



From routes to network

Strategy Announcement 12 September 2007



A European, sea transport network supplying competitive, differentiated and value-creating transport solutions for freight customers and passengers.

A challenging and attractive workplace for our staff.

A company with a stable, rising level of earnings that creates value for our shareholders.

A responsible, environmentally-oriented company in constructive dialogue with the surrounding world.

DFDS' vision

Introduction

DFDS' vision and strategy have been updated on the basis of a strategic process initiated by the significant expansion of activities and improvement in earnings that have been achieved over the past five years. Changes in our surrounding world and in management at the start of the year also contributed to initiation of the process.

The strategy has been developed through analysis of on the one hand the market and competitive situation and on the other hand DFDS' activities, competencies and resources.

The strategy process has identified significant development potential for DFDS, which will be realised through four main strategies.

On the following pages a description of the market and competitive situation is provided as an introduction, followed by the four main strategies.

Four main strategies

- 1 Build European sea transport network
 - 2 Integrate value-creating customer solutions for freight and passengers
 - 3 Secure volumes
 - 4 Continuous focus on operations
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Facts about DFDS

- DFDS is a leading northern European liner shipping company
 - DFDS' revenue has doubled to over DKK 8 billion over the past five years
 - During the same period, the return on invested capital has almost tripled to 9%
 - DFDS has 4,400 employees and operates 68 ships
 - DFDS operates its own sales companies in 14 countries
 - DFDS was founded in 1886 and is listed on the Copenhagen Stock Exchange
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Market and competitive situation

We foresee that European freight and passenger liner shipping will undergo further consolidation in the coming years, in parallel with the extensive consolidation which has taken place, and is continuing to take place, in the land-based transport sector.

The fundamental force driving the consolidation process is the realisation of economies of scale derived from operation of larger companies with increased geographical range. This process should be seen in the context of especially four factors:

- Freight customers, transport companies and manufacturers, are growing larger with increasingly complex supply chains
- Risk spreading
- Resources for system and concept development and investment
- Reduction of unit costs

The most important and driving force of this process is the still growing size of transport companies and manufacturers. Just as land-based transport companies have become larger to serve still larger customers, including global companies, it is foreseen that shipping companies with a high proportion of freight customers will consolidate across regions enabling supply of competitive transport solutions and perform as equal partners in co-operation.

The spreading of risk, including less dependency on individual activities, similarly supports the consolidation process. Larger units also provides more resources for system and concept development, as well as financial capacity to invest in larger and more costly tonnage. Moreover, the distribution of fixed costs across a greater volume generates economic benefits through lower unit costs.

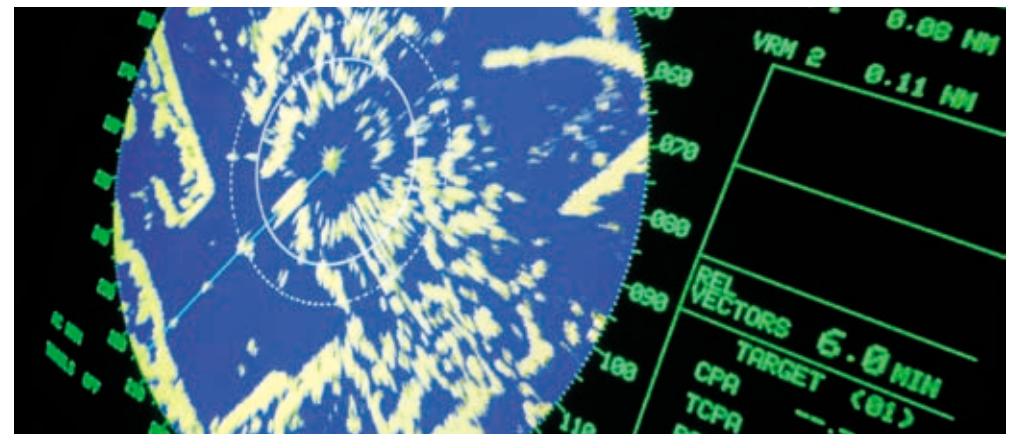
The future competitive situation is thus expected to be characterised by, to a higher degree than today, on the one hand, competition between shipping companies, and on the other hand, competition – but also integration and co-operation – between sea, road, rail and air-based transport networks.

