Interim Report
Q1 2018

A.P. Møller - Mærsk A/S
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MAERSK

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The Interim Report for Q1 2018 of A.P. Møller - Mærsk A/S (further referred to as A.P. Moller - Maersk as the consolidated group of companies) has 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.

Change in presentation and comparative figures
As of Q1 2018, A.P. Moller - Maersk has changed the reportable segments and presentation of financial items in the cash flow statement. In accordance with IFRS, comparative figures have been restated. 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 beyond A.P. Moller - Maersk's control, may cause the actual development and results to differ materially from expectations contained in the interim report.

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Directors' report

Highlights Q1 2018

- The strategic transformation of A.P. Moller - Maersk continued with the closing of the Maersk Oil transaction 8 March, a successful start to the integration of Hamburg Süd contributing with revenue and profit growth as planned and the continuing realisation of synergies from the integration of the transport, logistics and port businesses.

- To support the strategic direction towards becoming the global integrator of container logistics the financial reporting structure has been changed with effect from Q1 2018 introducing the following new segments Ocean, Logistics & Services, Terminals & Towage and Manufacturing & Others. In addition, new financial and operational metrics are introduced to facilitate transparent insight into the performance of the various business activities.

- As part of the transformation towards becoming one integrated container and logistics company less dependent on freight rates focus will over the coming years be on growing the non-Ocean part of the business disproportionally to the Ocean business. The strategic progress will in addition to growth measures be based on; 1) realisation of synergies from integrating the transport, logistics and port businesses (USD 600m by 2019) as well as the acquired activities from Hamburg Süd (USD 350-400m by 2019), 2) the businesses ability to convert profitability into cash (a high cash conversion), and 3) continued capex discipline.

- Revenue increased in Q1 2018 by 30% to USD 9.3bn (USD 7.1bn), 10% excluding the effect from Hamburg Süd. The volume growth in Ocean excluding Hamburg Süd was at 2.2% as expected slightly below estimated global demand growth of around 3-4%. The non-Ocean businesses all reported revenue growth with 6% in Logistics & Services and 11% in Terminals & Towage. The non-Ocean revenue amounted to 32% of total revenue.

- EBITDA was USD 669m (USD 638m), negatively impacted by adverse rate of exchange development compared to same period last year of around net USD 100m. Earnings in Ocean of USD 492m (USD 484m) was impacted by higher unit costs among others due to adverse developments in bunker price and rate of exchange. For the non-Ocean businesses, the higher volumes in Terminals & Towage led to an improvement in EBITDA from USD 139m to USD 196m, while Logistics & Services reported slightly lower EBITDA of USD 23m (USD 32m).

- The underlying result after financial items and tax of negative USD 239m (negative USD 139m) was unsatisfactory. A number of short-term initiatives are being implemented to improve profitability.

- Cash flow from operating activities was USD 433m (USD 445m) equal to a cash conversion of 65% (70%). Adjusted for negative one-off effect from abolishment of export VAT scheme in Denmark, the cash conversion was 95%. Free cash flow was negative USD 569m (positive USD 84m) following payments related to previously ordered vessels and terminal commitments of USD 1.2bn (USD 677m).

- Net interest-bearing debt decreased to USD 13.4bn (USD 14.8bn at 31 December 2017) positively impacted by net proceeds from the Maersk Oil transaction of USD 2.0bn after closing adjustments with addition of free cash flow of USD 0.3bn up to closing.

- A.P. Moller - Maersk reiterates its expectations for 2018 of an underlying profit above 2017 (USD 356m) and EBITDA in the range of USD 4.0-5.0bn (USD 3.5bn), noting increased uncertainties due to geopolitical risks, trade tensions and other factors impacting container freight rates, bunker prices and rate of exchange.

- Discontinued operations reported a net profit of USD 3.0bn (USD 377m), including an accounting gain of USD 2.6bn related to closing of the Maersk Oil transaction.

- Structural solutions for Maersk Drilling and Maersk Supply Service are still expected before the end of 2018.

- Early March 2018 the crew at Maersk Honam reported a serious fire in one of its cargo holds and it is with deep sadness that five colleagues were lost due to the fire. Our most heartfelt condolences go out to the families of our deceased colleagues.

> "In Q1 2018, we reported a 30% revenue growth and the integration of the business is well underway with a successful start to the Hamburg Süd integration and the closing of Maersk Oil transaction in March with an accounting gain of USD 2.6bn. At the same time, on the short-term performance, our result especially in the ocean related part of the business was unsatisfactory. In response to the current challenging market conditions we are implementing a number of short-term initiatives to improve profitability and we reiterate our guidance for 2018."
>
> **SØREN SKOU**
> CEO of A.P. Møller - Mærsk A/S

Amounts in USD million

Summary financial information

Income statement	2018	Q1 2017	Full year 2017
Revenue	9,253	7,101	30,945
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	669	638	3,532
Depreciation, amortisation and impairment losses, net	768	635	3,015
Gain on sale of non-current assets, etc., net	33	15	154
Share of profit/loss in joint ventures	37	30	-131
Share of profit/loss in associated companies	26	22	101
Profit/loss before financial items (EBIT)	-3	70	641
Financial items, net	-120	-133	-616
Profit/loss before tax	-123	-63	25
Tax	97	61	219
Profit/loss for the period – continuing operations	-220	-124	-194
Profit/loss for the period – discontinued operations[1]	2,982	377	-970
Profit/loss for the period	2,762	253	-1,164
A.P. Møller - Mærsk A/S' share	2,745	245	-1,205
Underlying profit/loss[2]	-239	-139	356
Balance sheet			
Total assets	61,639	60,428	63,227
Total equity	34,313	32,316	31,425
Invested capital[3]	47,819	44,507	46,297
Net interest-bearing debt[3]	13,395	12,212	14,799
Investments in non-current assets – continuing operations	1,179	815	9,205
Cash flow statement			
Cash flow from operating activities[4]	433	445	3,113
Gross capital expenditure, excl. acquisitions and divestments (capex)	-1,180	-677	-3,599
Net cash flow from discontinued operations	2,308	-183	1,251

Financial ratios	2018	Q1 2017	Full year 2017
Revenue growth	30%	9%	13%
Revenue growth excl. Hamburg Süd	10%	9%	12%
EBITDA margin	7%	9%	11%
Cash conversion	65%	70%	88%
Return on invested capital after tax – continuing operations (ROIC)[5]	-0.6%	0.2%	1.6%
Return on equity after tax	33.6%	3.1%	-3.7%
Equity ratio	55.7%	53.5%	49.7%
Stock market ratios			
Earnings per share – continuing operations, USD	-11	-6	-11
Diluted earnings per share – continuing operations, USD	-11	-6	-11
Cash flow from operating activities per share, USD	21	6	125
Share price (B share), end of period, DKK	9,344	11,570	10,840
Share price (B share), end of period, USD	1,556	1,662	1,746
Total market capitalisation, end of period, USD m	31,417	33,991	35,419

[1] Following the classification of Maersk Oil, Maersk Tankers, Maersk Drilling and Maersk Supply Service as discontinued operations in 2017, the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. 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. The Maersk Tankers transaction was closed 10 October 2017 and the Maersk Oil transaction 8 March 2018.

[2] Underlying profit/loss is profit/loss for the period from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to acquisitions/divestments. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures.

[3] Compared to prior periods the definition of Net interest-bearing debt has been adjusted to include fair value of the derivatives hedging the underlying debt. Comparison figures have been restated.

[4] To better reflect the continuing businesses ability to convert earnings to cash (cash conversion) and prepare for the upcoming implementation of IFRS 16 (leases) in 2019, payments related to financial items have been moved from cash flow from operating activities to cash flow from investing activities (dividends received) and cash flow from financing activities (net financial payments). Comparative figures have been restated.

[5] Excluding Hamburg Süd for comparison purposes end of December 2017.

The interim consolidated financial statements on pages 26-37 have not been subject to audit or review. The interim consolidated financial statements are prepared in accordance with IAS 34.

Financial review

A.P. Moller - Maersk reported a revenue of USD 9.3bn in Q1 2018, an increase of USD 2.2bn or 30% compared to Q1 2017 primarily related to the inclusion of Hamburg Süd. Excluding Hamburg Süd the revenue growth was 10% with growth in all segments. The non-Ocean revenue amounted to 32% of total revenue.

The improvement in EBITDA of 5% to USD 669m (USD 638m) was positively impacted by strong performance in Terminals & Towage which reported an increase of 41% in EBITDA to USD 196m (USD 139m). Ocean reported EBITDA of USD 492m (USD 484m), negatively impacted by pressure on freight rates as well as higher unit costs among others due to adverse changes in bunker prices and foreign exchange rates as well as Hamburg Süd portfolio mix.

Due to the weakened USD, EBITDA was in total negatively impacted by rate of exchange in the level of net USD 100m compared to the same period last year.

Synergies related to the strategic integration of the transport, logistics and port businesses as well as the acquisition of Hamburg Süd are realised as planned with positive contribution to the EBITDA. An example of synergy realisation was the strong collaboration between Ocean and gateway terminals with reported equity-weighted volume growth of 9.8%. Gateway terminals volume growth with external customers was 5.7%, also higher than the market's estimated global port throughput growth of 4.6% (Drewry).

Further, in line with expectations, Hamburg Süd reported an EBITDA of USD 88m in Q1 2018. Integration costs amounted to USD 13m.

The previously announced synergies at the level of USD 600m (integration of transport, logistics and port businesses) and USD 350-400m (Hamburg Süd), respectively, are still expected to be realised by 2019.

Earnings before financial items (EBIT) ended at negative USD 3m (positive USD 70m) following increased depreciation/amortisation charges related primarily to the acquisition of Hamburg Süd. Earnings are at an unsatisfactory level and a number of initiatives are being implemented to restore profitability.

Financial items, net was an expense of USD 120m (USD 133m), positively impacted by dividend on the Total S.A. shares of USD 74m before 30% withholding tax.

The underlying result for the period after financial items and tax was negative USD 239m (negative USD 139m).

Cash flow from operating activities was USD 433m (USD 445m) equal to a cash conversion of 65% (70%). The cash conversion for Q1 2018 was negatively impacted by one-off effect from abolishment of the export VAT scheme in Denmark. Adjusted for this the cash conversion was 95%.

Gross capital expenditure (capex) amounted to USD 1.2bn (USD 677m), mainly related to previously ordered vessels and containers in Ocean, and development projects in Terminals & Towage. The free cash flow was negative USD 569m (positive USD 84m).

At 31 March 2018, the remaining capital commitments for the continuing business totalled USD 3.2bn, of which USD 1.0bn related to newbuilding programme for vessels, etc. while the remaining primarily relate to commitments towards terminal concession grantors. The capital commitments have been reduced by USD 2.2bn since year-end 2016. Continued capex discipline remains a key focus area.

