

# Q3 2006

Analyst meeting  
29 November 2006



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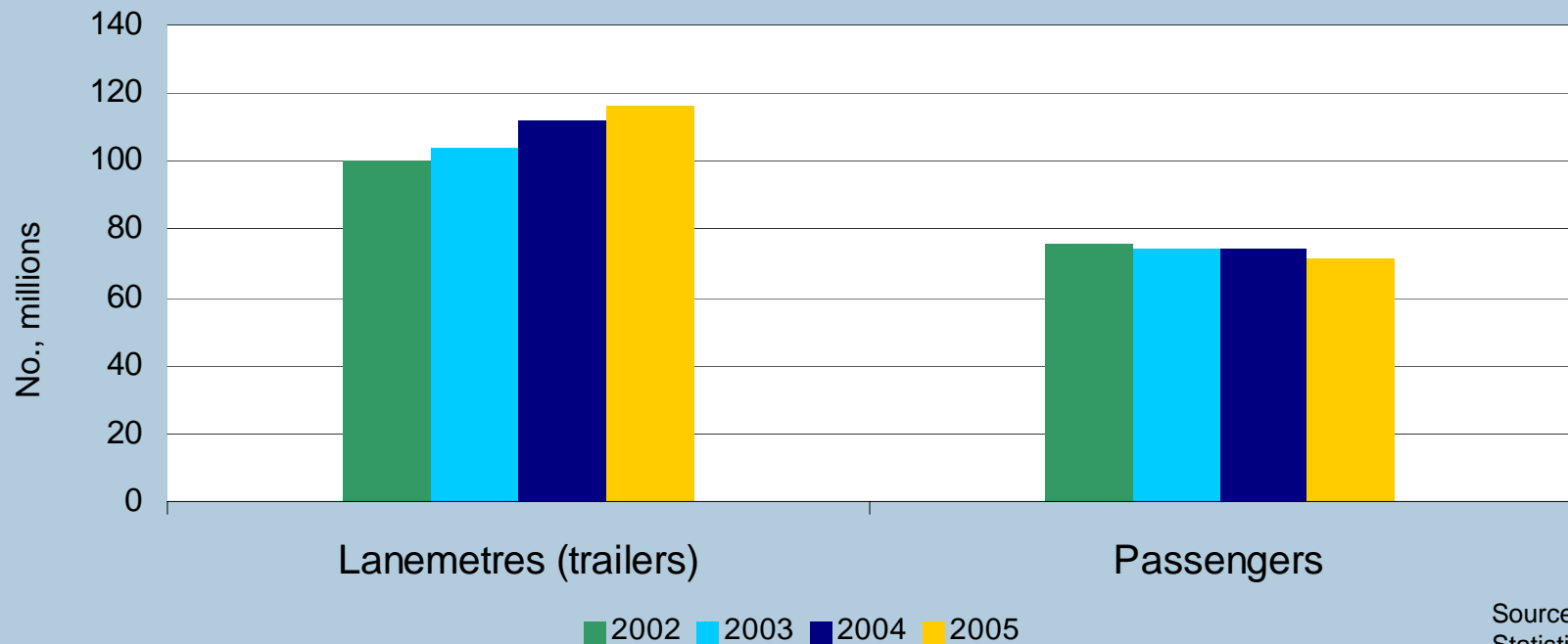


## Q3 in brief

- Revenue DKK 5,470 mill., +18%
- Pre-tax profit improved by DKK 165 mill. to DKK 379 mill.
- High level of activity in the freight market benefits DFDS Tor Line
- Slightly weaker financial performance for DFDS Seaways in Q3
- Profit forecast upgraded from DKK 325 mill. to approximately DKK 400 mill.

# Steady growth in freight market, passenger market in transition

**Volume development in North European ro-ro market**  
Source: Statistics 06, Shippax



Source: ShipPax  
Statistics

# Distribution of transport modes in EU

%	Road	Rail	Inland Waterways	Pipelines	Sea	Air
1995	42.1	12.1	4.0	3.6	38.2	0.1
1996	42.3	12.0	3.9	3.7	38.0	0.1
1997	42.1	12.1	4.0	3.5	38.2	0.1
1998	43.0	11.5	3.9	3.6	37.9	0.1
1999	43.5	10.8	3.8	3.5	38.3	0.1
2000	43.0	10.8	3.8	3.4	38.8	0.1
2001	43.2	10.2	3.7	3.5	39.4	0.1
2002	43.7	10.0	3.6	3.4	39.3	0.1
2003	43.5	10.1	3.3	3.4	39.6	0.1
2004	44.3	10.0	3.4	3.3	39.0	0.1

Source: ECMT

# Growth rates for transport modes in EU

	Road	Rail	Inland Waterways	Pipe-lines	Sea	Air	Total
<b>1995</b>	1 248	358	120	105	1 133	1.8	<b>2 967</b>
<b>1996</b>	1 268	360	116	111	1 140	1.9	<b>2 997</b>
<b>1997</b>	1 317	380	124	110	1 193	1.9	<b>3 125</b>
<b>1998</b>	1 386	370	127	117	1 220	2.0	<b>3 222</b>
<b>1999</b>	1 444	358	127	117	1 270	2.0	<b>3 317</b>
<b>2000</b>	1 491	374	132	119	1 345	2.1	<b>3 463</b>
<b>2001</b>	1 521	359	130	124	1 388	2.2	<b>3 524</b>
<b>2002</b>	1 563	358	129	121	1 404	2.1	<b>3 577</b>
<b>2003</b>	1 575	364	120	123	1 435	2.3	<b>3 619</b>
<b>2004</b>	1 684	379	130	124	1 484	2.5	<b>3 804</b>
<b>1995 - 2004</b>	+ 35%	+ 6%	+ 9%	+ 18%	+ 31%	+ 39%	<b>+ 28%</b>
<b>per year</b>	+ 3.4%	+ 0.6%	+ 1.0%	+ 1.8%	+ 3.0%	+ 3.7%	<b>+ 2.8%</b>
<b>2003 - 2004</b>	+ 6.9%	+ 4.3%	+ 8.7%	+ 0.8%	+ 3.4%	+ 8.7%	<b>+ 5.1%</b>

