

# STEADY PROGRESS

DFDS GROUP  
Q2 2017



17 August 2017

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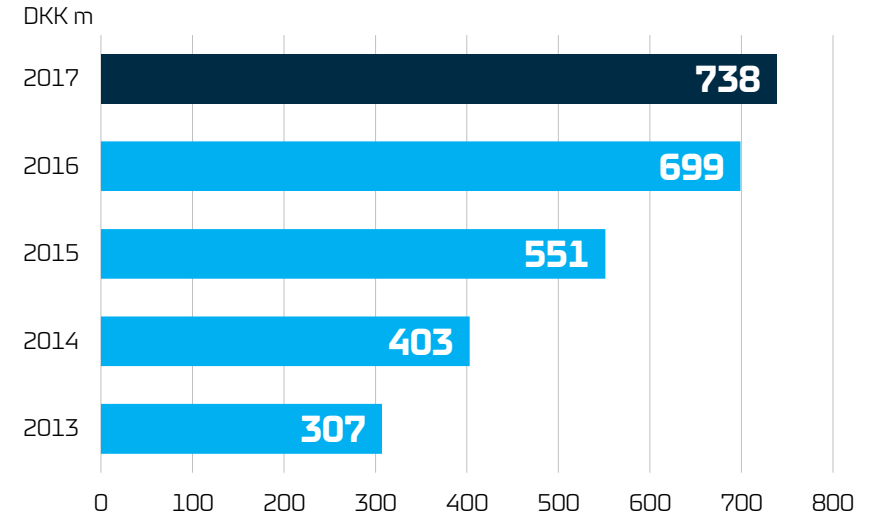
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The statements about the future in this announcement contain risks and uncertainties.  
This entails that actual developments may diverge significantly from statements about the future.

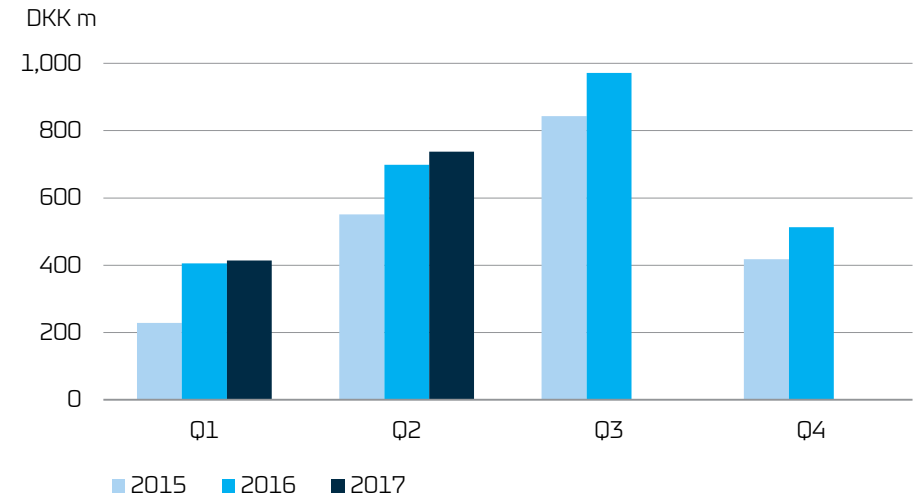
# Steady earnings growth despite lower Channel result

- **Q2 EBITDA up by 6%** to DKK 738m – new Q2 record
- Late Easter impacts freight negatively and passengers positively
- **North Sea** result increased mainly driven by 6% higher volumes supported by growth in UK trade
- **Channel** impacted by weak price trends in the passenger market and a lower freight market share
- **Logistics'** result improved to above 2016 driven by the performance in Nordic and acquisitions delivering above expectations
- **Dividend increase and new share buyback** increases capital distribution to around DKK 1.7bn in 2017 from DKK 1.3bn in 2016

