

A worker in a high-visibility yellow jacket and headset is working on a truck trailer. The worker is wearing a cap and gloves, and is focused on a task. The background shows the side of a white truck trailer with rivets. The overall scene is industrial and professional.

Q2 Interim Report

GROWTH CONTINUES BUT BREXIT LOWERS PACE

- Revenue up 10% and EBITDA up 8% in H1 2019
- Exceptional uncertainty on Brexit is currently reducing UK trade and visibility
- 2019 EBITDA outlook lowered 6%

 DFDS 2019

Highlights Q2

Q2 2019*

- Revenue up 9% to DKK 4.2bn
- EBITDA up 4% to DKK 989m
- Negative Q2 impact from reversal of UK stockpiling in Q1

Outlook 2019

- 6-8% revenue growth (previously 10-12%)
- EBITDA-range lowered 6% to DKK 3.5-3.8bn (previously DKK 3.8-4.0bn)

“Brexit is an exceptional situation currently lowering volumes in our ferry and logistics network. In spite of this headwind, we are still on track to continue our growth this year. The work to deliver on our new strategic and financial ambitions has started and progress is well under way.”

Torben Carlsen, CEO

In Q2, revenue increased 9% to DKK 4.2bn and EBITDA before special items increased 4% to DKK 989m.

In H1, revenue increased 10% to DKK 8.1bn and EBITDA before special items increased 8% to DKK 1.7bn.

The growth in revenue and earnings in Q2 was mainly driven by the expansion in the Mediterranean and higher passenger revenue. A reversal of the UK stockpiling in Q1 lowered freight revenue and earnings in Q2 for most activities linked to UK trade. The latter was mitigated by income from an agreement with UK Department for Transport.

Outlook 2019

The exceptional uncertainty on the outcome of Brexit is currently reducing UK trade and visibility.

Therefore, expected revenue growth is lowered to 6-8% (previously: 10-12%) and EBITDA before special items is lowered 6% to a range of DKK 3.5-3.8bn (previously: DKK 3.8-4.0bn), (2018 restated to IFRS 16: DKK 3,589m).

See full outlook section on page 10.

KEY FIGURES

DKK m	2019	2018*		2018-19*	2018*
Before special items	Q2	Q2	Change %	LTM	Full year
Revenue	4,241	3,894	8.9%	16,449	15,717
EBITDA	989	948	4.3%	3,709	3,589
EBIT	541	547	-1.0%	1,963	1,965
Profit before tax	486	494	-1.8%	1,688	1,744

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

13 August 2019. Conference call today at 10.00am CET

Access code: 10536973# Phone numbers to the call: DK +45 35445577, US +1 631 913 1422, UK +44 333 300 0804

Key figures – 2018 restated

DKK m	2019 Q2	2018* Q2	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Income statement						
Operating profit before depreciation (EBITDA) and special items	989	948	1,667	1,546	3,709	3,589
• Ferry Division	877	829	1,461	1,329	3,311	3,179
• Logistics Division	116	116	225	220	437	431
• Non-allocated items	-4	4	-19	-3	-38	-21
Operating profit (EBIT) before special items	541	547	775	776	1,963	1,965
Financial items, net	-56	-53	-131	-77	-275	-222
Profit before tax	456	431	600	609	1,685	1,694
Profit for the period	434	407	554	564	1,627	1,638
Capital						
Total assets	-	-	25,821	23,993	-	24,713
Equity	-	-	9,380	7,779	-	9,099
Net interest-bearing debt	-	-	11,859	10,951	-	11,251
Invested capital, end of period	-	-	21,369	18,838	-	20,460
Invested capital, average	21,264	15,193	20,996	13,931	20,124	16,210
Key operating and return ratios						
EBITDA-margin, %	23.3	24.4	20.5	20.9	22.5	22.8
ROIC before special items, %	-	-	-	-	9.4	11.8
Key capital and per share ratios						
Equity ratio, %	-	-	36.3	32.4	-	36.8
Net interest bearing debt/EBITDA, (times)	-	-	-	-	3.2	3.1

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

Comparison between 2019 and 2018 following implementation of IFRS 16

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

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

- In the text and table on page 2
- In the key figures table on this page
- In the Management review, page 5-17, including text and tables.

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

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

Key figures – 2018 not restated

DKK m	2019 Q2	2018* Q2	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Income statement						
Revenue	4,241	3,894	8,111	7,379	16,449	15,717
• Ferry Division	3,101	2,729	5,815	5,030	11,902	11,117
• Logistics Division	1,318	1,341	2,666	2,726	5,264	5,324
• Non-allocated items	137	120	271	242	502	472
• Eliminations	-315	-296	-641	-619	-1,219	-1,196
Operating profit before depreciation (EBITDA) and special items	989	802	1,667	1,255	3,399	2,988
• Ferry Division	877	715	1,461	1,103	3,070	2,713
• Logistics Division	116	91	225	171	384	330
• Non-allocated items	-4	-4	-19	-19	-55	-55
Profit/loss on disposal of non-current assets, net	0	3	2	5	3	7
Operating profit (EBIT) before special items	541	533	775	749	1,935	1,909
Special items, net	-29	-63	-44	-90	-4	-49
Operating profit (EBIT)	512	470	731	659	1,931	1,859
Financial items, net	-56	-39	-131	-51	-245	-165
Profit before tax	456	431	600	608	1,685	1,694
Profit for the period	434	407	554	564	1,627	1,637
Profit for the period excluding non-controlling interest	433	407	553	563	1,619	1,630
Capital						
Total assets	-	-	25,821	21,454	-	22,132
DFDS A/S' share of equity	-	-	9,300	7,868	-	9,175
Equity	-	-	9,380	7,935	-	9,255
Net interest-bearing debt	-	-	11,859	8,256	-	8,513
Invested capital, end of period	-	-	21,369	16,327	-	17,908
Invested capital, average	21,264	12,746	20,145	11,530	18,630	13,778

DKK m	2019 Q2	2018* Q2	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Cash flows						
Cash flows from operating activities, before financial items and after tax	1,017	872	1,690	1,216	2,990	2,516
Cash flows from investing activities	-748	-3,878	-1,566	-4,113	-2,255	-4,802
• Acquisition of enterprises and activities	-4	-3,569	-4	-3,638	-1	-3,635
• Other investments, net	-744	-309	-1,562	-475	-2,254	-1,167
Free cash flow	269	-3,006	124	-2,897	735	-2,286
Key operating and return ratios						
Average number of employees	-	-	8,395	7,483	7,919	7,791
Number of ships	-	-	72	76	-	70
Fuel consumption per nautical mile (g/GT/Nm)	4.78	4.82	4.89	4.92	4.87	4.96
Revenue growth (reported), %	8.9	5.6	9.9	6.8	4.7	9.7
EBITDA-margin, %	23.3	20.6	20.5	17.0	20.7	19.0
Operating margin, %	12.8	13.7	9.6	10.2	11.8	12.1
Revenue, invested capital average, (times)	-	-	-	-	0.9	1.1
Return on invested capital (ROIC), %	-	-	-	-	10.0	13.1
ROIC before special items, %	-	-	-	-	10.0	13.5
Return on equity, %	-	-	-	-	18.9	20.7
Key capital and per share ratios						
Equity ratio, %	-	-	36.3	37.0	-	41.8
Net interest bearing debt/EBITDA, (times)	-	-	-	-	3.5	2.8
Earnings per share (EPS), DKK	7.57	7.29	9.67	10.20	28.31	28.99
Dividend paid per share, DKK	0.00	0.00	4.00	4.00	4.00	4.00
Number of shares, end of period, '000	-	-	58,632	58,632	-	58,632
Weighted average number of circulating shares, '000	-	-	57,187	55,230	-	56,204
Share price, DKK	-	-	278.4	407.4	-	262.2
Market value	-	-	15,924	23,290	-	14,990

* Comparative 2018 numbers are not restated to IFRS 16

Definitions on page 33.