The discontinued operations reported a profit of USD 3.0bn (USD 377m) including an accounting

HIGHLIGHTS Q1

	Revenue		EBITDA		Capex[1]	
USD million	**2018**	2017	**2018**	2017	**2018**	2017
Ocean	6,810	4,950	492	484	-1,074	-468
Logistics & Services	1,455	1,378	23	32	-8	-8
Terminals & Towage	911	824	196	139	-101	-196
Manufacturing & Others	619	401	17	41	-6	-5
Unallocated activities, eliminations, etc.	-542	-452	-59	-58	9	-
A.P. Moller - Maersk consolidated – continuing operations	**9,253**	**7,101**	**669**	**638**	**-1,180**	**-677**

[1] See definition on page 40.

gain of USD 2.6bn related to the Maersk Oil transaction. The accounting gain comprises the original gain calculated on 30 June 2017 of USD 2.8bn reduced by the profit recognised in the period from 1 July 2017 until closing 8 March 2018 of USD 1.0bn and addition of locked-box interest and positive Total S.A. share price development totalling USD 0.8bn.

At closing of the Maersk Oil transaction 8 March 2018, A.P. Moller - Maersk received 97.5 million shares in Total S.A. equivalent to an ownership interest of 3.7% as well as net cash proceeds after closing adjustments of USD 2.0bn with addition of free cash flow of USD 0.3bn up to closing. The market value of the Total S.A. shares was USD 5.6bn at closing 8 March.

At 16 May 2018, the Total S.A. share price was EUR 53.54 per share, equal to an added value of the shares of USD 586m compared to closing of the Maersk Oil transaction. The unrealised value adjustments are recognised directly in equity as Other comprehensive income while dividends are recognised in the income statement under Financial items, net.

Capital structure, credit rating and issue of bonds

Net interest-bearing debt decreased to USD 13.4bn (USD 14.8bn at 31 December 2017), positively impacted by cash flow related to Maersk Oil, partly offset by gross investments.

Total equity was USD 34.3bn (USD 31.4bn at 31 December 2017), positively impacted by the accounting gain on the sale of Maersk Oil of USD 2.6bn. With an equity ratio of 55.7% (49.7% at 31 December 2017) and a liquidity reserve of USD 10.5bn (USD 9.6bn at 31 December 2017), A.P. Moller - Maersk maintains a strong financial position.

Further, A.P. Møller - Maersk remains investment grade-rated, and holds a Baa2 rating from Moody's and a BBB rating from Standard & Poor's. Both ratings remain on review for a possible downgrade following the announcement of the sale of Maersk Oil in August 2017.

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 2018/2019 in the form of extraordinary dividend, share buy-back and/or distribution of Total S.A. shares.

In March 2018, A.P. Moller - Maersk issued EUR 750m 8-year bonds in the Euro market, its first bond issue since 2016, and concurrently repurchased a total notional amount of EUR 500m of its two outstanding Euro bonds maturing in 2019, thereby extending its debt maturity profile.

Management changes

Due to a new future managerial divide of the areas Finance, IT, Digital and Transformation, Chief Finance, Strategy and Transformation Officer, Jakob Stausholm, decided to leave A.P. Moller - Maersk by the end of March 2018.

At the Annual General Meeting 10 April 2018, Niels Jacobsen resigned from the Board of Directors.

New financial reporting structure

As previously announced a new financial reporting structure is implemented from Q1 2018 introducing new business segments to support the strategy of becoming the global integrator of container logistics. The new segments based on type of services offered are as follows:

Ocean

Ocean activities in Maersk Liner Business (Maersk Line, MCC, Seago Line and Sealand) together with Hamburg Süd brands (Hamburg Süd and Aliança) as well as strategic transhipment hubs under the APM Terminals brand.

Logistics & Services

The logistics and supply chain management services under the Damco brand, inland haulage and trade finance services as well as container inland services (CIS).

Terminals & Towage

Gateway terminals, including landside activities being port activities where the customers are mainly the carriers, and towage services under the Svitzer brand.

Manufacturing & Others

Maersk Container Industry's activities within dry and reefer containers together with other businesses.

The new segmentation supports the direction towards an integrated container logistics company less dependent on freight rates, by growing the non-Ocean part of the business disproportionally to the Ocean business.

Guidance for 2018

A.P. Moller - Maersk reiterates its expectations for 2018 of an underlying profit above 2017 (USD 356m) and earnings before interest, tax, depreciation and amortisation (EBITDA) in the range of USD 4.0-5.0bn (USD 3.5bn), however noting increased uncertainties due to geopolitical risks, trade tensions and other factors impacting container freight rates, bunker prices and rate of exchange.

The organic volume growth in Ocean is still expected slightly below the estimated average market growth of 2-4% for 2018. Further, guidance is maintained on gross capital expenditures (capex) around USD 3bn and a high cash conversion (Cash flow from operations compared with EBITDA).

Sensitivity guidance

A.P. Moller - Maersk's guidance for 2018 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2018 for four key assumptions are listed in the table below:

Factors	Change	Impact on EBITDA Rest of year
Container freight rate	+/-100 USD/FFE	+/-USD 1.0bn
Container freight volume	+/-100,000 FFE	+/-USD 0.1bn
Bunker price (net of expected BAF coverage)	+/-100 USD/tonne	-/+USD 0.4bn
Rate of exchange (net of hedges)	+/-10% change USD	+/- USD 0.3bn

Copenhagen, 17 May 2018

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

The Interim Report for Q2 2018 is expected to be announced on 17 August 2018.

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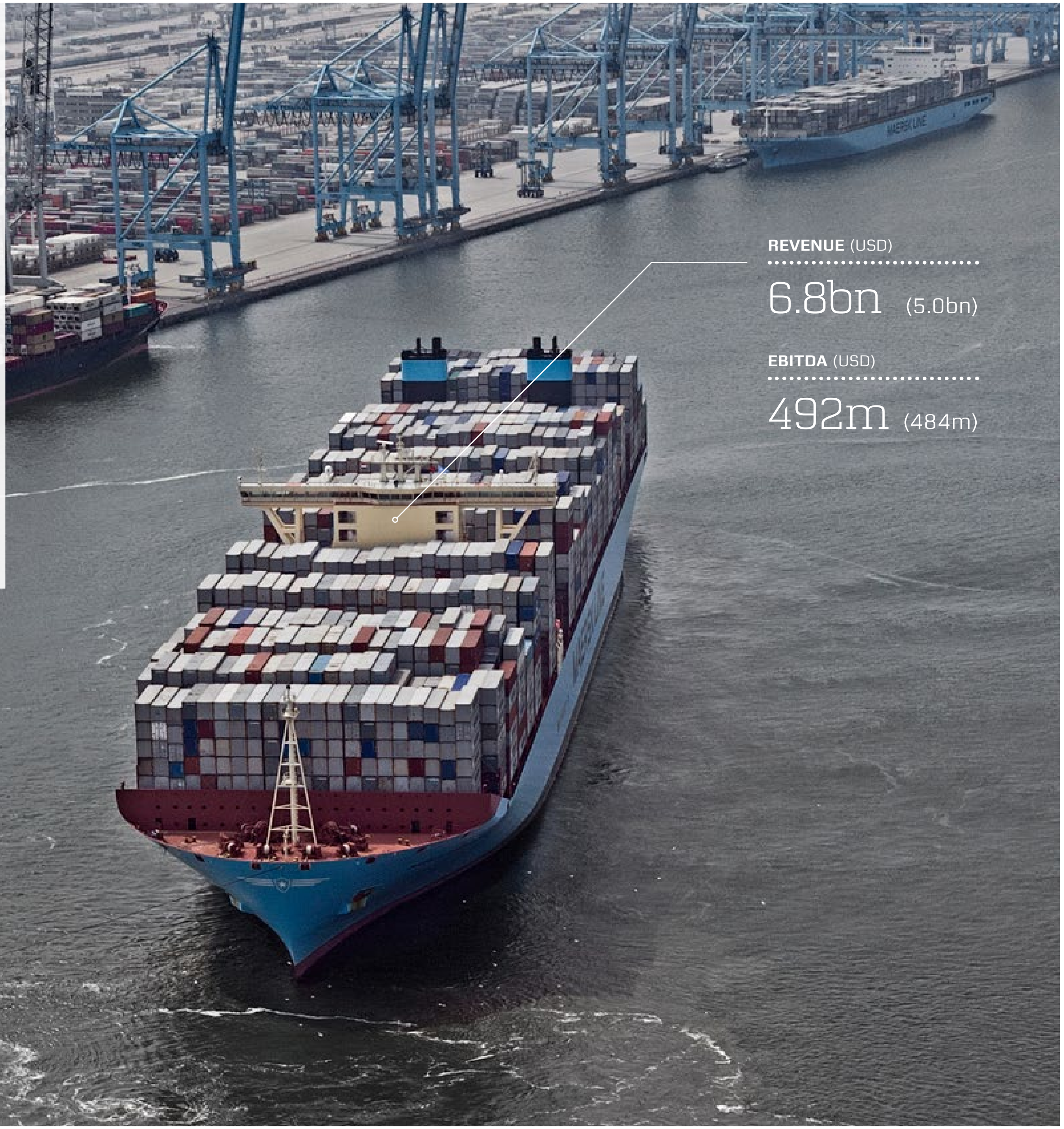
Segment review

OCEAN SEGMENT

Ocean includes the ocean activities of Maersk Liner Business (Maersk Line, MCC, Seago Line and Sealand together with Hamburg Süd brands (Hamburg Süd and Aliança) as well as strategic transshipment hubs under the APM Terminals brand (Rotterdam, Maasvlakte II, Algeciras, Tangiers, Tangier-Med II, Port Said and the joint ventures Salalah, Tanjung Pelepas and Bremerhaven).

Compared to prior years' Maersk Line segment reporting, the inland haulage revenue and cost are excluded (now part of Logistics & Services segment) while the strategic transhipment hubs have been added.



Ocean

Ocean reported an increase in revenue of 38% to USD 6.8bn (USD 5.0bn), 9% excluding the effect from Hamburg Süd. The volume growth excluding Hamburg Süd was at 2.2% slightly below estimated global demand growth of around 3-4%, in line with expectations. EBITDA was USD 492m (USD 484m), negatively impacted by higher unit costs among others due to adverse developments in bunker price and foreign exchange rates as well as Hamburg Süd portfolio mix. The integration of Hamburg Süd is progressing as planned with Hamburg Süd reporting an EBITDA of USD 88m in Q1 2018.

Summary

Early March the crew at Maersk Honam reported a serious fire in one of its cargo holds and it was with deep sadness that five colleagues were lost due to the fire. Our most heartfelt condolences go out to the families of our deceased colleagues.

Financially, Q1 2018 was challenged by increased costs partly caused by external factors, most importantly adverse development in bunker price and foreign exchange. Therefore, despite strong growth in revenue, earnings were at an unsatisfactory level. The higher unit cost at fixed bunker was negatively impacted by the weakened US Dollar, especially impacting terminal costs, as well as change in portfolio mix following the inclusion of Hamburg Süd.

The volume growth excluding Hamburg Süd at 2.2% was as expected slightly below container demand growth.

The integration of Hamburg Süd is progressing as planned with synergies started being realised within procurement, network optimisation and increased volumes in gateway terminals operated by APM Terminals. Integration costs for Q1 2018 amounted to USD 13m.

