

DFDS ADAPTS TO POST COVID-19 MARKET CONDITIONS

- Commercial focus of freight strengthened by change of business structure
- Passenger concepts and operations adapted to new market conditions
- Annual cost savings of DKK 250m expected
- Q2 freight volumes ahead of expectations in most areas
- Due to continued exceptionally high uncertainty, the outlook for 2020 for EBITDA before special items is maintained

Since the outbreak of Covid-19 in mid-March and the initial actions taken to adapt operations, a plan with a longer perspective has been developed for implementation in the coming months.

“Our initial response to Covid-19 has been successful. We now take further steps to restore long term growth and efficiency. At the same time, we continue to monitor new opportunities that may arise”, says Torben Carlsen, CEO of DFDS.

Adaptation to new market conditions

The new initiatives include:

- Industry sales of large freight customer solutions, involving both ferry and logistics operations, will be combined in one unit to drive sales across the DFDS organisation. The unit will be part of the Logistics Division. In addition to creating a stronger commercial focus, overlapping functions will be streamlined
- Consequently, the Ferry Division will focus on delivering reliable and cost-efficient services to freight forwarders and hauliers
- Freight and logistics operations will be adapted to new market conditions, including optimisation of port terminal and haulage operations
- Passenger concepts have been aligned to changes in travel market dynamics with a higher share of passengers that primarily travel for transport purposes, including holiday travel. Onboard concepts and offerings have been simplified
- A range of improvement and efficiency projects will simplify and focus business support functions. This includes a reshaped and integrated IT and digital organisation as well as a downsizing of various functions.

These initiatives are expected to generate annual cost savings of up to DKK 250m. In 2020, a positive financial impact of DKK 50-75m is expected.

The adaptation to the new market conditions will, regretfully, lead to around 650 employees leaving DFDS in the coming months, 200 of whom are employed in Denmark. DFDS currently employs around 8,600 people.

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About DFDS

DFDS provides ferry and transport services in Europe, generating annual revenues of EUR 2.3bn.

To over 10,000 freight customers, we deliver high reliability through ferry & port terminal services and transport & logistics solutions.

For five million passengers, we provide safe overnight and short sea ferry services.

Our 8,600 employees are located on ships and in offices across 20 countries. DFDS was founded in 1866, is headquartered in Copenhagen, and listed on Nasdaq Copenhagen.

Disclaimer

The statements about the future in this announcement contain an element of risk and uncertainty which means that actual developments may diverge significantly.

A one-off redundancy cost of around DKK 100m is expected in 2020 and will be recorded under Special items.

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As per 29 June , DFDS will exit the Danish furloughing scheme.

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Initial actions and current situation

Initial actions to adapt to the severe drop in demand caused by lockdowns from mid-March included keeping employees and locations safe, reducing costs by laying up freight ferries and suspension of two passenger routes. The outcome of these actions is in line with expectations.

Freight volumes in Q2 have in most areas been above expectations and of the 12 freight carrying ferries laid up in March/April, five have now been redeployed.

One of the passenger routes, Oslo-Frederikshavn-Copenhagen, reopened on 25 June following the opening of borders between Denmark and Norway.

The reopening of the second passenger route, Amsterdam-Newcastle, and the non-essential travel on the English Channel is contingent on an easing of UK and EU travel restrictions.

Outlook 2020

On 7 May 2020, the outlook for EBITDA before special items was reduced towards DKK 2bn.

Uncertainty remains exceptionally high, particularly for passenger travel, and this may still cause the outlook and its assumptions to change significantly in the second half of the year.

Therefore, the 2020 outlook for EBITDA before special items is maintained at this point in time.

DFDS plans to report financial results for Q2 2020 on 12 August.