WELCOME

DFDS

STRATEGY UPDATE

DFDS Group

October 2018

DFDS

We move freight and passengers on 23 ferry routes in Europe and Turkey

DFDS

We also provide transport and logistics solutions to a wide range of businesses

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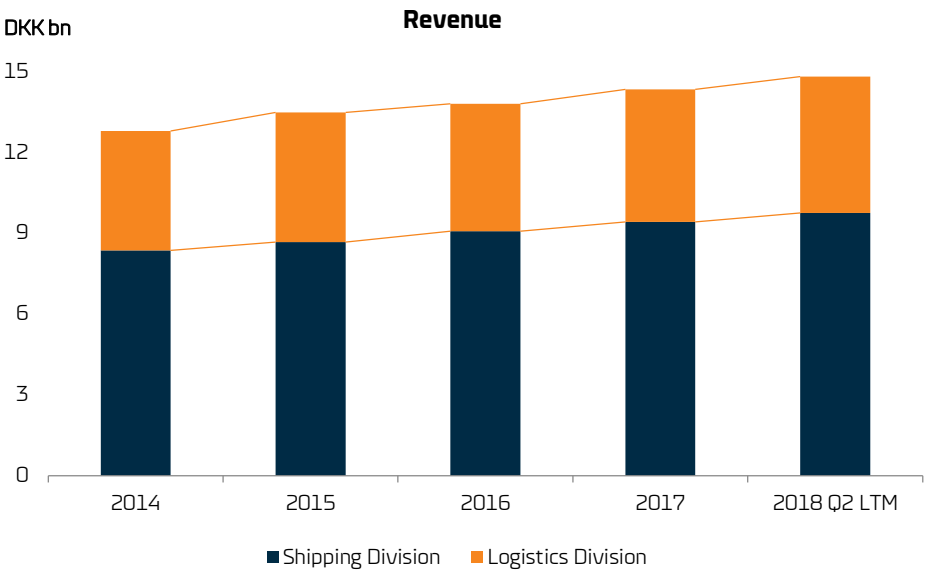
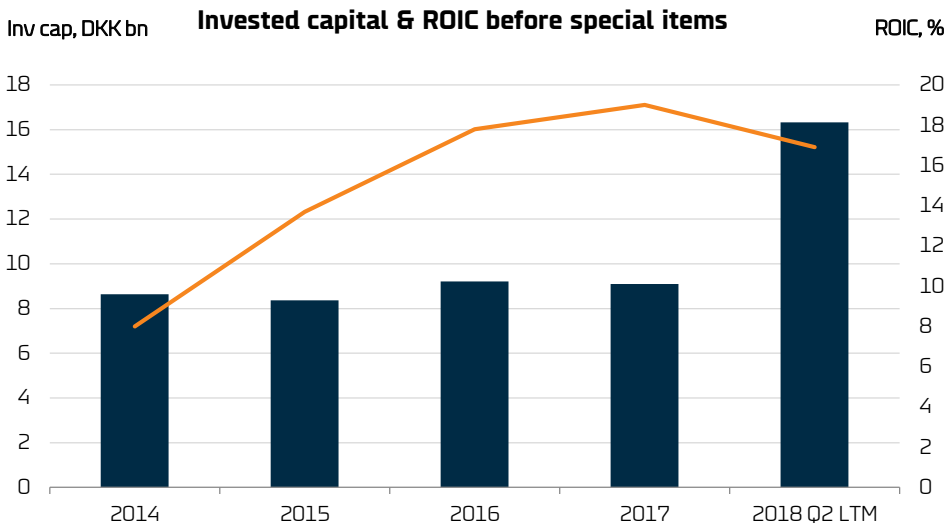
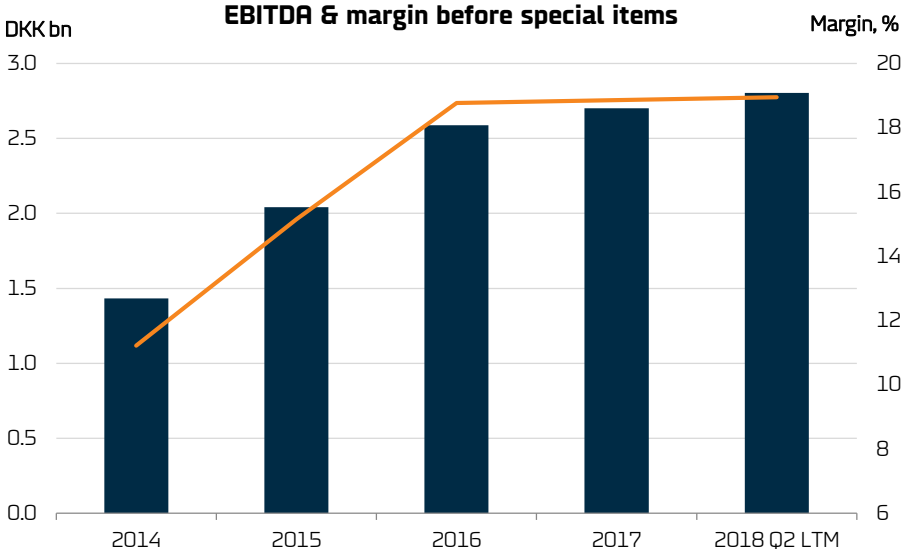
Freight, logistics & pax – northern Europe & Med

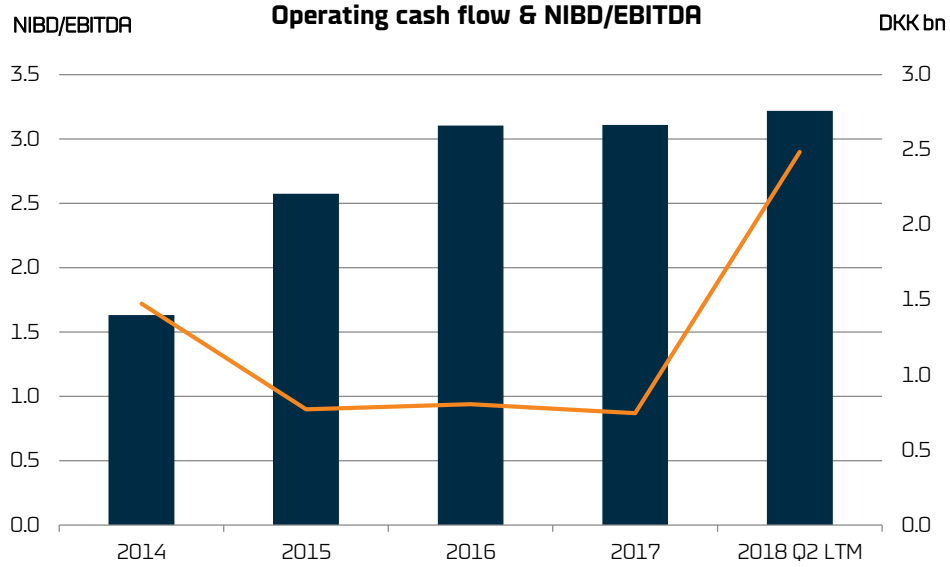
	Freight routes	Logistics solutions	Passenger routes
Key services	▪ Trailers, unaccompanied & accompanied ▪ Industry solutions ▪ Port terminals	▪ Door-door full & part loads ▪ Contract logistics	▪ Overnight ▪ Day ▪ Transport/holiday ▪ Cruise ferry
	Freight		
Share of Group revenue			
	80% freight		**20% pax**

DFDS key figures



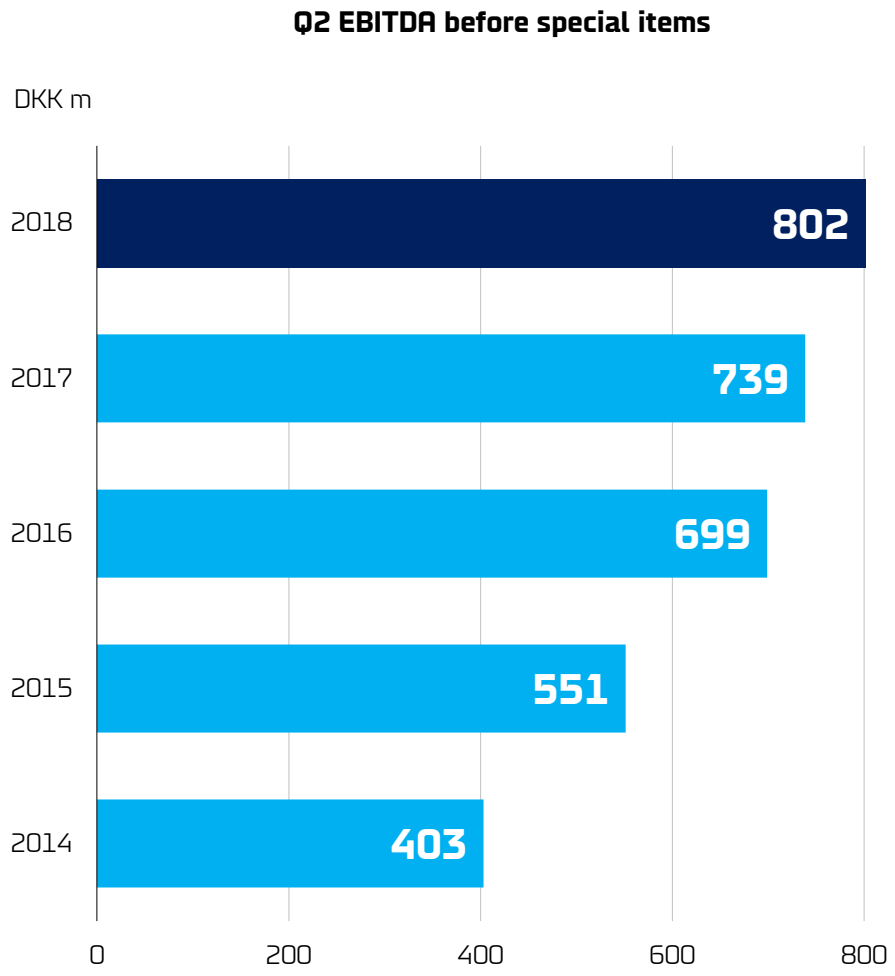






Acquistions fueled growth and earnings in Q2

- UNRR consolidated from 7 June with revenue of DKK 141m and EBITDA of DKK 50m
- **DFDS Group** revenue up 6% and EBITDA up 9% to DKK 802m
- **EBITDA outlook** for full-year 2018 unchanged at DKK 3.0-3.2bn
- **Financial leverage** increased following acquisition, NIBD/EBITDA at 2.4 on pro forma basis, reported 2.9



Growth strategy shaping 2018 & beyond

Growth from acquisitions	• Special Cargo: operator of flatbed trailers in Europe, consolidated 3 January 2018 • U.N. Ro-Ro: freight ferry routes connecting Europe and Turkey, completed 7 June 2018 • Integration expected to be completed in 2018 • Financial flexibility maintained to pursue further opportunities
Growth from ferry new building orders	• 6 freight ferries (ro-ro), from early 2019 • 2 combined freight and passenger ferries (ro-pax), from 2021 • 1 Channel ferry, 10-year bareboat charter, from 2021
Operational efficiency	• Italian logistics activities restructured • Boost projects for challenged logistics activities • Corporate functions restructured • Rosyth-Zeebrugge route closed • Starlight: On board customer service and revenue project
Digital	• Ongoing investment in digital customer solutions • Operating efficiency • Realise long-term digital strategy

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Leverage route network & logistics through M&A

	Acquisition type	Description	Examples
Expand core route and logistics network	Core in Europe	Expand ferry network in existing markets and expand to new European markets Acquire forwarders synergetic with shipping (e.g. to secure cargo control for routes)	U.N. RO-RO İŞLETMELERİ A.Ş. *Alphatrans*
Grow supply chain solutions in selected areas	Niche logistics operators	Acquire new competencies and capabilities to expand product portfolio Target businesses with ferry synergies	
Build efficient digital offering and innovate for customers	Digital start-ups	Acquire / partner for new digital competencies to leap-frog and to mitigate risk of disruption (e.g. aggregator, comparison site, digital platform)	

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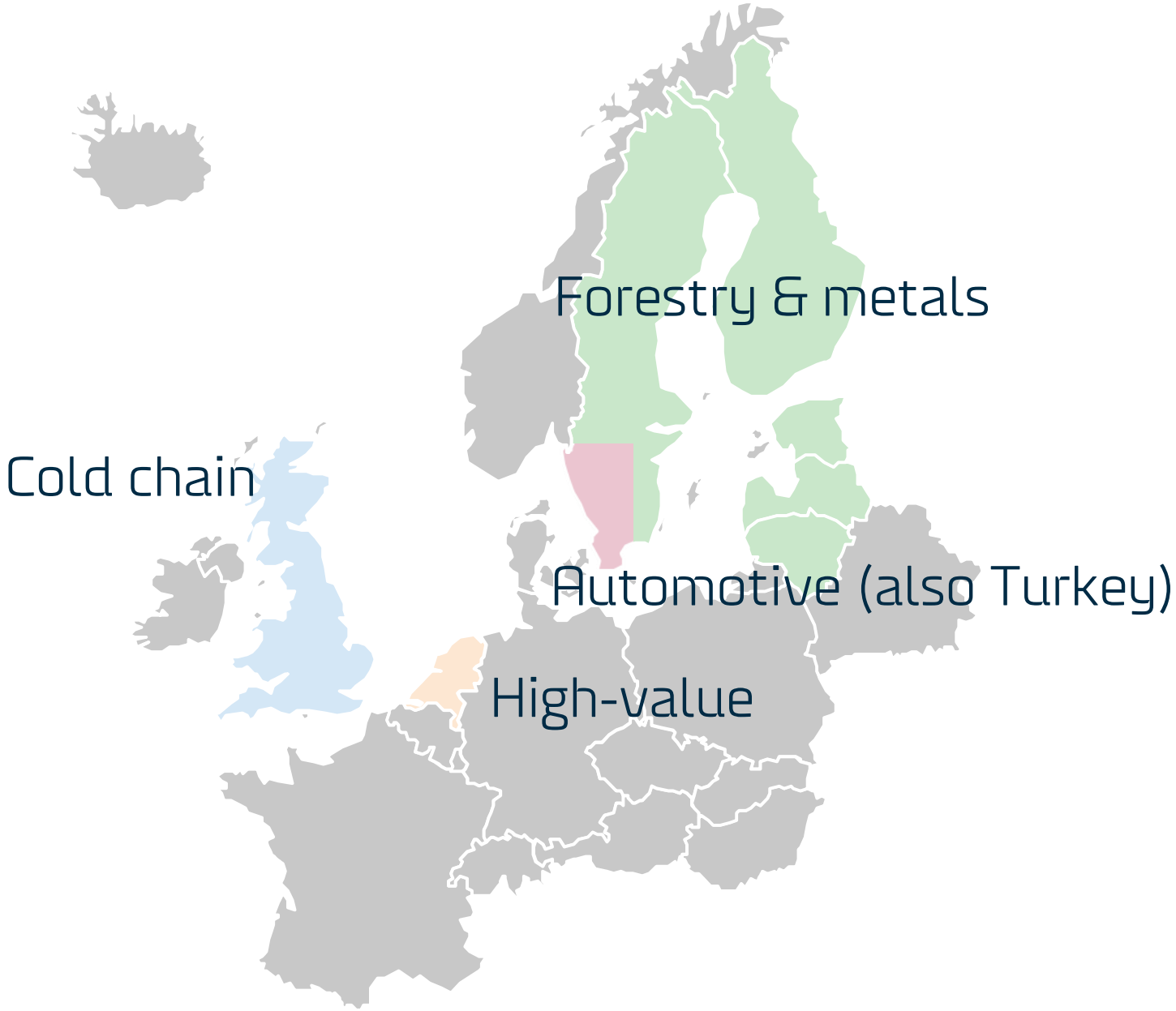
Key logistics sectors for DFDS



5 tech trends most relevant for DFDS

Connect through information...

DFDS
Real time IoT tracking at every step of the logistics chain

Customers
Fully connected supply chain network with real time coordination by all parties

... for continuous learning and development...

DFDS
Ongoing optimization of network (capacity, timing) to customer demands

Ongoing reduction of ops time (e.g. terminals)

Customers
Connected optimization of timing reliability across supply chain players for end-consumer (i.e. just in time shipments and delivery)

... with offerings safely transacted digitally ...

DFDS
Physical docs and payments made digital

Customers
Transaction information seamlessly transferred digitally throughout chain

... and operations done by autonomous assets...

DFDS
Autonomous vessels and terminals

Customers
Autonomous cars and trucks (self-driven vehicles)

... powered by Energy 2.0

DFDS
A fleet of electrified, charging assets, with no bunker consumption

Energy provider to e.g. customers

Customers
Minimal energy cost/km for all transportation methods

No / minimal CO_2 omissions

Key tech focus areas (ranked by urgency)

1. IoT
2. AI / Machine learning
3. Blockchain
4. Autonomous
5. Energy 2.0

Further investment in 3 key digital areas

Key observations…

Business critical

Most customers are served through a manual and analogue process with several pain points

1. Digital go-to-market:
Create flawless and efficient digital offering

Many internal processes are manual with potential for efficiency boost

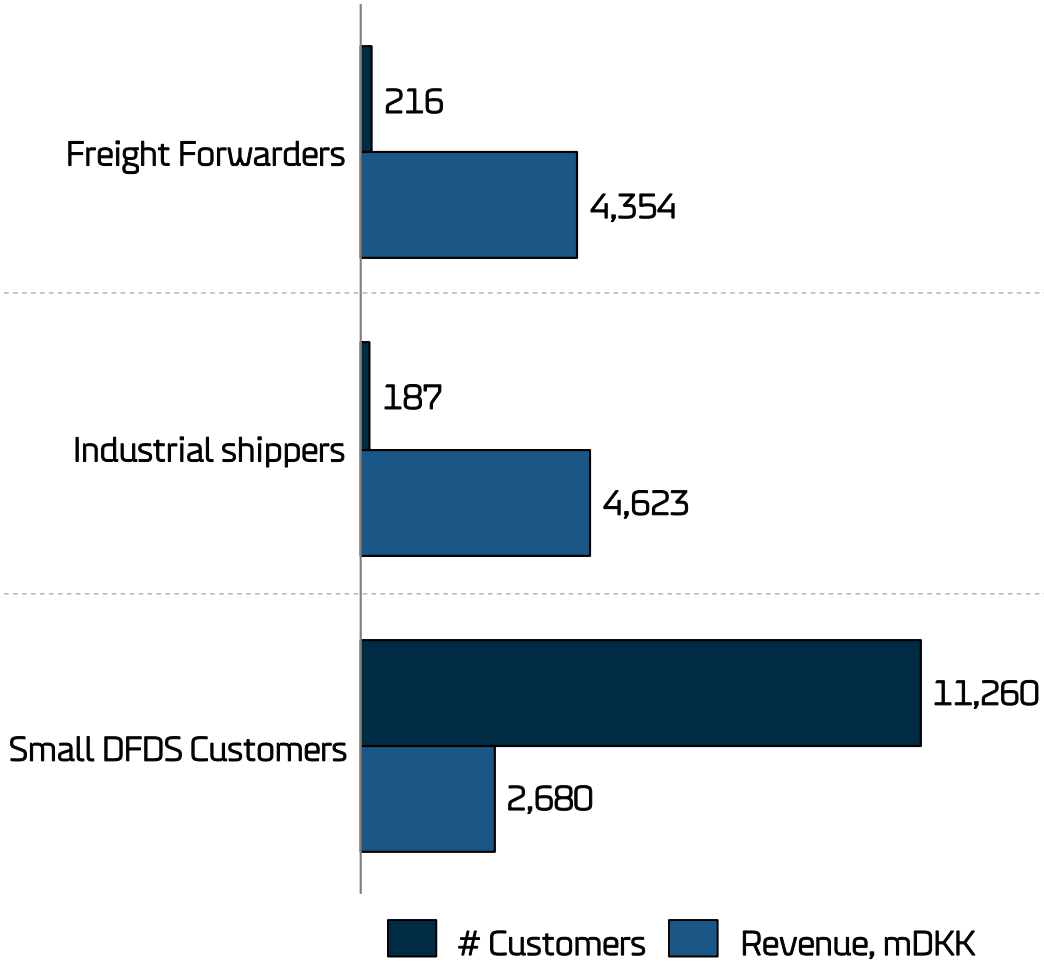
2. Digitize the core:
Digitize the core processes for efficiencies

