



DFDS new markets and fast development

DFDS reported for its Ferry division for the year 2023 lines a result on the level 2022 despite challenging market conditions as freight volumes were overall decreased in 2023 by the economic slowdown in Europe. Another highlight of 2023 was a record result for the passenger activities achieved on the back of a continued recovery in travel markets. The market conditions in the Baltic Sea continued to be negatively impacted by the war in Ukraine and the overcapacity situation on the Dover Strait likewise continued.

Ferry emission intensity was further reduced by 5.4% in 2023 driven by incremental vessel upgrades and the schedule optimization program Every Minute Counts focused on reducing turnaround time in port terminals and updated schedules enabling lower speed, and reduced fuel consumption.

In 2023 DFDS acquired the FRS Iberia from the FRS group in Germany. FRS Iberia operated with fast catamarans the routes from Tarifa to Tanger Ville and from Algeciras to Ceuta and with RoPax ferries from Algeciras to Tanger Med. DFDS made a fast change and put a third RoPax vessel on the line between Algeciras and Tanger Med and the first two catamarans got the famous dark blue hull paint with the four DFDS letters.



Mathieu Girardin

RoPax spoke with Mathieu Girardin about the next steps and the development of the DFDS group.

RoPax: How was the year 2023 for DFDS?

Mathieu Girardin: We delivered a solid result in 2023 despite difficult markets. For the ferry division we have seen a challenging context on the freight side, but the passenger business has continued to recover after the Covid pandemic. Because of the tragic war in Ukraine it is a challenging situation in the Baltic area with overcapacity and low demand. All in all for 2023 we are quite happy with the results and good resilience for DFDS business in the ferry division.

RoPax: If we look at the other part logistics you are heavily investing in warehouses and new electric trucks. I think you have now the first E trucks in place and your trailer fleet is growing. Is DFDS strategy to go forward to be a big player in the logistics supply chain?

Mathieu Girardin: 2023 was the end of our Win 23 strategy, which led to several acquisitions in the logistics field. Last year we went through a strategic review process and I'm happy have launched our new strategy called « moving together towards 2030 ». The objective of the new strategy is to unlock the value from our expanded network which enables us to offer end to end transport solutions to our customers. We offer a wider range of transport and logistics solutions like sea, road and rail transport, warehousing, and customs. Our strongholds is the ferry links between port A and port B, and by combining this with the enhanced logistics offerings we believe there is value to be unlocked. That means having more synergies and working together across DFDS to help fulfill our

Dennis Kjærsgaard Sørensen

customers needs. This means that our approach for acquisitions will be more opportunistic in the future than what it has been in the past.

RoPax: You will go forward and look also more in logistics to integrate it in your network and business solutions?

Mathieu Girardin: The main focus is to unlock the value of our network. What's interesting to notice it that today we are more relevant to large industry companies because of our scale and new capabilities. We have grown the number of enterprise accounts from 7 to 23 meaning industry accounts with a yearly turnover of or above 10 mEUR. That is a clear signal that we are basically able to compete for more business. We want to continue to build on this and make sure that we leverage our capabilities within ferry transport and logistics and continue to build partnerships with our customers.

RoPax: Very good because you are the best positioned company for the Turkish market and you know what's going on. The German economy is getting weaker and a lot production is moving out due to energy price increase and also the productivity. We see a lot of activities in Turkey and this must be transported into European Union. You are now in the right place because we see more manufacturers of cars which will go to Turkey I think you are also in contact with them this will be also question to strategy are you also looking that you will get also a piece of this cake of this car transportation from Turkey to Europe because there's now full capacity and all the ports getting full.

“Today we are more relevant to large industry companies because of our scale and new capabilities.”

Mathieu Girardin: Regarding transport of finished vehicles, this is an important footprint for DFDS but this is mainly on the routes from Cuxhaven and from Gothenburg. DFDS will continue to develop this market segment in the future. In Turkey we are moving cargo essentially in trailers. Some of those trailers are linked to automotive business, so we believe that we benefit from this traffic. Back to your point on Turkey we fully subscribe to the near shoring development. This is one of the pillars of our strategy. We believe that Turkey is extremely well positioned to benefit from the regionalization of trade flows and will continue to do so in the future. The Turkish



DFDS



DFDS

government has taken measures last year to limit inflation and we see the GDP forecast for 2024 Turkey is 2.93%, significantly higher than Western Europe. We are convinced that this is the right way to go.

