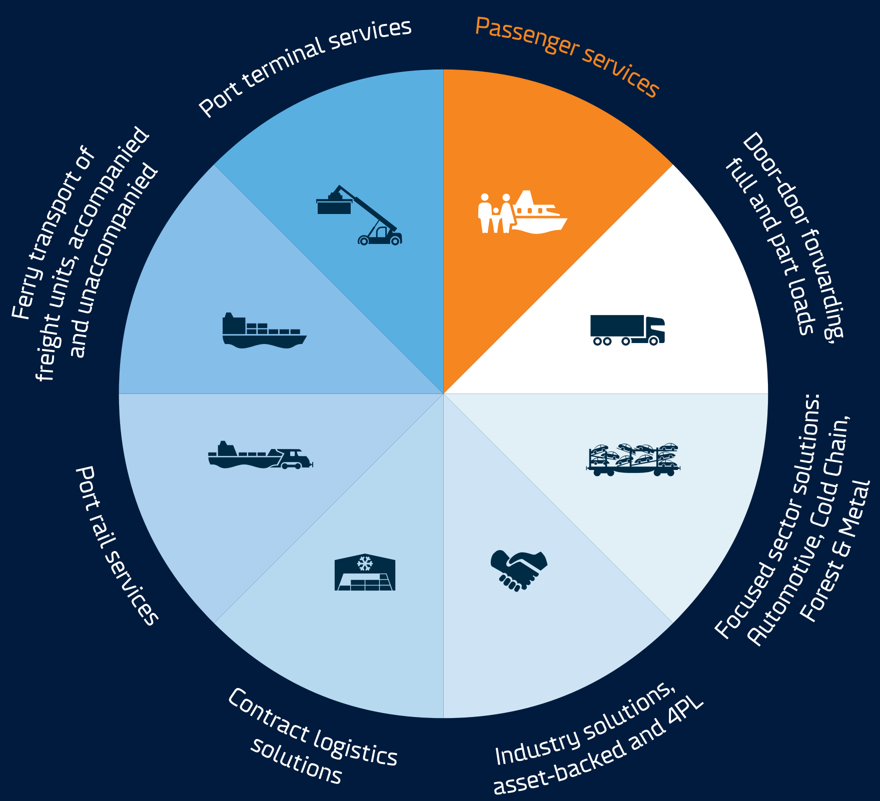
Annual Review 2020

DFDS

In 2020, DFDS moved extraordinary freight volumes as Brexit and Covid-19 congested ports

Business overview

We keep Europe moving through a wide range of freight services from ferry transport to complex logistics solutions and move people and their cars on ferry routes to enjoy a maritime experience and connect with others