Many future trends, some with potential high impact for DFDS – focused approach and engagement

3. Innovation & partnerships:
Innovate and partner to exploit emerging trends

Digital go-to-market: 80% of business comes from 400 customers and 60% of small customers treated manually

DFDS Shipping and Logistics customer statistics, 2017



	Description	Revenue split		
		Analogue	EDI	Digital
Freight Forwarders	3rd Party Logistics provider and hauliers	27%	42%	31%
Industrial shippers	Larger cargo owners producing or handling raw material and goods	64%	23%	13%
Small DFDS Customers	Small customers with revenue below ~4mDKK	60%	25%	15%

Long tail of 11,000 customers to be serviced more efficiently to release resources for growth

Digitizing the core consists of three overall elements: Software, Hardware & networks and Analytics

Focus next

Software

- Composable architecture
- Cloud
- Datacenters
- Delivery process
- Nearshoring

Hardware & networks

- Sensors/IoT on physical assets (e.g., vessels, terminals, port equipment)
- Connectivity everywhere to ensure data delivery (e.g., at sea, in terminals)

Analytics

- Capturing data in large volumes
- Using data analytics in real time
- Building AI solutions

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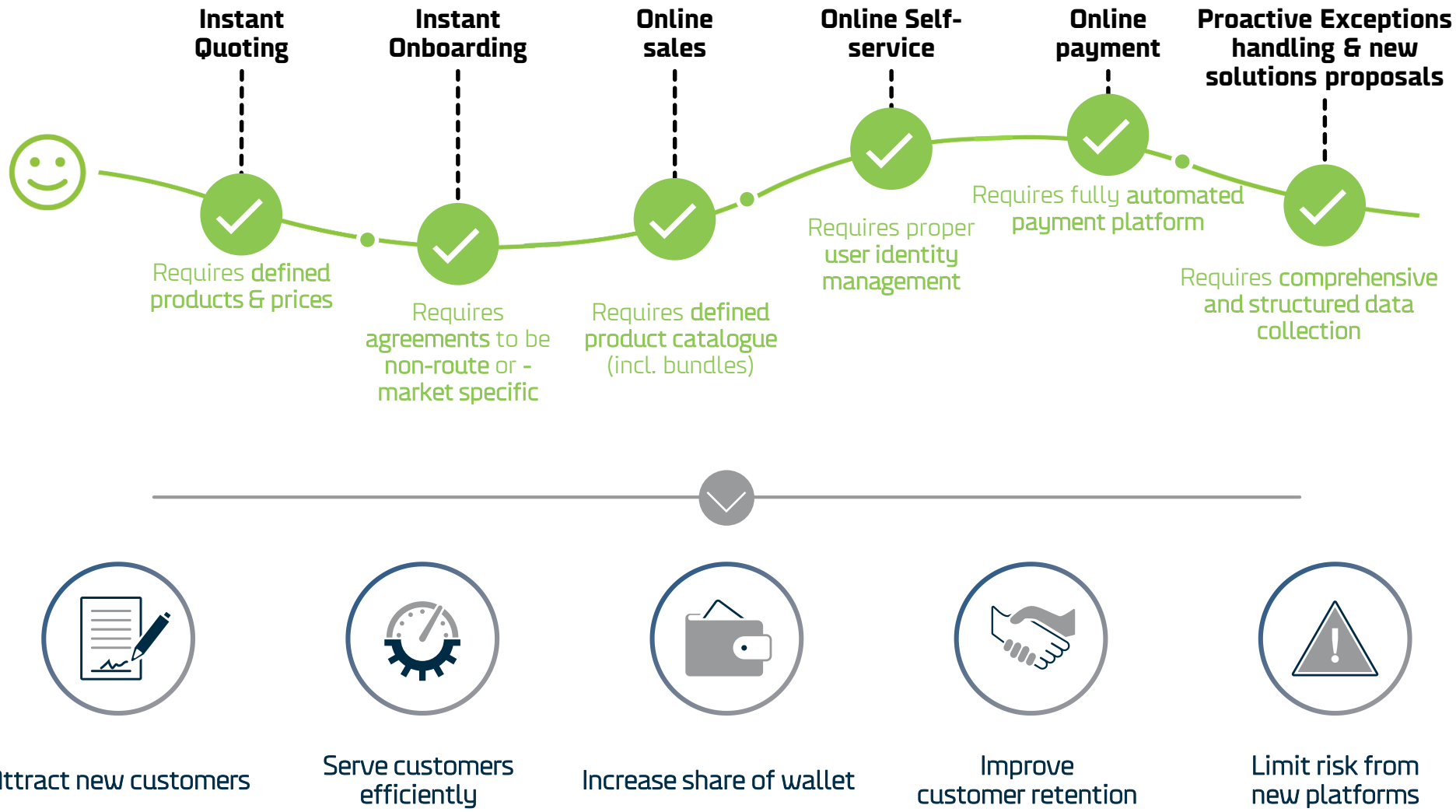
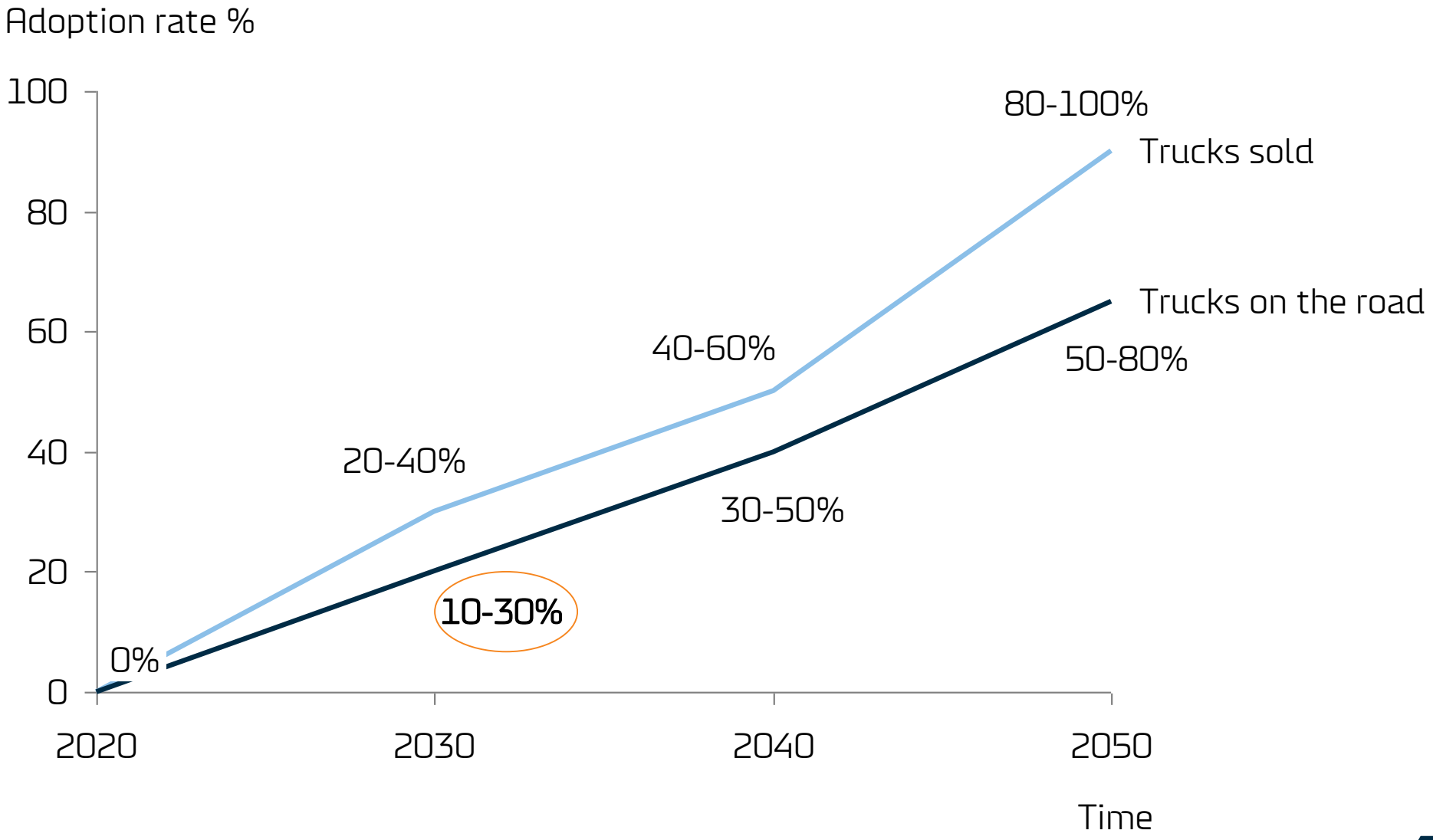
Ambition to create a DFDS solution improving customer experience drives 5 significant value levers



Example, autonomous trucks: Research indicates 10-30% of all trucks will be autonomous by 2030



Note: trucks after 2030 matched with car adoption rate
Source: Victoria Transport Institute & International Transport Forum

Example, autonomous ships: Commercialization ongoing – however material impact not expected until after 2030

Rolls-Royce

2020	2025	2030	2035
Remotely operated local vessels	Remotely controlled ships commercialized (Costal / short-sea)	Remotely controlled unmanned ocean-going ships	Autonomous unmanned ocean-going ships

YARA

Yara is already doing this by building 'Birkeland' the **world's first fully electric and autonomous container ship** with zero emissions

- **2018** Birkeland will initially operate as a manned vessel
- **2019** Moving to remote Yara operation
- **2020** Expected to be performing fully autonomous operations

However, a clear business case on autonomous ships still needs to be **developed** according to Rolls-Royce:

- Technologies to make ships remote and autonomous exist – task is to find optimum way to combine them reliably and cost effectively
- Effects on safety and security of autonomously or remotely controlled ships not yet extensively studied
- So far, little research on which rules and regulations need to be changed and how

Source: Waterborne, Yara company site, Rolls Royce: "Autonomous ships the next step"

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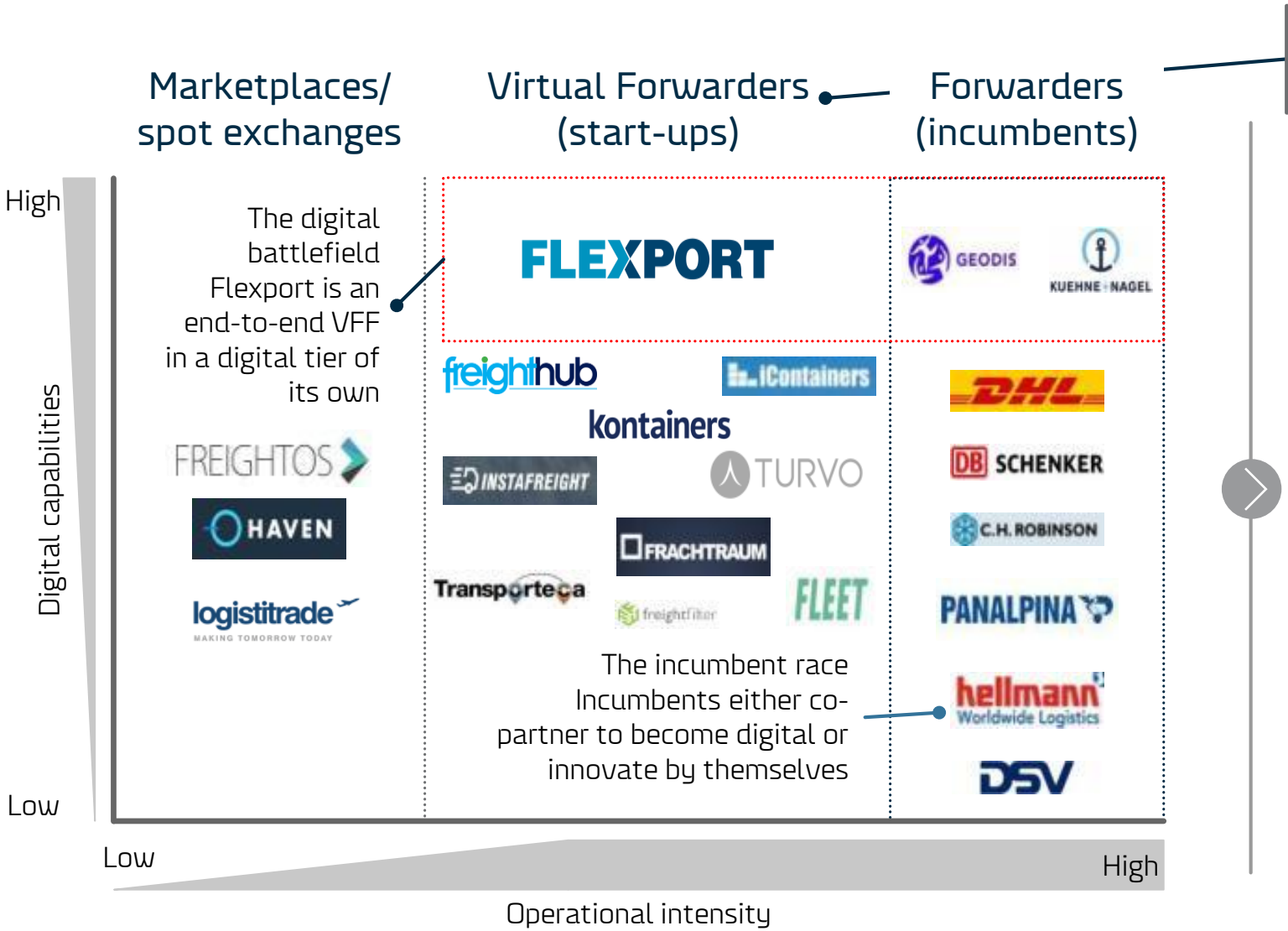
Logistics: Winning business model will be either a start-up gaining scale or an incumbent successfully innovating



Marketplaces

Booking platform directly linking shippers and carriers with minimal to no service

Beyond booking—no involvement

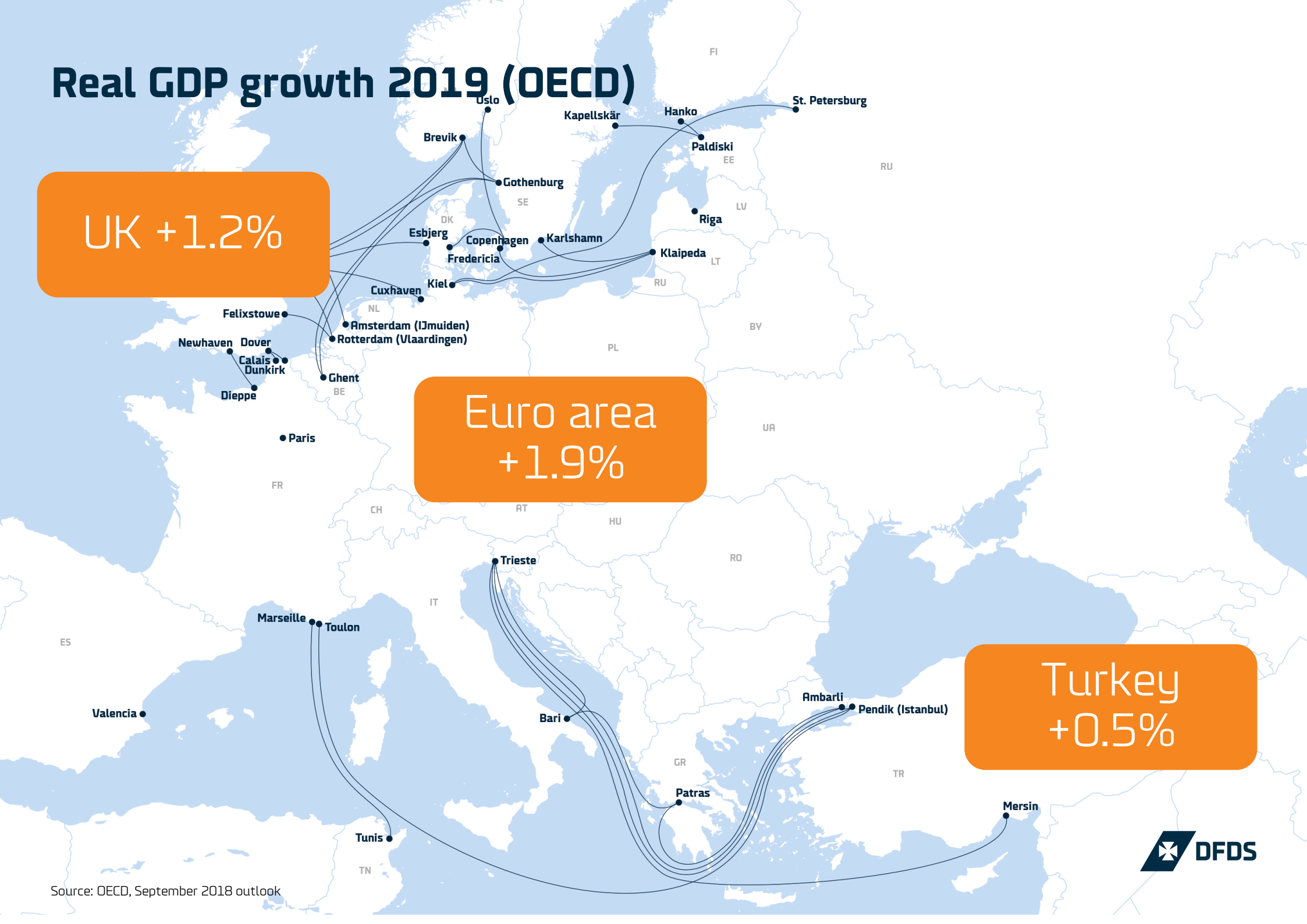
Virtual forwarders

Virtual end-to-end forwarder coordinating with carriers

One-stop-shop for shippers replacing traditional FFs

Source: BCG analysis

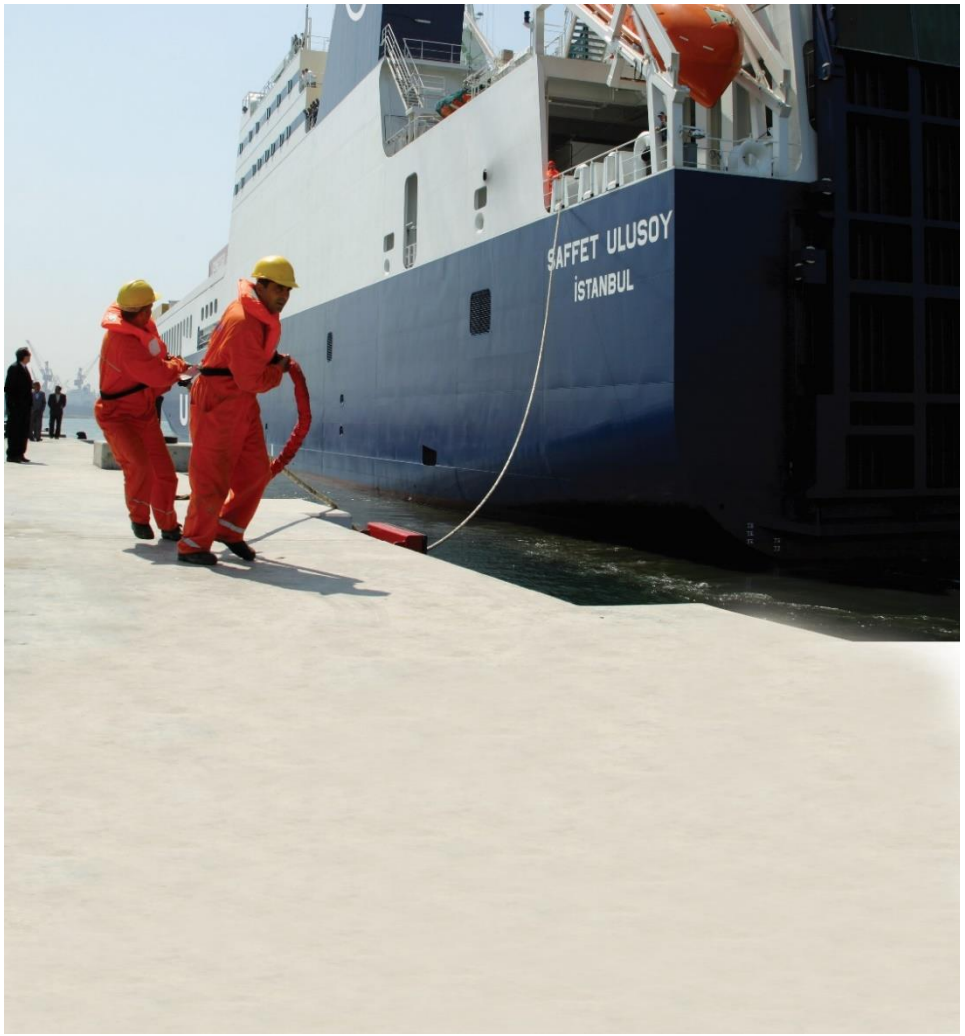
Real GDP growth 2019 (OECD)