Financial and operational performance

Revenue increased by 38% to USD 6.8bn (USD 5.0bn) driven by a 7.0% increase in the average freight rate to 1,832 USD/FFE (1,713 USD/FFE) and by a 24% increase in volumes to 3,220k FFE (2,601k FFE), primarily related to the inclusion of Hamburg Süd. The volume increase was driven by North-South and Intra-regional trades due to Hamburg Süd's position in these markets. Excluding Hamburg Süd the volume growth was 2.2% with headhaul volume growing 2.4% and backhaul volume 1.9%. The growth was as expected slightly below the estimated global market growth of around 3-4%.

The increase in average freight rate of 7.0% was supported by an increase of 9.5% on North-South trades and 21% on Intra-regional trades while East-West rates decreased 0.9%. The increases were partly related to Hamburg Süd. The increase on North-South rates was driven by improvements across trades but led by the Latin America trades in which Hamburg Süd has a strong presence.

Other revenue amounted to USD 830m (USD 556m) supported by significant increases in demurrage and detention as well as slot sales related to vessel sharing agreements (VSA).

Unit costs ended at 2,072 USD/FFE (1,858 USD/FFE), 12% higher than in Q1 2017. Unit cost at fixed bunker price was 8.6% above Q1 2017, of which 2.5% was related to adverse rate of exchange developments, 3.4% related to change in portfolio mix following inclusion of Hamburg Süd and the remaining 2.7% primarily related to higher terminal and feedering costs.

The total unit cost was negatively impacted by a 19% increase in the average bunker price. Bunker cost was USD 1.2bn (USD 782m), and bunker efficiency per loaded FFE deteriorated by 3.4% to 972 kg/FFE (940 kg/FFE). Part of the deterioration in bunker efficiency per FFE is explained

OCEAN HIGHLIGHTS

USD million	2018	Q1 2017	Full year 2017
Revenue	6,810	4,950	22,023
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	492	484	2,777
EBITDA margin	7%	10%	13%
Gross capital expenditure, excl. acquisitions and divestments (capex)	-1,074	-468	-2,831
Operational and financial metrics			
Other revenue, including hubs (USD m)	830	556	2,547
Loaded volumes (FFE in '000)	3,220	2,601	10,939
Loaded freight rate (USD per FFE)	1,832	1,713	1,788
Unit cost, fixed bunker (USD per FFE incl. VSA income)	1,895	1,745	1,752
Hub productivity (PMPH)	75	73	73
Bunker price, average (USD per tonne)	382	320	321
Bunker cost (USD m)	1,194	782	3,341
Bunker consumption (tonnes in '000)	3,129	2,444	10,395
Average nominal fleet capacity (TEU in '000)	4,231	3,224	3,456
Fleet, owned (EOP)	346	284	339
Fleet, chartered (EOP)	430	355	442

by the increased capacity committed to carrying volumes from the slot purchase agreements which are not counted as loaded volume.

Further, from Q1 2018 hub terminals are included in the Ocean segment with an increase in hub unit cost due to higher labour cost and increase in concession fees in Morocco, offsetting lower depreciation and higher utilisation effect. Hub productivity (PMPH) increased 2.4% from Q1 2017 to Q1 2018 mainly due to operational improvement initiatives.

EBITDA ended at USD 492m (USD 484m), equal to an EBITDA margin of 7% (10%). The lower EBITDA margin was driven by the adverse development in unit costs.

Synergies from the Hamburg Süd acquisition are realised as planned with positive contribution to revenue and EBITDA. For Q1 2018, Hamburg Süd reported volumes of 563k FFE and EBITDA of USD 88m. Synergies start being realised within procurement, network optimisation and increased volumes in gateway terminals operated by APM Terminals. Total synergies of USD 350-400m are still expected by 2019. For Q1 2018 integration costs amounted to USD 13m.

At the end of Q1, the Ocean fleet consisted of 346 owned vessels and 430 chartered vessels. The average capacity for Q1 was 4,231k TEU compared to 3,224k TEU in the same quarter last year, reflecting an increase of 31% (1,007k TEU). The increase compared to last year is mainly related to Hamburg Süd and partly related to more capacity being deployed to accommodate the incoming volumes from Hyundai Merchant Marine related to the slot purchase agreement signed in Q1 2017. Idle capacity at the end of Q1 2018 was 59k TEU (seven vessels) versus 35k TEU (four vessels) at the end of Q1 2017. Ocean's idle capacity corresponds to around 11% of total idle capacity in the market.

TRANSPORTED VOLUMES

FFE ('000)	Q1 2018	Q1 2017	Change	Change %
East-West	975	918	57	6.2
North-South	1,607	1,257	350	27.9
Intra-regional	638	426	212	49.9
Total	**3,220**	**2,601**	**619**	**23.8**

AVERAGE LOADED FREIGHT RATES

USD/FFE	Q1 2018	Q1 2017	Change	Change %
East-West	1,796	1,813	-17	-0.9
North-South	2,018	1,843	175	9.5
Intra-regional	1,433	1,184	249	21.0
Total	**1,832**	**1,713**	**119**	**7.0**

FLEET OVERVIEW END Q1 2018

	TEU		Number of vessels	
	Q1 2018	Q4 2017	**Q1 2018**	Q4 2017
Own container vessels				
0 – 2,999 TEU	125,281	125,281	64	64
3,000 – 4,699 TEU	347,351	343,751	85	84
4,700 – 7,999 TEU	321,854	321,854	52	52
> 8,000 TEU	1,724,610	1,611,814	145	139
Total	**2,519,096**	**2,402,700**	**346**	**339**
Chartered container vessels				
0 – 2,999 TEU	462,838	463,887	241	240
3,000 – 4,699 TEU	325,233	339,628	81	85
4,700 – 7,999 TEU	365,846	395,913	61	67
> 8,000 TEU	500,183	524,698	47	50
Total	**1,654,100**	**1,724,126**	**430**	**442**
Newbuilding programme (own vessels)				
3,000 – 4,699 TEU	21,576	25,172	6	7
> 8,000 TEU	117,266	229,990	7	13
Container vessels total	**138,842**	**255,162**	**13**	**20**

Developments in the quarter

In Q1 2018, four out of 11 second generation Triple-E's and two out of nine 15.2k TEU vessels ordered in 2015 were delivered. In addition, Ocean took delivery of the first of seven 3.6k TEU Ice-class vessels. In total, Ocean ordered 27 vessels in 2015 and two vessels in 2017 of which remaining 13 vessels will be delivered until Q1 2019.

On network design, Ocean announced the launch of the new Asia–Latin America/West Coast South America services as well as a relaunch of the Asia-Europe Network to increase schedule reliability and provide customers with new direct products for Colombia, the Caribbean and Pecem, Brazil. The new service started operations at the beginning of April 2018.

The relaunch of the Asia-Europe Network will address the challenges of port congestions and weather conditions by significantly improving buffers in schedules, making it easier to accommodate potential disruptions and thus minimising the impact on service delivery.

The market

Global container demand grew by around 3-4% in Q1 2018 against Q1 2017, demonstrating a slowdown compared to the strong growth rates recorded in 2017. This development reflects a weakening momentum of the global economic environment, driven by soft global retail sales. Container demand on the East-West trades softened in Q1 2018, partly driven by weaker imports in the US following high growth rates in previous quarters. European import growth was also slowed down, mainly reflecting the drop in retail sales growth. Meanwhile, Asian imports from the US and Europe declined significantly, reflecting the ongoing Chinese ban of waste and scrap materials as well as a gradual slowdown of the Chinese economy.

Container demand on the North-South trades continued to strengthen considerably, mainly in parts of South America and Africa. The development reflected an economic stabilisation in countries such as Brazil, Argentina and Nigeria, but also came on the back of a strong correction in inventory dynamics following sharp reductions in preceding years.

At the end of Q1 2018, the global container fleet stood at 22m TEU, which was 5.6% higher than a year earlier. Deliveries totalled 429k TEU (53 vessels) during the quarter, and were dominated by vessels larger than 10k TEU. In Q1 2018, 13 vessels were scrapped (0.1% of the fleet), which is low compared to the historical number of scrappings during the first three months of the year. Idling increased slightly to 2.0% of the fleet in Q1 2018, from the low levels recorded in the latter part of 2017. New vessel ordering amounted to 270k (36 vessels) in Q1 2018, and the orderbook to fleet ratio fell slightly to around 12%.

LOGISTICS & SERVICES SEGMENT

The Logistics & Services segment consists of:

- **Damco activities** comprise all operating activities under the Damco brand, a provider of logistics and supply chain management services.
- **APM Terminals inland activities** are operating activities in inland service facilities with main revenue stream being inland services such as container storage, bonded warehousing, empty depot, local transportation, etc.
- **Inland Haulage activities (intermodal)** are all operating activities under Maersk Line, Safmarine, MCC, Sealand and Seago Line brands with the main stream of revenue deriving from the transportation of containers from vendors (shippers) to the port of shipment, and from discharge port to the point of offloading (consignee) by truck and/or rail.
- **Trade Finance** is providing export finance solutions as well as post-shipment and import finance solutions.

REVENUE (USD)

1.5bn (1.4bn)

EBITDA (USD)

23m (32m)

Logistics & Services

Logistics & Services reported a revenue growth of 6% to USD 1.5bn (USD 1.4bn) driven by supply chain management and inland haulage. EBITDA for Q1 was USD 23m (USD 32m) impacted by continued investments in new digital solutions and implementations as well as adverse development in exchange rates.

Summary

Through introduction of new supply chain solutions and strong sales performance Logistics & Services experienced a number of significant customer wins in Q1 2018. The customer wins and strong pipeline is part of the execution of the strategy of providing customers with end-to-end solutions. Further, the continued investment in product development and digital solutions is an important part of the overall strategy.

Financially, the strong sales performance lead to a revenue growth of 6% in Q1 2018, primarily driven by supply chain management services and inland haulage. However, due to the continued investments in digital solutions and implementations as well as adverse foreign exchange rate development, the increased revenue was not converted to EBITDA, which decreased to USD 23m (USD 32m). The target is to significantly improve the profitability through the increased sale of integrated end-to-end digital solutions and more efficient operations.

Financial and operational performance

Revenue growth of 6% to USD 1.5bn (USD 1.4bn) was positively impacted by supply chain management and inland haulage.

Supply chain management revenue increased by 18% to USD 206m (USD 175m) supported by volume growth of 6% to 16,975k cbm (15,983k cbm). Freight forwarding volumes declined for both Ocean to 147k TEU's (166k TEU's) and Air to 40k tonnes (45k tonnes) mainly due to deselection of low margin business and for Air significant exposure towards China.

Inland haulage revenue increased by 9% to USD 623m (USD 573m) driven by execution of the inland growth strategy particularly in India and growth in new corridors in Africa. Total volumes remained largely unchanged at 888k FFE (876k FFE).

For Container Inland Services revenue decreased by 13% to USD 144m (USD 166m), impacted by divestment of Pentalver, UK in 2017. Adjusted for this, the revenue increased by 11%.

Despite the overall revenue growth and a margin improvement of 8% in supply chain management to 4.5 USD/cbm (4.2 USD/cbm), in Air to 351 USD/tonnes (333 USD/tonnes) and in Ocean to 194 USD/TEU (159 USD/TEU), EBITDA decreased to USD 23m (USD 32m). The profitability was impacted by the continued investments in new digital solutions and implementations which are considered key to support the strategic direction towards becoming the global integrator of container logistics.