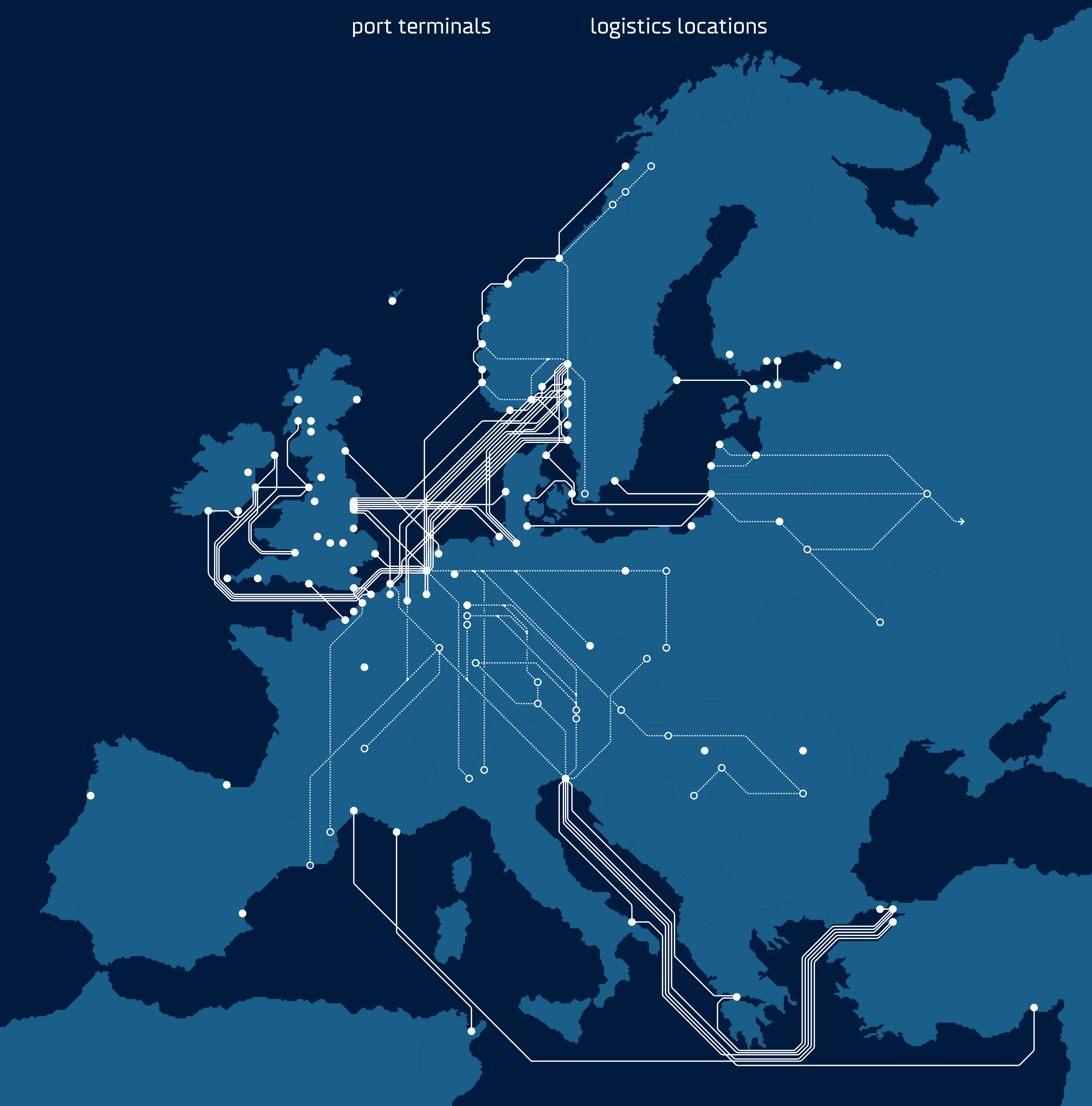


27
routes

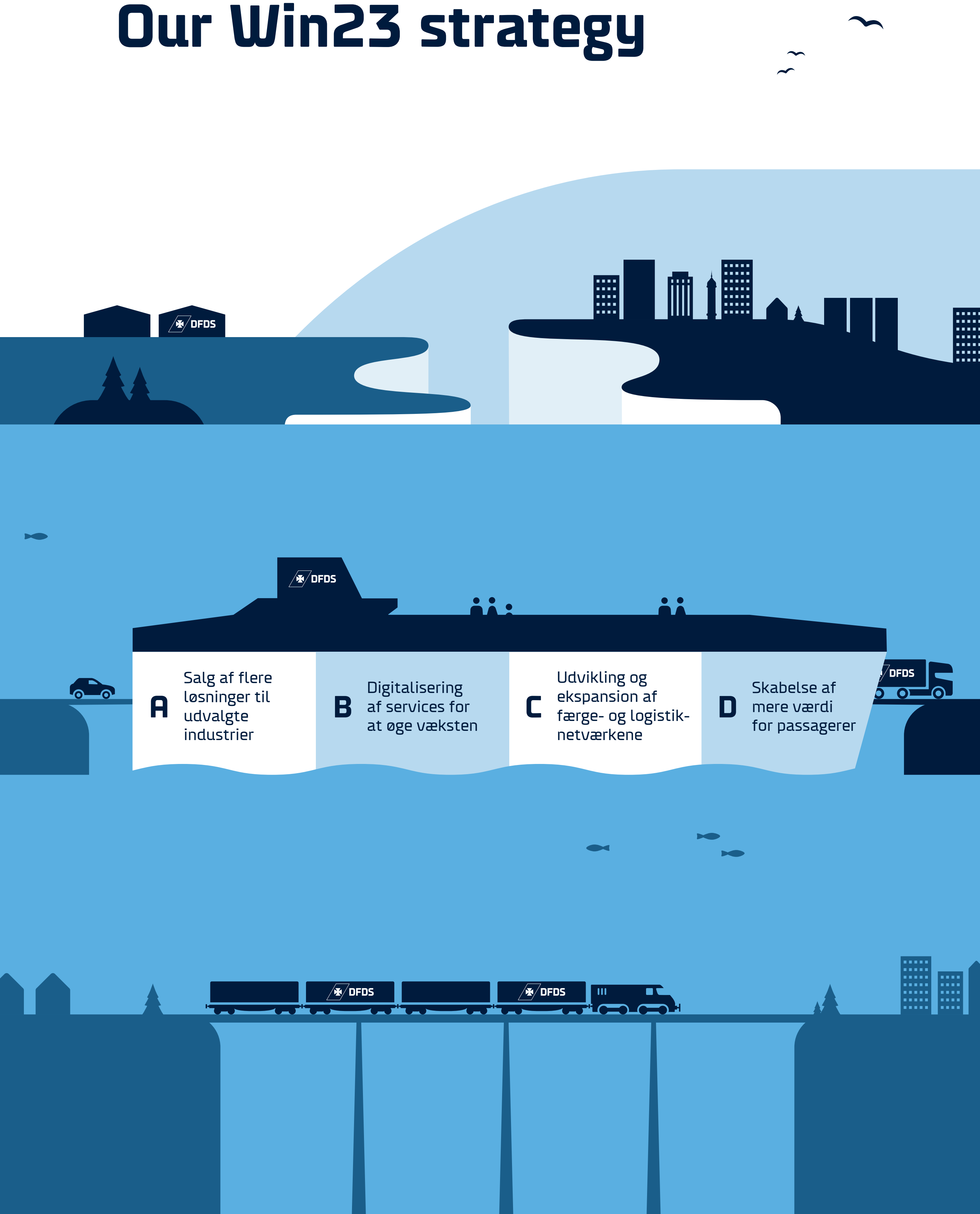
8,200
employees

8
port terminals

50
logistics locations



Our Win23 strategy



Key results 2020

The results for 2020 include a significant negative impact from the Covid-19 pandemic on the Group's passenger activities that generated 16% of revenue in 2019. Due to the imposed travel restrictions, the EBITDA from passenger activities was reduced by DKK 1bn compared to 2019.

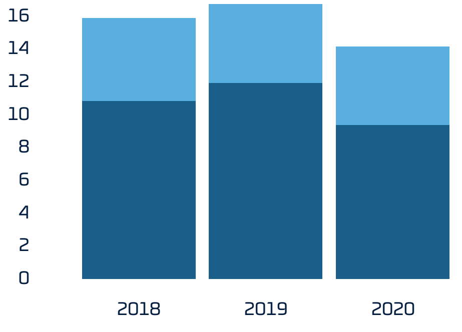
- Logistics Division
- Ferry Division
- Non-allocated items
- DFDS Group

[1] Before special items

[2] 2018 restated to IFRS 16 on a proforma and unaudited basis

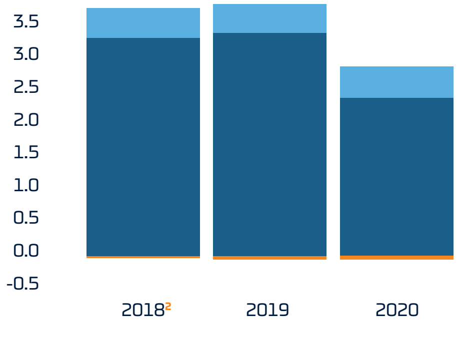
Revenue down **16%** to DKK 14bn

Revenue per division
DKK bn



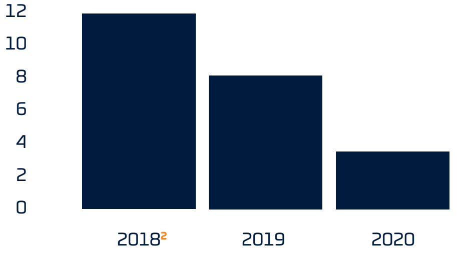
EBITDA[1] down **25%** to DKK 2.7bn

EBITDA per division[1]
DKK bn



Return on invested capital[1] after tax of **4%**

Return on invested capital (ROIC)[1]
%



Rough seas in 2020 – may 2021 bring calmer waters and new opportunities

Claus V. Hemmingsen
Chair of DFDS' Board of Directors

I look back on 2020 with mixed emotions. On the one hand, Covid-19 severely disrupted our lives and parts of our business. On the other hand, our ability to adapt to the changed circumstances proved the strength of the DFDS organisation and the resilience of our business model.

Adapting to such a severe event as Covid-19 did, however, entail significant actions and costs, not least for the people we had to let go due to the sudden drop in demand across markets, especially in the passenger segment.

Management's resolute adaptation of activities mitigated the impact on EBITDA, however, still with a 25% decrease to DKK 2.7bn. As the year evolved, freight demand rose to levels above 2019 helped by stock building in the UK ahead of Brexit while passenger volumes remained almost at a standstill. The decrease in earnings was in the end caused by the drop in passenger volumes.

At the start of 2020, five of six members of the Executive Management Team were new in their roles or had just joined. It was thus a new and untried team that faced the Covid-19 crisis. I am impressed with their ability to quickly rise to the challenge, how fast they got together and the way they managed DFDS skilfully through a difficult period.

Financial position and dividend

In last year's annual report, it was announced that dividend payments would resume. Following the outbreak of Covid-19, the proposed dividend was cancelled to safeguard our financial position. We consolidated our financial position post the outbreak and today our position is solid. Leverage remains, however, well above our targeted range and the Board therefore proposes not to pay a dividend in 2021.

Breakthrough year for climate

2020 was a breakthrough year for the climate agenda in the world of business. It's now all about how and when we become climate neutral, not if. We launched our own climate action plan that includes numerous projects to reduce our footprint over the next ten years as well as an ambition to replace fossil fuel with sustainable fuels to achieve climate neutrality by 2050. For several years, a lot of effort has gone into developing our approach to sustainability and the climate action plan is the preliminary culmination of this work. I am optimistic and encouraged by our green agenda.

