

DOMESTIC FERRY DEVELOPMENT AND REGULATIONS

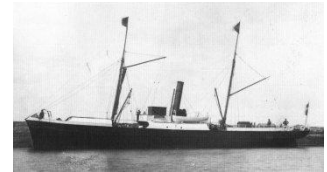
**Ferry Shipping Conference 2008, Color Magic, Kattegat
16. April 2008**

Mads Kofod, CEO




Presenting Bornholmstrafikken A/S

Timeline



S/S Skandia

- Since 1866
- May 1973 – May 2005 conducted by the Danish state
- May 2005 and beyond limited company
- April 2007 formed NORDIC FERRY SERVICES A/S as a 50/50 joint venture with **CLIPPER** 
- November 2007 Clipper Group A/S buys Sydfynske A/S from Scandlines AG



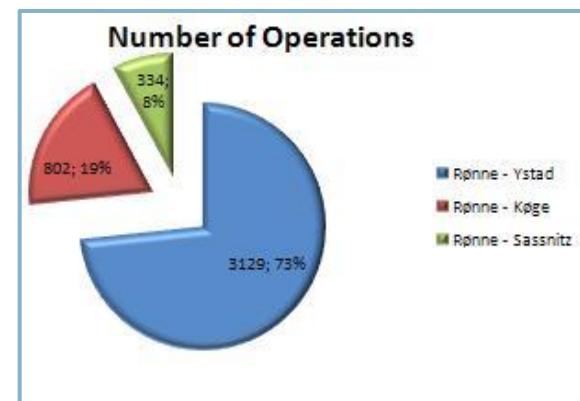
HSC Villum Clausen



Presenting Bornholmstrafikken A/S

Fiscal year 2007


- Employing 383 people
- Operating 4 ferries
- More than 4,250 yearly operations
- Transporting: 1.5 mio. passengers and more than 350,000 vehicles





Presenting NORDIC FERRY SERVICES A/S

Partnering with Clipper Group

- As mentioned, a 50/50 joint venture with **CLIPPER** 
- Clipper Group A/S: 2nd largest Danish shipping company
- Clipper employs app. 500 people worldwide
- Controls around 250 vessels





