

# DFDS ANNUAL REPORT 2015

RECORD EBITDA OF DKK

**2,041m**  
ACHIEVED IN 2015

RETURN ON INVESTED  
CAPITAL INCREASED TO

**13.7%**

DISTRIBUTION TO SHAREHOLDERS  
OF DKK M

PLANNED  
FOR 2016 **950**







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DFDS provides shipping and transport services in Europe and has an **ANNUAL REVENUE OF MORE THAN DKK 13 BILLION.**

To **OVER 8,000 FREIGHT CUSTOMERS**, we deliver high performance and superior reliability through shipping and port terminal services, and transport and logistics solutions.

For **MORE THAN SIX MILLION PASSENGERS**, many travelling in their own cars, we provide safe overnight and short sea ferry services.

We have **6,600 EMPLOYEES** spread across offices in 20 countries. DFDS was established in 1866, is headquartered in Copenhagen and is **LISTED ON NASDAQ COPENHAGEN.**



## DFDS GROUP

### PEOPLE & SHIPS / FINANCE

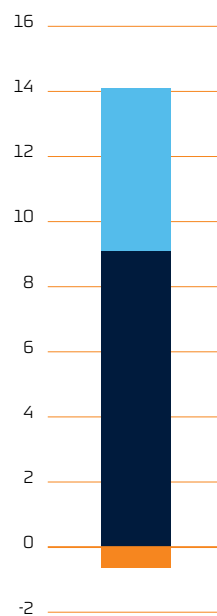
#### SHIPPING DIVISION

- Shipping services for freight and passengers
- Bespoke industry solutions
- Port terminal services

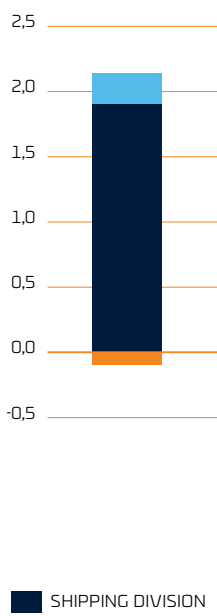
#### LOGISTICS DIVISION

- Door-to-door transport solutions
- Contract logistics, including warehousing services

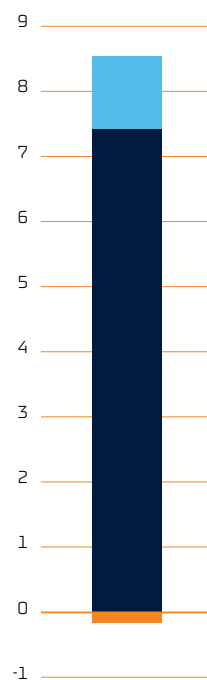
**REVENUE 2015 PER DIVISION**  
(DKK bn)



**EBITDA 2015 PER DIVISION**  
(DKK bn)



**INVESTED CAPITAL 2015 PER DIVISION**  
(DKK bn)



■ SHIPPING DIVISION  
■ LOGISTICS DIVISION  
■ ELIMINATIONS AND OTHERS

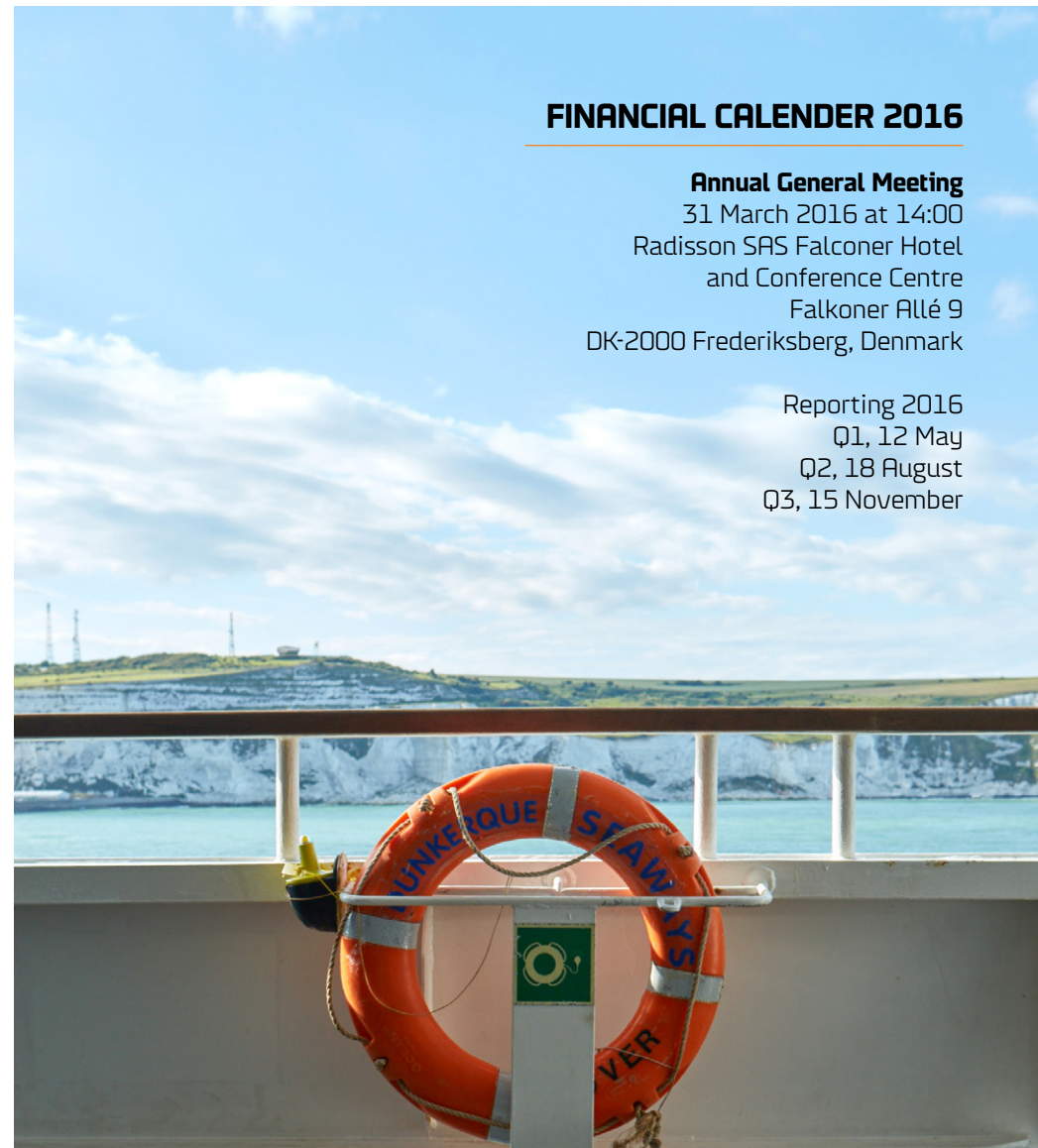
## FINANCIAL CALENDER 2016

### Annual General Meeting

31 March 2016 at 14:00  
Radisson SAS Falconer Hotel  
and Conference Centre  
Falkoner Allé 9  
DK-2000 Frederiksberg, Denmark

### Reporting 2016

Q1, 12 May  
Q2, 18 August  
Q3, 15 November





## KEY FINANCIAL RESULTS OF 2015

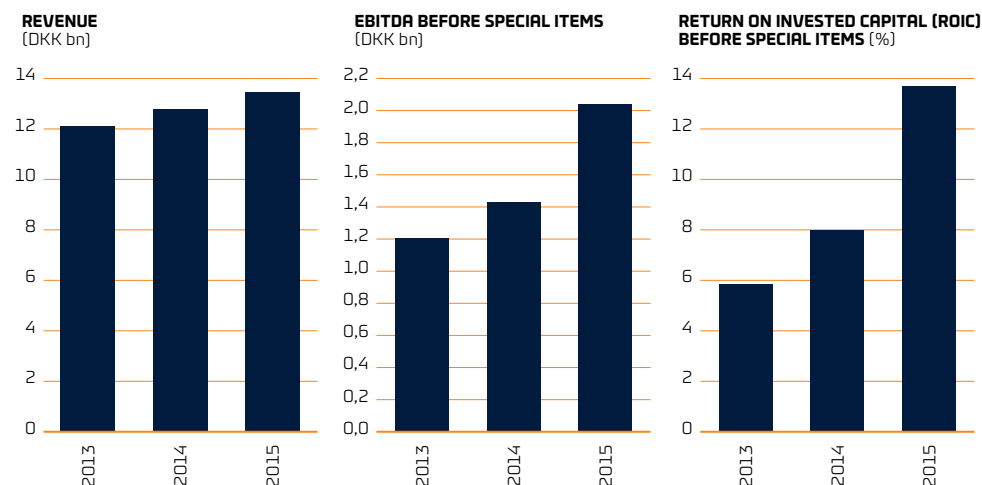
Revenue increased by **5%** to DKK 13.5bn

EBITDA<sup>1</sup> increased by **42%** to DKK 2,041m

Return on invested capital<sup>1</sup> increased to **13.7%**

Financial leverage<sup>2</sup> decreased to **0.9x** at year-end

<sup>1</sup> Before special items. <sup>2</sup> Net interest-bearing debt/EBITDA.





# RELIABLE SHIPPING SERVICES, FLEXIBLE TRANSPORT SOLUTIONS

## Freight shipping services and solutions

DFDS' routes are ideally located for servicing the freight volumes of forwarders, hauliers and manufacturers of heavy industrial goods.

Our routes operate to fixed, frequent schedules, allowing customers to efficiently meet their transport service needs. Visibility is enhanced by access to online tracking of shipments.

We also develop and provide bespoke shipping logistics solutions in partnership with manufacturers of heavy goods such as automobiles, steel, paper and forest products, and chemicals.

Own port terminals are operated in strategic locations offering port terminal and warehousing services.

## Transport and logistics solutions

We provide flexible, cost efficient and on-time, door-door transport solutions to producers of a wide variety of consumer and industrial goods.

Our solutions are supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry shipping routes.

The main activity is solutions for full- and part-loads, both ambient and temperature-controlled.

In partnership with retailers and manufacturers, we develop and provide performance enhancing and cost efficient logistics solutions, including warehousing services and just-in-time concepts.

## Passenger ferry services

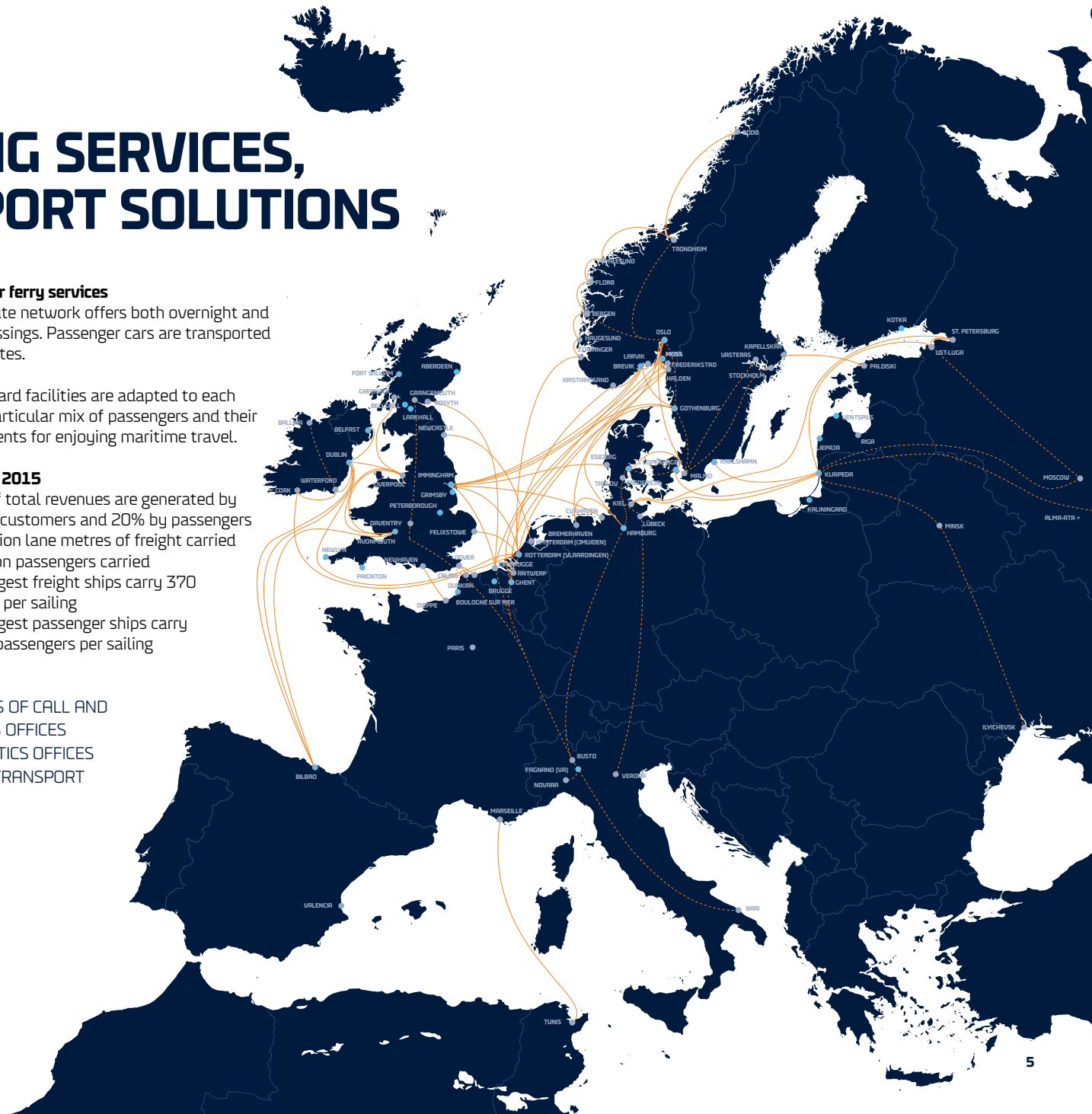
DFDS' route network offers both overnight and short crossings. Passenger cars are transported on all routes.

The onboard facilities are adapted to each route's particular mix of passengers and their requirements for enjoying maritime travel.

## Key facts 2015

- 80% of total revenues are generated by freight customers and 20% by passengers
- 31 million lane metres of freight carried
- 6 million passengers carried
- Our largest freight ships carry 370 trailers per sailing
- Our largest passenger ships carry 2,000 passengers per sailing

- PORTS OF CALL AND SALES OFFICES
- LOGISTICS OFFICES
- RAIL TRANSPORT





Our vision

Delivering **high performance**  
and superior reliability  
– whatever we carry.

Our people understand  
your needs and are  
**committed to your succes**

The vision reflects our commitment to  
continuous improvement and being a truly  
customer focused and customer driven company

Our strategy and  
financial performance goal

DFDS' strategy is based on four drivers:

1. The DFDS Way: **Customer focus and continuous improvement**
2. Network strength: **Expand network to leverage operating model**
3. Integrated shipping and logistics operations: **Working together to optimise capacity utilisation**
4. Financial strength and performance: **Reliable, flexible long-term partner**

DFDS' goal for financial performance is a return on invested capital (ROIC) of at least 10% over a business cycle.





## Our priorities

- **People** - succession planning, talent programme and expanded transformation office
- **Fleet strategy** - strategy development and renewal decisions
- **Digitisation** - business model development and implementation of next initiatives
- **Market coverage** - gain synergies from expansion of route network and logistics activities through acquisitions
- **The DFDS Way** - further development of operating model
- **Financial performance** - continue from new higher level



# KEY FIGURES

## KEY FIGURES

| DKK m  | 2015<br>EUR m <sup>1</sup> | 2015   | 2014   | 2013   | 2012   | 2011 <sup>2</sup> |
|--|----------------------------|--------|--------|--------|--------|-------------------|
| <b>Income statement</b>  |                            |        |        |        |        |                   |
| Revenue  | 1,805                      | 13,473 | 12,779 | 12,097 | 11,700 | 11,625            |
| • Shipping Division  | 1,216                      | 9,071  | 8,733  | 8,530  | 8,015  | 7,798             |
| • Logistics Division   | 675                        | 5,034  | 4,625  | 4,183  | 4,259  | 4,330             |
| • Non-allocated items and eliminations                           | -86                        | -631   | -579   | -616   | -574   | -503              |
| Operating profit before depreciations (EBITDA) and special items | 273                        | 2,041  | 1,433  | 1,213  | 1,089  | 1,495             |
| • Shipping Division  | 255                        | 1,906  | 1,309  | 1,148  | 992    | 1,416             |
| • Logistics Division   | 31                         | 234    | 200    | 149    | 141    | 171               |
| • Non-allocated items  | -13                        | -99    | -76    | -84    | -44    | -92               |
| Profit on disposal of non-current assets, net                    | 1                          | 5      | 9      | 6      | 6      | 26                |
| Operating profit (EBIT) before special items                     | 161                        | 1,199  | 695    | 503    | 418    | 835               |
| Special items, net   | -5                         | -36    | -70    | -17    | -124   | 91                |
| Operating profit (EBIT)  | 156                        | 1,164  | 626    | 486    | 295    | 925               |
| Financial items, net   | -16                        | -121   | -124   | -136   | -149   | -183              |
| Profit before tax  | 140                        | 1,043  | 502    | 350    | 146    | 742               |
| Profit for the year  | 136                        | 1,011  | 434    | 327    | 143    | 735               |
| Profit for the year excluding non-controlling interest           | 136                        | 1,011  | 435    | 325    | 144    | 731               |
| <b>Capital</b>   |                            |        |        |        |        |                   |
| Total assets   | 1,695                      | 12,646 | 12,249 | 12,311 | 12,313 | 12,795            |
| DFDS A/S' share of equity  | 868                        | 6,480  | 6,076  | 6,263  | 6,882  | 6,906             |
| Equity   | 875                        | 6,530  | 6,127  | 6,318  | 6,936  | 6,964             |
| Net-interest-bearing debt <sup>3</sup>                           | 238                        | 1,773  | 2,467  | 2,189  | 1,929  | 2,555             |
| Invested capital, end of period <sup>3</sup>                     | 1,121                      | 8,363  | 8,633  | 8,555  | 8,896  | 9,564             |
| Invested capital, average <sup>3</sup>                           | 1,144                      | 8,535  | 8,578  | 8,633  | 9,207  | 9,691             |
| Average number of employees                                      | -                          | 6,616  | 6,363  | 5,930  | 5,239  | 5,096             |

## KEY FIGURES

| DKK m  | 2015<br>EUR m <sup>1</sup> | 2015   | 2014   | 2013   | 2012   | 2011 <sup>2</sup> |
|--|----------------------------|--------|--------|--------|--------|-------------------|
| <b>Cash flows</b>  |                            |        |        |        |        |                   |
| Cash flows from operating activities, before financial items and after tax | 296                        | 2,207  | 1,398  | 1,501  | 905    | 1,419             |
| Cash flows from investing activities                                       | -76                        | -571   | -1,069 | -943   | 239    | 219               |
| Acquisition of enterprises and activities                                  | -1                         | -7     | -85    | -99    | -5     | -8                |
| Other investments, net   | -76                        | -564   | -984   | -844   | 244    | 227               |
| Free cash flow   | 219                        | 1,637  | 329    | 558    | 1,144  | 1,638             |
| <b>Key operating and return ratios</b>                                     |                            |        |        |        |        |                   |
| Number of ships  |                            | 54     | 53     | 57     | 49     | 49                |
| Revenue growth, %  |                            | 5.4    | 5.6    | 3.4    | 0.6    | 17.8              |
| EBITDA margin, %   |                            | 15.1   | 11.2   | 10.0   | 9.3    | 12.9              |
| Operating margin, %  |                            | 8.9    | 5.4    | 4.2    | 3.6    | 7.2               |
| Revenue/invested capital average, (times)                                  |                            | 1.6    | 1.5    | 1.4    | 1.3    | 1.2               |
| Return on invested capital (ROIC), %                                       |                            | 13.3   | 7.2    | 5.7    | 3.4    | 9.0               |
| ROIC before special items, %   |                            | 13.7   | 8.0    | 5.8    | 4.5    | 7.7               |
| Return on equity, %  |                            | 16.1   | 7.1    | 4.9    | 2.1    | 11.0              |
| <b>Key capital and per share ratios</b>                                    |                            |        |        |        |        |                   |
| Equity ratio, %  |                            | 51.6   | 50.0   | 51.3   | 56.3   | 54.4              |
| Net-interest-bearing debt/EBITDA, times                                    |                            | 0.9    | 1.7    | 1.8    | 1.8    | 1.7               |
| Earnings per share (EPS), DKK <sup>4</sup>                                 |                            | 16.8   | 7.0    | 4.7    | 2.0    | 10.0              |
| Dividend paid per share, DKK <sup>4</sup>                                  |                            | 5.4    | 2.8    | 2.8    | 2.8    | 1.6               |
| Number of shares, end of period, '000 <sup>4</sup>                         |                            | 61,500 | 63,250 | 74,280 | 74,280 | 74,280            |
| Weighted average number of circulating shares, '000 <sup>4</sup>           |                            | 60,067 | 62,246 | 69,660 | 72,517 | 73,163            |
| Share price, DKK <sup>4</sup>  |                            | 267.0  | 118.2  | 87.4   | 51.1   | 71.0              |
| Market value, DKK m  |                            | 15,840 | 7,177  | 5,559  | 3,706  | 5,149             |

<sup>1</sup> Applied exchange rate for euro as of 31 December 2015: 7.4625

<sup>2</sup> The key figures for 2011 have not been restated in accordance with the amendments to IAS 19 'Employee benefits' applied in 2013.

<sup>3</sup> As from 2015 the fair value of cross currency derivatives on bond loans (DKK -274m) forms part of Net-interest-bearing debt as these by nature are closely related to the interest-bearing debt. In previous years they were part of non-interest-bearing items.

The comparative figures have not been restated. The fair value of cross currency derivatives on bond loans in the comparative years are 2014: DKK -221m, 2013: DKK -138m, 2012: DKK 15m and 2011: DKK 0.

<sup>4</sup> Comparative figures have been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5 made in September 2015.



# MANAGEMENT REPORT

2015 was a record year for DFDS. Our aim is now to raise performance further. Improving customer satisfaction and efficiency remain strategic priorities

- EBITDA increased by 42% to DKK 2,041m
- Result boosted by reduction of Channel overcapacity
- High organic volume growth achieved
- ROIC increased to 13.7%
- Distribution of DKK 727m to shareholders

## Record financial performance

Investment in customer focus and the continuous pursuit of operating efficiency enabled DFDS to benefit from growth in key markets and achieve a record profit before tax of DKK 1,043m in 2015, an increase of 108% compared to 2014.

Strong organic revenue growth of 7% was achieved in 2015 as freight shipping volumes increased by 7% and the number of passengers by 8%, all adjusted for route closures and acquisitions in 2014. The growth was underpinned by the recovery of economies in northern Europe, particularly the UK, as well as the reduction of the structural overcapacity on the Channel at the end of June.

Reported revenue for the year increased by 5% to DKK 13.5bn in line with the latest expectations.

Operating profit before depreciation (EBITDA) and special items was DKK 2,041m, an increase of 42% compared to 2014. The result was in line with the most recent expectations of an EBITDA before special items of DKK 2,000-2,100m.

The Shipping Division's EBITDA before special items increased by 46% to DKK 1,906m while the Logistics Division's EBITDA before special items increased by 17% to DKK 234m.

The Group's free cash flow was positive by DKK 1,637m after net investments of DKK 571m.

Financial leverage was reduced in 2015 as EBITDA increased and debt decreased. The ratio of net-interest-bearing debt (NIBD) to operating profit (EBITDA) before special items was 0.9 at year-end. The equity ratio was 52% at the end of 2015 compared to 50% in 2014.

The average number of employees increased by 4% to 6,616 in 2015. Most of the increase was due to the full-year impact of an acquisition and other new activities.

## Important events in 2015

The most important events of the year are shown in a table on page 12, divided into three sections: business development and competition; operations and finance; and people and environment.

## KEY FIGURES FOR THE DFDS GROUP

| DKK m                                    | 2015   | 2014   | 2013   |
|--|--------|--------|--------|
| Revenue                                  | 13,473 | 12,779 | 12,097 |
| EBITDA*                                  | 2,041  | 1,433  | 1,213  |
| Profit before tax*                       | 1,079  | 571    | 367    |
| Free cash flow, FCFE                     | 1,637  | 329    | 558    |
| Invested capital, end of year            | 8,363  | 8,633  | 8,555  |
| Net interest-bearing debt/EBITDA*, times | 0.9    | 1.7    | 1.8    |
| Return on invested capital*, %           | 13.7   | 8.0    | 5.8    |
| Number of employees, average             | 6,616  | 6,363  | 5,930  |

\* Before special items

## BUSINESS DEVELOPMENT AND COMPETITION

### Channel's structural overcapacity resolved

The structural overcapacity on the Dover Strait was finally resolved on 29 June 2015 when MyFerryLink, a part of the Eurotunnel Group, stopped its operation of three ferries between Dover and Calais following a decision by Eurotunnel earlier in Q2 to exit ferry operations and divest MyFerryLink. This reduced the number of ferries operated between Dover and Calais from ten to seven, two of which were operated by DFDS.

Following Eurotunnel's decision to exit ferry operations, DFDS and Eurotunnel entered into long-term bareboat charter agreements for the ferries Côte des Dunes and Côte des Flandres on 22 June 2015. The charter agreements are finance leases and the ferries will accordingly be recognised as non-current assets once agreements commence.

The first ferry was deployed on Dover-Calais on 9 February 2016 followed by the second ferry on 23 February 2016. Following the deployment of the two chartered ferries, DFDS operates a total of six ferries out of Dover to Calais and Dunkirk respectively, with three ferries on each route. The additional frequency and capacity of the operational set-up enhances DFDS' offering to both freight customers and passengers.

### Major changes to route network

The closure of three routes (Esbjerg-Harwich, Gothenburg-Tilbury, Portsmouth-Le Havre) and the suspension of one route (Travemünde-Klaipeda) in 2014 increased the utilisation of the continuing route network as some volumes were transferred to existing routes.



## OPERATIONS AND FINANCE

### Transition to new sulphur rules

With effect from 1 January 2015, a new set of rules limited the allowed sulphur content in ship's fuel to 0.1% from the previous limit of 1.0% in SECAs (Sulphur Emission Control Areas).

These areas include the Baltic Sea, the North Sea and the English Channel, all primary market areas of DFDS.

The transition to the new rules went smoothly as there was widespread acceptance among market participants of the new, more environmentally friendly regime. In addition, the transition to the more expensive MGO fuel (marine gas oil) was mitigated by the drop in the oil price that started in 2014 and continued in 2015.

### Successful scrubber strategy

By the end of 2015, DFDS had installed 17 scrubbers totalling an investment of DKK 568m. A scrubber installation removes sulphur dioxide from ships' exhaust gases and thus allows for the use of lower cost fuels with a higher sulphur content. Due to the price spread between MGO and lower cost fuels, the financial return target of the scrubber strategy was achieved in 2015.

### Customer Focus Initiative (CFI)

The aim of DFDS' Customer Focus Initiative (CFI) is to increase customer satisfaction and grow revenues through improved customer retention and acquisition.

The impact of CFI is measured by an annual survey of customer satisfaction as reported

in the table on this page. Progress was achieved in each of the three overall customer segments: freight shipping, transport and logistics solutions, and passenger services.

The score for freight shipping services increased despite a large drop in the score for the two routes out of Dover due to the disruption of schedules caused by industrial actions and migrant issues. This was, however, more than balanced by higher scores on most other routes.

The score for transport and logistics solutions likewise increased as service levels improved, particularly in Scotland, following the integration of an acquisition in 2014, and in Northern Ireland where operational efficiency was enhanced in 2015.

The number of freight locations that received a score of excellent (NPS of 50 or above) from customers increased to 26% from 22%, while 45% received a score of very good (NPS of 30 or above) up from 42%.

On a scale from 1 to 10 passengers awarded a score of 7.6 points on a level with 2014. 44% of the guests awarded top points 9-10 and are characterized as ambassadors. This was an increase of one percentage point compared to 2014. The proportion providing 10 points has increased from 2012 to 2015 by five percentage points.

The CFI continued in 2015 to provide valuable insights about where and how to improve customer services, making it an important part of DFDS' drive for continuous improvement.

## CUSTOMER SATISFACTION SCORES

|                                   | CSAT <sup>1</sup> |      | NPS <sup>2</sup> |      | SCALE     |
|-----------------------------------|-------------------|------|------------------|------|-----------|
|                                   | 2015              | 2014 | 2015             | 2014 |           |
| Freight shipping services         | 8.1               | 8.0  | 39               | 38   | Very good |
| Transport and logistics solutions | 7.8               | 7.7  | 19               | 17   | Good      |
| Passenger services                | 7.6               | 7.6  | 23               | 20   | Good      |

<sup>1</sup> CSAT asks customers "How would you rate the overall performance, products and services of DFDS?" and is measured on a 10-point scale (1-Not satisfied at all; 10-Fully satisfied)

<sup>2</sup> NPS asks customers "How likely would you be to recommend the products/services of DFDS?" on a 10-point scale (1-Not at all likely; 10-Extremely likely). The NPS is an aggregate score created by subtracting the percentage of detractors (those who gave scores from 1 to 6) from the percentage of promoters (those who gave scores of 9 and 10)

### Efficiency and improvement projects

The pursuit of continuous improvement through targeted efficiency and improvement projects was focused on four main projects in 2015:

- **Carpe Diem:** Optimisation of operations on board the four passenger ferries on Copenhagen-Oslo and Amsterdam-Newcastle. Focus was on increased on board sales, performance management, staff upsell training, and stock level optimization
- **Light Capital:** The project Light Capital enabled a release of DKK 149m of cash during 2015. In total, the project has since the launch in 2013 reduced cash tied up in working capital by DKK 475m

- **ONE Finance:** Establishment of a group-wide shared finance service centre in Poland. Following the completion of migration and organisational changes in 2014, the targeted process improvements and efficiency gains were achieved by the end of 2015
- **Project 150:** In 2015, a target of achieving an additional improvement of operating profit (EBIT) by DKK 50m through procurement efficiencies was added to Project 100. The project in 2015 achieved run rate improvements of DKK 80m with full financial impact in 2016

In 2016, new goals have been set for Light Capital, ONE Finance and Project 150. In addition, several projects will be added targeting digitisation, the shipping sales organisation and structure, profit enhancement in two Logistics activities and reduction of haulage costs.

## IMPORTANT EVENTS 2015

|                  | BUSINESS DEVELOPMENT AND COMPETITION  | OPERATION AND FINANCE  | PEOPLE AND ENVIRONMENT  |
|------------------|---|--|---|
| <b>January</b>   | <ul style="list-style-type: none"> <li>Logistics extends network to Spain/Portugal with establishment of company in cooperation with the Spanish transport group Suardiaz</li> </ul>  | <ul style="list-style-type: none"> <li>New ship chartered for deployment on Dover-Calais in April following the redelivery of a chartered ship in November 2014</li> </ul>   | <ul style="list-style-type: none"> <li>Inhouse bunker department established to extract further cost savings</li> </ul>   |
| <b>February</b>  | <ul style="list-style-type: none"> <li>Logistics further extends network by opening a new office in Prague, Czech Republic</li> </ul>   | <ul style="list-style-type: none"> <li>Sideport and container ship on external charter ran aground in Scotland. Ship was subsequently scrapped</li> </ul>  |   |
| <b>March</b>     | <ul style="list-style-type: none"> <li>Logistics takes over cross-docking activities in Arendal, Gothenburg, from Volvo Group Logistics Services</li> <li>Logistics wins contract, effective from November, with Nissan to provide logistics services between Germany and England related to the production of a new car</li> </ul> |  | <ul style="list-style-type: none"> <li>Marine wildlife centre opened in association with wildlife charity ORCA on King Seaways, deployed on Amsterdam-Newcastle</li> </ul>  |
| <b>April</b>     |   | <ul style="list-style-type: none"> <li>Ro-ro freight ship Flandria Seaways sold to Mexican shipping company</li> <li>Inhouse rail competence centre established to further develop rail solutions for customers</li> <li>New share buy-back programme of DKK 300m</li> </ul>         | <ul style="list-style-type: none"> <li>DFDS signs up for UN Global Compact</li> </ul>   |
| <b>May</b>       | <ul style="list-style-type: none"> <li>Logistics contract with Volvo Cars expanded to a third shift in Gothenburg</li> </ul>  | <ul style="list-style-type: none"> <li>Majority of Klaipeda port calls moved to new port terminal, Klaipeda Central Terminal</li> </ul>  | <ul style="list-style-type: none"> <li>Whistleblower system established to facilitate reporting by employees, customers and other stakeholders of violations</li> <li>ARK Futura's crew receive medals from the Danish Defence for participating in the removal of chemical weapons from Syria</li> </ul> |
| <b>June</b>      |   | <ul style="list-style-type: none"> <li>Charter contracts for Eurotunnel's two Channel ferries signed</li> <li>Industrial actions block the Port of Calais in parts of June</li> <li>MyFerryLink stops sailing on Dover-Calais</li> </ul>   |   |
| <b>July</b>      |   | <ul style="list-style-type: none"> <li>Industrial actions block DFDS' sailings on Dover-Calais in most of July</li> </ul>  |   |
| <b>August</b>    |   | <ul style="list-style-type: none"> <li>Milestone financial goal of a ROIC of at least 10% is achieved</li> <li>Stock split 1:5 announced</li> <li>Semi-annual payment of dividends announced going forward</li> <li>Extraordinary dividend of DKK 1.8 per share announced</li> </ul> | <ul style="list-style-type: none"> <li>Inhouse Digital department established to accelerate the development of digital customer services and presence</li> <li>Danish Community Awards hosted by DFDS on Pearl Seaways</li> </ul>   |
| <b>September</b> | <ul style="list-style-type: none"> <li>New logistics contracts entered into with Magnavale in England to provide temperature-controlled logistics services</li> <li>Route between Russia and Germany converted to a slot charter agreement with Finnlines</li> </ul>  | <ul style="list-style-type: none"> <li>Extraordinary general meeting approves cancellation of 1,750,000 shares</li> </ul>  |   |
| <b>October</b>   |   | <ul style="list-style-type: none"> <li>Project Toplight launched to adapt freight shipping agency services to a digital future and standardise business processes</li> </ul>   |   |
| <b>November</b>  |   |  | <ul style="list-style-type: none"> <li>22 talents selected for new talent development programme, Horizon</li> <li>Bearing employee survey completed with 79% participation</li> </ul>   |
| <b>December</b>  | <ul style="list-style-type: none"> <li>Two-year extension of contract to operate Newhaven-Dieppe agreed with SMPAT</li> </ul>   | <ul style="list-style-type: none"> <li>Chilled warehouse extended in Larkhall by 8,000 m<sup>2</sup></li> </ul>  | <ul style="list-style-type: none"> <li>Niels Smedegaard takes over as chair of ECSA (European Community Shipowners' Associations)</li> </ul>  |



### IT and digital

The digitisation of business processes was accelerated in 2015 with the establishment of a Group digital support function. A number of projects were launched, including a new responsive web foundation adapted to all platforms, e.g. smartphones, tablets and PCs. To make it easier for customers to access freight systems, a beta version of a mobile app was launched.

To improve passenger handling, self-service check-in kiosks were developed and implemented on the Copenhagen-Oslo route. During 2015, preparations for the implementation of the Seabook passenger system on the two major passenger routes, Copenhagen-Oslo and Amsterdam-Newcastle, continued with a view to launch at the end of 2016. This will consolidate all passenger activities on the same reservation system and replace the current system.

A new point-of-sales system was selected and implemented on all Baltic routes in 2015. The system will be implemented on the Channel routes during 2016, and on Copenhagen-Oslo and Amsterdam-Newcastle during 2017. A new CRM-system is scheduled to be implemented in 2016.

The Transport Management System, Velocity, was successfully implemented in Brugge, Belfast and Grimsby (formerly Quay-side), and the development of a transport planning module was completed. Further features are being developed to prepare for a comprehensive implementation across Logistics' unaccompanied activities during 2016.

### PEOPLE AND ENVIRONMENT

#### Employees

DFDS' HR activities aim to support people as well as business units in making the right decisions with regard to recruitment, employee and management development, talent spotting, performance management, compensation and benefits as well as organisational efficiency. More information about employees and HR management is available from DFDS' CR report, [www.dfdsgroup.com/cr\\_report](http://www.dfdsgroup.com/cr_report)

#### CFI - sales training and DFDS Way of Selling

As part of CFI, a sales training programme for all sales people, direct sales and customer service, was developed and implemented from year-end 2013. At the end of 2015 more than 300 sales people had completed the programme and started an 18 months certification included in the second phase of the programme. The certification ensures implementation of essential tools and tracking of documented sales accomplishments.

#### New shipping emission target

After previously achieving a 10% reduction of the bunker consumption over a five year period, a new target of a 5% reduction has been set to be achieved by in 2017. Shipping emissions amount to 97% of DFDS' total direct emissions. More information on the environmental impact of DFDS' activities is available from DFDS' CR report, [www.dfdsgroup.com/cr\\_report](http://www.dfdsgroup.com/cr_report)

### RETURN ON INVESTED CAPITAL (ROIC) 2015

|                            | AVERAGE INVESTED CAPITAL, DKK M | ROIC BEFORE SPECIAL ITEMS, % | EBIT VARIANCE VS 10% GOAL, DKK M |
|----------------------------|---------------------------------|------------------------------|----------------------------------|
| DFDS Group                 | 8,535                           | 13.7                         | 323                              |
| Divisions & business units |                                 |                              |                                  |
| Shipping Division          | 7,799                           | 14.9                         | 388                              |
| North Sea                  | 4,368                           | 10.3                         | 13                               |
| Baltic Sea                 | 1,148                           | 19.9                         | 114                              |
| Channel                    | 1,203                           | 16.4                         | 77                               |
| Passenger                  | 677                             | 31.3                         | 155                              |
| France & Mediterranean     | -36                             | n.a.                         | -                                |
| Non-allocated              | 447                             | 15.4                         | 25                               |
| Logistics Division         | 1,104                           | 11.9                         | 23                               |
| Nordic                     | 342                             | 12.2                         | 8                                |
| Continent                  | 326                             | 9.9                          | -0                               |
| UK & Ireland               | 437                             | 13.0                         | 15                               |
| Non-allocated              | -1                              | n.a.                         | -                                |
| Non-allocated items        | -368                            | n.a.                         | -87                              |

#### Significant events after 2015

On 12 February 2016, the Board of Directors proposed to the 2016 annual general meeting (AGM) a dividend of DKK 3.00 per share.

In addition, the Board of Directors plan to distribute a further dividend of DKK 2.00 per share in August 2016. The total dividend payment in 2016 is thus expected to amount to DKK 300m.

Likewise on 12 February 2016, a share buy-back programme of DKK 650m was

launched comprising two programmes to align DFDS' capital structure to the targeted leverage. The first programme of up to DKK 400m was structured as an auction process and completed on 24 February 2016. A total of 1,600,000 shares was acquired for DKK 250 per share equal to DKK 400m.

The second programme of DKK 250m started on 12 February 2016 and is to be completed on 17 August 2016 at the latest.

Two ferries chartered from Eurotunnel were deployed on Dover-Calais on 9 February 2016 and on 23 February 2016 respectively following their delivery.

On 25 February 2016, DFDS awarded 211,598 share options to the Executive Board and a number of key employees. The theoretical value of the share options is DKK 7.5m calculated according to the Black-Scholes model.

## FINANCIAL GOALS

### Return on invested capital (ROIC)

DFDS' financial performance goal is a ROIC of at least 10% over a business cycle.

The achievement of the ROIC goal is underpinned by DFDS' ROIC Drive programme. All business activities, currently around 90, are part of the programme consisting of a simple ROIC scorecard, a high-level three-year business plan that sets out a path to achieve a ROIC of minimum 10% and internal performance benchmarking. Elevated ROIC goals apply for activities performing above 10%.

The Group's ROIC, including special items, was 13.3% in 2015 compared to 7.2% in 2014. Before special items, the return was 13.7% in 2015 compared to 8.0% in 2014. At the start of 2016, DFDS' cost of capital was calculated at 6.0%.

The ROIC before special items of the two divisions were both above the 10% goal in 2015, Shipping Division at 14.9% and Logistics Division at 11.9%.

In the Shipping Division, the ROIC of all five business units were above the 10% goal, ranging from 10% in North Sea to 31% in Passenger.

In the Logistics Division, the ROIC of the Continent business unit was 10%, while the ROIC for Nordic and UK & Ireland were both above 10%.

For a number of activities within the business units of both divisions, the ROIC was, however, below the 10% goal in 2015. The primary focus of the ROIC Drive programme is to contribute to improving the performance of such activities by encouraging and monitoring the implementation of business plans, supplemented by structural solutions if required.

### Capital structure

DFDS' leverage is defined as the ratio of net-interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA). The target leverage is defined by a NIBD/EBITDA multiple of between 2.0 and 3.0. Excess capital is thus distributed to shareholders if the multiple is below 2.0 while distribution is reduced if the multiple exceeds 3.0. At the end of 2015, the NIBD/EBITDA multiple was 0.9.

### Distribution to shareholders

DFDS' distribution policy is to pay dividend semi-annually. For 2016, a total dividend per share of DKK 5.00 is planned. In addition, excess capital, as defined by the target capital structure, is distributed to shareholders as an extra dividend and/or buyback of shares.

Distribution of dividend and excess capital can be suspended in connection with large investments, including acquisitions, and other strategic events.

In 2015, DFDS distributed DKK 727m of cash to shareholders consisting of a dividend of DKK 218m in April and a dividend of DKK 108m in August, and a buyback of shares of DKK 401m.

DFDS' Board of Directors continually assesses the capital structure and the distribution to shareholders in relation to the development in earnings and investments, including strategic acquisitions.

## BUSINESS MODEL, ASSETS AND INVESTMENTS

### Business model

DFDS provides freight and passenger ferry shipping services, port terminal services as well as transport and logistics solutions. In total, around 80% of DFDS' revenue derives from freight activities and 20% derives from passenger activities.

To carry out ferry shipping and port terminal services, a range of assets are deployed, mainly owned and chartered ships, leased and owned port terminals, and cargo carrying equipment.

The shipping of un- and accompanied trailers for forwarders and hauliers is the main activity of the route network. On the North Sea trailers are mainly unaccompanied, while trailers on the Baltic Sea mainly are accompanied which requires ro-pax

ships to accommodate drivers on the crossing. On a number of routes, mostly from Scandinavia to the UK and the Continent, heavy industrial cargo is carried for manufacturers. This typically requires specialised equipment as well as port terminal and warehousing services.

Combining freight and passengers is required in many ferry markets and key to the business model. The requirements of both customer types are accommodated by deploying ships with different combinations of freight and passenger capacity as well as on board facilities for passengers and drivers.

The provision of transport and logistics solutions mainly deploys owned and leased trailers as most transports are subcontracted to hauliers, rail operators, ferry operators and container shipping operators. DFDS deploys own drivers in some contract logistics and distribution activities.

### Assets and invested capital

At the end of 2015, the Shipping Division operated 36 ships in the route network of which 24 were owned and 12 ships were chartered in for varying periods.

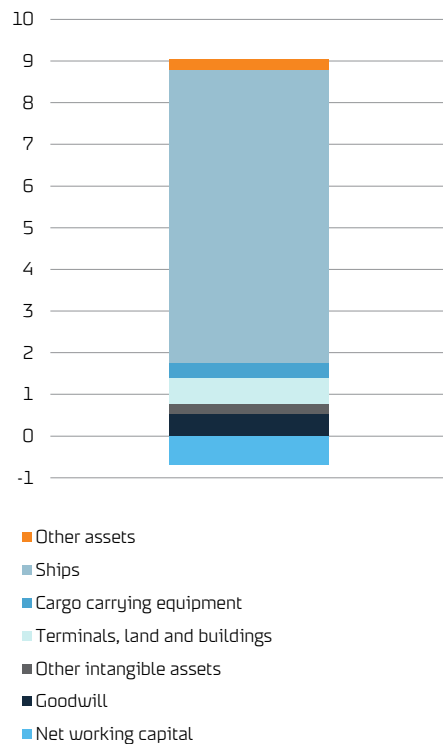
The Shipping Division's ownership share of assets is to a large extent determined by the degree of specialisation of ships required to match customer requirements.

The lifespan of ro-ro-based freight and passenger tonnage is normally 30-35 years and the duration of port-terminal leases is typically 25-30 years.



### INVESTED CAPITAL 2015 (END OF YEAR)

(DKK bn)



Specialisation of ro-ro- and ro-pax-ships relates to capacity requirements for passengers and freight, configuration of passenger areas, loading capacity, especially for heavy freight, hanging decks for cars, sailing speed, fuel efficiency and ramps, including requirements for the speed of turnaround in ports.

At the end of 2015, total invested capital was DKK 8,363m, including a net working

### FLEET OVERVIEW AND KEY FIGURES 2015

|                                     | TOTAL SHIPS | RO-RO SHIPS | RO-PAX SHIPS | PASSENGER SHIPS | CONTAINER AND SIDE-PORT SHIPS | OWNERSHIP SHARE, % | AVERAGE AGE OF OWNED SHIPS, VRS |
|-------------------------------------|-------------|-------------|--------------|-----------------|-------------------------------|--------------------|---------------------------------|
| DFDS Group                          | 54          | 22          | 16           | 4               | 12                            | -                  | -                               |
| Shipping Division                   | 36          | 21          | 11           | 4               | -                             | -                  | -                               |
| North Sea                           | 17          | 17          | -            | -               | -                             | 68                 | 12                              |
| Baltic Sea <sup>1</sup>             | 7           | 2           | 5            | -               | -                             | 57                 | 14                              |
| Channel                             | 5           | -           | 5            | -               | -                             | 57                 | 13                              |
| Passenger                           | 4           | -           | -            | 4               | -                             | 100                | 26                              |
| France & Mediterranean <sup>1</sup> | 3           | 2           | 1            | -               | -                             | 0                  | -                               |
| Logistics Division <sup>1</sup>     | 12          | -           | -            | -               | 12                            | -                  | -                               |
| Nordic <sup>1</sup>                 | 5           | -           | -            | -               | 5                             | 40                 | 17                              |
| Continent <sup>1</sup>              | 7           | -           | -            | -               | 7                             | 0                  | -                               |
| Chartered out ships                 | 5           | 1           | 4            | -               | -                             | 100                | 21                              |
| Laid-up ships                       | 1           | -           | 1            | -               | -                             | 0                  | -                               |

<sup>1</sup> Includes VSAs (vessel sharing agreements) and SCAs (slot charter agreements)

capital of DKK -678m defined as all non-interest bearing current assets and liabilities. 84% of the invested capital consisted of ships and 12% consisted of port terminals, land and buildings and cargo carrying equipment.

The Shipping Division's invested capital was DKK 7,389m at year-end 2015. The Logistics Division's invested capital was DKK 1,147m at year-end 2015. The invested capital of non-allocated items was negative by DKK 173m.

#### Corporate governance

DFDS A/S is subject to Danish law and is listed on Nasdaq Copenhagen. Corporate Governance in DFDS is based on Danish legislation and regulations, including the Danish Companies Act, the rules for listed companies on Nasdaq Copenhagen, the Danish recommendations for good corporate governance and the company's articles of association, as well as other relevant rules.

More information on DFDS' corporate governance is available from [www.dfdsgroup.com](http://www.dfdsgroup.com)

- Statutory report on corporate governance, [www.dfdsgroup.com/about/governance/](http://www.dfdsgroup.com/about/governance/)
- DFDS' statutes, [www.dfdsgroup.com/about/governance/articles/](http://www.dfdsgroup.com/about/governance/articles/)
- Materials from DFDS' most recent AGM, [www.dfdsgroup.com/investors/annual-general-meeting/previous-agm/](http://www.dfdsgroup.com/investors/annual-general-meeting/previous-agm/)
- Remuneration policy, [www.dfdsgroup.com/about/governance/remuneration-policy/](http://www.dfdsgroup.com/about/governance/remuneration-policy/)

- Diversity policy, [www.dfdsgroup.com/about/governance/](http://www.dfdsgroup.com/about/governance/)

### Corporate Responsibility (CR)

DFDS' CR activities aspire to create value for both society and our stakeholders as well as contribute to promoting DFDS as a preferred business partner. The framework and objectives for DFDS' CR activities are managed by the CR Committee, which reports to Executive Management. DFDS' CR report is available on [www.dfdsgroup.com/about/crreport/](http://www.dfdsgroup.com/about/crreport/).

The report outlines strategy, objectives and policies, and reports on the activities and results of our CR focus areas.

### Safety and security

The safety of our passengers, crew and freight, as well as the security of our ships and port facilities, are all of paramount importance to DFDS.

Our safety and security work is regulated by international and national conventions and legislation. Moreover, by the additional objectives and requirements managed through DFDS Safety Management Systems. As per International Safety Management (ISM) guidelines, all information regarding safety measures and conditions is regularly disseminated among all ships. This includes a significant reporting scheme from the ships in order to identify weak links and establish safeguards to mitigate the risk of these.

More information about safety and security is available from DFDS' CR report, [www.dfdsgroup.com/cr\\_report](http://www.dfdsgroup.com/cr_report)

### Outlook 2016

The economic recovery of the EU is expected to continue at an overall modest pace in 2016. The economy of the UK, one of DFDS' key markets, is expected to continue to grow at a higher pace than the EU as a whole, while the growth of major continental markets, such as Germany and France, is expected to remain below the EU average. Economic growth in Sweden and the Baltic countries is expected to pick up or continue on a level with 2015.

Shipping volumes are thus expected to continue to grow on most routes in 2016, albeit at a lower pace than in 2015. In the second half of 2015, the shipment and repositioning of empty trailers by forwarders increased which contributed to a competitive pricing environment. This trend has continued into 2016 as has the focus of the manufacturing sector, the end customer of the shipping and transport sector, on cost cutting and competitive pricing. The pricing environment is therefore in general expected to remain competitive in 2016.

The Group's revenue is expected to increase by around 6%, excluding revenue from bunker surcharges. Due to the recent drop in the oil price, the revenue from bunker surcharges is expected to decrease significantly in 2016. The revenue growth is expected to be around 3% including bunker surcharges.

The Group's EBITDA before special items is expected to increase to a range of DKK 2,100-2,300m.

