

PICKUP IN DEMAND FASTER THAN EXPECTED

- Rebound in freight volumes at end of Q2 and in July
- Encouraging pickup in passenger demand for reopened routes
- Exceptional negative profit impact from passengers in Q2
- Outlook improved: EBITDA of DKK 2.2-2.5bn now expected for 2020 (previously: likely to be reduced towards DKK 2bn)



Highlights Q2

Q2 2020

- Revenue down 34% to DKK 2.8bn
- EBITDA down 49% to DKK 507m
- Passenger activities cause most of profit decrease

Outlook 2020

- EBITDA of DKK 2.2-2.5bn expected. Previously: likely to be reduced towards DKK 2bn (2019: DKK 3.6bn)
- Investments of around DKK 1.6bn, unchanged

“Our outlook is improved. Freight volumes have picked up and the demand for ferry travel is encouraging on our reopened passenger routes. It is uncertain whether the pickup in demand is sustainable and we therefore remain alert.”

Torben Carlsen, CEO

Revenue decreased DKK 1.4bn to DKK 2.8bn in Q2 and EBITDA before special items decreased DKK 483m to DKK 507m.

The travel restrictions imposed to limit the spread of Covid-19 created an exceptional negative set of circumstances for the passenger activities that led to a drop in their EBITDA of DKK 366m compared to 2019. Freight ferry and logistics activities performed better than expected in Q2 with a decrease in EBITDA of DKK 117m, including non-allocated items, with Logistics only decreasing DKK 7m.

Outlook 2020

The outlook for 2020 has improved following a faster than expected pickup in freight volumes towards the end of Q2 and in July. The reopening of all passenger services and a quick pickup in demand from passengers, especially between Norway and Denmark, has also reduced uncertainty.

As a consequence of the improved outlook, EBITDA before special items is now expected to be DKK 2.2-2.5bn in 2020. The expectation for EBITDA before special items was previously that it was likely to be reduced towards DKK 2bn.

Uncertainty remains elevated and the outlook and its assumptions can still change significantly in the rest of the year. The outlook is detailed on page 9.

KEY FIGURES

DKK m	2020 Q2	2019 Q2	Δ %	2019-20 LTM	2018-19 LTM	Δ %	2019 FY
Revenue	2,798	4,241	-34.0%	15,092	16,449	-8.2%	16,592
EBITDA before special items	507	989	-48.8%	3,083	3,709	-16.9%	3,633
EBIT before special items	48	541	n.a.	1,156	1,963	-41.1%	1,751
Profit before tax and special items	-33	486	n.a.	893	1,688	-47.1%	1,472
Profit before tax	11	456	n.a.	878	1,685	-47.9%	1,371

12 August 2020. Conference call today at 10.00am CET

Access code: 82381292# Phone numbers to the call: DK +45 35445577, US +1 631 913 1422, UK +44 333 300 0804

Key figures

DKK m	2020 Q2	2019* Q2	2020 H1	2019 H1	2019-20 LTM	2019 Full year
Income statement						
Revenue	2,798	4,241	6,612	8,111	15,092	16,592
• Ferry Division*	1,858	3,151	4,550	5,905	10,842	12,197
• Logistics Division*	1,097	1,267	2,428	2,569	4,975	5,116
• Non-allocated items	156	137	295	271	563	540
• Eliminations	-312	-313	-660	-634	-1,288	-1,262
Operating profit before depreciation (EBITDA) and special items	507	989	1,117	1,667	3,083	3,633
• Ferry Division*	393	892	921	1,483	2,692	3,254
• Logistics Division*	94	101	185	203	404	421
• Non-allocated items	20	-4	10	-19	-14	-42
Profit/loss on disposal of non-current assets, net	2	0	3	2	7	6
Operating profit (EBIT) before special items	48	541	181	775	1,156	1,751
Special items, net	43	-29	42	-44	-15	-101
Operating profit (EBIT)	91	512	222	731	1,141	1,650
Financial items, net	-80	-56	-115	-131	-263	-278
Profit before tax	11	456	107	600	878	1,371
Profit for the period	8	434	89	554	848	1,313
Profit for the period excluding non-controlling interest	11	433	89	553	844	1,309
Capital						
Total assets	-	-	26,635	25,821	-	26,863
DFDS A/S' share of equity	-	-	10,295	9,300	-	10,276
Equity	-	-	10,375	9,380	-	10,356
Net interest-bearing debt	-	-	12,136	11,859	-	11,954
Invested capital, end of period	-	-	22,670	21,369	-	22,476
Invested capital, average	22,746	21,264	22,656	20,145	22,212	20,927

DKK m	2020 Q2	2019* Q2	2020 H1	2019 H1	2019-20 LTM	2019 Full year
Cash flows						
Cash flows from operating activities, before financial items and after tax	611	1,017	1,044	1,690	2,611	3,258
Cash flows from investing activities	-338	-748	-969	-1,566	-2,054	-2,651
• Acquisition of enterprises and activities	0	-4	-14	-4	-142	-131
• Other investments, net	-338	-744	-955	-1,562	-1,912	-2,519
Free cash flow	272	269	75	124	558	607
Repayment of lease liabilities and lease interest	-173	-190	-357	-370	-772	-785
Adjusted free cash flow	100	80	-282	-246	-214	-178
Key operating and return ratios						
Average number of employees	-	-	8,355	8,395	8,361	8,367
Number of ships	-	-	68	72	-	70
Fuel consumption per nautical mile (g/GT/Nm)	4.40	4.78	4.58	4.89	4.63	4.76
Revenue growth (reported), %	-34.0	8.9	-18.5	9.9	-9.0	5.6
EBITDA-margin, %	18.1	23.3	16.9	20.5	20.4	21.9
Operating margin, %	1.7	12.8	2.7	9.6	7.7	10.6
Revenue/invested capital average, (times)	-	-	-	-	0.7	0.8
Return on invested capital (ROIC), %	-	-	-	-	5.0	7.6
ROIC before special items, %	-	-	-	-	5.1	8.1
Return on equity, %	-	-	-	-	8.6	13.5
Key capital and per share ratios						
Equity ratio, %	-	-	39.0	36.3	-	38.6
Net interest bearing debt/EBITDA, (times)	-	-	-	-	3.9	3.3
Earnings per share (EPS), DKK	0.20	7.57	1.55	9.67	14.75	22.88
Dividend paid per share, DKK	0.00	0.00	0.00	4.00	0.00	4.00
Number of shares, end of period, '000	-	-	58,632	58,632	-	58,632
Weighted average number of circulating shares, '000	-	-	57,288	57,187	-	57,196
Share price, DKK	-	-	204.6	278.4	-	325.0
Market value	-	-	11,730	15,924	-	18,593

*The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.
Definitions on page 30.

Management review

Market overview

Q2 activity was significantly reduced in European trade and travel markets by lockdowns and travel restrictions introduced to contain the spread of Covid-19.

Travel was severely restricted for almost the entire quarter. Most European countries had lockdowns in place in April and May while reopenings began from May and continued through June and beyond. A number of travel and general restrictions or recommendations remain in place impacting both travel and freight markets.

Freight markets were impacted by both country and industry specific dynamics. Manufacturers in some industry sectors temporarily closed plants, notably the automotive industry, which reduced volumes significantly in some markets.

The least impacted European region was the Baltic Sea where freight volumes remained robust through the quarter. In most other markets, the negative impact was most severe in April while volumes started to pick up towards the end of May and through June. This positive volume trend continued in July. Volumes dropped considerably in markets with a large exposure to industrial flows, such as automotive, while markets with a high share of consumer goods were less impacted.

The exceptional extent of the impact from lockdowns on trade was reflected in a 32% drop in UK imports from EU in April and May. UK exports were less impacted with a decrease of 11% for the same two months.

Travel markets came almost to a standstill through most of Q2 as travel restrictions led to suspension of ferry routes that predominantly carry passengers. Most ferry routes were reopened in late June and through July.

Demand for passenger ferry travel picked up in July, especially between destinations with a low level of Covid-19 cases. Tourism volumes to UK are still subdued due to continued concerns about Covid-19.

Visibility on freight and passenger volumes for the rest of 2020 is still very limited and uncertain. As expected, the reopening of countries led to a recovery in activity at the end of Q2. There is a risk, however, that activity could reverse towards the end of Q3 as government salary compensation programs cease and job losses possibly increase. The pickup in demand of recent months could also reverse as backlogs are cleared. Finally, an increase in the spread of Covid-19 could reduce activity.

The largest changes in average exchange rates in Q2 2020 vs Q2 2019 were a depreciation of TRY/DKK by 12.8% and of NOK/DKK by 11.9%.