DFDS' platform of activities and geographical diversification in the North Sea and the Baltic Sea implies many opportunities to benefit from a consolidation process.

The positive market development within the freight sector in recent years is expected to

continue, supported by structural factors such as congestion in road traffic, shortage of drivers and tightening of driving and rest regulations, road taxes and environmental concerns. On top of this comes the EU's overall goal of shifting freight from road to sea and rail transport.

After some difficult years, a gradual improvement in market conditions for passenger transport is expected, on the basis of the continued high level of activity in the travel and leisure market, some consolidation of capacity in passenger shipping and air transport, and stabilisation of ticket prices and volumes in passenger shipping.





Four main strategies

Our vision is to position DFDS as a European sea transport network, on the basis of four main strategies.

1

European sea transport network

DFDS' current network shall be expanded to cover more regions of Northern Europe than today. It must function to a greater extent as a sea transport network in co-operation and competition with alternative transport networks (road, rail and air).

This will provide opportunities to improve the competitiveness of DFDS' transport solutions for transport companies and manufacturers of heavy industrial goods. An extended network will also create new combination possibilities, and thereby attract customers who do not at present utilise the DFDS network.

This implies that individual routes, which at present are primarily regionally-based, will gradually perform an additional role as integrated parts of a sea transport network.

A larger network will also enable the ongoing realisation of operational synergies related to reduction of unit costs and improvements in operational flexibility.

All of DFDS' activities thus aim to provide the market with competitive transport solutions through utilization of our transport network.



2

Value-creating, integrated customer solutions for freight and passengers

Freight and passengers are transported together in most European traffic areas.

DFDS will continue in future to operate combined freight and passenger transport services, in order to achieve significant market shares in all market areas and exploit synergies related to transport of freight and passengers using the same tonnage. Increased integration of passenger activities will ensure operation and development of competitive passenger concepts adapted to the needs of individual market areas.

Just as the balance between freight and passengers varies between traffic areas, the balance between transport systems – trailers, containers and industrial logistics – also varies between traffic areas. In addition, the balance between accompanied and non-accompanied trailers varies between traffic areas.

In the freight market, the two largest transport systems – trailers (ro-ro tonnage) and containers (lo-lo tonnage) – complement each other, depending on geographical distance, volume and time sensitivity. Costs in container transport are lower than in trailer transport, and container solutions are thus in general more suitable for traffic areas with a need for lower frequency.

By integration of transport systems as well as freight and passenger concepts in a single transport network opportunities are created to supply competitive transport solutions to a wide range of customer segments, while at the same time achieving operational synergies.



3

Secure volumes

The network's capacity utilisation is vital for achieving profitability.

To secure a stable and high capacity utilisation some freight volumes are already today covered by long-term co-operation agreements with large industrial customers. Within the trailer sector, similar co-operation agreements have been entered into with a number of trailer operators.

In addition, capacity utilisation is supported on selected routes by own trailer operators, who offer transport solutions by utilising DFDS' network. Moreover, the operation of own port terminals in selected locations secures the efficiency, stability and growth potential of the transport network.

In the passenger area, around half of revenues today derive from own online sales. This share is expected to continue to rise, which will improve management and control of passenger flows.



4

Focus on operations

Safe and efficient operation of freight and passenger vessels is a central operational competence for DFDS, and must be continually maintained and enhanced. On top of this come related competencies in the operation of port terminals and trailer activities.

An upgrade was initiated earlier this year of the HR area, which in future will be included as an integrated part of the strategy. Competent staff who thrive with their work and working conditions are crucial to our goal of delivering a high level of service to freight customers and passengers.

Programmes were also introduced earlier this year for transferring best practice between ships, port terminals and trailer operators and internal benchmarking of activities. Pro-

grammes will also be introduced to develop and monitor continuous operational improvements.

These programmes will in future also comprise an integrated part of the strategy, as a stable and rising level of earnings is contingent on a competitive level of costs, including operational stability.



Strategy implementation focuses on three main areas:

- Expansion of the route network to cover more regions in Northern Europe
- Consolidation of passenger activities in the network
- Increased securing of volumes

Expansion of the route network will primarily take place through acquisition of companies and activities, which, besides extending the network, also should consolidate the network in selected areas.