### OUTLOOK 2016

| DKK m                       | OUTLOOK         |        |
|-----------------------------|-----------------|--------|
|                             | 2016            | 2015   |
| Revenue growth              | 6% <sup>1</sup> | 13,473 |
| EBITDA before special items | 2,100-2,300     | 2,041  |
| Per division:               |                 |        |
| Shipping Division           | 1,950-2,125     | 1,906  |
| Logistics Division          | 250-275         | 234    |
| Non-allocated items         | -100            | -99    |
| Depreciation                | +10%            | -835   |
| Special items               | 0               | -36    |
| Investments                 | 1,600           | 571    |

<sup>1</sup>Excluding bunker surcharges. The revenue growth is expected to be around 3% including bunker surcharges

The Shipping Division's EBITDA before special items is expected to increase to a range of DKK 1,950-2,125m.

The Logistics Division's EBITDA before special items is expected to increase to a range of DKK 250-275m.

Investments are expected to amount to around DKK 1.6bn in 2016. This includes DKK 900m related to the delivery of two Channel ferries in February 2016 on finance leases. Upon delivery the ferries will consequently be capitalised. The delivery of the ferries will therefore be a non-cash transaction until such time that Eurotunnel may decide to exercise their put option giving the right to sell the ferries to DFDS.

Of the remaining investments, dockings and ship upgrades comprise DKK 200m, the lengthening of a ship DKK 135m, scrubber installations DKK 40m, and port terminal in-

vestments DKK 60m. Cargo carrying equipment and warehousing, mainly related to the Logistics Division, amounts to DKK 150m. Other investments, including development of IT-systems, total DKK 80m.

A number of risks pertain to the outlook. The most important among these are possible major changes in the demand for ferry shipping and transport and logistics services. For DFDS, such demand is to a large extent linked to the level of economic activity in primarily Europe, particularly northern Europe, but also adjacent regions, as well as to competitor actions. The outlook can also be impacted by political changes within the EU and changes in other economic variables, particularly the oil price and exchange rates. Consequently, the realised financial results may differ significantly from expectations.

DFDS' operational and financial risks are reviewed on pages 24-26 in this report.



# SHIPPING DIVISION



# SHIPPING DIVISION

## Head of division

Peder Gellert Pedersen

## Share of DFDS Group revenue 2015

64%

## Business areas

- North Sea
  - Baltic Sea
  - Channel
  - Passenger
  - France & Mediterranean
- [Result boosted by reduction of Channel overcapacity](#)
  - [Baltic route network further adapted to market changes](#)
  - [High volume growth between UK and the Continent](#)

The Shipping Division's revenue increased by 4% to DKK 9,071m compared to 2014. The revenue growth was 8% adjusted for route closures in 2014. EBIT before special items increased by 76% to DKK 1,180m.

The return on invested capital, ROIC, before special items increased to 14.9% in 2015 from 8.4% in 2014. Average invested capital decreased by 2% to DKK 7,799m compared to 2014.

## NORTH SEA

Revenue increased by 5% to DKK 3,402m adjusted for route closures in 2014 and EBIT before special items increased by 17% to

| SHIPPING DIVISION, DKK M                              | 2015   | 2014   | Δ     | Δ %   |
|---|--------|--------|-------|-------|
| Revenue   | 9,071  | 8,733  | 338   | 3.9%  |
| EBITDA before special items                           | 1,906  | 1,309  | 597   | 45.6% |
| Share of profit/loss of associates and joint ventures | -11    | 26     | -37   | n.a.  |
| Profit/loss on disposal of non-current assets, net    | 1      | 0      | 1     | n.a.  |
| Depreciation and impairment                           | -716   | -665   | -51   | 7.6%  |
| EBIT before special items                             | 1,180  | 670    | 510   | 76.1% |
| EBIT-margin before special items, %                   | 13.0   | 7.7    | 5.3   | n.a.  |
| Special items, net                                    | -39    | -41    | 2     | -5.3% |
| EBIT  | 1,141  | 629    | 512   | 81.4% |
| Invested capital, average                             | 7,799  | 7,990  | -191  | -2.4% |
| ROIC before special items, %                          | 14.9   | 8.4    | 6.5   | n.a.  |
| Lane metres, '000                                     | 31,333 | 30,279 | 1,054 | 3.5%  |
| Passengers, '000                                      | 6,227  | 5,985  | 242   | 4.1%  |

DKK 458m. ROIC before special items increased to 10.3% in 2015 from 9.4% in 2014. Invested capital increased by 5% to DKK 4,368m.

Freight volumes increased by 10% when adjusted for the closure of Esbjerg-Harwich and Gothenburg-Tilbury in 2014. The overall freight rate level was on a level with 2014.

The majority of the volume growth was achieved by the routes between the UK and the Continent driven by the continued growth of the UK economy. On the two routes from Gothenburg, volumes were flat in the first half of the year before picking up in the second half of the year. Shipping capacity was realigned during the year to support the growth between the UK and the

Continent. The shipment of empty trailers increased during the year due to imbalances in the trade between the UK and the Continent and Scandinavia.

Volume growth was boosted by the transfer of the majority of volumes from Esbjerg-Harwich, following its closure at the end of Q3 2014, to Esbjerg-Immingham.

## BALTIC SEA

Revenue decreased by 2% to DKK 1,254m compared to 2014, while EBIT before special items increased by 48% to DKK 231m. Adjusted for the closure of a route in 2014, EBIT increased by 34%. ROIC before special items increased to 19.9% in 2015 from

## ACTIVITIES AND BUSINESS MODEL

DFDS' Shipping Division operates one of the largest networks of ferry routes in Northern Europe providing both freight and passenger services.

## Freight shipping services

The routes are ideally located to service the freight volumes of forwarders, hauliers and manufacturers of heavy industrial goods. All routes operate on fixed, reliable schedules with a frequency adapted to customers' requirements.

Further visibility for customers is available by access to online tracking of shipments.

Bespoke shipping logistics solutions are developed in partnership with manufacturers of heavy goods such as automobiles, metals, paper and forest products, and chemicals.

To further enhance the efficiency of customer services, own port terminals are operated in strategic locations, including warehousing services.

## Passenger ferry services

The route network offers both overnight and short crossings. Passenger cars are transported on all routes. The on board facilities are adapted to each route's particular mix of passengers and their requirements for enjoying maritime travel.



13.1% in 2014. Invested capital decreased by 4% to DKK 1,148m.

Freight volumes increased by 4%, adjusted for the suspension of Travemünde-Klaipeda in August 2014. The overall freight rate level was on a level with 2014.

A high level of activity was maintained throughout the year on the routes between Sweden and Lithuania/Estonia, although east-bound volumes declined during the second half of the year. The routes between Denmark/Germany and Lithuania benefited from a partial recovery of the market following the sanctions on Russia in 2014. Capacity on the Russian route was reduced at the end of Q3 2015 due to low Russian demand caused by the weak Ruble and sanctions. The route was therefore converted to a slot charter with Finnlines.

Shipping capacity was further adapted during the year to accommodate changes in market demand.

#### CHANNEL

Revenue increased by 17% to DKK 1,853m compared to 2014 and EBIT before special items improved by DKK 238m to DKK 198m. ROIC before special items improved to 16.4% in 2015 from -3.1% in 2014. Invested capital decreased by 6% to DKK 1,203m.

Freight volumes increased by 4% in 2015 and passenger volumes increased by 7%. The growth was entirely achieved on Dover-Dunkirk as the number of departures on Dover-Calais was reduced by 23% following a one-ship operation in most of the first half of the year and traffic disruptions over the summer caused by industrial actions. Unit revenues increased for both freight and passengers during the year.

A competing route between Dover and Calais was closed at the end of June 2015 whereby three ferries were removed from the market. DFDS entered into long-term bare-boat charter agreements for two of these ferries. One ferry was deployed on 9 February 2016 and the second ferry was deployed on 23 February 2016.

Following the deployment of the chartered ferries, and the redelivery of one chartered ferry, DFDS operates a total of six ferries out of Dover to Calais and Dunkirk respectively, with three ferries on each route. The additional frequency and capacity of the new ferries has enhanced DFDS' offering to both freight customers and passengers.

#### FRANCE & MEDITERRANEAN

Revenue increased by 32% to DKK 501m compared to 2014 adjusted for the closure of a route at the end of 2014. EBIT before special items increased by DKK 28m to DKK 5m, likewise adjusted for the route closure. Invested capital was DKK -36m at year-end.

|  | 2015   | 2014   | Δ    | Δ %    |
|--|--------|--------|------|--------|
| <b>NORTH SEA, DKK M</b>                  |        |        |      |        |
| Revenue                                  | 3,402  | 3,391  | 10   | 0.3%   |
| EBIT before special items                | 458    | 392    | 66   | 16.8%  |
| Invested capital, average                | 4,368  | 4,161  | 207  | 5.0%   |
| ROIC before special items, %             | 10.3   | 9.4    | 0.9  | n.a.   |
| Lane metres, '000                        | 11,159 | 10,657 | 502  | 4.7%   |
| <b>BALTIC SEA, DKK M</b>                 |        |        |      |        |
| Revenue                                  | 1,254  | 1,283  | -30  | -2.3%  |
| EBIT before special items                | 231    | 156    | 75   | 47.9%  |
| Invested capital, average                | 1,148  | 1,191  | -43  | -3.6%  |
| ROIC before special items, %             | 19.9   | 13.1   | 6.8  | n.a.   |
| Lane metres, '000                        | 3,507  | 3,403  | 104  | 3.1%   |
| Passengers, '000                         | 349    | 337    | 12   | 3.5%   |
| <b>CHANNEL, DKK M</b>                    |        |        |      |        |
| Revenue                                  | 1,853  | 1,580  | 273  | 17.3%  |
| EBIT before special items                | 198    | -40    | 238  | n.a.   |
| Invested capital, average                | 1,203  | 1,277  | -74  | -5.8%  |
| ROIC before special items, %             | 16.4   | -3.1   | 19.5 | n.a.   |
| Lane metres, '000                        | 14,923 | 14,386 | 537  | 3.7%   |
| Passengers, '000                         | 4,163  | 3,874  | 290  | 7.5%   |
| <b>FRANCE &amp; MEDITERRANEAN, DKK M</b> |        |        |      |        |
| Revenue                                  | 501    | 519    | -18  | -3.6%  |
| EBIT before special items                | 5      | -35    | 39   | n.a.   |
| Invested capital, average                | -36    | -71    | 35   | -50.0% |
| ROIC before special items, %             | n.a.   | n.a.   | n.a. | n.a.   |
| Lane metres, '000                        | 1,158  | 1,189  | -31  | -2.6%  |
| Passengers, '000                         | 362    | 403    | -40  | -10.0% |
| <b>PASSENGER, DKK M</b>                  |        |        |      |        |
| Revenue                                  | 1,742  | 1,733  | 9    | 0.5%   |
| EBIT before special items                | 219    | 150    | 69   | 45.7%  |
| Invested capital, average                | 677    | 801    | -124 | -15.5% |
| ROIC before special items, %             | 31.3   | 18.7   | 12.6 | n.a.   |
| Lane metres, '000                        | 586    | 643    | -57  | -8.9%  |
| Passengers, '000                         | 1,353  | 1,371  | -18  | -1.3%  |
| <b>NON-ALLOCATED ITEMS, DKK M</b>        |        |        |      |        |
| Revenue                                  | 522    | 404    | 118  | 29.1%  |
| EBIT before special items                | 69.4   | 47     | 22   | 47.7%  |

Freight volumes increased by 42% in 2015 and passenger volumes increased by 46%, both adjusted for the closure of a route at the end of 2014.

The volume growth was entirely driven by the Newhaven-Dieppe route as it benefited from deployment of an additional ferry in the high season and the traffic disruptions on the Dover Strait

Towards the end of 2015, the concession agreement of the Newhaven-Dieppe route was extended until the end of 2017.

### **PASSENGER**

Revenue increased by 8% to DKK 1,742m compared to 2014 adjusted for the closure of a route at the end of Q3 2014. EBIT before special items increased by 46% to DKK 219m. ROIC before special items increased to 31.3% in 2015 from 18.7% in 2014. Invested capital decreased by 15% to DKK 677m.

Passenger volumes increased by 4% in 2015, adjusted for the closure of a route at the end of Q3 2014, driven by growth on both Copenhagen-Oslo and Amsterdam-Newcastle. The passenger mix, and hence unit revenues, was improved on both routes as the share of overseas passengers was increased on Copenhagen-Oslo. The customer base was further diversified on Amsterdam-Newcastle as the share of UK passengers was reduced while the share of Dutch and German passengers was increased.

### **NON-ALLOCATED ITEMS**

Non-allocated items primarily include activities concerning chartering out of ships not deployed in the route network, including defence charter contracts. Revenue increased by 29% to DKK 522m compared to 2014 and EBIT before special items increased by 48% to DKK 69m. A higher number of charters increased the result in 2015.



### SHIPPING DIVISION ACTIVITY OVERVIEW

|   | NORTH SEA  | BALTIC SEA   | CHANNEL  | FRANCE & MEDITERRANEAN   | PASSENGER   |
|---|--|--|--|--|---|
| <b>Head of business unit</b>                        | Kell Robdrup (South)<br>Morgan Olausson (North)  | Anders Refsgaard   | Carsten Jensen   | Peder Gellert Pedersen   | Brian Thorsted Hansen   |
| <b>Share of Division's revenue 2015<sup>1</sup></b> | 37%  | 14%  | 20%  | 6%   | 19%   |
| <b>Routes</b>                                       | <ul style="list-style-type: none"> <li>Gothenburg-Brevik/Immingham</li> <li>Gothenburg-Brevik/Ghent</li> <li>Esbjerg-Immingham</li> <li>Cuxhaven-Immingham</li> <li>Vlaardingen-Felixstowe</li> <li>Vlaardingen-Immingham</li> <li>Rosyth-Zeebrugge</li> </ul> | <ul style="list-style-type: none"> <li>Fredericia/Copenhagen-Klaipeda</li> <li>Karlshamn-Klaipeda</li> <li>Kiel-Klaipeda</li> <li>Kiel-St. Petersburg/Ust Luga</li> <li>Kapellskär-Paldiski</li> </ul> | <ul style="list-style-type: none"> <li>Dover-Dunkirk</li> <li>Dover-Calais</li> </ul>  | <ul style="list-style-type: none"> <li>Marseille-Tunis</li> <li>Newhaven-Dieppe</li> </ul>                                   | <ul style="list-style-type: none"> <li>Copenhagen-Oslo</li> <li>Amsterdam-Newcastle</li> </ul>  |
| <b>Ships</b>  | <ul style="list-style-type: none"> <li>17 ro-ro ships</li> </ul>   | <ul style="list-style-type: none"> <li>2 ro-ro ships</li> <li>5 ro-pax ships</li> </ul>  | <ul style="list-style-type: none"> <li>3 short sea ferries</li> <li>2 ro-pax ships</li> </ul>                                | <ul style="list-style-type: none"> <li>1 ro-ro ship</li> <li>2 ro-pax ships</li> </ul>                                       | <ul style="list-style-type: none"> <li>4 passenger ships</li> </ul>   |
| <b>Port terminals</b>                               | <ul style="list-style-type: none"> <li>Esbjerg</li> <li>Ghent</li> <li>Gothenburg (joint venture)</li> <li>Immingham</li> <li>Vlaardingen</li> </ul>   |  | <ul style="list-style-type: none"> <li>Dunkirk</li> </ul>  |  | <ul style="list-style-type: none"> <li>Copenhagen</li> </ul>  |
| <b>Main customer segments</b>                       | <ul style="list-style-type: none"> <li>Forwarders &amp; hauliers</li> <li>Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals)</li> <li>RDF (refuse derived fuel)</li> </ul>                                     | <ul style="list-style-type: none"> <li>Forwarders &amp; hauliers</li> <li>Manufacturers of heavy industrial goods (automotive, forest products, metals)</li> </ul>                                     | <ul style="list-style-type: none"> <li>Forwarders &amp; hauliers</li> <li>Car passengers</li> <li>Coach operators</li> </ul> | <ul style="list-style-type: none"> <li>Forwarders &amp; hauliers</li> <li>Car passengers</li> <li>Coach operators</li> </ul> | <ul style="list-style-type: none"> <li>Mini Cruise passengers</li> <li>Car passengers</li> <li>Business conferences</li> <li>Forwarders &amp; hauliers</li> </ul> |
| <b>Main market areas</b>                            | <ul style="list-style-type: none"> <li>Benelux</li> <li>Denmark</li> <li>Germany</li> <li>Norway</li> <li>Sweden</li> <li>UK</li> </ul>  | <ul style="list-style-type: none"> <li>Baltic States</li> <li>Denmark</li> <li>Germany</li> <li>Russia</li> <li>Sweden</li> </ul>  | <ul style="list-style-type: none"> <li>Continental Europe</li> <li>UK</li> </ul>   | <ul style="list-style-type: none"> <li>Continental Europe</li> <li>Tunisia</li> <li>UK</li> </ul>                            | <ul style="list-style-type: none"> <li>Benelux</li> <li>Denmark</li> <li>Germany</li> <li>Norway</li> <li>Sweden</li> <li>Overseas markets</li> <li>UK</li> </ul> |
| <b>Main competitors</b>                             | <ul style="list-style-type: none"> <li>Cobelfret</li> <li>Container, road and rail transport</li> <li>P&amp;O Ferries</li> <li>SOL</li> <li>Stena Line</li> </ul>  | <ul style="list-style-type: none"> <li>Road and rail transport</li> <li>Stena Line</li> <li>Tallink Silja</li> <li>Transrussia Express (Finnlines)</li> <li>Transfennica</li> </ul>                    | <ul style="list-style-type: none"> <li>Brittany Ferries</li> <li>Eurotunnel</li> <li>P&amp;O Ferries</li> </ul>              | <ul style="list-style-type: none"> <li>Brittany Ferries</li> <li>CMA-CGM</li> <li>Cotunav</li> <li>SNCM</li> </ul>           | <ul style="list-style-type: none"> <li>Airlines and road transport</li> <li>Color Line</li> <li>P&amp;O Ferries</li> <li>Stena Line</li> </ul>                    |

<sup>1</sup>As Non-allocated items are not included in the table, the revenue shares do not add up to 100%.

# LOGISTICS DIVISION





# LOGISTICS DIVISION

## Head of division

Eddie Green

## Share of DFDS Group revenue 2015

37%

## Business areas

- Nordic
- Continent
- UK & Ireland

- Higher earnings in Sweden
- Margins improved in Continent
- Improved performance in temperature-controlled logistics activities

The Logistics Division's revenue increased by 9% to DKK 5,034m compared to 2014, and EBIT before special items increased by 16% to DKK 143m. Adjusted for the acquisition of Quayside with effect from 1 July 2014, revenue increased by 6% and EBIT increased by 11%.

The return on invested capital, ROIC, before special items increased to 11.9% in 2015 from 9.5% in 2014. Average invested capital increased by 13% to DKK 1,104m.

## NORDIC

Revenue increased by 7% to DKK 1,659m compared to 2014 and EBIT before special items increased by 3% to DKK 43m. EBIT increased by 16% adjusted for a one-off income of DKK 5m in 2014 related to the sale of an office building in Gothenburg.

| LOGISTICS DIVISION, DKK M                             | 2015  | 2014  | Δ     | Δ %    |
|---|-------|-------|-------|--------|
| Revenue   | 5,034 | 4,625 | 409   | 8.8%   |
| EBITDA before special items                           | 234   | 200   | 34    | 17.0%  |
| Share of profit/loss of associates and joint ventures | 0     | -1    | 1     | n.a.   |
| Profit/loss on disposal of non-current assets, net    | 4     | 9     | -5    | -57.7% |
| Depreciation and impairment                           | -95   | -85   | -10   | 11.8%  |
| EBIT before special items                             | 143   | 123   | 20    | 15.9%  |
| EBIT-margin before special items, %                   | 2.8   | 2.7   | 0.2   | n.a.   |
| Special items, net                                    | 9     | 2     | 7     | n.a.   |
| EBIT  | 151   | 125   | 26    | 20.9%  |
| Invested capital, average                             | 1,104 | 975   | 129   | 13.2%  |
| ROIC before special items, %                          | 11.9  | 9.5   | 2.4   | n.a.   |
| Units, '000   | 403.1 | 438.6 | -35.5 | -8.1%  |
| Tons, '000  | 452.9 | 417.4 | 35.5  | 8.5%   |

The Swedish activities were the main driver of the increase in earnings. Margins were raised in the door-door and contract logistics activities by improved utilization of equipment and the addition of premium customer services. A new major automotive logistics contract commenced in March incurring some start-up costs. The Norwegian full-load and container activities improved earnings in 2015 but this was offset by costs related to route changes for the side-port activities and lower earnings in port terminals. The result of the Baltic activities were overall on a level with 2014 as a major construction logistics contract offset lower activity in the Russian market.

## CONTINENT

Revenue increased by 7% to DKK 1,918m compared to 2014 and EBIT before special items increased by 53% to DKK 33m.

The higher result was driven by higher volumes in the three main door-door activity areas: Netherlands, Belgium and Germany. Volume growth was strong between the UK and Netherlands/Germany and between Belgium and Sweden. The container activities between Benelux and Ireland was on a level with 2014. Towards the end of the year, the start-up of a new, major automotive logistics contract commenced as planned. The new activities in the Czech Republic performed in line with expectations.

## ACTIVITIES AND BUSINESS MODEL

DFDS Logistics provides flexible, cost efficient and on-time, door-to-door transport solutions to producers of a wide variety of consumer and industrial goods.

The main activity is the transport of full- and part-loads, both ambient and temperature-controlled.

In close partnership with retailers and producers, performance enhancing and cost efficient logistics solutions are developed and provided, including warehousing services and just-in-time concepts.

All solutions are supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry routes.

In some business areas, the carrier network is supplemented with own drivers and trucks.

The business model ensures flexible solutions that fit customer requirements and allows for fast reactions to changes in market conditions.

## UK & IRELAND

Revenue increased by 14% to DKK 1,593m compared to 2014 and EBIT before special items increased by 11% to DKK 66m. EBIT decreased by 1% adjusted for the acquisition of Quayside with effect from 1 July 2014.

The result of the temperature-controlled logistics activities operating out of Scotland and England improved in 2015 but was offset by reduced earnings for the activities in Belfast and Dublin as well as the rail activities from the UK to the Continent.

Scotland's chilled warehousing capacity was expanded in 2015 ahead of the peak trading season. 2015 was the first full operating year for Quayside with performance in line with expectations, although export activities were dampened by the appreciation of the British pound and the traffic disruptions on the Channel. The logistics activities operating in mid-England performed well throughout the year and a new partnership agreement covering temperature-controlled distribution services related to cold stores located in the UK was added in the final quarter.

The door-door Belfast activities was impacted by trade imbalances in the first half of 2015 but recovered in the second half of the year. The rail activities between the UK and Italy were closed at the end of 2015 due to inefficient operations, in part caused by disruptions to Eurotunnel's services. A new, multimodal solution combining transport by road, sea and rail will replace the activity in 2016.

|                                | 2015  | 2014  | Δ     | Δ %    |
|--------------------------------|-------|-------|-------|--------|
| <b>NORDIC, DKK M</b>           |       |       |       |        |
| Revenue                        | 1,659 | 1,543 | 115   | 7.5%   |
| EBIT before special items      | 43    | 42    | 1     | 2.8%   |
| Invested capital, average      | 342   | 350   | -8    | -2.4%  |
| ROIC before special items, %   | 12.2  | 9.0   | 3.2   | n.a.   |
| Units, '000                    | 113.6 | 110.6 | 3.0   | 2.7%   |
| Tons, '000                     | 403.1 | 438.6 | -35.5 | -8.1%  |
| <b>CONTINENT, DKK M</b>        |       |       |       |        |
| Revenue                        | 1,918 | 1,792 | 126   | 7.0%   |
| EBIT before special items      | 33    | 22    | 11    | 52.9%  |
| Invested capital, average      | 326   | 324   | 2     | 0.6%   |
| ROIC before special items, %   | 9.9   | 5.0   | 4.9   | n.a.   |
| Units, '000                    | 212.1 | 198.5 | 13.6  | 6.8%   |
| <b>UK &amp; IRELAND, DKK M</b> |       |       |       |        |
| Revenue                        | 1,593 | 1,402 | 191   | 13.6%  |
| EBIT before special items      | 66    | 60    | 6     | 10.8%  |
| Invested capital, average      | 437   | 298   | 139   | 46.4%  |
| ROIC before special items, %   | 13.0  | 15.0  | -2.0  | n.a.   |
| Units, '000                    | 128.1 | 108.3 | 19.8  | 18.3%  |
| <b>NON-ALLOCATED ITEMS</b>     |       |       |       |        |
| Revenue <sup>1</sup>           | 189   | 59    | 130   | 221.5% |
| EBIT before special items      | 0     | 0     | 0     | n.a.   |

<sup>1</sup>Revenue increase due to centralisation of equipment pool



## LOGISTICS DIVISION ACTIVITY OVERVIEW

|  | NORDIC   | CONTINENT  | UK & IRELAND   |   |   |  |
|--|--|--|--|---|---|--|
| <b>Head of business unit</b>                                   | Niklas Andersson   | Jens Antonsen  | Allan Bell / Steve Macaulay  |   |   |  |
| <b>Share of Logistics Division's revenue, 2015<sup>1</sup></b> | 33%  | 38%  | 32%  |   |   |  |
| <b>Main Activities:</b>  | <ul style="list-style-type: none"> <li>Door-to-door full &amp; part load transport solutions: <ul style="list-style-type: none"> <li>Sweden/Denmark/Norway-UK</li> <li>Sweden/UK/Germany/Denmark/Norway-Baltic/Russia/CIS</li> </ul> </li> </ul>                   | <ul style="list-style-type: none"> <li>Door-to-door full &amp; part load transport solutions: <ul style="list-style-type: none"> <li>Holland-UK/Ireland</li> <li>Germany-UK/Italy</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Door-to-door full &amp; part load transport solutions: <ul style="list-style-type: none"> <li>Belgium/France-UK/Scandinavia</li> <li>France-Scandinavia</li> <li>Italy-Scandinavia/Benelux /UK</li> <li>Czech – UK/Ireland</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Door-to-door full &amp; part load transport solutions: <ul style="list-style-type: none"> <li>Northern Ireland-UK</li> <li>UK-Continent</li> <li>UK</li> </ul> </li> </ul> |   |  |
|  | <ul style="list-style-type: none"> <li>Paper shipping logistics, incl. containers: <ul style="list-style-type: none"> <li>Norway-Bremerhaven-Hamburg-Norway</li> <li>Norway-Zeebrugge-Immingham-Norway</li> </ul> </li> </ul>                                      | <ul style="list-style-type: none"> <li>Door-to-door container transport solutions: <ul style="list-style-type: none"> <li>Holland-UK/Ireland</li> <li>Germany-UK/Norway/Italy</li> </ul> </li> </ul>     | <ul style="list-style-type: none"> <li>Logistics solutions: <ul style="list-style-type: none"> <li>Italy- Benelux/UK/Ireland</li> <li>Czech – UK/Ireland</li> <li>Spain-UK/Ireland</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>Seafood distribution network</li> <li>Warehousing</li> <li>4PL Contracts</li> </ul>  |   |  |
|  | Contract Logistics (Arendal)<br>Haulage service (JLT)  |  |  |   |   |  |
|  | <ul style="list-style-type: none"> <li>Door-to-door container transport solutions: <ul style="list-style-type: none"> <li>Norway-UK</li> <li>Norway-Continent</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>Door-to-door rail transport solutions: <ul style="list-style-type: none"> <li>Italy-UK/Germany/Benelux</li> </ul> </li> </ul>                                     | <ul style="list-style-type: none"> <li>Door-to-door container transport solutions: <ul style="list-style-type: none"> <li>Ireland/UK-Spain</li> </ul> </li> </ul>  |   |   |  |
|  | <ul style="list-style-type: none"> <li>Door-to-door rail transport solutions: <ul style="list-style-type: none"> <li>Nordic-Italy</li> <li>Sweden-Baltic/Russia/CIS</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>Warehousing UK &amp; Italy <ul style="list-style-type: none"> <li>4PL contracts</li> </ul> </li> </ul>  |  |   |   |  |
| <b>Equipment</b>   | <ul style="list-style-type: none"> <li>Joint Nordic/Continent equipment pool: <ul style="list-style-type: none"> <li>3,240 trailers</li> <li>150 trucks</li> <li>2,920 containers</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>310 swap bodies</li> <li>2 sideport vessels</li> <li>170 trailers not pooled</li> </ul>   | <ul style="list-style-type: none"> <li>Joint Nordic/Continent equipment pool: <ul style="list-style-type: none"> <li>3,240 trailers</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>150 trucks</li> <li>2,920 containers</li> <li>310 swap bodies</li> </ul>   | <ul style="list-style-type: none"> <li>930 trailers</li> <li>200 trucks</li> <li>1 container ship</li> </ul>  |  |
| <b>Warehouses</b>  | <ul style="list-style-type: none"> <li>Göteborg</li> <li>Moss</li> <li>Karlshamn</li> </ul>  | <ul style="list-style-type: none"> <li>Ventspils</li> <li>Liepāja</li> <li>Brevik</li> </ul>   | <ul style="list-style-type: none"> <li>Milano</li> <li>Rotterdam</li> </ul>  | <ul style="list-style-type: none"> <li>Ghent</li> <li>Prague</li> </ul>   | <ul style="list-style-type: none"> <li>Peterborough</li> <li>Immingham</li> <li>Larkhall</li> <li>Aberdeen</li> </ul>   | <ul style="list-style-type: none"> <li>Belfast</li> <li>Grimsby</li> <li>Bellshill</li> </ul>  |
| <b>Sales offices</b>   | <ul style="list-style-type: none"> <li>Oslo</li> <li>Göteborg</li> <li>Hamina</li> <li>Copenhagen</li> <li>Moss</li> </ul>   | <ul style="list-style-type: none"> <li>Brevik</li> <li>Fredericia</li> <li>Karlshamn</li> <li>Liepāja</li> </ul>   | <ul style="list-style-type: none"> <li>Hamburg</li> <li>Ghent</li> <li>Bruges</li> <li>Rotterdam</li> </ul>  | <ul style="list-style-type: none"> <li>Milano</li> <li>Prague</li> <li>Bilbao</li> </ul>  | <ul style="list-style-type: none"> <li>Aberdeen</li> <li>Peterborough</li> <li>Immingham</li> <li>Larkhall</li> <li>Bellshill</li> </ul>                                  | <ul style="list-style-type: none"> <li>Belfast</li> <li>Grimsby</li> <li>Boulogne Sur Mer</li> <li>NewLyn</li> <li>Dublin</li> </ul> |
| <b>Customer segments</b>                                       | <ul style="list-style-type: none"> <li>Manufacturers of heavy industrial goods (automotive, paper), consumer goods, chemicals and temperature controlled goods</li> <li>Retailers</li> <li>Third party container operators</li> <li>Contract management</li> </ul> |  | <ul style="list-style-type: none"> <li>Manufacturers of heavy industrial goods (automotive, paper), consumer goods, chemicals and temperature controlled goods</li> <li>Retailers</li> <li>Forwarders</li> <li>Contract management</li> </ul>  |   | <ul style="list-style-type: none"> <li>Frozen, chill and ambient cargo for retailers/manufacturers</li> <li>Aquaculture producers</li> <li>Contract management</li> </ul> |  |
| <b>Primary competitors</b>                                     | <ul style="list-style-type: none"> <li>NTEX</li> <li>DSV</li> <li>Schenker</li> <li>Blue Water</li> </ul>  | <ul style="list-style-type: none"> <li>Lo-Lo, container &amp; sideport carriers</li> <li>Tschudi Line</li> <li>Green Carrier</li> </ul>  | <ul style="list-style-type: none"> <li>Cobelfret</li> <li>P&amp;O Ferrymasters</li> <li>LKW Walter</li> </ul>  | <ul style="list-style-type: none"> <li>European forwarders</li> <li>Samskip</li> <li>Lo-Lo container carriers</li> </ul>  | <ul style="list-style-type: none"> <li>McBurney</li> <li>Montgomery Transport</li> <li>MacAndrews</li> </ul>  |  |

<sup>1</sup>As Non-allocated items are not included in the table, the revenue shares do not add up to 100%.

# RISK FACTORS

Risk management is an integral part of DFDS' management processes. Risks and opportunities are regularly reviewed and reported to the Board of Directors for appropriate responses and actions

## GENERAL AND SPECIFIC OPERATIONAL RISKS

### Macro-economic and market risks

Risks of major fluctuations in earnings caused by changes in market and economic conditions are highest for the Group's shipping activities and lowest for the transport and logistics activities. The difference in risk profile is due to the high share of fixed costs in shipping as opposed to the considerably lower share of fixed costs in transport and logistics entailing more flexibility in adapting activities to changes in demand.

The demand for shipping of freight and passengers is reflected in customer volumes, which in turn are impacted by the general state of the economy. Decreasing demand can lead to overcapacity, which can be remedied by deployment of a ship(s) with less capacity or by removal of a ship from a route or, ultimately, by route closure. Overcapacity tends to increase downward pressure on prices and, hence, entails a risk of lower profitability. Partly in order to counteract cyclical demand risk, part of the

freight fleet consists of chartered ships. DFDS aims to charter a certain share of the fleet on contracts of shorter duration with options for extensions, which facilitates opportunities for redelivery of ships at a few months' notice.

All passenger ships in the fleet are owned by DFDS limiting the options for adapting passenger capacity in the short term. DFDS' container activities mainly deploy chartered ships through vessel sharing and slot charter agreements with other shipping companies, which provides flexibility. To a large extent, DFDS' logistics activities lease equipment and subcontract haulage. This results in a high share of variable costs and, therefore, less cyclical risk.

DFDS' geographic diversification across mostly northern Europe, including activities related to Russia and adjacent countries, reduces dependence on market trends in specific regions. In addition, the diversified route network and other activities balance commercial risks, including opportunities for reallocation of ships between routes.

The freight- and passenger-shipping markets are, moreover, impacted by industry-specific market conditions, including changes in market conditions faced by competing transport modes such as road, rail and air – the latter of which mainly impacts the passenger sector.

In addition, markets are impacted by changes in local and regional competition, such as the opening or closing of competing

routes and capacity increases on existing routes. On a few routes, a significant proportion of freight volumes are derived from a few industrial customers. Risks inherent in such relationships are mitigated by multiple-year customer contracts reflecting investment requirements to service the contracts.

### Risks associated with business development and investment

DFDS' growth strategy embodies business development and investment risks. This is both related to organic growth from investment in ships and growth driven by acquisition of companies and activities. The most important risk associated with organic growth is related to the expansion of capacity on a route by deployment of larger ship(s). The acquisition of companies and activities involves significant risks, which are proportionate to the size of the investment and the complexity of a subsequent integration process. Risks associated with business development ventures are managed by thorough planning and decision-making processes governed by internal policies and guidelines for investment decisions, including a required rate of return on investments.

### The shipping charter market

DFDS charters mainly freight ships for varying periods. Such charters are subject to price risks (charter rates) and risks concerning availability of ships that fit operational requirements. Similar risks, including counterparty risks, are relevant when chartering out excess tonnage. In addition, there is a

price risk related to the timing of acquiring or ordering ships. In connection with the ordering of ships, there is a default risk related to the shipyards constructing the ships, which can lead to additional costs, including delayed delivery.

Due to the ongoing process of replacing and renewing the DFDS fleet, the sale of ships or the cancellation of new building contracts may result in gains, losses and costs that are not anticipated in annual profit forecasts.

### Operational, security and environmental risks

The main operational risks are associated with ships and port terminals. Technical problems and accidents may lead to unplanned periods in dock, interruption of sailing schedules, and loss of revenue. Replacement tonnage can usually be deployed at short notice through chartering. In order to minimise operational risks, DFDS has a systematic and comprehensive maintenance programme in place for all ships, including periods in dock at regular intervals. In addition, extreme weather conditions can cause delays and cancellations, and strikes in ports can also disrupt services.

DFDS deploys freight and passenger ships, port terminals, warehouses and cargo-carrying equipment, all of which are subject to the usual safety risks associated with equipment of this type. These risks are controlled and minimised partly through compliance with safety requirements and routines, as

well as preventative work, and partly through insurance against risk.

More information on health and safety is available from [www.dfdsgroup.com/cr\\_report](http://www.dfdsgroup.com/cr_report)

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as rules and regulations and customer requirements. Changes in these factors can increase costs. The Group is insured against environmental risks as far as possible, and participates in preparatory legislative procedures through industry organisations.

More information on environmental risks is available from [www.dfdsgroup.com/cr\\_report](http://www.dfdsgroup.com/cr_report)

### POLITICAL AND LEGAL RISKS

DFDS' activities are impacted by changes in rules and regulations governing the shipping and transport sector, as well as changes in the overall conditions that impact Europe's infrastructure. In addition to political bodies, DFDS is subject to International Maritime Organization (IMO) conventions. The IMO is the UN body responsible for maritime issues, primarily safety and environment.

Changes in the above rules and regulations can have negative financial consequences, including higher costs and changes in the travel patterns of passengers and routing of freight, including the distribution between sea and land transport.

Other significant political risks concern changes to taxation arrangements for staff at sea, the referendum in June 2016 on the UK's future membership status in the EU, the abolition of duty-free sales in Norway if the country were to join the EU, cancellation of VAT exemption on tickets and on-board sales, and changes of tonnage tax schemes. DFDS actively monitors these issues, including by participating in industry organisations.

### FINANCIAL RISKS

DFDS is exposed to a range of financial risks. The primary risks relate to changes in oil prices, exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and counterparty risk.

Financial risk management is based on Group policies and guidelines for the respective risk areas. Financial risks are managed centrally, as per Group policy. The Executive Board regularly assesses financial risks, and the Board of Directors is likewise regularly updated on financial risk management.

It is DFDS' strategy to diversify the loan portfolio. In 2015, a number of funding activities were completed:

- 3-year DKK 500m unsecured Revolving Credit Facility
- 8-year EUR 16m secured ship loan (final loan disbursement of a facility)
- Final repayment of a DKK 110m secured ship loan (matured in April 2015)

- Conversion of floating to fixed interest rate on a 12-year DKK 600m secured ship loan

The average maturity of loans is 5.3 years which is considered to be acceptable in relation to refinancing risk. The Group's gross debt loan portfolio consisted at year-end 2015 of approximately 49% unsecured bonds, 39% secured ship finance, and 12% unsecured loans. Loans secured by a mortgage on ships equalled 9% of total assets at year-end 2015.

DFDS' targeted leverage is a multiple of net interest-bearing debt (NIBD) to EBITDA of 2.0-3.0 times. This target aims to balance the shipping activities' relatively high level of capital intensity and the somewhat cyclical demand for transport services. The targeted leverage also ensures financial flexibility and given a NIBD/EBITDA -multiple of 0.9 at year-end 2015, and the low level of encumbered assets, DFDS' refinancing risk is considered to be limited.

The table on page 26 reviews in greater detail DFDS' financial risk exposure. Please also refer to note 27 for further details regarding financial risks. For the individual areas of risk, the following can be highlighted:

**Bunker:** The cost of bunker constitutes a considerable share of total operating costs for the shipping activities. 87% of DFDS' bunker consumption is commercially hedged through bunker clauses (BAF) in freight customer contracts. The remaining

consumption is consumed on passenger routes and financially hedged as appropriate. A price increase of 1% compared to the price level at year-end 2015 (approximately USD 306 per ton of MGO and USD 125 per ton of HFO) is estimated to have a negative impact on financial performance of around DKK 2m in 2016.

**Interest:** At year-end 2015, the share of net fixed-interest loans was 54%, which is consistent with the objective of a hedging level of 40-70%. When calculating interest-rate risks, long-term charter contracts are included under fixed-interest loans. An increase in interest rates of 1%-point, compared to the level at year-end 2015, is estimated to have a negative impact on financial performance of around DKK 9m in 2016.

**Currency:** To date, transaction risks have not been hedged. They primarily relate to SEK, NOK, GBP and USD. Risks related to EUR are monitored continuously, but not hedged. The risk related to USD is hedged through the commercial hedging of bunker, i.e. bunker surcharge clauses.

**Liquidity:** DFDS systematically and regularly conducts internal credit assessments of all financial counterparts. The internal credit assessment is based on ratings from international credit-rating agencies. The Board of Directors approve general limits on deposits, etc. with DFDS' counterparts on this basis. At present, the risks are considered to be limited.



## OVERVIEW OF RISK FACTORS

|                       | RISKS   | POLICIES   | HEDGING   |
|-----------------------|---|--|---|
| <b>Bunker</b>         | <ul style="list-style-type: none"> <li>Expected bunker consumption in 2016: 475m tons</li> <li>Total bunker costs in 2015: DKK 1,304m</li> <li>Increase in oil price</li> <li>Decrease of price spread between MGO and HFO due to consumption of both bunker types</li> </ul> | <ul style="list-style-type: none"> <li>Oil-price risk is hedged through bunker surcharges, determined by a bunker adjustment factor (BAF) model, and financial instruments</li> <li>Hedging of the oil price of 0-100% of the open bunker price volatility, i.e. the part not hedged through MGO BAF surcharges</li> </ul> | <ul style="list-style-type: none"> <li>An increase in the oil price of 1%, compared to the price level at year-end 2015 is estimated to have a negative impact on financial performance of around DKK 2m in 2016</li> <li>Total hedging of bunker consumption: 92%. <ul style="list-style-type: none"> <li>Commercial hedging: 87%</li> <li>Financial hedging: 5%</li> </ul> </li> </ul>  |
| <b>Interest rates</b> | <ul style="list-style-type: none"> <li>Increase in interest rate levels</li> <li>Long-term charter contracts included as fixed-interest loans in calculation of the share of fixed-interest loans of net debt</li> </ul>  | <ul style="list-style-type: none"> <li>Duration 9–36 months</li> <li>Fixed-interest share of net debt: 40–70%</li> </ul>   | <ul style="list-style-type: none"> <li>Duration at the end of 2015: 17 months</li> <li>Fixed-interest share: 54% (share of fixed-interest loans, including interest-rate swaps and charter contracts, compared to net debt)</li> <li>An increase in interest rates of 1%-point, compared to the level at year-end 2015 is estimated to have a negative impact on financial performance of around DKK 9m in 2016</li> </ul>        |
| <b>Currency</b>       | <ul style="list-style-type: none"> <li>Translation risks are related to changes in exchange rates that affect the profit-and-loss account due to changes in the value of monetary assets and liabilities in foreign currencies</li> </ul>                                     | <ul style="list-style-type: none"> <li>Positions are hedged by matching asset and liability currencies</li> <li>Net positions in excess of SEK 200m, NOK 100m, USD 25m and GBP 20m are hedged using price-adjustment agreements</li> <li>Exchange rate movements between EUR and DKK are not considered a risk</li> </ul>  | <ul style="list-style-type: none"> <li>Primary net currency-balance positions at year-end 2015 were: <ul style="list-style-type: none"> <li>SEK: -12m</li> <li>GBP: 3m</li> <li>NOK: -36m</li> <li>USD: -2m</li> </ul> </li> </ul>  |
|                       | <ul style="list-style-type: none"> <li>Transaction risks relate to changes in exchange rates, which have an impact on earnings when revenues and expenses are not incurred in the same currency</li> </ul>  | <ul style="list-style-type: none"> <li>At Group level, subsidiaries' exposures are aggregated to facilitate mutual hedging</li> <li>Risk is also reduced by adjusting prices and cost structures in local currencies</li> <li>Financial hedging used as required</li> </ul>  | <ul style="list-style-type: none"> <li>Approx. 89% of DFDS' revenue is invoiced in foreign currency</li> <li>Primary net currency cash flow position exposure in 2016: <ul style="list-style-type: none"> <li>SEK (income): 210m</li> <li>GBP (income): 15m</li> <li>NOK (income): 92m</li> <li>USD (cost): -148m</li> </ul> </li> <li>To date, transaction risks have not been hedged, apart from bunker costs in USD</li> </ul> |
| <b>Liquidity</b>      | <ul style="list-style-type: none"> <li>Liquidity risks relating to payments</li> </ul>  | <ul style="list-style-type: none"> <li>Sufficient liquidity is ensured by maintaining a minimum level of cash reserves and drawing rights of DKK 400m</li> <li>Diversification of loan portfolio through the issue of corporate bonds or similar</li> </ul>  | <ul style="list-style-type: none"> <li>Liquidity risks are not quantifiable</li> <li>The total liquidity contingency amounts to DKK 2,533m. At year-end 2015, it consisted of cash and liquid net holdings of DKK 1,423m and drawing rights of DKK 1,110m</li> </ul>  |
| <b>Leverage</b>       | <ul style="list-style-type: none"> <li>Counterparty risks with financial institutions</li> </ul>  | <ul style="list-style-type: none"> <li>The limits for placing liquidity in banks are determined by the credit ratings of the banks concerned</li> </ul>  | <ul style="list-style-type: none"> <li>Counterparty risk is managed by complying with fixed limits</li> </ul>   |

# THE DFDS SHARE AND SHAREHOLDERS

The total return on the DFDS share was 130% in 2015

## Share capital

DFDS has one class of shares. At the end of 2015, the share capital was DKK 1,230m comprising 61,500,000 shares, each with a nominal value of DKK 20.

Two changes were made to the share capital in 2015. The nominal share value was lowered from DKK 100 to DKK 20 through a stock split of 1:5 and 1,750,000 shares were cancelled. Both changes were approved by an extraordinary general meeting held on 17 September 2015.

## Stock exchange trading

The DFDS share is listed on Nasdaq Copenhagen where 20.6m DFDS shares were traded in 2015 equal to an annual turnover of DKK 3.7bn. The average number of trades per day was 548 and the average daily turnover was DKK 15m. The DFDS share was included in the Large Cap index in 2015.

## Share price performance

DFDS' share price rose by 126% to DKK 267 in 2015, equal to an increase in DFDS' market value of DKK 8.7bn to a total market value of DKK 15.8bn, excluding treasury shares. By comparison, the Danish stock market's all share index rose by 28% in 2015, while DFDS' peer group index rose by 35%.

DFDS' peer group index includes DSV (DK), Finnlines (FIN), Irish Continental Group (IE), Tallink Grupp (ES) and Viking Line (FIN).

The total yield on the DFDS share was 4.6% in 2015, including the yield from dividends and the buyback of shares.

## Distribution policy and dividend

DFDS' distribution policy is to pay dividend semi-annually. The payment of semi-annual dividends was introduced in August 2015 to facilitate a faster return of capital to shareholders and better align dividend payments with DFDS' seasonal cash flow cycle that peaks during the third quarter, which is the high season for passenger travel.

In addition, excess capital, as determined by the leverage target, can be distributed through share buyback shares and/or dividends.

Leverage is defined by the ratio of net interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA). The targeted leverage is a NIBD/EBITDA multiple of between 2.0 and 3.0. The targets can be suspended in connection with large investments, including acquisitions, and other strategic events.

The Board of Directors proposes to the 2016 annual general meeting (AGM) a dividend of DKK 3.00 per share. In addition, the Board of Directors plan to distribute a further dividend of DKK 2.00 per share in August 2016.

| SHARE RELATED KEY FIGURES <sup>1</sup>     | 2015   | 2014  | 2013  | 2012  | 2011  |
|--|--------|-------|-------|-------|-------|
| <b>Share price, DKK</b>                    |        |       |       |       |       |
| Price at year-end                          | 267.0  | 118.2 | 87.4  | 51.1  | 71.0  |
| Price high                                 | 282.0  | 118.2 | 91.1  | 77.2  | 96.0  |
| Price low                                  | 121.0  | 80.8  | 52.4  | 51.6  | 70.6  |
| Market value year-end, DKK m               | 15,840 | 7,177 | 5,559 | 3,706 | 5,149 |
| No. of shares year-end, m                  | 61.5   | 63.3  | 74.3  | 74.3  | 74.3  |
| No. of circulating shares year-end, m      | 59.3   | 60.7  | 63.6  | 72.5  | 72.5  |
| <b>Distribution to shareholders, DKK m</b> |        |       |       |       |       |
| Dividend paid per share, DKK               | 5.4    | 2.8   | 2.8   | 2.8   | 1.6   |
| Total dividend paid ex. treasury shares    | 326    | 177   | 203   | 203   | 117   |
| Buyback of shares                          | 401    | 295   | 628   | 0     | 0     |
| Total distribution to shareholders         | 727    | 472   | 831   | 203   | 117   |
| FCFE yield, %                              | 9.7    | 2.6   | 7.5   | 28.3  | 28.1  |
| Total distribution yield, %                | 4.6    | 6.5   | 14.8  | 5.4   | 2.2   |
| Cash payout ratio, %                       | 47.0   | 253.8 | 197.2 | 19.1  | 8.0   |
| <b>Shareholder return</b>                  |        |       |       |       |       |
| Share price change, %                      | 125.9  | 35.2  | 71.0  | -28.0 | -15.1 |
| Dividend return, %                         | 4.6    | 3.2   | 5.5   | 3.9   | 1.9   |
| Total shareholder return, %                | 130.5  | 38.4  | 76.5  | -24.1 | -13.2 |
| <b>Share valuation</b>                     |        |       |       |       |       |
| Equity per share, DKK                      | 105.4  | 100.0 | 98.5  | 95.0  | 95.2  |
| Price/book value, times                    | 2.53   | 1.18  | 0.76  | 0.52  | 0.73  |

<sup>1</sup>Key figures for previous years are adjusted for 1:5 stock split in 2015

## OWNERSHIP STRUCTURE, END OF 2015

|                               |              |
|-------------------------------|--------------|
| Lauritzen Foundation          | 42.5         |
| Institutional shareholders    | 39.9         |
| Other registered shareholders | 8.6          |
| Treasury shares               | 3.5          |
| Non-registered shareholders   | 5.4          |
| <b>Total</b>                  | <b>100.0</b> |

With reference to §29 in the Danish Securities Trading Act, the Lauritzen Foundation domiciled in Copenhagen, Denmark, has notified DFDS A/S that it holds more than 5% of the share capital and voting rights of the company.

## SHAREHOLDER DISTRIBUTION

| No. of shares | NO. OF SHAREHOLDERS | % OF SHARE CAPITAL |
|---------------|---------------------|--------------------|
| 1-50          | 4,650               | 0.3                |
| 51-500        | 7,460               | 2.3                |
| 501-5000      | 2,090               | 4.4                |
| 5001-50000    | 242                 | 6.4                |
| 50001-        | 94                  | 81.2               |
| <b>Total*</b> | <b>14,536</b>       | <b>94.6</b>        |

\* Total of registered shareholders

### Distribution to shareholders

At the AGM in March 2015, the Board of Directors received a mandate to purchase treasury shares totalling a maximum of 10% of the share capital.