Management review

Market overview

European growth slowed in Q2 2019 and trade between UK and continental Europe dropped following a positive spike in Q1 led by stockpiling ahead of the initial Brexit-date end of March.

Rising uncertainty about Brexit is contributing to a considerable slowdown in UK trade as manufacturers and importers/exporters are adopting a wait-and-see approach to gain more visibility. In line with the stockpiling that took place in Q1 ahead of the previous Brexit date, a new round of stockpiling may occur in September and October ahead of the current Brexit date end October.

The total trading volume of goods between UK — a major market for DFDS — and the rest of Europe decreased in the first two months of Q2 2019 as UK import and export volumes were down 8% and 4% year-on-year, respectively.

Turkey's real GDP continued to decrease in Q2 2019 but at a lower rate than in Q1 2019. Inflation expectations are decreasing following an interest rate reduction of 425bps on 25 July 2019. The economy is thus starting to recover and growth is currently expected to resume end of 2019/beginning of 2020. In Q2, exports increased 1% while imports decreased 21%.

The largest changes in average exchange rates in Q2 2019 vs Q2 2018 was decreases in TRY/DKK of 29.4% and in SEK/DKK of 2.5%. TRY/DKK depreciated 3.4% from the end of Q1 2019 to the end of Q2 2019.

This year, Easter was in April compared to March in 2018 which entailed a positive impact on passenger volumes when comparing quarters year-on-year.

Major events in Q2

Collaboration with Volvo Trucks on autonomous transport

On 13 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, its 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 with DFDS 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.

Issue of NOK 400m unsecured bond

DFDS issued a NOK 400m senior unsecured bond on 7 June 2019 maturing in 2024 with a coupon of 3-month Nibor + 150 bps and priced at par. The bond will be swapped into Danish kroner. An application will be made to list and admit the bonds to trading on Oslo Stock Exchange within three months from the issue date. The purpose of the bond issue was to refinance existing bonds and extend debt maturity as well as for general corporate purposes.

5-year agreement with Stora Enso and new route

On 9 May 2019, DFDS and Stora Enso have entered into a 5-year agreement to annually carry around 700,000 tons of paper and board products between Gothenburg and Zeebrugge.

A new route was opened on 16 June 2019 between Gothenburg, Sweden, and Zeebrugge, Belgium, operated by three freight ferries. Two of the freight ferries — Slingeborg and Schieborg — were acquired from third party owners. In addition, one freight ferry was transferred from

DFDS' existing route between Gothenburg and Ghent. The route is expected to reach revenue in excess of DKK 300m in 2020.

Termination of agreement with UK DfT

The ferry capacity agreement with UK Department for Transport commenced on 29 March 2019 and was terminated on 1 May 2019. DFDS received a cancellation income in accordance with the agreement to cover costs incurred in ensuring availability of capacity for the six-month duration of the agreement.

Investment in biofuel developer

On 25 April 2019, DFDS invested 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.

Major events after Q2

New member of Board of Directors elected

On 1 July 2019, DFDS A/S held an extraordinary general meeting that elected Dirk Reich to the Board of Directors. Dirk Reich (55, Swiss and German national) has gathered

deep knowledge and experience from executive roles in global logistics companies.

Sale of freight ferry

A freight ferry (ro-ro), Anglia Seaways, built in 2000 was sold to Attica Group on 15 May 2019. Delivery took place on 3 July 2019. The freight capacity of the ferry was 1,680 lane metres. The selling price of the ferry was DKK 90m. The sale entailed a profit of DKK 34m that will be included in the income statement under Special items in Q3 2019.

New route between Turkey and France

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

New strategic and financial ambitions set for next 5 years

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

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

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

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

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

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

Management changes

New CFO

On 1 July 2019, Karina Deacon was appointed new CFO with effect from 1 January 2020. Karina Deacon will join Torben Carlsen in the Group's Executive Board and also join the Group's Executive Management Team. Until 1 January 2020, Jesper Mikkelsen Heilbuth, VP Group Accounts & Tax, has been appointed interim CFO.

Executive Management Team expanded

The Group's Executive Management Team will be expanded with an EVP for IT & Digital who is currently being recruited. The other five members of Executive Management Team are CEO, CFO, EVP Ferry Division, EVP Logistics Division and EVP, Chief People Officer.

Eddie Green, EVP and Head of DFDS' Logistics Division, is moving into a new role as he is moving back to UK to lead DFDS' Cold Chain logistics business that is one of three select growth areas in the WIN23 strategy. Niklas Andersson, currently Head of Nordic and Continent business units in Logistics Division, has been appointed new EVP and Head of Logistics Division effective 1 September 2019.

Anne-Christine Ahrenkiel will join DFDS as EVP, Chief People Officer, latest on 1 January 2020. She currently holds a similar position at Egmont Group.

5 key DFDS performance drivers in 2019

Growth from Mediterranean expansion

Revenue of DKK 0.9bn was added in H1 2019 from the full year impact of the expansion of the ferry route network in the Mediterranean, including the acquisition of U. N. Ro-Ro on 7 June 2018 and a new, major customer agreement entered into at the end of 2018 with Ekol Logistics.

Well prepared for Brexit

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

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

Preparations are also being made to handle another potential round of stockpiling ahead of the exit date end October 2019. Volumes could in both September and October increase considerably as was the case in February and March of Q1. The potential stockpiling will coincide with the usual seasonal build-up of volumes ahead of Christmas. Activity in the remaining two months of the year, November and December, may consequently be lower than normal, particularly in a no-deal Brexit.

Routes strengthened by new freight ferries

The first two new freight ferries were deployed between Istanbul and Trieste on 12 March and 9 June 2019, respectively. The ferries are performing as expected and has carried up to 480 freight units, mainly trailers, per departure. One additional new freight ferry is planned to be delivered in October this year.

Digital business projects to go live

DFDS Direct received its first bookings in April and work continues to extend the new value proposition to cover

more customers, including small customers who already have an account with DFDS. The digital business model for freight forwarding is initially focused on full-load solutions between UK and Netherlands. The DFDS Spot ticket launched in Q4 for two Channel routes (Dover-Calais and Dover-Dunkirk) has grown in popularity during Q1 as more customers become aware of it and appreciate the convenience of instantly buying a flexible ticket online with a credit card.

These launches are part of the digital go-to-market strategy that builds on the investment in digital capabilities in recent years.

Improvement and efficiency projects

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

Financial performance

Revenue

The Group's revenue in Q2 was DKK 4,241m, an increase of 8.9% compared to 2018 driven by Ferry Division as Logistics Division's revenue was lowered by mainly the reversal in Q2 of UK stockpiling in Q1.

Ferry Division's revenue increased in Q2 by 13.6% to DKK 3,101m. The growth was due to the expansion of the route network in the Mediterranean through the acquisition of U. N. Ro-Ro with effect from 7 June 2018 and a new customer agreement with Ekol Logistics with effect from end of December 2018. This increased revenue by DKK 379m in Q2. The revenue of activities linked to UK trade was decreased by the reversal in Q2 of UK stockpiling in Q1. This was mitigated by income from an agreement with UK Department for Transport and higher passenger revenue.