Strategic roadmap in place

Going into 2021, we face an elevated level of uncertainty, particularly about the effects of Brexit on UK trade volumes as well as when and to what extent passengers will return in larger numbers to our ferry routes.

In the meantime, I am confident and have faith in DFDS' ability to adapt to market changes and I have firm belief in our Win23 strategic roadmap and ambitions. The acquisition of HSF Logistics Group is a testament to this belief and management's commitment to deliver on the strategy. In addition, the efficiency and improvement measures carried out in 2020 has positioned us well to both manage challenges and pursue opportunities in 2021.

Finally, thank you!

DFDS has emerged in good shape from 2020 due to an extraordinary and impressive effort from the entire organisation. The cost has regrettably been significant in both human and financial terms. I am grateful for the great cooperation with our stakeholders, not least our customers as well as our business and financial partners.

I extend my deepfelt gratitude to management and staff for your support and efforts in overcoming the many challenges of 2020. Hopefully 2021 will bring calmer waters and opportunities to all.

Managing through challenges and opportunities

Torben Carlsen
President & CEO

Our focus in 2020 was to serve our stakeholders as well as possible through a period of great uncertainty. To keep our colleagues safe. To maintain service and reliability to customers. To collaborate with partners. To maintain a strong financial position that keeps DFDS safe.

Looking back on 2020, Covid-19's disruption of our passenger services stands out. A sad consequence of the pandemic was laying off around 700 competent and loyal employees as we adapted to the new market conditions.

Disruptions nevertheless also bring opportunities. We forged a commercially stronger and more focused freight sales organisation in the adaptation process, and have already achieved important customer wins. We opened new routes between Norway and Jutland in Denmark and between Ireland and France, with the latter starting on 2 January 2021. We built a new organisation from scratch to provide customs clearance and related services.

Strategic roadmap in place

When the pandemic broke out, we reviewed our Win23 strategy and I am happy to report that it remains a relevant and ambitious roadmap. Our commitment to deliver on the Win23 growth ambitions was underlined by the recent agreement to acquire HSF Logistics Group.

Our financial ambitions are refocused on ROIC as the pandemic and other events have lowered the return to a level that is not satisfactory. Our ROIC minimum target is 8% while the ambition of Win23 is to reach a ROIC of 10% in 2023 compared to 4% in 2020.

Climate action plan launched

A highlight of 2020 was the launch of our ambition to become climate neutral by 2050. This includes a pioneering project that will enable us to build a hydrogen ferry, hopefully already by 2027. To achieve the 2050-ambition we are engaging in open innovation partnerships to develop commercially viable technologies that will make it possible to use sustainable fuels, such as hydrogen and ammonia, on our ferries. This is the start of an exciting, transformative journey.

Looking ahead and thank you!
Our freight business proved to be strong and resilient during 2020. In addition, Brexit is now behind us and we can focus on our long term growth opportunities in the UK. Uncertainty remains, however, elevated going into 2021. How quickly will trade normalise between the EU and the UK? When and to what extent will passengers return to our ferry routes? We cannot predict the outcomes of these key questions but we are prepared to respond to any challenges and opportunities that will arise during the year.

I would like to send a warm, huge thank you to my colleagues throughout DFDS for their exceptional contribution and ability to come up with solutions to the many challenges we faced in 2020.

I am also very grateful to our customers, partners and shareholders for your collaboration and support in a difficult year.

More information on **our approach to sustainability is available in our CSR Report:** *dfds.com/en/about/group/responsibility*

Ferry Division

Revenue down 21%
to DKK 9.7bn

EBITDA before special items down 28%
to DKK 2.3bn

ROIC before special items of 4%

Freight ferry infrastructure proved resilient and improved earnings despite Covid-19

Mediterranean routes recovered strongly in second half-year

Passenger earnings dropped DKK 1bn as travel restrictions brought travel to a standstill

Ferry Division's revenue decreased 21% to DKK 9,678m compared to 2019. The decrease was mainly driven by a drop in passenger revenue due to travel restrictions. In addition, the decline in the oil price reduced revenue from bunker surcharges and freight revenue was reduced in Q2 2020 by lockdowns. Freight revenue picked up well from the beginning of Q3 and stockbuilding in the UK ahead of Brexit boosted revenue further in Q4. EBITDA before special items decreased 28% to DKK 2,332m. EBIT before special items decreased 52% to DKK 815m and after special items the decrease was 57% due to one-off costs for adapting the organisation to Covid-19 .

The return on invested capital, ROIC, before special items decreased to 3.9% in 2020 from 8.7% in 2019 primarily due to the significant drop in passenger earnings caused by the pandemic. Average invested capital increased 4% to DKK 20,222m compared to 2019.

North Sea

Revenue decreased 8% to DKK 3,653m compared to 2019 mostly due to lower revenue from bunker surcharges as the oil price declined in 2020. EBITDA before special items decreased 8% to DKK 1,185m due to negative impacts from Covid-19 on some routes as well as a one-off income from a capacity agreement with the UK Department for Transport in 2019.

Freight volumes increased 2% in 2020 compared to 2019. Following a sharp drop in volumes Q2 caused by lockdowns related to Covid-19, volumes recovered through Q3. In Q4 volumes were boosted by UK stockpiling ahead of Brexit. The slowdown in Q2 was particularly pronounced for the automotive industry as some plants were temporarily closed. Volumes of both finished cars and spare parts decreased.

Temperature controlled freight volumes, mostly medicine and food products, were less impacted.

One new mega freight ferry was deployed on the route between Gothenburg and Zeebrugge and two were deployed on the route between Vlaardingen (Rotterdam) and Immingham. Capacity on the latter route was increased which was well utilised during the stockbuilding period.

Baltic Sea

Revenue decreased 14% to DKK 1,268m compared to 2019 and by 5% adjusted for route closures and a decline in revenue from bunker surcharges due to the oil price. EBITDA before special items decreased 13% to DKK 434m following lower passenger earnings and a higher level of costs as more capacity was added on some routes.

Freight volumes were up 4% compared to 2019 adjusted for the closure of the Paldiski-Hanko route at the end of Q3. This followed on from a capacity reduction from mid-Q2 and a freight agreement with Eckerö Line announced at the same time to serve volumes between Finland and Estonia. These changes provided an opportunity to improve the schedule and capacity between Estonia and Sweden where some market share was gained as competitors reduced capacity in parts of the year.

A high level of volumes were carried on the routes between Lithuania and Sweden/Germany supported by additional capacity on the routes. Competition increased, both direct and indirect, as competitors increased capacity, including the opening of a new route.

Passenger volumes decreased 15% in 2020 as passenger travel was restricted to essential travel. The volume decrease was less than on other passenger services in and outside Baltic Sea as migrant workers constitute a high share of the passengers.

Channel

Revenue decreased 25% to DKK 2,012m compared to 2019. The decrease was mainly driven by a drop in passenger revenue due to travel restrictions. Freight revenue, excluding bunker surcharges, was on level with 2019. EBITDA before special items decreased 33% to DKK 334m.

Freight volumes were on level with 2019 while passenger volumes decreased 65%. The year started with freight volumes below 2019 as Q1 in that year had seen a spike in volumes leading up to a Brexit deadline that was eventually postponed. From mid-March volumes were reduced by lockdowns before picking up towards the end of Q2. The pickup in volumes continued into Q3 and in Q4 volumes reached record levels due to stockpiling in the UK ahead of Brexit. Total volumes in the Dover Strait freight market decreased 7% in 2020 while DFDS' market share increased 2 ppt on 2019, particularly in the second half of the year.