Source: OECD, September 2018 outlook

Priorities going into 2019

- Integration of Mediterranean route network
- Adapt to Brexit outcome
- Realise our next steps in digital strategy
- Improve performance of Passenger business unit
- Deployment from March 2019 of two freight new buildings (ro-ro)
- Pursue value-creating M&A



STRONGLY POSITIONED TO WEATHER TRY DEPRECIATION

MEDITERRANEAN

10 October 2018

DFDS

Introduction and agenda

- **Mediterranean business overview** – strong value proposition to customers, market position and operational set-up
- **Market overview** – growth, resilience and outlook
- **Integration** – synergies and development opportunities
- **Going forward**

Strong and experienced Mediterranean management team

Fuat Pamukçu, VP Sales & Marketing

- Chief Marketing, Business Development and Strategy Officer since 2016 until DFDS takeover. Undertaken Sales operations in addition to Marketing, Business Development and Strategy
- Joined U.N. Ro-Ro in 2007
- Previously at Citigroup Investment Bank in London
- Bachelor in Industrial Engineering and Management Sciences & Economics from Northwestern University

Kemal Bozkurt, VP Operations

- Chief Operating Officer (COO) since 2013
- Joined U.N. Ro-Ro in 2011
- Previously at Limak Ambarli Çimento, Set Group and Is Bank
- Master in Building Materials Management from MIP Politecnico di Milano

Cenk Altun, VP Finance

- Joined as CFO in 2018
- Previously Finance Director at Danone Turkey and Financial Planning Manager at Pepsi Bottling Groupe
- Bachelor of Business Administration from Middle East Technical University

Selçuk Boztepe, SVP

- Joined as CEO in 2017
- Previously at DHL in various positions, most recently as Managing Director Turkey, Middle East and Southeast Europe
- Bachelor's degree from Marmara University, Executive MBA program from Maine University

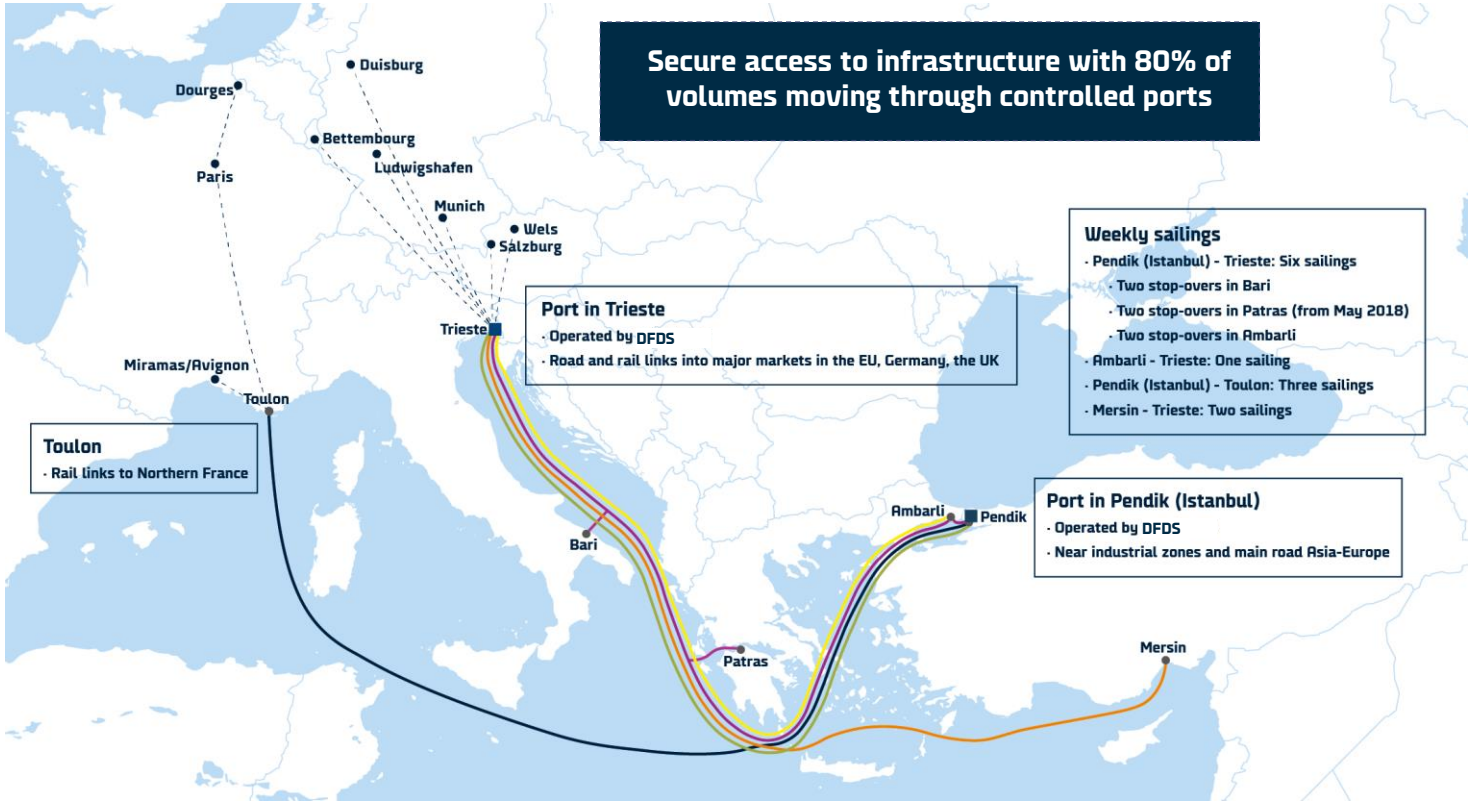
BUSINESS OVERVIEW

DFDS

Network capabilities delivering compelling customer value

- 12 Vessels
- 10.8 Years Avg. Age
- 45,356 LM Total Capacity

- 7 Ports of call
- Trieste Freeport Status
- Ownership of Pendik Port



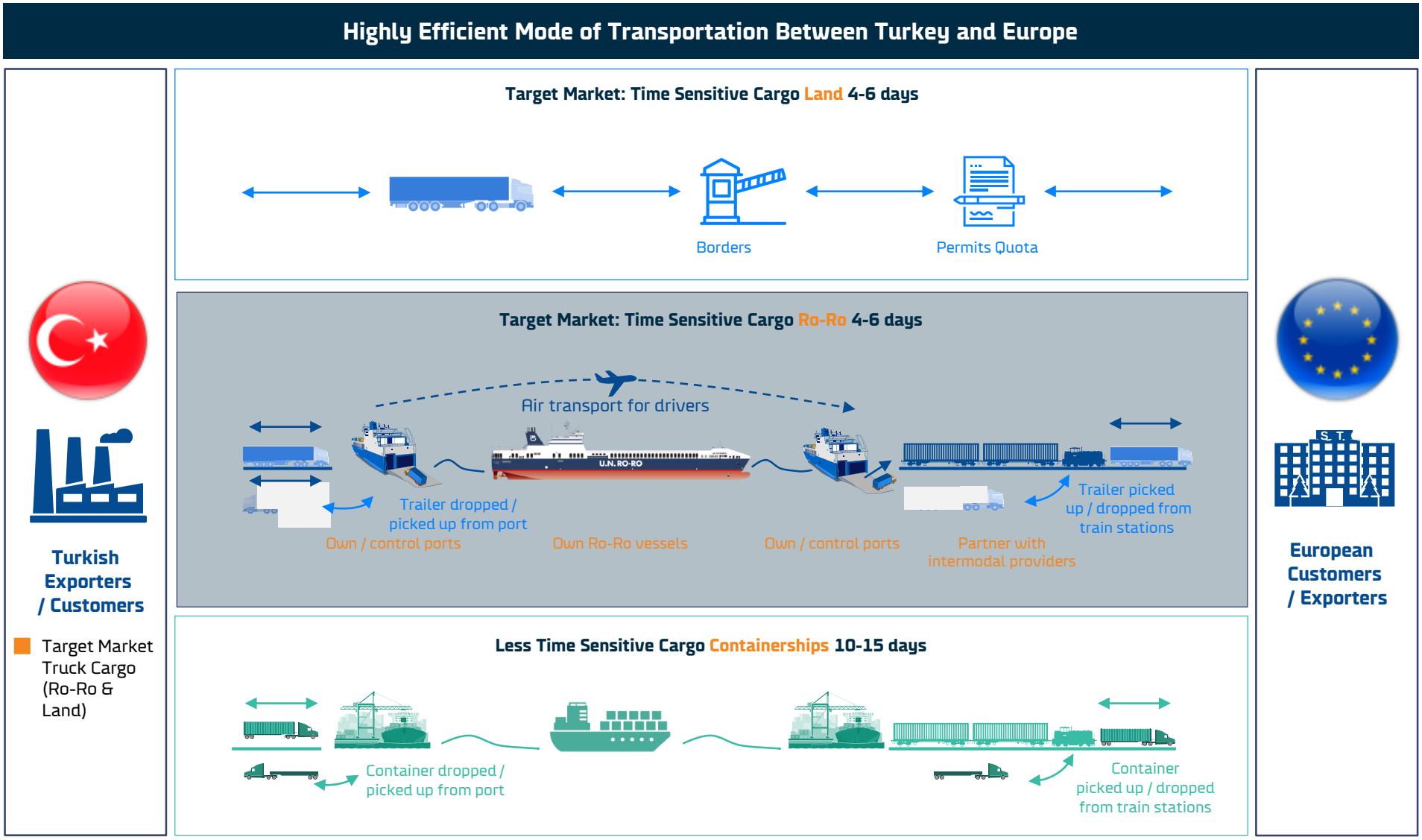
- 7 Train Lines
- 62 Weekly Departures
- 80 Weekly Departures by end of 2018

Only transports truck drivers

- 4 Airplane Routes [4]
- 24 Flights per week
- c. 38k PAX per year

Note: (1) Long term concession with freeport status. DFDS owns 60% of Port of Trieste's operator (Samer Seaports Company). (2) c. 74k sqm owned and c. 26k sqm leased from the state. (3) DFDS provides geographical promotions to customers for third party sea connections. (4) Air travel for truck drivers arranged with third parties by DFDS

Ferry business model attractive for time sensitive freight



Diversified cargo types

Mediterranean network offers valuable, fast and reliable services to cargo types ranging from trailers, containers and project cargo

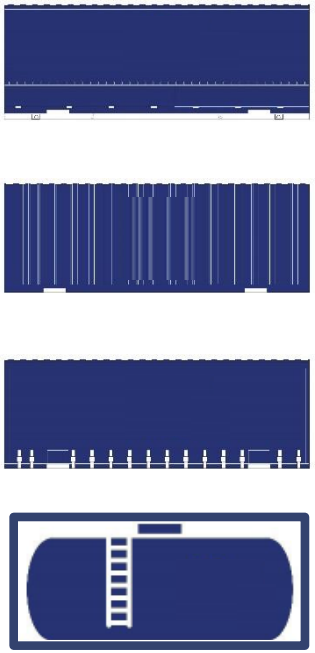
1 Standard Rolling Cargo

86% of Total in 2017 (1)

Unaccompanied trailers represent approximately 80% of standard cargo volume

2 Containers

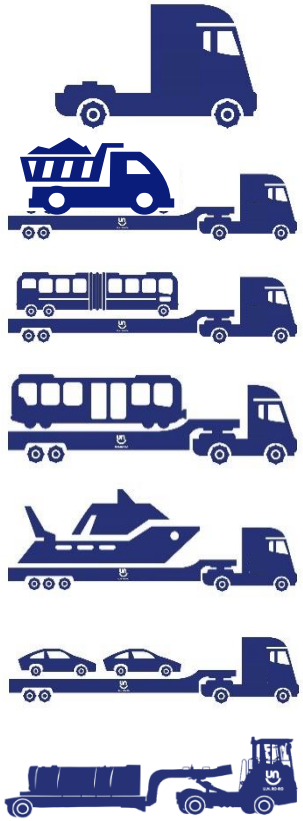
6% of Total in 2017 (1)



Container operations started at the end of 2013 with a strong demand for intermodal transport in the Turkish market

3 Project / Other Rolling Cargo

8% of Total in 2017 (1)

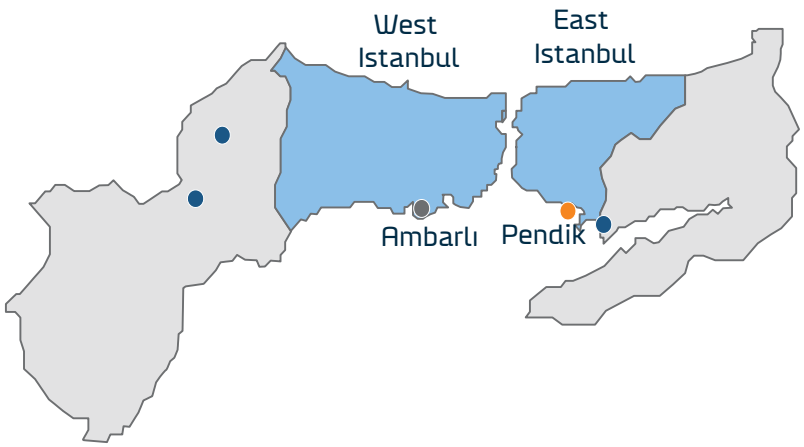


- First / second hand
- Heavy
- Project
- Oversize
- Exhibitions
- Cars / buses / other
- Static cargo

Note: (1) Measured as % of total Lane Meters.

Ownership of two key ports and access to five others

Pendik Port (Turkey)



● Main industrial zones ● DFDS port ● Other ports

Port of Trieste (Italy)

60% ownership of Samer Seaports

Other ports in route network

Ambarlı (Turkey)
Ambarli-Trieste

- Owned by AkçanSA
- Long-term exclusive contract lease until May 2026

Toulon (France)
Pendik-Toulon

- Publicly owned port operated by CCIV
- 3rd party terminal with no exclusive contract

Mersin (Turkey)
Mersin-Trieste

- Owned by Mersin International Ports
- 3rd party terminal with no exclusive contract

Bari (Italy)
Pendik-Bari

- Publicly owned port
- 3rd party terminal with no exclusive contract

Patras (Greece)
Pendik-Patras

- Publicly owned port
- DFDS has private exclusive area for its entire operations

Modern freight ferry fleet

Name	UN Istanbul	Cemil Bayülgen	Cüneyt Solakoğlu	UN Akdeniz	UN Karadeniz	UN Trieste	UN Pendik	Saffet Ulusoy	UN Marmara	UND Birlik	UND Atılım	UND Ege
Year Built	2013	2010	2009	2008	2008	2006	2005	2005	2005	2002	2002	2001
Lane Meter Capacity (Current/Post-lengthening)	4,094	3,735/4,605(2)	4,605	4,605	3,735/4,605(2)	3,735	3,735	3,735	3,735	3,214	3,214	3,214
Approximate Trailer Capacity (1) (Current/Post-lengthening)	265	240/300(2)	300	300	240/300(2)	240	240	240	240	207	207	207
Length (m) (Current/Post-lengthening)	208	193/223(2)	223	223	193/223(2)	193	193	193	193	193	193	193
Speed (Knots) (3)	21											
Registration	Turkish International Ship Registry											
Flag												
Lengthenings Completed/Contracted		✓ (2018)	✓ (2017)	✓ (2017)	✓ (2018)							

- All vessels are sisterships from Flensburger Schiffbau-Gesellschaft (FSG) shipyard, based in Flensburg, Germany
- FSG is a highly esteemed shipyard and their Ro-Ro vessel design, which was created with input from the U.N. Ro-Ro team, has remained an industry standard

Note: (1) Vessel loading capacity for trailers dependant on cargo mix for each sailing; for illustration purposes 15.4m average is used. (2) To be lengthened in 2018. (3) Maximum speed.

Why customers choose ferry solution vs road transport

	Key Customer Shifting from Land to Ro-Ro	Ro-Ro DFDS	Land
Lower Capital Expenses	Intermodal model reduces investment requirement for trucking companies (allows for fewer trucks and more trailers in fleet)	✓	✗
Lower Operating Expenses	Cost-competitive pricing vs. land delivers savings to trucking companies (lower driving time, fuel costs, driver and other expenses)	✓	✗
Fewer Drivers Required	Mitigates the issue of limited available truck drivers in Turkey and Europe	✓	✗
No Congestion Issues	Unaffected by continued road congestion and unreliability of road transportation	✓	✗
No Visa Requirements	Circumvents the strict EU visa requirements to Turkish truck drivers and driving restrictions	✓	✗(1)
No Need for Road Permits	Avoids the issue of limited EU transit permits to Turkish trucks; no increase in the last five years(2)	✓	✗
Environmentally Friendly	Lower fuel consumption and reduced CO_2 emissions than road transportation	✓	✗

Cost benefits Operational benefits

Value Add to Customers

- Asset base optimization
- Price competitive
- Safe and secure
- Consistently reliable
- Highly flexible

Note: (1) Ro-Ro reduces visa requirements as time spent at sea or on rail within the Schengen area does not count as working days for the driver for visa purposes. (2) Transportation ministries from respective countries agree on number of permits to be distributed to trucking companies when needed. The number of permits is fixed and limited.