Logistics Division's revenue in Q2 decreased 1.7% to DKK 1,318m. Revenue increased 14.5% in UK & Ireland boosted by a large new cold chain logistics contract. Revenue for the Nordic and Continent business units was reduced by the reversal of the UK stockpiling in Q1 as these units provide solutions for goods moving between UK and the Nordic and Continent regions, respectively.

Operating profit before depreciation (EBITDA) and special items

In Q2, the Group's EBITDA increased 4% to DKK 989m and increased 8% to DKK 1,667m in H1. The growth variance

Revenue

DKK m	Q2 2019	Q2 2018	Change, %	Change
Ferry Division	3,101	2,729	13.6	371
Logistics Division	1,318	1,341	-1.7	-22
Non-allocated items	137	120	13.9	17
Eliminations	-315	-296	-6.4	-19
DFDS Group	4,241	3,894	8.9	347

between the quarters was to a large extent due to a positive impact from UK stockpiling in Q1 and an adverse impact from a reversal of the stockpiling in Q2.

Ferry Division's Q2 EBITDA increased 6% to DKK 877m and increased 10% to DKK 1,461m in H1. Both increases were driven by the expansion of the Mediterranean route network. Freight earnings decreased in North Sea and Channel as the reversal of the UK stockpiling in Q1 reduced volumes in Q2. This was in North Sea offset by income from an agreement with UK Department for Transport.

The Passenger business unit's result was above 2018 helped by the Easter timing difference as well as improved earnings through the quarter.

Logistics Division's Q2 EBITDA increased 1% to DKK 116m and increased 3% to DKK 225m in H1. In Q2, continued improvement of earnings in UK & Ireland offset lower earnings in Nordic and Continent. The latter two business units were negatively impacted by lower volumes following the reversal of the UK stockpiling in Q1

and by a jointly operated large logistics contract between Sweden and Continent that ended during Q2 2018.

Depreciation and operating profit (EBIT) before special items

Depreciation in Q2 of DKK 455m increased 12% compared to 2018 mainly due to the acquisition of U. N. Ro-Ro and the opening of a new route between Turkey and Italy, including a port terminal agreement.

The Group's Q2 EBIT before special items decreased 1% to DKK 541m.

Special items and operating profit (EBIT) after special items

In Q2 2019, special items were a net cost of DKK 29m related mainly to organisational changes and the disposal of two associated companies.

The Group's Q2 EBIT after special items increased 6% to DKK 512m.

Financial items

Total finance, net in Q2 was a cost of DKK 56m, an increase of DKK 3m or 6% compared to 2018. The net interest cost increased DKK 27m mostly due to the acquisition of U. N. Ro-Ro. This increase was offset by a positive variance on net currency adjustments of DKK 25m.

In Turkey, a new invoicing model was implemented from the beginning of 2019 which has considerably reduced the currency exposure on customer receivables in TRY as less than 5% of customer receivables are now paid in TRY.

Profit before and after tax

The Q2 profit before tax increased 6% to DKK 456m and the profit after tax increased 6% to DKK 434m.

Earnings per share

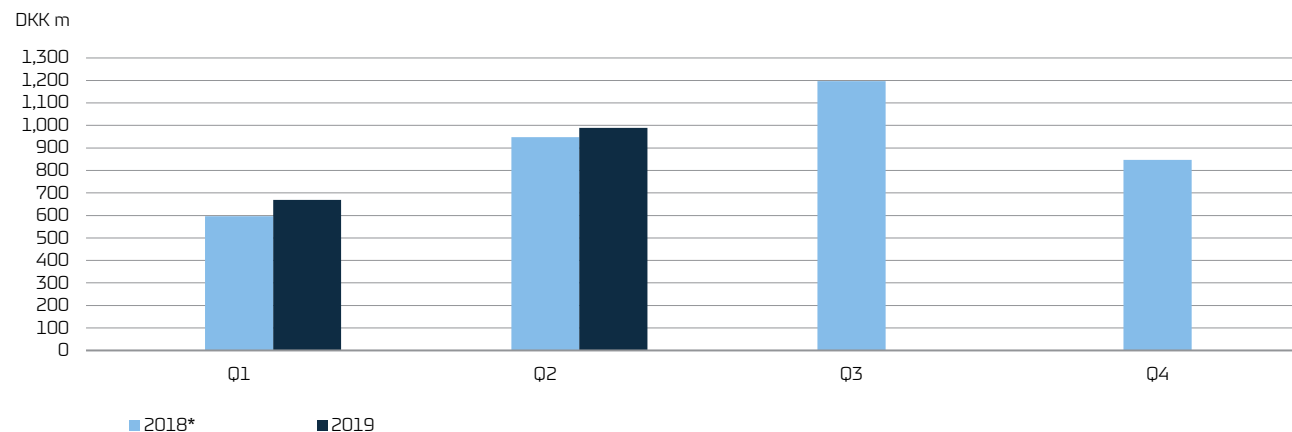
Q2 earnings per share (EPS) increased 3.8% to DKK 7.57 compared to DKK 7.29 in Q2 2018.

Cash flow and investments

The Q2 cash flow from operating activities was DKK 1,023m. The Q2 free cash flow (FCFF) was DKK 269m following investments of DKK 748m, including DKK 675m of ship investments of which DKK 308m was ferry new buildings, DKK 264m was purchase of two freight ferries and DKK 38m was for scrubbers.

The Q2 cash flow from financing activities was negative by DKK 278m following primarily net loan payments of DKK 111m and payment of lease liabilities of DKK 170m. The Q2 net cash flow was negative by DKK 90m and cash amounted to DKK 416m at the end of the quarter.

DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS



Operating profit before depreciation (EBITDA) & special items

DKK m	Q2 2019	Q2 2018*	Change, %	Change
Ferry Division	877	829	5.8	48
Logistics Division	116	116	0.4	1
Non-allocated items	-4	4	n.a.	-7
DFDS Group	989	948	4.3	41
EBITDA-margin, %	23.3	24.4	-4.2	-1.0

Associates and joint ventures, profits on disposals and depreciation

DKK m	Q2 2019	Q2 2018*	Change, %	Change
EBITDA before special items	989	948	4.3	41
Associates and joint ventures	6	1	n.a.	5
Profit on disposals	0	3	-82.7	-2
Depreciation and impairment	-455	-405	-12.3	-50
EBIT before special items	541	547	-1.0	-5

Financial items

DKK m	Q2 2019	Q2 2018*	Change, %	Change
Interests, net	-63	-36	-75.5	-27
Foreign exchange gains/losses, net	13	-12	n.a.	25
Other items, net	-6	-5	-34.8	-2
Total finance, net	-56	-53	-6.1	-3

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

Invested capital and ROIC

Invested capital was DKK 21.4bn at the end of Q2 2019. Compared to year-end 2018, the invested capital increased DKK 0.9bn mainly due to investments, including the purchase of two freight ferries, and invested capital related to a new customer agreement in Turkey. The average invested capital for the last twelve months increased 55% to DKK 20.1bn primarily due to the acquisition of U. N. Ro-Ro.

For the last twelve months, the return on invested capital, ROIC, was 9.4% before special items compared to 11.8% for 2018. The decrease in ROIC was due to the full-year impact of the acquisition of U. N. Ro-Ro and lower returns in most business units following a general European slowdown.

Capital structure

At the end of Q2 2019 net-interest-bearing debt (NIBD) was DKK 11.9bn, an increase of DKK 0.6bn compared to year-end 2018 following the increase in the invested capital.

Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a multiple of 3.2 compared to 3.1 at year-end 2018. The equity ratio was 36% at the end of Q2 2019 down slightly from 37% at year-end 2018.

