Continuous improvement of **customer services and operational efficiency** are key drivers of sustainable, profitable growth for DFDS.

Development of **digital capabilities** is also key. We are increasingly assessing and engaging with new business models and technologies.

We also pursue shareholder value by leveraging our strong European platform through **acquisitions**.
A strong company

Continuous improvements have been the hallmark of DFDS’ Executive Management Team over the last five years, with the financial strength of DFDS further increasing on the background of the higher earnings level.

Remarkable results have been achieved across the organisation to the benefit of all stakeholders, not least our shareholders. DFDS is today a very strong and well consolidated company. The financial strength allows us to both consider further growth opportunities from acquisitions as well as fleet renewals. In 2018, the focus of DFDS will be on the execution of our digital strategy to further enhance our efficiency and customer experience.

“...the financial strength allows us to both consider further growth opportunities from acquisitions as well as fleet renewals.”

At the Annual General Meeting, Pernille Erenbjerg, who joined the Board in 2014, will step down. I would like to extend our great appreciation for the contribution Pernille Erenbjerg has made to the Board in general and to the development of our digital strategy and ambition in her tenure. Marianne Dahl Steensen, who joined the Board of Directors in 2017, will ensure the digital competencies in the Board are upheld. Furthermore, the Board will propose the election of Anders Götzsche as new Board member, further strengthening the business development and strategy competencies as well as securing the deep financial competencies.

On the Board of Directors, we continuously assess the capital structure to balance shareholder returns with investment opportunities to create future growth. Our commitment to return excess capital to shareholders is clear.

At the Annual General Meeting, the Board of Directors will therefore propose to increase the dividend by 10% based on the strong result achieved in 2017 and expectations of further future earnings growth.

On behalf of the Board, I would like to thank the DFDS management and everyone in the organisation for the dedication and contribution to the business optimisation and result improvements in 2017. The course is set for continuous improvement also in 2018.

Claus V. Hemmingsen
Chairman of DFDS
Moving on from another strong result

DFDS has over the past five years achieved a considerably higher level of earnings.

We are strongly positioned in European markets and the return on invested capital has been raised to 19% compared to 4% in 2012. In the same period, the operating profit (EBITDA) has increased to DKK 2.7bn from DKK 1.1bn.

We now have a great platform for further development of our business. We are stepping up investment in our digital capabilities and increasingly assessing future opportunities offered by new business models and technologies.

The fundamental need for transport services will endure in a digital world as it has since DFDS’ inception more than 150 years ago. Goods still need to be moved across sea and over land to end customers and people will increasingly be travelling. We move for all to grow – that is our Purpose that will guide us through the changes that lie ahead.

In 2018, we are investing in further development of digital capabilities, including people and systems, to enhance the customer experience and gain operational efficiencies. These investments go hand in hand with our planned investments in shipping capacity, efficiency and reliability for routes and logistics solutions.

Our commitment to create value for our shareholders is unwavering. Digital solutions and new business models and technologies add opportunities as we continue to pursue new ways to enhance customer service, lessen our environmental impact, operate more efficiently and reduce costs.

Niels Smedegaard
President & CEO

“We move for all to grow – that is our Purpose that will guide us through the changes that lie ahead.”
Shipping Division

The Shipping Division’s revenue increased 2% adjusted for the acquisition of a route and currency changes and excluding bunker surcharges while reported revenue increased by 4% to DKK 9,892m compared to 2016. EBIT before special items increased 7% to DKK 1,727m.

The return on invested capital, ROIC, before special items increased to 20.7% in 2017 from 19.6% in 2016. Average invested capital increased 1% to DKK 8,264m compared to 2016.

North Sea
Revenue increased 6% excluding bunker surcharges while reported revenue increased 10% to DKK 3,699m compared to 2016. EBIT before special items increased 30% to DKK 670m.

Freight volumes increased 7% supported by 4% higher shipping capacity, continued growth in trading between UK and the Continent and higher automotive volumes from Sweden. The growth was thus primarily driven by the routes between UK-Continent and Sweden-Continent. On the former, a fourth ship was deployed on one route for most of the first half-year and on the latter, a fourth ship was deployed for most of the second half-year.

Higher volumes through the port terminals in the UK and Benelux also improved earnings.

Baltic Sea
Revenue decreased 1% adjusted for the acquisition of the Paldiski-Hanko route in October 2016 and excluding bunker surcharges. Reported revenue increased 9% to DKK 1,465m compared to 2016. EBIT before special items increased 5% to DKK 379m.