The decrease in passenger volumes was higher than the 56% decrease in the total market. The pandemic significantly reduced volumes from the end of Q1. There was a mild recovery in Q3 as travel restrictions

Head of division
Peder Gellert Pedersen

Share of DFDS Group revenue 2020 66%

Business areas
North Sea
Baltic Sea
Channel
Mediterranean
Passenger

Protecting people and trade
Throughout the pandemic, DFDS' ferry routes and road transport continued moving freight for customers and supply communities with goods as truck drivers could still cross borders. Staff on ferries, in port terminals and warehouses, and driving trucks were kept safe by frequent tests, work shifts/safe bubbles, focus on hygiene, face masks as well as frequent campaigns about how to stay safe. For employees in offices working from home was in periods mandatory or recommeded to create safe working environments and minise risks.

were eased temporarily. Due to customer uncertainty around international travel and social distancing onboard volumes were however still below 2019. As travel restrictions were tightened for the rest of the year volumes again fell back. The low volumes were mitigated somewhat by higher revenue per passenger.

Capacity on the Dover Strait was adapted through the year by reducing the number of sailings and laying up one of six ferries for several months.

In 2021, a combined freight and passenger ferry newbuilding will replace the oldest ferry on the Dover Strait expectedly in July. On 2 January 2021, a new route between Ireland and France was opened deploying three combined freight and passenger ferries. The new route will be reported as part of the Channel business unit.

Mediterranean

Revenue decreased 5% to DKK 2,071m compared to 2019 while EBITDA before special items increased 8% to DKK 631m.

Freight volumes decreased 8% in 2020 as high growth in the first two months of the year was offset by a sharp decline in volumes from mid-March when Covid-19 started to impact markets. In addition to the general slowdown, customers' haulage operations were negatively impacted by travel restrictions for truck drivers. The slowdown was exacerbated by a high share of automotive and textile volumes that dropped as manufacturers temporarily closed plants. Ferry capacity was reduced during the slowdown by lay-up of ferries.

Volumes recovered through Q3 and was on level with 2019 in the last month of the quarter. The positive volume trend continued in Q4 as depreciation of the Turkish Lira supported export growth. The volume recovery was supported by a normalisation of customers' trucking operations as air travel restrictions for truck drivers were eased.

Rail services continued to grow and the utilisation level improved considerably compared to 2019. Port terminal operations were also improved, although capacity continues to be a constraint in some ports. From 1 January 2020, the new rules limiting sulphur in fuel oil were adopted. Installation of scrubbers on all freight ferries was completed by mid-year. Extra costs were incurred during the installation process which also reduced the reliability of schedules in periods.

Mediterranean's result is expected to further improve in 2021 driven by volume growth as well as further improvement of operational efficiency and customer service levels.

Passenger

Revenue decreased 71% to DKK 489m compared to 2019 and EBITDA before special items decreased DKK 618m to DKK -373m.

The significant decrease in revenue and earnings was a result of the travel restrictions that were imposed for most of the year from mid-March. Both routes were suspended at the start of the pandemic in mid-March until end June and mid-July, respectively. The number of sailings on the Oslo-Frederikshavn-Copenhagen route were also reduced for most of Q4.

A new route between Oslo and Frederikshavn was added to the Oslo-Copenhagen route after a competitor closed its route permanently in March 2020.

Ferry Division

DKK m	2020	2019[1]	Δ	Δ %
Revenue	**9,678**	12,197	-2,519	-20.7%
EBITDA before special items	**2,332**	3,254	-922	-28.3%
Share of profit/loss of associates and joint ventures	**-5**	6	-11	n.a.
Profit/loss on disposal of non-current assets. net	**0**	2	-2	n.a.
Depreciation and impairment	**-1,512**	-1,558	46	-3.0%
EBIT before special items	**815**	1,704	-889	-52.2%
EBIT-margin before special items. %	**8.4**	14.0	-5.6	n.a.
Special items. net	**-98**	-53	-45	n.a.
EBIT	**717**	1,651	-934	-56.6%
Invested capital. average	**20,222**	19,421	801	4.1%
ROIC before special items. %	**3.9**	8.7	-4.8	n.a.
Average number of employees	**5,452**	5,766	-314.0	-5.4%
Lane metres. '000	**40,886**	41,280	-394	-1.0%
Tons. '000	**664**	766	-102	-13.3%
Passengers. '000	**1,498**	5,116	-3,618	-70.7%

[1]The Norwegian sideport shipping activities were transferred from the Logistics Division to the Ferry Division 1 January 2020. 2019 is restated accordingly

Helping customers through Brexit
We built a new customs organisation from scratch with around 100 employees and invested in systems that could connect with customs authorities to offer a full service concept to our customers. A new direct ferry link between Ireland and France was opened to offer customers a hassle free alternative to driving through the UK.


IRELAND
7
SEVENS

Logistics Division

Revenue down 1%
to DKK 5.1bn

EBITDA before special items up 5%
to DKK 445m

ROIC before special items of 8%

Strong earnings recovery in H2 offset negative impact in Q2 from Covid-19

Successful integration of acquisitions in Finland and the Netherlands

Logistics Division's revenue of DKK 5,069m was 1% below 2019. EBITDA before special items increased 5% to DKK 445m and EBIT before special items decreased 6% to DKK 159m. EBIT after special items decreased 10% due to one-off costs for adapting the organisation to Covid-19 .

The return on invested capital, ROIC, before special items decreased to 7.7% in 2020 from 9.2% in 2019. Average invested capital increased 7% to DKK 1,613m.

Nordic

Revenue increased 3% to DKK 1,625m compared to 2019 and EBITDA before special items increased 17% to DKK 131m.

From mid-March until the end of May, activity was reduced by lockdowns following the outbreak of Covid-19. The Swedish market was the most impacted as a high share of solutions are provided to the automotive sector and the demand for specialised services also dropped. From the end of Q2 activity started to pick up again, although the automotive sector was slower to recover than most other sectors. Towards the end of Q3 and in Q4 activity was increased by UK stockbuilding ahead of Brexit. Margins also improved through cost control measures.

The acquired Finnish logistics company Freeco Logistics was successfully integrated during 2020 adding transport services between mainly Finland and Scandinavia, Baltics and continental Europe. The positive full-year impact on revenue from Freeco offset the drop in revenue caused by Covid-19, especially in Sweden and Denmark. The full-year result for Freeco was in line with expectations.

The Swedish contract logistics activities will in 2021 be expanded with a new warehouse in Karlshamn for both ambient and cold chain customers. In addition, a new warehouse is planned to open in Borås, close to Gothenburg, at the end of the year.

Continent

Revenue decreased 4% to DKK 2,391m compared to 2019 while EBITDA before special items of DKK 159m was maintained on level with 2019.

Continental market activity was also reduced from mid-March until the end of May by lockdowns following the outbreak of Covid-19. The impact was most severe on automotive, special cargo construction and airline catering volumes. Apart from the airline sector all sectors recovered well in H2 and traffics between the Continent and the UK were in addition boosted by UK stockbuilding ahead of Brexit. Margins were also improved through cost control measures.

