Annual Report 2019

Our network

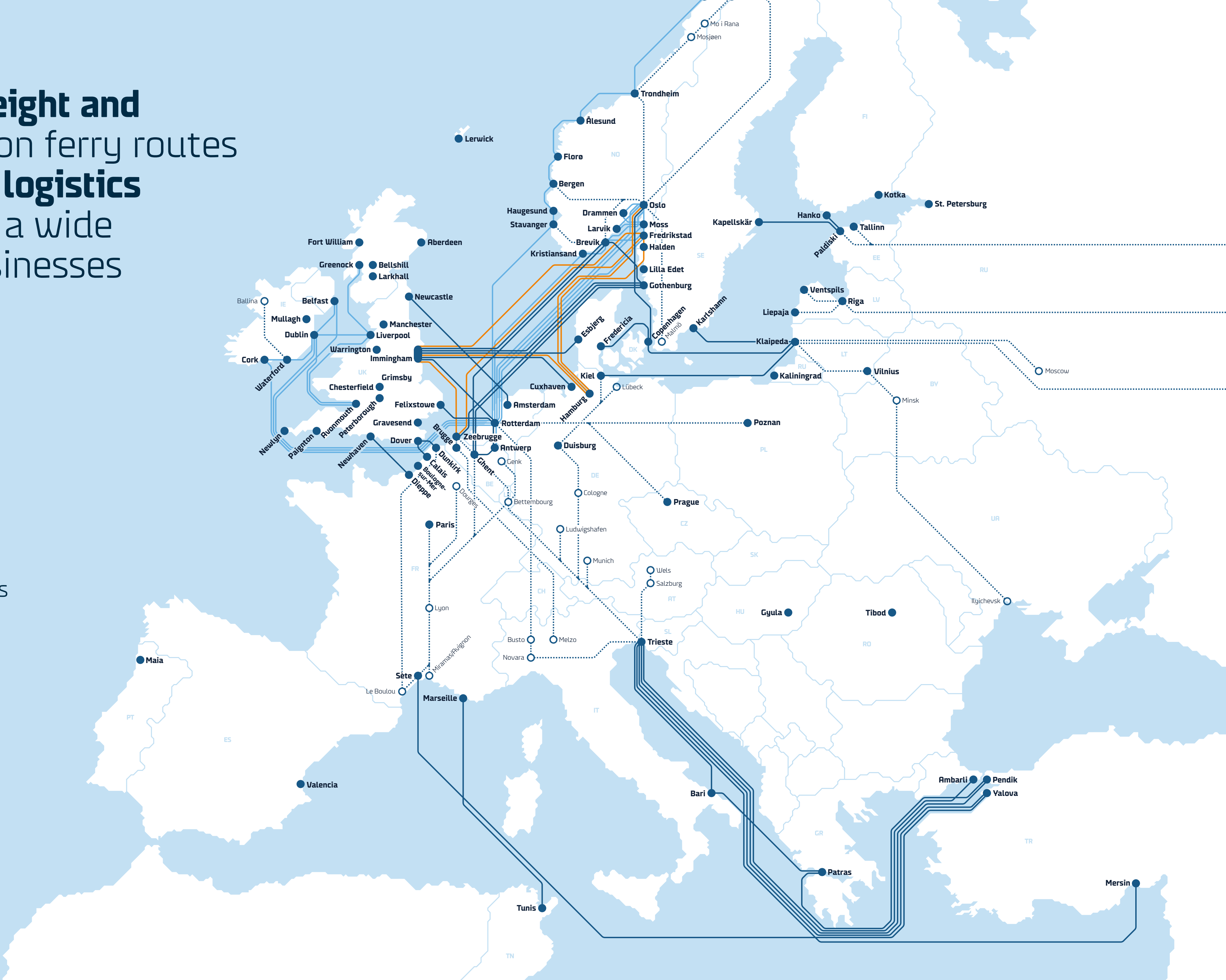
We move **freight and passengers** on ferry routes and provide **logistics solutions** to a wide range of businesses

8,400
employees

21
ferry routes of which nine carry passengers

8
port terminals

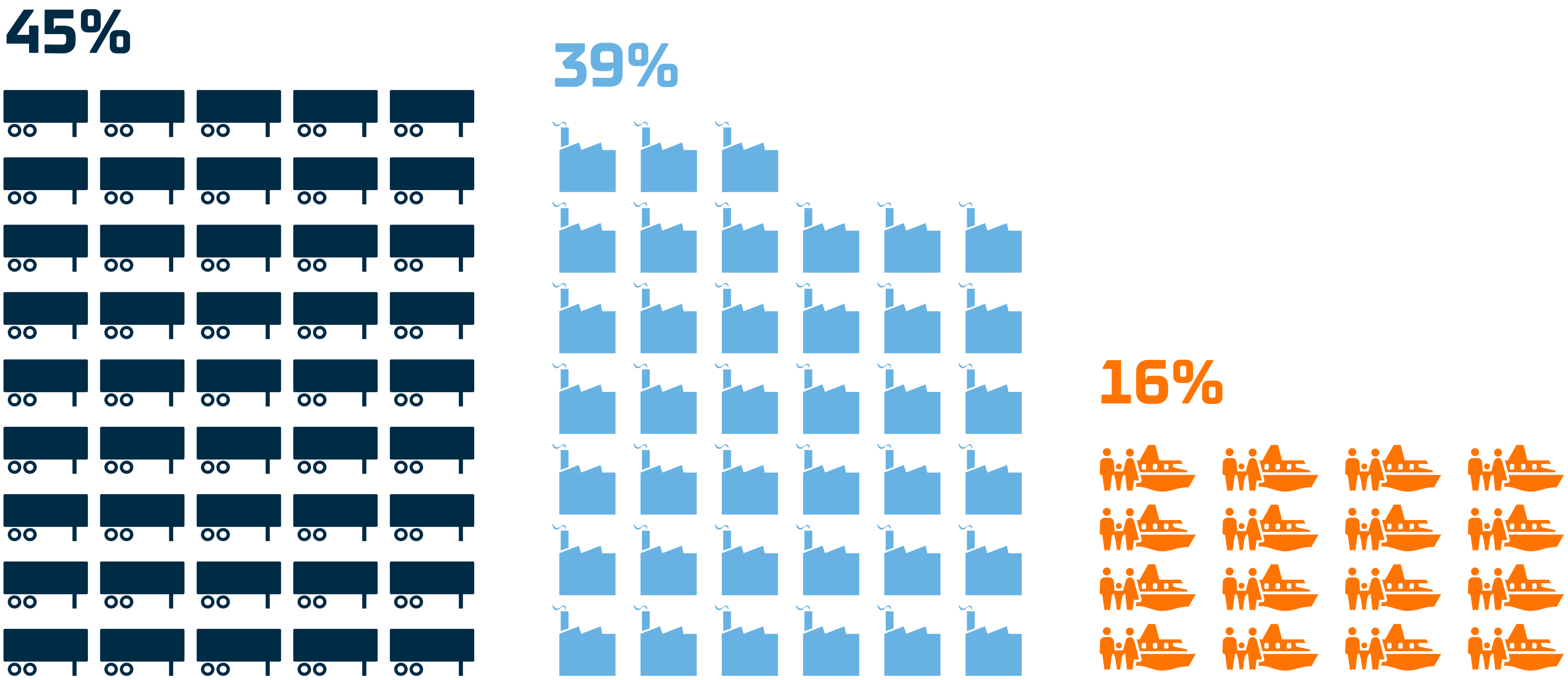
35
logistics locations



Forwarders and hauliers
Our ferry routes mainly carry trailers for forwarders and hauliers. This is typically fast moving freight destined for delivery within days.

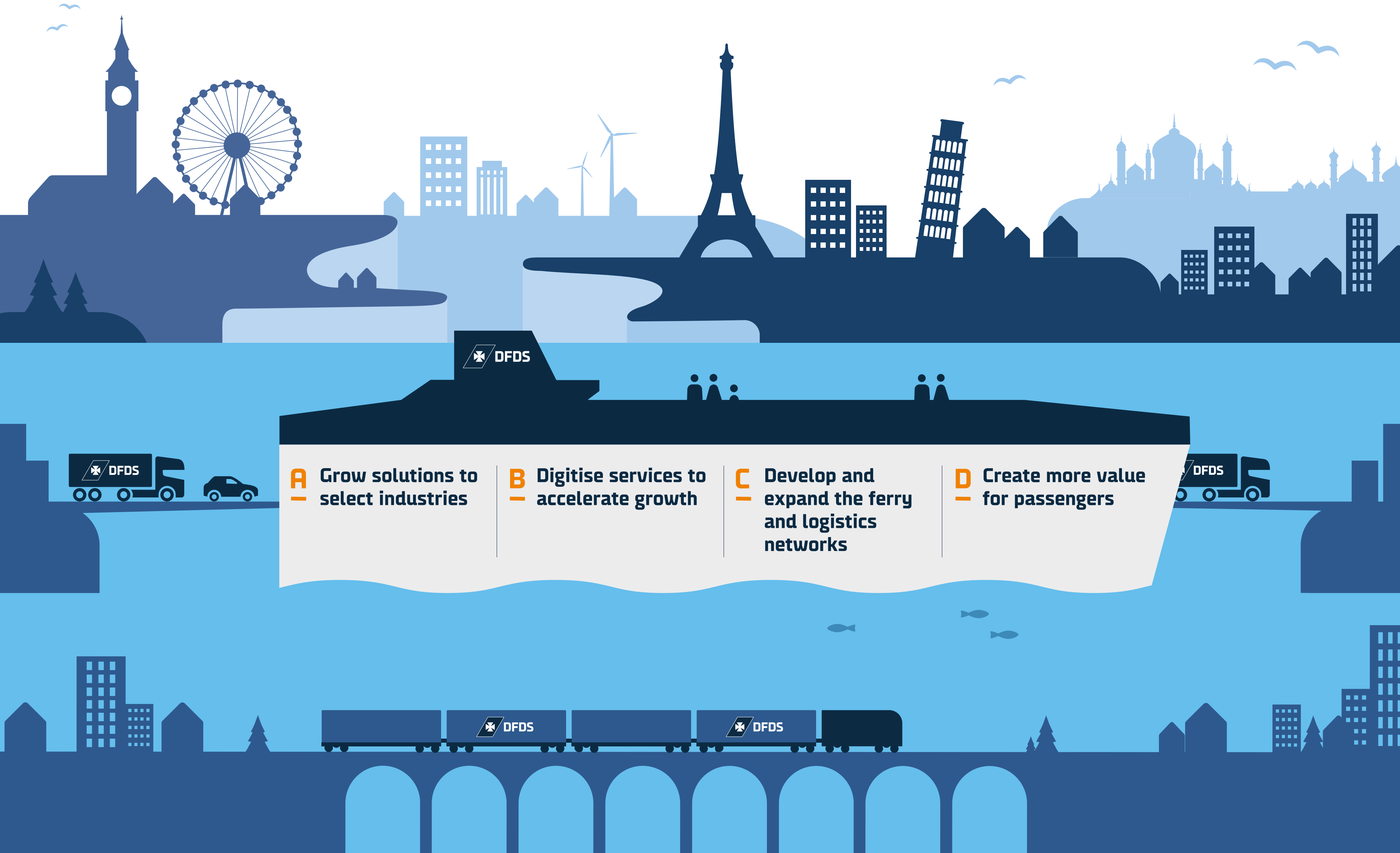
Manufacturers and retailers
The key customers of our logistics and ferry solutions are manufacturers of automotives, fresh and frozen foods, forest & paper products and other industrial goods as well as retailers.

Passengers
The key passenger groups are people travelling in their own car and mini cruise passengers enjoying a maritime experience and the on board facilities.



Percent of total revenue per customer segment

Our Win23 strategy



By moving freight and passengers reliably and efficiently, we provide vital services for trade and travel in and around Europe.

We move for all to grow

We care – about the safety of our passengers and employees and about our environmental footprint.

We seek to partner and innovate with customers to grow their business and the economy.

Management review

Consolidated Financial Statements

Reports

Parent Company Financial Statements

Other information

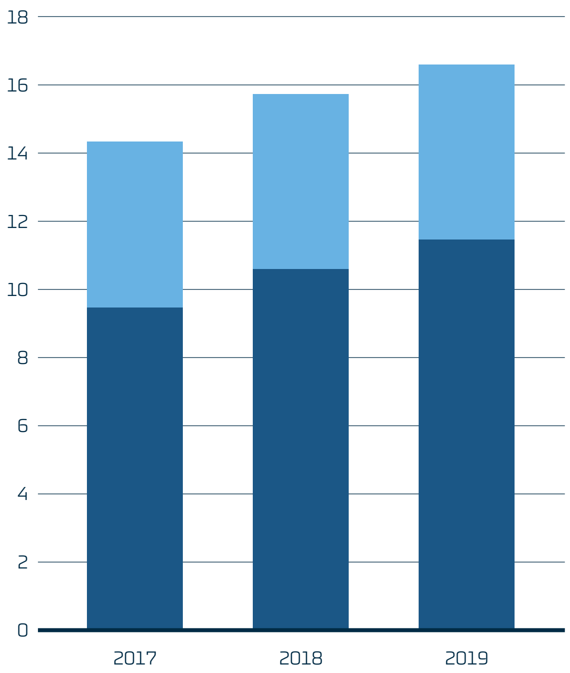
Key results 2019

Revenue up **6%** to DKK 16.6bn

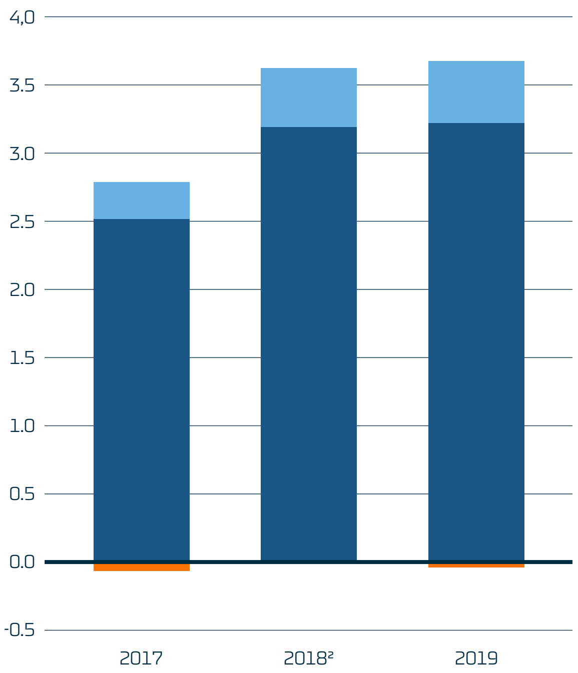
EBITDA[1] up **1%** to DKK 3.6bn

Return on invested capital[1] after tax of **8%**

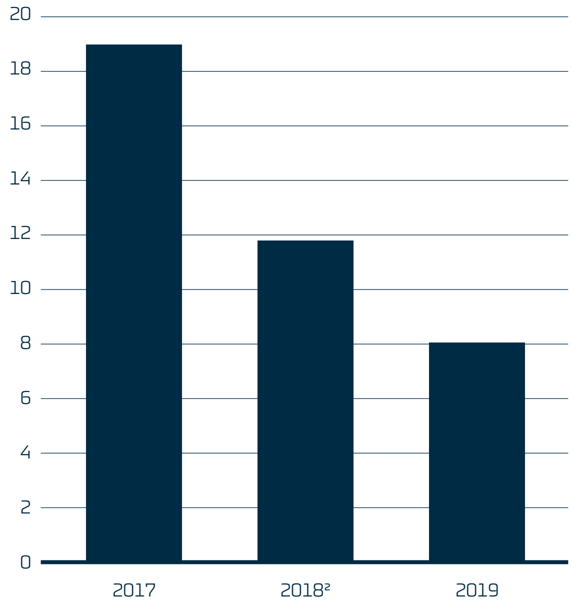
Revenue per division
DKK bn



EBITDA per division[1]
DKK bn



Return on invested capital (ROIC)[1]
%



Logistics Division
Ferry Division
Non-allocated items
DFDS Group

[1] Before special items
[2] 2018 restated to IFRS 16 on a proforma and unaudited basis

Strategy and Management well prepared for 2020 – and Win23

2019 was a challenging year for DFDS as Torben Carlsen will elaborate on in his CEO letter. Brexit in UK and the recession in Turkey both demanded extraordinary attention and efforts.

A change of CEO is always a key event. Torben Carlsen, previously DFDS' CFO, was appointed new CEO to succeed Niels Smedegaard who stepped down after 12 successful years in April 2019. As a direct consequence, Karina Deacon was appointed new CFO and member of the Executive Board in July 2019 joining DFDS on 1 January 2020.

An important milestone and a second key event of 2019 was the launch in June 2019 of the Win23 strategy setting new strategic and financial ambitions for 2023. The strategic intent of Win23 is clear: To leverage DFDS' infrastructure of ferry routes and the logistics network to achieve growth above the moderate European outlook we foresee today.

To align competences with the demands of the new strategy, the Executive Management Team was expanded from five to six members as an EVP of IT/Digital was added to the team and new EVPs for Logistics Division and People came on board. Important management changes were also made at business unit and activity levels.

Multiple layers of DFDS' top management have thus been revitalised in a process that has balanced continuity with new perspectives and competences. The Board of Directors saw additional expertise in the logistics area added as Dirk Reich replaced Jørgen Jensen.

The ambitions of Win23 are significant, yet fully aligned with the capabilities of the renewed management team.

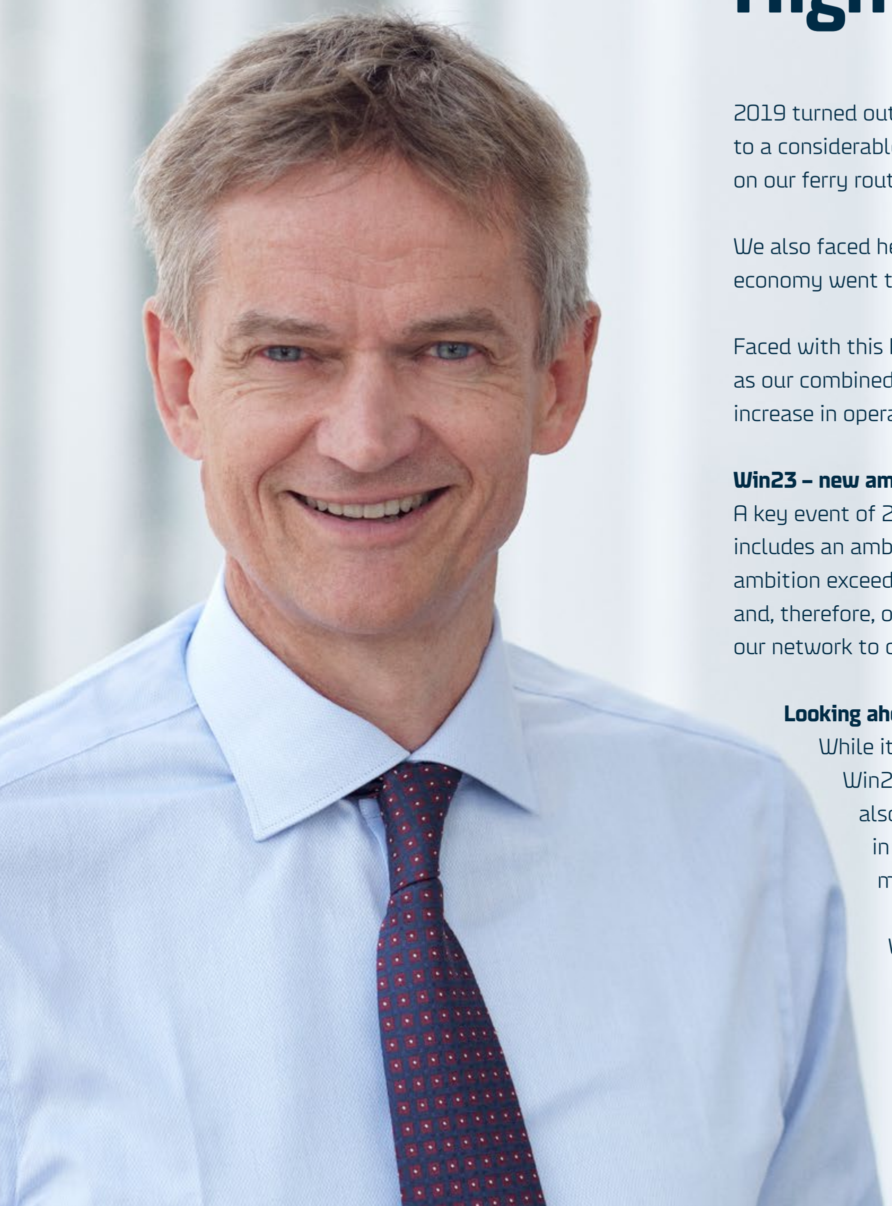
Corporate Social Responsibility (CSR)
The interest in sustainability from stakeholders, not least in our environmental footprint, continued to grow in 2019. In response to the call for climate action and the increased interest, a new CSR strategy and organisation was launched at the beginning of 2019. This, amongst many initiatives, includes an investment in a biofuel developer and a large-scale collaboration project to achieve net zero emissions. Safety remains a prevailing priority safeguarding our people and assets and forming an integral part of our strategy of Being a Caring Employer.

Capital structure
Following substantial investments in 2018 and 2019, DFDS' financial leverage is set to decrease in 2020. The Board of Directors, continuously assess the capital structure to carefully balance the spending of cash on value creating investments and distribution to shareholders. To the Annual General Meeting in March 2020, the Board of Directors proposes a dividend of DKK 4.00 per share.

Looking ahead
Whereas the market situation in Turkey seems to show signs of improvements, the negotiation strategy for the Brexit trade deal chosen by UK seems likely to extend the uncertainty that weakened trade in 2019. A key challenge will be to adapt to a possible further weakening in 2020.

With a resilient strategy and a strong management team in place, the Board and I nevertheless have great expectations to 2020. I thank all shareholders for your commitment, and I thank Management and the entire organisation for delivering yet another strong result in the demanding year of 2019.

Claus V. Hemmingsen
Chair of DFDS



High ambitions

2019 turned out to be a tougher year than anticipated as Brexit led to a considerable slowdown in both freight and passenger volumes on our ferry routes between UK and Europe.

We also faced headwind on our Mediterranean routes as Turkey's economy went through a recession in 2019.

Faced with this headwind, the resilience of our employees as well as our combined ferry and logistics network was validated by an increase in operating profit (EBITDA) of 1% to DKK 3.6bn in 2019.

Win23 – new ambitious strategy launched

A key event of 2019 was the launch of our Win23 strategy that includes an ambition to reach an EBITDA of DKK 5.5bn in 2023. This ambition exceeds the modest market growth we foresee in Europe and, therefore, our strategy is to leverage the reach and strength of our network to do more for customers and to raise efficiency.

Looking ahead

While it's up to us to deliver on the strategic initiatives of Win23, the underlying volume growth in our network also reflects external factors such as the development in consumption, manufacturing and trade in our markets.

What will 2020 bring? Will uncertainty persist until a trade agreement between UK and Europe is completed or will the new political clarity in UK fuel a pick-up in activity and investments?

As an infrastructure provider of ferry routes – around half of which link UK to Europe – our volumes mirror activity levels in the regions we connect. As it is uncertain which UK trade scenario will prevail in 2020, we initially adopt a cautious stance on volume growth in our outlook in this part of the network.

The global need for climate action is prompting more requests from customers, employees and shareholders about our footprint. We welcome the increased interest and will continue our focus on the sustainability of our business model. Let me here highlight two key targets: For greenhouse gas (GHG) emissions, we target a 45% reduction in 2030 which is more ambitious than IMO's (International Maritime Organisation) target of a 40% reduction. On gender diversity, we have set a target of 30% minority representation by 2023. More information on our approach to sustainability is available in our CSR Report: www.dfds.com/en/about/group/responsibility.

It is full steam ahead for Win23 in 2020. By year-end I expect considerable progress to have been made in all four pillars of the strategy, not least improved operational efficiency and earnings in Mediterranean.

Torben Carlsen
President and CEO

Key figures

DKK million	2019 EUR m [1]	2019	2018 [2]	2017 [2]	2016 [2]	2015 [2]
Income statement						
Revenue	2,222	16,592	15,717	14,328	13,790	13,473
• Ferry Division	1,608	12,006	11,117	9,892	9,468	9,071
• Logistics Division	712	5,319	5,324	5,160	4,930	5,034
• Non-allocated items and eliminations	-98	-734	-724	-724	-608	-631
Operating profit before depreciations (EBITDA) and special items	487	3,633	2,988	2,702	2,588	2,041
• Ferry Division	429	3,205	2,713	2,513	2,439	1,906
• Logistics Division	63	470	330	263	252	234
• Non-allocated items	-5	-42	-55	-74	-103	-99
Profit on disposal of non-current assets, net	1	6	7	7	8	5
Operating profit (EBIT) before special items	234	1,751	1,909	1,782	1,644	1,199
Special items, net	-13	-101	-49	-41	-13	-36
Operating profit (EBIT)	221	1,650	1,859	1,741	1,631	1,164
Financial items, net	-37	-278	-165	-55	-43	-121
Profit before tax	184	1,371	1,694	1,686	1,588	1,043
Profit for the year	176	1,313	1,637	1,618	1,548	1,011
Profit for the year excluding non-controling interest	175	1,309	1,630	1,617	1,548	1,011
Capital						
Total assets	3,596	26,863	22,132	13,308	13,004	12,646
DFDS A/S' share of equity	1,376	10,276	9,175	6,565	6,636	6,480
Equity	1,387	10,356	9,255	6,614	6,685	6,530
Net-interest-bearing debt	1,600	11,954	8,513	2,352	2,424	1,773
Invested capital, end of period	3,009	22,476	17,908	9,099	9,205	8,363
Invested capital, average	2,802	20,927	13,778	9,178	9,037	8,535

DKK million	2019 EUR m [1]	2019	2018 [2]	2017 [2]	2016 [2]	2015 [2]
Cash flows						
Cash flows from operating activities, before financial items and after tax	436	3,258	2,516	2,666	2,662	2,207
Cash flows from investing activities	-355	-2,651	-4,802	-1,564	-1,207	-571
Acquistion of enterprises and activities	-18	-131	-3,635	0	-51	-7
Other investments, net	-337	-2,519	-1,167	-1,564	-1,156	-564
Free cash flow (FCFF)	81	607	-2,286	1,102	1,455	1,637
Repayment of lease liabilities and interest (IFRS 16 impact reversed)	-101	-758	-	-	-	-
Adjusted free cash flow	-20	-151	-2,286	-1,102	1,455	1,637
Key operating and return ratios						
Average number of employees		8,367	7,791	7,235	7,065	6,616
Number of ships		70	70	64	63	54
Fuel consumption per nautical mile (g/GT/Nm)		4.78	4.93	5.22	5.20	-
Revenue growth, %		5.6	9.7	3.9	2.4	5.4
EBITDA margin, %		21.9	19.0	18.9	18.8	15.1
Operating margin, %		10.6	12.1	12.4	11.9	8.9
Revenue/invested capital average, (times)		0.8	1.1	1.6	1.5	1.6
Return on invested capital (ROIC), %		7.6	13.1	18.6	17.7	13.3
ROIC before special items, %		8.1	13.5	19.0	17.8	13.7
Return on equity, %		13.5	20.7	24.5	23.4	16.1
Key capital and per share ratios						
Equity ratio, %		38.6	41.8	49.7	51.4	51.6
Net-interest-bearing debt/EBITDA, times		3.3	2.8	0.9	0.9	0.9
Earnings per share (EPS), DKK		22.9	29.0	29.1	26.6	16.8
Dividend paid per share, DKK		4.0	4.0	10.0	6.0	5.4
Number of shares, end of period , '000		58,632	58,632	57,000	60,000	61,500
Weighted average number of circulating shares, '000		57,196	56,204	55,594	58,141	60,067
Share price, DKK		325.0	262,2	331.3	322.6	267.0
Market value, DKK m		18,593	14,990	18,106	18,405	15,840

[1] Applied exchange rate for euro as of 31 December 2019: 7.4660 (Average) and 7.4697 (End)
[2] Comparative numbers are not restated to IFRS 16

Management review

Growth held back by Brexit uncertainty

New Win23 strategy sets ambitions for 2023

CSR strategy increases focus on reduction of emissions

Revenue up 6%
to DKK 16.6bn

EBITDA before special items up 1%
to DKK 3.6bn

ROIC before special items of 8%

Equity ratio of 39%

Comparison figures for 2018 are restated according to IFRS 16 on a pro forma and unaudited basis in text, tables with figures and graphs throughout the Management review. 2017 is not restated.

A year of transition

As a provider of an infrastructure of ferry routes and of logistics solutions in and around Europe, major changes in the political landscape and economic activity will impact our business.

In 2019, two such major events had a negative impact on two key markets, UK and Turkey. The Brexit process became increasingly unpredictable through the year and generated a high level of uncertainty among industrials and people in general which resulted in a considerable slowdown in UK freight and passenger volumes. Turkey went into recession following a significant currency depreciation in August 2018 and this likewise had a negative impact, particularly on import volumes and thereby on the balance between import and export volumes.

Moreover, the Mediterranean route network has been in transition in 2019 to efficiently cope with additional volumes from a new, major customer added from the beginning of 2019. This transition is expected to be completed during Q2 2020 when efficiency measures are in place in the two ports currently operated in Trieste. Although this transition has been more challenging than initially expected, the long term market position has been strengthened in the process.

On this background, DFDS' operating profit (EBITDA) before special items increased 1% in 2019 to DKK 3,633m compared to 2018. The increase was mainly driven by the full-year impact of the acquisition of U. N. Ro-Ro, acquired in June 2018, while earnings for activities linked to UK was reduced by a considerable slowdown in trade volumes that began in April 2019.

2019 was initially off to a good start as Q1 2019 was positively impacted by stockbuilding ahead of the date set for Brexit at the time, 31 March 2019. This date was extended six months to October 2019 and again extended to 31 January 2020. This sequence of events led to a high level of uncertainty and trade volumes dropped considerably for the rest of the year apart from a pickup in October 2019. In 2019, freight volumes thus decreased on DFDS' Channel and North Sea ferry routes by 3% and 5%, respectively. Logistics volumes to and from UK also decreased. In addition, the number of passengers decreased 9% on DFDS' Channel routes.

The decrease in UK volumes lowered earnings in the Channel and North Sea business units in the Ferry Division as well as in the Nordic and Continent business units in the Logistics Division. In North Sea, the decrease was mitigated by income from an agreement to provide freight capacity to UK Department for Transport.

Following these events, the initial outlook for 2019 was adjusted in the Q2 2019 report. Revenue growth was reduced to 6-8% from 10-12% and EBITDA before special items was reduced 6% to DKK 3.5-3.8bn from DKK 3.8-4.0bn. In the Q3 2019 report, revenue growth was reduced to around 6% while the EBITDA outlook was reaffirmed as the range was narrowed to DKK 3.55-3.75bn, thus maintaining a mid-point of DKK 3.65bn. The reported full-

year revenue and EBITDA were thus in line with the Q3 forecast.
On a divisional level, Ferry Division's EBITDA before special items increased 1% to DKK 3,205m driven by the full-year impact of the acquisition of U. N. Ro-Ro. Logistics Division's EBITDA before special items increased 9% to DKK 470m driven mainly by further growth in contract logistics and an expanded contract for sideport shipping in Norway.

The Group's free cash flow was positive by DKK 0.6bn after net investments of DKK 2.7bn. Adjusted for IFRS 16, the free cash flow was negative by DKK 0.2bn.

Financial leverage, measured by the ratio of net interest-bearing debt (NIBD) to operating profit (EBITDA) before special items, was 3.3 at year-end compared to 3.1 at year-end 2018. The equity ratio was 39% at year-end 2019 compared to 37% in 2018.

The average number of employees increased 7% to 8,367 in 2019. The increase was mainly due to the full-year impact of the acquisition of U. N. Ro-Ro, additional contract logistics activities and more employees in IT and digital functions.

DFDS Group, key figures

DKK m	2019	2018	2017
Revenue	16,592	15,717	14,328
EBITDA*	3,633	3,589	2,702
EBIT*	1,751	1,965	1,741
Profit before tax*	1,472	1,743	1,727
Profit for the period	1,313	1,638	1,618
Free cash flow, FCFF	607	-1,685	1,102
Adjusted free cash flow, FCFF	-151	-2,286	1,102
Invested capital, end of year	22,476	20,460	9,099
Net interest-bearing debt/EBITDA*, times	3.3	3.1	0.9
Return on invested capital*, %	8.0	11.8	19.0
Number of employees, average	8,367	7,791	7,235

* Before special items

Win23: New strategic and financial ambitions set for 2023

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

The four strategic pillars listed below are the key growth drivers for the next four 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 before special items of around DKK 5.5bn in 2023 compared to DKK 3.6bn for 2018. 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 actions, one third from achievement of the business plan goals for the Mediterranean business unit and one third from acquisitions and business expansion.

At the launch of Win23, the uncertainty related to possible adverse changes in the general market environment was estimated at around 10% of the financial ambition. In 2019, the underlying performance — compared to the 2018-baseline — of activities not directly impacted by Win23 was reduced by mainly the considerable slowdown in UK trade volumes caused by Brexit.

Additional information on the Win23 strategy is available from the company announcement, **here**, and presentations at DFDS' Capital Markets Day held on 18 June 2019, **here**.

Major events in 2019

An overview of major events of the year is provided on page 19, divided into three sections: business development and competition; operations and digital; and people, environment and finance. The most important of these events are reviewed in this section.

Business development and competition

Fleet renewal program

To enable freight customers to grow their business on DFDS' routes and to support trade and growth in Europe, a fleet renewal program was initiated in 2016 comprising:

- Six freight ferry (ro-ro) newbuildings. 6,700 lane metres of freight capacity per ferry equivalent to around 450 trailers
- Two combined freight and passenger (ro-pax) newbuildings. 4,500 lane metres of freight and passenger vehicles capacity per ferry as well as on board facilities for 600 passengers
- A 10-year bareboat charter agreement for a combined freight and passenger (ro-pax) newbuilding. 3,100 lane meters of freight capacity and on board facilities for 1,000 passengers.

Three of the freight newbuildings were delivered in 2019, one was delivered in early 2020 and the last two are expected to be delivered later in 2020. The new ferries decrease unit costs and the environmental impact per transported unit. All six ferries are being built by Jinling Shipyard in China.

The two combined freight and passenger newbuildings (ro-pax) are expected to be delivered towards the end of 2021 for deployment in the Baltic route network. The two ferries are being built by Guangzhou Shipyard International Co, Ltd. at their Nansha Yard in China.

The chartered newbuilding is being tailored to DFDS' requirements for deployment on the Channel. Delivery is planned for 2021.

5-year agreement with Stora Enso and new route

In May 2019, DFDS and Stora Enso entered into a 5-year agreement to annually carry around 700,000 tons of paper and board products between Gothenburg and Zeebrugge. To accommodate the volumes of the agreement, a new route was opened in June 2019 between Gothenburg, Sweden, and Zeebrugge, Belgium.

The route initially deployed three freight ferries. In November 2019, two mutual space charter agreements were entered into with CLdN that also operates a freight ferry route between Gothenburg and Zeebrugge. The space charter agreements entail that capacity is shared between the 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 or sold.

New, major customer in Mediterranean

A new major customer agreement was added to the Mediterranean route network from the beginning of 2019. The agreement initially added 30% more volumes to the main corridor between Istanbul and Trieste. The agreement was entered into on 21 December 2018 and already from 30 December 2018 additional ferry and port capacity was added. The fast ramp-up of capacity, not least several new ports, increased the operational complexity and created, among other things, congestion in ports and reduced the reliability of services to some customers during 2019.

Restructuring of Mediterranean route network

Besides the fast ramp-up of route and port terminal capacity mentioned above, a new route to France was added in July 2019. This resulted in more operational complexity that was remedied by a restructuring of the route network started in October 2019. The ramp-up had also included deployment of two mega freight ferry newbuildings.

As part of the restructuring, 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 resulted in a one-off cost reported under Special items in the Q4 2019 report. In Istanbul, all sailings to France from Istanbul, that previously departed from two ports, were moved to the Yalova port terminal. In addition, two weekly sailings to Trieste depart from Yalova. All other sailings from Istanbul to Trieste were moved to the Pendik port terminal. 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.

Agreement on new ferries to Amsterdam-Newcastle cancelled

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

Sale of two ferries

A freight ferry (ro-ro), Anglia Seaways, built in 2000 was sold to Attica Group in May 2019. Delivery took place in July 2019. The freight capacity of the ferry was 1,680 lane metres. The sales price was DKK 94m entailing a profit of DKK 30m reported as Special items.

A combined freight and passenger ferry (ro-pax), Liverpool Seaways, built 1997 was sold in September 2019 to La Meridionale. The ferry will be delivered to the new owner in April 2020. 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 reported as Special items. The ferry is reported as an asset held for sale.

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.

Collaboration with Volvo Trucks on autonomous transport

In June 2019, DFDS entered into a collaboration with Volvo Trucks concerning their electric, connected and autonomous vehicle Vera. The aim is to develop and test an integrated solution for transporting goods from a logistics centre to a port terminal in Gothenburg, Sweden, using Vera, Volvo Trucks' first autonomous solution, designed for repetitive assignments in logistics centres, factories and ports. Vera is suited for short distances, transporting large volumes of goods with high precision.

The collaboration is a first step towards implementing Vera in a real transport assignment on pre-defined public roads in an industrial area. The collaboration will assist DFDS to develop an efficient, flexible and sustainable long-term solution for receiving autonomous vehicles arriving at port terminal gates for the benefit of customers, the environment and business development.

Award of contract from UK Department for Transport

DFDS entered into a contract with the UK Department for Transport to provide additional freight ferry capacity in the event of a no-deal Brexit for six months from 29 March 2019.

The UK Department for Transport notified DFDS on 1 May 2019 that they wished to terminate the agreement and a cancellation fee was received in accordance with the agreement to cover costs incurred in ensuring availability of capacity for the six-month duration of the agreement.

Operations and digital

Scrubber installations on Mediterranean fleet

In September 2018, an investment was announced to install hybrid scrubbers on 12 freight ferries deployed on freight routes in the Mediterranean between Turkey, Italy, Greece and France. The two mega freight ferry newbuildings also deployed in the Mediterranean are equipped with scrubbers from the yard. The investment ensures compliance with the new global rules that from 2020 aim to reduce sulphur emissions through limiting sulphur content in marine fuel oil to 0.5% or through other means, such as scrubbers, with at least a similar environmental effect.

The investment decision is based on the scrubber strategy that was applied in 2015 for the transition to the 0.1% sulphur content limit for DFDS' ferry route network in northern Europe. This strategy has proven to be a success from both an environmental, operational and business perspective. By applying DFDS' extensive experience of procuring, installing and operating scrubber systems both operational and financial synergies are expected to be achieved.

On 1 February 2020, eight of a total of 14 scrubbers were in operation and the remaining installations are expected to be completed by latest August 2020. In the installation period, a replacement freight ferry is being deployed which adds operational cost.

Customer Focus

In 2019, a new Client Engagement team was formed to build strong partnerships with our customers to satisfy their needs based on continuous collaboration. Customer Focus initiatives are used to identify those needs as well as their challenges across the three main types of customer services and solutions provided: freight ferry, transport and logistics, and passenger ferry.

In the table above the results of the annual customer focus survey are reported. The overall customer satisfaction is measured by CSAT and NPS scores as defined in the table.

Freight ferry services recorded a slight decline in customer loyalty, the NPS score, while the customer satisfaction score remained stable. Most of the freight ferry services scored higher or on level with 2018 while the score for the Mediterranean business unit was lower. The NPS score increased to 43 from 38 for freight ferry services excluding Mediterranean. The lower score for Mediterranean was linked to the fast ramp-up of capacity at the beginning of 2019 which, among other things, impacted the reliability of services negatively in some periods through the year. Most of the operational issues experienced in 2019 have now been resolved and efforts are continuing to ensure improved satisfaction and loyalty in 2020. The feedback for freight ferry services also helps to identify areas that are most critical for supply chain

Customer satisfaction scores

	CSAT[1]		NPS[2]		SCALE
	2019	2018	2019	2018	
Freight ferry services	7.9	8.2	33	34	Very Good
Transport and logistics solutions	8.0	7.7	27	15	Good
Passenger ferry services	8.0	7.9	36	31	Very Good

1 CSAT asks customers "How would you rate the overall performance, products and services of DFDS?" and is measured on a 10-point scale (1-Not satisfied at all 10-Fully satisfied)

2 NPS asks customers "How likely would you be to recommend the products/services of DFDS?" on a 10-point scale (1-Not at all likely; 10-Extremely likely). The NPS is an aggregate score created by subtracting the percentage of detractors (those who gave scores from 1 to 6) from the percentage of promoters (those who gave scores of 9 and 10)

flows, including communication, digitisation, operational improvement on vessels and in port terminals.

Logistics services and solutions recorded higher satisfaction and loyalty in 2019. A key driver of the improvement was a higher frequency of communication with customers which enabled requests to be resolved more promptly. The unpredictable Brexit process also led to a closer dialogue with customers. A wider scope of services and operating countries/locations also contributed. The number of participants in the feedback process was increased in 2019.

Scores for passenger ferry services increased compared to 2018 mainly due to improvement of both satisfaction and loyalty on the Channel routes linked primarily to on board catering and facilities. Scores for the Scandinavian and Baltic routes were on level with 2018.

Improvement and efficiency projects

A number of projects were ongoing or initiated in 2019, including yield management, procurement, boost projects for two Logistics activities and projects related to utilising artificial intelligence and smart data. The projects were after the launch of the Win23 strategy in June 2019 transferred to Organic Actions (Pillar C) of the strategy and since then tracked as part of the financial ambition of the strategy.

Digital - cross-functional collaboration and agility

Strategy execution continued in 2019 with a specific focus on improving collaboration across business, customer experience and technology functions, to reduce time-to-market and enhance the relevance of new developments. A new approach was piloted with DFDS Direct, a Win23 prioritised intiaitive, where a dedicated cross-functional team is ensuring the growth of this new digital business venture. Organisational complexity has been reduced by the merge of functions working with digital customer experience, data and innovation, and will continue into 2020 with the appointment of a new CTO (Chief Technology Officer), and the subsequent merger of Digital & IT functions.

Digital go-to-market

DFDS' entire web presence was unified onto our CEM (Customer Experience Management) platform in 2019. More than 58% of visitors in 2019 accessed the web site on a mobile device (50% for non-Passengers) validating a mobile-first strategy. A new DFDS mobile app was launched in the summer and is gaining traction amongst Passenger customers. Freight customers are due to be onboarded to the new app in the first half of 2020. We continue our focus on enabling Freight & Logistics customers to seamlessly transact business with us online, in support of Win23 goals, especially smaller customers with simple transportation needs. The second half of 2019 brought some disruption to planned developments as the need to prepare for Brexit took priority.

Automation and data

The automated logistics quotation tool is now seamlessly connected with the digital customer experience as part of the DFDS Direct initiative, and similar efforts are ongoing to connect individual automation use cases with elements of the customer experience. In parallel, we continue our work on automating for internal operational efficiency, using a variety of machine learning techniques and RPA (Robotic Process Automation) to address use cases such as asset utilization, yield management and target setting, that will deliver concrete savings towards our Win23 target. Smart drones are also being tested in port terminals to provide support for security and tracking of freight units Data literacy and imbuing our working culture with a data-driven mindset are also top of the agenda.

IT foundation: ERP and architectural maturity top the bill

Implementation of a new ERP (Enterprise Resource Planning) system started in 2019, and is expected to be rolled-out over the next two to three years. The new ERP will be a critical back-office enabler for operational automation, and touches all areas of our business. The project has started with a focus on finance and HR capabilities, including extensive integrations between these areas and our core operational systems.

Cybersecurity continues to be a focus, not just from a technology but also a behavioural perspective, with security and privacy training mandated for all employees. Further investments are being made in IT Security to increase the quality of service in the work to secure all parts of our business. In 2020, an external security provider will assist with fast response and forensic analysis, as well as proactive updates of threat prevention intelligence systems.

The IT development centre in Istanbul grew during 2019, and is a now a vital part of our software development efforts as we progress towards a composable architecture.

Innovation & partnerships

2019 has been a significant year for our Innovation team. Development of alternative fuels is a major focus for Innovation, and one which is being pursued extensively through partnerships with start-ups, customers, energy companies and suppliers, taking us closer to our vision of being able to offer CO2 neutral transport corridors. See also the CSR report for more information on decarbonisation and emissions. The roadmap towards autonomous logistics is also a high priority and a key development in 2019 was the initiation of a collaboration with Volvo. Developments at the Gothenburg terminal to support this project are also serving as inspiration for more immediate automation at other terminals, as well as for how we make our core software foundation more composable and event-driven.

In April 2019, an investment was made in the start-up company MASH Energy ApS that produces biofuel from agricultural waste, currently from the by-products of nut processing in Tanzania and India. The biofuel is CO2 neutral and can be used in ships. In addition, the residual product is an effective fertiliser and will also contribute to reduce CO2 emissions.

Together with MASH Energy, the goal is to develop a commercially viable alternative to fossil fuels, including testing on a DFDS ferry.

Environment, people and finance

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.

People

Reporting on people and environment is part of DFDS' CSR report. A CSR summary is included in this report on pages 38-41. The full CSR Report 2019 is available from this link: https://www.dfds.com/en/about/group/responsibility.

DFDS' People activities aim to support employees and business units in making the right decisions with regard to recruitment, retention, employee and management development, talent spotting, performance management, compensation and benefits as well as organisational efficiency. More information about employees and people management is available from DFDS' CSR report: https://www.dfds.com/en/about/group/responsibility.

Executive management changes in DFDS

In March 2019, Torben Carlsen was appointed new CEO with effect from 1 May 2019 following Niels Smedegaard's resignation after 12 years as CEO.

In July 2019, Karina Deacon was appointed new CFO with effect from 1 January 2020. Karina Deacon also join Torben Carlsen in the Group's Executive Board and also join the Group's Executive Management Team.

The Group's Executive Management Team was renewed and expanded in 2019. Eddie Green, EVP and Head of DFDS' Logistics Division, moved into a new role as head of the Cold Chain logistics business, within the Logistics Division, that is one of three select growth areas in the Win23 strategy. Niklas Andersson, previously Head of Nordic and Continent business units in the Logistics Division, was appointed new EVP and Head of Logistics Division effective 1 September 2019.

Anne-Christine Ahrenkiel joined DFDS as EVP, Chief People Officer, on 21 October 2019 replacing Henrik Holck who left DFDS earlier in 2019. Lastly, the Group's Executive Management Team was expanded with a CTO (Chief Technology Officer) and EVP. Rune Keldsen was appointed to this position in January 2020.

