A.P. Møller-Mærsk A/S
Q1 2019 report

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Forward-looking statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of A.P. Møller - Mærsk A/S' (APMM), may cause actual developments and results to differ materially from the expectations contained in this presentation.

Comparative figures
Unless otherwise stated, all comparisons refer to y/y changes.

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Interim report Q1 2019

Key statements

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Key statements Q1 2019

Highlights for Q1

Significant uplift in earnings and free cash flow driven by Ocean and Terminals & Towage

- **Solid start to the year** and continuing the positive performance from second half-year of 2018.
- **Revenue increased 2.5%** to USD 9.5bn.
- **Improved profitability** with EBITDA increasing 33% to USD 1.2bn, reflecting a margin of 13.0%.
- **Operating cash flow increased 104% to USD 1.5bn** with a cash conversion ratio of 120%.
- **Net interest bearing debt of USD 12.6bn** reduced by USD 2.4bn since Q4 2018 and by USD 7.1bn since Q1 2018.
- **Return on invested capital (ROIC) improving** to 1.3% from -0.5% in Q1 2018.
- **Unchanged guidance** of EBITDA around USD 5bn incl. IFRS 16 effects due to continuing market uncertainties related to Ocean.

Revenue USD 9.5bn (+2.5%)

EBITDA USD 1.2bn (+33%)

CFFO USD 1.5bn (cash conversion 120%)
(bef. IFRS 16 lease payments)

Free cash flow USD 3.5bn incl. sale of shares in Total S.A.
(bef. IFRS 16 lease payments)

Return on invested capital 1.3%

NIBD USD 12.6bn
(incl. IFRS 16 lease liabilities)

Key statements Q1 2019

Recap from CMD 2018: Shaping the future

Our investment case: Cash focus short term, profitable growth long term

Short term:

- Retain investment-grade rating
- Complete energy separation and distribute proceeds
- Restore profitability
- Capital discipline

= **Improve free cash flow (CROIC)**

Long term:

- Grow integrated offerings (Ocean and Logistics & Services)
- Grow non-Ocean revenue disproportionately
- Stable, growing earnings
- Reduce capital intensity

= **Improve return on invested capital (ROIC)**

Key statements Q1 2019

Transformation update

Significant improvement in free cash flow generation and synergies

- **Non-Ocean revenue declined by -1.1%** in Q1 2019. Adjusted for the closure of production facilities in MCI, revenue grew by **3.8%**.
- **Gross profit for Logistics & Services grew by 2.2%**, positively impacted by intermodal and warehousing.
- Hamburg Süd and Transport & Logistics contributing with **increased synergies of around USD 130m in Q1 2019** accumulating to around USD 870m in total.
- **Significant improvement in the cash return on invested capital (CROIC)** from -5.9% in Q1 2018 to 6.7% in Q1 2019 due to strong free cash flow generation combined with reduced invested capital.

Non-Ocean[1] revenue growth

3.8%

Logistics & Services' gross profit growth

2.2%

Annual synergies by end of 2019 of USD 1bn

USD 0.9bn

Cash return on invested capital

6.7%

[1] Non-Ocean is defined as Logistics & Services, Terminal & Towage and Manufacturing & Others, but excludes Maersk Oil Trading.
Note: the growth is adjusted for the closure of the two factories in MCI.