RoPax: If we look around the corner in Turkey one of the biggest trade countries Russia is blocked by the Ukraine war and the development of the new silk road and new places for production and trade are the countries connected to the Black Sea like Georgia, Azerbaijan Kazakhstan and more. Do you have this market in focus with connections via Bulgaria, Turkey, and Romania?

Mathieu Girardin: As I mentioned we have a large business unit in Istanbul and we are monitoring trade flow changes, so Black sea on our radar screen. How this could translate into new ferry routes or new logistic routes is still to be defined.

RoPax: If we look at your home market you are leading operator between Sweden, Denmark and Lithuania and you have also now a little bit competition there but how was in general the development of this market also with the issue of Ukraine war?

Mathieu Girardin: We had a challenging year in 2023 in the Baltics because of the impact of the the Russian aggression to Ukraine. We saw significant slowdown of demand and no signs of recovery yet. You must add to that two things. One is what we describe as the economic winter in Sweden where the construction market is down. And the other is that the market has been impacted by overcapacity. We consider ourselves as a market leader in the Baltic area, where we have a very competitive product with modern and cost efficient vessels. Of course we continue to adapt our capacity. That's how we manage to remain competitive, but it's a tough market.

RoPax: What is with your plans to enter the Polish market with a new connection? I think from the political point the frame conditions will change and it could be easier to come in.

Mathieu Girardin: We believe Poland will play an important role as a corridor between Central / Eastern Europe and Scandinavia in the future. Poland is also a strategic market for DFDS. As we already have a strong logistics presence in Poland but at the moment we do not have ferry



DFDS

routes. We believe that the time will come, and we are always looking for opportunities. We are convinced that Poland is one of the countries which will benefit the most from near shoring trend where companies are bringing supply chains closer to end markets like Scandinavia, Germany, France, or the UK. We have just launched a new intermodal train service between Lodz in Poland and our terminal in Vlaardingen in the Netherlands. This is interesting because we have established this connection without launching a new ferry route. This means that we can immediately take the advantage of the growth of our network and bring more volumes to our ferry in Vlaardingen. More generally, the geopolitical landscape is changing rapidly: with the attacks in the Red Sea and trade tensions between China and the US, companies are looking to build more resilient supply chains and relocate production closer to end markets. We believe that this is a long-term trend and that Poland, with other countries in or close to Europe, will also benefit from.

RoPax: The question is if you go from Trieste or from this corridor not via the full booked tracks in Germany or Austria as you go the way via Poland to the North. I think this is also project where you work on develop but at the end you need the ferry. We will see what will happen in the next years, but you are also operating the Estonian to Finland route in cooperation how do you see this corridor in the future?

Mathieu Girardin: At this point, we only have space agreement on this corridor. It is important but relatively small part of our operations. We have not seen increases in volumes in this area and we currently have no plans to expand the offering.

RoPax: Some years ago, you have added to your Copenhagen line the stop in Frederikshavn. How is the situation and do you get enough loads there?

Mathieu Girardin: It was a good decision. We want to offer our freight customers and passengers in Jutland in Denmark to reach Oslo. It is working well.

“Today we are more relevant to large industry companies because of our scale and new capabilities.”

RoPax: Do you see some more volumes due to the closing of the line of Fjordline between Hirtshals and Langesund?

Mathieu Girardin: No, not at this point.

RoPax: Let's look at the North Sea at your routes between Gothenburg and Immingham and Gent. If I look at Instagram and see your famous captain posting movies and pictures the vessels are every time fully loaded. It this business still very fruitful for DFDS?

Mathieu Girardin: Both routes from Gothenburg to Immingham and to Bel-

gium (Zeebrugge and Genth) performed well last year. In all ports we have strong logistics activities with warehousing and truck services including our new electric trucks. We can offer a broad range of end to end transport solutions to industrial customers, like car, steel or timber manufacturers.

RoPax: That's interesting because we know that the UK market does not develop so well because of Brexit.

Mathieu Girardin: Brexit was generally a negative signal for trade, but did not affect our activities so much on these specific routes. When it comes to those industrial customers, end-to-end transport solutions are in demand. Also, these industries show a strong resilience and we have developed long term partnerships trust and loyalty with these industrial customers.

RoPax: Some years ago, I made a trip from Gothenburg to Immingham, and it was really impressive how you manage turnaround times, and it is really a pipeline what you operate in this combination with the huge Swedish car manufacturer and the other business was just the steel contract. You had the heavy steel coils on the tank deck and DFDS is part of the production process.

Mathieu Girardin: Yes, this business is still running. There were very decent volumes in 2023 and we have had a good start to 2024. We are convinced that this is the right model and one of the strongholds of DFDS.

