

Stock Exchange Announcement



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Q1 2004

Quarterly Report for 1 January to 31 March 2004

- Revenue rose by 12% to DKK 1,198 million
- Operating profit (EBITA) improved by DKK 7 million to DKK -46 million - as earlier the quarterly profit is influenced by seasonal change
- Pre-tax profit for Q1 2004 improved by DKK 12 million to DKK -94 million
- The travel market has stabilised and progress is expected in Q2 and Q3
- The freight market grew faster than expected in the Baltic Sea Region
- A sixth ro-ro newbuilding was ordered based on the industrial logistics contracts entered into and expectations of continued growth in the freight market
- DFDS continues to expect a pre-tax profit of approximately DKK 175 million for the full year 2004

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DFDS is a leading North European shipping line based in Copenhagen. DFDS was founded in 1866 and is listed on the Copenhagen Stock Exchange. DFDS' route network includes combined passenger and freight routes as well as pure freight routes. The Group also operates its own sales companies and port terminals for handling freight. DFDS has a total of 4,200 employees and employs a fleet of approx. 60 ships.

Key Figures DFDS Group

DKK mill.	2004 Q1	2003 Q1	2003 Full year
Income statement			
Revenue	1,198	1,072	5,265
Operating profit before depreciation (EBITDA)	60	63	794
Profit/loss on disposal of ships, buildings, and terminals	1	-7	-15
Operating profit (EBITA)	-46	-53	310
Profit before financing, etc. (EBIT)	-47	-55	297
Financing, net	-47	-51	-139
Profit before tax	-94	-106	157
Profit for the period	-93	-96	130
Profit for the period after minority interest	-95	-97	116
Profit for analytical purposes	-93	-97	131
Balance sheet			
Fixed assets	6,129	5,682	5,798
Current assets	1,165	1,176	1,200
Total assets	7,294	6,858	6,999
Equity	2,402	2,391	2,528
Minority interests	167	142	166
Provisions	336	304	360
Long-term liabilities other than provisions	2,873	2,584	2,641
Short-term liabilities other than provisions	1,516	1,436	1,304
Total equity and liabilities	7,294	6,858	6,999
Invested capital	5,603	5,299	5,299
Net interest bearing debt	2,942	2,595	2,571
Cash flow			
Cash flow from operating activities, gross	76	78	711
Cash flow from operating activities, net	47	38	515
Cash flow from investing activities	-322	-96	-316
Cash flow from financing activities	212	-171	-322
Cash flow for the year	-63	-229	-123
Financial ratios, %			
Operating profit margin (EBITA)	-3.8	-5.0	5.9
Return on invested capital (ROIC)	-3.3	-3.8	5.0
Return on equity	-10.1	-15.8	4.8
Equity ratio	35.2	36.9	38.5
Earnings per share, DKK	-11.6	-12	16
Share price at end of period, DKK	236	177	185
Equity per share, DKK	-	-	316
Price/book value, times	0.75	0.54	0.59
Dividend per share, DKK	-	-	5
Number of shares at end of period, '000	8,000	8,000	8,000
Number of employees, average	3,883	3,864	4,181

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Q1 Report 2004

Financial performance and levels of activity matched expectations

Tonnage renewal continued

Freight capacity was increased

Market trends – passengers & freight

A general improvement in the travel market was registered in December 2003 and this continued in January 2004. The market slowed down slightly in February and March, while the level of activity has been generally high in April and May. At this point in time, a clear improvement is expected in the travel market in 2004 compared to both 2003 and 2002.

However, price competition remains fierce in the travel market due to mainly a large supply of low-price flights.

Growth in the North Sea freight sector was limited in Q1 2004.

In the Baltic Sea region, some stock-building in advance of the EU enlargement and a general increase in trade between Scandinavia and the Baltic area had a positive impact on the level of activity.

Activities

Cruise ships & ferries

The level of activity on DFDS Seaways' four cruise ferry routes was slightly lower than expected in Q1 2004 as a docking was extended and bad weather reduced the number of departures. Sales figures for ski trips to Norway also failed to fully meet expectations for the quarter. On the continental markets, the level of activity was on a par with 2003, while progress was good on the UK market.

Bookings for Q2 and Q3 are at this time better than they were for the same period in 2003. Overseas traffic, which was substantially reduced in 2003 because of the Iraq War and the SARS epidemic, is back to normal.

