

# Interim Report 2017

# Q3

A.P. MØLLER - MÆRSK A/S

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The Interim Report for Q3 2017 of A.P. Møller - Mærsk A/S (further referred to as A.P. Møller - Maersk as the consolidated group of companies) has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

## Change in presentation and comparative figures

Following the classification of Maersk Oil, Maersk Tankers, and Maersk Drilling as discontinued operations in Q3 2017, the businesses are presented separately on an aggregated level in the income statements, balance sheet and cash flow statements. In accordance with IFRS, the income statement and cash flow statement have both been restated in previous periods while the balance sheet has not been restated in previous periods. Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the same period prior year.

## Forward-looking statements

The interim report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are outside A.P. Møller - Mærsk A/S' control, may cause actual development and results to differ materially from expectations contained in the interim report.

## Directors' report

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# Directors' report

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# Highlights

## Q3 2017

A.P. Møller - Maersk executed on the strategy to separate out its energy businesses in Q3 and entered into an agreement for Total S.A. to acquire Maersk Oil for USD 7,450m in a combined share and debt transaction and A.P. Møller Holding to acquire Maersk Tankers for USD 1,171m in an all-cash transaction. Further, a structural solution for Maersk Drilling is expected within 12 months.

On 7 November 2017, A.P. Møller - Maersk announced that the Salling Companies, after more than 50 years of partnership, acquire the remaining 19% of the shares in Dansk Supermarked Group for DKK 5,530m in an all-cash transaction.

### Revenue (USD)



### → The consolidated financials

Revenue increased by USD 973m to USD 8.0bn with a USD 771m or 14% increase in Maersk Line mainly due to higher freight rates.

A.P. Møller - Maersk reported an underlying profit from continuing operations of USD 248m (loss of USD 42m) with an improvement of USD 290m in Transport & Logistics and a decline of USD 15m in Energy.

The underlying profit was positively impacted by the increased freight rates in Maersk Line compared to Q3 2016, however with a 2.5% decrease in volumes and increasing unit cost due to the

cyber-attack and 26% higher bunker price. The lower result in Energy compared to the same quarter last year was related to Maersk Supply Service.

The net loss including discontinued operations of USD 1.5bn (profit of USD 438m) was negatively impacted by an accounting impairment of USD 1.75bn in Maersk Drilling following classification as discontinued operations and impairments of USD 374m in APM Terminals.

The result from continuing operations was a loss of USD 120m (loss of USD 30m) with a decrease in APM Terminals of USD 398m countered by an

### Underlying profit (USD)



### Profit / loss (USD)



### Free cash flow (USD)



### ROIC, continuing operations



Following the agreements to divest Maersk Oil and Maersk Tankers in Q3 both businesses have been classified as discontinued operations. Maersk Drilling has likewise been classified as discontinued operations as a structural solution is now expected within 12 months. The results of the businesses are presented in one separate line in the income statement, cash flow statement and balance sheet.

# Highlights Q3

USD million	Revenue		Profit/loss		Underlying result		Free cash flow		Cash flow used for capital expenditure		Invested capital		ROIC, annualised	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Maersk Line	6,130	5,359	220	-116	211	-122	-222	192	-924	-176	20,680	19,985	4.3%	-2.3%
APM Terminals	1,024	1,062	-267	131	110	126	-11	29	-193	-230	7,955	8,035	-13.3%	6.6%
Damco	688	635	-6	15	-7	15	-39	19	-1	-1	299	208	-9.4%	29.7%
Svitzer	174	163	35	22	35	22	21	12	-25	-40	1,344	1,245	10.6%	6.9%
Maersk Container Industry	241	131	8	-7	8	-7	62	-8	-11	-4	269	413	11.4%	-6.2%
Other businesses, unallocated and eliminations	-294	-381	16	48	15	48	-106	41	83	-16	1,497	1,288	-6.9%	43.9%
<b>Transport &amp; Logistics</b>	<b>7,963</b>	<b>6,969</b>	<b>6</b>	<b>93</b>	<b>372</b>	<b>82</b>	<b>-295</b>	<b>285</b>	<b>-1,071</b>	<b>-467</b>	<b>32,044</b>	<b>31,174</b>	<b>0.1%</b>	<b>1.2%</b>
<b>Energy</b>	<b>85</b>	<b>105</b>	<b>-25</b>	<b>-7</b>	<b>-23</b>	<b>-8</b>	<b>-115</b>	<b>37</b>	<b>-102</b>	<b>3</b>	<b>839</b>	<b>1,739</b>	<b>-12.0%</b>	<b>-1.5%</b>
Financial items, net after tax	-	-	-100	-116	-100	-116	-535	-309	-198	-33	135	44	-	-
Eliminations	-2	-1	-1	-	-1	-	-	-	-	-	-3	-4	-	-
<b>Continuing operations</b>	<b>8,046</b>	<b>7,073</b>	<b>-120</b>	<b>-30</b>	<b>248</b>	<b>-42</b>	<b>-945</b>	<b>13</b>	<b>-1,371</b>	<b>-497</b>	<b>33,015</b>	<b>32,953</b>	<b>-0.2%</b>	<b>1.1%</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-1,419</b>	<b>468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,251</b>	<b>13,646</b>		
<b>A.P. Moller - Maersk Consolidated</b>	<b>8,046</b>	<b>7,073</b>	<b>-1,539</b>	<b>438</b>	<b>248</b>	<b>-42</b>	<b>-945</b>	<b>13</b>	<b>-1,371</b>	<b>-497</b>	<b>43,266</b>	<b>46,599</b>		

increase in Maersk Line of USD 336m. The result from discontinued operations was a loss of USD 1.4bn (profit of USD 468m) negatively impacted by an accounting impairment of USD 1.75bn in Maersk Drilling.

Cash flow from operating activities was USD 426m (USD 510m), negatively impacted by the effects on working capital from the cyber-attack. Net cash flow used for capital expenditure was USD 1.4bn (USD 497m), mainly related to vessels and containers in Maersk Line and development projects in APM Terminals. Free cash flow was negative USD 945m (positive USD 13m).

With an equity ratio of 51.4% (52.5% at 31 December 2016) and a liquidity reserve of USD 10.6bn (USD 11.8bn at 31 December 2016), A.P. Moller - Maersk maintains its strong financial position.

## Transport & Logistics

Transport & Logistics reported a consolidated revenue of USD 8.0bn (USD 7.0bn), an increase of 14% compared to Q3 2016. The increased underlying profit of USD 372m (USD 82m) was largely driven by improving container freight rates. Transport & Logistics generated a free cash flow of negative USD 295m (positive USD 285m) with a higher level of investments related to vessel deliveries for Maersk Line and development projects in APM Terminals.

The effect on profitability from the June cyber-attack was USD 250-300m, with the vast majority of the impact related to Maersk Line in Q3. No further impact is expected in Q4.

**Maersk Line** reported a profit of USD 220m (loss of USD 116m) with a positive ROIC of 4.3%

(negative 2.3%). The underlying result was a profit of USD 211m (loss of USD 122m).

Market demand growth remained solid at 5% compared to the same period last year while nominal supply grew 3%. The development in market fundamentals are reflected in the freight rate which increased 14% compared to Q3 2016, however decreased by 1.1% compared to Q2 2017. The freight rate increase compared to Q3 2016 was driven by increases on East-West by 20%, on North-South by 14% and on Intra-regional by 7%. Transported volumes decreased by 2.5% compared to Q3 2016, negatively impacted by the cyber-attack. Volume grew by 0.6% on headhaul, however more than offset by an 8.8% decrease on backhaul.

The acquisition of Hamburg Süd is progressing as planned with expected closing in Q4

2017. Maersk Line has a binding offer to divest Mercosul Line and has received unrestricted approval from the Brazilian regulators to acquire Hamburg Süd.

**APM Terminals** reported an underlying profit of USD 110m (USD 126m), negatively impacted by the challenging market conditions with overcapacity in the industry leading to pressure on profit and margins, and additional costs related to the cyber-attack. The reported loss of USD 267m (profit of USD 131m) and negative ROIC of 13.3% (positive 6.6%) was impacted by impairments of USD 374m related to terminals in markets with challenging commercial conditions.

**Damco** reported a loss of USD 6m (profit of USD 15m) with a negative ROIC of 9.4% (positive 29.7%). The result was negatively impacted by

the cyber-attack as well as increased product investments and lower ocean margins, positively offset mainly by supply chain management volume growth and air freight margin improvements.

**Svitzer** reported a profit of USD 35m (USD 22m) and a ROIC of 10.6% (6.9%) positively impacted by higher volumes from increased towage activities in Australia and Americas, ongoing portfolio and fleet optimisation, and reduction of operating and administration costs.

**Maersk Container Industry** reported a profit of USD 8m (loss of USD 7m) and a positive ROIC of 11.4% (negative 6.2%), positively impacted by higher volumes in dry and reefer, increased efficiencies and higher market prices of dry containers.

## Energy

In Q3 2017, solid progress was made on determining the structural solutions for separation of the energy related businesses from A.P. Moller - Maersk.

On 21 August 2017, A.P. Moller - Maersk entered into an agreement to divest **Maersk Oil** to Total S.A. for an enterprise value of USD 7,450m in a combined share and debt transaction.

Total S.A. will take over Maersk Oil's entire organisation, portfolio, obligations and rights. Total S.A. will maintain Maersk Oil's strong position in the North Sea with strong Copenhagen and Esbjerg bases and with Denmark being the operating hub for Total S.A.'s combined operations in Denmark, Norway and the Netherlands.

A.P. Moller - Maersk will receive 97.5m shares in Total S.A. with a value of USD 4.95bn at signing equal to approx. 3.76% of Total S.A. (post issuing shares to A.P. Moller - Maersk). In addition to the shares,

Total S.A. is assuming a short term debt of USD 2.5bn via debt push down from A.P. Moller - Maersk into Maersk Oil. The divestment is based on a locked box transaction whereby all cash flows from Maersk Oil from 30 June 2017 until closing belongs to Total S.A. As compensation for the lost cash flows A.P. Moller - Maersk will receive a locked box interest of 3% p.a. of the enterprise value.

The short term debt will be repaid to A.P. Moller - Maersk at or shortly after closing of the transaction and the proceeds will be used by A.P. Moller - Maersk to reduce debt. Subject to meeting its investment grade objective A.P. Moller - Maersk plans to return a material portion of the value of the received Total S.A. shares to the A.P. Moller - Maersk shareholders during the course of 2018/19 in the form of extraordinary dividend, share buy-back and/or distribution of Total S.A. shares.

Calculated as of 30 June 2017, the transaction gain after tax amounted to USD 2.8bn. The accounting gain will be recorded partly from earnings until closing and the residual at closing together with changes in the Total S.A. share price in the period up to closing. The transaction is progressing as planned towards an expected close during Q1 2018, pending regulatory approvals.

On 20 September 2017, A.P. Moller - Maersk entered into an agreement to divest **Maersk Tankers** to A.P. Møller Holding for USD 1,171m in an all-cash transaction. The divestment is based on a locked box transaction whereby all cash flows from Maersk Tankers from 30 June 2017 until closing belongs to A.P. Møller Holding. As cash flows were expected to be negative the locked box interest was set at 0% p.a.

Should the product tanker market significantly improve with a rebound in vessel values before the end of 2019, the agreement entails a market upside provision regulating total payment.

The transaction closed on 10 October 2017 and the proceeds from the transaction will be used to reduce debt.

**Maersk Drilling** was classified as assets held for sale as a structural solution is now expected within 12 months.

A structural solution for **Maersk Supply Service**, remains to be defined before the end of 2018.

In the separation process, the economic value must be maximised for all shareholders, and A.P. Moller - Maersk must retain a strong capital structure and remain investment grade rated. In doing so, finding structural solutions constituting the most optimal development opportunities for the colleagues, capabilities and assets built in Maersk Drilling and Maersk Supply Service remain a key objective.

**Maersk Supply Service** reported a loss of USD 16m (loss of USD 11m) and a ROIC of negative 8.3% (negative 2.5%), impacted by the general market conditions in the global offshore industry.

## Discontinued operations

The loss from discontinued operations amounted to USD 1.4bn (profit of USD 468m) with a loss in Maersk Drilling of USD 1.7bn (profit of USD 348m), a profit in Maersk Oil of USD 259m (USD 119m), and a loss in Maersk Tankers of USD 8m (profit of USD 1m).

Due to the agreements to divest Maersk Oil and Maersk Tankers and the locked box mechanism, further reference is made to note 2 Discontinued operations and assets held for sale.

The result in Maersk Drilling was negatively impacted by an impairment of USD 1.75bn following the classification as discontinued operations. The underlying performance reflected several rigs being idle and that day rates on new contracts remain low. The profit in Maersk Drilling for Q3 2016 was positively impacted by termination fees of USD 210m.

For detailed information about Maersk Drilling reference is made to note 2 Discontinued operations and assets held for sale.

## Credit rating

A.P. Moller - Maersk remains investment grade rated and holds a Baa2 rating from Moody's and a BBB rating from Standard & Poor's. Following the announcement of the sale of Maersk Oil in August 2017, both rating agencies placed their ratings on review for a possible downgrade.

## Subsequent events

On 7 November 2017, it was announced that the Salling Companies acquire the remaining 19% of the shares in Dansk Supermarked Group for DKK 5,530m (equal to approximately USD 861m) in an all-cash transaction. The transaction results in a small accounting gain in DKK which is taken directly to equity/other comprehensive income. Closing is expected to take place before end of 2017.

## Capital Markets Day

A.P. Moller - Maersk will host a Capital Markets Day in Copenhagen on 20 February 2018. •

# Guidance for 2017

A.P. Møller - Maersk now expects a positive underlying profit (loss of USD 546m), previously above 2016. Gross capital expenditure for 2017 is now expected to be around USD 4.5bn (USD 3.1bn). Both adjusted for the discontinued operations of Maersk Oil, Maersk Tankers and Maersk Drilling.

The guidance for 2017 excludes the acquisition of Hamburg Süd.

