

INTERIM REPORT Q1 2018

# STRONG Q1 GROWTH

**REVENUE UP 8%**  
TO DKK 3.5BN

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**EBITDA UP 10%**  
TO DKK 453M

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**STRONG LOGISTICS  
PERFORMANCE IN Q1**

## Q1 2018

- Revenue growth of 9%, adjusted
- Passenger volumes up 14% boosted by Easter
- Ferry freight volumes up 3% despite negative impact from Easter and a collision
- Profit before special items and tax up 18%

## OUTLOOK 2018

- Revenue growth increased to 4% from 2%, excl. U.N. Ro-Ro
- EBITDA range of DKK 3,000-3,200m, incl. U.N. Ro-Ro
- Investments of DKK 5.2bn, incl. U.N. Ro-Ro

“Both growth and earnings were ahead of expectations in Q1 and our full-year growth expectation is now raised to 4% and to 10% including U.N. Ro-Ro. European growth is robust and continues to support our ferry routes and logistics activities. Our continuous improvement projects are on track and will also contribute to earnings this year.”

**Niels Smedegaard, CEO**

In Q1, revenue increased 9% adjusted for non-comparable items. Reported revenue was up 8% to DKK 3.5bn.

EBITDA before special items increased 10% to DKK 453m following higher earnings from both ferry routes and logistics activities. The result includes a one-off cost of DKK 15m related to the effects of a freight ferry collision.

Freight ferry volumes were up 3%, including a negative comparison impact from the early Easter in March this year compared to the late Easter in 2017. On the other hand, passenger volumes increased 14% as they were boosted by the Easter timing difference.

There was a high level of activity for several large logistics contracts in Q1 which increased the results considerably for the Nordic and Continent business units.

### Outlook 2018

The outlook includes U.N. Ro-Ro after the expected completion of the transaction in June 2018.

The Group's revenue, excluding U.N. Ro-Ro, is now expected to increase by around 4% in 2018 up from previously 2%. The increase is due to higher activity for both ferry routes and logistics activities. The Group's revenue, including U.N. Ro-Ro, is expected to increase by around 10% in 2018.

The outlook range for EBITDA before special items was DKK 2,650-2,850m before U.N. Ro-Ro. Including U.N. Ro-Ro, the outlook range for EBITDA before special items is DKK 3,000-3,200m (2017: DKK 2,702m).

Investments are expected to amount to around DKK 5.2bn, including DKK 3.7bn related to the acquisition of U.N. Ro-Ro.

See full section on Outlook on page 7-8.

### KEY FIGURES

DKK m	2018	2017		2017-18	2016-17		2017
Before special items	Q1	Q1	Δ %	LTM	LTM	Δ %	FY
Revenue	3,485	3,220	8.2%	14,593	13,922	4.8%	14,328
<b>EBITDA</b>	<b>453</b>	<b>414</b>	<b>9.5%</b>	<b>2,742</b>	<b>2,598</b>	<b>5.6%</b>	<b>2,702</b>
EBIT	216	189	14.3%	1,809	1,652	9.5%	1,782
Profit before tax	204	173	18.1%	1,758	1,616	8.8%	1,727

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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.

# DFDS GROUP KEY FIGURES

DKK m	2018 Q1	2017 Q1	2017-18 LTM	2017 Full year
<b>Income statement</b>				
Revenue	3,485	3,220	14,593	14,328
• Shipping Division	2,301	2,154	10,039	9,892
• Logistics Division	1,385	1,235	5,310	5,160
• Non-allocated items	122	98	424	400
• Eliminations	-323	-267	-1,180	-1,124
Operating profit before depreciation (EBITDA) and special items	453	414	2,742	2,702
• Shipping Division	388	376	2,525	2,513
• Logistics Division	81	48	296	263
• Non-allocated items	-15	-9	-79	-74
Profit/loss on disposal of non-current assets, net	2	4	5	7
Operating profit (EBIT) before special items	216	189	1,809	1,782
Special items, net	-27	-6	-61	-41
Operating profit (EBIT)	189	183	1,747	1,741
Financial items, net	-12	-16	-50	-55
Profit before tax	177	167	1,697	1,686
Profit for the period	157	150	1,625	1,618
Profit for the period excluding non-controlling interest	156	150	1,623	1,617
<b>Capital</b>				
Total assets	13,164	12,829	-	13,308
DFDS A/S' share of equity	6,351	6,017	-	6,565
Equity	6,399	6,065	-	6,614
Net interest-bearing debt	2,630	3,007	-	2,352
Invested capital, end of period	9,165	9,180	-	9,099
Invested capital, average	9,132	9,193	9,170	9,178

DKK m	2018 Q1	2017 Q1	2017-18 LTM	2017 Full year
<b>Cash flows</b>				
Cash flows from operating activities, before financial items and after tax	344	435	2,576	2,666
Cash flows from investing activities	-235	-218	-1,582	-1,564
• Acquisition of enterprises and activities	-70	0	-70	0
• Other investments, net	-166	-218	-1,512	-1,564
Free cash flow	109	217	994	1,102
<b>Key operating and return ratios</b>				
Average number of employees	7,317	7,015	7,192	7,235
Number of ships	64	55	-	64
Revenue growth (reported), %	8.2	4.3	1.8	3.9
EBITDA-margin, %	13.0	12.9	18.8	18.9
Operating margin, %	6.2	5.9	12.4	12.4
Revenue, invested capital average, (times)	-	-	1.6	1.6
Return on invested capital (ROIC), %	-	-	18.6	18.6
ROIC before special items, %	-	-	19.3	19.0
Return on equity, %	-	-	26.2	24.5
<b>Key capital and per share ratios</b>				
Equity ratio, %	48.6	47.3	-	49.7
Net interest bearing debt/EBITDA, (times)	-	-	1.0	0.9
Earnings per share (EPS), DKK	2.86	2.65	29.45	29.08
Dividend paid per share, DKK	4.00	3.00	11.00	10.00
Number of shares, end of period, '000	57,000	60,000	-	57,000
Weighted average number of circulating shares, '000	54,628	56,576	-	55,594
Share price, DKK	338.2	383.5	-	331.3
Market value	18,474	21,436	-	18,106

Definitions on page 29.

## MARKET OVERVIEW

Europe continued to grow in Q1 2018 and the consensus view for the rest of 2018 remains positive.

The Easter holiday in March was included in Q1 in 2018 while it was part of Q2 in 2017. When comparing Q1 2018 to the same period last year, it should be noted that freight activity is reduced by the Easter holiday while passenger activities are increased.

The real GDP of UK, DFDS' largest market, continued to grow but at a lower level than the rest of Europe. Despite some weakness in domestic demand, the global and European growth is expected to support the UK economy in 2018. After a slowdown in trading growth between UK and EU in Q4 2017, trading volume growth picked up again in the first two months of 2018.

The average rate of GBP/DKK was 2.5% lower in the quarter compared to Q1 2017 while NOK/DKK was 6.6% lower and SEK/NOK was 4.5% lower.

The demand for passenger ferry services was boosted by the Easter timing difference. The Norwegian market continued to be subdued by the weaker NOK.

## MAJOR EVENTS IN Q1

### Completion of acquisition of logistics company Alphatrans

To further expand and develop DFDS' European logistics services, the acquisition of 100% of the share capital of the Dutch company Alphatrans Group BV was completed on 3 January 2018 and consolidated in the DFDS Group per the same date.

### Baltic routes to be strengthened

To improve the ability to support the growth in the Baltic region of our freight customers and offer the best possible travel experience for passengers, two combined freight and passenger new buildings (ro-pax) were ordered on 12 February 2018 for delivery in Q1 and Q3 2021, respectively.

The ferries are designed to each carry 4,500 lane metres of freight and passenger vehicles as well as 600 passengers. The two ferries will be built by Guangzhou Shipyard International Co, Ltd. at their Nansha Yard in China.

Both ferries are planned to be deployed on the routes connecting Lithuania with either Sweden or Germany.