In May 2004, DFDS Seaways introduced a new Internet booking system to meet the increasing interest in information retrieval and booking by using the Internet. The number of online bookings is expected to grow by about 50% in 2004.

Ro-pax and freight

The total level of activity on the ro-pax and freight routes matched expectations for Q1.

In the North Sea, growth in the level of activity was primarily driven by new industrial logistics contracts. In the Baltic Sea, growth in the level of activity was higher than on the North Sea because of capacity increases implemented in the second half of 2003 and the effect of stock-building up to the EU enlargement.

The relatively high and stable GBP continued to support growth in volumes to the UK and reduce growth in export volumes from the UK. The weakening of the NOK had a negative impact on the level of activity between Norway and the UK.

New industrial logistics contracts

In Q1 2004, new long-term transport contracts were entered into with StoraEnso and BMW. The agreement with BMW came into force at the start of the year, and an initial phase of the StoraEnso contract has been started. Both contracts thus contributed to growth in the level of activity in Q1.

In April 2004, a new three-year co-operation agreement was signed between Lys-Line and Hydro Aluminium with the option of a further two-year extension. The agreement covers transport of 200,000 tons of aluminium per year from Norway's west coast to Lisbon in Portugal and Gaeta in Italy.

Tonnage renewal continues

DFDS sold off six small freight ships in Q1 2004, four of which were chartered back.

In order to secure sufficient capacity and a high level of service on LISCO's route between Lithuania and Sweden, the ro-pax vessel STENA TRAVELLER was acquired from Stena Rederi AB in May 2004.

As a result of several major industrial logistics contracts signed in 2003 and 2004 and expectations of continued growth in the freight market, a sixth ro-ro newbuilding was ordered from Flensburg Shipyard in May 2004. The ship is scheduled to be delivered in mid-2006.

Financial performance

Revenue

Revenue for Q1 2004 rose by 12% to DKK 1,198 million compared with the same period last year.

The increase in revenue is due to growth in the freight sector and is related primarily to the full-year effect of the acquisition of the Norwegian operating company Lys-Line AS, in June 2003. Increased capacity and higher volumes in the Baltic Sea also improved revenue for the Lithuanian shipping company LISCO.

Revenue

<i>DKK mill.</i>	Q1 2004	Q1 2003	Change
DFDS Seaways	336	353	-17
DFDS Tor Line	869	723	146
Eliminations etc.	-7	-4	-3
DFDS Group	1,198	1,072	126

In the passenger sector, revenue was slightly lower in Q1 2004 than in Q1 2003 because of the closure of the route to Poland in November 2003 and slightly fewer departures.

Operating profit (EBITA)

EBITA improved by DKK 7 million to DKK -46 million in Q1 2004 compared with the same period last year.

The improved financial performance can primarily be attributed to lower costs incurred by DFDS Seaways, including reduced depreciations due to the sale of a passenger ship in 2003. As in previous years, DFDS Seaways' Q1 operating profit reflects the significant seasonal swings in the passenger sector.

Operating profit (EBITA)

<i>DKK mill.</i>	Q1 2004	Q1 2003	Change
DFDS Seaways	-106	-113	7
DFDS Tor Line	67	70	-3
Non-allocated items	-7	-10	3
DFDS Group	-46	-53	7

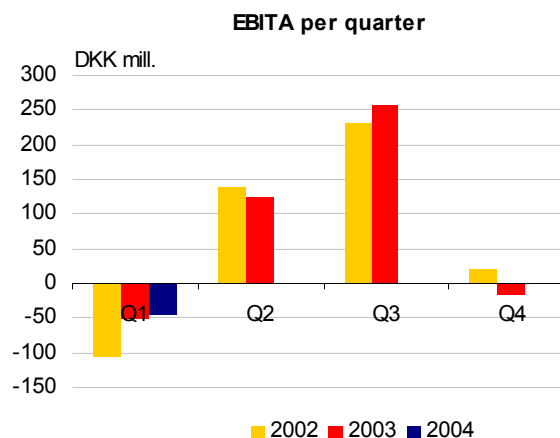
DFDS Tor Line's EBITA for Q1 2004 was slightly lower than in the same period last year. The level of activity was as expected, while the rate level declined for some activities. Start-up costs for a logistics contract, restructuring of a route and more dockings had a negative impact on Q1 2004 compared to the same period last year.