Further, cost was negatively impacted by rate of exchange as well as trucking capacity constraints in North America. The gross profit of USD 263m (USD 253m), equal to an EBIT conversion of 6% (13%) is at an unsatisfactory level. Several cost management initiatives are being implemented to improve the profitability.

LOGISTICS & SERVICES HIGHLIGHTS

USD million	Q1 2018	Q1 2017	Full year 2017
Revenue	1,455	1,378	5,772
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	23	32	139
EBITDA margin	2%	2%	2%
Gross capital expenditure, excl. acquisitions and divestments (capex)	-8	-8	-54
Operational and financial metrics			
Gross profit (USD m)	263	253	1,039
EBIT conversion (EBIT/Gross profit - %)	6.4%	13.1%	14.5%
Ocean volumes (TEU)	145,687	166,337	664,448
Supply chain management volumes (cbm in '000)	16,975	15,983	69,574
Airfreight volumes (tonnes)	40,159	45,002	206,208
Ocean revenue (USD m)	147	166	666
Supply chain management revenue (USD m)	206	175	778
Airfreight revenue (USD m)	141	128	659
Inland haulage revenue (USD m)	623	573	2,388
Container inland services revenue (USD m)	144	166	589
Other services revenue (USD m)	194	170	692

Continued improvements in the cash conversion cycle resulted in significantly improved working capital and positive cash flow development.

Developments in the quarter

Significant customer wins within supply chain management supports the strategy of providing end-to-end solutions to the customers.

The roll out of Twill continued throughout Q1 2018. Twill is a digital freight forwarding platform which makes shipping simpler for customers, allowing a booking process which is as easy as buying an air-plane ticket. Australia, India, Benelux, the US and Mexico have successfully been added to the map. The platform now operates in more than 10 countries, and aim is to add 15 more countries in 2018.

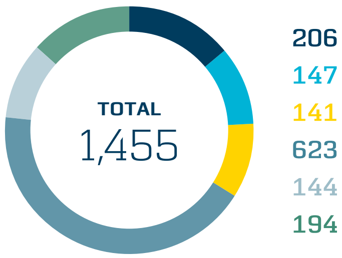
The digital supply chain management agenda has further been pursued with the launch of the platform "Digital Damco" which allows the customer to combine all offered digital products to enhance the supply chain experience.

To support the strategy to bring in and connect more e-commerce customers, Damco created a joint venture with a local partner in Nansha, Guangzhou, China. The joint venture gives the opportunity to introduce market-leading solutions to existing and potential new customers.

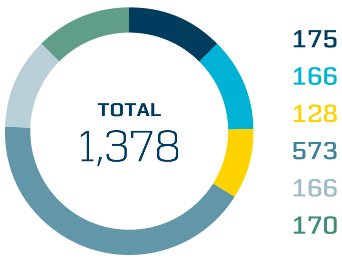
The Inland Services showed portfolio additions in Europe, inland haulage hub in Bucharest, Romania, in North Africa upgraded facilities in Sfax, Tunisia and in the Americas, BCO in-plant in Arica, Chile, as well as upgraded facilities in Caldera, Costa Rica.

ACTIVITY OVERVIEW

2018 Revenue, USD m



2017 Revenue, USD m



- Supply chain management ('000 cbm)
- Ocean (TEU)
- Air (tonnes)
- Inland Haulage ('000 FFE)
- Container Inland Services
- Other

TERMINALS & TOWAGE SEGMENT

Terminals & Towage includes gateway terminals involving landside activities being port activities where the customers are mainly the carriers, and towage services under the Svitzer brand.

REVENUE (USD)

911m (824m)

EBITDA (USD)

196m (139m)

Terminals & Towage

Terminals & Towage reported an 11% increase in revenue to USD 911m (USD 824m) and a 41% increase in EBITDA to USD 196m (USD 139m) reflecting strong growth in volumes mainly driven by commercial wins and new terminals and services.

Summary

Gateway terminals won a total of 13 new contracts while four contracts were terminated during Q1 2018 with a positive net volume impact of 0.5m moves or approx. 3% increase versus Q1 2017.

The financial strong performance in the gateway terminals was driven by a volume growth on an equity-weighted basis of 9.3%, like-for-like 6.9%, of which volume growth with external customers was 5.7% while growth with Ocean was 9.8%. Estimated global port throughput growth was 4.6% (Drewry).

Divestment of 5% shareholding in the Paranagua terminal, Brazil was completed with a gain of USD 11m.

Towage continued its strong performance in Q1 2018. Higher activity in Australia and Europe and port entries in Latin America have improved utilisation and profitability in harbour towage. In terminal towage, both revenue and profitability improved in Q1 2018.

Financial and operational performance

Revenue in **gateway terminals** of USD 736m (USD 669m) was positively impacted by newly operated terminals Lazaro Cardenas, Mexico and Quetzal, Guatemala, and additional volume increases in Latin America, Europe, Africa and Middle East, partly offset by construction revenue in terminals under construction being lower compared to Q1 2017.

Gateway terminals' volume growth was 9.3% on an equity-weighted basis ending at 4.0m moves (3.7m moves) following strong development in Latin America and Europe mainly through the 2M partnership with Hamburg Süd and strong collaboration with Maersk Line, however partly offset by volume decrease in the U.S. Adjusted for newly commenced entities and divested terminals, the volumes increased by 6.9%, with growth of 5.7% on external customers and 9.8% with Ocean. The volume growth exceeded the market's estimated global port throughput growth of 4.6% (Drewry).

Revenue per move related to gateway terminals, on equity weighted basis, excluding construction revenue, increased to USD 209 per move (USD 203 per move), positively impacted by higher volumes in Latin America and West Africa where rates are higher as well as rate of exchange especially the appreciation of the Euro. Excluding rate of exchange impact, revenue per move slightly decreased compared to last year, mainly due to effect from loss of volume in North American terminals and discounts in certain African terminals.

Cost per move on equity weighted basis, increased to USD 170 (USD 164) mainly due to adverse rate of exchange impact. Excluding rate of exchange impact, cost per move remained at similar level as last year, mainly due to higher utilisation in Latin America, Europe and Africa, partly offset by volume decrease in North America.

Revenue in towage activity increased 13% driven by volume increases in Australia, Europe and in the Americas. Organic growth adjusted for currency development totalled 6%. Harbour towage activities measured by tug jobs increased by 7% compared to Q1 2017. In Australia and in Europe, the growth was achieved in existing ports, while growth in the Americas was primarily driven by entries into new ports.

TERMINALS & TOWAGE HIGHLIGHTS

USD million	2018	Q1 2017	Full year 2017
Revenue	911	824	3,481
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	196	139	639
EBITDA margin	22%	17%	18%
Gross capital expenditure, excl. acquisitions and divestments (capex)	-101	-196	-704
Operational and financial metrics			
Terminal volumes – EqW (moves in m)	4.0	3.7	15.6
Terminal revenue per move – EqW (USD per move)	209	203	203
Terminal unit cost per move – EqW (USD per move)	170	164	167
Result from joint ventures and associated companies (USD m)	54	34	-78
No. of operational tug jobs (HT) ('000)	33	31	123
Annualised EBITDA per tug (TT) (USD in '000)	747	635	755

While activity in Europe improved mainly because of more weather-related tug jobs in the UK, the market share for harbour towage in multi operator ports dropped in Q1 2018 compared to 2017.

In Americas, the activity in Argentina increased in Q1 2018, driven by towage services provided in the LNG terminal in Bahia Blanca and other harbour towage activities, amongst others in Buenos Aires and Necochea. In Brazil, towage services grew its volumes and market share in the ports of Rio Grande, Santos and Paranagua which were entered during 2017.

Overall, revenue per tug job for harbour towage was at a higher level, partly supported by positive currency development and entries into ports with higher than average prices. In Europe, intense competition from consolidation amongst towage providers and an oversupply of tugs led to lower prices.

EBITDA per tug for terminal towage improved slightly driven by new tugs on contract, sale of idle fleet and cost savings.

The towage fleet increased by 17 vessels to 364 vessels, with 347 owned and 17 chartered at the end of March 2018. A total of 15 vessels are on order, which will all be delivered in 2018.

EQUITY-WEIGHTED VOLUME, TERMINALS

Million moves	Q1 2018	Q1 2017	Growth %
Americas	1.0	0.9	15.4%
Europe, Russia and Baltics	0.8	0.7	11.9%
Asia	1.7	1.7	2.8%
Africa and Middle East	0.5	0.4	18.0%
Total	**4.0**	**3.7**	**9.3%**

The increase in equity-weighted consolidated volume was due to strong volumes in Latin America and Europe.

FINANCIALLY CONSOLIDATED VOLUME, TERMINALS

Million moves	Q1 2018	Q1 2017	Growth %
Americas	1.0	0.9	13.2%
Europe, Russia and Baltics	0.7	0.6	7.7%
Asia	0.5	0.5	9.4%
Africa and Middle East	0.5	0.4	19.5%
Total	**2.7**	**2.4**	**11.9%**

The increase in financial consolidated volume was due to strong volumes in Latin America and Europe.

REVENUE, TOWAGE

Per region, USD million	Q1 2018	Q1 2017	Growth %
Australia	70	63	11%
Europe	64	57	12%
Americas	23	17	35%
Asia, Middle East & Africa	20	20	-
Total	**177**	**157**	**13%**

Per activity, USD million	Q1 2018	Q1 2017	Growth %
Harbour towage	125	110	14%
Terminal towage	52	48	8%
Eliminations	-	-1	N/A
Total	**177**	**157**	**13%**

FLEET OVERVIEW, TOWAGE

	Q1 2018	Q1 2017
Number of vessels		
Owned	347	339
Chartered	17	8
Total	**364**	**347**
Newbuilding		
Delivery within one year	15	15
Delivery after one year	-	4
Total	**15**	**19**

Towage's fleet increased by 17 vessels to 364 vessels, with 347 owned and 17 chartered at the end of March 2018. A total of 15 vessels are on order, which will all be delivered in 2018.

Developments in the quarter

Volumes in the gateway terminals were positively impacted by the extension of 2M with HMM and the Hamburg Süd acquisition.

Recently concluded Latin America network adjustments for Maersk Line and Hamburg Süd are expected to result in further volume growth in certain gateway terminals from Q2 2018.

Moin, Costa Rica, a 100% owned greenfield in Costa Rica is expected to go live in 2018 and Vado Ligura, Italy, a joint venture with Coscoa ports and Qingdao Port International is pending go-live date in 2020.

Towage continued to optimise its existing market portfolio by focusing on growth in selected markets such as Argentina and Brazil. Furthermore, operations in Poti in Georgia has commenced in Q1 2018. Towage projects in Bangladesh, Costa Rica and Tangier Med II in Morocco continue to progress as planned with operations commencing in 2018 respectively early 2019.

In the harbour towage markets the activity continues to be stable. For harbour towage in Europe, consolidation of the industry is still ongoing leading to stronger competitors and more intense competition.

The strategic focus remains being to improve cost levels and productivity while utilising the current gateway terminals as well as expanding the global footprint within towage activity to ensure closer cooperation with targeted customers.