Issue of NOK 400m unsecured bond

A NOK 400m senior unsecured bond was issued on 7 June 2019 maturing in 2024 with a coupon of 3-month Nibor + 150 bps and priced at par. The bond was swapped into Danish kroner. The purpose of the bond issue was to refinance existing bonds and extend debt maturity as well as general corporate purposes.

From the fields to Britain's dinner tables

We transport potatoes from the field to the factory, and DFDS is also part of the chain when the processed fries are frozen, stored, transported and distributed to the retail stores on their way to the dinner tables.

IMPORTANT EVENTS 2019

	BUSINESS DEVELOPMENT AND COMPETITION	OPERATIONS AND DIGITAL	ENVIRONMENT, PEOPLE AND FINANCE
January			• New accounting rules on leased assets, IFRS 16, come into effect. Proforma unaudited restatement of 2018 according to new rules released
February		• First mega freight ferry newbuilding deployed between Turkey & Italy	
March	• Closure of freight ferry route operated as a space charter between Germany and Russia	• Aquaculture warehouse expanded for cold chain activities in Larkhall • Brexit extended six months from 31 March 2019	• Niels Smedegaard steps down as CEO after joining DFDS as CEO in 2007 • Torben Carlsen appointed new CEO after joining DFDS as CFO in 2009 • Henrik Holck, EVP People & Ships, leaves DFDS • Annual general meeting (AGM) • Pearl Seaways connected to shore power in Oslo
April	• DFDS exits joint venture with Suardiaz Group on container line between UK/Ireland and Spain		• Investment in biofuel developer Mash Energy
May	• 5-year agreement entered into with Stora Enso and new route opened between Gothenburg and Zeebrugge in June, including purchase of two freight ferries (ro-ro) • Sale of Anglia Seaways, freight ferry (ro-ro), for delivery in July 2019		• Eddie Green steps down as Head of Logistics Division and becomes Head of Cold Chain • Niklas Andersson appointed new Head of Logistics Division and EVP • New corporate bond of NOK 400m issued
June	• Win23 strategy launched at capital markets day in Copenhagen • Collaboration with Volvo Trucks concerning their electric, connected and autonomous vehicle Vera launched	• Logistics office in Vilnius closed	• DFDS joins ZEEDS (Zero Emission Energy Distribution at Sea)
July		• Second mega freight ferry newbuilding deployed between Turkey and Italy • Grimsby starts work to centralise all cold chain logistcs activities to one joint site • Start of new route between Yalova port terminal in Istanbul and Sète in France	• Karina Deacon appointed new CFO and member of Executive Board • Dirk Reich elected to Board of Directors at extraordinary general meeting
August			• Anne-Christine Ahrenkiel appointed new Chief People Officer and EVP
September	• Agreement on new ferries for Amsterdam-Newcastle route entered into with Moby • Sale of Liverpool Seaways, combined freight and passenger ferry, for delivery in April 2020	• New mobile app launched for ferry passengers	• DFDS joins Getting to Zero Coalition (industry-led collaboration to develop zero-emission vessels) • Fatal accident on board freight ferry in port of Trieste
October	• Vlaardingen port terminal starts container services • Agreement with Moby on new ferries for Amsterdam-Newcastle route cancelled	• Restructuring of Mediterranean route network launched, including consolidation of calls in port of Sète. Calls to Toulon terminated • Brexit extended three months from 29 October 2019	• Shore power letter of intent for Copenhagen entered into with CMP (Copenhagen Malmö Port)
November	• Space charter agreements entered into with CLdN on Gothenburg-Zeebrugge route	• New freight ferry customer services Priority Discharge and Available Pick-up Time launched on Vlaardingen-Immingham route • DFDS Direct – new organisation in place to drive digital business model development for Logistics Division • Smart drones tested in Ghent port terminal	• Aluminium sails tested on bord Lysbris Seaways • 25 migrants discovered in refrigerated trailer in port of Vlaardingen
December	• Dutch logistics company Huisman acquired • Finnish logistics company Freeco acquired	• Third mega freight ferry newbuilding deployed on Gothenburg-Ghent route	

Major events after 2019

There are no major events to report after 2019.

Implementation of new accounting standard on leases - IFRS 16

With effect from 1 January 2019, the IFRS 16 accounting standard on leases has been implemented. This requires operating lease contractsto be recognised in the balance sheet.

According to the adopted modified retrospective approach, comparative figures prior to 2019 are not restated. A pro forma unaudited restatement for 2018 has, however, been prepared to provide comparison figures for 2019. The full restatement is included in the Q4 2019 report.

In this annual report, in accordance with the IFRS 16 implementation method applied by DFDS, 2018 is not restated in the Key figures on page 10 and 2018 is likewise not restated in the Consolidated financials section starting on page 62.

Comparison figures for 2018 are restated according to IFRS 16 on a pro forma and unaudited basis in the text and in the tables with figures throughout the Management report section.

The implementation of IFRS 16 is desribed in Note 1 and Note 3.1.3 on pages 70 and 86-88, respectively.

ROIC and capital structure

Return on invested capital

DFDS' return target is a minimum ROIC (return on invested capital) of 8% before special items and after tax over a business cycle. DFDS' weighted average cost of capital is around 5.0%.

Financial performance is underpinned by a ROIC Drive programme covering all profit generating businesses equal to around 90 activities. The program includes a simple ROIC-scorecard, high-level three-year business plans, multiple annual sparring sessions between local and top management held at business locations and internal performance benchmarking.

The Group's ROIC, including special items, was 7.5% in 2019 compared to 11.5% in 2018. Before special items, the return was 8.0% in 2019 compared to 11.8% in 2018.

The decrease in ROIC in 2019 was mainly due to the full-year impact of the acquisition of U. N. Ro-Ro effective from June 2018. In addition, the ROIC of business units linked to UK were negatively impacted by Brexit, particularly Channel and North Sea in Ferry Division and Nordic and Continent in Logistics Division.

The ROIC of Ferry Division decreased to 8.7% from 12.4% in 2018 following mainly the impacts mentioned above and a lower return in the Passenger business unit.

The ROIC of Logistics Division decreased in 2019 to 8.8% from 12.3% in 2018 likewise mainly due to a negative impact from Brexit. The UK & Ireland business unit that predominantly operates domestic activities improved ROIC to 12.8% in 2019.

There are a number of activities within the business units of both divisions that performed below 8% in 2019. A primary focus of the ROIC Drive programme is to contribute to improving the performance of such activities by encouraging and monitoring the implementation of business plans, supplemented by structural solutions if required.

The most important variance in that regard is Mediterranean's ROIC of 2%. Mediterranean's business plan fulfillment is one of three key financial drivers of Win23. Achievement of the 2023-ambition for Mediterranean is excpected to increase ROIC to above 8%.

Capital structure

The leverage of DFDS' capital structure is defined as the ratio of net interest-bearing debt (NIBD) to operating profit before depreciation (EBITDA) and special items. Target leverage is an NIBD/EBITDA-ratio of between 2.0 and 3.0. At the end of 2019, the NIBD/EBITDA-ratio was 3.3.

DFDS' Board of Directors continuously assesses the capital structure in relation to current and expected future earnings as well as future investment requirements, including acquisitions.

The capital distribution policy, distribution in 2019 and proposal for distribution in 2020 are reported on page 47.

Business model and assets

Business model

DFDS moves freight and passengers on ferry routes in and around Europe. In addition, transport and logistics solutions are provided to a wide range of businesses using the ferry routes as part of the solution whenever that is the most efficient choice.

In total, around 85% of DFDS' revenue derives from freight activities and 15% derives from passenger activities.

Ferry activities

DFDS' ferry routes aim to provide reliable and efficient services for trade and travel, as such the routes are part of Europe's transport infrastructure.

The location and capacity of DFDS' ferry routes is determined by demand from businesses and consumers. Some routes link regions with a high level of manufacturing activity and carry only freight, and some routes serve freight and passenger markets at the same time. Two routes in the network connect attractive city destinations and carry mainly passengers.

Port terminals are operated in key hubs to ensure access and efficiency, and also to offer additional services to freight customers, for example warehousing and storage.

All routes operate according to fixed schedules with capacity determined by the number and size of ferries deployed on each route, given the frequency of the schedule.

Return on invested capital (ROIC) 2019

	Average invested capital, DKK m	ROIC before special items, %
DFDS Group	21,438	8.0
Divisions & business units		
Ferry Division	19,318	8.7
North Sea	5,520	12.1
Baltic Sea	1,384	24.7
Channel	1,830	14.6
Mediterranean	9,304	2.4
Passenger	790	7.1
Non-allocated	490	24.9
Logistics Division	1,606	8.8
Nordic	462	9.6
Continent	691	5.7
UK & Ireland	453	12.8
Group Non-allocated items	513	n.a.

Different ferry types are deployed on the routes according to customer requirements. Freight ferries (ro-ro) are deployed on routes carrying only freight, combined freight and passenger ferries (ro-pax) are deployed on routes where the demand for freight capacity exceeds passenger demand. Passenger cruise ferries are deployed on routes that predominantly carry passengers and have a wide range of on board facilities to make the journey itself an attractive experience.

The purpose of ferries is to carry freight units and cars that are rolled on and off, hence the 'ro-ro' abbreviation.

Around 80% of the freight carried on DFDS' ferry routes are trailers that contain a wide variety of goods mostly for fast delivery within a few days. Forwarders and hauliers are the main freight customers of the routes.

Trailers can be accompanied by a truck driver throughout a crossing or the trailer can be unaccompanied, i.e. it is delivered to the port and loaded on the ferry as part of port operations. On most longer routes the trailers are not accompanied by a driver and vice versa on short crossings. Between Turkey and Europe all trailers are unaccompanied, the North Sea is mainly an unaccompanied market while trailers on the Baltic Sea are mostly accompanied which requires ferries with cabins to accommodate drivers. On the Channel, almost all trailers are accompanied but no cabins are required due to the short duration of the crossing.

On a number of routes, mostly from Scandinavia to UK and European continent, heavy industrial cargo is carried for manufacturers. This typically requires specialised equipment as well as port terminal and warehousing services.

Apart from the location of a route, key elements of the value proposition to freight customers are schedules that match market requirements, capacity allowing customers to grow their business, reliability and being easy to work with. The latter includes both digital solutions and relationships.

For passengers, a key element of the value proposition is likewise the route location. Moreover, the ability to bring a car, the on board facilities, reliability, high season capacity and an easy booking process are all important.

To operate ferry routes and port terminals, including warehouses, a range of assets are deployed that are both owned and leased. Information on the fleet is reported on p 23 and more details are available in the Fleet Overview on p 142-144.

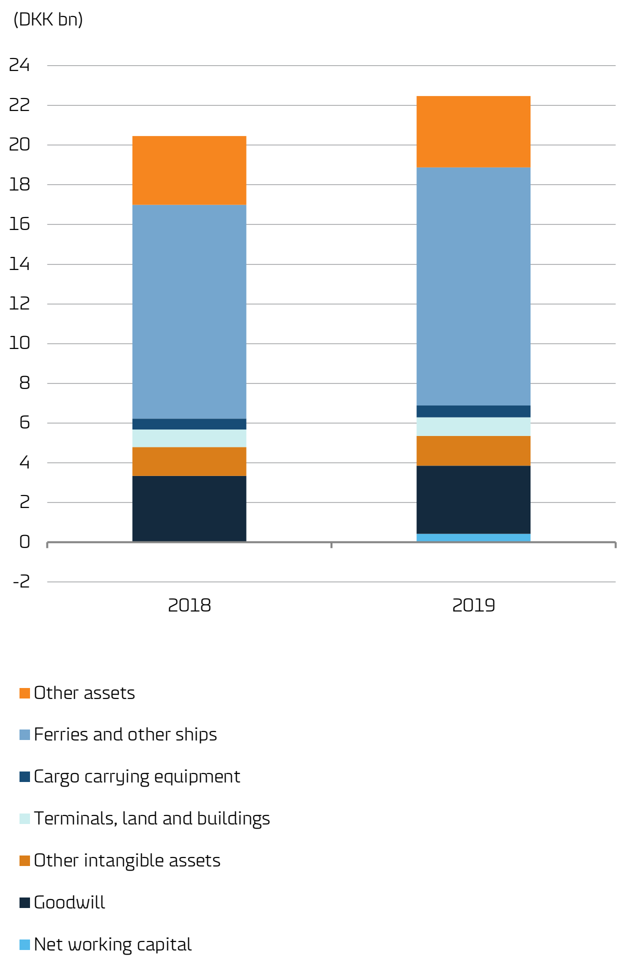
Logistics activities

DFDS provides transport and logistics solutions that to a large extent uses DFDS' route network as part of the solutions. The business model aims to provide flexible solutions that fit customer requirements and allows for fast reactions to changes in market conditions.

The main activity is transport solutions for full- and part-loads in both ambient and temperature-con trolled trailers. Another large activity is logistics solutions that are developed in partnership with customers, including manufacturers and retailers. Such solutions can include warehousing and cross-docking services, freight management contracts and just-in-time/sequence deliveries.

DFDS deploys a mix of owned and leased trailers while most transports are subcontracted to a network of carriers: Hauliers, rail operators, ferry operators and container shipping operators. Own drivers and trucks are deployed in some contract logistics and distribution activities. A number of warehouses are also operated as part of contract logistics activities.

Invested capital (year-end)



Assets and invested capital

The ferry routes deployed 54 ferries at the end of 2019, of which 46 were owned and eight were chartered in for varying periods.

The ownership share of ferries is to a large extent determined by the required degree of specialisation of a ferry in order to match customer needs on different routes. In addition, ferry operators have in recent years in general increased their share of ownership, partly due to the specialisation and growing size of ferries and partly due to fewer companies focused on owning and chartering out ferries.

The degree of specialisation of freight ferries (ro-ro, ro-pax) is linked to capacity requirements for freight and passengers, configuration of passenger areas, deck strength for loading of heavy freight, hanging decks for cars, sailing speed, fuel efficiency and ramps, including requirements for turnaround speed in ports.

The lifespan of freight and passenger ferries is normally 35 years and the duration of port-terminal leases is typically between 10 and 40 years.

The assets deployed in Logistics mainly include cargo carrying equipment such as trailers and containers. It also includes warehouses and storage facilities.

Fleet overview and key figures, year-end 2019

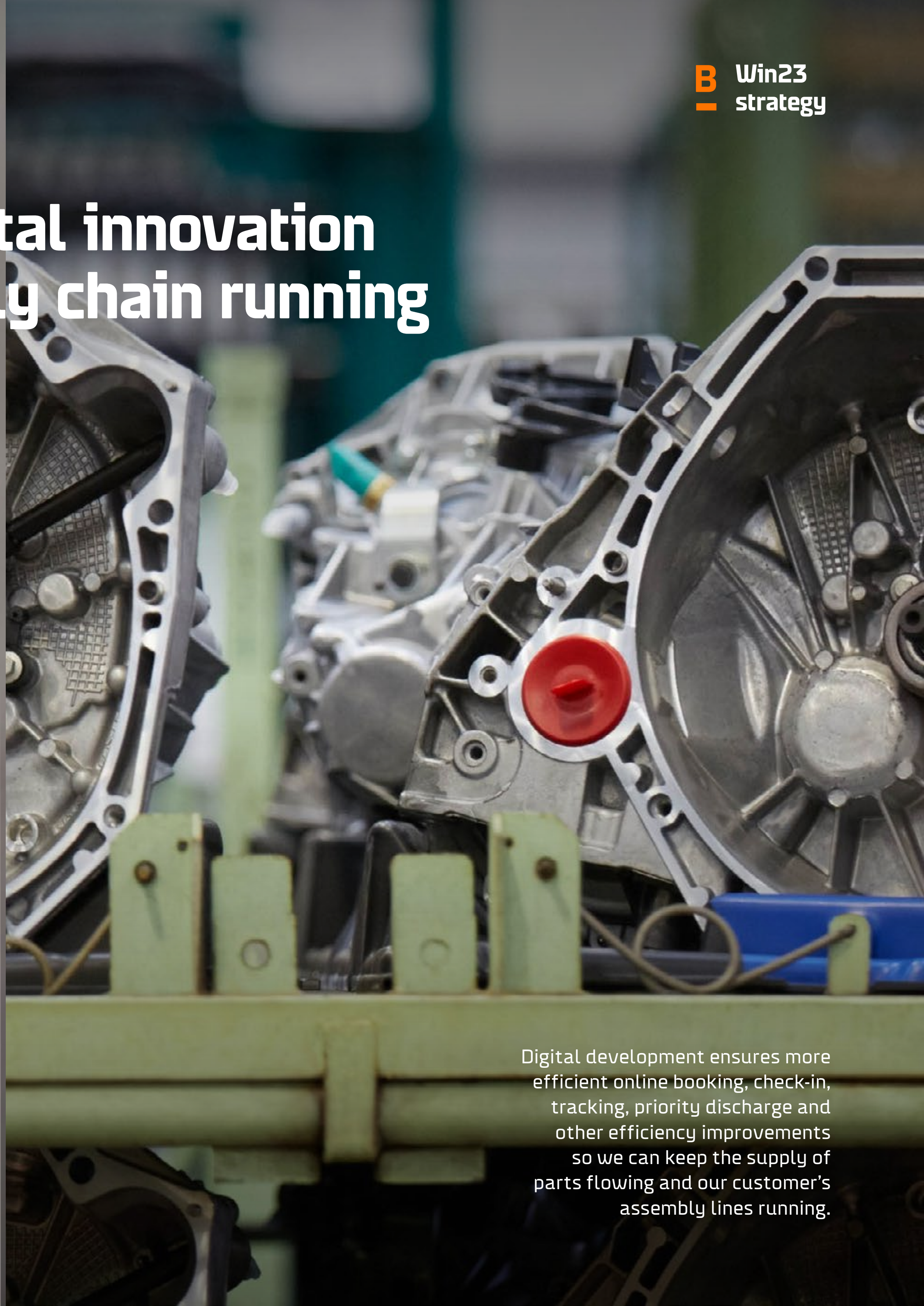
	Total fleet	Freight ferries	Freight & passenger ferries	Cruise ferries	Sideport and container ships	Ownership share, %	Average age of owned ships, yrs
DFDS Group	70	36	16	4	14	-	-
Ferry Division	54	36	14	4	-	-	-
North Sea	18	18	-	-	-	82	14
Baltic Sea	8	1	7	-	-	67	19
Channel	7	-	7	-	-	86	17
Mediterranean	17	17	-	-	-	81	12
Passenger	4	-	-	4	-	100	30
Logistics Division	14	-	-	-	14	-	-
Nordic[1]	7	-	-	-	7	29	21
Continent[1]	7	-	-	-	7	0	-
Chartered out ships	1	-	1	-	-	100	17
Laid-up ships	1	-	1	-	-	0	19

[1] Includes VSAs (vessel sharing agreements) and SCAs (slot charter agreements)

At the end of 2019, the total invested capital was DKK 22.5bn, including leased assets of DKK 3.3bn. 53% of the invested capital consisted of owned ferries and other ships and 7% consisted of owned port terminals, land and buildings and cargo carrying equipment. 22% of the invested capital was goodwill and other intangible assets. The net working capital was DKK 0.4bn defined as all non-interest bearing non-current and current assets and liabilities.

Ferry Division's invested capital was DKK 20.0bn at year-end 2019 while Logistics Division's invested capital was DKK 1.8bn.

Non-stop digital innovation keeps the supply chain running



Digital development ensures more efficient online booking, check-in, tracking, priority discharge and other efficiency improvements so we can keep the supply of parts flowing and our customer's assembly lines running.

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 outbreak of the Coronavirus in China and subsequent travel restrictions could have an impact in 2020 on the demand for European passenger ferry services and the delivery schedule of remaining newbuildings from China.

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

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).

Positive impact from Win23 strategy initiatives expected
The overall financial ambition of Win23 is to achieve an EBITDA before special items of around DKK 5.5bn in 2023 driven by three key drivers:

- Organic growth initiatives
- 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 growth initiatives is expected to come from the deployment of two freight ferry newbuildings 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.

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.

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
- 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).

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 and extra-ordinary events such as virus outbreaks. The outlook can moreover be impacted by political changes, first and foremost within EU and Turkey. In that regard, Brexit cotinues to constitute 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.

Risk factors are reviewed on pages 42-45 in this report.

Ferry Division

Brexit lowered UK trade volumes with largest impact on Channel's result

Fast Mediterranean capacity ramp-up delivered growth but at reduced margins

Head of division
Peder Gellert Pedersen

Share of DFDS Group revenue 2019
69%

Business areas
- North Sea
- Baltic Sea
- Channel
- Mediterranean
- Passenger

- Revenue up 8% to DKK 12.0bn
- EBIT before special items down 9% to DKK 1.7bn
- ROIC before special items of 9%

Ferry Division, DKK m	2019	2018	Δ	Δ %
Revenue	12,006	11,117	889	8.0%
EBITDA before special items	3,205	3,179	26	0.8%
Share of profit/loss of associates and joint ventures	6	2	4	n.a.
Profit/loss on disposal of non-current assets, net	2	1	1	51.8%
Depreciation and impairment	-1,512	-1,323	-189	14.3%
EBIT before special items	1,701	1,859	-158	-8.5%
EBIT-margin before special items, %	14.2	16.7	-2.5	n.a.
Special items, net	-53	17	-70	n.a.
EBIT	1,648	1,876	-228	-12.2%
Invested capital, average	19,318	14,783	4,535	30.7%
ROIC before special items, %	8.7	12.4	-3.7	n.a.
Lane metres, '000	41,280	40,077	1,203	3.0%
Passengers, '000	5,116	5,439	-323	-5.9%

Ferry Division's revenue increased 8% to DKK 12,006m compared to 2018. The increase was driven by the full-year impact of the acquisition of U.N. Ro-Ro and the addition of a new, major customer at the beginning of 2019 in the Mediterranean route network. EBIT before special items decreased 9% to DKK 1,701m and after special items EBIT decreased 12%.

The return on invested capital, ROIC, before special items decreased to 8.7% in 2019 from 12.4% in 2018 due to the full-year impact of the acquisition of U.N. Ro-Ro and a negative earnings impact as uncertainty linked to Brexit lowered UK freight and passenger volumes. Average invested capital increased 31% to DKK 19,318m compared to 2018.

North Sea

Revenue increased 1% to DKK 3,777m compared to 2018 and EBIT before special items decreased 3% to DKK 675m.

Freight volumes decreased 5% in 2019 adjusted for the opening of a new route between Gothenburg and Zeebrugge in June 2019. The volume decrease was caused by uncertainty linked to Brexit. Q1 volumes were boosted by stockpiling ahead of a potential Brexit date end March. In the following three quarters uncertainty about the Brexit process and outcome led to a downturn in trade between UK and the rest of Europe, and hence lower freight ferry volumes, as some manufacturers and consumers adopted a wait-and-see approach. The downturn was particularly pronounced for the automotive industry as car sales slowed and volumes of both finished cars and spare parts decreased. Volumes for other industry sectors were also negatively impacted. Temperature controlled freight volumes, mostly medicine and food products, were less impacted.

Ahead of the potential Brexit date of end March 2019, a six-month agreement was entered into with the UK Department for Transport regarding supply of freight ferry capacity, port terminal space and transport of critical goods to UK. The agreement partly mitigated the loss of volumes in Q2 and Q3.

In June 2019, a five-year agreement was entered into with Stora Enso to transport paper and board products between Gothenburg and Zeebrugge, and a new route was opened to accommodate the volumes between these ports. In November 2019, two mutual space charter agreements with entered into with CLdN, starting 21 January 2020, that also operates a freight ferry route between Gothenburg and Zeebrugge. The agreement optimises capacity utilisation in the corridor and reduces the environmental impact. The new route was lossmaking in 2019 but is expected to improve in 2020.

A new mega freight ferry was deployed on the route between Gothenburg and Ghent from the end of November 2019. This ferry is expected to be transferred to Gothenburg-Zeebrugge from April 2020 and two mega freight ferries are expected to replace three freight ferries between Vlaardingen and Immingham, one starting in February 2020 and one in June 2020.

Baltic Sea

Revenue decreased 2% to DKK 1,472m compared to 2018 but was on level with 2018 when adjusted for the decrease in capacity between Germany and Russia during the year. The route was operated as a space charter agreement and closed in April 2019. EBIT before special items decreased 5% to DKK 345m.

Freight volumes were up 2% compared to 2018 adjusted for the closure of the route mentioned above. There was some headwind from trading conditions during the year as a low SEK weakened imports to Sweden and activity in Germany slowed. There was an increase of capacity and competition between Sweden and Lithuania during the year which is expected to continue in 2020.

The Q1 2019 result was reduced by one-off additional ferry costs, including bunker, as several dockings, one extended, required deployment of replacement ferries to maintain customer service and capacity. This included deployment of a passenger ferry for 1.5 months which in turn reduced departures on Amsterdam-Newcastle in the Passenger business unit.

Passenger volumes increased 9% in 2019 driven by a positive contribution from all routes, especially between Germany and Lithuania.

Channel

Revenue decreased 4% to DKK 2,678m compared to 2018 and EBIT before special items decreased 32% to DKK 268m.

Freight volumes decreased 3% and passenger volumes decreased 9% compared to 2018. The trading pattern of freight volumes mirrored the North Sea volumes with an initial boost in Q1 followed by a downturn in the following three quarters. Pricing was negatively impacted in the second half of the year as market share was regained following a reduction in Q2. Total volumes in the Dover Strait freight market decreased 5% in 2019 and DFDS' market share thus increased slightly in 2019.

The decrease in passenger volumes was higher than the 5% decrease in the total market. Remedies to the sales strategy, however, improved the market share in the second half of the year and through the year more effective pricing models and enhanced yield management improved pricing. Volumes of central European tourism passenger were in general less impacted by Brexit while UK and eastern European volumes were lower.

Mediterranean

2019 includes a full-year impact of the acquisition of U. N. Ro-Ro effective from June 2018

Revenue increased 94% to DKK 2,179m in 2019 and EBIT before special items increased 27% to DKK 231m.

Freight volumes increased 98% in 2019 driven by the full-year impact mentioned above and a new, major customer agreement with a leading Turkish logistics provider. The volume growth was, however, below expectations for the year as Turkey went through a longer than expected recession in 2019 triggered by the extraordinary depreciation of TRY at the beginning of August 2018. Volumes were in addition lowered by some loss of market share to overland transports and the introduction of an invoicing model that incentivised payment in euros. Pricing pressure in the market was raised by an increase in the share of empty trailers and other units coming back from Europe and the general slowdown casused by the recession.

In addition to the recession, the operating margin was reduced by a fast ramp-up of route and port terminal capacity to handle volumes from the new customer agreement. The initial ramp-up between Turkey and Italy, as well the addition of a new route to France in July 2019, had resulted in more operational complexity that was remedied by a restructuring of the route network started in October 2019. The ramp-up also included deployment of two new mega freight ferries.

As part of the restructuring, two freight ferry routes between Istanbul and southern France, calling Toulon and Sète respectively, were merged into one route, Istanbul-Sète. The termination of sailings to Toulon entailed a one-off cost reported under Special items in the Q4 2019 report. In Istanbul, all sailings to France from Istanbul, that previously departed from two ports, were moved to the Yalova port terminal. In addition, two weekly sailings to Trieste depart from Yalova. All other sailings from Istanbul to Trieste were moved to the Pendik port terminal. 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.

The result of Mediterranean included in 2019 a non-comparable cost of DKK 98m before depreciation and DKK 73m after depreciation from a change in the accounting for ferry maintenance and spare part costs. The accounting was aligned with the Group's accounting from 1 January 2019 as such cost items were previously capitalised and depreciated.

The result in 2019 was also negatively impacted by the deployment of an extra freight ferry to replace ferries during scrubbers installations. The latter are installed as a response to the new rules on sulphur in fuel oil and are expected to be completed by mid 2020.

Mediterranean's result is expected to improve in 2020 based on expectations of higher growth in the Turkish economy in 2020 and the operational improvements expected to be completed in Q2 2020.

Passenger

Revenue decreased 1% to DKK 1,709m compared to 2018 and EBIT before special items decreased 49% to DKK 59m.

Passenger volumes decreased 1% as capacity on the Amsterdam-Newcastle route was reduced due to redeployment of one ferry to the Baltic Sea in Q1 2019. Adjusted for the capacity reduction, activity levels improved on two of the three main markets, Netherlands and Germany, helped by a low GBP while the UK market slowed due to the uncertainty linked to Brexit and the depreciation of GBP. In Scandinavia, volumes were above 2018 as lower Scandinavian volumes were offset by an increase in overseas and other European passengers.

The result for 2019 was mainly reduced by an increase in the cost base of the business unit from both ship operating costs as well as costs related to sales, including IT and digital costs. A number of passenger projects included in the Organic Actions of Win23 as well as other efficiency projects are expected to improve results in 2020. The outbreak of the Coronavirus at the end of 2019 in China could, on the other hand, entail a negative impact as Chinese and other Asians constitute a high share of the overseas passengers on the Copenhagen-Olso route.

Non-allocated items

Non-allocated items primarily include activities related to external chartering of ships not deployed in the route network.

Revenue decreased 4% to DKK 461m compared to 2018 and EBIT before special items increased 17% to DKK 123m.

New Forest & Metal industry unit in 2020

In line with the Win23 strategy's focus on growing sales to select industries, a new industry unit focused on customers in the paper and forest as well as metal industry sectors has been established in the second half of 2019, headed by Kasper Damgaard.

The Norwegian sideport shipping activities focused on industrial paper logistics will therefore transfer from the Nordic business unit in the Logistics Division from 1 January 2020 to the Ferry Division.

Larger ferries reduce emissions per trailer

Investments in larger ferries benefit the environment. DFDS' six new mega freight ferries can each carry 450 trailers, reducing the energy consumption and emissions per transported unit by 25% compared to the ferries they replace.

Activities and business model

DFDS' Ferry Division operates one of the largest networks of ferry routes in and around Europe providing both freight and passenger services.

Freight ferry services

The routes are strategically located to service the freight volumes of forwarders, hauliers and manufacturers of heavy industrial goods. All routes operate on fixed, reliable schedules with a frequency adapted to customer requirements.

Further visibility for customers is available by access to apps for online tracking of shipments as well as other value-adding services.

Bespoke logistics solutions are developed in partnership with manufacturers of heavy goods such as automobiles, metals, forest products, and chemicals.

To further enhance the efficiency of customer services, own port terminals are operated in strategic locations, including warehousing services.

Passenger ferry services

The route network offers both overnight and short crossings. Passenger cars are transported on all routes. The on board facilities are adapted to each route's particular mix of passengers and their requirements for enjoying maritime travel.

North Sea, DKK m	2019	2018	Δ	Δ %
Revenue	3,777	3,734	43	1.2%
EBIT before special items	675	696	-21	-3.0%
Invested capital, average	5,520	5,592	-72	-1.3%
ROIC before special items, %	12.1	12.2	-0.1	n.a.
Lane metres, '000	12,815	13,077	-262	-2.0%

Baltic Sea, DKK m	2019	2018	Δ	Δ %
Revenue	1,472	1,509	-37	-2.5%
EBIT before special items	345	363	-18	-5.0%
Invested capital, average	1,384	1,393	-9	-0.6%
ROIC before special items, %	24.7	26.0	-1.3	n.a.
Lane metres, '000	4,613	4,575	38	0.8%
Passengers, '000	245	224	21	9.2%

Channel, DKK m	2019	2018	Δ	Δ %
Revenue	2,678	2,803	-125	-4.4%
EBIT before special items	268	397	-129	-32.4%
Invested capital, average	1,830	1,866	-36	-1.9%
ROIC before special items, %	14.6	21.2	-6.6	n.a.
Lane metres, '000	18,995	19,663	-668	-3.4%
Passengers, '000	3,520	3,850	-330	-8.6%

Mediterranean, DKK m	2019	2018	Δ	Δ %
Revenue	2,179	1,124	1,055	n.a.
EBIT before special items	231	182	49	n.a.
Invested capital, average	9,304	4,732	4,572	n.a.
ROIC before special items, %	2.4	3.8	-1.4	n.a.
Lane metres, '000	4,365	2,206	2,159	n.a.

Passenger, DKK m	2019	2018	Δ	Δ %
Revenue	1,709	1,728	-19	-1.1%
EBIT before special items	59	116	-57	-49.1%
Invested capital, average	790	654	136	20.8%
ROIC before special items, %	7.1	17.4	-10.3	n.a.
Lane metres, '000	491	556	-65	-11.7%
Passengers, '000	1,351	1,365	-14	-1.0%

Non-allocated items, DKK m	2019	2018	Δ	Δ %
Revenue	461	481	-20	-4.2%
EBIT before special items	123	105	18	17.7%

FERRY DIVISION ACTIVITY OVERVIEW

	NORTH SEA	BALTIC SEA	CHANNEL	MEDITERRANEAN	PASSENGER
Head of business unit	Kell Robdrup (South) Morgan Olausson (North)	Anders Refsgaard	Kasper Moos	Lars Hoffmann	Kasper Moos
Share of Division's revenue 2019[1]	31%	12%	22%	18%	14%
Routes	• Gothenburg-Brevik/Immingham • Gothenburg-Brevik/Ghent • Gothenburg-Zeebrügge • Esbjerg-Immingham • Cuxhaven-Immingham • Vlaardingen-Felixstowe • Vlaardingen-Immingham	• Fredericia/Copenhagen-Klaipeda • Karlshamn-Klaipeda • Kiel-Klaipeda • Kiel-St. Petersburg (discontinued April 2019) • Kapellskär-Paldiski • Paldiski-Hanko	• Dover-Dunkirk • Dover-Calais • Newhaven-Dieppe	• Istanbul-Trieste/Bari/Patras • Istanbul-Toulon (discontinued October 2019) • Istanbul/Cesme-Sète • Mersin-Trieste • Marseille-Tunis	• Copenhagen-Oslo • Amsterdam-Newcastle
Ferries	• 18 freight	• 1 freight • 7 freight and passenger	• 6 freight and passenger, short sea • 2 freight and passenger	• 17 freight	• 4 passenger cruise
Port terminals (owned and/or own operations)	• Ghent • Gothenburg (joint venture) • Immingham • Vlaardingen			• Istanbul, Pendik • Trieste	• Copenhagen
Main customer segments	• Forwarders & hauliers • Manufacturers of heavy industrial goods (automotive, forest and paper products, metals, chemicals) • RDF (refuse derived fuel)	• Forwarders & hauliers • Manufacturers of heavy industrial goods (automotive, forest products, metals) • Car passengers	• Forwarders & hauliers • Car passengers • Coach operators	• Forwarders & hauliers	• Mini Cruise passengers • Car passengers • Business conferences • Forwarders & hauliers
Main market areas	• Benelux • Denmark • Germany • Norway • Sweden • UK	• Baltic countries • Denmark • Finland • Germany • Russia • Sweden	• Continental Europe • UK	• Continental Europe • Tunisia • Turkey	• Benelux • Denmark • Germany • Norway • Overseas markets • Sweden • UK
Main competitors	• CLdN • Container, road and rail transport • P&O Ferries • Stena Line	• Road and rail transport • Stena Line • Tallink Silja • Transrussia Express (Finnlines) • Transfennica • TT Line	• Brittany Ferries • Eurotunnel • P&O Ferries	• CMA-CGM • Container, road and rail transport • Cotunav • Ulusoy	• Airlines and road transport • Color Line • P&O Ferries • Stena Line

[1]Revenue shares do not add up to 100% as Non-allocated items and eliminations are not included in the table

Logistics Division

Brexit lowered UK trade volumes, Nordic and Continent impacted

Continued growth of cold chain and domestic businesses in UK & Ireland

Positive impact in 2020 expected from two acquisitions

Head of division
Niklas Andersson

Share of DFDS Group revenue 2019
31%

Business areas

- Nordic
- Continent
- UK & Ireland

- Revenue of DKK 5.3bn on level with 2018
- EBIT before special items down 16% to DKK 173m
- ROIC before special items of 9%

Logistics Division, DKK m	2019	2018	Δ	Δ %
Revenue	5,319	5,324	-5	-0.1%
EBITDA before special items	470	431	39	9.0%
Profit/loss on disposal of non-current assets, net	4	5	-1	-24.2%
Depreciation and impairment	-301	-229	-72	31.4%
EBIT before special items	173	207	-34	-16.4%
EBIT-margin before special items, %	3.3	3.9	-0.6	n.a.
Special items, net	-7	-11	4	n.a.
EBIT	167	196	-29	-14.8%
Invested capital, average	1,606	1,418	188	13.3%
ROIC before special items, %	8.8	12.3	-3.5	n.a.
Tons, '000	765.7	417.3	348.4	83.5%
Units, '000	548.3	567.0	-18.7	-3.3%

Logistics Division's revenue of DKK 5,319m was on level with 2018 while EBIT before special items decreased 16% to DKK 173m. EBIT after special items decreased 15%.

The return on invested capital, ROIC, before special items decreased to 8.8% in 2019 from 12.3% in 2018. Average invested capital increased 13% to DKK 1,606m.

Nordic

Revenue decreased 6% to DKK 1,748m compared to 2018 and EBIT before special items decreased 43% to DKK 52m.

The trading pattern of freight volumes between the Nordic region and UK was disrupted by Brexit through the year as volumes increased ahead of two potential exit dates in end March and October, respectively. Following a build-up of volumes to these dates, volumes then dropped off sharply which disrupted positioning of equipment. In addition, overall volumes decreased compared to 2018.

The European automotive industry as a whole also saw declining volumes in 2019 which resulted in lower revenue from automotive. This was mitigated by a continued high level of activity from one large automotive customer.

In Sweden, revenue and earnings decreased considerably from specialised transports. Results were more stable, or improved, for most other activities in Sweden, Finland, the Baltics and Denmark. In Norway, a new shipping logistics contract in the Forest sector commenced which increased volumes but also entailed a number of start-up costs. This shipping activity will from the beginning of 2020 transfer to the Ferry Division.

Continent

Revenue decreased 3% to DKK 2,390m compared to 2018 and EBIT before special items decreased 26% to DKK 50m.

The trading pattern of freight volumes between the Continent and UK was likewise disrupted by Brexit through the year. The higher volatility in activity lead to less efficient production and increased costs of trailer traffics to UK from Netherlands, Germany and Belgium. The result of the container traffic to Ireland improved in 2019 as some freight volumes were routed directly to Ireland instead of passing through UK.

The Special Cargo business continued to expand service offerings within the DFDS network in the Nordic region while UK traffics were negatively impacted by Brexit. The activities in the Czech Republic continued to grow in 2019.

UK & Ireland

Revenue increased 17% to DKK 1,350m compared to 2018 and EBIT before special items increased 43% to DKK 72m.

As most of the activities in the UK & Ireland business unit are domestic in scope the impact from Brexit was limited and results improved for most activities during the year. The forwarding and contract logistics activities in Belfast continued to grow and improve earnings since the refocusing of activities was completed in early 2018. The growing cold chain business in England expanded activity with existing customers and contracts that had underperformed in previous years delivered growth and higher results. The start-up of a new, large contract with a UK producer of frozen food at the beginning of the year was successful.

The aquaculture activities in Grimsby improved results with further improvements from turn-around efforts expected in 2020. Results in Scotland improved driven by volume increases from most producers.

Non-allocated items

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

New Automotive and Cold Chain industry units in 2020

In line with the Win23 strategy's focus on growing sales to select industries, new industry units focused on customers in the automotive sector and customers for cold chain logistics have been established in the second half of 2019, headed by Peter Tafazoli and Eddie Green, respectively.

Activities and business model

DFDS' Logistics Division provides flexible, cost efficient and on-time, door-door transport solutions to producers of a wide variety of consumer and industrial goods.

The main activity is transport solutions for full- and part-loads, both ambient and temperature-controlled.

In close partnership with retailers and manufacturers, performance enhancing and cost efficient logistics solutions are developed and provided, including warehousing services and just-in-time/sequence concepts.

All solutions are supported by a European network of road, rail and container carriers and, not least, DFDS' network of ferry routes.

In some business areas, the carrier network is supplemented with own drivers and trucks.

The business model aims to provide flexible solutions that fit customer requirements and fast reactions to changes in market conditions.

Nordic, DKK m	**2019**	**2018**	**Δ**	**Δ %**
Revenue	1,748	1,866	-118	-6.3%
EBIT before special items	52	90	-38	-42.2%
Invested capital, average	462	456	6	1.3%
ROIC before special items, %	9.6	17.8	-8.2	n.a.
Units, '000	116.9	134.6	-17.7	-13.2%
Tons, '000	765.7	417.3	348.4	83.5%
Continent, DKK m	**2019**	**2018**	**Δ**	**Δ %**
Revenue	2,390	2,458	-68	-2.7%
EBIT before special items	50	67	-17	-25.2%
Invested capital, average	691	545	146	26.8%
ROIC before special items, %	5.7	10.0	-4.3	n.a.
Units, '000	240.9	261.8	-20.9	-8.0%
UK & Ireland, DKK m	**2019**	**2018**	**Δ**	**Δ %**
Revenue	1,350	1,154	196	17.0%
EBIT before special items	72	50	22	44.0%
Invested capital, average	453	416	37	8.9%
ROIC before special items, %	12.8	9.2	3.6	n.a.
Units, '000	190.5	170.5	20.0	11.7%
Non-allocated items	**2019**	**2018**	**Δ**	**Δ %**
Revenue	235	244	-9	-3.6%
EBIT before special items	0	0	0	n.a.

LOGISTICS DIVISION ACTIVITY OVERVIEW

	NORDIC	CONTINENT	UK & IRELAND
Head of business unit	Valdemar Warburg	Michael Bech	Allan Bell
Share of Logistics Division's revenue, 2019[1]	33%	45%	25%
Main Activities			
Door-door full & part load solutions	• Sweden/Denmark/Norway/Finland-UK/Ireland • Sweden/UK/ /Denmark/Norway-Baltic/Russia/CIS • Sweden-Poland • Sweden-Italy	• Holland-UK/Ireland • Germany-UK • Belgium/France-UK • Belgium/France-Scandinavia • Czech-UK/Ireland	• Northern Ireland-UK • UK-Continent • UK
Contract logistics	• Arendal, cross docking terminal • JIT haulage service (just in time)	• Ghent • 4PL contracts • JIT automotive • Warehousing UK	• UK/Ireland domestic • UK-Continent • Northern Ireland retail distribution • Dublin • Seafood distribution network • Warehousing • 4PL contracts
Sideport and container shipping	• Norway-Hamburg-Norway • Norway-Zeebrugge-Immingham-Norway		
Door-door container solutions (incl. VSA & SCA)	• Norway-UK • Norway-Continent	• Holland-UK/Ireland • Germany-UK/Norway/Italy • Czech–UK/Ireland	
Door-door rail solutions	• Norway-Italy • Baltic-Russia/CIS		
Equipment (owned/leased) deployed across all business units, except ships	• 5,444 trailers • 2,949 containers • 616 trucks • 2 sideport ships • 1 chartered ro/ro • 1 chartered multipurpose vessel		
Warehouses	• Gothenburg • Karlshamn • Ventspils • Brevik	• Rotterdam • Ghent • Prague	• Peterborough • Immingham • Larkhall • Aberdeen • Belfast • Grimsby • Bellshill • Lerwick, Shetland
Sales offices	• Oslo • Gothenburg • Kotka • Turku • Copenhagen • Karlshamn • Lilla Edet • Liepaja	• Hamburg • Ghent • Bruges • Rotterdam • Prague • Boulogne Sur Mer	• Aberdeen • Peterborough • Immingham • Larkhall • Stallingborough • Dover • Belfast • Grimsby • Coventry • Dublin • Lerwick, Shetland • +8 operational sites
Customer segments	• Manufacturers of heavy industrial goods (automotive, paper), consumer goods, chemicals and temperature controlled goods • Retailers • Third party container operators • Contract management	• Manufacturers of heavy industrial goods (automotive, paper), consumer goods, chemicals and temperature controlled goods • Retailers • Forwarders • Contract management	• Frozen, chill and ambient cargo for retailers/manufacturers • Aquaculture producers • Contract management
Primary competitors	• Blue Water • DSV • Green Carrier • Lo-Lo, container & sideport carriers • NTEX • NTG • Schenker	• CLdN • Container carriers • European forwarders • LKW Walter • P&O Ferrymasters • Samskip	• ACS&T • DHL • Yearsley • XPO

[1]Revenue shares do not add up to 100% as Non-allocated items and eliminations are not included in the table.

CSR summary

Increased focus on integration of CSR with business strategy

Rising urgency of tackling climate change

Key CSR themes: 'Environmental Footprint' and 'Caring Employer'

The CSR strategy is a key enabler for developing our business sustainably - by reducing our environmental footprint and by being a caring employer. In 2019, our CSR activities reflected a deepened engagement as sustainability was integrated into the new Win23 strategy.

The CSR strategy is aligned with the UN Sustainable Development Goals (SDGs). The SDGs are an external framework that motivates and guides our efforts as they represent global principles and goals for responsible conduct. The CSR strategy specifically links with SDG 3, 5, 13, 14 and 17.

The CSR strategy has six overriding ambitions: support the marine environment; be a responsible neighbour; improve air quality; ensure well-being for all employees; be an inclusive workplace; and provide opportunities to do good.

To operationalise these ambitions, KPIs have been set for each area in 2019. Our ambitions are high knowing that the ideal state keeps evolving and may be a long way off.

The ambitions are anchored in strategy and governance. Structures and processes are place to ensure we stay committed and prioritise the right initiatives in the business. The CSR team reports to the Strategic CSR Committee – which is made up of the Executive Management Team (EMT) and Operational CSR committee. With representatives from Ferry, Logistics and Group functions, the Strategic CSR Committee supports integration across operations.

We want to take responsibility for the communities and environments we impact. Through our Code of Business Conduct and company policies, we are committed to the principles of the UN Global Compact and the SDGs, and to ensure responsible supply chain management through the IMPA Act. To promote full transparency, we voluntarily disclose and/or verify our environmental, social and governance data to third party systems. A critical part of our commitment is to engage in partnerships to develop solutions for the future. These include engagement in industry fora and creating industry partnerships and partnerships with innovative start-ups.

On the following three pages we provide more information on three selected topics: Decarbonisation and emissions, diversity and inclusion as well as an overview key CSR figures. The full CSR Report for 2019 is available from this link: http://www.dfds.com/en/about/group/responsibility.

