

# FERRY SHIPPING AND LOGISTICS

DFDS Group Overview

April 2017

# Disclaimer

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The statements about the future in this announcement contain risks and uncertainties.

This entails that actual developments may diverge significantly from statements about the future.

# Content overview

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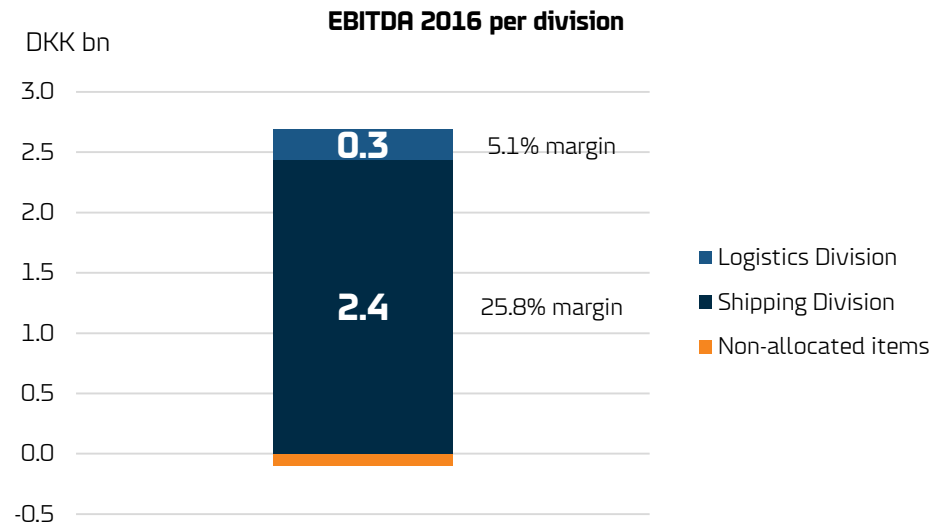
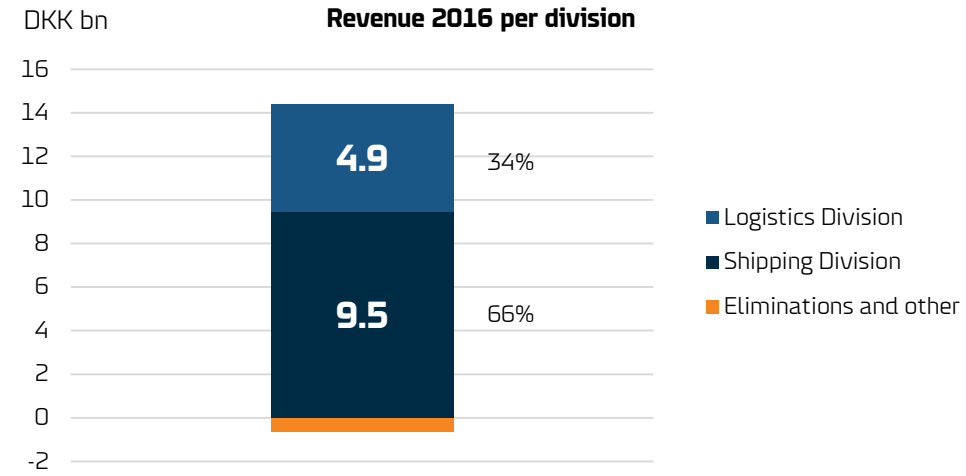
# WHAT WE DO

# DFDS structure, ownership and earnings split

## DFDS Group

People & Ships	Finance
<b>Shipping Division</b> <ul style="list-style-type: none"> <li>Ferry services for freight and passengers</li> <li>Port terminals</li> </ul>	<b>Logistics Division</b> <ul style="list-style-type: none"> <li>Door-door transport solutions</li> <li>Contract logistics</li> </ul>

<b>DFDS facts</b> <ul style="list-style-type: none"> <li>Founded in 1866</li> <li>Activities in 20 European countries</li> <li>7,000 employees</li> </ul>	<b>Shareholder structure</b> <ul style="list-style-type: none"> <li>Lauritzen Foundation: 41%</li> <li>DFDS: 7%</li> <li>Free float: 52%</li> <li>Listed: Nasdaq Copenhagen</li> <li>Foreign ownership share: ~30%</li> <li>Average daily trading 2016: DKK 26m (EUR 3.5m)</li> </ul>
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# Freight, logistics and passengers – focus northern Europe

**Key services**

## Freight routes

- Trailers, unaccompanied & accompanied
- Industry solutions
- Port terminals

## Logistics solutions

- Door-door full & part loads
- Contract logistics

## Passenger routes

- Overnight
- Day
- Transport/holiday
- Cruise ferry

**Freight**

**Share of Group revenue**



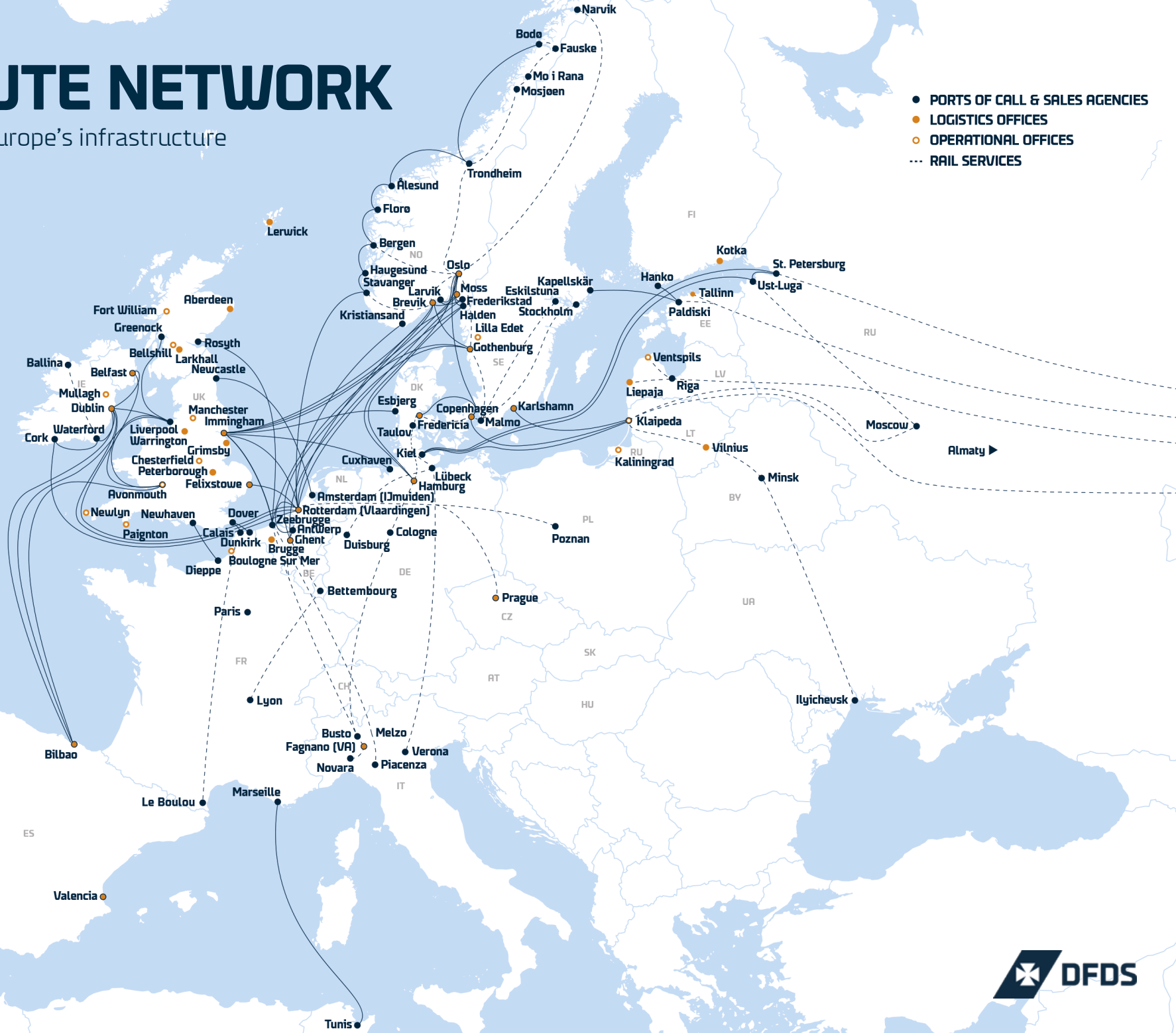
**80% freight**

**20% pax**

# DFDS ROUTE NETWORK

- an integrated part of Europe's infrastructure

- PORTS OF CALL & SALES AGENCIES
- LOGISTICS OFFICES
- OPERATIONAL OFFICES
- RAIL SERVICES

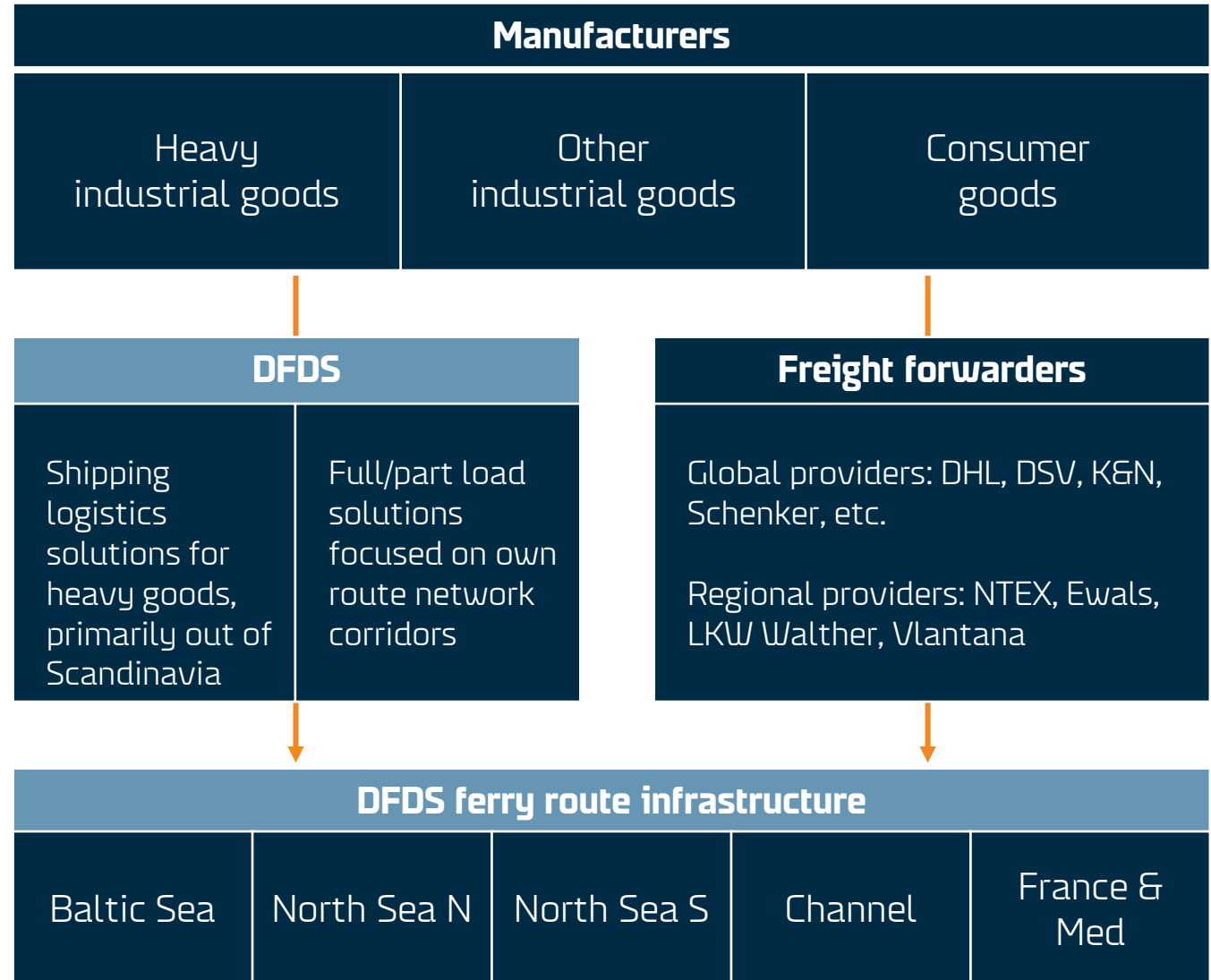


**IT'S ALL  
ABOUT THE  
ROUTE**



# DFDS' freight business model integrates routes and logistics

- DFDS logistics activities have a narrow scope of full/part load solutions
- Own logistics provides access to market intelligence and ability to allot volumes between own and external routes for capacity optimisation
- Around 20% of routes' freight revenue from own shipping logistics and full/part load solutions



