

FERRY ROUTES & LOGISTICS

DFDS Group Update



January 2019



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

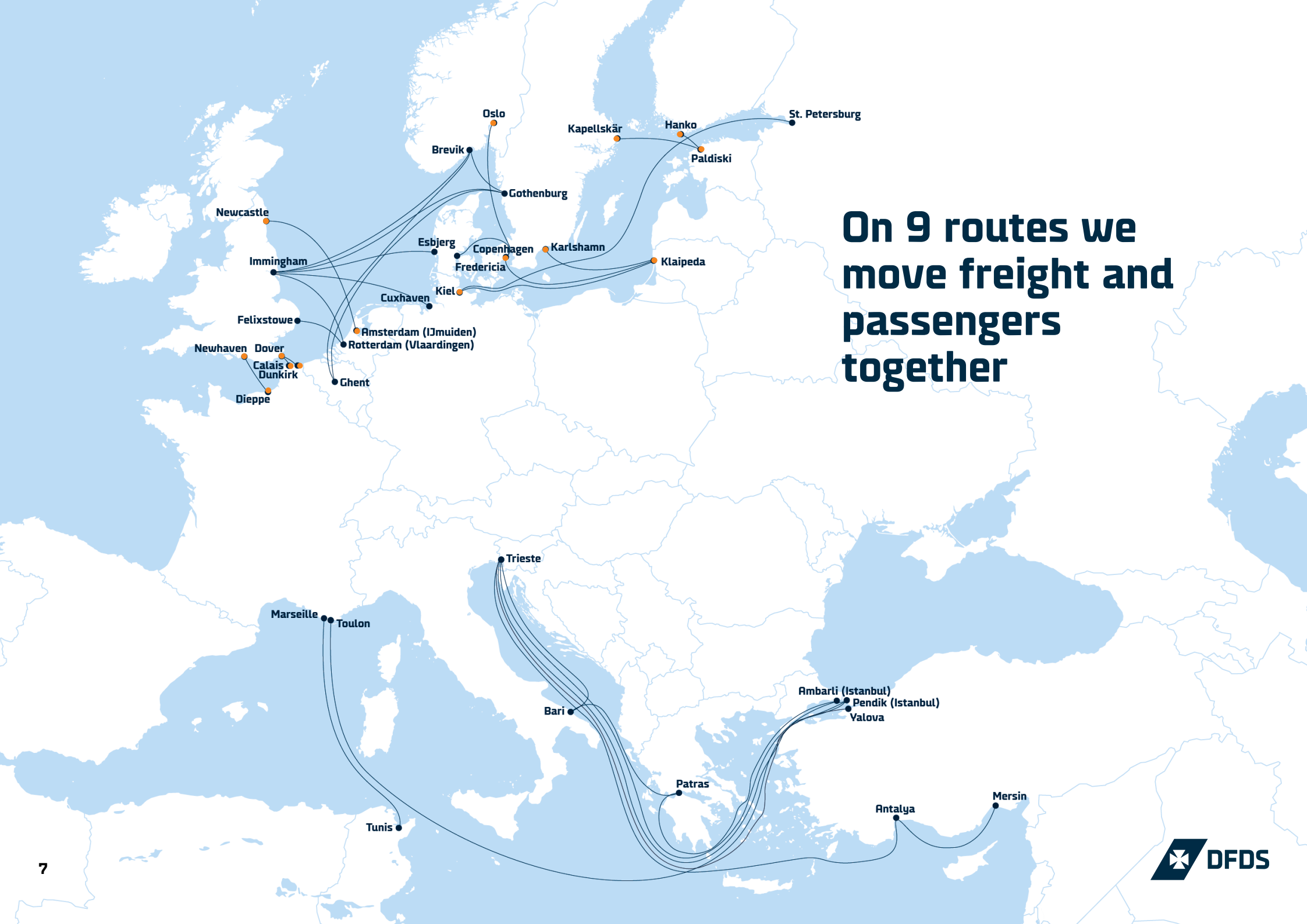
Manufacturers of heavy goods are also important customers



- **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)