Major adaptations in Q2

DFDS adapted its business to the significant impacts of lockdowns and travel restrictions imposed to contain the outbreak of Covid-19. The first phase was an initial response to the rapid changes in customer demand in both freight and passenger markets. The second phase was an adaptation with a longer perspective to restore long term growth and efficiency. Both adaptations are summarised below.

Initial adaption of activities

- Operational sites and offices kept safe, including freight ferry routes, port terminals, and logistics solutions such as forwarding and warehousing operations
- Suspension mid-March of two passenger routes, Oslo-Copenhagen and Amsterdam-Newcastle
- Channel and Baltic Sea passenger services reduced to only essential travel
- Freight capacity reduced by layup of freight ferries and reduced sailings
- Reduction of logistics capacity for certain sectors, particularly automotive and cold chain
- Participation in government salary and fixed cost compensation programs

- Up to 2,800 employees were on paid leave within such programs in Q2. At the end of Q2, around 1,000 employees were still furloughed. The current number of employees on furlough is around 500
- Immediate cost saving and postponement initiatives, including hiring freeze.

Adaptation to market conditions post Covid-19

On 29 June 2020, a number of longer term adaptations of the business structure to markets conditions post-Covid-19 was announced, including:

- Merger of industry sales of large freight customer solutions, involving both ferry and logistics operations, into one unit to drive industry sales across the DFDS organisation. In addition to creating a stronger commercial focus, overlapping functions have been consolidated
- Ferry Division to focus commercially on delivering reliable and cost-efficient services to freight forwarders and hauliers
- Other freight and logistics operations adapted to new market conditions, including optimisation of port terminal and haulage operations
- Passenger concepts aligned to changes in travel market dynamics with a higher share of passengers that primarily travel for transport purposes, including holiday travel. Onboard concepts and offerings simplified
- Improvement and efficiency projects that simplify and focus business support functions. This includes a re-shaped and integrated IT and digital organisation as well as a downsizing of various functions.

In addition to a stronger commercial focus and a simplified business structure, the initiatives are expected to generate annual cost savings of up to DKK 250m. In 2020, a positive financial impact of DKK 50-75m is expected.

The adaptation of the business structure has, regretfully, led to around 650 employees having to leave DFDS. Consequently, DFDS exited the Danish furloughing program on 29 June. Before the layoffs, DFDS employed around 8,600 people.

A one-off redundancy cost of around DKK 100m is expected in 2020, of which DKK 67m was recorded in Q2 2020 under Special items.

Other major events in Q2

Northern Baltic routes optimised

From 28 April 2020, freight ferry services were enhanced between Estonia and Finland as a freight agreement with Eckerö Line increased capacity in the central corridor between Tallinn and Helsinki while capacity was reduced on DFDS' own route Hanko-Paldiski.

These changes made it possible to improve the schedule between Paldiski, Estonia, and Kapellskär, Sweden, with more attractive evening departures and morning arrivals benefiting both freight customers and passengers.

Sale of ferry completed

In September 2019, DFDS entered into an agreement to sell a combined freight and passenger ferry (ro-pax), Liverpool Seaways. The ferry was delivered to the new owner on 5 May 2020. The sales price was DKK 225m and an accounting gain of DKK 110m from the sale was recorded in Q2 2020 under Special items.

New logistics online booking platform – DFDS Direct

A new online booking platform for logistics customers, DFDS Direct, went live on 15 May 2020. It enables customers to get a quote, book, track transport and manage freight documents directly from their own computer or phone. DFDS Direct is part of an extensive digitisation plan with a goal of handling a substantial majority of bookings digitally by 2023.

DFDS joined ambitious sustainable fuel project

On 26 May 2020, a unique partnership between Copenhagen Airports, A.P. Moller - Maersk, DSV Panalpina, DFDS, SAS and Ørsted was announced. It brings together the demand and supply side of sustainable fuels with a concrete vision to develop a new ground-breaking hydrogen and e-fuel production facility as early as 2023. When fully scaled-up by 2030, the project could annually deliver more than 250,000 tonnes of sustainable fuel for busses, trucks, maritime vessels, and airplanes. The production from the fully scaled facility can reduce annual carbon emissions by 850,000 tonnes.

New route Oslo-Frederikshavn and reopening

On June 4 2020, the opening of a new ferry route between Frederikshavn and Oslo was announced. Customers targeted for the new route is mainly passengers travelling in their own car for transport purposes. The new route is operated by the same two passenger ferries that are deployed between Oslo and Copenhagen. Route operations were resumed on 25 June 2020.

Freight ferry layups

Freight carrying ferries were laid up in Q2 to reduce costs and to adjust capacity to the significant reduction in demand caused by the lockdowns. A maximum of 13 such ferries were laid up during Q2 and at the end of Q2 5 ferries were laid up. There is currently one ferry laid up.

Major events after Q2

Passenger services resumed on Amsterdam-Newcastle and Channel

Sailings on the passenger route between Amsterdam and Newcastle resumed on 15 July following its suspension since 22 March.

The Channel routes continued sailing throughout Q2 carrying freight and passengers on essential travel. One of six ferries was laid up on the Dover Strait in Q2. From 10 July full passenger services were resumed.

Revenue

DKK m	Q2 2020	Q2 2019	Change, %	Change
Ferry Division*	1,858	3,151	-41.0	-1,293
Logistics Division*	1,097	1,267	-13.4	-170
Non-allocated items	156	137	13.9	19
Eliminations	-312	-313	0.3	1
DFDS Group	2,798	4,241	-34.0	-1,443

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

General meeting and dividend

DFDS' annual general meeting (AGM) was held on 4 June 2020. In view of the reduced operational and financial visibility, the Board of Directors' proposal to not pay a dividend was approved at the general meeting.

Solid financial position

DFDS' financial position regarding liquidity resources and financial flexibility remains solid and adapted to meet challenges and opportunities that may arise from present and future market conditions.

Liquidity resources currently amount to DKK 4.1bn consisting of cash and cash equivalents of DKK 0.6bn and undrawn committed credit facilities of around DKK 3.5bn.

The covenants of a loan agreement — entered into in June 2018 in connection with the acquisition of U. N. Ro-Ro — were adapted to reflect the uncertainty caused by Covid-19. No other loan agreements contain relevant covenant risk.

Strategy to be revisited

In June 2019, a new set of strategic initiatives and financial ambitions were announced.

Most parts of the strategy's four strategic pillars continue to guide DFDS' direction. This includes the focus on growth in select industries and the digitisation of services and operations.

In view of current events and the change of priorities to adapt to market changes and customer needs, the financial ambitions related to the Win23 strategy will be revisited once markets stabilise.

Financial performance

Revenue

The Group's Q2 revenue was DKK 2,798m, a decrease of 34.0% compared to 2019.

The Group's H1 revenue was DKK 6,612m, a decrease of 18.0% compared to 2019.

Ferry Division's Q2 revenue decreased DKK 1,293m or 41.0% to DKK 1,858m following an exceptional negative impact on activity from travel restrictions and lockdowns related to Covid-19.

Passenger revenue across business units was reduced by DKK 656m or 86.1% as two passenger routes were suspended in the quarter and other passenger services were restricted to only essential travel.

Freight revenue across business units was reduced by DKK 636m or 26.7% as activity levels decreased and capacity was lowered on several routes. The revenue decrease includes a negative impact of 6.3 ppt from lower revenue from bunker surcharges. The negative impact from lockdowns peaked in April and May as well as on routes that carry a high level of industrial volumes, particularly for the automotive sector. Q2 freight volumes decreased 14.8% adjusted for route changes compared to 2019.

Logistics Division's Q2 revenue decreased 13.4% to DKK 1,097m and by 20.3% adjusted for acquisitions. The negative impact from lockdowns likewise peaked in April and May. Revenue was mainly reduced in the Nordic and Continent business units that both provide solutions to the automotive sector. Q2 logistics volumes decreased 16.6% on a comparable basis versus 2019.

Operating profit before depreciation (EBITDA) and special items

The Group's Q2 EBITDA decreased DKK 483m or 49% to DKK 507m from DKK 989m in 2019. The result includes

an income of DKK 150m from government Covid-19 compensation programs.

The Group's H1 EBITDA decreased DKK 550m or 33% to DKK 1,117m from DKK 1,667m in 2019.

Ferry Division's Q2 EBITDA decreased DKK 499m or 56% to DKK 393m. DKK 366m of the decrease was due to the exceptional loss of passenger revenue caused by the suspension of passenger services to only essential travel, including the suspension of two routes.

As the suspended passenger routes employ considerably more staff and support functions than a freight route, the suspension led to a significant negative profit impact. Some mitigation was provided from salary and fixed cost compensation programs.

The remaining decrease of EBITDA of DKK 133m was thus related to freight activities with the largest variances in the North Sea and Mediterranean business units that both carry a high share of volumes related to the automotive sector. EBITDA in Q2 2019 included an income from an agreement with the UK Department for Transport.