Decarbonisation and emissions

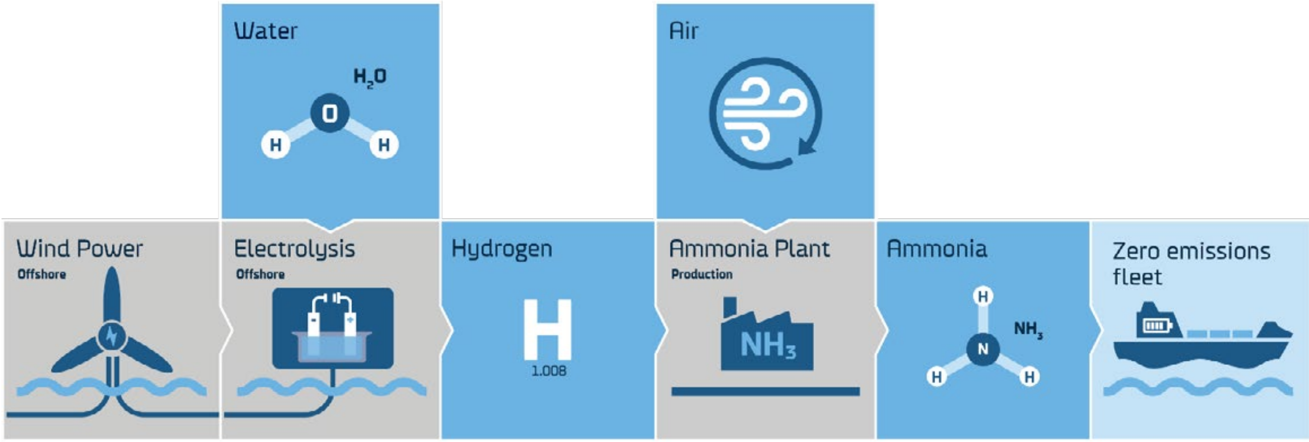
At DFDS, we fully support the decarbonisation mission. While energy efficiency continues to be a key priority, it will not be enough to achieve CO2-neutral transport. We have to adopt alternative fuels based on renewable energy, if our industry is to truly transform and deliver on decarbonisation.

The long-term path towards zero emissions shipping requires the industry to depart from today's fleets and stop using fossil fuels. For DFDS, the next significant step in this direction is to begin replacing fossil fuels with biofuels. This will allow us to continue using our existing fleet without incurring major changes to engines and equipment. To support this ambition, we have invested in the start-up, MASH Energy in 2019 – a biofuel producer that produces CO_2 neutral biofuel from agricultural waste.

But the major transition will be a more long-term move towards achieving zero emission shipping that relies on a new generation of ships. We believe in the potential of a new generation of sustainable fuels for shipping, created entirely from renewable energy, like offshore wind power. Finding viable alternatives to fossil fuels that can support carbon neutral transportation needs cross-sector collaboration and a willingness to experiment. So we continuously look for partners with ambitious visions.

The commercial viability of renewable fuels is still held back by a number of uncertainties. The demand for renewable fuels depend on price differentials between black and green energy, availability, bunker infrastructure, rules and regulations, uncertainties around measurement, and potential special rules for passenger ferries. Levelling the price gap between fossil and renewable fuels will be critical to driving adoption and building zero-emission ships. We act by engaging with partners and open innovation initiatives to discover technologies and synergies that will help drive down the cost of renewables.

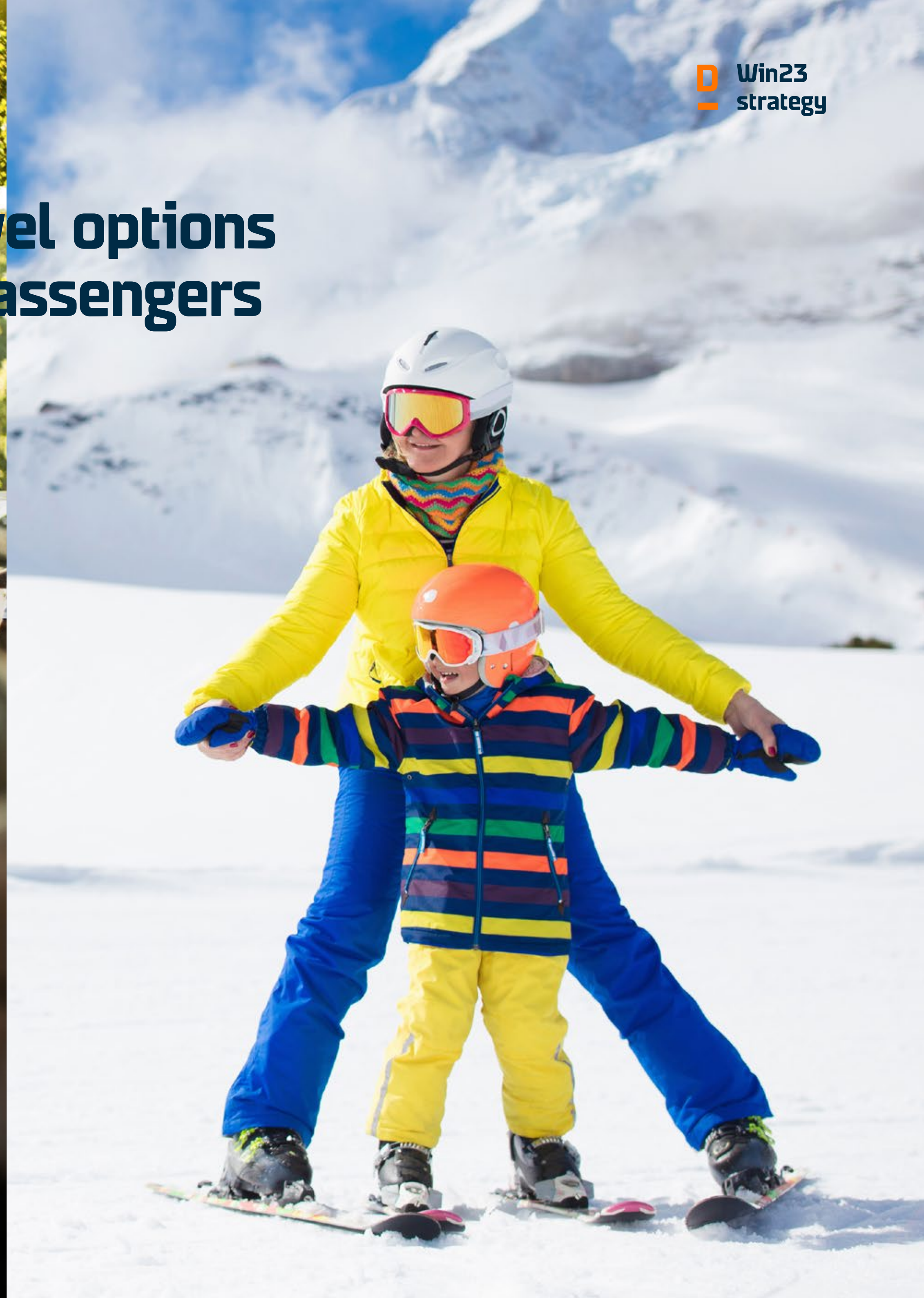
We are committed to the International Maritime Organisation's (IMO) GHG (Greenhouse Gas) strategy. Complementing this, we also want to be progressive in how we cut back on our GHG emissions. While the exact details of metrics, baseline and allocations of various shipping elements are still subject to discussion by the IMO, we have decided to use "Gross Tonnage multiplied by distance travelled" when reporting on GHG emissions performance. In 2019, we have set 2023 and 2030 targets for this KPI.



While reducing CO_2 emissions is vital for tackling global climate change, we must also focus on reducing NOx, SO_2 and particle matter emissions to improve local air quality.

Our efforts to cut emissions of NOx and particle matter include installing shore power supply on vessels, which allows auxiliary engines to be switched off during port stay. Shore power significantly improves local air quality, and has the potential to be emissions-free if derived from renewable electricity sources.

More travel options for our passengers



DFDS develops new services for our passengers by adding complete package tours to our popular city breaks and overnight cruise offers.

Diversity and inclusion

Sustainability and diversity go hand in hand as diversity provides a broader spectrum of competencies, and better business decisions based on each individual's unique contribution.

The maritime and logistics industry has traditionally been linked with male attributes and continues to be so today – especially at sea. The industry's lack of appeal to women challenges initiatives to balance gender, which is why it's important that we make a particular effort to focus on gender diversity. We are therefore working on changing perceptions of the industry and make it equally attractive to women.

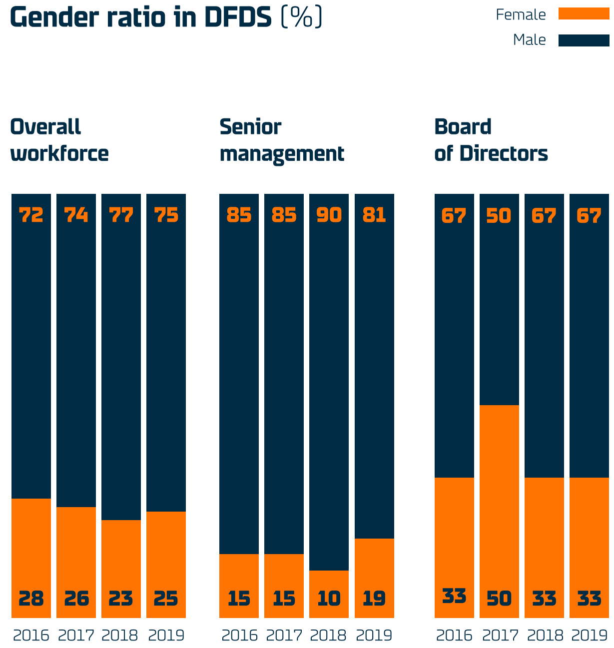
A key ambition of our strategic theme 'Caring Employer' is to be an inclusive workplace. That is why we have defined specific targets in this area, to make sure we maintain our focus on increasing diversity. In 2019, we set a target of minimum 30% minority representation by 2023. Gender distribution is the only diversity area we can collect data in, and our performance measurement therefore focuses on improvements in gender diversity. But to secure a workforce that is truly diverse, minority representation also relates to minorities related to race, ethnic background, religion, sexual orientation, age, level of education and socioeconomic status.

Women hold 33% of the seats on our Board of Directors. We are proud to have met our target at this leadership level. For senior managers, our proportion of women increased significantly between 2018 and 2019 – from 10% to 23% – as two women joined our Executive Management Team (EMT) and one woman was promoted to VP. 33% of EMT members are now women. It is essential we lead by example. So the changes in leadership are vital steps on the road to becoming truly diverse. We still have some distance to travel. Women make up 26% at employee level but only 17% of managers.

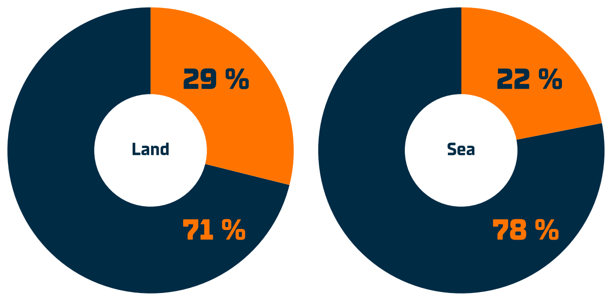
To help us reach our targets, focus on diversity was intensified in 2019: we set diversity goals at VP level based on ambitious but realistic targets, participated in information campaigns to increase awareness and attractiveness of the industry for women, ran internal diversity awareness workshops, rolled out inclusivity programmes to create better opportunities for minority groups, and participated in the Copenhagen Pride Parade to support equality, inclusion and diversity.

In 2020, and the future, we expect to implement the diversity and inclusion initiatives in management's operating procedures, facilitate internal diversity community sharing challenges (best practice and good ideas), provide better access to internal communication sites to include all DFDS people, whether working at sea or on land, engage in projects to support female entrepreneurs and gender equality, and we signed Danish Shipping's Equality Charter for more women in shipping in the beginning of 2020.

Gender ratio in DFDS (%)



Gender ratio on land and sea (%)



ESG Key figures

Environmental data	Unit	Target 2023	2019	2018	2017	2016
Operated ferries	Ferries	-	**63**	54	45	42
Total number of days operated	Days	-	**20,460**	18,937	15,020	13,728
CO_2e emissions						
Direct CO_2e emissions (Scope 1)	1,000 tonnes	-	**2,189**	1,871	1,582	1,519
Indirect CO_2e emissions (Scope 2)	1,000 tonnes	-	**6.75**	8.46	7.68	8.77
Total CO_2e emissions	1,000 tonnes	-	**2,196**	1,879	1,590	1,527
CO_2 emissions per GT mile*	gCO_2	12.4 (2023) 9.6 (2030)	**13.5**	14.4	-	-
Energy consumption						
Total fuel consumption	Tonnes	-	**680,193**	654,795	490,401	467,574
Fuel consumption per nautical mile	g/GT/Nm	-	**4.78**	4.93	5.22	5.20
Total energy consumption	TJ	-	**29,077**	24,878	21,069	20,129
Electricity and heating consumption per land-based FTE	MWh	5.9	**7.3**	7.9	8.6	8.3
Oil spills						
Spills (> 1 barrel)	Amount	0	**0**	0	0	0

Social data	Unit	Target 2023	2019	2018	2017	2016
Number of employees end of period	FTE	-	**8.638**	8.073	7.167	7.190
Gender split (female/male)						
Total workforce	%	30/70	**25/75**	23/77	26/74	28/72
Board of Directors	%	30/70	**33/67**	33/67	50/50	33/67
Senior management	%	30/70	**19/81**	10/90	15/85	15/85
Managers**	%	30/70	**17/83**	-	-	-
Employees**	%	30/70	**26/74**	-	-	-
At sea**	%	30/70	**22/78**	15/85	-	-
On land**	%	30/70	**29/71**	29/71	-	-
Safety at sea						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	3.50	**4.52**	5.04	6.40	7.16
Near-miss reports***	Average per ship	48	**55**	64	67	73
Safety on land						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	5.00	**6.73**	3.81	5.53	8.38
Minor accidents	Incidents	-	**152**	185	139	95
Fatalities						
- DFDS employees	Headcount	0 (Annually)	**0**	0	1	0
- Contractors	Headcount	0 (Annually)	**1**	1	0	0
Governance						
Attendance at Board meetings	%	-	**94.1**	90.9	96.8	93.1

Comments

* No 2016 and 2017 data.
** No data available for missing years.
*** Excluding UN Ro-Ro in 2018

Risk factors

Risk management is an integral part of DFDS' management processes

Risks and opportunities are regularly reviewed and reported to the Board of Directors for appropriate responses and actions

General and specific operational risks

Macro-economic and market risks

Changes in economic growth that lead to changes in the volume of the trade of goods and passengers can cause major fluctuations in earnings as volumes are a key earnings driver for both the ferry and logistics activities. Risks are higher for the ferry activities than for the logistics activities. The difference in risk profile is due to a high share of fixed costs in ferry operations as opposed to a high share of variable costs in transport and logistics operations as the majority of haulage and other services are subcontracted to external carriers. This entails more flexibility to adapt activities to changes in demand.

The demand for freight and passenger ferry services is reflected in volumes and pricing, which in turn are linked to the general level of demand in the countries and regions that DFDS operates in. General demand levels are most often determined by macroeconomic variables but can also be impacted by virus outbreaks or other exceptional events that can lead to reduction of economic activity and travel restrictions on both regional and global scales. Changes in economic variables such as exchange rates can also impact demand. Decreases in demand can lead to overcapacity on ferry routes, which can be remedied by reducing the frequency of departures, replacing incumbent ferries with smaller ferries or by removing a ferry from a route or, ultimately, by route closure. Overcapacity tends to increase price pressure and, hence, entail risks of lower profitability.

Partly in order to counteract cyclical demand risk, part of the freight fleet is chartered to enhance flexibility. DFDS aims to charter a share of the fleet on contracts of shorter duration with options for extension to provide opportunities for redelivery of ferries at a few months' notice.

The four passenger ferries in the fleet are 100% owned which limits the options for adapting capacity in the short term. DFDS' container activities mainly operate through vessel sharing and slot charter agreements with container shipping companies which provides flexibility. To a large extent, the transport and logistics activities lease equipment.

DFDS' geographic diversification across northern Europe, as well as parts of eastern Europe and adjacent countries, and the Mediterranean reduce dependence on individual markets. In addition, the large and diversified route network provides opportunities to reallocate ferry capacity among routes.

Freight and passenger ferry markets can, moreover, be impacted by changes in market conditions of competing transport modes such as road, rail and air – the latter mainly impacts the passenger sector.

In addition, markets are impacted by changes in local and regional competition, such as the opening or closing of competing routes and capacity increases on existing routes. On a few routes, a significant proportion of freight volumes are derived from a single customer. Risks inherent in such customer relationships are mitigated by multiple-year customer agreements that also reflect investment requirements to service such agreements.

The ferry charter market and new buildings
DFDS charters mainly freight ferries for varying periods. Such charters are subject to price fluctuations (charter rates) and to risks concerning availability of ferries that fit route requirements. Similar risks, including counterparty risks, are relevant when chartering out excess capacity. In addition, there is a price risk related to the timing of acquiring or ordering ferries. In connection with the ordering of ferries, there is a default risk related to the yards constructing the ferries, which can lead to additional costs, including delays.

Due to the ongoing process of replacing and renewing the fleet, the sale of ferries or the cancellation of new building contracts may result in gains or losses and costs that cannot be anticipated in annual profit forecasts.

Risks associated with business development and investments
DFDS' growth strategy entails business development and investment risks. This is related to both organic growth from investment in ferries and growth driven by the opening of new ferry routes, new logistics activities, acquisition of companies and activities. The most important risk associated with organic growth is related to the expansion of capacity on a route by deployment of larger ferries.

The acquisition of companies and activities involves significant risks that are linked to the size of the investment and the complexity of a subsequent integration process. Risks associated with business development ventures are managed by thorough planning and decision-making processes governed by internal policies and guidelines for investment decisions, including a required rate of return on investments.

Operational, security and environmental risks
The main operational risks are associated with ferries and other ships, port terminals as well as road transport of freight. Technical incidents and accidents may lead to physical harm to employees and employees of business partners, unplanned periods in dock for ships, interruption of sailing schedules, and loss of revenue. Replacement tonnage can usually be deployed at short notice through chartering. In order to minimise operational risks, DFDS has a systematic and comprehensive maintenance programme in place for the fleet, including regular docking schedules. In addition, extreme weather conditions can cause delays and cancellations, and strikes in ports can also disrupt services.

In the course of ordinary operations, DFDS deploys freight and passenger ferries, port terminals, warehouses and cargo-carrying equipment, all of which are subject to the usual safety risks associated with such equipment. These risks are controlled and minimised partly through compliance with safety requirements and routines, as well as preventative work, and partly through insurance against risk.

More information on health and safety is available from www.dfds.com/group/about/responsibility.

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as rules and regulations and customer requirements. Changes in these factors can increase costs. The Group is insured against personal injury and environmental risks in line with industry standards, and participates in preparatory legislative procedures through industry organisations.

It is widely acknowledged that the climate is changing. This is increasing risks linked to the climate as weather volatility seems to be increasing. In particular for DFDS, ferry operations are exposed to storms and other weather phenomena that can lead to cancellation of departures and thus entail loss of revenue and/or extra costs. Such impacts could rise in the future if weather patterns continue to become more volatile. Further legislation to mitigate or reduce harmful impacts on the environment could be adopted in the future. This could include costs in the form taxes or duties as well as limitations on activities that could have negative financial impacts.

More information on environmental risks is available from www.dfds.com/group/about/responsibility.

Digital and technology disruption
New digital business models or platforms are emerging within the transport and logistics industry. Such platforms primarily seek to digitise the intermediary role between manufacturers and end users that today is managed by freight forwarders and transport service providers. To compete with such platforms, DFDS is developing digital solutions for freight customers, particularly smaller customers, and monitoring changes in the business

environment closely in order to protect activities and exploit business development opportunities.

Platforms for booking of ferry trips by consumers are operating today. Commissions are paid to such platforms for bookings. To compete with such platforms, DFDS is further developing digital solutions for passenger bookings and monitoring changes in the business environment closely in order to protect activities and exploit business development opportunities.
There are no perceived imminent digital threats related to ferry route and logistics operations as such. In the longer term, DFDS' current business model could be disrupted by new, evolving technologies for autonomous vehicles, vessels and terminals, as well as artificial intelligence (AI), internet of things (IoT) and automation.

DFDS has in recent years invested in in-house capabilities in such technologies, partly to monitor and counter risks posed by such new technologies and business models, and partly to be able to exploit business opportunities related to such technologies.

IT risks
Disruptions to critical systems through breakdowns or virus and other cyberattacks can have a significant negative impact on commercial operations and thereby earnings. The scope of such risks is reduced by increasing investments in cyber security measures, constant monitoring of systems, installation of back-up systems and having proven procedures in place to restore functionality of systems.

Information security risks are related to the handling of data for passengers and freight customers. Such risks are mitigated by internal controls and adherence to rules and regulations governing information security.

Political and legal risks

DFDS' activities are impacted by changes in rules and regulations governing the ferry, shipping and transport sectors, as well as changes in conditions that impact Europe's and Turkey's infrastructure. In addition to political bodies, DFDS is subject to International Maritime Organization (IMO) conventions. The IMO is the UN body responsible for maritime issues, primarily safety and environment.

Changes in the above rules and regulations can have negative financial consequences, including higher costs and changes in the travel patterns of passengers and routing of freight, including the volume distribution between sea and land transport.

Another significant political risk concerns the outcome of the negotiation of a new trade agreement between UK and EU following Brexit on 31 January 2020. UK has passed a law that restricts the negotiation period to end 2020. Should the parties fail to complete a trade agreement in 2020, UK could leave without a deal with EU at the end of 2020. In such an event — a so called hard Brexit — UK's economy could be disrupted and trading with EU could be considerably reduced which in turn could lower volumes in DFDS' route network, and hence reduce earnings.

DFDS has prepared for Brexit by, among other things, ensuring extra space in port terminals to accommodate a slower transit of freight units through the terminals, implemented processes and systems for customs clearance services, including interactions with relevant authorities, trained and hired staff for customs clearance services and initiated dialogue with customers to prepare them for a possible new set of trading rules and processes. DFDS has been awarded AEO (Authorised Economic Operator) status in the most important jurisdictions. These measures, along with a possible introduction of duty-free sales on passenger ferry routes, are expected to somewhat mitigate the possible negative impact of a hard Brexit.

Other possible changes concern taxation arrangements for staff at sea, the abolition of duty-free sales on ferry trips from Norway if the country were to join the EU, cancellation of applicable VAT exemptions and changes to tonnage tax schemes. DFDS monitors these issues actively, including participation in industry organisations.

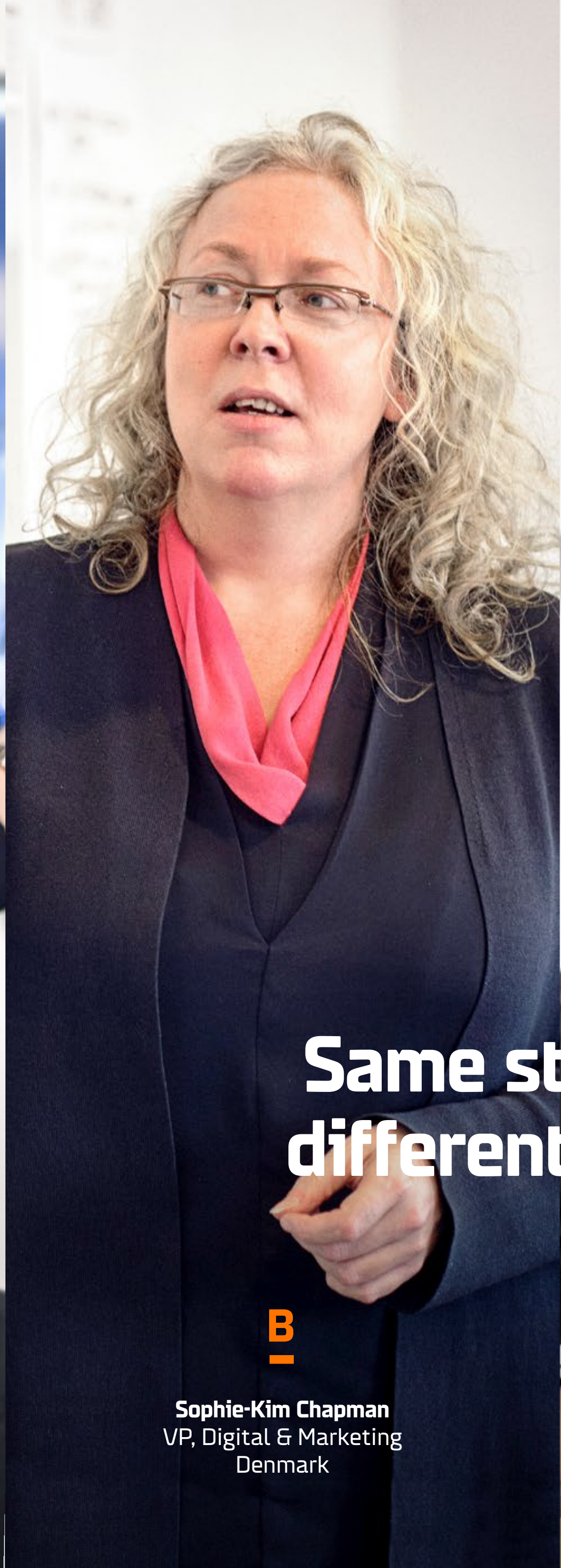
Bunker risk

The cost of bunker was DKK 2.1bn in 2019 and DKK 1.3bn net of income from bunker surcharges. Around 90% of the bunker consumption is commercially hedged through bunker clauses (BAF: bunker adjustment factor) in freight customer contracts. Hedging of USD is included in the BAF. The BAF-coverage lags the actual cost by 1-2 months as the surcharge is adjusted on a monthly basis through the year. The remaining consumption is consumed on passenger routes and financially hedged as appropriate.

In 2020, the consumption of bunker by the ferry fleet is expected to amount to around 700,000 tons. Currently, around 34% of the bunker consumption on passenger routes is financially hedged. A price change of 1% compared to the price level at year-end 2019 is expected to impact operating profit by around DKK 1.4m in 2020.

Financial risks

DFDS is exposed to a range of financial risks related primarily to changes in exchange rates and interest rates. DFDS is also exposed to liquidity risks in terms of payments and counterparty risk. These risks are reported in Note 4.1 on pages 97-100.

Same strategy, different people

A

Martina Karlsson
General Manager
Sweden

B

Sophie-Kim Chapman
VP, Digital & Marketing
Denmark

C

Ayberk Eskin
Route Director
Turkey

D

Teun-Wim Leene
Route Director
The Netherlands

The DFDS share and shareholders

Share price increased 24% in 2019

Dividend of DKK 4.00 per share proposed in 2020

Share capital
DFDS has one class of shares. The share capital at the end of 2019 was DKK 1,173m comprising 58,631,578 shares, each with a nominal value of DKK 20. There were no changes to the share capital during 2019.

Stock exchange trading
The DFDS share is listed on Nasdaq Copenhagen where 27.3m DFDS shares were traded in 2019 equal to an annual turnover of DKK 7.6bn compared to DKK 11.0bn in 2018. The average number of trades per day was 1,145 compared to 1,848 in 2018 and the average daily turnover was DKK 30m compared to DKK 44m in 2018. The DFDS share is part of the Large Cap index.

Share price development and yield
DFDS' share price increased 24% to DKK 325 in 2019. The market value at the end of 2019 was DKK 18.6bn, excluding treasury shares. By comparison, the Danish stock market's all-share index increased 26% in 2019.

The total distribution yield on the DFDS share was 1.2% in 2019 consisting of a dividend yield.

Distribution policy
The starting point for determining the level of capital distribution to shareholders is the current and expected future financial leverage measured as the ratio between NIBD and EBITDA. Target leverage is a ratio between 2.0 and 3.0. NIBD/EBITDA was 3.3 at the end of 2019.

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

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

Distribution to shareholders in 2019
A dividend of DKK 4.00 per share equal to DKK 229m was distributed to shareholders in March 2019.

Distribution of dividend was resumed in 2019 following the acquisition of U. N. Ro-Ro in June 2018. Subsequent to the acquisition, the planned dividend in August 2018 was cancelled.

Dividend proposal
The Board of Directors proposes to the 2020 annual general meeting (AGM) a total dividend of DKK 4.00 per share to be paid in March 2020.

The financial leverage is, all else being equal, expected to decrease in 2020 to a NIBD/EBITDA-ratio below 3.0, the upper end of the target range. Additional capital distribution through share buybacks is not expected in 2020.

Shareholders

At the end of 2019, DFDS had 17,860 registered shareholders who owned 94% of the share capital. International shareholders owned 34% (2018: 32%) of the total registered share capital. The Lauritzen Foundation was the largest shareholder with a holding of 41% of the total share capital at the end of 2019.

Investor Relations

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

On 18 June 2019, DFDS hosted a Capital Markets Day in Copenhagen on board Pearl Seaways. More than 50 institutional investors and analysts participated. The day was focused on the presentation of the Win23 strategy that was announced earlier in the morning. All presentations from the day are available at https://www.dfds.com/en/about/investors/capital-markets-day.

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

Share related key figures

Share related key figures	2019	2018	2017	2016	2015
Share price, DKK					
Price at year-end	325.0	262.2	331.3	322.6	267.0
Price high	332.4	421.2	415.1	359.9	282.0
Price low	214.6	239.4	320.5	211.1	121.0
Market value year-end, DKK m	18,593	14,990	18,106	18,405	15,840
No. of shares year-end, m	59	59	57	60	62
No. of circulating shares year-end, m	57	57	55	57	59
Distribution to shareholders, DKK m					
Dividend paid per share, DKK	4.00	4.00	10.00	6.00	5.40
Total dividend paid ex. treasury shares	229	219	555	349	326
Buyback of shares	0	190	1,106	914	401
Total distribution to shareholders	229	409	1,661	1,263	727
FCFE yield, %	-0.8	-15.2	6.1	7.5	9.7
Total distribution yield, %	1.2	2.7	9.2	6.8	4.6
Cash payout ratio, %	-151.7	-17.9	150.7	91.4	47.0
Shareholder return					
Share price change, %	24.0	-20.9	2.7	20.8	125.9
Dividend return, %	1.5	1.2	3.1	2.2	4.6
Total shareholder return, %	25.5	-19.6	5.8	23.1	130.5
Share valuation					
Equity per share, DKK	179.7	160.5	120.7	116.3	105.4
Price/book value, times	1.8	1.6	2.7	2.8	2.5

Ownership structure, end of 2019

Lauritzen Foundation	40.9
Institutional shareholders	42.0
Other registered shareholders	9.2
Treasury shares	2.3
Non-registered shareholders	5.6
Total	100.0

With reference to §38 in the Danish Capital Markets Act, Lauritzen Foundation domiciled in Copenhagen, Denmark, has notified DFDS A/S that it holds more than 5% of the share capital and voting rights of the company.

Shareholder distribution, end of 2019

No. of shares	No. of share-holders	% of share capital
1-50	5,458	0.3
51-500	9,675	3.1
501-5000	2,396	5.2
5001-50000	252	6.5
50001-	79	79.4
Total*	17,860	94.4

* Total of registered shareholders

Investor relations
Søren Brøndholt Nielsen, VP,
IR & Corporate Planning
Phone: +45 3342 3359
E-mail: udsbn@dfds.com

Shareholder's secretariat
E-mail: shareholder@dfds.com

Analysts covering the DFDS share

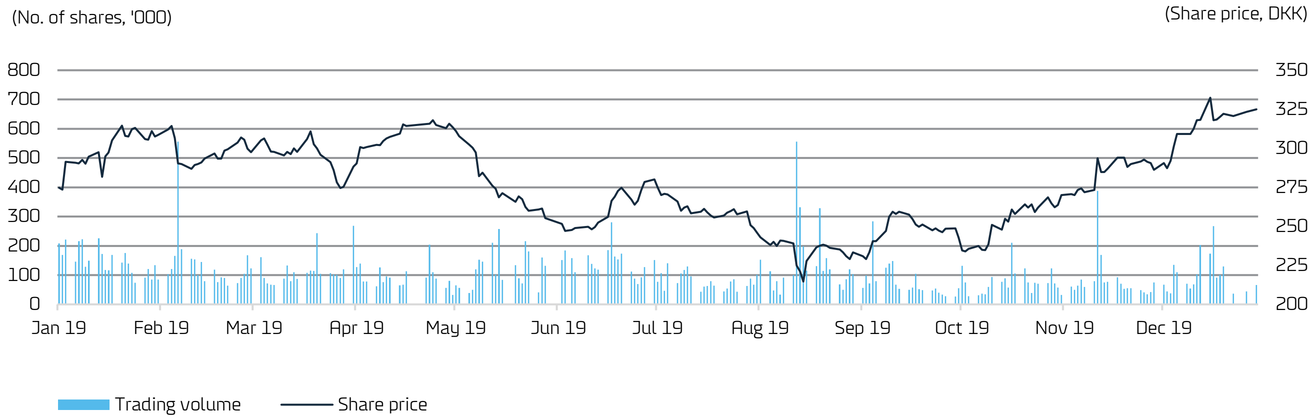
ABG Sundal Collier
Casper Blom
Phone: +45 3546 3015
E-mail: casper.blom@abgsc.dk

Carnegie
Dan Togo Jensen
Phone: +45 3288 0245
E-mail: dan.togo@carnegie.dk

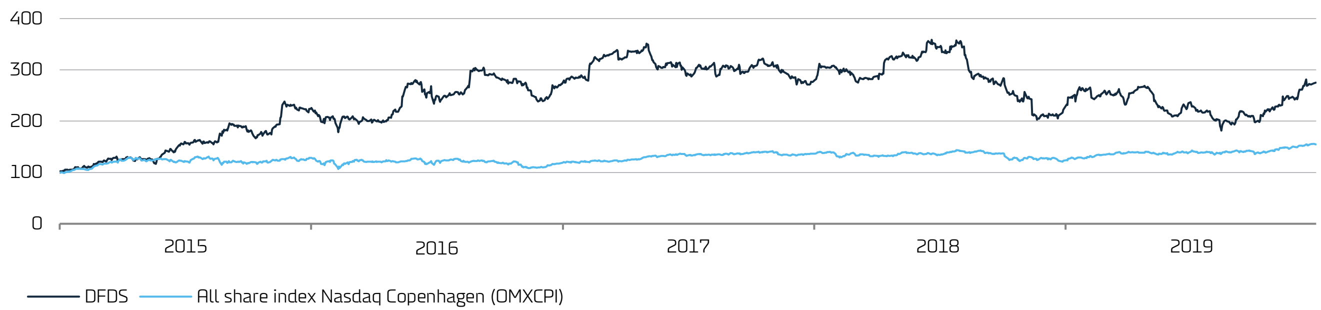
Danske Bank Markets
Finn Bjarke Petersen
Phone: +45 4512 8036
E-mail: finn.bjarke.petersen@danskebank.dk

Nordea
Marcus Bellander
Phone: +45 5547 8967
E-mail: marcus.bellander@nordea.com

DFDS share price and trading volume, 2019



Share price performance relative to Copenhagen all share index 2015-2019



RBC Capital Markets
Ruairi Cullinane
Phone: +44 207 002 2275
E-mail: ruairi.cullinane@rbccm.com

SEB Equities
Lars Heindorff
Phone: +45 3328 3307
E-mail: : lars.heindorff@seb.dk

Financial review

Revenue increased 6% to DKK 16.6bn

EBITDA increased 1% to DKK 3.6bn

Investments of DKK 2.7bn included DKK 1.2bn for newbuildings

Reporting structure
DFDS' activities are organised in two divisions: Ferry Division operates five business units and Logistics Division operates three business units. Group Non-allocated items consist of corporate costs not allocated to either division. Each division also has Non-allocated items which mainly include external charter activities in Ferry Division and an equipment pool in Logistics Division.

In order to provide a more transparent view of income and expenses, larger items that are considered not to have a recurring nature are classified as special items in the income statement.

Revenue
Reported revenue increased 5.6% to DKK 16,592m in 2019. The increase was mainly driven by the full-year impact of the acquisition of U. N. Ro-Ro completed 7 June 2018 and the addition of a new, major customer in the Mediterranean business unit from the beginning of 2019.

These events were also the main driver of an 8.0% increase in Ferry Division's revenue to DKK 12,006m. The revenue of the division's other four business units was below 2018 as both freight and passenger volumes were negatively impacted by Brexit as well as a slowdown in Germany that impacted Baltic Sea's revenue.

Logistics Division's revenue of DKK 5,319m was on level with 2018 as higher revenue in the UK & Ireland business unit offset lower revenue in the Nordic and Continent business units. Revenue in the latter two business units was mainly reduced by Brexit and lower activity for specialised transports in Sweden while a new, large domestic distribution contract increased UK & Ireland's revenue.

EBITDA before special items
Operating profit before depreciation, EBITDA, and special items increased 1% to DKK 3,633m.

Ferry Division's EBITDA increased 1% to DKK 3,205m as a positive full-year impact of the acquisition of U. N. Ro-Ro and addition of a new, major customer was offset by lower earnings in the other business units, primarily due to lower volumes as uncertainty about Brexit lowered trade and travel between UK and the rest of Europe. This was mitigated in North Sea by a freight ferry capacity agreement with the UK Department for Transport covering Q2 and Q3 in 2019.

Logistics' EBITDA increased 9% to DKK 470m mainly due to higher earnings in UK & Ireland. Nordic's EBITDA was on level with 2018 as a new shipping contract offset lower earnings in mostly Sweden. Continent's earnings were reduced by the slowdown in trade between UK and the rest of Europe caused by Brexit.

The Group cost of Non-allocated items increased to DKK -42m from DKK -21m in 2018.

Depreciation, impairment and EBIT
Total depreciation and impairment increased 16% to DKK 1,894m. The increase was partly due to the full-year impact of the acquisition of U. N. Ro-Ro as well as 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 EBIT before special items decreased 11% to DKK 1,751m.

Special items and EBIT

Special items in 2019 was a net cost of DKK 101m. The largest item was a cost of DKK 82m related to Mediterranean, including one-off costs related to the start-up of a new Turkish port terminal and cancellation of port and agency agreements in Toulon. More information on special items is available in Note 2.6 on page 78.

The Group's EBIT after special items was DKK 1,650m, a decrease of 14%.

Financing

The net cost of financing increased 26% or DKK 57m to DKK 278m compared to 2018. The increase mainly reflects the full-year impact on interest cost of the acquisition of U .N. Ro-Ro as well as the financing of three freight ferry newbuildings and other investments.

Tax and the annual result

The profit before tax for 2019 was DKK 1,371m which was 19% below 2018 and a decrease of 16% adjusted for special items.

The ferry activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania, France and Turkey. The tax on the annual profit amounted to a total cost of DKK 59m. This includes DKK -49m of tax for the year and DKK -2m of deferred taxes.

The net annual result was DKK 1,313m, a decrease of 20% compared to 2018.

Investments

Net investments in 2019 amounted to DKK 2,651m. This included DKK 2,120m of ship investments of which DKK 1,154m were related to ferry newbuildings, delivered and on order, DKK 492m were used for upgrades and dockings and DKK 216m used for scrubbers. Moreover, the net cash flow from the purchase of two freight ferries and the sale of a combined freight and passenger ferry amounted to DKK 147m. The remaining net investments of DKK 648m were related to port terminals, warehouses, cargo carrying equipment, software and other items.

Assets, invested capital and return

Total assets amounted to DKK 26.9bn at the end of the year which was an increase of 9% compared to 2018. The increase was primarily due to the investment in ferry newbuildings, a rise in current assets linked to the addition of a new, major customer agreement in Mediterranean and the acquisition of two logistics companies at the end of 2019.

Revenue

DKK m	2019	2018	Δ %	Δ
Ferry Division	12,006	11,117	8.0	889
Logistics Division	5,319	5,324	-0.1	-5
Eliminations etc.	-733	-724	1.2	-9
DFDS Group	**16,592**	**15,717**	**5.6**	**875**

EBITDA before special items

DKK m	2019	2018	Δ %	Δ
Ferry Division	3,205	3,179	0.8	26
Logistics Division	470	431	9.0	39
Non-allocated items	-42	-21	100.0	-21
DFDS Group	**3,633**	**3,589**	**1.2**	**44**
EBITDA-margin, %	21.9	22.8	n.a.	-0.9

Net working capital, defined as inventory and trade receivables minus trade payables, was DKK 417m at the end of 2019 compared to DKK -19m at the end of 2018. The increase was mostly due to the expansion of activities in the Mediterranean. It is expected that the net working capital will decrease in 2020.

At year-end 2019, the invested capital had increased 10% to DKK 22.5bn from year-end 2018 driven primarily by the ferry newbuildings, the higher working capital and the two logistics acquisitions. Calculated as an average, invested capital was DKK 21.4bn in 2019, a 32% increase compared to 2018.

The return on invested capital, ROIC, was 7.5% in 2019 and 8.0% adjusted for special items.

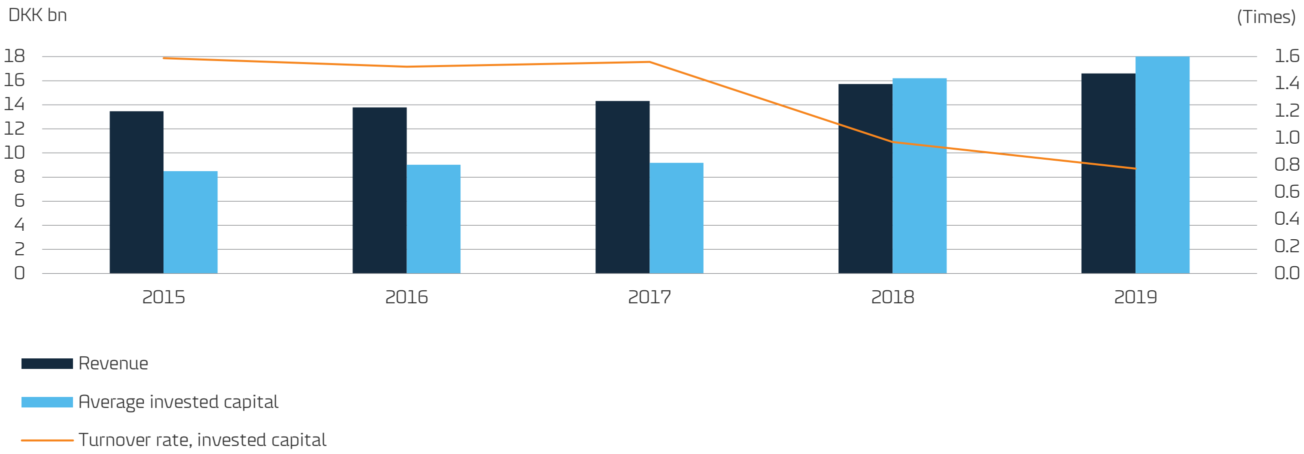
Financing and capital structure

At year-end 2019, interest-bearing debt was DKK 12.8bn compared to DKK 12.1bn at year-end 2018. These amounts included lease liabilities of DKK 2.8bn and DKK 2.7bn in 2019 and 2018, respectively.

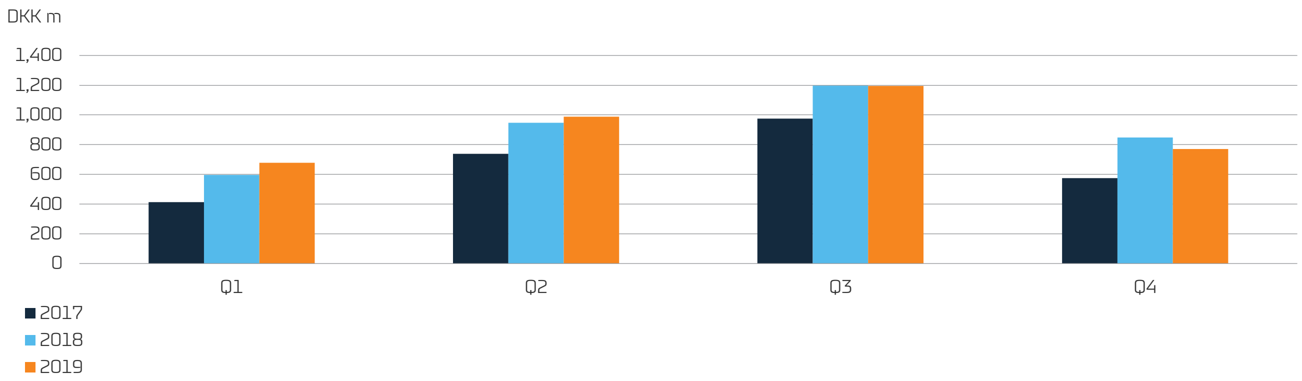
In 2019, bank loans and mortgaged ship loans amounted to 67% of interest-bearing debt while lease liabilities amounted to 22% and corporate bonds amounted to 10%.

Net interest-bearing debt increased 6% to DKK 12.0bn at year-end 2019 and the ratio of net interest-bearing debt to EBITDA before special items was 3.3 compared to 3.1 at the end of 2018.

Revenue and invested capital



EBITDA before special items per quarter



Cash flow

The gross cash flow from operations was DKK 3,258m and DKK 2,500m if the IFRS 16 impact was reversed. In both instances the increase in the net working capital reported above had a negative impact on the cash flow.

Following a cash flow from investment activities of DKK -2,651m, the free cash flow (FCFF) was positive by DKK 607m and negative by DKK 151m if the IFRS 16 impact was reversed.

The cash flow from financing activities was negative by DKK 268m in 2019, including payment of lease liabilities of DKK 706m, net proceeds of DKK 663m from loan financing and payment of a dividend of DKK 229m to shareholders.

The net cash flow of 2019 was DKK 79m and cash and cash equivalents increased to DKK 840m at year-end.

Impairment test

Based on the impairment tests performed in 2019 of the Group's non-current intangible and tangible assets, no write-downs are deemed necessary. The impairment tests are described in greater detail in Note 3.1.5 on pages 88-90.

Equity

Equity amounted to DKK 10,356m at year-end 2019, including non-controlling interests of DKK 80m. This was an increase of 12% compared to year-end 2018. Total comprehensive income for 2019 was DKK 1,535m while transactions with owners decreased equity by DKK 201m, including dividends of DKK 232m.

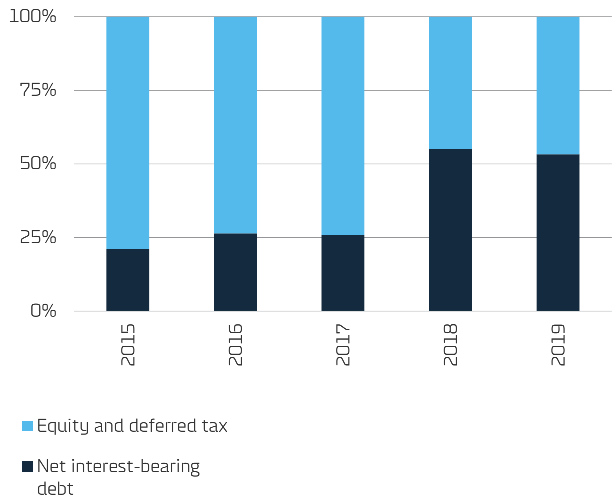
The equity ratio was 39% at year-end 2019 compared to 37% at year-end 2018.