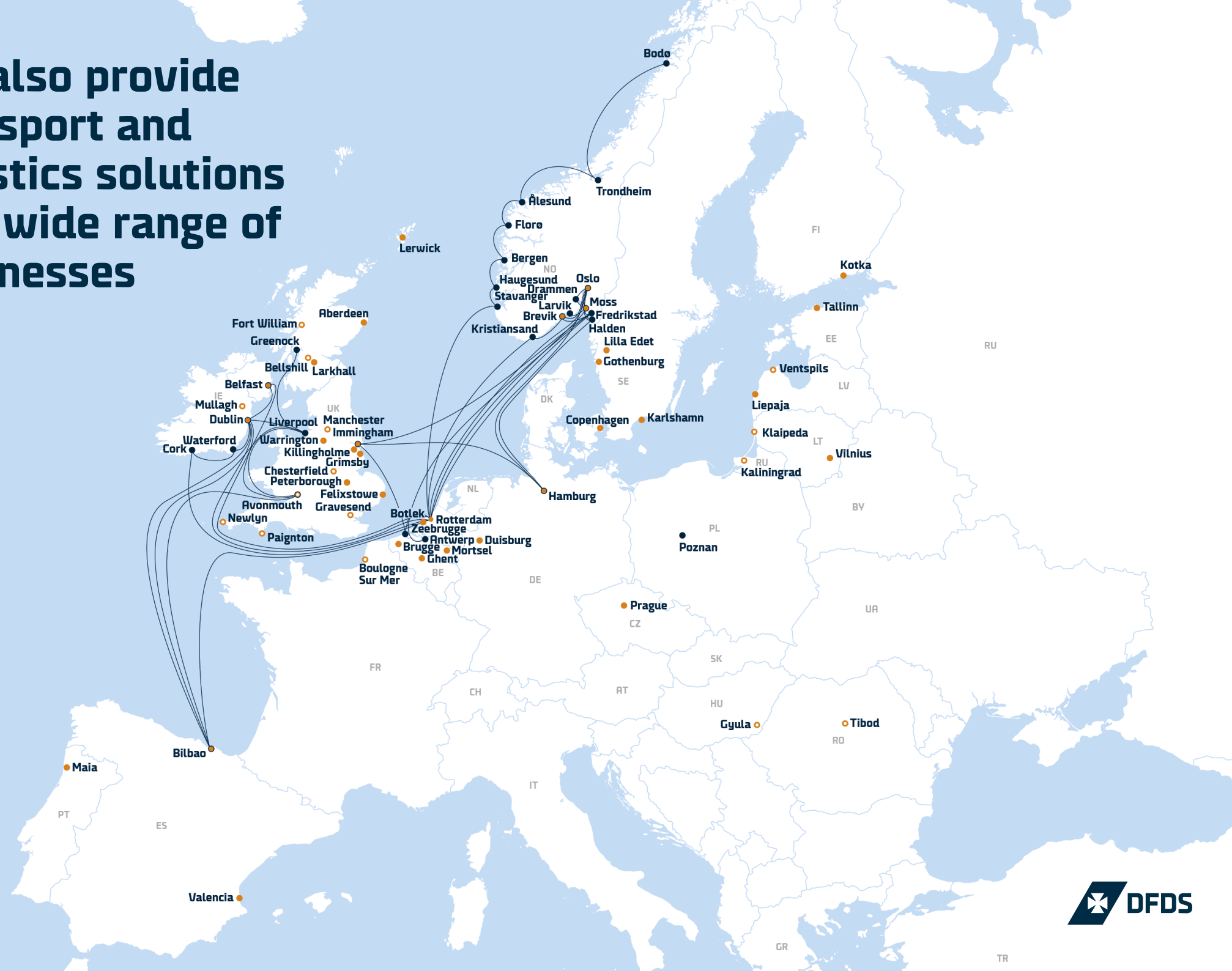


Cruise ferry



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

Freight ferry routes

- Trailers, unaccompanied & accompanied
- Industry solutions
- Port terminals

Logistics solutions