The acquired Dutch logistics company Huisman Group was successfully integrated during 2020 adding part-load solutions between the Netherlands and the UK, including warehouses and cross-docking facilities in Wijchen and in Corby. The positive full-year impact on revenue from Huisman was insufficient to offset the drop in revenue caused by Covid-19, especially in the Netherlands and in Belgium. The full-year result for Huisman was in line with expectations.

The annual result for the special cargo business was considerably reduced by inefficiencies in its trucking operation, including one-off costs reported in Q1 2020. Since then operations were steadily improved and earnings in H2 were above 2019.

UK & Ireland

Revenue increased 6% to DKK 1,444m compared to 2019 and EBITDA before special items increased 3% to DKK 155m.

As a large part of the activities in the UK & Ireland business unit are domestic in scope, the overall impact from Covid-19 was less severe. The cold chain activities distributing seafood and other produce to the UK catering sector were, however, disrupted in periods through the year. This was offset by a high level of activity in transport services delivered to incoming trailer volumes from the Continent and Scandinavia. The organisation was adapted to the market changes following Covid-19.

Changes were made to the cold stores operated in mid-England as the Warrington cold store was exited and an agreement to operate a cold store in Liverpool was entered into. A smaller seafood distribution company, Colley Bros, linked to the Grimsby activities was acquired during the year. Moreover, a new freight forwarding office was opened in Dover.

Non-allocated items

Revenue of non-allocated items is mainly related to an internal trailer equipment pool.

Head of division
Niklas Andersson

Share of DFDS Group revenue 2020 34%

Business areas
Nordic
Continent
UK & Ireland

More information on the transaction is available from this link:
dfds.com/en/about/investors/reports-and-presentations

Acquisition of HSF Logistics Group

An acquisition of HSF Logistics Group, a leading cold chain logistics provider, was announced in January 2021. The acquisition is aligned with DFDS' Win23 strategy of growing solutions to selected industries, including cold chain logistics customers.

Closing of the transaction is expected to take place around 1 May 2021 subject to regulatory approval and completion of required employee consultation processes.

Logistics Division

DKK m	**2020**	2019[1]	Δ	Δ %
Revenue	**5,069**	5,116	-48	-0.9%
EBITDA before special items	**445**	421	24	5.6%
Profit/loss on disposal of non-current assets, net	**4**	4	0	2.6%
Depreciation and impairment	**-289**	-256	-34	13.2%
EBIT before special items	**159**	170	-10	-6.0%
EBIT-margin before special items, %	**3.1**	3.3	-0.2	n.a.
Special items, net	**-12**	-7	-6	n.a.
EBIT	**147**	163	-16	-9.7%
Invested capital, average	**1,613**	1,503	110	7.3%
ROIC before special items, %	**7.7**	9.2	-1.5	n.a.
Average number of employees	**2,112**	1,964	148.0	7.5%
Units, '000	**525**	540	-14.9	-2.8%

[1] The Norwegian sideport shipping activities were transferred from the Logistics Division to the Ferry Division 1 January 2020. 2019 is restated accordingly

Preparing for clean fuels

DFDS' climate action plan aims to reduce emissions by 45% in 2030 and achieve full climate neutrality in 2050. In partnership with Danish companies, a hydrogen factory outside Copenhagen is being developed. We are also testing a program for hydrogen fuel cells to supply power on board the freight ferry Ark Germania, and designing a hydrogen fuel cell powered passenger ferry for possibly the Oslo–Frederikshavn–Copenhagen route. The great thing about hydrogen fuel cells is that they emit only water.

Sustainability summary

Sustainability anchored in strategy and operations

Key themes 'Environmental Footprint' and 'Caring Employer'

Climate action plan launched

The aim of our sustainability strategy is to reduce our environmental footprint and ensure that employees are safe, healthy, and treated equally as we move goods and people across sea and land.

The two overarching strategies Environmental Footprint and Caring Employer are each supported by three ambitions with metrics to measure progress. The strategy is aligned with UN Sustainable Development Goals (SDGs) 3, 5, 13, 14 and 17 due to their particular relevance for our business activities. These SDGs provide guidance and represent global principles for responsible conduct, to which we want to be held accountable.

Environmental Footprint
We support ocean life, relevant research, and educational initiatives. We aim to be a responsible neighbour who reduces pollution, waste, and noise in the communities in which we operate. Our climate action plan also aims to improve air quality. The plan's targets are to reduce relative CO2 emissions 45% by 2030 and make us climate neutral by 2050.

Caring Employer
We strive for a work environment that is safe, healthy, diverse, and inclusive, allowing people to thrive and contribute. We support our employees' physical and mental health and encourage them to find opportunities to give back and do good in the societies where they live and work.

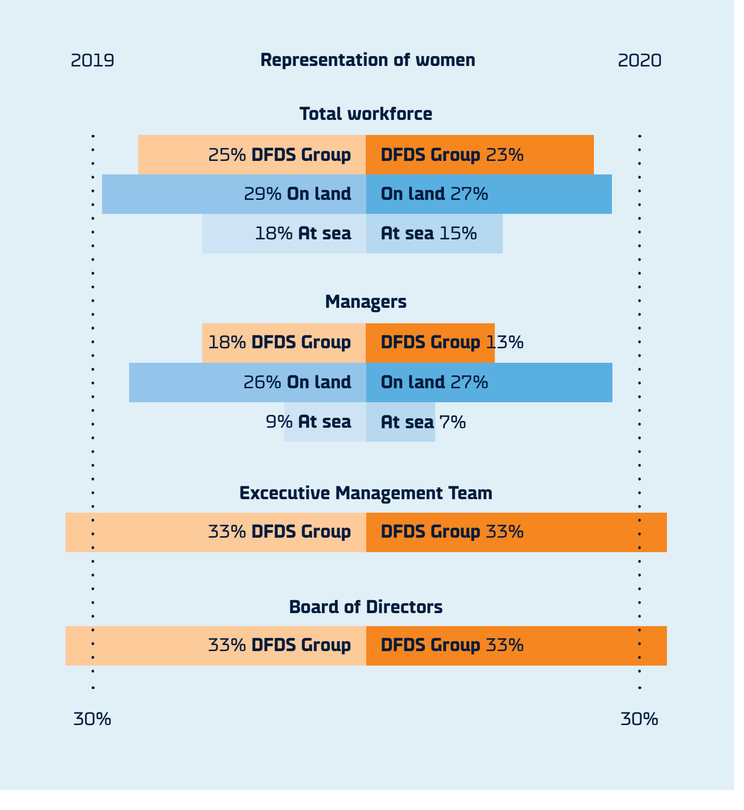
Governance
Sustainability is integrated in our daily planning and operations. Thorough processes and reporting lines are in place. We continually assess risks, analyse, and adjust actions to stay on track with our commitments. Sustainability is also embedded in investment

decisions as all investments above EUR 1m must assess the environmental impact before approval. The Executive Management Team (EMT) has approved the climate action plan and monitors progress on a quarterly basis.

Our policies provide clear guidance
Providing maritime transport and logistics services means we are always in close contact with people. It also implies that our activities can have an impact on human rights. It is a priority for us to respect these rights through clear policies designed to influence and determine major decisions, actions, and activities that fall within their scope.

