

# OUTLOOK REAFFIRMED

- Q3 EBITDA on level with 2018 despite UK slowdown
- Recovery of trading between Turkey and Europe continues
- EBITDA outlook range for 2019 narrowed to DKK 3.55-3.75bn from DKK 3.5-3.8bn



# Highlights Q3

## Q3 2019\*

- Revenue up 2% to DKK 4.5bn
- EBITDA on level at DKK 1.2bn
- Profit before tax up 4% to DKK 647m

## Outlook 2019

- 6% revenue growth (previously 6-8%)
- EBITDA-range narrowed to DKK 3.55-3.75bn (previously DKK 3.5-3.8bn)

“DFDS’ ferry routes are part of Europe’s infrastructure, providing vital services for trade and travel. We are exposed to market developments in the regions we serve but our business model is resilient, and earnings remain robust despite the current headwind for trade.”

**Torben Carlsen, CEO**

In Q3, revenue increased 2% to DKK 4.5bn and EBITDA before special items of DKK 1,195m was on level with 2018.

For Q1-3, revenue increased 7% to DKK 12.6bn and EBITDA before special items increased 4% to DKK 2.9bn.

The slowdown in trade between UK and continental Europe continued through Q3 and lowered freight volumes on the North Sea ferry routes and passenger volumes on the Channel. The Channel freight market share was increased in Q3. Mediterranean’s revenue growth continued but earnings were held back by a rise in costs due to operational challenges. A simplified route and port terminal structure was introduced in Mediterranean at the start of Q4.

Logistics Division increased EBITDA 15% in Q3 as contract logistics in UK & Ireland and other activities across the division performed well despite of the UK slowdown.

## Outlook 2019

Due to the ongoing European slowdown, expected revenue growth is now around 6% (previously: 6-8%). To reflect a reduced risk of a no-deal Brexit occurring in 2019, the outlook range for EBITDA before special items is narrowed to DKK 3.55-3.75bn (previously: DKK 3.5-3.8bn), (2018 restated to IFRS 16: DKK 3,589m). See full outlook section on page 10.

## KEY FIGURES

DKK m	2019	2018*		2018-19*	2018*
Before special items	Q3	Q3	Change, %	LTM	Full year
Revenue	4,472	4,383	2.0%	16,538	15,717
<b>EBITDA</b>	<b>1,195</b>	<b>1,197</b>	<b>-0.2%</b>	<b>3,708</b>	<b>3,589</b>
EBIT	718	762	-5.7%	1,920	1,965
Profit before tax	647	622	4.0%	1,714	1,744

\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

**12 November 2019. Conference call today at 10.00am CET**

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# Key figures – 2018 restated

DKK m	2019 Q3	2018* Q3	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
<b>Income statement</b>						
Operating profit before depreciation (EBITDA) and special items	1,195	1,197	2,861	2,742	3,708	3,589
• Ferry Division	1,079	1,099	2,540	2,429	3,290	3,179
• Logistics Division	120	103	345	323	453	431
• Non-allocated items	-4	-6	-23	-9	-35	-21
Operating profit (EBIT) before special items	718	762	1,493	1,538	1,920	1,965
Financial items, net	-72	-140	-202	-217	-206	-222
Profit before tax	645	625	1,245	1,234	1,704	1,694
Profit for the period	631	602	1,185	1,166	1,656	1,638
<b>Capital</b>						
Total assets	-	-	25,844	24,242	-	24,713
Equity	-	-	10,143	8,427	-	9,099
Net interest-bearing debt	-	-	11,450	10,260	-	11,251
Invested capital, end of period	-	-	21,726	18,798	-	20,460
Invested capital, average	21,547	18,818	21,178	15,148	20,702	16,210
<b>Key operating and return ratios</b>						
EBITDA-margin, %	26.7	27.3	22.7	23.3	22.4	22.8
ROIC before special items, %	-	-	-	-	9.0	11.8
<b>Key capital and per share ratios</b>						
Equity ratio, %	-	-	39.2	34.8	-	36.8
Net interest bearing debt/EBITDA, (times)	-	-	-	-	3.1	3.1

\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

Comparison between 2019 and 2018 following implementation of IFRS 16

The new IFRS 16 rules on leasing were implemented from 1 January 2019.

Comparison figures for 2018 were restated according to IFRS 16 on a pro forma and unaudited basis in three main sections:

In the text and table on page 2

In the key figures table on this page

In the Management review, page 5-17, including text and tables.

In accordance with the IFRS 16 implementation method applied by DFDS, the key figures for 2018 in the table on page 4 and the 2018 figures in the Financials section starting on page 19 are not restated.

The implementation of IFRS 16 is detailed in Note 5, page 27.

# Key figures – 2018 not restated

DKK m	2019 Q3	2018* Q3	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
<b>Income statement</b>						
Revenue	4,472	4,383	12,583	11,762	16,538	15,717
• Ferry Division	3,352	3,280	9,167	8,310	11,974	11,117
• Logistics Division	1,296	1,272	3,962	3,998	5,288	5,324
• Non-allocated items	135	121	406	363	516	472
• Eliminations	-310	-291	-952	-909	-1,238	-1,196
Operating profit before depreciation (EBITDA) and special items	1,195	1,045	2,861	2,300	3,549	2,988
• Ferry Division	1,079	982	2,540	2,086	3,167	2,713
• Logistics Division	120	78	345	250	425	330
• Non-allocated items	-4	-16	-23	-35	-43	-55
Profit/loss on disposal of non-current assets, net	2	2	4	7	4	7
Operating profit (EBIT) before special items	718	747	1,493	1,496	1,906	1,909
Special items, net	-2	3	-46	-86	-9	-49
Operating profit (EBIT)	716	751	1,447	1,410	1,896	1,859
Financial items, net	-72	-126	-202	-176	-191	-165
Profit before tax	645	625	1,245	1,234	1,705	1,694
Profit for the period	631	602	1,185	1,166	1,656	1,637
Profit for the period excluding non-controlling interest	629	601	1,182	1,165	1,647	1,630
<b>Capital</b>						
Total assets	-	-	25,844	21,805	-	22,132
DFDS A/S' share of equity	-	-	10,061	8,516	-	9,175
Equity	-	-	10,143	8,583	-	9,255
Net interest-bearing debt	-	-	11,450	7,666	-	8,513
Invested capital, end of period	-	-	21,726	16,389	-	17,908
Invested capital, average	21,547	16,358	20,540	12,745	19,710	13,778

DKK m	2019 Q3	2018* Q3	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
<b>Cash flows</b>						
Cash flows from operating activities, before financial items and after tax	759	942	2,450	2,158	2,807	2,516
Cash flows from investing activities	-308	-234	-1,874	-4,347	-2,329	-4,802
• Acquisition of enterprises and activities	0	4	-4	-3,635	-4	-3,635
• Other investments, net	-308	-237	-1,870	-712	-2,325	-1,167
Free cash flow	451	709	576	-2,188	478	-2,286
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	-191	0	-549	0	-549	0
Adjusted free cash flow	260	709	26	-2,188	-71	-2,286
<b>Key operating and return ratios</b>						
Average number of employees	-	-	8,307	7,705	7,959	7,791
Number of ships	-	-	71	70	-	70
Fuel consumption per nautical mile (g/GT/Nm)	4.73	4.77	4.79	4.87	4.84	4.96
Revenue growth (reported), %	2.0	11.7	7.0	8.6	5.2	9.7
EBITDA-margin, %	26.7	23.8	22.7	19.6	21.5	19.0
Operating margin, %	16.1	17.1	11.9	12.7	11.5	12.1
Revenue, invested capital average, (times)	-	-	-	-	0.8	1.1
Return on invested capital (ROIC), %	-	-	-	-	9.3	13.1
ROIC before special items, %	-	-	-	-	9.4	13.5
Return on equity, %	-	-	-	-	17.7	20.7
<b>Key capital and per share ratios</b>						
Equity ratio, %	-	-	39.2	39.4	-	41.8
Net interest bearing debt/EBITDA, (times)	-	-	-	-	3.2	2.8
Earnings per share (EPS), DKK	11.00	10.52	20.67	20.85	28.79	28.99
Dividend paid per share, DKK	0.00	0.00	4.00	4.00	4.00	4.00
Number of shares, end of period, '000	-	-	58,632	58,632	-	58,632
Weighted average number of circulating shares, '000	-	-	57,192	55,881	-	56,204
Share price, DKK	-	-	248.6	318.0	-	262.2
Market value	-	-	14,221	18,180	-	14,990

\* Comparative 2018 numbers are not restated to IFRS 16

Definitions on page 33.

# Management review

## Market overview

European growth continued to be modest in Q3 2019 and the slowdown in trade between UK and continental Europe that began in Q2 continued.

The high level of uncertainty about the outcome of Brexit is the key driver of the slowdown in UK trade as manufacturers and importers/exporters have adopted a wait-and-see approach to gain visibility. There has, however, been some uplift in trade activity in September and October.

The Brexit date is now postponed to 31 January 2020 and an election is scheduled for 12 December 2019 in UK. Visibility is therefore expected to remain low in the coming months.

The total trading volume of goods between UK — a major market for DFDS — and the rest of Europe decreased 5% in Q3 2019 as UK import and export volumes were down 2% and 3% year-on-year, respectively.

Turkey's real GDP continued to decrease in Q3 2019 but at a lower rate than in H1 2019. Inflation continues to decrease and is now around 9% and the import of goods is firming up. The economy is thus stabilising and growth is currently expected to resume in 2020.

The largest changes in average exchange rates in Q3 2019 vs Q3 2018 was an appreciation of TRY/DKK by 4.7% while NOK/DKK and SEK/DKK depreciated 2.7% and 2.3%, respectively.

Q3 is the high season for passenger travel.

## Major events in Q3

### Sale of freight ferry

A freight ferry (ro-ro), Anglia Seaways, built in 2000 was sold to Attica Group on 15 May 2019. Delivery took place on 3 July 2019. The freight capacity of the ferry was 1,680 lane metres. The sales price of the ferry was DKK 94m. The sale entailed a profit of DKK 34m that is included in the income statement under Special items in Q3 2019.

### New route between Turkey and France

A new freight ferry (ro-ro) route between Istanbul, Turkey, and Sète, France, opened 5 July 2019. The route deployed two freight ferries in the quarter.

### Ferry sale to optimise fleet utilisation

On 2 September 2019, DFDS entered into an agreement to sell a combined freight and passenger ferry (ro-pax) — Liverpool Seaways, built 1997 — to La Meridionale. The ferry

will be delivered to the new owner in April 2020. Liverpool Seaways is currently deployed in DFDS' Baltic route network and is planned to be replaced by a ferry from DFDS' existing fleet. Completion of the sale is agreed for April 2020 at a sales price of around DKK 225m and an expected accounting profit of around DKK 100m to be recorded under Special items.

## Major events after Q3

### Restructuring of Mediterranean route network

On 1 October 2019, the two freight ferry routes between Istanbul and southern France, calling Toulon and Sète respectively, were merged into one route, Istanbul (Yalova)-Sète. Sète offers intermodal services, is located close to the Spanish border and has facilities for refrigerated cargo. Three weekly calls to and from Sète are now operated. The termination of sailings to Toulon is expected to entail a one-off cost to be reported under Special items in the Q4 2019 report.

