WHAT WE DO
We move freight and passengers on 24 ferry routes in Europe and Turkey
It’s all about the routes – and their location

Serving industrial clusters

Combined trade and travel
Our key freight customers are forwarders and hauliers

Manufacturers of heavy goods are also important customers
• **Ro-ro/ro-pax** shipping: roll on, roll off of freight units and **passenger cars**

• Routes carry both **unaccompanied** and **accompanied trailers**

• Other types of cargo, e.g. heavy industrial goods and containers, are placed on carrying equipment (mafis) and tugged on to the ship
On 9 routes we move freight and passengers together.
FERRY TYPES

Day ferry (ro-pax), Channel

Freight ferry (ro-ro)

Cruise ferry

Combined freight and passenger ferry (ro-pax)
We also provide transport and logistics solutions to a wide range of businesses.
### Freight, logistics & pax – northern Europe & Mediterranean

#### Key services

<table>
<thead>
<tr>
<th>Freight ferry routes</th>
<th>Logistics solutions</th>
<th>Passenger routes</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Trailers, unaccompanied &amp; accompanied</td>
<td></td>
<td></td>
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<tr>
<td>▪ Industry solutions</td>
<td></td>
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<tr>
<td>▪ Port terminals</td>
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<tr>
<td>▪ Door-door full &amp; part loads</td>
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<tr>
<td>▪ Contract logistics</td>
<td></td>
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<tr>
<td>▪ Overnight</td>
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<tr>
<td>▪ Day</td>
<td></td>
<td></td>
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<tr>
<td>▪ Transport/holiday</td>
<td></td>
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<tr>
<td>▪ Cruise ferry</td>
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</tbody>
</table>

#### Share of Group revenue

- **Freight**: 85%
- **Pax**: 15%

- **85% freight**
- **15% pax**
STRUCTURE & PERFORMANCE
DFDS structure, ownership and earnings split

**DFDS Group**

<table>
<thead>
<tr>
<th>People &amp; Ships</th>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ferry</strong></td>
<td><strong>Logistics</strong></td>
</tr>
<tr>
<td>• 23 ferry routes - freight and passengers</td>
<td>• Door-door transport</td>
</tr>
<tr>
<td>• 43 ferries</td>
<td>• Contract logistics</td>
</tr>
<tr>
<td>• 7 port terminals</td>
<td>• 5,600 trailers and 3,500 containers</td>
</tr>
<tr>
<td></td>
<td>• 2 sideport ships and VSA/SCA*</td>
</tr>
</tbody>
</table>

**DFDS facts**

- Founded in 1866
- Activities in 20 European countries and Turkey
- 8,000 employees

**Shareholder structure**

- Lauritzen: 42%
- Free float: 56%
- Nasdaq Copenhagen
- Foreign ownership share: ~30%

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*Vessel sharing agreements/slot charter agreements on container ships*
MEDITERRANEAN
Expanded cooperation with Ekol boosts Mediterranean

- Cooperation with Ekol Logistics expanded on routes between Istanbul and Trieste
- Ekol Logistics is a leading Turkish logistics company with around 7,000 employees
- 30% volume increase expected for Istanbul-Trieste routes
- Two ro-ro new buildings to be deployed during 2019 (March and June)
- New 10-year port terminal agreement with Yalova
- DKK 450m investment comprising mainly prepayments
- Leveraging of route network supports achievement of long term goals for investment in Turkey
New route Yalova-Trieste driven by Ekol volumes
New Yalova port improves port infrastructure in Istanbul

- Yalova’s location in south-east expands catchment area
- Region with high level of manufacturing, including auto plants
- Prepayments will allow the terminal to invest in expansion and improvement of facilities
- Short-term solution in place for additional port terminal capacity in Trieste

Terminal facts:
- 80,000 sqm
- 500 trailer capacity
- 16,000 sqm warehouse
- 1 berth
- 2 ramps
BREXIT
DFDS’ UK exposure

• **Ferry routes** connecting UK to Continent and Scandinavia (business units Channel and North Sea plus Amsterdam-Newcastle)

• LTM revenue of around DKK 5.3bn with average operating leverage of 65%

• **Logistics:** UK & Ireland business unit mainly domestic. Traffics between Nordic and Continent

• LTM revenue of around DKK 3.4bn with average operating leverage of 15%

• **Mitigating factors and actions:**
  • Large cost base in GBP
  • Capacity adjustment: fewer departures, ferry reallocation, number of ferries
  • Cost cutting
  • **Assets, processes and expertise**
  • Duty-free sales

![Ferry routes: UK-Continent/Scandinavia LTM revenue: DKK 5.3bn](image1)

![Logistics: UK-Domestic/Continent/Nordic LTM revenue: DKK 3.4bn](image2)
DFDS is planning for two scenarios

**Hard Brexit**
March 29, 2019

- UK departs the EU at 11pm UK time
- UK gives up full access to the single market and full access of the custom union with the EU
- Likely fall back on World Trade Organisation (WTO) rules for trade with its former EU partners

**Soft (transition) Brexit**
December 31, 2020

- Transition period to allow UK to get most in place and allow businesses and others to prepare for the new post-Brexit rules between the UK and the EU (31 Dec, 2020)
- Free movement will continue during the transition
Preparations focused on: assets, processes and expertise

