

GROWTH HELD BACK BY BREXIT

- Win23 strategy initiatives set to increase EBITDA in 2020
- Brexit uncertainty lowered volumes in Q4 2019 and also expected to impact 2020
- Net impact expected to be positive — 2020 EBITDA outlook of DKK 3.5-3.9bn (2019: DKK 3.6bn)



Highlights Q4 and 2020 outlook

Q4 2019

- Revenue up 1% to DKK 4.0bn
- Lower UK ferry volumes reduced North Sea and Channel results
- Mediterranean's result decreased by non-comparable cost items

Outlook 2020

- Around 4% revenue growth
- EBITDA-range DKK 3.5-3.9bn (2019: DKK 3.6bn)
- Investments of around DKK 2.3bn (2019: DKK 2.7bn)

“We see continued headwind in 2020. Most importantly, we have to be cautious on the UK market outlook due to uncertainty about the Brexit outcome. On the positive side, our strategic initiatives are moving forward as planned and therefore I still expect earnings to grow in 2020”

Torben Carlsen, CEO

Revenue increased 1% to DKK 4.0bn in Q4 and increased 6% to DKK 16.6bn for the full-year 2019. EBITDA before special items decreased 9% in Q4 to DKK 771m and increased 1% to DKK 3,633m for the full-year 2019.

The UK market for freight and passengers slowed further in Q4 due to Brexit uncertainty. This lowered earnings for several business units, particularly Channel and North Sea.

Mediterranean's revenue development was ahead of expectations in Q4 but a change in the accounting for ferry maintenance and spare part costs added operating costs of DKK 48m. Moreover, port congestion in Trieste lowered the efficiency of train services. More details on page 8. Operational improvements in the route network are on track.

Logistics Division increased EBITDA 17% in Q4 as contract logistics in UK & Ireland and other activities across the division continued to perform well despite the UK slow-down.

Outlook 2020

The key earnings driver of the 2020 outlook is a positive impact from the Win23 strategy initiatives while continued uncertainty about Brexit is expected to have a negative impact. Revenue is expected to grow around 4% and EBITDA before special items is expected to be within a range of DKK 3.5-3.9bn (2019: DKK 3.6bn).

KEY FIGURES

DKK m	2019	2018*		2019	2018*	
Before special items	Q4	Q4	Change, %	Full year	Full year	Δ %
Revenue	4,008	3,955	1.3%	16,592	15,717	5.6%
EBITDA	771	847	-8.9%	3,633	3,589	1.2%
EBIT	257	427	-39.8%	1,751	1,965	-10.9%
Profit before tax	181	422	-57.1%	1,472	1,743	-15.6%

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

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Key figures

2018 restated

DKK m	2019 Q4	2018* Q4	2019 Full year	2018* Full year
Income statement				
Operating profit before depreciation (EBITDA) and special items	771	847	3,633	3,589
• Ferry Division	665	751	3,205	3,179
• Logistics Division	125	107	470	431
• Non-allocated items	-19	-11	-42	-21
Operating profit (EBIT) before special items	257	427	1,751	1,965
Financial items, net	-76	-4	-278	-222
Profit before tax	126	459	1,371	1,694
Profit for the period	128	471	1,313	1,638
Capital				
Total assets	-	-	26,863	24,713
Equity	-	-	10,356	9,099
Net interest-bearing debt	-	-	11,954	11,251
Invested capital, end of period	-	-	22,476	20,460
Invested capital, average	22,101	19,629	21,438	16,210
Key operating and return ratios				
EBITDA-margin, %	19.2	21.4	21.9	22.8
ROIC before special items, %	-	-	8.0	11.8
Key capital and per share ratios				
Equity ratio, %	-	-	38.6	36.8
Net interest bearing debt/EBITDA, (times)	-	-	3.3	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 5-18, 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 20 are not restated.

The implementation of IFRS 16 is detailed in Note 5, page 28.

Key figures

2018 not restated

DKK m	2019 Q4	2018* Q4	2019 Full year	2018* Full year
Income statement				
Revenue	4,008	3,955	16,592	15,717
• Ferry Division	2,840	2,807	12,006	11,117
• Logistics Division	1,357	1,325	5,319	5,324
• Non-allocated items	134	110	540	472
• Eliminations	-322	-287	-1,274	-1,196
Operating profit before depreciation (EBITDA) and special items	771	688	3,633	2,988
• Ferry Division	665	627	3,205	2,713
• Logistics Division	125	81	470	330
• Non-allocated items	-19	-20	-42	-55
Profit/loss on disposal of non-current assets, net	2	0	6	7
Operating profit (EBIT) before special items	257	412	1,751	1,909
Special items, net	-55	37	-101	-49
Operating profit (EBIT)	203	449	1,650	1,859
Financial items, net	-76	11	-278	-165
Profit before tax	126	460	1,371	1,694
Profit for the period	128	471	1,313	1,637
Profit for the period excluding non-controlling interest	127	465	1,309	1,630
Capital				
Total assets	-	-	26,863	22,132
DFDS A/S' share of equity	-	-	10,276	9,175
Equity	-	-	10,356	9,255
Net interest-bearing debt	-	-	11,954	8,513
Invested capital, end of period	-	-	22,476	17,908
Invested capital, average	22,101	17,148	20,927	13,778

DKK m	2019 Q4	2018* Q4	2019 Full year	2018* Full year
Cash flows				
Cash flows from operating activities, before financial items and after tax	808	358	3,258	2,516
Cash flows from investing activities	-777	-455	-2,651	-4,802
• Acquisition of enterprises and activities	-127	0	-131	-3,635
• Other investments, net	-649	-455	-2,519	-1,167
Free cash flow	31	-97	607	-2,286
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	-209	-	-758	-
Adjusted free cash flow	-177	-97	-151	-2,286
Key operating and return ratios				
Average number of employees	-	-	8,367	7,791
Number of ships	-	-	70	70
Fuel consumption per nautical mile (g/GT/Nm)	4.75	4.99	4.76	4.96
Revenue growth (reported), %	1.3	13.1	5.6	9.7
EBITDA-margin, %	19.2	17.4	21.9	19.0
Operating margin, %	6.4	10.4	10.6	12.1
Revenue, invested capital average, (times)	-	-	0.8	1.1
Return on invested capital (ROIC), %	-	-	7.6	13.1
ROIC before special items, %	-	-	8.1	13.5
Return on equity, %	-	-	13.5	20.7
Key capital and per share ratios				
Equity ratio, %	-	-	38.6	41.8
Net interest bearing debt/EBITDA, (times)	-	-	3.3	2.8
Earnings per share (EPS), DKK	2.21	8.13	22.88	28.99
Dividend paid per share, DKK	0.00	0.00	4.00	4.00
Number of shares, end of period, '000	-	-	58,632	58,632
Weighted average number of circulating shares, '000	-	-	57,196	56,204
Share price, DKK	-	-	325.0	262.2
Market value	-	-	18,593	14,990

* Comparative 2018 numbers are not restated to IFRS 16

Definitions on page 35.

Management review

Market overview

European growth weakened further in Q4 2019 as did trade between UK and the rest of Europe. Turkey's economy continued to stabilise in the quarter.

UK left the EU on 31 January 2020 and a transition period in which a trade agreement is to be negotiated has now commenced. UK has initially decided to restrict the trade negotiation period with the EU till the end of 2020. This has renewed uncertainty about the final outcome of Brexit should a trade agreement not be finalised in 2020. UK manufacturing and trade flows could therefore remain subdued or decrease further in 2020 as industrials and consumers maintain a wait-and-see response until visibility improves.

After some uplift in the total trade volume of goods between UK and the rest of Europe in September and October, volumes fell back sharply in the rest of Q4 2019. October volumes increased 5% but decreased 6% in November and December volumes (to be published) are likewise expected to be below 2018.