### Italian logistics activities restructured following unsatisfactory results

The primary activity was door-door rail solutions between Italy and Sweden/Denmark/UK. These activities were terminated during April 2018.

The warehousing and distribution activities based in Fagnano, north of Milan, will cease as per the end of Q3 2018.

The door-door rail solutions provided between Italy and Benelux/Ireland/Norway will continue and be managed from offices in Oslo and Rotterdam. Likewise, DFDS will continue to provide road services between Sweden and Italy.

The restructuring is expected to reduce the revenue of the Italian logistics activities in 2018 by around DKK 225m compared to 2017. 34 employees in Italy, Sweden, UK and Denmark were made redundant.

The restructuring entailed one-off costs of DKK 15m which are recognised under Special items in the income statement.

### Corporate functions restructured

A number of corporate functions were restructured in March 2018. Redundancy costs of DKK 7m are recognised under Special Items in the income statement.

### One-off cost from collision

On 2 March 2018, DFDS' ro-ro freight ferry Primula Seaways was hit by a container ship during a sailing from Ghent to Brevik. Primula Seaways was subsequently out of service for five weeks. Route operations as well as the port terminal operation in Gothenburg were disrupted by the incident.

To mitigate the effect on our customers, a ship was swapped from another route and capacity was chartered in short-term. The incident negatively impacted EBITDA in Q1 with a one-off cost of DKK 15m.



## MAJOR EVENTS AFTER Q1

### Acquisition of U.N. Ro-Ro

On 12 April 2018, DFDS entered into an agreement to acquire 98.8% of U.N. Ro-Ro, Turkey's largest operator of freight ferry routes connecting Europe and Turkey.

In 2018, U.N. Ro-Ro's revenue is expected to be EUR 240m (DKK 1.8bn) and EBITDA is expected to be EUR 97m (DKK 725m).

DFDS will pay EUR 0.5bn (DKK 3.7bn) for 98.8% of the shares in U.N. Ro-Ro corresponding to an enterprise value of EUR 0.95bn (DKK 7.1bn).

The transaction is subject to approval by the Turkish, Austrian and German competition authorities as well as approval by Italian authorities in relation to the transfer of the Trieste port terminal concession. Closing of the transaction is expected to take place in June 2018 and U.N. Ro-Ro will subsequently be consolidated into the DFDS Group.

### Change in capital structure and distribution

As a consequence of the acquisition of U.N. Ro-Ro, DFDS' financial leverage, NIBD/EBITDA, is expected to increase to 2.5 on a pro forma basis upon completion of the transaction.

The Board of Directors therefore cancelled the share buyback launched on 8 February 2018 and suspended the planned dividend of DKK 7.00 in August 2018 in connection

with the announcement of the U.N Ro-Ro acquisition on 12 April 2018. The Board of Directors will in February 2019, in connection with the release of the Q4 and year-end report, review the capital structure and hence the capital distribution for 2019.

### Share capital issue and EGM

In view of planned fleet renewals in both DFDS and U.N. Ro-Ro and potential investment opportunities during the next 12-18 months, the Board of Directors recommended to raise capital of DKK 1.0bn through a 5% share issue as part of the acquisition financing structure that otherwise consists of committed term loan financing.

The share capital issue will be proposed to an extraordinary general meeting that will be held on 14 May 2018. Lauritzen Foundation, that owns 42% of DFDS' share capital, has confirmed their intention to participate with DKK 400m in the share issue.

### Performance issues closes Rosyth-Zeebrugge

The route between Rosyth in Scotland and Zeebrugge in Belgium carrying only freight was closed in April 2018. The financial performance of the route, that deployed one ro-ro freight ferry for three weekly round trips, has struggled to meet expectations.

Freight volumes are, in general, increasingly being focused on large hubs offering a high frequency of departures deploying larger ferries. The annual revenue of the route was around DKK 100m in 2017.

## REVENUE

DKK m	Q1 2018	Q1 2017	Change, %	Change
Shipping Division	2,301	2,154	6.8	147
Logistics Division	1,385	1,235	12.2	151
Non-allocated items	122	98	24.1	24
Eliminations	-323	-267	-21.0	-56
<b>DFDS Group</b>	<b>3,485</b>	<b>3,220</b>	<b>8.2</b>	<b>265</b>

### Channel route to be strengthened

To ensure capacity for reliably moving freight and passengers on the Channel, DFDS entered into a 10-year bareboat charter agreement with Stena RoRo for a new building ro-pax ferry for delivery in early 2021. The agreement includes a purchase option.

The ferry will be tailored to DFDS' requirements for deployment on the Channel. DFDS' two Channel-routes currently deploy six ferries and the charter is part of the ongoing renewal of the fleet. The initial plan is for replacement of the oldest of the ferries, Calais Seaways, that was built in 1991 with a capacity of 1,600 lane meters for freight and around 1,000 passengers. The final deployment plan will be announced in 2020.

The new ferry will have a considerably higher freight capacity of 3,100 lane meters and will accommodate around 1,000 passengers with room on board to offer a wide range of passenger services. The ferry is highly efficient and environmentally friendly with an expected reduction in oil consumption of around 25% per transported unit.

## FINANCIAL PERFORMANCE

### Revenue

The Group's revenue in Q1 was DKK 3,485m, an increase of 8.2% compared to 2017. Revenue increased by 8.8% adjusted for currency changes, an acquisition, the divested Belfast activity and excluding revenue from bunker surcharges.

The Shipping Division's Q1 revenue of DKK 2,301m increased 6.8% and by 6.9% adjusted for currency changes and excluding revenue from bunker surcharges.

Freight revenue increased in primarily North Sea and Channel mainly driven by higher volumes. The increase included a negative impact from the early Easter in March this year compared to 2017 where the Easter was in April. Passenger revenue in Q1 was, on the other hand, boosted by the Easter timing difference.

The Logistics Division's Q1 revenue of DKK 1,385m increased 12.2% and by 13.0% adjusted for currency changes, an acquisition and the divested Belfast activity.

The revenue growth was driven by high volumes and additional activities in the Nordic and Continental business units.

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

The Group's EBITDA increased 10% to DKK 453m in Q1.

The Shipping Division's Q1 EBITDA increased 3% to DKK 388m. The result includes a one-off cost of DKK 15m related to a collision that disrupted the Gothenburg-Ghent route and the port terminal in Gothenburg in March. A large part of the one-off cost was related to the short-term charter of replacement freight ferries. The early Easter had a positive impact on Channel and Passenger, although in Passenger higher costs, including efficiency project costs, during Q1 offset the positive Easter impact.

The Logistics Division's Q1 EBITDA increased 69% to DKK 81m and by 41% excluding an acquisition. The improved result was driven by the Nordic and Continent business units following higher activity for a number of logistics contracts.

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

Depreciation in Q1 of DKK 243m increased DKK 7m compared to 2017. The increase was to a large extent related to the acquisition of a logistics company. Depreciations were also higher on software and IT-systems.

The Group's EBIT before special items for Q1 increased 14% to DKK 216m.

### Special items

In Q1 2018, special items was a net cost of DKK 27m primarily due to a restructuring of the Italian logistics activities and a restructuring of corporate functions. Also included are costs for the award of anniversary shares to all employees.

The Group's Q1 EBIT after special items increased 3% to DKK 189m.

### Financial items

The total net cost of financing in Q1 was DKK 4m lower than in Q1 2017. The positive variance was mainly due to net currency changes.

### Profit before and after tax

The profit before tax for Q1 increased 6% to DKK 177m. The increase was 18% excluding special items. The profit after tax was DKK 157m following taxes of DKK 21m.