Key statements Q1 2019

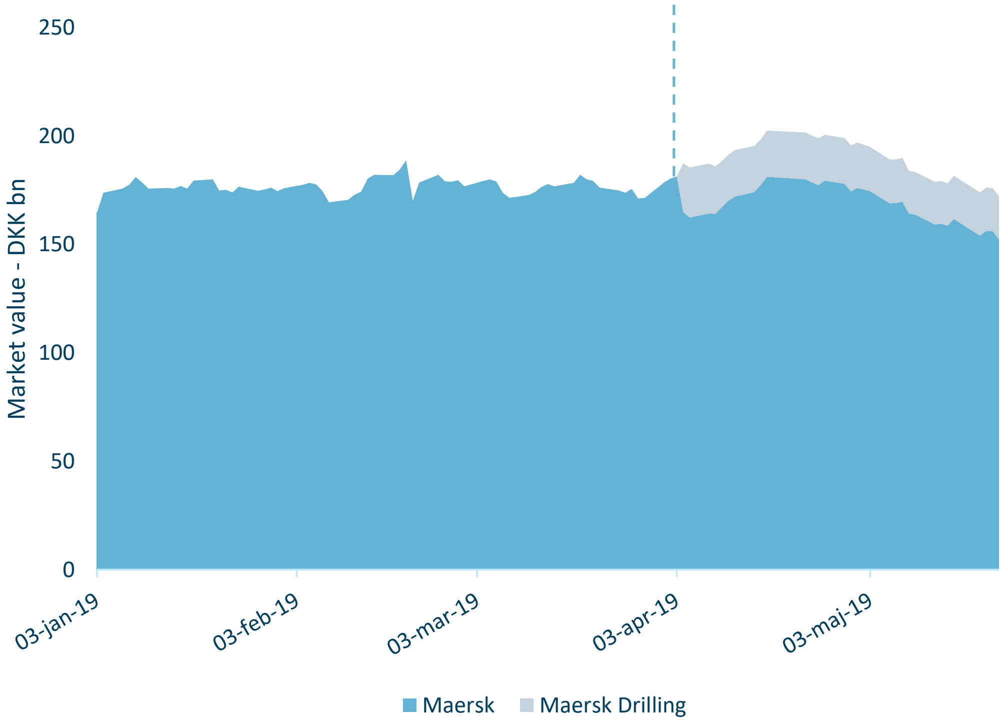
Completing the separation

The demerger of Maersk Drilling marks the ending of the separation of the Energy businesses

- **Separation of Energy businesses finalised** with the demerger and listing of Maersk Drilling on 4 April 2019 and reclassification of Maersk Supply Service as continuing business.

- Based on the combined value of A. P. Moller - Maersk and Maersk Drilling on the first day of trading the demerger of Maersk Drilling **contributed with 3.3% or around USD 1bn higher value to the shareholders**.

- **Maersk Drilling is still included as discontinued business in the Q1 report**, and net result impacted by a fair value adjustment between the book value and market value of negative USD 628m.



Key statements Q1 2019

Distribution of proceeds from Total S.A. shares

Initiating cash distribution through a share buy-back programme of DKK 10bn (around USD 1.5bn)

- The Board of Directors has decided to exercise the authority to **buy back shares with a maximum value of DKK 10bn (around USD 1.5bn).**
- The **strong free cash flow generation and the reduction in debt** have supported the investment-grade rating.
- The share buy-back programme will **run from June 2019 and over a period of up to 15 months.**
- After execution of the announced programme the Board of Directors will **evaluate the capital structure and outlook of APMM with the intention to distribute additional cash** to shareholders, subject to maintaining investment-grade rating.

Share buy-back of USD 1.5bn to be executed over a period of up to 15 months

Intention to distribute additional cash to shareholders, subject to maintaining investment-grade rating

Key statements Q1 2019

Dividend policy

Introducing a new long-term dividend policy to accommodate the new structure and strategic direction

- To **accommodate the announced strategy of A.P. Moller - Maersk** to become the global integrator of container logistics, the Board of Directors has proposed a new dividend policy.
- **The new dividend policy is an annual payout ratio of 30-50% of underlying net result** adjusted for gains, impairments and restructurings.
- **The new dividend policy provides APMM with the flexibility to adjust dividends within the range** to accommodate investment needed to grow non-Ocean disproportionately.
- Medium-term during the strategic phase of balancing the company between Ocean and non-Ocean the annual payout ratio should be **expected at the low to mid-point of the range**.
- The annual payout ratio and distribution will be set from an evaluation of the outlook, cash flow, organic capex and M&A transactions and remain investment grade rated. The policy will be **implemented for the 2019 financial year**.

(USD m)	2018A	2017A	2016A	2015A	2014A
Underlying net result	-69	285	-553	1,651	2,734
Dividend	517	454	953	6,141	1,131
Share repurchases	0	0	475	780	653
Total cash distribution	**517**	**454**	**1,428**	**6,921**	**1,784**
Payout ratio	N/A	159%	N/A	372%	41%
Payout ratio (incl. SBB)	N/A	159%	N/A	419%	65%

✓ USD 11.1bn distributed in the last five years.

✓ Additional distribution in 2019 of dividends (~USD 500m) and Maersk Drilling (~USD 3.5bn) and share buy-back.

