Another strong quarter for freight

Q4 2020 & OUTLOOK 2021

10 February 2021

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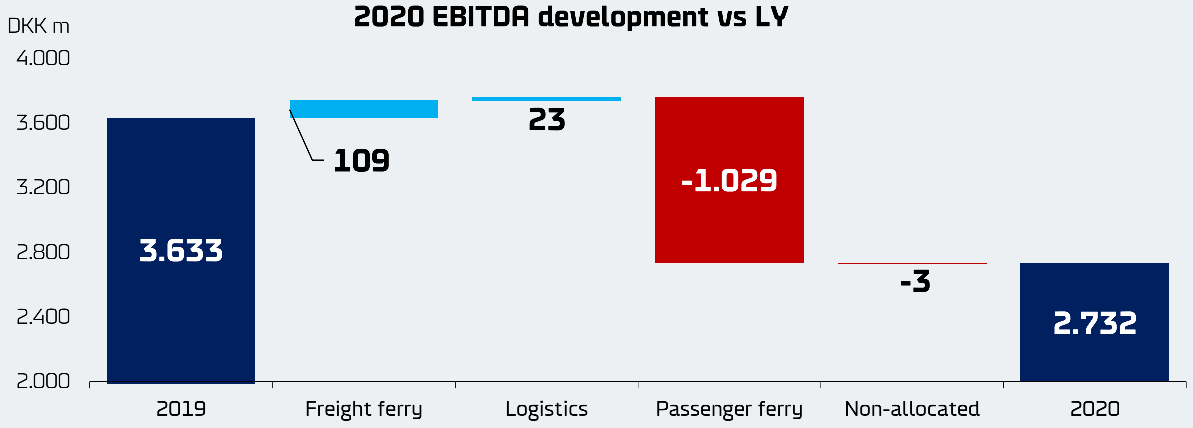
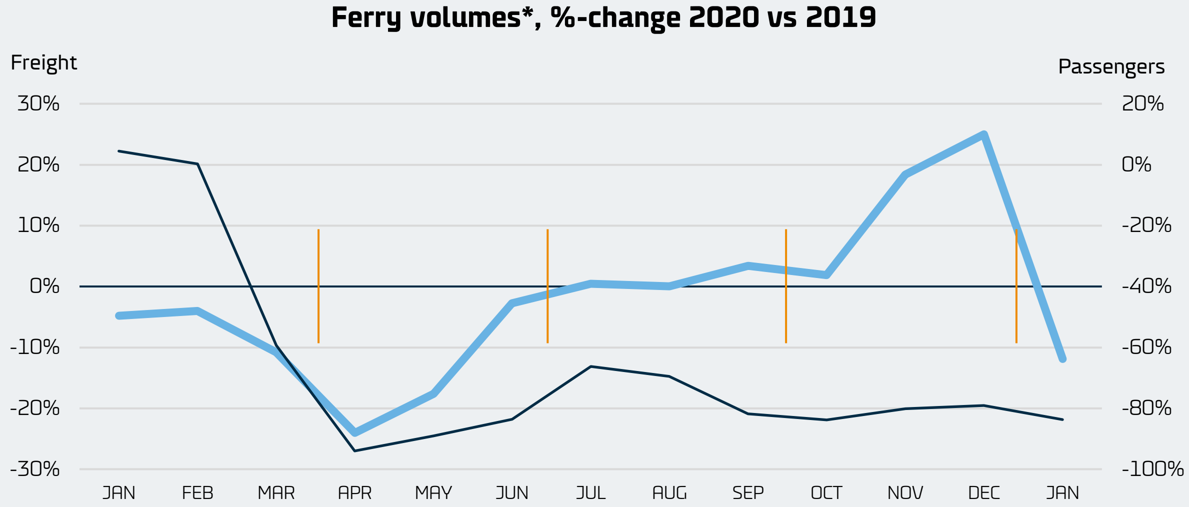
- 2020 overview
- Brexit transition update
- Q4 numbers
- Outlook 2021

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.