Documented cost advantage of Ro-Ro vs Land

Operational Expense Reductions

Overview of Cost Dynamics

- Ro-Ro service is more cost efficient
- Increasing use of semi-trailers has made Ro-Ro even more cost competitive
- Ro-Ro operators can act to maintain this cost advantage through pricing decisions/expanding intermodal services

DFDS Cost Savings by Destination [1]	Trieste	Toulon
Barcelona	20%	31%
Paris & Lyon	9%	10%
Milan	10%	- [2]
Munich	5%	- [2]
Manchester	6%	4%
Brussels	4%	- [2]

Capital Expenditure Reductions

Cost of c. €125K for 1 truck and 1 trailer set; €375K for 3 trucks and trailers

Cost of c. €175K for 1 truck and three trailers

Less than half the cost compared to land route

Switching truck fleet configuration to Ro-Ro model creates significant customer stickiness

Note: (1) The price components considered include bunker costs, vessel tickets, highway charges, bridge tolls, average land distances, driver costs, depreciation and maintenance costs; as of December 2017. (2) Choice of Ro-Ro mode of transportation with Toulon route would not be commercially viable on these routes

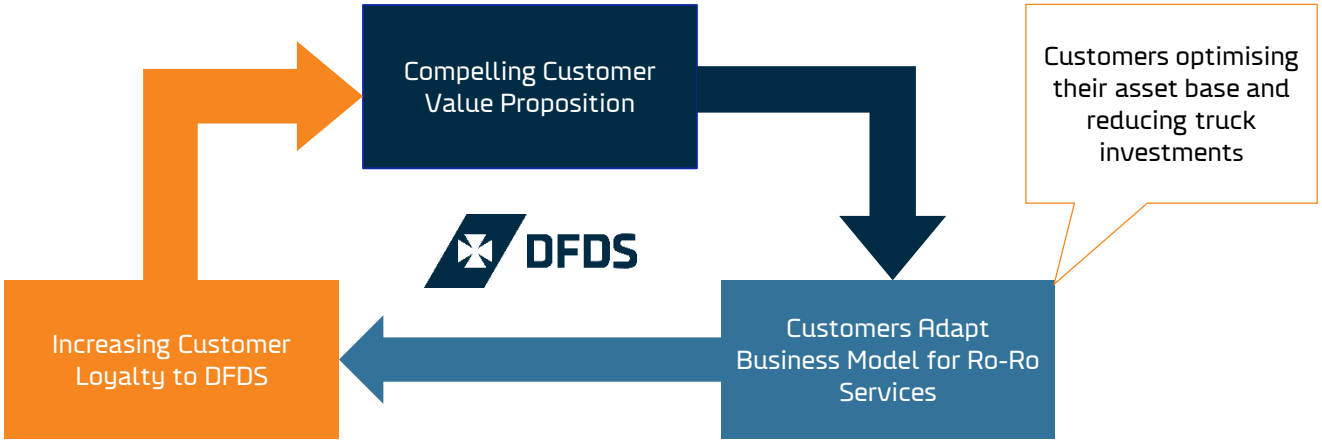
Road to ferry conversion expected to continue to drive growth

Key highlights

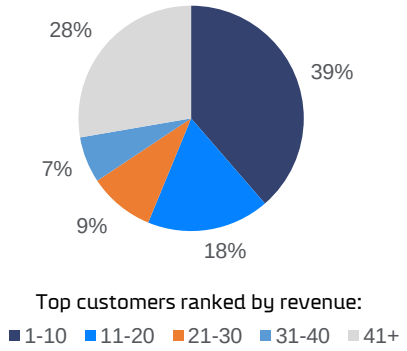
- 304k freight units exported from Turkey to Europe in 2017 by road and ferry double of 2007 volume
- Ferry expected to continue to gain market share vs. road in coming years due to
  - Transit time and costs
  - Border crossings and customs formalities
  - Security issues
  - Permit and visa issues
  - Limited investments in road infrastructure
  - Congestion
- Ferry's share of total market increased from 47.9% in 1H13 to 54.3% in 1H18
- **DFDS share** of ferry segment is **61.0% in 1H18**

Export freight from Turkey to Europe

Diversified & loyal customer base



Revenue Split by Top Customers

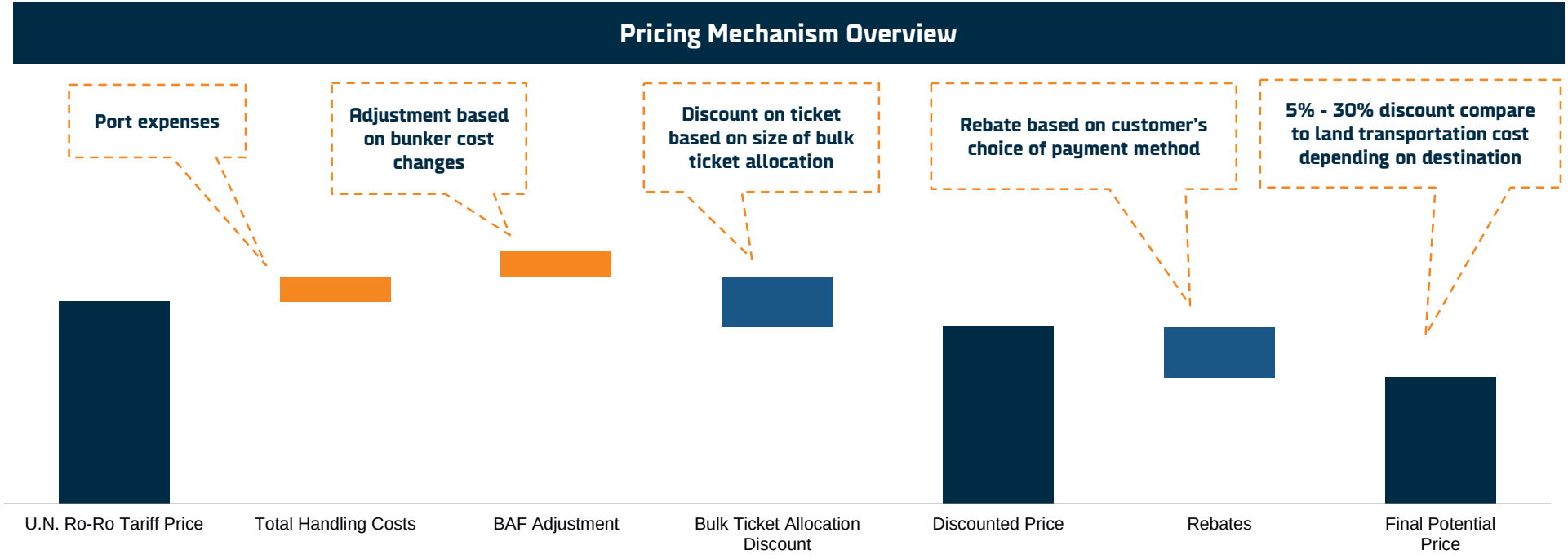


Customer	# of Years of Relationship	# of Services Provided			% of 2017 Unaccompanied trailers [1]
		Ro-Ro	Intermodal	Value Added Service	
Customer 1	20	✓	✓	✓	91%
Customer 2	24	✓	✓	✓	86%
Customer 3	24	✓	✓	✓	89%
Customer 4	20	✓	✓	✓	87%
Customer 5	24	✓	✓	✓	85%
Customer 6	20	✓	✗	✓	93%
Customer 7	20	✓	✗	✓	97%
Customer 8	20	✓	✗	✓	83%
Customer 9	24	✓	✓	✓	99%
Customer 10	20	✓	✗	✓	91%

✓ Top 5 customers' revenues represented 26% of total revenues in 2017

Note: (1) Refers to % of 2017 unaccompanied trailers of relevant customers' total volume in U.N. Ro-Ro.

Effective pricing mechanism



Calculation Method and Sensitivity to Bunker Prices and USD/EUR exchange rate

- Calculated and announced on a monthly basis at the beginning of every month
- DFDS ferries operate with c. 20 days of inventory for the vessel bunkering
  - Approximate cost for upcoming month is known
- BAF levels then determined to reflect the change in bunker prices for the budgeted / estimated number of units
- Calculations based on EUR value of bunker prices
  - DFDS reflects changes in EUR/USD to the freight rates
- DFDS differentiates the BAF in 2018 by routes given each route has a different bunker consumption
- in line with the distance travelled
- Land truckers have fuel as their main cost component
  - BAF changes do not impact cost competitiveness of Ro-Ro vs land
  - Close monitoring of land truckers' cost components

Strong communication with customers

Segment	Potential Standard Units	Sales Force Responsible	Sales Approach	No. Visits [1] (2017)
Platinum	3,000+	1 Key Account Manager, Sales Manager, Chief Sales Officer	Close contact Frequent visits Market follow-up Operational integration Service integration ERP integration	53
Gold	1,500 – 3,000	1 Key Account Manager	Frequent visits Market follow-up Projection against competition ERP integration	49
Silver	< 1,500	2 Key Account Managers	Frequent visits	560

Sample End Customers

Ford, INDITEX, FIAT, VW, TOFAŞ, RENAULT, Koç, SABANCI, BASF We create chemistry

Note: (1) There were an additional 54 visits in 2017 for potential companies that are not yet customers

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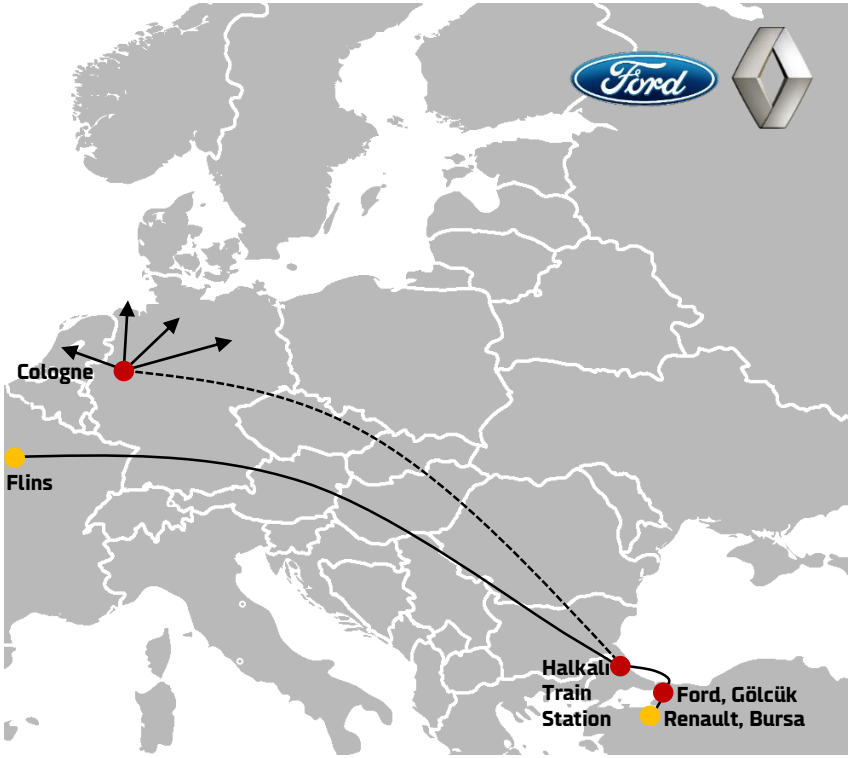
Succesful Ro-Ro customer adoption & expansion

Ford and Renault: Prior to using U.N. Ro-Ro

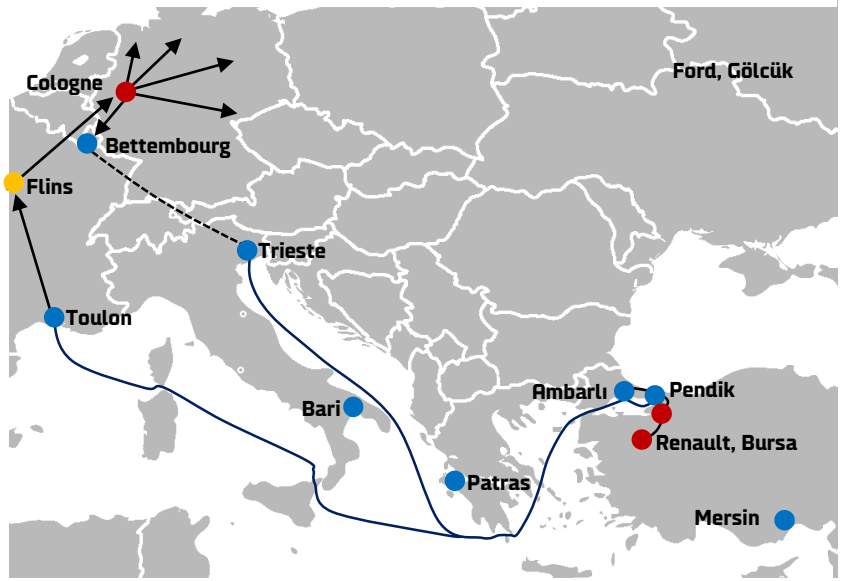


- Ford was previously using overland trains from Western Istanbul to Cologne, Germany
- Renault was mostly using land routes to reach Flins, near Paris
- While benefitting from the attractive Turkey-Europe trading environment, both manufacturers were incurring significant costs and facing long delays / uncertainty in their overland shipments

Customer-Centric Differentiated Services

- A loyal customer of U.N. Ro-Ro was awarded both the Ford and Renault logistics business
- U.N. Ro-Ro worked closely with its client on an innovative solution: after U.N. Ro-Ro introduced the third rotation on its Toulon line:

1. Load units from Renault in Bursa, which then uses IDO's feeder service[1] to pass the Gulf and reach Pendik Terminal
2. The same unit uses U.N. Ro-Ro's Toulon service. Semi trailers are picked up from Toulon port by a truck, and delivered to Flins
3. After discharging Renault loads at Flins, the same unit drives to Cologne to pick up Ford loads
4. The unit drives to Bettembourg to drop the semi-trailer at the train terminal, which then arrives to U.N. Ro-Ro's Trieste Terminal
5. The unit arrives in Pendik, at which point another truck brings the unit to Ford's factory in Golcuk (also using IDO's feeder service[1])



(1) IDO's feeder service

- There are three alternatives to pass the Gulf: land transportation (time-consuming), ferry services (frequent but costly) and a new bridge (fastest but extremely costly)
- U.N. Ro-Ro has an agreement with the largest ferry company, IDO, to subsidize the passage of its customers cargos transiting in the Southern Marmara Region

DFDS compares favorably to competitors

	DFDS	Alternative Transport	ULUSOY
Number of Vessels	12	6[1]	4
Average Age of Fleet	10.8	N/A[1]	17.3
Weekly Sailings	29[2]	13	6
Total LM Capacity	45,356 / 47,096[3]	21,772	13,708
Average LM	3,780 / 3,925[3]	3,629	3,427
Competition with Own Customers	Fully neutral	Fully insourced, therefore viewed as Ekol Logistics	Mostly neutral
Customer Concentration	Diversified customer volume over multiple routes	Majority of cargo from Ekol Logistics and its subcontractors	Limited and regional customer base
Historical Customer Relationship	Majority of long-standing customers also founders and previous shareholders	Business model built on one solid logistics contract	Limited regional customer base with long term relationships
Intermodal Connections	Neutral operator working with multiple rail operators	Competing with rail operators through Ekol Logistics	No intermodal presence; co-operates with U.N. Ro-Ro
Announced Plans for 1 January 2020 IMO Decision	Announced scrubber installations	No scrubber installation announcements	No scrubber installation announcements

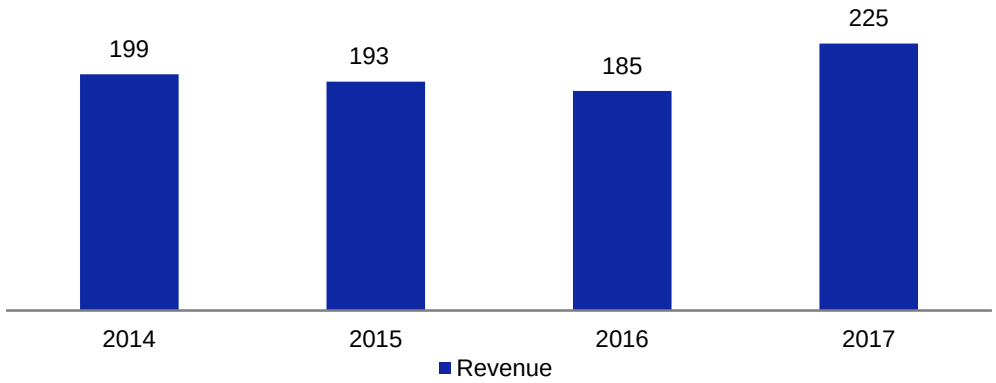
Source: Ship broker estimates from BRS GROUP, as of YE 2017, Weekly sailings figures from Alternative's and Ulusoy's websites and other publicly available information

Note: (1) Ekol is not a owner part of its fleet is on a charter basis (2) Includes 2 export-only trips on the Pendik - Bari route (3) Pending lengthening of 2 vessels in 2018

Key financials – revenue and earnings 2014-2017

Strong Revenue Development

Revenue (€ MM)

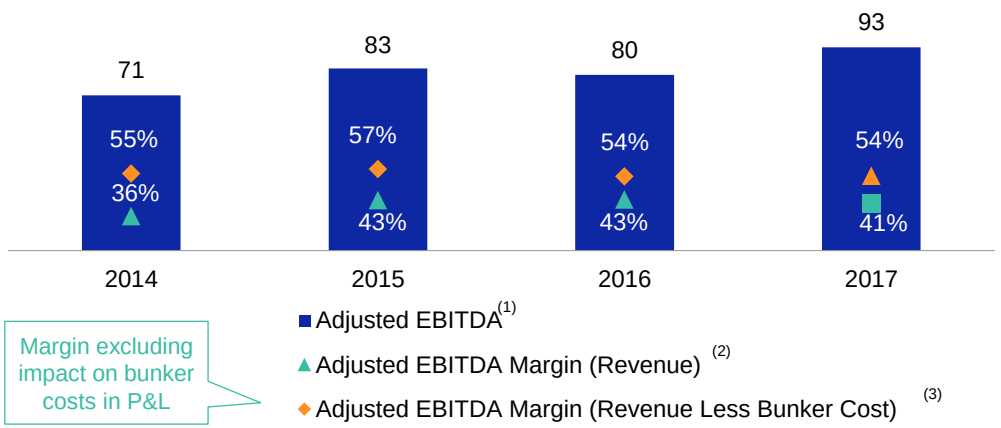


Total Exported Volumes (standard units) / Export Load Factor (%)