Logistics Division's Q2 EBITDA decreased 7% to DKK 94m driven by a lower result for the Nordic business unit that is exposed to the automotive sector. EBITDA for the Continent and UK & Ireland business units was on level with or above 2019.

Depreciation and operating profit (EBIT) before special items

Depreciation in Q2 of DKK 459m increased 1% compared to 2019 as the delivery of freight ferry newbuildings was offset by the redelivery of chartered freight ferries.

Depreciation in H1 of DKK 935m increased 4% compared to 2019.

The Group's Q2 EBIT before special items decreased from DKK 541m to DKK 48m. For H1, EBIT before special items decreased from DKK 775m to DKK 181m.

Special items and operating profit (EBIT) after special items

In Q2 2020, special items were a net income of DKK 43m as the profit from the sale of combined freight and passenger ferry more than offset one-off restructuring costs related to the adaptation of the business structure as outlined previously.

In H1 2020, special items were a net income of DKK 42m.

The Group's Q2 EBIT after special items decreased 82% to DKK 91m. For H1, EBIT after special items decreased 70% to DKK 222m

Financial items

Total finance, net in Q2 was a cost of DKK 80m which was an increase of DKK 24m compared to Q2 2019 following a negative variance on net currency adjustments of DKK 29m consisting of a positive variance in 2019 and a

negative variance in 2020. The latter was mainly related to SEK. The net interest cost was DKK 2m below 2019.

Total finance, net in H1 was a cost of DKK 115m which was a decrease of DKK 16m compared to H1 2019.

Profit before special items and after tax

The Q2 profit before special items and tax was a loss of DKK 33m. The profit after special items and tax was DKK 8m. For H1, the profit before special items and tax was DKK 65m and the profit after special items and tax was DKK 89m.

Earnings per share

Q2 earnings per share (EPS) decreased to DKK 0.20 compared to DKK 7.57 in Q2 2019.

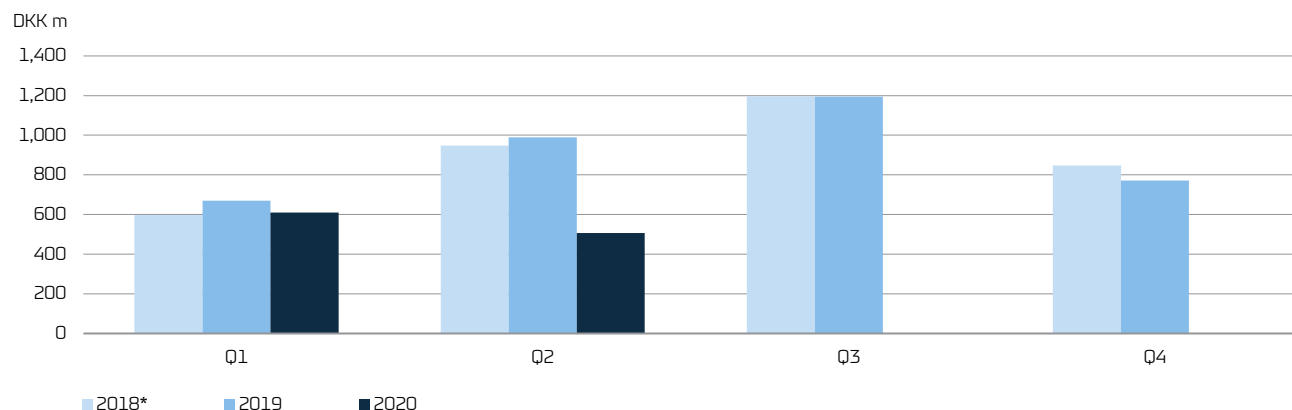
Cash flow and investments

The Q2 cash flow from operating activities was DKK 604m, including a positive cash flow from a change in working capital of DKK 101m.

The Q2 free cash flow (FCFF) was DKK 272m and DKK 100m adjusted for payment of lease liabilities including interest. Net investments amounted to DKK 338m that included DKK 290m of ferry investments of which DKK 140m was for ferry newbuildings and DKK 68m was for scrubbers. Net investments also included proceeds of DKK 202m from the sale of a combined freight and passenger ferry.

The Q2 cash flow from financing activities was positive by DKK 101m as the net cash flow from loans amounted to

DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS



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

Operating profit before depreciation (EBITDA) & special items

DKK m	Q2 2020	Q2 2019	Change, %	Change
Ferry Division*	393	892	-55.9	-499
Logistics Division*	94	101	-7.3	-8
Non-allocated items	20	-4	n.a.	23
DFDS Group	507	989	-48.8	-483
EBITDA-margin, %	18.1	23.3	n.a.	-5.2

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

Associates and joint ventures, profits on disposals and depreciation

DKK m	Q2 2020	Q2 2019	Change, %	Change
EBITDA before special items	507	989	-48.8	-483
Associates and joint ventures	-2	6	n.a.	-8
Profit on disposals	2	0	n.a.	1
Depreciation and impairment	-459	-455	-0.8	-4
EBIT before special items	48	541	-91.2	-494

Financial items

DKK m	Q2 2020	Q2 2019	Change, %	Change
Interests, net	-61	-63	3.3	2
Foreign exchange gains/losses, net	-16	13	n.a.	-29
Other items, net	-4	-6	39.8	3
Total finance, net	-80	-56	-43.8	-24

DKK 254m and payment of lease liabilities was DKK 153m. The Q2 net cash flow was positive by DKK 319m and cash and cash equivalents thus increased to DKK 598m at the end of the quarter.

Invested capital and ROIC

Invested capital was DKK 22.7bn at the end of Q2 2020, an increase of 1% compared to year-end 2019. The average invested capital in Q2 2020 increased 7% to DKK 22.7bn compared to 2019.

In Q2 2020, the return on invested capital, ROIC, for the last twelve months was 5.1% before special items compared to 8.1% for 2019.

Capital structure

At the end of Q2 2020 net-interest-bearing debt (NIBD) was DKK 12.1bn, an increase of 2% compared to year-end 2019. Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a ratio of 3.9 compared to 3.3 at year-end 2019. The equity ratio was 39% at the end of Q2 2020 which was slightly above year-end 2019.

Equity

Equity amounted to DKK 10,375m at the end of Q2 2020, including non-controlling interests of DKK 80m. This was on level with year-end 2019 as both total comprehensive income and transactions with owners in the first half-year were close to zero.

OUTLOOK 2020

DKK m	New outlook 2020, August	Outlook 2020, May	Outlook 2020, February	2019
Revenue growth	Minus 15-18%	n.a.	4%	16,592
EBITDA before special items	2,200-2,500	2,000	3,500-3,900	3,633
Per division:				
Ferry Division	1,900-2,100	n.a.	3,075-3,425	3,205
Logistics Division	350-450	n.a.	475-525	470
Non-allocated items	-50	n.a.	-50	-42
Depreciation change	-2%	n.a.	-2%	-1,894
Special items	0	n.a.	100	-101
Investments	-1,600	-1,600	-2,300	-2,651

Management shareholdings

Current holdings of DFDS shares for members of DFDS' Executive Board are available at <https://www.dfds.com/group/about/management>.

Outlook 2020

Due to continued very high uncertainty, the outlook and its assumptions can change significantly in the rest of the year.

The outlook for 2020 has improved as freight volumes picked up faster than expected towards the end of Q2 and the positive volume trend continued in July. The reopening of all passenger services and a pickup in demand from passengers, especially between Norway and Denmark, has also reduced uncertainty.

Revenue for 2020 is expected to decrease 15-18% compared to 2019 mainly due to negative impacts from lockdowns and travel restrictions related to Covid-19.

As a consequence of the improved outlook, EBITDA before special items is now expected to be DKK 2.2-2.5bn in 2020. The expectation for EBITDA before special items was previously that it was likely to be reduced towards DKK 2bn from DKK 3.6bn in 2019.

The outlook – that is still significantly more uncertain than usual – builds on various assumptions. Key assumptions are freight ferry and logistics volumes. In Q2 2020, freight ferry volumes were down 15% compared to 2019 on a comparable basis, ranging from a 24% decrease in April to a 3% decrease in June. The pattern for logistics volumes was similar. In July, the positive trend for freight volumes continued.

Visibility on freight volumes for the rest of 2020 is still very limited and uncertain. As expected, the reopening of countries has led to a pick up in demand. There could, however, be a risk that activity will reverse towards the end of Q3 as government salary compensation programs cease and job losses possibly increase. The pickup in freight demand of recent months could also reverse as backlogs are cleared. Finally, an increase in the spread of Covid-19 could reduce activity.