Strong close to eventful 2020

- **Passenger result** wiped out by Covid-19 - 2020 EBITDA reduced **DKK 1bn**
- Quick recovery by **resilient freight ferry infrastructure** from Q2 disruption
- **Strong Mediterranean H2** - investment on path to become value generating
- **Logistics** 2020 EBITDA **growth of 5%** despite Covid-19
- 2020 closed with a boost from **UK stockbuilding**





*Adjusted for closure of Paldiski-Hanko

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Important uncertainties behind us but Covid-19 lowers 2021 visibility

- **Brexit finally behind us** eliminating a main uncertainty for DFDS
- EU-UK **no-tariffs** trade deal expected to limit shifts in trade
- Longer term Brexit effects on **UK economy and trade** yet to emerge
- 2021 **outlook uncertainty** due to continued travel restrictions and near-term Brexit effects

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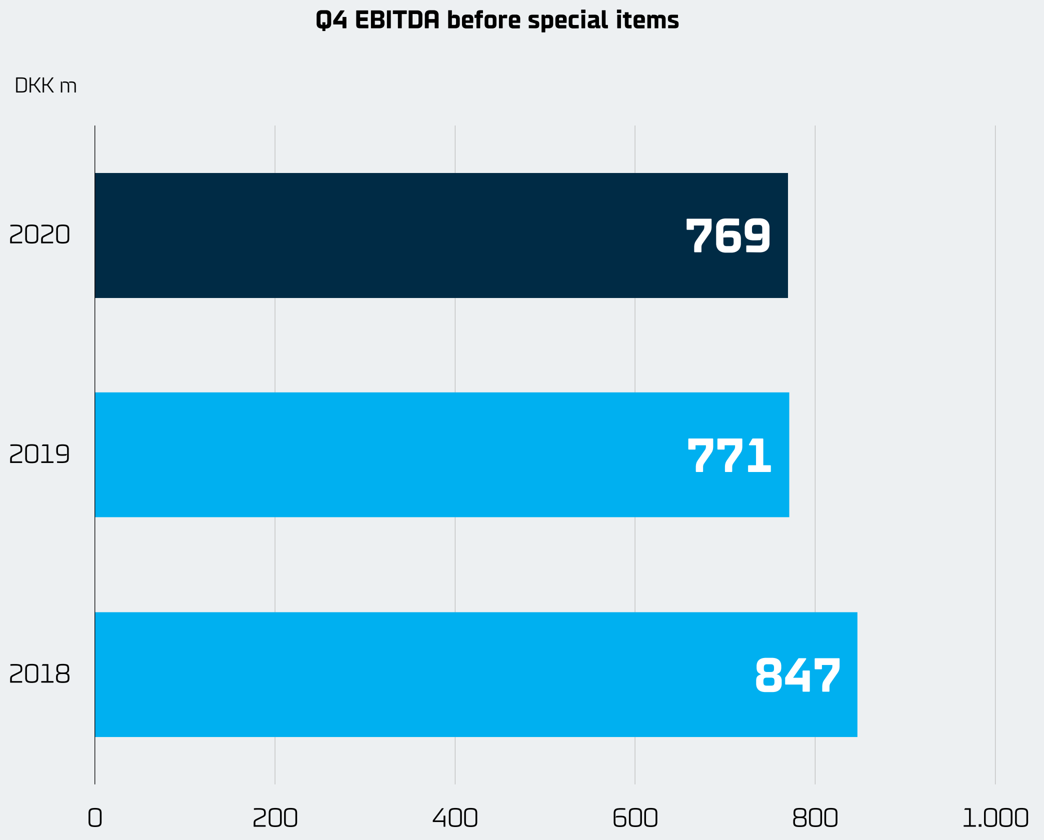
First month of trading post Brexit offered challenges & opportunities

- UK **January** freight volumes in line with expectations for North Sea and Channel
- **High demand for new route** Ireland-France …
- …long term viability to be confirmed as border crossings normalise
- **High demand** from customers for customs clearance offering
- **Expected gains** from introduction of duty free delayed by travel restrictions

- **Brexit transition** has caused more than just teething issues…
  - **Slowdown in transit time** increases empty running and need for equipment
  - **Ongoing paperwork and system** issues being fixed
  - **Part loads challenged**…DFDS seafood distribution now recovered
  - **UK grace period** ends mid-year

Q4 earnings: Freight increase offset lower passenger result

- **Group** revenue down 6% while EBITDA was on level with 2019
- Ferry **freight** EBITDA up DKK 184m driven by higher volumes and improved operational efficiency in Mediterranean
- **Passenger** EBITDA down DKK 186m due to travel restrictions
- **Logistics** EBITDA up 2% - good results in Nordic and Continent offset by extra costs in UK & Ireland



Q4 2020 income statement

- **Revenue** down 6% entirely due to drop in passenger activity
- **Q4 EBITDA** on level as higher freight earnings offset drop in passenger result
- **Depreciation** decreased mainly due to IFRS 16 adjustments related to redelivery of chartered freight ferries
- **Special items** included impairment of DKK 100m on Oslo-Frederikshavn-Copenhagen assets and reversal of DKK 26m on redundancy costs estimated at Q3
- **Finance cost** increased DKK 13m due to a higher net interest cost related to temporary waiver of covenants