Turkey's real GDP continued to stabilise in Q4 as did inflation and interest rates. The import of goods firmed up further in line with an upward trend in purchasing indexes.

The largest changes in average exchange rates in Q4 2019 vs Q4 2018 was an appreciation of GBP/DKK by 3.3% while NOK/DKK, SEK/DKK and TRY/DKK depreciated 4.5%, 3.0% and 2.1%, respectively.

Major events in Q4

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. The termination of sailings to Toulon entailed a one-off cost of DKK 35m reported under Special items in this quarter.

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 the Yalova port terminal. In addition, two weekly sailings to Trieste depart from Yalova. All other sailings between Istanbul and Trieste depart from the Pendik port terminal.

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

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. Moby was unfortunately not able to meet the delivery terms of the agreement and the agreement was therefore cancelled by DFDS on 29 October 2019.

Solutions for a renewal of the ferries on the Amsterdam-Newcastle route continue to be explored in line with the fourth pillar of the Win23 strategy: Creating more value for passengers.

Gothenburg-Zeebrugge space charter agreements

To optimise capacity utilisation and reduce the environmental impact on the Gothenburg-Zeebrugge route, DFDS has entered into two mutual space charter agreements with CLdN that also operates a freight ferry route between Gothenburg and Zeebrugge.

The space charter agreements entail that capacity is shared between route operators while all commercial activities remain entirely under the control of each operator. The flexibility of the agreements entails that the environmental footprint is reduced while offering a total of ten weekly departures in each direction on two routes between Sweden and Belgium.

The space charter agreements started on 21 January 2020. DFDS expects in Q2 2020 to replace the three freight ferries currently deployed on Gothenburg-Zeebrugge with one mega freight ferry newbuilding that can carry 6,700 lane metres of freight per departure. The ferries that are replaced are expected to be deployed elsewhere in DFDS' European route network.

Logistics network expanded with two acquisitions

To further expand and develop DFDS' European logistics services, DFDS acquired 100% of the share capital of the Dutch logistics company Huisman Group BV and 100% of the share capital of the Finnish logistics company Freeco Logistics.

Huisman Group is a provider of part-load solutions between the Netherlands and the UK that complements DFDS' existing full-load business in these markets. Operations include warehouses and cross-docking facilities in Wijchen, the Netherlands, and Corby, England, as well as a fleet of around 55 trailers and 50 trucks. The company has 104 employees and annual revenues of EUR 23m.

Freeco Logistics is a Finnish provider of transport services that brings critical mass to DFDS' operation in Finland. Freeco Logistics provides international transport services between mainly Finland and Scandinavia, Baltics and continental Europe. Domestic transport services are offered as well, partly to optimise the international operation. Operations include a fleet of around 150 trailers and 8 trucks. The company has 31 employees and annual revenues of EUR 20m.

Both transactions were completed in December 2019 and consolidated in the DFDS Group from 31 December 2019.

Major events after Q4

New limits on sulphur emissions

On 1 January 2020, IMO (International Maritime Organisation) introduced a global limit of 0.5% on the content of sulphur in fuel oil down from previously 3.5%. In 2015, a limit of 0.1% was introduced in northern Europe.

DFDS has in northern Europe complied with the limit set in 2015 by a mix of scrubber installations and consumption of low sulphur fuel oil (Marine Gas Oil). In DFDS' Mediterranean route network all deployed freight ferries are expected to be equipped with scrubbers by latest August 2020.

The transition to the new rules in Mediterranean has been planned in cooperation with customers and suppliers and the initial implementation has developed as planned.

Dividend

The Board of Directors proposes to the 2020 annual general meeting (AGM) a dividend of DKK 4.00 per share.

Review of 5 key DFDS performance drivers in 2019

Growth from Mediterranean expansion

More than DKK 1bn of revenue has been added in 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 two extra ports were added to the network: Yalova, located in the southern part of Istanbul, and a second port in Trieste. In July, an additional route to France was added.

In 2020, the route network capacity is expected to be further optimised. Five scrubber installations were in operation on 1 January 2020 and the remaining nine scrubbers are expected to be installed by no later than August 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 a trade deal is not in place at the end of 2020.

Many customers are, however, still 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.

A third newbuilding was delivered in November 2019 and is currently deployed between Gothenburg and Ghent. In addition, three freight ferries are scheduled for delivery in 2020, of which one was delivered in January, and two combined freight and passenger ferries are scheduled for delivery in 2021.

Digital business projects to go live

The merger of Logistics Division's online services continued in Q4 by integrating quoting, booking and tracking capabilities onto DFDS Direct, which will be piloted during Q1 2020. In Q4, the integration of the entire passenger web presence on the new CEM (Customer Experience Management) platform was completed. Online spot tickets for freight customers grew steadily in popularity, and it is expected to extend this service beyond the Channel during 2020. Traffic to the Freight & Logistics sections of dfds.com grew significantly during the year driven from search engines and social media, with mobile overtaking desktop as the preferred device.

Improvement and efficiency projects merged with Win23

The continuous improvement and efficiency projects have been merged with the Win23 strategy that was launched

Revenue

DKK m	Q4 2019	Q4 2018	Change, %	Change
Ferry Division	2,840	2,807	1.2	33
Logistics Division	1,357	1,325	2.4	32
Non-allocated items	134	110	22.2	24
Eliminations	-322	-287	-12.4	-36
DFDS Group	4,008	3,955	1.3	53

in June 2019. The projects are thus continuing as part of the strategy.

Financial performance

Revenue

The Group's Q4 revenue was DKK 4,008m, an increase of 1.3% compared to 2018.

Ferry Division's Q4 revenue increased 1.2% to DKK 2,840m as continued growth in the Mediterranean business unit and the opening of a new route between Gothenburg and Zeebrugge in June 2019 offset an overall decrease in revenue from activities linked to the UK. The decrease in revenue for UK-linked activities was due to the slowdown in trade between UK and the rest of Europe caused by Brexit uncertainty.

Logistics Division's Q4 revenue increased 2.4% to DKK 1,357m. Revenue increased 18.0% in UK & Ireland as most activities increased and a large new cold chain logistics contract was added since the beginning of 2019. Revenue for the Nordic and Continent business units was,

among other things, reduced by a slowdown in trade between UK and the rest of Europe as these units, among other activities, provide solutions for goods moving between UK and the Nordic and Continent regions, respectively.

For the full-year, the Group's revenue increased by 5.6% to DKK 16,592m in 2019. Ferry Division's full-year revenue increased 8.0% to DKK 12,006m and Logistics Division's full-year revenue of DKK 5,319m was on level with 2018.

Operating profit before depreciation (EBITDA) and special items

The Group's Q4 EBITDA decreased 9% to DKK 771m from DKK 847m in 2018.

Ferry Division's Q4 EBITDA decreased 11% to DKK 665m. The Q4 result reflects a negative impact from the slowdown in trade between UK and the rest of Europe that especially impacted the Channel and North Sea business units. The result of the Passenger business was lowered by higher costs, including timing differences.

