

# INCREASING FREIGHT EARNINGS

- Q3 freight earnings above 2019
- Efficiency enhanced by adaptation of operations and business structure to market changes
- Travel restrictions lowered passenger numbers significantly
- EBITDA 2020 outlook raised to DKK 2.5-2.7bn on 23 October 2020



# Highlights Q3

## Q3 2020

- Both freight ferry and logistics delivered strong performance
- 70% drop in passenger numbers lowered profit significantly

## Outlook 2020 (changed 23 October)

- EBITDA of DKK 2.5-2.7bn
- Investments of around DKK 1.6bn, unchanged

“Our freight network is as expected proving to be very resilient. We continue to adapt operations to market changes and Brexit. I am pleased to see that all the hard work of our people has helped position us well for the future.”

**Torben Carlsen, CEO**

Revenue decreased 20% or DKK 0.9bn to DKK 3.6bn in Q3 and EBITDA before special items decreased 29% or DKK 349m to DKK 846m.

EBITDA for freight ferry and logistics activities was DKK 126m above 2019 in Q3. The ongoing adaptation of operations and the business structure to market conditions post Covid-19 has been instrumental in achieving the increase. Besides higher margins, some activities also succeeded in raising volumes.

The continued tightening of travel restrictions during Q3 lowered, on the other hand, the passenger result below expectations. In Q3, EBITDA for passenger services was thus DKK 445m below 2019. This result includes passenger services in three business units that provide such services – Passenger, Channel and Baltic Sea.

## Outlook 2020

On 23 October 2020, the outlook for 2020 was raised as freight volumes have developed more positively than expected during and after Q3.

EBITDA before special items is expected to be DKK 2.5-2.7bn in 2020 up from the previous outlook of DKK 2.2-2.5bn included in the Q2 2020 report.

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 8.

## KEY FIGURES

DKK m	2020	2019	Change, %	2019-20	2018-19	Change, %	2019
	Q3	Q3		LTM	LTM		FY
Revenue	3,598	4,472	-19.6	14,218	16,538	-14.0	16,592
<b>EBITDA before special items</b>	<b>846</b>	<b>1,195</b>	<b>-29.2</b>	<b>2,734</b>	<b>3,708</b>	<b>-26.3</b>	<b>3,633</b>
EBIT before special items	388	718	-46.0	826	1,920	-57.0	1,751
Profit before tax and special items	324	647	-49.9	570	1,714	-66.7	1,472
<b>Profit before tax</b>	<b>262</b>	<b>645</b>	<b>-59.4</b>	<b>496</b>	<b>1,704</b>	<b>-70.9</b>	<b>1,371</b>

**12 November 2020. Conference call today at 10.00am CET**

Access code: 30422623# Phone numbers to the call: DK +45 35445577, US +1 631 913 1422, UK +44 333 300 0804

# Key figures

DKK m	2020 Q3	2019 Q3	2020 Q1-Q3	2019 Q1-Q3	2019-20 LTM	2019 Full year
<b>Income statement</b>						
Revenue	3,598	4,472	10,209	12,583	14,218	16,592
• Ferry Division*	2,526	3,401	7,076	9,306	9,967	12,197
• Logistics Division*	1,259	1,245	3,687	3,814	4,990	5,116
• Non-allocated items	91	135	386	406	520	540
• Eliminations*	-279	-308	-939	-942	-1,259	-1,262
Operating profit before depreciation (EBITDA) and special items	846	1,195	1,962	2,861	2,734	3,633
• Ferry Division*	735	1,093	1,656	2,576	2,334	3,254
• Logistics Division*	145	106	330	309	443	421
• Non-allocated items	-34	-4	-24	-23	-43	-42
Profit/loss on disposal of non-current assets, net	1	2	5	4	7	6
Operating profit (EBIT) before special items	388	718	569	1,493	826	1,751
Special items, net	-62	-2	-20	-46	-75	-101
Operating profit (EBIT)	326	716	548	1,447	751	1,650
Financial items, net	-64	-72	-179	-202	-255	-278
Profit before tax	262	645	369	1,245	496	1,371
Profit for the period	244	631	334	1,185	461	1,313
Profit for the period excluding non-controlling interest	238	629	327	1,182	453	1,309
<b>Capital</b>						
Total assets	-	-	26,707	25,844	-	26,863
DFDS A/S' share of equity	-	-	10,434	10,061	-	10,276
Equity	-	-	10,521	10,143	-	10,356
Net interest-bearing debt	-	-	11,736	11,450	-	11,954
Invested capital, end of period	-	-	22,412	21,726	-	22,476
Invested capital, average	22,541	21,547	22,595	20,540	22,421	20,927

DKK m	2020 Q3	2019 Q3	2020 Q1-Q3	2019 Q1-Q3	2019-20 LTM	2019 Full year
<b>Cash flows</b>						
Cash flows from operating activities, before financial items and after tax	932	759	1,975	2,450	2,783	3,258
Cash flows from investing activities	-456	-308	-1,425	-1,874	-2,202	-2,651
• Acquisition of enterprises and activities	0	0	-14	-4	-142	-131
• Other investments, net	-456	-308	-1,411	-1,870	-2,060	-2,519
Free cash flow	475	451	550	576	582	607
Repayment of lease liabilities and lease interest	-162	-196	-519	-566	-737	-785
Adjusted free cash flow	313	255	32	9	-156	-178
<b>Key operating and return ratios</b>						
Average number of employees	-	-	8,283	8,307	8,378	8,367
Number of ships	-	-	68	71	-	70
Fuel consumption per nautical mile (g/GT/Nm)	4.22	4.73	4.27	4.79	4.32	4.78
Revenue growth (reported), %	-19.6	2.0	-18.9	7.0	-14.3	5.6
EBITDA-margin, %	23.5	26.7	19.2	22.7	19.2	21.9
Operating margin, %	10.8	16.1	5.6	11.9	5.8	10.6
Revenue/invested capital average, (times)	-	-	-	-	0.6	0.8
Return on invested capital (ROIC), %	-	-	-	-	3.1	7.6
ROIC before special items, %	-	-	-	-	3.5	8.1
Return on equity, %	-	-	-	-	4.4	13.5
<b>Key capital and per share ratios</b>						
Equity ratio, %	-	-	39.4	39.2	-	38.6
Net interest bearing debt/EBITDA, (times)	-	-	-	-	4.3	3.3
Earnings per share (EPS), DKK	4.15	11.00	5.70	20.67	7.92	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	-	-	57,302	57,192	-	57,196
Share price, DKK	-	-	213.0	248.6	-	325.0
Market value	-	-	12,212	14,221	-	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 29.

# Management review

## Market overview

While activity linked to the trading of goods in Europe picked up through Q3, activity in travel markets declined during the quarter.

Freight market volumes started to pick up at the end of Q2 and the beginning of Q3 with some variance across countries and industries. The automotive industry, for example, recovered later than most other industries.

Brexit is scheduled to take place on 1 January 2021 and signs of stockbuilding appeared towards the end of Q3. Freight volumes to the UK are expected to continue to be supported by stockbuilding in Q4.

Turkey's currency TRY depreciated 26% vs DKK in Q3 reflecting concerns about economic policies among other things. Turkish exports recovered through the quarter helped by the currency depreciation and increased demand from European markets. At the end of Q3, manufacturing in Turkey, including the automotive sector, had recovered to the highest activity level since March 2020 before Covid-19. Turkish exports are expected to continue to grow in Q4. Geopolitical tensions related to Turkey have recently increased and may pose a risk, especially for attracting foreign investments.

Travel markets started to recover as travel restrictions linked to Covid-19 were eased at the beginning of Q3. The recovery lasted for just over a month in July/August as travel restrictions were tightened from mid-August and have recently been tightened further. The latter is a response to the current 'second wave' of Covid-19 in Europe.

The European ferry travel market is thus expected to remain extraordinarily subdued for the rest of 2020

The largest changes in average exchange rates in Q3 2020 vs Q3 2019 were a depreciation of TRY/DKK by 26% and of NOK/DKK by 8%.

## Adaptation of operations and business structure

DFDS has adapted to the significant impacts of lockdowns and travel restrictions imposed to contain the outbreak of Covid-19. The first phase was an initial response, starting in the second half of March, to the rapid changes in customer demand in both freight and passenger markets. The second phase was an adaptation announced at the end of Q2 with a longer perspective to restore long term growth and efficiency. Both adaptations were detailed in the Q2 2020 report.