Copenhagen, 7 November 2017

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Changes in guidance are versus guidance given at Q2 2017. All figures in parenthesis refer to full year 2016.

The Annual Report for 2017 is expected to be announced on 9 February 2018.

**Transport & Logistics** now expects an underlying profit around USD 1bn (previously an underlying profit above USD 1bn), including negative impact from the June cyber-attack at a level of USD 250-300m, of which the vast majority relates to temporary lost business in July and August.

**Maersk Line** now expects an improvement around USD 1bn in underlying profit (previously in excess of USD 1bn) compared to 2016 (loss of USD 384m). The change relates to expected continuing higher cost to recover services and reliability after the cyber-attack combined with increasing bunker cost. Global demand for sea-borne container transportation is expected to increase 4-5%.

The remaining businesses (**APM Terminals, Damco, Svitser** and **Maersk Container Industry**) in Transport & Logistics still expect an underlying profit around 2016 (USD 500m).

**Energy**, excluding the discontinued operations of Maersk Oil, Maersk Tankers and Maersk Drilling, expects an underlying loss of around USD 100m. Before reclassification, the Energy businesses reported an underlying profit of USD 754m for the first nine months; in excess of the full year guidance of USD 500m.

Net financial expenses for **A.P. Møller - Maersk** are now expected slightly above USD 0.5bn (previously around USD 0.5bn).

## Sensitivity guidance

A.P. Møller - Maersk's guidance for 2017 is subject to considerable uncertainty, not least due to developments in the global economy and the container freight rates. A.P. Møller - Maersk's expected underlying result depends on a number of factors. Based on the expected earnings level and all other things being equal, the sensitivities for the rest of 2017 for three key value drivers are listed in the table below:

Factors	Change	Effect on A.P. Møller - Maersk's underlying profit Rest of year
Bunker price	+/-100 USD/tonne	-/+USD 0.1bn
Container freight rate	+/-100 USD/FFE	+/-USD 0.3bn
Container freight volume	+/-100,000 FFE	+/-USD 0.1bn

# Summary financial information

## AMOUNTS IN USD MILLION

INCOME STATEMENT	Q3		9 months		Full year
	2017	2016	2017	2016	2016
Revenue	8,046	7,073	22,953	20,492	27,646
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	978	650	2,695	1,974	2,579
Depreciation, amortisation and impairment losses, net	798	646	2,358	2,056	3,851
Gain on sale of non-current assets, etc., net	6	10	76	127	189
Share of profit/loss in joint ventures	-202	38	-158	90	130
Share of profit/loss in associated companies	20	20	67	65	-55
Profit/loss before financial items (EBIT)	4	72	322	200	-1,008
Financial items, net	-105	-64	-478	-312	-549
Profit/loss before tax	-101	8	-156	-112	-1,557
Tax	19	38	121	131	146
Profit/loss for the period – continuing operations	-120	-30	-277	-243	-1,703
Profit/loss for the period – discontinued operations	-1,419	468	-1,273	1,023	-194
Profit/loss for the period	-1,539	438	-1,550	780	-1,897
A.P. Møller - Mærsk A/S' share	-1,555	429	-1,579	741	-1,939
Underlying result	248	-42	270	-245	-546
<b>BALANCE SHEET</b>					
Total assets	60,260	63,442	60,260	63,442	61,118
Total equity	30,954	35,209	30,954	35,209	32,090
Invested capital	43,266	46,599	43,266	46,599	42,808
Net interest-bearing debt	12,475	11,390	12,475	11,390	10,737
Investments in property, plant and equipment and intangible assets – continuing operations	3,081	3,493	3,081	3,493	4,710
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	426	510	1,418	682	1,327
Cash flow used for capital expenditure	-1,371	-497	-2,388	-1,576	-2,176
<b>FINANCIAL RATIOS</b>					
Return on invested capital after tax (ROIC), annualised	-0.2%	1.1%	0.9%	0.3%	-3.4%
Return on equity after tax, annualised	-34.3%	8.7%	-11.5%	5.0%	-9.4%
Equity ratio	51.4%	55.5%	51.4%	55.5%	52.5%

STOCK MARKET RATIOS	Q3		9 months		Full year
	2017	2016	2017	2016	2016
Earnings per share – continuing operations, USD	-7	-1	-15	-13	-84
Diluted earnings per share – continuing operations, USD	-7	-1	-15	-13	-84
Cash flow from operating activities per share, USD	20	25	68	33	64
Share price (B share), end of period, DKK	11,960	9,720	11,960	9,720	11,270
Share price (B share), end of period, USD	1,899	1,456	1,899	1,456	1,597
Total market capitalisation, end of period, USD m	38,741	29,515	38,741	29,515	32,215
<b>BUSINESS DRIVERS</b>					
<b>Maersk Line</b>					
Transported volumes (FFE in '000)	2,632	2,698	7,932	7,714	10,415
Average freight rate (USD per FFE)	2,063	1,811	2,030	1,793	1,795
Unit cost (USD per FFE incl. VSA income)	2,135	1,991	2,091	1,985	1,982
Average fuel price (USD per tonne)	307	244	313	206	223
Maersk Line fleet, owned	285	286	285	286	292
Maersk Line fleet, chartered	383	325	383	325	347
Fleet capacity (TEU in '000)	3,535	3,140	3,535	3,140	3,239
<b>APM Terminals</b>					
Containers handled (measured in million TEU and weighted with ownership share)	10.2	9.5	29.4	27.6	37.3
Number of terminals	76	72	76	72	73

The interim consolidated financial statements on pages 28-44 have not been subject to audit or review. The interim consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Discontinued operations comprise of Maersk Oil, Maersk Tankers, and Maersk Drilling. Comparative figures have been restated for the income statement and cash flow statement.



# Financial review

Transport & Logistics

TRANSPORT & LOGISTICS

# Maersk Line

Maersk Line reported a profit of USD 220m (loss of USD 116m) and a positive ROIC of 4.3% (negative 2.3%) with both East-West trades and North-South trades profitable in Q3 2017. The market fundamentals remained positive as container demand grew 5%. Maersk Line's average freight rate increased by 14% and revenue improved by 14% compared to Q3 2016.



Edith Maersk sailing on the Asia-Europe trade lane, approaching the Xupu bridge in Shanghai, China.

# Maersk Line highlights

USD Million	Q3		9 months	
	2017	2016	2017	2016
Revenue	6,130	5,359	17,723	15,394
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>755</b>	<b>325</b>	<b>2,050</b>	<b>1,176</b>
Depreciation, amortisation and impairment losses, net	501	484	1,488	1,452
Gain on sale of non-current assets, etc., net	9	6	35	16
<b>Profit/loss before financial items (EBIT)</b>	<b>263</b>	<b>-153</b>	<b>597</b>	<b>-260</b>
Tax	43	37	104	+30
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>220</b>	<b>-116</b>	<b>493</b>	<b>-230</b>
<b>Underlying result</b>	<b>211</b>	<b>-122</b>	<b>458</b>	<b>-229</b>
Cash flow from operating activities	702	368	1,518	499
Cash flow used for capital expenditure	-924	-176	-1,586	-254
Invested capital	20,680	19,985	20,680	19,985
ROIC, annualised	4.3%	-2.3%	3.2%	-1.5%
Transported volumes (FFE in '000)	2,632	2,698	7,932	7,714
Average freight rate (USD per FFE)	2,063	1,811	2,030	1,793
Unit cost (USD per FFE incl. VSA income)	2,135	1,991	2,091	1,985
Average fuel price (USD per tonne)	307	244	313	206
Maersk Line fleet, owned	285	286	285	286
Maersk Line fleet, chartered	383	325	383	325
Fleet capacity (TEU in '000)	3,535	3,140	3,535	3,140

## Revenue (USD)



Q3 2017

6,130m

Q3 2016

5,359m



→ Revenue of USD 6.1bn was 14% higher than Q3 2016. The development was mainly driven by a 14% increase in average freight rate to 2,063 USD/FFE (1,811 USD/FFE) partly offset by a 2.5% decrease in volumes to 2,632k FFE (2,698k FFE). Volumes grew by 0.6% on headhaul, however more than offset by a decrease of 8.8% on backhaul.

The development in market fundamentals reflects in the freight rate, which increased 14% compared to Q3 2016 but decreased 1.1% compared to Q2 2017. The freight rate increased

across all trades compared to Q3 2016 as East-West increased by 20%, North-South by 14% and Intra-regional by 7%. The increase on East-West trades was driven by Asia-Europe and Pacific trades. The increase on North-South was driven by all trades. Recognised freight revenue was USD 5.5bn (USD 4.8bn) and other revenue was USD 616m (USD 553m) with the increase driven by income from vessel sharing agreements.

The cyber-attack primarily impacted July and August, while contingencies related to recovery

from the cyber-attack resulted in a negative development on volumes, utilisation and unit cost performance throughout the quarter.

Total unit cost of 2,135 USD/FFE was 7.3% higher than Q3 2016 (1,991 USD/FFE) while unit cost at fixed bunker price was 3.9% above same period last year. Unit cost at fixed bunker was negatively impacted by lower utilisation, less backhaul volumes, impacts from rate of exchange and impact from the cyber-attack. Total unit cost was further negatively impacted by a 26% increase in bunker price. Compared to Q2 2017 total unit cost increased 4.1% and unit cost at fixed bunker price increased 4.2%. Bunker cost was USD 809m (USD 591m) while bunker efficiency deteriorated by 11.4% to 1,002 kg/FFE (900 kg/FFE) compared to Q3 2016, driven by slot purchase agreements signed with Hamburg Süd and Hyundai Merchant Marine in Q1 2017, lower headhaul utilisation and less backhaul volumes.

Cash flow from operating activities was USD 702m (USD 368m) driven by higher earnings and a favourable change in net working capital. Cash flow used for capital expenditure was USD 924m (USD 176m) due to vessel investments of USD 498m primarily related to deliveries of five newbuild vessels, container investments of USD 340m and other investments of USD 85m. Maersk Line recorded a negative free cash flow of USD 222m (positive USD 192m).

Maersk Line's fleet consisted of 285 owned vessels (2,019k TEU) and 383 chartered vessels (1,516k TEU) with a total capacity of 3,535k TEU by the end of Q3, an increase of 12.6% compared to Q3 2016. This was in part due to more capacity deployed to accommodate the incoming volumes from the slot purchase agreement signed with

## Newbuilding programme



Newbuilding programme	TEU		Number of vessels	
	Q3 2017	Q4 2016	Q3 2017	Q4 2016
3,000 – 4,699 TEU	25,172	25,172	7	7
> 8,000 – TEU	235,332	363,282	13	20
<b>Container vessels total</b>	<b>260,504</b>	<b>388,454</b>	<b>20</b>	<b>27</b>

Hamburg Süd and Hyundai Merchant Marine in Q1 2017. Idle capacity was 13.2k TEU (four vessels) end of Q3 2017 versus 10k TEU (one vessel) end of Q3 2016, corresponding to 3.3% of total idle capacity in the market. Maersk Line recycled three vessels in Q3.

During Q3, Maersk Line took delivery of two out of 11 second generation Triple-E's and three out of nine 15.2k TEU vessels ordered in 2015. In total, Maersk Line ordered 27 vessels in 2015.

By the end of Q3, Maersk Line had 20 vessels in the order book (261k TEU) for delivery in 2017 and 2018. The order book consists of seven 20.6k TEU second generation Triple-E's, six 15.2k TEU vessels and seven 3.6k TEU ice-class vessels. Maersk Line's total order book corresponds to 7.4% of current fleet with no current plans for new orders.

### Developments in the quarter

The announced acquisition of Hamburg Süd is progressing as planned. In September, Maersk Line received authority approval in South Africa and in Brazil, with reference to Maersk Line's

divestment of Mercosul Line to CMA CGM. The transaction of Hamburg Süd is still expected to close in Q4 2017.

Maersk Line launched Remote Container Management for customers in September. By providing visibility of a refrigerated container's location and atmospheric conditions inside throughout its journey, Remote Container Management gives customers shipping refrigerated cargo an unprecedented understanding of their supply chain.

### The market

Global container demand remained solid and grew around 5% in Q3 2017 compared to same quarter last year. While demand growth is high compared to the past couple of years, it was still lower than the first half of 2017 and growth is expected to slow further towards the end of the year. Container volumes on East-West trades were driven by high imports into North America and Europe, while growth in Far East imports remained low. On the North-South trades the growth in container demand remained strong.

Especially imports into South America and Africa continued to rebound after several years of low growth. For the full year of 2017, global container demand is expected to grow 4-5%.

The container vessel fleet was 2.9% higher compared to same quarter last year (Alphaliner) and stood at a nominal capacity of 20.9m TEU at the end of Q3 2017, however since idling declined from 6.5% of the total fleet in Q3 2016 to 1.9% in Q3 2017 the effective supply growth is higher. The relatively low scrapping activity was largely a result of a pick-up in vessel demand for the peak season.

After several quarters of modest new ordering the situation changed in Q3 2017 as several 20k TEU vessels were ordered. In total, new orders were placed for 527k TEU (35 vessels) and at the end of Q3 2017 the order book stood at 13.5% of current fleet (Alphaliner). Freight rates out of China increased by 21% compared to Q3 2016 (China Composite Freight Index (CCFI)) down from 27% year-over-year in Q2 2017. •

## Transported volumes



FFE ('000)	Q3 2017	Q3 2016	Change	Change %
East-West	946	964	-18	-1.9
North-South	1,287	1,337	-50	-3.8
Intra-regional	399	397	2	0.5
<b>Total</b>	<b>2,632</b>	<b>2,698</b>	<b>-66</b>	<b>-2.5</b>

## Average freight rates



USD/FFE	Q3 2017	Q3 2016	Change	Change %
East-West	2,186	1,825	361	19.8
North-South	2,211	1,942	269	13.8
Intra-regional	1,361	1,273	88	6.9
<b>Total</b>	<b>2,063</b>	<b>1,811</b>	<b>252</b>	<b>13.9</b>

TRANSPORT & LOGISTICS

# APM Terminals

APM Terminals reported an underlying profit of USD 110m (USD 126m), negatively impacted by the challenging market conditions with over-capacity in the industry leading to pressure on profit and additional costs related to the cyber-attack. The reported loss of USD 267m (profit of USD 131m) and negative ROIC of 13.3% (positive 6.6%) was impacted by impairments of USD 374m related to terminals in markets with challenging commercial conditions.