Freight volumes increased 13% while they decreased 1% adjusted for the addition of a new route, Paldiski-Hanko, in October 2016. Trading was overall stable in the Baltic region during the year, although some loss of market share was incurred between Sweden and Lithuania due to an extended docking period in the beginning of the year. From Q2, an additional ship was deployed following demand for more capacity.

Passenger volumes decreased 2% and by 3% adjusted for the addition of Paldiski-Hanko. The lower volumes were due to fewer passengers between Sweden and Estonia.
Channel
Revenue decreased 1% adjusted for currency changes and excluding bunker surcharges while reported revenue increased 1% to DKK 2,306m compared to 2016. EBIT before special items decreased 12% to DKK 350m.

Freight volumes decreased 6% while passenger volumes were on level with 2016. The lower freight volumes was primarily due to Dover-Dunkirk as the route was negatively impacted by transfer of volumes back to Calais following the closure of the migrant camp in Calais in Q4 2016. In addition, some market share loss was incurred as freight rate increases at the beginning of the year coincided with a sharp increase in the bunker surcharge. This market share loss was mostly regained over the course of the year.

Passenger volumes were likewise down on Dover-Dunkirk but this was offset by higher volumes on Dover-Calais. Revenue per passenger was negatively impacted by the depreciation of GBP.

France & Mediterranean
Revenue increased 1% adjusted for currency changes and excluding bunker surcharges while reported revenue was on level with 2016. EBIT before special items increased 19% to DKK 13m.

Freight volumes decreased 5% and passenger volumes decreased 4%. The lower freight and passenger volumes were due to somewhat weaker market conditions in the Western Channel while volumes in the Mediterranean market increased. The concession agreement of the Newhaven-Dieppe route expired at the end of 2017 and was replaced with a new 5-year agreement running up to and including 2022.

Passenger
Revenue decreased 2% adjusted for currency changes and excluding bunker surcharges while reported revenue likewise decreased 2% to DKK 1,674m compared to 2016. EBIT before special items decreased 28% to DKK 183m.

Passenger volumes increased 3% driven by both routes. The Norwegian market weakened through the year, also due to depreciation of NOK in the second half of the year, while the inflow of overseas passengers continued to increase. The UK market stabilised through the year following the large depreciation of GBP in 2016. Continent markets remained robust in the year. The significant decrease in EBIT was mainly due to changes in the passenger mix that reduced on board sales, particularly on the Scandinavian route, and an increase in the bunker cost. In addition, freight volumes, that are mostly driver-accompanied, decreased 7%.

Non-allocated Items
Non-allocated items primarily include activities related to external chartering of ships not deployed in the route network.

Revenue decreased 2% to DKK 478m compared to 2016. EBIT before special items increased 78% to DKK 133m as 2016 was negatively impacted by the reclassification of a ship from assets held for sale to continuing operations as well as costs related to preparation of the ship for an external charter. In addition, 2017 includes a one-off income from a settlement with a former bunker supplier’s bankruptcy estate.

DFDS Shipping Division operates one of the largest networks of ferry routes in Northern Europe providing both freight and passenger services.
Trading between UK and mainland Europe continues to grow despite Brexit

Freight volumes increased 7% in 2017 on the ten routes operated across the North Sea. In spite of Brexit and daily headlines about the negotiations between the UK and EU, we see that UK’s economy is still growing, albeit at a slower pace than previous years.

According to a UK government official prognosis, growth is expected to continue at just over 1 per cent in 2018. Growth is being supported by higher activity in the EU countries and rising British exports, both of which contributes positively to our North Sea routes.

New ships on order
To accommodate the expected volume growth over the coming years, four new mega ships have been ordered with a capacity of 450 trailers each for the North Sea routes. Two ships will be delivered in 2019 followed by another two in 2020, all from the Jinling Shipyard in China.

North Sea – a winning business model
The positive development in North Sea volumes is also underpinned by some shortage in truck drivers as trips to UK are not as attractive for drivers as they used to be due to the fall of the pound in the wake of the Brexit vote.

DFDS’ North Sea routes only carry freight units unaccompanied by drivers as we load the trailer on the ferry at the port of departure and unload the trailer on arrival. The trailer is then picked up by another driver for distribution to the end destination.

This solution requires less driver hours than a trailer accompanied by a driver throughout the journey. The result is more frequent use of unaccompanied solutions by some freight forwarders, our key customer group. In our view this has contributed to slowing down volume growth on the Channel where only driver-accompanied trailers are carried.

