

# CONTINUOUS IMPROVEMENT

DFDS REVIEW  
2014



- PORTS OF CALL AND SALES OFFICES
- LOGISTICS OFFICES
- RAIL TRANSPORT

# RELIABLE SHIPPING SERVICES, FLEXIBLE TRANSPORT SOLUTIONS

DFDS provides shipping and transport services in Europe, generating annual revenues of EUR 1.7bn.

To over 8,000 freight customers, we deliver high performance and superior reliability through shipping and port terminal services, and transport and logistics solutions.

For six million passengers, many travelling in their own cars, we provide safe overnight and short sea ferry services.

Our 6,400 employees, located in offices across 20 countries, are committed to your success.

DFDS was founded in 1866, is headquartered in Copenhagen, and is listed on NASDAQ OMX Copenhagen.

## Key facts

- 80% of DFDS' total revenue is generated by freight customers and 20% by passengers
- We carried 30 million lane metres of freight in 2014
- We carried 6 million passengers in 2014
- Our largest freight ships carry 370 trailers per sailing
- Our largest passenger ships carry 2,000 passengers per sailing

## FINANCIAL CALENDAR 2015

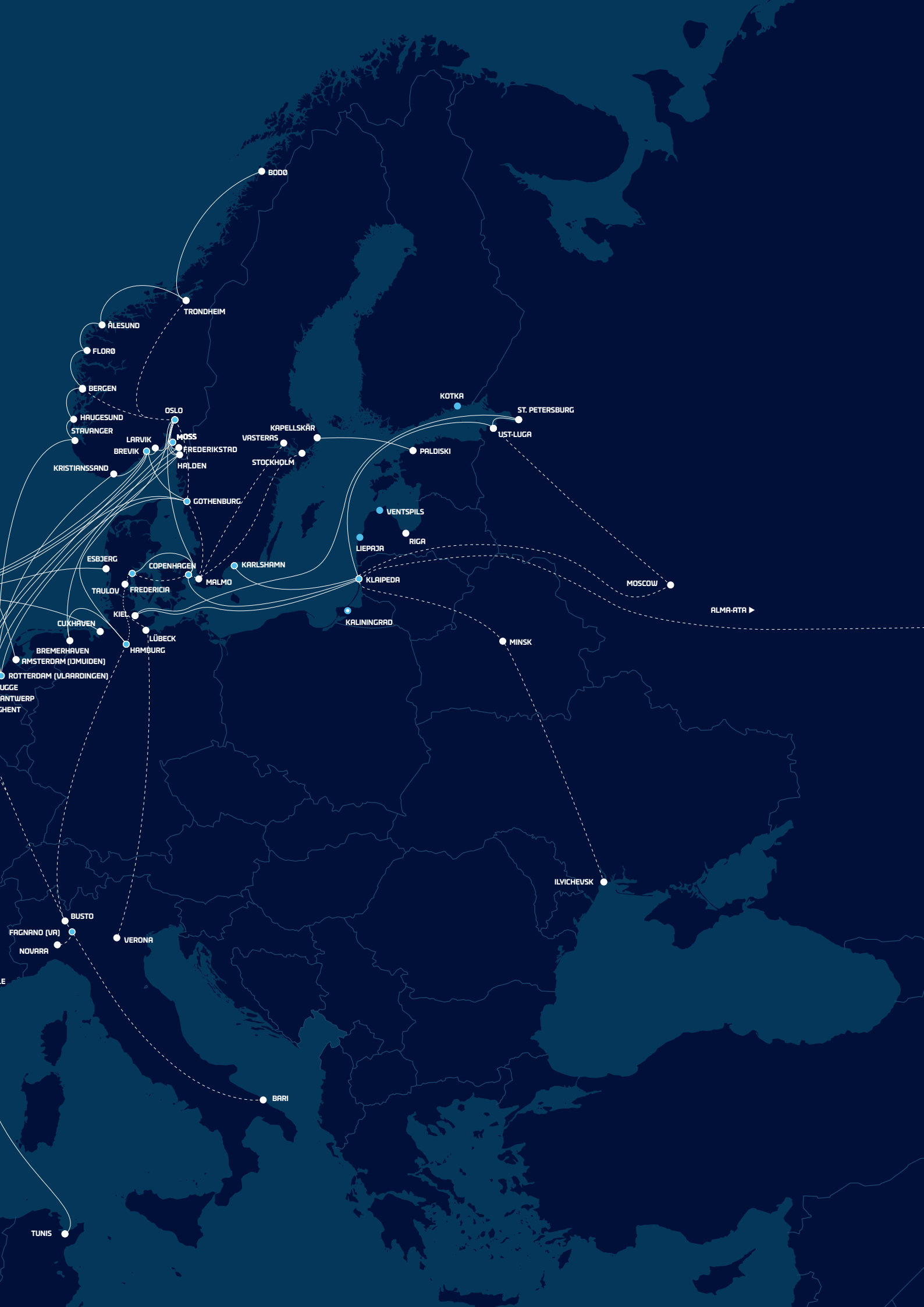
### Annual General Meeting

24 March 2015 at 14:00  
 Radisson SAS Falconer Hotel and Conference Centre  
 Falkoner Allé 9  
 DK-2000 Frederiksberg, Denmark

### Reporting 2015

Q1, 21 May  
 H1, 20 August  
 Q3, 19 November







# CONTINUOUS IMPROVEMENT

In this review of 2014, we highlight the most important areas for achieving continuous improvement in DFDS.

Every day we strive to improve our customer services and efficiency to be a leader in our industry.

We continuously look for opportunities to improve and grow our core activities of ferry shipping services and transport solutions. Our market coverage is focused on Northern Europe with additional services extending to the Mediterranean.

During a year, we provide services for more than 8,000 freight customers and six million passengers. Customer satisfaction in terms of superior reliability, being easy to work with, and fast communications when it matters most, are key drivers for us.

Taking care of our environment is essential, and we took the lead in our industry in preparing for the transition to use more environmentally friendly fuel from 1 January 2015. We continuously strive to limit the environmental footprint of our transport services.