Freight volume growth rates are therefore still expected to remain below 2019 in H2 2020. Freight ferry volumes are now assumed to decrease by less than 10% for the full-year 2020 compared to 2019 (previously: a decrease of around 15%). Logistics volumes are assumed to follow the same pattern.

All suspended passenger routes and services were reopened in late June and in the first half of July which was somewhat ahead of the previous expectation to resume operations in August. The pickup in demand from passengers has been quick and encouraging, especially between destinations with a low level of Covid-19 cases, although bookings are made with very short notice indicating that demand could also subside quickly. Tourism volumes to UK are still subdued due to concerns about Covid-19.

Visibility on passenger volumes for the rest of 2020 is still very limited and uncertain. The risks of a reversal in activity after the summer and/or towards the end of Q3 also applies to passenger volumes.

As freight volumes and earnings in Q2 increased more than previously expected, the negative financial impact from passenger activities may now amount to around 75% of the potential decrease in EBITDA in 2020 compared to 2019.

Investments are still expected to be around DKK 1.6bn in 2020 compared to the initial outlook of DKK 2.3bn.

Various 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, particularly Turkey. Demand can also be impacted by competitor actions and extraordinary events such as virus outbreaks.

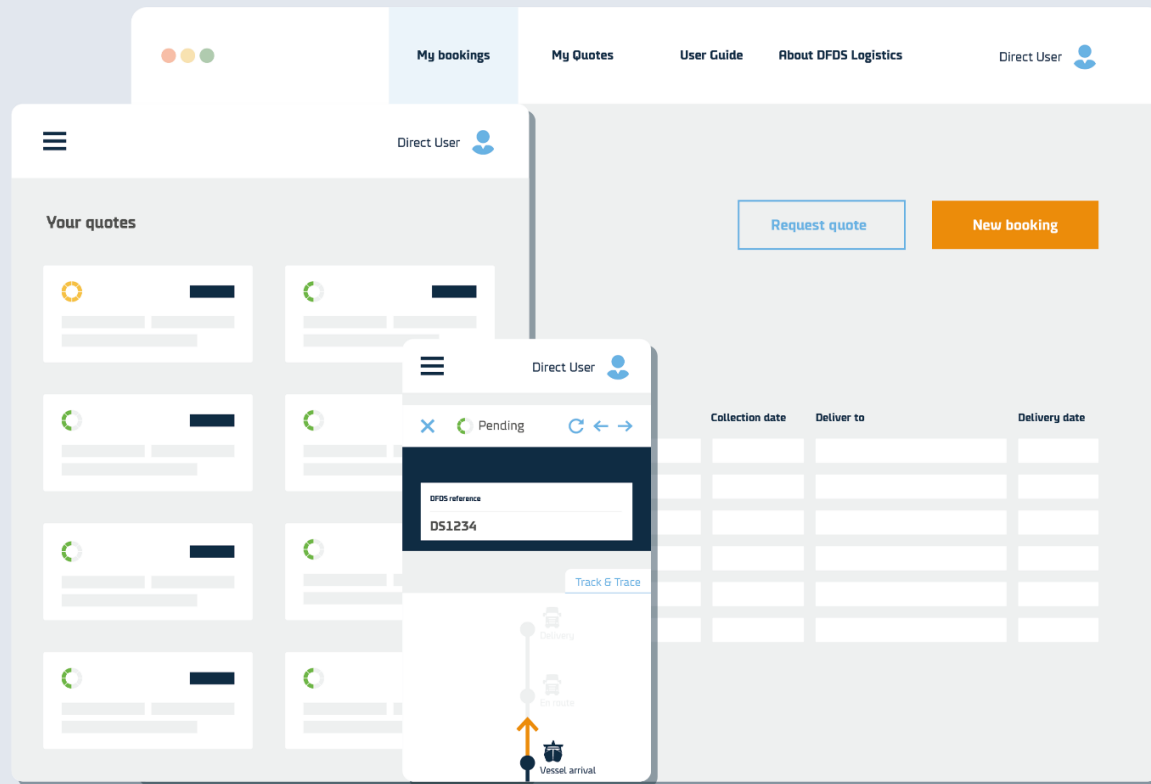
The outlook can moreover be impacted by political changes, first and foremost within EU and Turkey. In that regard, Brexit continues to constitute an important risk.

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

Future financial results may therefore differ significantly from expectations.

DFDS Direct – logistics booking platform goes live

A new online booking platform for logistics customers, DFDS Direct, went live on 15 May 2020. It enables customers to get a quote, book, track transport and manage freight documents directly from their own computer or phone. DFDS Direct is part of an extensive digitisation plan with a goal of handling a substantial majority of bookings digitally by 2023.



DFDS Direct



Get quotes



Book



Track & trace



Manage documents

Ferry Division

The division is organised in five business units:

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

Q2 market, activity and result trends

Total Q2 freight volumes decreased 14.8% compared to 2019 on a comparable basis. Volumes were reduced considerably by lockdowns in April and May while demand picked up in June as reopenings of countries progressed. April volumes were thus down 24.4% while June was down 2.7%.

Total Q2 passenger volumes decreased 88.9% compared to 2019 following travel restrictions that only began to be eased at the end of the quarter.

North Sea

Q2 freight volumes were down 18.6% compared to 2019 adjusted for route changes. Volumes decreased particularly on the routes from Sweden to the Continent and UK

Ferry Division

DKK m	2020		2020 H1	2019 H1	2019*				2019-20 LTM	2019* Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
Revenue	2,692	1,858	4,550	5,905	2,755	3,151	3,401	2,891	10,842	12,197
EBITDA before special items	528	393	921	1,483	591	892	1,093	678	2,692	3,254
Share of profit/loss of associates and joint ventures	-2	-2	-4	8	2	6	-1	-1	-6	6
Profit/loss on disposal of non-current assets, net	0	0	0	1	1	0	1	0	1	2
Depreciation and impairment	-386	-368	-755	-748	-370	-378	-394	-415	-1,564	-1,558
EBIT before special items	140	23	163	743	223	520	698	263	1,124	1,704
EBIT margin before special items, %	5.2	1.2	3.6	12.6	8.1	16.5	20.5	9.1	10.4	14.0
Special items, net	0	79	79	-6	0	-6	4	-51	32	-53
EBIT	140	102	242	737	223	514	702	212	1,156	1,651
Invested capital, average **	20,214	20,235	20,197	19,102	18,895	19,318	19,598	19,901	19,957	19,421
ROIC before special items, % **	-	-	-	-	-	-	-	-	5.6	8.7
Average number of employees	-	-	5,567	5,843	-	-	-	-	5,747	5,766
Lane metres, '000	10,079	8,394	18,473	20,308	10,593	9,715	10,530	10,442	39,445	41,280
Tons, '000	194	166	360	360	174	185	201	205	766	766
Passengers, '000	579	152	733	2,122	732	1,390	2,004	991	3,727	5,116

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

** Comparative numbers for 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

as these routes carry a high share of industrial volumes, including automotive volumes. Activity between UK and the Continent was less impacted as the share of consumer goods is higher on these routes. Capacity was adjusted by laying up freight ferries on the Swedish routes and the route between Germany and UK.

Q2 EBITDA decreased 26% to DKK 253m due to the lower volumes. In Q2 2019, the result included an income from an agreement with the UK Department for Transport.

Baltic Sea

Q2 freight volumes were up 3.4% compared to 2019 adjusted for route changes. Ferry services between Estonia and Finland were restructured at the end of April as capacity was reduced on Paldiski-Hanko and a new freight agreement was entered into with Eckerö Line. This provided an opportunity to improve the schedule between Estonia and Sweden. Moreover, utilisation was increased as competitors reduced capacity. Although passenger travel was restricted to essential travel, the volume decrease of 20.4% was less than on passenger services outside Baltic Sea as migrant workers constitute a high share of the passengers.

Q2 EBITDA decreased 12% to DKK 119m mainly due to lower passenger earnings and increased price pressure in the freight market.

Channel

Q2 freight volumes were 8.6% below 2019 as lockdowns reduced volumes in particularly April and May while volumes in June were above 2019 despite the layup of one out of six ferries for the entire quarter on the Dover Strait.

Passenger volumes were down 89.6% as travel was limited to only essential travel through the quarter. Following an easing of travel restrictions, passenger services were resumed from 10 July.

Q2 EBITDA was reduced by 63% to DKK 32m mainly due to the exceptional drop in passenger volumes.

Mediterranean

Q2 freight volumes decreased 34.4%. The considerable decrease was due to a high share of automotive and textile volumes that dropped sharply as manufacturers temporarily closed plants, particularly in April and May. The route between Turkey and France also has a large share of volumes destined for Spain that was locked down through most of the quarter. In addition, customers' trucking operations were disrupted by travel restrictions for drivers and the market share versus land transport was reduced. Ferry capacity was reduced in the quarter by layup of ferries.