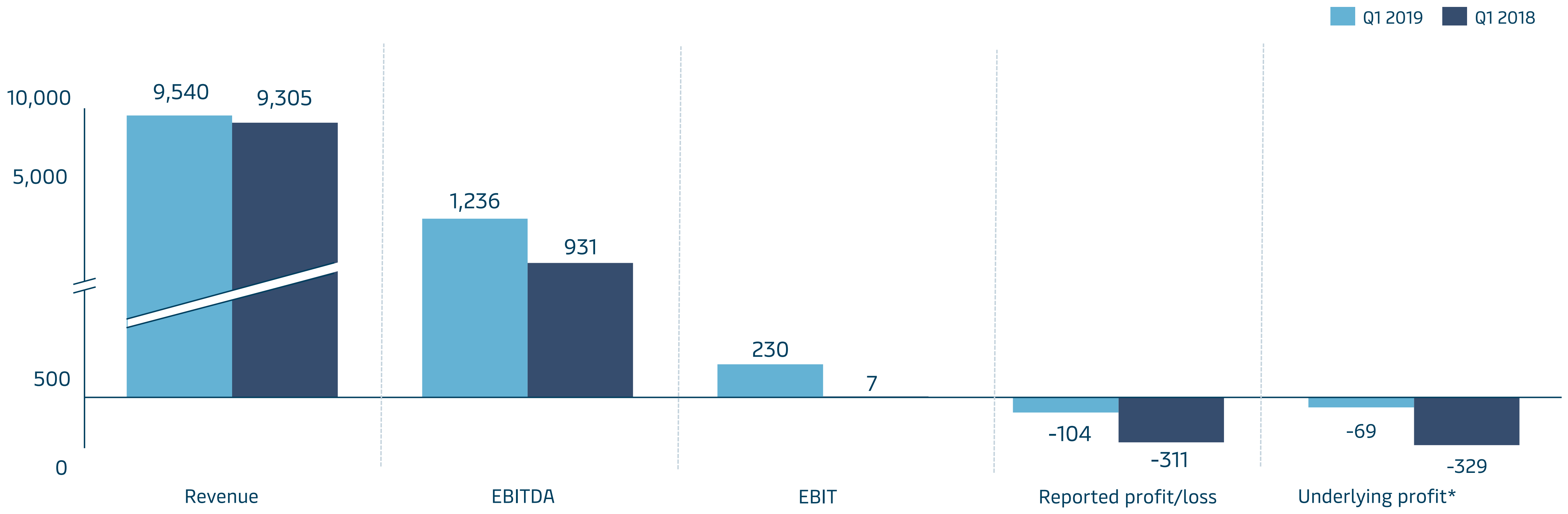
Q1 2019

Financial highlights

Financial highlights Q1 2019

Growing top and bottom line

USDm (continuing businesses) **Financial highlights**



Continuous focus on profitability led to an improvement in EBITDA of 33% or 300bps on the margin.

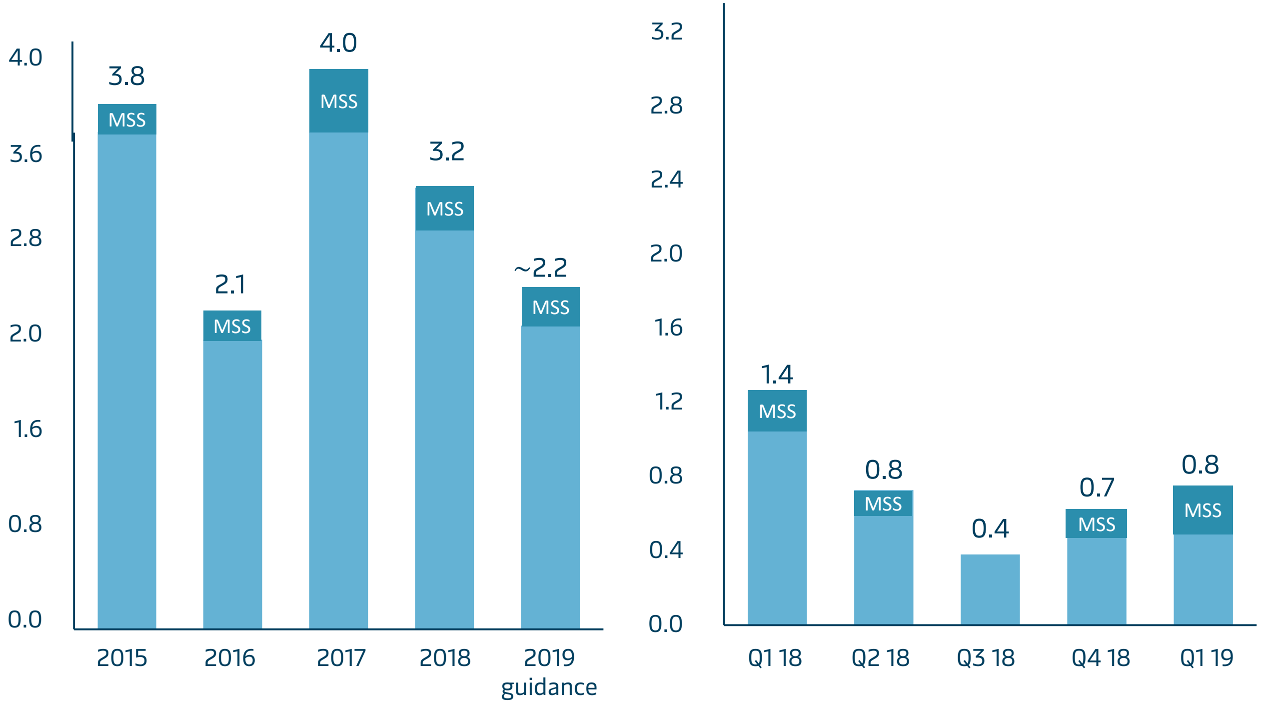
Underlying profit improved by USD 260m to USD -69m, negatively impacted by higher depreciations of USD 62m.

*Underlying profit/loss is equal to the profit/loss for the period adjusted for net gains/losses from sale of non-current assets, etc. and net impairments losses as well as transaction, restructuring and integration costs.