- Door-door full & part loads
- Contract logistics

Passenger routes

- Overnight
- Day
- Transport/holiday
- Cruise ferry

Freight

Share of Group revenue



85% freight

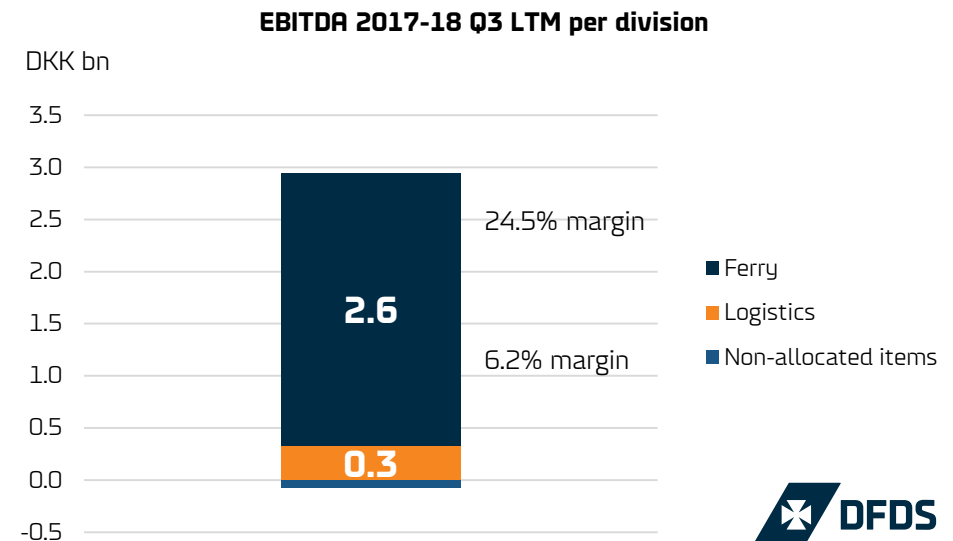
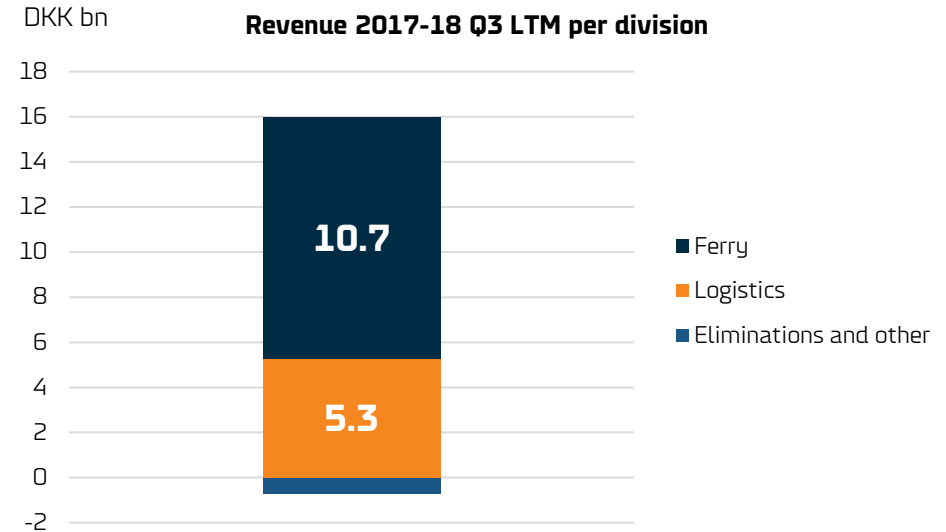
15% pax