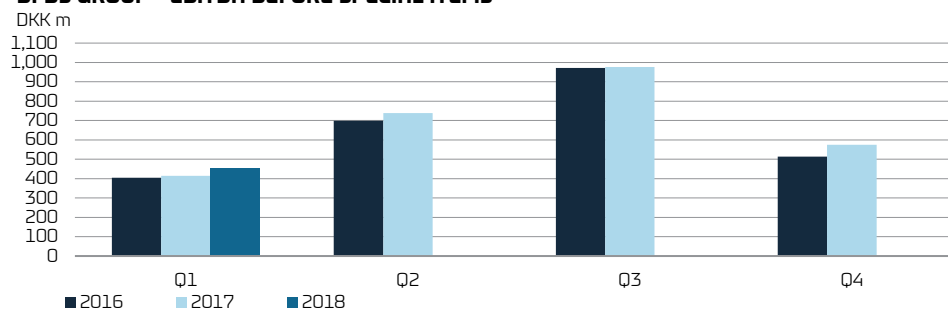
### Earnings per share

Earnings per share (EPS) for the quarter increased to DKK 2.86 from DKK 2.65 in Q1 2017, an increase of 8%.

### Cash flow and investments

The free cash flow (FCFF) of Q1 was DKK 109m, including investments of DKK 235m mainly related to ships and the acquisition of a logistics company. In Q1, the cash flow from financing activities was negative by DKK 542m mainly due to distribution to shareholders of

### DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS



### OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) & SPECIAL ITEMS

DKK m	Q1 2018	Q1 2017	Change, %	Change
Shipping Division	388	376	3.2	12
Logistics Division	81	48	68.9	33
Non-allocated items	-15	-9	-61.0	-6
<b>DFDS Group</b>	<b>453</b>	<b>414</b>	<b>9.5</b>	<b>39</b>
EBITDA-margin, %	13.0	12.9	1.2	0.2

### ASSOCIATES AND JOINT VENTURES, PROFITS ON DISPOSALS AND DEPRECIATION

DKK m	Q1 2018	Q1 2017	Change, %	Change
EBITDA before special items	453	414	9.5	39
Associates and joint ventures	3	6	-48.1	-3
Profit on disposals	2	4	-44.9	-2
Depreciation and impairment	-243	-236	-3.1	-7
<b>EBIT before special items</b>	<b>216</b>	<b>189</b>	<b>14.3</b>	<b>27</b>

### FINANCIAL ITEMS

DKK m	Q1 2018	Q1 2017	Change, %	Change
Interest, net	-14	-12	-9.9	-1
Foreign exchange gains/losses, net	7	3	116.1	4
Other items	-5	-7	25.7	2
<b>Total finance, net</b>	<b>-12</b>	<b>-16</b>	<b>-26.6</b>	<b>4</b>

DKK 380m and repayment of corporate bonds.

The net cash flow for Q1 2018 was negative by DKK 443m and at the end of Q1 cash amounted to DKK 591m.

### Capital structure

At the end of Q1 net-interest-bearing debt (NIBD) was DKK 2,630m, an increase of 12% compared to year-end 2017.

Financial leverage, as measured by the ratio of NIBD to EBITDA before special items, was a multiple of 1.0 compared to 0.9 at year-end 2017. The equity ratio was 49% at the end of Q1.

### Equity

Equity amounted to DKK 6,399m at the end of Q1, including minority interests of DKK 49m. This was 3% below equity at year-end 2017 as total comprehensive income for Q1 2018 was DKK 100m while transactions with owners reduced equity by DKK 315m, including dividend and share buyback.

### Invested capital and ROIC

Invested capital was DKK 9,165m at the end of Q1 which was on level with year-end 2017.

For the last twelve months (LTM), the return on invested capital, ROIC, was 19.3% before special items compared to 19.0% for 2017.

## MANAGEMENT SHAREHOLDINGS

Current shareholdings for Niels Smedegaard, CEO, and Torben Carlsen, CFO, are available at <https://www.dfds.com/group/about/management>.

## OUTLOOK 2018

New customer agreements, continuous improvement projects and tailwind from European growth is expected to underpin and drive earnings improvement.

In 2018, DFDS is investing in further development of digital capabilities to enhance the customer experience and gain operational efficiencies.

European real GDP growth looks set to continue at a level of around 2% in 2018. This includes growth projections for the UK economy that are somewhat above 1%.

On 12 April, the acquisition of U.N. Ro-Ro was announced. The acquisition is expected to be completed in June 2018 and in the following, U.N. Ro-Ro is assumed consolidated into the DFDS Group subsequent to the closing.

### Revenue outlook

The Group's revenue, excluding U.N. Ro-Ro, is now expected to increase by around 4% up from the previous expectation of around 2%. The increase is due to higher activity for both ferry routes and logistics activities.

## OUTLOOK 2018

	OUTLOOK 2018 INCL. U.N. RO-RO <sup>1</sup>	OUTLOOK 2018 EXCL. U.N. RO-RO	2017
<b>DKK m</b>			
Revenue growth	10%	4%	14,328
EBITDA before special items	3,000-3,200	2,650-2,850	2,702
Per division:			
Shipping Division	2,825-2,975	2,475-2,625	2,513
Logistics Division	275-325	275-325	263
Non-allocated items	-100	-100	-74
Depreciation	18%	4%	-933
Special items	-45	-45	-41
Investments	-5,200	-1,300	-1,564

<sup>1</sup> As per expected closing in June 2018

The Group's revenue, including U.N. Ro-Ro, is now expected to increase by around 10% in 2018.

Pricing continues, as expected, to be competitive in both freight and passenger markets.

### EBITDA outlook

The outlook range, including U.N. Ro-Ro, for EBITDA before special items is DKK 3,000-3,200m (2017: DKK 2,702m) up from DKK 2,650-2,850m which was the outlook range prior to the acquisition of U.N. Ro-Ro.

### Special items

The cost of Special items has been increased to DKK -45m due to restructuring of the Italian logistics activities and corporate functions. Special items also include costs

related to the award of shares to employees in connection with DFDS' 150<sup>th</sup> anniversary.

The above does not include transaction costs related to U.N. Ro-Ro. These costs will be included in the Q2 2018 report.

### Investments

Investments of around DKK 5.2bn are now expected in 2018:

- Dockings and ship upgrades: DKK 350m
- Freight ferry (ro-ro) new buildings: DKK 300m
- Passenger and freight ferry (ro-pax) new buildings: DKK 200m
- Port terminals: DKK 200m
- Cargo carrying equipment and warehouses, mainly related to the Logistics Division: DKK 150m

- Other investments, including IT and digital: DKK 100m
- Acquisition of U.N. Ro-Ro, equity value: DKK 3.7bn
- U.N. Ro-Ro investments, including lengthening of two freight ferries: DKK 200m.

A total of four freight new buildings are on order; two for delivery in beginning of 2019 and two for delivery in beginning of 2020. In addition, two combined passenger and freight new buildings are on order for delivery in 2021.

*A number of risks and uncertainties pertain to the outlook. The most important among these are possible major changes in the demand for ferry shipping and transport and logistics services. For DFDS, such demand is to a large extent linked to the level of economic activity in primarily Europe, especially northern Europe and in particular the UK following its decision to leave the EU, but also adjacent regions, including Turkey. Demand can also be impacted by competitor actions. The outlook can also be impacted by political changes, first and foremost within the EU and Turkey, as well as changes in economic variables, especially the oil price and exchange rates. Consequently, the future financial results may differ significantly from expectations.*





The Easter holiday was this year part of Q1 as it fell in the last week of March. Passenger travel increases during Easter on DFDS' routes across The Channel, on the two cruise ferry routes – Copenhagen-Oslo and Amsterdam-Newcastle – and on the Baltic Sea routes. In March alone, the number of passengers increased 30% compared to last year where the Easter fell in April.

Freight volumes, on the other hand, slow down through Easter as industry reduces or stops production during the holiday break.