Equity

Equity amounted to DKK 9,380m at the end of Q2 2019, including minority interests of DKK 80m. This was an increase of 3% or DKK 281m compared to equity at year-

end 2018 driven mainly by total comprehensive income for H1 2019 of DKK 568m while transactions with owners decreased equity by DKK 211m, including distribution of DKK 229m as dividend.

Management shareholdings

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

Outlook 2019

The visibility on Europe's growth path, particularly in northern Europe, has been further reduced in recent months following political changes in UK.

Rising uncertainty about Brexit is currently contributing to a considerable slowdown in UK trade as manufacturers and importers/exporters are adopting a wait-and-see approach to gain more visibility.

Trading between Europe and Turkey has become an important driver for DFDS. The Turkish economy continues to rebalance following the extraordinary TRY depreciation in August 2018 and consensus estimates on real GDP growth for 2019 are now around -1.5%.

It is, however, still expected that Turkish exports will rebound later in the year and contribute to a recovery of

Turkey's overall growth. The level of growth in Turkish exports is contingent on continued demand in Europe for industrial and other goods that are manufactured or assembled in Turkey.

Consensus estimates for European real GDP growth in 2019 are still around 1.2%.

Revenue outlook

The Group's revenue is now expected to increase by around 6-8% in 2019 driven by the full-year impact of the expansion of activities in Mediterranean as well as other new customer contracts and market growth. The revenue outlook has been lowered from previously 10-12% as primarily revenue linked to UK and Turkey is now trending lower than expected.

EBITDA outlook

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

As mentioned at the beginning of 2019, DFDS will also in 2019 invest in further development of digital capabilities to enhance the customer experience and operational efficiency. This is expected to entail additional costs of up to DKK 100m compared to 2018.

The outlook for the Group's EBITDA before special items is lowered 6% to a range of DKK 3,500-3,800m (2018 restated: DKK 3,589m) following the exceptional uncertainty on Brexit that is currently reducing UK trade and visibility. The EBITDA-range was previously DKK 3,800-4,000m.

Special items

Special items are maintained at DKK -30m as the profit from the sale of a freight ferry in Q3 is offset by costs related to organisational changes and the disposal of associated companies.

Investments

The outlook for investments is unchanged around DKK 2.8bn:

- Freight ferry (ro-ro) new buildings: DKK 1,150m
- Combined freight and passenger ferry (ro-pax) new buildings: DKK 250m
- Purchase of two freight ferries: DKK 270m
- Scrubbers: DKK 250m
- Dockings and ferry upgrades: DKK 350m
- Port terminals and other equipment: DKK 250m
- Cargo carrying equipment and warehouses, mainly related to the Logistics Division: DKK 150m
- Other investments, including IT and digital: DKK 100m.

A total of six new buildings are on order. In 2019, two freight ferries (ro-ro) have been delivered and one more is to be delivered. Another three freight ferries are scheduled for delivery in 2020. Two combined freight and passenger ferries (ro-pax) are on order for delivery in Q1 and Q3 2021.

OUTLOOK 2019

DKK m	New outlook 2019	Previous outlook 2019	*IFRS 16 restated 2018	2018
Revenue growth	6-8%	10-12%	15,717	15,717
EBITDA before special items	3,500-3,800	3,800-4,000	3,589	2,988
Per division:				
Ferry Division	3,150-3,400	3,425-3,600	3,179	2,713
Logistics Division	400-450	425-450	431	330
Non-allocated items	-50	-50	-21	-55
Depreciation change	15%	20%	-1,624	-1,087
Special items	-30	-30	-49	-49
Investments	-2,800	-2,800	-4,802	-4,802

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

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 the UK, as well as adjacent regions, including Turkey. Demand can also be impacted by competitor actions.

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

The future financial results may therefore differ significantly from expectations.

New route: Gothenburg-Zeebrugge

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. A new route was opened on 16 June 2019 between Gothenburg, Sweden, and Zeebrugge, Belgium, operated by three freight ferries. The route is expected to reach revenue in excess of DKK 300m in 2020.



Ferry Division

The division is organised in five business units:

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

Q2 market, activity and result trends

North Sea

Q2 freight volumes were 9.8% below 2018 and down 5.2% in H1 2019. Volumes on all routes linked to UK were reduced by the reversal of the stockpiling ahead of the initial Brexit date, 29 March 2019. Volumes between Sweden and Belgium were also lower mainly due to a large logistics contract that ended during Q2 2018. A new contract is in place at a lower level of volumes.

EBIT in Q2 increased slightly to DKK 199m and EBIT in H1 2019 increased 8% to DKK 389m. The negative impact of lower volumes in Q2 was offset by income from an agreement with UK Department for Transport.

Ferry Division

DKK m	2019		2019 H1	2018* H1	2018*				2018-19* LTM	2018* Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
Revenue	2,714	3,101	5,815	5,030	2,301	2,729	3,280	2,807	11,902	11,117
EBITDA before special items	584	877	1,461	1,329	500	829	1,099	751	3,311	3,179
Share of profit/loss of associates and joint ventures	2	6	8	4	3	1	-1	-1	6	2
Profit/loss on disposal of non-current assets, net	1	0	1	1	1	0	0	0	1	1
Depreciation and impairment	-363	-365	-728	-628	-298	-330	-357	-338	-1,423	-1,323
EBIT before special items	223	518	741	706	206	500	742	411	1,894	1,859
EBIT margin before special items, %	8.2	16.7	12.7	14.0	9.0	18.3	22.6	14.6	15.9	16.7
Special items, net	0	-6	-6	-46	-1	-45	23	40	56	17
EBIT	223	512	735	661	205	456	764	451	1,950	1,876
Invested capital, average	18,841	19,193	19,018	12,619	10,203	13,858	17,422	18,031	18,380	14,783
ROIC before special items, %	-	-	-	-	-	-	-	-	10.2	12.4
Lane metres, '000	10,593	9,715	20,308	19,582	9,536	10,046	10,211	10,283	40,803	40,077
Passengers, '000	732	1,388	2,122	2,271	862	1,409	2,163	1,003	5,290	5,439

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

Baltic Sea

Q2 freight volumes were 0.9% below 2018 and up 3.3% in H1 2019. Volumes continued to grow on the northern routes and also between Germany and Lithuania despite some slowdown in the German market. Passenger volumes were up 17.5% with increases on all routes.

EBIT in Q2 decreased 7% to DKK 97m due to lower freight earnings and somewhat higher ship operating costs.

Channel

Q2 freight volumes were 13.7% below 2018 as the reversal of the stockpiling ahead of the initial Brexit date, 29 March 2019, reduced volumes. In addition, the market share was reduced in Q2 due to a competitor's capacity increase compared to 2018 when a ferry was out of service.

Passenger volumes were down 5.6% as a positive impact from the Easter timing difference vs 2018 was offset by some loss of market share. The revenue per pax increased somewhat and mitigated the lower volumes.

Q2 EBIT decreased 61% to DKK 31m and EBIT in H1 2019 decreased 37% to DKK 66m. The lower earnings in Q2 was mainly due to lower volumes.

Mediterranean

Q2 freight volumes increased by 709k lane metres with the expansion of the route network and a new customer agreement. U. N. Ro-Ro was included from 7 June 2018.

Q2 freight volumes were up 11.9% vs last year (including the period when DFDS did not own U. N. Ro-Ro).

Q2 volumes were up between Istanbul and Trieste fuelled by the addition of a route and a new customer agreement. Q2 volumes between France and Turkey were below last year due to a large dip in April while volumes in May and June were above last year. Volumes between southeastern Turkey and Italy followed the same pattern.

A new route was opened between Yalova port in Istanbul and Trieste. The first departure was on 29 December 2018.