Q2 EBITDA before special items



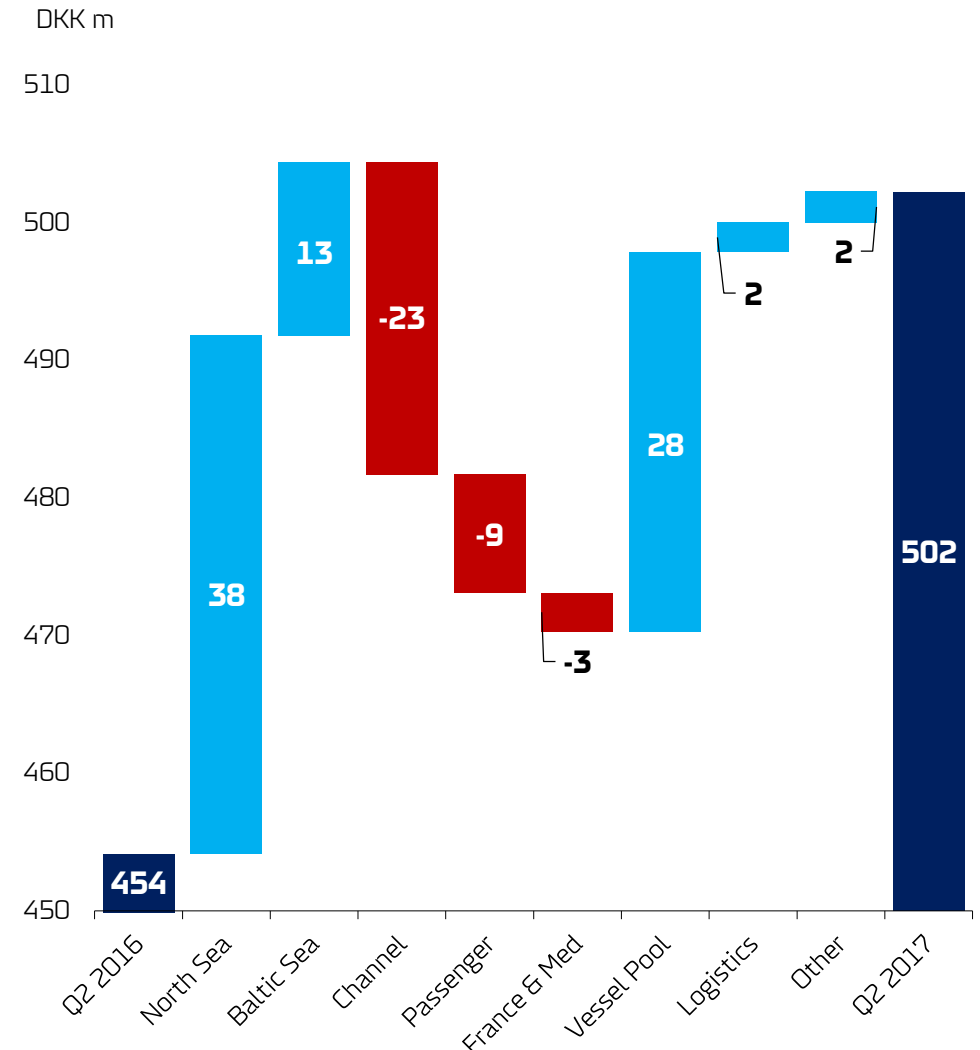
EBITDA before special items per quarter



# North Sea continued positive trend in Q2

- **North Sea +38m:** Positive impact from higher volumes and reversal of BAF lag due to falling oil price. Increase in automotive volumes
- **Baltic Sea +13m:** Positive impact from Easter pax result, reversal of BAF lag and addition of Hanko-Paldiski
- **Passenger -9m:** Easter pax result above LY but offset by lower freight volumes and higher costs, including bunker
- **Channel -23m:** Result reduced by lower freight market share mitigated by higher freight rate. Record passenger Easter offset by negative impact from depreciation of GBP and weak pricing in market. Cost increase from efficiency programme and upgrade of one ferry
- **Vessel pool +28m:** Positive variance from one-off depreciation and redelivery cost in 2016
- **Logistics +2m:** Positive impact from higher volumes in Sweden, including new contracts
- Good performance in key Continent areas, mix of higher volume and margins
- Lower earnings in Belfast and Grimsby and DKK -2m impact from depreciation of GBP
- Acquisitions, Shetland Transport and Italcargo, delivering above expectations

Q2 2017 DFDS Group: EBIT development vs LY



# Q2 2017 in numbers

- **2% revenue growth**, adjusted\*. Currency impact of DKK -90m. Reported revenue up by 4%
- **EBITDA** increased to DKK 738m and margin increased to 20%. No material currency impact
- Lower **depreciations** due to one-off in 2016 as ship was moved from assets held for sale
- **Net finance cost** reduced by DKK 3m mainly due to lower net interest cost
- **Profit before tax** up by 12% to DKK 495m before special items
- **ROIC LTM\*\*** of 18.1% (FY 2016: 17.8%) before special items