# SHIPPING DIVISION

The Shipping Division operates DFDS' route network organised in five business units:

- North Sea
- Baltic Sea
- Channel
- France & Mediterranean
- Passenger

## SHIPPING

DKK m	2018	2017				2017-18	2017
	Q1	Q1	Q2	Q3	Q4	LTM	Full year
Revenue	2,301	2,154	2,523	2,835	2,381	10,039	9,892
EBITDA before special items	388	376	680	926	531	2,525	2,513
Share of profit/loss of associates and joint ventures	3	6	0	-1	1	3	6
Profit/loss on disposal of non-current assets, net	1	0	0	0	0	2	1
Depreciation and impairment	-198	-202	-203	-198	-189	-788	-792
EBIT before special items	194	180	478	726	343	1,741	1,727
EBIT margin before special items, %	8.4	8.4	18.9	25.6	14.4	17.3	17.5
Special items, net	-1	0	9	0	-16	-8	-7
EBIT	193	180	486	726	327	1,733	1,720
Invested capital, average	8,177	8,264	8,287	8,347	8,271	8,262	8,264
ROIC before special items, %	-	-	-	-	-	20.8	20.7
Lane metres, '000	9,536	9,223	9,433	9,513	9,613	38,095	37,782
Passengers, '000	862	756	1,428	2,144	1,020	5,455	5,349

## Q1 MARKET, ACTIVITY AND RESULT TRENDS

### North Sea

Freight volumes in Q1 were 8.7% above 2017. The two key growth drivers were capacity increases between Sweden and the Continent and between Germany and UK. Replacement freight ferries were chartered in following a collision in March 2018 involving one of the freight ferries deployed between Sweden and the Continent. Both route and port terminal operations were impacted by the incident that resulted in a one-off cost of DKK 15m in Q1. The Easter

timing difference and cold weather in March reduced volumes compared to 2017.

EBIT increased 3% to DKK 155m and by 13% adjusted for the one-off collision cost.

### Baltic Sea

Freight volumes in Q1 were 1.4% below 2017 reflecting somewhat lower market shares in regions where capacity has been increased on competing routes. The Easter timing difference reduced freight volumes compared to 2017. Passenger volumes were up 6.5% due to a positive impact from the Easter timing difference.

EBIT decreased 4% to DKK 71m primarily due to the lower freight volumes.

### Channel

Freight volumes increased 1.9% compared to 2017 in a market that overall was 2.0% lower as the Easter timing difference reduced volumes. The volume growth was positively impacted by a reduction of a competitor's capacity during Q1.

Passenger volumes were up 15.0% in Q1 mainly driven by the Easter timing difference.

EBIT increased DKK 19m to DKK 18m in Q1 due to the higher volumes.

### **France & Mediterranean**

Freight volumes in Q1 were 6.5% below 2017 while passenger volumes were up 8.6%. The decrease in freight volumes was entirely due to the Western Channel market.

EBIT increased to DKK 3m from a loss of DKK 8m in 2017 mainly due to a positive Easter impact and timing differences of costs related to a new five-year concession agreement.

### **Passenger**

The number of passengers in Q1 increased 12.6% compared to 2017 as volumes increased on both routes, particularly on Amsterdam-Newcastle where the number of departures was increased due to fewer docking days compared to 2017.

EBIT decreased in Q1 by DKK 21m to DKK -80m. Although the higher number of passengers increased earnings, this was offset by cost increases related to additional departures, on board maintenance projects and bunker. In addition, the result includes costs related to an efficiency project, including consultancy costs, as well as a negative impact from the depreciation of NOK.

### **Non-allocated items**

These items comprise primarily external charter activities.

EBIT increased 13% to DKK 26m mainly due to additional charter activity.

## SHIPPING DIVISION

	2018	2017				2017-18	2017
DKK m	Q1	Q1	Q2	Q3	Q4	LTM	Full year
<b>NORTH SEA</b>							
Revenue	967	926	928	897	949	3,740	3,699
EBIT before special items	155	151	179	174	166	675	670
Invested capital	3,967	4,263	4,136	4,115	4,064	4,109	4,164
ROIC before special items, %	-	-	-	-	-	16.0	15.8
Lane metres freight, '000	3,347	3,077	3,185	3,145	3,204	12,880	12,611
<b>BALTIC SEA</b>							
Revenue	343	341	382	388	355	1,467	1,465
EBIT before special items	71	74	105	116	84	376	379
Invested capital	1,218	1,218	1,181	1,182	1,159	1,191	1,201
ROIC before special items, %	-	-	-	-	-	31.5	31.5
Lane metres freight, '000	1,102	1,118	1,169	1,146	1,126	4,543	4,559
Passengers, '000	36	34	55	76	41	207	205
<b>CHANNEL</b>							
Revenue	502	457	563	746	540	2,351	2,306
EBIT before special items	18	-1	75	202	75	369	350
Invested capital	2,131	2,057	2,055	2,022	1,933	2,040	2,019
ROIC before special items, %	-	-	-	-	-	18.0	17.2
Lane metres freight, '000	4,730	4,643	4,684	4,848	4,898	19,160	19,073
Passengers, '000	523	455	908	1,482	620	3,533	3,465
<b>FRANCE &amp; MEDITERRANEAN</b>							
Revenue	101	98	123	150	110	483	480
EBIT before special items	3	-8	2	18	1	24	13
Invested capital	16	76	40	33	43	42	35
ROIC before special items, %	-	-	-	-	-	57.5	35.8
Lane metres freight, '000	228	243	248	234	225	934	950
Passengers, '000	33	31	92	166	51	341	339
<b>PASSENGER</b>							
Revenue	298	272	460	586	356	1,700	1,674
EBIT before special items	-80	-59	88	184	-29	162	183
Invested capital	562	620	711	725	712	666	678
ROIC before special items, %	-	-	-	-	-	23.8	26.6
Lane metres freight, '000	130	141	147	140	160	578	589
Passengers, '000	270	237	374	421	309	1,373	1,341
<b>NON-ALLOCATED ITEMS</b>							
Revenue	119	101	121	123	132	496	478
EBIT before special items	26	23	30	33	47	136	133

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

# LOGISTICS DIVISION

The Logistics Division operates DFDS' logistics activities organised in three business units:

- Nordic
- Continent
- UK & Ireland

## LOGISTICS

DKK m	2018	2017				2017-18	2017
	Q1	Q1	Q2	Q3	Q4	LTM	Full year
Revenue	1,385	1,235	1,346	1,261	1,318	5,310	5,160
EBITDA before special items	81	48	73	66	77	296	263
Profit/loss on disposal of non-current assets, net	1	3	1	0	1	3	5
Depreciation and impairment	-34	-25	-24	-25	-28	-111	-102
EBIT before special items	48	26	49	42	50	188	166
EBIT margin before special items, %	3.5	2.1	3.6	3.4	3.8	3.5	3.2
Special items, net	-17	0	0	0	-13	-30	-13
EBIT	31	26	49	42	37	159	153
Invested capital, average	1,147	1,123	1,127	1,139	1,129	1,136	1,128
ROIC before special items, %	-	-	-	-	-	14.5	13.1
Tons, '000	97.7	99.0	100.0	94.1	107.3	399.1	400.4
Units, '000	145.5	131.9	140.9	136.1	139.6	562.2	548.5

### Q1 MARKET, ACTIVITY AND RESULT TRENDS

#### Nordic

The number of transported units in Q1 increased 21.1% as almost all areas increased volumes. Key growth drivers were new and existing contract logistics activities in Sweden and the Baltic region. Volumes for the door-door trailer solutions continued to grow in the Scandinavia corridors. Norwegian sideport volumes also increased.

EBIT increased 195% to DKK 26m as most activities contributed with the largest improvement achieved by the Swedish activities.

#### Continent

The number of transported units in Q1 increased 23.3% and by 7.8% adjusted for the acquisition of Special Cargo on 3 January

2018 (formerly Alphatrans Group). The volume growth was mainly driven by the Netherlands-UK and the Belgium-Sweden traffics.

EBIT increased 110% to DKK 18m driven by the Benelux activities, including a growing share of high-margin solutions and additional contract logistics activities, and the addition of Special Cargo.