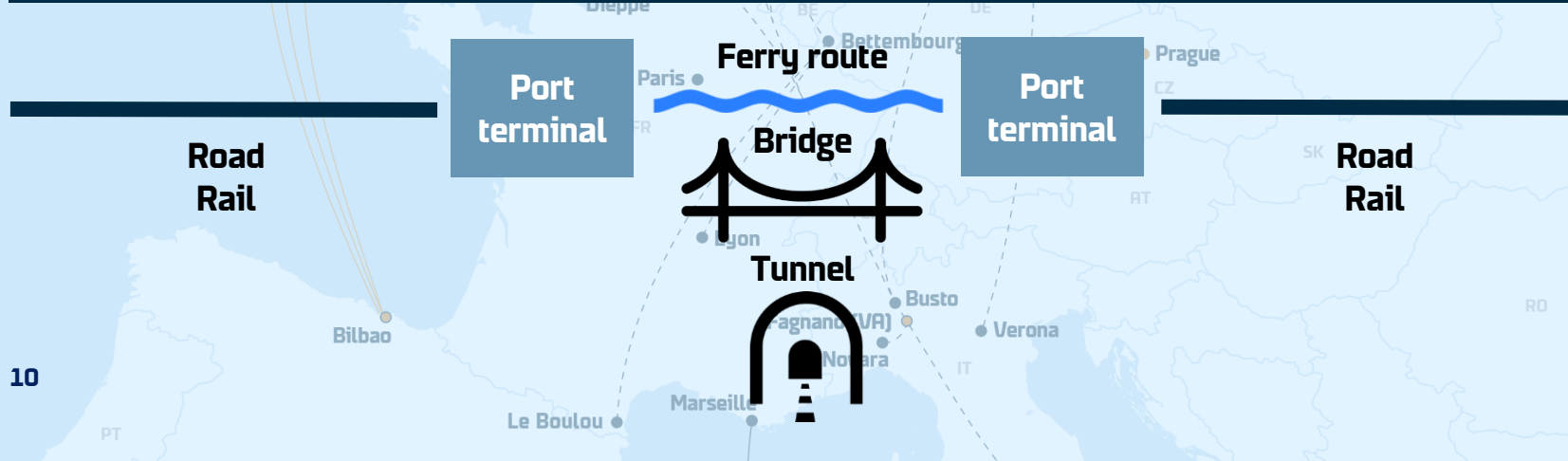
# FERRY ROUTE CAPACITY DYNAMICS

- stepwise addition of ferries leverages capacity significantly

Route	No. of ships on route today	Minimum required no. of ships for entry	Capacity impact of entry*
Dover-Calais	8	3	38%
Gothenburg-Immingham	3	2	67%
Fredericia- Copenhagen- Klaipeda	1	1	100%

\* Assuming entered ships are identical to incumbent ships and same no. of departures per ship

## Freight Infrastructure



# KEY NORTHERN EUROPEAN FERRY COMPANIES

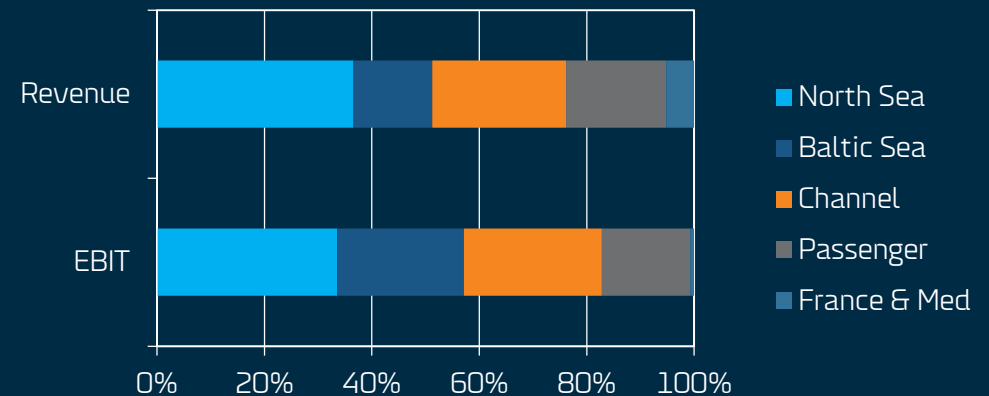


# SHIPPING

## Business units and ROIC 2016

North Sea	Baltic Sea	Channel	Passenger	France & Med
12%	30%	20%	43%	n.a.

2016: Shipping Division





- **Ro-Ro/Ro-Pax** shipping: roll on, roll off of **freight units** and **passenger cars**
- Routes can carry **unaccompanied** and **accompanied trailers**
- Other types of cargo, e.g. heavy industrial goods and containers, are placed on carrying equipment (mafis) and tugged on to the ship



# FERRY TYPES

*Combined freight and passengers (ro-pax). Baltic Sea, e.g. Kiel-Klaipeda*



*Freight only (ro-ro). North Sea, e.g. Gothenburg-Immingham*



*Day ferry (ro-pax). Channel, e.g. Dover-Dunkirk*



*Passengers with freight (cruise ferry). Passenger, e.g. Copenhagen-Oslo*



*Ro-ro trailer deck*



# North Sea

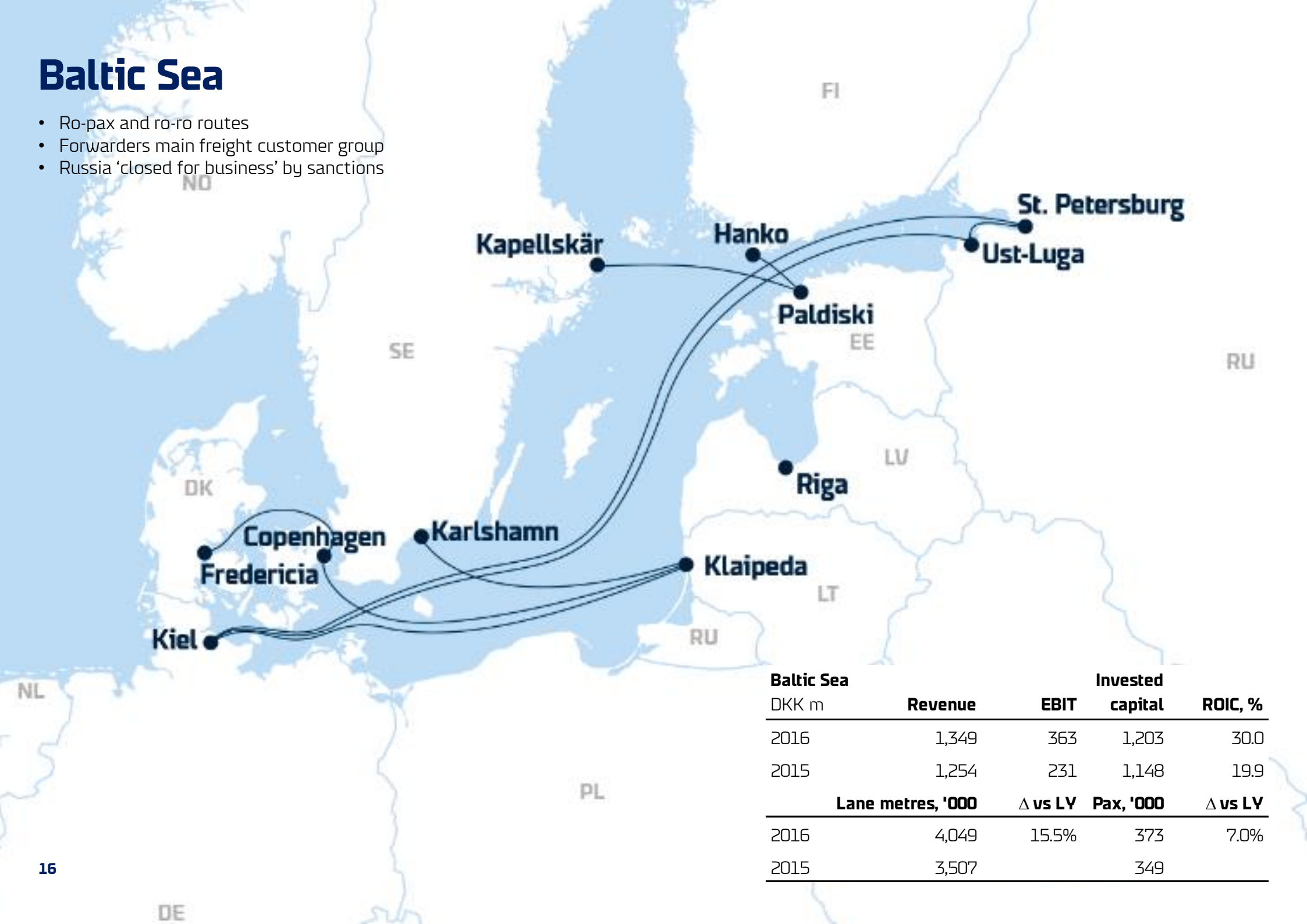
- Only ro-ro routes (freight-only)
- High share of industrial customers out of Sweden
- Forwarders main customer group UK-Continent



North Sea		Invested capital		
DKK m	Revenue	EBIT	capital	ROIC, %
2016	3,365	515	4,168	12.1
2015	3,402	458	4,368	10.3
Lane metres, '000		Δ vs LY	Pax, '000	Δ vs LY
2016	11,770	5.5%	n.a.	n.a.
2015	11,159			

# Baltic Sea

- Ro-pax and ro-ro routes
- Forwarders main freight customer group
- Russia 'closed for business' by sanctions



Baltic Sea	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
2016	1,349	363	1,203	30.0
2015	1,254	231	1,148	19.9
	Lane metres, '000	Δ vs LY	Pax, '000	Δ vs LY
2016	4,049	15.5%	373	7.0%
2015	3,507		349	



# Channel

- Ro-pax routes
- Forwarders main freight customer group
- Seasonal passenger market, Q3 high season

Channel	Revenue	EBIT	Invested capital	ROIC, %
DKK m				
2016	2,288	394	1,937	20.3
2015	1,853	198	1,203	16.4
	<b>Lane metres, '000</b>	<b>Δ vs LY</b>	<b>Pax, '000</b>	<b>Δ vs LY</b>
2016	20,325	36.2%	4,921	18.2%
2015	14,923		4,163	

Dover ●  
Calais ● ●  
Dunkirk

# Passenger

- Cruise ferry routes, overnight crossings
- Seasonal passenger market, Q3 high season
- Increasing share of overseas passengers

Newcastle

Oslo

Copenhagen

Amsterdam (IJmuiden)

Passenger DKK m	Revenue	EBIT	Invested capital	ROIC, %
2016	1,713	253	577	43.1
2015	1,742	219	677	31.3
Lane metres, '000	Δ vs LY	Pax, '000	Δ vs LY	
2016	634	8.2%	1,318	-0.1%
2015	586		1,319	

# France & Mediterranean

- Ro-pax and ro-ro routes
- Forwarders main freight customer group
- Newhaven-Dieppe concession route

Newhaven

Dieppe

Marseille

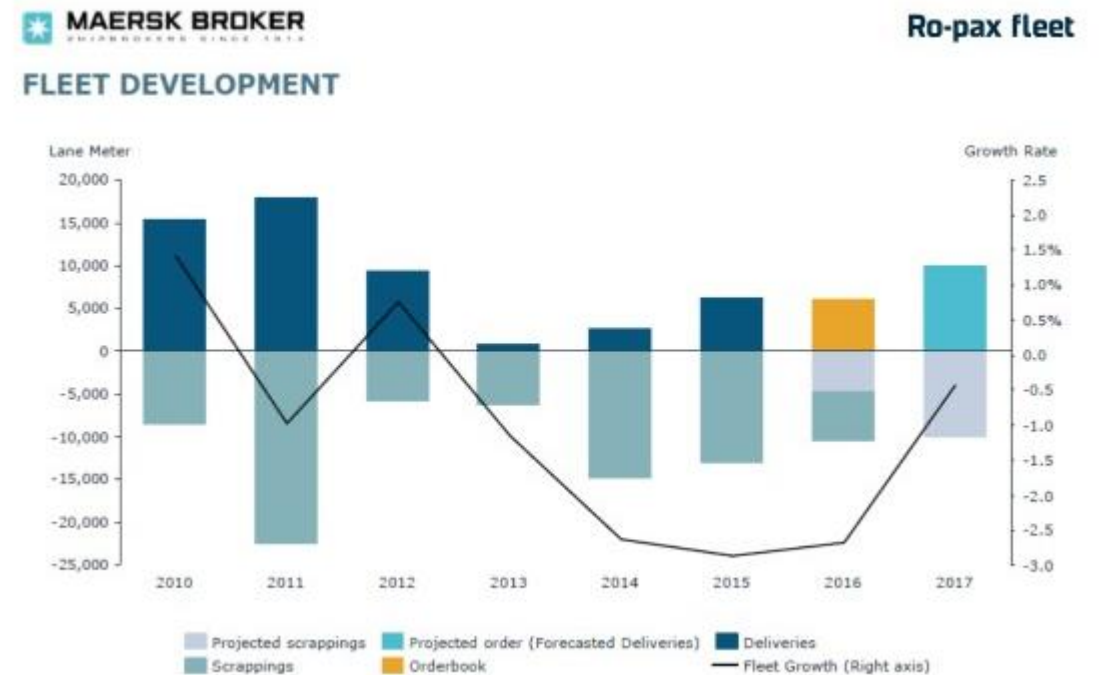
Tunis

## France & Med

DKK m	Revenue	EBIT	Invested capital	ROIC, %
2016	481	11	-29	n.a.
2015	501	5	-36	n.a.
	Lane metres, '000	Δ vs LY	Pax, '000	Δ vs LY
2016	1,003	-13.4%	353	-2.6%
2015	1,158		362	

# Balanced ferry market – operators ordering for own routes

- Freight ferry (ro-ro) capacity expected to slightly increase in 2017 following significant decline since 2011
- Combined pax/freight ferry (ro-pax) capacity expected to continue decline in 2017 following decline since 2012
- New ferries ordered tend to be larger, hence fewer required to meet capacity goals
- Order book consists primarily of orders from Cobelfret, Stena Line and DFDS
- Limited availability of ferries for potential ‘speculative’ entrants