The adaptations have strengthened the commercial focus and simplified the business structure of the freight activities, including a major change in the structure of the sales organisation between the ferry and logistics divisions.

Furthermore, passenger services have been aligned to expectations that an increasing share of passengers in travel markets will travel for transport purposes, including holiday travel. Onboard concepts and offerings have therefore been simplified and costs reduced.

The adaptations have regrettably led to around 800 employees having to leave DFDS which compared with the Q2 2020 report was an increase of 150 employees. This was mainly due to an adaptation of the Channel activities that was initiated during Q3. Before the layoffs, DFDS employed around 8,600 people.

In total, annual cost savings of up to DKK 300m are now expected (previously DKK 250m). In 2020, a positive financial impact of around DKK 100m is now expected (previously DKK 50-75m).

The year-to-date one-off redundancy cost amounts to DKK 129m of which DKK 62m was recorded in Q3 2020 under Special items.

## Major events in Q3

### Climate action plan launched

On 7 September 2020, DFDS launched a climate action plan to consistently reduce Greenhouse Gas (GHG) emissions and ultimately become climate neutral by 2050.

The climate action plan reaffirms our commitment and responsibility for the environment. The plan also ensures we stay relevant as a provider of ferry and logistics services for both freight customers and passengers in the coming decades.

Three key climate action plan initiatives:

- **Next 10 years:** 29 technical initiatives to reduce emissions from the ferry fleet by 45% from 2008 to 2030, with 25-35% expected to be achieved between 2019 and 2030
- **Long-term ferry fuel replacement:** Introduction of a new generation of zero emission fuels to replace fossil fuels. The new fuels are sustainable as they consist of renewable energy stored in the form of ammonia, hydrogen, or methanol
- **Trucks, terminals, facilities and offices:** This part aims to reduce emissions from third-party haulier trucks, own trucks and equipment used in port terminals.

### 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. From 10 July full passenger services were

resumed on the Channel. From mid-August, travel restrictions were tightened which led to a decline in passenger for the rest of Q3.

## Major events after Q3

### Five mega freight ferries now deployed

The fifth freight ferry newbuilding, out of a series of six newbuildings, was deployed at the beginning of October 2020 on the Rotterdam-Immingham route alongside a sister ferry that was deployed in Q2 2020. The route's freight capacity has been increased even though it now deploys two freight ferries compared to previously three.

A third newbuilding was deployed in April 2020 on the Gothenburg-Zeebrugge route that previously deployed three freight ferries. Another two freight newbuildings were deployed in 2019 between Istanbul and Trieste. The new freight ferries have in line with expectations added efficiency and lowered emissions per transported lane metre.

### Baltic routes optimised further

From the beginning of October 2020, capacity was increased on the combined freight and passenger route Paldiski-Kapellskär. The capacity was increased by closing the Paldiski-Hanko route and moving the ferry deployed there full time to Paldiski-Kapellskär.

Capacity on the combined freight and passenger route Klaipeda-Karlshamn was also increased from the beginning of October by two additional weekly departures bringing the total to 11.

### Capacity agreement with UK's Department for Transport (DfT)

In October, DFDS entered into an agreement with the UK's DfT to ensure ferry freight capacity for vital goods such as medicine and food after the Brexit transition period ends on 31 December 2020. The agreement runs for six months starting 1 January 2021.

The agreement comprises the Dieppe-Newhaven and Rotterdam-Felixstowe routes.

### Capacity on Oslo-Frederikshavn-Copenhagen reduced

From 2 November 2020, one of the two ferries deployed on Oslo-Frederikshavn-Copenhagen was laid up following the continued tightening of travel restrictions. The ferry will be laid up until mid-February 2021.

## Financial performance

### Revenue

The Group's Q3 revenue was DKK 3,598m, a decrease of 19.6% compared to 2019.

Ferry Division's Q3 revenue decreased DKK 874m or 25.7% to DKK 2,526m following an exceptional negative impact on passenger activity from travel restrictions related to Covid-19. Passenger revenue across business units was reduced by DKK 639m or 61.3% as travel restrictions lowered passenger travel.

Freight ferry revenue across business units was 4.0% lower excluding bunker surcharges. The decrease was due to a combination of reduced capacity and lower volumes on some routes as well as a decrease in revenue per lane metre following mix changes and some increased competition. Q3 freight ferry volumes were on level with 2019.

Logistics Division's Q3 revenue increased 1.2% to DKK 1,259m as a positive impact from acquisitions offset a reduction in volumes linked to Covid-19, including lower automotive volumes. Q3 logistics volumes decreased 1.3% compared to 2019.

The Group's Q1-3 revenue decreased 18.9% compared to 2019 to DKK 10,209m. Ferry Division's Q1-3 revenue decreased 24.0% to DKK 7,076m and Logistics Division's Q1-3 revenue decreased 3.3% to DKK 3,687m.

### Revenue

DKK m	Q3 2020	Q3 2019	Change, %	Change
Ferry Division*	2,526	3,401	-25.7	-874
Logistics Division*	1,259	1,245	1.2	15
Non-allocated items	91	135	-32.4	-44
Eliminations	-279	-308	9.4	29
<b>DFDS Group</b>	<b>3,598</b>	<b>4,472</b>	<b>-19.6</b>	<b>-875</b>

\* 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.

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

The Group's Q3 EBITDA decreased DKK 349m or 29% to DKK 846m from DKK 1,195m in 2019.

Ferry Division's Q3 EBITDA decreased DKK 358m or 33% to DKK 735m as higher freight earnings was more than offset by lower passenger earnings.

Q3 is the high season for the passenger activities and the severe reduction in the number of passengers therefore resulted in a significant profit decrease of DKK 445m compared to 2019. The decrease is reported across three business units – Passenger, Channel and Baltic Sea.

The freight ferry activities, on the other hand, increased EBITDA by DKK 87m as margins were improved by the adaptation of operations and the business structure while volumes overall were on level with 2019. The profit increase was mainly driven by the Channel and Mediterranean business units. EBITDA in Q3 2019 included an income from an agreement with the UK Department for Transport.

Logistics Division's Q3 EBITDA increased 37% to DKK 145m driven by margin improvements in all three business units and a positive impact from acquisitions.

The Group's Q1-3 EBITDA decreased 31% to DKK 1,962m following a decrease in Ferry Division's EBITDA of 36% to DKK 1,656m and an increase in Logistics Division's EBITDA of 7% to DKK 330m. Non-allocated corporate costs of DKK -24m was on level with 2019. The Group's result includes an income of DKK 164m from government Covid-19 compensation programs, of which DKK 150m was included in Q2 2020.

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

Depreciation in Q3 of DKK 458m decreased 4% compared to 2019 as redelivery of chartered freight ferries offset the increase in depreciation from freight ferry newbuildings. Depreciation in Q1-3 of DKK 1,393m increased 1% compared to 2019.

The Group's Q3 EBIT before special items decreased 46% from DKK 718m to DKK 388m. The Group's Q1-3 EBIT before special items decreased 62% to DKK 569m.

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

In Q3 2020, special items were a net cost of DKK 62m of which the majority was due to one-off restructuring costs related mainly to adaptation of the Ferry Division. Special items in Q1-3 were a cost of DKK 20m.

The Group's Q3 EBIT after special items decreased 55% to DKK 326m. The Group's Q1-3 EBIT after special items decreased 62% to DKK 548m.

### Financial items

Total finance, net in Q3 was a cost of DKK 64m which was a decrease of DKK 8m compared to Q3 2019 following a positive variance on net currency adjustments of DKK 12m consisting of a loss in 2019 and a gain in 2020. The net interest cost was DKK 6m above 2019.