#### UK & Ireland

The number of transported units in Q1 decreased 11.8% and decreased 2.2% adjusted for the divested Belfast activity. The lower volumes were due to the ongoing closure of the UK-Italy rail activities and somewhat lower aquaculture volumes. Higher activity in cold stores in England was due to a new contract.

EBIT decreased 54% to DKK 4m. The divestment of the Belfast activity had a positive impact but this was offset by extra costs for transport activities and a cold store contract as well as a lower result for the aquaculture distribution activity in England. Targeted projects to turnaround the cold store contract and the aquaculture distribution have been initiated with a view to improving results in the second half of the year.



**LOGISTICS DIVISION**

	2018		2017			2017-18	2017
DKK m	Q1	Q1	Q2	Q3	Q4	LTM	Full year
<b>Nordic</b>							
Revenue	517	429	486	461	522	1,986	1,898
EBIT before special items	26	9	17	13	22	79	62
Invested capital	362	332	360	411	371	367	359
ROIC before special items, %	-	-	-	-	-	21.3	16.8
Units, '000 *	37.6	31.0	35.8	32.9	35.4	141.7	135.2
Tons, '000	97.7	99.0	100.0	94.1	107.3	399.1	400.4
<b>Continent</b>							
Revenue	626	479	518	500	538	2,182	2,035
EBIT before special items	18	9	17	18	21	74	65
Invested capital	513	346	340	344	368	382	351
ROIC before special items, %	-	-	-	-	-	15.5	15.3
Units, '000	66.8	54.2	57.1	56.1	61.3	241.3	228.7
<b>UK &amp; Ireland</b>							
Revenue	274	359	378	339	312	1,303	1,388
EBIT before special items	4	9	14	10	7	35	40
Invested capital	387	445	429	394	370	405	418
ROIC before special items, %	-	-	-	-	-	7.5	8.2
Units, '000	41.2	46.7	48.0	47.1	42.9	179.1	184.6
<b>Non-allocated items</b>							
Revenue	74	53	54	55	53	237	216
EBIT before special items	0	0	0	0	0	0	0

\* Excluding volumes related to automotive Logistics contract.

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

# MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of DFDS A/S for the period 1 January – 31 March 2018.

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

In our opinion, the interim report gives a true and fair view of the DFDS Group's assets, liabilities and financial position at 31 March 2018 and of the results of the DFDS Group's operations and cash flow for the period 1 January – 31 March 2018.

Further, in our opinion, the Management review p. 1-14 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, 9 May 2018



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EXECUTIVE BOARD **NIELS SMEDEGAARD** President & CEO, **TORBEN CARLSEN** CFO

BOARD OF DIRECTORS **CLAUS HEMMINGSEN** Chair, **KLAUS NYBORG** Deputy Chair,  
**ANDERS GÖTZSCHE**, **JØRGEN JENSEN**, **JENS OTTO KNUDSEN**, **JILL LAURITZEN MELBY**,  
**JESPER HARTVIG NIELSEN**, **LARS SKJOLD-HANSEN**, **MARIANNE DAHL STEENSEN**

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# DFDS GROUP - INCOME STATEMENT

DKK m	Note	2018 Q1	2017 Q1	2017-18 LTM	2017 Full year
Revenue	3	3,485.0	3,220.1	14,592.7	14,327.8
Costs					
Ship operation and maintenance		-760.3	-692.4	-2,956.9	-2,888.9
Freight handling		-590.9	-561.3	-2,291.6	-2,262.0
Transport solutions		-819.3	-762.0	-3,185.8	-3,128.4
Employee costs		-674.5	-638.7	-2,696.6	-2,660.7
Costs of sales and administration		-186.6	-151.8	-720.2	-685.4
<b>Operating profit before depreciation (EBITDA) and special items</b>		<b>453.3</b>	<b>413.9</b>	<b>2,741.7</b>	<b>2,702.3</b>
Share of profit/loss of associates and joint ventures		3.3	6.4	2.5	5.6
Profit/loss on disposal of non-current assets, net		2.4	4.3	5.0	7.0
Depreciation, ships		-184.3	-187.1	-742.5	-745.3
Depreciation, other non-current assets		-58.7	-48.6	-207.3	-197.3
Impairment losses, ships and other non-current assets		0.0	0.0	9.3	9.3
<b>Operating profit (EBIT) before special items</b>		<b>216.0</b>	<b>188.9</b>	<b>1,808.7</b>	<b>1,781.7</b>
Special items, net	4	-26.7	-5.9	-61.5	-40.7
<b>Operating profit (EBIT)</b>		<b>189.3</b>	<b>183.0</b>	<b>1,747.2</b>	<b>1,741.0</b>
Financial income		7.9	4.6	30.3	27.0
Financial costs		-19.7	-20.7	-80.7	-81.7
<b>Profit before tax</b>		<b>177.5</b>	<b>166.9</b>	<b>1,696.8</b>	<b>1,686.3</b>
Tax on profit		-20.7	-16.8	-72.1	-68.3
<b>Profit for the period</b>		<b>156.8</b>	<b>150.1</b>	<b>1,624.7</b>	<b>1,618.0</b>
Attributable to:					
Equity holders of DFDS A/S		156.2	150.3	1,622.8	1,616.8
Non-controlling interests		0.6	-0.1	1.9	1.3
<b>Profit for the period</b>		<b>156.8</b>	<b>150.1</b>	<b>1,624.7</b>	<b>1,618.0</b>
<b>Earnings per share</b>					
Basic earnings per share (EPS) of DKK 20, DKK		2.86	2.65	29.45	29.08
Diluted earnings per share (EPS-D) of DKK 20, DKK		2.84	2.63	29.23	28.83

# DFDS GROUP – STATEMENT OF COMPREHENSIVE INCOME

	2018	2017	2017-18	2017
DKK m	Q1	Q1	LTM	Full year
Profit for the period	156.8	150.1	1,624.7	1,618.0
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to the Income statement:				
Remeasurement of defined benefit pension obligations	0.0	0.0	57.9	57.9
Tax on items that will not be reclassified to the Income statement	0.0	0.8	-0.8	0.0
<b>Items that will not be reclassified subsequently to the Income statement</b>	<b>0.0</b>	<b>0.8</b>	<b>57.2</b>	<b>57.9</b>
Items that are or may be reclassified subsequently to the Income statement:				
Value adjustment of hedging instruments:				
Value adjustment for the period	75.9	-17.9	-38.9	-132.7
Value adjustment transferred to operating costs	-0.6	-3.7	-6.5	-9.6
Value adjustment transferred to financial costs	-93.0	11.9	-75.8	29.1
Value adjustment transferred to non-current tangible assets	4.7	0.0	10.9	6.2
Tax on items that will be reclassified to the Income statement	0.2	0.0	1.4	1.1
Foreign exchange adjustments, subsidiaries	-43.6	3.8	-107.5	-60.1
<b>Items that are or may be reclassified subsequently to the Income statement</b>	<b>-56.3</b>	<b>-5.9</b>	<b>-216.5</b>	<b>-166.1</b>
<b>Total other comprehensive income after tax</b>	<b>-56.3</b>	<b>-5.2</b>	<b>-159.3</b>	<b>-108.2</b>
<b>Total comprehensive income</b>	<b>100.5</b>	<b>145.0</b>	<b>1,465.4</b>	<b>1,509.8</b>
<b>Attributable to:</b>				
Equity holders of DFDS A/S	100.0	145.1	1,463.4	1,508.5
Non-controlling interests	0.4	-0.1	1.9	1.3
<b>Total comprehensive income</b>	<b>100.5</b>	<b>145.0</b>	<b>1,465.3</b>	<b>1,509.8</b>