Q2 EBITDA decreased 60% to DKK 66m mainly due to the lower volumes that also impacted port terminal results negatively.

Passenger

Q2 was an exceptional quarter as both routes were suspended during the quarter, except for around a week of sailings for the Oslo-Frederikshavn-Copenhagen route that resumed operations on 25 June. The Amsterdam-Newcastle route resumed operations on 15 July.

In Q2 2020, the two passenger routes carried only 3k passengers while 386k passengers were carried in Q2 2019.

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

The initial pick-up in demand from passengers has been encouraging, especially between Norway and Denmark, although bookings are made with very short notice.

Q2 EBITDA decreased DKK 228m to DKK -101m due to the exceptional circumstances that led to a revenue decrease of DKK 470m in the quarter. Due to the temporary nature of the route suspensions, a high share of costs related to crews and landbased support functions were to a large extent unchanged during the quarter apart from some savings and mitigation from government compensation programs for salaries and fixed costs.

Non-allocated items

These items primarily include external charter activities. Q2 EBITDA decreased 36% to DKK 24m.

Ferry Division

DKK m	2020		2020 H1	2019 H1	2019				2019-20 LTM	2019 Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
North Sea*										
Revenue	1,008	756	1,764	2,020	1,007	1,013	974	977	3,715	3,971
EBITDA before special items	295	253	548	666	323	343	306	312	1,166	1,284
EBIT before special items	147	122	269	391	189	201	145	143	557	679
Invested capital**	5,931	5,964	5,948	5,544	5,700	5,816	5,585	5,948	5,849	5,633
ROIC before special items, %**	-	-	-	-	-	-	-	-	9.5	11.9
Lane metres freight, '000	3,350	2,657	6,006	6,366	3,327	3,039	3,214	3,234	12,455	12,815
Tons, '000	194	166	360	360	174	185	201	205	766	766
Baltic Sea										
Revenue	323	307	630	739	350	389	398	335	1,363	1,472
EBITDA before special items	97	119	216	217	82	135	162	117	495	497
EBIT before special items	57	78	135	137	40	97	125	83	342	345
Invested capital**	1,712	1,642	1,545	1,439	1,322	1,272	1,322	1,283	1,446	1,384
ROIC before special items, %**	-	-	-	-	-	-	-	-	23.6	24.7
Lane metres freight, '000	1,140	1,100	2,240	2,358	1,187	1,171	1,137	1,118	4,495	4,613
Passengers, '000	39	54	93	110	43	68	88	47	228	245
Channel										
Revenue	512	361	873	1,210	571	638	846	622	2,341	2,678
EBITDA before special items	39	32	71	171	86	85	233	93	396	497
EBIT before special items	-22	-27	-49	66	34	31	168	35	154	268
Invested capital**	1,811	1,779	1,772	1,859	1,979	1,854	1,845	1,727	1,803	1,830
ROIC before special items, %**	-	-	-	-	-	-	-	-	8.5	14.6
Lane metres freight, '000	4,404	3,939	8,343	9,214	4,902	4,311	4,945	4,837	18,125	18,995
Passengers, '000	367	98	465	1,404	468	936	1,490	627	2,581	3,520
Mediterranean										
Revenue	581	331	912	1,082	515	567	555	542	2,009	2,179
EBITDA before special items	147	66	213	301	137	164	161	125	499	587
EBIT before special items	55	-26	29	126	46	80	76	29	134	231
Invested capital**	9,858	9,910	9,867	9,031	9,047	9,529	9,594	9,833	9,745	9,304
ROIC before special items, %**	-	-	-	-	-	-	-	-	1.3	2.4
Lane metres freight, '000	1,087	696	1,782	2,131	1,071	1,060	1,110	1,124	4,016	4,365
Passenger										
Revenue	209	27	237	748	251	497	601	360	1,198	1,709
EBITDA before special items	-87	-101	-188	59	-67	127	194	-8	-3	245
EBIT before special items	-130	-146	-276	-33	-110	76	149	-57	-184	59
Invested capital**	871	673	801	734	704	716	891	860	802	790
ROIC before special items, %**	-	-	-	-	-	-	-	-	-23.2	7.1
Lane metres freight, '000	99	2	101	239	106	133	124	129	354	491
Passengers, '000	173	3	175	608	222	386	426	317	919	1,351
Non-allocated items										
Revenue	102	111	213	212	107	105	96	153	462	461
EBITDA before special items	39	24	63	68	31	37	36	38	138	143
EBIT before special items	32	23	55	58	23	34	34	31	120	123

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.

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1. January 2020, 2019 comparative figures have been restated accordingly.

** Comparative numbers for full year 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

Logistics Division

The division is organised in three business units:

- Nordic
- Continent
- UK & Ireland

Q2 market, activity and result trends

Total Q2 logistics volumes decreased 16.6% compared to 2019. Volumes were reduced considerably by lockdowns in April and May while demand picked up in June as reopenings of countries progressed. April volumes were thus down 24.3% while June was down 3.3%.

Nordic

Q2 transported units decreased 15.5% due to the lockdowns in primarily April and May. The Swedish market was the most impacted due to a high level of solutions for the automotive sector and lower demand for specialised services. Norwegian volumes were robust, also helped by depreciation of NOK during the quarter.

Q2 EBITDA decreased 36% to DKK 18m mainly due to a lower level of activity for automotive contract logistics, including a one-off cost of DKK 7m. The result for the

Logistics Division

DKK m	2020		2020	2019	2019*			2019-20	2019*	
	Q1	Q2	H1	H1	Q1	Q2	Q3	Q4	LTM	Full year
Revenue	1,330	1,097	2,428	2,569	1,302	1,267	1,245	1,303	4,975	5,116
EBITDA before special items	91	94	185	203	101	101	106	112	404	421
Profit/loss on disposal of non-current assets, net	2	2	3	1	1	0	1	2	6	4
Depreciation and impairment	-73	-73	-147	-114	-57	-57	-62	-80	-289	-256
EBIT before special items	20	22	42	90	45	45	45	35	122	170
EBIT margin before special items, %	1.5	2.0	1.7	3.5	3.5	3.5	3.6	2.7	2.4	3.3
Special items, net	0	-4	-4	-7	0	-6	0	0	-4	-7
EBIT	20	18	37	83	45	38	45	35	117	163
Invested capital, average **	1,737	1,727	1,712	1,463	1,473	1,466	1,442	1,562	1,604	1,503
ROIC before special items, % **	-	-	-	-	-	-	-	-	6.2	9.2
Average number of employees	-	-	2,134	1,927	-	-	-	-	2,012	1,964
Units, '000	136	114	250	270	135	135	137	141	528	548

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

** Comparative numbers for 2019 includes elements that are based on 2018 numbers restated to IFRS 16 on a proforma and unaudited basis.

Finnish company acquired in 2019 was in line with expectations.

Continent

Q2 transported units decreased 20.4% as a high level of exposure to the automotive sector lowered volumes. Special cargo volumes related to the construction sector were also reduced. UK-Continent trailer volumes were also reduced but to a lesser extent.

Q2 EBITDA of DKK 40m was only 5% lower than 2019 despite the larger decrease in activity. This was due to partly tight cost control of haulage and other operations, and partly to the addition of a Dutch company acquired in 2019 performing in line with expectations.

UK & Ireland

Q2 transported units decreased 12.3% on a comparable basis. Volumes from producers of frozen foods and the retail sector were for some traffics above 2019 but this was more than offset by lower aquaculture volumes in both Scotland and England, although demand picked up well towards the end of the quarter as the UK catering sector started to reopen.

Q2 EBITDA increased 17% to DKK 36m despite the lower activity. This was due to tight cost control of haulage and other operations as well as a more efficient agency structure.

