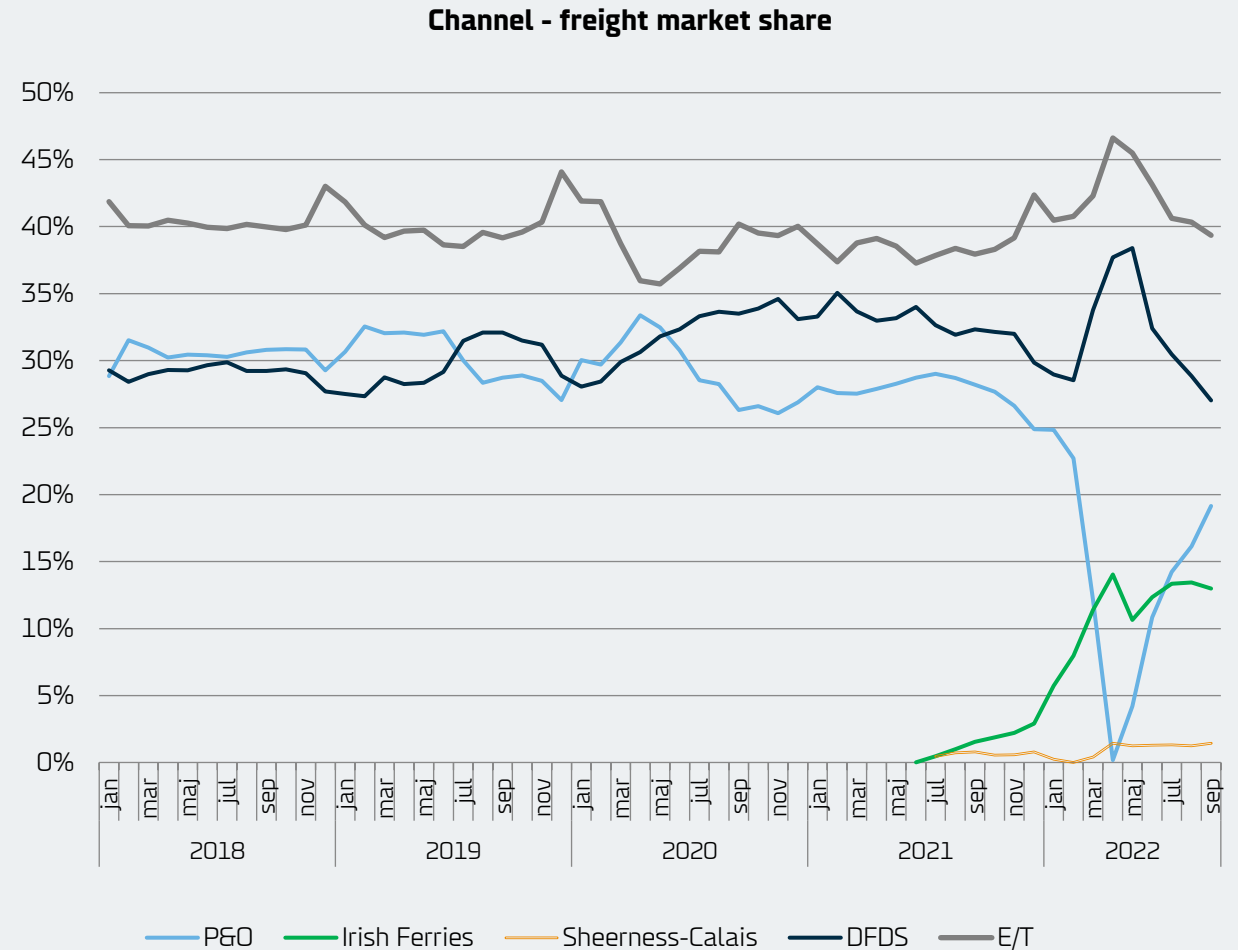
# Channel – in Q3 DFDS provided around 50% of ferry sailings

- DFDS sailings ended Q3 at 50% of all sailings – space charter agreement has enabled a reduction of sailings from October 2022
- P&O Ferries' capacity in Q3 continued below historic level
- Irish Ferries' deployment of three ferries equalled 24% of sailings in September 2022 but capacity share is lower due to smaller ferries