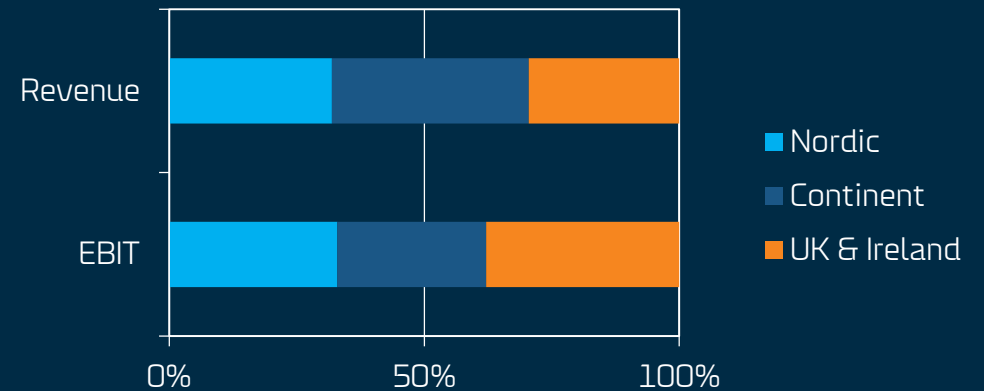


# LOGISTICS

## Business units and ROIC 2016

<b>Nordic</b>	<b>Continent</b>	<b>UK &amp; Ireland</b>
<b>16%</b>	<b>11%</b>	<b>13%</b>

2016: Logistics Division



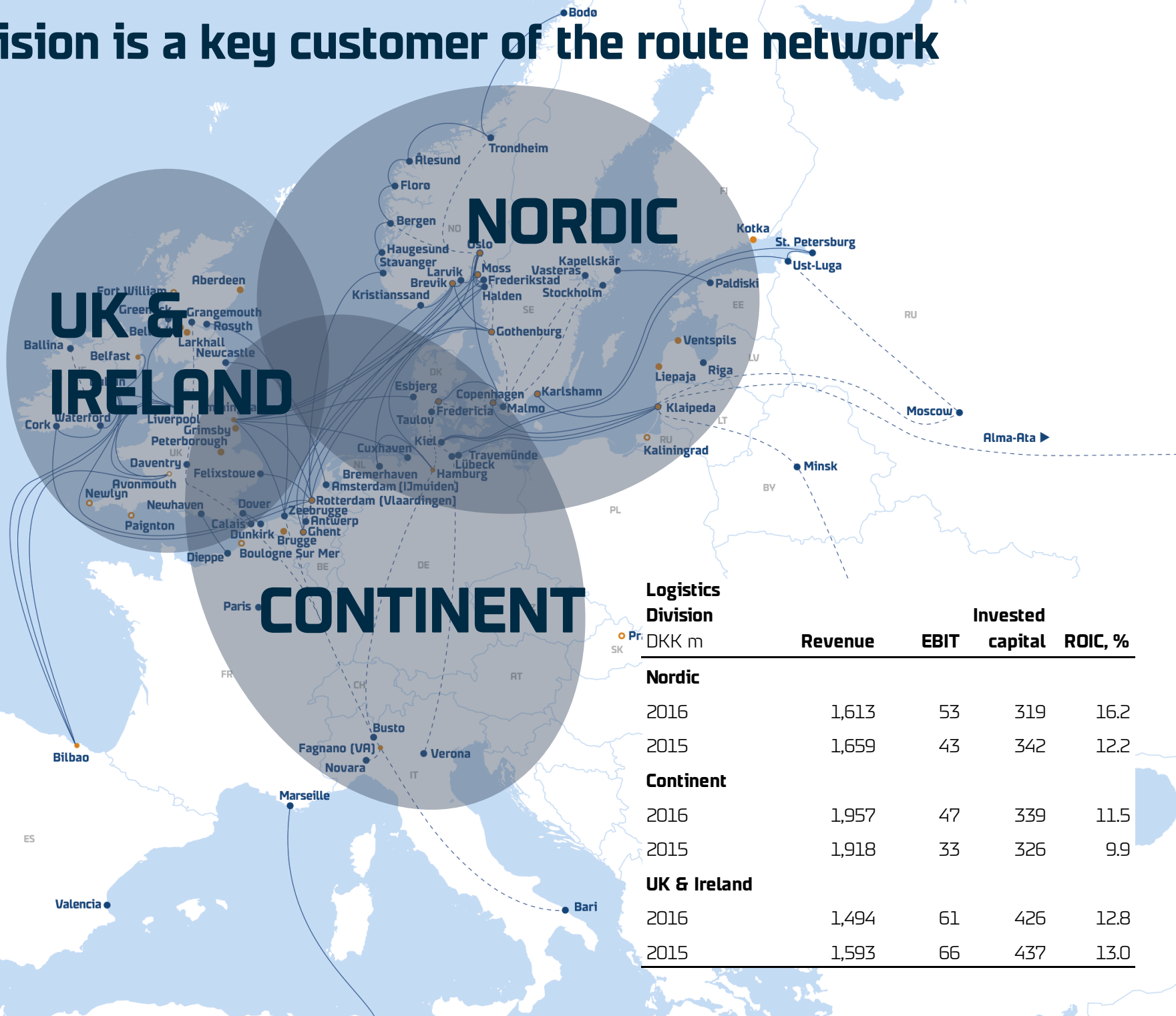
# Logistics Division: growing share of contract logistics

Activity	Nordic	Continent	UK & Ireland
<b>Door-door full &amp; part loads (trailers, containers &amp; rail)</b>	<ul style="list-style-type: none"> <li>Scandinavia-UK/Baltics/Continent</li> </ul>	<ul style="list-style-type: none"> <li>Continent-Scandinavia/UK/Ireland</li> </ul>	<ul style="list-style-type: none"> <li>Northern Ireland-UK</li> <li>Ireland/UK-Spain</li> <li>UK domestic</li> </ul>
<b>Contract logistics</b>	<ul style="list-style-type: none"> <li>Automotive, Gothenburg</li> </ul>	<ul style="list-style-type: none"> <li>Automotive, Germany-UK, Belgium</li> </ul>	<ul style="list-style-type: none"> <li>Temperature controlled, Scotland, England</li> <li>Retail, Northern Ireland</li> </ul>
<b>Paper shipping logistics</b>	<ul style="list-style-type: none"> <li>Norway-Continent/UK</li> </ul>		



# Logistics Division is a key customer of the route network

- Top 3 customer of Shipping Division
- 8% of total shipping volumes
- 10-20% volume target on individual routes



Logistics Division	Revenue	EBIT	Invested capital	ROIC, %
<b>Nordic</b>				
2016	1,613	53	319	16.2
2015	1,659	43	342	12.2
<b>Continent</b>				
2016	1,957	47	339	11.5
2015	1,918	33	326	9.9
<b>UK &amp; Ireland</b>				
2016	1,494	61	426	12.8
2015	1,593	66	437	13.0