Logistics Division

DKK m	2020		2020 H1	2019 H1	2019				2019-20 LTM	2019 Full year
	Q1	Q2			Q1	Q2	Q3	Q4		
Nordic *										
Revenue	444	359	802	819	412	407	365	397	1,564	1,581
EBITDA before special items	33	18	50	59	31	28	27	25	102	111
EBIT before special items	12	-2	10	29	16	12	12	8	30	48
Invested capital**	465	409	414	382	348	333	280	368	371	359
ROIC before special items, %**	-	-	-	-	-	-	-	-	5.6	11.4
Units, '000 ***	27.7	23.1	50.8	55.5	28.2	27.3	26.0	27.3	104.1	108.8
Continent										
Revenue	625	516	1,141	1,252	643	609	612	618	2,372	2,483
EBITDA before special items	26	40	67	83	41	43	45	30	142	159
EBIT before special items	-4	12	8	31	14	17	16	3	28	50
Invested capital**	799	710	780	643	655	679	694	833	743	691
ROIC before special items, %**	-	-	-	-	-	-	-	-	3.3	5.7
Units, '000	58.4	48.0	106.5	122.7	62.4	60.3	59.4	58.7	224.6	240.9
UK & Ireland										
Revenue	356	322	678	658	330	328	342	361	1,381	1,361
EBITDA before special items	32	36	68	60	29	31	33	57	159	151
EBIT before special items	11	12	23	30	15	15	18	24	65	72
Invested capital**	527	544	518	438	487	432	467	483	491	453
ROIC before special items, %**	-	-	-	-	-	-	-	-	11.1	12.8
Units, '000	49.9	42.6	92.5	87.7	42.3	45.3	50.0	52.8	195.3	190.5
Non-allocated items										
Revenue	27	26	54	50	24	26	23	21	97	94
EBITDA before special items	0	0	0	0	0	0	0	0	0	0
EBIT before special items	0	0	0	0	0	0	0	-1	0	0

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

** Comparative numbers for full year 2019 includes elements that are based on 2018 numbers 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

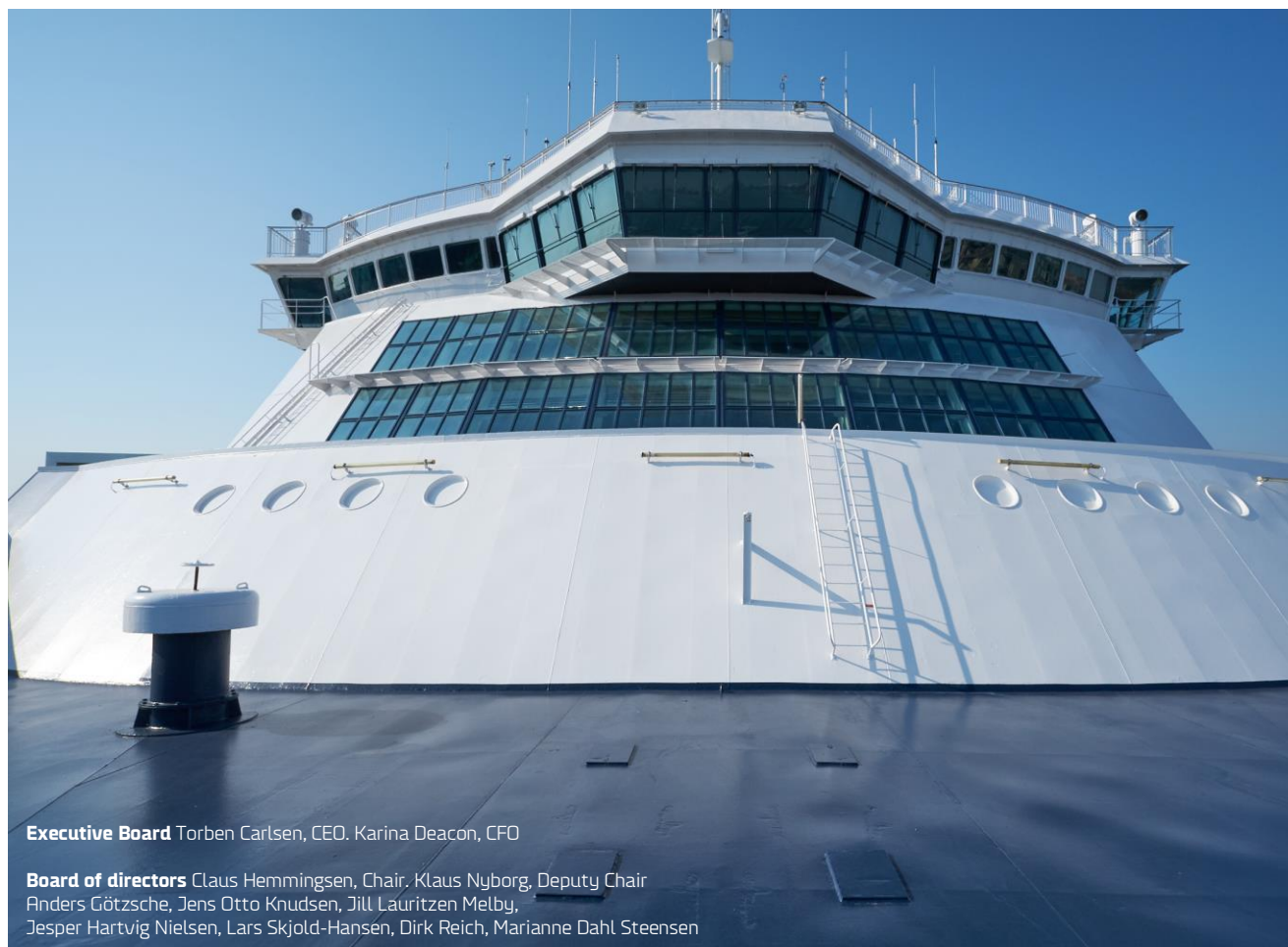
The Board of Directors and the Executive Board have reviewed and approved the interim report of DFDS A/S for the period 1 January – 30 June 2020.

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 2020 and of the results of the DFDS Group's operations and cash flow for the period 1 January – 30 June 2020.

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

Copenhagen, 12 August 2020



Executive Board Torben Carlsen, CEO. Karina Deacon, CFO

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

DFDS Group Income statement

DKK m	Note	2020 Q2	2019 Q2	2020 H1	2019 H1	2019-20 LTM	2019 Full year
Revenue	3	2,798	4,241	6,612	8,111	15,092	16,592
Costs							
Ferry and other ship operation and maintenance		-442	-935	-1,293	-1,803	-3,157	-3,667
Freight handling		-488	-628	-1,122	-1,266	-2,378	-2,521
Transport solutions		-602	-748	-1,379	-1,524	-2,849	-2,994
Employee costs		-657	-771	-1,438	-1,536	-2,978	-3,077
Costs of sales and administration		-103	-169	-263	-315	-647	-699
Operating profit before depreciation (EBITDA) and special items		507	989	1,117	1,667	3,083	3,633
Share of profit/loss of associates and joint ventures		-2	6	-4	8	-6	6
Profit/loss on disposal of non-current assets, net		2	0	3	2	7	6
Depreciation, ferries and other ships		-285	-298	-584	-592	-1,217	-1,225
Depreciation, other non-current assets		-173	-156	-352	-309	-705	-662
Impairment losses, other non-current assets		0	0	0	-1	-6	-7
Operating profit (EBIT) before special items		48	541	181	775	1,156	1,751
Special items, net	4	43	-29	42	-44	-15	-101
Operating profit (EBIT)		91	512	222	731	1,141	1,650
Financial income		3	1	17	5	7	6
Financial costs		-83	-57	-132	-136	-270	-284
Profit before tax		11	456	107	600	878	1,371
Tax on profit		-3	-23	-18	-46	-30	-59
Profit for the period		8	434	89	554	848	1,313
Attributable to:							
Equity holders of DFDS A/S		11	433	89	553	844	1,309
Non-controlling interests		-3	0	1	1	4	4
Profit for the period		8	434	89	554	848	1,313
Earnings per share							
Basic earnings per share (EPS) of DKK 20, DKK		0.20	7.57	1.55	9.67	14.75	22.88
Diluted earnings per share (EPS-D) of DKK 20, DKK		0.20	7.55	1.55	9.64	14.75	22.80

DFDS Group – statement of Comprehensive income

DKK m	2020 Q2	2019 Q2	2020 H1	2019 H1	2019-20 LTM	2019 Full year
Profit for the period	8	434	89	554	848	1,313
Other comprehensive income						
Items that will not be reclassified subsequently to the Income statement:						
Remeasurement of defined benefit pension obligations	1	0	-30	0	76	106
Items that will not be reclassified subsequently to the Income statement	1	0	-30	0	76	106
Items that are or may be reclassified subsequently to the Income statement:						
Value adjustment of hedging instruments:						
Value adjustment for the period	-32	-31	74	71	172	169
Value adjustment transferred to operating costs	5	0	5	2	16	12
Value adjustment transferred to financial costs	4	6	8	11	17	20
Value adjustment transferred to non-current tangible assets	-11	-54	-41	-62	-92	-113
Tax on items that may be reclassified to the Income statement	-1	4	6	5	-14	-15
Foreign exchange adjustments, subsidiaries	37	-33	-99	-12	-45	42
Items that are or may be reclassified subsequently to the Income statement	1	-107	-47	15	55	116
Total other comprehensive income after tax	2	-107	-77	14	131	222
Total comprehensive income	10	326	13	568	979	1,535
Attributable to:						
Equity holders of DFDS A/S	13	325	12	567	975	1,530
Non-controlling interests	-3	1	0	1	4	5
Total comprehensive income	10	326	13	568	979	1,535