2014	2015	2016	2017
86,196 74.2%	91,608 76.5%	92,513 78.4%	100,226 82.2%

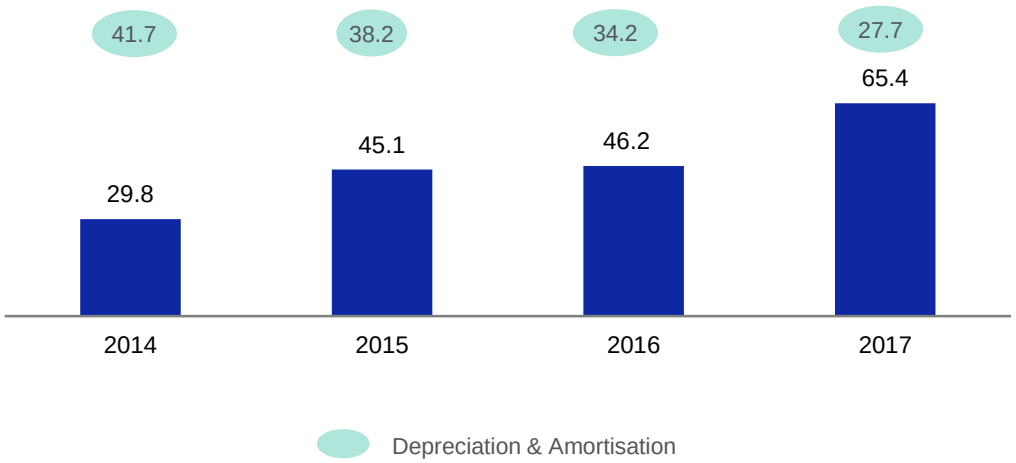
High & Solid EBITDA Margin

Adjusted EBITDA[1] (€ MM), Adjusted EBITDA[1] Margin (%)



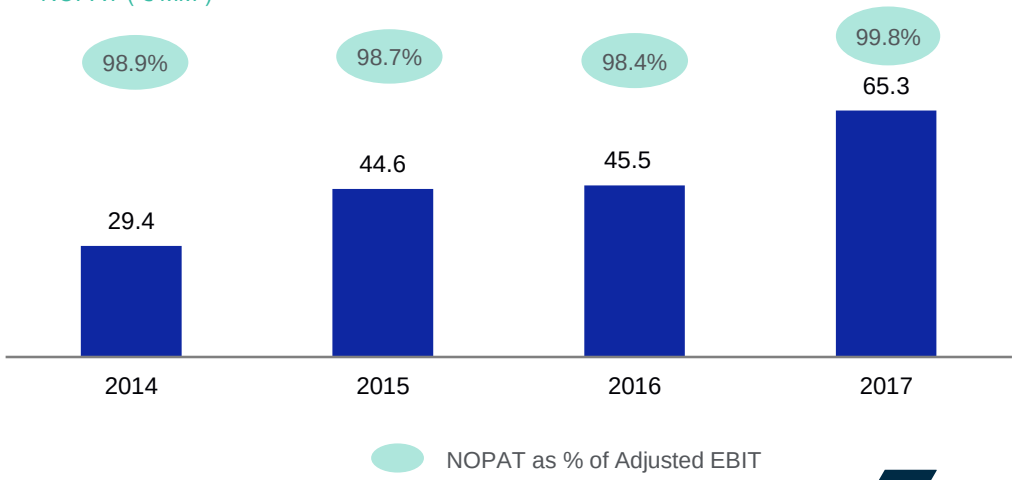
Continuous Growth in EBIT figures

Adjusted EBIT[2] & Depreciation & Amortization Levels (€ MM)



NOPAT is very close to EBIT w favourable tax exposure

NOPAT (€ MM)



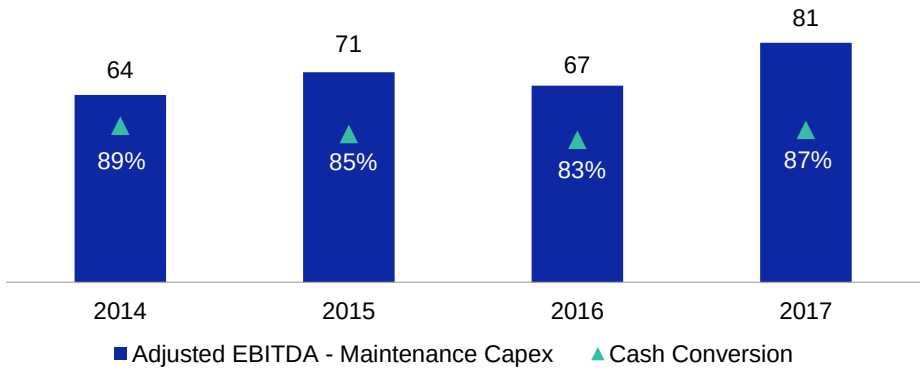
Note: (1) Adjusted EBITDA excludes one-off and non-recurring charter costs in 2016 and 2017 (€0.9m and €2.4m respectively). (2) Based on Total Revenue. (3) Based on Total Revenue less Bunker Cost.

Note: (2) Adjusted EBIT figures are calculated as (Adjusted EBITDA – D&A).

Key financials – cash flow 2014-2017

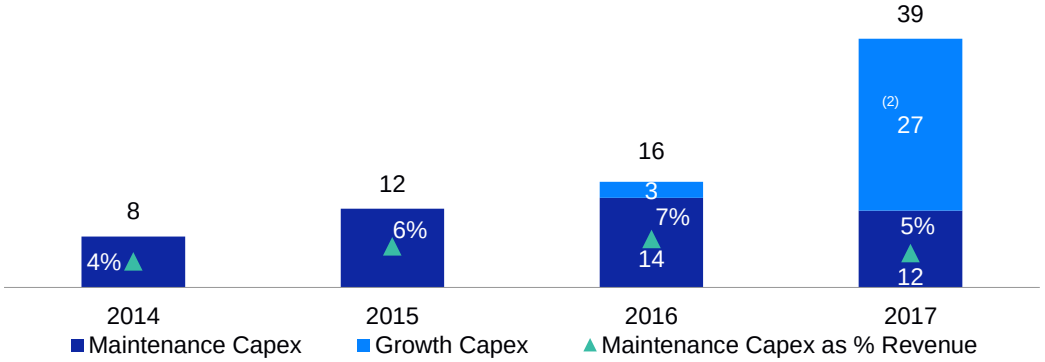
High Cash Generation Capacity

Adjusted EBITDA[1] – Maintenance Capex (€ MM), Cash Conversion (%)



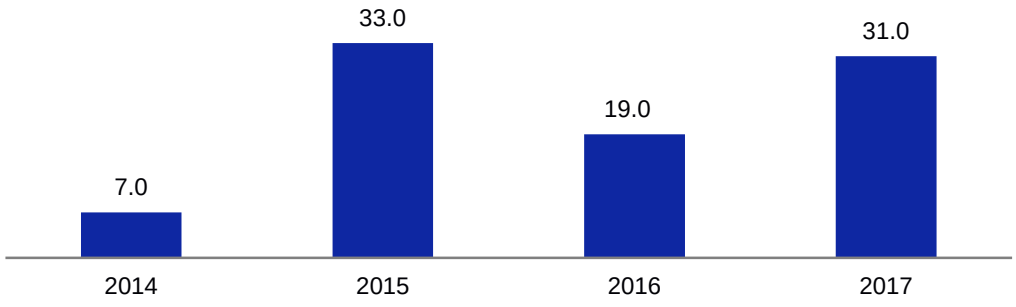
Low Maintenance Capex Levels

EUR MM



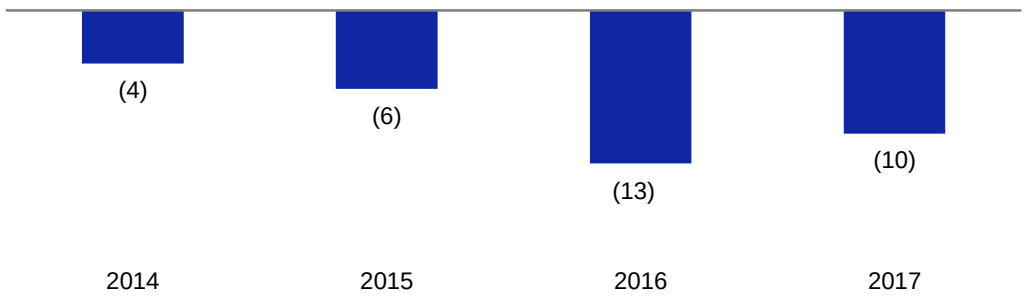
High FCF Generation

EUR MM



Negative Working Capital[3]

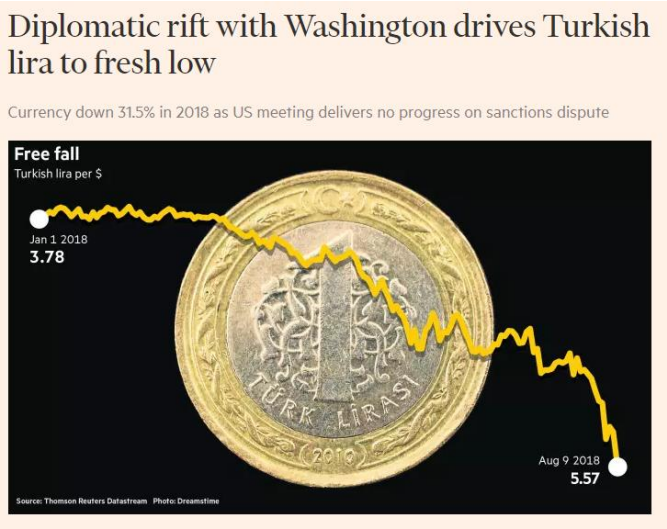
EUR MM

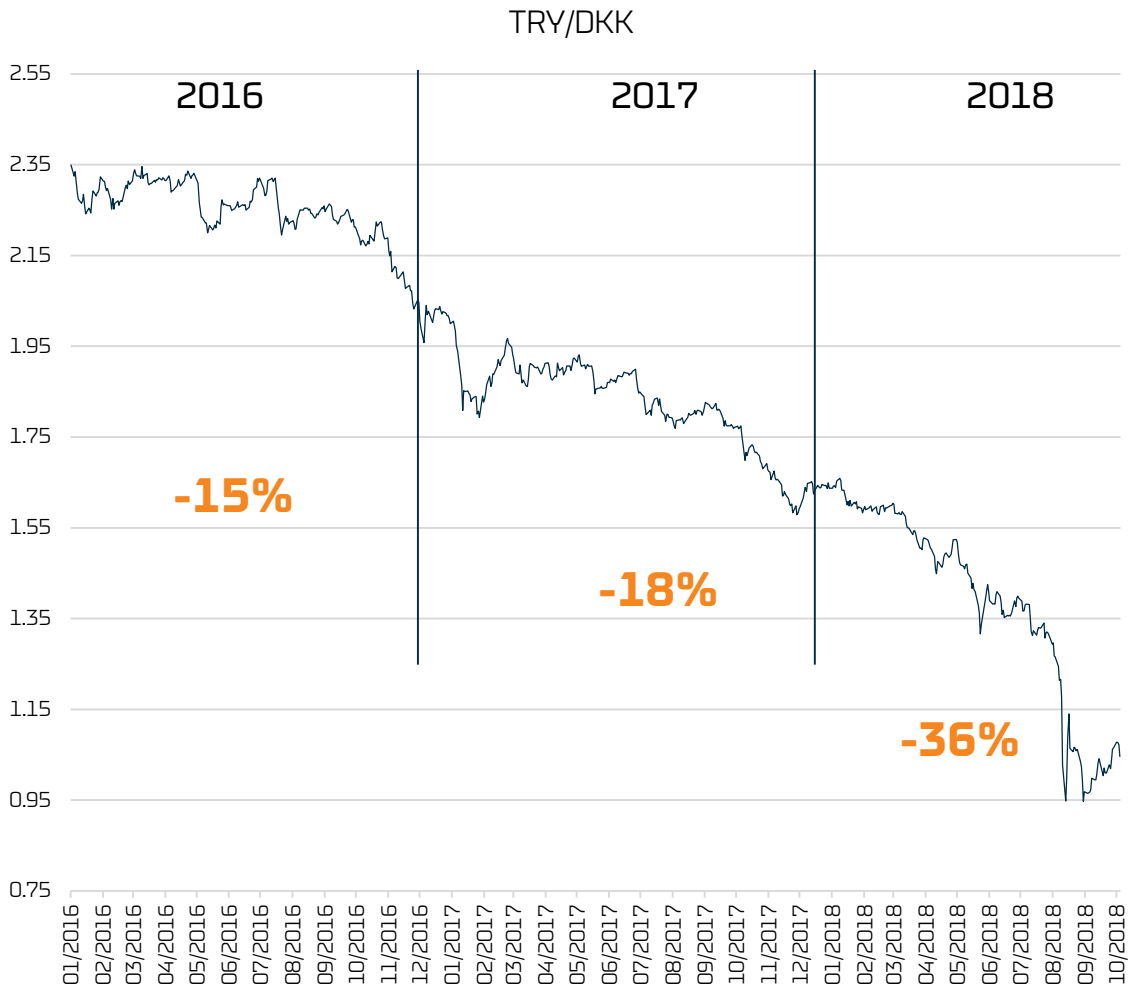


Note: (1) Adjusted EBITDA excludes one-off and non-recurring charter costs in 2016 and 2017 (€0.9m and €2.4m respectively). (2) Based on Total Revenue. (3) Based on Total Revenue less Bunker Cost. (4) Includes €20m of lengthening capex and €7m of investments in Trieste terminal. (2) Includes €20 MM of lengthening capex and €7 MM of investments in Trieste terminal. (3) Net working capital is calculated as (Trade receivables + Inventories + Other receivables and current assets excluding income accrual from disposal of land and due from related parties) – (Trade payables + Current tax liabilities + Other payables and expense accruals excluding Banking and Insurance Transaction Tax expense accrual + Provision for employee benefits).

Turkey - inflation and exchange rate development of TRY

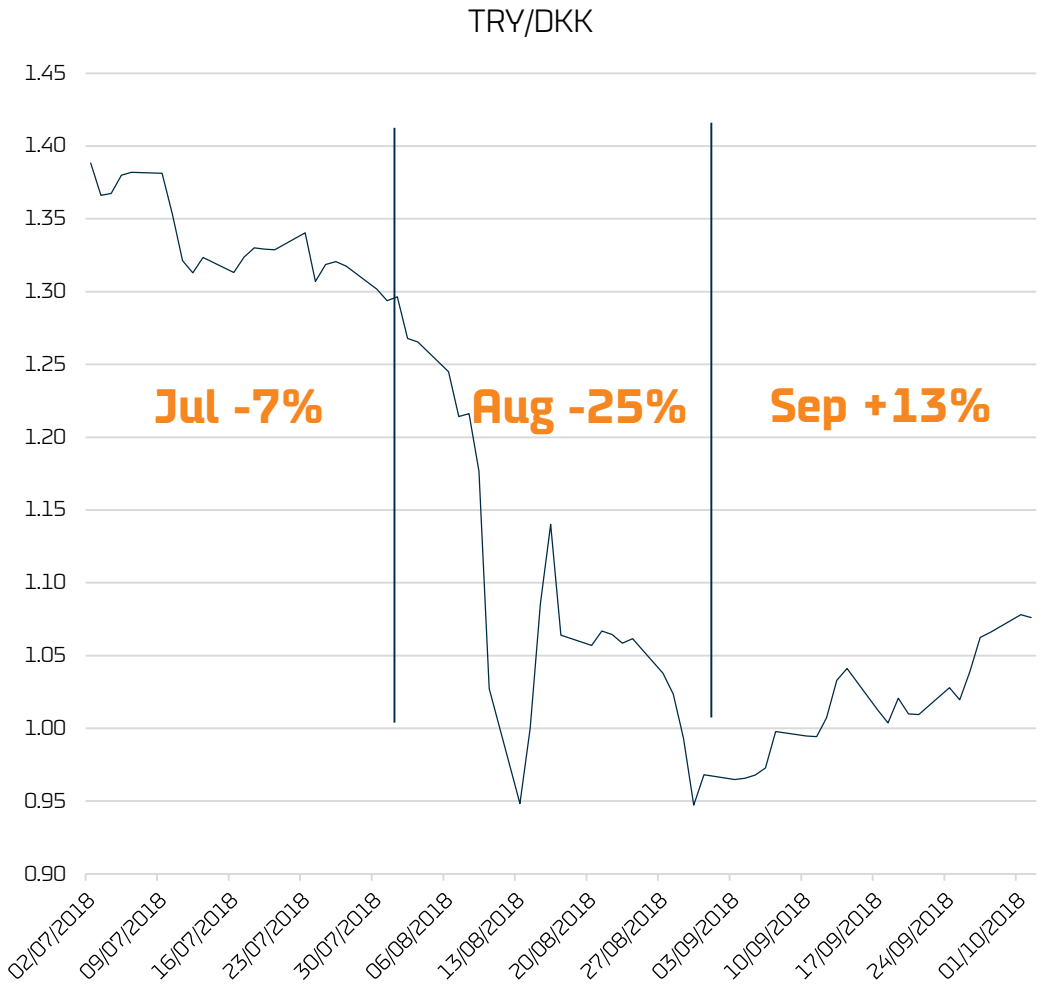
- TRY-depreciation is linked to high **inflation** rates in Turkey:
  - 2016: 8%
  - 2017: 11%
  - 2018 ytd: >20%
- Turkey's real **GDP** was up 7% in Q1
- OECD: real GDP growth forecast of 0.5% for 2019





Turkey – impact of TRY depreciation on finance items

- Financial performance impacted by 'one-off' currency loss on debtors recorded in Finance items
- Mediterranean's prices are set in EUR to protect revenue development
- Invoicing in TRY implies, however, currency risk in 60 day payment period for debtors
- TRY exposure on debtors of around DKK 300m
- 'One-off' currency loss in Finance items of around DKK 70m incurred in Q3 by 24% TRY depreciation

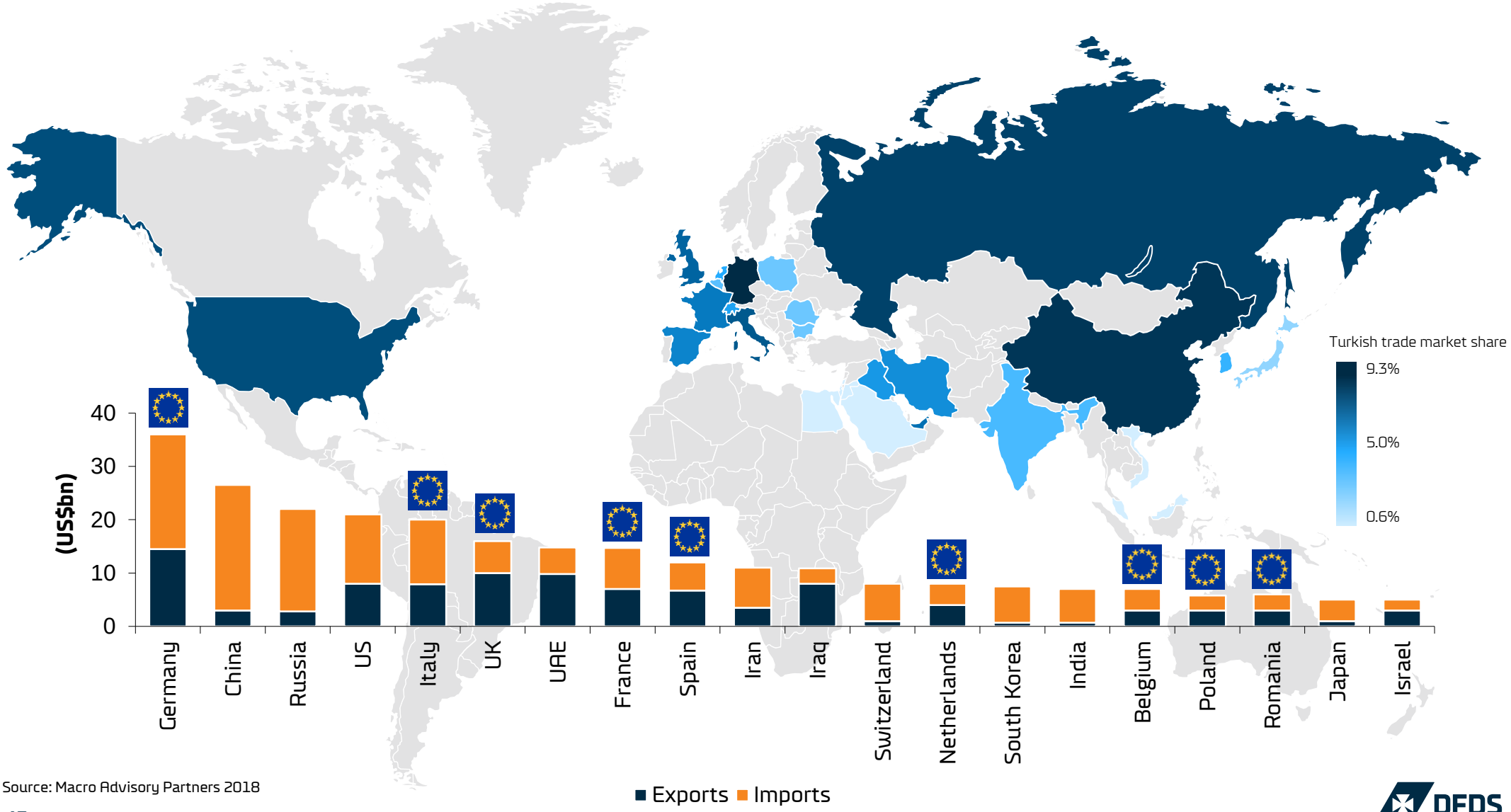


MARKET OVERVIEW

DFDS

EU is important and balanced trade partner with Turkey

Turkey's top trade partners (2017)