The positive volume development on the North Sea freight routes continued in 2017 and was a key driver of the record result.

Opportunities ahead
In spite of the challenges Brexit may lead to over the coming years, we also see opportunities for providing customers with new, valuable customs clearance services after Brexit. We are located in the ports to provide such services and also have experience from other services, for example between UK and Norway. Another potential opportunity is the return of duty free sales.
Logistics Division

The Logistics Division’s full-year revenue increased 5% to DKK 5,160m and by 8% adjusted for currency changes, primarily depreciation of GBP, the acquisitions of Shetland Transport and Italcargo, in November and December 2016 respectively, and the divested Belfast activity in 2017. EBIT before special items increased 3% to DKK 166m.

The return on invested capital, ROIC, before special items decreased slightly to 13.1% in 2017 from 13.4% in 2016. Average invested capital increased 4% to DKK 1,128m.

Nordic

Revenue increased 18% to DKK 1,898m compared to 2016 and EBIT before special items increased 16% to DKK 62m.

Volumes and market conditions between Scandinavia and UK generally improved during the year, particularly for the Swedish activities. New contract logistics activities in Sweden also increased earnings as did the acquisition of Italcargo.

This was offset by higher operating costs in the rail, sideport shipping and Baltic activities that decreased margins.

Continent

Revenue increased 4% to DKK 2,035m compared to 2016 and EBIT before special items increased 36% to DKK 65m.

The improved result was mostly due to the forwarding activities in the Netherlands-UK and Belgium-Scandinavia corridors. Volumes and the share of solutions for valuable goods with higher margins were both increased. New contract logistics activities also added to the result.

The result for the German activities remained flat despite some loss of volumes. The Italian activities continued to be lossmaking in 2017 while the activities in the Czech Republic continued to grow strongly.

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 will be consolidated in the DFDS Group per the same date.

UK & Ireland

Revenue increased 6% adjusted for the acquisition of Shetland Transport in November 2016, the divested Belfast activity and currency changes.
DFDS Logistics provides flexible, cost-efficient and on-time, door-door transport solutions to producers of a wide variety of consumer and industrial goods.

Reported revenue decreased 7% to DKK 1,388m compared to 2016. EBIT before special items decreased 34% to DKK 40m, including a negative currency impact of DKK 6m.

The growth and financial performance of the Belfast reefer activity became lossmaking in 2017 and was divested to Manfreight Ltd. effective from 1 November 2017. This amounted to just over half of the decrease in EBIT. Costs and write-downs of DKK 13m related to the sale of the reefer activity are reported under Special items.

The result for the continuing activities was positively impacted by the full-year effect of the acquisition of Shetland Transport in November 2016 and trading above 2016 for most activities. This was however more than offset by a lower operating margin for the aquaculture activities based in Grimsby following changes in the market. In addition, start-up costs related to a new refrigerated distribution contract also reduced the result.

The performance of the aquaculture activities based in Scotland was stable in 2017.

**Non-allocated items**
Revenue of non-allocated items is mainly related to an internal trailer equipment pool.

<table>
<thead>
<tr>
<th>Logistics Division</th>
<th>2017 (m)</th>
<th>2016 (m)</th>
<th>Δ</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5,160</td>
<td>4,930</td>
<td>230</td>
<td>4.7%</td>
</tr>
<tr>
<td>EBITDA before special items</td>
<td>263</td>
<td>252</td>
<td>11</td>
<td>4.3%</td>
</tr>
<tr>
<td>Profits on disposal of non-current assets, net</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>29.2%</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>-102</td>
<td>-94</td>
<td>-7</td>
<td>7.8%</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>166</td>
<td>181</td>
<td>-15</td>
<td>-8.0%</td>
</tr>
<tr>
<td>EBIT-margin before special items, %</td>
<td>3.2</td>
<td>3.3</td>
<td>-0.1</td>
<td>n.a.</td>
</tr>
<tr>
<td>Special items, net</td>
<td>-13</td>
<td>0</td>
<td>-13</td>
<td>n.a.</td>
</tr>
<tr>
<td>EBIT</td>
<td>153</td>
<td>162</td>
<td>-8</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Invested capital, average</td>
<td>1,128</td>
<td>1,084</td>
<td>44</td>
<td>4.1%</td>
</tr>
<tr>
<td>ROE before special items, %</td>
<td>13.1</td>
<td>13.4</td>
<td>-0.3</td>
<td>n.a.</td>
</tr>
<tr>
<td>Tons, 1,000</td>
<td>580.4</td>
<td>527.2</td>
<td>-53</td>
<td>-10.1%</td>
</tr>
<tr>
<td>Units, 1,000</td>
<td>548.6</td>
<td>522.3</td>
<td>26.3</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

We care – about the safety of our passengers and employees and about our impact on the environment.