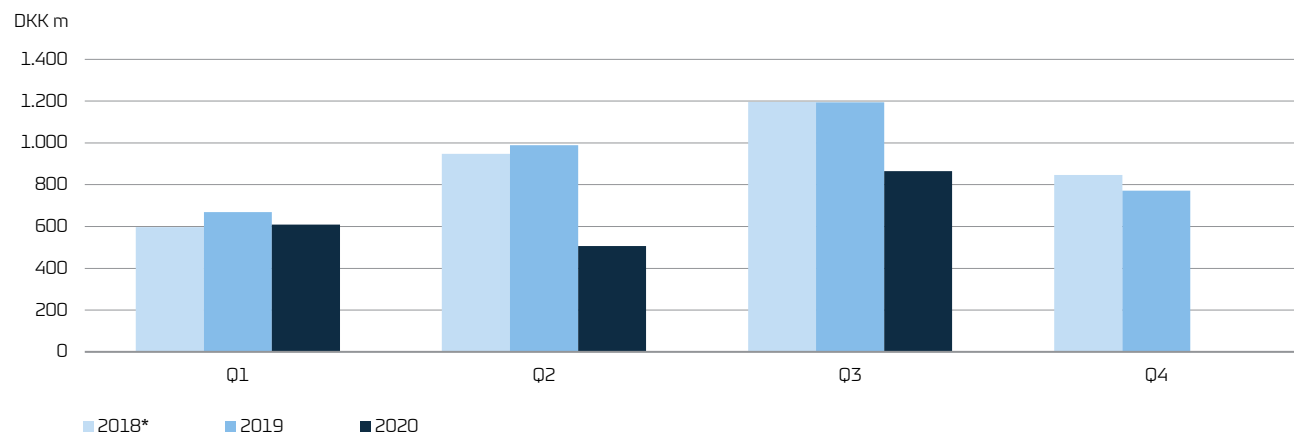
Total finance, net in Q1-3 was a cost of DKK 179m, a decrease of 11% compared to 2019.

### Profit before special items and after tax

The Q3 profit before special items and tax was DKK 324m. The profit for the period was DKK 244m.

For Q1-3, the profit before special items and tax was DKK 389m and the profit for the period was DKK 334m.

### 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	Q3 2020	Q3 2019	Change, %	Change
Ferry Division*	735	1,093	-32.8	-358
Logistics Division*	145	106	36.6	39
Non-allocated items	-34	-4	n.a.	-30
<b>DFDS Group</b>	<b>846</b>	<b>1,195</b>	<b>-29.2</b>	<b>-349</b>
EBITDA-margin, %	23.5	26.7	n.a.	-3.2

\* 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	Q3 2020	Q3 2019	Change, %	Change
EBITDA before special items	846	1,195	-29.2	-349
Associates and joint ventures	-2	-1	n.a.	-1
Profit on disposals	1	2	n.a.	-1
Depreciation and impairment	-458	-477	4.1	19
<b>EBIT before special items</b>	<b>388</b>	<b>718</b>	<b>-46.0</b>	<b>-331</b>

### Financial items

DKK m	Q3 2020	Q3 2019	Change, %	Change
Interests, net	-64	-58	-9.6	-6
Foreign exchange gains/losses, net	4	-7	n.a.	12
Other items, net	-5	-6	28.4	2
<b>Total finance, net</b>	<b>-64</b>	<b>-72</b>	<b>10.8</b>	<b>8</b>

### Earnings per share

Q3 earnings per share (EPS) decreased to DKK 4.15 compared to DKK 11.00 in Q3 2019. Q1-3 earnings per share (EPS) decreased to DKK 5.70 compared to DKK 20.67 in Q1-3 2019.

### Cash flow and investments

The Q3 cash flow from operating activities was DKK 863m, including a positive cash flow from a change in working capital of DKK 134m. The Q1-3 cash flow from operating activities was DKK 1,787m.

The Q3 free cash flow (FCFF) was DKK 475m and DKK 313m adjusted for payment of lease liabilities including interest. Net investments in Q3 amounted to a negative cash flow of DKK 456m that included DKK 417m of ferry investments of which DKK 355m was for ferry newbuildings. The Q1-3 free cash flow (FCFF) was DKK 550m and DKK 32m adjusted for payment of lease liabilities including interest.

The Q3 cash flow from financing activities was negative by DKK 270m as the net cash flow from loans amounted to DKK -127m and payment of lease liabilities was DKK -143m. The Q3 net cash flow was positive by DKK 137m and cash and cash equivalents thus increased to DKK 735m at the end of the quarter.

### Invested capital and ROIC

Invested capital was DKK 22.4bn at the end of Q3 2020 which was slightly down from year-end 2019. The average invested capital in Q3 2020 increased 5% to DKK 22.5bn compared to year-end 2019.

### OUTLOOK 2020

DKK m	New outlook, 23 October	August	May	February	2019
Revenue growth	Minus 16-18%	Minus 15-18%	n.a.	4%	16,592
EBITDA before special items	2,500-2,700	2,200-2,500	2,000	3,500-3,900	3,633
Per division:					
Ferry Division	2,100-2,250	1,900-2,100	n.a.	3,075-3,425	3,205
Logistics Division	450-500	350-450	n.a.	475-525	470
Non-allocated items	-50	-50	n.a.	-50	-42
Depreciation change	0%	-2%	n.a.	-2%	-1,894
Special items	-25	0	n.a.	100	-101
Investments	-1,600	-1,600	-1,600	-2,300	-2,651

In Q3 2020, the return on invested capital, ROIC, for the last twelve months was 3.5% before special items compared to 8.1% for 2019.

### Capital structure

At the end of Q3 2020 net-interest-bearing debt (NIBD) was DKK 11.7bn, a decrease of 2% compared to year-end 2019 and a 3% decrease compared end of Q2 2020. Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a ratio of 4.3 compared to 3.3 at year-end 2019. The equity ratio was 39% at the end of Q3 2020 which was slightly above year-end 2019.

### Equity

Equity amounted to DKK 10,521m at the end of Q3 2020, including non-controlling interests of DKK 87m. This was 2% up compared to year-end 2019 due to an increase in total comprehensive income while transactions with owners in the first three quarters were close to zero.

## Outlook 2020

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

The outlook for 2020 was raised on 23 October 2020 as freight volumes developed more positively than expected during and after Q3.

Revenue for 2020 is expected to decrease 16-18% compared to 2019 mainly due to negative impacts from lockdowns and travel restrictions related to Covid-19.

EBITDA before special items is expected to be DKK 2.5-2.7bn in 2020 up from the outlook of DKK 2.2-2.5bn included in the Q2 2020 report.

Freight earnings recovered to a level above 2019 in Q3 and this is expected to continue in Q4 as freight volumes



are expected to remain around 2019 levels. Freight ferry volumes are now assumed to decrease by less than 5% for the full-year 2020 compared to 2019 (previously: a decrease of less than 10%). Logistics volumes are assumed to follow the same pattern.

For the full-year 2020, the outlook forecasts a decrease in the Group's EBITDA before special items of around DKK 1bn compared to 2019. This decrease is expected to be entirely due to the negative impact from Covid-19 on passenger services.

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

The free cash flow, including payment of lease liabilities, is expected to be positive in 2020.

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. Covid-19 continues to constitute a significant risk, particularly for passenger services.

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.



**Mediterranean improved performance in Q3**

Volumes recovered during Q3 as demand in Europe picked up. Operations also improved after travel restrictions were eased as truck drivers are flown to Italy and France as part of the offering to customers.

# Ferry Division

## The division is organised in five business units:

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

## Q3 market, activity and result trends

Total Q3 freight volumes were on level with 2019 and increased by 1.0% adjusted for a structural route change in Baltic Sea.

Total Q3 passenger volumes decreased 71.1% compared to 2019 following a tightening of travel restrictions in the second half of the quarter.

### North Sea

Q3 freight volumes were up 1.9% compared to 2019 as high activity between UK and the Continent offset lower activity on the Swedish routes, especially to the UK, although volumes recovered through the quarter. The recovery of volumes has been slower out of Sweden as these

## Ferry Division

DKK m	2020			2020 Q1-Q3	2019* Q1-Q3	2019*				2019-20 LTM	2019* Full year
	Q1	Q2	Q3			Q1	Q2	Q3	Q4		
Revenue	2,692	1,858	2,526	7,076	9,306	2,755	3,151	3,401	2,891	9,967	12,197
EBITDA before special items	528	393	735	1,656	2,576	591		1,093	678	2,334	3,254
Share of profit/loss of associates and joint ventures	-2	-2	-2	-6	7	2	6	-1	-1	-6	6
Profit/loss on disposal of non-current assets, net	0	0	1	1	1	1	0	1	0	1	2
Depreciation and impairment	-386	-368	-366	-1,121	-1,143	-370	-378	-394	-415	-1,536	-1,558
EBIT before special items	140	23	367	530	1,441	223	520	698	263	793	1,704
EBIT margin before special items, %	5.2	1.2	14.5	7.5	15.5	8.1	16.5	20.5	9.1	8.0	14.0
Special items, net	0	79	-72	7	-2	0	-6	4	-51	-44	-53
EBIT	140	102	295	537	1,439	223	514	702	212	749	1,651
Invested capital, average **	20,214	20,235	20,275	20,244	19,246	18,895	19,318	19,598	19,901	20,132	19,421
ROIC before special items, % **	-	-	-	-	-	-	-	-	-	3.8	8.7
Average number of employees	-	-	-	5,513	5,754	-	-	-	-	5,747	5,766
Lane metres, '000	10,079	8,394	10,529	29,002	30,838	10,593	9,715	10,530	10,442	39,444	41,280
Tons, '000	194	166	138	498	561	174	185	201	205	702	766
Passengers, '000	579	152	578	1,312	4,126	732	1,390	2,004	991	2,302	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.

routes carry a high share of automotive and other industrial volumes whereas a higher share of consumer goods is carried between UK and the Continent. Capacity was reduced on the Swedish routes in the quarter.