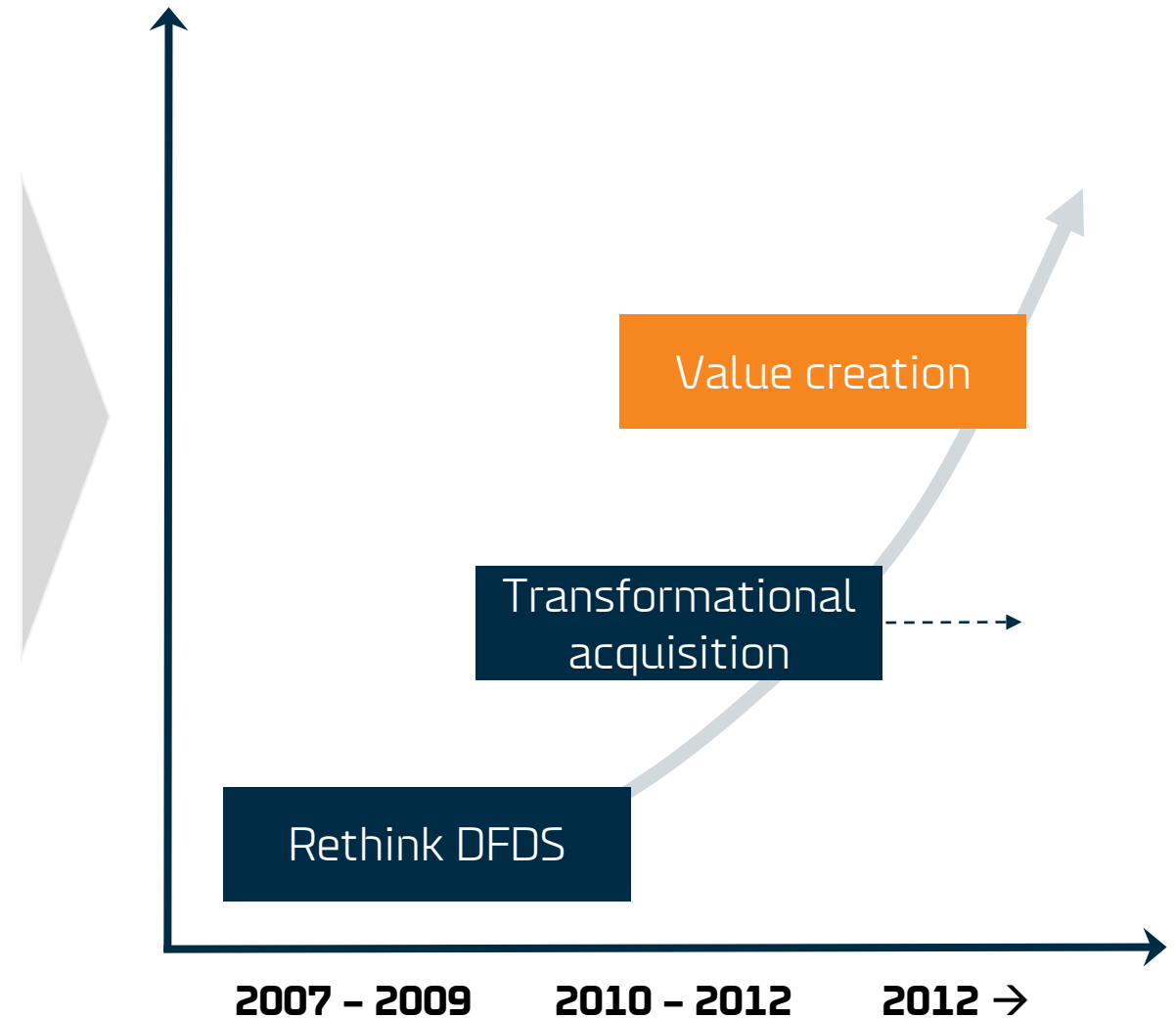
# HOW WE RUN DFDS



# Core strategy supports path of value creation

## Core strategy

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**



# 3 key strategic demands and supporting initiatives

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## 1. Top line focus



Continuous improvement projects



IT systems development



Digital



DFDS WAY 2.0

## 2. Increase efficiency and reduce cost base

## 3. Acquisitions and investments for future growth



M&A

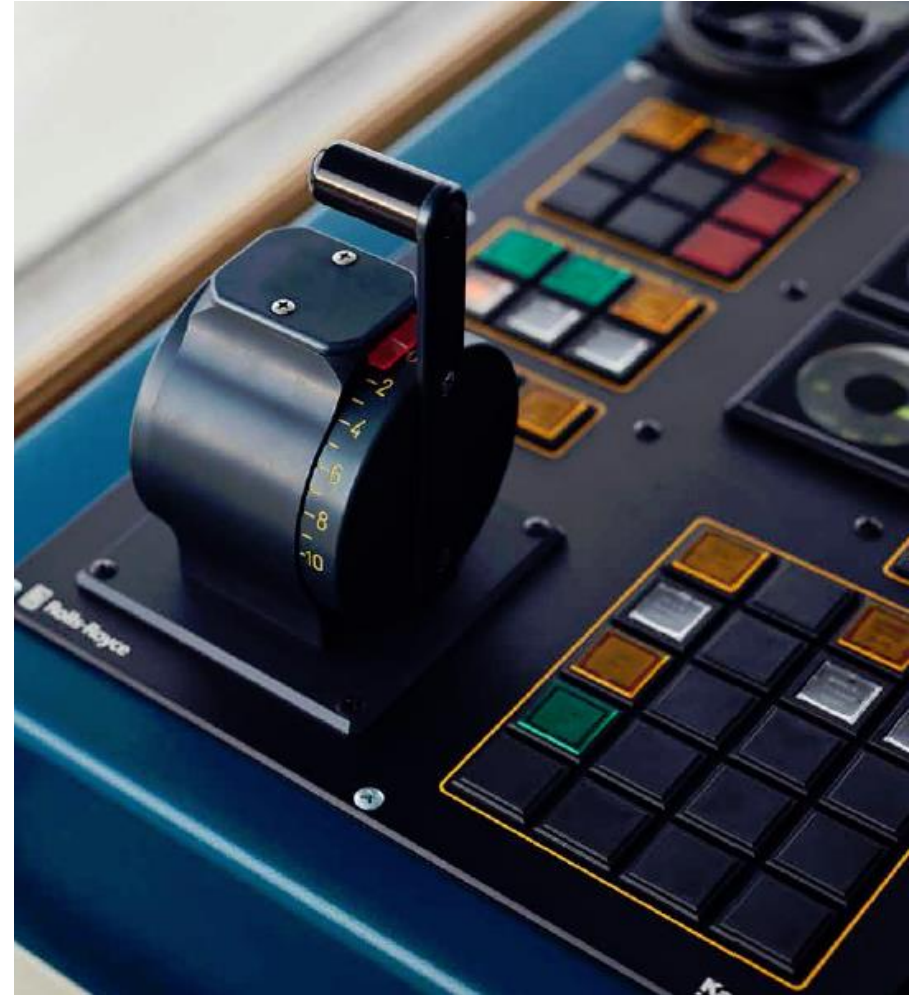


Fleet strategy

# Continuous improvement projects

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



# 3 key strategic demands

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## 1. Top line focus



Continuous improvement projects



IT systems development



Digital

## 2. Increase efficiency and reduce cost base

## 3. Acquisitions and investments for future growth



M&A



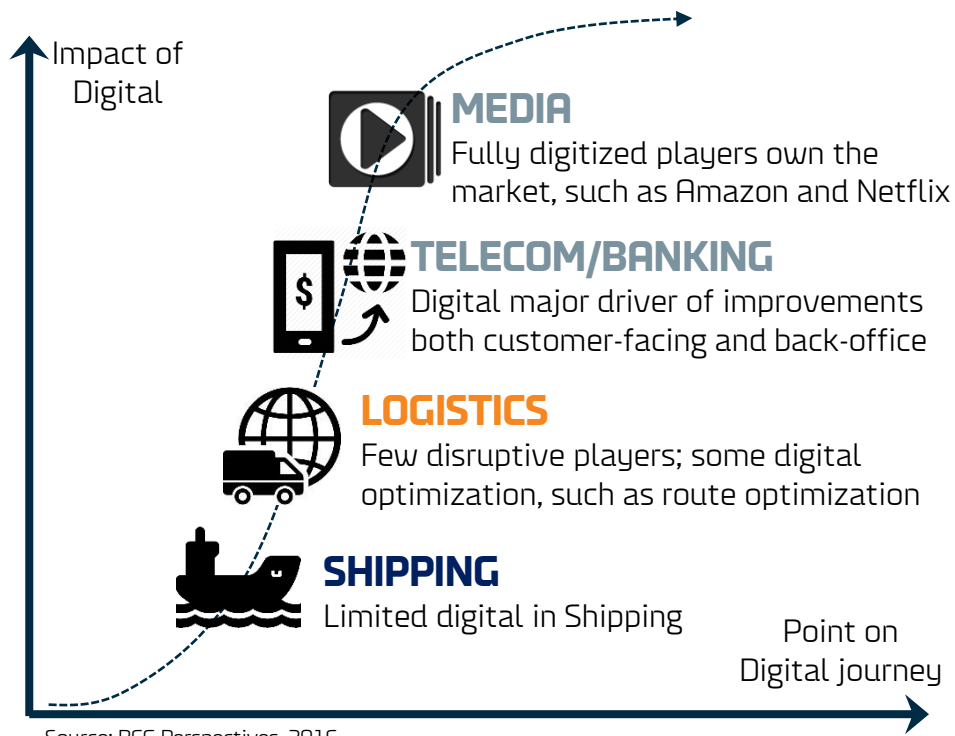
Fleet strategy



DFDS WAY 2.0

# DFDS' digital journey started in 2014

**OUR INDUSTRY** is still among the **LEAST DIGITAL...**



**DIGITAL:** a **KEY FOCUS AREA** for DFDS since 2014...

**DIGITALIZATION HIT OUR RADAR SCREEN LAST YEAR**

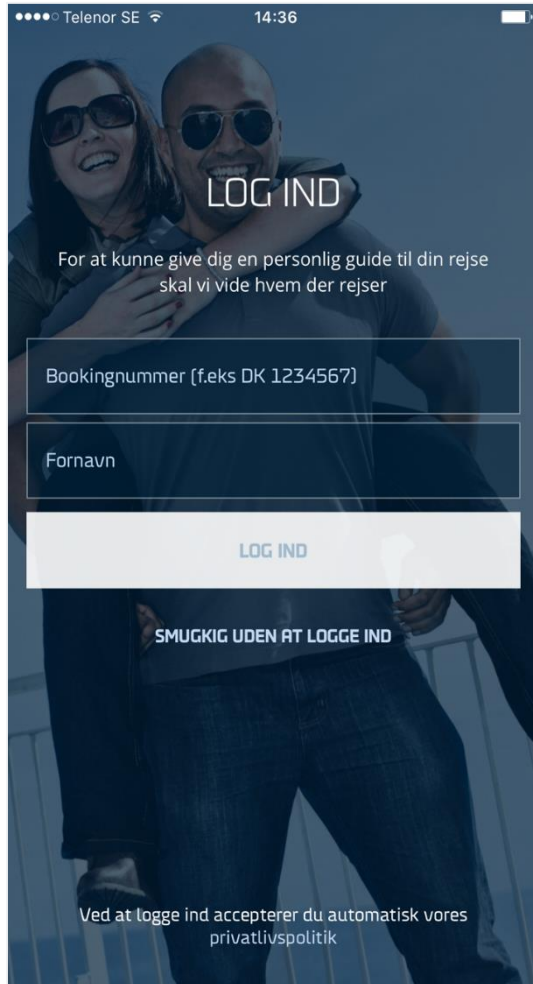
Date	Activity	Outcome
Mar 2014	<b>DFDS Digital Marketing Outside-in analysis</b>	Confusing customer experience 70% of customer decision journey happens before talking to a sales rep Search cannibalization Need for clear goals for web presence and tools
May 2014	<b>Goals workshop</b>	Make DFDS easy to do business with online Help customers understand the scope of the offer Easy online/mobile booking, Track and Trace, claims handling
Sep 2014	<b>Discovery phase: scope &amp; direction</b>	"Provide a best-in-industry digital customer experience" approved as direction Logical information architecture, transactional tools across devices, and an internal organization to deliver this
Oct-Nov 2014	<b>Goals, audit and final scope</b>	Brand and information architecture not logical → brand architecture and user testing projects Multiple uncoordinated initiatives; need for a clear strategy and organizational ownership of the integrated customer experience

Source: DFDS Digital Marketing Analysis, 2014

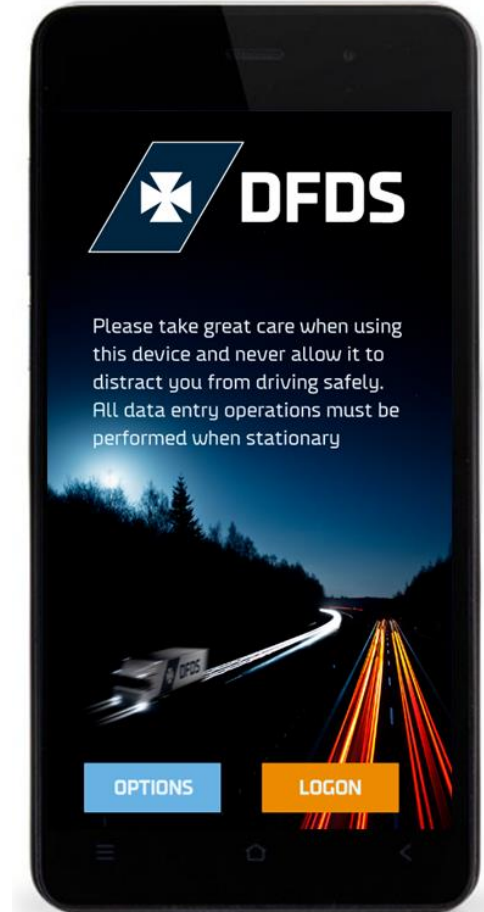
- Confusing customer experience
- No ways of doing business on mobile devices
- Website out of date and lack of technical foundation

**Current landscape provides both opportunities and threats for DFDS**

# Apps developed for both freight partners and passengers



*Passenger app for Copenhagen-Oslo route*



*Logistics app: POD, tracking, status update and driver communication*

# 3 key strategic demands

---

## 1. Top line focus



Continuous improvement projects



IT systems development



Digital



DFDS WAY 2.0

## 2. Increase efficiency and reduce cost base

## 3. Acquisitions and investments for future growth



M&A



Fleet strategy

# Creating value from operational and strategic synergies

- Focus on both **transformational** and **bolt-on** acquisitions
- **Shipping:**
  - Expand European network
  - Overlapping operations
  - Tonnage flexibility
  - Leverage operating model
- **Logistics:**
  - Expand and connect European network
  - Increased value-added services
  - Leverage operating model
- **Completed** transactions 2016:
  - Hanko-Paldiski route
  - Shetland Transport
  - Italcargo

	Revenue 2015, DKK bn	Routes	Regions	Major activity
<b>DFDS</b>	13.5	22	8	Across Northern Europe, Mediterranean (incl. sideport/container)
<b>Stena Line</b>	9.7	23	6	Across Northern Europe, Black Sea
<b>P&amp;O Ferries</b>	8.4	8	3	UK-Continent
<b>Tallink</b>	7.0	6	1	Baltic Sea North
<b>Viking Line</b>	4.0	3	1	Baltic Sea North
<b>Cobelfret</b>	3.9	7	4	Benelux-UK, Sweden-Belgium
<b>Finnlines</b>	3.8	8	7	Finland-Continent/UK, Baltic Sea South
<b>Color Line</b>	3.7	3	1	Norway-DK/Germany
<b>Brittany Ferries</b>	3.5	7	3	UK-France/Spain
<b>Scandlines</b>	3.4	2	1	Denmark-Germany
<b>ICG</b>	2.4	4	1	Ireland-UK/Continent
<b>Transfennica</b>	n.a.	3	6	Finland-Continent/UK
<b>Eckerö</b>	1.8	3	1	Baltic Sea North
<b>Seatruck</b>	n.a.	3	1	Ireland-UK
<b>TT-Line</b>	1.2	2	1	Sweden-Germany/Poland
<b>Polferries</b>	n.a.	2	1	Poland-Sweden
<b>Unity Line</b>	n.a.	2	1	Poland-Sweden



# Operational agility

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- **Faster** adaptation of capacity to changes in volumes
- Capacity increased on routes in Baltic Sea, North Sea South and Channel to accommodate higher volumes
- Capacity decreased between UK and Sweden
- **Adjustment options** for freight routes to reduce fixed costs:
  - Changed frequency of schedule
  - Rotation of larger/smaller ships between routes
  - Number of ships, including charter of ships or redelivery of chartered ships
- **Logistics** operations has high share of variable costs and can be adapted within months to market changes