DFDS Group P/L DKK m	**Q4 19**	**Q4 20**	**Δ**	**Δ**
Revenue	**4,008**	**3,761**	**-247**	**-6%**
EBITDA*	**771**	**769**	**-2**	**0%**
Margin	*19.2%*	*20.5%*	*1.2%*	
Ferry Division	*678*	*676*	*-2*	*0%*
Logistics Division	*113*	*114*	*2*	*2%*
Non-allocated	*-19*	*-21*	*-2*	n.a.
P/L associates	-1	0	1	n.a.
Gain/loss on assets	2	0	-2	-111%
Depreciation	-515	-480	35	-7%
EBIT*	**257**	**289**	**32**	**12%**
Margin	*11.6%*	*14.5%*	*2.9%*	
Finance	-76	-95	-19	25%
Profit before tax*	**181**	**194**	**13**	**7%**
Tax	1	12	11	889%
Profit after tax*	**182**	**206**	**23**	**13%**
Special items	-55	-97	-43	n.a.

*Before special items

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Q4 capital overview and key figures

- **Working capital** reduced DKK 285m vs 2019 mostly by lower Mediterranean receivables and strong cash collection
- **Cash flow** – positive adjusted free cash flow of DKK 444m, incl. positive working capital impact
- **ROIC** decreased to 3.5% following decrease in ROIC of passenger services
- **NIBD/EBITDA** ratio of 4.2 down from 4.3 at end of Q3 – well below covenants

DKK m	Q4 19	Q4 20	Δ	Δ
Non-current tangible assets	17,006	16,867	-139	-1%
Total assets	**26,863**	**27,006**	**143**	**1%**
Working capital	**417**	**132**	**-285**	**-68%**
Cash flow				
Operating activities, gross	816	796	-20	-2%
Investments, net	-777	-192	585	-75%
Adjusted free cash flow	-177	444	621	-351%
Key figures				
Average no. of employees	8,367	8,213	-154	-2%
ROIC before special items	8.1%	3.5%	-4.6%	n.a.
Invested capital, end	22,476	22,121	-355	-2%
NIBD	11,954	11,361	-593	-5%
NIBD/EBITDA, times	3.3	4.2	0.9	n.a.
Equity ratio	38.6%	39.3%	0.7%	n.a.

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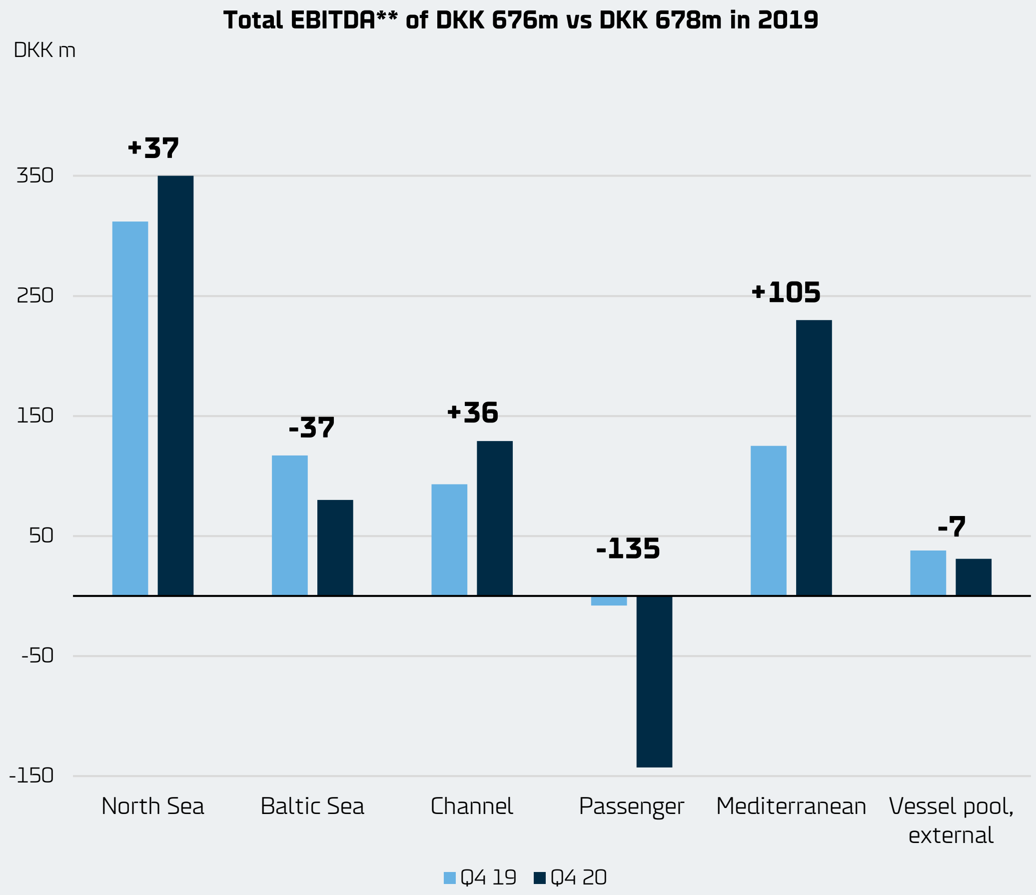
Ferry Division – North Sea and Channel boosted by stockbuilding