Our more than 7,000 employees partner and innovate with customers to grow their business and the economy.

By moving freight and passengers reliably and efficiently, we provide vital services for trade and travel in Europe.
CSR summary

At DFDS, we recognise that our role as a supplier of vital services to Europe’s transport infrastructure entails a high level of responsibility. We seek to contribute to sustainability and safety by focusing on areas where our influence and impact matter the most.

Year in review

As signatories to the UN Global Compact we support the Compact as part of our CSR-approach. During 2017, we embedded the principles in our Code of Business Conduct, which provides guidance to our employees on behaviour and actions.

We strive to have a strong safety culture and continuously improve safety performance. Unfortunately, a fatality occurred in 2017 during the unloading of a freight ship in Tunisia. A full investigation into the accident has been conducted to avoid such accidents in the future. With the exception of the above mentioned tragic accident, progress was in general made on safety in 2017. Both the accident frequency and the injury severity were lowered compared to 2016. Targets have been set to further improve safety performance both at sea and ashore. More information on safety performance is available in the full CSR Report.

As part of Europe’s transport infrastructure, DFDS encounters migrants from the African continent and the Middle East. In 2017, a serious incident occurred when 12 migrants were forced to remain on board our ship Kaunas Seaways on the Black Sea for three months until a diplomatic solution was found.

The total consumption of bunker oil increased 4% in 2017 due to more sailings but the average consumption of oil and emissions continued to decrease per capacity unit per mile. Reductions in fuel consumption continue to be of importance from environmental, compliance and financial perspectives.

Looking ahead, we expect to launch an updated CSR-strategy in 2018 to improve on our contribution to sustainability for all our stakeholders. The strategy update is inspired by customers, industry leaders and the UN’s 17 Sustainable Development Goals, and not least our purpose – we move for all to grow.

CSR focus areas

Safety and security – ashore

Land-based activities include handling of freight units, mostly trailers and containers, in port terminals, ambient and temperature-controlled warehousing, haulage and offices.

Safety and security – at sea

DFDS is responsible for the safe operation of more than 40 ships. This is done by applying safety standards and by training and frequent drills on board the ships to continuously enhance ship crews’ ability to protect people, goods and the ship against the consequences of incidents such as fire on board, collisions and other major incidents.

People

In 2017, the average number of employees was 7,235 across 20 countries. The purpose of our HR activities is to support recruitment processes, employee and management development, retention, talent spotting, performance management, setting of remuneration and benefits, as well as organizational efficiency.

Environment

95% of DFDS’ emissions are due to ship operations. The most important environmental goal is therefore to reduce the energy consumption of our ships.

Customers

Around 80% of DFDS’ annual revenue is generated by providing freight shipping services and transport and logistics solutions to around 8,000 customers. In 2017, we carried 5.3m passengers and more than one million truck drivers.

Community involvement

Each year, we transport millions of freight units and passengers through communities close to port terminals and other facilities operated by DFDS. In many communities, we are part of local life and take an active interest in community issues, including job creation and support of community initiatives.

Procurement

Our suppliers must accept to conform to the DFDS Supplier Code of Conduct and all applicable international conventions and national legislation in the country where production or services are performed.

Main events 2017

- Accident frequency decreased
- Injury severity lowered
- 3,605 employees used e-learning safety modules
- Injury frequency reduced
- Quality of near-miss reporting improved as quantity remained above target
- One fatality as a crew member lost his life during unloading of a ship in Tunisia
- 12 migrants captive on ship deployed on the Black Sea for months while diplomatic solution was negotiated
- Participation in biannual employee engagement survey increased to 83% (79%)
- Employee training portfolio now includes 14 recurring programmes
- Further reduction of bunker consumption per unit per mile
- Ship-shore initiatives reduce turnaround time in ports
- 80% of Swedish truck fleet used biofuel on a frequent basis
- Freight customer journeys improved by digital solutions
- More than 80% of passengers book online
- Pink initiatives against breast cancer supported
- Four young criminals employed through the HighFive project
- Christmas lunch for homeless people held for eighth consecutive year in Copenhagen and Oslo
- Annual sourcing of goods and services for DKK 9bn from more than 15,000 suppliers
- Increasing use of e-sourcing and e-auctions
Further investment in digital capabilities

At DFDS we are stepping up digitally.
Following implementation of new online booking systems for freight shipping, passengers and logistics, new apps have been launched for passengers, truck drivers and freight customers.