APM Terminals reached an agreement to divest the majority shareholding in the APM Terminals Zeebrugge, Belgium to COSCO SHIPPING Ports.

## APM Terminal highlights

USD Million	Q3		9 months	
	2017	2016	2017	2016
Revenue	1,024	1,062	3,021	3,088
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>178</b>	<b>199</b>	<b>493</b>	<b>550</b>
Depreciation, amortisation and impairment losses, net	236	87	676	280
Gain on sale of non-current assets, etc., net	-3	2	31	18
Share of profit/loss in joint ventures	-211	28	-175	68
Share of profit/loss in associated companies	29	29	78	79
<b>Profit/loss before financial items (EBIT)</b>	<b>-243</b>	<b>171</b>	<b>-249</b>	<b>435</b>
Tax	24	40	27	84
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-267</b>	<b>131</b>	<b>-276</b>	<b>351</b>
<b>Underlying result</b>	<b>110</b>	<b>126</b>	<b>299</b>	<b>342</b>
Cash flow from operating activities	182	259	564	620
Cash flow used for capital expenditure	-193	-230	-426	-1,363
Invested capital	7,955	8,035	7,955	8,035
ROIC, annualised	-13.3%	6.6%	-4.6%	6.2%
Containers handled (measured in million TEU and weighted with ownership share)	10.2	9.5	29.4	27.6
Number of terminals	76	72	76	72

### Revenue (USD)



Q3 2017  
**1,024m**



Q3 2016  
**1,062m**

→ Revenue of USD 1.0bn (USD 1.1bn) was negatively impacted by loss of service in North America partially offset by volume increase in other markets. The average port revenue per move increased to USD 197 per move (USD 195 per move) mainly due to the payout of a yearly performance bonus and higher margin services in West African terminals. Average terminal utilisation was 64% (70%), and 68% (70%) when excluding the terminals that have started operation this year, Lázaro Cárdenas, Mexico, Izmir, Turkey and Quetzal, Guatemala.

APM Terminals' volume was 6.5% higher at 10.2m TEU (9.5m TEU) weighted by the share of equity in each terminal, mainly due to strong volumes in Rotterdam, the Netherlands, joint venture terminals in China and terminals that have started operation this year. APM Terminals' volume growth was slightly higher than the estimated global port volume growth in Q3 of 5.7% (Drewry). Adjusting for newly commenced entities, like for like volume increased by 4.4%.

Cost per move increased to USD 170 (USD 167), mainly due to impact from mix of volumes, additional cost due to the cyber-attack and terminals that have started operation this year, offsetting cost savings and procurement efforts.

Operating business generated an underlying profit of USD 117m (USD 131m), while projects under implementation realised an underlying loss of USD 7m (loss of USD 5m) stemming from start-up costs.

The share of profit in joint ventures and associated companies was a loss of USD 182m (profit of USD 57m), impacted negatively by impairment in Joint venture terminals.

Cash flow from operating activities was USD 182m (USD 259m) impacted by the lower profitability. Cash flow used for capital expenditure was USD 193m (USD 230m), mainly related to ongoing projects under construction in Moin, Costa Rica and Tangier Med Port, Morocco.

### Developments in the quarter

APM Terminals reached an agreement to divest the majority shareholding in APM Terminals Zeebrugge, Belgium to COSCO SHIPPING Ports. The transaction is expected to be finalised in Q4 subject to customary regulatory approvals and with only a minor financial impact.

### The market

The customer landscape on the East-West Network shows signs of stability with the networks of major alliances in place. While APM Terminals lost some services following the changes in alliances, volumes are now positively impacted following the extension of 2M with HMM, and Hamburg Süd participation on some services.

The forecasted growth for global port throughput is 5.7% for Q3 2017 and 5.5% for full year 2017 (Drewry). The forecasted global market growth for 2018–2021 is 3.6%–4.2% (Drewry), lower than the growth forecast in 2017. •

## Revenue



	Q3		9 months	
	2017	2016	2017	2016
Port revenue <sup>1</sup>	843	888	2,570	2,601
Inland revenue	181	174	451	487
<b>Total</b>	<b>1,024</b>	<b>1,062</b>	<b>3,021</b>	<b>3,088</b>
Construction revenue	58	57	160	199

<sup>1</sup> Construction revenue is part of Port revenue.

## Equity weighted volume



TEUm	Q3		9 months	
	2017	2016	2017	2016
Americas	1.7	1.7	4.6	4.7
Europe, Russia and Baltics	3.2	3.0	9.4	8.7
Asia	3.5	3.1	10.2	9.3
Africa and Middle East	1.8	1.7	5.2	4.9
<b>Total</b>	<b>10.2</b>	<b>9.5</b>	<b>29.4</b>	<b>27.6</b>

## Number of terminals



	Q3	
	2017	2016
Americas	16	14
Europe, Russia and Baltics	24	23
Asia	20	20
Africa and Middle East	16	15
<b>Total</b>	<b>76</b>	<b>72</b>

## TRANSPORT &amp; LOGISTICS

# Damco

Damco reported a loss of USD 6m (profit of USD 15m) with a negative ROIC of 9.4% (positive 29.7%). The result was negatively impacted by the cyber-attack as well as product investments and lower ocean margins, but positively offset mainly by volumes growth in supply chain management and margin improvements in air freight.



Truck loading cargo for Damco customers at a factory in Indonesia.



## Damco highlights

USD Million	Q3		9 months	
	2017	2016	2017	2016
Revenue	688	635	1,931	1,850
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>-5</b>	<b>26</b>	<b>4</b>	<b>59</b>
Depreciation, amortisation and impairment losses, net	5	6	15	20
Gain on sale of non-current assets, etc., net	1	-	1	-
Share of profit/loss in joint ventures	5	3	9	8
<b>Profit/loss before financial items (EBIT)</b>	<b>-4</b>	<b>23</b>	<b>-1</b>	<b>47</b>
Tax	2	8	13	20
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-6</b>	<b>15</b>	<b>-14</b>	<b>27</b>
<b>Underlying result</b>	<b>-7</b>	<b>15</b>	<b>-15</b>	<b>27</b>
Cash flow from operating activities	-38	20	-73	24
Cash flow used for capital expenditure	-1	-1	-2	-7
Invested capital	299	208	299	208
ROIC, annualised	-9.4%	29.7%	-7.4%	17.0%

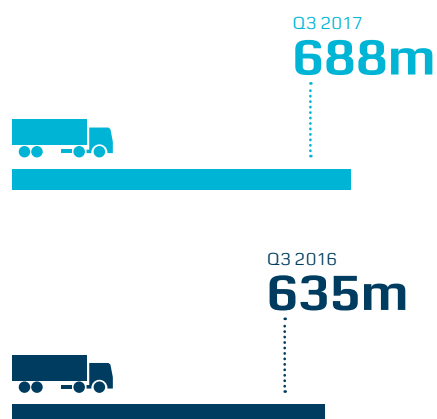
Excluding cost impact from the cyber-attack, overhead costs are in line with last year. Cost saving initiatives including overall headcount reduction are offset by increase in investments in new products and digital solutions. Damco continues to invest in digitisation, as well as in improving products, commercial effectiveness and sales deployment.

Cash flow from operating activities was negative USD 38m (positive USD 20m), mainly driven by development in net working capital negatively impacted by the cyber-attack, increasing back logs and increased revenue in Q3. The expectation is that working capital levels are back to pre-cyber-attack level before the end of Q4 2017.

### Developments in the quarter

Damco continued to strengthen the supply chain management products and capabilities, and have invested in future competitiveness in forwarding through the development of a carrier management tool, a global pricing system and continued roll out of the digital platform Twill. •

### Revenue (USD)



→ Revenue was USD 688m (USD 635m), up 8% compared to Q3 2016, mainly driven by a 5% increase in supply chain management volumes, with air freight volumes on par and total volumes in ocean 3% below same quarter last year due to reduction in loss making volumes.

The negative impact for Q3 from the cyber-attack end June 2017 comprised additional IT costs, a general business impact and loss in productivity.

Damco ocean margins remained below last year, impacted by challenging market conditions on the trade lanes where Damco is primarily exposed.

Damco saw improvement in air freight margins in Q3 above last year and expects improved ocean margins from better pricing processes and carrier management tool. Supply chain management margins are in line with last year.

### Product

Volumes	Q3		9 months	
	2017	2016	2017	2016
Supply Chain Management (SCM) ('000 cbm)	20,186	19,168	52,395	49,798
Ocean (OCE) (TEU), Total	167,467	172,885	501,627	493,036
AIR (Tonnes)	50,672	50,690	145,893	138,863

TRANSPORT & LOGISTICS

# Svitzer

Svitzer reported a profit of USD 35m (USD 22m) and a ROIC of 10.6% (6.9%), positively impacted by higher volumes from increased towage activities in Australia and Americas, ongoing portfolio and fleet optimisation, and reduction of operating and administration costs.

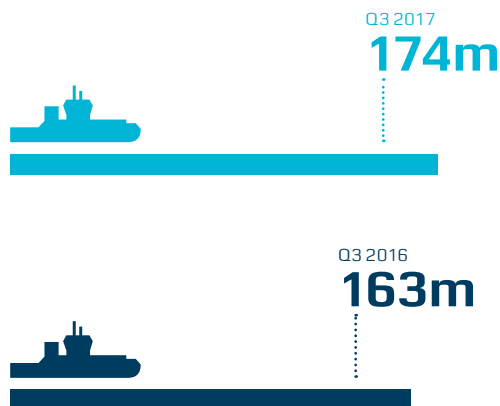
The Svitzer Adira newbuild is now operating as part of Svitzer's fleet of five tugs in the port of Southampton, UK.



## Svitzer highlights

USD Million	Q3		9 months	
	2017	2016	2017	2016
Revenue	174	163	493	488
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>58</b>	<b>41</b>	<b>148</b>	<b>130</b>
Depreciation, amortisation and impairment losses, net	22	19	76	61
Gain on sale of non-current assets, etc., net	-	-	4	3
Share of profit/loss in joint ventures	4	3	2	6
Share of profit/loss in associated companies	1	-	1	-
<b>Profit/loss before financial items (EBIT)</b>	<b>41</b>	<b>25</b>	<b>79</b>	<b>78</b>
Tax	6	3	3	5
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>35</b>	<b>22</b>	<b>76</b>	<b>73</b>
<b>Underlying result</b>	<b>35</b>	<b>22</b>	<b>89</b>	<b>70</b>
Cash flow from operating activities	46	52	113	118
Cash flow used for capital expenditure	-25	-40	-91	-151
Invested capital	1,344	1,245	1,344	1,245
ROIC, annualised	10.6%	6.9%	7.9%	8.0%

### Revenue (USD)



→ Revenue amounted to USD 174m (USD 163m) mainly impacted by USD 13m increase in revenue in Australia and Americas offset by USD 2m decrease in revenue in Europe.

Svitzer's harbour towage activity increased by 7% compared to Q3 2016, mainly due to increased activity in Australia and Americas. In line with first half of 2017, volumes in Australia improved due to increased export of commodities. Market share for harbour towage in competitive ports in Australia was slightly higher than in Q3 2016.

In Americas, activity in Argentina increased because of an injunction limiting Svitzer's

operations was lifted in August. In line with Q2 2017, Brazil showed increased activity from new customers in the ports entered during 2017 and additional volumes from existing operations.

Activity in Europe remained stable, but with more intense competition in ports in the UK leading to price pressure. Market share for harbour towage in Europe was slightly higher than in Q3 2016.

The new terminal towage projects in Australia and Costa Rica continue to progress as planned and will commence operations in first half of 2018. Similarly, the new terminal towage project

in Bangladesh is on track and is expected to start operations early 2018. Through cooperation with APM Terminals, Svitzer has furthermore signed new towage contracts with terminals in Poti, Georgia and Tangier Med II, Morocco. Operations are planned to commence in Georgia and Morocco by the beginning of 2018 and Q1 2019 respectively.

Ardent, Svitzer's 50% owned salvage company, improved its activities in Q3 2017 as the company was engaged for the ongoing salvage of the grounded container vessel KEA Trader. While emergency response activity has picked up, the market for wreck removals is still significantly below historical average.

Cash flow from operating activities amounted to USD 46m (USD 52m) mainly impacted by higher net working capital position related to new activities. Cash flow used for capital expenditure amounted to USD 25m (USD 40m) mainly impacted by fewer instalments on new vessels.

Svitzer had 350 vessels in the fleet end of Q3 2017 of which eight are chartered and the remaining are owned. A total of 12 vessels are on order with three to be delivered in 2017 and nine to be delivered in 2018. In comparison, Svitzer had 343 vessels by Q3 2016 of which 11 were chartered.

To address the increased commercial pressure driven by less new projects related to commodity industries, slow growth in vessel calls and overcapacity of towage tonnage in certain geographic markets, Svitzer continues to optimise its fleet utilisation by repositioning or sale of vessels. In Q3 Svitzer sold four idle vessels with a cash flow impact of USD 6m.

### The Market

The activity in the harbour towage markets where Svitzer is present remains stable. For harbour towage in Europe, consolidation of the industry is still ongoing, leading to stronger competitors and more intense competition.

Svitzer's strategic response is to continuously improve cost levels and productivity while utilising global footprint to ensure closer cooperation

with targeted customers. Svitzer will further develop the cooperation with the other businesses in Transport & Logistics to harvest synergies through improved operational optimisation, collaboration and scaling across ports and regions.