STRUCTURE & PERFORMANCE

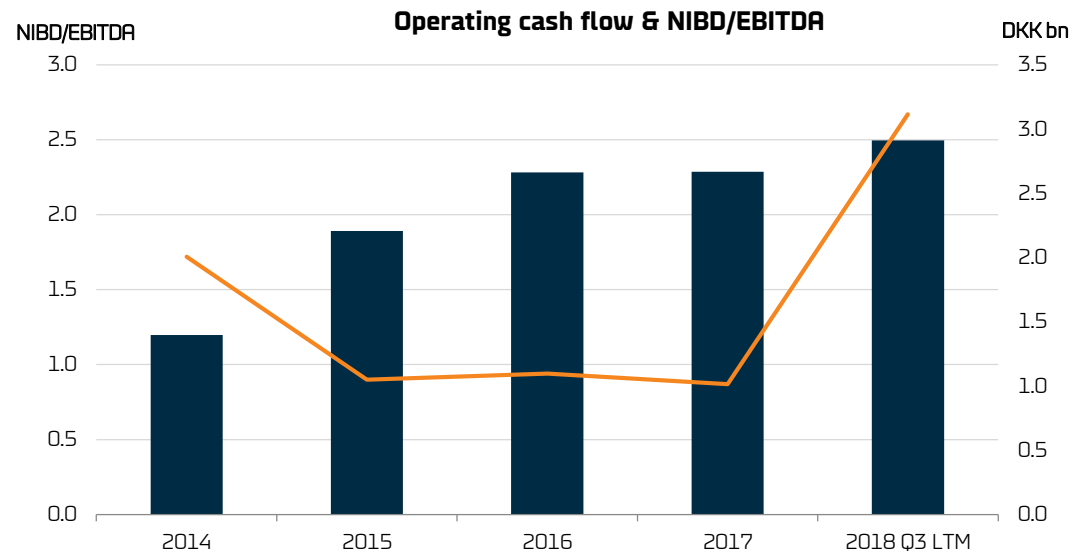
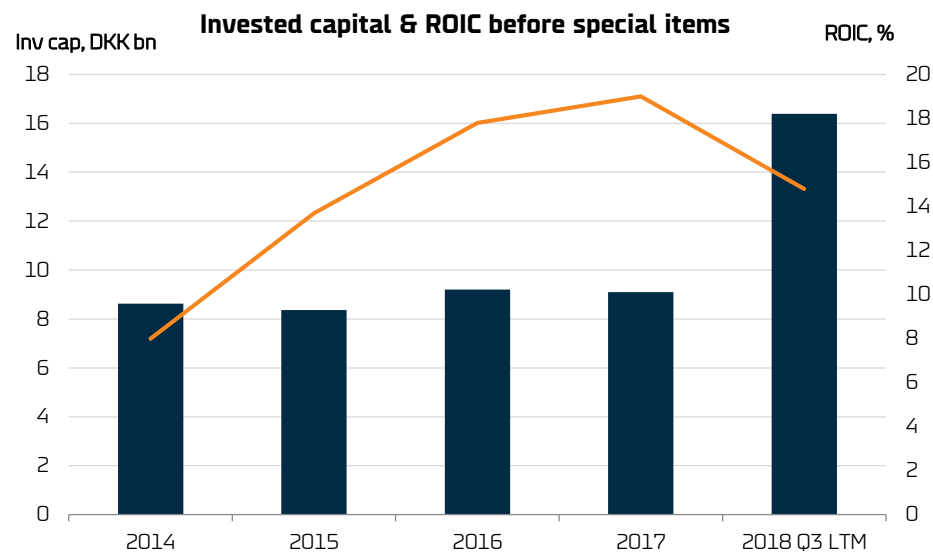