Q3 EBITDA decreased 6% to DKK 287m mainly due to an income from a capacity agreement with the UK Department for Transport in 2019.

### Baltic Sea

Q3 freight volumes were up 6.9% compared to 2019 adjusted for a route change. Ferry services between Estonia and Finland were further restructured at the end of Q3 as

the Paldiski-Hanko route was closed to focus capacity on the Paldiski-Kapellskär route. Volumes between Finland and Estonia are now fully covered by a freight agreement with Eckerö Line announced in Q2. There was thus an increase in volumes between Estonia and Sweden as capacity was raised. Volumes also increased between Germany and Lithuania.

Although passenger travel was restricted to essential travel, the volume decrease of 21.6% was less than on passenger services outside Baltic Sea as migrant workers constitute a high share of the passengers. In addition, capacity was increased on Paldiski-Kapellskär in Q3.

Q3 EBITDA decreased 16% to DKK 138m mainly due to lower passenger earnings and increased price pressure in the freight market.

### Channel

Q3 freight volumes were 1.4% above 2019 as the market recovered through the quarter, also helped by stockbuilding ahead of Brexit. Some market share was gained in the quarter as competitor capacity was reduced .

Following an easing of travel restrictions in the beginning of the quarter, passenger services were resumed from 10 July. Travel restrictions were tightened again from mid-August and passenger volumes were down 72.8% for the quarter.

Q3 EBITDA was reduced by 42% to DKK 135m which was entirely due to the severe drop in passenger volumes. Cost savings were achieved from 11% fewer sailings and other initiatives to adapt operations.

### Mediterranean

Q3 freight volumes decreased 3.7%. Volumes recovered through the quarter and was on level with 2019 in the last month of the quarter. The volume recovery was supported by a normalisation of customers' trucking operations as air travel restrictions for truck drivers were eased. Some market share versus land transport was regained during the quarter. In addition, the completion of scrubber installations at the end of Q2 improved the reliability of the schedule.

A high share of volumes are linked to the automotive industry that is now close to recovering to levels pre-Covid-19. The depreciation of TRY in recent months supports Turkish export growth but has also led to a rise in empty units carried from Europe.

Q3 EBITDA increased 17% to DKK 188m mainly due to more efficient operations and lower operating costs. The result includes a cost of DKK 20m related to a volume commitment to a port operator not expected to be fulfilled in 2020, partly due to Covid-19 and partly due to route structure changes.

### Passenger

Following an easing of travel restrictions between Norway and Denmark at the end of June, the Oslo-Frederikshavn-Copenhagen route resumed operations on 25 June. This included the opening of a new route between Oslo and Frederikshavn. Restrictions between UK and the Continent were eased a few weeks later and the Amsterdam-Newcastle route resumed operations on 15 July. The initial pick-up in demand from passengers in July and early August was encouraging, especially between Norway and Denmark.

Travel restrictions were tightened again from mid-August and passenger volumes declined through the rest of the quarter. Passenger volumes were down 75.7% for the quarter.

Q3 EBITDA decreased DKK 235m to DKK -42m due to the severe drop in passenger numbers that led to a revenue decrease of DKK 411m in the quarter.

### Non-allocated items

These items primarily include external charter activities. Q3 EBITDA decreased 23% to DKK 28m.

## Ferry division

DKK m	2020			2020 Q1-Q3	2019 Q1-Q3	2019				2019-20 LTM	2019 Full year
	Q1	Q2	Q3			Q1	Q2	Q3	Q4		
<b>North Sea*</b>											
Revenue	1,008	756	874	2,638	2,994	1,007	1,013	974	977	3,615	3,971
EBITDA before special items	295	253	287	835	972	323	343	306	312	1,147	1,284
EBIT before special items	147	122	158	427	536	189	201	145	143	570	679
Invested capital**	5,931	5,964	5,856	5,925	5,554	5,700	5,816	5,585	5,948	5,857	5,633
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	9.6	11.9
Lane metres freight, '000	3,350	2,657	3,264	9,270	9,580	3,327	3,039	3,214	3,234	12,505	12,815
Tons, '000	194	166	138	498	561	174	185	201	205	702	766
<b>Baltic Sea</b>											
Revenue	323	307	327	957	1,137	350	389	398	335	1,292	1,472
EBITDA before special items	97	119	138	354	379	82	135	162	117	472	497
EBIT before special items	57	78	95	230	262	40	97	125	83	312	345
Invested capital**	1,712	1,642	1,646	1,571	1,409	1,322	1,272	1,322	1,283	1,521	1,384
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	20.4	24.7
Lane metres freight, '000	1,140	1,100	1,099	3,340	3,496	1,187	1,171	1,137	1,118	4,457	4,613
Passengers, '000	39	54	69	162	198	43	68	88	47	209	245
<b>Channel</b>											
Revenue	512	361	573	1,446	2,055	571	638	846	622	2,068	2,678
EBITDA before special items	39	32	135	205	404	86	85	233	93	298	497
EBIT before special items	-22	-27	73	24	233	34	31	168	35	59	268
Invested capital**	1,811	1,779	1,677	1,748	1,856	1,979	1,854	1,845	1,727	1,768	1,830
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	3.2	14.6
Lane metres freight, '000	4,404	3,939	5,016	13,359	14,159	4,902	4,311	4,945	4,837	18,196	18,995
Passengers, '000	367	98	406	870	2,894	468	936	1,490	627	1,497	3,520
<b>Mediterranean</b>											
Revenue	581	331	529	1,441	1,637	515	567	555	542	1,983	2,179
EBITDA before special items	147	66	188	401	462	137	164	161	125	526	587
EBIT before special items	55	-26	90	119	202	46	80	76	29	148	231
Invested capital**	9,858	9,910	9,798	9,850	9,171	9,047	9,529	9,594	9,833	9,799	9,304
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	1.4	2.4
Lane metres freight, '000	1,087	696	1,045	2,828	3,241	1,071	1,060	1,110	1,124	3,952	4,365
<b>Passenger</b>											
Revenue	209	27	190	427	1,349	251	497	601	360	786	1,709
EBITDA before special items	-87	-101	-42	-230	253	-67	127	194	-8	-238	245
EBIT before special items	-130	-146	-75	-351	116	-110	76	149	-57	-408	59
Invested capital**	871	673	634	759	773	704	716	891	860	786	790
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	-52.4	7.1
Lane metres freight, '000	99	2	104	205	363	106	133	124	129	334	491
Passengers, '000	173	3	104	279	1,034	222	386	426	317	596	1,351
<b>Non-allocated items</b>											
Revenue	102	111	91	304	308	107	105	96	153	456	461
EBITDA before special items	39	24	28	92	105	31	37	36	38	130	143
EBIT before special items	32	23	27	82	92	23	34	34	31	113	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

## Q3 market, activity and result trends

Total Q3 logistics volumes decreased 1.3% compared to 2019. Volumes were mainly reduced by lower automotive and special cargo volumes.

### Nordic

Q3 transported units increased 2.8% as volumes from the acquisition of a Finnish company in Q4 2019 offset lower volumes in other markets. The main decrease was in Sweden that has a high share of automotive volumes that recovered through the quarter after a significant slowdown in Q2. Norwegian volumes were robust and on level with 2019.

Q3 EBITDA increased 45% to DKK 39m following a positive impact from tight operational cost control that increased margins in all key traffics and a positive contribution from the Finnish company acquired in 2019.