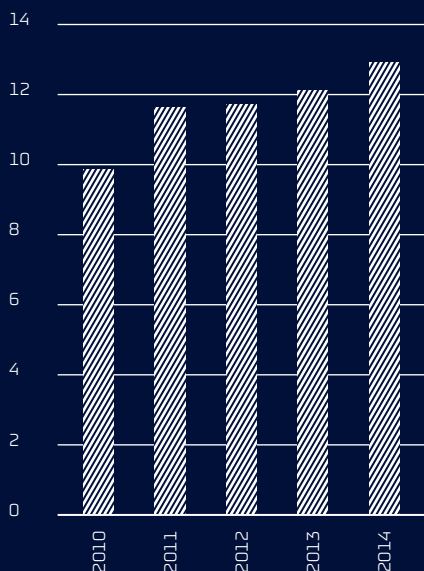
We employ more than 6,000 people. Attracting, developing and retaining employees is key to being an industry leader. For us, employee satisfaction goes hand in hand with customer satisfaction.

In 2014, our revenues increased by 6% to DKK 12.8bn and our earnings before depreciation (EBITDA) and special items increased by 18% to DKK 1.43bn. The return on the invested capital rose to 8%. Our short term goal is to achieve a return of 10%.

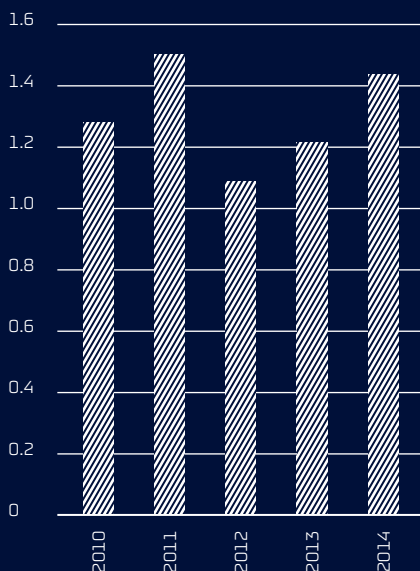
We have financial strength to grow our market coverage through acquisitions as well as investing in new technology and our employees. And not least, financial strength and capital discipline to provide our shareholders with a competitive return on their investment.

**NIELS SMEDEGAARD**  
PRESIDENT & CEO

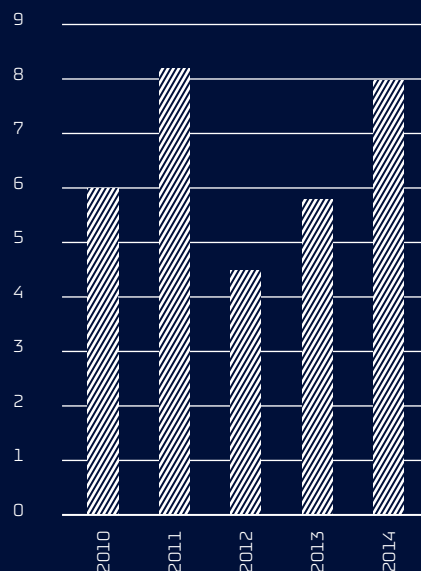
**REVENUE**  
(DKK bn)



**EBITDA BEFORE SPECIAL ITEMS**  
(DKK bn)



**RETURN ON INVESTED CAPITAL (ROIC) BEFORE SPECIAL ITEMS**  
(%)



## KEY FINANCIAL RESULTS OF 2014

- REVENUE INCREASED BY 6% TO DKK 12.8BN
- EBITDA\* INCREASED BY 18% TO DKK 1.4BN
- RETURN ON INVESTED CAPITAL\* INCREASED TO 8.0%
- FINANCIAL LEVERAGE\*\* OF 1.7X AT YEAR-END

\* BEFORE SPECIAL ITEMS

\*\* NET INTEREST-BEARING DEBT/EBITDA

### DFDS GROUP

People & Ships	Finance
<b>SHIPPING DIVISION</b> <ul style="list-style-type: none"> <li>▪ Ferry services for freight and passengers</li> <li>▪ Bespoke industry solutions</li> <li>▪ Port terminals</li> </ul>	<b>LOGISTICS DIVISION</b> <ul style="list-style-type: none"> <li>▪ Door-to-door transport solutions</li> <li>▪ Contract logistics</li> </ul>

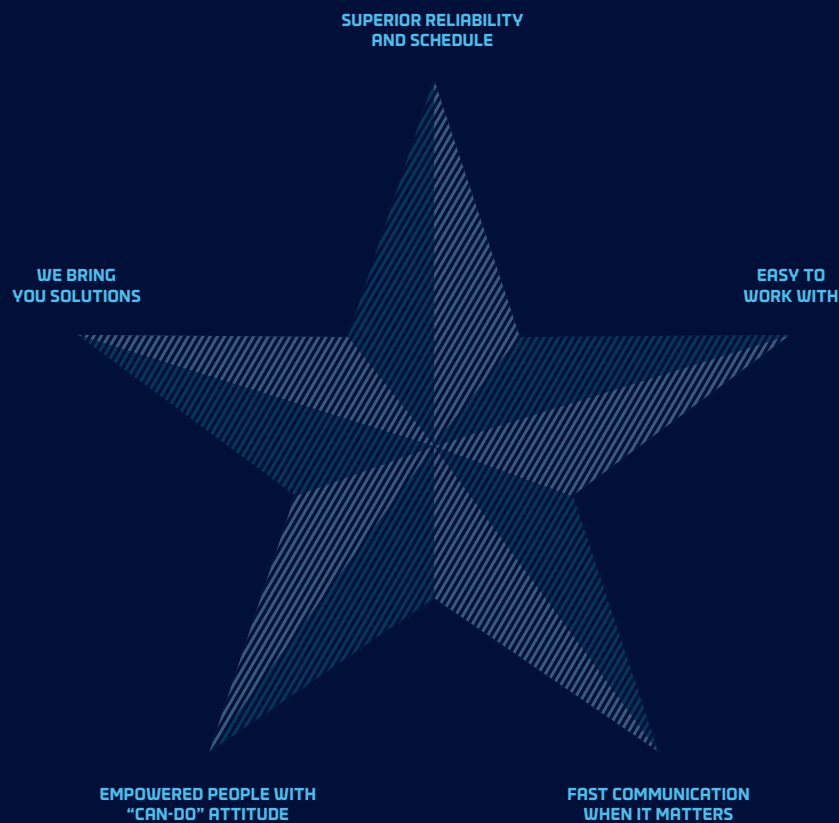
# OUR VISION

DELIVERING HIGH PERFORMANCE AND SUPERIOR RELIABILITY – WHATEVER WE CARRY.