Lars Hoffmann (47) has been appointed new Head of Mediterranean replacing Selçuk Boztepe who joined DFDS in 2018 as CEO of U. N. Ro-Ro. Lars Hoffmann was previously responsible for all Danish freight ferry activities and terminals as well as the agency in Kiel.

EBIT in Q2 increased to DKK 80m from DKK 29m in 2018 following the acquisition of U. N. Ro-Ro on 7 June 2018. The margin in Q2 was reduced by costs related to expansion of both ferry and port capacity as well as changes in the customer mix.

Passenger

The number of passengers in Q2 was 7.0% above last year following a positive impact from the Easter timing differences in April. In addition, the number of passengers were also above 2018 in the other two months of the quarter.

EBIT in Q2 increased 34% to DKK 76m primarily driven by the higher volumes.

Non-allocated items

These items primarily include external charter activities. EBIT in Q2 increased 4% to DKK 34m.

Ferry Division

DKK m	2019		2019 H1	2018* H1	2018*				2018-19* LTM	2018* Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
North Sea										
Revenue	963	963	1,927	1,930	967	964	897	907	3,730	3,734
EBIT before special items	190	199	389	359	161	198	151	186	726	696
Invested capital	5,596	5,617	5,443	5,777	5,861	5,623	5,514	5,116	5,493	5,592
ROIC before special items, %	-	-	-	-	-	-	-	-	13.0	12.2
Lane metres freight, '000	3,327	3,039	6,366	6,714	3,347	3,367	3,148	3,215	12,729	13,077
Baltic Sea										
Revenue	350	389	739	735	343	392	410	364	1,513	1,509
EBIT before special items	40	97	137	174	70	104	111	77	325	363
Invested capital	1,322	1,272	1,439	2,716	1,358	1,359	1,211	1,722	1,377	1,393
ROIC before special items, %	-	-	-	-	-	-	-	-	23.5	26.0
Lane metres freight, '000	1,187	1,171	2,358	2,284	1,102	1,182	1,148	1,143	4,649	4,575
Passengers, '000	43	68	110	94	36	58	83	47	241	224
Channel										
Revenue	571	638	1,210	1,261	573	687	895	647	2,752	2,803
EBIT before special items	34	31	66	105	25	80	222	71	358	397
Invested capital	1,979	1,854	1,859	1,933	2,039	1,884	1,786	1,744	1,849	1,866
ROIC before special items, %	-	-	-	-	-	-	-	-	19.3	21.2
Lane metres freight, '000	4,902	4,311	9,214	9,891	4,896	4,995	4,906	4,866	18,986	19,663
Passengers, '000	468	936	1,404	1,548	556	992	1,659	644	3,706	3,850
Mediterranean										
Revenue	515	567	1,082	200	31	170	443	481	2,006	1,124
EBIT before special items	46	80	126	32	3	29	67	83	276	182
Invested capital	9,047	9,529	9,031	2,558	123	7,436	7,468	8,517	8,399	4,732
ROIC before special items, %	-	-	-	-	-	-	-	-	3.2	3.8
Lane metres freight, '000	1,071	1,060	2,131	412	61	351	875	919	3,925	2,206
Passenger										
Revenue	251	497	748	764	298	466	604	360	1,711	1,728
EBIT before special items	-110	76	-33	-23	-80	57	164	-25	106	116
Invested capital	704	716	734	607	585	501	671	780	674	654
ROIC before special items, %	-	-	-	-	-	-	-	-	15.2	17.4
Lane metres freight, '000	106	133	239	281	130	151	134	140	513	556
Passengers, '000	222	386	608	631	270	361	421	312	1,341	1,365
Non-allocated items										
Revenue	107	105	212	229	119	110	99	154	464	481
EBIT before special items	23	34	58	60	27	33	26	19	103	105

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

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

Logistics Division

The division is organised in three business units:

- Nordic
- Continent
- UK & Ireland

Q2 market, activity and result trends

Nordic

The number of transported units in Q2 decreased 16.1%. The reversal of the UK stockpiling in Q1 did have a negative volume impact in Q2 along with several activity changes. In Sweden, volumes were reduced by a large logistics contract that began in Q2 2017 and ended during Q2 2018. A new and similar contract with lower volumes and a duration of more than two years has been entered into. Specialised transports were also lower. In Norway, a new shipping logistics contract raised tons transported by 80% but deployment of different ship types reduced other volumes. And finally in the Baltic region, project volumes for the construction industry were halved.

EBIT decreased 45% to DKK 15m due to the lower level of volumes and activity changes.

Logistics Division

DKK m	2019		2019	2018*	2018*			2018-19*	2018*	
	Q1	Q2	H1	H1	Q1	Q2	Q3	Q4	LTM	Full year
Revenue	1,348	1,318	2,666	2,726	1,385	1,341	1,272	1,325	5,264	5,324
EBITDA before special items	109	116	225	220	105	116	103	107	437	431
Profit/loss on disposal of non-current assets, net	1	0	1	4	1	2	1	0	3	5
Depreciation and impairment	-65	-70	-134	-113	-56	-56	-58	-58	-250	-229
EBIT before special items	45	47	92	111	49	61	48	49	189	207
EBIT margin before special items, %	3.3	3.5	3.4	4.1	3.5	4.6	3.7	3.7	3.6	3.9
Special items, net	0	-6	-7	-17	-17	0	0	5	-1	-11
EBIT	45	41	85	94	32	61	48	54	188	196
Invested capital, average	1,527	1,591	1,547	1,410	1,412	1,445	1,405	1,432	1,490	1,418
ROIC before special items, %	-	-	-	-	-	-	-	-	10.1	12.3
Tons, '000	174.3	185.3	359.6	200.5	97.7	102.8	103.5	113.2	576.4	417.3
Units, '000	135.1	134.8	269.8	292.3	145.5	146.7	133.1	141.7	544.5	567.0

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

Continent

The number of transported units in Q2 decreased 11.4%. Volumes in Belgium were still in Q2, as in Nordic, reduced on account of the same large logistics contract that was jointly operated. In Netherlands and Germany, volumes decreased following the reversal of the UK stockpiling in Q1.

EBIT decreased 25% to DKK 17m. More than half of the decrease was attributable to lower UK trading.

UK & Ireland

The number of transported units in Q2 increased 3.2%. Most areas contributed to the volume increase, including the addition of a new large cold chain logistics contract. The reversal of the UK stockpiling in Q1 reduced the distri-

bution of volumes coming from Nordic and Continent. Aquaculture volumes in Scotland continued to be above last year.

EBIT increased 20% to DKK 15m as all activities improved performance except the distribution of incoming volumes.