TERMINALS

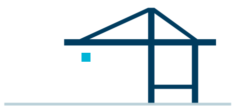
Q1 2018 ● Q1 2017

15 / 16
Americas

19 / 20
Europe, Russia and Baltics

18 / 18
Asia

13 / 13
Africa and Middle East



MANUFACTURING & OTHERS SEGMENT

Manufacturing & Others include the activities of Maersk Container Industry with the production and sale of reefer containers in two factories in China and Chile respectively and dry containers at a factory in China.

Others include Maersk Oil Trading and bulk activities taken over as part of the Hamburg Süd transaction.

REVENUE (USD)

619m (401m)

EBITDA (USD)

17m (41m)

Manufacturing & Others

Maersk Container Industry reported a revenue of USD 288m (USD 243m), equal to a growth of 18%. The EBITDA of USD 32m (USD 27m) was positively impacted by higher sales volumes and higher prices on reefer containers, with revenue on dry containers being on par with 2017. Revenue for Other businesses ended at USD 331m (USD 158m) with a negative EBITDA of USD 15m (positive USD 14m) primarily related to unrealised losses on oil trade derivatives.

Summary

The reefer factories ran at full capacity in Q1 2018 with the production volume in the Chinese factory being on par with 2017 whereas the factory in Chile increased the output by 17%.

Profitability on the dry containers were negatively impacted by higher material cost for steel. The first boxes for Hamburg Süd was produced in February 2018.

Financially, Maersk Container Industry reported a satisfactory revenue growth of 18% and an unchanged EBITDA margin of 11%.

The Other businesses reported significant revenue growth primarily driven by bulk activities taken over as part of the Hamburg Süd activities as well as higher level of oil/bunker trading.

Financial and operational performance

The positive development for container manufacturing continued in Q1 2018 with both revenue and EBITDA above same period last year despite increasing commodity prices.

Revenue in Maersk Container Industry increased by 18% to USD 288m (USD 243m), driven by higher sales volumes and prices on reefer containers, whereas revenue on dry containers was stable at the same level as in 2017. Maersk Line demand accounts for approx. 70% of total revenue which is expected to be reduced following increased volumes from third party customers.

The increased EBITDA in Maersk Container Industry of USD 32m (USD 27m) was reflecting the higher revenue but negatively impacted by higher commodity prices.

For the Other businesses revenue ended at USD 331m (USD 158m) impacted by the inclusion of acquired bulk activities as part of the Hamburg Süd transaction as well as higher level of oil/bunker trading.

Despite the significant increase in revenue, EBITDA was negative by USD 15m (positive USD 14m), primarily because of unrealised losses on oil/bunker trading instruments hedging physical positions in future periods. As hedge accounting is not applied, the unrealised effect of these trading instruments is not timely matched with the physical positions which are to be recognised with an opposite effect in future periods.

MANUFACTURING & OTHERS HIGHLIGHTS

USD million	Q1 2018	Q1 2017	Full year 2017
Revenue	619	401	1,689
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	17	41	173
EBITDA margin	3%	10%	10%
Gross capital expenditure, excl. acquisitions and divestments (capex)	-6	-5	-23

Discontinued operations

The Maersk Oil transaction closed 8 March 2018 with an accounting gain of USD 2.6bn. Structural solutions for Maersk Drilling and Maersk Supply Service are still expected before the end of 2018.

The gain from the sale of Maersk Oil is together with the results up to closing 8 March 2018 classified as discontinued operations together with the results for Q1 2018 for Maersk Drilling and Maersk Supply Service.

The net cash proceeds from the Maersk Oil transaction of USD 2.0bn after closing adjustments with addition of free cash flow of USD 0.3bn up to closing are also classified under discontinued operations.

Total net cash flow from the discontinued businesses including cash flows related to Maersk Oil amounted to USD 2.3bn (negative USD 183bn).

Further details on the financials of the discontinued operations are set out in note 2 to the consolidated financial statements.

Maersk Drilling and Maersk Supply Service

The market conditions in the offshore industry have shown signs of improvement in recent quarters. Even though day rates are still at a low level, the pick-up in the oil price and the activity level is a positive development. This has, among other things, raised confidence in finding structural solutions for both Maersk Drilling and Maersk Supply Service before the end of 2018.

Maersk Drilling

In Q1 2018, Maersk Drilling reported a revenue growth of 9% to USD 376m (USD 344m). EBITDA slightly decreased to USD 166m (USD 171m), negatively impacted by a number of idle rigs and the expiration of legacy contracts at higher day rates, however positively impacted by high operational uptime on deepwater rigs and general cost savings across the fleet.

The operational performance across the fleet resulted in an average operational uptime of 97% (100%) for the jack-up rigs and 99% (97%) for the deepwater rigs.

Maersk Drilling signed three contracts extensions during Q1 2018, adding approx. 99 days and USD 17m to the backlog. By the end of Q1 2018, Maersk Drilling's total revenue backlog amounted to USD 3.0bn (USD 3.4bn) with forward contract coverage of 62% for 2018, 35% for 2019 and 25% for 2020.

The market

Oil prices continued last year's upward trend, reaching a three-year high of over USD 70 per barrel for Brent crude in late January. Offshore drilling activity rose approx. 2.5% still impacted by significant excess supply. Approx. 110 floaters and 210 jack-ups remain stacked, of which half of the floaters and one-third of the jack-up rigs are cold stacked. The newbuild order book remains unchanged compared to Q1 2017, with approx. 40 floaters and 90 jack-up rigs on order, of which the majority are without contracts.

Leading indicators, however, continued to show signs of support for future drilling rig activity. Offshore greenfield capital expenditure commitments are forecasted to increase approx. 20% to USD 84bn in 2018 compared to 2017.

The industry continues to target cost reduction through operational efficiency improvements, integrated alliances and partnerships, financial restructuring and mergers and acquisitions.

Maersk Supply Service

Maersk Supply Service reported a revenue growth of 25% to USD 60m (USD 48m) and an EBITDA of USD 3m (negative USD 5m) driven by higher activity and more efficient utilisation.

Maersk Supply Service's Integrated Solutions business continues to show satisfactory progress by extending work scopes on several existing projects resulting in both more revenue and more experience. During Q1 2018, Maersk Supply Service had two newbuildings delivered and both are planned for work scopes on Integrated Solutions projects.

Maersk Supply Service is preparing for a structural solution by continuing to reduce cost and idle time.

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 and despite the pick-up in the oil price, the offshore supply vessel industry has approx. 30% of vessels laid up globally, including Maersk Supply Service with 14 (eight) vessels laid up end of Q1.

Maersk Supply Service initiated a divestment programme in 2016 as a response to vessels in lay-up, limited trading opportunities and the global over-supply of offshore supply vessels in the industry. The divestment programme is progressing as planned with further four vessels to be divested in the coming six to nine months. The total fleet will be at 46 vessels, including four new-buildings still to be delivered.

Maersk Drilling and Maersk Supply Service have entered into an agreement to establish a joint venture (JV) decommissioning company. Both companies will invest an equal amount in the JV to provide decommissioning services to oil and gas operators. The joint investment is USD 20m covering the first years of operations.

After decades of production, an increasing amount of offshore oil and gas fields are approaching the end of their economic life. In the North Sea alone, more than 400 fields are expected to cease production by 2026 at an estimated cost of USD 56bn. Globally, over 700 fields are expected to require decommissioning.

Drawing on Maersk Drilling and Maersk Supply Service's high-quality assets and technical capabilities, the JV will initially offer bundled solutions for up to 80% of the process required in decommissioning an oil field. The bundled solutions will, in addition to project management, cover work scopes such as plug and abandonment of wells, towage of floating units and removal of subsea infrastructure. In the longer term, the JV plans to provide the full end-to-end process of decommissioning.

The JV will not impact the ongoing work in A.P. Moller - Maersk to establish new ownership structures for each of the partner companies.

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of A.P. Møller - Mærsk A/S for the period 1 January 2018 to 31 March 2018.

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 26-37) give a true and fair view of A.P. Moller - Maersk's consolidated assets, liabilities and financial position at 31 March 2018 and of the result of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 31 March 2018. Furthermore, in our opinion the Directors' report (pages 3-24) includes a fair review of the development in A.P. Moller - Maersk'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. Moller - Maersk faces.

Copenhagen, 17 May 2018

Executive Board

Søren Skou — CEO

Claus V. Hemmingsen — Vice CEO

Vincent Clerc

Morten Engelstoft

Søren Toft

Board of Directors

Jim Hagemann Snabe — Chairman

Ane Mærsk Mc-Kinney Uggla — Vice Chairman

Dorothee Blessing

Niels Bjørn Christiansen

Arne Karlsson

Jan Leschly

Thomas Lindegaard Madsen

Robert Routs

Jacob Andersen Sterling

Robert Mærsk Uggla

Financials Q1 2018

(In parenthesis, the corresponding figures for 2017)

Interim consolidated financial statements Q1 2018

Amounts in USD million

Condensed income statement

Note		2018	Q1 2017	Full year 2017
1	Revenue	9,253	7,101	30,945
	Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	**669**	**638**	**3,532**
	Depreciation, amortisation and impairment losses, net	768	635	3,015
	Gain on sale of non-current assets, etc., net	33	15	154
	Share of profit/loss in joint ventures	37	30	-131
	Share of profit/loss in associated companies	26	22	101
	Profit/loss before financial items	**-3**	**70**	**641**
	Financial items, net	-120	-133	-616
	Profit/loss before tax	**-123**	**-63**	**25**
	Tax	97	61	219
1	**Profit/loss for the period – continuing operations**	**-220**	**-124**	**-194**
2	Profit/loss for the period – discontinued operations	2,982	377	-970
1	**Profit/loss for the period**	**2,762**	**253**	**-1,164**
	Of which:			
	Non-controlling interests	17	8	41
	A.P. Møller - Mærsk A/S' share	**2,745**	**245**	**-1,205**
	Earnings per share – continuing operations, USD	**-11**	**-6**	**-11**
	Diluted earnings per share – continuing operations, USD	**-11**	**-6**	**-11**
	Earnings per share, USD	**133**	**12**	**-58**
	Diluted earnings per share, USD	**133**	**12**	**-58**

Maersk Oil, Maersk Tankers, Maersk Drilling and Maersk Supply Service were classified as discontinued operations in 2017, and the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. 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.

