

Press release

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## **Scandlines generated solid performance and stable operations in 2018**

*Scandlines maintained profitability in 2018 on the back of stable operations and high reliability levels. The group's two ferry routes completed more than 43,000 departures and transported 7.4 million passengers between Germany and Denmark, underlining Scandlines' position as an invaluable part of European infrastructure.*

Group revenue declined 2 percent to EUR 477 million in 2018 (2017: EUR 487 million) following a slight decline in car traffic and BorderShop visits driven by the unseasonably warm weather in the period from May to September, which dampened Scandinavians' need to travel South on holiday. Revenue from the two ferry routes was unchanged at EUR 352 million following strong performance in the freight segment and continued progress on the Rostock-Gedser route, compensating for slightly declining leisure traffic on the Puttgarden-Rødby route during the year. BorderShop revenue declined to EUR 125 million (2017: EUR 135 million) due to lower leisure travel and a weakening of the Swedish currency, which reduced Swedish customers' incentive to visit the group's BorderShops.

Profitability was maintained in 2018 as Scandlines generated profit from ordinary activities (recurring EBITDA) of EUR 191 million (2017: EUR 194 million) corresponding to a stable recurring EBITDA margin of 40 percent (2017: 40 percent). While profitability was satisfactory and driven mainly by higher freight volumes and cost control, we are still far from reaching results posted by fixed connections and other infrastructure companies in the region.

"We saw freight traffic increase by 7 percent and surpass 700,000 freight units in 2018. This is due to the fact that our high level of reliability, frequent departures and the ability to comply with resting time regulation while sailing remain a very valuable combination for our professional customers. Simultaneously, we maintained our focus on building long-term customer relationships. Around 150,000 new members joined our SMILE loyalty programme, which had more than 700,000 members at the turn of the year. Finally, we invested in a new web shop and pre-ordering system for the BorderShops as well as targeted training for all customer-facing employees to ensure the best possible service from online booking to boarding, sailing and shopping," says CEO Søren Poulsen Jensen.

Significant investments have been made in Scandlines' business in recent years, and the group has demonstrated its ability to outperform fixed connections in terms of fewer cancellations and higher reliability. The investment level was therefore lower in 2018 where Scandlines demonstrated its competitiveness and generated historically strong cash flows while simultaneously reducing interest-bearing debt.

"We will continue sailing and serving our customers, while investing in green initiatives such as new thrusters on our ferries on the Puttgarden-Rødby route to build a stronger business and ensure a sustainable future for Scandlines and our surroundings," says CEO Søren Poulsen Jensen.

Scandlines expects revenue and profitability (recurring EBITDA margin) to increase moderately in 2019 based on sustained growth and further improvement of capacity utilisation on the Rostock-Gedser route combined with slightly higher volumes and stable operations on the Puttgarden-Rødby route.

In MEUR	2018	2017
Revenue	477	487
Result from ordinary activities, excl. special items (recurring EBITDA)	191	194
Amortisation and depreciation	-38	-42
Result from ordinary activities (EBIT)	148	140
Net financials	-20	-49
Result before tax	128	91
Result for the year	124	88
Total assets	1277	1307
Investments (capital expenditure)	13	27
Interest bearing liabilities	768	821
Average number of employees (FTE)	1534	1524

The full annual report for Scandferries ApS can be downloaded [here](#).

### **About Scandlines**

*Scandlines stands as a symbol of a historical and close cooperation between Denmark and Germany. Scandlines operates two ferry routes with high capacity and frequency as well as with a green vision for the future.*

*The core business is to provide an efficient and reliable transport service for both passengers and freight customers. The main focus for all activities in Scandlines is to create value for our customers on board the ferries as well as in our shops.*

*With more than 43,000 departures on 8 ferries, in 2018 Scandlines transported 7.4 million passengers, 1.8 million cars and more than 0.7 million freight units and 36,000 busses on the routes Puttgarden-Rødby and Rostock-Gedser. Scandlines had 1,534 full time employees (FTE) and revenue of EUR 477 million.*

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