Logistics Division

DKK m	2019		2019 H1	2018* H1	2018*			2018-19* LTM	2018* Full year	
	Q1	Q2			Q1	Q2	Q3			Q4
Nordic										
Revenue	448	450	898	1,002	517	485	413	451	1,763	1,866
EBIT before special items	16	15	31	53	26	27	15	22	68	90
Invested capital	454	477	465	471	486	421	402	465	444	456
ROIC before special items, %	-	-	-	-	-	-	-	-	12.3	17.8
Units, '000 **	30.3	29.1	59.5	72.3	37.6	34.7	29.6	32.7	121.8	134.6
Tons, '000	174.3	185.3	359.6	200.5	97.7	102.8	103.5	113.2	576.4	417.3
Continent										
Revenue	618	586	1,204	1,248	626	622	598	612	2,413	2,458
EBIT before special items	14	17	31	40	18	22	19	8	58	67
Invested capital	655	679	643	519	567	572	574	596	615	545
ROIC before special items, %	-	-	-	-	-	-	-	-	7.6	10.0
Units, '000	62.4	60.3	122.7	134.9	66.8	68.1	62.6	64.4	249.7	261.8
UK & Ireland										
Revenue	328	325	653	558	274	284	292	304	1,249	1,154
EBIT before special items	15	15	30	17	4	13	14	19	63	50
Invested capital	487	432	438	419	431	413	429	397	432	416
ROIC before special items, %	-	-	-	-	-	-	-	-	11.2	9.2
Units, '000	42.3	45.3	87.7	85.1	41.2	43.9	41.0	44.5	173.1	170.5
Non-allocated items										
Revenue	62	61	122	131	74	57	58	54	235	244
EBIT before special items	0	0	0	0	0	0	0	0	0	0

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

** Excluding volumes related to automotive Logistics contract.

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

Management statement

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

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

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

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

Copenhagen, 13 August 2019



Executive Board Torben Carlsen, CEO

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

DFDS Group Income statement

DKK m	Note	2019 Q2	2018* Q2	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Revenue	3	4,241	3,894	8,111	7,379	16,449	15,717
Costs							
Ship operation and maintenance		-935	-826	-1,803	-1,587	-3,800	-3,583
Freight handling		-628	-623	-1,266	-1,214	-2,499	-2,447
Transport solutions		-748	-790	-1,524	-1,609	-3,106	-3,191
Employee costs		-771	-696	-1,536	-1,371	-2,962	-2,796
Costs of sales and administration		-169	-157	-315	-343	-683	-712
Operating profit before depreciation (EBITDA) and special items		989	802	1,667	1,255	3,399	2,988
Share of profit/loss of associates and joint ventures		6	1	8	4	5	1
Profit/loss on disposal of non-current assets, net		0	3	2	5	3	7
Depreciation, ships		-298	-203	-592	-387	-994	-790
Depreciation, other non-current assets		-156	-69	-309	-128	-477	-296
Impairment losses, other non-current assets		0	0	-1	0	-1	-1
Operating profit (EBIT) before special items		541	533	775	749	1,935	1,909
Special items, net	4	-29	-63	-44	-90	-4	-49
Operating profit (EBIT)		512	470	731	659	1,931	1,859
Financial income		14	1	5	2	9	6
Financial costs		-70	-40	-136	-53	-254	-171
Profit before tax		456	431	600	608	1,685	1,694
Tax on profit		-23	-24	-46	-45	-58	-57
Profit for the period		434	407	554	564	1,627	1,637
Attributable to:							
Equity holders of DFDS A/S		433	407	553	563	1,619	1,630
Non-controlling interests		0	0	1	1	8	8
Profit for the period		434	407	554	564	1,627	1,637
Earnings per share							
Basic earnings per share (EPS) of DKK 20, DKK		7.57	7.29	9.67	10.20	28.31	28.99
Diluted earnings per share (EPS-D) of DKK 20, DKK		7.55	7.27	9.64	10.15	28.22	28.87

* Comparative 2018 numbers are not restated to IFRS 16

DFDS Group – statement of Comprehensive income

DKK m	2019 Q2	2018* Q2	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Profit for the period	434	407	554	564	1,627	1,637
Other comprehensive income						
Items that will not be reclassified subsequently to the Income statement:						
Remeasurement of defined benefit pension obligations	0	0	0	0	121	122
Items that will not be reclassified subsequently to the Income statement	0	0	0	0	121	122
Items that are or may be reclassified subsequently to the Income statement:						
Value adjustment of hedging instruments:						
Value adjustment for the period	-31	214	71	289	103	321
Value adjustment transferred to operating costs	0	-2	2	-2	-3	-7
Value adjustment transferred to financial costs	6	-8	11	-101	65	-48
Value adjustment transferred to non-current tangible assets	-54	-4	-62	1	-84	-21
Tax on items that may be reclassified to the Income statement	4	-41	5	-41	45	-1
Foreign exchange adjustments, subsidiaries	-33	-23	-12	-66	-4	-59
Items that are or may be reclassified subsequently to the Income statement	-107	135	15	79	121	186
Total other comprehensive income after tax	-107	135	14	79	243	308
Total comprehensive income	326	543	568	643	1,870	1,945
Attributable to:						
Equity holders of DFDS A/S	325	542	567	642	1,861	1,937
Non-controlling interests	1	0	1	1	9	8
Total comprehensive income	326	543	568	643	1,870	1,945

* Comparative 2018 numbers are not restated to IFRS 16

DFDS GROUP - Balance sheet

Assets

DKK m	Note	2019 H1	2018* H1	2018* Full year
Goodwill		3,333	1,746	3,337
Other non-current intangible assets		1,186	2,095	1,205
Software		241	243	245
Development projects in progress		8	9	2
Non-current intangible assets		4,768	4,093	4,788
Land and buildings		160	161	163
Terminals	5	743	733	1,434
Ships		10,800	10,598	9,731
Equipment, etc.	5	708	739	740
Assets under construction and prepayments		804	611	1,021
Right of use assets	5	3,293	-	-
Non-current tangible assets		16,508	12,842	13,089
Investments in associates, joint ventures and securities		54	45	43
Receivables		30	138	138
Prepaid costs		93	0	91
Deferred tax		73	68	70
Derivative financial instruments		194	114	175
Other non-current assets		443	365	517
Non-current assets		21,720	17,300	18,395
Inventories		206	205	201
Trade receivables		2,523	2,257	2,077
Receivables from associates and joint ventures		48	66	86
Other receivables		457	189	296
Prepaid costs		323	162	259
Derivative financial instruments		73	33	57
Cash		416	1,185	761
Current assets		4,044	4,097	3,736
Assets classified as held for sale		57	57	0
Total current assets		4,101	4,154	3,736
Assets		25,821	21,454	22,132

Equity and liabilities

DKK m	2019 H1	2018* H1	2018* Full year
Share capital	1,173	1,173	1,173
Reserves	-241	-318	-251
Retained earnings	8,368	7,013	8,019
Proposed dividends	0	0	235
Equity attributable to equity holders of DFDS A/S	9,300	7,868	9,175
Non-controlling interests	80	66	80
Equity	9,380	7,935	9,255
Interest-bearing liabilities	11,128	8,438	8,389
Deferred tax	203	205	211
Pension and jubilee liabilities	259	378	263
Other provisions	28	42	17
Derivative financial instruments	65	23	74
Non-current liabilities	11,683	9,086	8,954
Interest-bearing liabilities	1,135	1,012	869
Trade payables	2,472	2,393	2,296
Payables to associates and joint ventures	69	32	24
Other provisions	39	71	50
Corporation tax	46	65	23
Other payables	611	526	470
Derivative financial instruments	21	19	20
Prepayments from customers	364	317	171
Current liabilities	4,758	4,434	3,923
Liabilities	16,441	13,520	12,877
Equity and liabilities	25,821	21,454	22,132