DFDS' passenger competencies, mainly developed through cruise ferry activities, will be applied across business areas and the existing cruise ferry and ro-pax concepts to a greater extent than today. It is expected that growth within passenger activities will first and foremost be driven by ro-pax-oriented concepts.

Securing volumes for the network will be strengthened on an ongoing basis, in three ways: firstly, co-operation agreements and relations with transport companies shall be further developed for mutual benefit; secondly, the proportion of industrial logistics goods transported shall be increased by more long-term co-operation agreements; and thirdly, own trailer activities will be selectively expanded in specific parts of the network in order to strengthen the securing and intake of volumes.

Implementation



New transparent business structure

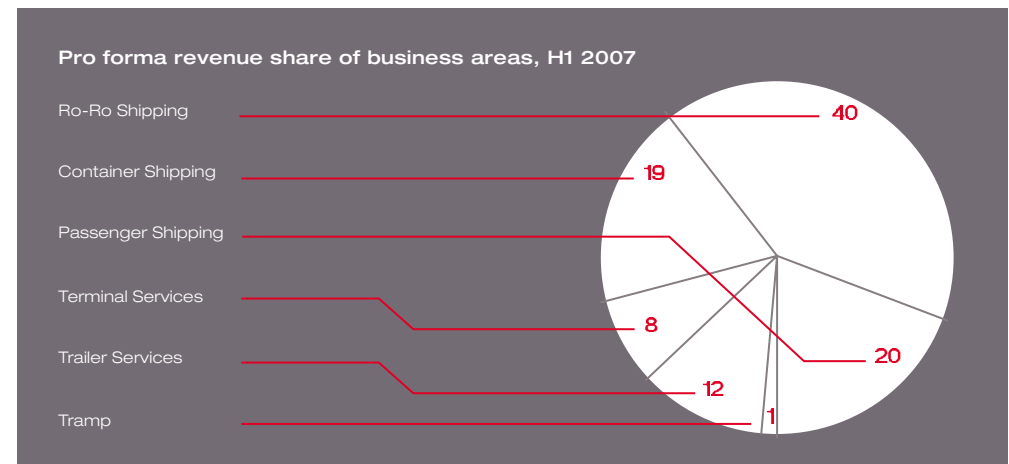
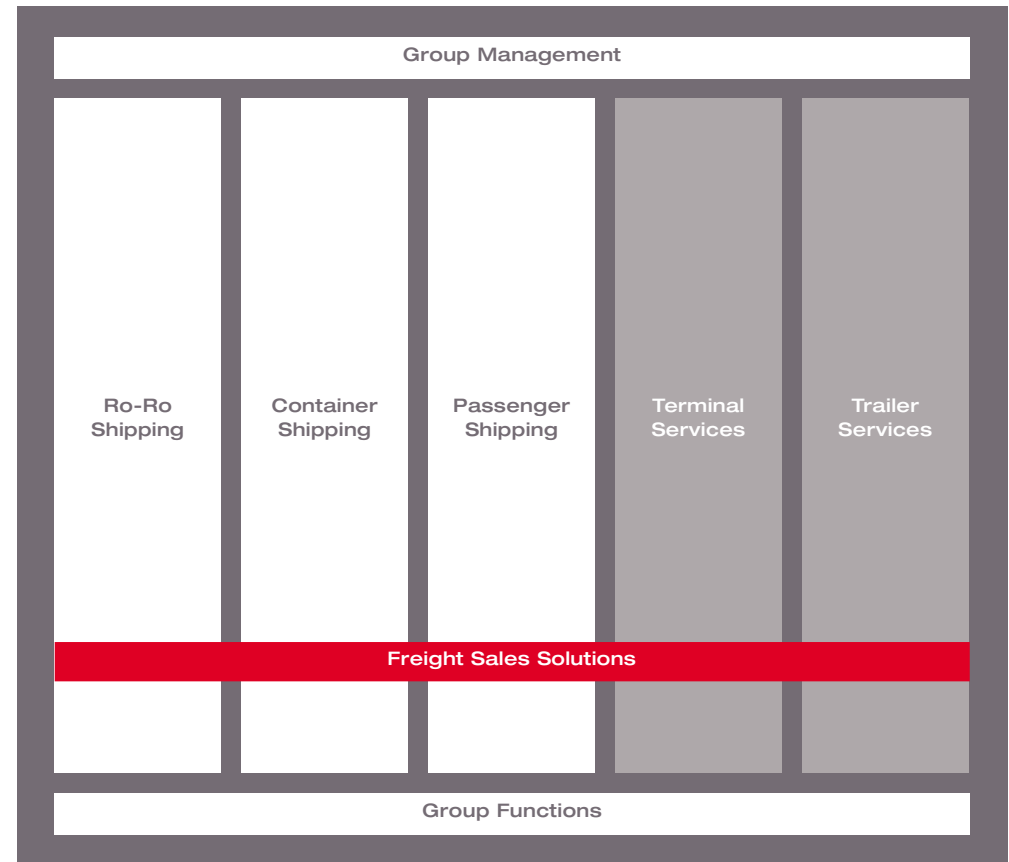
To increase profit orientation and transparency, the business structure has been changed from two divisions to five business areas, as shown in the figure.