The result of the Mediterranean business unit was considerably lower than in Q4 2018 as volumes and revenue grew as expected but was offset by mainly two items:

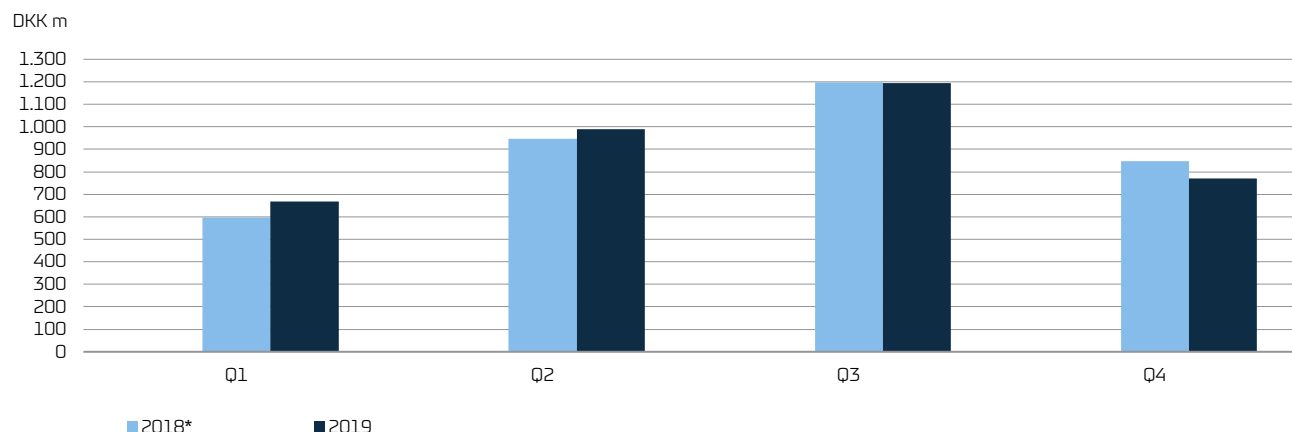
- A non-comparable cost of DKK 48m related to a change in the accounting for ferry maintenance and spare part costs. The accounting of such items was aligned with the Group's accounting from 1 January 2019. Such cost items were previously capitalised and depreciated. The full-year non-comparable cost for ferry maintenance and spare parts was DKK 98m in 2019
- Lower capacity utilisation of trains operated to European destinations due to port congestion in Trieste.

In addition, Mediterranean's EBITDA was through the year reduced by a seafreight rebate linked to a new invoicing model introduced at the beginning of 2019 that incentivised payment in euro or cash, rather than Turkish lira. The purpose of the new model was to reduce currency risk that previously impacted finance items. More than 90% of customers have adopted the new invoicing model.

Logistics Division's Q4 EBITDA increased 17% to DKK 125m as higher earnings in UK & Ireland offset lower earnings in the Nordic and Continent business units.

For the full-year, the Group's EBITDA increased 1% to DKK 3,633m following an increase in Ferry Division's EBITDA of 1% to DKK 3,205m and an increase in Logistics Division's EBITDA of 9% to DKK 470m. Non-allocated corporate costs increased to DKK -42m mainly due to development projects.

DFDS Group - EBITDA BEFORE SPECIAL ITEMS



Operating profit before depreciation (EBITDA) & special items

DKK m	Q4 2019	Q4 2018	Change, %	Change
Ferry Division	665	751	-11.4	-86
Logistics Division	125	107	17.4	19
Non-allocated items	-19	-11	76.1	-8
DFDS Group	771	847	-8.9	-75
EBITDA-margin, %	19.2	21.4	-10.1	-2.2

Associates and joint ventures, profits on disposals and depreciation

DKK m	Q4 2019	Q4 2018	Change, %	Change
EBITDA before special items	771	847	-8.9	-75
Associates and joint ventures	-1	-3	n.a.	2
Profit on disposals	2	0	n.a.	2
Depreciation and impairment	-515	-417	-23.6	-99
EBIT before special items	257	427	-39.8	-170

Financial items

DKK m	Q4 2019	Q4 2018	Change, %	Change
Interests, net	-59	-48	-25.1	-12
Foreign exchange gains/losses, net	-13	50	n.a.	-63
Other items, net	-3	-6	n.a.	3
Total finance, net	-76	-4	n.a.	-72

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

Depreciation and operating profit (EBIT) before special items

Depreciation in Q4 of DKK 515m increased 24% compared to 2018 due to an increase in dockings and timing differences vs 2018, including depreciation of logistics equipment. Moreover, depreciation increased from the ramp-up of capacity in Mediterranean, including deployment of two freight ferry newbuildings, a chartered freight ferry and a new port terminal agreement. Depreciation also increased from the charter of two vessels to carry mainly paper volumes from Norway.

The Group's Q4 EBIT before special items decreased 40% to DKK 257m. For the full-year, the Group's EBIT before special items decreased 11% to DKK 1,751m.

Special items and operating profit (EBIT) after special items

In Q4 2019, special items were a net cost of DKK 55m which included costs related to cancellation of port terminal and agency contracts in Toulon.

The Group's Q4 EBIT after special items decreased 56% to DKK 203m and for the full-year, the Group's EBIT after special items decreased 14% to DKK 1,650m.

Financial items

Total finance, net in Q4 was a cost of DKK 76m which was DKK 72m higher compared to 2018 following a negative variance on net currency adjustments of DKK 63m mainly related to a gain on the depreciation of TRY in 2018. This currency risk has been reduced significantly in 2019 through a changed pricing model. Moreover, there was a

negative variance of DKK 13m on loan costs due to a timing difference compared to 2018.

For the full-year, the total net financing cost increased DKK 57m or 26% to DKK 278m from DKK 222m in 2018. This increase was mainly due to the full-year impact of loan and interest costs for the acquisition financing of U. N. Ro-Ro. There was a positive variance of DKK 8m on net currency adjustments for the year.

Profit before and after tax

The Q4 profit before special items and tax decreased 57% to DKK 181m. The profit after special items and tax decreased 73% to DKK 128m.

For the full-year, the profit before special items and tax decreased 16% to DKK 1,472m. The profit after special items and tax decreased 20% to DKK 1,313m.

Earnings per share

Q4 earnings per share (EPS) decreased 73% to DKK 2.21 compared to DKK 8.13 in Q4 2018.

For the full-year, earnings per share (EPS) decreased 21% to DKK 22.88 compared to DKK 28.99 in 2018.

Cash flow and investments

The Q4 cash flow from operating activities was DKK 816m, including a positive cash flow from a decrease in working capital of DKK 79m.

The Q4 free cash flow (FCFF) was DKK 31m and DKK -177m adjusted for payment of lease liabilities including interest. Net investments amounted to DKK 777m that included DKK 513m of ship investments of which DKK 313m was ferry newbuildings and DKK 109m was for scrubbers. The net investments also included DKK 127m for acquisitions.

The Q4 cash flow from financing activities was positive by DKK 433m as net loan proceeds amounted to DKK 632m and payment of lease liabilities was DKK 198m. The Q4 net cash flow was positive by DKK 373m and cash amounted to DKK 840m at the end of the quarter.

Invested capital and ROIC

Invested capital was DKK 22.5bn at the end of Q4 2019. Compared to year-end 2018, the invested capital increased 10% mainly due to investments of DKK 2.7bn, including the delivery of three freight ferries, and invested capital related to a new customer agreement in Turkey. The average invested capital in 2019 increased 32% to DKK 21.4bn primarily due to the acquisition of U. N. Ro-Ro and related events.

In 2019, the return on invested capital, ROIC, was 8.0% before special items compared to 11.8% in 2018. The de-

crease 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 the general European slowdown.

Capital structure

At the end of Q4 2019 net-interest-bearing debt (NIBD) was DKK 12.0bn, an increase of 6% 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 ratio of 3.3 which compared to 3.1 at year-end 2018. The equity ratio was 39% at the end of Q4 2019 compared to 37% at year-end 2018.

Equity

Equity amounted to DKK 10,356m at the end of Q4 2019, including minority interests of DKK 80m. This was an increase of 12% or DKK 1.1bn compared to equity at year-end 2018 driven mainly by total comprehensive income for 2019 of DKK 1,535m while transactions with owners decreased equity by DKK 201m, 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, and Karina Deacon, CFO, are available at <https://www.dfds.com/group/about/management>.