OUR PEOPLE UNDERSTAND YOUR NEEDS AND ARE COMMITTED TO YOUR SUCCESS.

The vision reflects our commitment to continuous improvement and being a truly customer focused and customer driven company.

IN OUR DAY-TO-DAY OPERATIONS, WE ASPIRE TO MAKE OUR CUSTOMERS SUCCESSFUL BY CONSISTENT DELIVERY OF:



**1. SUPERIOR RELIABILITY AND SCHEDULE:**

- a. On-time reliability
- b. High frequency services and flexibility

**2. EASY TO WORK WITH:**

- a. Transparent contact points for customers, simple communication
- b. Clear team structures, team services to support customers
- c. Simple and accurate customer processes

**3. FAST COMMUNICATION WHEN IT MATTERS:**

- a. Communicating changes to customers based on what matters to customers and which communication options best fit their needs

**4. EMPOWERED PEOPLE WITH "CAN-DO" ATTITUDE:**

- a. Customer service by informed, empowered, and motivated employees
- b. Service and action mindset always in place at DFDS

**5. WE BRING YOU SOLUTIONS:**

- a. Active provision of services based on thorough understanding of customer needs
- b. Bringing new solutions to customers ranging from day-to-day, operational adjustments to exploiting DFDS' entire range of services and network to optimize a customer's operations.

# OUR STRATEGY

## DFDS' STRATEGY IS BASED ON FOUR DRIVERS:

- 1. The DFDS Way:** Customer focus and continuous improvement
- 2. Network strength:** Expand network to leverage operating model
- 3. Integrated shipping and logistics operations:** Optimise capacity utilisation
- 4. Financial strength and performance:** Reliable, flexible partner

The DFDS Way – our behaviours and operating model – is our platform for driving continuous improvement. Top priorities are customer focus and increasing the return on invested capital.

DFDS' growth strategy targets both organic and acquisition led growth. The latter is the main instrument to lead the consolidation of our sector in the coming years to gain additional advantages of scale.

DFDS' route network integrates freight and passenger shipping services. To support the route network's capacity utilisation, our freight services include door-to-door transport and logistics solutions deploying our own routes as part of the solution.

To be a reliable and flexible partner for all our stakeholders, we have set clear financial goals for performance and financial leverage.

# OUR FINANCIAL GOALS

## Return on invested capital (ROIC)

DFDS' goal is a return of at least 10% on new investments and on the total invested capital. The return on invested capital (ROIC), before special items, was 8.0% in 2014, compared to 5.8% in 2013. The main return gaps to overcome to reach a 10% return are the impact of structural overcapacity on the English Channel and a low return on the freight activities between the Continent and UK in the North Sea.

## Capital structure

The capital structure is defined as the ratio of net-interest-bearing debt (NIBD) to

operating profit before depreciations (EBITDA). The target capital structure is a NIBD/EBITDA multiple of minimum 2.0 and maximum 3.0. Excess capital will be distributed to shareholders if the multiple is below 2.0, and distribution will be reduced if the multiple exceeds 3.0. At the end of 2014, the NIBD/EBITDA multiple was 1.7.

## Distribution to shareholders

DFDS' distribution policy is to pay a fixed annual dividend per share. In 2015, the proposal of the Board of Directors is to increase the dividend per share to DKK 18 from DKK 14 in 2014.

In 2014, DFDS distributed DKK 472m of cash to shareholders consisting of an ordinary dividend of DKK 177m, excluding dividend to treasury shares, and a buy-back of shares of DKK 295m. In addition, a new share buy-back programme of DKK 300m is intended to be launched once the current programme is completed.





# OUR PRIORITIES IN 2015

In a low growth business environment, our top priority continues to be customer focus supported by our group-wide Customer Focus Initiative. The transition to MGO fuel was mitigated by a drop in the oil price but remains a key priority. We continue to pursue value-creating opportunities to expand our market coverage in order to leverage DFDS' operating model and position DFDS for the future. Employee satisfaction and development is a priority and, we believe, a prerequisite for top-line growth and efficient operations. For DFDS, continuous improvement driven by efficiency and improvement projects remains a priority.

1. CUSTOMER FOCUS
2. MGO TRANSITION
3. MARKET COVERAGE
4. EMPLOYEE SATISFACTION/  
DEVELOPMENT
5. EFFICIENCY AND IMPROVEMENT  
PROJECTS

# MAJOR EVENTS IN 2014

## JANUARY

Acquisition of STEF Transport Ltd based in Scotland

## FEBRUARY

Announcement of DKK 200m share buy-back programme

## APRIL

DFDS takes control of two freight ship newbuildings from insolvent shipyard in Stralsund

## MAY

Adaptation of operations in Baltic Sea to market changes following Russian sanctions initiated



JUNE

New corporate bond of DKK 500m issued

JULY

Acquisition of Quayside Group headquartered in Grimsby, England

OCTOBER

Gothenburg-Tilbury closed

DECEMBER

Portsmouth-Le Havre closed

Installation of 11 scrubbers completed year-end 2014, of which seven installed in 2014

SEPTEMBER

Esbjerg-Harwich closed



# CUSTOMER SATISFACTION

FOR DFDS, CUSTOMER SATISFACTION IS ABOUT UNDERSTANDING OUR CUSTOMERS' NEEDS, HOW WELL WE ARE PERFORMING, AND HOW WE CAN IMPROVE TO BE THE PROVIDER OF CHOICE

## **Increasing freight customer satisfaction**

In 2014, the Customer Focus Initiative, CFI, continued. A successful tool has been the many local staff and customer townhall meetings held at DFDS locations throughout our network during the year. At such meetings, customers present their companies, their products, developments and needs as well as the challenges they face to DFDS staff.

To supplement the major CFI customer surveys, shorter customer surveys are also conducted via email. Based on the findings, we continue to develop The DFDS Way of Selling, our in-house sales and service training programme.

This helps our sales force to gain a deep understanding of our customers' businesses and create solutions to address the needs and challenges of our customers.

To develop the service quality of our sales force, the programme awards certificates at various stages and is designed to enhance longterm development in the relationship between the customer and DFDS. Sales training for more than 300 sales managers was completed at year-end 2014.