In Istanbul, the route structure was simplified to reduce operational complexity. All sailings to France from Istanbul, that previously departed from two ports, now depart only from Yalova port terminal. In addition, two weekly sailings to Trieste depart from Yalova. All other sailings

between Istanbul and Trieste depart from the Pendik and Ambarli port terminals.

### Agreement on new ferries to Amsterdam-Newcastle cancelled

On 6 September 2019, DFDS entered into an agreement with the Italian ferry company Moby to acquire two ferries, Moby Wonder and Moby Aki, for deployment on the Amsterdam-Newcastle route. Moby would in turn acquire the two passenger ferries currently operating on Amsterdam-Newcastle, King Seaways and Princess Seaways.

The agreement was expected to be completed in the second half of October 2019 but Moby was unfortunately not able to meet the delivery terms of the agreement. The agreement was therefore cancelled by DFDS on 29 October 2019.

DFDS will continue to explore solutions for a renewal of the ferries on the Amsterdam-Newcastle route in line with the fourth pillar of the Win23 strategy: Creating more value for passengers.

## Win23: New strategic and financial ambitions set for next 5 years

On 18 June 2019, DFDS announced a new set of ambitions to continue growing both revenue and earnings considerably over the next 5 years.

The four strategic pillars listed below will be the key growth drivers over the next 5 years in addition to market growth:

- Grow solutions to select industries
- Digitise services to accelerate growth
- Develop and expand the ferry and logistics networks
- Create more value for passengers.

The financial ambition is to achieve an EBITDA of around DKK 5.5bn in 2023 compared to DKK 3.6bn for 2018. The uncertainty related to achieving the financial ambition is estimated at around 10%. The financial ambition is underpinned by estimates of the financial impact for the initiatives in the four strategy pillars, including a framework for monitoring progress and the financial impact.

Achievement of the ambition implies an increase in EBITDA of DKK 1.9bn from DKK 3.6bn in 2018 to DKK 5.5bn in 2023. The increase is expected to be generated by one third from organic growth and initiatives, one third from achievement of the business plan goals for the Mediterranean business unit and one third from acquisitions.

[Additional information is available from the full announcement here](#), and presentations at [DFDS' Capital Markets Day held on 18 June 2019 here](#).

## 5 key DFDS performance drivers in 2019

### Growth from Mediterranean expansion

More than DKK 1bn of revenue has been added in Q1-3 2019 from the full-year impact of the expansion of the ferry route network in the Mediterranean comprising the acquisition of U. N. Ro-Ro on 7 June 2018 and a new, major customer agreement with Ekol Logistics effective from year-end 2018.

The route network was from year-end 2018 expanded to accommodate a volume increase of around 30% between Istanbul and Trieste from the new customer agreement. Additional freight ferries were deployed and extra ports of call in Yalova, located in the southern part of Istanbul, and in Trieste were added. In July, an additional route to France was added.

The fast capacity ramp-up of the route network increased operational complexity and customer service levels have not been satisfactory which has resulted in some loss of market share to overland transport solutions. Operating costs have also been higher than expected.

In response to this development, a restructuring of the route network was announced 1 October 2019 and management changes were made in June 2019. Customer service and operating cost levels have now started to improve and are expected to reach satisfactory levels within the next six months.

In 2020, the route network capacity is expected to be optimised. Four scrubber installations are expected to be in operation on 1 January 2020 and the remaining are expected to be installed no later than Q3 2020.

### Well prepared for Brexit

DFDS is well prepared for Brexit with regard to staff, systems and processes as well as preparations in port terminal that will help to achieve a smooth transition in case of a no-deal Brexit.

Many customers are, however, not sufficiently prepared for handling the transition due to insufficient awareness of required customs documents and systems and this poses risk for the transition. DFDS continues to create awareness among customers of requirements in cooperation with authorities in UK and EU.

### Routes strengthened by new freight ferries

The first two new freight ferries were deployed between Istanbul and Trieste on 12 March and 9 June 2019, respectively. The ferries are performing as expected and has carried up to 480 freight units, mainly trailers, per departure.

Delivery of the third newbuilding is progressing as planned and expected to be deployed between Gothenburg and Ghent from the end of November 2019. In addition, three freight ferries are scheduled for delivery in 2020 and two combined freight and passenger ferries are scheduled for delivery in 2021.

### Revenue

DKK m	Q3 2019	Q3 2018	Change, %	Change
Ferry Division	3,352	3,280	2.2	72
Logistics Division	1,296	1,272	1.9	24
Non-allocated items	135	121	11.3	14
Eliminations	-310	-291	-6.7	-19
<b>DFDS Group</b>	<b>4,472</b>	<b>4,383</b>	<b>2.0</b>	<b>89</b>

### Digital business projects to go live

Localisation of the overall web presence on the new CEM (Customer Experience Management) platform is enabling us to reach more of the market online. DFDS Direct is under way to merge with My Logistics providing end-to-end digital services. The DFDS Spot ticket on the Channel continues to be popular and now accounts for around a quarter of freight spot business on those routes.

### Improvement and efficiency projects

The continuous improvement and efficiency projects are on track to achieve a net profit run rate of around DKK 100m in 2019. Projects include yield management, procurement, boost projects for two Logistics activities and projects related to utilising artificial intelligence and smart data.

## Financial performance

### Revenue

The Group's Q3 revenue was DKK 4,472m, an increase of 2.0% compared to 2018 driven by both divisions.

Ferry Division's Q3 revenue increased 2.2% to DKK 3,352m. The growth was mainly due to a new customer agreement in Mediterranean effective from year-end 2018. The revenue of activities linked to UK was decreased by a slowdown in trade between UK and the rest of Europe. This was offset by income from an agreement with UK Department for Transport and the opening of a new route between Gothenburg and Zeebrugge.

Logistics Division's Q3 revenue increased 1.9% to DKK 1,296m. Revenue increased 15.9% in UK & Ireland boosted by a large new cold chain logistics contract. Revenue for the Nordic and Continent business units was reduced by a slowdown in trade between UK and the rest of Europe as these units provide solutions for goods moving between UK and the Nordic and Continent regions, respectively.

### Operating profit before depreciation (EBITDA) and special items

The Group's Q3 EBITDA of DKK 1,195m was on level with 2018 and up 4% to DKK 2,861m for Q1-3. The year-to-date result includes a positive full-year impact from the acquisition of U. N. RoRo effective from 7 June 2018.

Ferry Division's Q3 EBITDA decreased 2% to DKK 1,079m and increased 5% to DKK 2,540m for Q1-3. The Q3 result reflects a negative impact from the slowdown in trade between UK and the rest of Europe as well as higher maintenance costs for ferry operations. The latter reduced results for the Channel and North Sea business units.

Logistics Division's Q3 EBITDA increased 15% to DKK 120m and increased 7% to DKK 345m for Q1-3. The Q3 result included higher earnings in UK & Ireland following a rise in domestic contract logistics activity. The Nordic and Continent business units also improved EBITDA in Q3 even though a slowdown trade between UK and the rest of Europe negatively impacted the result.

### Depreciation and operating profit (EBIT) before special items

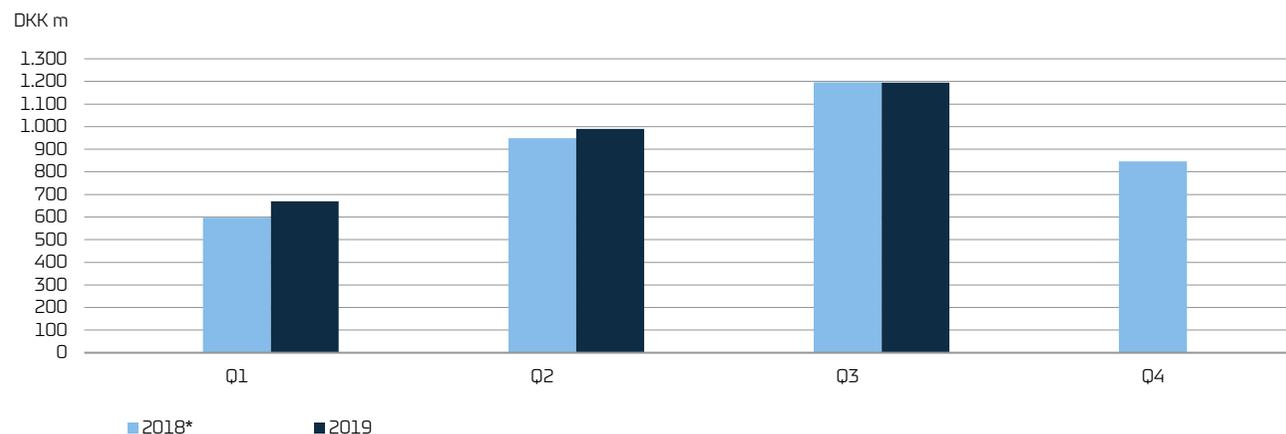
Depreciation in Q3 of DKK 477m increased 10% compared to 2018 due to an increase in dockings and timing differences vs 2018. Moreover, depreciations were increased by the ramp-up of capacity in Mediterranean, including deployment of two freight ferry newbuildings, a chartered freight ferry and a new port terminal agreement. Depreciations were also increased by the charter of two vessels to carry mainly paper volumes from Norway.

The Group's Q3 EBIT before special items decreased 6% to DKK 718m.

### Special items and operating profit (EBIT) after special items

In Q3 2019, special items were a net cost of DKK 2m which included a profit on the sale of a freight ferry and a

### DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS



### Operating profit before depreciation (EBITDA) & special items

DKK m	Q3 2019	Q3 2018*	Change, %	Change
Ferry Division	1,079	1,099	-1.8	-20
Logistics Division	120	103	15.9	16
Non-allocated items	-4	-6	n.a.	1
<b>DFDS Group</b>	<b>1,195</b>	<b>1,197</b>	<b>-0.2</b>	<b>-2</b>
EBITDA-margin, %	26.7	27.3	-2.2	-0.6

### Associates and joint ventures, profits on disposals and depreciation

DKK m	Q3 2019	Q3 2018*	Change, %	Change
EBITDA before special items	1,195	1,197	-0.2	-2
Associates and joint ventures	-1	-1	n.a.	0
Profit on disposals	2	2	n.a.	0
Depreciation and impairment	-477	-435	-9.6	-42
<b>EBIT before special items</b>	<b>718</b>	<b>762</b>	<b>-5.7</b>	<b>-44</b>

### Financial items

DKK m	Q3 2019	Q3 2018*	Change, %	Change
Interests, net	-58	-66	12.6	8
Foreign exchange gains/losses, net	-7	-70	89.9	63
Other items, net	-6	-3	n.a.	-3
<b>Total finance, net</b>	<b>-72</b>	<b>-140</b>	<b>49.0</b>	<b>69</b>

\* Comparative 2018 numbers are restated to IFRS 15 on a proforma and unaudited basis

one-off cost related to the start-up of a new Turkish port terminal.

The Group's Q3 EBIT after special items decreased 6% to DKK 716m.

### Financial items

Total finance, net in Q3 was a cost of DKK 72m, a decrease of DKK 69m or 49% compared to 2018. The net interest cost decreased DKK 8m as Q3 2018 included an amortisation of loan costs. In addition, there was a positive variance on net currency adjustments of DKK 63m mainly related to a loss on the depreciation of TRY in 2018. This currency risk has been reduced significantly in 2019 through a changed pricing model.

### Profit before and after tax

The Q3 profit before tax increased 3% to DKK 645m and the profit after tax increased 5% to DKK 631m.