These are just the first steps in our digital development that will make it easier for customers to work with us on any device, round the clock. It will also increase the flexibility and efficiency of our operations in all areas.

The work is going to be further intensified in 2018 with a new unified digital customer experience platform set for launch during the second quarter of 2018, and following a new digital and IT operating model, the time-to-market and scalability is being improved through architectural changes.

Digital investments
In 2018, the focus and investment in further development of the customer experience and operational efficiencies is expected to entail additional costs of around DKK 100m as well as increased investments.

We are already starting to see benefits from digital investments and this is expected to become more pronounced towards the end of 2018 and going forward.

Transformation ahead
The digital ambition is to effect a long term transformation driven by smart data, automation, modularisation and connectivity, paving the way towards autonomous transport in the future.

“We are cooperating with a variety of partners on testing emerging technologies for ship and terminals management, operations, maintenance and navigation” says Sophie-Kim Chapman, VP and Digital Officer at DFDS.

“The transformation to a more digital company is only partly about technology. We have an equal focus on cultural change, customer experience, process standardization and new business models,” adds Sophie-Kim Chapman.

Digital developments are monitored and experimented with by a new digital innovation team that is part of DFDS’ digital department, which today comprises 60 cross-functional team members. Especially teams focused on user-experience, innovation and smart data have been and are being expanded to support the development of digital solutions.

Technology is also developing rapidly in the areas of robotics, IoT (internet of things), blockchain, amongst others, and are likewise driving business model change. In addition, new energy sources and new ways of storing and using energy are developing for both shipping and logistics operations.
The DFDS share and shareholders

Share capital
DFDS has one class of shares. The share capital was at the end of 2017 DKK 1,140m comprising 57,000,000 shares, each with a nominal value of DKK 20. In accordance with DFDS' share buyback programme 3.0m shares were cancelled on 21 April 2017.

Stock exchange trading
The DFDS share is listed on Nasdaq Copenhagen where 23.1m DFDS shares were traded in 2017 equal to an annual turnover of DKK 8.3bn compared to DKK 6.9bn in 2016. The average number of trades per day was 1,679 compared to 1,030 in 2016 and the average daily turnover was DKK 33m compared to DKK 26m in 2016. The DFDS share is part of the Large Cap index.

Share price development and yield
DFDS' share price rose 3% to DKK 331 in 2017. The market value at the end of 2017 was DKK 18.1bn, excluding treasury shares. By comparison, the Danish stock market's all-share index increased 15% in 2017.

The total distribution yield on the DFDS share was 9.2% in 2017 consisting of dividend yield and buyback of shares.

Distribution policy
Capital distribution to shareholders is based on a target leverage of an NIBD/EBITDA multiple between 2.0 and 3.0. Dividend is paid semi-annually to facilitate a faster return of capital to shareholders and to align payments with DFDS’ seasonal cash flow that peaks during the third quarter, the high season for passenger travel.

After distribution of dividend, excess capital is determined based on the leverage target, including future investment requirements, and distributed through share buybacks.

Distribution to shareholders
DKK 1,661m was distributed to shareholders in 2017 of which DKK 555m was dividend paid in March and August with DKK 168m and DKK 387m respectively. DKK 1,106m was distributed through share buybacks, including an auction buyback in February 2017 of DKK 478m.

One new share buyback of DKK 400m was announced and launched on 8 February 2018.

Dividend proposal
The Board of Directors proposes to the 2018 annual general meeting (AGM) a dividend of DKK 4.00 per share. In addition, the Board of Directors plan to distribute a further dividend of DKK 7.00 per share in August 2018.

Shareholders
At the end of 2017, DFDS had 15,056 registered shareholders who owned 90% of the share capital. International shareholders owned 30% (2016: 31%) of the total registered share capital.

The Lauritzen Foundation was the largest shareholder with a holding of 41% of the total share capital at the end of 2017.

Ownership structure, % end of 2017

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lauritzen Foundation</td>
<td>41.3</td>
</tr>
<tr>
<td>Institutional shareholders</td>
<td>37.6</td>
</tr>
<tr>
<td>Other registered shareholders</td>
<td>8.1</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>3.4</td>
</tr>
<tr>
<td>Non-registered shareholders</td>
<td>9.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*With reference to §38 in the Danish Capital Markets Act, Lauritzen Foundation domiciled in Copenhagen, Denmark, has notified DFDS A/S that it holds more than 5% of the share capital and voting rights of the company.