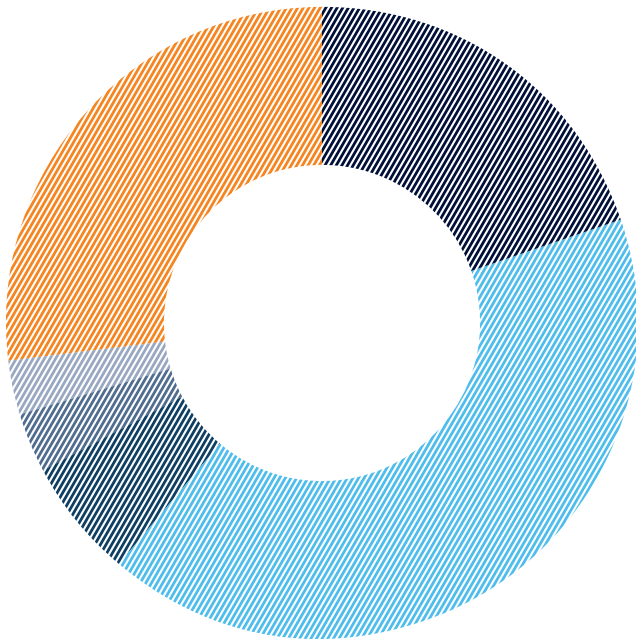
## **Increasing passenger satisfaction**

Over the years, strong insights into our passengers' expectations have been developed

through ongoing and comprehensive Customer Satisfaction Surveys (CSS), and the more recent addition of CFI. Through these surveys, we ask approximately 20,000 passenger each year about their opinion to gain a deep understanding of their needs.

These insights serve as a basis for continuous improvement of day-to-day operations and services on board. The comprehensive refitting of both ships on the Copenhagen-Oslo route in 2014 was based on learnings from more than 60,000 customer responses to surveys carried out over three years.

# REVENUE DISTRIBUTION ON MAJOR CUSTOMER SEGMENTS, 2014



**PASSENGERS**

We carried 6.0 million passengers in 2014; 3.9 million on short crossings on the English Channel, 1.4 million on our cruise ferry ships on Copenhagen-Oslo, Amsterdam-Newcastle & Esbjerg-Harwich, 0.3 million in the Baltic Sea, and 0.4 million between France and the UK. We also carried 1.3 million passenger cars

**FORWARDERS & HAULIERS**

We carried 30 million lane metres of trailers & trucks in our route network, and also delivered transport & logistics solutions to forwarding & logistics companies

**MANUFACTURERS OF HEAVY GOODS**

We developed and delivered bespoke shipping logistics solutions to manufacturers of automobiles, forest & paper products, metals and chemicals

**SHIPPING COMPANIES & DEFENSE**

We chartered ships to other shipping companies and carried out defense shipping assignments

**SHIPPING COMPANIES & MANUFACTURERS**

We provided port terminal services to other shipping companies and manufacturers of heavy goods

**MANUFACTURERS & RETAILERS**

We provided transport and logistics solutions to manufacturers of industrial goods, food products, forest & paper products, consumer goods, and retailers. Many of the solutions were carried out using our own route network

**Customer satisfaction scores**

Our second year of customer satisfaction scores are reported in the table to the right. Scores were overall on a level with 2013 as major operational changes impacted services for some customers.

These changes included the integration of logistics activities in Scotland, extended lead times in the UK due to a general shortage hauliers, ship changes on the Kapellskär-Paldiski route, and, not least, the closure of three routes in the second half of 2014.

Around 20% of our freight locations received a score of excellent (NPS of 50 or above)

from our customers, while around 40% received a score of very good (NPS of 30 or above). On our largest passenger route, Copenhagen-Oslo, the customer experience was rated 7.8 on the scale from 1-10, of which 33% rated the experience 9-10, and this share has been growing in recent years.

All in all, the results are encouraging. The CFI is now established providing valuable insights about where and how to improve our services, making it an important part of DFDS' overall drive for continuous improvement.

**CUSTOMER SATISFACTION SCORES**

DFDS customer services	CSAT <sup>1</sup>		NPS <sup>2</sup>		Scale
	2014	2013	2014	2013	
Freight shipping services	8.0	8.0	36	33	Very Good
Transport & logistics solutions	7.7	7.8	20	19	Good
Passenger services	7.8	7.8	26	27	Good

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

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

# WE ASPIRE TO ACT RESPONSIBLY IN ALL WE DO

DFDS aspires to act responsibly when we carry passengers and freight on our ships and provide transport and logistics solutions to manufacturers.

This includes goals for reducing our impact on the environment, keeping people and goods safe, securing jobs and good working conditions, taking social initiatives and being a diverse company as regards nationality, gender, race and age. We also act to protect our

company against fraud and to communicate and engage with our stakeholders in a trustworthy manner.

This is all part of our efforts to create value for both society and our stakeholders.

Every year, we strive to make progress in our Corporate Responsibility work. We support new initiatives that benefit our environment and other stakeholder groups, as long as

it is done on equal terms for all involved parties. Our investment in scrubbers demonstrate our will and ability to react efficiently to major environmental challenges in line with our The DFDS Way operating model based on continuous improvement, and doing things a little better every day in all parts of our company.

In our CR Report 2014, available from [www.dfdsgroup.com/...](http://www.dfdsgroup.com/...), we report on the re-

sults of our CR work in 2014, our policies, our processes and systems, and our plans for securing continuous improvements in the future.

## DFDS CR FOCUS AREAS

- SAFETY AND SECURITY
- PEOPLE
- COMMUNITY ENGAGEMENT
- ENVIRONMENT
- CUSTOMERS
- SUPPLIERS



TRANSITION TO NEW EMISSION  
RULES FOR ENVIRONMENTALLY  
MORE FRIENDLY FUEL

Starting 1 January 2015, new rules limited the use of bunker oil containing more than 0.1% sulphur in the Baltic Sea, the North Sea and the English Channel, replacing the previous limit of 1.0% sulphur.

In 2009, we started to test a newly developed scrubber that efficiently removes sulphur from ships' exhaust gases. The scrubber solution can be a financially better solution for some ships than using more expensive low sulphur fuel.