## Logistics Division

DKK m	2020			2020 Q1-Q3	2019*		2019*			2019-20 LTM	2019* Full year
	Q1	Q2	Q3		Q1	Q2	Q3	Q4			
Revenue	1,330	1,097	1,259	3,687	3,814	1,302	1,267	1,245	1,303	4,990	5,116
EBITDA before special items	91	94	145	330	309	101	101	106	112	443	421
Profit/loss on disposal of non-current assets, net	2	2	0	4	2	1	0	1	2	5	4
Depreciation and impairment	-73	-73	-73	-220	-176	-57	-57	-62	-80	-300	-256
EBIT before special items	20	22	72	114	135	45	45	45	35	149	170
EBIT margin before special items, %	1.5	2.0	5.7	3.1	3.5	3.5	3.5	3.6	2.7	3.0	3.3
Special items, net	0	-4	-7	-11	-7	0	-6	0	0	-11	-7
EBIT	20	18	65	103	129	45	38	45	35	137	163
Invested capital, average **	1,737	1,727	1,584	1,661	1,458	1,473	1,466	1,442	1,562	1,617	1,503
ROIC before special items, % **	-	-	-	-	-	-	-	-	-	7.4	9.2
Average number of employees	-	-	-	2,117	1,925	-	-	-	-	2,012	1,964
Units, '000	136	114	134	383	401	133	133	135	139	522	540

\* 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.

### Continent

Q3 transported units decreased 4.8% mainly due to a high level of exposure to the automotive sector, although volumes recovered through the quarter. Special cargo volumes related to the construction sector were also reduced. Towards the end of the quarter stockbuilding to the UK picked up.

Q3 EBITDA increased 17% to DKK 53m as margin improvements driven by tight operational cost control more than offset the lower volumes. The addition of a Dutch company acquired in 2019 also contributed to the increase.

### UK & Ireland

Q3 transported units increased 0.6% as high activity in domestic transports and forwarding in Northern Ireland offset lower volumes in parts of the cold chain activities, including a reduction in warehousing volumes. Aquaculture volumes recovered in the quarter and were on level with 2019.

Q3 EBITDA increased 57% to DKK 53m as margins improved driven by tight operational cost control and a more efficient agency structure.

## Logistics Division

DKK m	2020			2020	2019	2019			2019-20	2019	
	Q1	Q2	Q3	Q1-Q3	Q1-Q3	Q1	Q2	Q3	Q4	LTM	Full year
<b>Nordic *</b>											
Revenue	444	359	378	1,181	1,184	412	407	365	397	1,578	1,581
EBITDA before special items	33	18	39	90	86	31	28	27	25	115	111
EBIT before special items	12	-2	18	29	40	16	12	12	8	37	48
Invested capital**	465	409	372	403	357	348	333	280	368	379	359
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	7.2	11.4
Units, '000 ***	27.7	23.1	26.7	77.5	81.5	28.2	27.3	26.0	27.3	104.8	108.8
<b>Continent</b>											
Revenue	625	516	597	1,738	1,864	643	609	612	618	2,357	2,483
EBITDA before special items	26	40	53	120	129	41	43	45	30	150	159
EBIT before special items	-4	12	28	36	47	14	17	16	3	39	50
Invested capital**	799	710	625	742	656	655	679	694	833	732	691
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	4.4	5.7
Units, '000	58.4	48.0	56.5	163.0	182.1	62.4	60.3	59.4	58.7	221.7	240.9
<b>UK &amp; Ireland</b>											
Revenue	356	322	381	1,059	1,000	330	328	342	361	1,420	1,361
EBITDA before special items	32	36	53	121	93	29	31	33	57	178	151
EBIT before special items	11	12	26	50	48	15	15	18	24	73	72
Invested capital**	527	544	507	515	445	487	432	467	483	506	453
ROIC before special items, %**	-	-	-	-	-	-	-	-	-	11.5	12.8
Units, '000	49.9	42.6	50.3	142.8	137.7	42.3	45.3	50.0	52.8	195.6	190.5
<b>Non-allocated items</b>											
Revenue	27	26	20	74	73	24	26	23	21	94	94
EBITDA before special items	0	0	0	0	0	0	0	0	0	0	0
EBIT before special items	0	0	0	0	0	0	0	0	-1	-1	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 15 on a proforma and unaudited basis.

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

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

# Management statement

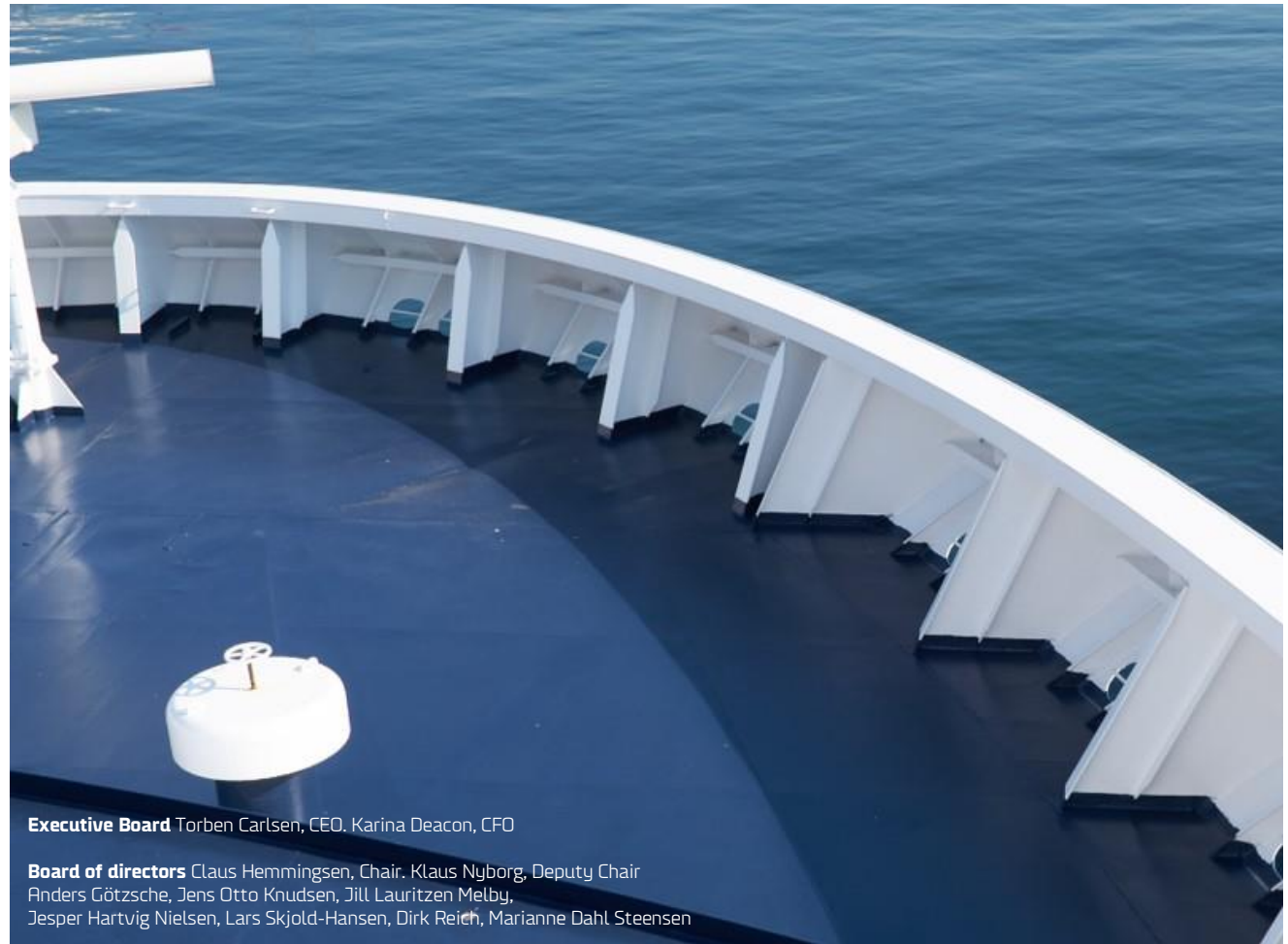
The Board of Directors and the Executive Board have reviewed and approved the interim report of DFDS A/S for the period 1 January – 30 September 2020.