Outlook 2020

The outlook for 2020 builds on market growth prospects as well as the Win23 strategy initiatives and expectations of a continued negative impact from Brexit uncertainty on the UK market.

Market growth prospects

The global backdrop is expected to improve in 2020 as monetary and fiscal policies are set to remain supportive, less uncertainty is expected from USA-China trade negotiations and a generally more positive outlook trend for manufacturing is emerging in purchasing indexes.

Turkish economic fundamentals such as inflation, interest rates and debt levels have improved through 2019. The Turkish manufacturing outlook is also trending upwards. Turkey is thus expected to emerge from recession and resume growth in 2020.

UK manufacturing and trade flows weakened, on the other hand, further in Q4 2019 and UK's decision to restrict the trade negotiation period with EU till end 2020 has renewed uncertainty about the outcome of Brexit. Therefore, UK manufacturing and trade flows could continue to decrease in 2020 as industrials and consumers maintain a wait-and-see response until visibility improves.

The current consensus estimate for European real GDP growth in 2020 is around 1.0%, including 1.1% for UK. Turkey's real GDP is expected to be around 2.8% in 2020. (Source: Thomson Reuters).

The outbreak of the Coronavirus in China and subsequent travel restrictions could have an impact in 2020 on the demand for European passenger ferry services.

Positive impact from Win23 strategy initiatives expected

The overall financial ambition of Win23 is to achieve an EBITDA of around DKK 5.5bn in 2023 driven by three key drivers:

- Organic actions
- Mediterranean business plan fulfillment
- Acquisitions and business expansion.

All three are expected to contribute positively to EBITDA in 2020. The largest contribution is expected to come from Mediterranean as the improved outlook for Turkey is set to support growth. In addition, operational efficiency and customer satisfaction is forecast to increase as the capacity expansion of the route network started at the beginning of 2019 is completed during Q2 2020.

The largest contribution from Organic Actions is expected to come from the deployment of two freight ferry new-buildings on Vlaardingen-Immingham. The focus on growing sales of solutions to the automotive, forest/metal and cold chain sectors is also expected to begin to contribute in 2020. In addition, contributions are expected from digitisation, continuous improvement and passenger projects.

A new freight ferry route between Gothenburg and Zeebrugge and space charter agreements were started in June

2019 and two logistics acquisitions were completed in December 2019. These new activities are also expected to contribute positively in 2020.

Negative Brexit impact expected

The uncertainty caused by the Brexit process had a considerable negative impact in 2019 on UK freight and passenger volumes. In light of the continued uncertainty about the Brexit process and outcome, a negative earnings impact is therefore included in the outlook as the trading environment could remain subdued or weaken further through 2020.

Revenue outlook

The Group's revenue is expected to increase by around 4% compared to 2019.

The main growth drivers are continued growth in the Mediterranean business unit, a full-year impact from acquisitions and business expansion as well as a positive impact from organic actions, including increased sales to customers in select industries — automotive, forest/metal and cold chain.

The revenue of activities linked to the UK market is in total expected to be around level with 2019 due to expectations of a continued weak development in freight and passenger volumes.

EBITDA outlook

The Group's EBITDA before special items is expected to be within a range of DKK 3.5-3.9bn (2019: DKK 3.6bn). See outlook table above for divisional split.

OUTLOOK 2020

DKK m	Outlook 2020	2019
Revenue growth	4%	16,592
EBITDA before special items	3,500-3,900	3,633
Per division:		
Ferry Division	3,075-3,425	3,205
Logistics Division	475-525	470
Non-allocated items	-50	-42
Depreciation change	-2%	-1,894
Special items	100	-101
Investments	-2,300	-2,651

Special items

Special items is expected to be an income of around DKK 100m from an accounting profit on a sale of a combined freight and passenger ferry (ro-pax) agreed in 2019. Delivery of the ferry is planned for April 2020.

- Port terminals and other equipment: DKK 300m
- Cargo carrying equipment and warehouses, mainly related to Logistics Division: DKK 200m
- Other investments, including IT and digital: DKK 100m.

In addition to the above, the investment outlook includes proceeds from sale of assets, including the agreed sale of one combined passenger and freight ferry (ro-pax).

Investments

Investments of around DKK 2.3bn are expected in 2020. In 2020, one new freight ferry (ro-ro) was delivered in January and two newbuildings are scheduled for delivery in March and October, respectively. Two combined freight and passenger ferries (ro-pax) are on order for delivery towards the end of 2021 and interim payments for these ferries are included in the investments below.

Investments expected in 2020 comprise:

- Freight ferry (ro-ro) newbuildings: DKK 1,000m
- Combined freight and passenger ferry (ro-pax) newbuildings: DKK 350m
- Scrubbers: DKK 175m
- Dockings and ferry upgrades: DKK 350m

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 constitutes an important risk. Changes in economic variables, especially the oil price and exchange rates, can furthermore impact earnings.

Future financial results may therefore differ significantly from expectations.

Ferry Division

The division is organised in five business units:

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

Q4 market, activity and result trends

North Sea

Q4 freight volumes were 0.7% above 2018 and down 6.5% adjusted for the new route between Gothenburg and Zeebrugge. Full-year volumes were down 5.5%, 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 Q4.

EBIT in Q4 decreased 23% to DKK 142m mainly due to the lower volumes and a negative impact from the new route.

Ferry Division

DKK m	2019				2019 Full year	2018*				2018* Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Revenue	2,714	3,101	3,352	2,840	12,006	2,301	2,729	3,280	2,807	11,117
EBITDA before special items	584	877	1,079	665	3,205	500	829	1,099	751	3,179
Share of profit/loss of associates and joint ventures	2	6	-1	-1	6	3	1	-1	-1	2
Profit/loss on disposal of non-current assets, net	1	0	1	0	2	1	0	0	0	1
Depreciation and impairment	-363	-365	-382	-402	-1,512	-298	-330	-357	-338	-1,323
EBIT before special items	223	518	696	263	1,701	206	500	742	411	1,859
EBIT margin before special items, %	8.2	16.7	20.8	9.3	14.2	9.0	18.3	22.6	14.6	16.7
Special items, net	0	-6	4	-51	-53	-1	-45	23	40	17
EBIT	223	512	701	212	1,648	205	456	764	451	1,876
Invested capital, average	18,841	19,193	19,460	19,768	19,318	10,203	13,858	17,422	18,031	14,783
ROIC before special items, %	-	-	-	-	8.7	-	-	-	-	12.4
Lane metres, '000	10,593	9,715	10,530	10,442	41,280	9,536	10,046	10,211	10,283	40,077
Passengers, '000	732	1,390	2,004	991	5,116	862	1,409	2,163	1,003	5,439

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

Baltic Sea

Q4 freight volumes were 0.9% below 2018 adjusted for the closure of a space charter agreement between St. Petersburg and Kiel. Volumes were in general lowered by some slowdown in two key markets: Germany and Sweden, and additional competition. Passenger volumes were up 1.0% driven by higher volumes between Sweden and Estonia.

EBIT in Q4 increased 7% to DKK 83m following lower operating costs and a higher passenger result.

Channel

Q4 freight volumes were 0.6% below 2018. Total market volumes decreased more in Q4 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 earlier in the year.

Passenger volumes were down 2.7% 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. Revenue per pax was above 2018.

Q4 EBIT was halved to DKK 35m mainly driven by higher operating costs and lower freight earnings.

Mediterranean

Q4 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 improved in Q4 as Turkish import volumes continued to recover to levels above 2018. There is, however, still a 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.

The simplified route and port terminal structure introduced at the start of Q4 is improving operational efficiency and customer satisfaction. The last major restructuring to be completed is to improve the operational efficiency of the two ports currently operated in Trieste. This is expected to be achieved during Q2 2020.