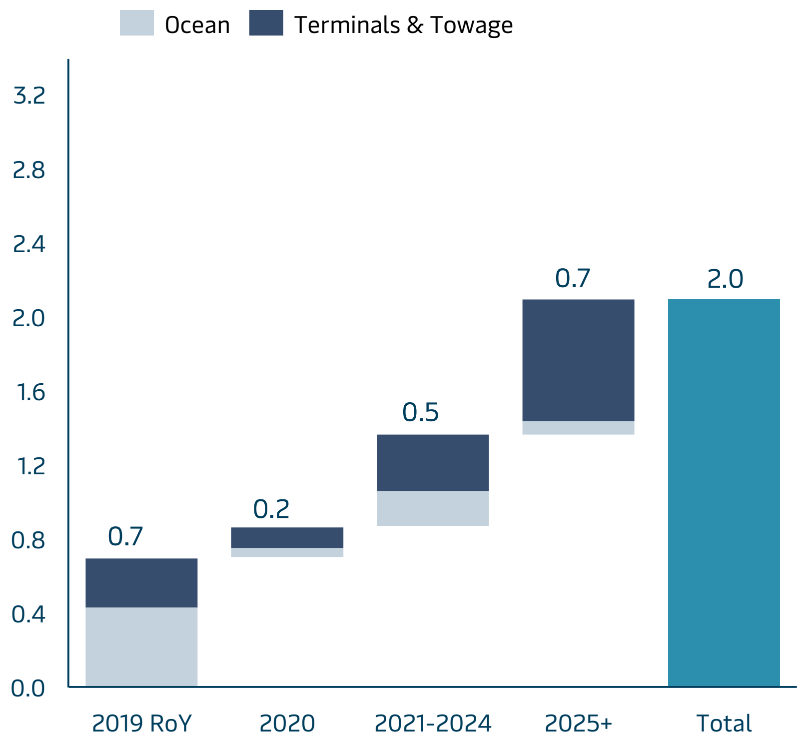
Financial highlights Q1 2019

CAPEX commitments remain at a historically low level

Capex excluding acquisitions and divestments, USDbn



Contractual Capex Commitments, USDbn



Gross capex guidance for 2019 maintained at around USD 2.2bn, incl. USD 175m from Maersk Supply Service.

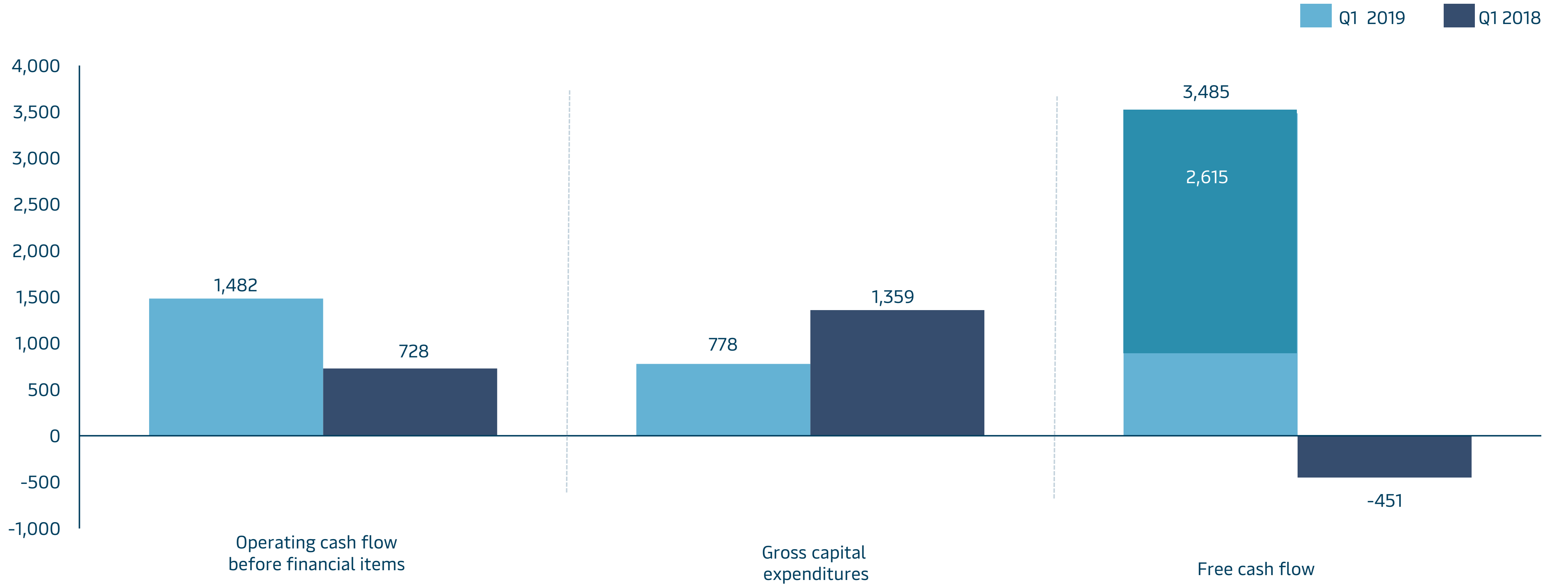
Total contractual capex commitments of USD 2.0bn end Q1 2019.