* Comparative 2018 numbers are not restated to IFRS 16

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

DKK m	Reserves						Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2019	1,173	-398	177	-29	8,019	235	9,175	80	9,255
Change in accounting policies*					-231		-231	-1	-232
Restated equity at 1 January 2019	1,173	-398	177	-29	7,788	235	8,944	79	9,022
Comprehensive income for the period									
Profit for the period					553		553	1	554
Other comprehensive income									
Items that will not be reclassified subsequently to the Income statement:									
Items that will not subsequently be reclassified to the Income statement	0	0	0	0	0	0	0	0	0
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			71				71		71
Value adjustment transferred to operating costs			2				2		2
Value adjustment transferred to financial costs			11				11		11
Value adjustment transferred to non-current tangible assets			-62				-62		-62
Tax on items that will be reclassified to the Income statement					5		5		5
Foreign exchange adjustments, subsidiaries		-12					-12	1	-12
Items that are or may subsequently be reclassified to the Income statement	0	-12	22	0	5	0	14	1	15
Total other comprehensive income after tax	0	-12	22	0	5	0	14	1	14
Total comprehensive income	0	-12	22	0	558	0	567	1	568
Transactions with owners									
Dividend paid						-229	-229		-229
Dividend on treasury shares					6	-6	0		0
Vested share-based payments					13		13		13
Cash from sale of treasury shares related to exercise of share options				1	5		5		5
Other adjustments					-1		-1		-1
Transactions with owners	0	0	0	1	23	-235	-211	0	-211
Equity at 30 June 2019	1,173	-411	198	-29	8,368	0	9,300	80	9,380

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

DFDS GROUP - Statement of changes in equity 1 January - 30 June 2018**

DKK m	Reserves							Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2018	1,140	-340	-68	0	-47	5,652	228	6,565	49	6,614
Comprehensive income for the period										
Profit for the period						563		563	1	564
Other comprehensive income										
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment of hedging instruments for the period			289					289		289
Value adjustment transferred to operating costs			-2					-2		-2
Value adjustment transferred to financial costs			-101					-101		-101
Value adjustment transferred to non-current tangible assets			1					1		1
Tax on items that will be reclassified to the Income statement						-41		-41		-41
Foreign exchange adjustments, subsidiaries		-66						-66	0	-66
Items that are or may subsequently be reclassified to the Income statement	0	-66	186	0	0	-41	0	79	0	79
Total other comprehensive income after tax	0	-66	186	0	0	-41	0	79	0	79
Total comprehensive income	0	-66	186	0	0	523	0	642	1	643
Transactions with owners										
Acquisition, non-controlling interests						1		1	-1	0
Addition related to acquisition								0	18	18
Dividend paid							-219	-219		-219
Dividend on treasury shares						9	-9	0		0
Vested share-based payments						12		12		12
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						-2		-2		-2
Transactions with owners	33	0	0	0	18	839	-228	661	17	678
Equity at 30 June 2018	1,173	-406	118	0	-29	7,013	0	7,868	66	7,935

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

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

** Comparative 2018 numbers are not restated to IFRS 16

DFDS Group – Statement of cash flows

DKK m	2019 Q2	2018* Q2	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Operating profit before depreciation (EBITDA) and special items	989	802	1,667	1,255	3,399	2,988
Cash flow effect from special items related to operating activities	-1	-29	-24	-40	-84	-99
Adjustments for non-cash operating items, etc.	4	0	14	3	31	20
Change in working capital	37	111	96	54	-241	-283
Payment of pension liabilities and other provisions	-7	-8	-37	-22	-56	-41
Cash flow from operating activities, gross	1,023	877	1,715	1,250	3,051	2,585
Interest received, etc.	1	1	2	2	6	5
Interest paid, etc.	-83	-80	-129	-90	-272	-233
Taxes paid	-6	-5	-25	-34	-61	-69
Cash flow from operating activities, net	935	793	1,563	1,128	2,724	2,289
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-675	-282	-1,271	-420	-1,785	-934
Sale of ships	0	0	0	0	84	84
Investments in other non-current tangible assets	-58	-33	-274	-63	-517	-306
Sale of other non-current tangible assets	4	6	9	12	14	16
Investments in non-current intangible assets	-14	-7	-28	-13	-44	-30
Acquisition of enterprises, associates, joint ventures and activities	-4	-3,569	-4	-3,638	-1	-3,635
Sale of activities etc.	0	1	0	2	0	2
Other investing cash flows	-1	6	3	8	-4	1
Cash flow to/from investing activities, net	-748	-3,878	-1,566	-4,113	-2,255	-4,802
Cash flow before financing activities, net	187	-3,084	-3	-2,985	469	-2,513
Proceed from bank loans and loans secured by mortgage in ships	325	5,608	695	5,608	1,366	6,279
Repayment and instalments of bank loans and loans secured by mortgage in ships	-240	-148	-288	-167	-1,412	-1,290
Proceed from issuance of corporate bonds	304	0	304	0	304	0
Repayment of corporate bonds incl. settlement of cross currency swap	-500	0	-500	-203	-500	-203
Payment of loan in acquired entity	0	-2,756	0	-2,756	0	-2,756
Payment of lease liabilities	-170	-1	-330	-2	-781	-453
Acquisition of treasury shares	0	-29	0	-190	0	-190
Cash received from exercise of share options	3	0	5	59	5	59
Government grants received related to purchase of assets	0	6	0	6	1	7
Other financing cash flows	0	0	0	0	8	7
Proceed from increase of share capital	0	1,000	0	1,000	0	1,000
Dividends paid	0	0	-229	-219	-229	-219
Cash flow to/from financing activities, net	-278	3,679	-342	3,137	-1,237	2,242
Net increase (decrease) in cash and cash equivalents	-90	595	-345	152	-769	-272
Cash and cash equivalents at beginning of period	506	591	761	1,033	1,185	1,033
Foreign exchange and value adjustments of cash and cash equivalents	0	-1	0	0	-1	-1
Cash and cash equivalents at end of period **	416	1,185	416	1,185	416	761

* Comparative 2018 numbers are not restated to IFRS 16

** At 30 June 2019 DKK 108m (30 June 2018: DKK 42m) of the cash was deposited on restricted bank accounts.

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

Note 1 Accounting policies

Basis of reporting

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

Accounting policies

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

Implementation of new or changed accounting standards and interpretations

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

Note 2 Segment Information

	Ferry Division	Logistics Division	Non- allocated	Total
DKK m				
H1 2019				
External revenue	5,451	2,651	9	8,111
Intragroup revenue	364	16	262	641
Total revenue	5,815	2,666	271	8,752
Operating profit (EBITDA) before special items	1,461	225	-19	1,667
Operating profit (EBIT) before special items	741	92	-58	775
Operating profit after special items (EBIT)	735	85	-89	731
Invested capital, average	18,255	1,482	408	20,145

	Ferry Division	Logistics Division	Non- allocated	Total
DKK m				
H1 2018*				
External revenue	4,657	2,711	11	7,379
Intragroup revenue	373	15	231	619
Total revenue	5,030	2,726	242	7,998
Operating profit (EBITDA) before special items	1,103	171	-19	1,255
Operating profit (EBIT) before special items	682	109	-42	749
Operating profit after special items (EBIT)	637	92	-69	659
Invested capital, average	10,533	1,185	-187	11,530

* Comparative 2018 numbers are not restated to IFRS 16

Note 3 Revenue

DKK m	H1 2019			Total
	Ferry Division	Logistics Division	Non-allocated	
Geographical markets				
North Sea	2,501	-	0	2,501
Baltic Sea	706	-	0	706
English Channel	1,188	-	0	1,188
Mediterranean	1,056	-	0	1,056
Continent	-	1,179	0	1,179
Nordic	-	856	0	856
UK/Ireland	-	616	0	616
Other	0	0	9	9
Total	5,451	2,651	9	8,111
Product and services				
Seafreight and shipping logistics solutions	3,719	83	0	3,802
Transport solutions	10	2,546	0	2,556
Passenger seafare and on board sales	1,105	0	0	1,105
Terminal services	324	12	0	336
Charters	178	0	0	178
Agency and other revenue	115	11	9	135
Total	5,451	2,651	9	8,111

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

On board sales (6.1% of total revenue) is recognised at “a point in time”.

