



JPE



JPE

DFDS growth in cargo

DFDS invested in new RoRo and RoPax vessels in the last three years. The last new building from China „Luna Seaways“ arrived end of April in Sweden and will be operating together with sister RoPax „Aura Seaways“ between Klaipeda (Lithuania) and Karlshamn (Sweden). Both ferries are the biggest RoPax vessels sailing under Danish flag. DFDS had a good year 2021 and recorded an increase by 8% in revenue compared to 2019 before pandemic times.

RoPax was in Copenhagen and spoke with Peder Gellert Pedersen Executive Vice President of DFDS Ferry Division. Peder Gellert Pedersen worked 28 years for DFDS in August 2022 he will retire.

RoPax: DFDS reported for the last two years very good figures and an increase in cargo volumes in all areas. The Brexit was not only a challenge also a booster for your transports. Could you describe how DFDS managed successful the pandemic and Brexit times?

Peder Gellert Pedersen: On the passenger side we were extremely challenged because we had very few passengers. But this break gave us the time to reorganise our services on board of the ferries between Oslo and Copenhagen. We have changed the agreement with the staff to reduce costs and to make it more efficient. We have integrated a stop at the port of Fredrikshavn into the line. We collect northbound a lot of cargo. We leave from Fredrikshavn at midnight, and we are every departure filled with cargo. We had never been so many bookings for the winter holidays in the history of our line by the new stop in Fredrikshavn. We have now a shorter stay in Copenhagen to cover the schedule.

All in all it is financially a much better solution for this line.

Of course, we have reduced our EBITDA by about one billion Danish Crowns caused by Covid 19 on the vessels in the channel and also in the Baltic. 2022 is not back to the level we had 2019. We are not up to 2019 we see not the amount of pre bookings.

On the cargo side Covid 19 did not really impact the cargo flows. If you ask also for Brexit influence on our business, we covered business by our customer services, which we implemented. Another fact is we as DFDS have a logistic business it is easy to us foresee the opportunities. We are closer than a normal ferry operator to the customers because we work together with companies like Volvo, Carlsberg or Danish Crown. Brexit has been a challenge for a time. We continued with our schedules and had no delays. Many others had to reduce the schedules and frequencies between the Netherlands and UK and there we gained a lot of new customers. They appreciated that we have a good service. When we will be back on the full level on passenger side than we are really stronger as a company as before.

RoPax: How was the result at your Med services between Italy, France to Turkey and from France to Tunisia?

Peder Gellert Pedersen: We had hardly any impact we will be operating 21 vessels on the service when we took over, we had 16 vessels and we have two mega vessels in service. We grow with the service which we running to Tarragona and the additional capacity, which we took on the Sète service. We offer additional departures from Mersin to Trieste. It has become a huge service we have seen volumes are increasing rapidly in 2021 there are still very strong volumes. I am

little nervous what will be with the automotive industry because the Ukraine crises will cause a lack of steel and parts. But so far, we have not seen a decline in volumes and traffic.

RoPax: In Trieste you have limited space in the port how will you solve this problem in the future? You shift some lines from Trieste to Sète in France.

Peder Gellert Pedersen: One of the reasons is partly the missing space in Trieste but also a lack of rail connection capacity through Austria. If anything happens in Austria we have a stop in our flow. From Sète we can offer a good service to UK and also to Western areas in Europe like Bettenburg (Luxemburg). Sète offers a very good service in the port. The problem is only Sète is far away, and we need five vessels to offer four round trips to Turkey. One third of the traffic from Turkey goes to Spain.

RoPax: How is DFDS prepared for the future to cover the carbon-tax. Do you will slow steam or what is your solution.

Peder Gellert Pedersen: We are in a dialogue with our industry customers, and we ask them how they will accept higher cost due to carbon tax and energy. They answered yes, we have to pay more. Of course, it is a difficult task to implement it. The consumer realizes that you pay more if you get things from far away. As consumer you have to pay more. We have to do from our side to cover costs by developing more efficiency. We will take one third of the more costs, one third the producer and one third the consumer. There will be a bill to pay for it. Weather you do the CO₂ charge, or you burn fossil free fuels which are four time more expensive one solution is slow steaming we can actual do it but on other service like Dover – Calais there you have to accept extra costs. But there you can sail with batteries. There will be for each route an individual solution. There is not one size that fits in the whole network.

RoPax: Do you have plans to install batteries at your vessels between Dover and Calais / Dunkirk?

Peder Gellert Pedersen: We have positioning our self all of our vessels are more than 22 years old. We will stay with them the next 8 years and our way is to wait for the right solution. Then we will build new ships for Dover – Calais. That's why we use the E Flexer of Stena they are very good ships and really flexible and we have chartered it for 10 years. Each route will have their own green solution in the future. This will reduce the flexibility in the fleet but it is the way of reducing emission.

RoPax: How does you route from Marseille to Tunis perform?