1000 mill. tonne-kilometres

Source: ECMT

# The industrial situation



- Regional structure
- Same structure in Northern and Southern Europe

FLOTA SUARDIAZ

acciona  
TRASMEDITERRANEA

GRANDI NAVI VELOCI  
SNCM  
tirrenia  
navigazione

MOBY

GRIMALDI GROUP

Attica

MINOAN LINES

ANEKLINES

# The industrial situation



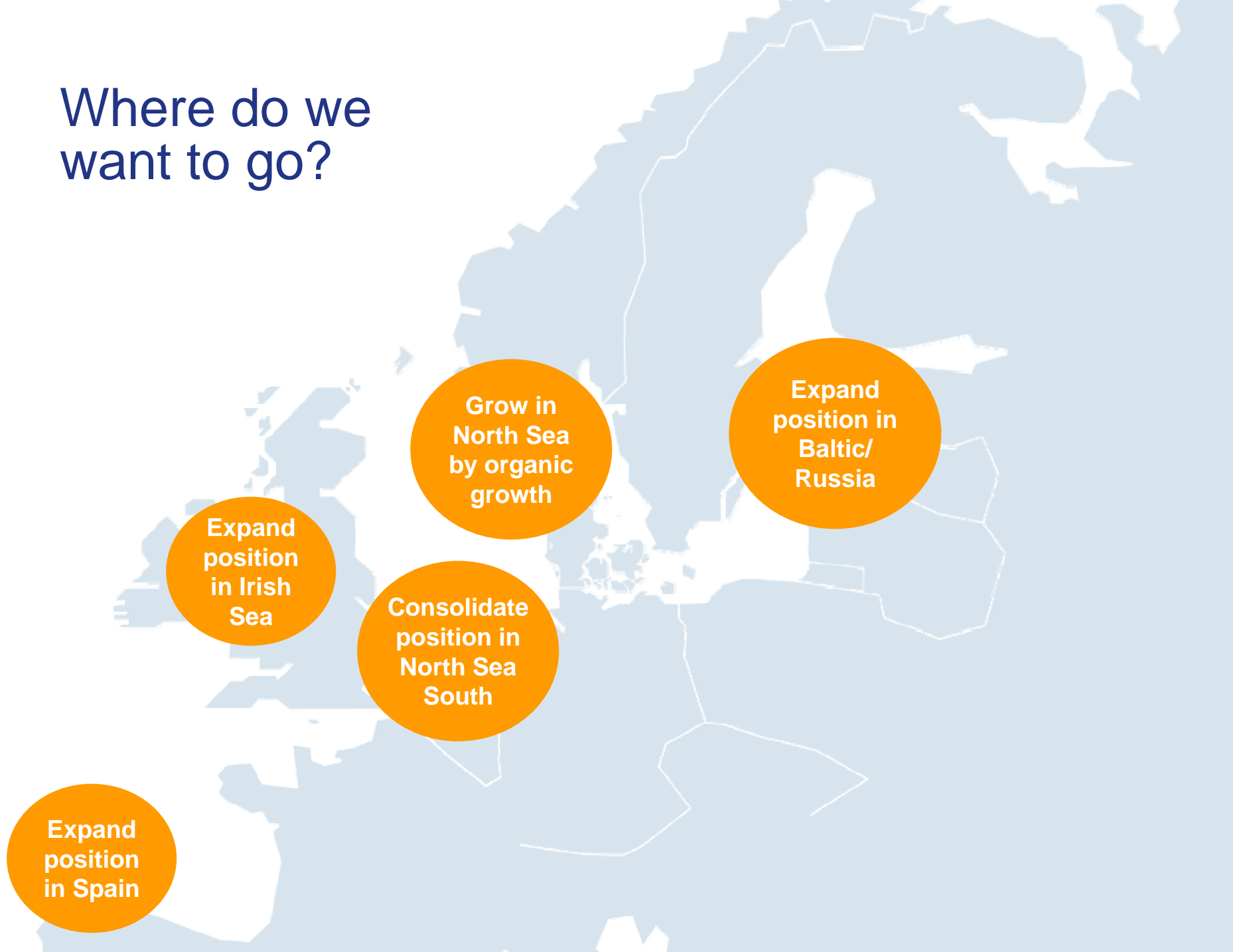
Intra-regional consolidation advanced  
Inter-regional consolidation rising

# The industrial situation



- Silja Line acquired by Tallink
- Superfast's route SF/D and ships acquired by Tallink
- Scandlines being sold
- Grimaldi has made 100% offer for Finlines
- PO Ferries might come up for sale at a later date

# Where do we want to go?



**Expand position in Spain**

**Expand position in Irish Sea**

**Consolidate position in North Sea South**

**Grow in North Sea by organic growth**

**Expand position in Baltic/ Russia**



DFDS Seaways

Q1-3 2006

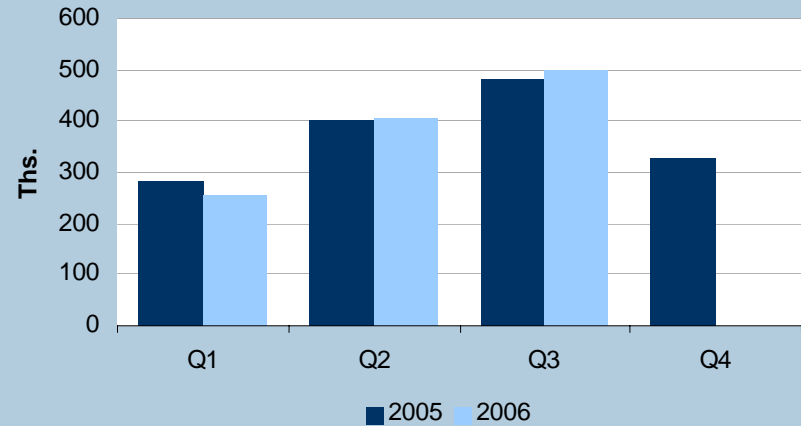
# Market trends

- Generally good level of activity in the travel market ...
- ...but low price expectations put pressure on ticket prices
- Unchanged trend in onboard spending per passenger
- Positive growth in the Danish market
- Other markets slightly weaker than anticipated
- Oil price supplements increased, but insufficient to cover extra cost

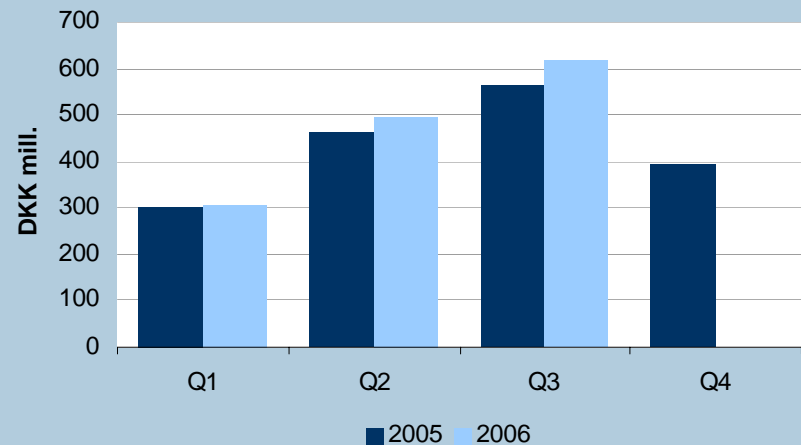
# Revenue

- The number of departures fell by 18% during Q1-Q3 due to:
  - Tonnage rotation, with introduction of new tonnage on the Amsterdam route
  - Closure of Cuxhaven route in 2005
- The number of passengers per departure rose by 13% in Q1-Q3
- Adjusted for the closure of the Cuxhaven route, the number of passengers in Q1-Q3 was on a par with 2005, despite the tonnage change in Q1
- Adjusted revenue rose by 7% in Q1-Q3, due amongst other things to increased onboard spending per passenger