### Earnings per share

Q3 earnings per share (EPS) increased 4.5% to DKK 11.00 compared to DKK 10.52 in Q3 2018.

### Cash flow and investments

The Q3 cash flow from operating activities was DKK 772m. The cash flow was reduced by an increase in working capital of DKK 399m in the quarter. Around half of the increase was due to a rise in deferred income from passenger and other prepayments in Q2 that reversed in Q3. The effect of this seasonal payment pattern was higher than normal. In addition, the timing of cut-off dates in Q2 and Q3 increased working capital.

The Q3 free cash flow (FCFF) was DKK 451m and DKK 260m adjusted for payment of lease liabilities, including interest. Net investments amounted to DKK 308m that included DKK 317m of ship investments of which DKK 211m was ferry newbuildings and DKK 38m was for scrubbers. The net investments also included proceeds of DKK 94m from the sale of a freight ferry.

The Q3 cash flow from financing activities was negative by DKK 358m following net loan payments of DKK 181m and payment of lease liabilities of DKK 177m. The Q3 net cash flow was positive by DKK 50m and cash amounted to DKK 466m at the end of the quarter.

### Invested capital and ROIC

Invested capital was DKK 21.7bn at the end of Q3 2019. Compared to year-end 2018, the invested capital increased 6% mainly due to investments, including the purchase of two freight ferries, and invested capital related to a new customer agreement in Turkey. The average invested capital for the last twelve months increased 31% to DKK 20.7bn primarily due to the acquisition of U. N. Ro-Ro and related events.

For the last twelve months, the return on invested capital, ROIC, was 9.0% before special items compared to 11.8% for 2018. The decrease in ROIC was due to the full-year impact of the acquisition of U. N. Ro-Ro and lower returns in most business units following a general European slow-down.

### Capital structure

At the end of Q3 2019 net-interest-bearing debt (NIBD) was DKK 11.5bn, an increase of 2% compared to year-end 2018 following the increase in the invested capital.

Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a multiple of 3.1 which was on level with year-end 2018. The equity ratio was 39% at the end of Q3 2019 compared to 37% at year-end 2018.

### Equity

Equity amounted to DKK 10,143m at the end of Q3 2019, including minority interests of DKK 82m. This was an increase of 10% or DKK 888m compared to equity at year-end 2018 driven mainly by total comprehensive income for Q1-3 2019 of DKK 1,325m while transactions with owners decreased equity by DKK 205m, including distribution of DKK 229m as dividend. Change in accounting policies (implementation of IFRS 16) reduced equity with DKK 232m.

## Management shareholdings

Current holdings of DFDS shares for Torben Carlsen, CEO, are available at <https://www.dfds.com/group/about/management>.

## Outlook 2019

Although less than two months remain of 2019, visibility on trading is still reduced by the political situation in UK and the Brexit process, even though the Brexit date has been postponed to 31 January 2020.

Trading between Turkey and Europe continues to recover as Turkish imports during Q3 began to exceed 2018-levels for the first time in 2019. The political unrest in Turkey has so far not had a material impact on trading but the level of political risk remains high.

Consensus estimates for European real GDP growth in 2019 is now 1.1% (Thomson Reuters).

### Revenue outlook

The Group's revenue is now expected to increase by around 6% in 2019 compared to previously around 6-8%. The ongoing slowdown in UK trade is the main driver of the lower revenue outlook.

### EBITDA outlook

The EBITDA outlook is based on the new accounting standard on leases, IFRS 16.

## OUTLOOK 2019

DKK m	New outlook 2019	Previous outlook 2019	*IFRS 16 restated 2018	2018
Revenue growth	~6%	6-8%	15,717	15,717
EBITDA before special items	3,550-3,750	3,500-3,800	3,589	2,988
Per division:				
Ferry Division	3,175-3,325	3,150-3,400	3,179	2,713
Logistics Division	425-475	400-450	431	330
Non-allocated items	-50	-50	-21	-55
Depreciation change	12%	15%	-1,630	-1,087
Special items	-60	-30	-49	-49
Investments	-2,400	-2,800	-4,802	-4,802

\*Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

To reflect a reduced risk of a no-deal Brexit occurring in 2019, the outlook range for EBITDA before special items is narrowed to DKK 3.55-3.75bn (previously: DKK 3.5-3.8bn), (2018 restated to IFRS 16: DKK 3,589m).

### Special items

Special items are now expected to be a net cost of DKK -60m, previously DKK -30m, as a one-off cost related to a minimum volume commitment to a Turkish port terminal has been added to Special items.

### Investments

The outlook for investments is reduced DKK 400m to around DKK 2.4bn from previously around DKK 2.8bn. The change mainly reflects delays concerning the ro-pax new-buildings, scrubber installations and port terminals. Expected investments are now:

- Freight ferry (ro-ro) newbuildings: DKK 1,100m

- Combined freight and passenger ferry (ro-pax) newbuildings: DKK 150m
- Purchase of two freight ferries: DKK 270m
- Scrubbers: DKK 150m
- Dockings and ferry upgrades: DKK 350m
- Port terminals and other equipment: DKK 100m
- Cargo carrying equipment and warehouses, mainly related to the Logistics Division: DKK 150m
- Other investments, including IT and digital: DKK 100m.

A total of six new buildings are on order. In 2019, three freight ferries (ro-ro) have been delivered. Another three freight ferries are scheduled for delivery in 2020. Two combined freight and passenger ferries (ro-pax) are on order for delivery in 2021.

A number of risks and uncertainties pertain to the outlook. The most important among these are possible major changes in the demand for ferry and logistics services. For DFDS, such demand is to a large extent linked to the level of economic activity in primarily Europe, especially northern Europe and in particular UK, as well as adjacent regions, including Turkey. Demand can also be impacted by competitor actions.

The outlook can moreover be impacted by political changes, first and foremost within EU and Turkey. In that regard, Brexit represents an important risk. Changes in economic variables, especially the oil price and exchange rates, can furthermore impact earnings.

The future financial results may therefore differ significantly from expectations.

### Restructuring of Mediterranean route network

A simplified route and port terminal structure was introduced in Mediterranean at the start of Q4 2019. All sailings to France were moved to Sète from Toulon. All sailings to France from Istanbul, that previously departed from two ports, now depart only from Yalova. In addition, two weekly sailings to Trieste depart from Yalova. All other sailings between Istanbul and Trieste depart from Pendik and Ambarli.



# Ferry Division

## The division is organised in five business units:

- North Sea
- Baltic Sea
- Channel
- Mediterranean
- Passenger

## Q3 market, activity and result trends

### North Sea

Q3 freight volumes were 2.1% above 2018 and down 5.8% adjusted for the new route between Gothenburg and Zeebrugge. Q1-3 volumes were down 5.9%, likewise adjusted. Volumes on all routes linked to UK were reduced by the slowdown in trade between UK and the rest of Europe that set in after the initial Brexit date, 29 March 2019. Volumes on the new route between Sweden and Belgium that started in June 2019 were below expectations in Q3.

EBIT in Q3 decreased 5% to DKK 144m due to the lower volumes and higher docking and maintenance costs as some dockings were postponed to accommodate stockpil-

### Ferry Division

DKK m	2019			2019 Q1-Q3	2018* Q1-Q3	2018*				2018-19* LTM	2018* Full year
	Q1	Q2	Q3			Q1	Q2	Q3	Q4		
Revenue	2,714	3,101	3,352	9,167	8,310	2,301	2,729	3,280	2,807	11,974	11,117
EBITDA before special items	584	877	1,079	2,540	2,429	500	829	1,099	751	3,290	3,179
Share of profit/loss of associates and joint ventures	2	6	-1	7	3	3	1	-1	-1	6	2
Profit/loss on disposal of non-current assets, net	1	0	1	1	2	1	0	0	0	1	1
Depreciation and impairment	-363	-365	-382	-1,111	-985	-298	-330	-357	-338	-1,448	-1,323
EBIT before special items	223	518	696	1,438	1,448	206	500	742	411	1,849	1,859
EBIT margin before special items, %	8.2	16.7	20.8	15.7	17.4	9.0	18.3	22.6	14.6	15.4	16.7
Special items, net	0	-6	4	-2	-23	-1	-45	23	40	38	17
EBIT	223	512	701	1,436	1,425	205	456	764	451	1,887	1,876
Invested capital, average	18,841	19,193	19,460	19,151	13,812	10,203	13,858	17,422	18,031	18,799	14,783
ROIC before special items, %	-	-	-	-	-	-	-	-	-	9.7	12.4
Lane metres, '000	10,593	9,715	10,530	30,838	29,793	9,536	10,046	10,211	10,283	41,122	40,077
Passengers, '000	732	1,390	2,004	4,125	4,436	862	1,409	2,163	1,003	5,129	5,439

\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

ing volumes in Q1. The negative impact of the lower volumes was mitigated by income from an agreement with UK Department for Transport.

### Baltic Sea

Q3 freight volumes were 1.0% below 2018. Volumes were in general lowered by a slowdown in two key markets: Germany and Sweden. This was partly offset by expansion of some customer agreements. Passenger volumes were up 5.3% with increases on all routes except between Finland and Estonia.

EBIT in Q3 increased 12% to DKK 125m following a higher passenger result and lower operating costs.

### Channel

Q3 freight volumes were 0.8% above 2018. Total market volumes decreased in Q3 as a result of the slowdown in trade between UK and the rest of Europe but some market share was regained following a loss of share in Q2.

Passenger volumes were down 10.2% as the travel market is negatively impacted by uncertainty related to the Brexit process. The number of UK and eastern European passengers decreased while tourist flows from other European countries were more stable. The revenue per pax remained above 2018.

Q3 EBIT decreased 24% to DKK 168m mainly driven by the lower passenger volumes and higher docking and maintenance costs, including timing differences vs 2018.

**Mediterranean**

Q3 freight volumes increased 24.1% driven by the new customer agreement that came into effect from year-end 2018. In addition, a new route between Istanbul and Sète was opened on 5 July 2019.

Trading between Turkey and Europe has gradually been firming up as Turkish imports have begun to recover to levels above 2018 during Q3. There is, however, still an unusually high level of empty units being transported. Some market share has been lost to overland solutions as customer service levels have not been satisfactory due to operational challenges.

To address these challenges, a simplified route and port terminal structure was introduced in Mediterranean at the start of Q4.

In Istanbul the route structure has been simplified to reduce operational complexity. All sailings to France from Istanbul, that previously departed from two ports, now depart only from Yalova. In addition, two weekly sailings to Trieste depart from Yalova. All other sailings between Istanbul and Trieste depart from the Pendik and Ambarli port terminals.

EBIT in Q3 increased 14% to DKK 76m. The margin in Q3 was below 2018 as operational complexity increased the cost level and the number of empty units remained high.

**Passenger**

The number of passengers in Q3 increased 1.2% as both routes carried more passengers than in 2018. Tourism volumes between UK and continental Europe remained robust in the quarter.

EBIT in Q3 decreased 9% to DKK 149m as revenue per passenger was lower in Scandinavia and operating costs higher.

**Non-allocated items**

These items primarily include external charter activities. EBIT in Q3 increased 32% to DKK 34m.