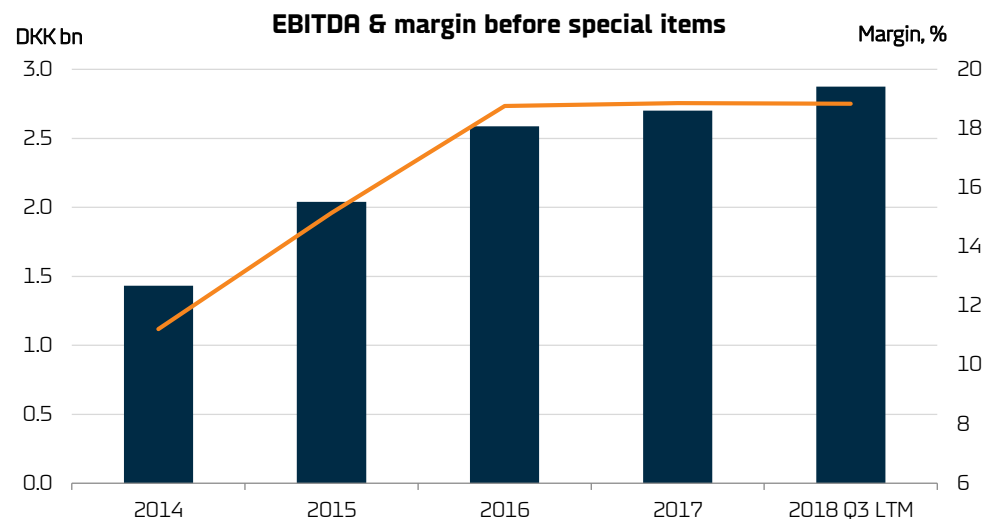
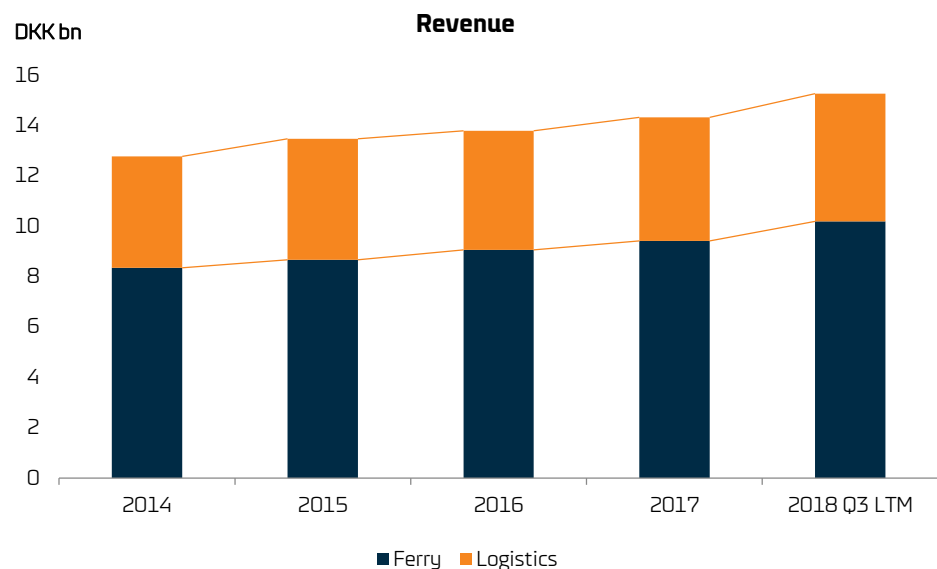
DFDS structure, ownership and earnings split