In 2015, DFDS distributed a total of DKK 727m to shareholders. DKK 401m was distributed through share buybacks and DKK 326m was paid as dividends, of which DKK 218m was paid in April and DKK 108m was paid in August.

Two new share buyback programmes totalling DKK 650m were launched on 12 February 2016.

### Shareholders

At the end of 2015, DFDS had 14,536 registered shareholders who owned 94.6% of the share capital. International shareholders owned 31.3% (2014: 19.7%) of the total share capital excluding non-registered shareholders that owned 5.4%.

The Lauritzen Foundation was the largest shareholder with a holding of 42.5% of the total share capital at the end of 2015.

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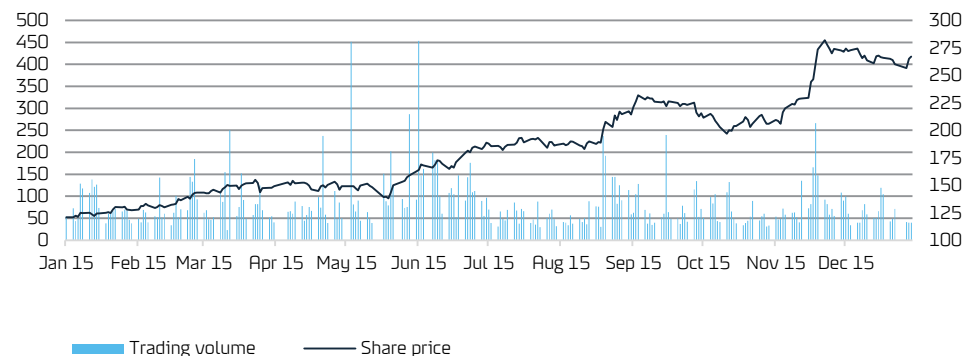
### SEB EQUITIES

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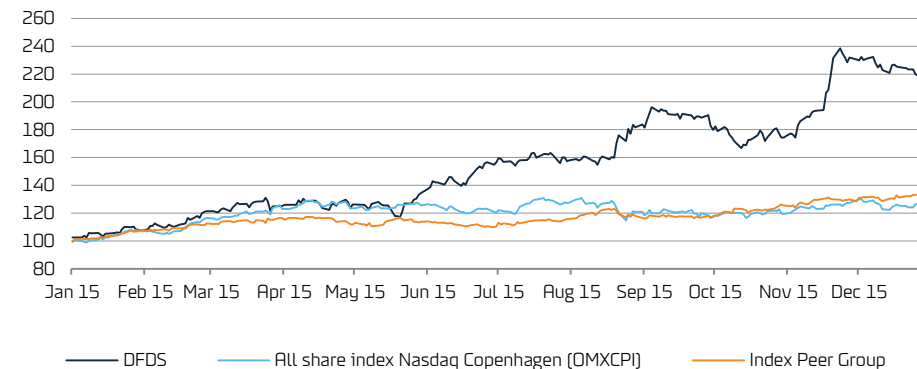
### DFDS SHARE PRICE AND TRADING VOLUME, 2015

(No. of shares, '000)

(Share price, DKK)



### SHARE PRICE PERFORMANCE RELATIVE TO PEER GROUP AND COPENHAGEN INDEX 2015





## COMPANY ANNOUNCEMENTS 2015

DFDS released 108 company announcements in 2015, of which the most important are listed below. A complete list of announcements is available at [www.dfdsigroup.com/investors/announcementsuk/](http://www.dfdsigroup.com/investors/announcementsuk/)

|   |            |
|---|------------|
| Share buy-back week 51 2015 and completion of programme                                 | 18/12/2015 |
| Newhaven-Dieppe contract extended by two years  | 11/12/2015 |
| Financial calendar 2016   | 09/12/2015 |
| DFDS achieves record result in q3   | 19/11/2015 |
| Share capital and votes per 31 October 2015   | 05/11/2015 |
| Major shareholder announcement  | 16/10/2015 |
| Reduction of share capital completed  | 16/10/2015 |
| New UK temperature controlled logistics contract  | 02/10/2015 |
| Share capital and votes per 30 September 2015   | 30/09/2015 |
| Russian freight route adapted to slot charter   | 24/09/2015 |
| Summary of extraordinary general meeting  | 17/09/2015 |
| Newhaven-Dieppe contract set to expire end of 2015                                      | 11/09/2015 |
| Agreement reached between parties on Channel  | 31/08/2015 |
| Stock split 1:5 to enhance liquidity of the DFDS share                                  | 20/08/2015 |
| Semi-annual dividends and interim dividend of DKK 9 extra per share                     | 20/08/2015 |
| DFDS raises 2015 outlook again  | 20/08/2015 |
| Major shareholder announcement  | 13/07/2015 |
| DFDS' offer for channel ferries accepted by Eurotunnel                                  | 22/06/2015 |
| DFDS and Eurotunnel agree terms and conditions concerning the ferries Berlioz and Rodin | 07/06/2015 |
| DFDS raises 2015 outlook  | 21/05/2015 |
| UK competition authority seeks permission to appeal in Eurotunnel case                  | 20/05/2015 |
| UK court of appeal rules in favour of appeal in Eurotunnel/SeaFrance case               | 15/05/2015 |
| Adjusted comparison figures 2014 for Logistics Division's business units                | 13/05/2015 |
| New share buyback of DKK 300m   | 21/04/2015 |
| Share buyback week 17 2015 and closing of programme                                     | 21/04/2015 |
| New automotive logistics contract   | 27/03/2015 |
| Fleet optimisation entails sale of freight ship   | 27/03/2015 |
| DFDS A/S – summary of annual general meeting, 24 march 2015                             | 24/03/2015 |
| Performance set to improve further based on solid 2014                                  | 25/02/2015 |
| Award of share options  | 17/02/2015 |
| UK court of appeal grants SCOP permission to appeal                                     | 09/02/2015 |
| UK competition appeal tribunal reject appeals in Eurotunnel /SeaFrance case             | 09/01/2015 |

# FINANCIAL REVIEW

2015 was financially a strong year for DFDS. Revenue increased by 5% to DKK 13.5bn and EBITDA increased by 42% to DKK 2,041m helped by the high operating leverage of the shipping activities. At the same time, financial gearing was reduced by a positive free cash flow of DKK 1.6bn

DFDS' activities are organised in two divisions: the Shipping Division, which operates five business units, and the Logistics Division, which operates three business units. Non-allocated items consist of corporate costs not allocated to either division.

In order to make figures comparable, large non-recurring items are recognised as special items in the income statement.

## Revenue

Reported revenue increased by 5.4% to DKK 13,473m in 2015 and by 7.1% adjusted for route closures and acquisitions in 2014.

The Shipping Division's revenue increased by 7.6% to DKK 9,071m adjusted for route closures in 2014. The growth was driven by 6.6% higher freight volumes while the number of passengers increased by 8.1%, both adjusted for route closures. On a business unit level, the main driver of the revenue growth was the growth of 17.3% in Channel

where revenue increased following the exit of a competing ferry operator at the end of June 2015. Adjusted for route closures in 2014, revenue also increased in North Sea, Passenger and France & Mediterranean in 2015. Capacity adjustments contributed to a slight decrease in revenue in Baltic Sea. In addition, revenue from external charter activity increased in 2015.

The Logistics Division's revenue of DKK 5,034m increased by 6.4% adjusted for acquisitions made in 2014. The revenue growth was driven by contributions from all three business units. UK & Ireland's revenue was increased by the full-year impact of an acquisition completed on 1 July 2014. Nordic's revenue was increased by a new, major automotive logistics contract in Gothenburg that started in Q1 2015.

## EBITDA before special items

Operating profit before depreciation, EBITDA, and special items increased by 42% to DKK 2,041m.

The Shipping Division's EBITDA increased by 46% to DKK 1,906m. The increase was supported by higher earnings in all business units. More than a third of the increase was achieved by Channel driven by volume growth as well as higher unit revenues. Earnings in the other business units was improved by a mix of volume growth, changes in customer mix, including higher unit revenues, and more efficient operations. The Logistics Division's EBITDA increased by 17% to DKK 234m. Earnings improved in all three business units, although only slightly

## REVENUE

| REVENUE, DKK M     | 2015          | 2014          | Δ %        | Δ          |
|--------------------|---------------|---------------|------------|------------|
| Shipping Division  | 9,071         | 8,733         | 3.9        | 338        |
| Logistics Division | 5,034         | 4,625         | 8.8        | 409        |
| Eliminations etc.  | -632          | -579          | 9.0        | -52        |
| <b>DFDS Group</b>  | <b>13,473</b> | <b>12,779</b> | <b>5.4</b> | <b>694</b> |

## EBITDA BEFORE SPECIAL ITEMS

| DKK M               | 2015         | 2014         | Δ %         | Δ          |
|---------------------|--------------|--------------|-------------|------------|
| Shipping Division   | 1,906        | 1,309        | 45.6        | 597        |
| Logistics Division  | 234          | 200          | 17.0        | 34         |
| Non-allocated items | -99          | -76          | 30.0        | -23        |
| <b>DFDS Group</b>   | <b>2,041</b> | <b>1,433</b> | <b>42.4</b> | <b>608</b> |
| EBITDA-margin, %    | <b>15.1</b>  | 11.2         | n.a.        | 3.9        |

## SPECIAL ITEMS

| DKK M   | 2015       |
|---|------------|
| Gain regarding sale of ro-ro freight ship Flandria Seaways            | 12         |
| Adjustment of estimated earn-out related to Kapellskär-Paldiski route | -28        |
| Cost related to ONE Finance project                                   | -6         |
| Impairment of installations on a ship                                 | -23        |
| Reversal of earn-out related to acquisition of Quayside Group         | 9          |
| <b>DFDS Group</b>   | <b>-36</b> |

in Nordic as extra costs were incurred for the start-up of a new logistics contract. Continent's result was improved by higher volumes and more balanced traffics. UK & Ireland's result was primarily improved by the full-year impact of an acquisition completed on 1 July 2014.

The cost of non-allocated items increased to DKK -99m from DKK -76m in 2014 mainly due to higher corporate project costs.

## Associates and profit on sale of assets

The share of loss in associates and joint ventures was DKK -12m, mainly related to the port terminal activity Gothenburg RoRo. Profit on the sale of non-current assets amounted to DKK 5m.

## Depreciation, impairment and EBIT

Total depreciation and impairment increased by 8% to DKK 835m mainly due to higher ship depreciations, including the full-year impact of the delivery of two ro-ro new buildings in 2014 and scrubber installations.

The Group's EBIT before special items increased by 73% to DKK 1,199m.

### Special items

Special items in 2015 was a net cost of DKK -36m, primarily related to adjustments to an earn-out agreement for a route acquired in 2011 and the impairment of installations on a ship. The special items are listed in the table on page 30 and further information on special items is available in note 7.

Operating profit, EBIT, after special items was DKK 1,164m, an increase of 86%.

### Financing

The net cost of financing was DKK 121m, a reduction of DKK 3m compared to 2014 and a reduction of DKK 31m adjusted for an income of DKK 28m from the waiver of a loan by a minority shareholder in a subsidiary in 2014. The adjusted variance was mainly due to a lower net interest cost following reductions in net interest-bearing debt and the interest rate level.

### Tax and the annual result

The profit before tax for 2015 was DKK 1,043m, an improvement of DKK 542m or 108% compared to 2014.

The shipping activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania, Cyprus and France. The tax on the annual profit amounted to a total cost of DKK -32m. This includes DKK -24m of tax for

the year and DKK -38m of deferred taxes. Adjustments to previous years' taxes amounted to an income of DKK 24m and the write-down of deferred tax assets amounted to a cost of DKK 2m, while the reversal of a write-down of deferred tax assets amounted to an income of DKK 9m. Finally, changes to the rate of corporation tax generated a cost of DKK 1m.

The net annual result was DKK 1,011m, an improvement of DKK 578m compared to 2014.

### Investments

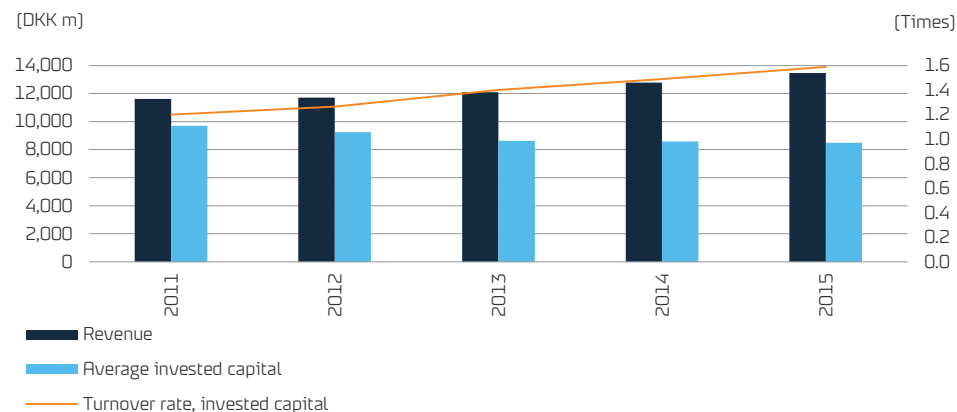
Net investments in 2015 amounted to DKK 571m, of which DKK 423m were related to ships comprising scrubber installations, dockings and upgrades. The proceeds from the sale of a freight ship amounted to DKK 108m.

The remaining net investments of DKK 256m were primarily related to cargo carrying equipment, terminals and IT system development.

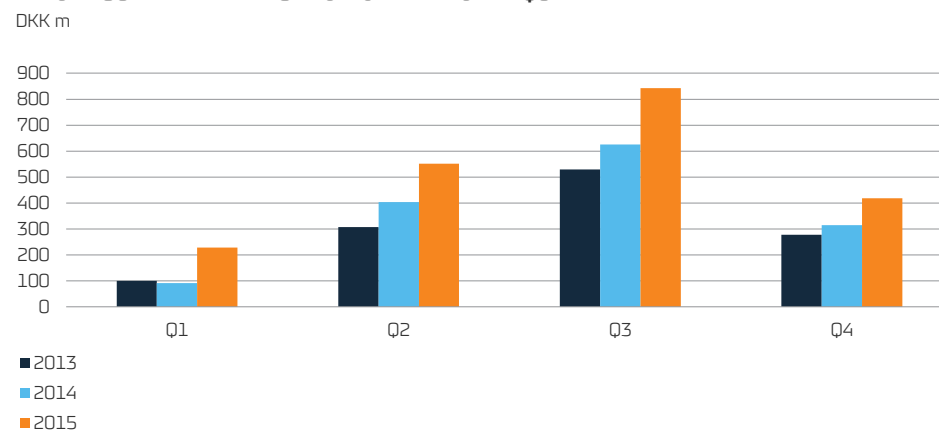
### Assets, invested capital and return

Total assets amounted to DKK 12,646m at the end of the year which was an increase of 3% compared to 2014. Net working capital, defined as inventory and trade receivables minus trade payables, was reduced from DKK 279m in 2014 to DKK 131m driven by the initiatives of the Light Capital project. At year-end 2015, invested capital was DKK 8,363m, a decrease of 3% compared to 2014. Calculated as an average, invested

### REVENUE AND INVESTED CAPITAL



### DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS PER QUARTER



capital was DKK 8,535m in 2015 on a level with 2014.

The return on invested capital, ROIC, was 13.3% in 2015 and 13.7% adjusted for special items.



### Financing and capital structure

At year-end 2015, interest-bearing debt was DKK 2,952m compared to DKK 3,199m at year-end 2014. Bonds constituted 48% of interest-bearing debt and mortgaged ship loans 39%.

Net interest-bearing debt decreased by 28% to DKK 1,773m. At year-end 2015, the ratio of net interest-bearing debt to EBITDA before special items was 0.9.

### Cash flow

The gross cash flow from operations increased by 57% to DKK 2,221m due to higher earnings from operations and an increase in the release of cash from working capital compared to 2014.

Following a cash flow from investment activities of DKK -571m, the free cash flow (FCFF) was DKK 1,637m.

The cash flow from financing activities was DKK -820m in 2015, of which DKK -727m was cash distributed to shareholders through share buybacks and dividend. The financing cash flow included a grant of DKK 35m from the EU related mainly to scrubber installations.

The net cash flow of 2015 was DKK 725m and cash and cash equivalents increased to DKK 1,423m.

### Impairment test

Based on the impairment tests performed in 2015 of the Group's non-current intangible

and tangible assets, no write-downs or reversals of prior years' write-downs are deemed necessary apart from a write-down of DKK 3m on a ro-pax ship held for sale.

The impairment tests are described in greater detail in note 37.

### Equity

Equity amounted to DKK 6,530m at year-end 2015, including non-controlling interests of DKK 50m. This was an increase of DKK 403m compared to year-end 2014. Total comprehensive income for 2015 was DKK 1,058m while transactions with owners reduced equity by DKK -656m, including dividends of DKK 326m, buyback of shares of DKK 401m and an income of DKK 63m from the sale of treasury shares related to the exercise of share options.

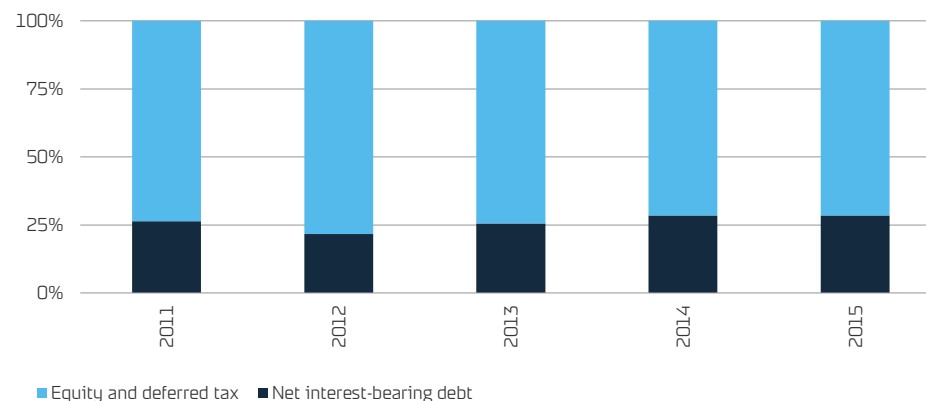
The equity ratio was 52% at year-end 2015 compared to 50% at year-end 2014.

### Parent company key figures

The revenue of the parent company, DFDS A/S, was DKK 6,712m in 2015 and the profit before tax was DKK 513m. Total assets at year-end amounted to DKK 11,261m and the equity was DKK 4,322m.

### CAPITAL STRUCTURE

(%-share of capital)



### FREE CASH FLOW, FCFF

(DKK m)



# FINANCIAL STATEMENTS

CONSOLIDATED



# INCOME STATEMENT (1 JANUARY – 31 DECEMBER)



DKK '000

|  | Note  | 2015               | 2014               |
|--|-------|--------------------|--------------------|
| Revenue  | 1,2   | 13,473,491         | 12,779,085         |
| Costs  |       |                    |                    |
| Operating costs  | 3     | -7,630,857         | -7,836,970         |
| Charter hire   |       | -625,035           | -574,133           |
| Employee costs   | 4     | -2,487,651         | -2,317,235         |
| Cost of sales and administration                                       | 5     | -688,976           | -617,358           |
| <i>Total costs</i>   |       | <i>-11,432,519</i> | <i>-11,345,696</i> |
| <b>Operating profit before depreciation (EBITDA) and special items</b> |       | <b>2,040,972</b>   | <b>1,433,389</b>   |
| Share of profit/loss of associates and joint ventures                  | 13    | -11,685            | 24,940             |
| Profit on disposal of non-current assets, net                          | 6     | 4,892              | 9,204              |
| Depreciation, amortisation and impairment                              | 11,12 |                    |                    |
| Depreciation ships   |       | -661,431           | -618,719           |
| Depreciation other non-current assets                                  |       | -170,565           | -153,151           |
| Impairment losses on ships and other non-current assets                | 12,33 | -2,782             | -534               |
| <i>Total depreciation and impairment</i>                               |       | <i>-834,779</i>    | <i>-772,404</i>    |
| <b>Operating profit (EBIT) before special items</b>                    |       | <b>1,199,400</b>   | <b>695,129</b>     |
| Special items, net   | 7     | -35,535            | -69,523            |
| <b>Operating profit (EBIT)</b>   |       | <b>1,163,865</b>   | <b>625,606</b>     |
| Financial income   | 8     | 25,729             | 37,037             |
| Financial costs  | 8     | -146,496           | -161,115           |
| <b>Profit before tax</b>   |       | <b>1,043,099</b>   | <b>501,528</b>     |
| Tax on profit  | 9     | -31,921            | -68,018            |
| <b>Profit for the year</b>   |       | <b>1,011,178</b>   | <b>433,510</b>     |

DKK '000

|   | Note | 2015             | 2014           |
|---|------|------------------|----------------|
| <b>Profit for the year is attributable to:</b>                              |      |                  |                |
| Equity holders of DFDS A/S  |      | 1,011,497        | 434,685        |
| Non-controlling interests   |      | -319             | -1,175         |
| <b>Profit for the year</b>  |      | <b>1,011,178</b> | <b>433,510</b> |
| <b>Earnings per share</b>   | 10   |                  |                |
| Basic earnings per share (EPS) of DKK 20 in DKK <sup>1</sup>                |      | 16.8             | 7.0            |
| Diluted earnings per share (EPS-D) of DKK 20 in DKK <sup>1</sup>            |      | 16.5             | 6.9            |
| <b>Proposed profit appropriation</b>  |      |                  |                |
| Proposed dividend, DKK 3.0 per share (2014: DKK 3.6 per share) <sup>1</sup> |      |                  |                |

<sup>1</sup> Comparative figures have been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5 made in September 2015.



# COMPREHENSIVE INCOME (1 JANUARY – 31 DECEMBER)



DKK '000

|   | Note | 2015             | 2014            |
|---|------|------------------|-----------------|
| <b>Profit for the year</b>  |      | <b>1,011,178</b> | <b>433,510</b>  |
| <b>Other comprehensive income</b>   |      |                  |                 |
| Items that will not subsequently be reclassified to the Income statement:         |      |                  |                 |
| Remeasurement of defined benefit pension obligations                              | 20   | -41,237          | -43,401         |
| Tax on items that will not be reclassified to the Income statement                | 9    | 8,384            | 8,444           |
| <b>Items that will not subsequently be reclassified to the Income statement</b>   |      | <b>-32,853</b>   | <b>-34,957</b>  |
| Items that are or may subsequently be reclassified to the Income statement:       |      |                  |                 |
| Value adjustment of hedging instruments:  |      |                  |                 |
| Value adjustment for the year   |      | -69,956          | -110,444        |
| Value adjustment transferred to operating costs                                   |      | 30,452           | -12,160         |
| Value adjustment transferred to financial costs                                   |      | 61,307           | 86,228          |
| Foreign exchange adjustments, subsidiaries  |      | 58,391           | -110,805        |
| Unrealised value adjustment of securities   |      | -1,371           | -380            |
| Unrealised impairment of securities transferred to financial costs                |      | 1,127            | 1,222           |
| Realised value adjustment of securities transferred to financial costs            |      | 0                | 961             |
| <b>Items that are or may subsequently be reclassified to the Income statement</b> |      | <b>79,950</b>    | <b>-145,378</b> |
| <b>Total other comprehensive income after tax</b>                                 |      | <b>47,097</b>    | <b>-180,335</b> |
| <b>Total comprehensive income</b>   |      | <b>1,058,275</b> | <b>253,175</b>  |
| <b>Total comprehensive income for the year is attributable to:</b>                |      |                  |                 |
| Equity holders of DFDS A/S  |      | 1,058,479        | 254,465         |
| Non-controlling interests   |      | -204             | -1,290          |
| <b>Total comprehensive income</b>   |      | <b>1,058,275</b> | <b>253,175</b>  |

The majority of amounts included in Other comprehensive income relates to Group companies which are taxed under tonnage tax schemes hence, there is no tax on this.

# BALANCE SHEET 31 DECEMBER (ASSETS)

DKK '000

|  | Note | 2015              | 2014              |
|--|------|-------------------|-------------------|
| Goodwill                                     |      | 532,289           | 521,562           |
| Other non-current intangible assets          |      | 29,281            | 30,676            |
| Software                                     |      | 148,373           | 103,193           |
| Development projects in progress             |      | 55,694            | 60,794            |
| <b>Non-current intangible assets</b>         | 11   | <b>765,637</b>    | <b>716,225</b>    |
| Land and buildings                           |      | 1,24,824          | 1,24,366          |
| Terminals                                    |      | 521,702           | 541,662           |
| Ships  |      | 6,818,849         | 7,094,549         |
| Equipment, etc.                              |      | 494,416           | 460,272           |
| Assets under construction and prepayments    |      | 222,654           | 290,635           |
| <b>Non-current tangible assets</b>           | 12   | <b>8,182,445</b>  | <b>8,511,484</b>  |
| Investments in associates and joint ventures | 13   | 33,671            | 24,577            |
| Receivables                                  | 14   | 25,022            | 24,601            |
| Securities                                   | 15   | 18,399            | 19,794            |
| Deferred tax                                 | 18   | 97,152            | 98,870            |
| <b>Other non-current assets</b>              |      | <b>174,244</b>    | <b>167,842</b>    |
| <b>Non-current assets</b>                    |      | <b>9,122,326</b>  | <b>9,395,551</b>  |
| Inventories                                  | 16   | 110,571           | 111,733           |
| Receivables                                  | 14   | 1,844,976         | 1,883,587         |
| Prepayments                                  |      | 86,001            | 101,811           |
| Cash   |      | 1,422,562         | 694,503           |
| <b>Current assets</b>                        |      | <b>3,464,110</b>  | <b>2,791,634</b>  |
| Assets classified as held for sale           | 33   | 59,215            | 61,671            |
| <b>Total current assets</b>                  |      | <b>3,523,325</b>  | <b>2,853,305</b>  |
| <b>Assets</b>                                |      | <b>12,645,652</b> | <b>12,248,856</b> |

# BALANCE SHEET 31 DECEMBER (EQUITY AND LIABILITIES)

DKK '000

|  | Note | 2015              | 2014              |
|--|------|-------------------|-------------------|
| Share capital  | 17   | 1,230,000         | 1,265,000         |
| Reserves   |      | -246,988          | -333,956          |
| Retained earnings  |      | 5,312,714         | 4,917,040         |
| Proposed dividend  |      | 184,500           | 227,700           |
| <b>Equity attributable to equity holders of DFDS A/S</b>   |      | <b>6,480,226</b>  | <b>6,075,784</b>  |
| Non-controlling interests                                  |      | 49,511            | 51,398            |
| <b>Equity</b>  |      | <b>6,529,737</b>  | <b>6,127,182</b>  |
| Interest bearing liabilities                               | 22   | 2,213,219         | 2,924,361         |
| Deferred tax   | 18   | 156,864           | 136,973           |
| Pension and jubilee liabilities                            | 20   | 362,575           | 322,086           |
| Other provisions   | 21   | 38,555            | 43,597            |
| <b>Non-current liabilities</b>                             |      | <b>2,771,213</b>  | <b>3,427,017</b>  |
| Interest bearing liabilities                               | 22   | 738,655           | 274,996           |
| Trade payables   |      | 1,573,260         | 1,492,933         |
| Other provisions   | 21   | 78,920            | 36,868            |
| Corporation tax  | 25   | 25,309            | 19,331            |
| Other payables   | 23   | 809,696           | 745,449           |
| Deferred income  | 24   | 111,735           | 125,080           |
| <b>Current liabilities</b>                                 |      | <b>3,337,575</b>  | <b>2,694,657</b>  |
| Liabilities relating to assets classified as held for sale | 33   | 7,127             | 0                 |
| <b>Liabilities</b>   |      | <b>6,115,915</b>  | <b>6,121,674</b>  |
| <b>Equity and liabilities</b>                              |      | <b>12,645,652</b> | <b>12,248,856</b> |

# STATEMENT OF CHANGES IN EQUITY (1 JANUARY – 31 DECEMBER)



DKK '000

|   | Share capital    | Reserves            |                 |                           |                 | Retained earnings | Proposed dividend | Equity attributable to equity holders of DFDS A/S | Non-controlling interests | Total            |
|---|------------------|---------------------|-----------------|---------------------------|-----------------|-------------------|-------------------|---|---------------------------|------------------|
|   |                  | Translation reserve | Hedging reserve | Revaluation of securities | Treasury shares |                   |                   |   |                           |                  |
| Equity at 1 January 2015  | 1,265,000        | -224,791            | -58,848         | 308                       | -50,625         | 4,917,040         | 227,700           | 6,075,784   | 51,398                    | 6,127,182        |
| <b>Comprehensive income for the year</b>  |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Profit for the year   |                  |                     |                 |                           |                 | 1,011,497         |                   | 1,011,497   | -319                      | 1,011,178        |
| <b>Other comprehensive income</b>   |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Items that will not subsequently be reclassified to the Income statement:         |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Remeasurement of defined benefit pension obligations                              |                  |                     |                 |                           |                 | -41,237           |                   | -41,237   |                           | -41,237          |
| Tax on items that will not be reclassified to the Income statement                |                  |                     |                 |                           |                 | 8,384             |                   | 8,384   |                           | 8,384            |
| <b>Items that will not subsequently be reclassified to the Income statement</b>   | <b>0</b>         | <b>0</b>            | <b>0</b>        | <b>0</b>                  | <b>0</b>        | <b>-32,853</b>    | <b>0</b>          | <b>-32,853</b>                                    | <b>0</b>                  | <b>-32,853</b>   |
| Items that are or may subsequently be reclassified to the Income statement:       |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Value adjustments for the year  |                  |                     | -69,956         |                           |                 |                   |                   | -69,956   |                           | -69,956          |
| Value adjustment transferred to operating costs                                   |                  |                     | 30,452          |                           |                 |                   |                   | 30,452  |                           | 30,452           |
| Value adjustment transferred to financial costs                                   |                  |                     | 61,307          |                           |                 |                   |                   | 61,307  |                           | 61,307           |
| Foreign exchange adjustments, subsidiaries  |                  | 58,276              |                 |                           |                 |                   |                   | 58,276  | 115                       | 58,391           |
| Unrealised value adjustment of securities   |                  |                     |                 | -1,371                    |                 |                   |                   | -1,371  |                           | -1,371           |
| Unrealised impairment of securities transferred to financial costs                |                  |                     |                 | 1,127                     |                 |                   |                   | 1,127   |                           | 1,127            |
| <b>Items that are or may subsequently be reclassified to the Income statement</b> | <b>0</b>         | <b>58,276</b>       | <b>21,803</b>   | <b>-244</b>               | <b>0</b>        | <b>0</b>          | <b>0</b>          | <b>79,835</b>                                     | <b>115</b>                | <b>79,950</b>    |
| <b>Total other comprehensive income after tax</b>                                 | <b>0</b>         | <b>58,276</b>       | <b>21,803</b>   | <b>-244</b>               | <b>0</b>        | <b>-32,853</b>    | <b>0</b>          | <b>46,982</b>                                     | <b>115</b>                | <b>47,097</b>    |
| <b>Total comprehensive income</b>   | <b>0</b>         | <b>58,276</b>       | <b>21,803</b>   | <b>-244</b>               | <b>0</b>        | <b>978,644</b>    | <b>0</b>          | <b>1,058,479</b>                                  | <b>-204</b>               | <b>1,058,275</b> |
| <b>Transactions with owners</b>   |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Acquisition, non-controlling interests  |                  |                     |                 |                           |                 | 1,238             |                   | 1,238   | -1,683                    | -445             |
| Proposed dividend during year   |                  |                     |                 |                           |                 | -113,850          | 113,850           | 0   |                           | 0                |
| Dividend paid   |                  |                     |                 |                           |                 |                   | -325,793          | -325,793  |                           | -325,793         |
| Dividend on treasury shares   |                  |                     |                 |                           |                 | 15,757            | -15,757           | 0   |                           | 0                |
| Proposed dividend by year-end   |                  |                     |                 |                           |                 | -184,500          | 184,500           | 0   |                           | 0                |
| Vested regarding share-based payments   |                  |                     |                 |                           |                 | 7,192             |                   | 7,192   |                           | 7,192            |
| Purchase of treasury shares   |                  |                     |                 |                           | -45,156         | -355,799          |                   | -400,955  |                           | -400,955         |
| Cash from sale of treasury shares related to exercise of share options            |                  |                     |                 |                           | 17,289          | 45,423            |                   | 62,712  |                           | 62,712           |
| Reduction of share capital by cancellation of treasury shares                     | -35,000          |                     |                 |                           | 35,000          |                   |                   | 0   |                           | 0                |
| Other adjustments   |                  |                     |                 |                           |                 | 1,569             |                   | 1,569   |                           | 1,569            |
| <b>Total transactions with owners 2015</b>  | <b>-35,000</b>   | <b>0</b>            | <b>0</b>        | <b>0</b>                  | <b>7,133</b>    | <b>-582,970</b>   | <b>-43,200</b>    | <b>-654,037</b>                                   | <b>-1,683</b>             | <b>-655,720</b>  |
| <b>Equity at 31 December 2015</b>   | <b>1,230,000</b> | <b>-166,515</b>     | <b>-37,045</b>  | <b>64</b>                 | <b>-43,492</b>  | <b>5,312,714</b>  | <b>184,500</b>    | <b>6,480,226</b>                                  | <b>49,511</b>             | <b>6,529,737</b> |

The majority of amounts included in Other comprehensive income relates to Group companies which are taxed under tonnage tax schemes hence, there is no tax on this. The Parent Company's share capital, which is not divided into different classes of shares, is divided into 61,500,000 shares of DKK 20 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.



# STATEMENT OF CHANGES IN EQUITY (1 JANUARY - 31 DECEMBER)



DKK '000

|   | Share capital    | Reserves            |                 |                           |                 | Retained earnings | Proposed dividend | Equity attributable to equity holders of DFDS A/S | Non-controlling interests | Total            |
|---|------------------|---------------------|-----------------|---------------------------|-----------------|-------------------|-------------------|---|---------------------------|------------------|
|   |                  | Translation reserve | Hedging reserve | Revaluation of securities | Treasury shares |                   |                   |   |                           |                  |
| Equity at 1 January 2014  | 1,485,608        | -114,101            | -22,472         | -1,495                    | -213,544        | 4,943,031         | 186,200           | 6,263,227   | 54,923                    | 6,318,150        |
| <b>Comprehensive income for the year</b>  |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Profit for the year   |                  |                     |                 |                           |                 | 434,685           |                   | 434,685   | -1,175                    | 433,510          |
| <b>Other comprehensive income</b>   |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Items that will not subsequently be reclassified to the Income statement:         |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Remeasurement of defined benefit pension obligations                              |                  |                     |                 |                           |                 | -43,401           |                   | -43,401   |                           | -43,401          |
| Tax on items that will not be reclassified to the Income statement                |                  |                     |                 |                           |                 | 8,444             |                   | 8,444   |                           | 8,444            |
| <b>Items that will not subsequently be reclassified to the Income statement</b>   | <b>0</b>         | <b>0</b>            | <b>0</b>        | <b>0</b>                  | <b>0</b>        | <b>-34,957</b>    | <b>0</b>          | <b>-34,957</b>                                    | <b>0</b>                  | <b>-34,957</b>   |
| Items that are or may subsequently be reclassified to the Income statement:       |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Value adjustments for the year  |                  |                     | -110,444        |                           |                 |                   |                   | -110,444  |                           | -110,444         |
| Value adjustment transferred to operating costs                                   |                  |                     | -12,160         |                           |                 |                   |                   | -12,160   |                           | -12,160          |
| Value adjustment transferred to financial costs                                   |                  |                     | 86,228          |                           |                 |                   |                   | 86,228  |                           | 86,228           |
| Foreign exchange adjustments, subsidiaries  |                  | -110,690            |                 |                           |                 |                   |                   | -110,690  | -115                      | -110,805         |
| Unrealised value adjustment of securities   |                  |                     |                 | -380                      |                 |                   |                   | -380  |                           | -380             |
| Unrealised impairment of securities transferred to financial costs                |                  |                     |                 | 1,222                     |                 |                   |                   | 1,222   |                           | 1,222            |
| Realised value adjustment of securities transferred to financial costs            |                  |                     |                 | 961                       |                 |                   |                   | 961   |                           | 961              |
| <b>Items that are or may subsequently be reclassified to the Income statement</b> | <b>0</b>         | <b>-110,690</b>     | <b>-36,376</b>  | <b>1,803</b>              | <b>0</b>        | <b>0</b>          | <b>0</b>          | <b>-145,263</b>                                   | <b>-115</b>               | <b>-145,378</b>  |
| <b>Total other comprehensive income after tax</b>                                 | <b>0</b>         | <b>-110,690</b>     | <b>-36,376</b>  | <b>1,803</b>              | <b>0</b>        | <b>-34,957</b>    | <b>0</b>          | <b>-180,220</b>                                   | <b>-115</b>               | <b>-180,335</b>  |
| <b>Total comprehensive income</b>   | <b>0</b>         | <b>-110,690</b>     | <b>-36,376</b>  | <b>1,803</b>              | <b>0</b>        | <b>399,728</b>    | <b>0</b>          | <b>254,465</b>                                    | <b>-1,290</b>             | <b>253,175</b>   |
| <b>Transactions with owners</b>   |                  |                     |                 |                           |                 |                   |                   |   |                           |                  |
| Acquisition, non-controlling interests  |                  |                     |                 |                           |                 | 1,647             |                   | 1,647   | -2,235                    | -588             |
| Dividend paid   |                  |                     |                 |                           |                 |                   | -177,289          | -177,289  |                           | -177,289         |
| Dividend on treasury shares   |                  |                     |                 |                           |                 | 8,911             | -8,911            | 0   |                           | 0                |
| Proposed dividend   |                  |                     |                 |                           |                 | -227,700          | 227,700           | 0   |                           | 0                |
| Vested regarding share-based payments   |                  |                     |                 |                           |                 | 6,521             |                   | 6,521   |                           | 6,521            |
| Cash from sale of treasury shares related to exercise of share options            |                  |                     |                 |                           | 5,953           | 17,288            |                   | 23,241  |                           | 23,241           |
| Reduction of share capital by cancellation of treasury shares                     | -220,608         |                     |                 |                           | 220,608         |                   |                   | 0   |                           | 0                |
| Purchase of treasury shares   |                  |                     |                 |                           | -63,642         | -231,238          |                   | -294,880  |                           | -294,880         |
| Other adjustments   |                  |                     |                 |                           |                 | -1,148            |                   | -1,148  |                           | -1,148           |
| <b>Total transactions with owners 2014</b>  | <b>-220,608</b>  | <b>0</b>            | <b>0</b>        | <b>0</b>                  | <b>162,919</b>  | <b>-425,719</b>   | <b>41,500</b>     | <b>-441,908</b>                                   | <b>-2,235</b>             | <b>-444,143</b>  |
| <b>Equity at 31 December 2014</b>   | <b>1,265,000</b> | <b>-224,791</b>     | <b>-58,848</b>  | <b>308</b>                | <b>-50,625</b>  | <b>4,917,040</b>  | <b>227,700</b>    | <b>6,075,784</b>                                  | <b>51,398</b>             | <b>6,127,182</b> |

The majority of amounts included in Other comprehensive income relates to Group companies which are taxed under tonnage tax schemes hence, there is no tax on this.

The Parent Company's share capital, which is not divided into different classes of shares, is divided into 63,250,000 shares of DKK 20 each. The number of shares has been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

# CASH FLOW STATEMENT (1 JANUARY - 31 DECEMBER)

DKK '000

|   | Note | 2015             | 2014              |
|---|------|------------------|-------------------|
| <b>Operating profit before depreciation (EBITDA) and special items</b>            |      | <b>2,040,972</b> | <b>1,433,389</b>  |
| Cash flow effect from special items related to operating activities               |      | -16,858          | -32,810           |
| Adjustments for non-cash operating items, etc.                                    | 28   | 55,836           | 13,331            |
| Change in working capital   | 29   | 198,690          | 39,476            |
| Payment of pension liabilities and other provisions                               |      | -57,625          | -42,686           |
| <b>Cash flow from operating activities, gross</b>                                 |      | <b>2,221,015</b> | <b>1,410,700</b>  |
| Interest, etc. received   |      | 117,404          | 110,094           |
| Interest, etc. paid   |      | -208,722         | -253,603          |
| Tax paid  |      | -13,812          | -12,520           |
| <b>Cash flow from operating activities, net</b>                                   |      | <b>2,115,885</b> | <b>1,254,671</b>  |
| Investments in ships including dockings, rebuildings and ships under construction |      | -422,590         | -857,891          |
| Sale of ships including net compensation for ship declared total loss             |      | 108,265          | 0                 |
| Investments in other non-current tangible assets                                  |      | -181,683         | -111,717          |
| Sale of other non-current tangible assets   |      | 10,782           | 38,813            |
| Investments in non-current intangible assets                                      |      | -59,070          | -53,997           |
| Investment in other non-current assets, net                                       |      | 23               | 59                |
| Acquisition of enterprises, associates, joint ventures and activities             | 31   | -6,829           | -84,847           |
| Capital contribution to joint ventures  |      | -20,732          | 0                 |
| Sale of activities  | 31   | 0                | 910               |
| Dividend received from associates and joint ventures                              | 13   | 1,292            | 0                 |
| <b>Cash flow to/from investing activities, net</b>                                |      | <b>-570,542</b>  | <b>-1,068,670</b> |
| Proceed from loans secured by mortgage in ships                                   |      | 120,876          | 652,550           |
| Repayment of and instalments on loans secured by mortgage in ships                |      | -176,872         | -1,506,090        |
| Change in other non-current investments, net                                      |      | 12,639           | 89                |
| Change in other financial loans, net  | 30   | -95,681          | 319,474           |
| Payment of financial lease liabilities  |      | -20,774          | -46,899           |
| Change in operating credits   |      | -30,190          | -133,221          |
| Change in loan to associates and joint ventures                                   |      | -1,181           | -4,592            |
| Proceed from issuance of corporate bonds  |      | 0                | 498,250           |
| Acquisition of non-controlling interests  | 32   | -445             | -588              |
| Acquisition of treasury shares  | 17   | -400,955         | -294,880          |
| Cash received from exercise of share options                                      |      | 62,712           | 23,241            |
| Government grants related to purchase of assets                                   |      | 35,432           | 8,980             |
| Dividends paid  |      | -325,793         | -177,289          |
| <b>Cash flow to/from financing activities, net</b>                                |      | <b>-820,232</b>  | <b>-660,975</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       |      | <b>725,111</b>   | <b>-474,974</b>   |
| Cash and cash equivalents at 1 January  |      | 694,503          | 1,166,440         |
| Foreign exchange and value adjustments of cash and cash equivalents               |      | 2,948            | 3,037             |
| <b>Cash and cash equivalents at 31 December<sup>1</sup></b>                       |      | <b>1,422,562</b> | <b>694,503</b>    |

<sup>1</sup> At year-end 2015 DKK 85.4m (2014: DKK 0) of the cash was deposited on restricted bank accounts as security for derivatives with negative fair values.

The cash flow statement cannot directly be derived from the income statement and the balance sheet.

# NOTES

## NOTES TO THE INCOME STATEMENT

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## Note 1 Segment information

The segments together with allocation of operating profit, assets and liabilities etc. are identical with the internal reporting structure of the Group. Management has defined the Groups business segments based on the reporting regularly presented to the Group Executive Management, which also forms the basis for management's decisions.

The costs of the segments are the directly registered costs including a few systematically allocated indirect costs, primarily concerning group functions.

The accounting policies regarding the preparation of the individual segment, including transactions between segments, are in accordance with the accounting policies of the Group. Non-allocated costs therefore reflects the general functions, which cannot reasonably be allocated to the segments. The costs consist primarily of costs concerning the Executive Board and Board of Directors but also parts of Group functions like IT, Treasury, Investor relation, Legal, Communication, Financial Control and depreciation on the Group's IT-systems etc. In addition the elimination of transactions between segments is included. Transactions between segments are concluded at arm's length terms.

Segment assets includes assets, which are directly related to the segment, including non-current intangible, non-current tangible and other non-current assets, inventories, receivables, prepayments, cash in hand and at bank of group enterprises and deposits at the Parent Company. Segment liabilities include current and non-current liabilities.

The Shipping Division's activities are divided into five business areas: North Sea, Baltic Sea, Channel, Passenger and France & Mediterranean.

The Shipping Division's activities are operation of ro-ro and ro-pax tonnage, but also operation of passenger ships. In addition, operation of terminals along with the Group's main routes are included. The customers for ro-ro and ro-pax tonnage are mainly transportation and shipping companies as well as manufacturers of heavy industrial goods with a high demand for sea transportation. The main customers for Passenger cover passengers with own cars, Mini Cruises, conferences and tour operators.

The Logistics Division's activities are divided into three business areas: Nordic, Continent and UK & Ireland.

The Logistics Division's activities are full- and part load transportation, and also warehousing and logistics solutions for larger customers. In addition the division operates lo-lo tonnage and also transport on railway. The customers are primarily importers/exporters and manufacturers of heavy industrial goods.

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## Note 1 Segment information (continued)

|  | Shipping Division | Logistics Division | Non-allocated   | Total            |
|--|-------------------|--------------------|-----------------|------------------|
| <b>2015</b>  |                   |                    |                 |                  |
| External revenue   | 8,453,328         | 5,010,032          | 10,131          | 13,473,491       |
| Intragroup revenue   | 617,658           | 23,747             | 301,858         | 943,263          |
| Revenue  | 9,070,986         | 5,033,779          | 311,989         | 14,416,754       |
| Operating expenses, external   | -6,909,932        | -4,151,135         | -371,452        | -11,432,519      |
| Intragroup operating expenses  | -255,266          | -648,689           | -39,309         | -943,263         |
| <b>Operating profit before depreciation (EBITDA) and special items</b>           | <b>1,905,788</b>  | <b>233,955</b>     | <b>-98,771</b>  | <b>2,040,972</b> |
| Share of profit/loss of associates and joint ventures                            | -11,478           | -208               | 0               | -11,685          |
| Profit on disposal of non-current assets, net                                    | 1,084             | 3,808              | 0               | 4,892            |
| Depreciation of ships and other non-current assets                               | -713,161          | -94,886            | -23,950         | -831,996         |
| Impairment losses on ships and other non-current assets                          | -2,611            | -172               | 0               | -2,782           |
| <b>Operating profit (EBIT) before special items</b>                              | <b>1,179,623</b>  | <b>142,498</b>     | <b>-122,721</b> | <b>1,199,400</b> |
| Special items, net   | -38,621           | 8,586              | -5,500          | -35,535          |
| <b>Operating profit (EBIT)</b>   | <b>1,141,002</b>  | <b>151,084</b>     | <b>-128,221</b> | <b>1,163,865</b> |
| Financial items, net   |                   |                    |                 | -120,767         |
| <b>Profit before tax</b>   |                   |                    |                 | <b>1,043,099</b> |
| Tax on profit  |                   |                    |                 | -31,921          |
| <b>Profit for the year</b>   |                   |                    |                 | <b>1,011,178</b> |
| Total assets excluding assets held for sale                                      | 8,866,580         | 2,037,459          | 1,682,398       | 12,586,437       |
| Investments in associates and joint ventures                                     | 32,308            | 1,363              | 0               | 33,671           |
| Capital expenditures of the year   | 391,338           | 157,254            | 61,552          | 610,144          |
| Assets held for sale, reference is made to note 33                               | 45,671            | 0                  | 13,544          | 59,215           |
| Liabilities relating to assets classified as held for sale                       | 7,127             | 0                  | 0               | 7,127            |
| Liabilities excluding liabilities relating to assets classified as held for sale | 2,152,962         | 221,001            | 3,734,825       | 6,108,788        |



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| <b>Note 1 Segment information (continued)</b>                          |                          |                           |                      |                  |
|--|--------------------------|---------------------------|----------------------|------------------|
| <b>2014</b>  | <b>Shipping Division</b> | <b>Logistics Division</b> | <b>Non-allocated</b> | <b>Total</b>     |
| External revenue   | 8,171,954                | 4,596,171                 | 10,960               | 12,779,085       |
| Intragroup revenue   | 561,124                  | 28,722                    | 273,367              | 863,213          |
| Revenue  | 8,733,078                | 4,624,893                 | 284,327              | 13,642,298       |
| Operating expenses, external   | -7,181,868               | -3,834,774                | -329,054             | -11,345,696      |
| Intragroup operating expenses  | -242,446                 | -590,167                  | -30,600              | -863,213         |
| <b>Operating profit before depreciation (EBITDA) and special items</b> | <b>1,308,764</b>         | <b>199,952</b>            | <b>-75,327</b>       | <b>1,433,389</b> |
| Share of profit/loss of associates and joint ventures                  | 26,105                   | -1,165                    | 0                    | 24,940           |
| Profit on disposal of non-current assets, net                          | 61                       | 9,143                     | 0                    | 9,204            |
| Depreciation of ships and other non-current assets                     | -665,194                 | -84,105                   | -22,571              | -771,870         |
| Impairment losses on ships and other non-current assets                | 0                        | -534                      | 0                    | -534             |
| <b>Operating profit (EBIT) before special items</b>                    | <b>669,736</b>           | <b>123,291</b>            | <b>-97,898</b>       | <b>695,129</b>   |
| Special items, net   | -40,792                  | 1,730                     | -30,461              | -69,523          |
| <b>Operating profit (EBIT)</b>   | <b>628,944</b>           | <b>125,021</b>            | <b>-128,359</b>      | <b>625,606</b>   |
| Financial items, net   |                          |                           |                      | -124,078         |
| <b>Profit before tax</b>   |                          |                           |                      | <b>501,528</b>   |
| Tax on profit  |                          |                           |                      | -68,018          |
| <b>Profit for the year</b>   |                          |                           |                      | <b>433,510</b>   |
| Total assets excluding assets held for sale                            | 9,350,596                | 1,967,665                 | 868,924              | 12,187,185       |
| Investments in associates and joint ventures                           | 21,609                   | 2,968                     | 0                    | 24,577           |
| Capital expenditures of the year                                       | 868,986                  | 305,020                   | 58,784               | 1,232,790        |
| Assets held for sale, reference is made to note 33                     | 48,161                   | 0                         | 13,510               | 61,671           |
| Liabilities  | 1,978,778                | 800,355                   | 3,342,541            | 6,121,674        |

#### Geographical breakdown

The Group does not have a natural geographic split on countries, since the Group, mainly Shipping Division, is based on a connected route network in Northern Europe, where the routes support each other with sales and customer services located in one country whereas the actual revenue is created in other countries. It is consequently not possible to present a meaningful split of revenues and non-current assets by country. The split is therefore presented by the sea and geographical areas, in which DFDS operates.