DFDS Seaways - Passengers (adjusted for closure of Cuxhaven route in 2005)



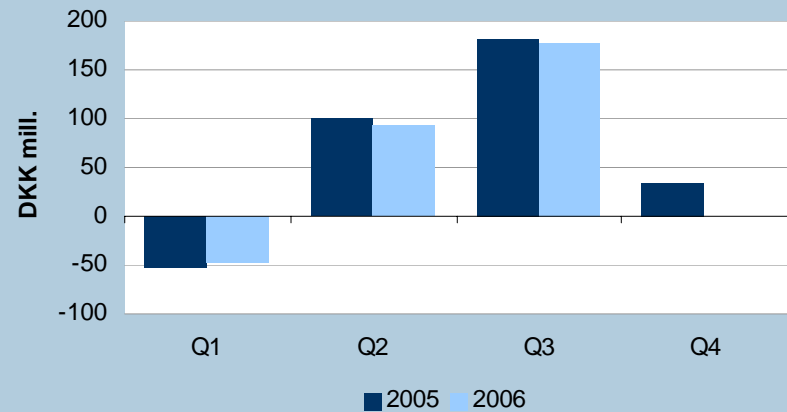
DFDS Seaways - Revenue (adjusted for closure of Cuxhaven route in 2005)



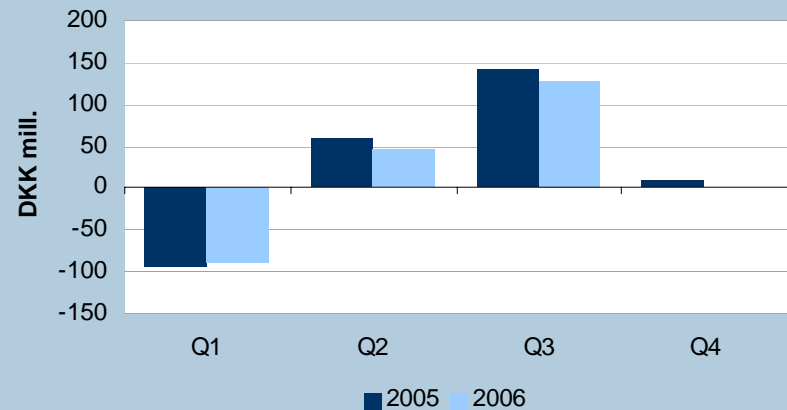
# Financial performance

- Positive influence from closure of Cuxhaven route
- Significantly higher bunker costs
- Levels of activity and costs on the Amsterdam route failed to live up to expectations
- EBITDA fell by DKK 7 mill. during Q1-Q3
- EBITA fell by DKK 23 mill. during Q1-Q3 due to higher depreciation following the introduction of KING OF SCANDINAVIA

### DFDS Seaways - EBITDA



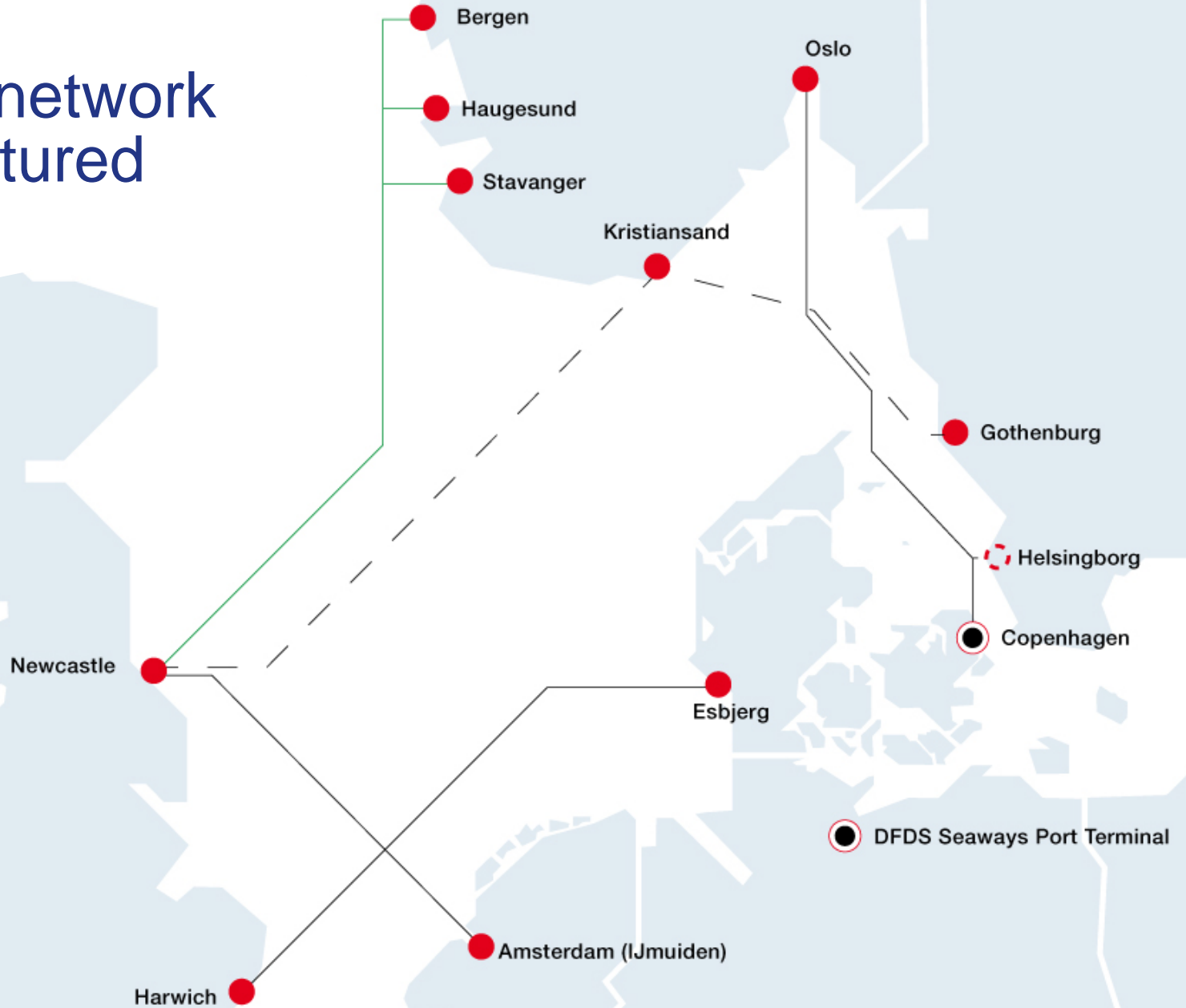
### DFDS Seaways - EBITA



# Amsterdam-Newcastle

- KING OF SCANDINAVIA placed in service 11 March
  - Route capacity improved by 33% for both passengers and freight
  - Passenger volume from the Dutch market fails to fulfil expectations
  - Slight improvement registered in bookings for Q4
  - Freight trends satisfactory
  - Introduction in the market, particularly in the Netherlands, is taking longer than anticipated
-