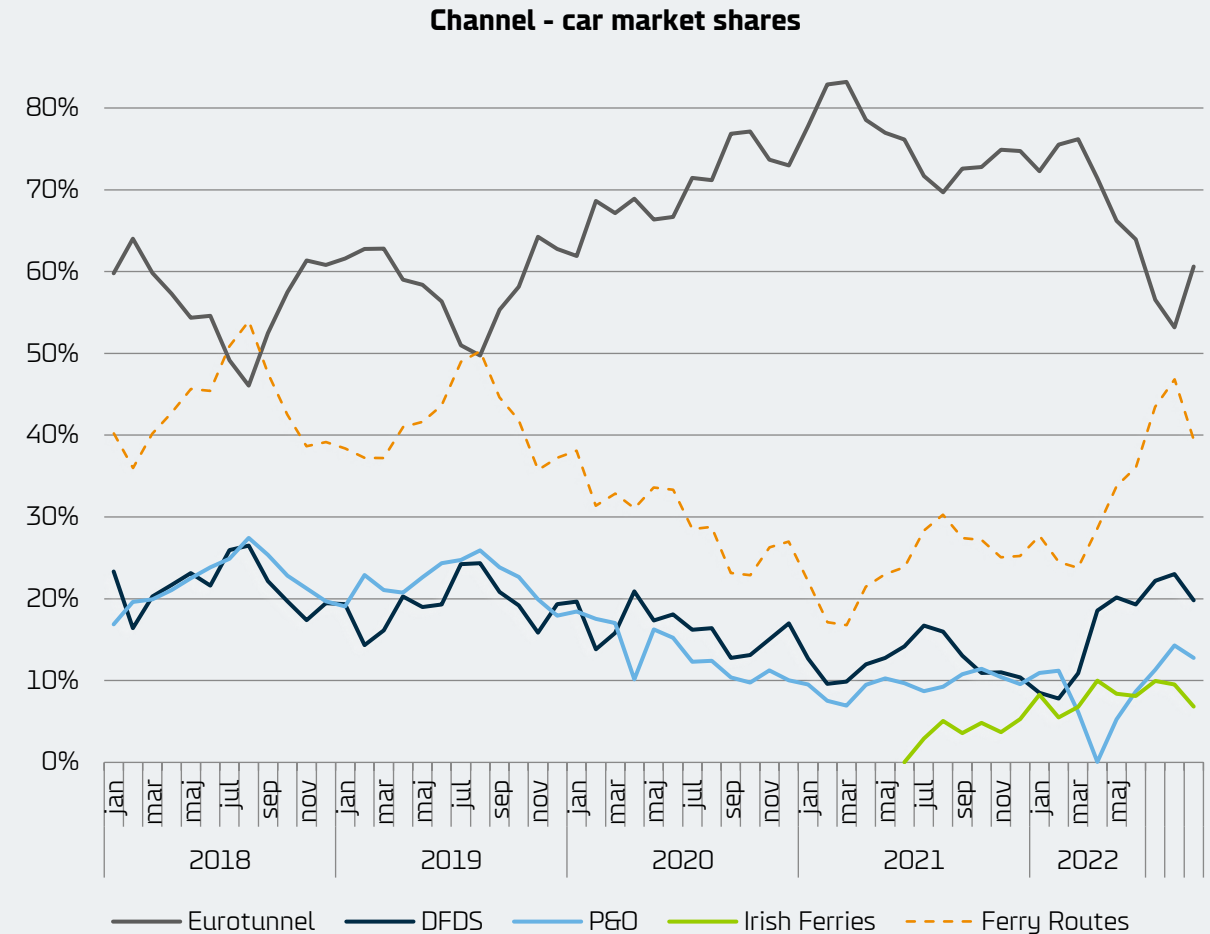
# Channel freight market share – re-entry of P&O from suspension

- DFDS and Eurotunnel market shares reduced by re-entry of P&O Ferries
- Irish Ferries' market share continued at 13% in Q3
- Eurotunnel currently benefits from lower energy surcharge vs ferries



# Channel passenger car market share – Eurotunnel still above ferries

- Eurotunnel's market share in Q3 remained above historical match with total ferry market share in mid high season
- DFDS maintained 50% of total ferry market as recovery of P&O Ferries reduced Irish Ferries' market share from 23% in July to 17% in September



# Channel passenger market share – DFDS has maintained share

- Ferry market development:
  - PO Ferries down from 31% share in 2019 to 18% in 2022
  - DFDS has maintained total market share of 24%
  - Irish Ferries entered with 19% share of ferry market and 10% of total market
- Total market development:
  - Eurotunnel has increased share from 45% in 2019 to 49% in 2022