DFDS Group

| People & Ships | | Finance | |
|--|--|--|--|
| Ferry <ul style="list-style-type: none"> • 23 ferry routes - freight and passengers • 43 ferries • 7 port terminals | | Logistics <ul style="list-style-type: none"> • Door-door transport • Contract logistics • 5,600 trailers and 3,500 containers • 2 sideport ships and VSA/SCA* | |
| DFDS facts <ul style="list-style-type: none"> • Founded in 1866 • Activities in 20 European countries and Turkey • 8,000 employees | | Shareholder structure <ul style="list-style-type: none"> • Lauritzen: 42% • Free float: 56% • Nasdaq Copenhagen • Foreign ownership share: ~30% | |



DFDS key figures



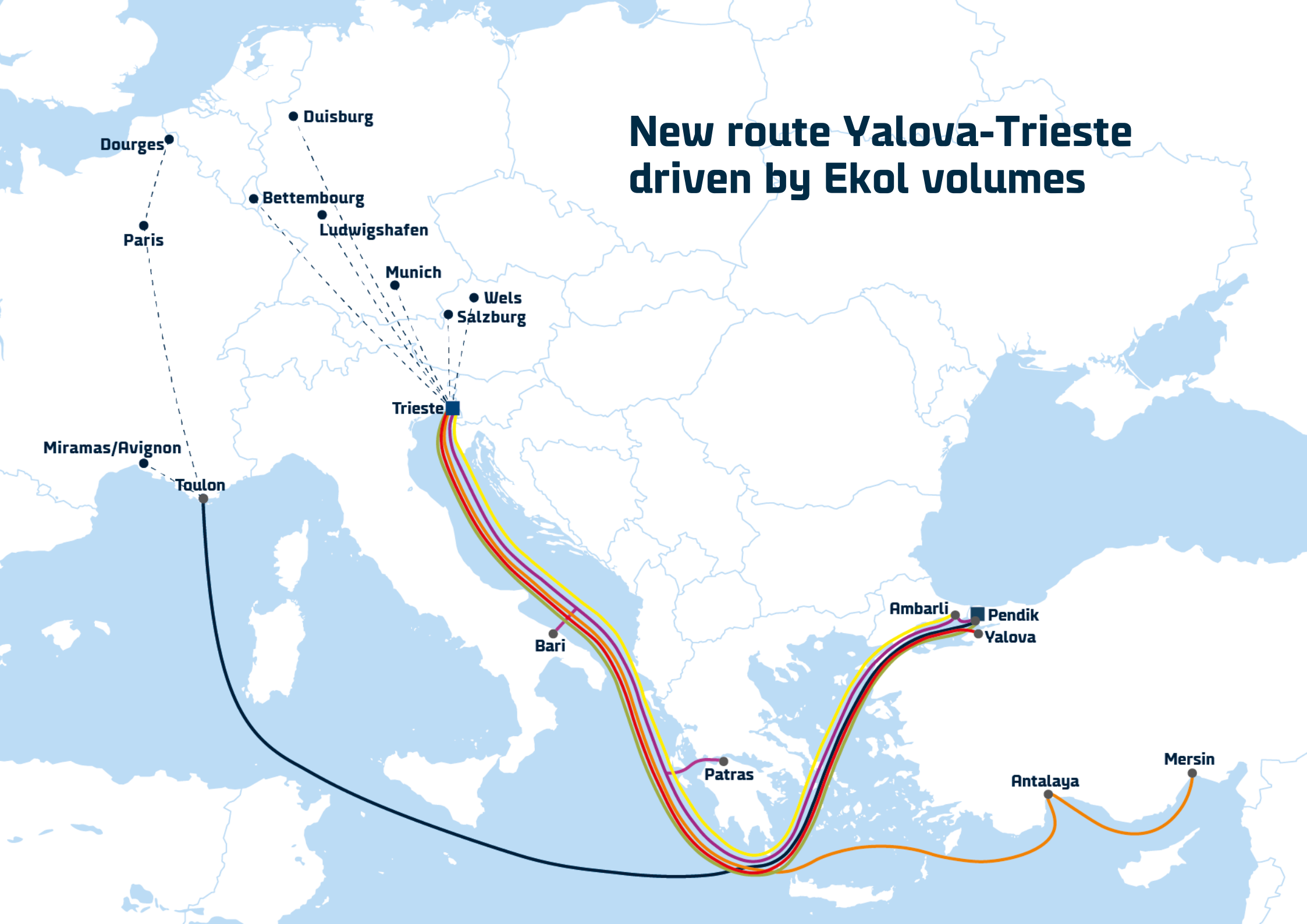
MEDITER RANEAN

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

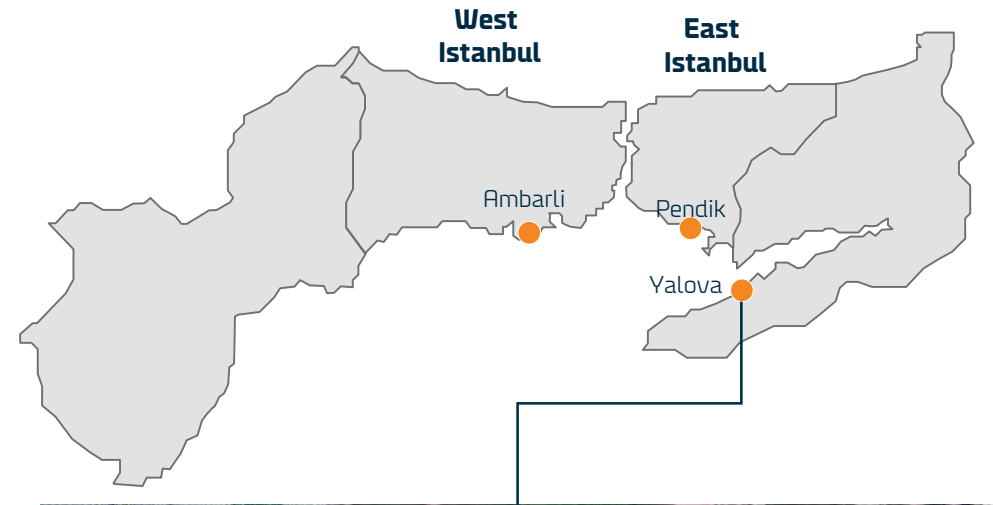


New route Yalova-Trieste driven by Ekol volumes



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:

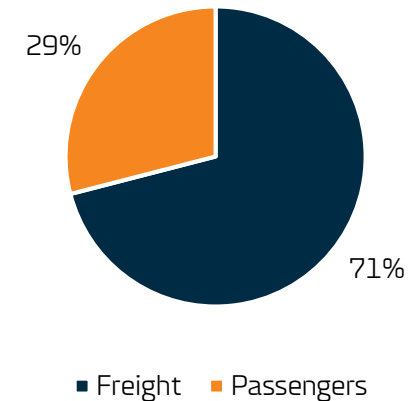
- 80,000 sqm
- 500 trailer capacity
- 16,000 sqm warehouse
- 1 berth
- 2 ramps