Source: Macro Advisory Partners 2018

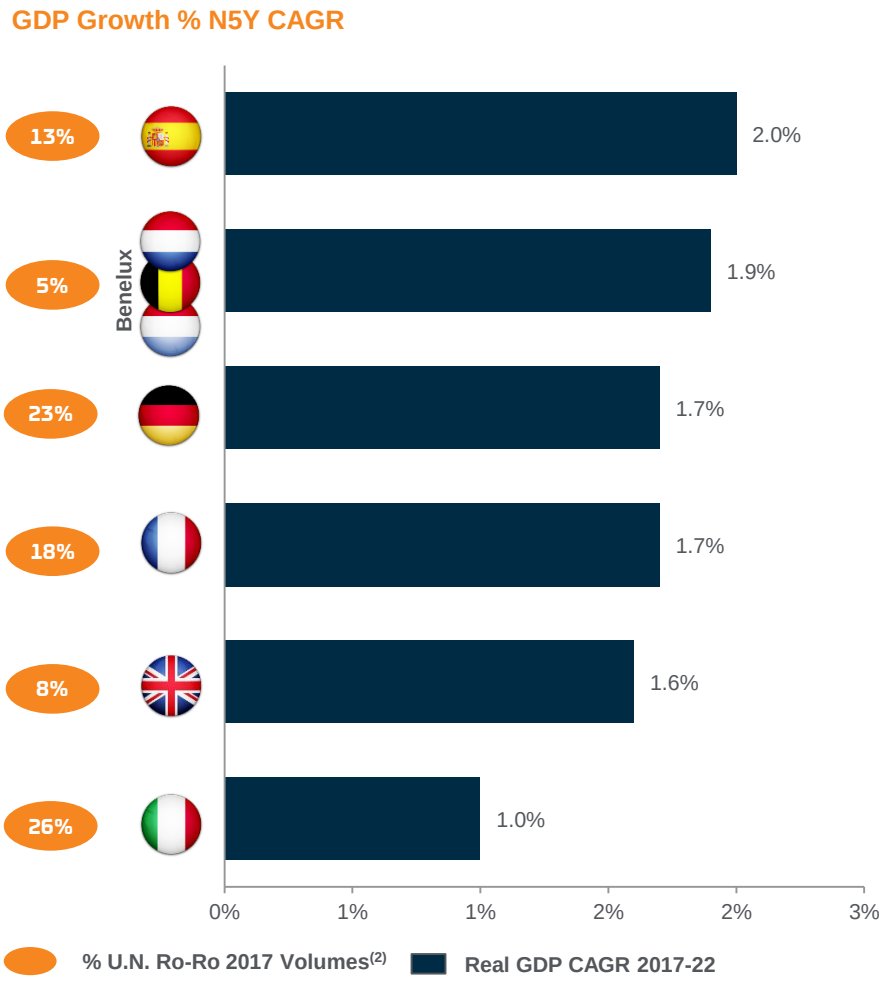
Attractive market profile

Target Market real GDP growth

Macroeconomic Overview

	Turkey	Target Europe[1]
Economic output (2016):	$863 billion	$15,742 billion
Population (2016):	80 million	468 million
Imports (2016) (merchandise goods):	$199 billion	$5,139 billion
Exports (2016) (merchandise goods):	$143 billion	$5,033 billion
Value of Turkish Exports with Target Market (2017)	$59 billion	
Value of Imports from Target Market to Turkey (2017)	$72 billion	

Target Market [1] Macro Outlook



Source: Drewry Shipping Consultants LTD, Economist Intelligence Unit (EIU) via S&P Global Market Intelligence

Source: Drewry Shipping Consultants LTD, IMF World Economic Outlook, Economist Intelligence Unit (EIU) via S&P Global Market Intelligence

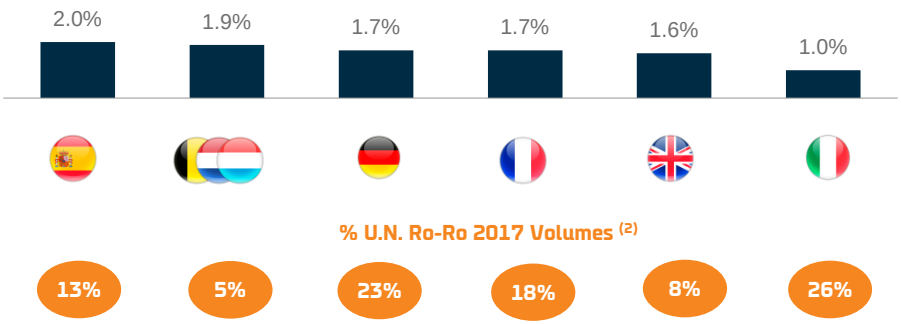
Note: (1) Includes Italy, France, Germany, Austria, Switzerland, Slovenia, Spain, Portugal, Luxemburg, Belgium, the Netherlands, Denmark, UK, and Ireland. (2) Export volume in other countries (Ireland, Portugal, Switzerland, Austria, Slovenia, and Denmark) of 6%.

Attractive and resilient market fundamentals

Attractive Macro Outlook Fuelling Cargo Growth

GDP Growth % N5Y CAGR [1]

Real GDP (PPP US$ at 2005 prices)

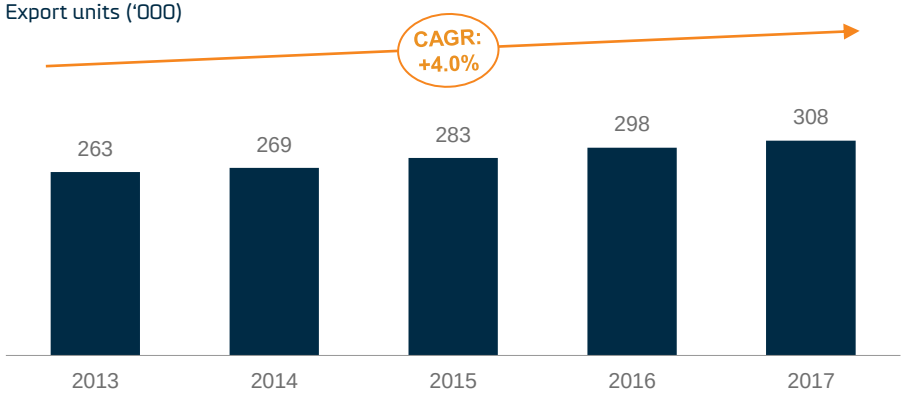


Source: The Economist Intelligence Unit (EIU) via S&P Global Market Intelligence, Company Information

Resilient Turkey – Target Europe[3] Trade

Truck Market Volumes[4]

Export units ('000)



Source: Drewry Shipping Consultants LTD

Structural Shift Towards Ro-Ro vs. Land

Total Truck Volumes Market Share

Export units ('000)

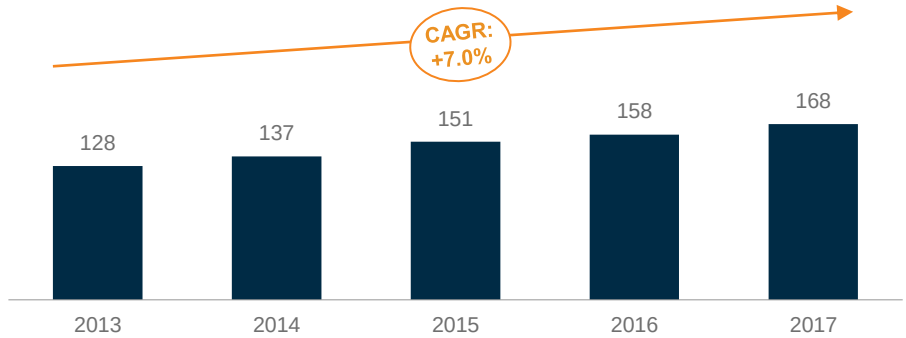
- Ro-Ro is capturing incremental market growth thanks to:
  - Low capital expense requirements compared to land, as fewer trucks can carry more trailers
  - Reduced operational expenses, due to cost competitive pricing and lower driving time, fuel cost and driver cost savings
  - Number of road permits that can be issued is limited

Source: Company information, Drewry Shipping Consultants LTD for forward looking market data

High Growth in Ro-Ro Volumes

Ro-Ro Market Volumes

Export units ('000)

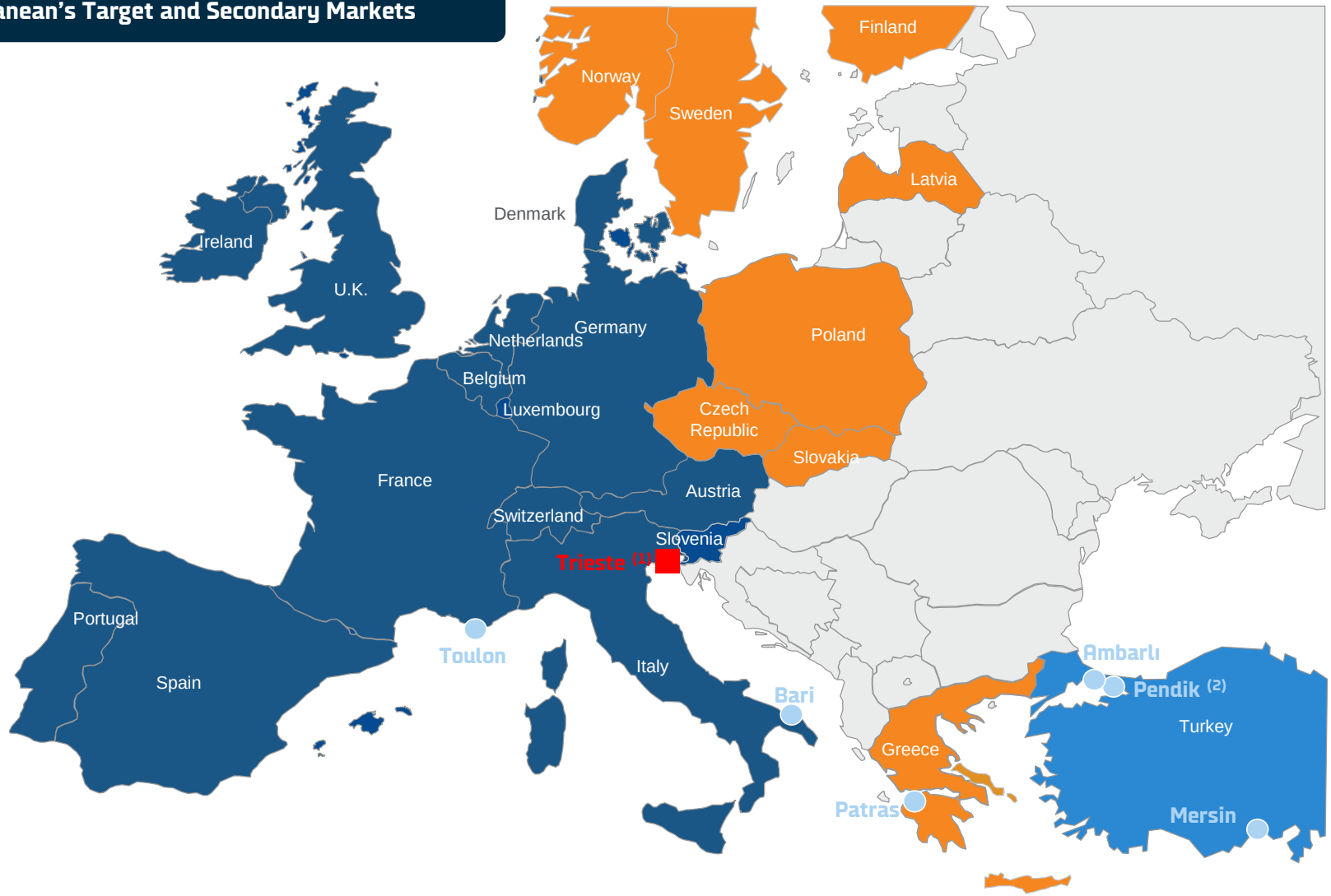


Source: Drewry Shipping Consultants LTD

Note: (1) Refers to 2017-2022E CAGR. (2) Export volumes in other countries (Ireland, Portugal, Switzerland, Austria, Slovenia, and Denmark) of 6%. (3) Target European destinations are: Germany, Italy, UK, Ireland, Belgium, Netherlands, Luxembourg, France, Spain, Portugal, Switzerland, Austria, Slovenia, Denmark. (4) Includes Ro-Ro and land transportation.

Mediterranean's geographical reach

Mediterranean's Target and Secondary Markets

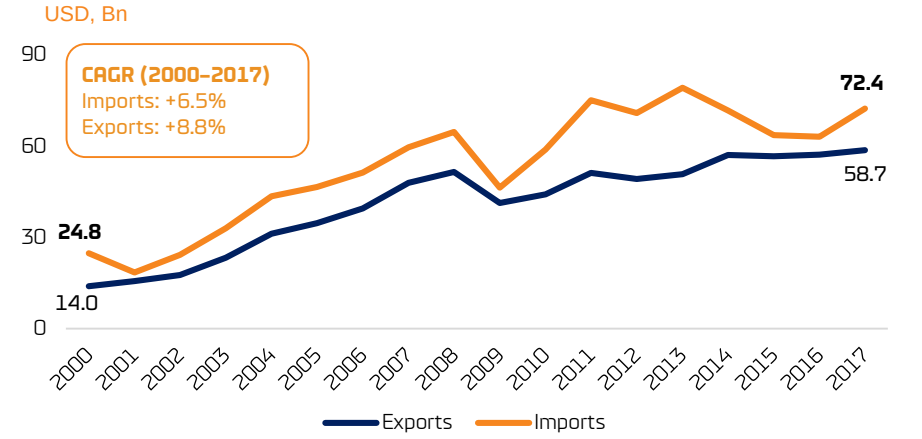


Target Market | Secondary Market | Port of Trieste Operated by U.N. Ro-Ro | Other Ports in U.N. Ro-Ro Network

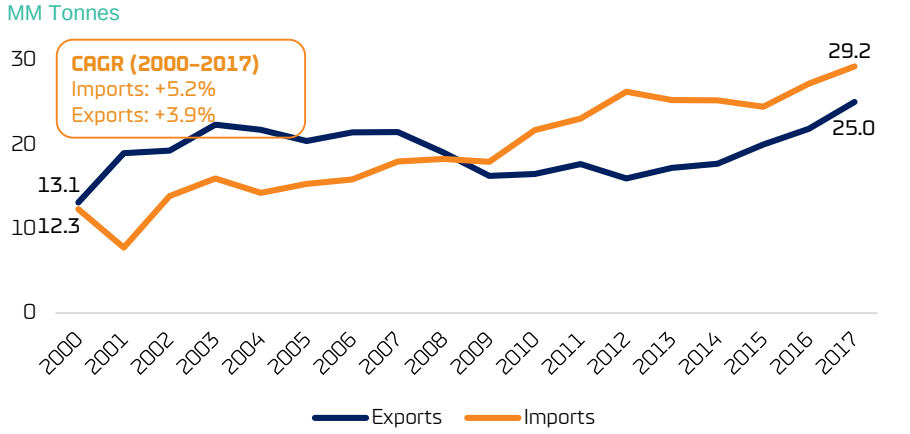
Note: (1) Long term concession with freeport status. U.N. Ro-Ro owns 60% of Port of Trieste's operator (Samer Seaports Company). (2) c. 74k sqm owned and c. 26k sqm leased from the state

Strong growth in trade with European target markets

Value of Turkish Trade with Target Market



Net Weight[1] of Turkish Trade with Target Market



Key Points

- Turkish imports have grown at a CAGR of 5.2% from 12.3 million tonnes in 2000 to 29.2 million tonnes in 2017
- Exports have grown at a CAGR of 3.9% from 13.1 million tonnes in 2000 to 25.0 million tonnes in 2017

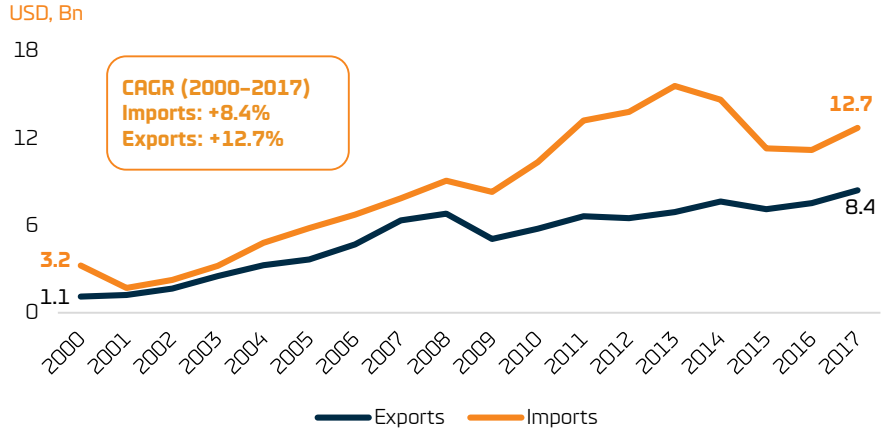
Historical Growth Breakdown

	CAGR 2000–2008	CAGR 2010–2017
Imports (Value)	+12.7%	+3.0%
Exports (Value)	+17.7%	+4.2%
Imports (Tonnes)	+5.1%	+4.4%
Exports (Tonnes)	+4.8%	+6.2%