\* For currency and acquisitions and excluding revenue from bunker surcharges

\*\*LTM: Last twelve months

DKK m	Q2 17	Q2 16	Change vs LY	Change %
REVENUE	3,688	3,553	135	4%
<b>EBITDA BEFORE SI</b>	<b>738</b>	<b>699</b>	<b>39</b>	<b>6%</b>
margin, %	20.0	19.7	0.3	n.a.
P/L associates	0	0	0	n.a.
Gain/loss asset sales	1	3	-2	n.a.
Depreciations	-237	-248	11	4%
<b>EBIT BEFORE SI</b>	<b>502</b>	<b>454</b>	<b>48</b>	<b>11%</b>
margin, %	13.6	12.8	0.8	n.a.
Special items	4	-7	11	n.a.
EBIT	506	447	59	13%
Finance	-7	-11	3	32%
<b>PBT BEFORE SI</b>	<b>495</b>	<b>444</b>	<b>51</b>	<b>12%</b>
<b>PBT</b>	<b>498</b>	<b>436</b>	<b>62</b>	<b>14%</b>
EMPLOYEES avg., no.	7,145	6,915	230	3%
INVESTED CAPITAL	9,177	9,348	-171	-2%
<b>ROIC LTM ex. SI, %</b>	<b>18.1</b>	<b>16.4</b>	<b>1.7</b>	<b>n.a.</b>
NIBD	2,774	2,932	-158	-5%
<b>NIBD/EBITDA, times</b>	<b>1.1</b>	<b>1.2</b>	<b>-0.2</b>	<b>n.a.</b>
SOLVENCY, %	49	50	-1	n.a.

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

# And H1 2017 in numbers

- Half-year numbers even out late Easter impact
- Revenue and earnings trend overall in line with Q2
- Freight volumes up 1% despite 7% decrease in Channel as the decrease is offset by higher volume growth in other business units
- Passenger volumes up 1% includes flat volumes in Channel

DKK m	H1 17	H1 16	Change vs LY	Change %
REVENUE	6,908	6,641	268	4%
<b>EBITDA BEFORE SI</b>	<b>1,152</b>	<b>1,104</b>	<b>49</b>	<b>4%</b>
margin, %	16.7	16.6	0.1	n.a.
P/L associates	6	-1	7	n.a.
Gain/loss asset sales	5	4	1	-36%
Depreciations	-473	-472	-1	0%
<b>EBIT BEFORE SI</b>	<b>691</b>	<b>635</b>	<b>56</b>	<b>9%</b>
margin, %	10.0	9.6	0.4	n.a.
Special items	-2	-7	4	-65%
EBIT	689	628	61	10%
Finance	-23	-34	11	32%
<b>PBT BEFORE SI</b>	<b>668</b>	<b>601</b>	<b>67</b>	<b>11%</b>
<b>PBT</b>	<b>665</b>	<b>594</b>	<b>72</b>	<b>12%</b>
Lane metres, '000	18,656	18,550	107	1%
Passengers, '000	2,185	2,170	15	1%
Units, '000	273	258	15	6%