To promote full transparency, we voluntarily disclose and/or verify our environmental, social and governance data to third party systems. A critical part of our commitment is to engage in partnerships to develop solutions for the future. These include engagement in industry fora and creating industry partnerships and partnerships with innovative start-ups.

More information is provided on the next three pages on selected topics: Bringing down emissions, diversity and inclusion as well as an overview key ESG figures.



The full CSR Report for 2020 is available from this link:
dfds.com/en/about/group/responsibility

The DFDS share and shareholders

Share price decreased 15% in 2020

Dividend cancelled due to negative impact of Covid-19

Share capital

DFDS has one class of shares. The share capital at the end of 2020 was DKK 1,173m comprising 58,631,578 shares, each with a nominal value of DKK 20. There were no changes to the share capital during 2020.

Stock exchange trading

The DFDS share is listed on Nasdaq Copenhagen where 32.9m DFDS shares were traded in 2020 equal to an annual turnover of DKK 7.0bn compared to DKK 7.6bn in 2019. The average number of trades per day was 1,196 compared to 1,145 in 2019 and the average daily turnover was DKK 28m compared to DKK 30m in 2019. The DFDS share is part of the Large Cap index.

Share price development and yield

DFDS' share price was DKK 275 at year-end 2020, a decrease of 15% from the beginning of the year. The market value at the end of 2020 was DKK 15.8bn, excluding treasury shares. By comparison, the Danish stock market's all-share index increased 29% in 2020.

The divergence in the development between the DFDS share and the all-share index was, among other things, due to the significant negative impact of Covid-19 on the passenger ferry market that DFDS is part of.

The total distribution yield on the DFDS share was 0% in 2020 as no capital was distributed to shareholders due to the extraordinary negative impact of Covid-19 on earnings in 2020.

Distribution policy

The starting point for determining the level of capital distribution to shareholders is the current and expected future financial leverage measured as the ratio between NIBD and EBITDA. Target leverage is a ratio between 2.0 and 3.0. NIBD/EBITDA was 4.2 at the end of 2020.

It is preferred to pay dividend semi-annually to facilitate a faster return of capital to shareholders and to align payments with DFDS' seasonal cash flow that peaks during the third quarter, the high season for passenger travel.

Capital is distributed through dividend and share buybacks. The latter instrument is preferred for distribution of excess capital while dividend is preferred to be ongoing and sustainable. Whether capital is excess is assessed based on the leverage target and future investment requirements.

Distribution to shareholders in 2020

Due to the extraordinary negative impact on earnings in 2020 from Covid-19, it became necessary to safeguard the financial position. It was therefore decided by the annual general meeting (AGM) that no dividend was paid in 2020.

Dividend proposal

The Board of Directors proposes to the 2021 AGM that no dividends are paid in 2021 due to the continued safeguarding of the financial position. The financial leverage is, all else being equal, expected to decrease during 2021.

Shareholders

At the end of 2020, DFDS had 22,152 registered shareholders who owned 95% of the share capital. International shareholders owned 30% (2019: 34%) of the total registered share capital. The Lauritzen Foundation was the largest shareholder with a holding of 42% of the total share capital at the end of 2020 compared to 41% at the end of 2019.

Investor Relations

The aim of investor relations (IR) is to facilitate an ongoing dialogue with the financial community, primarily institutional investors and analysts. Key events during the year are quarterly reports, conference calls and roadshows to present strategic and financial results. In addition, management and IR participate at investor conferences, roadshows and meetings with investors and analysts in between quarters. Due to Covid-19, roadshows and meetings were mostly virtual in 2020. There is a silent period of four weeks prior to the release of quarterly reports.

Investor relations
Søren Brøndholt Nielsen,
VP, Corporate
Communications & IR
T +45 3342 3359
udsbn@dfds.com

Shareholder's secretariat
shareholder@dfds.com

DFDS is currently covered by six equity analysts. On *dfds.com/en/about/investors* reports, investor presentations and a range of other information are available.

[1] With reference to §38 in the Danish Capital Markets Act, 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.

[2] Total of registered shareholders

Ownership structure, end of 2020[1]

Lauritzen Foundation	42.4
Institutional shareholders	40.9
Other registered shareholders	10.0
Treasury shares	2.1
Non-registered shareholders	4.6
Total	100.0

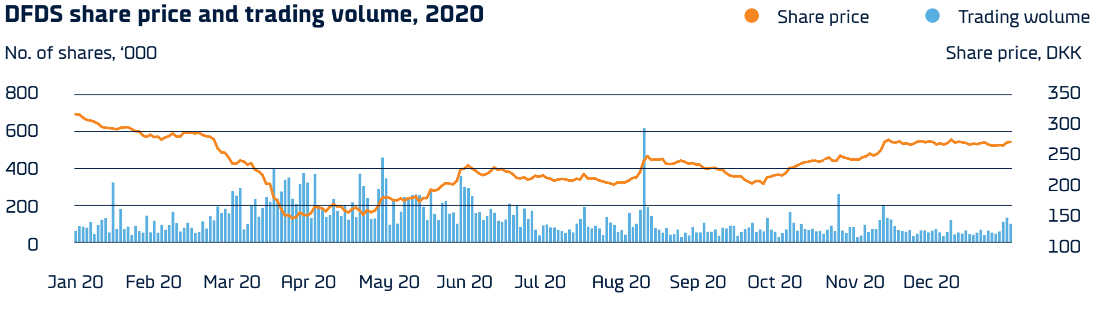
Shareholder distribution, end of 2020

No. of shares	No. of shareholders	% of share capital
1-50	**9,525**	0.5
51-500	**9,899**	3.1
501-5,000	**2,400**	5.3
5,001-50,000	**252**	5.9
50,001-	**76**	80.5
Total[2]	**22,152**	95.4

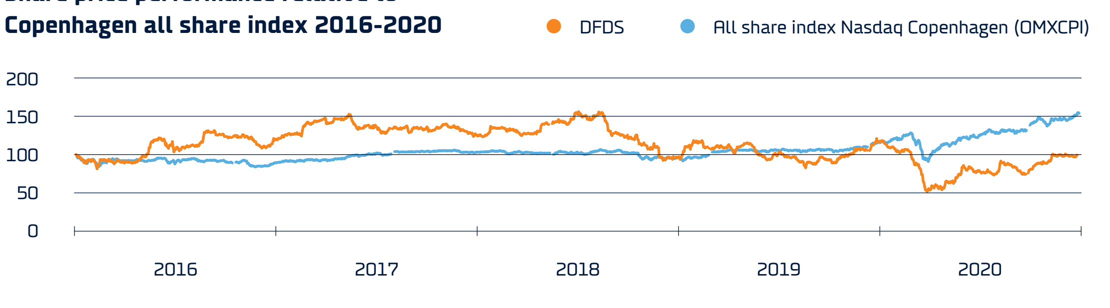
Share related key figures

	2020	2019	2018	2017	2016
Share price, DKK					
Price at year-end	**275**	325	262	331	323
Price high	**325**	332	421	415	360
Price low	**134**	215	239	321	211
Market value year-end, DKK m	**15,790**	18,593	14,990	18,106	18,405
No, of shares year-end, m	**59**	59	59	57	60
No, of circulating shares year-end, m	**57**	57	57	55	57
Distribution to shareholders, DKK m					
Dividend paid per share, DKK	**0**	4.00	4.00	10.00	6.00
Total dividend paid ex, treasury shares	**0**	229	219	555	349
Buyback of shares	**0**	0	190	1,106	914
Total distribution to shareholders	**0**	229	409	1,661	1,263
FCFE yield, %	**2.8**	-0.8	-15.2	6.1	7.5
Total distribution yield, %	**0**	1.2	2.7	9.2	6.8
Cash payout ratio, %	**0**	-151.7	-17.9	150.7	91.4
Shareholder return					
Share price change, %	**-15.3**	24.0	-20.9	2.7	20.8
Dividend return, %	**0**	1.5	1.2	3.1	2.2
Total shareholder return, %	**-15.3**	25.5	-19.6	5.8	23.1
Share valuation					
Equity per share, DKK	**183.4**	179.6	160.5	120.7	116.3
Price/book value, times	**1.5**	1.8	1.6	2.7	2.8