No new large vessels are expected to be ordered until earliest 2020 and no new large greenfield terminal projects.

Financial highlights

Strong free cash flow in Q1 2019

Development in cash flows, USDm



CFFO of USD 1.5bn was driven by higher profitability and positive net working capital movements leading to a cash conversion ratio of 120%.

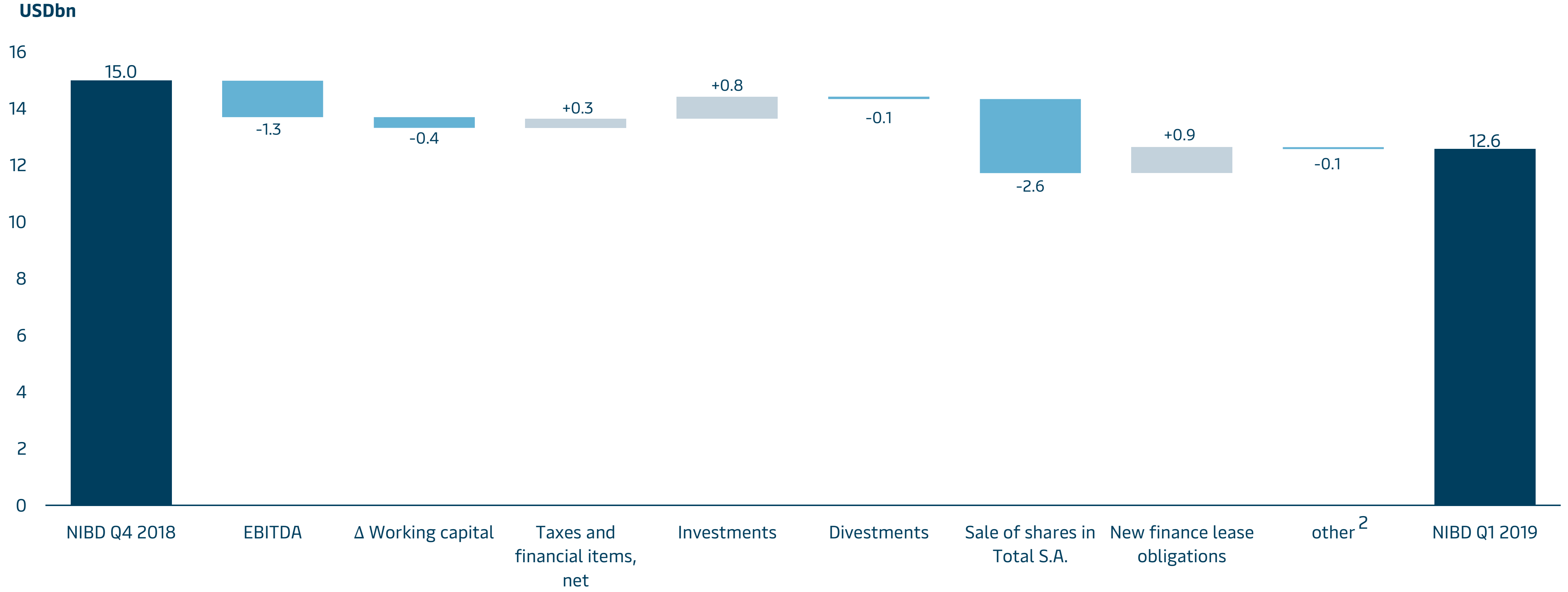
Free cash flow of USD 0.9bn, excluding the sale of shares in Total S.A. of USD 2.6bn, reflecting lower CAPEX.

Adjusted for financial lease payments related to IFRS 16 the free cash flow was USD 0.6bn.

Financial highlights Q1 2019

Deleveraging by USD 2.4bn, driven by free cash flow and sale of Total S.A. shares

Development in net interest-bearing debt



Year-end 2018 NIBD has been adjusted based on leases adding USD 0.3bn to the NIBD.

Deleveraging continued in Q1 2019 with the USD 2.6bn sale of the remaining Total S.A. shares.

The increase in new finance lease obligations is related to the start-up of the Tangier-Med II hub.

Liquidity reserve[1] of USD 12.3bn by end Q1 2019.

1) Defined as cash and securities and undrawn committed facilities longer than 12 months less restricted cash and securities.
2) Other mainly includes divested NIBD, free cash flow from discontinued operations and dividends received.