# BALANCE SHEET ASSETS

	2018	2017	2017
DKK m	Q1	Q1	Full year
Goodwill	572.8	557.4	554.5
Other non-current intangible assets	39.1	36.6	29.4
Software	237.3	227.8	235.3
Development projects in progress	10.2	8.6	14.8
<b>Non-current intangible assets</b>	<b>859.4</b>	<b>830.3</b>	<b>834.0</b>
Land and buildings	163.6	153.3	148.8
Terminals	475.1	504.8	480.4
Ships	7,425.1	7,911.2	7,505.4
Equipment, etc.	694.6	547.0	615.7
Assets under construction and prepayments	303.6	137.9	307.8
<b>Non-current tangible assets</b>	<b>9,061.9</b>	<b>9,254.2</b>	<b>9,058.0</b>
Investments in associates and joint ventures and securities	44.9	44.6	42.8
Receivables	135.7	24.8	135.7
Deferred tax	65.0	85.2	63.6
Derivative financial instruments	21.3	26.9	0.0
<b>Other non-current assets</b>	<b>266.9</b>	<b>181.5</b>	<b>242.1</b>
<b>Non-current assets</b>	<b>10,188.3</b>	<b>10,266.0</b>	<b>10,134.1</b>
Inventories	148.9	128.3	155.8
Trade receivables including work in progress services	1,896.2	1,804.5	1,687.5
Receivables from associates and joint ventures	71.8	53.8	74.1
Other receivables	129.5	147.2	129.2
Prepaid costs	134.1	132.4	90.7
Derivative financial instruments	4.5	17.9	3.8
Cash	591.1	279.0	1,033.2
<b>Current assets</b>	<b>2,976.1</b>	<b>2,563.2</b>	<b>3,174.3</b>
<b>Assets</b>	<b>13,164.4</b>	<b>12,829.2</b>	<b>13,308.4</b>

# EQUITY AND LIABILITIES

	2018	2017	2017
DKK m	Q1	Q1	Full year
Share capital	1,140.0	1,200.0	1,140.0
Reserves	-512.1	-328.8	-455.0
Retained earnings	5,722.7	5,146.1	5,651.6
Proposed dividends	0.0	0.0	228.0
<b>Equity attributable to equity holders of DFDS A/S</b>	<b>6,350.7</b>	<b>6,017.3</b>	<b>6,564.6</b>
Non-controlling interests	48.6	48.1	49.0
<b>Equity</b>	<b>6,399.3</b>	<b>6,065.4</b>	<b>6,613.7</b>
Interest-bearing liabilities	2,974.4	1,516.2	2,931.6
Deferred tax	200.4	193.3	197.1
Pension and jubilee liabilities	379.7	458.3	378.6
Other provisions	42.3	54.0	42.4
Derivative financial instruments	93.7	9.6	94.8
<b>Non-current liabilities</b>	<b>3,690.5</b>	<b>2,231.3</b>	<b>3,644.5</b>
Interest-bearing liabilities	235.4	1,655.3	343.9
Trade payables	1,866.5	1,822.9	1,847.0
Payables to associates and joint ventures	37.4	32.3	40.1
Other provisions	64.2	67.8	35.1
Corporation tax	22.4	34.1	23.8
Other payables	536.9	507.0	489.6
Derivative financial instruments	49.3	141.2	111.3
Prepayments from customers	262.5	271.8	159.3
<b>Current liabilities</b>	<b>3,074.6</b>	<b>4,532.5</b>	<b>3,050.2</b>
<b>Liabilities</b>	<b>6,765.1</b>	<b>6,763.8</b>	<b>6,694.7</b>
<b>Equity and liabilities</b>	<b>13,164.4</b>	<b>12,829.2</b>	<b>13,308.4</b>



# DFDS GROUP - STATEMENT OF CHANGES IN EQUITY (1 JANUARY – 31 MARCH 2018)

DKK m	RESERVES							Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2018	1,140.0	-339.7	-68.4	0.1	-47.0	5,651.6	228.0	6,564.6	49.0	6,613.7
Change in accounting policies*				-0.1		0.1		0.0		0.0
Restated equity at 1 January 2018	1,140.0	-339.7	-68.4	0.0	-47.0	5,651.7	228.0	6,564.6	49.0	6,613.7
<b>Comprehensive income for the period</b>										
Profit for the period						156.2		156.2	0.6	156.8
<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			75.9					75.9		75.9
Value adjustment transferred to operating costs			-0.6					-0.6		-0.6
Value adjustment transferred to financial costs			-93.0					-93.0		-93.0
Value adjustment transferred to non-current tangible assets			4.7					4.7		4.7
Tax on items that will be reclassified to the Income statement						0.2		0.2		0.2
Foreign exchange adjustments, subsidiaries		-43.4						-43.4	-0.1	-43.6
<b>Items that are or may be reclassified subsequently to the Income statement</b>	<b>0.0</b>	<b>-43.4</b>	<b>-13.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-56.2</b>	<b>-0.1</b>	<b>-56.3</b>
<b>Total other comprehensive income after tax</b>	<b>0.0</b>	<b>-43.4</b>	<b>-13.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-56.2</b>	<b>-0.1</b>	<b>-56.3</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>-43.4</b>	<b>-13.0</b>	<b>0.0</b>	<b>0.0</b>	<b>156.5</b>	<b>0.0</b>	<b>100.0</b>	<b>0.4</b>	<b>100.5</b>
<b>Transactions with owners</b>										
Acquisition, non-controlling interests						0.6		0.6	-0.9	-0.2
Dividend paid							-218.9	-218.9		-218.9
Dividend on treasury shares						9.1	-9.1	0.0		0.0
Vested share-based payments						6.0		6.0		6.0
Cash from sale of treasury shares related to exercise of share options					8.8	50.2		59.0		59.0
Purchase of treasury shares					-9.3	-151.4		-160.7		-160.7
<b>Transactions with owners Q1 2018</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.6</b>	<b>-85.5</b>	<b>-228.0</b>	<b>-314.0</b>	<b>-0.9</b>	<b>-314.9</b>
<b>Equity at 31 March 2018</b>	<b>1,140.0</b>	<b>-383.2</b>	<b>-81.4</b>	<b>0.0</b>	<b>-47.5</b>	<b>5,722.7</b>	<b>0.0</b>	<b>6,350.7</b>	<b>48.6</b>	<b>6,399.3</b>

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

Due to immaterial effects from implementing IFRS 9 and IFRS 15, the 1 January 2018 Equity has not been restated.

# DFDS GROUP - STATEMENT OF CHANGES IN EQUITY (1 JANUARY – 31 MARCH 2017)

DKK m	RESERVES							Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging Reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends			
Equity at 1 January 2017	1,200.0	-279.6	38.8	0.1	-58.9	5,556.1	180.0	6,636.4	48.2	6,684.6
<b>Comprehensive income for the period</b>										
Profit for the period						150.3		150.3	-0.1	150.1
<b>Other comprehensive income</b>										
Items that will not subsequently be reclassified to the income statement:										
Tax on items that will not be reclassified to the Income statement						0.8		0.8		0.8
<b>Items that will not subsequently be reclassified to the Income statement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>
Items that are or may be reclassified subsequently to the Income statement:										
Value adjustment of hedging instruments for the period			-17.9					-17.9		-17.9
Value adjustment transferred to operating costs			-3.7					-3.7		-3.7
Value adjustment transferred to financial costs			11.9					11.9		11.9
Foreign exchange adjustments, subsidiaries		3.8						3.8	0.0	3.8
<b>Items that are or may be reclassified subsequently to the Income statement</b>	<b>0.0</b>	<b>3.8</b>	<b>-9.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-5.9</b>	<b>0.0</b>	<b>-5.9</b>
<b>Total other comprehensive income after tax</b>	<b>0.0</b>	<b>3.8</b>	<b>-9.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>-5.2</b>	<b>0.0</b>	<b>-5.2</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>3.8</b>	<b>-9.7</b>	<b>0.0</b>	<b>0.0</b>	<b>151.0</b>	<b>0.0</b>	<b>145.1</b>	<b>-0.1</b>	<b>145.0</b>
<b>Transactions with owners</b>										
Dividend paid							-167.9	-167.9		-167.9
Dividend on treasury shares						12.1	-12.1	0.0		0.0
Vested share-based payments						6.9		6.9		6.9
Purchase of treasury shares					-35.7	-622.8		-658.5		-658.5
Cash from sale of treasury shares related to exercise of share options					12.6	42.7		55.3		55.3
Other adjustments						-0.1		-0.1		-0.1
<b>Transactions with owners Q1 2017</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-23.2</b>	<b>-561.1</b>	<b>-180.0</b>	<b>-764.2</b>	<b>0.0</b>	<b>-764.2</b>
<b>Equity at 31 March 2017</b>	<b>1,200.0</b>	<b>-275.8</b>	<b>29.0</b>	<b>0.1</b>	<b>-82.1</b>	<b>5,146.1</b>	<b>0.0</b>	<b>6,017.3</b>	<b>48.1</b>	<b>6,065.4</b>