Shareholder distribution

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>No. of shareholders</th>
<th>% of share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-50</td>
<td>4,847</td>
<td>0.3</td>
</tr>
<tr>
<td>51-500</td>
<td>7,919</td>
<td>2.5</td>
</tr>
<tr>
<td>501-5000</td>
<td>1,930</td>
<td>4.2</td>
</tr>
<tr>
<td>50001-50000</td>
<td>272</td>
<td>0.7</td>
</tr>
<tr>
<td>500001-</td>
<td>98</td>
<td>0.3</td>
</tr>
<tr>
<td>Total*</td>
<td>15,056</td>
<td>90.5</td>
</tr>
</tbody>
</table>

* Total of registered shareholders
## Share related key figures

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Share price (DKK)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price at year end</td>
<td>331.5</td>
<td>322.6</td>
<td>267.0</td>
<td>118.2</td>
<td>87.4</td>
</tr>
<tr>
<td>Price high</td>
<td>415.1</td>
<td>359.9</td>
<td>262.0</td>
<td>118.2</td>
<td>91.1</td>
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<tr>
<td>Price low</td>
<td>320.9</td>
<td>211.1</td>
<td>121.0</td>
<td>80.8</td>
<td>52.4</td>
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<tr>
<td>Market value year end, DKK m</td>
<td>18,106</td>
<td>18,405</td>
<td>15,840</td>
<td>7,177</td>
<td>5,599</td>
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<tr>
<td>No. of shares year end, m</td>
<td>57</td>
<td>60</td>
<td>62</td>
<td>61</td>
<td>64</td>
</tr>
<tr>
<td>No. of circulating shares year end, m</td>
<td>55</td>
<td>57</td>
<td>59</td>
<td>61</td>
<td>64</td>
</tr>
<tr>
<td><strong>Distribution to shareholders (DKK m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid per share, DKK</td>
<td>10.0</td>
<td>6.0</td>
<td>5.4</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Total dividend paid ex. treasury shares</td>
<td>555</td>
<td>349</td>
<td>326</td>
<td>177</td>
<td>203</td>
</tr>
<tr>
<td>Buyback of shares</td>
<td>1,106</td>
<td>914</td>
<td>401</td>
<td>295</td>
<td>628</td>
</tr>
<tr>
<td>Total distribution to shareholders</td>
<td>1,661</td>
<td>1,283</td>
<td>727</td>
<td>472</td>
<td>831</td>
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<tr>
<td>PE ratio</td>
<td>6.1</td>
<td>7.5</td>
<td>9.7</td>
<td>2.6</td>
<td>7.3</td>
</tr>
<tr>
<td>Total distribution yield, %</td>
<td>9.2</td>
<td>6.8</td>
<td>4.6</td>
<td>6.5</td>
<td>14.8</td>
</tr>
<tr>
<td>Cash payout ratio, %</td>
<td>150.7</td>
<td>91.4</td>
<td>47.0</td>
<td>253.8</td>
<td>197.2</td>
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<tr>
<td><strong>Shareholder return</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share price charge, %</td>
<td>2.7</td>
<td>20.8</td>
<td>125.9</td>
<td>35.2</td>
<td>71.0</td>
</tr>
<tr>
<td>Dividend return, %</td>
<td>3.1</td>
<td>2.2</td>
<td>4.6</td>
<td>3.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Total shareholder return, %</td>
<td>5.8</td>
<td>23.1</td>
<td>130.5</td>
<td>38.4</td>
<td>76.5</td>
</tr>
<tr>
<td><strong>Share valuation</strong></td>
<td></td>
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</tr>
<tr>
<td>Equity per share, DKK</td>
<td>120.7</td>
<td>116.3</td>
<td>105.4</td>
<td>100.0</td>
<td>98.5</td>
</tr>
<tr>
<td>Pricebook value, times</td>
<td>2.74</td>
<td>2.77</td>
<td>2.33</td>
<td>1.18</td>
<td>0.76</td>
</tr>
</tbody>
</table>

## Financial review

In 2017, the strong earnings level achieved in 2016 was further improved as operating profit (EBITDA) increased 4% to DKK 2,702m and profit before tax increased 8% to DKK 1,727m, both before special items.