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

Further, in our opinion, the Management review p. 1-15 gives a true and fair review of the development in the Group's operations and financial matters, the result of the DFDS Group's operations for the period and the financial position as a whole.

Copenhagen, 12 November 2020



**Executive Board** Torben Carlsen, CEO. Karina Deacon, CFO

**Board of directors** Claus Hemmingsen, Chair. Klaus Nyborg, Deputy Chair  
Anders Göttsche, 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 Q3	2019 Q3	2020 Q1-Q3	2019 Q1-Q3	2019-20 LTM	2019 Full year
Revenue	3	3,598	4,472	10,209	12,583	14,218	16,592
<b>Costs</b>							
Ferry and other ship operation and maintenance		-601	-964	-1,894	-2,768	-2,794	-3,667
Freight handling		-598	-643	-1,721	-1,909	-2,333	-2,521
Transport solutions		-711	-704	-2,090	-2,228	-2,856	-2,994
Employee costs		-705	-753	-2,143	-2,289	-2,930	-3,077
Costs of sales and administration		-137	-213	-400	-528	-571	-699
<b>Operating profit before depreciation (EBITDA) and special items</b>		<b>846</b>	<b>1,195</b>	<b>1,962</b>	<b>2,861</b>	<b>2,734</b>	<b>3,633</b>
Share of profit/loss of associates and joint ventures		-2	-1	-6	7	-6	6
Profit/loss on disposal of non-current assets, net		1	2	5	4	7	6
Depreciation, ferries and other ships		-278	-313	-862	-905	-1,182	-1,225
Depreciation, other non-current assets		-180	-164	-531	-473	-721	-662
Impairment losses, other non-current assets		0	0	0	-1	-6	-7
<b>Operating profit (EBIT) before special items</b>		<b>388</b>	<b>718</b>	<b>569</b>	<b>1,493</b>	<b>826</b>	<b>1,751</b>
Special items, net	4	-62	-2	-20	-46	-75	-101
<b>Operating profit (EBIT)</b>		<b>326</b>	<b>716</b>	<b>548</b>	<b>1,447</b>	<b>751</b>	<b>1,650</b>
Financial income		5	2	22	4	11	6
Financial costs		-69	-73	-201	-206	-266	-284
<b>Profit before tax</b>		<b>262</b>	<b>645</b>	<b>369</b>	<b>1,245</b>	<b>496</b>	<b>1,371</b>
Tax on profit		-18	-14	-35	-60	-34	-59
<b>Profit for the period</b>		<b>244</b>	<b>631</b>	<b>334</b>	<b>1,185</b>	<b>461</b>	<b>1,313</b>
Attributable to:							
Equity holders of DFDS A/S		238	629	327	1,182	453	1,309
Non-controlling interests		7	2	7	3	8	4
<b>Profit for the period</b>		<b>244</b>	<b>631</b>	<b>334</b>	<b>1,185</b>	<b>461</b>	<b>1,313</b>
<b>Earnings per share</b>							
Basic earnings per share (EPS) of DKK 20, DKK		4.15	11.00	5.70	20.67	7.92	22.88
Diluted earnings per share (EPS-D) of DKK 20, DKK		4.15	10.96	5.70	20.60	7.92	22.80

## DFDS Group – statement of Comprehensive income

DKK m	2020 Q3	2019 Q3	2020 Q1-Q3	2019 Q1-Q3	2019-20 LTM	2019 Full year
Profit for the period	244	631	334	1,185	461	1,313
<b>Other comprehensive income</b>						
Items that will not be reclassified subsequently to the Income statement:						
Remeasurement of defined benefit pension obligations	0	0	-30	0	76	106
<b>Items that will not be reclassified subsequently to the Income statement</b>	<b>0</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>76</b>	<b>106</b>
Items that are or may be reclassified subsequently to the Income statement:						
Value adjustment of hedging instruments:						
Value adjustment for the period	-104	136	-30	207	-68	169
Value adjustment transferred to operating costs	0	2	6	4	14	12
Value adjustment transferred to financial costs	4	5	12	16	17	20
Value adjustment transferred to non-current tangible assets	10	-11	-31	-74	-70	-113
Tax on items that may be reclassified to the Income statement	0	0	5	4	-14	-15
Foreign exchange adjustments, subsidiaries	-10	-5	-109	-17	-49	42
<b>Items that are or may be reclassified subsequently to the Income statement</b>	<b>-100</b>	<b>126</b>	<b>-146</b>	<b>141</b>	<b>-171</b>	<b>116</b>
<b>Total other comprehensive income after tax</b>	<b>-100</b>	<b>126</b>	<b>-177</b>	<b>140</b>	<b>-95</b>	<b>222</b>
<b>Total comprehensive income</b>	<b>145</b>	<b>757</b>	<b>157</b>	<b>1,325</b>	<b>367</b>	<b>1,535</b>
<b>Attributable to:</b>						
Equity holders of DFDS A/S	138	755	151	1,322	359	1,530
Non-controlling interests	6	2	7	4	8	5
<b>Total comprehensive income</b>	<b>145</b>	<b>757</b>	<b>157</b>	<b>1,325</b>	<b>367</b>	<b>1,535</b>

## DFDS Group - Balance sheet

### Assets

DKK m	2020 Q1-Q3	2019 Q1-Q3	2019 Full year
Goodwill	3,431	3,334	3,440
Other non-current intangible assets	1,193	1,178	1,227
Software	241	237	241
Development projects in progress	43	15	25
<b>Non-current intangible assets</b>	<b>4,909</b>	<b>4,763</b>	<b>4,934</b>
Land and buildings	192	160	201
Terminals	730	739	741
Ships	11,141	10,619	10,950
Equipment, etc.	738	700	742
Assets under construction and prepayments	1,114	1,033	1,034
Right-of-use assets	3,223	3,119	3,337
<b>Non-current tangible assets</b>	<b>17,137</b>	<b>16,370</b>	<b>17,006</b>
Investments in associates, joint ventures and securities	47	53	53
Receivables	17	30	29
Prepaid costs	364	27	129
Deferred tax	52	72	47
Derivative financial instruments	118	293	242
<b>Other non-current assets</b>	<b>597</b>	<b>473</b>	<b>500</b>
<b>Non-current assets</b>	<b>22,643</b>	<b>21,607</b>	<b>22,440</b>
Inventories	155	202	219
Trade receivables	1,947	2,511	2,409
Receivables from associates and joint ventures	49	44	46
Other receivables	591	410	422
Prepaid costs	286	388	336
Derivative financial instruments	144	143	75
Cash	735	466	840
<b>Current assets</b>	<b>3,907</b>	<b>4,165</b>	<b>4,347</b>
Assets classified as held for sale	157	73	76
<b>Total current assets</b>	<b>4,064</b>	<b>4,238</b>	<b>4,423</b>
<b>Assets</b>	<b>26,707</b>	<b>25,844</b>	<b>26,863</b>

## Equity and liabilities

DKK m	2020 Q1-Q3	2019 Q1-Q3	2019 Full year
Share capital	1,173	1,173	1,173
Reserves	-269	-115	-120
Retained earnings	9,530	9,003	8,988
Proposed dividends	0	0	235
<b>Equity attributable to equity holders of DFDS A/S</b>	<b>10,434</b>	<b>10,061</b>	<b>10,276</b>
Non-controlling interests	87	82	80
<b>Equity</b>	<b>10,521</b>	<b>10,143</b>	<b>10,356</b>
Interest-bearing liabilities	9,080	8,597	9,186
Lease liabilities	2,458	2,364	2,556
Deferred tax	207	204	213
Pension and jubilee liabilities	170	259	160
Other provisions	60	22	47
Other payables	22	0	0
Derivative financial instruments	212	88	69
<b>Non-current liabilities</b>	<b>12,210</b>	<b>11,534</b>	<b>12,231</b>
Interest-bearing liabilities	391	410	480
Lease liabilities	510	508	552
Trade payables	1,963	2,250	2,292
Payables to associates and joint ventures	96	71	109
Other provisions	101	42	38
Corporation tax	71	38	30
Other payables	723	620	581
Derivative financial instruments	18	51	19
Prepayments	103	178	172
<b>Current liabilities</b>	<b>3,976</b>	<b>4,167</b>	<b>4,275</b>
<b>Liabilities</b>	<b>16,187</b>	<b>15,701</b>	<b>16,506</b>
<b>Equity and liabilities</b>	<b>26,707</b>	<b>25,844</b>	<b>26,863</b>