The business areas Ro-Ro Shipping, Container Shipping and Passenger Shipping are responsible for different activities in the network, while the business areas Terminal Services and Trailer Services support the network through operation of port terminals and trailer activities.

Tramp activities, which operate five multi-purpose vessels, are not linked to the route network and will consequently be phased out at a later time.

Group Management remains unaltered, with Niels Smedegaard, Christian Merrild and Søren Jespersen. On the business area level, Peder Gellert Pedersen is responsible for Ro-Ro Shipping and Terminal Services, Ole Sehested is responsible for Container Shipping and Trailer Services, and Søren Jespersen is responsible for Passenger Shipping.

As shown in the figure, a co-ordinated sales function has been established – Freight Sales Solutions – across business areas, under the leadership of Björn Petrusson. This function is aimed at larger freight customers, and is intended to manage and co-ordinate sales of transport solutions which cut across business areas and the network.



Profile of business areas

Ro-Ro Shipping / Peder Gellert Pedersen

Comprises route networks based on ro-ro and ro-pax tonnage in the North Sea and the Baltic, operated by DFDS Tor Line and DFDS LISCO. The most important customer segments are transport and forwarding companies and manufacturers of heavy industrial goods whose logistic needs include a significant element of sea transport.

Container Shipping / Ole Sehested

Comprises route networks based on lo-lo tonnage in the North Sea, The Irish Sea and northern Spain operated by DFDS Lys Line, DFDS Container Line and DFDS Suardiaz Line. The most important customer segments are importers and

exporters, as well as manufacturers of heavy industrial goods whose logistic needs include a significant element of sea transport.

Passenger Shipping / Søren Jespersen

Comprises the route network based on cruise ferry tonnage in the North Sea and Kattegat operated by DFDS Seaways. The most important customer segments are passengers travelling by car, Mini-Cruise trips, conferences and tour operators. Also included is DFDS Canal Tours.

Terminal Services / Peder Gellert Pedersen

Comprises own port terminals in Denmark, Britain, the Netherlands and Norway, mainly