## Ferry Division

DKK m	2019			2019 Q1-Q3	2018* Q1-Q3	2018*				2018-19* LTM	2018* Full year
	Q1	Q2	Q3			Q1	Q2	Q3	Q4		
<b>North Sea</b>											
Revenue	963	963	925	2,852	2,827	967	964	897	907	3,759	3,734
EBIT before special items	190	199	144	532	510	161	198	151	186	718	696
Invested capital	5,596	5,617	5,455	5,446	5,777	5,861	5,623	5,514	5,116	5,460	5,592
ROIC before special items, %	-	-	-	-	-	-	-	-	-	12.9	12.2
Lane metres freight, '000	3,327	3,039	3,214	9,580	9,862	3,347	3,367	3,148	3,215	12,795	13,077
<b>Baltic Sea</b>											
Revenue	350	389	398	1,137	1,145	343	392	410	364	1,501	1,509
EBIT before special items	40	97	125	262	286	70	104	111	77	339	363
Invested capital	1,322	1,272	1,322	1,409	1,344	1,358	1,359	1,211	1,722	1,370	1,393
ROIC before special items, %	-	-	-	-	-	-	-	-	-	24.6	26.0
Lane metres freight, '000	1,187	1,171	1,137	3,496	3,432	1,102	1,182	1,148	1,143	4,638	4,575
Passengers, '000	43	68	88	198	177	36	58	83	47	245	224
<b>Channel</b>											
Revenue	571	638	846	2,055	2,156	573	687	895	647	2,702	2,803
EBIT before special items	34	31	168	233	326	25	80	222	71	304	397
Invested capital	1,979	1,854	1,845	1,856	1,933	2,039	1,884	1,786	1,744	1,842	1,866
ROIC before special items, %	-	-	-	-	-	-	-	-	-	16.5	21.2
Lane metres freight, '000	4,902	4,311	4,945	14,159	14,797	4,896	4,995	4,906	4,866	19,025	19,663
Passengers, '000	468	936	1,490	2,894	3,207	556	992	1,659	644	3,537	3,850
<b>Mediterranean</b>											
Revenue	515	567	555	1,637	643	31	170	443	481	2,118	1,124
EBIT before special items	46	80	76	202	99	3	29	67	83	285	182
Invested capital	9,047	9,529	9,594	9,171	2,558	123	7,436	7,468	8,517	8,831	4,732
ROIC before special items, %	-	-	-	-	-	-	-	-	-	3.2	3.8
Lane metres freight, '000	1,071	1,060	1,110	3,241	1,287	61	351	875	919	4,160	2,206
<b>Passenger</b>											
Revenue	251	497	601	1,349	1,368	298	466	604	360	1,709	1,728
EBIT before special items	-110	76	149	116	141	-80	57	164	-25	91	116
Invested capital	704	716	891	773	607	585	501	671	780	753	654
ROIC before special items, %	-	-	-	-	-	-	-	-	-	11.6	17.4
Lane metres freight, '000	106	133	124	363	415	130	151	134	140	503	556
Passengers, '000	222	386	426	1,034	1,052	270	361	421	312	1,346	1,365
<b>Non-allocated items</b>											
Revenue	107	105	96	308	328	119	110	99	154	462	481
EBIT before special items	23	34	34	92	86	27	33	26	19	111	105

\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

The invested capital in the quarter is shown as per the end of the period. For the full year, the invested capital is shown as an average.

# Logistics Division

## The division is organised in three business units:

- Nordic
- Continent
- UK & Ireland

## Q3 market, activity and result trends

### Nordic

The number of transported units in Q3 decreased 5.6% driven by lower volumes in several corridors to UK: Denmark, Norway and Sweden, due to the slowdown in UK trade. In addition, project volumes were considerably lower to the Swedish construction industry from the Baltic region. This was offset by an increase in automotive, special cargo and Swedish domestic volumes. The number of tonnes carried by the Norwegian sideport shipping activity almost doubled following a new paper industry contract.

EBIT decreased 16% to DKK 13m due to the lower level of volumes, including specialised services, although some of the volume impact was offset by an improved balance of flows. Moreover, extra vessel costs reduced earnings in the Norwegian sideport shipping activity.

## Logistics Division

DKK m	2019			2019 Q1-Q3	2018*		2018*			2018-19* LTM	2018* Full year
	Q1	Q2	Q3		Q1	Q2	Q3	Q4			
Revenue	1,348	1,318	1,296	3,962	3,998	1,385	1,341	1,272	1,325	5,288	5,324
EBITDA before special items	109	116	120	345	323	105	116	103	107	453	431
Profit/loss on disposal of non-current assets, net	1	0	1	2	5	1	2	1	0	3	5
Depreciation and impairment	-65	-70	-74	-209	-170	-56	-56	-58	-58	-267	-229
EBIT before special items	45	47	47	138	158	49	61	48	49	189	207
EBIT margin before special items, %	3.3	3.5	3.6	3.5	3.9	3.5	4.6	3.7	3.7	3.6	3.9
Special items, net	0	-6	0	-7	-17	-17	0	0	5	-1	-11
EBIT	45	41	47	132	141	32	61	48	54	188	196
Invested capital, average	1,527	1,591	1,580	1,553	1,409	1,412	1,445	1,405	1,432	1,524	1,418
ROIC before special items, %	-	-	-	-	-	-	-	-	-	10.3	12.3
Tons, '000	174.3	185.3	201.3	560.9	304.1	97.7	102.8	103.5	113.2	674.2	417.3
Units, '000	135.1	134.8	137.3	407.2	425.4	145.5	146.7	133.1	141.7	548.8	567.0

\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

### Continent

The number of transported units in Q3 decreased 5.1% as the UK slowdown in trade reduced volumes between UK and continental Europe which impacted the Dutch, Belgian and German corridors. Containers and special cargo were less impacted than trailer volumes. This was offset by higher volumes in the Continent-Sweden corridor and for some contract logistics activities in Belgium.

EBIT decreased 15% to DKK 16m due to a negative impact from the UK slowdown and an income in 2018 from a release of a pension accrual.

### UK & Ireland

The number of transported units in Q3 increased 15.3% adjusted for changes in reporting scope. Most areas contributed to the volume increase, including the addition of

a new large cold chain logistics contract. Aquaculture volumes in Scotland were flat but at a high level in the quarter. There was some reduction of volumes in the distribution and warehousing activities in England but this was offset by growth in other parts of the network. Volumes in the Belfast corridors continued to grow while the international UK trade slowdown reduced the distribution of volumes coming from Nordic and Continent.

EBIT increased 31% to DKK 18m as most activities improved performance.

**Logistics Division**

DKK m	2019			2019 Q1-Q3	2018* Q1-Q3	2018*				2018-19* LTM	2018* Full year
	Q1	Q2	Q3			Q1	Q2	Q3	Q4		
<b>Nordic</b>											
Revenue	448	450	408	1,306	1,415	517	485	413	451	1,757	1,866
EBIT before special items	16	15	13	44	68	26	27	15	22	65	90
Invested capital	454	477	412	452	471	486	421	402	465	442	456
ROIC before special items, %	-	-	-	-	-	-	-	-	-	13.2	17.8
Units, '000 **	30.3	29.1	27.9	87.4	101.9	37.6	34.7	29.6	32.7	120.1	134.6
Tons, '000	174.3	185.3	201.3	560.9	304.1	97.7	102.8	103.5	113.2	674.1	417.3
<b>Continent</b>											
Revenue	618	586	588	1,792	1,846	626	622	598	612	2,403	2,458
EBIT before special items	14	17	16	47	59	18	22	19	8	55	67
Invested capital	655	679	694	656	519	567	572	574	596	639	545
ROIC before special items, %	-	-	-	-	-	-	-	-	-	7.1	10.0
Units, '000	62.4	60.3	59.4	182.1	197.4	66.8	68.1	62.6	64.4	246.5	261.8
<b>UK &amp; Ireland</b>											
Revenue	328	325	339	992	850	274	284	292	304	1,296	1,154
EBIT before special items	15	15	18	48	31	4	13	14	19	67	50
Invested capital	487	432	467	445	419	431	413	429	397	442	416
ROIC before special items, %	-	-	-	-	-	-	-	-	-	12.1	9.2
Units, '000	42.3	45.3	50.0	137.7	126.0	41.2	43.9	41.0	44.5	182.2	170.5
<b>Non-allocated items</b>											
Revenue	62	61	59	182	189	74	57	58	54	236	244
EBIT before special items	0	0	0	0	0	0	0	0	0	0	0

\* Comparative 2018 numbers are restated to IFRS 16 on a proforma and unaudited basis

\*\* Excluding volumes related to automotive Logistics contract.

The invested capital in the quarter is shown as per the end of the period. For the full year, the invested capital is shown as an average.

# Management statement

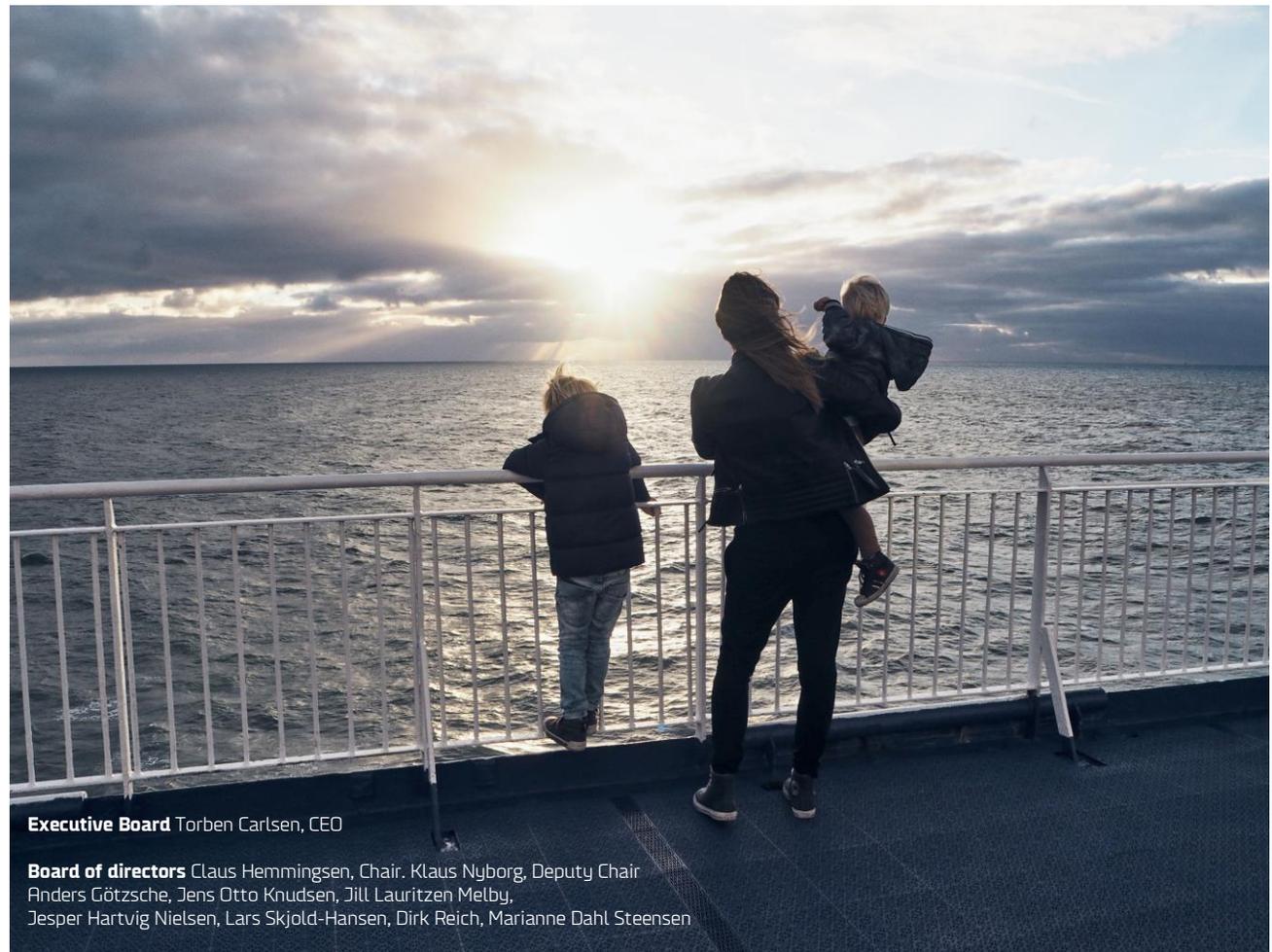
The Board of Directors and the Executive Board have reviewed and approved the interim report of DFDS A/S for the period 1 January – 30 September 2019.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the DFDS Group's assets, liabilities and financial position at 30 September 2019 and of the results of the DFDS Group's operations and cash flow for the period 1 January – 30 September 2019.