The market for terminal towage remains negatively impacted by oil companies continuing to postpone projects. •

# Financial review

Energy

ENERGY

# Maersk Supply Service

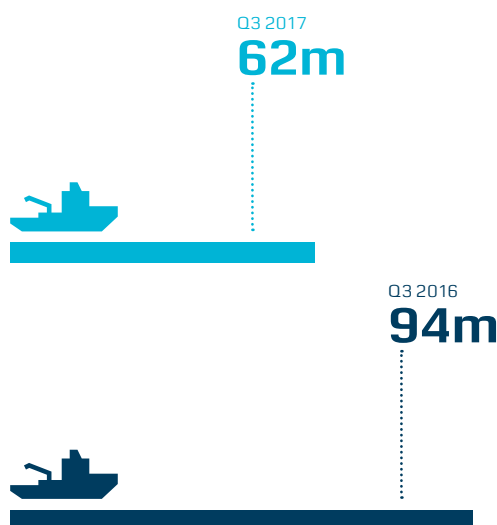
Maersk Supply Service reported a loss of USD 16m (loss of USD 11m) and a ROIC of negative 8.3% (negative 2.5%). The underlying result was a loss of USD 14m (loss of USD 11m) driven by fewer legacy contracts offset by a periodically stronger spot market in Q3.



## Maersk Supply Service highlights

USD Million	Q3		9 months	
	2017	2016	2017	2016
Revenue	62	94	184	306
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>2</b>	<b>21</b>	<b>7</b>	<b>88</b>
Depreciation, amortisation and impairment losses, net	16	33	51	205
Gain on sale of non-current assets, etc., net	-2	1	-1	-
<b>Profit/loss before financial items (EBIT)</b>	<b>-16</b>	<b>-11</b>	<b>-45</b>	<b>-117</b>
Tax	-	-	3	2
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-16</b>	<b>-11</b>	<b>-48</b>	<b>-119</b>
<b>Underlying result</b>	<b>-14</b>	<b>-11</b>	<b>-47</b>	<b>-21</b>
Cash flow from operating activities	-3	38	2	67
Cash flow used for capital expenditure	-101	1	-242	-73
Invested capital	783	1,679	783	1,679
ROIC, annualised	-8.3%	-2.5%	-8.8%	-9.0%

### Revenue (USD)



→ Revenue decreased to USD 62m (USD 94m) following lower rates and utilisation. Total operating costs decreased to USD 60m (USD 73m) due to the divestment of 12 vessels during the last year.

Cash flow from operating activities decreased to negative USD 3m (positive USD 38m) reflecting a lower result. Cash flow used for capital expenditure increased to USD 101m (cash in-flow USD 1m) due to the delivery of Maersk Mariner.

Going into Q4, contract coverage for rest of 2017 is 38% (40%), and 24% (19%) for 2018. Gross utilisation was 52% (57%) for Q3 2017.

### Contract wins in key markets

Maersk Supply Service secured important term contracts in Canada, Angola and Brazil in Q3 albeit at relatively low rate levels.

One of Maersk Supply Service's newbuildings, Maersk Mariner, arrived to Australia and started a firm 2-month contract with options for Woodside directly from yard delivery.

### The market

The industry continues to be characterised by oversupply, financial restructurings and consolidation, and Maersk Supply Service expects market outlook for the industry to remain subdued in the near and mid-term. The market demand remains challenged due to the low activity in the offshore industry, and thus the offshore supply vessel industry has approximately 30% of vessels laid up globally, including Maersk Supply Service with 12 (13) vessels laid up end of Q3.

Maersk Supply Service initiated a divestment programme in 2016 as a response to vessels in lay-up,

limited trading opportunities and the global oversupply of offshore supply vessels in the industry. The divestment programme is progressing as planned with one vessel shipped for recycling in Q3, having divested three vessels in total in 2017 leaving the total fleet at 43 with eight vessels still to be delivered. Maersk Supply Service plans to divest a further five vessels in the coming six to nine months.

### Integrated Solutions building track record

Maersk Supply Service's Integrated Solutions business continues to show good progress, executing safely on key projects. For the Maersk Oil Culzean project, Maersk Supply Service has successfully proceeded with the anchor installation and testing of the mooring system. On the Maersk Oil Janice project, the removal of subsea equipment and pipeline has continued over the summer including the removal of flexible pipe using an innovative approach significantly reducing time spent for the customer. •

### Fleet

Vessels end of Q3 2016	53
Divested	12
Newbuild deliveries since Q3 2016	2
Vessels end of Q3 2017	43
Future newbuild deliveries	8

# Highlights

## For the first nine months of 2017

A.P. Moller - Maersk reported an underlying profit for the first nine months of USD 270m (loss of USD 245m), with an increase in Maersk Line of USD 687m.

The result including discontinued operations was a loss of USD 1.6bn (profit of USD 780m) primarily related to post-tax impairments of net USD 2.8bn (USD 123m) in Maersk Drilling, APM Terminals and Maersk Tankers countered by an increase in Maersk Line profit of USD 723m.

→ Revenue increased by USD 2.5bn to USD 23.0bn with an increase of USD 2.3bn or 15% in Maersk Line, predominantly due to higher average freight rates and higher volumes.

The underlying profit of USD 270m (loss of USD 245m) was positively impacted by an improvement of USD 727m in Transport & Logistics, partly offset by a decline of USD 42m in Energy and an increase in net financial expenses after tax of USD 169m related to adverse currency movements and

higher interest rates. Maersk Line reported an underlying profit of USD 458m (loss of USD 229m).

The return on invested capital (ROIC) was 0.9% (0.3%).

Cash flow from operating activities was USD 1.4bn (USD 682m), while gross cash flow used for capital expenditure was USD 2.4bn (USD 1.6bn). The free cash flow was negative USD 970m (negative USD 894m).

### Revenue (USD)

**23.0bn**

9 months 2017

**20.5bn**

9 months 2016

### Underlying profit (USD)

**270m**

9 months 2017

**-245m**

9 months 2016

### Profit / loss (USD)

**-1.6bn**

9 months 2017

**780m**

9 months 2016

### Free cash flow (USD)

**-970m**

9 months 2017

**-894m**

9 months 2016

### ROIC, continuing operations

**0.9%**

9 months 2017

**0.3%**

9 months 2016



# Highlights 9 months

USD million	Revenue		Profit/loss		Underlying result		Free cash flow		Cash flow used for capital expenditure		Invested capital		ROIC, annualised	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Maersk Line	17,723	15,394	493	-230	458	-229	-68	245	-1,586	-254	20,680	19,985	3.2%	-1.5%
APM Terminals	3,021	3,088	-276	351	299	342	138	-743	-426	-1,363	7,955	8,035	-4.6%	6.2%
Damco	1,931	1,850	-14	27	-15	27	-75	17	-2	-7	299	208	-7.4%	17.0%
Svitzer	493	488	76	73	89	70	22	-33	-91	-151	1,344	1,245	7.9%	8.0%
Maersk Container Industry	769	351	37	-44	37	-44	114	-66	-14	-13	269	413	15.3%	-13.9%
Other businesses, unallocated and eliminations	-1,211	-1,011	-49	9	-55	-80	-70	-62	-41	-15	1,497	1,288	4.6%	16.7%
<b>Transport &amp; Logistics</b>	<b>22,726</b>	<b>20,160</b>	<b>267</b>	<b>186</b>	<b>813</b>	<b>86</b>	<b>61</b>	<b>-642</b>	<b>-2,160</b>	<b>-1,803</b>	<b>32,044</b>	<b>31,174</b>	<b>1.1%</b>	<b>0.8%</b>
<b>Energy</b>	<b>232</b>	<b>339</b>	<b>-57</b>	<b>-112</b>	<b>-56</b>	<b>-14</b>	<b>-235</b>	<b>-11</b>	<b>-239</b>	<b>-75</b>	<b>839</b>	<b>1,739</b>	<b>-9.6%</b>	<b>-8.2%</b>
Financial items, net after tax	-	-	-486	-317	-486	-317	-796	-241	11	302	135	44	-	-
Eliminations	-5	-7	-1	-	-1	-	-	-	-	-	-3	-4	-	-
<b>Continuing operations</b>	<b>22,953</b>	<b>20,492</b>	<b>-277</b>	<b>-243</b>	<b>270</b>	<b>-245</b>	<b>-970</b>	<b>-894</b>	<b>-2,388</b>	<b>-1,576</b>	<b>33,015</b>	<b>32,953</b>	<b>0.9%</b>	<b>0.3%</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-1,273</b>	<b>1,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,251</b>	<b>13,646</b>		
<b>A.P. Moller - Maersk Consolidated</b>	<b>22,953</b>	<b>20,492</b>	<b>-1,550</b>	<b>780</b>	<b>270</b>	<b>-245</b>	<b>-970</b>	<b>-894</b>	<b>-2,388</b>	<b>-1,576</b>	<b>43,266</b>	<b>46,599</b>		

Net interest-bearing debt increased to USD 12.5bn (USD 10.7bn at 31 December 2016) mainly due to the negative free cash flow, dividend payments, currency adjustments and new finance leases.

Total equity was USD 31.0bn (USD 32.1bn at 31 December 2016), negatively impacted by the loss of USD 1.6bn and ordinary dividend paid of USD 503m, partly offset by other comprehensive income of USD 888m, which primarily comprise effects from foreign exchange transactions and cash flow hedges.

## Transport & Logistics

**Maersk Line** reported a profit of USD 493m (loss of USD 230m) and a positive ROIC of 3.2% (negative 1.5%). The result was driven by higher average freight rates and higher volumes partly offset by higher unit cost due to higher bunker

price, lower utilisation and the cyber-attack end June. Volumes increased by 2.8% to 7,932k FFE (7,714k FFE) and average freight rate increased by 13% to 2,030 USD/FFE (1,793 USD/FFE).

Cash flow from operating activities was USD 1.5bn (USD 499m) and cash flow used for capital expenditure was USD 1.6bn (USD 254m) leaving a negative free cash flow of USD 68m (positive USD 245m).

**APM Terminals** reported an underlying profit of USD 299m (USD 342m). The loss of USD 276m (profit of USD 351m) and negative ROIC of 4.6% (positive 6.2%) was impacted by impairments of USD 250m in Q2 due to a few commercially challenged terminals and additional impairments of USD 374m in Q3 related to terminals in markets with overcapacity and rate pressure. The result

was partially offset by divestment gains of USD 49m, including reversal of a tax provision.

**APM Terminals** volume was 29.4m TEU (27.6m TEU) weighted by the share of equity in each terminal, an increase by 6.4% mainly due to the TCB terminals and other newly operated terminals. Excluding these, like-for-like volumes increased by 3.5%.

Cash flow from operating activities was USD 564m (USD 620m) and cash flow used for capital expenditure was USD 426m (USD 1.4bn) impacted by a positive cash flow from the divestment of Pentalver, UK in Q2 2017.

**Damco** reported a loss of USD 14m (profit of USD 27m) and a negative ROIC of 7.4% (positive 17.0%). The result was negatively impacted by the cyber-attack.

Cash flow from operating activities was negative USD 73m (positive USD 24m), mainly driven by development in net working capital, negatively impacted by the cyber-attack and increasing backlogs. Cash flow used for capital expenditure was USD 2m (USD 7m).

**Svitzer** delivered a profit of USD 76m (USD 73m) and a ROIC of 7.9% (8.0%). The underlying profit was USD 89m (USD 70m).

Cash flow from operating activities was USD 113m (USD 118m) and cash flow used for capital expenditure was USD 91m (USD 151m).

**Maersk Container Industry** reported a profit of USD 37m (loss of USD 44m) and a positive ROIC of 15.3% (negative 13.9%), positively impacted by improved efficiencies and higher volumes in

both dry and reefer. Further, the cost reduction programs in Qingdao, China and Dongguan, China over the past couple of years are becoming visible when operating at full capacity. Cash flow from operating activities was positive USD 128m (negative USD 53m) and cash flow used for capital expenditure was USD 14m (USD 13m).

## Energy

**Maersk Supply Service** reported a loss of USD 48m (loss of USD 119m) impacted by lower utilisation and lower average rates. The result for 2016 was negatively impacted by an impairment of USD 98m. The underlying result was a loss of USD 47m (loss of USD 21m). ROIC was negative 8.8% (negative 9.0%).

Cash flow from operating activities was USD 2m (USD 67m) reflecting a lower result. Cash flow used for capital expenditure was USD 242m (USD 73m) mainly due to the delivery of Maersk Master and Maersk Mariner.

## Unallocated activities

Unallocated activities comprise activities, which are not attributable to reportable segments, including financial items as well as corporate costs. Financial expenses, net after tax were USD 486m (USD 317m) primarily impacted by adverse currency movements and higher interest rates.

## Discontinued operations

The loss for the first nine months from discontinued operations amounted to USD 1.3bn (profit of USD 1.0bn) with a loss in Maersk Drilling of USD 1.6bn (profit of USD 740m), a profit in Maersk Oil of USD 788m (USD 202m), and a loss in Maersk Tankers of USD 477m (profit of USD 81m). The loss in Maersk Drilling and Maersk Tankers was negatively impacted by impairments of USD 1.75bn and USD 464m, respectively.

Due to the classification as discontinued operations of Maersk Oil, Maersk Drilling, and Maersk Tankers, further reference is made to note 2 Discontinued operations and assets held for sale. •

# Statement of the Board of Directors and the Management Board

The Board of Directors and the Management Board have today discussed and approved the Interim Report of A.P. Møller - Mærsk A/S for the period 1 January 2017 to 30 September 2017.

The interim consolidated financial statements of A.P. Møller - Mærsk A/S has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion the interim consolidated financial statements (pages 28-44) give a true and fair view of A.P. Møller - Mærsk's consolidated assets, liabilities and financial position at 30 September 2017 and of the result of A.P. Møller - Mærsk's consolidated operations and cash flows for the period 1 January to 30 September 2017. Furthermore, in our opinion the Directors' report (pages 3-27) includes a fair review of the development in A.P. Møller - Mærsk's operations and financial conditions, the result for the period, cash flows and financial position as well as the most significant risks and uncertainty factors that A.P. Møller - Mærsk faces.