EBIT in Q4 decreased DKK 54m to DKK 29m. The route contribution, driven by volumes and pricing, was above 2018 and in line with expectations but was offset by mainly the two items detailed on page 8.

Passenger

The number of passengers in Q4 increased 1.3% as both routes carried more passengers than in 2018. Tourism volumes between UK and continental Europe were robust in the quarter.

Q4 EBIT decreased DKK 32m to DKK -57m. The route contribution was above 2018 but higher ferry operating costs and depreciation reduced the result partly due to class dockings and timing differences.

Non-allocated items

These items primarily include external charter activities. Q4 EBIT increased 60% to DKK 31m.

Ferry Division

DKK m	2019				2019 Full year	2018*				2018* Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
North Sea										
Revenue	963	963	925	925	3,777	967	964	897	907	3,734
EBIT before special items	190	199	144	142	675	161	198	151	186	696
Invested capital	5,596	5,617	5,455	5,816	5,520	5,861	5,623	5,514	5,116	5,592
ROIC before special items, %	-	-	-	-	12.1	-	-	-	-	12.2
Lane metres freight, '000	3,327	3,039	3,214	3,234	12,815	3,347	3,367	3,148	3,215	13,077
Baltic Sea										
Revenue	350	389	398	335	1,472	343	392	410	364	1,509
EBIT before special items	40	97	125	83	345	70	104	111	77	363
Invested capital	1,322	1,272	1,322	1,283	1,384	1,358	1,359	1,211	1,722	1,393
ROIC before special items, %	-	-	-	-	24.7	-	-	-	-	26.0
Lane metres freight, '000	1,187	1,171	1,137	1,118	4,613	1,102	1,182	1,148	1,143	4,575
Passengers, '000	43	68	88	47	245	36	58	83	47	224
Channel										
Revenue	571	638	846	622	2,678	573	687	895	647	2,803
EBIT before special items	34	31	168	35	268	25	80	222	71	397
Invested capital	1,979	1,854	1,845	1,727	1,830	2,039	1,884	1,786	1,744	1,866
ROIC before special items, %	-	-	-	-	14.6	-	-	-	-	21.2
Lane metres freight, '000	4,902	4,311	4,945	4,837	18,995	4,896	4,995	4,906	4,866	19,663
Passengers, '000	468	936	1,490	627	3,520	556	992	1,659	644	3,850
Mediterranean**										
Revenue	515	567	555	542	2,179	31	170	443	481	1,124
EBIT before special items	46	80	76	29	231	3	29	67	83	182
Invested capital	9,047	9,529	9,594	9,833	9,304	123	7,436	7,468	8,517	4,732
ROIC before special items, %	-	-	-	-	2.4	-	-	-	-	3.8
Lane metres freight, '000	1,071	1,060	1,110	1,124	4,365	61	351	875	919	2,206
Passenger										
Revenue	251	497	601	360	1,709	298	466	604	360	1,728
EBIT before special items	-110	76	149	-57	59	-80	57	164	-25	116
Invested capital	704	716	891	860	790	585	501	671	780	654
ROIC before special items, %	-	-	-	-	7.1	-	-	-	-	17.4
Lane metres freight, '000	106	133	124	129	491	130	151	134	140	556
Passengers, '000	222	386	426	317	1,351	270	361	421	312	1,365
Non-allocated items										
Revenue	107	105	96	153	461	119	110	99	154	481
EBIT before special items	23	34	34	31	123	27	33	26	19	105

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

** U.N. Ro-Ro was acquired 7 June 2018.

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

Q4 market, activity and result trends

Nordic

The number of transported units in Q4 decreased 9.7% as volumes decreased in all corridors to UK due to the general slowdown in UK trade. In addition, volumes were lower for specialised services and project volumes 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 rose 81% following a new paper industry contract.

Q4 EBIT decreased 62% to DKK 8m due to the lower level of volumes, particularly specialised services. Moreover, higher operating costs in a Swedish warehousing operation and in the Norwegian sideport shipping activity reduced earnings.

Logistics Division

DKK m	2019				2019 Full year	2018*				2018* Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Revenue	1,348	1,318	1,296	1,357	5,319	1,385	1,341	1,272	1,325	5,324
EBITDA before special items	109	116	120	125	470	105	116	103	107	431
Profit/loss on disposal of non-current assets, net	1	0	1	2	4	1	2	1	0	5
Depreciation and impairment	-65	-70	-74	-92	-301	-56	-56	-58	-58	-229
EBIT before special items	45	47	47	35	173	49	61	48	49	207
EBIT margin before special items, %	3.3	3.5	3.6	2.6	3.3	3.5	4.6	3.7	3.7	3.9
Special items, net	0	-6	0	0	-7	-17	0	0	5	-11
EBIT	45	41	47	35	167	32	61	48	54	196
Invested capital, average	1,527	1,591	1,580	1,695	1,606	1,412	1,445	1,405	1,432	1,418
ROIC before special items, %	-	-	-	-	8.8	-	-	-	-	12.3
Tons, '000	174.3	185.3	201.3	204.8	765.7	97.7	102.8	103.5	113.2	417.3
Units, '000	135.1	134.8	137.3	141.1	548.3	145.5	146.7	133.1	141.7	567.0

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

Continent

The number of transported units in Q4 decreased 8.8% as the UK slowdown in trade reduced volumes between UK and continental Europe mainly impacting the Dutch and German corridors. Container volumes between Ireland and continental Europe were on level with 2018. Volumes in the Continent-Sweden corridor and some contract logistics activities in Belgium continued to be above 2018.

Q4 EBIT decreased 58% to DKK 3m due to a negative impact from the UK slowdown, extra workshop costs in Belgium and some one-off income in 2018.

UK & Ireland

The number of transported units in Q4 increased 10.3% adjusted for changes in the reporting of volumes. Most areas contributed to the volume increase, including the ad-

dition of a new large cold chain logistics contract. Aquaculture volumes in Scotland were slightly down due to adverse weather conditions. There was a reduction of volumes in the distribution and warehousing activities in England as contracts were reduced in scope but this was more than offset by growth in other parts of the network. Volumes in the Belfast corridors continued to grow.

Q4 EBIT increased 22% to DKK 24m as most activities improved performance except for a decrease in the scope of a contract in the distribution and warehousing activities in England.

Logistics Division

DKK m	2019				2019 Full year	2018*				2018* Full year
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Nordic										
Revenue	448	450	408	442	1,748	517	485	413	451	1,866
EBIT before special items	16	15	13	8	52	26	27	15	22	90
Invested capital	454	477	412	502	462	486	421	402	465	456
ROIC before special items, %	-	-	-	-	9.6	-	-	-	-	17.8
Units, '000 **	30.3	29.1	27.9	29.6	116.9	37.6	34.7	29.6	32.7	134.6
Tons, '000	174.3	185.3	201.3	204.8	765.7	97.7	102.8	103.5	113.2	417.3
Continent										
Revenue	618	586	588	598	2,390	626	622	598	612	2,458
EBIT before special items	14	17	16	3	50	18	22	19	8	67
Invested capital	655	679	694	833	691	567	572	574	596	545
ROIC before special items, %	-	-	-	-	5.7	-	-	-	-	10.0
Units, '000	62.4	60.3	59.4	58.7	240.9	66.8	68.1	62.6	64.4	261.8
UK & Ireland										
Revenue	328	325	339	358	1,350	274	284	292	304	1,154
EBIT before special items	15	15	18	24	72	4	13	14	19	50
Invested capital	487	432	467	483	453	431	413	429	397	416
ROIC before special items, %	-	-	-	-	12.8	-	-	-	-	9.2
Units, '000	42.3	45.3	50.0	52.8	190.5	41.2	43.9	41.0	44.5	170.5
Non-allocated items										
Revenue	62	61	59	54	235	74	57	58	54	244
EBIT before special items	0	0	0	-1	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 – 31 December 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 31 December 2019 and of the results of the DFDS Group's operations and cash flow for the period 1 January – 31 December 2019.