The adjusted split results in seven geographical areas: North sea, Baltic sea, English Channel, Continent, Nordic, UK/Ireland and Mediterranean. As a consequence of the Group's business model the routes do not directly own the ships, but solely charters the ships from a vessel pool. The ships are frequently moved within the Group's routes. It is therefore not possible to meaningfully estimate the exact value of the non-current assets per geographical area. Instead an adjusted allocation has been used.

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| <b>Note 1 Segment information (continued)</b> |                  |                   |                        |                  |               |                   |                      |              |
|---|------------------|-------------------|------------------------|------------------|---------------|-------------------|----------------------|--------------|
|   | <b>North sea</b> | <b>Baltic sea</b> | <b>English Channel</b> | <b>Continent</b> | <b>Nordic</b> | <b>UK/Ireland</b> | <b>Mediterranean</b> | <b>Total</b> |
| <b>2015</b>                                   |                  |                   |                        |                  |               |                   |                      |              |
| Total revenue                                 | 4,948,471        | 1,211,875         | 1,794,571              | 1,865,829        | 1,619,876     | 1,524,290         | 508,580              | 13,473,491   |
| Non-current assets                            | 5,373,060        | 1,582,361         | 1,193,019              | 262,033          | 209,490       | 501,521           | 843                  | 9,122,326    |
| <b>2014</b>                                   |                  |                   |                        |                  |               |                   |                      |              |
| Total revenue                                 | 4,872,199        | 1,269,402         | 1,521,253              | 1,767,301        | 1,493,356     | 1,334,625         | 520,949              | 12,779,085   |
| Non-current assets                            | 5,683,068        | 1,566,512         | 1,217,988              | 172,756          | 279,561       | 474,847           | 819                  | 9,395,551    |

#### Information on significant customers

The Group does not have any customers that, individually or seen as a group, represents more than 10% of the Group's net revenue.

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| Note 2 Revenue  | 2015              | 2014              |
|---|-------------------|-------------------|
| Sale of goods on board ships  | 1,205,676         | 1,149,050         |
| Sale of services  | 11,802,409        | 11,254,465        |
| Rental income from time charter and bareboat charter of ships and operating equipment | 465,406           | 375,570           |
| <b>Total revenue</b>  | <b>13,473,491</b> | <b>12,779,085</b> |

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| Note 3 Consumable of bunker and goods                      | 2015             | 2014             |
|--|------------------|------------------|
| Consumable of bunker and goods included in operating costs | 1,919,414        | 2,303,533        |
| Change in inventory write-downs for the year               | 884              | 441              |
| <b>Total consumable of bunker and goods</b>                | <b>1,920,298</b> | <b>2,303,974</b> |

Consumable of bunker and goods consists of bunker and cost related to sales of goods and services on board.

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| Note 4 Employee costs   | 2015             | 2014             |
|---|------------------|------------------|
| Wages, salaries and remuneration                                  | 1,955,193        | 1,847,389        |
| Hereof capitalised employee costs                                 | -26,706          | -35,240          |
| Defined contribution pension plans                                | 95,784           | 103,602          |
| Defined benefit pension plans, reference is made to note 20       | -2,081           | 4,954            |
| Other social security costs                                       | 237,022          | 204,890          |
| Share based payment, reference is made to note 19                 | 7,192            | 6,521            |
| Other employee costs  | 221,247          | 185,119          |
| <b>Total employee costs</b>                                       | <b>2,487,651</b> | <b>2,317,235</b> |
| <b>Of this remuneration to the Executive Board:</b>               |                  |                  |
| Wages and salaries  | 10,217           | 10,234           |
| Bonus   | 8,174            | 8,174            |
| Defined contribution pension plans                                | 1,022            | 1,022            |
| Share based payment   | 3,486            | 3,248            |
| Other employee cost   | 516              | 579              |
| <b>Total remuneration to Executive Board</b>                      | <b>23,415</b>    | <b>23,257</b>    |
| <b>Remuneration to the Board of Directors and Audit Committee</b> |                  |                  |
| Chairman  | 763              | 750              |
| Deputy chairmen   | 900              | 950              |
| Other members of the Board of Directors                           | 1,987            | 2,025            |
| <b>Total remuneration, Board of Directors and Audit Committee</b> | <b>3,650</b>     | <b>3,725</b>     |
| Full time equivalents (FTE), average                              | 6,616            | 6,363            |

Remuneration to the chairperson of the Audit Committee amounts to DKK 100k (2014: DKK 100k) and remuneration to other members of the Audit Committee amounts to DKK 50k (2014: DKK 50k) each. No remuneration is paid to members of other committees.

In connection with a change of control of the Group, the members of the Executive Board can - within the first 12 months of the event - trigger termination of their employment on similar terms as if the Company has terminated the employment of the members of the Executive Board, however, with an increased redundancy payment of up to 12 months salary.

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| <b>Note 5 Fees to Auditors appointed at the annual general meeting</b> | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|
| Audit fees   | 5,416        | 4,585        |
| Other assurance engagements  | 491          | 53           |
| Tax and VAT advice   | 1,316        | 552          |
| Non-audit services   | 1,406        | 829          |
| <b>Total fees</b>  | <b>8,629</b> | <b>6,019</b> |

DKK '000

| <b>Note 6 Profit on disposal of non-current assets, net</b> | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
| <i>Profit on disposal of property, plant and equipment</i>  |              |              |
| Ships   | 1,811        | 0            |
| Land and buildings  | 0            | 5,629        |
| Equipment, etc.   | 3,844        | 4,258        |
| <i>Profit on disposal of property, plant and equipment</i>  | <i>5,655</i> | <i>9,887</i> |
| <i>Loss on disposal of property, plant and equipment</i>    |              |              |
| Equipment, etc.   | -763         | -683         |
| <i>Loss on disposal of property, plant and equipment</i>    | <i>-763</i>  | <i>-683</i>  |
| <b>Total profit on disposal of non-current assets, net</b>  | <b>4,892</b> | <b>9,204</b> |

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| <b>Note 7 Special items, net</b>   | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
| Gain regarding sale of the ro-ro freight ship Flandria Seaways   | 12,288         | 0              |
| Reversal of estimated earn-out regarding the acquisition of Quayside Group   | 8,586          | 0              |
| Adjustment of estimated earn-out to seller regarding the route Kapellskär-Paldiski acquired in 2011  | -28,370        | -4,730         |
| Impairment of installations on a ship <sup>1</sup>   | -22,539        | 0              |
| Costs related to designing and implementing one group wide finance service centre, including advisor costs, redundancies etc.                                      | -5,500         | -29,534        |
| Badwill regarding the acquisition of Stef Transport Limited and Seagull Transport Limited and gain from sale of the activities located in Boulogne sur Mer to STEF | 0              | 1,835          |
| Costs related to route closures and other restructurings caused by new low sulphur rules   | 0              | -32,335        |
| Impairment of external agency activity in business area France and Mediterranean   | 0              | -3,727         |
| Costs related to restructuring and improvements of processes in connection with project Customer Focus Initiative  | 0              | -1,032         |
| <b>Special items, net</b>  | <b>-35,535</b> | <b>-69,523</b> |
| <i>If special items had been included in the operating profit before special items, they would have been recognised as follows:</i>                                |                |                |
| Employee costs   | -2,860         | -50,815        |
| Cost of sales and administration   | -2,640         | -6,939         |
| <b>Operating profit before depreciation (EBITDA) and special items</b>   | <b>-5,500</b>  | <b>-57,754</b> |
| Profit on disposal of non-current assets, net  | 12,288         | 1,835          |
| Impairment losses on ships and other non-current assets  | -22,539        | -8,874         |
| Financial income/costs   | -19,784        | -4,730         |
| <b>Special items, net</b>  | <b>-35,535</b> | <b>-69,523</b> |

<sup>1</sup> The value of the installations is zero and accordingly the net book value is written down to zero. Based on the Accounting Policy, the impairment is included under special items.



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| Note 8 Financial items  | 2015            | 2014            |
|---|-----------------|-----------------|
| <b>Financial income</b>   |                 |                 |
| Interest income from banks, etc.                                      | 5,884           | 6,252           |
| Realised gain on securities   | 65              | 0               |
| Other dividends   | 9,518           | 2,679           |
| Other financial income <sup>1</sup>                                   | 10,262          | 28,106          |
| <i>Total financial income</i>   | <i>25,729</i>   | <i>37,037</i>   |
| <b>Financial costs</b>  |                 |                 |
| Interest expense to banks, credit institutions, corporate bonds, etc. | -86,716         | -116,695        |
| Foreign exchange losses, net <sup>2</sup>                             | -34,286         | -21,787         |
| Realised loss on securities (transferred from equity)                 | 0               | -961            |
| Defined benefit pension plans, reference is made to note 20           | -10,659         | -11,266         |
| Unrealised loss on loan receivable                                    | -2,080          | 0               |
| Impairment of securities (transferred from equity)                    | -1,127          | -1,222          |
| Other financial costs   | -11,628         | -16,338         |
| Transfer to assets under construction <sup>3</sup>                    | 0               | 7,154           |
| <i>Total financial costs</i>  | <i>-146,496</i> | <i>-161,115</i> |
| <b>Financial items, net</b>   | <b>-120,767</b> | <b>-124,078</b> |

<sup>1</sup> 2014 includes income of DKK 27.9m from a loan in a subsidiary waived by minority shareholder.

<sup>2</sup> Foreign exchange gains in 2015 amounts to DKK 175m (2014: DKK 337m) and foreign exchange losses amounts to DKK 209m (2014: DKK 359m) for the Group.

<sup>3</sup> 2014: Interest capitalised on two newbuildings. The interest was calculated by using a mix of a specific interest rate and a general interest rate of approximately 1.7 - 4.9% p.a.

Except for interest expenses relating to interest swap agreements of DKK 5.6m (2014: DKK 16.2m) interest income and interest expenses relate to financial instruments measured at amortised cost.

Other financial costs contains bank charges, fees, early repayment fees, commitment fees, etc.

DKK '000

| Note 9 Tax  | 2015           | 2014           |
|---|----------------|----------------|
| Current tax   | -23,412        | -24,202        |
| Current joint tax contributions                         | -757           | 0              |
| Deferred tax for the year                               | -29,402        | -17,044        |
| Adjustment to corporation tax in respect of prior years | 19,835         | -16,307        |
| Adjustment to deferred tax in respect of prior years    | 4,397          | 983            |
| Adjustment of corporate income tax rate                 | -1,183         | -2,758         |
| Write-down of deferred tax assets                       | -1,611         | -246           |
| Reversal of write-down of deferred tax assets           | 8,596          | 0              |
| <b>Tax for the year</b>                                 | <b>-23,537</b> | <b>-59,574</b> |
| <b>Tax for the year is recognised as follows:</b>       |                |                |
| Tax in the income statement (effective tax)             | -31,921        | -68,018        |
| Tax in other comprehensive income                       | 8,384          | 8,444          |
| <b>Tax for the year</b>                                 | <b>-23,537</b> | <b>-59,574</b> |

DKK '000

| Note 9 Tax (continued)   | 2015           | 2014           |
|--|----------------|----------------|
| <b>Tax in the income statement can be specified as follows:</b>                      |                |                |
| Profit before tax  | 1,043,099      | 501,528        |
| Of this, tonnage taxed income  | -804,290       | -321,978       |
| <b>Profit before tax (corporate income tax)</b>                                      | <b>238,809</b> | <b>179,550</b> |
| 23.5% tax of profit before tax (2014: 24.5%)   | -56,120        | -43,990        |
| Adjustment of calculated tax in foreign subsidiaries compared to 23.5% (2014: 24.5%) | -1,676         | 2,338          |
| Tax effect of:   |                |                |
| Non-taxable/-deductible items  | -6,125         | -3,729         |
| Tax asset for the year, not recognised   | -5,353         | -8,469         |
| Utilisation of non-capitalised tax asset   | 9,777          | 4,532          |
| Tax risk accruals, net   | 20,809         | -19,004        |
| Other adjustments of tax in respect of prior years                                   | 9,225          | 3,232          |
| Corporate income tax   | -29,463        | -65,090        |
| Tonnage tax  | -2,458         | -2,928         |
| <b>Tax in the income statement</b>   | <b>-31,921</b> | <b>-68,018</b> |
| Effective tax rate   | 3.1            | 13.6           |
| Effective tax rate before adjustment of prior years' tax                             | 5.9            | 10.4           |
| <b>Tax in other comprehensive income can be specified as follows:</b>                |                |                |
| Deferred tax   | 8,384          | 8,444          |
| <b>Total tax in other comprehensive income</b>                                       | <b>8,384</b>   | <b>8,444</b>   |

DFDS A/S and its Danish subsidiaries and Danish taxed branches are within the Danish Act of compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two companies' Danish controlled enterprises. In accordance with the Danish rules on joint taxation, DFDS A/S' 100% owned Danish subsidiaries are jointly and severally liable for DFDS A/S' corporation tax liabilities towards the Danish tax authorities while DFDS A/S and its Danish subsidiaries only are subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other companies that are part of the Danish joint taxation. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax with the tax authorities.

The majority of the shipping activities performed in the Danish, Lithuanian, Cyprus, Norwegian, Dutch and French enterprises in the Group are included in local tonnage tax schemes where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules.

Adjustment of prior years' tax in 2015 primarily relates to the final settlement and utilisation of tax losses between the English companies in the Group, between the Danish companies in the Group, reversal of write-down of deferred tax assets, etc.

Adjustment of prior years' tax in 2014 primarily relates to the final settlement between the Danish companies in the Group following settlement of a dispute with the Danish Tax Authorities.

DKK '000

| <b>Note 10 Earnings per share</b>                                       | <b>2015</b>       | <b>2014<sup>1</sup></b> |
|---|-------------------|-------------------------|
| Profit for the year   | 1,011,178         | 433,510                 |
| Attributable to non-controlling interests                               | 319               | 1,175                   |
| <b>Attributable to DFDS Group</b>                                       | <b>1,011,497</b>  | <b>434,685</b>          |
| Weighted average number of issued ordinary shares                       | 62,880,822        | 66,703,990              |
| Weighted average number of treasury shares                              | -2,813,678        | -4,457,995              |
| Weighted average number of circulating ordinary shares                  | 60,067,144        | 62,245,995              |
| Weighted average number of share options issued                         | 1,284,311         | 562,635                 |
| <b>Weighted average number of circulating ordinary shares (diluted)</b> | <b>61,351,455</b> | <b>62,808,630</b>       |
| Basic earnings per share (EPS) of DKK 20 in DKK                         | 16,8              | 7,0                     |
| Diluted earnings per share (EPS-D) of DKK 20 in DKK                     | 16,5              | 6,9                     |

<sup>1</sup> The comparative figures in the table above and the text below have been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5 made in September 2015.

When calculating diluted earnings per share for 2015, no share options (2014: 43,130 share options were omitted as they were out-of-the-money) are omitted as they are all in-the-money.

DKK '000

**Note 11 Non-current intangible assets**

|   | <b>Goodwill</b>  | <b>Other non-current intangible assets</b> | <b>Software</b> | <b>Development projects in progress</b> | <b>Total</b>     |
|---|------------------|--|-----------------|---|------------------|
| Cost at 1 January 2015  | 644,686          | 39,307                                     | 282,043         | 60,794                                  | 1,026,830        |
| Foreign exchange adjustments                                  | 8,665            | 1,742                                      | 116             | 0                                       | 10,522           |
| Addition on acquisition of enterprises                        | 760 <sup>1</sup> | 570  | 0               | 0                                       | 1,330            |
| Additions   | 0                | 0  | 22,835          | 36,235                                  | 59,070           |
| Transfers   | 0                | 0  | 41,335          | -41,335                                 | 0                |
| <b>Cost at 31 December 2015</b>                               | <b>654,111</b>   | <b>41,619</b>                              | <b>346,329</b>  | <b>55,694</b>                           | <b>1,097,753</b> |
| Amortisation and impairment losses at 1 January 2015          | 123,124          | 8,631                                      | 178,850         | 0                                       | 310,605          |
| Foreign exchange adjustments                                  | -1,302           | 159  | -6              | 0                                       | -1,149           |
| Amortisation charge   | 0                | 3,548                                      | 18,248          | 0                                       | 21,796           |
| Transfers   | 0                | 0  | 864             | 0                                       | 864 <sup>2</sup> |
| <b>Amortisation and impairment losses at 31 December 2015</b> | <b>121,822</b>   | <b>12,338</b>                              | <b>197,956</b>  | <b>0</b>                                | <b>332,116</b>   |
| <b>Carrying amount at 31 December 2015</b>                    | <b>532,289</b>   | <b>29,281</b>                              | <b>148,373</b>  | <b>55,694</b>                           | <b>765,637</b>   |

<sup>1</sup> Addition of goodwill relates to the purchase of activity in Beltrin s.r.o. (DKK 0.8m).

<sup>2</sup> Transferred DKK 864k from non-current tangible assets.

DKK '000

**Note 11 Non-current intangible assets (continued)**

|   | <b>Goodwill</b>      | <b>Other non-current intangible assets</b> | <b>Software</b> | <b>Development projects in progress</b> | <b>Total</b>     |
|---|----------------------|--|-----------------|---|------------------|
| Cost at 1 January 2014  | 545,871              | 20,799                                     | 238,552         | 53,388                                  | 858,610          |
| Foreign exchange adjustments                                  | -9,212               | -327                                       | 90              | 0                                       | -9,449           |
| Addition on acquisition of enterprises                        | 108,027 <sup>1</sup> | 18,835                                     | 0               | 0                                       | 126,862          |
| Additions   | 0                    | 0  | 22,709          | 31,288                                  | 53,997           |
| Disposals   | 0                    | 0  | -775            | -3,287                                  | -4,062           |
| Transfers   | 0                    | 0  | 21,467          | -20,595                                 | 872 <sup>2</sup> |
| <b>Cost at 31 December 2014</b>                               | <b>644,686</b>       | <b>39,307</b>                              | <b>282,043</b>  | <b>60,794</b>                           | <b>1,026,830</b> |
| Amortisation and impairment losses at 1 January 2014          | 121,123              | 6,059                                      | 163,553         | 3,287                                   | 294,022          |
| Foreign exchange adjustments                                  | -2,260               | -26  | -7              | 0                                       | -2,293           |
| Amortisation charge   | 0                    | 2,598                                      | 15,207          | 0                                       | 17,805           |
| Impairment charge   | 4,261                | 0  | 0               | 0                                       | 4,261            |
| Disposals   | 0                    | 0  | -775            | -3,287                                  | -4,062           |
| Transfers   | 0                    | 0  | 872             | 0                                       | 872 <sup>2</sup> |
| <b>Amortisation and impairment losses at 31 December 2014</b> | <b>123,124</b>       | <b>8,631</b>                               | <b>178,850</b>  | <b>0</b>                                | <b>310,605</b>   |
| <b>Carrying amount at 31 December 2014</b>                    | <b>521,562</b>       | <b>30,676</b>                              | <b>103,193</b>  | <b>60,794</b>                           | <b>716,225</b>   |

<sup>1</sup> Addition of goodwill relates to the purchase of Quayside Group (DKK 104.3m) and acquisition of an agency in BU France and Mediterranean (DKK 3.7m).

<sup>2</sup> Transferred from non-current tangible assets.

Recognised goodwill is attributable to the following cash generating units:

|                          | <b>2015</b>  | <b>2014</b>  |
|--------------------------|--------------|--------------|
| DKKm                     |              |              |
| <b>Shipping:</b>         |              |              |
| North Sea and Baltic Sea | 199.5        | 197.8        |
| <b>Logistics:</b>        |              |              |
| Nordic <sup>1</sup>      | 60.2         | 58.2         |
| Continent                | 151.3        | 150.9        |
| UK & Ireland             | 121.3        | 114.7        |
| <b>Total</b>             | <b>532.3</b> | <b>521.6</b> |

<sup>1</sup> Relates to the cash generating unit 'Nordic - comprising forwarding- and logistics activities in the Nordic and Baltic countries'.

Regarding impairment tests and impairment losses of goodwill, reference is made to note 37.

The carrying amount of completed software and development projects in progress primarily relates to a new Passenger booking system, a new Transport Management System to the Logistics Division, a new procurement system and a new point of sale system.

DKK '000

**Note 12 Non-current tangible assets**

|  | Land and buildings | Terminals      | Ships             | Equipment etc.   | Assets under construction and pre-payments | Total             |
|--|--------------------|----------------|-------------------|------------------|--|-------------------|
| Cost at 1 January 2015   | 156,216            | 826,708        | 12,387,152        | 1,121,031        | 290,635                                    | 14,781,742        |
| Foreign exchange adjustments                                   | 5,659              | 17,873         | 36,516            | 37,658           | -350                                       | 97,356            |
| Addition on acquisition of enterprises <sup>1</sup>            | 0                  | 0              | 0                 | 5,802            | 0  | 5,802             |
| Additions  | 564                | 0              | 63,388            | 120,551          | 359,439 <sup>2</sup>                       | 543,942           |
| Disposals  | -2,990             | 0              | -170,427          | -21,256          | -4,057                                     | -198,730          |
| Transfers  | 13                 | 7,378          | 409,211           | 6,411            | -423,013                                   | 0                 |
| Transferred to assets classified as held for sale <sup>3</sup> | 0                  | 0              | -104,744          | 0                | 0  | -104,744          |
| <b>Cost at 31 December 2015</b>                                | <b>159,462</b>     | <b>851,959</b> | <b>12,621,096</b> | <b>1,270,197</b> | <b>222,654</b>                             | <b>15,125,368</b> |
| Depreciation and impairment losses at 1 January 2015           | 31,850             | 285,046        | 5,292,603         | 660,759          | 0  | 6,270,258         |
| Foreign exchange adjustments                                   | 594                | 9,661          | 6,551             | 25,419           | 0  | 42,225            |
| Depreciation charge  | 5,065              | 35,550         | 661,431           | 108,154          | 0  | 810,200           |
| Impairment charge  | 0                  | 0              | 0                 | 172              | 0  | 172               |
| Impairment charge, part of special items                       | 0                  | 0              | 22,539            | 0                | 0  | 22,539            |
| Disposals  | -2,871             | 0              | -152,475          | -17,859          | 0  | -173,205          |
| Transfers  | 0                  | 0              | 0                 | -864             | 0  | -864 <sup>4</sup> |
| Transferred to assets classified as held for sale <sup>3</sup> | 0                  | 0              | -28,402           | 0                | 0  | -28,402           |
| <b>Depreciation and impairment losses at 31 December 2015</b>  | <b>34,638</b>      | <b>330,257</b> | <b>5,802,247</b>  | <b>775,781</b>   | <b>0</b>                                   | <b>6,942,923</b>  |
| <b>Carrying amount at 31 December 2015</b>                     | <b>124,824</b>     | <b>521,702</b> | <b>6,818,849</b>  | <b>494,416</b>   | <b>222,654</b>                             | <b>8,182,445</b>  |
| Hereof assets held under finance leases                        | 0                  | 0              | 0                 | 38,324           | 0  | 38,324            |

<sup>1</sup> Addition on acquisition of enterprises relates to the purchase of minor logistics activities.

<sup>2</sup> Primarily relates to installation of scrubbers on several ships, rebuild of two ships Côte des Dunes and Côte des Flandres where charter agreements will commence in February 2016, and extension of warehouse in Larkhall.

<sup>3</sup> Reference is made to note 33.

<sup>4</sup> Transferred DKK 864k to non-current intangible assets.

DKK '000

**Note 12 Non-current tangible assets**

|   | Land and buildings | Terminals      | Ships             | Equipment etc.   | Assets under construction and pre-payments | Total             |
|---|--------------------|----------------|-------------------|------------------|--|-------------------|
| Cost at 1 January 2014  | 139,318            | 822,587        | 11,623,276        | 984,419          | 570,789                                    | 14,140,389        |
| Foreign exchange adjustments                                  | 2,431              | 15,442         | -185,978          | 6,100            | -6,735                                     | -168,740          |
| Addition on acquisition of enterprises <sup>1</sup>           | 36,976             | 0              | 0                 | 67,570           | 0  | 104,546           |
| Additions   | 359                | 552            | 62,241            | 102,737          | 781,496 <sup>2</sup>                       | 947,385           |
| Disposals   | -23,747            | -12,949        | -166,473          | -37,797          | 0  | -240,966          |
| Transfers   | 879                | 1,076          | 1,054,086         | -1,998           | -1,054,915                                 | -872 <sup>3</sup> |
| <b>Cost at 31 December 2014</b>                               | <b>156,216</b>     | <b>826,708</b> | <b>12,387,152</b> | <b>1,121,031</b> | <b>290,635</b>                             | <b>14,781,742</b> |
| Depreciation and impairment losses at 1 January 2014          | 28,646             | 253,266        | 4,917,546         | 597,081          | 0  | 5,796,539         |
| Foreign exchange adjustments                                  | 7                  | 9,026          | -78,342           | 684              | 0  | -68,625           |
| Depreciation charge   | 7,030              | 33,884         | 618,719           | 94,939           | 0  | 754,572           |
| Disposals   | -4,206             | -11,249        | -165,320          | -30,581          | 0  | -211,356          |
| Transfers   | 373                | 119            | 0                 | -1,364           | 0  | -872              |
| <b>Depreciation and impairment losses at 31 December 2014</b> | <b>31,850</b>      | <b>285,046</b> | <b>5,292,603</b>  | <b>660,759</b>   | <b>0</b>                                   | <b>6,270,258</b>  |
| <b>Carrying amount at 31 December 2014</b>                    | <b>124,366</b>     | <b>541,662</b> | <b>7,094,549</b>  | <b>460,272</b>   | <b>290,635</b>                             | <b>8,511,484</b>  |
| Hereof assets held under finance leases                       | 0                  | 0              | 0                 | 57,204           | 0  | 57,204            |

<sup>1</sup> Addition on acquisition of enterprises relates to the purchase of Quayside Group and STEF.

<sup>2</sup> Primarily relates to construction of the two newbuildings ARK Dania and ARK Germania (ro-ro ships) and the completion hereof in 2014.

<sup>3</sup> Transferred to non-current intangible assets.

On the basis of the impairment tests performed in 2015 there has been no impairment loss on ships (2014: DKK 0m). For further information regarding the impairment tests reference is made to note 37.

In 2015 EU awarded DFDS a grant of up to DKK 67m primarily related to installation of scrubbers on six freight ships. In 2014 EU awarded DFDS a grant of up to DKK 47m primarily related to installation of scrubbers on five freight ships.

The grants are recognised as follows in the financial statements:

DKK m

|                         | Offset against relevant assets/costs | Received in cash | Recognised as receivable |
|-------------------------|--------------------------------------|------------------|--------------------------|
| 31 December 2014        | -29                                  | 9                | 20                       |
| Movement                | -57                                  | 35               | 22                       |
| <b>31 December 2015</b> | <b>-86</b>                           | <b>44</b>        | <b>42</b>                |

DKK '000

| Note 13 Investments in associates and joint ventures | 2015          | 2014          |
|--|---------------|---------------|
| Cost at 1 January                                    | 1,864         | 5,067         |
| Foreign exchange adjustment                          | 275           | -188          |
| Additions  | 21,195        | 0             |
| Other equity movements                               | 0             | -3,015        |
| <b>Cost at 31 December</b>                           | <b>23,334</b> | <b>1,864</b>  |
| Value adjustments at 1 January                       | 22,713        | -1,284        |
| Foreign exchange adjustment                          | 601           | -943          |
| Share of result for the year                         | -11,685       | 24,940        |
| Dividend received                                    | -1,292        | 0             |
| <b>Value adjustments at 31 December</b>              | <b>10,337</b> | <b>22,713</b> |
| <b>Carrying amount at 31 December</b>                | <b>33,671</b> | <b>24,577</b> |

Addition in 2015 relates to the establishment of the joint ventures DFDS Logistics Ibérica S.L. and Moss Stevedore AS (DKK 0.5m) and capital injection in Bohus Terminal Holding AB (DKK 20.7m).

DKK '000

|   |            |                    |         |                     |         |             |         | The Group's share   |                |
|---|------------|--------------------|---------|---------------------|---------|-------------|---------|---------------------|----------------|
| 2015  | Domicile   | Ownership          | Revenue | Result for the year | Assets  | Liabilities | Equity  | Result for the year |                |
| <b>Joint ventures:</b>  |            |                    |         |                     |         |             |         |                     |                |
| Oslo Container Terminal AS  | Oslo       | 50%                | 17,518  | -142                | 1,641   | 41          | 800     | -71                 |                |
| Moss Stevedore AS   | Moss       | 50%                | 6,674   | 0                   | 155     | 0           | 78      | 0                   |                |
| Bohus Terminal Holding AB   | Gothenburg | 65% <sup>1</sup>   | 289,051 | -17,658             | 241,099 | 191,394     | 32,308  | -11,478             |                |
| DFDS Suardiaz Line Ltd.   | Immingham  | 50% <sup>2</sup>   | 162,590 | -806                | 22,762  | 72,625      | -24,932 | -403                |                |
| DFDS Logistics Ibérica S.L.   | Madrid     | 51% <sup>1+2</sup> | 9,763   | -97                 | 15,873  | 15,224      | 331     | -49                 |                |
| <b>Associates:</b>  |            |                    |         |                     |         |             |         |                     |                |
| Seafront Port Services AS   | Oslo       | 40%                | 32,955  | -219                | 7,470   | 7,086       | 154     | -87                 |                |
|   |            |                    |         |                     |         |             |         | 8,739               | -12,088        |
| Of which investments in associates and joint ventures with negative value |            |                    |         |                     |         |             |         | 24,932              | 403            |
|   |            |                    |         |                     |         |             |         | <b>33,671</b>       | <b>-11,685</b> |

<sup>1</sup> Due to minority protection in the shareholders' agreements the DFDS Group does not have a controlling interest. The entities are classified as joint ventures.

<sup>2</sup> Owned by the Parent Company.

Comprehensive income for each associate and joint venture corresponds to the profit for the year.

DKK '000

| Note 13 Investments in associates and joint ventures (continued)          |            |                  |         |                     |         |             |         | The Group's share   |               |
|---|------------|------------------|---------|---------------------|---------|-------------|---------|---------------------|---------------|
| 2014  | Domicile   | Ownership        | Revenue | Result for the year | Assets  | Liabilities | Equity  | Result for the year |               |
| <b>Joint ventures:</b>  |            |                  |         |                     |         |             |         |                     |               |
| Oslo Container Terminal AS  | Oslo       | 50%              | 105,350 | -1,895              | 17,421  | 12,091      | 2,665   | -948                |               |
| Bohus Terminal Holding AB   | Gothenburg | 65% <sup>1</sup> | 350,263 | 40,164              | 212,197 | 178,855     | 21,609  | 26,106              |               |
| DFDS Suardiaz Line Ltd.   | Immingham  | 50% <sup>2</sup> | 159,531 | 1,200               | 31,263  | 81,135      | -24,936 | 600                 |               |
| <b>Associates:</b>  |            |                  |         |                     |         |             |         |                     |               |
| Seafront Port Services AS   | Oslo       | 40%              | 35,266  | -545                | 4,939   | 4,182       | 303     | -218                |               |
|   |            |                  |         |                     |         |             |         | -359                | 25,540        |
| Of which investments in associates and joint ventures with negative value |            |                  |         |                     |         |             |         | 24,936              | -600          |
|   |            |                  |         |                     |         |             |         | <b>24,577</b>       | <b>24,940</b> |

<sup>1</sup> Due to minority protection in the shareholders' agreement the DFDS Group does not have controlling interest, despite of 65 % ownership. The entity is classified as a joint venture. The Group's share of Profit for the year is positively affected by DKK 31.5m related to compensation for early termination of volume commitment guarantee in a customer contract.

<sup>2</sup> Owned by the Parent Company.

Comprehensive income for each associate and joint venture corresponds to the profit for the year.

#### Nature of business for associates and joint ventures

| Joint ventures:             | Nature of business:  |
|-----------------------------|--|
| Oslo Container Terminal AS  | Operated a terminal in the port of Oslo. Operation ceased during 2015.                                       |
| Moss Stevedore AS           | Stevedoring services in the port of Moss, Norway   |
| Bohus Terminal Holding AB   | Operates a terminal in the port of Gothenburg through its 100% owned subsidiary Gothenburg Ro/Ro Terminal AB |
| DFDS Suardiaz Line Ltd.     | Operates a LO/LO shipping line between the continent and UK  |
| DFDS Logistics Ibérica S.L. | Agency activities involving door to door services between Spain/Portugal and UK.                             |
| <b>Associates:</b>          |  |
| Seafront Port Services AS   | Operates several terminals in several ports in the southern part of Norway.                                  |



DKK '000

| <b>Note 14 Receivables</b>  | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
| Other non-current receivables   | 25,022           | 24,601           |
| <b>Total non-current receivables</b>  | <b>25,022</b>    | <b>24,601</b>    |
| Trade receivables   | 1,593,196        | 1,660,561        |
| Receivables from associates and joint ventures  | 55,094           | 53,912           |
| Corporation tax and joint taxation contribution, receivable, reference is made to note 25 | 2,679            | 7,850            |
| Fair value of derivative financial instruments, forward transactions and bunker hedges    | 4,534            | 13,586           |
| Other receivables and current assets <sup>1</sup>   | 189,473          | 147,678          |
| <b>Total current receivables</b>  | <b>1,844,976</b> | <b>1,883,587</b> |
| <b>Total current and non-current receivables</b>  | <b>1,869,998</b> | <b>1,908,188</b> |

<sup>1</sup> Hereof EU Grant of DKK 42m (2014: DKK 20m).

The carrying amount of receivables is in all material respects equal to the fair value.

None of the trade receivables with collateral are overdue at 31 December 2015 (2014: none). The collateral consists of bank guarantees with a fair value of DKK 4m (2014: DKK 4m).

| <b>Receivables that are past due, but not impaired:</b> | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| Days past due:  |                |                |
| Up to 30 days   | 268,423        | 413,109        |
| 31-60 days  | 62,944         | 81,317         |
| 61-90 days  | 12,435         | 24,084         |
| 91-120 days   | 4,260          | 12,279         |
| More than 120 days                                      | 119            | 33,511         |
| <b>Past due, but not impaired</b>                       | <b>348,181</b> | <b>564,300</b> |

#### **Movements in write-downs, which are included in the above trade receivables:**

|  |               |               |
|--|---------------|---------------|
| Write-downs at 1 January               | 52,820        | 44,508        |
| Foreign exchange adjustment            | 795           | -867          |
| Addition on acquisition of enterprises | 0             | 4,120         |
| Write-downs                            | 39,744        | 20,839        |
| Realised losses                        | -4,680        | -14,997       |
| Reversed write-downs                   | -21,930       | -783          |
| <b>Write-downs at 31 December</b>      | <b>66,749</b> | <b>52,820</b> |

DKK '000

| <b>Note 14 Receivables (continued)</b>  | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| <b>Age distribution of write-downs:</b> |               |               |
| Days past due:                          |               |               |
| Up to 30 days                           | 2,757         | 5,438         |
| 31-60 days                              | 4,789         | 3,964         |
| 61-90 days                              | 3,974         | 265           |
| 91-120 days                             | 1,773         | 2,297         |
| More than 120 days                      | 53,456        | 40,856        |
| <b>Write-downs at 31 December</b>       | <b>66,749</b> | <b>52,820</b> |

Write-downs and realised losses are recognised in operating costs in the Income statement.

Write-downs on trade receivables are caused by customer bankruptcy or uncertainty about the customers ability and/or willingness to pay.

DKK '000

| <b>Note 15 Securities</b>           | <b>2015</b>   | <b>2014</b>   |
|-------------------------------------|---------------|---------------|
| Listed bonds                        | 0             | 23            |
| Listed shares                       | 34            | 1,406         |
| Other shares and equity investments | 17,782        | 17,782        |
| Other investments                   | 583           | 583           |
| <b>Total non-current securities</b> | <b>18,399</b> | <b>19,794</b> |

Securities are assets classified as 'available for sale'.

Other shares and equity investments as well as other investments consist of some minor unlisted enterprises and holdings. These investments are not remeasured to fair value because the fair value cannot be measured reliably. Instead the securities are recognised at cost reduced by impairment, if any.

DKK '000

| <b>Note 16 Inventories</b> | <b>2015</b>    | <b>2014</b>    |
|----------------------------|----------------|----------------|
| Bunker                     | 42,858         | 49,956         |
| Goods for sale             | 71,729         | 64,909         |
| Impairment of inventories  | -4,015         | -3,132         |
| <b>Total inventories</b>   | <b>110,571</b> | <b>111,733</b> |

DKK '000

| Note 17 Treasury shares (number of shares)                   | 2015             | 2014 <sup>1</sup> |
|--|------------------|-------------------|
| Treasury shares at 1 January                                 | 2,531,240        | 10,677,220        |
| Acquisition of treasury shares                               | 2,257,770        | 3,182,075         |
| Disposal of treasury shares due to exercise of share options | -864,400         | -297,650          |
| Cancellation of treasury shares                              | -1,750,000       | -11,030,405       |
| <b>Treasury shares at 31 December</b>                        | <b>2,174,610</b> | <b>2,531,240</b>  |
| Market value of treasury shares at 31 December               | 580,621          | 299,193           |

<sup>1</sup> The comparative figures in the table above and the text below have been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5 made in September 2015.

In accordance with the Annual General Meeting in March 2015 the Board of Directors is authorised – until the 24 March 2020 – to acquire treasury shares equal to up to 10% of DFDS A/S' share capital. The price cannot deviate by more than 10% from the listed acquisition price on NASDAQ Copenhagen at the time of acquisition.

DFDS A/S has during 2015 acquired treasury shares for a total payment of DKK 401.0m (2014: DKK 294.9m). Furthermore, DFDS A/S has during 2015 disposed treasury shares for a total consideration of DKK 62.7m (2014: DKK 23.2) in connection with employees exercise of share options.

The Parent Company's holding of treasury shares at 31 December 2015 is 2,174,610 shares of DKK 20 each (2014: 2,531,240 shares), corresponding to 3.54% (2014: 4.00%) of the Parent Company's share capital. Treasury shares have been acquired for the share buy-back programme and to cover the share option scheme for employees.

On an Extraordinary General Meeting in September 2015 it was decided to cancel 1,750,000 of the treasury shares. This resulted in a reduction of the Company's share capital by nominally DKK 35,000,000. The cancellation had legal effect from 16 October 2015, which was one month from the decision was taken. Furthermore, it was decided to change the nominal share value from DKK 100 to DKK 20 through a stock split of 1:5. This implied that each share with a nominal value of DKK 100 was split into five shares with a nominal value of DKK 20 each.

DKK '000

| Note 18 Deferred tax  | Ships          | Land and buildings, terminals and other equipment | Provisions     | Tax loss carried forward | Other         | Total         |
|---|----------------|---|----------------|--------------------------|---------------|---------------|
| <b>2015</b>   |                |   |                |                          |               |               |
| Deferred tax at 1 January   | 120,249        | 12,114  | -58,573        | -37,970                  | 2,283         | 38,103        |
| Foreign exchange adjustments  | 4,734          | -34   | -3,367         | -476                     | 159           | 1,016         |
| Impact from change in corporate income tax rate                     | 1,668          | -69   | -344           | -72                      | 0             | 1,183         |
| Recognised in the Income statement                                  | 12,748         | -655  | 8,103          | 17,408                   | 182           | 37,786        |
| Recognised in Other comprehensive income                            | 0              | 0   | -8,384         | 0                        | 0             | -8,384        |
| Utilised of tax losses between jointly taxed companies              | 0              | 0   | 0              | 1,390                    | 0             | 1,390         |
| Adjustment regarding prior years recognised in the Income statement | -3,394         | 1,395   | 370            | -1,401                   | -1,367        | -4,397        |
| Write-down of deferred tax assets                                   | 0              | 0   | 0              | 1,611                    | 0             | 1,611         |
| Reversal of write-down of deferred tax assets                       | 0              | 0   | 0              | -8,596                   | 0             | -8,596        |
| <b>Deferred tax at 31 December</b>                                  | <b>136,005</b> | <b>12,751</b>                                     | <b>-62,195</b> | <b>-28,106</b>           | <b>1,257</b>  | <b>59,712</b> |
| <b>2014</b>   |                |   |                |                          |               |               |
| Deferred tax at 1 January   | 115,803        | 8,227   | -51,755        | -27,889                  | 3,088         | 47,474        |
| Foreign exchange adjustments  | -8,414         | -710  | -3,211         | 708                      | -151          | -11,778       |
| Impact from change in corporate income tax rate                     | 0              | -46   | 2,324          | 478                      | 2             | 2,758         |
| Addition on acquisition of enterprises                              | 0              | -1,822  | 0              | -15,033                  | 0             | -16,855       |
| Recognised in the Income statement                                  | 12,853         | 2,444   | 2,396          | 8,023                    | -228          | 25,488        |
| Recognised in Other comprehensive income                            | 0              | 0   | -8,444         | 0                        | 0             | -8,444        |
| Utilised of tax losses between jointly taxed companies              | 0              | 5   | 0              | 175                      | 17            | 197           |
| Adjustment regarding prior years recognised in the Income statement | 7              | 4,016   | 117            | -4,678                   | -445          | -983          |
| Write-down of deferred tax assets                                   | 0              | 0   | 0              | 246                      | 0             | 246           |
| <b>Deferred tax at 31 December</b>                                  | <b>120,249</b> | <b>12,114</b>                                     | <b>-58,573</b> | <b>-37,970</b>           | <b>2,283</b>  | <b>38,103</b> |
|   |                |   |                |                          | <b>2015</b>   | <b>2014</b>   |
| <b>Deferred tax is recognised in the balance sheet as follows:</b>  |                |   |                |                          |               |               |
| Deferred tax (assets)   |                |   |                |                          | -97,152       | -98,870       |
| Deferred tax (liabilities)  |                |   |                |                          | 156,864       | 136,973       |
| <b>Deferred tax at 31 December, net</b>                             |                |   |                |                          | <b>59,712</b> | <b>38,103</b> |

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until 2021. DFDS A/S is not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised. If DFDS A/S withdraws from the tonnage taxation scheme, deferred tax in the amount of maximum DKK 300m (2014: DKK 267m) may be recognised.

The Group has unrecognised tax losses carried forward of DKK 348m with a tax value of DKK 81m (2014: tax losses of DKK 372m, tax value of DKK 90m). Tax losses carried forward are recognised in deferred tax assets to the extent that the losses are expected to be utilised in the form of future taxable profits within a foreseeable future.

DKK '000

**Note 19 Share options**

The decision to grant share options is made by the Board of Directors. Share options have been granted to the Executive Board and leading employees. Each share option gives the holder of the option the right to acquire one existing share in the Parent Company of nominal DKK 20. The share option schemes equals a right to acquire 3.6% of the share capital (2014: 4.1%) if the remaining share options are exercised.

Share options are granted at an exercise price equal to the average share price of the Parent Company's shares 20 days before the grant with an addition of 5%.

Vesting is done on a straight line basis over three years from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the Parent Company is changed, etc.

The share options can be exercised when a minimum of 3 years and a maximum of 5 years have elapsed since the grant dates. The options can only be exercised within a period of 4 weeks after publication of annual or interim reports.

Share options granted can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options.

2014 figures are restated due to the stock split of 1:5 in September 2015.

|  | Executive Board Number | Leading employees Number | Resigned employees Number | Total            | Average exercise price per option DKK | Average fair value per option DKK | Total fair value DKK '000 |
|--|------------------------|--------------------------|---------------------------|------------------|---------------------------------------|-----------------------------------|---------------------------|
| <b>2015</b>                                |                        |                          |                           |                  |                                       |                                   |                           |
| Outstanding at 1 January                   | 1,311,140              | 1,257,260                | 42,685                    | 2,611,085        | 70.80                                 | 44.07                             | 115,067                   |
| Granted during the year                    | 218,915                | 249,530                  | 0                         | 468,445          | 136.00                                | 122.54                            | 57,403                    |
| Exercised during the year                  | -452,860               | -376,510                 | -35,030                   | -864,400         | 75.55                                 | 10.37                             | 8,964                     |
| Forfeited during the year                  | 0                      | 85                       | -1,545                    | -1,460           | 49.43                                 | 209.89                            | 306                       |
| <b>Outstanding at 31 December</b>          | <b>1,077,195</b>       | <b>1,130,365</b>         | <b>6,110</b>              | <b>2,213,670</b> | <b>83.93</b>                          | <b>176.92</b>                     | <b>391,645</b>            |
| Of this exercisable at the end of the year | 0                      | 7,350                    | 0                         | 7,350            | 76.32                                 | 190.67                            | 1,401                     |
| <b>2014</b>                                |                        |                          |                           |                  |                                       |                                   |                           |
| Outstanding at 1 January                   | 1,180,375              | 1,087,070                | 7,915                     | 2,275,360        | 66.62                                 | 20.59                             | 46,843                    |
| Transferred between categories             | 0                      | -67,550                  | 67,550                    | 0                | 74.12                                 | 43.71                             | 2,953                     |
| Granted during the year                    | 309,515                | 339,715                  | 0                         | 649,230          | 88.60                                 | 29.17                             | 18,939                    |
| Exercised during the year                  | -178,750               | -101,975                 | -16,925                   | -297,650         | 78.08                                 | 28.67                             | 8,532                     |
| Forfeited during the year                  | 0                      | 0                        | -15,855                   | -15,855          | 62.69                                 | 50.81                             | 806                       |
| <b>Outstanding at 31 December</b>          | <b>1,311,140</b>       | <b>1,257,260</b>         | <b>42,685</b>             | <b>2,611,085</b> | <b>70.80</b>                          | <b>44.07</b>                      | <b>115,067</b>            |
| Of this exercisable at the end of the year | 100,000                | 43,130                   | 0                         | 143,130          | 89.79                                 | 28.47                             | 4,075                     |

DKK '000

**Note 19 Share options (continued)**

864,400 share options have been exercised during 2015 (2014: 297,650). The average weighted market price per share exercised in 2015 is DKK 165.78 (2014: DKK 106.80).

Vesting of share options is expensed in the Income statement for 2015 with DKK 7.2m (2014: DKK 6.5m).

The calculated fair values are based on the Black-Scholes formula for measuring share options.

The outstanding options at 31 December 2015 have an average weighted time to maturity of 1.9 years (2014: 2.0 years).

Assumptions concerning the calculation of fair value at time of grant:

| Year of grant            | Exercise price | Market price at grant date | Expected volatility | Risk-free interest rate | Expected dividend per share (DKK) at grant date | Expected term | Fair value per option at time of granting |
|--------------------------|----------------|----------------------------|---------------------|-------------------------|---|---------------|---|
| 2015                     | 136.00         | 132.20                     | 24.75%              | -0.49%                  | 3.60  | 4 years       | 15.98                                     |
| 2014                     | 88.60          | 85.20                      | 26.01%              | 0.83%                   | 2.80  | 4 years       | 11.31                                     |
| 2013                     | 58.80          | 56.40                      | 26.20%              | 0.60%                   | 2.40  | 4 years       | 6.38                                      |
| 2012                     | 69.20          | 65.20                      | 27.95%              | 0.74%                   | 2.40  | 4 years       | 8.50                                      |
| 2011 (Leading employees) | 93.00          | 87.00                      | 35.73%              | 2.42%                   | 2.40  | 4 years       | 19.92                                     |

The expected volatility for 2011 grant to the Leading employees is based on the historic volatility for the past 3 years. The expected volatility for 2012 is based on the historic volatility for the past 3 years. The expected volatility for 2013 to 2015 is based on the historic volatility for the past 4 years. The risk free interest rate is based on 4 year Danish government bonds.

**Note 20 Pension and jubilee liabilities**

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the financial situation of these insurance companies. Pension costs from such plans are expensed in the Income statement when incurred.

In primarily the United Kingdom and the Netherlands the Group has defined benefit plans. In addition there are minor defined benefit plans in Norway, Belgium, Italy, Germany, Denmark and Sweden. The majority of the defined benefit plans are pension plans that yearly pay out a certain percentage of the employee's final salary upon retirement. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employee except for the closed plans in the United Kingdom and some of the other minor plans. The defined benefit plans typically include a spouse pension and disability insurance.

Some of the pension plans in Sweden are multi-employer plans, which cover a large number of enterprises. The plans are collective and are covered through premiums paid to Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to assess the plans as defined benefit plans. Consequently, the pension plans are similar to prior years treated as defined contribution plans. The contributions made amounts to DKK 3.2m in 2015 (2014: DKK 2.9m). The collective funding ratio at Alecta amounts to 153% as per December 2015 (December 2014: 146%). For 2016 the contributions are expected to be DKK 3.9m. DFDS' share of the multi-employer plan is around 0.0075% and the liability follows the share of the total plan.