Net financing

Net financing for Q1 2004 amounted to a cost of DKK 47 million, DKK 4 million less than Q1 2003. The reduction in net financing is due to decreases in both net exchange rate losses and net interest costs.

Pre-tax profit

Pre-tax profit for Q1 2004 was thus DKK -94 million, an improvement of DKK 12 million compared to Q1 2003.



Investments

Net investments in Q1 2004 amounted to DKK 322 million. The majority of the investments are related to the first five ro-ro newbuildings from Flensburg Shipyard, three of which have now been delivered, two of them in 2004. One more ship will be delivered in 2004 and one ship in early 2005.

ROIC

Average invested capital amounted to DKK 5.56 billion in Q1 2004. Return on invested capital improved from -3.8% in Q1 2003 to -3.3% in Q1 2004.

Accounting policies

The accounts for Q1 have, with a single exception, been drawn up according to the same accounting policies applied for the annual report for 2003. Compared to the annual report for 2003 deferred tax assets will in future be recognised in investments, while they previously were recognised in current assets.

Profit forecast for the full-year 2004

Revenue for the full-year 2004 is still expected to rise by around 6-8%.

After the purchase of STENA TRAVELLER and the contracting of the sixth newbuilding from Flensburg Shipyard, net investments for 2004 are expected to be around DKK 1.4 billion, an increase of DKK 0.4 billion compared to the expectation of the annual report for 2003.

About half of DFDS' expected consumption of bunkers for Q2-Q4 has been hedged. Moreover, a significant part of the expected foreign currency cash flow for the same period has been hedged.

Pre-tax profit before extraordinary items and minority interests is still expected to be approximately DKK 175 million for the full-year 2004.

Financial calendar for 2004

27 August: Half-year accounts (January-June)

26 November: Quarterly accounts for Q3 (July-September)

DFDS Group - profit development per segment

DFDS Seaways

DKK mill.	2003					2004
	Q1	Q2	Q3	Q4	Full year	Q1
Revenue	353	558	804	382	2,097	336
Operating profit (EBITA)	-113	50	163	-44	56	-106
Operating profit margin (EBITA), %	-32.0	9.0	20.3	-11.5	2.7	-31.5
Invested capital, average	1,803	1,745	1,741	1,701	1,640	1,599
Return of invested capital (ROIC) pa., %	-23.3	9.4	36.3	-9.4	2.9	-26.5
Passengers, '000	341	514	672	363	1,890	297

DFDS Tor Line

DKK mill.	2003					2004
	Q1	Q2	Q3	Q4	Full year	Q1
Revenue	723	727	885	861	3,196	869
Operating profit (EBITA)	70	84	91	41	286	67
Operating profit margin (EBITA), %	9.7	11.6	10.3	4.8	8.9	7.7
Invested capital, average	3,385	3,386	3,585	3,788	3,839	4,012
Return of invested capital (ROIC) pa., %	7.4	8.1	9.6	4.5	7.2	6.7
Lane metres, '000	2,008	2,126	2,323	2,449	8,905	2,445

Non-allocated items

DKK mill.	2003					2004
	Q1	Q2	Q3	Q4	Full year	Q1
Operating profit (EBITA)	-10	-9	2	-15	-32	-7

DFDS Group

DKK mill.	2003					2004
	Q1	Q2	Q3	Q4	Full year	Q1
Revenue	1,072	1,277	1,678	1,238	5,265	1,198
Operating profit before depreciation (EBITDA)	63	226	371	135	794	60
Operating profit (EBITA)	-53	125	256	-18	310	-46
Operating profit margin (EBITA), %	-5.0	9.8	15.3	-1.5	5.9	-3.8
Profit before tax	-106	87	228	-52	157	-94
Invested capital, average	5,468	5,449	5,568	5,525	5,495	5,556
Return of invested capital (ROIC) pa., %	-3.8	7.4	17.6	-1.2	5.0	-3.3