# Value creation supported by DFDS' incentive structures

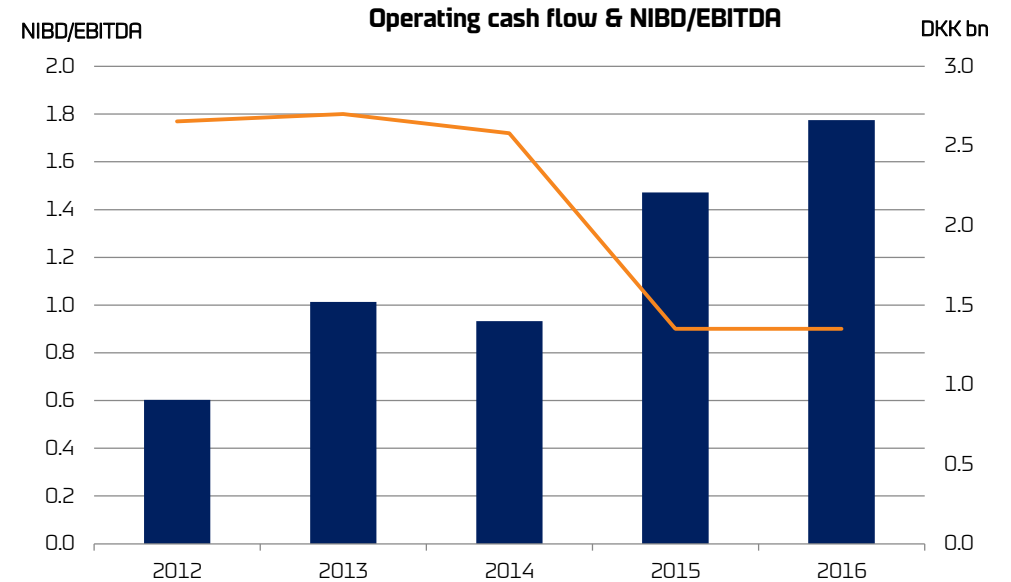
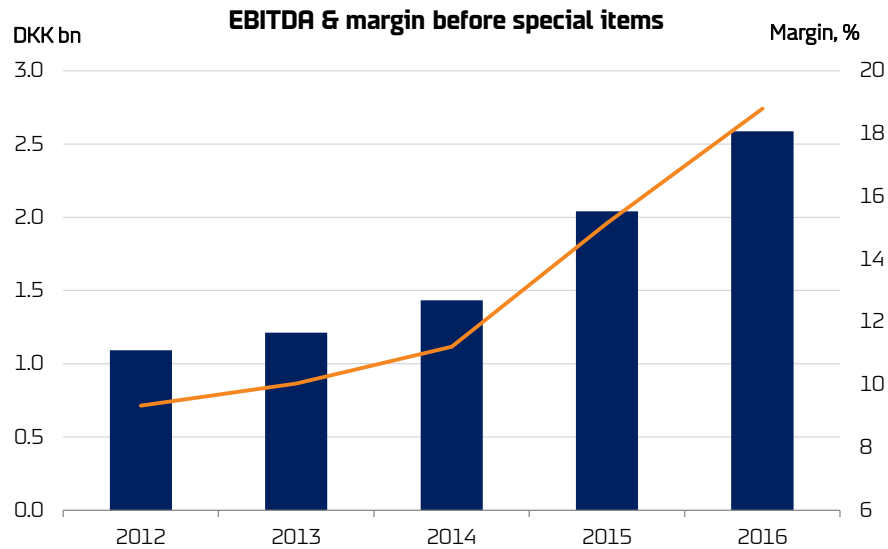
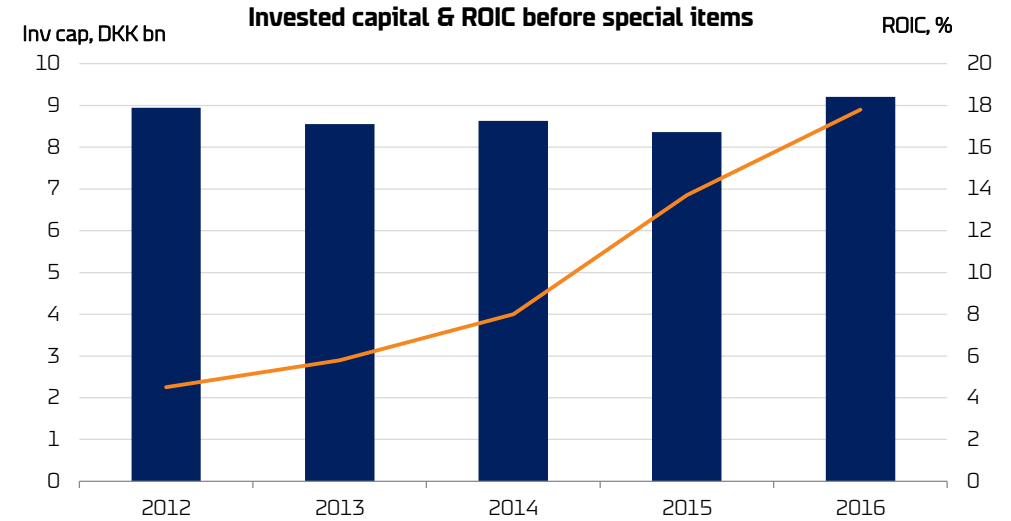
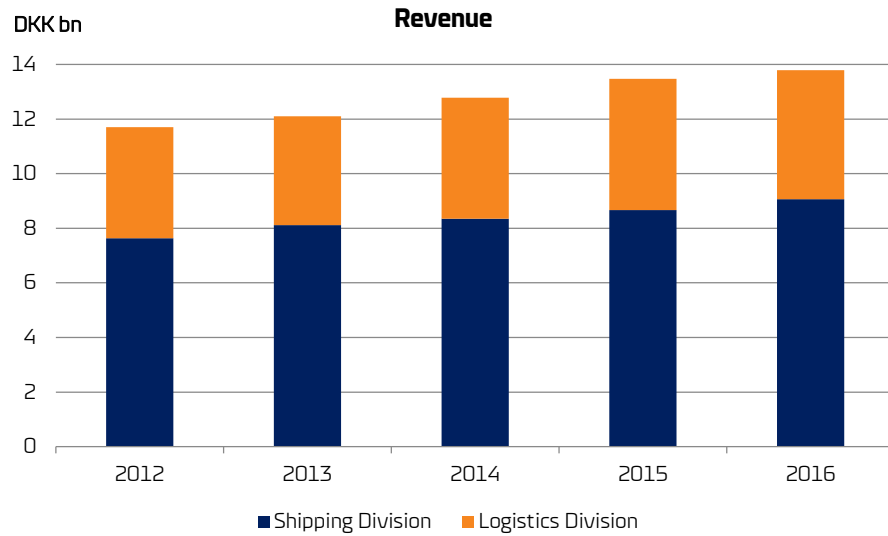
- **PIP** – annual performance incentive programme
- Around 300 managers included with individual goals
- Bonus also linked to Group and Division goals
  
- **Share option programme**
- Extended to 25 managers in 2011
- Around 30 managers included today
- Three-year vesting period



From left to right: Henrik Holck, Peder Gellert Pedersen, Niels Smedegaard (shareholding: 148,168 shares), Eddie Green, Torben Carlsen (shareholding: 80,000 shares)

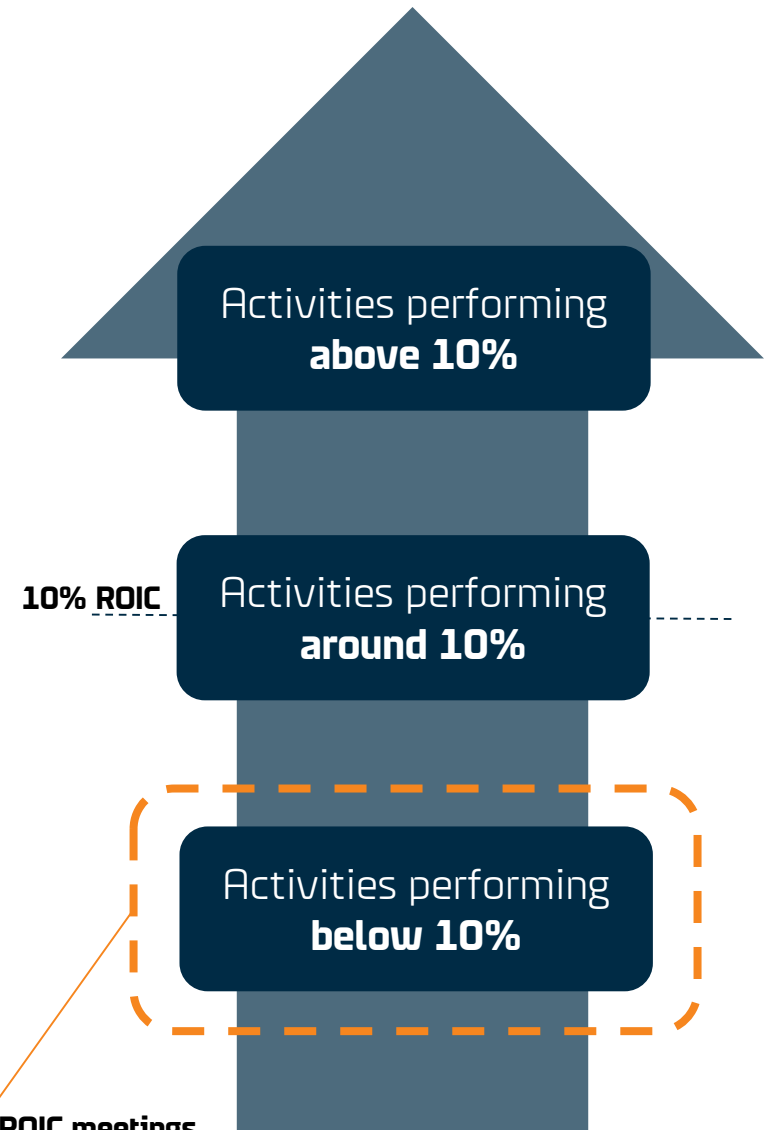
# HOW WE PERFORM

# EBITDA increased to DKK 2.6bn – ROIC now at 18%



# ROIC Drive – activity by activity performance benchmark

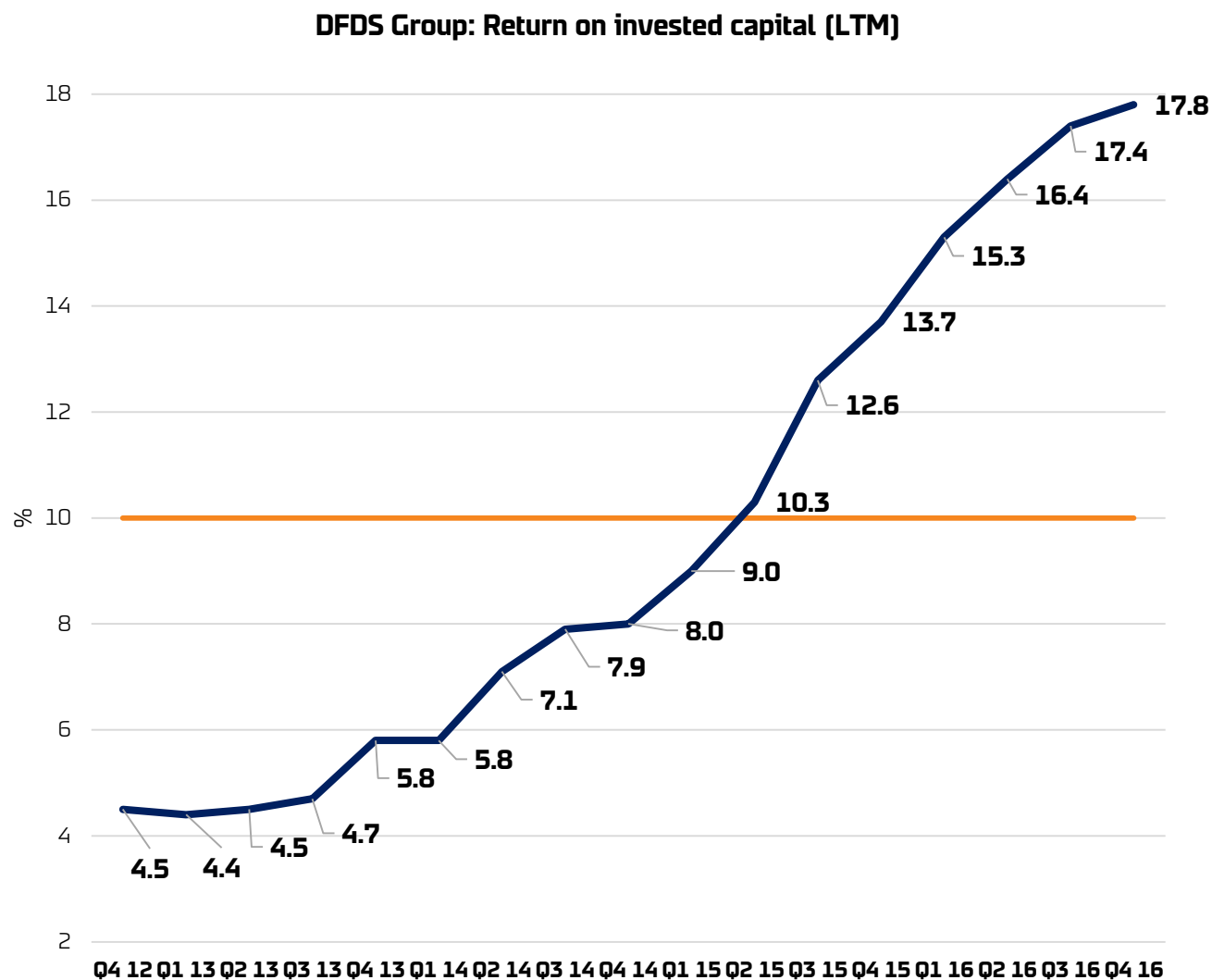
- Around 90 profit-generating activities covered by programme
- Simple ROIC scorecard makes programme accessible for activity managers
- 3-year high-level rolling business plans, review meetings with top management
- Internal performance ranking and benchmarking
- Threshold rate of 10% for investments, including acquisitions



Key focus areas for ROIC meetings, business plans, benchmarking and structural solutions

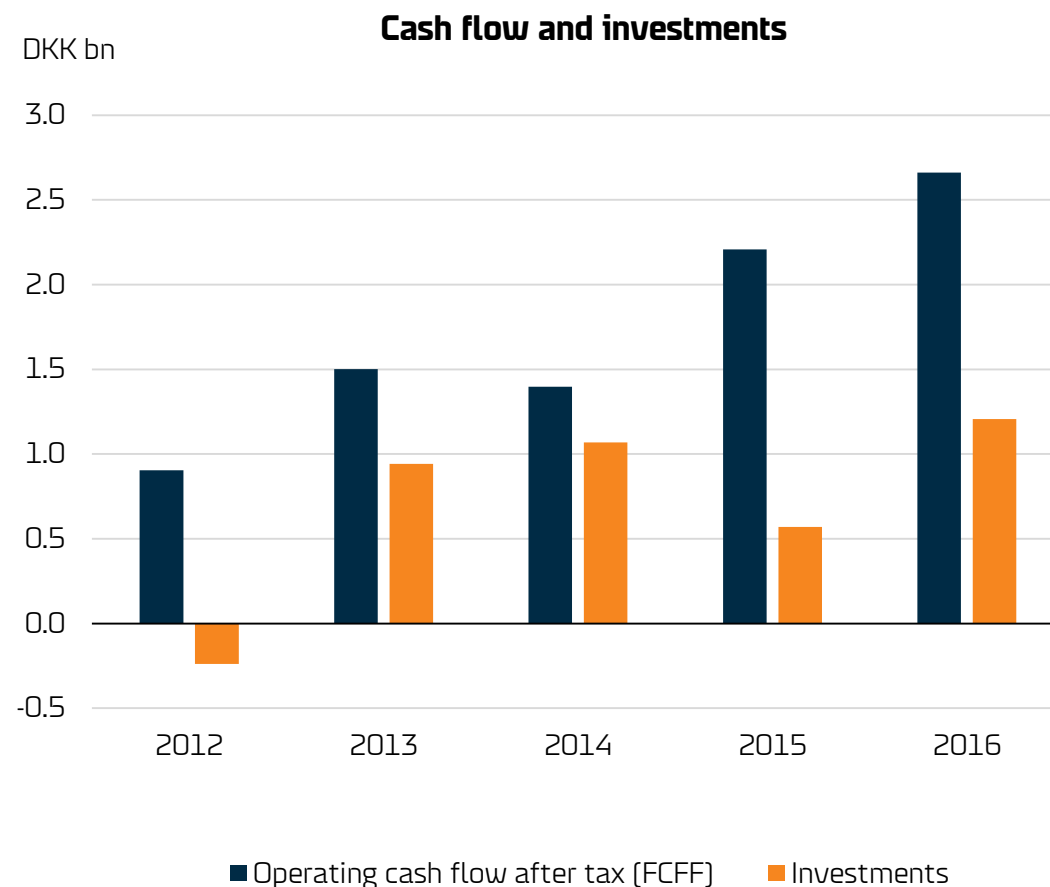
# Steady ROIC improvement

- **Major challenges resolved:**
  - Gothenburg-Immingham: entry/exit competitor, Jan 2012 – Mar 2013
  - Russian market sanctions from Jan 2014
  - Channel turnaround from 2012
  - Closure of 3 routes end 2014
  - Successful transition to new Sulphur rules
- **Continuous improvement projects,** > 3 every year driven by The DFDS Way
- **ROIC Drive** programme
- Tailwind from moderate **pick-up in EU growth** since 2014
- ROIC requirement applicable for all investments, including acquisitions