Based on actuarial calculations the defined benefit plans show the following liabilities:

DKK '000

|   | 2015           | 2014           |
|---|----------------|----------------|
| Present value of funded defined benefit obligations           | 1,344,953      | 1,261,137      |
| Fair value of plan assets                                     | -1,015,368     | -972,891       |
| <b>Funded defined benefit obligations, net</b>                | <b>329,585</b> | <b>288,246</b> |
| Present value of unfunded defined benefit obligations         | 15,438         | 16,706         |
| <b>Recognised liabilities for defined benefit obligations</b> | <b>345,023</b> | <b>304,952</b> |
| Provision for jubilee liabilities                             | 17,552         | 17,134         |
| <b>Total actuarial liabilities, net</b>                       | <b>362,575</b> | <b>322,086</b> |

DKK '000

**Note 20 Pension and jubilee liabilities (continued)**

|  | 2015              | 2014             |
|--|-------------------|------------------|
| <b>Movements in the net present value of funded and unfunded defined benefit obligations</b> |                   |                  |
| Funded and unfunded obligations at 1 January   | 1,277,843         | 1,077,631        |
| Foreign exchange adjustments   | 58,442            | 50,563           |
| Current service costs  | 3,556             | 5,975            |
| Interest costs   | 43,601            | 47,116           |
| Actuarial gain(-)/loss(+) arising from changes in demographic assumptions                    | -19,660           | -26,758          |
| Actuarial gain(-)/loss(+) arising from changes in financial assumptions                      | 53,411            | 159,408          |
| Past service costs   | 0                 | -1,021           |
| Benefits paid  | -42,833           | -35,309          |
| Employee contributions   | 208               | 238              |
| Settlements and curtailments   | -14,177           | 0                |
| <b>Funded and unfunded obligations at 31 December</b>  | <b>1,360,391</b>  | <b>1,277,843</b> |
| <b>Movements in the fair value of the defined benefit plan assets</b>                        |                   |                  |
| Plan assets at 1 January   | -972,891          | -817,663         |
| Foreign exchange adjustments   | -41,649           | -35,566          |
| Calculated interest income   | -32,942           | -35,852          |
| Return on plan assets excluding calculated interest income                                   | 5,464             | -91,178          |
| Costs of managing the assets   | 2,022             | 2,006            |
| Administration costs paid from the plan assets   | 377               | 354              |
| Employer contributions   | -26,114           | -25,187          |
| Employee contributions   | -208              | -238             |
| Benefits paid  | 40,820            | 30,433           |
| Settlements and curtailments   | 9,753             | 0                |
| <b>Plan assets at 31 December</b>  | <b>-1,015,368</b> | <b>-972,891</b>  |
| <b>Movements in the asset ceiling</b>  |                   |                  |
| Asset ceiling at 1 January   | 0                 | 82               |
| Foreign exchange adjustments   | 0                 | -7               |
| Interest costs   | 0                 | 2                |
| Change in asset ceiling excluding amounts included in interest costs                         | 0                 | -77              |
| <b>Asset ceiling at 31 December</b>  | <b>0</b>          | <b>0</b>         |
| <b>Expenses recognised as employee costs in the Income statement:</b>                        |                   |                  |
| Current service costs  | 3,556             | 5,975            |
| Past service costs   | 0                 | -1,021           |
| Payments on settlements and curtailments   | -1,213            | 0                |
| Gain (-)/loss(+) on settlements and curtailments   | -4,424            | 0                |
| <b>Total included in employee costs regarding defined benefit plans</b>                      | <b>-2,081</b>     | <b>4,954</b>     |



DKK '000

| Note 20 Pension and jubilee liabilities (continued)                                 | 2015             | 2014           |
|---|------------------|----------------|
| <b>Expenses included in administration costs:</b>                                   |                  |                |
| Administration costs paid from the plan assets                                      | 377              | 354            |
| <b>Total included in administration costs regarding defined benefit plans</b>       | <b>377</b>       | <b>354</b>     |
| <b>Expenses recognised as financial costs in the Income statement:</b>              |                  |                |
| Interest costs  | 43,601           | 47,116         |
| Interest income   | -32,942          | -35,852        |
| Interest cost on asset ceiling  | 0                | 2              |
| <b>Total included in financial costs regarding defined benefit plans</b>            | <b>10,659</b>    | <b>11,266</b>  |
| <b>Total expenses for defined benefit plans recognised in the Income statement</b>  | <b>8,955</b>     | <b>16,574</b>  |
| <b>Expenses recognised in Other comprehensive income:</b>                           |                  |                |
| Remeasurements of plan obligations  | 33,751           | 132,650        |
| Remeasurements of plan assets   | 7,486            | -89,172        |
| Change in asset ceiling   | 0                | -77            |
| <b>Total included in Other comprehensive income regarding defined benefit plans</b> | <b>41,237</b>    | <b>43,401</b>  |
| <b>Plan assets consist of the following:</b>  |                  |                |
| Listed shares (of this no DFDS A/S shares)  | 493,846          | 457,169        |
| Corporate bonds   | 141,373          | 204,419        |
| Government and mortgage bonds   | 96,953           | 30,655         |
| Cash and cash equivalents   | 2,331            | 6,724          |
| Real estate   | 31,406           | 28,760         |
| Other assets (primarily insured plans)  | 249,459          | 245,164        |
| <b>Total plan assets</b>  | <b>1,015,368</b> | <b>972,891</b> |

Actuarial calculations or roll forward calculations are performed annually for all defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country. The following significant assumptions have been used for the actuarial calculations:

**Average weighted assumptions: <sup>1</sup>**

|                         |      |      |
|-------------------------|------|------|
| Discount rate           | 3.4% | 3.3% |
| Social security rate    | 0.4% | 0.3% |
| Future salary increase  | 0.5% | 0.6% |
| Future pension increase | 2.6% | 2.5% |
| Inflation               | 2.3% | 2.2% |

<sup>1</sup> All factors are weighted at the pro rata share of the individual actuarial obligation.

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate, expected future remuneration increases and expected mortality. The sensitivity analysis below have been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK '000

| Note 20 Pension and jubilee liabilities (continued)   | 2015      | 2014      |
|---|-----------|-----------|
| <b>Sensitivity analysis</b>                           |           |           |
| Reported obligation 31 December                       | 1,360,391 | 1,277,843 |
| Discount rate -0.5% point compared to assumptions     | 1,504,708 | 1,412,634 |
| Discount rate +0.5% point compared to assumptions     | 1,235,206 | 1,160,763 |
| Salary increase -0.5% point compared to assumptions   | 1,359,060 | 1,274,308 |
| Salary increase +0.5% point compared to assumptions   | 1,362,115 | 1,282,151 |
| Mortality -1 year compared with used mortality tables | 1,321,511 | 1,236,784 |
| Mortality +1 year compared with used mortality tables | 1,406,339 | 1,321,178 |

Weighted average duration on the liabilities end of 2015 is 19.3 years (2014: 19.3 years).

The Group expects to make a contribution of DKK 28.1m (expected for 2015: DKK 27.7m) to the defined benefit plans in 2016.

**Maturity analysis of the obligations**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| 0-1 year                 | 30,889           | 31,047           |
| 1-5 years                | 149,620          | 143,874          |
| After 5 years            | 1,179,882        | 1,102,922        |
| <b>Total obligations</b> | <b>1,360,391</b> | <b>1,277,843</b> |

DKK '000

| Note 21 Other provisions                        | 2015           | 2014          |
|---|----------------|---------------|
| Other provisions at 1 January                   | 80,465         | 45,641        |
| Foreign exchange adjustments                    | 3,056          | 1,380         |
| Addition from acquisition of enterprises        | 760            | 1,859         |
| Provisions made during the year                 | 73,550         | 44,401        |
| Used during the year                            | -29,965        | -12,070       |
| Reversal of unused provisions                   | -10,391        | -746          |
| <b>Other provisions at 31 December</b>          | <b>117,475</b> | <b>80,465</b> |
| Other provisions are expected to be payable in: |                |               |
| 0-1 year  | 78,920         | 36,868        |
| 1-5 years                                       | 29,511         | 34,025        |
| After 5 years                                   | 9,044          | 9,572         |
| <b>Other provisions at 31 December</b>          | <b>117,475</b> | <b>80,465</b> |

Of the Group's provision of DKK 117.5m (2014: DKK 80.5m), DKK 19.6m (2014: DKK 13.2m) is estimated redelivery provision regarding leased operating equipment and DKK 18.5m (2014: DKK 0m) is relating to an onerous bare boat charter contract. DKK 49.3m (2014: DKK 46.7m) is estimated net present value of earn-out agreements regarding acquisitions and DKK 30.1m (2014: DKK 20.6m) is other provisions.

DKK '000

| <b>Note 22 Interest-bearing liabilities</b>           | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
| Mortgage on ships                                     | 859,820          | 1,032,820        |
| Mortgage on land and buildings                        | 0                | 28,538           |
| Issued corporate bonds                                | 1,040,945        | 1,483,996        |
| Financial lease liabilities                           | 7,826            | 15,072           |
| Bank loans  | 278,724          | 338,097          |
| Other non-current liabilities                         | 25,904           | 25,838           |
| <b>Total interest bearing non-current liabilities</b> | <b>2,213,219</b> | <b>2,924,361</b> |
| Mortgage on ships                                     | 295,163          | 174,345          |
| Mortgage on land and buildings                        | 0                | 2,274            |
| Issued corporate bonds                                | 387,888          | 0                |
| Financial lease liabilities                           | 8,221            | 19,115           |
| Bank loans  | 47,383           | 78,910           |
| Other current liabilities                             | 0                | 352              |
| <b>Total interest bearing current liabilities</b>     | <b>738,655</b>   | <b>274,996</b>   |
| <b>Total interest bearing liabilities</b>             | <b>2,951,874</b> | <b>3,199,357</b> |

In 2014 DFDS issued a five-year corporate bond of DKK 500m, which run for the period 13 June 2014 until 13 June 2019. The bond is listed on the Oslo Stock Exchange. The five-year bond was issued with a floating rate based on three month CIBOR + 1.63% margin in DKK.

The fair value of the interest-bearing liabilities amounts to DKK 2,951m (2014: DKK 3,259m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to the corporate bonds for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds has been calculated based on the quoted bond price at year end 2015 and 2014, respectively.

DKK 608m of the interest-bearing liabilities in the Group fall due after five years (2014: DKK 711m). No unusual conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge, whereas premature settlement of the corporate bonds requires a repurchase of the bonds.

Reference is made to note 27 for financial risks, etc.

| <b>Allocation of currency, principal nominal amount</b> | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
| DKK   | 1,041,710        | 1,076,438        |
| EUR   | 961,824          | 1,011,306        |
| SEK   | 0                | 24,584           |
| NOK   | 930,058          | 985,571          |
| GBP   | 18,161           | 101,458          |
| Other   | 121              | 0                |
| <b>Total interest bearing liabilities</b>               | <b>2,951,874</b> | <b>3,199,357</b> |

DKK '000

| <b>Note 23 Other payables</b>  | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
| Payables to associates and joint ventures                            | 30,773         | 22,122         |
| Accrued interests  | 9,032          | 7,008          |
| Public authorities (VAT, duty, etc.)                                 | 53,555         | 61,703         |
| Holiday pay obligations, etc.  | 293,061        | 275,132        |
| Fair value of Interest swaps, forward transactions and bunker hedges | 303,464        | 275,721        |
| Other payables   | 119,811        | 103,763        |
| <b>Total other payables</b>  | <b>809,696</b> | <b>745,449</b> |

DKK '000

| <b>Note 24 Deferred income</b> | <b>2015</b>    | <b>2014</b>    |
|--------------------------------|----------------|----------------|
| Prepayments from customers     | 111,735        | 125,080        |
| <b>Total deferred income</b>   | <b>111,735</b> | <b>125,080</b> |

DKK '000

| <b>Note 25 Corporation tax liabilities</b>  | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| Corporation tax liabilities at 1 January  | 11,481        | 2,899         |
| Foreign exchange adjustment   | 225           | 197           |
| Opening adjustment regarding classification of due jointly taxation (transferred from other payables) | -1,198        | -173          |
| Additions on acquisition of enterprises / sale of enterprises   | 0             | 2,109         |
| Tax for the year recognised in the Income statement   | 24,169        | 24,202        |
| Adjustment, prior years recognised in the Income statement  | 1,765         | -5,233        |
| Corporation taxes paid during the year  | -13,812       | -12,520       |
| <b>Corporation tax liabilities at 31 December, net</b>  | <b>22,630</b> | <b>11,481</b> |
| <b>Corporation tax is recognised in the balance sheet as follows:</b>                                 |               |               |
| Corporation tax receivable (assets), reference is made to note 14                                     | -2,679        | -7,850        |
| Corporation tax debt (liabilities)  | 25,309        | 19,331        |
| <b>Corporation tax liabilities at 31 December, net</b>  | <b>22,630</b> | <b>11,481</b> |

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| Note 26 Information on financial instruments                   | 2015              | 2014              |
|--|-------------------|-------------------|
| <b>Carrying amount per category of financial instruments</b>   |                   |                   |
| Derivatives, financial assets measured at fair value           | 4,534             | 13,586            |
| Loans, receivables and cash, assets measured at amortised cost | 3,285,346         | 2,581,255         |
| Financial assets available for sale                            | 18,399            | 19,794            |
| Derivatives, financial liabilities measured at fair value      | -303,464          | -275,721          |
| Financial liabilities measured at amortised cost               | -4,691,877        | -4,824,528        |
| <b>Total</b>   | <b>-1,687,062</b> | <b>-2,485,614</b> |

#### Hierarchy of financial instruments measured at fair value

The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

| 2015  | Level 1   | Level 2         | Level 3       |
|---|-----------|-----------------|---------------|
| Derivatives, financial assets                               | 0         | 4,534           | 0             |
| Financial assets available for sale                         | 34        | 0               | 0             |
| Assets held for sale (non-recurring fair value measurement) | 0         | 0               | 59,215        |
| Derivatives, financial liabilities                          | 0         | -303,464        | 0             |
| <b>Total</b>  | <b>34</b> | <b>-298,930</b> | <b>59,215</b> |

| 2014  | Level 1      | Level 2         | Level 3       |
|---|--------------|-----------------|---------------|
| Derivatives, financial assets                               | 0            | 13,586          | 0             |
| Financial assets available for sale                         | 1,429        | 0               | 0             |
| Assets held for sale (non-recurring fair value measurement) | 0            | 0               | 61,671        |
| Derivatives, financial liabilities                          | 0            | -275,721        | 0             |
| <b>Total</b>  | <b>1,429</b> | <b>-262,135</b> | <b>61,671</b> |

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 27 for description of the valuation method. Financial assets available for sale measured at level 1 comprise listed shares (2014: and bonds) and is measured at the quoted prices. Assets held for sale (non-recurring fair value measurement) comprise the former Norfolkline domicile in Scheveningen with a carrying amount of DKK 13.5m (2014: DKK 13.5m) and the ro-pax ship Vilnius Seaways with a carrying amount of DKK 45.7m (2014: 48.2m). Reference is made to note 33 for further information on assets held for sale. The fair value of the building is based on a valuation made by an independent real estate broker and discussions with a potential buyer etc., and the fair value of the ship is based on valuations from independent ship brokers.

Financial assets available for sale also comprise other shares and equity investments as well as other investments of DKK 18.4m (2014: DKK 18.4m). These are some minor unlisted enterprises and holdings. They are measured at cost reduced by impairments, if any, and consequently, they are not included in the fair value hierarchy.

#### Note 27 Financial and operational risks

##### DFDS' risk management policy

The most important financial risk factors for DFDS are diesel and bunker prices, interest rates, currencies, investments and liquidity. It is the policy of the Group not to enter into active speculation in financial risks. The intention of the financial risk management of the Group is only to manage the financial risks attached to operational and financial activities.

The Board of Directors annually approves the financial risk management policy and strategy. In addition, DFDS has established a Bunker Committee, which monitors hedging levels and market development on a monthly basis. Please refer to the section Risk Factors in the Management review.

##### Financial risks

###### Currency risks

Financial currency risks arise from translation of net investments in foreign companies and from other investments, receivables or liabilities denominated in foreign currencies. Currency risks are monitored continuously to ensure compliance with the financial risk management policy.

DFDS aims to actively reduce currency exposure by matching the currency positions, obtaining multi-currency loans and by directing all currency balance positions towards the Parent Company DFDS A/S if possible. The Group uses forward exchange contracts, currency options and currency swaps to hedge forecasted transactions in foreign currencies.

###### Transaction risks

The Group's most substantial currency balance positions are in SEK, GBP, NOK, EUR and USD. A strengthening of SEK, GBP, NOK and USD, as indicated below, against the DKK at 31 December would have increased/decreased equity and profit or loss by the amounts presented below. EUR is considered as minor risk bearing due to the close band between DKK and EUR.

DKK m

| Hypothetical effect of reasonable possible change against DKK | 2015  | 2014  |
|---|-------|-------|
| SEK, equity and profit/loss effect, 10% strengthening         | 10.9  | 19.3  |
| GBP, equity and profit/loss effect, 10% strengthening         | 19.9  | 21.7  |
| NOK, equity and profit/loss effect, 10% strengthening         | -22.4 | -25.9 |
| USD, equity and profit/loss effect, 10% strengthening         | 18.2  | 24.5  |
| USD, equity effect, 10% strengthening <sup>1</sup>            | 5.2   | 10.2  |

<sup>1</sup>Change in fair value of cash flow hedges, which would only have affected equity. Hedge is only done in the parent company.

The sensitivity analysis on currency risk has been prepared under the assumptions that the effect is calculated on the balance sheet items at the balance sheet date; the included hedges are 100% effective and based on the actual market situation and expectations to the development in the currencies. The analysis assumes that all other variables, in particular interest rates, remain constant.

###### Translation risks

Translation risks relate to translation of profit and loss and equity of foreign group enterprises into DKK. These risks are to some extent covered by loans in the respective foreign currencies. The Group's most substantial translation risks are GBP, SEK and NOK. An increase in these currencies of 10% compared to the average exchange rates for 2015 would in respect of GBP have affected the result for 2015 by DKK 5.4m (2014: DKK 1.4m), in respect of SEK by DKK 4.4m (2014: DKK 7.2m), and in respect of NOK by DKK 2.3m (2014: DKK 2.8m).

**Note 27 Financial and operational risks (continued)**
*Interest rate risks*

DFDS is primarily exposed to interest rate risks through the loan portfolio. The intention of the interest rate risk management is to limit the negative effects of interest rate fluctuations on the earnings. It is DFDS' strategy that 40-70% of the net loan portfolio must be fixed-rate loans when taking contracted interest rate swaps and long term charter agreements into consideration.

The total net interest-bearing debt (including CCY derivatives on bond loans and interest rate swaps) of the Group amounts to DKK 1,773m at year-end 2015 (2014: DKK 2,467m), of which debt with a fixed-rate amounts to DKK 1.108m at year-end 2015 (2014: DKK 588m). In addition, forward starting interest rate swaps with a notional of DKK 209m (2014: DKK 313m) have been entered into. These are weighted against the underlying loans amounting to an average notional of DKK 261m (2014: DKK 234m). Thereby the share of debt with fixed-rate is 45% at year-end 2015 (2014: 34%) including the effect of all interest rate swaps. If the long term charter agreements are included the share of debt with fixed-rate increases to 54% (2014: 45%).

An increase in the interest rate of 1%-point compared to the actual interest rates in 2015 would, other things being equal, have increased net interest payments by DKK 9m for the Group in 2015 (2014: DKK 16m). A decrease in the interest rates would have had a similar positive effect.

The Group's total interest-bearing debt except bank overdrafts had an average time to maturity of 5 years (2014: 6 years), and consists primarily of syndicated floating rate bank loans with security in the ships and unsecured issued corporate bonds. The financing is obtained at the market interest rate with addition of a marginal rate reflecting DFDS' financial strength. As part of the financial strategy interest rate swaps with a principal amount totalling DKK 807m (2014: DKK 901m) have been entered into in order to change part of the floating-rate bank loans and issued corporate bonds to fixed-rate bank loans and bonds. The duration of the Group's debt portfolio (including charter liabilities) is 1.4 years (2014: 1.1 years).

An increase in the interest rate of 1%-point compared to the actual interest rate at balance sheet date would, other things being equal, have had a hypothetical positive effect on the Group's equity reserve for hedging by DKK 17m (2014: DKK 20m). This is due to the interest rate swaps entered to hedge variable interest rate loans. A decrease in the interest rate would have had a similar negative effect. The sensitivity analysis is based on the assumption that the effectiveness of the hedges will stay unaffected by the change in the interest rate.

*Bunker risks*

DFDS Group uses bunker swaps to hedge the variability in bunker costs that are not commercially hedged through customer agreements.

An increase in the bunker price of 10% compared to the actual bunker price at balance sheet date would, other things being equal, have had a hypothetical positive effect on the Group's equity reserve for hedging of DKK 7m (2014: DKK 6m). This is due to the bunker contracts for future delivery entered to hedge the cost for bunkers. A decrease in the bunker price would have had a similar negative effect.

The sensitivity analysis on bunker contracts has been prepared under the assumptions that the effect is calculated all else being equal on the bunker contracts entered at the balance sheet date; the hedges are 100% effective and based on the actual market situation and expectations to the development in the bunker prices.

*Liquidity risks*

The Group aims to maintain a minimum cash resource of DKK 400m, which is regarded as sufficient for the current operation. The cash resources at 31 December 2015 are DKK 2,532m (2014: DKK 1,337m), of which undrawn credit facilities amounts to DKK 1,110m (2014: DKK 674m). The group treasury department manages excess liquidity and cash resources. Cash at bank and in hand are primarily placed in the short money market as well as short term bonds, and debt to banks are drawn mostly on overdraft facilities.

The following are the contractual maturities of financial instruments, including estimated interest payments and excluding the impact of netting agreements:

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**Note 27 Financial and operational risks (continued)**

| 2015   | 0-1 year       | 1-3 years         | 3-5 years       | After 5 years   |
|--|----------------|-------------------|-----------------|-----------------|
| <b>Non-derivative financial assets</b>         |                |                   |                 |                 |
| Cash   | 1,422,562      | 0                 | 0               | 0               |
| Trade receivables                              | 1,593,196      | 0                 | 0               | 0               |
| Receivables from associates and joint ventures | 55,094         | 0                 | 0               | 0               |
| Other receivables and current assets           | 189,473        | 0                 | 25,022          | 0               |
| <b>Non-derivative financial liabilities</b>    |                |                   |                 |                 |
| Mortgages on ships                             | -318,998       | -211,077          | -205,586        | -563,860        |
| Issued corporate bonds                         | -424,992       | -588,490          | -505,944        | 0               |
| Bank loans                                     | -52,339        | -101,774          | -98,978         | -96,205         |
| Other interest-bearing debt                    | 0              | -1,315            | -25,255         | 0               |
| Financial lease liabilities                    | -9,145         | -8,691            | 0               | 0               |
| Trade payables                                 | -1,573,260     | 0                 | 0               | 0               |
| Payables to associates and joint ventures      | -30,773        | 0                 | 0               | 0               |
| Other payables                                 | -119,811       | 0                 | 0               | 0               |
| <b>Derivative financial assets</b>             |                |                   |                 |                 |
| Forward exchange contracts and currency swaps  | 4,534          | 0                 | 0               | 0               |
| <b>Derivative financial liabilities</b>        |                |                   |                 |                 |
| Interest swaps                                 | -5,418         | -3,958            | -2,700          | -1,097          |
| Forward exchange contracts and currency swaps  | -105,366       | -169,925          | 0               | 0               |
| Bunker contracts                               | -14,999        | 0                 | 0               | 0               |
|  | <b>609,758</b> | <b>-1,085,230</b> | <b>-813,440</b> | <b>-661,162</b> |
| 2014   | 0-1 year       | 1-3 years         | 3-5 years       | After 5 years   |
| <b>Non-derivative financial assets</b>         |                |                   |                 |                 |
| Cash   | 694,503        | 0                 | 0               | 0               |
| Trade receivables                              | 1,660,561      | 0                 | 0               | 0               |
| Receivables from associates and joint ventures | 53,912         | 0                 | 0               | 0               |
| Other receivables and current assets           | 147,678        | 0                 | 0               | 24,601          |
| <b>Non-derivative financial liabilities</b>    |                |                   |                 |                 |
| Mortgages on ships                             | -195,456       | -393,175          | -181,565        | -599,760        |
| Mortgages on land and buildings                | -2,274         | -2,579            | -7,194          | -18,765         |
| Issued corporate bonds                         | -51,468        | -1,081,401        | -506,037        | 0               |
| Bank loans                                     | -85,545        | -115,762          | -102,334        | -146,173        |
| Other interest-bearing debt                    | -352           | -1,237            | 0               | -25,178         |
| Financial lease liabilities                    | -21,303        | -16,737           | 0               | 0               |
| Trade payables                                 | -1,492,933     | 0                 | 0               | 0               |
| Payables to associates and joint ventures      | -22,122        | 0                 | 0               | 0               |
| Other payables                                 | -103,763       | 0                 | 0               | 0               |
| <b>Derivative financial assets</b>             |                |                   |                 |                 |
| Forward exchange contracts and currency swaps  | 13,397         | 189               | 0               | 0               |
| <b>Derivative financial liabilities</b>        |                |                   |                 |                 |
| Interest swaps                                 | -9,984         | -5,950            | -3,345          | -2,440          |
| Forward exchange contracts and currency swaps  | -1,715         | -82,971           | -138,024        | 0               |
| Bunker contracts                               | -31,292        | 0                 | 0               | 0               |
|  | <b>551,844</b> | <b>-1,699,623</b> | <b>-938,499</b> | <b>-767,715</b> |



## Note 27 Financial and operational risks (continued)

### Assumptions for the maturity table:

The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

### Credit risks

DFDS' primary financial assets are trade receivables, other receivables, cash and derivative financial instruments. The credit risk is primarily attributable to trade receivables and other receivables.

The amounts in the balance sheet are stated net of write-downs on receivables, which have been estimated based on a specific assessment of the present economic situation for the specific customer.

DFDS' risks regarding trade receivables are not considered unusual and no material risk is attached to a single customer or cooperative partner. According to the Group's policy of undertaking credit risks, credit ratings of all customers and other cooperative partners are performed at least once a year. A few counterparties have provided bank guarantees for payments for the benefit of DFDS. These guarantees amounts to DKK 3.9m in 2015 (2014: DKK 3.7m). The fair value of the bank guarantees is DKK 3.9m (2014: DKK 3.7m).

Internal credit ratings are also prepared on a systematic and current basis for all financial counterparties. The internal credit rating is based on ratings from international credit rating companies. On the basis of the internal credit rating the Board of Directors have approved general limits for deposits, etc. with financial counterparties.

### Capital management

The Group has a defined target leverage and capital pay-out policy. DFDS targets a net interest bearing debt/EBITDA ratio of minimum 2.0x and maximum 3.0x which is believed to be an appropriate level given the current performance and financial projections. The net interest bearing debt/EBITDA ratio may at certain times deviate from the target, primarily if DFDS makes significant acquisitions and other strategic initiatives.

At year end 2015 the equity ratio for the Group was 52% (2014: 50%). DFDS targets an equity ratio of at least 40%.

DFDS' distribution policy is to pay dividend semi-annually. The payment of semi-annual dividends was introduced in August 2015 to facilitate a faster return of capital to shareholders and better align dividend payments with DFDS' seasonal cash flow cycle that peaks during the third quarter, which is the high season for passenger travel. Further information on the capital structure and distribution policy can be found under DFDS share and shareholder chapter in the Management review.

Due to the Group's sustained solid capital structure and net interest bearing debt/EBITDA level the proposed dividend for 2015 is DKK 3.00 per share to be distributed after the annual general meeting and a planned DKK 2.00 per share to be distributed in August 2016. The total planned dividend for 2016 amounts to DKK 5.00 per share equal to 30% of the profits excluding non-controlling interests (2014: DKK 3.6 per share or 52% of the profits excluding non-controlling interests.) Dividend per share has been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5. A further DKK 1.80 per share was distributed as dividend during 2015 (2014: DKK 0).

The Group's cost of capital (WACC) was calculated at 6.0% (2014: 6.0%) and the return on invested capital (ROIC) was 13.3% (2014: 7.2%). DFDS' target is a return on invested capital of minimum 10% across cycle.

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## Note 27 Financial and operational risks (continued)

| 2015                      | Expected future transactions | Hedge instrument | Time to maturity | Notional principal amount | Expected timing of recycling to income statement of gains/losses recognised in the equity |               |               |                | Fair value |
|---------------------------|------------------------------|------------------|------------------|---------------------------|---|---------------|---------------|----------------|------------|
|                           |                              |                  |                  |                           | 0-1 year  | 1-3 years     | 3-5 years     | After 5 years  |            |
| Interest                  | Interest swaps               | 0-8 years        | 806,875          | -5,418                    | -3,958  | -2,700        | -1,097        | -13,173        |            |
|                           | Bunker contracts             |                  |                  |                           |   |               |               |                |            |
| Goods purchased           | (tons)                       | 0-1 years        | 42,168           | -14,999                   | 0   | 0             | 0             | -14,999        |            |
| Bond loans                | Currency swaps               | 0-3 years        | 1,200,000        | 1,263                     | -11,088   | 0             | 0             | -9,825         |            |
| Sales and goods purchased | Forward exchange contracts   | 0-1 years        | 51,046           | 979                       | 0   | 0             | 0             | 979            |            |
|                           |                              |                  |                  | <b>-18,175</b>            | <b>-15,046</b>  | <b>-2,700</b> | <b>-1,097</b> | <b>-37,018</b> |            |

DKK '000

| 2014                      | Expected future transactions | Hedge instrument | Time to maturity | Notional principal amount | Expected timing of recycling to income statement of gains/losses recognised in the equity |                |               |                | Fair value |
|---------------------------|------------------------------|------------------|------------------|---------------------------|---|----------------|---------------|----------------|------------|
|                           |                              |                  |                  |                           | 0-1 year  | 1-3 years      | 3-5 years     | After 5 years  |            |
| Interest                  | Interest swaps               | 0-9 years        | 900,571          | -9,281                    | -4,609  | -2,299         | -1,691        | -17,880        |            |
|                           | Bunker contracts             |                  |                  |                           |   |                |               |                |            |
| Goods purchased           | (tons)                       | 0-1 years        | 89,732           | -31,292                   | 0   | 0              | 0             | -31,292        |            |
| Bond loans                | Currency swaps               | 1-4 years        | 1,200,000        | 0                         | -1,103  | -12,158        | 0             | -13,261        |            |
| Sales and goods purchased | Forward exchange contracts   | 0-1 years        | 98,476           | 3,612                     | 0   | 0              | 0             | 3,612          |            |
|                           |                              |                  |                  | <b>-36,961</b>            | <b>-5,712</b>   | <b>-14,457</b> | <b>-1,691</b> | <b>-58,821</b> |            |

The fair values of interest swaps have been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated on the basis of a swap interest curve, which is calculated based on a wide spread of market interest rates.

The fair values on forward exchange contracts are based on interest curve calculations in DFDS' Treasury system. Calculations are based on a spread of market interest rates in the various currencies. Calculation of bunker contracts are based on quoted forward curve from various financial institutions.

**Note 27 Financial and operational risks (continued)**
**Operational risks**

Operational risks arise from the cash flow transactions. The size of the transactions made through the financial year is affected by the change in different market rates such as interest and foreign exchange rates. Currency risks are monitored continuously to ensure compliance with the financial risk management policy.

**Currency cash flow risks**

Approximately 89% of DFDS' revenues are invoiced in unhedged foreign currencies (2014: 87%) with the most substantial net income currencies being EUR, SEK, GBP and NOK. USD was the most substantial net expense currency. EUR is considered as minor risk bearing due to the DKK's close band to the EUR. For other entities than the Parent Company the currencies used are primarily their functional currency. The table below shows the currency cash flow exposure.

DKK '000

| Profit or loss effect of reasonable possible change against DKK | 2015   | 2014   |
|---|--------|--------|
| SEK, profit or loss effect, 10% weakening                       | -17.2  | -19.4  |
| NOK, profit or loss effect, 10% weakening                       | -7.1   | -9.8   |
| GBP, profit or loss effect, 10% weakening                       | -15.5  | -11.7  |
| USD, profit or loss effect, 10% strengthening                   | -153.7 | -159.9 |

**Bunker risks**

The cost of bunkers constitutes a specific and significant operational risk partly due to large fluctuations in bunker prices and partly due to the total annual bunker costs of approximately DKK 1,304m or 10% of the Group's revenue in 2015 (2014: DKK 1,692m or 13% of the Group's revenue).

In the freight industry, bunker costs are primarily hedged by price-adjustment clauses (BAF) in freight customer contracts. In the passenger industry, fluctuations in the cost of bunkers are reflected in the ticket price to the extent possible. In addition, hedging transactions, primarily bunker swaps, are used to manage risk of the remaining bunker costs.

DKK '000

| Note 28 Non-cash operating items                                      | 2015          | 2014          |
|---|---------------|---------------|
| Change in provisions  | 48,037        | 500           |
| Change in write-down of inventories for the year                      | 884           | 441           |
| Change in provision for defined benefit plans and jubilee obligations | -277          | 5,869         |
| Vesting of share option plans expensed in the income statement        | 7,192         | 6,521         |
| <b>Non-cash operating items</b>                                       | <b>55,836</b> | <b>13,331</b> |

DKK '000

| Note 29 Change in working capital | 2015           | 2014          |
|-----------------------------------|----------------|---------------|
| Change in inventories             | 278            | 37,603        |
| Change in receivables             | 77,146         | -48,244       |
| Change in current liabilities     | 121,266        | 50,117        |
| <b>Change in working capital</b>  | <b>198,690</b> | <b>39,476</b> |

DKK '000

**Note 30 Change in other financial loans, net**

|   | 2015           | 2014           |
|---|----------------|----------------|
| Instalments and repayments of loans         | -95,681        | -51,073        |
| Raising of loans                            | 0              | 370,547        |
| <b>Change in other financial loans, net</b> | <b>-95,681</b> | <b>319,474</b> |

**Note 31 Acquisition and sale of enterprises and activities**
**Acquisitions 2015**

1 February 2015 the DFDS Group obtained control and 100% ownership of the logistics activities from Beltrin s.r.o. in Czech Republic. The activities are included in Business Unit Continent. 2 March 2015 the DFDS Group acquired certain logistics activities, including employees, certain operating assets and lease agreements of operating equipment, from Volvo Logistics Corporation in Sweden. The activities are included in Business Unit Nordic.

Estimated total yearly revenue of the two acquired activities is around DKK 100m. Total purchase price for the two activities is DKK 7m. The impact from the acquisitions on revenue and EBIT is insignificant. Transaction costs were insignificant and have been expensed as part of administration costs. Goodwill amounts to DKK 0.8m.

**Acquisitions 2014**
**Quayside Group Acquisition**

On 1 July 2014 the acquisition of Quayside Group was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 100% ownership of the acquired companies. The acquired companies are consolidated in the consolidated financial statements of DFDS A/S as from this date.

The acquisition is 100% made by the subsidiary DFDS Logistics Partners Limited and the acquired companies are after the acquisition included in Business Unit UK & Ireland.

DFDS paid DKK 102.8m for the acquisition of the Group. In addition, two earn-out agreements have been entered into according to which DFDS, based on the acquired Group's financial performance for 2013/14 and 2014/15, may pay an additional cash consideration in the range of DKK 0-23.3m.

Based on the expectations to the acquired Group's earnings for 2013/14 and 2014/15 the earn-out agreements are estimated to DKK 23.3m. Consequently, the total purchase price is calculated at DKK 126.1m.

The acquisition has a negative liquidity effect of DKK 99.9m as cash at hand and in bank in the acquired companies amounts to DKK 2.9m whereas the cash consideration paid amounts to DKK 102.8m

In connection with the acquisition DFDS has measured identifiable intangible assets in the form of customer relations which are recognised in the acquisition balance sheet at their fair value. The fair value of customer relations is calculated to DKK 19.0m at acquisition date.

Following recognition of acquired identifiable assets and liabilities at their fair value, the goodwill related to the acquisition is measured at DKK 104.3m. Goodwill relates to Business Unit UK & Ireland. The goodwill represents the value of assets whose fair value cannot be reliably measured, including the value of the staff and know-how taken over, expected synergies from combining the acquired Group with the existing DFDS activities and network. The valuation of these assets is either subject to great uncertainty or beyond DFDS' control. Accordingly, such fair values are deemed not to be reliable for accounting purposes.

**Note 31 Acquisition and sale of enterprises and activities (continued)**

Trade receivables have been recognised at the acquisition date at a fair value of DKK 33.4m which is DKK 2.6m less than their gross value.

DFDS Group incurred transaction costs (including stamp duty) of DKK 1.0m, which are recognised in Cost of sales and administration in the income statement.

**STEF Acquisition**

On 31 January 2014 the acquisition of the two Scottish companies STEF Transport Limited and Seagull Transport Limited from STEF was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 100% ownership of the acquired companies. The acquired companies are consolidated in the consolidated financial statements of DFDS A/S as from 1 February 2014.

The acquisition is 100% made by the subsidiary DFDS Logistics Limited and the acquired companies are after the acquisition included in Business Unit UK & Ireland.

DFDS paid DKK 17.0m for the acquisition of the companies.

The acquisition has a positive liquidity effect of DKK 18.8m as cash at hand and in bank in the acquired companies amounts to DKK 35.8m whereas the cash consideration paid amounts to DKK 17.0m.

Following recognition of identifiable assets and liabilities at their fair value, the goodwill related to the acquisition has been measured at DKK 0.9m. The acquired companies have been loss making and after the remeasurement of acquired net assets to fair value a goodwill of DKK 0.9m occur, which is recognised as income under Special items in 2014.

Trade receivables have been recognised at the acquisition date at a fair value of DKK 11.3m which is DKK 1.4m less than their gross value

DFDS Group incurred transaction costs of DKK 0.6m, which are recognised in Cost of sales and administration in the income statement.

As a part of the transactions the continental distribution and handling activities of DFDS Logistics located in Boulogne sur Mer were sold to STEF as per 31 January 2014. The activities were part of the Business Unit UK and Ireland. The transferred activities included six employees, transport contracts and lease of buildings in Boulogne sur Mer. The sales price amounts to DKK 0.9m. No balance sheet items were transferred. The sale results in a gain of DKK 0.9m which is recognised as income under Special items in 2014.

| DKK m                         | Fair value at acquisition date         |   |
|-------------------------------|--|---|
|                               | STEF Acquisition<br>(as from 1/2-2014) | Quayside Group<br>Acquisition<br>(as from 1/7-2014) |
| <b>Acquisition Date</b>       |  |   |
| Non-current intangible assets | 0.0                                    | 19.0  |
| Non-current tangible assets   | 9.2                                    | 95.3  |
| Deferred tax asset            | 14.0                                   | 8.6   |
| <b>Non-current assets</b>     | <b>23.2</b>                            | <b>122.9</b>  |
| Receivables                   | 11.7                                   | 43.3  |
| Cash at hand and in bank      | 35.8                                   | 2.9   |
| <b>Current assets</b>         | <b>47.5</b>                            | <b>46.2</b>   |
| <b>Assets</b>                 | <b>70.7</b>                            | <b>169.1</b>  |

**Note 31 Acquisition and sale of enterprises and activities (continued)**

| DKK m   | Fair value at acquisition date         |   |
|---|--|---|
|   | STEF Acquisition<br>(as from 1/2-2014) | Quayside Group<br>Acquisition<br>(as from 1/7-2014) |
| <b>Acquisition Date</b>                                   |  |   |
| Interest bearing debt                                     | 44.4                                   | 62.6  |
| Non-interest bearing debt                                 | 0.0                                    | 10.6  |
| <b>Non-current liabilities</b>                            | <b>44.4</b>                            | <b>73.6</b>   |
| Trade payables  | 5.4                                    | 17.7  |
| Interest bearing debt                                     | 0.0                                    | 37.4  |
| Other current liabilities                                 | 3.0                                    | 19.0  |
| <b>Current liabilities</b>                                | <b>8.4</b>                             | <b>74.1</b>   |
| <b>Liabilities</b>  | <b>52.8</b>                            | <b>147.3</b>  |
| <b>Fair value of acquired net assets</b>                  | <b>17.9</b>                            | <b>21.8</b>   |
| <b>Total purchase price</b>                               |  |   |
| Cash consideration  | 17.0                                   | 102.8   |
| Deferred consideration (estimated fair value of earn-out) | 0.0                                    | 23.3  |
| <b>Fair value of the purchase price</b>                   | <b>17.0</b>                            | <b>126.1</b>  |
| <b>Goodwill / (badwill) at acquisition</b>                | <b>-0.9</b>                            | <b>104.3</b>  |

Of the Group's total revenue of DKK 12,779.1m for the period 1 January - 31 December 2014 DKK 64.7m relates to the STEF acquisition (consolidated from 1 February 2014) and DKK 112.4m relates to the Quayside Group acquisition (consolidated from 1 July 2014). Of the Group's profit before tax of DKK 501.4m for the period 1 January - 31 December 2014 DKK 2.8m relates to the STEF acquisition and DKK 2.9m relates to the Quayside Group acquisition.

Had the acquisitions occurred at the beginning of the financial year, the Group's total revenue for the period 1 January - 31 December 2014 would estimated amount to approximately DKK 12,895.7m, and result before tax would estimated amount to approximately DKK 507.2m.

**Other acquisitions in 2014**

DFDS has during 2014 acquired an agency activity (no assets and liabilities were acquired) related to the route Marseille - Tunis for a cash consideration of DKK 3.7m.

DKK '000

| <b>Note 32 Acquisition of non-controlling interests</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|
| AB DFDS Seaways   | -445        | -588        |
| <b>Acquisition of non-controlling interests</b>         | <b>-445</b> | <b>-588</b> |

Acquisition of shares in AB DFDS Seaways during 2015 amounts to DKK 0.4m (2014: DKK 0.6m), equivalent to an ownership of 0.11% (2014: 0.14%) after which the company is owned 96.8% (2014: 96.7%). Badwill of DKK 1.2m (2014: DKK 1.6m) is recognised directly in the equity.

DKK '000

| <b>Note 33 Assets held for sale</b>                             | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| Non-current assets, former Norfolkline domicile in Scheveningen | 13,544        | 13,510        |
| Non-current assets, ro-pax ship Vilnius Seaways                 | 45,671        | 48,161        |
| <b>Total assets held for sale</b>                               | <b>59,215</b> | <b>61,671</b> |

**2015**

DFDS continues to search for a buyer to the former Norfolkline domicile in Scheveningen and is in discussions with a potential buyer. The domicile is expected to be sold during 2016. The global financial crisis, which has led to an increase in the selling time on the real estate market, is in DFDS' opinion one of the reasons that the building has not yet been sold. DFDS does not expect to involve the building in the company's future operation, thus the building's carrying amount is still expected to be recovered through a sale. The domicile is therefore still recognised as an asset held for sale.

DFDS continues to search for a buyer for the ro-pax ship Vilnius Seaways, which is taken out of the route network and chartered out. The ship is expected to be sold during 2016. Consequently, the ship is still recognised as an asset held for sale, and the carrying amount at 31 December 2015 has, based on valuations from independent ship brokers, been impaired by DKK 2.6m to DKK 45.7m reflecting best estimate of fair value less costs of disposal. A dry docking on Vilnius Seaways was carried out in January 2016 at an estimated cost of DKK 9.7m. It is assessed that this dry docking will not increase the value of the ship and therefore the contracted dry docking is accounted for as an onerous contract. Of the DKK 9.7m in estimated costs, only DKK 7.1m are outstanding as of 31 December 2015 and are recognised as liabilities relating to assets classified as held for sale.

In Q1 2015, the ro-ro freight ship Flandria Seaways was reclassified to asset held for sale. The ship was sold in April 2015 and resulted in a gain of DKK 12.3m, which is recognised under special items, reference is made to note 7.

**2014**

Assets held for sale includes the former Norfolkline domicile in Scheveningen, and the ro-pax ship Vilnius Seaways.

**Note 34 Guarantees, collateral and contingent liabilities**

Guarantees amount to DKK 572.0m (2014: DKK 437.6m) for the Group. In addition, DFDS A/S has issued an unlimited guarantee for a subsidiary to cover any obligations under a Payment Service Agreement for creditcard payments and a guarantee to cover all payments to an English defined benefit pension scheme with an underfunding of DKK 34.3m at 31 December 2015 (2014: DKK 26.0m).

The Group is in 2015 as well as in 2014 part in various legal disputes. The outcome of these disputes is not considered likely to influence DFDS significantly, besides what is already recognised in the balance sheet.

In terms of the contaminated land in one of the Group companies discovered in 2005, there is still no obligation to clean the land. If such obligation should occur, the Group has the possibility to get the cost adjusted in the original purchase price for the company. The seller of the land has made a deposit of DKK 24.6m (2014: DKK 24.0m) on a bank account in DFDS' name to cover this.

Certain ships with a total carrying amount of DKK 1,952.2m (2014: DKK 1,444.7m) have been pledged as security for mortgage on ships with a total carrying amount of DKK 1,155.0m (2014: DKK 1,207.2m).

At year end 2015 DKK 85.4m (2014: DKK 0) of the cash was deposited on restricted bank accounts as security for derivatives with negative fair values

DKK '000

| <b>Note 35 Contractual commitments</b>      | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| Contractual commitments, term 0-1 year      | 163,383        | 184,378        |
| Contractual commitments, term 1-5 years     | 200,208        | 72,801         |
| Contractual commitments, term after 5 years | 541,658        | 0              |
| <b>Contractual commitments</b>              | <b>905,249</b> | <b>257,179</b> |

Contractual commitments in 2015 relates to the developing of a terminal as well as the future charter payments relating to the lease of the ships Côte des Dunes and Côte des Flandres. The ships were deployed on the route Dover-Calais during February 2016 at which time the lease arrangement has commenced and the ships are recognised as a financial lease.

Contractual commitments in 2014 relates to installation of scrubbers, developing of terminal and takeover of logistics service activities from Volvo in Gothenburg.

| <b>Operating lease commitments (lessee)</b>              | <b>2015</b>      | <b>2014</b>      |
|--|------------------|------------------|
| <b>Minimum lease payments</b>                            |                  |                  |
| 0-1 year   | 72,059           | 48,488           |
| 1-5 years  | 193,628          | 103,739          |
| After 5 years  | 9,507            | 7,545            |
| <b>Total buildings</b>                                   | <b>275,194</b>   | <b>159,772</b>   |
|  |                  |                  |
| 0-1 year   | 158,357          | 148,967          |
| 1-5 years  | 548,880          | 512,067          |
| After 5 years  | 1,339,627        | 1,399,271        |
| <b>Total terminals</b>                                   | <b>2,046,864</b> | <b>2,060,305</b> |
|  |                  |                  |
| 0-1 year   | 334,843          | 289,685          |
| 1-5 years  | 532,905          | 738,589          |
| After 5 years  | 0                | 6,155            |
| <b>Total ships</b>                                       | <b>867,748</b>   | <b>1,034,429</b> |
|  |                  |                  |
| 0-1 year   | 86,505           | 89,411           |
| 1-5 years  | 114,316          | 109,663          |
| After 5 years  | 1,697            | 2,303            |
| <b>Total equipment, etc.</b>                             | <b>202,518</b>   | <b>201,377</b>   |
|  |                  |                  |
| <i>Total minimum lease payments fall due as follows:</i> |                  |                  |
| 0-1 year   | 651,764          | 576,551          |
| 1-5 years  | 1,389,729        | 1,464,058        |
| After 5 years  | 1,350,831        | 1,415,274        |
| <b>Total minimum lease payments</b>                      | <b>3,392,324</b> | <b>3,455,883</b> |

The specified payments are not discounted.

### Note 35 Contractual commitments (continued)

Operating lease- and rent costs recognised in the income statement amount to DKK 947.2m for 2015 (2014: DKK 855.8m) of which DKK 37.6m (2014: DKK 27.7m) are contingent lease payments. The contingent part of the lease costs relates to terminals and is based on the throughput of volumes in the terminals.

Operating lease contracts on ships are typically concluded with lease terms of up to 12 months, but where most of the lease contracts contain an option to extend the lease term.

However, 4 leases were initially entered with a 10 year lease period, of which 2-4 years remain at 31 December 2015. A further 2 leases were initially entered with a 5 year lease period, of which 3-4 years remain at 31 December 2015.

Lease contracts on other assets are normal lease contracts including a minimum lease term after which the lease term can be terminated by giving 1 to 12 months' notice.

DFDS has not entered any substantial agreements, which will be effected, changed nor expired, if the control over the Group is changed as a consequence of takeover of the Group.

DFDS has purchase options on the chartered ships Regina Seaways and Athena Seaways.

DKK '000

| Operating lease commitments (lessor)   | 2015           | 2014           |
|--|----------------|----------------|
| <b>Minimum lease payments (income)</b> |                |                |
| <i>Ships</i>                           |                |                |
| 0-1 year                               | 104,466        | 150,944        |
| 1-5 years                              | 241,907        | 247,240        |
| After 5 years                          | 60,601         | 120,631        |
| <b>Total ships</b>                     | <b>406,974</b> | <b>518,815</b> |

The specified minimum payments are not discounted. Operational lease- and rental income recognised in the income statement amount to DKK 158.7m in 2015 (2014: DKK 143.6m). The contracts are entered into on usual conditions.

### Financial lease commitments (lessee)

| 2015         | Minimum lease payments | Hereof financing element | Carrying amount |
|--------------|------------------------|--------------------------|-----------------|
| 0-1 year     | 9,145                  | -924                     | 8,221           |
| 1-5 years    | 8,691                  | -865                     | 7,826           |
| <b>Total</b> | <b>17,836</b>          | <b>-1,789</b>            | <b>16,047</b>   |

| 2014         | Minimum lease payments | Hereof financing element | Carrying amount |
|--------------|------------------------|--------------------------|-----------------|
| 0-1 year     | 21,303                 | -2,188                   | 19,115          |
| 1-5 years    | 16,737                 | -1,665                   | 15,072          |
| <b>Total</b> | <b>38,040</b>          | <b>-3,853</b>            | <b>34,187</b>   |

Due to the acquisition in 2014 of the Quayside Group, DFDS Group took over financial lease contracts that primarily relates to trucks and trailers. The lease contracts expires between 2016 and 2019.

### Note 36 Related party transactions

Lauritzen Fonden, Copenhagen with a nominal shareholding of 42.5% exercises de facto control over DFDS A/S. Accordingly, the members of the Board of Directors and the Executive Board at Lauritzen Fonden as well as all companies owned by Lauritzen Fonden are related parties.

Furthermore, related parties comprise DFDS' Executive Board and Board of Directors, leading employees and close members of the family of those, DFDS' subsidiaries, associates and joint ventures, reference is made to note 41 and note 13.

Apart from intra-group balances and transactions (primarily charter hire, financing and commissions etc.), which are eliminated on consolidation, usual Executive Board remuneration and Board of Directors emoluments (reference is made to note 4), share options to the Executive Board and leading employees (reference is made to note 19) and the below transactions, no related-party transactions have been carried out during the year.

DKK '000

| 2015                          | Sale of services | Purchase of services | Receivables | Liabilities | Capital contributions |
|-------------------------------|------------------|----------------------|-------------|-------------|-----------------------|
| Associates and joint ventures | 23,603           | 199,110              | 55,094      | 30,773      | 21,195                |
| <b>2014</b>                   |                  |                      |             |             |                       |
| Associates and joint ventures | 19,326           | 204,920              | 53,912      | 22,122      | 0                     |



## Note 37 Impairment tests

### Introduction

DFDS has decided to impairment test all non-current assets at least at year-end, or more frequent if there is any indication of impairment.