- **North Sea** up DKK 37m. Volumes up 16% boosted by UK stockbuilding, especially between UK and Continent

- **Baltic Sea** down DKK 37m. Capacity increase added extra ferry costs. Net bunker cost increased
- Freight volumes up 7%*

- **Channel** up DKK 36m driven by 17% higher volumes that offset 81% drop in passenger volumes



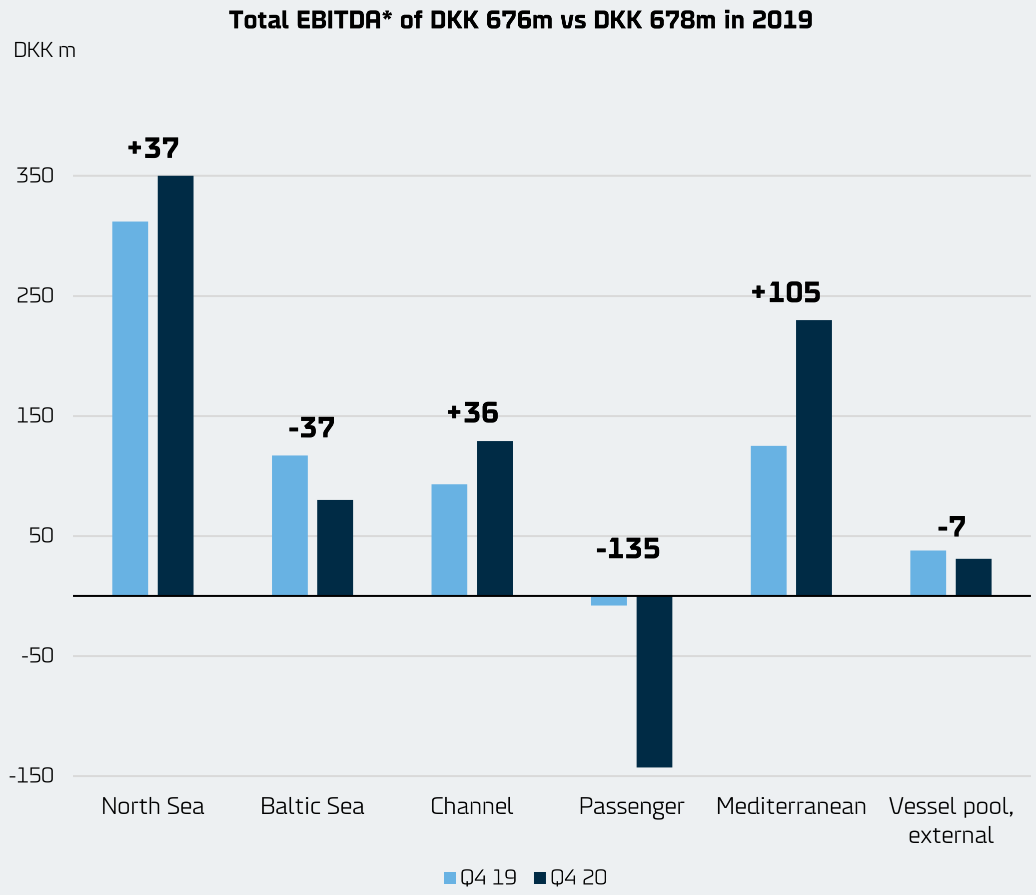
*Adjusted for closure of Paldiski-Hanko

**Before special items

Ferry – Mediterranean volumes and efficiency picking up

- **Passenger** down DKK 135m as passenger volumes dropped 93%

- **Mediterranean** up DKK 105m driven by 7% volume growth
- Uplift in trade between Turkey and Europe. Exports benefited from TRY depreciation
- Improved utilisation of rail services
- Operating costs lowered as scrubber installations raised costs in Q4 2019