Scrubbers also have environmental benefits: It reduces the emission of particles from the exhaust gas by about 70%, compared to not using scrubbers. Furthermore, the

production of low sulphur oil, according to investigations and analysis carried out by the oil supply industry, raises emissions by 16%, far in excess of the increase in CO2 emissions of about 2% for ships using a scrubber. The scrubber solution is therefore the best alternative when it comes to the environment.

DFDS has a total investment programme of DKK 750m to refit ships with scrubbers. By year-end 2014, 11 scrubbers were installed, of which seven in 2014, making DFDS leading in scrubber re-fitting globally.

A further six scrubber installations are planned for 2015, and other means of reducing sulphur pollution and comply-

ing with the new regulations such as using LNG, are being considered for the future. In 2014, DFDS was granted up to EUR 6m from EU for scrubber refitting.

# EMPLOYEE SATISFACTION

Our regular employee surveys show a high sense of loyalty to the company and job satisfaction likewise above average.

We strive to attract, develop and retain employees through continuous improvement based on The DFDS Way's behaviours and operating model.

Part of this work is taking appropriate actions to improve working conditions in areas identified by our surveys. Moreover, training and management programmes are available for all levels of employees as well as annual appraisals.

Diversity and talent development are two key focus areas going forward to further improve employee satisfaction.

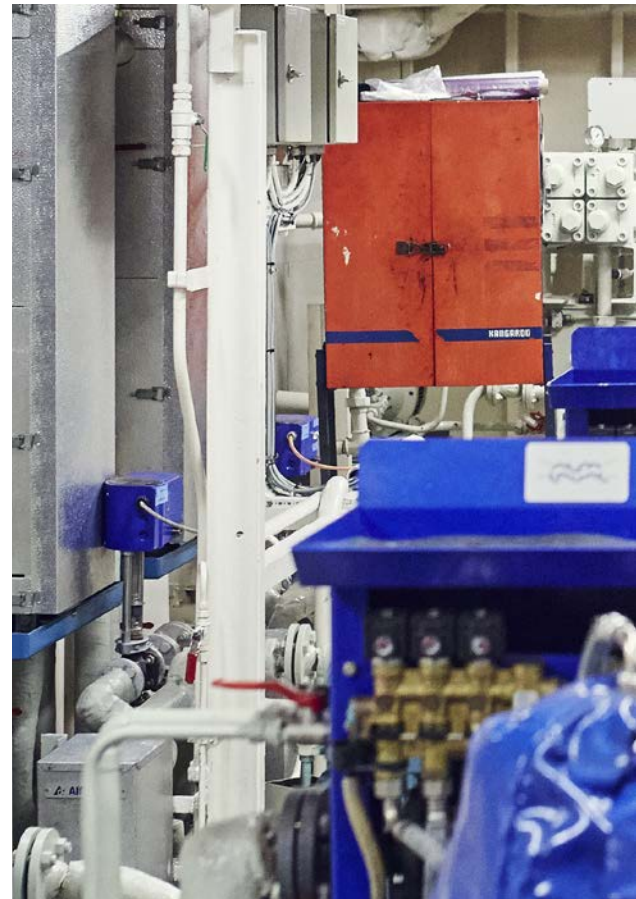
More information on employees is available from [www.dfdsgroup.com/cr\\_report](http://www.dfdsgroup.com/cr_report)

## Diversity in DFDS

For DFDS, diversity is about a balanced workforce with regard to gender, age, religion and ethnicity. Moreover, a workforce that thrives in an environment with inclusive behaviours.

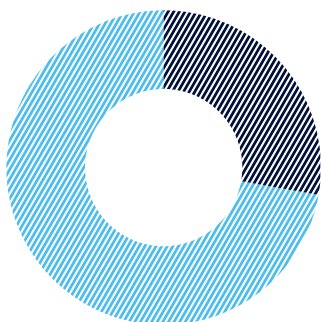
Our key focus is currently on the gender balance. Starting at the top, we have a set a goal for female representation on DFDS' Board of Directors of 33% in 2017 and 40% in 2020. Today, the share of women on the board is 22%.

28% of our workforce are women, while the share of women in senior management positions is 6%. To improve the gender balance in management, we are analysing the dynamics of the imbalance to improve our understanding and develop efficient solutions.



**JOHNNY KENNETH REGNARSSON**  
PORT TERMINAL SERVICES

Johnny is part of a team of 1,000 employees that ensure a fast turnaround of our ships in our port terminals.



**GENDER DISTRIBUTION OF DFDS' WORKFORCE, 2014**

▨ WOMEN  
▨ MEN





**CHADIR NOOR**  
SHIPPING CREW

Chaidir is part of the 1,500-strong deck and engine crew onboard who keeps DFDS' fleet sailing safely and on time.



**AIDA SIMONAVICIENE**  
PASSENGER SERVICES

Aida is part of the service staff of 1,500 employees on board DFDS' fleet who keep passengers happy.



**RODNEY FERGUSON**  
SALES & ADMINISTRATION

Rodney is part of our sales & back office team, including finance & it, comprising 1,600 employees located across our offices in 20 European countries.



**SOFIE MATTSON**  
TRANSPORT AND LOGISTICS SERVICES

Sofie is one of 800 employees in DFDS Logistics who provide transport and logistics solutions for Europe's production companies.

# THE DFDS SHARE AND SHAREHOLDERS

THE TOTAL RETURN ON THE DFDS SHARE WAS 38% IN 2014

## Share capital

DFDS has one class of shares. At the end of 2014, the share capital was DKK 1,265m comprising 12,650,000 shares, each with a nominal value of DKK 100.

On 16 January 2014, the cancellation of 1,556,081 shares was completed. The cancelled shares were treasury shares acquired as part of DFDS' purchase of 12.0% of the share capital from A.P. Møller - Mærsk in September 2013.

On 19 December 2014, the cancellation of 650,000

shares was completed.

The cancelled shares were treasury shares acquired as part of DFDS' purchase shares from A.P. Møller - Mærsk, as above, and as part of DFDS' share buy-back programmes in 2014.

## Stock exchange trade

The DFDS share is listed on NASDAQ OMX Copenhagen. On this exchange, 4.6m DFDS shares were traded in 2014 equal to an annual turnover of DKK 2.1bn. The average number of trades per day was 312 and the average daily turnover was DKK 8.6m.