DFDS share price and trading volume, 2020



Share price performance relative to Copenhagen all share index 2016-2020



Financial Review

A challenging year

2020 was dominated by two events: The outbreak of Covid-19 across Europe and an extensive round of stockbuilding in the UK ahead of Brexit. There were distinct phases through the year with negative and positive impacts from these events on operations and results:

Q1 Start of year in line with expectations. Outbreak of Covid-19 impacts DFDS' markets from March. Initial adaptation launched

Q2 Travel restrictions entail severe drop in demand for passenger services. Freight demand also declines considerably. Continued adaptation of operations and business structure

Q3 Freight demand returns to levels comparable to 2019. Travel restrictions eased in first half of quarter and thereafter tightened again

Q4 Freight demand boosted by UK stockbuilding. Tight travel restrictions continue to limit demand for passenger services.

The outbreak of Covid-19 generated an exceptionally high level of uncertainty, especially in Q2. As Q3 progressed it became increasingly clear that freight markets would pick up and recover to activity levels similar to 2019. In the end, total freight earnings in 2020 were higher than in 2019 helped by the extensive stockbuilding in the UK ahead of Brexit in Q4.

For DFDS' passenger services, the consequences of Covid-19 were far more severe and the uncertainty persists. Travel restrictions were introduced already in March 2020 and this immediately led to a significant decrease in demand and hence passenger revenues. Apart from a brief period in the first half of Q3, passenger volumes were reduced to mainly essential travel since the outbreak in March. At the end of 2020, the EBITDA of passenger services was reduced by around DKK 1bn compared to 2019. Passengers are carried in the Passenger, Channel, and Baltic Sea business units.

An initial adaptation of operations to the sudden changes in market demand was launched at the end of April 2020, and a number of longer term adaptations to operations and the business structure were implemented at the end of June 2020.

Another severe and regrettable consequence of Covid-19 was that around 700 employees were made redundant in 2020 as part of the adaptations. Around 70% of the laid off employees were employed in passenger services.

Covid-19 travel restrictions lowered revenue 16% to DKK 14.0bn

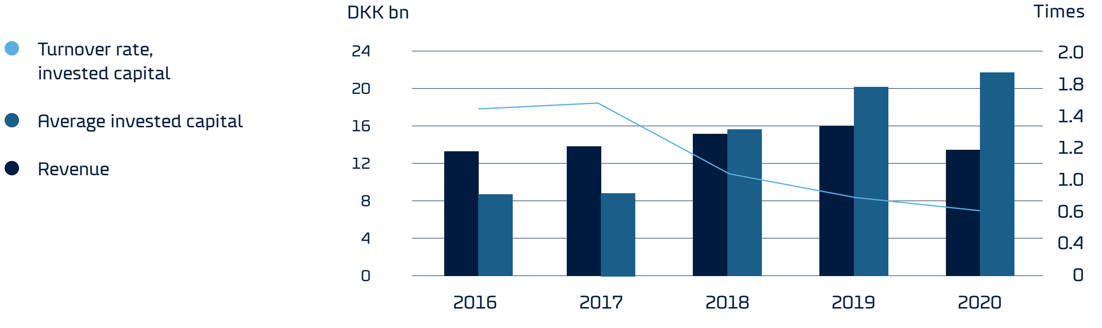
Drop in passenger earnings decreased EBITDA 25% to DKK 2.7bn

Freight earnings resilient

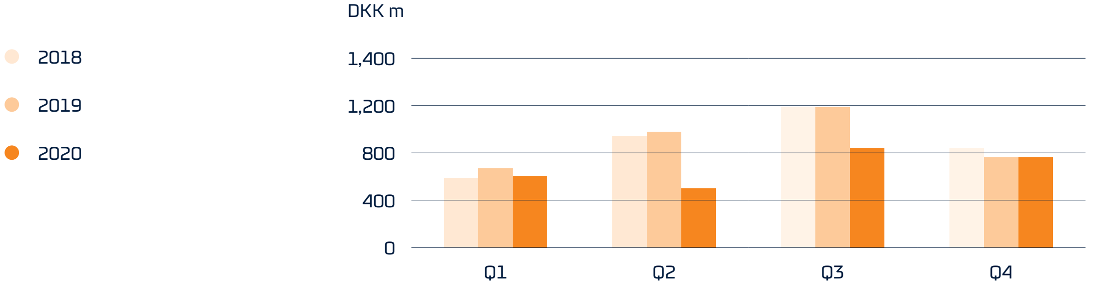
Investments of DKK 1.6bn included DKK 0.9bn for newbuildings

Year ended with strong financial position

Revenue and invested capital



EBITDA before special items per quarter



On this background, DFDS' operating profit (EBITDA) before special items decreased 25% to DKK 2,732m in 2020 compared to 2019. Overall, the decrease was due to the drop in passenger earnings.

On a divisional level, Ferry Division's EBITDA before special items decreased 28% to DKK 2,332m due to the drop in passenger earnings. Logistics Division's EBITDA before special items increased 5% to DKK 445m mostly driven by the addition of two companies acquired in December 2019.

The Group's free cash flow was positive by DKK 1.2bn and adjusted for lease payments, the free cash flow was positive by DKK 0.5bn. The free cash flow included net investments of DKK 1.6bn which was 30% lower than the initial expectation for 2020 of DKK 2.3bn. Investments were reduced as part of a process to secure the financial position following the uncertainty due to the outbreak of Covid-19.

Financial leverage, measured by the ratio of net interest-bearing debt (NIBD) to operating profit (EBITDA) before special items, was 4.2 at year-end compared to 3.3 at year-end 2019. The increase in leverage was due to the decrease in EBITDA as NIBD was lowered 5% compared to year-end 2019. The equity ratio was 39% at year-end 2020 which was on level with 2019.

The average number of employees decreased 2% to 8,213 in 2020 on account of the adaptation of the organisation to the drop in revenue caused by Covid-19.