**Copenhagen, 7 November 2017**

## Management Board

**Søren Skou** — CEO of A.P. Møller - Mærsk A/S

**Claus V. Hemmingsen** — Vice CEO of A.P. Møller - Mærsk A/S

**Jakob Stausholm** — CFO of A.P. Møller - Mærsk A/S

## Board of Directors

**Jim Hagemann Snabe** — Chairman

**Niels Jacobsen** — Vice Chairman

**Ane Mærsk Mc-Kinney Uggla** — Vice Chairman

**Dorothee Blessing**

**Niels B. Christiansen**

**Renata Frolova-Hammer**

**Arne Karlsson**

**Jan Leschly**

**Palle Vestergaard Rasmussen**

**Robert Routs**

**Robert Mærsk Uggla**

# Financials

(In parenthesis the corresponding figures for 2016)

## **Interim consolidated financial statements Q3 2017**

- Condensed income statement
- Condensed statement of comprehensive income
- Condensed balance sheet
- Condensed cash flow statement
- Condensed statement of changes in equity
- Notes to the consolidated financial statements

# Condensed income statement

AMOUNTS IN USD MILLION

Note	2017	Q3 2016	2017	9 months 2016	Full year 2016
1 Revenue	8,046	7,073	22,953	20,492	27,646
<b>Profit before depreciation, amortisation and impairment losses, etc.</b>	<b>978</b>	<b>650</b>	<b>2,695</b>	<b>1,974</b>	<b>2,579</b>
5 Depreciation, amortisation and impairment losses, net	798	646	2,358	2,056	3,851
Gain on sale of non-current assets, etc., net	6	10	76	127	189
Share of profit/loss in joint ventures	-202	38	-158	90	130
Share of profit/loss in associated companies	20	20	67	65	-55
<b>Profit/loss before financial items</b>	<b>4</b>	<b>72</b>	<b>322</b>	<b>200</b>	<b>-1,008</b>
Financial items, net	-105	-64	-478	-312	-549
<b>Profit/loss before tax</b>	<b>-101</b>	<b>8</b>	<b>-156</b>	<b>-112</b>	<b>-1,557</b>
Tax	19	38	121	131	146
<b>Profit/loss for the period – continuing operations</b>	<b>-120</b>	<b>-30</b>	<b>-277</b>	<b>-243</b>	<b>-1,703</b>
Profit/loss for the period – discontinued operations	-1,419	468	-1,273	1,023	-194
<b>Profit/loss for the period</b>	<b>-1,539</b>	<b>438</b>	<b>-1,550</b>	<b>780</b>	<b>-1,897</b>
Of which:					
Non-controlling interests	16	9	29	39	42
<b>A.P. Møller - Mærsk A/S' share</b>	<b>-1,555</b>	<b>429</b>	<b>-1,579</b>	<b>741</b>	<b>-1,939</b>
Earnings per share – continuing operations, USD	-7	-1	-15	-13	-84
Diluted earnings per share – continuing operations, USD	-7	-1	-15	-13	-84
<b>Earnings per share, USD</b>	<b>-75</b>	<b>21</b>	<b>-76</b>	<b>36</b>	<b>-93</b>
<b>Diluted earnings per share, USD</b>	<b>-75</b>	<b>21</b>	<b>-76</b>	<b>36</b>	<b>-93</b>

Maersk Oil, Maersk Tankers and Maersk Drilling are classified as discontinued operations and assets held for sale in Q3 2017. Comparative figures have been restated for the income statement and cash flow statement, while balance sheet has not been restated.

# Condensed statement of comprehensive income

AMOUNTS IN USD MILLION

	2017	Q3 2016	2017	9 months 2016	Full year 2016
<b>Profit/loss for the period</b>	<b>-1,539</b>	<b>438</b>	<b>-1,550</b>	<b>780</b>	<b>-1,897</b>
Translation from functional currency to presentation currency	91	-38	380	-83	-330
Other equity investments	-	-11	-	55	-27
Cash flow hedges	17	96	414	48	33
Tax on other comprehensive income	-7	-18	-26	18	16
Share of other comprehensive income of joint ventures and associated companies, net of tax	1	1	2	-1	3
<b>Total items that have been or may be reclassified subsequently to the income statement</b>	<b>102</b>	<b>30</b>	<b>770</b>	<b>37</b>	<b>-305</b>
Other equity investments	53	-	116	-	-
Actuarial gains/losses on defined benefit plans, etc.	-1	-	2	-9	-96
<b>Total items that will not be reclassified to the income statement</b>	<b>52</b>	<b>-</b>	<b>118</b>	<b>-9</b>	<b>-96</b>
<b>Other comprehensive income, net of tax</b>	<b>154</b>	<b>30</b>	<b>888</b>	<b>28</b>	<b>-401</b>
<b>Total comprehensive income for the period</b>	<b>-1,385</b>	<b>468</b>	<b>-662</b>	<b>808</b>	<b>-2,298</b>
Of which:					
Non-controlling interests	21	12	40	36	54
<b>A.P. Møller - Mærsk A/S' share</b>	<b>-1,406</b>	<b>456</b>	<b>-702</b>	<b>772</b>	<b>-2,352</b>

# Condensed balance sheet

## AMOUNTS IN USD MILLION

Note	30 September		31 December
	2017	2016	2016
Intangible assets	2,783	3,659	3,620
Property, plant and equipment	28,065	43,628	41,496
Financial non-current assets, etc.	3,845	4,445	4,269
Deferred tax	262	621	590
<b>Total non-current assets</b>	<b>34,955</b>	<b>52,353</b>	<b>49,975</b>
Inventories	746	858	862
Receivables, etc.	6,035	5,961	6,021
Securities	1	785	52
Cash and bank balances	2,936	3,360	4,105
2 Assets held for sale	15,587	125	103
<b>Total current assets</b>	<b>25,305</b>	<b>11,089</b>	<b>11,143</b>
1 <b>Total assets</b>	<b>60,260</b>	<b>63,442</b>	<b>61,118</b>

Note	30 September		31 December
	2017	2016	2016
Equity attributable to A.P. Møller - Mærsk A/S	30,121	34,399	31,258
Non-controlling interests	833	810	832
<b>Total equity</b>	<b>30,954</b>	<b>35,209</b>	<b>32,090</b>
Borrowings, non-current	12,909	13,805	13,320
Other non-current liabilities	1,488	5,028	4,975
<b>Total non-current liabilities</b>	<b>14,397</b>	<b>18,833</b>	<b>18,295</b>
Borrowings, current	2,907	1,616	2,015
Other current liabilities	7,247	7,784	8,702
2 Liabilities associated with assets held for sale	4,755	-	16
<b>Total current liabilities</b>	<b>14,909</b>	<b>9,400</b>	<b>10,733</b>
1 <b>Total liabilities</b>	<b>29,306</b>	<b>28,233</b>	<b>29,028</b>
<b>Total equity and liabilities</b>	<b>60,260</b>	<b>63,442</b>	<b>61,118</b>

# Condensed cash flow statement

## AMOUNTS IN USD MILLION

	9 months		Full year
	2017	2016	2016
Profit/loss before financial items	322	200	-1,008
Non-cash items, etc.	2,371	1,789	3,565
Change in working capital	-364	-531	-425
Cash from operating activities before financial items and tax	2,329	1,458	2,132
Financial payments, net	-711	-371	-348
Taxes paid	-200	-405	-457
<b>Cash flow from operating activities</b>	<b>1,418</b>	<b>682</b>	<b>1,327</b>
Purchase of intangible assets and property, plant and equipment	-2,906	-1,484	-2,105
Sale of intangible assets and property, plant and equipment	419	379	403
Acquisition/sale of subsidiaries and activities, etc., net	101	-694	-694
Other financial investments, net	-2	223	220
Cash flow used for capital expenditure	-2,388	-1,576	-2,176
Purchase/sale of securities, trading portfolio	52	10	754
<b>Cash flow used for investing activities</b>	<b>-2,336</b>	<b>-1,566</b>	<b>-1,422</b>
Repayment of/proceeds from loans, net	-271	3,139	2,847
Purchase of own shares	-	-475	-475
Dividends distributed	-454	-953	-953
Dividends distributed to non-controlling interests	-49	-47	-53
Other equity transactions	27	-1,271	-1,247
<b>Cash flow from financing activities</b>	<b>-747</b>	<b>393</b>	<b>119</b>
<b>Net cash flow from continuing operations</b>	<b>-1,665</b>	<b>-491</b>	<b>24</b>
Net cash flow from discontinued operations	486	-29	557
<b>Net cash flow for the period</b>	<b>-1,179</b>	<b>-520</b>	<b>581</b>
Cash and cash equivalents 1 January	4,077	3,996	3,996
Currency translation effect on cash and cash equivalents	157	-137	-500
Cash and cash equivalents, end of period	3,055	3,339	4,077
Of which classified as assets held for sale	-171	-	-19
<b>Cash and cash equivalents, end of period</b>	<b>2,884</b>	<b>3,339</b>	<b>4,058</b>

	9 months		Full year
	2017	2016	2016
<b>Cash and cash equivalents</b>			
Cash and bank balances	2,936	3,360	4,105
Overdrafts	52	21	47
<b>Cash and cash equivalents, end of period</b>	<b>2,884</b>	<b>3,339</b>	<b>4,058</b>

Cash and bank balances include USD 1.2bn (USD 1.1bn at 31 December 2016) that relates to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

# Condensed statement of changes in equity

AMOUNTS IN USD MILLION

	A.P. Møller - Mærsk A/S							
	Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 January 2017	3,774	-706	-232	-255	28,677	31,258	832	32,090
Other comprehensive income, net of tax	-	368	117	390	2	877	11	888
Profit for the period	-	-	-	-	-1,579	-1,579	29	-1,550
<b>Total comprehensive income for the period</b>	-	<b>368</b>	<b>117</b>	<b>390</b>	<b>-1,577</b>	<b>-702</b>	<b>40</b>	<b>-662</b>
Dividends to shareholders	-	-	-	-	-454	-454	-49	-503
Value of share-based payment	-	-	-	-	7	7	-	7
Sale of non-controlling interests	-	-	-	-	1	1	4	5
Sale of own shares	-	-	-	-	14	14	-	14
Capital increases and decreases	-	-	-	-	-	-	6	6
Other equity movements	-	-	-	-	-3	-3	-	-3
<b>Total transactions with shareholders</b>	-	-	-	-	<b>-435</b>	<b>-435</b>	<b>-39</b>	<b>-474</b>
<b>Equity 30 September 2017</b>	<b>3,774</b>	<b>-338</b>	<b>-115</b>	<b>135</b>	<b>26,665</b>	<b>30,121</b>	<b>833</b>	<b>30,954</b>
Equity 1 January 2016	3,906	-381	-205	-301	32,068	35,087	652	35,739
Other comprehensive income, net of tax	-	-82	70	69	-26	31	-3	28
Profit for the period	-	-	-	-	741	741	39	780
<b>Total comprehensive income for the period</b>	-	<b>-82</b>	<b>70</b>	<b>69</b>	<b>715</b>	<b>772</b>	<b>36</b>	<b>808</b>
Dividends to shareholders	-	-	-	-	-953	-953	-47	-1,000
Value of share-based payment	-	-	-	-	13	13	-	13
Acquisition of non-controlling interests	-	-	-	-	-46	-46	168	122
Purchase of own shares	-	-	-	-	-475	-475	-	-475
Capital increases and decreases <sup>1</sup>	-132	-	-	-	132	-	1	1
Other equity movements	-	-	-	-	1	1	-	1
<b>Total transactions with shareholders</b>	<b>-132</b>	-	-	-	<b>-1,328</b>	<b>-1,460</b>	<b>122</b>	<b>-1,338</b>
<b>Equity 30 September 2016</b>	<b>3,774</b>	<b>-463</b>	<b>-135</b>	<b>-232</b>	<b>31,455</b>	<b>34,399</b>	<b>810</b>	<b>35,209</b>

<sup>1</sup> At the Annual General Meeting of A.P. Møller - Mærsk A/S on 12 April 2016, the shareholders decided on the cancellation of treasury shares, whereby the share capital has decreased by a transfer of reserves to retained earnings.



# Notes

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# Note 1 Segment information

## AMOUNTS IN USD MILLION

	Maersk Line <sup>1</sup>	APM Terminals <sup>1</sup>	Damco <sup>1</sup>	Svitzer <sup>1</sup>	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics	Energy <sup>4</sup>	Eliminations and financial items	Continuing operations
<b>Q3 2017</b>												
External revenue	6,033	641	688	164	27	417	-13	1	7,958	66	-	8,024
Inter-segment revenue	97	383	-	10	214	5	107	-811	5	19	-2	22
<b>Total revenue</b>	<b>6,130</b>	<b>1,024</b>	<b>688</b>	<b>174</b>	<b>241</b>	<b>422</b>	<b>94</b>	<b>-810</b>	<b>7,963</b>	<b>85</b>	<b>-2</b>	<b>8,046</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>755</b>	<b>178</b>	<b>-5</b>	<b>58</b>	<b>21</b>	<b>10</b>	<b>-36</b>	<b>3</b>	<b>984</b>	<b>-6</b>	<b>-</b>	<b>978</b>
Depreciation and amortisation	501	106	5	22	9	7	1	-2	649	18	1	668
Impairment losses	-	130	-	-	-	-	-	-	130	-	-	130
Gain/loss on sale of non-current assets, etc., net	9	-3	1	-	-	1	-	-	8	-2	-	6
Share of profit/loss in joint ventures	-	-211	5	4	-	-1	-	-	-203	1	-	-202
Share of profit/loss in associated companies	-	29	-	1	-	-10	-	-	20	-	-	20
<b>Profit/loss before financial items (EBIT)</b>	<b>263</b>	<b>-243</b>	<b>-4</b>	<b>41</b>	<b>12</b>	<b>-7</b>	<b>-37</b>	<b>5</b>	<b>30</b>	<b>-25</b>	<b>-1</b>	<b>4</b>
Financial items, net	-	-	-	-	-	-	-	-	-	-	-105	-105
Tax	43	24	2	6	4	+2	+53	-	24	-	+5	19
<b>Profit/loss for the period</b>	<b>220</b>	<b>-267</b>	<b>-6</b>	<b>35</b>	<b>8</b>	<b>-5</b>	<b>16</b>	<b>5</b>	<b>6</b>	<b>-25</b>	<b>-101</b>	<b>-120</b>
Gain/loss on sale of non-current assets, etc., net <sup>2</sup>	9	-3	1	-	-	1	-	-	8	-2	-	6
Impairment losses, net <sup>2</sup>	-	-374	-	-	-	-	-	-	-374	-	-	-374
Tax on adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Underlying result</b>	<b>211</b>	<b>110</b>	<b>-7</b>	<b>35</b>	<b>8</b>	<b>-6</b>	<b>16</b>	<b>5</b>	<b>372</b>	<b>-23</b>	<b>-101</b>	<b>248</b>
Cash flow from operating activities	702	182	-38	46	73	-12	-92	-85	776	-13	-337	426
Cash flow used for capital expenditure	-924	-193	-1	-25	-11	-2	1	84	-1,071	-102	-198	-1,371
<b>Free cash flow</b>	<b>-222</b>	<b>-11</b>	<b>-39</b>	<b>21</b>	<b>62</b>	<b>-14</b>	<b>-91</b>	<b>-1</b>	<b>-295</b>	<b>-115</b>	<b>-535</b>	<b>-945</b>
<b>Investments in non-current assets<sup>3</sup></b>	<b>866</b>	<b>162</b>	<b>1</b>	<b>31</b>	<b>6</b>	<b>5</b>	<b>-</b>	<b>12</b>	<b>1,083</b>	<b>102</b>	<b>-</b>	<b>1,185</b>

<sup>1</sup> Reportable segments.