# Cash generation and CAPEX

- **Cash conversion** around 100%
- Cash flow boosted by **Light Capital** project started in 2013 to reduce working capital
- **Limited tax** payments due to European tonnage tax regime
- Investments expected to stay below operating cash flow for next cycle of investments
- Planned major **CAPEX**:
  - 2017
    - DKK 750m payment of 2 Channel ferries
    - DKK 350m dockings/ship upgrades
    - DKK 200m port terminals
    - DKK 150m logistics equipment
    - DKK 170m freight new buildings
    - DKK 80m IT-systems and other
  - 2018: payments on 2 freight new buildings
  - 2019: delivery of 2 freight new buildings



# Increased distribution of capital

- Total of **DKK 1.26bn** distributed in 2016 to shareholders
- **Dividend** per share proposed to be paid in 2017 increased by 33% to DKK 8.00 per share
- **Auction buyback** completed 21 February at DKK 487m vs DKK 400m in 2016
- **Buyback** of DKK 300m started on 8 February for completion latest 15 Aug 2017
- Planned distribution currently **DKK 1.32bn against DKK 1.00bn** at the same time last year

## Capital distribution overview

DKK m	2015 Actual	2016 Actual	2017 Current plan
<b>Dividend per share, DKK</b>	<b>5.40</b>	<b>6.00</b>	<b>8.00</b>
Dividend, Apr	218	175	170
Dividend, Aug	108	174	280
<b>Total dividend</b>	<b>326</b>	<b>349</b>	<b>450</b>
Buyback, auction	-	400	487
Buybacks, other	401	514	386
<b>Total share buybacks</b>	<b>401</b>	<b>914</b>	<b>873</b>
<b>Total distribution</b>	<b>727</b>	<b>1,263</b>	<b>1,323</b>

Dividends exclude treasury shares



# Strategic priorities 2017

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- **Customer focus – growing the topline**
- **Continuous improvement:** achieve benefits from programmes
- **Fleet renewal:** deployment of two freight ship (ro-ro) new buildings and further decisions on fleet strategy
- **Digital:** significant spending boost in digital and IT capabilities – up DKK 80m versus 2016
- **M&A** opportunities



# Q&A

DFDS GROUP



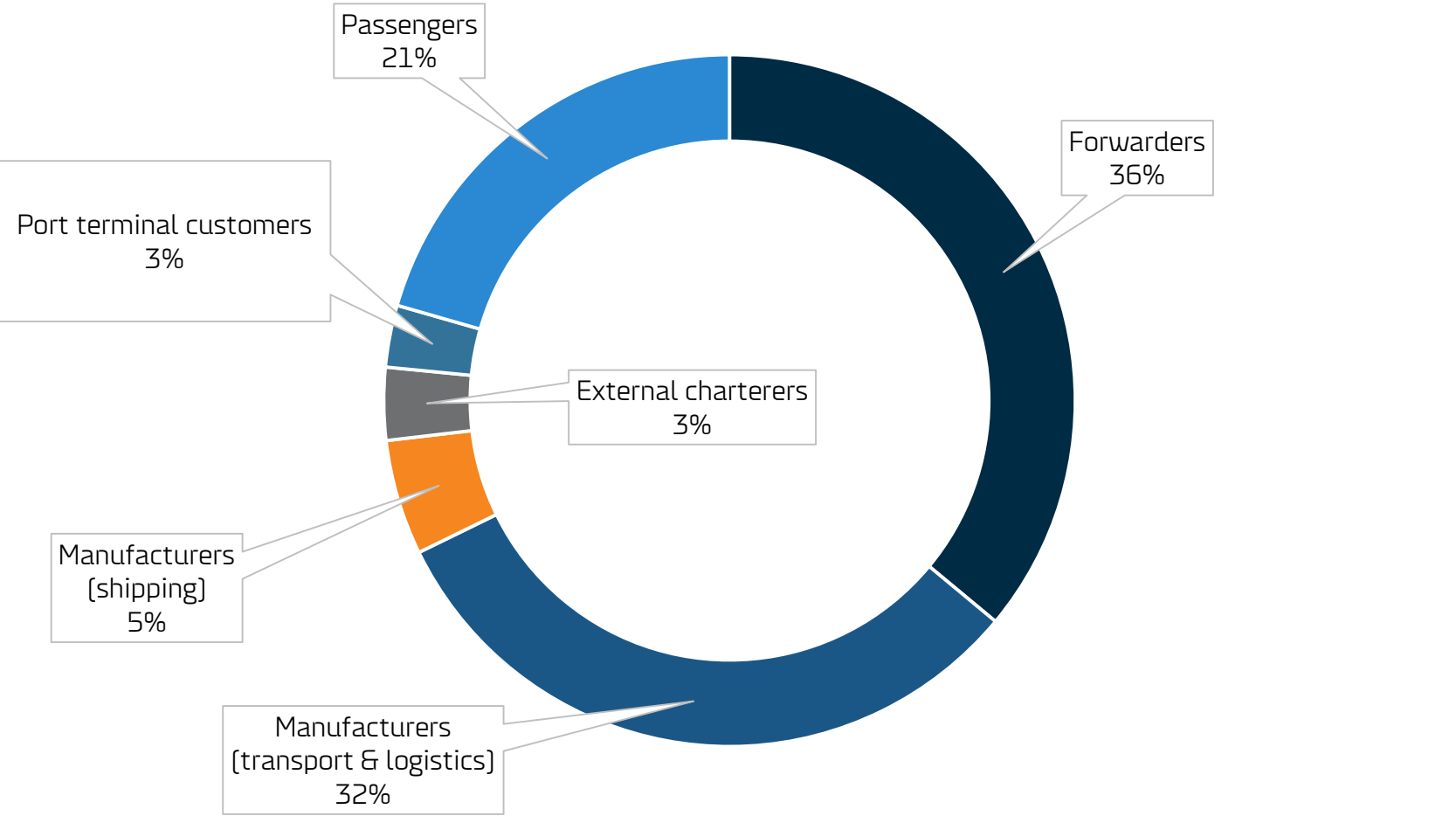
# APPENDICES

# DFDS fleet overview and key figures 2016

	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Container and sideport ships	Ownership share, %	Average age of owned ships, yrs
<b>DFDS Group</b>	57	23	18	4	12	-	16
<b>Shipping Division</b>	41	23	14	4	-	-	-
North Sea	19	19	-	-	-	68	12
Baltic Sea <sup>1</sup>	9	2	7	-	-	67	15
Channel	6	-	6	-	-	67	14
Passenger	4	-	-	4	-	100	27
France & Mediterranean <sup>1</sup>	3	2	1	-	-	33	20
<b>Logistics Division<sup>1</sup></b>	12	-	-	-	12	-	-
Nordic <sup>1</sup>	5	-	-	-	5	40	18
Continent <sup>1</sup>	7	-	-	-	7	0	-
Chartered out ships	3	-	3	-	-	100	23
Laid-up ships	1	-	1	-	-	0	-

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

# Diverse customer base: forwarders, manufacturers & passengers



Percent of total revenue per customer segment



# DFDS' DIGITAL JOURNEY



# The world is changing

Freight aggregators

Freight forwarders

3PL

Trucking/Haulage

Crowd accomodation

Travel aggregators

Travel assistants

Experience aggregators

**Freight Routes**

- Shipping of trailers, unaccompanied & accompanied
- Industry solutions
- Port terminal services

**Logistics**

- Door-door full & part load solutions
- Contract logistics solutions

**Passenger Routes**

- Ferry services for travellers in own car
- Short sea transport
- Holiday travel
- Cruise ferry experience

Freight



Crowd shipping

Outside the box

**SENSORS ROBOTICS**  
**AUTONOMOUS VEHICLES**  
**3D PRINTING**

Experience as a gift

**smartbox**

# Our digital vision

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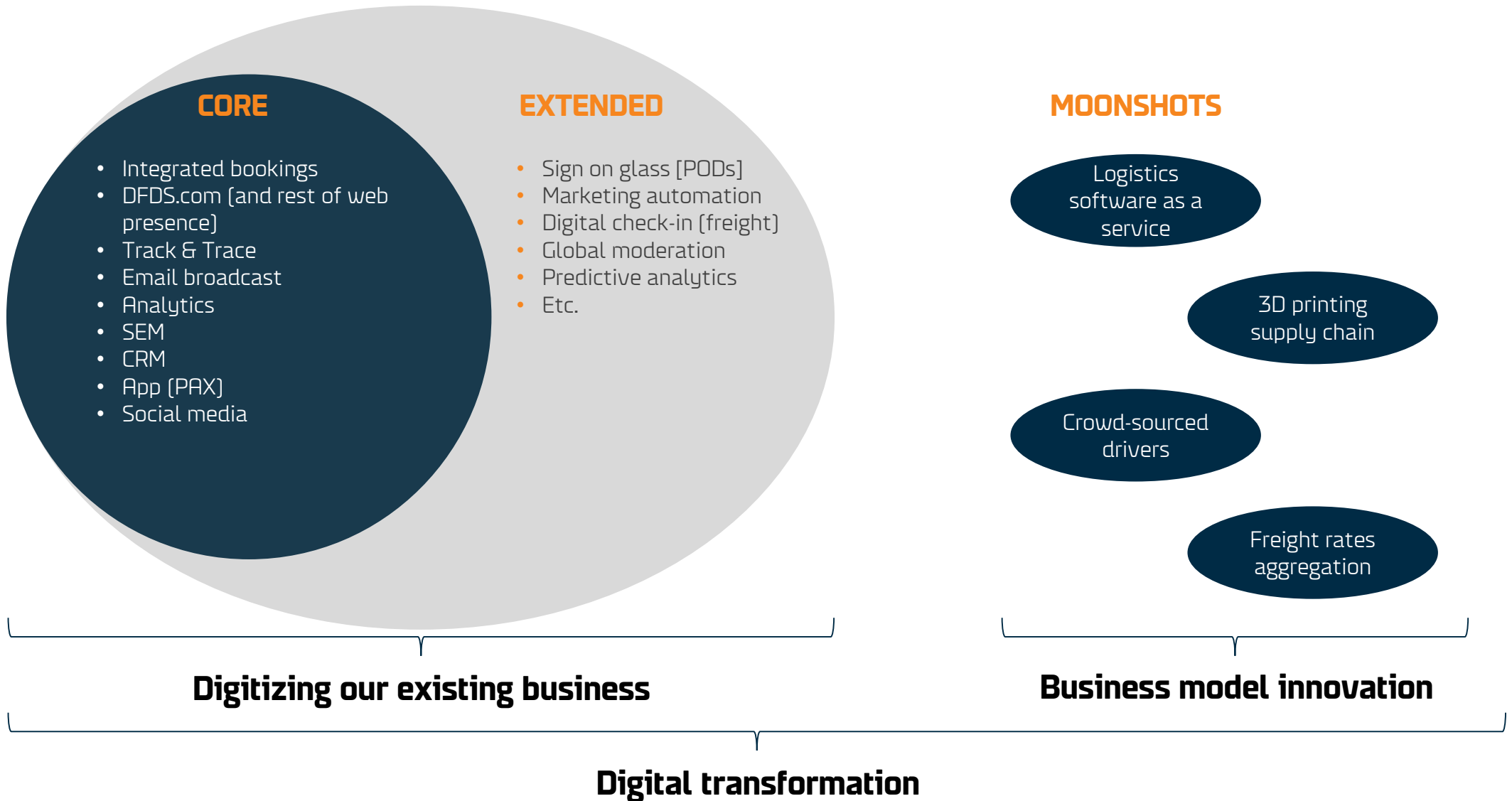
A **best-in-industry digital experience** for customers generating tangible business benefits for **customers and DFDS**

## Digital strategy

- IT systems must support digital
- Enhance operational efficiency
- Digital customer solutions
- Digital awareness and competencies
- Digital business model innovation



# Focus on “core” and “extended” in our activity split



# DFDS' digital journey – wrap-up

- We are well on our way
- We see significant value creation opportunities through enhanced customer focus, experience and satisfaction...
- ...and through more efficient operations
- Our continuous improvement culture, helps drive our digital transformation