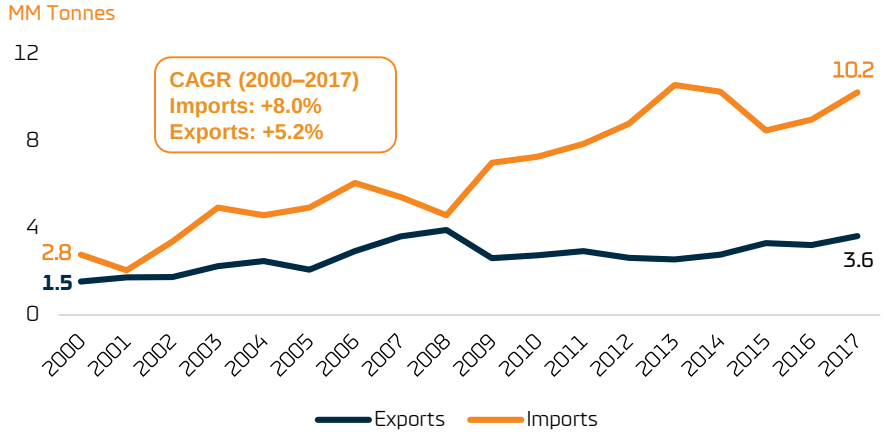
Note: (1) Weight of the cargo, excluding the weight of the container / package in which it is carried

Also strong growth in trade with secondary target markets

Value of Turkish Trade with Secondary Market



Net Weight[1] of Turkish Trade with Secondary Market



Key Points

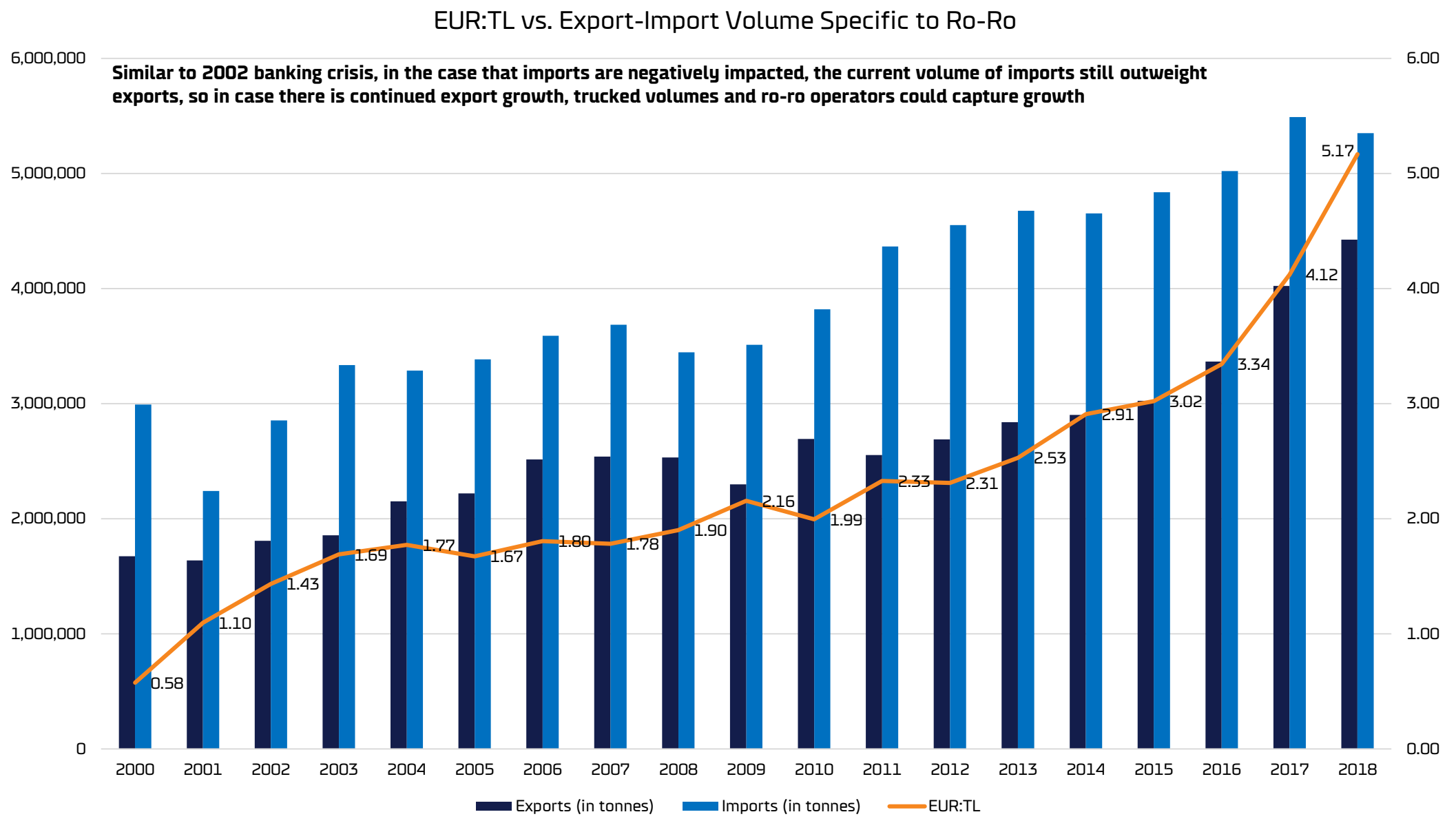
- Turkish imports have grown at a CAGR of +8.0% from 2.8 million tonnes in 2000 to 10.2 million tonnes in 2017
- Exports have grown at a CAGR of +5.2% from 1.5 million tonnes in 2000 to 3.6 million tonnes in 2017

Historical Growth Breakdown

	CAGR 2000–2008	CAGR 2010–2017
Imports (Value)	+13.8%	+3.0%
Exports (Value)	+25.6%	+5.6%
Imports (Tonnes)	+6.4%	+5.0%
Exports (Tonnes)	+12.4%	+4.1%

Note: (1) Weight of the cargo, excluding the weight of the container / package in which it is carried

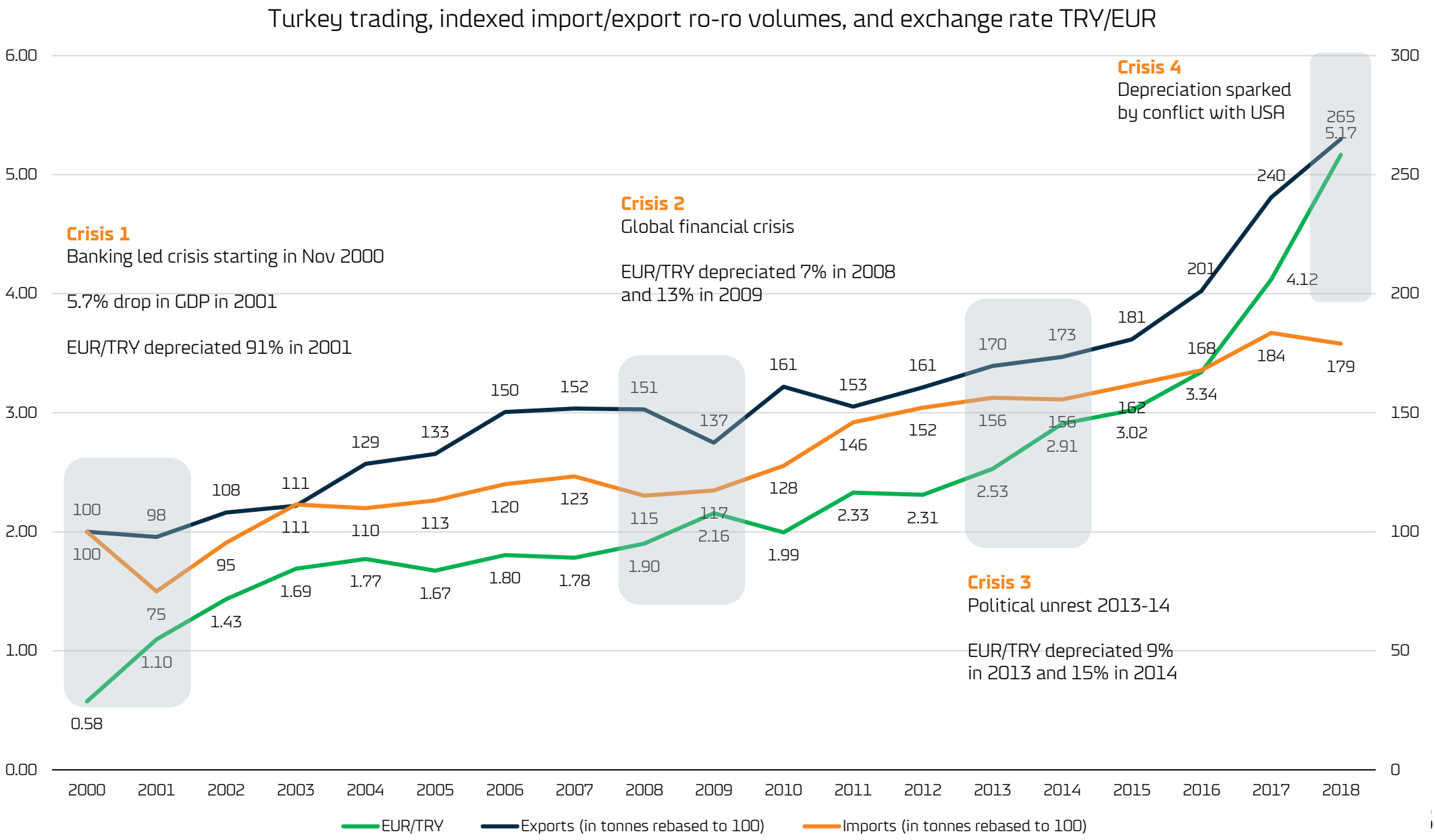
Import ro-ro volumes exceed export volumes



Source: Drewry Shipping Consultants LTD

DFDS

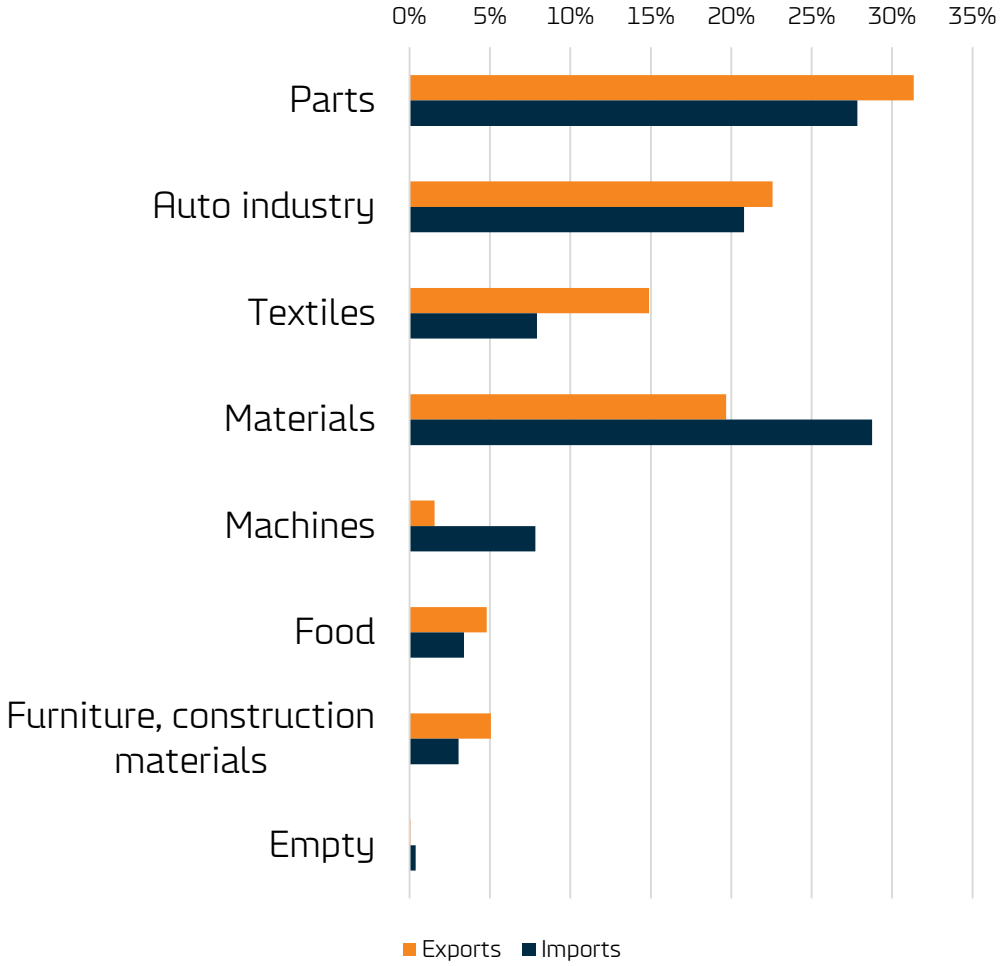
Turkish trade volumes resilient in face of TRY depreciation



Cargo split in DFDS' Turkey-Europe routes

- High share of **industrial cargo**
- **Auto industry** supply chain volumes above 20%
- **Textile industry** located in southern Turkey has 15% share of exports
- Food and other consumer goods a smaller part of volumes
- Almost **no empty trailers** shipped in H1 2018

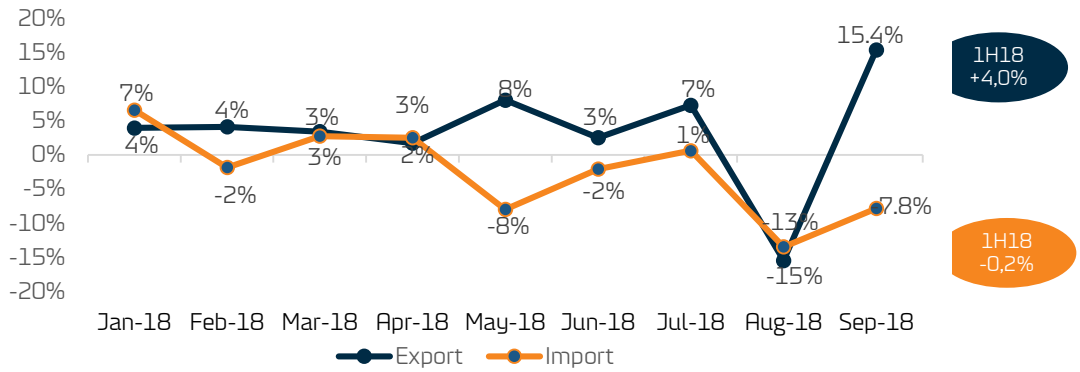
Turkey-Europe cargo split, Jan-May 2018



Materials: Industrial, chemical, plastic, metal, glass, paper

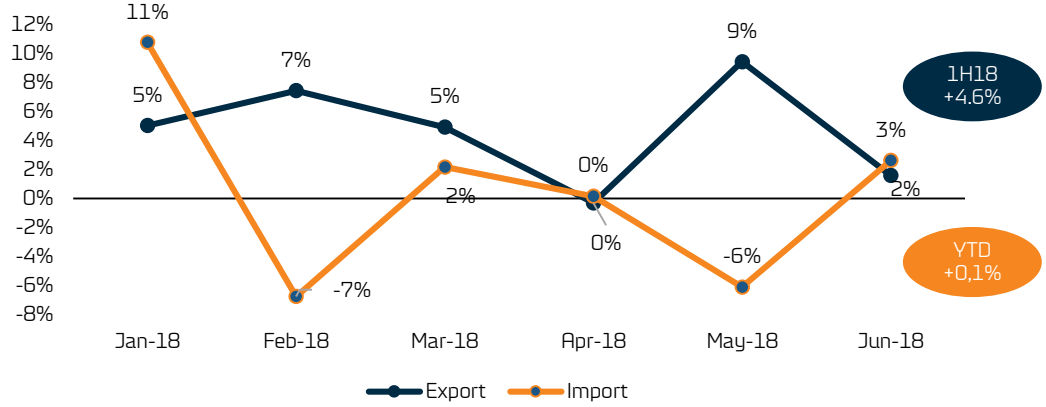
TRY depreciation decreases imports & boosts export volumes

Growth in truck market (target market countries), same period last year*



Source: Customs authorities

Growth in DFDS Mediterranean* imports and exports, same period last year



Source: BU Med

- Currency depreciation is impacting import volumes – once TRY is stabilized imports are expected to resume at a lower level
- Export volume growth expected to mitigate impact from imbalance/reduced import volumes
- Also mitigation from significant import of semi-manufactured goods used for manufacturing of finished goods in Turkey and then re-exported

- DFDS Mediterranean is impacted in a similar way to the truck market in general
- Due to depreciation of the TRY we are seeing low import growth rates, and increased exports
- Drewry estimates 2018 for cargo exports 10% growth, imports -2.5%

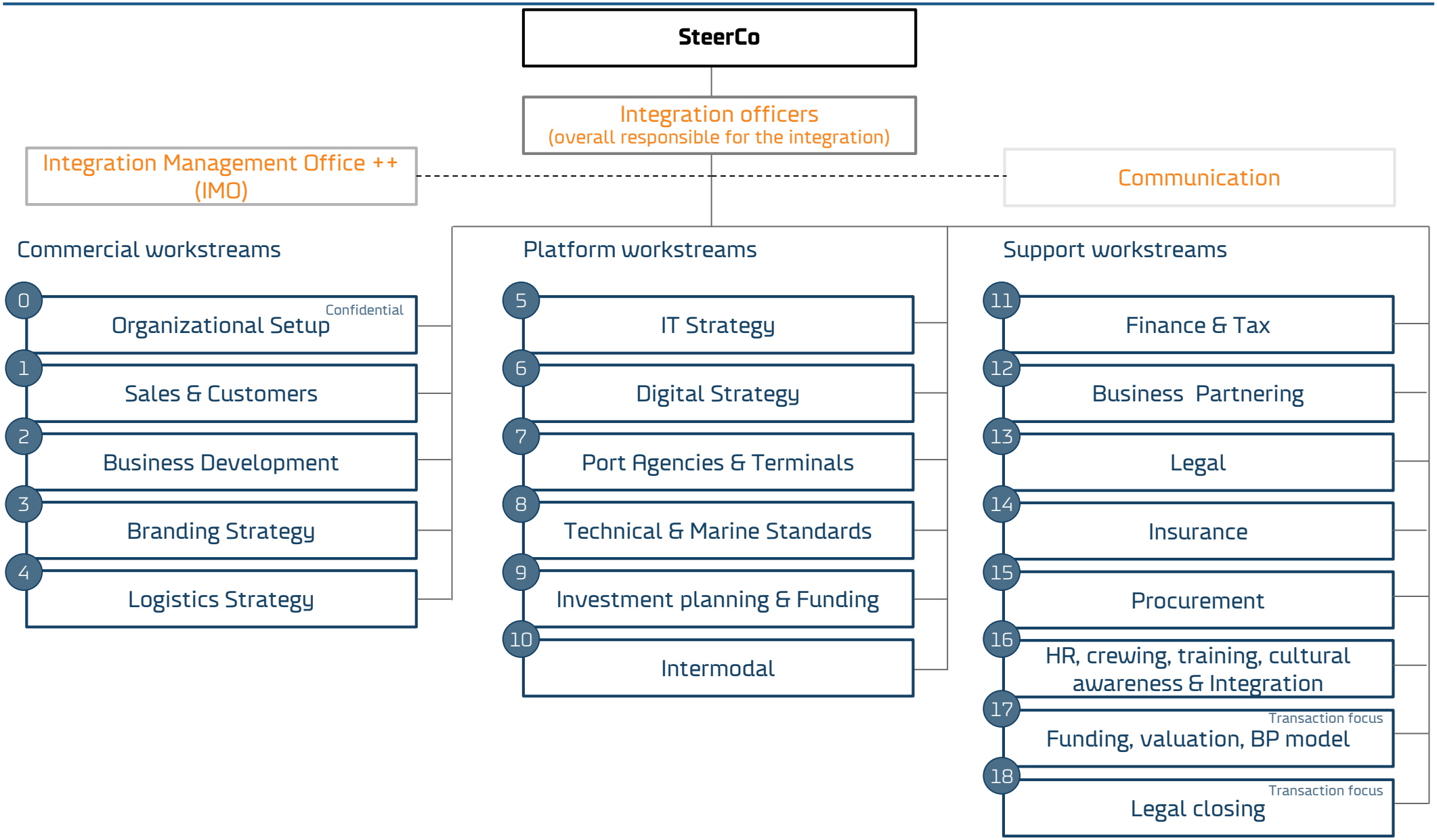
** Excluding Marseille–Tunis*

DFDS

INTEGRATION

DFDS

Integration organised in 18 workstreams



Transition phase followed by four integration steps

Integration | **Long-term**

Closing/(Day-1) — First 100 days — Integration completed — January 1, 2019 ->

6/6 / (7/6) — 6/9 — 31/12

Day-1*

- Customer roadshow
- Meetings with authorities
- Internal/external communication
- Redirect homepage
- Update emailadresses
- Give access to The Bridge