Parent company key figures

The revenue of the parent company, DFDS A/S, was DKK 9,757m in 2019 and the profit before tax was DKK 1,052m. Total assets at year-end amounted to DKK 17,095m and the equity was DKK 9,339m.

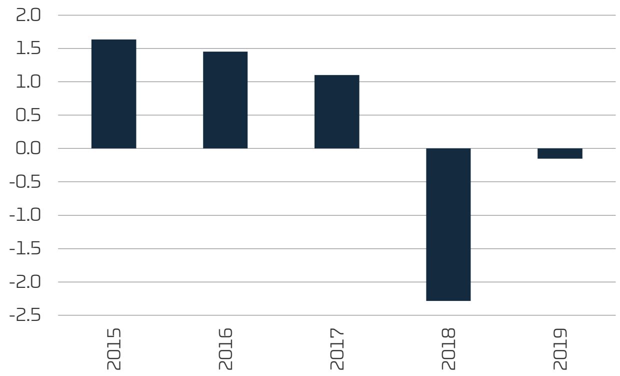
Capital structure

%-share of invested capital



Free cash flow, FCFF

DKK bn



Corporate governance summary

Board of Directors

The Board of Directors is made up of six directors appointed by the annual general meeting of shareholders, elected for a period of one year, as well as three directors appointed by employees, elected for a period of four years.

Five of the six directors appointed by shareholders at the most recent ordinary and extraordinary general meetings are deemed independent according to the Danish recommendations on good corporate governance. Two of the six appointed directors are women.

The Board of Directors work in accordance with the company's articles of association, the rules of procedure of the Board of Directors as well as an established annual cycle of focus areas to ensure that all major governance aspects are reviewed at least once annually.

The Chair of the Board of Directors undertakes an annual review of the performance of the Board of Directors. The composition of the Board of Directors aims to ensure that competencies that are key to the company's performance are represented. Eight board meetings were held in 2019.

Board committees

The Board of Directors has established an audit committee, a nomination committee and a remuneration committee. Each committee has three members. The purposes of these committees as well as recent activities are available on www.dfds.com/group.

Remuneration

The members of the Board of Directors are paid according to an agreed, fixed annual fee together with fixed annual supplements for the Chair and the Deputy Chair of the Board, the Chair of the audit committee as well as members of the audit, the remuneration and the nomination committee. Members of the Board of Directors, including members of the committees, do not receive any incentive-based remuneration. The fees proposed to be paid to directors are presented for approval at DFDS' annual general meeting. For the annual general meeting in March 2020 the Board of Directors is proposing a revised remuneration policy in compliance with the provisions of the Danish Companies Act. For the annual general meeting to be held in 2021 the Board of Directors intend to present a remuneration report based on the said policy.

Recommendations on corporate governance

Performance in relation to corporate governance is regularly assessed and a review of compliance with the Danish recommendations on corporate governance is reported annually. The report reviews the approach to all items of the recommendations.

DFDS is compliant with all recommendations.

Business ethics

DFDS has a code of business conduct that sets out expectations for employee behaviour and actions. In addition, a compliance line, operated by a third party, offers 'whistleblowers' the possibility to raise concerns on behaviour by name or anonymously. A total of 14 cases were reported during 2019.

Rules and policies
DFDS A/S is subject to Danish law and listed on Nasdaq Copenhagen. DFDS' corporate governance is based on Danish legislation and regulations, including the Danish Companies Act, the rules for listed companies on Nasdaq Copenhagen, the Danish recommendations for good corporate governance and the company's articles of association, as well as other relevant rules.

More information on DFDS' corporate governance is available from www.dfds.com/group:

- Statutory report on corporate governance, www.dfds.com/group/about/governance
- DFDS' statutes, www.dfds.com/group/about/governance
- Materials from DFDS' most recent AGM, www.dfds.com/group/investors/general-meetings
- Remuneration policy, www.dfds.com/group/about/governance
- Diversity policy, www.dfds.com/group/about/governance

Board of Directors

Marianne Dahl Steensen
Board Member

Lars Skjold-Hansen
Board member
(staff representative)

Dirk Reich,
Board member

Claus V. Hemmingsen
Chair

Anders Götzsche
Board member

Torben Carlsen
President & CEO

Klaus Nyborg
Vice Chair

Jill Lauritzen Melby
Board Member

Jesper Hartvig Nielsen,
Board member
(staff representative)

Jens Otto Knudsen
Board member
(staff representative)

Board of Directors and Executive Board

As per 24 February 2020

Board of Directors

Claus V. Hemmingsen, Chair
3,336 shares

Born: 1962
Position: Managing director, CVH Consulting ApS
Joined the board: 29 March 2012
Re-elected: 2013-2019
Period of office ends: 18 March 2020

Chair of the Nomination and Remuneration Committees

Board meeting participation: 8/8
Committee participation: 7/7
Chair: Maersk Drilling (The Drilling Company of 1972 A/S)
Board member: Den A.P. Møllerske Støttefond

The Board of Directors is of the opinion that Claus V. Hemmingsen possesses the following special competences: International management experience and expertise in offshore activities and shipping.

Klaus Nyborg, Vice Chair
0 shares

Born: 1963
Position: Managing director, Return ApS
Joined the Board: 31 March 2016
Re-elected: 2017-2019
Period of office ends: 18 March 2020

Member of the Nomination and Remuneration Committees.

Board meeting participation: 8/8
Committee participation: 7/7
Chair: Dampskibsselskabet Norden A/S, A/S United Shipping & Trading, Bawat A/S, Moscord Pte. Ltd., Singapore and Chairman of The Investment Committee of Maritime Investment Fund I K/S and Fund II K/S
Deputy Chair: Bunker Holding A/S, Uni-Tankers A/S, Uni-Chartering A/S
Board member: Karen og Poul F. Hansens Familiefond, Norchem A/S, X-Press Feeders Ltd.

The Board of Directors is of the opinion that Klaus Nyborg possesses the following special competences: International management and board experience from i.a. listed shipping companies and suppliers to the shipping industry, and expertise in strategy, M&A, finance and risk management.

Marianne Dahl Steensen, Board member
1,817 shares

Born: 1974
Position: Vice President, Microsoft Western Europe
Joined the Board: 21 March 2017
Re-elected: 2018-2019
Period of office ends: 18 March 2020

Member of the Nomination and Remuneration Committees.

Board meeting participation: 7/8
Committee participation: 8/8
Board member: The Danish Foreign Policy Society.

The Board of Directors is of the opinion that Marianne Dahl Steensen possesses the following special competences: International management experience and expertise within strategy, digitalisation, product development and sales.

Anders Götzsche, Board member
1,300 shares

Born: 1967
Position: Executive Vice President and CFO, H. Lundbeck A/S
Joined the Board: 19 March 2018
Re-elected: 2019
Period of office ends: 18 March 2020

Chair of the Audit Committee.

Board meeting participation: 7/8
Committee participation: 5/5
Chair: Rosborg Møbler A/S.

The Board of Directors is of the opinion that Anders Götzsche possesses the following special competences: International management and board experience, expertise in finance and accounting as well as M&A.

Jens Otto Knudsen, Board member (staff representative)
130 shares

Born: 1958
Joined the Board: 13 April 2011
Re-elected: 2012-2019
Period of office ends: 19 March 2022
Board meeting participation: 8/8

Jens Otto Knudsen has no managerial or executive positions in other companies.

Jill Lauritzen Melby, Board member
4,735 shares

Born: 1958
Position: Team Leader Finance, BASF A/S
Joined the Board: 18 April 2001
Re-elected: 2002-2019
Period of office ends: 18 March 2020

Member of the Audit Committee.

Board meeting participation: 8/8
Committee participation: 5/5

Jill Lauritzen Melby has no managerial or executive positions in other companies.

The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: Expertise in financial control.

Due to family relations to the company's principal shareholder, Lauritzen Fonden, Jill Lauritzen Melby cannot be considered independent according to the Recommendations on Corporate Governance.

Jesper Hartvig Nielsen, Board member (staff representative)
30 shares

Born: 1975
Joined the Board: 19 March 2018
Re-elected: 2019
Period of office ends: 19 March 2022
Board meeting participation: 8/8

Jesper Hartvig Nielsen has no managerial or executive positions in other companies.

Lars Skjold-Hansen, Board member (staff representative)
30 shares

Born: 1965
Joined the Board: 22 March 2013
Re-elected: 2014-2019
Period of office ends: 19 March 2022
Board meeting participation: 8/8

Lars Skjold-Hansen has no managerial or executive positions in other companies.

Dirk Reich, Board member
0 shares

Born: 1963
Joined the Board: 1 July 2019
Period of office ends: 18 March 2020

Member of the Audit Committee

Board meeting participation: 2/2
Committee participation: 2/2
Chair: Instafreight GmbH, Log-hub AG, R+R Holding AG, R+R International Aviation AG
Board member: IPT AG, Skycell AG, Imperial Logistics Limited

The Board of Directors is of the opinion that Dirk Reich possesses the following special competences: International management and board experience, as well as expertise in international logistics activities.

Executive Board

Torben Carlsen, President & CEO,
123,850 shares

Born: 1965
Appointed: 1 May 2019 (previously CFO since 1 June 2009)
Chair: Copenhagen Infrastructure Partners, CI-II K/S, CI-III K/S & NMF K/S, Chairman of the Investment Committee; Gro Capital Fund I & II K/S, Chairman of the Investment Committee
Member: Maritime Investment Fund I + II K/S, Member of the Investment Committee.

Karina Deacon, EVP & CFO,
1,456 shares

Born: 1969
Appointed: 1 January 2020
Board member and Chair of Audit Committee: DOVISTA A/S

Executive Management

Karina Deacon (1969)
Executive Vice President & CFO
MSc (Aud)
Employed by DFDS since 2020

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

(Not included in photo)
Rune Keldsen (1979)
Executive Vice President,
Chief Technology Officer
MSc (IT)
Employed by DFDS since 2020

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

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

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

Consolidated Financial Statements

Reports

Income statement

1 January – 31 December

DKK million	Note	2019	2018[1]
Revenue	2.1, 2.2	16,592	15,717
Costs	2.3		
Ferry and other ship operation and maintenance		-3,667	-3,583
Freight handling		-2,521	-2,447
Transport solutions		-2,994	-3,191
Employee costs	2.4	-3,077	-2,796
Cost of sales and administration		-699	-712
Operating profit before depreciation (EBITDA) and special items		**3,633**	**2,988**
Share of profit/loss of associates and joint ventures		6	1
Profit on disposal of non-current assets, net	3.1.4	6	7
Amortisation, depreciation, and impairment losses on intangible- and tangible assets and Right-of-use assets	2.5	-1,894	-1,087
Operating profit (EBIT) before special items		**1,751**	**1,909**
Special items, net	2.6	-101	-49
Operating profit (EBIT)		**1,650**	**1,859**
Financial income	4.4	6	6
Financial costs	4.4	-284	-171
Profit before tax		**1,371**	**1,694**
Tax on profit	2.7	-59	-57
Profit for the year		**1,313**	**1,637**

DKK million	Note	2019	2018[1]
Profit for the year is attributable to:			
Equity holders of DFDS A/S		1,309	1,630
Non-controlling interests		4	8
Profit for the year		**1,313**	**1,637**
Earnings per share	4.8		
Basic earnings per share (EPS) of DKK 20 in DKK		22.88	28.99
Diluted earnings per share (EPS-D) of DKK 20 in DKK		22.80	28.87
Proposed profit appropriation			
Proposed dividend, DKK 4.0 per share (2018 DKK 4.0 per share)			

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Statement of comprehensive income

1 January – 31 December

DKK million	Note	2019	2018[1]
Profit for the year		**1,313**	**1,637**
Other comprehensive income			
Items that will not subsequently be reclassified to the Income statement:			
Remeasurement of defined benefit pension obligations	3.2.4	106	122
Items that will not subsequently be reclassified to the Income statement		**106**	**122**
Items that are or may subsequently be reclassified to the Income statement:			
Value adjustment of hedging instruments:			
Value adjustment for the year		169	321
Value adjustment transferred to operating costs		12	-7
Value adjustment transferred to financial costs		20	-48
Value adjustment transferred to non-current tangible assets		-113	-21
Tax on items that are or may be reclassified to the Income statement	2.7	-15	-1
Foreign exchange adjustments, subsidiaries		42	-59
Items that are or may subsequently be reclassified to the Income statement		**116**	**186**
Total other comprehensive income after tax		**222**	**308**
Total comprehensive income		**1,535**	**1,945**
Total comprehensive income for the year is attributable to:			
Equity holders of DFDS A/S		1,530	1,937
Non-controlling interests		5	8
Total comprehensive income		**1,535**	**1,945**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Balance sheet 31 December

Assets

DKK million	Note	2019	2018[1]
Goodwill		3,440	3,337
Port Concession rights		1,144	1,175
Other non-current intangible assets		84	30
Software		241	244
Development projects in progress		25	2
Non-current intangible assets	3.1.1	**4,934**	**4,788**
Land and buildings		201	163
Terminals		741	1,434
Ferries and other ships		10,950	9,731
Equipment, etc.		742	740
Assets under construction and prepayments		1,034	1,021
Non-current tangible assets	3.1.2	**13,669**	**13,089**
Right-of-use assets		3,337	-
Non-current Right-of-use assets	3.1.3	**3,337**	**-**
Investments in associates, joint ventures and securities		53	43
Receivables	3.2.1	29	138
Prepaid costs		129	91
Deferred tax	2.7	47	70
Derivative financial instruments	4.2	242	175
Other non-current assets		**500**	**517**
Non-current assets		**22,440**	**18,395**
Inventories	3.2.2	219	201
Receivables	3.2.1	2,878	2,459
Prepaid costs		336	259
Derivative financial instruments	4.2	75	57
Cash		840	761
Current assets		**4,347**	**3,736**
Assets classified as held for sale	3.1.6	76	0
Total current assets		**4,423**	**3,736**
Assets		**26,863**	**22,132**

Equity and Liabilities

DKK million	Note	2019	2018[1]
Share capital	4.7	1,173	1,173
Reserves		-120	-251
Retained earnings		8,988	8,019
Proposed dividend		235	235
Equity attributable to equity holders of DFDS A/S		**10,276**	**9,175**
Non-controlling interests		80	80
Equity	4.6	**10,356**	**9,255**
Interest-bearing liabilities	4.5	11,742	8,389
Deferred tax	2.7	213	211
Pension and jubilee liabilities	3.2.4	160	263
Other provisions	3.2.5	47	17
Derivative financial instruments	4.2	69	74
Non-current liabilities		**12,231**	**8,954**
Interest-bearing liabilities	4.5	1,032	869
Trade payables		2,292	2,296
Other provisions	3.2.5	38	50
Corporation tax		30	23
Other payables	3.2.3	690	494
Derivative financial instruments	4.2	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**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Statement of changes in equity

1 January – 31 December 2019

DKK million	Share capital	Reserves: Translation reserve	Reserves: Hedging reserve	Reserves: Treasury shares	Retained earnings	Proposed dividend	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1 January 2019	1,173	-398	177	-29	8,019	235	**9,175**	80	**9,255**
Change in accounting policies[1]					-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 year									
Profit for the year					1,309		**1,309**	4	**1,313**
Other comprehensive income									
Items that will not subsequently be reclassified 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 subsequently be reclassified to the Income statement:									
Value adjustments of hedging instruments for the year			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 are or may 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**
Total transactions with owners 2019	**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**

[1] Impact from implementation of IFRS 16, reference is made to note 3.1.3.

The Parent Company's share capital, which is not divided into different classes of shares, is divided into 58,631,578 shares of DKK 20 each. All shares rank equally.
There are no restrictions on voting rights. The shares are fully paid up.

Statement of changes in equity

1 January – 31 December 2018

		Reserves								
DKK million	**Share capital**	**Translation reserve**	**Hedging reserve**	**Revaluation of securities**	**Treasury shares**	**Retained earnings**	**Proposed dividend**	**Equity attributable to equity holders of DFDS A/S**	**Non-controlling interests**	**Total**
Equity at 1 January 2018	1,140	-340	-68	0	-47	5,652	228	**6,565**	49	**6,614**
Change in accounting policies[1]				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 year										
Profit for the year						1,629		**1,629**	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 subsequently be reclassified to the Income statement:										
Value adjustments of hedging instruments for the year			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 are or may 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**	**308**	**0**	**308**
Total comprehensive income	**0**	**-59**	**245**	**0**	**0**	**1,750**	**0**	**1,937**	**8**	**1,945**
Transactions with owners										
Acquisition, non-controlling interests						1		**1**	6	**7**
Addition related to acquisition, non-controlling interests								**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**
Total transactions with owners 2018	**33**	**0**	**0**	**0**	**18**	**616**	**6**	**673**	**23**	**696**
Equity at 31 December 2018	**1,173**	**-398**	**177**	**0**	**-29**	**8,019**	**235**	**9,175**	**80**	**9,255**

The Parent Company's share capital, which is not divided into different classes of shares, is divided into 58,631,578 shares of DKK 20 each. All shares rank equally.
There are no restrictions on voting rights. The shares are fully paid up.

[1] 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.

Statement of cash flows

1 January – 31 December

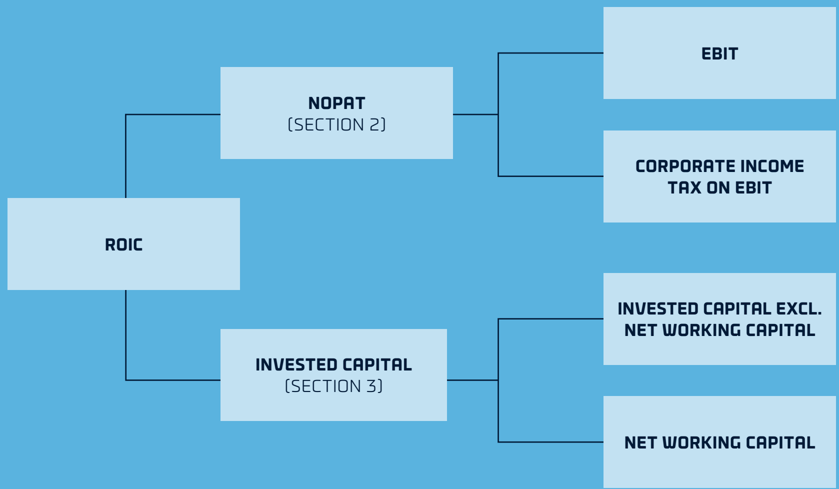
DKK million	Note	2019	2018[1]
Operating profit before depreciation (EBITDA) and special items		**3,633**	**2,988**
Cash flow effect from special items related to operating activities		-78	-99
Adjustments for non-cash operating items, etc.	5.4	26	20
Change in working capital	5.4	-224	-283
Payment of pension liabilities and other provisions		-52	-41
Cash flow from operating activities, gross		**3,304**	**2,585**
Interest received, etc.		6	5
Interest paid, etc.		-266	-233
Taxes paid		-46	-69
Cash flow from operating activities, net		**2,997**	**2,289**
Investments in ferries and other ships including dockings, rebuildings and ferries under construction (incl. settlement of forward exchange contracts related thereto)		-2,120	-934
Sale of ferries including prepayment received on ferry held for sale		117	84
Investments in other non-current tangible assets		-467	-306
Sale of other non-current tangible assets		13	16
Investments in non-current intangible assets		-66	-30
Acquisition of enterprises, associates, joint ventures and activities	5.5	-131	-3,635
Other investing cash flows		4	3
Cash flow to/from investing activities, net		**-2,651**	**-4,802**
Cash flow before financing activities, net		**346**	**-2,513**

DKK million	Note	2019	2018[1]
Proceed from bank loans and loans secured by mortgage in ferries and other ships	4.3	1,658	6,279
Repayment and instalments on bank loans and loans secured by mortgage in ferries and other ships	4.3	-799	-1,290
Proceed from issuance of corporate bonds	4.3	304	0
Repayment of corporate bonds incl. settlement of cross currency swap	4.3	-500	-203
Payment of loan in acquired entity	4.3	0	-2,756
Payment of lease liabilities	4.3	-706	-453
Acquisition of treasury shares	4.7	0	-190
Cash received from exercise of share options		7	59
Other financing cash flows		-3	15
Proceeds from increase of share capital		0	1,000
Dividends paid to equity holders of DFDS A/S		-229	-219
Cash flow to/from financing activities, net		**-268**	**2,242**
Net increase/(decrease) in cash and cash equivalents		**79**	**-272**
Cash and cash equivalents at 1 January		761	1,033
Foreign exchange and value adjustments of cash and cash equivalents		0	-1
Cash and cash equivalents at 31 December[2]		**840**	**761**

[1] *Comparative 2018 numbers are not restated to IFRS 16*
[2] *At 31 December 2019 DKK 108m (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.

Notes



NOTE SUMMARY

1. Basis of preparation of the Consolidated Financial Statements

1. Basis of preparation of the Consolidated Financial Statements

In preparing the Annual Report, DFDS focuses on ensuring that the content is relevant to the reader, and that the presentation is clear.

The purpose is to provide a overview of what drives performance. The structure of the notes reflects DFDS financial performance goal, ROIC, and the structure aims at providing an enhanced understanding of each accounting area, by describing relevant accounting policies and any significant accounting estimates and assessments related thereto at the end of each note.

The accounting policies have been made within the framework of the prevailing IFRS standards as adopted by the EU. The actual text of the standard is not repeated in the notes. The description of accounting policies in the notes forms part of the overall description of DFDS accounting policies.

Basis of reporting
The 2019 Consolidated Financial Statements and Parent Company Financial Statements of DFDS A/S have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies.

On 24 February 2020, the Board of Directors and the Executive Management Board considered and approved the 2019 Annual Report of DFDS A/S. The Annual Report will be presented to the shareholders of DFDS A/S for approval at the ordinary Annual General Meeting on 18 March 2020.

Basis for preparation
The Consolidated Financial Statements and the Parent Company Financial Statements are presented in Danish Kroner (DKK) which is the Parent Company's functional currency.

The Consolidated Financial Statements and the Parent Company Financial Statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as "Fair value through profit loss" (FVTPL) are measured at fair value.

Non-current assets and assets held for disposal classified as held for sale are measured at the lower of the carrying amount before the changed presentation and the fair value less costs to sell.

The accounting policies set out below and in the notes have been used consistently in respect of the financial year and to comparative figures.

Roundings
In general, roundings may cause variances in sums and percentages in the Annual report.

New International Financial Reporting Standards and Interpretations
In 2019, the Group has adopted all relevant new and updated accounting standards.

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. Comparative figures are not restated due to either no impact or insignificant impact on the financial statements or due to the transitional provisions in the newly adopted standards.

IFRS 16 Leases
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.

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 amortisation, depreciation and special items (EBITDA) 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, Right-of-use assets as well as 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. A single incremental borriwing rate has been applied to a portfolio of leases in same currency with same useful lifetime. The applied weighted average incremental borrowing rate as of 1 January 2019 has been 2.1% for Land & buildings, 3.0 for Terminals, 1.7% for Ferries and other ships and 1.8% for Equipment and Other assets.

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'). Use of hindsights has been applied in derdermining the lease term if the contract contains either option to extend or option to terminate the lease, e.g. used the knowledge as of the time of implementing the standard. Existing assessments of whether leases are onerous have been applied.

Finally, in terms of non-lease components (often referred to as 'service-element') the Group has for all classes of underlying assets - except for terminals - elected 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.

The effect of adoption IFRS 16 is as follows:

1. Basis of preparation of the Consolidated Financial Statements (continued)

Impact on the balance sheet as at 1 January 2019

DKK million	1 Jan. 2019
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 (Interest-bearing liabilities)	-292
Lease liabilities (Interest-bearing liabilities)	3,058
Liabilities	**2,765**
Equity and liabilities	**2,533**

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 million	
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**

New standards and interpretations not yet adopted
The IASB has issued a number of new or amended standards and interpretations with effective date post 31 December 2019, some of which have not yet been endorsed by the EU. The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2019. The Group expects to adopt the Standards and Interpretations when they become mandatory.

None of the standards and interpretations are expected to have a significant impact on recognition and measurement.

Application of materiality and relevance
DFDS' Annual report is based on the concept of materiality and relevance, to ensure that the content is material and relevant to the user. This objective is pursued by providing relevant rather than generic descriptions and information.

When assessing materiality and relevance, due consideration is given to ensure compliance with applicable accounting legislation etc. and to ensure that the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at the balance sheet date and the operations and cash flows for the financial year.

The Consolidated Financial Statements and the Parent Company Financial Statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the Financial Statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes. The disclosure requirements throughout IFRS are substantial and DFDS provides these specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these Financial Statements or not relevant for the Group.

Subtotals and alternative performance measures
In the Annual report DFDS presents certain financial performance measures such as subtotals and key figures which are not required or defined under IFRS. It is considered that these alternative measures provide relevant supplementary information for the stakeholders of DFDS.

Significant income and expenses which DFDS assesses not to be directly attributable to the operating activities or which are considered non-recurring are presented in the Income statement in a separate line item labelled 'Special items' in order to distinguish these items from other income statement items. Reference is made to note 2.6 for more details on Special items. The Income statement includes the subtotals 'Operating profit before depreciation (EBITDA) and special items' and 'Operating profit (EBIT) before special items' as these are assessed to provide a more transparent and comparable view of DFDS' recurring operating profit. In note 2.6 it is disclosed how the line items in the income statement would have been affected if the 'Special items' had not been presented in a separate line item.

For definitions of key figures please refer to the section 'Definitions'.

Significant accounting policies
Management considers the accounting policies for the following areas as the most important for the Group: Consolidated Financial Statements; Business combinations; Non-current intangible assets; Ferries; Defined benefit pension plans; Deferred tax assets; Rigth-of-use assets; Derivatives; Special items; Provisions and contingencies. Accounting policies for Basis of consolidation, Non-controlling interests and Translation of foreign currencies are described below, while accounting policies for the remaining areas are included in the notes to which they relate.

Significant estimates
In the preparation of the Consolidated Financial Statements, Management undertakes a number of accounting estimates and assessments, and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company. These estimates, assessments and assumptions are based on historical experience and other factors which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments and assumptions.

In the opinion of Management, the following accounting estimates and assessments are significant in the preparation of the Annual report: Impairment testing of goodwill and other non-current intangible assets; Impairment testing of ferries, including the assessment of useful life and scrap value; Purchase Price Allocation in connection with acquisitions; Defined benefit pension plans; Deferred tax assets; Leasing arrangements; Derivatives; Provisions and contingencies.

Descriptions of the significant accounting estimates and assesments are included in the notes to which they relate.

1. Basis of preparation of the Consolidated Financial Statements (continued)

DESCRIPTION OF ACCOUNTING POLICIES

Basis of consolidation
The Consolidated Financial Statements include the Financial Statements of the Parent Company and the subsidiaries in which the Parent Company controls the financial and operational policies. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the enterprise (i.e. subsidiary) or if it, in some other way controls the enterprise. The Parent Company and these subsidiaries are referred to as the Group.

Enterprises, which are not subsidiaries, over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

Enterprises which according to agreement is controlled together with one or more other companies are considered joint ventures.

The Consolidated Financial Statements are based on the Financial Statements of the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances and unrealised inter-company gains and losses. The Consolidated Financial Statements are based on Financial Statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are eliminated against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investments in associates and joint ventures are recognised in the Consolidated Financial Statements at the Group's proportionate share of the associate's / joint venture's net asset value. Unrealised intercompany gains and losses from transactions with associates and joint ventures are eliminated by the Group's interest in the respective associate/jointly controlled enterprise.

Non-controlling interests
In the Consolidated Financial Statements, the individual financial line items of subsidiaries are recognised in full. The non-controlling interests' share of the results for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's results and equity, respectively, but are presented separately in the proposed profit appropriation and the statement of changes in equity. If a non-controlling interest has a put option to sell its ownership interest to DFDS, the fair value of the put option is recognised as an interest-bearing liability, which means that the results for the year and equity attributable to non-controlling interests are not presented separately in the proposed profit appropriation and the statement of changes in equity.

TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currency
Items included in the Financial Statements of each of the Group's enterprises are measured using the functional currency of the primary economic environment in which the enterprise operates. The Consolidated Financial Statements are presented in Danish Kroner (DKK).

Translation of transactions and balances
On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Currency gains and losses resulting from the settlement of these transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement as Financial income or cost, except when deferred in equity as qualifying for cash flow hedges.

Currency gains and losses on non-monetary items recognised at fair value, such as securities measured ar FVTPL, are recognised in the same line item as the fair value gain or loss.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset at its initial recognition.

Translation of subsidiaries
In the Consolidated Financial Statements, the Income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, while the balance sheet items are translated at the exchange rates at the end of the reporting period.

Foreign exchange differences arising on translation of such subsidiaries' equity at the beginning of the reporting period to the exchange rates at the end of the reporting period and on translation of the Income statements from average exchange rates to the exchange rates at the end of the reporting period, are recognised in Other Comprehensive Income and attributed to a separate translation reserve under equity. The exchange rate adjustment is allocated between the Parent Company's and the non-controlling interests' shares of equity.

When disposing of 100%-owned foreign enterprises, exchange differences which have accumulated in equity via Other Comprehensive Income, and which are attributable to the enterprise, are transferred from Other Comprehensive Income to the Income statement together with any gains or losses associated with the disposal.

When disposing of partially-owned foreign enterprises, the part of the foreign currency translation reserve which relates to the non-controlling interests is not transferred to the Income statement.

In the partial disposal of foreign subsidiaries without losing control, a proportionate share of the accumulated currency translation reserve recognised in Other Comprehensive Income is transferred from the Parent Company's equity share of equity to that of the minority shareholders.

In the partial disposal of associates and joint ventures, the proportionate share of the accumulated currency translation reserve recognised in Other Comprehensive Income is transferred to the Income statement.

Repayment of balances which accounting wise are considered part of the net investment are not considered a partial disposal of the subsidiary.

KEY FIGURES
Key figures are calculated in accordance with the latest version of the Danish Finance Society' guidelines, 'Recommendations and Financial Ratios'. The key figures stated in the overview with consolidated financial highlights are defined on the 'Definitions and Glossary' page.

2. Net Operating Profit After Tax (NOPAT)

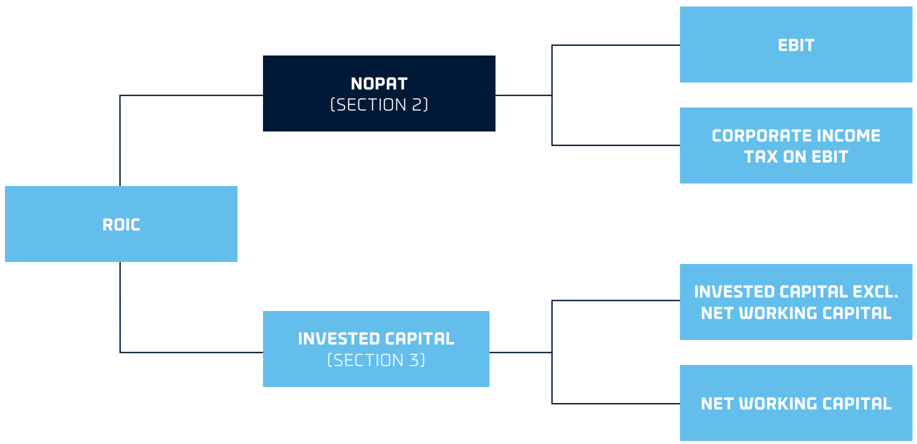
Return on invested capital (ROIC) is a strategic key ratio to DFDS when measuring the financial performance of our business. DFDS' financial performance goal has been a ROIC of at least 10% over a business cycle. In 2019 the financial performance goal was reassessed due to a significant change in the financial leverage following the implementation of IFRS 16. The new financial performance goal for ROIC is at least 8% over a business "cycle".

This section provides the notes of the main components that forms the basis of the Net operating profit after tax (NOPAT), which is a measure of profit that excludes the costs and tax benefit of debt financing by measuring the earnings before interest and taxes (EBIT) adjusted for corporate income tax on EBIT.

Together with invested capital, NOPAT forms the basis of the ROIC calculation, reference is made to section 3.

DKK million	Note	2019	2018[1]
Revenue	2.1, 2.2	16,592	15,717
Costs			
Ferry and other ship operation and maintenance	2.3	-3,667	-3,583
Freight handling		-2,521	-2,447
Transport solutions		-2,994	-3,191
Employee cost	2.4	-3,077	-2,796
Cost of sales and administration	2.3	-699	-712
Operating profit before depreciation (EBITDA) and special items		**3,633**	**2,988**
Share of profit/loss from associates and joint ventures		6	1
Profit on disposal of non-current assets, net	3.1.4	6	7
Amortisation, depreciation and impairment losses on intangible assets and tangible assets and Right-of-use assets	2.5	-1,894	-1,087
Operating profit (EBIT) before special items		**1,751**	**1,909**
Special items, net	2.6	-101	-49
Operating profit (EBIT)		**1,650**	**1,859**
Corporate income tax on EBIT[2]		-51	-52
Net Operating Profit After Tax (NOPAT)		**1,599**	**1,807**
Net Operating Profit After Tax (NOPAT) before special items		**1,699**	**1,857**
Return on invested capital (ROIC)[3]		**7.6%**	**13.1%**
Return on invested capital (ROIC) before special items[3]		**8.1%**	**13.5%**

[1] Comparative 2018 numbers are not restated to IFRS 16
[2] Corporate income tax is calculated for each entity within the Group following the tax legislation and current tax rate in each tax jurisdiction. The amount for each entity is then adjusted by the tax effect from financial items, calculated following the tax legislation and current tax rate in each tax jurisdiction, to get corporate income tax on EBIT. The amounts per entity are then consolidated.
[3] The decrease in ROIC compared to 2018 is primarily related to the increase in invested capital following the acquisition of U.N. Ro-Ro in June 2018 and the new accounting standard IFRS 16. Reference is made to note 5.5 and note 3.1.3.



2.1 Segment information

The segments together with allocation of operating profit, assets and liabilities etc. are identical with the internal reporting structure of the Group. Management has defined the Groups business segments based on the reporting regularly presented to the Group Executive Management, which also forms the basis for management decisions.

The costs of the segments are the directly registered costs including a few systematically allocated indirect costs, primarily concerning Group functions.

Non-allocated costs reflect the general functions, which cannot reasonably be allocated to the segments. The costs consist primarily of costs concerning the Executive Board and Board of Directors but also Group functions such as IT, Treasury, Investor Relation, Legal, Procurement, Communication, Finance, Digital and depreciation on the Group's IT-systems etc. In addition the elimination of transactions between segments is included. Transactions between segments are concluded at arm's length terms.

Segment assets include assets, which are directly related to the segment, including non-current intangible, non-current tangible, other non-current and Right-of-use assets, inventories, receivables, prepayments, cash in hand and at bank of group enterprises and deposits at the Parent Company. Segment liabilities include current and non-current liabilities.

The Ferry Division's activities are divided into five business areas: North Sea, Baltic Sea, Channel, Mediterranean and Passenger.

Ferry Division operates ferry routes in and around Europe transporting freight units, mainly trailers, and passengers. The routes deploy a mix of freight ferries, freight and passenger ferries as well as passenger cruise ferries. In addition, port terminals are owned and/or operated at strategic hubs of the route network. The freight customers are mainly forwarders and hauliers as well as manufacturers of heavy industrial goods. The main passenger customer groups are passengers travelling with own cars, mini cruise passengers, tour operators and business conferences.

The Logistics Division's activities are divided into three business areas: Nordic, Continent and UK & Ireland.

Logistics Division provides transport solutions for full- and part loads as well as contract logistics solutions, including warehousing. In addition, sideport and container ships, including vessel sharing agreements with other container operators, are operated. The customers are primarily manufacturers of industrial goods, and consumables as well as retailers.

DKK million

2019	**Ferry Division**	**Logistics Division**	**Non-allocated**	**Total**
External revenue	11,280	5,290	21	16,592
Intragroup revenue	727	29	519	1,274
Revenue	12,006	5,319	540	17,866
Operating costs, external	-8,373	-4,031	-555	-12,959
Intragroup operating costs	-429	-818	-27	-1,274
Operating profit before depreciation (EBITDA) and special items	**3,205**	**470**	**-42**	**3,633**
Share of profit/loss of associates and joint ventures	6	0	0	6
Profit on disposal of non-current assets, net	2	4	0	6
Depreciation, amortisation and impairment losses on other non-current assets	-1,512	-300	-81	-1,894
Operating profit (EBIT) before special items	**1,701**	**173**	**-123**	**1,751**
Special items, net	-53	-7	-41	-101
Operating profit (EBIT)	**1,648**	**167**	**-164**	**1,650**
Financial items, net				-278
Profit before tax				**1,371**
Tax on profit				-59
Profit for the year				**1,313**
Capital expenditures of the year	2,357	341	71	2,769
Investments in associates and joint ventures	40	0	4	44
Assets held for sale, reference is made to note 3.1.6	76	0	0	76
Total assets excluding assets held for sale	22,251	2,849	1,687	26,787
Liabilities	12,212	897	3,398	16,506

2.1 Segment information (continued)

DKK million				
2018[1]	**Ferry Division**	**Logistics Division**	**Non-allocated**	**Total**
External revenue	10,398	5,295	24	15,717
Intragroup revenue	719	29	448	1,196
Revenue	11,117	5,324	472	16,913
Operating costs, external	-8,029	-4,200	-500	-12,729
Intragroup operating costs	-376	-793	-27	-1,196
Operating profit before depreciation (EBITDA) and special items	**2,713**	**330**	**-55**	**2,988**
Share of profit/loss of associates and joint ventures	2	0	-1	1
Profit on disposal of non-current assets, net	1	5	0	7
Depreciation, amortisation and impairment losses on other non-current assets	-907	-132	-48	-1,087
Operating profit (EBIT) before special items	**1,809**	**204**	**-105**	**1,909**
Special items, net	17	-11	-55	-49
Operating profit (EBIT)	**1,826**	**193**	**-160**	**1,859**
Financial items, net				-165
Profit before tax				**1,694**
Tax on profit				-57
Profit for the year				**1,637**
Capital expenditures of the year	8,828	270	47	9,144
Investments in associates and joint ventures	34	0	0	34
Total assets	18,808	2,208	1,115	22,132
Liabilities	8,875	580	3,423	12,877

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Geographical breakdown
The Group does not have a natural geographic split on countries, since the Group, mainly Ferry Division, is based on a connected route network in primarily Northern Europe and Mediterranean, where the routes support each other with sales and customer services located in one country whereas the actual revenue is created in other countries. Consequently, it is not possible to present a meaningful split of revenues and non-current assets by country. The split is therefore presented by the sea and geographical areas, in which DFDS operates. The geographical split of revenue is shown in the revenue note. Reference is made to note 2.2.

The adjusted split results in seven geographical areas: North sea, Baltic sea, English Channel, Continent, Nordic, UK/Ireland and Mediterranean. As a consequence of the Group's business model the routes do not directly own the ferries, but solely charters the ferries from a vessel pool. The ferries are frequently moved within the Group's routes. It is therefore not possible to meaningfully estimate the exact value of the non-current assets per geographical area. Instead an adjusted allocation has been used.

DKK million	**North sea**	**Baltic sea**	**English Channel**	**Continent**	**Nordic**	**UK/ Ireland**	**Mediter-ranean**	**Total**
2019								
Non-current assets	6,874	2,393	2,015	922	328	432	9,476	22,440
2018[1]								
Non-current assets	5,489	1,791	2,065	691	138	293	7,928	18,395

[1] *Comparative 2018 numbers are not restated to IFRS 16*

ACCOUNTING POLICIES

The segment information has been compiled in conformity with the Group's accounting policies, and is in accordance with the internal management reports.

2.2 Revenue

		2019		
DKK million	**Ferry Division**	**Logistics Division**	**Non-allocated**	**Total**
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 including related income	347	0	0	347
Agency and other revenue	220	21	21	262
Total	**11,280**	**5,290**	**21**	**16,592**

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.

2.2 Revenue (continued)

	2018			
DKK million	**Ferry Division**	**Logistics Division**	**Non-allocated**	**Total**
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	15	5,135	0	5,151
Passenger seafare and on board sales	2,729	0	0	2,729
Terminal services	466	36	0	502
Charters including related income	378	0	0	378
Agency and other revenue	250	25	24	299
Total	**10,398**	**5,295**	**24**	**15,717**

ACCOUNTING POLICIES

Revenue from transport of passengers, freight and from rendering terminal and warehouse services etc, is recognised in the Income statement at the time of delivery of the service to the customer, which is the time where the control is transferred and when each separate performance obligation in the customer contract is fulfilled following the "over-time principle". Some of the ferry and freight transports have a series of performance obligations, but as the duration of these transports are short term the impact from splitting these contract into "distinct services" will not have material impact.

Most transports carried out by the Ferry Division are charaterised 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.

Revenue from chartering out ferries is recognised straightline over the duration of the agreement.

On board sales is recognised at a "point in time".

Revenue is measured at fair value, excluding value added tax and after deduction of trade discounts.

Trade receivables are not adjusted for any financing component when recognised. The general credit terms are overall short and are following market terms.

Accounting estimates and judgements are made in order to determine time of delivery and accrue for relevant income along with evaluation of pricing. These accounting estimates and judgements are based on experience and historical sales figures, along with a continous follow-up on service delivered.

2.3 Costs

DKK million	2019	2018
Ferry and other ship operation and maintenance		
Ferry and other ship cost including charter related cost[1]	1,592	1,723
Bunker	2,075	1,860
Total ferry and other ship operation and maintenance	**3,667**	**3,583**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

ACCOUNTING POLICIES

When revenue from transport of passengers, freight and from rendering terminal and warehouse services etc is recognised as income, the related costs are recognised in the Income statement.

Ferry and other ship cost comprise costs of sales related to catering and maintenance and daily running costs of ferries and other ships. Bunker consumption includes hedging. Impairments and realised losses on trade receivables are included in ferry and other ship operation and maintenance.

Freight handling and Transport solutions are related to land-based activities - such as stevedoring, terminal and haulage costs.

Costs of sales and administration comprises costs of sales, marketing and administration.

2.4 Employee cost

DKK million	2019	2018
Wages, salaries and remuneration	2,502	2,217
Hereof capitalised employee costs	-50	-25
Defined contribution pension plans	118	113
Defined benefit pension plans, reference is made to note 3.2.4	8	2
Other social security costs	258	274
Share based payment, reference is made to note 5.3	7	7
Other employee costs	234	208
Total employee costs	**3,077**	**2,796**
Full time equivalents (FTE), average	8,367	7,791

Reference is made to note 3.2.4 for detailed information on pension plans, note 5.1 for detailed information on remuneration of Management and note 5.3 for detailed information on the Group's share option schemes and shares held by the Management.

2.4 Employee cost (continued)

ACCOUNTING POLICIES

Wages, salaries, social security contributions, pension contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the respective employees.

2.5 Amortisation, depreciation and impairment losses for the year

DKK million	2019	2018[1]
Amortisation and depreciation for the year:		
Software	51	44
Other non-current intangible assets	36	48
Land & Buildings	8	8
Terminals	49	36
Ferries and other ships[2]	850	790
Equipment	159	160
Right-of-use assets	735	-
Total amortisation and depreciation for the year[1]	**1,887**	**1,086**
Impairment losses for the year:		
Ferries and other ships	0	1
Equipment	7	0
Total impairment	**7**	**1**
Total amortisation, depreciation and impairment losses for the year	**1,894**	**1,087**

[1] *Comparative 2018 numbers are not restated to IFRS 16*
[2] *The increase in depreciation of Ferries and other ships compared to 2018 is primarily related to the deliveries of four freight ferries.*

ACCOUNTING POLICIES

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets. Reference is made to note 3.1.1, 3.1.2 and 3.1.3.

2.6 Special Items, net

DKK million	2019	2018
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 cruise 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	0
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 will accrue from December 2016 to February 2020	-19	-18
Costs related to organisational changes and restructurings (2018: Restructuring of head-quarter functions)	-22	-39
Transaction and integration costs regarding the acquisition and integration of U.N. Ro-Ro, includings costs related to the closure of Toulon port etc.	-82	-52
Special items, net	**-101**	**-49**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows:		
Operating costs	-79	-4
Employee costs	-48	-36
Cost of sales and administration	0	-77
Operating profit before depreciation (EBITDA) and special items	**-127**	**-118**
Profit on disposal of non-current assets and associates, net	26	27
Amortisation, depreciation, and impairment losses on intangible and tangible assets	0	24
Financial income/costs	0	17
Special items, net	**-101**	**-49**

ACCOUNTING POLICIES

Special items include significant income and expenses not directly attributable to the Group's recurring operating activities, such as material structuring of processes and significant organisational restructurings/changes which are of significance over time. In addition, other non-recurring amounts are classified as special items, including impairment of goodwill; significant impairments of non-current tangible assets; significant transaction costs and integration costs in connection with large business combinations; changes to estimates of contingent considerations related to business combinations; gains and losses on the disposal of activities; and significant gains and losses on the disposal of non-current assets.

These items are classified separately in the income statement in order to provide a more transparent view of income and costs that are considered not to have recurring nature.

2.7 Tax

DKK million	2019	2018
Tax in the Income statement:		
Current tax	-46	-46
Current joint tax contributions	-1	-1
Movement in deferred tax for the year	-19	-28
Adjustment to corporation tax in respect of prior years	0	3
Adjustment to deferred tax in respect of prior years	0	2
Effect of change in corporate income tax rate	0	13
Write-down of deferred tax assets	-7	-1
Tax for the year	**-74**	**-57**
Tax for the year is recognised as follows:		
Tax in the Income statement	-59	-57
Tax in Other comprehensive income	-15	-1
Tax for the year	**-74**	**-57**
Tax in the income statement can be specified as follows:		
Profit before tax	1,371	1,694
Of this, tonnage taxed income	-1,279	-1,519
Profit before tax (corporate income tax)	**93**	**175**
22.0% tax of profit before tax	-20	-39
Adjustment of calculated tax in foreign subsidiaries compared to 22.0%	-1	-4
Tax effect of:		
Non-taxable/-deductible items	-9	1
Tax asset for the year, not recognised [1]	-18	-31
Utilisation of non-capitalised tax assets	0	1
Other adjustments of tax in respect of prior years	-8	18
Corporate income tax	**-56**	**-54**
Tonnage tax	-3	-2
Tax in the Income statement	**-59**	**-57**
Effective tax rate (%)	4.3	3.3
Effective tax rate before adjustment of prior years' tax (%)	3.7	4.4
Tax in Other comprehensive income can be specified as follows:		
Corporate income tax	-17	-1
Movement deferred tax	2	0
Total tax in Other comprehensive income	**-15**	**-1**

[1] 2018, 2019: Primarily related to tax losses in holding companies.