### Definition of cash-generating units

The breakdown into cash-generating units takes its starting-point in the internal structure of the two segments, Shipping and Logistics, and their business areas, including the strategic, operational and commercial management and control of these, both separately and across business areas, and the nature of the customer services provided.

Based on this the following fourteen cash generating units have been identified:

#### Shipping:

- The business areas North Sea and Baltic Sea
- The business areas North Sea and Baltic Sea – comprising one ro-pax ship not operating in a route schedule
- The business area Channel
- The Copenhagen – Oslo route, which is part of the Passenger business area
- The Amsterdam – Newcastle route, which is part of the Passenger business area
- The business area France & Mediterranean

#### Logistics:

- The business area Nordic – comprising two sideport ships operating in a route schedule
- The business area Nordic – comprising terminals where each terminal is a separate cash-generating unit (4 units)
- The business area Nordic – comprising forwarding- and logistics activities in the Nordic and Baltic countries
- The business area Continent – forwarding- and logistics activities at the European continent
- The business area UK & Ireland – forwarding- and logistics activities in UK and Ireland

Non-current tangible and intangible assets are attributed to the above cash-generating units, unless this cannot be done with a reasonable degree of certainty. Software and other assets which cannot with reasonable certainty be attributed to one or more of the above cash-generating units are tested for impairment as a non-allocated Group asset, i.e. on the basis of Group earnings.

In 2014 Logistics included an additional cash generating unit 'The business area Nordic – comprising one sideport ship not operating in a route schedule', which no longer exist at year end 2015. During 2015 the sideport ship in this cash generating unit was grounded at a rock and following declared a total loss of construction. Subsequent to this there were no non-current tangible and intangible assets nor activities left in this cash generating unit.

### Basis for impairment testing and calculation of recoverable amount

In the impairment test for cash-generating units, the recoverable amount of the unit is compared with its carrying amount. The recoverable amount is the higher value of its value in use and its fair value less costs of disposal. If the recoverable amount is less than the carrying amount, the latter is written down to the lower value.

The value in use is calculated as the discounted value of the estimated future net cash flows per cash-generating unit. Impairment testing (value in use) is performed on the basis of management-approved budgets for the year 2016 and business plans. Key parameters are trends in revenue, EBIT margin, future investments and growth expectations. These parameters are determined specifically for each individual cash-generating unit. No growth is incorporated in the impairment test for projection periods beyond 2016 if the value in use exceeds the carrying amount of the tested assets without using growth, which is the case in the year end 2015 impairment test, except for the cash generating unit 'Continent – forwarding- and logistics activities at the European continent'. For this cash-generating unit we have applied improvement in EBIT-margin of 0.1%-point per year in 2017, 2018 and 2019 according to the Business Plan for the specific cash-generating unit, but neither growth beyond 2019 nor growth in the terminal period is applied. The projected growth is estimated based on expected impact from new customers and the effect of improvements from Group initiatives such as project 'Customer Focus' and 'Project 150'.

The recoverable amount for cash-generating units containing goodwill is determined based on value in use calculations. For a breakdown of goodwill on cash-generating units, reference is made to note 11.

## Note 37 Impairment tests (continued)

The fair value of the Group's main assets, ships, is determined on the basis of the average of several independent broker valuations less estimated costs of disposal. The task of the brokers is to assess the value of the individual ships in a 'willing buyer – willing seller' situation. The market is still somewhat uncertain with only few comparable transactions. Accordingly, the valuations are subject to greater uncertainty than would be the case in a normal and stable market with more comparable transactions. As the valuations have been obtained from the same recognized brokers as last year, Management consider an average of these to be the best and most reasonable expression of the ships' fair value

#### Determination of discount rate

Management determines a discount rate for each cash-generating unit on the basis of a risk-free rate, plus a market risk premium and a risk premium associated with the individual cash-generating unit. The risk-free interest rate is set at a 10-year Danish risk-free rate at year-end. The market risk premium is calculated as a general equity market risk premium of 5%, multiplied by the non-leveraged beta value of each cash-generating unit. Further, risk premium may be added if special conditions and/or uncertainties indicates a need hereto. Conversely, if the risk level for the individual cash-generating unit is considered to be lower than the general risk level, then the risk premium is reduced if special conditions indicates a need hereto.

The non-leveraged beta values are calculated by obtaining the non-leveraged beta values of peer-group companies for each business area via the Bloomberg database. The validity of each peer-group company's non-leveraged beta value is assessed in order to remove those with the lowest validity. There are generally few peer-group companies as values are available only for listed companies.

The pre-tax discount rates used in the two segments are within the following ranges:

|           | 2015         | 2014         |
|-----------|--------------|--------------|
| Shipping  | 6.6% - 8.0%  | 6.6% - 8.0%  |
| Logistics | 7.6% - 12.1% | 7.6% - 12.1% |

The applied discount rates in cash-generating units for which the carrying amount of goodwill forms a significant part of the Group's total goodwill are 6.6% (2014: 6.6%) in 'North Sea and Baltic Sea', 8.6% (2014: 8.6%) in 'Continent' and 7.6% (2014: 7.6%) in 'UK & Ireland'.

#### Sensitivity analysis

As part of the preparation of impairment tests, sensitivity analyses are prepared on the basis of relevant risk factors and scenarios that Management can determine with reasonable reliability. Sensitivity analyses are prepared by altering the estimates within the range of probable outcomes. The sensitivities have been assessed as follows, all other things being equal:

- An increase in the discount rate of 0.5%-points.
- A decrease in EBIT of 10%.
- A decrease in broker valuations of 10%.

None of these calculations have given rise to adjustments of the results of the impairment tests prepared.

#### Order of recognising impairments

If a need for impairment is identified, goodwill is the first to be impaired, followed by the primary non-current tangible and intangible assets in the individual cash-generating units. Impairments are allocated to the respective assets according to the carrying amount of the assets, unless this results in an impairment to a value below the fair value less costs of disposal of the asset; below the assets value in use (if determinable), or zero.

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**Note 37 Impairment tests (continued)**


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**Impairment tests 2015**

On the basis of the impairment tests prepared at year end 2015 it is not deemed necessary to impair any of the fourteen above mentioned cash-generating units in 2015 nor reverse any impairment losses recognised in prior years.

For one ship it has - based on a specific assessment rather than based on the impairment test calculations prepared at year end 2015 as such - been necessary to recognise an impairment loss of DKK 22.5m related to specific installations on the ship. The specific assessment that has led to the impairment loss is a concrete evaluation of the operationality of the installations. The impairment loss is recognised under 'Special items'.

The ship Vilnius Seaways is classified as held for sale and consequently, it has been measured individually at the lower of carrying amount and fair value less costs of disposal. Based on valuations from independent ship brokers Vilnius Seaways has been impaired by DKK 2.6m. The impairment of Vilnius Seaways is recognised under 'Impairment losses of ships and other non-current assets'.

**2014**

On the basis of the impairment tests prepared at year end 2014 it is considered necessary to recognise the following impairments losses:

The impairment test conducted for one of the terminals in the business area 'Nordic - comprising terminals where each terminal is a separate cash-generating unit', shows that a goodwill of DKK 0.5m related to the joint venture Oslo Container Terminal AS is impaired. DFDS' operation at the terminal will cease 31 January 2015 due to the loss of a concession agreement, which has led to the impairment. Consequently, an impairment loss of DKK 0.5m is recognised, after which the carrying amount of their goodwill is DKK 0. The impairment loss is recognised under 'Impairment losses on ships and other non-current assets'. The recoverable amount of the cash generating unit corresponds to the Group's proportionate share of the joint venture's equity.

The impairment test prepared for the business area 'France & Mediterranean', shows a need to recognise an impairment loss of DKK 3.7m on goodwill related to an agency activity on the route Marseilles-Tunis acquired during 2014. After the impairment the carrying amount of this goodwill is DKK 0. The impairment loss is recognised under 'Special items'. The remaining non-current tangible, intangible and financial assets of this cash-generating unit have a carrying amount of DKK 0.8m at 31 December 2014, which are not subject to impairment.

A prolonged decline in the fair value of an investment in securities (some listed shares) below its cost showed in Q1 2014 a need for recognising an impairment loss of DKK 1.2m. The loss of DKK 1.2m is transferred from Other comprehensive income to 'Financial costs' in the Income statement.

It is not deemed necessary to reverse any impairment losses recognised in prior years.

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**Note 38 Events after the balance sheet date**


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On 12 February 2016, a share buyback programme of DKK 650m was launched comprising two programmes to align DFDS' capital structure to the targeted leverage. The first programme of up to DKK 400m was structured as an auction process and completed on 24 February 2016. A total of 1.600.000 shares was acquired for DKK 250 per share equal to DKK 400m. The second programme of 250m started on 12 February 2016 and is to be completed on 17 August 2016 at the latest.

DFDS has entered into long term charter agreements for the ferries Côte des Dunes and Côte des Flandres which are finance leases. The ferries, Côte des Dunes and Côte des Flandres will be recognized as non-current assets once agreements commence. The ferries have been deployed in February 2016.

On 25 February 2016, DFDS awarded 211.598 share options to the Executive Board and a number of key employees. The theoretical value of the share options is DKK 7.5m calculated according to the Black-Scholes-model.

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**Note 39 Significant accounting estimates and assessments**


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In the preparation of the consolidated financial statements, Management undertakes a number of accounting estimates and assessments, and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company. These estimates, assessments and assumptions are based on historical experience and other factors which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates and assessments. For a detailed description of the Group's accounting policies, reference is made to note 40.

In the opinion of Management, the following accounting estimates and assessments are significant in the preparation of the annual report.

**Uncompleted deliveries (mainly in Logistics Division)**

The net revenue comprise the year's completed freight deliveries and services, as well as the movements in the value of uncompleted freight deliveries. Direct costs consist of costs incurred to achieve the net revenue for the year.

At the closing of interim periods, including year-end, estimates and assessments are undertaken regarding uncompleted freight deliveries, including the accruals of revenues and direct costs. These estimates and assessments are based on historical experience, etc.

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**Note 39 Significant accounting estimates and assessments (continued)**


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**Business Combinations**

When enterprises are acquired, the assets, liabilities and contingent liabilities of the acquired enterprises are recognised in accordance with the acquisition method described in IFRS 3. In determining the fair value of the acquired assets, liabilities, contingent liabilities and purchase consideration Management undertakes certain estimates and assessments.

Some business combinations contain several transactions that are considered linked to each other and therefore accounted for as one linked transaction. This involves a number of estimates and assessments based on the substance of the components in the acquisition, rather than strictly looking at legal agreements.

The unallocated acquisition price is recognised in the balance sheet as goodwill and allocated to the Group's cash-generating units it relates to, which is determined based on Management's assessment.

**Impairment testing of goodwill and other non-current intangible assets**

Impairment testing of goodwill and other non-current intangible assets, which primarily relate to IT and customer portfolio, is undertaken at least once every year, and in case of indication of impairment. The impairment tests are based on the expected future cash flow for the cash-generating unit in question. For further description of impairment testing of goodwill and other non-current intangible assets, reference is made to note 37.

**Impairment testing of ships, including the assessment of useful life and scrap value**

Significant accounting estimates and assessments regarding ships include the decomposing of the ship's cost price on the basis of the expected useful life of its component elements; the ship's expected maximum useful life, its scrap value and impairment test. The expected useful life of ships and their scrap values are reviewed and estimated at least once a year. Impairment tests are also carried out when there is an indication of impairment.

For further details of estimates and assessments relating to ships, please refer to the description of accounting policies in note 40 and note 37, which provide further information on impairment testing.

**Impairment of bad debts**

Receivables are recognised at amortised cost price less impairment to meet expected losses. Impairments are recognised based on the customers ability and/or willingness to pay.

The need for impairments on the individual customer and the adequacy hereof, is assessed by the Management on the basis of historical data on customer payment patterns, age distributions, dubious receivables, customer concentrations, customer creditworthiness, and any collateral received.

**Pensions and similar liabilities**

The Group's defined benefit pension plans are calculated on the basis of a number of key actuarial assumptions, including discount rate, the anticipated returns on the plans' assets, the anticipated development in wages and pensions, anticipated mortality, etc. Even moderate alterations in these assumptions can result in significant changes in pension liabilities.

The value of the Group's defined pension benefit plans is based on calculations undertaken by external actuaries.

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**Note 39 Significant accounting estimates and assessments (continued)**


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**Deferred tax assets**

Deferred tax assets, including the tax value of tax losses carried forward, are recognised to the extent that Management assesses that the tax asset can be utilised through positive income in the foreseeable future. Assessment is performed annually on the basis of forecasts, business initiatives and structural changes for the coming years.

**Leasing agreements**

The Group has entered into leasing/charter agreements for ships, buildings and other equipment, under usual terms and conditions for such agreements. At inception of each individual agreement, Management assess and determine whether the agreement is a financial or an operational leasing agreement.

**Derivatives**

When entering into agreements involving derivatives, management assesses whether the derivative in question meets the requirement as to effective hedging, including whether the hedging relates to recognised assets and liabilities, projected future cash flows, or financial investments. Monthly effectiveness tests are carried out, and any inefficiency is recognised in the income statement.

**Special items**

The use of special items includes Management's assessments in order to distinguish certain items from other income statement items, cf. the accounting policies. In general, special items comprise significant items not directly attributable to the Group's operating activities, such as restructuring costs in connection with significant process, structural and organisational changes, as well as any disposal gains or losses in this respect. Significant non-recurring items are also classified as special items. Reference is made to note 7 for a further itemisation and description of special items.

**Provisions and contingencies**

Management assesses provisions and contingencies on an ongoing basis, as well as the likely outcome of pending or potential legal proceedings, etc. Such outcome depend on future events, which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., Management uses external legal advisers as well as relevant case law.

## Note 40 Accounting Policies

The 2015 consolidated financial statements and parent company financial statements of DFDS A/S have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

On 26 February 2016, the Board of Directors and Executive Management Board considered and approved the 2015 annual report of DFDS A/S. The annual report will be presented to the shareholders of DFDS A/S for approval at the ordinary annual general meeting on 31 March 2016.

### Basis for preparation

The consolidated financial statements and the parent company financial statements are presented in Danish Kroner (DKK) which is the Parent Company's functional currency.

The consolidated financial statements and the parent company financial statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as available-for-sale are measured at fair value.

Non-current assets and assets held for disposal classified as held for sale are measured at the lower of the book value before the changed classification and the fair value less costs to sell.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures.

### Roundings

In general roundings may cause variances in sums and percentages in the annual report.

### New International Financial Reporting Standards and Interpretations

In 2015, the Group has adopted the following new International Financial Reporting Standard and Interpretation:

- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adaptation of this has not had significant impact on recognition and measurement, but have led to further specifications in the Notes and in the consolidated statements of comprehensive income.

The other accounting policies for the 2015 consolidated financial statements and parent company financial statements are unchanged compared with last year.

### New standards and interpretations not yet adopted

The IASB has issued a number of new or amended standards and interpretations with effective date post 31 December 2015. The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2015. The Group expects to adopt the Standards and Interpretations when they become mandatory.

- IFRS 9: Financial instruments (Effective for annual periods on or after 1 January 2018) \*
- IFRS 14: Regulatory Deferral Accounts (Effective for annual periods on or after 1 January 2016) \*
- IFRS 15: Revenue from Contracts with Customers (Effective for annual periods on or after 1 January 2018) \*
- IFRS 16: Leases (Effective for annual periods on or after 1 January 2019) \*
- Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (Effective for annual periods on or after 1 January 2016)
- Amendment to IAS 1: Disclosure Initiative (Effective for annual periods on or after 1 January 2016)
- Amendment to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciations and Amortisation (Effective for annual periods on or after 1 January 2016)
- Amendment to IAS 16 and IAS 41: Agriculture Bearer Plant (Effective for annual periods on or after 1 January 2016)
- Amendment to IAS 27: Equity Method in Separate Financial Statement (Effective for annual periods on or after 1 January 2016)
- Amendment to IFRS 10 and IAS 28: Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Effective for annual periods on or after 1 January 2016)
- Amendment to IFRS 10, IFRS 12 and IAS 28 Investment entities: Applying the Consolidation Exception (Effective for annual periods on or after 1 January 2016) \*
- Annual improvements to IFRSs 2012-2014 Cycle

\* Not approved by EU

We expect that IFRS 16: Leases will impact the financial reporting of the Group as the Group has significant operational lease commitments. However a detailed analysis of the impact has not yet been made. None of the other standards and interpretations are expected to have a significant impact on recognition and measurement, but they will lead to further specifications in the Notes.

### Application of materiality and relevance

DFDS' annual report is based on the concept of materiality and relevance, to ensure that the content is material and relevant to the user. This objective is pursued by providing relevant rather than generic descriptions and information.

## Note 40 Accounting Policies (continued)

When assessing materiality and relevance, due consideration is given to ensure compliance with applicable accounting legislation etc. and to ensure that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at the balance sheet date and the operations and cash flows for the financial year.

The consolidated financial statements and the parent company financial statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes. The disclosure requirements throughout IFRS are substantial and DFDS provides these specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

### Significant accounting policies

Management considers the accounting policies for the following areas as the most important for the Group: consolidated financial statement; business combinations; non-current intangible assets; ships; impairment of bad debt; defined benefit pension plans; deferred tax asset; operational lease versus financial lease; derivatives; special items; provisions and contingencies. The individual areas are described below, together with other applied accounting policies.

Significant estimates, assessments etc. in connection with the application of the Group's accounting policies are mentioned in Note 39.

### DESCRIPTION OF ACCOUNTING POLICIES

#### Consolidated financial statements

The consolidated financial statements include the financial statements of DFDS A/S (the Parent Company) and the subsidiaries in which DFDS A/S controls the company's financial and operational policies. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the enterprise (i.e. subsidiary) or if it, in some other way controls the enterprise. DFDS A/S and these subsidiaries are referred to as the Group.

Enterprises, which are not subsidiaries, over which the Group exercises significant influence, but which it does not

control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50% or by, according to agreement, jointly controlling the enterprise together with one or more other companies (joint venture).

The consolidated financial statements are based on the financial statement of the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances and unrealised inter-company gains and losses. The consolidated financial statements are based on financial statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are eliminated against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investments in associates and joint ventures are recognised in the consolidated financial statements at the proportionate share of the associate's / joint venture's net asset value. Unrealised inter-company gains and losses from transactions with associates and joint ventures are eliminated by the Group's interest in the respective associate/jointly controlled enterprise.

#### Minority interests

In the consolidated financial statements, the individual financial line items of subsidiaries are recognised in full. The minority interests' share of the results for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's results and equity, respectively, but are presented separately in the proposed profit appropriation and the statement of changes in equity. If a minority interest has a put option to sell its ownership interest to DFDS, the fair value of the put option is recognised as an interest-bearing liability, which means that the results for the year and equity attributable to minority interests are not presented separately in the proposed profit appropriation and the statement of changes in equity.

#### Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

#### Note 40 Accounting Policies (continued)

Business combinations where control is obtained by the DFDS Group are recognised using the acquisition method. The identifiable assets, liabilities and contingent liabilities of newly-acquired enterprises are assessed at their fair value on the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date on which the DFDS Group obtains actual control over the acquired enterprise.

Positive differences (goodwill) between, on the one hand, the purchase price, the value of minority interests in the acquired enterprise and the fair value of any previously acquired shareholdings, and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under non-current intangible assets. Goodwill is not amortised, but is tested annually for impairment. The first impairment test is performed within the end of the acquisition year.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Allocation of goodwill to cash-generating units is described in notes 11 and 37.

Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a different functional currency than the DFDS Group's presentation currency are treated as assets and liabilities of the foreign enterprise, and are translated and converted at first recognition to the functional currency of the foreign enterprise at the exchange rate on the transaction date. Negative goodwill (badwill) is recognised in the income statement at the acquisition date.

The purchase consideration of an enterprise is the fair value of the agreed payment in the form of assets acquired, liabilities assumed, and equity instruments issued. If part of the consideration is contingent on future events or fulfilment of agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are recognised directly in the income statement when incurred.

If, at acquisition date, uncertainty exist regarding the identification and measurement of acquired assets, liabilities or contingent liabilities, or determination of the purchase price, then initial recognition and measurement is done based on preliminary values. The preliminary values may be adjusted until 12 months from the date of the acquisition, provided that the initial recognition was preliminary or incorrect. All

other adjustments are recognised in the income statement as special items, including changes in estimates regarding contingent considerations.

When an enterprise is acquired in more than one transaction (step acquisition), the shareholdings which the company held immediately prior to the transaction in which control is obtained are regarded as having been sold and immediately re-purchased at fair value on the acquisition date. Any difference between the "sales price" and the book value of these shareholdings is to be considered an accounting gain or loss on the shareholdings already held. Such gains or losses are recognised in the income statement under special items.

Incremental acquisitions after control has been obtained, i.e. purchase of minority interests, are recognised directly in equity. Disposal of minority interests not resulting in loss of control is likewise recognised directly in equity.

Gains or losses on disposal of subsidiaries, associates and joint ventures are calculated as the difference between the disposal consideration and the book value of net assets at the date of disposal, including the book value of goodwill, accumulated exchange gains and losses previously recognised in the equity as well as anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which previously were recognised directly in equity, are included in the calculation of the gain/loss. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

#### TRANSLATION OF FOREIGN CURRENCIES

##### Functional and presentation currency

Items included in the financial statements of each of the Group's enterprises are measured using the functional currency of the primary economic environment in which the enterprise operates. The consolidated financial statements are presented in Danish Kroner (DKK).

##### Translation of transactions and balances

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Currency gains and losses resulting from the settlement of these transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as financial

#### Note 40 Accounting Policies (continued)

income or cost, except when deferred in equity as qualifying for cash flow hedges.

Currency gains and losses on non-monetary items recognised at fair value, such as securities 'available for sale', are recognised in the same line item as the fair value gain or loss.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset on its initial recognition.

##### Translation of subsidiaries

In the consolidated financial statements, the income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, while the balance sheet items are translated at the exchange rates at the end of the reporting period.

Foreign exchange differences arising on translation of such subsidiaries' equity beginning of the reporting period at the exchange rates at the end of the reporting period and on translation of the income statements from average exchange rates to the exchange rates at the end of the reporting period, are recognised in other comprehensive income and attributed to a separate translation reserve under equity. The exchange rate adjustment is allocated between the parent company's and the minority interests' shares of equity.

When disposing of 100%-owned foreign enterprises, exchange differences which have accumulated in equity via Other comprehensive income, and which are attributable to the enterprise, are transferred from Other comprehensive income to the income statement together with any gains or losses associated with the disposal.

When disposing of partially-owned foreign enterprises, the part of the foreign currency translation reserve which relates to the minority interests is not transferred to the income statement.

In the partial disposal of foreign subsidiaries without losing control, a proportionate share of the accumulated currency translation reserve recognised in Other comprehensive income is transferred from the Parent Company's equity share of equity to that of the minority shareholders.

In the partial disposal of associates and joint ventures, the proportionate share of the accumulated currency translation

reserve recognised in other comprehensive income is transferred to the income statement.

Repayment of balances which accounting wise are considered part of the net investment is not considered a partial disposal of the subsidiary.

##### Derivative financial instruments

Derivative financial instruments are measured in the balance sheet at fair value as from the date where the derivative financial instrument is concluded. The fair values of derivative financial instruments are presented as other receivables if positive or other liabilities if negative. Netting of positive and negative derivative financial instruments is only performed if the company is entitled to and has the intention to settle more derivative financial instruments as a net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

##### Fair value hedge

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability based on the hedged proportion. Hedging of future cash flows according to agreements (firm commitments), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

##### Cash flow hedge

Changes of the fair value of derivative financial instruments designated as and qualifying for cash flow hedging and which effectively hedge changes in future cash flows, are recognised in other comprehensive income. The change in fair value that relates to the effective portion of the cash flow hedge is recognised as a separate equity reserve until the hedged cash flow impacts the income statement. At this point in time the related gains or losses previously recognised in Other comprehensive income are transferred to the income statement into the same line item as the hedged item is recognised.

For derivative financial instruments that no longer qualify for hedge accounting, the hedge is dissolved prospectively. The accumulated fair value in equity is immediately transferred to the income statement into the same line item as the hedged item is recognised.



## Note 40 Accounting Policies (continued)

### *Net investment hedge*

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries, associates and joint ventures and which effectively hedge currency fluctuations in these enterprises are in the consolidated financial statements recognised in other comprehensive income and attributed to a separate reserve in equity.

### *Other derivative financial instruments*

For derivative financial instruments that do not fulfil the requirements of being treated as hedge instruments, the changes in fair value are recognised successively in the income statement as financial income and cost.

### **Government grants**

Government grants to investments are offset against the cost of the asset in question, and thereby reduce the depreciation base of the asset. Government Grants are recognised when there is reasonable certainty that they will be received.

### **Rental and lease matters**

For accounting purposes, leases are divided into finance and operating leases.

Leases are classified as finance leases if they transfer to lessee substantially all the risks and rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the net present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as discount rate. Assets held under finance leases are depreciated and impairment tested in accordance with the Group's accounting policies applying for similar owned non-current assets or maximum over the lease term, depending on the lease conditions. The corresponding lease obligation for assets held under finance leases is recognised in the balance sheet at an amount equal to the net present value of the remaining lease obligation. The calculated interest element of the lease payment is recognised in the income statement under financial expenses.

Lease payments regarding operating leases are recognised in the income statement on a straight-line basis over the lease term unless another approach better reflects the utilisation of the asset. The remaining lease obligation for operating leases is disclosed as contingent liabilities in the Notes.

In respect of assets leased out on a finance lease, an amount equal to the net investment in the lease is recognised in the balance sheet as a receivable due from lessee. The asset leased out is derecognised, and any gain or loss arising from this is recognised in the income statement.

Lease income from assets leased out on an operating lease is recognised in the income statement on a straight-line basis over the lease term.

### **Sale and leaseback**

Gains or losses on 'sale and leaseback' transactions resulting in a finance lease are deferred and recognised over the lease term.

Gains on a 'sale and leaseback transaction' resulting in an operating lease are recognised in the income statement immediately if the transaction is made at fair value or the selling price is below fair value. If the selling price exceeds the fair value, the difference between the selling price and the fair value is deferred and amortised proportionately to the lease payments over the lease term. Losses on a 'sale and leaseback transaction' resulting in an operating lease are recognised in the income statement at the transaction date unless the loss can be compensated by future lease payments below fair value. In this case, the loss is to be deferred and amortised proportionately to the lease payments over the lease term.

### **Share option plans**

The Group has set up equity-settled share option plans. Part of the Company's holding of treasury shares is used for the share option plan.

The value of services received in exchange for granted share options is measured at the fair value of the share options granted.

The equity-settled share options are measured at the fair value at grant date and recognised in the income statement under staff costs over the vesting period. The counter posting is recognised directly in equity as a shareholder transaction.

At initial recognition of the share options, an estimate is made over the number of share options that the employees will vest, cf. the service conditions described in Note 19. Subsequent to initial recognition, the estimate of share options to be vested is adjusted whereby the total recognition is based on the actual number of vested share options.

## Note 40 Accounting Policies (continued)

The fair value of the granted share options is calculated using the Black-Scholes option-pricing model. Terms and conditions for each grant are taken into account when calculating the fair value.

### **Key figures**

Key figures are calculated in accordance with the Danish Finance Society' guidelines, 'Recommendations and Financial Ratios 2015'. The key figures stated in the overview with consolidated financial highlights are defined on the 'Definitions and Glossary' page.

## INCOME STATEMENT

### **Revenue**

Revenue from transport of passengers, freight and from rendering terminal and warehouse services etc, is recognised in the income statement at the time of delivery of the service to the customer, which is the time where risks and rewards transfer to the customer.

Revenue is measured at fair value, excluding value added tax and after deduction of trade discounts.

### **Costs**

When revenue from transport of passengers, freight and from rendering terminal and warehouse services etc is recognised as income, the related costs are recognised in the income statement.

### **Operating costs**

The operating costs comprise costs of sales related to catering; ship bunker consumption, including hedging; and maintenance and daily running costs of ships. Moreover, operating costs related to land-based activities as well as impairments and realised losses on trade receivables are included.

### **Charter hire**

Charter hire comprise costs related to bareboat and time charter agreements.

### **Staff costs**

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the respective employees.

### **Costs of sales and administration**

Comprises costs of sales, marketing and administration.

### **Profit/loss on disposal of non-current assets**

Profit/loss on disposal of non-current intangible and tangible assets is calculated as the difference between the disposal price and the book value of net assets at the date of disposal, including disposal costs.

### **Profit/loss from investments in associates and joint ventures**

The Group's income statement includes the proportionate share of the result in associates and joint ventures after tax and minority interests and after elimination of the proportionate share of inter-company profits/losses.

### **Special items**

In general, special items include significant income and expenses not directly attributable to the Group's operating activities, such as material structuring of processes and significant organisational restructurings/changes, as well as gains or losses arising in this connection, and which are of significance over time. In addition, other significant non-recurring amounts are classified as special items, including impairment of goodwill and ships; transaction costs and costs to advisers and integration in connection with large business combinations; changes to estimates of contingent considerations related to business combinations; gains and losses on the disposal of activities; and significant gains and losses on the disposal of non-current assets.

These items are classified separately in the income statement, in order to provide a more accurate and transparent view of the Group's recurring operating profit.

### **Financial income and expenses**

Financial income and costs comprise interest income and costs; realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies; realised gains and losses on securities; amortisation of financial assets and liabilities; interests on financial leasing agreements; bank charges and fees etc. Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

### **Tax**

Tax for the year comprises income tax, tonnage tax, and joint taxation contribution for the year of Danish subsidiaries as well as changes in deferred tax for the year. The tax relating to the profit/loss for the year is recognised in the income

#### Note 40 Accounting Policies (continued)

statement, and the tax relating to amounts recognised directly in equity is recognised directly in equity. Additionally, adjustments to prior years are included.

The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to utilise the tax losses to reduce their own taxable profit.

Tax computed on the taxable income and tonnage tax for the year is recognised in the balance sheet as tax payable or receivable or joint taxation contribution for Danish companies, taking into account on-account/advance payments.

Deferred tax is calculated on all temporary differences between the book value and the tax base of the assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non tax deductible goodwill that arose on acquisition date without impacting the result or taxable income.

Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to crystallise. Deferred tax assets are recognised at the value they expectedly can be utilised at in the foreseeable future.

Deferred tax is measured on the basis of the expected use and settlement of the individual assets and liabilities, and according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

#### ASSETS

Current assets are defined as:

- Assets expected to be realised in, or are held for sale or utilisation in, the normal course of DFDS' operating cycle, or
- Assets held primarily for trading purposes or which are expected to be realised within twelve months post the reporting date, or
- Cash or cash equivalent that are not restricted in use.

All other assets are classified as non-current assets.

#### Non-current intangible and tangible assets

Generally the following applies unless otherwise stated:

- Non-current intangible and tangible assets are measured at cost less accumulated amortisation/depreciation and impairment losses.
- The cost for non-current intangible and tangible assets include costs to external suppliers, materials and components, direct wages and salaries.
- The cost includes interests paid as from the time of payment until the date when the asset is available for use. The cost price also comprises gains and losses on transactions designated as hedges of non-current tangible assets.
- The basis for amortisation/depreciation is determined as the cost less estimated residual value.
- Non-current intangible and tangible assets are amortised/depreciated on a straight-line basis over the estimated useful life to the estimated residual value.
- Estimated useful life and estimated residual values are reassessed at least once a year. In estimating the estimated useful life for ships it is taken into consideration that DFDS continuously is spending substantial funds on ongoing maintenance.
- The effect from changes in amortisation/depreciation period or the residual value is recognised prospectively as a change in the accounting estimate.

#### Goodwill

At initial recognition goodwill is recognised in the balance sheet at cost, as described in the section 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

An impairment test is performed at least once a year in connection with the presentation of next year's budget. The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition. Allocation of goodwill to cash-generating units is described in notes 11 and 37.

#### Software

IT software purchased or internally developed is measured at cost less accumulated amortisation and impairment losses.

#### Development projects in progress

Development projects in progress, primarily the development of IT software, are recognised as non-current intangible assets if the following criteria are met:

#### Note 40 Accounting Policies (continued)

- the projects are clearly defined and identifiable;
- the Group intends to use the projects once completed;
- the future earnings from the projects are expected to cover the development and administrative costs; and
- the cost can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project, and is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, but in certain cases up to 10-15 years (where the latter goes for significant internally developed commercial and operational systems).

#### Other non-current intangible assets

Other non-current intangible assets comprise the value of customer relations or similar identified as a part of business combinations, and which have definite useful life. Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the expected useful life, which normally is 3-10 years.

#### Ships

The rebuilding of ships is capitalised if the rebuilding can be attributed to:

- Safety measures.
- Measures to extend the useful life of the ship.
- Measures to improve earnings.
- Docking.

Maintenance and daily running costs for the ships are recognised in the income statement as incurred.

Docking costs are capitalised and depreciated on a straight-line basis until the ship's next docking. In most cases, the docking interval is 2 years for passenger ships and 2½ years for ro-pax and freight ships.

Gains or losses on the disposal of ships are calculated as the difference between sales price less sales costs and the book value at disposal date. Gains or losses on the disposal of ships are recognised when substantially all risks and rewards incident to ownership have been transferred to the buyer, and are presented in the income statement as 'Profit on disposal of non-current assets, net'. However, if the amount is significant, it is recognised in 'Special items'.

#### Passenger and ro-pax ships

Due to differences in the wear of the components of passenger and ro-pax ships, the cost of these ships is divided into components with low wear, such as hulls and engines, and components with high wear, such as parts of the hotel, catering and shop areas.

#### Freight ships

The cost of freight ships is not divided into components as there is no difference in the wear of the various components of freight ships.

#### Depreciation – expected useful life and residual value

Normally the depreciation period for components with low wear is 35 years for passenger ships and 30 years for ro-pax and freight ships from the year in which the ship was built. The residual value is calculated as the value of the ship's steel less estimated costs of scrapping.

Components with high wear are normally depreciated over 10-15 years down to a residual value of DKK 0.

#### Other non-current tangible assets

Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment and leasehold improvements.

#### The estimated useful lifetimes are as follows:

|                        |   |
|------------------------|---|
| Buildings              | 25-50 years                                 |
| Terminals etc.         | 10-40 years                                 |
| Equipment etc          | 4-10 years                                  |
| Leasehold improvements | Max. depreciated over the term of the lease |

Gains or losses arising from the disposal of other non-current tangible assets are calculated as the difference between the disposal price less disposal costs and the book value at the date of disposal. Gains or losses on the disposal of these non-current assets are recognised in the income statement as 'Profit on disposal of non-current assets, net' or 'Special items' if the gain is significant.

## Note 40 Accounting Policies (continued)

### Investments in associates and joint ventures

Investments in associates and joint ventures are in the consolidated financial statements measured according to the equity method, whereby the investments in the balance sheet are measured at the proportionate share of the associates/ joint ventures' equity, calculated in accordance with the accounting policies of the Group, with the addition of the book value of any goodwill, and after deduction or addition of the proportionate share of unrealised intra-group profits and losses. The financial information for associate's and joint ventures reflects the amounts presented in the financial statements of the associate/joint venture.

Associates and joint ventures with negative equity are measured at DKK 0. If the Group has a legal or actual commitment to cover the associate's or joint venture's negative equity a corresponding provision is recognised.

Any receivables from the associates or joint ventures are written down to the extent the receivables are considered impaired.

### Other assets

Other non-current assets and current assets are on initial recognition measured at cost. Subsequently these assets are measured as one of the following categories:

- Trading portfolio: the asset is measured at fair value and the change in value is recognised in the income statement.
- Available-for-sale: the asset is measured at fair value and the change in value is recognised in other comprehensive income and attributed to a separate reserve in equity.
- Receivables: the asset is measured at amortised cost and the change in value is recognised in the income statement.

### Impairment

The carrying amount of non-current intangible, tangible and financial assets are continuously assessed, at least once a year, to determine whether there is an indication of impairment. When such indication exists the recoverable amount of the asset is assessed. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The value in use is calculated as the present value of the future net cash flow, which the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset is allocated.

Impairment tests (value in use) of goodwill are performed at least once a year. Management has also chosen that impairment tests of all the Group's non-current assets are per-

formed at least once a year, typically in December. Additional impairment tests are performed, if indications of impairment occur in the period between the annual impairment tests. Reference is made to note 37 for method description.

### Securities

Securities held as part of the investment portfolio are designated as 'available-for-sale', and are measured at fair value at first recognition. The recognition is made on the trade date. The subsequent measurement is made at fair value, which for listed securities is equal to the quoted market price. Non-listed securities are recognised at cost less impairment losses when it is not considered possible with reasonable assurance to estimate fair value.

Unrealised value adjustments on securities are recognised in other comprehensive income and attributed to a separate reserve (value adjustment of securities) in equity except for impairments, which are recognised in the income statement under 'Financial items'. When securities are disposed, then the accumulated value adjustment recognised in equity is transferred to 'Financial income or cost' in the income statement.

### Inventories

Inventories, which includes catering supplies, are measured at cost based on the weighted average cost method or the net realisable value where this is lower. Inventories, which include bunkers, are measured at cost based on the FIFO method or the net realisable value where this is lower. Other inventories are measured at cost based on the weighted average cost method or the net realisable value where this is lower.

### Receivables

Receivables are recognised at amortised cost less impairment losses, where it is assessed that an objective indication of impairment has occurred. Impairment is performed on an individual basis.

Receivables comprise other trade receivables; calculated receivables on hedges; insurance receivables on loss or damage of ships; financial lease receivables; outstanding balances for chartered ships; interest receivable, etc.

### Prepayments

The item includes costs incurred no later than at the balance sheet date, but which relates to subsequent periods, e.g. prepaid charters, rents, insurance premiums etc.

## Note 40 Accounting Policies (continued)

### Assets held for sale

Assets held for sale comprise assets and disposal groups that are designated as being up for sale. Disposal groups are groups of assets subject to be sold or otherwise disposed of in a single transaction. Liabilities related to assets held for sale comprise liabilities directly attached to these assets and which will follow the assets when disposed. Assets are designated as 'held for sale' when the book value is primarily recovered by sale within 12 months in accordance with a formal plan, instead of through continued usage.

Assets or disposal groups 'held for sale' are measured at the lowest value of the book value at the time of being designated as 'held for sale' or the fair value less sales costs. Assets are not amortised/depreciated from the date they are designated as 'held for sale'.

Impairment losses that occur when initially being designated as 'held for sale', as well as gains and losses from subsequent measurement at the lowest value of the book value or the fair value less sales costs, are recognised in the income statement.

Assets and associated liabilities are separated out of line items in the balance sheet, and the main items are specified in the notes. Comparative figures are not restated.

## EQUITY

### Dividends

Proposed dividend are recognised as liabilities at the date on which they are adopted at the annual general meeting (time of declaration). The expected dividend payment for the year is disclosed as a separate item in the equity.

### Reserve for treasury shares

The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value as well as dividend on treasury shares are recognised directly in equity under retained earnings.

### Currency translation reserve

The reserve comprises DFDS A/S shareholders' share of currency translation adjustments arising on the translation of net investments in enterprises with a functional currency other than DKK.

### Reserve for hedging

The hedging reserve comprises the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transactions have not been realised.

### Reserve for value adjustment of securities

The reserve for value adjustment of securities comprises accumulated changes in the fair value of the securities classified as 'available-for-sale'. The reserve is dissolved and transferred to financial items in the Income statement when the securities are sold or impaired.

## LIABILITIES

Current liabilities are:

- liabilities expected to be settled within the normal course of DFDS' operating cycle, or
- liabilities due to be settled within twelve months of the balance sheet date.

All other liabilities are classified as non-current liabilities.

### Pension obligations and other non-current obligations

contributions to defined contribution pension plans are recognised in the income statement in the period in which they relate, and any payable contributions are accrued in the balance sheet as other payables.

As regards defined benefit pension plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated based on assumptions of future development in wage/salary levels, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled to during their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations. Pension costs of the year are recognised in the income statement based on actuarial estimates and finance expectations at the beginning of the year.

The difference between the calculated development in pension assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains and losses.

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**Note 40 Accounting Policies (continued)**


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Changes in the benefits payable for employees' past service to the enterprise result in an adjustment of the actuarial calculation of the value in use, which is classified as past service costs. Past service costs are recognised in the income statement immediately if the employees have already earned the right to the adjusted benefit. Otherwise, the benefits will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Other non-current personnel obligations include jubilee benefits, etc.

**Other provisions**

Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation and that this can be reliably estimated. Provisions are recognised based on Management's best estimate of the anticipated expenditure for settling the relevant obligation and are discounted if deemed material.

**Interest-bearing liabilities**

Comprise amounts owed to mortgage/credit institutions and banks as well as amounts owed to owners of issued corporate bonds including liabilities arising from derivatives relating to issued corporate bonds. The amounts are initially recognised at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement under 'financial costs' over the term of the loan.

Interest-bearing liabilities also include capitalised residual lease obligations on finance leases. Other liabilities are recognised at amortised cost, which corresponds to the net realisable value in all material respects.

**Other payables**

Other payables comprise amounts owed to staff, including wages, salaries and holiday pay; amounts owed to the public authorities, including payable tax, VAT, excise duties, real property taxes, etc.; amounts owed in connection with the purchase/disposal of ships, buildings and terminals; interest expenses; fair value of hedges; amounts owed in relation to defined contribution pension plans etc.

**Deferred income**

Includes payments received from customers no later than at the reporting date, but which relates to income in subsequent periods.

**Cash flow statement**

The cash flow statement has been prepared using the indirect method, and shows the consolidated cash flow from operating, investing, and financing activities for the year, and the consolidated cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisition and disposal of enterprises is shown separately in cash flows to/from investing activities.

Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities is calculated on the basis of the profit/loss before amortisation and depreciation (EBITDA) and special items adjusted for the cash flow effect of special items, non-cash operating items, changes in working capital, payments relating to financial items and corporation tax paid. Cash flow from investment activities includes payments in connection with the acquisition and disposal of enterprises and activities and of non-current intangible assets, tangible assets and investments. Cash flow from financing activities includes changes in the size or composition of the Group's share capital, payment of dividends to shareholders and the obtaining and repayment of mortgage loans and other long-term and short-term debt. Cash and cash equivalents comprise cash, securities and foreign exchange adjustments of securities, cash and cash equivalents.

**Segment information**

The segment information has been compiled in conformity with the Group's accounting policies, and is in accordance with the internal management reports.

**Note 41 Company overview**

| Company                                       | Ownership share 2015 <sup>1</sup> | Country         | City             | Currency | Share Capital |
|---|-----------------------------------|-----------------|------------------|----------|---------------|
| <b>Operating – and holding Companies:</b>     |                                   |                 |                  |          |               |
| DFDS Seaways NV <sup>2</sup>                  |                                   | Belgium         | Gent             | EUR      | 62,000        |
| DFDS Logistics NV <sup>2</sup>                |                                   | Belgium         | Gent             | EUR      | 297,472       |
| DFDS Logistics Services NV                    |                                   | Belgium         | Brugge           | EUR      | 1,996,503     |
| Lisco Optima Shipping Ltd.                    | 96.77                             | Cyprus          | Limassol         | EUR      | 1,742         |
| DFDS Logistics s.r.o. <sup>2</sup>            |                                   | Czech Republic  | Prague           | CZK      | 1,100,000     |
| DFDS A/S                                      |                                   | Denmark         | Copenhagen       | DKK      | 1,230,000,000 |
| DFDS Stevedoring A/S <sup>2</sup>             |                                   | Denmark         | Esbjerg          | DKK      | 502,000       |
| DFDS Seaways Newcastle Ltd.                   |                                   | England         | Immingham        | GBP      | 8,050,000     |
| DFDS Seaways Plc. <sup>2</sup>                |                                   | England         | Immingham        | GBP      | 25,500,000    |
| DFDS Logistics Ltd. <sup>2</sup>              |                                   | England         | Immingham        | GBP      | 150,000       |
| DFDS Logistics Services Ltd. <sup>2</sup>     |                                   | England         | Immingham        | GBP      | 100           |
| DFDS Seaways (Holdings) Ltd. <sup>2</sup>     |                                   | England         | Immingham        | GBP      | 250,000       |
| DFDS Logistics Contracts Ltd.                 |                                   | England         | Immingham        | GBP      | 2,571,495     |
| DFDS Pension Ltd.                             |                                   | England         | Immingham        | GBP      | 165,210       |
| DFDS Logistics Grimsby Ltd.                   |                                   | England         | Immingham        | GBP      | 76,000        |
| DFDS Logistics Grimsby Holdings Ltd.          |                                   | England         | Immingham        | GBP      | 1,166         |
| DFDS Logistics Grimsby International Ltd.     |                                   | England         | Immingham        | GBP      | 1             |
| DFDS Logistics Property Ltd.                  |                                   | England         | Immingham        | GBP      | 250,000       |
| DFDS Seaways OÜ                               | 64.84                             | Estonia         | Tallinn          | EUR      | 3,800         |
| DFDS Logistics OY                             |                                   | Finland         | Kotka            | EUR      | 58,866        |
| DFDS Logistics SARL                           |                                   | France          | Boulogne sur Mer | EUR      | 30,000        |
| DFDS Seaways S.A.S. <sup>2</sup>              |                                   | France          | Dieppe           | EUR      | 37,000        |
| DFDS Logistics BV                             |                                   | the Netherlands | Vlaardingen      | EUR      | 474,780       |
| DFDS Seaways Terminals BV                     |                                   | the Netherlands | Vlaardingen      | EUR      | 72,000        |
| DFDS Seaways BV                               |                                   | the Netherlands | Vlaardingen      | EUR      | 18,400        |
| DFDS Holding BV                               |                                   | the Netherlands | Vlaardingen      | EUR      | 40,000,000    |
| DFDS Logistics Container Line BV <sup>2</sup> |                                   | the Netherlands | Vlaardingen      | EUR      | 18,151        |
| DFDS Seaways IJmuiden BV <sup>2</sup>         |                                   | the Netherlands | IJmuiden         | EUR      | 18,000        |
| DFDS Logistics Contracts (Ireland) Ltd.       |                                   | Ireland         | Dublin           | EUR      | 200           |
| DFDS Logistics (Ireland) Ltd. <sup>2</sup>    |                                   | Ireland         | Dublin           | EUR      | 3             |
| DFDS Logistics S.p.A. <sup>2</sup>            |                                   | Italy           | Fagnano          | EUR      | 140,400       |
| DFDS Logistics Baltic SIA                     |                                   | Latvia          | Liepaja          | EUR      | 113,886       |
| DFDS Seaways SIA <sup>2</sup>                 |                                   | Latvia          | Riga             | EUR      | 99,645        |
| AB DFDS Seaways <sup>2</sup>                  | 96.77                             | Lithuania       | Klaipeda         | EUR      | 96,438,756    |
| UAB Laivyno Technikos Prieziuros Base         | 96.77                             | Lithuania       | Klaipeda         | EUR      | 434,430       |
| UAB Krantas Travel                            | 96.77                             | Lithuania       | Klaipeda         | EUR      | 115,848       |
| NorthSea Terminal AS                          |                                   | Norway          | Brevik           | NOK      | 1,000,000     |
| DFDS Logistics AS <sup>2</sup>                |                                   | Norway          | Lysaker          | NOK      | 1,538,000     |
| Moss Container Terminal AS                    |                                   | Norway          | Moss             | NOK      | 1,000,000     |
| DFDS Logistics Rederi AS <sup>2</sup>         |                                   | Norway          | Oslo             | NOK      | 49,980,000    |
| DFDS Seaways AS <sup>2</sup>                  |                                   | Norway          | Oslo             | NOK      | 12,000,000    |
| DFDS Polska Sp. Z.o.o. <sup>2</sup>           |                                   | Poland          | Poznan           | PLN      | 5,000         |

**Note 41 Company overview (continued)**

| Company                                 | Ownership share 2015 <sup>1</sup> | Country | City           | Currency | Share Capital |
|---|-----------------------------------|---------|----------------|----------|---------------|
| DFDS Logistics East                     |                                   | Russia  | Kaliningrad    | RUB      | 48,000        |
| DFDS Seaways Ltd. <sup>2</sup>          | 99.99                             | Russia  | St. Petersburg | RUB      | 6,134,121     |
| DFDS Seaways AB                         |                                   | Sweden  | Gothenburg     | SEK      | 25,000,000    |
| DFDS Logistics AB                       |                                   | Sweden  | Gothenburg     | SEK      | 500,000       |
| DFDS Logistics Contracts AB             |                                   | Sweden  | Gothenburg     | SEK      | 50,000        |
| DFDS Seaways Holding AB <sup>2</sup>    |                                   | Sweden  | Gothenburg     | SEK      | 100,000       |
| DFDS Logistics Services AB <sup>2</sup> |                                   | Sweden  | Gothenburg     | SEK      | 1,100,000     |
| DFDS Logistics Karlshamn AB             |                                   | Sweden  | Karlshamn      | SEK      | 1,800,000     |
| Karlshamn Express AB                    |                                   | Sweden  | Karlshamn      | SEK      | 100,000       |
| Karlshamn Express & Spedition AB        |                                   | Sweden  | Karlshamn      | SEK      | 300,000       |
| DFDS Seaways GmbH <sup>2</sup>          |                                   | Germany | Cuxhaven       | EUR      | 25,000        |
| DFDS (Deutschland) GmbH <sup>2</sup>    |                                   | Germany | Hamburg        | EUR      | 102,300       |
| DFDS Logistics GmbH <sup>2</sup>        |                                   | Germany | Hamburg        | EUR      | 525,000       |
| DFDS Seaways Baltic GmbH                | 96.77                             | Germany | Kiel           | EUR      | 25,565        |

**21 Dormant companies**

<sup>1</sup> Unless otherwise indicated, the companies are 100% owned.