**Assets**
New assets to enable new services and mitigate congestion and volume loss

**Processes**
New processes to grow business and ensure efficient operations

**Expertise**
Building expertise to address customs challenges
## Assets for new services, mitigate congestion/volume loss

<table>
<thead>
<tr>
<th>Objective</th>
<th>Asset-related activity</th>
<th>Activity description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable new services and mitigate congestion</td>
<td>Warehousing facilities</td>
<td>Additional facilities to hold additional stock pre and post clearance</td>
</tr>
<tr>
<td></td>
<td>Customs warehousing</td>
<td>Warehousing facilities to allow cargo to be held and split down prior to customs clearance</td>
</tr>
<tr>
<td>Mitigate congestion</td>
<td>Cargo capacity</td>
<td>Assess capacity requirements to look for possible enhancements and expand footprints</td>
</tr>
<tr>
<td></td>
<td>Parking space</td>
<td>Additional parking space to be used for advance check-in and/or triage</td>
</tr>
<tr>
<td>Avoid shipping volume loss</td>
<td>TSF</td>
<td>Temporary Storage Facilities to allow third country transit through terminals</td>
</tr>
<tr>
<td></td>
<td>BIP facilities</td>
<td>Border Inspection Point facilities in relevant ports to avoid restrictions on shipping routes for certain goods</td>
</tr>
</tbody>
</table>
## New processes to grow business and efficient operations

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process-related activity</th>
<th>Activity description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grow business</strong></td>
<td>Customs clearance</td>
<td>Offer customs documentation services to customers</td>
</tr>
<tr>
<td></td>
<td>Duty free</td>
<td>Duty free on PAX and RO-PAX routes to increase onboard sales</td>
</tr>
<tr>
<td><strong>Secure IT operations efficiency</strong></td>
<td>Full IT process stress test</td>
<td>Test assumed IT processes to assess weakness and required enhancements</td>
</tr>
<tr>
<td></td>
<td>IT requirements map</td>
<td>Map IT requirements in relevant geographies to be prepared for customs system and integration</td>
</tr>
<tr>
<td><strong>Secure cross-border operations efficiency</strong></td>
<td>AEO</td>
<td>Authorized Economic Operator application in progress to facilitate simplified customs processes and to reduce financial guarantee requirements</td>
</tr>
<tr>
<td></td>
<td>Driver permit requirements</td>
<td>Preparing for possible requirements of permits for UK hauliers to carry out operations into the EU and vice versa</td>
</tr>
</tbody>
</table>
# Building expertise to address customs challenges

<table>
<thead>
<tr>
<th>Objective</th>
<th>Expertise-related activity</th>
<th>Activity description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Build internal customs expertise</strong></td>
<td>Customs team</td>
<td>Customs clearance teams being set up, trained and upsized across the divisions</td>
</tr>
<tr>
<td></td>
<td>Working groups</td>
<td>Dedicated groups of local BUs formed to solve common challenges</td>
</tr>
<tr>
<td></td>
<td>Customs general meeting</td>
<td>Custom community colleagues meeting to align with management on work ahead and main questions</td>
</tr>
<tr>
<td><strong>Address external customs expertise challenges</strong></td>
<td>Knowledge of requirements</td>
<td>Prepare for challenge of industry-wide limited knowledge of customs requirements, including safety and security declarations, animal and plant health</td>
</tr>
<tr>
<td></td>
<td>Customer preparation</td>
<td>Address possible lack of preparation of industrial customers and smaller trailer operators; not an issue for large customers who will be more prepared</td>
</tr>
</tbody>
</table>
Contingency plan developed for hard Brexit

Assets
- Create short-term capacity in terminals to reduce traffic e.g. by renting extra space
- Postpone docking of vessels from Q1 to Q2 to cater for pre-Brexit trade spike (already decided)

Processes
- Focus on sales by supporting customers in navigating Brexit and participating in customer-driven solutions
- Agree/implement use cases that are prioritized must-have solutions
- Ensure full compliance by setting up team to analyze new rules and regulations

Expertise
- Ramp up customs officers significantly in relevant locations
- Upskill our people through accelerated training programs incl. on-the-job training
SUSTAINABILITY
Our sustainability focus

Environmental footprint
• Support marine environment
• Be a good and responsible neighbour
• Improve air quality

Caring employer
• Focus on wellbeing for all employees
• Support an inclusive workplace
• Provide opportunities to do good in communities and society
DIGITAL
Digital moving to centre of strategy

- **Digital go-to-market**
  - Web development
  - Marketing automation
  - Easier access for smaller freight customer

- **Digitising the core**
  - Improve decision making through data
  - Optimise operations through automation
  - Prepare for autonomy through innovation and partnerships

- **IT foundation**
  - Cybersecurity
  - New data centre in Istanbul
  - Composable architecture
Current priorities

- Preparing for Brexit transition
- Launch of new route from Yalova
- Customer satisfaction – grow the topline
- Continue push for efficiency improvements
- Improve performance of Passenger business unit
- Realise our next steps in digital strategy
- Deployment of two freight new buildings (ro-ro) beginning 2019
- Pursue value-creating M&A