RoPax: You have presented a new solution for RoPax ferries of with methanol propulsion system for operation in 2029. Are these vessels planned for Copenhagen – Oslo line or is it for Ijmuiden – Newcastle line where you will operate them?

Mathieu Girardin: First of all, these ferries are part of a larger plan that we presented last December. By 2030 we will have 6 new



DFDS



JOE



JPE

green ferries in operation. Two of those ferries will be RoPax vessels with methanol propulsion. Furthermore, we will have two Ammonia propelled and powered RoRo vessels and two battery electric powered ferries for the channel. There are challenges as well, not so much with the battery-technology itself but more on how we get the charging power to the ferries and charging the large batteries in short time.

Coming back to Methanol, we have not announced yet where they will be deployed. But they will be RoPax ferries with very modern passenger facilities and cabins but also freight capacity which fits well with our strategy.

RoPax: If we look to the channel, you have still a hard competition there and I think you are the operator together with Brittany Ferries with the French flag and you have also still French crew on board with good salaries. The question is how the situation is and how do you see the development in this law or regulation which are discussed by UK authorities and French and European authorities that you had to operate under UK or French flag and to have higher employ-

ment standard then cheaper flag states. How is the situation and how do you see this market with this not balanced competition?

Mathieu Girardin: First the overall context of the Eastern Channel is that we are seeing a decreasing demand and overcapacity in the market. That is not new. The overcapacity is essentially linked to the entry of a third operator in 2021, and more recently one of our competitors phased in new vessels which then increased capacity even more. We believe we are a competitive player on the market. We are not going anywhere. We are committed to our customers and we are very proud of our French and British crews and staff who are highly skilled, and do a great job on the channel. We are the second largest employer of French seafarers. We have more than 1,200 colleagues in France including 800 seafarers so that's a significant footprint for DFDS. Last year we've seen some developments supported by DFDS and the French and British governments regarding minimum wage. Both governments have implemented regulation against social dumping and recently the French government has signed a decree implementing an anti-dumping law on cross-Channel traffic. It

demonstrates the French government's commitment to secure maritime safety, protect seafarers, and restore a level playing field for all operators on the Channel. Now, we are waiting to see how the authorities will enforce the legislation.

RoPax: The stronger competition came with a new player from Ireland to generate the transshipment volumes from Ireland, but do you see there is still much cargo from Ireland via the channel? You and some other players have launched direct services with huge cargo capacities, and I think they are very good booked. How is the situation also on your line between Dunkirk and Rosslare?

Mathieu Girardin: Yes, we are quite satisfied with this route since we launched the line. We are in competition both from RoPaxes west of Dunkirk and RoRo vessels in Zeebrugge. We have a good product with the RoPax from Dunkirk and we see a positive trend both on the freight and passenger sides.

RoPax: If we look on the Irish sea CLdN bought Seatruck and Stena Line reopened the old P&O line between Dublin and Liverpool. The Irish seas two big players where do you see your role because you as DFDS?

Mathieu Girardin: It's an interesting market. In 2022, we acquired logistics company McBurney, and thus we have a strong logistics presence in Northern Ireland. So naturally, this is a market we are following closely but there are no concrete plans at this stage.

“We are the second largest employer of French seafarers. We have more than 1,200 colleagues in France including 800 seafarers so that's a significant footprint for DFDS.”

RoPax: Let's look at your new filed Spain – Morocco. You took over the FRS Iberia activities and it's impressive how fast you are implementing your system and your brand. You painted the “Ceuta Jet” and the “Tarifa Jet” in short time to dark blue with your white letters and you bring in the third RoPax “Patria Seaways”. We see there is a change in the tender strategy for the Tarifa route. If you set greener vessels or greener fast ferries into service, you will get longer license

runtime. How is your strategy and your next steps?

Mathieu Girardin: First, on the Tarifa route, which is a high-speed craft route operated by DFDS, the new tender is coming and we are still in the process of evaluating this tender. On the Algeciras-Tanger Med route, it is important to understand that we acquired FRS Iberia/Maroc to combine the growth on the freight side and continued growth on the passenger side. We believe the nearshoring trend will continue to have a positive impact on Moroccan export flows, and DFDS will support the trade between Morocco and Europe with required capacity.

“We believe the nearshoring trend will continue to have a positive impact on Moroccan export flows, and DFDS will support the trade between Morocco and Europe with required capacity.”