# Route network restructured





New route from  
Bergen, West  
Norway



# PRINCESS OF NORWAY

- built 1986
- 480 cabins
- 1,460 passengers
- 1,410 lanemetres
- sister ship of KING OF SCANDINAVIA

# New route from Bergen

- Total investment approx. DKK 360 mill., including upgrading of ship for approx. DKK 50 mill.
  - Norwegian and English passengers from the Gothenburg route transferred to the Bergen route
  - Agents to undertake sales and distribution in West Norway + online sales
  - The route to be handled by the existing organisation in the UK
  - The office in Kristiansand will be closed
  - DFDS Seaways' Norwegian organisation in Oslo will be responsible for marketing
  - Passenger goal is 200 thousand
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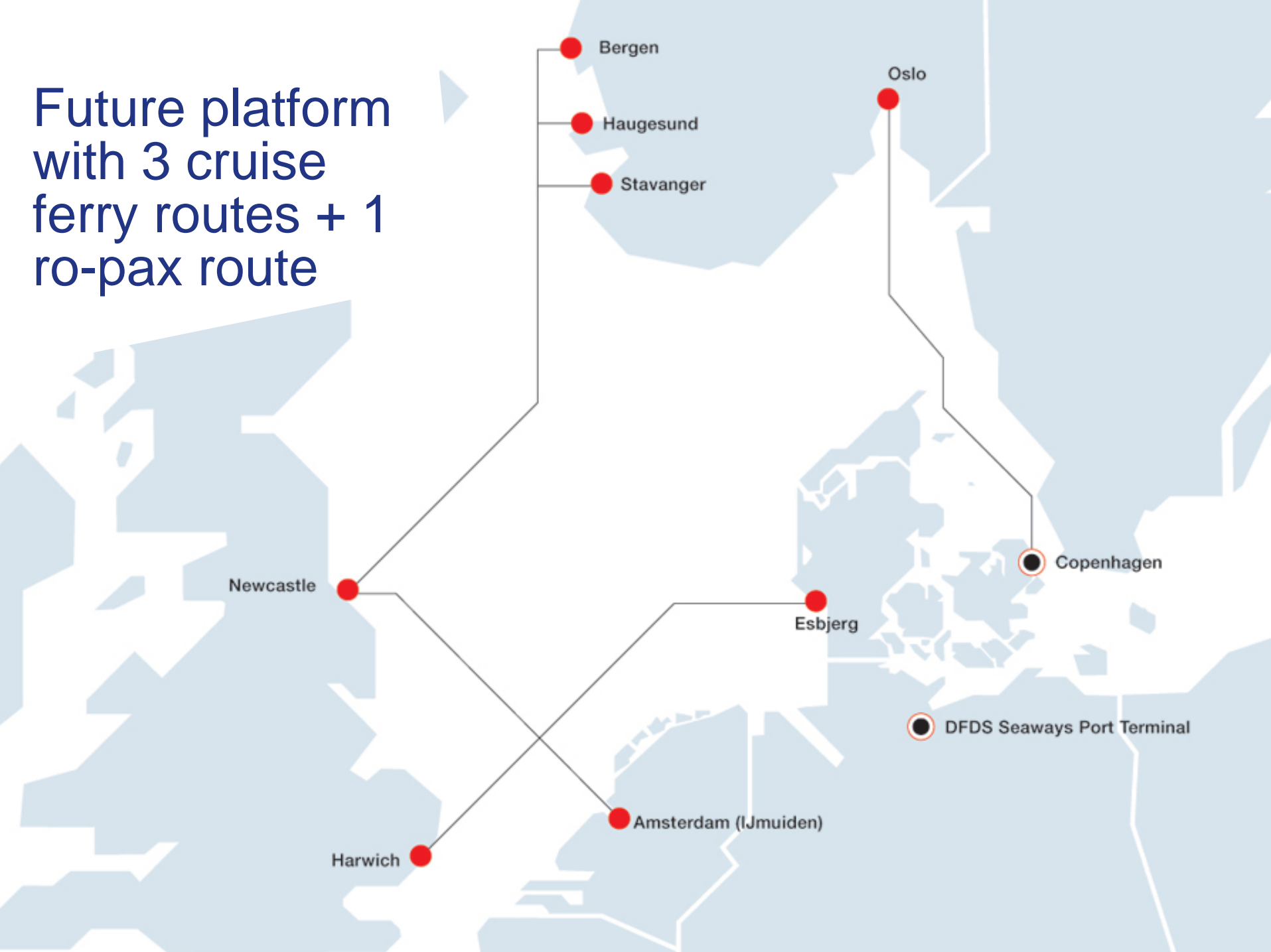
# New route from Bergen

- Improvement of sailing schedule: 3 dep./week in four summer months and 2 dep./week for the remainder of the year
- Upgrading of shipboard concepts:
  - more facilities on board
  - more experience-oriented
  - better catering quality
- The route's customer segments are:
  - Mini Cruise, Enjoy
  - holiday travellers with own car, Holiday
  - conference
  - freight (agent is DFDS Tor Line)

# Gothenburg route closed

- Restructuring tied to opening of the Bergen route
  - Plus unsatisfactory financial performance
  - Plus opportunity to sell older tonnage, PRINCESS OF SCANDINAVIA
  - Closure of office in Gothenburg
-

# Future platform with 3 cruise ferry routes + 1 ro-pax route





DFDS Tor Line

Q1-3 2006

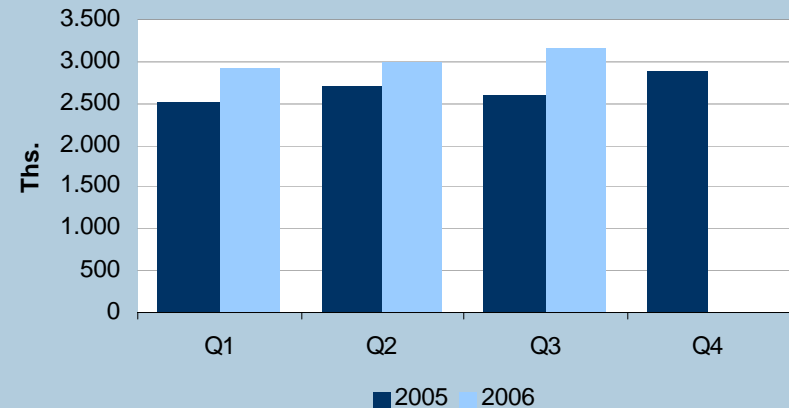
# Market trends

- Positive market trends in most areas
- Parts of the North Sea market positively influenced by the German road tax
- Continued imbalance in traffic
- Generally positive development in the Baltic region. Long queues at the Russian border in November
- Shortage of drivers & tightening-up of regulations for driving hours and rest periods is having positive influence on sea transport