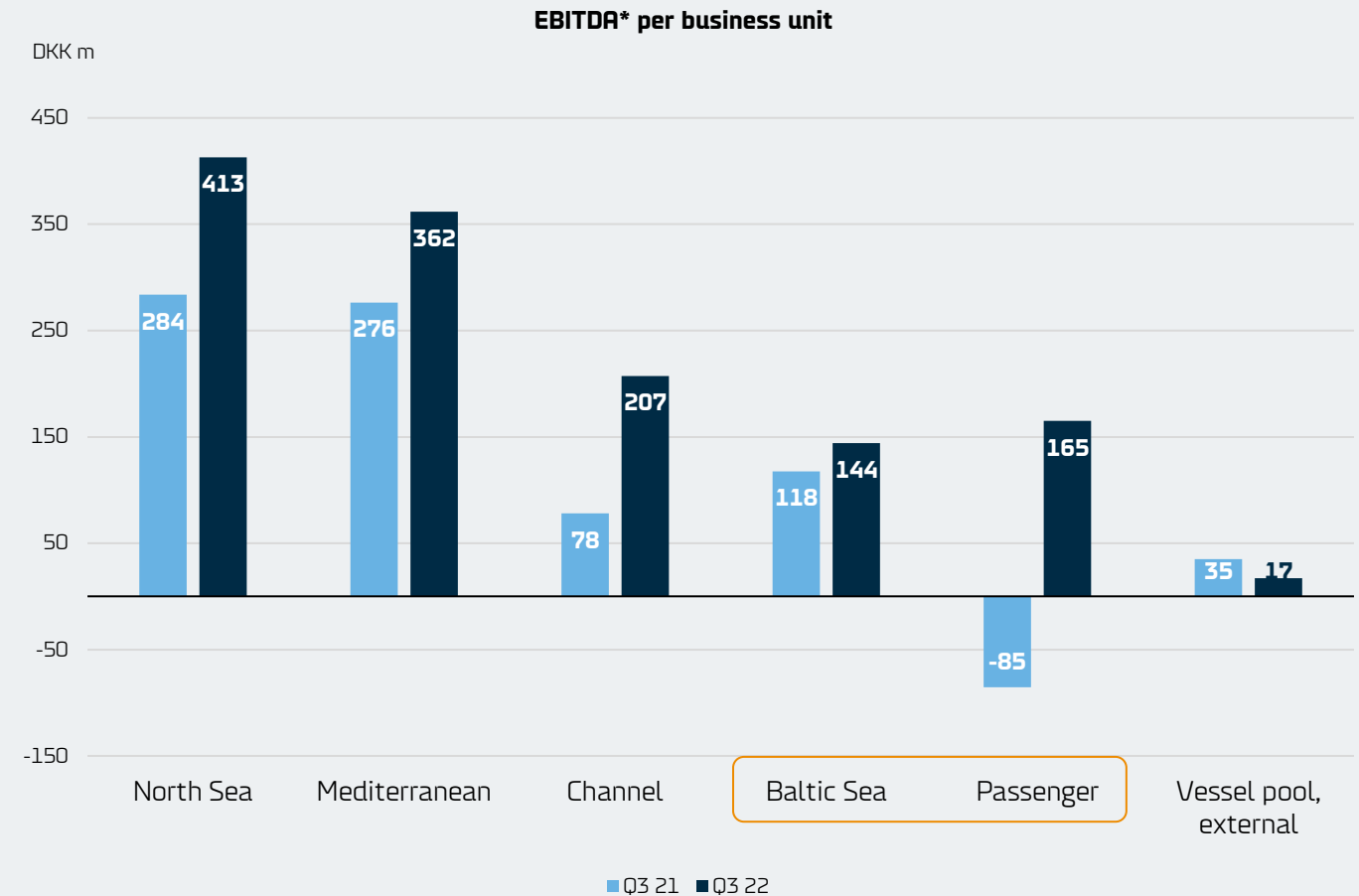
Channel, Dover Strait - passenger market shares

Mill	Q3 2019	Share ferry	Share total	Q3 2022	Index vs 2019	Share ferry	Share total
PO Ferries	2.2	57%	31%	1.0	43	35%	18%
DFDS	1.7	43%	24%	1.3	77	47%	24%
Irish Ferries	0	0%	0%	0.5	n.a.	19%	10%
Total ferry	3.9	100%	55%	2.8	71	100%	51%
Eurotunnel	3.1	n.a.	45%	2.6	83	n.a.	49%
<b>Total Dover St</b>	<b>7.0</b>	<b>n.a.</b>	<b>100%</b>	<b>5.3</b>	<b>76</b>	<b>n.a.</b>	<b>100%</b>

DFDS passenger numbers may diverge from numbers in Q3 report due to reporting differences vs market share data provider

# All Ferry business units increased EBITDA

- **Baltic Sea** up 22% as lower operating costs and higher passenger earnings offset lower freight volumes
- **Passenger** up DKK 250m following the recovery in passenger volumes and increased average revenue per pax which partly offset a higher bunker cost



\*Before special items



# Logistics EBITDA up 91% to DKK 297m

- **Dry Goods** up 55% as margin improvement of previous quarters was sustained in Q3
- Most Nordic and Continent activities improved earnings
- UK & Ireland on level with 2021
- Continued high demand for warehousing
- **Cold Chain** increased DKK 90m to DKK 153m driven by HSF Logistics Group
- Improvements in Nordic and Continent
- Integration progressing as planned
- UK & Ireland on level with 2021