The majority of the ferry activities performed in the Danish, Turkish, French, Lithuanian, Norwegian and Dutch enterprises in the Group are included in local tonnage tax schemes where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year and not the actual profits generated. Taxable income related to other activities is taxed according to the normal corporate income tax rules and at the standard corporate tax rates.

In 2019, the Group realised an effective tax rate of 3.7% (2018: 4.4%) combined and 51.9% (2018: 41.2%) on income subject to normal corporate income tax.

Addition on acquisition of enterprises relates to the acquisition of the Freeco group and the Huismann group in 2019. The movement in deferred tax recognised in other comprehensive income relates to value adjustments of defined benefit pension schemes in UK.

Impact from change in accounting policies relates to implementation of IFRS 16.

DFDS A/S and its Danish subsidiaries DFDS Stevedoring A/S and DFDS Germany ApS are subject to compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two enterprises' Danish controlled enterprises. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises with the tax authorities. In accordance with the Danish rules on joint taxation, DFDS A/S, DFDS Stevedoring A/S and DFDS Germany ApS are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

DKK million

Deferred tax 2019	Ferries and other ships	Land and buildings, terminals and other equip-ment [2]	Provisions	Tax loss carried forward	Other	Total
Deferred tax at 1 January	176	18	-38	-16	1	141
Foreign exchange adjustments	-3	0	-2	0	0	-5
Impact from change in accounting policies	0	-4	0	0	0	-4
Addition on acquisition of enterprises	0	12	0	0	-4	8
Recognised in the Income statement	-1	0	3	-1	1	2
Recognised in other comprehensive income	0	0	17	0	0	17
Adjustment regarding prior years recognised in the Income statement	0	2	0	-1	-1	0
Write-down of deferred tax assets	0	0	0	7	0	7
Deferred tax at 31 December	**172**	**27**	**-21**	**-10**	**-3**	**166**

[2] Including right-of-use assets.

2.7 Tax (continued)

DKK million

Deferred tax 2018	**Ferries and other ships**	**Land and buildings, terminals and other equip-ment**	**Provi-sions**	**Tax loss carried forward**	**Other**	**Total**
Deferred tax at 1 January	180	15	-46	-14	-1	134
Foreign exchange adjustments	-7	0	0	0	0	-7
Impact from change in corporate income tax rate	-13	-1	0	0	0	-13
Addition on acquisition of enterprises	0	6	0	-5	-1	1
Recognised in the Income statement	17	-1	8	2	2	28
Adjustment regarding prior years recog-nised in the Income statement	-1	-1	-2	0	1	-2
Write-down of deferred tax assets	0	0	1	0	0	1
Deferred tax at 31 December	**176**	**18**	**-38**	**-16**	**1**	**141**

DKK million	**2019**	**2018**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	-47	-70
Deferred tax (liabilities)	213	211
Deferred tax at 31 December, net	**166**	**141**

The Group has unrecognised tax losses carried forward of DKK 160m with a tax value of DKK 34m (2018: tax losses of DKK 92m, tax value of DKK 18m). These tax losses have not been recognised as it has been assessed that the losses cannot be utilised in the foreseeable future.

The majority of the ferry activities performed in the Danish, Turkish, French, Lithuanian, Norwegian and Dutch enterprises in the Group are included in local tonnage tax schemes. If the companies under tonnage taxation withdraw from the tonnage taxation schemes, deferred tax liability in the amount of maximum DKK 715m may be recognised.

The companies are not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

Deferred tax assets, including the tax value of tax losses carried forward, are recognised to the extent that Management assesses that the tax asset can be utilised through positive taxable income in the foreseeable future which usually is within 3-5 years. Assessment is performed annually based on forecasts, business initiatives and likely structural changes for the coming years.

ACCOUNTING POLICIES

Tax for the year comprises income tax, tonnage tax, and joint taxation contribution for the year of Danish subsidiaries as well as changes in deferred tax for the year. Additionally, the tax for the year comprise adjustments to prior years taxes and changes in the assessment of provisions for uncertain tax positions. The tax for the year is recognised in the Income statement or in the equity in correlation to the underlying transaction.

The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to utilise the tax losses to reduce their own taxable profit.

Tax computed on the taxable income and tonnage tax for the year is recognised in the balance sheet as tax payable or receivable or joint taxation contribution for Danish companies, considering on-account/advance payments.

Deferred tax is provided using the liability method on temporary differences between the carrying amount and the tax base of the assets and liabilities at the reporting date. However, deferred tax is not recognised on temporary differences relating to non-tax-deductible goodwill that arose on acquisition date without impacting the result or taxable income.

Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to crystallise. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available which the deductible temporary differences, and the carry forward of unused tax losses, can be utilised in the foreseeable future. The carrying amount is reviewed at each reporting date.

Deferred tax is measured on the basis of the expected use and settlement of the individual assets and liabilities, and according to the tax rules and at the known tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the Income statement.

Uncertain tax positions are measured, depending on the type, either as a probability-weighted average of possible outcomes or as the most likely outcome. Uncertain tax positions are recognised either as payable/receivable tax and/or as deferred tax assets/liabilities.

3. Invested Capital

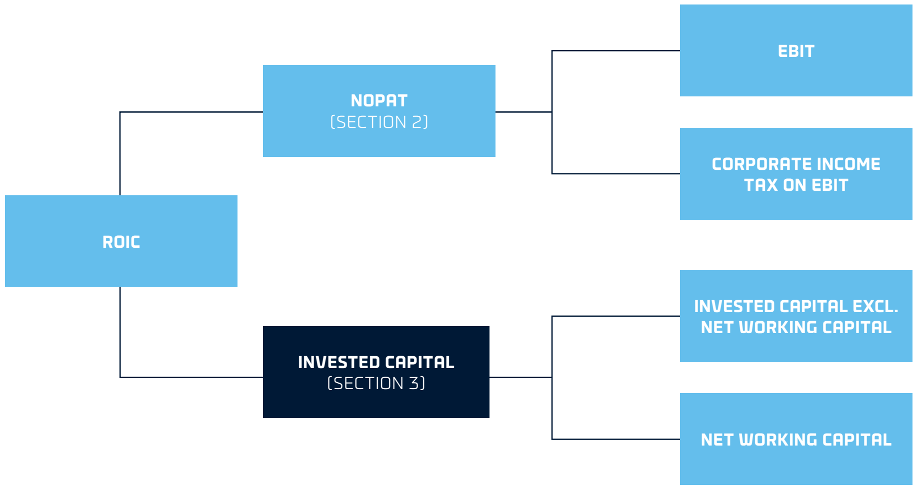
Invested capital is a key component when calculating ROIC. Reference is made to section 2 for more details about ROIC.

The following section provides the notes of the main components that forms basis of the Invested capital being Non-current intangible, tangible assets and Right-of-use assets and Net Working Capital being Net current assets (Non interest-bearing current assets minus Non interest-bearing current liabilities) minus Pension and Jubilee liabilities and Other provisions.

Furthermore, notes that are closely related to the Non-current intangible, tangible assets and Right-of use assets such as Impairment testing and Profit on disposal of non-current assets are also included in this section.

DKK million	**Note**	**2019**	**2018**[1]
Invested capital excl. Net Working Capital:			
Non-current intangible assets	3.1.1	4,934	4,788
Non-current tangible assets	3.1.2	13,669	13,089
Right-of-use assets	3.1.3	3,337	-
Investments in associates and joint ventures		44	34
Assets classified as held for sale	3.1.6	76	0
Invested capital excl. Net Working Capital		**22.060**	**17,912**
Net Working Capital:			
Receivables (excluding interest-bearing receivables)	3.2.1	2,883	2,573
Inventories	3.2.2	219	201
Prepaid costs		465	351
Derivatives, related to operating activities, financial assets measured at fair value	4.2	300	209
Derivatives, related to operating activities, financial liabilities measured at fair value	4.2	-19	-23
Pension and jubilee liabilities	3.2.4	-160	-264
Other provisions	3.2.5	-85	-67
Trade payables		-2,292	-2,296
Corporation tax		-30	-23
Other payables	3.2.3	-690	-494
Prepayments from customers		-172	-171
Net Working Capital		**417**	**-4**
Invested capital		**22,476**	**17,908**
Average invested capital		**20,927**	**13,778**

[1] *Comparative 2018 numbers are not restated to IFRS 16*



3.1.1 Non-current intangible assets

DKK million

	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Devel-opment projects in progress	Total
Cost at 1 January 2019	3,458	1,218	50	541	2	5,269
Foreign exchange adjustments	6	0	1	0	0	8
Addition on acquisition of enterprises	98 [2]	0	57 [3]	1	0	156
Additions	0	0	0	3	63 [1]	66
Disposals	0	0	0	-63	0	-63
Transfers	0	0	0	43	-40	3
Cost at 31 December 2019	**3,561**	**1,218**	**109**	**525**	**25**	**5,439**
Amortisation and impairment losses at 1 January 2019	121	43	20	297	0	480
Foreign exchange adjustments	0	0	1	0	0	1
Amortisation charge	0	31	5	51	0	87
Disposals	0	0	0	-63	0	-63
Amortisation and impairment losses at 31 December 2019	**121**	**75**	**25**	**284**	**0**	**505**
Carrying amount at 31 December 2019	**3,440**	**1,144**	**84**	**241**	**25**	**4,934**

[1] *Primarily related to the implemention of the new ERP system, which is planned to go live in 2021.*
[2] *Addition of goodwill primarily relates to the acquisition of Huisman Group (DKK 38m) and Freeco Logistics (DKK 53m). Reference is made to note 5.5.*
[3] *Relates to the acquisition of Huisman Group (DKK 34m) and Freeco Logistics (DKK 23m). Reference is made to note 5.5.*

DKK million

	Goodwill	Port concession rights etc.	Other non-current intangible assets	Software	Devel-opment projects in progress	Total
Cost at 1 January 2018	675	0	47	490	15	1,227
Foreign exchange adjustments	0	2	-1	0	0	1
Addition on acquisition of enterprises	2,783 [1]	1,216 [2]	6	10 [3]	0	4,015
Additions	0	0	0	3	26	29
Disposals	0	0	-2	-1	0	-4
Transfers	0	0	0	40	-39	1
Cost at 31 December 2018	**3,458**	**1,218**	**50**	**541**	**2**	**5,269**
Amortisation and impairment losses at 1 January 2018	121	0	18	254	0	393
Foreign exchange adjustments	0	0	0	0	0	0
Amortisation charge	0	43	5	44	0	92
Disposals	0	0	-3	-1	0	-4
Amortisation and impairment losses at 31 December 2018	**121**	**43**	**20**	**297**	**0**	**480**
Carrying amount at 31 December 2018	**3,337**	**1,172**	**30**	**244**	**2**	**4,788**

[1] *Addition of goodwill relates to the acquisition of U.N. Ro-Ro (DKK 2,765m) and Alphatrans Group (DKK 18m). Reference is made to note 5.5.*
[2] *Primarily relates to the acquisition of U.N. Ro-Ro (DKK 1.215m). Reference is made to note 5.5.*
[3] *Primarily relates to the acquisition of U.N. Ro-Ro (DKK 9m). Reference is made to note 5.5.*

3.1.1 Non-current intangible assets (continued)

Recognised goodwill is attributable to the following cash generating units:

DKK million	2019	2018
Ferry:		
North Sea, Baltic Sea and Mediterranean	3,003	2,996
Logistics:		
Nordic (*comprising forwarding- and logistics activities in the Nordic and Baltic countries*)	116	64
Continent	206	168
UK & Ireland	115	109
Total	**3,440**	**3,337**

The carrying amount of completed software and development projects in progress primarily relates to a Passenger booking system, a Transport Management System to the Logistics Division, an onboard sales system, a new ERP system and various digital products.

Impairment test conclusion:
On the basis of the impairment tests performed at year end 2019 there has been no impairment (2018: no impairment).

For further information regarding the impairment tests reference is made to note 3.1.5.

ACCOUNTING POLICIES

Non-current intangible assets - Other than goodwill
Generally the following applies unless otherwise stated:

- Assets are measured at cost less accumulated amortisation and impairment losses.
- The cost includes costs to external suppliers, materials and components, direct wages, salaries and interests paid as from the time of payment until the date when the asset is available for use.
- The basis for amortisation is determined as the cost less estimated residual value.
- The assets are amortised on a straight-line basis over the estimated useful life to the estimated residual value.
- The effect from changes in amortisation period or the residual value is recognised prospectively as a change in the accounting estimate.

ACCOUNTING POLICIES

Goodwill
At initial recognition goodwill is recognised in the balance sheet at cost, as described in note 5.5 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

An impairment test is performed at least once a year together with other non-current assets of the Group. The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition.

Development projects in progress
Development projects in progress, primarily development of IT software, are recognised as non-current intangible assets if the following criteria are met:

- the projects are clearly defined and identifiable;
- the Group intends to use the projects once completed;
- the future earnings from the projects are expected to cover the development and administrative costs; and
- the cost can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project, and is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, but in certain cases up to 10-15 years (where the latter goes for significant internally developed commercial and operational systems).

Other non-current intangible assets
Other non-current intangible assets comprise the value of customer relations or similar identified as part of business combinations, and which have definite useful life. Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years, except from customer portfolio which is 10 years.

Port concession rights
Port concession rights comprise the value of access to stategic placed ports, which are recognised at their fair value at the acquisition date.

Acquired port concession rights are determined to have 40 years of useful life.

Software
IT software purchased or internally developed is measured at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over the expected useful life, which normally is 5-10 years.

3.1.2 Non-current tangible assets

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2019	205	1,793	16,884	1,618	1,021	21,520
Foreign exchange adjustments	8	15	-16	14	2	24
Reclassification to Right-of-use assets[5]	0	-711	0	-90	0	-801
Addition on acquisition of enterprises	0	0	0	13	0	13
Additions	1	18	404 [1]	120	1,990 [2]	2,533
Disposals	0	0	-333 [3]	-93	-3	-430
Transfers	38	42	1,805 [2]	88	-1,975 [2]	-2
Transfers to assets classified as held for sale	0	0	-165 [4]	0	0	-165
Cost at 31 December 2019	**252**	**1,158**	**18,579**	**1,669**	**1,034**	**22,692**
Depreciation and impairment losses at 1 January 2019	42	359	7,153	877	0	8,431
Foreign exchange adjustments	1	10	-6	7	0	12
Reclassification to Right-of-use assets[5]	0	0	0	-35	0	-35
Depreciation charge	8	49	850	159	0	1,065
Impairment charge	0	0	0	7	0	7
Disposals	0	0	-279	-88	0	-367
Transferred to assets classified as held for sale	0	0	-89 [4]	0	0	-89
Depreciation and impairment losses at 31 December 2019	**51**	**417**	**7,629**	**927**	**0**	**9,023**
Carrying amount at 31 December 2019	**201**	**741**	**10,950**	**742**	**1,034**	**13,669**

[1] *Primarily related to acquisition of two ferries acquired in Q2 2019.*
[2] *Primarily related to the large new-buildings program. A total of eight new buildings are on order. In 2019, three freight ferries (ro-ro) were deployed, Another three freight ferries are scheduled for delivery in 2020. Two freight and passenger ferries (ro-pax) are on order for delivery in 2021.*
[3] *Sale of the freight ferry, Anglia Seaways.*
[4] *On 2 September DFDS entered into an agreement to sell a combined freight and passenger ferry. The ferry will be delivered in April 2020. Reference is made to note 3.1.6.*
[5] *Reference is made to note 3.1.3.*

DKK million	Land and buildings	Terminals	Ferries and other ships	Equip-ment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2018	184	821	14,246	1,432	308	16,991
Foreign exchange adjustments	-2	0	-57	-6	-1	-66
Addition on acquisition of enterprises	16 [3]	267 [3]	2,703 [1]	177 [3]	46 [3]	3,209
Additions	2	722	25	83	1,058 [2]	1,891
Disposals	-1	-18	-376 [4]	-108	0	-503
Transfers	5	0	343	40	-389	-2
Cost at 31 December 2018	**205**	**1,793**	**16,884**	**1,618**	**1,021**	**21,520**
Depreciation and impairment losses at 1 January 2018	35	341	6,741	816	0	7,933
Foreign exchange adjustments	0	-2	-31	-5	0	-39
Depreciation charge	8	36	790	160	0	994
Impairment charge	0	0	1	0	0	1
Reversal of impairment charge previous periods	0	0	-24	0	0	-24
Disposals	-1	-17	-323 [4]	-94	0	-434
Depreciation and impairment losses at 31 December 2018	**42**	**359**	**7,153**	**877**	**0**	**8,431**
Carrying amount at 31 December 2018	**163**	**1,434**	**9,731**	**740**	**1,021**	**13,089**
Hereof assets held under finance leases	0	711 [5]	0	41	0	**752**

[1] *Primarily related to addition of twelve new ferries through the acquisition of U.N. Ro-Ro. Reference is made to note 5.5.*
[2] *Primarily related to the large new-building program. A total of eight new buildings are on order. In 2019, three freight ferries (ro-ro) are scheduled for deployment in March, June and November, respectively. Another three freight ferries are scheduled for delivery in 2020. Two freight and passenger ferries (ro-pax) are on order for delivery in 2021. Further, there is a lengthening of a ferry.*
[3] *Primarily related to acquisition of the Alphatrans Group and U.N. Ro-Ro. Reference is made to note 5.5.*
[4] *Relates to old dry-dockings (DKK 182m) and the sale of the two freight and passenger ferries, Kaunas Seaways and Vilnius Seaways (DKK 161m).*
[5] *A financial lease agreement with the Yalova port terminal in Turkey, entered into in December 2018.*

Impairment test conclusion:
On the basis of the impairment tests performed at year end 2019 there has been no impairment (2018: no impairment), nor reverse any impairment losses recognised in prior years (2018 reversed: DKK 24m).

For further information regarding the impairment tests reference is made to note 3.1.5.

3.1.2 Non-current tangible assets (continued)

ACCOUNTING POLICIES

Generally the following applies unless otherwise stated:

- Assets are measured at cost less accumulated depreciation and impairment losses.
- The cost includes costs to external suppliers, materials and components, direct wages, salaries and interests paid as from the time of payment until the date when the asset is available for use. The cost price also comprises gains and losses on transactions designated as hedges.
- The basis for depreciation is determined as the cost less estimated residual value.
- The assets are depreciated on a straight-line basis over the estimated useful life to the estimated residual value.
- Estimated useful life and estimated residual values are reassessed at least once a year. In estimating the estimated useful life for ferries and other ships it is taken into consideration that DFDS continuously is spending substantial funds on ongoing maintenance.
- The effect from changes in depreciation period or the residual value is recognised prospectively as a change in the accounting estimate.

Ferries and other ships
The rebuilding/upgrade of ferries and other ships is capitalised if the rebuilding/upgrade can be attributed to:
- Safety measures.
- Measures to extend the useful life of the ferries and other ships.
- Measures to improve earnings.
- Docking.

Maintenance and daily running costs for the ferries and other ships are expensed in the Income statement as incurred.

Docking costs are capitalised and depreciated on a straightline basis until the ferry's or ship's next docking. In most cases, the docking interval is 2 years for passenger cruise ferries and 2½ years for freight and passenger and freight ferries.

Gains or losses on the disposal of ferries and other ships are calculated as the difference between sales price less sales costs and the book value at disposal date. Gains or losses on the disposal of ferries and other ships are recognised when substantially all risks and rewards incident to ownership have transferred to the buyer, and are presented in the Income Statement as 'Profit on disposal of non-current assets, net' or 'Special items' if the gain/loss is significant.

ACCOUNTING POLICIES (CONTINUED)

Passenger cruise- and Freight and passenger (ro-pax) ferries
Due to differences in the wear of certain components of passenger cruise- and Freight and passenger ferries, the cost of these ferries is divided into components with low wear, such as hull and engine, and components with high wear, such as parts of the hotel, catering/restaurants and shop areas.

Freight ferries (ro-ro)
The cost of freight ferries is not divided into components as there is no material difference in the wear of the various components of freight ferries.

Depreciation – expected useful life and residual value
Normally the depreciation period for components with low wear is 35 years for passenger cruise-, freight and passenger- and freight ferries from the year in which the ferry was built. In 2019 the remaining lifetime of the two passenger cruise ferries King and Princess was 2 and 3 years respectively. In December 2019 the lifetime of the two passenger cruise ferries has been reassessed, and based on the condition of the ships it has been decided to prolong the remaining useful life by 10 years each, i.e. depreciation period is hereafter 45 years for the two passenger cruise ferries. The impact on depreciation in 2019 is a reduction of DKK 3m.

The residual value is calculated as the value of the ferry's steel less estimated costs of scrapping.

Components with high wear are normally depreciated over 5-15 years down to a residual value of DKK 0.

Other non-current tangible assets
Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment and leasehold improvements.

The estimated useful lifetimes are as follows:	
Buildings	25-50 years
Terminals etc.	10-40 years
Equipment etc	4-10 years
Leasehold improvements	Max. depreciated over the term of the lease

Gains or losses arising from the disposal of other non-current tangible assets are calculated as the difference between the disposal price less disposal costs and the book value at the date of disposal. Gains or losses on the disposal of these non-current assets are recognised in the Income statement as 'Profit on disposal of non-current assets, net', unless they qualify to be a special item, reference is made to note 2.6.

3.1.3 Leases

The Group has lease contracts for various items of Land & buildings, terminals, Ferries, equipment etc. in its operations. The Groups oblitations under the leases are secured by the lessors title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further described below.

Set out below are the carrying amounts of Right-of-use assets recognised and the movements during the period.

DKK million	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2019	-	-	-	-	-
Reclassification of IAS 17 leases[1]	0	711 [2]	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/Remeasurement	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 [1]	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%	

[1] *Reclassified to Right-of-use assets from Terminals and Equipment etc.*
[2] *Terminal contract commenced end December 2018.*

Set out below are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	Total
As at 1 January 2019	-
Reclassification of IAS 17 leases	292
Change in accounting policy	2,765
Addition on acquisition of enterprises	71
Additions/Remeasurement	691
Payments	-706
Disposals	-11
Foreign exchange adjustments	6
Total lease liabilities at 31 December 2019	**3,109**

In 2019 the Group has paid DKK 785m regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 79m, and repayment of lease liability amount to DKK 706m.

Lease liabilities
Non-discounted lease liabilities expiring within the following periods from the balance sheet date:

DKK million	2019
Within 1 year	593
1-3 Years	879
3-5 Years	452
After 5 years	1,270
Total Lease liability, non-discounted	**3,194**

Lease liabilities are recognised in the balance sheet as follows:

DKK million	2019
Non-current liabilities	2,556
Current liabilities	552
Total Lease liabilities	**3,109**

The following amounts are recognised in the income statement 2019:

DKK million	2019
Expense relating to short-tem leases (included in cost- and cost of sales and administration)	-9
Expense relating to low-value assets (included in cost of sales and administration)	-2
Variable lease payments (included in cost)	-58
Interest expense on lease liabilities	-79
Depreciation, ships	-375
Depreciation, other non-current assets	-360
Total amount recognised in the income statement	**-883**

The following amounts from leases are recognised in the statement of cash flows for 2019:

DKK million	2019
Cash flows from operating activities, gross	-69
Interest paid, etc	-79
Cash flows from operating activities, net	-148
Cash flows from financing activities, net	-706
Total cash outflows from leases	**-854**

There are no material impact on other comprehensive income and the basic and diluted EPS.

3.1.3 Leases (continued)

At 31 December 2019 the Group was committed to short-term leases, where the total commitment was DKK 5m.

The Group has two terminal lease contracts that contains variable payments based on the number of transferred units. These terms have been negotiated to align the lease expense with the units transferred and revenue earned. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed payments	Variable payments	Total
Fixed rent	91	-	91
Variabel rent with minimum payment	30	27	57
Variable rent only	-	31	31
Total 31 December 2019	**121**	**58**	**178**

A 10% increase in units transferred would increase total lease payments by 7%.

The Group has several significant lease contracts for ferries and terminals that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Group as a lessor
Future minimum receivable under non-cancellable operating leases as at 31 December are as follows:

Operating lease commitments (lessor)

DKK million	2019	2018
Minimum lease payments (income)		
Ferries		
0-1 year	106	135
1-5 years	66	148
Total ferries	**172**	**283**

The specified minimum payments are not discounted. Operating lease and rental income recognised in the Income statement amount to DKK 158m in 2019 (2018: DKK 171m). The contracts are entered into on normal conditions.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

Leases (extention options)
The Group has entered into lease/charter agreements for ferries with extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Leases (lease out)
The Group has entered into operating lease/charter agreements for ferries under usual terms and conditions for such agreements. At inception of each individual agreement, Management asseses and determins whether the agreement is a finance or an operating leasing agreement.

3.1.3 Leases (continued)

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. However for one terminal the depreciation is based on volumes handled in the terminal.

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, extent or terminate a lease and it is reasonably certain to be exercised by the Group, the lease payment 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.

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 terminals and 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. the service element, will not be separated from the lease components and thereby form part of the Right-of-use asset and lease liability recognised in the balance sheet.

The Group has lease contracts for various items of Land & buildings, terminals, ferries and other ships, equipment and other assets used in its operations. Leases normally have the following lease terms:

Land & Buildings	3 – 7 years
Terminals	10 – 40 years
Ferries and other ships	up to 10 years
Equipment	3 – 7 years
Other assets	1 – 3 years

Rental and lease matters (lease out)
For accounting purposes, assets leased out are divided into finance and operating leases.

In respect of assets leased out on a finance lease, an amount equal to the net investment in the lease is recognised in the balance sheet as a receivable due from lessee. The asset leased out is derecognised, and any gain or loss arising from this is recognised in the income statement.

Lease income from assets leased out on an operating lease is recognised in the Income statement on a straight-line basis over the lease term.

3.1.4 Profit on disposal of non-current assets, net

DKK million	2019	2018
Gains and losses on disposal of intangible assets, property, plant and equipment and Right-of-use assets	6	5
Gain on disposal of enterprises, associates and joint ventures	0	2
Total profit on disposal of non-current assets, net	**6**	**7**

ACCOUNTING POLICIES

Profit/loss on disposal of non-current intangible, tangible and Right-of-use assets is calculated as the difference between the disposal price and the carrying amount of net assets at the date of disposal, including disposal costs.

3.1.5 Impairment testing

Introduction
DFDS has as in previous years decided to impairment test all non-current assets at least at year-end, or more frequent if there is any indication of impairment.

Definition of cash-generating units
The breakdown into cash-generating units takes its starting-point in the internal structure of the two segments, Ferry and Logistics, and their business areas, including the strategic, operational and commercial management and control of these, both separately and across business areas, and the nature of the customer services provided.

Based on this the following seven cash generating units have been identified:

Ferry:
- The business areas North Sea, Baltic Sea and Mediterranean
- The business area Channel
- The Copenhagen – Oslo route, which is part of the Passenger business area
- The Amsterdam – Newcastle route, which is part of the Passenger business area

Logistics:
- The business area Nordic – comprising forwarding- and logistics activities in the Nordic and Baltic countries
- The business area Continent – forwarding and logistics activities at the European continent
- The business area UK & Ireland – forwarding and logistics activities in UK and Ireland

Non-current intangible and tangible assets as well as Right-of-use assets are assigned to the above cash-generating units, unless this cannot be done with a reasonable degree of certainty. Software and other assets which cannot with reasonable certainty be assigned to one or more of the above cash-generating units are tested for impairment as a non-allocated Group asset, i.e. on the basis of Group earnings.

3.1.5 Impairment testing (continued)

As part of the new Win23 strategy DFDS will make a structural change in the Ferry Division and the Logistics Division in the beginning of 2020. This means that the side-port shipping activities which previously formed part of the Logistics Division will be transferred to the Ferry Division. Accordingly, the strategic and commercial management of the side-port activities will change and the assets and activities in the cash-generating unit previously named 'The business area Nordic – comprising two sideport ships operating in a route schedule' will be an integrated part of the cash-generating unit 'North Sea, Baltic Sea and Mediterranean' in the Ferry Division.

Basis for impairment testing and calculation of recoverable amount
In the impairment test for cash-generating units, the recoverable amount of the unit is compared with its carrying amount. The recoverable amount is the higher value of its value-in-use and its fair value less costs of disposal. If the recoverable amount is less than the carrying amount, the latter is written down to the lower value.

The value-in-use is calculated as the discounted value of the estimated future net cash flows per cash-generating unit. Impairment testing (value-in-use) is performed on the basis of management approved budgets for the year 2020 and business plans. Key parameters for the budget are trends in revenue, EBIT, EBIT margin, future investments and growth expectations. These parameters are determined specifically for each individual cash-generating unit. No growth is incorporated in the impairment test for periods beyond 2020 if the value-in-use for the cash-generating unit exceeds the carrying amount of the tested assets without using growth or if the broker valuations of the ships (fair value less costs of disposal) in the cash-generating unit exceeds the carrying amount of the tested assets. In the year-end 2019 impairment test no growth has been included in the years beyond 2020.

The recoverable amount for cash-generating units containing goodwill is determined based on value-in-use calculations. For a breakdown of goodwill on cash-generating units, reference is made to note 3.1.1.

The fair value of the Group's main assets, ferries and other ships, is determined on the basis of the average of two to three independent broker valuations per ship less estimated costs of disposal. The task of the brokers is to assess the value of the individual ships in a 'willing buyer – willing seller' situation. The valuations have been obtained from the same recognised brokers as in previous years, and Management considers an average of these to be the best and most reasonable expression of the ships' fair value .

Following the implementation of IFRS 16 'Leases' the carrying amount of Right-of-use assets is added to the base of non-current tangible and intangible assets being subject to impairment testing. The Right-of-use assets are regarded an integrated part of the operating activities taking place in the Group's cash-generating unit and accordingly, the carrying amount of a Right-of-use asset is allocated to the cash-generating unit in which the asset in question is used, and thereby Right-of-use assets are tested on cash-generating unit level.

Determination of discount rate
Management determines a discount rate for each cash-generating unit on the basis of a risk-free rate, plus a market risk premium and a risk premium associated with the individual cash-generating unit. The risk-free interest rate is based on a 10-year Danish risk-free rate at year-end. The market risk premium is calculated as a general equity market risk premium of 6.0% (2018: 6.0%), multiplied by the non-leveraged beta value of each cash-generating unit. Further, risk premium may be added if special conditions and/or uncertainties indicate a need hereto. Conversely, if the risk level for the individual cash-generating unit is considered to be lower than the general risk level, then the risk premium is reduced if special conditions indicate a need hereto.

The non-leveraged beta values are calculated by obtaining the non-leveraged beta values of peer group companies for each business area via the Bloomberg database. The validity of each peer group company's non-leveraged beta value is assessed in order to remove those with the lowest validity. There are generally few peer group companies as values are available only for listed companies.

The discount rates used in determining the carrying amounts of Right-of-use assets/lease liabilities are based on borrowing rates which are lower than the discount rates used in the impairment test, which all things being equal will have a negative impact on the results of the impairment test as the carrying amount of the cash-generating units will increase more than the value-in-use of the cash-generating-units. Consequently, the discount rates used in the impairment test for 2019 are in general reduced compared to last year in order to ensure consistency.

For cash-generating units where the recoverable amount is based on value-in-use, the pre-tax discount rates applied have been within the following ranges in the two segments:

	2019	2018
Ferry Division	7.5% - 9.2%	7.9% - 9.4%
Logistics Division	7.4% - 8.6%	8.3% - 10.8%

The applied discount rates in cash-generating units for which the carrying amount of goodwill forms a significant part of the Group's total goodwill are 7.5% (2018: 8.4%) in 'North Sea, Baltic Sea and Mediterranean', 7.4% (2018: 9.0%) in 'Continent' and 7.7% (2018: 8.8%) in 'UK & Ireland'.

Sensitivity analysis
As part of the preparation of impairment tests, sensitivity analyses are prepared on the basis of relevant risk factors and scenarios that Management can determine with reasonable reliability. Sensitivity analyses are prepared by altering the estimates within the range of probable outcomes. The sensitivities have been assessed as follows, all other things being equal:

- An increase in the discount rate of 0.5%-points.
- A decrease in EBIT of 10%.
- A decrease in broker valuations of 10%.

None of these calculations have given rise to adjustments of the results of the impairment tests prepared.

Order of recognising impairments
If a need for impairment is identified, goodwill is the first to be impaired, followed by the primary non-current tangible and intangible assets and Right-of-use assets in the individual cash-generating units. Impairments are allocated to the respective assets according to the carrying amount of the assets, unless this results in an impairment to a value below the fair value less costs of disposal of the asset; below the assets value-in-use (if determinable), or zero.

Impairment tests 2019
On the basis of the impairment tests prepared at year end 2019 it is not deemed necessary to impair any of the cash-generating units in 2019 nor reverse any impairment losses recognised in prior years.

Impairment tests 2018
On the basis of the impairment tests prepared at year end 2018 it is not deemed necessary to impair any of the cash-generating units in 2018. However, the impairment test prepared at year end 2018 for the cash-generating unit 'The Amsterdam - Newcastle route', shows a need to reverse the impairment losses recognised in prior years related to the two passenger ferries in the cash-generating unit. In prior years impairment losses of DKK 39m and DKK 48m have been recognised for the two passenger ferries, respectively. At year end 2018 both the value-in-use calculation and the broker valuations obtained for the two passenger ferries significantly exceeded the passenger ferries carrying amount and consequently, it is deemed necessary to reverse the remaining part of the previously recognised impairments, which is DKK 12m and DKK 12m, respectively. The reversals are recognised under 'Special items'.

3.1.5 Impairment testing (continued)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

Impairment testing of goodwill and other non-current intangible assets
Impairment testing of goodwill and other non-current intangible assets, which primarily relates to IT; acquired port concession rights; and acquired customer portfolios, is undertaken at least once every year, and in case of indication of impairment. The impairment tests are based on the expected future cash flow for the cash-generating unit in question. The key parameters are trends in revenue, EBIT, EBIT margin, future investments and growth expectations. These parameters are based on estimates of the future, which are inherently uncertain.

Impairment testing of ferries and other ships, including the assessment of useful life and scrap value
Significant accounting estimates and assessments regarding ferries and other ships include the allocation of the ferry's cost price on components based on the expected useful life of the identified components; the ferry's expected maximum useful life; the ferry's scrap value; and impairment testing. The expected useful life of ferries and other ships and their scrap values are reviewed and estimated at least once a year. Impairment test is performed at least once a year, typically at year-end. Additional impairment tests are performed, if indications of impairment occur in the period between the annual impairment tests.

Impairment testing of Right-of-use assets
For information on Significant accounting estimates and assessments regarding Right-of-use assets from leases reference is made to note 3.1.3.

Impairment testing of Right-of-use assets, which primarily relates to leases of terminals, ferries, land and buildings and cargo carrying equipment, is performed at least once a year, typically at year-end. Additional impairment tests are performed, if indications of impairment occur in the period between the annual impairment tests. The Right-of-use assets are regarded an integrated part of the operating activities taking place in the Group's cash-generating units and accordingly, the carrying amount of a Right-of-use asset is allocated to the cash-generating unit in which the asset in question is used. Thereby Right-of-use assets are tested on cash-generating unit level.

The impairment tests are based on fair value less costs of disposal for the assets in the cash-generating unit or the value-in-use where the expected future cash flow for the cash-generating unit is a main element in the calculation. The key parameters in assessing expected future cash flows are trends in revenue, EBIT, EBIT margin, future investments and growth expectations, which are inherently uncertain. The fair value less costs of disposal for the Group's main assets, ferries and other ships, are based on broker valuations. For further information on broker valuations reference is made to the paragraph 'Basis for impairment testing and calculation of recoverable amount' which can be found above in this note.

ACCOUNTING POLICIES

The carrying amount of non-current intangible, tangible and Right-of-use assets are continuously assessed, at least once a year, to determine whether there is an indication of impairment. When such indication exists the recoverable amount of the asset is assessed. The recoverable amount is the higher of the fair value less costs of disposal and the value-in-use. The value-in-use is calculated as the present value of the future net cash flow, which the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset is allocated.

Impairment tests (value-in-use) of goodwill are performed at least once a year. Management has also chosen that impairment tests of all the Group's non-current intangible, tangible and Right-of-use assets are performed at least once a year, typically at year-end. Additional impairment tests are performed, if indications of impairment occur in the period between the annual impairment tests.

3.1.6 Assets classified as held for sale

2019
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 recognised under Special items.

3.2.1 Receivables

DKK million	**2019**	**2018**
Other non-current receivables[1]	29	138
Total non-current receivables	**29**	**138**
Trade receivables	2,332	2,008
Work in progress services	78	69
Receivables from associates and joint ventures	46	86
Corporation tax and joint taxation contribution, receivable, reference is made to note 2.7	31	29
Other receivables and current assets	391	268
Total current receivables	**2,878**	**2,459**
Total current and non-current receivables[1]	**2,907**	**2,597**

[1] *Hereof interest bearing part of Receivables of DKK 24m (2018: DKK 24m).*

The carrying amount of receivables is in all material respects equal to the fair value.

None of the trade receivables with collateral are overdue at 31 December 2019 (2018: none). The collateral consists of bank guarantees with a fair value of DKK 26m (2018: DKK 20m).

3.2.1 Receivables (continued)

DKK million	2019	2018
Trade receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	378	405
31-60 days	102	104
61-90 days	63	25
91-120 days	47	12
More than 120 days	87	15
Past due, but not impaired	**678**	**561**

DKK million	2019	2018
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	80	45
Foreign exchange adjustment	0	1
Addition on acquisition of enterprises	3	29
Write-downs	13	36
Realised losses	-10	-12
Reversed write-downs	-17	-19
Write-downs at 31 December	**69**	**80**
Age distribution of write-downs:		
Days past due:		
Up to 30 days	3	19
31-60 days	1	3
61-90 days	3	1
91-120 days	1	1
More than 120 days	61	56
Write-downs at 31 December	**69**	**80**

The last five years DFDS' realised credit losses on trade receivables have been insignificant and the loss rate has not exceeded 0.2% (2018: 0.2%) of the revenue in any of the respective years. Accordingly, at year-end 2019 the expected credit losses on trade trade receivables calculated under the simplified expected credit loss model is based on the average historical loss rate on revenue for the last five years of 0.1% (2018: 0.1%) plus adjustments for forward-looking factors where considered relevant.

ACCOUNTING POLICIES

Receivables are recognised at amortised cost less expected credit losses.

DFDS' risks regarding trade receivables are not considered unusual and no material risk is attributable to a single customer or group of customers. According to the Group's policy of undertaking credit risks, credit ratings of significant customers are performed at least once a year.

Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occurs such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Contract assets comprise work in progress services where the customer has not been invoiced yet. Work in progress services is measured based on the value of the of the work performed as of the balance sheet date.

Write-downs and realised losses on trade receivables and work in progress services are recognised in ferry and other ship operation and maintenance costs in the Income statement.

Other receivables comprise other trade receivables; insurance receivables on loss or damage of ferries and other ships; financial lease receivables; outstanding balances for chartered ferries; interest receivable, etc.

3.2.2 Inventories

DKK million	2019	2018
Bunker	133	112
Goods for sale	89	91
Impairment of inventories end of year	-3	-2
Total inventories	**219**	**201**

Write-down of inventories expensed during the year amounts to DKK 3m (2018: DKK 1m).

ACCOUNTING POLICIES

Inventories, which includes catering supplies, are measured at cost based on the weighted average cost method or the net realisable value where this is lower. Inventories, which include bunkers, are measured at cost based on the FIFO method or the net realisable value where this is lower. Other inventories are measured at cost based on the weighted average cost method or the net realisable value where this is lower.

3.2.3 Other payables

DKK million	2019	2018
Holiday pay obligations, etc,	379	332
Public authorities (VAT, duty, etc.)	59	68
Other payables	131	59
Payables to associates and joint ventures	109	24
Accrued interests	12	11
Total other payables	**690**	**494**

ACCOUNTING POLICIES

Other payables comprise amounts owed to staff, including wages, salaries and holiday pay; amounts owed to the public authorities, including payable tax, VAT, excise duties, real property taxes, etc.; amounts owed in connection with the purchase/disposal of ferries and other ships, buildings and terminals; accrued interest expenses; payables to associates and joint ventures; amounts owed in relation to defined contribution pension plans etc.

3.2.4 Pension and jubilee liabilities

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of contributions to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the financial situation of these insurance companies. Pension costs from such plans are expensed in the Income statement when incurred.

In primarily the United Kingdom the Group has defined benefit plans. In addition there are minor defined benefit plans in Norway, Belgium, Italy, Turkey, Lithuania, France, Germany, Denmark and Sweden. The United Kingdom account for 69.0% (2018: 83.9%) of the total net liability and 95.5% (2018: 95.4%) of the funded and unfunded obligation. The majority of the defined benefit plans are pension plans that yearly pay out a certain percentage of the employee's final salary upon retirement. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employee except for the closed plans in the United Kingdom and some of the other minor plans. The defined benefit plans typically include a spouse pension and disability insurance.

Some of the pension plans in Sweden are multi-employer plans, which cover a large number of enterprises. The plans are collective and are covered through contributions paid to the pension company Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to assess the plans as defined benefit plans. Consequently, the pension plans are similarly to prior years treated as defined contribution plans. The contributions are DKK 4m in 2019 (2018: DKK 4m). The collective funding ratio at Alecta amounts to 142% as per September 2019 (September 2018: 159%). For 2020 the contributions are expected to be DKK 5m. DFDS' share of the multi-employer plan is around 0.0049% and the liability follows the share of the total plan.

Based on actuarial calculations the defined benefit plans show the following liabilities:

DKK million	2019	2018
Present value of funded defined benefit obligations	990	926
Fair value of plan assets	-893	-719
Funded defined benefit obligations, net	**98**	**207**
Present value of unfunded defined benefit obligations	41	36
Recognised liabilities for defined benefit obligations	**139**	**243**
Provision for jubilee liabilities	22	20
Total actuarial liabilities, net	**160**	**263**

3.2.4 Pension and jubilee liabilities (continued)

DKK million	2019	2018
Movements in the net present value of funded and unfunded defined benefit obligations		
Funded and unfunded obligations at 1 January	962	1,418
Foreign exchange adjustments	56	-17
Addition on acquisition of enterprises	0	11
Transfers	0	14
Current service costs	8	4
Interest costs	27	29
Actuarial gain(-)/loss(+) arising from changes in demographic assumptions	-79	-7
Actuarial gain(-)/loss(+) arising from changes in financial assumptions	102	-196
Past service costs	0	10
Benefits paid	-43	-52
Settlements and curtailments	-2	-251
Funded and unfunded obligations at 31 December	**1,031**	**962**
Movements in the fair value of the defined benefit plan assets		
Plan assets at 1 January	-719	-1,058
Foreign exchange adjustments	-43	12
Calculated interest income	-21	-20
Return on plan assets excluding calculated interest income	-133	78
Costs of managing the assets	4	4
Employer contributions	-23	-20
Benefits paid	40	47
Settlements and curtailments	3	239
Plan assets at 31 December	**-893**	**-719**
Plan assets consist of the following:		
Corporate bonds	0	-2
Cash and cash equivalents	-12	-3
Blended investment funds	-877	-710
Other assets (primarily insured plans)	-3	-2
Total plan assets	**-893**	**-719**

DKK million	2019	2018
Expenses recognised as employee costs in the Income statement:		
Current service costs	8	4
Past service costs	0	10
Gain (-)/loss(+) on settlements and curtailments	0	-11
Total included in employee costs regarding defined benefit plans	**8**	**2**
Expenses recognised as financial costs in the Income statement:		
Interest costs	27	29
Interest income	-21	-20
Total included in financial costs regarding defined benefit plans	**6**	**8**
Total expenses for defined benefit plans recognised in the Income statement	**14**	**10**
Expenses recognised in Other comprehensive income:		
Remeasurements of plan obligations	23	-203
Remeasurements of plan assets	-129	82
Total included in Other comprehensive income regarding defined benefit plans	**-106**	**-122**

3.2.4 Pension and jubilee liabilities (continued)

Actuarial calculations or roll forward calculations are performed annually for all defined benefit plans. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country. The following significant assumptions have been used for the actuarial calculations:

Assumptions:

2019	United Kingdom	Others	Weighted average [1]
Discount rate	1.9%	0.3%-4.0%	1.9%
Social security rate [2]	0.0%	0.0%-2.5%	0.0%
Future salary increase [2]	0.0%	0.0%-3.0%	0.1%
Future pension increase	3.1%	0.0%-3.4%	3.0%
Inflation	2.2%	0.0%-7.5%	2.2%
2018	**United Kingdom**	**Others**	**Weighted average [1]**
Discount rate	2.9%	0.5%-5.0%	2.9%
Social security rate [2]	0.0%	0.0%-2.5%	0.0%
Future salary increase [2]	0.0%	0.0%-4.5%	0.1%
Future pension increase	3.4%	0.0%-3.4%	3.3%
Inflation	2.6%	0.0%-9.1%	2.6%

[1] *All factors are weighted at the pro rata share of the individual actuarial obligation.*
[2] *Schemes closed for new members will have a social security rate and future salary increase of 0%.*

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate, expected future remuneration increases and expected mortality. The sensitivity analysis below have been determined based on reasonably likely changes in the assumptions occurring at the end of the period.

DKK million	2019	2018
Sensitivity analysis		
Reported obligation 31 December	1,031	962
Discount rate -0.5% point compared to assumptions	1,128	1,057
Discount rate +0.5% point compared to assumptions	946	879
Salary increase -0.5% point compared to assumptions	1,030	961
Salary increase +0.5% point compared to assumptions	1,033	964
Mortality -1 year compared with used mortality tables	993	928
Mortality +1 year compared with used mortality tables	1,075	1,003

Weighted average duration on the liabilities end of 2019 is 19.6 years (2018: 19.8 years).

The Group expects to make a contribution of DKK 28m to the defined benefit plans in 2020. The expected contribution for 2019 was DKK 27m, which turned out to be DKK 26m.

DKK million		
Maturity analysis of the obligations	**2019**	**2018**
0-1 year	28	23
1-5 years	109	86
After 5 years	895	854
Total obligations	**1,031**	**962**

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

The Group's defined benefit pension plans are calculated on the basis of a number of key actuarial assumptions, including discount rate, the anticipated returns on the plans' assets, the anticipated development in wages and pensions, anticipated mortality, etc. Even moderate alterations in these assumptions can result in significant changes in pension liabilities.

The value of the Group's defined pension benefit plans is based on calculations undertaken by external actuaries.