## DFDS Group - Statement of changes in equity 1 January - 30 September 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
<b>Comprehensive income for the period</b>									
Profit for the period					327		327	7	334
<b>Other comprehensive income</b>									
Items that will not be reclassified subsequently to the Income statement:									
Remeasurement of defined benefit pension obligations					-30		-30		-30
<b>Items that will not subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>-30</b>
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			-30				-30		-30
Value adjustment transferred to operating costs			6				6		6
Value adjustment transferred to financial costs			12				12		12
Value adjustment transferred to non-current tangible assets			-31				-31		-31
Tax on items that will be reclassified to the Income statement			0		6		5		5
Foreign exchange adjustments, subsidiaries		-108					-108	0	-109
<b>Items that are or may subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>-108</b>	<b>-43</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>-146</b>	<b>0</b>	<b>-146</b>
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>-108</b>	<b>-43</b>	<b>0</b>	<b>-24</b>	<b>0</b>	<b>-176</b>	<b>0</b>	<b>-177</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>-108</b>	<b>-43</b>	<b>0</b>	<b>302</b>	<b>0</b>	<b>151</b>	<b>7</b>	<b>157</b>
<b>Transactions with owners</b>									
Cancellation of proposed dividend at year-end 2019*					235	-235	0		0
Vested share-based payments					7		7		7
Cash from sale of treasury shares related to exercise of share options				2	-2		1		1
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>240</b>	<b>-235</b>	<b>8</b>	<b>0</b>	<b>7</b>
<b>Equity at 30 September 2020</b>	<b>1,173</b>	<b>-465</b>	<b>222</b>	<b>-26</b>	<b>9,530</b>	<b>0</b>	<b>10,434</b>	<b>87</b>	<b>10,521</b>

\* 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 September 2019

DKK m	Reserves						Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2019	1,173	-398	177	-29	8,019	235	9,175	80	9,255
Change in accounting policies*					-231		-231	-1	-232
Restated equity at 1 January 2019	1,173	-398	177	-29	7,788	235	8,944	79	9,022
<b>Comprehensive income for the period</b>									
Profit for the period					1,182		1,182	3	1,185
<b>Other comprehensive income</b>									
Items that are or may be reclassified subsequently to the Income statement:									
Value adjustment of hedging instruments for the period			207				207		207
Value adjustment transferred to operating costs			4				4		4
Value adjustment transferred to financial costs			16				16		16
Value adjustment transferred to non-current tangible assets			-74				-74		-74
Tax on items that will be reclassified to the Income statement					4		4		4
Foreign exchange adjustments, subsidiaries		-17					-17	1	-17
<b>Items that are or may subsequently be reclassified to the Income statement</b>	<b>0</b>	<b>-17</b>	<b>153</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>140</b>	<b>1</b>	<b>141</b>
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>-17</b>	<b>153</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>140</b>	<b>1</b>	<b>141</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>-17</b>	<b>153</b>	<b>0</b>	<b>1,186</b>	<b>0</b>	<b>1,322</b>	<b>4</b>	<b>1,326</b>
<b>Transactions with owners</b>									
Dividend paid						-229	-229		-229
Dividend on treasury shares					6	-6	0		0
Vested share-based payments					19		19		19
Cash from sale of treasury shares related to exercise of share options				1	5		6		6
Other adjustments					-1		-1		-1
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>29</b>	<b>-235</b>	<b>-205</b>	<b>0</b>	<b>-205</b>
<b>Equity at 30 September 2019</b>	<b>1,173</b>	<b>-416</b>	<b>330</b>	<b>-29</b>	<b>9,003</b>	<b>0</b>	<b>10,061</b>	<b>82</b>	<b>10,143</b>

\*Impact from implementation of IFRS 16.

## DFDS Group – Statement of cash flows

DKK m	2020 Q3	2019 Q3	2020 Q1-Q3	2019 Q1-Q3	2019-20 LTM	2019 Full year
<b>Operating profit before depreciation (EBITDA) and special items</b>	<b>846</b>	<b>1,195</b>	<b>1,962</b>	<b>2,861</b>	<b>2,734</b>	<b>3,633</b>
Cash flow effect from special items related to operating activities	-43	-21	-104	-45	-136	-78
Adjustments for non-cash operating items, etc.	6	5	18	19	25	26
Change in working capital	134	-399	119	-304	198	-224
Payment of pension liabilities and other provisions	-7	-7	-23	-43	-32	-52
<b>Cash flow from operating activities, gross</b>	<b>936</b>	<b>772</b>	<b>1,973</b>	<b>2,487</b>	<b>2,789</b>	<b>3,304</b>
Interest received, etc.	0	6	2	8	4	6
Interest paid, etc.	-68	-50	-191	-178	-284	-266
Taxes paid	-4	-13	3	-38	-5	-46
<b>Cash flow from operating activities, net</b>	<b>863</b>	<b>716</b>	<b>1,787</b>	<b>2,280</b>	<b>2,504</b>	<b>2,997</b>
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-417	-317	-1,253	-1,589	-1,784	-2,120
Sale of ships including prepayment received on ship held for sale	0	94	202	94	224	117
Investments in other non-current tangible assets	-30	-72	-166	-346	-287	-467
Sale of other non-current tangible assets	7	0	23	9	27	13
Investments in non-current intangible assets	-14	-16	-50	-44	-72	-66
Acquisition of enterprises, associates, joint ventures and activities	0	0	-14	-4	-142	-131
Other investing cash flows	-2	3	-167	5	-168	4
<b>Cash flow to/from investing activities, net</b>	<b>-456</b>	<b>-308</b>	<b>-1,425</b>	<b>-1,874</b>	<b>-2,202</b>	<b>-2,651</b>
<b>Cash flow before financing activities, net</b>	<b>407</b>	<b>408</b>	<b>362</b>	<b>406</b>	<b>302</b>	<b>346</b>
Proceed from bank loans and loans secured by mortgage in ships	193	82	1,641	777	2,521	1,658
Repayment and instalments of bank loans and loans secured by mortgage in ships	-320	-263	-1,645	-551	-1,893	-799
Proceed from issuance of corporate bonds	0	0	0	304	0	304
Repayment of corporate bonds incl. settlement of cross currency swap	0	0	0	-500	0	-500
Payment of lease liabilities	-143	-177	-461	-508	-659	-706
Cash received from exercise of share options	0	1	1	6	1	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
<b>Cash flow to/from financing activities, net</b>	<b>-270</b>	<b>-358</b>	<b>-464</b>	<b>-700</b>	<b>-32</b>	<b>-268</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>137</b>	<b>50</b>	<b>-103</b>	<b>-295</b>	<b>271</b>	<b>79</b>
Cash and cash equivalents at beginning of period	598	416	840	761	466	761
Foreign exchange and value adjustments of cash and cash equivalents	0	0	-2	0	-2	0
<b>Cash and cash equivalents at end of period *</b>	<b>735</b>	<b>466</b>	<b>735</b>	<b>466</b>	<b>735</b>	<b>840</b>

\* At 30 September 2020 DKK 147m (30 September 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 9 months of 2020 have been updated compared to year-end 2019, particularly related to passenger traffic that have been impacted by travel restrictions imposed across the network.

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 4-9.

### 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. During Q3 freight activities have more or less returned to normal levels whereas the passenger activities still suffer from travel restrictions. However, in the long run we expect passenger activity to resume.

### 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 4.2bn (year-end 2019 DKK 2.3bn) of which undrawn committed credit facilities amounts to around DKK 3.6bn (year-end 2019 DKK 1.4bn).

