

## DFDS STRATEGY UPDATE – MOVING TOGETHER TOWARDS 2030

- Organic growth focus to unlock value from expanded network
- Green transition ambition of 6 green ferries on the water by 2030
- Financial ambitions 2024-2026:
  - Increase ROIC to above 10%
  - Annual Adjusted Free Cash Flow of minimum DKK 1.5bn
  - Financial leverage, NIBD/EBITDA, of 2.5x by 2026

DFDS' strategy and financial ambitions have been updated as the Win23 strategy period, 2018-2023, comes to an end. The updated strategy and financial ambitions will be presented at a Capital Markets Day held today starting at 11.00am. More information and online streaming access is available from this [link](#).

“Following a period with significant expansion of our ferry and logistics network, we now turn to unlocking value through organic growth and focus on free cash flow. This is also supporting the ambition to reduce our financial leverage towards 2.5x over the next three years,” says Torben Carlsen, CEO.

### Network significantly expanded by Win23

A key objective of the Win23 strategy was to expand geographical coverage of the network as well as the range of offered logistics solutions.

The expansion was achieved through both acquisitions and asset investments, primarily in ferry newbuildings and warehouse facilities. In addition, organisational capabilities to provide logistics solutions have been strengthened and developed, including the creation of a customs organisation from the ground with more than 200 employees.

The expanded network and capability upgrades have enhanced our customer relevance and ability to engage in more extensive customer partnerships with manufacturing companies, food producers, and retailers.

Win23's key financial ambitions were achieved in 2022 as the revenue of DKK 27bn exceeded the ambition of DKK 25bn and the EBITDA of DKK 5.0bn was in line with the DKK 5.5bn ambition adjusted for a 10% macro risk uncertainty.

### Moving Together Towards 2030

Today, our network combines ferry, road, and rail transport with complementary and related logistics solutions.

The ferry network carries both freight and passengers, operates own port terminals in our most important hubs, and provides rail transport from select ports.

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### About DFDS

We operate a transport network bridging Europe with an annual revenue of DKK 27bn and 13,000 full-time employees.

We move goods in trailers by ferry, road & rail and we offer complementary and related transport and logistics solutions.

We also move car and foot passengers on short sea and overnight ferry routes.

DFDS was founded in 1866 and is headquartered and listed in Copenhagen.

### Disclaimer

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

We leverage the ferry network by combining road and ferry transport to provide door-door transports (FTL/LTL) across Europe.

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The most important logistics products now offered are contract logistics, including dry and cold warehousing, customs services, freight forwarding, packaging, and control tower solutions.

Towards 2030, focus will shift to unlocking the value of the expanded network by accelerating organic growth through increased exposure to high-growth markets, enhanced network capabilities, and increased relevance for freight customers requiring bundled transport and logistics solutions.

Five routes will be pursued to unlock the value of the expanded network and reach financial targets:

*Protect & Grow Profits* - Organic growth focus driven by expanded product range and bundling of products to meet customer demand. Benefit from broader geographical network and access to high-growth markets. Enhance competitive cost base and capacity utilisation focus.

*Standardise to Simplify* - Standardise operating procedures across our network to reduce complexity, enable growth and faster response to market developments. Reduce cost to serve through higher operating efficiency.

*Digitise to Transform* - Further develop and grow self-service customer options. Provide more transparency and green data to enable flow optimisations. . Automate port terminal operations, deploy AI to enhance planning and prediction capabilities for sea and land transport. Future-proof tech platform to adopt new technologies faster and offer easier connectivity.

*Moving to Green* - Achieve short-term climate plan targets through the Every Minute Counts ferry scheduling program and technical upgrades. Electrify port terminal and warehouse operations. Decarbonise trucking by switching to biofuel and battery driven trucks. Prepare green ferry newbuilding program and continue to develop partnerships to increase supply of green fuels.

*Be a Great Place to Work* - Safety First program rollout. Adapt to new expectations among employees and provide engaging leadership. Promote diversity, equity, and inclusion among managers as well as office and non-office colleagues.

### **Target ambitions towards 2026 and 2030**

Target ambitions have been set for a three-year period for financials.

**ROIC:** The ambition is to raise the return on invested capital (ROIC) to at least 10% by 2026 from the current level of around 8%.

**Capex:** Operating capex is expected to amount to DKK 1.5-2.0bn annually through 2024-2026.

In 2026, a newbuilding program for green ferries is expected to commence with capex investments of around DKK 0.5bn. In the following years, 2027-2030, green ferry capex is expected to amount to around DKK 1.75bn annually. The program covers six planned newbuildings.

The green capex level starting from 2026 is contingent on availability of green fuels and timing is therefore subject to some uncertainty.

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**Free Cash Flow:** The ambition is to annually generate an Adjusted Free Cash Flow of minimum DKK 1.5bn.

The Adjusted free cash flow ambition is introduced to balance the skewness the IFRS 16 accounting rules impose on ROIC for a company like DFDS with long-term commitments for port terminals and warehouses.

**Financial leverage:** The ambition is to lower financial leverage, NIBD/EBITDA, to 2.5x by the end of 2026. This will be supported by focus on organic growth and a reduction in the asset ownership share. The target range of 2-3x is unchanged.

**Capital distribution:** Distribution policy is unchanged to return excess capital to shareholders through a mix of dividend and share buybacks. The starting point for determining the level of capital distribution to shareholders is the current and expected future financial leverage, NIBD/EBITDA.

**Green transition:** The 2030 target of a 45% reduction in ferry emission intensity for the existing fleet is unchanged. This includes the ambition to have six green ferries in operation by the end of 2030. The baseline for the emission reduction target is 2008.

The target for reduction of land emission intensity is 75% which will primarily be achieved through electrification of trucks, port terminals, and warehouses. The baseline for the emission reduction target is 2022 due to insufficient data in previous years.

The ambition to become a net zero company by 2050 is unchanged.