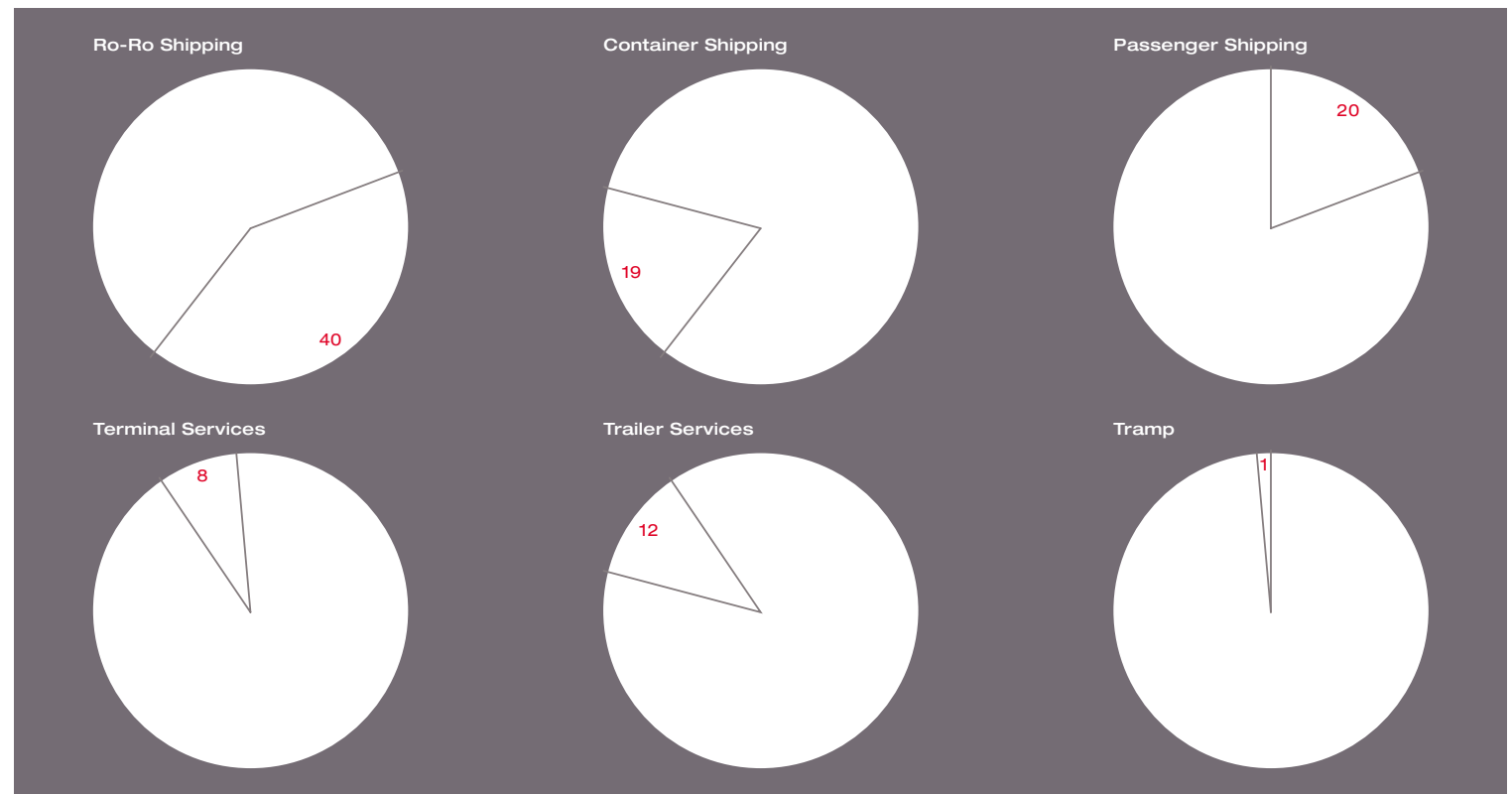
handling partly unit loads such as trailers, containers and cars, partly industrial goods. In addition, some terminals handle passengers. The activities serve primarily own routes.

Trailer Services / Ole Sehested

Comprises trailer companies in Norway, Sweden, Denmark, Finland, Germany, Belgium, the Netherlands, Britain and Ireland which primarily serve the market with full-load transport solutions using DFDS' route network.

Tramp / Peder Gellert Pedersen

Comprises operation of five tramp ships by DFDS LISCO.



Financial impact and goals

Financial impact

Over the next five years, investments in primarily tonnage to develop and maintain our existing activities are expected on average to correspond to the level of depreciation.

As described above, the strategic growth targets will primarily be achieved through acquisitions of companies and activities. The level of investment will depend on the opportunities that arise in the coming years. DFDS' own investment capacity at the end of 2007 will be approximately DKK 3 billion, calculated in relation to an equity ratio of 30%.

Financial goals

Our goal remains to achieve a return on invested capital at a level which earlier this year was increased to exceed the cost of capital by 30-50%. DFDS' cost of capital (WACC) has been calculated at 6.6%.

The target for the capital structure is an equity ratio of 35-40%. In periods of major investment, the equity ratio may be temporarily reduced to approximately 30%.