<sup>2</sup> Company is directly owned by the parent company DFDS A/S



# STATEMENTS

## STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today considered and approved the annual report of DFDS A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the parent company's operations and financial matters, of the result for the year and of the Group's and the parent company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 26 February 2016

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### EXECUTIVE BOARD

|  |   |
|--|---|
| <b>Niels Smedegaard</b><br>President & CEO | <b>Torben Carlsen</b><br>Executive Vice President & CFO |
|--|---|

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### BOARD OF DIRECTORS

|                                    |   |  |                           |
|------------------------------------|---|--|---------------------------|
| <b>Bent Østergaard</b><br>Chairman | <b>Vagn Sørensen</b><br>Deputy Chairman | <b>Claus Hemmingsen</b><br>Deputy Chairman | <b>Pernille Erenbjerg</b> |
| <b>Jill Lauritzen Melby</b>        | <b>Jørgen Jensen</b>                    | <b>Jens Otto Knudsen</b>                   | <b>Kent Vildbæk</b>       |
| <b>Lars Skjold-Hansen</b>          |   |  |                           |

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## INDEPENDENT AUDITORS' REPORT

### To the shareholders of DFDS A/S

#### Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of DFDS A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

*Management's responsibility for the consolidated financial statements and the parent company financial statements*  
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Frederiksberg, 26 February 2016

#### ERNST & YOUNG

Statsautoriseret Revisionspartnerselskab  
CVR-nr. 30 70 02 28

|   |  |
|---|--|
| Henrik Kronborg Iversen<br>State Authorised Public Accountant | Claus Tanggaard Jacobsen<br>State Authorised Public Accountant |
|---|--|



# FINANCIAL STATEMENTS

PARENT COMPANY

# INCOME STATEMENT

(1 JANUARY – 31 DECEMBER)

DKK '000

|  | Note | 2015              | 2014              |
|--|------|-------------------|-------------------|
| Revenue  | 1    | 6,712,403         | 6,583,192         |
| Costs  |      |                   |                   |
| Operating costs  | 2    | -3,375,248        | -3,556,213        |
| Charter hire   |      | -952,676          | -876,387          |
| Employee costs   | 3    | -745,111          | -718,670          |
| Cost of sales and administration                                       | 4    | -583,650          | -565,348          |
| <i>Total costs</i>   |      | <i>-5,656,685</i> | <i>-5,716,618</i> |
| <b>Operating profit before depreciation (EBITDA) and special items</b> |      | <b>1,055,718</b>  | <b>866,574</b>    |
| Profit on disposal of non-current assets, net                          | 5    | -2,610            | 347               |
| Depreciation, amortisation and impairment                              | 9,10 |                   |                   |
| Depreciation ships   |      | -328,061          | -295,257          |
| Depreciation other non-current assets                                  |      | -39,350           | -45,059           |
| <i>Total depreciation and impairment</i>                               |      | <i>-367,411</i>   | <i>-340,316</i>   |
| <b>Operating profit (EBIT) before special items</b>                    |      | <b>685,697</b>    | <b>526,605</b>    |
| Special items, net   | 6    | 8,186             | -15,765           |
| <b>Operating profit (EBIT)</b>   |      | <b>693,883</b>    | <b>510,840</b>    |
| Financial income   | 7    | 102,296           | 169,661           |
| Financial costs  | 7    | -282,824          | -250,857          |
| <b>Profit before tax</b>   |      | <b>513,355</b>    | <b>429,644</b>    |
| Tax on profit  | 8    | -7,181            | -4,697            |
| <b>Profit for the year</b>   |      | <b>506,174</b>    | <b>424,947</b>    |
| <b>Proposed profit appropriation</b>                                   |      |                   |                   |
| Proposed dividend, DKK 3,0 per share (2014: DKK 3.6 per share)         |      | 184,500           | 227,700           |
| Retained earnings  |      | 321,674           | 197,247           |
|  |      | <b>506,174</b>    | <b>424,947</b>    |

# COMPREHENSIVE INCOME

(1 JANUARY – 31 DECEMBER)

DKK '000

|   | Note | 2015           | 2014           |
|---|------|----------------|----------------|
| <b>Profit for the year</b>  |      | <b>506,174</b> | <b>424,947</b> |
| <b>Other comprehensive income</b>   |      |                |                |
| Items that will not subsequently be reclassified to the Income statement:         |      |                |                |
| Remeasurement of defined benefit pension obligations                              |      | 0              | 134            |
| <b>Items that will not subsequently be reclassified to the Income statement</b>   |      | <b>0</b>       | <b>134</b>     |
| Items that are or may subsequently be reclassified to the Income statement:       |      |                |                |
| Value adjustment of hedging instruments:  |      |                |                |
| Value adjustment for the year   |      | -69,956        | -110,444       |
| Value adjustment transferred to operating costs                                   |      | 30,452         | -12,160        |
| Value adjustment transferred to financial costs                                   |      | 61,307         | 86,228         |
| Foreign exchange adjustments, goodwill  |      | 1,377          | -3,026         |
| Unrealised value adjustment of securities   |      | -1,371         | -380           |
| Unrealised impairment of securities transferred to financial costs                |      | 1,127          | 1,222          |
| Realised value adjustment of securities transferred to financial costs            |      | 0              | 961            |
| <b>Items that are or may subsequently be reclassified to the Income statement</b> |      | <b>22,936</b>  | <b>-37,599</b> |
| <b>Total other comprehensive income after tax</b>                                 |      | <b>22,936</b>  | <b>-37,465</b> |
| <b>Total comprehensive income</b>   |      | <b>529,110</b> | <b>387,482</b> |

The majority of amounts included in Other comprehensive income relates to activities which are taxed under the Danish tonnage tax scheme hence, there is no tax on this.

# BALANCE SHEET 31 DECEMBER (ASSETS)

DKK '000

|  | Note | 2015              | 2014              |
|--|------|-------------------|-------------------|
| Goodwill                                     |      | 90,470            | 89,092            |
| Software                                     |      | 147,402           | 101,120           |
| Development projects in progress             |      | 55,694            | 60,794            |
| <b>Non-current intangible assets</b>         | 9    | <b>293,566</b>    | <b>251,006</b>    |
| Land and buildings                           |      | 3,344             | 3,446             |
| Terminals                                    |      | 20,636            | 15,892            |
| Ships  |      | 4,059,588         | 3,230,187         |
| Equipment, etc.                              |      | 76,532            | 102,527           |
| Assets under construction and prepayments    |      | 130,582           | 97,549            |
| <b>Non-current tangible assets</b>           | 10   | <b>4,290,682</b>  | <b>3,449,601</b>  |
| Investments in subsidiaries                  | 11   | 3,759,072         | 3,876,760         |
| Investments in associates and joint ventures | 12   | 379               | 0                 |
| Securities                                   | 14   | 18,392            | 19,764            |
| Deferred tax                                 | 17   | 0                 | 132               |
| <b>Other non-current assets</b>              |      | <b>3,777,843</b>  | <b>3,896,656</b>  |
| <b>Non-current assets</b>                    |      | <b>8,362,091</b>  | <b>7,597,263</b>  |
| Inventories                                  | 15   | 97,821            | 83,092            |
| Receivables                                  | 13   | 1,463,042         | 2,597,298         |
| Prepayments                                  |      | 37,968            | 26,730            |
| Cash   |      | 1,299,950         | 508,005           |
| <b>Current assets</b>                        |      | <b>2,898,781</b>  | <b>3,215,125</b>  |
| <b>Assets</b>                                |      | <b>11,260,872</b> | <b>10,812,388</b> |

# BALANCE SHEET 31 DECEMBER (EQUITY AND LIABILITIES)

DKK '000

|                                 | Note | 2015              | 2014              |
|---------------------------------|------|-------------------|-------------------|
| Share capital                   | 16   | 1,230,000         | 1,265,000         |
| Reserves                        |      | -79,506           | -108,198          |
| Retained earnings               |      | 2,987,217         | 3,199,171         |
| Proposed dividend               |      | 184,500           | 227,700           |
| <b>Equity</b>                   |      | <b>4,322,211</b>  | <b>4,583,673</b>  |
| Interest bearing liabilities    | 21   | 2,179,489         | 2,749,704         |
| Deferred tax                    | 17   | 5,336             | 0                 |
| Pension and jubilee liabilities | 19   | 7,490             | 7,464             |
| Other provisions                | 20   | 25,383            | 16,693            |
| <b>Non-current liabilities</b>  |      | <b>2,217,698</b>  | <b>2,773,861</b>  |
| Interest bearing liabilities    | 21   | 3,268,745         | 2,367,368         |
| Trade payables                  |      | 724,702           | 551,351           |
| Other provisions                | 20   | 50,809            | 8,310             |
| Corporation tax                 | 23   | 8,819             | 2,669             |
| Other payables                  | 22   | 618,918           | 467,765           |
| Prepayments from customers      |      | 48,970            | 57,391            |
| <b>Current liabilities</b>      |      | <b>4,720,963</b>  | <b>3,454,854</b>  |
| <b>Liabilities</b>              |      | <b>6,938,661</b>  | <b>6,228,715</b>  |
| <b>Equity and liabilities</b>   |      | <b>11,260,872</b> | <b>10,812,388</b> |

# STATEMENT OF CHANGES IN EQUITY (1 JANUARY - 31 DECEMBER)



DKK '000

|   | Reserves         |                 |                           |                 |                   |                   | Total            |
|---|------------------|-----------------|---------------------------|-----------------|-------------------|-------------------|------------------|
|   | Share capital    | Hedging reserve | Revaluation of securities | Treasury shares | Retained earnings | Proposed dividend |                  |
| Equity at 1 January 2015  | 1,265,000        | -58,820         | 1,247                     | -50,625         | 3,199,171         | 227,700           | <b>4,583,673</b> |
| <b>Comprehensive income for the year</b>  |                  |                 |                           |                 |                   |                   |                  |
| Profit for the year   |                  |                 |                           |                 | 506,174           |                   | <b>506,174</b>   |
| <b>Other comprehensive income</b>   |                  |                 |                           |                 |                   |                   |                  |
| Items that will not subsequently be reclassified to the Income statement:         |                  |                 |                           |                 |                   |                   |                  |
| Remeasurement of defined benefit pension obligations                              |                  |                 |                           |                 |                   |                   |                  |
| <b>Items that will not subsequently be reclassified to the Income statement</b>   | <b>0</b>         | <b>0</b>        | <b>0</b>                  | <b>0</b>        | <b>0</b>          | <b>0</b>          | <b>0</b>         |
| Items that are or may subsequently be reclassified to the Income statement:       |                  |                 |                           |                 |                   |                   |                  |
| Value adjustment for the year   |                  | -69,956         |                           |                 |                   |                   | -69,956          |
| Value adjustment transferred to operating costs                                   |                  | 30,452          |                           |                 |                   |                   | 30,452           |
| Value adjustment transferred to financial costs                                   |                  | 61,307          |                           |                 |                   |                   | 61,307           |
| Foreign exchange adjustments, goodwill  |                  |                 |                           |                 | 1,377             |                   | 1,377            |
| Unrealised value adjustment of securities   |                  |                 | -1,371                    |                 |                   |                   | -1,371           |
| Unrealised impairment of securities transferred to financial costs                |                  |                 | 1,127                     |                 |                   |                   | 1,127            |
| <b>Items that are or may subsequently be reclassified to the Income statement</b> | <b>0</b>         | <b>21,803</b>   | <b>-244</b>               | <b>0</b>        | <b>1,377</b>      | <b>0</b>          | <b>22,936</b>    |
| <b>Total other comprehensive income after tax</b>                                 | <b>0</b>         | <b>21,803</b>   | <b>-244</b>               | <b>0</b>        | <b>1,377</b>      | <b>0</b>          | <b>22,936</b>    |
| <b>Total comprehensive income</b>   | <b>0</b>         | <b>21,803</b>   | <b>-244</b>               | <b>0</b>        | <b>507,551</b>    | <b>0</b>          | <b>529,110</b>   |
| <b>Transactions with owners</b>   |                  |                 |                           |                 |                   |                   |                  |
| Proposed dividend during year   |                  |                 |                           |                 | -113,850          | 113,850           | 0                |
| Dividend paid   |                  |                 |                           |                 |                   | -325,793          | -325,793         |
| Dividend on treasury shares   |                  |                 |                           |                 | 15,757            | -15,757           | 0                |
| Proposed dividend by year-end   |                  |                 |                           |                 | -184,500          | 184,500           | 0                |
| Vested regarding share-based payments   |                  |                 |                           |                 | 7,192             |                   | 7,192            |
| Cash from sale of treasury shares related to exercise of share options            |                  |                 |                           | 17,289          | 45,423            |                   | 62,712           |
| Purchase of treasury shares   |                  |                 |                           | -45,156         | -355,799          |                   | -400,955         |
| Reduction of share capital by cancellation of treasury shares                     | -35,000          |                 |                           | 35,000          |                   |                   | 0                |
| Group internal merger <sup>1</sup>  |                  |                 |                           |                 | -139,459          |                   | -139,459         |
| Other adjustments   |                  |                 |                           |                 | 5,731             |                   | 5,731            |
| <b>Total transactions with owners 2015</b>  | <b>-35,000</b>   | <b>0</b>        | <b>0</b>                  | <b>7,133</b>    | <b>-719,505</b>   | <b>-43,200</b>    | <b>-790,572</b>  |
| <b>Equity at 31 December 2015</b>   | <b>1,230,000</b> | <b>-37,017</b>  | <b>1,003</b>              | <b>-43,492</b>  | <b>2,987,217</b>  | <b>184,500</b>    | <b>4,322,211</b> |

<sup>1</sup> The directly owned New Channel Company A/S and its 100% owned subsidiary New Channel Company A/S are per 18 November 2015 merged into DFDS A/S and the difference between cost price of the investment in the subsidiary and the net book value of the subsidiary's equity is recognised directly in DFDS A/S' equity.

The majority of amounts included in Other comprehensive income relates to activities which are taxed under the Danish tonnage tax scheme hence, there is no tax on this. The Company's share capital, which is not divided into different classes of shares, is divided into 61,500,000 shares of DKK 20 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.



# STATEMENT OF CHANGES IN EQUITY (1 JANUARY - 31 DECEMBER)



DKK '000

|   | Reserves         |                 |                           |                 | Retained earnings | Proposed dividend | Total            |
|---|------------------|-----------------|---------------------------|-----------------|-------------------|-------------------|------------------|
|   | Share capital    | Hedging reserve | Revaluation of securities | Treasury shares |                   |                   |                  |
| Equity at 1 January 2014  | 1,485,608        | -22,444         | -556                      | -213,544        | 3,213,104         | 186,200           | <b>4,648,368</b> |
| <b>Comprehensive income for the year</b>  |                  |                 |                           |                 |                   |                   |                  |
| Profit for the year   |                  |                 |                           |                 | 424,947           |                   | <b>424,947</b>   |
| <b>Other comprehensive income</b>   |                  |                 |                           |                 |                   |                   |                  |
| Items that will not subsequently be reclassified to the Income statement:         |                  |                 |                           |                 |                   |                   |                  |
| Remeasurement of defined benefit pension obligations                              |                  |                 |                           |                 | 134               |                   | 134              |
| <b>Items that will not subsequently be reclassified to the Income statement</b>   | <b>0</b>         | <b>0</b>        | <b>0</b>                  | <b>0</b>        | <b>134</b>        | <b>0</b>          | <b>134</b>       |
| Items that are or may subsequently be reclassified to the Income statement:       |                  |                 |                           |                 |                   |                   |                  |
| Value adjustment for the year   |                  | -110,444        |                           |                 |                   |                   | -110,444         |
| Value adjustment transferred to operating costs                                   |                  | -12,160         |                           |                 |                   |                   | -12,160          |
| Value adjustment transferred to financial costs                                   |                  | 86,228          |                           |                 |                   |                   | 86,228           |
| Foreign exchange adjustments, goodwill  |                  |                 |                           |                 | -3,026            |                   | -3,026           |
| Unrealised value adjustment of securities   |                  |                 | -380                      |                 |                   |                   | -380             |
| Unrealised impairment of securities transferred to financial costs                |                  |                 | 1,222                     |                 |                   |                   | 1,222            |
| Realised value adjustment of securities transferred to financial costs            |                  |                 | 961                       |                 |                   |                   | 961              |
| <b>Items that are or may subsequently be reclassified to the Income statement</b> | <b>0</b>         | <b>-36,376</b>  | <b>1,803</b>              | <b>0</b>        | <b>-3,026</b>     | <b>0</b>          | <b>-37,599</b>   |
| <b>Total other comprehensive income after tax</b>                                 | <b>0</b>         | <b>-36,376</b>  | <b>1,803</b>              | <b>0</b>        | <b>-2,892</b>     | <b>0</b>          | <b>-37,465</b>   |
| <b>Total comprehensive income</b>   | <b>0</b>         | <b>-36,376</b>  | <b>1,803</b>              | <b>0</b>        | <b>422,055</b>    | <b>0</b>          | <b>387,482</b>   |
| <b>Transactions with owners</b>   |                  |                 |                           |                 |                   |                   |                  |
| Dividend paid   |                  |                 |                           |                 |                   | -177,289          | -177,289         |
| Dividend on treasury shares   |                  |                 |                           |                 | 8,911             | -8,911            | 0                |
| Proposed dividend   |                  |                 |                           |                 | -227,700          | 227,700           | 0                |
| Vested regarding share-based payments   |                  |                 |                           |                 | 6,521             |                   | 6,521            |
| Cash from sale of treasury shares related to exercise of share options            |                  |                 |                           | 5,953           | 17,288            |                   | 23,241           |
| Purchase of treasury shares   |                  |                 |                           | -63,642         | -231,238          |                   | -294,880         |
| Reduction of share capital by cancellation of treasury shares                     | -220,608         |                 |                           | 220,608         |                   |                   | 0                |
| Group internal merger <sup>1</sup>  |                  |                 |                           |                 | -8,488            |                   | -8,488           |
| Other adjustments   |                  |                 |                           |                 | -1,282            |                   | -1,282           |
| <b>Total transactions with owners 2014</b>  | <b>-220,608</b>  | <b>0</b>        | <b>0</b>                  | <b>162,919</b>  | <b>-435,988</b>   | <b>41,500</b>     | <b>-452,177</b>  |
| <b>Equity at 31 December 2014</b>   | <b>1,265,000</b> | <b>-58,820</b>  | <b>1,247</b>              | <b>-50,625</b>  | <b>3,199,171</b>  | <b>227,700</b>    | <b>4,583,673</b> |

<sup>1</sup> The directly owned DFDS Logistics Intermodal A/S is per 1 January 2014 merged into DFDS A/S and the difference between cost price of the investment in the subsidiary and the net book value of the subsidiary's equity is recognised directly in DFDS A/S' equity.

The majority of amounts included in Other comprehensive income relates to activities which are taxed under the Danish tonnage tax scheme hence, there is no tax on this.

The Company's share capital, which is not divided into different classes of shares, is divided into 63,250,000 shares of DKK 20 each. The number of shares has been restated to reflect the change of the nominal share value from DKK 100 to DKK 20 through a share split of 1:5. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

# CASH FLOW STATEMENT (1 JANUARY – 31 DECEMBER)

DKK '000

|   | Note  | 2015             | 2014            |
|---|-------|------------------|-----------------|
| <b>Operating profit before depreciation (EBITDA) and special items</b>            |       | <b>1,055,718</b> | <b>866,574</b>  |
| Cash flow effect from special items related to operating activities               |       | 0                | -5,995          |
| Adjustments for non-cash operating items, etc.                                    | 26    | 34,388           | 6,278           |
| Change in working capital   | 27    | 38,609           | 72,723          |
| Payment of pension liabilities and other provisions                               |       | -9,683           | -9,423          |
| <b>Cash flow from operating activities, gross</b>                                 |       | <b>1,119,032</b> | <b>930,157</b>  |
| Interest, etc. received   |       | 124,819          | 148,737         |
| Interest, etc. paid   |       | -152,607         | -204,491        |
| Tax paid  |       | -2,669           | -1,295          |
| <b>Cash flow from operating activities, net</b>                                   |       | <b>1,088,575</b> | <b>873,108</b>  |
| Investments in ships including dockings, rebuildings and ships under construction |       | -455,720         | -552,156        |
| Sale of ships   |       | 338,005          | 0               |
| Investments in other non-current tangible assets                                  |       | -24,417          | -9,120          |
| Sale of other non-current tangible assets   |       | 20,780           | 5,715           |
| Investments in non-current intangible assets                                      |       | -58,926          | -53,338         |
| Investments in other non-current assets, net                                      |       | 0                | 90              |
| Capital increases, etc.   | 11,12 | -824             | -1,785          |
| Dividends received from subsidiaries  |       | 110,927          | 0               |
| <b>Cash flow to/from investing activities, net</b>                                |       | <b>-70,175</b>   | <b>-610,594</b> |
| Proceed from loans secured by mortgages in ships                                  |       | 120,876          | 652,550         |
| Repayment of and instalments on loans secured by mortgage in ships                |       | -97,005          | -1,409,033      |
| Change in other financial loans, net  |       | -46,319          | 370,547         |
| Payment of financial lease liabilities  |       | 0                | -18,118         |
| Change in Group internal financing  |       | 445,224          | -129,794        |
| Change in loans to associates and joint ventures                                  |       | -4,697           | 2,004           |
| Cash received from internal mergers   |       | 4,006            | 23,249          |
| Proceed from issuance of corporate bonds  |       | 0                | 498,250         |
| Acquisition of treasury shares  |       | -400,955         | -294,880        |
| Cash received from exercise of share options                                      |       | 62,712           | 23,241          |
| Government grants related to purchase of assets                                   |       | 15,496           | 8,980           |
| Dividends paid  |       | -325,793         | -177,289        |
| <b>Cash flow to/from financing activities, net</b>                                |       | <b>-226,455</b>  | <b>-450,293</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       |       | <b>791,945</b>   | <b>-187,779</b> |
| Cash and cash equivalents at 1 January  |       | 508,005          | 696,320         |
| Foreign exchange and value adjustments of cash and cash equivalents               |       | 0                | -536            |
| <b>Cash and cash equivalents at 31 December<sup>1</sup></b>                       |       | <b>1,299,950</b> | <b>508,005</b>  |

<sup>1</sup> At year-end 2015 DKK 85.4m (2014: DKK 0) of the cash was deposited on restricted bank accounts as security for derivatives with negative fair values.

The cash flow statement cannot directly be derived from the income statement and the balance sheet.

## NOTES

### NOTES TO THE INCOME STATEMENT

|    |   |  |
|----|---|--|
| 80 | 1 | Revenue  |
| 80 | 2 | Consumable of bunker and goods                           |
| 80 | 3 | Employee costs   |
| 80 | 4 | Fees to Auditors appointed at the annual general meeting |
| 80 | 5 | Profit on disposal of non-current assets, net            |
| 80 | 6 | Special items, net                                       |
| 81 | 7 | Financial items  |
| 81 | 8 | Tax  |

### NOTES TO THE BALANCE SHEET

|    |    |  |
|----|----|--|
| 82 | 9  | Non-current intangible assets                |
| 82 | 10 | Non-current tangible assets                  |
| 83 | 11 | Investments in subsidiaries                  |
| 83 | 12 | Investments in associates and joint ventures |
| 83 | 13 | Receivables                                  |
| 84 | 14 | Securities                                   |
| 84 | 15 | Inventories                                  |
| 84 | 16 | Treasury shares (number of shares)           |
| 85 | 17 | Deferred tax                                 |
| 85 | 18 | Share options                                |
| 85 | 19 | Pension and jubilee liabilities              |
| 86 | 20 | Other provisions                             |
| 86 | 21 | Interest-bearing liabilities                 |
| 86 | 22 | Other payables                               |
| 86 | 23 | Corporation tax liabilities                  |
| 87 | 24 | Information on financial instruments         |
| 87 | 25 | Financial and operational risks              |

### NOTES TO THE STATEMENT OF CASH FLOW

|    |    |                           |
|----|----|---------------------------|
| 88 | 26 | Non-cash operating items  |
| 88 | 27 | Change in working capital |

### NOTES – ADDITIONAL INFORMATION

|    |    |  |
|----|----|--|
| 88 | 28 | Acquisition and sale of enterprises and activities |
| 88 | 29 | Guarantees, collateral and contingent liabilities  |
| 89 | 30 | Contractual commitments                            |
| 90 | 31 | Related party transactions                         |
| 90 | 32 | Impairment tests                                   |
| 90 | 33 | Events after the balance sheet date                |
| 91 | 34 | Accounting Policies                                |

DKK '000

| <b>Note 1 Revenue</b>   | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
| Sale of goods on board ships  | 887,816          | 843,771          |
| Sale of services  | 5,070,913        | 5,080,692        |
| Rental income from time charter and bareboat charter of ships and operating equipment | 566,826          | 503,531          |
| Other operating income  | 186,848          | 155,198          |
| <b>Total revenue</b>  | <b>6,712,403</b> | <b>6,583,192</b> |

DKK '000

| <b>Note 2 Consumable of bunker and goods</b>               | <b>2015</b>      | <b>2014</b>      |
|--|------------------|------------------|
| Consumable of bunker and goods included in operating costs | 1,325,340        | 1,586,886        |
| Change in inventory write-downs for the year               | 884              | 974              |
| <b>Total consumable of bunker and goods</b>                | <b>1,326,224</b> | <b>1,587,860</b> |

Consumable of bunker and goods consists of bunker and cost related to sale of goods and services on board.

DKK '000

| <b>Note 3 Employee costs</b>                      | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| Wages, salaries and remuneration                  | 641,116        | 627,903        |
| Hereof capitalised employee costs                 | -26,649        | -35,182        |
| Defined contribution pension plans                | 43,096         | 43,259         |
| Other social security costs                       | 29,043         | 28,694         |
| Share based payment, reference is made to note 18 | 7,192          | 6,521          |
| Other employee costs                              | 51,313         | 47,475         |
| <b>Total employee costs</b>                       | <b>745,111</b> | <b>718,670</b> |
| Full time equivalents (FTE), average              | 1,719          | 1,721          |

Reference is made to note 4 of the consolidated financial statements for a description of the Parent Company's remuneration, etc. to the Executive Board and remuneration to the Board of Directors as these are the same for the Parent Company and the Group.

DKK '000

| <b>Note 4 Fees to Auditors appointed at the annual general meeting</b> | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|
| Audit fees   | 918          | 965          |
| Other assurance engagements  | 172          | 44           |
| Tax and VAT advice   | 1,106        | 411          |
| Non-audit services   | 1,063        | 453          |
| <b>Total fees</b>  | <b>3,259</b> | <b>1,873</b> |

DKK '000

| <b>Note 5 Profit on disposal of non-current assets, net</b> | <b>2015</b>   | <b>2014</b> |
|---|---------------|-------------|
| <i>Profit on disposal of property, plant and equipment</i>  |               |             |
| Equipment, etc.   | 1,363         | 802         |
| <b>Profit on disposal of property, plant and equipment</b>  | <b>1,363</b>  | <b>802</b>  |
| <i>Loss on disposal of property, plant and equipment</i>    |               |             |
| Equipment, etc.   | -3,973        | -455        |
| <b>Loss on disposal of property, plant and equipment</b>    | <b>-3,973</b> | <b>-455</b> |
| <b>Total profit on disposal of non-current assets, net</b>  | <b>-2,610</b> | <b>347</b>  |

DKK '000

| <b>Note 6 Special items, net</b>  | <b>2015</b>  | <b>2014</b>    |
|---|--------------|----------------|
| Gain regarding the sale of the ships Flandria Seaways and Sirena Seaways  | 36,556       | 0              |
| Adjustment of estimated earn-out to seller regarding the route Kapellskär-Paldiski acquired in 2011                                 | -28,370      | -4,730         |
| Costs related to route closures and other restructurings caused by new low sulphur rules  | 0            | -6,989         |
| Costs related to designing and implementing one group wide finance service centre, including advisor costs, redundancies etc.       | 0            | -3,014         |
| Costs related to restructuring and improvements of processes in connection with project Customer Focus Initiative                   | 0            | -1,032         |
| <b>Special items, net</b>   | <b>8,186</b> | <b>-15,765</b> |
| <i>If special items had been included in the operating profit before special items, they would have been recognised as follows:</i> |              |                |
| Employee costs  | 0            | -7,700         |
| Cost of sales and administration  | 0            | -1,635         |
| <b>Operating profit before depreciation (EBITDA) and special items</b>  | <b>0</b>     | <b>-9,335</b>  |
| Profit on disposal of non-current assets, net   | 36,556       | 0              |
| Impairment losses on ships and other non-current assets   | 0            | -1,700         |
| Financial income/costs  | -28,370      | -4,730         |
| <b>Special items, net</b>   | <b>8,186</b> | <b>-15,765</b> |

DKK '000

| Note 7 Financial items   | 2015            | 2014            |
|--|-----------------|-----------------|
| <b>Financial income</b>  |                 |                 |
| Interest income from banks, etc.   | 4,629           | 4,567           |
| Interest income from subsidiaries  | 44,328          | 72,418          |
| Reversal of impairment of receivables from subsidiaries <sup>1</sup>           | 2,916           | 0               |
| Dividends received from subsidiaries   | 110,927         | 0               |
| Impairment of investments in subsidiaries due to dividend pay out <sup>1</sup> | -110,000        | 0               |
| Reversal of impairment of investment in subsidiaries <sup>1</sup>              | 40,000          | 90,000          |
| Other dividends  | 9,496           | 2,676           |
| <b>Total financial income</b>  | <b>102,296</b>  | <b>169,661</b>  |
| <b>Financial costs</b>   |                 |                 |
| Interest expense to banks, credit institutions, corporate bonds, etc.          | -83,564         | -108,740        |
| Interest expense to subsidiaries   | -811            | -1,786          |
| Foreign exchange losses, net <sup>2</sup>                                      | -6,748          | -11,759         |
| Realised loss on securities (transferred from equity)                          | 0               | -961            |
| Defined benefit pension plans  | 0               | -28             |
| Impairment of securities (transferred from equity)                             | -1,127          | -1,222          |
| Impairment of receivables from subsidiaries <sup>1</sup>                       | -123,770        | -6,633          |
| Waiver of loan to subsidiary   | -11,123         | 0               |
| Impairment of investments in subsidiaries <sup>1</sup>                         | -48,065         | -116,641        |
| Other financial costs  | -7,616          | -10,241         |
| Transfer to assets under construction <sup>3</sup>                             | 0               | 7,154           |
| <b>Total financial costs</b>   | <b>-282,824</b> | <b>-250,857</b> |
| <b>Financial items, net</b>  | <b>-180,528</b> | <b>-81,196</b>  |

<sup>1</sup> Reference is made to note 32.

<sup>2</sup> Foreign exchange gains in 2015 amounts to DKK 142m (2014: DKK 295m) and foreign exchange losses amounts to DKK 149m (2014: DKK 307m).

<sup>3</sup> 2014: Interest capitalised on two newbuildings in 2014. The interest were calculated by using a mix of a specific interest rate and a general interest rate of approximately 1.7 - 4.9% p.a.

DFDS A/S makes forward exchange transactions, etc., on behalf of all subsidiaries, and therefore foreign exchange gains and losses in the DFDS A/S also consist of the Group's gross transactions. Transactions entered into, on behalf of subsidiaries, are transferred to the subsidiaries on back-to-back terms.

Except for interest expenses relating to interest swap agreements of DKK 5.6m (2014: DKK 16.2m) interest income and interest expenses relates to financial instruments measured at amortised cost.

Other financial costs contains bank charges, fees, early repayment fees, commitment fees, etc.

DKK '000

| Note 8 Tax  | 2015            | 2014           |
|---|-----------------|----------------|
| Current joint tax contributions                                 | -757            | 0              |
| Deferred tax for the year                                       | -5,840          | -2,349         |
| Adjustment to corporation tax in respect of prior years         | -956            | -1,964         |
| Adjustment to deferred tax in respect of prior years            | 0               | -314           |
| Adjustment of corporate income tax rate                         | 372             | -70            |
| <b>Tax for the year</b>   | <b>-7,181</b>   | <b>-4,697</b>  |
| <b>Tax for the year is recognised as follows:</b>               |                 |                |
| Tax in the income statement                                     | -7,181          | -4,697         |
| <b>Tax for the year</b>   | <b>-7,181</b>   | <b>-4,697</b>  |
| <b>Tax in the income statement can be specified as follows:</b> |                 |                |
| Profit before tax   | 513,355         | 429,644        |
| Of this, tonnage taxed income                                   | -651,962        | -496,650       |
| <b>Profit before tax (corporate income tax)</b>                 | <b>-138,607</b> | <b>-67,006</b> |
| 23.5% tax of profit before tax (2014: 24.5%)                    | 32,573          | 16,416         |
| Tax effect of:  |                 |                |
| Non-taxable/-deductible items                                   | -37,032         | -16,586        |
| Adjustments of tax in respect of prior years                    | -584            | -2,348         |
| Corporate income tax  | -5,043          | -2,518         |
| Tonnage tax   | -2,138          | -2,179         |
| <b>Tax in the income statement</b>                              | <b>-7,181</b>   | <b>-4,697</b>  |
| Effective tax rate  | 1.4             | 1.1            |
| Effective tax rate before adjustment of prior years' tax        | 1.3             | 0.5            |

DFDS A/S and its Danish subsidiaries and Danish taxed branches are within the Danish Act of compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two companies' Danish controlled enterprises. In accordance with the Danish rules on joint taxation, DFDS A/S' 100% owned Danish subsidiaries are jointly and severally liable for DFDS A/S' corporation tax liabilities towards the Danish tax authorities while DFDS A/S and its Danish subsidiaries only are subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other companies that are part of the Danish joint taxation. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax with the tax authorities.

The shipping activities performed are included in the Danish tonnage tax scheme where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules.

Adjustment of prior years' tax in 2015 and 2014 for the Parent Company primarily relates to the final settlement and utilisation of tax losses between the joint taxed Danish entities.

DKK '000

**Note 9 Non-current intangible assets**

|   | Goodwill      | Other non-current intangible assets | Software       | Development projects in progress | Total          |
|---|---------------|-------------------------------------|----------------|----------------------------------|----------------|
| Cost at 1 January 2015  | 89,092        | 2,384                               | 276,203        | 60,794                           | 428,473        |
| Foreign exchange adjustments                                  | 1,378         | 0                                   | 0              | 0                                | 1,378          |
| Addition on merger  | 0             | 0                                   | 873            | 0                                | 873            |
| Additions   | 0             | 0                                   | 22,691         | 36,235                           | 58,926         |
| Transfers   | 0             | 0                                   | 41,335         | -41,335                          | 0              |
| <b>Cost at 31 December 2015</b>                               | <b>90,470</b> | <b>2,384</b>                        | <b>341,102</b> | <b>55,694</b>                    | <b>489,650</b> |
| Amortisation and impairment losses at 1 January 2015          | 0             | 2,384                               | 175,083        | 0                                | 177,467        |
| Addition on merger  | 0             | 0                                   | 873            | 0                                | 873            |
| Amortisation charge   | 0             | 0                                   | 17,744         | 0                                | 17,744         |
| <b>Amortisation and impairment losses at 31 December 2015</b> | <b>0</b>      | <b>2,384</b>                        | <b>193,700</b> | <b>0</b>                         | <b>196,084</b> |
| <b>Carrying amount at 31 December 2015</b>                    | <b>90,470</b> | <b>0</b>                            | <b>147,402</b> | <b>55,694</b>                    | <b>293,566</b> |
| Cost at 1 January 2014  | 92,118        | 2,384                               | 233,558        | 53,388                           | 381,448        |
| Foreign exchange adjustments                                  | -3,026        | 0                                   | 0              | 0                                | -3,026         |
| Additions   | 0             | 0                                   | 22,050         | 31,288                           | 53,338         |
| Disposals   | 0             | 0                                   | 0              | -3,287                           | -3,287         |
| Transfers   | 0             | 0                                   | 20,595         | -20,595                          | 0              |
| <b>Cost at 31 December 2014</b>                               | <b>89,092</b> | <b>2,384</b>                        | <b>276,203</b> | <b>60,794</b>                    | <b>428,473</b> |
| Amortisation and impairment losses at 1 January 2014          | 0             | 2,384                               | 160,703        | 3,287                            | 166,374        |
| Amortisation charge   | 0             | 0                                   | 14,380         | 0                                | 14,380         |
| Disposals   | 0             | 0                                   | 0              | -3,287                           | -3,287         |
| <b>Amortisation and impairment losses at 31 December 2014</b> | <b>0</b>      | <b>2,384</b>                        | <b>175,083</b> | <b>0</b>                         | <b>177,467</b> |
| <b>Carrying amount at 31 December 2014</b>                    | <b>89,092</b> | <b>0</b>                            | <b>101,120</b> | <b>60,794</b>                    | <b>251,006</b> |

The Parent Company's carrying amount of Goodwill DKK 90.5m (2014: DKK 89.1m) relates to the acquisition of one freight- and passenger route in 2011 and the acquisition of one freight route in 2005.

The carrying amount of completed software and development projects in progress primarily relates to a new Passenger booking system, a new Transport Management System to the Logistics Division, a new procurement system and a new point of sale system.

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**Note 10 Non-current tangible assets**

|  | Land and buildings | Terminals     | Ships            | Equipment etc. | Assets under construction and pre-payments | Total            |
|--|--------------------|---------------|------------------|----------------|--|------------------|
| Cost at 1 January 2015   | 10,949             | 61,876        | 6,135,869        | 360,672        | 97,549                                     | 6,666,915        |
| Foreign exchange adjustments                                   | 0                  | 0             | 396              | 0              | 6  | 402              |
| Addition on merger   | 873                | 0             | 1,412,325        | 440            | 11,243                                     | 1,424,881        |
| Additions  | 0                  | 0             | 279,215          | 14,925         | 144,909                                    | 439,049          |
| Disposals  | 0                  | 0             | -421,413         | -40,194        | 0  | -461,607         |
| Transfers  | 0                  | 7,378         | 115,198          | 549            | -123,125                                   | 0                |
| Transferred to assets classified as held for sale <sup>1</sup> | 0                  | 0             | -104,744         | 0              | 0  | -104,744         |
| <b>Cost at 31 December 2015</b>                                | <b>11,822</b>      | <b>69,254</b> | <b>7,416,846</b> | <b>336,392</b> | <b>130,582</b>                             | <b>7,964,896</b> |
| Depreciation and impairment losses at 1 January 2015           | 7,503              | 45,984        | 2,905,682        | 258,145        | 0  | 3,217,314        |
| Foreign exchange adjustments                                   | 1                  | 0             | 101              | -1             | 0  | 101              |
| Addition on merger   | 290                | 0             | 348,124          | 232            | 0  | 348,646          |
| Depreciation charge  | 684                | 2,634         | 328,061          | 18,288         | 0  | 349,667          |
| Disposals  | 0                  | 0             | -196,308         | -16,804        | 0  | -213,112         |
| Transferred to assets classified as held for sale <sup>1</sup> | 0                  | 0             | -28,402          | 0              | 0  | -28,402          |
| <b>Depreciation and impairment losses at 31 December 2015</b>  | <b>8,478</b>       | <b>48,618</b> | <b>3,357,258</b> | <b>259,860</b> | <b>0</b>                                   | <b>3,674,214</b> |
| <b>Carrying amount at 31 December 2015</b>                     | <b>3,344</b>       | <b>20,636</b> | <b>4,059,588</b> | <b>76,532</b>  | <b>130,582</b>                             | <b>4,290,682</b> |
| Cost at 1 January 2014   | 10,949             | 74,025        | 5,300,299        | 351,819        | 470,563                                    | 6,207,655        |
| Addition on merger   | 0                  | 0             | 0                | 13,751         | 0  | 13,751           |
| Additions  | 0                  | 0             | 733              | 6,458          | 550,541 <sup>2</sup>                       | 557,732          |
| Disposals  | 0                  | -12,949       | -87,889          | -11,385        | 0  | -112,223         |
| Transfers  | 0                  | 800           | 922,726          | 29             | -923,555 <sup>2</sup>                      | 0                |
| <b>Cost at 31 December 2014</b>                                | <b>10,949</b>      | <b>61,876</b> | <b>6,135,869</b> | <b>360,672</b> | <b>97,549</b>                              | <b>6,666,915</b> |
| Depreciation and impairment losses at 1 January 2014           | 6,710              | 55,155        | 2,697,161        | 229,243        | 0  | 2,988,269        |
| Addition on merger   | 0                  | 0             | 0                | 9,964          | 0  | 9,964            |
| Depreciation charge  | 793                | 2,078         | 295,257          | 27,808         | 0  | 325,936          |
| Disposals  | 0                  | -11,249       | -86,736          | -8,870         | 0  | -106,855         |
| <b>Depreciation and impairment losses at 31 December 2014</b>  | <b>7,503</b>       | <b>45,984</b> | <b>2,905,682</b> | <b>258,145</b> | <b>0</b>                                   | <b>3,217,314</b> |
| <b>Carrying amount at 31 December 2014</b>                     | <b>3,446</b>       | <b>15,892</b> | <b>3,230,187</b> | <b>102,527</b> | <b>97,549</b>                              | <b>3,449,601</b> |

<sup>1</sup> Reference is made to the consolidated financial statements note 33

<sup>2</sup> Primarily relates to the construction of the two new buildings ARK Dania and ARK Germania (ro-ro ships) and the completion hereof in 2014.



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**Note 10 Non-current tangible assets (continued)**

On the basis of the impairment tests performed in 2015 there has been no impairment loss on ships (2014: DKK 0m). For further information regarding the impairment tests, reference is made to the consolidated financial statements note 37.

In 2015 EU awarded the Parent Company a grant of up to DKK 40m primarily related to installation of scrubbers on four freight ships.

In 2014 EU awarded the Parent Company a grant of up to DKK 17.4m primarily related to installation of scrubbers on two freight ships.

The grants are recognised as follows in the financial statements:

DKK m

|                         | Offset against relevant assets/costs | Received in cash | Recognised as receivable |
|-------------------------|--------------------------------------|------------------|--------------------------|
| 31 December 2014        | -11                                  | 9                | 2                        |
| Movement                | -38                                  | 15               | 23                       |
| <b>31 December 2015</b> | <b>-49</b>                           | <b>24</b>        | <b>25</b>                |

DKK '000

| <b>Note 11 Investments in subsidiaries</b>          | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
| Cost at 1 January                                   | 4,798,923        | 4,832,326        |
| Addition on merger                                  | 43,513           | 2,262            |
| Additions   | 445              | 1,785            |
| Disposal on merger                                  | -409,008         | -37,450          |
| Disposals   | -93              | 0                |
| <b>Cost at 31 December</b>                          | <b>4,433,780</b> | <b>4,798,923</b> |
| Accumulated impairment losses at 1 January          | -922,163         | -895,522         |
| Impairment losses                                   | -158,065         | -116,641         |
| Reversal of prior year impairment losses            | 40,000           | 90,000           |
| Addition on merger                                  | -43,513          | 0                |
| Disposal on merger                                  | 409,008          | 0                |
| Disposals   | 25               | 0                |
| <b>Accumulated impairment losses at 31 December</b> | <b>-674,708</b>  | <b>-922,163</b>  |
| <b>Carrying amount at 31 December</b>               | <b>3,759,072</b> | <b>3,876,760</b> |

Reference is made to the Company overview in the consolidated financial statements note 41.

In 2015 the disposal on merger relates to the merger of New Channel Holding A/S into DFDS A/S. Where the disposal is DFDS A/S' investment in New Channel Holding A/S and the addition is the net book value of New Channel Company A/S' investment in a subsidiary that following the merger is directly owned by DFDS A/S. Additions relates to acquisition of non-controlling interests.

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**Note 11 Investments in subsidiaries (continued)**

In 2014 the addition on merger and disposal on merger relates to the merger of DFDS Logistics Intermodal A/S into DFDS A/S. Where the disposal is DFDS A/S' investment in DFDS Logistics Intermodal A/S and the addition is the net book value of DFDS Logistics Intermodal A/S' investment in a subsidiary that following the merger is directly owned by DFDS A/S. Additions relates to acquisition of non-controlling interests and establishment of a subsidiary.

The carrying amount of investments in subsidiaries is tested for impairment at least at year-end. The impairment tests for 2015 has led to recognition of impairment losses of DKK 158.1m (2014: DKK 116.6m) and reversal of prior year impairment losses of DKK 40.0m (2014: DKK 90.0m). One of the impairment losses of DKK 110.0m should be seen with the dividend received from a subsidiary of DKK 110.9m. Reference is made to note 7. For further information regarding the impairment tests, reference is made to note 32.

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**Note 12 Investments in associates and joint ventures**

|   | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|
| Cost at 1 January   | 0           | 0           |
| Additions   | 379         | 0           |
| <b>Cost at 31 December</b>  | <b>379</b>  | <b>0</b>    |
| <b>Accumulated impairment losses at 1 January and 31 December</b> | <b>0</b>    | <b>0</b>    |
| <b>Carrying amount at 31 December</b>                             | <b>379</b>  | <b>0</b>    |

The addition in 2015 relates to the establishment of the joint venture DFDS Logistics Ibérica S.L.

For specification of investments in associates and joint ventures reference is made to the consolidated financial statements note 13.

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**Note 13 Receivables**

|  | <b>2015</b>      | <b>2014</b>      |
|--|------------------|------------------|
| Trade receivables  | 600,404          | 538,586          |
| Interest bearing receivables from subsidiaries <sup>1</sup>                            | 715,137          | 1,970,383        |
| Other non-interest bearing receivables from subsidiaries                               | 9,625            | 0                |
| Receivables from associates and joint ventures   | 53,803           | 49,106           |
| Fair value of derivative financial instruments, forward transactions and bunker hedges | 4,534            | 13,586           |
| Other receivables and current assets <sup>2</sup>                                      | 79,539           | 25,637           |
| <b>Total current receivables</b>   | <b>1,463,042</b> | <b>2,597,298</b> |

<sup>1</sup> The carrying amount of Interest bearing receivables from subsidiaries relates to current credit facilities that are made available to subsidiaries. Receivables from subsidiaries are impaired by DKK 266,1m at 31 December 2015 (2014: DKK 6.6m).

<sup>2</sup> Hereof EU Grant of DKK 25m (2014: DKK 2m).

The carrying amount of receivables is in all material respects equal to the fair value.

None of the trade receivables with collateral are overdue at 31 December 2015 (2014: none). The collateral consists of bank guarantees with a fair value of DKK 4m (2014: DKK 4m).

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| <b>Note 13 Receivables (continued)</b>                  | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| <b>Receivables that are past due, but not impaired:</b> |                |                |
| Days past due:  |                |                |
| Up to 30 days   | 97,661         | 104,597        |
| 31-60 days  | 21,170         | 21,872         |
| 61-90 days  | 14             | 3,822          |
| 91-120 days   | 0              | 3,808          |
| More than 120 days                                      | 0              | 8,001          |
| <b>Past due, but not impaired</b>                       | <b>118,845</b> | <b>142,100</b> |

**Movements in write-downs, which are included in the above trade receivables:**

|                                   |               |              |
|-----------------------------------|---------------|--------------|
| Write-downs at 1 January          | 9,147         | 6,125        |
| Foreign exchange adjustment       | 5             | 0            |
| Addition on merger                | 7,386         | 451          |
| Write-downs                       | 28,228        | 5,873        |
| Realised losses                   | -793          | -455         |
| Reversed write-downs              | -3,129        | -2,847       |
| <b>Write-downs at 31 December</b> | <b>40,844</b> | <b>9,147</b> |

**Age distribution of write-downs:**

|                                   |               |              |
|-----------------------------------|---------------|--------------|
| Days past due:                    |               |              |
| Up to 30 days                     | 1,373         | 920          |
| 31-60 days                        | 3,293         | 1,227        |
| 61-90 days                        | 3,506         | 0            |
| 91-120 days                       | 868           | 253          |
| More than 120 days                | 31,804        | 6,747        |
| <b>Write-downs at 31 December</b> | <b>40,844</b> | <b>9,147</b> |

Write-downs and realised losses are recognised in operating costs in the Income statement. Write-downs on trade receivables are caused by customer bankruptcy or uncertainty about the customers ability and/or willingness to pay.

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| <b>Note 14 Securities</b>           | <b>2015</b>   | <b>2014</b>   |
|-------------------------------------|---------------|---------------|
| Listed shares                       | 34            | 1,406         |
| Other shares and equity investments | 17,782        | 17,782        |
| Other investments                   | 576           | 576           |
| <b>Total non-current securities</b> | <b>18,392</b> | <b>19,764</b> |

Securities are assets classified as 'available for sale'.

Other shares and equity investments as well as other investments consist of some minor unlisted enterprises and holdings. These investments are not remeasured to fair value because the fair value cannot be measured reliably. Instead the securities are recognised at cost reduced by impairment, if any.

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| <b>Note 15 Inventories</b> | <b>2015</b>   | <b>2014</b>   |
|----------------------------|---------------|---------------|
| Bunker                     | 38,225        | 38,574        |
| Goods for sale             | 63,611        | 47,649        |
| Impairment of inventories  | -4,015        | -3,131        |
| <b>Total inventories</b>   | <b>97,821</b> | <b>83,092</b> |

**Note 16 Treasury shares (number of shares)**

Information regarding the Parent Company's and the Group's holding of treasury shares is equal. Reference is made to the consolidated financial statements note 17.

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| <b>Note 17 Deferred tax</b>                     |  |                   |                                 |              |
|---|--|-------------------|---------------------------------|--------------|
|   | <b>Land and buildings, terminals and other equipment</b> | <b>Provisions</b> | <b>Tax loss carried forward</b> | <b>Total</b> |
| <b>2015</b>                                     |  |                   |                                 |              |
| Deferred tax at 1 January                       | 510  | -454              | -188                            | -132         |
| Impact from change in corporate income tax rate | -69  | -303              | 0                               | -372         |
| Recognised in the Income statement              | 1,087  | 4,753             | 0                               | 5,840        |
| <b>Deferred tax at 31 December, net</b>         | <b>1,528</b>   | <b>3,996</b>      | <b>-188</b>                     | <b>5,336</b> |

| <b>2014</b>  |            |             |             |             |
|--|------------|-------------|-------------|-------------|
|  |            |             |             |             |
| Deferred tax at 1 January  | 1,136      | -666        | 0           | 470         |
| Addition on merger   | -1,430     | -196        | -1,709      | -3,335      |
| Impact from change in corporate income tax rate                      | -52        | 73          | 49          | 70          |
| Recognised in the Income statement                                   | 856        | 335         | 1,158       | 2,349       |
| Adjustments regarding prior years recognised in the Income statement | 0          | 0           | 314         | 314         |
| <b>Deferred tax at 31 December, net</b>                              | <b>510</b> | <b>-454</b> | <b>-188</b> | <b>-132</b> |

|  | <b>2015</b>  | <b>2014</b> |
|--|--------------|-------------|
| <b>Deferred tax is recognised in the balance sheet as follows:</b> |              |             |
| Deferred tax (assets)  | 0            | -132        |
| Deferred tax (liabilities)   | 5,336        | 0           |
| <b>Deferred tax at 31 December, net</b>                            | <b>5,336</b> | <b>-132</b> |

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until 2021. DFDS A/S is not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised. If DFDS A/S withdraws from the tonnage taxation scheme, deferred tax in the amount of maximum DKK 300m (2014: DKK 267m) may be recognised.