BREXIT

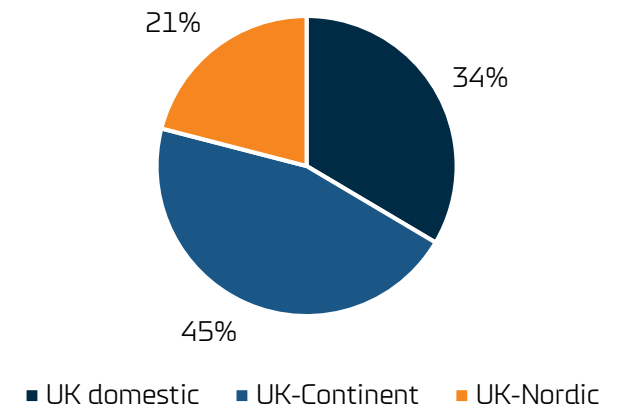
DFDS' UK exposure

- **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



Logistics: UK-Domestic/Continent/Nordic LTM revenue: DKK 3.4bn



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

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

New processes to grow business and efficient operations

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

Building expertise to address customs challenges

Objective

Expertise-related activity

Activity description



Build internal
customs
expertise



Customs team

Customs clearance teams being set up, trained and upsized across the divisions

Working groups

Dedicated groups of local BUs formed to solved common challenges

Customs general meeting

Custom community colleagues meeting to align with management on work ahead and main questions



Address external
customs
expertise
challenges



Knowledge of requirements

Prepare for challenge of industry-wide limited knowledge of customs requirements, including safety and security declarations, animal and plant health

Customer preparation

Address possible lack of preparation of industrial customers and smaller trailer operators; not an issue for large customers who will be more prepared

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)

Example activities



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

SUSTAIN ABILITY

Our sustainability focus



Environmental footprint

- Support **marine environment**
- Be a **good and responsible neighbour**
- Improve **air quality**



Caring employer

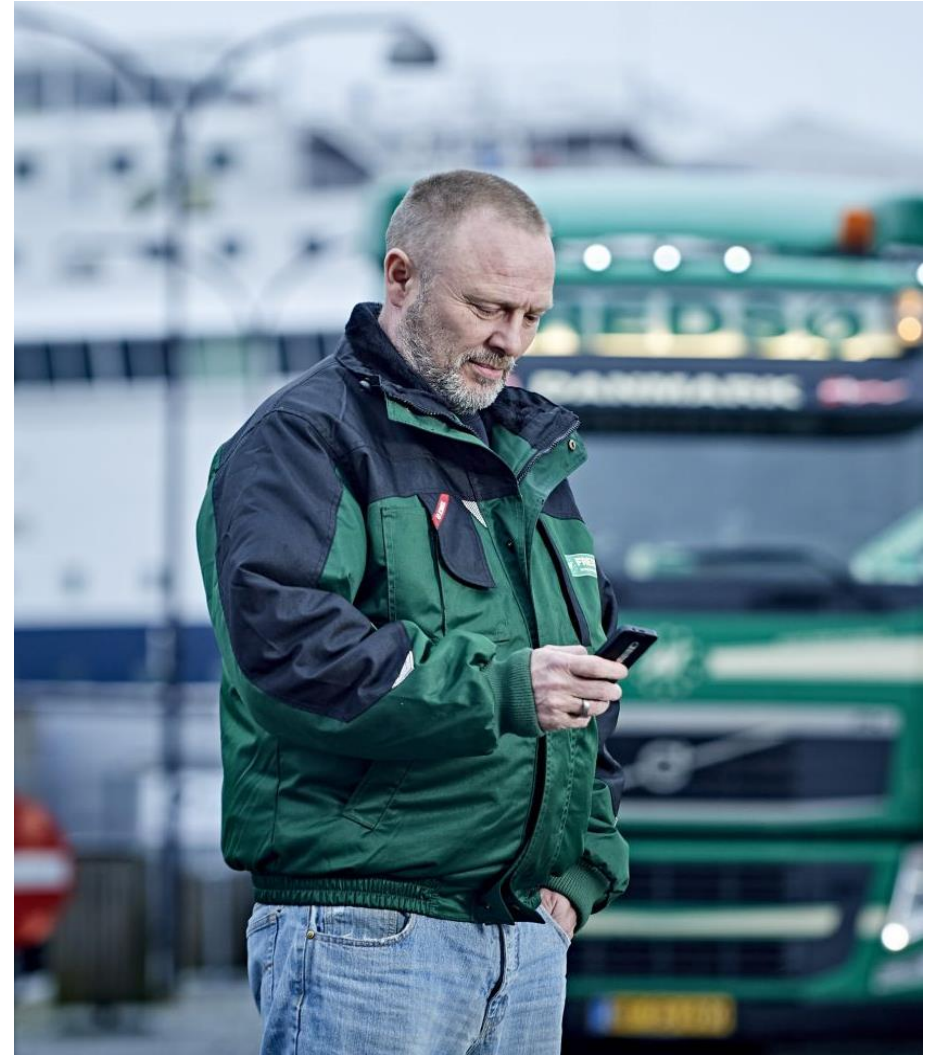
- Focus on **wellbeing** for all employees
- Support an **inclusive** workplace
- Provide **opportunities to do good** in communities and society