Further, in our opinion, the Management review p. 1-18 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, 6 February 2020



Executive Board Torben Carlsen, CEO. Karina Deacon, CFO

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 Q4	2018* Q4	2019 Full year	2018* Full year
Revenue	3	4,008	3,955	16,592	15,717
Costs					
Ferry and other ship operation and maintenance		-900	-997	-3,667	-3,583
Freight handling		-612	-583	-2,521	-2,447
Transport solutions		-766	-809	-2,994	-3,191
Employee costs		-788	-719	-3,077	-2,796
Costs of sales and administration		-171	-159	-699	-712
Operating profit before depreciation (EBITDA) and special items		771	688	3,633	2,988
Share of profit/loss of associates and joint ventures		-1	-3	6	1
Profit/loss on disposal of non-current assets, net		2	0	6	7
Depreciation, ships	5	-320	-195	-1,225	-790
Depreciation, other non-current assets	5	-190	-77	-662	-296
Impairment losses, other non-current assets		-6	0	-7	-1
Operating profit (EBIT) before special items		257	412	1,751	1,909
Special items, net	4	-55	37	-101	-49
Operating profit (EBIT)		203	449	1,650	1,859
Financial income		2	50	6	6
Financial costs		-78	-39	-284	-171
Profit before tax		126	460	1,371	1,694
Tax on profit		1	11	-59	-57
Profit for the period		128	471	1,313	1,637
Attributable to:					
Equity holders of DFDS A/S		127	465	1,309	1,630
Non-controlling interests		1	6	4	8
Profit for the period		128	471	1,313	1,637
Earnings per share					
Basic earnings per share (EPS) of DKK 20, DKK		2.21	8.13	22.88	28.99
Diluted earnings per share (EPS-D) of DKK 20, DKK		2.21	8.11	22.80	28.87

* Comparative 2018 numbers are not restated to IFRS 16

DFDS Group – statement of Comprehensive income

DKK m	2019 Q4	2018* Q4	2019 Full year	2018* Full year
Profit for the period	128	471	1,313	1,637
Other comprehensive income				
Items that will not be reclassified subsequently to the Income statement:				
Remeasurement of defined benefit pension obligations	106	122	106	122
Items that will not be reclassified subsequently to the Income statement	106	122	106	122
Items that are or may be reclassified subsequently to the Income statement:				
Value adjustment of hedging instruments:				
Value adjustment for the period	-38	30	169	321
Value adjustment transferred to operating costs	8	-2	12	-7
Value adjustment transferred to financial costs	4	29	20	-48
Value adjustment transferred to non-current tangible assets	-39	-19	-113	-21
Tax on items that may be reclassified to the Income statement	-19	45	-15	-1
Foreign exchange adjustments, subsidiaries	59	-18	42	-59
Items that are or may be reclassified subsequently to the Income statement	-24	66	116	186
Total other comprehensive income after tax	81	187	222	308
Total comprehensive income	209	659	1,535	1,945
Attributable to:				
Equity holders of DFDS A/S	208	652	1,530	1,937
Non-controlling interests	1	7	5	8
Total comprehensive income	209	659	1,535	1,945

* Comparative 2018 numbers are not restated to IFRS 16

DFDS Group - Balance sheet

Assets

DKK m	Note	2019 Full year	2018* Full year
Goodwill		3,440	3,337
Other non-current intangible assets		1,227	1,205
Software		241	245
Development projects in progress		25	2
Non-current intangible assets		4,934	4,788
Land and buildings		201	163
Terminals	5	741	1,434
Ships		10,950	9,731
Equipment, etc.	5	742	740
Assets under construction and prepayments		1,034	1,021
Right-of-use assets	5	3,337	-
Non-current tangible assets		17,006	13,089
Investments in associates, joint ventures and securities		53	43
Receivables		29	138
Prepaid costs		129	91
Deferred tax		47	70
Derivative financial instruments		242	175
Other non-current assets		500	517
Non-current assets		22,440	18,395
Inventories		219	201
Trade receivables		2,409	2,077
Receivables from associates and joint ventures		46	86
Other receivables		422	296
Prepaid costs		336	259
Derivative financial instruments		75	57
Cash		840	761
Current assets		4,347	3,736
Assets classified as held for sale		76	-
Total current assets		4,423	3,736
Assets		26,863	22,132

Equity and liabilities

DKK m	Note	2019 Full year	2018* Full year
Share capital		1,173	1,173
Reserves		-120	-251
Retained earnings		9,223	8,019
Proposed dividends		0	235
Equity attributable to equity holders of DFDS A/S		10,276	9,175
Non-controlling interests		80	80
Equity		10,356	9,255
Interest-bearing liabilities		9,186	8,132
Lease liabilities	5	2,556	257
Deferred tax		213	211
Pension and jubilee liabilities		160	263
Other provisions		47	17
Derivative financial instruments		69	74
Non-current liabilities		12,231	8,954
Interest-bearing liabilities		480	833
Lease liabilities	5	552	35
Trade payables		2,292	2,296
Payables to associates and joint ventures		109	24
Other provisions		38	50
Corporation tax		30	23
Other payables		581	470
Derivative financial instruments		19	20
Prepayments from customers		172	171
Current liabilities		4,275	3,923
Liabilities		16,506	12,877
Equity and liabilities		26,863	22,132

* Comparative 2018 numbers are not restated to IFRS 16

DFDS Group - Statement of changes in equity 1 January - 31 December 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
Restated equity at 1 January 2019	1,173	-398	177	-29	7,788	235	8,944	79	9,022
Comprehensive income for the period									
Profit for the period					1,309		1,309	4	1,313
Other comprehensive income									
Items that will not be reclassified subsequently to the Income statement:									
Remeasurement of defined benefit pension obligations					106		106		106
Items that will not subsequently be reclassified to the Income statement	0	0	0	0	106	0	106	0	106
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			169				169		169
Value adjustment transferred to operating costs			12				12		12
Value adjustment transferred to financial costs			20				20		20
Value adjustment transferred to non-current tangible assets			-113				-113		-113
Tax on items that will be reclassified to the Income statement					-15		-15		-15
Foreign exchange adjustments, subsidiaries		42					42	1	42
Items that are or may subsequently be reclassified to the Income statement	0	42	89	0	-15	0	115	1	116
Total other comprehensive income after tax	0	42	89	0	91	0	221	1	222
Total comprehensive income	0	42	89	0	1,399	0	1,530	5	1,535
Transactions with owners									
Dividend paid						-229	-229	-3	-232
Dividend on treasury shares					6	-6	0		0
Proposed dividend at year-end					-235	235	0		0
Vested share-based payments					25		25		25
Cash from sale of treasury shares related to exercise of share options				1	6		7		7
Other adjustments					-1		-1		-1
Transactions with owners	0	0	0	1	-198	0	-197	-3	-201
Equity at 31 December 2019	1,173	-357	266	-28	8,988	235	10,276	80	10,356