<sup>2</sup> Including A.P. Moller - Maersk's share of gains on sale of non-current assets, etc., net and impairments, net, recorded in joint ventures and associated companies.

<sup>3</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

<sup>4</sup> Comprise mainly of Maersk Supply Service as well as Maersk Training, Maersk FPSO and unallocated cost and eliminations within Energy.

# Note 1 Segment information — continued

AMOUNTS IN USD MILLION

	Maersk Line <sup>1</sup>	APM Terminals <sup>1</sup>	Damco <sup>1</sup>	Svitzer <sup>1</sup>	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics	Energy <sup>4</sup>	Eliminations and financial items	Continuing operations
<b>9 MONTHS 2017</b>												
External revenue	17,452	1,990	1,931	463	105	570	205	-	22,716	205	-	22,921
Inter-segment revenue	271	1,031	-	30	664	10	242	-2,238	10	27	-5	32
<b>Total revenue</b>	<b>17,723</b>	<b>3,021</b>	<b>1,931</b>	<b>493</b>	<b>769</b>	<b>580</b>	<b>447</b>	<b>-2,238</b>	<b>22,726</b>	<b>232</b>	<b>-5</b>	<b>22,953</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>2,050</b>	<b>493</b>	<b>4</b>	<b>148</b>	<b>76</b>	<b>50</b>	<b>-103</b>	<b>-19</b>	<b>2,699</b>	<b>-4</b>	<b>-</b>	<b>2,695</b>
Depreciation and amortisation	1,488	316	15	64	26	23	4	-7	1,929	56	1	1,986
Impairment losses	-	360	-	12	-	-	-	-	372	-	-	372
Gain/loss on sale of non-current assets, etc., net	35	31	1	4	-	1	5	-	77	-1	-	76
Share of profit/loss in joint ventures	-	-175	9	2	-	-1	-	-	-165	7	-	-158
Share of profit/loss in associated companies	-	78	-	1	-	-12	-	-	67	-	-	67
<b>Profit/loss before financial items (EBIT)</b>	<b>597</b>	<b>-249</b>	<b>-1</b>	<b>79</b>	<b>50</b>	<b>15</b>	<b>-102</b>	<b>-12</b>	<b>377</b>	<b>-54</b>	<b>-1</b>	<b>322</b>
Financial items, net	-	-	-	-	-	-	-	-	-	-	-478	-478
Tax	104	27	13	3	13	2	+53	1	110	3	8	121
<b>Profit/loss for the period</b>	<b>493</b>	<b>-276</b>	<b>-14</b>	<b>76</b>	<b>37</b>	<b>13</b>	<b>-49</b>	<b>-13</b>	<b>267</b>	<b>-57</b>	<b>-487</b>	<b>-277</b>
Gain/loss on sale of non-current assets, etc., net <sup>2</sup>	35	31	1	4	-	1	5	-	77	-1	-	76
Impairment losses, net <sup>2</sup>	-	-624	-	-18	-	-	-	-	-642	-	-	-642
Tax on adjustments	-	18	-	1	-	-	-	-	19	-	-	19
<b>Underlying result</b>	<b>458</b>	<b>299</b>	<b>-15</b>	<b>89</b>	<b>37</b>	<b>12</b>	<b>-54</b>	<b>-13</b>	<b>813</b>	<b>-56</b>	<b>-487</b>	<b>270</b>
Cash flow from operating activities	1,518	564	-73	113	128	20	-79	30	2,221	4	-807	1,418
Cash flow used for capital expenditure	-1,586	-426	-2	-91	-14	-7	-3	-31	-2,160	-239	11	-2,388
<b>Free cash flow</b>	<b>-68</b>	<b>138</b>	<b>-75</b>	<b>22</b>	<b>114</b>	<b>13</b>	<b>-82</b>	<b>-1</b>	<b>61</b>	<b>-235</b>	<b>-796</b>	<b>-970</b>
<b>Investments in non-current assets<sup>3</sup></b>	<b>2,188</b>	<b>530</b>	<b>4</b>	<b>104</b>	<b>13</b>	<b>9</b>	<b>-</b>	<b>-15</b>	<b>2,833</b>	<b>248</b>	<b>-</b>	<b>3,081</b>
Intangible assets	-	2,667	85	18	6	1	-	-	2,777	5	-	2,782
Property, plant and equipment	21,846	3,536	66	1,143	229	186	80	-35	27,051	1,020	-4	28,067
Investments in joint ventures	-	1,308	36	93	-	1	-	-	1,438	1	-	1,439
Investments in associated companies	-	703	-	16	-	184	-	-	903	-	-	903
Other non-current assets	163	199	32	73	30	7	859	-43	1,320	5	236	1,561
Assets held for sale	167	112	-	22	-	-	5	-1	305	-	-	305
Other current assets	3,993	998	760	153	311	575	1,169	-1,956	6,003	129	385	6,517
<b>Total non-interest bearing assets</b>	<b>26,169</b>	<b>9,523</b>	<b>979</b>	<b>1,518</b>	<b>576</b>	<b>954</b>	<b>2,113</b>	<b>-2,035</b>	<b>39,797</b>	<b>1,160</b>	<b>617</b>	<b>41,574</b>
Non-interest bearing liabilities	5,489	1,568	680	174	307	420	1,128	-2,013	7,753	321	485	8,559
<b>Invested capital, net</b>	<b>20,680</b>	<b>7,955</b>	<b>299</b>	<b>1,344</b>	<b>269</b>	<b>534</b>	<b>985</b>	<b>-22</b>	<b>32,044</b>	<b>839</b>	<b>132</b>	<b>33,015</b>

<sup>1</sup> Reportable segments.

<sup>2</sup> Including A.P. Moller - Maersk's share of gains on sale of non-current assets, etc., net and impairments, net, recorded in joint ventures and associated companies.

<sup>3</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

<sup>4</sup> Comprise mainly of Maersk Supply Service as well as Maersk Training, Maersk FPSO and unallocated cost and eliminations within Energy.

# Note 1 Segment information — continued

AMOUNTS IN USD MILLION

	Maersk Line <sup>1</sup>	APM Terminals <sup>1</sup>	Damco <sup>1</sup>	Svitzer <sup>1</sup>	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics	Energy <sup>4</sup>	Eliminations and financial items	Continuing operations
<b>Q3 2016</b>												
External revenue	5,281	701	635	156	41	67	83	1	6,965	108	1	7,074
Inter-segment revenue	78	361	-	7	90	5	-1	-536	4	-3	-2	-1
<b>Total revenue</b>	<b>5,359</b>	<b>1,062</b>	<b>635</b>	<b>163</b>	<b>131</b>	<b>72</b>	<b>82</b>	<b>-535</b>	<b>6,969</b>	<b>105</b>	<b>-1</b>	<b>7,073</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>325</b>	<b>199</b>	<b>26</b>	<b>41</b>	<b>-4</b>	<b>70</b>	<b>-28</b>	<b>-2</b>	<b>627</b>	<b>23</b>	<b>-</b>	<b>650</b>
Depreciation and amortisation	484	87	6	19	8	9	1	-2	612	34	-	646
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Gain/loss on sale of non-current assets, etc., net	6	2	-	-	-	1	-	-	9	1	-	10
Share of profit/loss in joint ventures	-	28	3	3	-	1	-	-	35	3	-	38
Share of profit/loss in associated companies	-	29	-	-	-	-9	-	-	20	-	-	20
<b>Profit/loss before financial items (EBIT)</b>	<b>-153</b>	<b>171</b>	<b>23</b>	<b>25</b>	<b>-12</b>	<b>54</b>	<b>-29</b>	<b>-</b>	<b>79</b>	<b>-7</b>	<b>-</b>	<b>72</b>
Financial items, net	-	-	-	-	-	-	-	-	-	-	-64	-64
Tax	+37	40	8	3	+5	13	+36	-	+14	-	52	38
<b>Profit/loss for the period</b>	<b>-116</b>	<b>131</b>	<b>15</b>	<b>22</b>	<b>-7</b>	<b>41</b>	<b>7</b>	<b>-</b>	<b>93</b>	<b>-7</b>	<b>-116</b>	<b>-30</b>
Gain/loss on sale of non-current assets, etc., net <sup>2</sup>	6	5	-	-	-	1	-	-	12	1	-	13
Impairment losses, net <sup>2</sup>	-	-	-	-	-	-	-	-	-	-1	-	-1
Tax on adjustments	-	-	-	-	-	-1	-	-	-1	1	-	-
<b>Underlying result</b>	<b>-122</b>	<b>126</b>	<b>15</b>	<b>22</b>	<b>-7</b>	<b>41</b>	<b>7</b>	<b>-</b>	<b>82</b>	<b>-8</b>	<b>-116</b>	<b>-42</b>
Cash flow from operating activities	368	259	20	52	-4	10	30	17	752	34	-276	510
Cash flow used for capital expenditure	-176	-230	-1	-40	-4	-	-1	-15	-467	3	-33	-497
<b>Free cash flow</b>	<b>192</b>	<b>29</b>	<b>19</b>	<b>12</b>	<b>-8</b>	<b>10</b>	<b>29</b>	<b>2</b>	<b>285</b>	<b>37</b>	<b>-309</b>	<b>13</b>
<b>Investments in non-current assets<sup>3</sup></b>	<b>504</b>	<b>263</b>	<b>2</b>	<b>57</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-3</b>	<b>827</b>	<b>10</b>	<b>-</b>	<b>837</b>

<sup>1</sup> Reportable segments.

<sup>2</sup> Including A.P. Moller - Maersk's share of gains on sale of non-current assets, etc., net and impairments, net, recorded in joint ventures and associated companies.

<sup>3</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

<sup>4</sup> Comprise mainly of Maersk Supply Service as well as Maersk Training, Maersk FPSO and unallocated cost and eliminations within Energy.

# Note 1 Segment information — continued

## AMOUNTS IN USD MILLION

	Maersk Line <sup>1</sup>	APM Terminals <sup>1</sup>	Damco <sup>1</sup>	Svitzer <sup>1</sup>	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics	Energy <sup>4</sup>	Eliminations and financial items	Continuing operations
<b>9 MONTHS 2016</b>												
External revenue	15,176	2,094	1,850	464	149	218	195	-	20,146	352	-	20,498
Inter-segment revenue	218	994	-	24	202	13	-3	-1,434	14	-13	-7	-6
<b>Total revenue</b>	<b>15,394</b>	<b>3,088</b>	<b>1,850</b>	<b>488</b>	<b>351</b>	<b>231</b>	<b>192</b>	<b>-1,434</b>	<b>20,160</b>	<b>339</b>	<b>-7</b>	<b>20,492</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>1,176</b>	<b>550</b>	<b>59</b>	<b>130</b>	<b>-35</b>	<b>91</b>	<b>-103</b>	<b>16</b>	<b>1,884</b>	<b>90</b>	<b>-</b>	<b>1,974</b>
Depreciation and amortisation	1,435	272	20	61	24	13	4	-6	1,823	110	-	1,933
Impairment losses	17	8	-	-	-	-	-	-	25	98	-	123
Gain/loss on sale of non-current assets, etc., net	16	18	-	3	-	2	88	-	127	-	-	127
Share of profit/loss in joint ventures	-	68	8	6	-	1	-	-	83	7	-	90
Share of profit/loss in associated companies	-	79	-	-	-	-14	-	-	65	-	-	65
<b>Profit/loss before financial items (EBIT)</b>	<b>-260</b>	<b>435</b>	<b>47</b>	<b>78</b>	<b>-59</b>	<b>67</b>	<b>-19</b>	<b>22</b>	<b>311</b>	<b>-111</b>	<b>-</b>	<b>200</b>
Financial items, net	-	-	-	-	-	-	-	-	-	-	-312	-312
Tax	+30	84	20	5	+15	17	44	-	125	1	5	131
<b>Profit/loss for the period</b>	<b>-230</b>	<b>351</b>	<b>27</b>	<b>73</b>	<b>-44</b>	<b>50</b>	<b>-63</b>	<b>22</b>	<b>186</b>	<b>-112</b>	<b>-317</b>	<b>-243</b>
Gain/loss on sale of non-current assets, etc., net <sup>2</sup>	16	23	-	3	-	2	88	-	132	-	-	132
Impairment losses, net <sup>2</sup>	-17	-8	-	-	-	-	-	-	-25	-99	-	-124
Tax on adjustments	-	-6	-	-	-	-1	-	-	-7	1	-	-6
<b>Underlying result</b>	<b>-229</b>	<b>342</b>	<b>27</b>	<b>70</b>	<b>-44</b>	<b>49</b>	<b>-151</b>	<b>22</b>	<b>86</b>	<b>-14</b>	<b>-317</b>	<b>-245</b>
Cash flow from operating activities	499	620	24	118	-53	96	-176	33	1,161	64	-543	682
Cash flow used for capital expenditure	-254	-1,363	-7	-151	-13	-6	23	-32	-1,803	-75	302	-1,576
<b>Free cash flow</b>	<b>245</b>	<b>-743</b>	<b>17</b>	<b>-33</b>	<b>-66</b>	<b>90</b>	<b>-153</b>	<b>1</b>	<b>-642</b>	<b>-11</b>	<b>-241</b>	<b>-894</b>
<b>Investments in non-current assets<sup>3</sup></b>	<b>1,008</b>	<b>2,198</b>	<b>8</b>	<b>145</b>	<b>13</b>	<b>10</b>	<b>8</b>	<b>17</b>	<b>3,407</b>	<b>86</b>	<b>-</b>	<b>3,493</b>
Intangible assets	1	2,637	93	17	-	-	-	-	2,748	19	-	2,767
Property, plant and equipment	21,223	3,555	74	1,083	243	158	85	-22	26,399	1,741	-2	28,138
Investments in joint ventures	-	1,433	25	81	-	-	-	-	1,539	5	-	1,544
Investments in associated companies	1	641	-	15	-	332	-	-	989	-	-	989
Other non-current assets	253	205	32	55	44	4	834	-231	1,196	10	132	1,338
Assets held for sale	2	16	-	-	-	1	106	-1	124	-	-	124
Other current assets	3,199	912	565	127	288	65	1,218	-1,475	4,899	143	718	5,760
<b>Total non-interest bearing assets</b>	<b>24,679</b>	<b>9,399</b>	<b>789</b>	<b>1,378</b>	<b>575</b>	<b>560</b>	<b>2,243</b>	<b>-1,729</b>	<b>37,894</b>	<b>1,918</b>	<b>848</b>	<b>40,660</b>
Non-interest bearing liabilities	4,694	1,364	581	133	162	171	1,331	-1,716	6,720	179	808	7,707
<b>Invested capital, net</b>	<b>19,985</b>	<b>8,035</b>	<b>208</b>	<b>1,245</b>	<b>413</b>	<b>389</b>	<b>912</b>	<b>-13</b>	<b>31,174</b>	<b>1,739</b>	<b>40</b>	<b>32,953</b>