## Share price performance

DFDS' share price rose by 35% to 591 in 2014, equal to an increase in DFDS' market value of DKK 1,618m to a total market value of DKK 7,177m, excluding treasury shares. By comparison, the Danish stock market's all share index rose by 19% in 2014, while DFDS' peer group index rose by 26%. DFDS' peer group index includes DSV (DK), Finnlines (FIN), Irish Continental Group (IE), Tallink (ES) and Viking Line (FIN).

## INVESTOR RELATIONS

Søren Brøndholt Nielsen, Director,  
IR & Corporate Planning  
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E-mail: soeren.broendholt@dfds.com

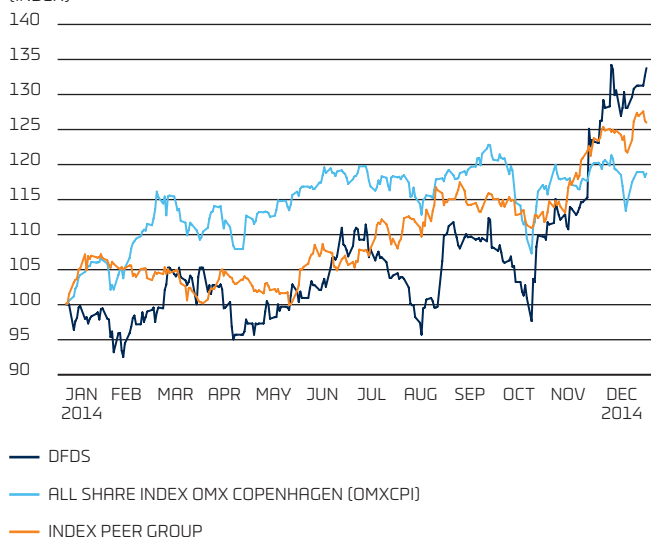
## SHAREHOLDER SECRETARIAT

Helle Hvidtfeldt Jensen, Secretary  
Phone: +45 3342 3271  
E-mail: shareholder@dfds.com

## SHARE RELATED KEY FIGURES

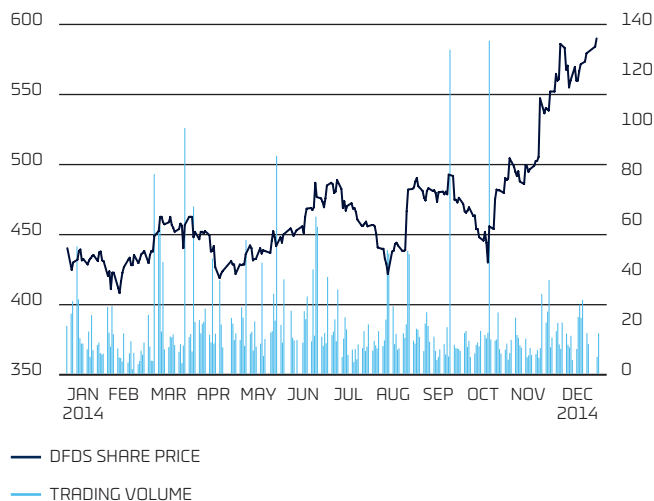
	2014	2013	2012	2011	2010
<b>Share price, DKK</b>					
Price at year-end	591.0	437.0	255.5	355.0	418.0
Price high	591.0	455.5	386.0	480.0	423.0
Price low	404.0	262.0	258.0	353.0	309.0
Market value year-end, DKK m	7,177	5,559	3,706	5,149	6,119
No. of shares year-end, m	12.65	13.33	14.86	14.86	14.86
No. of circulating shares year-end, m	12.14	12.75	14.51	14.51	14.64
<b>Distribution to shareholders, DKK m</b>					
Dividend paid per share, DKK	14	14	14	8	0
Dividend proposed per share, DKK	18	14	14	14	8
Dividend paid ex. treasury shares	177	203	203	117	0
Buy-back of shares	295	628	0	0	0
Total distribution to shareholders	472	831	203	117	0
FCFE yield, %	2.6%	7.5%	28.3%	28.1%	-11.9%
Total distribution yield, %	6.5%	14.8%	5.4%	2.2%	0.0%
Cash payout ratio, %	253.8%	197.2%	19.1%	8.0%	0.0%
<b>Shareholder return</b>					
Share price change, %	35.2%	71.0%	-28.0%	-15.1%	16.8%
Dividend return, %	3.2%	5.5%	3.9%	1.9%	0.0%
Total shareholder return	38.4%	76.5%	-24.1%	-13.2%	16.8%
<b>Share valuation</b>					
Equity per share, DKK	500	492	475	476	433
Price/book value, times	1.18	0.89	0.53	0.73	0.95

**SHARE PRICE PERFORMANCE RELATIVE TO PEER GROUP AND COPENHAGEN INDEX 2014 (INDEX)**



**DFDS SHARE PRICE AND TRADING VOLUME, 2014 (SHARE PRICE, DKK)**

(NO. OF SHARES, '000)



**SHAREHOLDER DISTRIBUTION**

NO. OF SHARES	NO. OF SHARE HOLDERS	% OF SHARE CAPITAL
1-10	4,545	0.2%
11-100	7,442	2.2%
101-1,000	2,406	4.8%
1,001-10,000	207	5.2%
10,001-	88	80.5%
<b>Total<sup>1</sup></b>	<b>14,688</b>	<b>92.9%</b>

<sup>1</sup> Total of registered shareholders

**OWNERSHIP STRUCTURE, END OF 2014**

	% OF SHARE CAPITAL
Lauritzen Foundation	42.8
Institutional and financial investors	37.2
Other registered shareholders	8.9
Own shares	4.0
Non-registered shareholders	7.1
<b>Total</b>	<b>100.0</b>

With reference to §29 in the Danish Securities Trading Act two shareholders, the Lauritzen Foundation and the Danske Bank Group, both domiciled in Copenhagen, Denmark, have notified DFDS A/S that they hold more than 5% of the share capital and voting rights of the company.

The total yield on the DFDS share was 7% in 2014, including the yield from the dividend and the buy-back of shares.

**Distribution policy and dividend**

DFDS' distribution policy is to pay an annual dividend of DKK 14 per share. In addition, excess capital, as defined by the target capital structure, will be distributed to shareholders as an extra dividend and/or a buy-back of shares.