DIGITAL

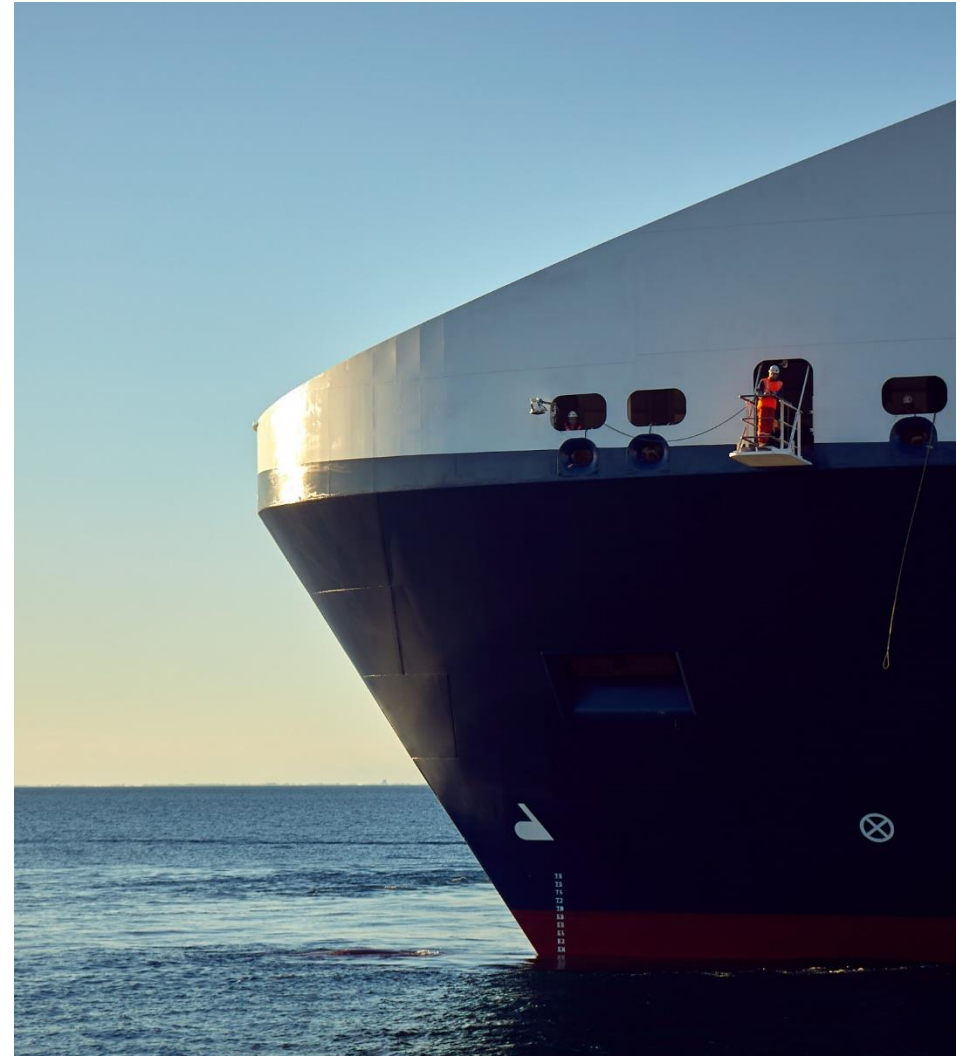
Digital moving to centre of strategy

- **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**



Q&A