Financial highlights Q1 2019

Consolidated financial information

Income statement (USDm) (Continuing operations)	Q1 2019	Q1 2018 (incl. IFRS 16)	FY 2018 (incl. IFRS 16)
Revenue	9,540	9,305	39,257
EBITDA	**1,236**	**931**	**4,998**
EBITDA margin	**13.0%**	**10.0%**	**12.7%**
Depreciation, impairments etc.	1,082	1,020	4,756
Gain on sale of non-current assets, etc., net	18	33	166
Share of profit in joint ventures	24	37	116
Share of profit in associated companies	34	26	-115
EBIT	**230**	**7**	**409**
EBIT margin	**2.4%**	**0.1%**	**1.0%**
Financial costs, net	-228	-220	-766
Profit/loss before tax	2	-213	-357
Tax	106	98	398
Profit/loss – continuing operations	**-104**	**-311**	**-755**
Profit/loss – discontinued operations	-552	2,981	3,787
Profit/loss for the period	**-656**	**2,670**	**3,032**

Key figures and financials (USDm) (Continuing operations)	Q1 2019	Q1 2018 (incl. IFRS 16)	FY 2018 (incl. IFRS 16)
Profit/loss continuing operations	-104	-311	-755
Gain/loss on sale of non-current assets etc., net	18	33	-166
Impairment losses, net.	21	-1	757
Transaction and integration cost	31	13	78
Tax on adjustments	1	3	25
Underlying profit/loss – continuing operations	**-69**	**-329**	**-61**
Cash flow from operating activities	**1,482**	**728**	**4,442**
Gross capital expenditures	**778**	**1,359**	**3,219**
Net interest-bearing debt (APMM total)	**12,565**	**19,630**	**14,953**
Invested capital	46,491	53,794	49,255
Total Equity (APMM total)	32,843	34,217	33,205
Earnings per share (USD)	-5	-15	-37

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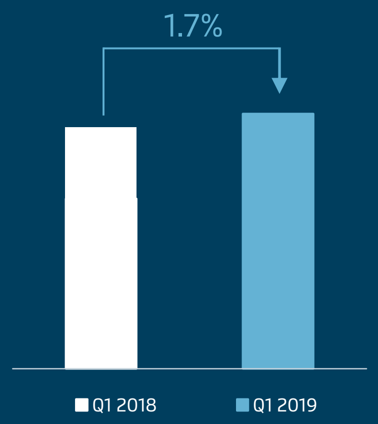
Highlights Q1 2019

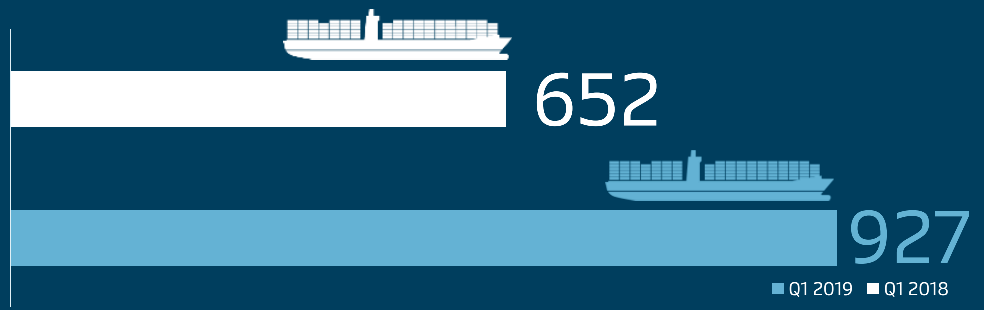
Ocean

- Ocean realised improvements in profitability with EBITDA increased 42% to USD 927m and margin improved 380bps to 13.4%, while revenue continued to grow organically by 1.7%.
- The increase in profit and margins, despite negative volume growth, was driven by higher freight rates, synergies from Hamburg Süd and reduced total cost.
- Other revenue was USD 914m (USD 830m), mainly driven by higher D&D partly due to the frontloading into North America in Q4 2018 and partly due to port congestions.

Revenue



EBITDA (USDm)



	Q1 2019 (USDm)	Q1 2018 (USDm)	FY 2018 (USDm)
Revenue	6,929	6,810	28,366
EBITDA	927	652	3,782
EBITDA margin	13.4%	9.6%	13.3%
Gross capital expenditures	469	1,074	2,279

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Ocean – highlights Q1 2019

Freight rates increased 3.9%, volumes declined 2.2%

- Average freight rates increased by 3.9% or 71 USD/FFE to USD 1,903, driven by continued focus on improving the margins and high recovery for fuel price increases.
- Total volumes declined by 2.2% to 3.15 million FFE. Backhaul volumes decreased by 4.1%, while headhaul volumes declined by 1.2%.
- Weaker volumes on North-South trades, driven by weak demand on Latin America and Oceania trades, while the anticipated pre-tariff rush seen in Q4 2018 impacted the volume development negatively in Q1 2019 on North America.
- Q1 2018 was the first full quarter, where Hamburg Süd was included.

Volumes were flat on **East-West**

Freight rates on **East-West** increased 4.9% USD 1,884/FFE (USD 1,796/FFE)

Volumes declined by 5.6% on **North-South**

Freight rates on **North-South** increased 4.7% USD 2,113/FFE (USD 2,018/FFE)

Volumes increased by 3.0% on **Intra-regional**

Freight rates on **Intra-regional** increased 5.0% USD 1,505/FFE (USD 1,433/FFE)

Ocean – highlights Q1 2019

Total operating costs declined 2.8%

- Total operating costs were impacted by lower container handling costs and network costs, excluding bunker. Lower backhaul volumes led to higher empty positioning cost.
- Unit cost at fixed bunker improved mainly driven by lower terminal costs and network costs, however negatively impacted by declining volumes.
- Bunker cost decreased despite a bunker price increase of 9.2%, due to improvements in bunker efficiency.
- Adjusting for foreign exchange rate, total operating costs decreased by approximately 0.5%.