# DFDS GROUP – STATEMENT OF CASH FLOWS

	2018 Q1	2017 Q1	2017-18 LTM	2017 Full year
<b>DKK m</b>				
<b>Operating profit before depreciation (EBITDA) and special items</b>	<b>453.3</b>	<b>413.9</b>	<b>2,741.7</b>	<b>2,702.3</b>
Cash flow effect from special items related to operating activities	-11.0	0.0	-11.0	0.0
Adjustments for non-cash operating items, etc.	2.3	3.1	18.0	18.8
Change in working capital	-57.9	30.3	-45.8	42.5
Payment of pension liabilities and other provisions	-14.0	-7.6	-70.1	-63.7
<b>Cash flow from operating activities, gross</b>	<b>372.7</b>	<b>439.8</b>	<b>2,632.8</b>	<b>2,699.9</b>
Interest etc. received	30.1	17.2	131.6	118.7
Interest etc. paid	-39.3	-46.3	-155.8	-162.8
Taxes paid	-28.5	-4.7	-57.2	-33.5
<b>Cash flow from operating activities, net</b>	<b>335.0</b>	<b>406.0</b>	<b>2,551.3</b>	<b>2,622.2</b>
Investments in ships including dockings, rebuildings and ships under construction (incl. settlement of forward exchange contracts) related thereto	-137.4	-190.1	-1,247.2	-1,299.8
Investments in other non-current tangible assets	-30.2	-41.3	-203.4	-214.4
Sale of other non-current tangible assets	5.7	26.4	14.9	35.6
Investments in non-current intangible assets	-6.5	-11.3	-46.3	-51.1
Acquisition of enterprises, associates, joint ventures and activities	-69.6	0.0	-69.6	0.0
Sale of activities etc.	0.6	0.0	0.6	0.0
Other investing cash flows	2.2	-1.6	-30.5	-34.4
<b>Cash flow to/from investing activities, net</b>	<b>-235.3</b>	<b>-217.9</b>	<b>-1,581.6</b>	<b>-1,564.2</b>
<b>Cash flow before financing activities, net</b>	<b>99.7</b>	<b>-245.8</b>	<b>-1,916.0</b>	<b>1,058.0</b>
Proceed from loans secured by mortgage in ships	0.0	0.0	671.6	671.6
Repayment and instalments of loans secured by mortgage in ships	-12.7	-12.5	-111.4	-111.2
Proceed from issuance of corporate bonds	0.0	0.0	990.5	990.5
Repayment of corporate bonds incl. settlement of cross currency swap	-202.8	0.0	-707.7	-504.9
Change in other non-current investments, net	0.4	0.0	0.4	0.0
Change in other financial loans, net	-5.7	199.7	-228.9	-23.6
Payment of financial lease liabilities	-0.5	-21.0	-16.6	-37.1
Acquisition of treasury shares	-160.7	-658.5	-607.9	-1,105.8
Other non-current receivable	0.0	0.0	-111.0	-111.0
Cash received from exercise of share options	59.0	55.3	59.0	55.3
Government grants received related to purchase of assets	0.0	0.0	11.9	11.9
Other financing cash flows	-0.2	0.0	-0.4	-0.2
Dividends paid	-218.9	-167.9	-606.4	-555.3
<b>Cash flow to/from financing activities, net</b>	<b>-542.2</b>	<b>-604.9</b>	<b>-656.9</b>	<b>-719.7</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-442.5</b>	<b>-416.9</b>	<b>312.7</b>	<b>338.3</b>
Cash and cash equivalents at beginning of period	1,033.2	695.6	279.0	695.6
Foreign exchange and value adjustments of cash and cash equivalents	0.4	0.3	-0.7	-0.7
<b>Cash and cash equivalents at end of period *</b>	<b>591.1</b>	<b>279.0</b>	<b>591.1</b>	<b>1,033.2</b>

\* At 31 March 2018 DKK 0.1m of the cash was deposited on restricted bank accounts.

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

# NOTE 1 - ACCOUNTING POLICIES

## Basis of reporting

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

## Accounting policies

This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim report has been prepared using the same accounting policies, judgements and estimates as for the annual report for 2017 except as described below.

## Implementation of new or changed accounting standards and interpretations

DFDS has adopted IFRS 9 – "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities" and IFRS 15 – "Revenue from Contracts with Customers" and all other new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2018. Comparative figures are not restated due to either no impact or insignificant impact on the financial statements.

## IFRS 9 Financial Instruments

IFRS 9 introduces a new impairment loss model for financial assets by replacing IAS 39's "incurred loss model" approach with a more forward-looking "expected credit loss model". Under the new model it is no longer necessary that a credit event has occurred before a credit loss is recognised. For DFDS

the new credit loss model primarily apply to trade receivables. In recent years DFDS' realised losses on trade receivables have been insignificant, and the implementation of the new credit loss model has not had any significant impact on DFDS' credit loss provisions and accordingly, no restatement of equity is made as of 1 January 2018.

Under IFRS 9, investments in equity instruments are measured at "Fair value through profit loss" (FVTPL), or alternatively at "Fair value through Other comprehensive income without recycling to profit loss" provided that the equity instrument is not held for trading. DFDS' present holding of securities, comprising a minor holding of equity instruments in unlisted enterprises and other investments, was under the replaced IAS 39 classified as "Available for sale" implying that unrealised value adjustments were recognised in Other comprehensive income and attributed to a separate reserve in equity. Following the adoption of IFRS 9 DFDS will from 1 January 2018 recognise its present holding of securities at FVTPL, which implies that the "Revaluation of securities" reserve under equity will be transferred to "Retained earnings".

## IFRS 15 Revenue from contracts with customers

On January 2018, the IFRS 15, "Revenue from Contract with Customers", which replaces IAS 11, IAS 18 and associated interpretations, were implemented.

The most important changes resulting from IFRS 15 are:

- the model for recognition of revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the product or services transferred to the customer
- more detailed guidelines for how elements in a contract of sale are identified, and how the individual components will be recognised and measured
- more detailed guidance for recognition of revenue over time.

The change in the recognition of revenue from transfer of the risks and rewards to the transfer of control, and the additional guidelines for how elements in the contracts are identified and how the individual components will be recognised and measured has only had an insignificant effect.

The Group has concluded that the impact is insignificant and it is assessed that the current accounting policy for variable considerations, such as volume rebates, is consistent with IFRS 15.

In conclusion the adoption of IFRS 9, IFRS 15 and all other new, amended or revised accounting standards and interpretations (IFRSs) have either had no impact or insignificant impact on the Group's Financial Statements and accordingly, the equity as of 1 January 2018 has not been restated, except for the holding of securities, which has been transferred from "Revaluation of securities" under equity to "Retained earnings". However, the new standards have led

to additional disclosures in the interim report.