The capital structure is defined by the ratio of net-interest-bearing debt (NIBD) to operating profit before depre-

ciations (EBITDA). The target capital structure is a NIBD/EBITDA multiple of minimum 2.0 and maximum 3.0. Excess capital will thus be distributed to shareholders if the multiple is below 2.0, and distribution will be reduced if the multiple exceeds 3.0. The targets can be suspended in connection with large investments, including acquisitions, and other strategic events.

For 2014, the proposal of the Board of Directors to the 2015 annual general meeting (AGM) is payment of a dividend of DKK 18 per share.

**Buy-back of shares**

At the AGM in March 2014, the Board of Directors received a mandate to purchase treasury shares totalling a maximum of 10% of the share capital.

In 2014, DFDS distributed DKK 472m of cash to shareholders through the purchase of 639,495 treasury shares and payment of a dividend of DKK 177m. An additional share buy-back programme of DKK 300m is intended to be launched once the current programme of DKK 200m is completed, expectedly in April/May 2015.

**Shareholders**

At the end of 2014, DFDS had 14,688 registered shareholders who owned 92.9% of the share capital. International shareholders owned 19.7% of the total share capital and 20.6% of the total circulating share capital (total share capital minus treasury shares). At the end of 2014, the Lauritzen Foundation was the largest shareholder with a holding of 42.8% of the total share capital.

# FINANCIAL PERFORMANCE

- REVENUE INCREASED BY 6% TO DKK 12.8BN
- EBITDA INCREASED BY 18% TO DKK 1.4BN
- RETURN ON INVESTED CAPITAL INCREASED TO 8%

The profit before tax and special items was DKK 571m, an increase of 56% compared to 2013.

The increase was mainly driven by higher earnings for the freight shipping activities in the North Sea region and a reduction of the loss for the routes on the English Channel. In addition, the earnings of the Logistics Division was boosted by the acquisition of three companies (one in 2013 and two in 2014).

Revenue for the year was DKK 12.8bn, an increase of 6% compared to 2013 mainly driven by the effect of the three acquisitions in the Logistics Division and higher revenues in the North Sea and Channel business units. Operating profit before depreciation (EBITDA) and special

items was DKK 1,433m, an increase of 18% compared to 2013. The Shipping Division's EBITDA before special items increased by 14% to DKK 1,309m while the Logistics Division's EBITDA before special items increased by 34% to DKK 200m. The cost of non-allocated items decreased by DKK 9m to DKK -75m.

The EBITDA before special items of DKK 1,433m was in line with the most recent expectations of an EBITDA before special items of DKK 1,400-1,450m.

The free cash flow from operations was positive by DKK 329m in 2014 after net investments of DKK 1,069m. The return on invested capital (ROIC) before special items was 8.0% in 2014, compared to 5.8% in 2013. Including

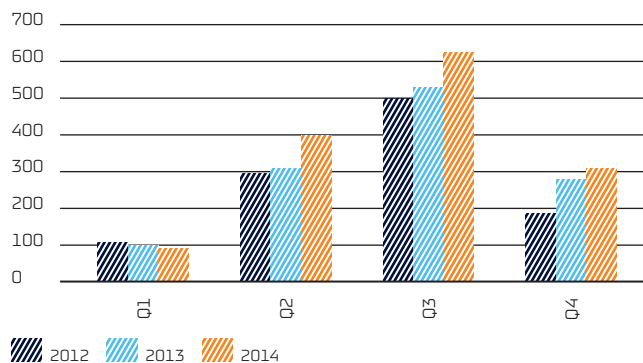
special items, the return was 7.2% in 2014 compared to 5.7% in 2013.

The returns before special items of both divisions in 2014, the Shipping Division at 8.4% and the Logistics Division at 9.5%, were above the cost of capital but below DFDS' goal of a ROIC of 10%.

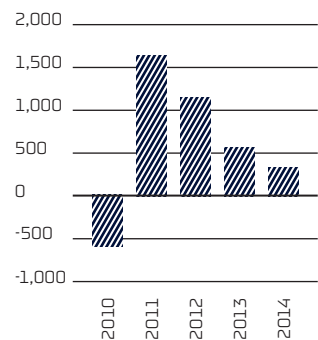
The ratio of net-interest-bearing debt and operating profit (EBITDA) before special items was 1.7 at year-end, below the target of a minimum ratio of 2.0. The equity ratio was 50% at the end of 2014 compared to 51% in 2013.

The average number of employees increased by 7% to 6,363 in 2014. Most of the increase was due to the three acquisitions and other new activities.