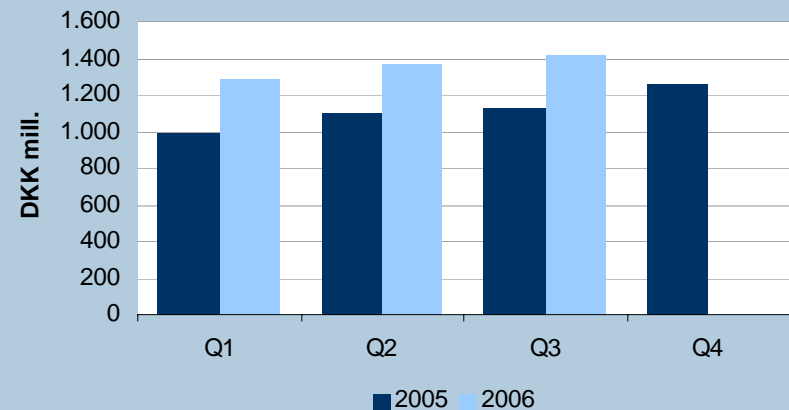
# Revenue

- Freight volume rose by 16%:
  - Purchase of HumberBridge (Gothenburg-Killingholme), mid-2005
  - Increased capacity on BalticBridge
  - 50% of DFDS LISCO Line acquired at the beginning of 2006
  - NevaBridge opened Q4 2005
  - Growth in industrial logistics, particularly paper and cars
  - Generally higher level of activity
- Revenue rose by 27%
- Approx. 40% of the growth in turnover attributable to the purchase of trailer operators in H2 2005

DFDS Tor Line - Lanemetres



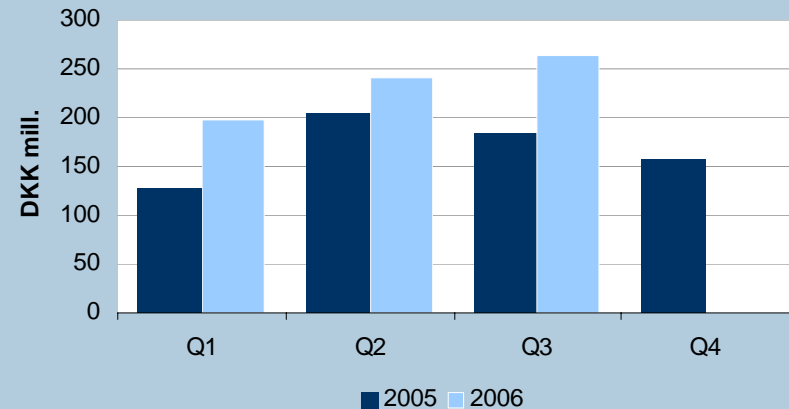
DFDS Tor Line - Revenue



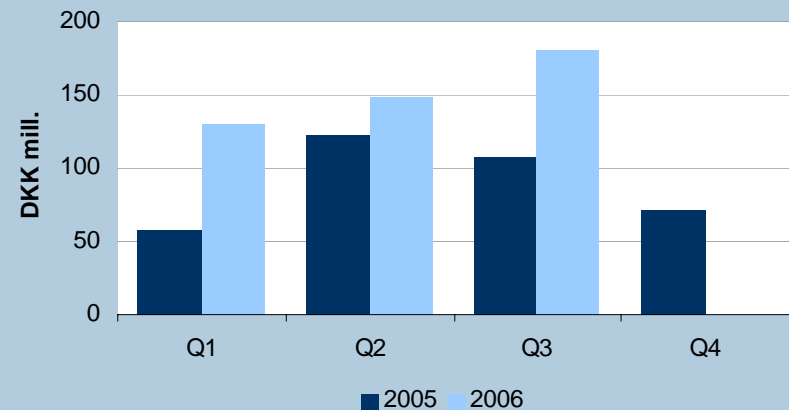
# Financial performance

- EBITDA rose by 36% to DKK 701 mill. during Q1-Q3
- Traditional seasonal decline during Q3 failed to materialise
- EBITA rose by 60%, including DKK 28 mill. profit from sales of assets
- Generally high level of activity increased capacity utilisation, and thereby earnings
- Tonnage renewed and optimised
- Several loss-giving activities divested or restructured
- Contributions from new activities

DFDS Tor Line - EBITDA



DFDS Tor Line - EBITA



# Market situation: Ro-ro tonnage

- Shortage of ro-ro ships of a certain size and speed (+2,000 lm, +18 knots)
  - High rate levels in the charter market
  - Newbuildings built for specific purposes, not for chartering out ("spec")
  - Shipyard capacity booked up to and including 2010
  - Scrapping of 30-year-old ro-ro ships postponed: lifetime extended by 5 years
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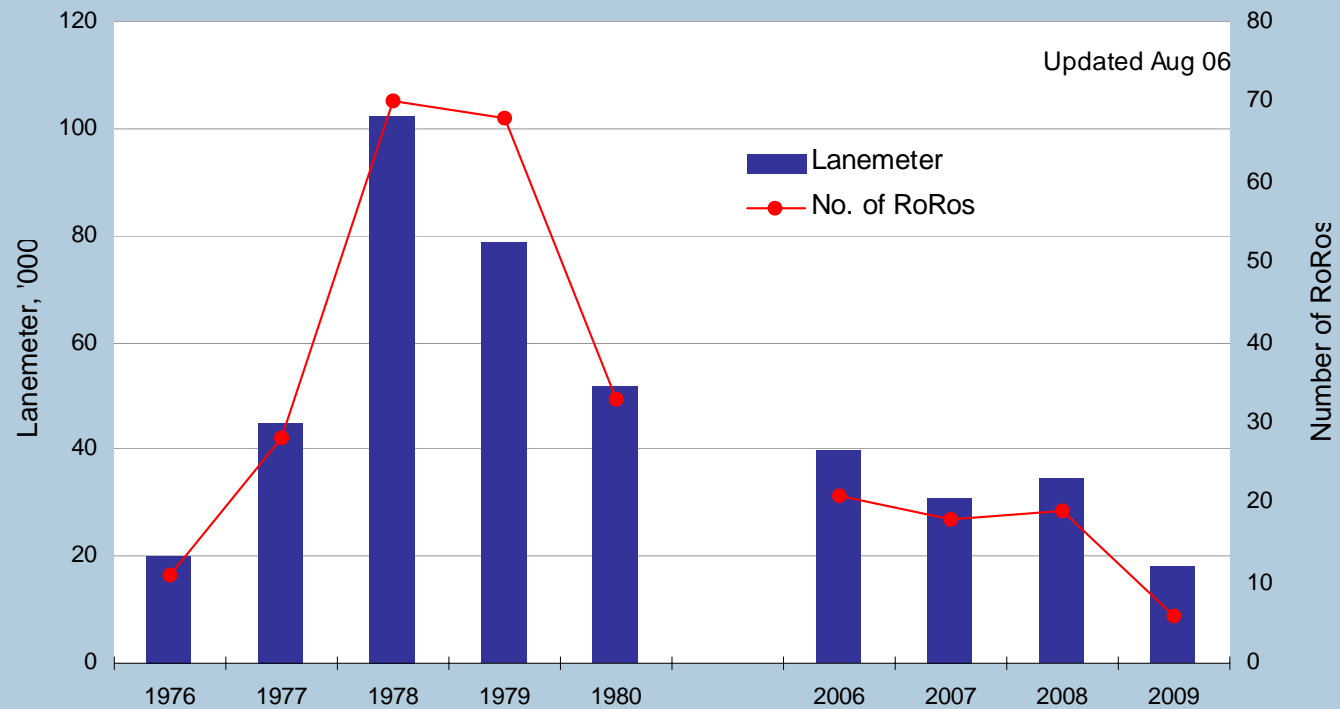
# Ro-ro tonnage: Order development