## NOTE 2 - SEGMENT INFORMATION

DKK m	Shipping Division	Logistics Division	Non- allocated	Total
<b>Q1 2018</b>				
External revenue	2,100.9	1,377.5	6.6	3,485.0
Intragroup revenue	199.7	8.0	115.2	322.9
Total revenue	2,300.6	1,385.5	121.8	3,807.9
<b>Operating profit (EBIT) before special items</b>	<b>194.1</b>	<b>48.1</b>	<b>-26.2</b>	<b>216.0</b>
<b>Operating profit after special items (EBIT)</b>	<b>193.1</b>	<b>31.4</b>	<b>-35.2</b>	<b>189.3</b>

DKK m	Shipping Division	Logistics Division	Non- allocated	Total
<b>Q1 2017</b>				
External revenue	1,985.7	1,230.2	4.2	3,220.1
Intragroup revenue	168.3	4.7	93.9	266.9
Total revenue	2,153.9	1,234.9	98.1	3,486.9
<b>Operating profit (EBIT) before special items</b>	<b>179.9</b>	<b>26.0</b>	<b>-17.0</b>	<b>188.9</b>
<b>Operating profit after special items (EBIT)</b>	<b>179.9</b>	<b>26.0</b>	<b>-22.9</b>	<b>183.0</b>



## NOTE 3 - REVENUE

DKK m	Shipping Division	Logistics Division	Non- allocated	Total
<b>Q1 2018</b>				
<b>Geographical markets</b>				
North sea	1,183.8	0.0	0.0	1,183.8
Baltic sea	323.6	0.0	0.0	323.6
English Channel	493.7	0.0	0.0	493.7
Continent	0.0	579.6	0.0	579.6
Nordic	0.0	545.7	0.0	545.7
UK/Ireland	0.0	252.2	0.0	252.2
Mediterranean	99.8	0.0	0.0	99.8
Other	0.0	0.0	6.6	6.6
<b>Total</b>	<b>2,100.9</b>	<b>1,377.5</b>	<b>6.6</b>	<b>3,485.0</b>
<b>Product and services</b>				
Seafreight and shipping logistics solutions	1,405.5	24.3	0.0	1,429.8
Transport solutions	3.1	1,337.6	0.0	1,340.7
Passenger seafare and on board sales	415.1	0.0	0.0	415.1
Terminal services	88.8	8.8	0.0	97.6
Charters	109.9	0.0	0.0	109.9
Agency and other revenue	78.5	6.8	6.6	91.9
<b>Total</b>	<b>2,100.9</b>	<b>1,377.5</b>	<b>6.6</b>	<b>3,485.0</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 Shipping Division are characterised by short delivery time (all sailings are less than 30 hours). Transports carried out by Logistics Division can take delivery over a longer period, but the impact is insignificant.

On board sales (5.9% of total revenue) is recognised at a point in time.

Revenue from leasing activities (3.6% of total revenue) is not within the scope of IFRS 15, however, the leasing revenue is insignificant and is therefore not excluded in the above table.

## NOTE 4 - SPECIAL ITEMS

	2018	2017
DKK m	Q1	Q1
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.	-4.9	-5.9
Costs related to restructuring of Italian rail business.	-15.0	0.0
Costs related to restructuring of headquarter functions.	-6.8	0.0
<b>Special items, net</b>	<b>-26.7</b>	<b>-5.9</b>

# NOTE 5 - ACQUISITION OF ENTERPRISES AND SALE OF ACTIVITIES

## 2018

### ACQUISITION

On 3 January 2018 the acquisition of the Dutch company Alphatrans Group BV headquartered in Rotterdam was completed and the DFDS Group obtained control as from this date. After the acquisition the DFDS Group has 100% ownership of the acquired company and the acquired company is consolidated as from this date.

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

DFDS paid DKK 116m for the acquired company of which DKK 14m is a deferred payment. Cash in the acquired company amounted to DKK 32m and accordingly the liquidity effect in Q1 2018 was DKK 70m. In addition an earn-out agreement was entered into according to which seller is entitled to additional payment based on the Alphatrans Group's financial performance combined for 2017 and 2018.

Alphatrans Group's estimated revenue for 2018 is DKK 350m. Transaction costs incurred were insignificant and were expensed in 2017 as part of Administration costs.

The preliminary purchase price allocation show the following.

## 2017

### DISPOSALS

On 1 November 2017 the divestment of DFDS' Logistics loss making reefer activities in Belfast to Manfreight Ltd. was completed. For further details of this disposal, refer to the annual report for 2017.

DKK M	PRELIMINARY FAIR VALUE AT ACQUISITION DATE
Non-current assets	116.4
Current assets	113.4
<b>Total assets</b>	<b>229.8</b>
Non-current liabilities	41.3
Current liabilities	79.5
<b>Total liabilities</b>	<b>120.7</b>
<b>Fair value of acquired net assets</b>	<b>109.1</b>
Total purchase price	
Cash consideration	101.9
Deferred consideration	13.6
Estimated value of earn-out	20.4
<b>Fair value of the purchase price</b>	<b>136.0</b>
<b>Preliminary goodwill at acquisition</b>	<b>26.9</b>

## 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 2018.

### 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.

	Q1 2018		Q1 2017	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>DKK m</b>				
<b>Financial assets</b>				
Derivatives (Level 2)	25.8	25.8	44.8	44.8
Securities (Level 3)*	9.5	9.5	0.0	0.0
<b>Financial liabilities</b>				
Derivatives (Level 2)	143.0	143.0	150.8	150.8

\* In 2017 securities were measured at cost reduced by write-downs, if any, and consequently, they were not included in the fair value hierarchy. Following the implementation of IFRS 9 the securities must be measured at fair value.

## 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 2017. However, DFDS has adopted all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2018. For further description reference is made to note 1 Accounting policies.

The Parent Company's revenue increased by DKK 161.1m, equivalent to 7.8%. Operating profit before depreciation and special items (EBITDA) decreased from DKK 260.0m to DKK 222.7m, equivalent to a decrease of 14.3%.

Profit before tax decreased from DKK 124.6m in Q1 2017 to DKK 91.3m in Q1 2018.

The Parent Company's net interest-bearing debt increased from DKK 3,321.8m at 31 December 2017 to DKK 3,602.5m at 31 March 2018.

	2018	2017	2017-18	2017
DKK m	Q1	Q1	LTM	Full year
<b>Income statement</b>				
Revenue	2,225.2	2,064.1	9,677.0	9,515.9
Operating profit before depreciation (EBITDA) and special items	222.7	260.0	1,779.3	1,816.6
Operating profit (EBIT) before special items	102.3	128.8	1,303.4	1,329.9
Special items, net	-5.6	-1.5	90.0	94.1
Operating profit (EBIT)	96.7	127.3	1,393.4	1,424.0
Financial items, net	-5.4	-2.7	453.0	455.7
Profit before tax	91.3	124.6	1,846.4	1,879.7
Profit for the period	91.2	122.4	1,847.0	1,878.2
<b>Assets</b>				
Non-current intangible assets	363.4	356.3		367.1
Non-current tangible assets	4,288.9	5,256.3		4,292.9
Investments in affiliated companies, associates and joint ventures	3,954.6	3,896.1		3,951.3
Other non-current assets	142.0	36.4		120.7
Non-current assets	8,749.0	9,545.1		8,732.0
Current receivables from affiliated companies	958.6	611.9		963.5
Receivables from associates and joint ventures	53.5	50.8		53.4
Cash	447.8	203.3		937.6
Other current assets	1,075.6	1,008.6		939.1
Current assets	2,535.5	1,874.6		2,893.6
<b>Assets</b>	<b>11,284.5</b>	<b>11,419.8</b>		<b>11,625.5</b>
<b>Equity and liabilities</b>				
Equity	4,719.2	4,103.1		4,961.5
Non-current liabilities	2,446.7	1,544.7		2,438.8
Current liabilities to affiliated companies	2,508.4	2,545.4		2,507.8
Other current liabilities	1,610.1	3,226.7		1,717.3
Current liabilities	4,118.6	5,772.1		4,225.2
<b>Equity and liabilities</b>	<b>11,284.5</b>	<b>11,419.8</b>		<b>11,625.5</b>
Equity ratio, %	41.8%	35.9%		42.7%
Net interest-bearing debt	3,602.5	5,109.3		3,321.8



# 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 profit 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

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