Condensed statement of comprehensive income

Note		2018	Q1 2017	Full year 2017
	Profit/loss for the period	**2,762**	**253**	**-1,164**
	Translation from functional currency to presentation currency	111	214	425
	Cash flow hedges	84	181	316
	Tax on other comprehensive income	-24	-9	-32
	Share of other comprehensive income of joint ventures and associated companies, net of tax	-	-	2
	Total items that have been or may be reclassified subsequently to the income statement	**171**	**386**	**711**
	Other equity investments	9	11	138
	Actuarial gains/losses on defined benefit plans, etc.	-	-	148
	Total items that will not be reclassified to the income statement	**9**	**11**	**286**
	Other comprehensive income, net of tax	**180**	**397**	**997**
	Total comprehensive income for the period	**2,942**	**650**	**-167**
	Of which:			
	Non-controlling interests	18	39	47
	A.P. Møller - Mærsk A/S' share	**2,924**	**611**	**-214**

Amounts in USD million

Condensed balance sheet at 31 March

Note		2018	31 March 2017	31 December 2017
	Intangible assets	4,316	3,685	4,365
	Property, plant and equipment	31,585	41,814	31,071
	Financial non-current assets, etc.	3,630	4,348	3,408
	Deferred tax	314	621	302
	Total non-current assets	**39,845**	**50,468**	**39,146**
	Inventories	952	950	974
	Receivables, etc.	5,882	5,969	5,946
	Equity investments, etc.	5,582	53	1
	Cash and bank balances	3,196	2,873	2,171
2	Assets held for sale	6,182	115	14,989
	Total current assets	**21,794**	**9,960**	**24,081**
1	**Total assets**	**61,639**	**60,428**	**63,227**

Note		2018	31 March 2017	31 December 2017
	Equity attributable to A.P. Møller - Mærsk A/S	33,504	31,429	30,609
	Non-controlling interests	809	887	816
	Total equity	**34,313**	**32,316**	**31,425**
	Borrowings, non-current	15,221	13,019	15,076
	Other non-current liabilities	1,978	4,925	1,969
	Total non-current liabilities	**17,199**	**17,944**	**17,045**
	Borrowings, current	2,060	2,041	2,437
	Other current liabilities	7,295	8,111	7,598
2	Liabilities associated with assets held for sale	772	16	4,722
	Total current liabilities	**10,127**	**10,168**	**14,757**
1	**Total liabilities**	**27,326**	**28,112**	**31,802**
	Total equity and liabilities	**61,639**	**60,428**	**63,227**

Condensed cash flow statement

	2018	Q1 2017	Full year 2017
Profit/loss before financial items	-3	70	641
Non-cash items, etc.	747	545	2,928
Change in working capital	-272	-114	-282
Cash flow from operating activities before tax	472	501	3,287
Taxes paid	-39	-56	-174
Cash flow from operating activities	**433**	**445**	**3,113**
Purchase of intangible assets and property, plant and equipment (CAPEX)	-1,180	-677	-3,599
Sale of intangible assets and property, plant and equipment	26	308	435
Acquisition/sale of subsidiaries and activities, etc., net	153	8	-2,810
Purchase/sale of securities, trading portfolio	-1	-	52
Cash flow used for investing activities	**-1,002**	**-361**	**-5,922**
Repayment of/proceeds from loans, net	-473	-404	822
Financial payments, net	-283	-349	-730
Dividends distributed	-	-454	-454
Dividends distributed to non-controlling interests	-	-	-62
Other equity transactions	-60	37	19
Cash flow from financing activities	**-816**	**-1,170**	**-405**
Net cash flow from continuing operations	**-1,385**	**-1,086**	**-3,214**
Net cash flow from discontinued operations	2,308	-183	1,251
Net cash flow for the period	**923**	**-1,269**	**-1,963**
Cash and cash equivalents 1 January	2,268	4,077	4,077
Currency translation effect on cash and bank balances	48	187	154
Cash and cash equivalents, end of period	3,239	2,995	2,268
Of which classified as assets held for sale	-64	-141	-109
Cash and cash equivalents, end of period	**3,175**	**2,854**	**2,159**
Cash and cash equivalents			
Cash and bank balances	3,196	2,873	2,171
Overdrafts	21	19	12
Cash and cash equivalents, end of period	**3,175**	**2,854**	**2,159**

Cash and bank balances include USD 1.2bn (USD 1.0bn) relating 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.

As of Q1 2018 A.P. Moller - Maersk has changed the presentation of financial items in the cash flow statement. Comparative figures have been restated (please refer to note 6).

Amounts in USD million

Condensed statement of changes in equity

	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 2018	3,774	-286	26	26	27,069	30,609	816	31,425
2018								
Other comprehensive income, net of tax	-	110	10	59	-	179	1	180
Profit/loss for the period	-	-	-	-	2,745	2,745	17	2,762
Total comprehensive income for the period	**-**	**110**	**10**	**59**	**2,745**	**2,924**	**18**	**2,942**
Value of share-based payment	-	-	-	-	4	4	-	4
Acquisition of non-controlling interests	-	-	-	-	-32	-32	-26	-58
Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-21	-	21	-	-	-
Other equity movements	-	-	-	-	-1	-1	1	-
Total transactions with shareholders	**-**	**-**	**-21**	**-**	**-8**	**-29**	**-25**	**-54**
Equity 31 March 2018	**3,774**	**-176**	**15**	**85**	**29,806**	**33,504**	**809**	**34,313**
Equity 1 January 2017	3,774	-706	-232	-255	28,677	31,258	832	32,090
								-
Other comprehensive income, net of tax	-	183	11	172	-	366	31	397
Profit/loss for the period	-	-	-	-	245	245	8	253
Total comprehensive income for the period	**-**	**183**	**11**	**172**	**245**	**611**	**39**	**650**
Dividends to shareholders	-	-	-	-	-454	-454	-	-454
Value of share-based payment	-	-	-	-	2	2	-	2
Sale of non-controlling interests	-	-	-	-	1	1	8	9
Sale of own shares	-	-	-	-	14	14	-	14
Other equity movements	-	-	-	-	-3	-3	8	5
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-440**	**-440**	**16**	**-424**
Equity 31 March 2017	**3,774**	**-523**	**-221**	**-83**	**28,482**	**31,429**	**887**	**32,316**

Notes

Amounts in USD million

Note 1

Segment information

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Q1 2018					
External revenue	6,716	1,407	711	406	9,240
Inter-segment revenue	94	48	200	213	555
Total segment revenue	**6,810**	**1,455**	**911**	**619**	**9,795**
Unallocated and eliminations					-542
Total revenue	-	-	-	-	**9,253**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**492**	**23**	**196**	**17**	**728**
Unallocated items					-53
Eliminations					-6
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**669**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	-1,074	-8	-101	-6	-1,189

[1]Reference is made to the condensed income statement for a reconciliation from EBITDA to profit/loss.

As part of the A.P. Moller - Maersk strategy of becoming the global integrator of container logistics, the reportable segments have been reorganised as of Q1 2018 in Ocean, Logistics & Services, Terminals & Towage and Manufacturing & Others.

The Ocean segment includes Maersk Line and Hamburg Süd ocean revenue as well as APM Terminals' transhipment hubs. For Hamburg Süd the revenue related to inland haulage has not yet been separated from Ocean due to lack of required information. As part of the integration work such information will be obtained and numbers will be restated.

Terminals & Towage segment includes APM Terminals' gateway terminals and Svitzer.

Logistics & Services segment includes Damco, trade finance, inland haulage and other logistics services.

Manufacturing & Others segment includes Maersk Container Industry and others.

The segment disclosures provided above reflect the information which the Executive Board receives monthly in its capacity as 'chief operating decision maker' as defined in IFRS 8. The allocation of resources and the segment performance are evaluated based on revenue and profitability measured on earnings before interest, taxes, depreciation and amortisation (EBITDA).

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Q1 2017					
External revenue	4,868	1,321	676	222	7,087
Inter-segment revenue	82	57	148	179	466
Total segment revenue	**4,950**	**1,378**	**824**	**401**	**7,553**
Unallocated and eliminations					-452
Total revenue	-	-	-	-	**7,101**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**484**	**32**	**139**	**41**	**696**
Unallocated items					-58
Eliminations					-
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**638**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	-468	-8	-196	-5	-677

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Full year 2017					
External revenue	21,663	5,570	2,842	843	30,918
Inter-segment revenue	360	202	639	846	2,047
Total segment revenue	**22,023**	**5,772**	**3,481**	**1,689**	**32,965**
Unallocated and eliminations					-2,020
Total revenue	-	-	-	-	**30,945**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**2,777**	**139**	**639**	**173**	**3,728**
Unallocated items					-181
Eliminations					-15
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**3,532**
Gross capital expenditures, excl. acquisitions and divestments (capex)	-2,831	-54	-704	-23	-3,612

Amounts in USD million

Note 1 — continued

Segment information

USD million		2018	Q1 2017	Full year 2017
Ocean	Freight revenue	5,980	4,394	19,476
	Other ocean revenue	830	556	2,547
Logistics & Services	Ocean revenue	147	166	666
	Supply chain management revenue	206	175	778
	Air freight revenue	141	128	659
	Inland haulage revenue	623	573	2,388
	Container inland services revenue	144	166	589
	Other logistic services revenue	194	170	692
Terminals & Towage	Terminal services revenue	736	669	2,830
	Towage services revenue	177	157	659
Manufacturing & Others	Sale of containers revenue	288	243	1,016
	Other revenue	331	158	673
Unallocated activities and eliminations[1]		**-544**	**-454**	**-2,028**
Total revenue		**9,253**	**7,101**	**30,945**

[1] Including revenue eliminations between terminal services and towage services.

Note 2

Discontinued operations and assets held for sale

	2018	Q1 2017	Full year 2017
Profit/loss for the period – discontinued operations			
Revenue	987	1,862	6,555
Expenses	448	785	3,097
Gains/losses on sale of assets and businesses	2,634	37	16
Depreciation and amortisation	-	477	1,295
Impairment losses	-	-	2,413
Reversal of impairment losses	-	-	236
Profit/loss before tax, etc.	**3,173**	**637**	**2**
Tax[1]	191	260	972
Profit/loss for the period – discontinued operations	**2,982**	**377**	**-970**
A.P. Møller Mærsk A/S' share of profit/loss	2,982	377	-967
Earnings per share	144	18	-47
Diluted earnings per share	144	18	-47
Cash flows from discontinued operations			
Cash flow from operating activities	525	741	2,024
Cash flow used for investing activities	1,708	-871	-579
Cash flow from financing activities	75	-53	-194
Net cash flow from discontinued operations	**2,308**	**-183**	**1,251**

[1] The tax relates to the profit from the ordinary activities of discontinued operations. There is no tax related to the gain on sale of Maersk Oil and Maersk Tankers. The gain on sale of Maersk Oil was USD 2,632m in 2018 and the gain on sale of Maersk Tankers was USD 3m in 2017.

Discontinued operations include Maersk Oil up to closing in March 2018, Maersk Tankers up to closing in October 2017 as well as Maersk Drilling and Maersk Supply Service, where structural solutions are expected before end of 2018. The results of the discontinued businesses are presented in one separate line in the income statement, cash flow statement and balance sheet. Both the income statement and cash flow statement have been restated in previous periods, while the balance sheet has not been restated.

A.P. Moller - Maersk executed on the strategy to separate out its energy businesses in 2017 with an agreement for Total S.A. to acquire Maersk Oil for USD 7,450m in a combined share and debt transaction, and A.P. Moller Holding to acquire Maersk Tankers for USD 1,171m in an all-cash transaction. The Maersk Tankers transaction closed in October 2017, while the Maersk Oil transaction closed in Q1 2018.

Amounts in USD million

Note 2 — continued

Discontinued operations and assets held for sale

In the consolidated financial statements, the results for Maersk Oil up to closing in March 2018, Maersk Tankers up to closing in October 2017 as well as Maersk Drilling and Maersk Supply Service are classified under discontinued operations with a net profit of USD 3.0bn (USD 377m), positively impacted by gain of USD 2.6bn on sale of Maersk Oil. The cash flow from operating activities was USD 525m (USD 741m), while the cash flow from investing activities, including net cash proceeds from the Maersk Oil transaction, amounted to USD 1.7bn (negative USD 871m). Total net cash flow from the discontinued businesses amounted to USD 2.3bn (negative USD 183m).