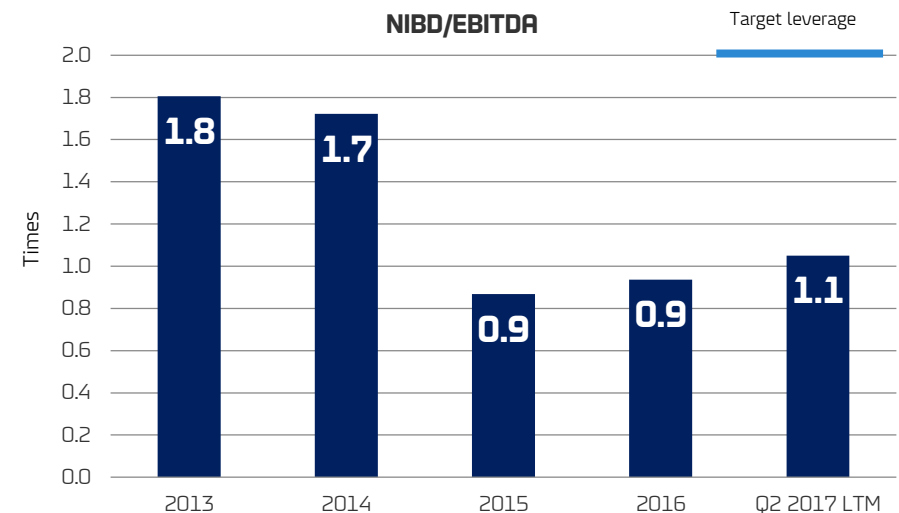
# Current distribution yield of 9%

- Planned August **dividend raised to DKK 7.00** from DKK 5.00 per share
- **New share buyback of DKK 300m** launched for completion latest 6 February 2018
- Total distribution to shareholders now increased to **DKK 1.7bn in 2017** - currently equals a 9% yield on equity market value
- A total dividend of DKK 10.00 in 2017 equal to a dividend yield of 2.9%
- The NIBD/EBITDA multiple was 1.1 at the end of Q2 2017 up from 0.9 year-end 2016
- Higher investments and capital distribution increased NIBD to DKK 2.8bn at the end of Q2 2017 up from DKK 2.4bn end of 2016

## Capital distribution overview

DKK m	2015 Actual	2016 Actual	2017 Current plan
<b>Dividend per share, DKK</b>	<b>5.40</b>	<b>6.00</b>	<b>10.00</b>
Dividend, Mar	218	175	168
Dividend, Aug	108	174	387
<b>Total dividend</b>	<b>326</b>	<b>349</b>	<b>555</b>
Buyback, auction	-	400	478
Buybacks, other	401	514	632
<b>Total share buybacks</b>	<b>401</b>	<b>914</b>	<b>1,110</b>
<b>Total distribution</b>	<b>727</b>	<b>1,263</b>	<b>1,665</b>

Dividends exclude treasury shares



LTM: Last twelve months

# EBITDA outlook for 2017 of DKK 2.6-2.8bn unchanged

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- **Continued positive outlook** for Europe in 2017
- Freight markets expected to remain robust
- UK passenger market at new lower level due to depreciation of GBP
- Lower level of earnings from Channel offset by other business units
- **Outlook unchanged** for revenue growth and EBITDA-range
- Investments increased to DKK 1.8bn from DKK 1.7bn following payments on two freight ship orders in June

## OUTLOOK 2017

- Revenue growth of around 4%, excluding revenue from bunker surcharges
- EBITDA expected to increase to DKK 2.6-2.8m
  - Shipping Division: DKK 2,450-2,600m
  - Logistics Division: DKK 250-300m
  - Non-allocated items: DKK -100m
- Investments of DKK 1.8bn

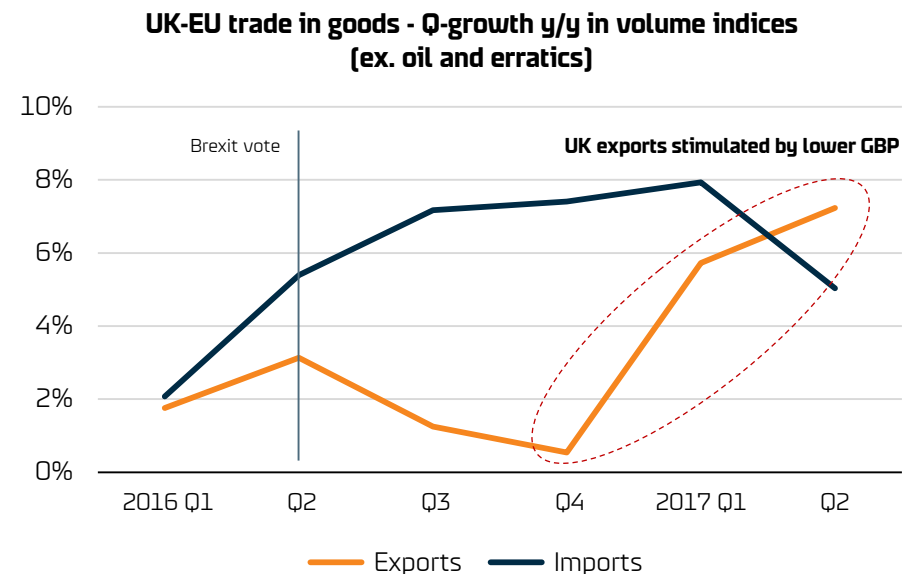
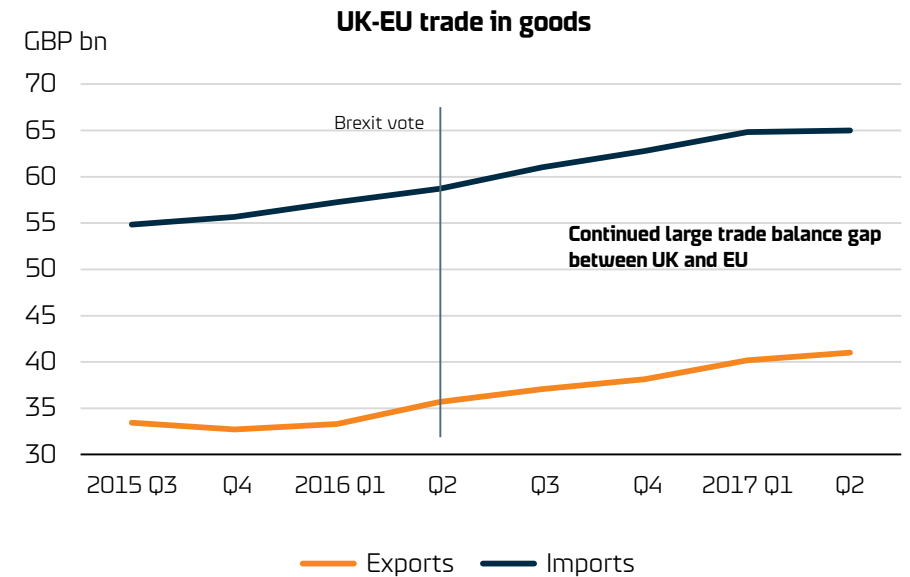