Freight volumes continued to grow in northern Europe in line with the overall increase in activity in most of Europe. This benefited particularly the North Sea route network and the logistics activities in the Nordic and Continent business units.

Passenger volume growth was more subdued as the key UK and Norwegian markets were impacted by weaker currencies and a slowdown in growth.

The further improvement in earnings reflects an agenda of continuous improvement and benefits from moderate economic growth, and thereby volume growth, in most of DFDS’ key markets in northern Europe.

Revenue increased 4% in 2017 adjusted for acquisitions, currency changes, the divested Belfast activity and excluding revenue from bunker surcharges. Reported revenue likewise increased 4% to DKK 14.3bn.

Operating profit before depreciation (EBITDA) and special items increased 4% to DKK 2,702m. The result was thus in line with the latest outlook range for an EBITDA before special items of DKK 2,650-2,750m included in the Q3 2017 report.

## Revenue and Invested capital

![Graph showing revenue, average invested capital, and turnover rate over time](chart.png)

- Revenue
- Average invested capital
- Turnover rate, invested capital.
The Shipping Division’s EBITDA before special items increased 3% to DKK 2,531m while the Logistics Division’s EBITDA before special items increased 4% to DKK 285m.

The Group’s free cash flow was positive by DKK 1,102m after net investments of DKK 1,564m of which DKK 1,300m were related to ships. The main item was DKK 739m for the purchase of two Channel ferries previously held on a finance lease.

Financial leverage remained on level with 2016. The leverage ratio of net interest-bearing debt (NIBD) to operating profit (EBITDA) before special items was 0.9 at year-end. The equity ratio was 50% at year-end 2017 compared to 51% in 2016.

The average number of employees increased 2% to 7,235 in 2017. The increase was mainly due to the full-year impact of acquisitions, additional contract logistics activities and more employees in IT and digital functions.

DFDS Group - EBITDA before special items per quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,200</td>
<td>1,000</td>
<td>800</td>
<td>600</td>
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Key figures

<table>
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<tbody>
<tr>
<td>Income statement</td>
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<tr>
<td>Revenue</td>
<td>DKK million</td>
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<tr>
<td>Shipping Division</td>
<td>9,825</td>
<td>11,200</td>
<td>10,500</td>
<td>10,000</td>
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<tr>
<td>Logistics Division</td>
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<tr>
<td>Non-allocated items and eliminations</td>
<td>725</td>
<td>700</td>
<td>675</td>
<td>650</td>
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<td>Operating profit</td>
<td>DKK million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA before depreciations (EBITD) and special items</td>
<td>1,200</td>
<td>1,100</td>
<td>1,000</td>
<td>900</td>
</tr>
<tr>
<td>Shipping Division</td>
<td>1,100</td>
<td>1,000</td>
<td>900</td>
<td>800</td>
</tr>
<tr>
<td>Logistics Division</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Profit on disposal of non-current assets, net</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Profit before tax</td>
<td>DKK million</td>
<td></td>
<td></td>
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<tr>
<td>Special items, net</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>1,200</td>
<td>1,100</td>
<td>1,000</td>
<td>900</td>
</tr>
<tr>
<td>Financial items, net</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,200</td>
<td>1,100</td>
<td>1,000</td>
<td>900</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>1,200</td>
<td>1,100</td>
<td>1,000</td>
<td>900</td>
</tr>
<tr>
<td>Capital</td>
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<tr>
<td>Total assets</td>
<td>DKK million</td>
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<tr>
<td>Equity</td>
<td>DKK million</td>
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<tr>
<td>Net-interest-bearing debt</td>
<td>DKK million</td>
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<tr>
<td>Invested capital, end of period</td>
<td>DKK million</td>
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<tr>
<td>Invested capital, average</td>
<td>DKK million</td>
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<tr>
<td>Cash flows</td>
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<tr>
<td>Cash flows from operating activities, before financial items and after tax</td>
<td>DKK million</td>
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<tr>
<td>Cash flows from investing activities</td>
<td>DKK million</td>
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<tr>
<td>Acquisition of enterprises and activities</td>
<td>DKK million</td>
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<tr>
<td>Other investments, net</td>
<td>DKK million</td>
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<tr>
<td>Free cash flow (FCFF)</td>
<td>DKK million</td>
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<tr>
<td>Key operating and return ratios</td>
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<tr>
<td>Average number of employees</td>
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<tr>
<td>Number of ships</td>
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<tr>
<td>Revenue growth, %</td>
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<tr>
<td>EBITDA margin, %</td>
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<tr>
<td>Operating margin, %</td>
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<tr>
<td>Return on invested capital, average, (times)</td>
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<tr>
<td>Return on invested capital (ROIC), %</td>
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<tr>
<td>ROIC before special items, %</td>
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<tr>
<td>Return on equity, %</td>
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<tr>
<td>Key capital and per share ratios</td>
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<tr>
<td>Equity ratio, %</td>
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<tr>
<td>Net-interest-bearing debt/EBITDA, times</td>
<td></td>
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<tr>
<td>Earnings per share (EPS)</td>
<td>DKK</td>
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<tr>
<td>Dividend paid per share, DKK</td>
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<tr>
<td>Weighted average number of circulating shares, DKK</td>
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<tr>
<td>Share price, DKK</td>
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<tr>
<td>Market value, DKK m</td>
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</tr>
</tbody>
</table>