	2018	31 March 2017	31 December 2017
Balance sheet items comprise:			
Intangible assets	96	1	875
Property, plant and equipment	5,430	53	11,911
Deferred tax assets	9	3	244
Other assets	16	8	491
Non-current assets	**5,551**	**65**	**13,521**
Current assets	631	50	1,468
Assets held for sale	**6,182**	**115**	**14,989**
Provisions	152	1	3,059
Deferred tax liabilities	64	-	226
Other liabilities	556	15	1,437
Liabilities associated with assets held for sale	**772**	**16**	**4,722**

Intangible assets held for sale amounted to USD 92m for Maersk Drilling and USD 4m for Maersk Supply Service. Property, plant and equipment held for sale mainly comprise Maersk Drilling by USD 4.3bn and Maersk Supply Service by USD 1.1bn.

Maersk Drilling

In Q1 2018, Maersk Drilling reported a profit of USD 160m (USD 48m). The result was positively impacted by high operational uptime on deepwater rigs and general cost savings across the fleet and negatively impacted by a number of idle rigs and the expiration of contracts signed at higher day rates. Further, the profit in Q1 2018 was positively impacted by no depreciation changes being recognised after classification as discontinued business in Q3 2017.

Maersk Supply Service

For Maersk Supply Service, the market situation remained challenged in Q1 2018. Maersk Supply Service reported a loss of USD 12m (loss of USD 26m), impacted by higher activity and more efficient utilisation as well as no depreciation changes being recognised after classification as discontinued business in Q4 2017.

Maersk Oil

On 21 August 2017, A.P. Moller - Maersk announced the sale of Maersk Oil to Total SA. The transaction, which was based on a locked box mechanism from 30 June 2017, closed on 8 March 2018 with an accounting gain of USD 2.6bn. In addition to net cash proceeds of USD 2.0bn after closing adjustments and free cash flow of USD 0.3bn up to closing, A.P. Moller - Maersk received USD 97.5m shares in Total S.A. equivalent to an ownership interest of 3.7%. The market value of the Total S.A. shares was USD 5.6bn at closing 8 March 2018. The accounting gain comprises of the original gain calculated on 30 June 2017 of USD 2.8bn reduced by the profit recognised in the period from 1 July 2017 up to closing of USD 1.0bn and addition of the locked-box interest and positive Total S.A. share price development totalling USD 0.8bn.

Period ended 8 March 2018:

Maersk Oil reported a profit of USD 148m (USD 312m). The gain and cash flow from closing of the transaction is summarised below (comparative figures relate to the sale of Maersk Tankers in 2017).

Cash flow from sale	2018	Q1 2017	Full year 2017
Carrying amount			
Intangible assets	779	0	6
Property, plant and equipment	6,750	0	1,159
Financial assets - non-current	433	0	10
Deferred tax asset	233	0	0
Current assets	1,338	0	420
Provisions	-2,767	0	-10
Liabilities	-3,831	0	-1,011
Net assets sold	**2,935**	**0**	**574**
Non-controlling interests	0	0	0
A.P. Møller - Mærsk A/S' share	**2,935**	**0**	**574**
Gain/loss on sale	2,632	0	3
Repayment of loan	2.500 [1]	0	760
Locked box interest received	156	0	0
Total consideration	**8,223**	**0**	**1,337**
Shares in Total S.A. received	-5.567	0	0
Contingent considerations asset	0	0	-28
Cash and bank balances transferred at closing	-632	0	-91
Cash flow from sale of subsidiaries and activities	**2,024**	**0**	**1,218**

[1] The USD 2.5bn relates to a pre-closing debt push down.

Amounts in USD million

Note 2 — continued

Discontinued operations and assets held for sale

Secondary decommissioning liability
As part of the divestment of Mærsk Olie & Gas A/S (MOGAS) to Total S.A., A.P. Møller - Mærsk A/S (APMM) has assumed a secondary liability related to the decommissioning of the offshore facilities in Denmark by issuance of a declaration. APMM assesses the risk of economic outflows because of this secondary liability as very remote.

The potential beneficiaries of the declaration of secondary liability are the other participants in Dansk Undergrunds Consortium (DUC) and the Danish state. The declaration covers decommissioning costs related to DUC's offshore facilities in Denmark which existed as at 28 February 2018. The secondary liability is limited to decommissioning costs related to MOGAS's participating interest in DUC at that point in time (which was 31.2%). At closing 8 March 2018, MOGAS's provision for these decommissioning costs amounted to USD 1.2bn. APMM's secondary liability will be reduced as facilities are decommissioned at the cost of Dansk Undergrunds Consortium.

The payment obligation under the declaration of secondary liability is triggered towards the other participants in DUC if: a) MOGAS or a potential successor of MOGAS does not perform its payment obligations in respect of decommissioning costs, b) the non-defaulting DUC participants have exhausted the special remedies in the joint operating agreement; and c) payment of the full amount under the guarantee(s) issued by or on behalf of MOGAS has not been made upon receipt of a payment request. The payment obligation is triggered towards the Danish state if the Danish state has paid the decommissioning costs and MOGAS, a potential successor or a guarantor does not pay in full its share of the costs upon receipt of a payment request.

In case APMM is held liable under the secondary liability described above APMM will have full recourse for such liability against Total S.A. (the buyer of MOGAS).

Note 3

Financial risks, etc.

Except of the below, the financial risks, etc. are not significantly different from those described in note 17 of the consolidated financial statements for 2017, to which reference is made.

Share price risk on shares in Total S.A.
The value of the shares in Total S.A. as per 31 March was USD 5,581m. A 10% change in the share price will affect the Group's equity, excluding tax, positively/negatively by USD 558m. Changes in share price will not affect the Group's profit as value adjustments are recognised directly in equity (other comprehensive income). The shares are denominated in EUR and are measured at the EUR/USD spot rate. The underlying business of the shares is based on the USD.

Liquidity risk	31 March 2018	31 March 2017	31 December 2017
Borrowings	17,281	15,060	17,513
Net interest-bearing debt	13,395	12,212	14,799
Liquidity reserve[1]	10,540	10,337	9,649

[1] 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 and excluding shares in Total S.A.

In addition to the liquidity reserve, the Group has USD 2.6bn undrawn committed loans which are dedicated to financing of specific assets, part of which will therefore 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, the Group's financial resources are deemed satisfactory. The average term to maturity of loan facilities in the Group was about four years (about four years at 31 December 2017).

In March 2018, the Group issued EUR 750m 8-year bonds in the Euro market, its first bond issue since 2016, and concurrently repurchased a total notional amount of EUR 500m of its two outstanding Euro bonds maturing in 2019, thereby extending the debt maturity profile.

Amounts in USD million

Note 4
Commitments – continuing operations

Operating lease commitments
At 31 March 2018, the net present value of operating lease commitments totalled USD 8.9bn using a discount rate of 6%, in line with the NPV and discount rate at 31 December 2017.

Operating lease commitments at 31 March 2018 are divided into the following main segments:
- Ocean of USD 5.3bn
- Logistics & Services of USD 0.4bn
- Terminals & Towage of USD 2.1bn
- Manufacturing & Others of USD 1.1bn

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

Capital commitments	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
31 March 2018					
Capital commitments relating to acquisition of non-current assets	1,387	6	312	12	1,717
Commitments towards concession grantors	363	-	1,091	-	1,454
Total capital commitments	**1,750**	**6**	**1,403**	**12**	**3,171**
31 December 2017					
Capital commitments relating to acquisition of non-current assets	2,027	3	267	17	2,314
Commitments towards concession grantors	399	-	1,141	-	1,540
Total capital commitments	**2,426**	**3**	**1,408**	**17**	**3,854**

USD 1.0bn of the total capital commitments are related to the newbuilding programme for vessels, etc. at a total contract price of USD 1.4bn including owner-furnished equipment. The remaining capital commitments of USD 2.1bn relate to investments mainly within Ocean and Terminals & Towage segments.

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

Newbuilding programme at 31 March 2018	No 2018	2019	Total
Container vessels	9	4	13
Tugboats	9	1	10
Total	**18**	**5**	**23**

Capital commitments relating to the newbuilding programme at 31 March 2018	USD million 2018	2019	Total
Container vessels	553	440	993
Tugboats	46	6	52
Total	**599**	**446**	**1,045**

Amounts in USD million

Note 5

Acquisition/sale of subsidiaries and activities

Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG (Hamburg Süd)
In Q1 2018, certain changes were made to the provisional purchase price allocation regarding Hamburg Süd, prepared at closing 30 November 2017, resulting in a reduction of the calculated goodwill by USD 89m to USD 299m. The changes were primarily related to working capital balances and had no impact on the profitability for Q1 2018. The accounting for the business combination is still considered provisional at 31 March 2018 due to follow up on certain contingencies, indemnities, etc. existing at the acquisition date.

Acquisitions during the first three months 2018 and 2017
No acquisitions of subsidiaries or activities, were undertaken in the first three months of either year.

Sales during the first three months 2018 and 2017
In continuing operations, no sales of subsidiaries or activities were undertaken in the first three months of either year.

Note 6

Accounting policies, judgements and significant 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 2017 in notes 23 and 24 of the Annual Report, to which reference is made, apart from changes described below.

New segment structure
The allocation of business activities into segments reflects A.P. Moller - Maersk's character as an integrated container logistics business and is in line with the internal management reporting. The reportable segments are as follows:

Ocean	Global container shipping activities including strategic transhipment hubs
Logistics & Services	Freight forwarding, supply chain management, inland haulage and other logistic services
Terminals & Towage	Gateway terminal activities, towage and related marine activities
Manufacturing & Others	Production of reefer and dry containers, trading and sale of bunker oil and other businesses

The reportable segments comprise mainly of:

Ocean

- *Ocean activities*, defined as operating activities under Maersk Line, Safmarine, MCC, Sealand, Seago Line and Hamburg Süd brands with 'Ocean container freight' being the main revenue stream. Ocean container freight is defined as the cost-per-weight measure of transporting goods on board of a container vessel across the ocean, including demurrage and detention (D&D), terminal handling, documentation services, container services as well as container storage.

- *Hub activities*, defined as operating activities under the APM Terminal brand generating revenue by providing port services only in major transhipment ports such as Rotterdam, Maasvlakte-II, Algeciras, Tangiers, Tangier-Med II, and joint ventures Port Said, Salalah, Tanjung Pelepas and Bremerhaven. The respective terminals are included under the Ocean segment as the primary purpose of those ports is to provide transhipment services to Maersk's Ocean business whereas third-party volumes sold in those locations are considered secondary.

Logistics & Services

- *Damco activities*, defined as all operating activities under the Damco brand, a provider of logistics, freight forwarding and supply chain management services.

- *APM Terminals inland activities*, defined as operating activities in inland service facilities fully or partially controlled by APM Terminals, with main revenue stream being inland services such as full container storage, bonded warehousing, empty depot, local transportation, etc.