# SOLID Q4 AND STRONG 2016

DFDS GROUP  
Q4 2016

7 February  
2017



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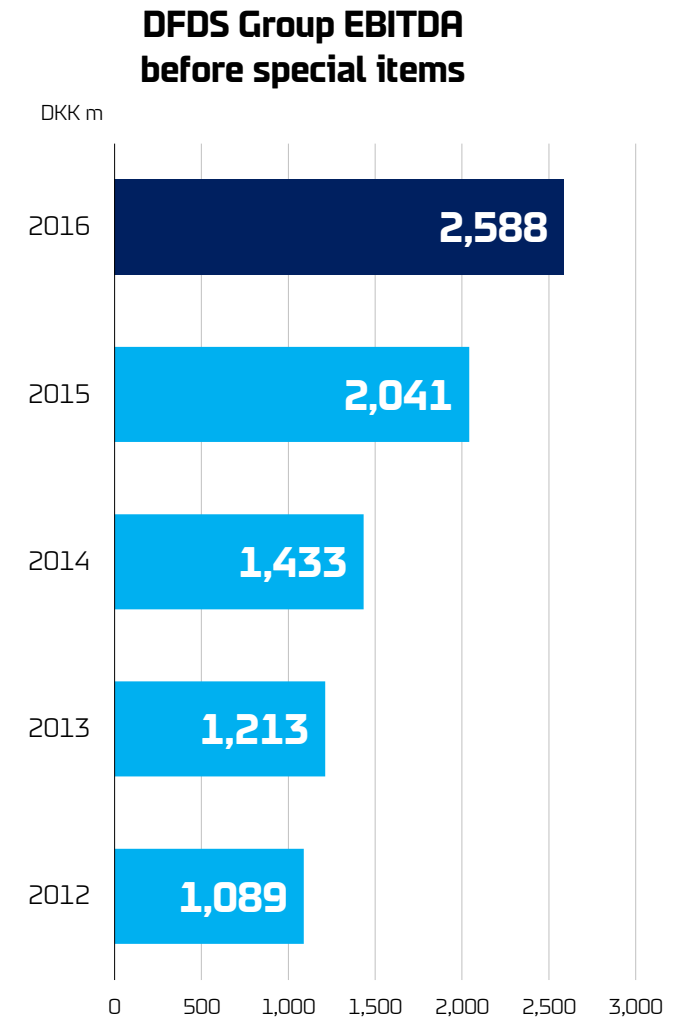
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- Overview
- Q4 and FY numbers
- Capital distribution
- Outlook 2017
- Strategic priorities 2017

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

# Pursuit of improvement continues on back of higher earnings

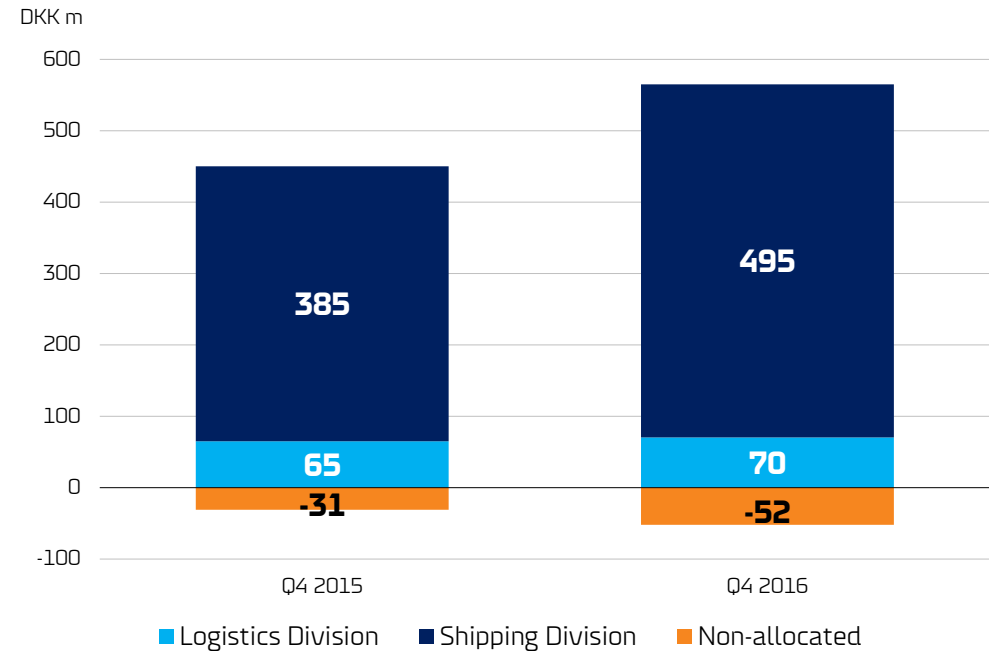
- Earnings level raised considerably in 2016 – **EBITDA up by 27% to DKK 2.6bn**
- ‘Normalisation’ of **Channel** and full-year impact of more efficient **Baltic** route network were key drivers of the improved performance
- **North Sea** and **Passenger** also improved performance on backdrop of moderate economic growth in Europe
- **Logistics** continued to raise margins supported by additional contract logistics activities
- Route network and logistics **well positioned** supported by ongoing efficiency and improvement projects
- **Continued GDP-growth** of European macro outlook supportive for continued volume growth



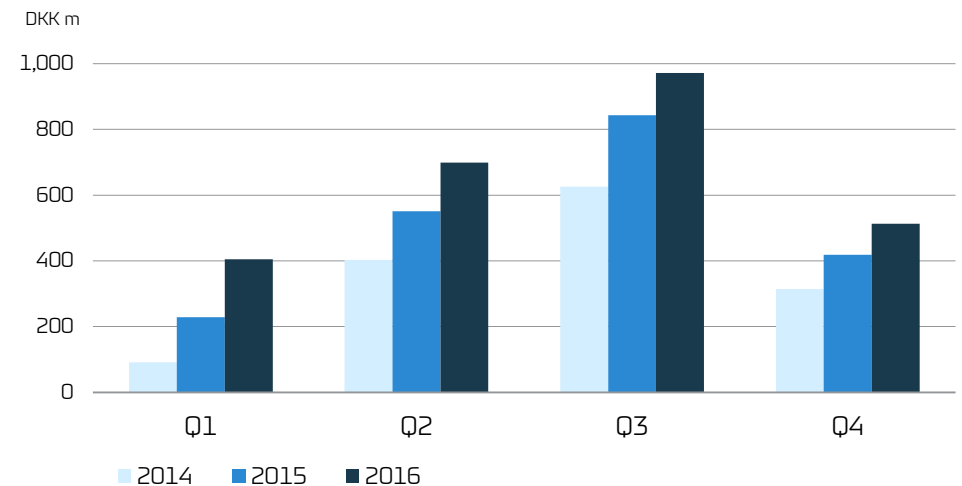
# Solid Q4

- **EBITDA** increased by 23% to DKK 513m in Q4
- Some slowdown of activity going into Q4, strong pick-up in last half of Q4 that has continued into 2017
- UK economy impacted by lower GBP in usual ways – no Brexit impact apparent
- **Freight volumes** increased by 17% in Q4 and by 8% excluding Channel and Hanko-Paldiski acquired in October
- **Pax volumes** up by 6% in Q4 and up by 2% excluding Channel and Hanko-Paldiski

EBITDA BEFORE SPECIAL ITEMS, Q4



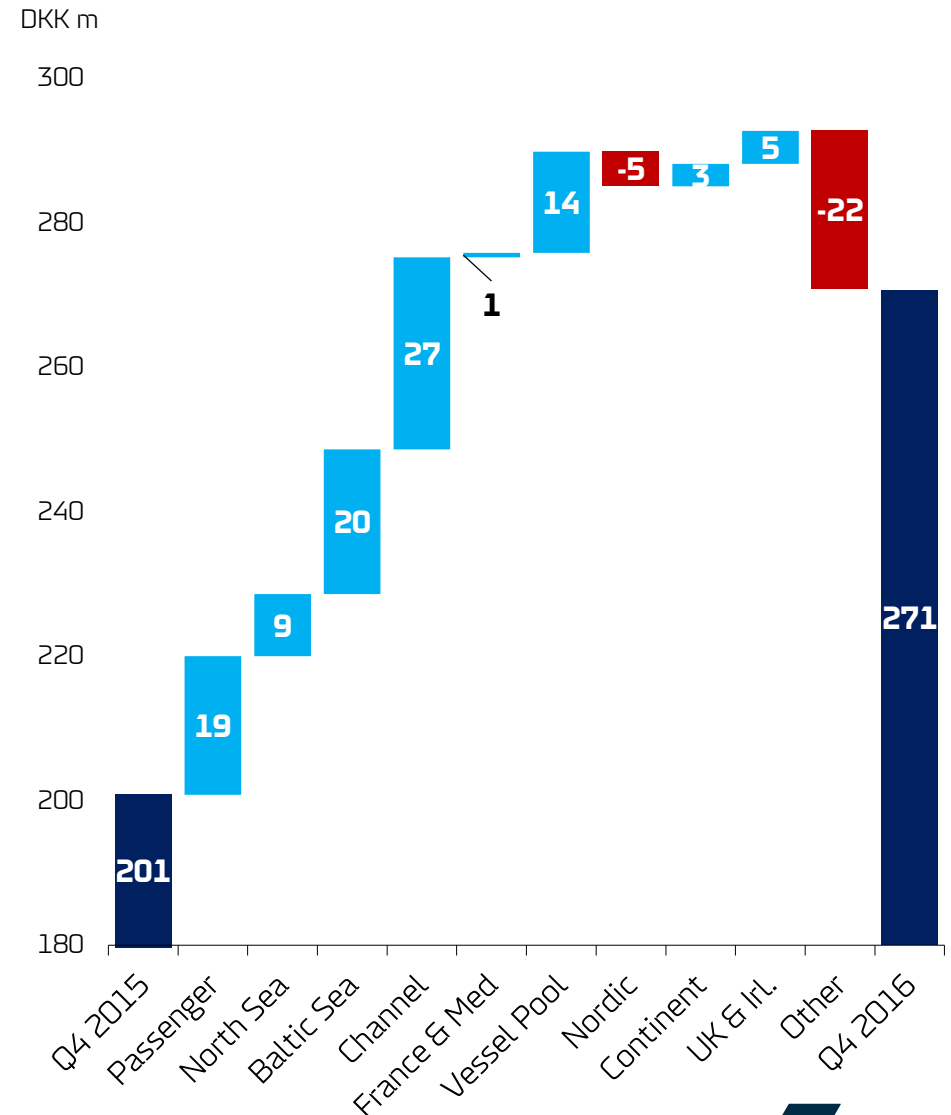
DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS PER QUARTER



# Main EBIT drivers in Q4

- **Passenger +19m:** positive impact from lower bunker costs and other cost savings
- **North Sea +9m:** increase mainly driven by volume growth of 7%
- **Baltic Sea +20m:** result lifted by volume growth of 12% supported by extra capacity. Start-up cost for Paldiski-Hanko
- **Channel +27m:** result was flat adjusted for redelivery costs in 2015. Costs of additional capacity balanced by freight volume growth of 21%
- **Nordic -5m:** impact from lower activity and balance changes. DKK 2m income from previous years in 2015
- **Continent/UK & Ireland +8m:** improved performance achieved for several activities in both units

Q4 2016: DFDS Group EBIT development vs LY



# Q4 2016 in numbers

- **6% revenue growth** excluding revenue from bunker surcharges and adjusted for currency changes. Reported revenue up by 1%
- EBITDA-margin increased in both divisions. Group **EBITDA-margin** increased to 15%
- Increase in **depreciations** mainly due to a write-down of economy packs for two ships
- **Net finance cost** includes a gain of DKK 25m from sale of shares in Danish ship Finance
- **Profit before tax** up by 67% to DKK 262m
- **Invested capital** increased mainly due to addition of Channel ferries in Q1 and purchase of a ro-pax ship in Q2
- **ROIC LTM\*** increased to 17.8% (2015: 13.7%) before special items

DKK m	Q4 16	Q4 15	Change	Change %
REVENUE	3,351	3,324	27	1%
<b>EBITDA BEFORE SI</b>	<b>513</b>	<b>418</b>	<b>94</b>	<b>23%</b>
margin, %	15.3	12.6	2.7	n.a.
P/L associates	0	0	0	n.a.
Gain/loss asset sales	2	3	-1	-25%
Depreciations	-244	-220	-24	11%
<b>EBIT BEFORE SI</b>	<b>271</b>	<b>201</b>	<b>70</b>	<b>35%</b>
margin, %	8.1	6.0	2.0	n.a.
Special Items	-6	-21	15	n.a.
EBIT	265	180	85	47%
Finance	-3	-23	20	n.a.
<b>PBT BEFORE SI</b>	<b>268</b>	<b>178</b>	<b>89</b>	<b>50%</b>
<b>PBT</b>	<b>262</b>	<b>157</b>	<b>105</b>	<b>67%</b>
EMPLOYEES avg., no.	7,065	6,616	449	7%
INVESTED CAPITAL	9,205	8,363	842	10%
<b>ROIC LTM ex. SI, %</b>	<b>17.8</b>	<b>13.7</b>	<b>4.1</b>	<b>n.a.</b>
NIBD	2,424	1,773	651	37%
<b>NIBD/EBITDA, times</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>n.a.</b>
SOLVENCY, %	51	52	-1	n.a.