Revenue from leasing activities (2.4% of total revenue) is not within the scope of IFRS 15, however, the leasing revenue is insignificant and is therefore not excluded in the above table.

DKK m	H1 2018			Total
	Ferry Division	Logistics Division	Non-allocated	
Geographical markets				
North sea	2,524	-	0	2,524
Baltic sea	694	-	0	694
English Channel	1,089	-	0	1,089
Mediterranean	350	-	0	350
Continent	-	1,185	0	1,185
Nordic	-	1,010	0	1,010
UK/Ireland	-	517	0	517
Other	0	0	11	11
Total	4,657	2,711	11	7,379
Product and services				
Seafreight and shipping logistics solutions	2,981	48	0	3,029
Transport solutions	6	2,632	0	2,637
Passenger seafare and on board sales	1,124	0	0	1,124
Terminal services	202	18	0	220
Charters	208	0	0	208
Agency and other revenue	137	14	11	162
Total	4,657	2,711	11	7,379

Note 4 Special items

DKK m	2019 H1	2018 H1
Adjustment of earn-out to the sellers regarding the acquisition of Alphas Trans Group B.V. acquired in 2018, Hanko-Paldiski acquired in 2016 and Kapellskär-Paldiski acquired in 2011 (earn-out settled in 2018).	0	3
Accounting gain and cost, net related to divestment of Italian rail business	0	-15
Accrual of the total estimated costs (estimated fair value) related to the DFDS shares awarded to DFDS employees as a special one-off award in connection with DFDS' 150 years anniversary in December 2016. The costs accrue from December 2016 to February 2020	-9	-10
Costs related to organisational changes and restructurings (2018: restructuring of headquarter functions)	-24	-7
Consultancy costs in connection with strategy development and implementation	0	-14
Accounting loss and costs related to disposal of two associated companies	-8	0
Costs related to the acquisition and subsequent integration of U.N. Ro-Ro etc.	-2	-47
Special items, net	-44	-90

Note 5 Right-of-use assets

DKK m	Land & Build-ings	Termi-nals	Ferries and other ships	Equip-ment etc.	Total
Cost at 1 January 2019	0	0	0	0	0
Reclassification of IAS 17 leases *	0	711	0	90	801
Change in accounting policy	126	1,564	703	137	2,529
Additions	98	44	134	95	371
Disposals	0	0	0	-5	-5
Foreign exchange adjustments	-1	-28	0	-3	-31
Cost at 30 June 2019	224	2,290	837	315	3,665
Depreciation and impairment losses at 1 January 2019	0	0	0	0	0
Reclassification of IAS 17 leases*	0	0	0	35	35
Depreciation charge	34	80	183	45	343
Disposals	0	0	0	-4	-4
Foreign exchange adjustments	-0	-1	0	-0	-2
Depreciations and impairment losses 30 June 2019	34	78	183	76	372
Carrying amount at 30 June 2019	189	2,211	653	239	3,293
Weighted average incremental borrowing rate	2.1%	3.0%	1.7%	1.8%	

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

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

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

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

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

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

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

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

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

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

Impact on the Balance sheet as at 31 December 2018:

DKK m	
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

Impact on the Income statement for H1 2019:

DKK m	
Ship operation and maintenance	201
Freight handling	89
Transport solutions	24
Costs of sales and administration	44
Operating profit before depreciation (EBITDA) and special items	358
Depreciation, ships	-183
Depreciation, other non-current assets	-137
Operating profit (EBIT)	38
Financial costs	-38
Profit before tax	0
Tax on profit	1
Profit for the period	1
Attributable to:	
Equity holders of DFDS A/S	1
Non-controlling interests	0
Profit for the period	1

Impact on the Statement of cash flows for H1 2019:

DKK m	
Net cash flows from operating activities, gross	358
Interest paid, etc	-38
Net cash flows from operating activities, net	320
Net cash flows from financing activities	-320
Net increase/decrease in cash flows	0

Invested capital increased from DKK 17,908m at 31 December 2018 to DKK 21,369m at 30 June 2019, of which DKK 2,547m relates to right-of-use assets.

Net interest-bearing debt increased from DKK 8,513m at 31 December 2018 to DKK 11,859m at 30 June 2019, of which DKK 2,768m relates to lease liabilities.

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

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

Summary of new accounting policies

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

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

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

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

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

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

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

Note 6 Acquisition of enterprises and sale of activities

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

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

Note 7 Fair value measurement of financial instruments

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

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

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

Techniques for calculating fair values

Derivatives

DFDS' usage of derivatives includes interest rate swaps, bunker swaps, forward exchange contracts and currency swaps. The fair values on interest rate swaps have been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated on the basis of a swap interest curve, which is calculated based on a wide spread of market interest rates. The fair value on forward exchange contracts are based on interest curve calculations in DFDS' Treasury system. Calculations are based on a spread of market interest rates in the various currencies. Calculation on bunker swaps are based on quoted forward curve from various financial institutions.

DKK m	H1 2019		H1 2018	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Derivatives (Level 2)	266	266	146	146
Securities (Level 3)	10	10	10	10
Financial liabilities				
Derivatives (Level 2)	86	86	42	42

Note 8 Supplementary financial information on the Parent company

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

The Parent Company's revenue increased by DKK 4m, equivalent to 0.1%. Operating profit before depreciation and special items (EBITDA) increased from DKK 708m to DKK 1,231m, equivalent to an increase of 74%. The increase mainly explained by the implementation of IFRS 16.

Profit before tax increased from DKK 435m in 2018 to DKK 447m in 2019.

The Parent Company's net interest-bearing debt increased from DKK 2,395m at 31 December 2018 to DKK 3,258m at 30 June 2019 of which DKK 1,811m is lease liabilities related to IFRS 16.

DKK m	2019 H1	2018* H1	2018-19* LTM	2018* Full year
Income statement				
Revenue	4,708	4,704	9,859	9,854
Operating profit before depreciation (EBITDA) and special items	1,231	708	2,193	1,670
Operating profit (EBIT) before special items	402	463	1,136	1,198
Special items, net	54	-18	68	-4
Operating profit (EBIT)	456	446	1,204	1,194
Financial items, net	-9	-10	1,347	1,346
Profit before tax	447	435	2,552	2,540
Profit for the period	441	435	2,543	2,537
Assets				
Non-current intangible assets	354	358		351
Non-current tangible assets	4,341	4,425		4,651
Right-of-use assets	1,787	-		-
Investments in affiliated companies, associates and joint ventures	5,872	5,127		5,862
Non-current receivables from affiliated companies	885	0		0
Other non-current assets	192	234		278
Non-current assets	13,431	10,144		11,143
Current receivables from affiliated companies	1,144	922		981
Receivables from associates and joint ventures	46	52		70
Cash	140	661		581
Other current assets	1,513	1,146		1,112
Current assets	2,844	2,781		2,744
Assets	16,275	12,926		13,887
Equity and liabilities				
Equity	8,639	6,192		8,417
Non-current liabilities	2,846	1,835		1,765
Current liabilities to affiliated companies	1,649	2,598		1,586
Other current liabilities	3,142	2,300		2,120
Current liabilities	4,791	4,898		3,706
Equity and liabilities	16,275	12,926		13,887
Equity ratio, %	53.1%	47.9%		60.6%
Net interest-bearing debt	3,258	3,514		2,395

* Comparative 2018 numbers are not restated to IFRS 16

Definitions

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

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

Appendix RESTATEMENT OF 2018 ACCORDING TO IFRS 16 ON LEASES

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

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

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

DFDS Group

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

Divisions

Ferry Division

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

Logistics Division

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

Ferry Division business units

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

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Disclaimer

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

About DFDS

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

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

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

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