Unit cost at fixed bunker declined to USD 1,882/FFE (1,889 USD/FFE)

Total unit cost was USD 2,070/FFE (2,066 USD/FFE)

Bunker efficiency improved by 8.9% to 42.8 g/TEU*NM (46.9 g/TEU*NM)*

Utilisation was on par with Q1 2018

Bunker cost decreased by 4.3% to USD 1.1bn (USD1.2bn)

SG&A and other operational costs increased by 4.4% mainly due to hedging effects

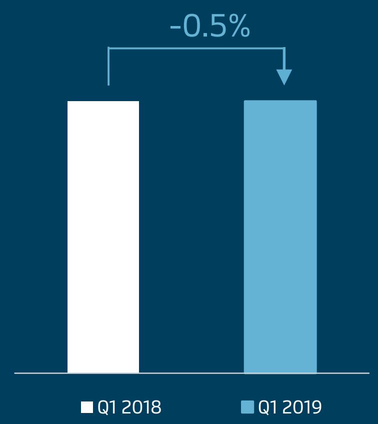
*Measured in gms Fuel / Total TEU x Nm. Total TEU is actual number of full + empties carried on the Ocean network. Nm =nautical miles.

Highlights Q1 2019

Logistics & Services

- Revenue decreased slightly, mainly due to lower air freight forwarding volumes.
- Gross profit improved by 2.2%, positively impacted by higher intermodal volume in profitable geographical areas and warehousing.
- EBITDA margin of 3.5% improved slightly.
- The merger of the commercial organisations of Logistics & Services and Ocean progressed according to plan during Q1 and is on track.

Revenue



EBITDA (USDm)

	Q1 2019 (USDm)	Q1 2018 (USDm)	FY 2018 (USDm)
Revenue	1,448	1,455	6,082
EBITDA	51	45	191
EBITDA margin	3.5%	3.0%	3.1%
Gross capital expenditures	9	8	47

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Logistics & Services - highlights Q1 2019

Growing supply chain management and intermodal

- Volumes in SCM increased slightly, positively impacted by new customers while margins increased to 4.6 USD/cbm (4.5 USD/cbm).
- Intermodal revenue was up 1.7% supported by growth in the European region and margins were positively impacted by lower empty costs, due to lower flow imbalances.
- Margins in air freight improved by 6.6% per tonne, while sea freight margins decreased by 25% per TEU.
- EBIT conversion ratio of 6.8% (7.0%) decreased mainly because of loss on debtors' provision.

Gross profit improved by 2.2% to USD 274m (USD 268m)

EBIT conversion ratio decreased to 6.8% (7.0%)

Volumes in SCM increased by 1.1% with higher margins

Volumes in air and sea freight decreased by 20% and 0.5%, respectively

SG&A and other cost was USD 223m on par with Q1 2018

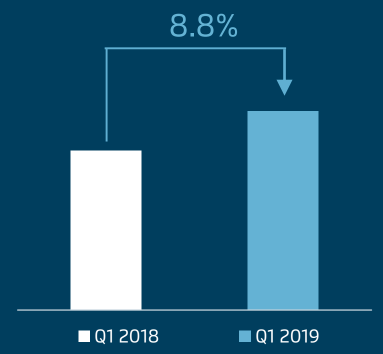
Direct cost decreased by 1.1% to USD 1,174 (USD 1,187)

Highlights Q1 2019

Terminals & Towage

- Revenue grew by 9% to USD 991m.
- Gateway terminals reported revenue of USD 824m (USD 736m) and the towage activity reported USD 173m (USD 177m).
- EBITDA in gateway terminals increased 15% supported by volumes growing 3.5% and utilisation increasing to 79% (69%).
- For towage activities EBITDA declined slightly, mainly impacted by negative currency development.

Revenue



EBITDA (USDm)

	Q1 2019 (USDm)	Q1 2018 (USDm)	FY 2018 (USDm)
Revenue	991	911	3,772
EBITDA	267	244	998
EBITDA margin	26.9%	26.8%	26.5%
Gross capital expenditures	121	101	556

Terminals & Towage - highlights Q1 2019

Continuing to grow ahead of the market

- Revenue per move was driven by higher revenue from storage in West Africa and Latin America and positive mix effect.
- Cost per move was driven by higher volumes in higher cost locations and operational challenges in Port Elizabeth.
- Utilisation was positively impacted by volume growth and impact of exits from Izmir, Turkey, and Kobe, Japan.
- Harbour towage activities grew by 2.3%, however revenue was impacted by negative currency developments and volume decreases in Australia.
- For terminal towage, annualised EBITDA per tug improved with a positive impact from contracts commenced during 2018.