ACCOUNTING POLICIES

Contributions to defined contribution pension plans are recognised in the Income statement in the period in which they relate, and any payable contributions are accrued in the balance sheet as other payables.

As regards defined benefit pension plans, an actuarial valuation of the value in use of future benefits payable under the plan is made once a year. The value in use is calculated based on assumptions of future development in wage/salary levels, interest rates, inflation, mortality, etc. The value in use is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets under the plan is recognised in the balance sheet under pension obligations. Pension costs of the year are recognised in the Income statement based on actuarial estimates and finance expectations at the beginning of the year. The difference between the calculated development in pension assets and liabilities and the realised values are recognised in Other comprehensive income as actuarial gains and losses.

Changes in the benefits payable for employees' past service to the enterprise result in an adjustment of the actuarial calculation of the value in use, which is classified as past service costs. Past service costs are recognised in the Income statement immediately if the employees have already earned the right to the adjusted benefit. Otherwise, the benefits will be recognised in the Income statement over the period in which the employees earn the right to the adjusted benefits.

Other non-current employee obligations include jubilee benefits, etc.

3.2.5 Other provisions

DKK million	2019	2018
Other provisions at 1 January	67	78
Foreign exchange adjustments	1	0
Addition from acquisition of enterprises[1]	28	20
Provisions made during the year	28	35
Used during the year	-35	-55
Reversal of unused provisions	-3	-26
Transfers[2]	0	15
Other provisions at 31 December	**85**	**67**
Other provisions are expected to be payable in:		
0-1 year	38	50
1-5 years	39	10
After 5 years	8	7
Other provisions at 31 December	**85**	**67**

[1] *2019: Relates to earn-out on Freeco Logistics.*
[2] *2018: Relates to transfers to pension liabilities (DKK -13m) and transfer from other payables relating to restructuring provisions (DKK 28m).*

Of the Group's provision of DKK 85m (2018: DKK 67m), DKK 28m (2018: DKK 22m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 15m is estimated restructuring provision (2018: DKK 4m); and DKK 42m (2018: DKK 41m) is other provisions.

ACCOUNTING POLICIES

Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation, and it is probable that the Group will have to give up future economic benefits to meet the obligation and that the obligation can be reliably estimated. Provisions are recognised based on Management's best estimate of the anticipated expenditure for settling the relevant obligation and are discounted if deemed material.

4. Capital structure and finances

This section shows how the activities of DFDS are financed. DFDS targets a financial leverage ratio between 2.0 and 3.0, where the ratio is measured as Net Interest-Bearing Debt to Operating profit before depreciation (EBITDA) and special items.

The following section provides the notes of the main components that form basis of the Net Interest-Bearing Debt. Furthermore, the section includes information on Financial and operational risks, Financial instruments, Treasury shares and Earnings per share.

DKK million	Note	2019	2018[1]
Interest-bearing liabilities[2]	4.5	12,774	9,257
Derivative financial instruments, related to interest-bearing activities, net	4.2	52	50
Receivables, interest-bearing	3.2.1	-24	-24
Securities		-10	-10
Cash		-840	-761
Net Interest-Bearing Debt (NIBD)		**11,954**	**8,513**
Operating profit before depreciation (EBITDA) and special items		**3,633**	**2,988**
Financial leverage ratio (NIBD/EBITDA, times)		**3.3**	**2.8**

[1] Comparative 2018 numbers are not restated to IFRS 16.
[2] Hereof DKK 3,109m relating to lease liabilities that have different characteristics than other liabilities included in interest-bearing liabilities. Under IFRS 16 extention and purchase options are included if the Group is reasonable certain that these will be exercised. These options are not legally or contractually obligated.

4.1 Financial and operational risks

DFDS' risk management policy
DFDS' risk management policy is governed by the DFDS Treasury Policy, which is approved by the Board of Directors on an annual basis. The Financial Policy sets out the framework, key policies, limits and guidelines for financial risk management of DFDS. DFDS do not enter into speculation. The most important risk factors managed financially in DFDS are 1) bunker price, 2) interest rate, 3) currency exchange, 4) liquidity and 5) credit exposure. DFDS manages its capital structure as described below.

Bunker risk
In 2019 DFDS total bunker cost was DKK 2,075m or 13% of Group revenue (DKK 1,860m or 12% in 2018). Therefore, the fluctuations in the bunker price constitute a significant risk. Bunker is denominated in USD. The corresponding USD/DKK is described separately below.

In the freight industry it is customary to pass through the risk of fluctuations in bunker price and corresponding currency exchange rate risk to freight customers via bunker adjustment factor (BAF). In the passenger industry, fluctuations in the cost of bunker is reflected in the ticket price to the extent possible.

On group level approximately 90% of DFDS bunker price exposure and corresponding currency risk is passed through to freight customers via BAF agreements. The remaining bunker price exposure is financially hedged up to six quarters ahead in accordance with DFDS Treasury Policy.

An increase in the bunker price of 10% compared to the actual bunker price during 2019 would have increased bunker cost by DKK 17m for the Group in 2019 all else equal (2018: DKK 16m). A decrease in the bunker price would have had a similar but positive effect.

An increase in the bunker price of 10% compared to the actual bunker price at balance sheet date would have had a positive effect on the Group's equity reserve for hedging of DKK 3m all else equal (2018: DKK 9m). A decrease in the bunker price would have had a similar but negative effect.

Interest rate risk
DFDS is primarily exposed to interest rate risk through funding. According to DFDS Treasury Policy the interest rate on 40-70% of the loan portfolio including long-term charter agreements must be fixed with a weighted average duration of 9-36 months. DFDS enter into interest rate swaps and caps to comply with this policy.

The total net interest-bearing debt (including currency swaps on bonds and lease liabilities) amounts to DKK 11.954m at year-end 2019 (2018: DKK 8,513m). The Group's total interest-bearing debt primarily consists of partly secured credit facilities, unsecured corporate bonds and floating rate mortgages with security in ferries and other ships. The debt portfolio had an average time to maturity of 4.3 years (2018: 4.3 years).

As part of the financial strategy, interest rate swaps and caps with a principal amount of DKK 2,700m (2018: DKK 2,394m) have been established in order to reduce interest rate risk in compliance with DFDS Treasury Policy. The share of fixed-rate debt including interest rate derivatives was 38% at year-end 2019 (2018: 39%). Including long term charter agreements, the share of fixed-rate debt is 40% (2018: 41%). The duration of the Group's debt portfolio (including charter liabilities) was 1.3 years (2018: 1.6 years).

An increase in the interest rate of 1%-point compared to the actual interest rates in 2019 would have increased net interest payments on long term debt incl. hedging by DKK 39m for the Group in 2019 all else equal (2018: DKK 36m). A decrease in the interest rates of 1%-point would have reduced the net interest payment by DKK 7m (2018: DKK 12m).

An increase in the interest rate of 1%-point compared to the actual interest rate at balance sheet date would have had a hypothetical positive effect on the Group's equity reserve for hedging of DKK 48m all else equal (2018: DKK 46m). A decrease would have had a negative effect of DKK 26m (2018: DKK -43m).

Currency risk
Approximately 92% of DFDS' revenues in 2019 were invoiced in foreign currencies (2018: 88%) with the most substantial net income being generated in EUR, SEK, GBP and NOK. USD was the most substantial net expense currency. Following the acquisition of U.N. Ro-Ro in June 2018, DFDS became exposed to the exchange rate development of TRY as U.N. Ro-Ro customers were quoted in EUR, invoiced in EUR, but with a right to pay the invoice in TRY, whereby there was a risk on the receivable in TRY. In beginning of 2019 a new invoicing model was introduced that incentivised payments in EUR or cash rather than TRY. The purpose of the new model was to reduce currency risk. More than 90% of customers have adopted the new invoicing model. U.N. Ro-Ro net commercial TRY cash flow expenses are limited to salary- and certain port operation costs while most other cash flows are in currencies other than TRY, e.g. bunker.

Currency exchange risk is monitored continuously and actively hedged in accordance with DFDS Treasury Policy. The aim is to actively reduce currency balance sheet- and expected currency cash flow exposure using forward exchange contracts and currency swaps. EUR is considered a minor risk due to Denmark's fixed exchange rate policy. USD risk is reduced by entering into forward exchange contracts in connection with hedging of future bunker consumption, charter agreements and payments under shipbuilding contracts. Expected future cash flow in other currencies than USD is currently not hedged as they are within the limits accepted in the Treasury Policy.

The commercial currency cash flow is defined as the Group's consolidated net currency cash flows from revenues and operational costs. The table below shows the impact on the Group's Operating profit before depreciation (EBITDA) and special items from changes in the foreign exchange rate.

Commercial currency cash flow risk

DKK million	2019	2018
SEK, profit or loss effect, 10% strengthening	59	60
NOK, profit or loss effect, 10% strengthening	7	8
GBP, profit or loss effect, 10% strengthening	7	12
TRY, profit or loss effect, 10% strengthening	-30	-8
USD, profit or loss effect, 10% strengthening	-17	-16

The Group's most significant currency balance positions are in EUR, SEK, GBP, NOK, TRY and USD relating to cash, investments and accounts payable - and receivables. All else equal a strengthening of SEK, GBP, NOK, TRY and USD against DKK at balance sheet date would have increased/decreased balance sheet items by the amounts presented below.

Currency balance risk

DKK million	2019	2018
SEK, equity and profit /loss effect, 10% strengthening	-7	5
GBP, equity and profit /loss effect, 10% strengthening	-3	-3
NOK, equity and profit / loss effect, 10% strengthening	1	6
TRY, equity and profit /loss effect, 10% strengthening	4	29
USD, equity and profit /loss effect, 10% strengthening	-6	-2
USD, equity effect, 10% strengthening [1]	238	343

[1] *Change in fair value of FX forwards related to ferries and future bunker consumption only affects equity.*

In addition to currency risk arising from operations, translation risk arise when foreign currency financial statements of subsidiaries are translated into DKK as part of the consolidation process. The Group's most substantial translation risks are in SEK, GBP and NOK. The impact on net profit from an increase of the average exchange rates in 2019 is outlined in the table below.

4.1 Financial and operational risks (continued)

DKK million	2019	2018
Translation risk		
SEK, equity and profit /loss effect, 10% strengthening	132	102
GBP, equity and profit /loss effect, 10% strengthening	31	16
NOK, equity and profit / loss effect, 10% strengthening	16	17

Liquidity risks
DFDS Financial Policy is to secure adequate liquidity to meet financial and operational payment obligations by maintaining a minimum cash resource of DKK 400m. The year-end cash resource was DKK 2,290m (2018: DKK 2,361m), of which undrawn committed and uncommitted credit facilities amounts to DKK 1,450m (2018: DKK 1,600m). DFDS contractual maturities of financial instruments, including estimated interest payments and excluding the impact of netting agreements are stated in the table below:

DFDS contractual maturities of financial instruments, including estimated interest payments and excluding the impact of netting agreements are stated in the table below:

DKK million				
2019	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	840	0	0	0
Trade receivables including work in progress services	2,410	0	0	0
Receivables from associates and joint ventures	46	0	0	0
Other receivables and current assets	391	3	26	0
Non-derivative financial liabilities				
Bank loans and mortgage on ferries and other ships	-670	-1,065	-6,084	-1,280
Issued corporate bonds	-40	-1,021	-309	0
Other interest-bearing debt	0	-11	-24	0
Lease liabilities	-593	-879	-452	-1,270
Trade payables	-2,292	0	0	0
Payables to associates and joint ventures	-109	0	0	0
Other payables	-131	0	0	0
Derivative financial assets				
Bunker contracts	0	0	0	0
Interest swaps & caps	0	0	0	0
Forward exchange contracts and currency swaps	70	145	18	67
Derivative financial liabilities				
Bunker contracts	-5	0	0	0
Interest swaps & caps	-6	-8	0	0
Cross currency interest rate swaps	-1	-2	-1	0
Forward exchange contracts and currency swaps	-15	-52	0	0
Total	**-104**	**-2,890**	**-6,825**	**-2,483**

DKK million				
2018[1]	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	761	0	0	0
Trade receivables including work in progress services	2,077	0	0	0
Receivables from associates and joint ventures	86	0	0	0
Other receivables and current assets	268	112	26	0
Non-derivative financial liabilities				
Bank loans and mortgage on ferries and other ships	-458	-874	-6,144	-610
Issued corporate bonds	-520	-25	-943	0
Other interest-bearing debt	0	0	-24	0
Financial lease liabilities	-41	-74	-66	-150
Trade payables	-2,296	0	0	0
Payables to associates and joint ventures	-24	0	0	0
Other payables	-59	0	0	0
Derivative financial assets				
Bunker contracts	2	0	0	0
Interest swaps & caps	5	10	7	0
Forward exchange contracts and currency swaps	50	113	0	45
Derivative financial liabilities				
Bunker contracts	-19	-2	0	0
Interest swaps & caps	-4	-6	-1	0
Forward exchange contracts and currency swaps	-18	-33	-12	0
Total	**-190**	**-780**	**-7,158**	**-715**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Assumptions for the maturity table:
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

Credit risk
DFDS credit risk is primarily attributable to trade- and other receivables and cash. The receivables including work in progress services are stated in the balance net of write-downs. Reference is made to note 3.2.1 for a further information on write-downs on trade receivables and work in progress services.

According to the Group's policy of undertaking credit risks, credit ratings of all customers and other partners are performed at least once a year. Some customers have provided bank guarantees for payments for the benefit of DFDS. Received guarantees amount to DKK 817m in 2019 (2018: DKK 789m) of which prepayment guarantees regarding DFDS' newbuilding- and scrubber program amount to DKK 760m (2018: DKK 769m).

4.1 Financial and operational risks (continued)

DFDS credit risk towards financial counterparties primarily relates to cash on bank accounts and positive market values of derivatives. Credit limits on financial counterparties are calculated in accordance with DFDS Treasury Policy based on credit ratings from international credit rating agencies. Credit ratings and resulting credit limits are monitored continuously.

Capital structure

Capital distribution to shareholders is based on a target leverage of a NIBD/EBITDA multiple between 2.0 and 3.0. The target can be suspended in connection with large investments, acquisitions and other strategic initiatives. At year-end 2019 the NIBD/EBITDA multiple was 3.3 (2018: 2.8). After distribution of dividend, excess capital is determined based on the leverage target, including future investment requirements, and distributed through share buybacks.

At year-end 2019, the Group´s cost of capital (WACC) was calculated at 5.0% (2018: 5.0%) and the return on invested capital (ROIC) before special items was 8.1% (2018: 13.5%).

DKK million

2019						Expected timing of recycling to Income statement or Non-current assets of gains/losses recognised in the equity				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**Fair value assets**	**Fair value liabilities**	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**	**Fair value recognised on hedging reserve in equity**
Interest	Interest swaps	0-3 years	1,199	0	-15	-6	-8	0	0	-15
Interest	Caps	0-4 years	1,195	17	0	0	0	0	0	0
Goods purchased	Oil contracts for forward delivery (tons)	0-1 years	33	0	-5	-5	0	0	0	-5
Bond loans	Currency swaps	0-3 years	948	0	-51	0	0	0	0	0
Bond loans	Cross currency interest rate swaps	0-5 years	303	0	-4	0	0	2	0	2
Ferry investments & ferry charter [1]	Forward exchange contracts	0-11 years	1,238	298	-12	55	144	18	67	285
Sales and goods purchased	Forward exchange contracts	0-1 years	547	2	-2	0	0	0	0	0
Total				**319**	**-88**	**45**	**136**	**20**	**67**	**266**

[1] *For instruments used to hedge ferry investments the recycling from equity will be recognised under non-current tangible assets.*

In 2019 no financial hedges were deemed inefficient and as such no profit or loss was recognised on the Income statement in 2019.

The fair value of the interest swaps has 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 market interest rates.

The fair value of forward exchange contracts and bunker contracts are calculated based on actual forward curves in DFDS' Treasury system.

4.1 Financial and operational risks (continued)

DKK million

2018						Expected timing of recycling to Income statement or Non-current assets of gains/losses recognised in the equity				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**Fair value assets**	**Fair value liabilities**	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**	**Fair value recognised on hedging reserve in equity**
Interest	Interest swaps	0-4 years	1,199	0	-10	-4	-6	-1	0	-10
Interest	Caps	0-5 years	1,195	23	0	0	0	0	0	0
Goods purchased	Oil contracts for forward delivery (tons)	0-1 years	113	2	-21	-17	-2	0	0	-19
Bond loans	Currency swaps	0-4 years	936	0	-62	0	0	1	0	1
Ferry investments & ferry charter [1]	Forward exchange contracts	0-12 years	3,398	205	0	47	113	0	45	204
Sales and goods purchased	Forward exchange contracts	0-2 years	520	3	-1	1	0	0	0	1
Total				**232**	**-95**	**27**	**105**	**0**	**45**	**177**

[1] *For instruments used to hedge ferry investments the recycling from equity will be recognised under non-current tangible assets.*

In 2018 no financial hedges were deemed inefficient and as such no profit or loss was recognised on the Income statement in 2018.

The fair value of the interest swaps has 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 market interest rates.

The fair value of forward exchange contracts and bunker contracts are calculated based on actual forward curves in DFDS' Treasury system.

4.2 Information on financial instruments

DKK million	2019	2018
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	300	209
Derivatives, related to interest-bearing activities	17	23
Financial assets measured at amortised cost:		
Trade receivables, receivables from associates and joint ventures, other receivables and cash	3,715	3,329
Financial assets measured at fair value through profit or loss:		
Securities	10	10
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-19	-23
Derivatives, related to interest-bearing activities	-69	-72
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, trade payables, payables to associates and joint ventures, and other payables[1]	-15,757	-12,047
Total	**-11,803**	**-8,572**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Hierarchy of financial instruments measured at fair value
The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:
- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

DKK million

2019	**Level 1**	**Level 2**	**Level 3**
Derivatives, financial assets	0	317	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-88	0
Total	**0**	**228**	**10**

2018	**Level 1**	**Level 2**	**Level 3**
Derivatives, financial assets	0	232	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-95	0
Total	**0**	**137**	**10**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 4 .1 for description of the valuation method.

Securities, financial assets measured at fair value through profit or loss comprise other shares and equity investments as well as other investments of DKK 10m (2018: DKK 10m). These are some minor unlisted enterprises and holdings.

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 we no transfers between the levels in the fair value hierarchy in 2019 (2018: No transfers).

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

Derivatives
When entering into agreements involving derivatives, Management assesses whether the derivative in question meets the criteria for hedge accounting, including whether the hedging relates to recognised assets and liabilities, projected future cash flows, or financial investments. Effectiveness tests are carried out, and any inefficiency is recognised in the Income statement.

ACCOUNTING POLICIES

Derivatives financial instruments
Derivatives financial instruments are measured in the balance sheet at fair value as from the date where the derivatives financial instrument is concluded. The fair values of derivatives financial instruments are presented as derivatives financial instruments under current receivables if positive or under current liabilities if negative. Netting of positive and negative derivatives financial instruments is only performed if the company is entitled to and has the intention to settle more derivatives financial instruments as a net. Fair values of derivatives financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedge
Changes in the fair value of financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the Income statement together with changes in the value of the hedged asset or liability based on the hedged proportion. Hedging of future cashflows according to agreements (firm commitments), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

Cash flow hedge
Changes in the fair value of financial instruments designated as and qualifying for cash flow hedging and which effectively hedge changes in future cash flows, are recognised in Other comprehensive income.
The change in fair value that relates to the effective portion of the cash flow hedge is recognised as a separate equity reserve until the hedged cash flow impacts the Income statement. At this point in time the related gains or losses previously recognised in Other comprehensive income are transferred to the Income statement into the same line item as the hedged item is recognised.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains or losses previously recognised in Other comprehensive income are transferred from equity and included in the initial measurement of the cost of the non-financial asset.

For derivative financial instruments that no longer qualify for hedge accounting, the hedge is dissolved prospectively. The accumulated fair value in equity is immediately transferred to the Income statement into the same line item as the hedged item is recognised.

Other financial instruments
For financial instruments that do not fulfil the requirements of being treated as hedge instruments, the changes in fair value are recognised successively in the Income statement as Financial income and cost.

4.3 Changes in liabilities arising from financing activities

The table below discloses the cash as well as non-cash changes in interest-bearing liabilities and derivative financial instruments related to issued corporate bonds. The changes arising from cash flows form part of the cash flows from financing activities in the Statement of cash flows.

DKK million				Non-cash changes					
	31 Dec. 2018	**Change in accounting policies**	**Cash flows**	**Additions from acquisitions**	**Foreign exchange movements**	**New/disposed/remeasured leases**	**Fair value changes**	**Other changes**	**31 Dec. 2019**
Changes in 2019									
Interest-bearing liabilities:									
Bank loans and mortgage on ferries and other ships	7,508	0	859	6 [4]	2	0	0	6	8,381
Issued corporate bonds	1,433	0	-196 [3]	0	11	0	0	1	1,249
Lease liabilities	292 [1]	2,765 [2]	-706	71 [4]	6	680	0	0	3,109
Other liabilities	24	0	0	0	0	0	0	11	35
	9,257	2,765	-43	78	19	680	0	18	12,774
Derivatives financial instruments:									
Derivatives related to issued corporate bonds	62	0	0	0	0	0	-7	0	55
Total liabilities from financing activities	**9,319**	**2,765**	**-43**	**78**	**19**	**680**	**-7**	**18**	**12,830**

[1] *Relates to IAS 17 Finance leases.*
[2] *Relates to the implementation of IFRS 16 'Leases'.*
[3] *In 2019 cash flows from issuing corporate bonds amounts to DKK 304m and cash flows to repayment of corporate bonds amounts to DKK -500m corresponding to a net cash flow of DKK -196m.*
[4] *Relates to the acquisitions of Huisman Group and Freeco Logistics, reference is made to note 5.5.*

DKK million			Non-cash changes					
	31 Dec. 2017	**Cash flows**	**Additions from acquisitions**	**Foreign exchange movements**	**New leases**	**Fair value changes**	**Other changes**	**31 Dec. 2018**
Changes in 2018 [1]								
Interest-bearing liabilities:								
Bank loans and mortgage on ferries and other ships	1,678	2,182 [2]	3,613 [3]	22	0	0	13	7,508
Issued corporate bonds	1,567	-129	0	-5	0	0	1	1,433
Finance lease liabilities	5	-453 [4]	21 [3]	0	719 [4]	0	0	292
Other liabilities	26	0	0	0	0	0	-1	24
	3,275	1,600	3,635	17	719	0	12	9,257
Derivatives financial instruments:								
Derivatives related to issued corporate bonds	136	-73	0	0	0	0	0	62
Total liabilities from financing activities	**3,411**	**1,526** [2]	**3,635**	**17**	**719**	**0**	**12**	**9,319**

[1] *Comparative 2018 numbers are not restated to IFRS 16.*
[2] *Includes DKK -50m related to transaction costs from obtaining loans, which in the statement of cash flows is presented as Interest paid, etc under Operating activities.*
[3] *Relates to the acquisition of U.N. Ro-Ro and Alphatrans Group BV.*
[4] *DKK 710m relates to a port terminal agreement with Yalova port terminal that accounting wise is a finance lease, where EUR 60m (DKK 449m) was paid at inception of the agreement.*

4.4 Financial income and costs

DKK million	2019	2018
Financial income		
Interest income from banks, etc.[1]	5	5
Gains on securities (Level 3)	0	0
Other dividends	0	1
Other financial income	0	0
Total financial income	*6*	*6*
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.[1]	-176	-134
Interest expense on lease liabilities, reference is made to note 3.1.3	-79	-3
Foreign exchange loss, net[2]	-17	-26
Defined benefit pension plans, reference is made to note 3.2.4	-6	-8
Other financial costs	-16	-12
Transfer to assets under construction[3]	10	12
Total financial costs	*-284*	*-171*
Financial income and costs, net	**-278**	**-165**

[1] Primarily related to financial assets/liabilities measured at amortised cost. Income (net) from interest swaps is DKK 9m (2018: DKK 12m) and is included under Interest expense to banks, credit institutions, corporate bonds, etc.
[2] Foreign exchange gains in 2019 amounts to DKK 125m (2018: DKK 386m) and foreign exchange losses amounts to DKK 142m (2018: DKK 412m) for the Group.
[3] Interest capitalised on five newbuildings (2018: eight newbuildings). The interest was calculated by using a general interest rate in the range of 0.87% - 1.30% p.a. (2018: 2.30% - 2.60% p.a.)

Other financial costs contains bank charges, fees, early repayment fees, commitment fees and creditline fee.

ACCOUNTING POLICIES

Financial income and costs comprise interest income and costs; realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies; realised gains and losses on securities; amortisation of financial assets and liabilities; interests on leasing agreements; bank charges and fees etc. Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

4.5 Interest-bearing liabilities

DKK million	2019	2018
Bank loans and mortgage on ferries and other ships[1]	7,901	7,175
Issued corporate bonds[2]	1,249	933
Lease liability[3+4]	2,556	257
Other non-current liabilities	35	24
Total interest-bearing non-current liabilities	**11,742**	**8,389**
Bank loans and mortgage on ferries and other ships[1]	480	333
Issued corporate bonds[2]	0	500
Lease liabilitiy[3+4]	552	36
Total interest-bearing current liabilities	**1,032**	**869**
Total interest-bearing liabilities	**12,774**	**9,258**

[1] In June 2018 acquisition loans of DKK 5,526m were obtained for the acquisition of U.N. Ro-Ro
[2] The Group has issued two 5 year corporate bond loans; one in 2019 of nominal NOK 400m and one in 2017 of nominal NOK 1,250m respectively (2018: one in 2017 and one in 2014 respectively).
[3] In December 2018 DFDS has entered into a financial lease agreement with the Yalova port terminal with a net present value of DKK 710m, of which DKK 449m was paid at inception. The remaining DKK 261m is classified as Lease liabilities.
[4] IFRS 16 has been implemented as of 1 January 2019, for further description reference is made to note 3.1.3.

In connection with the acquisition of U. N. Ro-Ro, in 2018 DFDS obtained two new loans in total of EUR 740m maturing 7 June 2023. The credit facility is EURIBOR based and as a protection against potential interest rate increases interest rate caps of EUR 160m has been established to cap the base rate at 0% until maturity.

In June 2019 DFDS issued a new five year bond of NOK 400m with a coupon of 3-month Nibor + 150 bps and priced at par. The bond was immediately swapped into Danish kroner and fixed interest. The purpose of the bond issued was to refinance existing bonds and extend debt maturity as well as for general corporate purposes.

In connection with the delivery of three new freight ferries DFDS obtained three new mortgage loans; two ferry loans of each DKK 365m with a maturity of 7 years and a repayment profile of 20 years and one ferry loan of DKK 364m with a maturity of 12 years and a repayment profile of 15 years. All three mortgage loans are CIBOR based.

The fair value of the interest-bearing liabilities amounts to DKK 12,886m (2018: DKK 9,367m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to issued corporate bonds of nominal NOK 1,250m for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds nominal NOK 1,250m has been calculated based on the quoted bond price in August 2019 which is the latest quoted price (2018: quoted bond price at the beginning of 2018 and 2019, respectively). For the new bond loan issued in June 2019 there is no quoted price available, i.e. the calculated fair value is based on the nominal amount of NOK 400m.

DKK 2,366m of the interest-bearing liabilities in the Group fall due after five years (2018: DKK 658m). No unusual conditions in connection with the borrowings are made. The loan agreements can be settled at fair value plus a small surcharge, whereas premature settlement of the corporate bonds requires a repurchase of the bonds.

Reference is made to note 4.1 for financial risks, etc.

4.5 Interest-bearing liabilities (continued)

DKK million	2019	2018 [2]
Allocation of currency, principal nominal amount:		
DKK	1,578	910
EUR	8,422	7,392
NOK [1]	1,347	933
GBP	1,323	0
USD	30	20
SEK	37	3
Other	37	0
Total interest-bearing liabilities	**12,774**	**9,257**

[1] *In 2017 DFDS has issued a five-year corporate bond of NOK 1,250m, which runs for the period 28 September 2017 until 28 September 2022. The bond is listed on the Oslo Stock Exchange. The five-year bond has been issued with a floating rate based on three month NIBOR + 1.32% margin in NOK, but swapped to CIBOR + 0.99% margin in DKK. In 2019 DFDS has issued a five-year corporate bond of NOK 400m, which runs for the period 7 June 2019 until 7 June 2024. The bond is listed on the Oslo Stock Exchange. The five-year bond has been issued with a floating rate based on three month NIBOR + 1.50% margin in NOK, but swapped to CIBOR + 1.00% margin in DKK.*

[2] *Comparative numbers are not restated to IFRS 16.*

ACCOUNTING POLICIES

Interest-bearing liabilities comprise amounts owed to mortgage/credit institutions and banks as well as amounts owed to owners of issued corporate bonds including liabilities arising from derivatives relating to issued corporate bonds. The amounts are initially recognised at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income statement under 'financial costs' over the term of the loan.

Interest-bearing liabilities also include capitalised residual lease obligations on finance leases. Other liabilities are recognised at amortised cost, which corresponds to the net realisable value in all material respects.

4.6 Equity

ACCOUNTING POLICIES

Dividends
Proposed dividend is recognised as liabilities at the date on which they are adopted at the annual general meeting (time of declaration). The expected dividend payment for the year is disclosed as a separate item in the equity.

Reserve for treasury shares
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value as well as dividend on treasury shares are recognised directly in equity under retained earnings. The reserve is a distributable reserve.

Currency translation reserve
The reserve comprises DFDS A/S shareholders' share of currency translation adjustments arising on the translation of net investments in enterprises with a functional currency other than DKK. The reserve is dissolved upon disposal of the entity.

Reserve for hedging
The hedging reserve comprises the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transactions have not been realised. Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

4.7 Treasury shares

Number of shares	2019	2018
Treasury shares at 1 January	1,463,253	2,348,887
Acquisition of treasury shares	0	551,931
Disposal of treasury shares due to exercise of share options and jubilee shares	-41,997	-437,565
Cancellation of treasury shares	0	-1,000,000
Treasury shares at 31 December	**1,421,256**	**1,463,253**
Market value of treasury shares at 31 December, DKK million	462	384

In accordance with the Annual General Meeting in March 2019 the Board of Directors is authorised – until 26 March 2023 – to acquire treasury shares equal to up to 10% of DFDS A/S' share capital. The price cannot deviate by more than 10% from the listed acquisition price on NASDAQ Copenhagen at the time of acquisition.

DFDS A/S has not acquired any treasury shares during 2019 (2018: treasury shares acquired for a total payment of DKK 190m). Furthermore, during 2019 DFDS A/S has disposed treasury shares for a total consideration of DKK 7m (2018: DKK 59m) in connection with employees' exercise of share options.

The Parent Company's holding of treasury shares at 31 December 2019 is 1,421,256 shares of DKK 20 each (2018: 1,463,253 shares), corresponding to 2.42% (2018: 2.50%) of the Parent Company's share capital. Treasury shares have been acquired to cover the share option scheme and restricted stock unit plan for employees and for the share buy-back programme completed in 2018.

On the Annual General Meeting in March 2018 it was decided to cancel 1,000,000 of the treasury shares. This resulted in a reduction of the Company's share capital by nominally DKK 20,000,000. The cancellation had legal effect from 18 April 2018.

4.8 Earnings per share

	2019	2018[1]
Profit for the year (DKK million)	1,313	1,637
Attributable to non-controlling interests (DKK million)	-4	-8
Attributable to DFDS Group	**1,309**	**1,630**
Weighted average number of issued ordinary shares	58,631,578	57,944,196
Weighted average number of treasury shares	-1,435,198	-1,740,032
Weighted average number of circulating ordinary shares	57,196,380	56,204,164
Weighted average number of share options issued	199,814	229,445
Weighted average number of circulating ordinary shares (diluted)	**57,396,194**	**56,433,609**
Basic earnings per share (EPS) of DKK 20 in DKK	22.88	28.99
Diluted earnings per share (EPS-D) of DKK 20 in DKK	22.80	28.87

[1] *Comparative 2018 numbers are not restated to IFRS 16.*

When calculating diluted earnings per share for 2019, 569,684 share options (2018: 383,906 share options) have been omitted as they are out-of-the-money, but potentially the share options might dilute earnings per share in the future.

5. Other notes

5.1 Remuneration to Executive Board, Board of Directors, Audit Committee and Nomination Committee

Remuneration for the Executive Board	Torben Carlsen[1]			Niels Smedegaard[2]			Executive Board, total		
DKK '000	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Wages and salaries	6,432	4,091	4,091	4,618	6,927	6,927	**11,050**	11,018	11,018
Bonus	1,500	3,272	2,370	1,847	5,541	4,013	**3,347**	8,813	6,383
Defined contribution pension plans	643	409	409	462	693	693	**1,105**	1,102	1,102
Share based payment	1,547	1,491	1,535	1,562	1,988	2,046	**3,109**	3,479	3,581
Other employee costs	353	301	258	262	353	308	**615**	654	566
Total remuneration to Executive Board	**10,475**	**9,564**	**8,663**	**8,751**	**15,502**	**13,987**	**19,226**	**25,066**	**22,650**

[1] Torben Carlsen was appointed new CEO 1 May 2019.
[2] Niels Smedegaard resigned as CEO at 30 April 2019.

The termination period for the Executive Board is 12 months. Further, the CEO has additional 12 months redundancy payment. In connection with a change of control of the Group, the members of the Executive Board can – within the first 3 months of the event - terminate their employment with the same effect as if the Company had given notice of termination of employment to the Executive Board.

DKK '000	**2019**	**2018**	**2017**
Board:			
Claus V. Hemmingsen, Chair	1,031	750	675
Klaus Nyborg, Deputy Chair	675	413	300
Anders Götzsche (joined in March 2018)	356	225	-
Marianne Dahl (joined in March 2017)	356	300	225
Jill Lauritzen Melby	356	300	300
Lars Skjold-Hansen	356	300	300
Jens Otto Knudsen	356	300	300
Jesper Hartvig Nielsen (joined in March 2018)	356	225	-
Dirk Reich (joined in July 2019)	187	-	-
Jørgen Jensen (resigned in March 2019)	75	300	300
Pernille Erenbjerg (resigned in March 2018)	-	112	413
Kent Vildbæk (resigned in March 2018)	-	75	300
Bent Østergaard (resigned in March 2017)	-	-	187
Total remuneration to the Board	**4,104**	**3,300**	**3,300**

DKK '000	**2019**	**2018**	**2017**
Audit Committee:			
Anders Götzsche, Chair (joined in March 2018)	238	150	-
Dirk Reich (joined in July 2019)	63	-	-
Jill Lauritzen Melby	119	100	88
Marianne Dahl (interim 2019)	31	-	-
Jørgen Jensen (resigned in March 2019)	25	100	88
Pernille Erenbjerg (resigned in March 2018)	-	50	175
Total remuneration to the Audit Committee	**476**	**400**	**350**
Nomination Committee:			
Claus V. Hemmingsen	88	50	38
Klaus Nyborg	88	50	38
Marianne Dahl	88	50	38
Total remuneration to the Nomination Committee	**264**	**150**	**114**
Total	**4,844**	**3,850**	**3,764**

Remuneration to the chair of the Audit Committee is DKK 238k (2018: DKK 200k) and remuneration to other members of the Audit Committee is DKK 119k (2018: DKK 100k) each. Remuneration to each of the three members of the Nomination Committee is DKK 88k (2018: DKK 50k). No remuneration is paid to members of other committees.

5.2 Fees to Auditors appointed at the Annual General Meeting

DKK million	**2019**	**2018**
Audit fees	6	6
Other assurance engagements[1]	0	0
Tax and VAT advice[2]	2	1
Non-audit services[3]	1	0
Total fees	**9**	**7**

[1] Other assurance engagements amounted to DKK 0.3m (2018: DKK 0.2m) and primarilly include review of regulatory financial statements.
[2] Tax and VAT advice amounted to DKK 1.9m (2018: DKK 0.8m) and comprise advice in relation to acquisition of enterprises, review of tax return and employee tax assistance and compliance.
[3] Non-audit services amounted to DKK 1.1m (2018: DKK 0.5m) and comprise advice in relation to acquisition of enterprises and fees for other services.

Fees for services other than the statutory audit of the financial statements provided by ERNST & YOUNG Godkendt Revisionspartnerselskab, Denmark amounted to DKK 1.5m including other assurance opinions and agreed-upon procedures, as well as tax and accounting advice.

5.3 Share options

The decision to grant share options is made by the Board of Directors. Share options have been granted to the Executive Board and leading employees. Each share option gives the holder of the option the right to acquire one existing share in the Parent Company of nominal DKK 20. The share option schemes equal a right to acquire 1.3% of the share capital (2018: 1.0%) if the remaining share options are exercised.

Share options are granted in 2014-2015 at an exercise price equal to the average share price of the Parent Company's shares 20 days before the grant with an addition of 5%. Share options are granted in 2016-2019 at an exercise price equal to the average share price of the Parent Company's shares 20 days before the grant with an addition of 10%.

Vesting is done on a straight line basis over three years from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the Parent Company is changed.

The share options can be exercised when a minimum of 3 years and a maximum of 5 years have elapsed since the grant dates.

Share options granted can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options.

2019	Executive Board Number	Leading employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	277,767	331,863	4,196	613,826	333.66
Transferred between categories	-217,221	-35,473	252,694	0	343.48
Granted during the year	122,147	150,423	0	272,570	331.81
Exercised during the year	0	-33,840	-2,557	-36,397	186.67
Forfeited during the year	0	0	-86,793	-86,793	354.56
Outstanding at 31 December	**182,693**	**412,973**	**167,540**	**763,206**	**337.63**
Of this exercisable at the end of the year	42,052	95,400	56,070	193,522	258.47

2018	Executive Board Number	Leading employees Number	Resigned Executive Board members and employees Number	Total	Average exercise price per option DKK
Outstanding at 1 January	381,852	423,102	0	804,954	210.43
Transferred between categories	0	-6,042	6,042	0	311.14
Granted during the year	114,830	133,453	0	248,283	383.00
Exercised during the year	-218,915	-218,650	0	-437,565	134.76
Forfeited during the year	0	0	-1,846	-1,846	380.66
Outstanding at 31 December	**277,767**	**331,863**	**4,196**	**613,826**	**333.66**
Of this exercisable at the end of the year	0	24,340	0	24,340	121.27

The share options granted in 2019 had a fair value of DKK 9.1m (2018: DKK 7.6m), equal to an average fair value per option of DKK 33.54 (2018: DKK 30.48).

36,397 share options have been exercised during 2019 (2018: 437,565). The average weighted market price per share exercised in 2019 is DKK 285.55 (2018: DKK 349.25).

Vesting of share options is expensed in the Income statement for 2019 with DKK 8m (2018: DKK 7m).
The calculated fair values are based on the Black-Scholes formula for measuring share options.
The outstanding options at 31 December 2019 have an average weighted time to maturity of 1.0 years (2018: 1.5 years).

Assumptions concerning the calculation of fair value at time of grant:

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per option at time of granting
2019, November	291.00	273.40	26.86%	-0.72%	11.00	27 months	25.28
2019, February	335.00	306.60	27.99%	-0.52%	9.00	3 years	34.19
2018	383.00	331.60	27.87%	-0.20%	11.00	3 years	30.48
2017	390.00	377.40	28.66%	-0.56%	8.00	3 years	54.00
2016	262.00	246.70	27.18%	-0.21%	5.00	4 years	35.66
2015	136.00	132.20	24.75%	-0.49%	3.60	4 years	15.98

The expected volatility for 2015 to 2016 is based on the historic volatility for the past 4 years. The expected volatility for 2017 to 2019 is based on the historic volatility for the past 3 years. The risk free interest rate is for 2015 to 2016 based on 4 year Danish government bonds and for 2017 to 2019 based on 3 year Danish government bonds.

5.3 Share options (continued)

Jubilee shares
In recognition of the contribution made by DFDS' employees in recent years to the company's growth and to celebrate the company's 150 year anniversary, the Board of Directors has awarded 30 shares free of charge to each full time employee.

The shares are awarded as a Restricted Stock Unit Plan, which contains certain conditions to be eligible for the shares. Only employees that are employed as per 1 December 2016 and continuously work until 1 February 2020 will receive the shares. Employees working more than 24 hours per week will get 30 shares, if they work more than 12 hours and up to 24 hours per week they get 20 shares and if they work up to 12 hours per week they get 10 shares. If an employee retires or has to leave his job because of disability during the period until 1 February 2020 he is entitled to the full number of shares when he/she leaves.

In total 7,751 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 187,235 with a total fair value of DKK 55m, which is expensed under Special items over the vesting period.

5,600 Jubilee shares have been transferred during 2019 (2018: 1,999). The average weighted market price per share exercised in 2019 is DKK 288.63. Vesting of Jubilee shares is expensed in the Income statement for 2019 with DKK 19m (2018: DKK 18m).

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per share at time of granting
Jubilee shares, December 2016	0.00	319.60	28.65%	-0.51%	8.00	3 years	295.45

ACCOUNTING POLICIES

The Group has set up equity-settled share option plans. Part of the Parent Company's holding of treasury shares is used for the share option plan.

The value of services received in exchange for granted share options is measured at the fair value of the share options granted.

The equity-settled share options are measured at the fair value at grant date and recognised in the Income statement under staff costs over the vesting period. The counter posting is recognised directly in equity as a shareholder transaction.

At initial recognition of the share options, an estimate is made over the number of share options that the employees will vest, cf. the service conditions described above in this note. Subsequent to initial recognition, the estimate of share options to be vested is adjusted whereby the total recognition is based on the actual number of vested share options.

The fair value of the granted share options is calculated using the Black-Scholes option-pricing model. Terms and conditions for each grant are taken into account when calculating the fair value.

5.4 Cash flow

DKK million	2019	2018
Non-cash operating items		
Change in provisions	5	8
Change in write-down of inventories for the year	3	1
Change in provision for defined benefit plans and jubilee obligations	11	4
Vesting of share option plans expensed in the Income statement	7	7
Non-cash operating items	**26**	**20**
Change in working capital		
Change in inventories	-22	-10
Change in receivables, such as trade receivables, prepaid costs, etc.	-305	-271
Change in current liabilities, such as trade payables, payables to joint ventures, etc.	102	-2
Change in working capital	**-224**	**-283**

ACCOUNTING POLICIES

The Cash flow statement has been prepared using the indirect method, and shows the consolidated cash flow from operating, investing, and financing activities for the year, and the consolidated cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisition and disposal of enterprises is shown separately in cash flows to/from investing activities.

Cash flows from acquisitions of enterprises are recognised in the Cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities is calculated on the basis of the profit/loss before amortisation and depreciation (EBITDA) and special items adjusted for the cash flow effect of special items, non-cash operating items, changes in working capital (such as trade payables, payables to joint ventures, trade receivables, prepaid costs, etc.), payments related to pensions and other provisions, payments relating to financial items and corporation tax paid.

Cash flow from investing activities includes payments in connection with the acquisition and disposal of enterprises and activities and of non-current intangible assets, tangible assets and investments.

Cash flow from financing activities includes changes in the size or composition of the Group's share capital, payment of dividends to shareholders, purchase of treasury shares, cash received from exercise of share options and the obtaining and repayment of bank loans and mortgage loans and other long-term and short-term debt. Payment of finance lease liablities is included under financing activities and the related interest is included as a financial item under operating activities.

Cash and cash equivalents comprise cash.

5.5 Acquisitions and sale of enterprises, activities and non-controlling interests

Acquisitions 2019

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. The company has 104 employees and annual revenues of EUR 23m. 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. Accordingly, changes may occur as the purchase price allocation is not considered final until 12 months after acquisition.

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 as from this date. The company has 31 employees and annual revenues of EUR 20m. 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 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. Accordingly, changes may occur as the purchase price allocation is not considered final until 12 months after acquisition.

DKK million	Fair value at acquisition date
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.

5.5 Acquisitions and sale of enterprises, activities and non-controlling interests (continued)

Insignificant acquisitions
On 12 July 2019 the acquisition of stevedoring activities from the Belgium company Gezworen Wegers en Meters Surveys b.v.b.a.was completed and the DFDS Group obtained control as from this date. DFDS paid DKK 10m for the acquired acitivities. As DFDS is the main customer, the acquisition will not have material impact on the DFDS Group's revenue and result before tax. Furthermore the Group has acquired one associated companies for DKK 4m.

Disposals 2019
During Q2 2019 the Group disposed two minor associated companies.

Acquisition of non-controlling interests
Acquisition of shares by DFDS A/S in AB DFDS Seaways during 2019 amounts to less than DKK 1m (2018: less than DKK 1m), equivalent to an ownership of 0.1% (2018: 0.1%) after which the company is owned 97.1% (2018: 97.0%). Badwill of less than DKK 1m (2018: DKK 2m) is recognised directly in the equity.

Acquisitions 2018
Acquisition - U.N. Ro-Ro
On 7 June 2018 the acquisition of the Turkish company U.N. Ro-Ro headquartered in Istanbul was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 98.8% ownership of the acquired company and the acquired company is consolidated as from this date.

The acquisition is 100% made by the newly established subsidiary DFDS Turkey Denizcilik ve Tasi Yati AS and the acquired company is after the acquisition included in the Mediterranean Business Unit.

DFDS paid DKK 3,761m for the acquired company. Cash in the acquired company amounted to DKK 209m. U.N. Ro-Ro's estimated revenue for full year 2018 is DKK 1,726m. Trade receivables have been recognised at the acquisition date at a fair value of DKK 352m which is DKK 29m less than their gross value.

In connection with the acquisition DFDS has measured identifiable intangible assets i.e access to ports etc. which are recognised in the acquisition balance sheet at their fair value. The fair value is calculated to DKK 1,213m at acquisition date.

Following recognition of acquired identifiable assets and liabilities at their fair value, the goodwill related to the acquisition is measured at DKK 2,762m. Goodwill relates to Business Unit Mediterranean. The goodwill represents primarily the value of purchasing the unique and integrated operating platform of the clear market leader of sea-based transport of Ro-Ro cargo between Turkey and Europe; the value of assets whose fair value cannot be reliably measured, including the value of the staff and know-how taken over; expected synergies from combining the acquired Group with the existing DFDS activities and network. The goodwill is not deductible for tax purposes.

The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share of the acquired net assets.

DKK million	Fair value at acquisition date
Non-current intangible assets	1,222
Freight ferries	2,700
Other non-current tangible assets	383
Deferred tax	5
Non-current assets	**4,309**
Trade receivables including work in progress services	352
Other receivables	78
Cash at hand and in bank	209
Current assets	**640**
Total assets	**4,949**
Interest bearing debt	3,181
Non-interest bearing debt	11
Non-current liabilities	**3,192**
Trade payables	284
Interest bearing debt	421
Other current liabilities	36
Current liabilities	**741**
Total liabilities	**3,934**
Non-controlling interests' share of acquired net assets	17
Fair value of acquired net assets	**999**
Goodwill at acquisition	2,762
Total purchase price	**3,761**
Acquired cash at hand and in bank	209
Net outflow of cash from acquisition	**3,552**

5.5 Acquisitions and sale of enterprises, activities and non-controlling interests (continued)

Acquisition - Alphatrans Group BV
On 3 January 2018 the acquisition of the Dutch company Alphatrans Group BV headquartered in Rotterdam was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 100% ownership of the acquired company and the acquired company is consolidated as from this date.