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

DFDS Group - Statement of changes in equity 1 January - 31 December 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
Change in accounting policies*				-0		0		0		0
Restated equity at 1 January 2018	1,140	-340	-68	0	-47	5,652	228	6,565	49	6,614
Comprehensive income for the period										
Profit for the period						1,630		1,630	8	1,637
Other comprehensive income										
Items that will not subsequently be reclassified to the income statement:										
Remeasurement of defined benefit pension obligations						122		122		122
Items that will not subsequently be reclassified to the Income statement	0	0	0	0	0	122	0	122	0	122
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment of hedging instruments for the period			321					321		321
Value adjustment transferred to operating costs			-7					-7		-7
Value adjustment transferred to financial costs			-48					-48		-48
Value adjustment transferred to non-current tangible assets			-21					-21		-21
Tax on items that will be reclassified to the Income statement						-1		-1		-1
Foreign exchange adjustments, subsidiaries		-59						-59	0	-59
Items that are or may subsequently be reclassified to the Income statement	0	-59	245	0	0	-1	0	186	0	186
Total other comprehensive income after tax	0	-59	245	0	0	121	0	307	0	308
Total comprehensive income	0	-59	245	0	0	1,751	0	1,937	8	1,945
Transactions with owners										
Acquisition, non-controlling interests						1		1	6	7
Addition related to acquisition								0	17	17
Dividend paid							-219	-219		-219
Dividend on treasury shares						9	-9	0		0
Proposed dividend at year-end						-235	235	0		0
Vested share-based payments						25		25		25
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
Transactions with owners	33	0	0	0	18	616	7	673	23	696
Equity at 31 December 2018	1,173	-398	177	0	-29	8,019	235	9,175	80	9,255

* 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 Q4	2018* Q4	2019 Full year	2018* Full year
Operating profit before depreciation (EBITDA) and special items	771	688	3,633	2,988
Cash flow effect from special items related to operating activities	-32	-29	-78	-99
Adjustments for non-cash operating items, etc.	7	20	26	20
Change in working capital	79	-292	-224	-283
Payment of pension liabilities and other provisions	-9	-12	-52	-41
Cash flow from operating activities, gross	816	375	3,304	2,585
Interest received, etc.	2	44	6	5
Interest paid, etc.	-92	-85	-266	-233
Taxes paid	-8	-18	-46	-69
Cash flow from operating activities, net	718	317	2,997	2,289
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-531	-251	-2,120	-934
Sale of ships including prepayment received on ship held for sale	23	4	117	84
Investments in other non-current tangible assets	-121	-203	-467	-306
Sale of other non-current tangible assets	4	3	13	16
Investments in non-current intangible assets	-22	-9	-66	-30
Acquisition of enterprises, associates, joint ventures and activities	-127	0	-131	-3,635
Sale of activities etc.	0	0	0	2
Other investing cash flows	-2	1	4	1
Cash flow to/from investing activities, net	-777	-455	-2,651	-4,802
Cash flow before financing activities, net	-59	-138	346	-2,513
Proceed from bank loans and loans secured by mortgage in ships	880	671	1,658	6,279
Repayment and instalments of bank loans and loans secured by mortgage in ships	-248	-916	-799	-1,290
Proceed from issuance of corporate bonds	0	0	304	0
Repayment of corporate bonds incl. settlement of cross currency swap	0	0	-500	-203
Payment of loan in acquired entity	0	0	0	-2,756
Payment of lease liabilities	-198	-449	-706	-453
Acquisition of treasury shares	0	0	0	-190
Cash received from exercise of share options	1	0	7	59
Other financing cash flows	-3	9	-3	15
Proceed from increase of share capital	0	0	0	1,000
Dividends paid to equity holders of DFDS A/S	0	0	-229	-219
Cash flow to/from financing activities, net	433	-686	-268	2,242
Net increase (decrease) in cash and cash equivalents	373	-824	79	-272
Cash and cash equivalents at beginning of period	466	1,585	761	1,033
Foreign exchange and value adjustments of cash and cash equivalents	0	-1	0	-1
Cash and cash equivalents at end of period **	840	761	840	761

* Comparative 2018 numbers are not restated to IFRS 16

** At 31 December 2019 DKK 108m (31 December 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
Full year 2019				
External revenue	11,280	5,290	21	16,592
Intragroup revenue	727	29	519	1,274
Total revenue	12,006	5,319	540	17,866
Operating profit (EBITDA) before special items	3,205	470	-42	3,633
Operating profit (EBIT) before special items	1,701	173	-123	1,751
Operating profit after special items (EBIT)	1,648	167	-164	1,650
Invested capital, average*	18,860	1,567	500	20,927

DKK m	Ferry Division	Logistics Division	Non-allocated	Total
Full year 2018*				
External revenue	10,398	5,295	24	15,717
Intragroup revenue	719	29	448	1,196
Total revenue	11,117	5,324	472	16,913
Operating profit (EBITDA) before special items	2,713	330	-55	2,988
Operating profit (EBIT) before special items	1,809	204	-104	1,909
Operating profit after special items (EBIT)	1,826	193	-159	1,859
Invested capital, average	12,648	1,204	-75	13,778

* Comparative 2018 numbers are not restated to IFRS 16

Note 3 Revenue

DKK m	Full year 2019			Total
	Ferry Division	Logistics Division	Non-allocated	
Geographical markets				
North Sea	5,084	-	0	5,084
Baltic Sea	1,406	-	0	1,406
English Channel	2,632	-	0	2,632
Mediterranean	2,158	-	0	2,158
Continent	-	2,349	0	2,349
Nordic	-	1,668	0	1,668
UK/Ireland	-	1,273	0	1,273
Other	0	0	21	21
Total	11,280	5,290	21	16,592
Product and services				
Seafreight and shipping logistics solutions	7,405	174	0	7,579
Transport solutions	23	5,072	0	5,094
Passenger seafare and on board sales	2,664	0	0	2,664
Terminal services	622	23	0	646
Charters	347	0	0	347
Agency and other revenue	220	21	21	262
Total	11,280	5,290	21	16,592

DKK m	Full year 2018			Total
	Ferry Division	Logistics Division	Non-allocated	
Geographical markets				
North sea	5,091	-	0	5,091
Baltic sea	1,428	-	0	1,428
English Channel	2,435	-	0	2,435
Mediterranean	1,444	-	0	1,444
Continent	-	2,370	0	2,370
Nordic	-	1,851	0	1,851
UK/Ireland	-	1,074	0	1,074
Other	0	0	24	24
Total	10,398	5,295	24	15,717
Product and services				
Seafreight and shipping logistics solutions	6,560	98	0	6,658
Transport solutions	16	5,135	0	5,151
Passenger seafare and on board sales	2,729	0	0	2,729
Terminal services	466	36	0	502
Charters	378	0	0	378
Agency and other revenue	250	25	24	299
Total	10,398	5,295	24	15,717

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 72 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 (2018: 7.3%) is recognised at “a point in time”.

Revenue from leasing activities 2.3% of total revenue (2018: 2.6%) 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 Full year	2018 Full year
Accounting gain on sale of Anglia Seaways, net (2018: Gain on sale of two combined freight and passenger ferries, Kaunas Seaways and Vilnius Seaways)	30	27
Reversal of impairment of two passenger ferries in the business unit Passenger	-	24
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	17
Accounting gain and cost, net related to divestment of activities	0	-9
Accounting loss and cost related to disposal of two associated companies	-8	-
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	-19	-18
Costs related to organisational changes and restructurings (2018: restructuring of headquarter functions)	-22	-39
Transaction and integration costs regarding the acquisition and integration of U.N. Ro-Ro, including costs related to the closure of Toulon port etc.	-82	-52
Special items, net	-101	-49

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	-	-	-	-	-
Reclassification of IAS 17 leases**	0	711*	0	90	801
Change in accounting policy	126	1,564	703	137	2,529
Addition on acquisition of enterprises***	47	0	0	24	71
Additions/Remeasurements	109	60	290	232	691
Disposals	-1	-9	-118	-14	-143
Foreign exchange adjustments	0	27	1	6	34
Cost at 31 December 2019	281	2,352	875	474	3,983
Depreciation and impairment losses at 1 January 2019	-	-	-	-	-
Reclassification of IAS 17 leases*	0	0	0	35	35
Depreciation charge	70	168	375	122	735
Disposals	-0	-6	-118	-7	-131
Foreign exchange adjustments	1	3	0	4	7
Depreciations and impairment losses 31 December 2019	70	165	257	155	646
Carrying amount at 31 December 2019	212	2,187	618	320	3,337
Weighted average incremental borrowing rate	2.1%	3.0%	1.7%	1.8%	

* Terminal contract commenced end December 2018.