Like-for-like throughput grew 3.0% (2.0% from external customers and 4.9% from Ocean)

Utilisation grew by 10pp

79% (69%)

Revenue per move increased by 7.5%

USD 271 (USD 252)

Cost per move increased by 8.9%

USD 225 (USD 207)

Harbour towage activities grew by 2.3%.

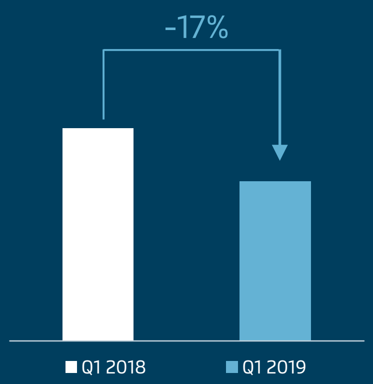
Terminal towage improved EBITDA per tug by 15%.

Highlights Q1 2019

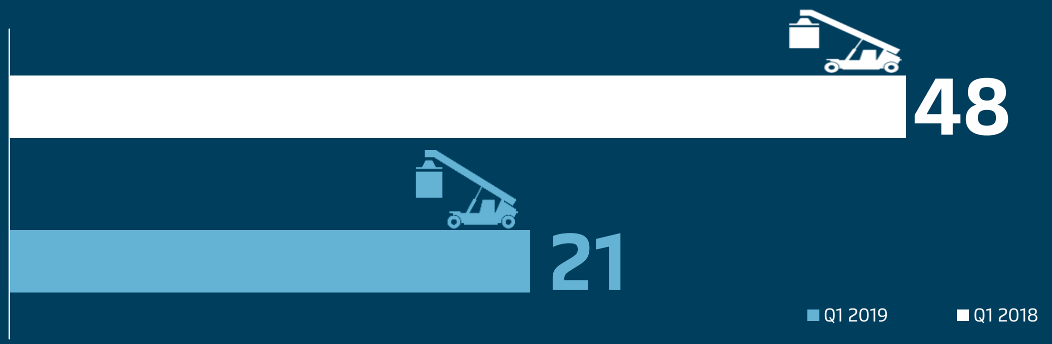
Manufacturing & Others

- Revenue in Maersk Container Industry decreased to USD 140m (USD 288m), impacted by the exit from the dry business and 30% lower revenue in reefer business. EBITDA of USD -15m (USD 32m), was impacted by restructuring cost of USD 31m from closing of the dry factory.
- Maersk Supply Service is reclassified as continuing operations as of 1 January 2019. Revenue increased 15% to USD 69m, reflecting higher rates in the Subsea Supply Vessel segment while EBITDA was USD 5m (USD 3m).
- Revenue for other businesses ended at USD 350m (USD 324m). EBITDA was USD 31m (USD 13m).

Revenue



EBITDA (USDm)



	Q1 2019 (USDm)	Q1 2018 (USDm)	FY 2018 (USDm)
Revenue	558	672	2,787
EBITDA	21	48	163
EBITDA margin	3.8%	7.1%	5.8%
Gross capital expenditures	177	184	358

2019
Guidance

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Guidance

Guidance for 2019

(Based on IFRS 16)

A.P. Moller - Maersk reiterates its guidance, still expecting earnings before interest, tax, depreciation and amortisation (EBITDA) of around USD 5.0bn.

The organic volume growth in Ocean is still expected to be in line with the estimated average market growth of 1-3% for 2019.

Guidance on gross capital expenditures (CAPEX) is maintained around USD 2.2bn (FY 2018 USD 3.2bn) and a high cash conversion (cash flow from operations compared to EBITDA).

The guidance continues to be subject to considerable uncertainties due to the current risk of further restrictions on global trade and other external factors impacting container freight rates, bunker prices and foreign exchange rates.

Sensitivity guidance

A.P. Moller - Maersk's guidance for 2019 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2019 for four key assumptions are listed in the table below:

Factors	Change	Effect on EBITDA (Rest of year)
Container freight rate	+ / - 100 USD/FFE	+ / - USD 1.0bn
Container freight volume	+ / - 100,000 FFE	+ / - USD 0.1bn
Bunker price (net of expected BAF coverage)	+ / - 100 USD/tonne	- / + USD 0.3bn
Rate of exchange (net of hedges)	+ / - 10% change in USD	+ / - USD 0.1bn

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Q&A

To ask a question, please press 01

Final remarks

- ✓ **Continued improved profitability,** however there is a need to **improve margins from current levels**
- ✓ **Significant deleveraging** of the balance sheet of USD 2.4bn and focus on free **cash flow generation**
- ✓ **Milestone reached in the Energy separation** with the demerger and listing of Maersk Drilling
- ✓ **Initiation of the cash distribution** with announced share buy-back programme of DKK 10bn (around USD 1.5bn) and **introducing new long-term dividend policy**
- ✓ **Outlook for 2019 subject to considerable uncertainties** due to weaker macroeconomic conditions and risk from trade war