Further, in our opinion, the Management review p. 1-17 gives a true and fair review of the development in the Group's operations and financial matters, the result of the DFDS Group's operations for the period and the financial position as a whole.

Copenhagen, 12 November 2019



**Executive Board** Torben Carlsen, CEO

**Board of directors** Claus Hemmingsen, Chair. Klaus Nyborg, Deputy Chair  
Anders Götzsche, Jens Otto Knudsen, Jill Lauritzen Melby,  
Jesper Hartvig Nielsen, Lars Skjold-Hansen, Dirk Reich, Marianne Dahl Steensen

## DFDS Group Income statement

DKK m	Note	2019 Q3	2018* Q3	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
Revenue	3	4,472	4,383	12,583	11,762	16,538	15,717
<b>Costs</b>							
Ship operation and maintenance		-964	-1,000	-2,768	-2,586	-3,765	-3,583
Freight handling		-643	-650	-1,909	-1,864	-2,492	-2,447
Transport solutions		-704	-773	-2,228	-2,382	-3,037	-3,191
Employee costs		-753	-706	-2,289	-2,077	-3,009	-2,796
Costs of sales and administration		-213	-209	-528	-552	-687	-712
<b>Operating profit before depreciation (EBITDA) and special items</b>		<b>1,195</b>	<b>1,045</b>	<b>2,861</b>	<b>2,300</b>	<b>3,549</b>	<b>2,988</b>
Share of profit/loss of associates and joint ventures		-1	-1	7	3	4	1
Profit/loss on disposal of non-current assets, net		2	2	4	7	4	7
Depreciation, ships		-313	-207	-905	-595	-1,100	-790
Depreciation, other non-current assets		-164	-91	-473	-219	-550	-296
Impairment losses, other non-current assets		0	0	-1	0	-1	-1
<b>Operating profit (EBIT) before special items</b>		<b>718</b>	<b>747</b>	<b>1,493</b>	<b>1,496</b>	<b>1,906</b>	<b>1,909</b>
Special items, net	4	-2	3	-46	-86	-9	-49
<b>Operating profit (EBIT)</b>		<b>716</b>	<b>751</b>	<b>1,447</b>	<b>1,410</b>	<b>1,896</b>	<b>1,859</b>
Financial income		2	3	4	5	50	6
Financial costs		-73	-129	-206	-181	-241	-171
<b>Profit before tax</b>		<b>645</b>	<b>625</b>	<b>1,245</b>	<b>1,234</b>	<b>1,705</b>	<b>1,694</b>
Tax on profit		-14	-23	-60	-68	-49	-57
<b>Profit for the period</b>		<b>631</b>	<b>602</b>	<b>1,185</b>	<b>1,166</b>	<b>1,656</b>	<b>1,637</b>
Attributable to:							
Equity holders of DFDS A/S		629	601	1,182	1,165	1,647	1,630
Non-controlling interests		2	1	3	1	10	8
<b>Profit for the period</b>		<b>631</b>	<b>602</b>	<b>1,185</b>	<b>1,166</b>	<b>1,656</b>	<b>1,637</b>
<b>Earnings per share</b>							
Basic earnings per share (EPS) of DKK 20, DKK		11.00	10.52	20.67	20.85	28.79	28.99
Diluted earnings per share (EPS-D) of DKK 20, DKK		10.96	10.49	20.60	20.76	28.70	28.87

\* Comparative 2018 numbers are not restated to IFRS 16

## DFDS Group – statement of Comprehensive income

DKK m	2019 Q3	2018* Q3	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
Profit for the period	631	602	1,185	1,166	1,656	1,637
<b>Other comprehensive income</b>						
Items that will not be reclassified subsequently to the Income statement:						
Remeasurement of defined benefit pension obligations	0	0	0	0	121	122
<b>Items that will not be reclassified subsequently to the Income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>121</b>	<b>122</b>
Items that are or may be reclassified subsequently to the Income statement:						
Value adjustment of hedging instruments:						
Value adjustment for the period	136	2	207	291	237	321
Value adjustment transferred to operating costs	2	-2	4	-5	2	-7
Value adjustment transferred to financial costs	5	25	16	-77	45	-48
Value adjustment transferred to non-current tangible assets	-11	-3	-74	-3	-92	-21
Tax on items that may be reclassified to the Income statement	0	-5	4	-46	49	-1
Foreign exchange adjustments, subsidiaries	-5	26	-17	-41	-35	-59
<b>Items that are or may be reclassified subsequently to the Income statement</b>	<b>126</b>	<b>41</b>	<b>141</b>	<b>120</b>	<b>206</b>	<b>186</b>
<b>Total other comprehensive income after tax</b>	<b>126</b>	<b>41</b>	<b>141</b>	<b>120</b>	<b>328</b>	<b>308</b>
<b>Total comprehensive income</b>	<b>757</b>	<b>643</b>	<b>1,325</b>	<b>1,286</b>	<b>1,984</b>	<b>1,945</b>
<b>Attributable to:</b>						
Equity holders of DFDS A/S	755	642	1,322	1,285	1,974	1,937
Non-controlling interests	2	1	4	1	10	8
<b>Total comprehensive income</b>	<b>757</b>	<b>643</b>	<b>1,325</b>	<b>1,286</b>	<b>1,984</b>	<b>1,945</b>

\* Comparative 2018 numbers are not restated to IFRS 16

## DFDS GROUP - Balance sheet

### Assets

DKK m	Note	2019 Q1-Q3	2018* Q1-Q3	2018* Full year
Goodwill		3,334	1,743	3,337
Other non-current intangible assets		1,178	2,072	1,205
Software		237	241	245
Development projects in progress		15	9	2
<b>Non-current intangible assets</b>		<b>4,763</b>	<b>4,064</b>	<b>4,788</b>
Land and buildings		160	160	163
Terminals	5	739	723	1,434
Ships		10,619	10,498	9,731
Equipment, etc.	5	700	713	740
Assets under construction and prepayments		1,033	812	1,021
Right of use assets	5	3,119	-	-
<b>Non-current tangible assets</b>		<b>16,370</b>	<b>12,905</b>	<b>13,089</b>
Investments in associates, joint ventures and securities		53	45	43
Receivables		30	137	138
Prepaid costs		27	0	91
Deferred tax		72	68	70
Derivative financial instruments		293	123	175
<b>Other non-current assets</b>		<b>473</b>	<b>374</b>	<b>517</b>
<b>Non-current assets</b>		<b>21,607</b>	<b>17,343</b>	<b>18,395</b>
Inventories		202	201	201
Trade receivables		2,511	2,186	2,077
Receivables from associates and joint ventures		44	74	86
Other receivables		410	189	296
Prepaid costs		388	191	259
Derivative financial instruments		143	35	57
Cash		466	1,585	761
<b>Current assets</b>		<b>4,165</b>	<b>4,462</b>	<b>3,736</b>
Assets classified as held for sale		73	0	0
<b>Total current assets</b>		<b>4,238</b>	<b>4,462</b>	<b>3,736</b>
<b>Assets</b>		<b>25,844</b>	<b>21,805</b>	<b>22,132</b>

## Equity and liabilities

DKK m	Note	2019 Q1-Q3	2018* Q1-Q3	2018* Full year
Share capital		1,173	1,173	1,173
Reserves		-115	-272	-251
Retained earnings		9,003	7,615	8,019
Proposed dividends		0	0	235
<b>Equity attributable to equity holders of DFDS A/S</b>		<b>10,061</b>	<b>8,516</b>	<b>9,175</b>
Non-controlling interests		82	67	80
<b>Equity</b>		<b>10,143</b>	<b>8,583</b>	<b>9,255</b>
Interest-bearing liabilities	5	10,961	8,417	8,389
Deferred tax		204	208	211
Pension and jubilee liabilities		259	367	263
Other provisions		22	43	17
Derivative financial instruments		88	23	74
<b>Non-current liabilities</b>		<b>11,534</b>	<b>9,058</b>	<b>8,954</b>
Interest-bearing liabilities	5	918	850	869
Trade payables		2,250	2,405	2,296
Payables to associates and joint ventures		71	33	24
Other provisions		42	66	50
Corporation tax		38	82	23
Other payables		620	538	470
Derivative financial instruments		51	5	20
Prepayments from customers		178	184	171
<b>Current liabilities</b>		<b>4,167</b>	<b>4,163</b>	<b>3,923</b>
<b>Liabilities</b>		<b>15,701</b>	<b>13,221</b>	<b>12,877</b>
<b>Equity and liabilities</b>		<b>25,844</b>	<b>21,805</b>	<b>22,132</b>

\* Comparative 2018 numbers are not restated to IFRS 16

## DFDS GROUP - Statement of changes in equity 1 January - 30 September 2019

DKK m	Reserves						Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2019	1,173	-398	177	-29	8,019	235	9,175	80	9,255
Change in accounting policies*					-231		-231	-1	-232
<b>Restated equity at 1 January 2019</b>	<b>1,173</b>	<b>-398</b>	<b>177</b>	<b>-29</b>	<b>7,788</b>	<b>235</b>	<b>8,944</b>	<b>79</b>	<b>9,022</b>
<b>Comprehensive income for the period</b>									
Profit for the period					1,182		1,182	3	1,185
<b>Other comprehensive income</b>									
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			207				207		207
Value adjustment transferred to operating costs			4				4		4
Value adjustment transferred to financial costs			16				16		16
Value adjustment transferred to non-current tangible assets			-74				-74		-74
Tax on items that will be reclassified to the Income statement					4		4		4
Foreign exchange adjustments, subsidiaries		-17					-17	1	-17
<b>Items that are or may subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>-17</b>	<b>153</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>140</b>	<b>1</b>	<b>141</b>
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>-17</b>	<b>153</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>140</b>	<b>1</b>	<b>141</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>-17</b>	<b>153</b>	<b>0</b>	<b>1,186</b>	<b>0</b>	<b>1,322</b>	<b>4</b>	<b>1,325</b>
<b>Transactions with owners</b>									
Dividend paid						-229	-229		-229
Dividend on treasury shares					6	-6	0		0
Vested share-based payments					19		19		19
Cash from sale of treasury shares related to exercise of share options				1	5		6		6
Other adjustments					-1		-1		-1
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>29</b>	<b>-235</b>	<b>-205</b>	<b>0</b>	<b>-205</b>
<b>Equity at 30 September 2019</b>	<b>1,173</b>	<b>-416</b>	<b>330</b>	<b>-29</b>	<b>9,003</b>	<b>0</b>	<b>10,061</b>	<b>82</b>	<b>10,143</b>