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

*** Reference is made to note 5.

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 depreciation (EBITDA) and special items has increased, as previous operating lease expenses included under cost have been replaced by depreciation 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 1 January 2019:

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

Note 5 Right-of-use assets - continued

Impact on the Income statement for 2019:

DKK m	
Ship operation and maintenance	396
Freight handling	183
Transport solutions	112
Employee costs (company cars)	11
Costs of sales and administration	56
Operating profit before depreciation (EBITDA) and special items	758
Depreciation, ships	-375
Depreciation, other non-current assets	-311
Operating profit (EBIT)	72
Financial costs	-75
Profit before tax	-3
Tax on profit	2
Profit for the period	-1
Attributable to:	
Equity holders of DFDS A/S	-1
Non-controlling interests	0
Profit for the period	-1

Impact on the Statement of cash flows for 2019:

DKK m	
Net cash flows from operating activities, gross	758
Interest paid, etc	-75
Net cash flows from operating activities, net	683
Net cash flows from financing activities	-683
Net increase/decrease in cash flows	0

Invested capital increased from DKK 17,908m at 31 December 2018 to DKK 22,476m at 31 December 2019, of which DKK 2,622m relates to right-of-use assets.

Net interest-bearing debt increased from DKK 8,513m at 31 December 2018 to DKK 11,954m at 31 December 2019, of which DKK 2,839m 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
Lease liabilities recognised at 1 January 2019	3,058

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.

Depreciation follows 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 - 7 years
Terminals	10 - 35 years
Ferries and other ships	3 months-10 years
Equipment	3 - 7 years
Other assets	1 - 3 years

Note 6 Acquisition of enterprises and sale of activities

Acquisition - Huisman Group

In December 2019 the acquisition of the Dutch company Huisman Group BV headquartered in Wijchen was completed and the DFDS Group obtained control. After the acquisition the DFDS Group has 100% ownership of the acquired company and the acquired company is consolidated in the DFDS Group from 31 December 2019.

The acquisition is 100% made by the subsidiary DFDS Holding B.V. and the acquired company is after the acquisition included in the Continent Business Unit.

DFDS paid DKK 77m for the acquired company. Cash in the acquired company amounted to DKK 10m and accordingly the liquidity effect in 2019 was DKK 67m. Trade receivables have been recognised at the acquisition date at a fair value of DKK 28m which is DKK 1m less than their gross value.

The goodwill is not deductible for tax purposes.

Transaction costs incurred were insignificant and were expensed in 2019 as part of Administration costs.

The below purchase price allocation is preliminary and thus changes may occur.

The preliminary purchase price allocation show the following.

DKK million	Fair value at acquisition date
Non-current assets	97
Current assets	40
Total assets	136
Non-current liabilities	50
Current liabilities	47
Total liabilities	98
Fair value of acquired net assets	39
Total purchase price:	
Cash consideration	77
Total purchase price	77
Goodwill at acquisition	38

Acquisition - Freeco Logistics

In December 2019 the acquisition of the Finnish company Freeco Logistics headquartered in Turku was completed and the DFDS Group obtained control. After the acquisition the DFDS Group has 100% ownership of the acquired company and the acquired company is consolidated in the DFDS Group from 31 December 2019.

Note 6 Acquisition of enterprises and sale of activities – continued

The acquisition is 100% made by DFDS A/S and the acquired company is after the acquisition included in the Nordic Business Unit.

DFDS paid DKK 52m for the acquired company. Cash in the acquired company amounted to DKK 2m and accordingly the liquidity effect in 2019 was DKK 50m. In addition an earn-out agreement was entered into according to which seller is entitled to additional payment based on the Freeco Logistics' financial performance for 2022 and 2023.

Trade receivables have been recognised at the acquisition date at a fair value of DKK 23m which is DKK 1m less than their gross value.

The goodwill is not deductible for tax purposes.

Transaction costs incurred were insignificant and were expensed in 2019 as part of Administration costs.

The below purchase price allocation is preliminary and thus changes may occur.

The preliminary purchase price allocation show the following.

	Fair value at acquisition date
DKK million	
Non-current assets	46
Current assets	26
Total assets	72
Non-current liabilities	16
Current liabilities	28
Total liabilities	44
Fair value of acquired net assets	27
Total purchase price:	
Cash consideration	52
Estimated value of earn-out	28
Total purchase price	80
Goodwill at acquisition	53

Neither Huisman Group nor Freeco Logistics contribute to the Group's total revenue or Group's profit before tax in 2019.

Acquisition – U.N. RO-RO

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	Full year 2019		Full year 2018	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Derivatives (Level 2)	317	317	232	232
Securities (Level 3)	10	10	10	10
Financial liabilities				
Derivatives (Level 2)	88	88	95	95

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 97m, equivalent to 1.0%. Operating profit before depreciation and special items (EBITDA) increased from DKK 1,670m to DKK 2,727m, equivalent to an increase of 63%. The increase is mainly due to the implementation of IFRS 16.

Profit before tax decreased from DKK 2,540m in 2018 to DKK 1,052m in 2019. Decrease is mainly due to dividend received from subsidiaries in 2018 of DKK 1,255m.

The Parent Company's net interest-bearing debt increased from DKK 2,452m at 31 December 2018 to DKK 3,701m at 31 December 2019 of which DKK 1,859m is lease liabilities related to IFRS 16.

DKK m	2019 Full year	2018* Full year
Income statement		
Revenue	9,757	9,854
Operating profit before depreciation (EBITDA) and special items	2,727	1,670
Operating profit (EBIT) before special items	1,011	1,198
Special items, net	106	-4
Operating profit (EBIT)	1,117	1,194
Financial items, net	-65	1,346
Profit before tax	1,052	2,540
Profit for the period	1,049	2,537
Assets		
Non-current intangible assets	368	351
Non-current tangible assets	4,872	4,651
Right-of-use assets	1,839	-
Investments in affiliated companies, associates and joint ventures	5,924	5,862
Non-current receivables from affiliated companies	715	0
Other non-current assets	243	278
Non-current assets	13,961	11,143
Current receivables from affiliated companies	1,199	981
Receivables from associates and joint ventures	46	70
Cash	656	581
Other current assets	1,234	1,112
Current assets	3,135	2,744
Assets	17,095	13,887
Equity and liabilities		
Equity	9,339	8,417
Non-current liabilities	3,069	1,765
Current liabilities to affiliated companies	1,919	1,586
Other current liabilities	2,769	2,120
Current liabilities	4,687	3,706
Equity and liabilities	17,095	13,887
Equity ratio, %	54.6%	60.6%
Net interest-bearing debt	3,701	2,452

* Comparative 2018 numbers are not restated to IFRS 16

Definitions

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

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

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
DKK m															
Income statement															
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
Balance sheet items impacted by IFRS 16															
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
Capital															
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
Key operating and return ratios															
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
Key capital ratios															
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
Income statement															
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
Capital															
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
Key operating and return ratios															
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
Income statement															
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
Capital															
Invested capital, average LTM	1,155	228	1,382	1,167	226	1,393	1,181	221	1,402				1,204	215	1,418
Key operating and return ratios															
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
DKK m															
North Sea															
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
Baltic Sea															
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
Channel															
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
Mediterranean															
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
Passenger															
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
Non-allocated items															
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.