## RoRo Vessels Built/Ordered - **still trading**

1976-80 = 177 RoRos = 246.270 LM

2006-09 = 64 RoRos = 123.377 LM



- Phasing out of older vessels approaching
- Average size increased from 1,391 lm in 1976-80 to 1,928 lm in 2006-09

# Market situation: Ro-ro tonnage

- Finnlines: 5 ro-pax newbuildings: 4,200 Im, 500 passengers
- Cobelfret: 2 con-ro newbuildings: 3,900 Im + 848 TEU
- Cobelfret: 4 ro-ro newbuildings: 2,600 Im
- Transfennica: 8 ro-ro newbuildings: 2,900 Im + 639 TEU
- Stena Line: 2 ro-pax newbuildings: 5,500 Im, 1,200 passengers
- DFDS Tor Line: 6 ro-ro newbuildings: 3,900 Im



## Charter of China ships 3 + 4

- 3,400 Im, 20 knots
- 1 + 2 delivery end 07/beg. 08
- 3 + 4 delivery March 09/November 09

# DFDS Tor Line tonnage situation

- With the chartering of China 3 + 4, the necessary capacity on the most important parts of the route network has been secured until beyond 2010
- Relatively high age of chartered tonnage
- Need to replace individual chartered ships until 2010
- Capacity utilisation for Q1-Q3 2006: 73.1% (excl. DFDS Lys Line)
- Shortage of ro-pax tonnage for the Baltic



# DFDS Container Line



DFDS Group

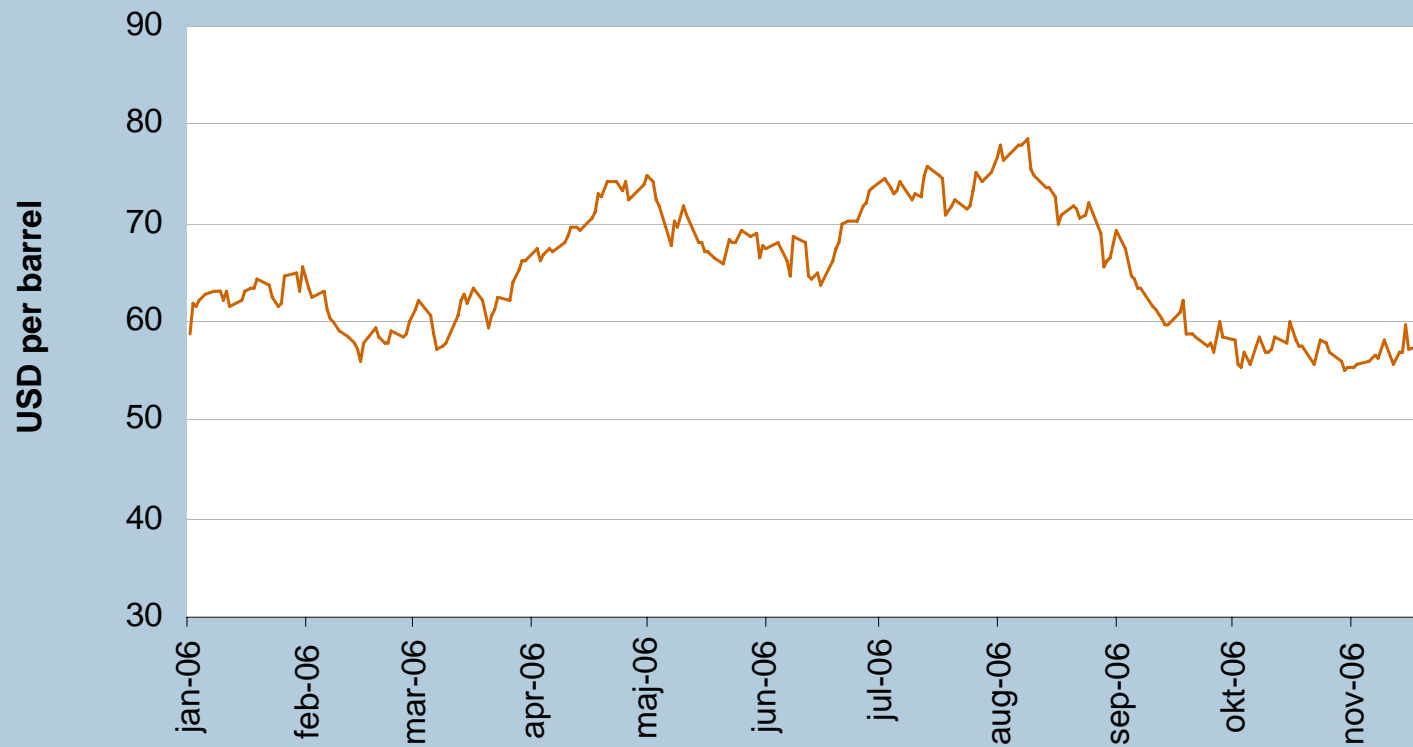
Q1-3 2006

# DFDS Group – P/L

DKK mill.	Q1-3 2005	Q1-3 2006	Change, %	In % of revenue	
<b>Revenue</b>	<b>4.619</b>	<b>5.470</b>	<b>18,4</b>	<i>n.a.</i>	<i>n.a.</i>
Ship operating costs	2.253	2.837	25,9	48,8	51,9
Charter costs	380	382	0,5	8,2	7,0
Staff costs	956	1.026	7,2	20,7	18,7
Other costs	316	329	4,3	6,8	6,0
<b>Operating profit before depreciations (EBITDA)</b>	<b>714</b>	<b>897</b>	<b>25,6</b>	<b>15,5</b>	<b>16,4</b>
Profit/loss on sale of ships, buildings & terminals	11	29	154,5	0,2	0,5
Depreciations	360	410	13,7	7,8	7,5
<b>Operating profit (EBITA)</b>	<b>365</b>	<b>516</b>	<b><i>n.a.</i></b>	<b>7,9</b>	<b>9,4</b>
Profit share, associated companies	1	1	<i>n.a.</i>	0,0	0,0
Value adjustment goodwill/badwill	1	0	<i>n.a.</i>	0,0	0,0
Financial items, net	153	139	-9,2	3,3	2,5
<b>Pre-tax profit</b>	<b>214</b>	<b>379</b>	<b><i>n.a.</i></b>	<b>4,6</b>	<b>6,9</b>
Tax	17	22	27,6	0,4	0,4
<b>Profit for the period</b>	<b>196</b>	<b>356</b>	<b><i>n.a.</i></b>	<b>4,3</b>	<b>6,5</b>