# 2017: Q2 update on major performance drivers for DFDS

Certain/Likely	Expected	Uncertain	Macro drivers
<ul style="list-style-type: none"><li>Capacity expansion on selected routes</li><li>Deployment of two ro-ro new buildings on Vlaardingen-Immingham – July/October</li><li>Full-year impact of revenue and earnings from acquisitions and new logistics contracts – acquisitions performing well</li><li>Significantly increased IT and digital spending</li></ul>	<ul style="list-style-type: none"><li>Some freight shipping volume growth – strong North Sea, stable Baltic Sea, slow down on Channel</li><li>Some growth in prices – continued competitive pressure, though some increases achieved</li><li>Bunker cost increase in Passenger – Q2 partly offset by hedging</li></ul>	<ul style="list-style-type: none"><li>Passenger volume growth – UK consumers' purchasing power reduced by depreciation of GBP, market growth/demand lowered</li><li>Changes in competitive landscape – stable</li><li>MGO/HFO spread – stable</li></ul>	<ul style="list-style-type: none"><li>Uncertain impact of Brexit process on UK economy and trading volumes</li><li>Continued growth in most EU economies</li><li>Weak Norwegian economy</li><li>Russian trade sanctions - expected to stay</li><li>Changes in oil price and exchange rates</li></ul>

# Growth in Europe expected to continue – also in UK

- **EU's growth scenario** set to continue creating favorable environment for UK economy and trade
- **UK GDP growth** expected to continue in 2017 (real GDP growth of 1.7% in Q2 y/y)
- Positive growth in both UK-EU imports and exports...**import growth trending down, export growth up**
- Trade growth reflected in DFDS' volumes: North Sea UK volumes up 6% in H1 2017 and total Channel freight volumes up 0.5%
- Growth **variance between Channel and North Sea** likely due to:
  - Normalisation of pricing on Channel vs North Sea
  - Migrants still an issue for drivers in Calais and to a lesser extent in Dunkirk
  - Lower availability of drivers, also related to UK being less attractive destination due to lower GBP
  - Un-accompanied transport solutions using North Sea routes less dependent on drivers



# We are steadily progressing on strategic priorities in 2017

- **Customer focus – growing the topline**
- **Continuous improvement:** benefits being achieved in line with expectations
- **Fleet renewal:** first chartered freight new building deployed in July, second in October. Four freight new buildings contracted for delivery in 2019 and 2020
- **Digital:** good progress on both front and back end development
- **M&A** opportunities



**Q&A**



**GARDENIA SEAWAYS**

**KLAIPEDA**

# Continuous improvement projects

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- **Toplight** – simplified rate structure and preparing for digital customer solutions and efficiency gains in freight shipping
- **Carpe Momentum** – improve on board sales and spend per passenger on Channel routes
- **Haulage Drive** – improve efficiency of subcontracted haulage
- **DFDS WAY 2.0** – further development of operating model