Presenting NORDIC FERRY SERVICES A/S

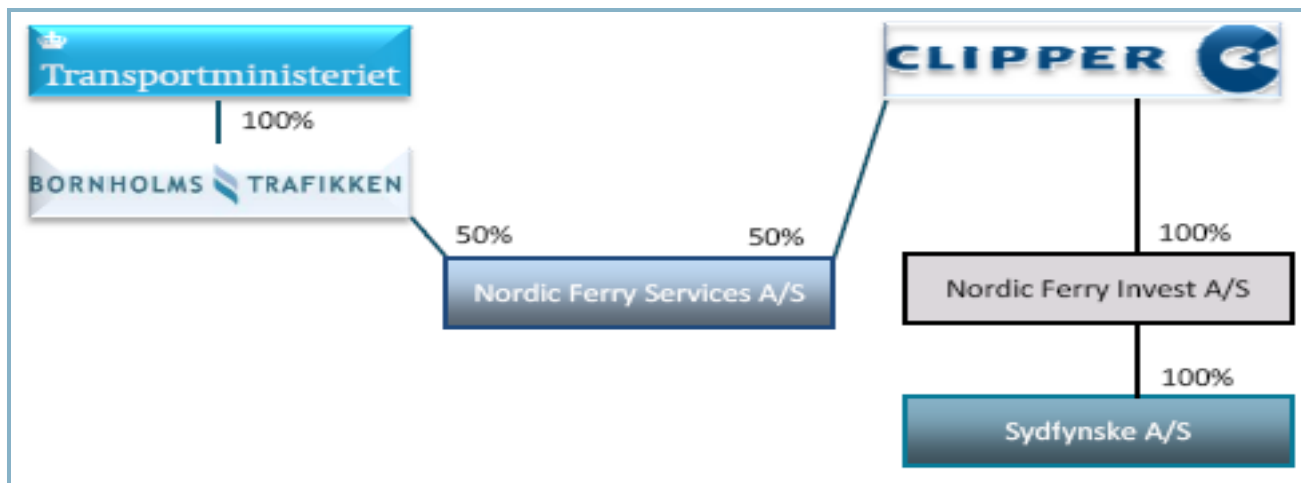
Administrated domestic ferry operations





Presenting NORDIC FERRY SERVICES A/S

Ownership and operations



BORNHOLMS TRAFIKKEN

SAMSØ TRAFIKKEN

LANGELANDS TRAFIKKEN

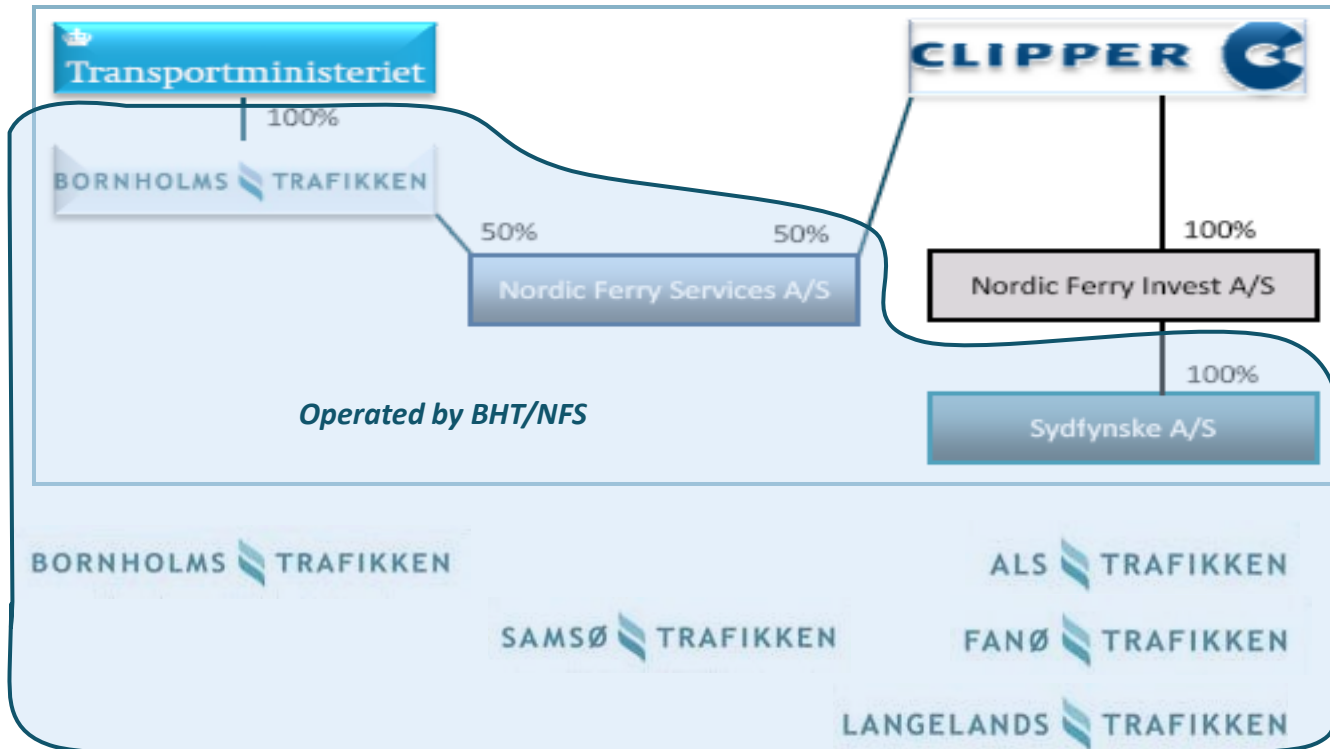
ALS TRAFIKKEN

FANØ TRAFIKKEN



Presenting NORDIC FERRY SERVICES A/S

Ownership and operations





Presenting NORDIC FERRY SERVICES A/S

Samsø routes

- May 2007 won it's first public tender (Samsø route to Jutland)
- Saving the local municipalities on Samsø a yearly compensation of **1,1 mio. €**
- September 2007 initiating negotiations with the existing operator concerning the route to Zealand
- October 2008 NFS will be the sole operator on Samsø



Presenting NORDIC FERRY SERVICES A/S

Administrating other routes

- November 2007 Clipper Group acquires Sydfynske from Scandlines
- April 2008 NFS will be administering more than 2,5 mio. passengers and more than 650,000 vehicles on these routes
- Strategic ambition: Make offers for other public tenders of both Danish domestic as well as foreign ferry services
- Long term goal: Merger between the companies in the realisation of a large Danish shipping cooperation



The Danish Ferry Operations

Connecting the islands

- Brigdes crossing Storebælt and Øresund resulting in terminated ferry routes
- Danish islands connected to the mainland by ferry routes:

Island	Operator	Tendering authority
Bornholm	Bornholmstrafikken A/S	Trafikstyrelsen
Samsø	Samsø Linien A/S (until October 2008)	Partly local municipalities of Samsø and partly Trafikstyrelsen
Ærø	Ærøfærgerne A/S	Local municipalities of Ærø
Als	Sydfynske A/S	Trafikstyrelsen
Langeland/Lolland	Sydfynske A/S	Vejdirektoratet v/ Sund&Bælt
Fanø	Sydfynske A/S	
Læsø	Færgeselskabet Læsø K/S	The shipping company is owned by the local municipalities on the island Læsø and partly by the local municipalities on Samsø



Public tendering in Denmark

- Difference in stipulated contract periods between DK/EU
 - DK: 5 year contract periods
 - EU: 6 year contract periods
- Public tendering used as means to ensure cost efficient transport services for the citizens
 - Used in all sectors of public transport in DK: Busses, trains and ferries
- Also used by the authorities to avoid having inefficient public companies
 - Competition must result in trimmed and optimised administration



Disadvantages of public tendering

- Discontinuity of concepts

(e.g. Bornholmstrafikken has to change concept for the third time in only 7 years due to the new public tender in 2008 for the routes from Bornholm)

- Large investments with a short depreciation horizon

(e.g. Bornholmstrafikken had to invest in new material for the public tender in 2003 and has to invest in new material again for the new public tender)

- Lowest bid not necessarily the best prospects for the future

(e.g. the NFS loss in the tender for the Funen – Als route, where the an offer with 30 year old material won against new material)

- Uncertainty for employees due to the employment in 5 year periods



Advantages of public tendering

- Ensuring frequent and reliable services

(e.g. the winning company has to fulfil the stipulated requirements)

- Ensuring low prices for the customers
- Ensuring the authorities can choose the most cost efficient offer to the tender
- Avoiding inefficiency of public companies

Thank you for Your attention!