# Oil price development 2006

**Brent 3,5%**



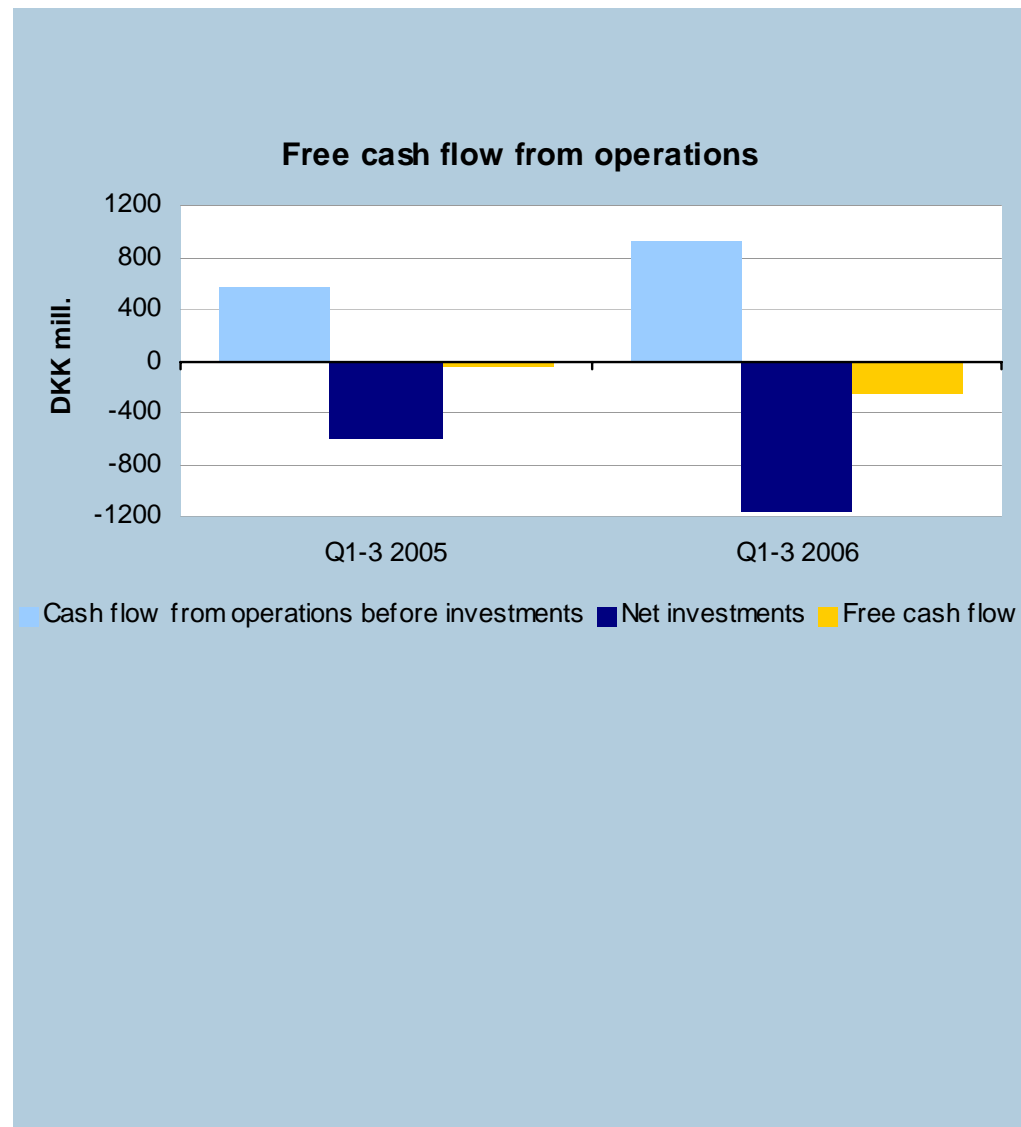
# DFDS Group – Balance & cash flow

DKK mill.	Q1-3 2005	Q1-3 2006	Change, %	In % of revenue	
Intangible assets	213	286	34,1	2,5	3,1
Tangible assets	6.782	7.401	9,1	80,4	79,4
Other non-current assets	163	122	-24,9	1,9	1,3
Current assets	1.281	1.510	17,9	15,2	16,2
<b>Total assets</b>	<b>8.439</b>	<b>9.320</b>	<b>10,4</b>	<b>100,0</b>	<b>100,0</b>
Equity	2.932	3.243	10,6	34,7	34,8
Non-current liabilities	3.778	4.370	15,7	44,8	46,9
Current liabilities	1.729	1.706	-1,3	20,5	18,3
<b>Total liabilities</b>	<b>8.439</b>	<b>9.320</b>	<b>10,4</b>	<b>100,0</b>	<b>100,0</b>
Cash flow from operations after tax	559	914	63,5		
Cash from investments	-610	-1.165	91,0		
<b>Free cash flow from operations</b>	<b>-51</b>	<b>-251</b>	<b>392,0</b>		