Key figures

DKK m	2020[1] EUR m	2020	2019	2018[2]	2017[2]	2016[2]
Income statement						
Revenue	1,874	13,971	16,592	15,717	14,328	13,790
Ferry Division[3]	1,298	9,678	12,197	11,117	9,892	9,468
Logistics Division[3]	680	5,069	5,116	5,324	5,160	4,930
Non-allocated items and eliminations[3]	-104	-776	-722	-724	-724	-608
Operating profit before depreciations (EBITDA) and special items	366	2,732	3,633	2,988	2,702	2,588
Ferry Division[3]	313	2,332	3,254	2,713	2,513	2,439
Logistics Division[3]	60	445	421	330	263	252
Non-allocated items	-7	-45	-42	-55	-74	-103
Profit on disposal of non-current assets, net	1	5	6	7	7	8
Operating profit (EBIT) before special items	115	858	1,751	1,909	1,782	1,644
Special items, net	-16	-117	-101	-49	-41	-13
Operating profit (EBIT)	99	741	1,650	1,859	1,741	1,631
Financial items, net	-37	-275	-278	-165	-55	-43
Profit before tax	63	466	1,371	1,694	1,686	1,588
Profit for the year	59	442	1,313	1,637	1,618	1,548
Profit for the year excluding non-controling interest	58	433	1,309	1,630	1,617	1,548
Capital						
Total assets	3,630	27,006	26,863	22,132	13,308	13,004
DFDS A/S' share of equity	1,413	10,511	10,276	9,175	6,565	6,636
Equity	1,425	10,600	10,356	9,255	6,614	6,685
Net-interest-bearing debt	1,527	11,361	11,954	8,513	2,352	2,424
Invested capital, end of period	2,974	22,121	22,476	17,908	9,099	9,205
Invested capital, average	3,025	22,500	20,927	13,778	9,178	9,037
Cash flows						
Cash flows from operating activities, before financial items and after tax	373	2,772	3,258	2,516	2,666	2,662
Cash flows from investing activities	-217	-1,618	-2,651	-4,802	-1,564	-1,207
Acquistion of enterprises and activities	-2	-14	-131	-3,635	0	-51
Other investments, net	-216	-1,603	-2,519	-1,167	-1,564	-1,156
Free cash flow (FCFF)	155	1,155	607	-2,286	1,102	1,455
Repayment of lease liabilities and lease interest	-91	-679	-785	-	-	-
Adjusted free cash flow	64	475	-178	-2,286	1,102	1,455
Key operating and return ratios						
Average number of employees		8,213	8,367	7,791	7,235	7,065
Number of ships		70	70	70	64	63
Fuel consumption per nautical mile (g/GT/Nm)		4.25	4.78	4.93	5.22	5.20
Revenue growth, %		-15.8	5.6	9.7	3.9	2.4
EBITDA margin, %		19.6	21.9	19.0	18.9	18.8
Operating margin, %		6.1	10.6	12.1	12.4	11.9
Revenue/invested capital average, (times)		0.6	0.8	1.1	1.6	1.5
Return on invested capital (ROIC), %		3.0	7.6	13.1	18.6	17.7
ROIC before special items, %		3.5	8.1	13.5	19.0	17.8
Return on equity, %		4.2	13.5	20.7	24.5	23.4
Key capital and per share ratios						
Equity ratio, %		39.3	38.6	41.8	49.7	51.4
Net-interest-bearing debt/EBITDA, times		4.2	3.3	2.8	0.9	0.9
Earnings per share (EPS), DKK		7.6	22.9	29.0	29.1	26.6
Dividend paid per share, DKK		0.0	4.0	4.0	10.0	6.0
Number of shares, end of period, '000		58,632	58,632	58,632	57,000	60,000
Weighted average number of circulating shares, '000		57,310	57,196	56,204	55,594	58,141
Share price, DKK		275.2	325.0	262.2	331.3	322.6
Market value, DKK m		15,790	18,593	14,990	18,106	18,405

[1] Applied exchange rate for Euro as of 31 December 2020: 7.4544 (Average) and 7.4393 (End)

[2] 18 are not restated to IFRS 16

[3] The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative numbers have been restated accordingly whereas 2016-2018 comparative numbers are not restated.

Board of Directors and Executive Board

As per 23 February 2021

Board of Directors

Claus V. Hemmingsen (1962)
Chair / 3,336 shares
Position: Managing director, CVH Consulting Aps
Joined the board: 29 March 2012
Re-elected: 2013-2020
Period of office ends: AGM 2021
Chair of the Nomination and Remuneration Committees

Klaus Nyborg (1963)
Vice Chair / 0 shares
Position: Managing director, Return ApS
Joined the Board: 31 March 2016
Re-elected: 2017-2020
Period of office ends: AGM 2021
Member of the Nomination and Remuneration Committees

Marianne Dahl (1974)
Board member / 1,817 shares
Position: Vice President, Microsoft Western Europe
Joined the Board: 21 March 2017
Re-elected: 2018-2020
Period of office ends: AGM 2021
Member of the Nomination and Remuneration Committees

Anders Götzsche (1967)
Board member / 3,500 shares
Position: Executive Vice President and CFO, H. Lundbeck A/S
Joined the Board: 19 March 2018
Re-elected: 2018-2020
Period of office ends: AGM 2021
Chair of the Audit Committee

Jens Otto Knudsen (1958)
Board member (staff representative) 130 shares
Joined the Board: 13 April 2011
Re-elected: 2012-2019
Period of office ends: AGM 2022

Jill Lauritzen Melby (1958)
Board member / 4,735 shares
Position: Team Leader Finance, BASF A/S
Joined the Board: 18 April 2001
Re-elected: 2002-2020
Period of office ends: AGM 2021
Member of the Audit Committee

Jesper Hartvig Nielsen (1975)
Board member (staff representative) / 230 shares
Joined the Board: 19 March 2018
Re-elected: 2019
Period of office ends: AGM 2022

Lars Skjold-Hansen (1965)
Board member (staff representative) / 530 shares
Joined the Board: 22 March 2013
Re-elected: 2014-2019
Period of office ends: AGM 2022

Dirk Reich (1963)
Board member / 0 shares
Joined the Board: 1 July 2019
Re-elected: 2020
Period of office ends: AGM 2021
Member of the Audit Committee

Executive Board

Torben Carlsen (1965)
President & CEO / 123,850 shares
Appointed: 1 May 2019 (previously CFO since 1 June 2009)

Karina Deacon (1969)
CFO / 1,456 shares
Appointed: 1 January 2020


Claus
Marianne
Jesper
Klaus
Jens
Lars
Jill
Anders
Dirk
Torben
Karina

Executive Management Team

Standing (from left):

Niklas Andersson (1973)
Executive Vice President,
Logistics Division
Marketing, IHM Business School
Employed by DFDS since 2012

Anne-Christine Ahrenkiel (1970)
Executive Vice President,
Chief People Officer
MSc (Scient. pol.), Bachelor in French/Italian
Employed by DFDS since 2019

Rune Keldsen (1979)
Executive Vice President,
Chief Technology Officer
MSc (IT)
Employed by DFDS since 2020

Torben Carlsen (1965)
President & CEO
MSc (Finance)
Employed by DFDS since 2009

Sitting (from left):

Peder Gellert Pedersen (1958)
Executive Vice President,
Ferry Division
Ship broker, HD (O)
Employed by DFDS since 1994

Karina Deacon (1969)
CFO
MSc (Aud)
Employed by DFDS since 2020

Financial calendar 2021

23 March
AGM, virtual

11 May
Q1 report 2021

17 August
Q2 report 2021

17 November
Q3 report 2021

DFDS A/S
Sundkrogsgade 11
DK-2100 Copenhagen Ø
T +45 3342 3342
F +45 3342 3311

dfds.com

CVR 14 19 47 11

Addresses of DFDS'
subsidiaries, locations
and offices are available
from dfds.com