#### **Note 18 Share options**

Information regarding share options for the Parent Company and the Group is equal. Reference is made to the consolidated financial statements note 19.

#### **Note 19 Pension and jubilee liabilities**

The Parent Company contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to an independent insurance company responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Parent Company has no legal or constructive obligation to pay further contributions irrespective of the funding of the insurance company. Pension costs from such plans are charged to the income statement when incurred.

The Parent Company has minor defined benefit plans. The defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employees. The defined benefit plans typically include a spouse pension.

Based on actuarial calculations the defined benefit plans show the following liabilities:

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|   | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
| Present value of unfunded defined benefit obligations         | 1,364        | 1,579        |
| <b>Recognised liabilities for defined benefit obligations</b> | <b>1,364</b> | <b>1,579</b> |
| Provision for jubilee liabilities                             | 6,126        | 5,885        |
| <b>Total actuarial liabilities</b>                            | <b>7,490</b> | <b>7,464</b> |

DKK '000

| Note 20 Other provisions                        | 2015          | 2014          |
|---|---------------|---------------|
| Other provisions at 1 January                   | 25,003        | 26,605        |
| Addition on merger                              | 3,813         | 766           |
| Provisions made during the year                 | 56,344        | 6,200         |
| Used during the year                            | -8,968        | -7,202        |
| Reversal of unused provisions                   | 0             | -1,366        |
| <b>Other provisions at 31 December</b>          | <b>76,192</b> | <b>25,003</b> |
| Other provisions are expected to be payable in: |               |               |
| 0-1 year  | 50,809        | 8,310         |
| 1-5 years                                       | 21,928        | 16,693        |
| After 5 years                                   | 3,455         | 0             |
| <b>Other provisions at 31 December</b>          | <b>76,192</b> | <b>25,003</b> |

Of the Parent Company's provision of DKK 76.2m (2014: DKK 25.0m), DKK 9.0m (2014: DKK 2.1m) is estimated redelivery provision regarding leased operating equipment and DKK 18.5m (2014: DKK 0m) is relating to an onerous bare boat charter contract. DKK 45.3m (2014: DKK 22.9m) is estimated net present value of earn-out agreement regarding the acquisition of the route Kapellskär-Paldiski and DKK 3.4m (2014: DKK 0m) is other provisions.

DKK '000

| Note 21 Interest-bearing liabilities                  | 2015             | 2014             |
|---|------------------|------------------|
| Mortgage on ships                                     | 859,820          | 941,353          |
| Issued corporate bonds                                | 1,040,945        | 1,483,996        |
| Bank loans  | 278,724          | 324,355          |
| <b>Total interest bearing non-current liabilities</b> | <b>2,179,489</b> | <b>2,749,704</b> |
| Mortgage on ships                                     | 203,464          | 94,639           |
| Issued corporate bonds                                | 387,888          | 0                |
| Bank loans  | 46,454           | 46,336           |
| Payables to subsidiaries <sup>1</sup>                 | 2,630,939        | 2,226,393        |
| <b>Total interest bearing current liabilities</b>     | <b>3,268,745</b> | <b>2,367,368</b> |
| <b>Total interest bearing liabilities</b>             | <b>5,448,234</b> | <b>5,117,072</b> |

<sup>1</sup> The carrying amount of interest bearing payables to subsidiaries relates to deposit facilities that are made available to subsidiaries.

Regarding the Parent Company's issue of corporate bonds reference is made to the consolidated financial statements note 22.

The fair value of the interest-bearing liabilities amounts to DKK 5,448m (2014: DKK 5,177m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to the corporate bonds for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Parent Company's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds has been calculated based on the quoted bond price at year end 2015 and 2014 respectively.

**Note 21 Interest-bearing liabilities (continued)**

DKK 608m of the interest bearing liabilities in the Parent Company fall due after five years (2014: DKK 668m). No unusual conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge, whereas settlement of the corporate bonds requires a repurchase of the bonds.

Reference is made to note 25 for financial risks, etc.

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| Allocation of currency, principal nominal amount | 2015             | 2014             |
|--|------------------|------------------|
| DKK  | 1,047,114        | 1,086,409        |
| EUR  | 2,592,285        | 2,449,071        |
| SEK  | 200,533          | 156,690          |
| NOK  | 1,007,844        | 1,031,051        |
| GBP  | 600,458          | 388,486          |
| USD  | 0                | 5,304            |
| LTL  | 0                | 61               |
| <b>Total interest bearing liabilities</b>        | <b>5,448,234</b> | <b>5,117,072</b> |

DKK '000

| Note 22 Other payables   | 2015           | 2014           |
|--|----------------|----------------|
| Payables to subsidiaries   | 87,975         | 12,178         |
| Accrued interests  | 8,333          | 6,453          |
| Public authorities (VAT, duty, etc.)                                 | 8,056          | 1,852          |
| Holiday pay obligations, etc.  | 148,619        | 141,103        |
| Fair value of Interest swaps, forward transactions and bunker hedges | 303,464        | 271,915        |
| Other payables   | 62,471         | 34,264         |
| <b>Total other payables</b>  | <b>618,918</b> | <b>467,765</b> |

DKK '000

| Note 23 Corporation tax liabilities                                   | 2015         | 2014         |
|---|--------------|--------------|
| Corporation tax liabilities at 1 January                              | 2,669        | 2,000        |
| Addition on merger  | 7,106        | 0            |
| Tax for the year recognised in the Income statement                   | 757          | 0            |
| Adjustment, prior years recognised in the Income statement            | 956          | 1,964        |
| Corporation taxes paid during the year                                | -2,669       | -1,295       |
| <b>Corporation tax liabilities at 31 December, net</b>                | <b>8,819</b> | <b>2,669</b> |
| <b>Corporation tax is recognised in the balance sheet as follows:</b> |              |              |
| Corporation tax receivable (assets)                                   | 0            | 0            |
| Corporation tax debt (liabilities)                                    | 8,819        | 2,669        |
| <b>Corporation tax liabilities at 31 December, net</b>                | <b>8,819</b> | <b>2,669</b> |

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| Note 24 Information on financial instruments                   | 2015              | 2014              |
|--|-------------------|-------------------|
| <b>Carrying amount per category of financial instruments</b>   |                   |                   |
| Derivatives, financial assets measured at fair value           | 4,534             | 13,586            |
| Loans, receivables and cash, assets measured at amortised cost | 2,758,458         | 3,091,717         |
| Financial assets available for sale                            | 18,392            | 19,764            |
| Derivatives, financial liabilities measured at fair value      | -303,464          | -271,915          |
| Financial liabilities measured at amortised cost               | -6,331,715        | -5,721,318        |
| <b>Total</b>   | <b>-3,853,795</b> | <b>-2,868,166</b> |

#### Hierarchy of financial instruments measured at fair value

The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

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| 2015                                | Level 1   | Level 2         | Level 3  |
|-------------------------------------|-----------|-----------------|----------|
| Derivatives, financial assets       | 0         | 4,534           | 0        |
| Financial assets available for sale | 34        | 0               | 0        |
| Derivatives, financial liabilities  | 0         | -303,464        | 0        |
| <b>Total</b>                        | <b>34</b> | <b>-298,930</b> | <b>0</b> |

| 2014                                | Level 1      | Level 2         | Level 3  |
|-------------------------------------|--------------|-----------------|----------|
| Derivatives, financial assets       | 0            | 13,586          | 0        |
| Financial assets available for sale | 1,406        | 0               | 0        |
| Derivatives, financial liabilities  | 0            | -271,915        | 0        |
| <b>Total</b>                        | <b>1,406</b> | <b>-258,329</b> | <b>0</b> |

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 27 in the consolidated financial statements for description of the valuation method. Financial assets available for sale measured at level 1 comprise listed shares (2014: and bonds) and is measured at the quoted prices.

Financial assets available for sale also comprise other shares and equity investments as well as other investments of DKK 18.4m (2014: DKK 18.4m). These are some minor unlisted enterprises and holdings. They are measured at cost reduced by impairments, if any, and consequently, they are not included in the fair value hierarchy.

#### Note 25 Financial and operational risks

##### DFDS' risk management policy

The description of DFDS' risk management policy, financial risks and capital management is equal for the Group and the Parent Company. Reference is made to the consolidated financial statements note 27.

The following specifications for the Parent Company are different to the similar specifications for the Group.

##### Financial risks

###### Interest rate risks

An increase in the interest rate of 1%-point compared to the actual interest rates in 2015 would, other things being equal, have increased net interest payments by DKK 9m for the Parent Company in 2015 (2014: DKK 15m). A decrease in the interest rates would have had a similar positive effect.

###### Liquidity risks

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

DKK '000

| 2015   | 0-1 year          | 1-3 years         | 3-5 years       | After 5 years   |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>Non-derivative financial assets</b>         |                   |                   |                 |                 |
| Cash   | 1,299,950         | 0                 | 0               | 0               |
| Trade receivables                              | 600,404           | 0                 | 0               | 0               |
| Receivables from subsidiaries                  | 724,762           | 0                 | 0               | 0               |
| Receivables from associates and joint ventures | 53,803            | 0                 | 0               | 0               |
| Other receivables and current assets           | 79,539            | 0                 | 0               | 0               |
| <b>Non-derivative financial liabilities</b>    |                   |                   |                 |                 |
| Mortgages on ships                             | -227,164          | -211,077          | -205,586        | -563,860        |
| Issued corporate bonds                         | -424,992          | -588,490          | -505,944        | 0               |
| Bank loans                                     | -52,339           | -101,774          | -98,978         | -96,205         |
| Trade payables                                 | -724,702          | 0                 | 0               | 0               |
| Other payables                                 | -62,471           | 0                 | 0               | 0               |
| Payables to subsidiaries                       | -2,718,914        | 0                 | 0               | 0               |
| Financial guarantees                           | -91,697           | 0                 | 0               | 0               |
| <b>Derivative financial assets</b>             |                   |                   |                 |                 |
| Forward exchange contracts and currency swaps  | 4,534             | 0                 | 0               | 0               |
| <b>Derivative financial liabilities</b>        |                   |                   |                 |                 |
| Interest swaps                                 | -5,418            | -3,958            | -2,700          | -1,097          |
| Forward exchange contracts and currency swaps  | -105,366          | -169,925          | 0               | 0               |
| Bunker contracts                               | -14,999           | 0                 | 0               | 0               |
|  | <b>-1,665,070</b> | <b>-1,075,224</b> | <b>-813,208</b> | <b>-661,162</b> |



DKK '000

| <b>Note 25 Financial and operational risks (continued)</b> |                 |                   |                  |                      |
|--|-----------------|-------------------|------------------|----------------------|
| <b>2014</b>  | <b>0-1 year</b> | <b>1-3 years</b>  | <b>3-5 years</b> | <b>After 5 years</b> |
| <b>Non-derivative financial assets</b>                     |                 |                   |                  |                      |
| Cash   | 508,005         | 0                 | 0                | 0                    |
| Trade receivables  | 538,586         | 0                 | 0                | 0                    |
| Receivables from subsidiaries                              | 1,970,383       | 0                 | 0                | 0                    |
| Receivables from associates and joint ventures             | 49,106          | 0                 | 0                | 0                    |
| Other receivables and current assets                       | 25,637          | 0                 | 0                | 0                    |
| <b>Non-derivative financial liabilities</b>                |                 |                   |                  |                      |
| Mortgages on ships   | -114,279        | -301,406          | -181,565         | -599,760             |
| Issued corporate bonds                                     | -51,468         | -1,081,401        | -506,037         | 0                    |
| Bank loans   | -52,971         | -103,263          | -101,348         | -145,916             |
| Trade payables   | -551,351        | 0                 | 0                | 0                    |
| Other payables   | -34,264         | 0                 | 0                | 0                    |
| Payables to subsidiaries                                   | -2,238,571      | 0                 | 0                | 0                    |
| Financial guarantees                                       | -108,095        | 0                 | 0                | 0                    |
| <b>Derivative financial assets</b>                         |                 |                   |                  |                      |
| Forward exchange contracts and currency swaps              | 13,397          | 189               | 0                | 0                    |
| <b>Derivative financial liabilities</b>                    |                 |                   |                  |                      |
| Interest swaps   | -9,105          | -4,194            | -2,174           | -2,440               |
| Forward exchange contracts and currency swaps              | -1,715          | -82,971           | -138,024         | 0                    |
| Bunker contracts   | -31,292         | 0                 | 0                | 0                    |
|  | <b>-87,997</b>  | <b>-1,573,046</b> | <b>-929,148</b>  | <b>-748,116</b>      |

*Assumptions for the maturity table:*

The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

DKK '000

| <b>Note 26 Non-cash operating items</b>                               | <b>2015</b>   | <b>2014</b>  |
|---|---------------|--------------|
| Change in provisions  | 25,973        | -1,832       |
| Change in write-down of inventories for the year                      | 884           | 974          |
| Change in provision for defined benefit plans and jubilee obligations | 339           | 615          |
| Vesting of share option plans expensed in the income statement        | 7,192         | 6,521        |
| <b>Non-cash operating items</b>                                       | <b>34,388</b> | <b>6,278</b> |

DKK '000

| <b>Note 27 Change in working capital</b> | <b>2015</b>   | <b>2014</b>   |
|--|---------------|---------------|
| Change in inventories                    | 6,813         | 20,083        |
| Change in receivables                    | 85,282        | 19,875        |
| Change in current liabilities            | -53,486       | 32,765        |
| <b>Change in working capital</b>         | <b>38,609</b> | <b>72,723</b> |

**Note 28 Acquisition and sale of enterprises and activities****Acquisition**

DFDS A/S did not acquire enterprises and activities during 2015 or 2014.

**Note 29 Guarantees, collateral and contingent liabilities**

Guarantees amount to DKK 663.7m (2014: DKK 537.5m) for DFDS A/S. In addition, DFDS A/S has issued an unlimited guarantee for a subsidiary to cover any obligations under a Payment Service Agreement for credit card payments and a guarantee to cover all payments to an English defined benefit pension scheme with an underfunding of DKK 34.3m at 31 December 2015 (2014: DKK 26.0m).

The Parent Company has issued letter of support for certain Group companies with negative equity.

The Parent Company is in 2015 as well as in 2014 part in various legal disputes. The outcome of these disputes is not considered likely to influence the Parent Company significantly, besides what is already recognised in the balance sheet.

Certain ships with a total carrying amount of DKK 1,737.6m (2014: DKK 1,302.7m) have been pledged as security for mortgage on ships with a total carrying amount of DKK 1,063.3m (2014: DKK 1,036.0m).

At year end 2015 DKK 85.4m (2014: DKK 0) of the cash was deposited on restricted bank accounts as security for derivatives with negative fair values

DKK '000

| <b>Note 30 Contractual commitments</b>      | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| Contractual commitments, term 0-1 year      | 163,383        | 133,789        |
| Contractual commitments, term 1-5 years     | 200,208        | 0              |
| Contractual commitments, term after 5 years | 541,658        | 0              |
| <b>Total contractual commitments</b>        | <b>905,249</b> | <b>133,789</b> |

Contractual commitments in 2015 relates to the developing of a terminal as well as the future charter payments relating to the lease of the ships Côte des Dunes and Côte des Flandres. The ships were deployed on the route Dover-Calais during February 2016 at which time the lease arrangement has commenced and the ships are recognised as a financial lease.

Contractual commitments in 2014 relates to installation of scrubbers for delivery in 2015.

| <b>Operating lease commitments (lessee)</b>              | <b>2015</b>      | <b>2014</b>      |
|--|------------------|------------------|
| <b>Minimum lease payments</b>                            |                  |                  |
| 0-1 year   | 19,861           | 18,432           |
| 1-5 years  | 58,173           | 74,713           |
| After 5 years  | 0                | 0                |
| <b>Total buildings</b>                                   | <b>78,034</b>    | <b>93,145</b>    |
| 0-1 year   | 10,449           | 10,675           |
| 1-5 years  | 44,137           | 44,434           |
| After 5 years  | 40,541           | 48,330           |
| <b>Total terminals</b>                                   | <b>95,127</b>    | <b>103,439</b>   |
| 0-1 year   | 780,721          | 335,200          |
| 1-5 years  | 680,595          | 524,023          |
| After 5 years  | 0                | 6,255            |
| <b>Total ships</b>                                       | <b>1,461,316</b> | <b>865,478</b>   |
| 0-1 year   | 26,236           | 24,920           |
| 1-5 years  | 50,178           | 40,906           |
| After 5 years  | 1,584            | 0                |
| <b>Total equipment, etc.</b>                             | <b>77,998</b>    | <b>65,826</b>    |
| <i>Total minimum lease payments fall due as follows:</i> |                  |                  |
| 0-1 year   | 837,267          | 389,227          |
| 1-5 years  | 833,083          | 684,076          |
| After 5 years  | 42,125           | 54,585           |
| <b>Total minimum lease payments</b>                      | <b>1,712,475</b> | <b>1,127,888</b> |

The specified payments are not discounted.

**Note 30 Contractual commitments (continued)**

Operating lease- and rent costs recognised in the income statement amount to DKK 953.3m for 2015 (2014: DKK 910.1m) of which DKK 0.0m (2014: DKK 0.1m) is contingent lease payments. The contingent part of the lease costs relates to terminals and is based on the throughput of volumes in the terminals.

Operating lease contracts on ships are typically concluded with lease terms of up to 12 months, but where most of the lease contracts contain an option to extend the lease term. However, 4 leases were initially entered with a 10 year lease period, of which 2-4 years remain at 31 December 2015. Lease contracts on other assets are normal lease contracts including a minimum lease term after which the lease term can be terminated by giving 1 to 12 months notice.

The Parent Company has not entered any substantial agreements, which will be effected, changed nor expired, if the control over the Group is changed as a consequence of takeover of the Group.

DKK '000

| <b>Operating lease commitments (lessee)</b> | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| <b>Minimum lease payments (income)</b>      |                |                |
| <i>Ships and equipment</i>                  |                |                |
| 0-1 year                                    | 131,983        | 187,444        |
| 1-5 years                                   | 284,806        | 269,795        |
| After 5 years                               | 62,185         | 120,631        |
| <b>Total ships and equipment</b>            | <b>478,974</b> | <b>577,870</b> |

The specified minimum payments are not discounted. Operational lease- and rental income recognised in the income statement amount to DKK 295.0m in 2015 (2014: DKK 282.2m). The contracts are entered into on usual conditions.

DKK '000

**Note 31 Related party transactions**

Description of the Parent Company's related parties is equal to the description for the Group. Reference is made to the consolidated financial statements note 36.

|                               | Sale of services | Purchase of services | Sale of assets | Purchase of assets | Receivables | Impairment of receivables | Liabilities | Capital contributions |
|-------------------------------|------------------|----------------------|----------------|--------------------|-------------|---------------------------|-------------|-----------------------|
| <b>2015</b>                   |                  |                      |                |                    |             |                           |             |                       |
| Associates and joint ventures | 15,311           | 187,888              | 0              | 0                  | 53,803      | 0                         | 0           | 379                   |
| Subsidiaries                  | 776,333          | 1,361,531            | 232,149        | 278,438            | 724,762     | 266,109                   | 2,718,914   | 0                     |
| <b>2014</b>                   |                  |                      |                |                    |             |                           |             |                       |
| Associates and joint ventures | 16,541           | 194,298              | 0              | 0                  | 49,106      | 0                         | 0           | 0                     |
| Subsidiaries                  | 772,651          | 1,331,651            | 0              | 3,787              | 1,970,383   | 6,633                     | 2,238,571   | 0                     |

Receivables from three subsidiaries are impaired. Impairment losses recognised in the income statement in 2015 amount to DKK 123.8m (2014: DKK 6.6m) and reversals of impairment losses amount to DKK 2.9m (2014: DKK 0m). Furthermore, DFDS A/S has in 2015 waived a loan of DKK 11.1m towards a subsidiary. Receivables are unsecured and are related to trade receivables and cash pools. Reference is made to note 29 for a description of guarantees issued by the parent company on behalf of subsidiaries.

**Note 32 Impairment tests****Introduction**

As a minimum goodwill is tested for impairment at year end. Other non-current tangible, intangible and financial assets are tested if there is any indication of impairment.

For a description of the definition of cash-generating units, basis for impairment testing and calculation of recoverable amount reference is made to the consolidated financial statements note 37.

**Impairment tests of investments in subsidiaries, associates and joint ventures**

Impairment tests are carried out for each subsidiary, associates and joint ventures in the Parent Company if there is indication of impairment. The individual companies are regarded as the lowest cash-generating units.

The estimated value in use is based on cash flows according to management approved budget for the coming financial year. Expectations towards the cash flows are adjusted for uncertainty on the basis of historical results, and take into account expectations towards possible future fluctuations in cash flows.

The Parent Company uses a discount rate determined for each subsidiary, associate or joint venture, according to the business area to which it belongs. The applied discount rates for 2015 and 2014 are shown in the table in the consolidated financial statements note 37.

In 2015 investments in subsidiaries have been impaired by DKK 158.1m in total. DFDS Logistics Rederi AS has been impaired by DKK 110.0m due to dividend payout, DFDS Seaways AS has been impaired by DKK 25.0m, DFDS Logistics AS has been impaired by DKK 10.0m, DFDS Logistics [Ireland] Ltd.Ltd has been impaired by DKK 10.0m, DFDS Logistics S.p.A has been impaired by DKK 2.3m and DFDS Seaways Ltd. has been impaired by DKK 0.8m as the calculated value in use of the individual investment were lower than the book value. Furthermore, in 2015 previous impairments have been reversed by DKK 40.0m regarding DFDS Logistics Container Line BV. The total impairment of net DKK 118.1m in 2015 is recognised under Financial items reference is made to note 7.

The Parent Company has issued letter of support to some subsidiaries and associates with negative equity. Consequently, the investment in these subsidiaries and associates are written down to zero, and any receivables due from the subsidiaries and associates are written down by amounts equal to the respective negative equities. Total write down in 2015 amounts to DKK 123.8m. Further, write downs in previous years have been reversed by DKK 2.9m. The write downs and reversals are recognised under Financial items.

**2014**

In 2014 investments in subsidiaries have been impaired by DKK 116.6m in total. DFDS Logistics NV has been impaired by DKK 60.0m, DFDS Seaways Plc. has been impaired by DKK 53.0m, DFDS Polska Sp. Z.o.o has been impaired by DKK 2.7m and New Channel Holding A/S has been impaired by DKK 0.9m as the calculated value in use of the individual investment were lower than the book value. Furthermore, in 2014 previous impairments have been reversed by DKK 90.0m regarding DFDS Logistics Container Line BV. The total impairment of net DKK 26.6m in 2014 is recognised under Financial items reference is made to note 7.

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**Note 33 Events after the balance sheet date**

On 12 February 2016, a share buyback programme of DKK 650m was launched comprising two programmes to align DFDS' capital structure to the targeted leverage. The first programme of up to DKK 400m was structured as an auction process and completed on 24 February 2016. A total of 1.600.000 shares was acquired for DKK 250 per share equal to DKK 400m. The second programme of 250m started on 12 February 2016 and is to be completed on 17 August 2016 at the latest.

DFDS has entered into long term charter agreements for the ferries Côte des Dunes and Côte des Flandres which are finance leases. The ferries, Côte des Dunes and Côte des Flandres will be recognized as non-current assets once agreements commence. The ferries have been deployed in February 2016.

On 25 February 2016, DFDS awarded 211.598 share options to the Executive Board and a number of key employees. The theoretical value of the share options is DKK 7.5m calculated according to the Black-Scholes-model.

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**Note 34 Accounting Policies**

The Parent Company financial statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate parent company financial statements for companies reporting under IFRS.

The 2015 financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The 2015 financial statements contains minor reclassifications between the lines of the comparatives for 2014 due to different presentation of impairments of investments in subsidiaries now being presented in Financial items.

**Change in accounting policies**

Reference is made to the consolidated financial statements note 40.

**Internal merger**

With effect from 18 November 2015 the 100% owned subsidiaries New Channel Holding A/S and New Channel Company A/S, have been merged into DFDS A/S.

**Critical accounting estimates and assessments**

In the process of preparing the Parent Company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

*Impairment testing of investments in subsidiaries*

Impairment testing of investments in subsidiaries is carried out if there is indication of impairment. The impairment tests are based on the expected future cash flows for the tested subsidiaries. For further details of estimates and assessments relating to investments in subsidiaries reference is made to note 32, which mention impairment testing.

Management is of the opinion that, except for impairment testing of investments in subsidiaries, no accounting estimates or judgements are made in connection with the presentation of the Parent Company financial statements applying the Parent Company accounting policies that are material to the financial reporting, other than those disclosed in note 39 to the consolidated financial statements.

**DESCRIPTION OF ACCOUNTING POLICIES**

The Parent Company accounting policies are consistent with the accounting policies described in the consolidated financial statements note 40, with the following exceptions:

**Business combinations**

In the Parent Company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the 'book value method' by which differences, if any, between purchase price and book value of the acquired enterprise/activity are recognised directly in equity.

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**Note 34 Accounting Policies (continued)**
**Translation of foreign currencies**

Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as finance income and costs in the parent company financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in the profit for the year as finance income and costs.

**Dividends from investments in subsidiaries, associates and joint ventures**

Dividends from investments in subsidiaries, associates and joint ventures are recognised in the Parent Company's Income statement for the year in which the dividends are declared. If distributions exceed the subsidiary's, the associate's or the joint venture's comprehensive income for the period, an impairment test is carried out.

**Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures are measured at cost in the Parent Company's balance sheet. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as finance cost in profit for the year unless it qualifies as a special item. If the Parent Company has a legal or constructive obligation to cover a deficit in subsidiaries, associates and joint ventures, a provision for this is recognised.

# FLEET LIST

(PER 31.12.2015)

## FREIGHT SHIPS (RO-RO)

|                                   | Year built | Gross tons | Lanemeter | TEU <sup>4</sup> | Deployment                     |
|-----------------------------------|------------|------------|-----------|------------------|--------------------------------|
| Ficaria Seaways                   | 2006/09/11 | 37.939     | 4.731     |                  | Gothenburg-Brevik-Immingham    |
| Freesia Seaways                   | 2005/09/14 | 37.939     | 4.731     |                  | Gothenburg-Brevik-Gent         |
| Begonia Seaways                   | 2004/09/14 | 37.939     | 4.731     |                  | Gothenburg-Brevik-Immingham    |
| Ark Dania <sup>8</sup>            | 2014       | 33.313     | 3.000     | 342              | Esbjerg-Immingham              |
| Ark Germania <sup>8</sup>         | 2014       | 33.313     | 3.000     | 342              | Esbjerg-Immingham              |
| Magnolia Seaways                  | 2003/13    | 32.523     | 3.831     |                  | Gothenburg-Brevik-Gent         |
| Petunia Seaways                   | 2004/13    | 32.523     | 3.831     |                  | Gothenburg-Brevik-Immingham    |
| Primula Seaways                   | 2004/14    | 32.523     | 3.831     |                  | Gothenburg-Brevik-Immingham    |
| Selandia Seaways                  | 1998/13    | 24.803     | 2.772     |                  | Vlaardingen-Felixstowe         |
| Suecia Seaways                    | 1999/11/14 | 24.613     | 2.772     | 180              | Vlaardingen-Felixstowe         |
| Britannia Seaways                 | 2000/11/14 | 24.613     | 2.772     | 180              | On charter                     |
| Ark Futura                        | 1996/00    | 18.725     | 2.308     | 246              | Vlaardingen-Immingham          |
| Anglia Seaways                    | 2000       | 13.073     | 1.680     |                  | Vlaardingen-Felixstowe         |
| Botnia Seaways                    | 2000       | 11.530     | 1.899     | 300              | Fredericia-Copenhagen-Klaipeda |
| Finlandia Seaways                 | 2000       | 11.530     | 1.899     | 300              | Zeebrugge-Rosyth               |
| Corona Seaways <sup>2</sup>       | 2008       | 25.609     | 3.322     |                  | Vlaardingen-Immingham          |
| Hafnia Seaways <sup>2</sup>       | 2008       | 25.609     | 3.322     |                  | Cuxhaven-Immingham             |
| Fionia Seaways <sup>2</sup>       | 2009       | 25.609     | 3.322     |                  | Vlaardingen-Immingham          |
| Jutlandia Seaways <sup>2</sup>    | 2010       | 25.609     | 3.322     |                  | Cuxhaven-Immingham             |
| Superfast Baleares <sup>2,8</sup> | 2010       | 30.998     | 3.530     |                  | Marseille-Tunis                |
| Finnsun, Finnmill,                | 2012/2002/ | 25.654     | 3,245/    |                  | Russia-Germany                 |
| Finnpulp <sup>7</sup>             | 2002       |            | 2,681     |                  |                                |
| Mont Ventoux <sup>6</sup>         | 1996       | 18.469     | 2.025     |                  | Marseille-Tunis                |

## RO-PAX SHIPS <sup>3</sup>

|                                      | Year built | Gross tons | Lanemeter | Passengers | TEU <sup>4</sup> | Deployment          |
|--------------------------------------|------------|------------|-----------|------------|------------------|---------------------|
| Victoria Seaways                     | 2009/14    | 25.675     | 2.500     | 600        |                  | Kiel-Klaipeda       |
| Regina Seaways <sup>1</sup>          | 2010/15    | 25.666     | 2.500     | 600        |                  | Karlshamn-Klaipeda  |
| Athena Seaways <sup>1</sup>          | 2007/15    | 26.141     | 2.593     | 462        |                  | Karlshamn-Klaipeda  |
| Optima Seaways                       | 1999       | 25.263     | 2.300     | 336        |                  | Kiel-Klaipeda       |
| Baie de Seine<br>(ex Sirena Seaways) | 2002/03    | 22.382     | 2.056     | 623        |                  | On charter          |
| Liverpool Seaways                    | 1997       | 21.856     | 2.150     | 320        |                  | Paldiski-Kappelskär |
| Patria Seaways                       | 1991       | 18.332     | 1.800     | 213        |                  | On charter          |
| Kaunas Seaways                       | 1989/94    | 25.606     | 1.539     | 235        |                  | On charter          |
| Vilnius Seaways                      | 1987/93    | 22.341     | 1.539     | 120        |                  | On charter          |
| Dunkerque Seaways <sup>5</sup>       | 2005       | 35.293     | 2.900     | 780        |                  | Dover-Dunkirk       |
| Delft Seaways <sup>5</sup>           | 2006       | 35.293     | 2.900     | 780        |                  | Dover-Dunkirk       |
| Dover Seaways <sup>5</sup>           | 2006       | 35.293     | 2.900     | 780        |                  | Dover-Dunkirk       |
| Calais Seaways <sup>5</sup>          | 1991/92/99 | 28.833     | 1.800     | 1.850      |                  | Dover-Calais        |
| Malo Seaways <sup>1</sup>            | 2000       | 24.206     | 1.948     | 405        |                  | Dover-Calais        |
| Côte d'Albâtre <sup>1</sup>          | 2006       | 18.425     | 1.270     | 600        |                  | Newhaven-Dieppe     |
| Seven Sisters <sup>1</sup>           | 2006       | 18.940     | 1.270     | 600        |                  | Laid-up             |



**PASSENGER SHIPS**

|                  | Year built    | Gross tons | Lanemeter | Passengers | Deployment          |
|------------------|---------------|------------|-----------|------------|---------------------|
| Pearl Seaways    | 1989/01/05/14 | 40.231     | 1.482     | 2.168      | Copenhagen-Oslo     |
| Crown Seaways    | 1994/05/14    | 35.498     | 1.370     | 2.044      | Copenhagen-Oslo     |
| King Seaways     | 1987/93/06    | 31.788     | 1.410     | 1.534      | Amsterdam-Newcastle |
| Princess Seaways | 1986/93/06    | 31.356     | 1.410     | 1.364      | Amsterdam-Newcastle |

**SIDEPORT SHIPS**

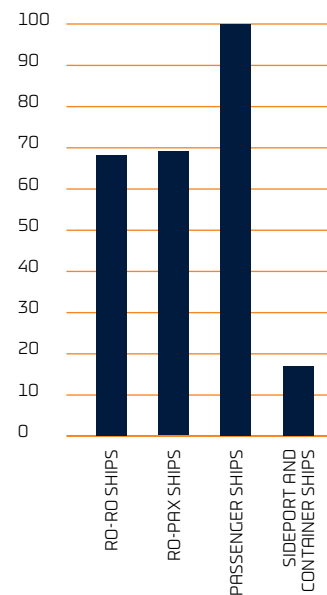
|                 | Year built | Gross tons | TEU <sup>4</sup> | Deployment              |
|-----------------|------------|------------|------------------|-------------------------|
| Lysvik Seaways  | 1998/04    | 7.409      | 160              | Oslo Fjord-Continent/UK |
| Lysbris Seaways | 1999/04    | 7.409      | 160              | Oslo Fjord-Continent/UK |

**CONTAINER SHIPS**

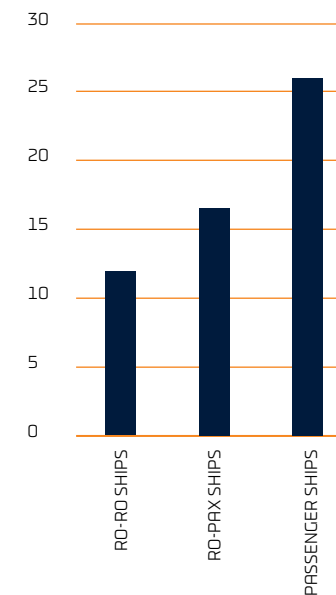
|                                | Year built | Gross tons | TEU <sup>4</sup> | Deployment           |
|--------------------------------|------------|------------|------------------|----------------------|
| Endeavor <sup>2</sup>          | 2005       | 7.642      | 750              | UK-Ireland-Spain     |
| Encounter <sup>6</sup>         | 2004       | 7.642      | 750              | UK-Ireland-Spain     |
| Philipp <sup>6</sup>           | 2008       | 8.971      | 917              | UK-Ireland-Spain     |
| Flintercape <sup>6</sup>       | 2008       | 7.702      | 809              | UK-Ireland-Spain     |
| Ensemble <sup>6</sup>          | 2005       | 7.642      | 750              | UK-Ireland-Spain     |
| Spica J <sup>7</sup>           | 2007       | 8.246      | 962              | Oslo Fjord-Rotterdam |
| Energizer <sup>7</sup>         | 2004       | 7.642      | 750              | Oslo Fjord-Rotterdam |
| Wes Amelie <sup>7</sup>        | 2011       | 10.585     | 1.036            | Oslo Fjord-Rotterdam |
| Samskip Endeavour <sup>7</sup> | 2011       | 7.852      | 812              | Rotterdam-Ireland    |
| Samskip Express <sup>7</sup>   | 2006       | 7.852      | 803              | Rotterdam-Ireland    |

<sup>1</sup> Chartered (bareboat charter)  
<sup>2</sup> Chartered (time charter)  
<sup>3</sup> Ro-pax: Combined ro-ro and passenger ship  
<sup>4</sup> TEU: 20 foot container unit  
<sup>5</sup> Short-sea day ferry  
<sup>6</sup> VSA: Vessel sharing agreement with owner/charterer  
<sup>7</sup> SCA: Slot charter agreement with owner/charterer  
<sup>8</sup> SCA: Slot charter agreement with DFDS

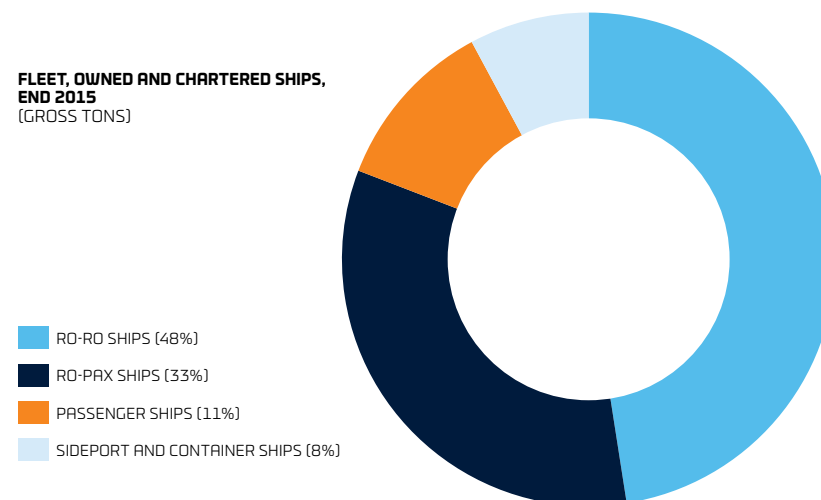
**OWNERSHIP SHARES OF FLEET, END 2015**  
[%]



**OWNED SHIPS, AVERAGE AGE END 2015**  
[%]



**FLEET, OWNED AND CHARTERED SHIPS, END 2015**  
(GROSS TONS)



# COMMERCIAL DUTIES

Commercial duties of the Board of Directors and Executive Board as of 26 February 2016

## BOARD OF DIRECTORS

### **Bent Østergaard, Chair, 14,165 shares**

- Date of birth: 5 October 1944
- Joined the Board: 1 April 2009
- Re-elected: 2010-2015
- Period of office ends: 31 March 2016
- Chair of the Nomination and Remuneration Committee
- Position: CEO, Lauritzen Fonden, & LF Investment ApS
- Chair: J. Lauritzen A/S, Frederikshavn Maritime Erhvervspark A/S, NanoNord A/S, Cantion A/S
- Board member: Mama Mia Holding A/S, Meabco Holding A/S, Meabco A/S, With Fonden, Durisol UK,
- Desmi A/S, Comenxa A/S

The Board of Directors is of the opinion that Bent Østergaard possesses the following special competences: International management experience, board experience from international and listed companies, and expertise in shipping and finance.

As a result of his executive functions for the company's principal shareholder, Lauritzen Fonden, Bent Østergaard cannot be considered independent according to the recommendations on corporate governance.

### **Claus V. Hemmingsen, Deputy Chair, 710 shares**

- Date of birth: 15 September 1962
- Joined the Board: 29 March 2012
- Re-elected: 2013-2015
- Period of office ends: 31 March 2016
- Member of the Nomination and Remuneration Committee
- Position: CEO, Maersk Drilling and member of the Executive Board for A.P. Møller-Mærsk A/S
- Chair: Danish Shipowners' Association
- Deputy Chair: Danish Chinese Business Forum
- Board member: Egyptian Drilling Company, Well Control Institute (WCI)

The Board of Directors is of the opinion that Claus V. Hemmingsen possesses the following special competences: International management experience and expertise in offshore activities and shipping.

### **Vagn Sorensen, Deputy Chair 6,665 shares**

- Date of birth: 12 December 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007-2015
- Period of office ends: 31 March 2016
- Member of the Nomination and Remuneration Committee
- Position: Director, GFKJUS 611 ApS
- Chair: E-Force A/S, FLSmidth A/S, FLSmidth & Co. A/S, Scandic Hotels AB, SSP Group Plc., TDC A/S, Automic Software GmbH, Bureau Van Dijk B.V., TIA Technologies A/S, Zebra A/S
- Board member: Air Canada Inc., Braganza A/S, CP Dyvig & Co. A/S, Lufthansa Cargo AG, Royal Caribbean Cruises Ltd., Nordic Aviation Capital A/S, JP/Politikens Hus

The Board of Directors is of the opinion that Vagn Sørensen possesses the following special competences: International management experience, board experience from international and listed companies, and expertise in aviation and service companies.

**Jill Lauritzen Melby, Board member,  
4,735 shares**

- Date of birth: 6 December 1958
- Joined the Board: 18 April 2001
- Re-elected: 2002-2015
- Period of office ends: 31 March 2016
- Member of the Audit Committee
- Position: Team Leader Finance, BASF A/S

The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: Expertise in financial control.

Due to family relations to the company's principal shareholder, Lauritzen Fonden, Jill Lauritzen Melby cannot be considered independent according to the recommendations on corporate governance.

**Pernille Erenbjerg, Board member,  
0 shares**

- Date of birth: 21 August 1967
- Joined the Board: 26 March 2014
- Re-elected: 2015
- Period of office ends: 31 March 2016
- Chair of the Audit Committee
- Position: CEO, TDC A/S
- Board member: Genmab A/S, GET AS
- Member of DI's Committee on Fiscal Policy
- Member of DI's Committee on Business Policy

The Board of Directors is of the opinion that Pernille Erenbjerg possesses the following special competences: International management experience and expertise in finance and accounts.

**Jørgen Jensen, Board member,  
0 shares**

- Date of birth: 21 March 1968
- Joined the Board: 24 March 2015
- Period of office ends: 31 March 2016
- Member of the Audit Committee
- Position: CEO, Widex A/S; Managing director, JFJ Invest ApS
- Board member: Nordic Waterproofing Group AB

The Board of Directors is of the opinion that Jørgen Jensen possesses the following special competences: International management experience and expertise in strategy, global supply chain, production processes and M&A.

**Jens Otto Knudsen, staff representative,  
0 shares**

- Date of birth: 8 August 1958
- Joined the Board: 13 April 2011
- Re-elected: 2014
- Period of office ends: 24 March 2018
- Position: Captain

Jens Knudsen has no managerial or executive positions in other companies.

**Kent Vildbæk, staff representative,  
0 shares**

- Date of birth: 15 February 1964
- Joined the Board: 13 April 2011
- Re-elected: 2014
- Period of office ends: 24 March 2018
- Position: Commercial Head

Kent Vildbæk has no managerial or executive positions in other companies.

**Lars Skjold-Hansen, staff representative,  
0 shares**

- Date of birth: 23 August 1965
- Joined the Board: 22 March 2013
- Re-elected: 2014
- Period of office ends: 24 March 2018
- Position: Captain

Lars Skjold-hansen has no managerial or executive positions in other companies.

**EXECUTIVE BOARD**

**Niels Smedegaard, President & CEO,  
227,303 shares**

- Date of birth: 22 June 1962
- Appointed: 1 January 2007
- Chair: ECSA (European Community Shipowners' Association), Interferry Europe
- Deputy Chair: The Danish Shipowners' Association, The Bikuben Foundation
- Board member: The Denmark-America Foundation, Danske Bank Advisory Board, TT Club Mutual Insurance, Vestergaard A/S

**Torben Carlsen, EVP & CFO,  
198,310 shares**

- Date of birth: 5 March 1965
- Appointed: 1 June 2009
- Chair: Crendo Fastighetsförvaltning AB, SEM Invest A/S, SEM Stålintroduktion A/S
- Board member: Investering & Tryghed A/S

## BOARD OF DIRECTORS

**Bent Østergaard**

Chair

**Claus Hemmingsen**

Deputy Chair

**Vagn Sørensen**

Deputy Chair

**Jill Lauritzen Melby**

Board Member

**Pernille Erenbjerg**

Board Member

**Jørgen Jensen**

Board Member

**Jens Otto Knudsen**

Staff Representative

**Kent Vildbæk**

Staff Representative

**Lars Skjold-Hansen**

Staff Representative



**From left to right:**

Lars Skjold-Hansen, Jens Otto Knudsen, Jill Lauritzen Melby, Claus Hemmingsen, Bent Østergaard, Niels Smedegaard, Pernille Erenbjerg, Torben Carlsen, Jørgen Jensen og Kent Vildbæk. (Vagn Sørensen was not present at the photo session).



# EXECUTIVE MANAGEMENT

## **Niels Smedegaard (1962)**

- President & CEO
- MSC (Finance)
- Employed by DFDS since 2007

## **Torben Carlsen (1965)**

- Executive Vice President & CFO
- MSC (Finance)
- Employed by DFDS since 2009

## **Peder Gellert Pedersen (1958)**

- Executive Vice President,  
Shipping Division
- Ship broker, HD (O)
- Employed by DFDS since 1994

## **Eddie Green (1958)**

- Executive Vice President, Logistics Division
- BA (Hons) Economics
- Employed by DFDS since 2010

## **Henrik Holck (1961)**

- Executive Vice President,  
People & Ships
- MSC Psych
- Employed by DFDS since 2007



**From left to right:**

Eddie Green, Henrik Holck, Niels Smedegaard,  
Torben Carlsen, Peder Gellert Pedersen.



# GLOSSARY & DEFINITIONS

**BAF:** Bunker adjustment factor, surcharge for price changes in bunker/MGO

**Bareboat charter:** Lease of a ship without crew for an agreed period.

**Bunker:** Oil-based fuel used in shipping.

**Door-to-door transport:** Transportation of goods from origin to final destination by a single freight forwarder. The freight forwarder typically uses third-party suppliers, such as a haulage contractor, to make the transport.

**Chartering:** Lease of a ship.

**Non-allocated items:** Central costs which are not distributed to divisions.

**Intermodal:** Transport using several different types of transport (road, rail and sea).

**Lane metre:** An area on a ship deck one lane wide and one metre long. Used to measure freight volumes.

**Logistics:** Sea and land-based freight transport, storage and distribution, and associated information processing.

**Lo-lo:** Lift on-lift off: Type of ship for which cargo is lifted on and off.

**MGO:** Marine gas oil, also known as marine diesel

**Northern Europe:** The Nordic countries, Benelux, the United Kingdom, Ireland, Germany, Poland, the Baltic nations, Russia and other SNG countries.

**Production partnership (Vessel Sharing Agreement):** Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity.

**Ro-pax:** Combined ro-ro freight and passenger vessel.

**Ro-ro:** Roll on-roll off: Type of ship for which freight is driven on and off.

**Short sea:** Shipping between destinations within a defined geographic area. The converse is deep-sea shipping, i.e. sailing between continents.

**Sideport vessels:** Ship with loading/unloading takes place via ports in the ship's side.

**Space charter:** Third-party lease of space on a ship deck.

**Stevedoring:** Activities related to loading and unloading of ships in a port terminal.

**Time charter:** Lease of a ship with crew for an agreed period.

**Tonnage tax:** Taxation levied on ships according to ship tonnage.

**Trailer:** An unpowered vehicle for transport of goods pulled by a powered vehicle.

**Chartering-out:** Leasing out of a ship.

|  |   |
|--|---|
| <b>Operating profit before depreciation (EBITDA)</b> | Profit before depreciation and impairment on non-current assets   |
| <b>Operating profit (EBIT)</b>                       | Profit after depreciation and impairment on non-current assets  |
| <b>Operating profit margin</b>                       | $\frac{\text{Operating profit (EBIT) before special items}}{\text{Revenue}} \times 100$   |
| <b>Net operating profit after taxes (NOPAT)</b>      | Operating profit (EBIT) minus tax on EBIT   |
| <b>Invested capital</b>                              | Non-current intangible and tangible assets plus investment in associates and net current assets (non-interest bearing current assets minus non-interest bearing current liabilities) minus pension and jubilee liabilities and other provisions |
| <b>Return on invested capital (ROIC)</b>             | $\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$  |
| <b>Weighted average cost of capital (WACC)</b>       | Average capital cost for net interest-bearing liabilities and equity, weighted according to the capital structure   |
| <b>Free cash flow, FCFF</b>                          | Cash flow from operating activities, net, excluding interest etc. received and paid minus cash flow from investing activities   |
| <b>Return on equity p.a.</b>                         | $\frac{\text{Profit for the year excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$   |
| <b>Equity ratio</b>                                  | $\frac{\text{Equity}}{\text{Total assets}} \times 100$  |
| <b>Net- interest-bearing debt</b>                    | Interest-bearing non-current and current liabilities minus interest-bearing non-current and current assets  |
| <b>Earnings per share (EPS)</b>                      | $\frac{\text{Dividend for the year}}{\text{Profit for the year excluding non-controlling interests}}$   |
| <b>P/E ratio</b>                                     | $\frac{\text{Share price at year-end}}{\text{Earnings per share (EPS)}}$  |
| <b>FCFE yield</b>                                    | $\frac{\text{FCFF including interest etc. received and paid}}{\text{Market value at year-end plus non-controlling interests}} \times 100$   |
| <b>Total distribution yield</b>                      | $\frac{\text{Total distribution to shareholders}}{\text{Market value at year-end plus non-controlling interests}} \times 100$   |
| <b>Cash payout ratio</b>                             | $\frac{\text{Total distribution to shareholders}}{\text{FCFE}} \times 100$  |
| <b>Dividend return</b>                               | $\frac{\text{Paid dividend per share}}{\text{Share price at beginning of year}}$  |
| <b>Equity per share</b>                              | $\frac{\text{Equity excluding non-controlling interests at year-end}}{\text{Number of circulating shares at year-end}}$   |
| <b>Price/book value</b>                              | $\frac{\text{Share price at year-end}}{\text{Equity per share at year-end}}$  |

## THE HISTORY OF DFDS

DFDS was founded in 1866 as a result of an initiative by C.F. Tietgen to merge the three largest Danish steamship companies of the day.

In the beginning, DFDS was active in domestic as well as international shipping, carrying both freight and passengers. The international services covered the North Sea and the Baltic, later expanding to the Mediterranean. Towards the end of the 19th century, routes were established to the USA and South America. The passenger routes to the USA were closed in 1935.

As land-based transport volumes increased, forwarding and logistics became integral parts of DFDS' strategy. From the mid-60s, considerable forwarding and logistics activities were developed in extension to the route network.

In 1982, a passenger route was opened between New York and Miami. However, the route failed to live up to expectations and was discontinued at great cost in 1983. Subsequently, the DFDS Group was restructured, including divestment of activities in the

Mediterranean and routes to the USA and South America.

Forwarding and logistics activities were developed organically and by acquisitions. Following the acquisition of Dan Transport in 1998, the business became one of the largest forwarding and logistics companies in Northern Europe.

To focus the Group's resources, a new strategy was adopted with emphasis on shipping and the forwarding and logistics activities, DFDS Dan Transport, were divested in 2000.

DFDS' route network for passengers and freight has continuously been developed via organic capacity growth and acquisitions. Following a number of smaller acquisitions, a transformational acquisition was made in 2010 when Norfolkline was acquired making DFDS the largest company combining short sea shipping and logistics in Northern Europe.



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