DFDS Group - Income Statement

DKK mill.	2004 1Q	2003 1Q	2003 Full year
Revenue	1,198.2	1,071.7	5,264.9
<i>Costs:</i>			
Operating costs related to ships	-654.5	-526.0	-2,453.7
Charter hire	-122.2	-127.1	-400.8
Staff costs	-272.2	-263.4	-1,178.6
Other costs of operation, sales and administration	-89.3	-92.7	-437.7
<i>Total costs:</i>	-1,138.2	-1,009.2	-4,470.8
Operating profit before depreciation (EBITDA)	60.0	62.5	794.1
Profit/loss on disposal of ships, buildings, and terminals	0.8	-7.0	-14.9
<i>Depreciation and impairment</i>			
Ships	-86.8	-90.7	-391.9
Other fixed assets	-19.9	-17.9	-77.5
<i>Total depreciation and impairment</i>	-106.7	-108.6	-469.4
Operating profit (EBITA)	-45.9	-53.1	309.8
Goodwill/badwill, net	-1.3	-1.6	-13.3
Financing, net	-46.8	-51.4	-139.1
Profit before tax and extraordinary items	-94.0	-106.1	157.4
Tax on profit on ordinary activities	1.5	10.0	-27.6
Profit before extraordinary items	-92.5	-96.1	129.8
Extraordinary items after tax	0.0	0.0	0.0
Profit for the period before minority interests	-92.5	-96.1	129.8
Minority interests' share of the profit for the period	-2.6	-0.9	-14.1
DFDS A/S' share of the profit for the period	-95.1	-97.0	115.7

DFDS Group, Balance Sheet - Assets

DKK mill.	2004 1Q	2003 1Q	2003 Full year
Fixed assets:			
<i>Intangible assets</i>			
Goodwill/badwill	22.0	58.5	19.5
Software	26.6	20.4	20.0
Development projects in progress	1.0	1.0	3.2
<i>Total Intangible assets</i>	49.6	79.9	42.7
<i>Tangible assets</i>			
Buildings	43.8	43.7	44.7
Terminals	180.1	97.5	175.1
Ships	5,097.3	4,848.9	4,791.7
Machinery, tools and equipment	171.8	156.9	173.9
Work in progress and prepayments	375.3	302.3	356.0
<i>Total tangible assets</i>	5,868.3	5,449.3	5,541.4
<i>Investments</i>			
Investments in associates	5.5	4.9	5.0
Deferred tax assets	67.4	75.0	67.3
Other investments	138.0	72.8	141.8
<i>Total investments</i>	210.9	152.7	214.1
Total fixed assets	6,128.8	5,681.9	5,798.2
Current assets:			
<i>Inventories</i>	55.6	62.5	55.1
<i>Receivables</i>			
Trade receivables	523.2	391.3	516.0
Amounts owed by associates	0.2	1.9	3.7
Other receivables	150.0	343.6	126.8
Prepayments	61.1	44.9	60.9
<i>Total receivables</i>	734.5	781.7	707.4
Securities	0.0	0.8	2.3
Cash at bank and in hand	374.9	330.7	435.6
Total current assets	1,165.0	1,175.7	1,200.4
Total assets	7,293.8	6,857.6	6,998.5

DFDS Group, Balance Sheet - Equity and Liabilities

DKK mill.	2004 1Q	2003 1Q	2003 Full year
Equity			
Share capital	800.0	800.0	800.0
Share premium	519.8	519.8	519.8
Retained earnings	1,044.6	1,018.5	1,170.2
Proposed dividends	37.6	52.7	37.6
Total equity	2,402.0	2,391.0	2,527.6
Minority interests	167.3	142.4	165.9
Provisions			
Deferred tax	141.9	137.3	156.8
Pensions	135.1	110.8	127.1
Other provisions	58.6	56.1	76.1
Total provisions	335.6	304.2	360.0
Liabilities			
<i>Long-term liabilities</i>			
Mortgage debt	0.0	16.8	0.0
Mortgages on ships	2,575.7	2,373.3	2,452.5
Financial leases	199.0	150.6	92.9
Other long-term liabilities other than provisions	98.1	43.1	95.9
<i>Total Long-term liabilities</i>	<i>2,872.8</i>	<i>2,583.8</i>	<i>2,641.3</i>
<i>Short-term liabilities</i>			
Bank loans and overdrafts	78.2	8.0	5.6
Trade payables	367.6	339.6	339.5
Next year's repayment on long-term liabilities	366.2	495.5	362.0
Amounts owed by associates	0.0	0.0	3.7
Corporate tax	7.2	8.9	8.5
Other payables	618.3	420.5	522.8
Deferred income	78.6	163.7	61.6
<i>Total Short-term liabilities</i>	<i>1,516.1</i>	<i>1,436.2</i>	<i>1,303.7</i>
Total liabilities other than provisions	4,388.9	4,020.0	3,945.0
Total equity and liabilities	7,293.8	6,857.6	6,998.5