<sup>1</sup> Reportable segments.

<sup>2</sup> Including A.P. Moller - Maersk's share of gains on sale of non-current assets, etc., net and impairments, net, recorded in joint ventures and associated companies.

<sup>3</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

<sup>4</sup> Comprise mainly of Maersk Supply Service as well as Maersk Training, Maersk FPSO and unallocated cost and eliminations within Energy.

# Note 1 Segment information — continued

## AMOUNTS IN USD MILLION

	Q3		9 months	
	2017	2016	2017	2016
<b>REVENUE</b>				
Reportable segments	8,016	7,219	23,168	20,820
Other businesses	742	311	1,581	930
Unallocated activities	94	82	447	192
Eliminations	-806	-539	-2,243	-1,450
<b>Total</b>	<b>8,046</b>	<b>7,073</b>	<b>22,953</b>	<b>20,492</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>				
Reportable segments	-18	52	279	221
Other businesses	-12	26	9	-108
Financial items, net	-105	-64	-478	-312
Unallocated tax	+58	16	+45	49
Other unallocated items	46	29	118	19
Eliminations	3	1	-14	24
Total continuing operations	-120	-30	-277	-243
Discontinued operations	-1,419	468	-1,273	1,023
<b>Total</b>	<b>-1,539</b>	<b>438</b>	<b>-1,550</b>	<b>780</b>

	30 September	
	2017	2016
<b>ASSETS</b>		
Reportable segments	38,189	36,245
Other businesses	2,690	3,058
Unallocated activities	2,113	2,243
Discontinued operations	15,174	18,751
Eliminations and financial items	-1,418	-886
<b>Total non-interest bearing assets</b>	<b>56,748</b>	<b>59,411</b>
Interest bearing assets <sup>5</sup>	3,512	4,031
<b>Total</b>	<b>60,260</b>	<b>63,442</b>
<b>LIABILITIES</b>		
Reportable segments	7,911	6,772
Other businesses	1,048	513
Unallocated activities	1,128	1,331
Discontinued operations	4,923	5,105
Eliminations and financial items	-1,528	-909
<b>Non-interest bearing liabilities</b>	<b>13,482</b>	<b>12,812</b>
Interest bearing liabilities <sup>5</sup>	15,824	15,421
<b>Total</b>	<b>29,306</b>	<b>28,233</b>

<sup>5</sup> Comprise continuing and discontinued operations.

## Note 2 Discontinued operations and assets held for sale

### AMOUNTS IN USD MILLION

Maersk Drilling, Maersk Oil and Maersk Tankers are classified as discontinued operations and assets held for sale in Q3 2017 with restatement of comparative figures in the income statement and cash flow statement for 2016.

	30 September		31 December
	2017	2016	2016
<b>PROFIT/LOSS FOR THE PERIOD - DISCONTINUED OPERATIONS</b>			
Revenue	5,073	6,084	7,818
Expenses	2,367	2,821	3,678
Gain/loss on sale of assets and businesses	35	4	-11
Depreciation, amortisation and impairment losses, net	3,154	1,554	3,415
<b>Profit/loss before tax, etc.</b>	<b>-413</b>	<b>1,713</b>	<b>714</b>
Tax	860	690	908
<b>Profit/loss for the period - discontinued operations</b>	<b>-1,273</b>	<b>1,023</b>	<b>-194</b>
A.P. Møller - Mærsk A/S' share of profit/loss			
Earnings per share (EPS), USD	-61	49	-9
Diluted earnings per share, USD	-61	49	-9
<b>CASH FLOW FROM DISCONTINUED OPERATIONS</b>			
Cash flow from operating activities	1,740	2,178	2,999
Cash flow cash used for capital expenditure	-1,286	-1,836	-2,179
Cash flow used in financing activities	32	-371	-263
<b>Net cash flow from discontinued operations</b>	<b>486</b>	<b>-29</b>	<b>557</b>

### MAERSK DRILLING

Maersk Drilling has been classified as Discontinued operations and assets held for sale as a structural solution is now expected within 12 months.

### Q3 2017

Maersk Drilling reported a loss of USD 1.7bn (profit of USD 348m) negatively impacted by an accounting impairment of USD 1,750m following classification as discontinued operations. The result was further impacted by eight rigs being idle end Q3, and day rates on new contracts remaining on a low level, partly offset by high operational uptime, cost savings and one-offs of USD 39m. The profit for Q3 2016 was positively impacted by termination fees of USD 210m.

	Q3		9 months	
	2017	2016	2017	2016
Operational uptime	98%	98%	97%	98%
Contracted days	1,388	1,564	3,941	4,933
Revenue backlog (USD bn)	2.8	4.1	2.8	4.1

Revenue decreased to USD 380m (USD 733m) following a lower economic utilisation of the fleet of 72% (75%), negatively affected by eight rigs being idle end Q3, a slight improvement compared to Q2 as one rig has come on contract. Of the idle rigs, Maersk Deliverer, was being prepared for contract commencement in Q4. The operational performance across the fleet resulted in an average operational uptime of 98% (99%) for the jack-up rigs and 98% (98%) for the deepwater rigs.

By the end of Q3 2017, Maersk Drilling's forward contract coverage was 65% for 2017, 51% for 2018 and 24% for 2019. The total revenue backlog amounted to USD 2.8bn (USD 4.1bn) end of Q3.

### Contract coverage per segment

Segment	2017 ROY	2018	2019
Jack-up rigs	67%	52%	28%
Floaters	56%	48%	20%
<b>Total</b>	<b>65%</b>	<b>51%</b>	<b>24%</b>

### Revenue backlog, end Q3 2017

USD bn	2017 ROY	2018	2019	2020	2021
	~0.3	~1.2	~0.6	~0.4	~0.3

Maersk Drilling continues to reduce costs, with costs during Q3 being 7% lower than in Q3 2016 while year to date cost was reduced by 5%, excluding exchange rate effects and savings from stacked rigs. Maersk Drilling continues to evaluate stacking case-by-case and, to date, all idle rigs have been warm stacked providing a better potential for market re-entry.

The lower cash flow from operating activities of USD 183m (USD 630m) was mainly due to the lower result in Q3 2017 while Q3 2016 was positively impacted by termination payments of USD 330m. Cash flow used for capital expenditures was USD 18m (USD 43m).

Maersk Drilling signed two new contracts and two contract extensions, adding 429 days and USD 58m to the backlog.

## Note 2 Discontinued operations and assets held for sale — continued

### AMOUNTS IN USD MILLION

The offshore drilling market continued to see signs of some recovery in both jack-up and floater rig demand during Q3. Tender activity increased by 45% for floater rigs and 24% for jack-up rigs compared to Q3 2016, an increase in global contract awards for both rig types, however day rates remain low.

Despite the recovery in demand, the offshore drilling market is still impacted by significant excess supply. Approximately 110 floaters and 220 jack-ups remain stacked, of which half of the floaters and one-third of the jack-up rigs are cold stacked. Despite the significant number of cold-stacked units, capacity reduction in the offshore drilling fleet continues to be negligible. The newbuild order book still comprises approximately 40 floaters and 100 jack-up rigs of which the majority remain without contracts.

The oil price fluctuated between USD 46 and USD 60 during Q3, and the demand for offshore rigs remained low as a consequence. The industry continues to target cost reduction through operational efficiency improvements, integrated alliances and partnerships, financial restructuring and mergers and acquisitions. Further gains from direct cost cutting measures are becoming more difficult given the significant reductions that have already been achieved.

In response to the market downturn, Maersk Drilling remains committed to increasing efficiencies for customers and ultimately reducing the offshore oil production cost. The company's dialogue with selected oil companies on strategic partnerships and new business models across the value chain is progressing well.

In addition, Maersk Drilling is exploring integrated services that reduce well delivery inefficiencies and customer cost by leveraging Maersk Drilling's existing capabilities and assets.

#### First nine months of 2017

Maersk Drilling reported a loss of USD 1.6m (profit of USD 740m), negatively impacted by an accounting impairment of USD 1,750m following the classification as discontinued operations. The result was further negatively impacted by a number of idle rigs and the expiration of contracts signed at higher day rates. The result was positively impacted by high operational uptime, cost savings and one-offs of USD 35m. The profit for the first nine months of 2016 was positively impacted by termination fees of USD 250m.

Cash flow from operating activities was USD 477m (USD 1.2bn) and cash flow used for capital expenditure was USD 476m (USD 274m), mainly due to the final payment of instalments for the Maersk Invincible which was delivered in the beginning of 2017.

#### MAERSK OIL

On 21 August, A.P. Møller - Maersk entered into an agreement to sell Maersk Oil to Total S.A. effective 1 July 2017. The sale is pending regulatory approval and closing is expected during Q1 2018. The sale is based on a locked box transaction whereby all cash flows from Maersk Oil from 30 June 2017 until closing belongs to the buyer. As compensation for the lost cash flow A.P. Møller - Maersk will receive a locked box interest of 3% p.a. of the enterprise value.

#### Q3 2017

Maersk Oil reported a profit of USD 259m (USD 119m). The improved result was due to a higher average oil price of USD 52 per barrel versus USD 46 per barrel in Q3 2016, lower costs and reversal of post-tax impairments of USD 87m related to Denmark. The result was partly offset by lower entitlement production of 173,000 boepd (295,000 boepd). This was mainly impacted by Qatar only being included for 13 days, unplanned shutdowns in the US and Denmark as well as lower year on year production from mature assets offset by successful well workovers in the UK.

#### First nine months of 2017

Maersk Oil reported a profit of USD 788m (USD 202m). The profit was positively impacted by one-offs mainly from reversal of impairments, tax and provisions, lower costs due to the cost reduction efforts, lower exploration costs and an average oil price of USD 52 USD/barrel, 24% higher than for the same period in 2016. The result was, however, negatively impacted by a lower average entitlement production of 243,000 boepd (325,000 boepd), primarily because of the exit from Qatar on 13 July 2017.

#### MAERSK TANKERS

A.P. Møller - Maersk entered into an agreement on 20 September 2017 to sell the shares in Maersk Tankers A/S to A.P. Møller Holding (APMH) for USD 1,171m in an all-cash transaction. APMH is the controlling shareholder of A.P. Møller - Maersk A/S. The sale is based on a locked box transaction whereby all cash flows from Maersk Tankers from 30 June 2017 until closing belongs to the buyer. As cash flow was expected to be negative the locked box interest was set at 0% p.a.

The purchase price will be adjusted in two scenarios. The first one is if the tanker markets improve based on a fleet value accretion (Purchase Price Adjustment). The adjustment is capped at USD 200m, can be exercised once and expires 31 December 2019. The second scenario is if APMH sells on vessels at a higher price than the purchase price and higher than an agreed hurdle rate (On-sale adjustment). The on-sale adjustment expires 30 June 2019, or if the Purchase Price Adjustment is called, whichever is the earliest.

The transaction is between related parties, hence fairness opinions have been obtained from Morgan Stanley & Co. Int. Plc. and DNB Bank ASA, which confirmed that the transaction value including the agreed price adjustment mechanism is fair from a financial point of view.

#### Q3 2017

Maersk Tankers reported a loss of USD 8m (profit of USD 1m). The loss was negatively impacted by declining spot market rates, which was the main driver for Maersk Tankers' average Time Charter Equivalent (TCE) earnings declining by 16%.

#### First nine months of 2017

Maersk Tankers reported a loss of USD 477m (profit of USD 81m). The loss was impacted by impairment of vessels by USD 464m.