*Before special items

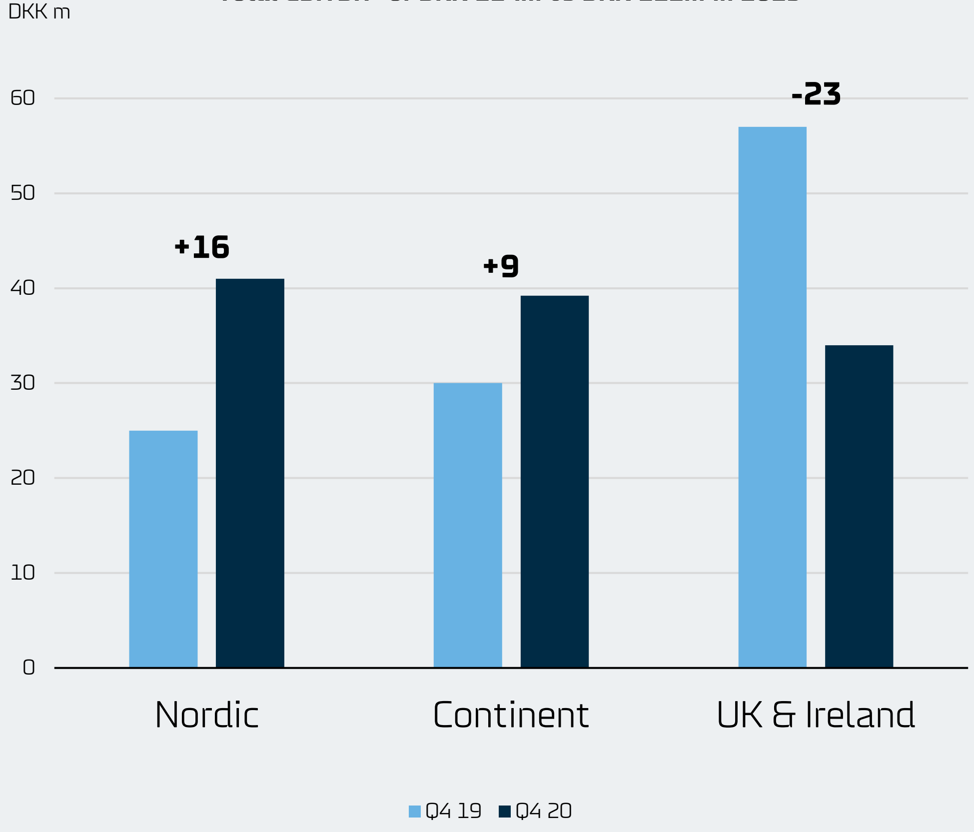
Logistics – UK stockbuilding offset by extra costs

- **Nordic** up DKK 16m driven by specialised services, improved operation of Swedish contract logistics and Finnish acquisition

- **Continent** up DKK 9m driven by Special Cargo, UK stockbuilding, though some extra costs, and Dutch acquisition

- **UK & Ireland** down DKK 23m due to provision related to cold chain warehouse and one-off positive adjustment last year
- Extra costs due to shortages in drivers/equipment linked to stockbuilding

Total EBITDA* of DKK 114m vs DKK 112m in 2019



*Before special items

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2021
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Key outlook assumptions for 2021

- Low visibility on:
  - Duration of **travel restrictions**
  - Near-term effects of **Brexit**

- **HSF Logistics Group** expected to be consolidated from 1 May 2021
- Subject to regulatory approval

Business unit assumptions

- **UK**-linked freight activities expected to perform below 2020
- **Mediterranean** expected to improve earnings
- **Baltic Sea** expected to be impacted by increased capacity in market
- **Passenger** services assumed to regain around 40% of EBITDA decrease in 2020
- **HSF Logistics Group** – revenue of DKK 1.9bn, EBITDA of DKK 250m

Outlook 2021

- **EBITDA** range of DKK 500m reflects Covid-19 uncertainty and Brexit effects

- **Investment** outlook includes:
    - DKK 0.9bn, HSF Logistics Group
    - DKK 0.8bn, ferry newbuildings

DKK m	Outlook 2021	2020
Revenue growth	20-25%	13,971
EBITDA before special items	**3,000-3,500**	**2,732**
Per division:		
Ferry Division	2,300-2,700	2,332
Logistics Division	750-850	445
Non-allocated items	-50	-45
EBIT before special items	1,000-1,500	858
Investments	-2,800	-1,618

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Strategic priorities 2021

- Integrate **HSF Logistics Group** successfully
- Pursue **post-Brexit** opportunities
- Drive **organic freight growth**
- Increase **Mediterranean** ROIC
- Prepare **passenger** activities for a post Covid-19 travel market

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Q&A

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