RoPax: If we look on to the long-term planning do you will go with your logistic activities more to Morocco and to offer your supply chain concept because Morocco is the same as the economic development in Turkey as a place for production with high export rates to Europe?

Mathieu Girardin: The same logic which applies to Turkey and North Europe is also valid for the Strait of Gibraltar. We will investigate any opportunity to grow our network but for now we are focussing on the integration of FRS Iberia/Moroc.

RoPax: How do you see the ETS discussion if big operators from oversea like from China or other Areas will not enter



JPE

the European Union not to pay ETS and then instead go to North Africa to discharge vessels in Tanger Med. It should be a very interesting place to unload all the goods and operators like you should transport the last mile into Europe.

Mathieu Girardin: Of course we do comply with the ETS regulation and will continue to do so. It is too early to say how this will impact trade patterns in the strait of Gibraltar.

RoPax: That’s a question if you have logistic activity with own warehouses in Morocco and you do the stripping of containers and you put it into a trailer or you may contradiction or something like that and then you are in the lead for the whole supply change into Europe. You can decide what you do if you use a short leg by RoRo or put it again on a feeder vessel.

Mathieu Girardin: We have not seen this type of new demands yet from our customers. Our strategic intention to support the growth of Moroccan exports by developing existing services and look at opportunities for additional routes into the Med both on accompanied and unaccompanied services.

RoPax: Very good you are now on Morocco you are in Turkey you have the Tunisian traffic. How does this traffic run and how is the situation?

Mathieu Girardin: The traffic is relatively stable. Volumes from Tunisia into Europe have not grown as fast as Moroccan volumes on roro routes. It is growing but



DFDS



DFDS

DFDS

slowly. We have a good service there and a good cooperation with CMA CGM.

RoPax: Some weeks ago, it was announced at Fruit and Logistic fair in Berlin there will be a new line to Egypt from Trieste together with a partner in Egypt or how will be the constellation?

Mathieu Girardin: If the project materialises, we will be the operator, but this still needs to be fine-tuned. There have been several conferences and discussions around this topic. If you think about our Mediterranean footprint, I am supportive of this project because we know that there is real customer demand for such a fast and reliable RoRo service into and from Europe.

RoPax: Are you looking on to Algerian market also and later Libya and Syria if stability is there?

Mathieu Girardin: Not at this stage. We are of course monitoring these markets but we have no presence in Algeria, Libya or Syria.

RoPax: If we look at the ETS and Carbon discussion now you have described the three types of vessels which you will de-

“Our day-to-day focus is to improve the efficiency of all vessels to reduce carbon intensity which we have been able to do successful in the past two years with a reduction of 4% in 2022 and 5% last year. That’s almost 10% over two years.”

velop in the next years. But what are your actual activities to reduce emissions.

Mathieu Girardin: Our day-to-day focus is to improve the efficiency of all vessels to reduce carbon intensity which we have been able to do successful in the past two years with a reduction of 4% in 2022 and 5% last year. That’s almost 10% over two

years. We have invested in vessel retrofits such as new antifouling, propellers and air lubrication. Furthermore, we recently launched a new schedule optimisation program called every minute counts, already yielding with great results. We control operations in eight terminals and in those terminals, we have been able to optimize turnaround times. This was achieved through investments in new equipment, training and implementation of new mobile systems. These investments in technology and people reduce the turnaround times. We can leave the port earlier and we spend more time at sea.

“Electric tugmasters are a challenge because of the 4 x 4 drive which is required to load and unload via the ramps of our vessels.”

RoPax: Your operating some terminals by your own, do you have also plans to go at the end carbon free in operation with tugmaster and forklifts?

Mathieu Girardin: We are making good progress but electric tugmasters are a challenge because of the 4 x 4 drive which is required to load and unload via the ramps of our vessels. We are in discussions with tugmaster manufacturers so that we can find emission free solution in the future. On the land transport sides we have 95 electric trucks in operation today and we just ordered 100 additional e-trucks which will bring our fleet to 225 when they are delivered. We have the largest fleet of heavy-duty electric trucks in Europe. The e-trucks are working well and we have found the right business model to operate those trucks.

RoPax: Trieste how’s the plan there to develop the terminal I think there was a project to get more space. How is the situation?

Mathieu Girardin: Trieste is and will remain an important place for our services in the Med. You can note that, over time, we have also developed a secondary hub for Med operations in Sete. We have flexibility here, including good train connections, but it is correct that we will need more terminal space in Trieste as volumes continue to grow. In this regard, we have currently reviewing options with local stakeholders.

RoPax: Thank you very much for the conversation.