**DFDS GROUP - EBITDA BEFORE SPECIAL ITEMS PER QUARTER**  
(DKK m)



**FREE CASH FLOW, FCFF**  
(DKK m)



## KEY FIGURES

DKK m	2014 EUR m <sup>1</sup>	2014	2013	2012	2011 <sup>2</sup>	2010 <sup>2</sup>
<b>Income statement</b>						
Revenue	1,717	12,779	12,097	11,700	11,625	9,867
• Shipping Division	1,173	8,733	8,530	8,015	7,798	6,921
• Logistics Division	621	4,625	4,183	4,259	4,330	3,353
• Non-allocated items and eliminations	-77	-579	-616	-574	-503	-407
Operating profit before depreciations (EBITDA) and special items	193	1,433	1,213	1,089	1,495	1,273
• Shipping Division	176	1,309	1,148	992	1,416	1,221
• Logistics Division	27	200	149	141	171	74
• Non-allocated items	-10	-76	-84	-44	-92	-22
Profit on disposal of non-current assets, net	1	9	6	6	26	5
Operating profit (EBIT) before special items	93	695	503	418	835	580
Special items, net	-9	-70	-17	-124	91	102
Operating profit (EBIT)	84	626	486	295	925	682
Financial items, net	-17	-124	-136	-149	-183	-135
Profit before tax	67	502	350	146	742	547
Profit for the year	58	434	327	143	735	522
Profit for the year exclusive minorities	58	435	325	144	731	509
<b>Capital</b>						
Total assets	1,646	12,249	12,311	12,313	12,795	13,849
DFDS A/S' share of equity	816	6,076	6,263	6,882	6,906	6,339
Equity	823	6,127	6,318	6,936	6,964	6,396
Net interest-bearing debt	331	2,467	2,189	1,929	2,555	3,887
Invested capital, end of period	1,160	8,633	8,555	8,896	9,564	10,341
Invested capital, average	1,152	8,578	8,633	9,207	9,691	9,061
Average number of employees	-	6,363	5,930	5,239	5,096	4,862
<b>Cash flows</b>						
Cash flows from operating activities, before financial items and after tax	188	1,398	1,501	905	1,419	929
Cash flows from investing activities	-144	-1,069	-943	239	219	-1,521
Acquisition of enterprises and activities	-11	-85	-99	-5	-8	-1,417
Other investments, net	-132	-984	-844	244	227	-104
Free cash flow	44	329	558	1,144	1,638	-592
<b>Key operating and return ratios</b>						
Number of ships		53	57	49	49	57
Revenue growth, %		5.6	3.4	0.6	17.8	50.5 <sup>3</sup>
EBITDA margin, %		11.2	10.0	9.3	12.9	12.9
Operating margin, %		5.4	4.2	3.6	7.2	5.9
Revenue/invested capital average, (times)		1.49	1.40	1.27	1.20	1.09
Return on invested capital (ROIC), %		7.2	5.7	3.4	9.0	7.2
ROIC before special items, %		8.0	5.8	4.5	7.7	6.0
Return on equity, %		7.1	4.9	2.1	11.0	10.2
<b>Key capital and per share ratios</b>						
Equity ratio, %		50.0	51.3	56.3	54.4	46.2
Interest-bearing net debt/EBITDA, times		1.72	1.80	1.77	1.71	3.05
Earnings per share (EPS), DKK		35	23	10	50	47
Dividend per share, DKK		18	14	14	14	8
Number of shares, end of period, '000		12,650	14,856	14,856	14,856	14,856
Weighted average number of circulating shares, '000		12,449	13,932	14,503	14,633	10,939
Share price, DKK		591	437	255.5	355	418
Market value, DKK m		7,177	5,559	3,706	5,149	6,119

<sup>1</sup> Applied exchange rate for euro as of 31 December 2014: 7.4436

<sup>2</sup> The key figures for 2010-2011 have not been restated in accordance with the amendments to IAS 19 'Employee benefits' applied in 2013.

<sup>3</sup> 37% relates to the acquisition of the Norfolkline-Group.



**From left to right:** Pernille Erenbjerg, Jens Otto Knudsen, Ingar Skaug, Torben Carlsen, Kent Vildbæk, Jill Lauritzen Melby, Claus Hemmingsen, Lars Skjold-Hansen, Niels Smedegaard, Bent Østergaard. (Vagn Sørensen was not present at the photo session).

# BOARD OF DIRECTORS

## **BENT ØSTERGAARD, CHAIR**

**Date of birth:** 5 October 1944  
**Joined the Board:** 1 April 2009  
**Re-elected:** 2010-2014  
**Period of office ends:** 24 March 2015  
 Chair of the Nomination Committee and the Remuneration Committee and member of the Audit Committee  
**Shareholding:** 2,833

## **VAGN SØRENSEN, DEPUTY CHAIR**

**Date of birth:** 12 December 1959  
**Joined the Board:** 20 April 2006  
**Re-elected:** 2007-2014  
**Period of office ends:** 24 March 2015  
 Member of the Nomination and Remuneration Committee  
**Shareholding:** 1,333

## **CLAUS HEMMINGSEN, DEPUTY CHAIR**

**Date of birth:** 15 September 1962  
**Joined the Board:** 29 March 2012  
**Re-elected:** 2013-2014  
**Period of office ends:** 24 March 2015  
 Member of the Nomination and Remuneration Committee  
**Shareholding:** 142

## **INGAR SKAUG, BOARD MEMBER**

**Date of birth:** 28 September 1946  
**Joined the Board:** 16 April 1998  
**Re-elected:** 1999-2014  
 Period of office ends: 24 March 2015  
**Shareholding:** 0

## **JILL LAURITZEN MELBY, BOARD MEMBER**

**Date of birth:** 6 December 1958  
**Joined the Board:** 18 April 2001  
**Re-elected:** 2002-2014  
**Period of office ends:** 24 March 2015  
 Member of the Audit Committee  
**Shareholding:** 947

## **PERNILLE ERENBJERG, BOARD MEMBER**

**Date of birth:** 21 August 1967  
**Joined the Board:** 26 March 2014  
**Period of office ends:** 24 March 2015  
 Chair of the Audit Committee  
**Shareholding:** 0

## **JENS OTTO KNUDSEN, STAFF REPRESENTATIVE**

**Date of birth:** 8 August 1958  
**Joined the Board:** 13 April 2011  
**Re-elected:** 2014  
**Period of office ends:** 24 March 2018  
**Shareholding:** 0

## **KENT VILDBÆK, STAFF REPRESENTATIVE**

**Date of birth:** 15 February 1964  
**Joined the Board:** 13 April 2011  
**Re-elected:** 2014  
**Period of office ends:** 24 March 2018  
**Shareholding:** 0

## **LARS SKJOLD-HANSEN, STAFF REPRESENTATIVE**

**Date of birth:** 23 August 1965  
**Joined the Board:** 22 March 2013  
**Re-elected:** 2014  
**Period of office ends:** 24 March 2018  
**Shareholding:** 0



From left to right: Eddie Green, Henrik Holck, Niels Smedegaard, Peder Gellert Pedersen, Torben Carlsen.

# EXECUTIVE MANAGEMENT

## **NIELS SMEDEGAARD (1962)**

PRESIDENT & CEO

MSc (Finance)

Employed by DFDS since 2007

**Shareholding:** 6,506

## **TORBEN CARLSEN (1965)**

EXECUTIVE VICE PRESIDENT & CFO

MSc (Finance)

Employed by DFDS since 2009

**Shareholding:** 5,030

## **PEDER GELLERT PEDERSEN (1958)**

EXECUTIVE VICE PRESIDENT, SHIPPING DIVISION

Ship broker, HD (O)

Employed by DFDS since 1994

## **EDDIE GREEN (1958)**

EXECUTIVE VICE PRESIDENT, LOGISTICS DIVISION

BA (Hons) Economics

Employed by DFDS since 2010

## **HENRIK HOLCK (1961)**

EXECUTIVE VICE PRESIDENT, PEOPLE & SHIPS

MSc Psych

Employed by DFDS since 2007

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