Amounts in USD million

Note 6 — continued

Accounting policies, judgements and significant estimates

- *Inland haulage activities (intermodal)*, defined as all operating activities under Maersk Line, Safmarine, MCC, Sealand and Seago Line brands with main stream of revenue deriving from the transportation of containers from vendors (shippers) to the port of shipment, and from discharge port to the point of stripping (consignee) by truck and/or rail. Inland haulage activities operating under the Hamburg Süd brand are still part of the Ocean activity.

- *Trade Finance*, a group function, providing export finance solutions, post-shipment and import finance solutions.

- *Star Air activities*, operator of cargo aircrafts on behalf of UPS.

Terminals & Towage

- *Terminals activities*, defined as operating activities in ports fully or partially controlled by the APM Terminals brand, with main revenue stream being port activities and not considered hub activity as described above.

- *Towage activities*, defined as all operating activities under the Svitzer brand, a provider of offshore towage and salvage services.

Manufacturing & Others

- *Maersk Container Industry*, a container manufacturer that produces dry containers and reefer containers.

- *Maersk Oil Trading*, dedicated to source marine fuels and lubricants for APMM's fleet in addition to refinery activities and sale to external parties incl. Maersk Tankers.

- *Hamburg Süd tramp activity*, bulk and tanker activity acquired as part of the Hamburg Süd acquisition.

- *Other businesses* consisting of Maersk Training, a provider of training services to maritime, oil & gas, offshore wind and crane industries.

The reportable segments do not comprise costs in A.P. Moller - Maersk's corporate functions. These functions are reported as unallocated item.

Revenue between segments is limited except for the Terminal & Towage segment where a large part of the services is delivered to the Ocean segment as well as the sale of containers from Maersk Container Industry to the Ocean segment. Sales of products and services between segments are based on market terms.

Maersk Oil, Maersk Drilling and Maersk Supply were classified as discontinued operations during 2017.

Cash flow statement

A.P. Moller - Maersk has changed the presentation of the cash flow statement. Net financial payments are included in cash flow from financing activities and dividends received are included in cash flow from investing activities. These items were previously included in cash flow from operating activities. Comparison figures have been restated.

The effect of the changes on the cash flow statement are as follows:

USD million	Q1 2018	Q1 2017	FY 2017
Cash flow from operating activities	+216	+328	+517
Cash flow from investing activities	+67	+21	+213
Cash flow from financing activities	-283	-349	-730

Other equity investments, current

The shares in Total S.A. received at the sale of Maersk Oil on 8 March 2018 have been classified as equity investments at fair value through other comprehensive income. Subject to meeting its investment grade objective, it is the plan to return a material portion of the value of the received shares to the A.P. Moller - Maersk shareholders during 2018/2019, and therefore the shares have been classified under current assets. Dividends will be presented in the income statement under financial items.

New financial reporting requirements

A number of changes to accounting standards are effective from 1 January 2018 and endorsed by EU. Those of relevance to A.P. Moller - Maersk are:

- Revenue from contracts with customers (IFRS 15)
- Foreign currency transactions and advance consideration (IFRIC 22)
- Classification and Measurement of Share-based Payment Transactions (amendments to IFRS 2)
- Annual Improvements 2014-2016 (amendments to IFRS 1 and IAS 28)

IFRS 15 – Revenue from contracts with customers

A.P. Moller - Maersk's current practice for recognising revenue has shown to comply, in all material aspects, with the concepts and principles encompassed by the new standard. Accordingly, the impact on the consolidated financial statement is considered immaterial.

For IFRS 15 the modified retrospective approach has been applied which entails that any cumulative effects are recognised in retained earnings as of 1 January 2018 and comparison periods are not being restated.

IFRS 16 Leases

The new requirement in IFRS 16 to recognise a right-of-use asset and a related lease liability is expected to have a material impact on the amounts recognised in the consolidated financial statements.

A.P. Moller - Maersk will adopt IFRS 16 on 1 January 2019, applying the following main transition options:

- No reassessment of lease definition compared to the existing IAS 17 and IFRIC 4
- Application of the simplified approach with no restatement of comparative figures for prior periods.

As at 31 March 2018, A.P. Moller - Maersk has non-cancellable operating lease commitments for continuing operations of USD 12bn (USD 12bn) on an undiscounted basis and including payments for service components and variable lease payments which will be recognised under IFRS 16 as an expense in the income statement, on a straight-line basis.

A preliminary assessment of the potential impact on the consolidated financial statements of implementing IFRS 16 shows, that a lease liability in the range of USD 6-8bn must be recognised. This preliminary assessment is based on a number of estimates and assumptions which by nature are subject to significant uncertainty. The actual impact of applying IFRS 16 at 1 January 2019 will, among other factors, depend on future economic conditions – including the composition of the lease portfolio at that date as well as the level of time charter rates, incremental borrowing rates, etc.

Additional information

Amounts in USD million

Quarterly summary

	2018				2017
Income statement	Q1	Q4	Q3	Q2	Q1
Revenue	9,253	8,174	7,980	7,690	7,101
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	669	844	977	1,073	638
Depreciation, amortisation and impairment losses, net	768	709	782	889	635
Gain on sale of non-current assets, etc., net	33	77	8	54	15
Share of profit/loss in joint ventures	37	27	-202	14	30
Share of profit/loss in associated companies	26	34	20	25	22
Profit/loss before financial items (EBIT)	-3	273	21	277	70
Financial items, net	-120	-137	-112	-234	-133
Profit/loss before tax	-123	136	-91	43	-63
Tax	97	104	21	33	61
Profit/loss for the period – continuing operations	-220	32	-112	10	-124
Profit/loss for the period – discontinued operations	2,982	354	-1,427	-274	377
Profit/loss for the period	2,762	386	-1,539	-264	253
A.P. Møller - Mærsk A/S' share	2,745	374	-1,555	-269	245
Underlying profit/loss	-239	36	254	205	-139
Balance sheet					
Total assets	61,639	63,227	60,260	61,310	60,428
Total equity	34,313	31,425	30,954	32,349	32,316
Invested capital	47,819	46,297	43,346	44,202	44,507
Net interest-bearing debt	13,395	14,799	12,552	11,852	12,212
Investments in non-current assets – continuing operations	1,179	9,205	2,835	1,751	815
Cash flow statement					
Cash flow from operating activities	433	983	744	941	445
Gross capital expenditure, excl. acquisitions and divestments (capex)	-1,180	-938	-1,092	-892	-677
Net cash flow from discontinued operations	2,308	1,082	149	203	-183
Financial ratios					
Revenue growth	30%	16%	14%	15%	9%
Revenue growth excl. Hamburg Süd	10%	9%	14%	15%	9%
EBITDA margin	7%	10%	12%	14%	9%
Cash conversion	65%	116%	76%	88%	70%
Return on invested capital after tax – continuing operations (ROIC)	-0.6%	2.9%	0.0%	3.1%	0.2%
Stock market ratios					
Share price (B share), end of period, DKK	9,344	10,840	11,960	13,090	11,570
Share price (B share), end of period, USD	1,556	1,746	1,899	2,008	1,662

Definition of terms

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

Backlog
The value of future contract coverage (revenue backlog).

Bunker Adjustment Factor (BAF)
A surcharge applied to freight rates to compensate unexpected fuel oil price variations as an element in the contracts with customers.

Bunker
Type of oil used in vessel engines.

Capex
Cash payments for intangible assets and property, plant and equipment, excluding acquisitions and divestments.

Cash flow from operating activities per share
Is A.P. Moller - Maersk's operating cash flow from continuing operations divided by the number of shares (of DKK 1,000 each), excluding A.P. Moller - Maersk's holding of own shares.

Cash conversion
Cash flow from operations to EBITDA ratio.

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

Discontinued operations
Discontinued operations are 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 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, Maersk Drilling and Maersk Supply Service were classified as discontinued operations and assets held for sale in 2017.

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

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).

Equity ratio
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.

Logistics & Services, EBIT conversion (%)
Earnings before interest and tax/Gross profit.

Logistics & Services, Gross profit (USDm)
Gross profit is the sum of revenue less variable costs and loss on debtors.

Net interest-bearing debt (NIBD)
Equals interest-bearing debt, including fair value of derivatives hedging the underlying debt, less cash and bank balances as well as other interest-bearing assets.

Ocean, Hub productivity (PMPH)
Productivity is calculated as the average of the gross moves per hour for each call. Gross moves per hour for a single vessel call is defined as the total container moves (on load, off load and repositioning) divided by the number of hours for which the vessel is at berth.

Ocean, loaded freight rate (USD per FFE)
Average freight rate per FFE for all the Maersk containers loaded in the period in either Maersk Line or Hamburg Süd vessels or third parties (excluding intermodal). Hamburg Süd is not excluding intermodal.

Ocean, loaded volumes (FFE in '000)
Maersk containers that are loaded in the period in either a Maersk Line or Hamburg Süd vessel or third parties.

Ocean, Unit cost, fixed bunker (USD per FFE incl. VSA income)
Cost per FFE assuming a bunker price at USD 200/tonne excluding intermodal but including Hubs and TC income. Hamburg Süd is not excluding intermodal.

Return on equity
Is calculated as the profit/loss for the period divided by the average equity.

Return on invested capital after tax (ROIC)
Is calculated as profit/loss before financial items for the period (EBIT) less tax on EBIT divided by the average Group invested capital.

Terminals & Towage, Annualised EBITDA per tug (TT) (USD in '000)
Annualised EBITDA per tug equivalent (pilot boats and others count for 0.5).

Terminals & Towage, Number of operational tug jobs (HT) ('000)
Is those tug jobs on which Svitzer performs the physical job, which both include those that Svitzer have the commercial contract on with the customer as well as those Svitzer receive from the competitor through overflow or other agreements.

Terminals & Towage, Terminal revenue per move – equity-weighted (USD/move)
Terminal revenue per move multiplied with the ownership.

Terminals & Towage, Terminal unit cost per move – equity-weighted (USD/move)
Terminal cost per move including headquarter costs multiplied with the ownership, excluding costs related to terminals under construction.

Terminals & Towage, Terminal volumes – equity-weighted (moves in m)
Terminal volume in moves weighted on terminal ownership percentages includes all entities (subsidiaries and joint ventures and associates).

TEU
Twenty Foot Equivalent Unit container.

Total market capitalisation
Is the total number of shares – excluding A.P. Moller - Maersk's holding of own shares – multiplied by the end-of-period price quoted by NASDAQ OMX Copenhagen.

Underlying profit/loss
Underlying profit/loss is profit/loss for the period from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to acquisitions, divestments. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures. Underlying segment result also excludes unallocated financial items.

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

Colophon

Board of Directors, A.P. Møller - Mærsk A/S

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Ane Mærsk Mc-Kinney Uggla, Vice Chairman
Dorothee Blessing
Niels Bjørn Christiansen
Arne Karlsson
Jan Leschly
Thomas Lindegaard Madsen
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Robert Mærsk Uggla

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Arne Karlsson, Chairman
Robert Routs
Jim Hagemann Snabe

Remuneration Committee

Jim Hagemann Snabe, Chairman
Ane Mærsk Mc-Kinney Uggla

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Claus V. Hemmingsen, Vice Chief Executive Officer (Vice CEO)
Vincent Clerc
Morten Engelstoft
Søren Toft

Transformation & Innovation Committee

Niels Bjørn Christiansen, Chairman
Jim Hagemann Snabe
Robert Mærsk Uggla

Auditor

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