Peter Gellert Pedersen

“We have positioning our self all of our vessels are more than 22 years old. We will stay with them the next 8 years and our way is to wait for the right solution. Then we will build new ships for Dover – Calais. That's why we use the E Flexer of Stena they are very good ships and really flexible and we have chartered it for 10 years.”

Peder Gellert Pedersen: 10% annual increase right now. It is performing very well, and we have a lot of automotive cargo on board. And if you look at the actual situation with Russia and China you will see a lot of products will come out of North Africa. My old dream Maghreb will become like the Baltics will become reality in the next 10 years.

RoPax: How runs your business from Cuxhaven in Germany to UK.

Peder Gellert Pedersen: Cuxhaven is a good port, and they do a very fine job. Cuxhaven is a kind of an out port. That is for us a challenge. There are not enough trailers you have to transport you have cars and project loads to get a good load mix. We never made a lot of money in Cuxhaven you need vessels with handing decks for the cars and also strong decks for heavy loads. This is a service, which must really been sharp monitored. We have a good team there.

RoPax: If you look at the Brexit in total for DFDS, did you stay strong?

Peder Gellert Pedersen: If you look at the Brexit in total. Volumes have dropped but they will come back and it is a huge country. UK is looking to get more production there and automation in production will help and we will see more traffic and export from the UK You have fairly good skilled workmanship, and you can attract people because you have the common language. We came out stronger as before the Brexit, because the basket is bigger. For us there are more eggs in the basket.

RoPax: The line from Calais to Sheerness is a bypass for you?

Peder Gellert Pedersen: No this is the rail traffic from Turkey to UK and that will attract more traffic and we move this by our own. It is a DFDS product.

RoPax: Your service between Dunkirk and Rosslare is also running well?

Peder Gellert Pedersen: Yes, it is a really good traffic and we have chartered a vessel from Gotland, which will stay until end of 2022. We have a fantastic situation there.

RoPax: Why are so many cargo units using this way and not the way via UK and Dover like in the past? Is it the waiting time or the customs?

Peder Gellert Pedersen: I think now it is the waiting time in Dover but normally this is not the main issue. Initially it was big concerns from the producer side like Apple or Coca Cola we will not use the land bridge via UK because the traffic is very time sensitive. What we do between Rosslare and Dunkirk is less time sensitive that's why we have fast vessels like the “Visborg” and “Athena” because we will offer the trip in 24 hours. The industry is

willing to pay the fast service. The question is will it continue. If all runs well and better in UK it could go back to the land bridge. But you have also a lack of drivers and that are also important elements in supply chain services. So long we see there is a need we will offer this service.

RoPax: It is a very interesting situation that Irish Ferries opened its own line between Dover and Calais. Is there room for a third operator?

Peder Gellert Pedersen: There is no room for a third operator the traffic between Calais and Dover has declined by 5 % the last four years.

RoPax: If we look at your Baltic services how is the outlook for this year? You will operate two huge RoPax vessels with 4,500-lane meters cargo capacity.

Peder Gellert Pedersen: We have seen a decrease on the Kiel – Klaipeda service and we took away the RoRo vessel and we operate now with two RoPax vessels they are fully booked. I do not think you will see more decrease if we look back in 2008 and 2018 were, we had the crisis with Russia. What happened was the Baltic States they did to turn to the West because all what they got from Russia and Belarus they took from Western Europe. We think there will be a demand for more traffic from West to the Baltics.

RoPax: How happy are you with your service between Estonia and Sweden?

Peder Gellert Pedersen: We will increase the capacity because we will put a second vessel “Patria Seaways” into the service.

RoPax: DFDS bought in the last years some logistic companies like HSF and ICT Logistics. Do you will increase your activities in this area and offer more supply chain solutions?

Peder Gellert Pedersen: Absolutely we will invest more in the future in this business area. We have targets in Germany, Netherlands and also in Sweden but not today in the South European area. That will be a growing area in DFDS.

RoPax: Are you working on a automation project to load and unload the vessels with one of the Tugmaster manufacturers?



Peder Gellert Pedersen: We have for terminal operation a project with Terberg and also with Volvo trucks.

RoPax: DFDS announced last year to work with digital twin solutions do you have it ready?

Peder Gellert Pedersen: There are many things in progress you do not really have a full operational digital twin we do it at the vessel and also at the tugmaster side. The whole concept of digital twins is used in various connections. More than 1/30 of the people in Headquarter of DFDS are working in technology innovation. We invested a lot in this area.

RoPax: DFDS announced some years ago to work on a hydrogen ferry concept for

your line Copenhagen – Oslo. How is the actual situation in with this project?

Peder Gellert Pedersen: The hydrogen ferry is on the drawing board. We have submitted an application for the project. We await the outcome in the next month and then we will decide how we will move on in this project. It could be a kind of Jingling vessel. The next RoRo vessel will be a green one.

RoPax: Thank you very much and thank you for the long cooperation and we wish you all the best for your future mainly health and happiness. ■