First 100 Days

- Begin execution of First 100-Days plan
- Introduce communication and command protocols
- Target "quick wins" and "low-hanging fruit" synergies
- Begin internal customer/ pricing discussions
- Prioritize customer retention
- Target new growth in current/ adjacent geographies
  - Organic growth
  - Acquisitions

Integration execution

- Short-term costs synergies and revenue enhancing synergies
- Implement new organization
- Execute specific work stream integration plans
- Target near-term synergies for maximum impact
- Evaluate customer pricing and approach
- Track synergy realization
- Begin long-term integration planning

Consolidation/growth

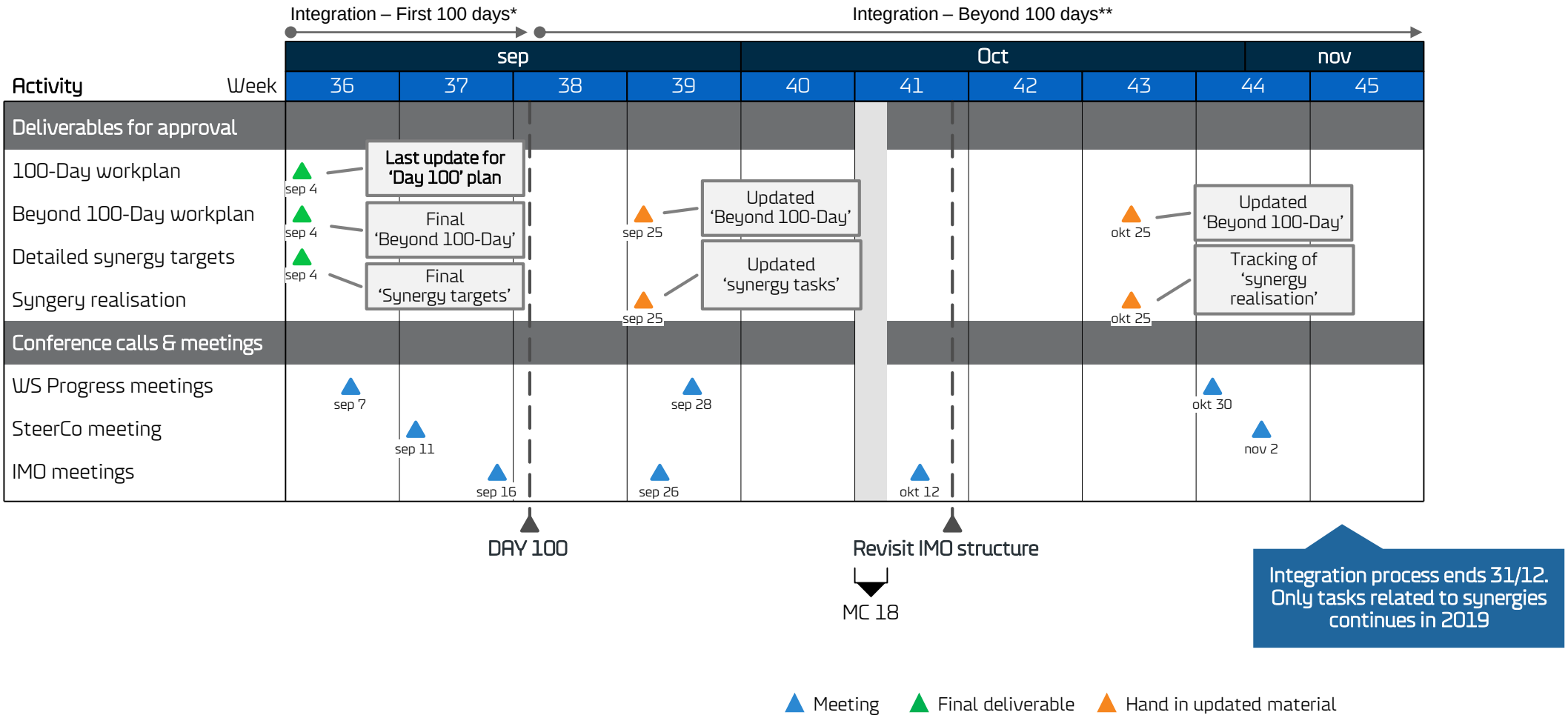
- Long-term cost synergies and revenue enhancing synergies
- Drive efficiencies through optimization of routes, tonnage, and terminals
- Leverage customer base to increase solutions & cross selling
- Exploit/realize growth opportunities in current/adjacent geographies

* Activity examples

DFDS

Integration progressing and set for completion at year-end

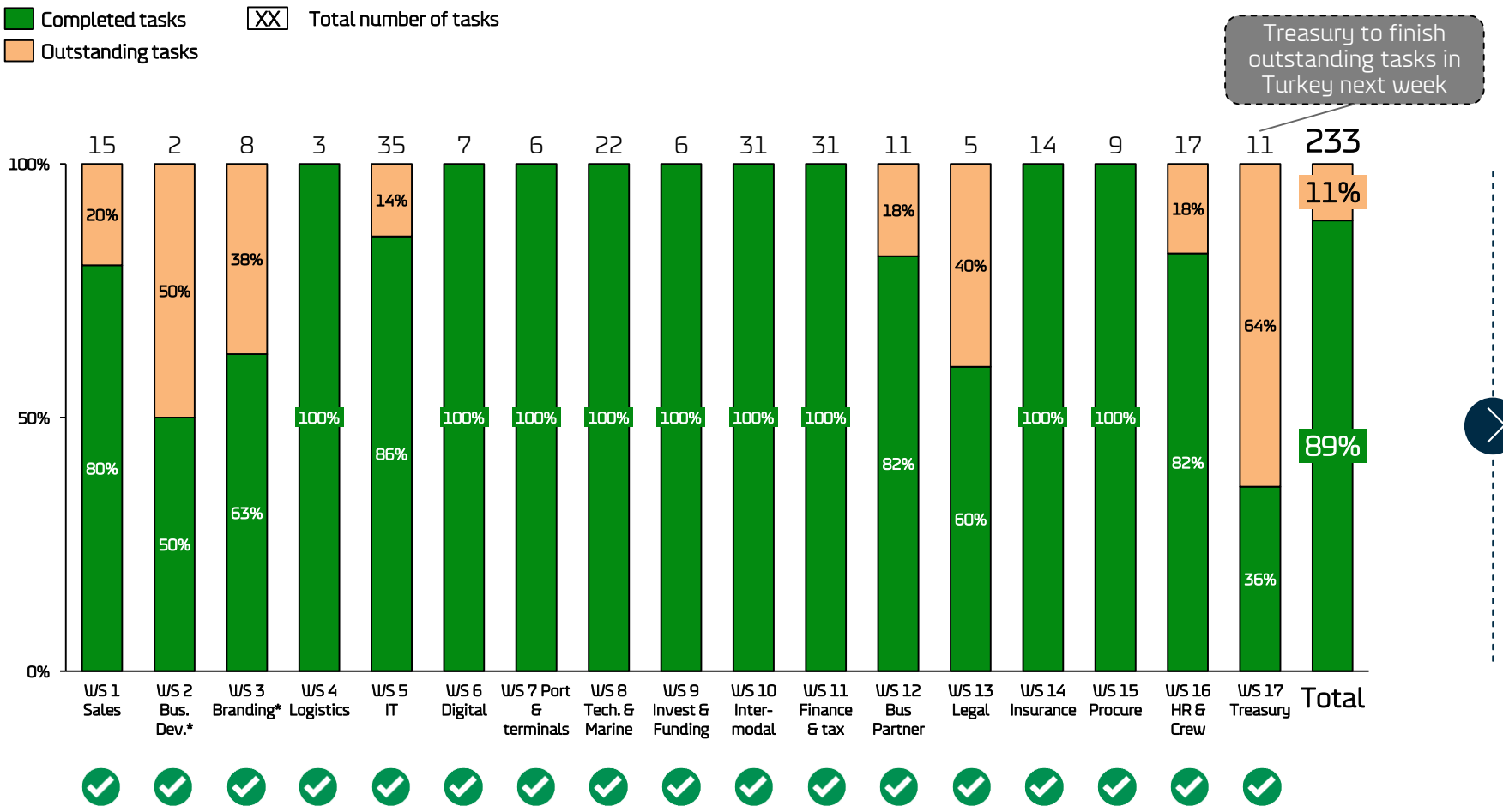
Timeline - updated



*Note: *Day 100 = 18th September 2018, **Beyond Day 100 from 19th Sep – 31st Dec*

DFDS

All workstreams on track to complete 'Day 100' plans



Day 89 of 100

Overall great effort has been put in finishing the 'day 100' plans

*Significant progress to complete the tasks, as not finalized they are listed as in progress

On track | Issues, but recoverable | Issues, not recoverable

DFDS

Final stage of signing off synergies, next step tracking impact

Completed | Completed | Today | Q4 2018 ->

Synergy aspiration

- Draft key levers & rationale
- Estimate EBITDA impact

Target development

- Draft targets and timeline
- IMO support w/ synergies

Final synergy targets

- Agree initiative targets
- Define initiative baseline
- Appoint initiative owners
- Assess investment needs
- Outline impact profile

Synergy tracking

- Complete initiatives
- Continuous progress update
- Synergy capture reporting to Steer Co

DFDS

GOING FORWARD

DFDS

Investments planned to drive Mediterranean's growth

2 vessel lengthenings in 2018 to increase capacity

Scrubber investments to comply with 2020 IMO legislation

Expansion of current terminals to accommodate growing volumes

Fleet renewal to increase efficiency and capacity

Geographic network expansion with synergies

Sales growth	▪ Land conversion and organic market growth ▪ Additional capacity driving additional volumes and lower unit costs
Customer and sales	▪ Intermodal solutions offering synergy opportunities to existing DFDS network ▪ Wider network and range of services to existing customers ▪ Strong base for business development in adjacent markets
Enhanced fleet flexibility	▪ Flexibility of vessel deployment on both new and existing routes ▪ New DFDS vessel design optimal for U.N. Ro-Ro capacity expansion
Operational synergies	▪ Integration of Mediterranean activities ▪ Integration into DFDS core operating systems ▪ Sales agency and back-office system integration

How will we navigate, what actions can be taken...

Short Term Customer Related Actions

- Empty trailer/container rate and promotional campaign valid until 31 August, extended due to continued volatility until end of September
- Ticket exchange possibilities to customers who have import tickets outstanding to use for exports
- Increase the European customers percentage in the total customer mix

Long Term Customer Related Actions

- Taking the initiative to minimize exchange rate volatility with all parties within the sector (with customers and associations) through switching to EUR collections instead of Turkish Lira (expected to be discussed in 4Q18 and implemented throughout 2019)
- Container business growing on all our routes (more suited for one-way laden, one-way empty - as empty re-positioning of container is cheaper)

Geographical Expansion Actions

- Increase Greece-Europe volumes in the total revenue mix (not affected by Turkey macro situation)
- Pursue cross-sell opportunities in traditional DFDS geographies such as UK, Baltics and Scandinavia (as they are mainly exports and import back-loads through DFDS: recent example we started this week with Mars Logistics for Sweden exports and possible DFDS Volvo loads back to the continent)
- In the process to add Bari way-call to Mersin-Trieste exports

Q&A

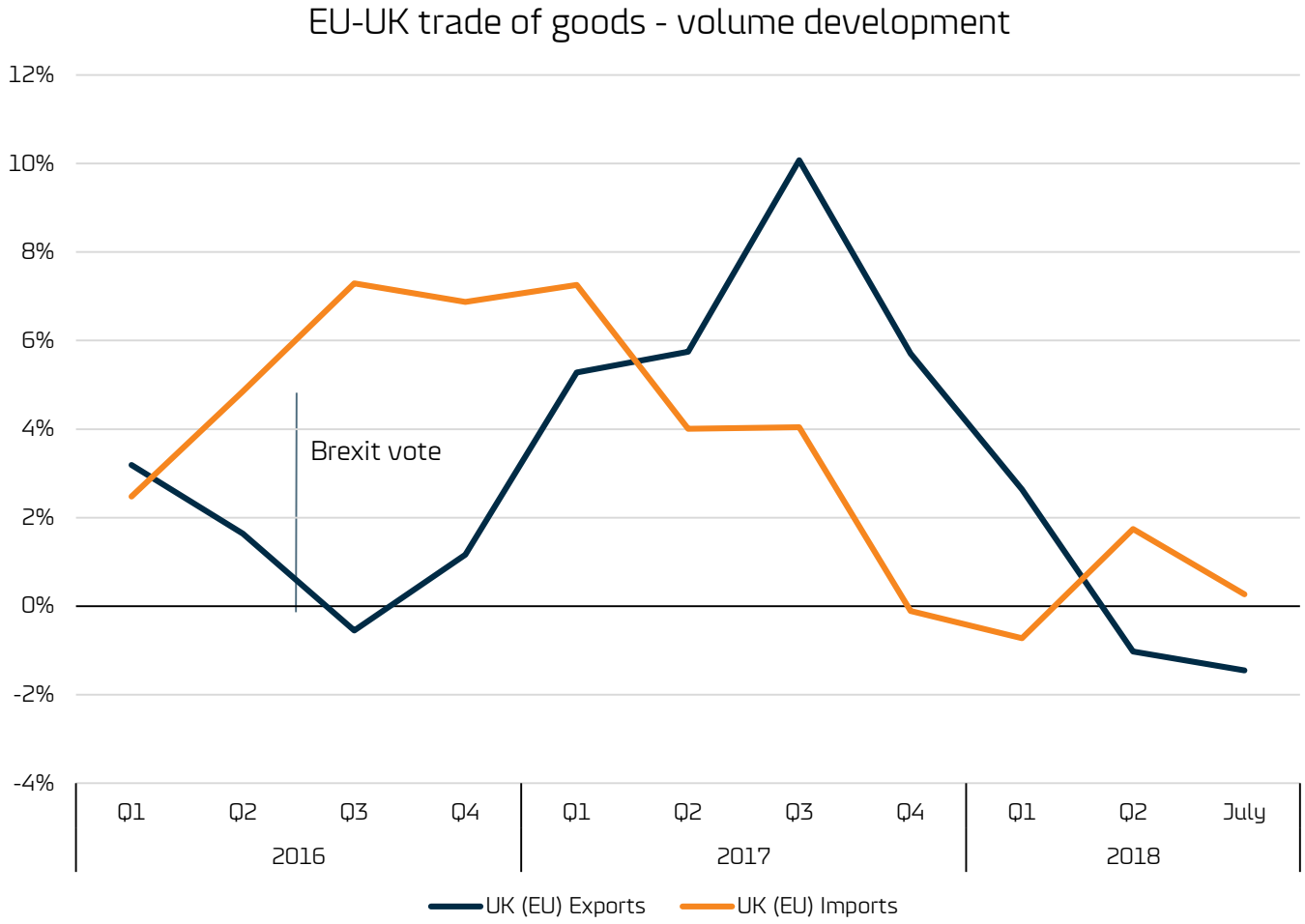

U.N. RO-RO
UN AKDENİZ
İSTANBUL
www.ekol.com
ULUSOY LOGISTICS
Sultantur
babacan
TURKISH CARGO
samskip
VERGREE
ECS
GÖKBORA
ICL
FERCAM
TETNAK
EMİRÖĞLU

BREXIT

DFDS

Some slowdown in UK-EU trade growth in 2018

- **Euro area growth** continues to mitigate uncertainty related to Brexit
- Lift in UK export growth to EU post Brexit vote leveling off but still above pre-Brexit level
- **Volume growth divergence** between North Sea and Channel is continuing in 2018 due in part to shortage of drivers



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

Transition period 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

"UK could stay in EU customs union for years after Brexit transition"
- https://www.politico.eu quoting senior U.K. and EU officials

Brexit – challenge and opportunity

- **Key risk** is development of UK GDP growth that is driver of trading volumes
- UK **supply chains** closely integrated with Continental Europe
- Import customers are considering to **increase stocks** in UK ahead of March 2019 in case of hard Brexit, vice versa for UK exporters
- **Less impact** expected on un-accompanied trailers vs accompanied trailers
- **Upside** from new services – export declarations, customs clearance, warehousing/storage/standage and duty-free

Possible hard Brexit impacts

- Time-consuming customs process
- Congestion in ports
- Reduction in trade volumes
- Increase in unaccompanied trailer volumes

DFDS actions

- Brexit steering group established
- Cost recovery, pass-through agreements
- Register as Authorised Economic Operator
- Increasing staff with customs clearance expertise
- Offer customs clearance services
- Upgrading IT customs systems
- Expanding port terminals in Vlaardingen, Felixstowe and Immingham to offer warehousing/storage/standage
- Dover/Calais options under review
- Offer duty-free sales

DFDS

Q&A

DFDS GROUP

October 2018

U.N.RO-RO's journey from a Ro-Ro Shipping line to a Leading Intermodal Operator

1994

48 Turkish international land transport companies formed UND Ro-Ro to solve the logistics issue during the Balkan War

1995

UND Ro-Ro started operations with two chartered vessels from Haydarpaşa, Istanbul

1998

Ro-La train, which operates between Villach – Salzburg and which can be used by complete units commences operations

2001

UND Ege joins the fleet

2002

UND Atılım and UND Birlik joins the fleet

2005

Saffet Ulusoy, UN Pendik and UN Marmara vessels join the fleet

2006

UN Trieste joins the fleet

Pendik Terminal opening

Tax free diesel service commences in Pendik Terminal for trucks carrying Turkish export goods

2008

UN Akdeniz, UN Karadeniz join the fleet

2009

Mersin – Trieste line opening

Cüneyt Solakoğlu joins the fleet

2010

Istanbul – France line opening

Cemil Bayülgen joins the fleet

2011

Tax free diesel service commences in Mersin Port for trucks carrying Turkish export goods

2013

UN Istanbul joins the fleet

Container transportation on roll trailers has started as a part of U.N. Ro-Ro's intermodal offering

ISU semi trailer train has started to operate between Trieste - Wels

U.N. Ro-Ro acquires 60% shareholding of Samer Seaports Terminals in Trieste (SST)

2015

Opening of line to South of Italy (first to Ancona then switched to Bari)

2016

Acquisition of Fruit Terminal Trieste SPA (TFT)

Ambarlı operations started

2017

Cüneyt Solakoğlu and UN Akdeniz have been lengthened

New concession for 25 years in Trieste

Intermodal Department formation and intermodal investments (gentry crane, warehouse demolition)

2018

Start of Bari Import, Patras line and rail connections in Eastern Europe, Benelux and Italy

Vessels added to fleet that year (current fleet)

Vessel lengthenings

Source: Company information