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



# Full-year 2016 in numbers

- **Revenue growth of 8%** excluding revenue from bunker surcharges and adjusted for currency changes. Reported revenue up by 2%
- EBITDA includes a negative impact of DKK 65m from currency changes, mainly GBP
- All Shipping business units improved performance
- 75% of the Division's EBIT increase of DKK 433m was driven by Channel with DKK 196m and Baltic Sea with DKK 132m
- Channel was boosted by capacity expansion, market share growth and price increases
- Baltic Sea was boosted by border conflict, more efficient operations as well as volume and price growth
- **Logistics Division's** EBIT for 2016 increased by DKK 18m compared to 2015. Margin increased to 3.3%

DKKm	2016	2015	Change	Change %
REVENUE	13,790	13,474	317	2%
<b>EBITDA BEFORE SI</b>	<b>2,588</b>	<b>2,041</b>	<b>547</b>	<b>27%</b>
margin, %	18.8	15.1	3.6	n.a.
P/L associates	-3	-12	9	-75%
Sale of assets	9	5	4	70%
Depreciations	-950	-835	-115	14%
<b>EBIT BEFORE SI</b>	<b>1,644</b>	<b>1,199</b>	<b>445</b>	<b>37%</b>
margin, %	11.9	8.9	3.0	n.a.
Special Items	-13	-36	23	-64%
EBIT	1,631	1,164	467	40%
Finance	-43	-121	78	-64%
<b>PBT BEFORE SI</b>	<b>1,600</b>	<b>1,078</b>	<b>522</b>	<b>48%</b>
<b>PBT</b>	<b>1,588</b>	<b>1,043</b>	<b>545</b>	<b>52%</b>
Tax	-39	-32	-7	23%
NET PROFIT	1,548	1,011	538	53%
EMPLOYEES avg., no.	7,065	6,616	449	7%
<b>FREE CASH FLOW</b>	<b>1,455</b>	<b>1,637</b>	<b>-182</b>	<b>-11%</b>
<b>ROIC ex. SI, %</b>	<b>17.8</b>	<b>13.7</b>	<b>4.1</b>	<b>n.a.</b>
<b>NIBD/EBITDA, times</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0%</b>
SOLVENCY, %	51	52	-1.0	n.a.

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

# 2017: major performance drivers for DFDS

Certain/Likely	Expected	Uncertain	Macro drivers
<ul style="list-style-type: none"><li>• Capacity expansion on selected routes</li><li>• Deployment of two ro-ro new buildings on Vlaardingen-Immingham</li><li>• Full-year impact of revenue and earnings from acquisitions and new logistics contracts</li><li>• Significantly increased IT and digital spending</li></ul>	<ul style="list-style-type: none"><li>• Some freight shipping volume growth</li><li>• Some growth in prices</li><li>• Bunker cost increase in Passenger</li></ul>	<ul style="list-style-type: none"><li>• Passenger volume growth</li><li>• Changes in competitive landscape</li><li>• MGO/HFO spread</li></ul>	<ul style="list-style-type: none"><li>• Impact of Brexit process on UK economy and trading volumes</li><li>• Continued moderate growth in most EU economies</li><li>• Weak Norwegian economy</li><li>• Russian trade sanctions expected to stay</li><li>• Changes in oil price and exchange rates</li></ul>

# EBITDA outlook for 2017 is DKK 2.6-2.8bn

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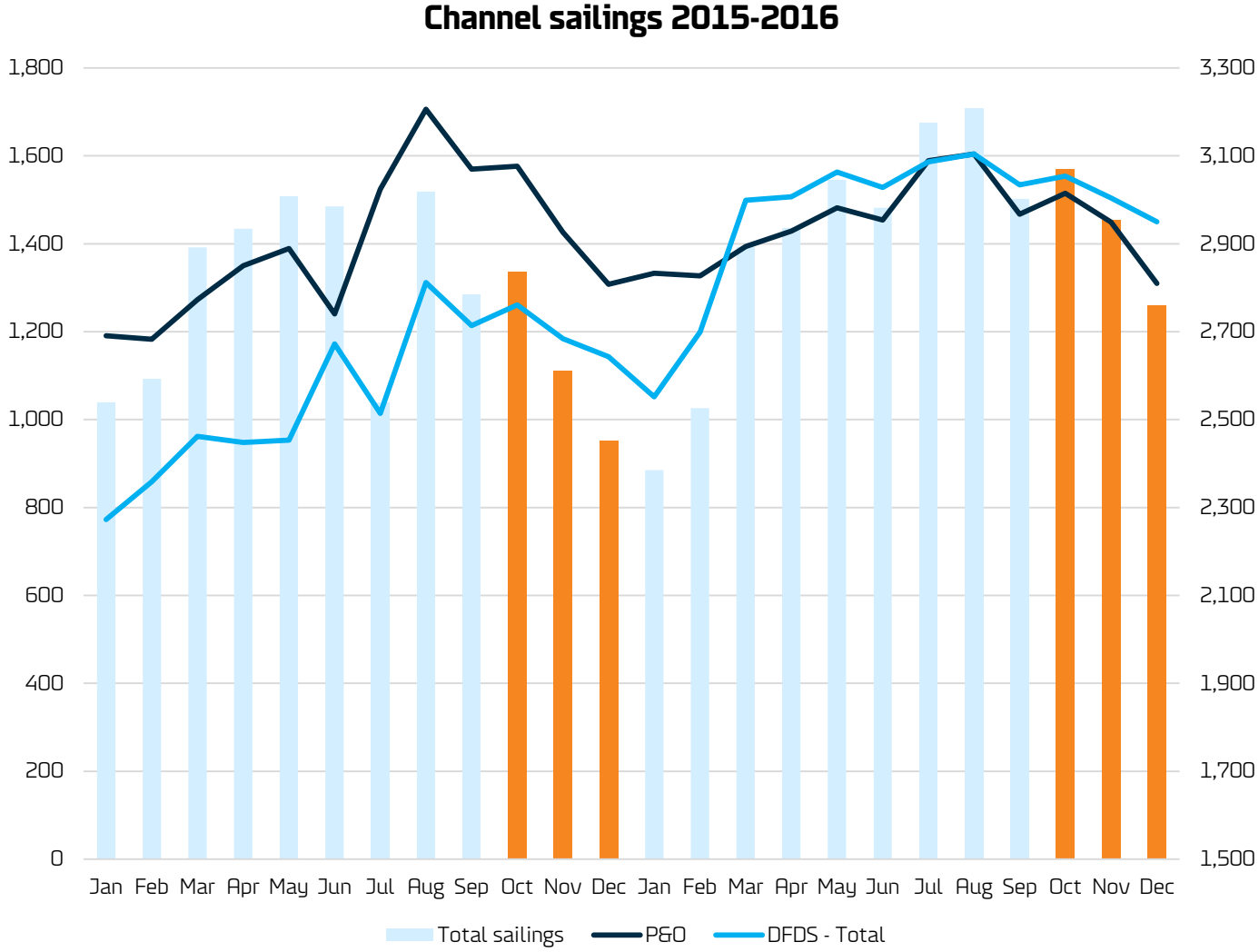
- **Moderate growth** in Europe expected to continue in 2017
- Adjusted revenue growth of 4% includes growth driven by full-year impact of new activities of around 1.5%
- EBITDA range reflects moderate outlook for European economic growth
- Outlook for **investments** of DKK 1.7bn includes expected payment of around DKK 750m for two Channel-ferries

## OUTLOOK 2017

- Revenue growth of around 4%, excluding revenue from bunker surcharges
- EBITDA expected to increase to DKK 2.6-2.8m
  - Shipping Division: DKK 2,450-2,600m
  - Logistics Division: DKK 250-300m
  - Non-allocated items: DKK -100m
- Investments of DKK 1.7bn

# Total ferry sailings on Channel up 11% in Q4 vs LY

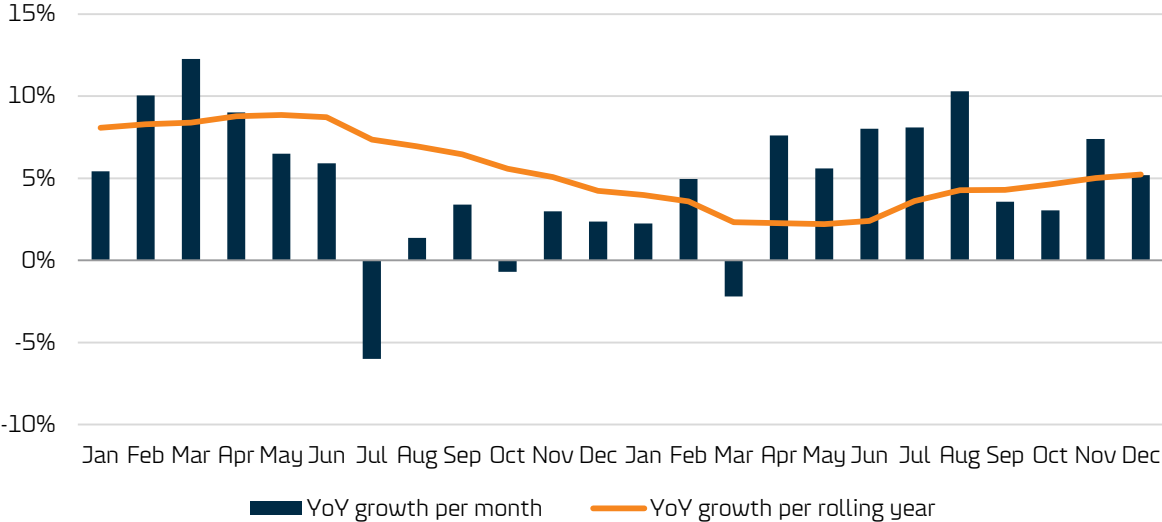
- In Q4 2016, the total number of sailings was 11% above 2015
- DFDS has increased sailings by 26% while P&O has decreased sailings by 1%, together substituting MFL's sailings
- DFDS had 5% more sailings than P&O in Q4 2016



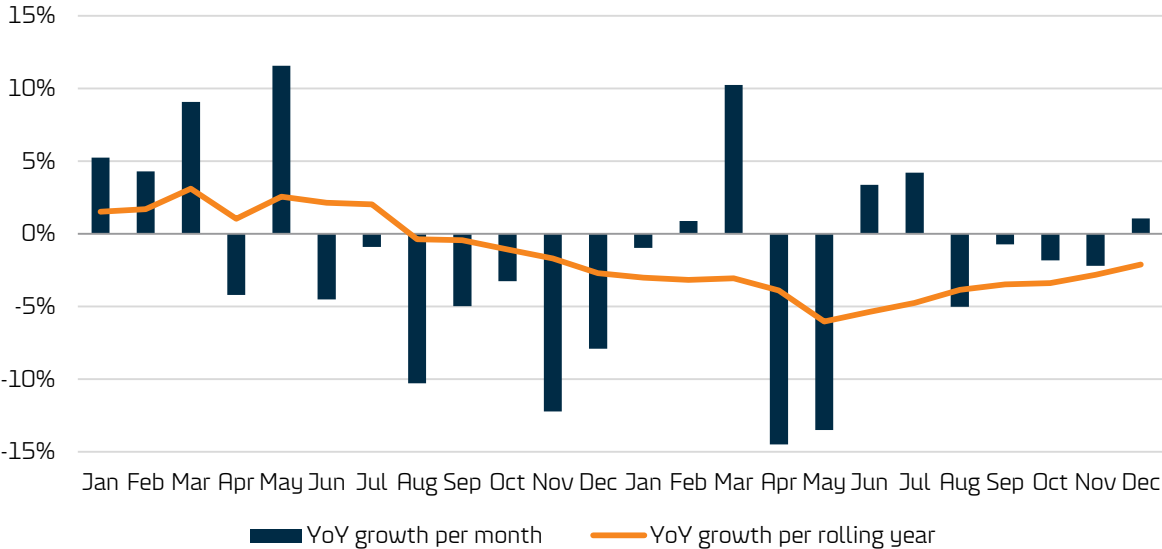
# Continued freight growth, improved trend in car market

- **Freight** market volumes were up by 5.2% in Q4 2016
- The YOY growth per rolling full-year was in Dec at 5.2%
- **Car** market volumes were down by 0.8% in Q4 2016
- The YOY growth per rolling full-year was in Dec at -2.1%, an improvement from -3.5% in Sept

Channel **freight** volume growth YOY, 2015-2016



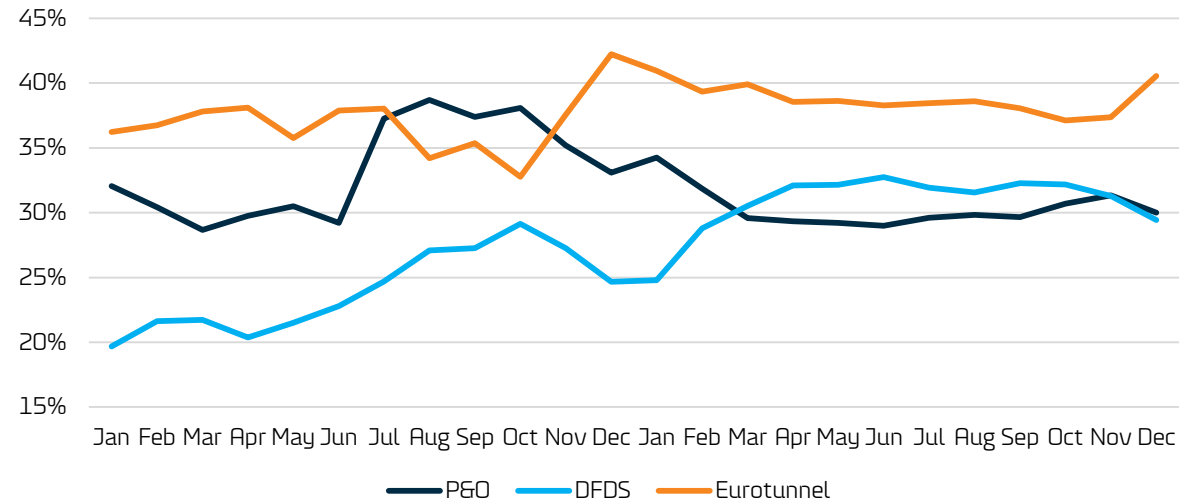
Channel **car** volume growth YOY, 2015-2016



# Channel market share development

- DFDS' freight market share in Q4 2016 increased vs Q4 15 driven by increased capacity from February/March 2016

Channel **freight** market shares, 2015-2016



Channel **car** market shares, 2015-2016