\*Impact from implementation of IFRS 16, reference is made to note 5

## DFDS GROUP - Statement of changes in equity 1 January - 30 September 2018\*\*

DKK m	Reserves							Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2018	1,140	-340	-68	0	-47	5,652	228	6,565	49	6,614
<b>Comprehensive income for the period</b>										
Profit for the period						1,165		1,165	1	1,166
<b>Other comprehensive income</b>										
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment of hedging instruments for the period			291					291		291
Value adjustment transferred to operating costs			-5					-5		-5
Value adjustment transferred to financial costs			-77					-77		-77
Value adjustment transferred to non-current tangible assets			-3					-3		-3
Tax on items that will be reclassified to the Income statement						-46		-46		-46
Foreign exchange adjustments, subsidiaries		-41						-41	0	-41
<b>Items that are or may subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>-41</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>120</b>
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>-41</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>120</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>-41</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>1,119</b>	<b>0</b>	<b>1,285</b>	<b>1</b>	<b>1,286</b>
<b>Transactions with owners</b>										
Acquisition, non-controlling interests						1		1	-1	0
Addition related to acquisition								0	18	18
Dividend paid							-219	-219		-219
Dividend on treasury shares						9	-9	0		0
Vested share-based payments						19		19		19
Purchase of treasury shares					-11	-179		-190		-190
Cash from sale of treasury shares related to exercise of share options					9	50		59		59
Reduction of share capital by cancellation of treasury shares	-20				20			0		0
Increase of capital	53					947		1,000		1,000
Other adjustments						-3		-3		-3
<b>Transactions with owners</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>844</b>	<b>-228</b>	<b>666</b>	<b>17</b>	<b>683</b>
<b>Equity at 30 September 2018</b>	<b>1,173</b>	<b>-381</b>	<b>138</b>	<b>0</b>	<b>-29</b>	<b>7,615</b>	<b>0</b>	<b>8,516</b>	<b>67</b>	<b>8,583</b>

\* According to the new IFRS 9 changes in Fair value of securities are recognised via the Income Statement.

Due to immaterial effects from implementing IFRS 9 and IFRS 15, the 1 January 2018 Equity has not been restated except for DKK 0.1m which has been reclassified within the Equity.

\*\* Comparative 2018 numbers are not restated to IFRS 16

## DFDS Group – Statement of cash flows

DKK m	2019 Q3	2018* Q3	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
<b>Operating profit before depreciation (EBITDA) and special items</b>	<b>1,195</b>	<b>1,045</b>	<b>2,861</b>	<b>2,300</b>	<b>3,549</b>	<b>2,988</b>
Cash flow effect from special items related to operating activities	-21	-31	-45	-71	-74	-99
Adjustments for non-cash operating items, etc.	5	-2	19	0	38	20
Change in working capital	-399	-45	-304	9	-595	-283
Payment of pension liabilities and other provisions	-7	-7	-43	-29	-55	-41
<b>Cash flow from operating activities, gross</b>	<b>772</b>	<b>960</b>	<b>2,487</b>	<b>2,210</b>	<b>2,863</b>	<b>2,585</b>
Interest received, etc.	6	3	8	5	53	5
Interest paid, etc.	-50	-102	-178	-192	-263	-233
Taxes paid	-13	-17	-38	-51	-56	-69
<b>Cash flow from operating activities, net</b>	<b>716</b>	<b>843</b>	<b>2,280</b>	<b>1,971</b>	<b>2,597</b>	<b>2,289</b>
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-317	-263	-1,589	-683	-1,840	-934
Sale of ships	94	80	94	80	98	84
Investments in other non-current tangible assets	-72	-40	-346	-103	-549	-306
Sale of other non-current tangible assets	0	2	9	13	12	16
Investments in non-current intangible assets	-16	-8	-44	-21	-53	-30
Acquisition of enterprises, associates, joint ventures and activities	0	4	-4	-3,635	-4	-3,635
Other investing cash flows	3	-8	5	2	7	3
<b>Cash flow to/from investing activities, net</b>	<b>-308</b>	<b>-234</b>	<b>-1,874</b>	<b>-4,347</b>	<b>-2,329</b>	<b>-4,802</b>
<b>Cash flow before financing activities, net</b>	<b>408</b>	<b>609</b>	<b>406</b>	<b>-2,375</b>	<b>268</b>	<b>-2,513</b>
Proceed from bank loans and loans secured by mortgage in ships	82	0	777	5,608	1,448	6,279
Repayment and instalments of bank loans and loans secured by mortgage in ships	-263	-207	-551	-374	-1,468	-1,290
Proceed from issuance of corporate bonds	0	0	304	0	304	0
Repayment of corporate bonds incl. settlement of cross currency swap	0	0	-500	-203	-500	-203
Payment of loan in acquired entity	0	0	0	-2,756	0	-2,756
Payment of lease liabilities	-177	-2	-508	-4	-957	-453
Acquisition of treasury shares	0	0	0	-190	0	-190
Cash received from exercise of share options	1	0	6	59	6	59
Other financing cash flows	0	0	0	6	9	15
Proceed from increase of share capital	0	0	0	1,000	0	1,000
Dividends paid	0	0	-229	-219	-229	-219
<b>Cash flow to/from financing activities, net</b>	<b>-358</b>	<b>-209</b>	<b>-700</b>	<b>2,928</b>	<b>-1,386</b>	<b>2,242</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>50</b>	<b>400</b>	<b>-295</b>	<b>552</b>	<b>-1,119</b>	<b>-272</b>
Cash and cash equivalents at beginning of period	416	1,185	761	1,033	1,585	1,033
Foreign exchange and value adjustments of cash and cash equivalents	0	0	0	0	-1	-1
<b>Cash and cash equivalents at end of period **</b>	<b>466</b>	<b>1,585</b>	<b>466</b>	<b>1,585</b>	<b>466</b>	<b>761</b>

\* Comparative 2018 numbers are not restated to IFRS 16

\*\* At 30 September 2019 DKK 108m (30 September 2018: DKK 43m) of the cash was deposited on restricted bank accounts.

The statement of cash flows cannot directly be derived from the Income Statement and the Balance Sheet.

## Note 1 Accounting policies

### Basis of reporting

This section provides an overview of our principal accounting policies and new and amended IFRS standards and interpretations.

### Accounting policies

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the same accounting policies, judgements and estimates as for the annual report for 2018 except as described below.

### Implementation of new or changed accounting standards and interpretations

DFDS has adopted IFRS 16 – "Leases" and all other new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2019. Of the standards and interpretations implemented only IFRS 16 - "Leases" has had material impact on the Group's Financial Statements. The impact of implementing IFRS 16 is further described in note 5.

## Note 2 Segment Information

DKK m	Ferry Division	Logistics Division	Non-allocated	Total
<b>Q1-Q3 2019</b>				
External revenue	8,630	3,940	13	12,583
Intragroup revenue	537	22	392	952
Total revenue	9,167	3,962	406	13,535
<b>Operating profit (EBITDA) before special items</b>	<b>2,540</b>	<b>345</b>	<b>-23</b>	<b>2,861</b>
<b>Operating profit (EBIT) before special items</b>	<b>1,438</b>	<b>138</b>	<b>-83</b>	<b>1,493</b>
<b>Operating profit after special items (EBIT)</b>	<b>1,436</b>	<b>132</b>	<b>-120</b>	<b>1,447</b>
<b>Invested capital, average*</b>	<b>18,579</b>	<b>1,505</b>	<b>457</b>	<b>20,540</b>

DKK m	Ferry Division	Logistics Division	Non-allocated	Total
<b>Q1-Q3 2018*</b>				
External revenue	7,768	3,976	18	11,762
Intragroup revenue	542	22	345	909
Total revenue	8,310	3,998	363	12,671
<b>Operating profit (EBITDA) before special items</b>	<b>2,086</b>	<b>250</b>	<b>-35</b>	<b>2,300</b>
<b>Operating profit (EBIT) before special items</b>	<b>1,411</b>	<b>155</b>	<b>-70</b>	<b>1,496</b>
<b>Operating profit after special items (EBIT)</b>	<b>1,388</b>	<b>139</b>	<b>-117</b>	<b>1,410</b>
<b>Invested capital, average</b>	<b>11,716</b>	<b>1,189</b>	<b>-160</b>	<b>12,745</b>

\* Comparative 2018 numbers are not restated to IFRS 16

## Note 3 Revenue

DKK m	Q1-Q3 2019			Total
	Ferry Division	Logistics Division	Non-allocated	
<b>Geographical markets</b>				
North Sea	3,899	-	0	3,899
Baltic Sea	1,087	-	0	1,087
English Channel	2,022	-	0	2,022
Mediterranean	1,623	-	0	1,623
Continent	-	1,755	0	1,755
Nordic	-	1,248	0	1,248
UK/Ireland	-	938	0	938
Other	0	0	13	13
<b>Total</b>	<b>8,630</b>	<b>3,940</b>	<b>13</b>	<b>12,583</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	5,550	127	0	5,677
Transport solutions	15	3,777	0	3,793
Passenger seafare and on board sales	2,146	0	0	2,146
Terminal services	488	17	0	506
Charters	263	0	0	263
Agency and other revenue	167	18	13	199
<b>Total</b>	<b>8,630</b>	<b>3,940</b>	<b>13</b>	<b>12,583</b>

DKK m	Q1-Q3 2018			Total
	Ferry Division	Logistics Division	Non-allocated	
<b>Geographical markets</b>				
North sea	3,919	-	0	3,919
Baltic sea	1,084	-	0	1,084
English Channel	1,881	-	0	1,881
Mediterranean	884	-	0	1,767
Continent	-	1,767	0	1,417
Nordic	-	1,417	0	791
UK/Ireland	-	791	0	884
Other	0	0	18	18
<b>Total</b>	<b>7,768</b>	<b>3,976</b>	<b>18</b>	<b>11,762</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	4,714	72	0	4,786
Transport solutions	9	3,859	0	3,868
Passenger seafare and on board sales	2,207	0	0	2,207
Terminal services	349	25	0	375
Charters	294	0	0	294
Agency and other revenue	195	19	18	232
<b>Total</b>	<b>7,768</b>	<b>3,976</b>	<b>18</b>	<b>11,762</b>

All material revenue is recognised when each separate obligation in the customer contract is fulfilled following the “over-time principle”. Most transports carried out by the Ferry Division are characterised by short delivery time (most sailings are less than 30 hours while sailings to/from Turkey are up to 60 hours). Transports carried out by Logistics Division can take delivery over a longer period, but the impact is insignificant.

On board sales (6.8% of total revenue) is recognised at “a point in time”.

Revenue from leasing activities (2.3% of total revenue) is not within the scope of IFRS 15, however, the leasing revenue is insignificant and is therefore not excluded in the above table.