### Other areas

DFDS has taken part in various government compensation schemes following Covid-19. Wage compensation (DKK 114m) is reducing the staff costs in the income statement while fixed costs schemes (DKK 50m) are accounted for as revenue since 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
<b>Q1-Q3 2020</b>				
External revenue	6,524	3,660	26	10,209
Intragroup revenue	552	27	360	939
Total revenue	7,076	3,687	386	11,149
<b>Operating profit (EBITDA) before special items</b>	<b>1,656</b>	<b>330</b>	<b>-24</b>	<b>1,962</b>
<b>Operating profit (EBIT) before special items</b>	<b>530</b>	<b>114</b>	<b>-76</b>	<b>569</b>
<b>Operating profit after special items (EBIT)</b>	<b>537</b>	<b>103</b>	<b>-92</b>	<b>548</b>
<b>Invested capital, average</b>	<b>20,244</b>	<b>1,661</b>	<b>690</b>	<b>22,595</b>

DKK m	Ferry Division*	Logistics Division*	Non- allocated	Total
<b>Q1-Q3 2019</b>				
External revenue	8,773	3,797	13	12,583
Intragroup revenue	533	17	392	942
Total revenue	9,306	3,814	406	13,525
<b>Operating profit (EBITDA) before special items</b>	<b>2,576</b>	<b>309</b>	<b>-23</b>	<b>2,861</b>
<b>Operating profit (EBIT) before special items</b>	<b>1,441</b>	<b>135</b>	<b>-83</b>	<b>1,493</b>
<b>Operating profit after special items (EBIT)</b>	<b>1,439</b>	<b>129</b>	<b>-120</b>	<b>1,447</b>
<b>Invested capital, average</b>	<b>18,674</b>	<b>1,409</b>	<b>457</b>	<b>20,540</b>

\* 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	Q1-Q3 2020			Total
	Ferry Division	Logistics Division	Non-allocated	
<b>Geographical markets</b>				
North Sea	2,754	-	0	2,754
Baltic Sea	911	-	0	911
English Channel	1,430	-	0	1,430
Mediterranean	1,429	-	0	1,429
Continent	-	1,654	0	1,654
Nordic	-	1,091	0	1,091
UK/Ireland	-	914	0	914
Other	0	0	26	26
<b>Total</b>	<b>6,524</b>	<b>3,660</b>	<b>26</b>	<b>10,209</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	4,791	0	0	4,791
Transport solutions	17	3,622	0	3,638
Passenger seafare and on board sales	819	0	0	819
Terminal services	473	2	0	475
Charters	245	0	0	245
Agency and other revenue	180	37	26	242
<b>Total</b>	<b>6,524</b>	<b>3,660</b>	<b>26</b>	<b>10,209</b>

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

On board sales is recognised at “a point in time” and amount to DKK 271m (2019: DKK 858m).

Revenue includes revenue recognised from contracts with customers in accordance with IFRS 15 and other revenue (leasing activities and government grants). Revenue from leasing activities amounts to DKK 267m (2019: DKK 287m) and government grants amount to DKK 50m (2019: none).

DKK m	Q1-Q3 2019			Total
	Ferry Division*	Logistics Division*	Non-allocated	
<b>Geographical markets</b>				
North sea*	4,042	-	0	4,042
Baltic sea	1,087	-	0	1,087
English Channel	2,022	-	0	2,022
Mediterranean	1,623	-	0	1,623
Continent	-	1,755	0	1,755
Nordic*	-	1,104	0	1,104
UK/Ireland	-	938	0	938
Other	0	0	13	13
<b>Total</b>	<b>8,773</b>	<b>3,797</b>	<b>13</b>	<b>12,583</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	5,678	0	0	5,678
Transport solutions	16	3,777	0	3,792
Passenger seafare and on board sales	2,146	0	0	2,146
Terminal services	503	2	0	506
Charters	263	0	0	263
Agency and other revenue	168	18	13	199
<b>Total</b>	<b>8,773</b>	<b>3,797</b>	<b>13</b>	<b>12,583</b>

\* 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 4 Special items

DKK m	2020 Q1-Q3	2019 Q1-Q3
Accounting gain on sale of Liverpool Seaways	110	0
Accounting gain on sale of Anglia Seaways	0	34
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	-14
Termination cost in connection with restructuring	-129	-24
Accounting loss and costs related to disposal of two associated companies	0	-10
Costs related to the acquisition and subsequent integration of U.N. Ro-Ro etc.	0	-2
One-off cost related to the start-up of a new Turkish port terminal	0	-30
<b>Special items, net</b>	<b>-20</b>	<b>-46</b>

## Note 5 Acquisition of enterprises and sale of activities

### 2020

There have been no significant acquisitions or disposals in Q1-Q3 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	Q1-Q3 2020		Q1-Q3 2019	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Derivatives (Level 2)	262	262	436	436
Securities (Level 3)	10	10	10	10
<b>Financial liabilities</b>				
Derivatives (Level 2)	230	230	139	139

## 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 2,003m, equivalent to 27%. Operating profit before depreciation and special items (EBITDA) decreased from DKK 2,164m to DKK 1,312m, equivalent to a decrease of 39%. The negative development is entirely due to travel restrictions and lockdowns related to Covid-19.

Profit before tax decreased from DKK 962m in Q1-Q3 2019 to DKK 256m in Q1-Q3 2020.

The Parent Company's net interest-bearing debt increased from DKK 3,701m at 31 December 2019 to DKK 4,020m at 30 September 2020.

DKK m	2020 Q1-Q3	2019 Q1-Q3	2019-20 LTM	2019 Full year
<b>Income statement</b>				
Revenue	5,476	7,480	7,754	9,757
Operating profit before depreciation (EBITDA) and special items	1,312	2,164	1,875	2,727
Operating profit (EBIT) before special items	72	893	189	1,011
Special items, net	-47	89	-30	106
Operating profit (EBIT)	25	982	159	1,117
Financial items, net	231	-20	186	-65
Profit before tax	256	962	346	1,052
<b>Profit for the period</b>	<b>254</b>	<b>959</b>	<b>345</b>	<b>1,049</b>
<b>Assets</b>				
Non-current intangible assets	391	357		368
Non-current tangible assets	5,476	4,523		4,872
Right-of-use assets	960	1,430		1,839
Investments in affiliated companies, associates and joint ventures	6,624	5,875		5,924
Non-current receivables from affiliated companies	269	905		715
Other non-current assets	151	292		243
Non-current assets	13,871	13,382		13,961
Current receivables from affiliated companies	833	1,078		1,199
Receivables from associates and joint ventures	48	44		46
Cash	346	272		656
Other current assets	1,396	1,422		1,234
Current assets	2,623	2,817		3,135
<b>Assets</b>	<b>16,494</b>	<b>16,199</b>		<b>17,095</b>
<b>Equity and liabilities</b>				
Equity	9,541	9,294		9,339
Non-current liabilities	2,913	2,679		3,069
Current liabilities to affiliated companies	1,946	1,807		1,919
Other current liabilities	2,094	2,418		2,769
Current liabilities	4,039	4,226		4,687
<b>Equity and liabilities</b>	<b>16,494</b>	<b>16,199</b>		<b>17,095</b>
Equity ratio, %	57.8%	57.4%		54.6%
Net interest-bearing debt	4,020	3,152		3,701

# Definitions

<b>Operating profit before depreciation (EBITDA)</b>	Profit before depreciation and impairment on non-current assets
<b>Operating profit (EBIT)</b>	Profit after depreciation and impairment on non-current intangible and tangible assets
<b>Operating margin</b>	$\frac{\text{Operating profit (EBIT) before special items}}{\text{Revenue}} \times 100$
<b>Net operating profit after taxes (NOPAT)</b>	Operating profit (EBIT) minus payable tax for the period adjusted for the tax effect of net finance cost
<b>Invested capital</b>	Net working capital (non-interest bearing current assets minus non-interest bearing current liabilities) plus non-current intangible and tangible assets minus pension and jubilee liabilities and other provisions
<b>Net Interest-bearing debt</b>	Interest-bearing liabilities (excluding provision for pensions) minus interest-bearing assets minus cash and securities
<b>LTM</b>	Last twelve months
<b>Return on invested capital (ROIC)</b>	$\frac{\text{Net operating profit after taxes (NOPAT)}}{\text{Average invested capital}} \times 100$
<b>Free cash flow (FCFF)</b>	Cash flow from operating activities excluding net interest received and paid minus cash flow from net investments
<b>Return on equity</b>	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Average equity excluding non-controlling interests}} \times 100$
<b>Equity ratio</b>	$\frac{\text{Equity at end of period}}{\text{Total assets}} \times 100$
<b>Earnings per share (EPS)</b>	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Weighted average number of ordinary shares in circulation}} \times 100$
<b>P/E ratio</b>	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share (EPS)}} \times 100$
<b>Dividend per share</b>	$\frac{\text{Dividend for the year}}{\text{Number of shares at the end of the period}} \times 100$
<b>Market value</b>	Number of shares, ex. treasury shares, end of period times share price end of period
<b>No. of ships</b>	Owned and chartered ships, including slot charter and vessel sharing agreements
<b>Unit</b>	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 1.9bn.

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.