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 116m for the acquired company of which DKK 14m was a deferred payment. Cash in the aquired company amounted to DKK 32m and accordingly the liquidity effect in 2018 was DKK 84m. In addition an earn-out agreement was entered into according to which seller is entitled to additional payment based on the Alphatrans Group's financial performance combined for 2017 and 2018.

Transaction costs incurred were insignificant and were expensed in 2017 as part of Administration costs.

DKK million	Fair value at acquisition date
Non-current assets	134
Current assets	98
Total assets	**232**
Non-current liabilities	46
Current liabilities	68
Total liabilities	**113**
Fair value of acquired net assets	**119**
Total purchase price	
Cash consideration	102
Deferred consideration	14
Estimated value of earn-out	20
Total purchase price	**136**
Goodwill at acquisition	**18**

Of the Group's total revenue of DKK 15,717m for the period 1 January - 31 December 2018 DKK 129m relates to the Alphatrans acquisition (consolidated from 3 January 2018) and DKK 1,009m relates to the U.N. Ro-Ro acquisition (consolidated from 7 June 2018). Of the Group's profit before tax of DKK 1,694m for the period 1 January - 31 December 2018 DKK 7m relates to the Alphatrans acquisition and DKK 10m relates to the U.N. Ro-Ro acquisition. Had the acquisitions of U.N. Ro-Ro occurred at the beginning of the financial year, the Group's total revenue for the period 1 January - 31 December 2018 would estimated amount to approximately DKK 16,434m.

ACCOUNTING POLICIES

Enterprises acquired or formed during the year are recognised in the Consolidated Financial Statements from the date of acquisition or formation. Enterprises disposed are recognised in the Consolidated Financial Statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Business combinations where control is obtained by the DFDS Group are recognised using the acquisition method. The identifiable assets, liabilities and contingent liabilities of newly-acquired enterprises are assessed at their fair value on the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date on which the DFDS Group obtains actual control over the acquired enterprise.

Positive differences (goodwill) between, on the one hand, the purchase price, the value of minority interests in the acquired enterprise and the fair value of any previously acquired shareholdings, and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under non-current intangible assets. Goodwill is not amortised, but is tested annually for impairment. The first impairment test is performed within the end of the acquisition year.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Allocation of goodwill to cash-generating units is described in sections 3.1.1 and 3.1.5.

Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a different functional currency than the DFDS Group's presentation currency are treated as assets and liabilities of the foreign enterprise, and are translated and converted at first recognition to the functional currency of the foreign enterprise at the exchange rate on the transaction date.

The purchase consideration of an enterprise is the fair value of the agreed payment in the form of assets transferred, liabilities assumed, and equity instruments issued to seller. If part of the consideration is contingent on future events or fulfilment of agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are recognised directly in the Income statement when incurred.

If, at acquisition date, uncertainty exist regarding the identification and measurement of acquired assets, liabilities or contingent liabilities, or determination of the purchase price, then initial recognition and measurement is done based on preliminary values. The preliminary values may be adjusted until 12 months from the acquisition date, provided that the initial recognition was preliminary or incorrect. Changes in estimates regarding contingent considerations are recognised in the Income statement as Special items.

Incremental acquisitions after control has been obtained, i.e. purchase of minority interests, are recognised directly in equity. Disposal of minority interests not resulting in loss of control is likewise recognised directly in equity.

Gains or losses on disposal of subsidiaries, associates and joint ventures are calculated as the difference between the disposal consideration and the book value of net assets at the date of disposal, including the book value of goodwill, accumulated exchange gains and losses previously recognised in the equity as well as anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which previously were recognised directly in equity, are included in the calculation of the gain/loss. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

5.6 Guarantees, collateral and contingent liabilities

Guarantees amount to DKK 440m (2018: DKK 445m) for the Group. The Group has issued a 9 year guarantee for a terminal agreement. In addition, the Group has issued an unlimited guarantee to cover any obligations under a Payment Service Agreement for creditcard payments. The Group has issued letter of support to cover total underfundings in two defined benefit pension schemes in two English subsidiaries. The total underfunding amount to DKK 96m (2018: DKK 204m).

The Group is in 2019 as well as in 2018 part in various legal disputes. The outcome of these disputes is not considered likely to influence DFDS significantly, besides what is already recognised in the balance sheet.

In June 2017 DFDS acquired two channel ferries from Eurotunnel. DFDS paid additional amount of EUR 15m which is subject to arbitration due to a disagreement concerning the purchase price.

In terms of the contaminated land in one of the Group companies discovered in 2005, there is still no obligation to clean the land. If such obligation should occur, the Group has the possibility to get the cost adjusted in the original purchase price for the company. The seller of the land has made a deposit of DKK 24m (2018: DKK 24m) on a bank account in DFDS' name to cover this.

Certain ferries with a total carrying amount of DKK 6,173m (2018: DKK 5,513m) have been pledged as security for mortgage on ferries and bank loans with a total carrying amount of DKK 4,025m (2018: DKK 3,341m).

At year end 2019 DKK 108m (2018: DKK 43m) of the cash was deposited on restricted bank accounts.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

Provisions and contingencies
Management assesses provisions and contingencies on an ongoing basis, as well as the likely outcome of pending or potential legal proceedings, etc. Such outcome depends on future events, which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., Management uses external legal advisers as well as relevant case law.

5.7 Contractual commitments

DKK million	2019	2018
Contractual commitments, term 0-1 year	922	1,799
Contractual commitments, term 1-5 years	1,280	1,832
Contractual commitments, term after 5 years	492	582
Contractual commitments (undiscounted)	**2,694**	**4,214**

Contractual commitments in 2019 mainly relates to a total of five new buildings on order. In 2020, three freight ferries (ro-ro) are on order for delivery in January, April and November, respectively. Two freight and passenger ferries (ro-pax) are on order for delivery in 2021.

The Group has a contractual commitment for a non-cancellable lease contract that has not yet commenced at 31 December 2019 for a freight and passenger ferry (ro-pax) with delivery in Q3 2021. The future lease payment for this lease contract amounts to DKK 219m for 1-5 years and DKK 492m after 5 years.

The Group also has a contractual commitment for a concession agreement in France regarding the Dieppe-Newhaven route for two chartered freight and passenger ferry (ro-pax). Further, contractual commitments includes a Vessel Share Agreement in Holland.

5.8 Related party transactions

Lauritzen Fonden, Copenhagen with a nominal shareholding of 40,9% exercises de facto control over DFDS A/S. Accordingly, the members of the Board of Directors and the Executive Board at Lauritzen Fonden as well as all companies owned by Lauritzen Fonden are related parties.

Furthermore, related parties comprise DFDS' Executive Board and Board of Directors, leading employees and close members of the family of those, DFDS' subsidiaries, associates and joint ventures, reference is made to note 5.10.

Apart from intra-group balances and transactions (primarily charter hire, financing and commissions etc.), which are eliminated on consolidation, usual Executive Board and Board of Directors remuneration (reference is made to note 2.4 and 5.1), share options to the Executive Board and leading employees (reference is made to note 5.3) and the below transactions, no related-party transactions have been carried out during the year.

DKK million

2019	Sale of services	Purchase of services	Sale of assets	Receivables	Liabilities	Impairment loss of receivables
Associates and joint ventures	14	142	0	46	109	0
2018						
Associates and joint ventures	47	212	2	86	24	6

5.9 Events after the balance sheet date

There are no major events to report after balance sheet date.

5.10 Company overview

Company	Ownership share 2019[1]	Country	City	Currency	Share Capital
Parent Company					
DFDS A/S		Denmark	Copenhagen	DKK	1,172,631,560
Subsidiaries:					
DFDS Seaways NV[2]		Belgium	Gent	EUR	62,000
DFDS Logistics NV[2]		Belgium	Gent	EUR	297,472
DFDS Logistics Services NV		Belgium	Brugge	EUR	1,996,503
Gezworen Wegers en Meters Survey b.v.b.a.		Belgium	Gent	EUR	75,000
DFDS Logistics s.r.o.[2]		Czech Republic	Prague	CZK	1,100,000
DFDS Germany ApS[2]		Denmark	Copenhagen	DKK	50,000
DFDS Stevedoring A/S[2]		Denmark	Esbjerg	DKK	502,000
DFDS Seaways Newcastle Ltd.		England	Immingham	GBP	8,050,000
DFDS Seaways Plc.[2]		England	Immingham	GBP	25,500,000
DFDS Logistics Ltd.[2]		England	Immingham	GBP	150,000
DFDS Logistics Services Ltd.[2]		England	Immingham	GBP	100
DFDS Seaways (Holdings) Ltd.[2]		England	Immingham	GBP	250,000
DFDS Logistics Contracts Ltd.		England	Immingham	GBP	2,571,495
DFDS Pension Ltd.		England	Immingham	GBP	165,210
DFDS Logistics Grimsby Holdings Ltd.		England	Immingham	GBP	1,166
DFDS Logistics Property Ltd.		England	Immingham	GBP	250,000
Huisman International (UK) Ltd.		England	Corby	GBP	100
DFDS Seaways OÜ		Estonia	Tallinn	EUR	3,800
Freeco OÜ[2]		Estonia	Tallinn	EUR	3,000
DFDS Logistics OY		Finland	Kotka	EUR	58,866
Freeco Logistics OY[2]		Finland	Turku	EUR	2,520
DFDS Logistics SARL		France	Boulogne sur Mer	EUR	30,000
DFDS Seaways S.A.S.[2]		France	Dieppe	EUR	37,000
Dunes Bail SNC[3]		France	Paris	EUR	1,000
Flandres Bail SNC[3]		France	Paris	EUR	1,000
DFDS Germany ApS & Co. KG[2, 5]		Germany	Cuxhaven	EUR	25,000
Alphatrans-Szállitás Kft		Hungary	Gyula	HUF	3,000,000
DFDS Logistics Contracts (Ireland) Ltd.[2]		Ireland	Dublin	EUR	200
Samer seaports & terminals SRL	60.00	Italy	Trieste	EUR	2,800,000
DFDS Logistics Baltic SIA		Latvia	Liepaja	EUR	113,886
DFDS Seaways SIA[2]		Latvia	Riga	EUR	99,645
AB DFDS Seaways[2]	97.01	Lithuania	Klaipeda	EUR	96,438,756
UAB Krantas Travel	97.01	Lithuania	Klaipeda	EUR	115,848
NorthSea Terminal AS		Norway	Brevik	NOK	1,000,000
DFDS Logistics AS[2]		Norway	Lysaker	NOK	1,538,000
DFDS Logstics Rederi AS[2]		Norway	Oslo	NOK	49,980,000
DFDS Seaways AS[2]		Norway	Oslo	NOK	12,000,000
Moss Container Terminal AS		Norway	Moss	NOK	1,000,000
DFDS Polska Sp. Z.o.o.[2]		Poland	Poznan	PLN	5,000
DFDS Special Cargo Unipessoal LDA		Portugal	Porto	EUR	125,000
Romania Transport Group SRL		Romania	Tibod	RON	1,000
DFDS Logistics East		Russia	Kaliningrad	RUB	48,000
DFDS Seaways Ltd.[2]		Russia	St. Petersburg	RUB	6,134,121
DFDS Seaways Hispania SL[2]		Spain	Valencia	EUR	3,000
DFDS Seaways AB		Sweden	Gothenburg	SEK	25,000,000
DFDS Logistics AB		Sweden	Gothenburg	SEK	500,000
DFDS Logistics Contracts AB		Sweden	Gothenburg	SEK	50,000
DFDS Seaways Holding AB[2]		Sweden	Gothenburg	SEK	100,000
DFDS Logistics Services AB[2]		Sweden	Gothenburg	SEK	1,100,000
DFDS Logistics Karlshamn AB		Sweden	Karlshamn	SEK	1,800,000
DFDS Logistics Partners AB	85.00	Sweden	Gothenburg	SEK	1,000,000
DFDS Logistics BV		the Netherlands	Vlaardingen	EUR	474,780
DFDS Seaways BV		the Netherlands	Vlaardingen	EUR	18,400
DFDS Holding BV		the Netherlands	Vlaardingen	EUR	40,000,000
DFDS Seaways IJmuiden BV[2]		the Netherlands	IJmuiden	EUR	18,000
Alphatrans International Trucking BV		the Netherlands	Brielle	EUR	18,000
Maxibas B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Group B.V.		the Netherlands	Wijchen	EUR	20,000
Huisman International B.V.		the Netherlands	Wijchen	EUR	15,882
Huisman International Transport B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Warehousing B.V.		the Netherlands	Wijchen	EUR	18,152
Huisman Network Logistics		the Netherlands	Wijchen	EUR	18,000
DFDS Turkey Denizcilik ve Tasi Yati AS		Turkey	Istanbul	EUR	247,000,000
DFDS Denizcilik ve Tasimacilik A.S. (Formerly named: U.N. Ro-Ro Isletmeleri A.S.)	98.80	Turkey	Istanbul	EUR	369,967,159
Trieste Newholdco Denizcilik ve Tasımacılık A.S.		Turkey	Istanbul	EUR	461,635,380
Trieste Holdco Denizcilik ve Tasımacılık A.S.		Turkey	Istanbul	EUR	464,440,121
Trieste Midco Denizcilik ve Tasımacılık A.S.		Turkey	Istanbul	EUR	475,242,795
Associates and Joint Ventures:					
Bohus Terminal Holding AB[4]	65.00	Sweden	Gothenburg	SEK	50,000
Mash Energy ApS[2]	23.08	Denmark	Kgs. Lyngby	DKK	51,000
12 Dormant companies					

[1] Unless otherwise indicated, the companies are 100% owned by DFDS Group.
[2] Company is directly owned by the Parent Company DFDS A/S.
[3] Company is controlled by DFDS Group, but DFDS Group has no ownership in the company.
[4] Due to minority protection in the shareholders' agreements the DFDS Group does not have a controlling interest.
[5] Relief in accordance with Sec. 264b German Commercial Code (HGB).

Reports

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the Annual report of DFDS A/S for the financial year 1 January - 31 December 2019.

The Annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the Parent Company's operations and financial matters, of the result for the year and of the Group's and the Parent Company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual report be adopted at the Annual General Meeting.

Copenhagen, 24 February 2020

EXECUTIVE BOARD

Torben Carlsen President & CEO	**Karina Deacon** Executive Vice President & CFO

BOARD OF DIRECTORS

Claus V. Hemmingsen Chair	**Klaus Nyborg** Vice Chair	**Anders Götzsche**	**Dirk Reich**
Jens Otto Knudsen	**Jill Lauritzen Melby**	**Jesper Hartvig Nielsen**	**Lars Skjold-Hansen**
Marianne Dahl Steensen			

Independent Auditors' Report

To the shareholders of DFDS A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of DFDS A/S for the financial year 1 January – 31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of DFDS A/S before 1995 and accordingly, we have to resign as auditor of the Company at the annual general meeting in 2021 at the latest. We have been reappointed annually by resolution of the general meeting for a total consecutive period of more than 25 years up to and including the financial year 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2019. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Independent Auditors' Report (continued)

Valuation of non-current intangible and tangible assets
Non-current intangible and tangible assets including investments in ferries and other ships, goodwill and other non-current intangible assets amounts to a total of DKK 18,603 million at 31 December 2019. Management's disclosures on the impairment testing of non-current intangible and tangible assets are included in note 3.1.5 to the consolidated financial statements.

This area is significant to our audit due to the carrying value of non-current intangible and tangible assets as well as the management assessments and estimations involved in impairment testing of these.

Management generally prepares impairment tests for all significant non-current assets at year-end, or more frequent if there is any indication of impairment. Impairment testing is based on the estimated recoverable amounts, which for investments in ferries and other ships is the higher of fair value less estimated costs of disposal and value in use. For other non-current intangible and tangible assets, the recoverable amount is estimated on basis of value in use. Value in use is calculated for the cash generating units determined by Management, which therefore means that the value in use of non-current assets are tested together at the level of a business area.

For details on the impairment tests performed by Management reference is made to note 3.1.5 in the consolidated financial statements.

How our audit addressed the Key Audit Matter
Our audit procedures in relation to valuation of non-current intangible and tangible assets included:

- Examination of the value-in-use model prepared by Management, including consideration of the cash-generation units defined by Management and the valuation methodology and challenging the reasonableness of key assumptions and input data based on our knowledge of the business and industry together with available supporting evidence such as available budgets and externally observable market data related to interest rates etc.
- For investments in ferries and other ships testing of the component accounting and comparison of the useful life and scrap values used with assessments made and data provided by DFDS' technical department and other sources as well as inquiries to DFDS' Management and DFDS' technical department.
- Examination of fair value less costs to sell for ferries and other ships calculated by Management, including comparison of carrying values of the ferries and other ships with available valuations prepared by external and independent ship valuation experts.
- Review of the adequacy of disclosures about key assumptions and sensitivity in note 3.1.5 to the consolidated financial statements.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Independent Auditors' Report (continued)

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 24 February 2020

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender State Authorised Public Accountant mne21332	Morten Weinreich Larsen State Authorised Public Accountant mne42791

Parent Company Financial Statements

Income statement

1 January – 31 December

DKK million	Note	2019	2018[1]
Revenue	1	9,757	9,854
Costs			
Ferry and other ship operation and maintenance	2	-2,459	-3,663
Freight handling		-2,186	-2,167
Transport solutions		-357	-402
Employee costs	3	-1,229	-1,133
Cost of sales and administration	4	-801	-819
Operating profit before depreciation (EBITDA) and special items		**2,727**	**1,670**
Profit on disposal of non-current assets, net		1	3
Amortisation, depreciation and impairment losses on intangible–, tangible- and Right-of-use assets	5	-1,717	-475
Operating profit (EBIT) before special items		**1,011**	**1,198**
Special items, net	6	106	-4
Operating profit (EBIT)		**1,117**	**1,194**
Financial income	7	64	1,489
Financial costs	7	-129	-143
Profit before tax		**1,052**	**2,540**
Tax on profit	8	-3	-2
Profit for the year		**1,049**	**2,537**
Proposed profit appropriation			
Proposed dividend, DKK 4.0 per share (2018: DKK 4.0 per share)		235	235
Retained earnings		814	2,303
		1,049	**2,537**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Statement of comprehensive income

1 January – 31 December

DKK million	Note	2019	2018[1]
Profit for the year		**1,049**	**2,537**
Other comprehensive income			
Items that are or may subsequently be reclassified to the Income statement:			
Value adjustment of hedging instruments:			
Value adjustment for the year		169	321
Value adjustment transferred to operating costs		12	-7
Value adjustment transferred to financial costs		20	-48
Value adjustment transferred to non-current tangible assets		-113	-21
Foreign exchange adjustments, goodwill		-1	-2
Foreign exchange adjustments, foreign branches		8	-7
Tax on items that are or may be reclassified to the income statement		2	-1
Items that are or may subsequently be reclassified to the Income statement		**98**	**236**
Total other comprehensive income after tax		**98**	**236**
Total comprehensive income		**1,147**	**2,773**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Balance sheet 31 December

Assets

DKK million	Note	2019	2018[1]
Goodwill		116	116
Software		228	233
Development projects in progress		25	2
Non-current intangible assets	9	**368**	**351**
Land and buildings		1	2
Terminals		22	25
Ferries and other ships		3,906	3,668
Equipment, etc.		130	121
Assets under construction and prepayments		813	836
Non-current tangible assets	10	**4,872**	**4,651**
Right-of-use assets	11	1,839	-
Non-current Right-of-use assets		**1,839**	**-**
Investments in subsidiaries	12	5,920	5,862
Investments in associates and securities		14	10
Receivables	13	3	111
Derivative financial instruments	24	230	157
Other non-current assets		**6,166**	**6,141**
Non-current assets		**13,246**	**11,143**
Inventories	14	152	151
Receivables	13	2,878	1,909
Prepaid costs		94	52
Derivative financial instruments	24	70	52
Cash		656	581
Current assets		**3,850**	**2,744**
Assets		**17,095**	**13,887**

Equity and liabilities

DKK million	Note	2019	2018[1]
Share capital	17	1,173	1,173
Reserves		493	376
Retained earnings		7,440	6,634
Proposed dividend		235	235
Equity		**9,339**	**8,417**
Interest-bearing liabilities	20	2,955	1,675
Deferred tax	16	4	3
Pension and jubilee liabilities	18	8	8
Other provisions	19	33	5
Derivative financial instruments	24	69	74
Non-current liabilities		**3,069**	**1,765**
Interest-bearing liabilities	20	3,022	2,077
Trade payables		1,027	1,112
Other provisions	19	9	2
Corporation tax		4	4
Other payables	22	477	366
Derivative financial instruments	24	19	20
Prepayments from customers		130	126
Current liabilities		**4,687**	**3,706**
Liabilities		**7,756**	**5,471**
Equity and liabilities		**17,095**	**13,887**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Statement of changes in equity

1 January – 31 December 2019

		Reserves						
	Share capital	**Translation reserve**	**Hedging reserve**	**Reserve for development costs**	**Treasury shares**	**Retained earnings**	**Proposed dividend**	**Total**
Equity at 1 January 2019	**1,173**	**-6**	**177**	**235**	**-29**	**6,634**	**235**	**8,417**
Change in accounting policies[1]						-26		**-26**
Restated Equity at 1 January 2019	1,173	-6	177	235	-29	6,607	235	**8,390**
Comprehensive income for the year								
Profit for the year						1,049		**1,049**
Other comprehensive income								
Items that are or may subsequently be reclassified to the Income Statement:								
Value adjustment of hedging instruments for the year			169					**169**
Value adjustment transferred to operating costs			12					**12**
Value adjustment transferred to financial costs			20					**20**
Value adjustment transferred to non-current assets			-113					**-113**
Tax on items that are or may be reclassified to the income statement						2		**2**
Foreign exchange adjustments, goodwill						-1		**-1**
Foreign exchange adjustments, foreign branches		8						**8**
Items that are or may subsequently be reclassified to the Income statement	**0**	**8**	**89**	**0**	**0**	**1**	**0**	**98**
Total other comprehensive income after tax	**0**	**8**	**89**	**0**	**0**	**1**	**0**	**98**
Total comprehensive income	**0**	**8**	**89**	**0**	**0**	**1,050**	**0**	**1,147**
Transactions with owners								
Dividend paid							-229	**-229**
Dividend on treasury shares						6	-6	**0**
Proposed dividend at year-end						-235	235	**0**
Vested share-based payments						25		**25**
Cash from sale of treasury shares related to exercise of share options					1	6		**7**
Capitalised development costs, additions				18		-18		**0**
Other adjustments						-1		**-1**
Total transactions with owners 2019	**0**	**0**	**0**	**18**	**1**	**-217**	**0**	**-198**
Equity at 31 December 2019	**1,173**	**1**	**266**	**254**	**-28**	**7,440**	**235**	**9,339**

[1] Impact from implementation of IFRS 16, reference is made to note 11

The Company's share capital, which is not divided into different classes of shares, is divided into 58,631,578 shares of DKK 20 each. All shares rank equally.
There are no restrictions on voting rights. The shares are fully paid up.

Statement of changes in equity

1 January – 31 December 2018

	Share capital	Reserves: Translation reserve	Reserves: Hedging reserve	Reserves: Revaluation of securities	Reserves: Reserve for development costs	Reserves: Treasury shares	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	1,140	1	-68	1	249	-47	3,458	228	**4,961**
Change in accounting policies[1]				-1			1		**0**
Restated Equity at 1 January 2018	1,140	1	-68	0	249	-47	3,459	228	**4,961**
Comprehensive income for the year									
Profit for the year							2,538		**2,538**
Other comprehensive income									
Items that are or may subsequently be reclassified to the Income Statement:									
Value adjustment of hedging instruments for the year			321						**321**
Value adjustment transferred to operating costs			-7						**-7**
Value adjustment transferred to financial costs			-48						**-48**
Value adjustment transferred to non-current assets			-21						**-21**
Tax on items that are or may be reclassified to the income statement							-1		**-1**
Foreign exchange adjustments, goodwill							-2		**-2**
Foreign exchange adjustments, foreign branches		-7							**-7**
Items that are or may subsequently be reclassified to the Income statement	**0**	**-7**	**245**	**0**	**0**	**0**	**-2**	**0**	**236**
Total other comprehensive income after tax	**0**	**-7**	**245**	**0**	**0**	**0**	**-2**	**0**	**236**
Total comprehensive income	**0**	**-7**	**245**	**0**	**0**	**0**	**2,535**	**0**	**2,773**
Transactions with owners									
Dividend paid								-219	**-219**
Dividend on treasury shares							9	-9	**0**
Proposed dividend at year-end							-235	235	**0**
Vested share-based payments							25		**25**
Purchase of treasury shares						-11	-179		**-190**
Cash from sale of treasury shares related to exercise of share options						9	50		**59**
Reduction of share capital by cancellation of treasury shares	-20					20			**0**
Increase of capital	53						947		**1,000**
Exercise of share options recharged to subsidiaries							10		**10**
Capitalised development costs, additions					-14		14		**0**
Other adjustments							-3		**-3**
Total transactions with owners 2018	**33**	**0**	**0**	**0**	**-14**	**18**	**639**	**6**	**682**
Equity at 31 December 2018	**1,173**	**-6**	**177**	**0**	**235**	**-29**	**6,634**	**235**	**8,417**

[1] 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.
[1] Impact from implementation of IFRS 16, reference is made to note 3.1.3
Comparative 2018 numbers are not restated to IFRS 16

Statement of cash flows

1 January – 31 December

DKK million	Note	2019	2018[1]
Operating profit before depreciation (EBITDA) and special items		**2,727**	**1,670**
Cash flow effect from special items related to operating activities		-28	-40
Adjustments for non-cash operating items, etc.	25	12	9
Change in working capital	26	101	49
Payment of pension liabilities and other provisions		-2	-9
Cash flow from operating activities, gross		**2,810**	**1,679**
Interest received, etc.		52	36
Interest paid, etc.		-75	-40
Taxes paid		0	-2
Cash flow from operating activities, net		**2,786**	**1,672**
Investments in ferries and other ships including dockings, rebuildings and ferries under construction (incl. settlement of forward exchange contracts related thereto)		-1,497	-734
Sale of ferries		467	0
Investments in other non-current tangible assets		-246	-104
Sale of other non-current tangible assets		3	6
Investments in non-current intangible assets		-64	-26
Other investing cash flows		0	-4
Acquisition of enterprises and associates		-56	0
Group internal acquisition of enterprises		-25	0
Capital contributions to subsidiaries, etc.	12	-1	-1,815
Dividends received from subsidiaries		26	1,255
Cash flow to/from investing activities, net		**-1,393**	**-1,422**
Cash flow before financing activities, net		**1,394**	**250**

DKK million	Note	2019	2018[1]
Proceed from bank loans and loans secured by mortgage in ferries and other ships	21	794	0
Repayment and instalments on bank loans and loans secured by mortgage in ferries and other ships	21	-564	-134
Proceed from issuance of corporate bonds	21	304	0
Repayment of corporate bonds incl. settlement of cross currency swap	21	-500	-203
Payment of lease liabilities	21	-1,209	0
Change in Group internal financing, net	21	78	-927
Acquisition of treasury shares		0	-190
Cash received from exercise of share options		7	59
Other financing cash flows		0	7
Proceeds from increase of share capital		0	1,000
Dividends paid		-229	-219
Cash flow to/from financing activities, net		**-1,318**	**-607**
Net increase/(decrease) in cash and cash equivalents		**75**	**-357**
Cash and cash equivalents at 1 January		581	938
Cash and cash equivalents at 31 December		**656**	**581**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

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

Notes

NOTE SUMMARY

Note 1 Revenue

DKK million	2019 Ferry Division	2019 Logistics Division	2019 Non-allocated	2019 Total
Geographical markets				
North Sea	5,363	-	0	5,363
Baltic Sea	1,430	-	0	1,430
English Channel	2,319	-	0	2,319
Mediterranean	35	-	0	35
Continent	-	308	0	308
Nordic	-	262	0	262
Other	0	0	40	40
Total	**9,147**	**569**	**40**	**9,757**
Product and services				
Seafreight and shipping logistics solutions	5,937	0	0	5,937
Transport solutions	15	469	0	484
Passenger seafare and on board sales	2,520	0	0	2,520
Terminal services	195	0	0	195
Charters including related income	347	0	0	347
Agency and other revenue	133	100	40	274
Total	**9,147**	**569**	**40**	**9,757**

On board sales 11.3% of total revenue (2018: 11.4%) is recognised at "a point in time".

Revenue from leasing activities 4.1% of total revenue (2018: 4.2%) is not within the scope of IFRS 15, however, the leasing revenue is insignificant and is therefore not excluded in the above table.

DKK million	2018 Ferry Division	2018 Logistics Division	2018 Non-allocated	2018 Total
Geographical markets				
North Sea	5,319	-	0	5,319
Baltic Sea	1,448	-	0	1,448
English Channel	2,441	-	0	2,441
Continent	-	334	0	334
Nordic	-	276	0	276
Other	0	0	36	36
Total	**9,208**	**610**	**36**	**9,854**
Product and services				
Seafreight and shipping logistics solutions	5,948	0	0	5,948
Transport solutions	7	525	0	532
Passenger seafare and on board sales	2,588	0	0	2,588
Terminal services	169	0	0	169
Charters including related income	373	0	0	373
Agency and other revenue	123	85	36	245
Total	**9,208**	**610**	**36**	**9,854**

Note 2 Costs

DKK million	2019	2018
Ferry and other ship costs including charters related cost[1]	1,027	2,183
Bunker	1,432	1,481
Total ferry and other ship operation and maintenance	**2,459**	**3,663**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Note 3 Employee costs

DKK million	2019	2018
Wages, salaries and remuneration	1,070	975
Hereof capitalised employee costs	-50	-25
Defined contribution pension plans	67	58
Other social security costs	49	45
Share based payment, reference is made to note 16	7	7
Other employee costs	86	73
Total employee costs	**1,229**	**1,133**
Full time equivalents (FTE), average	2,666	2,537

Reference is made to note 5.1 of the Consolidated Financial Statements for a description of the Parent Company's remuneration, etc. to the Executive Board and remuneration to the Board of Directors as these are the same for the Parent Company and the Group.

Note 4 Fees to Auditors appointed at the Annual General Meeting

DKK million	2019	2018
Audit fees	2	1
Other assurance engagements	0	0
Tax and VAT advice	2	1
Non-audit services	1	0
Total fees	**5**	**3**

Note 5 Amortisation and depreciation for the year

DKK million	2019	2018[1]
Software	46	40
Terminals	3	3
Ferries and other ships	437	404
Equipment etc.	28	26
Right-of-use assets	1,203	-
Total amortisation and depreciation for the year	**1,717**	**475**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Note 6 Special items, net

DKK million	2019	2018
Gain regarding group internal sale of the ro-ro freight ferries Ephesus Seaways and Troy Seaways and adjustment to gain on sale of Côte Des Dunes and Côte Des Flandres (sold in 2017)	109	0
Gain on sale of freight ferry Anglia Seaways, net	29	0
Reversal of impairment of two passenger cruise ferries in the business unit Passenger	0	24
Adjustment of estimated earn-out to the sellers regarding the acquisition of the route Hanko-Paldiski acquired in 2016 and Kapellskär-Paldiski acquired in 2011 (earn-out settled in 2018)	0	18
Accounting gain and cost, net related to divestment of activities	0	1
Costs related to the acquisition and subsequent integration of U.N. Ro-Ro	-2	-2
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 will accrue from December 2016 to February 2020	-5	-5
Accounting loss and costs related to disposal of two associated companies	-8	0
Costs related to organisational changes and restructurings (2018: restructuring of head-quarter functions)	-17	-39
Special items, net	**106**	**-4**
If special items had been included in the operating profit before special items, they would have been recognised and have effect as follows:		
Employee costs	-2	-16
Cost of sales and administration	-27	-30
Operating profit before depreciation (EBITDA) and special items	**-29**	**-46**
Profit on disposal of non-current assets and associates, net	135	0
Amortisation, depreciation, and impairment losses on intangible - and tangible assets	0	24
Financial income/costs	0	18
Special items, net	**106**	**-4**

Note 7 Financial income and costs

DKK million	2019	2018
Financial income		
Interest income from banks, etc.	2	2
Interest income from subsidiaries	36	33
Foreign exchange gains, net[1]	0	12
Reversal of impairment of receivables from subsidiaries[2]	0	3
Reversal of impairment of investments in subsidiaries[2]	0	184
Dividends received from subsidiaries	26	1,255
Other dividends	0	1
Total financial income	**64**	**1,489**
Financial costs		
Interest expense to banks, credit institutions, corporate bonds, etc.	-41	-43
Interest expense on lease liabilities[4]	-26	0
Interest expense to subsidiaries	-2	-1
Foreign exchange gains, net[1]	-3	0
Impairment of investments in subsidiaries[2]	-60	-100
Impairment of investments and provision regarding negative equity in associate	0	-1
Other financial costs	-8	-10
Transfer to assets under construction[3]	10	12
Total financial costs	**-129**	**-143**
Financial income and costs, net	**-65**	**1,346**

[1] *Foreign exchange gains in 2019 amounts to DKK 89m (2018: DKK 338m) and foreign exchange losses amounts to DKK 92m (2018: DKK 326m).*
[2] *Reference is made to note 31.*
[3] *Interest capitalised on five newbuildings under construction (2018: eight newbuildings). The interest is calculated by using a general interest rate in the range of 0.87% - 1.30% p.a. (2018: 2.30% - 2.60% p.a.).*
[4] *Reference is made to note 11.*

DFDS A/S makes forward exchange transactions, etc., on behalf of all subsidiaries, and therefore foreign exchange gains and losses in DFDS A/S also consist of the Group's gross transactions. Transactions entered into, on behalf of subsidiaries, are transferred to the subsidiaries on back-to-back terms.

Except for interest income (net) relating to interest swap agreements of DKK 9m (2018: DKK 12m) interest income and interest expenses relate to financial instruments measured at amortised cost.

Other financial costs contain bank charges, fees, early repayment fees, commitment fees and creditline fee.

Note 8 Tax

DKK million	2019	2018
Current joint tax contributions	-1	-2
Movement in deferred tax for the year	-1	1
Adjustment to deferred tax in respect of prior years	0	-2
Tax for the year	**-1**	**-3**
Tax for the year is recognised as follows:		
Tax in the Income statement	-3	-2
Tax in Other comprehensive income	2	-1
Tax for the year	**-1**	**-3**
Tax in the Income statement can be specified as follows:		
Profit before tax	1,052	2,540
Of this, tonnage taxed income	-1,107	-1,199
Profit before tax (corporate income tax)	**-55**	**1,341**
22.0% tax of profit before tax	12	-295
Adjustment of calculated tax in foreign branches compared to 22.0%	0	0
Tax effect of:		
Non-taxable/-deductible items [1]	-13	297
Adjustments of tax in respect of prior years	0	-2
Corporate income tax	**0**	**0**
Tonnage tax	-2	-2
Tax in the Income statement	**-3**	**-2**
Effective tax rate (%)	0.3	0.1
Effective tax rate before adjustment of prior years' tax (%)	0.3	0.0

[1] *2018: Primarily related to dividends from subsidiaries and impairment and reversal of impairment of investments in subsidiaries.*
2019: Primarily relates to write-down of investment in subsidiaries and adjustments regarding financial items.

The ferry activities are included in the Danish tonnage tax scheme where the taxable income related to transportation of passengers and freight is calculated based on the tonnage deployed during the year. Taxable income related to other activities is taxed according to the normal corporate income tax rules at the standard corporate tax rate of 22%.

Adjustment of prior years' tax in 2019 and 2018 for the Parent Company primarily relates to the final settlement and utilisation of tax losses and allocation of net financing expenses between the jointly taxed Danish entities.

DFDS A/S and its Danish subsidiaries DFDS Stevedoring A/S and DFDS Germany ApS are subject to compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two enterprises' Danish controlled enterprises. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax due by the joint taxed enterprises with the tax authorities. In accordance with the Danish rules on joint taxation, DFDS A/S, DFDS Stevedoring A/S and DFDS Germany ApS are liable for their own corporate tax due and are only subsidiary and pro rata liable for the corporation tax liabilities towards the Danish tax authorities for all other enterprises that are part of the Danish joint taxation.

Note 9 Non-current intangible assets

DKK million

	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2019	116	0	524	2	643
Foreign exchange adjustments	-1	0	0	0	-1
Additions	0	0	1	63 [1]	64
Disposals	0	0	-62	0	-62
Transfers	0	0	40	-40	0
Cost at 31 December 2019	**116**	**0**	**503**	**25**	**643**
Amortisation and impairment losses at 1 January 2019	0	0	291	0	291
Amortisation charge	0	0	45	0	46
Disposals	0	0	-62	0	-62
Amortisation and impairment losses at 31 December 2019	**0**	**0**	**275**	**0**	**275**
Carrying amount at 31 December 2019	**116**	**0**	**228**	**25**	**368**

[1] *Primarily related to the implementation of the new ERP system, which is planned to go live in 2021.*

	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Cost at 1 January 2018	118	2	484	15	620
Foreign exchange adjustments	-2	0	0	0	-2
Additions	0	0	0	26	26
Disposals	0	-2	0	0	-2
Transfers	0	0	39	-39	0
Cost at 31 December 2018	**116**	**0**	**524**	**2**	**642**
Amortisation and impairment losses at 1 January 2018	0	2	250	0	253
Amortisation charge	0	0	40	0	40
Disposals	0	-2	0	0	-2
Amortisation and impairment losses at 31 December 2018	**0**	**0**	**291**	**0**	**291**
Carrying amount at 31 December 2018	**116**	**0**	**233**	**2**	**351**

The Parent Company's carrying amount of Goodwill DKK 116m (2018: DKK 116m) relates to the acquisition of two freight- and passenger routes in 2016 and 2011, respectively, and one freight route in 2005.

The carrying amount of completed software and development projects in progress primarily relates to a Passenger booking system, a new Transport Management System to the Logistics Division, a new onboard sales system and digital initiatives in general.

Impairment test conclusion:
On the basis of the impairment tests performed at year end 2019 there has been no impairment (2018: no impairment). For further information regarding the impairment tests reference is made to note 3.1.5.

Note 10 Non-current tangible assets

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2019	11	64	7,834	395	836	9,140
Additions	0	0	0	40 [3]	1,538 [1]	1,578
Disposals	0	0	-1,115 [2]	-43	0	-1,158
Transfers	0	0	1,560	0	-1,561	0
Cost at 31 December 2019	**11**	**65**	**8,280**	**392**	**813**	**9,560**
Depreciation and impairment losses at 1 January 2019	9	40	4,166	274	0	4,489
Depreciation charge	0	3	437	28	0	468
Disposals	0	0	-229	-40	0	-269
Depreciation and impairment losses at 31 December 2019	**10**	**43**	**4,373**	**262**	**0**	**4,688**
Carrying amount at 31 December 2019	**1**	**22**	**3,906**	**130**	**813**	**4,872**

[1] *Primarily related to the large new-building program. A total of eight new buildings are on order. In 2019, three freight ferries (ro-ro) were deployed in March, June and November, respectively. Another three freight ferries are scheduled for delivery in 2020. Two freight and passenger ferries (ro-pax) are on order for delivery in 2021.*
[2] *Primarily related to the internal sale of two freight ferries (ro-ro) to Un RoRo and sale of the freight ferry Anglia Seaways*
[3] *Primarily related to acquisition of reefers and trestles*

Note 10 Non-current tangible assets (continued)

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Assets under construction and pre-payments	Total
Cost at 1 January 2018	11	82	7,753	405	288	8,539
Foreign exchange adjustments	0	0	4	0	0	4
Additions	0	0	0	21	749 [1]	770
Disposals	-1	-17	-113	-43	0	-174
Transfers	0	0	190	10	-200	0
Cost at 31 December 2018	**11**	**64**	**7,834**	**395**	**836**	**9,140**
Depreciation and impairment losses at 1 January 2018	9	53	3,897	287	0	4,246
Foreign exchange adjustments	0	0	1	0	0	1
Depreciation charge	0	3	404	26	0	434
Reversal of impairment charge previous year	0	0	-24	0	0	-24
Disposals	-1	-17	-113	-39	0	-170
Depreciation and impairment losses at 31 December 2018	**9**	**40**	**4,166**	**274**	**0**	**4,489**
Carrying amount at 31 December 2018	**2**	**25**	**3,668**	**121**	**836**	**4,651**

[1] *Primarily related to the large new-building program. A total of eight new buildings are on order. In 2019, three freight ferries (ro-ro) are scheduled for deployment in March, June and November, respectively. Another three freight ferries are scheduled for delivery in 2020. Two freight and passenger ferries (ro-pax) are on order for delivery in 2021.*

Impairment test conclusion:
On the basis of the impairment test performed 2019 there has been no impairment losses (2018: No impairment losses). In 2018 the impairment test resulted in reversal of a previous impairment on two passenger cruise ferries by DKK 24m.

For further information regarding the impairment tests, reference is made to the Consolidated Financial Statements note 3.1.5.

Note 11 Leases

The Parent Company has lease contracts for various items of Land & buildings, terminals, Ferries, equipment etc. in its operations. The Parent Company oblitations under the leases are secured by the lessors title to the leased assets. There are several lease contracts that include extension and termination options.

Set out below are the carrying amounts of Right-of-use assets recognised and the movements during the period.

DKK million

	Land and buildings	Terminals	Ferries and other ships	Equipment etc.	Total
Cost at 1 January 2019	-	-	-	-	-
Change in accounting policy	27	53	1,782	26	1,888
Additions/Remeasurement	31	0	1,081	47	1,160
Disposals	-1	0	-50	-6	-57
Cost at 31 December 2019	**58**	**53**	**2,813**	**68**	**2,991**
Depreciation and impairment losses at 1 January 2019	-	-	-	-	-
Depreciation charge	19	9	1,160	14	1,203
Disposals	0	0	-50	-1	-51
Depreciations and impairment losses 31 December 2019	**19**	**9**	**1,111**	**14**	**1,152**
Carrying amount at 31 December 2019	**39**	**44**	**1,702**	**54**	**1,839**
Weighted average incremental borrowing rate	2.0%	2.7%	1.5%	2.2%	

Set out below are the carrying amounts of lease liabilities (included under interest-bearing liabilities) and the movements during the period.

DKK million	Total
As at 1 January 2019	-
Change in accounting policy	1,914
Additions/Remeasurement	1,160
Payments	-1,209
Disposals	-6
Total Lease liailities at 31 December 2019	**1,859**

In 2019 the Parent company has paid DKK 1,235m regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 26m, and repayment of lease liability amount to DKK 1,209m.

Note 11 Leases (continued)

Lease liabilities
Lease liabilities expiring within the following periods from the balance sheet date:

DKK million	2019
Within 1 year	1,132
1-3 Years	720
3-5 Years	29
After 5 years	11
Total Lease liability, non-discounted	**1,892**

Lease liabilities are recognised in the balance sheet as follows:

DKK million	2019
Non-current liabilities	747
Current liabilities	1,112
Total Lease liabilities	**1,859**

The following amounts are recognised in the Income statement 2019:

DKK million	2019
Expense relating to short-tem leases (included in cost and cost of sales and administration)	-2
Expense relating to low-value assets (included in cost of sales and administration)	-1
Interest expense on lease liabilities	-26
Depreciation, ships	-1,160
Depreciation, other non-current assets	-43
Total amount recognised in the Income statement	**-1,232**

The following amounts from leases are recognised in the statement of cash flows for 2019:

DKK million	2019
Net cash flows from operating activities, gross	-3
Interest paid, etc	-26
Net cash flows from operating activities, net	-29
Net cash flows from financing activities	-1,209
Total cash outflow from Leases	**-1,238**

There are no material impact on other comprehensive income.

At 31 December 2019 the Parent Company was committed to short-term leases, where the total commitment was DKK 1m.

The Parent Company has no lease contracts including fixed- and variable payments.

The Parent Company as a lessor
The Parent Company has entered into several operating leases of its ferries. Future minimum receivable under non-cancellable operating leases as at 31 December are as follows:

Operating Lease commitments (lessor)

DKK million	2019	2018
Minimum Lease payments (income)		
Ferries and equipment		
0-1 year	94	99
1-5 years	66	145
Total ferries and equipment	**160**	**244**

The specified minimum payments are not discounted. Operating lease- and rental Income recognised in the Income statement amount to DKK 115m in 2019 (2018: DKK 135m). The contracts are entered into on usual conditions.

Note 12 Investments in subsidiaries

DKK million	2019	2018
Cost at 1 January	6,126	4,309
Additions[1]	117	1,828
Disposals	0	-11
Cost at 31 December	**6,243**	**6,126**
Accumulated impairment losses at 1 January	-264	-358
Impairment losses[2]	-60	-100
Reversal of prior year impairment losses	0	184
Reversal of impairment on disposal	0	11
Accumulated impairment losses at 31 December	**-324**	**-264**
Carrying amount at 31 December	**5,920**	**5,862**

[1] *2019: Additions relates to purchase of Freeco Logistics (DKK 80m), acquisition of minority shares in AB DFDS Seaways (less than DKK 1m), purchase of a group internal entity (DKK 25m) establishment of a subsidiary (less than DKK 1m) and recharge of cost of jubilee shares to subsidiaries (DKK 12m).*
[2] *Reference is made to note 31.*

Reference is made to the Company Overview in the Consolidated Financial Statements note 5.10.
The carrying amount of investments in subsidiaries is tested for impairment at least at year-end. The impairment tests for 2019 have led to recognition of impairment losses of DKK 60m (2018: DKK 100m) and reversal of prior year impairment losses of DKK 0m (2018: DKK 184m). Reference is made to note 31.

Note 13 Receivables

DKK million	2019	2018
Other non-current receivables	3	111
Total non-current receivables	**3**	**111**
Trade receivables	645	741
Non-Interest bearing receivables from subsidiaries	715	0
Interest bearing receivables from subsidiaries[1]	983	760
Other non-interest bearing receivables from subsidiaries	216	221
Receivables from associates and joint ventures	46	70
Other receivables and current assets	273	116
Total current receivables	**2,878**	**1,909**

[1] *The carrying amount of Interest bearing receivables from subsidiaries relates to current credit facilities that are made available to subsidiaries. Receivables from subsidiaries are impaired by DKK 0m at 31 December 2019 (2018: DKK 0m).*

The carrying amount of receivables is in all material respects equal to the fair value.