DFDS Group - Statement of Movements in Equity

DKK mill.	2004 Q1	2003 Q1	2003 Full year
Equity at beginning of period	2,527.6	2,549.5	2,549.5
Profit for the period	-95.1	-97.0	115.7
Value adjustments of hedging instruments	-34.8	-27.1	-33.4
Distributed dividends	0.0	0.0	-52.7
Foreign exchange adjustment relating to foreign companies' equity at beginning of the year	17.8	-33.7	-48.6
Effect of difference between year-end and average rates on profit	0.1	-0.7	-0.9
Adjustments	-13.5	-0.1	-2.0
Equity at end of period	2,402.0	2,391.0	2,527.6

DFDS Consolidated Cash Flow Statement

DKK mill.	2004 Q1	2003 Q1	2003 Full year
Cash flows from operating activities			
Profit before depreciation (EBITDA)	60.0	62.5	794.1
Adjustments	-38.3	-26.7	2.0
Change in working capital	65.6	47.8	-44.1
Change in provisions	-10.9	-5.5	-40.8
Cash flow from operating activities, gross	76.4	78.1	711.2
Financing, net	-24.9	-30.8	-171.9
Taxes paid	-4.1	-9.8	-24.3
Cash flow from operating activities, net	47.4	37.5	515.0
Cash flow from investing activities			
Ships	-267.2	-68.4	-424.7
Buildings and terminals	-31.9	-26.9	115.6
Operating equipment	-13.4	5.2	-31.3
Intangible assets	-5.7	-5.6	-11.7
Acquisition of companies	-3.5	0.0	37.9
Acquisition of minority interests	0.0	0.0	-2.2
Associates	-0.5	0.0	0.0
Cash flow from investing activities	-322.2	-95.7	-316.4
Cash flow from financing activities			
Change in other investments	3.3	-46.5	-106.2
Change in loans secured by mortgages in ships	136.0	-89.5	-162.2
Change in other financial loans	0.0	-12.5	24.5
Change in operating credits	72.7	-22.7	-25.2
Dividends paid to shareholders	0.0	0.0	-52.7
Cash flow from financing activities	212.0	-171.2	-321.8
Cash flow for the period	-62.8	-229.4	-123.2
Cash at bank and in hand and securities at beginning of year	437.9	565.2	565.2
Foreign exchange adjustments	-0.2	-4.3	-4.1
Cash at bank and in hand and securities at end of period	374.9	331.5	437.9

The above cannot be derived directly from the income statement and the balance sheet

Definitions

Operating profit (EBITA)	Profit after depreciation and impairment on tangible assets
Operating profit margin	$\frac{\text{EBITA}}{\text{Revenue}} \times 100$
Operating profit after taxes (NOPAT)	EBITA plus extraordinary items minus payable tax for the period, adjusted for the tax effect of net interest costs
Invested capital	Average net current assets (non-interest-bearing current assets minus non-interest bearing liabilities) plus accumulated goodwill and tangible assets minus provision for pensions and other provisions
Return on invested capital (ROIC)	$\frac{\text{NOPAT}}{\text{Average invested capital}} \times 100$
Profit for analytical purposes	The result for the period excluding adjustment of taxes from previous years and reversal of deferred taxes plus extraordinary items
Return on equity	$\frac{\text{Profit for analytical purposes}}{\text{Average equity plus minority interests}} \times 100$
Equity ratio	$\frac{\text{Equity plus minority interests}}{\text{Total assets}} \times 100$
Earnings per share (EPS)	$\frac{\text{Profit for analytical purposes}}{\text{Weighted average number of shares}}$
Dividend per share	$\frac{\text{Dividend for the year}}{\text{Number of shares at end of year}}$
Equity per share	$\frac{\text{Equity at the end of period}}{\text{Number of shares at end of period}}$
Price/book value	$\frac{\text{Share price at end of period}}{\text{Equity per share at end of period}}$