1. Adjusted for foreign exchange rate as of 31 December 2017: 7.4449
2. As from 2015 the fair value of cross currency derivatives on bond loans forms part of Net-interest-bearing debt as these by nature are closely related to the interest-bearing debt. In previous years they formed part of non-interest-bearing items. The comparative figures have not been restated. The fair value of cross currency derivatives on bond loans in the comparative years are 2014: DKK -0.21m, 2013: DKK 138m.
Board of Directors

Claus V. Hemmingsen, Chair, 2,453 shares
- Date of birth: 15 September 1962
- Joined the Board: 29 March 2012
- Re-elected: 2013-2017
- Period of office ends: 19 March 2018
- Member of Nomination and Remuneration Committees

Pernille Erenbjerg, Deputy Chair, 0 shares
- Date of birth: 21 August 1967
- Joined the Board: 26 March 2014
- Re-elected: 2016-2017
- Period of office ends: 19 March 2018
- Chair of Audit Committee

Jørgen Jensen, Board member, 0 shares
- Date of birth: 21 March 1968
- Joined the Board: 26 March 2014
- Re-elected: 2016-2017
- Period of office ends: 19 March 2018
- Member of Audit Committee

Jens Otto Knudsen, staff representative, 0 shares
- Date of birth: 8 August 1958
- Joined the Board: 13 April 2011
- Re-elected: 2014
- Period of office ends: 19 March 2018

Jill Lauritzen Melby, Board member, 4,735 shares
- Date of birth: 6 December 1958
- Joined the Board: 18 April 2001
- Re-elected: 2002-2017
- Period of office ends: 19 March 2018
- Member of Audit Committee

Klaus Nyborg, Board member, 0 shares
- Date of birth: 16 November 1963
- Joined the Board: 31 March 2016
- Re-elected: 2017
- Period of office ends: 19 March 2018
- Member of Nomination and Remuneration Committees

Lars Skjold-Hansen, staff representative, 0 shares
- Date of birth: 23 August 1965
- Joined the Board: 22 March 2013
- Re-elected: 2014
- Period of office ends: 19 March 2018

Marianne Dahl Steensen, Board member, 0 shares
- Date of birth: 4 July 1974
- Joined the Board: 21 March 2017
- Re-elected: n.a.
- Period of office ends: 19 March 2018
- Member of the Nomination and Remuneration Committees
- Position: CEO, Microsoft Denmark A/S

Kent Vildbæk, staff representative, 0 shares
- Date of birth: 15 February 1964
- Joined the Board: 13 April 2011
- Re-elected: 2014
- Period of office ends: 19 March 2018

From left to right
Executive Management

Niels Smedegaard (1962)
President & CEO
243,263 shares
MSc (Finance)
DFDS since 2007

Torben Carlsen (1965)
Executive Vice President & CFO
100,000 shares
MSc (Finance)
DFDS since 2009

Peder Gellert Pedersen (1958)
Executive Vice President, Shipping Division
Ship broker, HD (O)
DFDS since 1994

Eddie Green (1958)
Executive Vice President, Logistics Division
BA (Hons) Economics
DFDS since 2010

Henrik Holck (1961)
Executive Vice President, People & Ships
MSc Psych
DFDS since 2007

From left to right
Henrik Holck, Peder Gellert Pedersen, Niels Smedegaard, Eddie Green & Torben Carlsen
Financial calendar 2018

Annual General Meeting
19 March 2018 at 14:00
Radisson Blu Scandinavia Hotel Copenhagen,
Amager Boulevard 70, 2300 Copenhagen South, Denmark

Reporting 2018
Q1, 9 May
Q2, 16 August
Q3, 13 November