None of the trade receivables with collateral are overdue at 31 December 2019 (2018: none).
The collateral consists of bank guarantees with a fair value of DKK 0m (2018: DKK 4m).

DKK million	2019	2018
Trade receivables that are past due, but not impaired:		
Days past due:		
Up to 30 days	123	106
31-60 days	12	11
61-90 days	7	5
91-120 days	2	4
More than 120 days	-2	2
Past due, but not impaired	**142**	**128**
Movements in write-downs, which are included in the trade receivables:		
Write-downs at 1 January	25	24
Write-downs	4	24
Realised losses	-10	-10
Reversed write-downs	-6	-13
Write-downs at 31 December	**13**	**25**

DKK million	2019	2018
Age distribution of write-downs:		
Days past due:		
Up to 30 days	0	6
31-60 days	0	0
61-90 days	1	0
91-120 days	0	1
More than 120 days	12	18
Write-downs at 31 December	**13**	**25**

Write-downs and realised losses are recognised in Operating costs in the Income statement.
Reference is made to note 4.1 in the Consolidated Financial Statements for a description of Credit risks.

Note 14 Inventories

DKK million	2019	2018
Bunker	81	74
Goods for sale	74	79
Impairment of inventories end of year	-3	-2
Total inventories	**152**	**151**

Write-down of inventories expensed during the year amounts to DKK 3m (2018: DKK 1m).

Note 15 Treasury shares

Information regarding the Parent Company's and the Group's holding of treasury shares is identical. Reference is made to the Consolidated Financial Statements section 4.7.

Note 16 Deferred tax

DKK million

2019	Land and buildings, terminals and other equipment	Provisions	Tax loss carried forward	Total
Deferred tax at 1 January	4	0	0	3
Recognised in the Income statement	1	0	0	1
Deferred tax at 31 December, net	**4**	**0**	**0**	**4**
2018				
Deferred tax at 1 January	3	0	0	2
Recognised in the Income statement	-1	0	0	-1
Adjustment regarding prior years recognised in the Income statement	2	0	0	2
Deferred tax at 31 December, net	**4**	**0**	**0**	**3**

DKK million	2019	2018
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	0	0
Deferred tax (liabilities)	4	3
Deferred tax at 31 December, net	**4**	**3**

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until 2021. During the period covered by the tonnage tax scheme ferries and other ships, and other assets and liabilities related to the tonnage taxed activities owned by DFDS A/S is deemed maximum depreciated for tax purposes. Hence, if DFDS A/S withdraws from the tonnage taxation scheme, deferred tax liability in the amount of maximum DKK 473m (2018: DKK 441m) may be recognised.

DFDS A/S is not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised.

Note 17 Share options

Information regarding share options for the Parent Company and the Group is identical. Reference is made to the Consolidated Financial Statements note 5.3.

Jubilee shares

Information regarding jubilee shares for the Parent Company and the Group is identical. Reference is made to the Consolidated Financial Statements note 5.3.

In total 2,469 employees are at award date entitled to the shares. Based on historical attrition rates for each country the total expected number of shares to be transferred to the employees is 53,300 with a total fair value of DKK 16m, which is expensed under Special items over the vesting period.

870 Jubilee shares have been transferred during 2019 (2018: 30). The average weighted market price per share exercised in 2019 is DKK 284.85. Vesting of Jubilee shares is expensed in the Income statement for 2019 with DKK 6m (2018: DKK 5m).

Year of grant	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share (DKK) at grant date	Expected term	Fair value per share at time of granting
Jubilee shares, December 2016	0.00	319.60	28.65%	-0.51%	8.00	3 years	295.45

Note 18 Pension and jubilee liabilities

The Parent Company contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through contributions to an independent insurance company responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Parent Company has no legal or constructive obligation to pay further contributions irrespective of the financial situation of the insurance company. Pension costs from such plans are charged to the income statement when incurred.

The Parent Company has minor defined benefit plans. The defined benefit plans are pension plans that yearly pay out a certain percentage of the final salary the employee has when the employee retires. The pensions are paid out as from retirement and during the remaining life of the employee. The percentage of the salary is dependent of the seniority of the employees. The defined benefit plans typically include a spouse pension.

Based on actuarial calculations the defined benefit plans show the following liabilities:

DKK million	2019	2018
Present value of unfunded defined benefit obligations	0	1
Recognised liabilities for defined benefit obligations	**0**	**1**
Provision for jubilee liabilities	7	7
Total actuarial liabilities	**8**	**8**

Note 19 Other provisions

DKK million	2019	2018
Other provisions at 1 January	7	32
Addition from acquisition of enterprises[1]	28	0
Provisions made during the year	14	7
Increase of discounted amounts arising from the passage of time	0	0
Used during the year	-5	-14
Reversal of unused provisions	-1	-18
Other provisions at 31 December	**42**	**7**
Other provisions are expected to be payable in:		
0-1 year	9	2
1-5 years	28	0
After 5 years	5	4
Other provisions at 31 December	**42**	**7**

[1] *2019: Relates to earn-out on Freeco Logistics.*

Of the Parent Company's provision of DKK 42m (2018: DKK 7m), DKK 28m (2018: Less than DKK 1m) is estimated net present value of earn-out agreements regarding acquisitions; DKK 8m is estimated restructuring provision (2018: DKK 0m) and DKK 6m (2018: DKK 6m) is other provisions.

Note 20 Interest-bearing liabilities

DKK million	2019	2018
Issued corporate bonds [2]	1,249	933
Bank loans and mortgage on ferries and other ships	947	741
Lease liability	747	0
Other non-current liabilities	11	0
Total interest-bearing non-current liabilities	**2,955**	**1,674**
Bank loans and mortgage on ferries and other ships	156	132
Issued corporate bonds [2]	0	500
Lease liability	1,112	0
Payables to subsidiaries[1]	1,754	1,445
Total interest-bearing current liabilities	**3,022**	**2,077**
Total interest-bearing liabilities	**5,977**	**3,752**

[1] *The carrying amount of Interest-bearing payables to subsidiaries relates to deposit facilities that are made available to subsidiaries.*

[2] *The Parent Company has issued two 5 year corporate bond loans; one in 2019 and one in 2017 respectively (2018: one in 2017 and one in 2014 respectively). Reference is made to the Consolidated Statements note 4.5.*

[3] *Comparative 2018 numbers are not restated to IFRS 16.*

The fair value of the interest-bearing liabilities amounts to DKK 3,523m (2018: DKK 3,809m). The fair value measurement is categorised within level 3 in the fair value hierarchy except for the part that relates to issued corporate bonds of nominal NOK 1,250m for which the fair value measurement is categorised within level 1.

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Parent Company's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds nominal NOK 1,250m has been calculated based on the quoted bond price in August 2019 which is the latest quoted price (2018: quoted bond price at the beginning of 2018 and 2019, respectively). For the new bond loan issued in June 2019 there is no quoted price available, i.e. the calculated fair value is based on the nominal amount of NOK 400m.

DKK 427m of the Interest-bearing liabilities in the Parent Company fall due after five years (2018: DKK 260m). No unusual conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge, whereas settlement of the corporate bonds requires a repurchase of the bonds.

Reference is made to note 24 for financial risks, etc.

Allocation of currency, principal nominal amount

DKK million	2019	2018
DKK	865	918
EUR	2,982	1,473
SEK	418	90
NOK	1,320	943
GBP	393	327
Total interest bearing liabilities	**5,977**	**3,752**

Note 21 Changes in liabilities arising from financing activities

The table below discloses the cash as well as non-cash changes in Interest-bearing liabilities, Derivative financial instruments related to issued corporate bonds and Payables to subsidiaries, non interest-bearing. The changes arising from cash flows form part of the cash flows from financing activities in the Statement of cash flows.

DKK million	31 Dec. 2018	Change in accounting policies	Cash flows	Non-cash changes: Foreign exchange movements	Non-cash changes: New/ diposed/ remea-sured leases	Non-cash changes: Fair value changes	Non-cash changes: Other changes	31 Dec. 2019
Changes in 2019								
Interest-bearing liabilities:								
Bank loans and mortgage on ferries and other ships	873	0	230	0	0	0	0	1,103
Issued corporate bonds	1,433	0	-196	11	0	0	1	1,249
Lease liabilities	-	1,914	-1,209	0	1,154	0	0	1,859
Payables to subsidiaries, interest-bearing	1,445	0	309[1]	0	0	0	0	1,754
Other liabilities	0	0	0	0	0	0	11	11
	3,751	1,914	-865	11	1,154	0	12	5,977
Derivative financial instruments:								
Derivatives related to issued corporate bonds	62	0	0	0	0	-7	0	55
Other:								
Payables to subsidiaries, non interest-bearing	141	0	24[1]	0	0	0	0	165
Total liabilities from financing activities	**3,955**	**1,914**	**-842**	**11**	**1,154**	**-7**	**12**	**6,197**
Receivables from subsidiaries			-254[1]					
Total cash flows			**-1,096**					

[1] *Cash flows related to Payables to/Receivables from subsidiaries are presented net in the Statement of cash flows under Financing activities in the line "Change in Group internal financing, net" by DKK 78m.*

DKK million	31 Dec. 2017	Cash flows	Non-cash changes: Foreign exchange movements	Non-cash changes: Other changes	31 Dec. 2018
Changes in 2018[1]					
Interest-bearing liabilities:					
Bank loans and mortgage on ferries and other ships	1,003	-134	1	2	873
Issued corporate bonds	1,567	-129	-5	1	1,433
Payables to subsidiaries, interest-bearing	2,381	-936[2]	0	0	1,445
	4,952	-1,200	-4	3	3,751
Derivative financial instruments:					
Derivatives related to issued corporate bonds	136	-73	0	0	62
Other:					
Payables to subsidiaries, non interest-bearing	126	15[2]	0	0	141
Total liabilities from financing activities	**5,214**	**-1,259**	**-4**	**3**	**3,955**
Receivables from subsidiaries		-5[2]			
Total cash flows		**1,264**			

[1] *Comparative 2018 numbers are not restated to IFRS 16.*
[2] *Cash flows related to Payables to/Receivables from subsidiaries are presented net in the Statement of cash flows under Financing activities in the line "Change in Group internal financing, net" by DKK -927m.*

Note 22 Other payables

DKK million	2019	2018
Holiday pay obligations, etc.	145	153
Payables to subsidiaries	165	141
Other payables	24	26
Payables to associates and joint ventures	107	1
Public authorities (VAT, duty, etc.)	33	43
Accrued interests	4	2
Total other payables	**477**	**366**

Note 23 Information on financial instruments

DKK million	2019	2018
Carrying amount per category of financial instruments		
Financial assets measured at fair value:		
Derivatives, related to operating activities	300	209
Financial assets measured at amortised cost:		
Trade receivables, receivables from subsidiaries, receivables from associates and joint ventures, other receivables and cash	2,822	2,601
Financial assets measured at fair value through profit or loss:		
Securities	10	10
Financial liabilities measured at fair value:		
Derivatives, related to operating activities	-19	-23
Derivatives, related to interest-bearing activities	-69	-72
Financial liabilities measured at amortised cost:		
Interest-bearing liabilities, Leases, trade payables, payables to subsidiaries, payables to associates and joint ventures and other payables[1]	-7,303	-5,034
Total	**-4,260**	**-2,310**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Hierarchy of financial instruments measured at fair value
The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

DKK million

2019	Level 1	Level 2	Level 3
Derivatives, financial assets	0	300	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-88	0
Total	**0**	**212**	**10**

2018	Level 1	Level 2	Level 3
Derivatives, financial assets	0	209	0
Securities, financial assets	0	0	10
Derivatives, financial liabilities	0	-95	0
Total	**0**	**114**	**10**

Derivative financial assets and liabilities are all measured at level 2. Reference is made to note 4.1 in the Consolidated Financial Statements for description of the valuation method.

Securities, financial assets measured at fair value through profit or loss comprise other shares and equity investments as well as other investments of DKK 0m (2018: DKK 10m). These are some minor unlisted enterprises and holdings.

Note 24 Financial and operational risks

DFDS' risk management policy
The description of DFDS' risk management policy, financial risks and capital management is identical for the Group and the Parent Company. Reference is made to the Consolidated Financial Statements note 4.1.

The following specifications for the Parent Company are different to the similar specifications for the Group.

Financial risks
Interest rate risks
An increase in the interest rate of 1%-point compared to the actual interest rates in 2019 would, other things being equal, have increased net interest payments by DKK 4m for the Parent Company in 2019 (2018: DKK 22m). A decrease in the interest rate of 1%-point compared to the actual interest rates in 2019 would, other things being equal, have had a positive effect of DKK 1m (2018: DKK 15m).

Liquidity risks
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

DKK million

2019	0-1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial assets				
Cash	656	0	0	0
Trade receivables including work in progress services	645	0	0	0
Non-interest bearing receivables from subsidiaries	715	0	0	0
Interest bearing receivables from subsidiaries	1,199	0	0	0
Receivables from associates and joint ventures	46	0	0	0
Other receivables and current assets	273	3	0	0
Non-derivative financial liabilities				
Bank loans and mortgages on ferries and other ships	-158	-316	-223	-421
Issued corporate bonds	-40	-1,021	-304	0
Other interest-bearing debt	0	-11	0	0
Lease liabilities	-1,132	-720	-29	-11
Trade payables	-1,027	0	0	0
Payables to associates and joint ventures	-107	0	0	0
Payables to subsidiaries	-1,919	0	0	0
Other payables	-24	0	0	0
Derivative financial assets				
Bunker contracts	0	0	0	0
Interest swaps & caps	0	0	0	0
Cross currency interest rate swaps	0	0	0	0
Forward exchange contracts and currency swaps	70	145	18	67
Derivative financial liabilities				
Bunker contracts	-5	0	0	0
Interest swaps & caps	-6	-8	0	0
Cross currency interest rate swaps	-1	-2	-1	0
Forward exchange contracts and currency swaps	-15	-52	0	0
Total	**-829**	**-1,983**	**-543**	**-365**

Note 24 Financial and operational risks (continued)

Beside the contractual maturities the Parent Company has issued guarantees for DKK 6,513m (2018: DKK 6,773m). These are not presented in the above table as the contractual maturity is not possible to predict. Reference is made to note 28.

Assumptions for the maturity table
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

DKK million				
2018[1]	**0-1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Non-derivative financial assets				
Cash	581	-	-	-
Trade receivables including work in progress services	741	0	0	0
Receivables from subsidiaries	981	0	0	0
Receivables from associates and joint ventures	70	0	0	0
Other receivables and current assets	116	111	0	0
Non-derivative financial liabilities				
Bank loans and mortgages on ferries and other ships	-150	-293	-237	-275
Issued corporate bonds	-520	-25	-943	0
Trade payables	-1,112	0	0	0
Payables to associates and joint ventures	-1	0	0	0
Payables to subsidiaries	-1,586	0	0	0
Other payables	-26	0	0	0
Derivative financial assets				
Bunker contracts	2	0	0	0
Forward exchange contracts and currency swaps	50	113	0	45
Derivative financial liabilities				
Bunker contracts	-19	-2	0	0
Interest swaps & caps	-4	-6	-1	0
Forward exchange contracts and currency swaps	-18	-33	-12	0
Total	**-894**	**-135**	**-1,193**	**-230**

[1] *Comparative 2018 numbers are not restated to IFRS 16*

Note 25 Non-cash operating items

DKK million	2019	2018
Change in provisions	1	0
Change in write-down of inventories for the year	3	1
Change in provision for defined benefit plans and jubilee obligations	1	1
Vesting of share option plans expensed in the Income statement	7	7
Non-cash operating items	**12**	**9**

Note 26 Change in working capital

DKK million	2019	2018
Change in inventories	-4	-8
Change in receivables	96	-56
Change in current liabilities	9	113
Change in working capital	**101**	**49**

Note 27 Acquisition and sale of enterprises, activities and non-controlling interests

Acquisition and disposals
On 19 December 2019 the acquisition of the Finnish company Freeco Logistics headquartered in Turku was completed For further details refererence is made to the Consolidated Financial Statements note 5.5.

Acquisition of non-controlling interests
For further details refererence is made to the Consolidated Financial Statements note 5.5.

Note 28 Guarantees, collateral and contingent liabilities

Issued guarantees amount to DKK 6,417m (2018: DKK 6,569m). The Parent Company has is issued guarantees for loans made by subsidiaries of DKK 6,015m (2018: DKK 6,123m). Further, the Parent Company has a 9 year guarantee for a terminal agreement entered into by a subsidiary. In addition, the Parent Company has issued an unlimited guarantee on behalf of a subsidiary to cover any obligations under a Payment Service Agreement for creditcard payments. The company has issued letter of support to cover total underfundings in two defined benefit pension schemes in two English subsidiaries. The underfunding amount to DKK 96m at 31 December 2019 (2018: DKK 204m). The Parent Company has issued letter of support for certain Group companies with negative equity.

In June 2017 DFDS acquired two channel ferries from Eurotunnel. DFDS paid additional amount of EUR 15m which is now subject to arbitration due to a disagreement concerning the purchase price.

The Parent Company is in 2019 as well as in 2018 part in various legal disputes. The outcome of these disputes is not considered likely to influence the Parent Company significantly, besides what is already recognised in the balance sheet.

Certain ferries with a total carrying amount of DKK 1,636m (2018: DKK 1,670m) have been pledged as security for mortgage on ferries with a total carrying amount of DKK 979m (2018: DKK 702m).

Note 29 Contractual commitments

DKK million	2019	2018
Contractual commitments, term 0-1 year	839	1,635
Contractual commitments, term 1-5 years	1,229	1,744
Contractual commitments, term after 5 years	492	582
Total contractual commitments (undiscounted)	**2,560**	**3,961**

Contractual commitments in 2019 mainly relates to a total of five new buildings on order. In 2020, three freight ferries (ro-ro) are on order for delivery in January, April and November, respectively. Two freight and passenger ferries (ro-pax) are on order for delivery in 2021.

In June 2017 DFDS acquired two channel ferries from Eurotunnel. DFDS paid additional amount of EUR 15m which is subject to arbitration due to a disagreement concerning the purchase price.

The Parent Company has a contractual commitment for a non-cancellable lease contract that has not yet commenced at 31 December 2019 for a freight and passenger ferry (ro-pax) with delivery in Q3 2021. The future lease payment for this lease contract amounts to DKK 219m for 1-5 years and DKK 492m after 5 years.

Note 30 Related party transactions

Description of the Parent Company's related parties is equal to the description for the Group. Reference is made to the Consolidated Financial Statements note 5.8.

DKK million

2019	Sale of services	Purchase of services	Sale of assets	Receivables	Impairment of receivables	Liabilities	Capital contributions
Associates and joint ventures	10	123	0	46	0	107	0
Subsidiaries	813	1,176	0	1,199	0	1,919	500
2018							
Associates and joint ventures	36	185	2	70	6	1	0
Subsidiaries	778	2,122	0	981	0	1,586	1,815

Impairment losses recognised in the Income statement in 2019 amount to DKK 0m (2018: DKK 2m) and reversals of impairment losses amount to DKK 0m (2018: DKK 10m). Reference is made to note 31.

Receivables are unsecured and are related to trade receivables and cash pools.

Reference is made to note 28 for a description of guarantees issued by the Parent Company on behalf of subsidiaries.

Note 31 Impairment testing

Introduction
DFDS carries out impairment tests on all non-current assets at least at year-end, or more frequent if there is any indication of impairment.

For a description of the definition of cash-generating units, basis for impairment testing and calculation of recoverable amount reference is made to the Consolidated Financial Statements note 3.1.5.

Impairment tests of investments in subsidiaries, associates and joint ventures
Impairment tests are carried out for each subsidiary, associates and joint ventures in the Parent Company if there is indication of impairment. The individual companies are regarded as the lowest cash-generating units.

The estimated value in use is based on cash flows according to management approved budget for the coming financial year. Expectations towards the cash flows are adjusted for uncertainty on the basis of historical results, and take into account expectations towards possible future fluctuations in cash flows.

The Parent Company uses a discount rate determined for each subsidiary, associate or joint venture, according to the business area to which it belongs. The applied discount rates for 2019 and 2018 are shown in the table in the Consolidated Financial Statements note 3.1.5.

2019
In 2019 investments in subsidiaries have been impaired by DKK 60m in total as the calculated value in use of the individual investments is lower than the book value. The impairment of net DKK 60m in 2019 is recognised under Financial items. Reference is made to note 7.

The Parent Company has issued letter of support to some subsidiaries and associates with negative equity. Consequently, the investment in these subsidiaries and associates are written down to zero, and any receivables due from the subsidiaries and associates are written down by amounts equal to the respective negative equities. Total write down of receivables at 31 December 2019 amounts to DKK 0m. Further, write downs in previous years have been reversed by DKK 0m. The write downs and reversals are recognised under Financial items.

2018
In 2018 investments in subsidiaries have been impaired by DKK 100m in total as the calculated value in use of the individual investments is lower than the book value. Furthermore, in 2018 previous impairments have been reversed by DKK 184m. The total impairment of net DKK 84m in 2018 is recognised under Financial items reference is made to note 7.

The Parent Company has issued letter of support to some subsidiaries and associates with negative equity. Consequently, the investment in these subsidiaries and associates are written down to zero, and any receivables due from the subsidiaries and associates are written down by amounts equal to the respective negative equities. Total write down of receivables at 31 December 2018 amounts to DKK 6m. Further, write downs in previous years have been reversed by DKK 10m. The write downs and reversals are recognised under Financial items.

Note 32 Events after the balance sheet date

There are no major events to report after 2019.

Note 33 Accounting Policies

The Parent Company Financial Statements are prepared pursuant to the requirements of the Danish Financial Statements Act concerning preparation of separate parent company Financial Statements for companies reporting under IFRS.

The 2019 Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Change in accounting policies
IFRS 16 has been implemented as of 1 January 2019. Reference is made to the Consolidated Financial Statements note 1.

The effect of adoption IFRS 16 is as follows:

Note 33 Accounting Policies (continued)

Impact on the balance sheet as at 1 January 2019

DKK million	1 Jan. 2019
Assets	
Right-of-use assets	1,888
Assets	**1,888**
Equity	
Retained earnings	-26
Equity	**-26**
Liabilities	
Lease liabilities (Interest-bearing liabilities)	1,914
Liabilities	**1,914**
Equity and liabilities	**1,888**

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 million	
Operating lease commitments (not discounted) disclosed in the notes at 31 December 2018[1]	1,603
Short-term leases to be recognised on a straight-line basis as expenses under IFRS 16	-6
Adjustments at initial recognition (different treatment of extension options, indexation rates etc.)	325
Discounting effect	-8
Lease liabilities recognised at 1 January 2019	**1,914**

[1] *Including three internal chartered ferries.*

Critical accounting estimates and assessments

In the process of preparing the Parent Company Financial Statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Impairment testing of investments in subsidiaries

Impairment testing of investments in subsidiaries is carried out if there is indication of impairment. The impairment tests are based on the expected future cash flows for the tested subsidiaries. For further details of estimates and assessments relating to investments in subsidiaries reference is made to note 31, which mention impairment testing.

Management is of the opinion that, except for impairment testing of investments in subsidiaries, no accounting estimates or judgements are made in connection with the presentation of the Parent Company Financial Statements that are material to the financial reporting, other than those disclosed in section 1 to the Consolidated Financial Statements.

DESCRIPTION OF ACCOUNTING POLICIES

The Parent Company accounting policies are consistent with the accounting policies described in the Consolidated Financial Statements with the following exceptions:

Business combinations

In the Parent Company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the 'book value method' by which differences, if any, between purchase price and book value of the acquired/sold enterprise/activity are recognised directly in equity.

Translation of foreign currencies

Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as Financial income and costs in the Parent Company Financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in the profit for the year as Financial income and costs.

Dividends from investments in subsidiaries, associates and joint ventures

Dividends from investments in subsidiaries, associates and joint ventures are recognised in the Parent Company's Income statement for the year in which the dividends are declared. If distributions exceed the subsidiary's, the associate's or the joint venture's Comprehensive income for the period, an impairment test is carried out.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured at cost in the Parent Company's Balance sheet. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as Financial cost in profit for the year unless it qualifies as a special item. If the Parent Company has a legal or constructive obligation to cover a deficit in subsidiaries, associates and joint ventures, a provision for this is recognised.

Equity

Reserves for development costs

The reserve for development costs comprise of DFDS' development costs corresponding to the capitalized development cost in the balance sheet. The reserve is non distributable and cannot be used to cover deficit. The reserve is dissolved upon disposal of the development cost either by sale or if the development cost is no longer part of the entity's operation. The reserve will then be transferred to the distributable reserves. The reserve will be reduced and the distributable reserves increased concurrently with either depreciations or write-downs.

For a description of the Hedging reserve, Revaluation of securities and Treasury shares, reference is made to Consolidated Financial Statements, note 4.6.

Fleet list

Freight ferries (ro-ro)

Freight ferries (ro-ro)	Year built	GT	Lanemeter	TEU[3]	Deployment
Hollandia Seaways	2019	60.465	6.690		Gothenburg-Gent
Ficaria Seaways	2006/09/11	37.939	4.731		Gothenburg-Brevik-Immingham
Freesia Seaways	2005/09/14	37.939	4.731		Gothenburg-Immingham
Begonia Seaways	2004/09/14	37.939	4.731		Gothenburg-Brevik-Immingham
Ark Dania [7]	2014	33.313	3.000	342	Esbjerg-Immingham
Ark Germania	2014	33.313	3.000	342	Esbjerg-Immingham
Magnolia Seaways	2003/13	32.523	3.831		Gothenburg-Gent
Petunia Seaways	2004/13	32.523	3.831		Cuxhaven-Immingham
Primula Seaways	2004/14/16	37.985	4.650		Gothenburg-Gent
Selandia Seaways	1998/13	24.803	2.772		Vlaardingen-Felixstowe
Suecia Seaways	1999/11/14	24.613	2.772	180	Vlaardingen-Felixstowe
Britannia Seaways	2000/11/14	24.613	2.772	180	Vlaardingen-Felixstowe
Ark Futura	1996/00	18.725	2.308	246	Fredericia-Copenhagen-Klaipeda
Botnia Seaways	2000	11.530	1.899	300	Marseille-Tunis
Finlandia Seaways	2000	11.530	1.899	300	Idle
Gardenia Seaways [1]	2017	32.336	4.076		Vlaardingen-Immingham
Tulipa Seaways [1]	2017	32.336	4.076		Vlaardingen-Immingham
Fionia Seaways [2]	2009	25.609	3.322		Vlaardingen-Immingham
Belgia Seaways	2000	21.005	2.475		Gothenburg-Zeebrügge
Gothia Seaways	2000	21.005	2.475		Gothenburg-Zeebrügge
Jutlandia Seaways [2]	2010	25.609	3.322		Cuxhaven-Immingham
Mont Ventoux [5]	1996	18.469	2.025		Marseille-Tunis
Ephesus Seaways	2019	60.465	6.690		Istanbul-Trieste
Troy Seaways	2019	60.465	6.690		Istanbul-Trieste
UN Istanbul	2013	31.540	4.094		Istanbul-Trieste
Cemil Bayülgen	2010/19	34.215	4.350		Istanbul-Sete
Myra Seaways (ex Cuneyt Solakoglu)	2009/17/19	34.236	4.350		Istanbul-Sete
UN Akdeniz	2008/17/19	34.236	4.350		Istanbul-Sete
Assos Seaways (ex Saffet Ulusoy)	2005/19	29.060	3.726		Istanbul-Trieste
Sumela Seaways (ex UN Karadeniz)	2008/18/19	34.236	4.350		Istanbul-Trieste
UN Marmara	2005	29.004	3.726		Istanbul-Trieste
Aspendos Seaways (ex UN Pendik)	2005/19	29.060	3.726		Drydock
Dardanelles Seaways (ex UN Trieste)	2006/19	29.060	3.726		Istanbul-Trieste
UND Atilim	2002	26.469	3.214		Istanbul-Trieste
UND Birlik	2002	26.469	3.214		Mersin-Trieste
Gallipoli Seaways (ex UND Ege)	2001	26.469	3.214		Mersin-Trieste

Freight and passenger ferries (ro-pax)

Freight and passenger ferries (ro-pax)	Year built	GT	Lanemeter	Passengers	Deployment
Victoria Seaways	2009/14	25.675	2.500	600	Kiel-Klaipeda
Regina Seaways [1]	2010/15	25.666	2.500	600	Kiel-Klaipeda
Athena Seaways	2007/15	26.141	2.593	462	Kiel-Klaipeda
Optima Seaways	1999	25.263	2.300	336	Karlshamn-Klaipeda
Liverpool Seaways	1997	21.856	2.150	320	Paldiski-Kappelskär
Patria Seaways	1991	18.332	1.800	213	Drydock
Dunkerque Seaways [4]	2005	35.923	2.900	780	Dover-Dunkirk
Delft Seaways [4]	2006	35.923	2.900	780	Dover-Dunkirk
Dover Seaways [4]	2006	35.923	2.900	780	Dover-Dunkirk
Calais Seaways [4]	1991/92/99	28.833	1.800	1.850	Dover-Calais
Côte Des Flandres [4]	2005	33.940	1.900	2.000	Dover-Calais
Côte Des Dunes [4]	2001	33.796	1.900	2.473	Dover-Calais
Côte d'Albâtre [1]	2006	18.940	1.270	600	Newhaven-Dieppe
Sailor [2]	1987	20.921	1.400	119	Paldiski-Hanko
Baie de Seine	2002/03	22.382	2.056	623	On charter
Seven Sisters [1]	2006	18.940	1.270	600	Newhaven-Dieppe

Passenger cruise ferries

Passenger cruise ferries	Year built	GT	Lanemeter	Passengers	Deployment
Pearl Seaways	1989/01/05/14	40.231	1.482	2.168	Copenhagen-Oslo
Crown Seaways	1994/05/14	35.498	1.370	2.044	Copenhagen-Oslo
King Seaways	1987/93/06	31.788	1.410	1.534	Amsterdam-Newcastle
Princess Seaways	1986/93/06	31.356	1.410	1.364	Amsterdam-Newcastle

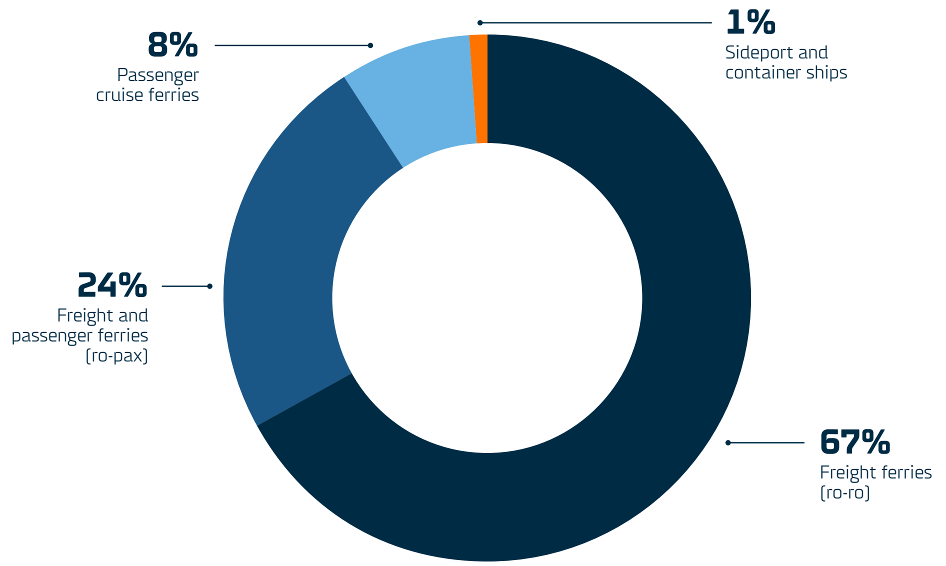
Notes:
[1] Chartered (bareboat charter)
[2] Chartered (time charter)
[3] TEU: 20 foot container unit
[4] Short-sea day ferry
[5] VSA: Vessel sharing agreement with owner/charterer
[6] SCA: Slot charter agreement with owner/charterer
[7] SCA: Slot charter agreement with DFDS

Fleet list

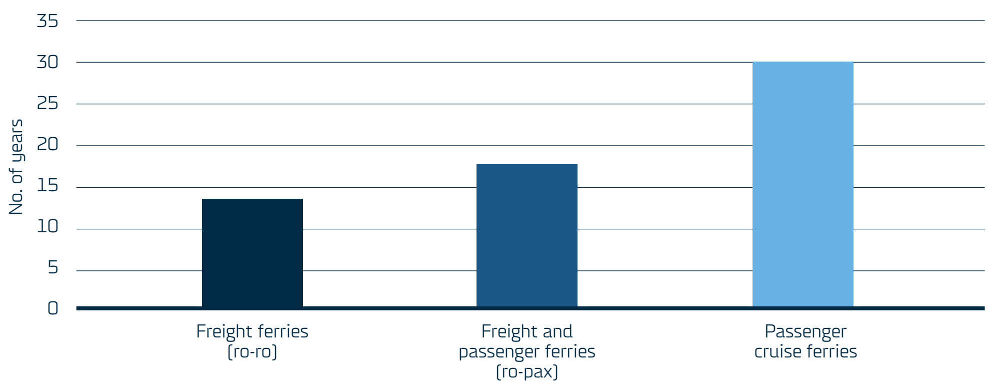
Sideport ships	Year built	GT	TEU[3]	Deployment
Lysvik Seaways	1998/04	7.409	160	Westcoast Norway-Continent/UK
Lysbris Seaways	1999/04	7.409	160	Westcoast Norway-Continent/UK
Norrland [2]	1990	5.562	272	Oslo Fjord-Continent/UK
Transporter [2]	1991	6.620	296	Oslo Fjord-Continent/UK

Container ships	Year built	GT	TEU[3]	Deployment
Meandi [5]	2007	8.246	962	Oslo Fjord-Rotterdam
Energizer [5]	2004	7.642	750	Oslo Fjord-Rotterdam
Sven D [6]	2005	7.720	809	Oslo Fjord-Rotterdam
Samskip Endeavour [5]	2011	7.852	812	Rotterdam-Ireland
Samskip Express [5]	2006	7.852	803	Rotterdam-Ireland
JSP Rider [6]	2006	9.340	804	Rotterdam-Ireland
BG Sapphire [6]	2018	12.831	1.004	Rotterdam-Ireland
Elbcarrier [6]	2007	8.243	974	Rotterdam-Ireland
CT Rotterdam [6]	2008	8.246	974	Rotterdam-Ireland
Mirror [6]	2007	7.852	814	Rotterdam-Ireland
Elbcarrier [6]	2007	8.243	974	Rotterdam-Ireland
Elbtrader [6]	2008	8.246	974	Rotterdam-Ireland
Mirror [6]	2007	7.852	814	Rotterdam-Ireland

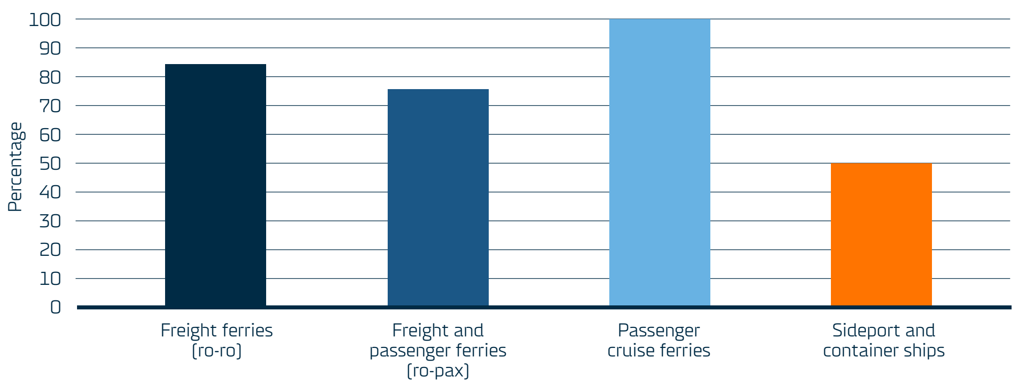
Gross tons fleet distribution, end 2019



Average age of owned ships in route network, end 2019



Ownership shares of fleet, end 2019



Glossary

BAF:
Bunker adjustment factor, surcharge for price changes in bunker

Bareboat charter:
Lease of a ship without crew for an agreed period

Bunker:
Oil-based fuel used in shipping

Charter:
Lease of a ship for an agreed period

Charter-out:
Leasing of a ship to an external party for an agreed period

Door-door transport solution:
Transport of goods from customer pick up point to final destination by a freight forwarder. A freight forwarder typically uses third-party suppliers, for example hauliers, rail operators and ferry operators to carry out the transport

ESG:
Abbreviation for Environment, Social, Governance.

Ferry:
Ship carrying passengers and their cars and freight that can be rolled on and off, typically between only two ports, and hence over reasonably short distances, on a fixed sailing schedule. On board facilities for passengers and truck drivers. Overnight ferries have cabins while day ferries usually have no cabins

Intermodal:
Transport solution that combines different transport modes (road, rail, sea)

Lane metre:
An area on a ship deck one lane wide and one metre long. Used to measure freight volumes

Logistics solution:
Sea and land-based transport, storage and distribution and associated information processing, e.g. booking and tracking

Lo-lo: Lift on-lift off:
Type of ship for which cargo is lifted on and off, e.g. containers

MGO:
Marine gas oil, also known as marine diesel with sulphur content at or below 0.1%

Non-allocated items:
Corporate costs not allocated to divisions

Northern Europe:
The Nordic countries, Benelux, the United Kingdom, Ireland, France, Germany, Poland, the Baltic nations, Russia and other SNG countries

Ro-pax:
Combined ro-ro freight and passenger ferry

Ro-ro: Roll on-roll off:
Freight ferry on which freight is driven on and off, e.g. trailers

Short sea:
Shipping between destinations with a duration of typically 1-3 days. Converse is deep-sea shipping between continents with a duration of weeks

Sideport ship:
Ship with ramps for loading/unloading via ports in the ship's side

Space charter:
Third-party lease of space on a ship deck

Stevedoring:
Activities related to loading and unloading of ships in a port terminal

Time charter:
Lease of a ship with crew for an agreed period

Tonnage tax:
Taxation levied on ships according to ship tonnage, i.e. weight of ships

Trailer:
An unpowered vehicle for transport of freight pulled by a truck

Vessel sharing agreement/slot charter:
Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity

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 assets

Operating margin
$\frac{\text{Operating profit (EBIT) before special items} \times 100}{\text{Revenue}}$

Net operating profit after taxes (NOPAT)
Operating profit (EBIT) minus tax on EBIT

Invested capital
Non-current intangible, tangible and right-of-use assets plus investment in associates and net current assets (non-interest bearing current assets minus non-interest bearing current liabilities) minus pension and jubilee liabilities and other provisions

Return on invested capital (ROIC)
$\frac{\text{Net operating profit after taxes (NOPAT)} \times 100}{\text{Average invested capital}}$

Weighted average cost of capital (WACC)
Average capital cost for net interest-bearing liabilities and equity, weighted according to the capital structure

Free cash flow, FCFF
Cash flow from operating activities, net, excluding interest etc. received and paid tax minus cash flow from investing activities

Return on equity
$\frac{\text{Profit for the year excluding non-controlling interests} \times 100}{\text{Average equity excluding non-controlling interests}}$

Equity ratio
$\frac{\text{Equity} \times 100}{\text{Total assets}}$

Net interest-bearing debt
Interest-bearing non-current and current liabilities minus interest-bearing non-current and current assets

Earnings per share (EPS)
$\frac{\text{Profit for the year excluding non-controlling interests}}{\text{Weighted average number of circulating shares}}$

P/E ratio
$\frac{\text{Share price at year-end}}{\text{Earnings per share (EPS)}}$

FCFE yield
$\frac{\text{FCFF including interest etc. received and paid} \times 100}{\text{Market value at year-end plus non-controlling interests}}$

Total distribution yield
$\frac{\text{Total distribution to shareholders} \times 100}{\text{Market value at year-end plus non-controlling interests}}$

Cash payout ratio
$\frac{\text{Total distribution to shareholders} \times 100}{\text{Cash flow from operating activities, net}}$

Dividend per share
$\frac{\text{Dividend for the year}}{\text{Number of shares at the end of the year}}$

Dividend return
$\frac{\text{Paid dividend per share}}{\text{Share price at beginning of year}}$

Equity per share
$\frac{\text{Equity excluding non-controlling interests at year-end}}{\text{Number of circulating shares at year-end}}$

Price/book value
$\frac{\text{Share price at year-end}}{\text{Equity per share at year-end}}$

Market value
Number of shares, ex. treasury shares, year-end times share price at year-end

No. of ships
Owned and chartered ferries and other ships, including slot charter and vessel sharing agreements

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

Moving for all to grow since 1866

To enable trade, that was growing rapidly fuelled by the ongoing industrialisation, C.F.Tietgen merged four Danish steamship companies to become DFDS* in 1866

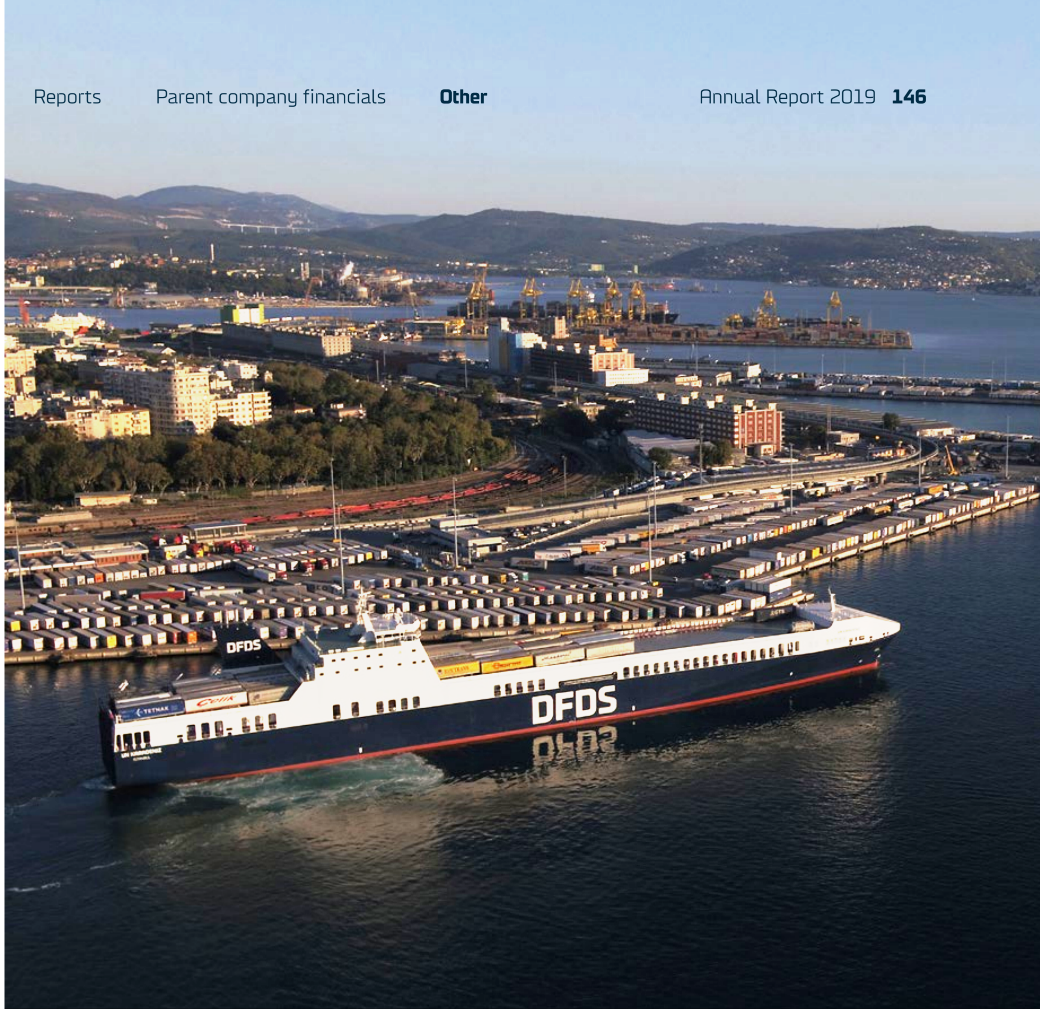
Goods and coal from UK, the world's industrial locomotive at the time, were carried to Scandinavia and other regions where markets for among other things textiles and energy were developing. For these regions, the new shipping lines conversely created access for farmers to UK's rapidly growing market for food and raw materials.

DFDS developed quickly in line with the growth it was helping create. Around 1900, DFDS' steam ships also connected farmers around the Black Sea with the new Russian industrial area around St. Petersburg. Routes were launched to USA bringing back soya cake as feed to European farmers which supported their transformation from exporters of livestock to producers and exporters of processed products like butter and bacon. DFDS also started new routes to connect Danish and Scandinavian cities with each other and with the world. All this was based on a fleet of more than 120 ships, among the largest in the world at the time.

DFDS also transported immigrants who sought a better future in USA. During the world wars, DFDS kept up supplies of critical food and coal to people in Europe who otherwise would have been starving and unable to heat their homes. Jobs and industry were kept alive.

After the war, on DFDS' fleet, many now powered by diesel engines, kept moving: Goods from USA to Europe, people between countries, goods between UK and mainland Europe, between the Mediterranean and Scandinavia and to and from Iceland. At the end of the sixties, DFDS were the among the first to develop a roll-on-roll-off service, paving the way for more efficient shipping of freight units such as trailers carrying industrial cargo.

The logistics activities were developed from 1972 with the same purpose. Connecting people and businesses from door-to-door to facilitate trade. When Dan Transport was acquired in 1998, this business area became one of the largest forwarding and logistics companies in northern Europe.



The merged company, DFDS Dan Transport, was sold in 2000 to focus the company's resources on further developing the ferry route network for freight and passengers.

This strategy was accelerated by the acquisition of Norfolkline in 2010 and, in addition, the logistics arm was developed to focus on trades that overlapped with the route network. In 2018, DFDS again expanded into the Mediterranean through the acquisition of Turkey's largest freight ferry operator, U. N. Ro-Ro.

Today, DFDS is one of Europe's largest combined ferry and logistics companies with a continued clear purpose of moving for all to grow.

* Abbreviation in Danish for The United Steamship Company.

Financial calendar 2020

Annual General Meeting
18 March 2020 at 14.00
Scandic Falkoner
Falkoner Alle 9, 2000 Frederiksberg, Denmark

Reporting 2020
7 May
Q1 report 2020

12 August
Q2 report 2020

12 November
Q3 report 2020

DFDS A/S
Sundkrogsgade 11
DK-2100 Copenhagen Ø

Tel. +45 3342 3342
Fax. +45 3342 3311

www.dfds.com

CVR 14 19 47 11

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