## Note 4 Special items

DKK m	2019 Q1-Q3	2018 Q1-Q3
Adjustment of earn-out to the sellers regarding the acquisition of Alphatrans Group B.V. acquired in 2018, Hanko-Paldiski acquired in 2016 and Kapellskär-Paldiski acquired in 2011 (earn-out settled in 2018).	0	3
Accounting gain and cost, net related to divestment of Italian rail business	0	-15
Accrual of the total estimated costs (estimated fair value) related to the DFDS shares awarded to DFDS employees as a special one-off award in connection with DFDS' 150 years anniversary in December 2016. The costs accrue from December 2016 to February 2020	-14	-15
Costs related to organisational changes and restructurings (2018: restructuring of headquarter functions)	-24	-8
Gain on sale of freight ferry Anglia Seaways (2018: Gain on sale of two combined freight and passenger ferries, Kaunas Seaways and Vilnius Seaways.)	34	23
Consultancy costs in connection with strategy development and implementation	-	-25
Accounting loss and costs related to disposal of two associated companies	-10	-
Costs related to the acquisition and subsequent integration of U.N. Ro-Ro etc.	-2	-50
One-off cost related to the start-up of a new Turkish port terminal	-30	-
<b>Special items, net</b>	<b>-46</b>	<b>-86</b>

## Note 5 Right-of-use assets

DKK m	Land & Build-ings	Termi-nals	Ferries and other ships	Equip-ment etc.	Total
Cost at 1 January 2019	0	0	0	0	0
Reclassification of IAS 17 leases *	0	711	0	90	801
Change in accounting policy	126	1,564	703	137	2,529
Additions/Remeasurements	100	58	81	143	382
Disposals	-1	-5	-3	-14	-23
Foreign exchange adjustments	-2	-17	-1	-2	-22
<b>Cost at 30 September 2019</b>	<b>223</b>	<b>2,311</b>	<b>779</b>	<b>354</b>	<b>3,667</b>
Depreciation and impairment losses at 1 January 2019	0	0	0	0	0
Reclassification of IAS 17 leases*	0	0	0	35	35
Depreciation charge	52	120	276	76	524
Disposals	0	-1	-3	-6	-11
Foreign exchange adjustments	0	0	0	0	-1
<b>Depreciations and impairment losses 30 September 2019</b>	<b>51</b>	<b>119</b>	<b>273</b>	<b>105</b>	<b>548</b>
<b>Carrying amount at 30 September 2019</b>	<b>171</b>	<b>2,192</b>	<b>507</b>	<b>249</b>	<b>3,119</b>
Weighted average incremental borrowing rate	2.1%	3.0%	1.7%	1.8%	

\*Reclassified to Right-of-use assets from Terminals and Equipment etc.

IFRS 16 has been implemented as of 1 January 2019. The standard supersedes existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a lease, SIC-15 Operating leases - incentives and SIC 27 Evaluating the Substance of Transactions involving the Legal Form of a lease.

Implementation of IFRS 16 has had a material effect on DFDS's financial statements as most contracts previously classified as off-balance operating leases under IAS 17 have now been capitalised, recognising right-of-use assets and lease liabilities similar to previous practices for financial lease.

## Note 5 Right-of-use assets - continued

Consequently, IFRS 16 has effect on the Income statement since the lease payment will be split into interest and depreciation of the right-of-use assets. Reported operating profit before depreciations (EBITDA) and special items has increased, as previous operating lease expenses included under cost have been replaced by depreciations and interest expenses. However, the impact on profit for the period is neutral over time, but a timing effect does occur due to frontloading of interest expenses.

Reported cash flow from operating activities has increased but is offset by an increased cash outflow from financing activities. Accordingly, total cash flow for the period is unchanged.

The Group adopted IFRS 16 using the modified retrospective approach according to which comparative figures are not restated but presented in accordance with the previous IFRS standard on leases (IAS 17 and IFRIC 4) as disclosed in the Annual report 2018. Right-of-use assets have been presented as separate line-items in the balance sheet.

For existing leases classified as operating leases under IAS 17, except from terminals and ferries, lease liabilities have been measured at the present value of the remaining lease payments discounted using an appropriate incremental borrowing rate at 1 January 2019. Right of-use-assets for terminals and ferries have been measured as if IFRS 16 had been applied since the lease commencement date and discounted using an appropriate incremental borrowing rate at 1 January 2019.

For existing leases classified as finance leases under IAS 17, the carrying amount of lease liabilities and right-of-use assets at 1 January 2019 equals the carrying amount of lease liabilities and lease assets at 31 December 2018.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4, at the date of initial application. Further, the Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less for all classes of underlying assets except for ferries and other ships, and the

exemption for lease contracts for which the underlying asset is of low value ('low-value assets').

Finally, in terms of non-lease components (often referred to as "service-element") the Group will for all classes of underlying assets - except for terminals - elect to use the practical expedient in the standard according to which, it can be elected not to separate non-lease components from lease components, implying that the lease component and the non-lease component will be accounted for as a single component and thereby form part of the right-of-use asset and financial lease liability recognised in the balance sheet.

### Impact on the Balance sheet as at 31 December 2018:

DKK m	
<b>Assets</b>	
Terminals (Finance lease)	-711
Equipment, etc. (Finance lease)	-55
Right-of-use assets	3,295
Deferred tax assets	4
<b>Assets</b>	<b>2,533</b>
<b>Equity</b>	
Retained earnings	-231
Non-controlling interests	-1
<b>Equity</b>	<b>-232</b>
<b>Liabilities</b>	
Finance lease liabilities (Interest-bearing liabilities)	-292
Lease liabilities (Interest-bearing liabilities)	3,058
<b>Liabilities</b>	<b>2,765</b>
<b>Equity and liabilities</b>	<b>2,533</b>

## Note 5 Right-of-use assets - continued

### Impact on the Income statement for Q1-Q3 2019:

DKK m	
Ship operation and maintenance	297
Freight handling	135
Transport solutions	69
Employee costs	7
Costs of sales and administration	40
<b>Operating profit before depreciation (EBITDA) and special items</b>	<b>549</b>
Depreciation, ships	-276
Depreciation, other non-current assets	-216
<b>Operating profit (EBIT)</b>	<b>57</b>
Financial costs	-56
<b>Profit before tax</b>	<b>1</b>
Tax on profit	1
<b>Profit for the period</b>	<b>2</b>
<b>Attributable to:</b>	
Equity holders of DFDS A/S	3
Non-controlling interests	0
<b>Profit for the period</b>	<b>2</b>

### Impact on the Statement of cash flows for Q1-Q3 2019:

DKK m	
Net cash flows from operating activities, gross	549
Interest paid, etc	-56
Net cash flows from operating activities, net	494
Net cash flows from financing activities	-494
<b>Net increase/decrease in cash flows</b>	<b>0</b>

Invested capital increased from DKK 17,908m at 31 December 2018 to DKK 21,726m at 30 September 2019, of which DKK 2,337m relates to right-of-use assets.

Net interest-bearing debt increased from DKK 8,513m at 31 December 2018 to DKK 11,450m at 30 September 2019, of which DKK 2,594m relates to lease liabilities.

Differences between the operating lease commitments at 31 December 2018 disclosed in the Annual report and lease liabilities recognised in the opening balance at 1 January 2019 in accordance with IFRS 16 can be specified as follows:

DKK m	
Operating lease commitments (not discounted) disclosed in the notes at 31 December 2018	3,132
Finance lease liabilities recognised in the balance sheet as at 31 December 2018	292
Short-term leases to be recognised on a straight-line basis as expenses under IFRS 16	-20
Low-value leases to be recognised on a straight-line basis as expenses under IFRS 16	-5
Adjustments at initial recognition (different treatment of extension options, indexation rates etc.)	92
Discounting effect	-433
<b>Lease liabilities recognised at 1 January 2019</b>	<b>3,058</b>

### Summary of new accounting policies

The right-of-use asset and corresponding lease liability will be recognised at the commencement date, i.e. the date the underlying asset is ready for use. Right-of-use assets are measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments including dismantling and restoration costs. The lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using DFDS incremental borrowing rate.

Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use assets, whichever is shortest.

The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. If the contract holds an option to purchase, extend or terminate a lease and it is reasonably certain to be exercised by the Group, the lease payments will include those. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

## Note 5 Right-of-use assets - continued

The Group applies the short-term lease recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less for all classes of underlying assets except for ferries and other ships, and the exemption for lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

For all classes of assets, except for terminals, non-lease components, i.e. service element, will not be separated from the lease components and thereby form part of the right-of-use asset and financial lease liability recognised in the balance sheet.

Right-of-use assets classified as Land & buildings, Terminals, Ferries and other ships, Equipment and Other assets normally have the following lease terms:

Land & buildings	3 years
Terminals	10 - 35 years
Ferries and other ships	3 months–10 years
Equipment	3 - 5 years
Other assets	1 - 3 years

## Note 6 Acquisition of enterprises and sale of activities

There has been no material acquisitions or disposals of enterprises or activities in 2019.

The purchase price allocation for U.N. Ro-Ro (acquired 7 June 2018) has been finalised and is unchanged compared to 31 December 2018. For further details of the acquisition, refer to the Annual report for 2018.

## Note 7 Fair value measurement of financial instruments

The table discloses fair value and carrying amount of financial instruments measured at fair value in the balance sheet. Furthermore, categorisation of the valuation method according to the fair value hierarchy is stated.

Transfers between levels of the fair value hierarchy are considered to have occurred at the date of the event or change in circumstances that caused the transfer.

There were no transfers between the levels in the fair value hierarchy in 2019.

### Techniques for calculating fair values

#### Derivatives

DFDS' usage of derivatives includes interest rate swaps, bunker swaps, forward exchange contracts and currency swaps. The fair values on interest rate 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 value 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 on bunker swaps are based on quoted forward curve from various financial institutions.

DKK m	Q1-Q3 2019		Q1-Q3 2018	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Derivatives (Level 2)	436	436	158	158
Securities (Level 3)	10	10	10	10
<b>Financial liabilities</b>				
Derivatives (Level 2)	139	139	28	28

## Note 8 Supplementary financial information on the Parent company

As a result of DFDS A/S' issuance of corporate bonds on Oslo Stock Exchange there is a requirement to provide certain supplementary financial information on the Parent Company. The following financial information has been prepared using the same accounting policies as for the Annual Report for 2018. However, DFDS has adopted all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2019, including IFRS 16. For further description reference is made to note 1 Accounting policies and note 5 Right-of-use assets.

The Parent Company's revenue decreased by DKK 69m, equivalent to 0.9%. Operating profit before depreciation and special items (EBITDA) increased from DKK 1,362m to DKK 2,164m, equivalent to an increase of 59%. The increase mainly explained by the implementation of IFRS 16.

Profit before tax decreased from DKK 963m in 2018 to DKK 962m in 2019.

The Parent Company's net interest-bearing debt increased from DKK 2,452m at 31 December 2018 to DKK 3,152m at 30 September 2019 of which DKK 1,451m is lease liabilities related to IFRS 16.