DFDS Group - Balance sheet

Assets

DKK m	2020 H1	2019 H1	2019 Full year
Goodwill	3,435	3,333	3,440
Other non-current intangible assets	1,206	1,186	1,227
Software	242	241	241
Development projects in progress	39	8	25
Non-current intangible assets	4,922	4,768	4,934
Land and buildings	194	160	201
Terminals	739	743	741
Ships	11,270	10,800	10,950
Equipment, etc.	755	708	742
Assets under construction and prepayments	811	804	1,034
Right-of-use assets	3,369	3,293	3,337
Non-current tangible assets	17,138	16,508	17,006
Investments in associates, joint ventures and securities	49	54	53
Receivables	17	30	29
Prepaid costs	392	93	129
Deferred tax	51	73	47
Derivative financial instruments	228	194	242
Other non-current assets	737	443	500
Non-current assets	22,797	21,720	22,440
Inventories	162	206	219
Trade receivables	1,812	2,523	2,409
Receivables from associates and joint ventures	47	48	46
Other receivables	637	457	422
Prepaid costs	310	323	336
Derivative financial instruments	120	73	75
Cash	598	416	840
Current assets	3,687	4,044	4,347
Assets classified as held for sale	152	57	76
Total current assets	3,838	4,101	4,423
Assets	26,635	25,821	26,863

Equity and liabilities

DKK m	2020 H1	2019 H1	2019 Full year
Share capital	1,173	1,173	1,173
Reserves	-170	-241	-120
Retained earnings	9,292	8,368	8,988
Proposed dividends	0	0	235
Equity attributable to equity holders of DFDS A/S	10,295	9,300	10,276
Non-controlling interests	80	80	80
Equity	10,375	9,380	10,356
Interest-bearing liabilities	9,155	8,665	9,186
Lease liabilities	2,572	2,463	2,556
Deferred tax	210	203	213
Pension and jubilee liabilities	174	259	160
Other provisions	47	28	47
Other payables	37	0	0
Derivative financial instruments	194	65	69
Non-current liabilities	12,390	11,683	12,231
Interest-bearing liabilities	479	542	480
Lease liabilities	528	592	552
Trade payables	1,727	2,472	2,292
Payables to associates and joint ventures	95	69	109
Other provisions	94	39	38
Corporation tax	48	46	30
Other payables	709	611	581
Derivative financial instruments	7	21	19
Prepayments	183	364	172
Current liabilities	3,871	4,758	4,275
Liabilities	16,260	16,441	16,506
Equity and liabilities	26,635	25,821	26,863

DFDS Group - Statement of changes in equity 1 January - 30 June 2020

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 2020	1,173	-357	266	-28	8,988	235	10,276	80	10,356
Comprehensive income for the period									
Profit for the period					89		89	1	89
Other comprehensive income									
Items that will not be reclassified subsequently to the Income statement:									
Remeasurement of defined benefit pension obligations					-30		-30		-30
Items that will not subsequently be reclassified to the Income statement	0	0	0	0	-30	0	-30	0	-30
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			74				74		74
Value adjustment transferred to operating costs			5				5		5
Value adjustment transferred to financial costs			8				8		8
Value adjustment transferred to non-current tangible assets			-41				-41		-41
Tax on items that will be reclassified to the Income statement			0		6		6		6
Foreign exchange adjustments, subsidiaries		-99					-99	0	-99
Items that are or may subsequently be reclassified to the Income statement	0	-99	46	0	6	0	-46	0	-47
Total other comprehensive income after tax	0	-99	46	0	-24	0	-77	0	-77
Total comprehensive income	0	-99	46	0	65	0	12	0	13
Transactions with owners									
Cancellation of proposed dividend at year-end 2019*					235	-235	0		0
Vested share-based payments					5		5		5
Cash from sale of treasury shares related to exercise of share options				2	-2		1		1
Transactions with owners	0	0	0	2	239	-235	6	0	6
Equity at 30 June 2020	1,173	-456	312	-26	9,292	0	10,295	80	10,375

* DFDS' annual general meeting (AGM) was held on 4 June 2020. In view of the reduced operational and financial visibility, the Board of Directors' proposal to not pay a dividend was approved at the general meeting.

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 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.

DFDS Group – Statement of cash flows

DKK m	2020 Q2	2019 Q2	2020 H1	2019 H1	2019-20 LTM	2019 Full year
Operating profit before depreciation (EBITDA) and special items	507	989	1,117	1,667	3,083	3,633
Cash flow effect from special items related to operating activities	-4	-1	-61	-24	-114	-78
Adjustments for non-cash operating items, etc.	8	4	11	14	23	26
Change in working capital	101	37	-15	96	-335	-224
Payment of pension liabilities and other provisions	-8	-7	-16	-37	-31	-52
Cash flow from operating activities, gross	604	1,023	1,037	1,715	2,625	3,304
Interest received, etc.	21	1	8	2	6	6
Interest paid, etc.	-75	-83	-129	-129	-260	-266
Taxes paid	7	-6	7	-25	-13	-46
Cash flow from operating activities, net	557	935	924	1,563	2,357	2,997
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-290	-675	-836	-1,271	-1,684	-2,120
Sale of ships including prepayment received on ship held for sale	202	0	202	0	318	117
Investments in other non-current tangible assets	-74	-58	-136	-274	-329	-467
Sale of other non-current tangible assets	8	4	17	9	21	13
Investments in non-current intangible assets	-19	-14	-36	-28	-74	-66
Acquisition of enterprises, associates, joint ventures and activities	0	-4	-14	-4	-142	-131
Other investing cash flows	-166	-1	-165	3	-164	4
Cash flow to/from investing activities, net	-338	-748	-969	-1,566	-2,054	-2,651
Cash flow before financing activities, net	218	187	-45	-3	304	346
Proceed from bank loans and loans secured by mortgage in ships	601	325	1,448	695	2,410	1,658
Repayment and instalments of bank loans and loans secured by mortgage in ships	-347	-240	-1,325	-288	-1,836	-799
Proceed from issuance of corporate bonds	0	304	0	304	0	304
Repayment of corporate bonds incl. settlement of cross currency swap	0	-500	0	-500	0	-500
Payment of lease liabilities	-153	-170	-318	-330	-693	-706
Cash received from exercise of share options	0	3	1	5	2	7
Other financing cash flows	0	0	0	0	-3	-3
Dividends paid to equity holders of DFDS A/S	0	0	0	-229	0	-229
Cash flow to/from financing activities, net	101	-278	-194	-342	-120	-268
Net increase (decrease) in cash and cash equivalents	319	-90	-240	-345	184	79
Cash and cash equivalents at beginning of period	280	506	840	761	416	761
Foreign exchange and value adjustments of cash and cash equivalents	0	0	-2	0	-1	0
Cash and cash equivalents at end of period *	598	416	598	416	598	840

* At 30 June 2020 DKK 147m (30 June 2019: DKK 108m) of the cash was deposited on restricted bank accounts.

Note 1 Accounting policies and significant estimates

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 2019 except as described below.

Implementation of new or changed accounting standards and interpretations

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 2020 none of which has had material impact on the Group's Financial Statements.

Significant estimates

In the view of Management, the areas where accounting estimates and assessments are significant remain the same as per DFDS' latest annual report. However, considering Covid-19 certain significant estimates applied in the first 6 months of 2020 have been updated compared to year-end 2019. Lifting the restrictions across most of Europe has meant that conditions generally have improved towards the end of Q2 compared to Q1.

In the preparation of the Interim Report, 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.

General impact of the Covid-19 virus

A description of the general impact of the Covid-19 virus on our business and segments can be found in the management review, pages 4-6.

Impairment considerations

Impairment testing is normally undertaken once a year unless indications of impairment occur. The consequences of Covid-19 is considered such an indication and consequently, DFDS has revisited its impairment tests from year-end 2019.

While the current situation is an impairment indicator, it is reasonable to assume that the situation is temporary. In addition, DFDS' main assets have a long lifetime and the impairment tests at year-end 2019 showed significant headroom without any growth in the forecasting period. We therefore conclude that the long-term assumptions applied at year-end 2019 remain valid and no impairment has incurred. The lower number of vessels being laid up at the end of Q2 compared to Q1 and the restart of the passenger routes supports this view.

Receivables

The practice for recognising expected credit losses etc. remains the same as at year-end 2019. Presently, the changes in payment pattern continue to be insignificant albeit the situation is monitored closely.

Liquidity risks

There are no changes to the risk described in the Annual Report 2019 on pages 42-45 nor are there any significant changes to the financial risks described in the notes on pages 97-100. The current cash resource is DKK 4.1bn (year-end 2019 DKK 2.3bn) of which undrawn committed and uncommitted credit facilities amounts to around DKK 3.5bn (year-end 2019 DKK 1.5bn). Further information on funding can be found in the management review, page 6.