## Note 2 Discontinued operations and assets held for sale — continued

### AMOUNTS IN USD MILLION

	30 September		31 December
	2017	2016	2016
<b>BALANCE SHEET ITEMS COMPRISE:</b>			
Intangible assets	873	-	1
Property, plant and equipment	12,217	10	42
Deferred tax assets	313	-	3
Other assets	684	115	8
<b>Non-current assets</b>	<b>14,087</b>	<b>125</b>	<b>54</b>
Current assets	1,500	-	49
<b>Assets held for sale</b>	<b>15,587</b>	<b>125</b>	<b>103</b>
Provisions	3,218	-	1
Deferred tax liabilities	282	-	-
Other liabilities	1,255	-	15
<b>Liabilities associated with assets held for sale</b>	<b>4,755</b>	<b>-</b>	<b>16</b>

Intangible assets held for sale amounts to USD 775m for Maersk Oil, USD 92m for Maersk Drilling and USD 6m for Maersk Tankers. Property, plant and equipment held for sale amounts to USD 6.5bn for Maersk Oil, USD 4.4bn for Maersk Drilling and USD 1.2bn for Maersk Tankers.

Assets held for sale in 2016 were predominantly related to the shares in Danmarks Skibskredit in Unallocated activities.

## Note 3 Financial risks, etc.

### AMOUNTS IN USD MILLION

Except of the below, the financial risks, etc. are not significantly different from those described in note 16 of the consolidated financial statements for 2016, to which reference is made.

### Liquidity risk

	30 September		31 December
	2017	2016	2016
Borrowings	15,816	15,421	15,335
Net interest-bearing debt	12,475	11,390	10,737
Liquidity reserve <sup>1</sup>	10,646	11,795	11,842

<sup>1</sup> Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions.

In addition to the liquidity reserve, A.P. Moller - Maersk has committed financing for the Hamburg Süd acquisition, as well as, USD 1.3bn committed loans which are dedicated to financing of specific assets and therefore will only become available at certain times in the future.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, A.P. Moller - Maersk's financial resources are deemed satisfactory.

The average term to maturity of loan facilities in A.P. Moller - Maersk was about four years (about five years at 31 December 2016).

## Note 4 Commitments – continuing operations

### AMOUNTS IN USD MILLION

#### Operating lease commitments

At 30 September 2017, the net present value of operating lease commitments totalled USD 6.9bn using a discount rate of 6%, an increase from USD 6.6bn at 31 December 2016.

Operating lease commitments at 30 September 2017 are divided into the following main business units:

- APM Terminals of USD 3.7bn
- Maersk Line of USD 2.7bn
- Other of USD USD 0.5bn

About 40% of the time charter payments in Maersk Line are estimated to relate to operating costs for the assets.

	Maersk Line	APM Terminals	Maersk Supply Service	Other	Total
<b>Capital commitments</b>					
<b>30 SEPTEMBER 2017</b>					
Capital commitments relating to acquisition of non-current assets	1,632	892	697	77	3,298
Commitments towards concession grantors	-	1,454	-	-	1,454
<b>Total</b>	<b>1,632</b>	<b>2,346</b>	<b>697</b>	<b>77</b>	<b>4,752</b>
<b>31 DECEMBER 2016</b>					
Capital commitments relating to acquisition of non-current assets	2,798	1,004	919	85	4,806
Commitments towards concession grantors	-	1,484	-	-	1,484
<b>Total</b>	<b>2,798</b>	<b>2,488</b>	<b>919</b>	<b>85</b>	<b>6,290</b>

	2017	2018	No. 2019	Total
<b>Newbuilding programme at 30 September 2017</b>				
Container vessels	3	16	1	20
Anchor handling vessels and tugboats, etc.	5	14	1	20
<b>Total</b>	<b>8</b>	<b>30</b>	<b>2</b>	<b>40</b>

	2017	2018	2019	Total
<b>Capital commitments relating to the newbuilding programme at 30 September 2017</b>				
Container vessels	268	1,119	90	1,477
Anchor handling vessels and tugboats, etc.	218	459	77	754
<b>Total</b>	<b>486</b>	<b>1,578</b>	<b>167</b>	<b>2,231</b>

USD 2.2bn of the total capital commitments is related to the newbuilding programme for ships, etc. at a total contract price of USD 3bn including owner-furnished equipment. The remaining capital commitments of USD 2.6bn relate to investments mainly within APM Terminals.

In addition, Maersk Line will acquire Hamburg Süd for EUR 3.7bn on a cash and debt free basis (Enterprise value). A syndicated loan facility has been established to fully finance the acquisition.

The capital commitments will be financed by cash flow from operating activities as well as existing and new loan facilities.

## Note 5 Significant accounting policies, judgements and estimates

The interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and Danish disclosure requirements for listed companies.

The accounting policies, judgements and significant estimates are consistent with those applied in the consolidated financial statements for 2016 in notes 22 and 23 of the Annual Report, to which reference is made, apart from changes described below.

### CONSOLIDATION

Eliminations of transactions between continuing and discontinued operations are allocated to reflect the actual effects of the transactions on continuing operations.

### SEGMENT INFORMATION

The allocation of business activities into segments reflects A.P. Moller - Maersk's character with Transport & Logistics and Energy, which is in line with the internal management reporting. The reportable segments which are all part of Transport & Logistics are as follows:

<b>Maersk Line</b>	Global container shipping activities
<b>APM Terminals</b>	Container terminal activities and inland container services
<b>Damco</b>	Freight forwarding and supply chain management services
<b>Svitzer</b>	Towing and related marine activities

Maersk Oil, Maersk Tankers and Maersk Drilling have been classified as discontinued operations and assets held for sale in the Interim Report Q3 2017.

Maersk Supply Service (Non-reportable segment) is included in Energy, which now in addition comprises Maersk Training, Maersk FPSO and costs for Energy functions responsible for finding structural solutions for the oil and oil related business.

Other businesses In Transport & Logistic comprise businesses that neither individually nor in aggregate constitute reportable segments. These include, inter alia, Maersk Container Industry, Maersk Aviation, Høegh Autoliners (associated company) and Maersk Oil Trading. Maersk Oil Trading's activity in the form of purchasing bunker and lubricating oil on behalf of entities in A.P. Moller - Maersk are from Q3 2017 classified as Other business (previously unallocated) in Transport & Logistics due to increased external activity. Comparison figures have not been restated. Maersk Container Industry is reported individually in the segment reporting, to reflect the management reporting setup.

The reportable segments do not comprise costs in common A.P. Moller - Maersk functions. These functions are reported as unallocated costs within Transport & Logistics. Financial items and Net interest bearing debt are reported outside Transport & Logistics and Energy.

Revenue between segments is limited except for terminal activities where a large part of the services is delivered to A.P. Moller - Maersk's container shipping activities. Sales of products and services between segments are based on market terms.

Segment profit/loss (NOPAT defined as net operating profit/loss after tax), free cash flow and invested capital comprise items directly related to, or which can be allocated, to segments. Financial assets, liabilities, income and expenses and cash flows from these items are not attributed to reportable segments. With no effect on A.P. Moller - Maersk's results or financial position, long-term agreements between Maersk Line and APM Terminals on reserved terminal facilities are treated as operating leases, which under IFRS would be classified as finance leases.

### DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations represent a separate major line of business disposed of or in preparation for sale. The results of discontinued operations are presented separately in the income statement and comparative figures are restated. Assets and related liabilities from discontinued operations are presented as separate items in the balance sheet, and the cash flows from discontinued operations are presented separately in the cash flow statement.

Assets and liabilities from discontinued operations and assets held for sale except financial assets, etc., are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets held for sale are not depreciated.

### NEW FINANCIAL REPORTING REQUIREMENTS

#### IFRS 9 - Financial Instruments

As stated in the Annual Report 2016 A.P. Moller - Maersk has decided to adopt IFRS 9 from 1 January 2017.

The implementation of IFRS 9 has not affected the classification and measurement of A.P. Moller - Maersk's financial instruments, and the new standard does not fundamentally change the hedging relationships.

Management has elected to classify the 19% shareholding in Dansk Supermarked Group as fair value through other comprehensive income. The accumulated loss at 1 January 2016 of USD 235m recognised in other comprehensive income will as a consequence remain in equity as will any future value adjustments related to this investment. The remaining equity investments previously classified as assets available for sale have also been classified as fair value through other comprehensive income. The accumulated amount recognised in other comprehensive income for the remaining equity investments is not material.

The effect of the change from the 'incurred loss' model in IAS 39 to the 'expected credit loss' model in IFRS 9 is considered immaterial due to the low credit risk in A.P. Moller - Maersk.

Due to immaterial effects from implementing IFRS 9, the 2016 financial statements have not been restated. The effects as of end 2016 have been recognised in Q1 2017.

As of 1 January 2017, the following changes to accounting standards are effective, but are not endorsed by EU:

- Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)
- Disclosure initiative (amendments to IAS 7)
- Annual Improvements 2014-2016 (amendments to IFRS 12)

The amendments encompass various guidance and clarifications, which would not have had material effect on the financial statements in the period if endorsed by the EU.

## Note 5 Significant accounting policies, judgements and estimates — continued

### AMOUNTS IN USD MILLION

#### ACCOUNTING ESTIMATES AND JUDGEMENTS

##### Impairments in Maersk Drilling, APM Terminals, and Maersk Tankers as well as impairment reversal in Maersk Oil

In Q2, Management's assessment led to an impairment of USD 464m related to vessels in Maersk Tankers and an impairment of USD 250m related to a few commercially challenged terminals in APM Terminals. The impaired vessels in Maersk Tankers were measured at estimated fair value, whereas the impaired terminals in APM Terminals were measured at the value in use.

In Q3, Management's assessment led to an impairment of USD 1.8bn in Maersk Drilling prior to classifying the business as discontinued operations. The impairment was triggered due to adjusting the value to an estimated fair value less cost to sell. In APM Terminals, management's assessment led to an impairment of USD 374m related to commercially challenged terminals. The impaired terminals have been measured at the value in use. In Maersk Oil, management's assessment led to an impairment reversal of USD 87m post-tax (USD 235m pre-tax) prior to moving the balances to assets held for sale.

In the current market conditions, predicting the value and future income streams from assets remains uncertain.

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# Additional information

— Definition of terms

# Definition of terms

Technical terms, abbreviations and definitions of key figures and financial ratios.

## Alphaliner

Alphaliner is a worldwide provider of container shipping data and analysis.

## Backlog

The value of future contract coverage (revenue backlog).

## boepd

Barrels of oil equivalent per day.

## Bunker

Type of oil used in ship engines.

## Contract coverage

Percentage indicating the part of ship/rig days that are contracted for a specific period.

## Discontinued operation

Discontinued operations is a major line of business (disposal group) that is either held for sale or has been sold in previous periods. The disposal group is reported separately in a single line in the income statement and cash flow statement. Comparison figures are restated. In the balance sheet assets and liabilities are classified and disclosed separately on an aggregate level in the balance sheet as assets held for sale and liabilities associated with assets held for sale. In the balance sheet comparison figures are not restated. Maersk Oil, Maersk Tankers and Maersk Drilling have been classified as discontinued operations and assets held for sale in Q3 2017.

## Drewry

Drewry is a leading international provider of research and consulting services to the maritime and shipping industry.

## Economic utilisation

The number of contracted days in percentage of total days in the calendar year.

## Energy

From 2017, Energy consists of Maersk Oil, Maersk Drilling, Maersk Supply Service and Maersk Tankers, as well as other businesses (Maersk Training and FPSOs) and unallocated Energy headquarter costs.

On 21 August 2017, A.P. Møller - Maersk entered into an agreement to divest Maersk Oil to Total S.A. The transaction is expected to close during Q1 2018, pending regulatory approvals.

On 20 September 2017, A.P. Møller - Maersk entered into an agreement to divest Maersk Tankers to A.P. Møller Holding. The transaction closed on 10 October 2017.

Maersk Oil, Maersk Tankers and Maersk Drilling have been classified as discontinued operations and assets held for sale in Q3 2017.

## Equity ratio

Is calculated as the equity divided by total assets.

## FFE

Forty Foot Equivalent unit container.

## Jack-up rig

A drilling rig resting on legs that can operate in waters of 25–150 metres.

## Locked Box transaction

The sale of a business where the equity price is locked based on a designated balance sheet date (Locked Box date) prior to signing. Earnings and cash flow from the Locked Box date until closing of the transaction is at the discretion of the buyer. As compensation, the seller receives a Locked Box interest from the Locked Box date until closing equivalent of the expected cash profits for the period. Consequently, the buyer assumes the economic outcome as from Locked Box date.

## Net interest-bearing debt (NIBD)

Equals interest-bearing debt less cash and bank balances less other interest-bearing assets.

## NOPAT

Net operating profit or loss after tax.

## Product tanker

Vessel transporting refined oil products.

## Return on invested capital after tax (ROIC)

Is the profit (loss) for continuing operations for the year before financial items but after calculated tax, divided by the quarterly average invested capital (equity plus net interest-bearing debt).

## TEU

Twenty Foot Equivalent Unit container.

## Segments' return on invested capital after tax (ROIC)

Is net operating profit/loss after tax (NOPAT) divided by the quarterly average invested capital, net (segment assets less liabilities).

## Time charter

Hire of a vessel for a specified period.

## Time Charter Equivalent (TCE)

TCE is a shipping industry standard used to calculate the average daily revenue performance of a vessel. Time charter equivalent is calculated by taking voyage revenues, subtracting voyage expense and then dividing the entire total by the round-trip voyage duration in days. It gives shipping companies a tool to measure period-to-period changes.

## Transport & Logistics

From 2017, Transport & Logistics consists of all A.P. Møller - Maersk activities except unallocated financial items, and those activities allocated to Energy and discontinued operations.

## Triple-E

Triple-E stands for Economy of scale, Energy efficiency and Environmentally improved.

## Underlying result

Is profit/loss for the year from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses. The adjustments are net of tax and include A.P. Møller - Maersk's share of mentioned items in associates and joint ventures. Underlying segment and Transport & Logistics and Energy result also excludes unallocated financial items.

## Uptime

A period of time when a unit is functioning and available for use.

# Colophon

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