DKK m	2019 Q1-Q3	2018* Q1-Q3	2018-19* LTM	2018* Full year
<b>Income statement</b>				
Revenue	7,480	7,549	9,785	9,854
Operating profit before depreciation (EBITDA) and special items	2,164	1,362	2,472	1,670
Operating profit (EBIT) before special items	893	1,004	1,086	1,198
Special items, net	89	-34	119	-4
Operating profit (EBIT)	982	970	1,205	1,194
Financial items, net	-20	-8	1,334	1,346
Profit before tax	962	963	2,539	2,540
<b>Profit for the period</b>	<b>959</b>	<b>961</b>	<b>2,536</b>	<b>2,537</b>
<b>Assets</b>				
Non-current intangible assets	357	354		351
Non-current tangible assets	4,523	4,544		4,651
Right-of-use assets	1,430	-		-
Investments in affiliated companies, associates and joint ventures	5,875	5,130		5,862
Non-current receivables from affiliated companies	905	0		0
Other non-current assets	292	244		278
Non-current assets	13,382	10,272		11,143
Current receivables from affiliated companies	1,078	1,038		981
Receivables from associates and joint ventures	44	58		70
Cash	272	1,266		581
Other current assets	1,422	1,140		1,112
Current assets	2,817	3,503		2,744
<b>Assets</b>	<b>16,199</b>	<b>13,775</b>		<b>13,887</b>
<b>Equity and liabilities</b>				
Equity	9,294	6,740		8,417
Non-current liabilities	2,679	1,830		1,765
Current liabilities to affiliated companies	1,807	2,921		1,586
Other current liabilities	2,418	2,284		2,120
Current liabilities	4,226	5,205		3,706
<b>Equity and liabilities</b>	<b>16,199</b>	<b>13,775</b>		<b>13,887</b>
Equity ratio, %	57.4%	48.9%		60.6%
Net interest-bearing debt	3,152	3,044		2,452

\* Comparative 2018 numbers are not restated to IFRS 16

# Definitions

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<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 intangible and tangible 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 payable tax for the period adjusted for the tax effect of net finance cost
<b>Invested capital</b>	Net working capital (non-interest bearing current assets minus non-interest bearing current liabilities) plus non-current intangible and tangible assets minus pension and jubilee liabilities and other provisions
<b>Net Interest-bearing debt</b>	Interest-bearing liabilities (excluding provision for pensions) minus interest-bearing assets minus cash and securities
<b>LTM</b>	Last twelve months
<b>Return on invested capital (ROIC)</b>	$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$
<b>Free cash flow (FCFF)</b>	Cash flow from operating activities excluding net interest received and paid minus cash flow from net investments
<b>Return on equity</b>	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$
<b>Equity ratio</b>	$\frac{\text{Equity at end of period}}{\text{Total assets}} \times 100$
<b>Earnings per share (EPS)</b>	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Weighted average number of ordinary shares in circulation}} \times 100$
<b>P/E ratio</b>	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share (EPS)}} \times 100$
<b>Dividend per share</b>	$\frac{\text{Dividend for the year}}{\text{Number of shares at the end of the period}} \times 100$
<b>Market value</b>	Number of shares, ex. treasury shares, end of period times share price end of period
<b>No. of ships</b>	Owned and chartered ships, including slot charter and vessel sharing agreements

Roundings may in general cause variances in sums and percentages in this report.

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# **Appendix RESTATEMENT OF 2018 ACCORDING TO IFRS 16 ON LEASES**

With effect from 1 January 2019, DFDS has implemented the new IFRS accounting standard on leases – IFRS 16. This requires almost all lease contracts, including operating leases, to be recognised in the balance sheet.

Since the Group decided to adopt the modified retrospective approach according to which comparative figures are not restated, a pro forma unaudited restatement for 2018 have been prepared for the Group to provide comparison figures for 2019, which is enclosed in this appendix.

The pro forma unaudited restatement has been made as IFRS 16 had effect from 1 January 2018 and with the contract portfolio in force at that time. The same transition rules as described in Note 5 in the Interim Report have been applied.

# DFDS Group

	Q1 2018			Q2 2018			Q3 2018			Q4 2018			Q4 2018 LTM		
	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated
<b>DKK m</b>															
<b>Income statement</b>															
EBITDA before special items	453	144	597	802	146	948	1,045	151	1,197	688	159	847	2,988	601	3,589
• Ferry	388	112	500	715	114	829	982	117	1,099	627	123	751	2,713	466	3,179
• Logistics	81	23	105	91	24	116	78	26	103	81	27	107	330	100	431
• Non-allocated items	-15	8	-8	-4	8	4	-16	9	-6	-20	9	-11	-55	34	-21
EBIT before special items	216	13	229	533	14	547	747	14	762	412	15	427	1,909	56	1,965
Financial items, net	-12	-13	-25	-39	-14	-53	-126	-14	-140	11	-15	-4	-165	-56	-222
Profit before tax	177	0	177	431	0	431	625	0	625	460	-1	459	1,694	0	1,694
Profit for the period	157	1	158	407	0	407	602	0	602	471	0	471	1,637	1	1,638
<b>Balance sheet items impacted by IFRS 16</b>															
Land and buildings	164	170	334	161	153	314	160	136	296				163	123	286
Terminals	475	1,407	1,882	733	1,608	2,342	723	1,600	2,323				1,170	1,566	2,737
Ships	7,425	676	8,101	10,598	608	11,205	10,498	539	11,036				9,731	729	10,460
Equipment, etc.	695	131	826	739	141	881	713	134	847				1,004	134	1,138
Deferred tax asset	65	29	94	69	29	97	68	29	98				70	29	99
Interest-bearing liabilities, non-current	2,974	1,998	4,972	8,438	2,109	10,547	8,417	2,020	10,437				8,389	2,082	10,471
Interest-bearing liabilities, current	235	572	807	1,012	586	1,598	850	574	1,424				869	655	1,524
<b>Capital</b>															
Total assets	13,164	2,413	15,577	21,454	2,539	23,993	21,805	2,438	24,243				22,132	2,581	24,713
Equity	6,399	-156	6,243	7,935	-156	7,779	8,583	-156	8,427				9,255	-156	9,099
Net interest-bearing debt	2,630	2,569	5,199	8,256	2,695	10,951	7,666	2,594	10,260				8,513	2,738	11,251
Invested capital, end of period	9,165	2,384	11,549	16,327	2,510	18,838	16,389	2,409	18,798				17,908	2,552	20,460
Invested capital, average, LTM	9,170	2,323	11,493	10,599	2,363	12,963	12,042	2,384	14,425				13,778	2,432	16,210
<b>Key operating and return ratios</b>															
EBITDA-margin, %	13.0	4.1	17.1	20.6	3.8	24.4	23.8	3.5	27.3	17.4	4.0	21.4	19.0	3.8	22.8
ROIC before special items, %, LTM	19.3	-3.5	15.8	16.9	-2.7	14.2	14.8	-2.1	12.7				13.5	-1.7	11.8
<b>Key capital ratios</b>															
Equity ratio, %	48.6	-8.5	40.1	37.0	-4.6	32.4	39.4	-4.6	34.8				41.8	-5.0	36.8
NIBD/EBITDA, LTM, (times)	1.0	0.6	1.6	2.9	0.3	3.2	2.7	0.3	3.0				2.8	0.3	3.1

# Divisions

## Ferry Division

DKK m	Q1 2018			Q2 2018			Q3 2018			Q4 2018			Q4 2018 FY		
	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated
<b>Income statement</b>															
EBITDA before special items	388	112	500	715	114	829	982	117	1,099	627	123	751	2,713	466	3,179
EBIT before special items	194	12	206	488	12	500	729	13	742	398	13	411	1,809	50	1,859
<b>Capital</b>															
Invested capital, average LTM	8,262	1,999	10,261	9,658	2,044	11,702	11,049	2,073	13,122				12,648	2,135	14,783
<b>Key operating and return ratios</b>															
EBIT margin before special items, %, quarterly	8.4	0.5	9.0	17.9	0.5	18.3	22.2	0.4	22.6	14.2	0.5	14.6	16.3	0.5	16.7
ROIC before special items, %, LTM	20.8	-3.6	17.2	17.9	-2.7	15.2	15.6	-2.1	13.5				14.1	-1.7	12.4

## Logistics Division

DKK m	Q1 2018			Q2 2018			Q3 2018			Q4 2018			Q4 2018 FY		
	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated
<b>Income statement</b>															
EBITDA before special items	81	23	105	91	24	116	78	26	103	81	27	107	330	100	431
EBIT before special items	48	1	49	60	1	61	47	1	48	49	1	49	204	3	207
<b>Capital</b>															
Invested capital, average LTM	1,155	228	1,382	1,167	226	1,393	1,181	221	1,402				1,204	215	1,418
<b>Key operating and return ratios</b>															
EBIT margin before special items, %, quarterly	3.5	0.1	3.5	4.5	0.1	4.6	3.7	0.1	3.7	3.7	0.1	3.7	3.8	0.1	3.9
ROIC before special items, %, LTM	14.5	-2.2	12.4	14.9	-2.2	12.7	14.5	-2.1	12.4				14.2	-1.9	12.3

# Ferry Division business units

	Q1 2018			Q2 2018			Q3 2018			Q4 2018			Q4 2018 FY		
	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	As Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated
<b>DKK m</b>															
<b>North Sea</b>															
EBIT before special items	150	11	161	186	11	198	140	11	151	174	11	186	651	46	696
Invested capital, end of period	3,967	1,894	5,861	3,808	1,814	5,623	3,754	1,761	5,514	3,431	1,685	5,116	3,805	1,788	5,592
ROIC before special items, %, LTM	16.0	-4.1	11.9	16.5	-4.4	12.2	16.0	-4.3	11.8				16.7	-4.5	12.2
<b>Baltic Sea</b>															
EBIT before special items	70	1	70	104	1	104	111	1	111	77	1	77	361	2	363
Invested capital, end of period	1,218	140	1,358	1,234	125	1,359	1,103	108	1,211	1,471	251	1,722	1,237	156	1,393
ROIC before special items, %, LTM	31.5	-3.4	28.1	31.4	-3.3	28.1	31.5	-3.1	28.4				29.1	-3.1	26.0
<b>Channel</b>															
EBIT before special items	25	0	25	80	0	80	221	0	222	71	0	71	397	0	397
Invested capital, end of period	2,025	14	2,039	1,872	12	1,884	1,777	10	1,786	1,736	7	1,744	1,854	12	1,866
ROIC before special items, %, LTM	19.4	-0.1	19.3	19.7	-0.1	19.6	20.0	-0.1	19.8				21.3	-0.1	21.2
<b>Mediterranean</b>															
EBIT before special items	3	0	3	29	0	29	66	1	67	82	1	83	180	2	182
Invested capital, end of period	122	1	123	7,204	232	7,436	7,239	229	7,468	8,192	324	8,517	4,574	157	4,732
ROIC before special items, %, LTM	9.1	0.0	9.0	2.2	0.0	2.1	3.4	-0.1	3.3				3.9	-0.1	3.8
<b>Passenger</b>															
EBIT before special items	-80	0	-80	57	0	57	164	0	164	-25	0	-25	116	1	116
Invested capital, end of period	562	23	585	479	22	501	650	20	671	760	20	780	633	21	654
ROIC before special items, %, LTM	23.8	-0.7	23.1	20.2	-0.6	19.6	17.5	-0.5	17.0				17.9	-0.5	17.4
<b>Non-allocated items</b>															
EBIT before special items	27	0	27	33	0	33	26	0	26	19	0	19	105	0	105



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**Disclaimer**

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

**About DFDS**

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

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

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

Our 8,000 employees are located on ferries and in offices across 20 countries. DFDS was founded in 1866, is headquartered in Copenhagen, and listed on NASDAQ Copenhagen.