Other areas

DFDS has taken part in various government compensation schemes following Covid-19. Wage compensation is reducing the staff costs in the income statement while fixed costs scheme are accounted for as revenue as the compensation is designed to curb the impact of lower revenue by compensation of fixed costs.

Note 2 Segment Information

DKK m	Ferry Division	Logistics Division	Non- allocated	Total
H1 2020				
External revenue	4,179	2,411	21	6,612
Intragroup revenue	371	17	273	660
Total revenue	4,550	2,428	295	7,272
Operating profit (EBITDA) before special items	921	185	10	1,117
Operating profit (EBIT) before special items	163	42	-24	181
Operating profit after special items (EBIT)	242	37	-57	222
Invested capital, average	20,197	1,712	746	22,656

DKK m	Ferry Division*	Logistics Division*	Non- allocated	Total
H1 2019				
External revenue	5,545	2,557	9	8,111
Intragroup revenue	360	12	262	634
Total revenue	5,905	2,569	271	8,746
Operating profit (EBITDA) before special items	1,483	203	-19	1,667
Operating profit (EBIT) before special items	743	90	-58	775
Operating profit after special items (EBIT)	737	83	-89	731
Invested capital, average	18,339	1,399	408	20,145

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

Note 3 Revenue

DKK m	H1 2020			Total
	Ferry Division	Logistics Division	Non-allocated	
Geographical markets				
North Sea	1,827	-	0	1,827
Baltic Sea	599	-	0	599
English Channel	849	-	0	849
Mediterranean	904	-	0	904
Continent	-	1,086	0	1,086
Nordic	-	738	0	738
UK/Ireland	-	587	0	587
Other	0	0	21	21
Total	4,179	2,411	21	6,612
Product and services				
Seafreight and shipping logistics solutions	3,153	0	0	3,153
Transport solutions	10	2,394	0	2,404
Passenger seafare and on board sales	416	0	0	416
Terminal services	302	1	0	303
Charters	167	0	0	167
Agency and other revenue	131	16	21	169
Total	4,179	2,411	21	6,612

DKK m	H1 2019			Total
	Ferry Division*	Logistics Division*	Non-allocated	
Geographical markets				
North sea*	2,577	-	0	2,577
Baltic sea	706	-	0	706
English Channel	1,188	-	0	1,188
Mediterranean	1,074	-	0	1,074
Continent	-	1,179	0	1,179
Nordic*	-	762	0	762
UK/Ireland	-	616	0	616
Other	0	0	9	9
Total	5,545	2,557	9	8,111
Product and services				
Seafreight and shipping logistics solutions	3,802	0	0	3,802
Transport solutions	10	2,545	0	2,556
Passenger seafare and on board sales	1,105	0	0	1,105
Terminal services	334	1	0	336
Charters	178	0	0	178
Agency and other revenue	116	10	9	135
Total	5,545	2,557	9	8,111

* The Norwegian sideport shipping activities have been transferred from the Logistics Division to the Ferry Division per 1 January 2020, 2019 comparative figures have been restated accordingly.

All material revenue is recognised when each separate obligation in the customer contract is fulfilled following the “over-time principle”. Most transports carried out by the Ferry Division are characterised by short delivery time (most sailings are less than 30 hours while sailings to/from Turkey are up to 72 hours). Transports carried out by Logistics Division can take delivery over a longer period, but the impact is insignificant.

On board sales DKK 154m or 2.3% of total revenue (2019: DKK 492m or 6.1% of total revenue) is recognised at “a point in time”.

Revenue from leasing activities DKK 181m or 2.7% of total revenue (2019: DKK 194m or 2.4% of total revenue) and revenue from government grants DKK 50m or 0.8% of total revenue (2019: none) is not within the scope of IFRS 15, however, the revenue from leasing activities and government grants is insignificant and is therefore not excluded in the above table.

Note 4 Special items

DKK m	2020 H1	2019 H1
Accounting gain on sale of Liverpool Seaways	110	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 accrue from December 2016 to February 2020	-2	-9
Termination cost in connection with restructuring.	-67	-24
Accounting loss and costs related to disposal of two associated companies	0	-8
Costs related to the acquisition and subsequent integration of U.N. Ro-Ro etc.	0	-2
Special items, net	42	-44

Note 5 Acquisition of enterprises and sale of activities

2020

There have been no significant acquisitions or disposals in H1 2020.

2019

On 9 December 2019 the acquisition of the Dutch company Huisman Group BV headquartered in Wijchen was completed.

On 19 December 2019 the acquisition of the Finnish company Freeco Logistics headquartered in Turku was completed.

For further details of these acquisitions, refer to the annual report for 2019.

Note 6 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 2020.

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 2020		H1 2019	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Derivatives (Level 2)	347	347	266	266
Securities (Level 3)	10	10	10	10
Financial liabilities				
Derivatives (Level 2)	201	201	86	86

Note 7 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 2019.

The Parent Company's revenue decreased by DKK 1,196m, equivalent to 25%. Operating profit before depreciation and special items (EBITDA) decreased from DKK 1,231m to DKK 773m, equivalent to a decrease of 37%. The negative development is primarily due to travel restrictions and lockdowns related to Covid-19.

Profit before tax decreased from DKK 447m in H1 2019 to DKK 139m in H1 2020.

The Parent Company's net interest-bearing debt increased from DKK 3,701m at 31 December 2019 to DKK 4,355m at 30 June 2020.

DKK m	2020 H1	2019 H1	2019-20 LTM	2019 Full year
Income statement				
Revenue	3,512	4,708	8,561	9,757
Operating profit before depreciation (EBITDA) and special items	773	1,231	2,269	2,727
Operating profit (EBIT) before special items	-59	402	550	1,011
Special items, net	-38	54	14	106
Operating profit (EBIT)	-97	456	564	1,117
Financial items, net	236	-9	180	-65
Profit before tax	139	447	744	1,052
Profit for the period	139	441	747	1,049
Assets				
Non-current intangible assets	387	354		368
Non-current tangible assets	5,228	4,341		4,872
Right-of-use assets	1,233	1,787		1,839
Investments in affiliated companies, associates and joint ventures	6,624	5,872		5,924
Non-current receivables from affiliated companies	271	885		715
Other non-current assets	261	192		243
Non-current assets	14,004	13,431		13,961
Current receivables from affiliated companies	1,214	1,144		1,199
Receivables from associates and joint ventures	46	46		46
Cash	244	140		656
Other current assets	1,358	1,513		1,234
Current assets	2,862	2,844		3,135
Assets	16,866	16,275		17,095
Equity and liabilities				
Equity	9,505	8,639		9,339
Non-current liabilities	3,046	2,846		3,069
Current liabilities to affiliated companies	2,073	1,649		1,919
Other current liabilities	2,242	3,142		2,769
Current liabilities	4,315	4,791		4,687
Equity and liabilities	16,866	16,275		17,095
Equity ratio, %	56.4%	53.1%		54.6%
Net interest-bearing debt	4,355	3,258		3,701

Definitions

Operating profit before depreciation (EBITDA)	Profit before depreciation and impairment on non-current assets
Operating profit (EBIT)	Profit after depreciation and impairment on non-current intangible and tangible assets
Operating margin	$\frac{\text{Operating profit (EBIT) before special items}}{\text{Revenue}} \times 100$
Net operating profit after taxes (NOPAT)	Operating profit (EBIT) minus payable tax for the period adjusted for the tax effect of net finance cost
Invested capital	Net working capital (non-interest bearing current assets minus non-interest bearing current liabilities) plus non-current intangible and tangible assets minus pension and jubilee liabilities and other provisions
Net Interest-bearing debt	Interest-bearing liabilities (excluding provision for pensions) minus interest-bearing assets minus cash and securities
LTM	Last twelve months
Return on invested capital (ROIC)	$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$
Free cash flow (FCFF)	Cash flow from operating activities excluding net interest received and paid minus cash flow from net investments
Return on equity	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$
Equity ratio	$\frac{\text{Equity at end of period}}{\text{Total assets}} \times 100$
Earnings per share (EPS)	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Weighted average number of ordinary shares in circulation}} \times 100$
P/E ratio	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share (EPS)}} \times 100$
Dividend per share	$\frac{\text{Dividend for the year}}{\text{Number of shares at the end of the period}} \times 100$
Market value	Number of shares, ex. treasury shares, end of period times share price end of period
No. of ships	Owned and chartered ships, including slot charter and vessel sharing agreements
Unit	In the Logistics Business, a reported Unit is generally defined as a loaded trailer or container transported along a traffic route. One loaded trailer or container counts as one unit irrespective of whether these are carrying a full loads or multiple part load consignments. In addition, Logistics reports revenue from multiple value-add activities where volume units are not reported. These being Warehousing activities, Managed Contracts, Workshops, Customs departments and Handling fees.

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

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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.