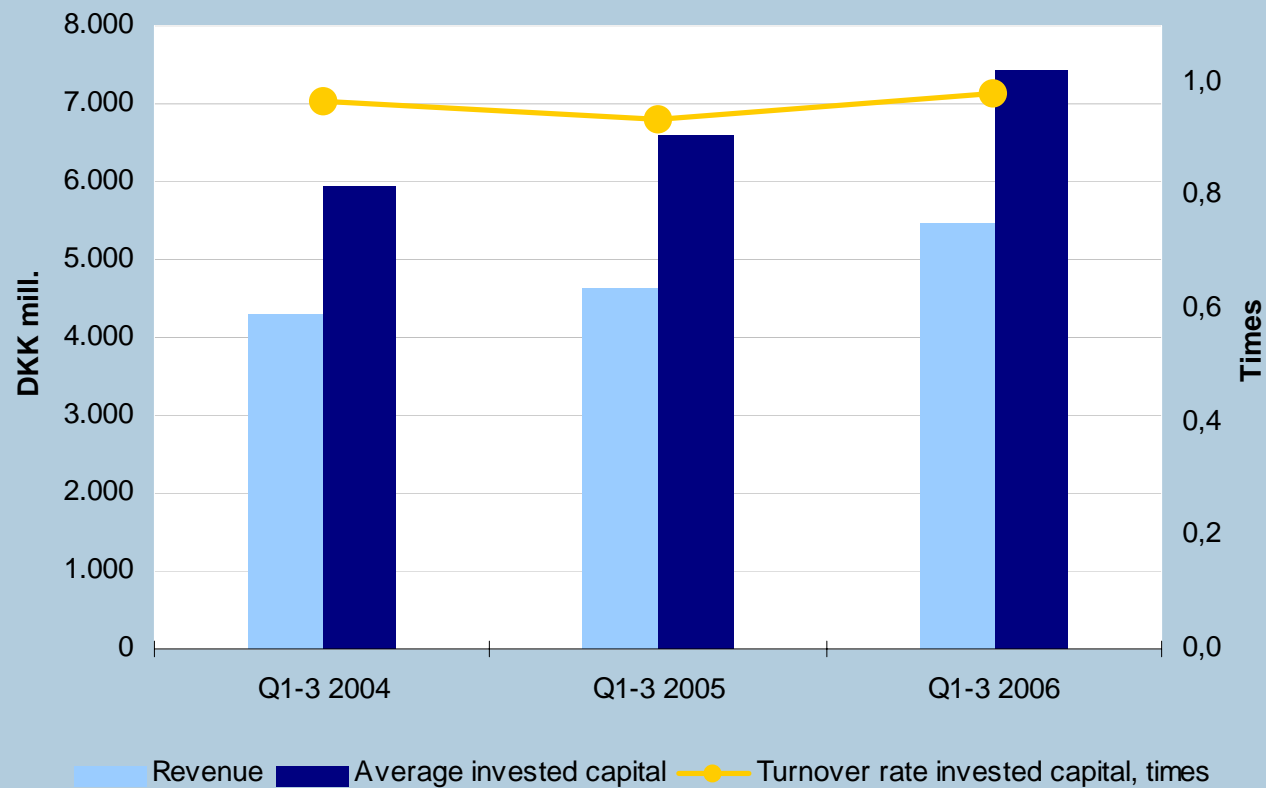
# Cash flow & investments

Significant improvement in cash flow from operations

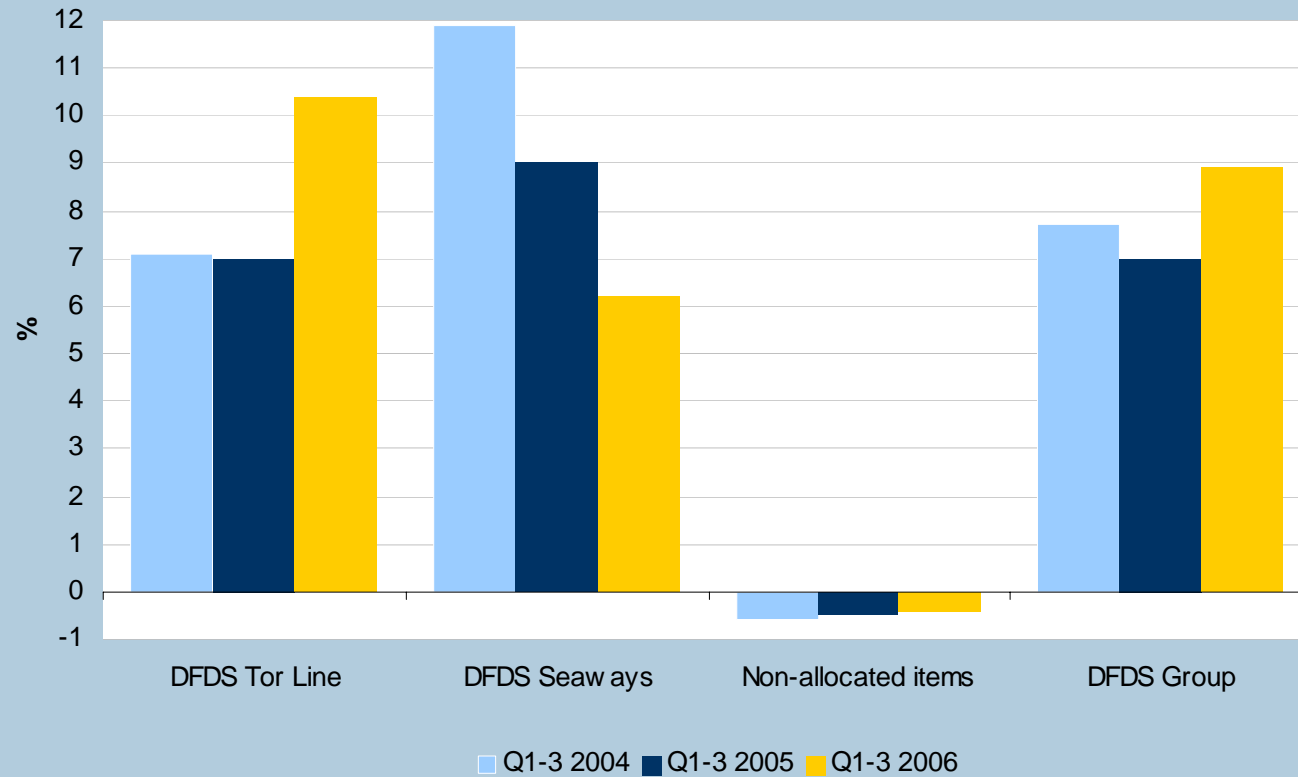
- Major investments in 2006:
  - KING OF SCANDINAVIA
  - TOR FICARIA
  - LISCO OPTIMA
  - Expansion of port terminal in Immingham
  - Two small freight vessels and a passenger vessel sold
  - DFDS Container Line, included in Q4
  - PRINCESS OF NORWAY, included in Q4



# Turnover rate on the rise again



# ROIC per division



# Profit forecast 2006

- Revenue increase expected of around 17-18%:
  - Whole-year effect of purchases of trailer operators
  - Addition of new activities, including DFDS Container Line (Norfolk Line Containers)
  - Volume increase in the freight sector
  
- Full year investments are expected to amount to approx. DKK 1,700 mill.:
  - Purchase of two cruise ferries and sale of one. Net investment approx. DKK 725 mill.
  - Purchase of ro-pax ship and remaining investment in sixth ro-ro newbuilding, approx. DKK 625 mill.
  - Sale of two small freight vessels
  - Purchase of DFDS Container Line (Norfolk Line Containers)
  - Expansion of port terminal in Immingham

# Profit forecast 2006

- Oil prices at the end of November on a par with the beginning of the year
- Bunkers hedging:
  - Consumption for the remainder of the year primarily hedged by commercial coverage
  - Price of low-sulphur bunkers approx. 10-15% higher than other products (MARPOL)
- Currency hedging: Limited risk, due to hedging

# Profit forecast 2006

- Profit forecast upgraded on 30 October from around DKK 325 mill. to approximately DKK 400 mill.
- Continuing positive trends for freight activities in October/November
- Trends in passenger activities in October/November just below expectations
- Pre-tax profit for the full year 2006 still expected to be approximately DKK 400 mill.



Thank you for  
your attention!